



BREVILLE 800CP CITRUS PRESS



**GROUP REPORT FOR HALF YEAR
ENDED 31 DECEMBER 2004**

Strong Brands – Innovative Product



FINANCIAL RESULTS SUMMARY

Half year ended	31/12/2004 A\$mil	31/12/2003 A\$mil	% Change
Sales	260.0	260.8	-0.3%
Gross profit <i>(% to sales)</i>	69.6 <i>26.8%</i>	65.6 <i>25.1%</i>	
Other revenues	1.1	1.5	
Share of Joint Venture net profits	0.7	0.2	
Other costs <i>(% to sales)</i>	(40.9) <i>15.7%</i>	(38.4) <i>14.7%</i>	
Underlying EBITDA	30.5	28.9	5.8%
<i>(% to sales)</i>	<i>11.7%</i>	<i>11.1%</i>	
Depreciation & amortisation	(2.7)	(2.5)	
Interest (net)	(2.5)	(1.9)	
Taxation	(8.1)	(8.2)	
Underlying net profit after tax	17.3	16.3	6.5%
<i>(% to sales)</i>	<i>6.7%</i>	<i>6.2%</i>	
Significant Item (tax effected)	(0.5)	-	
Net profit after tax	16.8	16.3	3.5%
Weighted average shares on issue (mil)	117.7	115.2	
Underlying earnings per share (cents)	14.71	14.11	4.3%
Dividend per share (cents)	9.5	7.0	35.7%

- ⊕ Group sales flat, due to weaker retail environment in Australia, continued price deflation and reduced sales of “price entry” merchandise, particularly in the USA Homewares division.
- ⊕ During the same time, business volumes measured in cartons despatched, increased by 6.0%.
- ⊕ Gross margins increased as a result of deliberate changes in product mixes and improved margin management strategies.
- ⊕ Other costs are up 6%, with carton quantities and an increased marketing spend to support new product development contributing towards the increase.

FINANCIAL RESULTS COMMENTARY cont.

- ⊕ Opportunities exist to reduce operating costs as a percentage of sales over time.
- ⊕ EBITDA operating profits, excluding individually significant items, are up 5.8% on the corresponding period.
- ⊕ Underlying EPS up 4.3% and capital management focus drives 36% increase in interim dividend from 7.0c per share to 9.5c per share, fully franked.
- ⊕ Significant item represent a non cash write-off of future rentals for the Rydalmere site as required by Australian Accounting Standards and an offsetting prior period tax adjustment.

GROUP SALES ANALYSIS

Half Year Sales		31/12/2004		31/12/2003	
		AUD\$mil	% Share	AUD\$mil	% Share
Electrical	Australia	136.3	52%	137.4	53%
	Overseas	43.5	17%	32.2	12%
	Total	179.8	69%	169.5	65%
Homewares	Australia	58.6	23%	59.7	23%
	Overseas	21.6	8%	31.6	12%
	Total	80.3	31%	91.3	35%
Group	Australia	194.9	75%	197	76%
	Overseas	65.1	25%	63.8	24%
	Total	260	100%	260.8	100%



GROUP SALES COMMENTARY

⊕ Increasing importance of our Electrical division, and more particularly “Breville”, is evident from the sales summary with Electrical now accounting for 69% of group sales.

⊕ Overseas electrical sales grew by 35%, reflecting success in the global “Breville best in class” strategy.



⊕ Negative sales growth for the Homewares division, particularly in the USA, reflects continued price deflation, direct import competition at the lower price points and efforts to exit these non profitable categories.

⊕ Homewares product development in the USA has been refocused in line with last year’s efforts in Australia and new product offering will be available for US customers at the March Chicago Fair.



GROUP PROFIT ANALYSIS

Normalised profits after tax for the half year ended	31/12/2004 AUD\$mil	31/12/2003 AUD\$mil	% Movement
By Geographic Split			
Australia ^	12.3	11.4	7.4%
Overseas	5.0	4.9	4.4%
Normalised net profit after tax	17.3	16.3	6.5%
By Sub-segment Split *			
Electrical	15.5	12.0	29.9%
Homewares	3.9	6.3	(38.9%)
Total	19.4	18.3	6.1%
Less Corporate / Central Overhead	(2.1)	(2.0)	2.6%
Normalised net profit after tax	17.3	16.3	6.5%

^ Includes corporate / central overhead

* Based on national allocations of shared infrastructure

GROUP PROFIT COMMENTARY

- ⊕ Underlying PAT up 7.4% in Australia and 4.4% offshore to yield an improved group underlying PAT of 6.5% for the six months to 31 December 2004.
- ⊕ By segment, the increased importance of our Electrical division is evident in the profit analysis, with the Electrical division's contribution up 30% for the six months to \$15.5m, which represents 80% of divisional profits.
- ⊕ By contrast, the Homewares division's contribution fell 39%, driven by a substantially weaker contribution from the USA, to \$3.9m, which represents 20% of divisional profits.
- ⊕ As noted earlier, new product development initiatives in the USA have delivered an upgraded and more innovative product offering for this year's Chicago Fair.

GROUP BALANCE SHEET COMMENTARY

- ⊕ Total funds employed increased from \$241m at December 2003 to \$266m at the half year.
- ⊕ The seasonality in the volume of sales during the Christmas trading period results in a higher level of working capital investment at the half year compared to year-end, which consequently results in negative operating cash flows for the half year. These negative cashflows reverse in the second half year.
- ⊕ Inventories are up on last year and in line with June 2004. The number of days inventory cover is being targeted for reduction.
- ⊕ Receivables peak to fund Christmas sales period in line with previous years. Cash received in second half will reduce debtors levels back to the traditionally lower June balance sheet levels.
- ⊕ Net debt to capital employed at 36.3% is in line with last year's comparative of 35.3%. Underlying EBITDA to net interest cover is 12.2 times.



INITIATIVES IN PLACE TO DELIVER SHAREHOLDER VALUE

- ⊕ Our commitment to innovative product development within our company owned brands has held us in good stead during tough trading conditions.
- ⊕ Our brands continue to grow in recognition and the Breville brand is gaining international acceptance as it drives product into key international markets.
- ⊕ Breville sales into North America are gaining momentum and should continue to be a source of future revenue growth.
- ⊕ New export customers for Breville designed product include retailers in Russia and France.



INITIATIVES IN PLACE TO DELIVER SHAREHOLDER VALUE cont

- ⊕ Product development initiatives in the Homewares business are geared towards strengthening future earnings, particularly in the USA.
- ⊕ Future international business growth will be underwritten through an increased R&D and marketing spend.
- ⊕ Operating expenses and capital employed are being targeted for savings to deliver improved profitability and return on capital employed ratios. This in turn, will drive the creation of additional shareholder value.



STRONG BRANDS - INNOVATIVE
PRODUCT

Breville

KAMBROOK

GOLDAIR



PHILIPS

RONSON



Baccarat



Pronto!

ARCOSTEEL

alex liddy



forum

LEIFHEIT



sabco

SOEHNLE

Peg-Pérego