Breville Group Limited

Annual General Meeting

10 November 2009
Sydney

Chairman's Address
Mr John Schmoll

A Refocused and Strengthened Company

"A journey with a clear strategic focus on delivering a resilient growth asset"

- **FY02-FY07: Investment in International platform**
  - FY02: Housewares International Limited ("HWI") acquires Breville
  - FY03: Breville brand launched in the USA & Canada

- **FY07: Exit Australian homewares to focus on the core electrical business**

- **FY08 & FY09: Focus on operational efficiency and excellence in challenging trading environment**
  - Rationalisation of the non-electrical homewares ranges in North America
  - Restructuring of the cost base undertaken
  - Maintained investment and focus on product innovation and development
  - Company name changed to Breville Group Limited

A Refocused and Strengthened Company

"Difficult but necessary decisions have been made….emerging benefits becoming apparent"

- More profitable sales mix
- Improved return on capital
- Lower gearing
- Payment of dividends resumed
- All conducted in a challenging and volatile macroeconomic environment

	UNDERLYING*	
A$ Million	**FY09**	**FY07**
Group Sales Revenue	**431.9**	**420.6**
EBITDA	**33.6**	**25.3**
EBITDA %	7.8%	6.0%
EBIT	**27.1**	**20.7**
PAT	**15.9**	**11.7**
Gearing	**20.1%**	**38.0%**
ROE^ %	**12.1%**	**10.0%**
Interest cover (times)	**6.0**	**3.8**
DPS - cents	**5.5c**	**nil**

* *Underlying excludes the impact of non-trading, non cash unrealised mark to market amounts (i.e. non-trading net foreign exchange and interest rate swap losses/(gains) and redundancy costs; does not include any adjustments for onerous lease*

^ *means Underlying PAT (for previous 12 months) divided by shareholders' equity at balance sheet date*

A Refocused and Strengthened Company

- **FY10: Well placed to benefit from a recovery in key markets**
  - Clear and consistent strategy
  - Strong financial foundation
  - Experienced management team in place
  - Trading ahead of expectations

Encouraging positive momentum as evidenced by this morning's upgraded profit outlook for FY10

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A clear and consistent strategy

- **Focus on core electrical business**
  - Quality brands
  - Quality and innovative products
  - Quality execution

- **Product and consumer focus is fundamental**

- **Australian operations**
  - Continue to grow market share profitably in a mature market

- **International operations**
  - Leverage Breville brand and product innovation into international markets
  - Grow sustainable sales and earnings
  - Leverage existing cost base in North America in particular
  - Infrastructure and support for an increasingly global business
    - Management, IT, supply chain
    - Leverage technology, knowledge, supplier partnerships
    - Significant investment in product development

GUD Offer

“Given Breville’s clear strategic value, it is not surprising there is again interest in acquiring the Company”

- Your Board has advised that you **TAKE NO ACTION** pending the Board’s recommendation
- Your Board has been carefully considering the Offer and has engaged an Independent Expert to assist in its deliberations
- Breville expects to be in a position to release its Target’s Statement shortly
- The Target’s Statement will contain detailed information about the Offer and Breville’s trading performance
  - In particular, it will contain further detail about the Directors’ earnings expectations for FY10 which Breville has announced today
  - Your CEO will elaborate on this further

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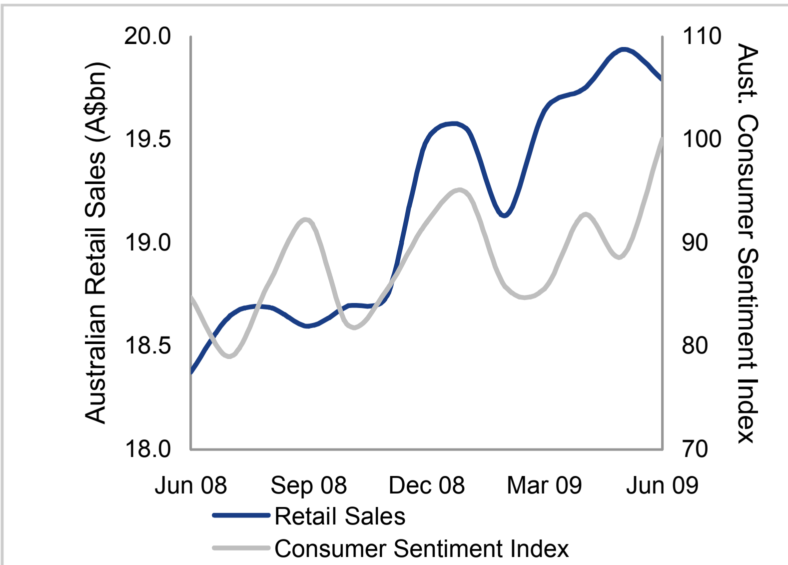
CEO’s Address
Mr Stephen Audsley

2009 – A challenging year in the broader economy

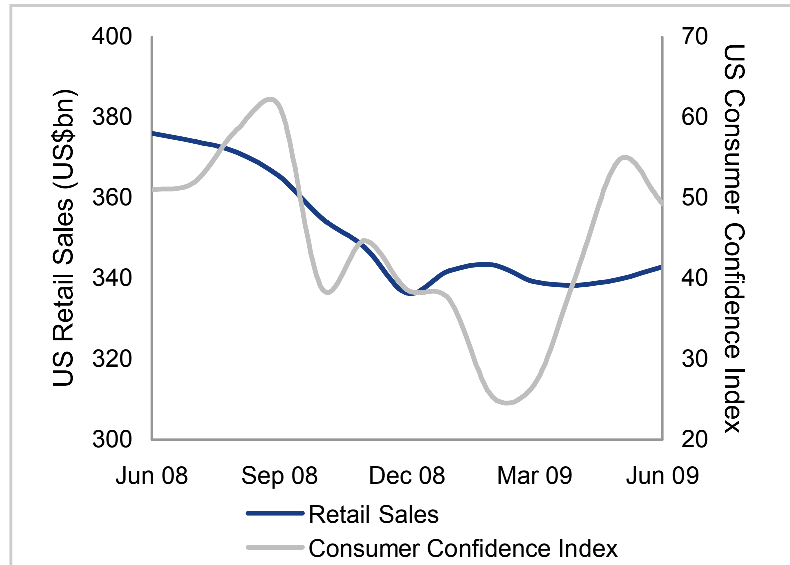
Australia/NZ



Source: ABS, Westpac-Melbourne Institute Survey of Consumer Sentiment

- Australian economy demonstrated resilience and avoided technical recession
- NZ environment more difficult

North America



Source: US Census Bureau, The Conference Board

- North America experienced severe downturn, particularly after the collapse of Lehman
- US more challenging than Canada

Europe

- Downturn less pronounced than in North America – but still very significant

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Financial Results Summary

A$ Million	REPORTED FY09	REPORTED FY08	REPORTED % Chng	UNDERLYING* FY09	UNDERLYING* FY08	UNDERLYING* % Chng
Group Sales Revenue	431.9	410.2	5.3	431.9	410.2	5.3
EBITDA	30.0	37.2	(19.4)	33.6	35.3	(4.9)
EBIT	23.4	31.9	(26.5)	27.1	30.1	(10.0)
PBT	15.6	26.5	(41.1)	21.5	24.1	(10.8)
PAT	11.8	20.9	(43.7)	15.9	19.1	(17.1)
Basic EPS (cents)	9.1	16.5		12.2	15.1	
Dividend per share (cents)						
- Interim	4.0	8.5				
- Final	1.5	2.0				
Gearing ratio	20.1%	24.8%				
Interest cover (times)	6.0	5.9				
Return on Equity	12.1%	14.5%				

* *Underlying excludes the impact of non-trading, non cash unrealised mark to market amounts (i.e. non-trading net foreign exchange and interest rate swap losses/(gains) and redundancy costs; does not include any adjustments for onerous leases*

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Geographic Diversity

- Australia : Strength of brands and market position reinforced
  - Encouraging increase in sales driven by Breville and Kambrook
  - Enhanced market position and profitable growth in key category segments
  - EBITDA growth underpinned by successful product launches, strong sell-through and positive change in sales mix

- International : Commitment to profitable international growth strategy continued
  - International markets severely impacted by the significant economic downturn
  - Aggressive de-stocking and fall in consumer demand
  - Reported sales flat to prior year in Australian dollar terms
    - North America +16.6% (AUD), +1.0% (local currencies)
    - Asia -35% (AUD) European customer base continued de-stocking, high prior year base
  - Earnings impact
    - Factory price increases 1H09 - minimal offsetting foreign exchange benefit
    - North America non-electrical homewares range re-focus margin impact

Australia

A$ Million	REPORTED FY09	REPORTED FY08	REPORTED % Chng	UNDERLYING* FY09	UNDERLYING* FY08	UNDERLYING* % Chng
Sales	211.9	190.8	11.1	211.9	190.8	11.1
EBITDA	19.9	18.6	7.0	22.1	16.9	30.8
EBITDA %	9.4%	9.8%		10.4%	8.9%	

- Strong growth in Sales and EBITDA
- Growth driven primarily by the launch and successful sell-through of new products and improved sales mix
- Result confirms ongoing strategic investment in product innovation and development
- Multi-brand strategy - Breville and Kambrook brands supported by increased marketing activity

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International

A$ Million	REPORTED FY09	REPORTED FY08	REPORTED % Chng	UNDERLYING* FY09	UNDERLYING* FY08	UNDERLYING* % Chng
Sales	220.0	218.8	0.5	220.0	218.8	0.5
EBITDA	12.4	19.6	(36.7)	13.7	19.6	(30.1)
EBITDA %	5.6%	9.0%		6.2%	9.0%	

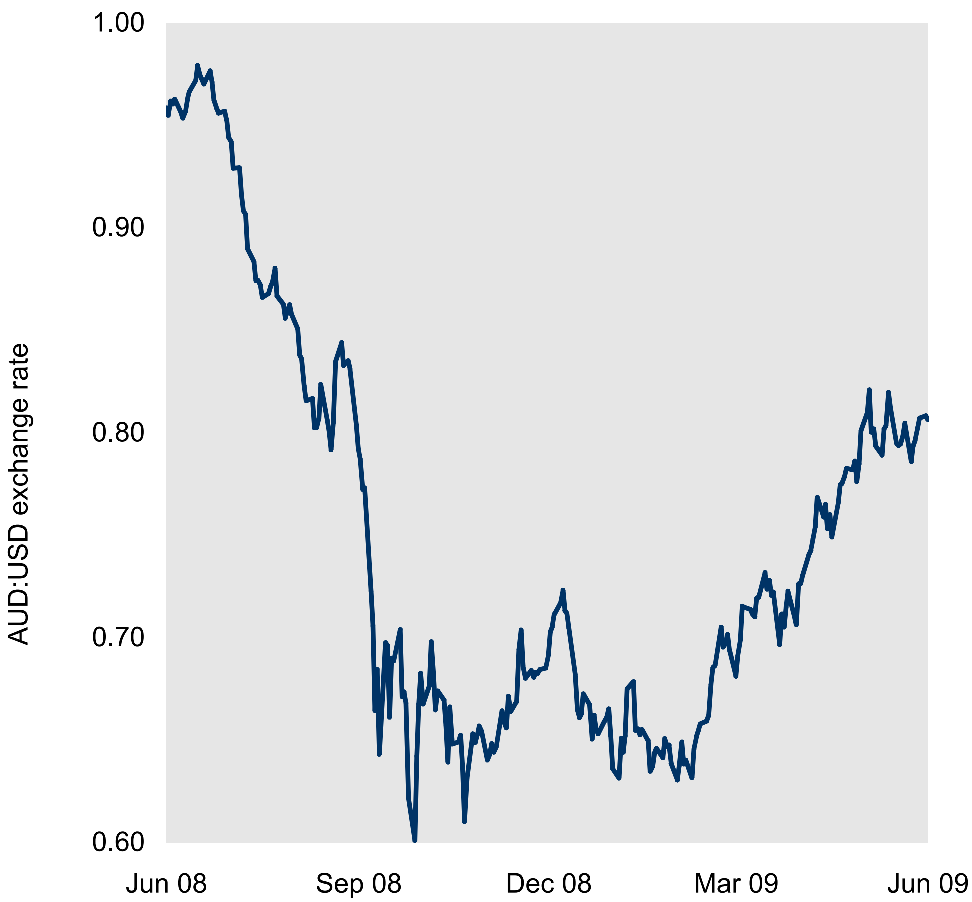
- Challenging and volatile market conditions - rising commodity/factory prices in 1H09 with no offsetting foreign exchange benefit
- International markets characterised by:
  - fall in consumer confidence and demand
  - aggressive de-stocking by retailers – North America recovery part way through 2H09, European markets lagged

- Margins impacted due to:
  - increased factory prices ex-China
  - range rationalisation of North American non-electrical homewares ranges
- Breville brand continues to build and extend its presence and visibility, particularly in North America
- International platform and brand rights are a key asset of the Breville Group with excellent opportunities to leverage future growth

* *Underlying excludes the impact of non-trading, non cash unrealised mark to market amounts (i.e. non-trading net foreign exchange and interest rate swap losses/(gains) and redundancy costs*

Foreign exchange impacts

The foreign exchange environment was volatile in FY09



- Transactional exposure
  - Purchases/sourcing in USD
  - AUD depreciation vs the USD resulted in higher procurement costs in Australia, NZ & Canada
  - International operations (US denominated revenue) provided a partial natural hedge
- Translational exposure
  - FX translation exposure is USD, NZD, CAD and HKD
  - Movements in the AUD vs other currencies impacts the translation of overseas results into AUD in the financial statements

Balance Sheet at 30 June

A$ Million	FY09	FY08
Fixed assets	8.2	9.1
Intangibles	67.7	65.8
Other (liabilities)/assets (net)	(6.2)	8.7
Working Capital	**94.6**	**91.4**
o Inventory	68.2	80.8
o Receivables	68.6	62.7
o Trade and other payables	(42.2)	(52.1)
NET ASSETS EMPLOYED	**164.3**	**175.0**
Borrowings (net)	33.0	43.3
Shareholders' equity	131.3	131.7
CAPITAL EMPLOYED	**164.3**	**175.0**

- Strong Balance Sheet and conservative finance structure:
  - lower net borrowings - gearing 20.1% (FY08: 24.8%).
  - Strong working capital management : reduction in inventories

Strategy

- Continued strategic investment in product innovation and marketing to leverage leading product design and development capabilities
  - Australia :
    - steady growth in market share and profitability
    - strong pipeline of new product launches
    - enhanced brand strength and market position
  - International :
    - drive product penetration and grow distribution
    - continued enhancement of Breville brand
    - strong pipeline of new product launches
    - development of new international markets eg China and South America
- Opportunities to deliver improved financial performance
  - Continued international expansion provides increased operational cost base leverage opportunities
  - Sub-let vacant warehouse facilities
- Product and consumer focus remains fundamental
    - differentiation through continued investment in design and innovation capabilities

Core focus on the "Food and Beverage" category

- Over 90% of the Breville brand's revenue is derived from the Food and Beverage category
- The growth in this category in the LTM has been around 25% higher than the growth in the total small domestic appliance category*
- Renewed interest in home cooking and food preparation
    - Increasing focus on good eating and health and nutrition
    - Interest in home cooking supported by shows such as Master Chef
- Breville innovation and product development remains focussed on developing useful and relevant products which delight consumers
- Breville has a passion for food and helping people unlock the pleasure of food
    - Breville – "the food thinkers"
    - Demonstrate "seeing is believing"
    - Integrated marketing communication

** Gfk Research – Value share LTM Sept 09 Total SDA*

Food Thinkers:

"A group of people that are passionate about leveraging the pleasure of food and the untapped secrets of food preparation"

Simple moments of brilliance:

“We believe in giving people that simple moment of brilliance in the kitchen - where the little touches of ingenuity can make any of us feel truly accomplished and at ease with cooking”

Breville

Thought for food

Breville

Thought for food

A food focussed campaign where seeing is believing.

Thought for food

On Television

Starting Spring 2009 we're running ads for our most popular espresso machine and the No.1* toaster in the market. Ads for the Fresca Espresso Machine™ and Professional 4 Slice Toaster will feature in top-rating shows on Channel 9, Channel 7 and subscription TV.

*GFK, Sept 09 MAT, value sales

Fresca Espresso Machine™

Professional 800 Collection® 4 Slice Toaster.

Thought for food

Video Demonstrations

Nine 30-second videos demonstrate Breville's 'thought for food' in action, focussing on key moments where our products really shine.

See coffee bean meet
BES860 Fresca
Espresso Machine™

See lamb meet
BSC560 ikon™ Slow Cooker
with EasySear™ Pan

See butter meet
BEM800 Wizz™
Planetary Mixer

See rice meet
BRC510 Emporia Rice
& Risotto Maker

See tea meet
BKE820 Professional 800 Collection®
Variable Temperature Kettle

See pie meet
BPI280 Party Pie
Creations™

See bread meet
BTA840 Professional 800 Collection®
4 Slice Toaster

See apple meet
BJE520 ikon™ Froojie™
Juice Fountain®

See banana meet
BBL600 ikon™ 600
Blender

Thought for food

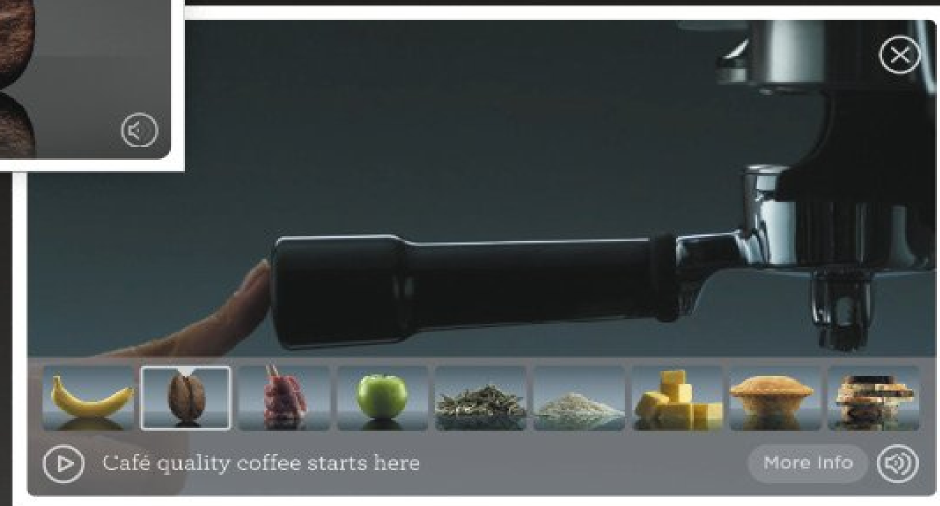
Online

The nine 'thought for food' video demonstrations seen above will run extensively online through our sponsorship of News Limited's Taste.com.au website — Australia's largest recipe site with a staggering 15,000 recipes and over 1 million hits each month.

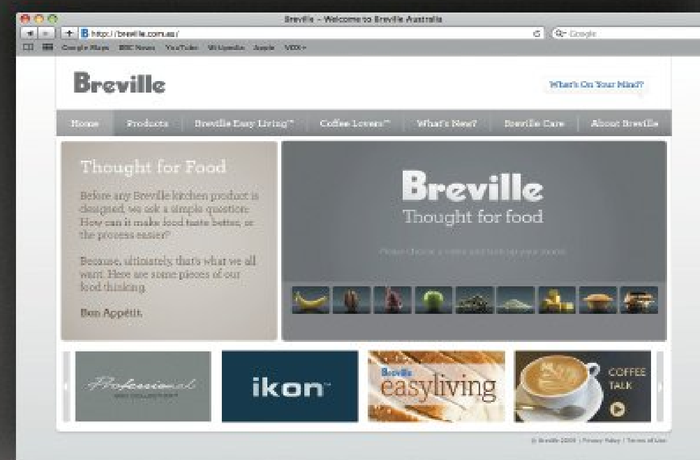
How To series

In the How To section of the Taste.com.au website we'll be running videos showing people how to cook with Breville products. There are 16 videos with a new one being launched every week.

Expanding multiple video banner a first for Taste.com.au



The Breville site has also been updated to be inline with the new campaign and serve video straight from the homepage



How To series, expert advice on Taste.com.au

Thought for food

In Magazines

Ads for our key products appear in a range of top-circulating home and lifestyle titles, including Good Weekend, Australian Women's Weekly, Sydney Magazine, Better Homes & Gardens, Sunday Life and Australian Good Food.

Press examples

Thought for food

Instore & on mobile

Instore materials, continue the ‘Thought for food’ theme and gives consumers the opportunity to watch product demos at point of purchase on their mobiles, simply by sending a text and receiving a link to a mobile site.

Seeing is believing: shoppers can see Breville products in action on their mobiles while instore

Instore material continues the Thought for Food theme and directs people to the mobile site

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Trading update

- Breville is well placed to benefit from improved trading conditions in core Australian and North American markets
- FY10 trading to date pleasing with encouraging pre-Christmas sell-in
- Benefits of recent cost reductions beginning to flow through
- On target for forecast FY10 underlying* EBITDA of approx. $38.5 million (approx. $41 million pro forma adjusted for onerous lease) and forecast FY10 underlying* NPAT of approx. $19 million (approx. $21 million pro forma adjusted for onerous lease)**

** Underlying excludes the impact of non-trading, non cash unrealised mark to market amounts (i.e. non-trading net foreign exchange and interest rate swap losses/(gains), redundancy costs and takeover response costs; does not include any adjustments for onerous leases*

*** Assumes no significant changes in current economic conditions or consumer sentiment and no material changes in foreign exchange rates. Further detail of underlying assumptions and other matters to bear in mind in considering the forecast will be available in Breville's Target's Statement*