

Chief Executive Officer's Message



“To achieve growth and global expansion like ours is a testament to the quality of our team, strength of our culture and the crystal-clear focus of our strategy.”

2020 was clearly a breakout year for TTI. In just twelve months, we grew sales organically by US\$2.1 billion, while improving gross margin and net profit. This extraordinary performance was driven by our unwavering strategic focus on cordless technology.

We are leading the revolution from traditional power sources to cordless in power tools, light equipment, outdoor products and cleaning. Our technologically advanced cordless products drive our sales and gross margin improvement, which funds additional strategic SG&A investments in R&D, new product development and in-field marketing specialists, creating a virtuous cycle of growth. It is through our bold strategic direction, operational excellence, and exceptional team that TTI has consistently delivered on our financial goals of outgrowing the market, driving gross margin improvement, and growing profit faster than sales.

Cordless Leadership

We are obsessively focused on developing advanced, demonstrably better, technologically superior cordless products. In 2020, our MILWAUKEE brand became the fastest growing and #1 Professional Tool Brand in the world, while RYOBI extended its leadership position as the largest global DIY Tool Brand. Our drive for advancing cordless technology continues to intensify. When one version of a product launches in the market, we immediately focus on the engineering of the next generation with improved run-time, power, speed, life, compactness and other breakthrough features. Examples of these advancements include our recently launched next generation RYOBI High Performance (HP) Brushless series, our next generation MILWAUKEE M18 FUEL SAWZALL, the revolutionary MILWAUKEE MX FUEL Light Equipment System, and our leadership range of RYOBI cordless mowers.

In addition to our relentless focus on advancing cordless technology, we also continue to deploy our geographic expansion strategy. When we enter a new strategic market, we enter aggressively with a strong team to rapidly develop the market. Our geographic expansion efforts are an ongoing success at TTI.

Hiring the Best

We viewed 2020 as an opportunity to bolster our talent pool and recruit the very best off of college campuses across the globe. Our top focus was hiring newly minted engineers. We've built out a vastly superior global engineering capability with R&D Centers located around the US, Europe, Australia, Vietnam and China. In 2020, we augmented our engineering powerhouse with over six hundred newly recruited engineers who drive technological advancements and accelerate the pace of our new product launches. These high potential electrical engineers, software development engineers and other technical engineering specialists have joined TTI from over 100 college campuses around the world.

In addition, while other companies pulled back on recruiting in 2020, we accelerated and hired 1,208 high-potential college graduates into our Leadership Development Program (LDP). Since its beginning thirteen years ago, the program has supported our growth by creating a pipeline of future leaders across the sales, marketing, engineering, purchasing, supply-chain, manufacturing, and finance disciplines. Today, some of these LDP graduates hold roles with increasing levels of responsibility up to vice presidents and presidents. We are committed to developing even more LDPs into meaningful leadership roles throughout the organization in 2021 and beyond.

Winning Culture

Our vision is to be number one in the industries we serve, and this drives a high-performance culture across all levels and functions of our organization. Our unique high-speed decision-making process supports our maniacal focus on developing superior cordless products and meeting high customer service level expectations. We view our winning culture as a competitive advantage that powers our growth.

This year, our team performed admirably through the challenges presented by the coronavirus pandemic while keeping the safety of our employees, their families, our customers and end users as the priority. I am incredibly proud of the way our team has adhered to all safety protocols, while engaging with customers and end users all over the globe.

Strategic Capacity Investments

In 2020, we made the bold decision to build out additional manufacturing capacity in support of our future growth. We invested in our world-class facility in China, while expanding operations in Vietnam, Mexico, Europe, and across the United States. Construction is currently underway on new greenfield manufacturing sites in Wisconsin and South Carolina that will further increase the agility of our operations network.

Our expanding global manufacturing footprint gives us the ability to produce high quality products with the flexibility to quickly react to changing geopolitical and environmental factors. All sites across the globe adhere to the TTI OPEX philosophy of driving productivity, delivering world class quality, and maintaining best-in-class service levels for our customers.

Sustainability

Our mission is to lead our industry in replacing high-polluting, fossil-fueled products with our environmentally friendly, clean cordless powered technology. We are reshaping sustainability into a core competency by embracing best Environmental, Social and Governance (ESG) practices. Our global organization understands that economic, social and environmental aims are all interrelated and firmly believes that our ability to grow and innovate is linked to our ESG performance.

A Bold Vision for the Future

In 2020, we dramatically outpaced the market. To achieve growth and global expansion like ours is a testament to the quality of our team, strength of our culture and the crystal-clear focus of our strategy. Our bold investments in new product development, manufacturing, geographic expansion and in-field marketing initiatives drove our growth and our position as industry leaders. We continued to strengthen our global leadership position with tremendous sales growth in every business unit and all geographic regions. Once again, we are thrilled with our 2020 performance, however we believe the next five years will be an amazing period for the company's sales and profit growth.

I feel incredibly fortunate for the partnership and alignment I share with our Chairman, Horst Pudwill, and Vice Chairman, Stephan Pudwill. It is a powerful competitive advantage to share the leadership responsibilities with these bold leaders, and we are all relentlessly focused on winning in cordless. I'd like to thank them both for their tremendous teamwork in 2020 and look forward to many more years of partnership ahead. Together, we share a vision for an incredible future, and we are confident the best is yet to come.



Joseph Galli Jr
Chief Executive Officer
March 3, 2021

A Bold Vision for the Future

It is through our bold strategic direction, operational excellence, and exceptional team that TTI has consistently delivered on our financial goals of outgrowing the market, driving gross margin improvement, and growing profit faster than sales.

Cordless Leadership

- MILWAUKEE brand became the fastest growing and #1 Professional Tool brand in the world
- RYOBI is the #1 DIY Tool brand in the world
- RYOBI is the #1 Cordless Lawn & Garden brand in the world
- Expanding the HOOVER and VAX ONEPWR cordless families

Hiring the Best

- 600 newly recruited engineers from top 100 college campuses worldwide
- LDP recruits 1,208 high potential graduates in 2020
- 5,292 LDP hired since 2007

Winning Culture

- Our vision is to be number one in the industries we serve
- High-speed decision making
- Maniacal focus on developing superior cordless products

Strategic Capacity Investments

- We further invested in our world-class facility in China
- Expanding operations in Vietnam, Mexico, Europe, and the United States
- TTI OPEX philosophy – drive productivity, delivers world class quality, maintains best-in-class service levels

Sustainability

- To lead our industry in replacing high-polluting, fossil-fueled products with clean-air lithium cordless products
- Sustainability strategy monitors activities and ESG performance against our goals
- Set environmental requirements for the design, construction and renovation of new buildings and plants

A Bold Vision for the Future

- Strong balance sheet and a disciplined fixed and working capital management process
- Tremendous sales growth in every business unit and all geographical regions
- Bold investments in new product development, manufacturing, geographic expansion and in-field marketing initiatives