

Chairman's Statement



“We are positioned to capitalize on the many growth opportunities we have identified in the months and years ahead.”

I am pleased to announce that 2020 was an outstanding year for TTI with exceptional revenue and profit growth.

We reported sales of US\$9.8 billion, an increase of 28.0%. Our second half sales grew an exceptional 42.3%, outpacing the market. Increased strategic investment in new product, manufacturing capacity, geographic expansion, and our in-field marketing initiatives is the driving force behind our industry leading extraordinary growth.

TTI continued to strengthen its global leadership position with robust sales growth in every business unit and in all geographic regions. North America delivered growth of 29.5%, EMEA grew 19.1% and ROW grew 30.6%. Our Power Equipment business, representing 89.0% of total sales, grew 28.5% to US\$8.7 billion. Our MILWAUKEE Professional, the RYOBI DIY, and the RYOBI Outdoor businesses all delivered double-digit growth. Our Floorcare business produced sales growth of 23.6% to US\$1.1 billion.

Gross margin improved for the 12th consecutive year, from 37.7% in 2019 to 38.3% in 2020. This gross margin improvement is a direct result of the launching of high margin new product, disciplined mix management, exceptional productivity gains and volume leverage. Additionally, our relentless focus on operational excellence improved productivity throughout our operations.

A major strategic initiative for TTI is our commitment to building out a world class e-commerce capability. We achieved fantastic traction with e-commerce and Buy Online Pickup In Store (BOPIS). We have worked closely with our customers, capitalizing on the accelerated shift to online and BOPIS. An example of our world class leadership in e-commerce is The Home Depot presenting us with their Omnichannel Interconnected Partner of the Year award in 2020.

Our Response to COVID

When it became clear that the coronavirus was a global issue, our immediate priority was to focus on the safety of our employees, their families, our customers and end users. We are incredibly proud of the way our global team managed throughout this pandemic, staying safe while supporting our customers.

Starting in April 2020, we made a bold decision to further accelerate investment in additional sales/field marketing specialists, engineers, new product development resources and geographic expansion to seize market share and drive above market growth. We also made the bold decision to aggressively expand manufacturing capacity in China, Vietnam, Mexico, and North America and we invested in higher levels of inventory to better serve our customers.

Financial Performance

EBIT increased 29.0% to US\$868 million, with the EBIT margin improving by 10 basis points to 8.9%. Net Profit rose 30.2% to US\$801 million, with earnings per share increasing 30.1% over 2019 to US\$43.80 cents. We invested in inventory to support our above market growth levels, while working capital management remained best-in-class at 14.0% of sales.

Outlook

We are well positioned to continue outperforming the market, with a strong balance sheet and a disciplined fixed and working capital management process. We are positioned to capitalize on the many growth opportunities we have identified in the months and years ahead.

I would like to thank our customers, end users, suppliers, shareholders, Board and entire TTI organization for another outstanding year. Our dedicated, skilled and passionate teams across the globe are enabling us to achieve outstanding results. It is our unrelenting bold vision, customer focus and business momentum that will make 2021 another successful year and position TTI with exciting opportunities in the decade to come.



Horst Julius Pudwill

Chairman
March 3, 2021