



“TTI delivered another record year for sales, gross margin and profit in 2013. We are excited about our positive momentum and are well positioned to build on our record financial performance through our continued commitment to innovation and superior products.”

I am pleased to announce that TTI delivered another year of record sales, gross margin, and profit in 2013, building on our strong 2012 performance. We achieved a number of financial milestones:

- Sales grew 11.6% to a record USD4.3 billion
- All business segments and geographic regions delivered strong growth
- Gross profit expanded 14.2% with a record margin of 34.2%
- Net profit increased to USD250 million, growing 24.5%
- Working capital improved to 13.9% of sales
- Another strong year delivering free cash flow of USD332 million

A disciplined focus on our key strategic drivers is reflected in our financial performance and validates that our strategy is working. These four strategic drivers, having powerful brands, developing innovative products, building a strong company culture through exceptional people, and pursuing operational excellence, are precisely what we will do to continue delivering outstanding results.

Record Financial Performance

Sales for the year ended December 31, 2013 increased 11.6% over 2012 to USD4.3 billion as we continued investing in new products and driving organic growth. Sales of our largest business segments, Power Equipment, rose by 9.8% to USD3.1 billion, accounting for 73.1% of total sales, against 74.4% in 2012. Floor Care and Appliance had a strong year on sales growth of 17.0% over 2012 to USD1.2 billion. We delivered double digit sales growth in all geographic regions. The acquisition of the powerful ORECK® brand in the second half of 2013 further strengthened our global floor care portfolio and expanded our offering in the commercial and premium market segments.

Our gross profit margin improved for the fifth consecutive year to 34.2% from 33.5% last year through the introduction of new products coupled with further productivity gains in our operations and sourcing. Cost improvement programs across our global operations delivered significant savings in purchasing, supply chain, value engineering, and manufacturing. In addition, we continue to invest in automation and lean manufacturing initiatives to improve both labor efficiency and overall productivity.

Earnings in 2013, before interest and taxes, increased by 16.9% to USD304 million, with the margin improving by 30 basis points to 7.1%. We increased our strategic spending on research and development (R&D) to deliver our innovative new product road map across all categories and on marketing to successfully launch the new products. Our solid operational performance drove shareholders' profits to rise by 24.5% to USD250 million, with earnings per share increasing by 19.8% over 2012 to US13.68 cents. The higher sales and operational efficiency drove positive free cash flow to a record USD332 million. We continued to improve the management of our working capital and lowered our gearing, reducing it from 25.8% at the end of 2012, to 10.6% in 2013.

Powerful Brands & Innovative Products

We have the best brand portfolio in our industries with market leading brands like MILWAUKEE®, RYOBI®, HOMELITE®, AEG®, HOOVER®, DIRT DEVIL®, VAX®, and recently acquired ORECK®. The centerpiece of our growth strategy is the sustainable development of innovative new products bringing break-through technology, Lithium cordless platforms, and broad-based new product ranges to end-users. Our continuing success

DELIVERING OUTSTANDING PERFORMANCE

flows from our ability to develop and produce innovative products, with about one third of our 2013 sales coming from new products.

Another strategic initiative driving our industry leading position is the expansion of our presence in under-represented geographic markets. We have worked to grow our business in high potential markets around the world, seizing opportunities to drive the strategic deployment of our brands. We are expanding globally and our products are employing even more advanced technology as we continue investing in R&D.

Operational Excellence & Exceptional People

The performance in 2013 confirms that our continuous improvement initiatives, world class manufacturing, global purchasing, and value engineering programs are delivering efficiencies and driving innovation. We continue to increase our productivity levels to adapt to the growth in demand while offsetting inflationary pressures. Our lean production is driven by our efforts to reduce waste with programs like Kaizen events and cellular manufacturing. This lean focus coupled with intelligent use of automation frees resources for the most efficient production possible. Our commitment to operational excellence and continuous improvement is driven by well-established processes and dedicated employees and has permeated all of our business units.

The strength of our management team is an important driver of our successes. Recruiting, developing, and retaining great talent has become part of our culture. Each of our business units is building and fostering an outstanding team of current and future leaders. As our results demonstrate, TTI's management keeps the Company on the leading edge of the industry.

A Bright Outlook

TTI is revolutionizing the way professionals and consumers tackle projects at home and on the job site. We are doing this through our commitment to innovation, continually engineering superior products that make life easier for consumers and work easier for professionals. The result is powerful growth and the delivery of excellent year-over-year financial results. But this is just the beginning.

In the years to come we will continue to innovate and respond to the evolving needs of our consumers, positioning TTI for continued strong financial performance over the long term. We are excited about our positive momentum and are well positioned to build on our record financial performance.

I would like to thank our loyal customers and business partners for their ongoing support, our dedicated and passionate employees whose hard work helps us realize our vision each year, our shareholders for their commitment to TTI, and our board of directors for its ongoing strategic contributions. Our shared success is the result of a true team effort.



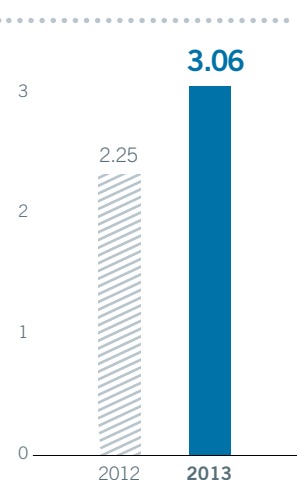
Horst Julius Pudwill

Chairman
March 19, 2014

▶ Dividend per Share

US cents

↑ 35.7%



▶ Basic Earnings per Share

US cents

↑ 19.8%

