



2006

# Annual Results Announcement

*19th April 2007*



## Agenda

- **Financial review**

Mr. Frank Chan  
(Group Executive Director)

- **Business review**

Mr. David Butts  
(Group Senior Vice President)

- **Outlook**

Mr. Horst Pudwill  
(Chairman & CEO)



# Financial Review

**Mr. Frank Chan**  
**(Group Executive Director)**



## Financial highlights

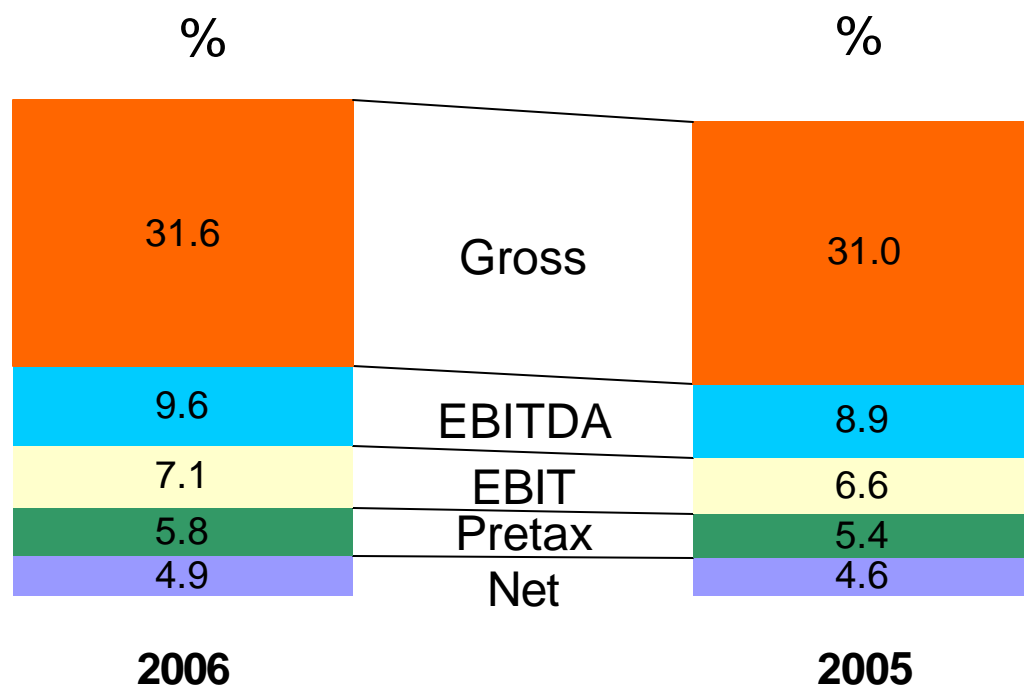
*For the 12 months period ended 31st December, 2006*

	2006 HK\$m	2005 HK\$m	Changes %
Turnover	21,823	22,358	↓ (2.39)
<i>Gross profit %</i>	31.6%	31.0%	↑
EBITDA	2,098	1,989	↑ 5.5
Operating profit	1,656	1,576	↑ 5.0
Profit attributable to equity holders of the parent	1,072	1,019	↑ 5.2
Basic EPS (HK cents)	73.18	73.53	↓ (0.5)
DPS (HK cents)	19.10	18.60	↑ 2.7
NBVPS (HK\$)	4.78	4.18	↑ 14.4



# Margin analysis

## Across the board improvements



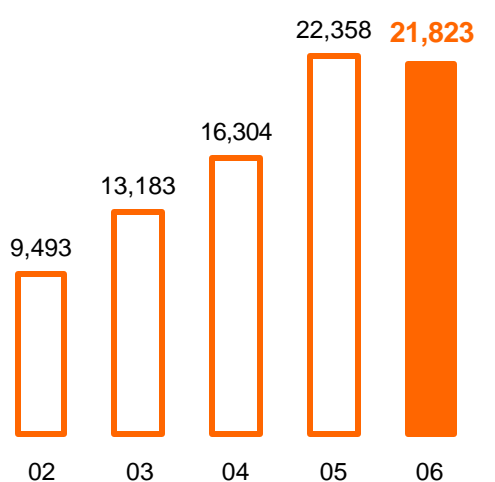
- Gross margin improved despite raw material pricing pressure
- Helped by favorable product portfolio, new products, and cost improvement programs
- Controlled operating expenses combined with gross margin improvements resulted to improved EBITDA
- Higher finance costs as a result of additional borrowings for acquisition took away some of the gains from EBIT
- Effective tax rate increased to 14.6% from 13.0% in 2005 as a result of profit contributions from operations at higher tax jurisdictions



## Five year summary

5-Year CAGR

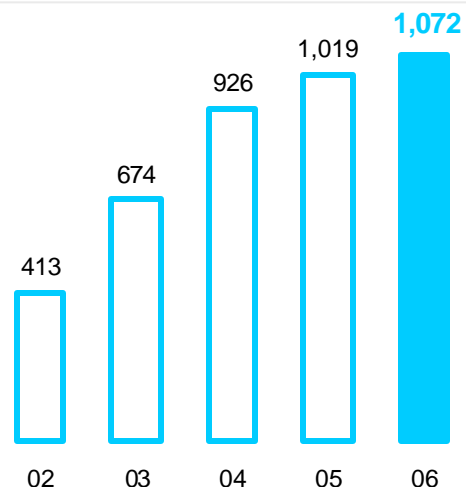
↑ 23%



Turnover (HK\$m)

5-Year CAGR

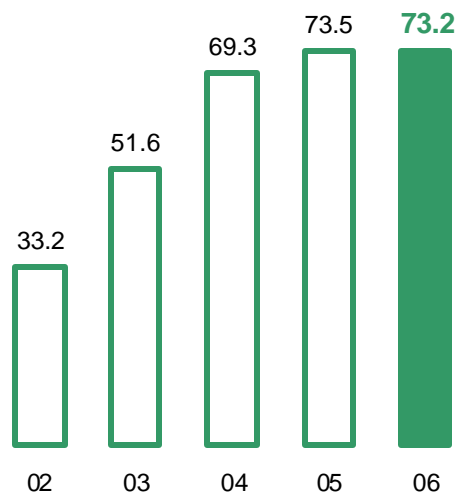
↑ 27%



Net profit (HK\$m)

5-Year CAGR

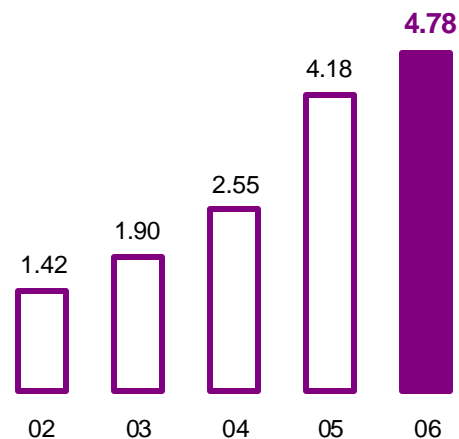
↑ 22%



Earnings per share (HK cents)

5-Year CAGR

↑ 35%



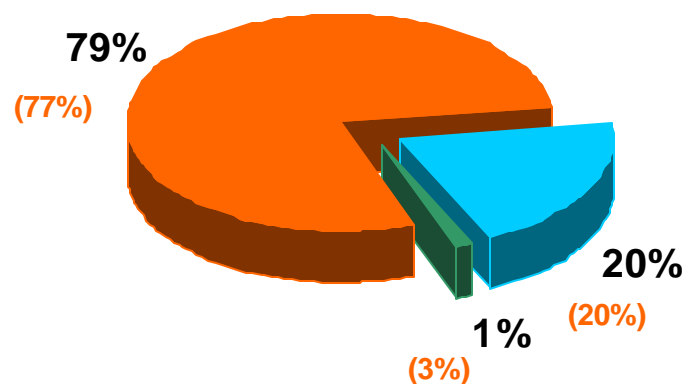
Net book value per share (HK\$)



# Analysis by product

For the 12 months period ended 31st December, 2006

Sales contributions by product



(%) – 2005 figures

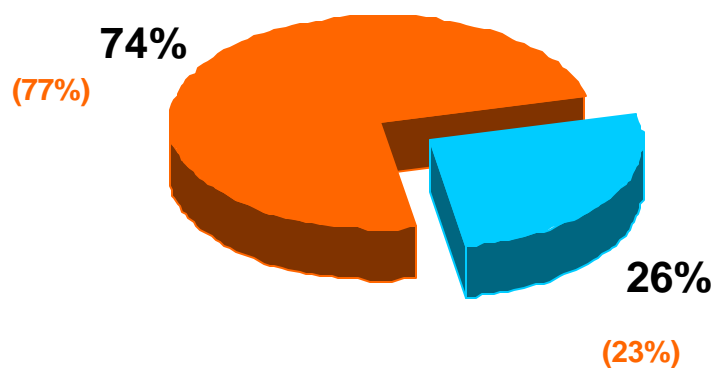
	Power equipment	Floor care	Laser & electronics
Revenue ( HK\$m)	17,116	4,428	279
Change (%YoY)	-0.4	-2.2	-57.5
Result ( HK\$m)	1,462	157	37
Change (%YoY)	18.2	-21.5	-73.5
Margin (%) - 2006	8.5	3.5	13.2
Margin (%) - 2005	7.2	4.4	21.2



# Analysis by market location

For the 12 months period ended 31st December, 2006

## Sales contributions by market location



(%) – 2005 figures

	North America	Europe & other countries
Revenue ( HK\$m )	16,082	5,741
Change (%YoY)	-6.1	9.6
Result ( HK\$m )	1,384	272
Change (%YoY)	-0.1	42.2
Margin (%) - 2006	8.6	4.7
Margin (%) - 2005	8.1	3.7





## Financial position

<u>YR2006</u>	(HK\$m)	<u>2005</u>
<u>8,464</u>	<b>Non-current assets</b>	<u>8,078</u>
12,856	Current assets	12,297
<u>7,214</u>	Current liabilities	<u>7,411</u>
<b>5,642</b>	<b>Net current assets</b>	<b>4,886</b>
<b>7,028</b>	<b>Long-term liabilities</b>	<b>6,731</b>
<b>6,997</b>	<b>Shareholders' funds</b>	<b>6,112</b>
<b>1.78</b>	<b><i>Current ratio</i></b>	<b>1.66</b>
<b>1.22</b>	<b><i>Quick Ratio</i></b>	<b>1.12</b>
<b>74.1%</b>	<b><i>Gearing</i></b>	<b>68.3%</b>
<b>5.2</b>	<b><i>Interest coverage(x)</i></b>	<b>5.0</b>



## Healthy working capital position

Turnover days	<u>2006</u>	<u>2005</u>
Inventory <sup>(1)</sup>	67	55
Trade receivables <sup>(2)</sup>	54	46
Trade & other payables <sup>(3)</sup>	56	53

- Working capital position remains healthy.
- Slower sales in 2H increased inventory levels.
- 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

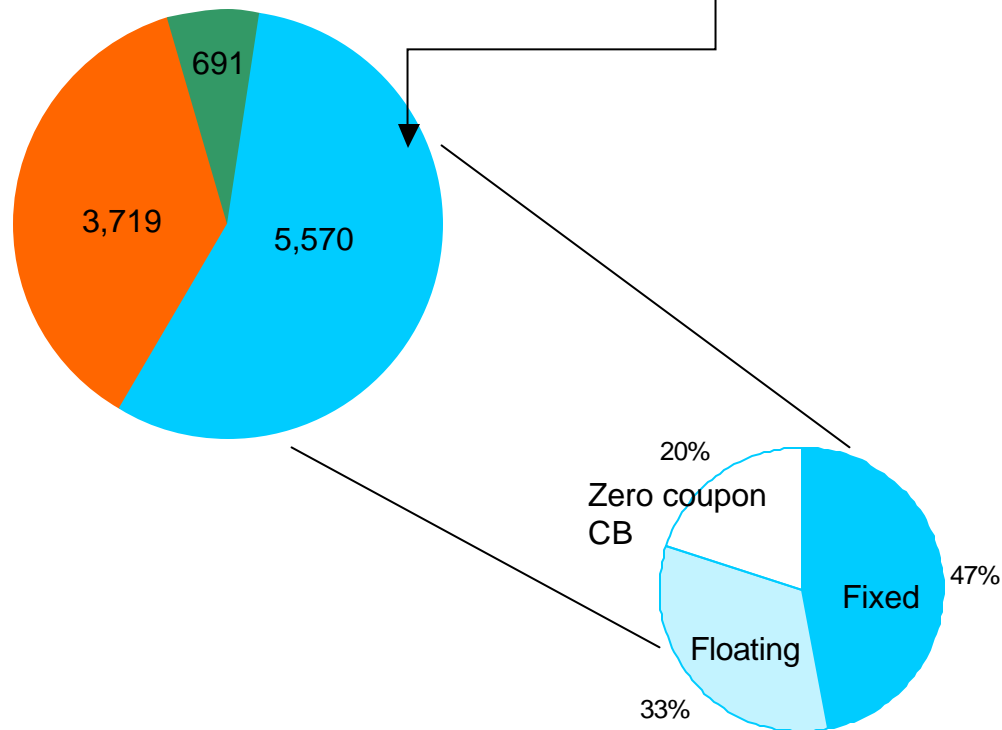


# Cash and borrowing profile

*Well-balanced loan portfolio for long-term growth*

**LT borrowings added in 2005:**

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



(HK\$m)

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



# Business Review

**Mr. David Butts**

**(Group Senior Vice President)**

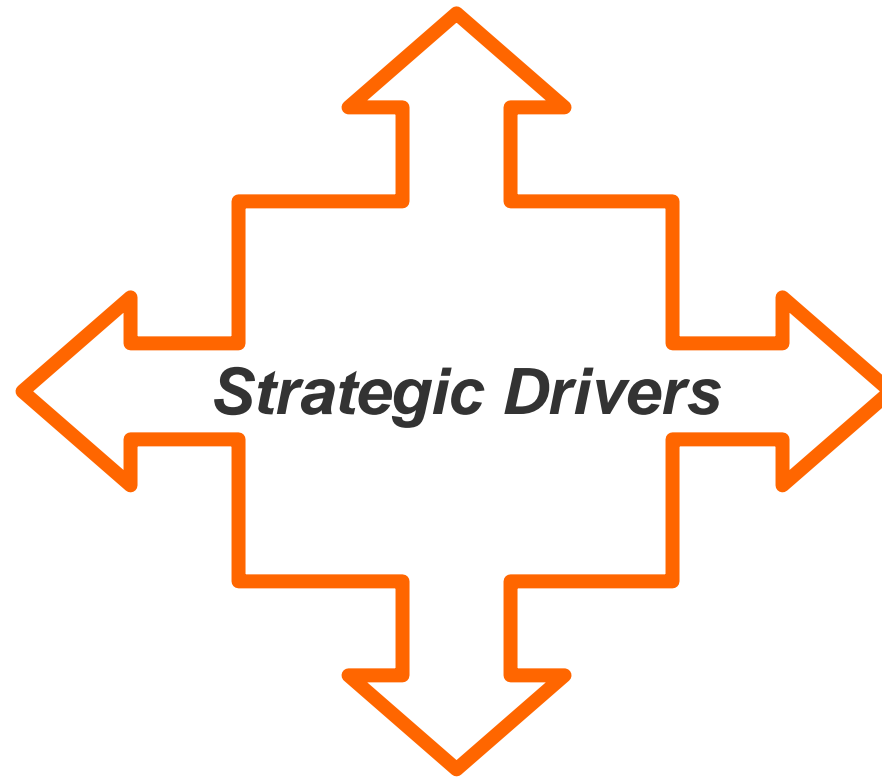


*TTI has the vision to be **number one** in the industries we serve.*



**Powerful Brands**

**Exceptional  
People**



**Innovative  
Products**

**Best Cost**



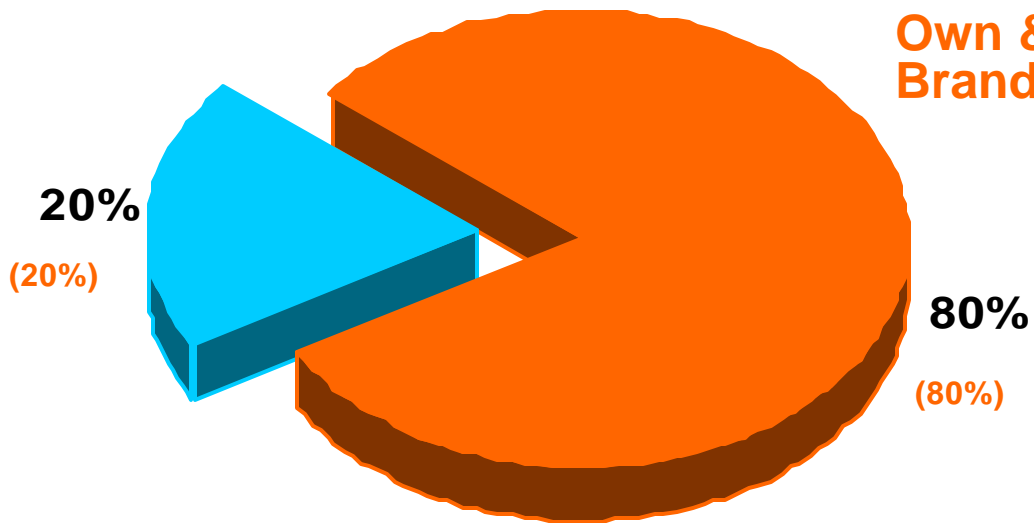
## Business Review **2006 Highlights**

- **Record Profits** - 12th year of increase
- **Global leader** - Hoover® acquisition
- **Growth** - Professional power tool brands
- **Growth** - Europe
- **Strengthened** - Global management team
- **Consolidation** - 2005 power tool acquisition



# Business by Brand

OEM &  
Private Label



(%) – 2005 figures

Milwaukee

AEG  
ELECTRIC TOOLS

RYOBI

Homelite®



New in  
2007

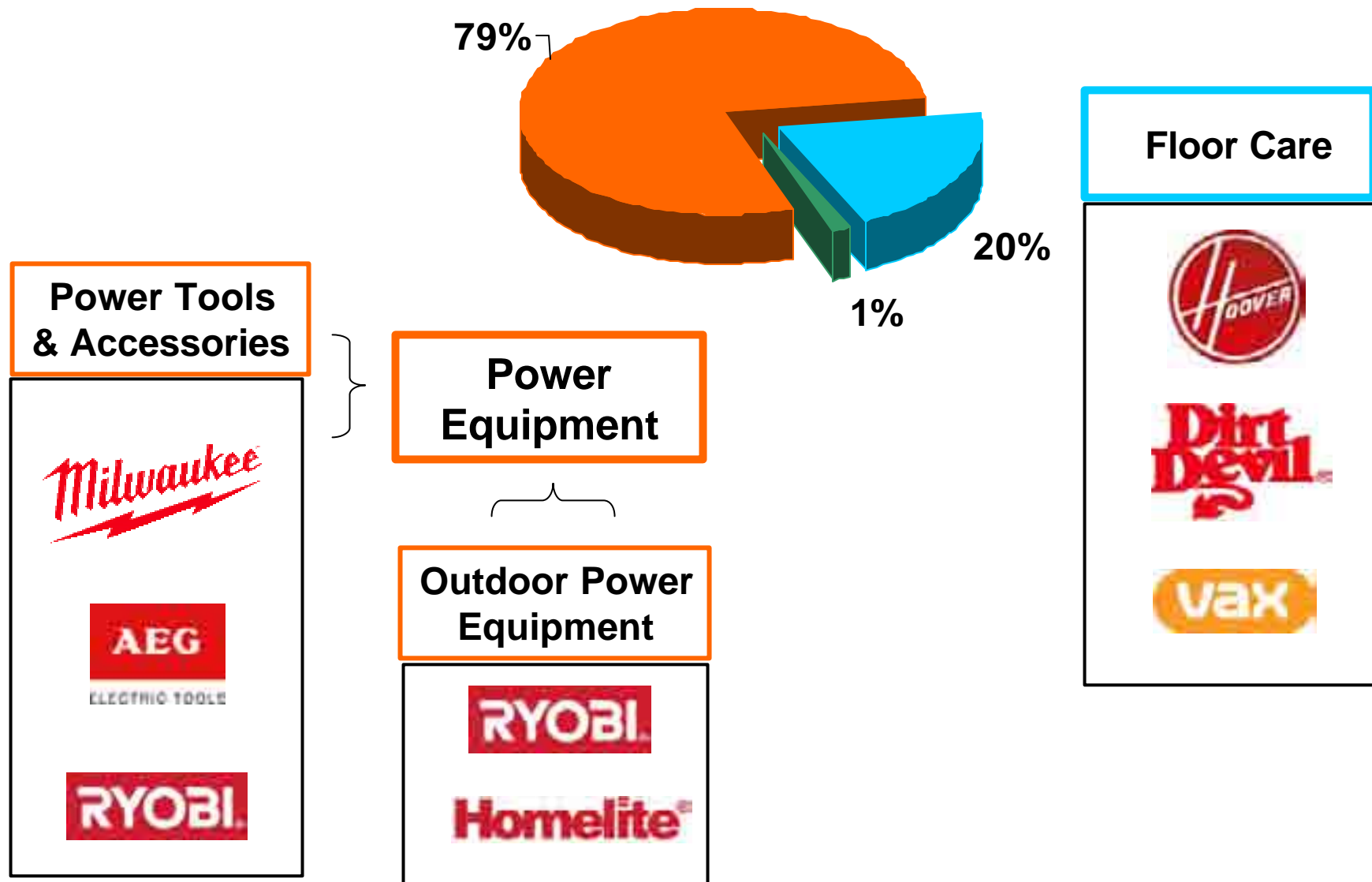
Dirt Devil

VAX



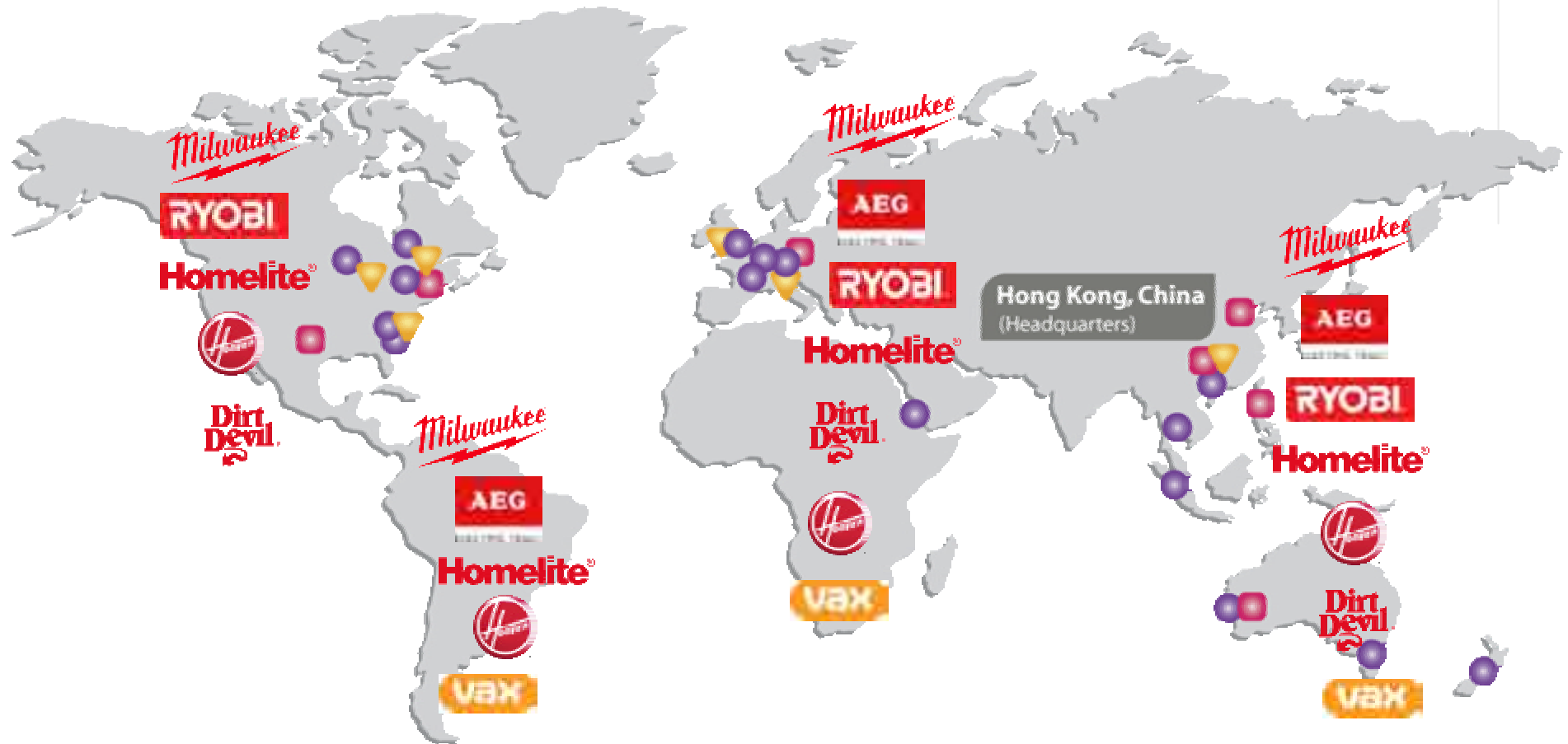


# Powerful Brands





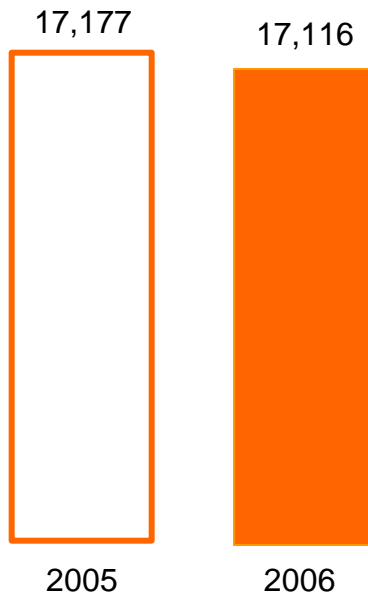
# Expanding Geographical Reach



- Marketing
- Manufacturing
- ▼ Product Conception Development



## Business Review Power Equipment



Divisional turnover  
(HK\$m)

79%

of Group sales

- Profit expanded 18.2%
- Improved margin to 8.5% from 7.2% in 2005
  - ✓ Innovative new products
  - ✓ Growth of higher value brands
  - ✓ Product transfer programs & cost savings initiatives
- Turnover almost flat due to soft macro economic environment in the US in the 2H
  - ✓ Milwaukee® and AEG® (professional brands) grew
  - ✓ Europe and ROW continued growth trend
  - ✓ Improvement in OPE



## Power Equipment Power Tools

### ○ Milwaukee® and AEG® professional brands grew

- ✓ Lithium ion cordless technology expands cordless segment
- ✓ Geographical expansion
- ✓ Introducing “Jobsite Solutions”

**V18™**  
**LITHIUM-ION**





## Power equipment products

### Power tools

- Profit margins improve

- ✓ Innovative new products
- ✓ Milwaukee® transfer
- ✓ CIP
- ✓ Global R&D efforts





## Power Equipment Power Tools



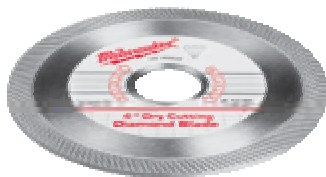
- RYOBI® One+™ *franchise*
  - ✓ Added nine innovative new products
  - ✓ Expansion in Europe and ROW



## Power Equipment Power Tool Accessories

- Growing business segment
- Innovative product launches

- ✓ AEG® DrillConnect™ SDS-max adapter system
- ✓ AEG® Carbide Tipped Universal Hole Saws
- ✓ Milwaukee® Ice Edge™, a new generation of reciprocating saw blades
- ✓ RYOBI® laser measuring tools





## Power equipment products Outdoor Power Equipment

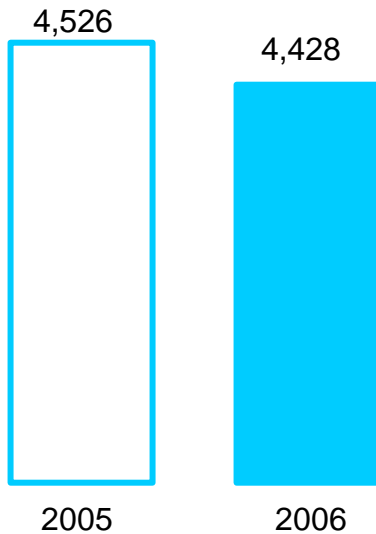
- Turnover growth for the year and double-digit gains coming outside of North America
  - ✓ RYOBI® entered new product categories
  - ✓ HOMELITE® MightyLite™ lightest weight outdoor product in the industry







## Business Review Floor Care



Divisional turnover  
(HK\$m)

20%

of Group sales

- Turnover growth in 2H and full year decline of 2.2%
  - ✓ Strategic shift to brands
  - ✓ Increased marketing efforts
  - ✓ Continued double digit expansion in Europe and ROW
- Margin pressures for global material costs
  - ✓ Innovative new products
  - ✓ Cost savings initiatives
- Building global management team and global R&D center



- Hoover® acquisition creates global leader



- Premium Hoover® brand
- Powerful brand portfolio
- Global Scale
- 2007 Integration



## Business Review Floor Care

- Brand and product strength in all major categories

Uprights



Canisters



Extractors



Sticks & Hand





# Outlook

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



## Outlook

- Solid foundation and scale advantages provide us competitive flexibility to meet market challenges
- Positive outlook for 2007
  - ✓ More powerful brand portfolio with the addition of Hoover
  - ✓ Innovative products capture market share and enhance status of our brands
  - ✓ Leading lithium ion battery technology platform
  - ✓ Expanded distribution channels
  - ✓ Synergies and cost benefits from integration
- Focus on core business expansion and search for strategic acquisitions that will enhance both top line and bottom line



Thank you





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