14 February 2019

Manager, Company Announcements,
Australian Securities Exchange Limited,
20 Bridge Street,
Sydney NSW 2000

Half Year Ended 31 December 2018
Half Year End Report Announcement

Attached is a copy of the Breville Group Limited Half Year End Report Announcement for the Half Year Ended 31 December 2018.

Yours faithfully

Sasha Kitto
Company Secretary
Breville Group Limited

Telephone: (02) 9384 8100

Breville Group Limited
ABN 90 086 933 431

Ground floor, Suite 2,
170–180 Bourke Road
Alexandria NSW 2015 Australia

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

We are FOOD THINKERS.

Breville

Breville Group Limited (BRG) Results

Half year ended 31 December 2018

Revenue increase of 15.4% to $440.4m
EBIT increase of 12.9% to $62.3m
Interim dividend increased to 18.5 cps (60% franked)

Group summary result

AUDm[1]	1H19	1H18	% Chng
Revenue	**440.4**	381.8	**15.4%**
EBITDA	**70.5**	61.5	**14.6%**
EBIT	**62.3**	55.2	**12.9%**
NPAT	**43.5**	36.3	**19.7%**
Basic EPS (cents)	**33.5**	27.9	**19.7%**
ROE[2] (%)	**22.5%**	20.9%	
Div per share - ordinary (cents)	**18.5**	16.5	**12.1%**
Franked (%)	**60%**	60%	
Net cash / (debt) ($m)	**0.4**	(0.0)	

- Pleasing first half results with solid revenue growth, successful geographic expansion, double digit EBIT growth and well controlled inventory
- Double digit revenue growth in both Global and Distribution segments as well as entry into Germany and Austria. Global product segment revenue +9.2% in constant currency
- EBIT growth rate continues at +12.9% pa with EBIT margins steady at ~14% as improved distribution profits are reinvested into Global marketing and product development
- NPAT increase of 19.7% is positively impacted by one off reduction in the Group's US deferred tax asset in the pcp. If excluded, NPAT increased 14.8%
- Dividend increased by 12.1% to 18.5 cents per share, 60% franked
- Group cash position was in line with prior year and ROE[2] improved to 22.5%

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

"The first half of FY19 was a solid half for the Group. We continued to deliver double digit EBIT growth while successfully executing on our acceleration program, increasing our investment in product development and marketing, and successfully entering the German and Austrian markets."

Breville Group Limited
ABN 90 086 933 431
Ground floor, Suite 2,
170-180 Bourke Road
Alexandria NSW 2015 Australia
T + 61 (2) 9384 8100 F + 61 (2) 9700 1249
breville.com

Segment results

AUDm[1]	REVENUE 1H19	1H18	% Chng	EBIT 1H19	1H18	% Chng	EBIT MARGIN (%) 1H19	1H18
Global Product	**356.1**	310.1	**14.8%**	**52.1**	46.8	**11.3%**	**14.6%**	15.1%
% change in cc [3]			***9.2%***					
Distribution	**84.3**	71.7	**17.6%**	**10.2**	8.4	**22.1%**	**12.1%**	11.7%
TOTAL	**440.4**	381.8	**15.4%**	**62.3**	55.2	**12.9%**	**14.2%**	14.5%

[3] *cc : constant currency*

Global Product segment revenue

AUDm[1]	*GLOBAL PRODUCT SEGMENT* REVENUE 1H19	1H18	% Chng AUD	% Chng cc [3]
North America (NA)	**214.9**	188.1	**14.2%**	**7.1%**
Australia and New Zealand (ANZ)	**74.1**	68.7	**7.9%**	**7.6%**
Europe*	**51.4**	36.8	**39.5%**	**32.0%**
Rest of World (ROW)	**15.7**	16.4	**(4.3)%**	**(11.2)%**
TOTAL	**356.1**	310.1	**14.8%**	**9.2%**

** Europe includes all sales made to European customers. The segment includes Turkey, but excludes Russia. Prior period has been restated on a consistent basis to allow comparison*

The Global Product segment revenue grew by +14.8% to $356.1m (1H18: $310.1m). In constant currency, revenue grew +9.2% for the half year. It should be noted that 1H18 was a strong, NPD-led growth half (+20% in constant currency), whilst 2019 innovation is back half weighted.

Against this strong comparator, the global segment growth of +9.2% constant currency was driven by double digit growth in the key markets of the USA, Australia and the UK, as well as the positive impact of geographic expansion in Germany and Austria.

In North America we achieved double digit constant currency sales growth in the US, with strong performances across beverage and juicing. Overall, NA growth was moderated by a softer performance in Canada, which faced the same comparator headwinds, but also saw some major retailers reducing inventories. Encouragingly, sell out remained solid across the half.

In ANZ we also achieved double-digit growth in Australia, a particularly strong result against a challenging retail environment. In New Zealand, we experienced a softer market and a deliberate transition to a higher margin business model.

In Europe, the UK continues to grow strongly, comfortably delivering double digit growth, and, when combined with the change of business model in Germany and Austria, the European region delivered 32% cc revenue growth or a third of the global product segment's total growth.

The ROW segment is by nature lumpy and the (11)% decline in this half was caused by a customer shipment slipping from the last week of December into the first week of January.

Distribution segment & EBIT

The Distribution segment successfully fulfilled its strategic role by delivering an incremental $1.8m in EBIT, with a clean half for Nespresso in North America and improved margins in ANZ, which contributed to the continued migration of our overall business model.

Working capital

The Group's peak investment in working capital seasonally occurs in December.

The Group's total investment in net working capital increased by $18.2m compared to the pcp (Dec 31st, 2017), with $18.0m accounted for by the entry into the German and Austrian market.

Inventory balances at 31 December 2018 were $112.0m, $(4.3)m lower than the pcp, delivering system-wide turns of ~4x. Included within this inventory number is our investment in inventory to enter the German market as well as our intentional building of stock in the UK and US to safeguard against any Brexit disruption and protective tariff increases respectively.

Receivables were +$46.0m or 27% higher at $217.3m (Dec 31, 2017: $171.3m) driven by the German market entry and very strong December sales in North America. Trade and other payables increased $23.5m over the pcp to $123.2m (Dec 31, 2017: $99.7m), again due to the German entry and adjusted inventory purchase pattern with purchases peaking later in the year than in FY18.

The increase in intangibles balance to $115.2m (Dec 31 2017 $108.0m) is driven by our continued acceleration strategy of increasing our investment in NPD to sustainably grow the business, which in turn, we noted, has increased our D&A charge.

At 31 December 2018, the Group was in a zero net debt position, which is seasonably typical for this time of year.

Dividends

An interim dividend of 18.5 cents per share (60% franked) has been declared (1H18: 16.5 cents, 60% franked). This interim dividend will have a record date of 26 Feb, 2019 and will be payable on 19 Mar, 2019.

Group strategic acceleration program update

During the last six months, the Group has continued to progress its acceleration program building on its increasingly scalable Global Platforms to drive growth through:

- New Product Development / Onsite Product Development;
- Improved go-to-market capabilities; and,
- Geographic Expansion

in turn delivering *more product*, more effectively, to *larger markets*.

Product

The first half of FY19 was a relatively light half in terms of NPD launches but still saw

- the roll out of the Bambino Express, a compact espresso machine delivering the 4 elements of café quality coffee;
- Barista Pro launched in ANZ;
- the roll out of Creatista Uno; and,
- the brand launch in the USA of the Pizzaiolo Pizza oven

In addition to a full half of the above products, H2 will also see a compelling range of blenders launched in our portfolio-wide common colours. The range will include the Super Q™ blender, a quiet super blender with personal blending and vacuum blending capability, and the Q™ blender, a standalone super blender. These two blenders will be joined by the recently launched mid-range Fresh and Furious™ blender to fill out our blender category position.

H2 will also see a leveraging of our OPD capability to extend our automatic and manual Tea Maker range into two sizes.

This category-based approach to NPD allows our go-to-market team to take a more expansive approach when positioning our innovation across an entire category.

Larger Market

Breville is rapidly developing a more diversified geographic footprint with Europe already two thirds the size of the ANZ market.

The entry into Germany and Austria has gone very well thanks to a talented team on the ground, supported by global functional expertise. The entry was essentially executed as a sales territory expansion, running the same go-to-market offence as every other region and launching the full Sage range.

The first half in Germany shows very encouraging signs, with revenue being already 42% larger than the first half when we entered the UK in FY13/14, which shows the speed and scale benefits we are getting from our centralized approach to market expansion.

Sage is scheduled to expand into Switzerland and Benelux in 2H19 and Spain in 1H20. This expansion will leverage the already established European warehousing, logistics, customer service and back office functions as well as the fact that many of the retailers are already customers.

Considerations for the second half of the 2019 financial year & FY Outlook

We expect stronger Global Product segment growth in the second half of FY19 with back weighted NPD, an easier prior period comparator, and further geographic expansion. The Distribution segment should be relatively stable given H2 FY18 was at full run rate for all sub-segments.

We also expect inventory to be higher than the previous year to support continued European expansion and current operational plans to bring forward some holiday inventory for FY20.

The Board and management are encouraged by the first half performance, as well as the progress of the acceleration program, and therefore, assuming no significant change in economic conditions in the Group's major trading markets, we expect the EBIT growth rate for the full year to be slightly higher than the market's current consensus forecast of ~11%.

For further information, please contact:
Jim Clayton (CEO) / Martin Nicholas (Group CFO)
(02) 9384 8100

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

[2] *ROE is calculated based on NPAT for the 12 months ended 31 December 2018 (1H18: 12 months ended 31 December 2017) divided by the average of shareholders' equity at 31 December each year.*

[3] *cc : constant currency.*