



20 August 2015

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

**Year Ended 30 June 2015  
Investor Presentation**

Attached is a copy of the Breville Group Limited Investor Presentation for the Year Ended 30 June 2015.

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

FY15

INVESTOR PRESENTATION

August 2015

# Group Summary Result

AUDm	FY15	FY14	% Chng	Key points
<b>Revenue</b>	<b>527.0</b>	541.6	<b>(2.7%)</b>	<ul style="list-style-type: none"> <li>Full year revenue decrease 2.7% (1H15: -5.6%, 2H15: +1.2%)</li> </ul>
<b>EBITDA</b>	<b>77.0</b>	77.9	<b>(1.2%)</b>	<ul style="list-style-type: none"> <li>Full year EBIT decrease 1.2% (1H15: -4.5%, 2H15: +4.8%)</li> </ul>
<b>EBIT</b>	<b>69.6</b>	70.4	<b>(1.2%)</b>	<ul style="list-style-type: none"> <li>North America – solid 2H performance</li> </ul>
<b>NPAT</b>	<b>46.7</b>	48.8	<b>(4.3%)</b>	<ul style="list-style-type: none"> <li>ANZ 2H15 - One-off ERP disruption</li> </ul>
<b>Basic EPS (cents)</b>	<b>35.9</b>	37.5	<b>(4.3%)</b>	<ul style="list-style-type: none"> <li>Rest of World – Sage in UK continued success, Rest of World distribution business adversely impacted by geopolitical environment</li> </ul>
<b>ROE<sup>1</sup> (%)</b>	<b>20.2%</b>	22.9%		<ul style="list-style-type: none"> <li>Breville designed and developed products performed well in all geographies</li> </ul>
<b>Dividends per share (cents)</b>	<b>27.0</b>	27.0	<b>0.0%</b>	<ul style="list-style-type: none"> <li>Increase in net finance cost</li> </ul>
• Interim	<b>14.0</b>	14.0		<ul style="list-style-type: none"> <li>Effective tax rate marginally up</li> </ul>
• Final	<b>13.0</b>	13.0		<ul style="list-style-type: none"> <li>Dividend maintained</li> </ul>
<b>Net cash (\$m)</b>	<b>32.8</b>	47.0		<ul style="list-style-type: none"> <li>Strong balance sheet – growth platform</li> </ul>

Minor differences may arise due to rounding

<sup>1</sup> ROE is calculated based on NPAT for the 12 months ended 30 June 2015 (FY14: 12 months ended 30 June 2014) divided by shareholders' equity at 30 June

# Group

	1H			2H			FY		
AUDm	1H15	1H14	% Chng	2H15	2H14	% Chng	FY15	FY14	% Chng
<b>Revenue</b>	<b>293.9</b>	311.3	<b>(5.6%)</b>	<b>233.1</b>	230.3	<b>1.2%</b>	<b>527.0</b>	541.6	<b>(2.7%)</b>
<b>EBITDA</b>	<b>47.2</b>	49.1	<b>(4.0%)</b>	<b>29.8</b>	28.8	<b>3.5%</b>	<b>77.0</b>	77.9	<b>(1.2%)</b>
<b>EBIT</b>	<b>43.6</b>	45.6	<b>(4.5%)</b>	<b>26.0</b>	24.9	<b>4.8%</b>	<b>69.6</b>	70.4	<b>(1.2%)</b>
EBIT %	14.8%	14.6%		11.2%	10.8%		13.2%	13.0%	

*Minor differences may arise due to rounding*

## Key points

- 75% (FY14: 71%) of Group EBIT from North America and Rest of World segments – reflecting global nature of the Group
- 4.8% EBIT growth in 2H15 – in line with guidance
- Positive momentum built up late in 2H15 - sales growth in core categories
- North America: juicing category early signs of stabilising late in 2H15
- ANZ: ERP transition, discount department stores favouring home brands entry to mid price points
- RoW: UK double digit growth, geopolitical impact on Rest of World distribution business

# Financial Position at 30 June

AUDm	FY15	FY14
Inventory	108.3	94.3
Receivables	87.3	78.4
Trade and other payables	(88.6)	(81.8)
<b>Working Capital</b>	<b>107.1</b>	<b>90.9</b>
Fixed assets	12.9	6.9
Intangibles	87.4	74.9
Other (liabilities)/assets (net)	(8.7)	(6.7)
<b>NET ASSETS EMPLOYED</b>	<b>198.6</b>	<b>166.0</b>
(Cash) (net)	(32.8)	(47.0)
Shareholders' equity	231.4	213.0
<b>CAPITAL EMPLOYED</b>	<b>198.6</b>	<b>166.0</b>

Minor differences may arise due to rounding

## Key points

- Working capital
  - Inventories: net increase \$14.0m
    - \$8.5m currency effect of translation, balance net increase all regions - wider range of new products
    - Aus: one-off ERP impact
  - Receivables: net increase \$8.9m
    - \$4.7m currency effect of translation
    - Stronger revenues tail of 2H compared to pcp
- Fixed assets – completed previously highlighted investment in capex project (new leased offices Australia)
- Intangibles – net increase \$12.5m: product development projects (\$3.2m), ERP (\$1.7m), PolyScience (\$7.6m)
- Cash generated from operating activities \$45.7m (FY14: \$51.2m)
- Net cash balance retained
- Strong balance sheet

# Operating Segments

## **Australia and New Zealand (ANZ)**

- Breville brand – premium kitchen segment (including Breville-Nespresso co-branded single serve coffee machines)
- Kambrook brand – broader range including irons, vacuums, heating and cooling
- Philips^ brand – personal and garment care

## **North America**

- Breville brand - premium kitchen channels and online retail platforms

## **Rest of World**

- Sage brand (UK) – premium kitchen channels and online retail platforms
- Europe (excluding UK) – non-Breville branded 3rd party strategic partners supplied from Hong Kong
- Africa, Middle East, Asia and South America – Breville branded 3rd party distributors supplied from Hong Kong

*^ Philips products are distributed under a Distribution Agreement*

# North America

	1H			2H			FY		
AUDm	1H15	1H14	% Chng	2H15	2H14	% Chng	FY15	FY14	% Chng
Sale of goods	115.7	128.7	(10.1%)	86.9	69.8	24.5%	202.6	198.5	2.0%
Commission income	0.3	1.3	(76.4%)	0.2	0.4	(48.5%)	0.5	1.7	(69.8%)
<b>Revenue</b>	<b>116.0</b>	130.0	<b>(10.8%)</b>	<b>87.1</b>	70.2	<b>24.1%</b>	<b>203.1</b>	200.2	<b>1.4%</b>
<b>EBITDA</b>	<b>20.8</b>	22.9	<b>(9.3%)</b>	<b>11.5</b>	7.5	<b>52.3%</b>	<b>32.2</b>	30.4	<b>6.0%</b>
<b>EBIT</b>	<b>20.6</b>	22.8	<b>(9.4%)</b>	<b>11.2</b>	7.3	<b>53.2%</b>	<b>31.9</b>	30.1	<b>5.9%</b>
EBIT %	17.8%	17.5%		12.9%	10.5%		15.7%	15.0%	

*Minor differences may arise due to rounding*

## Key points

- Encouraging 2H15 – revenue increase 8.8% local currencies (24.1% in AUD)
- 2H15 revenue growth underpinned by growth in core categories
- Pleasing 2H15 EBIT return - more favourable product mix and lower relative warranty expense following certain SKUs being phased out
- 1H15 juicer category continued to re-set, early signs of stabilising late in 2H15
- Expect to build on positive momentum

# Australia and New Zealand (ANZ)

	1H			2H			FY		
AUDm	1H15	1H14	% Chng	2H15	2H14	% Chng	FY15	FY14	% Chng
Revenue	142.9	144.6	(1.2%)	102.3	117.0	(12.6%)	245.1	261.6	(6.3%)
EBITDA	16.9	16.6	1.8%	2.7	9.4	(71.5%)	19.6	26.0	(24.7%)
EBIT	16.3	16.1	1.4%	2.1	8.8	(76.6%)	18.3	24.9	(26.2%)
EBIT %	11.4%	11.1%		2.0%	7.5%		7.5%	9.5%	

*Minor differences may arise due to rounding*

## Key points

- Challenging year, Breville designed and developed products performed well
- 2H15 adversely impacted by:
  - One-off ERP implementation disruption - lost sales revenue and costs associated with ERP transition in April/May 2015 (adverse EBIT impact approx \$2.0m)
  - Discount department store retailers favouring their home brands in the entry to mid-price points in which the Group's Kambrook/Ronson brands operate
- Strengthening USD (especially in 2H15) and competitive market place - adverse impact on EBIT
- Price increases and benefit of cost efficiency savings, did not fully offset the negative currency impact and volume shortfall



# Rest of World

	1H			2H			FY		
AUDm	1H15	1H14	% Chng	2H15	2H14	% Chng	FY15	FY14	% Chng
Revenue	35.1	36.6	(4.3%)	43.8	43.2	1.4%	78.8	79.8	(1.2%)
EBITDA	8.9	9.6	(7.1%)	11.5	10.7	8.1%	20.4	20.2	0.9%
EBIT	8.8	9.5	(7.3%)	11.5	10.7	7.9%	20.3	20.2	0.7%
EBIT %	25.2%	26.1%		26.3%	24.7%		25.8%	25.3%	

*Minor differences may arise due to rounding*

## Key points

- UK business under Sage brand produced encouraging result – double digit revenue growth
  - Continued to build relevance with premium retailers
  - Increased product resonance with customers
  - Represented approx. 25% (FY14: approx. 20%) of segment revenue
- Rest of World distribution business (supplied ex Hong Kong)
  - A number of European distribution partners experiencing economic and competitive challenges
- Commenced trading with new Brazilian distributor June 2015

# New Product Launches

## *the Fast Slow Pro™*

A flagship multi cooker with automated steam release, temperature and pressure based on selected foods...

The combination pressure and slow cooker that knows the time, temperature and pressure different foods need.

Hands-free steam release automatically varies across foods to maximise flavour and texture.



# New Product Launches



# Upcoming New Products

## *the Boss To Go™*

Smoother smoothies from a smoother cup

### Mini-Kinetix Blade & Bowl System

- High Power Motor – 1,000W
- Stainless Steel Roller Bearings
- Cyclonic action for fine texture
- Die Cast Construction
- Pulse / Single Speed
- 1 x Smooth Edge 700ml Tritan cup with travel lid
- 2 x Smooth Edge 500ml Tritan cup with travel lid
- 1 x SUS spice grinder attachment
- 1 x blade assembly



# Upcoming New Products

## *Introducing...the Temp Select™*

- 5 temperature settings for different teas & coffee
- Soft open lid
- BPA free
- 1.7L/ 7 cup capacity
- Keep warm
- 2400W Rapid boil



# Outlook

Group has the core building blocks for achieving global success:

- Passionate and capable team
- Solid, innovation-driven business model
- Compelling products with a deep pipeline
- Well-positioned brand across geographies
- Key strategic alliances

These building blocks, coupled with a strong balance sheet, provide a platform for taking advantage of future growth opportunities