Breville Group Limited
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21 August 2024

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

Full Year Results Announcement – Year Ended 30 June 2024

Attached is a copy of the Breville Group Limited Full Year Results Announcement for the year ended 30 June 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

Year ended 30 June 2024

Solid year with EBIT slightly above the top end of guidance and a marked sales strengthening in 2H24

Group Summary Result

AUDm[1]	FY24	FY23	% Growth
Revenue	**1,530.0**	1,478.6	***3.5%***
Gross Profit	**556.9**	516.9	***7.7%***
Gross Margin (%)	**36.4%**	35.0%	
EBITDA	**245.5**	218.2	***12.5%***
EBIT	**185.7**	172.0	***8.0%***
NPAT	**118.5**	110.2	***7.5%***

Dividend per share - ordinary (cents)	**33.0**	30.5	***8.2%***
Franked (%)	**100%**	100%	
Net cash / (debt)	**53.6**	(121.3)	
ROE[2] (%)	**14.6%**	15.9%	

- Record sales year with revenue of over $1.5bn, more than doubling over the last 5 years
- Full year revenue growth of 3.5% with a marked strengthening in 2H24 led by double-digit revenue growth in the Americas, EMEA and the Coffee category in the Global Product segment
- Gross Profit grew by 7.7% with Gross Margin improving 140bps
- EBIT growth of 8.0% to $185.7m, above top end of guidance given in February 2024
- NPAT growth of 7.5%, after reversion of effective tax rate to 28.5% (pcp 27.0%)
- Net cash position achieved with strong cash inflow of $174.9m substantially driven by inventory levels returning to equilibrium, whilst Gross Margin increased
- Dividend of 33.0c cents per share (100% franked)
- Revenue, Gross Profit and EBIT have all increased every year since FY15

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

"A solid year of performance with a marked strengthening in the second half. The Group delivered 8.0% EBIT growth, slightly above the top end of guidance, against a subdued consumer backdrop, with Gross Profit up 7.7% and Revenue up 3.5%.

Encouraging signs of strengthening in the 2H with double-digit revenue growth in the Americas and EMEA, double-digit growth in Coffee, and an improving performance in our direct countries in the APAC Theatre. Overall, the strength of our new product launches, expansion of new markets and the continuing coffee tailwind supported this top line growth as cost-of-living pressures and mean reversion weighed on the business.

Savings in input costs were partially reinvested into our standard promotional program, but only where ROIs supported the investment, driving Gross Margin improvements across the Group. In a lower growth environment, expenses were well controlled to deliver an 8.0% EBIT growth.

As planned, inventory and net debt improved with a $175m cash inflow across the year. A net cash position in June and inventory, as forecasted, back in equilibrium whilst Gross Margin increased.

We enter FY25 with some momentum on the top line, our NPD pipeline continuing to release, new markets outperforming and our solutions offerings developing. We will continue to plan inventory for accelerated growth, whilst at the same time managing costs to protect against downside risks.

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]	**FY24**	FY23	***% Growth***	**FY24**	FY23	***% Growth***	**FY24**	FY23
Global Product	**1,336.0**	1,279.2	***4.4%***	**503.0**	470.5	***6.9%***	**37.7%**	36.8%
% Growth in constant currency			***2.0%***					
Distribution	**194.0**	199.3	***(2.7)%***	**53.9**	46.4	***16.1%***	**27.8%**	23.3%
TOTAL	**1,530.0**	1,478.6	***3.5%***	**556.9**	516.9	***7.7%***	**36.4%**	35.0%

Our Global Product segment grew revenue by 4.4% (or 2.0% in constant currency) and Gross Profit grew by 6.9%. 2H24 revenue growth was markedly stronger at 8.7% (or 7.1% in constant currency) as Coffee delivered double-digit growth and Cooking and Food Prep slowed their rate of decline.

In the Global Product segment our NPD (new product development) launches landed well, with strong sales from the *Barista Touch™ Impress,* the *Vertuo Creatista®,* the *Paradice™ Food Processors* and the *InFizz™ range.* After a quiet period during Covid, new product launches are firing with a healthy pipeline in place for FY25.

New geographies continued to outperform, as did DTC (direct to consumer) channels which grew strongly.

Our Distribution segment saw a small revenue decline, but Gross Profit grew by 16.1% as Gross Margin improved and Gross Profit growth was prioritised over revenue in this segment.

Global Product Segment Revenue Growth – reported and constant currency

AUDm[1]	Global Product Segment Revenue					
	FY24	FY23	**% Growth**	*% in constant currency*	***1H24*** *in constant currency*	***2H24*** *in constant currency*
Americas	**735.5**	701.2	**4.9%**	*2.9%*	*(2.2)%*	*12.0%*
EMEA	**325.2**	285.8	**13.8%**	*8.5%*	*5.5%*	*12.3%*
APAC	**275.4**	292.2	**(5.8)%**	*(6.4)%*	*(5.7)%*	*(7.1)%*
TOTAL	**1,336.0**	1,279.2	**4.4%**	*2.0%*	*(1.3)%*	*7.1%*

Global Product Segment

FY24 revenue grew at 4.4% led by the EMEA and the Americas. 2H24 saw a marked strengthening in sales growth to 7.1% (in constant currency), with two out of the three theatres in double-digit growth. With consumers across the globe resetting to the new economic reality at different rates, the Group's geographic diversity proved to be an asset, with improving second half overall growth.

The Americas grew revenue by 2.9% in constant currency for the full year, strengthening to 12.0% in 2H24 as all categories improved their growth rate with strong double-digit growth in Coffee and Food Preparation moving back into growth supported by strong NPD activity.

In **EMEA** FY24 constant currency revenue growth of 8.5% was driven by 12.3% in the 2H24 as direct countries continued their strong growth and markets still served by distributors improved their performance. NPD launches landed well, driving double digit 2H24 growth, whilst our DTC channel continued its strong growth trajectory.

In **APAC** we saw a full year revenue decline of (6.4)% in constant currency, but we saw good signs of 2H24 recovery in our key direct markets of Australia, New Zealand and South Korea with the Coffee category, delivering second half growth across the three markets combined. Performance was weaker in APAC distributor markets, which dampened the combined number for the Theatre. Encouragingly, South Korea continued its strong performance and reached its first milestone in 2H24, surpassing New Zealand in Gross Profit dollars.

The second half performance was a good example of our diversified portfolio and growth levers working for us, delivering a promising return to growth.

EBIT and NPAT

In a low-growth revenue year we optimised Gross Profit and contained operating expenses to deliver an 8.0% increase in EBIT.

Input cost savings flowed through the year in both product costs and freight, with the latter increasing somewhat towards the end of the year. We were measured in our promotional calendar, only participating where we believed we would deliver a positive ROI. This approach drove Gross Margin gains of 140bps and maximised Gross Profit.

Across the year Gross Profit grew by 7.7% or $40.0m of which approximately one third flowed through to EBIT, with two thirds funding operating expenses.

D&A expenses increased, in line with plan, by $13.6m year-on year due to the acceleration in the rate of new product launches post-covid and an increase in depreciation of ROU (right of use) assets in line with our warehouse footprint expansion.

Employment expenses grew by $13.5m driven by the team earning 100% STI (short term incentive) payout as opposed to 58% in the PY. Like-for-like headcount was relatively stable and other expenses, collectively, were flat year-on-year.

Spend on the investment functions of marketing, R&D, technology services and solutions increased to 14.0% of sales from 13.1% in the prior year.

NPAT grew 7.5% due to reduced finance costs in the second half as improved cashflow reduced debt, partially offset by the Group's effective tax rate reverting to the long-term norm of 28.5% from 27.0% in the pcp due to higher R&D tax credits.

Financial Position

The Group's lower net working capital position at 30 June 2024 of $341.6m (pcp $455.1m) largely reflects the reduction in inventory levels delivered through measured purchase reductions, rather than discounting, with Gross Margin strengthened as inventory balances were reduced by $106.8m or 24.3% to $332.8m (pcp $439.6m).

The Group's receivables balance of $282.0m was broadly flat year-on-year (pcp $276.8m), and debtor days are in line with the prior period.

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 Computer Software". As more new products and solutions are developed and then launched, capitalisation increases, and with a lag so does amortisation, driven by the length of our development cycle.

In FY24 the Group capitalised Development Costs and Computer Software of $37.2m (pcp: $32.8 m) and recognised an amortisation expense of $22.4m (pcp: $16.5m), increasing the capitalised value of these intangibles to $86.3m. This intangible balance is a good leading indicator of future growth, with the growing balance signalling that the Group has larger innovation projects moving toward launch or recently launched.

PPE balances increased by $9.1m in the year mainly due to the above-mentioned acceleration in new product development increasing the number of projects investing in tooling, as well as investments to support the business (e.g. store fit out, manufacturing equipment and facilities).

Net Debt and Cash flow

Free cashflow (FCF) for the 12 months to 30 June 2024 was an inflow of $240.8m (pcp $37.1m) substantially driven by the reduction in inventory balances.

Strong cashflow over the last 12 months delivered a net cash position of $53.6m at 30 June 2024 (pcp net debt of $(121.3)m), an improvement of $174.9m.

The Group is now completely unleveraged and has significant cash of $137.8m, and unused debt facilities of $190.8m, providing flexibility for seasonal working capital build and expansion.

Dividends

A final dividend of 17.0 cents per share (100% franked) has been declared (FY23: 15.5 cents,100% franked), bringing the total dividends for the year to 33.0 cents per share (FY23: 30.5 cents).

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

The final dividend will have a record date of 13 September 2024 and will be paid on 4 October 2024.

FY25 Landscape

The financial year ahead resembles FY24, with macro headwinds and uncertainty playing against company specific tailwinds, including new product launches, fast growing new geographies and solution plays, as well as some degree of 2H24 sales strengthening.

It is too early to predict how these forces will play out across the whole year, but our expense budget is again set with flexibility to deliver EBIT growth under a range of probable revenue and cost scenarios.

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 30 June 2024 (FY23: 12 months ended 30 June 2023) divided by the average of shareholders' equity in June each year and 12 months earlier.*