

Chief Executive Officer's Message



“TTI is a technology company creating labor saving devices and transforming the global market for power tools, outdoor equipment and floor care from traditional power sources to revolutionary lithium powered cordless.”

Joseph Galli Jr
Chief Executive Officer

TTI delivered a remarkable year, achieving a level of organic growth not thought possible in our served industry.

This performance again dramatically outpaced our competitors as we captured significant share in our core markets, entered new categories where cordless innovation is disrupting the entire industry, and continued our geographic expansion. We are growing organically, introducing a myriad of technology rich new products, and have kept up this pace without turning to acquisitions to boost revenues. TTI has surged to a new level with so many growth drivers and vast innovation platforms in front of us.

Driving Strategic Growth Opportunities

TTI is at the forefront, driving the move to cordless products around the world. We have been investing in battery, motor and electronics technologies to capture the leadership position across multiple cordless platforms. TTI's powerful brands offer the go-to-products for consumers and professionals with new-to-world innovations that are dramatically disrupting existing markets while also creating new opportunities in a growing number of vertical disciplines. Our tremendous technology improvements in power, run time, and durability are now delivering cordless innovation that will tackle heavy duty infrastructure projects. TTI is uniquely positioned at the vanguard of this seismic shift to cordless and the endless opportunities generated.

We have generated outstanding momentum at Milwaukee Tool, through a dedicated focus on delivering technically advanced cordless tools, lighting, accessories, storage and hand tools to the professional tradesmen. Our strategy is different from competitors. We are transforming the global market for professional power tools and equipment from traditional power sources to revolutionary lithium powered cordless. Milwaukee Tool has the broadest line of professional tools, powered by our M18 and M12 battery platforms, loaded with advanced technology which deliver unmatched performance, jobsite safety and productivity. Our new range of

high-technology FUEL tools are aimed at trade professionals such as the commercial plumber, commercial electrician and datacom electrician in vertical industries from industrial construction, maintenance, infrastructure projects and well beyond. With the current product offering Milwaukee Tool has massive opportunity in new verticals and geographically, but we will not stop as our new product roadmap and technology advancements will bring even more growth potential.

We are transforming the DIY market with our ongoing stream of innovative RYOBI ONE+ products which feeds the world's largest cordless DIY system with an overarching platform in batteries that goes from power tools to outdoor products. The RYOBI ONE+ battery system is compatible to previous generations of RYOBI tools, an unmatched capability that has been rewarding the RYOBI ONE+ user for years. We see our broad platform and significant market penetration as an opportunity to continue introducing product innovations and expanding the network. As an example of cordless penetration, RYOBI in outdoor products which is a growing success as we pioneer the shift, the revolution, from gas powered lawn gear to lithium-ion cordless. Our high performance, easy to use and environmentally friendly cordless lawn mowers are driving demand towards our RYOBI ONE+ and RYOBI 40V battery systems.

We have a winning strategy for the Floor Care business which is propelled forward with the cordless technology of TTI and our unique position in the carpet washing category, all marketed by our iconic brands like HOOVER and VAX. We are well on the way to developing our cordless range that creates tremendous value for the user. The new ONEPWR platform is a detachable and interchangeable lithium battery system that powers a number of innovative cleaners from high performance uprights, stick vacs and other fantastic cleaning products. The product opportunities for the HOOVER ONEPWR platform are exciting, positioning the business for further growth.

New Product Powerhouse

At our foundation is a high-speed product development system that is central to our growth. Launching new products at TTI is a strategic

and rigorous process that ensures high quality, game changing technology and innovative products. We have built a powerful, streamlined, fast paced, and comprehensive product development process. TTI has a number of brand-focused innovation centers in key markets dedicated to research, design, engineering technologies, and developing new products. Across our brands and innovation centers we drive product development through our process to bring to market a broad range of breakthrough, value-enhancing products. We are producing a continuous stream of new products that excite end-users, overwhelm the competition, and change the respective industries.

Bold, Targeted Geographic Expansion

TTI is successfully building a global presence beyond our strong foundation in the US, expanding into new countries in which we are under-represented with a very thoughtful, risk managed strategy. Once we enter a market, we go boldly to establish our leadership. Today we have a network of vibrant marketing companies in dozens of key geographies, allowing us to further harvest the benefit of our industry leading cordless platforms. Our teams in Canada, Australia and New Zealand, Western Europe and Eastern Europe, are delivering significant results. We are investing in selective targets in Asia, such as South Korea and Malaysia, and Latin America, which are gaining momentum and delivering the cordless benefits of safety and productivity to users in these markets.

Exceptional Team

The TTI business leaders around the world represent a level of talent our industry has never seen. We firmly believe our leaders are not only the best, but with their incredible passion, industry knowledge and relentless drive to succeed, the organization is positioned for even better performance. The TTI team is a real differentiator for the company and has become an unassailable competitive advantage. With such an array of focused, motivated and outstanding people, TTI will continue to outperform the competition and change our industries. The leadership team is the fuel behind our success at every level of the organization.

The TTI culture of entrepreneurship and creativity motivates people to achieve their goals and reach their potential quickly. We provide a focused, strategic roadmap, strong financial backing, clear leadership direction and a high-energy environment that allows our employees to learn, contribute and grow. In addition, we take our global responsibilities as a company seriously by taking a strong position on all ESG requirements. Our goal is to always lead by example by going above and beyond what is expected. We enforce strict standards of behavior and integrity throughout our organization and the complete supply chain. We are proud to provide powerful leadership in these areas.

Leadership Development Program (LDP)

TTI has a deep bench of exceptional leaders to support our business goals. We have been investing in campus recruiting and hiring into our thriving LDP top level, high-potential college graduates from over 75 campuses around the world for more than ten years. As this investment has been going on year after year we have established a pipeline for superstars that are populating our sales, marketing, engineering, purchasing, supply-chain, manufacturing and finance disciplines throughout the company around the world. We feel strongly that our recruiting, hiring, mentoring and organizational development process are absolute TTI core strengths. Through a highly selective process which identifies high-potential candidates, we are planning to hire over 780 college graduates from top universities in 2019. We are committed to our extremely effective LDP and the development of our future leaders. We now have twelve vice president level executives that started as college graduates in our LDP program. This number will continue increasing as more and more of our talented LDPs progress quickly into meaningful leadership roles.

We Are Just Getting Started

I am extremely proud with what we have achieved. Our outstanding performance leads the industry. Our strategy and execution continue to deliver impressive results. We have great customers around the world and excellent momentum with them. The strategic investments in our new product system, R&D, product teams and supply chains are delivering break-through innovations and generating a cycle of improving gross margins. With our iconic brands and unwavering commitment to creating cordless leadership through innovation, we have established a powerful platform with vast potential. The unprecedented momentum we have generated at TTI mirrors the powerful future that lies ahead.

I would like to thank our visionary Chairman, Horst Pudwill, for his tremendous mentorship, support, and guidance throughout our record breaking 2018 year. It is his bold vision, leadership and relentless drive that best defines our extraordinary culture. He motivates us to continue to achieve spectacular, record breaking results. We share the cordless vision for an incredible TTI future.



Joseph Galli Jr
Chief Executive Officer
March 6, 2019

TTI is driving the revolution of cordless technology and generating even more growth opportunities.

