



[For Immediate Release]

**TechTronic Industries Announces 2001 Annual Results  
Reports Spectacular Profit Growth of 32%**

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**Dynamic Strategy to Build Global Brands**

**Financial Highlights**

- Turnover rose 34% over 2000 to HK\$6.1 billion
- Operating profit before interest and taxation grew by 23% to HK\$353 million.
- Net profit increased 32% to HK\$238.8 million.
- Basic earnings per share grew 30% to HK 42.02 cents from HK 32.31 cents\* from in 2000.
- Generated internal cash flow of HK\$306 million.
- Net gearing improved to 54.9%, compared with 87.9%\* in 2000.
- Return on equity was 21.6% in 2001, compared with 19.9%\* in 2000.

\* Previous results as restated following the adoption of SSAP

(HONG KONG, April 23, 2002) – **TechTronic Industries Company Limited** (“TTI”) (stock code: 669) today announced its annual results for the year ended December 31, 2001. The past financial year was the Group’s seventh consecutive year of double-digit growth. The strong operating cash flow supported an increased level of brand investment and contributed to the significant reduction in gearing to 54.9% from 87.9%\* in 2000. TTI is better positioned than ever for the enormous opportunities that lie ahead.

Basic earnings per share for the year rose from 32.31 HK cents\* per share in 2000 to 42.02 HK cents per share in the review year, recording an increase of 30.1%. The Board of Directors has recommended a final dividend of 7.0 HK cents per share (2000: 6.0 HK cents) payable to shareholders on or about 29<sup>th</sup> July, 2002, which brings the total dividend payment to 11.5 HK cents per share (2000: 10.0 HK cents) for the year ended December 31, 2001.

“TTI achieve another record breaking year in 2001, despite the challenging global economic environment. Our spectacular growth was a result of an aggressive strategy focused on building a powerful brand portfolio and delivering leading-edge products,” said Mr. Horst Julius Pudwill, Chairman of TTI.

The Power Tool Division represents the largest contributor to Group performance and achieved an impressive 47% growth in turnover to HK\$ 4.5 billion in 2001. The Division contributed 74% of the Group’s total turnover. This reflects the successful consolidation and integration of the North American Ryobi power tools business acquired in August 2000 into the Group’s operations in 2001.

Leveraging Ryobi’s global recognition and worldwide network, the Group has secured a long-term supply and distribution agreement with Home Depot to supply Ryobi power tools to over 1,200 Home Depot stores in North America. “This agreement not only forges a long term business partnership with the world’s largest home improvement retailer, but also provides Ryobi products with a significant outlet and marketing support. More importantly still, it ensures steady income for the Group in the coming years,” continued Mr. Pudwill.

Following the success of the North American acquisition, the Group acquired Ryobi Limited’s power tools and outdoor products marketing and distribution businesses in Europe, Australia and New Zealand. “These moves enhance TTI’s global market presence, provide a brand for development of the European market, and position the Group as a market leader in the Australasian market,” stated Mr. Pudwill.

The Group expanded into a lucrative business segment with the acquisition of the *Homelite* brand of consumer outdoor products, which includes gas trimmers, chain saws, and blowers. This globally recognized brand is a North American market leader and complements our Ryobi European and Australasia outdoor products business. The Group will gain from the counter seasonal demand between outdoor products and power tools.

Commented by Mr. Roy Chung, Managing Director, “Homelite brings more than the recognized global brand, it delivers expertise in product development and manufacturing of gas powered outdoor products. Gas and electric product platforms will enable TTI to develop a full range of consumer-driven products to be marketed under our Homelite, Ryobi or private label brands.”

The Floor Care Appliance Division accounted for 19% of the Group's total turnover and achieved over 8% turnover growth over prior year to HK\$1.2 billion with the launch of several new and innovative floor care products into the North American and European markets, including the state-of-the-art "Advanced Vacuum Cleaner" ("AVC"). Reviewing this business, Mr. Chung said, "The Group continues to benefit from key OEM relationships in North America and focus on the development of Europe through our "Vax" brand and new OEM customers."

Ongoing improvements and investments in product development, engineering, and testing are delivering higher quality products and better service to our customers. To meet the expanding market demand for new products, the Group increased Research and Development expenditures to HK\$ 79.9 million in 2001, up from HK\$ 38.8 million in 2000.

As part of the investment in our brand names, TTI understands the importance of brand development and promotion. In 2001, the Group spent HK\$290.2 million on advertising and promotion, an increase of 149% over the prior year. "We have undertaken a global initiative to developing and supporting our brands through consistent packaging, merchandising, product design, and other brand recognition programs," further commented Mr. Pudwill.

In assessing the outlook, Mr. Pudwill expressed confidence that the Group will achieve another year of record growth in 2002, capitalizing on its strategy to build global brands and the introduction of an expanded range of innovative products responsive to market needs. "Building on our momentum, 2002 has started strongly with orders from our major customers for the first half year already well ahead of 2001. Integration of the acquisitions to maximize synergies remains a management priority. We will continue to improve our overall cost structure and profitability through supply chain savings and increased manufacturing and marketing efficiencies. While North America remains a major market, our medium to long-term goal will be to expand our share in Europe and Australasia.

TTI now has leadership in an impressive range of internationally recognized products built around product development, brand focus, and customer acceptance. We will press forward with these core attributes to ensure that our products continue to deliver performance, quality, and value, which have been the trademark of our success," stated Mr. Pudwill

### **About TechTronic Industries Company Limited**

Founded in the 1980s, TTI is a world leader in the design, engineering, manufacturing and marketing of home improvement products, including power tools, floor care appliances, solar and electronic products as well as lawn and gardening tools. The Group operates manufacturing plants, totaling over 2.3 million sq. ft. of space throughout the world and has a total work-force of approximately 10,000 people with offices and operational bases in the Asia-Pacific, North America and Europe. TTI has enjoyed continuous growth since its listing on the Hong Kong Stock Exchange in 1990, achieving a CAGR of over 20% for the past five years in both turnover and profit. TTI's global achievements were recognized and honored with the "International Award" from the SCMP/DHL Hong Kong Business Awards in 2001. With the acquisition of the Ryobi businesses around the world, TTI became a major global leader in of the power tool industry.

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