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21 August 2023

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



Full Year Results Investor Presentation – Year Ended 30 June 2023

Attached is a copy of the Breville Group Limited Full Year Results Investor Presentation for the year ended 30 June 2023.

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

BRG GROUP

Breville Sage LELIT BARATZA ChefSteps beanz.com

Breville Group Limited

(ASX : BRG)

FULL YEAR RESULTS FY23 Investor Presentation

21st August 2023

The Breville+ logo is displayed within a red rounded square. The word "Breville" is in white, and the "+" symbol is a small white plus sign.

Breville⁺



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.





Acknowledgement of Country

We would like to acknowledge the traditional custodians on whose land we meet today. We would like to pay respect to their Elders: past and present; and further extend that respect to all Aboriginal and Torres Strait Islanders present here today.

We celebrate the continuing contribution of their food culture, connection to, and custodianship of, this country.

Group Summary Result

Solid year at top end of guidance

AUDm	FY23	FY22	% Chng
Revenue	1,478.6	1,418.4	4.2%
Gross Profit	516.9	485.9	6.4%
Gross margin (%)	35.0%	34.3%	
EBITDA	218.2	186.8	16.8%
EBIT	172.0	156.4	10.0%
EBIT margin (%)	11.6%	11.0%	

NPAT	110.2	105.7	4.2%
Basic EPS (cents)	77.2	75.9	1.7%
Dividend per share (cents)	30.5	30.0	1.7%
Franked (%)	100%	100%	
ROE¹ (%)	15.9%	18.9%	
Net (debt) / cash (\$m)	(121.3)	(4.1)	

¹ ROE is calculated based on NPAT for the 12 months ended 30 June 2023 (FY22: 12 months ended 30 June 2022) divided by the average of shareholders' equity in June each year and 12 months earlier.

Commentary

- Solid revenue growth against a subdued consumer backdrop and strong prior year
- 2H23 revenue growth stepped up to 9.4% led by EMEA recovery against a poor 2H22
- Gross profit grew 6.4% (2H23 10.6%) with GM% strengthening as inflationary costs recovered and promotions well controlled
- Opex well managed, delivering EBIT at the top end of guidance with 10.0% growth over PY
- FY23 NPAT grew in line with sales at 4.2% (2H23 12.4%) after absorbing higher borrowing costs
- Seasonal total cash inflow of \$90.9m in 2H23
- Full year cash outflow and an increase in net debt of \$117.2m primarily due to acquisition of Lelit, \$79.6m, and higher receivables following strong Q4 sales

Segmental Results

AUDm	Revenue			Gross Profit			Gross Margin (%)	
	FY23	FY22	% Chng	FY23	FY22	% Chng	FY23	FY22
Global Product	1,279.2	1,178.5	8.5%	470.5	428.7	9.8%	36.8%	36.4%
% Change CC*			4.1%					
Distribution	199.3	239.9	(16.9)%	46.4	57.2	(18.9)%	23.3%	23.8%
TOTAL	1,478.6	1,418.4	4.2%	516.9	485.9	6.4%	35.0%	34.3%

*Cc: constant currency

Commentary

- Solid revenue growth in premium Global Product segment outweighed decline in Distribution segment
- New Product launches well received, contributing to Global Product segment growth
- New Geographies (entered during and since Covid) grew revenue by over 96%, albeit off a small base
- Coffee and Cooking both grew solidly with Food Preparation proving more discretionary with revenue declining
- Bed Bath and Beyond (BBB) exit and Lelit acquisition balanced each other out in sales and margin impact
- Distribution segment decline led by weaker demand for Nespresso distribution products
- Improved gross margins despite inflationary pressures



Global Product Segment by Theatre

AUDm	GLOBAL PRODUCT SEGMENT REVENUE			
	FY23	FY22	% Chng	% Chng CC*
Americas	701.2	605.0	15.9%	7.0%
APAC	292.2	278.4	5.0%	4.3%
EMEA	285.8	295.2	(3.2)%	(3.1)%
TOTAL	1,279.2	1,178.6	8.5%	4.1%

*Cc: constant currency

Commentary

- All Theatres delivered positive sell-out unit growth in both halves
- Sell-in growth improved to 14.4%, or 9.8% cc, in 2H23 as EMEA grew strongly +37.4% against a weak prior period

Americas

- Unit sell-out growth positive in both halves with resilient US consumer
- NPD (new products) continued to perform well, and DTC (direct to consumer) channel also grew strongly
- 2H23 sell-in dampened by the bankruptcy of BBB (no credit loss exposure) with stores staying open, but with zero sell-in during the half. Normalising for this factor, sell-in growth would have been broadly the same in both halves

Global Product Segment by Theatre (cont'd)

AUDm	GLOBAL PRODUCT SEGMENT REVENUE			
	FY23	FY22	% Chng	% Chng CC*
Americas	701.2	605.0	15.9%	7.0%
APAC	292.2	278.4	5.0%	4.3%
EMEA	285.8	295.2	(3.2)%	(3.1)%
TOTAL	1,279.2	1,178.6	8.5%	4.1%

*Cc: constant currency

APAC

- Positive unit sell-out growth in both halves with market share gains in ANZ against a challenging consumer backdrop
- Asia grew strongly, including continued promising performance in South Korea
- Positive sell-in growth in both halves
- NPD again performed strongly across the region

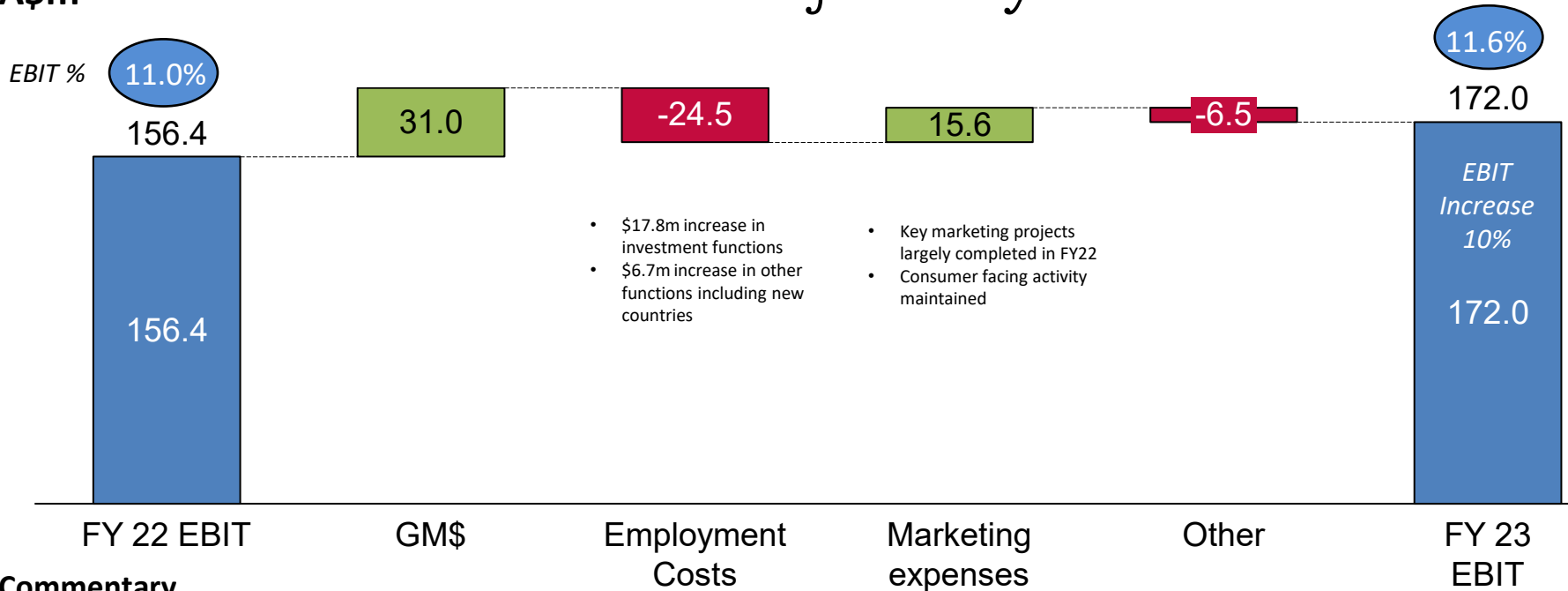
EMEA

- Unit sell-out continued to grow well across the year with NPD and DTC again performing strongly
- 2H23 sell-in grew strongly, +37.4%, against a soft prior period (lapping impact of Ukraine invasion) and as retailer destocking experienced in 1H23 abated



Opex Well Controlled and Aligned to Sales Trajectory

A\$m

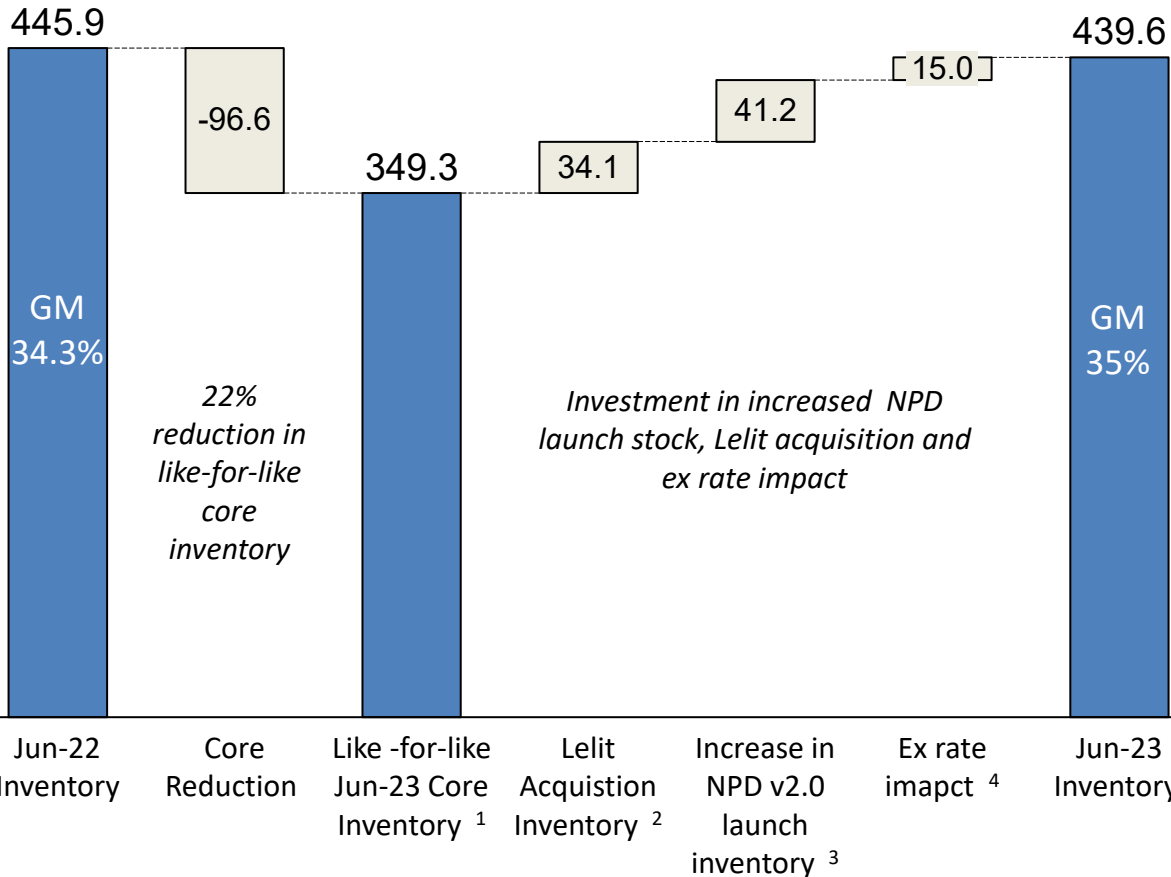


Commentary

- Well managed year with opex successfully controlled to deliver EBIT at top end of guidance
- Like-for-like headcount kept flat during FY23. Employment cost increase relates to FY22 hires largely in R&D, Marketing and Tech Services (investment functions) as well as general pay rises
- Reduction in marketing expenses largely relates to completion of the intensive build phase of key GTM (go to market) platform projects expensed in FY22. Consumer facing activity kept broadly in line with pcg
- Total spend on investment functions at ~13.1% revenue

Inventory has peaked, now trending down to normalised level

A\$m



Commentary

- Like-for-like *core inventory* reduced by 22% or \$96.6m in FY23
- Commercial decision made to normalise inventory through constraining purchases, not discounting; GM% improved
- Using S&OP planning process, BRG purchased A\$140.1m less in 2H23 than in 2H22
- Acquisition of Lelit, build of launch stock (V2.0) and translation meant overall inventory was flattish Y-O-Y
- FY24 inventory is budgeted to fall further mainly in 2H24

¹ Inventory of non-NPD SKUs held at both June 22 and June 23 aggregated at June 22 closing exchange rate

² Inventory acquired on July 1st 2022 as part of Lelit acquisition. Largely raw materials and components

³ Increase in inventory built for NPD SKUs. V2.0 launch approach builds more stock before launch and holds more in early months during launch to maximize revenue

⁴ Translation impact on non-Australian balances to convert holding to a like-for-like basis



Financial Position at 30 June

AUDm ¹	June 23	June 22
Inventory	439.6	445.9
Receivables	276.8	194.2
Trade and other payables	(261.3)	(292.3)
WORKING CAPITAL	455.1	347.8
PPE	53.8	33.5
Development costs & software	71.8	56.2
Goodwill and Brands	327.2	184.8
Other (liabilities) / assets	(16.9)	(3.9)
NET ASSETS EMPLOYED	891.0	618.5
Net debt / (cash)	121.3	4.1
Shareholders' equity	769.7	614.4
CAPITAL EMPLOYED	891.0	618.5

ROE%²	15.9%	18.9%
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¹ Minor differences may arise due to rounding

² ROE is calculated based on NPAT for the 12 months ended 30 June 2023 (FY22: 12 months ended 30 June 2022) divided by the average of shareholders' equity in June each year and 12 months earlier.

Commentary

- Working capital increase driven by receivables and payables
 - Receivables increased \$82.6m, after strong Q4 sales, with days outstanding consistent with prior period
 - June 23 inventory roughly flat on prior year
 - Payables decrease of \$(30.9)m reflects reduced 2H23 inventory purchases
- Increase in PPE led by Lelit acquisition and increased investment in tooling as products are prepared for production
- Capitalised development costs increase led by expanded R&D and a healthy pipeline of NPD. Amortisation will accelerate as new products are released
- Aggregate balance of capitalised PPE and development costs at 8.5% of revenue is in line with FY19 and FY20
- Increase in Goodwill and Brands arises from Lelit purchase
- Net debt increased \$117.2m over PY due to Lelit acquisition \$79.6m and higher working capital
- 2H23 cash inflow of \$90.9m. FY24 inflow expected as a more predictable demand pattern supports a normal inventory flow
- Leverage below 0.6x EBITDA, with unused debt facilities of ~\$265m and cash of ~\$84m in place for expansion

FY23: Netting Headwinds and Tailwinds

	Headwinds	Tailwinds	Net
Revenue	<ul style="list-style-type: none"> • Macro environment (inflation, Ukraine) • Retailer destocking • BBB bankruptcy • Distribution: Nespresso • Food Prep category 	<ul style="list-style-type: none"> • Macro environment (full employment) • Coffee & Cooking categories • Unit sellout positive in all 3 Theatres • New product launches • New Countries +96% (Mexico, Spain, Portugal, France, Italy, South Korea, Poland) • Lelit 	+4.2%
Gross Profit	<ul style="list-style-type: none"> • Input cost inflation • Logistics cost inflation • Strong USD 	<ul style="list-style-type: none"> • Price increases • Controlled promotions • New product launches 	+6.4%
EBIT	<ul style="list-style-type: none"> • FY22 headcount annualization, comp increases • Supplier cost increases (utilities, software, etc.) • Warehouse expansion • Increased amortisation/depreciation expense 	<ul style="list-style-type: none"> • Kept headcount flat vs. FY22 • Banked GTM platform cost reduction (transition from building to maintaining) • General expense management 	+10.0%

We delivered +10.0% EBIT growth by leaning into our company-specific growth levers, preserving our gross margin, and thoughtfully managing OPEX

FY24 Landscape as of August 21st 2023

Headwinds

- Macro Forces: inflation, increasing interest rates, cost-of-living pressures
- On-going Ukraine war, impact on Europe
- Wind down of BBB lingering into 1H24
- Unpredictable retailer and competitor behaviour

VS

Tailwinds

- Strong employment globally
- Strong NPD year with Launch v2.0
- New geographies 1 year older (bigger) and increasing geographic diversity
- Entry into Target in USA with a limited range across 1,000 stores
- Strong USA Prime day sell-out in July
- Air fryer and premium coffee trend
- Cost declines vs FY23 (logistics, FOBs)

*Get in front of what we can control—minimize risks and maximise opportunities—and be positioned to quickly react to things we can't.
Start with tight FY24 cost structure and adjust as needed*

Key Points FY23

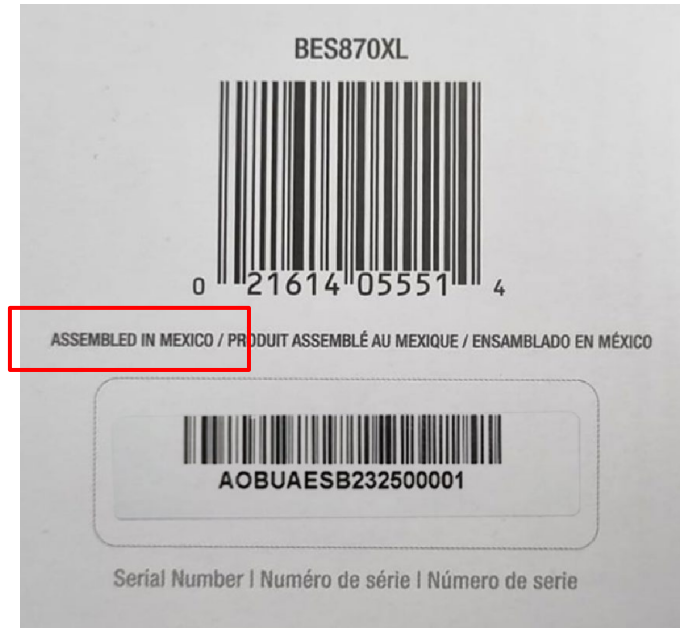
- Sector leading sales growth and well controlled result, with healthy EBIT growth against a subdued consumer backdrop and strong denominator
- Strength in geographic diversity with growth returning to EMEA in 2H23
- BBB exit and Lelit acquisition offsetting each other
- Healthy gross margin improvement – reflection of premium product value and measured promotions
- Expenses aligned with sales trajectory to deliver 10% EBIT growth
- Healthy NPD pipeline developed
- Core inventory managed down with further reductions expected in FY24
- Cash inflow expected for FY24 as demand and supply chain predictability returns

Reinforcing Growth Vectors



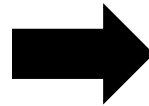
Mexico Manufacturing Facility is Live

Barista Express®



- Barista Express® now manufactured in Mexico (120v) and China (120v/240v)
- Shorter, more responsive supply chain for Americas with increased capacity
- Product “Assembled in Mexico” is not burdened with Trump Tariff

Extending Baratza's "Beautiful Brown Box" Initiative to Breville|Sage



Breville|Sage is redesigning its packaging across the entire range to maximise the use of recyclable materials.

New Colour Range



the Barista Touch™ Impress



At last, a coffee machine that gets it
just right

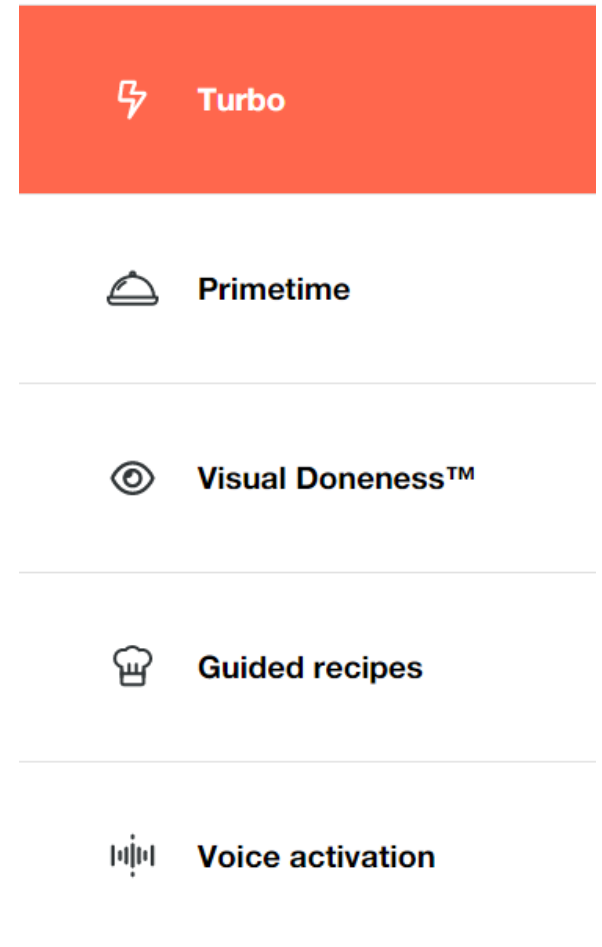
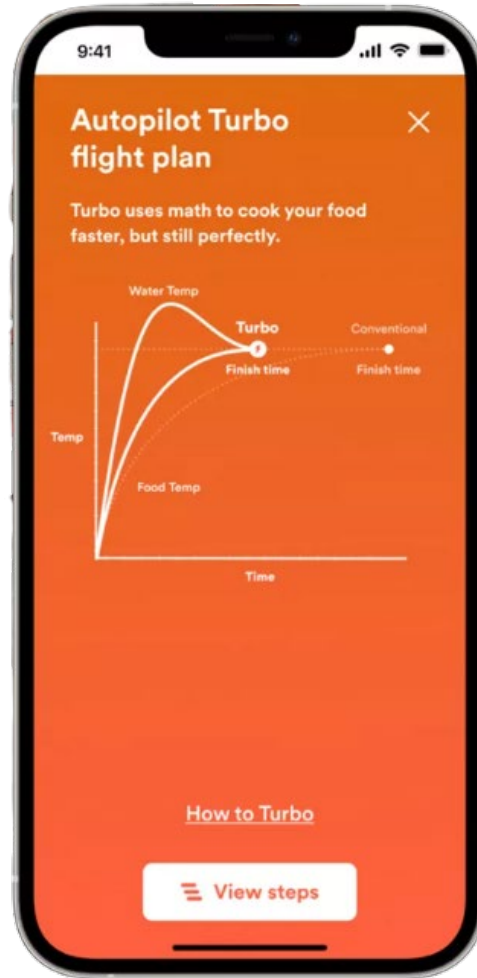
*The Barista Touch Impress hits a sweet spot in the middle of Breville's line-up, particularly for drinkers who've switched to non-dairy milks.**

* AFR, Life & Leisure, John Davidson, March 16, 2023

the Vertuo Creatista®



the Joule® Turbo Sous Vide



Cook twice as fast with Joule® Turbo



BRGGROUP

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Sage

LELIT

BARATZA

ChefSteps

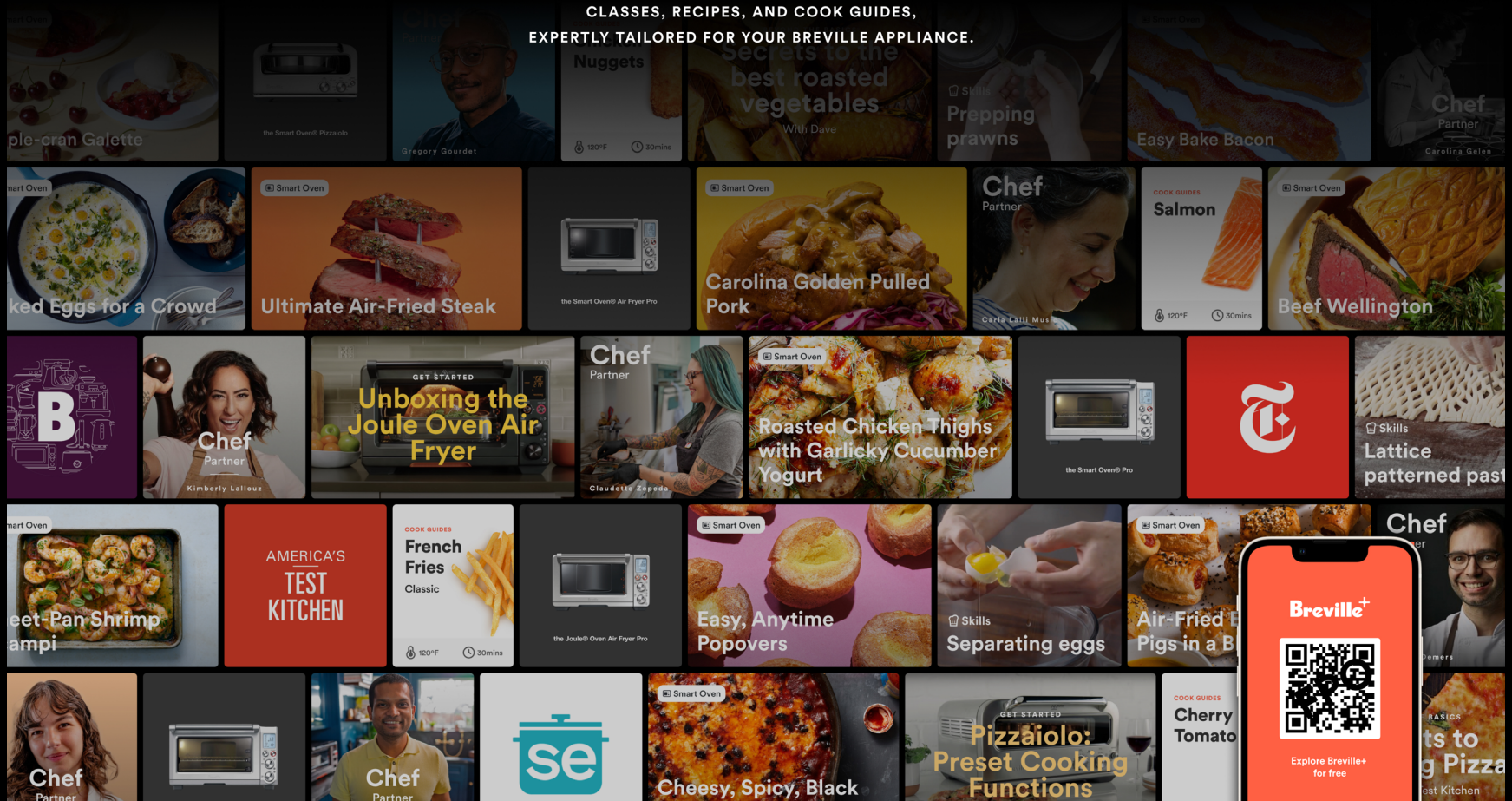
beanz.com

Reinforcing Growth Vectors

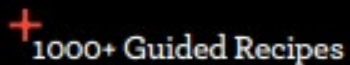


INTRODUCING Breville+

CLASSES, RECIPES, AND COOK GUIDES,
EXPERTLY TAILORED FOR YOUR BREVILLE APPLIANCE.




Your New Culinary Co-Pilot



[+ My Cook Guides](#)

+ Live & On-demand

+ Tested & tuned



Breville+

The New York Times
Cooking

— AMERICA'S —
TEST KITCHEN

 **serious eats**

**WILLIAMS
SONOMA**
TEST KITCHEN

**Breville
TEST
KITCHEN**

 **ChefSteps**



Joule® Oven Air Fryer Pro



Smart Oven® Air Fryer Pro



Smart Oven® Air Fryer



Smart Oven® Pro



Smart Oven® Pizzaiolo



Joule Turbo Sous Vide

Reinforcing Growth Vectors



Transactional Automation

BRG Order Count	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Automated	32%	56%	68%	75%	81%	84%	82%	85%
Manual	68%	44%	32%	25%	19%	16%	18%	15%
Transaction Count								
Growth (indexed to 100)	100	145	164	166	194	276	272	302
Nbr Countries	5	5	7	10	12	15	21	22
Acquisitions		1			1	1		1

Despite ...

- Order count increasing ~300%;
- Expanding from a 5-country model to a 22-country model; and,
- Executing 4 acquisitions, with 100% manual transactions

We have migrated automated orders from 32% of all orders to 85%.

It's worth noting that we even know the answer to this question. Operating a single global platform gives us 100% visibility down to the individual transaction level.

Multi-Brand B2B Portal: Long Tail Automation



HOME

SHOP BY BRAND ▾

SHOP BY CATEGORY ▾

Welcome Partners

A new buying experience for select retail partners

Let's go!

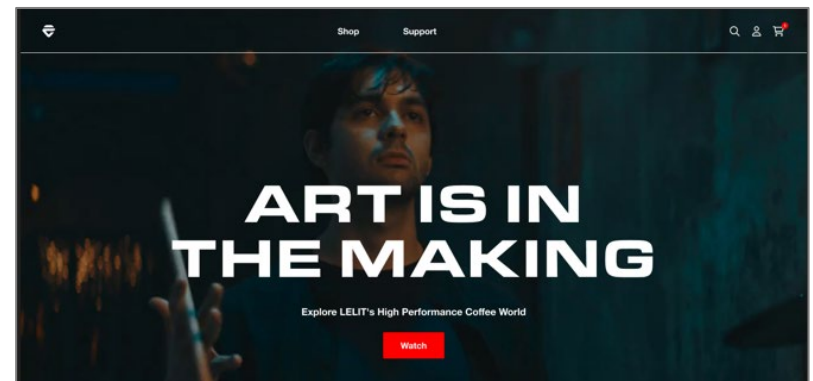
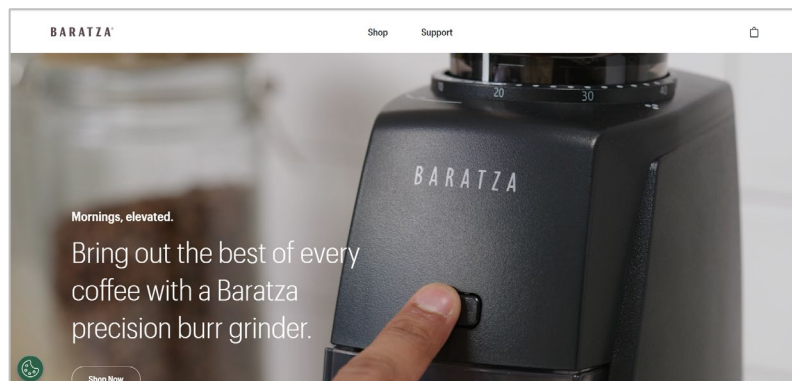
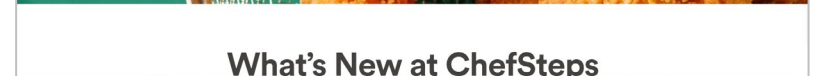
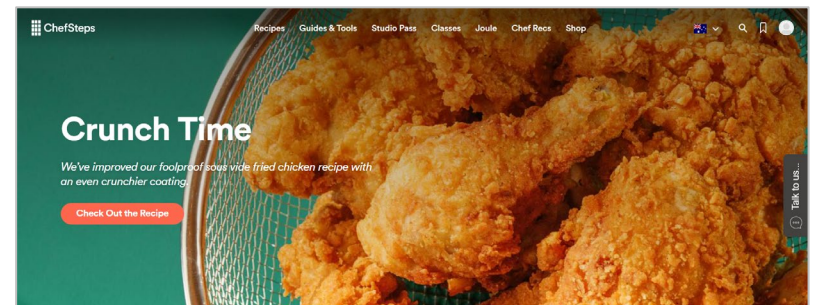
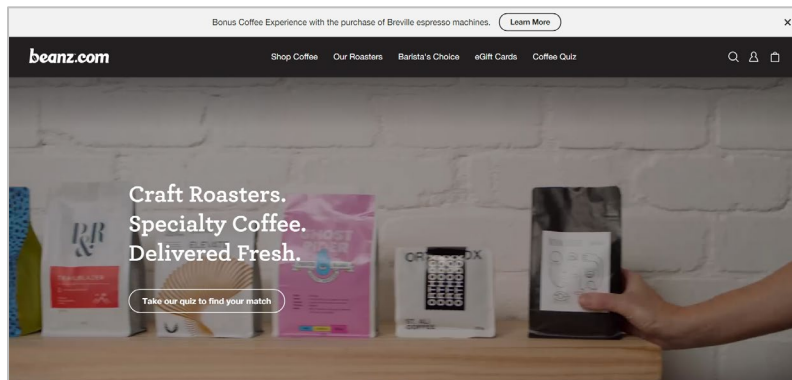
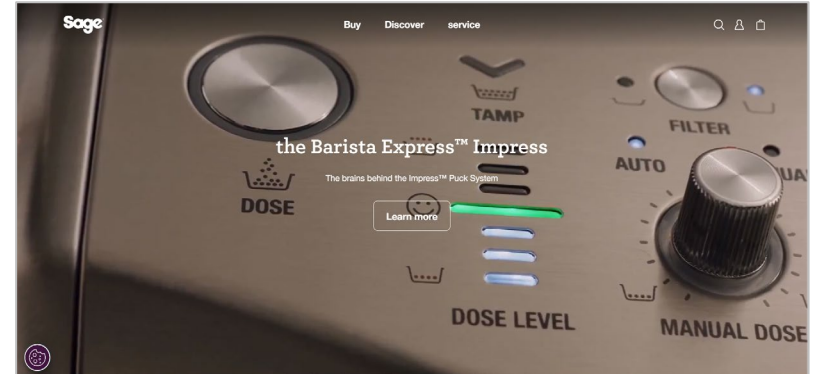
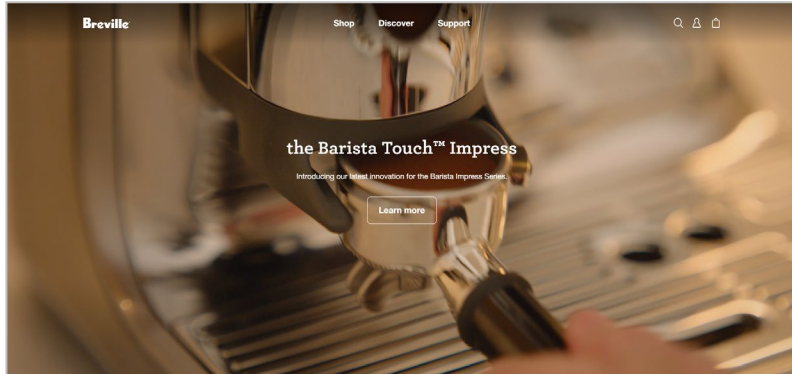
Help

My Recent Orders

Order Summary Number	Ordered Date	Customer Reference	Status
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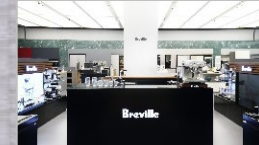


Digital Infrastructure: Reusable Components



Entering a New Country: South Korea

	Elapse Time (Months)					
	1	2	3	4	5	6
Order Product						
Import Product to 3PL						
Ship Product to Retailer						
Finance (tax, bank)						
Hire Team						
Deploy Corp Platform						
Select/Connect 3PL						
Select/Connect Svs Partner						
Rent Office Space						
Select/Connect Retailers						
Build/Deploy Website						



Breville



SHINSEGAE

LOTTE

the Galleria

HIMART

NAVER

SSG.COM

coupang

kakao

Kurly

BRG GROUP

Breville

Sage

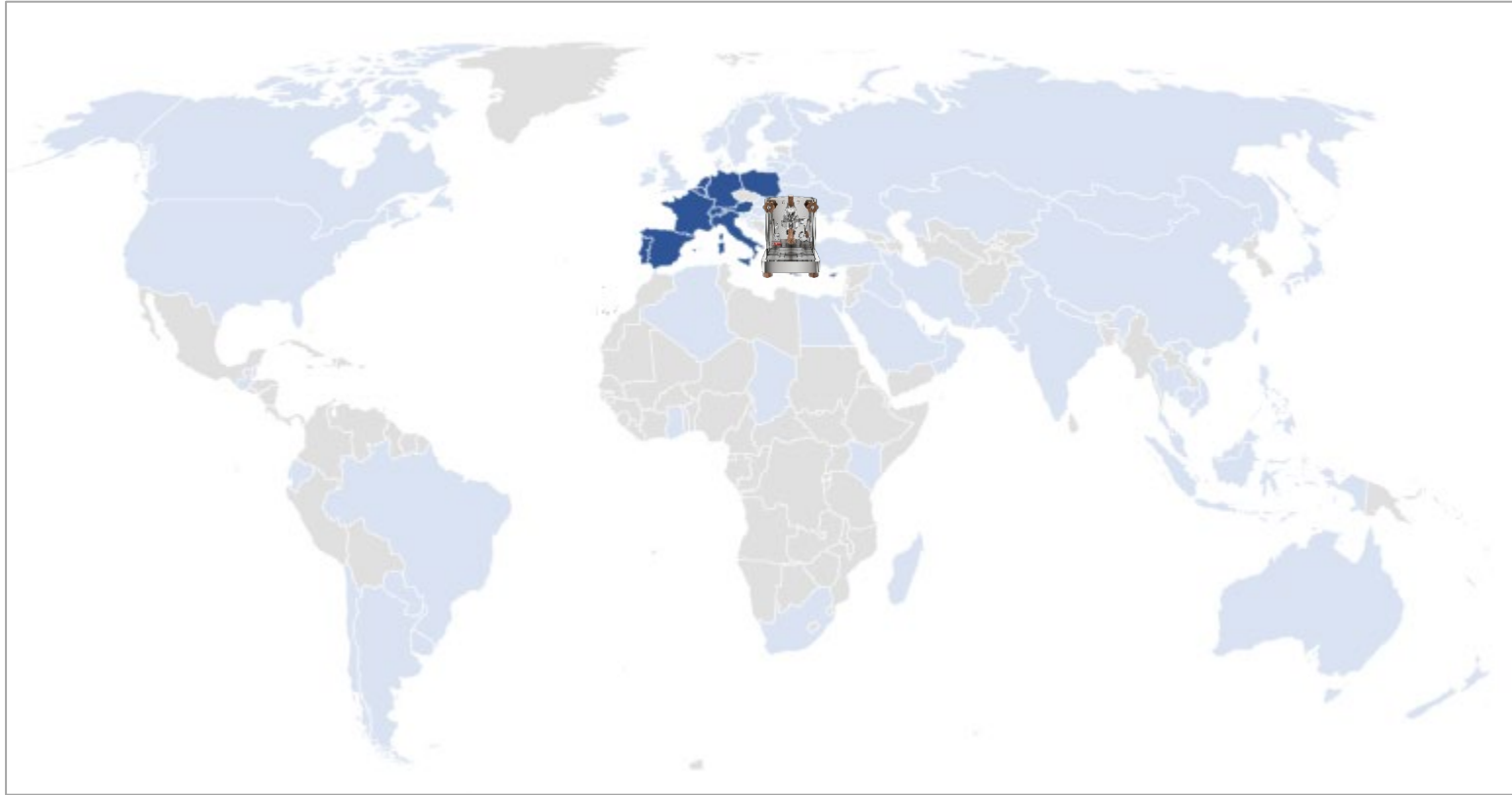
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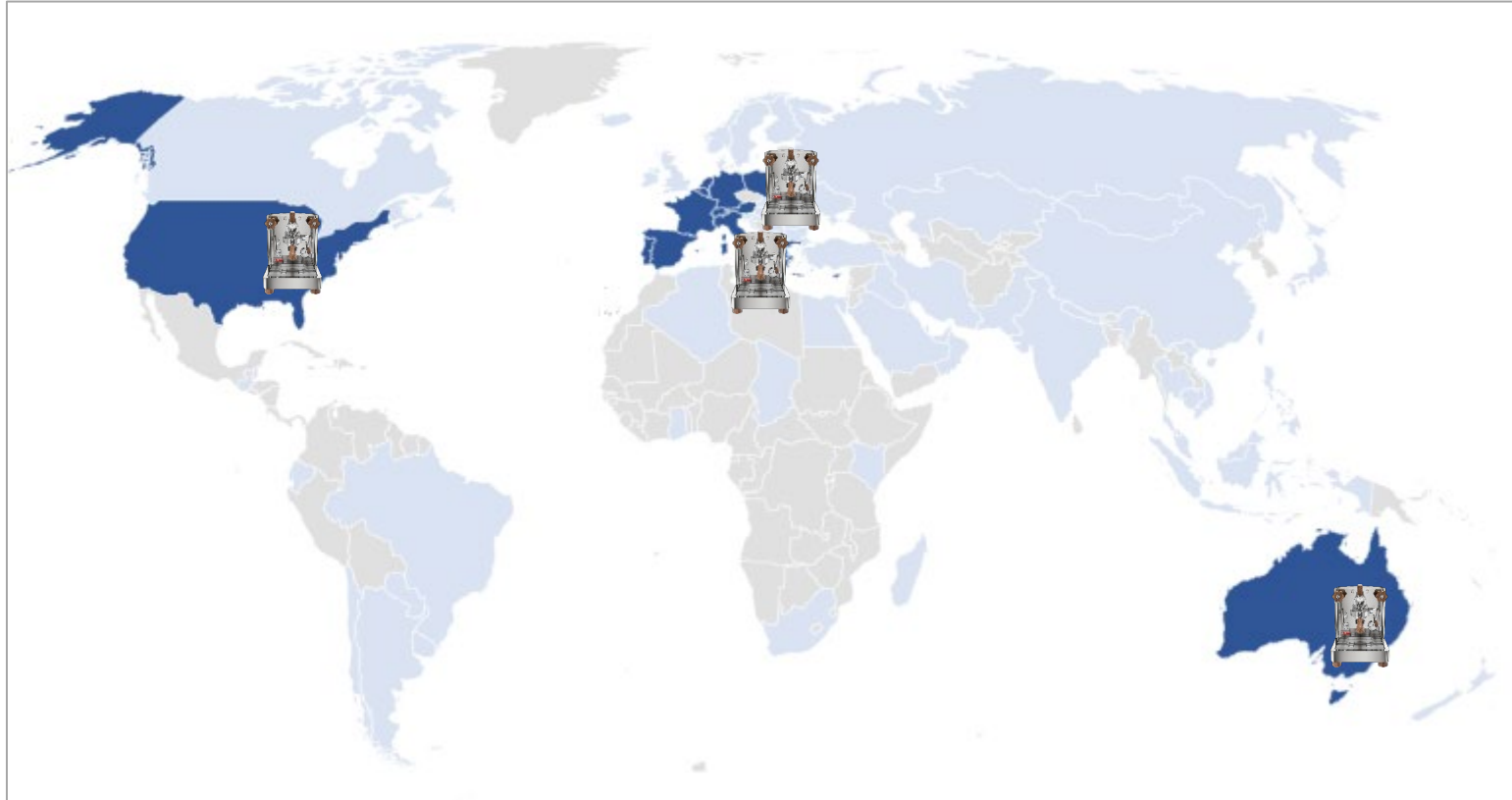
Lelit as at Acquisition



- Dealer-based channel model, manual orders
- Single warehouse in Italy
- “Direct” in the EU
- Distributor-based Dealer model for all markets outside of EU

Italian-based manufacturer filling global orders

Lelit Today



- Direct in EU, US, and AU with 4 warehouse locations; Premium mass channel in 1H24
- Transitioning to multi-brand portal to automate Dealer orders
- Lelit transacted on the Global Platform 4 months after transaction close
- New transacting website launching in the US this month (Aug '23)

We took Lelit's direct model "global"; will extend into premium mass channel and take a new transacting website live in the 1H24 ... all within 15 months from close.

Platform Takeaways

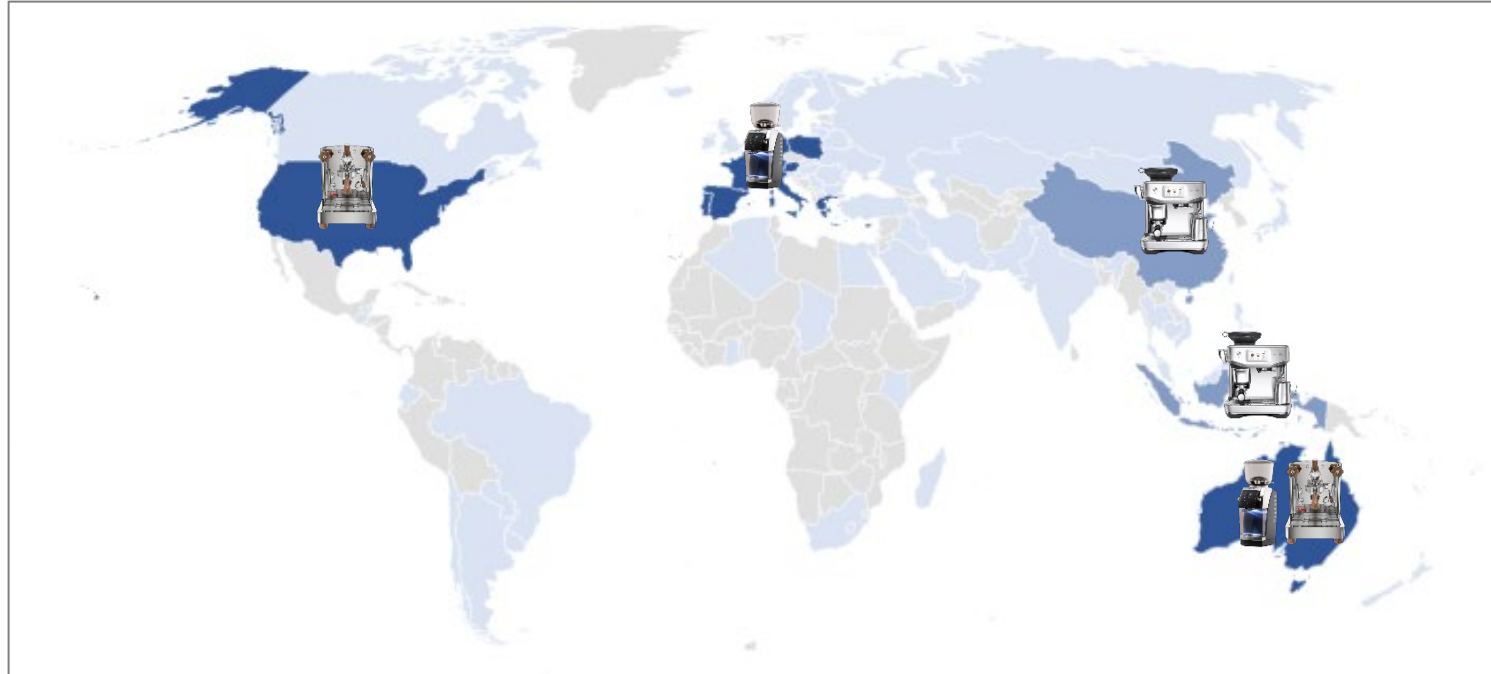
- **First and foremost—Speed**
 - The productization and standardization of the platform means we can enter new countries and assimilate acquisitions without slowing down
 - The componentisation of our web infrastructure enables us to stand up new sites quickly with proven underlying code
- **Capability extension—Build once, use everywhere**
 - Once a capability is added to the platform, it can be used across all brands and geographies (e.g., subscription engine added for Beanz, enabling espresso filter subscription on Breville.com)
- **Efficiency—adding breadth doesn't require adding people**
 - Going into a new country or acquiring a company doesn't directly require the addition of new people into Tech Services—just an extension of the existing system to automate the new transactions

<https://customers.microsoft.com/en-us/story/1638548789828949995-breville-dynamics365-australia>

Reinforcing Growth Vectors



Geographic/Channel Expansion



Breville

- Target (US)
- B2B Portal (US)
- Indonesia Distributor
- China Specialty Coffee Distributor

BARATZA®

- Europe Direct
- Australia Direct
- US, EU, AU limited range
“Premium Mass”

LELIT

- US Direct
- Australia Direct
- US, EU, AU limited range
“Premium Mass”

BRG GROUP

Breville Sage LELIT BARATZA ChefSteps beanz.com

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