

Chairman's Statement



I am pleased to announce that 2021 was an extraordinary year for TTI with outstanding revenue and profit growth.

We delivered sales of US\$13.2 billion, an increase of 34.6%. Over the two-year period, we significantly outperformed the market with +72.2% sales growth. Increased strategic investments in new product, manufacturing capacity, geographic expansion, logistics, and our in-field marketing initiatives propelled our industry leading performance.

Every one of our business units in all geographic regions delivered exceptional sales growth in 2021. North America grew 33.7%, Europe grew 41.1% and ROW grew 31.8%. Our Power Equipment business, representing 90.6% of total sales, grew 37.0% to US\$12.0 billion. Our Milwaukee business, Ryobi DIY, and Ryobi Outdoor businesses all achieved double-digit growth, significantly outgrowing the market. Our Floorcare and Cleaning business also produced strong sales growth of 14.8% to US\$1.2 billion.

Gross margin improved for the 13th consecutive year, from 38.3% in 2020 to 38.8% in 2021. This gross margin improvement is a direct result of the launching of high margin new products, disciplined mix management, exceptional productivity gains, and volume leverage.

Our team has done a masterful job managing through the evolving supply chain landscape. With the help of key long-term suppliers, we have navigated through increased in-transit times and limited transportation availability to keep serving customers at a high level. Additionally, our bold decision to invest in inventory has created a buffer of critical components to keep production lines running smoothly and insulating the business from commodity cost increases.

We are deeply committed to being a global leader in clean tech innovation, environmental sustainability, social responsibility, and ethical corporate governance. Throughout 2021, we continued to

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invest relentlessly in the development of environmentally responsible cordless products that reduce carbon and noise pollution and are safer for end users, while investing in decarbonizing our manufacturing operations. This year we are pleased to announce that we are committing to reducing our 2030 SCOPE 1 and SCOPE 2 absolute emissions by 60% from our 2021 baseline, not only reducing carbon intensity, but doing so while growing our business.

Financial Performance

EBIT increased 37.2% to US\$1.2 billion, with the EBIT margin improving by 17 basis points to 9.0%. Net Profit rose 37.2% to US\$1.1 billion, with earnings per share increasing 37.1% over 2020 to US\$60.04 cents. With the investments in inventory to support sales growth and high service levels, the Group maintained a disciplined working capital ratio at 20.9% of sales.

The Board is recommending a final dividend of HK 1 dollar (approximately US\$12.87 cents) per share. Together, with the interim dividend of HK\$85.00 cents (approximately US\$10.94 cents) per share, this will result in a full-year dividend of HK\$185.00 cents (approximately US\$23.81 cents) per share, against HK\$135.00 cents (approximately US\$17.37 cents) per share in 2020, an increase of 37.0%.

Outlook

TTI is now uniquely positioned to continue our leadership position in professional cordless, DIY cordless, outdoor cordless, and in floorcare. In 2021, we made bold investments to expand manufacturing capacity, new product development, marketing, end user conversion, geographic expansion, and inventory to support our 34.6% sales growth. In 2022, we are excited to continue making substantial investments in the business, to drive another year of above market results and gross margin expansion.

I would like to thank our customers, end users, suppliers, shareholders, and entire TTI organization for another tremendous year. These outstanding results are a testament to the quality of our dedicated, skilled, and passionate world-class teams across the globe. We are confident that our unrelenting bold vision, customer focus and business momentum will make 2022 another outstanding year and position TTI with exciting opportunities in the months and years ahead.



Horst Julius Pudwill

Chairman

March 2, 2022