TRANSCRIPTION

Company: **Brambles**

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Time: **8:30am CDT**

Raluca Chiriacescu: Welcome to our 2024 Investor Day. I am Raluca Chiriacescu, Vice President of Investor Relations here at Brambles. We are delighted that you can join us, be it here in the room in San Antonio, or virtually via our webcast. Before we start, I will cover off a few housekeeping items for those of you here in the room. Firstly, I would like to start with the evacuation plan in case of an emergency. As you can see on the slide, the exits are behind you.

Once you are outside, cross the courtyard and turn right and then walk along the river walk until you get to the amphitheatre, which is just in front of the hotel. You'll be pleased to know you won't be sitting here for eight hours straight. We will be breaking for morning tea, lunch and afternoon tea, and if you didn't get a chance to see the display room last night, this is just to the left of the entrance of this room. Please take a moment to engage with our teams who will be showcasing our products, digital solutions and sustainability programme.

So turning to the agenda for the day, our CEO, Graham Chipchase, and CFO, Joaquin Gill, will kick things off with an update on our Shaping Our Future transformation programme, the value it has delivered to date and will continue delivering into the future. We will then hear from our chief digital and strategy officer, Helen Lane, and Matt Quinn, who runs our digital customer solutions. They will provide an update on our digital transformation, before handing over to our chief operations officer, Enrique Montañes Garcia, who will run us through all the work we've been doing across our global supply chain to improve network productivity.

After lunch, our Chief Sustainability and Product Innovation Officer Juan José Freijo, will talk about the value our world leading sustainability programme is delivering for our business and for our customers. We will end the day with a presentation from our North American team, led by David Cuenca, CEO of North America. They will bring our transformation to life through the lens of their business.

There will be time for Q&A following each presentation and a final Q&A session at the end of the day with all of our presenters. Finally, as is our usual practice with financials, they're all in US dollars, growth rates are at constant FX rates, unless otherwise stated, and all forward-looking statements are subject to the disclaimer on slide 5, which you can read at your leisure. So with that, I will hand over to our CEO, Graham Chipchase.

Graham Chipchase: Thanks, Raluca. Morning, everyone. I'm glad to see that everyone's pretty alert, despite the bar apparently having been hit quite hard last night, so well done, those of you who've got cast iron constitutions. We will be there with you tonight. Don't worry.

So what I'm going to do is spend a bit of time on what we've been doing around transformation and what we intend to do going forwards, and it's really – I'm going to go over some of the slides reasonably quickly, just because they link in to what other people are going to say in more detail later in the day.

So first of all, our purpose. This is something that we've been very clear about. It's about connecting people with life's essentials every day. It's really driven by our share and reuse model, our circular model, but it really goes beyond that. So, given our scale, our reach and our capabilities, we're forming networks between supply chain participants, between retailers, manufacturers, the logistics companies, and that's what's supporting the efficient, reliable movement of goods. But our transformation has allowed us to fulfill this purpose better than before, and it's creating an opportunity for even more significant improvements to come, and we'll talk about that as we go through the day.

I think the interesting thing is we're now creating networks of data, so it's not just around our assets, and we're linking information that was otherwise sitting in silos, so that we can then give new insights and implement new solutions for customers. I think that's the very exciting bit that's coming up in the future.

So let's take a little while to look backwards. It feels a lot longer than just three years ago that we launched Shaping Our Future. But if you remember, this was something that we felt had a two-track phase to it. So the first bit was optimising our current business so that we could then create sufficient value to invest in the more transformational elements of what we wanted to do.

I'll take just a little bit of time talking about how that happened, because Brambles had tried this before. Brambles had tried this in 2015 and 2016, and it failed. I wanted to make sure that we as a group within the leadership team, spent some time working out why did it fail? The reasons it failed were it was driven from the top down, it was very much led by consultants, and the people who were being asked to work on the transformation were doing it as part of their day jobs. Even worse, when the transformation finished, those people got fired because there was nothing for them to do.

So we spent quite a lot of time, 12 to 18 months, making sure that we were communicating and engaging what we were trying to do all the way through the company and took time to make sure that we got some of our best people working full time on the various elements of the transformation. I think that is one of the reasons why it has been become so successful.

We took a very disciplined approach to this multi-year programme, and we set some quantifiable targets and initiatives to measure ourselves against. Again, I think that was pretty critical to the success of the programme. We then made sure that we had some specific capabilities being built within the leadership team. So you can see some of the people we put in place there around transformation, data and digital and customers, and every single initiative in that transformation programme was sponsored or led by someone on the leadership team. So it had the buy-in from the very top, but it was also pushed down a long way through the organisation.

One of the things I think was important was the transparency and the accountability we had on the whole programme. So we did put up the scorecard, and it's a very detailed scorecard. I'm not putting it up again because (a), it's an eye chart, and (b) you all saw it about three weeks ago. But, in summary, you can see that a lot of the initiatives are tracking on target or have already been delivered, and there are four or five that are tracking below target.

But the target is the end of this year we're in that moment, so FY25, and what we'll do is, when we get towards the end of this current fiscal year, we will then set out a new scorecard for the next set of initiatives, some of which we will talk about later today, and you'll see some of our hopes and aspirations for the future in terms of metrics.

You'll hear throughout today that we've made significant progress in the areas of customer experience, sustainability, digital, asset efficiency and network productivity, as well as the financial performance, including improved cash generation. So I don't intend to do much more on that here.

I think the thing that's really important to understand, and I think one of the things that you know, I think, has been really driven by this transformation, is it's made the business a much more resilient business and more agile, and that's positioning for future value creation. I think that's where it's really interesting when people say, well, look, this is what happened in the past, isn't that going to happen again? Hopefully, through the course of today, you'll understand the things we've actually done to change the very fundamentals of the business.

We're structurally much better because of that transformation, and I think in terms of setting us up for future growth, we're looking now at more profitable volume growth in some of the areas we already operate in, in terms of whitespace, and we have lots of distinctive advantages there to take advantage of that whitespace. There is lots of scope for us to improve our operations and global supply chain networks, making them more efficient and more sustainable, and that's going to set the foundations that will change the way in which we run our own business and the way we partner with our customers.

So the foundations for this next phase, they're built on our strengths and make use of the capabilities we've been putting in place, particularly in digital. So if we look at trying to be able to have partnerships now with customers built on a seamless customer experience, the capability to form and use networks of data that only Brambles can, and then also leadership on cost efficiency and regeneration, if you put all that together, that's going to consistently deliver our investment value proposition, which we'll talk about more later.

So this is really talking about the digital foundations that we've put in place, and they have driven significant value already, and we think they're going to enable us to deliver significantly more in the future. Helen is going to talk about that a lot more later on. Customers are seeing the benefits of what we're doing already. So we are becoming easier to work with, we're delivering on some of the things that are important to them. We've got a much better understanding of pallet journeys and cycle time, so that's what's underpinning some of the asset efficiency benefits that you see.

We've built a very strong digital function, so 450 people. But I think more importantly, we've also started spreading the data literacy through the organisation. So 5,000 people have already been on a data literacy course. What I find interesting and really positive is that they're using a lot of the tools that the digital function have developed as part of their day to day work now. So it's much more embedded in the business.

We've built technological capabilities, and those are bringing benefits to every aspect of our business and our success to date means that digital and asset digitisation are going to play an increasingly important part of Brambles' future. So we are very, very clear that that is that is the case. However, the technology, the use cases, the investment levels and the returns, including Serialisation+, which we'll talk about more later, are still developing. Things are still changing. Costs are coming down for technology. The technology is changing. So we are going to be very disciplined about how fast we go and where we roll things out.

One of the things I think we are absolutely committed to is that whatever investments we make in this area are not going to impact the delivery of the investor value proposition, but they will play an increasing part in helping us with our financial performance and underpinning it. But they'll also work with developing customer satisfaction, improving asset control and the internal enhancements we want to make to productivity. So that's where we see this going.

If I talk a little bit more about the improved business fundamentals, when it comes to customers, we've built a culture that is much more curious about what the customer needs and wants, and we're much more committed to delivering that. That is a fundamental change in Brambles. I know when I first joined, it was very much the view that when customers had a question, it was, well, basically you've got no choice, suck it up.

That has completely changed. I think there's a lot of people now who really have always been customer focused within Brambles, but they've not really been given the tools or the scope to be able to engage with customers and really act quickly to sort out our customers' problems. So we are listening more to them, and we're investing in the things that they want us to invest in. So making that customer interface when it comes to placing orders, we put a lot of work on trying to improve that, and there's more work to be done.

I think one of the things that's also interesting, if you look at the right-hand side of the slide, yes, your right-hand side is about the sales capability, and I know we'll talk a lot more about this when it comes to volumes going forwards, but we have strengthened our commercial capabilities. I think what that's allowed us to do is to identify better the whitespace within specific market segments and understanding at a much more granular level what customers want, so that we can target our offerings more appropriately. I think that is going to make a difference when it comes to volume growth going forward.

So next one is, having looked at our operations, we have made improvements. We've made our service centres much more efficient and our asset control more robust. Enrique is going to talk a lot more about that later, so I'm not going to go through all of this, but I think it's very clear to us, and hopefully to you too, that all that work and the investments we've made in terms of automation in the service centres are absolutely improving productivity, but also improving safety and quality, which is another key part of how we operate.

When it comes to harmonising and elevating service centre standards, there's a bullet point a bit further down the page there, what that really means is we've actually put in place an operational excellence programme, which is something that we haven't had for a long time. That's things like implementing best practices around lean, daily management systems and 5S for those of you who are interested in that operational thing; that is pretty important when it comes to getting out sustainable improvements in productivity. So there's still a long way to go on that.

We've been focusing on one metric, which we are not going to publish, for those of you who want to know about it, called the mean time between failure. What that means is it's measuring how long it takes by a plant between stoppages. Because when we look at the causes of inefficiency and the causes of accidents, it's often driven by when someone has to go into the line and stop a jam.

So now that we're measuring that gap between stoppages, and focusing on it, like all things that Brambles tends to do, if there's a metric and you can focus on it, we tend to try and blow the lights out. That's something we are really focusing on quite hard, and we had seen very good improvement in the last 12 months, and that is also helping us be confident about the ability to get more benefit out of productivity, as well as reducing safety and improving quality.

On the asset control side of this slide, we've made increasing use of technology to improve our results. So we're now tracking assets, pallets, that would otherwise be lost so we can go and recover them. We've established something called a digital control tower, which provides visibility of pallet movements and supports the coordination of asset controlled resources and operations, so directing where trucks go to pick up pallets, which, before, when I first started looking into this in the UK, I was fascinated to hear that we were using good old fashioned brain power and a spreadsheet to work out when we should send a truck to go and pick up pallets at a small retailer, and one in every five visits, when they went, there was no pallets to pick up. So if you can stop that, an immediate 20% improvement in productivity.

So we actually engaged with and the thing that really, for me, was a lightbulb moment in terms of what data can do for our business. I had a presentation from a company who were working from Cambridge, but working with a taxi company in Lisbon, which was run by the town. This company, the company in Cambridge, had developed some software to tell a taxi driver whether, on a Saturday night, when he takes someone out from the centre of Lisbon out into the outskirts, whether it's worth him waiting for a return fare, or whether he should come back and get another fare going out. That's exactly the same sort of algorithms that were driving this inefficiency when our drivers were going out to pick up pallets.

So we worked with this company. That was the germination of many of the things that we're now seeing real benefits from is using technology to do something that's actually quite a simple, low tech job, but making it much more efficient.

We're also setting up things like account health tools. So what that is, again, it's a piece of technology and algorithms with some machine learning, which monitors our customers and gives them warnings about where maybe they're building up too many pallets, or where there's a higher loss rate than we would expect, and therefore we can work with them proactively, which means they don't get charged loss equipment charges or fees, and we get the pallets back quicker.

So it's a win-win. Those are things that are now in place and being rolled out across the company, and these are some of the things that give me confidence. I know Joaquin is going to talk about this a lot more, in a lot more detail, that the asset efficiency benefits we're seeing already are sustainable and will continue to help us going through the future years.

So in everything we do, we're trying to make sure we have a positive impact on our customers, our colleagues, the environment, our communities, and, of course, our shareholders. Each of those groups of people have benefited tangibly from what we've done through shaping our future in the last three years. If you look on the left-hand side of the customers, you can see, some of the metrics have improved significantly. Again, there's been a lot of work, but also it's just about focusing on the fundamentals. We think there's still a lot more we can do here and need to do here.

We've had a major focus on the work environment. Those of you who've been around our service centres before, it's a tough place to work. We put a lot of work effort into that. We can see the benefits now coming out through staff engagement, trying to improve the diversity, both within our general population, but also within those plants. There's been a lot of external recognition for our efforts, so getting global top employer is a really impressive thing to do.

While we've always been a sustainable business, we're now more sustainable than we've ever been. Again, you can see the statistics there. I won't steal from JJ's thunder, but we've had another fantastic year in terms of actual achievements. I think what's really important now is we've bought the benefits of sustainability, and what we're doing, we've brought the benefits of that to our customers. So, this is, I think, really important going forward, because more and more of our customers and our customers' customers, so the retailers, are increasingly wanting to show their sustainability credentials and their sustainability performance to consumers or to regulators.

We're in a position now where because, and particularly this is driven by Australian governance and regulation, where you cannot make claims about sustainability without it being documented and audited, we can go to our customers and say, if you use one of our pallets, your carbon footprint is this; this is the tons of carbon dioxide emissions you have saved, and we can give them that that certificate, which they can then use. But also it creates a real competitive advantage, because our competitors cannot do that at the moment.

For our shareholders, we're delivering too. I'd hope you'd agree. You can see the great results there. The 10% plus in terms of value creation, that's obviously the definition we're using, just for those who want to be more normal in terms of definition, our total shareholder return since the last investor day in 2021 has gone up 75%.

So I'm very proud of what we've done, but I'm very proud and excited about what we can do. So I'm going to talk a little bit about the vision now. I'm going to shamelessly steal from Helen, who came up with this great phrase, which I really love, which is, we didn't come this far just to come this far, and I think that's really where we are. We've just had a great few years, but there's still so much more we can do. I think we're all very excited within the company about now we can really push on from the last few years of developing a lot of the things that we're now using every day.

So we've set the foundations for a digitally enabled business. We've got now a bold vision for the Brambles of the future, which teams will talk to you now about the rest of the day, and it's going to really set the pace for us for the next five years, positioning us as global leaders in supply chain efficiency, resilience and sustainability. There are four pillars you can see there in the circle. We've got ambitious outcomes, which we'll talk a little bit more about over next few slides that define our success. They mutually reinforce each other, and they're going to be the focus of what all the change work we want to do over the next couple of years.

It's not when you read them. I mean, these are things we've been talking about for ages. So this is not really a big change of direction. It's very consistent. But we can now be a little bit more specific about what the business will look like in the future as a result of these things. So if we start off with the customers, if we deepen our relationships with new and existing customers, which we think we can, because of all the work we're putting into customer experience, we're going to end up serving more customers, and we'll develop and have access to more data.

So if we can then link the data between the participants in the whole supply chain by illuminating global supply networks, so moving to the second quadrant there, that's going to develop new insights, new solutions. It's going to unlock value for us and for our customers.

By doing that, we're going to continuously improve the efficiency of supply chains and cut waste, and that's going to lead us to a position where we're leading in value. We've got experience, and we're servicing our customers, and if you put all that together, then of course, we're widening the competitive moat. The other thing that we're going to do is we're going to move into this top quadrant there; we're going to pioneer supply networks that are truly regenerative. I'll talk a little bit more about that later, but JJ will talk a lot more about it. That's really delivering a supply chain network that gives back more than it takes.

So if you take the vision in the whole, this is going to deliver for customers, it's going to deliver for shareholders, it's going to deliver for the planet and for the communities we serve, and that's a really lovely vision to be able to deliver.

Let me talk a little bit more about each of those quadrants. I'm not again going to go through all the details here, because I know a lot of them will be covered later. So when it comes to customers, it does start with the basics and delivering them flawlessly, which we have not done in the past. So it's about seamlessly onboarding customers in making those interactions.

Those of you who've played around with things like MyChat, it's not easy. We're making it a lot easier, and we will be investing a fair bit in that to make sure it's very, very easy and what the customers want. It's around reliable delivery and collection of pallets, so we're now looking at delivered in full on time and collected in full on time. We've made a great improvement over the last 12 months, but we really want to get to a position where it's sustainably world class for our industry.

We also need to have a pricing that our customers can understand, because, again, we all know the complaints about our invoices, but also they can plan for, so the more we can give them visibility and for and forward visibility of pricing based on their behaviours, then that's going to help them, it's going to help us. We've already made major improvements to things like on-time delivery. Things like predictive orders and collections are being trialled as we speak, and are working really well.

So this is something we can very confident we can roll out. You are going to hear from Helen shortly, but we've begun trialling an effortless service offer in Chile. So what does that mean? It's about no declarations, for example. So that is being trialled in Chile now, and it's built around our serialised pool. So I'm not going to take more of Helen's thunder, but again, that's something that could be really, really important for us going forwards.

I think what's really nice is that if we get all this right, then our people who are currently spending a lot of time answering customer queries and getting into debates about losses and the value of losses, they can spend more time building a much more value-based partnership with customers so that we can actually move the business and that relationship onwards. Our vision will revolutionise our pallet and container pooling model, and it's going beyond that, because it's going to then start pooling data as well, so we can then deliver insights and solutions that reduce waste in new, cutting edge ways.

We're uniquely positioned to transform the end-to-end supply chain. Matt and Helen are going to talk a lot more about that, but this is a very, very important opportunity for us, and one, as I say, we are uniquely positioned to take advantage of. The data that we get from increasingly digitising our asset pool is going to be combined and supplemented with data from other sources.

So you can imagine working with customers, or some of the three PLs who are going to start sharing our data as well, that is going to create an incredibly large, intricate network of proprietary data and insights that can't be replicated, and no one else is going to be able to do that. So if we can get this right, we're going to build a very, very deep competitive moat.

Our goal at the moment is really to scale some of these solutions up. We're still in early stages, and Matt will talk about that more. Going to more customers, more and developing more general solutions that apply to whole categories or industries, rather than just an individual customer. We know that the demand is there. Customers are talking to us about this, about how they can access it. A lot of them want to be involved, and we're having to manage our resources to manage that velocity, but that's something we think there's a huge amount of opportunity in.

It's already revealing opportunities to increase the value of our core business and also create a higher premium type of business. So, if we get this right, I think there's ultimately, again this is some way off, an opportunity to build a wholly, completely new, high margin, high value, scalable business. If we go into the next quadrant around operational excellence, making the world's supply chains more resilient and regenerative and providing a great service to our customers means our operations have to be as efficient and effective as possible. We're already driving standards within our businesses in terms of spreading best practice, but there are still a lot of benefits around productivity, quality and safety that we can deliver.

But beyond this, I think the real opportunity to revolutionise the way our business works is to combine the benefits of a digitised pool and more cutting edge automation technology. So again, we'll talk a bit more about this later, but this whole idea of a touchless plant is something that is out there, but it is beginning to be touchable, using the unfortunate pun. But yes, we can see that there's an opportunity, but at the moment, we still need to have some of the technology to catch up. But I think it will come and then that just brings us a whole new level of productivity, quality and safety.

The digitised pool, it gives great opportunities, not only for what we're doing with customers and asset efficiency, but it gives us an ability to have a very dynamic network and cycle optimisation that, again, because of our scale and because of the technology, our competitors won't be able to do, and that gives us a real competitive advantage. Enrique is going to talk more about that later.

If we look at the regenerative supply network, for many years sustainability has been the absolute core element of our strategy. It's what drives us, it's what engages many of our employees, and it's really our licence to operate. At the core, as you know, is our circular, sustainable, share and reuse business model. This has placed us amongst the most sustainable companies in the world, and that is recognised by lots of reputable external organisations, like the Dow Jones Sustainability Index, MSCI, *Corporate Knights*, and most recently in *Time* magazine.

But we now want to go beyond that, so rather than just delivering net zero impact and enter what's called the regenerative area of sustainability. Regeneration is really the current frontier of ambition around sustainability, but we are already demonstrating that regeneration is possible. We have tangible projects already in place. There's one in Tabasco, Mexico, which JJ is going to talk about later. So we're already starting that journey.

It’s still lovely, I think everyone thinks it's a good thing, but really, the driver for us has always been around sustainability. There's a real business value for us in doing this.

So let's start with customers. Our customers, as I said earlier, have got their own sustainability programmes, and they've got their own their own pressures on just demonstrating to regulators or consumers that they are sustainable. So we can help them with that, and that is now building a real differentiator between us and other poolers and other suppliers into our customers. Secondly, around people, it's a real magnet to attract and retain talent. If we look at the 450 people that have joined our digital function, I met them a couple of years ago now. It was interesting. I didn't think we would hire.

We had to hire nearly 200 in the first year. I didn't think we would be able to do that, because, as you know, things like data analysts are very hot property. Why would they come to a company like Brambles, which no one's ever heard of? So I went and talked to them, and we were getting people from really great companies coming to join us, the Googles, Diageos, really big companies. I thought when I said to most of them, why have you come to join Brambles, they would say, oh, well, we really wanted to solve the nutty problems in the supply chain, that's why we're here. Nine out of 10 said, because of your sustainability credentials.

We're finding that across the piece now. When people come, we get really high quality talent coming in for interview because of our sustainability credentials. So that is a very much an underplayed thing, but I tell you, there's real value there.

Finally, with things like governments, a lot of them are also now trying – have got their own sustainability targets and agendas, and we can work with them to help them with their agendas. But also there's a symbiotic relationship here. We already see that we're able, because we've got the credibility around sustainability, to be involved in conversations very early on with policy setters around things like assets that can be reused and how they can be advocated and even mandated in law. We've seen that in Europe already, in some countries. That obviously helps our business model.

But we believe that ambition and leadership and sustainability is not only just the right thing to do, but it's also a fundamental component of the strength of our business going forward.

I want to talk a little bit about growth, volume growth. I think the exciting thing for us is that there's real opportunity within our current business, but also significant opportunity to expand our reach within our existing markets. So some of them are up there, and it's going to categories and channels that we are already successful in today. I think one of the things that we can do now, you can envisage things that were perhaps not considered to be addressable in the past might be more able for us to access, because we've got much stronger asset control and better knowledge and insight because of what we're doing with digital. So there's a real opportunity here to grow in the whitespaces, and that's going to be a major priority for us in the next few years.

One of the things that help us, obviously, are we are the number one pooler globally, with leading market share of more than 30% in every market. We're at least three times bigger than our next biggest competitor in each market. But more importantly, I think there's real value in our offer to customers, and because that is demonstrated and being demonstrated, it gives us confidence that it's able to drive gradual conversion from other forms of pallets, other things, to a blue pooled pallet over time in high opportunity segments, and some of them we put up there.

So how do we grow the business? I think the progress we've had so far and our ambitious plans all underpin how we think we can continue to gain new customers and to keep the ones that we've got and to make the relationship with the ones we've got better and create more value. We'll hear a bit more about what we're doing specifically here in the US from the North American team later.

So I'm not going to go into too much detail, but for me, it's really pretty easy. What we've got to do is you've got to make it easy for customers to choose us, and they've got to then see us as a partner of choice that they're enthusiastic about, and, let's be clear, that hasn't always been the case. I think we are beginning to really make a big change there, and that's going to be very, very important.

We then need to make it easy for them to expand their business with us through collaboration and partnership, and that's moving us up almost the value chain within our customers. I think some things we're doing with insights driven by data will help us get there. It's about meeting their expectations, and we think that's a bit obvious, but that's very true, particularly around quality, delivery, all the things that we're working on with the metrics we've got.

But it's also about exceeding their expectations when it comes to things like services that add unrivalled value, well beyond the actual intrinsic value of a pallet or a container. So these added insights and services that we think we can now provide, and it's about having operations that provide all of this with unrivalled efficiency, unparalleled value and minimal waste.

So let's just move now on to pulling all that together. What does it mean? So we are confirming our commitment to the investor value proposition, which you've seen before. It's absolutely centred on the circular share and reuse model that uses our network efficiency and advantage to get operational and asset efficiencies, so it takes you up to the top part of the chart there, which then, in turn, generates lots of free cash flow, which we can fund for growth and shareholder returns. As a result of all this, we're confirming, again, annual revenue growth, mid-single digits, operating leverage, strong cash flow, and Joaquin is going to talk a lot more about that in a minute.

When it comes to growth, clearly, we'll look at both organic and inorganic options, but we've talked about this before. When it comes to inorganic, there's not much that's out there because of our market shares. If there is anything, then you would expect us to maintain the financial discipline that we have always exercised when it comes to those things. Yes, but really, we're thinking more about investment in things that will either grow our volumes or grow the investments in things like plant automation that will deliver more productivity savings.

Then if you go further along the chart with the free cash flow, we absolutely are committed to maintaining a strong balance sheet. I know there are a few bankers in the room, so yes, we are. We think that's both prudent, but obviously it means it helps to support our investment grade rating. We expect to deliver value for shareholders in excess of 10% per annum. So that's a slight tweak to before because I think we said about 10% before, now we're saying it's 10% plus, and we're going to maintain the group row C broadly in line with FY24 levels.

I think this is demonstrated by our commitment to increase the dividend payout ratio and to launch the on market share buyback, which we announced a few weeks ago. That, I think, would be hopefully for you, supporting the fact that we are confident about the ability to generate free cash flow going forwards, and I know Joaquin is going to talk a lot more about that. But for me, that's very, very important in terms of where we are now compared to where we were three or four years ago. So with that, I will hand over to Joaquin, who's going to talk a lot more about our plans for achieving this chart. Thank you very much.

Joaquin Gil: Thanks, Graham, and good morning everybody. For those I haven't had an opportunity to meet yet, my name is Joaquin Gil and I'm the CFO of Brambles. In the next half hour or so, I wanted to build on some of the comments that Graham made; in particular, give you a bit more detail of how we've delivered the 2021 investor value proposition, and how we plan to continue to deliver it as we go forward.

The key drivers of delivering the investor value proposition have been the transformation programme as Graham outlined, and also our continued investment in supply chain and digital initiatives. So starting with our financial performance since the last investor day and, as Graham outlined, if you look at the period FY22 to FY24 we exceeded the key components of our investor value proposition, and, in particular, we delivered on the value creation target of plus 10% per annum.

What you can see in this chart is that not only have we delivered the investor value proposition, but across the three key metrics of sales revenue growth, underlying profit growth, and free cash flow generation, you can see a step change versus previous, prior four-year performance, so that was FY18 to FY21. So what drove this? For me, it's the fundamental improvements we've made as part of the transformation to our business fundamentals, as Graham outlined.

We've better aligned our commercial terms to cost to serve, and we've made significant improvements in network productivity and asset efficiency. This step change in financial performance, if you want my view, has been driven by two factors. One is the transformation programme that Graham talked about. For me, what's been really different is that it galvanised the whole organisation behind the transformation programme. No matter who you were in the organisation, you could have a great idea and you could pitch it forward to the organisation, and even better than that, you could take that great idea and you could be involved in delivering it.

Then the second key factor, from my perspective, has been those investments in supply chain and digital initiatives, which have provided financial benefits, but also non-financial benefits, in particular the customer experience improvement that Graham talked about. I think if you look at these metrics over the last or these three key metrics of sales revenue growth, underlying profit and free cash flow. Let's look at them in a little bit more detail. I think one thing, hopefully everyone in the room will agree with me, is the last three years have been anything but normal, and you can see that flow through to our revenue growth for the period of FY22 to FY24.

Firstly, if you look at it from a pricing perspective, we had to recover the extraordinary increases in input costs and other cost to serve increases. The key enablers of this were better aligning our commercial terms to that cost to serve, but also our financial discipline in making sure that we did recover those cost to serve increases. The operating environment also significantly impacted our volume growth.

If you look at like-for-like growth, it fluctuated based on retailer and manufacturer inventory optimisation levels, so we basically went from just in time to just in case, and now we're back at just in time. Then you look at the macroeconomic conditions, they also fluctuated. In places like the UK and some parts of Germany, for example, it's been pretty challenging. But then in other parts of Europe, what you've seen is strong growth, like in Poland.

Our net new business growth was also impacted by pallet availability challenges in FY22 and FY23 and our priority during that period was servicing our existing customers, as opposed to chasing new business. Then, just as pallet availability improved, we then went to record lows of whitewood pricing that impacted our ability to convert whitewood customers to pooled solutions. Then in the first half of FY24 we saw some customers, particularly in the US look to dual source, but this is now moderated.

But I think what's really pleasing about this is, despite these challenges, net new business over that period of FY22 to FY24 still grew by 1 percentage point, and overall group volumes were flat. I'll cover this in a little bit more detail when we get to the outlook section, but we expect revenue growth to return to much more normalised levels as we go forward and be much more balanced between pricing and volume. As I touched on earlier, a key enabler of the step change in fundamentals has been our investment in supply chain and digital investments. So let's take a look at each of these in turn, starting with supply chain.

In supply chain, we continue to invest in automation, and not only is that providing financial benefits roughly a four to five year payback, but it's also improved safety and the customer experience, including things like pallet quality and pallet availability. I was just talking about the inventory optimisation that's occurred, and because of automation. We've been able to better deal with our volatility of return volumes, we've been able to repair and inspect those pallets at lower costs, and we've been able to return them to the market faster than we otherwise would have.

Now in terms of our automation project, hindsight is a really wonderful thing, and I have to be honest, we got the metric for this on the transformation scorecard wrong. The metric you see, we're measuring the number of sites or lines that have end-to-end repair automation. So if you only do parts of the line, or you do other automation, then it doesn't count on that metric.

So I personally think, in hindsight, a better way to look at this metric is the percentage of pallets that have gone down an automated line for repair or inspection. If you look at that metric, in FY21 we were at 57% and in FY24 we're at 65%. I'm not sure if this is going to make me friends with Enrique, but I think great progress, but a lot more still to do, and there's still a lot of opportunity, right? You're going to hear about that from Enrique and Tyler later on today, both from a group and a North American perspective.

In addition to this investment that we've made in automation, we've also been investing in safety, quality and plant maintenance. The other key enabler of our improved business fundamentals has been our digital investment, so the combination of the investments we've made in OpEx and CapEx have enabled us to better understand and recover our cost to serve, ensuring that trip revenue is captured correctly, and helping enable the significant improvements in asset productivity that we've made.

But, for me, what's really exciting about our investment in digital is that it's not only delivering the benefits today, but it's creating the platform for future growth. That's not just about continuing to roll out data analytics and continuous and targeted diagnostics, but it's also the potential benefits that might come from Serialisation+ and digital customer solutions that Helen and Matt are going to talk to you more about.

As I just mentioned, one of the key enablers that digital has helped us with is a step change in our asset productivity or asset efficiency. So I'm not going to spend too much time on this chart, if it's okay, because I feel like at our FY24 results, we talked a lot about IPEP and also pooling CapEx to sales. But there are a couple of points that I wanted to make on the left-hand chart around IPEP. The first is you can see that we've made a significant improvement in asset efficiency in FY24 based both on our asset efficiency initiatives, but also the improvement in market conditions. This has created a step change in reducing uncompensated losses, and therefore significantly reduced our IPEP expense. So if you look at it from the perspective of IPEP to sales, a metric that I know many of you use, in FY23 that was 4.7% and that's dropped to 2.8% in FY24.

Now for me, if you look back historically, however, that 2.8% is in line with FY19. So from my perspective, what I also take from this chart is that there's further opportunity in asset efficiency. Because if you look at that bar of FY18, we were at 2.3%. The other thing I want to say, just for the absence of any doubt, and I know we covered this a lot at our FY24 result, but I just feel the need to say it again, our IPEP provision is based on a robust methodology, based on the results of customer and retailer audits.

Hasn't changed for over five years. In fact, I think I said the last time I had hair was when it changed, and it's also audited by our external auditors. Now, in case any of you are suffering from jet lag, and once you finish reading the pack from today, if you refer to appendix 9, which is slide 42 of the FY24 results presentation, there's more detail in that on IPEP.

I think also what you can see is that reduction in uncompensated losses in FY24 had a material impact on reducing pooling CapEx to sales, and you can see that on the right-hand chart. The key drivers of this improvement in that pooling CapEx to sales ratio and in asset efficiency has been linking customer pricing to asset efficiency and the delivery of asset efficiency initiatives enabled by our digital investments.

So let's look at these asset efficiency initiatives in a little bit more detail, and I've grouped them here in three broad buckets for you. So of the 16 million pallets recovered in FY24, approximately 50% of these were recovered from asset recovery initiatives. So this included initiatives, for example, that Graham talked about, about putting on the road smaller vehicles to collect pallets from low volume locations, or what we deem to be high risk locations. We've also used, as Graham talked about, the insights from data analytics to better optimise our pallet collections.

So what it was able to help us with is to say you're sending this truck to this location once a week, and every week it comes back full. So actually you should send a truck there more frequently. But on the flip side, you're sending this truck to this location once a week, and it's only ever 20% full, so you can actually send that truck less frequently. The other thing that's improved our asset recovery has been our collaboration with recyclers, and you're going to hear more about that from Vishal later on today, but it's really assisted us in recovering pallets from high risk locations.

About 45% of that 16 million pallet improvement in FY24, or recovery in FY24, has come from go to market initiatives. What do I mean by that term, go to market? Well, it's basically how we improve how we work with customers and retailers to collect pallets. This is the area that's delivered the biggest step change in pallet recovery year-on-year. We recovered an extra four million pallets through these initiatives in FY23.

What are some of the key initiatives in this area? The first one is more proactively engaging with our customers on their account health. We've built dashboards that alert our commercial and customer service teams to help them be able to work with customers to reduce losses and improve cycle times. This isn't only providing financial benefits to our customers and to us, but it's also enhancing our relationships with customers and helping to remove one of the pain points. Another key enabler has been rolling out and better collaboration with retailers and enhanced retailer commercial agreements. Again, Vishal will talk about this more later on today from a North American perspective.

One of the things I wanted to highlight on this chart is you can just see under the pictures that we've created a little bit of a maturity profile for you. So what that shows you is that on both asset recovery and go to market initiatives, there's still plenty of headroom before we reach maturity. For me, this is why we believe there's still further opportunity to come from asset efficiency.

Lastly, if you look at pallet remanufacturing, it's delivered roughly 6% of the 16 million pallets recovered. What we mean by pallet remanufacturing is that's how we reduce the amount of pallets that are scrapped and therefore needing to be replaced. So the key enabler of these three overarching asset efficiency initiatives have been our investment in additional asset protection resources. So what does that mean? That's more boots on the ground, our addition of over 300 low volume recovery and high risk lane recovery vehicles and the investments that we've made in data analytics and digital tools such as autonomous tracking devices.

Now, while the past provides useful context to the future, I'm sure you're all much more interested in what does our future outlook look like, and why do we believe we can deliver the investor value proposition. Our medium-term outlook, as Graham covered, is to deliver our investor value proposition, and I'm going to take you through the key drivers of that delivery. I think one thing that's really worth noting is that how we're going to deliver the investor value proposition will be different in the next four years to what it was in the last three years.

Revenue growth will be driven by that continued discipline in the recovery of cost to serve, but also volume growth. Operating leverage and margin expansion is going to come from network productivity improvements, asset efficiency and cost discipline. Some of you may have heard Graham called me old -fashioned the other day on a call around cost discipline, and then that free cash flow generation is going to come by further efficiencies in capital investment.

So the key enabler of the delivery of the investor position will continue to be those continued investments in supply chain and digital initiatives, and these investments not only delivered today, but they continue to build that long-term value and competitive advantage.

So looking at the components of the investor value proposition in a little bit more detail, starting with revenue growth, as you can see from this chart, over the next four years, we expect revenue growth to be more in line with pre-COVID levels, and more balance between volume and pricing. We expect like-for-like volume growth of one to two points, and net new win volume growth of one to two points, and we expect price realisation to be two to three points of growth, representing recovery of cost to serve.

But a few items worth noting. Firstly, price realisation will vary based on the cost to serve. Secondly, like-for-like volume growth will be based on macroeconomic conditions. But we believe, for example, we're more resilient than most businesses in this area, as most of our customers are FMCG businesses supplying consumer staples.

Then when we get to net new business, it'll be driven by whitewood conversion, and while we expect to benefit from whitewood pricing returning to more normalised level, the key driver of converting whitewood will be driven by our continued investment in customer service, quality and innovation, and you're going to hear more about that from the North American team a little later.

We expect digital customer solutions, which Matt's going to talk about a little later, to open up new volume opportunities and whitespace for us. So these elements combined, in our view, will deliver a continued and sustainable competitive advantage.

Now one question you may have is, given this moderation in cost to serve and therefore pricing, how are you going to deliver that margin expansion? We're targeting two points or more of margin expansion by the end of FY28 compared to FY24. So let's look at that in a little bit more detail.

The margin expansion is expected to come from operational and asset efficiency improvements, in particular, automation investments we've made and continue to make, combined with those operational excellence initiatives that Graham talked about, are expected to deliver one point or more of margin improvement by the end of FY28. Through the continued asset efficiency improvements and, in particular, reducing uncompensated losses, we're targeting 0.5 points or more of margin improvement, in addition to the cash flow benefits they're going to provide.

Lastly, we expect our rate of investments in overheads to moderate compared to the last three years as the business grows, but we will still continue to invest in transformation initiatives. So we're targeting 0.5 points or more margin improvement by the end of FY28 from overhead productivity improvements.

Looking at supply chain productivity in more detail, the key initiatives expected to deliver that one point or more margin improvement in FY28, are continued plant automation, network optimisation and pallet durability initiatives, and I'll only touch on these at a high level, and I'll let the expert, Enrique, take you through these in a little bit more detail later on.

But from an automation perspective, as I mentioned, in FY24 roughly 65% of inspections and repairs were done through automated lines. We're looking to increase this to 77% by the end of FY28. We're also looking to focus on those continued improvement initiatives, or operational excellence, as we call it internally, reducing things like line stoppages that Graham talked about, and improving our process reliability.

We also continue to work on pallet durability initiatives, and we're targeting a 300 to 400 basis point improvement in the damage rate by the end of FY28 compared to FY24. Just a reminder that a 100 basis point improvement in the damage rate equals a $12 million improvement in our underlying profit.

Looking at asset efficiency, the targeted margin improvement of 0.5 points or more from asset efficiency by the end of FY28 is expected to come from both existing and new asset efficiency initiatives. However, we expect that improvement to be weighted to initiatives that are already in place and that we're continuing to roll out, in essence, existing initiatives. As you saw in that earlier asset efficiency slide, we still have significant headroom or additional benefits available given maturity levels from asset recovery and those go to market initiatives.

How are we going to achieve that? Well, a key area for me is rolling out best practice across our markets, and a really great example is the low volume recovery vehicles that we've talked a lot about so far. It started as a North American initiative, we piloted it, it was successful, we rolled it out to Europe, and now we're rolling it out to other markets. Similarly – and Helen's going to talk more about this later – with autonomous tracking devices. We tested them in one market, they were successful, we rolled them out to other markets, and we're continuing to roll them out, giving us greater visibility and a better understanding of pallet movements.

In addition to this, we have a strong pipeline of new initiatives. So, I talked about those customer dashboards that are going to our sales team and commercial teams. We're looking to digitise and automate those so that our customers and retailers would receive automatic alerts of anomalies or opportunities to improve their account health.

Another initiative we have underway is to take all the data that we have to develop a digital representation of pallet floats to enable us to better understand and identify areas of leakage. This enhanced visibility of assets along with new tools, the resources and initiatives already deployed will have the power to further enhance our capital efficiency across the business and potentially transform our operating model.

These initiatives are expected to deliver a further reduction of 10 to 20 basis points in uncompensated losses compared to the FY25 baseline, and take IPEP as a percentage of sales to approximately 2% by the end of FY28.

So, explaining that chart on the lefthand side in a little bit more detail. Hopefully, you're all familiar with this chart from our 2021 Investor Day. We outline there that we were looking to reduce uncompensated pallet losses by 30% by the end of FY25. We're now targeting a further 10 to 20 basis point improvement on this by the end of FY28, taking uncompensated pallet losses to 50% to 60% of FY21 by the end of FY28. If I say that another way, this would result in uncompensated pallet losses being approximately 40% to 50% lower at the end of FY28 than they were in FY21.

This reduction in uncompensated losses as well as our other asset efficiency initiatives are expected to further reduce the capital intensity of our business, with a target pooling CapEx to sales being 15% to 17% of sales at the end of FY28, with approximately 2% to 4% volume growth. You can see that on the righthand side of the chart. One question you might have looking at that righthand side chart is, why is your FY28 target higher than what you've achieved in FY24 and FY25? The reason for that is that FY24 and FY25 benefit from our CapEx holiday due to inventory optimisation.

Moving to non-pooling capital expenditure. For the next four years we expect our non-pooling capital expenditure to be largely driven by supply chain investments, and on a yearly average basis expect to continue to see a step up from our non-pooling investment levels in FY22, with non-pooling capital expenditure expected to be in that range of $200 million to $300 million per annum in FY26 to FY28. That excludes the investments in serialisation, which I'll discuss in more detail shortly.

As you can see from the chart the majority of the investments are in supply chain. Of those supply chain investments roughly 40% will be in automation, 25% will be on other projects such as durability and sustainability, and 35% will be in maintenance and safety.

We also continue to invest in the capability of our IT network, infrastructure and systems, and in digital we're going to continue to invest in particular in continuous and targeted diagnostics as I outlined earlier. In the chart on this slide it is important to note that we've excluded any serialisation investment in FY24 and the expected investments in FY25 to ensure that the chart was comparable.

So, that's why we did it. So, it might be slightly different to the numbers that you saw in our FY24 results release and FY25 considerations. One thing I also want to be clear on is, the reason that S+, or the Serialisation+ future investments are not included is that we're still determining what the cost and what the benefits from that investment will be. I'll talk more about this a little later.

So, we do expect the investment in digital to increase above the amount shown on this slide as we are confident in the value that continued asset digitisation will bring in creating both value for our customers and also for Brambles.

As you've seen through the presentation, digital has played a key role in enabling our value creation since the last Investor Day, with both data analytics and asset digitisation being a key enabler of that improvement in business fundamentals. As we go forward we expect asset digitisation to play an even more important role in that value creation, but what we're working through as an organisation is the how. What's the right mix of those combination of smart and serialised assets, and as Graham said, how do we best leverage the different mix of technologies that are available.

Just a quick reminder of what we mean by serialising the pool. Serialising a pool requires a unique identifier, in our case at the moment that's QR tags, to be placed on 100% of the pallets in the pool so that we can individually identify every pallet in the pool and track them as they enter and leave locations with reading infrastructure, primarily our service centres. What adds the plus to serialisation to become Serialisation+ is including a portion of smart pallets, as we call it. So, those pallets with autonomous tracking devices into that serialised pool. It's this combination of smart and serialised pallets that provides us with the breadth and depth of visibility of the pool.

Let me talk a little bit about some of the items that we're working through in our operational testing in the UK and the US, and the pilots in Chile, but Helen will talk more about this later on today. The first is the cost and mix of those autonomous tracking devices that would be required to roll out Serialisation+ across our various markets. So, we're testing a range of devices that vary widely in cost to determine what the ultimate mix is. So, to give you an idea of that.

There are some of these autonomous tracking devices that cost $60 a pop, there are others that cost $6 a pop. So, you can imagine, that's a huge variation in cost, and yes, the more expensive one has a lot more functionality than the $6 one, but the question here is what's the right mix, how much functionality do you need of each, and that's what we're working through.

Also if you go to the room a little bit outside of here you'd be able to see one of our pallets with a QR code on it, with QR codes on it. What we're testing is also what material should those QR codes be made of that are attached to our pallets. Depending on that material, the cost of that varies hugely. We're also testing a range of other options to use besides QR codes, so hence you can see why the cost vary widely.

Also, depending on what you choose to attach to a pallet, then that impacts the service centre equipment that will be required. Also, different market conditions will impact not only how you serialise the pallet, but the service centre equipment that's required.

So, for those of you who were outside yesterday, we're in Texas, it was hot, and it was humid. I arrived on Sunday night from London, unfortunately it's not hot or humid, but generally damp and wet. So, hence you can imagine our pallets in that environment and attaching QR codes are quite different. So, for example, in the UK what we're testing is metal fasteners. We don't need to do that, let's say, in the US or in Chile.

The other thing is, what we're doing has never been done before, so hence we need to make sure that the equipment that we're going to use in our service centres can attach and read these unique identifiers at the pace we need them to do.

Unfortunately, although I know Enrique would love this, all our service centres are not standard. They're not the same size. So, again we're working through what type of equipment do you need, what equipment would fit in which service centres, and which equipment do you need to fit in other service centres.

Lastly, the spread and the scale of the markets we roll out to and the speed with which we roll out will also impact the cost. This isn't to say that we haven't learnt a hell of a lot from the pilot in Chile, but it's just to say we need to do more operational testing in the UK and the US to better understand the potential cost of rolling out Serialisation+ in these markets.

We're also clear on the benefits from serialising the pool. This would include things like, a better understanding of our cost to serve at a much more granular value, being able to monetise unauthorised reuse, improve both the operational asset efficiency and provide our customers with a more simplified model. So, while I can't give you the exact benefit that we will deliver because we're working through that, obviously, I just wanted to put it in a little bit of context for you.

For every one point improvement of growth that serialisation could help us in terms of revenue, that will deliver another $65 million in revenue per annum. For every one point serialisation could help us reduce that pooling CapEx to sales number, that would deliver $65 million in cashflow per annum.

So, hence we're confident there's a significant prize here. We need to go after it, but we're just working on some of the operational items and exercising that financial discipline. In addition to the potential financial benefits, and Graham outlined this earlier, there are a range of non-financial benefits. To improve the customer experience would give us the opportunity to simplify customer pricing, and we might be able to get to where we could be declaration-free.

So, that's why the pilot in Chile is so important. It's to help us determine what's the quantum of value that Serialisation+ can deliver. We've only recently serialised the entire Chile pool, hence we need more time for these pallets to have done several cycles in the Chilean market to be able to quantify what the value we can realise from a serialised pool is.

You can expect us to continue our disciplined financial approach as we approach any investment in Serialisation+. Hence the hurdle rate we expect on investments in Serialisation+ is a 15% ROCI return once the pool is fully serialised. We also, as Graham said, don't expect any potential future S+ investments to impact the delivery of our investor value proposition.

So, with that, let me summarise our medium-term outlook. Starting with FY25, and there's no change to the FY25 guidance we gave at our FY24 results release. So, for FY25 we expect sales revenue growth of 4% to 6%, underlying profit growth of 8% to 11%, and free cash flow before dividends of between $750 million and $850 million.

If we look at our FY26 to FY28 outlook, it's to continue to deliver our investor value proposition and that 10% value creation per annum with mid-single digits revenue growth, high single digits underlying profit growth, and we expect free cash flow before dividends to be $750 million or more.

So, in summary, the structural improvements we've made to our business since FY21 through our transformation programme have ensured we're in a strong financial position. We've set the foundations for future growth with ambitious plans for Brambles of the future while continuing to deliver our investor value proposition and maintain our disciplined approach to capital allocations. I'll now hand over to Raluca for Q&A.

Raluca Chiriacescu: You have Q&A, so yes, raise your hands. There's roving microphones, we'll bring one to you. For the benefit of our presenters and also people online, please state your name and the company that you work for before you ask your question. To give everyone and opportunity, because I see lots of hands popping up, one question at a time.

Niraj Shah: (Goldman Sachs, Analyst) I'm Niraj Shah from Goldman Sachs. I just had a couple of questions on the whitespace slide. [Unclear] for the US it looks like that whitespace has increased. Any [unclear] since the last Investor Day? You talked about more adjustable opportunities, so I was hoping you could elaborate on that. Then my second one on that slide was Germany. The whitespace seems pretty high by a developed market standard. I just want to understand why that is.

Graham Chipchase: So, in Germany it's a bit of an accident of history, really. So, what happened in the past was, it was a higher quality whitewood managed exchange pool which was advocated by ALDI and Lidl, basically, and that's what was going on. About – it's got to be seven or eight years ago now, probably about that time period – ALDI or Lidl, I forget who went first, effectively started to advocate for blue pallets, as well as this high quality whitewood pallets. So, we've started to get market share gains there. Obviously, as you then get in you could start going through their supply network as well.

So, we've been increasing share, but there's still quite a long way to go, we think, where we can now – we've now got full advocacy from both ALDI and Lidl in all of the regions because they're split north and south. It had a little bit of a slowing down through COVID, but we see that as an opportunity to keep on going forwards.

Joaquin Gil: Niraj, when you look at the market share numbers that we've put up, or the whitespace numbers, what we did was a review across all our markets to make sure we were consistent. So, as an example, we looked at Europe and we said, okay, that space is addressable for us so why are we saying it's not addressable in the US, as an example. We're now on a consistent basis measuring market share across all our markets. Cam?

Cameron McDonald: (E&P, Analyst) Hi, it's Cameron McDonald from E&P. Again, just on that financial framework of $750 million plus in free cashflow targeting. With all the other benefits you've outlined, why isn't that number higher given you're saying uncompensated pallet losses are coming down by another 10% to 20%? You've got the margin expansion story, efficiency gains that you're talking through. So, why isn't that a larger number in terms of the base number as not even a stretch target?

Joaquin Gil: So, a couple of things I'd point out. One is, we said $750 million or more, and the other thing there, Cameron, is we continue to invest in the business. So, we're setting up the business for future growth, and you saw in that non-pooling CapEx slide that step up in investment, not only in FY25, but from FY26 to FY28.

Matt Ryan: (Barrenjoey, Analyst) Hi, it's Matt Ryan from Barrenjoey, just over here.

Joaquin Gil: Hi Matt.

Matt Ryan: (Barrenjoey, Analyst) I wanted to ask a question on your pooling CapEx to sales ratios. I think you've given a FY28 target of 15% to 17%.

Joaquin Gil: Yes.

Matt Ryan: (Barrenjoey, Analyst) What's it going to be in '26 and '27? Just looking at that number on an underlying basis adjusting for the industry optimisation that's happening this year, I think you're going to be at about 15%. So, what actually takes you to a higher number, given everything that you've talked about around asset efficiencies and the like.

Joaquin Gil: You're a tough man, Matt. I thought you were going to say to me, nice pack, lots more detail than I've ever had. Thank you. I think obviously we only give guidance for one year out. So, while we're giving you a bit of targets, and let's say outlook, we're not going to get into guidance by year yet.

So, sorry about that one, Matt. Then I think if you look at exactly what you said, if you look at FY24, as an example, and you normalise CapEx to sales for that inventory optimisation you'd be 15%, but volume was flat. So, what we're saying is, when you look out to that FY28 we've incorporated 2% to 4% volume growth in that number. So, obviously, as we grow we need to invest in the pool.

Matt Ryan: (Barrenjoey, Analyst) Can I just follow up with the pallets that you salvaged last year, so the $16 million. What have you assumed moving forward within that pooling CapEx to sales ratio for salvaged pallets?

Joaquin Gil: So, we'll continue to see improvements through those assess recovery initiatives and go to market in the number of pallets that we salvage.

Reinhardt van der Walt: (Bank of America, Analyst) Morning, Joaquin and Graham. Thanks for taking my question. Reinhardt van der Walt from Bank of America. It's a lovely slide pack. Appreciate all the detail, especially on the non-pooling CapEx number. I mean, most of that looks like it's supply chain. You call out there some contingency in those numbers. Can I just check? Is there any actual stage gating or contingency around that 200 to 300 largely being supply chain related, and can you just help us understand how much of that is actually sort of an ongoing sustaining CapEx number rather than just sort of an upfront transformation investment?

Joaquin Gil: I think for me it's more technology continues to change. Enrique is going to take you through this later. So, that's why there's a bit of a range. Then, obviously, what you can see is in the Investor Day 2021 we outlined our sort of supply chain investment, but then we found CapEx light, as I like to call it, ways to deliver those same improvements. So, we will continue that disciplined approach, and on any projects that we do, they're always stage gated based on implementation and the returns that we're seeing.

In terms of what the, I guess, base rate of investment look like, I think that's why we tried to split out that 40% is maintenance and safety. So, that's for me the sort of investment you'd say is, that stay in business, for want of a better word, and then everything above that is what I'd say is transformational investments or returning investments.

Andre Fromyhr: (UBS, Analyst) Hi, Andre Fromyhr from UBS. There were a couple of references earlier in your part of the pack, Graham, about value-based pricing which sounds a little bit at odds with the move towards more cost-to-serve-based pricing. Are you suggesting that the next few years could see opportunities for margin expansion through price for things other than the 2% to 3% cost-to-serve?

Graham Chipchase: So, I think we use that value-based pricing quite broadly. So, it is a combination of, I think, showing that if the cost – if customers behave differently and therefore lower the cost-to-serve, they will get a different price. If they, conversely, behave badly, they'll get a higher price. Therefore that's on the value they're bringing to us, but the more technical definition, you're right, but I don't think that's within the current sort of two or three years.

That's going much further out where I think we can, around things like digital customer solutions, which you'll hear about more, it should be a better margin business, and therefore much more created on the value we're bringing to customers and the insights we're bringing. So, we're using it quite broadly, that term.

Owen Birrell: (RBC Capital Markets, Analyst) Owen Birrell from RBC. Just a quick question on the ROCI, effectively the target and the FY28 outlook where you say it's going to be broadly in line with FY24. I just want to understand how much of an accelerator, or a handbrake is that creating for your CapEx spend? You talk about this additional investment that's coming in.

Now, if you did no major additional investment you'd probably see that ROCI improving based on the CapEx you've spent to date. So, I'm just wondering, are you managing to that ROCI number, and how much of it are a handbrake or an accelerator on your CapEx spend is it creating?

Joaquin Gil: We don't manage to that ROCI number. For us ROCI is an outcome. Yes, we have hurdle rates, as you heard me talk about for investments, but we're in a great financial position. One of the things we're blessed with is a really strong balance sheet. So, if there's a project that delivers the right returns, creates future value for our customers and for us, then we'll invest. That's one of the reasons people have said, well, why isn't it growing ROCI, why isn't it doing X, Y, and Z? Well, the answer for that is because we still want to be able to do what's right for the business and future growth.

Owen Birrell: (RBC Capital Markets, Analyst) Sorry, just a follow-up question. I'm assuming that that would be ex any acquisitions or transactions, M&A that you would seek to achieve in the next few years.

Graham Chipchase: Yes, it is, but as I said, there aren't many there. So, there's not much to think about there, but yes, that would be excluding that.

James Wilson: (Jarden, Analyst) Hi, guys. James Wilson from Jarden, Australia, here. Are you able to talk to us about the EBIT margin opportunities that you talked to in slide 35 and 36, specifically – I guess that's ex potential volume growth and asset utilisation driving operating leverage. Then also, if you could just step us through whether those network productivity drivers are also incremental to the 2% that you highlighted..

Joaquin Gil: So sorry, I was just grabbing a slide pack. I think your question was around supply chain margin improvements.

James Wilson: (Jarden, Analyst) Whether operating leverage is sort of further upside?

Joaquin Gil: I think what you can see in the pack, or what I know you can see in the pack is that's why we've tried to say one point or more. So, it's not like we're not looking for further opportunities. Automation opportunities may change technology that allows us to do more, but that's why you'll notice we've sort of tried to set a minimum base. Then we're looking to do more, not just in supply chain productivity, but also in asset efficiency and overhead costs.

Anthony Moulder: (Jefferies, Analyst) Morning, Anthony Moulder from Jefferies. I wanted to get back to that whitespace opportunity that was in slide 20. Are they prepared on the same basis as what we saw in the FY21 investor pack because it looks like your market share has come off in key markets as a consequence of that very strong growth in white pallets.

The second component to the question is, the value proposition of CHEP is well-known, it's a strong value proposition, but it seems like pricing trumps the value proposition with respect to the white pallet pricing. Is that the key to getting greater growth? Then if that's the case, what does that say about the fundamentals of the value proposition of CHEP?

Graham Chipchase: So, the market shares are on this new basis, that's why they've changed a bit, as Joaquin said earlier on. So, I've always been of the view that whitewood prices are fundamentally not the reason that people switch from whitewood to pooled, never mind CHEP. It's pooled versus whitewood because it is fundamentally driven by largely SMEs deciding they want to sell their product more than 100 miles radius from where they manufacture.

If they have to go that far out, they have to go into modern supply chain, it has to be handled by forklift trucks, it has to be stacked. You could buy a higher grade whitewood pallet, for sure, that would do the job, but then you, the manufacturer, have to go and collect it from the other side of the country. So, that's what drives it.

Now, over the last couple of years we have seen whitewood prices go down so low because of the stocking and all the rest of it, and the lumber prices. That is not now the case. There are still an element of cost involved, and people are still – and we saw that a little bit in reverse if you think back through '22 and '23 when there was a pallet shortage. We were desperately trying to get some of our customers on high risk loans to go to whitewood, and they wouldn't.

They kept on – however much we raised the MPD surcharge, they still wanted to use blue pallets. So, there is an element where, I think, when it's either high risk or high cost-to-serve, people will use whitewood because it's cheaper and they can afford to lose it. So, that's where the cost element does come in.

What we're seeing now though is that whitewood prices are beginning to increase, and I think that then helps that conversion back into a pooled solution. I also think over the medium term another factor is going to be sustainability because I do believe that the manufactures aren't – and if you think about the maturity of the argument, Australia and Europe are ahead of the US in this.

You don't hear it so much, but that is going to change. So, manufacturers will be under pressure to show they're coming up with a more sustainable solution because the retailers want to know they've got a more sustainable solution, and that is absolutely going to fall in our sort of sweet spot in terms of increasing the conversion.

Over the next year or two I think it's about the whitewood price and that, fortunately, appears to be increasing in the US. I'm sure the US team will talk about that more. So, therefore, I think that then helps the conversion. For me, fundamentally, it is not about whitewood price, it should be about the broader benefits that pooling brings over one-way trips.

Josh Freiman: (Investors Mutual, Analyst) Josh Freiman from Investors Mutual. Thanks for the opportunity. Just with respect of that point that you guys made on the bottom of slide 40, we expect any potential future Serialisation+ investments not to impact delivery of the investor value proposition. A two part question. Is that more around how you phase your CapEx spend past FY25, or is that with respect of realising uplift to outcomes in terms of margin? Are you expecting that past FY28, or are you saying it's potential incremental uplift '25 through to '28.

Graham Chipchase: I think it's a bit of both, to be honest. In the shorter term it's about the fact that investments will be phased, but then over the longer term it's about the – we won't do it unless there are benefits that outweigh the investment cost, and that should [unclear].

Joaquin Gil: I think the other thing I think about is obviously, we're investing in automation equipment. If we were to decide to roll out, let's say in a market, serialisation, then that might replace other automated equipment we've had. So, it's not necessarily a straight, take whatever we're going to need to spend on serialisation and add it to the non-pooling CapEx number. Does that help?

Andrew Scott: (Morgan Stanley, Analyst) Graham, Adrew Scott from Morgan Stanley. Pretty simple one from me. Do you expect the targets you put out here today to be reflected in incentives for yourself and your team?

Graham Chipchase: Yes.

Sam Seow: (Citi, Analyst) Hi, guys. Sam from Citi. Just a quick question on free cash flow. Just working through some of these numbers. It looks like you're forecasting a drag of about 2 percentage points in pooling CapEx, which is about $130 million in your numbers, and then high non-pooling CapEx, $20 million to $30 million, but a flattish $750 free cash flow guide. So, is it fair to say you're expecting the initiatives to be around that $150 million benefit?

Joaquin Gil: I think how I look at it is, we've given you the building blocks, in the nicest sense, and then we've said $750 million plus. So, for me, we've tried to give you bands, and depending on what you decide you think our volume growth will be, our pricing will be, where you want to put that in the CapEx range, then it will produce a cash flow number.

So, more what we were trying to do was just help people. I think one of the questions we've had a lot is, what does run rate look like in the business from a cash flow perspective? Is FY24 in your FY25 guidance in cash flow sustainable? So, that's the reason for putting that in, if that's okay.

Sam Seow: (Citi, Analyst) Got it. That's helpful. Just a quick follow-up on the 16 million pallets that you salvaged in FY24. I think that was 10 million in FY23, but you've got, obviously, IPEP stepping up in '23 and then IPEP stepping down in FY24. So, just trying to understand directionally how you've salvaged more pallets and gone both ways.

Joaquin Gil: So, I think a couple of things. You've got a very good memory, and it was 10 million. So, it's a six million improvement year-on-year. That's why we've been trying to make sure we clear that when you see the improvement in uncompensated losses, that's about units.

Then obviously what's happening is, as we're writing off the lost pallets, the value of those individual pallets is going up as, obviously, you have lumber inflation and we're starting to hit peak. So, that's why you don't get all the benefit of the reduction in uncompensated losses coming through to IPEP because you have a step-up in the value of the pallets that you're writing off.

Graham Chipchase: You know you wanted to talk about IPEP more, didn't you?

Joaquin Gil: I've lost my bet with Graham because I thought that would come from you, Anthony.

Julia Weng: (Paradice Investments, Analyst) Hi, it's Julia Weng from Paradice Investments. So, the question is on IPEPs. So, given IPEP's sales was 2.3% in FY18, but at that time the CapEx to sales is 20%, and now you're targeting 15% to 17%, so that's a material reduction, why can't the IPEP to sales be lower than 2% in 2028?

Joaquin Gil: Number 1 prize for us as a business is to not lose pallets, for both our customers and us. So, it's not like we're not striving to do better, but based on the initiatives that we have today that's a number that we feel comfortable with. Obviously, we're continuing to look for new initiatives every day, and I think, as I touched on, that's what I love about the transformation programme. Every day people are coming in to – thinking about new initiatives.

So, I had a quick peek on Monday. There's already 17 new initiatives for us in productivity that haven't made their way yet to a stage where we would implement, but that gives you a feel of how galvanised the organisation is behind this and how we see the benefit to not only customers, but also to Brambles.

Julia Weng: (Paradice Investments, Analyst) Excellent. Then with the CapEx to sales target of 15% to 17%. So, I guess '24 there is some benefit from non-volume growth. So, if I were to compare like-for-like, so just back [unclear] – so you've got 350 million pallets on issue, so every 1% growth in volume, and assuming pallet cost of roughly $30 is about $100 million CapEx.

Joaquin Gil: Can I help you out? I think where you're trying to get to…

Julia Weng: (Paradice Investments, Analyst) So, [unclear] like-for-like, with assume no volume growth, what's the CapEx to sales?

Joaquin Gil: So, how I look at it is, in FY24 we were at 13%. If you normalise that for the benefit from inventory optimisation it takes you to 15%. Then every one point of volume growth is roughly one point of CapEx to sales. So, we're at 15% with zero volume growth, for want of a better word, and then as we've highlighted in that FY28, we're saying we're assuming volume growth of 2% to 4%. So, that shows you that there is still a significant improvement in pooling CapEx to sales as we go out to FY28.

Andre Fromyhr: (UBS, Analyst) Andre at UBS. Just a follow-up. Joaquin, I understand you don't really want to put numbers around the serialisation CapEx yet for all the reasons you've laid out. Is it fair to say that the $750 million plus free cash flow guidance must have something in there for Serialisation+ investment over the next three years? Is there a reasonable way to think about it, from our perspective, to take that targeted number of devices over that period that you've put in the pack and assume an average price per device, or something like that?

Joaquin Gil: I'd look at it a little bit differently. So, if you look at our FY25 outlook considerations that does have an S+ number in it, and then as you look to FY26 to FY28 we don't have it in there. What we're saying is, even if we made that investment in serialisation, or we make investment in serialisation, we still expect to deliver $750 million, at least, of free cash flow generation.

James Wilson: (Jarden, Analyst) Hi, guys. James Wilson from Jarden here again. Just on the volume side of things. Can you talk to us maybe about how you're thinking around prioritising the balance between organic volume growth and net new business wins, and maybe also with reference to what kind of disciplines you've put in your sales teams to try and achieve that?

Graham Chipchase: So, the organic growth is sort of out of our control. It's driven by macroeconomics, so that will be what it will be. When it comes to the net new business wins there are a couple of things. We're obviously pushing very hard for people to go out and get conversion, but not at any price. So, we do not want to repeat the mistakes of 2015, 2016, in the US in particular, where they went for growth down lanes they didn't understand the cost-to-serve, and that gave us a big P&L problem.

So, I think the benefit now is A, everyone is better informed, but the data and the digital insights we're getting gives us a much better idea around the cost-to-serve. The asset control means that we can go into some lanes which were perhaps things that we would either had to have a very high price for or we'd have high losses.

We're much more confident and much more risk managed going into those lanes. So, they're being encouraged to look at that, but there is a very, very strong, robust process for large contracts. They come up to the two of us. We're always looking at the ROCI, we're looking at the return on sales, we're looking at does it fit with our network, and is it taking assets from surplus to places where we've got deficits.

All those things is what we look at, and it's a very rigorous process all the way up through the organisation. We don't incentivise sales teams to go out just to get volume. It's all about making sure it's profitable volume.

Matt Ryan: (Barrenjoey, Analyst) I just had a follow-up. Matt Ryan from Barrenjoey, great presentation, by the way.

Graham Chipchase: Anthony, everyone's ignoring you. I can't understand this.

Matt Ryan: (Barrenjoey, Analyst) He's got to get his hand higher. I just want to bring it back to the Group EBIT guidance for high single digits. That's the same number that we'd sort of been looking at in the last iterations of your guidance statements. There is a lot of investment that's going on, in particular in digital. You've talked about a lot of initiatives that are going to pay off.

So, just trying to, I guess, relate all of the benefits to staying at that high single digit number. I guess, maybe a little bit more specifically, are you sort of thinking that if all of the digital initiatives pay off you sort of get to the higher end of that range, or do you sort of not know yet because you're still going through the process and potentially that range could be exceeded if the digital investments do pay off?

Graham Chipchase: So, the higher single digits is driven off of the revenue line as well. So, if the revenue line is 4% to 6%, and we think – what we're saying is, we think most of that driver for margin expansion is driven by productivity, basically. So, if we're saying 1% or 2%, it just points to productivity, as Joaquin went through, that gets you to the high single digits. If we're going to do more – we've already got benefit from digital that's coming through the margin, so that helps sustain it. If we start seeing really big improvements in serialising our whole pool, then that might help us get a bit higher than that, but I think it's far too early to sort of count on that at the moment.

Joaquin Gil: I think, just in case I wasn't clear, we're talking here about the serialisation investment. So, the continuous and targeted diagnostics investment and also returns are included in that number, Matt. So, we're only talking about the serialisation piece here that we're working through.

Graham Chipchase: Let's get Anthony, sorry. Come on, Anthony, you've been very patient.

Anthony Moulder: (Jefferies, Analyst) Thank you. A question on serialisation. I appreciate Helen is going to talk to this more, but are the benefits that you're seeing since you started still there when you've had greater reporting from customers with inventory days. It seems like the reporting of customers through customers has improved a lot over the last three years. When you started this project it didn't have that, the business didn't have that level of reporting accuracy. Do you still need serialisation given that improvement in reporting from customers?

Graham Chipchase: Let's leave this more to Helen, but I do think that some of the things that we would like to do require the pool to be serialised in some way or other. So, to get rid of declarations, I think it would be a great – so there no cost from them or for us to do it. I think coming up with a more granular dynamic pricing model you need to have a better view about where your pallets are. So, those are things – we don't necessarily have to do serialisation or Serialisation+ to still get a lot of the benefits. I think that's the balance. We're trying to ensure the investment in CD and TD, so the smart pallets in the pool, gives us lots of benefits as well.

So, it would be great if we can do the whole serialisation because we do think there are fundamental customer benefits that will come from that, and because of the data we then get from serialising all the pool the insights are being driven by algorithms. So, algorithms give you better insights the more volume of data you put through them.

So, if we can serialise a pool we will get much better insights and no one else will be able to do it. If they can do it, we're three or four times the size, so our insights would be much better. That competitive mote will be much wider and deeper if we can do it, but at the same time, we're not going to do it just for the sake of doing it. There has to be a clear demonstration of value.

Peter Steyn: (Macquarie, Analyst) Peter Steyn from Macquarie. Graham, just perhaps one for you. In the context of your net promoter score lift, DIFOT improvement, customer engagement clearly a lot better, I'm curious about your confidence and your right to play a bigger role in supply chain optimisation in concert with 3PLs, your customers, et cetera. What gives you confidence as you embark on that over the next few years and what right do you have to win there?

Graham Chipchase: I think there's a couple of – there's some historical evidence, and then there's sort of the more theoretical future evidence. We started a few years ago something called Zero Waste World. Everyone at the time said, you don't have the right to go off and engage – and this was about the ecosystem.

So, it was about talking to manufacturers, retailers, and 3PLs around reducing waste in the supply chain. The reason it works is that we don't go in there as the, we are the thought leaders on this, we are the ones who know best. It's not our cultural style anyway, but it's about saying that we want to convene a group of people who can make a difference to things that really matter, and that worked really well.

So, I think that gave us a lot of confidence. If you go about it the right way, and we are uniquely positioned in terms of the end-to-end supply chain because our pallet is the one that's doing the journey through that. Provided we're prepared to share those insights in an ecosystem way, then I think – it's that old story about, in the past a lot of corporates want 100 per cent of a pie.

Now, if there's a much bigger pie, you should be prepared to take a smaller slice of it because that is still a better thing than going for 100 per cent of the smaller pie. That is, I think, where we're heading. This whole area of ecosystems and creating and realising value by joint efforts. That is why I think we can play. We've had some evidence that it does work.

Peter Steyn: (Macquarie, Analyst) May I ask a quick follow-up. In that context, in the fullness of time, presumably there's incremental technology investment, et cetera, that lays before you. Do you partner or do you go ahead yourselves? There's obviously a lot of stuff that's already existing in the supply chain.

Graham Chipchase: So, I think one of the lessons we've learnt, I think it was really, really helpful – again, I remember a conversation with some of the people in this room when I first started in 2017 about why are you spending so much money on Brambles Digital, as it was called then? All this money you're spending in California, what are you getting for it? We did that ourselves. I think there was some real value in our BRIX, which is our engine, is very unique. We've had that checked and extended a few times, but in the future we can't afford to do that. It's not about the money, it's about the pace.

So, technology is changing so much. We're now looking at partnering with more people. We took our Board to California in June, and we spent some of that time actually talking to people whose jobs are to bring innovators and corporates together. So, they make a business out of doing partnerships for other people. So, we're deeply involved in that. I think that's definitely the most cost-efficient and most agile way to go because again, as you know, the technology is changing so quickly. You don't want to be working in a silo on technology that's out of date as soon as you've done it. So, yeah, much more partnering.

Raluca Chiriacescu: Great. I think we'll have to cut it there. Graham and Joaquin will be around at the end of the day for more Q&A, as well as in the breaks. I might just give everyone some time out, a 20 minute morning tea break and we'll come back in here at 10:40, please. Thank you.

[Silence]

Raluca Chiriacescu: Okay, you're good? Okay, just wait for everyone to be seated. Okay, well welcome back everyone. Our next presentation will be from Helen Lane, our Chief Digital and Strategy Officer. Helen joined Brambles in 2003 and during her time at Brambles, has held several leadership roles across finance, commercial, asset productivity and retail. Helen was appointed Vice-President of our CHEP Northern European business in 2016 and since 2019 has been leading our Digital Transformation.

Helen will be joined by Matt Quinn, who also coincidentally joined Brambles in 2003. Over the past year Matt has been leading our efforts in developing new and innovative digital solutions for our customers. Prior to this he was Vice-President of Northern Europe and the General Manager of India. I will now hand over to Helen.

Helen Lane: Thank you, Raluca, and good morning everybody. Today I would like to share with you about how, through investments in digital capability, in new visibility and new analytics we're transforming our organisation. When I last presented to some of you in 2021, I said that every pallet can tell a story. Based on those stories, the Brambles of today is very different.

Investments in digital have been a pivotal factor in the Brambles performance over the last three years. Our ability to see deeper into our own supply chains and into our customers' networks, has been greatly enhanced through the generation of new data. Importantly there's a lot more to come, we are increasing the breadth of capabilities such as those digital diagnostics tools which have proven value. We are also expanding our operational testing and more pioneering capabilities such as serialisation.

This moves us from sampling data to full pooled visibility at the individual pallet level, helping us to further transform how we serve our customers, how we enable growth and how we become more efficient. Excitingly we are now able to point these new and emerging capabilities at customer problems, giving information about the products on the pallets as well as the pallet itself.

Our pallets not only move and handle goods but can now also tell you about what's on them, where they've been, what environments they've experienced and over what time. This enables access to new customer solutions and also to new customers, reinventing ourselves as a digital customer solutions provider. Matt will take you through the opportunity here in a little more detail later and before I go deeper into what we've achieved and what's coming next, I will start with the ambition of what a digitally enabled future can deliver for Brambles.

The vision for our digitally enabled transformation is already being realised. We are now capturing far greater amounts of new data that power smarter, more sustainable supply chains. Digital capabilities are fundamental to the Brambles of the future that Graham described earlier and that's in three key ways. Firstly, by developing and deploying our track and trace technology, that make our pallets smart to capture new and unique data, illuminating even the darkest parts of supply chains.

Secondly, making data analytics a core competency of Brambles. That's about generating new insights from existing data and our new sources of grown data. Finally, leveraging these two new capabilities so that we can actually start to point these things at customer problems, that go beyond pallet pooling. This is for example, identifying lost products or damaged products, rather than lost or damaged pallets.

There's a cumulative effect here, the more pallets we have talking to us and the more customers we have using our smart pallets, the more powerful the insights become. Our ability to address the causes of inefficiency in the end-to-end supply network increases, being greater value for customers, for Brambles and ultimately for the planet.

As the largest pallet pooler in the world, we can create more insights and this is a distinct source of competitive advantage. Equally important over the last few years, is what we've done to develop our people. We've embedded the know-how and skills to understand insights and to act on them. This lays the right foundations to sustain the change.

Here is a short video that brings that vision to life.

[Video plays]

Helen Lane: What I really like about that video, is that real archive footage at the beginning, that reminds us all that Brambles has transformed supply chains before. I think that gives us confidence that we can do it again. We'll do that by combining the pooling of physical assets with the pooling of data assets. But how are we going about this? Well together with our colleagues from BXB Digital, we established a digital function in 2021.

This was with the goal of strengthening decades of Brambles supply chain expertise and scale, with track and trace technology and analytics capabilities. Since then we've made significant progress. Here are some of the key highlights across people, technology and analytics. Our people now have new skills and there are new roles in the business that didn't exist for us, just three years ago.

We have roles such as data scientists, analytics translators, machine learning experts, to name just a few. To solve the unique opportunities across end-to-end supply chains, we're mixing a mix of IoT technology with the hardware, software and infrastructure to support it. Our smart pallets are scaling and you can get a sense of that with the touch screen display out in the breakout area too.

We have proprietary tracking devices on our pallets as well as our very own software, which can receive billions of pings from smart pallets and use the algorithms that we've developed, to contextualise and prioritise those insights automatically. Our trackers are now coded to tell a distribution centre from a retail store and to identify unexpected activity that may require some human intervention.

Building this into our systems may sound relatively simple but actually this is an essential capability that we believe that we have, that no-one else does. This investment into people, technology and analytics coupled with adapting to our many learnings, has proven successful. So here's a summary of some of the Brambles' achievements that we've helped to enable.

Digital has been a key enabler in the Brambles performance in three key ways. It's firstly in the execution of our service to our customers. It's secondly in creating new customer value. Thirdly, it's in the productivity of our pallets. Let me walk you through a few examples here. Firstly, from a customer perspective, we're using our advanced analytics capabilities to predict and to automate customer orders and proactively correct customer transactions, to make us easier to do business with.

We aim to offer a seamless and effortless experience for our customers and we're trialling a fully effortless offer in Chile as part of our serialisation proof of concept. More to come on that later, but the idea here is that we no longer have to rely on customers telling us where our pallets are, or on the processes that we need to service them more effectively.

This has the dual benefit of giving us more control of our pallets and giving our customers more time to focus on running their own businesses. From a productivity perspective there's been two main areas of delivery. Firstly, we've helped to prevent around 16 million pallets from being lost in the last financial year. We've done this in several ways, notably through AI driven analytics tools to direct our collection engine and through new customer account performance tools that better direct our frontline staff.

These tools are not always reliant on smart pallets, we've been able to leverage new insights from applying new advanced analytics techniques on data that we actually already have. Smart pallets did also play a significant role and our diagnostics tools that I will talk about later, helped to identify areas of pallet leakage and uncompensated pallet reuse.

The second main productivity benefit has been in our ability to optimise pricing, through data driven revenue management and to recover the cost of previously unseen pallet reuse. So what is our approach to applying these advanced analytics techniques and track and trace technology to enable impacts at the optimum cost? Well as you'll see next, our experience in analysis has really indicated that we can maximise returns by layering together different technologies and methodologies.

We have four main track and trace technology approaches to make our pallets smart. On the left hand side you can see the approach we're taking using autonomous tracking methods. What I mean by autonomous, is those tracking devices that don't need readers to send us information but they can use cellular data to send data feeds without any help from humans or from reading infrastructure.

Clearly these are more sophisticated trackers which are very useful to us in the complex and changing supply chain networks, the ones that we operate in. On the right hand side, I show the methods we use to complement these more sophisticated tracking devices. These will need some sort of reading capability or infrastructure in order to send us data. For example, a camera for a QR code or a scanner for some RFID technologies.

Let's start with the left with the two autonomous approaches. We've got targeted and continuous diagnostics. The way I like to think about this is using a medical analogy. Targeted diagnostics is a little like going to the doctor. You've got a stomach ache and you think you might have an allergy. The doctor will run some tests, he will diagnose the problem and then advise you on the action you need to take.

Continuous diagnostics however is a little more like wearing a smart watch. You may not be aware of any specific health issues that you have but the watch will give you continuous health metrics and it might even highlight to you something like an elevated heart rate that you didn't realise you had, so you could take action.

So moving away from the medical analogies and back to the world of pallets. Targeted diagnostics, we already have a theory on something that we wish to prove or disprove and we do this by injecting a small number of smart pallets into a specific channel. With continuous diagnostics though, we instead inject smart pallets across a proportion of the entire pool and that's normally less than 1%. We'd do that as a continuous, sample scan.

This way we always have a small but representative part of our network tracked, so that we can continually be spotting trends and getting ahead of problems. As you saw earlier, we have targeted diagnostics live in over 30 countries at any one time, across the world. Continuous diagnostics is live in five markets, leveraging around half a million smart assets.

Through this perpetual scanning of our network, we've identified an additional 225 locations where our pallets flow, that weren't on our database before. If we look at the right hand side of the chart, this is when we then combine those autonomous methods with low cost, low technology solutions such as QR codes, on a high proportion of our stock.

We also have the option to supplement our data with semi-autonomous devices such as BLE tags and they're the types of tags that you might use to track your luggage or your keys. These do require some sort of reading infrastructure, but they can be helpful for us to plug data gaps in some of the larger markets and that's what we mean by hub and spoke. These approaches are all powerful in their own rights but our preference is to mix and layer them, so that we have enough data for our needs, at the optimum cost.

Our end state is a mix of these methods in a single market in what we call serialisation plus, the centre circle that you can see here. As Joaquin mentioned, this mix and type of technology may change. We're continually taking on new learnings to inform our approach, while also scanning the market for new and emerging technology.

However the technology requirements for us are quite unique. Tracking unit loads through the end-to-end supply chain in the many environments on Earth that our pallets encounter, means that sometimes seemingly exciting new technologies are not always suitable for our needs. Critically, all of these technologies and methodologies are underpinned by our maturing, advanced analytics capability, leveraging our existing data as well as turning the billions of new data feeds into actual insights for our people.

Here's some examples from across the business of what some of these examples have resulted in. Well as this capability is now the new norm for us, there are countless examples from across the globe to choose from. Here are some that were generated through our analytics engine, that weren't reliant on investments in smart pallets. We simply put industrialised and intuitive tools in the hands of our Brambles employees, who now have the knowhow to act on the insights.

These examples aim to give you a sense of the breadth and depth of this embedded digital capability. We continue to see multiple examples across the world every day, of how our teams are using these digital tools to unlock greater value for our business and for our customers. These tools are helping us to improve our productivity, to discover unauthorised pallet flows and direct our pallet collection engine to be as effective as possible.

We can now find out quite a lot from behind the comfort of our own desks and that means we can be quite wise about where we send our resources, whether that be trucks or people. Here's the first of our case studies that focus on our smart pallet capability. Targeted diagnostics was one of the first digital products that was launched in 2019. If you remember, this is where we have a known opportunity.

This is a challenge that we know where we need to target an injection of smart pallets, to understand and confirm the root cause of the problem so that we can take action. Put simply, targeted diagnostics helps us to move from, we think we have a problem to, we know we do, so that we can then act quickly and confidently. Since 2019 the Northern European business has been using smart diagnostics as a key tool every day to drive productivity, growth and customer surcharge reductions.

A great example of how targeted diagnostics was used effectively was actually during the pandemic. A number of retailers actually changed the way that goods flowed through their networks. We knew which retailer channels were losing more pallets but we needed to understand clearly where the points of leakage were happening and why.

Of course, one solution would be to simply implement surcharges to the sending manufacturers to compensate for these losses, but we know this is a key cause of customer dissatisfaction and our preference is always to recover the pallets and only pass on surcharges when we can't. Targeted diagnostics here, confirmed that courier networks were a key source of inefficiencies, something which was suspected but difficult to prove.

Once the data was available the factual evidence made the correct factions easy to identify and to agree with retailers. Real actions like procedures to segregate CHEP pallets for collection and to stop flows into courier networks were put into place. These changes resulted in approximately 150,000 unknown and unauthorised pallets from being stopped.

We also successfully used this same approach to improve recovery of pallets from the fast growing eCommerce network in the UK. For all customers supplying into this channel, our improved pallet controls resulted in a lower cost to serve, which enabled a reduction in surcharge fees and obviously an increase in customer satisfaction.

Over the last four years we've repeated this approach now in over 30 markets. That's enabled the recovery of around four and a half million additional pallets and actually the recovery of $60 million in annual price recovery since FY21. As we resolve these problems, fewer known problems have become available to us, to inform us where to target these injections of smart pallets. This is where continuous diagnostics and our second case study comes in.

Since 2023 the CHEP USA team has turned 0.2% of their pallet pool into smart pallets with autonomous tracking devices. This permanent installation of smart pallets in a proportion of the pool was intended to highlight unknown problems and opportunities. Our proprietary software that handles the billions of data feeds was configured to contextualise the data into easy to understand insights, but then notify the teams of any unexpected activity and behaviour so that action can be taken.

The initial results have been impressive, with hundreds of new locations containing our pallets identified. We've discovered unknown pallet dealers, unknown smaller retailers, some manufacturer sites that were not part of the CHEP programme and also some third-party logistics organisations. All of these locations had been sent our pallets but we were not previously aware of them.

To give you a sense of scale here, since launching continuous diagnostics in the US, the local teams have stopped around 260,000 unauthorised pallet flows from recyclers alone. Around 800,000 undeclared exchanges have been stopped, which also identifies new business opportunities for us.

I have been a retail account manager myself in my time in CHEP UK and I can tell you that despite having access to customer sites and to the people in those sites, it's not always possible to fully understand the flows of pallets through their network. We had a particular challenge with one retailer once, where the losses were increasing and we simply couldn't figure out why.

What's been great see is that since the implementation of continuous diagnostics, the teams now can see some changes in retailer behaviour in some of those retailers. That particular retailer that we were struggling to understand, we now know had taken on some eCommerce contracts, which meant that they were returning consumer goods on behalf of other retailers.

So we were seeing these retailer to retailer flows that you don't normally expect to see. But we could never have known that before and interestingly our contact at the retailer didn't know that either. It was part of a separate contract that they were managing. I think what this really does is show us the power of these smart pallets or this insider's eye, as a really good proof point for why continuous diagnostics is delivering value for us.

So what more do we believe that we can get now by adding serialisation? Well as a reminder, what is serialisation? It's a unique identifier on every pallet. So if every pallet had a unique ID or a name this will reduce the reliance on customers sharing information about their pallet movements and relying on average base calculations. We could ensure simple offerings that are effortless for our customers. We would have more precise cost to serve information that would drive predictable pricing.

If every pallet has a unique ID, that will allow us to understand the pool and network dynamics to a much higher degree of precision. We could maximise pool efficiency by investigating and solving for every pallet that is unproductive. If it's not carrying a customer's goods, or in the process of being repaired or reissued, then there is an opportunity.

If every pallet has a unique ID, then this pallet is useful. Not only for the goods that it carries physically but the data that the pallet can carry, where it has been, what it has carried and over what time. We know that every year billions of unit loads are moved around the Earth on our pallets, so the data contained in the pallet could become the digital passport of global supply networks, a way for customers to carry information, not only goods.

This is why we believe we need serialisation as well as some of those diagnostic based methods. So where are we in our serialisation trials? Firstly this slide is intended more as a reference, rather than something you need to read now, but allow me to walk you through some of the key points. We split the way that we take learnings into three key areas, operational, technological and value. You'll also note that we weren't seeking to learn anything about value in those early lab stages.

We started our learnings on serialisation in the lab, literally testing out different methods of positioning and reading tags, discovering what we believe to be the optimum technology for our environment. Our strong hypothesis at this stage was that QR codes and camera vision technology would be the best and least intrusive way to instrument our pallets and to read them in our service centres.

We then moved to field based testing in Norway to learn more about how the technology reacted in our service centres. We did some tests on some of the algorithms that we were writing, to help make the data useful to us. From there we moved to our pilot market in Chile. I'll now got a little deeper into some of our achievements and learnings there.

We chose Chile as the pilot market due to its size, due to the fact that there are limited imports and exports, and also the fact it's quite representative in its nature to some of those larger markets. We've made significant progress and learnings, not only for Chile but in terms of those next markets of the UK and North America. We've tagged 2.6 million of our pallets with QR codes and we can now read those using the infrastructure in our service centres.

We've tracked 4 million pallet journeys so far, obviously this number is growing rapidly. As well as tagging the entire pallet pool, we've also augmented this serial data with a proportion of smart pallets, or those autonomous devices and we've got around 60,000 of those. We've engaged with customers to validate the new service offer, as well as the potential for new digital customer solutions.

As you can see in the picture on the right hand side, we've learned now in Chile how to automate the new processes and installed new capabilities in our Birmingham service centre, as our first step to ready the larger markets for serialisation. Enrique will talk a little bit more about this later too. So if that's what we've achieved in our proof of concept in Chile, then what's our overall road map to take learnings from this market into the larger markets?

Well this year we'll follow the next stage of our methodology that you saw on the previous slide. As we head into FY25, we want to further pressure test the operational and technological capabilities in the pilot market, as well as the next markets across North America and the UK. We've been validating operational feasibility in those next two markets, to ensure that we can accommodate the local nuances into our solution.

For example, North America actually has a lot of smaller service centres and customer site service centres with space constraints, so the equipment needs to be designed accordingly. The UK has different ways of issuing pallets to customers directly from retail locations, meaning that they sometimes take a little longer to be seen by our service centres. This might be an opportunity for higher proportions of that hub and spoke technology that I talked about earlier.

As our insights become more stable from the pilot market and more representative over the annual lifecycle of the pallet, we will also be putting additional focus on unlocking value, by working closely with our customers to test the effortless service offer at scale and understand the demand for digital customer solutions. We will also be proving our ability to improve productivity and compensation. You'll see on the chart that the amount of learnings on value does increase, versus previous stages.

So, should we be going faster? Well I wish it were as easy, as simply putting a tag on the pallet and reading the data from that tag, but every step has presented new learnings. Thankfully, we've got very good at taking learnings and acting on those challenges and adapting quickly. But for example, if you're putting a tag on a pallet and you want to read it with a camera, what's the optimum level of lighting in a service centre, so you get optimum read rates?

These have been the sorts of things that we've been learning. What happens if we paint over a tag? Can we still read it? What happens if our pallets are stacked at different heights in different service centres? How can our cameras see up to the top of the stack? Of course, as Joaquin very kindly mentioned, when we get to the UK, how do we deal with all the rain that our tags encounter? How will weather conditions and the various different pallet types and block types affect on that tag attrition?

Interestingly, most of these challenges are now around how we operationalise the technology at scale. Hopefully, this is within our gift to solve and we're confident that we can. We are clear on what we need to learn in the next phase and we have stage gated check points to ensure that we've got that disciplined allocation of funding.

So January is our next investment stage gate and based on outcomes, this will decide on whether we continue expansion or whether we pause and improve performance against key criteria first. We'll be assessing key criteria such as, does the unique ID continue to perform as expected in different environments over time? Can we improve costs? What is this worth? If we do not pass a stage gate though, all is not lost.

It simply means that there's more work to do to optimise our methodologies or to continue to expand benefits from other methodologies. We are not seeing serialisation as a single, silver bullet but as part of a blended approach to leveraging data to solve for opportunities. So here is that overall approach for technology layering. We've been following a very purposeful road map for each of the capabilities, starting with proof of concepts and then expanding as our confidence grows.

Targeted diagnostics is now a rolling portfolio, an ordinary course of business for us across the globe. Continuous diagnostics is now established in four markets and we're expanding to mainland Europe with an additional 300,000 smart pallets through FY25. We've started this expansion in Spain but as the Euro pallet does flow quite freely through the continent, we should be able to take some really interesting insights from across the entire European continent.

The serialisation proof of concept has given us the confidence to test feasibility in North America and the UK, with a stage gate every six months to continue or to consolidate learnings. Our technology mix or choices may change but our approach of testing small, capturing learnings to scale will remain. We are seeing how powerful this mix is at market level and Alasdair the General Manager of Northern Europe will explain in his words now, why his business is different day-to-day, based on these layered digital capabilities.

[Video plays]

Helen Lane: Well as Raluca said, I was General Manager of that business myself in a previous life, so I must say it's absolutely fantastic to hear from Alasdair, just the difference that digital technology is making to the running of that business and to the conversations that we can now have with customers. Alasdair mentioned at the end there that the thing he's most excited about going forwards is digital customer solutions and the different conversations that we'll therefore be able to have with customers yet again.

That seems a very fitting point for me to introduce you to Matt Quinn, who will share with you our ambition, our progress and our plans, to help serve our customers in a way that we never have before. Over to you Matt.

Matt Quinn: Thank you Helen, hello everybody. Today I'm going to share with you the really exciting work that we've been busy with here at Brambles, and that's developing a new set of digital offerings for our customers. We believe these new digital solutions that we're developing, actually have the potential to transform our customers' supply chains. Importantly to note, the digital offerings that we have been developing, all leverage the same technologies that you've heard Helen just discuss.

So today I'll take you through the solutions we've created, what they do and what some of our early adopter customers are actually saying about the solutions too. So you'll hear all about how Brambles is uniquely positioned to create visibility of the end-to-end supply chain for our customers, which enables them to spot where waste is happening in the supply chain, so they can take those real world actions. Then as a result, they can improve the efficiency, agility and sustainability of their supply chains.

I think first, there's the big question. What is the problem that we're trying to address here? The problem is one of waste and waste occurs in supply chains because of sub-optimal supply chain processes and this occurs all over the world. The magnitude of this waste is significant and it's also unsustainable. Industry experts refer to this waste as value leakage through the supply chain and that's the opportunity we as supply chain practitioners have, to make a difference.

As you've just heard from Helen, at Brambles we've been developing the digital capabilities in our own business and we've used this to really good effect, to be able to transform how we operate our own Brambles business. But now we have the opportunity to transform our customers' supply chains too. We believe Brambles is uniquely positioned to create a portfolio of digitally enabled customer solutions.

That's because we can leverage our scale of the physical network that we have and the decades of supply chain knowledge that we've accumulated over time, to build that data and insight network that you heard Graham describe a little bit earlier on. It's that data and insight network that will allow our customers to gain greater visibility into their end-to-end supply chains, so that they can spot the waste where and when it's happening and then they can take those real world actions to be able to remove the inefficiencies from the supply chains.

We've been working with customers and partners all over the world, to begin developing our digital customer solutions business. There's three insights that consistently keep being revealed through these interactions with our customers. The first of those insights is that it's validating that there is a significant amount of value leakage across global supply chains, that impacts our customer's ability to generate revenue, adds unnecessary costs to the operations and compromises their ability to operate their businesses sustainably.

The second insight is that data, that's the key ingredient. That's the ingredient to give that visibility of the end-to-end supply chain. It provides the insights, those facts that you heard Alasdair describe in the video, that enables our customers to effectively spot where the waste is incurring in the supply chain, so that they can take those actions to improve their supply chain operations.

Finally, the last insight is that there is already evidence of real demand from noteworthy global organisations that we've been working with, for the three digital customer solutions we've developed so far. To date we've developed three minimum viable products to start our digital customer solutions portfolio with. All the solutions enable customers to spot and remove waste from their supply chains in some shape or form.

If I start off with our proof of delivery solution. This provides insights from targeted injections of those smart pallets and enables our customers to gain the visibility of samples of the inventory moving through their supply chains, through their end-to-end supply chains. We can give them insights such as where the inventory is and how long it's been at different points within the supply chain.

Then they can use those insights to be able to diagnose a host of problems. The types of problems customers can detect by using this solution are things like, what's impacting poor service levels? How do we activate our retail promotions better? Or even, they can use the data to be able to resolve invoice disputes between trading parties.

The next solution we've developed is called reusable asset optimisation. This enables our customers to monitor and manage pools of their own returnable packaging equipment. This is not dissimilar to how we've been using serialisation plus to manage our own pallet pool. This solution gives customers the visibility of where their equipment is in the supply chain network and where it's been. This helps our customers maintain or improve a few things with regard to their returnable packaging systems.

It helps them maintain continuity of packaging supply, helps them optimise their own pool sizes and then importantly, it helps them improve the circularity of entire returnable packaging system. Then the last solution that we've been developing, we call end-to-end fresh and this solution is probably the most complex of the three that we've developed to date.

It's a tracking solution also utilising our smart pallets and it helps us help our customers monitor different attributes that affect the quality and shelf life of perishable products that move through the end-to-end supply chain. With end-to-end fresh, we're currently helping customers track two variables, temperature and dwell time, as their products move through the end-to-end supply chain.

This creates visibility for them to determine if anything's been out of spec for those two variables. Why is this important? Well in really quality sensitive categories like fruit and vegetables, dwell time and temperature are proxies for quality. Adherence to both of those variables ensures that the fresh produce arrives in the store in the best possible condition, at the optimum shelf life. Importantly it helps them safeguard against any food waste as the products travel through the supply chain.

In developing these three digital customer solutions so far, it provides Brambles the opportunity to access a significant new area of value. We've done some market sizing research and it's been verified by partners that we've worked with. We've concluded that collectively these three solutions that we've developed together, have a potential serviceable, addressable market of approximately $8 billion of revenue.

The next question is, how are we creating this end-to-end visibility? There's three core technical components that we bring together to execute our digital customer solutions. It's the smart pallets, BRIX, that you heard Graham speak about a little bit earlier, and then supply chain illumination. Again just to reinforce, all of these technologies utilise the same hardware and software that Helen's described.

Smart assets, first of all, what do they do? They serve as the vehicle for data collection as they travel through the supply chain. BRIX better allows us to ingest all of this data from the millions of data feeds that we collect from our pallets travelling through the supply chain. It also allows us to scale out to many customers.

Then supply chain illumination, that's an integrated application that processes all of that tracking data collected from our pallets and puts it into business contexts for connected supply chain partners. Supply chain illumination allows us to process not just the tracking data collected from pallets, but also the contextual data collected from our customers. So things like what's the product that's sitting on the pallet? Delivery information that they may be wanting to share with their trading party or carrier details.

The application then allows us to be able to deliver the required insights to relevant users in our customers businesses so that they can spot where things are going wrong or where things are going right, so that they can take real world actions to address the waste and unlock new sources of value in their supply chain.

The thing that's so exciting is we're just at the beginning. We're working on the system all the time, we're adding new features, all of which build towards new ways of optimising our customers' supply chains. It's an intuitive process where we're constantly taking feedback from our customers. That feedback that we get from our customers allows us to design, build and perfect all of the features that will help them monitor, improve and automate their supply chain processes.

I've got a little video that we're going to play next. In the video it should bring to life for you the types of problems that our customers experience. Then how they're actually using our digital solutions to improve their supply chains. In the video you'll see the actual screens being used by customers today to give them those insights that they need, to take targeted actions to remove waste and unlock value from their supply chains.

Take a look at the video.

[Video plays]

Matt Quinn: So you can see there, we've had some incredibly positive feedback from those early adopter customers of ours. This validates for us that Brambles is uniquely positioned and we have this ability to create visibility of the end-to-end supply chains for all our customers. Green Garden, which we've got up there, it's a US-based business that you'll hear a little bit more about from Vishal a little bit later on. They used our proof of delivery solution.

They used the solution to be able to improve the activation of the instore promotions. You can see there at the end of the first trial that we ran of our proof of delivery solution, the CEO of Green Garden said to us that they were able to activate 90% of the promotional stock a month ahead of the previous year, because they had visibility of where the inventory was in the supply chain. This resulted in an improvement in sales for them. So a great result with that initial customer.

We've also been working very closely with Woolworths New Zealand. You can see here on the screen the quote from James Miles. Woolworths New Zealand have been helping us develop our end-to-end fresh solution. What the end-to-end fresh solution does for Woolworths is it gives them visibility of those two variables that I described, dwell time and temperature variables.

What they use it for is to see has anything gone out of specification and if anything has gone out of specification with those two variables, then they can work with their suppliers or transporters, enabling them to quickly do a root cause analysis to say what's caused the compromising of those variables. Then they can drive the corrections and improve their supply chain processes.

James Miles in the quote there you can see, following a number of pilots and trial engagements we did. He said, he thinks that this solution has actually got the prospect of transforming how the entire fresh category operates in New Zealand and will materially improve the outcomes for their customers. No doubt, that's why Sam had the great strawberries at the end of the video there.

What are we trying to do here? We're actually trying to create supply chain data and insight networks. Think of a supply chain nervous system, always sensing and feeling, giving us feedback constantly of what's working and importantly what's not working. The basis of our competitive advantage when we create this network, will remain closely linked to what's made Brambles successful over the past 70 years of business.

That's three things, it's our ability to set standards, it's our ability to share and reuse assets and infrastructure across the supply chain network and importantly, it's also our ability to create networks, so connect trading parties within a network.

In FY24 we successfully created our first point solutions for customers. Point solutions solve a single problem for a single customer and Green Garden was a great example of one of those point solutions. They're the first users in the future network. Now what we're doing is, we're shifting our focus to build category solutions. Category solutions solve problems that are characteristic of an entire category of products.

Our work with Woolworths New Zealand and trying to improve the dynamics of the end-to-end fresh, so fruit and vegetable supply chain, I think this is a good example of a category solution. Beyond that, our next task will be the creation of cross-category solutions. Cross-category solutions, you may ask, what are those? Those are solutions that address problems that are ubiquitous, irrespective of the category of the supply chain that's being operated.

Two good examples of this could be, estimated time of arrival would be a good example of a cross-category solution. Complete end-to-end visibility of inventory across the supply chain, that would be another great example of a cross-category solution.

At this mature, future state we'll be collecting data from the entire supply chain network. We'll be collecting it from our smart pallets, our serialised pallets, it'll be complemented with customer and partner data as well. We aggregate all of this data across that supply chain network and that'll enable Brambles to create a set of solutions that don't just deliver insights and capability to fix points or lanes within a supply chain. It'll give us the opportunity to transform how that entire supply chain network actually operates and allow us to set new standards of efficiency, agility and sustainability.

So where are we now? In FY24 we asked ourselves three questions, three challenging questions. We said, can we build a digital solution and successfully deploy it to a customer? Then we said, would that digital solution, once we've deployed it to a customer, actually give them actionable insights so that they can unlock new sources of value? Then the third critical question was, would a customer pay us, Brambles, for if we gave them a digital customer solution?

Thankfully over the past year we've been able to answer yes to those three questions. We do now in fact have multiple customers across a number of our operating business, engaging with us mostly on a trial and pilot basis, and actively working with us to continue to develop and enhance the feature sets of our digital solutions.

We've also secured our first commercial opportunities for digital customer solutions. We've secured approximately a million dollars of contracted revenue to date. But now we're shifting our focus and we're starting to prepare what needs to be in place to take a meaningful scaling step. That meaningful scaling step is to be able to get to somewhere between $5 million and $10 million of contracted revenue from digital customer solutions.

I think it's really important to note that our aspiration and ambition is far greater than $5 million to $10 million. As you saw, there's a significant amount of value leakage across the world's supply chains that we do believe we are uniquely positioned to help our customers address. But we're in the very early stages of our development, so there's much work we still need to do to fully build out all the capabilities required across our hardware, software, digital operations and business processes, to access the full potential that is available and build a digital customer solutions business of meaningful scale for Brambles.

Thank you, I'm going to hand back to Helen for some closing remarks.

Helen Lane: Thank you Matt. Before we take any questions from you, just a few key messages. We do know now that our ability to see deeper inside our own supply chains and to understand our customers' networks better, has been greatly enhanced through access to new data. That was a pivotal factor in the Brambles results that you saw in FY24.

As Graham plagiarised earlier, we didn't come this far just to come this far. There is more to come in our digital capabilities. We'll be expanding those capabilities in those more proven diagnostics, where we know we've proven value. We will also be expanding operational testing, so there's more pioneering capabilities such a serialisation.

As Matt has just shared, we're now excited to hear that there's more value we can get from our data, that there's customer demand now for new, live digital customers solutions. That can help to reposition us as a digital customer solutions provider. Thank you all for listening, I'll now hand over to Raluca for some questions.

Raluca Chiriacescu: Thank you. We'll now open up for 15 minutes of Q&A.

Peter Steyn: (Macquarie, Analyst) Peter Steyn from Macquarie. Would be really interested in your perspective around who you're competing with, who are the substitutes? How do you penetrate this market opportunity in that context?

Matt Quinn: Is that specifically for digital customer solutions?

Peter Steyn: (Macquarie, Analyst) Yes.

Matt Quinn: Okay, so I think there's a variety of competitors that we're faced with. There's digital native organisations and then of course there's incoming poolers that have the potential to compete with us. I think the types of competitors are those that offer platform solutions, track and trace type solutions and that also have the aspiration to create visibility of the end-to-end supply chain.

I think where we are uniquely positioned is that we go beyond truck level, we go down to the pallet level data and I think it's also the ease of operational execution. We've had a number of customers share with us, it's in the pallet and that's what makes the execution to be able to collect the data and make the insights available that much easier.

Matt Ryan: (Barrenjoey, Analyst) Hi, it's Matt Ryan from Barrenjoey. Just looking at the experience in Chile, I think you've got about 2% of your assets as smart assets. Is that the right number do you think when you roll out across other geographies?

Helen Lane: No, we think it could be lower than that. We went for more in Chile to just give us more data so that we can actually – I probably should think of a technical term for this – we can turn a blind eye to some of that data to start understanding, okay what is that optimum mix? But as you heard with continuous diagnostics, we're not going above 1%, so in the UK I think it was 0.8%, whereas in Canada it was 0.3%. So we're just testing that variation but no, we don't think it would need to be as high as 2% on those autonomous devices.

The difference will be in those markets where you have more data gaps. So I explained in the UK, we actually issue pallets directly from retailers rather than from our service centres. So, in those instances, they come back to our service centres less frequently. That's where we might want to supplement with BLE devices, so cheaper semi-autonomous devices as well to get that optimum mix to make sure we've got enough data for our needs.

Matt Ryan: (Barrenjoey, Analyst) So, just in those markets where you've got less, a couple of those markets you mentioned plus the US, are you getting benefits to channel pricing or able to use the data that you've got already to take that to customers with contract renegotiations already? Or do you think that's something that you can do in the future?

Helen Lane: From a sampling basis, yes. So, it's giving us enough value now to say that targeted and continuous diagnostics we're confident in. So, from a sampling perspective with targeted diagnostics, we can point it into certain channels and that is helping us have those conversations with customers which says, actually we understand your behaviour better now so that you can start thinking about ways of increasing pricing. I think Michele will be sharing some of that in the North America presentation too.

Andre Fromyhr: (UBS, Analyst) Just on the digital customer solutions, I remember back nine years ago in Pasadena, we heard a lot about BXB Digital and the opportunity to monetise supply chain insights with customers. So, I'm fascinated, it sounds like you're already earning some revenue out of the opportunities already but wondering if you could talk through what is different about the context now and the capabilities now that gives you the confidence to properly turn that into a business. Maybe as a follow-up, are you talking about customers as existing CHEP customers or are retailers going to be the ones paying for this stuff?

Matt Quinn: So, perhaps let me start with the second part of the question first. So, I think targeting our existing customers or defining an ideal customer profile, manufacturers and retailers would both be in scope because who is the recipient of the value that's yielded by deployment of the solution in the supply chain. Then that's where we've been testing willingness to pay. So, both manufacturers and retailers would be in scope.

We are targeting our incumbent customer and retailer base with the existing solutions because that's where the waste is being manifested in their supply chains. Then what's different? I think what's fundamentally different here is we're leveraging off of the capabilities we've built in-house in Brambles. So, the capabilities that Helen shared, such as targeted diagnostics, continuous diagnostics, that builds a lot of inherent capability to be able to deploy a digital customer solution.

So, for example, how do you ready a smart pallet in a service centre to be able to deploy through a – to a customer? These are fundamental changes that we've enabled that improve our ability to execute that perhaps weren't there in the past.

Niraj Shah: (Goldman Sachs, Analyst) It's Niraj from Goldman Sachs. A couple of questions. I think one on the customer solutions, as you go from point solutions all the way up to network solutions in particular, is there any ambiguity around who owns the data, which you said was obviously key to all of this?

Matt Quinn: So, I think we think about the data in two pieces. So, there's one set of data that we use to be able to operate the pallet pool. So, Brambles, we own that data. If there's any customer context applied to that data, the ownership resides with the customer. The real magic or secret sauce to being able to make this work though is sharing of that data to be able to provide insights in order to unlock new sources of value. So, I think Graham referenced a little bit earlier on, collaboration among supply chain partners is key.

I think we play that unique role in that we can connect supply chain partners to be able to surface insights that weren't possible before so they can take actions and access new sources of value.

Anthony Moulder: (Jefferies, Analyst) Anthony Moulder from Jefferies. Just two parts of the question. First is unidentified transfer. How big do you think that is as an opportunity to close down? The second part, not related actually, but is you say you're uniquely positioned. If I speak to a trucking company or a warehouse management system company, they would say that they're uniquely positioned. What makes the pallet level identification that unique relative to say a truck and trailer?

Helen Lane: So, the first part of your question I think was around unidentified pallet movements or uncompensated reuse. So, we do think that is an opportunity for us. I think the example that we shared from the US business was really interesting. I think Michele will be sharing more on that opportunity later. But if you remember, we said a few things. One, that we've discovered through our track and trace capability, 225,000 new locations now that are receiving our pallets that we didn't know about. So, that's an opportunity.

We know with that specific case study that I gave you from the US that we've stopped those 260,000 movements to pallet dealers and that we also saw 800,000 unidentified exchanges and they either become new business opportunities or asset recovery opportunities. So, I think the opportunity for us to spot and highlight those problems is there. But again, I think you'll hear some more from Michele on that later.

Anthony Moulder: (Jefferies, Analyst) It's more a case of the scope of that opportunity. So, is it a few per cent of issues? Is it 5% of issues?

Helen Lane: Yes, we haven't got those numbers amalgamated, if that's what you're looking for. Joaquin, I don't know if there's anything you want to add to that.

Joaquin Gil: Hi, Anthony. Look, what I'd say is that's the excitement of digital, because it's been really hard to quantify. So, as we continue to roll out continuous and targeted diagnostics, and as we move on to Serialisation, that's what it'll allow us to do.

Helen Lane: Then there’s a second part of the question.

Matt Quinn: Yes, perhaps I can answer the second part of your question. So, I think why are we uniquely positioned? One, it's because of the extent of our physical network and scale right now. The next is where the pallet travels through the network. So, we touch many supply chain categories, and the pallet travels end to end. So, it goes through each and every nuance, so receiving, put away, dispatch, onto vehicles, and then once again receiving, put away, and dispatch.

So, what's distinct from a transport organisation is that the truck only flows between nodes within organisations, whereas the pallet is the common denominator. That's the thread that holds the data all together throughout the end to end supply chain.

James Wilson: (Jarden, Analyst) Hi, guys. James Wilson from Jarden, Australia. Just two from me. Firstly, can you just step us through what assumptions underlie that $100 million target that you put in the presentation?

Matt Quinn: So, I think the assumptions are much closer related to the serviceable addressable market. So, if I take you through end to end fresh, for example, we've looked at the cold chain management as a category. We've assumed a percentage of that is addressable through track and trace. We've looked at target geographies and the target categories to derive the serviceable addressable market.

$100 million, it feels like an appropriate aspiration in order for us to be able to get to, given the extent of the market opportunity. However, I think it's early days in order to be able to say how quickly or slowly can we be able to get there because we're still testing with some of those early adopter customers.

James Wilson: (Jarden, Analyst) Okay, great. Then just secondly from me, are you able to contrast for us the propensity for customers to actually pay for this data insight between the larger FMCG customers that you have and maybe some of the smaller SME customers as well?

Matt Quinn: Yes, I think it's far too premature to say because I think we've only tested with a handful of customers around the world. Our knowledge of that will gather rapidly as we engage with more and more organisations.

Reinhardt van der Walt: (Bank of America, Analyst) Morning, folks, Reinhardt from Bank of America. A question for Helen and maybe Joaquin can provide a comment as well. I just want to go back to the basics of Serialisation+ and just to understand the framework that you're using to actually measure the financial returns on some of these investments. I appreciate you can spot more pallets coming back in certain parts, but at the end of the day, we're talking about spending quite a lot of capital potentially, and we need to get comfortable with the kind of returns you're going to generate on that.

I appreciate A/B testing is probably quite difficult, right, because the supply chain moves around and there's probably some agency problems when you go to talk to your commercial managers asking them how much of the performance came from your solution versus their own acumen. So, can you maybe just explain to us what kind of consistent framework you're going to use across the markets to measure performance?

Helen Lane: Sure, and I will refer to Joaquin as well, but you're absolutely right. I think what makes it quite difficult, even when we talked about targeted and continuous diagnostics, is that we can point to activity, we can point to challenges, but then there are other steps that happen afterwards to really extract the value.

So, that might be sending a truck, it might be sending a person, it might be a really strong commercial negotiation that an account manager then does. So, it's quite hard then for us to do that in that sense, but what we can do and what we are doing in Chile now is really testing out that effortless experience with them and so really getting customer appetite for that. We're testing out customer appetite for digital customer solutions in Chile, so Matt's been spending some time with the customers over there as well, and then we will make sure that we have value hurdles as we go through our stage gates for the next investment phase, but Joaquin, is there anything you'd like to add to that?

Joaquin Gil: Yes, I think what's different from Serialisation versus, let's say, continuous and targeted diagnostics is that you saw this morning in my presentation, this is what we expect the business to do without Serialisation. So, now we can overlay the Serialisation business case and be able to say, does it meet that 15% ROCE hurdle on the Serialisation investment? So, I think that's the difference.

Raluca Chiriacescu: Great. On that note, we might end the Q&A there, but Helen and Matt will be around in the final Q&A session at the end of the day, as well as at lunch. Thank you both. Okay. So, we'll move on to our next presentation from Enrique Montañes Garcia. He has been running our global operations for the past three years and joined Brambles in 2003. He's held a variety of senior roles across Brambles, including in planning, operations and transportation. I will now hand over to Enrique.

Enrique Garcia: Thank you, Raluca. Good morning. My name is Enrique Montañes Garcia and I've been the Chief Operations Officer with Brambles since the end of 2021. Today, I'm going to talk to you about the supply chain function, the ways we create value for the Group and how we intend to continue to create value in the future. We have planned for a 30 minute presentation in which we will explain the pillars of competitive advantage and each of the three key levers that we use to drive value, which are scale and network advantage, platform innovation and process automation. Then we'll have some time for questions at the end.

From this session, you will get a view on how the supply chain function would support Bramble's objectives of growth and leverage generation by delivering efficiencies while improving and reducing the total cost of ownership for our customers.

To provide a sense of the scale of our business, as of June 30, 2024, Brambles employed approximately 13,000 people. Our service centres processed in the region of one billion pallets, crates and containers from our network of more than 750 sites, which serves approximately 150,000 points of delivery and collection. I want to take a moment to talk about how the supply chain function is aligned with the vision of Brambles that Grant shared with us today for the future, to create more resilient and regenerative networks.

Our first focus area is on creating an effortless customer experience. Our customer value proposition is founded on providing platforms that are fit for purpose and meet the highest standards, both nationally and internationally. These quality standards ensure our pallets are durable enough to travel long distances under load with the world's largest brands trusting us to transport the goods safely. This is combined with our unparalleled network, which we consider as a distinct source of competitive advantage. This scale allows us to serve more customers more effectively, especially those with complex supply chains.

Finally, adding to the customer experience is our continued penetration of automation across our service centre network. Automation assisting lifting the standard and consistency of pallet repairs, providing greater compatibility with increasingly automated manufacturing lines, and also retail distribution lines – distribution centres, as well as efficiency and consistency in service delivery.

Moving into illuminated supply networks, we are very pleased with the progress we made across our digital capabilities, which you have just heard from Helen Lane. We have worked very closely with the digital team since the beginning of the journey to enhance the capabilities of our service centres with the technology required to enable digital offerings to scale effectively.

Turning into operational excellence, we are leading the way in automation innovation in this area, which allows us to maximise throughput across our existing network and contribute to the financial operating leverage that is integral to the investor value proposition. We strive for excellence in asset recovery, trying to minimise platform losses wherever possible, and I will tell you more later about how we continuously improve the performance of our platforms through innovative design, materials and repair processes.

Finally, on regenerative supply networks, we have a very clearly defined roadmap towards a net zero carbon emission. We are committed to supporting our customers also by reducing their own emissions. 100% of the timber we use today on our wooden platforms is sustainably sourced and certified, underlying our commitment to the environment and long-term responsible choices. Marisa Sánchez and Juan José Freijo will share more details about the decarbonisation and sustainable journey in a session after the break.

We view supply chain as a key enabler for creating value for Brambles and our customers through three overarching levers, being scale and network advantage, platform innovation and process automation. These levers have evolved over time, taking us from our pioneering past to our innovative present and toward an even more promising future. Our scale and network advantage was built on a pioneering circular economy model that disrupted the traditional one-way pallet tray system.

Today, we leverage our unparalleled network coverage to meet the demands of global manufacturers and retailers. Importantly, we continue to optimise our network annually by leveraging technologies and adjusting for our evolving network and customer base to stay ahead.

Looking to the future, this scale advantage will be critical in securing sustainable access to key input materials, decoupling us from price volatility. On the platform innovation front, we set the standards for reusable pool assets in the past. Today, we are continually improving and innovating these platforms, raising the bar on quality. In the future, our platforms will be digitally enabled with more uniform quality, laying the foundations for new digital service offerings that will create additional value for our customers.

Lastly, when it comes to process automation, we have evolved from a manual repair operation, relying on skilled labour, to highly automated systems that support operational flexibility. As we move forward, our goal is to fully automate our plans, creating a touchless operation that drives safety, platform quality and consistency, and also higher productivity. These three levers illustrate the journey we've been on and where we are headed, showing our commitment to maintaining our competitive edge while delivering sustainable value.

I want now to dive into each of the three levers of competitive advantage in more detail, beginning with our scale and network advantage, which I will cover over the next few slides. Our first competitive advantage, we believe that our scale and network coverage is a distinct source of value. First, in terms of customer value, our unmatched coverage within and across regions makes Brambles the pooling partner of choice. This extensive network ensures reliability in delivery and collection, which is crucial for keeping our customers' operations smooth and uninterrupted.

You can get a sense of the scale of our operation from the number of delivery and collection points on the slide, which are our major markets of North America and Europe, making us just under three quarters of the total network. These are only the delivery and collection points in our network, but if you were to consider every single location where our pallets actually go and supply goods in a region, this number would be significantly larger. This scale allows us to create a network density that is both beneficial for our customers and for us.

To give some context to this network advantage, 85% of our customers in the US and 70% of customers in Europe have a Brambles service centre within a 100 kilometre radius. This enables speed but also certainty of fulfilment and an efficient and effective asset recovery operation, as well as a very low carbon intensity operation. The scale and proximity to our service centres to customers also underpins our effortless customer speed and vision, with [unclear] performance improving four points in fiscal '24 only in North America and Europe.

It's important to note that we have teams dedicated to the ongoing optimisation of our network, so it's not something we do a one-off, given the dynamics of our market. To maximise certainty of fulfilment and efficiency of our assets, we try to continually reduce carbon footprint and ensuring that we have the flexibility to respond quickly to increases in demand. At a practical level, this is about streamlining our networks and using software to generate a future state that is optimised for both our customers and for Brambles.

This involves positioning locations in the network based on the changing flows of our customers and strategically dimensioning our service centres so they can process our platform at the optimal location and with the optimal capacity. While these changes are incremental, as you can see, they are meaningful benefits if we can continue to reduce average distances and collection distances to customers over time. In all, we expect the work undertaken in leveraging and optimising our network to continue delivering cumulative efficiencies and carbon reduction over the coming years.

Lastly on this subject, our scale allows us to unlock value further up the supply chain as well. As you know, 100% of our timber is from certified sources and we are committed to maintaining this level. But we have a long-term timber strategy that will ensure a sustainable supply of appropriate timber at a discount price to market.

This strategy has also involved partnering with sawmills here in North America to improve the efficiency of their operations and also the introduction of new species of timber in pallet manufacturing, which not only diversifies supply but also enhances durability and lowers the overall lifecycle cost of our platforms. I also want to draw your attention to this fast track to certification programme, whereby we help new suppliers achieve the standards that we require to ensure that we have a robust pipeline of new sources of timber as we grow.

Our second source of competitive advantage is our continued focus on enhancing our platforms and products and processes and what we characterise as platform innovation. Our platform innovation, our approach, focuses on creating products that excel in customer supply chains, maximising durability and supporting sustainability. We consider four key angles in platform innovation framework.

First, we establish rigorous standards for our platforms, ensuring their ongoing reliability and compliance, which is crucial for maintaining trust and performance. Second, we refine the design of our platforms. We know that even minor adjustments in component placements or repair techniques can significantly reduce damage during use, enhancing overall durability and also providing a better experience for customers.

Third, we look at materials. By experimenting with different types of timber, such as hardwood, we can diversify our supply sources and strengthen our pallets. We support both production and durability. I'd like to encourage you to visit our booth where you can see some of these new materials and how we test them.

Finally, our innovation pipeline is dedicated to exploring new ideas that go beyond traditional material and design improvement. This includes long-term innovations currently in the discovery and development phases that could fundamentally enhance our pool economics and deliver greater value.

Let's look more closely to our efforts to enhance the durability of our platforms. On the left side, you will see a chart illustrating the evolution of damage rate for pallets across the US and Europe from fiscal '17 to fiscal '24. As you can see from the direction of travel, all the initiatives we have implemented are delivering improvements, although it's true that market inventory optimisation during the last year has presented some challenges, with pallets returning more damage after having spent longer time out in the field after the pandemic.

We have nevertheless delivered 270 basis points of improvement since fiscal '17, noting, as Joaquin said before that 100 basis point reduction is equivalent to approximately $12 million benefit to underlying profit. With inventory optimisation expected to be largely complete, we expect the benefits from current and future durability initiatives to generate between 300 and 400 basis points of benefits by fiscal '28 against the fiscal '24 baseline.

When considering the rollout of platform innovations, it's important to keep in mind a few considerations. First, the time required for an improvement to impact the entire pool depends on whether the change is applied only at new pallet purchases, when the pallet is manufactured first, or during the repair process as well.

Second, new species might be effective but can be market-specific due to transportation costs and carbon emissions, making them less practical for some regions. Finally, not all design improvements are universally applicable due to regional variations in pallet design, and you can see some examples of how our pallet platforms are differing in different markets.

Over the next slides, I would like to go through some of the historical innovations that we continue to roll out across our pools around the world. Some of them we first introduced several years ago and will be maybe familiar to some of you. Just to give you some examples, first we introduced clinch nails, which embed the nail tips back into the pallet for a stronger bond. This increases the deck stiffness and also has the added benefit of maintaining structural integrity and strength.

Second, we introduced nail plates to reinforce joints with metal connectors. This enhances overall pallet strength and significantly reduces board splitting, as well as providing better racking capabilities. Third, we introduced hardware species that are more resistant to impact without splitting, chipping, or breaking, improving durability and overall fewer repairs.

Fourth, our batted board technique minimises the gaps between boards, and this has the benefit of keeping boards from being pushed backwards, which minimises chipping and missing boards and boosts resilience and safety. The last two in particular are very much live innovations that continue to deliver value to us and to customers as we roll them out to new pools around the world.

Earlier, I mentioned the impact of changes to component placement and repair technique. Over the last four years, we have both improved the placement of nails in our pallets and invested in driving greater consistency of nail placement in repair as well. This remains ongoing and is a particularly effective durability improvement, given that the investment required is on training, rather than in pallet upgrades.

We're also excited to introduce what we call double walled blocks, which we expect to start in Americas in 2025 and soon after in Europe. As you can see, these are two moulded blocks fitted into each other that are made from recycled plastic and recycled goods, which is also a fantastic new for our credential in terms of upcycling. We have delivered very meaningful improvements in durability in testing from this. You will have a chance to see and even touch some of these blocks if you go to our product development booth here today.

Lastly, we are particularly proud of the work our teams have done to create the operational foundations for the rollout of digitally enabled platforms. We have introduced new processes for installation, detection and repair of our tracking devices and installed hardware to automatically tag our pallets with QR codes and associate them with specific loads. Ultimately, the introduction of digital capabilities across pallets could potentially bring inefficiencies across the business.

However, it has been very pleasing to see that our teams are working in finding ways to solve the problems we encounter and ultimately being able to eliminate those inefficiencies and enabling the benefits from our digital assets. An example of this is the video on this slide of the new auto tagging installation at our service centre in Birmingham in the UK. We are very proud of this solution because it reduces the time and cost associated with adding QR code stacks to pallets.

So, let's play the video please. What you are seeing is the four robotic arms. What they are doing is applying those metal fasteners that Joaquin mentioned before. It does this in two steps. First, a camera captures where the tag is exactly placed because not all our blocks are the same and then the four metal fasteners are applied right in the right place.

So, the final section of my presentation is focused on the third level of competitive advantage, process automation. Automation is integral to driving value. As Joaquin and Grant said before, it goes beyond financial efficiency, including different dimensions of our operations. Automation enhances safety by reducing manual repairs. It also attracts top talent through technology innovation, ensures consistency and quality that elevates customer experience and boosts productivity and flexibility. It also supports our regenerative vision by minimising waste. In short, it truly delivers transformative value for our customers.

From fiscal ‘22 to fiscal ‘24, we have invested US$270 million in automation. As you know, our initial ambition was to roll out 70 automatic repair cells or Integrum, which I will cover in more detail shortly. We have since revised this down for a few reasons and Joaquin mentioned this briefly before.

As a business, we are disciplined on how we allocate capital, and the economics of this investment have changed since we first announced it. We saw a sharp inflation in the prices of critical components and semiconductors, as you may know, after the pandemic and also longer lead times for the delivery. But we also experienced a reduction in pallet returns during those years after the pandemic, as customers held – retailers held the pallets for longer.

But it's important to note that automatic repair cells or Integrum is only one part of our automation programme. From fiscal ‘22 to fiscal ‘24, those same years, we have invested in more than 150 installations of automation equipment, including Integrum but also others. This includes what we refer to as Integrated Sort, Repair, Paint line, automatic inspection units, automatic assembly lines, pallet dismantling and re-mantling systems.

Our journey in automation has been pivotal in enhancing safety, as evidenced by the reduction in our injury frequency rate that went from 5.9 fiscal ‘19 to 2.9 the last fiscal year, which has more than halved and continues to be an instrumental part of our future plans to progress against our zero harm charter. This slide introduces the three phases of our automation journey.

In phase 1, we focused on creating an integrated layout in our service centres. Phase 2 demonstrated our ability to fully automate the repair of broken pallets. The next phase will build on the first two to achieve a true end to end process automation. That is, our ambition is to eliminate the need for manual contact with our pallets and create a completely touchless plant. We'll dive deeper into each of these phases in the coming slides.

In phase 1, our automation journey, we introduced the Integrated Sort, Repair, Paint line or ISRP. This new approach means that there is now a single connected line from the time the pallet is sorted, then repaired and painted. We can maybe play the videos in parallel. What you see on the left side is one of those isolated separated lines. On the top right is the inspection station. On the bottom, you have the repair benches, and you can see how FLTs need to move the pallets from the inspection to the repair area. This is where the inspection takes place and then the pallets are moved with drivers and FLTs to the repair areas. Then from there, they will move to the paint line.

While on the video on the right, you see the concept of an Integrated Sort, Repair, Paint line where everything is integrated. First and foremost, there is a significant safety enhancement here by eliminating the cross flow between a staff and forklifts, a leading cause for safety incidents. We typically see a reduction in the incident rate of more than 30% within 12 months of the installation and has been a significant driver of the injury frequency rate performance that you have seen before.

It also improves the efficiency and quality of our operation by providing greater process stability, increased throughput, thereby boosting our network capacity and reducing the need for forklift trucks and drivers to move pallets between each phase of the Sort, Repair, Paint process. Phase one also includes ADI, which is the automated digital inspection, which ensures consistency and repeatability in the detection of defects. We plan to invest in the region of $180 million to $220 million between now and the end of fiscal ‘28 in further rollout of this phase of automation and this corresponds to the objective to reach 77% of automated lines by fiscal ‘28.

In phase 2, we introduced new technologies to repair, so to automate the repair process. This includes KLIPPA which is the component removal, as well as our Integrum repair cell. An Integrum repair cell combines an ADI machine, so artificial vision inspection, the KLIPPA the component removal, and an auto-nailer for automatic element replacement.

I want to highlight here that Integrum is the combination of these three technologies. But across the Bramble's network, there have been many more instances of one or two of these components being installed, thereby still generating benefits but not being categorised as an Integrum installation.

When combined, though, the Integrum repair cell has the capability to end to end automatically repair up to 1,400 pallets per day. It also significantly improves safety by reducing manual repair tasks and increases efficiency and flexibility by reducing the need for human labour and delivers also an output of enhanced pallet quality and consistency through this automatic inspection and repair process. We want to continue to invest in this area for $80 million to $100 million in the specific technologies in this programme from now until the end of fiscal ‘28.

But instead of hearing from me about each of the elements, let's play now a video to see how this comes to life. So, you can see now this is a digital twin. It's a technology we use to simulate what happens in our service centre and try to test the performance of different new innovations. You can see the typical layout of a plant where the pallets come, they will be inspected, they go to the removal area. This is the ADI, the automatic inspection.

The light blue are the ones that the system has detected have defects and you will see some of them with red elements. Those are the boards or blocks that need to be removed. Those that are okay, they are fine, they will go up there in that direction. The others will go to the removal process where a KLIPPA will remove that element and then it will be sent to the automatic auto-nailer that will place the element after.

Anyway, you will see this live and better tomorrow when you do the service centre visit. This is more for the benefit that people that are online or will see the video later on. You can see there those are the KLIPPA robots, these two robotic arms working in conjunction. While one of them is taking measures of the pallets, the other is placing it in that big grey bath you see there where there is a circular saw that removes the boards that are defective. You will see again that tomorrow here in our San Antonio Service Centre. So, the two robotic arms are working in parallel.

There you see the automatic element replacement where another robotic arm will grab the required board, place it at the right location and apply the nails which is important because that ensures that the elements are optimally placed and also that the nail pattern is the optimal. I mentioned before how nail placement can be instrumental in durability. So, this ensures that this is always done in an effective way. So, I hope you will see that more tomorrow.

This is a video of a real automatic element removal, and you can see here perhaps a little bit better how the two robotic arms are working in conjunction. One of them will grab the pallet while the other is measuring and place it in that tub. You may see a little bit of water that removes the risk of sparks and dust in the service centre and then the pallet will be put there to go for the painting station.

Here is the element placement. You can see how the robot places the board and applies the required nails at the right location. The dual KLIPPA can do 120 pallets per hour where the automatic board placement can do 100 pallets per hour and that is what accounts for 1,400 pallets per day that I shared with you before. The advantage as I said is the consistent nail placement that I mentioned before.

So, we have come a long way with Integrum. There are still some challenges though that you may see tomorrow. For example, the cell is not able to address all type of pallet defects. It's not able to touch all the elements. For example, the ones in the middle are not accessible due to the way the pallets are handled. It also requires a strong culture of continuous improvement and the development of new specialised skills among our employees which we are addressing through the introduction of new technical learning and development programme. Sorry you can go to the previous one. I press this one. Okay. Here.

So, when we think about automation and our service centre network our aspirational goal is to develop a truly touchless plan. That means a fully automated site that eliminates all human contact with our platforms. This will further improve safety and mitigate labour market risks, and this is very much in the early stages of development.

But I want to share with you three key design principles to give you an idea of where we are going. The first is zero human contact with 100% automation from arrival to departure not just for repairs. The second is that it will be modular and scalable so it can fit various service centre sizes and market needs. The third is that it will be globally applicable providing a path to automation even in markets for lower labour costs. This is not an easy undertaking. We are talking about entirely automatic handling and repair of pallets that enter our service centre in hugely variable conditions requiring that we develop incredibly versatile equipment.

The sort of robotic solution that we could potentially handle and manage this challenge are cutting-edge in nature. This means that partner onboarding is tougher, and it means that we need to establish a genuinely collaborative operating model with our partners. Quite different from the traditional supplier relationship as we are not buying off-the-shelf type of equipment.

Of course, talent for this endeavour is a premium and we set up – we will require our plans teams to even have greater capabilities than it was for Integrum. We'll be sharing progress on this endeavour in the future. In the meantime, I'd like to close this section with a short video of our plan manager in the Orlando Service Centre, Daryl Hardy, with the impact automation has had in our operations in his team and the value we deliver for customers. I hope you find this insightful.

[Video plays]

As you can see, automation has multiple benefits across elements of our supply chain network for our people, for our customers and for the broader business. In closing, the activities we are undertaking to enhance supply chains support the strategic objectives of Brambles.

First, as we continue to strive for efficiencies, this will drive the overall cost to serve down and benefit our customers and also open new lanes and flows which may have been previously uneconomical to serve. We are a network business, and the density of our network creates further opportunities that can cascade.

Network efficiency will also be driven by the continued rollout of automation which drives safety, productivity, and quality outcomes for our customers. On quality, we'll continue to invest in our platforms for durability and to enhance our customer experience, and, as explained earlier, we'll continue to refine and optimise the network to benefit our customers and Brambles. So, thank you and I would like now to hand over to Raluca for Q&A.

Anthony Moulder: (Jefferies, Analyst) Good morning, Anthony Moulder from Jefferies. Just a few questions, thank you. First is the investment that you're making in that Phase 1, the $180 million to $220 million. How much of that could be to replace existing technology that's been superseded?

Enrique Garcia: This is all new equipment. There is a part in addition to this that will be dedicated to maintenance and replacement, but this is purely new investments. It is true that it will serve, for example, to remove some of the steel-isolated production areas that you may have seen in the first video. So, that would be superseded by integrated lines. So, it is more to replace outdated equipment like that one than to replace existing ones.

Anthony Moulder: (Jefferies, Analyst) Secondly, you commented on the fallen damage rates. How do we reconcile that with an increase in chargebacks that we're seeing specifically in the US market, please?

Enrique Garcia: Increasing charge?

Anthony Moulder: (Jefferies, Analyst) Chargebacks from retailers [quality]?

Enrique Garcia: May I ask Joaquin to…

Joaquin Gil: Yes, from a retailer chargeback standpoint, that's primarily driven just to educate the audience on that. So, if the shrink wraps off or the stickers askew or the pallets off, we deal with that by ensuring that there's an alignment on the specification. What's unique about us is we have our own retail group that works between the manufacturers and the retailers to address that.

James Wilson: (Jarden, Analyst) Hi, guys. James Wilson from Jarden Australia. Just following up on Anthony's questions around the damage rates that you reported. On slide 84 from FY21 to FY23, obviously, damage rates came down. Can you talk to us about how much was driven by lower asset turns and tightness of supply?

Enrique Garcia: One of the issues is that it's very difficult to separate effects. With all things equal, all things being equal, we will see a reduction in damage rate because it has been previously proved in our test track. We see that introducing those enhancements reduce certain points of damage rate. But of course, there are variations in the market, as you can see.

The thing is that it's very difficult to identify exactly how much of this. What we know is that we want to continue to do what we control, that is basically keep introducing those enhancements, understanding that those variations will be noise in the data, but eventually the trend will be what we are looking for, is that damage rate continues to reduce over time.

James Wilson: (Jarden, Analyst) So, the follow up then is that you expect that trend to continue even as asset cycle times normalise and you return to more normal and regular volume growth, you still expect that trend to continue?

Enrique Garcia: Yes, we see that fiscal ‘24 has been, as explained before, an anomaly because of the return of those pallets having stayed longer. Once that effect is mostly over, we will see now a back to the trend that we expect based on the actual enhancements that we have introduced, and we keep introducing as we speak.

James Wilson: (Jarden, Analyst) Okay, and just one more from me. Are you also able to of maybe compare the sense of your asset quality relative to some of your competitors in the field?

Enrique Garcia: That's probably – talking about competitors is something that I wouldn't be doing in this forum, but I don't know if Joaquin wants to complement that.

James Wilson: (Jarden, Analyst) Maybe to the industry generally then if you can't specify relative to specific competitors.

Joaquin Gil: What I was going to say is there's some industry reports available that I think some of your colleagues have issued recently in terms of how they see pallet quality. So, maybe I'll point you to those and anyone who produces one of those can maybe see you in a break. Is that all right?

James Wilson: (Jarden, Analyst) Sure.

Andre Fromyhr: (UBS, Analyst) Andre Fromyhr from UBS. You made a comment about the benefits of automation leading to continuous improvement in cost to serve and that benefiting your customers. My question is how do you make sure that Brambles gets to hold on to a decent share of those benefits so that you're getting a return on the investments you're making with cost to serve based pricing? I can imagine customers really want to get most of those benefits.

Enrique Garcia: I would refer back to the targets defined by Joaquin before that we want to generate this one point of margin from here to fiscal '28. Automation definitely is a big part of that generation coming from the supply chain initiatives.

Andre Fromyhr: (UBS, Analyst) My question is more – sorry, my question is more about the commercial discussions with customers. Are they willing to acknowledge the costs of your capital that you've invested, for example?

Joaquin Gil: Yes, look, I think our customers understand that we're investing, and we deserve a return on that investment. But I think as Enrique – I think from a customer perspective, the benefits are more from the quality, the durability that they get from the pallet that helps their own supply chain. So, I think obviously price is important to customers, but I think more and more quality, durability, innovation is becoming more important.

Matt Ryan: (Barrenjoey, Analyst) Hi, Enrique. Thanks for your presentation. It's Matt Ryan from Barrenjoey. Just following on from an earlier question, how long does this equipment last? I know that it's very early on in terms of the rollout, but do you have a sense of when you'll need to replace it?

Enrique Garcia: We have equipment out there for many, many more years. We'd only replace it when really there is a new technology that allow us to have an investment that gives this desired four to five year payback. So, that means that there is, of course, a theoretical life that is aligned with the depreciation terms that we include.

But apart from that, there is more equipment out there that has more life than that. We only replace it again when there is a new technology or enhancement that either allows better safety for our people or also delivers an additional benefit. So, a full payback of four to five years. So, there is some variability on that. That's my short answer.

Matt Ryan: (Barrenjoey, Analyst) Can you comment – sorry, can you comment on how quickly that technology is changing at the moment?

Enrique Garcia: Well, what we see, and you may have seen is that we also see technology as incremental, which means that the fact that we are introducing phase 3 doesn't mean that phase 1 or phase 2 will be eliminated completely. It means that it will be built on top of. That's why, for example, the modular nature of phase 3 is so important, because we think they can be built on top of what we have already. Connecting with existing elements and providing further benefits. For example, in being able to remove and replace more elements than the technology in phase 1 or phase 2.

Owen Birrell: (RBC Capital, Analyst) Owen Birrell from RBC. I just want to get a gauge of the improvement in labour productivity from these automated facilities. We're looking at the pallets flying through those machines at 100 to 120 pallets an hour. It seems incredibly fast relative to the manual processes that you had previously. I just want to get a sense of a typical plant. What is the number of pallets per day that can go through a fully automated centre and how many people would be in that plant versus what you would have had previously under a manual structure?

Enrique Garcia: Well, first of all, I like to say that one of the characteristics of our network is the huge variability in dimensions and this is on purpose. It's not an effect. It's because we want to be close to our customers, meaning that we want to keep that very good ratio of customers in that radius that enables better service, that enables also better distances and carbon reduction, which means that we will have service centres in areas that are very densely populated, where we have many millions of pallets, but also we have service centres in less populated areas. We may have a few hundred thousand platforms coming through. So, that is something that allows us to be close to them.

So, as you can see, the variability is huge, which means that, again, the type of benefits and type of investment that we do have big variabilities as well. In terms of the benefits we get from it, I will refer back to this four to five year payback, because we always strive for that. That's kind of the threshold. We have been able so far, and we think we have ways to continue having those returns in the future.

Owen Birrell: (RBC Capital, Analyst) What I'm trying to understand here is you're clearly going to get a far greater labour productivity in terms of the number of pallets you can repair per person and being automated, you need less people. Is there any measure that you can give us? Is it 50% improvement in labour productivity, 100% improvement in labour productivity? It seems incredibly impressive, the speed at which those pallets were going through.

Enrique Garcia: Talking about number of people, et cetera, is something we don't typically disclose. Let's keep in mind that the first objective for automation continues to be safety improvements. We want to have better ergonomics and keep our people more safe. Of course, keeping this four to five year payback. But what is important for us is that today the work of our people has better conditions than in the past, and there are far less accidents than we used to have. Joaquin, you wanted to comment.

Joaquin Gil: Look, my only build is you saw our one point or more margin improvement by the end of FY28. That's where you see the productivity benefits flowing through to.

Raluca Chiriacescu: Anymore questions? Okay. Well, if there are no questions, then we can take a break for lunch. We'll be back here in an hour. Thank you.

[Silence]

Raluca Chiriacescu: Okay, welcome back for our final two presentations for the day, our sustainability update and deep dive into North America. So the first speaker in this session is Juan Jose Freijo, our Chief Sustainability and Product Innovation Officer.

JJ joined Bramble's not in 2003, but in 2005 and has held various roles in supply chain, planning and public affairs. He's been involved in Bramble's sustainability agenda since 2010 and is responsible for the development and implementation of our global sustainability strategy. I will now invite JJ to the stage.

Juan Jose Freijo: Hello everyone. It is my pleasure to share with you some of the fundamentals. One of the fundamental elements of the Brambles strategy brand and even identity, which is sustainability. Yes, my name is JJ Freijo and I have the privilege to be the Chief Sustainability Officer in one of the most sustainable companies in the world, which is Brambles.

During the next 30 minutes, I will be taking you through some of the fundamental aspects of our programme and hopefully demonstrated that through this programme, Brambles is making a positive impact in the environment, a positive impact also in the communities where we operate, the human communities. Also, our employees, our customers, the investor community as well, and, ultimately, sustainability is making our business much stronger. I think this one. I would like to start highlighting that sustainability is a key component of the Brambles vision that you have seen today, and it's articulated in the whole investor day. It is clear because it is one quarter of the pie. I mean, it has, by its own right, one quarter of the vision.

This is what ensures that it is included in the strategic conversations with the right resources, with the right strategic discussions, et cetera. But probably most importantly or more important is that sustainability is embedded, deeply embedded in each one of the areas of the Brambles vision.

For example, in operational excellence, we can talk about durability programmes, for example, that has a super strong connection with sustainability. The best thing that you can do in terms of sustainability with a pallet is not break it, and recover it, not lose it. This is where operational excellence comes, and also illuminating digital solutions that allow us to have better tracking, and recover more and more pallets.

Also, if we go to the customer experience – and we will talk a lot about that – everyone has talked today about how important sustainability is for customers. I can confirm the pressure is just – which is a benefit for us, by the way – is just increasing daily on this, in this aspect. We take sustainability seriously in this Company, and we put our hearts and our brains into this. We put a lot of effort and dedication and energy.

I think, because of that, we achieved something quite remarkable. We have been recognised externally as a leader in sustainability, and we have been recognised by the most reputable rating organisations in the world. You have on the screen some examples, and allow me, with a lot of pride, to go through some of them. We held the AAA maximum rating in MSCI for a number of years.

Three years in a row, we have been the number one in the Dow Jones Sustainability Index. If you go to the verticals that measure specific parts of our sustainability programme in CDP, we have a leadership rating for both climate and forestry.

Also this year, we are very happy because we entered with big honours the mainstream communications market. We're in the inaugural *Time* magazine rating. The *Time* magazine rated more than 5,000 big companies around the world. We are very proud to say that we ended up in the list on number four. It seems that we are doing something well here.

Many times, I get this question from different people. What is it that you're doing? What is the secret of success? What is the recipe of that sauce, the secret sauce? Reflecting on that, you can tell a story in different ways.

But I think, reflecting on that, I will summarise it in three elements. The first one is that we have ambition. Sustainability for us is not just about complying with legislation or avoiding risk. Of course we do that, but we do much more than that. The second thing is delivering on that ambition. It's very easy to have a big ambition, but then, year-on-year, you need to deliver on that. I think we have – I know we have a track record for many, many years on delivering on our public objectives.

The third part – and I know this will be the most interesting part for you – is that sustainability brings business value to us. This is non-negotiable. In every conversation that we have in our organisation, yes, we want to do the right thing morally for the environment and for the communities. But there is always a question on the table. Why is this benefit, Brambles or our customers? This is not negotiable, let's face it.

Let's analyse these three elements within our sustainability strategy: ambition, track record of delivering, and business value creation. Starting with ambition, what is our sustainability ambition? We want to pioneer a regenerative supply chain. I highlight the word regenerative because that is the core of what we are trying to do. That is our north star.

Regeneration, for years, supply chains or sustainability, corporate sustainability and supply chains has been working, trying to reduce the negative impacts. If we pollute, let's pollute less. If we produce emissions, let's try to produce lower emissions. For us, that is not enough. We want to reach zero impact, and then go beyond that, restoring the damage that has already been done. That is what is called regeneration.

The way I normally explain it is that for the last couple of centuries in the Industrial Revolution, supply chains have been working, consuming a lot of natural resources, and producing waste. We want to design now a supply chain that will consume existing waste, and recreate or replenish or regenerate natural resources.

With this inspiring vision, we have put together a programme that covers all our material areas. A good sustainability programme should have the three pieces: people, profit, and planet. As you know, in our case, we call it planet positive, business positive, and communities positive.

We have set a series of targets that are material to us, numeric targets, quantitative targets, and we measure our performance year-on-year against them. It is an inspiring vision, but then it is taken down to a level that can be actionable for our Company, and that covers every single aspect of our material issues.

When we started with this idea of regeneration in 2020, we were the only ones, in a way, or there were just a few companies that were talking about regeneration. I remember even having a conversation with some people in the area saying, regen what? I don't even know what that means.

Well, four years later, we can confirm that we took the right approach. There are many other companies, the leading companies in the area of sustainability that are taking this regeneration idea, and making it a fundamental part of their sustainability programmes. You have some of our largest customers on the screen, who are adopting this idea, and they will need help to make it happen.

We are quite aligned. We started a little bit before many of them. But that put us in a really good position to continue working in this area. It's not only companies; it is the Governments around the world, the more progressive ones in this area that are adopting a regenerative strategy, trying to go beyond zero.

It's not only Governments as well; it is the investor community, as you know very well, that some of you are already starting to talk more and more about nature, about biodiversity, and about regeneration. It seems that we have the right vision, and it seems that we have the right objective.

That takes me to the second element of the recipe of the secret sauce, which is our progress. In 2020, we set for ourselves a set of ambitious targets, more than 20 targets to be measured against, that cover the three areas that I said. One year before the due date, in 2024, we are extremely proud to say that we had excellent progress, year-on-year, and now the situation is quite positive.

Eight targets have already been achieved before time, things like having 100% renewable energy in our operations, like designing with thought leaders around the world circular indices, so other companies can also be more circular and regenerative, impacting one million people so they are more knowledgeable in circular economy and regeneration, and even collaborating with food banks around the world to make sure that people in need have – because of our supply chain capabilities – have something to eat at night.

These have already been achieved. There is another series of targets that are progressing extremely well. We just need to keep the cruise speed, to go to the final goal next year. They are quite difficult things, like having 100% certified timber chain-of-custody and decarbonisation that we will hear a lot in the next minutes about that.

Of course, like every challenging programme, an ambitious programme, we have some challenges in some of the areas. In waste to landfill, customers in collaboration, and women in management, we saw that we were progressing a little bit below the line. But we have put in place the right measures to make sure that we will achieve these targets at the end of the year.

We have really good progress but, also, we have some proof points that prove that regeneration is a possibility, that we can – that this idea, this crazy idea and fascinating idea about building this regenerative supply chain is possible in practice. I will share with you some examples.

It will be impossible – I mean, I went really quickly through our objectives, and I invite you to go to the booth, and discuss whatever you want to discuss with me or Marisa or many other sustainability champions that we have in Brambles here today. But it will be impossible to go through each one of them. I would like, however, to deep dive into a couple of them that probably are particularly relevant for you.

The first one is forestry, everything that we are doing around our timber procurement and our timber management and our timber supply. Let's remind our objectives. We have three very clear qualitative objectives. The first one is to maintain 100% certified timber. Every piece of timber that we buy in any country across the world today comes from certified sustainable sources.

That is very easy in some regions, and it's extremely difficult in some regions. I think the quality of our programme is that we are doing it in every single geography. The second one is also we are increasing year-on-year the chain-of-custody certification so it's not only us who procures sustainable timber; we are enabling supply chains around the world also to access to this certified timber.

The third one, which is the truly regenerative aspect here, is that we have the ambition or the public objective of growing – enabling the sustainable growth of two trees for every tree that we use. For every tree that we use for our pallets, we will make sure that two trees are grown sustainably: one for the pallet, and one for the planet, we say.

This is quite challenging, and there are many ways in which you can do these two trees for one. The most basic one is just to pay an NGO so they plant some trees, but we don't believe that that is the right approach, that solely that is the right approach.

As I told you before, in our Company, we like to do the right thing while creating tangible value for our Company. Let me show an example of how we are bringing regeneration to life for this particular area. Video in, please.

[Video plays]

Juan José Freijo: Allow me to quote one of the sentences that [unclear] in the video says. Tabasco is an example of how to destroy paradise, but it's also this action an example of how to bring back paradise. For me, that sentence really summarises what we are trying to do with our regenerative vision.

This project, I mean, it actually ticks all the boxes, because it impacts in a positive way obviously forestation with new trees, biodiversity, bringing species that were disappearing there. Now we are creating new corridors of biodiversity there; socially, creating jobs, allowing people to come back to the land where they had to leave for other things; enabling different conversations with the customers and – sorry – with the Government and with the customers as well; and also from the purely business perspective, securing supply of timber at a cheaper price.

I remember when we shared this project with some senior colleagues in the Company. They said, this is fantastic. How much is this going to cost us? We say, actually, it's going to save money. This is the power of regeneration, and why we believe that regeneration is possible.

Now we will go to another aspect of sustainability that is present in every conversation that I had with you during the last days, which is decarbonisation. We know this is very early when we decided in 2020 to adopt the highest level of ambition according to the Paris Agreement. We knew that we needed the right organisation, the right strategy, the right resources in place.

We were able to attract to our Company a recognised expert, world-class expert in decarbonisation, Marisa Sánchez that has organised a little bit of a revolution within the Company, advancing and progressing very well in this decarbonisation journey. So, Marisa, the floor is yours.

Marisa Sánchez Urrea: Thank you, JJ. A very kind introduction. In the next three slides, I'm going to give you all a brief overview of Brambles' climate-positive targets, the roadmap we have in place to deliver on them, as well as our performance to date.

Brambles' climate-positive targets are rooted in science, like JJ just said, and they are comprised of both near-term and long-term goals. Importantly, they cover our entire value chain emissions, out of which more than 97% are the Scope 3 emissions.

Now, in the long term, our ambition is to reach net zero greenhouse gas emissions by 2040, which is actually 10 years earlier than prescribed by the Paris Climate Agreement. That long-term ambition is supported by near-term goals. In particular, in the very short term, we have a goal to achieve 100% renewable electricity and carbon neutrality in our own operations, as well as zero product waste-to-landfill, which helps us reduce our Scope 3 emissions from waste.

By the end of the decade, we have adopted validated science-based targets to reduce our Scope 1 and 2 emissions by 42%, and our Scope 3 emissions by 17%, both in absolute terms and on 2020 levels. So those are our targets. How are we going to deliver?

Sitting behind those targets, we have a comprehensive decarbonisation strategy that includes an emissions reduction roadmap to 2040. That roadmap is designed to be relatively flexible, and is cognisant of our dependencies, which you can see on this slide.

For example, we have some levers, such as energy efficiency or electrification of our forklift trucks that have no or very little dependencies. This allows us to deploy those levers at a greater speed in the near term. On the other hand, we have other types of levers that have greater dependencies on technology and infrastructure availability and deployment, as well as supportive policy environments in our key jurisdictions.

Obviously, that makes those levers a little bit trickier to deploy, and our roadmap is designed to progress them as much as feasible in the near term, and seek to maximise them in the next decade. As you can imagine, influencing those key dependencies is a very important aspect of our decarbonisation strategy, and we do so by creating a strong demand signal for the technologies our roadmap is going to need, as well as advocating for supportive policies.

If you notice in the previous slide, around 60% of our global emissions are from subcontracted transport. This means this is our biggest challenge ahead. We don't shy away from that challenge. We are proactively tackling it by optimising our networks. Enrique mentioned that before. We want to optimise our routine and our truckloads, but we are also looking to shift road rate to rail and sea where feasible. That alone can reduce emissions by 60% to 70%. We are also working with our carriers to progressively transition the truck fleets to low- and zero-emission solutions.

But beyond those operational efforts that you can see on the screen, of course, subcontracted transport is going to be a core area of our programme, and we are going to spend a lot of time in terms of supplier engagement and policy advocacy, going forward.

I told you about the targets. I told you about the plan. Now I'm going to tell you about how we're performing. What you can see in this screen is that our decarbonisation strategy is delivering results. Our emissions reduction trajectory, which is the blue line on the screen, continues to exceed the minimum requirements of our science-based targets, which is the purple trajectory there, both for the Scope 1 and 2 and for the Scope 3 emissions.

If I bring your attention to the Scope 1 and 2 graph first, you can see we have a steep reduction earlier in the implementation of our strategy. That was to do with us attacking the low-hanging fruit, which in particular was 100% renewable electricity in our own operations.

Now, if we go to the Scope 3 graph, I want to draw your attention to the steep decrease we registered in FY24. In FY24, as you know, and it has been discussed, we had an environment of low CapEx for pooling equipment, driven by inventory optimisation, and improved asset recovery rates.

The rest of the reduction that you see there is actually related to subcontracted transport. Now, we are mindful of what's behind that 14.7%, and that those circumstances will not stay as they were in fiscal year 24. Therefore, our emissions from pooling equipment are projected to turn into an upward trajectory in FY25 as we increase our CapEx for pooling equipment to service volume growth. So we know that.

Our focus remains on delivering on the operational roadmap I showed you in the prior slide. Our focus is on decoupling those pooling equipment emissions from our CapEx purchases, and continuing to delivering emissions reductions for the non-CapEx-related Scope 3 emission sources, primarily subcontracted transport, subcontracted operations.

One message I want to leave you with is that this performance needs to be taken in the context of Brambles already being a relatively low-emissions intensity business, because of our circularity. Our share and reuse business model is in itself a decarbonisation advantage for our customers when you compare it with a single-use linear alternative.

By decarbonising our value chain farther, we continue to add value to our customers the Scope 3 goals. As Graham said earlier today, they are also trying to work out how they are going to achieve their goals. Therefore, our sustainability value proposition is becoming more and more relevant for them.

By performing the way we are performing, we are contributing to our customers' climate strategies, which mean we are contributing to the long-term resilience in the marketplace. This is creating some level of stickiness on the basis of our shared sustainability commitments. On the topic of customer value creation, I'll hand over to JJ to share with you how else the sustainability programme creates value for our customers. Thank you.

Juan José Freijo: Thank you, Marisa. So we saw the ambition, we saw how we are delivering on the ambition, and now the third part of the secret sauce that I was telling you about at the beginning is the business value creation. What does this mean, all this for us? I believe that it is very difficult to find an area in Brambles that is not benefiting from our top sustainability credentials.

The list is very long. Digital, we have seen it. Talent, you know, Graham talked this morning about we are attracting the best talent at every single level of the Organisation, not just at senior or at junior level. Government affairs, our sustainability credentials are allowing us to have the right conversations with Governments, to educate them in what circular economy means in practice, and also to achieve things like protection for legal title, not for our assets, so they come back. That's something that we have done in some countries.

I would like to focus now on one specific aspect, which is the commercial one. We have developed a full sustainability customer value proposition around our programme, and this is a value proposition that is tailored to the need of each different customer. Not every customer is the same.

We have made a segmentation in three areas. The first one is, some of our customers are not very interested in sustainability – fewer and fewer. For those, we have the best credentials. At least we don't bring risk into their supply chain. At least our timber is 100% certified; maybe something that our competitors cannot say. We can ensure that we don't bring risk into their supply chain.

Some other customers are more sophisticated, and they have public sustainability targets, and they need to deliver on that. This is where we can use our share and reuse business model, and we can give them the numbers certified or through a peer-reviewed life cycle analysis that they can use for their own objectives and for their own sustainability reports.

Thirdly, for those customers that are on the leading edge, they want to collaborate. They want to do more. They want digital solutions that will allow them to reduce their carbon footprint on their waste, or they will want transport collaboration to reduce Scope 3. Actually, Scope 3 is a challenge for every company. For us, it has challenge and an opportunity because, as it is more difficult to our customers to achieve, we will have more opportunity to help them with it.

This is the structure of our sustainability value proposition, and our customers do appreciate that. You can see on the screen some communications for some of our customers. Some of them bigger. Some of them are smaller. This is how customers are publicly recognising how we contribute to their sustainability targets.

These are taking public information from LinkedIn, from the social media of our customers, acknowledging how we are helping with the sustainability journey. The pressure, the good pressure on us is just increasing year-on-year.

I would like to introduce now a new concept that we have introduced in the last year. Historically, we were able to demonstrate, and we are using it more and more, that when we compare our solution with whitewood – something very relevant in many markets and in the US for growth as well – we can provide immediate sustainability benefits in terms of carbon emissions or waste or use of natural resources.

We have scientific ways to prove this, and these are the certificates that our customers use many, many times. This is to grow the business and to convert from whitewood to CHEP. This is very useful too. Now we have introduced something that is also very linked to some of the conversations that we had here this morning, which is the circularity index.

It's comparing the current use of the CHEP pallets against the ideal perfect circular use of the CHEP pallets. It's sitting with customers, and thinking together how we can reduce the cycle times, the losses, and the damage so they get the environmental and financial benefits for them as well? This is working very well.

Also, this has been proven now to be a really good entry point to have a different kind of conversation, specifically with retailers. Well, we have a little bit of a testimonial now of one of our customers, this short video that will illustrate what I was saying here. Please video in.

[Video plays]

Juan José Freijo: I think it's very good to have allies within our customers' companies that want to lose less pallets. That is one of the benefits that sustainability brings. Sustainability is important for our customers. Probably some of you are thinking, yes, but is this a differentiator versus your competitors? The answer is, yes, it is.

On the screen, you have a study that we have done, the American team of CHEP, public information from CHEP against public information from whitewood and from a couple of our competitors in the region. I will not go into the whole list. But, as you can see, we are in a very different composition.

Our competitors don't have the scientifically approved life cycle analysis that can demonstrate the benefits; dedicated teams; tools to enable transport collaboration; the credentials that we have. The list continues on and on, and we believe that we have a competitive advantage here also because our customer base confirms that.

We talk about ambition, delivery, and value creation. Now I would like to finalise talking about the future of the programme. What happens next? We have the intention to continue being this leading space in sustainability in the years to come. We want to do that because it's morally the right thing to do but because, as you have seen, it's producing a lot of positive impact in our business. Our intention is to continue in that direction.

One of the things that we do is to continue – we have a radar, a monitor, to see what are the trends that will shape sustainability in the next years. Every study has different components, but there are some of them that continuously you see in all the studies.

One of them is climate and Scope 3. You have seen how we are tackling that challenge. Exploring digital sustainability, thanks for everything that you are doing to bring together technology and sustainability. Supply chain integration, I would like to clarify that all our sustainability targets have a supply chain scope. That is the good way to do sustainability these days.

Reporting and transparency, and this actually gives me the occasion to thank some of you because for three years in a row, our sustainability report has been awarded as the best in the Asia-Pacific region by the Australasian Investor Relations Association. If you belong to the association, maybe some of you have voted for that, so thanks for that. You have some examples of that in our booth that we would love to share with you.

Finally, nature, biodiversity and regeneration. As you have seen, we are taking care of this already, with our forestry programme, et cetera. But this is just going to grow a lot. Nature in the sustainability world, what you hear now is nature is the next climate; only that much more critical.

With that in mind – and I finish here – during the next year, we will be focusing our efforts on, first of all, completing this phase of the sustainability programme, delivering on our 2025 targets, and then we will be consulting internal and external stakeholders. We have already started to build the next phase of the sustainability programme. Actually, we had some conversations with some of all your ESG specialists about the expectations.

What you will see in this programme that will be published next year is, for sure, more regeneration. It is the right thing to do for us, so we will continue with regeneration. We will include nature in a more explicit and tangible way.

Digital will be more present, and we will try to leverage even more our leadership position with the increases in demand of our customers in this area. With this, when we put this programme in place, we will hope that we will continue having a programme that will deliver the right positive impacts in the environment, in the communities where we operate, in the investor community as well, and ultimately making our business much stronger. Thanks. Now we'll go to the Q&A, yes, directly. If you have any questions, Marisa and myself or, as I said, the other sustainability champions in the room will be very happy to answer them.

Anthony Moulder: (Jefferies, Analyst) Thank you. Anthony Moulder from Jefferies. I just wanted to understand collaborations with customers, just your experience as to how that's evolving. Have you seen an increase in collaborations with customers? Because it seems like ESG fell off a little bit from a market perspective. So just interested as to whether or not you're seeing that increase.

Juan José Freijo: We see, I mean, I've been in this since the very beginning, since 2010, so I have seen that many years ago, it was just a few companies in the – I can talk about the FMCGs, which are our customers. We see that some of the leaders in this area are wanting to start collaborating. That increases steadily a lot until after the pandemic.

Then after the pandemic, supply chains of the world were stressed, and we had issues with pallet availability, with timber availability, and our suppliers and our customers [unclear]. I saw that that decreased. Then the interest decreased. Now it is going up again.

I know in some geographies – and not in all geographies – this is becoming quite a political thing. But companies that take the – consumer companies, fast-moving consumer good companies that are taking this very seriously, they all say the same. I mean, we stay true to our beliefs. We know this is the future, and we will advance that.

In short, I don't know of any company, of any big company that is backing [up]. Maybe they are not so – in some of the public statements, they use some different words, but they really want to achieve their sustainability targets because consumers want that. If consumers want that, they need to fulfil their – so, no, we see it increasing, but we saw a stop for some time after the pandemic.

Marisa Sánchez Urrea: Just to build on that as well, a lot of the types of collaborations we do with our customers actually deliver financial benefits to them as well, beyond sustainability. So that keeps obviously the interest going.

Reinhardt van der Walt: (Bank of America, Analyst) Thanks. Reinhardt from Bank of America. Are you seeing any of your customers requesting alternative materials, synthetic materials at all as part of their efforts towards reducing emissions in the supply chain?

Juan José Freijo: From the sustainability perspective, we see that some customers want materials that are sustainable, but they don't have a clear preference for one or the other. If they do, when we explain what is behind it, then they understand it. If you operate a circular business model, like the one that we operate, I often get this question. What is more sustainable – maybe this is what is behind your question – plastic or timber? The answer to that is, reuse.

When you see the difference between two reusable systems, with plastic or with timber, the environmental impacts are very similar because the inflow happens once, and then the reuse happens many, many times. So the impact of the inflow of the differing materials is diluted by the number of uses that is done. So that is something.

The real difference here is not so much the materials; it's how the materials can enable more durability and more reusability. I've gone through different phases in sustainability. I remember a long, long time ago, some people saying, oh, using timber is a terrible thing because you are killing trees. Fortunately, we changed that mindset because we know that sustainable forestry is something extremely positive. and recommended by leading organisations.

Then on plastic, some people say, oh, plastic is the devil. Plastic is not the devil. Plastic is there, and we need to use it in the right way. So, yes, material, I think everyone in reusable packaging who really understands sustainability should be material agnostic because the secret is in the number of reuses.

Reinhardt van der Walt: (Bank of America, Analyst) Got it. Thank you.

Anthony Moulder: (Jefferies, Analyst) Sorry, I'll just ask one more, if I could. On the comparison with competition, I see whitewood having a silver rating; your own platinum gold but higher than one of your other pooling competitors in the US. Do you know why – if that's not a, you know, that's not a reuse model; it's a one-way trip model – why that would get a silver rating as opposed to a bronze?

Juan José Freijo: Yes, because the certification, the rating that you are referring to is called EcoVadis. EcoVadis is how our customers rate their suppliers. That is a standard tool that measures not only carbon emissions, not only waste; it measures all aspects in sustainability, including working conditions, including, et cetera.

What you see there is the result not of the whole whitewood industry, because there is not such a thing to apply for the certification; it's one operator of whitewood. Well, they are better than our competitors. That's all I can say. They are not better than us, but they're doing better than our competitors. But it's not just the circularity.

Anthony Moulder: (Jefferies, Analyst) Does that represent a big change for the white pallet industry, do you think?

Juan José Freijo: The fact that...

Anthony Moulder: (Jefferies, Analyst) Well, clearly they've improved if the customers are thinking that they're more sustainable than they were in the past because...

Juan José Freijo: No. That is just one element. That is just one element. I think if I was a customer, and I had to choose between – you know. I mean, you take the whole thing; not just one. Any final question? We will be around for any conversation. Thank you.

Raluca Chiriacescu: Thank you, JJ and Marisa. Now for our final presentation, I would like to invite David Cuenca to kick off our deep dive into North America. Welcome, David.

David Cuenca: Good afternoon, everyone. It's an honour for me to open this CHEP North America section. For those of you that we didn't have the opportunity to engage, either yesterday or today, or for the people that are following virtually, let me first introduce myself.

I joined Brambles 24 years ago. During this period, I've been living in Spain, been living in Czech Republic, in Mexico, and North America now to best support the business. I've been leading businesses in Latin America and most recently Europe. The experience and the success in this role is allowing me to bring insights into the North America business, especially when it comes to managing our portfolio, and delivering sustainable growth. It also allows me to leverage relationships across the Group to ensure that we collaborate, that we share and implement best practices and, at the end, that we learn from each and other.

Before Brambles, I spent 17 years in a software company, the last five of which I was leading the finance function. I am a people leader that believes in leaving the ego at the door, to foster a innovative, transparent, and inspiring work environment that empowers our people to deliver their best.

Now, the agenda today, I'm going to be introducing [yourself] an overview of the North American business, then what we achieve over the last four years, how do we see the market conditions forward, and then what is our commitment as a business? After that, the team is going to join me on the stage, and they're going to provide more details on how we are going to execute the plans to deliver these commitments. It's going to be following our four strategic focus areas.

Let's get started with the overview of the North American business but also my first observations after 60 days in the role, and why I do believe that we have the right organisation and the right strategy to deliver. You see some figures on the screen. We delivered a $3 billion revenue last fiscal year. That's 47% of Brambles' revenue, and was through our 3,500 engaged employees. We were moving with our customer manufacturers around one million pallets every day.

Now, why do I think that we have the right organisation and strategy? Let me tell you what I have observed during these 60 days is that we have an incredibly skilled and passionate organisation at all levels. But we also have a significant whitespace in front of us, ready to be converted. Actually we have enhanced commercial capabilities, both from a people and systems standpoint.

I think we have the foundations in place to deliver this growth, and we have the competitiveness initiatives that ensure that we are going to remain competitive and enhance our competitiveness. We have an experienced leadership. They have deep knowledge, they have a clear customer-centric culture, and they know what their business needs, and they know what the market needs.

Then, last, what I observe is that over the last four years, CHEP North America transformed completely. So it's a greater company. It’s a more resilient company. I'm going to show you through what we did with customer, commercial, our network but also our assets, how this business transformed. Because the market volatility that the pandemic was driving helped us to accelerate the initiatives to transform our business, and they made us operationally more efficient, greater value to our customers, and a better steward for the environment.

Let's start with the customer. We embedded customer centricity as a core value for our business. Actually, this is not just CHEP North America; this is all across the Group. Brambles is now a customer-centred Organisation. I'm going to bring you an example here in North America.

If we look back three years ago, the market situation was that it was pallet scarcity. The timber and pallet prices were high. We made a conscious decision to keep investing in new pallets, even at these prices. It was through a customer lens, so we thought that we needed to support our existing customers, and to keep the economy running. I know that not all the poolers can say the same, but we are proud that we did it.

Then we listened to our customers, and they were pretty clear on the four things they wanted us to change, to evolve. It was order, it was delivery, it was collection, and it was responsiveness. We made it. We embraced a lot of initiatives to improve these four areas. The feedback that our customers are telling is that we made it, and it's been a significant improvement in the NPS score.

We made some investments in quality – and you will hear more from Tyler later on. Then when we looked to our commercial team, we have a more sophisticated commercial approach, and it's both from skills and capabilities but also systems. You need to know that our commercial team, over the last years, because of the impacts of the pandemic, they needed to support the existing customers, so protecting our customers, but also the asset efficiency initiatives.

Now, recently, as everything is stabilising, we decided that we need to go again to the market to sell our value proposition against white. So we upskilled the teams, we trained them, and we have more sophisticated tools. We're in a transition to value-based pricing, as Graham was mentioning. We have more granularity about cost to serve, so we are more sophisticated commercially.

Finally, we are expanding the number of solutions that we have to offer to our customers. Vishal will speak about transport collaboration, managing change, but also there is a link with everything that Matt was sharing around digital customer solutions.

Now, what we did with our network, we invested in high-return projects, high-return projects to deliver efficiencies like automation, or to deliver procurement savings like sawmill investments, or customer experience, so the quality investments. We continued the improvement in safety and production efficiency. Graham was introducing MTBF. It's increasing in North America, and there is a way to go still.

Then we were increasing the number of decarbonisation initiatives, being an example in North America, the electrification of the vehicles or the forklifts. Then asset, if I need to summarise in one sentence what we did in asset efficiency, we made structural improvements into our asset efficiency, and that was a combination of things.

So it was – as Helen was describing – targeted diagnostics, continued diagnostics that, at the end, what they do is they illuminate the supply chain, and we were able to identify new sources of losses, and then being able to collect.

But it's been also initiatives to increase collection in what we call the high-risk recovery locations, and the low-volume locations. This is a combination of specialised teams on the field but also special vehicles to have more accessibility to these locations.

Now, when it comes to the big players, the top retailers, we launched their retailer value framework. Essentially what it means is mutual value. So we're approaching the retailers in a different way, seeking for partnership, trying to understand their challenges and their needs and how we can help them, rather than just having a supplier relationship, bringing sustainability to the relationship but also for them to understand how they can help us to improve cycle time and to reduce losses.

Everything that we did over the last four years, it's been powered by technology, data, and digital capabilities. This is something that you will hear a lot during the presentation today because it's been critical to deliver all these achievements, but it's going to play a fundamental role in the future to deliver on our commitments.

Now we are going to move because we know what we did. It's important now for us to understand what is the market environment that we have in front of us, where we need to be playing. Before that, those are 10 KPIs that are showing the impact they had into the business, this transformation. I'm not going through all of them, but you will see a 36-point improvement in net promoter score. In my experience, this is amazing.

The most important, if we look to the granularity of the answers, our customers are confirming that we are doing better in the four areas they were asking us. In asset efficiency, a nine-point reduction in pooling CapEx to sales ratio, with a strong contribution from an 19% reduction in uncompensated losses.

We improved four points in delivery in full on time. That's been a combination of internal collaboration but also partnering with the external carriers. Almost two-thirds of our production is coming from automated lines, and this is having a deep impact into consistency, hence, customer experience.

We are a safer company, so a six-point reduction in incident frequency rate. Finally, sustainability, so amazing figures. You see that all our timber is coming from certified sources. You see that 95% of our sites are having solutions to avoid waste to the landfill and, finally, 16,000 tons in CO_2 emission reduction. That is a combination of our circular model and collaboration with our customers.

Now, that's what we did. Let's see what are the market conditions, because as the impacts of the pandemic are stabilising a little bit, we see new market conditions. Probably this is something that other companies are seeing as well. We see increased automation across the supply chain because of the labour challenges, both in cost and availability.

We see a proliferation of artificial intelligence and advanced data analytics that, at the end, is seeking, is unlocking productivity but also innovation. We see many consumers facing cost-of-living pressures, and they're changing their behaviours. So that means more share for value retailers and for private level products.

We see a strong focus among our customers on cost reduction, inventory optimisation, and e-commerce. On sustainability, I think JJ was speaking about it, but we see wider awareness among customers, consumers, and shareholders. We see increased funding, federal funding here in North America for the sustainability initiatives. We see an increase in the share of companies that are setting Scope 3 emission reduction targets.

Last, our industry, so we see rational behaviours in the pooling industry. When it comes to whitewood, we see both price and inventories stabilising. That's very important because this is going to allow us to convert from whitewood. We see now the environment that we have in front of us. I think it's now time to share with you what are our commitments as a business for the next four years.

I think the summary that is easy to remember is that we are going to be a key contributor to Brambles' investor value proposition. How we are planning to do is going to be delivering mid-single-digit revenue growth, high single-digit profit growth, and a strong cash generation.

On revenue, it’s going to be a combination of three factors. So it's going to be increased contribution from net new wins. On organic or like-for-like volumes, it’s going to be aligned with the prevailing market conditions. Then we're going to keep the commercial discipline to address cost to serve. This is answering some of the questions potential, so we are going to keep the commercial discipline.

The profit is going to be obviously enhanced competitiveness, so through supply chain excellence and durability, but also a reduction in the loss rates. That's going to be a combination of, let's say, elevated asset collection. It’s going to be also people. It’s going to be customer collaboration. It's going to be technology as well.

We are going to also have an eye on the organisational design. We want to ensure that we have the optimal design, so there's going to be work also on the overheads. We want to be competitive. Then on cash generation, asset efficiency is going to be a key contributor because it's reducing the capital intensity of our business, and this is having a dual impact: one in profit, and one in [unclear].

Our commitment is that we are going to keep investing in people, digital, and supply chain initiatives to deliver further value to our customers and to our shareholders. Now that you know our commitments, I think it's time to provide a little bit more of detail granularity on the initiatives that we're going to execute that are going to drive us to deliver these commitments.

To do that, we're going to follow our four strategic focus areas, so customer centricity and growth, innovation, asset efficiency, and network productivity. To do that, the team will join. So Drew Merrill, our sales customer experience and I think it's also marketing leader, will share with us everything that we are doing to delight our customers and to deliver sustainable growth, against weight.

Next, Vishal Patell, our strategy and transformation leader, will speak about innovation. It’s going to be new solutions that we build or we are building to deliver value to the customers. It’s going to be managed recovery. It's going to be transport collaboration but also the digital customer solutions that we've been speaking. Then, next, that is Tyler. Tyler Vassar, our supply chain leader for North America, is going to speak about safety, automation, productivity, so network productivity.

Last thing I want to say is that all these four areas, everything that the team is going to be sharing is going to be underpinned by what I call our four fundamentals. So being people, we need to ensure that we retain and attract the best and most diverse available talent, and that we're working in a safe company. It's going to be keeping and enhancing our digital capabilities, the key for the future; keeping and elevating the sustainability credentials – and not just, as Graham and JJ were saying, because it's the right thing to do, but it also allows us to attract talent, and elevate our value proposition.

Last but not least, boosting innovation to deliver new value to our customers. With that, I'm going to hand over to Drew. Drew?

Drew Merrill: Thank you for the intro, David. While it's been great working with you so many years in different regions, I just have to say I'm so excited to have you now leading our North American business. I'm going to spend the next 20 minutes focused on growth in the US.

I think this is a timely discussion, given some of the questions that have come up over the last few days, things like how does CHEP grow when whitewood is at an all-time low from a price standpoint? With price-sensitive consumers, how does CHEP grow profitably, given the pressure retailers are putting on manufacturers to contain cost?

I'll get into all those questions, but I first want to start with the customer. What are we doing to ensure a best-in-class, seamless customer experience? Then I'll get into the where, the how, and the why behind growth. By the end, I hope I'll leave you with four things: one, that our customer is front and centre, and we are obsessed with improving the customer experience.

From where we grow, we now have a large, revised, addressable market analysis with a prioritised plan for growth. From how we grow, we have a compelling value offering against our primary competitive platform, whitewood. Lastly, why? Our customer value proposition is stronger than ever, as customers continue to choose CHEP as their supply chain partner of choice.

Back to the customer. We heard David walk through some impressive metrics: a 36-point improvement in net promoter score; a nine-percentage point improvement in customer satisfaction; 4% improvement in DIFOT. What are some of the things behind that?

Simply put, we listened to our customers, we identified key friction points, and then we invested in digital and data solutions to help address them. Let's look at the first friction point you see in the left of the slide there, account health. This is surrounding everything with transaction management audit risk.

You heard Joaquin, you heard Helen talk about proactive alerts now that are sent to the customer to prevent data issues well before it gets to audit time. You also heard about our anomaly detection solutions we have in play, so as transactions are shipping from or being sent from our manufacturer to a retailer, we have some cleansing that goes on, leveraging checks and balances there to avoid an audit challenge on the retailer side, that we have to reverse later on in the process. What does this result in for us? Well, there’s a few things. From a timeliness perspective, we now have 99% of our transactions declared in less than 90 days, 95% of those are less than 30 days. It’s also though about accuracy of the data. We’ve seen a reduction significantly, in year over year manufacturing power losses, which Vishal will get into in a little bit in his section.

Second friction point is around order management. This is everything to do with placing, cancelling, modifying an order, that infamous question, where is my load? In this end, we've developed three tools that really harmonise our systems to provide an end-to-end view.

The first one we have, you'll see there, is called proactive orders as a service. This tool simplifies the process of planning and placing orders by automatically creating weekly customised views down to the customer. It's based on things like past order history, their preferred day of delivery of the week, the seasonality they may be impacting, or more importantly the future overlay of what their actual forecast is. We've rolled this out to almost all customers. We will have this done by the end of this fiscal year; we'll have 100% leveraging this.

Just some statistics that are interesting, two large FMCG customers, one had 20%, the other 15% of cancellation of weekly standing orders, both of those have been reduced to less than 5%. Why is that important? Well, it reduces the admin burden for the customer, number 1. It reduces the cost for the customer because they're no longer carrying this excess inventory or having to do last minute loads. Third, JJ, you'd be proud, improves sustainability. That's proactive order as a service.

The next one is called CHEP-AIR. AIR stands for Automated Inventory Replenishment. You have the planning upfront, but what CHEP-AIR is doing is continuously monitoring, how are we executing against those plan loads? Then making automatic weekly, or daily order adjustments to account for that, leveraging near real-time inventory of the pallets. How do we see this inventory? Well we now have most of our dedicated trailers, they have on top a GPS sensor so we know where it is within the customer's yard. It also has a load sensor on it so we can see, is that trailer empty, full, sit at the dock. Right now, we have 74% of our dedicated trailers outfitted with these, we will have that up to 95% by the end of this fiscal year.

Then the third piece of that train is dynamic ETA, Estimated Time of Arrival. I think most of you are familiar with this. This is for all individual orders leaving our service centres, going to our customers. They can now go into MyCHEP, our portal, click on the dynamic link and see their truck going down the road, real-time status updates and an estimated arrival based upon real traffic conditions. Provides that peace of mind and ability to plan further.

If we look at the last friction point, responsiveness, let me point out, just by addressing those first two alone, we've seen considerable reduction in inbound call volume. That's going to improve our response time, allow us to make more proactive outbound calls to our customers. We're also working on developing more of an omni-channel response to our customers, meeting the customers where they want to talk to us. If they want a self-help option, they can go into what we've recently launched called CHEP AVA, Automated Virtual Assistant. This is an AI enabled chat platform where you can ask questions and get some standard responses, status of the order, et cetera.

If you want to talk to a customer service offering, we have 24/7 phone coverage, anytime of the week, anytime of the night and on weekends, to service our customers. Lastly, if you want to eyeball us or if there's an issue that requires us to be out in the field, we've invested in our field personnel now, where in any manufacturing location in the US, we can get to them within less than a two hour drive.

There are many other great programmes and future plans we have. If you haven't had a chance to meet James Glover, our vice president of customer experience, raise your hand. If you didn't connect with him last night, please spend some time with him. He's in charge of a lot of these programmes and the impact it's having on our customers in the future.

Now that we reviewed what we're doing to build a strong CX foundation for growth, let's pivot to where we're going to grow. Graham referenced earlier, we've brought in an industry leading consulting partner to help us refresh our addressable market analysis. Let's unpack this for the US. On the left hand side, you'll see a bar chart. This breaks out our newly US addressable market, and there are a few key takeaways.

First and foremost, you'll see our addressable market has expanded significantly since the last review in FY21. What are some of the factors driving this? First, we've recently harmonised our market sizing methodology. We've done this across all Brambles regions. We now have a globally consistent and most importantly, externally validated approach, a true benefit going forward. Second, we've refreshed all the baseline data, it's now up to 2023. Third, we've added a number of emerging segments. You heard a little bit about this earlier.

Emerging segments, as we went through the knowledge sharing and harmonisation process, we found either categories or channels where we're having success in other regions, and it may have a limited presence in the US. In that case, we've expanded our addressable market looking forward. Lastly, and less of an impact, we optimised our portfolio during the pandemic to address a few high risk or high cost customers. That's the size change.

The next key point you'll see there, we continue to be the pooling market leader with 33% market share compared to 8% of all poolers, which we believe continues to be one of our largest differentiators given our scale. One more point, you'll see in the white space, 59% of that whitewood – sorry, that addressable white space is primarily whitewood. It's extremely important for us to have a very clear value proposition that's compelling to convert to CHEP.

If you move to the right hand side of this slide, this pie chart breaks out the addressable white space and that white space does not include poolers. You'll see that it's broken down into near, mid and long term. What's behind the categories? If it's near term, it means we can use our existing platform, our existing business model, existing value proposition, business as usual. If it's medium term, that still applies. However, there may require some modification from a customer behaviour, from a business model, from an operational input, to unlock that growth. If it requires any type of product innovation, that would deem it into the long term.

To get a bit more granular on that, we'll double click in a second, but I want to leave you with the fact that over 30% of our market share is addressable today, and over 80% without product innovation. Bottom line, we have ample and fertile ground for growth.

Looking behind that pie chart, let's get a better understanding of how we're prioritising that growth. To focus our go-to market resources, the addressable market was prioritised by category. The growth prioritisation framework that you see on the left there, it evaluates each category based on three things. Its attractiveness, which is essentially relative pooling potential, CHEP's right to win, so what is our current relative share position, which indicates strength of our value proposition. Lastly is the category's relative size or volume opportunity.

You'll see an orange bubble there that says SS Foods, that's Shelf Stable Foods. Very attractive for us, strong right to win, strong share position, strong opportunity space. That's a near term. You contrast that with packaging, which is the purple bubble there, the interesting thing about packaging is that when we did the knowledge share and we found out that Europe, David's former neck of the woods, was actually fairly penetrated in this space. Now we're working on, what are they doing differently that we can use here to potentially unlock that potential in a midterm situation?

It's a very summarised view of our existing plan. I have to say, it does not include subcategories, it doesn't include the channels behind it, but we wanted to demonstrate some of the rigor we have behind the planning. Bottom line, it's this prioritisation that's driving our innovation, it's driving our value creation offers, and most importantly our commercial focus; whether that's sales engagements or personalised marketing campaigns.

Now that we're clear on where we are growing, let's talk a little more about how we will grow. With almost 60% of our addressable white space consisting of whitewood, let me bring to life some of the key value drivers that compel prospects to convert from whitewood to CHEP. I'll get to this picture in a second, it's relevant for this slide. First and foremost, the size and scale of our network is just as much a differentiator over whitewood as it is with our pooling competitors. With our density and sheer magnitude of supply chain points, we meet the number one requirement of customers, which is consistent availability.

In my view, this is the Achilles heel of whitewood. Whether you're a big or a small whitewood provider, you will always be competing for supply, where CHEP is simply just recovering our assets. With whitewood providers, because the supply of cores they're purchasing their raw materials from retailers is typically a short-term contract, the volume and pricing is volatile and it's highly competitive. If and when that source of cores is lost, it limits local availability without making very cost prohibitive relocations, which is just not palatable within the whitewood environment.

CHEP's pooling model and scale makes this a non-issue. I'll give you an example. We just converted a watermelon grower down in the southeast two months ago. Their primary concern, they must have pallets immediately available when they harvest. They have a line that if it doesn't sell, it smells. One of the reasons they moved to CHEP, we could provide that supply assurance. They had to ensure that when it was ready to come out of the ground, pallets had to be there.

Second one you'll see there, consistently delivering high quality pallets. If you just take the two specifications, whitewood grade A versus a CHEP spec, on the whitewood grade A, the repaired spec is very inconsistent. It's not using the same type of lumber. It's tough to handle given its two-way entry. There are large gaps on the top between the top boards, which affects low distribution and can increase product damage. It has limited racking capability and most large retailers will not let grade A whitewood in if the weight is over 2100 pounds due to safety and risk.

You put that up against a CHEP pallet spec, any manufacturer in the US ordering from us is getting a consistent spec that meets the requirements of the retailer and manufacturing base. All of them have four-way entry for any type of material handling equipment out there. If you look at the top deck coverage, we have 82% of that top deck covered. You'll see the pallets in there, it's a very thin amount of narrow gap between the various boards. Then because we can free span rack in any direction, we increase warehouse density and safety.

If you take those facts, what's becoming even more important now is the increase in customer automation. With the CHEP pool block palette, it has full coverage on the bottom deck. Which means, it can handle multiple automated conveyance systems. With grade A whitewood, that is not the case. It can cause snags and line downtime. Larger customers, as they're going through this journey, it's pretty self-evident. If they're automating, they can clearly see the benefit between whitewood and CHEP. However, smaller CHEP prospects, they may be earlier in their automation journey so whitewood may just work fine within their four walls. Product could be light, their internal handling could just use a manual pallet jack, they don't require racking.

This is where it becomes our commercial team's responsibility to highlight the impact that whitewood is having on the entire ecosystem of the supply chain. If you look at the picture there, you'll see that we have loads of whitewood supported on CHEP pallets. This is a picture from a retail distribution centre. If you walk any retailer DC in the US, this is not an uncommon site. Could be because they needed to rack it and they had to have it on a CHEP pallet, it could be so they could actually convey it in their plant with their forklift. It could be automation reasons, they want to help it move down the line.

Whatever the case, it's introducing supply chain inefficiency and costs unnecessarily, into this retailers DC. Vishal will talk a little bit about how we're piecing together our relationships with the retailers, to drive some advocacy and understanding for the whole ecosystem so it all benefits.

The third differentiator I'll go into is lowest total cost of ownership. I said earlier, how does CHEP convert whitewood when pricing is an all-time low? I think there have been a few questions around that. It comes down to focusing on the total cost of ownership. It's not just comparing the cost of the use of a CHEP pallet versus the price of a whitewood pallet.

I'll give you a recent example. In the Northwest, we recently converted an egg manufacturer from whitewood to CHEP. Initially, on paper, we were more expensive than them. If you looked at the cost of whitewood pallet and what they could get in that region versus CHEP, we were higher. Once we understood their entire supply chain and we could explain to them that they're able to get two more towers of product on every single outbound load they have, and they could reduce product damage which was consistently happening, it tipped the scale in our favour from a total cost of ownership position.

The last two, as for sustainability, JJ, I think you did a great job explaining the benefits over whitewood, and really the fact that customers truly value our ability to support their journey in fact-based ESG commitments. When delivering value added solutions, there's a lot more to unpack there so I'm going to let Vishal talk to that in a bit, about what we're doing is support on cost reductions well beyond the pallet, through our solution portfolio.

Before passing the mic, I wanted to end with the ultimate question, why CHEP? I thought instead of having another slide or bringing back one of the ones we shared earlier in our value proposition, it'd be more impactful to hear directly from one of our customers.

Vishal Patell: Now that we are talking about CHEP, let's get to a question that I think is in the minds of a lot of our attendees. When you look at our product and service offer, what do you value most about it, and what specific areas in which we truly differentiate ourselves from the competitor, from our competitor? our

Jim O'Rourke: Our decision to come back to CHEP obviously was a serious decision to do that. You're making a big choice in this space. The first thing was just the transparency of the team and the willingness to listen to each other. The seek to understand, where are our problems and opportunities today in our supply chain vis-a-vis pallets, and what do we need to succeed? I felt that the team did a phenomenal job of understanding what must be true to do the transition.

That definitely stood out because when I look at our supply relationship, there's three fits. The first is operational excellence and today that's ground stakes. That's the right quantity, the right quality, on time, in full, to the right customer. That's critical and I saw in CHEP a partner willing to do that.

The second thing is the cultural fit. For me, culture's twofold. On the one hand, you have the purpose, values, principles of the Company. We saw CHEP very strong in sustainability, in investing in your business, and looking to grow with customers. That was important. It was also the team, the account management team.

The question that we asked ourselves when we were talking to [Jason and Lori] early on is, we always know things are going to go wrong because it's supply chain. We don't like it, but can we sit down together and agree that there's an opportunity to go solve together? We saw that in the account management team. That was paramount to why you launched from probably position 80 in the supply chain for our suppliers, to now you're in a top five in terms of how we're managing the relationship.

Then the last fit, but the most important and really the most exciting, is the strategic fit. If operational excellence exists, if the cultural fits are there, can we agree to get in the boat and go row together? What's the stroke count? How far are we going? Let's go do it. We saw in CHEP that willingness to have strategic conversations. We had two days of meetings just three weeks ago in our Oak Brook – the room was overcrowded. Like we didn't book a big enough room for everybody that CHEP had brought in, and everybody from our side who wanted to hear what CHEP had to say.

We came away with a whole laundry list of things to do, many of which are strategic. We're still doing some tactical things together because we have to be effective as an organisation in order to give CHEP the right signal. We're working those kinks out and I'm confident we will, but it was really that strategic fit. I could have had pallets cheaper from somebody else, but I wouldn't have gotten all of the things we could do together from visibility in the supply chain, to [Rod's] point, the technology.

I was blown away with where CHEP has come. For us, it's damaged, distressed, and donated product that is a thorn in my side. I'm told every year to improve our triple Ds as we call it, now I feel we have the visibility. We can use some of the RFID tags and some of the passive tracking to understand what's holding it up from our supplier to our lots, because we have a bad habit of diverging, and then what happens to the customer? Is that carrier really delivering? If it was a pick-up and a deliver that day, did they really do that to the DCs? CHEP fit all of those capabilities and that's why we came back.

Drew Merrill: Look, the video started before I had a chance to introduce, but if you can't see online, that was Jim O'Rourke, he's from Treehouse Foods. Treehouse Foods is a multi-billion dollar publicly traded company. They're one of the largest private label manufacturers in all of North America, and he graciously allowed us to share some of that with you.

To talk about some of the solutions he was addressing, we're now going to bring up Vishal Patell, our Senior Vice President of Strategy and Transformation. Vishal?

Vishal Patell: Thank you Drew. Good afternoon everyone. I'm here to share progress on our next two priorities, which are innovation and asset efficiency, and hopefully provide more context to the references made to this section in earlier presentations, as well as to what Jim was referring to in his video.

Starting with innovation, I'd like to share three key things. One is our portfolio of customer solutions with some examples such as transport collaboration, managed recovery, and unit load testing that add differentiated value to our customers. Two is a case study of a digital customer solution that Matt referenced earlier. Three, how we're becoming a better data-driven organisation through advanced analytics.

We have a diverse portfolio of customer solutions that we collaborate with our customers on, and these have been instrumental in differentiating our value proposition versus other providers. Starting with transport collaboration, as David mentioned earlier, we move over 1 million pallets every day. That is more than 2000 trucks; that's on the delivery side. When you combine those delivery points, the collection points, and our customer transfer data which is when manufacturers tell us where the product is going to retail, this gives us unprecedented visibility into transport moves across North America.

What this allows us to do is to collaborate with our manufacturers and our retailers on fleet sharing. I'll give you an example. We send empty pallets to a bottled water manufacturer, they put bottled water on that same truck, goes to a grocery DC where the product is unloaded and the same truck is then used to bring empty pallets back to CHEP. This eliminates three legs of transportation of empty miles, lowers the carbon footprint, and provides cost reduction to everyone involved. To one of the questions earlier, a lot of our solutions are focused on delivering the dual benefit of cost reduction as well as carbon reduction.

Another example is managed recovery. This is a solution we've adopted from some of our other markets, notably in Europe. In this solution for example, we partner with a leading discount retailer to send pallets directly from their distribution centre to various manufacturers across the United States. This eliminates two legs of transportation and also improves sustainability. The retailer gets compensated for inspecting the pallets, the manufacturer gets pallets faster at lower cost, and is able to utilise their backhaul that they used to deliver the product in the first place, and CHEP benefits from lower transport and operational costs.

Moving on to unit load testing, some of you must have interacted with [Brandon] and the team. You're aware that in Orlando, we have our innovation centre. This is an International Safe Transit Association or ISTA certified facility. Over here, we've engaged I think in the last three years, over 100 customers to do unit load testing. These unit load testings involve load configuration testing to either fit more product on a pallet, or to test for product damage, or to fit more pallets on a truck, or the unit load stability for racking and transit safety. There's a variety of tests that we do around here.

I'll give you an example. A manufacturer had the need to use whitewood pallets for a certain lane. They tested their product on whitewood and found that there was significant product damage due to the gaps between boards. In another case, a leading manufacturer tested their product on CHEP pallets because they wanted to test how this would interface in a racking environment at a club store. These are the different kinds of tests that we do there.

In addition, we have dedicated field application engineers who work with customers before, after, and during their automation installs, to ensure that our pooled pallets flow seamlessly through their supply chain. In the past three years, we worked with more than 200 manufacturing and retail locations to eliminate waste from their supply chain. As automation increases, these collaborations will continue to help differentiate us with our customers. The results of these collaborations are impressive. Approximately 12 million empty miles eliminated, more than 16,000 tons of CO2 emission reduction, and cost savings that add value to our customers every day.

Next, I'd like to talk to you about the case study of a digital customer solution that Matt brought up. Green Garden Products is a leading supplier of flour and vegetable seed packets, who distribute via in-store promotions to a variety of retail channels across the US. Their problem was that they needed to activate all their promotional stock during the promotional window, because if it's not activated on time, it results in lost sales. The key issue was a lack of visibility into display arrivals, and Green Garden was spending a considerable amount on reps that walked the stores to locate and build the displays.

To solve the problem, CHEP pallets equipped with autonomous tracking devices were delivered directly to the Green Garden distribution centre. The operators there loaded the pallets with packaged displays and performed an association scan linking that specific display to the pallet. This association allowed Green Garden to track exactly which displays were shipped to which stores, and CHEP provided information on the proof of delivery when they arrived.

As a result, 90% of promotions were active a month earlier when compared to the previous year, resulting in higher sales. Following two successful proof of delivery deployments, Green Garden has now signed a multi-year contract for display shipments to several thousand stores in the US.

Next I'd like to highlight how we are becoming a better data-driven organisation through advanced analytics. This is more of a reference slide for later. I do not intend to cover everything on this page because a few things on customer value have already been covered by Drew, and I'll be covering a few others on productivity in later slides.

However, the key message here is that we're fundamentally becoming a better data driven organisation by (1), delivering incremental value to our customers and improving their experience. (2), providing a more granular understanding of our cost to serve by customer and by lane, in order to convert new business. (3), leveraging data and digital to improve asset efficiency, which I'll cover in the next section.

Let me move on to our next pillar, which is asset efficiency. I think this crowd knows it really well, asset efficiency is a key driver of cash, of sustainability, and of customer value in a pooling environment. In the next few minutes, I'll provide details on our asset efficiency journey and structural improvements since fiscal year ’21, with a couple of case studies on how digital deployments specifically targeted and continuous diagnostics are helping improve visibility and results. I'll end my presentation with a future outlook on our retail value framework, as well as how a fully digitised control model will further unlock greater asset efficiency for the North American business.

Asset efficiency is an area of the business where we're incredibly proud of the progress we have made in the last three to four years, and this is not just in North America. Joaquin mentioned earlier, this is a Brambles enterprise-wide effort with joint resources that share best practices and solutions to deliver results across all markets. Let me give you details on some of these initiatives that you see listed here.

You heard Helen talk about continuous and targeted diagnostics. These have been game changers in proactively illuminating leakage points in the North American supply chain, and I will share with you a couple of case studies on the next slide. I do want to talk about NPDs or Non-Participating Distributors. As many of you know, most large retailers in North America participate on the CHEP pooling programme. However, there are several that do not and we refer to them as NPDs or Non-Participating Distributors.

Allowing shipments to NPDS is a key part of the value proposition for our manufacturing customers, as this allows them to ship to all their customers on one single platform. It helps reduce complexity and reduce waste in their operations. For us, it eliminates the need for dual sourcing as well. That is why we have invested a lot in improving controls at NPDs. We've broadened our engagement efforts and increased collection points by launching our own low volume recovery fleet. Currently we have about 150 trucks in 70 US markets collecting pallets at thousands of locations, and we're constantly evaluating this mix to optimise our collections.

The last one on this page I want to talk about, before moving to the case studies, is the continued deployment of specialised field resources. In addition to our low volume recovery trucks and drivers, this includes our asset recovery reps who partner with our recyclers to get pallets back, as well as about 25 dedicated asset protection managers, many of them with law enforcement backgrounds. Collectively, they action the findings from digital deployments as well as to claim our legal title. The results have been really good. We've prevented 6 million pallets from being lost, almost 3 million higher collections using our fleet, and a 19% reduction in uncompensated losses in North America. We will continue these efforts to deliver on our 30% ambition by the end of fiscal year '25.

Moving to the case studies, through continuous diagnostics, and I'll just remind you, continuous diagnostics is when pallets with autonomous trackers continue to move through the supply chain, we are able to see a pattern of pallet exchange that we would not have otherwise seen. This was happening from multiple stores at one particular retailer to the same manufacturer, to the tune of around 800,000 pallets annually. This was addressed with the retailer first through a collaborative effort. To cut a long story short, we were able to stop this practice, which is now going to allow our team to pursue this volume as a new business opportunity.

In another case, we targeted a few pallets into a supply chain where we had a leakage hypothesis, and we found unauthorised pallet sales by a recycler to the tune of almost 250,000 pallets. You can see from the second picture that without digital insights, it is very difficult to identify such instances as our pallets may be covered by other pallets or other equipment when they're on recycler yards. This is why I said earlier that continuous and targeted diagnostics and digital insights, are game changers for asset efficiency and improving illumination of assets as they move through the supply chain.

These are just a few examples that we've shared here today. There's many, many more within the business where we've been able to take action. Now, once we get these insights back, I do want to stress that it takes a fair bit of collaboration, not only from teams within CHEP; whether it's the drivers, or it's the asset protection staff, or our commercial teams, or retail teams. It also takes collaboration with the customer in order to realise the benefits, which is going to lead me to my next slide because I want to talk to you about our retail value framework.

If you see the first point, I want to stay with collaboration for a minute. Adding value to our retail customers is not a new priority. We've always strived to do that. However, over the last two years, we have redoubled our efforts in collaborating and listening to our retail customers, so that we can add differentiated value to their business.

When we do that right, we are seeing better asset efficiency and advocacy for growth. Similar to what Jim said in his video, our retailers have also told us that they really value the approach that we have taken, which involves listening first and then partnering to help solve problems and eliminate waste.

Retailers recognise the value proposition of pallet quality, which reduces product damage and handling costs. They tell us that when pallets come in on poor – when their product comes in on poor quality whitewood pallets, they have to then be either transferred onto a higher quality palette or underpinned on one, as Drew showed you in that picture earlier. This drives cost and inefficiency in their operations.

What is also starting to resonate more is the circular and regenerative nature of our business model, which is in turn helping with their own Scope 3 emissions, and we're also starting to make a lot of progress in making sure that we always talk about the benefits of sustainability and asset efficiency, which is also starting to resonate more.

I'm happy to report that we've engaged with just under half our target volume retailers and expect to have this framework rolled out with the balance over the next couple of years. The benefits to CHEP are evident, but before moving to my last slide, I want to provide three examples of these collaborations. Hopefully, this will help bring it to life for you.

A leading food service provider was facing a problem with pallet losses. Our team partnered with the customer to map all their facilities and conduct location level data analysis, which resulted in a 79% reduction in losses year over year. Another example, our team collaborated with the leading grocer to map their supply chain and put initiatives in place. The result was them recognising and advocating for CHEP as their preferred pooler.

In another case, we partnered with a leading wholesaler to do an end-to-end supply chain review. One of the outcomes was implementing transport collaboration that I talked about earlier. In this case, we were able to leverage their private fleet to move pallets. That resulted in the elimination of over 200,000 empty miles in 12 months. We're incredibly proud of our ongoing efforts in this area and we're going to do more.

Now let's talk about where we are going with asset efficiency. We will continue to drive excellence in asset recovery and protection; there is no doubt about it. We'll become even more proactive on loss prevention by leveraging digital insights to deliver incremental customer value and improve our cash generation. Our ambition is clear, we want to have a fully digitised control model that'll unlock further efficiencies.

Using current and digital data, we're creating digital twins of pallet flows that allow us to be more proactive in the identification of leakage points. We're looking at artificial intelligence to help us with automated route planning and field resource deployment to further increase collections at all locations, not just the NPD ones that I was referring to earlier.

Lastly, building on what Drew mentioned, we want fully automated proactive account health management to enhance the customer experience. We believe that when we do this right, it will help take us beyond the targeted 30% uncompensated loss reduction by fiscal year ’28, and deliver more value to our customers, to our shareholders, and to our employees alike. Thank you very much for your attention. I'd now like to introduce you to our North America Senior Vice President of Supply Chain, Tyler Vassar.

Tyler Vassar: Good afternoon. I'm Tyler Vassar, I've been leading the North America supply chain team for almost six years, actually six years next week, and I'm going to talk about the supply chain. I'm going to talk about the last four years and I'm going to talk about our vision for the next four years. I'm going to talk about four key areas. I'm going to talk about safety, product durability, quality, network advantage, and a little more about automation.

The last four years have been extremely challenging in supply chains in the United States, in Canada and around the world. I actually believe that probably everyone in this room has been affected by maybe one or maybe many supply chain disruptions. In CHEP North America, we had some big challenges and some big disruptions too.

What we did is, we pulled our teams together, we looked at our processes, we looked at our systems, we looked at how we were organised, and we set out to collaborate with our customers and our suppliers to not only recover our supply chain, but completely redesign it into a far more resilient supply chain. There are many, many dimensions of improvement and I'm going to go through about four key areas over the next 15 minutes.

The first thing we focus on is safety, quality, customer fulfillment and excellence. Safety. Safety is truly the number one priority at Brambles for every employee and every leader. The foundation of a great safety programme and a safety performance is based on culture. It's based on culture, that's how it works. Let me tell you what we did with our culture. Four years ago, we embarked on a whole new way of thinking about incidents, accidents, and near misses.

We instituted a brilliant approach called safety differently. Now, in most factories and organisations around the world, employees make mistakes, there are near misses, there are accidents, there are instances. Any safety expert will tell you, more than 90% of the time, the defined root cause of those accidents was the action or inaction of the employee; 90% of the time. I was taught to believe that, I've known that math for 30 years.

We tried something different. What we did is instead, we sat down with employees, with leadership on every single incident, accident, and near miss. We looked at the protective equipment, we looked at the standard work, we looked at the processes, we looked at how work actually got done. What we found was there were many root causes. That allowed us to prevent that same incident from happening anywhere across the globe in the CHEP network.

But we got a bonus. Frequently, we would identify other risks that we wouldn't have identified had we simply said, the employee made a mistake, they shouldn't do that again. It's been transformational. Simultaneously, we invested in engineer controls and machine guarding. We have eliminated the possibility for forklift pedestrian segregation, and you will see that tomorrow for all of you that are going to go out on the tour of our facility right here in San Antonio.

Enrique talked about the improvement, a six point improvement in the Brambles incident frequency rate. Just to give a little more context, that means there were 50% less incidents and accidents in fiscal year ’24 than there were in fiscal year ’21 when we took on this new approach.

Next I'd like to talk about quality and durability. When I think about quality, the first thing I think about is the customer. I think about the customer's high quality products that are going to be placed upon our pallet so they can be distributed out through the retail network. It's extremely important. Four years ago, we set out on a journey to invest $255 million in product quality and resiliency. I have full confidence that we are positioned to deliver more value; more value to our customers, both manufacturers and retailers, and to our shareholders.

Let me give you a couple examples. We have identified, tested, and implemented new species of lumber, higher strength, higher density to weight ratios. This is something a whitewood provider or any of our competitors cannot offer to our customers. Enrique talked about the double wall block. When I think about the double wall block, I think about the durability improvement that our customers will receive from that double wall block. But there's more. That double wall block will also become less damaged in a cycle through our supply chain than a current wooden block of any wood species. That means, the cost of repairs are going to be less.

Then finally, I'm fortunate enough to be co-sponsoring our Global Plan of the Future programme, and I love talking about robots. Robots provide all sorts of advantages, but an advantage we haven't talked about is better dimensional accuracy when we repair our pallets. Better dimensional accuracy. It wasn't even important 15 years ago, but as our manufacturers and our retailers automate their systems and material handling, this dimensional precision becomes more and more important.

My favourite thing to talk about is customer fulfillment; the right product at the right place at the right time. We talk a lot about seamless customer experience. Well, it's me and my team that are principally responsible for delivering that each and every day and on Saturdays and Sundays too. Our value proposition is based on an incredible network advantage. It's absolutely incredible. We have automated service centres, manual service centres, fulfillment warehouses, and specialty locations for many of our customers as well.

The total network is over 400 locations. That sounds like a big number, but who cares about that? Think about this. We service more than 30,000 customer locations in the United States, and we are within 100 kilometres or 62 miles of 85% of them. That's over 25,000 customer locations where we're there to service them. Because of our locations, we can service them in less than three hours. That is an advantage that no other pooler, no other competitor can match. Period. What's going on?

Now I want to talk about the future. I want to talk about the future and I'm going to talk about some of the same categories. There we are, let's go back to safety. I have so much passion around safety. People are so important to me. We're beginning to use technology; vision technology, digital technology, machine learning, AI, that we can actually – we will actually be able to find and identify risks that are currently unidentifiable. We will improve our employees' ergonomics, and this is going to come fast.

Automation, Enrique mentioned, I think Graham mentioned as well, 65% of our production goes through automated lines today. I'm very proud of that. When I arrived here, I can assure you it was far, far less than that. Let's think a little bit about the pallet. The standard US 48 inch by 40 inch pallet contains 26 elements. Today, our automation capabilities can successfully address slightly over half of those elements. We are leading a programme that involves smaller, faster robots; smaller robots than what you're going to see tomorrow. These robots will be able to address all of the elements on the bottom and top decks of our pallets before the end of FY28. I can assure you we will get that done.

A little more on customer fulfillment. Drew, great job. You talked about CHEP Automated Intelligent Replenishment. I think in order to understand how powerful that is, it's probably wise for me to spend a little bit of time and talk about how our fulfillment model actually works. For more than half of our deliveries each year, we use dedicated fleets. It's the same trailers, the same trucks, the same truck operators who deliver to more than 58% of our customers. Some of these customers get pallets 10 a day, some of these customers get a load of pallets maybe once every two weeks. There's a lot of variation in that.

What happens is, our operators drop off the trailer, they don't wait in line for live unloading and delays at warehouses. It's much more efficient than that. We simply drop off a trailer and we pick up an empty trailer, and that in turn goes through our supply chain, chances are through a collaboration like Vishal mentioned, or to a retail location, to pick up more pallets to bring back to our service centres.

That whole thing is absolutely dependent on clear communication from the sites of what's actually going on with those trailers, to our central intelligence team, so that we can dispatch all the trucks properly. Almost 5,000 trucks a day are dispatched by my team and my people; my very talented people. This technology that Drew told you about, we'll have the capability to understand the precise location of each and every trailer, whether that trailer is full of pallets or whether that trailer's been emptied. We can actually see when they begin the process. We have the capability to know when a trailer is being unloaded at a customer's site, and we can already be dispatching the next load. Now that's what I call seamless customer experience.

I'm going to end with some ideas around operational excellence. Operational excellence, we have really accelerated over the last two years and we've delivered some great performance. We've delivered some truly great performance. Let me give you a great example of something we just did in the last three months. We pulled a team of our operations and logistics experts together, and we looked hard at our network of where it is today and where it needs to be in four years.

My brilliant team came up with an initiative where they believed by restructuring several sites, changing a bunch of information, closing a couple of service centres, changing some flows based on where our retail business is and where it's going to go, and they believe they could save somewhere between $10 million and $12 million a year if we could get this initiative executed. The team executed it in less than 90 days. In the month of September, we're realising $1 million in cost savings from what we planned for the year.

I think our effectiveness, capability, and dedication of our team is a testament to our value. I can absolutely assure you, it's our people who deliver. I can also assure you that we will deliver improved customer service, better efficiencies, and even better quality in the next four years. It's a very, very exciting time in the supply chain and I have loved having the ability to share these thoughts with you today. What I'm going to love even more is seeing you at our service centre tomorrow morning, where I'm actually going to show you that robot, not a robot, that robot. You're going to see how it adds value for our customers and our investors. Thank you. I'm going to turn it over to David.

David Cuenca: I think the team did a great job by putting a little bit of colour to the way that we are going to deliver our commitments. I think it's time now to recap and to bring forward main ideas I want you to retain after this session. The first one is that safety and customer is part of our DNA. This is not something that we are playing tactically, it is embedded in our culture.

The second, you've seen it, there is a big white space in front of us and we are ready to convert because we have the right strategy, the right capabilities, and the right sales plan. Third, we want to be more competitive and we have the right commercial supply chain excellence, asset efficiency and digital initiatives to deliver value and to reduce our cost.

Then last but not least, and I think that's an important message, we're going to keep playing an important role in supporting the Company in the digitally transformation. We're going to be a key player in delivering the Brambles investor value proposition.

With that, let me share with you that I'm really excited to lead this business in these amazing times. I want also to use this opportunity to thank all the North American employees for the great efforts and the great results over the last year. This is bringing us to the last of this session. I'm going to ask the team to join me in the stage, and I'm going to be more than happy to answer any question that you might have. I think the way that we are going to do it, I can centralise the questions and I will distribute to the team.

Cameron McDonald: (E&P, Analyst) Hi, it's Cameron McDonald from E&P. A question, Drew, for you just around the growth prioritisation framework for those new categories that you're targeting. Can you break it down for us with the near-term opportunities, how many of those are with existing customers that do have a product expansion capability as opposed to winning new customers?

Drew Merrill: I won't give an exact amount but it's fairly balanced. There's a large amount of new customers that do sit in more of a smaller space. It's a mix of large lane expansion for our existing customers and then brand new customers more in that small to mid-size range.

Cameron McDonald: (E&P, Analyst) Just because I would've thought that the larger customers with lane expansion are easier. That's why I'm asking the question, because if you pick an FMCG retailer, they probably do a lot of those products already. The alternative question is, why aren't they using you now?

Drew Merrill: Automation may be emerging, so that could be a catalyst to drive that growth. There has been some of the NPD channels historically that maybe would make sense for them to move that to whitewood. As our collection engine improves, that could be a future conversion, but those conversations are always ongoing.

Cameron McDonald: (E&P, Analyst) What's the incentive that you're providing for the sales team to actually execute on that?

Drew Merrill: They're incentivised on both volume and profit. It is a mix for those existing customers.

Cameron McDonald: (E&P, Analyst) Thank you.

Sam Seow: (Citi, Analyst) Hey guys, thanks for the presentation. It's Sam Seow from Citi. Just on the bubble chart, I'm particularly interested in one of the axes where you had right to win. Maybe if you could go into why you had more right to win in some of those categories versus others. Like I think fresh produce you had more right to win than fresh food, so just to understand that. In terms of the white space, is there any opportunities that are less, I guess price dependent as well, that you'd [call it]?

David Cuenca: Drew, you're going to…

Drew Merrill: Yes. I mean, there are a few things at play there. The type of product could dictate why it's more attractive. If it is a faster cycle time or if it's heavier weighted, so there's more benefit from a strong pool palette where you can get more on it, those are some of the attributes that could impact that. The amount of NPDs versus non-NPDs could be one of the challenges. What channels those categories serviced, I mentioned that we didn't include subcategories, we didn't include channels. That has an impact also in the addressability, we just didn't break that out for this presentation. What was your second part of your question?

Sam Seow: (Citi, Analyst) Just price dependent.

Drew Merrill: Price dependent? Look, when we price customers, it's really based on three things. You have the input cost, you have the customer behaviour, and then you have the potential value creation that we're offering them. Those things come into play. If you have a general merchandise item that is sitting for 180 days versus a dairy item that's moving very quickly within a certain retail framework. That's what's determining our price flexibility. On top of that, typically larger customers where we can gain scale, a lot of the value solutions that Vishal talked about, that would also come into play as well as impacting the total cost of ownership would go into some of the pricing conversations we have. Does that answer your question?

Niraj Shah: (Goldman Sachs, Analyst) It's Niraj from Goldman Sachs. You guys provided us with the DIFOT metrics, customer satisfaction and NPS. Looks like they're year on year '24 versus '23. I imagine it's been a bit of a rollercoaster ride on a few of those metrics over the last four or five years. Just curious on what the delta looks like versus a pre-pandemic baseline.

David Cuenca: Well, actually, DIFOT is a new metric that they incorporated into the business recently, last year, so we cannot compare with the previous. So we don't have a metric to compare.

Niraj Shah: (Goldman Sachs, Analyst) What about NPS?

David Cuenca: For NPS, you mean?

Niraj Shah: (Goldman Sachs, Analyst) Yes.

David Cuenca: So this improvement that we highlighted, it's over the last four years.

Niraj Shah: (Goldman Sachs, Analyst) Okay.

Andre Fromyhr: (UBS, Analyst) Andre Fromyhr from UBS just over here. Can you talk a bit about the profitability of new customers that you gain in the whitespace? For example, if you were to grow that part of your book faster than, say, like for like volumes, is it more expensive to serve a new customer potentially at the smaller end of the scale or what are the attributes about that customer that would drive the margin?

Drew Merrill: You want to handle that or me?

Vishal Patell: Sure. Our profit – we're going after new volume, but at the right profitability levels. So we will take into account the granularity of the cost to serve we have now, so for instance we will look at a market analysis of inventory positioning amongst other things in order to price the customer. We always strive to maintain at least current profitability levels for new volume.

Matt Ryan: (Barrenjoey, Analyst) Hi, it's Matt Ryan over here from Barrenjoey. Thanks for your presentation. It can't be a Bramble's Investor Day without a bubble chart. I just wanted to ask about what appear to be the really near-term larger opportunities in fresh produce and fresh foods. You are in those markets already, so just interested in is that something that's already rolling out and you're seeing a much larger opportunity there? Can you just comment on the major competitor in that space? Is it RPC? Is that you're trying to take share from or is it other pallet providers?

Drew Merrill: Yes, so everything that we are trying to convert is primarily on a pallet today, right? Not so much RPCs. Yes, a lot of that is within our current wheelhouse. You heard David talk about that during the pandemic, we did stall sales activities and completely focused on customer retention and just making sure we got everybody through the pandemic. Yes, that is within our wheelhouse. A lot of that is BAU, business as usual, today in the near term.

There is some segmentation and prioritisation that's going on that's a little more granular before. Not to say that we used to be a bit of spray and pray, but a lot more targeted in our sales efforts. That was the impetus behind refreshing the market analysis was so that knowing that we're going to have a more solution-centric lens, we have a tough competitive environment. We have to be segmented and prioritised to focus our efforts where we have the highest level of success opportunity.

Matt Ryan: (Barrenjoey, Analyst) Got it, thank you. Just to follow on the 36 point improvement to your NPS score, can you give us some of the detail around what people were, I guess, supporting you with in that NPS score and also just talk a little bit about how much of it was driven by customers coming off allocation in the 24 year?

Drew Merrill: Look, that's certainly played into it, but I think with some of the things Anthony was talking about earlier with retailer chargebacks to move towards automation, they're looking for a step change in what we call the brilliant basics. In a way, we've – I know we've talked about a lot of the flashy things we're doing in addition to that, but I think one of the core things is delivering info on time, providing the right palette to the right place at the right time on a consistent basis. Certainly post pandemic, getting that right and getting that consistently was really important to get back into our normal step.

Anthony Moulder: (Jefferies, Analyst) Anthony Moulder from Jefferies. Wanted to talk also on that white pallet space opportunity. Since 2019, you haven't really delivered a lot into that white pallet space, obviously, for the reasons you outlined. Since that time, I've also seen a considerable consolidation of the white pallet space. Just thinking how you see that opportunity versus what you would have in 2019, now that that market has, I think, significantly changed with those three key white pallet players.

Drew Merrill: Yes, there has been consolidation. Some of the supply chain dynamics I talked about, the fact that you have to compete for supply no matter if you're large or big, that's just how that business model works. What we see as the big shift is the trend in customer automation, sustainability coming back to the forefront, and now our asset efficiency capability where sometimes whitewood was used for a lot of those NPDs. As we're able to expand even further into that, we see our value proposition being very strong and we see some headwind issues with where the market's going from a whitewood grade A standpoint.

Tyler Vassar: Tailwind.

Drew Merrill: Tailwind. My fact checker over there. Thank you, Tyler.

Tyler Vassar: You're welcome.

Anthony Moulder: (Jefferies, Analyst) Secondly if I could – dual sourcing was mentioned as far as you winning share from Peco or another competitor. I expect it was probably Peco with some of their customers. What are you picking up that those customers are talking to you as to why would they want to move volume to CHEP as opposed to staying with Peco at this point?

Drew Merrill: Are you saying are we dual sourcing Peco's customers? I'm trying to understand…

Anthony Moulder: (Jefferies, Analyst) I think that was a comment of the FY24 result that you were going to win share back the other way having lost some share to dual sourcing through FY24, that there was the opportunity to take some back on the other way?

David Cuenca: Let me just build on this because what we're trying to do is to focus on white space. Obviously, if it's a customer that is working with a different competitor calls us and asks for help, we are going to be speaking about value, not price, but we are not going to be seeking actively to win back customers from our competitors. We want to focus on white. Do you want to build on that, Drew?

Drew Merrill: Yes, with 59% of the whitespace in whitewood, 90% of our efforts are there. Now, if a customer comes to us – or prospect, sorry – that happens to be working with another pooler and they have a problem we can solve, but we can do it through value, not price, we are engaging, we're having those conversations. In the balance, we have not – we haven't had any material market share change or shift with our competitor in that space.

Anthony Moulder: (Jefferies, Analyst) Right. Thank you. Lastly, if I could, on the six million fewer losses, can you just profile that over whether or not a lot of that – a lot of those losses were more in FY24 as opposed to FY22 or – six million, three years, is it improved towards where we are now as opposed to maybe having more of that benefit through FY22?

Vishal Patell: I don't have that data off the top of my head.

Joaquin Gil: I might need a little bit of help there. Can you just give me that question again?

Anthony Moulder: (Jefferies, Analyst) So it was six million of savings, and that's over three years.

Joaquin Gil: Pallets.

Anthony Moulder: (Jefferies, Analyst) I'm just trying to understand whether or not most of that saving was – sorry, we're just trying to understand whether or not most of that saving was forward loaded into '22 or you're actually accelerating the savings through FY24 and that continues?

Joaquin Gil: Yes. So maybe If I answer it a slightly different way, not specifically on the US or North America, but we talked earlier today about the 16 million pallets that we recovered in FY24, and that was compared to 10 million the year before. So that gives you a six million improvement, and a lot of that was driven by our US business. That's why you had Vishal just to clarify what he talked about is not only are they going to deliver on the 30% reduction in FY25 on uncompensated losses, but they've got the same target as we talked about earlier of improving that as we go out. So asset efficiency across the Group is improving.

Anthony Moulder: (Jefferies, Analyst) Yes. Very good. Thank you.

Joaquin Gil: Thanks.

Andre Fromyhr: (UBS, Analyst) Andre from UBS again over here. There's been a bit of talk today about whitewood prices being low. I wonder if you have a view on what a normal whitewood price is in a stable supply-demand environment. Perhaps another way to think about that would be has the whitewood industry experienced the same level of costs to serve inflation as what the pooling industry has?

Drew Merrill: Yes, my view, and happy for you guys to add on, is that whitewood is below, and there are inflationary costs that it should be coming up at some point. I will say – I know we've said – I would not say we're dependent upon that. It would be nice and that would certainly help our conversations with our prospects but we're not reliant on it.

What we have seen is that price stabilised for three months now and inventory relatively flushing that was excess prior is now moving through. So with that, there could be some increase and we have seen some regional already upticks in those moves. I do think it will end up higher than where it is today. Any other adds?

Vishal Patell: You answered it.

Owen Birrell: (RBC Capital Markets, Analyst) It's Owen Birrell from RBC. I just wanted to delve again into that white space addressability, and I guess some of the new cuts that you've got here in terms of the near-term, medium-term, long-term opportunities. With medium term, you've mentioned moderate intervention to I guess, access that 50% of that pie. Can you give us a sense of what you mean by moderate intervention?

The second question is just looking at the long-term opportunity, most of those segments were really just not accessible at all because they're types of products that are going to damage pallets and so forth. You've mentioned here product development. What do you mean in terms of product development? Are you talking about making the entire pool stronger or non-permeable or something? What are you talking about there in terms of product development?

Drew Merrill: Yes, the first one, I think the best way to answer, maybe David, with the medium with packaging as an example, because that fits right into your question. Maybe you can…

David Cuenca: One of the things that we discovered is that packaging was not in target in North America, and we've seen that in Europe, we deployed the segment. So we incorporated, but that is not happening overnight. So you need to build the right relationship with the industry. You need to have a right plan. So this is a great example of a big bubble that you can deliver, but you need to build certain capabilities. On the second, if you want to…

Owen Birrell: (RBC Capital Markets, Analyst) Sorry, is that just customer relationship capabilities? You actually need to knock on the door?

David Cuenca: Not just. Not just. You need to understand how you need to address your business model to make it attractive for all the players in the industry, to advocate for the conversion of the first mile, for example.

Drew Merrill: So that's a model intervention and a customer behaviour intervention. Then something like durable goods, so your washer, dryer, for example, that's going to require a different size pallet. So some of those longer-term spaces, I don't know if you had one in particular, they all would require some element of either digital capability, but certainly product platform is not always going to be a [40x40]. Dairy's another example. They have dairy crates that are on a total standard size platform. That would require product innovation. [Unclear]?

Vishal Patell: No, [unclear].

Anthony Moulder: (Jefferies, Analyst) Just a quick question on the retail value framework. To think about that, that could potentially lower loss and as a consequence, lower compensation, lower IPEP, is that the best way to think about that retail value framework?

Vishal Patell: Yes, our ultimate objective – our first objective is to have loss prevention, right? Because that has benefits for the retailer, for CHEP, for the environment, for everything. So that is the focus.

Anthony Moulder: (Jefferies, Analyst) Which is a better way of delivering that lower uncompensated loss, I guess.

Vishal Patell: Correct. Then seeking compensation, which works against the customer experience part of things.

Anthony Moulder: (Jefferies, Analyst) Perfect. Thank you.

Raluca Chiriacescu: Well, I think I might jump in there and give everybody an afternoon tea break and hopefully we can be back here at 4:00pm for closing remarks and Q&A. Thank you to the North America team.

[Silence]

Graham Chipchase: So I think what we're going to do now is just give some time if there are any other questions which we haven't answered earlier on. I know there were a few hands still up when we finished the digital session. Then I'll do some closing remarks after we've gone through any other questions. So has anybody got any more questions they would like to ask? Cam?

Cameron McDonald: (E&P, Analyst) Graham, [where you've got the floor]. There's been a big focus on the US. There's been next to no comment about the biggest market you've got in Europe, in EMEA. How do we think about translating some of this growth focus into our thinking around EMEA and Europe?

Graham Chipchase: So I think we made a very conscious decision that trying to boil the ocean today was not necessarily going to be that interesting for everybody. So that's why we haven't done a trip around the world. I think what we said in the full year results in terms of outlook for '25 if you recall was that margins were going to go up everywhere apart from the US in the short term because the investments we're making. That is driven by a lot of the same stuff.

So in terms of operational excellence and productivity, that's what's going to help with margin improvement. Obviously, a little bit on asset efficiency as well. So the story is pretty similar. I just think that the majority of the improvements going forward are going to come from this area here. So that's why we wanted to focus on it and we're here. Anthony?

Anthony Moulder: (Jefferies, Analyst) Asset efficiency is obviously key, I think, for your business and how you improve the value proposition for customers, but also shareholders. Is there any other way that you can think of to show how you're delivering that asset efficiency to the market? Is it turns? I suspect you're not going to give us turns, but…

Graham Chipchase: Or cycle times? Anything else you want?.

Anthony: Or anything. Maybe in a similar way of that uncompensated loss baseline, is there a way that you can show that asset efficiency year on year?

Graham Chipchase: Joaquin, I think that's one for you.

Joaquin Gil: Thanks, Graham. Look, I'm open to suggestions, I think, Anthony, but traditionally how we've done it, we thought that uncompensated loss chart is very clear about what's happening in terms of the capital investment in the pool. Then pooling CapEx to sales has been the traditional measure. I think as Graham said, a few people have asked about cycle time, but we see that as commercially sensitive.

So at this stage, that's not something we're going to put out. If you've got any other thoughts or anyone in the room, we're always happy to think about it. I think the problem is here, it's very hard to have 15 metrics to be putting out, and is it of help to anybody? If you've got any suggestions maybe, happy to take them.

Graham Chipchase: Matt, next.

Matt Ryan: (Barrenjoey, Analyst) Hi, Graham. I just saw a couple of times during your presentations that you've beefed up commercial capabilities and sales teams and things like that. So presumably, that's to go after new business wins. Can you just talk about what you can do before the whitewood price goes up? If it doesn't, can you get new business wins?

Graham Chipchase: So when it comes to beefing up the commercial teams, I think it's about getting them better trained to use, for example, Salesforce, which we've implemented, but I wouldn't say we're getting the maximum value out of Salesforce yet. So there's some work around training the existing Salesforce. There is that move from farmers to hunters, which we need now in the US. Not through any fault of anybody who's been in the sales team, they've become farmers over the last few years, and we need to help them become hunters and that's a combination of improving their skill sets or and or bringing new people into the organisation.

I absolutely – and I think Drew said this – we are not dependent on the whitewood price going up to still be able to get net new business wins. I think it just will be easier with that going on as well. So I think – and that's why partly we're saying FY25, we think that net new business wins will be back end weighted to the second half because we do think the whitewood price would have gone up more by the time we get to the end of the year.

[Male 1]: Just a quick question on serialisation. Interested – in Chile there's 2.6 million pallets, and I think you called out US$60 million in CapEx to serialise that pool. Just wondering, is that ratio representative of what the serialisation costs might be for the bigger markets?

Graham Chipchase: So I'm not going to answer that fully, but I am going to say, we said that we had a higher percentage of ultras in this Chile pool for various reasons. We wouldn't – that was the 2% that Helen was asked about. We wouldn't expect that level of expensive trackers in a pool that we were going to serialise elsewhere around the world. So you shouldn't take that as an extrapolatable fact. That's also – again, this wide range in the cost of the technology, the way we might roll it out is why we're not giving any numbers because it will vary as we go forwards.

Joaquin Gil: Can I maybe just clarify that US$60 million is the FY25 serialisation number, and that includes the operational testing in the US and the UK. So if you look at FY24, the number was US$10 million. So most of that US$60 million in non-pooling CapEx is actually equipment for service centres in the US and the UK.

Graham Chipchase: Anyone else? [Aaron]?

Aaron: Just to follow up to that question, so the $60 million gets you the equipment in the service centres in the US, in the UK, is that correct?

Joaquin Gil: No, it doesn't get you all the equipment you would need. We're just operational testing in a range of sites. Again, I think as Graham was talking about, and hopefully you heard through my presentation, there's such a wide range of costs that we're not comfortable yet saying what would the costs be and what would the benefits be? We need a bit more time. So I wouldn't extrapolate any of the numbers.

Aaron: I think that's the big problem though, is everybody wants to know what's the cost of serialising the US pool and we can't have an estimate.

Joaquin Gil: Yes, unfortunately, that's the reality, right? I wish I could give you a number. The only reason I wanted to step in there is I didn't want you to think Chile cost us $60 million and then extrapolate that. That would be a little scary as a number. I think maybe if I can use this opportunity just to clarify something that maybe I wasn't as clear on as I should be.

I have learnt one thing is that we're going to make the font size of the plus symbols a lot bigger in our presentations going forward. Because I think one of the things that I've realised is everybody's taking – let's say, free cash flow before dividends is $750 million, but there is a plus, it's just very small. So next time we'll make it bigger. Because I guess we've given a range of like non-pooling CapEx to – pooling CapEx to sales. We've said 15% to 17%, right? So there's a range there. So hence at one end of the range, you would deliver $750 million, and at a different end of that range, you deliver more than $750 million. So that's one.

Then I think maybe the message that I didn't land as clearly as I would have liked is that we're going to deliver the investor value proposition, or our commitment is to deliver that investor value proposition even if we do serialisation plus investment. So what I mean by that is we're still going to deliver high single digits ULP growth, and we'll still deliver free cash flow before dividends of that $750 million plus.

Graham Chipchase: All good? Okay, great. Well, first of all, I want to thank a few people. So thank all of you for coming. It's been quite a long day and sitting down listening to lots of speeches and presentations, so thank you for your patience and for your questions as well. I would also like to thank Raluca and her team for making this happen because I think it's been a great venue and very well organised, so thank you Raluca very much.

I would also like to thank all the presenters. Some of them, this is not their day job, so as you can imagine, there's been a lot of work gone into getting ready for this. I'll come on to talk about culture in a minute, but inside Brambles, everyone is very competitive. So I guarantee you tonight, there will be a lot of debates about how is it that JJ was the only – and Marisa were the only ones who got a round of applause at the end of their presentation.

So just a few key points to wrap up. First one is that I hope it's really clear that the transformation we've been on has made the Company much more resilient and much more agile, both commercially and operationally. That's, for me, is a really key thing that's different about Brambles today than even 10 years ago.

The other thing is about culture. Tyler, I think, embodied the culture we have here, which is very passionate, really focused on people. If I talk about it a bit more broadly, we are very customer-centric now. I don't think that was always the case, but I think we are now. We've always been very collaborative, and I hope again that's come out in a number of comments from the various presenters about how they're collaborating within the business, across the globe, around Brambles. We're very results driven, and we're very aspirational.

So one of the things I think has been great over the last three or four years is when we started off with Shaping Our Future, everyone was a bit nervous about some of the targets we had, and you can see through what we said at last Investor Day, we have gone through those targets and we have beaten them. I think that's a really great thing that we're trying to encourage people to think about, what if everything does go right? What could we really be?

Now, that doesn't necessarily mean we're going to tell you guys that, because that's – you wouldn't expect us to do that. Well, you might, but it's not going to happen. I think that culture of always trying to exceed and always trying to go after targets and go beyond them is really something that's in the business now, which I think is fantastic.

Very transparent, so yes, we don't give the cycle times and the other things you'd like, but by and large I think the scorecard we put out has been really good because it covers the whole breadth of the business and we're very clear about it. When things, like for example, the fact that maybe we got the metric wrong about end-to-end automation, we didn't change the goalposts. We said, look, we haven't got it – haven't got the number, but here's why you shouldn't worry about it.

I think finally within the culture, what I love is there's massive engagement around sustainability and safety and you hear that from everybody and that is a very powerful thing when you're in the business and it's very powerful when you're trying to recruit people into the business as well. When it comes to the transformation, I think we're now moving away from those early days of Shaping Our Future when we're looking at the twin tracks of trying to optimise our business and doing a bit of experimentation around the transformational ideas.

We're now talking about delivery. So we're delivering for our customers, and it's driven by digital, and we are totally committed to delivering the investor value prop. I'll repeat it again, that means $750 million free cash flow, regardless of the investments we're making on things like digital. So that is what we're committing to deliver year in, year out.

One other thing, Raluca has told me to say this so she doesn't have to get up on the stage again. If you want to come for dinner tonight, then you need to be at the front of the hotel by 6:15. So with that, thank you very much for your time and look forward to seeing you later and in the bar later for those who are the bar men and women. Thank you.

[END OF TRANSCRIPT]