



Techtronic Industries



2007

Interim Results Announcement

Aug 2007



Agenda

○ **Overview**

Mr. David Butts
(Group Senior Vice President)

○ **Financial review**

Mr. Frank Chan
(Group Executive Director, CFO)

○ **Business review**

Mr. David Butts
(Group Senior Vice President)

Mr. Joe Galli
(CEO, TAH)

○ **Outlook**

Mr. Horst Pudwill
(Chairman & CEO)



Overview

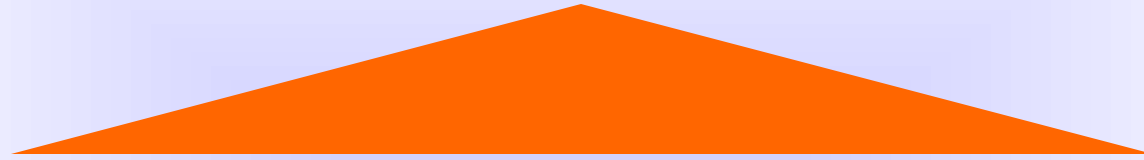
Mr. David Butts
(Group Senior Vice President)

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*TTI has the vision to be **number one** in the industries we serve.*



Business Platforms



**Power Tools
&
Accessories**

**Outdoor
Products
&
Accessories**

**Floor Care
&
Accessories**

Brand Platforms

Power Tools & Accessories



Outdoor Products & Accessories



Floor Care & Accessories





Powerful Brands



Powerful Brands



**Innovative
Products**

Powerful Brands



Innovative Products

Best Cost

Powerful Brands

**Exceptional
People**

Strategic Drivers

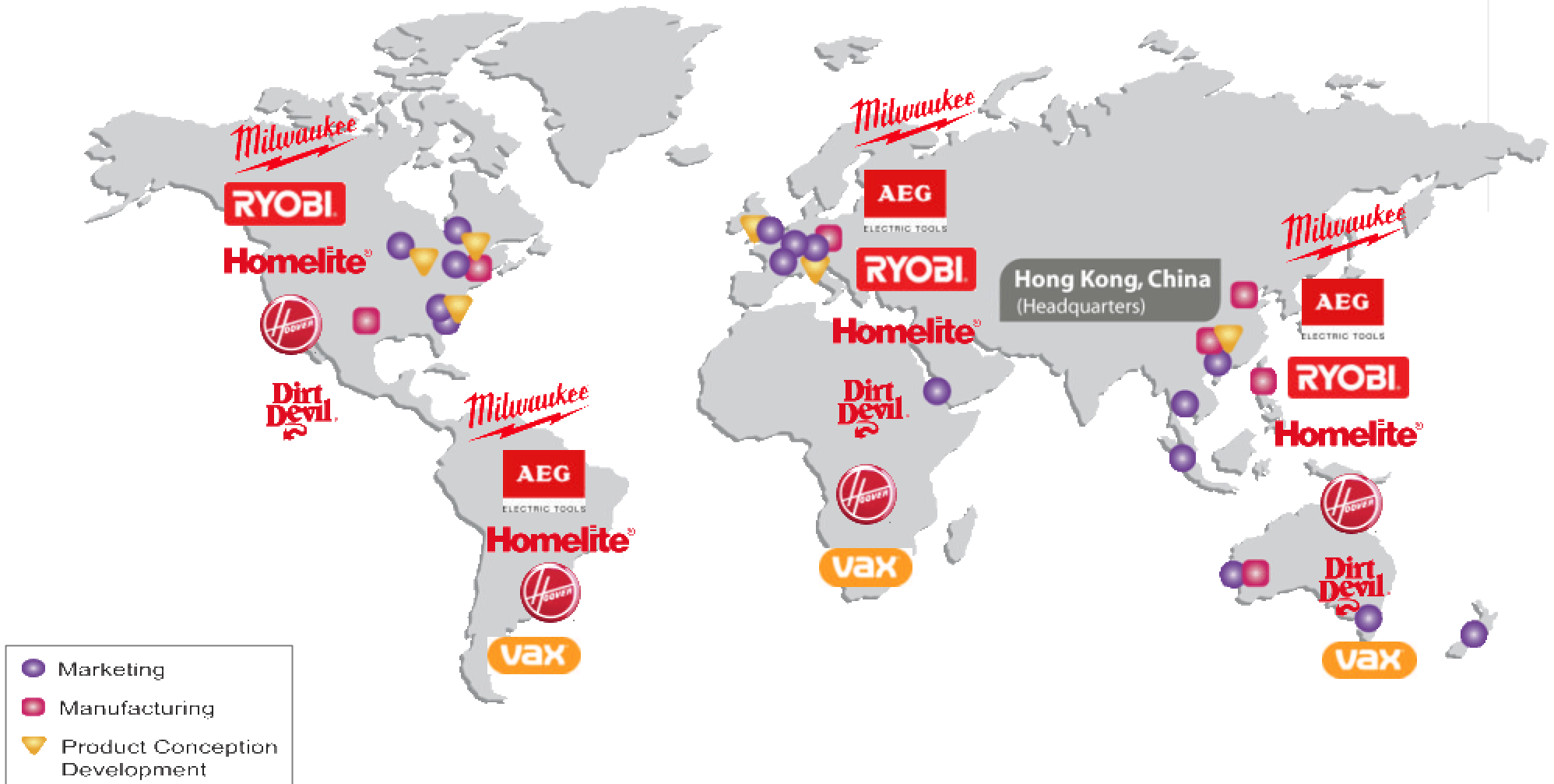
Innovative
Products

Best Cost





Expanding Geographical Reach





2007 1st Half highlights

- **Record Turnover and Profits**
- **Global leader** – Hoover integration on target
- **Growth** – Power Tool brands
- **Growth** – Floor Care brands
- **Growth** – Europe
- **Future** – Strategic Repositioning Plan



Strategic repositioning plan

Includes 3 Major Initiatives:

1. Re-deploy global manufacturing & product development
 - a) Hoover integration
 - b) Redeployment of power tool manufacturing
 - c) Creation of best cost manufacturing vision
2. Expansion of our brands and product categories
3. Rationalization of business structures

Financial Overview:

Annualized savings	\$ +550 million
Restructuring costs	\$ 1,170 million
Non-cash	\$ 429 million
Transition costs	\$ 195 million
Timeframe	Within 3 years



Financial Review

Mr. Frank Chan
(Group Executive Director, CFO)



Financial highlights

For the 6 months period ended 30th, June 2007

	2007 HK\$m	2006 HK\$m	Changes %
Turnover	11,928	10,737	↑ 11.1
Gross Profit	3,790	3,360	↑ 12.8
EBITDA	1,093	1,010	↑ 8.2
Operating profit	808	767	↑ 5.3
Profit attributable to equity holders of the parent	509	504	↑ 1.1
Basic EPS (HK cents)	34.50	34.40	↑ 0.3
DPS (HK cents)	6.50	6.50	-
NBVPS (HK\$)	4.98	4.44	↑ 12.2



Margin analysis

%		%
31.8	Gross	31.3
9.2	EBITDA	9.4
6.3	EBIT	6.7
5.0	Pretax	5.4
4.3	Net	4.7
2007		2006

- Gross margin improved because of favorable currency gains in the Euro Zone
- Increase of raw material costs and RMB appreciation were partially offset by new products, cost containment programs, and Group synergies
- Higher SG&A expenses from the Hoover acquisition and Integration
- Higher finance costs as a result of additional borrowings for acquisition impacted the Pretax margin
- Effective tax rate increased to 13.3% from 13.1% in 2006 as a result of profit contributions from operations at higher tax jurisdiction



Analysis by product

For the 6 months period ended 30th, June 2007

Sales contributions by product



(%) – June 2006 figures

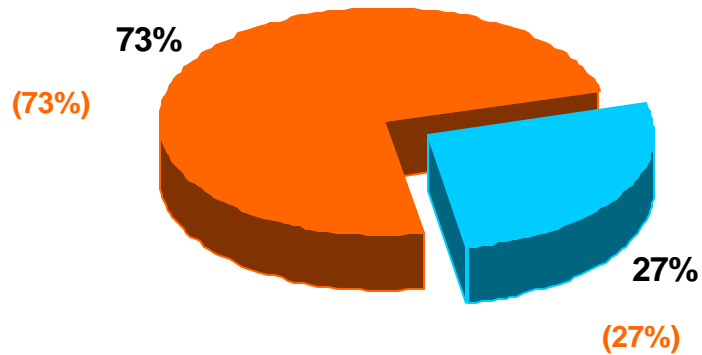
	Power equipment	Floor care & Others
Revenue (HK\$m)	8,249	3,679
Change (%YoY)	-5.8	85.7
Result (HK\$m)	686	122
Change (%YoY)	1.2	36.3
Margin (%) - 2007	8.3	3.3
Margin (%) - 2006	7.7	4.5





Analysis by market location

For the 6 months period ended 30th, June 2007

Sales contributions by market location



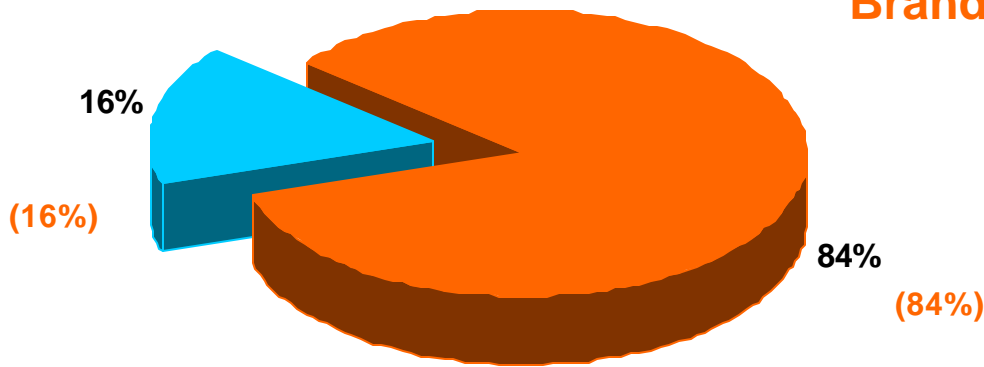
(%) – June 2006 figures

	 North America	 Europe & other countries
Revenue (HK\$m)	8,742	3,186
Change (%YoY)	11.3	10.6
Result (HK\$m)	617	191
Change (%YoY)	4.9	6.7
Margin (%) - 2007	7.1	6.0
Margin (%) - 2006	7.4	6.2



Analysis by brand

OEM &
Private Label



(%) – June 2006 figures

Own & Licensed
Brands

Milwaukee®

AEG
ELECTRIC TOOLS

RYOBI®

Homelite®

SHRETT®

HOVER

Dirt
Devil®

VAX

New
in
2007



Financial position

<u>Dec 2006</u>	<u>1H 2007</u>	(HK\$m)	<u>1H 2006</u>
<u>8,464</u>	<u>9,195</u>	Non-current assets	<u>8,310</u>
12,856	15,107	Current assets	11,822
<u>7,214</u>	<u>9,728</u>	Current liabilities	<u>6,574</u>
5,642	5,379	Net current assets	5,248
7,028	6,992	Long-term liabilities	6,978
6,997	7,497	Shareholders' funds	6,503
1.78	1.55	Current ratio	1.80
1.22	1.02	Quick Ratio	1.16
74.1%	79.3%	Gearing	76.2%
5.2	4.5	Interest coverage(x)	5.1



Healthy working capital position

Turnover days	<u>Jun-07</u>	<u>Dec-06</u>	<u>Jun-06</u>
Inventory (1)	71	67	69
Trade receivables (2)	60	54	51
Trade & other payables (3)	57	56	56

- Working capital position remains healthy.
- Higher inventory in preparation for peak shipment in 2H.
- Negotiated better terms with suppliers.

(1) Average inventory / sales x 365

(2) Average trade receivables / sales x 365

(3) Average trade & other payables / sales x 365

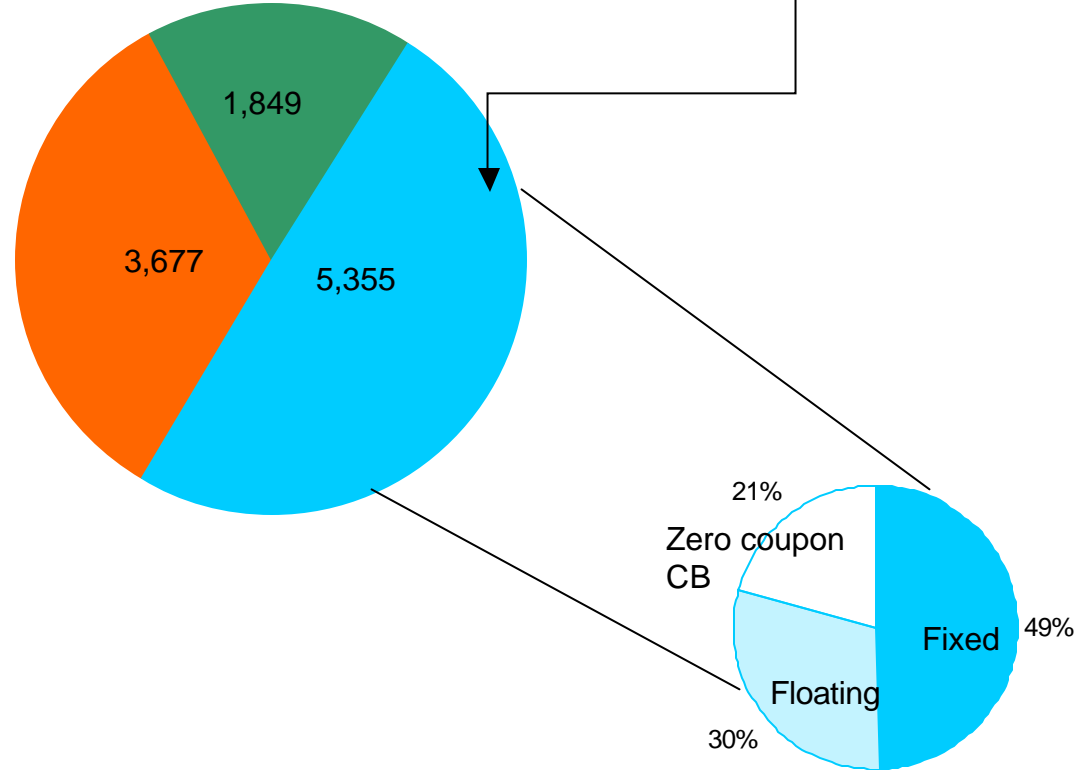


Cash and borrowing profile

Well-balanced loan portfolio for long-term growth

LT borrowings added in 2005:

- US\$200m fixed interest rate Notes
- US\$200m syndicated loan





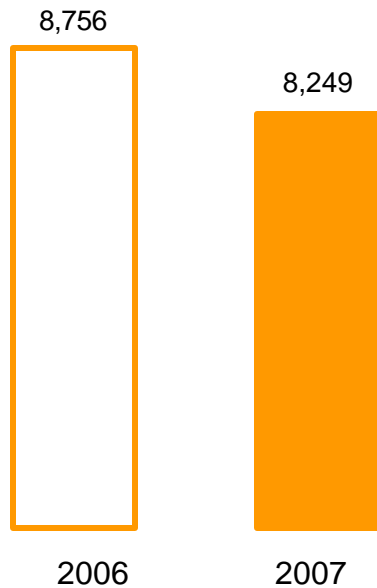
Business Review – Power Tools and Accessories

Mr. David Butts

(Group Senior Vice President)



Business review Power equipment



Divisional turnover
(HK\$m)

69%

of Group sales

- Turnover declined with Outdoor Products
 - ✓ Exited low margin product categories
- Turnover growth in Power Tool brands
 - ✓ Europe and ROW continued growth trend
- Improved margin to 8.3% from 7.7% in 2006
 - ✓ Efficiency gains in Outdoor Products
 - ✓ Innovative new products
 - ✓ Growth of higher value brands
 - ✓ Product transfer programs & cost savings initiatives



Business review
Power tools





AEG



Business review
Power tools





Business review
Power tools





Business Review – Outdoor Products and Floor Care

Mr. Joe Galli
(CEO, TTA)



Power equipment
Outdoor products

Homelite®



○ Turnover growth in 1H

- ✓ Continued double digit expansion in Europe
- ✓ Hoover contribution
- ✓ Increased marketing efforts

○ Hoover Integration

- ✓ On target

○ Global R&D Center

	Floor care & Others
Revenue (HK\$m)	3,679
Change (%YoY)	85.7
Result (HK\$m)	122
Change (%YoY)	36.3
Margin (%) - 2007	3.3
Margin (%) - 2006	4.5

31%

of Group sales



Business Review
Floor care







Business Review
Floor care





Business Review
Floor care





Outlook

Mr. Horst Pudwill
(Chairman and CEO)





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