

Breville

20 February 2013

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

**Half Year Ended 31 December 2012
Half Year Report Announcement**

Attached is a copy of the Breville Group Limited Half Year Report Announcement for the Half Year Ended 31 December 2012.

Yours faithfully



Mervyn Cohen
Company Secretary
Breville Group Limited

Telephone: (02) 9384 8100

20 February 2013

Breville Group Limited results - half year ended 31 December 2012

EBITDA increased by 10.1% to \$49.7m

Net profit after tax increased by 7.8% to \$31.7m

Interim dividend increased by 12.0% to 14.0 cps

Group summary result

AUDm	1H13	1H12	% Chng
Revenue	264.4	233.6	13.2%
EBITDA	49.7	45.2	10.1%
EBIT	46.1	41.8	10.2%
NPAT	31.7	29.4	7.8%
Basic EPS (cents)	24.4	22.6	7.8%
ROE (%) ¹	24.8%	22.7%	
Div per share (cents)	14.0	12.5	12.0%
Net cash/(borrowings) (\$m)	30.2	23.6	

Minor differences may arise due to rounding

Breville Group Limited today reported a 7.8% increase in NPAT to \$31.7m (1H12: \$29.4m) for the half year to 31 December 2012. This earnings growth was driven by the Group's international businesses supported by a solid performance in Australia.

Consistent with guidance provided at the Annual General Meeting in November 2012, Group EBITDA increased by 10.1% to \$49.7m on the previous corresponding period.

NPAT and EPS grew at a slightly lower rate than EBITDA as a result of a higher effective tax rate flowing from the changing geographical split of the Group's earnings.

Group revenue in AUD was \$264.4m representing a 13.2% increase on the previous corresponding period.

¹ ROE is calculated based on NPAT for the 12 months ended 31 December 2012 (1H12: 12 months ended 31 December 2011) divided by shareholders' equity at December each year

CEO, Jack Lord said, “*This result reaffirms the Group’s strategy of designing and developing innovative world class products and effectively marketing these across multiple geographies. Although impacted by the difficult retail environment globally, the Group has successfully leveraged its core capabilities to continue to drive revenue and earnings growth.*”

International revenue in AUD increased by 23.0% to \$149.8m. Strong growth in the juicer category, further new product introductions through the current distribution channels, increased marketing and new Breville branded distributor sales were the main drivers of International revenue and earnings growth.

In Australia, revenue increased by 2.5% to \$114.6m in a very competitive retail environment.

Net cash at 31 December 2012 was \$30.2m compared to \$23.6m at the same time last year. Gearing remained at nil and return on equity increased to 24.8% (1H12: 22.7%).

Breville Group Chairman, John Schmoll commented: “*This good result, together with a continuing strong cash position, allowed the Board to increase the interim dividend by 12.0% to 14.0cps. As previously flagged, this will be partially franked as a result of the continuing growth of our international operations.*”

Operating performance

AUDm	REVENUE			EBITDA		
	1H13	1H12	% Chng	1H13	1H12	% Chng
Australia	114.6	111.8	2.5%	14.8	14.2	3.9%
International	149.8	121.8	23.0%	36.1	31.2	15.9%
Other	-	-		(1.2)	(0.2)	n/m
TOTAL	264.4	233.6	13.2%	49.7	45.2	10.1%

Minor differences may arise due to rounding

Australia

Revenues of \$114.6m were 2.5% higher than the prior corresponding half year resulting in an increase in EBITDA of 3.9% to \$14.8m.

The Australian business turned in a solid first half performance in patchy market conditions characterized by continued strong growth in the portioned coffee segment, reasonable growth in the food preparation category and declines in the cooking category.

The Breville strategy of designing world class kitchen products supported by focused advertising campaigns and strong promotional activity contributed to a consistent sell through at retail, resulting in an overall increase in average selling prices and growth in value share for the Breville brand.

Our Australian dual-brand strategy is becoming increasingly relevant with Kambrook delivering solid results in the large and competitive volume segment of the market, with Kambrook successfully maintaining its premium position to trade brand products.

The Philips personal care and garment care distribution business performed steadily, despite competition in these categories becoming increasingly aggressive.

International

AUDm	REVENUE			EBITDA		
	1H13	1H12	% Chng	1H13	1H12	% Chng
North America	111.8	86.8	28.8%	26.0	22.8	14.0%
International Distributors	21.7	19.7	9.9%	7.5	6.0	23.6%
New Zealand	16.3	15.2	7.1%	2.7	2.3	13.8%
TOTAL	149.8	121.8	23.0%	36.1	31.2	15.9%

Minor differences may arise due to rounding

North America

North American revenue increased by 28.8% to \$111.8m in AUD, resulting in an increase in EBITDA of 14.0% to \$26.0m (1H12: \$22.8m).

These increases were underpinned by a 32.4% growth in revenue from Breville products to \$99.1m. Commission income (gross income before operating costs) ("Commission Income") from the Keurig distribution business in Canada increased by 6.4% to \$12.7m.

Breville

Breville revenue growth in North America was achieved with the continued growth of the juicer category, the rollout of new products into key retail channels, broader product ranging, and strong growth in the online sector. This growth was also driven by an increased investment in marketing and advertising to support the launch of the new YouBrew range of drip filter coffee machines.

Keurig

Breville is currently discussing with GMCR Canada, Keurig's owner in Canada, the terms upon which Breville's distribution arrangement in Canada may continue after 30 June 2013.

If these discussions result in Breville and GMCR Canada agreeing on new terms, the Commission Income earned by Breville next financial year from the Keurig distribution arrangement in Canada is likely to be substantially less than the Commission Income expected to be earned this financial year.

Breville expects Commission Income this financial year to be similar to the \$19.5m Commission Income earned in FY12.

International Distributors

International Distributors reported revenue of \$21.7m (1H12: \$19.7m) an increase of 9.9%, EBITDA increased by 23.6% to \$7.5m (1H12: \$6.0m).

The uncertainty in Europe and ongoing highly variable purchasing by our European distributors was offset by growth in revenue from the broadened Breville branded distribution network, especially across the emerging Asia-Pacific region.

New Zealand

New Zealand produced a strong result with revenue increasing by 7.1% and EBITDA increasing by 13.8% to \$2.7m.

New Zealand continues to benefit from reasonable market growth and the launch and sale of higher value Breville designed products supported by targeted advertising campaigns, resulting in an overall increase in average selling prices and growth in value share for the Breville brand.

Dividends

An interim dividend of 14.0 cents per share has been declared (1H12: 12.5 cents [fully franked]). This interim dividend, which will be 68% franked, will have a record date of 20 March 2013 and will be payable on 10 April 2013.

The Directors have resolved to continue to suspend the operation of the Dividend Reinvestment Plan in respect of the interim dividend.

The continued growth of the international business will continue to impact the extent to which the Group is able to frank future dividends.

Strategic Growth Initiatives

The Group continues to pursue a number of strategic growth initiatives including establishing important alliances with key industry participants and internationally recognised fellow “food thinkers”.

In the last few months, we have:

- Finalised a global ambassadorial arrangement with highly acclaimed chef Heston Blumenthal, which will see him actively involved in both our future product development and explaining the benefits of our products internationally and in Australia.
- Progressed plans to launch later this year into the UK market under a Breville group owned new appliance brand which will be endorsed by Heston Blumenthal.
- Entered into a license agreement with Nestle Nespresso SA for the distribution of Breville co-branded Nespresso machines in Australia and New Zealand. Breville does not currently have any portioned coffee machines in its range and expects to launch a range of Breville co-branded Nespresso models in mid-2013.

CEO Jack Lord said, *“The portioned coffee machine market in Australia and New Zealand is now in excess of A\$100M per annum and still growing. We see the Nespresso partnership as a great collaboration where you have the combination of the world’s best espresso capsule system with Australia and New Zealand’s most trusted kitchen appliance brand.”*

Outlook

Following a solid first half performance across all geographies, the Group expects challenging business conditions to continue in the second half. This period will also compare to a very strong second half of the 2012 financial year, which reported a 45.2% increase in EBITDA as compared to the second half of the 2011 financial year.

Growth in EBITDA for the full 2013 financial year is currently expected to be in the range of 4-8%². (EBITDA for the full 2012 financial year was \$72.5m.)

The Group remains in a strong financial position, with its balance sheet strength being a significant enabler of our growth strategy.

For further information, please contact:
Jonathan Lord (CEO) / Mervyn Cohen (CFO)
(02) 9384 8100

² *This guidance is based on a number of assumptions, including that there will be no significant change in the Group's current expectations of economic conditions and no significant change in prevailing foreign exchange and interest rates.*