25 February 2016

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

Half Year Ended 31 December 2015
Half Year End Report Announcement

Attached is a copy of the Breville Group Limited Half Year End Report Announcement for the Half Year Ended 31 December 2015.

Yours faithfully

Sasha Kitto
Company Secretary
Breville Group Limited

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We are FOOD THINKERS.

Breville

25 February 2016

Breville Group Limited results – half year ended 31 December 2015

Revenue increase of 12.7% to $331.2m
EBIT increase of 5.7% to $46.1m
Interim dividend increased to 14.5 cps (75% franked)

Group summary result

AUDm[1]	1H16	1H15	% Chng
Revenue	**331.2**	293.9	**12.7%**
EBITDA	**50.7**	47.2	**7.4%**
EBIT	**46.1**	43.6	**5.7%**
NPAT	**30.8**	29.7	**4.0%**
Basic EPS (cents)	**23.7**	22.8	**4.0%**
ROE[2] (%)	**19.4%**	20.3%	
Div per share - ordinary (cents)	**14.5**	14.0	**3.6%**
Franked (%)	**75%**	100%	
Net cash ($m)	**3.0**	11.7	

- Group revenue and EBIT growth continues
- Continued global revenue growth from Breville designed and developed products
- North American segment performed strongly, delivering 10.9% constant currency revenue growth
- The strengthening USD and challenging marketplace have adversely impacted the ANZ segment
- UK business continues to demonstrate solid growth, Rest of World distribution business revenues adversely impacted, in part, by the effects of a strengthening USD
- Dividend increased to 14.5 cents per share, 75% franked
- Group has refined its strategic direction with management now focused on implementation

Commenting on the Group's result, Breville Group CEO, Jim Clayton said, "*I am pleased that the positive momentum of 2H15 from Breville designed and developed product has continued into the first six months of the 2016 financial year. During the half year, the Group has commenced executing its recently refined strategic direction, including identifying areas of opportunity for accelerated growth.*"

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Segment results

AUDm[1]	REVENUE 1H16	1H15	% Chng	EBIT 1H16	1H15	% Chng
North America	**151.8**	116.0	**30.8%**	**28.8**	20.6	**39.9%**
Australia and New Zealand (ANZ)	**138.8**	142.9	**(2.8%)**	**11.3**	16.3	**(30.7%)**
Rest of World	**40.6**	35.1	**15.9%**	**11.3**	8.8	**27.7%**
Other	**-**	-	**-**	**(5.3)**	(2.2)	**-**
TOTAL	**331.2**	293.9	**12.7%**	**46.1**	43.6	**5.7%**

North America

Our North American business has continued to show strong growth with reported revenue for the half year increasing by 30.8% to $151.8m (1H15:$116.0m) compared to the prior corresponding period (pcp). In constant currency, revenue for the half grew by 10.9%.

The higher revenues were driven by sustained growth in the core categories of beverage and cooking, from both new products and the continued momentum of existing products. The juicing category stabilised during the half year.

EBIT for the half year increased by 39.9% to $28.8m (1H15: $20.6m). The increase in the North American segment EBIT margin to 19.0% (1H15: 17.8%) was driven by a more favourable product mix with higher margin products underpinning revenue growth.

ANZ

The ANZ segment experienced a challenging half year, impacted primarily by an extremely price sensitive marketplace.

Revenues of $138.8m were marginally lower (down 2.8%) than pcp (1H15: $142.9m). Similar to the North American segment, Breville designed and developed products have continued to grow, increasing 4.3% on pcp. Revenues from 'sourced products', under both the Kambrook and Breville brands, encountered declines during the half year given the competitive and price driven nature of this segment of the market.

EBIT decreased by 30.7% to $11.3m (1H15:$16.3m). A stronger USD had an adverse impact on both gross and EBIT margins, the impact of which was only partially offset by price increases, a positive sales mix shift to higher margin Breville designed and developed products, and cost efficiency savings. Further cost efficiency savings will flow through during the second half of the financial year.

Commenting on the ANZ result, Jim Clayton added "*We are currently working on a number of initiatives to improve the future profitability of our ANZ business. The benefits of these initiatives will commence in the second half of the 2016 financial year".*

Rest of World

This segment comprises the Rest of World distribution business supplied from Hong Kong as well as the Group's UK business, which distributes Breville designed and developed products under company-owned brand, Sage.

Total revenue in AUD increased by 15.9% to $40.6m (1H15:$35.1m). In constant currency, revenues were marginally lower than pcp. Lower Rest of World distribution business revenues in constant currency in the half were partly offset by higher constant currency revenues from the UK business, which continues to build momentum and report solid growth.

The Rest of World distribution business revenues were adversely impacted by certain distribution partners' markets being materially exposed to the effects of a strengthening USD, which in part was offset by revenues from new distribution partners.

EBIT in AUD increased by 27.7% to $11.3m (1H15: $8.8m). In constant currency, EBIT was also higher due to the segment experiencing improved EBIT margins in the half, compared to the pcp. Both the Rest of World distribution business and UK business achieved improved margins primarily due to a positive product mix change.

Other

The Group's Other reporting segment comprises the Group's shared service facility, design and development, and global marketing functions as well as the depreciation/amortisation charge on Group assets including capitalised product development projects.

The change from the pcp is attributable to higher employee related expenses (mainly the short term and long term incentive expense) and increased depreciation/amortisation expenses relating to new Group assets. These increases have been slightly offset by a lower adverse currency translation impact relating to non-stock related USD payables.

Working capital

The Group's peak investment in working capital usually occurs in December. The total investment in working capital has increased compared to that of the pcp, driven primarily by higher inventory balances.

Inventory balances at 31 December 2015 of $115.1m (1H15:$97.1m) were $18.1m higher than pcp, of which approximately $4.1m is due to the translation effect at balance sheet date. Part of the remaining increase is attributable to the increase in inventory landed cost when converting USD denominated purchases into local currency and a wider SKU range.

The Group is currently in the process of implementing a global 'sales and operations planning' (S&OP) process, the benefits of which will begin to flow through within the next twelve months.

Receivables compared to the pcp were $4.5m higher, most of the increase being due to the translation effect of a weaker AUD at balance sheet date compared to the pcp.

Net cash at 31 December 2015 was $3.0m compared to $11.7m at the same time last year. The translation effect of a weaker AUD negatively impacted the net cash balance by approximately $2.1m. As previously highlighted, net cash has also been impacted by the investment in capital expenditure projects completed in the second half of the 2015 financial year. These projects included the relocation of the Sydney-based Australian business and corporate head office and the implementation of the new ERP system in ANZ.

Net cash flows used in operating activities of $6.1m were marginally better than the pcp (1H15: $6.9m).

Dividends

A partially franked interim dividend of 14.5 cents per share (75% franked) has been declared (1H15: 14.0 cents, 100% franked). This interim dividend will have a record date of 17 March 2016 and will be payable on 7 April 2016.

The Directors have resolved to continue to suspend the operation of the Dividend Reinvestment Plan.

The ongoing contribution of the international businesses will continue to impact the extent to which the Group is able to frank future dividends.

Outlook

Given the continued sporadic business conditions across the globe, the Group believes future financial performance will be relatively more unpredictable.

The Board and management, however, are encouraged by the first half performance and assuming no significant change in current economic conditions in the Group's major trading markets, the Group expects FY16 EBIT percentage growth on FY15 in the mid-single digits.

Group Strategy Update

During the last six months, the Group has been working on an assessment and refinement of its strategic direction.

Many of the ingredients for the strategic direction are already in place. The Group has:

- A strong and competitive product portfolio with proven success across the globe;
- A committed, quality team;
- An R&D culture that focuses on consumer needs and food challenges when developing new products, enabling the Group to maintain its premium product and market positioning;
- A track record of delivering growth outside of the ANZ region; and
- A strong balance sheet which provides a platform for future investment.

Currently, the Group is executing two distinct go-to-market models:

- A '*global*' go-to-market model, with a premium position in the kitchen appliance categories, selling globally primarily under the Breville and Sage brands; and
- A '*local*' go-to-market model in ANZ, selling through multiple brands, across multiple categories, at a full range of price points, from kitchen appliances to personal care and garment care.

From an EBIT perspective, approximately 95% of the 2015 financial year EBIT was generated from the '*global*' go-to-market model. There is a significant opportunity for the Group to build upon this success.

The Group has identified and is currently working on the following key strategic pillars:

Transition into a global, innovation-driven product company
The Group will complete this transition by:

- Increasing the number of new global product releases;
- Shortening development cycles and accelerating new product introductions;
- Increasing the investment in R&D and marketing, which will be funded by cost efficiencies; and
- Aligning the Group behind the two distinct go-to-market models.

Market expansion and optimisation
The Group will focus on accelerating growth by increasing the size of its addressable market by:

- Improving go-to-market and geographic footprint effectiveness;
- Expanding into new channels where appropriate, driving greater penetration into existing markets; and
- Helping our distribution partners grow more quickly.

Scalable, global platform
To support accelerated growth, the Group needs a corporate platform designed to scale efficiently and effectively. Delivering against this requirement, the Group is transitioning from its historical, decentralised structure into a functional, global model, and, where appropriate, it is up-skilling key capabilities.

A scalable, global platform will require the granular management of global product flow (inventory management) and the need for a Group-wide business application stack, giving 360^0 visibility of our customers and common visibility across the Group (ERP, Customer Relationship Management (CRM), eCommerce, S&OP).

In the last six months the Group has taken the following steps towards its strategy:

- Rolled out a global, functional organisation structure;
- Hired a Chief Operating Officer (LA based) and global Go-To-Market Officer (Sydney based);
- Adjusted resource allocation to accelerate the development of key new products and added resources to the R&D team, including Internet of Things;
- Commenced allocating marketing spend based on global level optimisation vs. the individual country level;
- Commenced the implementation of a global S&OP process; and
- Continued the roll out of a Group-wide application stack.

Measuring success
As the Group progresses through its strategic transformation as highlighted above, the following key metrics will measure its success:

- Inventory: The new S&OP process is currently in the implementation phase. The beginnings of its impact on the Group's inventory level should appear in the first half of the 2017 financial year, with the full run-rate benefit being realised by the end of the 2018 financial year;
- Cost structure re-allocation: On a reporting basis, the shift in expenditure should begin to reflect itself in the 2017 financial year and will continue to evolve until an optimal level is reached (e.g. appropriate level of R&D and marketing spend as a percent of net sales). Increased R&D expenditure will appear in both expense and amortisation. IT system investment will be funded through both operating and capital expenditure;
- Growth rate acceleration: Subject to market conditions, this is expected to commence in the 2018 financial year and continue to move in a positive direction thereafter.

For further information, please contact:
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[1] *Minor differences may arise due to rounding.*

[2] *ROE is calculated based on NPAT for the 12 months ended 31 December 2015 (1H15: 12 months ended 31 December 2014) divided by shareholders' equity at 31 December.*