Breville

24 February 2015

Manager, Company Announcements,
Australian Securities Exchange Limited,
Level 4, 20 Bridge Street,
Sydney NSW 2000

Half Year Ended 31 December 2014
Investor Presentation

Attached is a copy of the Breville Group Limited Investor Presentation for the Half Year Ended 31 December 2014.

Yours faithfully

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Company Secretary
Breville Group Limited

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Breville Group Limited

HALF YEAR RESULTS FY15

INVESTOR PRESENTATION

FEBRUARY 2015

Breville

Strategic Initiatives

Group’s strategy

- firmly focused on core strategy: “Food Thinking” – creating simple moments of brilliance
- core strategic objective: delivering sustainable growth through product innovation, brand management and distribution capabilities across multiple geographies

The Group has

- continued its investment in product development with a pipeline of new products to be launched in the 2015 financial year and beyond
- completed the integration of the culinary division of PolyScience and commenced planning a widening of the product offering and distribution channels
- maintained momentum in the UK business and extended the product range
- invested in efficiency and cost improvement projects

Group Summary Result

AUDm	1H15	1H14	% Chng
Revenue	293.9	311.3	(5.6%)
EBITDA	47.2	49.1	(4.0%)
EBIT	43.6	45.6	(4.5%)
NPAT	29.7	31.2	(4.9%)
Basic EPS (cents)	22.8	24.0	(4.9%)
ROE[1]	20.3%	22.6%	
Dividend per share (cents)	14.0	14.0	
Franked (%)	100%	100%	
Net cash ($m)	11.7	9.3	

Minor differences may arise due to rounding

Key points

- Lower revenue and EBIT primarily due to softer North American segment (as foreshadowed)
- ANZ segment showing EBIT growth despite revenue decrease
- Dividend maintained
  - 1H15: 100% franked (1H14: 100% franked)
- Strong balance sheet
  - platform for growth

[1] *ROE is calculated based on NPAT for the 12 months ended 31 December 2014 (1H14: 12 months ended 31 December 2013) divided by shareholders' equity at December each year*

Financial Position at 31 December

AUDm	1H15	1H14
Inventory	**97.1**	91.7
Receivables	**133.0**	139.9
Trade and other payables	**(93.6)**	(95.3)
Working Capital	**136.5**	136.3
Fixed assets	**8.7**	4.8
Intangibles	**84.9**	73.8
Other assets/(liabilities) (net)	**(9.1)**	(6.1)
NET ASSETS EMPLOYED	**221.0**	208.8
Cash (net)	**(11.7)**	(9.3)
Shareholders' equity	**232.7**	218.1
CAPITAL EMPLOYED	**221.0**	208.8

Minor differences may arise due to rounding

Key points

- Translation impact: weakening AUD
- Working capital steady on prior year
  - Inventory: net increase – retailers holding lower inventory and low pcp North American juicer stock holding
  - Receivable: net decrease – softer North American revenues
- Efficiency and cost improvement capital expenditure projects (impacting fixed assets and intangibles):
  - expected total spend est. $11.0m (approx. just over half incurred by 1H15)
  - leased offices (corporate head office and Australia business unit)
  - Group-wide ERP system
- Intangibles impacted by PolyScience acquisition - $8.3m (goodwill and customer relationships)
- Cash position remains strong
- Gearing remains nil

Operating Segments

Operating segments

Australia and New Zealand (ANZ)

- Breville brand – premium kitchen segment
- Kambrook brand – broader range including irons, vacuums, heating and cooling
- Philips^ brand – personal and garment care

North America

- Breville brand - premium kitchen channels and own online retail platform

Rest of World

- Sage brand (UK) – premium kitchen channels and own online retail platform
- Europe (excluding UK) – non-Breville branded 3rd party strategic partners supplied from Hong Kong
- Africa, Middle East, Asia and South America – Breville branded 3rd party distributors supplied from Hong Kong

^ *Philips products are distributed under a Distribution Agreement*

Segment Results

AUDm	REVENUE			EBIT		
	1H15	1H14	**% Chng**	**1H15**	1H14	**% Chng**
Australia and New Zealand (ANZ)	**142.9**	144.6	**(1.2%)**	**16.3**	16.1	**1.4%**
North America	**116.0**	130.0	**(10.8%)**	**20.6**	22.8	**(9.4%)**
Rest of World	**35.1**	36.6	**(4.3%)**	**8.8**	9.5	**(7.3%)**
Other	**-**	-	**-**	**(2.2)**	(2.8)	**-**
TOTAL	**293.9**	311.3	**(5.6%)**	**43.6**	45.6	**(4.5%)**

Minor differences may arise due to rounding

Key points

- ANZ: EBIT increase driven by pricing, sales mix and cost savings, despite USD continuing to strengthen during the period
- North America: Sales and EBIT lower due to juicing category. Positive double digit revenue growth in other categories for the half
- Rest of World: UK business exceeded expectations. Lower revenues in the rest of world distribution business were partially offset by higher UK revenues
- Other: Lower employee short term incentive expense offsetting lower intra-group revenues and non-stock foreign exchange loss

Australia and New Zealand (ANZ)

AUDm	1H15	1H14	% Chng
Revenue	142.9	144.6	(1.2%)
EBITDA	16.9	16.6	1.8%
EBIT	16.3	16.1	1.4%
EBIT %	11.4%	11.1%	

Minor differences may arise due to rounding

Key points

- Tough retail conditions continuing – negative consumer confidence
- Pleasing first half performance – EBIT growth despite reduced revenues
- Improved EBIT margin – price increases, positive brand sales mix and cost efficiency savings more than offsetting the strengthening USD
- Revenues lower by 1.2% compared to a robust pcp
- Market share strength in the kitchen domestic appliance market maintained in the half in both the Australian and New Zealand markets

North America

AUDm	1H15	1H14	% Chng
Sale of goods	**115.7**	128.7	**(10.1%)**
Commission income	**0.3**	1.3	**(76.4%)**
Revenue	**116.0**	130.0	**(10.8%)**
EBITDA	**20.8**	22.9	**(9.3%)**
EBIT	**20.6**	22.8	**(9.4%)**
EBIT %	17.8%	17.5%	

Minor differences may arise due to rounding

Key points

- Lower revenues in line with expectations given exceptionally strong juicing performance in 1H14. Double digit revenue growth in other categories
- Juicing category continues to re-set - expected to stabilise over the second half of the 2015 financial year
- Revenues in other categories benefited from new product launches (including those launched in the latter part of the 2014 financial year and the new PolyScience range of products)
- EBIT decrease due to fall in juicer revenue which was only partially offset by the increased EBIT from other categories

Rest of World

AUDm	1H15	1H14	% Chng
Revenue	35.1	36.6	(4.3%)
EBITDA	8.9	9.6	(7.1%)
EBIT	8.8	9.5	(7.3%)
EBIT %	25.2%	26.1%	

Minor differences may arise due to rounding

Key points

- UK business exceeded expectations – revenues from this business representing approximately 30% of segment revenues (pcp approximately 20%)
- UK double digit revenue growth not large enough to offset lower revenues from the Hong Kong rest of world distribution business
- Lower purchasing by European partners – very strong in 1H14
- Lower EBIT margin due to mix – UK EBIT margin lower than Hong Kong based rest of world distribution business given its in-market infrastructure

New product launches

Upcoming Product Launch

A flagship multi cooker with automated steam release, temperature and pressure based on selected foods…

The combination pressure and slow cooker that knows the time, temperature and pressure different foods need.

Hands-free steam release automatically varies across foods to maximise flavour and texture.

Upcoming Product Launch

A flagship hand mixer that automatically adjusts speeds depending on what beaters are engaged and scrapes the bowl without causing noise or scratches

CEO Appointment and Outlook

CEO appointment:

- Discussions with a potential candidate progressing well – expect to make a formal announcement shortly

Outlook:

- Broader business conditions expected to continue to be globally challenging and competitive in the second half of the 2015 financial year
- Group currently expects to deliver mid to high single digit EBIT growth in the second half of the 2015 financial year compared to the prior comparative period[2]

[2] This guidance is based on a number of assumptions including there being no significant change in the Group's current expectations of economic conditions and no significant change in prevailing foreign exchange and interest rates