

TECHTRONIC INDUSTRIES DELIVERS SOLID 2023 ANNUAL RESULTS

GROSS MARGIN EXPANDED TO 39.5%, FREE CASH FLOW INCREASED TO US\$1.3 BILLION

(Hong Kong, March 6, 2024) - Global leader in cordless Professional Tools, DIY Tools, and Outdoor Power Equipment, Techtronic Industries Co. Ltd. (“TTI” or the “Group”) (stock code: 669, OTCQX: TTNDY, TTNDF) is pleased to announce the audited consolidated results of the Company and its subsidiaries for the year ended December 31, 2023. TTI delivered US\$13.7 billion of sales in 2023, up 3.6% in reported growth and 3.9% in local currency. Both the MILWAUKEE and our Consumer group of businesses gained momentum in the second half of 2023.

- TTI delivered record free cash flow of US\$1.3 billion while outperforming the market in sales growth and profit generation
- Our Flagship MILWAUKEE business grew sales 10.7% in local currency
- We improved Gross Margin for the 15th consecutive year to 39.5%, a 14 bps increase, while cutting inventory US\$987 million versus last year

Financial Performance Highlights for 2023

	2023*	2022	
	US\$'	US\$'	
	million	million	Changes
Revenue	13,731	13,254	+3.6%
Gross profit margin	39.5%	39.3%	+14bps
EBIT	1,135	1,201	(5.5%)
Profit attributable to Owners of the Company	976	1,077	(9.4%)
Basic earnings per share (US cents)	53.36	58.86	(9.3%)
Free Cash Flow	1,281	329	+952m
Dividend per share (approx. US cents)	24.84	23.81	+4.3%

*For the year ended December 31, 2023

Gross margin improved 14 bps to 39.5% in 2023. This gross margin improvement is highly encouraging given the significant US\$987 million inventory reduction versus last year. EBIT was at US\$1.1 billion, 5.5% lower than 2022. In the second half of 2023, EBIT improved to US\$575 million, a 1.1% increase versus the second half of 2022. TTI delivered US\$976 million of net profit. The decline of 9.4% versus last year was partially driven by significant increases in interest rates over the period, resulting in higher interest expense. Earnings per share also declined 9.3% to US53.36 cents. Working capital as a percent of sales improved from 21.2% last year to 17.7% in 2023. This reduction in working capital helped drive record free cash flow of US\$1.3 billion for the year and the Group is well positioned to deliver strong free cash flow in 2024 and the future.

The TTI Power Equipment segment delivered sales of US\$12.8 billion in 2023, up 3.8% in reported currency and up 4.1% in local currency. MILWAUKEE delivered 10.7% full year sales growth in local currency, improving to 12.7% local currency growth in the second half, versus 8.7% in the first half. Our Consumer group of businesses also delivered positive sales growth in the second half and are well positioned to continue gaining traction in 2024. Our Floorcare and Cleaning business delivered sales growth in 2023 of 1.5% in local currency to US\$937 million and profit increased US\$65.3 million versus last year to US\$27.2 million.

The Board is recommending a final dividend of HK98.00 cents (approximately US12.61 cents) per share. Together, with the interim dividend of HK95.00 cents (approximately US12.23 cents) per share, this will result in a full-year dividend of HK193.00 cents (approximately US24.84 cents) per share.

Mr. Horst Pudwill, Chairman of TTI, said, “TTI is poised for continued market outperformance in 2024. We are relentlessly focused on developing innovative cordless products with advanced electronics, cutting-edge motor technology, and artificial intelligence. With a healthy balance sheet, solid cash position, and strong growth outlook, we look forward to 2024 with confidence.”

Mr. Joseph Galli, CEO of TTI, commented, “Our exceptional results over the past fifteen years have consistently surpassed overall market performance. 2024 will be no exception, as we are poised to outperform the market yet again. Our strength in cordless innovation, new product development, operational excellence, and in-field marketing initiatives are unparalleled in the industry and give TTI an unassailable competitive advantage.”

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Forward-Looking Statements

This announcement contains certain forward-looking statements or uses certain forward-looking terminologies which are based on the current expectations, estimates, projections, beliefs and assumptions of TTI about the businesses and the markets in which the Group operates and reflect TTI's views as of the date of this announcement. These forward-looking statements are not guarantees of future performance and are subject to market risk, uncertainties and factors beyond the control of TTI. Therefore, actual outcomes and returns may differ materially from the assumptions made and the statements contained in this announcement.

About TTI

TTI is a world leader in cordless technology spanning Power Tools, Outdoor Power Equipment, Floorcare and Cleaning Products for the DIY, consumer, professional, and industrial users in the home, construction, maintenance, industrial and infrastructure industries. The Company has a foundation built on four strategic drivers – Powerful Brands, Innovative Products, Exceptional People and Operational Excellence - reflecting an expansive long-term vision to advance cordless technology. The global growth strategy of the relentless pursuit of product innovation has brought TTI to the forefront of its industries while maintaining high environmental, social and corporate governance standards. TTI's powerful brand portfolio includes MILWAUKEE, RYOBI and AEG power tools, accessories and hand tools, RYOBI outdoor products, EMPIRE layout and measuring products, and HOOVER, VAX, DIRT DEVIL and ORECK floorcare cleaning products and solutions.

Founded in 1985 and listed on The Stock Exchange of Hong Kong Limited in 1990, TTI is one of the constituent stocks of the Hang Seng Index, Hang Seng Corporate Sustainability Benchmark Index, FTSE RAFI™ All-World 3000 Index, FTSE4Good Developed Index, and MSCI ACWI Index. The Company also trades on the OTCQX Best Market under the symbols “TTNDY” and “TTNDF”. For more information, please visit www.ttigroup.com.

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