

26 February 2010

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

**Half Year Ended 31 December 2009
Half Year Report Announcement**

Attached is a copy of Breville Group Limited Half Year Report Announcement for the Half Year Ended 31 December 2009.

Yours faithfully



Shiraz Khan
Company Secretary
Breville Group Limited

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26 February 2010

Breville Group Ltd results for the half year ended 31 December 2009

- Group Sales were \$236.9m (1H09: \$246.3m).
- Group Underlying⁽¹⁾ EBITDA increased by 26.8% to \$32.5m (1H09: \$25.7m).
- Group Reported PAT increased by 42.6% to \$15.3m (1H09: \$10.8m).
- Underlying⁽¹⁾ EPS increased by 37.1% to 15.2 cents (1H09: 11.1 cents).
- Gearing⁽²⁾ reduced to 14.2% (1H09: 34.3%)
- An interim dividend of 6.0 cents per share (1H09: 4.0 cents) has been declared.

Group Summary Result

Sm	REPORTED			UNDERLYING ⁽¹⁾		
	1H10	1H09	% Chng	1H10	1H09	% Chng
Sales Revenue	236.9	246.3	(3.8%)	236.9	246.3	(3.8%)
EBITDA	25.6	23.1	10.8%	32.5	25.7	26.8%
EBIT	22.2	20.0	10.8%	29.0	22.5	29.0%
PAT	15.3	10.8	42.6%	19.7	14.4	37.1%
Basic EPS (cents)	11.9	8.3	42.6%	15.2	11.1	37.1%
Div per share (cents)	6.0	4.0	50.0%			
Net borrowings (\$m)	\$23.9m	\$75.2m	(68.2%)			
Gearing ratio ⁽²⁾	14.2%	34.3%				
Interest cover (times) ⁽³⁾	10.4	8.4		13.2	9.3	

The Group experienced a strong trading performance in the half year to 31 December 2009, delivering robust results notwithstanding challenging economic conditions.

Group sales revenue in AUD declined by 3.8% primarily as a result of higher foreign currency translation rates and the impact of rationalising the USA non-electrical homewares category. Excluding these effects, Group sales revenue in AUD increased by 8.2%.

Having laid the foundations for growth, the 26.8% increase in the Group's underlying⁽¹⁾ EBITDA was pleasing and affirms the strategy of focussing on innovative products and leveraging those products across multiple geographies.

The Australian business continued its solid performance from FY09 with further growth in both sales and underlying⁽¹⁾ EBITDA in 1H10 of 5.1% and 9.8% respectively. This is a good result given that the business is cycling strong growth in 1H09 and a less favourable hedged foreign exchange position relative to the pcg.

The International business posted a strong 1H10 trading result with underlying⁽¹⁾ EBITDA increasing by 64.0%. The performance in North America was especially pleasing, with a substantial improvement compared to the pcg in what remains a challenging retail and economic environment. The Global Distribution business, selling primarily to the European market, was soft in the first half of FY10, although some signs of recovery emerged in the latter part of the half.

The Group's improved first half trading performance and continued focus on working capital management translated to strong cash flow generation and has led to material reductions in both inventory and net debt levels compared to the first half of last year.

Group Sales Revenue

Sm	REPORTED*		
	1H10	1H09	% Chng
Australia	121.6	115.7	5.1%
International	115.3	130.6	(11.7%)
Total	236.9	246.3	(3.8%)

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

Sales in Australia were encouraging with an increase of 5.1% to \$121.6m. Consumers responded positively to the strong pipeline of new product releases, with all brands consolidating their market positions and growing profitably in key category segments.

International sales decreased by 11.7% to \$115.3m. North American sales (in AUD) increased by 2.3% compared to the pcp. This includes sales of the almost completed exit of the non-electrical homewares category in the USA. On a continuing business basis in AUD, sales in North America grew by 27.5%. The Global Distribution business experienced a 55.6% decline in AUD revenues to AUD10.3m from the record prior year first half levels. Given the nature of this distribution business, the decline in sales largely reflects the delayed de-stocking effect of the GFC.

Group EBITDA

Sm	REPORTED			UNDERLYING ⁽¹⁾		
	1H10	1H09	% Chng	1H10	1H09	% Chng
Australia	18.2	15.0	21.5%	18.0	16.4	9.8%
International	16.2	9.7	67.8%	16.5	10.1	64.0%
Other	(8.8)	(1.5)		(2.0)	(0.8)	
EBITDA	25.6	23.1	10.8%	32.5	25.7	26.8%

Australia Underlying⁽¹⁾ EBITDA increased by 9.8% to \$18.0m. The solid growth in EBITDA was driven by an increase in sales, a more favourable sales mix and by the positive sell-through of new product releases. The business also benefited from a reduction in its operating cost base as a result of management actions taken during FY09.

International Underlying⁽¹⁾ EBITDA increased by 64.0% to \$16.5m, underpinned by a pleasing trading performance in North America. Sales in the core electrical category grew robustly, bolstered by strong consumer uptake of new product releases. This is a very encouraging result given the ongoing retail and economic environment. In addition, the business' earnings also benefited from the exit of the majority of the non-electrical homewares category in the USA, together with the benefits flowing from a restructuring and reduction of the North America operating cost base.

Funds Employed

Management's continued focus on working capital management has again delivered a further material reduction in working capital levels. Net borrowings reduced by \$51.3m to \$23.9m (1H09: \$75.2m) and inventories reduced by \$36.8m to \$66.2m (1H09: \$103.0m).

The Group's gearing ratio⁽²⁾, being net borrowings to capital employed, was again conservative at 14.2% (1H09: 34.3%). On an underlying⁽¹⁾ basis, interest cover remains strong at 13.2 times (1H09: 9.3 times).

Dividends

An interim unfranked dividend of 6.0 cents per share (1H09: 4.0 cents) has been declared. The interim dividend will have a record date of 18 March 2010 and will be payable on 1 April 2010.

The Directors have resolved to continue to suspend the operation of the Dividend Reinvestment Plan in respect of this interim 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

Whilst economic conditions have shown some signs of improvement in the first half, the strength and sustainability of any recovery remains uncertain.

Notwithstanding the broader macro economic environment, Breville is well positioned for the second half of FY10 with its strong portfolio of brands, leading design and innovation capabilities and the significant investment it has made in its international operations, particularly in North America.

We affirm our guidance of 27 January 2010, of expected underlying⁽¹⁾ EBITDA for FY10 to be in the range of \$46-49 million. This represents strong growth of between 29% and 38% compared to the prior year. This earnings expectation is based on a number of assumptions, including that there will be no significant changes in the current economic conditions or to consumer confidence in key markets. They also assume no significant change in prevailing foreign exchange rates.

For further information, please contact:
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Table of reference notes

(1) Underlying excludes the impact of non-trading items before taxation 1H10: \$6.3m (1H09: \$5.2m) as follows:

\$m	1H10	1H09
<i>Redundancy costs</i>	0.3	0.4
<i>Onerous lease expense⁽⁴⁾</i>	2.5	0.6
<i>Foreign exchange (gains)/losses</i>	(0.1)	1.6
<i>Redundancy costs</i>	0.3	0.3
<i>Takeover response costs</i>	4.2	-
<i>Non-trading items - EBITDA</i>	6.9	2.5
<i>Interest rate swap (gain)/loss</i>	(0.6)	2.7
<i>Total non-trading items before taxation</i>	6.3	5.2

(2) Gearing ratio means net borrowings divided by capital employed, being net borrowings plus shareholders' equity.

(3) Interest cover means EBITDA divided by net underlying finance costs (i.e. excluding interest rate swap gain/loss).

(4) The onerous lease expense relates to premises in Port Melbourne.