

CHAIRMAN'S STATEMENT



TTI delivered record sales of US\$14.6 billion in 2024, growing 6.8% in local currency and 6.5% at reported rates.

Our Flagship MILWAUKEE business continued to extend its dominant market leadership position with sales growth of 11.6% in local currency. RYOBI, the #1 consumer battery-powered tool and outdoor brand globally, also delivered tremendous results, growing 6.4% in local currency. The remaining businesses decreased sales by 14% compared to 2023 as we focused on plans to increase profitability in these areas.

Across the globe, our teams delivered above market growth in all regions. North America grew 5.5%, Europe grew 10.2%, and Rest of World, featuring Australia and Asia, delivered 12.5% growth in local currency.

Gross margin improved 85 bps to 40.3% in 2024. This improvement is the result of a higher mix of MILWAUKEE branded business, aftermarket battery sales, and highly innovative margin accretive new products across our core verticals. Additionally, our world-class manufacturing, operations, and sourcing teams delivered on cost-saving productivity initiatives.

Total SG&A increased 42 bps to 31.7% as a percentage of sales. Research and Development (R&D), which represents our investment in new products and technologies, increased 44 bps and was the main driver of the total SG&A increase.

Financial Performance

EBIT grew 11.9% to US\$1,270 million. EBIT Margin as a percentage of sales also improved, increasing 42 bps to 8.7% of sales.

Net profit improved 14.9% to US\$1,122 million, reflecting a 31.9% reduction in net interest expense from 2023. Earnings per share also improved 15.1% to US\$61.43 cents.

I am extremely proud of our financial performance in 2024, which would not have been possible without the efforts of our outstanding global team.

Our team did an outstanding job managing inventory by reducing Inventory Days on Hand by 7 days to 102 days at year end. This reduction was primarily related to Raw Materials and WIP, demonstrating the success of our vendor localization and supply chain efficiency efforts.

We improved working capital 322 bps in 2024 to 14.4%. Based on our rigorous working capital controls and processes, we will be targeting a working capital range between 14% to 16% as a percentage of sales in the future.

Capex spend for the year was US\$292 million, lower than last year by 41.9%. This spend includes investments in new products, manufacturing capacity, automation, and productivity initiatives in Vietnam, China, Mexico, and the United States.

We delivered US\$1,591 million of Free Cash Flow in 2024, reflecting the improvements in net profit and working capital our teams made in 2024.

Our exceptional world-class team and culture is the reason for these tremendous financial results. Our talented people across the globe have worked together as one team, with incredible dedication to continue to grow TTI's financial results, partner with our outstanding customers, and develop our powerful brands. From our USA teams, led out of Wisconsin and South Carolina, to our European team headquartered in London, the Australian team in Melbourne, and our teams across China, Hong Kong, Vietnam, and Mexico, our diverse group of employees have come together as one team to drive our exceptional results. We look forward to our continued success in 2025 and beyond.

Outlook

I am extremely proud of our financial performance in 2024, which would not have been possible without the efforts of our outstanding global team. Exceptional people and culture are the keys to our success, and we remain focused on developing this foundation through recruiting, retaining, and investing in the right people around the globe. Importantly, our team is trained, flexible, and experienced in adapting to change, which will serve us well as the macro-economic environment continues to evolve.

Looking forward to 2025, we are well positioned to deliver mid to high-single digit sales growth for the company overall, while continuing to focus on improvement plans in the lower performing areas of our business.

With gearing of 0.7% at year end 2024, our balance sheet is extremely healthy. We are actively deploying our Capital Allocation Strategy and are well positioned to make investments to continue growing the business and improving profitability.

In 2025, we will continue our mission of cordless domination, bringing disruptive technology and innovative design to the market, while delivering outstanding financial results.



Horst Julius Pudwill

Chairman

March 4, 2025