



2008

Interim Results

22 August 2008



Introduction

Horst Pudwill

Chairman



Joe Galli

CEO





is

**Outperforming the
Market**





2008 Interim Highlights

Sales

+10.1%

EBIT before one-time benefit

+79.9%

Hoover Turnaround

+US\$28M

Improvement



2008 Interim Financial Results

	2008 <u>US\$m</u>	2007 <u>US\$m</u>	<u>Changes</u>
Sales	1,688	1,533	+10.1%
Gross Profit Margin%	31.5%	31.8%	
EBIT (Before one time benefit, restructuring and transition costs)	99	55	+79.9%
One Time Benefit	5	42	(88.0%)
EBIT (After one time benefit before restructuring and transition costs)	104	97	+7.1%
Restructuring and Transition Costs	21	0	N/A
Net Profit (After one time benefit, restructuring and transition costs)	46	65	(30.4%)
EPS (US cents) (After one time benefit, restructuring and transition costs)	3.04	4.43	(31.5%)



2008 Interim Financial Results

	2008 <u>HK\$m</u>	2007 <u>HK\$m</u>	<u>Changes</u>
Sales	13,135	11,928	+10.1%
Gross Profit Margin%	31.5%	31.8%	
EBIT (Before one time benefit, restructuring and transition costs)	770	428	+79.9%
One Time Benefit	39	327	(88.0%)
EBIT (After one time benefit before restructuring and transition costs)	809	755	+7.1%
Restructuring and Transition Costs	166	0	N/A
Net Profit (After one time benefit, restructuring and transition costs)	355	509	(30.4%)
EPS (HK cents) (After one time benefit, restructuring and transition costs)	23.62	34.50	(31.5%)

Restructuring Overview

(US\$m)	Actual	Plan			<u>Total</u>
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	
Cash	53.5	41.8	-	-	95.3
Non cash	32.4	22.5	-	-	54.9
Subtotal	85.9	64.3	-	-	150.2
Transition Cost	9.6	8.1	4.3	-	22.0
Total	95.5	72.4	4.3	-	172.2
Savings	-	25.0	45.0	70.0	

Restructuring Plan

Actual

(US\$m)	<u>2008 Full Year</u>	<u>2008 1st Half</u>
Cash	41.8	15.2
Non cash	22.5	1.5
Subtotal	64.3	16.7
Transition Cost	8.1	4.7
Total	72.4	21.4
Savings	25.0	31.5



Financial Review

Frank Chan

Chief Financial Officer



2008 Interim Financial Performance

For the 6 months period ended June 30, 2008

	2008 HK\$m	% of sales	2007 HK\$m	% of sales	% Change
Sales	13,135		11,928		10.1
Gross Profit	4,131	31.5%	3,790	31.8%	9.0
Operating Expenses (Before restructuring and transition costs)	3,355	25.5%	3,357	28.1%	(0.1)
EBIT (Before other income, restructuring and transition costs)	770	5.9%	428	3.6%	79.9
Finance Costs	262	2.0%	216	1.8%	21.3
Taxation	52		78		(33.3)
Restructuring and Transition Cost	166	1.3%	0	0.0%	N/A
Net Profit (Before other income, restructuring and transition cost)	482	3.7%	182	1.5%	164.8
Net Profit (After other income, restructuring and transition cost)	355	2.7%	509	4.3%	(30.3)
EPS (Before other income, restructuring and transition cost)	32.09		12.34		160.0
EPS (After other income, restructuring and transition cost)	23.62		34.50		(31.5)

Financial Position

(HK\$m)

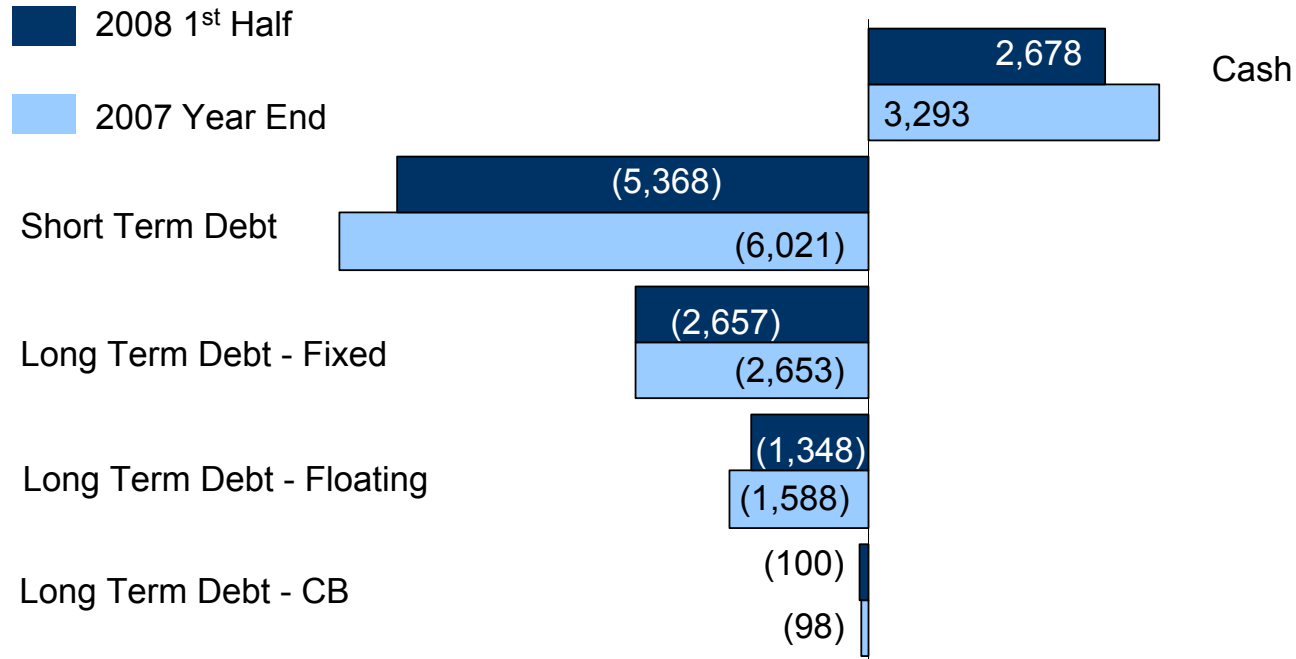
	2008 June	2007 Dec	Factors
Non-current Assets	10,220	10,015	
Current Assets	13,999	14,954	} More efficient cash and working capital management
Current Liabilities	11,196	11,983	
Net Current Assets	2,803	2,971	
Long-term Liabilities	5,630	5,975	Reclassified to current liabilities
Shareholders' Funds	7,296	6,920	
Current Ratio (CA / CL)	1.25	1.25	
Quick Ratio (CA-inventories / CL)	0.72	0.75	

Balance Sheet remains healthy



Debt Profile

As of June 30, 2008 and December 31, 2007 (HK\$m)



	2008 1st Half	2007 Year End
Long Term Debt / Total Debt	42.6%	41.3%
Gearing (Net Debt / Shareholders' Funds)	95.3%	104.3%
Interest Coverage (X)*	4.5x	4.5x


*Interest Coverage = EBITDA/Interest expense







Financial Targets

	<u>2007 1H</u>	<u>2007 YE</u>	<u>2008 1H</u>		<u>2011</u>
GM %	31.8%	31.5%	31.5%		34%+
SG&A %	28.2%	27.9%	25.5%		
EBIT%	3.6%	3.6%	5.9%		10%+





Strategic Roadmap

1. Gross Margin
2. Sales Growth
3. Free Cash Flow
4. Organization Development
5. Operating Cycle





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Gross Margin Challenges

- PRC Inflation
 - Labor
 - Labor Law
 - RMB
 - VAT
- Commodity Inflation

Impacting All Competitors



TTI Plan

Offset Inflation

+

Improve Gross Margin

Challenges offset by Plan

1. High Margin New Products
2. Hoover Restructuring
3. Milwaukee Restructuring
4. New PRC Facility
5. Comprehensive TTI Productivity Initiative
6. “Global” Operations Plan

Gross Margin Improvement

Key



New Product

Hoover Restructuring

Hoover Turnaround : +US\$28M

Milwaukee Restructuring

- 1st US Facility closed ahead of schedule – 6/08
- 2nd US Facility on-schedule for closure – 9/08
- New PRC Facility operational

Savings of US\$7.3M in 2008 1H

TTI Campus





Innovation Center



Assembly Factories



Warehouse



Staff Dormitories

Global Manufacturing Platform





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**Challenging economic
environment**

but...

 **is Driving Sales Growth**

2008 1H Sales

+10.1%

Down

OEM

Single digit

(As planned)

Up

US Consumer Tools

US Professional Tools

Low single digit

Floor Care

Mid single digit

US Outdoor

Europe

Canada

Australia

Double digit



TTI is
outperforming
the market
and capturing
market share



A New Product Machine



Cordless



RYOBI

RIDGID

Milwaukee

AEG





Lithium 12V

Cordless





Lithium 18V

Cordless



RIDGID *LITHIUM ION 12v*

Cordless

Cordless

LITHIUM ION 12v

RIDGID

RIDGID *LITHIUM ION 18v*

Cordless

Cordless

LITHIUM ION 18v

RIDGID



Cordless





Cordless



AEG

Lithium 12V/ 18V

Cordless

Cordless 12V/18V

AEG

Cordless



Milwaukee

AEG

RIDGID

RYOBI



Lithium Batteries



***Cordless Sales up
40% in 1st Half***



Milwaukee[®]

RYOBI[®]

AEG

***Corded
Power Tools***



Accessories

RYOBI®

Accessories



TITANIUM

Outdoor Products

RYOBI®

Homelite®



Outdoor Corded

Homelite®



Gas Chain Saw

Homelite®



RYOBI®



Gas Pressure Washer



HUSKY™

Outdoor Accessories

RYOBI®

Homelite®



Floor Care





®



Floor Care

PLATINUM
Collection™



Floor Care

PLATINUM
Collection™

LiNX™
CORDLESS
SYSTEM



Floor Care



Products Launched in the last 12 months

Power Tools	→	133
Outdoor Products	→	108
Floor Care	→	82
Total		323

Geographic Expansion





Strategic Roadmap

1. Gross Margin
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Free Cash Flow

2007/2008 Impacted by:

Restructuring

Inventory build up for Restructuring

New PRC Facility

Hoover losses



Long Term Target:

**TTI will convert ~ 100% of Net Profit into
Free Cash Flow**

and...

Net Profit will grow

Free Cash Flow

(US\$)	<u>2007 1H</u>	<u>2007 YE</u>	<u>2008 1H</u>	<u>Target 2009-2011</u>
Free Cash Flow	\$13m	(\$58m)	\$71m	100% of Net Profit
% of Net Profit	19%	(360%)	155%	




100% of Net Profit

Improve through:


1. Completing Restructuring
2. Increase EBIT
3. Reducing Working Capital as a % of Sales
4. Completing PRC New Facility
5. Reduce Fixed Capital as a % of Sales
6. Turnaround Hoover

Inventory

<u>2007 1H</u>	<u>2007 YE</u>	<u>2008 1H</u>	<u>Target</u>
\$669m	\$765m	\$770m	64 days
83 days	88 days	84 days	



Working Capital

	<u>2007 1H</u>	<u>2007 YE</u>	<u>2008 1H</u>		<u>Target 2009-2011</u>
Inventory Days	83	88	84		64
Receivables DSO	68	62	57		57
Payables DPO	69	66	63		59
Working Capital As a % of Sales	22.5%	22.9%	21.4%		17.0%

Fixed Capital

(US\$)	<u>2007 1H</u>	<u>2007 2H</u>	<u>2008 1H</u>	<u>Target 2009-2011</u>
CAPEX <i>% of sales</i>	\$40m 2.6%	\$71m 4.3%	\$53m 3.1%	$\leq 2.5\%$
Depreciation <i>% of sales</i>	\$36m 2.3%	\$37m 2.2%	\$34m 2.0%	Capex \leq Dep



Free Cash Flow

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Strengthen / Upgrade Organization



Management Team

Strong TTI Veterans

+

Outstanding New Hires

TTI = Exceptional People





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Operating Cycle

Strategic Planning

Organization Review

Budget



Annually

**Global Product
Summits**



Semi-Annually

Operations Reviews



Quarterly



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