**BUSINESS SPEECH**

**FOR**

**PAUL RICHARDSON**

Hello everyone and thank you for joining us here today. We are fortunate to be involved in a business that is exhibiting incredible promise and potential but in order to identify, capitalize and monetize that potential, it’s essential to have meetings like these... to acknowledge our past, identify current trends, and align on exploring new, emerging, and even classic, untapped markets that are ripe and ready for our respected and popular products and services. (**If there is anyone in particular that you want to thank, you can do that here**). I would like to take a moment to express my thanks to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for his \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ that has been so important in making this meeting and our success possible.

We have history to thank for our foundation and the seeds of our success. Taking a look back allows us to learn from the past, and if we’re really paying attention, we may even glimpse the future. I think we’ve all learned by now that growth is based on a mix of research, vision, and practical application. Many years ago, in the heyday of modern advertising, there was a commercial shown on TV on the east coast for a small men’s clothing store. It showed a typical New York street scene, thrown back to the 1920’s.... several young boys are sitting on a stoop. A question is asked, “Humphrey, what do you want to be when you grow up?” “I’m gonna be a great actor!” “Louis, how about you?” “I’m gonna be a famous trumpet player!!” Then some one asks the same of little Casey who responds,”I’m gonna be a great baseball player!” And then there’s the little kid in the front, impeccably dressed and neat as a pin. When he was asked, “And how about **YOU**, little Barney?” He confidently replied, “I don’t know, but you’re all gonna need clothes!!!” That store became Barney’s New York, now a worldwide force. Back then, the executives of that little store recognized what it took to grow, respected the need to explore new markets, and constantly challenged themselves to adapt to the demands and trends of evolving contemporary markets. Why do I mention this? **I don’t know, but you’re ALL gonna need mechanical, electrical and plumbing supplies!!! (Say this with emphasis and Wait for the laugh).**

Milwaukee has historically been very focused on the Mechanical, Electrical, and Plumbing Contractors. Our core strategy with these users provided extreme growth over the past ten years propelling our company from $500M to just over $3.2B as we wrap up 2017. However, for us to reach our goal of $5B by the end of 2020 it is very important that we explore new... for us... and exciting sectors as we invest in key channels that represent opportunities for growth, bring new products to market that are truly disruptive, and execute a renewed strategy that differentiates us from the competition. We are passionate about innovating in this space and have plans to introduce “new to world” products that will address serious problems our users face in the residential and remodeling market in a way that no other competitor does today. With slight shifts in perspective, we intend to broaden our focus in order to expand our trajectory in order to support our vision of growth and expansion in market share. You can think of it as engaging the “trim tab” of our business. For those of you that may not know, a trim tab is a small trailing surface connected to a larger control surface, found on a boat or an aircraft, used to provide, strength, speed, and efficiency. In the same way, we intend that the effectiveness our business will be supported by our new “trim tabs” and we’re excited to give you a preview of our road map today.

So, I have three lists of items I want you to take away from this presentation today. The first area I will outline are the Size of the market and opportunity we have in this channel. The second is the “Mega Trends” driving Milwaukee’s thinking around our product development in the Residential and Remodeling Industry. The third list will be our go forward strategy to capitalize on the market opportunity and take share from our competition.

The Single Family, Multi Family, and Remodeling Channels are absolutely vital to the success of our company. When you combine all three markets, they are worth over $500B a year and have grown over $230B in the last six years. We know this doesn’t mean that there is a $500B opportunity in the product we sell. However, roughly 2% of the $500B annual spent will be in Power Tools, Accessories, Hand Tools and other products that we sell. To put this number in perspective, that means the opportunity is in excess of $10B annually, which means $27M in product like ours will be sold today and over $130M while we are at the National Sales Meeting this week. We can’t afford to miss this opportunity and need to take proactive steps to get the biggest piece of the pie as we position ourselves for the future.

Now let’s take some time to talk about current trends. New construction in the Single Family and Multifamily is now back to the same level we experienced in 2007, which represents a tremendous upside for us. In addition, the remodeling industry has experienced very strong growth over the past several years and the economic forecast for this industry is extremely promising. Think about all of the shows that are on television right now that are about flipping homes, buying homes, renovating, remodeling, tweaking.... the public has more exposure than ever to the world of residential construction and the more they see, the more they will need the products and services we provide. Just as well as our technology advances with regard to our product line and it’s efficiency, the media and message that have the potential to showcase and create demand for our resources becomes refined too. The consumer is increasingly connected and aware. They are exposed to not just one TV show... there are now **SEVERAL** television channels, social media outlets, and other opportunities on the internet at our fingertips to inspire, inform, and encourage growth in consumer sectors. Keep in mind, we have **almost a quarter of a million followers on Instagram alone**!... and **even more** on Facebook! Our potential growth can increase geometrically... with the right vision, products, and team.... our influence in this industry is ready to be welcomed on new levels....

We have three areas that stand out to me in this space. The first is the flipper who is remodeling and reselling the homes at a higher price for a profit. The second is the new generation that is fighting increased interest rates and home prices, which often times places them in a position where it makes more sense to buy less expensive homes and renovate to their standards. The third is the Baby Boomers. In many cases, this demographic has either decided to stay in their final home and remodel the way they like it or downsize into a smaller home and retrofit it to their style. All three circumstances point to the same direction, this market is big, the market is growing, and the demand will continue to grow.

The majority of our current success with these users comes from the Home Depot and our Hardware Channel with Do it Best, ACE, etc. It is important to note that big wins with Home Depot and Hardware create a halo effect. That effect has enabled us to have large wins in the Industrial Construction channel with customers like Ferguson and White Cap. We implemented a team focused primarily on the Residential user in Southern California and we have seen incredible results on the jobsites and with event POS. In fact, in many cases our residential strategy has actually opened up doors for us commercially to execute a similar strategy with different users. Nonetheless, there are several opportunities we still need to explore with customers like Southern Carlson who has hundreds of branches across the country and represent the largest customer with the Sphere 1 marketing group.

Now that we have established how big the market potential is and the current trends, let’s address our blue print for success in the field. 1) We have an extremely robust product road map that will help us win at the distribution and at the user level. Our product strategy will continue to revolve around eliminating cords on the jobsite. We have shown this with our new Miter Saw, Mud Mixer, and Table Saw that comes out later this year. In addition, we hired 27 engineers who will dedicate their entire time to cordless nailers. 2) We will continue to explore and execute on additional residential opportunities. You will see expansion on our residential team, we will execute our strategy with current customers, and we will pursue new alliances where it makes sense. 3) We will spend more time working closely with the Carpenters Union and GC associations to cast a wider net to help facilitate user conversions.

(**HS- for the rest of the speech, without giving up too much information prematurely, I would highlight two or three products that are close to being ready to be brought to market- will there be any press releases coordinated to go out around the time of the sales meeting? Heaven only knows if some news might leak ... that you are not in control of before you’re ready... if you add that, and anything else you think might be pertinent, with an ending, that will bring you to about 12 minutes. Right now, I’m estimating that what is written above will clock at about 9-9.5 minutes, depending on how you deliver. I will also think of or search for a good ending paragraph. .... maybe an analogy for “work in progress” ... like, “homes, like true works of art, are never completed, etc.... and that’s why our evolution at Milwaukee Tools is so important, etc”. I think closing paragraph should be informative, uplifting, and motivational. Let me know your thoughts.).**