



Techtronic Industries

**higher
performance**

2004

Annual Results Announcement

7th April 2005



Agenda

- **Key achievements**
Mr. Horst Pudwill
(Chairman & CEO)
- **Financial review**
Mr. Frank Chan
(Group Executive Director)
- **Business review**
Mr. David Butts
(Senior Vice President)
- **Outlook**
Mr. Horst Pudwill
(Chairman & CEO)



Key achievements

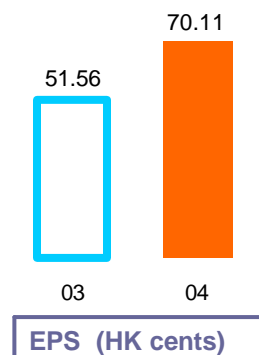
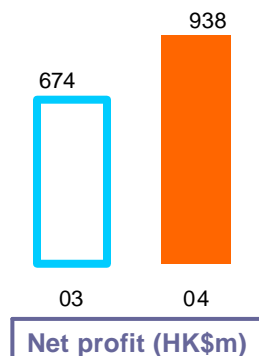
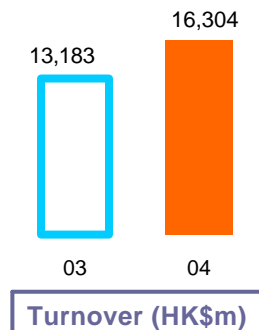
For the 12 months ended 31st December 2004

Mr. Horst Pudwill
(Chairman & CEO)



Key achievements

For the 12 months ended 31st December

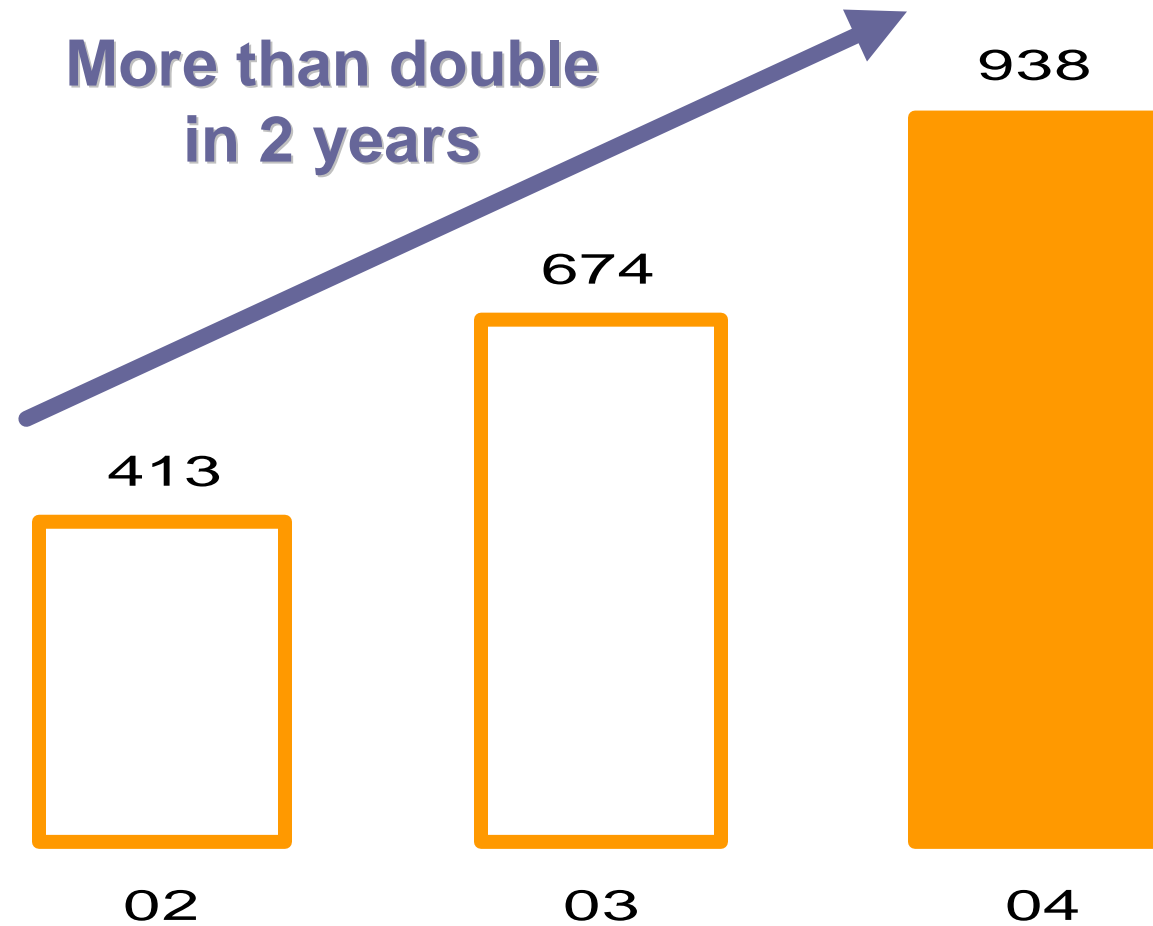


- Record results with strong organic growth across all divisions
 - Turnover increased by 23.7% to HK\$16.3bn
 - Net profit grew 39.1% to HK\$938m
 - EPS increased by 36.0% to HK 70.11 cents
 - Final DPS of HK 12.50 cents
- Continued margin improvement through new product introductions, on-going cost improvement programs and volume leverage
- Major product launch success e.g. AIRgrip™, Ryobi One+ System™
- Strengthened our portfolio by adding the Milwaukee® and AEG® professional power tool brands as well as the DreBo® accessories business



Exceeding our target

Net profit (HK\$m)



For the 12 months ended 31st December



Financial Review

For the 12 months ended 31st December, 2004

Mr. Frank Chan
(Group Executive Director)



Financial highlights

	2004 HK\$m	2003 HK\$m	Changes (%)
Turnover	16,304	13,183	↑ 23.7
Net profit	938	674	↑ 39.1
Basic EPS (HK cents)	70.11	51.56	↑ 36.0
DPS (HK cents)	17.00	12.50	↑ 36.0
Shareholders' funds	3,439	2,513	↑ 36.8
Book value per share (HK\$)	2.54	1.90	↑ 34.0

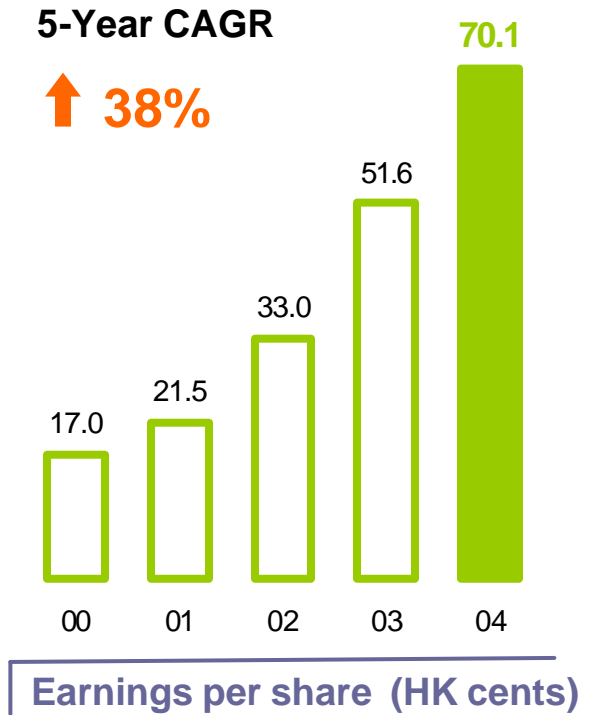
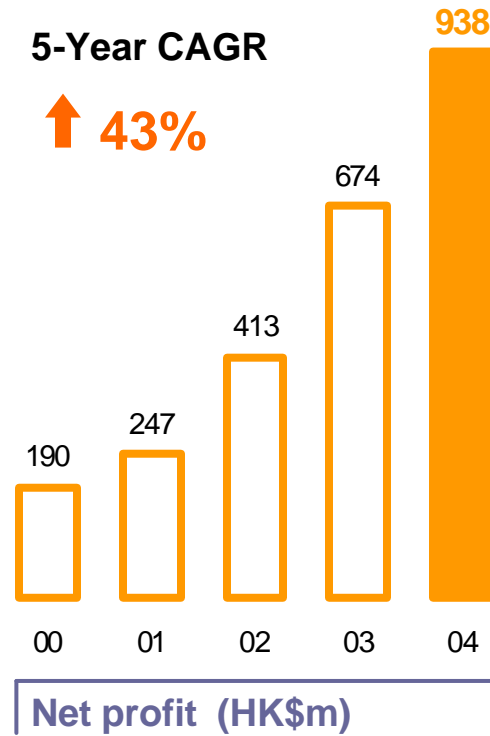
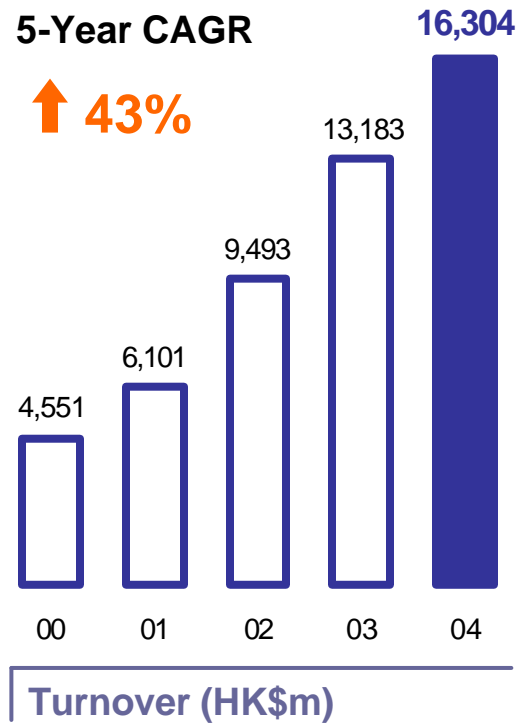


Profitability

	2004 HK\$m	2003 HK\$m	Changes %
Gross profit	4,941	3,898	↑ 26.7
Gross margin (%)	30.3	29.6	
Operating profit	1,226	865	↑ 41.8
Operating margin (%)	7.5	6.6	
Net profit	938	674	↑ 39.1
Net margin (%)	5.8	5.1	

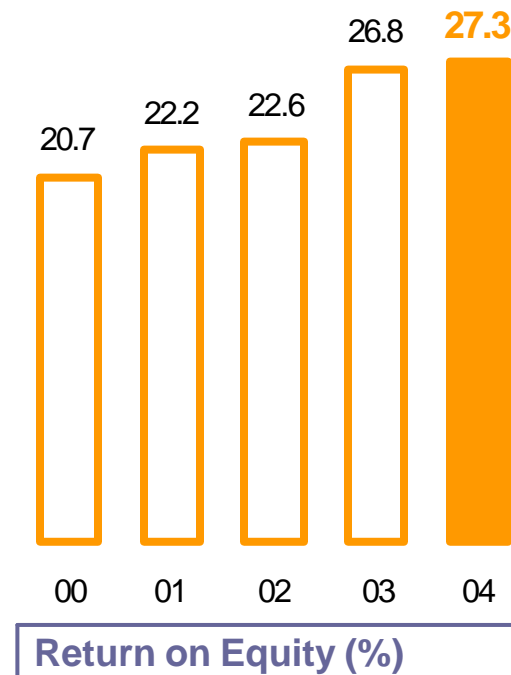
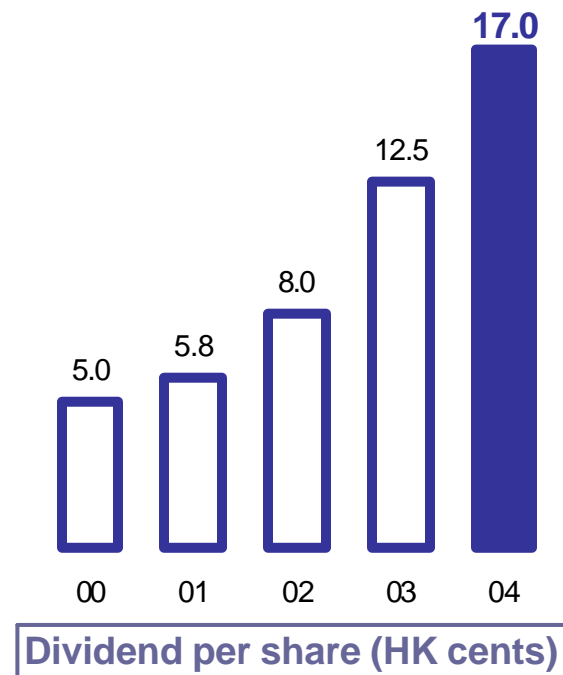


Five year summary

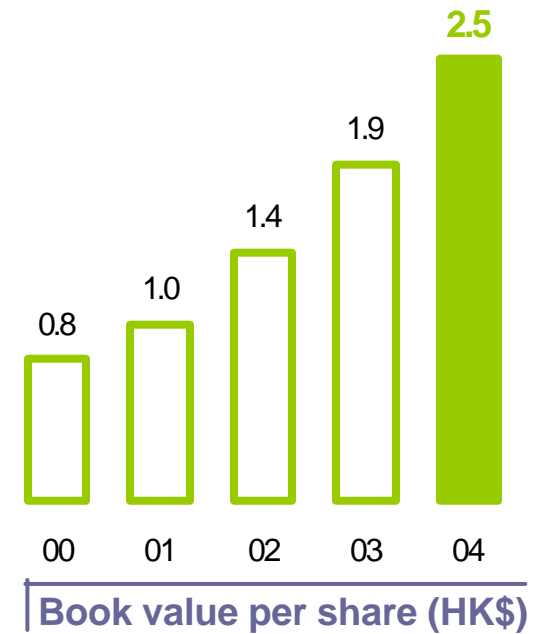




Five year summary



= Net profit / equity at year-end

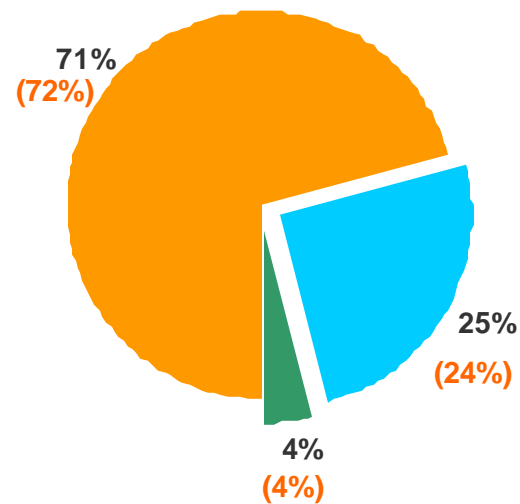




Analysis by product

For the 12 months ended 31st December, 2004

Sales contributions by product



(%) – 2003 figures

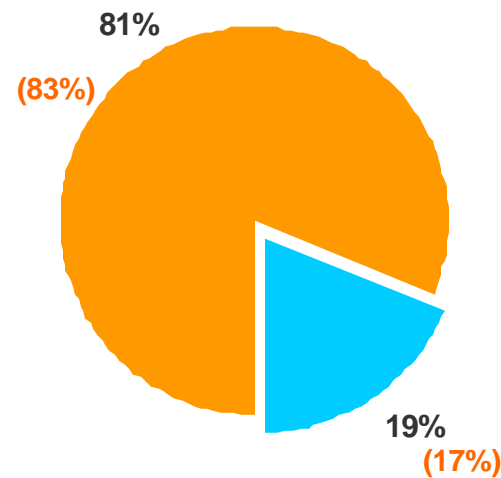
	Power equipment products	Floor care appliances	Laser & electronic products
Revenue (HK\$m)	11,524	4,079	701
Change (%YoY)	21.5	28.1	37.2
Result (HK\$m)	910	201	146
Change (%YoY)	39.3	53.2	44.5
Margin (%) - 2004	7.9	4.9	20.8
Margin (%) - 2003	6.9	4.1	19.8



Analysis by market location

For the 12 months ended 31st December, 2004

Sales contributions by market location

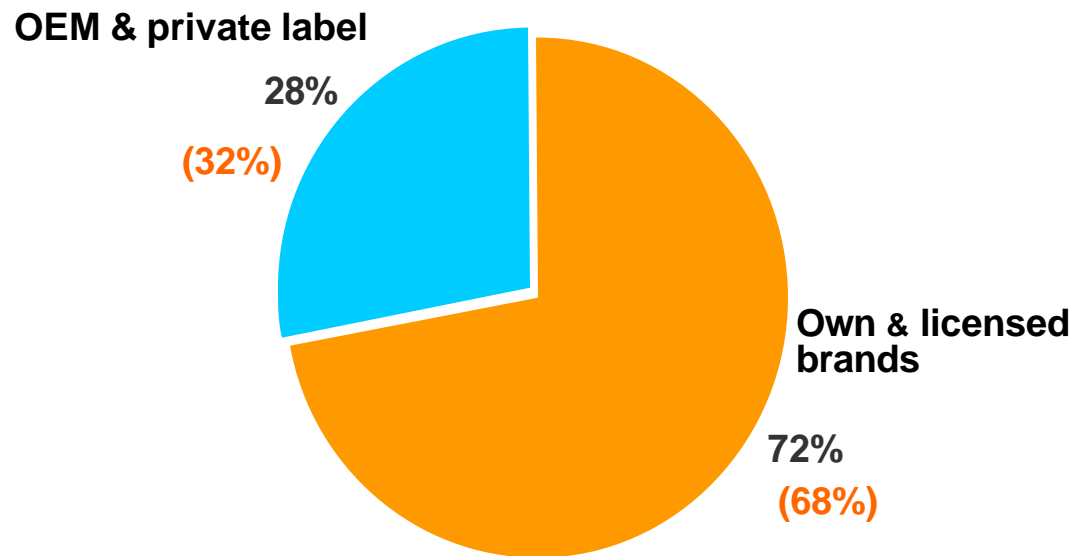


(%) – 2003 figures

	North America	Europe & other countries
Revenue (HK\$m)	13,206	3,098
Change (%YoY)	21.1	36.1
Result (HK\$m)	1,083	174
Change (%YoY)	42.0	42.0
Margin (%) - 2004	8.2	5.6
Margin (%) - 2003	7.0	5.4



Sales contributions by type



(%) – 2003 figures





Financial position and working capital

As at 31st December, 2004

<u>2003</u>	(HK\$m)	<u>2004</u>
<u>1,984</u>	Non-current assets	<u>2,261</u>
7,662	Current assets	11,642
<u>5,678</u>	Current liabilities	<u>7,819</u>
1,984	Net current assets	3,823
1,409	Long-term liabilities	2,563
2,513	Shareholders' funds	3,439
1.35	Current ratio	1.49
0.91	Quick ratio	1.13
Net cash	Net debt to equity	Net cash
10.4	Interest coverage(x)	13.2

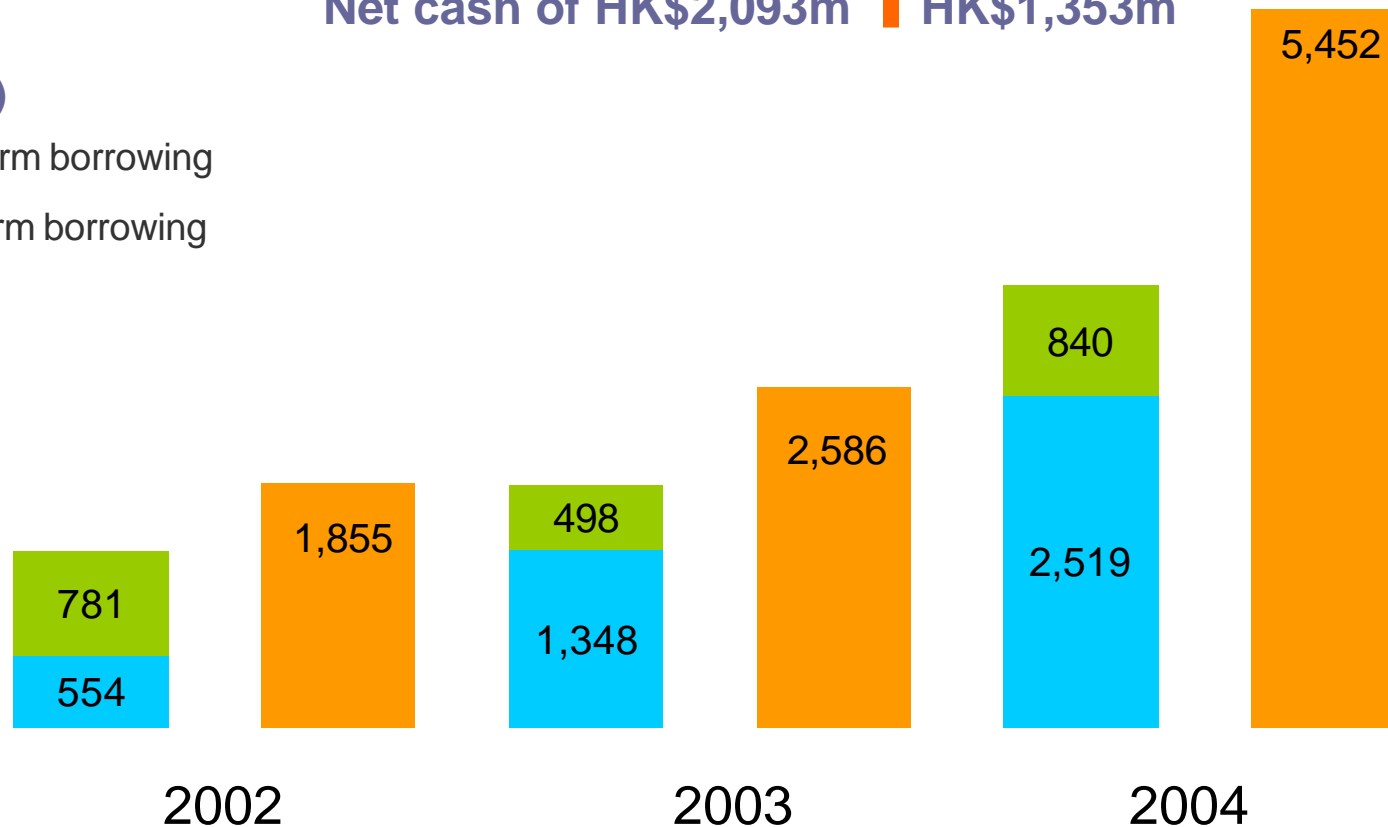


Cash and borrowing profile

Well-balanced loan portfolio for long-term growth

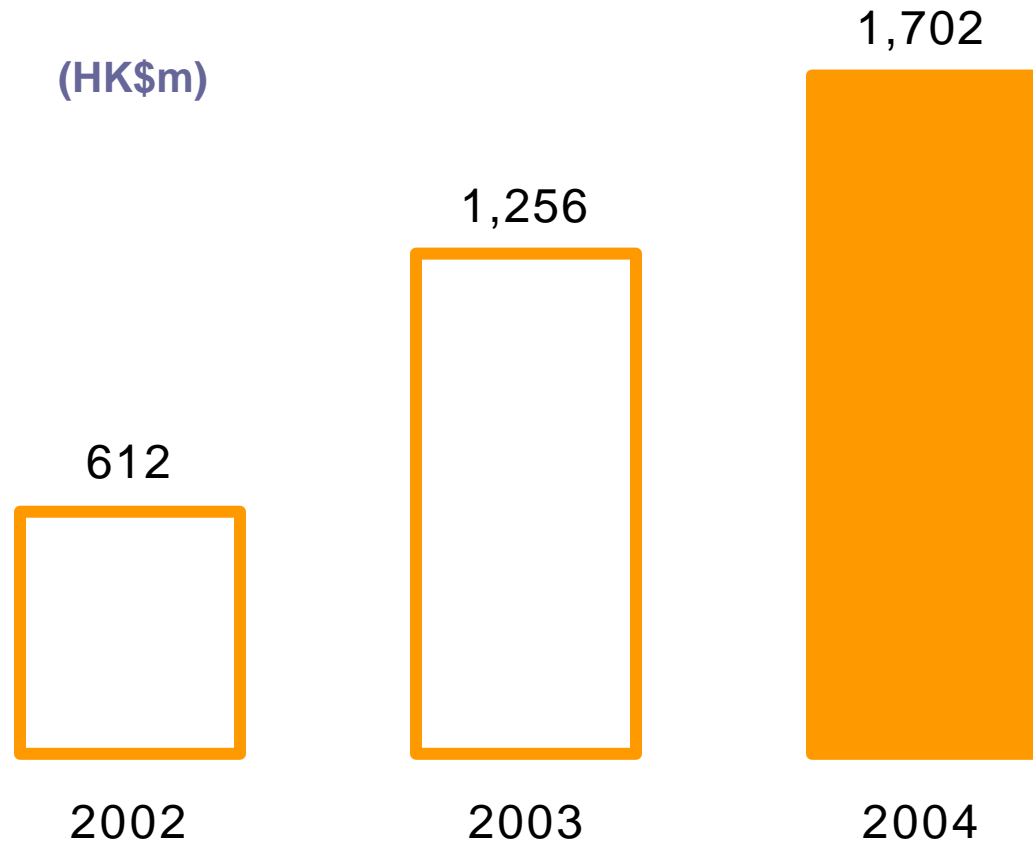
Net cash of HK\$2,093m ↑ HK\$1,353m

- (HK\$m)
- Short-term borrowing
 - Long-term borrowing
 - Cash





Strong free cash flow





Business Review

Mr. David Butts
(Senior Vice President)



Power tools

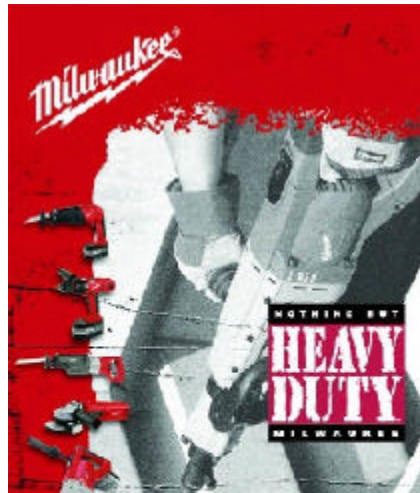
- North America delivered strong growth
 - ✓ Ryobi and RIDGID® brands played key roles
 - ✓ Ryobi *18-volt One+ System*™ --- a unique marketing strategy featuring an affordable 18-volt battery alongside a wide range of cordless power tools and accessories
- Ryobi Europe made substantial market gains fueled by new products
- Finalized our range of “best-in-class” professional pneumatic fastening tools for RIDGID® during the year, launching this new line in North America in 2Q05.
- Integration of Milwaukee / AEG acquisition

* RIDGID® is a registered trademark of RIDGID, Inc., part of Emerson Professional Tools, a business of St. Louis-based Emerson (NYSE:EMR). The orange color used on these products and the combination of orange and grey are trademarks for RIDGID® brand power tools.





Milwaukee / AEG Acquisition



Professional Power Tools

- **Brand portfolio** : adding the professional Milwaukee® and AEG® brands of power tools and DreBo® carbide drill bits
- **Distribution channel** : access to professional channel with Milwaukee's strong dealer base in North America / Europe and adding AEG sales reach throughout Europe
- **Technology** : world-class engineering and manufacturing expertise at Milwaukee and AEG
- **Product platform** : Enhance our global ability to expand our entire product portfolio
- **Earnings** : immediate revenue and profit enhancement





Milwaukee

Power tools

V28™ cordless power tool line

Revolutionary break through in cordless tools technology!

- ✓ 1st Lithium-ion technology meets 'high-current draw'!
- ✓ 28Volt, Twice the run time of traditional 18Volt – at less weight!
- ✓ Fade-free power, the last job as good as the first!
- ✓ Potential for Corded to be unplugged!
- ✓ No Cadmium - More Eco-Friendly



Outdoor power equipment



- North America business expanded
 - ✓ Added the Ryobi brand to our outdoor power equipment business
 - ✓ New Ryobi gasoline trimmer range met exceptional end-user acceptance
 - ✓ Homelite achieved strong growth demonstrating positive consumer acceptance and loyalty
 - ✓ Launch of a new Ryobi gasoline-driven pressure washer in 1Q05
- Ryobi delivered significant gains and record turnover in Europe
 - ✓ Drivers were new products and aggressive marketing
- Growth outlook is robust with both Ryobi and Homelite new products



Floor care appliances



- Dirt Devil delivered market gains in North America and Europe
 - ✓ North America growth from penetration of key customers
 - ✓ Top selling retail brand in Germany
- Integration of North America operations streamlined the new product development process and enhanced inventory management
- Vax advanced its market position throughout the year
 - ✓ Now a leading brand in the UK
 - ✓ Share product platforms with Dirt Devil North America
- OEM partnerships recorded strong growth



Laser & electronic products

- Another excellent year as a result of successful product expansion and aggressive cost containment
- Enhanced factory automation allowed quicker response to large increase in demand and to achieve faster speed-to-market for all our ODM partners
- Award-winning launch of innovative Ryobi AIRgrip™ laser level, surpassing all sales goals
- Continue to build on the success of Ryobi AIRgrip™ to expand the product range within this system





Outlook

Mr. Horst Pudwill
(Chairman & CEO)



Outlook

- 2005 outlook
 - ✓ Challenges
 - ✓ Prospects
- Integration plan of Milwaukee and AEG businesses
 - ✓ Brand strategy
 - ✓ Product extension
- Create greater efficiency on a global basis
 - ✓ Raw materials status
- Expansion opportunities in Europe, the new economies and Asia

higher
performance



Thank you





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