



23 February 2017

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

**Half Year Ended 31 December 2016
Investor Presentation**

Attached is a copy of the Breville Group Limited Investor Presentation for the Half Year Ended 31 December 2016.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Sasha Kitto'.

Sasha Kitto
Company Secretary
Breville Group Limited

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We are **FOOD THINKERS.**

Breville Group Limited

HALF YEAR RESULTS FY17 INVESTOR PRESENTATION

February 2017



Group Summary Result

AUDm	1H17	1H16	% Chng
Revenue	339.2	331.2	2.4%
EBITDA	54.2	50.7	7.0%
EBIT	49.1	46.1	6.7%
EBIT margin (%)	14.5%	13.9%	
NPAT	33.7	30.8	9.4%
Basic EPS (cents)	25.9	23.7	9.4%
ROE ¹ (%)	20.1%	19.4%	
Dividend per share (cents)	15.5	14.5	6.9%
Franked (%)	60%	75%	
Net cash (\$m)	32.7	3.0	

Key points

- Group revenue 5.6% higher in constant currency
- EBIT growth trend continues, increasing 6.7% (1H16: 5.7% increase)
- EBIT margin % improvement - reflecting a greater proportion of higher margin Global Product segment revenue
- NPAT positively impacted by both lower finance costs and lower effective tax rate
- Interim dividend of 15.5 cps, 60% franked
- Group continues to make progress through its strategic transformation
- Strong cash flow generation due to improved operating performance and significant reduction in working capital

Minor differences may arise due to rounding

¹ ROE is calculated based on NPAT for the 12 months ended 31 December 2016 (1H16: 12 months ended 31 December 2015) divided by shareholders' equity at December each year

Reporting Segments

Historical Reporting segments

North America

- Breville designed premium kitchen products

Rest of World

- UK: Breville designed premium kitchen products sold direct under Sage brand
- Europe, Africa, Middle East, Asia and South America: Breville designed premium kitchen products sold through 3rd party strategic partners under Breville, Sage, or 3rd party brand

Australia and New Zealand (ANZ)

- Breville designed premium kitchen products
- Mid-market sourced product sold under Breville and Kambrook brands
- Breville-Nespresso co-branded single serve coffee machines¹
- Phillips brand – personal and garment care²

New Reporting segments

Global Product Segment

- Breville designed and developed premium kitchen products sold throughout the world (North America, ANZ, ROW)

Distribution Segment

- 3rd party designed and developed products
 - Mid-market products sold in ANZ under Breville and Kambrook brands
 - Breville-Nespresso co-branded single serve coffee machines sold in ANZ and North America¹
 - Phillips branded personal and garment care products sold in ANZ²

¹ Nespresso products are sold pursuant to a License Agreement. This agreement was expanded to include North America in which distribution will begin 2H17.

² Philips products are distributed under a Distribution Agreement, which expires in May 2017.

Segment Results

AUDm	REVENUE			EBIT			EBIT MARGIN (%)	
	1H17	1H16	% Chng	1H17	1H16	% Chng	1H17	1H16
Global Product	264.8	245.1	8.0%	45.9	41.0	12.0%	17.3%	16.7%
<i>% Change CC*</i>			12.9%					
Distribution	74.3	86.1	(13.7%)	3.3	5.1	(36.0%)	4.4%	5.9%
TOTAL	339.2	331.2	2.4%	49.1	46.1	6.7%	14.5%	13.9%

Minor differences may arise due to rounding

**CC - Constant Currency*

Key points

- Global Product segment grew 12.9% in constant currency (1H17/1H16) with a slight improvement in EBIT margin
- Distribution segment top line continued to decline due to reduced revenue from discount retailers, but given margin profile, this had minor impact on the overall Group EBIT
- Global Product segment represented 93.4% of Group EBIT for 1H17 (1H16: 89.0%)

Segment Results cont'd

AUDm	GLOBAL PRODUCT SEGMENT REVENUE			
	1H17	1H16	% Chng \$A	% Chng *CC
North America	159.4	151.8	5.0%	10.0%
Australia and New Zealand (ANZ)	63.3	52.7	20.1%	19.6%
Rest of World	42.2	40.6	3.7%	14.8%
TOTAL	264.8	245.1	8.0%	12.9%

Minor differences may arise due to rounding

**CC - Constant Currency*

Key points

The Global Product segment showed double digit revenue growth across all Regions in constant currency.

- North America continued its double digit growth profile
- ANZ led the geographic regions with a 19.6% increase in constant currency over 1H16
- ROW, which has a “lumpy” revenue profile, grew 14.8% in constant currency vs. 1H16. It is expected ROW will have a marginally lower growth rate for the full financial year. The UK grew 17.2% in constant currency

Financial Position at 31 December

AUDm	1H17	1H16
Inventory	91.8	115.1
Receivables	158.4	140.1
Trade and other payables	(107.0)	(96.4)
Working Capital	143.1	158.8
Fixed assets	11.3	12.4
Intangibles	96.5	89.0
Other assets/(liabilities) (net)	(19.1)	(16.3)
NET ASSETS EMPLOYED	231.8	243.9
(Cash) (net)	(32.7)	(3.0)
Shareholders' equity	264.5	246.9
CAPITAL EMPLOYED	231.8	243.9

Minor differences may arise due to rounding

Key points

- Inventory: Reduction primarily due to the realisation of benefits from the global sales and operations planning (S&OP) process implemented in 2H16
- Receivables: Increase driven by a stronger sales in Q2 FY17 vs. Q2 FY16
- Trade and other payables: Majority of the increase is due to increased stock turns as well as the timing of customer incentive allowance payments
- Intangibles: Increase driven by investments in product development projects and global IT systems
- Operating activities in the current half generated net cash of \$23.9m which compares to a \$6.1m net cash reduction in the pcip

Transformation Program Update (Product)

- Creatista launched 1 year ahead of schedule and trading well
- 2nd acceleration product launching in Australia in March 17. Product team pulled in launch by 6 months



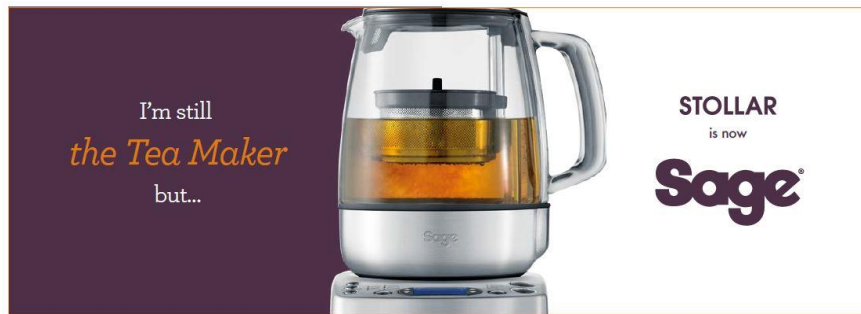
The Oracle Touch

Barista-quality coffee from a next generation super-automatic machine

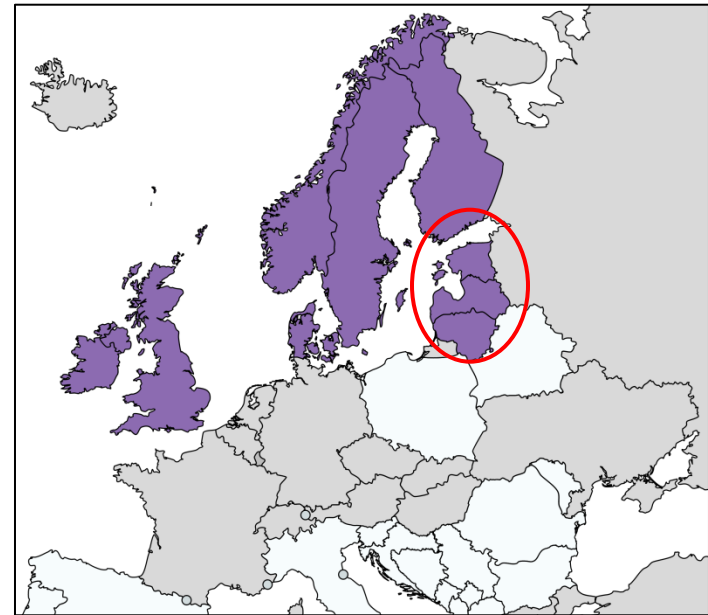
- Intuitive, swipe-and-select touch screen with menu of café favourite recipes
- Ability to create and save “custom” drinks
- Improved barista-quality automatic milk texturing system

Transformation Program Update (Market)

- Since reporting date, commenced shipping Nespresso products in North America (under expanded License Agreement)
- Multi-country marketing programs executed through Christmas period
- Launch process becoming more systematic
- Executed “Sage” brand transition in the Baltics



- Launch Event with Heston Blumenthal in Riga, Latvia
- Range in Baltics extended by approximately 40%

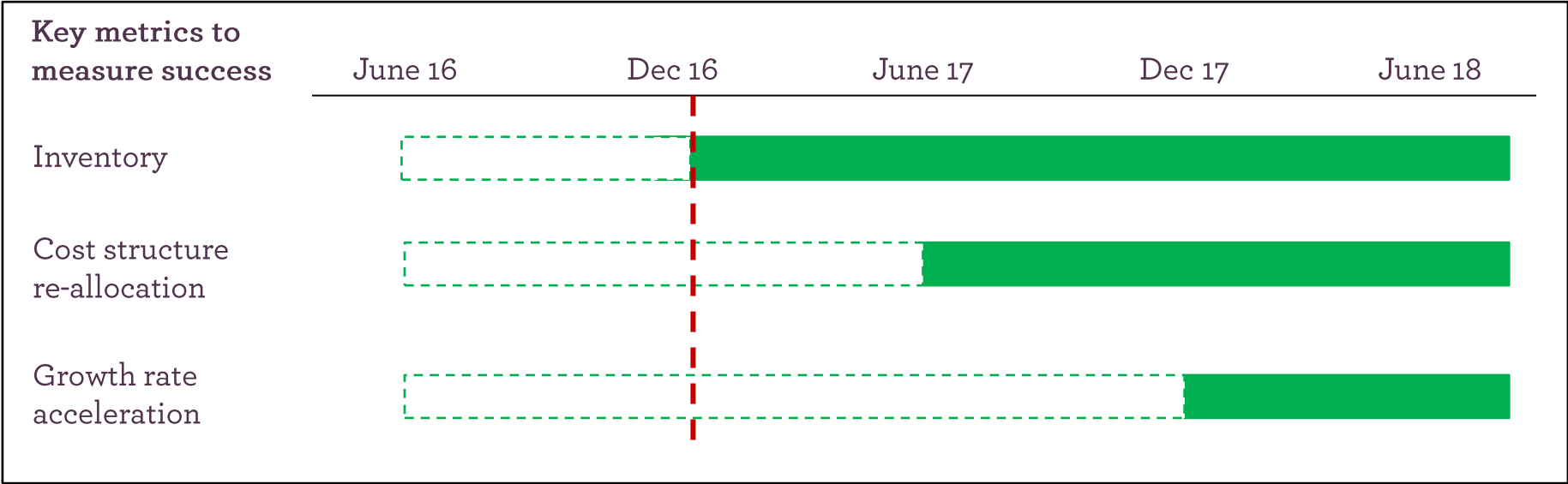


Transformation Program Update (Platform)

- All regional markets on ERP, remaining component is Hong Kong
- Consolidation warehouse implementation after Hong Kong ERP goes live
- Global CRM rollout in process
- Ecommerce launch by end of FY17
- 80% of stock purchases now under supplier contract
- Beginning Supply Chain Flow Model 2.0



Transformation Scorecard



Transformation Program Performance

Inventory

AUDm	Dec 16	Dec 15	% Change
Revenue (trailing twelve months)	584.5	564.3	3.6%
Cost of sales ¹ (trailing twelve months)	349.2	339.2	2.9%
Inventory	91.8	115.1	(20.3%)
Inventory as % of cost of sales	26.3%	33.9%	

¹ Cost of sales comprises only the cost of inventory

- Revenue (on a trailing twelve month basis) increased by 3.6% while inventory fell by 20.3%
- Released \$23.3M from working capital
- On track to spend \approx 9.5% on Marketing and R&D as a percent of revenue (FY16: 8.4%), while absorbing FX impacts and growing EBIT
- Transformation target of 12.0%+
- EBIT grew 6.7% 1H17/1H16 vs. 5.7% for 1H16/1H15

Marketing / R&D

EBIT Growth

Outlook

- The Board and management are encouraged by the first half performance as well as the progress of the transformation program
- Assuming no significant change in current economic conditions in the Group's major trading markets, we currently expect the EBIT growth rate in the second half of the 2017 financial year to be generally consistent with the first half of the 2017 financial year