



11 November 2015

Manager, Company Announcements
ASX Limited
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Sir

Breville Group Limited – Annual General Meeting Presentations

Please find attached the Chairman's Address to shareholders and CEO's Review of Operations to be delivered at the Annual General Meeting of Breville Group Limited at 10am today.

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.

11 November 2015

Chairman's Address

Slide 2

Good morning ladies and gentlemen and welcome to Breville Group Limited's 2015 AGM.

Slide 3

Welcome to Breville's fantastic new home in Alexandria.

Breville's commitment to "Food Thinking" and ongoing investment in product development and marketing continues and, together with a deep product pipeline, well positioned brand and key strategic alliances provide core building blocks. These building blocks, coupled with a strong balance sheet, position your company well for the future under the leadership and vision of your new CEO, Jim Clayton.

Jim is an experienced executive with a strong background in consumer products, technology and innovation having most recently held a number of senior roles at LG Electronics Inc. and prior to that, spent ten years with a Silicon Valley based private equity firm. With Jim's experience and track record of success in international markets that are key to Breville's growth, the Board is excited about the future of the company.

"Food Thinking" is based on a deep understanding of food and the challenges and opportunities facing consumers. Breville's growing appreciation for food science and culinary trends has led to a fostering of relationships with several high profile food thinkers including well known baristas and chefs, some of whom have helped in a product development capacity. Critical to success, is our focus on protectable innovation, superior quality, design and increased marketing communication.

During this year, the Sydney based Australian business, and the global product development, marketing and corporate head office relocated to this new state of the art custom designed facility creating an environment which encourages open communication and collaboration across the cross discipline teams to design and market 'best in class products'.

The office move follows the March 2014 relocation of the Australian business' warehouse to a leased purpose-designed national distribution centre at Minto in Sydney's south western suburbs.

Turn to Slide 4

I would like to turn now to the performance of your company for the 2015 financial year.

During the 2015 financial year, the Breville Group delivered an improved second half result which was underpinned by a pleasing performance of Breville designed and developed products across all segments, following a tough first half. EBIT for the year finished at \$69.6m being 1.2% lower than the prior year and net profit after tax decreased by 4.3% to \$46.7m.

Jim will take you through a more detailed analysis when he addresses you.

Reflecting the confidence in the strength and prospects for the business and commitment to providing strong returns to shareholders, the Board maintained the level of dividends.

Cash flows used in investing activities increased by \$10.1m compared to the prior year with the Group's net cash position at financial year end finishing at \$32.8m, compared to \$47.0m at the same time in the prior year.

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I would like to comment briefly on the outlook for your company.

Trading for the first 4 months of the 2016 financial year has been consistent with our expectations for that period.

In countries whose currency has been impacted by the strengthening USD, business conditions are challenging.

The key trading period of November and December is always crucial to the Group's results, not only for the first half but also for the full year. It is therefore too early to provide more definitive guidance.

Turn to Slide 6

I would like to take a moment to formally thank and acknowledge the efforts and continued dedication of our passionate and capable Breville team members around the world.

I would like to take this opportunity to thank a long standing Board member, Sam Weiss, who has resigned from his position as Non-Executive Director, effective today. On behalf of the Board and management of Breville, we say thank you and we wish Sam all the best. May I also thank my fellow Board colleagues, our suppliers, customers, consumers and of course, valued shareholders, for their continued support.

Thank you for your attendance this morning and I, together with my Board colleagues, look forward to having a chat with you at the conclusion of the meeting.

Prior to moving to the business of this meeting, I will now formally welcome our new CEO, Jim Clayton and invite him to present his Review of Operations.

END CHAIRMAN ADDRESS

Turn to Slide 7

CEO's Review of Operations

Thank you Steve and welcome ladies and gentlemen.

As many of you are aware, I have been CEO of Breville since 1 July 2015 and although having spent only a short time at Breville, I am encouraged by what I have seen.

During the last 4 months, I have had the opportunity to visit our facilities throughout the world, and I have met with most of our major distributors and strategic partners. I was fortunate enough to be in South America in September for the launch of Breville with our distribution partner, Tramontina, and the reception the product range received was quite outstanding. Through these visits, I have seen firsthand the strength of Breville's product portfolio, the impact of its premium positioning strategy, and the size of the opportunity that lies ahead.

While the Breville brand has a history of over 80 years here in Australia, the brand in North America was launched 11 years ago, and the products have been in the UK market for only 3 years under the Sage brand. The success Breville is achieving in international markets, which accounted for 75% of the Group's FY15 EBIT, confirms the "food thinking" innovation approach as well as the global competitiveness of the current portfolio, and it validates that the path to growth lies in the continued investment in product development and market expansion. These two levers, product development and market expansion form the foundation of the Group's strategic direction, which will continue to solidify Breville's position as one of the world's leading small domestic appliance brands.

Turn to Slide 8

The 2015 financial year trading performance, with a full year EBIT of \$69.6m, was 1.2% lower than pcip.

In contrast to softer trading in the first half of FY15, where Group revenues decreased by 5.6%, the second half revenue increase of 1.2% reflected solid performance in North America, particularly in core categories. The UK business, which distributes Breville designed products under the company-owned brand Sage, continued to perform well as it recorded double digit revenue growth as product and brand resonance with consumers increased.

The growth in EBIT in the second half of the year of 4.8% was driven by a strong performance in North America, partially compensating for the challenging ANZ retail conditions and the one-off business interruption of the ERP system implementation in Australia. This pleasing second half result also reflected the positive momentum built up through sales in core categories

Turn to Slide 9

The geographical diversification of the Group's business is an important part of our future strategy.

I will now turn to each of the individual operating segments which we operate.

Turn to Slide 10

In North America, full year revenue from the sale of goods of \$202.6m was 2.0% higher than the previous year. While first half total revenue was 10.8% lower than the prior year driven by the continued re-set of the juicer category, second half total revenue finished 24.1% higher than the second half in the prior year. This positive result was underpinned by growth in core categories, a stronger USD and the early signs of a stabilising juicer category in USA late in the second half.

North American EBIT for the year increased by 5.9% to \$31.9m (FY14: \$30.1m) as a more favourable product mix and lower warranty expenses on certain SKUs that were being phased out contributed to the increase in segment EBIT margin to 15.7% (FY14: 15.0%).

Turn to Slide 11

In ANZ, revenue for the year decreased by \$16.5m (6.3%), of which \$14.7m related to the second half of the financial year. In addition to the fall in revenue resulting from the ERP transition, revenue was adversely effected by the continuation of discount department store retailers favouring their own brands in the entry to mid-price points in which the Group's Kambrook and Ronson brands operate.

ANZ EBIT decreased to \$18.3m (FY14: \$24.9m). The fall in EBIT was the result of lower revenues, particularly in the second half, and the negative impact of the USD, which continued to strengthen during the period. Price increases implemented in both the first and the second half of the financial year, along with the benefit of cost efficiency savings, did not fully offset the negative currency impact and volume shortfall.

Turn to Slide 12

The Rest of World segment comprises the distribution business supplied from Hong Kong as well as the Group's UK business. The UK business, which distributes Breville designed and developed products under company-owned brand "Sage", produced an encouraging result as it continued to build relevance with premium UK retailers and increased its product resonance with consumers. This business reported double digit revenue and earnings growth in the year.

The Rest of World distribution business that supplies distributors in geographies where the Group does not have in-market infrastructure had a difficult second half as a number of our European distribution partners experienced both economic and competitive challenges in their markets, impacting Rest of World revenue.

Total Rest of World revenue decreased by 1.2% to \$78.8m (FY14: \$79.8m), while EBIT increased by 0.7% to \$20.3m (FY14: \$20.2m). Lower Rest of World distribution business revenue in the year was largely offset by higher revenue in the UK, which represented approximately 25% of the segment's revenue (FY14: approximately 20%).

Turn to Slide 13

We would like to introduce you to the Breville Boss To Go™ Plus.

The Breville Boss To Go™ Plus uses a powerful 1000 watt motor and Breville's Kinetix blending action to blend finer, with a unique Smooth Edge Tumbler that has no sharp external threads or notches around the tumbler rim.

I would like to share with you The Boss To Go™ Plus commercial that will be shown in a number of our regions in the lead up to the important holiday season.

Turn to Slide 14

As an increasingly international business, the Group has the core capabilities and assets to achieve global success:

- A passionate and capable team
- A solid, innovation-driven business model
- Compelling products with a deep pipeline
- Well-positioned brand across geographies
- Key strategic alliances.

As Breville transitions from a regional business to a truly global business, these capabilities and assets, along with strong balance sheet, provide a platform for taking advantage of strategic growth opportunities.

I am currently working with the team on how to better leverage the current platform and I look forward to sharing more with you at the half year announcement.

Turn to Slide 15

The world's most awarded oven now features slow cooking settings and easy viewing light – "The Smart Oven Pro".

The convection option reduces cooking time and the slow cook feature develops complex flavours with even convection heating. The Keep Warm option automatically turns on after cooking is complete so it's ready to serve when you are.

I would now like to show you the Smart Oven Pro commercial that will be running during the holiday season in certain geographies that we operate in.

Turn to Slide 16

On a personal note, I would like to thank the Board for their support and counsel. I would also like to thank the entire Breville team which has continued to demonstrate creativity and resilience.

Thank you for joining us today and please do stay for some morning tea and the opportunity to see some of our products in action.

I will now hand you back to the Chairman.



Breville Group Limited

Annual General Meeting

11 November 2015
Sydney

Chairman's Address

Mr Steven Fisher

...an increasingly international business with core building blocks in place to take advantage of future growth opportunities

Group FY15 Results Summary

	FY15	% change from FY14
Revenue	\$527.0m	-2.7%
EBIT	\$69.6m	-1.2%
NPAT	\$46.7m	-4.3%
EPS	35.9 cents	-4.3%
DPS (fully franked)	27.0 cps	0.0%

- Net Cash flows from operations \$45.7m (FY14: \$51.2m)
- Net Cash \$32.8m (FY14: \$47.0m)

Outlook FY2016

- Trading to end of October 2015 in line with our expectations
- In countries whose currency has been impacted by the strengthening USD, business conditions are challenging
- Too early to provide guidance on FY16 given the importance of the key November/December trading period

Thank you

- Thank you
 - Breville team
 - Retiring Board member, Sam Weiss
 - Board colleagues
 - Suppliers, customers and consumers
 - Valued shareholders

CEO's Review of Operations

Mr Jim Clayton
Group CEO

Group

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

Minor differences may arise due to rounding

Key points

- FY15 EBIT \$69.6m – 1.2% lower than pcp
- 2H revenue increase of 1.2% - solid performance North America in core categories
- UK double digit revenue growth – product and brand resonance with consumers increased
- 4.8% EBIT growth in 2H15 – in line with guidance
- ANZ ERP transition – one-off business interruption
- Positive momentum built up late in 2H15 - sales growth in core categories

Segment Results

	REVENUE			EBIT		
AUDm	FY15	FY14	% Chng	FY15	FY14	% Chng
Australia and New Zealand (ANZ)	245.1	261.6	(6.3%)	18.3	24.9	(26.2%)
North America	203.1	200.2	1.4%	31.9	30.1	5.9%
Rest of World	78.8	79.8	(1.2%)	20.3	20.2	0.7%
Other	-	-		(0.9)	(4.7)	
TOTAL	527.0	541.6	(2.7%)	69.6	70.4	(1.2%)

Minor differences may arise due to rounding

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%)
Revenue	116.0	130.0	(10.8%)	87.1	70.2	24.1%	203.1	200.2	1.4%
EBITDA	20.8	22.9	(9.3%)	11.5	7.5	52.3%	32.2	30.4	6.0%
EBIT	20.6	22.8	(9.4%)	11.2	7.3	53.2%	31.9	30.1	5.9%
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
- 1H15 juicer category continued to re-set, early signs of stabilising late in 2H15
- Pleasing 2H15 EBIT return - more favourable product mix and lower relative warranty expense following certain SKUs being phased out

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 2H15
 - Discount department store retailers favouring their own 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 experienced economic and competitive challenges
- Commenced trading with new Brazilian distributor June 2015

the Boss To Go™ Plus



Initial observations

- An increasingly international business, with core capabilities and assets to achieve global success:
 - A passionate and capable team
 - A solid innovation driven business model
 - Compelling products with a deep pipeline
 - Well-positioned brands across geographies
 - Key strategic alliances.
- As Breville transitions from a regional business to a truly global business, these capabilities and assets, along with strong balance sheet, provide a platform for taking advantage of future growth opportunities.
- Working with the team on how to better leverage the current platform

the Smart Oven[®] Pro



Breville
Thought for food