



14 November 2012

Manager, Company Announcements  
ASX Limited  
Level 4, 20 Bridge Street  
Sydney NSW 2000

Dear Sir

**Breville Group Limited – Annual General Meeting Presentations**

Please find attached the Chairman's Address to shareholders and CEO's Review of Operations to be delivered at the Annual General Meeting of Breville Group Limited at 10am today.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'Michelle Waters'.

Michelle Waters  
Company secretary  
Breville Group Limited

Telephone: + 61 2 9384 8100

**Breville Group Limited**  
ABN 90 086 933 431  
Building 2, Port Air Industrial Estate  
1a Hale St, Botany NSW 2019 Australia  
T + 61 (2) 9384 8100 F + 61 (2) 9700 1249  
breville.com

*We are* **FOOD THINKERS.**

14 November 2012

## Chairman's Address

### *Slide 1&2*

Good morning ladies and gentlemen and welcome to Breville Group Limited's 2012 AGM.

As we head into Breville's 80th year I'd like to reflect briefly on its heritage as we today in 2012, hold our AGM as a publicly listed company that has recently been included in the S&P/ASX 200.

### *Slide 3*

On Melbourne cup day in 1932, Bill O'Brien and Henry Norville scraped together 500 pounds, combined their names and founded Breville Radio.

### *Slide 4*

From Australian made radios in the 30's to the 5 minute washing machine in the 50's, Breville has always been a company driven by innovation.

In 1969 the Breville small appliance product development centre was created and in 1974 its first product, the Breville toasted sandwich maker was invented with over 400,000 units sold in its first year.

This product kick started a long list of innovative Breville products developed in Australia from the world's first scissor action sandwich maker to the original Kitchen Wizz food processor,

### *Slide 5*

to the high-wall wok..... to the launch of the world's first wide feed chute juicer.

Breville became synonymous with innovation and better ideas sooner.

### *Slide 6*

In 2000 Breville added to its innovation heritage with a significant investment in building its design capabilities, culminating in the launch in 2003 of its premium quality range of products into North America and other international markets. Today this range has been expanded to over 40 designed and developed premium products.

In 2008 the Company changed its name from Housewares International Limited to Breville Group Limited as it increased its focus on its core small domestic appliance business.

Today, Breville designed products are sold in over 50 countries around the world.

**Breville Group Limited**

ABN 90 086 933 431

Building 2, Port Air Industrial Estate  
1a Hale St, Botany NSW 2019 Australia

T + 61 (2) 9384 8100 F + 61 (2) 9700 1249  
breville.com

**We are FOOD THINKERS.**

For personal use only

### *Turn to Slide 7*

Now, I would like to review the performance of your company for the last financial year, FY12.

The Breville Group's strategy of leveraging its product innovation and design, brand management and distribution capabilities across an international platform underpinned the Group's strong results in the past financial year.

The strength of our strategy is that it is consistent, has clear focus and is simple and easy to comprehend and communicate, both internally and externally.

During the 2012 financial year, the Breville Group delivered a strong result driven by continued and strategically very pleasing growth in the Group's international business and an encouraging performance in Australia.

Group Revenue increased 8.7% to \$427.9m.

Group Net Profit After Tax increased by 44.9% to \$46.0m.

This growth in earnings and well managed working capital has strengthened the Group's balance sheet providing a solid foundation to drive future growth especially in international markets.

At 30 June 2012, the Group had a net cash position of \$47.0m compared to \$27.3m at the same time last year.

The financial performance, together with this strong cash position enabled the board to increase dividends for the year by 46.0% to 24.0 cents per share fully franked (2011: 16.50 cents per share, 11.0 cents franked).

### *Turn to Slide 8*

There is an increasing recognition that our premium products enhance a prestigious reputation for our company in many markets.

To emphasise the progress of your company, it is worth reflecting on the growth in shareholder returns that has been achieved from FY08 to FY12.

Return on equity has increased from 15.9% in FY08 to 25.9% in FY12 and Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) has increased at a compound annual growth rate of 18.2% p.a over the same period.

### *Turn to Slide 9*

Since 2008, earnings per share have increased at a compound annual growth rate of 21.0% and dividends per share by a compound annual growth rate of 23.0%.

During this period we have increased our investment in innovation and new product development that underwrites our fundamental mission of being consumer focused "Food Thinkers".

This is a core competency of the Group and the product pipeline that we have will serve us well into the future.

***We are FOOD THINKERS.***

### *Turn to Slide 10*

Now turning to the future.

As I said earlier, over recent years your Board and management have pursued an unchanged, clear and consistent strategy which has delivered strong results for shareholders.

We intend to continue this.

We remain focused on the further development of our core small appliance business, ensuring that we have the innovative high quality products and brands that consumers aspire to owning.

“Food Thinking” and the consumer will remain at the centre of everything we do.

We see a significant opportunity to grow sales and earnings internationally and will continue to develop our infrastructure and organisational capability to support a larger and more geographically diverse business.

Our Australian business is focused on delivering good returns in a challenging retail environment and maintaining its market leading position in the category.

Our CEO, Jack Lord, will explain later how our multi brand strategy has allowed us to clearly differentiate our position in the Australian market place.

### *Turn to Slide 11*

Although the economic environment remains uncertain, our product development and brand management strengths, our growing North American presence, the relatively large number of untapped international markets, and a strong balance sheet, mean that the Group is well positioned for the future and the growth opportunities that lie ahead.

### *Turn to Slide 12*

Before I pass over to Jack for his CEO's Review of Operations, I would like to comment on the outlook for the current financial year.

Retail conditions globally are expected to remain uncertain and increasingly competitive, however we believe the demand for quality, well differentiated products remains strong.

Overall Group sales to the end of October have been strong. Australian and New Zealand continued their growth from 2H12 and our North American business continued to perform well. Orders from our European customers have been slightly weaker than the prior year but this has been offset by growth from our new Breville branded international distributors, especially in Asia.

For the half year ended 31 December 2012, the Group currently expects EBITDA to be approximately 10% above the previous corresponding period.

***We are FOOD THINKERS.***

*Turn to Slide 13*

I would now like to acknowledge the important and fundamental contribution of our people.

Innovation and creativity is at the heart of what we do. We also value diversity and professionalism and understand that these drivers enable us to differentiate our offering and compete more effectively and efficiently.

Similarly, our management remuneration policies reward earnings performance and the achievement of key strategic objectives.

I would like to thank my board colleagues, our experienced and dedicated management and staff for helping the company deliver such a strong result.

I would also thank our customers, suppliers and shareholders for their support.

Thank you for your attendance this morning. I look forward to any questions that you might have at the conclusion of Jack's address when we consider the first item of formal business....or indeed, of either me or my board and management colleagues over a cup of tea at the conclusion of the meeting.

I will now invite our CEO, Jack Lord to present his Review of Operations. As you know, it gave the Board much pleasure in appointing Jack as CEO in July of this year after he filled the role in an acting capacity. Many of you will know that Jack was previously our head of Group marketing and product development and has brought a great deal of well regarded experience in the domestic appliance industry to our company.

14 November 2012

## CEO's Review of Operations

### *Turn to Slide 14*

Thank you, John and good morning ladies and gentlemen.

### *Turn to Slide 15*

The Group's strong result has been based on its ability to design and develop innovative world class products and to market these products effectively across multiple geographies.

As John mentioned, Group revenue increased by 8.7% to \$427.9m.

Importantly, the majority of this growth came from the international operations with international revenues increasing 17.6% to \$226.2m representing more than 50.0% of our Group revenue.

Australian revenue finished marginally up on the prior year after showing good growth of 9.9% in the second half.

Group EBITDA increased by 39.3% to \$72.5m and net profit after tax (NPAT) increased by 44.9% to \$46.0m.

EBITDA from international business units increased by 44.9% to \$52.0m. This represents more than 71.0% of Group EBITDA.

Key highlights of the year included:

- A strong performance from the Group's international operations particularly in North America;
- An encouraging performance in Australia despite difficult and competitive retail trading conditions;
- A positive response to new higher value Breville designed product launches in all markets;
- An expanded product range in North America within existing premium customers;
- Expansion of the Breville branded distribution business internationally;
- Continued focus on operational cost control and working capital management and a reinvestment in growth driving marketing activities;
- Strong shareholder returns with a higher return on equity and dividend growth; and
- A strong balance sheet with a higher net "in cash" position.

**Breville Group Limited**  
ABN 90 086 933 431

Building 2, Port Air Industrial Estate  
1a Hale St, Botany NSW 2019 Australia

T + 61 (2) 9384 8100 F + 61 (2) 9700 1249  
breville.com

*We are* **FOOD THINKERS.**

*Turn to Slide 16*

### ***Australia***

Revenues of \$201.7m were marginally up on the prior year, with 2H12 revenues growing 9.9% on the previous corresponding period. EBITDA for the year was in line with the prior year.

The Australian business' multi-brand strategy contributed to its resilient FY12 performance, maintaining the Group's market leadership position in the kitchen appliance category.

Breville focused on strengthening its position at the upper and premium price points in the kitchen appliance category. The strong performance in 2H12 was driven by the success of new higher value Breville products launched during the year, supported by targeted product specific marketing activity.

The Breville brand was voted Australia's most trusted kitchen appliance brand by Reader's Digest Australia.

Kambrook performed solidly in the competitive entry-level segment of the market, maintaining a price premium over house brand products.

The Philips distribution business continued to perform well, further strengthening its position in the iron and personal care categories.

Projects were initiated and implemented to reduce the operating and supply chain cost base and savings were partly reinvested in marketing to support the launch of new premium Breville products.

*Turn to Slide 17*

### ***North America***

The North American business was a stand out.

Total revenue increased by 22.4% to \$152.2m (2011: 124.4m) in AUD. Excluding North American homewares (fully exited in FY11), total revenue increased by 40.2%.

Breville brand revenue grew by 34.5% driven by the release of new higher value flagship products in both new and existing categories through the Group's premium and specialist retail customers.

During the year Breville entered new product categories – in the drip filter coffee category, with the launch of the YouBrew®, a single cup or carafe drip filter coffee machine, the food processor category with the launch of the Kitchen Wizz™ Pro and the hand-blender category with the launch of the Comfort Grip™ stick mixer.

Within existing categories, Breville launched its flagship manual espresso machine the Dual Boiler™.

The juicing category also grew significantly due to the release of the juicing documentary "Fat, Sick and Nearly Dead", whilst the toaster oven category continued to respond well to our targeted online and subscription TV marketing campaigns.

***We are FOOD THINKERS.***

The Keurig “single serve” coffee distribution business in Canada also performed very well with commission income (gross income before operating costs) growing from \$9.9m to \$19.5m.

North America delivered a significant increase in EBITDA of 76.1% to \$34.7m (FY11: \$19.7m).

This increase in profitability resulted from not only the revenue growth, but also from the FY11 exit of the lower margin, non-electrical homewares category and the full year benefit of the restructured lower operating cost base.

*Turn to Slide 18*

### *International Distributors*

The International Distributors business, operating predominantly in Europe and Asia, delivered an increase in revenue of 7.0% to \$47.3m (FY11: \$44.2m), and an EBITDA of \$13.7m (FY11: \$13.5m).

The Group continues to focus on strengthening its position in Europe whilst broadening its Breville branded distributor network across the important Asia-Pacific region and accelerating the launches of Breville designed products in these markets.

*Turn to Slide 19*

### *New Zealand*

New Zealand again produced a very pleasing result with revenue increasing by 12.8% and EBITDA by 33.3% to \$3.6m.

This growth in New Zealand was driven principally by the success of recently launched higher value Breville designed products and the Philips’ distribution business.

The Breville brand was voted New Zealand’s most trusted kitchen appliance brand by Reader’s Digest New Zealand.

*Turn to Slide 20*

### *2013 Strategic Focus*

Our ongoing investment in innovation and an increasing portfolio of some of the world’s best kitchen products provides a strong platform to expand our geographic reach and continue to grow our global volumes.

As part of our core “Food Thinking” strategy, we are close to finalising a global ambassadorial arrangement with one of the most highly regarded and respected chefs in the world. This arrangement will involve providing advice and expertise to our product development process and where appropriate, endorsing our “best in class” products.

The importance of online consumer research, reviews and communication continues to increase. Breville continues to invest in communicating its products’ features and benefits through traditional and digital media, including emerging social media channels.

**We are FOOD THINKERS.**

In the online world of consumer reviews, consumer blogs and online sales, the quality and performance of our products together with credible endorsements, will be key to our future success.

*Turn to Slide 21*

### *Continuing Innovation*

As John mentioned in his opening, innovation has been a rich part of the Breville heritage during its 80 year history as a leading Australian company and brand.

This heritage continues with the recent launch of the premium Dual Boiler™ espresso machine, the Smart Scoop™ ice cream maker with unique automatic hardness settings, the Control Grip™ stick mixer with food processor attachments, and the glass carafe version of the YouBrew® coffee maker. We are taking this innovation to the world with more and more markets embracing the quality of our products.

On a personal note, I would like to thank the board and the entire Breville team for their ongoing support and assistance.

*Turn to Slide 22*

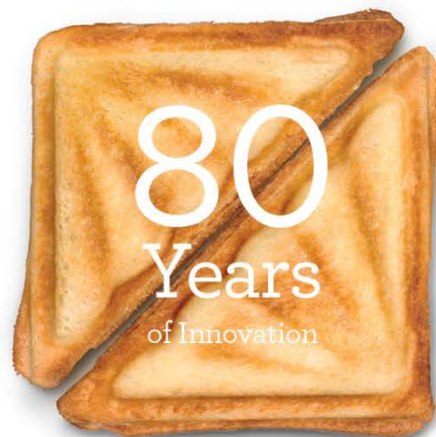
### *YouBrew TVC*

I would now like to finish by showing you our new YouBrew TV commercial that will be running in North America in the lead up to the critical holiday season.

*We are* **FOOD THINKERS.**

# Breville Group Limited

**Annual General Meeting  
14 November 2012  
Sydney**



**Breville**

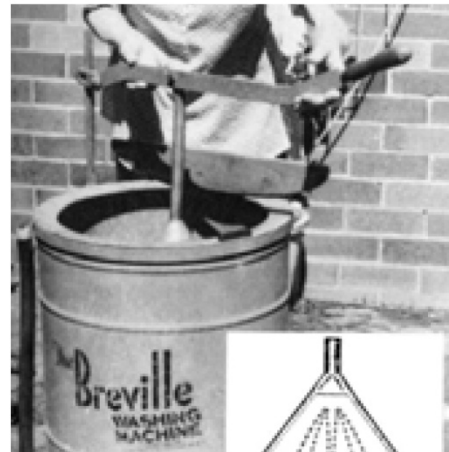
## Chairman's Address

Mr John Schmoll

*We are* FOOD THINKERS.

# *Our Heritage*

## *1932-2012*



On Melbourne Cup day in 1932, just seven months after the opening of the Sydney Harbour Bridge, Bill O'Brien and Harry Norville scraped together 500 pounds in the midst of the Depression to found "Breville Radio".

# 80 Years of Innovation



1932

Aussie Radios. Made in Sydney, servicing Australia.



1950's

The 5 Minute Washing Machine



1974

World first Scissor Action Sandwich Maker. Listed in the Top 10 greatest ever Aussie inventions.



1977

The first Aussie food processor, the original Kitchen Wizz.

# 80 Years of Innovation



1987

The world's first high-wall heating electric wok. Bringing Asian cuisine to Aussie homes.



1999

The world's first domestic Panini Press. Prego!



1999

The world's first juicer to juice whole fruit. Changes at home juicing forever.



2004

The first press to squeeze all types of citrus in one. And no more sticky fingers.

# 80 Years of Innovation



2005

First easy open, dampened lid kettle. A lot less splashback, a lot more tranquility.



2007

Motorised Lift & Look™ and A Bit More™. Say goodbye to burnt toast.



2010

Another moment of Zen. The world's first fully automatic Tea Maker.



2011

The Kitchen Wizz reinvented. Longer, Finer, more even slicing & chopping.

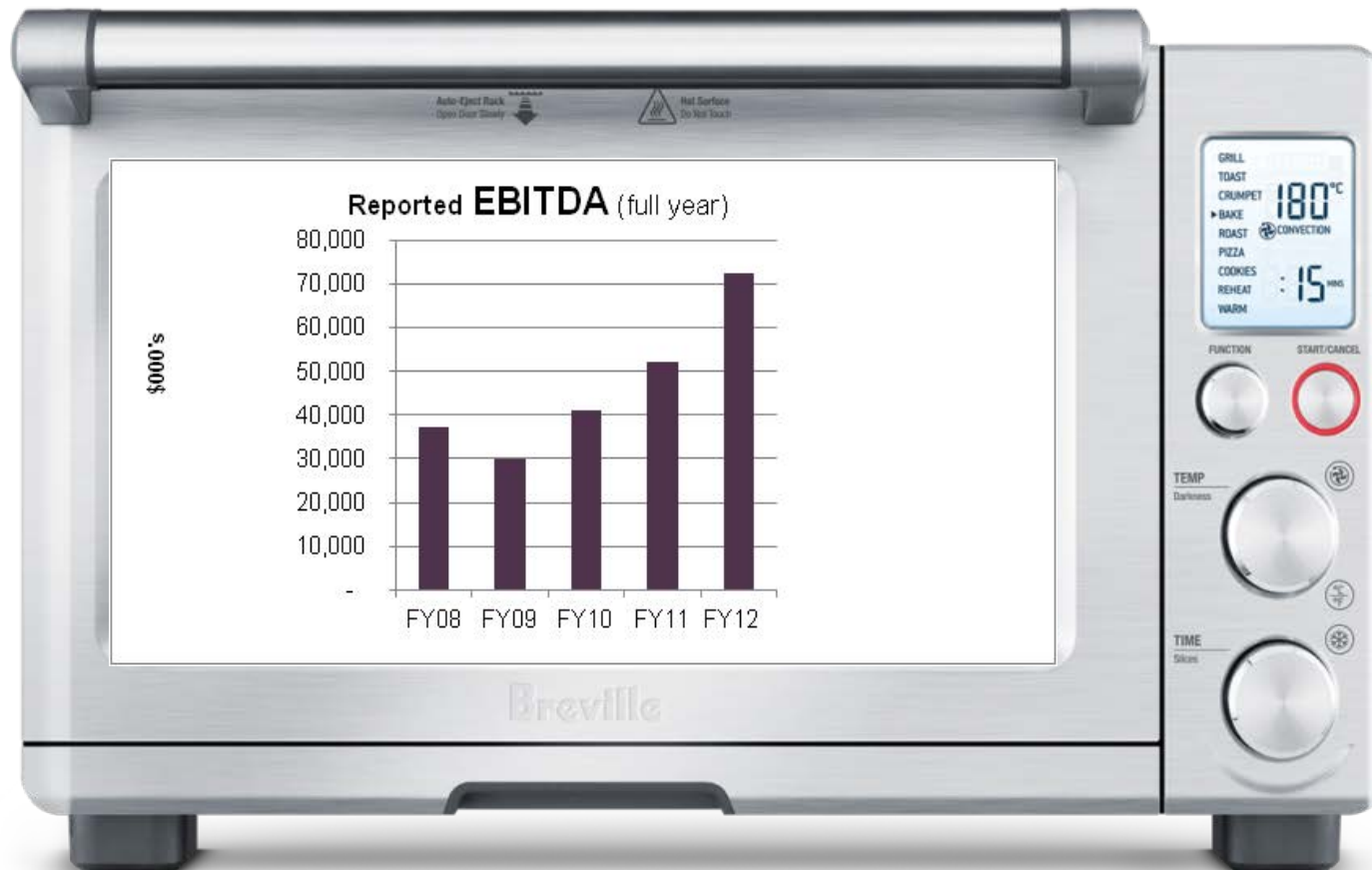
*Now sold in over 50 countries*

# Group FY12 Results Summary

|                                                                    | % change to FY11 |
|--------------------------------------------------------------------|------------------|
| Revenue \$427.9m                                                   | +8.7%            |
| - excluding exited North American homewares FY11                   | +13.3%           |
| EBITDA \$72.5m                                                     | +39.3%           |
| - excluding FY11 onerous lease expense                             | +26.3%           |
| NPAT \$46.0m                                                       | +44.9%           |
| EPS 35.4 cents (FY11: 24.5 cents)                                  | +44.5%           |
| DPS: 24.0 cps [fully franked] (FY11: 16.5 cps, [11.0 cps franked]) | +45.5%           |
| Net Cash \$47.0m (FY11: \$27.3m)                                   |                  |



# Strong EBITDA and ROE\* Growth

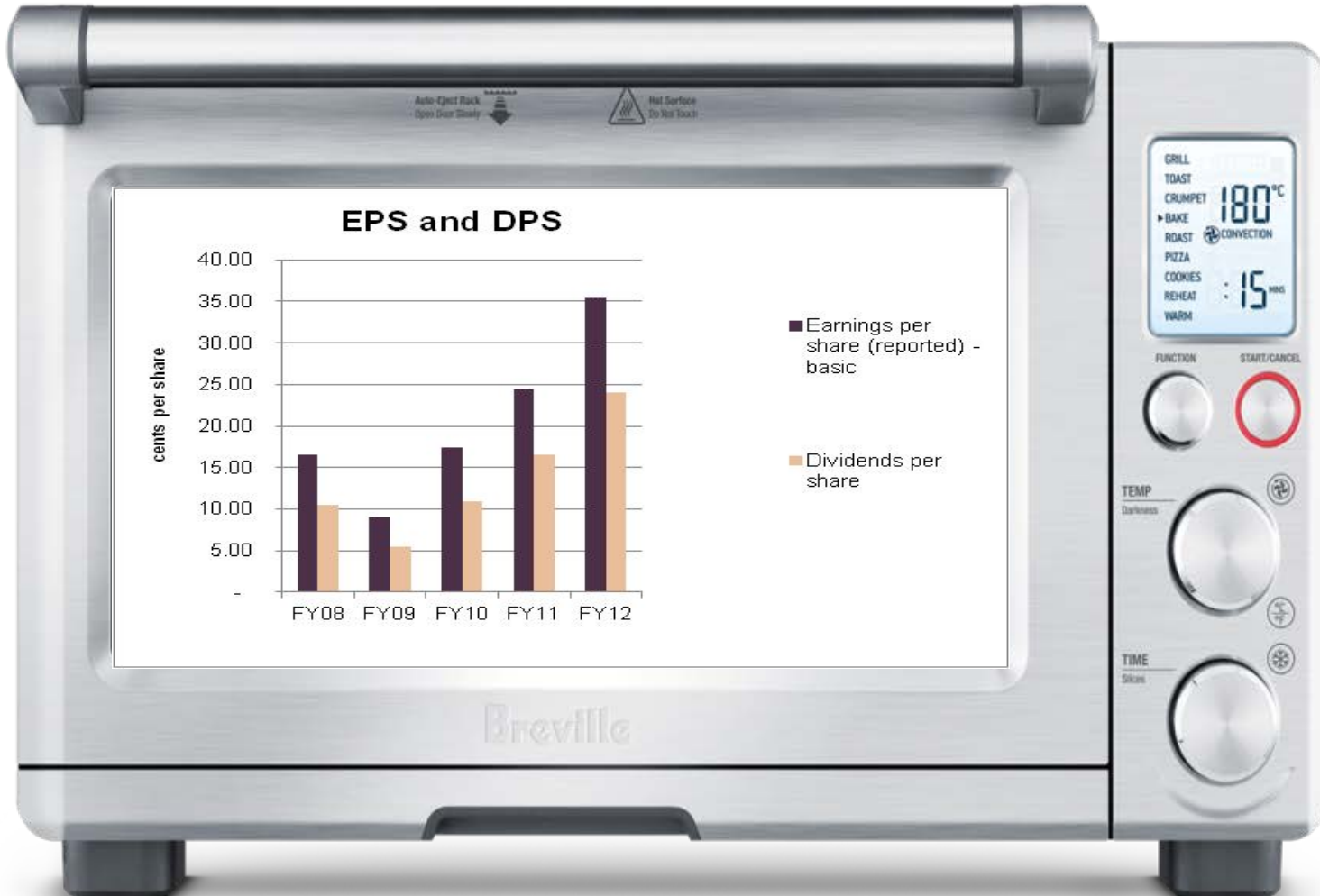


EBITDA Compound annual growth of 18.2% since FY08

\* Return on equity (ROE) increased from 15.9% in FY08 to 25.9% in FY12

# Good EPS and Dividend Growth

For personal use only



Compound annual growth since FY08

- EPS of 21.0%
- DPS of 23.0%

# A Clear and Consistent Strategy

*“To deliver sustainable growth through product innovation, brand management and distribution capabilities across an international platform”*

Further development of our core small appliance business

- Innovative high quality products that consumers aspire to owning

“Food Thinking” and the consumer at the centre of everything we do

Continued infrastructural and organisational investment to support international growth and a larger and more geographically diverse business



# *Well Positioned in an Uncertain Economic Environment*

Product development and brand management strength

Growing North American presence

Large number of untapped international markets

Strong balance sheet



# Outlook FY13

Retail conditions remain uncertain

Continuing demand for high quality premium products

Sales YTD October strong

- Australia & New Zealand continued their 2H12 growth
- North America still performing well
- International Distributors seeing a slow down in European orders offset by growth in other new markets especially Asia

Half year ended 31 December 2012

- Expecting EBITDA to be approximately 10% above pcg



# *Thank you*

## **Our people**

- Innovation and creativity
- Diversity and professionalism
- Performance based culture

## **My board colleagues and management team**

## **Our customers, suppliers and shareholders**



# CEO's Review of Operations

Mr Jack Lord

*We are* FOOD THINKERS.

# Operating Results Summary

| AUDm          | REVENUE |       |        | EBITDA |       |        |
|---------------|---------|-------|--------|--------|-------|--------|
|               | FY12    | FY11  | % Chng | FY12   | FY11  | % Chng |
| Australia     | 201.7   | 201.3 | 0.2%   | 21.3   | 21.5  | (1.0%) |
| International | 226.2   | 192.3 | 17.6%  | 52.0   | 35.9  | 44.9%  |
| Other         | -       | -     |        | (0.8)  | (0.1) |        |
| Onerous lease | -       | -     |        |        | (5.3) |        |
| Total         | 427.9   | 393.6 | 8.7%   | 72.5   | 52.0  | 39.3%  |

Strong international growth

Encouraging performance in Australia

Positive response to higher value Breville designed products in all markets

Expanded product range in North America

Expansion of the Breville branded distribution business internationally

Focus on operational cost control

Increased investment in marketing activities

*minor differences may arise due to rounding*

# Australia

| AUDm    | FY12  | FY11  | % Chng |
|---------|-------|-------|--------|
| Revenue | 201.7 | 201.3 | 0.2%   |
| EBITDA  | 21.3  | 21.5  | (1.0%) |
| EBIT    | 20.1  | 20.2  | (0.3%) |
| EBIT %  | 10.0% | 10.0% |        |

*Minor differences may arise due to rounding*

Multi-brand strategy contributed to resilient performance

Breville strengthening its premium positioning

Kambrook performed solidly against increased house brand activity

Philips strengthened its position in irons and personal care

Operating cost savings reinvested in marketing activities

# North America

| AUDm    | FY12  | FY11  | % Chng |
|---------|-------|-------|--------|
| Revenue | 152.2 | 124.4 | 22.4%  |
| EBITDA  | 34.7  | 19.7  | 76.1%  |
| EBIT    | 34.3  | 19.1  | 79.3%  |
| EBIT %  | 22.5% | 15.4% |        |

*Minor differences may arise due to rounding*

Very pleasing revenue and EBIT growth

Breville brand revenue grew 34.5%

Strong response to higher value new products launched during the year

Strong juicer sales

Strong growth in Keurig distribution commission income

Exit of lower margin homewares

Improved operating margins

# International Distributors

| AUDm    | FY12  | FY11  | % Chng |
|---------|-------|-------|--------|
| Revenue | 47.3  | 44.2  | 7.0%   |
| EBITDA  | 13.7  | 13.5  | 1.7%   |
| EBIT    | 13.7  | 13.5  | 1.7%   |
| EBIT %  | 29.1% | 30.6% |        |

*Minor differences may arise due to rounding*

Continued global uncertainty

New distributor sales in South East Asia

Increased investment in distributor support

# New Zealand

| AUDm    | FY12  | FY11  | % Chng |
|---------|-------|-------|--------|
| Revenue | 26.8  | 23.7  | 12.8%  |
| EBITDA  | 3.6   | 2.7   | 33.3%  |
| EBIT    | 3.6   | 2.7   | 33.8%  |
| EBIT %  | 13.3% | 11.2% |        |

*Minor differences may arise due to rounding*

Strong response to high quality new Breville products launched during the year

Breville brand extended market leadership position in kitchen appliances

Tight cost controls

Improved operating margins

# 2013 Strategic Focus

## Innovation

- Develop the world's best kitchen products
- “Food Thinking” global ambassador

## Globalisation

- Expand distribution across multiple geographies

## Marketing

- Communicate “best in class” features & benefits through traditional, social and digital media
  - Credible endorsement
- Online
  - Reviews
  - Consumer blogs
  - Social media

## E-Commerce

- Innovative products well suited to online purchases

# Continuing Innovation



2011

*the Dual Boiler*

For precision extraction and simultaneous steam



2012

*the Smart Scoop™*

Ice cream maker with automatic hardness settings



2012

*the Control Grip*

Full power. Reduced suction. Smarter blending

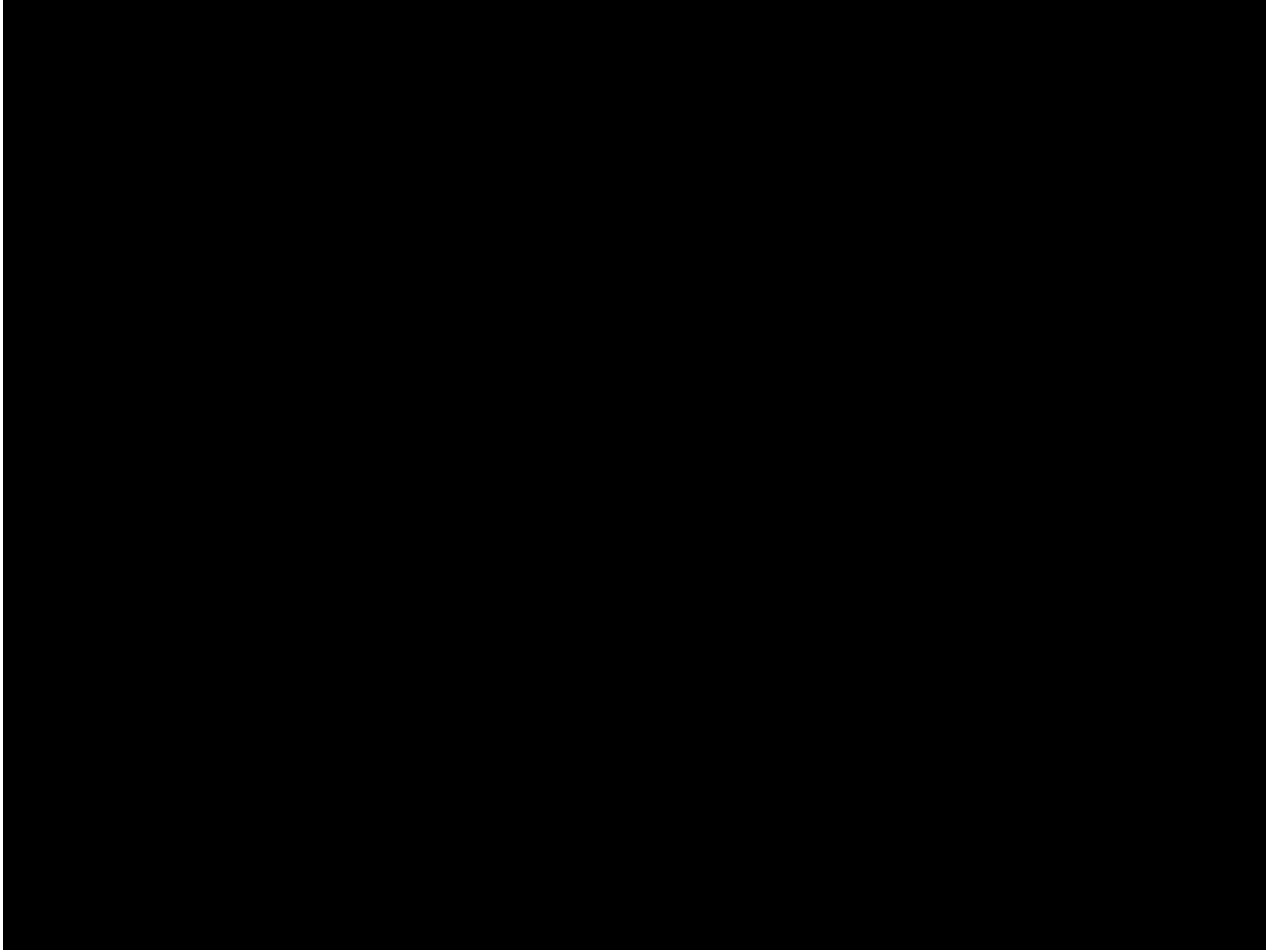


2012

*the YouBrew*

The coffee maker with adjustable flavour and strength that brews directly into a cup, travel mug or carafe

# *YouBrew TVC*



For personal use only

For personal use only

**Breville**  
Thought for food