



Techtronic Industries

**higher
performance**

2005

Interim Results Announcement

18th August 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

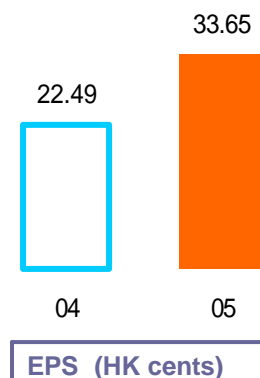
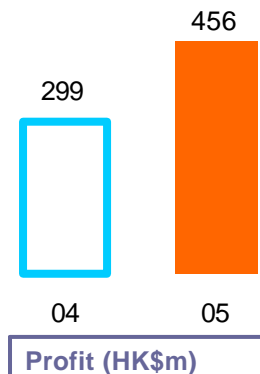
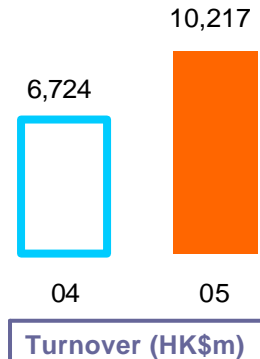
For the 6 months period ended 30th June 2005

Mr. Horst Pudwill
(Chairman & CEO)



Key achievements

For the 6 months period ended 30th June, 2005



- TTI's growth strategy continues to deliver record performance
 - Turnover increased by 52% to HK\$10.2bn
 - Profits attributable to shareholders of the Company grew 53% to HK\$456m
 - EPS increased by 50% to HK33.65cents
 - Interim DPS of HK6.00 cents, an increase of 33%
- Contributed by strong organic growth and acquisition
- Successful product launches supported by effective marketing programs
- On-going integration of Milwaukee / AEG businesses with the Group
- Robust outlook for the rest of the year



Financial Review

For the 6 months period ended 30th June 2005

Mr. Frank Chan
(Group Executive Director)



Financial highlights

For the 6 months period ended 30th June 2005

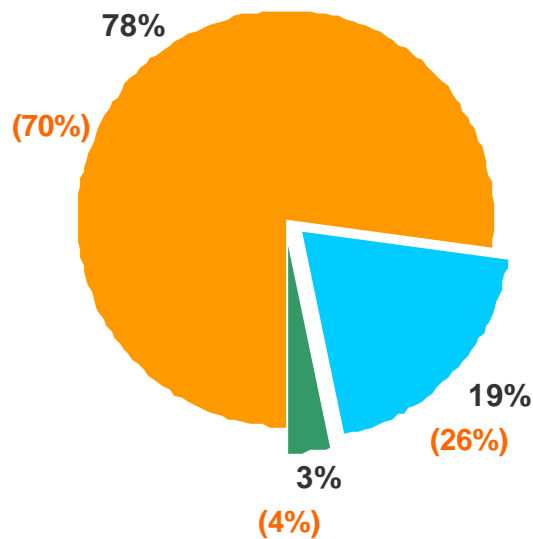
	1H05 HK\$m	1H04 HK\$m	Changes %
Turnover	10,217	6,724	↑ 52.0
Gross profit	3,172	2,004	↑ 58.3
Gross margin (%)	31.0	29.8	
EBITDA	939	558	↑ 68.2
EBITDA margin (%)	9.2	8.3	
Operating profits	723	419	↑ 72.6
Operating margin (%)	7.1	6.2	
Profits attributable to shareholders of the Company	456	299	↑ 52.7
Profit margin (%)	4.47	4.44	
EPS (HK cents)	33.65	22.49	↑ 49.6



Analysis by product

For the 6 months period ended 30th June 2005

Sales contributions by product



(%) – 1H04 figures

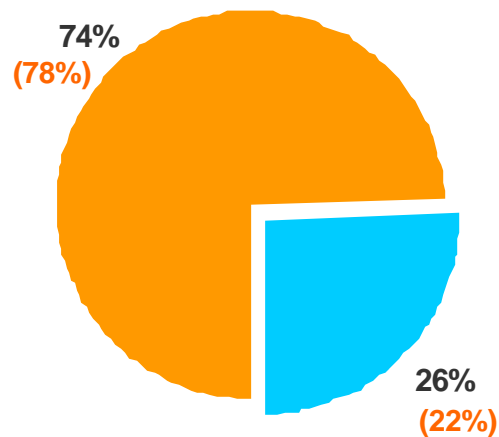
	Power equipment products	Floor care appliances	Laser & electronic products
Revenue (HK\$m)	7,889	1,980	348
Change (%YoY)	67.4	15.3	18.0
Result (HK\$m)	550	103	70
Change (%YoY)	86.8	28.7	18.4
Margin (%) - 1H05	7.0	5.2	20.2
Margin (%) - 1H04	6.2	4.7	20.1



Analysis by market location

For the 6 months period ended 30th June 2005

Sales contributions by market location



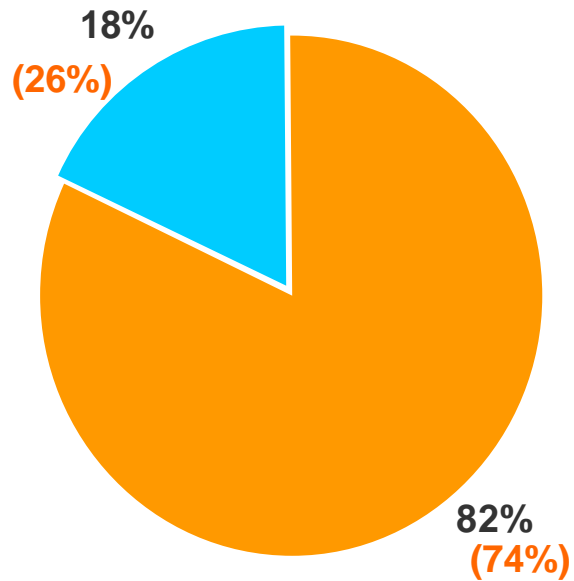
(%) – 1H04 figures

	North America	Europe & other countries
Revenue (HK\$m)	7,616	2,601
Change (%YoY)	44.8	77.6
Result (HK\$m)	563	160
Change (%YoY)	53.6	137.3
Margin (%) - 1H05	7.4	6.2
Margin (%) - 1H04	7.0	4.6



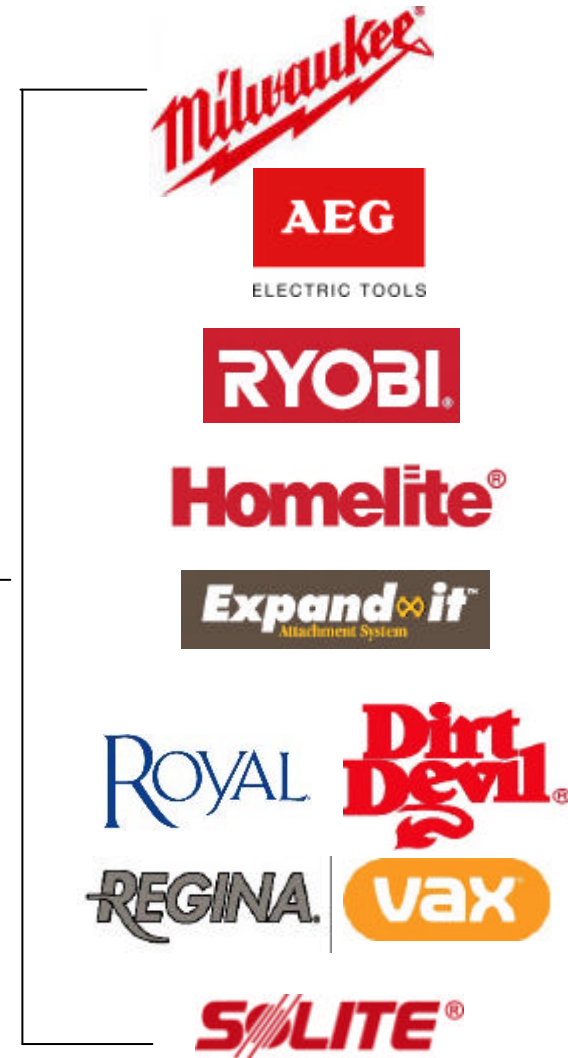
Sales contributions by type

OEM & private label



(%) – 1H04 figures

Own & licensed brands





Financial position

<u>YR2004*</u>	<u>1H04*</u>	(HK\$m)	<u>1H05</u>
<u>2,261</u>	<u>2,120</u>	Non-current assets	<u>6,921</u>
11,642	6,547	Current assets	10,318
<u>7,819</u>	<u>4,398</u>	Current liabilities	<u>7,892</u>
3,823	2,149	Net current assets	2,426
2,548	1,457	Long-term liabilities	5,482
3,454	2,748	Shareholders' funds	3,764
1.49	1.49	Current ratio	1.31
Net cash	Net cash	Gearing	118.6% [70.4%]**
11.6	10.4	Interest coverage(x)	5.3

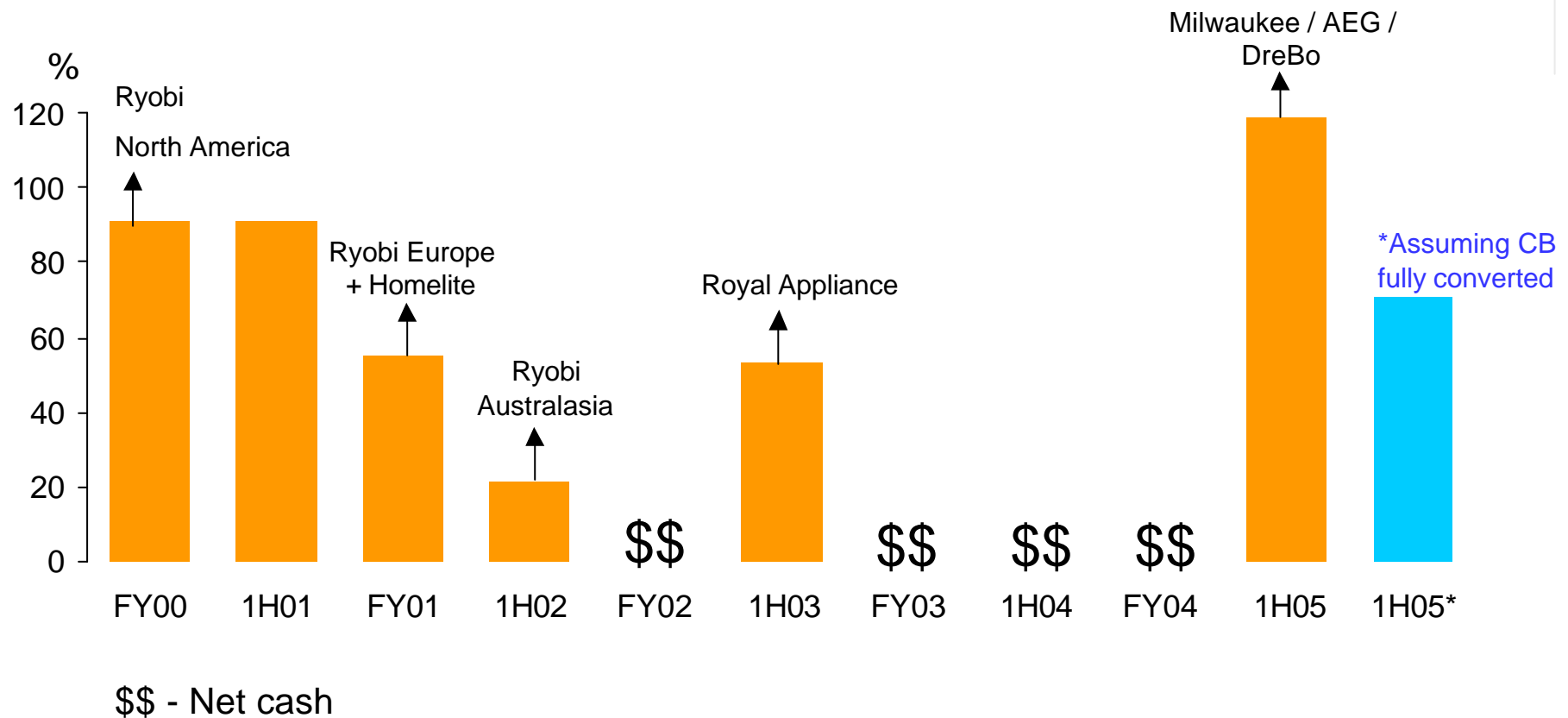
*restated following new HKFRSs and HKASs

**Assuming the CB fully converted



Gearing

- Gearing ratio is expected to improve by end of the year given the Group's strong cash flow generating capability

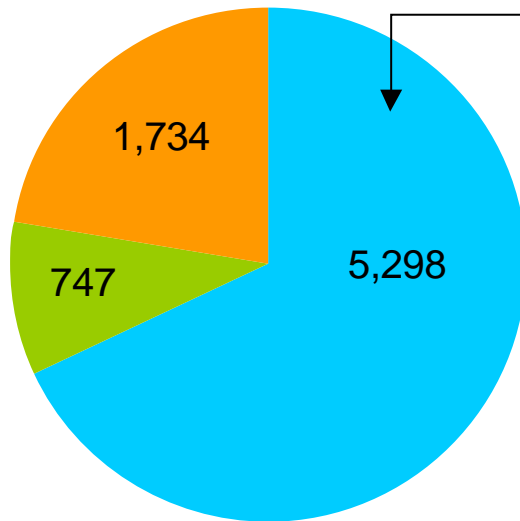




Cash and borrowing profile

LT borrowings added in 1Q05:

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



(HK\$m)

- Short-term borrowing
- Long-term borrowing
- Cash

Well-balanced loan portfolio for long-term growth

- The Group's balance sheet remained solid and healthy
- Financed the Milwaukee / AEG acquisition by internal resources and borrowings
- Higher capital requirement in the first half to prepare for the second half peak shipment



Healthy working capital position

Turnover days	1H05	1H04
Inventory ⁽¹⁾	64	68
Trade receivables ⁽²⁾	51	48
Trade & other payables ⁽³⁾	59	53

(1) Average inventory / sales x 365

(2) Average trade receivables / sales x 365

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



Business Review

Mr. David Butts
(Senior Vice President)



Power tools

- Strong growth of the power tool business attributed to
 - ✓ Double-digit growth of existing business
 - ✓ First six months' contributions from the acquisition
- Successful product launches for both consumer and professional markets, experiencing tremendous market acceptance – Milwaukee® V28™, Ryobi® One+™, RIDGID® pneumatics
- Smooth integration of Milwaukee / AEG acquisition
 - ✓ Consolidating design and engineering resources
 - ✓ Rationalizing manufacturing and the supply chain
 - ✓ Establishing a powerful field sales team





Outdoor power equipment



- Strong growth in both North American and European markets
- Capitalized on the already strong position of Ryobi® and introduced a number of new products, namely
 - ✓ Gas-powered pressure washer
 - ✓ Log splitter
 - ✓ Cultivator
- Product expansion supported by effective advertising and highly visible end cap displays
- New products will continue to drive strong performance through the second half of the year



Floor care appliances



- Dirt Devil® brand remained a consumer favourite exhibiting strong growth across all markets
 - ✓ A wide range of new products e.g. Dynamite® line of vacuums and Centrixx cyclonic canister vacuums
- Strengthened North American Management team and created new marketing campaigns that highlight product innovations
- Vax® is the fastest growing brand in UK and has captured market gains
- OEM partnerships continued to grow
- Expanding Vax® presence to the US market with a new generation of premium Vax® vacuum cleaners, which will complement our Dirt Devil® and Regina® brands



Laser & electronic products

- Strong growth in sales and profit was the result of new product introductions and key productivity measures to contain costs
- Strengthened the strategic alliance with our key ODM partners
- A new range of electronic hand tools, solar lights and infant care products will be launched in the second half of the year
- Planning to expand our presence in the European market where large potential remains untapped





Outlook

**Mr. Horst Pudwill
(Chairman & CEO)**



Outlook

- Sound core strategies are delivering higher performance in all areas of the business
- Robust outlook for the rest of the year
 - ✓ Flow of highly innovative and quality products
 - ✓ Lithium Ion battery technology platform for growth
 - ✓ Dedication to cost rationalization
 - ✓ Strong alliance with our partners
- Synergistic benefits from the integration with the newly acquired business is bringing both growth and productivity opportunities

higher
performance



Thank you





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