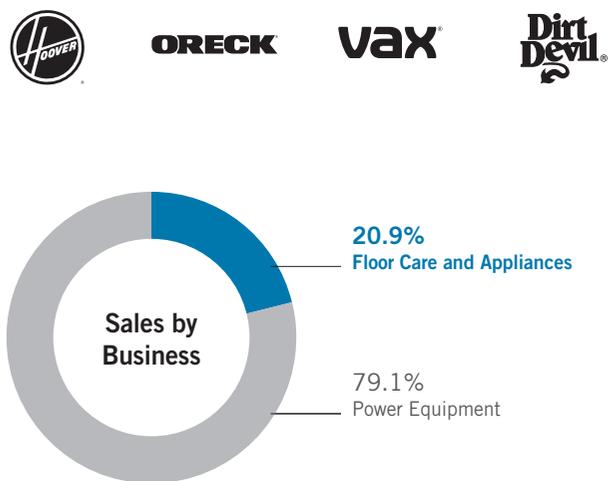


## Floor Care and Appliances

Floor Care and Appliances, accounting for 20.9% of the Group's revenue, declined 9.7% to US\$516 million in the first half of 2015.



As part of our continued focus on building strong brands, we are by design strategically exiting our low margin OEM appliance businesses, which had a significant impact to the revenue decline in this segment. In addition, we underestimated the EMEA sales impact of complying with the EU Energy Labeling Directive. This resulted in higher than expected engineering costs and an oversupply of legacy products in the channel. Fortunately, the episodic impact on our business is behind us and we will be on track for growth in the years to come. On a positive note, our European cordless program is flourishing and holds great promise for the floor care business.

Our North American business exceeded overall industry growth driven by the HOOVER brand at key mass retailers and with our commercial cleaning partners using the HOOVER and ORECK commercial brands. Category share gains were achieved with the expansion of our HOOVER cordless cleaning line of products that are powered by leveraging TTI's lithium cordless technology. We are driving demand for cordless cleaning with the introduction of two revolutionary products including the industry's first cordless upright cleaner with a detachable "lift off" canister and the first cordless hard floor cleaner designed on our market-leading FLOORMATE platform. The ORECK brand generated solid double-digit growth with continued partner store expansion and new product introductions. In addition, our commercial HOOVER brand launched a new innovative platform of products that features industry-leading performance and new HUSHTONE technology, which enables high-performance, quiet cleaning for noise-sensitive commercial environments such as offices, hotels and hospitals.

## Outlook

TTI is firmly positioned to build on the positive momentum generated by our businesses and we are confident that we will sustain solid organic growth in the second half of the year. At the core of our successful business is a sophisticated product development process that aims to solve end-user needs. Our innovative products, powerful brands, and relentless efforts to pursue operational excellence have set a solid foundation for delivering exceptional organic sales growth and ongoing positive financial performance. We remain focused on propelling our business forward through investments in product development, marketing, and geographic expansion. Our ongoing commitment in these areas will continue to deliver value to support robust business growth and meet financial objectives.