

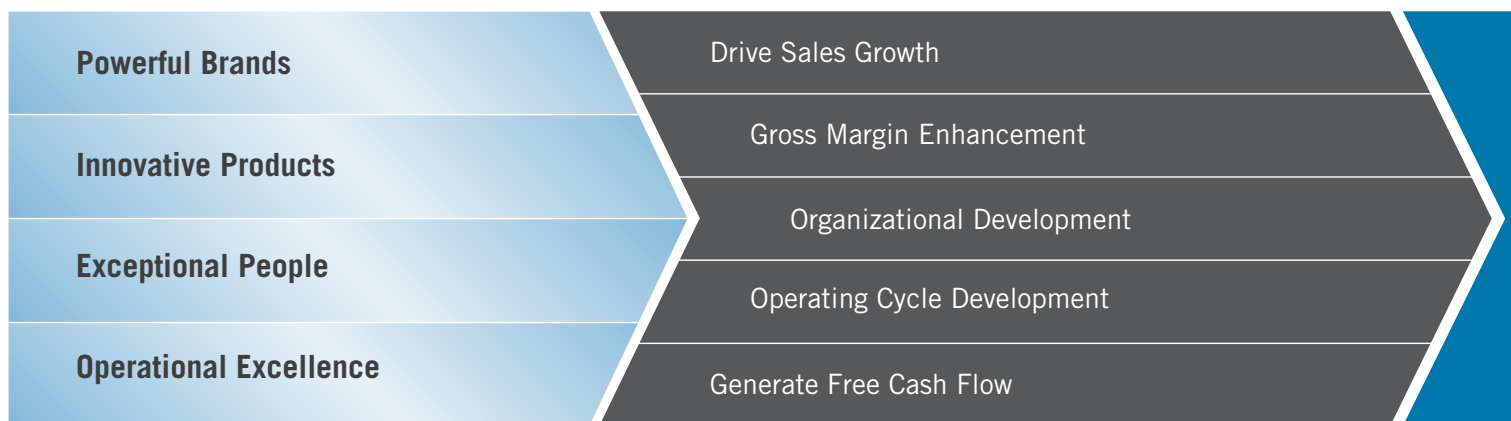
MANAGEMENT'S DISCUSSION AND ANALYSIS

TTI delivered record sales, profit and gross margin for the period. This exceptional performance was driven by a continuous flow of innovative new product introductions, category expansion, product mix and a relentless focus on operational efficiency.

- ▶ **Record sales and profit**
- ▶ **Gross margin improvement**
- ▶ **Strong balance sheet**

STRATEGIC DRIVERS

STRATEGIC ROADMAP



Record Sales and Profit

In the first half of 2013, the Group's net profit attributable to shareholders reached USD118 million, a 22.0% increase over the first half of 2012. Basic earnings per share was US6.43 cents, 13.0% higher than the same period last year. Group sales rose by 10.1% over the six months to USD2.0 billion. Strong sales growth in the Group's core businesses was achieved across all key regions including North America, Europe, Australia/New Zealand. We are particularly pleased with the Group's performance in Europe where we achieved high single-digit growth in a soft market.

Our balance sheet remains strong with solid improvements in gearing and working capital as a percentage of sales when compared to the same period in 2012.

Margin Improvements

Gross margin increased for the sixth consecutive period, to 34.0%. The improvement in gross margin was driven by

innovative new products, further investment in developing our lithium strategy, category expansion, product mix, and manufacturing and supply chain efficiencies.

We have continued to invest strategically in SG&A, in new product development with expansion into leading-edge lithium technology and new categories. Additionally, we have invested aggressively in sales and marketing worldwide to drive growth in our key businesses. Investing in these strategic areas provides a platform to increase our market share and further improve the overall profitability of the Group.

Strong Balance Sheet

Gearing continued to improve to 26.2% from 37.4% when compared with the same period last year. We again demonstrated disciplined working capital management with the first half working capital as a percent of sales improving from 18.9% to 18.4% for the period.

DELIVERING OUTSTANDING PERFORMANCE

A BOLD VISION OF GROWTH

Growth initiatives that will capture opportunities generated by our business units across the globe.

- ▶ Deliver Break-Through, Disruptive Technology
- ▶ Lithium ion Cordless Leadership
- ▶ Broad-Based Innovative Products
- ▶ Aggressive Marketing, Demand Creation
- ▶ Target Geographic Expansion
- ▶ Floor Care Transformation
- ▶ Drive Operational Productivity
- ▶ Global Organizational Development