



Techtronic Industries

2002 Annual Results



the **power** in **brands**

Results Highlights

	2002 HK\$ m	2001 HK\$ m	Changes
Turnover	9,493	6,101	+55.6%
Net profit	409	239	+71.2%
EPS basic (cents)	65.73	42.02	+56.4%
Dividend per share (cents)	16*	11.5	+39.1%
Tangible net worth per share (HK\$)	2.56	1.83	+39.8%

For the year ended 31 December

* Proposed final dividend: HK\$0.10

Agenda

- **Financial Review**

Mr. Frank Chan
Executive Director

- **Business Review**

Dr. Matthias Hartz
Corporate Controller

- **Outlook**

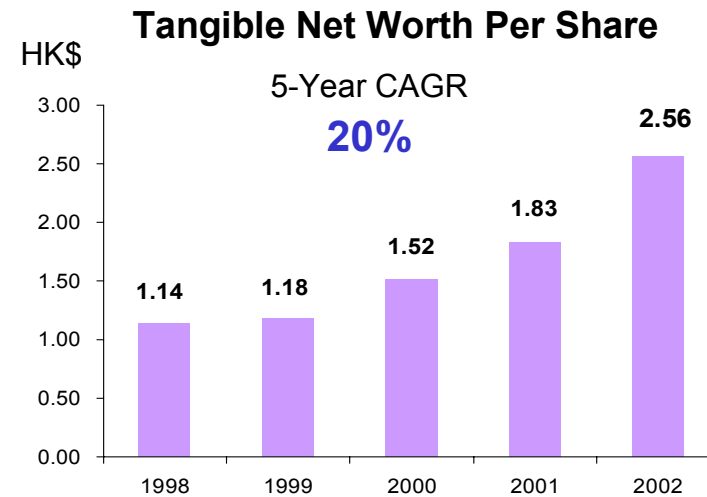
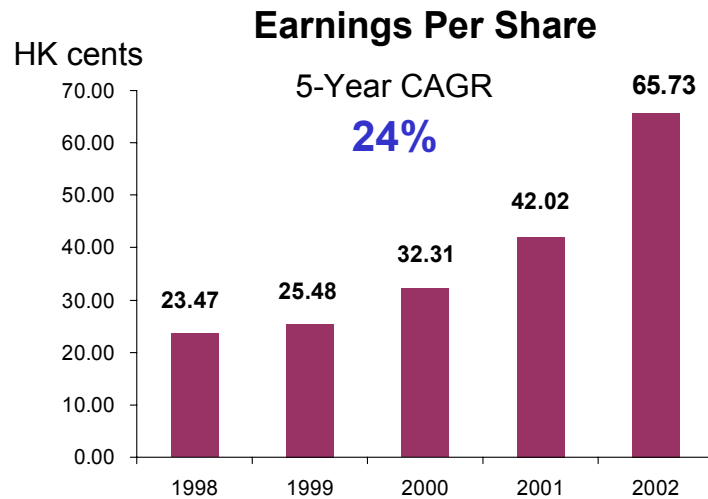
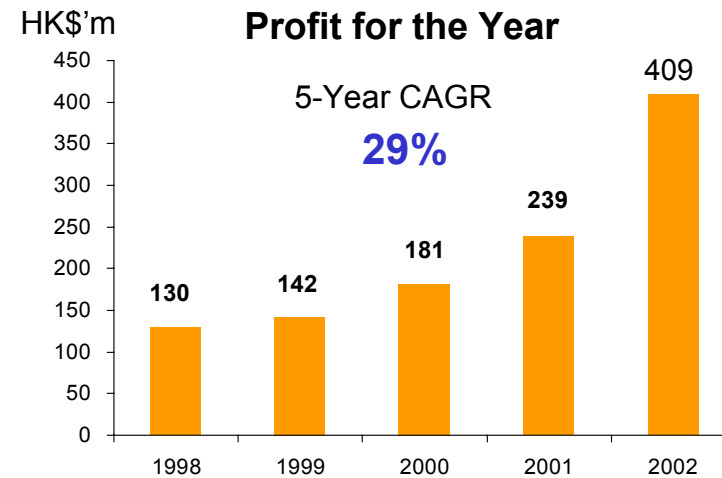
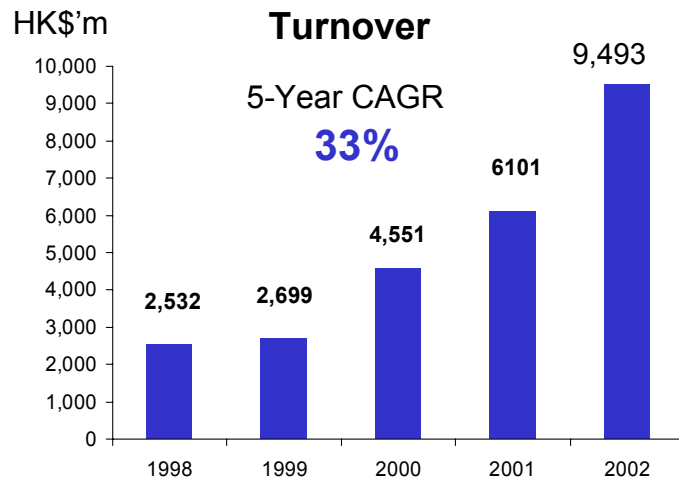
Mr. Horst Pudwill
Chairman & CEO

Financial Review

Mr. Frank Chan
Executive Director

Five Years Summary

For the years ended 31 December



Shareholder value creation

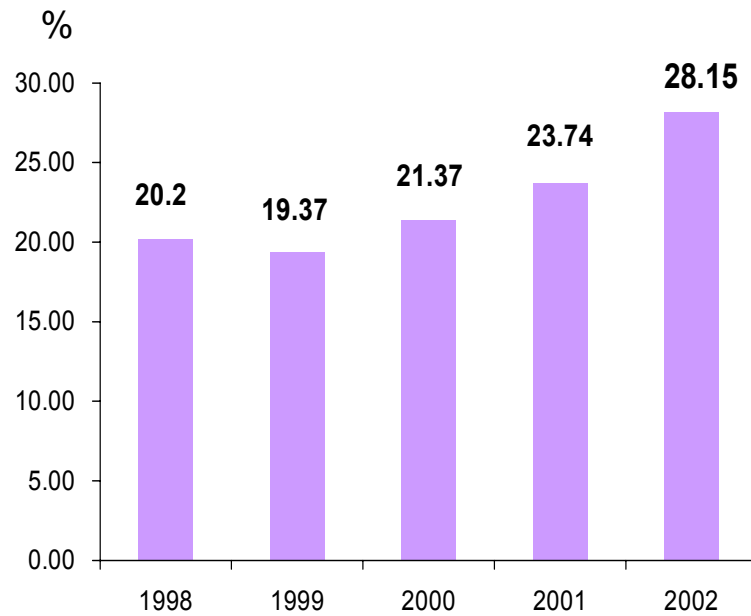


Techtronic Industries

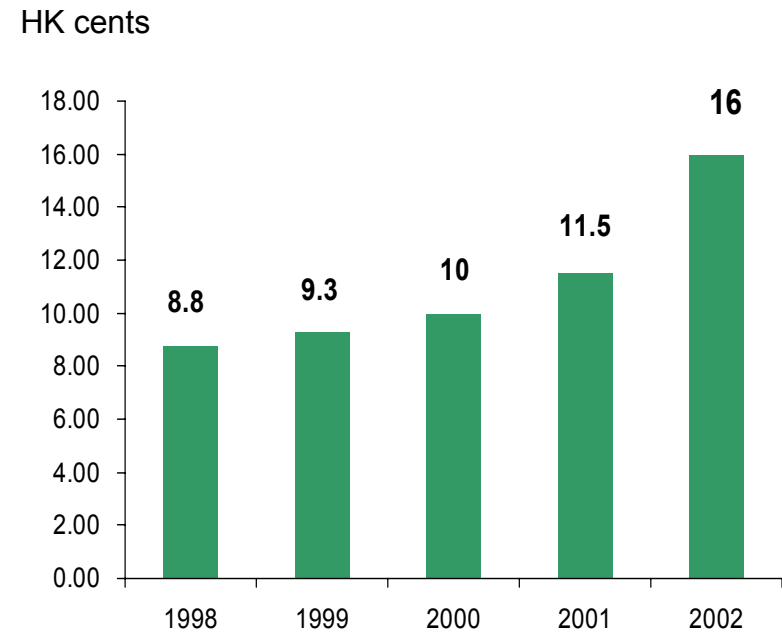
Five Years Summary

For the years ended 31 December

Return on Equity



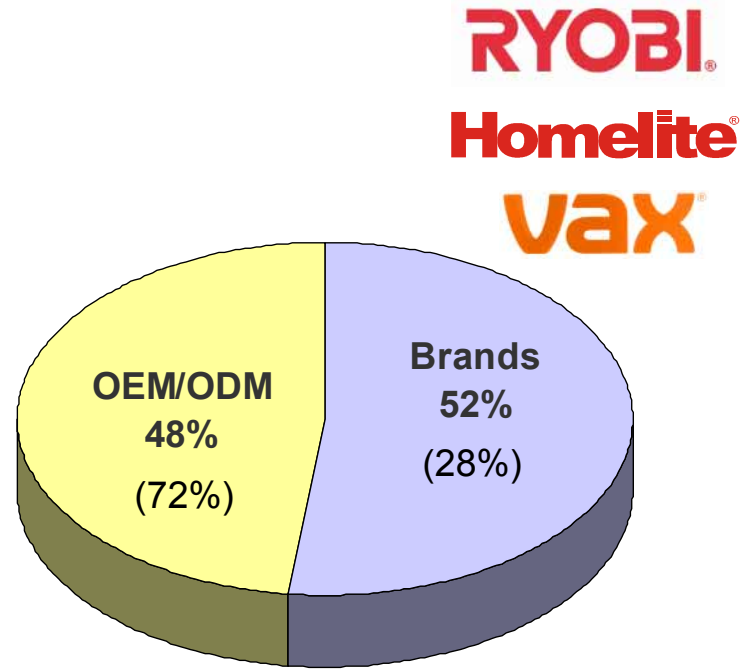
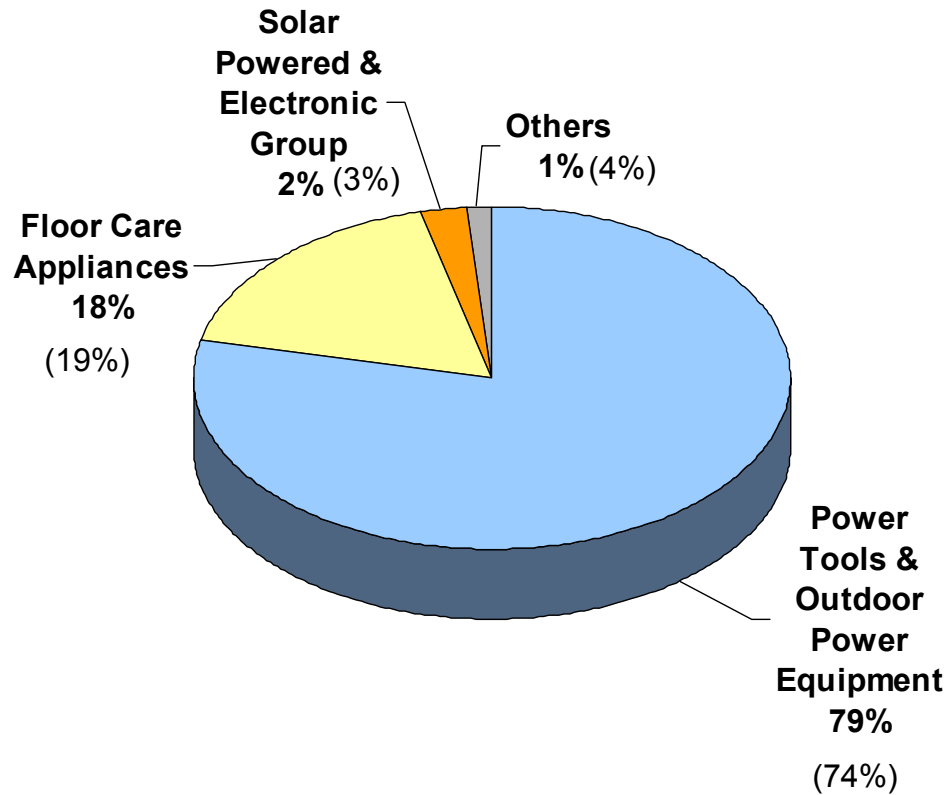
Dividend Per Share



Shareholder value creation

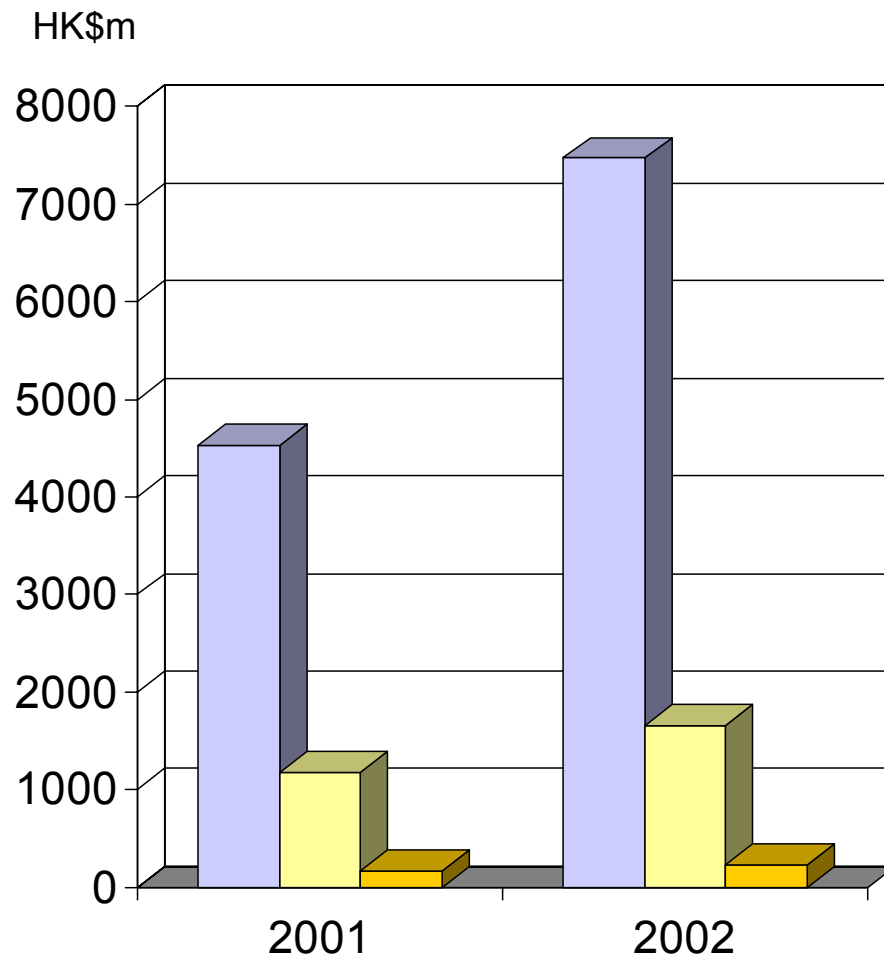


Turnover Analyses



For the year ended 31 December 2002, (2001)

Turnover Analysis – by product



For the year ended 31 December

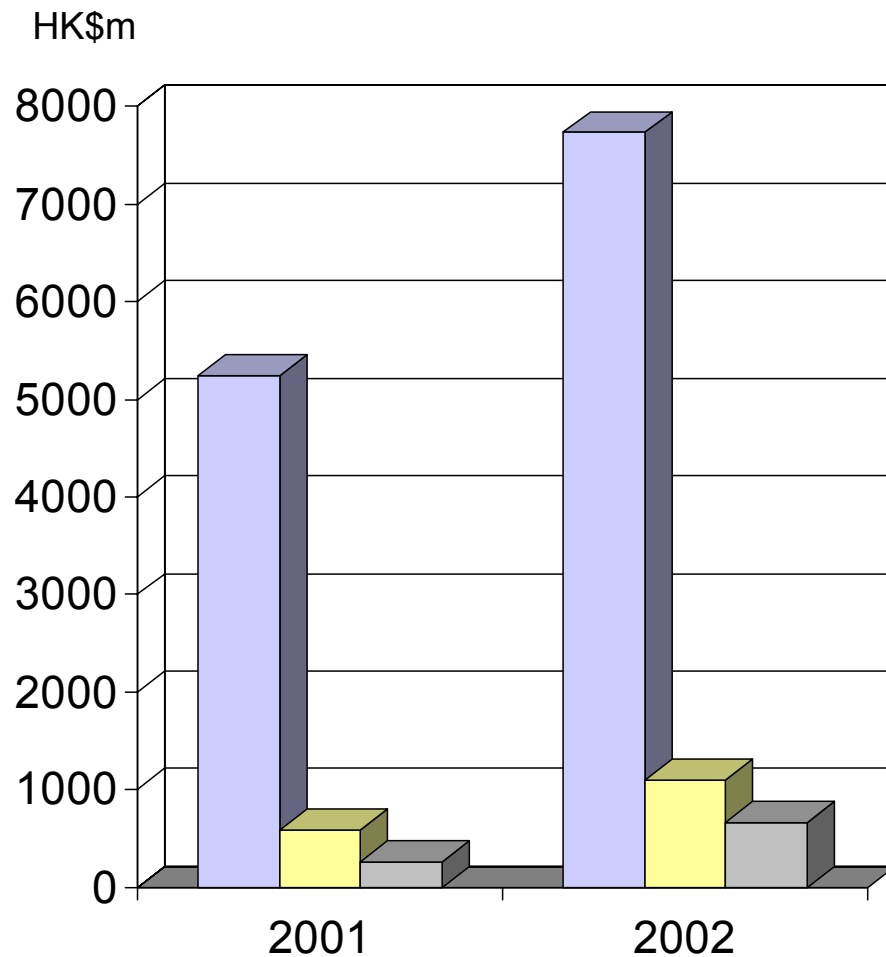
Turnover Growth

■ Power & Outdoor Products	+65.2%
■ Floor Care Appliances	+41.9%
■ Solar powered & Electronic Products	+38.7%



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Turnover Analysis – by Location



For the year ended 31 December 2002 (2001)

Turnover Growth

<p>■ North America 81.5% (86.0%)</p>	+47.3%
<p>■ Europe 11.5% (9.7%)</p>	+85.8%
<p>■ ROW 7.0% (4.3%)</p>	+152.3%

Results Analysis

	2002 HK\$'m	2001 HK\$'m	Changes
Turnover	9,493	6,101	+55.6%
Gross Profit	2,467	1,507	+63.7%
Gross Margin	26.0%	24.7%	+5.3%
Other Revenue	69	41	+67.2%
Operating Expenses	1,962	1,192	+64.5%
Operating Profit	575	356	+61.4%
Operating Margin	6.1%	5.8%	+5.2%
Net Profit	409	239	+71.2%
Net Profit Margin	4.3%	3.9%	+10.3%



Working Capital and Liquidity

	2002	2001
Stock turnover (days) ¹	46	50
Debtors turnover (days) ²	33	31
Creditors turnover (days) ³	(92)	(80)
Net debt/Tangible Assets	Net cash	54.9%
Earnings/Interest	7.8	4.4

1. Average inventory/sales x 365

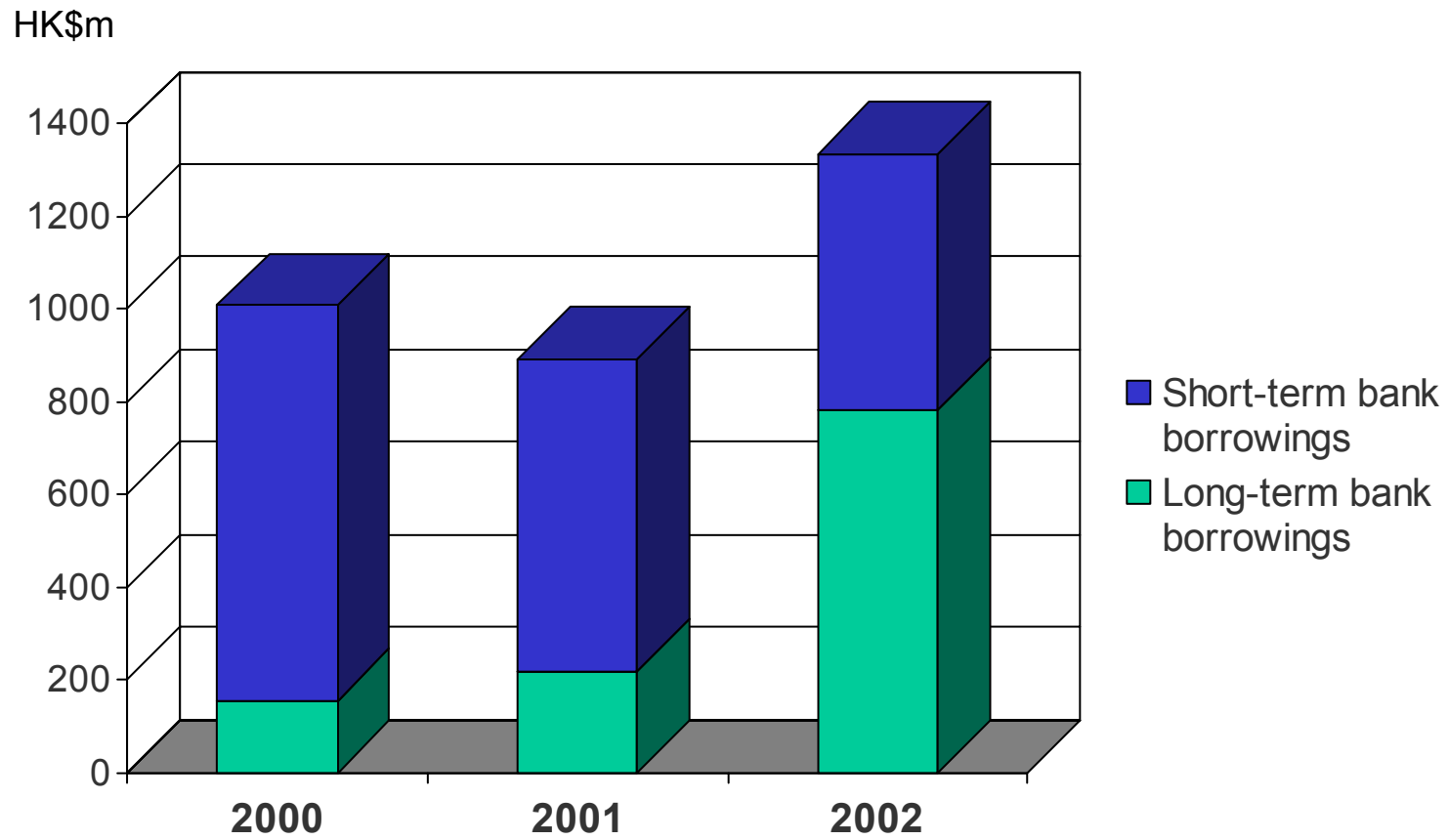
2. Average trade receivable/sales x 365

3. Average trade payables/sales x 365



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Borrowings Profile



Business Review

Dr. Matthias Hartz
Corporate Controller

2002 Market Environment

- **US**
 - Moderate growth, stable DIY market
- **Europe**
 - UK – stable economy
 - Continental Europe – soft economy
 - Appreciation of Euro – favorable to TTI
- **Australia**
 - Good economy – robust housing market

Power Tools and Outdoor Power Equipment



- Sales = HK\$ 7,470m +65.2%
- Strong Organic growth + Integration of Homelite (acquired Nov. 2001).
- Introduced over 150 new products
- Increased sale through, efficiency and services to customers and end users

Power Tools and Outdoor Power Equipment

■ RYOBI®

- US - sales increased by 66%, costs remained stable
- Very successful marketing strategy by advertising campaigns strongly increasing the brand recognition
- Return rates remained incredibly low despite growth
- Europe & ANZ – launched new products in 4Q successfully introducing TTI manufactured tools
- EU – rollout into various new markets started successfully.

Power Tools and Outdoor Power Equipment Outdoor Tools

■ **Homelite®**

- successful integration with TTI
- completed relocation of production from Mexico to PRC and US
- started clean engine production, increased QC
- introduced new dedicated after sales service team
- achieved targeted sales and profits

Floor Care Appliances

- Sales = HK\$1,662 m +41.9%
- Offer competitive, high quality manufacturing, + value-added services: new product concept & engineering supports
- Sales to majority customers increased
- Successful launch of a ground-breaking new OEM product (sales over 700,000 units in 2002)
- Strong cost control, increased shipping efficiency



Solar Powered Lighting and Electronic Measuring Products

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- Sales = HK\$227 m +38.7%
- Organic growth by strong demand in all product segments
- Balanced growth, product-wise and geographically
- Launch of new line of electronic hand held measuring tools
- Very strong cost control results in high growth profitability

Operations

■ Production & Development

- Transferred more production to PRC from Mexico and US (※ 85% in PRC)
- Expanded PRC production capacity by over 50% (capital expenditure: HK\$241m)
- Spent HK\$112m on R&D (2001: HK\$80m)

■ Sales and Logistic

- Expanded & upgraded *Ryobi* & *Homelite* customer services
- Installed a new warehouse management system
- Provide dedicated sales and supply chain management team to major retail customers
- Brand/Product advertising together with our partners up 5 times



Outlook

Mr. Horst Pudwill
Chairman & CEO

Outlook

Growth Drivers

- Expand power tool and outdoor power equipment product categories
- Continue to grow *Ryobi* and *Homelite's* market presence
- Integrate Royal business*, bring floor care business to over US\$500 m
- Continue to grow OEM/ODM business
- Continue to strengthen our management team

* Royal Acquisition is subject to approval by Royal's shareholders

Outlook

“Our vision is **to double our business** within the next three years.

Bringing our three core business: power tools, outdoor power equipment and floor care appliances to similar levels.

Giving us the manufacturing and brand impact

to propel TTI to market leadership.”

Thank You



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