Breville

23 February 2012

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

Half Year Ended 31 December 2011
Half Year Report Announcement

Attached is a copy of the Breville Group Limited Half Year Report Announcement for the Half Year Ended 31 December 2011.

Yours faithfully

Shiraz Khan
Company Secretary
Breville Group Limited

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We are FOOD THINKERS.

Breville

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Breville Group Limited results - half year ended 31 December 2011

Net profit after tax increased by 40.7% to $29.4m

Interim dividend increased by 31.6% to 12.5 cps

- EBITDA increased by 35.9% to $45.2m (1H11: $33.2m)
- NPAT increased to $29.4m (1H11: $20.9m)
- EPS increased to 22.6 cps (1H11: 16.1 cps)
- Gearing reduced to nil (1H11: 3.0%), interest cover increased to 102.0 times (1H11: 36.1 times) and return on equity increased from 18.0% to 22.7%
- Fully franked interim dividend of 12.5 cps (1H11: 9.5 cps [4.0 cps franked])

Group summary result

AUDm	1H12	1H11	% Chng
Revenue	**233.6**	**235.7**	**(0.9%)**
EBITDA	**45.2**	**33.2**	**35.9%**
EBIT	**41.8**	**29.9**	**40.1%**
NPAT	**29.4**	**20.9**	**40.7%**
Basic EPS (cents)	22.6	16.1	40.7%
ROE (%)[1]	22.7%	18.0%	
Div per share (cents)	12.5	9.5	31.6%
Net cash/(borrowings) ($m)	$23.6	($4.8)	
Gearing ratio (%)	Nil	3.0%	
Interest cover (times)	102.0	36.1	

Breville Group Limited today reported a 40.7% increase in net profit after tax to $29.4m (1H11: $20.9m) for the half year to 31 December 2011. This strong earnings' growth was driven by the Group's North American business.

Group revenue in AUD was $233.6m. 1H11 revenue includes revenue from the now completed exit of the North American non-electrical homewares business. On a comparable basis, in constant currency and excluding these non continuing operations, Group revenue increased by 8.1%.

[1] *ROE is calculated based on NPAT for the 12 months ended 31 December 2011 (1H11: 12 months ended 31 December 2010) divided by shareholders' equity at December each year.*

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Group EBITDA increased by 35.9% to $45.2m, and on a constant currency basis increased by 42.5%. Excluding the onerous lease expense in 1H11, Group EBITDA increased by 17.0%. This strong result reaffirms the Group's strategic decision to exit the non-electrical homewares business and focus on growing its electrical products business internationally.

International revenues in AUD increased by 4.8% to $121.8m and on a constant currency basis increased by 12.1%. Excluding North American homewares' revenue in 1H11 and on a constant currency basis, International revenues increased by 26.1%. New product introductions, extended distribution and the Keurig distribution business in Canada were the main drivers of International revenue and earnings' growth.

The difficult Australian retail environment experienced in 2H11 continued.

The Group's strong overall result and continued focus on working capital management further strengthened the Group's balance sheet providing a solid foundation to drive growth, especially in the Group's International business. Net cash at 31 December 2011 was $23.6m compared to net borrowings of $4.8m at the same time last year. The strength of the balance sheet and the strong earnings' growth has allowed the Board to increase the interim dividend by 31.6% to a fully franked 12.5 cents per share.

Operating performance

	REVENUE			EBITDA		
AUDm	**1H12**	**1H11**	**% Chng**	**1H12**	**1H11**	**% Chng**
Australia	**111.8**	**119.5**	**(6.4%)**	**14.2**	**16.6**	**(14.5%)**
International	**121.8**	**116.2**	**4.8%**	**31.2**	**22.2**	**40.4%**
Other	**-**	**-**		**(0.2)**	**(0.2)**	**3.7%**
Onerous lease	**-**	**-**		**-**	**(5.4)**	**-**
TOTAL	**233.6**	**235.7**	**(0.9%)**	**45.2**	**33.2**	**35.9%**

Australia

Revenues of $111.8m were 6.4% lower than the prior half year resulting in a decrease in EBITDA of 14.5%.

The result from the Australian business reflects difficult retail trading conditions and the decision by certain retailers to rationalise their ranging and support more house brand and entry level product.

The Breville brand continued to successfully launch innovative new premium products that increased its average sales price, whilst Kambrook performed solidly in the increasingly competitive entry level segment of the market, successfully maintaining a price premium over house brand products.

The Philips distribution business performed well growing its share of the iron and shaving categories.

Through its multi brand strategy, the Group maintained its market leadership position in the core kitchen appliance category and has grown its share in the ironing and personal care categories. *[Source: GfK year ended December 2011 (value share) – combined BRG brands].*

International

AUDm	REVENUE 1H12	1H11	% Chng	EBITDA 1H12	1H11	% Chng
North America	86.8	77.5	12.0%	22.8	12.5	82.0%
International Distributors	19.7	25.4	(22.2%)	6.0	8.0	(24.1%)
New Zealand	15.2	13.3	14.6%	2.3	1.7	36.8%
TOTAL	**121.8**	**116.2**	**4.8%**	**31.2**	**22.2**	**40.4%**

North America
North American revenue increased by 12.0% to $86.8m in AUD. On a comparable basis, in constant currency and excluding the North American homewares, revenue increased by 44.6%.

Revenue in North America was buoyed by the rollout of new products into key retail channels, category extension, broader product ranging, increased sell through in the current customer base and the Keurig "single serve" coffee distribution business in Canada.

North America delivered a notable increase in EBITDA of 82.0% (95.5% on a constant currency basis) to $22.8m (1H11: $12.5m). Growth in profitability was driven by the now completed exit of the lower margin non-electrical homewares category and resultant restructured lower operating cost base and strong revenue growth of both Breville electrical products and the Keurig distribution business.

International Distributors
International Distributors reported revenue of $19.7m (1H11: $25.4m) a decrease of 22.2%, and an EBITDA of $6.0m (1H11: $8.0m). On a constant currency basis, revenue decreased by 15.2% on 1H11.

This reduction in revenue and earnings was anticipated as distributors returned to a more traditional purchasing cycle following the inventory re-stocking "catch-up" in 1H11 when revenue increased by 145.6% on 1H10. The Group continues to focus on broadening its distributor network, especially across the important Asia-Pacific region.

New Zealand
New Zealand produced a strong result with revenue increasing by 14.6% and EBITDA increasing by 36.8% to $2.3m. This growth in New Zealand was driven principally by the success of recently launched Breville premium products and the Philips distribution business.

The Breville brand extended its market leadership position in kitchen appliances and achieved overall market leadership position in small domestic appliances.
[Source: GfK year ended December 2011 (value share)].

Dividends

A fully franked interim dividend of 12.5 cents per share has been declared (1H11: 9.5 cents [4.0 cents franked]). The interim dividend will have a record date of 16 March 2012 and will be payable on 5 April 2012.

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 may impact the Group's ability to fully frank future dividends.

Outlook

Following an encouraging overall first half performance, Breville remains cautious on the outlook for the remainder of FY12 with global uncertainty expected to continue.

We remain focused on the development of the Breville brand and vigilant cost management in all markets to deliver future growth in earnings and sustainable shareholder value.

The Group's balance sheet strength is a significant enabler of our global growth strategy.

The Group's forecast guidance announced on 31 January 2012 of expected EBITDA for FY12 to be in the range of $65 million to $67 million (FY11: $57.4 million after excluding the impact of the onerous lease expense) remains unchanged. This forecast 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.

For further information, please contact:
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