

7 November 2024

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

## 2024 Annual General Meeting Presentation

Please find attached a copy of the Chair's and CEO's addresses to shareholders to be delivered at the Annual General Meeting of Breville Group Limited at 10:00am AEDT today.

The release of this announcement was authorised by the Board.

# Chair's Address at 2024 AGM

## Slide 1

Good morning and welcome to the 2024 Annual General Meeting of Breville Group Limited.

My name is Timothy Antonie, and I am the Chair of the Company.

## Slide 3

I would like to begin by acknowledging and paying respects to the traditional custodians of the land on which we work, and to their Elders, past and present, and we further extend that respect to all Aboriginal and Torres Strait Islanders present here today.

We celebrate the continuing contribution of their food and culture, and seek to support it, in Australia and the world.

## Slide 5

The 2024 financial year was another year of consistent growth in revenues and EBIT with revenues exceeding \$1.5 billion and EBIT of \$185.7 million. This was achieved in a year characterised by macroeconomic weakness, led by higher-for-longer interest rates, as well as regional disruptions and instability.

## Slide 6

Over the past 5 years revenue and EBIT have grown at compound average annual growth rates of 15% and 13.8% respectively.

This performance is very impressive, both in absolute terms and relative to our global peer group.

## Slide 7

Importantly, our Global Products segment has grown by 16.9% per annum across the five years and our geographic expansion and diversification accelerated with 84% of total sales outside Australia in FY24, up from 76.2% 5 years ago.

## Slide 8

Although revenue growth in FY24 was relatively subdued at 3.5%, the team delivered a gross profit increase of 7.7% and with cash operating expenses adroitly managed, an EBIT increase of 8%.

With this backdrop, Breville further increased its spend on new product development, marketing, technology and solutions by \$21 million.

Our investment in these growth engines increased to 14.0% of sales in FY24, up from 13.1% in FY23 and 11% in FY19.

## Slide 9

Net profit after tax increased by 7.5% to \$118.5 million.

Earnings per share increased by 7.1% to 82.7 cents, and in line with the Board's target payout ratio of 40% of EPS; dividends per share also increased by 8.2% to 33 cents.

As planned, inventories reverted to equilibrium after the disruption of Covid, and a net cash position was delivered with strong cash flow of \$174.9 million across the year.

Breville is well positioned for FY25 and Jim will discuss recent performance.

Breville has also made good progress on its sustainability plan, including the continued delivery of the ThermoJet program, the substantive completion of the Brown Box packaging initiative and improvements to our climate-related disclosures, including our first reporting of scope 3 emissions estimates. I encourage you to read our Annual Report for more detail.

#### **Slide 10**

On behalf of the Board, I would like to congratulate our CEO, Jim Clayton, our executives and our global team for their consistent delivery of record results, despite numerous global and local external disruptions. This is a testament to their agility, dedication and focus.

I would also like to take this opportunity to recognise Peter Cowan, who will retire from the Board at the conclusion of today's AGM.

Peter has made an outstanding contribution to Breville since joining the Board in September 2018. Since then, he has brought a deep operating experience and focus on shareholder value, including as the inaugural chair of the Board Sustainability Committee. On behalf of the Board and the executive team, I would like to thank Peter for the value he has added and wish him all the very best.

I would like to thank my fellow directors for their diligence and governance over the last 12 months.

Finally, I would like to thank our shareholders, customers, retail partners and suppliers for their continued support, and we look forward to working with you all in FY25 and beyond.

I will now hand over to Jim Clayton.

#### **END CHAIRMAN'S ADDRESS**

### **CEO's Address at 2024 AGM**

#### **Slide 12**

Thank you, Tim, and good morning to everyone joining our AGM.

Today, I will walk through our FY24 year-end results, give a brief update on the first half of '25, and finish with some concluding remarks.

#### **Slide 13**

Given that we presented these results back in August, I will try to hit the high points. In FY24 we delivered another year of growth across Revenue, Gross Profit, and EBIT. Given the variability of costs moving through the COG line as well as the net impact of price increases in the previous year, Gross Profit was the arbiter of performance. For the year, Gross Profit grew 7.7%, which we translated into 7.5% NPAT growth through the careful management of Opex.

#### **Slide 14**

We saw Gross Profit growth in both the Global Segment and the Distribution Segment. The coffee category and new geographies drove growth in the Global Segment, with cooking and food prep

rebasing, and the Distribution segment delivered solid Gross Profit gains coming off a weak performance in FY23.

#### **Slide 15**

Looking at Global Segment Theatre performance, the Americas and EMEA delivered positive growth, with both moving to double-digit growth in the second half. APAC reported (5.8%) growth in total off a mix of puts and takes: ANZ showed improvement in the 2H, Korea continued to move from strength-to-strength, but distributor markets went backwards as they worked through their own inventories, just as we did in FY24.

#### **Slide 16**

Looking at the FY23/FY24 EBIT bridge, we generated \$40 million in incremental Gross Profit, \$13.7 million of which was dropped to EBIT, with the remainder spread across D&A and Opex. Spend on marketing, R&D, and technology services and solutions increased to 14% of sales.

#### **Slide 17**

Given the unique characteristics of this vertical—long shelf-life products—inventory can be used like an insurance policy. This slide shows how we used inventory to buffer supply chain instability in FY21 and FY22. As the supply chain became more predictable, we released the policy in FY23 through FY24 and brought inventory back down to its equilibrium level, all without negatively impacting gross margin—it's a controlled build with a controlled release.

#### **Slide 18**

The primary callout in the balance sheet is the release of the inventory insurance policy, which produced a \$113.5 million decrease in net working capital. This brought us back to a net cash position as of the end of the year, which is the typical pattern you would have seen pre-COVID.

#### **Slide 19**

I'll now give a short update on 1H25.

#### **Slide 20**

Setting aside the US election, which I will address, the positive trends we saw in the 2H of FY24 have continued through the 1H25. Period-to-date, all three Theatres are performing well. As expected, logistics costs have ticked up, most of which has been offset by reductions in FOBs flowing through. On the whole, the business is performing between the goal posts, so we continue to operate within our FY25 planning parameters.

Now that Trump has won the US Presidential election, the near-term risk of material tariff increases on consumer goods coming out of China has solidified, triggering two action items: (i) we will continue our inventory build in the US, unabated, likely until the increased tariffs are enforced; and (ii) we will move 120v production out of China, SKU-by-SKU, as quickly as possible, which is the acceleration of a project we started 2 years ago. We expect to be 80/20 on this project by the end of 2025, with the first incremental SKU going live around March, plus or minus.

#### **Slide 21**

In closing, I would like to thank every employee at BRG for navigating through yet another challenging year. I continue to be impressed by the team's ability to tack through one obstacle after another. I'd like to thank the Board for the guidance and support they provided the team throughout the year. I would also like to personally thank Peter Cowan for all of the experience, effort, and judgment he has brought

to the Board, with a special callout for his leadership on the Sustainability Committee. Thank you for all you have done for BRG and know you will be missed.

With that, thank you to everyone for joining us today, and I will now hand back to Tim for the rest of the agenda.

#### **Disclaimer**

To the extent this release 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 BRG, 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 BRG as at the date of this release. Except as required by law, including the ASX Listing Rules, BRG undertakes no obligation to provide any additional or updated information, whether as a result of new information, future events or results or otherwise.

Breville

Sage

LELIT

BARATZA

beanz

ChefSteps

BRG GROUP

# Annual General Meeting

7<sup>th</sup> November 2024

ersonal use only



# 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 BRG, 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 BRG as at the date of this Presentation. Except as required by law, including the ASX Listing Rules, BRG 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.

# Items of Business

- 2024 Annual Report
- Remuneration Report
- Re-election of Lawrence Myers as a Director
- Grant of Rights to Managing Director and CEO
- Approval of Potential Termination Benefits
- Grant of NED Rights to Non-Executive Directors

“Another year of consistent delivery, with record revenue exceeding \$1.5 billion and EBIT of \$185.7 million”

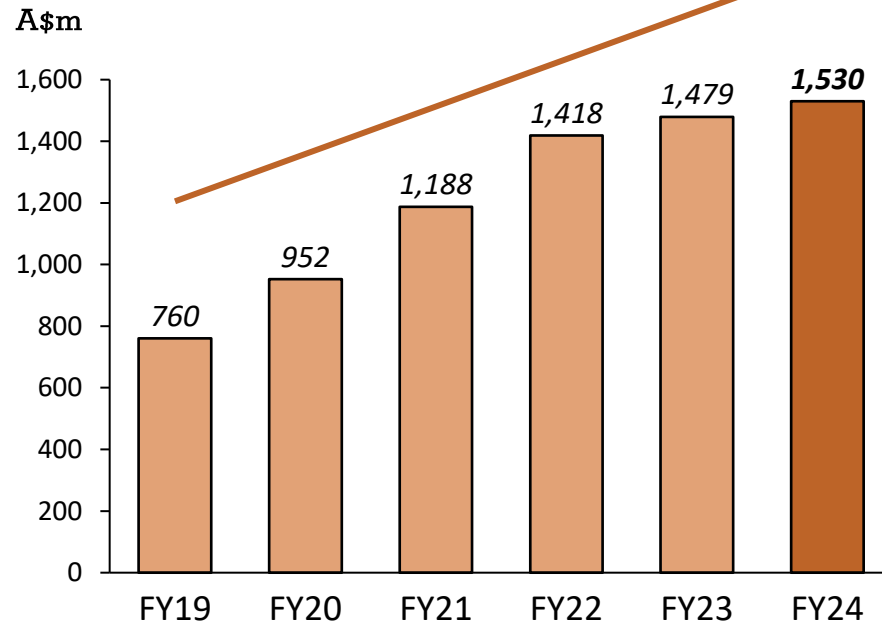


# FY24 Financial Highlights

FY24 adds another year of growth in revenue, gross profit, and EBIT

## FY24 Revenue - A\$1,530m

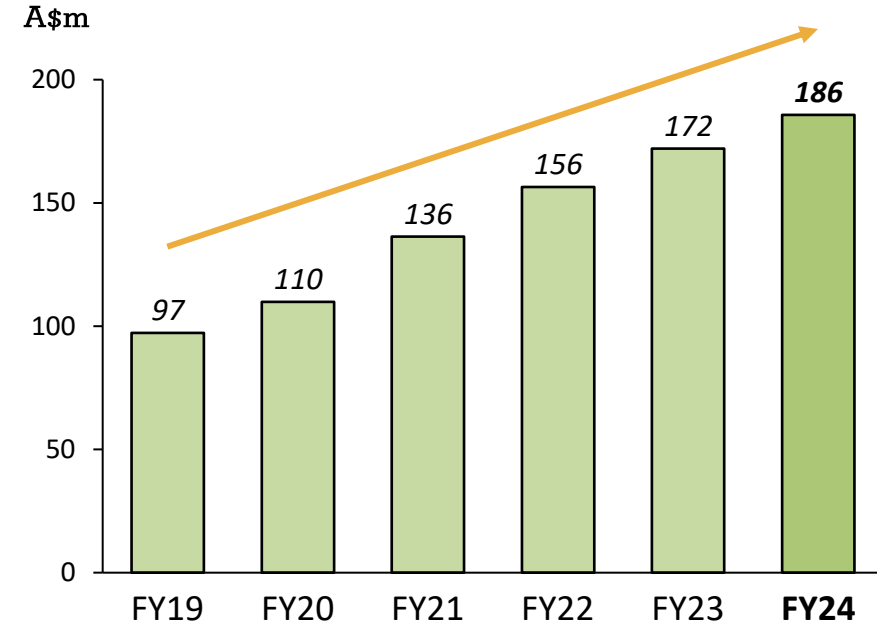
+3.5% vs FY23  
+15.0% 5-year CAGR



Total Revenue by Financial Year

## FY24 EBIT - A\$185.7m

+8.0% vs FY23  
+13.8% 5-year CAGR

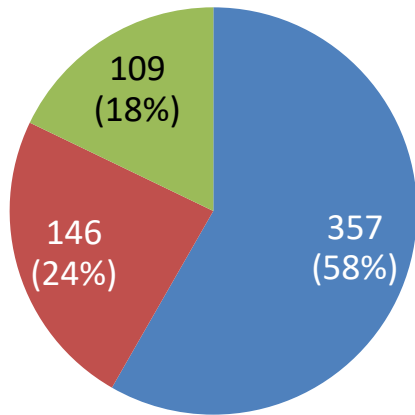


Total EBIT by Financial Year

# FY24 Financial Highlights

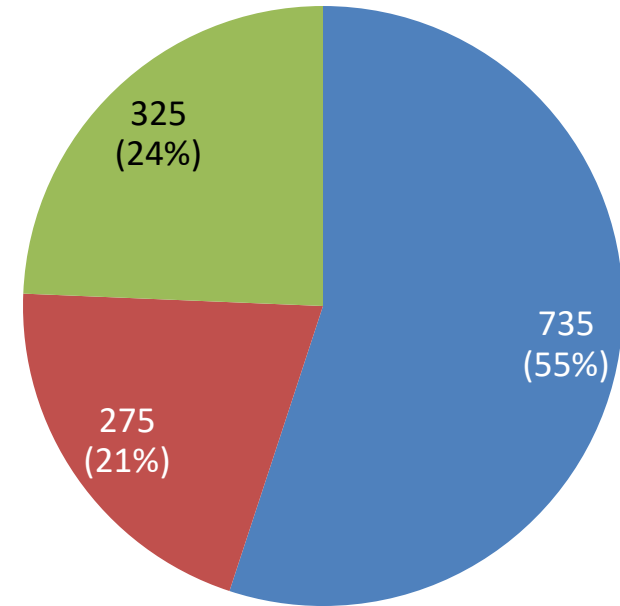
## Global Product Segment Sales by Theatre: Growth from FY19 to FY24

**FY19**  
**A\$612m** (81% of BRG)



<--- CAGR of 16.9% --->

**FY24**  
**A\$1,336m** (87% of BRG)

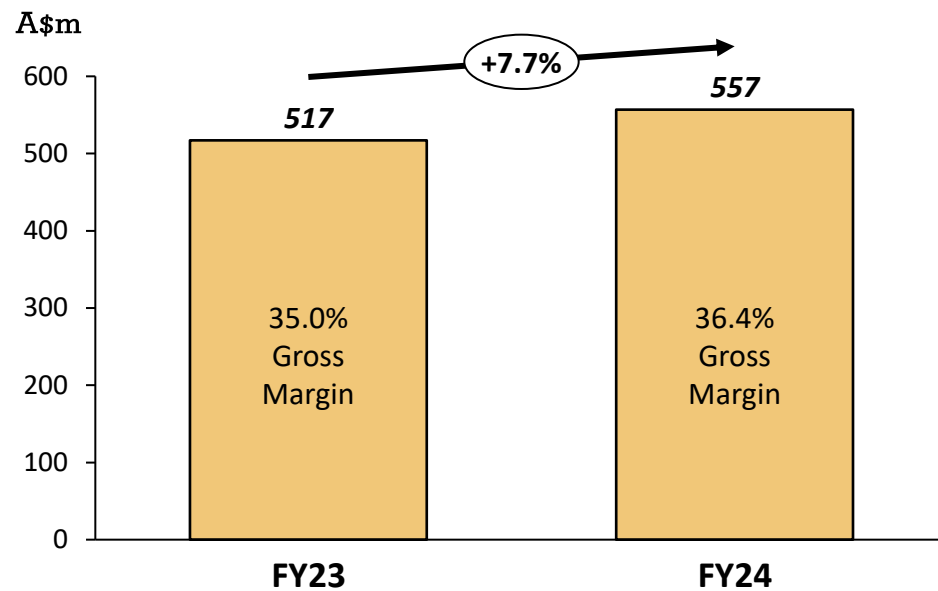


A\$m

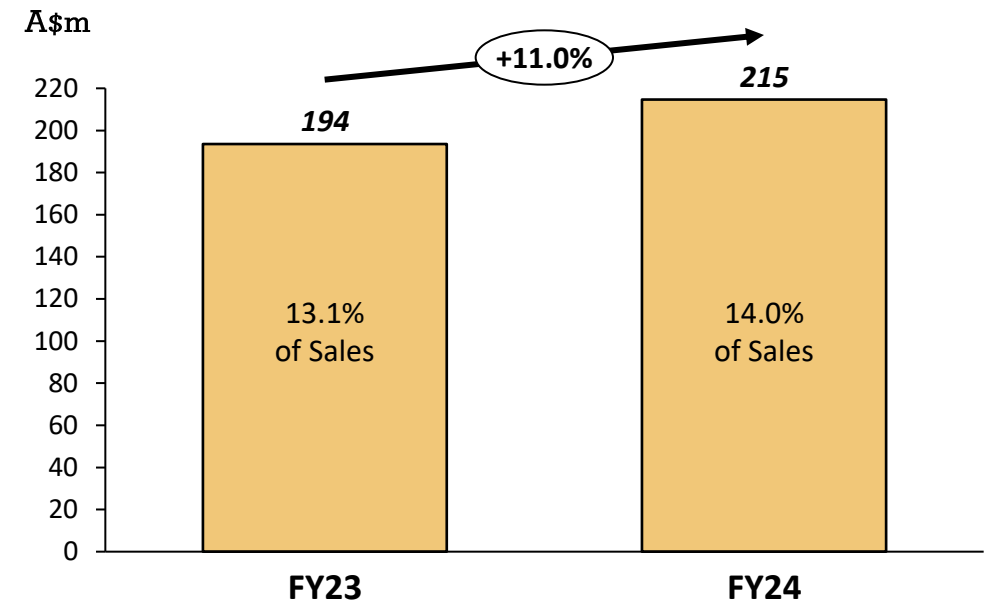
Americas APAC EMEA

# FY24 Gross Profit – A\$556.9m

## FY24 Gross Profit - A\$556.9m

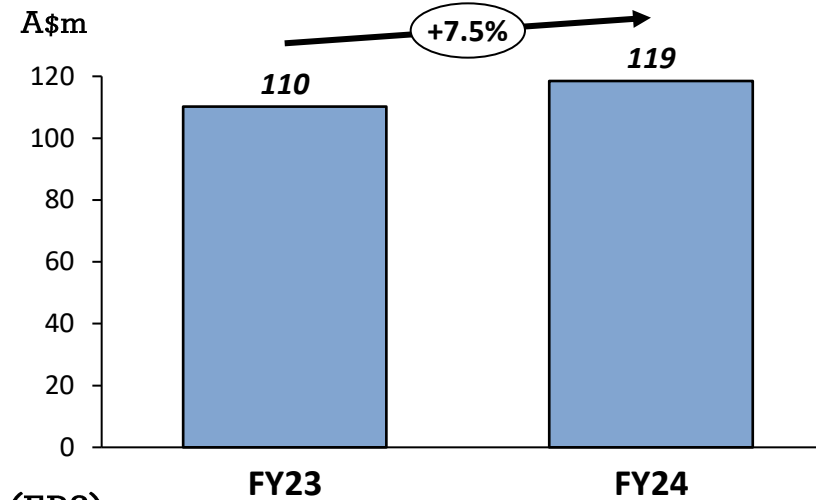


## FY24 Marketing / R&D / Technology Spend - A\$214.7m

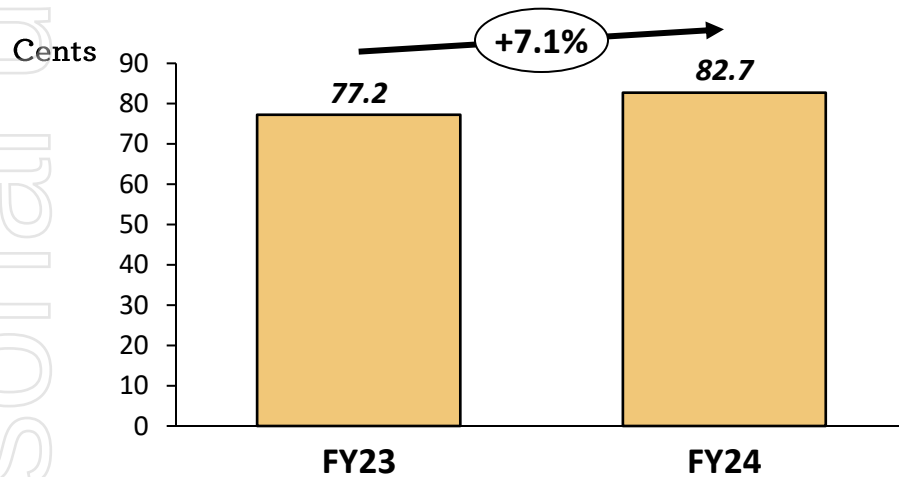


# FY24 Financial Highlights

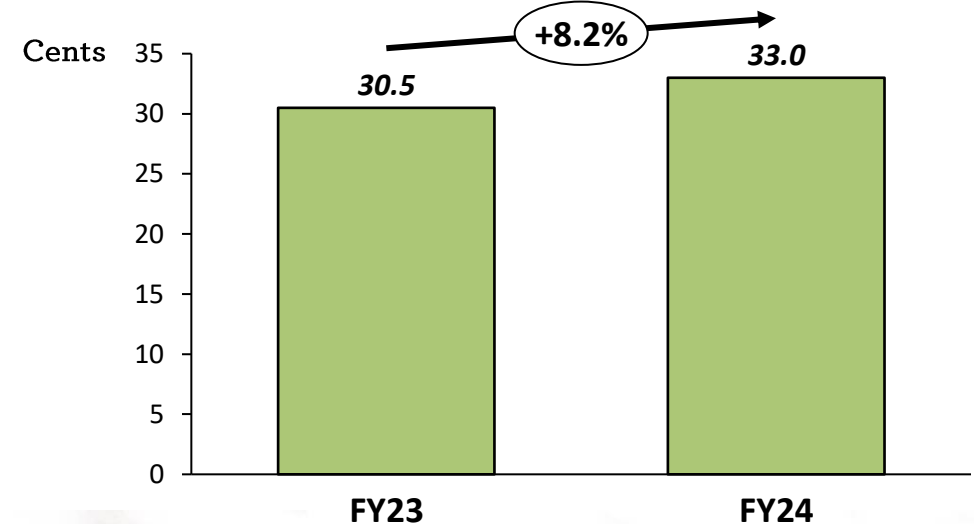
FY24 NPAT - A\$118.5m



FY24 Basic Earnings Per Share (EPS)  
82.7 cents



FY24 Dividend Per Share (DPS)  
33.0 cents



# Thank You

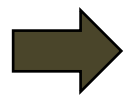
- BRG Global Team
- Peter Cowan
- Shareholders
- Suppliers, Retail Partners and Consumers

# CEO's Address

Jim Clayton



# AGM Agenda



- The Numbers
- 1H FY25 Update
- Closing Remarks

# Group Summary Result

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

| AUDm                       | FY24    | FY23    | % Chng |
|----------------------------|---------|---------|--------|
| 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%   |
| EBIT Margin (%)            | 12.1%   | 11.6%   |        |
| NPAT                       | 118.5   | 110.2   | 7.5%   |
| Basic EPS (cents)          | 82.7    | 77.2    | 7.1%   |
| Dividend per share (cents) | 33.0    | 30.5    | 8.2%   |
| Franked (%)                | 100%    | 100%    |        |
| ROE <sup>1</sup> (%)       | 14.6%   | 15.9%   |        |
| Net cash / (debt)          | 53.6    | (121.3) |        |

## Commentary

- Record sales year in the face of subdued consumer backdrop
- Material 2H24 strengthening in sales growth, led by double-digit sales growth in Americas, EMEA and Coffee
- Gross Profit growth of 7.7% driving an 8.0% EBIT growth
- EBIT delivered at top end of guidance
- NPAT growth of 7.5% reflects reduced interest cost offset by change in the effective tax rate
- Fully franked dividend of 33.0 cents per share, an increase of 8.2%
- Net Cash position of \$53.6m, and strong cash inflow of \$174.9m in FY24, substantially delivered by forecasted inventory reduction

<sup>1</sup> 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.



# Segment Results

Global Product segment accelerating, both segments delivered Gross Profit gains

| AUDm                     | Revenue |         |        | Gross Profit |       |        | Gross Margin |       |
|--------------------------|---------|---------|--------|--------------|-------|--------|--------------|-------|
|                          | FY24    | FY23    | % Chng | FY24         | FY23  | % Chng | FY24         | FY23  |
| Global Product           | 1,336.0 | 1,279.2 | 4.4%   | 503.0        | 470.5 | 6.9%   | 37.7%        | 36.8% |
| % Change CC <sup>1</sup> |         |         | 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% |

<sup>1</sup>CC: constant currency

## Commentary

- Global Product sales growth of 4.4% lifted by materially higher 2H24 growth of 8.7% (7.1% CC<sup>1</sup>)
- Coffee category delivered double-digit growth while Cooking and Food Prep showed improvement in the 2H with a slowing rate of decline
- New geographies continued to outperform, as did DTC (direct to consumer) channel
- Overall Group grew Gross Profit strongly by 7.7%
- Distribution fulfilled its role by growing Gross Profit by 16.1%, the clear priority for this segment



# Global Product Segment by Theatre

## Americas and EMEA leading recovery in 2H24 revenue growth

| AUDm     | GLOBAL PRODUCT SEGMENT REVENUE |         |        |                           | 1H24<br>CC <sup>1</sup> | 2H24<br>CC <sup>1</sup> |
|----------|--------------------------------|---------|--------|---------------------------|-------------------------|-------------------------|
|          | FY24                           | FY23    | % Chng | % Chng<br>CC <sup>1</sup> |                         |                         |
| 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%                    |

<sup>1</sup>CC: constant currency

### Commentary

- 7.1% constant currency revenue growth in 2H24 with two out of three Theatres in double-digit growth
- Strength of a geographically diverse portfolio with consumers resetting at different rates

Americas : 2H24 step up in growth with all categories improving their growth rates

EMEA : Double-digit growth performance in direct countries across FY24; distributor countries improved in 2H24

APAC : Good signs of recovery in direct countries, with ANZ and Korea, delivering positive 2H24 growth in Coffee  
South Korea delivered its first milestone: In the 2H24 South Korea's Gross Profit was larger than NZ



BRG GROUP

Breville

Sage

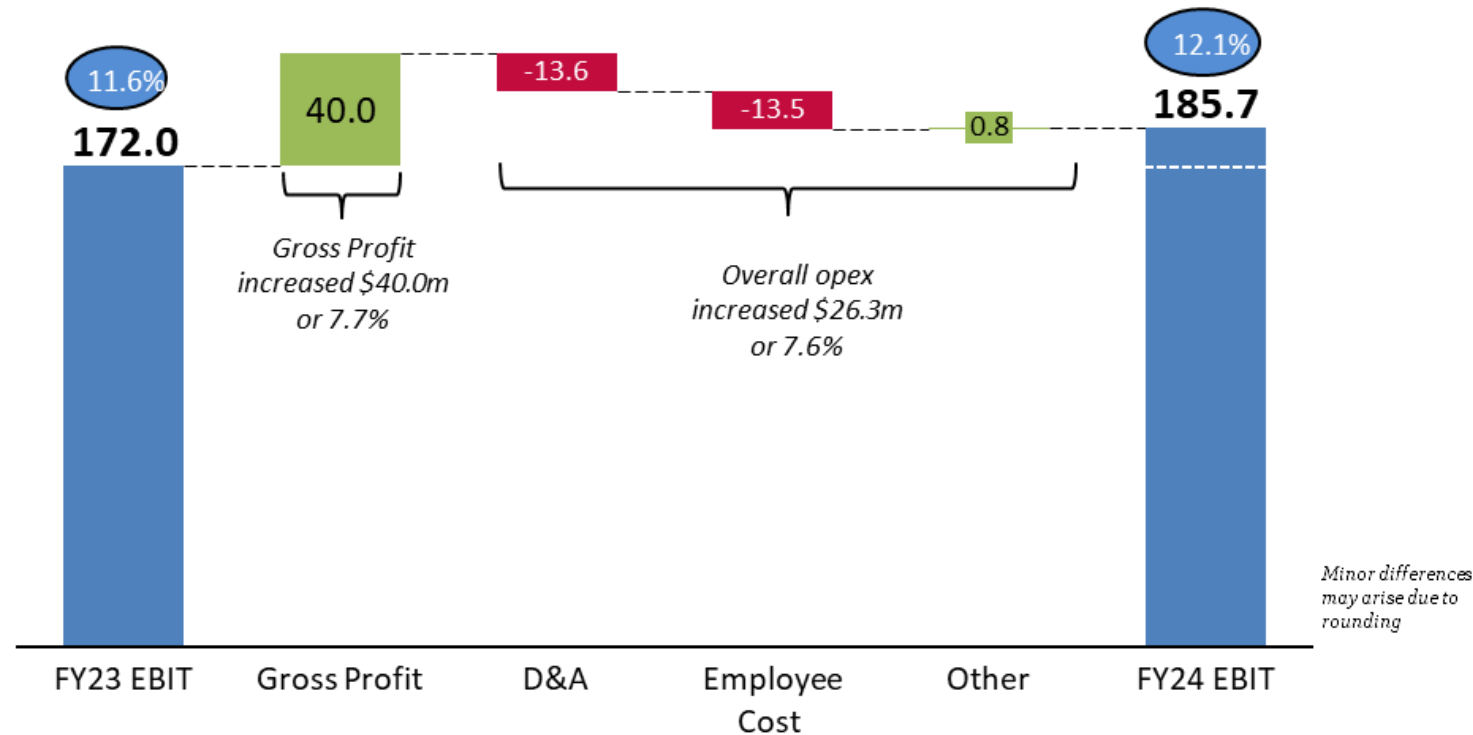
LELIT

BARATZA

ChefSteps

beanz.com

# Opex Aligned to Gross Profit Trajectory at 7.6%

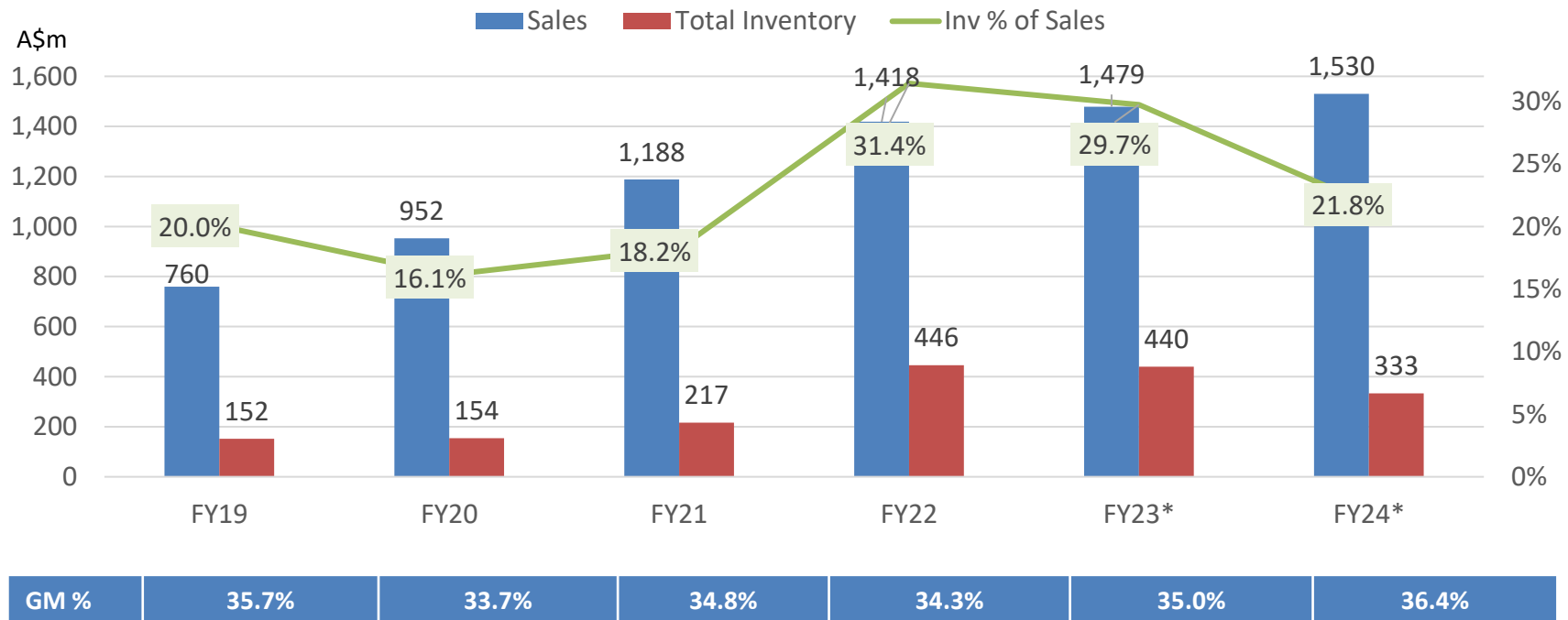


## Commentary

- As planned, D&A increased following the accelerated launch of new products and solutions in recent periods and the ongoing strategic investment in R&D, technology services and solutions
- Employee cost increase of \$13.5m is driven by recovery in STI to 100% (pcp 58%) and general wage inflation. Headcount remained stable
- Spend in investment functions of marketing, R&D, technology services and solutions increased to 14.0% of sales (pcp 13.1%)

# Inventory Through the Covid Cycle

## Back to equilibrium



\* Inventory balance includes Lelit manufacturing

### Commentary

- Overall inventory back to equilibrium at 21.8% of sales at end of FY24 and \$107m lower than at end of FY23
- Inventory was depleted in early Covid years due to strong demand. Operationally inefficient and elevated transportation costs
- Inventory was successfully built as a hedge against supply chain disruptions during FY22 and 1H23
- Hedge was unwound in 2H23 and FY24 through constrained purchases, not clearance sales, with improved Gross Margin



**BRG**GROUP

**Breville**

**Sage**

**LELIT**

**BARATZA**

**ChefSteps**

**beanz.com**

# Financial Position at 30 June

Balance sheet strengthened with seasonal return to net cash position

| AUDm <sup>1</sup>            | June 24      | June 23 |
|------------------------------|--------------|---------|
| Inventory                    | 332.8        | 439.6   |
| Receivables                  | 282.0        | 276.8   |
| Trade and other payables     | (273.2)      | (261.3) |
| <b>WORKING CAPITAL</b>       | <b>341.6</b> | 455.1   |
| PPE                          | 62.9         | 53.8    |
| Development costs & software | 86.3         | 71.8    |
| Goodwill and Brands          | 324.0        | 327.2   |
| Other (liabilities) / assets | (20.2)       | (16.9)  |
| <b>NET ASSETS EMPLOYED</b>   | <b>794.6</b> | 891.0   |
| Net (cash) / debt            | (53.6)       | 121.3   |
| Shareholders' equity         | 848.2        | 769.7   |
| <b>CAPITAL EMPLOYED</b>      | <b>794.6</b> | 891.0   |
| <b>ROE%<sup>2</sup></b>      | <b>14.6%</b> | 15.9%   |

<sup>1</sup> Minor differences may arise due to rounding

<sup>2</sup> 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.

## Commentary

- Inventory levels successfully reduced by \$106.8m, or 24.3%, whilst Gross Margin increased
- Overall working capital decreased by \$113.5m or 24.9%
- Normal seasonal reduction in receivables, with days outstanding consistent with prior periods
- In line with strategy, a steady increase in capitalised development costs and software, with related amortisation step up, is led by a healthy pipeline of NPD
- PPE investment led by tooling for new products, in-store fit outs, manufacturing equipment and facilities
- Very strong cash movement returning Group to a Net Cash position, as forecast
- Unused debt facilities of \$190.8m, and cash of \$137.8m, provides flexibility for seasonal working capital build and expansion

# AGM Agenda

- The Numbers
- ➔ • 1H FY25 Update
- Closing Remarks

# 1HFY25 Update

- New Products in Coffee and Food Preparation continue to perform well, coupled with some welcomed marketing investment in manual espresso coffee from new entrants
- Regional *sell-in* performance YTD: positive 2H24 trends continue
  - Global Segment performing well across all three Theatres
  - Distribution Segment continuing to grow Gross Profit
- Logistics costs and FOBs broadly offsetting each other
- Probability of increased China tariffs has increased with Trump victory. Pull in of "pre-tariff" inventory will continue with elevated inventory levels in the US being built pre-implementation of increased tariffs. Accelerated move of 120v production out of China in flight
- Currently the business is performing between the goal posts (low-end / high-end), so we continue to be within our FY25 plan parameters

# AGM Agenda

- The Numbers
- 1H FY25 Update
- ➔ • Closing Remarks

Breville

Sage

LELIT

BARATZA

beanz

ChefSteps

BRG GROUP

# Annual General Meeting

7<sup>th</sup> November 2024

ersonal use only

