

CHIEF EXECUTIVE OFFICER'S STRATEGIC REVIEW



A Bold Vision Driven by a Powerful Strategic Roadmap

TTI has a powerful strategy and a disciplined process to ensure we deliver outstanding performance in any economic environment and across all geographic regions. Our vision is to become the global leader in each of our strategic businesses through the deployment of Powerful Brands, Innovative Products, Operational Excellence and Exceptional People. Over the past few years we have raised the level of performance at TTI by focusing on executing our Strategic Roadmap. The record results in 2012 and our accomplishments over the last three years demonstrate that we are on the right path. We have achieved our record performance by consistently delivering strong organic growth. We have also increased free cash flow while strengthening our balance sheet with efficient use of working capital.

Our Strategic Roadmap focuses on five key initiatives. We are pleased to report significant progress in each of them.

Drive Sales Growth

Based on a combination of our powerful brands and a commitment to product innovation.

Group sales have powered to a 3 year compounded annual growth rate (CAGR) of 7.8% through the successful introduction of new products and geographic expansion across our brand portfolio.

Gross Margin Enhancement

By launching margin enhancing new products and driving lower costs through comprehensive productivity improvement programs.

Our continuous improvement programs in manufacturing productivity, product re-engineering and global purchasing are the foundation for our 3 year CAGR of 10.3% in gross margin dollars that translates into an impressive 130 basis point improvement in gross margin.

Organizational Development

Creating the strongest management team in the industry by combining leading industry talents and actively developing our own human capital.

Our Leadership Development Program (LDP) has proven a highly successful method of developing the next generation of leaders for our globally expanding businesses. Our LDP program has hired over 800 high-potential graduates from more than 50 top universities, with over one third being promoted at least twice.

Operating Cycle Development

Deploying a disciplined and robust review cycle to guide everything from new product innovation and manufacturing productivity to monthly financial reporting across our global organization.

For example, we use a Performance Scorecard process which measures and drives improvements in the supply chain. This has a strong positive impact on our key suppliers by reducing costs, improving quality, and strengthening the mutually beneficial relationships that underpin long-term success.

Generate Free Cash Flow

By improving our working capital management and ensuring the most efficient use of CAPEX in our businesses.

We have driven free cash flow to a record high in 2012 and reduced working capital as a percentage of sales to a very efficient 16.2%, a tremendous improvement from the 2009 level of 20.9%.

What is really exciting here at TTI is that we are just getting started. The next three years will require even more aggressive initiatives to deliver further sales growth, market share gains and better financial performance. With our brands, product platforms, organizational structure and processes already in place, we have a solid foundation from which to unleash the next level of expansion. The industries in which we compete offer opportunities to drive deeper and broader in all product categories, enter closely aligned businesses and continue to expand geographically with our key brands.

At TTI we believe that we still have vast potential for growth.

An outstanding team is in place and our vision is clear. I am pleased with the results we have achieved over the past three years. We are poised to achieve even higher levels of success in the years ahead. Our visionary Chairman, Mr Horst Pudwill, has challenged us to be Number One in our markets. This bold vision is driven by a powerful strategic roadmap and a track record of exceeding expectations.

I would like to express my sincere appreciation to all our shareholders, customers, suppliers and the dedicated TTI team for making 2012 another record year.



Joseph Galli Jr
Chief Executive Officer
March 21, 2013

