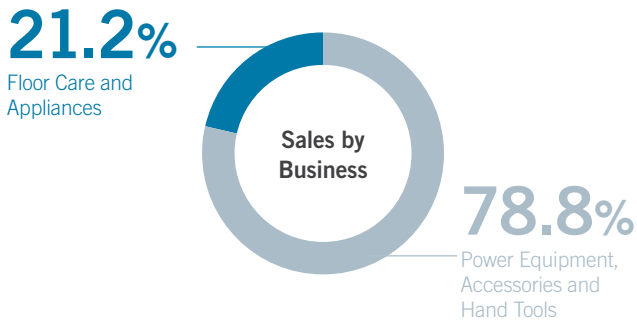


Review of Operations

Floor Care and Appliances



ORECK

vax



Floor Care and Appliances

The Floor Care and Appliances business reported sales of US\$1.0 billion. Accounting for 21.2% of the Group's revenue. On a global basis, Hoover and Oreck's business were up after adjusted for foreign currency. The overall division was down by 11.2%, primarily due to a mandated European Union (EU) Energy Labeling Directive and the strategic exit of certain low margin products and OEM businesses. We view these as episodic and the business will resume its normal course in the years to come. The business is primarily comprised of the HOOVER, ORECK, VAX and DIRT DEVIL brands.

In North America, our HOOVER cordless lithium range of stick and upright vacuums are gaining popularity. Standout products are the HOOVER LINX cordless stick that received industry recognition as the best cordless vacuum in a review by a respected consumer product testing group and the innovative HOOVER AIRLIFT deluxe cordless upright with a one-hand lift off canister. Dirt Devil launched a new range of Power series vacuums and hand held stick vacuums for the



HOOVER® Cordless FLOORMATE®



HOOVER® Air™ Cordless Lift

US and Canadian market, offering innovative design and outstanding value for the consumer. Our foundation of cordless innovation and leadership consumer design will fuel our growth going forward.

Commercial cleaning is an exciting category where we, prior to the Oreck acquisition, had limited penetration. We are aggressively expanding into this segment, which we expect to be one of the key growth drivers in floor care in the years to come. In 2015, growth in our commercial cleaning business under the HOOVER and ORECK brands was driven by the launch of new cordless platforms. Hoover introduced an industry leading range of 40V high performance cordless products for large area cleaning building upon HUSHTONE noise reduction technology, while Oreck launched a new 20V platform for small area commercial cleaning, for both wet and dry cleaning requirements. We have a product offering filled with innovation and a comprehensive intellectual property portfolio for future product development that will drive market change in the commercial cleaning industry.

In Europe, 2015 proved to be challenging as the industry absorbed key changes in eco-legislation and faced foreign currency headwinds, but benefited from substantial growth in the cordless category. VAX is the dominant brand in the UK upright and carpet washing segments with DIRT DEVIL brand a leader in the German robotic category. Most exciting was the continued success of our expanding cordless range with AIR Cordless Lift leading the way as the first full-sized cordless lift-off in the UK. With a large pipeline of products in development and marketing resources being deployed, we are focused on driving the industry and consumer shift to cordless cleaning.

