

StanleyBlack&Decker



Fourth Quarter 2019 Overview

January 29, 2020

Participants

Jim Loree

President & CEO

Don Allan

Executive VP & CFO

Jeff Ansell

***Executive VP & President,
Global 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.

4Q & FY 2019 Financial Highlights

A Solid Fourth Quarter Performance Closing Out A Resilient 2019 Despite Significant External Headwinds...

4Q 2019

- Revenues Of \$3.7 Billion, Up 2% Versus Prior Year | 2% Organic Growth Led By Security (+4%)
- Operating Margin Rate Of 13.6%* | Up 30 BPS Versus Prior Year Despite External Headwinds
- Diluted Adjusted EPS Of \$2.18*

FY 2019

- Revenues Of \$14.4 Billion, Up 3% Versus Prior Year Fueled By 3% Organic Growth With Tools & Storage (+5%) & Security (+1%) Contributing
- Operating Margin Rate Remained Strong At 13.5%* Despite \$445 Million In External Headwinds
- Diluted Adjusted EPS Of \$8.40*, Up 3% Versus Prior Year
- Working Capital Turns Of 9.8, Up 1.0 Turns Versus Prior Year
- Free Cash Flow Of \$1.1 Billion With A Conversion Rate Of 113% Of Net Income | CFROI ~14%
- Closed IES Attachments & MTD Transactions | Reached Agreement To Acquire CAM For Up To \$1.5 Billion

...Positioned For Continued Earnings Growth In 2020

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Tools & Storage Leadership Transition



Industrial Portfolio Transformation & CAM Acquisition

Vision*

A \$3-\$4B Global Leader Of Highly Engineered, Application Solutions Where Safety, Reliability & Productivity Are Critical

Scalable, Defensible Platform Powered By



Engineering Capability With Leading Industrial Technology

Customer Trusted Brands

Recurring Revenue Or After-Market Potential

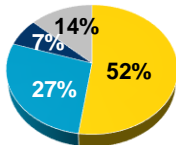
Global Multi-Vertical Scale

Ability To Differentiate Through Innovation

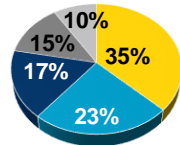
Attractive Markets With Positive Long-Term Outlooks

Portfolio Transformation

2017 - \$2B



2020 Pro Forma** - \$2.9B



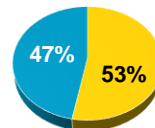
■ Automotive ■ General Industrial ■ Attachment Tools ■ Aerospace & Defense ■ Oil & Gas

CAM Transaction Details | Strategic Rationale

- Industry Leading Manufacturer Of Specialty Fasteners & Components For The Aerospace & Defense End Market (~\$375M LTM Revenue)
- Increases Scale In High Growth, High Margin Aerospace & Defense Segment And Creates A Pathway For Profitable Growth
- Purchase Price Up To \$1.5B | \$0.2B Contingent On The Certification & Production Levels Of 737 MAX
- Adjusted For ~\$185M Of Expected Cash Tax Benefits, The Net Transaction Value Is ~\$1.1 - \$1.3 Billion
- Year 3 EPS Accretion ~\$0.30 - \$0.40 | Year 5 CFROI ~12%

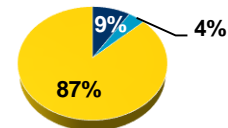
Business Mix

- Engineered Components
- Fasteners



End Markets

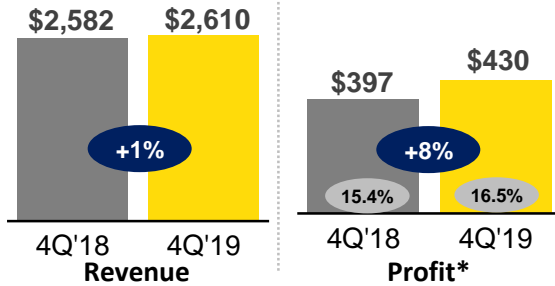
- Commercial
- Aerospace
- Industrial
- Defense



CAM Is An Ideal Bolt-On To Engineered Fastening | Providing Diversification, Growth & Compelling Returns

4Q 2019 Segment Overview

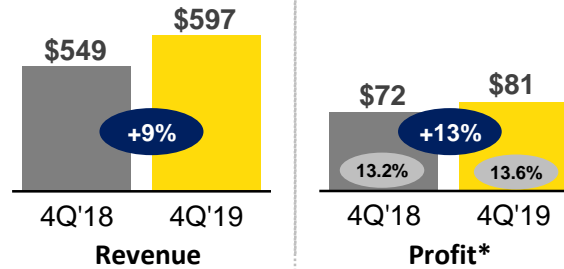
Tools & Storage



- **+2% Organic Growth**
 - +3% NA, +3% Europe, (3%) EM
 - +6% PTE, (3%) HTAS
- N.A.: Craftsman Brand Rollout & New Product Innovation Such As DEWALT Flexvolt, Atomic & Xtreme Partially Offset By Declines In Canada & Industrial-Focused Businesses
- Europe: New Products & Successful Commercial Actions
- E.M.: Weak Market Conditions In Latin America Offsetting The Benefits From Price, New Products & Ecommerce Expansion

OM Rate* +110 Bps | Benefits From Volume Leverage, Margin Resiliency Actions & Price Partially Offset By Ext. Headwinds, Mix & Plant Absorption

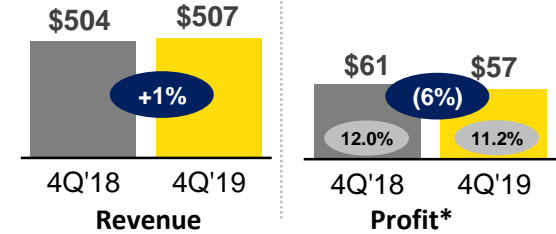
Industrial



- **(4%) Organic Growth**
 - FLAT Engineered Fastening
 - (17%) Infrastructure
- Engineered Fastening: Higher Systems Shipments & Fastener Penetration Gains Offset By Inventory Reductions & Lower Production Levels Within Industrial & Automotive Customers
- Infrastructure: Lower Volumes Due To Challenging Oil & Gas Pipeline And Scrap Steel Markets

OM Rate* +40 Bps | Productivity Gains & Cost Control More Than Offset Lower Volume & Externally Driven Cost Inflation

Security



- **+4% Organic Growth**
 - +7% NA
 - +1% Europe
- N.A.: Growth Led By Increased Installations Within Commercial Electronic Security And Higher Volumes In Healthcare & Automatic Doors
- Europe: Growth In France & Sweden Partially Offset By Continued Market Weakness In The UK

OM Rate* (80 Bps) | Organic Growth & Cost Containment More Than Offset By S&G Divestiture & Investments To Support Organic Growth

FY 2019 Free Cash Flow

Outstanding Close To 2019 Due To Working Capital Management...

	QTD			YTD		
	4Q'18	4Q'19	V\$	4Q'18	4Q'19	V\$
Net Income	\$ (106)	\$ 199	\$ 305	\$ 606	\$ 958	\$ 352
Deprec / Amort	126	140	14	507	560	53
Working Capital	779	974	195	(238)	115	353
Pre-tax Loss (Gain) on Sales of Businesses	-	0	0	1	(17)	(18)
Other	422	(70)	(492)	385	(110)	(495)
Operating CF	1,221	1,243	22	1,261	1,506	245
CapEx	(165)	(141)	24	(492)	(425)	67
Free Cash Flow	\$1,056	\$1,102	46	\$ 769	\$1,081	312

**9.8 WCT
+1.0T VPY**

...Achieved 9.8 Working Capital Turns & Free Cash Flow Conversion Rate Of ~113%

2020 Outlook

~3% Organic Growth And EPS Of \$8.80-\$9.00*, Up ~5-7% Versus Prior Year...

FY 2020 Guidance

	Item	Impact
EPS Guidance	• 2020 EPS, GAAP	\$8.05 - \$8.35
	• 2020 EPS, Adjusted	\$8.80 - \$9.00
EPS Guidance Details	• Organic Growth (~3%)	~\$0.40 - \$0.50
	• 2019 Cost Reduction Program Benefit	~\$0.95
	• Incremental Tariffs And Currency Headwinds	~(\$0.60 - \$0.70)
	• Tax Rate, Financing Costs & Other Below The Line Items	~(\$0.25)
Other	• Shares Outstanding (~155.5M)	
	• Tax Rate To Approximate 18%	
	• 1Q'20 To Be ~14% Of FY'20 Earnings	

FY 2020 Segment Outlook

	Org Rev Growth	Margin Rate*
Tools & Storage	Mid Single Digit	Positive Y-O-Y
Industrial	Relatively Flat	Positive Y-O-Y
Security	Low Single Digit	Positive Y-O-Y

...And FCF Conversion Of Approximately 90% - 100%**

Summary

2019 Represented A Resilient Performance Considering The Operating Environment...

- Full Year Results: 3% Revenue Growth | 3% Organic Growth | 13.5%* OM | EPS* +3% Versus PY
- Organization Acted With Agility To Overcome Impact From External Headwinds
- Working Capital Turns Of 9.8, Up 1.0 Turns Versus Prior Year
- Free Cash Flow \$1.1 Billion | 113% Conversion To Net Income | CFROI ~14%
- 2020 Focus: Organic Growth Catalysts | Margin Resiliency | Acquisition Integration | FCF Generation

... Positioned For Continued Earnings Growth In 2020

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Q&A

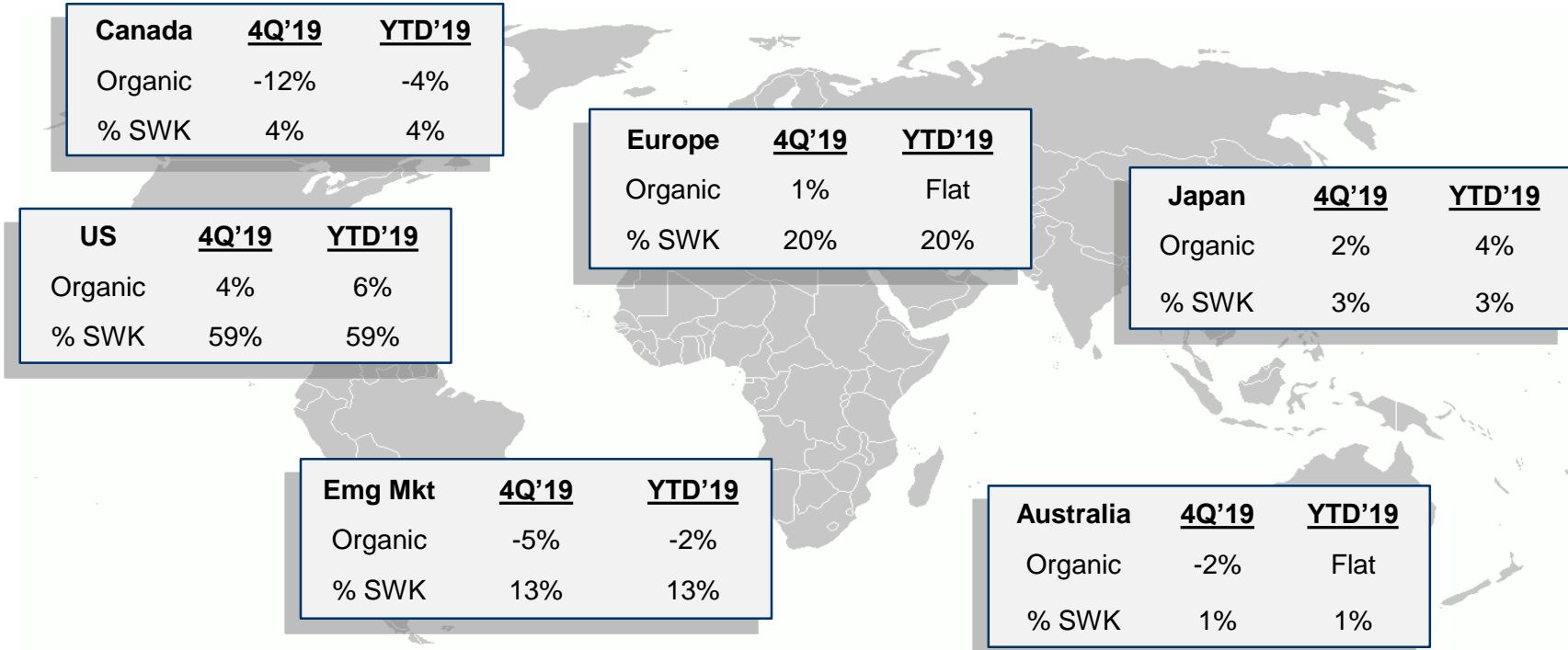
THANK YOU



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APPENDIX

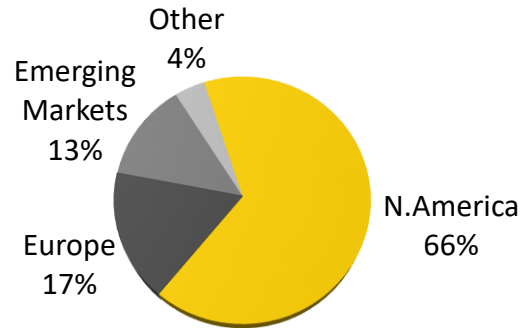
Global Presence



4Q 2019 Regional Revenue Breakout

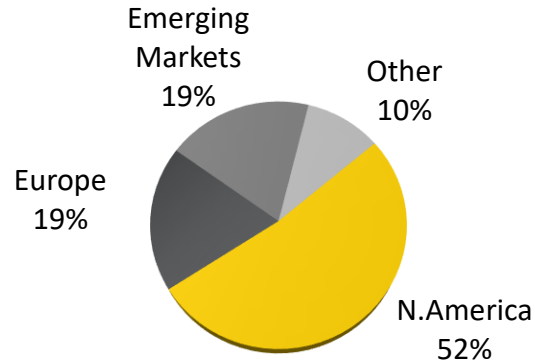
Tools & Storage

\$2,610M



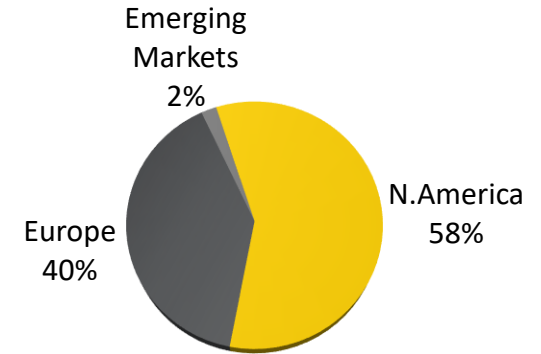
Industrial

\$597M



Security

\$507M





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 margin is defined as sales less cost of sales and selling, general and administrative expenses. Management uses operating margin 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. Free cash flow does not include deductions for mandatory debt service, other borrowing activity, discretionary dividends on the Company's common 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 13 to 16 of the press release, is considered relevant to aid analysis of the Company's margin and earnings results aside from the material impact of the M&A related and other charges. The difference between 2019 GAAP and Adjusted EPS guidance is explained on page 6 of the press release.



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