



2007

Annual Results

For the year ended December 31, 2007

17th April 2008



Introduction

Horst Pudwill

Chairman

Joe Galli

CEO





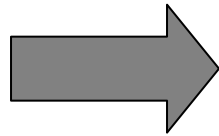
is

**Outperforming the
Market**

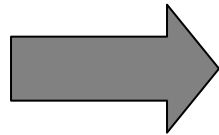




2007 Financial Results Not Reflective of the Future



Profit



Cash Flow



Restructuring + Transition Impact:

- Hoover Restructuring
- Milwaukee Restructuring
- New PRC Facility
- Strategic SG&A Investment
 - New Products
 - New Businesses
 - Geographic Expansion

2007 Financial Results

	2007 HK\$m	2006 HK\$m	<u>Changes</u>
Sales	24,775	21,823	+13.5%
Gross Profit Margin%	31.5%	31.6%	
EBIT (Before one time benefit, restructuring and transition costs)	892	1,513	(41.0%)
One Time Benefit	377	43	(769.0%)
EBIT (After one time benefit before restructuring and transition costs)	1,269	1,556	(18.4%)
Restructuring and Transition Costs	743	0	N/A
Net Profit (After one time benefit, restructuring and transition costs)	125	1,072	(88.3%)
EPS (HK cents) (After one time benefit, restructuring and transition costs)	8.41	73.18	(88.5%)

2007 One-Time Impact Items

	<u>2007 US\$m</u>	<u>2007 HK\$m</u>
Hoover Operating Loss	(60.0)	(467)
One-Time Benefits	+48.5	+377
Restructuring and Transition Costs		
Cash	(53.5)	(416)
Non Cash	(32.4)	(252)
Transition Costs	(9.6)	(75)
Total	(95.5)	(743)

Restructuring Overview

(US\$m)	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Total</u>
Cash	53.5	41.8	-	-	95.3
Non cash	32.4	22.5	-	-	54.9
Subtotal	85.9	64.3	-	-	150.2
Transition Cost	9.6	8.1	4.3	-	22.0
Total	95.5	72.4	4.3	-	172.2
Savings	-	25.0	45.0	70.0	



Financial Review

Frank Chan

Chief Financial Officer



2007 Financial Performance – Consolidated (incl. Hoover)

For the 12 months period ended December 31, 2007

	2007 HK\$m	% of sales	2006 HK\$m	% of sales	% Change
Sales	24,775		21,823		13.5
Gross Profit	7,809	31.5%	6,893	31.6%	13.3
Operating Expenses (Before restructuring and transition costs)	6,912	27.9%	5,372	24.6%	28.7
EBITDA (Before restructuring and transition costs)	1,962	7.9%	2,098	9.6%	(6.5)
Operating Profit (Before restructuring and transition costs)	1,372	5.5%	1,656	7.6%	(17.1)
Finance Costs	460	1.9%	392	1.8%	17.3
Taxation	39		184		(78.8)
Restructuring and Transition Cost	743	3.0%	0		N/A
Profit Attributable to Equity Holders of the parent	125	0.5%	1,072	4.9%	(88.3)
Basic EPS (HK cents) (Before restructuring and transition costs)	58.27		73.18		(14.9)
Basic EPS (HK cents)	8.41		73.18		(88.5)



2007 Financial Performance – Core (excl. Hoover)

For the 12 months period ended December 31, 2007

	2007 HK\$m	% of sales	2006 HK\$m	% of sales	% Change
Sales	21,796		21,823		(0.1)
Gross Profit	6,963	31.9%	6,893	31.6%	1.0
Operating Expenses (Before restructuring and transition costs)	5,774	26.5%	5,372	24.6%	7.5
EBITDA (Before restructuring and transition costs)	1,917	8.8%	2,098	9.6%	(8.6)
Operating Profit (Before restructuring and transition costs)	1,404	6.4%	1,656	7.6%	(15.2)
Finance Costs	449	2.1%	392	1.8%	14.7
Taxation	59		184		(67.7)
Restructuring and Transition Cost	308	1.4%	0		N/A
Profit Attributable to Equity Holders of the parent	582	2.7%	1,072	4.9%	(45.7)
Basic EPS (HK cents) (Before restructuring and transition costs)	59.74		73.18		(13.4)
Basic EPS (HK cents)	39.06		73.18		(46.6)



Financial Position

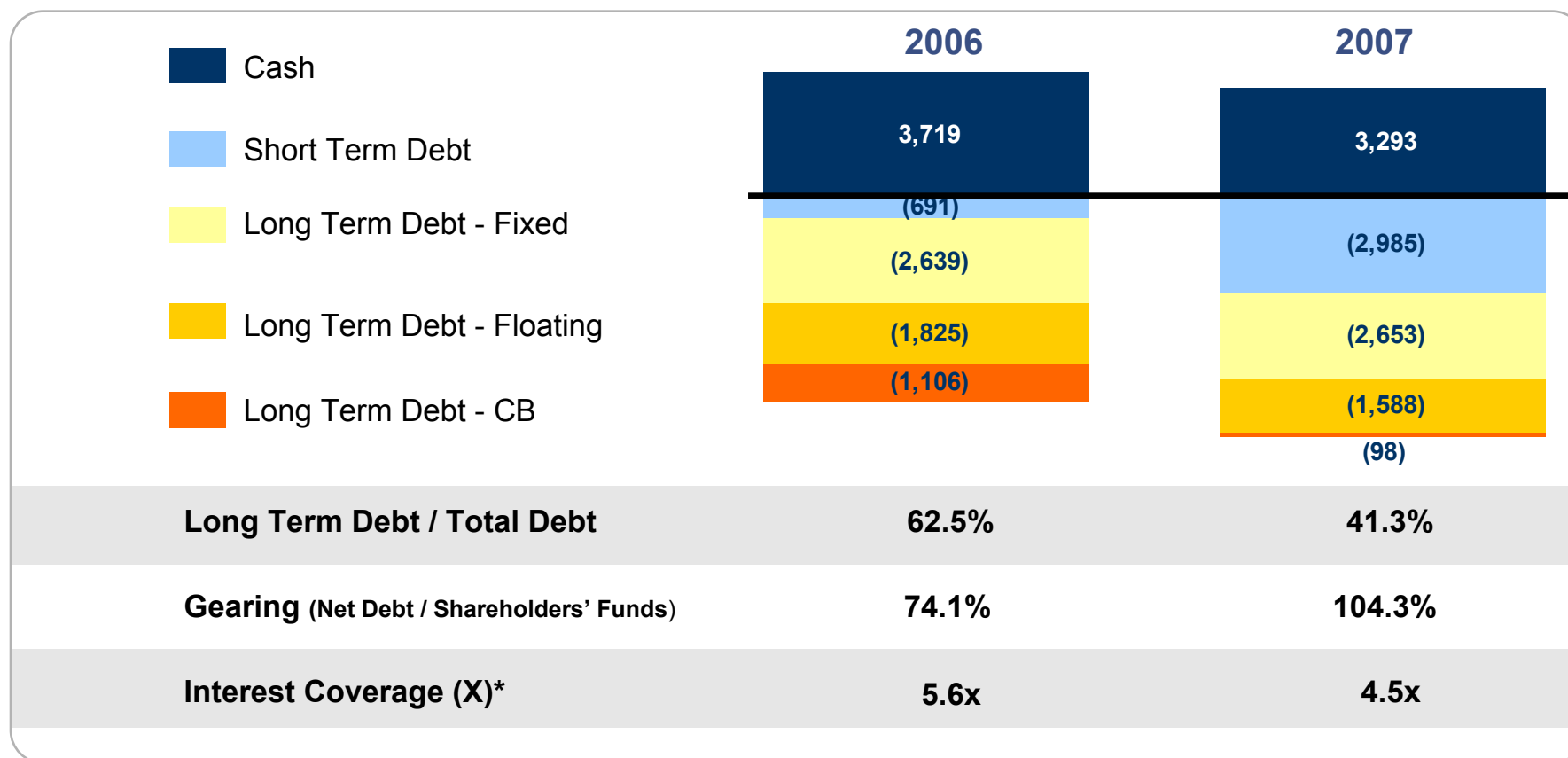
As of December 31 (HK\$m)

	2007 HK\$m	2006 HK\$m	Changes %	Factors
Non-current Assets	10,015	8,464	18.3	} Hoover Acquisition
Current Assets	14,954	12,856	16.3	
Current Liabilities	11,983	7,214	66.1	
Net Current Assets	2,971	5,642	(47.3)	
Long-term Liabilities	5,975	7,028	(15.0)	CB Bonds redeemed
Shareholders' Funds	6,920	6,997	(1.1)	Share repurchase and CB redemption
Current Ratio (CA / CL)	1.25	1.78		
Quick Ratio (CA-inventories / CL)	0.75	1.22		

Increase in assets and liabilities from Hoover Acquisition

Debt Profile

As of December 31 (HK\$m)



*Interest Coverage = EBITDA/Interest expense


Net Debt increased due to Hoover Acquisition and restructuring







Financial Targets

	<u>2007</u>		<u>2011</u>
GM %	31.5%		34%+
SG&A %	27.9%		
EBIT%	3.6%		10%+



Tax Rate

Interest



Strategic Roadmap

1. Gross Margin
2. Sales Growth
3. Free Cash Flow
4. Organization Development
5. Operating Cycle



Strategic Roadmap

1. Gross Margin

2. Sales Growth
3. Free Cash Flow
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Gross Margin Challenges

- PRC Inflation
 - Labor
 - Labor Law
 - RMB
 - VAT

- Commodity Inflation

Impacting All Competitors



TTI Plan

Offset Inflation

+

Improve Gross Margin

Challenges offset by Plan

1. High Margin New Products
2. Hoover Restructuring
3. Milwaukee Restructuring
4. New PRC Facility
5. Comprehensive TTI Productivity Initiative
6. “Global” Operations Plan

Gross Margin Improvement

Key



New Product

Hoover Restructuring

- North Canton, Ohio closed
 - Production transferred to Mexico and PRC
- DC Restructuring completed
 - 3 → 1 sites
- Global R&D Center - Ohio

Restructuring Program on Track



Milwaukee Restructuring

- Transfer Team in Place
- 2 US Facilities closed by year end
- New PRC Facility and test labs in place
- Equipment Transfer underway
- Inventory build to cover transition period

Savings will flow in 2009 and beyond

Restructuring Summary

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PRC TTI Core Business Facilities

2008

2009 - 2011 Target

14



3

Transition starts 2nd Half 2008



Innovation Center



Operational Excellence

Broad Based Productivity Drive

- Reduce cost
- Reduce scrap/waste/rework
- Reduce floor space
- Improve quality – PPM's
- Reduce Inventory

How

- Implement Lean Manufacturing
 - Cellular
 - Kaizen
- Improve Supplier Management
- Introduce SOP Process

Significant Cost Reduction Potential

Global Manufacturing Platform





TTI Strategic Roadmap

1. Gross Margin

2. Sales Growth

3. Free Cash Flow


4. Organization Development

5. Operating Cycle

**Challenging economic
environment**

but...

 **is Driving Sales Growth**



TTI 2007 Sales

-0.1%

Down

US Outdoor	-25.0%	(As planned)
OEM	-11.8%	

Flat

US Ryobi	
US RIDGID	Flat
US Milwaukee	

Outperformed the Market

Up

Canada	+22.0%
Europe	+23.8%
Australia	+28.3%
Floor Care	+4.5%

Capturing Market Share

2008 Target

**Double Digit
Sales Growth**



A New Product Machine





R&D Investment

25% increase in R&D spending

	<u>2006</u>	<u>2007</u>
R&D as a % of sales	2.0%	2.2%



New Product Focus

Cordless

RYOBI

RIDGID

AEG

Milwaukee

CRAFTSMAN

**Dirt
Devil**





Geographic Expansion

- Canada
- Europe
 - Middle East
 - Russia
 - Eastern Europe
- Australia
- Latin America

China – on the way





TTI Strategic Roadmap

1. Gross Margin

2. Sales Growth

3. Free Cash Flow

4. Organization Development

5. Operating Cycle

2007 Impacted by:

1. Restructuring
2. Inventory Build up for Restructuring
3. New PRC Facility
4. Hoover Losses

Long Term Target:

**TTI will convert ~ 100% of Net Profit into
Free Cash Flow**

and...

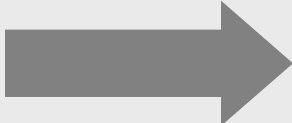
Net Profit will grow

Improve through:


1. Completing Restructuring
2. Increase EBIT
3. Reducing Working Capital as a % of Sales
4. Completing PRC New Facility
5. Reduce Fixed Capital as a % of Sales

Inventory

<u>2006</u>	<u>2007</u>	<u>Target</u>
\$514m	\$641m	64 days
67 days	73 days	



Working Capital

	<u>2007</u>		<u>Target</u> <u>2009-2011</u>
Inventory Days	73		64
Receivables DSO	57		57
Payables DPO	59		59
Working Capital As a % of Sales	19.5%		17.0%

Fixed Capital

(US\$)	<u>2006</u>	<u>2007</u>	<u>Target</u> <u>2009-2011</u>
CAPEX <i>% of sales</i>	\$61m 2.2%	\$111m 3.5%	$\leq 2.5\%$
Depreciation <i>% of sales</i>	58m 2.1%	\$72m 2.3%	Capex \leq Depreciation



Free Cash Flow

a





TTI Strategic Roadmap

1. Gross Margin
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Strengthen / Upgrade Organization



Management Team

**Strong TTI Veterans
+
Outstanding New Hires**

TTI = Exceptional People





Key New Hires

<u>Position</u>	<u>Date</u>
President - Milwaukee	1/07
President - Floor Care	1/07
President - Power Tools	10/07
President - Canada	10/07
President - Europe	11/07
President - Latin America	3/08
President - Australia	3/08
SVP - Global Operations	6/07

Plus 56 Additional Senior Executives





TTI Strategic Roadmap

1. Gross Margin
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4. Organization Development
- 5. Operating Cycle**



Operating Cycle

Strategic Planning

Organization Review

Budget



Annually

**Global Product
Summits**



Semi-Annually

Operations Reviews



Quarterly



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