



[For Immediate Release]

**TTI 2005 Achieves Record Turnover and Profit**  
\* \* \*  
**Branded Business Delivers Double-digit Growth**

**Results Highlights**

*For the year ended 31st December*

	<u>2005</u>	<u>2004</u>	<u>Changes (%)</u>
Turnover (HK\$m)	<b>22,358</b>	16,304	37.1
Gross profit (HK\$m)	<b>6,942</b>	4,941	40.5
Net profit (HK\$m)	<b>1,019</b>	926	10.0
EPS, basic (HK cents)	<b>73.53</b>	69.28	6.1
DPS, final (HK cents)	<b>12.6</b>	12.5	0.8
DPS, total (HK cents)	<b>18.6</b>	17.0	9.4
Gross profit margin (%)	<b>31.1</b>	30.3	
Profit margin (%)	<b>4.6</b>	5.7	

(HONG KONG, 12<sup>th</sup> April 2006) – **Techtronic Industries Co. Ltd.** (“TTI”) (HKEx stock code: 669, ADR symbol: TTNDY) today announced its annual turnover of HK\$22.36 billion for the year ended 31<sup>st</sup> December 2005, representing 37.1% growth over last year. Net profit grew 10% to HK\$1,019 million though acquisition restructuring and acquisition related interest expenses had negative impact on margins. Basic earnings per share increased 6.1%% to HK73.53 cents (2004: HK69.28 cents). The Directors have recommended the payment of a final dividend of HK12.6 cents.

**Mr. Horst Julius Pudwill, Chairman and CEO of TTI** said, “2005 was another record year for the Group. Our primary brands delivered double-digit organic growth and our gross profit margin improved to 31.0% from 30.3% in 2004, despite rising material costs. Milwaukee® and AEG® allowed geographic expansion beyond our core and delivered double-digit organic sales expansion and profit contribution to the Group. TTI is well positioned in both the industrial / professional and consumer DIY markets.”

Moving forward, ongoing streamlining of operations, relocation of production to low cost manufacturing base and increased outsourcing are expected to deliver further cost savings to the

Group. Its unique ability in production innovation, maximizing operational efficiencies and marketing is what set it apart from its competitors.

Commenting on the future, Mr. Pudwill said, “Our strategies of building leading brands and powerful customer partnerships, and to innovate and strive for global operational efficiencies has provided the platform for us to achieve core business growth. The new products we introduced in the second half of 2005 and the array of innovative products to be introduced in this year will brace our turnover growth in 2006.”

## **Review of operation**

### **Power Equipment Products**

The Power Equipment Products business delivered record turnover, a 49.1% growth to HK\$17.18 billion, accounting for 76.8% of the Group total. Operating profits grew 35.9% to HK\$1,237 million. The robust growth was driven by the double-digit organic growth of both its existing brands and acquired brands, despite the slower OEM and private label businesses.

TTI continues to demonstrate its leadership in product innovation – the Milwaukee®'s V28™ lithium-ion power tools, the RIDGID®'s best-in-class professional pneumatic fastening tools, Ryobi® branded gasoline high-pressure washer which were launched during the year are just a few examples.

Milwaukee®, AEG® and Ryobi® are global brands with strong presence in most of the Group's important markets. Going forward, we will see the positive impact of the acquisition of Milwaukee® and AEG® professional power tools and the scale benefits on its operations.

### **Floor Care Appliances**

The Floor Care Appliances business delivered solid brand performance in the competitive environment of North America. Turnover increased 11.0% to HK\$4.53 billion, accounting for 20.2% of the Group total. Operating profits had a marginal decrease of 0.7% to HK\$200 million due to material cost pressures and weak OEM demand in the second half year, while the Group was strategically shifting its focus onto its own brands.

TTI's own branded business continues to assure stronger market position and delivered value to customers in both North America and Europe. In North America, Dirt Devil® is a leading brand and

its presence grew in all the floor care product categories in 2005. Showing its strength as a global brand, it continues to be a leading brand in Germany and is extending its reach across Europe. Vax® is a leading brand and made significant inroads in the UK and Australian markets. In the UK, it has moved up to number two position. The OEM side of this business is experiencing a shift in customer base in 2006 and is expected to rebound in 2007 as the Group is launching new programs with complementary customers.

### **Laser and Electronic Products**

The Laser and Electronic Products business improved its profit margin through cost reduction efforts despite a 6.5% drop in turnover to HK\$656 million, accounting for 2.9% of the Group total. Operating profits were down 4.6% to HK\$139 million. This division experienced a difficult second half due to keen competition in both the laser measurement and solar light markets. In face of a tough outlook, focus of the business will remain on delivering unique, solution-driven products and continue to invest in enhancing its manufacturing expertise.

***The text of the announcement and results presentation are available at [www.ttigroup.com](http://www.ttigroup.com)***

### **About TTI**

Founded in 1985, TTI is a world-class supplier of superior home improvement and construction tools with a powerful portfolio of trusted brands and a strong commitment to innovation and quality. The portfolio that TTI offers includes a full line of power equipment products, floor care appliances, laser and electronic products. Our brands include Milwaukee®, AEG® and Ryobi® power tools and accessories, Ryobi® and Homelite® outdoor power equipment and Royal® Dirt Devil®, Regina® and Vax® floor care appliances.

TTI is one of the constituent stocks on the Hang Seng HK MidCap Index under the Hang Seng Composite Index, the MSCI Hong Kong Index, the FTSE All-World Hong Kong Index, the FTSE/Hang Seng Asian Cyclical Index and the Dow Jones Hong Kong Titans 30. For more information, please visit [www.ttigroup.com](http://www.ttigroup.com).

Remarks:

RIDGID® is a registered trademark of Ridgid, Inc., part of Emerson Professional Tools, a business of St. Louis-based Emerson (NYSE: EMR). The orange color used on this product and the combination of orange and grey are trademarks for RIDGID® brand power tools.

The use of the trademark Ryobi® is pursuant to a license granted by Ryobi Limited.

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## RESULTS SUMMARY

### CONSOLIDATED INCOME STATEMENT

For the year ended 31<sup>st</sup> December, 2005 (audited)

	2005 HK\$' 000	2004 HK\$' 000	2005 US\$'000	2004 US\$' 000
	(As restated)		(As restated)	
Turnover	22,358,387	16,304,140	2,866,460	2,090,274
Cost of sales	(15,416,176)	(11,363,394)	(1,976,433)	(1,456,845)
Gross profit	6,942,211	4,940,746	890,027	633,429
Other income	46,630	39,688	5,978	5,088
Interest income	60,368	52,772	7,739	6,766
Selling, distribution, advertising and warranty expenses	(2,537,555)	(1,916,812)	(325,328)	(245,745)
Administrative expenses	(2,443,035)	(1,551,024)	(313,208)	(198,850)
Research and development costs	(492,234)	(338,962)	(63,107)	(43,457)
Finance costs	(353,041)	(150,064)	(45,262)	(19,239)
Profit before share of results of associates and taxation	1,223,344	1,076,344	156,839	137,992
Share of results of associates	(6,463)	(845)	(829)	(108)
Profit before taxation	1,216,881	1,075,499	156,010	137,884
Taxation	(157,714)	(108,829)	(20,220)	(13,952)
Profit for the year	<u>1,059,167</u>	<u>966,670</u>	<u>135,790</u>	<u>123,932</u>
Attributable to:				
Equity holders of the parent	1,018,984	926,356	130,638	118,764
Minority interests	40,183	40,314	5,152	5,168
	<u>1,059,167</u>	<u>966,670</u>	<u>135,790</u>	<u>123,932</u>
Dividends paid	<u>251,469</u>	<u>178,998</u>	<u>32,240</u>	<u>22,948</u>
Earnings per share (HK / US cents)				
Basic	<u>73.53</u>	<u>69.28</u>	<u>9.43</u>	<u>8.88</u>
Diluted	<u>69.75</u>	<u>66.87</u>	<u>8.94</u>	<u>8.57</u>

## CONSOLIDATED BALANCE SHEET

For the year ended 31<sup>st</sup> December, 2005 (audited)

	2005 HK\$' 000	2004 HK\$' 000 (As restated)	2005 US\$' 000	2004 US\$' 000 (As restated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1,755,025	879,846	225,003	112,801
Lease prepayment	65,829	4,772	8,440	612
Goodwill	3,943,935	653,504	505,633	83,783
Negative goodwill	-	(28,868)	-	(3,701)
Intangible assets	1,461,453	232,881	187,366	29,857
Interests in associates	189,453	160,442	24,289	20,569
Available-for-sale investments	13,363	-	1,713	-
Investments in securities	-	27,193	-	3,486
Deferred tax assets	646,758	329,711	82,918	42,271
Other assets	2,195	1,195	281	153
	<b>8,078,011</b>	<b>2,260,676</b>	<b>1,035,643</b>	<b>289,831</b>
<b>Current assets</b>				
Inventories	3,971,216	2,787,059	509,130	357,315
Trade and other receivables	3,265,355	2,762,156	418,635	354,123
Deposits and prepayments	513,062	382,421	65,777	49,028
Bills receivable	431,121	256,836	55,272	32,928
Tax recoverable	68,544	872	8,788	112
Trade receivables from associates	1,310	1,247	168	160
Bank balances, deposits and cash	4,046,122	5,452,057	518,734	698,982
	<b>12,296,730</b>	<b>11,642,648</b>	<b>1,576,504</b>	<b>1,492,648</b>
<b>Current liabilities</b>				
Trade and other payables	3,590,699	2,885,506	460,346	369,937
Bills payable	550,964	510,144	70,636	65,403
Warranty provision	338,211	241,375	43,360	30,946
Trade payable to an associate	21,946	21,593	2,814	2,768
Tax payable	116,624	105,092	14,952	13,473
Obligations under finance leases - due within one year	18,107	6,266	2,321	803
Discounted bills with recourse	2,101,171	3,208,964	269,381	411,406
Unsecured borrowings - due within one year	673,277	840,450	86,317	107,750
	<b>7,410,999</b>	<b>7,819,390</b>	<b>950,127</b>	<b>1,002,486</b>
Net current assets	4,885,731	3,823,258	626,377	490,162
Total assets less current liabilities	12,963,742	6,083,934	1,662,020	779,993

CONSOLIDATED BALANCE SHEET – cont' d  
 For the year ended 31<sup>st</sup> December, 2005 (audited)

	2005 HK\$' 000	2004 HK\$' 000 (As restated)	2005 US\$' 000	2004 US\$' 000 (As restated)
<b>CAPITAL AND RESERVES</b>				
Share capital	146,172	135,230	18,740	17,337
Reserves	5,966,167	3,318,586	764,895	425,461
Equity attributable to equity holders of the parent	6,112,339	3,453,816	783,635	442,798
Minority interests	120,670	82,032	15,471	10,517
Total equity	6,233,009	3,535,848	799,106	453,315
<b>NON-CURRENT LIABILITIES</b>				
Obligations under finance leases - due after one year	125,467	8,989	16,086	1,152
Convertible bonds	1,078,307	1,051,257	138,244	134,777
Unsecured borrowings - due after one year	4,225,411	1,446,292	541,719	185,422
Retirement benefit obligations	786,337	-	100,812	-
Deferred tax liabilities	515,211	41,548	66,053	5,327
	6,730,733	2,548,086	862,914	326,678
	12,963,742	6,083,934	1,662,020	779,993

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