

24 August 2009

Manager, Company Announcements,
Australian Stock Exchange Limited,
Level 4, 20 Bridge Street,
Sydney NSW 2000

Full Year Reports – 30 June 2009

Year End Report Announcement

Attached is a copy of the Breville Group Limited Year End Report Announcement for the Year Ended 30 June 2009.

Yours faithfully



Shiraz Khan
Company Secretary
Breville Group Limited

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YEAR END REPORT ANNOUNCEMENT

24 August 2009

FOR THE YEAR ENDED 30 JUNE 2009

Breville Group Limited ('BRG') today announced the financial results for the year ended 30 June 2009.

- Group Sales increased to \$431.9m (FY08: \$410.2m).
- Group Underlying⁽¹⁾ EBITDA: \$33.6m (FY08: \$35.3m).
- Group Underlying⁽¹⁾ PAT: \$15.9m (FY08: \$19.1m).
- Significant non-recurring charges before tax of \$5.8m (2008: \$2.4m gain) of which \$4.3m was reported 1H09 (1H08: \$1.9m gain) ⁽¹⁾.
- Group Reported PAT: \$11.8m (FY08: \$20.9m).
- Underlying⁽¹⁾ EPS: 12.2 cents (FY08: 15.1 cents).
- Gearing⁽²⁾: 20.1% (FY08: 24.8%), interest cover⁽³⁾ 6.0 times (FY08: 5.9 times).
- A final dividend of 1.5 cents per share (2008: 2.0 cents) has been declared bringing the total dividend for the year to 5.5 cents per share (FY08: 10.5 cents).

Group Summary Result

\$m	REPORTED			UNDERLYING ⁽¹⁾		
	FY09	FY08	% Chng	FY09	FY08	% Chng
Sales Revenue	431.9	410.2	5.3%	431.9	410.2	5.3%
EBITDA	30.0	37.2	(19.4%)	33.6	35.3	(4.9%)
EBIT	23.4	31.9	(26.5%)	27.1	30.1	(10.0%)
PAT	11.8	20.9	(43.7%)	15.9	19.1	(17.1%)
Basic EPS (cents)	9.1	16.5		12.2	15.1	
Div per share (cents)	5.5	10.5				
Gearing ratio (2)	20.1%	24.8%				
Interest cover (times) (3)	6.0	5.9				

The Group experienced differing results across the various markets in which it operates, in what is arguably the most challenging and volatile economic environment for many years. Under these circumstances, sales growth of 5.3% and a minimal reduction of 4.9% in underlying⁽¹⁾ EBITDA was encouraging.

The Australian business continued its strong first half performance with further growth in sales and profits. Market share growth was achieved in core categories, driven by a strong pipeline of new product releases during the year.

The International business, operating predominantly in North America and Europe, had a difficult year and was more severely impacted by the significant economic downturn in those markets. The North American market exhibited some positive signs in the second half of FY09, following a major deterioration in consumer demand in the latter part of calendar 2008. The Export business, selling primarily to the European market, remained soft in the second half of FY09.

As previously foreshadowed, the Group reduced its operating cost base and narrowed its non-electrical product ranges in the North American business to appropriately position itself for the future.

Importantly, the Group has maintained its strategic investment in product innovation and marketing.

A tight focus on working capital management resulted in a further improvement in the Group's conservative financial structure.

Group Sales Revenue

\$m	REPORTED*		
	FY09	FY08	% Chng
Australia	211.9	190.8	11.1%
International	220.0	218.8	0.5%
Unallocated	-	0.6	
Total	431.9	410.2	5.3%

* there is no difference between reported and underlying group sales revenue.

Sales in Australia were encouraging with an increase of 11.1% to \$211.9m. Both the Breville and Kambrook brands performed strongly, consolidating their positions and growing market share profitably in key category segments.

International sales increased by 0.5% to \$220.0m, with North American sales increasing by 16.6%. The slow-down and aggressive de-stocking experienced in international markets in the latter part of calendar 2008, showed early signs of recovery in North America part way through the second half of FY09. The Export business trading predominantly with European customers, experienced a 35.2% decline in revenues from the high prior year base as the effects of de-stocking continues.

Group EBITDA

\$m	REPORTED			UNDERLYING ⁽¹⁾		
	FY09	FY08	% Chng	FY09	FY08	% Chng
Australia	19.9	18.6	7.0%	22.1	16.9	30.8%
International	12.4	19.6	(36.7%)	13.7	19.6	(30.1%)
Unallocated	(2.3)	(1.0)		(2.2)	(1.2)	
EBITDA	30.0	37.2	(19.4%)	33.6	35.3	(4.9%)

Australia Underlying⁽¹⁾ EBITDA increased by 30.8% to \$22.1m. The strong growth in EBITDA was driven by increased sales, underpinned by the successful launch and sell-through of new product launches and a positive change in sales mix. The Group benefited from its multi-brand strategy with Breville performing strongly in the mid to premium price segment together with solid support for Kambrook's value oriented offer. Growth in profits was achieved despite the significant and rapid devaluation of the Australian dollar in the second half of FY09. This pressure on margin was partially offset by wholesale price increases.

International Underlying⁽¹⁾ EBITDA decreased by 30.1% to \$13.7m. Margins in the international business units were adversely impacted by rising commodity prices in the first half of the year together with lower consumer demand. The easing of factory prices in the second half of FY09 did not offset the impact of the lower sales volumes, specifically from the Export business. North American margins were also affected by the previously announced range rationalisation of the non-electrical homewares business. The core electrical business in North America had a stronger second half, as consumers responded positively to a number of new product launches.

Funds Employed

The Group's balance sheet remained strong providing a solid foundation for FY2010.

In addition to the seasonal run down of inventories post Christmas, an increased focus on working capital management resulted in a significant reduction in inventory levels. This assisted in reducing net borrowings by \$10.3m to \$33.0m (FY08: \$43.3m).

The Group's gearing ratio, being net borrowings to capital employed, was a conservative 20.1% (FY08: 24.8%). Interest cover remains strong at 6.0 times (FY08: 5.9 times).

Dividends

A final unfranked dividend of 1.5 cents per share (FY08: 2.0 cents) has been declared bringing the total dividend for the year to 5.5 cents per share (FY08: 10.5 cents). The final dividend will have a record date of 18 September 2009 and will be payable on 13 October 2009.

The Directors have resolved to continue suspension of the operation of the Dividend Reinvestment Plan in respect of this final dividend. As the Group takes the benefit of Australian tax losses, it confirms its previous communication that dividends in the short to medium term will not be franked.

Outlook

The Group has maintained its strategic focus on differentiation through continued investment in its design and innovation capabilities to actively respond to changing market conditions and to deliver products that meet and exceed consumers' needs. This strategy remains fundamental to the future success of the Group.

Despite continuing economic uncertainties, the Group is currently positioned to deliver an increase in earnings in FY10.

Sales for the first seven weeks in FY10 are tracking in line with expectations. At this point in time however, it is too soon to provide any further guidance given the significance of the key Christmas trading period on the Group's first half and full year result.

For further information, please contact:
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Table of reference notes

- (1) *Underlying excludes the impact of non-trading, non cash unrealised mark to market amounts (i.e. non-trading foreign exchange net loss \$2.0m (2008: net gain \$1.8m) and interest rate swap loss \$2.2m (2008: gain \$0.6m) and redundancy costs \$1.6m (2008: nil).[all figures before taxation]*
- (2) *Gearing ratio means net borrowings divided by capital employed, being net borrowings plus shareholders' equity.*
- (3) *Interest cover means Group Underlying EBITDA divided by net underlying finance costs (i.e. excluding interest rate swap losses/gains).*