

StanleyBlack&Decker



Second Quarter 2021 Overview

July 27, 2021

Participants

Jim Loree

CEO

Don Allan

President & CFO

Lee McChesney

***VP, Corporate Finance &
CFO, Tools & Storage***

Dennis Lange

VP, Investor Relations

Cautionary Statements



Certain Statements Contained In This Presentation Are Forward Looking. These Are Based On Assumptions Of Future Events Which May Not Prove To Be Accurate. They Involve Risk And Uncertainty. Actual Results May Differ Materially From Those Expected Or Implied. We Direct You To The Cautionary Statements Detailed In The Corresponding Press Release And Form 8-K And Our Recent '34 Act SEC Filings.

2Q 2021 Financial Highlights

Strong Demand Trends & Margin Performance Continued Through The Second Quarter...

- Revenues Of \$4.3 Billion, Up 37% Versus Prior Year Led By Tools & Storage With All Segments Growing Double Digits And Contributing To 33% Organic Growth
- Gross Margin 35.9%*, Up 240 Basis Points Versus Prior Year
- Operating Margin Expanded 270 Basis Points Versus Prior Year To 15.5%* Driven By Volume, Price, Innovation And Margin Resiliency
- Diluted EPS Of \$3.08*, Up 93% Versus Prior Year
- Free Cash Flow \$339 Million, Up 28% Versus Prior Year
- Raising 2021 Full Year Adjusted Diluted EPS* Guidance To A Range Of \$11.35 - \$11.65
- Announced Quarterly Dividend Increase Of 13% To \$0.79 Per Share

...Building Momentum For An Improved Second Half Outlook

Significant Catalysts Support Long-Term Value Creation

Growth + Margin Expansion



➤ **RECONNECTION
WITH HOME &
GARDEN**

➤ **eCOMMERCE**

➤ **ELECTRIFICATION**

➤ **HEALTH & SAFETY**

➤ **MARGIN
RESILIENCY**

Currently In Negotiations To Exercise MTD Option...

Highly Complementary To Accelerate Growth Opportunities



**Potential For Multi-Year Runway For Growth And
Significant EPS & Cash Flow Accretion**

LTM*: Revenue ~\$2.5B

Adjusted EBITDA% High-Single Digits

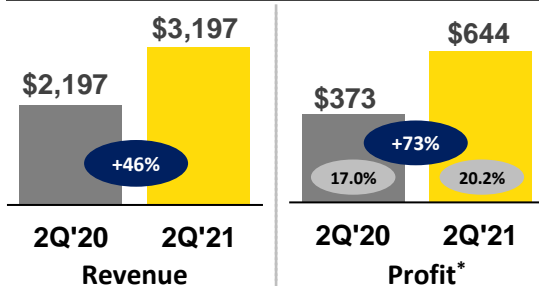
2022**: EPS Accretion ~\$0.50

Adjusted EBITDA ~\$230M

2025**: EPS Accretion >\$1.00

2Q'21 Segment Overview

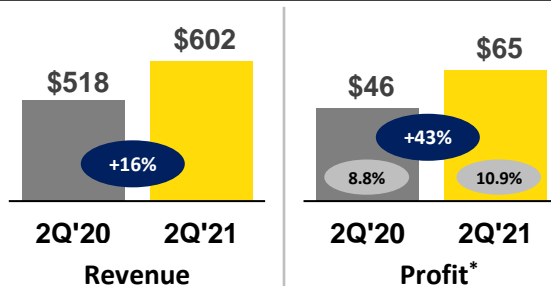
Tools & Storage



- **+41% Organic Growth**
 - +30% N.A., +63% Europe, +85% EM
 - +39% PT, +42% HTAS, +40% OPG
- Global Business Benefited From Leading Innovation, Strong Professional Demand & Reconnection With Home & Garden, Outdoor Electrification & eCommerce
- N.A.: Strong Retail Performance Supported By Robust POS & Growth In Commercial & Industrial Channels
- Europe: Growth In All Regions With A Strong Performance In Commercial, Retail & eCommerce Channels
- EM: Driven By Construction-Related Demand With All Major Markets Contributing

OM Rate* +320 Bps | Volume, Price And Benefits From Innovation & Productivity Were Partially Offset By Commodity Inflation, Higher Expedited Transit Costs To Serve Strong Demand & Growth Investments

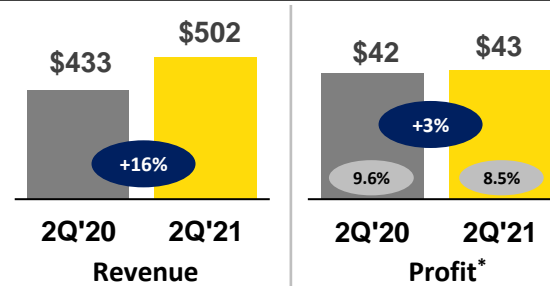
Industrial



- **+14% Organic Growth**
 - 26% Engineered Fastening
 - (11%) Infrastructure
- Engineered Fastening: +26% Organic Growth Driven By Strong Automotive & General Industrial End Markets Were Partially Offset By Weaker Demand In Aerospace And Automotive OEM Customer Production Impacts From The Global Semi-Conductor Shortage
- Infrastructure: (11%) Organic Growth With 16% Organic Growth In Attachment Tools More Than Offset By Significantly Reduced Pipeline Project Activity In Oil & Gas

OM Rate* +210 Bps | Benefits From Volume, Price & Productivity Partially Offset By Commodity Inflation, Growth Investments & Troughing Markets In Oil & Gas & Aerospace

Security



- **+14% Organic Growth**
 - +16% N.A.
 - +12% Europe
- N.A.: Growth Driven By Strong Backlog Conversion In Commercial Electronic Security, Growth Within Automatic Doors & Healthcare
- Europe: New Data Driven Product Solutions Supported Growth In France & Nordics
- Order Rates Grew 36% In The Second Quarter & The Quarter-End Executable Backlog Was A Record High Which Positions The Business To Deliver High-Single Digit Organic Growth For The Remainder Of 2021

OM Rate* (110 Bps) | Price & Volume Gains Offset By Wage Inflation, Inefficiencies Related To Pandemic Restrictions & The Impact From Growth Investments

2Q 2021 Free Cash Flow

Strong First Half Operational Performance...

**6.7 WCT
+1.1T VPY**

	QTD			YTD		
	2Q'20	2Q'21	V\$	2Q'20	2Q'21	V\$
Net Income	\$ 239	\$ 459	\$ 220	\$ 372	\$ 945	\$ 573
Deprec / Amort	145	142	(3)	286	286	-
Working Capital	(206)	(196)	10	(719)	(917)	(198)
Pre-tax Loss on Sales of Businesses	-	3	3	-	4	4
Other	150	36	(114)	(16)	(31)	(15)
Operating CF	328	444	116	(77)	287	364
CapEx	(64)	(105)	(41)	(147)	(194)	(47)
Free Cash Flow	\$ 264	\$ 339	75	\$ (224)	\$ 93	317

...With YTD Free Cash Flow Up \$317 Million Versus Prior Year

2021 Scenario Planning

Incremental ~\$80M 2H'21 Expedited Transit Cost Pressure To Serve The Strong Demand (~\$160M FY'21)

- Examples: Port Congestion, Processing Delays, Demurrage, Increased Air Freight
- Margin Expansion Opportunity For 2022 & Beyond

Incremental Commodity Inflation Neutralized By Better Price Realization

(\$M)	2H	FY
Apr Guide	\$210	\$235
Jul Guide	\$260	\$300

Price & Productivity Expected To Offset ~50% Of Headwind

~\$50M-\$60M Of Margin Resiliency Benefits Available (Not Included In 2H Guidance)

FY Organic Growth & Segment Assumptions

Tools & Storage

Organic Growth

Low-20's

Margins

Positive Y-O-Y

Industrial

Organic Growth

Low-Mid Single Digits

Margins

Positive Y-O-Y

Security

Organic Growth

High-Single Digits

Margins

Relatively Flat

Total Company Organic Growth +16% To +18%

2H Planning Assumptions

- Increasing Tools & Storage 2H Revenue Assumption To +5% - +8% Accounting For Continuation Of Strong Demand & 2H Customer Inventory Refill
- Total Company Organic Growth: 2H 4% - 7% | 3Q 9% - 12%

Preparing Organization, Supply Base & Footprint For Strong Demand To Continue

2021 Guidance

Expect ~16%-18% Organic Growth And EPS Of \$11.35-\$11.65*, Up 26%-29% Versus Prior Year...

P&L

- **EPS:** 2021 GAAP EPS \$10.80 - \$11.20 | 2021 Adjusted EPS* \$11.35 - \$11.65
- **Organic Growth:** FY Range: +16% To +18%
- **Cost Structure Considerations:** \$125M In Net Cost Savings Carryover | Inflation Headwind ~\$300M | FX Tailwind ~\$45M
- **Other Items:** Other, Net: ~\$240M | Interest ~\$180M | Pretax M&A And Other Charges \$85M - \$110M
- **Shares:** ~161.5M
- **Tax Rate:** ~15%, Flat VPY

Other

- **Free Cash Flow:** Expected To Approximate Net Income (GAAP) & CapEx ~3%-3.5% Of Sales
- **3Q EPS*:** ~21.5% Of FY'21 Earnings

Drivers For Improved Adjusted Diluted EPS*

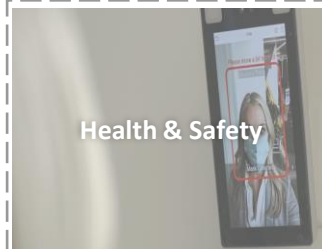
Apr'21 Guidance (Midpoint)	\$10.85
2Q Performance	+\$0.35
Volume (Net Of Expedited Transit Costs)	+\$0.30
Price/Commodity Inflation	Neutral
Jul'21 Guidance (Midpoint)	\$11.50

...And Free Cash Flow To Approximate GAAP Net Income

Summary – Strong 2Q Performance

Continued To Deliver Exceptional Growth & Strong Margin Performance...

SECULAR DRIVERS



GROWTH CATALYSTS



Global eComm



ACCELERATOR



STANLEY
Engineered Fastening

STANLEY
Security

A POWERFUL TOOLS & STORAGE GROWTH FORMULA:

COMMERCIALIZATION	INNOVATION	BRAND
Across 4 Major Product Categories	POWER TOOLS // HAND TOOLS // ACCESSORIES // STORAGE	
And 4 Major Customer Segments	CONSUMER / DIY	AUTO REPAIR
	CONSTRUCTION	INDUSTRIAL

...Well Positioned For Share Gain And Margin Expansion To Drive Significant Shareholder Value



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Q&A

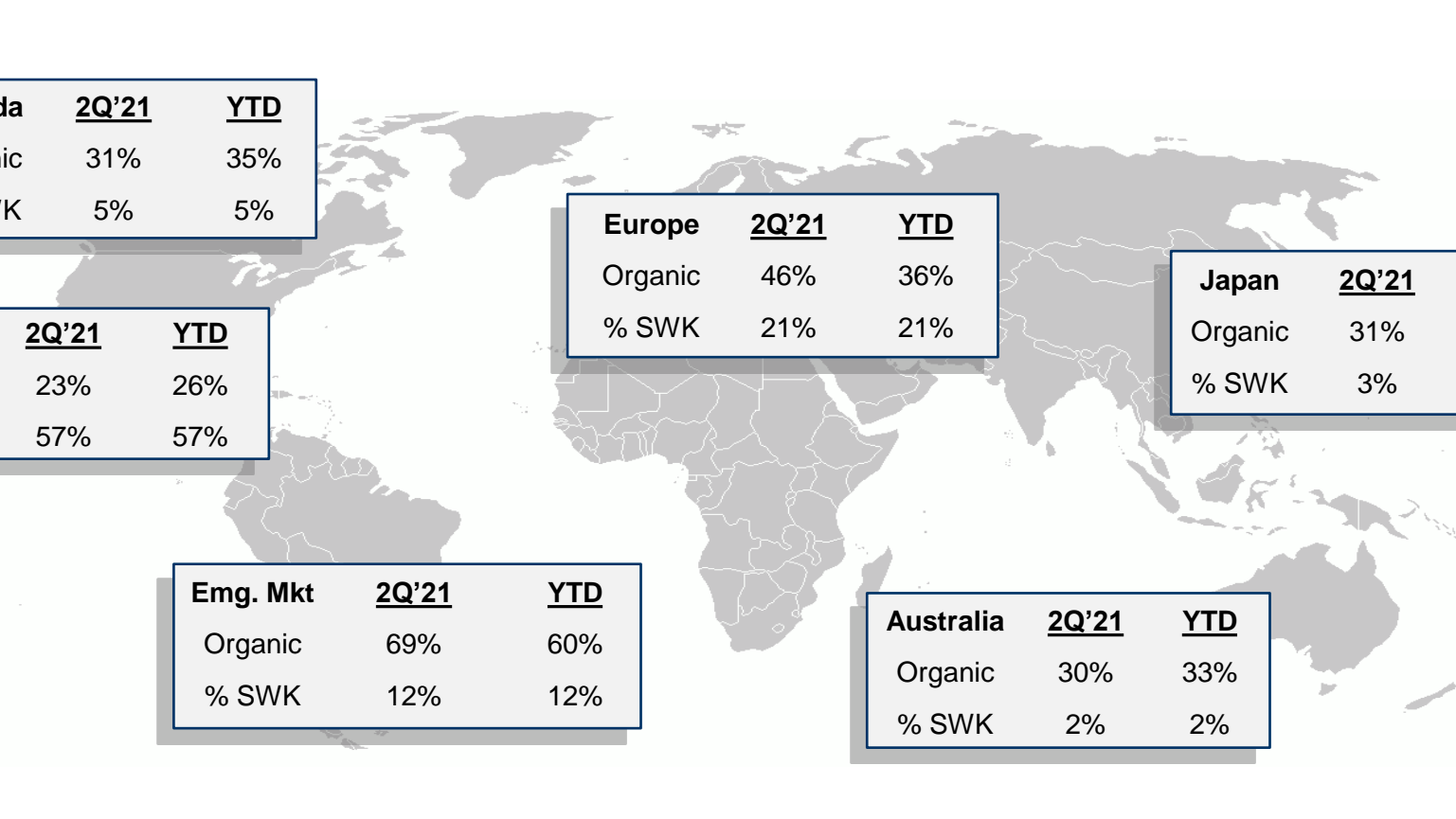
THANK YOU



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APPENDIX

Global Presence



Canada	<u>2Q'21</u>	<u>YTD</u>
Organic	31%	35%
% SWK	5%	5%

Europe	<u>2Q'21</u>	<u>YTD</u>
Organic	46%	36%
% SWK	21%	21%

Japan	<u>2Q'21</u>	<u>YTD</u>
Organic	31%	34%
% SWK	3%	3%

US	<u>2Q'21</u>	<u>YTD</u>
Organic	23%	26%
% SWK	57%	57%

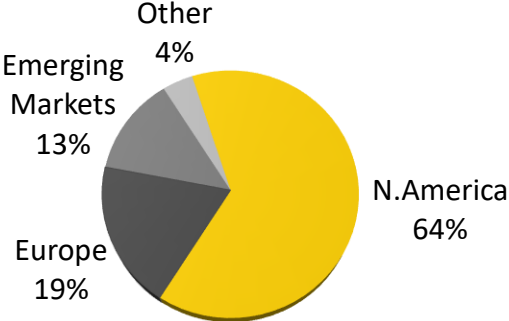
Emg. Mkt	<u>2Q'21</u>	<u>YTD</u>
Organic	69%	60%
% SWK	12%	12%

Australia	<u>2Q'21</u>	<u>YTD</u>
Organic	30%	33%
% SWK	2%	2%

2Q 2021 Regional Revenue Breakout

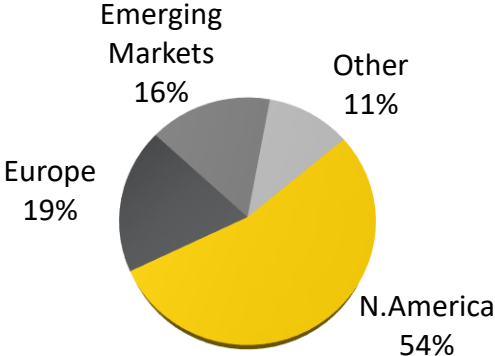
Tools & Storage

\$3,197M



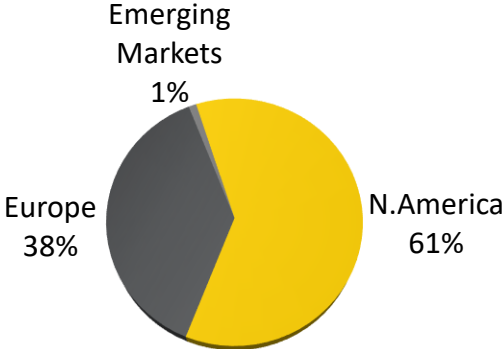
Industrial

\$602M



Security

\$502M



Reconciliation Of GAAP To Adjusted Measures

Q2 2020

GAAP Gross Profit	+	Acquisition-Related Charges & Other	=	Adjusted Gross Profit
\$1,012.7 32.2%		\$42.6		\$1,055.3 33.5%

GAAP Operating Profit	+	Acquisition-Related Charges & Other	=	Adjusted Operating Profit
\$280.7 8.9%		\$121.8		\$402.5 12.8%

GAAP Diluted EPS	+	Acquisition-Related Charges & Other	=	Adjusted Diluted EPS
\$1.52		\$0.08		\$1.60

Q2 2021

GAAP Gross Profit	+	Acquisition-Related Charges & Other	=	Adjusted Gross Profit
\$1,543.6 35.9%		\$2.1		\$1,545.7 35.9%

GAAP Operating Profit	+	Acquisition-Related Charges & Other	=	Adjusted Operating Profit
\$642.0 14.9%		\$25.7		\$667.7 15.5%

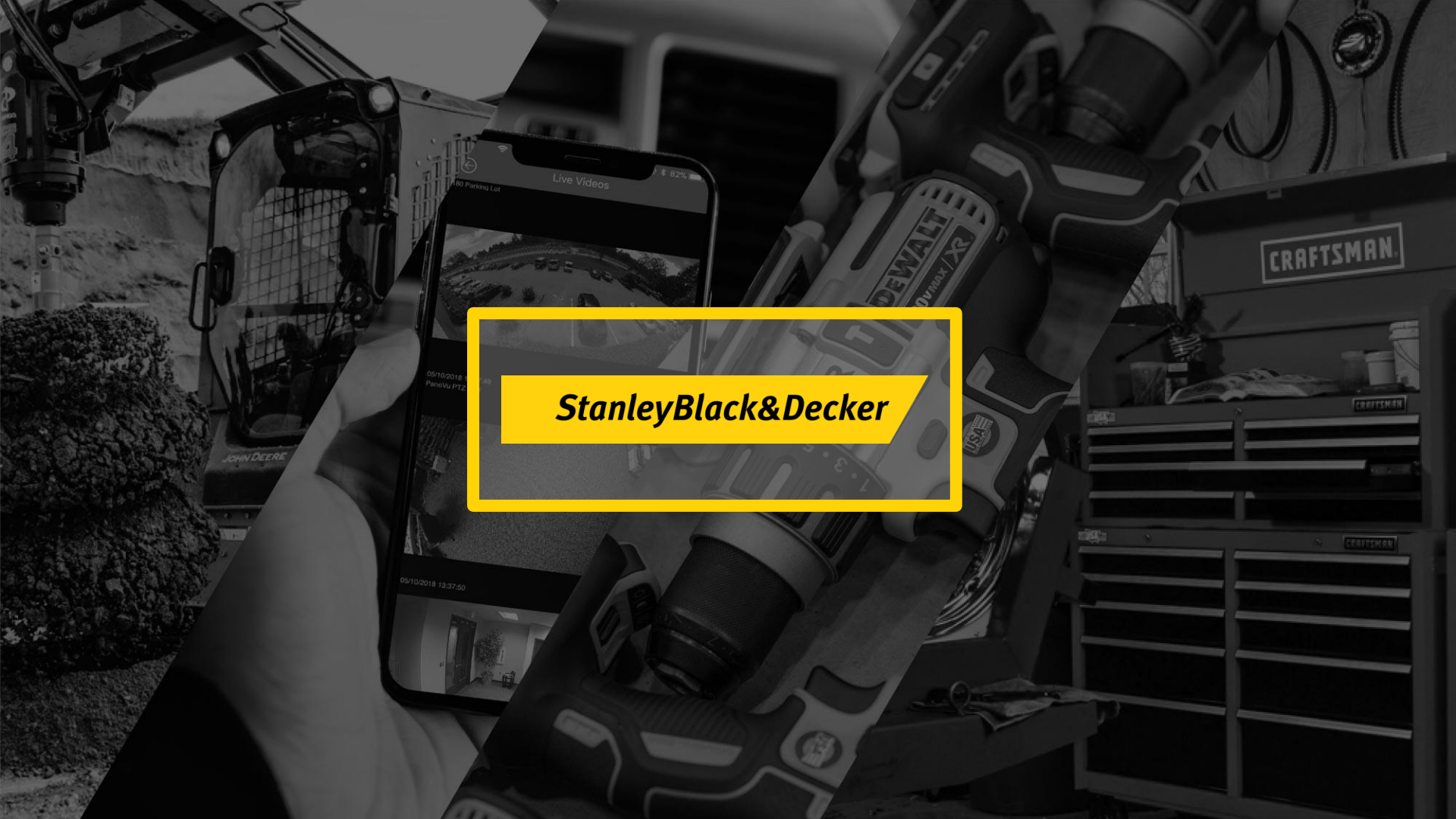
GAAP Diluted EPS	+	Acquisition-Related Charges & Other	=	Adjusted Diluted EPS
\$2.81		\$0.27		\$3.08

Reconciliation Of GAAP To Adjusted Segment Profit

	Q2 2020			Q2 2021		
Tools & Storage	GAAP Segment Profit	Acquisition-Related Charges & Other	Adjusted Segment Profit	GAAP Segment Profit	Acquisition-Related Charges & Other	Adjusted Segment Profit
	\$345.1 15.7%	+\$28.4	= \$373.5 17.0%	\$635.1 19.9%	+\$9.2	= \$644.3 20.2%
Industrial	GAAP Segment Profit	Acquisition-Related Charges & Other	Adjusted Segment Profit	GAAP Segment Profit	Acquisition-Related Charges & Other	Adjusted Segment Profit
	\$5.1 1.0%	+\$40.6	= \$45.7 8.8%	\$62.4 10.4%	+\$3.0	= \$65.4 10.9%
Security	GAAP Segment Profit	Acquisition-Related Charges & Other	Adjusted Segment Profit	GAAP Segment Profit	Acquisition-Related Charges & Other	Adjusted Segment Profit
	\$9.2 2.1%	+\$32.5	= \$41.7 9.6%	\$36.9 7.3%	+\$6.0	= \$42.9 8.5%



Organic sales growth is defined as total sales growth less the sales of companies acquired and divested in the past twelve months and any foreign currency impacts. Operating profit is defined as sales less cost of sales and selling, general and administrative expenses. Management uses operating profit and its percentage of net sales as key measures to assess the performance of the Company as a whole, as well as the related measures at the segment level. Free cash flow is defined as cash flow from operations less capital and software expenditures. Management considers free cash flow an important indicator of its liquidity, as well as its ability to fund future growth and to provide a return to the shareowners, and is useful information for investors. Free cash flow does not include deductions for mandatory debt service, other borrowing activity, discretionary dividends on the Company's common and preferred stock and business acquisitions, among other items. Free cash flow conversion is defined as free cash flow divided by net income. The normalized statement of operations and business segment information, as reconciled to GAAP on pages 12 through 15 of the press release, is considered relevant to aid analysis of the Company's profit and earnings results aside from the material impact of the M&A related and other charges.



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