

13 February 2024

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

**Breville Group Limited – Half Year Ended 31 December 2023
Investor Presentation**

Attached is the Breville Group Limited Investor Presentation for the half year ended 31 December 2023.

The release of this announcement was authorised by the Board.

Yours faithfully



Sasha Kitto and Craig Robinson
Joint Company Secretaries

BRG GROUP

Breville Sage LELIT BARATZA ChefSteps beanz.com

Breville Group Limited

(ASX : BRG)

Half Year Results FY24
Investor Presentation

13th February 2024



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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.



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 half with gross profit gains

AUDm	1H24	1H23	% Chng
Revenue	905.8	888.0	2.0%
Gross Profit	332.0	311.3	6.7%
Gross margin (%)	36.7%	35.1%	
EBITDA	159.2	141.9	12.2%
EBIT	131.0	121.1	8.2%
EBIT margin (%)	14.5%	13.6%	
NPAT	84.0	78.7	6.7%
Basic EPS (cents)	58.6	55.8	5.0%
Dividend per share (cents)	16.0	15.0	6.7%
Franked (%)	100%	100%	
ROE¹ (%)	14.8%	16.1%	
Net (debt) / cash (\$m)	(97.5)	(212.2)	

Commentary

- Modest revenue growth achieved against subdued consumer backdrop
- Good growth in gross profit \$ with input cost savings more than funding well controlled promotional spend
- Sustained EBIT growth having absorbed budgeted increase in D&A
- NPAT growing at 6.7% after absorbing higher interest costs
- Forecasted improvement in net debt and inventory was delivered
- Further cash inflow is forecast for 2H24 as peak receivables are collected, and normal inventory flow model is sustained
- Dividend per share increased by 6.7% to 16.0 cents

¹ ROE is calculated based on NPAT for the 12 months ended 31 December 2023 (1H23: 12 months ended 31 December 2022) divided by the average of shareholders' equity in December each year and 12 months earlier.

Segment Results

AUDm	Revenue			Gross Profit			Gross Margin (%)	
	1H24	1H23	% Chng	1H24	1H23	% Chng	1H24	1H23
Global Product	782.8	770.5	1.6%	298.5	284.8	4.8%	38.1%	37.0%
% Change CC¹			(1.3)%			2.0%		
Distribution	123.0	117.5	4.6%	33.5	26.4	26.7%	27.2%	22.5%
TOTAL	905.8	888.0	2.0%	332.0	311.3	6.7%	36.7%	35.1%

Minor differences may arise due to rounding

¹ CC – Constant Currency

Commentary

- **Global Product Segment: 1.6% Revenue Growth, 4.8% Gross Profit Growth**

- Key growth drivers firing: NPD (New Product Development) performing well with Barista Touch Impress™, Vertuo Creatista® and the InFizz™ range all enjoying strong launches
- Breville|Sage new geographies (entered during and since Covid) growing at 73%
- At GP\$ level both Coffee and Cooking growing healthily with Food Preparation in decline

- **Distribution Segment: 4.6% Revenue Growth, 26.7% Gross Profit Growth**

- Forecasted recovery in Nespresso sales in Americas realised
- Prioritisation of GP\$ over sales in Breville local and Kambrook in ANZ boosted gross profit



Global Product Segment by Theatre

AUDm	GLOBAL PRODUCT SEGMENT REVENUE				5 Yr CAGR ² CC
	1H24	1H23	% Chng	% Chng CC ¹	
Americas	450.3	450.7	(0.1)%	(2.2)%	13.8%
APAC	155.4	163.2	(4.8)%	(5.7)%	13.7%
EMEA	177.2	156.6	13.2%	5.5%	23.0%
TOTAL	782.8	770.5	1.6%	(1.3)%	15.5%

Minor differences may arise due to rounding

¹CC – Constant Currency

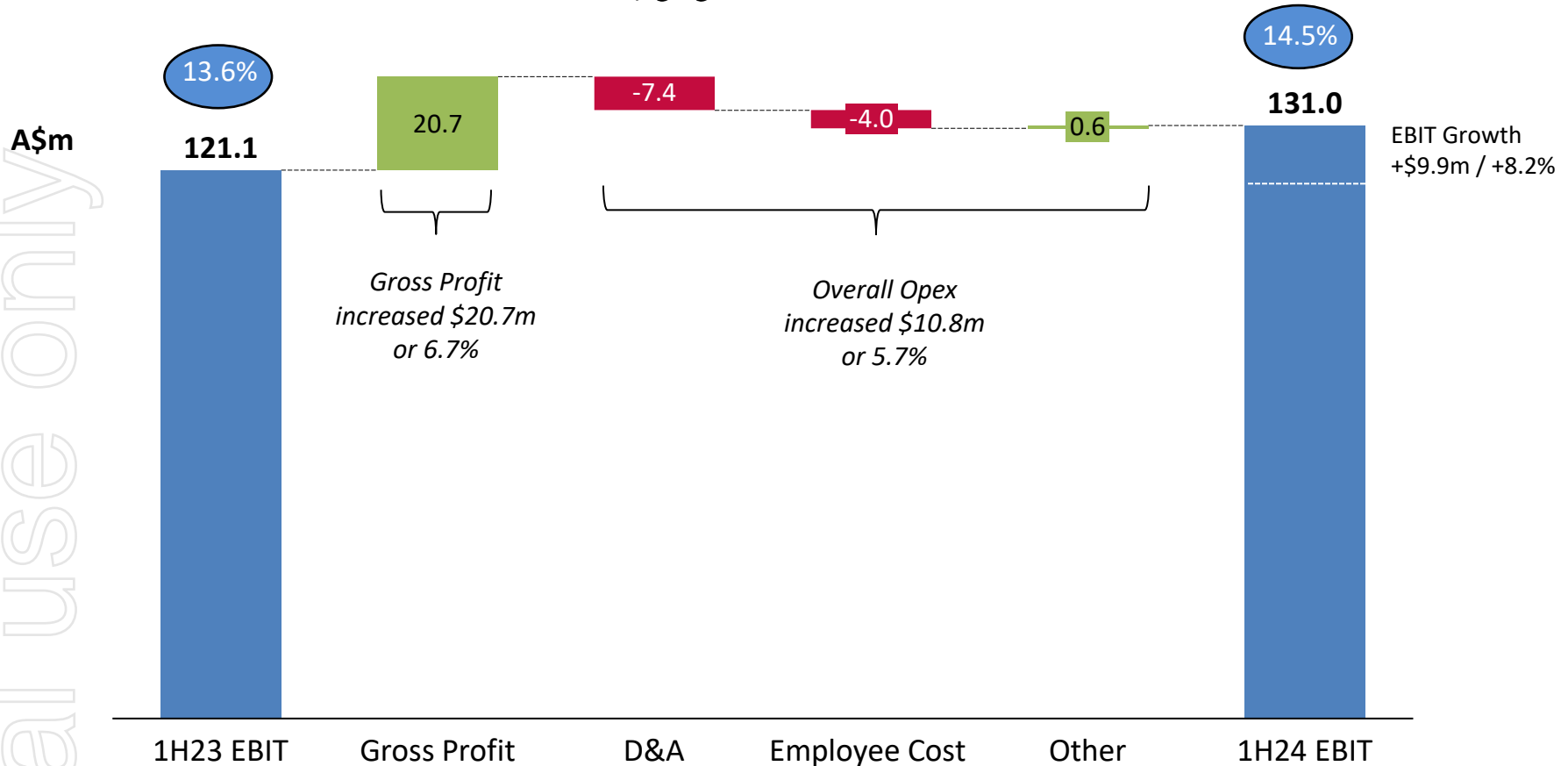
²CAGR – Compound Annual Growth Rate from 1H19 to 1H24

Commentary

- Sell-out and sell-in broadly tracking in line with each other
- Gross Profit gains across all Theatres
- Strong 5 Yr CAGRs
- **Americas: (-0.1% Net Sales, +1.2% Gross Profit)**
 - Coffee and Cooking delivering good GP\$ growth with a decline in Food Preparation
 - Bed Bath and Beyond (BBB) exit / Target entry suppressed reported sales growth
- **APAC: (-4.8% Net Sales, +2.5% Gross Profit)**
 - Continued strong performance in Asia
 - Challenging AU consumer environment dictated restrained promotional spend delivering positive GP\$ growth
- **EMEA: (+13.2% Net Sales, +19.6% Gross Profit)**
 - Stronger growth in Sage direct countries (double-digit constant currency growth) with distributors naturally lagging

EBIT Growth from 1H23 - 1H24

\$9.9m or 8.2%



Minor differences may arise due to rounding

Commentary

- D&A growing following increased number of new product launches in recent periods
- Employee costs increase reflects wage inflation. Headcount broadly flat
- Other costs held flat period-on-period

Financial Position at 31 December

AUDm	Dec 23	Dec 22
Inventory	380.0	465.2
Receivables	449.8	388.8
Trade and other payables	(333.7)	(303.8)
Working Capital	496.1	550.2
PPE	60.8	45.0
Development costs and software	78.2	66.5
Goodwill & Brands	322.6	321.7
Other (liabilities)/ assets	(34.4)	(33.6)
NET ASSETS EMPLOYED	923.3	949.8
Net debt / (cash)	97.5	212.2
Shareholders' equity	825.8	737.6
CAPITAL EMPLOYED	923.3	949.8
ROE%¹	14.8%	16.1%

Commentary

- Inventory reduction delivered through normalised purchases rather than discounting. Further reductions forecast for 2H24
- Receivables increase driven by stronger Q2 sales growth. Ageing is consistent with prior year (after adjusting for BBB on cash terms). Balance reduced to \$323.7m by 31st January 2024
- Increase in capitalised Development Costs and Software led by sustained investment in innovation to drive new products and future growth
- PPE increase led by investment in in-store fit outs, manufacturing equipment, buildings and the tooling of new products
- Net Debt reduced to \$97.5m with further cash inflow forecast in 2H24. Net Debt as of 31st January 2024 had reduced to \$34.7m
- Leverage at 0.4 x EBITDA with unused debt facilities of \$214.1m and cash of \$146.2m in place for expansion

¹ ROE is calculated as NPAT for the 12 months ended 31 December 2023 (1H23: 12 months ended 31 December 2022) divided by the average of shareholders' equity in December each year and 12 months earlier.

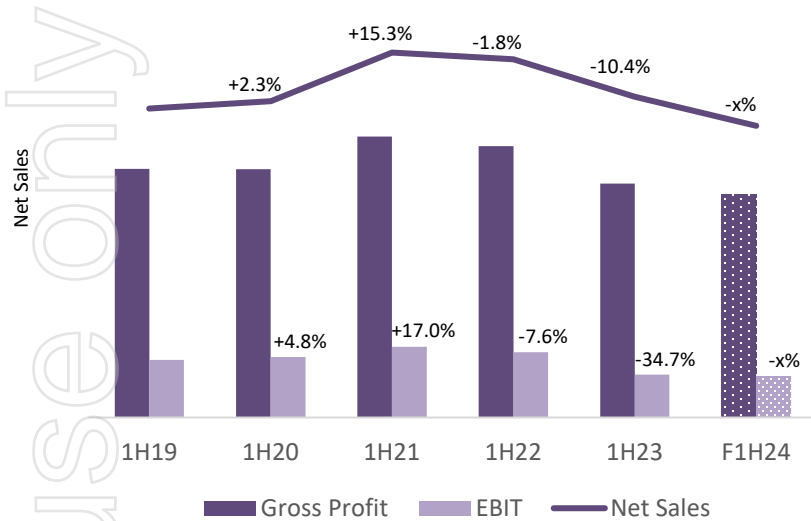
Key Points 1H24

- Steady EBIT growth delivered through gross profit gains despite headwinds
- Another record sales half
- Growth drivers of NPD, and geographic expansion overcoming the core business resetting in face of cost-of-living pressures and mean reversion
- Forecasted inventory and net debt reduction delivered
- Further cash inflow forecast for 2H24
- Strategy of investment into growth drivers continues

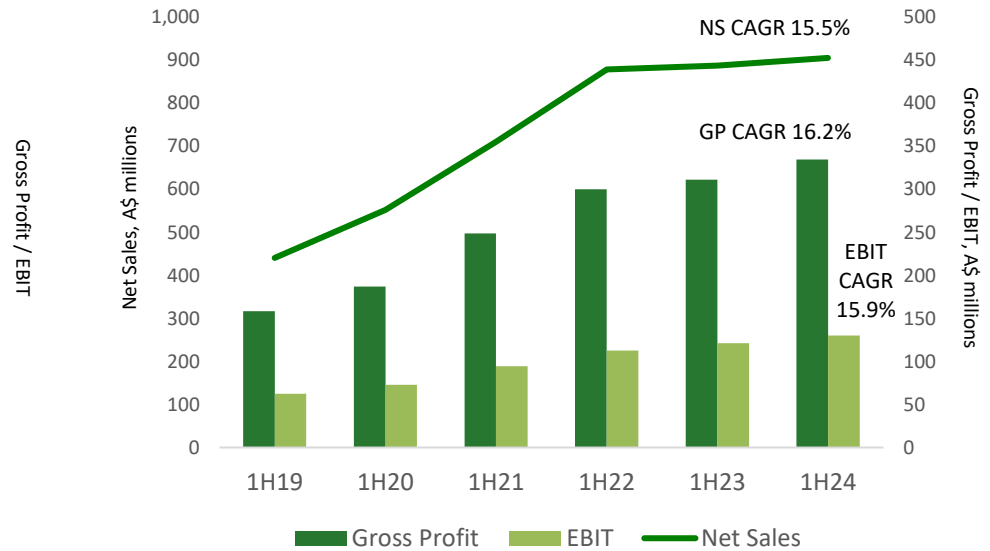
- Why is BRG behaving differently?
- 2H24 Considerations & Outlook

How is BRG Pushing Through Headwinds?

COVID – Mean Reversion Pattern
ILLUSTRATIVE



BRG Performance 1H19 – 1H24



To date, BRG has pushed through the macro headwinds and mean reversion pattern by:

- Leaning into its growth drivers: Coffee/Cooking tailwinds with Solution support, New Product Development, and Geographic Expansion
- Forward Opex planning and management to convert gross profit dollars to EBIT dollars

Tacking Into Tailwinds

Migration to Quality Coffee

Air Frying

the **Specialty Coffee Bundle**
Everything you need to make coffee like your favourite café, at home.

EARN UP TO **£200**

Buy a Breville espresso or coffee machine and earn

UP TO **\$200 CASHBACK***

*T&Cs Apply. See retailer for more details.

the **Specialty Coffee Bundle**
Everything you need to make coffee like your favourite café, at home.

EARN UP TO **\$400 CASHBACK***

*T&Cs apply. Scan QR code for more details.

In 3 simple steps with the best beans

1

Buy a Sage espresso or filter coffee machine. Register your machine & get 2 free bags of fresh, specialty coffee beans delivered to you.



Discover More

2

Subscribe to beanz.com by Breville for fresh beans. Use the same quality as cafés. *70 varieties from the nation's best roasters.



3

Earn up to \$400 cashback as you enjoy delicious coffee. Earn \$100 cashback for every 20 bags purchased. No commitment, cancel anytime.



In 3 simple steps, combine a great machine with the best fresh beans and earn cashback



1



Buy and register a Breville coffee machine. Get 2 free bags of fresh, specialty coffee beans delivered to you.



Discover More

2



Subscribe to beanz.com by Breville for fresh beans. Use the same quality as cafés. *70 varieties from the nation's best roasters.

3



Earn up to \$400 cashback as you enjoy delicious coffee. Earn \$100 cashback for every 20 bags purchased. No commitment, cancel anytime.

Breville x **beanz.com**
by Breville

Breville+

Perfect meals. First time. *Every time.*

+ 1000+ Guided Recipes


+ My Cook Guides

+ Live & On-Demand Classes

+ Tested & Tuned

Enjoy the confidence of cooking with Breville+

Discover More Here



The full experience is free when you register your Smart Oven

2H23 NPD

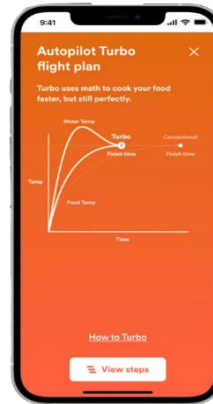
Barista Touch™ Impress



The Vertuo Creatista®



The Joule® Turbo Sous Vide



Personal use only

1H24 NPD

The InFizz™ Fusion



The Paradise™ 16



The Sous Chef® 16



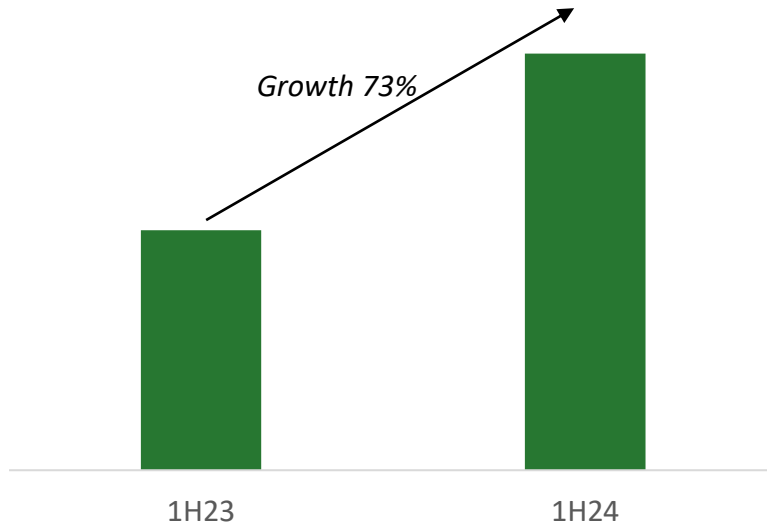
The Oracle™ Touch Noir



Personal use only

New Geographies Made a Material Contribution to 1H24 Sales Growth

BREVILLE | SAGE NEW COUNTRY REVENUE GROWTH
Net Sales



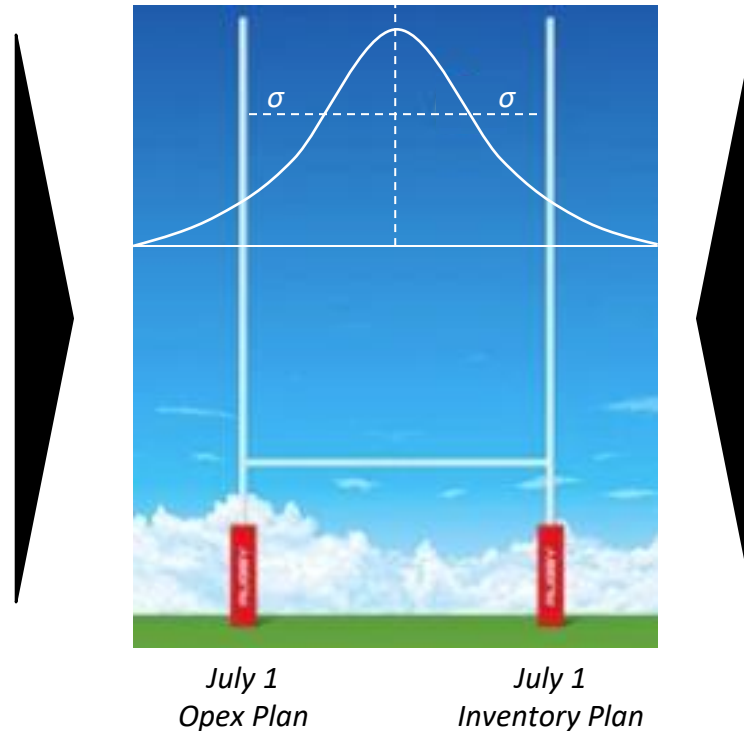
- *Mexico*
- *Portugal*
- *Spain*
- *France*
- *Italy*
- *Poland*
- *South Korea*

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Managing Through Uncertainty

Fiscal Year Budget



*What we think we've learned
from the historical performance
of BRG and Others*

*What we believe may be true
in the next 18-24 months*

- We have been able to dependably convert gross profit dollars to EBIT dollars by embracing the uncertainty: accepting that a wide range of outcomes is “probable”
- We start each year with an “inconsistent” budget (cost vs revenue), then converge on reality as it unfolds

- Why is BRG behaving differently?
- 2H24 Considerations & Outlook

2H24 Considerations

- Macro / mean reversion headwinds continue
- Fairly stable denominator across Theatres in 2H
- Retailers enter the half in a good inventory position (sell-in / sell-out tracking in 1H)
- Solid NPD launches / rollouts in 2H
- Reduced inventory levels will drive a working capital release
- Will continue to play a conservative hand focusing on gross profit and investing in medium-term growth

FY24 Outlook

We expect FY24 EBIT growth to be in the range of 5.0% - 7.5% assuming:

- No significant change in economic conditions in the Group's major trading markets;
- No material supply chain interruptions; and,
- Taking into account our expected 2H investment levels into marketing, R&D and technology.

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