BRG GROUP

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

Breville Group Limited – Half Year Ended 31 December 2024
Half Year Results Announcement

Attached is the Breville Group Limited Announcement for the half year ended 31 December 2024.

The release of this announcement was authorised by the Board.

Yours faithfully

Sasha Kitto and Craig Robinson
Joint Company Secretaries

BRG GROUP

Breville Group Limited (BRG) Results

Half-Year ended 31 December 2024

Solid half with double-digit revenue growth

Group Summary Result

AUDm[1]	1H25	1H24	% Growth
Revenue	**997.5**	905.8	***10.1%***
Gross Profit	**366.3**	332.0	***10.3%***
Gross Margin %	**36.7%**	36.7%	
EBITDA	**177.6**	159.2	***11.5%***
EBIT	**144.8**	131.0	***10.5%***
NPAT	**97.5**	84.0	***16.1%***

Dividend per share - ordinary (cents)	**18.0**	16.0	***12.5%***
Franked (%)	**100%**	100%	
Net (debt) / cash ($m)	**(55.1)**	(97.5)	
ROE[2] (%)	**14.7%**	14.8%	

- Solid revenue growth of 10.1% against a backdrop of resilient consumer demand
- 13.0% Global Product segment revenue growth (constant currency)
- Double-digit revenue growth in all three Theatres (Global Product segment constant currency) led by strong Coffee category growth
- Group Gross Margin held steady at 36.7% of revenue with 10.3% Gross Profit growth
- EBIT growth of 10.5% with 1H25 operating expense growth aligned to Gross Profit growth
- NPAT growth of 16.1% with lower interest costs arising from strong FY24 cashflow generation
- Net Debt of $55.1m, an improvement on pcp balance of $97.5m
- Strong underlying cash generation partially offset by tactical pull forward of 2H25 US inventory as a hedge against potential tariffs
- Interim Dividend of 18.0 cents per share (100% franked)

Commenting on the Group's result, Breville Group CEO, Jim Clayton said:

"A solid half of double-digit growth. The Group delivered 10.1% Revenue growth and 10.5% EBIT growth against a backdrop of resilient consumer demand.

All three Theatres achieved double-digit Global Product segment revenue growth in constant currency, underpinned by double-digit growth in Coffee. Cooking, globally, was in high single digit growth with Food Preparation in a small single digit decline. The strength of our new product launches, expansion into new markets and the continuing coffee tailwind supported this growth as consumers remained loyal to trusted brands during the headwinds of ongoing cost-of-living pressures.

Good Gross Profit growth in our Distribution segment helped offset elevated EMEA shipping costs and the weakness of the AUD, to keep Group Gross Margins steady, delivering Gross Profit growth of 10.3%. Operating expenses were aligned to this Gross Profit growth resulting in a 10.5% EBIT growth.

NPAT growth of 16.1% was driven by lower interest costs arising from strong prior period cashflows.

Tactically, we landed some 2H25 inventory in the US early as a hedge against potential tariffs. All countries, other than the US, in aggregate, held inventory broadly flat.

We enter 2H25 with good momentum on our top line, with our NPD pipeline continuing to release, new markets outperforming and our solutions offerings, including Beanz, progressing well. Our low debt leverage provides flexibility to both invest further in inventory as a cost hedge, if the ROI is attractive, and to provide funds for further expansion.

A big thank you to the entire BRG team for continuing to manage the tactical challenges of the current environment while maintaining a relentless focus on our customers and a continued prioritisation of long-term growth".

Segment Results

	Revenue			**Gross Profit**			**Gross Margin (%)**	
AUDm[1]	**1H25**	1H24	***% Growth***	**1H25**	1H24	***% Growth***	**1H25**	1H24
Global Product	**877.7**	782.8	*12.1%*	**327.9**	298.5	*9.8%*	**37.4%**	38.1%
% Growth in constant currency			*13.0%*			*10.9%*		
Distribution	**119.8**	123.0	*(2.6)%*	**38.4**	33.5	*14.7%*	**32.1%**	27.2%
TOTAL	**997.5**	905.8	*10.1%*	**366.3**	332.0	*10.3%*	**36.7%**	36.7%

Our Global Product segment revenue grew by 12.1% (or 13.0% in constant currency) and Gross Profit grew by 9.8%. Coffee delivered strong double-digit growth, with Cooking in high single-digit growth and Food Preparation in a small single-digit decline, although Food Preparation sellout from retailers grew period-on-period.

NPD (new product development) launches contributed materially to growth in the half with the premium *Oracle® Jet* exceeding expectations. New geographies (entered since Covid) continued to outperform at over 36% growth. The Global Product segment Gross Margin % was slightly dampened by elevated shipping costs into EMEA and the strong USD.

Our Distribution segment fulfilled its strategic role delivering strong double-digit Gross Proft growth driving an increase in Gross Profit of $4.9m.

Global Product Segment Revenue Growth – reported and constant currency

	Global Product Segment Revenue			
AUDm[1]	**1H25**	1H24	% Growth	***% in constant currency***
Americas	**492.4**	450.3	9.4%	***10.9%***
APAC	**179.7**	155.4	15.7%	***16.3%***
EMEA	**205.6**	177.2	16.0%	***15.4%***
TOTAL	**877.7**	782.8	12.1%	***13.0%***

Global Product Segment

1H25 saw revenue grow at 12.1%, or 13.0% in constant currency, with all three Theatres in double-digit growth.

The Americas grew revenue by 10.9% in constant currency with both Coffee and Cooking in double-digit growth, slightly supressed by a single-digit decline in Food Preparation (although sell-out growth was also positive in this category). Coffee growth was strong across key SKUs including the entry point *Barista Express*® and the premium *Oracle*® *Jet*. The US grew more strongly than the Theatre with Canada rebasing as Hudson Bay left the playing field.

APAC delivered strong across-the-board growth of 16.3%, in constant currency, over a weak prior period, including the bounce back of distributor markets into healthy growth. Coffee delivered strong double-digit growth, with all other categories also in growth. South Korea continued its move from strength to strength, again surpassing New Zealand in Gross Profit dollars in the Global Segment.

In **EMEA** strong Coffee growth led a 15.4% overall revenue growth, in constant currency, with good growth in key retail partners alongside DTC. Solid growth from EMEA distributors helped offset the temporary headwind caused by the change over from a 1P to 3P model with Amazon in the direct markets.

Across all regions consumer demand proved resilient to cost-of-living pressures, although consumers were more active during peak promotional periods.

EBIT and NPAT

In a 10.1% revenue growth half, we held overall Gross Margin % steady and aligned expense growth to this level to deliver a 10.5% EBIT growth for the half.

Increased freight rates impacted EMEA, and the strong USD negated some of our FOB product cost savings. We were again measured in our promotional activity, although we did see some swing of consumer purchases into peak promotional periods contributing to a marginal reduction in Global Product segment Gross Margin %. This, however, was offset by an increase in Distribution segment margins, leaving Group Gross Margin % steady at 36.7%.

Gross Profit grew by $34.3m in the 1H25 of which approximately 40% flowed through to EBIT, with 60%, or $20.5m, invested into increased operating expenses.

D&A expenses increased, in line with plan, by $4.6m, or 16.2%, period-on-period due to the acceleration in the rate of new product and solutions launches. Employment expenses grew by $5.9m, or 5.6%, due to annual pay rises and geographic expansion with like-for-like headcount relatively stable. Marketing and advertising investment increased $6.3m, or 20.9%, behind key 1H25 launches and initiatives. Other expenses were up $3.7m, or 9.7%, mainly due to foreign exchange losses and logistics costs associated with the tactical inventory build in the US.

NPAT grew 16.1% due to reduced finance costs, down $(4.4)m, or (34.5)%, arising from the strong cash inflow in FY24.

Financial Position

The Group's increase in net working capital by $55.0m to $551.1m at 31 December 2024 (pcp $496.1m) reflects the tactical decision to pull forward some 2H25 production in the US as a hedge against potential tariffs. The Inventory balance increased $63.4m largely because of this pull forward that we will naturally work through in the 2H25.

This landed inventory will now act as a cost hedge partially protecting 2H25 margin in the US.

The Group's 31 December 2024 receivables of $479.1m was 6.5% above the prior period driven by sales growth, with receivable days slightly better than the prior period.

The increase in the PPE balances over the pcp includes the beginning of our tooling investment in alternative manufacturing sites, as well as on going store-in-store investments.

The development of new products and solutions is a key element of the Group's growth strategy and is reflected in the balance sheet as "Capitalised Development Costs and Software". As more new products and solutions are developed and launched, capitalisation increases, and with a lag so does amortisation, driven by the length of our development cycle. In the half to 31 December 2024 (1H25) the Group capitalised Development Costs and Software of $20.4m (2H24: $20.4m) and recognised an amortisation expense of $13.0m (2H24: $12.6m), increasing the total capitalised value of Development Costs and Software to $94.8m. This intangible balance is a leading indicator of future growth, with the growing balance signalling projects are moving toward launch or have recently launched.

Net Debt and Cash flow

Strong FCF of $124.2m for the 12 months to 31 December 2024 has supported a net debt reduction to $55.1m (pcp $97.5m). As of 31 January 2025, a net cash position of $18.7m was restored as peak receivables have been collected.

At 0.2x last 12 months EBITDA, as at 31 December 2024, the Group remains conservatively leveraged and has significant cash ($121.6m) and unused debt facilities ($152.4m) which provide funding flexibility for further expansion.

Dividends

An interim dividend of 18.0 cents per share (100% franked) has been declared (1H24: 16.0 cents,100% franked).

The interim dividend reflects the target payout ratio of circa 40% of EPS on a full year basis.

This interim dividend will have a record date of 13 March 2025 and will be paid on 28 March 2025.

FY25 Outlook

Macroeconomic uncertainties are expected to continue swirling in the second half. The Group will have new product launches, fast growing new territories, including our direct entry into the Middle East and China, and our ongoing solutions roll out to support growth. Coffee continues to lead our growth, Cooking is performing well, and Food Preparation is still finding its footing.

The unknown that we are working through is how, and when, US trade policy might further evolve with various trading partners, particularly China. Our project to move 120v production out of China is in full swing, and we will continue to adapt and adjust as the rules on the field change.

Given this backdrop, we currently expect to deliver FY25 EBIT growth of between 5%-10%[3].

For further information, please contact:
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Footnotes:

[1] *Minor differences may arise due to rounding.*

[2] *ROE is calculated based on NPAT for the 12 months ended 31 December 2024 (1H24: 12 months ended 31 December 2023) divided by the average of shareholders' equity in December each year and 12 months earlier.*

[3] *This guidance assumes:*
a. No significant changes in the economic conditions in the Group's major trading markets;
b. No material supply chain interruptions; and
c. The Group's expected 2H investment levels into marketing, R&D and technology