

Chairman's Statement



2014 was another record year for TTI. Our focus on product innovation and execution allows us to deliver consistently strong results and will continue to drive our future success.

TTI had an outstanding year in 2014, and I am delighted to report record sales, gross margin, and profit, building on our stellar history of continuous growth.

At TTI our disciplined focus on four key strategic drivers of powerful brands, innovative products, exceptional people, and operational excellence allows us to deliver consistent outstanding results across our business units and geographic regions.

The financial highlights of 2014 include:

- Sales increased 10.5% to a record US\$4.8 billion
- Our high margin Milwaukee Industrial Tool business grew 22.2% globally, delivering a 3 year CAGR +20%
- Growth in all geographic regions
- Gross profit margin expanded 100 basis points
- Net profit increased 20.0% for the year, delivering double digit growth for seven consecutive years
- Efficient working capital management at 14.6% of sales

Record Sales and Profit

Sales for the year ended December 31, 2014 increased 10.5% over 2013 to US\$4.8 billion driven by aggressive new product introductions and demand creation. Sales rose significantly in all key regions demonstrating the strength of our brands and new product development process. Our largest business unit, Power Equipment, had an exceptional year with sales growth of 13.0% to US\$3.6 billion, accounting for 74.7% of total sales, and improved operating profit by 16.7% compared to 2013. Our Floor Care and Appliances business grew sales 3.8% to US\$1.2 billion with operating profit expanding 15.4% from last year. The successful integration of the ORECK brand has strengthened our position in the North American premium floor care market.

Gross profit margin improved for the sixth consecutive year. Volume growth, operational leverage, productivity and new

products expanded gross margin to 35.2% from 34.2% last year. Cost improvement initiatives across our global operations delivered significant savings in purchasing, supply chain, value engineering, and manufacturing. We continue to invest in automation and lean manufacturing driving both labor efficiency and overall productivity.

Earnings before interest and taxes, increased by 15.4% to US\$351 million, with the margin improving by 30 basis points to 7.4%. We continued to invest in research and development to drive innovation, technology and new product development. This core strength is a competitive advantage in driving TTI's success. Shareholders' profits have risen by 20.0% to US\$300 million, with earnings per share increasing by 20.0% over 2013 to US16.41 cents. Working capital as a percent of sales remains low at 14.6% with our gearing further improved to 10.0%.

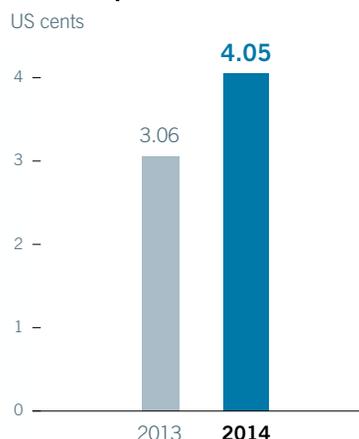
The Board is recommending a final dividend of HK19.00 cents (approximately US2.45 cents) per share. Together, with the interim dividend of HK12.50 cents (approximately US1.61 cents) per share, this will result in a full-year dividend of HK31.50 cents (approximately US4.05 cents) per share, against HK23.75 cents (approximately US3.06 cents) per share in 2013, an increase of 32.6%

Lithium Cordless Leadership

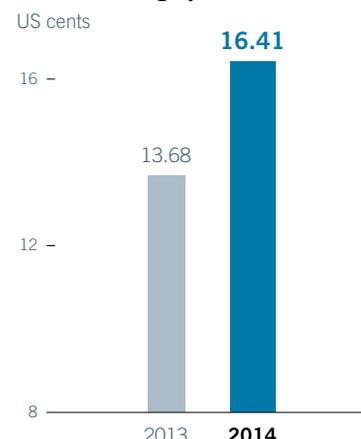
Through ongoing strategic investment in R&D, we continue to create break-through technology, expanding lithium cordless platforms and delivering broad-based end-user focused product ranges. We are at the forefront of the shift to lithium cordless products in the industrial and consumer tool, outdoor products and floor care segments.

MILWAUKEE had another strong year in 2014, delivering 22.2% growth in the global industrial tool market. New products powered by the M18 and M12 lithium cordless systems are keys to our growth strategy. The technologically advanced M18 FUEL and

Dividend per Share



Basic Earnings per Share



M12 FUEL ranges are the first industrial grade cordless power tools with true corded power tool performance. MILWAUKEE is leading the way in the corded-to-cordless transformation in the power tool industry.

The RYOBI ONE+ system has the broadest range of lithium cordless products in the consumer power tool and outdoor products segment. Our technology in lithium cordless has extended to the RYOBI 40V lithium cordless range of outdoor products. We continue to add to this exciting platform, offering users the power and run time of gas, but with the benefits of lithium. RYOBI ONE+ system is the number one DIY line of tools in the world.

We are driving the cordless transition in the consumer floor care market with the introduction of our first-to-market HOOVER and VAX lithium full size upright vacuums. We will continue with our innovation in cordless with exciting new products as we expand into new areas of cleaning.

Growth through Innovation

Hand tools continue to be a key strategic focus. Our portfolio of highly regarded hand tool brands, including the MILWAUKEE, STILETTO and HART professional products, has been further expanded with the acquisitions of the INDEX and EMPIRE businesses into measurement and layout categories. RYOBI PHONE WORKS is an exciting innovation which combines pro quality measuring tools with smart phone technology providing a better way to manage home improvement projects. The accessory business grew with broad-based innovation, such as the revolutionary jam-free step drill bit under MILWAUKEE and the integration of the world class KOTTMANN SDS chisel bits.

Driving Operational Productivity

Quality and continuous improvement systems are well established across all businesses with structured programs in place to drive out costs and produce high quality products. Our key initiatives in lean manufacturing, global purchasing, and value engineering

are delivering efficiencies, reducing lead-times and improving quality and service levels. We counteracted inflationary pressures in our operations, expanded gross margin and increased our manufacturing output through the same footprint. This commitment to operational excellence and continuous improvement keeps TTI on the leading edge of its industries. Sales grew at 10.5% with headcount expanding only 7.1%, reflecting outstanding productivity progress.

Exciting Outlook

With advancements in our RYOBI ONE+ system and MILWAUKEE M12, M18 and FUEL platforms, we are entering 2015 with the strongest product lineup ever. The expanding demand for our high performance RYOBI 40V lithium outdoor products and HOOVER and VAX lithium vacuums is quickly disrupting traditional markets. We are also excited about the RYOBI PHONE WORKS program as well as further expanding our hand tool and accessory product ranges for 2015.

I would like to thank our customers, suppliers and employees for an incredible year in 2014 which saw demand for TTI products reach an all-time high. Our dedicated, skilled and passionate teams across the globe are enabling us to continuously achieve superb results. We are grateful to our board of directors for their ongoing strategic contributions and direction. Our success is truly the result of a dedicated team effort.

Horst Julius Pudwill

Chairman
March 18, 2015