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16 February 2022

ASX Market Announcements Office
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000



**Breville Group Limited – Half Year Ended 31 December 2021
Investor Presentation**

Attached is a copy of the Breville Group Limited Investor Presentation for the Half Year Ended 31 December 2021.

The release of this announcement was authorised by the Board.

Yours faithfully

Two handwritten signatures in black ink. The first signature is 'Sasha Kitto' and the second is 'Craig Robinson'.

Sasha Kitto and Craig Robinson
Joint Company Secretaries

Telephone: +61 2 9384 8100

Breville Group Limited (BRG)

HALF YEAR RESULTS FY22

Investor Presentation

16th February 2022



Breville | Sage

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	1H22	1H21 ²	% Chng
Revenue	878.7	711.0	23.6%
EBITDA	125.5	107.6	16.6%
EBIT	112.5	91.7	22.8%
EBIT margin (%)	12.8%	12.9%	
NPAT	77.7	62.1	25.1%
Basic EPS (cents)	55.8	45.1	23.7%
Dividend per share (cents)	15.0	13.0	15.4%
Franked (%)	100%	100%	
ROE ¹ (%)	19.7%	19.7%	
Net cash / (debt)	31.7	90.6	

Minor differences may arise due to rounding

Commentary

- Sustained, broad-based revenue growth notwithstanding supply chain challenges
- Gross margin well managed in turbulent environment
- Opex investment strategically focused on growth drivers of marketing, R&D and technology
- Sustained EBIT growth of +22.8% with steady EBIT margin
- Interim dividend of 15c , 100% franked
- Cash – normal period of seasonal outflow reflecting some rebuild of normal working capital levels

¹ ROE is calculated based on NPAT for the 12 months ended 31 December 2021 (1H21: 12 months ended 31 December 2020) divided by the average of shareholders' equity in December each year and 12 months earlier.

² 1H21 has been restated in line with the revised company policy on capitalisation of cloud-based computer software, refer to the 30 June 2021 Annual report for further details. This has decreased 1H21 EBITDA by \$4.8m and EBIT by \$3.0m.



Segment Results

AUDm	REVENUE			EBIT			EBIT MARGIN (%)	
	1H22	1H21	% Chng	1H22	1H21 ²	% Chng	1H22	1H21
Global Product	733.9	592.9	23.8%	96.2	76.3	26.1%	13.1%	12.9%
% Change CC¹			23.8%					
Distribution	144.7	118.1	22.6%	16.3	15.3	6.1%	11.2%	13.0%
TOTAL	878.7	711.0	23.6%	112.5	91.7	22.8%	12.8%	12.9%

Minor differences may arise due to rounding

¹ CC – Constant Currency

² 1H21 has been restated to reflect the revised accounting policy on capitalisation of cloud-based computer software adopted in 2H 21. Refer to the 30 June 2021 Annual report for further details. This has decreased 1H21 Global Product EBIT by \$3.0m with no impact on FY21.

Commentary

Global Product Segment:

- Continued strong constant currency revenue growth of 23.8% lapping 39.2% in pcp
- Solid customer demand across all categories and theatres partially constrained by logistical disruptions
- EBIT Margin steady as headwinds and tailwinds largely net out

Distribution Segment:

- Revenue growth driven by Nespresso in Americas lapping a weak pcp, with APAC closer to flat (though high single-digit growth in margin dollars)
- Delivered incremental \$0.9m EBIT



Segment Results cont'd

AUDm	GLOBAL PRODUCT SEGMENT REVENUE				1H19-1H22 CAGR CC*
	1H22	1H21	% Chng \$A	% Chng CC*	
Americas	370.1	314.9	17.5%	17.1%	20.0%
EMEA	201.1	145.3	38.4%	39.4%	50.0%
APAC	162.7	132.8	22.6%	22.0%	26.0%
TOTAL	733.9	592.9	23.8%	23.8%	27.5%

*CC – Constant Currency

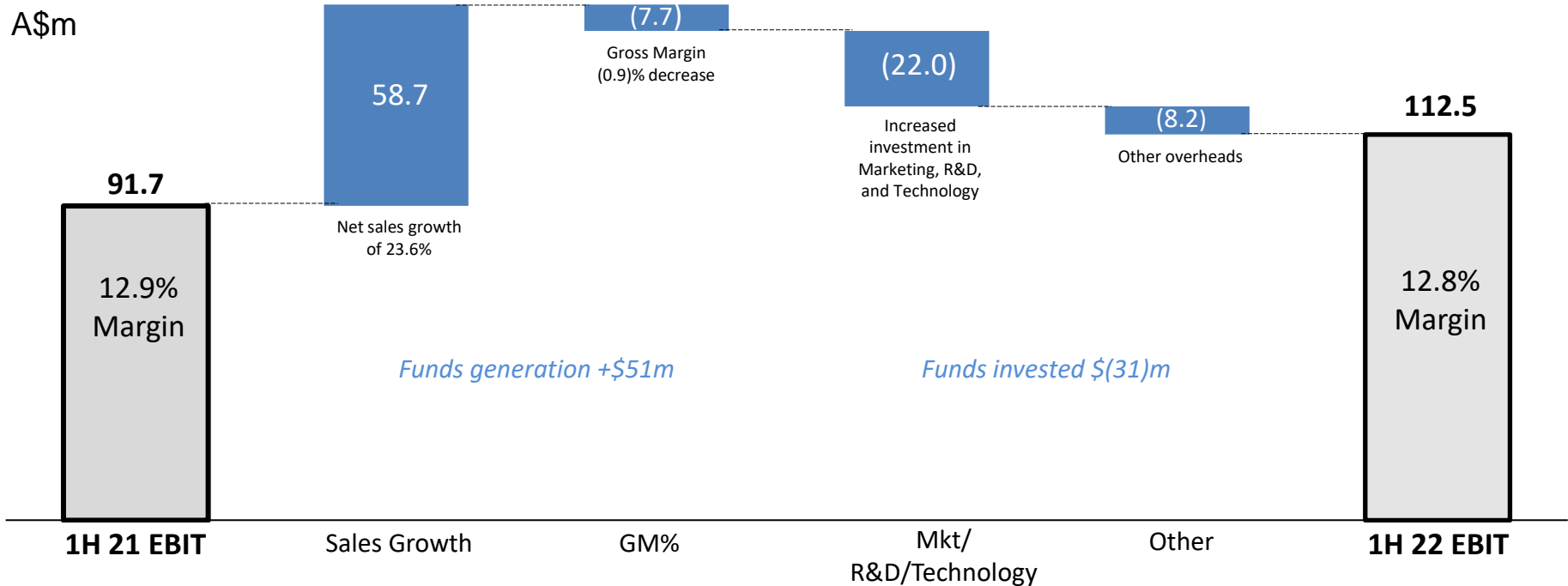
Commentary

- Strong growth in all markets driven by healthy consumer demand across all categories and theatres
 - Americas. +\$55.2m. Revenue growth does not reflect actual customer demand. LA port congestion limited 1H 22 revenue performance.
 - EMEA. +\$55.8m. Moved from strength to strength on top of a prior period growth rate of 53.4%. Revenue performance marginally impacted by supply chain constraints.
 - APAC. +\$29.9m. Theatre continued to show strength over a prior period growth rate of 48.7%.
- 3-year CAGR showing sustained growth across all Theatres with business *doubling* in size over three years.
- Gross margins remain comparable across all regions.



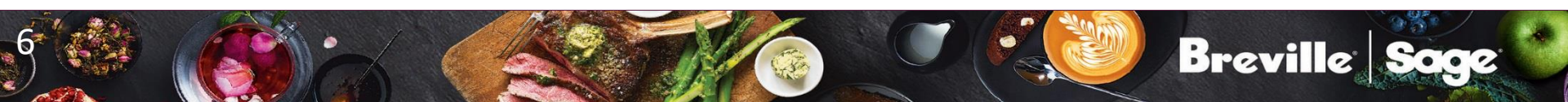
Sales Growth Reinvested in Acceleration Platform Drivers

EBIT Bridge H1 21-H1 22



Commentary

- Strong Sales growth, with marginally softer gross margin %, generated ~\$51m gross profit increase over pcp
- Sustained strategic investment (+\$22.0m, +28%) in medium-term growth drivers of marketing, product development, and technology
- Investment levels forecast to increase in 2H 22 assuming adequate sales growth
- Overheads well controlled (+\$8.2m, +11%) delivering steady EBIT margin and EBIT growth of +\$20.8m



Financial Position at 31 December

AUDm	1H22	1H21 ²
Inventory	293.3	160.5
Receivables	375.4	270.7
Trade and other payables	(335.1)	(228.1)
Working Capital	333.6	203.1
Fixed assets	14.4	12.2
Intangibles	241.8	218.0
Other (liabilities)/assets (net)	(37.4)	(48.1)
NET ASSETS EMPLOYED	552.4	385.2
Net (Cash) / debt	(31.7)	(90.6)
Shareholders' equity	584.1	475.8
CAPITAL EMPLOYED	552.4	385.2
ROE%¹	19.7%	19.7%
ROA%¹	10.6%	10.1%

¹ ROE is calculated as NPAT for the 12 months ended 31 December 2021 (1H21: 12 months ended 31 December 2020) divided by the average of shareholders' equity in December each year and 12 months earlier. ROA is calculated as NPAT for the 12 months ended 31 December 2021 (1H21: 12 months ended 31 December 2020) divided by the average total assets in December each year and 12 months earlier.

² 1H21 has been restated in line with the revised company policy on capitalisation of cloud-based computer software, refer to the 30 June 2021 Annual report for further details.

Commentary

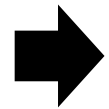
- Increase in working capital from low pcg driven by strong Q4 sales boosting receivables and the start of inventory rebuild
- Inventory position improving, though available stock still below equilibrium (high goods-in-transit number in US)
- Peak seasonal receivables were boosted by strong Q4 sales. Days outstanding well controlled
- Intangibles increase reflects ongoing strategic investment in New Product Development
- Net Cash of \$31.7m shows normal seasonal low with receivables to be collected in 2H 22
- Debt facilities and cash of ~\$380m remains available for expansion
- ROE/ROA show continued healthy returns on investment in growth



Key Points 1HFY22

- Throughout the 1H 22, we experienced strong consumer demand for our Global Products in all geographies. Business has more than doubled in 3 years
- Sell-in revenue was disrupted by logistical constraints, primarily in the USA, with unusually high goods in transit constraining growth
- Turbulent gross margin environment was well managed with inflationary headwinds largely offset by price and mix
- Increased gross profits were again reinvested into marketing, R&D, and technology infrastructure to support continued mid-term growth. If sales growth continues to meet expectations in the 2H 22, the weight of investment is forecast to step up
- EBIT growth was 22.8% over pcp
- Balance sheet is improving, but still not at equilibrium. Available inventory remains temporarily suppressed. We intend to build early for peak season FY23 – bringing in inventory by June to the extent possible





- Digital Platforms

- 2H Considerations and FY22 Outlook

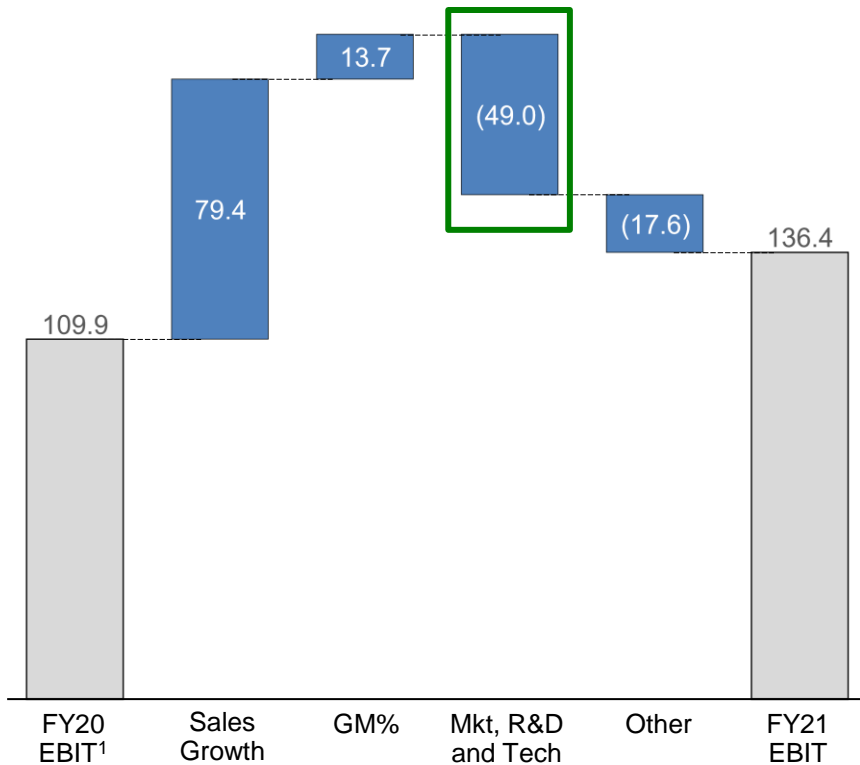


EBIT Bridge: FY20 - FY21 and 1HFY21-1HFY22

Sales & Margin Gains Reinvested in Growth Drivers

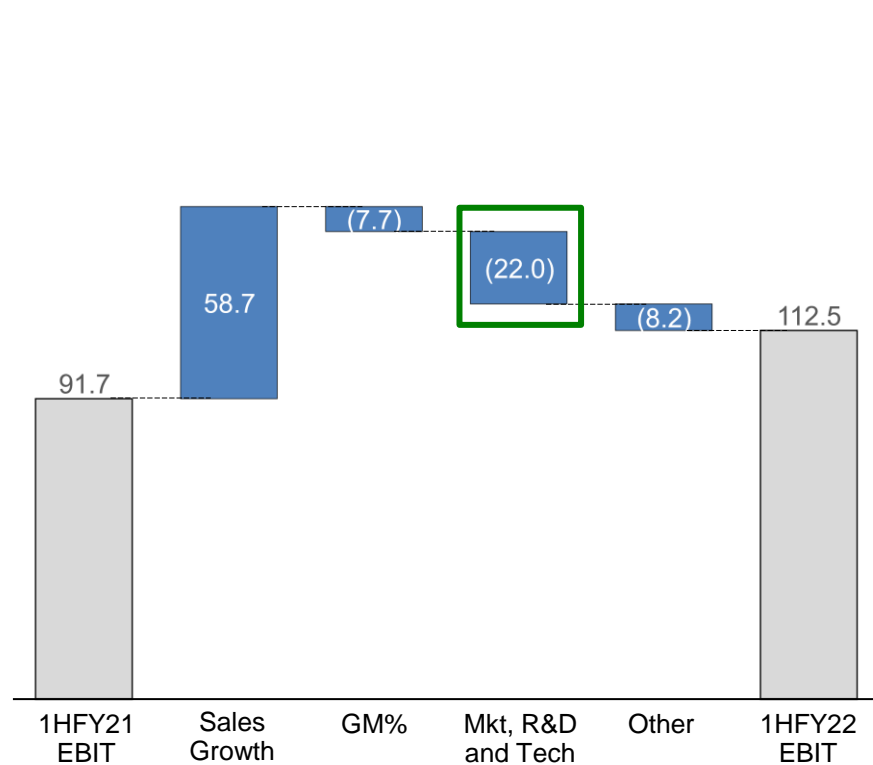
EBIT Bridge FY20 – FY21

A\$m



EBIT Bridge 1HFY21 – 1HFY22

A\$m



Where did we spend the money?

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

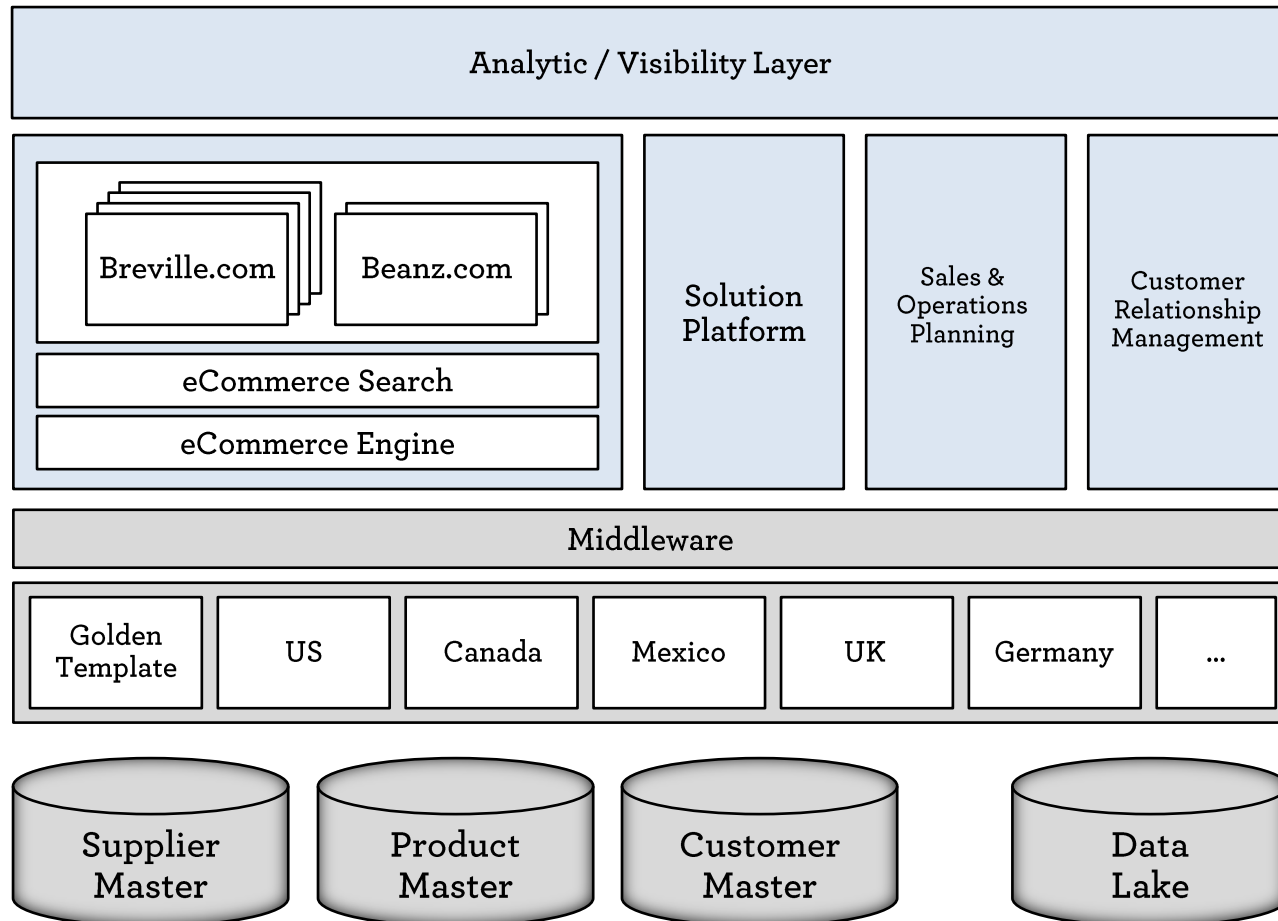


Digital Offense Acceleration

- ➡ • **Global Platform**
- **Customer Experience Platform**
 - Breville | Sage .com
 - Experience Hub
 - My Breville | Sage
 - Sage Studios
- **Solution Platforms**
 - Connectivity Platform
 - Ecosystem Platform



Scalable Global Platform



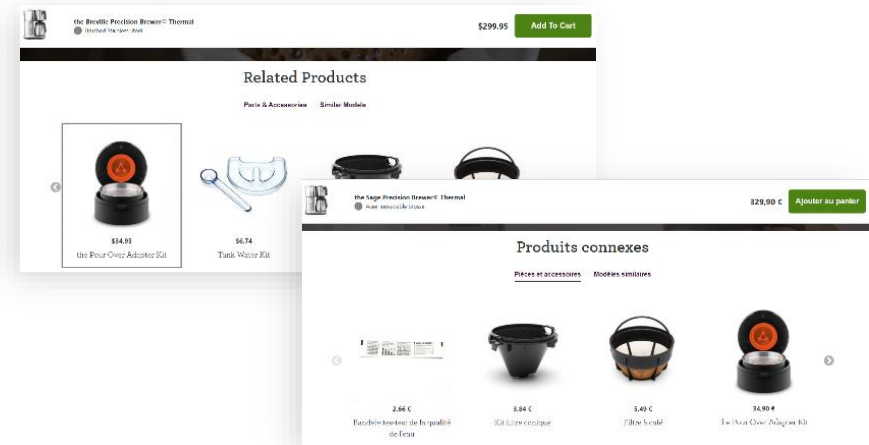
**The Global Platform defines Speed: new country,
GTM, acquisition integration**

“Product” Information Management

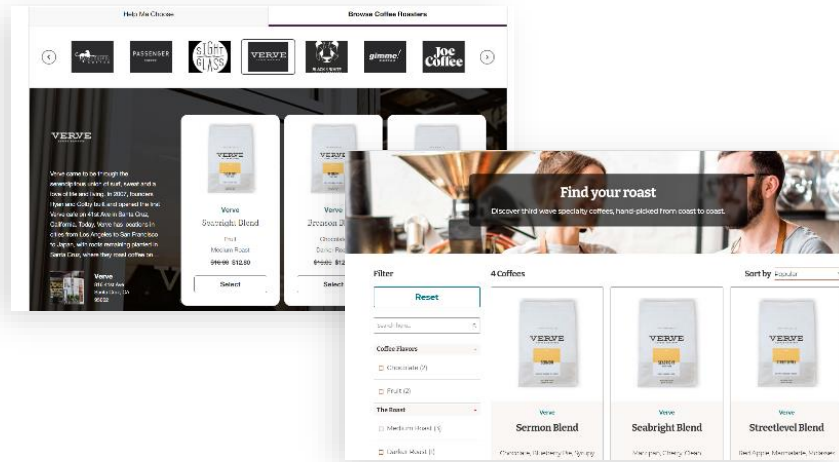
Product



Spare Parts / Accessories



Coffee



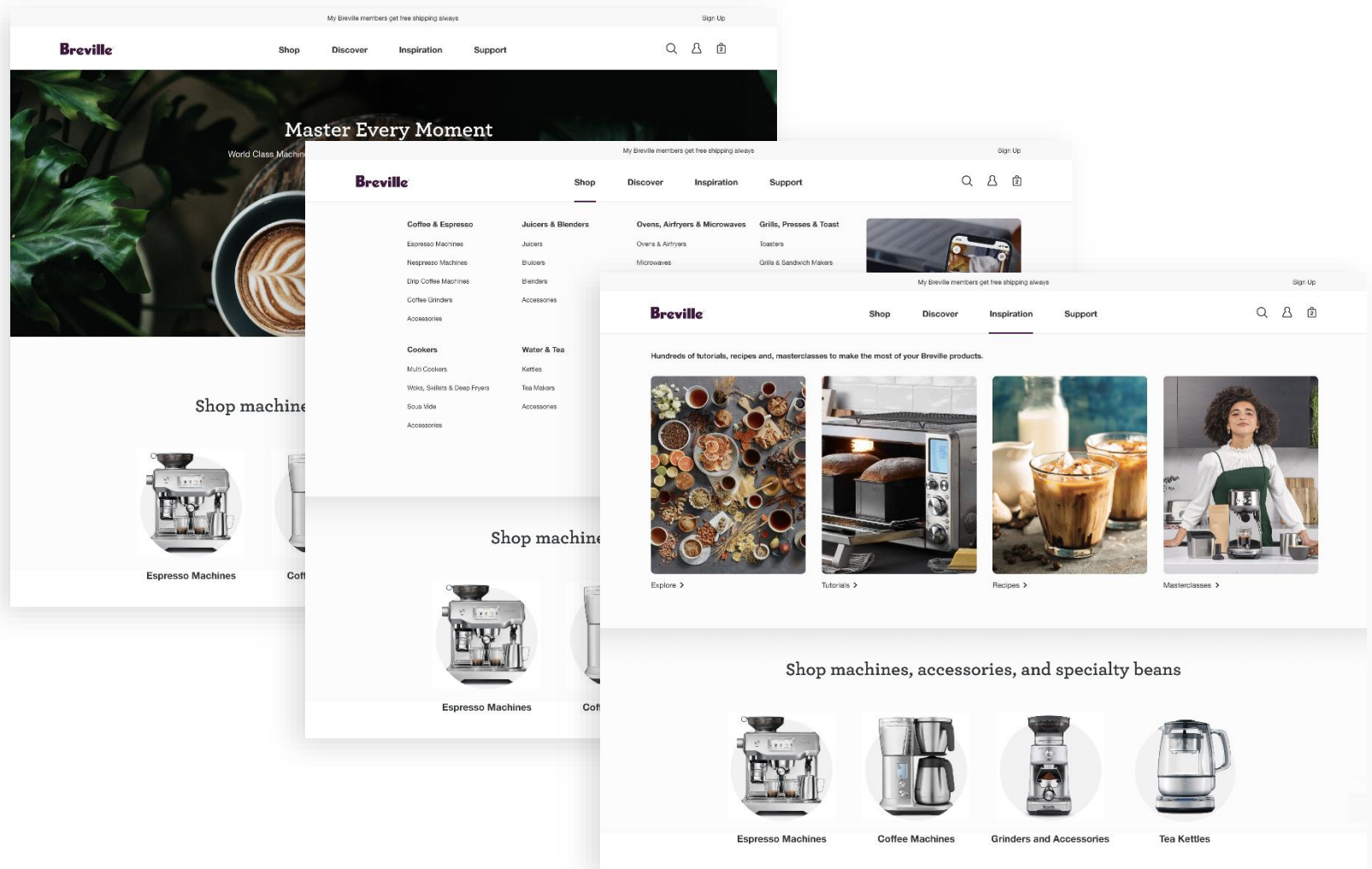
Define once, use everywhere
Update once, update everywhere

Digital Offense Acceleration

- Global Platform
- ➡ • Customer Experience Platform
 - Breville | Sage .com
 - Experience Hub
 - My Breville | Sage
 - Sage Studios
- Solution Platforms
 - Connectivity Platform
 - Ecosystem Platform



Redesigning eCommerce Site



Customer-centric navigation architecture that gets them to where they want to be, quickly.

Disparate Digital Assets

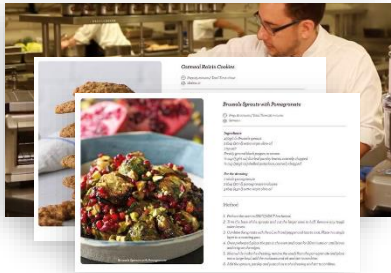
MICROSITES



'HOW TO'

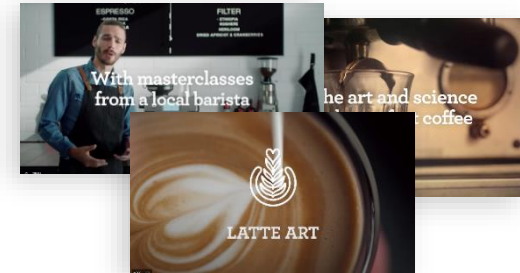


RECIPES

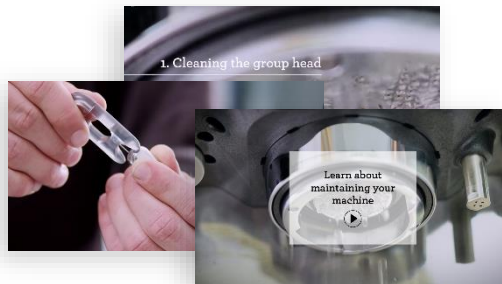


Breville® | **Sage**

MASTER CLASSES



SUPPORT & SERVICE

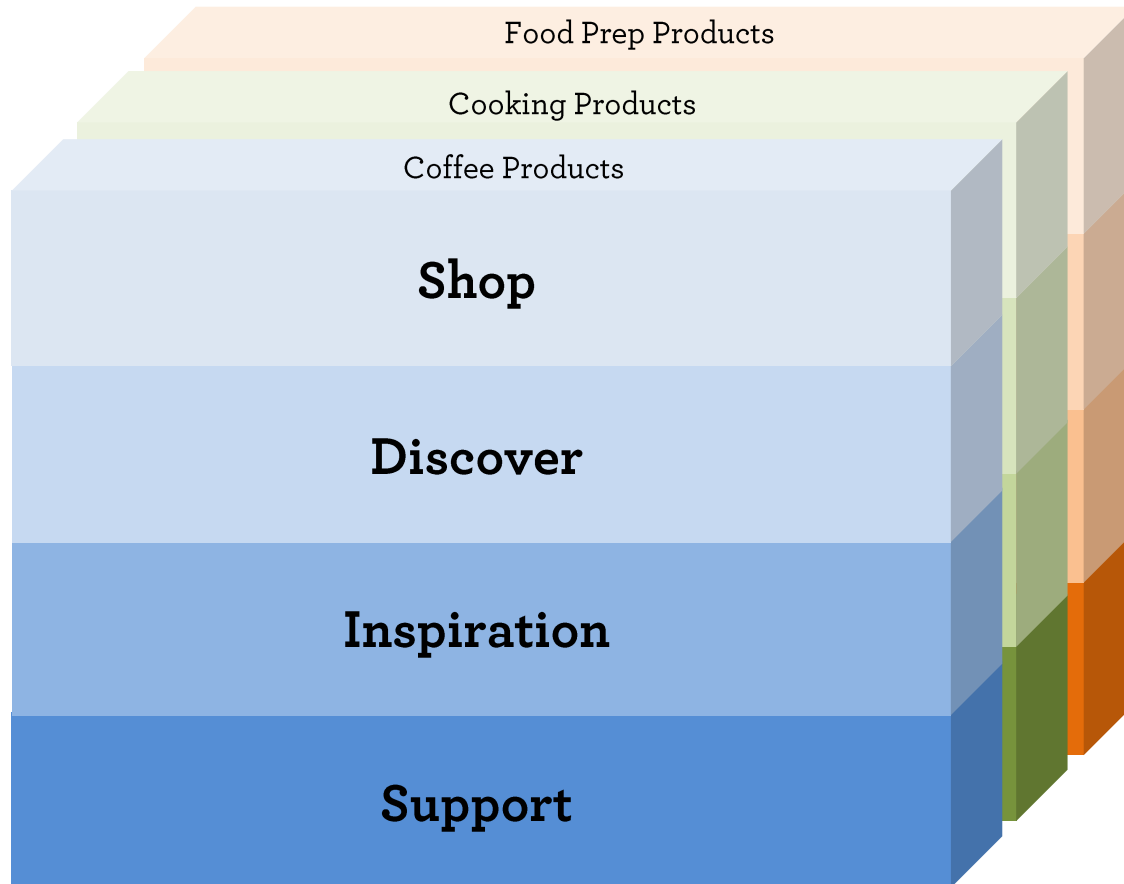


PRODUCT INFORMATION



Developed great content, but difficult for customers to find and use

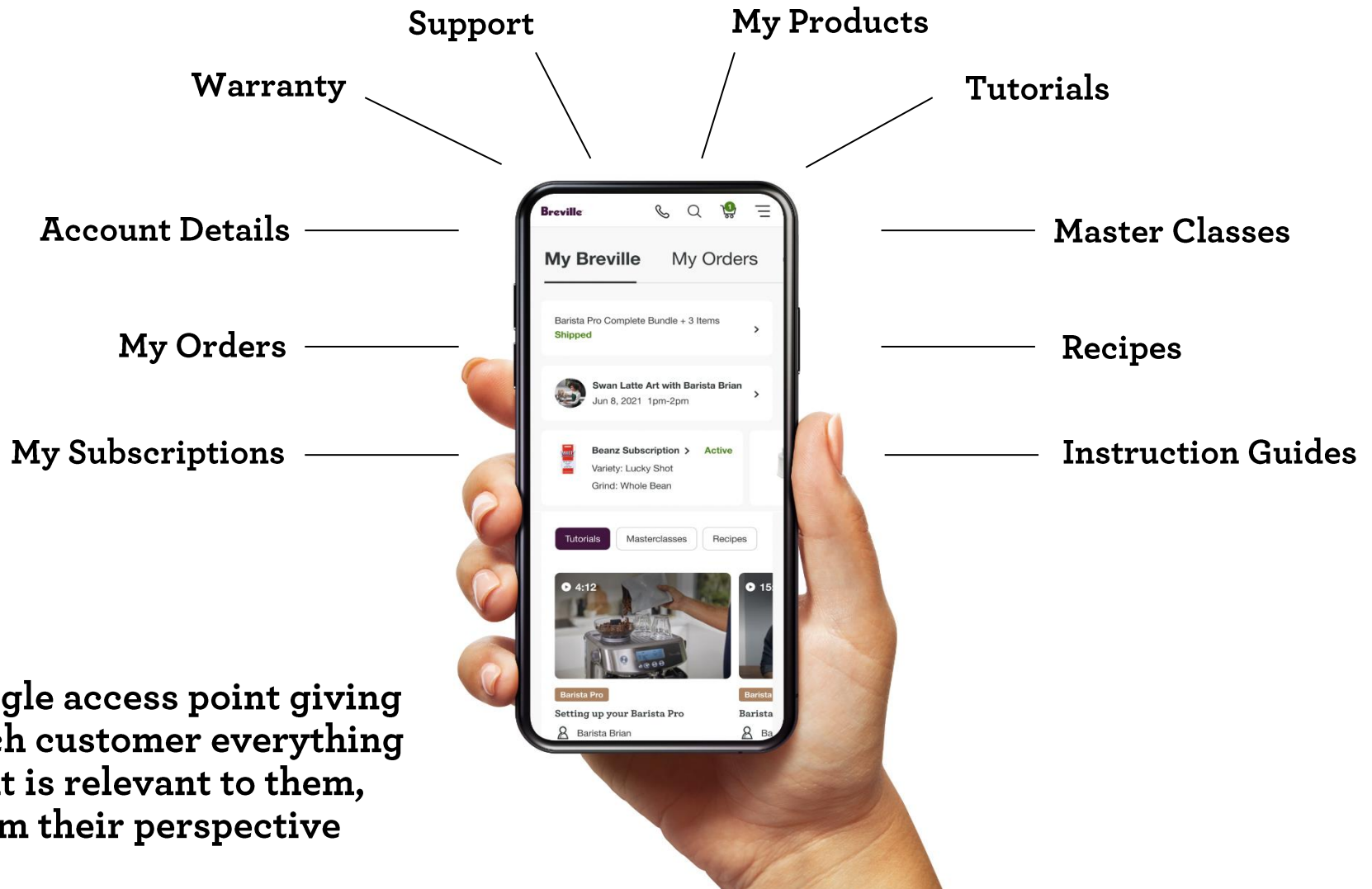
Experience Hub



Single, unified, structured framework for
all Breville | Sage digital content



My Breville | Sage



Sage Studios



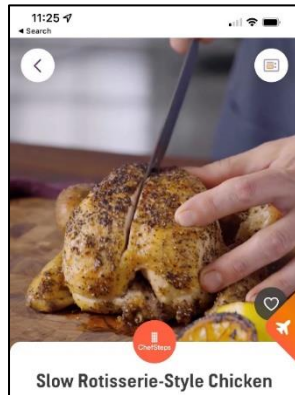
Sage Studios bridges the Physical and the Digital, providing customers with live support and training, at scale.

Digital Offense Acceleration

- Global Platform
- Customer Experience Platform
 - Breville | Sage .com
 - Experience Hub
 - My Breville | Sage
 - Sage Studios
- Solution Platforms
 - ➔ – Connectivity Platform
 - Ecosystem Platform



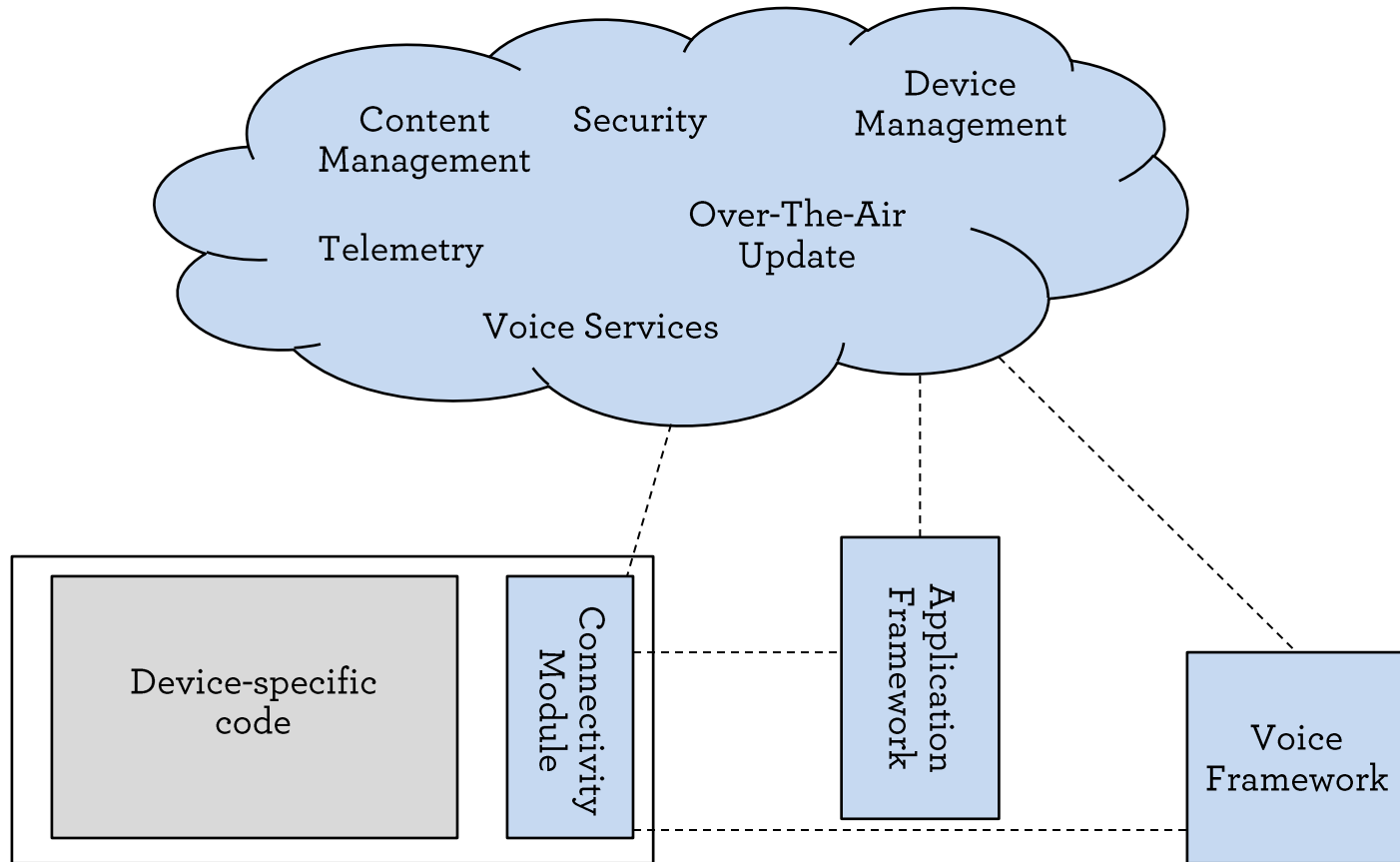
Delivering Outcomes, not Products



“I would buy this oven just for that chicken”



Connectivity Platform is the Asset



While the oven runs on the platform, the platform is agnostic to the endpoint device

Digital Offense Acceleration

- Global Platform
- Customer Experience Platform
 - Breville | Sage .com
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 - Sage Studios
- Solution Platforms
 - Connectivity Platform
 - Ecosystem Platform



Café Quality Defined



4 Elements of Café Quality Coffee



1. Ideal Dose
19–22g dose for full flavour.



2. Precise Temperature
Precise PID temperature control.



3. Optimal Pressure
Low pressure pre-infusion
& 9 bar extraction pressure.



4. Powerful Steam
Powerful steam to generate
silky micro-foam texture.



Café Quality At Home



1. Ideal Dose
18-22g dose for full flavor



2. Precise Temperature
Peculiar PID temperature control



3. Optimal Pressure
Low pressure pre-infusion & 9 bar extraction pressure



4. Powerful Steam
Powerful steam to generate silky latte foam texture





Café Quality in the cup occurs at the intersection of Specialty Coffee Equipment and Specialty Coffee: Machine delivering the 4 elements, and premium grade specialty coffee.

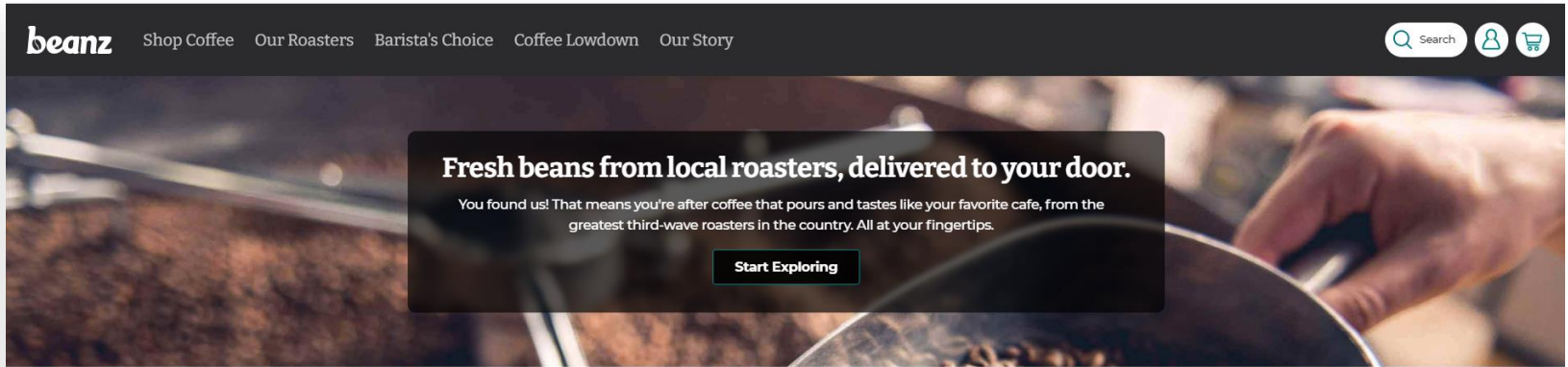


4 Elements of Café Quality Coffee At Home



Specialty Coffee: Beanz.com

beanz [Shop Coffee](#) [Our Roasters](#) [Barista's Choice](#) [Coffee Lowdown](#) [Our Story](#)  




Fresh beans from local roasters, delivered to your door.

You found us! That means you're after coffee that pours and tastes like your favorite cafe, from the greatest third-wave roasters in the country. All at your fingertips.


[Start Exploring](#)

The Bean-efits




Keep it fresh

When it comes to coffee, fresh isn't just best, it's essential. That's why we've made it our mission to pack and dispatch every order within hours of roasting, before delivering it.




Find your match

No two coffee drinkers are the same. Fact. Take our quiz to find the right bean for the job—just tell us how you like to make it, taste it and drink it.



Homegrown roasters

Feel good about your daily grind, knowing it's come from the most passionate roasters in America. We're always looking to bag new talent and find undiscovered gems.



Subscribe and save

Keep the bean-efits coming when you subscribe, and never pay a dime for shipping or worry about running out of coffee again.



US
50 Best Roasters
200+ Coffees

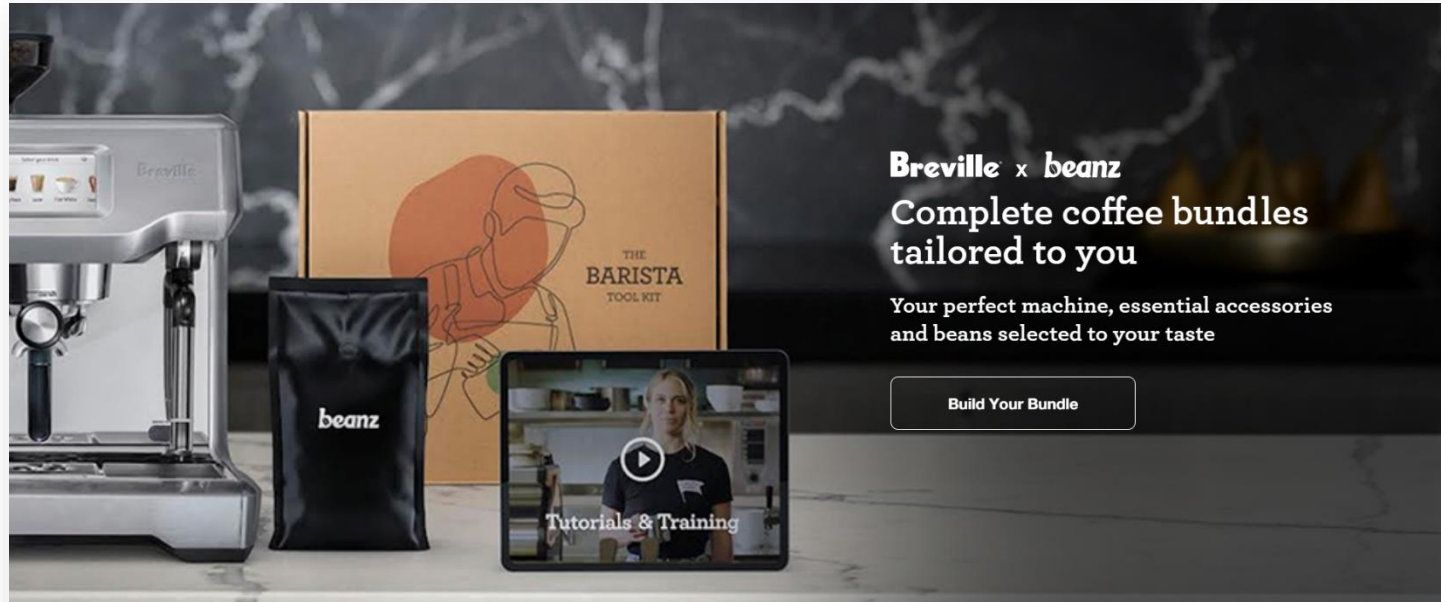


UK
21 Best Roasters
60+ Coffees



Breville | Sage

Integrating 4 Elements Into Seamless Solution Flow



What You'll Get



The Perfect Machine for You

Choose a machine that fits your lifestyle



20% OFF

Fresh Roasted Coffee Beans

20% off one year of specialty beans, delivered to your door, at the frequency you choose



BONUS

Barista Tool Kit

Essential accessories and tools to get you started

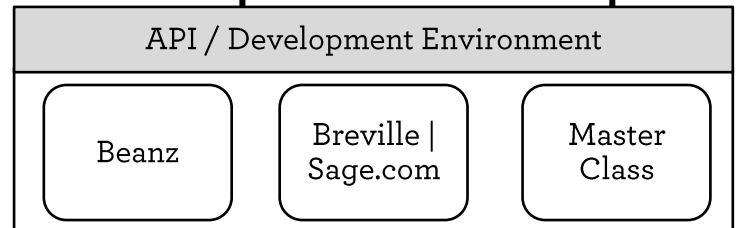
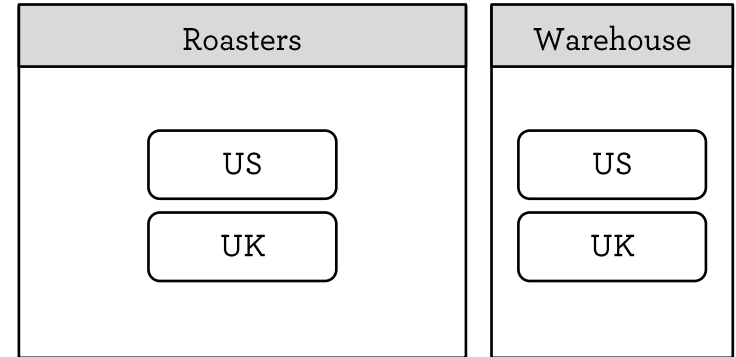
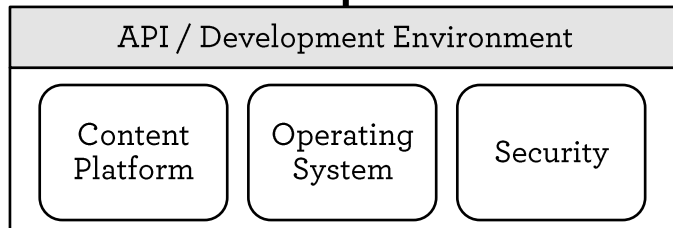
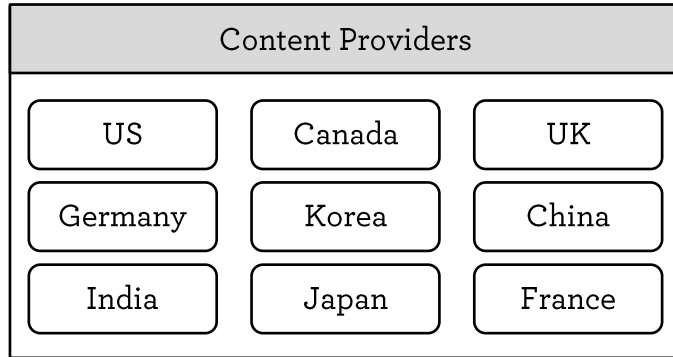


BONUS

Training and Support

Tutorials, Masterclasses, and all your coffee questions answered

Ecosystem Platform is the Asset



Architecturally, the Ecosystem Platform resembles a Smart TV platform, matching a global SKU with “local” content.



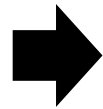
Platform Offense Investment Summary

- Continued rollout and hardening of the Global Platform. Australia is all that remains for existing countries.
- Ground up rebuild and redesign of website for consumer-centric engagement.
- Consolidated content in Experience Hub and created path for customers to quickly access what is most relevant to them (My Breville|Sage).
- Built Sage Studios, the bridge between the digital and physical channels, to directly engage and support customers at scale.
- Built v1.0 of the Connectivity Platform: *Joule Oven Air Fryer Pro* launching in 2H.
- Built v1.0 of the Ecosystem Platform: Beanz.com and Coffee Solution live in US and UK.

Important takeaway: Breville team built it.



- Digital Platforms



- 2H Considerations and FY22 Outlook

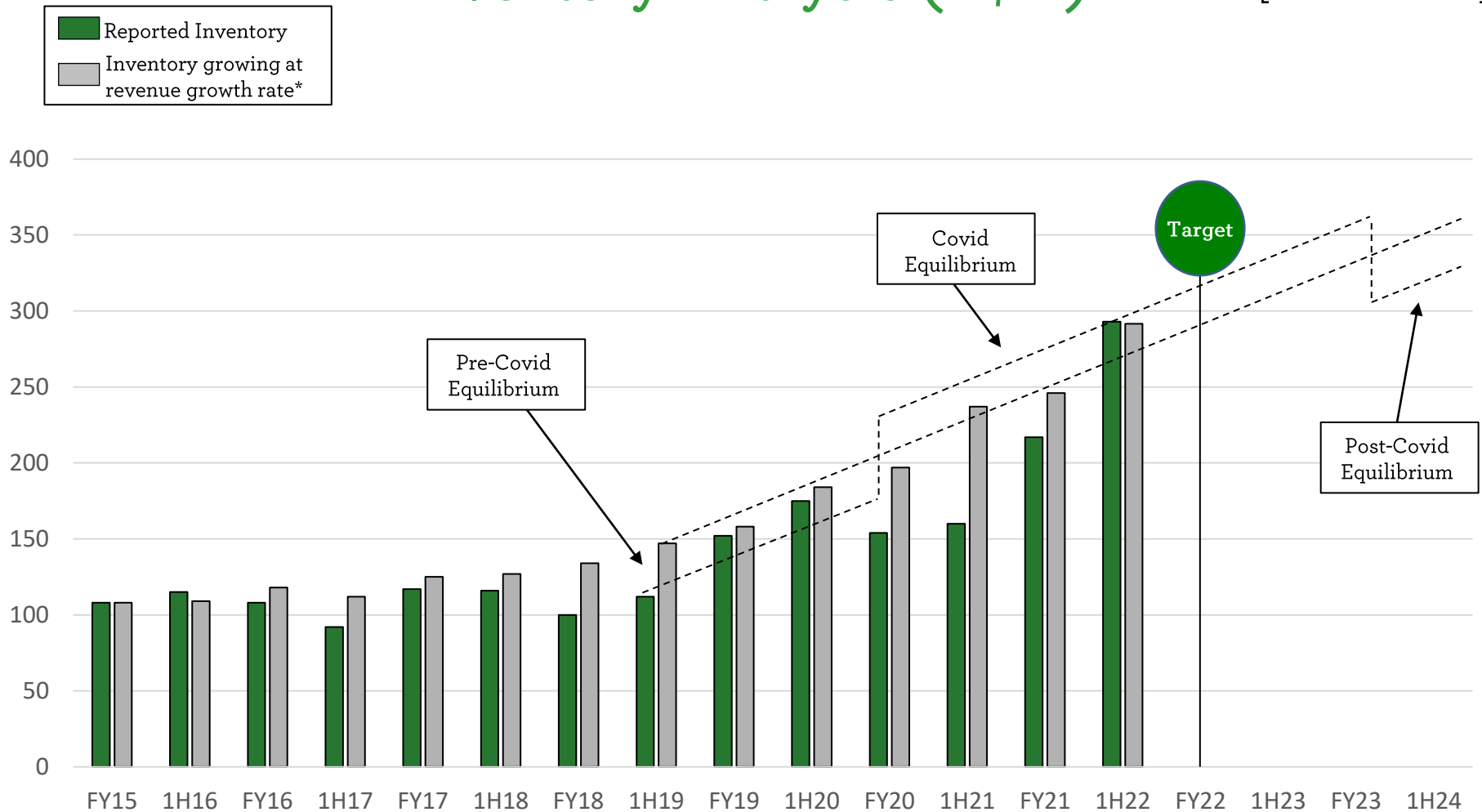


2H22 Considerations

- Expect supply chain complexities and inflationary pressures to continue. Managing the former through forward planning and the latter by increasing prices where appropriate.
- Consistent with prior years we will invest into R&D, GTM, and Technology in the 2H to re-platform the company for FY23 and beyond.
- As with prior years, we expect to enter new geographies and launch new products in the 2H of FY22.
- Supply chain permitting, we will begin building inventory for 1HFY23 as early in 2H as feasible, putting us in a lean-forward inventory position at the end of FY22 (high inventory value).

Inventory Analysis (A\$m)

[ILLUSTRATIVE]



- Increased variance in supply delivery accuracy raises the equilibrium point: it's just math.
- Hope to overshoot equilibrium point by end of FY22 as hedge against further supply chain disruptions in 1HFY23 (pulling 1H23 volumes into 2H22).

* Growing FY15 & 1HFY16 inventory at same rate as revenue growth.

Inventory Commentary

- BREVILLE IS NOT A RETAILER: INVENTORY IS GOOD
 - Inventory does not go stale: ~7-year average product life cycle
 - Price does not decline over time (we're increasing price)
 - Carrying cost is negligible
- Trying to ride above COVID equilibrium level by end of FY22 to insulate 1HFY23 from any further supply chain disruptions
- Once in post-COVID period (predictable supply delivery), will sell back down to historical equilibrium levels



FY22 Outlook

We expect EBIT for the full year of FY22 to be consistent with the markets' current consensus forecast of ~\$156m assuming:

- No significant change in economic conditions in the Group's major trading markets;
- No material supply chain interruptions beyond what we experienced in the 1H FY22; and,
- Taking into account our expected 2H investment levels into R&D, GTM, and Technology

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HALF YEAR RESULTS FY22

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