



16 August 2018

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

**Year Ended 30 June 2018
Investor Presentation**

Attached is a copy of the Breville Group Limited Investor Presentation for the Year Ended 30 June 2018.

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 FY18 INVESTOR PRESENTATION



August 2018



Breville | Sage

Group Summary Result

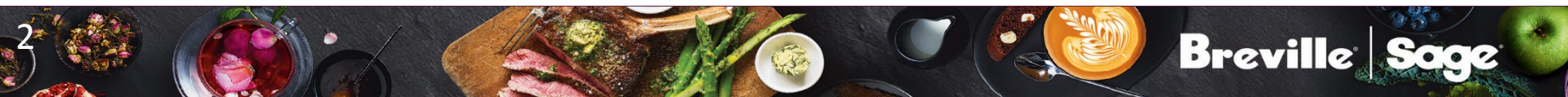
AUDm	FY18	FY17	% Chng
Revenue	652.3	605.7	7.7%
EBITDA	100.2	89.8	11.6%
EBIT	86.9	79.0	10.0%
EBIT margin (%)	13.3%	13.0%	
NPAT	58.5	53.8	8.7%
Basic EPS (cents)	45.0	41.4	8.7%
ROE ¹ (%)	21.6%	21.3%	
Dividends per share (cents)	33.0	30.5	8.2%
• Interim	16.5	15.5	
• Final	16.5	15.0	
Franked (%)	60.0%	60.0%	
Net cash (\$m)	58.0	41.3	
Mkt/R&D % Revenue	10.5%	9.5%	

Minor differences may arise due to rounding

Key points

- Group revenue 8.7% higher in constant currency
- EBIT vs. EBITDA growth rate differential reflecting continued investment in R&D
- EBIT growth trend continues, increasing 10.0% (FY17: 7.2%)
- NPAT impacted by increased finance costs and one off tax adjustments including US federal corporate tax rate change
- Final dividend of 16.5 cps, 60% franked, annual dividend growth of 8.2%
- Net cash balance increased to \$58.0m given higher profitability and cash conversion
- Spend on marketing and R&D increased to 10.5% of revenue

¹ ROE is calculated based on NPAT for the 12 months ended 30 June 2018 (FY17: 12 months ended 30 June 2017) divided by the average of shareholders' equity at the beginning and the end of the financial year



Segment Results

AUDm	REVENUE			EBIT			EBIT MARGIN (%)	
	FY18	FY17	% Chng	FY18	FY17	% Chng	FY18	FY17
Global Product	526.9	469.6	12.2%	73.3	72.4	1.2%	13.9%	15.4%
% Change CC*			13.4%					
Distribution	125.5	136.2	(7.8%)	13.6	6.6	106.1%	10.8%	4.9%
TOTAL	652.3	605.7	7.7%	86.9	79.0	10.0%	13.3%	13.0%

Minor differences may arise due to rounding

*CC - Constant Currency

Key points

- Global Product segment continued its growth pattern with revenue increasing 13.4% in constant currency
- Distribution segment revenue declined (7.8%) with EBIT growing 106.1%, reflecting the turnaround in segment profitability
- Global Product segment represented 84.3% of Group EBIT for FY18 (FY17: 91.6%)
- As stated during 1HFY18 announcement, the reduction in the EBIT margin % for the Global Product segment is NOT a result of a change in underlying segment performance. It is the result of the business model migration: utilising Distribution segment's greater EBIT performance to increase spending on marketing, R&D, and European expansion in the Global Product segment. For the Global Product segment, FY18 gross margin % is consistent with FY17 performance.



Segment Results cont'd

AUDm	GLOBAL PRODUCT SEGMENT REVENUE			
	FY18	FY17	% Chng \$A	% Chng CC*
North America	303.6	265.1	14.5%	16.3%
Australia and New Zealand (ANZ)	123.9	114.1	8.6%	9.1%
Rest of World	99.4	90.4	9.9%	10.7%
TOTAL	526.9	469.6	12.2%	13.4%

*CC - Constant Currency

Key points

The Global Product segment delivered solid revenue growth across all Regions in constant currency:

- North America continued its solid growth trajectory
- ANZ grew 9.1% in a somewhat challenged retail environment. Australia delivered double digit growth, and New Zealand softened off the back of a strong FY17
- ROW absorbed the impact of the Germany / Austria transition and still managed to post double digit constant currency growth for the year



Financial Position at 30 June

AUDm	FY18	FY17
Inventory	99.7	116.6
Receivables	104.4	106.4
Trade and other payables	(84.6)	(94.8)
Working Capital	119.5	128.2
Fixed assets	11.4	10.7
Intangibles	112.6	100.1
Other (liabilities)/assets (net)	(18.3)	(20.7)
NET ASSETS EMPLOYED	225.2	218.3
(Cash) (net)	(58.0)	(41.3)
Shareholders' equity	283.2	259.6
CAPITAL EMPLOYED	225.2	218.3

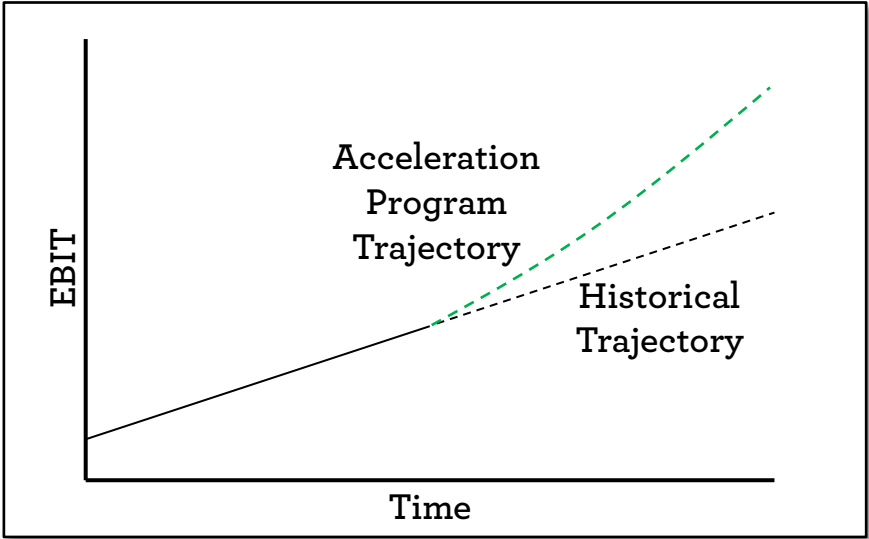
Minor differences may arise due to rounding

Key points

- Inventory declined \$16.9m as the Nespresso® inventory bubble in FY17 flattened out, the adjusted holiday ramp up pattern and the sales & operations process continued to drive efficiencies
- Receivables were driven by fourth quarter timing and mix
- Trade payables were \$10.2m lower due to adjustments in the sales & operations process as well as the holiday ramp up pattern
- Intangibles continued to increase due to (net) investments in R&D (\$4.2m) and IT systems (\$0.4m), as well as the Aquaport® acquisition (\$8.1m)
- Cash generated from operating activities increased to \$88.7m from \$62.7m in FY17



Growth Acceleration Framework



From Product Development to Commercialisation

“Customer Segment Thinking”



“Food Thinking”



Coordinated Range

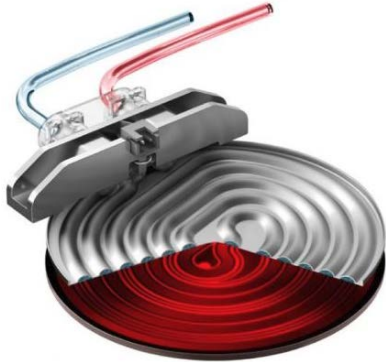


Common Design
Language

Common Colour
Palette



Pulling Innovation Through the Range



ThermoJet™ Heating System

**Achieves optimal extraction
temperature in 3 Seconds**



Barista Express™ Pro



Bambino™ Plus



Barista Touch™



Creatista® Pro



Creatista® Uno



Extending Innovation to New Customer Segments



Barista Express™ Pro

- Delivers the 4 elements of cafe quality coffee
- 3 second heat up time: ThermoJet™ heating system
- Improved grinder performance and control
- Intuitive icon-driven LCD display
- Wider work area for ease of use
- Common design language with rest of range



Bambino™ Plus

- 1st compact espresso machine to meet the 4 elements of cafe quality coffee*
- 3 second heat up time: ThermoJet™ heating system
- Auto-milk technology: can choose milk temperature and level of froth
- Common design language with rest of range

* IFA press conference. Bambino Plus vs. commercial coffee machine (<https://www.youtube.com/watch?v=MQxOGuV4GP4&feature=youtu.be>, beginning at 10:26)



Pulling Innovation Through the Range (cont.)



Smart Oven™ Air



Smart Oven™ Pro



Smart Oven™



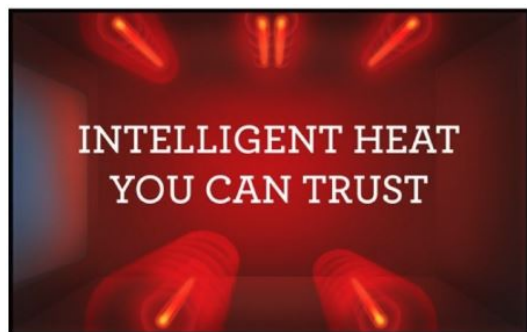
*Smart Oven™
Compact Convection*



*Compact Smart
Oven™*



Mini Smart Oven™



Element IQ®

**Puts the Right Amount of Heat
in the Right Places**



Smart Oven™ Pizzaiolo



The Smart Oven™ Pizzaiolo

Food Science: The secret to a perfect Neapolitan pizza is cooking it in less than 2 minutes*



First electric domestic pizza oven capable of replicating commercial wood-fired oven performance

* In Search of Perfection, Pizza, Season 1: Episode 5 (<https://vimeo.com/34433092>)



First Breville “Brand Launch”

Seed
Apr - June

Tease
Jul - Sep

Launch
Oct

Accelerate
Nov - Mar19

We stress tested the product with leading Pizzaiolos and Professional Chefs across New York, Chicago, Sydney, San Francisco, Portland and Los Angeles

Here are the (restaurant-worthy) results:



First Breville “Brand Launch” (cont.)

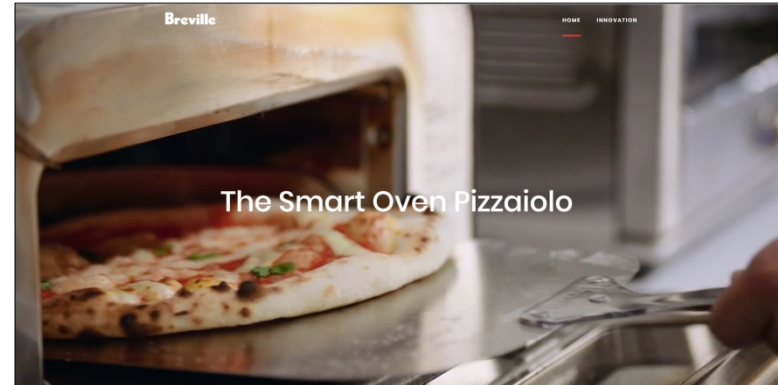
Seed
Apr - June

Tease
Jul - Sep

Launch
Oct

Accelerate
Nov - Mar19


- Launched Pizzaiolo microsite: www.smartovenpizzaiolo.breville.com/us
- Joint launch with Williams Sonoma®
 - Williams Sonoma® Holiday press day
 - Physical infrastructure (kitchens)
- Digital campaign targeting early adopters
- Seed social pizza communities
- Tease product at IFA for European media




Authentic wood-fired* Neapolitan style Pizza, in under 2 minutes.

The pizza oven reimaged

The pursuit of authentic wood-fired* style pizza making at home usually requires a large, expensive and time-consuming brick oven. Other, smaller models claiming to produce an authentic Neapolitan style pizza are flawed. The Pizzaiolo reaches an unprecedented 750° with reimagined technology and construction – cooking the classic wood-fired* Neapolitan style pizza to perfection, in under 2 minutes.



Meet the Pizzaiolo



Rome wasn't built in a day

4 years in the making

Traditionally, a wood-fired* oven takes several hours to reach the required heat. During the cooking process, the fire burns to one side of the pizza as it's cooked by a traditional Pizzaiolo, providing the desired direct heat onto the side of the pizza, not the top. This technique creates that crispy and charred base, while the toppings remain soft and flavorful.

To replicate this same cooking method in a bench-top oven, we spent years reimagining different heating techniques, testing prototype after prototype, until finally creating the first domestic convection oven that could only reach 750°F, but deliver the authentic wood-fired* style pizza, in under 2 minutes.



It's all in the Element IQ® System

Using 3 different types of heat, the Pizzaiolo cooks the base of your pizza using conductive heat with the active deck producing just the right amount of char. Element IQ® ensures heat precision the same beyond opening of the oven, while the Optimized Deflector Geometry technology ensures toppings are soft, flavorful and cooked to perfection.



The Smart Oven™ Pizzaiolo

The Pizzaiolo with Element IQ® System is a breakthrough for pizza enthusiasts, creating the ideal cooking environment for the Wood-Fired™, New York, Thin & Crispy, Pan and Proton pizzas.



**WILLIAMS
SONOMA**
CALIFORNIA



Breville®

Master Every Moment™

Our Vision

Inspire consumers to make every food moment a perfect occasion –
“Master Every Moment”

Our Mission

To make the process a pleasure and the end result perfect, every time –
“Provide Mastery in a Box”

Our Guiding Principles

1. Define the perfect result. Then let you personalise it.
2. Innovate to simplify. Better. Faster. Easier.
3. Design to delight. It is always a pleasure to use Breville | Sage as part of your recipe.
4. Inspire you to be extraordinary in the kitchen and to share with those who matter most.



Breville | Sage

Europe Update: Germany / Austria

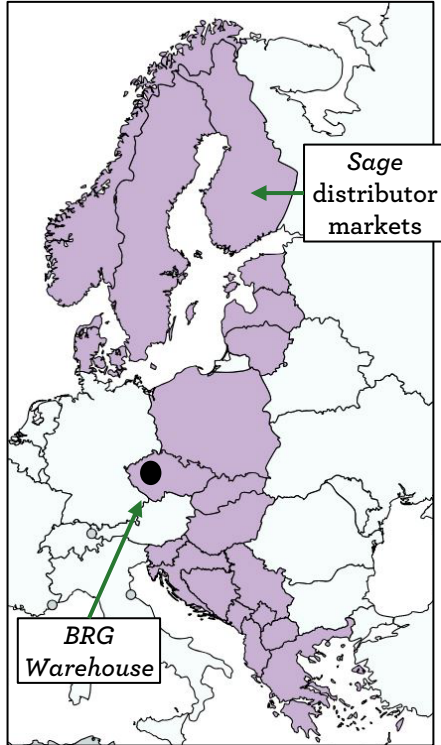
- Launched April 1st as planned
- Team complete, supply chain automated
- Currently transacting through approximately 600 doors
- Premium in-store positioning, supported by demonstration
- Take over *Creatista*[®] range January 1, 2019



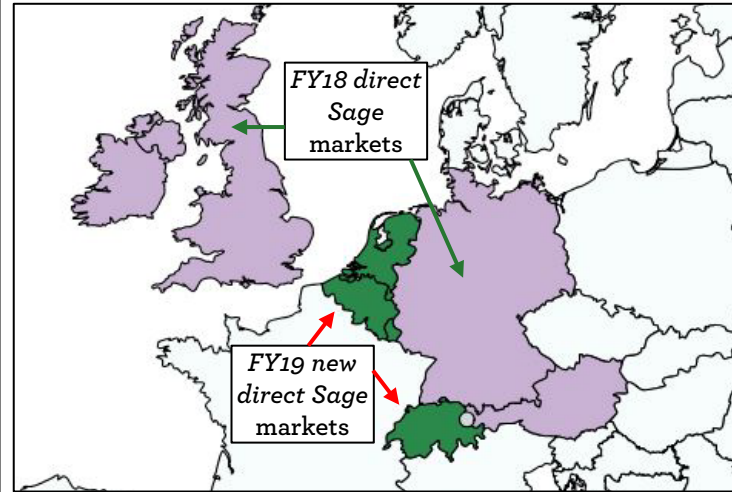
Saturn, Hamburg



Europe Update: Beyond Germany / Austria

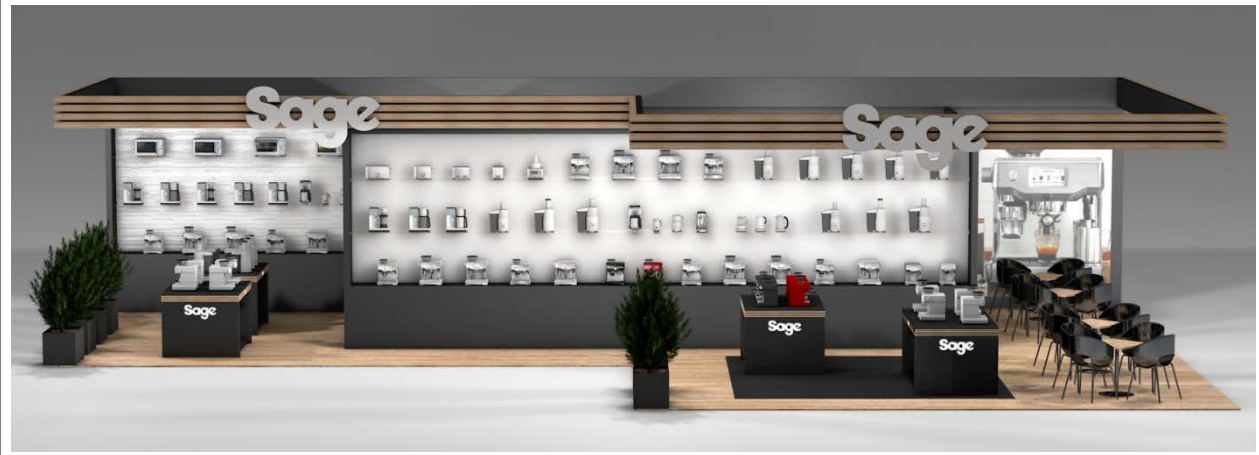


Sage partners now being served by European warehouse (vs. Hong Kong)



- Expect to enter Benelux/Switzerland before end of FY19
- Will result in \approx \$1M headwind for FY19

Sage IFA Presence



Go Forward Marker: For FY18, Europe delivered \$61.8M in Revenue



Acceleration Program Update

Organisation

- Continued to expand organisational capability: CFO, CTO, AU Sales, and NA Sales Ops

Operations

- Entire logistics system now leveraging 3PLs
- Germany/Austria transactions fully automated
- Phasing in serialisation, expanding co-planning
- Rolling out chat capability for customer service

Systems

- Upgrading eCommerce system: US, UK, Canada, and Australia are live
- Deploying retail sell-out system: ANZ is live

Acceleration Program Update (cont.)

Inventory

Inventory as % of cost of sales*	FY18	1H FY18	FY17
BRG	27.0%	30.9%	32.3%
BRG with 12 month COS**	24.7%	27.7%	29.3%

* Cost of sales comprises only the cost of inventory

** Excludes inventory and cost of sales from Nestle® Dolce Gusto®, Aquaport® and European warehouse

- Delivering continued improvement in inventory turns, now running at 4.0x
- North American Nespresso® inventory no longer excluded in adjusted number

Distribution Segment Turn Around

Distribution Segment	FY18	FY17	FY16
Distribution Segment EBIT	\$13.6m	\$6.6m	\$8.6m
EBIT Growth	106.1%	(22.5%)	

- As a result of segment portfolio remixing and efficiency efforts, the Distribution segment delivered positive year/year EBIT performance
- 2HFY18 revenue of \$53.3m is a clean half for all current revenue streams in the Distribution segment

Acceleration Program Scorecard

Acceleration Program Scorecard	FY15	FY16	FY17	FY18	FY18/FY15
BRG Revenue (AUDm)	527.0	576.6	605.7	652.3	23.8%
Global Segment	373.3	427.2	469.6	526.9	41.1%
Distribution Segment	153.7	149.4	136.2	125.5	(18.4%)
EBIT	69.6	73.7	79.0	86.9	24.9%
EBIT Yr/Yr Growth	(1.2%)	5.9%	7.2%	10.0%	
Marketing / R&D as % Revenue	-	8.5%	9.5%	10.5%	
Inventory	108.3	107.7	116.6	99.7	(7.9%)
<i>Inventory as % of COS</i>	34.7%	31.7%	32.3%	27.0%	(22.2%)
ROE¹	21.0%	21.0%	21.3%	21.6%	
ROA¹	13.4%	13.7%	13.7%	13.6%	
Number of employees (yearly average)	450	434	432	445	(1.1%)
<i>EBIT / Employee</i>	\$154,781	\$170,020	\$182,712	\$195,375	26.3%

- Grew Global Product segment while turning around Distribution segment (EBIT\$)
- Business model transformation occurring while simultaneously delivering EBIT growth
- FY18's revenue is 23.8% larger than FY15, but inventory and employee headcount are down
- Return metrics stable, and efficiency metrics improving
- Total reported “non-recurring” expense adjustments affecting reported EBIT: \$0

¹ ROE is calculated based on NPAT for the 12 months ended 30 June for the financial year (FY15 – FY18) divided by the average of shareholders' equity at the beginning and the end of the financial year. ROA is calculated based on NPAT for the 12 months ended 30 June for the financial year (FY15 – FY18) divided by the average of total assets at the beginning and the end of the financial year.

