

RYOBI® lithium cordless products are rapidly gaining popularity among a growing segment of end-users who are adopting lithium cordless technology. As a result, lithium cordless outdoor products represent the fastest-growing segment in the outdoor category. The new RYOBI® outdoor lithium 40-volt products have been launched globally. This more powerful, higher-voltage lithium platform further strengthens the RYOBI® cordless offering, which includes 24-volt and the well-known, consumer market-leading RYOBI® 18-volt ONE+ System®.

### **Floor Care and Appliances Business Review**

The Floor Care and Appliance business, reported USD0.5 billion in sales, 7.9% lower than the same period last year before adjustments for currency. The business accounted for 24.1% of overall Group sales.

Sales of our branded floor care business declined 1.4% before currency adjustment, with Europe and rest-of-world growing double-digit while our OEM business contracted. The business in North America faced a challenging environment. Sales increased in Europe as we continued to expand distribution and sales in core categories. Australia and New Zealand achieved significantly higher sales as VAX® products gained market share.

### **Outlook**

The Group enters the second half with strong momentum across our businesses and is firmly positioned to build on the positive first half performance.

We are excited about the new products, such as the expanding range of new cordless lithium tools and innovative accessories, which will be launched. Also, as part of our aggressive strategy to continue achieving progress in operational excellence, we will drive further gains in efficiency across our manufacturing operations, supporting further margin improvement.

In Power Equipment, the MILWAUKEE®'s M12® and M18® cordless platforms and the RYOBI®'s 18-volt ONE+ System® will continue to see expansion as we add to the ranges and more end-users adopt our highly advanced lithium technology. In Outdoor Products, we will be expanding our lithium cordless product range to capture the growing demand for cordless.

Profitability for Floor Care has shown improvement when compared to the second half of last year. We anticipate that the improvements will continue, supported by a stream of innovative new products and first half operational changes.

With our stable of powerful brands and pipeline of new products, we are confident of delivering another period of record sales and profit.

## **Financial Review**

### **Financial Results**

Turnover for the period under review amounted to USD1,855 million, 4.0% higher than the USD1,784 million reported for the same period last year. Profit attributable to Owners of the Company amounted to USD96 million as compared to USD80 million reported last year, an increase of 20.1%. Basic earnings per share was at US5.69 cents (2011: US5.00 cents).

EBITDA amounted to USD188 million, an increase of 10.4% as compared to the USD170 million reported in the same period last year.

EBIT amounted to USD127 million, an increase of 10.4% as compared to the USD115 million reported in the same period last year.

### **Result Analysis**

#### **Gross Margin**

Gross margin improved to 33.5% as compared to 32.9% in the same period last year. The margin improvement was the result of new product introduction, category expansion all with higher margin, efficient production in the new PRC facilities, effective supply chain management and volume leverage on our economies of scale.

#### **Operating Expenses**

Total operating expenses for the period amounted to USD498 million as compared to USD474 million reported for the same period last year, representing 26.8% of turnover (2011: 26.6%). The Group continued to control non-strategic SG&A expenses and reinvested into strategic SG&A as planned.