

17th August 2021

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

Year Ended 30 June 2021 Investor Presentation

Attached is a copy of the Breville Group Limited Investor Presentation for the year ended 30 June 2021.

The release of this announcement was authorised by the Board.

Yours faithfully,



Sasha Kitto and Craig Robinson
Joint Company Secretaries
Breville Group Limited

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Breville Group Limited (BRG)



FULL YEAR FY21 RESULTS Investor Presentation

17th August 2021



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Disclaimer

To the extent this Presentation contains any forward looking statements, such statements are not guarantees of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Breville, its Directors and management, and involve elements of subjective judgement and assumptions as to future events which may or may not be correct. Actual performance may differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. The forward-looking statements are based on information available to Breville as at the date of this Presentation. Except as required by law, including the ASX Listing Rules, Breville undertakes no obligation to provide any additional or updated information, whether as a result of new information, future events or results or otherwise.



Group Summary Result

AUDm	FY21 ¹	FY20 ¹	% Chng
Revenue	1,187.7	952.2	24.7%
Gross Profit	413.7	320.6	29.0%
Gross margin	34.8%	33.7%	
EBITDA	163.3	120.1	36.0%
EBIT	136.4	97.7	39.6%
NPAT	91.0	63.9	42.3%
EPS	65.8	48.8	34.8%

Normalised EBIT ²	136.4	109.9	24.1%
Normalised NPAT ²	91.0	72.7	25.1%
Normalised EPS ²	65.8	55.6	18.3%

Dividends per share (cents)	26.5	41.0	(35.4)%
• Interim	13.0	20.5	
• Final	13.5	20.5	
Franked (%)	100.0%	60.0%	

Net cash (\$m)	129.9	128.5	1.1%
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Commentary

- Record Group sales reaching ~\$1.2bn
- Improved gross margin with higher average selling price offsetting input cost inflation
- EBIT growth rate +39.6%, or +24.1% against normalised FY20 (pcp +16.2%)
- EPS growth +34.8%
- Full year dividend 26.5c, 100% franked, in line with revised 40% payout ratio to support continued funding of growth agenda
- High net cash position reflects continued low working capital that should reverse in FY22

¹ FY21 and FY20 reflects the impact of the new IFRIC agenda decision on configuration and customisation costs in cloud computing arrangements ("SaaS accounting"). This has decreased FY21 EBITDA by \$10.3m (FY20: \$6.5m) and EBIT by \$6.1m (FY20: \$3.2m).

² FY20 shown normalised for impact of both abnormal expenses (doubtful debt provisioning and IoT platform write down) and abnormal cost savings (compensation and marketing) in Q4 2020. Net impact on EBIT +\$12.2m, NPAT +\$8.8m, EPS +6.8c. No normalisation of FY21 result.



Segment Results

AUDm	REVENUE			EBIT			EBIT MARGIN (%)	
	FY21	FY20	% Chng	FY21	FY20 ¹	% Chng	FY21	FY20 ¹
Global Product	984.2	764.4	28.7%	111.1	87.0	27.7%	11.3%	11.4%
% Change CC ²			37.0%					
Distribution	203.5	187.8	8.4%	25.3	22.9	10.6%	12.4%	12.2%
TOTAL	1,187.7	952.2	24.7%	136.4	109.9	24.1%	11.5%	11.5%

Commentary

- Global Product segment constant currency revenue growth of 37.0%
- Work-from-home conditions and continued geographic expansion offsetting the impact of intermittent supply challenges
- Distribution segment driven by strong growth in Breville Local, offset by lower growth in Kambrook & Nespresso
- Incremental Distribution segment profits reinvested into Global segment

¹ FY20 shown normalised for impact of both abnormal expenses (doubtful debt provisioning and IoT platform write down) and abnormal cost savings (compensation and marketing) in Q4 2020. Net impact on EBIT +\$12.2m. No normalisation of FY21 result

² CC – Constant Currency



Global Segment Revenue by Theatre

AUDm	GLOBAL PRODUCT SEGMENT REVENUE			
	FY21	FY20	% Chng \$A	% Chng CC*
Americas	493.0	422.3	16.7%	27.6%
EMEA	257.0	170.0	51.2%	58.4%
APAC	234.2	172.1	36.1%	37.4%
TOTAL	984.2	764.4	28.7%	37.0%

*CC - Constant Currency

Group

- Growth in constant currency strong in both halves >30%
- Strong denominator to be lapped in FY22
- Gross margins remain comparable across Theatres

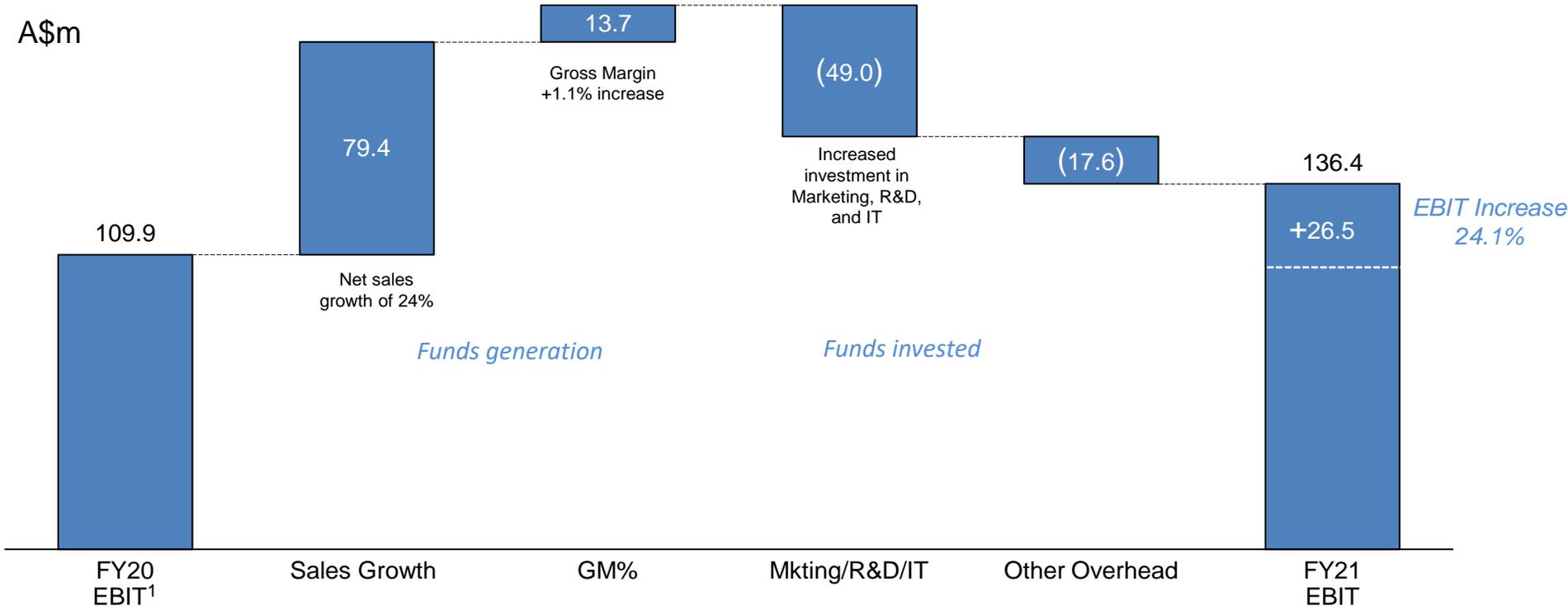
Theatres

- **Americas:** +\$71m and 27.6% cc sales growth. Consistent above trend sell-out growth supporting sell-in growth. Operations in Mexico commenced in Q4. Bricks-and-mortar retail largely now open. Some transportation-led inventory constraints in Q4. Weaker USD in H2 dampens A\$ reported growth
- **EMEA:** +\$87m and 58.4% cc sales growth. Europe, both new and existing markets, continuing to perform well. France entry completed in Q1, and Portugal and Italy entered in Q4. Some transport led inventory constraints in Q4
- **APAC:** +\$62m and 37.4% cc sales growth. Strong performance across the entire region driven by sustained WFH, supply chain management, and consumer access to physical retail. Slower H2 (+24.3%) after remarkable H1 (+49.7%). Inventory largely restored to equilibrium levels



EBIT Bridge FY20 - FY21

Sales & Margin Gains Reinvested in Growth Drivers



Commentary

- Sales growth and gross margin improvement generated an incremental \$93m gross profit
- Incremental Gross Profit and operating leverage reinvested in medium-term growth drivers
- Increased investment in marketing, R&D and IT by \$49m or 43% over prior year
- Other overheads well controlled, declining as % sales from 10.3% in FY20 to 9.6% in FY21
- EBIT margin stable at 11.5%; EBIT\$ grew by \$27m or 24.1%

¹ FY20 shown normalised for impact of both abnormal expenses (doubtful debt provisioning and IoT platform write down) and abnormal cost savings (compensation and marketing) in Q4 2020. Net impact on EBIT +\$12.2m. No normalisation of FY21 result



Financial Position at 30 June

AUDm	FY21	FY20 ¹
Inventory ²	216.7	153.7
Receivables	119.3	156.1
Trade and other payables	(175.8)	(147.9)
Working Capital	160.2	161.9
Fixed assets	14.4	13.5
Intangibles	229.8	144.0
Other (liabilities) / assets	(27.9)	(32.8)
NET ASSETS EMPLOYED	376.6	286.6
Net (Cash) / debt	(129.9)	(128.5)
Shareholders' equity	506.5	415.1
CAPITAL EMPLOYED	376.6	286.6

ROE %³	19.7%	17.9%
ROA%⁴	13.0%	11.3%

Commentary

- Working capital below equilibrium by ~\$80m
 - Inventory recovering, but a high proportion still in transit due to Yantian and Suez incidents and inbound port delays
 - Receivables below prior year due to improved debtor days (75days→62days), exchange rate, and constrained Q4 deliveries
 - Payables growing in line with business
- Increase in intangibles +\$85.8m driven by
 - Baratza acquisition (+\$81.6m)
 - Continued NPD investment
- Net cash of \$130m
 - Significant outflow planned for FY22 as working capital normalises
- Adequate working capital debt facilities in place
- ROE/ROA showing good returns on invested capital

¹ FY20 balance sheet has been restated to reflect adoption of IFRIC agenda decision on SaaS accounting

² FY21 Inventory comprises \$142.1m in warehouse and \$74.6m in-transit; FY20 \$127m in warehouse and \$27m in-transit

³ ROE is calculated based on NPAT for the 12 months ended 30 June for the financial year divided by the average of shareholders' equity.

⁴ ROA is calculated based on NPAT for the 12 months ended 30 June for the financial year divided by the average of total assets.



Key Take Outs from FY21

- Throughout FY21 we experienced strong demand for our products in all geographies, with demand spread broadly across our range
- Gross margin % benefitted from mix and temporarily low promotional spend more than offsetting inflationary pressures in input costs
- With core overheads well controlled, operating leverage was reinvested in marketing, R&D, and IT capability to support mid-term growth
- EBIT growth accelerated to 24% over normalised pcp
- The balance sheet is not at equilibrium: Inventory and Receivables are temporarily suppressed, resulting in cash being temporarily overstated
- We are planning for a working capital rebuild in FY22



- ➔ • **FY21 Acceleration Program Execution**
- **Strategy Assessment & Analysis**
- **FY22 COVID Snapshot**



FY21 New Product Launches

FY21 Colours



Black Stainless Steel



Almond Nougat



Olive Tapenade



Fast Slow Pro



The Bambino



Creatista Pro



HydroPro



HydroPro Plus



FoodCycler



Combi Wave 3 in 1



Compact Wave

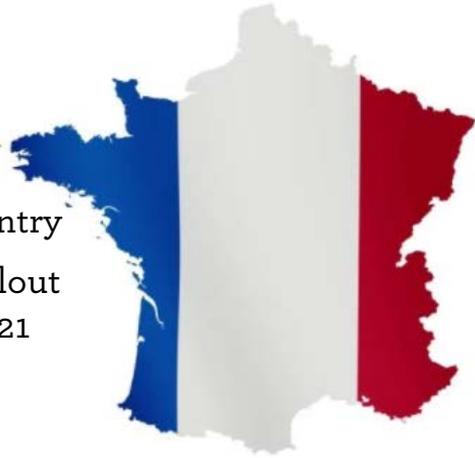


Pizzaiolo

240V



New Geographies



France: April 2020 entry
COVID extended rollout
into beginning of FY21



Portugal: March 2021



Italy: April 2021



Mexico : May 2021



Acquisition



- Headquarters: Seattle, WA
- Closed transaction Sep. 2020
- Fully integrated into corporate platform
- Filled out grinder offering from entry to light commercial
- Team extends coffee expertise
- Performing above expectations

Corporate Platform Rollout

FY20

- Germany/Austria
- Benelux
- Switzerland
- UK
- France

FY21

- United States
- Italy
- Portugal
- Mexico
- Hong Kong
- New Zealand
- Republic of Ireland

FY22

- Canada (*completed*)
- Baratza (*completed*)
- Australia
- Any New Geography

The Northern Hemisphere is now fully deployed. Australia is all that remains, which will go live in the 2HFY22, plus any new geographies



Acceleration Program Milestones Achieved in FY21

- Total Revenue exceeded \$1 Billion
- EMEA now bigger than APAC in Global Segment
- Mainland Europe now bigger than UK

- FY21 Acceleration Program Execution
- ➔ • Strategy Assessment & Analysis
- FY22 COVID Snapshot



Growth Acceleration Framework

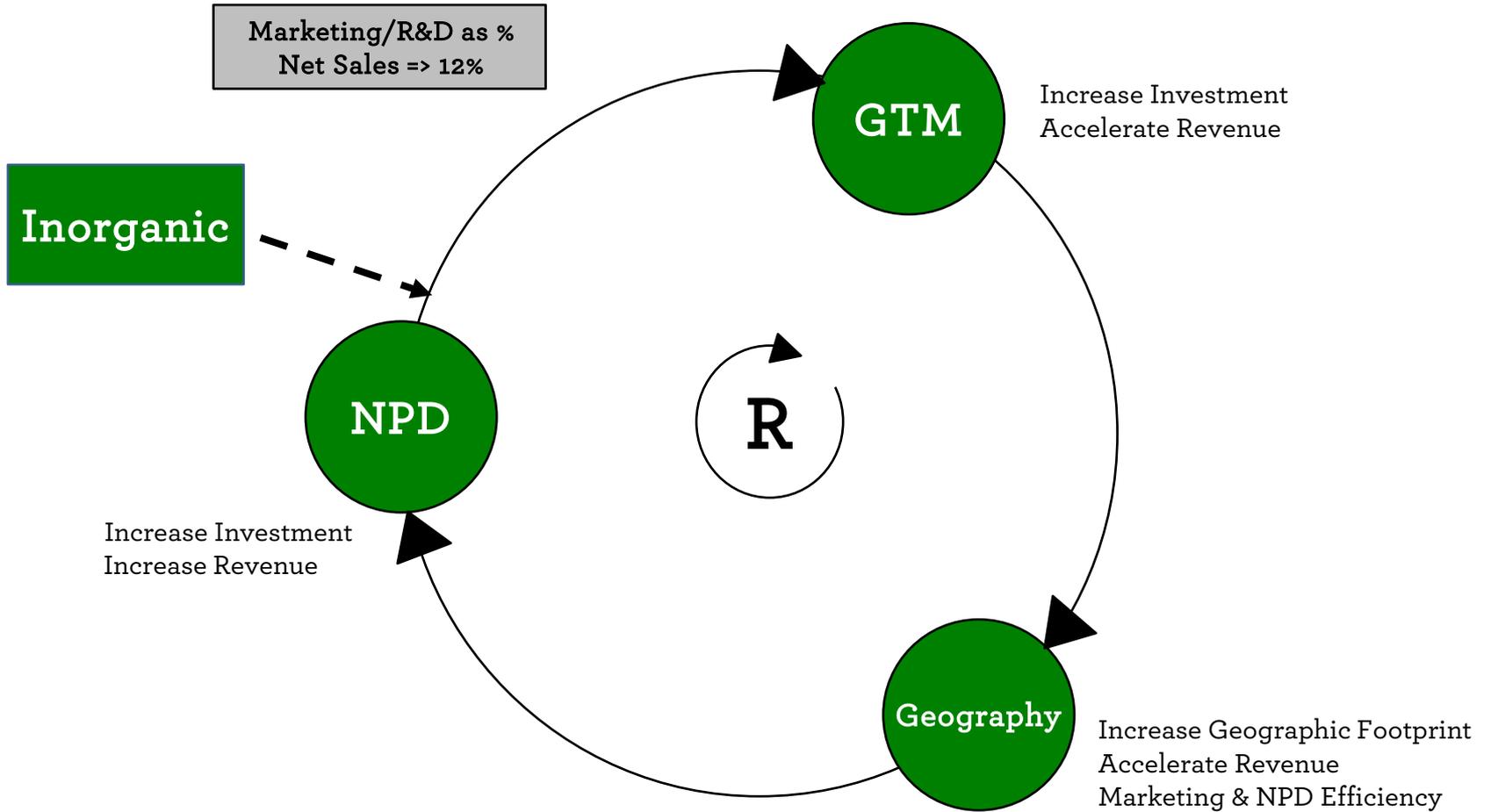
**More
Product**

**Larger
Market**

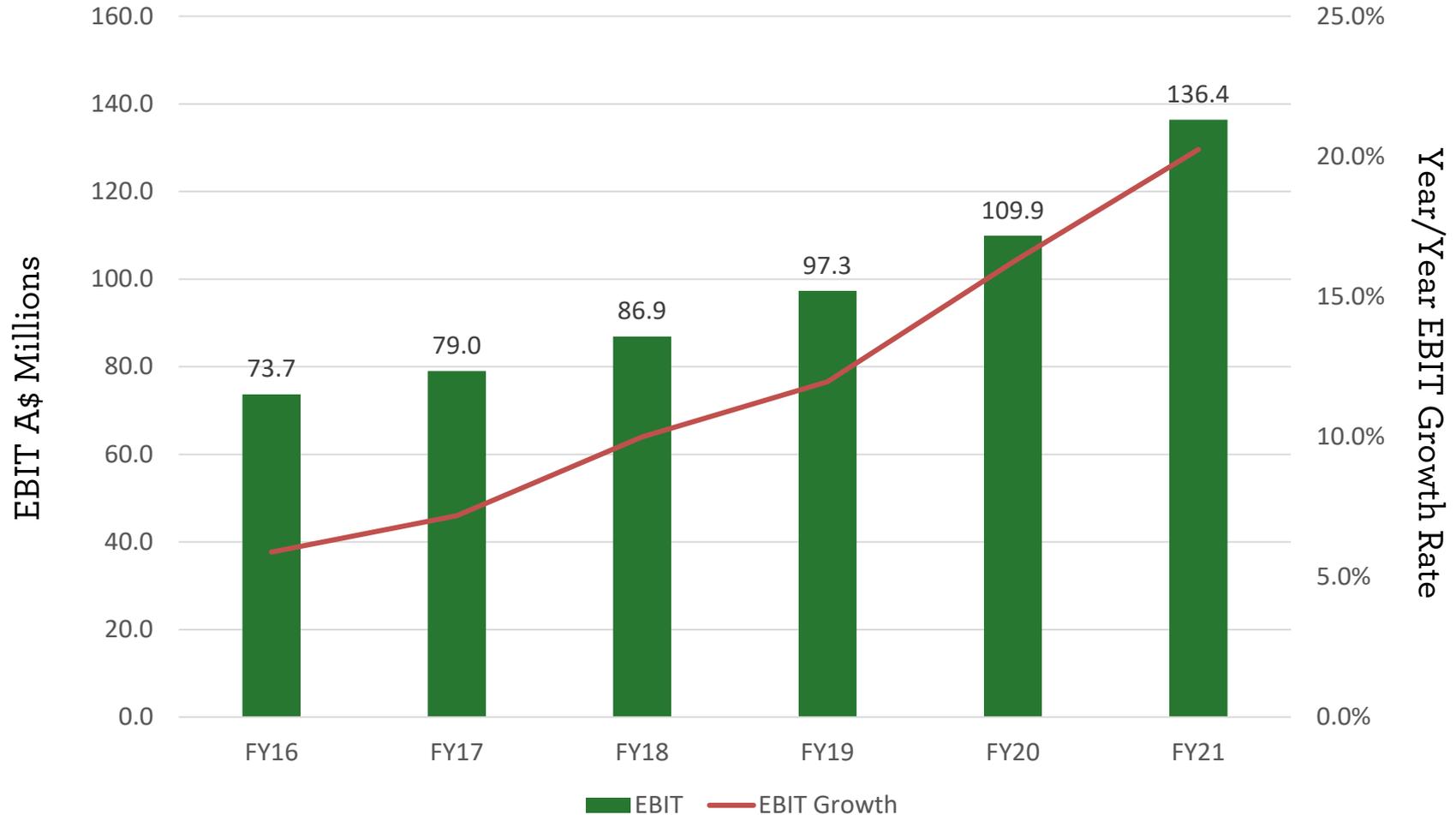
Scalable, Acceleration Platform

Growth-Oriented Business Model

Reinforcing Loop of Innovation Driven Growth



Acceleration Program: EBIT Growth Evolution



1HFY16: Made commitment that Acceleration Program (business model evolution) would not “steal” from EBIT, and it has not



Levers for Migrating Business Model

	FY16	FY17	FY18	FY19	FY20 ¹	FY21
BRG Rev Growth A\$	9.4%	5.1%	7.7%	17.5%	25.3%	24.7%
Global CC Rev Growth		14.3%	13.4%	12.0%	20.1%	37.0%
EBIT Growth	5.9%	7.2%	10.0%	12.0%	16.2%	24.1%

There are four levers for changing the business model while simultaneously growing EBIT dollars:

1. Identify cost savings in one function (e.g., finance), and convert the savings to a marketing and R&D expense;
2. Generate EBIT dollars in the Distribution Segment and convert them to a marketing and R&D expense in the Global Segment;
3. Create operating leverage and spend the savings on marketing and R&D; and,
4. Grow revenue, in constant currency, faster than EBIT, spending incrementally generated gross profit dollars on marketing and R&D while simultaneously delivering overall EBIT growth.

Over the years, we have done all four.

¹ FY20 shown normalised for impact of both abnormal expenses (doubtful debt provisioning and IoT platform write down) and abnormal cost savings (compensation and marketing) in Q4 2020. Net impact on EBIT +\$12.2m.

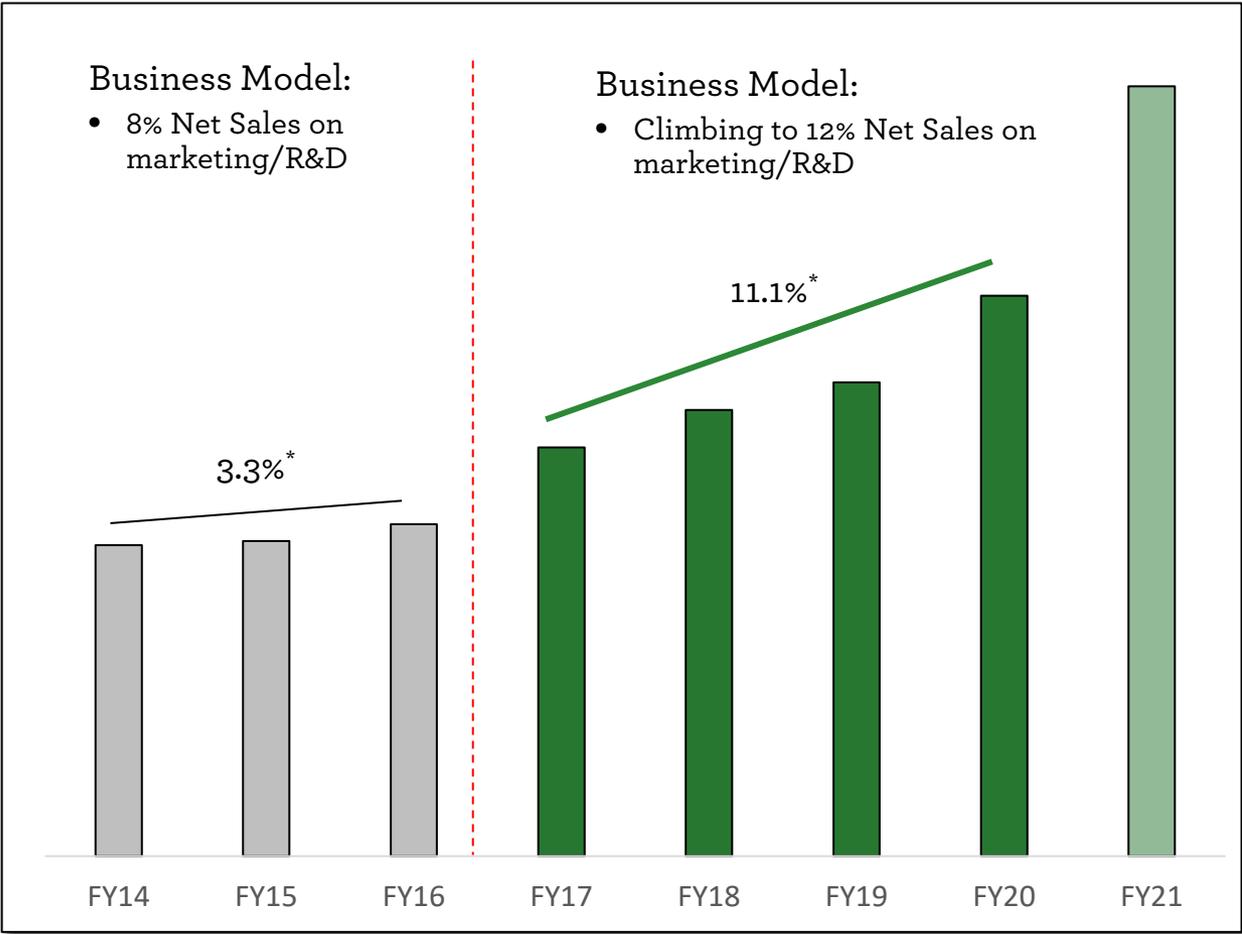


Growth Lever Rollout by Theatre

	FY17	FY18	FY19	FY20	FY21
APAC	Incrementally increase spend on Global Segment marketing and R&D				
Americas	Incrementally increase spend on Global Segment marketing and R&D				
				Acquisitions	
					Geo Exp
EMEA		Incrementally increase spend on Global Segment marketing and R&D			
		Flip from Distributor to Direct GTM: Geographic Expansion			



Global Segment Net Sales: APAC Theatre*

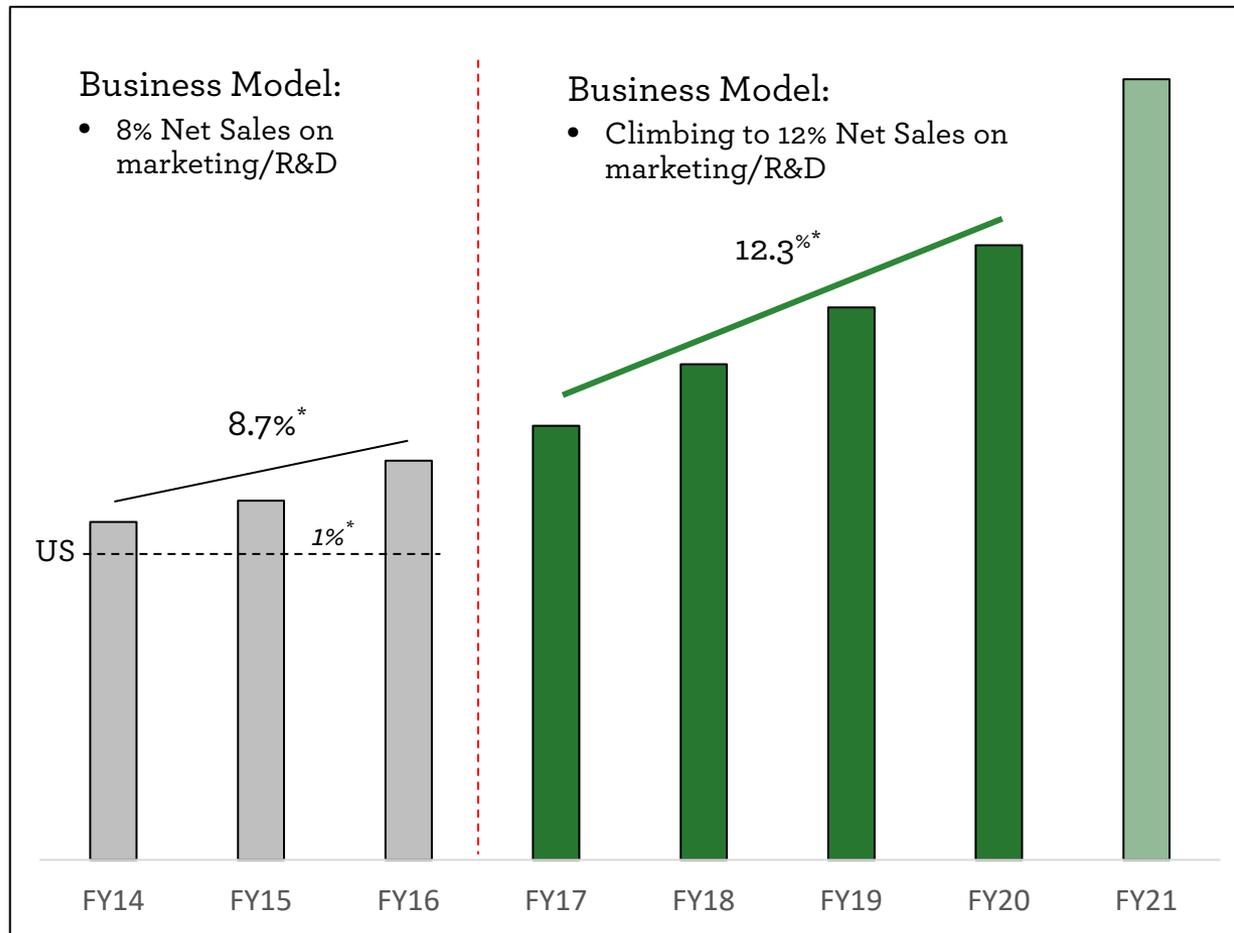


Increasing spend on marketing and R&D has resulted in a 7.8% Net Sales CAGR improvement

* Net Sales and CAGR (Compound Annual Growth) calculations are based on a constant currency rate



Global Segment Net Sales: Americas Theatre*

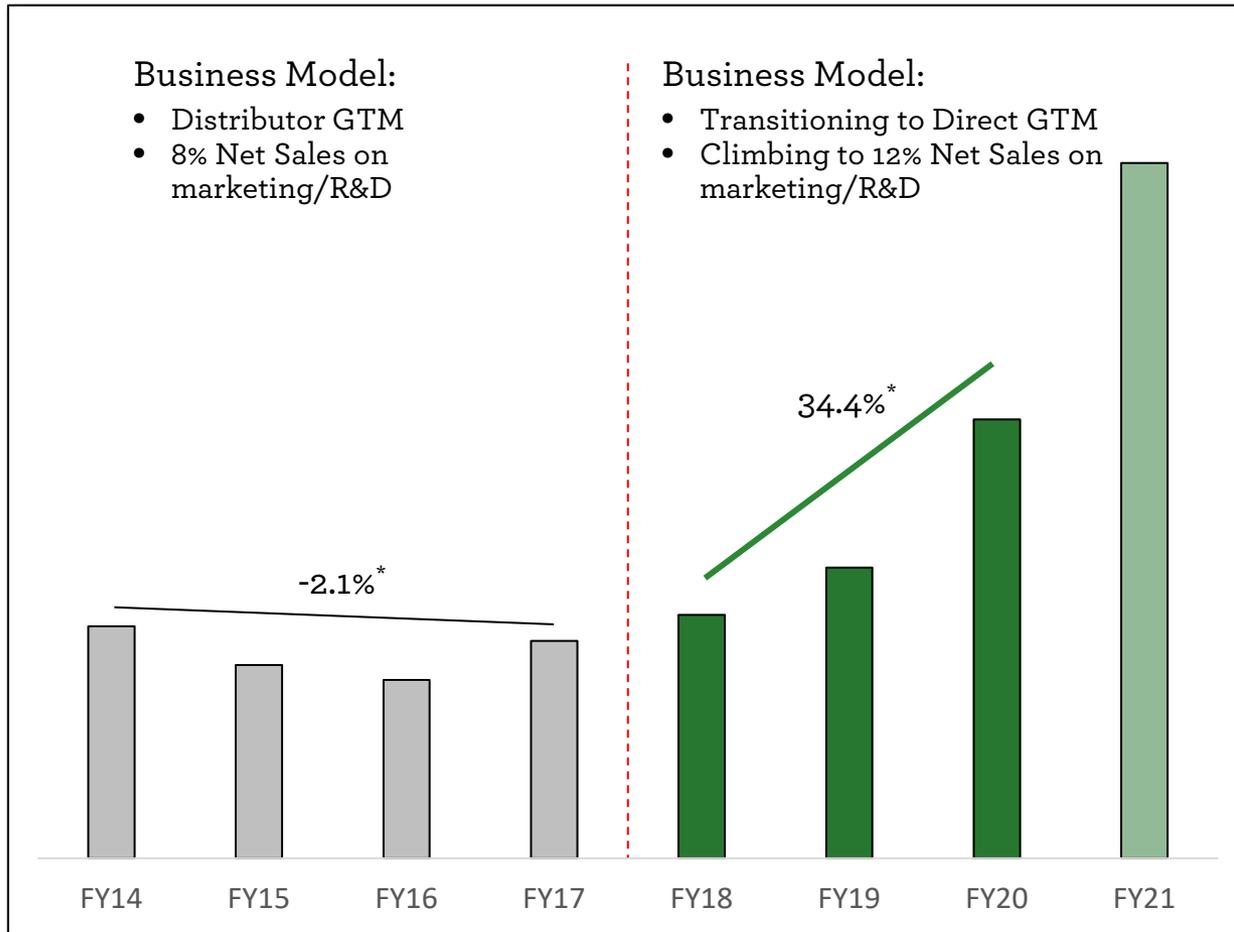


Increasing spend on marketing and R&D has resulted in a 3.6% Net Sales CAGR improvement

* Net Sales and CAGR (Compound Annual Growth) calculations are based on a constant currency rate



Global Segment Net Sales: EMEA Theatre*

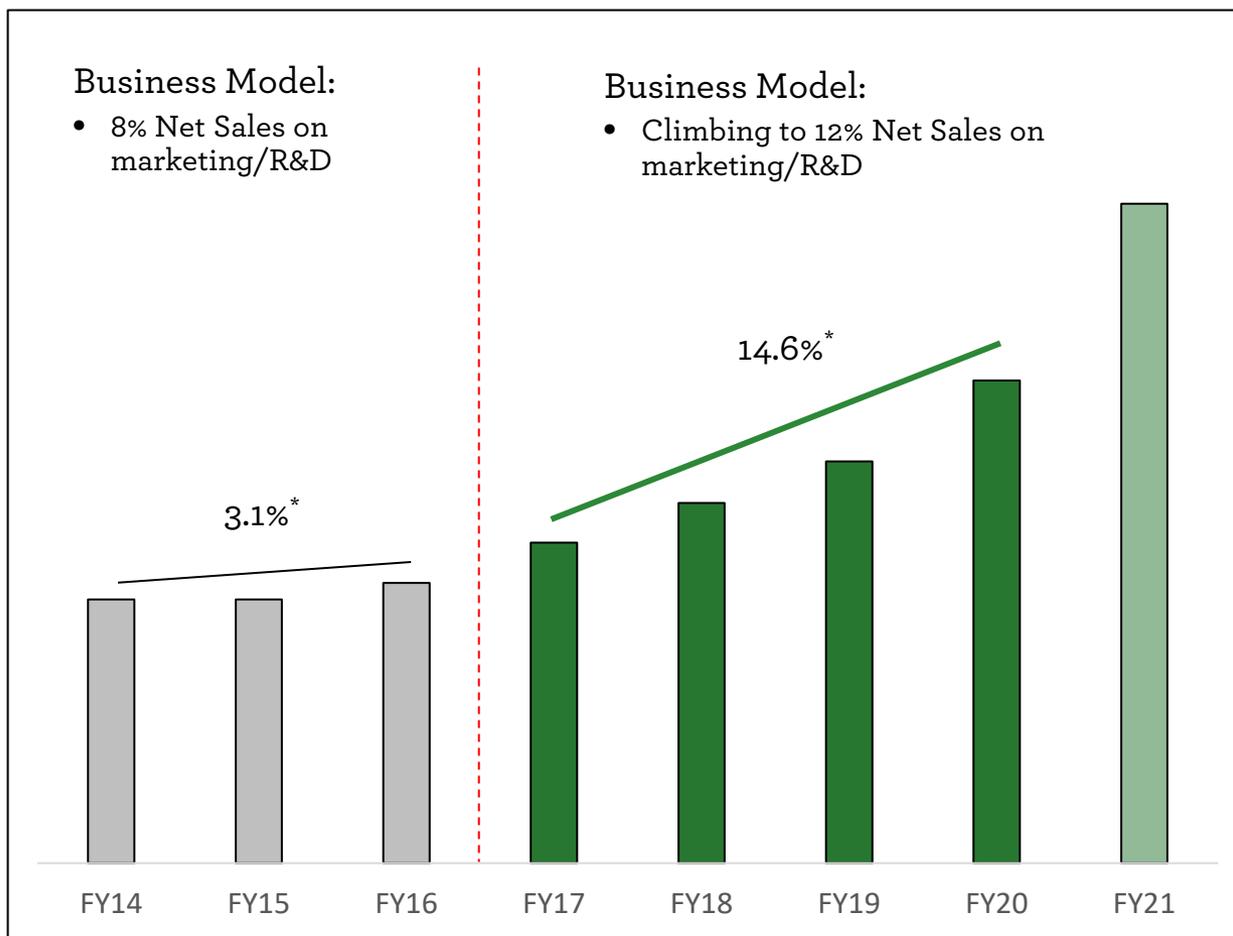


Converting Europe to Direct GTM, coupled with increased investment in marketing/R&D, has resulted in a 36.5% Net Sales CAGR Improvement

* Net Sales and CAGR (Compound Annual Growth) calculations are based on a constant currency rate



Global Segment Net Sales: BRG*

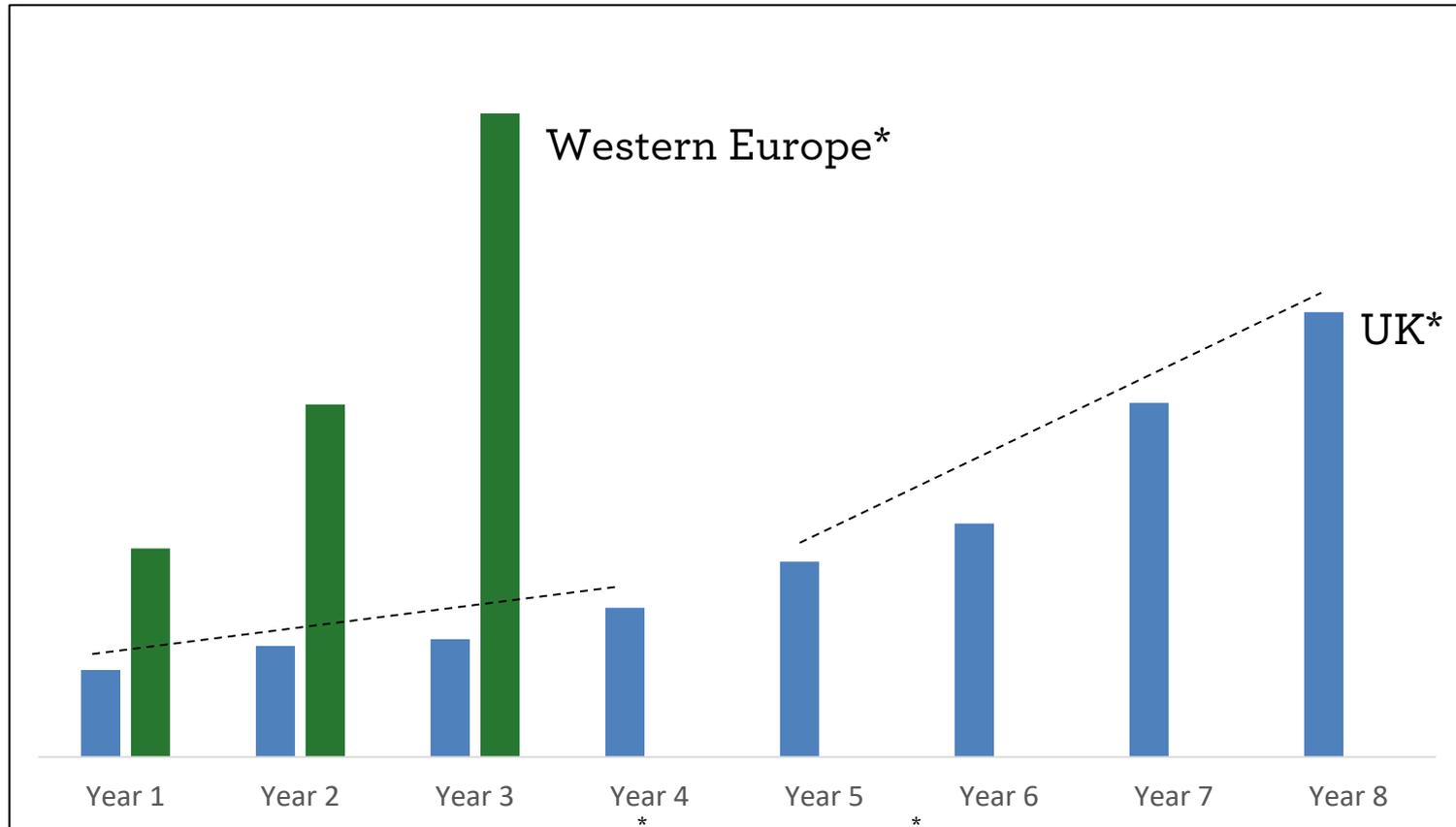


Changing the business model, coupled with geographic expansion, has resulted in an 11.6% Net Sales CAGR improvement

* Net Sales and CAGR (Compound Annual Growth) calculations are based on a constant currency rate



Evolution in New Country Offense



Germany and other direct European countries had greater net sales in their 3rd year than the UK did in its 8th year. Meanwhile, the UK exhibits the same acceleration pattern from increased investment in Marketing and R&D

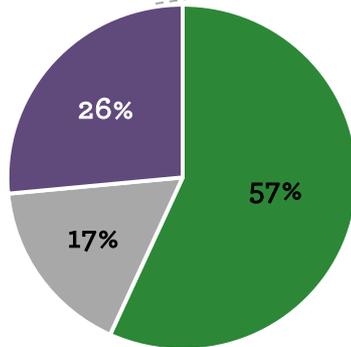
** Sales from UK/Germany warehouses to Distributor-led markets excluded from analysis to make a like-for-like comparison. Analysis in constant currency.*



Strategy Driving Geographic Diversification

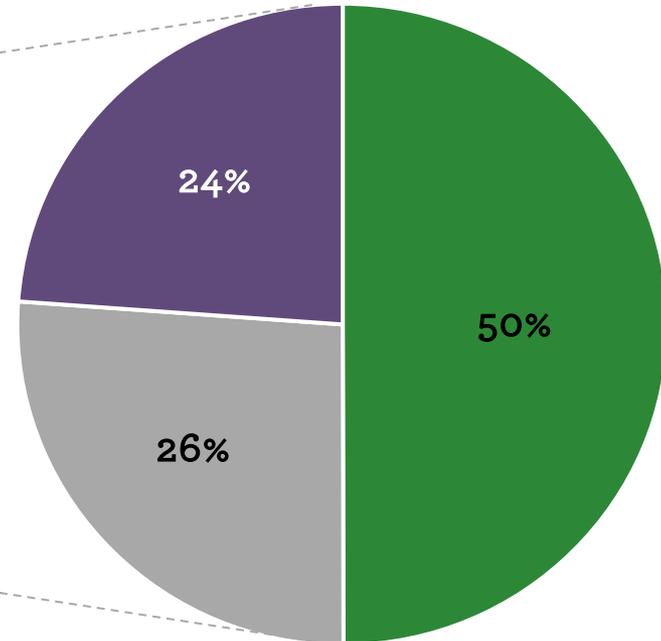
FY17 Global Product Segment Net Sales

Total: A\$ 470M



FY21 Global Product Segment Net Sales

Total: A\$ 984M



APAC

EMEA

Americas

EMEA + APAC is equal to the Americas Region. Any shortfall in one region can now be covered by another. EMEA and APAC can cover each other, and EMEA+APAC can cover Americas



Strategy Assessment

- Migrating to a business model that spends more on marketing and R&D as a percent of sales is improving the long-term growth rate of the company across all Theatres
- Geographic expansion is proving to be an impactful lever in driving top-line growth as well as diversifying revenue, geographically
- The new approach for entering new geographies significantly accelerates revenue trajectory



- FY21 Acceleration Program Execution
- Strategy Assessment & Analysis
- ➔ • FY22 COVID Snapshot



FY22 COVID Snapshot

- Expect FY22 to be a transitional year of sorts:
 - Countries in various states of vaccine rollout, opening up, with regional lock downs
 - Comping a COVID-driven spike (FY21). Consumers have pent up savings and economies are growing as they open, but consumers will begin spending on services
- View from the front lines:
 - USD, transactional currency, weakened against all currencies
 - Supplier cost increases and parts challenges
 - Logistics delays and cost increases
- How lining up against the uncertainties of FY22:
 - Long-term strategy unchanged
 - Taking price increases where appropriate
 - Running tactical high/low approach to FY22 (inventory/costs)



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FULL YEAR FY21 RESULTS Investor Presentation

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