



Techtronic Industries 2003 Profit Surge by 63.2% to HK\$674 million

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Ninth consecutive year of double digit growth

Results Highlights

For the year ended 31st December

	<u>2003</u>	<u>2002</u>	<u>Changes (%)</u>
Turnover (HK\$m)	13,183	9,493	+38.9
Gross profit (HK\$m)	3,898	2,467	+58.0
Net profit (HK\$m)	674	413	+63.2
EPS, basic (HK\$)	1.03	0.66	+56.1
DPS, final (HK cents)	17.75	10.0	+77.5
DPS, total (HK cents)	25.0	16.0	+56.3
Gross profit margin (%)	29.6	26.0	
Net profit margin (%)	5.1	4.4	

(HONG KONG, 7th April 2004) – **Techtronic Industries Co. Ltd.** (“TTI”) (stock code: 669, ADR symbol: TTNDY) today announced its annual net profit of HK\$674 million for the year ended 31st December 2003, representing 63.2% growth over last year. Basic earnings per share increased 56.1% to HK\$1.03 (2002: HK\$0.66). The Directors have recommended a final dividend of HK cents 17.75.

Mr. Horst Julius Pudwill, Chairman of TTI said, “Fiscal 2003 was the ninth consecutive year of double digit growth for TTI. The strong growth at the Group was the result of our ability to bring new products to the market quickly in response to customer demand and to deepen our customer relationships, especially in the key US market. In addition, the acquisition of Royal Appliance Mfg. Co. (‘Royal’) in April 2003 and the successful launch of the RIDGID® professional power tool line provide us with a new avenue of growth for the year and onwards.”

In assessing the prospects for TTI, Mr. Pudwill comments, “The outlook for 2004 is robust and we are excited about the growth opportunities we see ahead. The year began with an exciting development with the completion of the Ryobi license for the outdoor product category in North America. This not only allows us to maximize the synergies in logistics, marketing and sales for this powerful brand but also, together with the Homelite brand, strengthens our presence in the outdoor product market. As for our power tool business, we will continue to expand the Ryobi and RIDGID product ranges. We will see the benefits of the Royal integration for both sales growth and margin

improvement. The solar power and electronic measuring business will deliver another year of impressive growth, by tapping into other high growth markets and expanding its traditional product categories. TTI has the necessary tools for growth. We have established the business foundation and customer partnerships that will enable us to capture new growth opportunities, keeping us on our path of rapid expansion. ”

Review by operation

Power Equipment Products

The Power Equipment Products division delivered another successful year, reporting strong gains in revenues and profits. Turnover for the division grew 24.8 % to HK\$9,487 million, accounting for 72.0% of total Group turnover boosted by the strong growth of the Ryobi line in all markets and the successful launch of the RIDGID professional power tool line. The outdoor power equipment, Homelite, achieved substantial gains in productivity and in overall product performance through high-impact promotions and expanded product range with several important launches during the year. Operating profits for the division rose by 38.5% to HK\$653 million, reflecting the major contributions from new products and strong gains operational efficiency.

Floor Care Appliances

Accounting for 24.2% of the Group's total turnover, the Floor Care Appliances division recorded 91.6% growth in revenues to HK\$3,185 million, led by the Royal acquisition and significant gains in both Europe and contract manufacturing business in North America. During the year, the Group also successfully integrated the operations of Royal. The smooth integration has created a highly efficient and low cost global supply chain with round-the-clock new product design capability in North America. Operating profits for the division increased by 79.7% to HK\$131 million. Margins, excluding the dilution effect of Royal, improved when compared to the same period last year and the Group anticipates further gains, with the continued integration of Royal's operation and associated cost rationalisation programmes.

Solar Powered Lighting and Electronic Measuring Products

Revenues of the Solar Powered Lighting and Electronic Measuring Products division surged by 125.1% year on year to HK\$511 million, accounting for 3.8% of the Group's total turnover. The strong sales growth was driven by the introduction of new products in every category and a major expansion of the business in the North American market. Combined with stringent cost control, the division produced an equally impressive profit of HK\$101 million, representing 172.1% growth year-on-year.

The text of the announcement and results presentation are available at www.ttigroup.com

About TTI

Founded in 1985, TTI is a leading and fast-growing supplier of home improvement products, employing over 16,000 people worldwide. TTI's global brand portfolio includes RYOBI power tools, HOMELITE and RYOBI outdoor power equipment, REGINA, DIRT DEVIL and VAX floor care appliances. The company has enjoyed continuous growth since its listing on the Hong Kong Stock Exchange in 1990, achieving double-digit growth for the past nine years. TTI is also one of the constituent stocks on the Hang Seng HK MidCap Index under the Hang Seng Composite Index, the MSCI Hong Kong Index, the FTSE All-World Hong Kong Index and the FTSE/Hang Seng Asian Cyclical Index. For more information, please visit www.ttigroup.com.

About RIDGID®

RIDGID® is a registered trademark of Ridgid, Inc., part of Emerson Professional Tools, a business of St. Louis-based Emerson (NYSE: EMR)

Investor Presentation Broadcasting

Available at www.ttigroup.com from 9 pm, 7th April (HK Time) for a month until 6th May 2004

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RESULTS SUMMARY

For the year ended 31st December 2003

CONSOLIDATED INCOME STATEMENT

	<u>2003</u> HK\$'000	<u>2002</u> HK\$'000 (As restated)
Turnover	13,182,808	9,492,938
Cost of sales	(9,284,759)	(7,025,629)
Gross profit	3,898,049	2,467,309
Other operating income	39,575	55,495
Interest income	16,743	13,738
Selling, distribution, advertising and warranty expenses	(1,574,549)	(1,018,925)
Administrative expenses	(1,246,615)	(826,075)
Research and development costs	(268,244)	(111,784)
Profit from operations	864,959	579,758
Finance costs	(95,731)	(83,978)
Profit before share of results of associates and taxation	769,228	495,780
Share of results of associates	(987)	121
Profit before taxation	768,241	495,901
Taxation	(66,811)	(70,246)
Profit before minority interests	701,430	425,655
Minority interests	(27,457)	(12,241)
Profit for the year	<u>673,973</u>	<u>413,414</u>
Dividends	<u>113,251</u>	<u>83,755</u>
Earnings per share		
Basic	<u>HK\$1.03</u>	<u>HK\$0.66</u>
Diluted	<u>HK\$1.01</u>	<u>HK\$0.66</u>

CONSOLIDATED BALANCE SHEET

	As at 31 st December	
	<u>2003</u>	<u>2002</u>
	HK\$' 000	HK\$' 000
		(As restated)
ASSETS		
Non-current assets		
Property, plant and equipment	904,356	846,766
Goodwill	652,760	107,714
Negative goodwill	(33,175)	(37,481)
Intangible assets	25,154	12,858
Interests in associates	118,394	117,265
Investments in securities	41,419	55,447
Deferred tax assets	273,937	168,196
Other assets	1,195	1,195
	<u>1,984,040</u>	<u>1,271,960</u>
Current assets		
Inventories	2,491,650	1,592,034
Trade and other receivables	2,197,789	1,213,434
Deposits and prepayments	293,408	197,997
Bills receivable	36,409	261,186
Investments in securities	5,575	7,385
Tax recoverable	51,274	16,858
Trade receivable from associates	48	6,760
Bank balance, deposits and cash	2,586,075	1,855,491
	<u>7,662,228</u>	<u>5,151,145</u>
Current liabilities		
Trade and other payables	2,084,198	1,462,030
Bills payable	2,809,963	1,613,634
Warranty provision	208,552	79,315
Trade payable to an associate	3,230	-
Tax payable	68,114	52,787
Obligations under finance leases - due within one year	5,485	7,336
Borrowings - due within one year	497,975	781,156
	<u>5,677,517</u>	<u>3,996,258</u>
Net current assets	<u>1,984,711</u>	<u>1,154,887</u>
Total assets less current liabilities	<u>3,968,751</u>	<u>2,426,847</u>
CAPITAL AND RESERVES		
Share capital	132,497	129,143
Reserves	2,380,387	1,698,794
	<u>2,512,884</u>	<u>1,827,937</u>
MINORITY INTERESTS		
	<u>46,374</u>	<u>18,917</u>
NON-CURRENT LIABILITIES		
Obligations under finance leases - due after one year	14,261	3,497
Borrowings - due after one year	1,348,497	554,059
Deferred tax liabilities	46,735	22,437
	<u>1,409,493</u>	<u>579,993</u>
	<u>3,968,751</u>	<u>2,426,847</u>

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