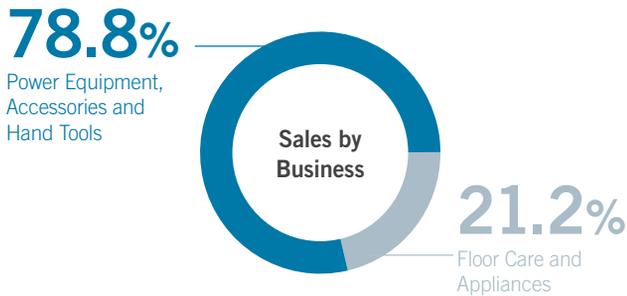


# Review of Operations

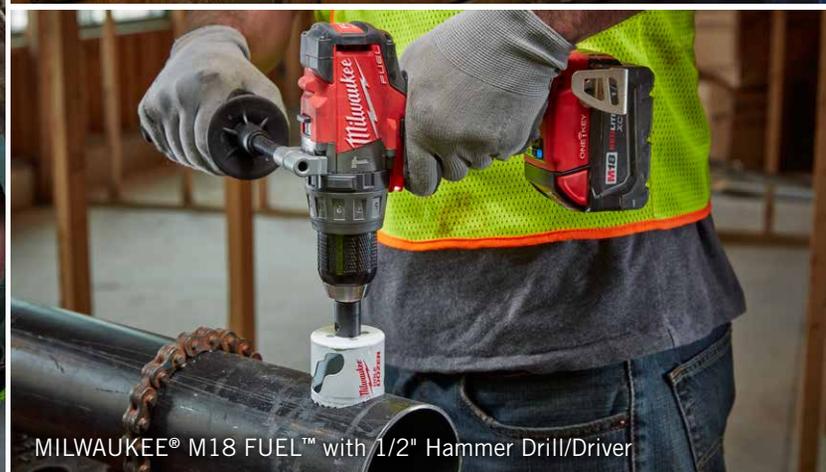
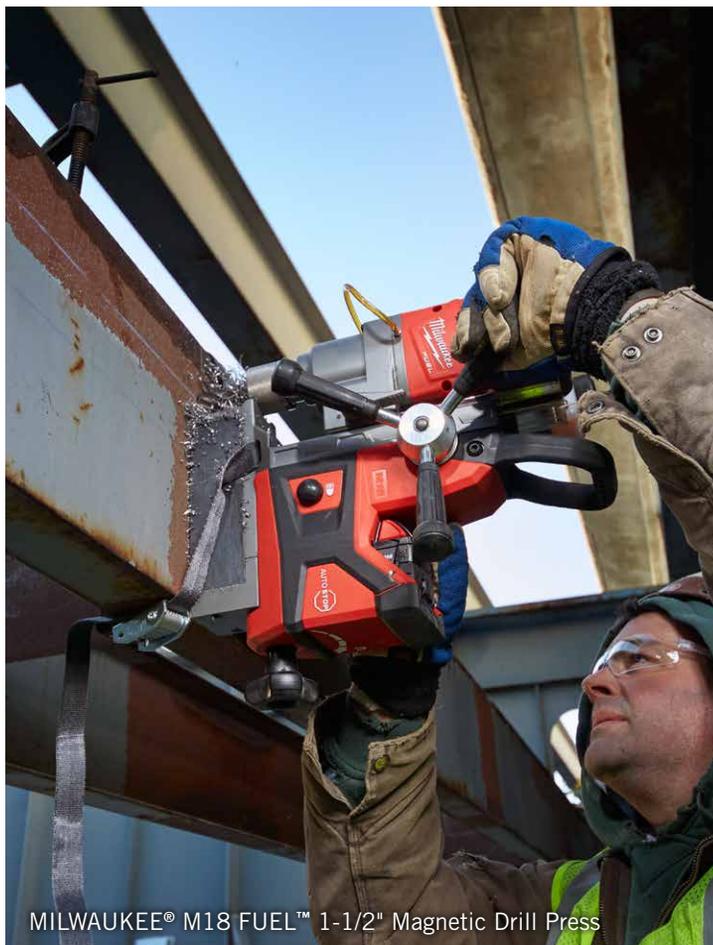
## Power Equipment, Accessories and Hand Tools



TTI delivered another year of record results in 2015 with revenue increasing 6.0%. Adjusted for foreign currency, sales for the period grew by 10.5% with North America growing 12.1%, Europe growing 5.1% and Rest of World growing 18.9%. This positive result was driven by a continuous flow of innovative new products backed by break-through technologies, including further expansion of our lithium cordless platforms across our brands and product lines and into new categories.

### Power Equipment

Sales in Power Equipment, our largest business consisting of power tools, hand tools, outdoor products, and accessories, rose by 11.8% to US\$4.0 billion and grew 16.8% adjusted for foreign currency. We delivered growth in all geographic markets with our powerful portfolio of industry leading brands which include MILWAUKEE, AEG, RYOBI, EMPIRE, HART and HOMELITE. The business accounted for 78.8% of Group turnover, compared with 74.7% in 2014, with Earnings growing by 29.7% to US\$379 million.



## Industrial

Our MILWAUKEE industrial business had another excellent year, delivering 17.7% sales growth in the global industrial power tool, accessory and hand tool markets. The continued introduction of innovative products, entry into new product categories, execution of aggressive end-user conversion initiatives, and a focus on operational excellence resulted in growth outpacing the market and significant share gains.

### Power Tools

With the FUEL cordless technology platform, MILWAUKEE continues to serve as the leader in the power tool corded to cordless revolution. We offer the industry's most comprehensive line of cordless industrial power tools powered by the M12 and M18 battery platforms. Our new M18 FUEL Magnetic Drill Press and M18 FUEL SUPERHAWG drill provide the power of corded tools, while offering the convenience, safety and productivity of cordless. Introduction of the M18 FORCE LOGIC High Force Cutting and

Crimping Tools created a strong entry into the global Power Utility space, and our M12 and M18 LED Lighting solutions have laid the foundation for leadership in the global construction lighting space.

### Accessories

Our power tool accessory business continued its excellent performance with introductions in the Hole Saw, Twist Drilling and Driver Bit categories. The new HOLE DOZER range of bimetal hole saws drove double digit growth in the hole saw category, and SHOCKWAVE, a leading brand in impact driving accessories, received a comprehensive upgrade with new driver bit technology. The new SHOCKWAVE bits are best in class delivering thirty times longer life compared to many competing ranges of impact rated bits. Our new line of Titanium Coated and Cobalt drill bits feature exclusive RED HELIX geometry for faster drilling and the Titanium Coated drill bits incorporate SHOCKWAVE quick change hex shanks to enable highly productive drilling with impact drivers.



AEG® 18-volt Cordless SDS-Plus Rotary Hammer



EMPIRE® I-Beam 72" Magnetic Aluminum Level

## Power Equipment, Accessories and Hand Tools

### Industrial *(continued)*

#### Hand Tools

In 2015, MILWAUKEE launched more new hand tools than in any prior year, driving the continued rapid expansion of the business. Key product launches included a new range of Tape Measures designed for carpenters and general contractors that feature a unique blade coating to extend life and a wide base for more effective application during typical layout uses. Our expanded range of Pliers with innovations like reduced weight and optimized handle sizes are making inroads with electrical, plumbing, HVAC, MRO and remodeling specialists. The Interlocking Organizer and Tool Chest Combo are new additions to the growing range of extremely successful storage products. Additionally, Empire Level established itself as a market leader in the US and laid the foundation for future leadership in other key regions with the launch of Laser Etched squares and the innovative TRUE BLUE I-Beam levels.

### Consumer and Professional

During the year, RYOBI Power Tools expanded its market share in North America and delivered double digit growth in Europe and Rest of World. The 18V RYOBI ONE+ system of tools and batteries continues to grow by over one million new customers annually, enhanced with a number of pioneering new products for nearly any project. Exciting new additions include the ONE+ 18V Hybrid Work Light for either AC or 18V power source use, ONE+ 3 Speed Impact Wrench giving the end-user greater control, ONE+ Compact Radio with built-in Bluetooth functionality and USB charging, an industry first ONE+ 10-inch Orbital buffer, ONE+ Drain Auger, ONE+ Brushless drill with incredible power and the new ONE+ Evercharge Handheld Vacuum with integrated charging.

AEG power tools continued to gain momentum with professional users. The successful 18V Brushless line of tools deliver best-in-class technology, performance and run time satisfying the needs of the tradesman. The new jobsite blower and random orbital sander have



MILWAUKEE® 10" TORQUE LOCK™ Curved Jaw Locking Pliers



18-volt ONE+® 3-Speed 1/4" Impact Driver

been important contributors to the 18V range. Excitingly, AEG 18V was the first-to-market with a high performance 6.0Ah battery. AEG Power Tools will continue to deliver compelling product innovations to the professional user.

## Outdoor Products

Outdoor Products delivered a strong year in 2015 across all regions. The expansion of lithium cordless technology across our outdoor product ranges continued with the rollout of new products in our “gas-like-power” 36V/40V RYOBI lithium cordless platform and RYOBI ONE+ 18V line of tools. We are widening our leadership with the launch of the first-in-class brushless motor AEG 58V Lithium Ion Professional Grade cordless product line consisting of a string trimmer, blower, chain saw, hedge trimmer and lawn mower. The tools in this system include highly efficient, long-lasting brushless motors, and cutting edge lithium cordless performance, enabling us to reach a new group of users.

In addition to maintaining our dominance in cordless, we continued expanding sales of our gas categories with enhanced RYOBI gas trimmers featuring professional design engines and a new electric start, as well as a new gas powered pressure washer. The full line of RYOBI electric pressure washers, with premium nozzles for faster cleaning, continue to be well-received delivering best-in-class performance at an incredible value for the consumer.



RYOBI® 40-volt 12" Cordless Chainsaw



RYOBI® 40-volt 20" Brushless Cordless Lawn Mower



RYOBI® 2800 PSI Pressure Washer