



Techtronic Industries

[For Immediate Release]

TTI 2004 Profit Surged by 39.1% to HK\$938 million

* * * * *

Record Results with Improved Margins

Results Highlights

For the year ended 31st December

	<u>2004</u>	<u>2003</u>	<u>Changes (%)</u>
Turnover (HK\$m)	16,304	13,183	23.7
Gross profit (HK\$m)	4,941	3,898	26.7
Net profit (HK\$m)	938	674	39.1
EPS, basic (HK cents)	70.11	51.56	36.0
DPS, final (HK cents)	12.5	8.875	40.8
DPS, total (HK cents)	17.0	12.5	36.0
Gross profit margin (%)	30.3	29.6	
Net profit margin (%)	5.8	5.1	

(HONG KONG, 7th April, 2005) – **Techtronic Industries Co. Ltd.** (“TTI”) (HKEx stock code: 669, ADR symbol: TTNDY) today announced its annual net profit of HK\$938million for the year ended 31st December 2004, representing 39.1% growth over last year. Basic earnings per share increased 36.0% to HK70.11 cents (2003: HK51.56 cents). The Directors have recommended a final dividend of HK12.5 cents.

Mr. Horst Julius Pudwill, Chairman and CEO of TTI said, “The Group achieved strong organic growth with double-digit increases across all divisions. Once again, we were able to apply the combined power of strategic product innovation and operational excellence to TTI’s stable of well-recognized brands. We successfully upgraded and expanded our product ranges under each brand and added new product categories within the brands. The introduction of new products coupled with relentless cost containment efforts led to continued improvements in gross and net profit margins despite pressure from rising raw material prices.”

Looking forward, Mr. Pudwill commented, “ We began the year with the exciting acquisition of the highly respected Milwaukee and AEG professional power tool brands and business and the

DreBo accessories business. This acquisition follows our strategy of building a portfolio of leading brands. We will maximize synergies amongst our brands leading to improved cost savings and faster speed-to-market of new products. Further to our strong organic growth in 2004, the new acquisition will have a substantial positive impact on the Group's expansion in the future. "

"Growth momentum remains robust for 2005 with new product launches to include Milwaukee's revolutionary V28™ power tool line with lithium ion battery technology, RIDGID®'s seven best-in-class professional pneumatic fastening tools and Ryobi's new gasoline-driven pressure washer. We will continue to add depth and breadth to our entire product platform across all divisions. Our expanding portfolio of global brands will break new ground and grow our business into new markets. TTI possesses unique global strengths that will continue to deliver higher performance in our existing and newly acquired brands. "

Review by operation

Power Equipment Products

The Power Equipment Products division delivered another year of highly successful results through leading innovation, operational excellence and deepening customer alliances. This dynamic combination provided tremendous growth and market position gains in all brand categories. Turnover for the division grew 21.5% to HK\$11.52 billion, accounting for 70.7% of total Group turnover. Operating profits rose by 39.3% to HK\$910 million. In power tools, the Ryobi and RIDGID® brands played key roles in growing the power tool and accessory businesses achieving double-digit sales growth in tools and accessories. In outdoor power equipment, the Group made significant progress attaining double-digit sales growth as it leveraged the power of the Ryobi and Homelite brands in North America and Europe. The Group also continued to strengthen relationships with key customers.

Floor Care Appliances

The Floor Care Appliances division recorded an outstanding performance by delivering superior consumer value and maintaining a critical focus on containing costs. Turnover for the division grew 28.1% to HK\$4.08 billion, accounting for 25.0% of total Group turnover. Operating profits rose by 53.2% to HK\$201 million. Innovation is playing a key role in the success of our proprietary brands, with Dirt Devil making market gains in our important territories of North America and Europe, and Vax significantly improving its position in the UK. With manufacturing now centered in Asia,

significant supply chain efficiency gains and cost containment programs are positively impacting margins. Our strategic alliance business also exceeded plan.

Laser and Electronic Products

The Laser and Electronic Products division showcased the strength that innovation and manufacturing efficiency can deliver to the marketplace. The division once again had an excellent year, maintaining its record of steadily increasing contributions to the Group. Turnover increased 37.2% to HK\$701 million, accounting for 4.3% of total Group turnover. Operating profits rose by 44.5% to HK\$146 million. This was accomplished through aggressive cost containment, increased manufacturing capacity, and the expansion of product offerings in all categories, including laser layout devices, digital measuring tapes, stud sensors, metal detectors, solar lighting and infant-care products, all contributing to the growth in sales. The award-winning launch of the innovative Ryobi AIRgrip™ laser level was just one example of our continuing ability to bring groundbreaking products to the market.

The text of the announcement and results presentation are available at www.ttigroup.com

About TTI

Founded in 1985, a world-class supplier of superior home improvement and construction tools with a powerful portfolio of trusted brands and a strong commitment to innovation and quality. The portfolio that TTI offers includes a full line of power equipment products, floor care appliances, laser and electronic products. Our brands include Milwaukee®, AEG® and Ryobi® power tools and accessories, Ryobi® and Homelite® outdoor power equipment and Royal®, Dirt Devil®, Regina® and Vax® floor care appliances.

TTI is one of the constituent stocks on the Hang Seng HK MidCap Index under the Hang Seng Composite Index, the MSCI Hong Kong Index, the FTSE All-World Hong Kong Index, the FTSE/Hang Seng Asian Cyclical Index and the Dow Jones Hong Kong Titans 30. For more information, please visit www.ttigroup.com.

About RIDGID®

RIDGID® is a registered trademark of RIDGID, Inc., part of Emerson Professional Tools, a business of St. Louis-based Emerson (NYSE:EMR). The orange color used on these products and the combination of orange and grey are trademarks for RIDGID® brand power tools.

For enquiries:

Techtronic Industries Co. Ltd.

Yammie Tang
Tel: + (852) 2402 6653
Fax: + (852) 2212 3109
Email: yammietang@tti.com.hk

Strategic Financial Relations Limited

Veron Ng + (852) 2864 4831 veron@strategic.com.hk
Carol Lau + (852) 2864 4815 carol@strategic.com.hk
Sandra Tsui + (852) 2864 4824 sandra@strategic.com.hk
Fax: + (853) 2804 2789 / 2527 1196

RESULTS SUMMARY

For the year ended 31st December, 2004

CONSOLIDATED INCOME STATEMENT

	<u>2004</u> HK\$'000	<u>2003</u> HK\$'000
Turnover	16,304,140	13,182,808
Cost of sales	(11,363,394)	(9,284,759)
Gross profit	4,940,746	3,898,049
Other operating income	39,688	39,575
Interest income	52,772	16,743
Selling, distribution, advertising and warranty expenses	(1,916,812)	(1,574,549)
Administrative expenses	(1,551,024)	(1,246,615)
Research and development costs	(338,962)	(268,244)
Profit from operations	1,226,408	864,959
Finance costs	(138,880)	(95,731)
Profit before share of results of associates and taxation	1,087,528	769,228
Share of results of associates	(845)	(987)
Profit before taxation	1,086,683	768,241
Taxation	(108,829)	(66,811)
Profit before minority interests	977,854	701,430
Minority interests	(40,314)	(27,457)
Profit for the year	<u>937,540</u>	<u>673,973</u>
Dividends	<u>178,998</u>	<u>113,251</u>
Earnings per share (HK cents)		
Basic	<u>70.11</u>	<u>51.56</u>
Diluted	<u>68.16</u>	<u>50.37</u>

CONSOLIDATED BALANCE SHEET

	As at 31 st December	
	<u>2004</u>	<u>2003</u>
	HK\$'000	HK\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	884,618	904,356
Goodwill	653,504	652,760
Negative goodwill	(28,868)	(33,175)
Intangible assets	232,881	25,154
Interests in associates	160,442	118,394
Investments in securities	27,193	41,419
Deferred tax assets	329,711	273,937
Other assets	1,195	1,195
	2,260,676	1,984,040
Current assets		
Inventories	2,787,059	2,491,650
Trade and other receivables	2,762,156	2,197,789
Deposits and prepayments	382,421	293,408
Bills receivable	256,836	36,409
Investments in securities	-	5,575
Tax recoverable	872	51,274
Trade receivables from associates	1,247	48
Bank balances, deposits and cash	5,452,057	2,586,075
	11,642,648	7,662,228
Current liabilities		
Trade and other payables	2,885,506	2,084,198
Bills payable	3,719,108	2,809,963
Warranty provision	241,375	208,552
Trade payable to an associate	21,593	3,230
Tax payable	105,092	68,114
Obligations under finance leases - due within one year	6,266	5,485
Borrowings - due within one year	840,450	497,975
	7,819,390	5,677,517
Net current assets	3,823,258	1,984,711
Total assets less current liabilities	6,083,934	3,968,751
CAPITAL AND RESERVES		
Share capital	135,230	132,497
Reserves	3,303,436	2,380,387
	3,438,666	2,512,884
MINORITY INTERESTS		
	82,032	46,374
NON-CURRENT LIABILITIES		
Obligations under finance leases - due after one year	8,989	14,261
Convertible bonds	1,071,993	-
Borrowings - due after one year	1,446,292	1,348,497
Deferred tax liabilities	35,962	46,735
	2,563,236	1,409,493
	6,083,934	3,968,751

- end -