

Stanley Black & Decker Provides Strategic Update at 2019 Investor Day

May 16, 2019

NEW BRITAIN, Conn., May 16, 2019 /PRNewswire/ -- Stanley Black & Decker (NYSE: SWK) provided a strategic update today during its 2019 Investor Day.

Strategic Update:

During today's event, Stanley Black & Decker's leadership team provided an update on its business segments, as well as the growth catalysts and transformation initiatives that are critical to achieving the Company's long-term vision.

Stanley Black & Decker's President and CEO James M. Loree commented, "Our vision is to become known as one of the world's most innovative companies, continue to deliver top-quartile performance, and continuously elevate our commitment to corporate social responsibility. We are operating at a time of rapid, disruptive technological change, and we are focused on positioning our business to successfully capitalize on the resulting opportunities."

Key messages from the day included:

- Stanley Black & Decker is a performance-driven organization powered by innovation, a robust operating system, SFS 2.0, and a strong value creation framework. The company operates strong businesses across diverse, global markets.
- Several catalysts are positioning the company for growth and margin expansion, including revenue generating initiatives such as Craftsman, new core and breakthrough innovations, Lenox and Irwin revenue synergies, e-commerce, emerging markets and M&A. In addition, the Company announced a technology-enabled transformative program focused on margin resiliency that is expected to generate \$300 - \$500 million in cost savings over a 3-year period.
- Stanley Black & Decker is building a unique and powerful innovation ecosystem enabling a robust pipeline of new innovations to supplement organic growth and provide a broad and deep window into the technological forces that are shaping and redefining business models across industries.
- The Company reinforced its commitment to corporate social responsibility and diversity and inclusion, emphasizing its positive impact on society and the company's performance.

"The growth catalysts we see today will have an even greater impact when combined with our SFS 2.0 operating system and an integrated innovation ecosystem. Our forward momentum is tangible and the Company's positioning for future growth and success has never been better. With our relentless focus on strong cash flow generation and operating margin expansion, we are prepared to tackle whatever external forces come our way," added Loree.

2019 Guidance:

During today's event, the Company also reaffirmed its updated full year 2019 guidance as provided on April 24, 2019 and discussed the impact of certain recent tariff announcements. The Company continues to expect its 2019 EPS outlook to be \$7.50 - \$7.70 on a GAAP basis and to be \$8.50 - \$8.70 on an adjusted basis. The Company also reiterated its free cash flow conversion estimate of approximately 85% - 90%. This includes the implementation of a 25% tariff on Section 301 List 3.

The difference between 2019 GAAP and Adjusted EPS guidance is \$1.00, consisting of acquisition-related and other charges. These forecasted charges primarily relate to deal and integration costs, restructuring, Security business transformation and margin resiliency initiatives, and inventory step-up amortization.

Three-Year Financial Targets:

In addition, Stanley Black & Decker provided three-year financial targets as follows:

- Revenue: 4% - 6% Organic Growth; Total Growth Enhanced By Acquisitions
- Financial Performance:
 - 50+ Bps Annual Operating Margin Rate Improvement
 - 7-9% EPS Growth; 10-12% With Acquisitions
 - Achieving 10+ Working Capital Turns
 - Free Cash Flow ~100% Of Net Income
 - Cash Flow Return On Investment 12-15%
- Continued Dividend Growth
- Strong Investment Grade Credit Rating

Donald Allan, Jr., Executive Vice President and CFO, commented, "Stanley Black & Decker's outlook for 2019 remains positive, as we successfully leverage our strong organic growth, pricing actions and the \$250 million cost reduction program to overcome the impact from 2018 carry-over

headwinds. We will continue to leverage our SFS 2.0 operating system and the new margin resiliency program discussed today to help us navigate unforeseen external volatility and deliver consistent margin expansion. We are confident we have positioned the Company to deliver sustained above-market growth with operating leverage, strong free cash flow conversion and top-quartile shareholder returns over the long-term."

An audio webcast of the event will be available in the "Investors" section of the company's website at www.stanleyblackanddecker.com and will be available for 90 days.

Stanley Black & Decker, an S&P 500 company, is a diversified global provider of hand tools, power tools and related accessories, electronic security solutions, healthcare solutions, engineered fastening systems, and more. Learn more at www.stanleyblackanddecker.com.

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CAUTIONARY STATEMENTS

Under the Private Securities Litigation Reform Act of 1995

This document contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws, including any projections or guidance of earnings, revenue or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new products, services or developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing. Forward-looking statements may include, among other, the words "may," "will," "estimate," "intend," "continue," "believe," "expect," "anticipate" or any other similar words.

Although the Company believes that the expectations reflected in any of its forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of its forward-looking statements. The Company's future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties, such as those disclosed or incorporated by reference in the Company's filings with the Securities and Exchange Commission.

Important factors that could cause the Company's actual results, performance and achievements, or industry results to differ materially from estimates or projections contained in its forward-looking statements include, among others, the following: (i) successfully developing, marketing and achieving sales from new products and services and the continued acceptance of current products and services; (ii) macroeconomic factors, including global and regional business conditions (such as Brexit), commodity prices, inflation, and currency exchange rates; (iii) laws, regulations and governmental policies affecting the Company's activities in the countries where it does business, including those related to tariffs, taxation, and trade controls, including section 301 tariffs and section 232 steel and aluminum tariffs; (iv) the economic environment of emerging markets, particularly Latin America, Russia, China and Turkey; (v) realizing the anticipated benefits of mergers, acquisitions, joint ventures, strategic alliances or divestitures; (vi) pricing pressure and other changes within competitive markets; (vii) availability and price of raw materials, component parts, freight, energy, labor and sourced finished goods; (viii) the impact the tightened credit markets may have on the Company or its customers or suppliers; (ix) the extent to which the Company has to write off accounts receivable or assets or experiences supply chain disruptions in connection with bankruptcy filings by customers or suppliers; (x) the Company's ability to identify and effectively execute productivity improvements and cost reductions; (xi) potential business and distribution disruptions, including those related to physical security threats, information technology or cyber-attacks, epidemics, sanctions or natural disasters; (xii) the continued consolidation of customers, particularly in consumer channels; (xiii) managing franchisee relationships; (xiv) the impact of poor weather conditions; (xv) maintaining or improving production rates in the Company's manufacturing facilities, responding to significant changes in product demand and fulfilling demand for new and existing products; (xvi) changes in the competitive landscape in the Company's markets; (xvii) the Company's non-U.S. operations, including sales to non-U.S. customers; (xviii) the impact from demand changes within world-wide markets associated with homebuilding and remodeling; (xix) potential adverse developments in new or pending litigation and/or government investigations; (xx) changes in the Company's ability to obtain debt on commercially reasonable terms and at competitive rates; (xxi) substantial pension and other postretirement benefit obligations; (xxii) potential environmental liabilities; (xxiii) work stoppages or other labor disruptions; and (xxiv) changes in accounting estimates.

Additional factors that could cause actual results to differ materially from forward-looking statements are set forth in the Annual Report on Form 10-K and in the Quarterly Report on Form 10-Q, including under the heading "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in the Consolidated Financial Statements and the related Notes.

Forward-looking statements in this press release speak only as of the date hereof, and forward-looking statements in documents attached that are incorporated by reference speak only as of the date of those documents. The Company does not undertake any obligation to update or release any revisions to any forward-looking statement or to report any events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

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