

Record Sales

Record Profits

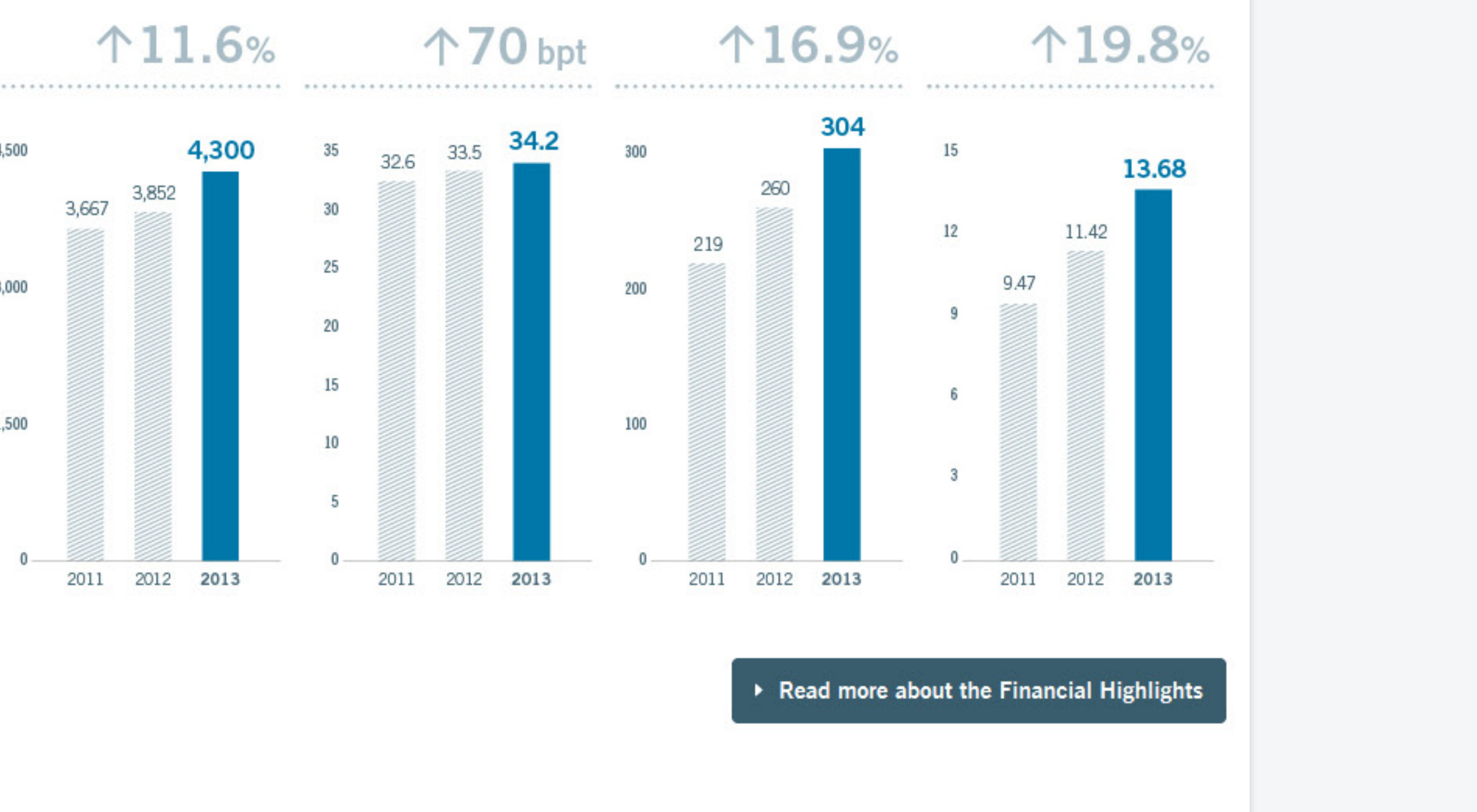
Record Free Cash Flow

- ▶ Sales grew 11.6% to a record USD4.3 billion
- ▶ Gross profit expanded 14.2% with a record margin of 34.2%
- ▶ Net profit increased to USD250 million, growing 24.5%
- ▶ Another strong year delivering free cash flow of USD332 million
- ▶ Working capital improved to 13.9% of sales
- ▶ Gearing improved and was lowered from 25.8% to 10.6%

- FINANCIAL HIGHLIGHTS**
- CHAIRMAN'S STATEMENT
- CHIEF EXECUTIVE OFFICER'S STRATEGIC REVIEW
- POWER EQUIPMENT, ACCESSORIES AND HAND TOOLS OVERVIEW
- FLOOR CARE AND APPLIANCES OVERVIEW
- DOWNLOADS

Financial Highlights

	2013 USDm	2012 USDm	Changes
Turnover	4,300	3,852	+11.6%
Gross profit margin	34.2%	33.5%	+70 bpt
EBIT	304	260	+16.9%
Profit attributable to Owners of the Company	250	201	+24.5%
Basic earnings per share (US cents)	13.68	11.42	+19.8%
Dividend per share (approx. US cents)	3.06	2.25	+35.7%



Chairman's Statement

“ TTI delivered another record year for sales, gross margin and profit in 2013. We are excited about our positive momentum and are well positioned to build on our record financial performance through our continued commitment to innovation and superior products. ”

I am pleased to announce that TTI delivered another year of record sales, gross margin, and profit in 2013, building on our strong 2012 performance. We achieved a number of financial milestones:

- Sales grew 11.6% to a record USD4.3 billion
- All business segments and geographic regions delivered strong growth
- Gross profit expanded 14.2% with a record margin of 34.2%
- Net profit increased to USD250 million, growing 24.5%
- Working capital improved to 13.9% of sales
- Another strong year delivering free cash flow of USD332 million

A disciplined focus on our key strategic drivers is reflected in our financial performance and validates that our strategy is working. These four strategic drivers, having powerful brands, developing innovative products, building a strong company culture through exceptional people, and pursuing operational excellence, are precisely what we will do to continue delivering outstanding results.

Record Financial Performance

Sales for the year ended December 31, 2013 increased 11.6% over 2012 to USD4.3 billion as we continued investing in new products and driving organic growth. Sales of our largest business segments, Power Equipment, rose by 9.8% to USD3.1 billion, accounting for 73.1% of total sales, against 74.4% in 2012. Floor Care and Appliance had a strong year on sales growth of 17.0% over 2012 to USD1.2 billion. We delivered double digit sales growth in all geographic regions. The acquisition of the powerful ORECK® brand in the second half of 2013 further strengthened our global floor care portfolio and expanded our offering in the commercial and premium market segments.

Our gross profit margin improved for the fifth consecutive year to 34.2% from 33.5% last year through the introduction of new products coupled with further productivity gains in our operations and sourcing. Cost improvement programs across our global operations delivered significant savings in purchasing, supply chain, value engineering, and manufacturing. In addition, we continue to invest in automation and lean manufacturing initiatives to improve both labor efficiency and overall productivity.

Earnings in 2013, before interest and taxes, increased by 16.9% to USD304 million, with the margin improving by 30 basis points to 7.1%. We increased our strategic spending on research and development (R&D) to deliver our innovative new product road map across all categories and on marketing to successfully launch the new products. Our solid operational performance drove shareholders' profits to rise by 24.5% to USD250 million, with earnings per share increasing by 19.8% over 2012 to US13.68 cents. The higher sales and operational efficiency drove positive free cash flow to a record USD332 million. We continued to improve the management of our working capital and lowered our gearing, reducing it from 25.8% at the end of 2012, to 10.6% in 2013.

[Read more about the Chairman's Statement](#)

Chief Executive Officer's Strategic Review

At TTI we are highly focused on our strategic drivers: powerful brands, innovative products, exceptional people, and operational excellence. These are the keys to our continued growth and success. This strategic foundation is driving our business to record levels by empowering our people to create cutting edge products. It is our innovative technology in breakthrough new products like the MILWAUKEE® FUEL® line that are transforming the power tool industry. Our relentless focus on applying Lithium cordless technology to new categories in power tools, outdoor products, and floor care are revolutionizing these businesses. Our management team is committed to continue to tap the full potential of our business. We refuse to settle for anything less than being the best.

New Product Machine

Our new product development system is a rigorous process that ensures high quality, game changing, and innovative products. We are producing a continuous stream of new products that excite end-users, overwhelm the competition, and change the respective industries. TTI invests heavily in product development and 2013 was no exception with research and development (R&D) spending up 34.7% to 2.5% of sales, a very sustainable level for us.

[Read more about the Chief Executive Officer's Strategic Review](#)

Power Equipment, Accessories and Hand Tools Overview

Sales by Business

73.1%

Power Equipment, Accessories and Hand Tools

26.9%

Floor Care and Appliances

The Power Equipment business is our largest division and consists of power tools, hand tools, outdoor products and accessories. In 2013, sales in this business rose by 9.8% to a record USD3.1 billion. We delivered growth in all geographic markets and reported strong results in our industrial division. The business accounted for 73.1% of Group turnover, against 74.4% in 2012. Earnings grew 14.2% to USD261 million on new products, operational efficiency, and supply chain productivity.

Industrial Professional Consumer & Trade

Hand Tools

Outdoor

[Read more about the Power Equipment, Accessories and Hand Tools Overview](#)

Floor Care and Appliances Overview

Sales by Business

26.9%

Floor Care and Appliances

73.1%

Power Equipment, Accessories and Hand Tools

Floor Care and Appliances had a successful year. The business realigned its cost base to increase efficiencies, and invested significantly in product development and marketing. The result was a significant increase in sales and margin improvement. We generated sales growth of 17.0% over 2012 to USD1.2 billion with double digit growth in all geographic markets. Profitability moved higher on positive contributions from new product launches, the reorganization of our operations, and cost improvements. The business accounted for 26.9% of group turnover against 25.6% in 2012.

Premium Cleaning

Commercial

High-Performance

Consumer

[Read more about the Floor Care and Appliances Overview](#)

Downloads

Full Report (PDF)

[Download full report](#)

Sections (PDF)

Financial Highlights

- [Financial Highlights](#)

Executive Summary

- [Chairman's Statement](#)
- [Chief Executive Officer's Strategic Review](#)
- [Power Equipment, Accessories and Hand Tools Overview](#)
- [Power Equipment, Accessories and Hand Tools](#)
- [Floor Care and Appliances Overview](#)
- [Floor Care and Appliances](#)

MD&A and Governance

- [Board of Directors](#)
- [Management's Discussion and Analysis](#)
- [Corporate Governance Report](#)
- [Report of the Directors](#)

Financials

- [Financial Summary](#)
- [Independent Auditor's Report](#)
- [Consolidated Statement of Profit or Loss and Other Comprehensive Income](#)
- [Consolidated Statement of Financial Position](#)
- [Statement of Financial Position](#)
- [Consolidated Statement of Changes in Equity](#)
- [Consolidated Statement of Cash Flow](#)
- [Notes to the Consolidated Financial Statements](#)

Corporate Information