



**GROUP REPORT FOR THE  
YEAR ENDED 30 JUNE 2004**



# FINANCIAL RESULTS SUMMARY

A\$ MILLIONS	JUNE 04	JUNE 03	CHANGE
SALES	457.6	456.0	+0.4%
EBITA*	42.2	37.2	+13.4%
AMORTISATION	1.7	1.5	
NET BORROWING COSTS	5.0	4.9	
NPBT*	35.5	30.8	+15.0%
SPECIFIC ITEMS	1.5	0.0	
NPBT	34.0	30.8	+10.3%
TAX	11.1	9.9	
NPAT	22.9	20.9	+9.1%

PRO-FORMA NPAT*	23.9	20.9	+14.4%
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\* Normalised for specific items

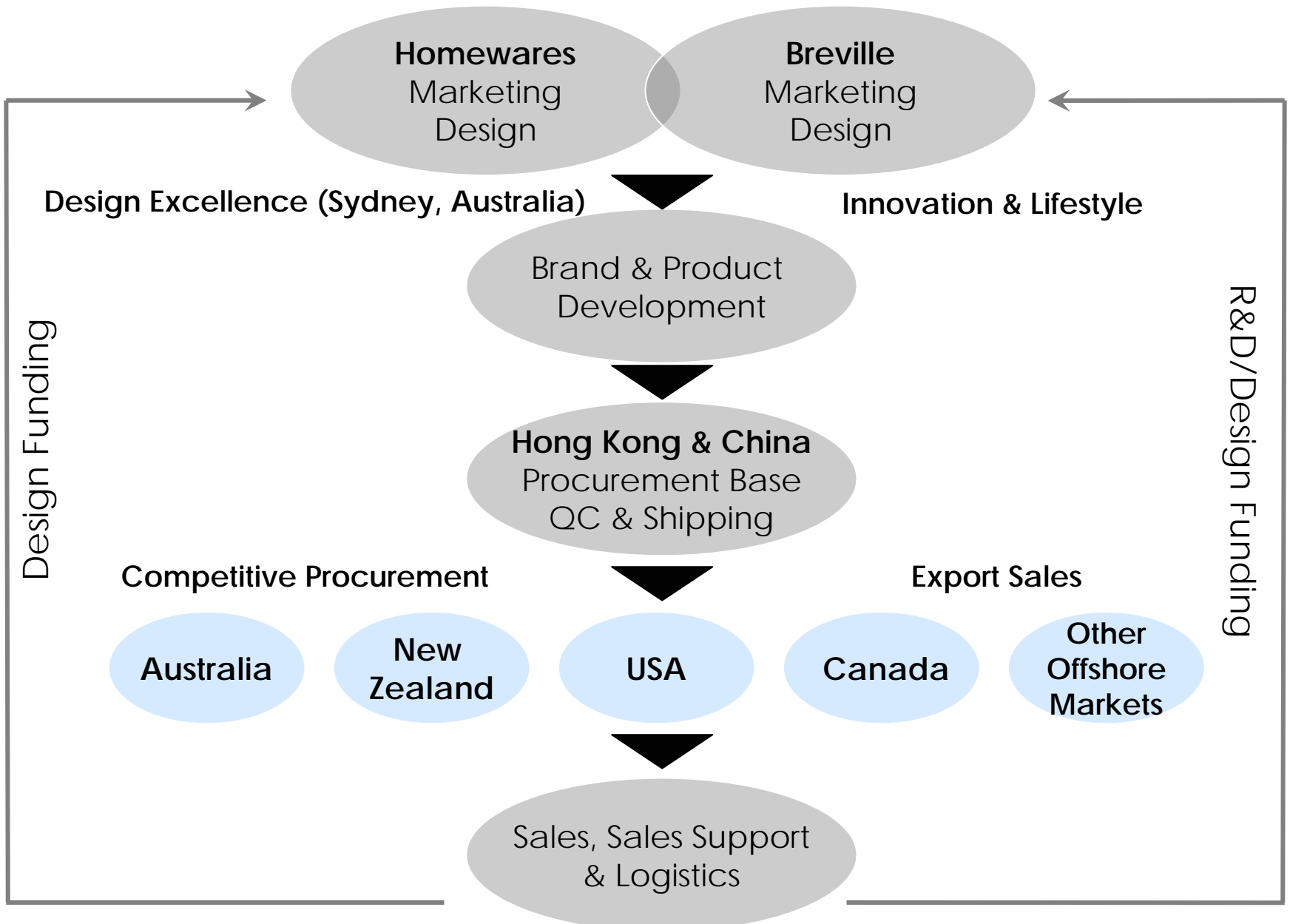
# BALANCE SHEET AT 30 JUNE 2004

A\$ MILLIONS	JUNE 04	JUNE 03
DEBTORS / PREPAYMENTS	74.0	65.4
INVENTORY	93.6	82.9
CREDITORS / PROVISIONS	(46.9)	(48.5)
WORKING CAPITAL	120.7	99.8
INTANGIBLES	78.2	67.2
FIXED ASSETS / OTHERS	23.1	18.8
CAPITAL EMPLOYED	222.0	185.8
SHAREHOLDER FUNDS	158.7	142.0
NET DEBT	63.2	43.7
DEBT TO CAPITAL EMPLOYED	28.5%	23.6%
EBITA/CAPITAL <sup>^</sup>	19.0%	20.0%
<sup>^</sup> 2004 includes only 9 months of SABCO EBITA*		



**BUSINESS MODEL**

# BUSINESS MODEL





**BUSINESS PERFORMANCE SUMMARY  
FOR THE YEAR ENDED  
30 JUNE 2004**

# HOMEWARES AUSTRALIA

- Trading conditions were characterised by deflationary pressures and direct import programs, particularly at price entry points, which contributed towards an extremely competitive environment.
- Marketing driven restructure successfully completed and is expected to positively drive future profit improvement. Product assortment is now driven through design, at both the mass merchant and department store/independent levels.
- Design Centre completed and staffed with a world class product development team. Local and offshore design initiatives are delivering positive outcomes.

# HOMEWARES AUSTRALIA

- The Group's China procurement and sales facility was opened in Shanghai in May 2004. This office will be used as support for the company's product development initiatives and administer the group's direct import program.
- In August, the Rydalmere facility was closed as an active operations centre. Sub-letting alternatives are still being pursued.
- The SABCO acquisition has been successfully integrated into the Homewares business unit and is expected to deliver future growth as the product range is revamped and extended to include seasonal promotions, such as "Spring Cleaning".



# ELECTRICAL

- Excellent profit result with strong contributions from exports and New Zealand.
- Tight working capital controls maintained in a competitive environment.
- Breville's Design Centre is now poised to bring to market genuine innovative product which will be distinctive in both design and functionality for "new luxury" consumers around the world.

# ELECTRICAL

- Product development expenditure is significantly up in previous years, with the release of the Breville “800 Class™” Professional Grade range of countertop appliances.
- Breville’s brand acceptance in North America will be directly linked to the success of the “800 Class™” product offer.
- Export sales growth is being driven through innovation and service excellence. The Hong Kong based export business is expected to continue to contribute to future growth as the new products being developed find homes in new international markets.

# NORTH AMERICA

- A strong profit performance in US\$ currency. Driven by the Breville launch and focused cost and supply chain management.
- The North American Breville project is taking traction with sales in the USA of US\$5m and a positive profit contribution after covering its share of operating and marketing expenditure.
- Breville sales are being driven through the innovative product offering and listings have been secured with a number of important retail groups. Breville products now have listings in over 2,500 retail shop fronts.

# NORTH AMERICA

- The Company successfully completed its second Chicago Fair and the Electrical product offering in the USA is being expanded to take advantage of the positive momentum around this project.
- The sales and marketing resources for the Homewares business have been boosted through the appointment of new senior positions in sales, marketing and product development.
- The Canadian business has delivered a stronger operating result with Homewares and Electrical product being successfully integrated from the Australian offering.



**NORTH AMERICA  
UPDATE**

# BREVILLE IN NORTH AMERICA

## OBJECTIVES

- To develop Breville as a nationally recognised consumer brand, synonymous with innovation and design.
- To become one of the top 3 brands in North American Gourmet Specialty stores by 2008.

## STRATEGY

- Limited distribution
- Unique product assortment (nothing “me too”).
- Develop consumer awareness
- Strong Co-Op support, PR and consumer advertising.

# U.S. MARKET OVERVIEW

- Market size - \$US 4.4 Billion (excludes P.C)
- Growth – Flat to 2% per yr, last 4 years
- Our Niche – 19% of value (\$836 million)
- Our Potential – 15% share - \$125 million
- Breville 2003/04 sales - \$5.475 million
- Breville Target – US\$50M by 2008

## BRAND PRESENCE

- BLOOMINGDALES - IN ALL STORES - 6 PRODUCTS
- MAY COMPANY - IN ALL STORES - 4 PRODUCTS
- AMAZON.COM - FULL BRAND PAGE - 14 PRODUCTS
- LINENS N THINGS - ALL STORES (1 AUG) - 2 PRODUCTS
- DILLARDS - ALL STORES (1 SEP) - 5 PRODUCTS

## CONSUMER AWARENESS

BY SEPTEMBER 2004

- Breville will be in over 2,000 shop fronts
- Featured in over 100 retailer Co-Op Adverts
- Featured in over 25 national consumer magazines and 4 TV shows.



# YEAR 1. THE USA STORY SO FAR ...

## Advertising and PR

- US\$525m Spend

# YEAR 1. THE USA STORY SO FAR ...

## FINANCIAL HIGHLIGHTS

- US\$5.5m sales 2004/05 fiscal year.
- Profitable in 2004/05 with its share of operating, marketing and start-up expenses written-off.

# CANADIAN MARKET OVERVIEW

- Market size - C\$ 305million
- Our Niche – C\$ 175 million (57.5%)
- Our Potential – 15% share - C\$27 million
- Breville 2003/04 sales - C\$2.8 million
- Breville Target – C\$20m BY 2008

# YEAR 1. THE CANADIAN STORY SO FAR ...

## BRAND PRESENCE

- Home outfitters (40 stores) – 9 products by Sept 04
- Sears (100 stores) – 2 products by August 04
- Personal Edge (65 stores) – 5 products
- Canadian Tire (480 stores) – 5 products by Sept 04
- TV shopping channels (English & French) – 2 products

## CONSUMER AWARENESS

BY September 2004

- Breville will be in over 1,000 shop fronts (95% of target market)

# YEAR 1. THE CANADIAN STORY SO FAR ...

## **ADVERTISING AND PR**

- Proposed spend for 2004/2005 in C\$400,000.

## **FINANCIAL ACHIEVEMENTS**

- Sales of C\$2.8m
- Break-even result with its share of operating, marketing and start-up costs written-off.



**HOUSEWARES INTERNATIONAL**

**QUESTIONS**