

Chief Executive Officer's Message

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“ We are not just selling more cordless power tools than the competition, we are building a great tool company for the future.”

TTI continues to outpace the competition by accelerating the transition to cordless tools and equipment, delivering impressive organic growth while consistently generating gross margin improvement and record earnings. This extraordinary performance marks the success of our bold strategy, our powerful culture of execution and commitment to our deeply entrenched TTI OPEX System. We are at the leading edge of the cordless revolution in power tools, outdoor products, floor care and now light equipment with our innovative, zero emissions cordless products. It is through this strategic direction and tremendous drive that TTI reliably delivers on the financial goals of outgrowing the market, driving continuous gross margin improvement, investing in strategic SG&A and growing profit faster than sales. Our relentless cordless technology creation, new product development, geographic expansion and manufacturing advancements have TTI positioned for extraordinary future growth.

Unassailable Competitive Advantages

Our business strategy generates unassailable competitive advantages through in-house technology investment in which we have the capacity and capability to develop sophisticated cordless system components in brushless motors, battery technologies, advanced electronics and proprietary software. Our growing scale allows us to generate more advanced technology, expanding our competitive advantage and generating a virtuous cycle of new innovative products.

- Initiatives like our new Advanced Energy Center are set to impact the evolution of battery technologies enabling future breakthrough cordless product successes. This state-of-the-art facility focuses on next generation battery system technology, evaluation, prototyping and testing which integrates with our deep competency in cordless system technologies and manufacturing proficiencies for the creation of breakthrough innovative product solutions.
- We have taken the next step in revolutionizing the power tool industry with the MILWAUKEE MX FUEL ground-breaking system of cordless light equipment. The MX FUEL system is a super high-voltage lithium cordless platform designed to replace continuous use corded electric, gas and hydraulic driven products. We view this equipment launch as an incredibly significant and historic event because we are making a statement that lithium powered products are truly superior to traditional powered equipment. The breakthrough MX FUEL system is replacing outdated power sources with ultra-clean, ultra-safe cordless technology.

Superior Performance Commitment

A company-wide commitment to superior performance drives our organization, fuels our culture and defines our processes. TTI has established a highly tuned new product innovation machine. We vigorously drive our TTI OPEX System throughout the company by measuring results, improving productivity, eliminating waste and unnecessary costs, controlling non-strategic overhead and SG&A. It is the stringent application of our TTI OPEX System coupled with successful new products that produces an endless cycle of improvement, generating gross margin increases, funding new product development and marketing programs.

- Our team has done a magnificent job mitigating tariffs and excelling in today's dynamic environment. We are in a strong position with our diversified manufacturing base and flexible, broad supply chain reach. TTI is prepared for sustained growth with the significant manufacturing expansion into Vietnam and Mexico, the move to US manufacturing of our carpet-washing category, and the announced hand tool manufacturing facility in the US. We continue to be encouraged about the momentum in our global operations and the improvements generated from our disciplined TTI OPEX System.
- We have an exceptional culture and the best team in the industry. The impressively talented TTI leaders are both rigorously developed at TTI and selectively chosen from the industry. The team is driving our business success on a growing global scale. Our successful leaders have the drive and passion to achieve vast product and industry knowledge, and create a culture of high-performance and accountability in their organizations. It is our relentless, focused, motivated and outstanding people who differentiate TTI from our competitors. The growing scale of the TTI enterprise demands our highly competent leadership and robust management processes to drive success at every level of the organization. It is our exceptional TTI team which will confidently deliver our outstanding performance in the future.
- LDP (Leadership Development Program) is uniquely important in the development of our exceptional leaders to support and feed our growth. We feel strongly that our recruiting, hiring, mentoring and organizational development process are absolute TTI strengths. The process begins with investing in campus recruiting and hiring into our thriving LDP top level, high-potential college graduates from over 100 campuses. Started over twelve years ago, this investment has generated a pipeline for superstars that are populating our sales, marketing, engineering, purchasing, supply-chain, manufacturing and finance disciplines throughout the company around the world. Today, some of these LDP graduates hold roles as vice president and president. Utilizing a unique to TTI highly selective process which identifies high-potential candidates, we are planning to hire over 770 graduates from top universities in 2020. Our vision is to develop more and more of our talented LDPs to progress quickly into meaningful leadership roles throughout the organization.

Financial Goals



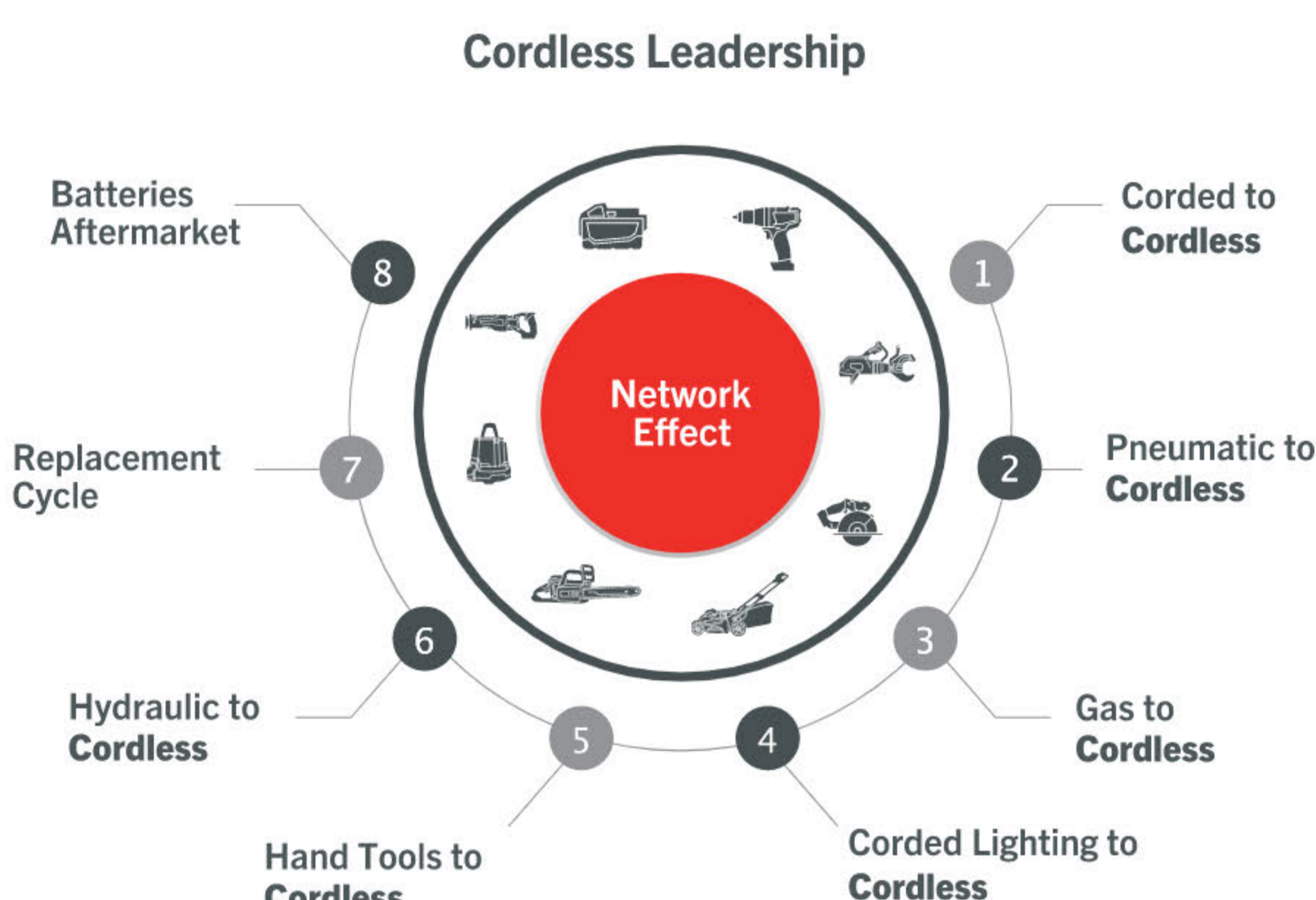
Vast Growth Opportunity

We have vast growth opportunities in our core professional trade, industrial markets and DIY markets and are reaching incremental new markets further expanding our future potential. The Network Effect from our leading cordless battery platforms continue to gain traction, generating an unassailable advantage.

- Milwaukee Tool has built the world's broadest, best-selling line of full-size lithium cordless in M18, dominates the subcompact category with M12, and introduces MX FUEL as the first ever real light equipment replacement, another game-changing technology. Benefiting from our cordless new product stream and extensive MILWAUKEE product family we are growing with our core mechanical, electrical and plumbing trades and expanding into carpentry, remodeling, transportation and power utility with more increment verticals being targeted.
- The RYOBI brand is transforming the global DIY market with ONE+ and 40V battery systems powering the industry's broadest range of tools and outdoor products. The relentless transformation to cordless brings massive opportunities for the RYOBI brand and we are building out our ONE+ and 40V families. The full suite of RYOBI mowers is leading the cordless revolution in outdoor products. We see growing demand for batteries, tool replacement and tool upgrades generated through the Network Effect of our battery systems. The future of our floorcare business is promising as HOOVER and VAX implement our strategic cordless leadership strategy with new products utilizing the detachable ONEPWR battery platform.
- Our strategically targeted geographic expansion continues to deliver results. The European theater of operations is a major focus with great potential for TTI. We are delighted with our accelerating growth rates being achieved throughout the European market. Canada, and Australia and New Zealand are bright successes where we have substantially outperformed the market and hold commanding leadership positions with our key brands. Asia is an emerging opportunity for TTI. We are highly selective where we invest. Asia is a professional market and we are focused on building the Milwaukee Asia business one country after another.

Strategic Approach to Sustainability

TTI's cordless leadership strategy is transforming older technologies with new environmentally friendly lithium battery tools and equipment. Through our zero emissions cordless products and employment of best practices in battery recycling, product refurbishment and packaging reduction we are actively contributing to the global sustainability initiative. Our commitment to sustainable business practices in the Environmental, Social and Governance (ESG) arena is of utmost importance, and will continue to be an important factor in TTI's strategies going forward.



Breakthrough Leadership

I am sincerely inspired by our industry leading performance. We have achieved great success delivering a decade of impressive results. TTI has created a powerful platform with our extraordinary brands, highly focused new product development and product innovation, thus creating a seismic shift in growth opportunities. We are set to continue delivering consistent growth in gross margins thanks to highly strategic investments in productivity, mix and accretive new products, plus efficiencies from volume leverage. Our teams have built outstanding partnerships with great customers around the world. TTI is embarking on the next decade of industry leading performance and cordless leadership.

I deeply appreciate the tremendous mentorship and guidance provided by our Chairman, Horst Pudwill, during our record breaking year in 2019. His bold vision generates exceptional clarity and drive which are the foundations of our high-performance culture. At its very beginnings, Horst sent TTI on the cordless leadership path. This foresight and unwavering commitment to cordless technology and confident investment in leader industry changing cordless products have TTI positioned for continued record achieving results. It is this bond, cordless vision that Horst and I share for building an exceptional future at TTI.

Our Strategic Focus

TTI has a powerful strategy and a disciplined process that create vast growth opportunities.



Joseph Galli Jr
 Chief Executive Officer
 March 4, 2020