



Powerful Brands
Innovative Products
Exceptional People
Operational Excellence



2016

Annual Results

Presentation

March 15, 2017

Frank Chan

2016 Full Year Results

(US\$ m)	<u>2015</u>	<u>2016</u>	<u>Change</u>	<u>Local Curr</u>
Sales	\$5,038	\$5,480	+8.8%	+9.8%
Gross Profit	\$1,798	\$1,985	+10.4%	
Gross Margin %	35.7%	36.2%	+50 bps	
EBIT	\$400	\$450	+12.6%	
<i>% of sales</i>	<i>7.9%</i>	<i>8.2%</i>		
Net Profit	\$354	\$409	+15.4%	
<i>% of sales</i>	<i>7.0%</i>	<i>7.5%</i>		
EPS (cents)	19.37¢	22.32¢	+15.2%	
Final Dividend (HK cents)	23.25¢	30.00¢	+29.0%	

2016 Segment Results

(US\$ m)		<u>2015</u>	<u>2016</u>	<u>Change</u>	<u>Local Curr</u>
<u>Segment</u>					
Power Equip.	Sales	\$3,972	\$4,470	+12.6%	+13.3%
	<i>Segment %</i>	78.8%	81.6%		
	Op Profit	\$379	\$430	+13.4%	
	<i>% of sales</i>	9.5%	9.7%		
Floorcare & Appliance	Sales	\$1,066	\$1,010	-5.3%	-3.3%
	<i>Segment %</i>	21.2%	18.4%		
	Op Profit	\$21	\$20	-3.2%	
	<i>% of sales</i>	1.9%	2.0%		

2016 Region Sales

(US\$ m)	<u>2015</u>	<u>2016</u>	<u>Change</u>	<u>Local Curr</u>
<u>Region</u>				
North America	\$3,772	\$4,161	+10.3%	+10.6%
<i>Region %</i>	<i>74.9%</i>	<i>75.9%</i>		
EMEA	\$861	\$889	+3.3%	+7.1%
<i>Region %</i>	<i>17.1%</i>	<i>16.2%</i>		
ROW (Rest of World)	\$405	\$430	+6.2%	+7.9%
<i>Region %</i>	<i>8.0%</i>	<i>7.8%</i>		

2016 Income Statement

(US\$ m)	<u>2015</u>	<u>2016</u>	<u>Change</u>
Sales	\$5,038	\$5,480	+8.8%
Gross Profit	\$1,798	\$1,985	+10.4%
<i>% of sales</i>	<i>35.7%</i>	<i>36.2%</i>	
Selling, Distribution, & Advertising	\$697	\$794	+13.9%
Administrative Expenses	\$578	\$599	+3.6%
Research & Development	\$128	\$147	+15.3%
Total SG&A Expenses	\$1,403	\$1,540	+9.8%
<i>% of sales</i>	<i>27.9%</i>	<i>28.1%</i>	
Net Finance Cost	\$13	\$10	-21.1%
Profit before Income Tax	\$387	\$440	+13.7%
Income Tax Expenses	\$33	\$31	-4.8%
Net Profit	\$354	\$409	+15.4%
<i>% of sales</i>	<i>7.0%</i>	<i>7.5%</i>	

2016 Financial Position

(US\$ m)	<u>2015</u>	<u>2016</u>	<u>Change</u>
Non-current Assets	\$1,809	\$1,923	+6.3%
Current Assets	\$2,993	\$3,197	+6.8%
Current Liabilities	\$2,069	\$2,070	--
Net Current Assets	\$924	\$1,128	+22.0%
Long-term Liabilities	\$578	\$652	+12.8%
Equity	\$2,156	\$2,400	+11.3%

2016 Gearing Trend

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Gearing	25.8%	10.6%	10.0%	13.4%	5.2%

Free Cash Flow Improvement

	<u>2015</u>	<u>2016</u>	<u>Change</u>
Free Cash Flow	\$152	\$344	+ \$192
Net Profit	\$354	\$409	+15.4%
Conversion Rate	42.9%	84.1%	+96.1%

2016 Key Financial Figures

(US\$ m)	<u>2015</u>	<u>2016</u>	<u>Change</u>
Inventory	\$1,190	\$1,296	
<i>Days</i>	86	86	--
Receivables	\$828	\$935	
<i>Days</i>	60	62	+2 days
Payables	\$1,160	\$1,331	
<i>Days</i>	84	89	+5 days
Net Working Capital	\$858	\$900	
<i>% of Sales</i>	17.0%	16.4%	
Cash Balance	\$775	\$805	+3.9%
CAPEX	\$162	\$190	+17.8%

2016 Debt Profile

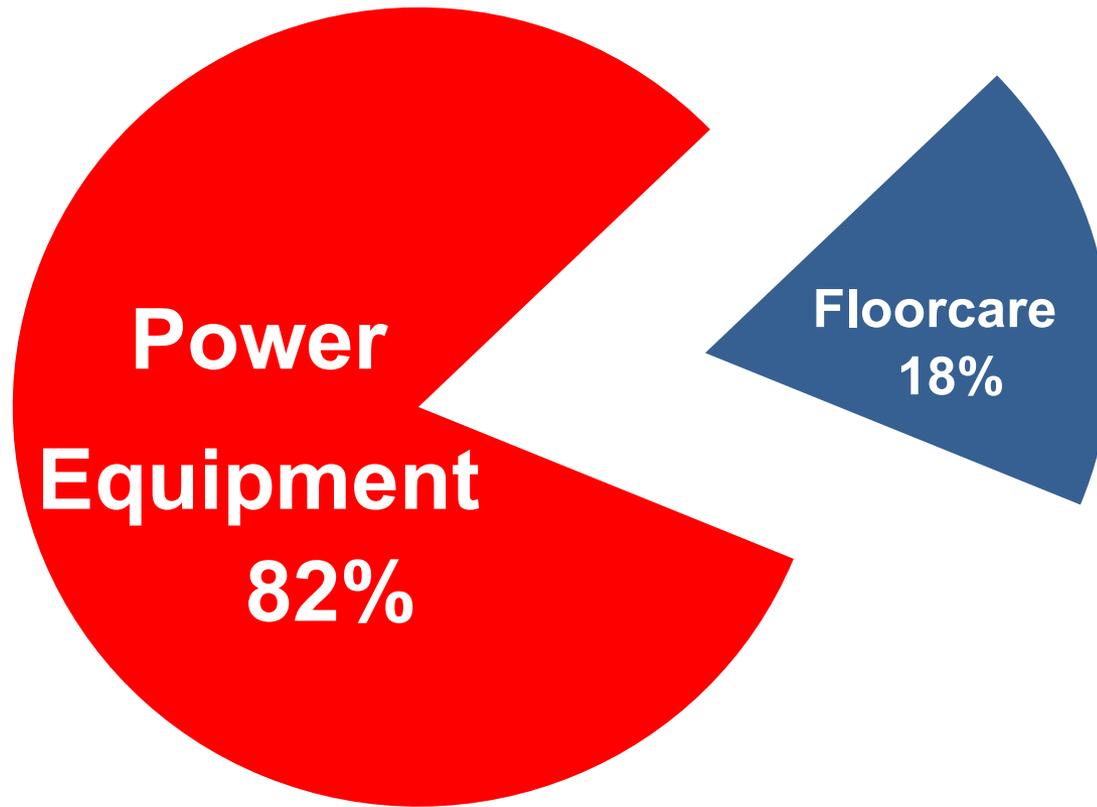
(US\$ m)	<u>2015</u>	<u>2016</u>	<u>Change</u>
Cash Balance	\$775	\$805	+3.9%
<i>Debt with Fixed Maturities</i>	\$498	\$554	+11.2%
<i>Working Capital Financing</i>	\$566	\$375	-33.8%
Total Debt	\$1,064	\$929	-12.7%
Total Net Debt	\$289	\$124	-57.2%
Floating Rate	100% \$1,064	100% \$929	-12.7%
Fixed Rate	0% \$0	0% \$0	--

Joe Galli

2016 Full Year Sales

(US \$m)	<u>2015</u>	<u>2016</u>
Sales	\$5,038	\$5,480
% chg		+8.8%
% chg Local Curr		+9.8%

2016 Sales



+13.3%

Local Curr

-3.3%

Local Curr

Floorcare

2016 Cordless Sales

+53%

Local Curr



®

vax™

2016 Full Year Results

(US \$m)	<u>2015</u>	<u>2016</u>	<u>Change</u>	<u>Local Curr</u>
Sales	\$5,038	\$5,480	+8.8%	+9.8%
Gross Margin %	35.7%	36.2%	+50bps	
EBIT	\$400	\$450	+12.6%	
<i>% of sales</i>	<i>7.9%</i>	<i>8.2%</i>		
Net Profit	\$354	\$409	+15.4%	
<i>% of sales</i>	<i>7.0%</i>	<i>7.5%</i>		

Gross Margin Trend

2008

2009

2010

2011

2012

2013

2014

2015

2016

+30.8%

+31.3%

+32.2%

+32.6%

+33.5%

+34.2%

+35.2%

+35.7%

+36.2%

8 years of Gross Margin improvement

2016 Working Capital

(US\$ m)	<u>2015</u>	<u>2016</u>	<u>Change</u>
Inventory	\$1,190	\$1,296	
<i>Days</i>	86	86	--
Receivables	\$828	\$935	
<i>Days</i>	60	62	+2 days
Payables	\$1,160	\$1,331	
<i>Days</i>	84	89	+5 days
WC % of Sales	17.0%	16.4%	

2016 Sales



+21.0%

Local Curr



2016 Sales

REGION	<u>% Growth</u>
NA	+20.6%
EMEA	+21.3%
ROW	+24.7%



US Manufacturing Position

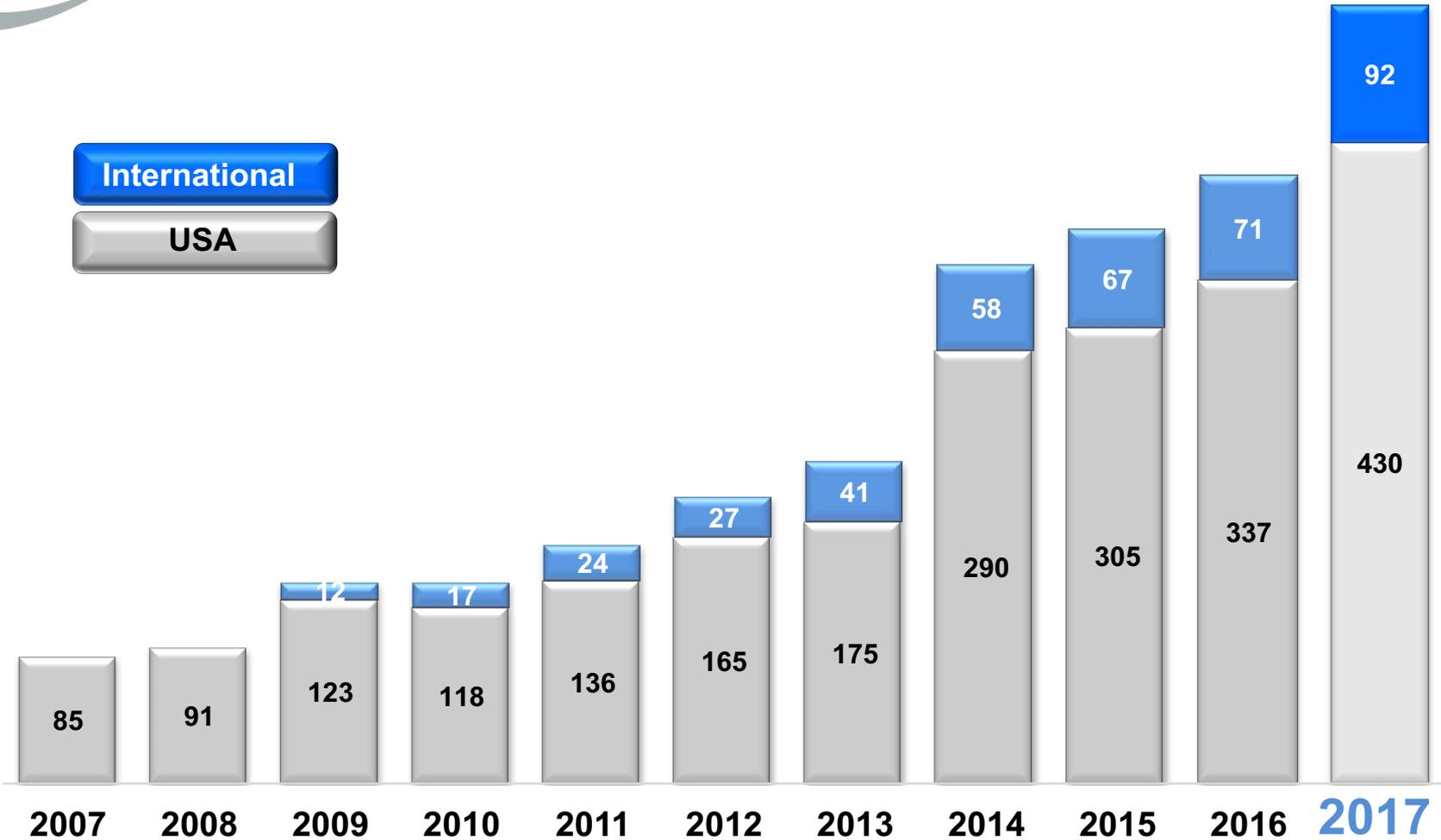




Campus Hires – LDP

522

International
USA



International Hiring Commenced 2009

Served Market

2021

\$36B

Today

PRO

DIY

PRO

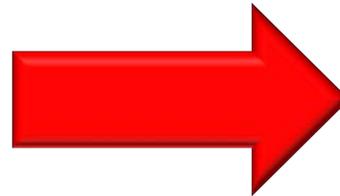
DIY



CORDLESS
NETWORK
EFFECT

\$36 Billion

**Cordless
Growth Drivers**



- AC
- PNEUMATIC
- PETROL
- CORDED LIGHTING
- HAND TOOLS
- HYDRAULIC
- NICAD
- BATTERIES
- BARE TOOLS

AC to Cordless

AC

PNEUMATIC

PETROL

CORDED
LIGHTING

HAND TOOLS

HYDRAULIC

NICAD

BATTERIES

BARE TOOLS



Pneumatic to Cordless

- AC
- PNEUMATIC**
- PETROL
- CORDED LIGHTING
- HAND TOOLS
- HYDRAULIC
- NICAD
- BATTERIES
- BARE TOOLS



Petrol to Cordless

AC

PNEUMATIC

PETROL

CORDED
LIGHTING

HAND TOOLS

HYDRAULIC

NICAD

BATTERIES

BARE TOOLS



Corded Lighting to Cordless

- AC
- PNEUMATIC
- PETROL
- CORDED LIGHTING**
- HAND TOOLS
- HYDRAULIC
- NICAD
- BATTERIES
- BARE TOOLS



Hand Tools to Cordless

AC

PNEUMATIC

PETROL

CORDED
LIGHTING

HAND TOOLS

HYDRAULIC

NICAD

BATTERIES

BARE TOOLS



Hydraulic to Cordless

AC

PNEUMATIC

PETROL

CORDED
LIGHTING

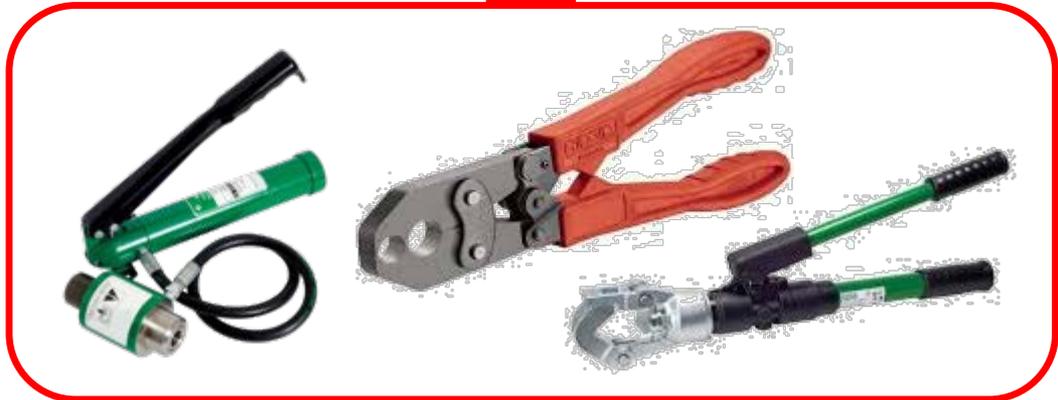
HAND TOOLS

HYDRAULIC

NICAD

BATTERIES

BARE TOOLS



Replacement Cycle

AC

PNEUMATIC

PETROL

CORDED
LIGHTING

HAND TOOLS

HYDRAULIC

NICAD

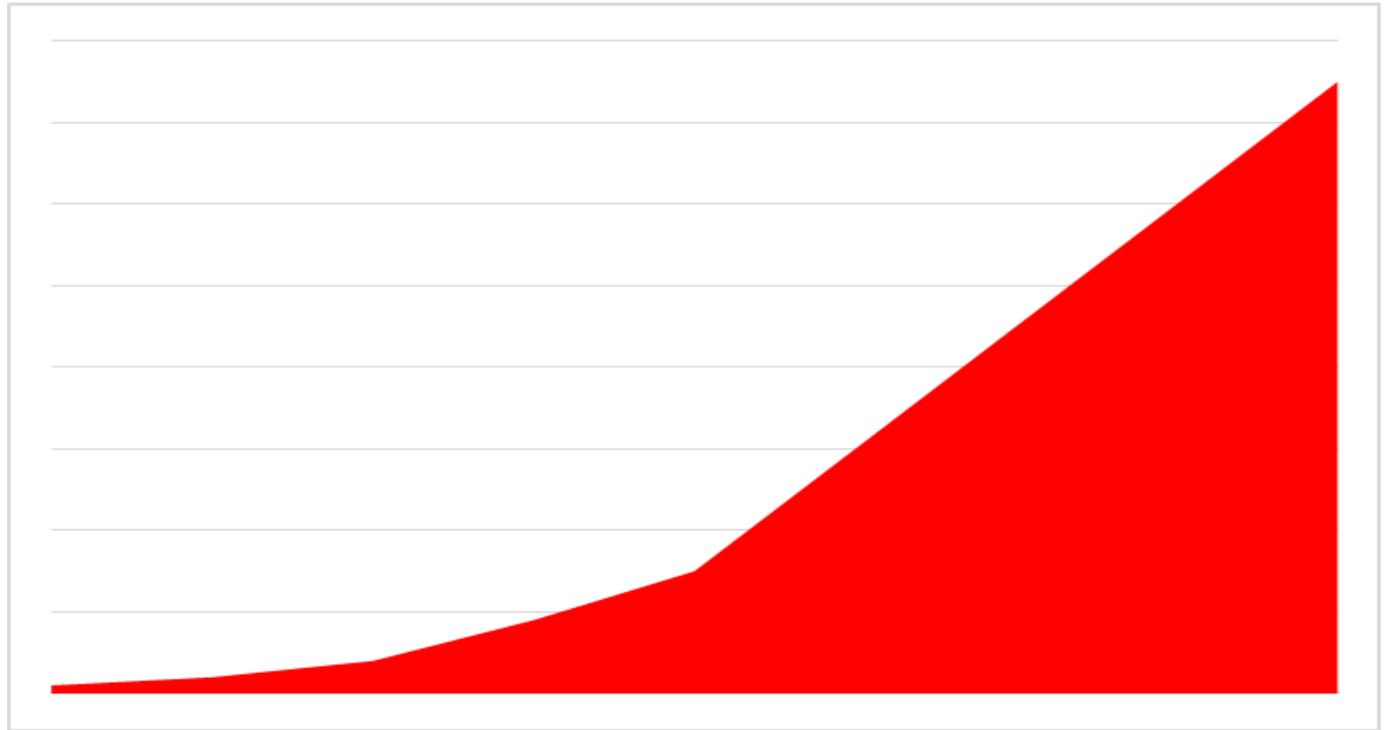
BATTERIES

BARE TOOLS



Battery Aftermarket

- AC
- PNEUMATIC
- PETROL
- CORDED LIGHTING
- HAND TOOLS
- HYDRAULIC
- NICAD
- BATTERIES**
- BARE TOOLS



Network Effect - Bare Tools

AC

PNEUMATIC

PETROL

CORDED
LIGHTING

HAND TOOLS

HYDRAULIC

NICAD

BATTERIES

BARE TOOLS



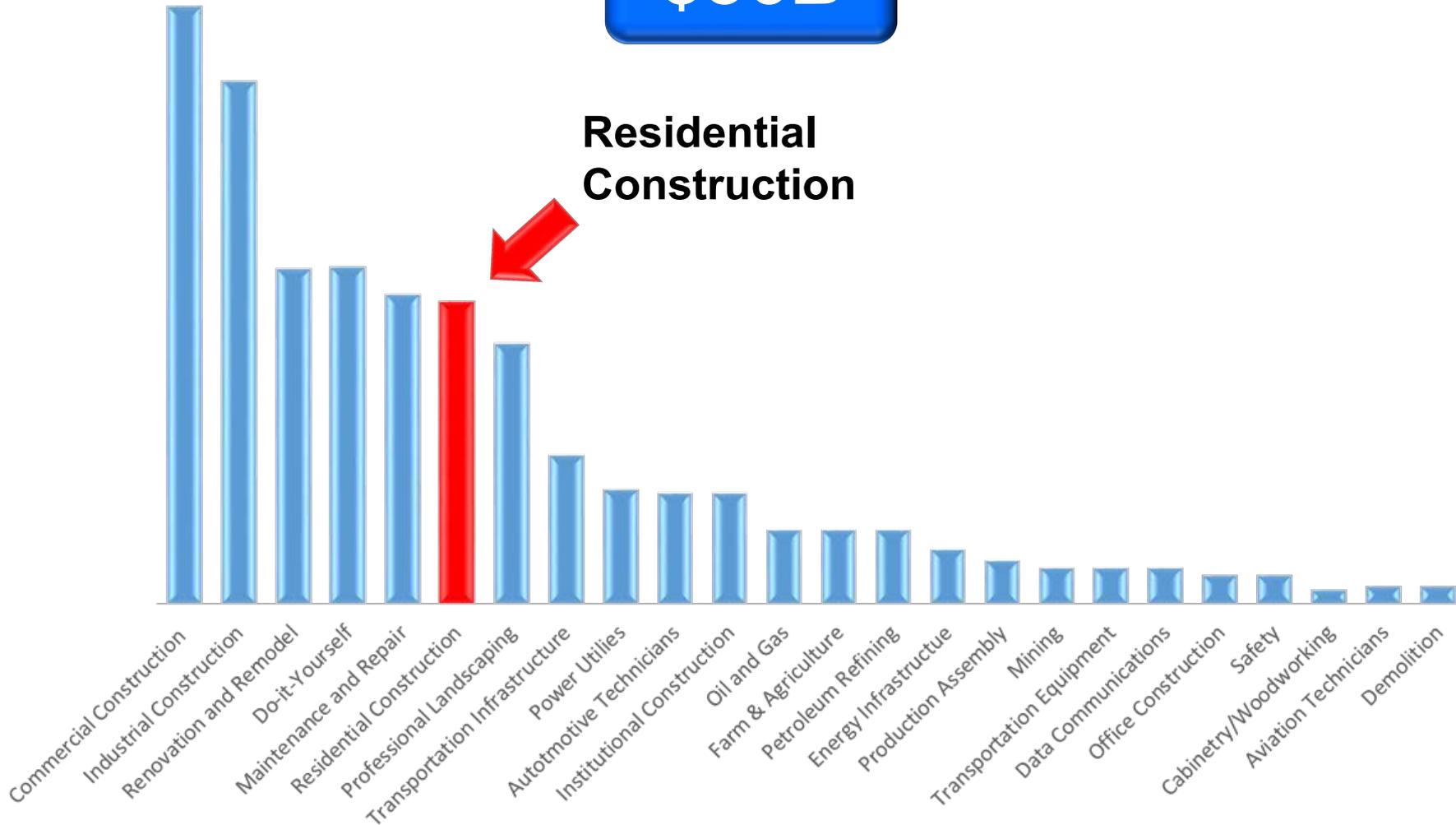


**CORDLESS
LEADERSHIP**

Served Market - 2021

\$36B

Residential
Construction



Milwaukee[®]

The Milwaukee logo is rendered in a bold, white, stylized script font against a solid red background. The word "Milwaukee" is slanted upwards from left to right. A white lightning bolt graphic is positioned below the text, extending from the left side of the 'M' towards the right, ending under the 'e'. A registered trademark symbol (®) is located at the top right of the word.

Milwaukee[®]

The Milwaukee logo is rendered in a white, stylized, cursive font. A large, white lightning bolt graphic is positioned below the text, extending from the left side towards the right, passing under the letters.

M18™ **FUEL**™

DRIVEN TO OUTPERFORM.™

Milwaukee[®]

The Milwaukee logo is rendered in a white, stylized, jagged font. A white lightning bolt graphic is positioned below the text, extending from the left side of the 'M' towards the right.

M18[™] FUEL[™]
DRIVEN TO OUTPERFORM.[™]

Outdoor Power Equipment

Milwaukee[®]

The Milwaukee logo is rendered in a white, stylized, jagged font. A white lightning bolt graphic is positioned below the text, extending from the left side of the 'M' towards the right, passing behind the letters.

M12 M18

HIGH OUTPUT LIGHTING

ADAPTS. PERFORMS. SURVIVES.



FORCE LOGIC™
Hydraulics

Milwaukee[®]

The Milwaukee logo is rendered in a white, stylized, jagged font. A white lightning bolt graphic is positioned below the text, extending from the left side of the 'M' towards the right, passing under the 'w' and 'a'.

M18[™]

The M18 logo consists of the letters 'M18' in a bold, sans-serif font. The 'M' is red, and the '18' is black. The entire logo is contained within a white rectangular box with rounded corners. A small 'TM' trademark symbol is located at the bottom right of the box.

Compact Vacuum



TICK™

Tool and Equipment Tracker





18V LITHIUM+™

Outdoor Products



40VLITHIUM

Outdoor Products



®

REACT™

vaxTM

CORDLESS

