



25 August 2016

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

**Year Ended 30 June 2016
Investor Presentation**

Attached is a copy of the Breville Group Limited Investor Presentation for the Year Ended 30 June 2016.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Sasha Kitto', is positioned above the typed name.

Sasha Kitto
Company Secretary
Breville Group Limited

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We are **FOOD THINKERS.**

Breville Group Limited

YEAR END RESULTS FY16
INVESTOR PRESENTATION

August 2016



Group Summary Result

AUDm	FY16	FY15	% Chng
Revenue	576.6	527.0	9.4%
EBITDA	83.4	77.0	8.3%
EBIT	73.7	69.6	5.9%
EBIT margin (%)	12.8%	13.2%	
NPAT	50.2	46.7	7.5%
Basic EPS (cents)	38.6	35.9	7.5%
ROE ¹ (%)	20.4%	20.2%	
Dividends per share (cents)	28.5	27.0	5.6%
• Interim	14.5	14.0	
• Final	14.0	13.0	
Net cash (\$m)	36.1	32.8	

Minor differences may arise due to rounding

Key points

- Steady growth in Group revenue and EBIT
- EBIT growth % lower than EBITDA growth % - higher depreciation and amortisation following the investment in new Group assets
- EBIT margin % impacted by increased cost in 'Other' reporting segment
- NPAT positively impacted by lower effective tax rate
- Final dividend of 14.0 cps, 70% franked
- Group successfully progressing though execution of its strategic transformation

¹ ROE is calculated based on NPAT for the 12 months ended 30 June 2016 (FY15: 12 months ended 30 June 2015) divided by shareholders' equity at 30 June

Operating Segments

Operating segments

- North America
 - Breville designed and developed product
- Australia and New Zealand (ANZ)
 - Breville designed and developed and sourced product (including Breville-Nespresso² co-branded single serve coffee machines)
 - Kambrook – sourced product with broader range including irons, vacuums, heating and cooling
 - Philips² – personal and garment care
- Rest of World
 - Sage brand (UK) – Breville designed and developed product; two European distributors operating under Sage brand
 - Europe (excluding UK) – non-Breville branded 3rd party strategic partners; product supplied from Hong Kong
 - Africa, Middle East, Asia and South America – Breville branded 3rd party strategic partners; product supplied from Hong Kong

² Nespresso products are distributed under a Licence Agreement and Philips products under a Distribution Agreement

Segment Results

AUDm	REVENUE			EBIT			EBIT MARGIN (%)	
	FY16	FY15	% Chng	FY16	FY15	% Chng	FY16	FY15
North America	251.8	203.1	24.0%	43.6	31.9	36.9%	17.3%	15.7%
Australia and New Zealand (ANZ)	242.6	245.1	(1.0%)	16.6	18.3	(9.4%)	6.9%	7.5%
Rest of World	82.3	78.8	4.3%	22.1	20.3	8.4%	26.8%	25.8%
Other	-	-	-	(8.6)	(0.9)	-	-	-
TOTAL	576.6	527.0	9.4%	73.7	69.6	5.9%	12.8%	13.2%

Minor differences may arise due to rounding

Segment Results

Key points

- North America
 - Strong growth – constant currency revenues for the year 10.3% higher
 - Ongoing positive growth since the juicing category re-set, which commenced in calendar year 2014
 - Revenue growth in core categories of beverage and cooking (from both new and existing product)
 - Improved EBIT margin driven by a more favourable product mix including new higher margin products
- ANZ
 - ANZ continues to face market challenges in the mid-market segment
 - Breville designed and developed product revenue 11.2% higher than pcp, ‘Sourced product’ revenue declining
 - Second half EBIT clawed back some of the shortfall reported in the first half
 - EBIT margin impacted by strengthened USD and inability to process price increases across the entire range
 - Sales mix to higher margin Breville products and cost efficiency savings only partially offset strong USD
 - Further improvements in market effectiveness to flow into 2017 financial year

Segment Results cont'd

Key points

- Rest of World
 - UK business under Sage brand continues its solid performance with 7.4% constant currency revenue growth
 - UK revenue increase driven by expanded customer base and wider product range
 - Lower constant currency Rest of World distribution business revenues
 - A number of distribution partners' markets being exposed to the effects of strengthening USD
 - Higher segment EBIT margin due to positive product mix change in both Rest of World distribution business and UK
- Other
 - Higher employee related expenses: mainly the Group short term and long term incentive
 - Increased depreciation/amortisation relating to new Group assets
 - Above offset partially by an over recovery of intra group charges compared to pcp

Financial Position at 30 June

AUDm	FY16	FY15
Inventory	107.7	108.3
Receivables	89.5	88.7
Trade and other payables	(74.9)	(85.2)
Working Capital	122.3	111.9
Fixed assets	11.8	12.9
Intangibles	92.1	87.4
Other (liabilities)/assets (net)	(16.3)	(13.6)
NET ASSETS EMPLOYED	209.9	198.6
(Cash) (net)	(36.1)	(32.8)
Shareholders' equity	246.0	231.4
CAPITAL EMPLOYED	209.9	198.6

Minor differences may arise due to rounding

Key points

- Working capital
 - Inventories: net decrease \$0.6m, excluding the impact of currency \$1.9m lower. Improved inventory turns compared to pcp
 - Trade and other payables: \$10.3m reduction driven by lower stock related purchases, leading indicator of new sales and operations planning (S&OP) process
 - Receivables: flat to pcp
- Intangibles – net increase \$4.8m: product development projects (\$3.8m), Computer software including the enterprise resource planning (ERP), eCommerce, S&OP (\$1.2m)
- Cash generated from operating activities \$52.3m (FY15: \$45.7m)
- Strong balance sheet

Breville Transformation Update

Transformation program outlined in February 2016 on track and further enhanced ...

Product

- Global: Seeing success in evolution of product development process
- ANZ: Aligned for portfolio acceleration

Market

- Global: Progressing with end-to-end transformation of go-to-market (GTM) execution
- Nespresso: Extended partnership to include North America

Scalable platform

- Global: S&OP implementation complete – expect the majority of the benefit to be realised in 2017 financial year, progressing on supply chain redesign
- ANZ: Australia & New Zealand now working as one ANZ entity
- Systems: Canada is now live on ERP, with the USA to follow in September. Implementation of systems supporting platform progressing on plan

Product: Transformation Process



Public Launch: ≈ October 2016

- Will deliver the best quality outcome of any product in its category

“Shortening development cycles and accelerating new product introductions”

- Revenue acceleration through transformation:
 - Original target release date, Sep. 2017, new release date - Oct. 2016
 - First at scale, simultaneous launch: Australia, New Zealand, US and Canada
 - First launch that will include a distribution partner
 - Will be Breville’s first **“Product Launch”** vs. **“Product Release”**

Product: Innovation Pipeline



- The Control Freak™ is an example of the strength of Breville’s innovation pipeline
- The world’s first induction cooker that can set and hold temperatures from 30°C - 250°C in 1°C increments for any length of time

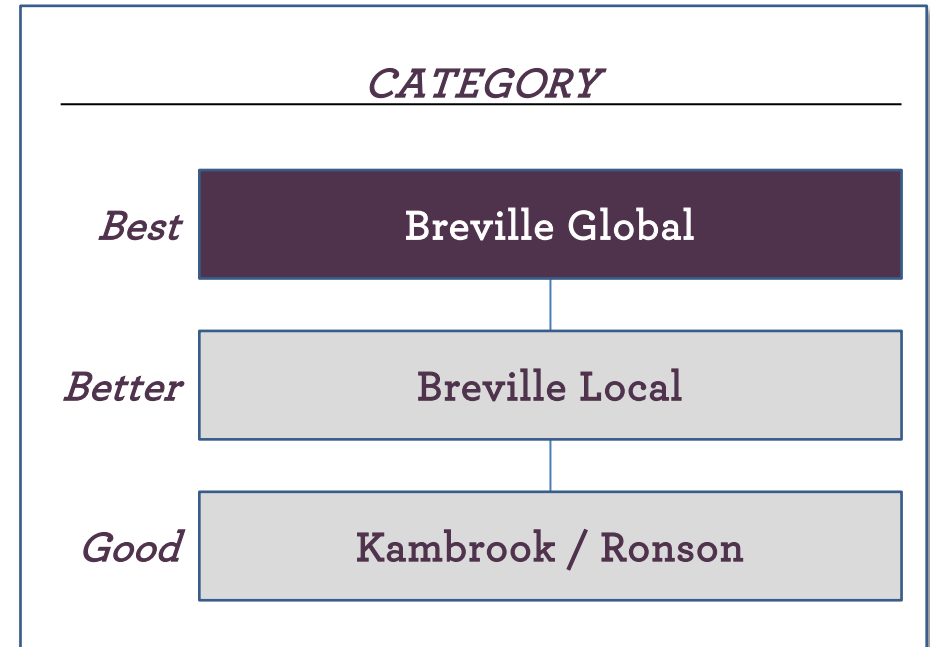
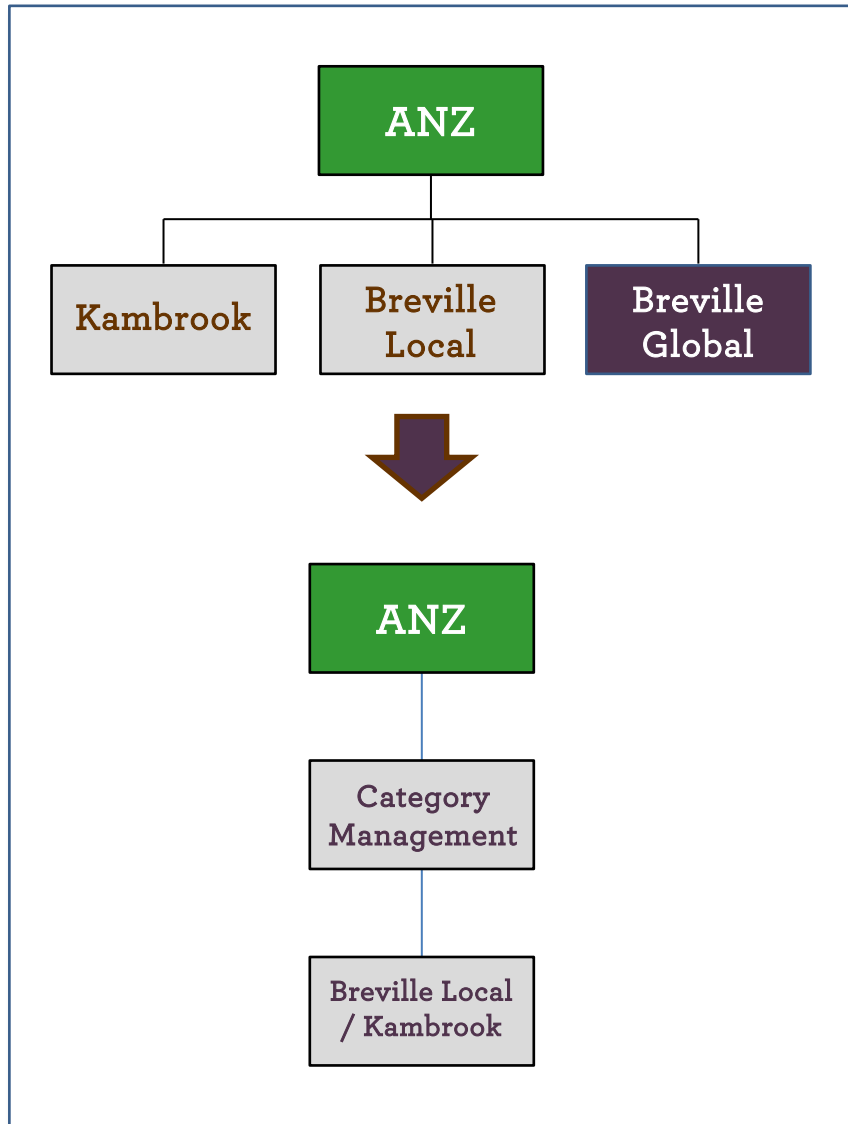
Restaurant	Chef	Location
The Fat Duck ***	Heston Blumenthal	London
The French Laundry / Per Se ***	Thomas Keller	Napa Valley / New York
Grace ***	Curtis Duffy	Chicago
Boka *	Lee Wolen	Chicago
Rockpool / Missy French	Neil Perry	Sydney
The Test Kitchen	Luke Dale Roberts	Cape Town
Joe Beef	David McMillian	Montreal
Alter Restaurant	Brad Kilgore	Miami
Coquette	Michael Stolzfus	New Orleans

* Michelin star rating

“The innovators at Breville and PolyScience have raised the bar for induction cooking with The Control Freak™. We have been using it daily in the commis kitchen at The French Laundry and it has performed flawlessly; better than any induction cooking system we have used to date... The Control Freak™ [is] the new gold standard for induction cooking.”

Thomas Keller, The French Laundry

Product: ANZ Business Unit



- Accelerate introduction of new products
- Better alignment of portfolio with retailer & customer needs

GTM: Effectiveness & Expansion

Sales force effectiveness

- Completed multi-country FY16 pilots
- Realigned sale force for FY17 – at scale pilots

Go to market

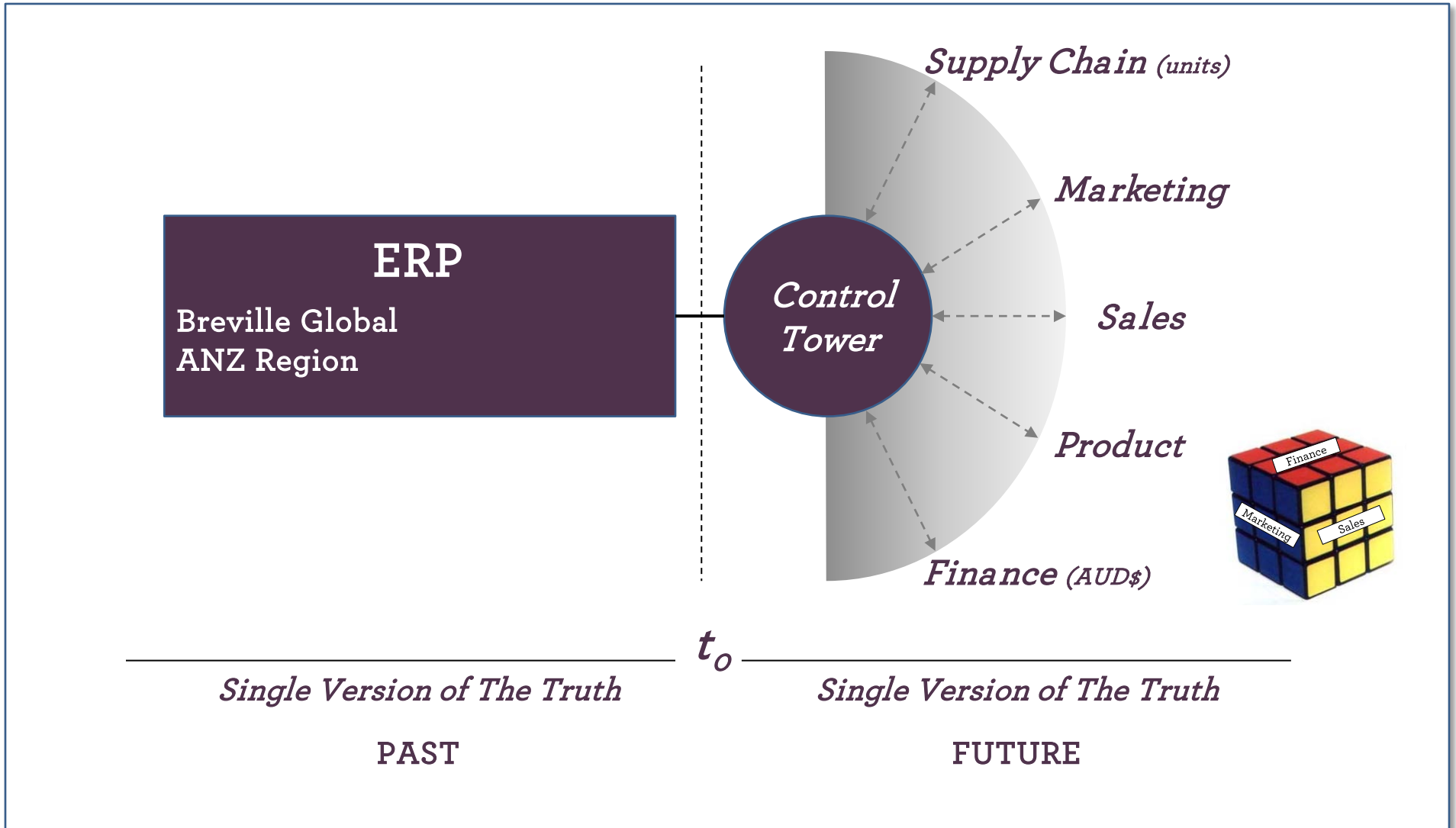
- Kicked off global, end-to-end project for redesigning our go-to-market
- Support omni-channel approach through each phase of customer decision and post-decision cycle

Rest of world

- Piloting market-back pricing model with partners
- Realigning supply chain to overcome existing minimum order quantities (MOQ) challenge for partners

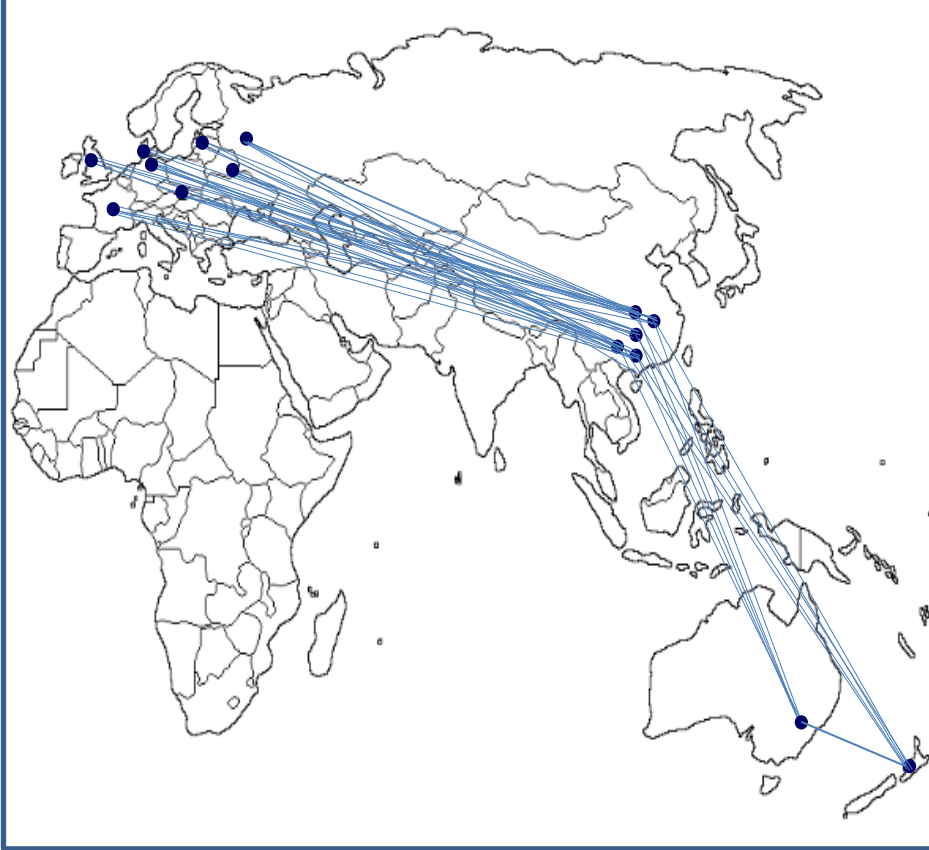


Scalable Platform



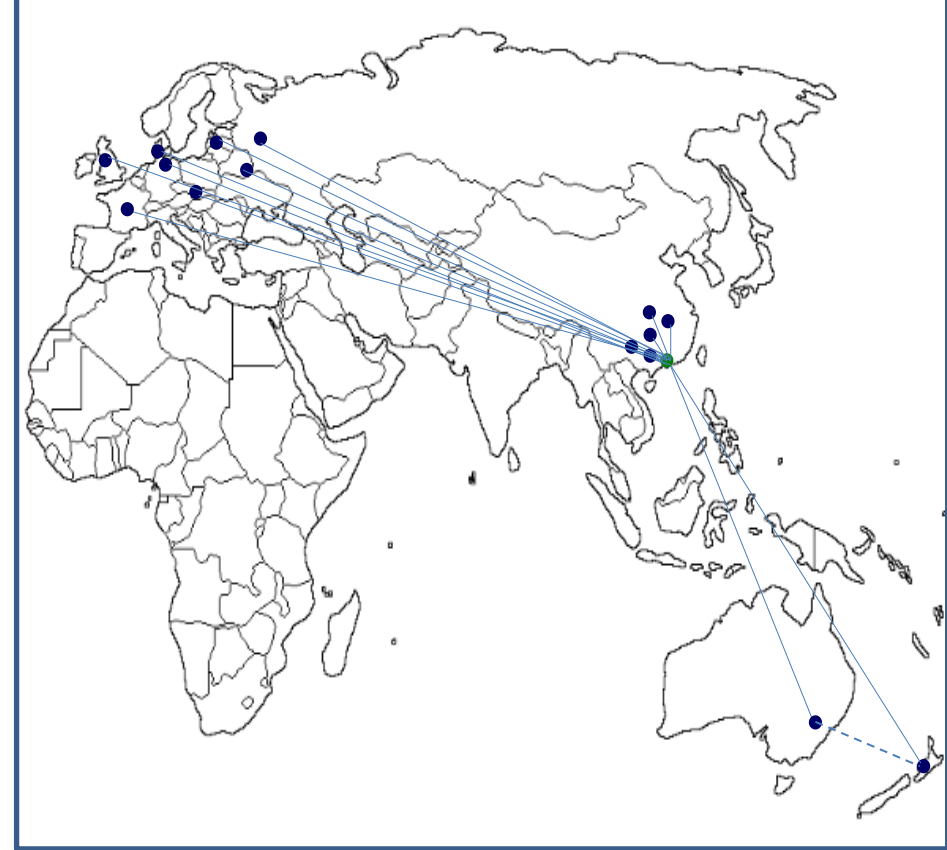
Scalable Platform

Current Supply Chain



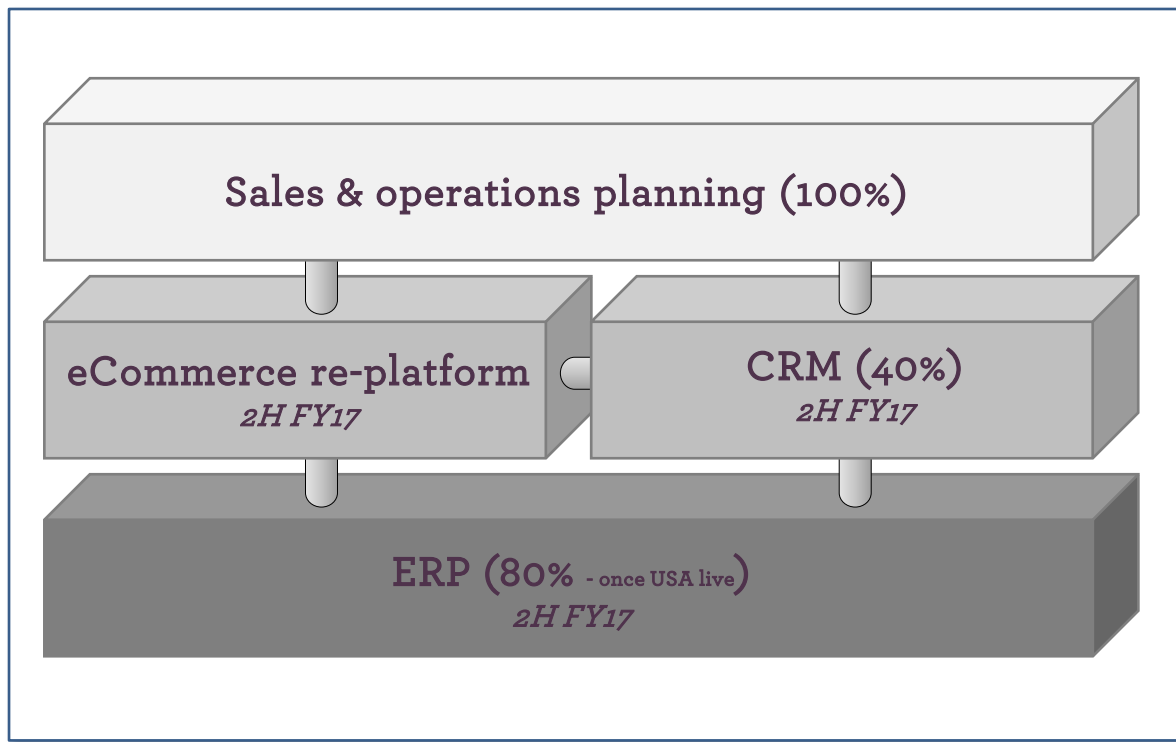
- *Point-to-Point – 200,000 combinations*

Consolidation Warehouse



- *2,000 Combinations (100x)*
- *Alleviates minimum order quantity challenge, mixed container*

Scalable Platform



Sales & operations planning

- Implementation complete

eCommerce re-platform

- Currently in process

Customer relationship management (CRM)

- US/Canada live, ANZ & UK in process

ERP

- ANZ & Canada live, USA live September, UK and HK to follow

By the end of 2H FY17, entire company will be on a single, global application stack

Transformation: Next Steps

Scalable platform

- Infrastructure on track ... finish implementations
- Organisational learning to work effectively in new model

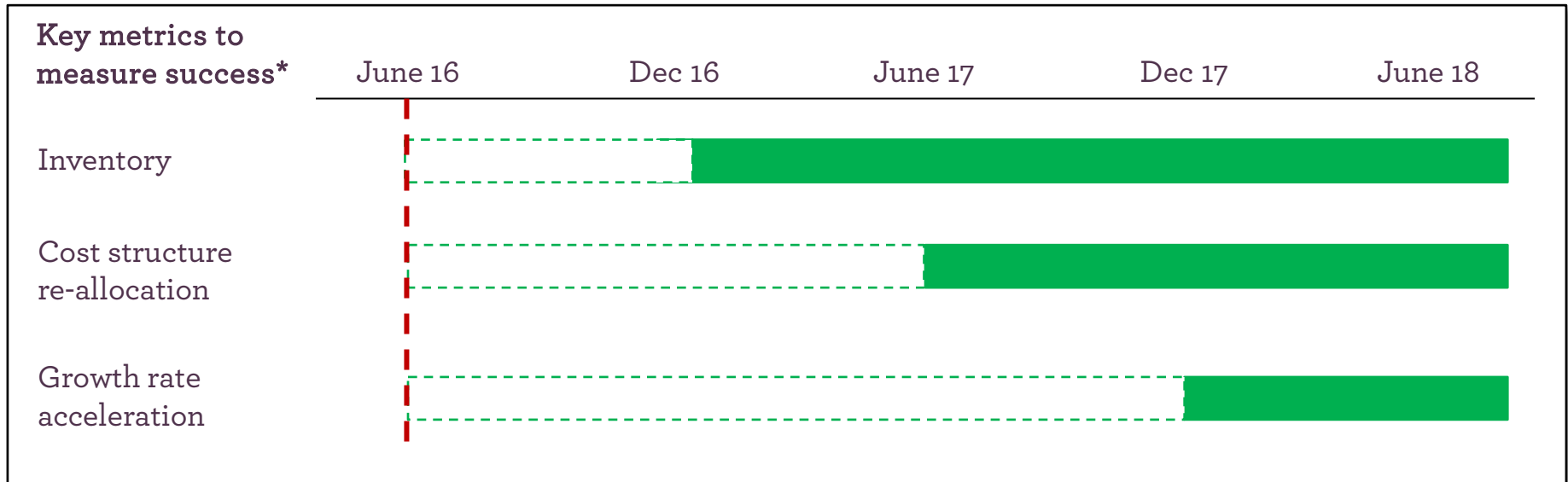
Product / go-to-market levers

- Continue to work on new product process acceleration, building on early success
- Execute go-to-market redesign: omni-channel

Fix business model

- Primary focus of next phase
- Need to migrate spend into marketing and R&D (from 8.4% to 12% of net sales)

Transformation Scorecard



Inventory

- Slightly improved inventory turns FY16 vs. FY15
- Trade payables reduction leading indicator of change, results beginning 1H FY17

Cost structure re-allocation toward marketing and R&D

- Expect to see some improvement in FY17 vs. FY16

Growth rate acceleration

- FY16/FY15 EBIT growth of 5.9% compared to FY15/FY14 decline of (1.2%)

* This is the same metrics scorecard presented at the 1H Results FY16 Investor Presentation

Outlook

- The Board and management are encouraged by the full year financial performance of the Group.
- The 2017 financial year is expected to be challenging as the Group progresses through the execution of its transformation plan and anticipates global business conditions to be increasingly challenging and competitive.
- With a strong balance sheet, an increasing international presence, and continuing along its strategic transformation, the Group remains well placed to take advantage of future opportunities.