



MILWAUKEE M18 FUEL 1/2" Drill/Driver

Power Equipment
Sales

US\$12,329 m

93.0% of total sales

Review of Operations

Power Equipment

Our Power Equipment segment delivered local currency sales growth of 5.5%. Reported sales rose 3.1% to US\$12.3 billion. We grew operating profit 6.6% to US\$1.2 billion while making investments to extend our leadership position in the Professional and DIY Tool markets. Based on the wide international reach of our brands, MILWAUKEE is the #1 global Professional Tool brand, and RYOBI is the #1 DIY Tool brand worldwide. More importantly, both MILWAUKEE and RYOBI are the clear leaders in the cordless market, with a commanding and growing global position.

MILWAUKEE

In 2022, we grew our flagship MILWAUKEE business 21.8% in local currency with reported sales up 18.7%. Growth for the MILWAUKEE business was well balanced across cordless Power Tools, battery-powered Outdoor Power Equipment, Hand Tools, PACKOUT Storage, Accessories, and Personal Protective equipment (PPE). Growth was equally well balanced by geography with every major region of the world growing over 21.5% in local currency.

Power Tools

Our MILWAUKEE business continued to expand its addressable market with groundbreaking innovation propelled by aggressive R&D spending. This is enabling penetration of additional end market verticals that are still in the beginning stages of cordless conversion. Cordless tool solutions yield dramatic environmental, safety, and productivity benefits for the end user. Many of our fastest growing verticals are concentrated in areas of infrastructure, maintenance and repair, and industrial capital spending. These include power utility, transportation maintenance, semiconductor production, electric vehicles, mining, and oil and gas.

MILWAUKEE continues to convert users from traditional power sources including corded, pneumatic, hydraulic and petrol tools to our lithium cordless battery technology. We continue to differentiate ourselves with the breadth of cordless offerings targeted at a growing number of industry-specific trades. Leading the way is the MILWAUKEE M18 system with 262 tools on the platform, the M12 system with 148 tools and the rapidly expanding MX FUEL equipment system with over 20 products by the end of 2023.



MILWAUKEE M18 FUEL 21" Self-Propelled Dual Battery Mower

Outdoor Products

MILWAUKEE has identified an enormous opportunity to convert professional landscapers from petrol to battery to promote greater environmental safety, noise reduction, productivity, and convenience. MILWAUKEE Outdoor continued to significantly outpace the market in 2022 with the introduction of a broad array of new products. Led by the successful release of the highly anticipated 21" M18 FUEL self-propelled, dual battery mower in early 2022, MILWAUKEE also launched several new attachments to the M18 FUEL power head, a new line of blowers, M18 FUEL HATCHET pruning saw, and a new compact hedge trimmer.

Hand Tools

Our stream of highly innovative hand tools launched over the past decade has grown the Hand Tool category into a larger proportion of the overall revenue base. We are driving growth in this area with an investment in our manufacturing site in West Bend, Wisconsin, where we are launching our innovative Made-in-USA hand tools designed for professional trades in Q2 2023.

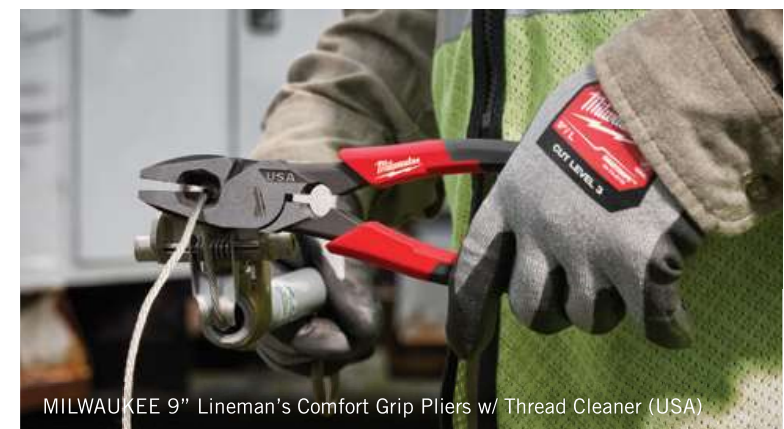


HOOVER ONEPWR EVOLVE PET ELITE Cordless Vacuum

Floorcare & Cleaning
Sales

US\$925 m

7.0% of total sales



MILWAUKEE 9" Lineman's Comfort Grip Pliers w/ Thread Cleaner (USA)

Storage

PACKOUT Modular Storage continues to be a major growth engine at MILWAUKEE business. It has changed the way professionals transport materials from the jobsite to their vehicles and to the shop. More than 20 new Shop Storage solutions were introduced in 2022. These new solutions have brought additional users into the system because of the unique modularity benefits and various accessories that optimize space. A new PACKOUT M18 six-bay rapid charger, PACKOUT tumblers, and coolers, along with PACKOUT nested hand tool and accessory kits were also launched over the past year. The PACKOUT range offers more than 65 products today with dozens more in development.

Personal Protective Equipment

MILWAUKEE is disrupting the realm of personal protective equipment (PPE). Like its cordless and storage businesses, MILWAUKEE is taking a systems approach to bring new users into the product ecosystem with a broad range of solutions that provide best-in-class worker safety. We are dramatically expanding the MILWAUKEE BOLT helmet line with a full range of accessories that facilitate greater face, eye, sun, and hearing protection. Another focus category for MILWAUKEE within PPE has been cut-resistant hand protection. New high dexterity gloves were recently launched and provide users with a thinner design to easily grip materials while providing cut resistant protection.



MILWAUKEE M18 PACKOUT Six Bay Rapid Charger



MILWAUKEE BOLT Full Face Shield

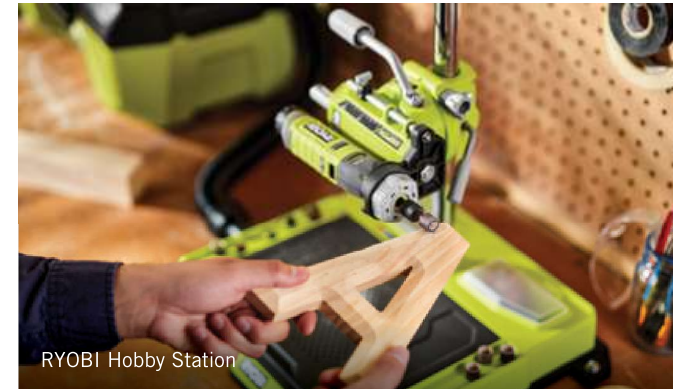


RYOBI 80V HP Brushless 46" Battery Cordless Electric Riding Lawn Tractor

RYOBI

RYOBI is the #1 global cordless DIY Tool brand featuring 180 tools, 84 outdoor products, and 23 cleaning products in the 18V ONE+ battery system alone. Our relentless focus on cordless battery powered solutions continued in 2022, as we introduced two new cordless platforms in the RYOBI brand. These include the USB lithium line of products, offering portable product solutions with

rechargeable power, and the 80V lithium battery platform powering our new zero-turn electric riding mowers. We also continued to expand our core 18V ONE+ and 40V platforms as well, offering users the broadest line of DIY cordless solutions, positioning these cordless systems for future growth.



RYOBI Hobby Station



RYOBI 40V HP Brushless 600 CFM WHISPER SERIES Blower

RYOBI Power Tools

The RYOBI Power Tool business declined mid-single digits in 2022, after several years of explosive growth. RYOBI Power Tools still remains about 49.1% above 2019 pre-pandemic levels as it has continued to gain market share as the number one global DIY power tool brand.

In 2022, RYOBI further expanded its product line with the introduction of an array of new products and categories. All new cordless stick vacs, hand vacs, and cordless scrubbers bring more powerful, more ergonomic, and quieter product designs to the rapidly growing cleaning category. New ONE+ HP cordless miter saws and table saws deliver corded power and cutting performance in these portable cordless solutions. Also in 2022, RYOBI launched a brand-new range of battery-powered hobby tools and accessories.

RYOBI Outdoor

Following several years of solid growth, the RYOBI Outdoor business declined in 2022 due to retail inventory corrections. We are well positioned to lead the transition from petrol to battery powered cordless outdoor power equipment and extend our leadership position in noise reduction with an expanded line of RYOBI WHISPER SERIES outdoor products. These products are focused on addressing the growing number of geographic regions and municipalities introducing restrictions on the usage of gas-powered outdoor equipment that emit harmful carbon emissions and generate unacceptable levels of noise. We are highly optimistic about the future of this business.



RYOBI 18V ONE+ HP Brushless 10" Sliding Compound Miter Saw



VAX BLADE 5 Pet and Car

Floorcare & Cleaning

Floorcare declined 25.6% in 2022 from a post-pandemic consumer demand and retailer inventory reduction, but accounted for only 7.0% of total sales of TTI. We moved quickly and boldly to reduce the excess inventory in 2022. Heading into 2023, inventories are at a much healthier level and we are looking forward to growing this business with the launch of our new innovative cordless products.