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PRESENTATION

Operator

Ladies and gentlemen, please welcome Vice President, Investor Relations, Dennis Lange.

Dennis M. Lange - *Stanley Black & Decker, Inc. - VP of IR*

All right. Good morning, and welcome. I'm Dennis Lange, VP of Investor Relations. Thank you for taking the time to attend today's virtual growth summit. The theme is "Powered by purpose, built to last." I'm excited for you to see what we mean by this over the next few hours. Before we get too far along, we are going to be making some forward-looking statements today. Please review the cautionary language posted in the event brief case. I want to thank many of our shareholders and analysts who provided feedback and post questions, which help to shape today's agenda. We hope that you find the content helpful and informative, and most importantly, walk away as energized as we are about the prospects for growth and margin expansion.

To quickly cover the agenda. We'll start with our CEO, Jim Loree, who will introduce and frame up today's event. Jim will be followed by several of our leaders, who will provide a deeper understanding of the many catalysts that we've created to deliver profitable growth. These presentations are intended to give you a sense about how we are capturing the benefits from powerful secular drivers and also to help you understand how we are investing and leveraging the phenomenal assets inside of each of our businesses to serve our customers better and deliver share gain. Then we've set aside some time to give you an update on margin resiliency. This program has been getting more attention recently as it has supported the strong margin accretion beginning last year. We want to provide you with even further insight into how it's delivering value across the P&L.

Finally, Don Allan, our President and CFO, will, of course, help translate all that you hear today into what it means for the company and from a financial perspective as we look ahead. One thing I want to underscore as you watch the various presentations, is that you'll see how our ESG strategies are becoming even further integrated into our businesses. A few to watch for are how we are building from a position of strength and our focus on sustainable operations, the large potential for the company to help drive electrification and how we're applying circular design through our packaging and product design.

I hope those of you who registered early and opted to accept the gift enjoy 1 example of how we can tackle sustainability in our businesses. The DEWALT tape measure, now with eco-friendly packaging, is 1 step closer along the way to our Ellen MacArthur Foundation pledge to make all of our packaging reusable, recyclable or compostable by 2025.

Final note. After Don's presentation, we will have a brief 5-minute break, and then we will hold a 45-minute live Q&A session. If you want to ask a question during that time, we will ask that you dial the conference number that would be displayed during the break. This number can also be found in the event agenda looking on the top right-hand corner of your screen. If you have any issues finding the information, feel free to leverage the help desk in the toolbar or e-mail me or a member of the IR team.

And with that, we hope you enjoy the day. We'll play a quick video, and then we'll kick off with our CEO, Jim Loree.

(presentation)

Operator

Ladies and gentlemen, please welcome Chief Executive Officer, Jim Loree.

James M. Loree - *Stanley Black & Decker, Inc. - CEO & Director*

Good morning, everyone, and welcome to our Growth Summit. Yes, we are a growth company, and we're excited to have you here with us, if but virtually, and we look forward to a day when we are able to once again host you in person, hopefully soon. It's been a challenging past 14 months perhaps in ways, few, if any of us expected. But we're optimistic about the future, especially given the effectiveness of the vaccines. We're closely monitoring the global rollout, and our hearts go out to the people of countries experiencing surges, such as India, Brazil and others.

In the meantime, through the hard work and execution of our 53,000 employees around the world, we've stayed as safe as possible and are benefiting from vibrant markets and several favorable secular trends, enabling us to close out 2020 and begin 2021 with record financial results.

You'll hear more about the various aspects of our purposeful performance, but today's spotlight is on our extraordinary growth opportunities in 2021 and beyond, and how we're weaving the threads of performance and innovation and social responsibility together to amplify the positive impact of these opportunities.

You'll hear from familiar faces today as well as some new ones who will provide you with a deep dive in our approach. On this slide, you see highlighted in yellow, those who are presenting at their first Investor Day with us. In addition, we've continued to add talented and diverse leaders to our team over the last year, some of whom actually onboarded during the pandemic and have thrived during this period, in many cases, with very little office environment engagement. The agility and performance of the team has truly been amazing. And we're excited to introduce you to the folks and hope you walk away from today's session with a few important messages.

First, we built a great company with a people-oriented culture, which is grounded in a dedication to performance, innovation and social responsibility. Secondly, we have a strong track record of performance and shareholder return which we expect to continue into the 2020s. And we are well positioned to benefit from trends emerging and/or amplified during the pandemic, providing an array of associated revenue growth catalysts. And fourth, we have developed a substantial tech-enabled approach actively focused on sustainable margin expansion.

We want you to leave today with the understanding and appreciation of our strong execution track record, the agile and capable set of world-class leaders on our SBD team and the impressive array of growth and margin expansion opportunities on the horizon. Our theme for this event, "Powered by purpose, built to last," that is what we're all about. For 178 years, we have been for those who make the world. The people doing the hard work out in our communities, building, creating and protecting the world around us. We take that focus and responsibility to our customers seriously. And that's how and why we have become the world's leader in Tools & Storage, a global industrial leader and #2 in commercial electronic security services.

We do this with a goal of being a force for good for our employees, our communities and society in general. As it relates to social responsibility or ESG, we are very pleased that the investment community is paying more and more attention to this topic. We believe that over the long term, companies that focus on ESG will be the higher performers, will be the talent magnets and will have the resources necessary to thrive in this rapidly changing world, including a license to operate in society.

To us, ESG starts with our purpose and manifest itself in our commitment to stakeholder capitalism. This combination provides a North Star and a guiding light for our ESG efforts. It also enables us to direct our efforts by considering materiality and to sort through the myriad of inconsistent frameworks, measurement standards, definitions, ratings, et cetera, that characterize the ESG universe today. We started our purpose journey when I became CEO almost 5 years ago now in recognition of the changing expectations that stakeholders have of corporations, the rapid adoption of technology and the accelerating pace of technological change and the challenges of governments and other institutions to keep up with the pace of change without help from agile and resourceful corporations.

Our purpose and our contemporary people-centered culture enable us to recruit the best talent, retain it, innovate and position the organization to constantly move forward in a rapidly changing world. For now, we've adopted the World Economic Forum framework, which aligns with traditional approaches to ESG and the UN Sustainable Development Goals or SDGs. And we're looking forward to a consolidated international standard for companies on their ESG practices and performance. For this, we are hopeful.

Our corporate social responsibility strategy that we shared back in 2017 is foundational to our ESG work, focusing on empowering 10 million people to thrive in a changing world. Producing innovations to enhance the lives of 500 million people and to positively impact the environment. At the time, we set very specific quantitative goals and created science-based targets based on a glide path to achieve our objectives by 2030.

And at that time, we announced our plans to go beyond carbon neutral to be carbon positive and create a net environmental benefit, and we are making good progress against this and our other 2030 ESG goals. In fact, we met or exceeded all of our 2020 sustainability goals set back in 2017 and continue to be on track as we look forward to 2030.

On this slide, we've outlined a couple of key areas where we are making progress, meaningful progress: diversity, equity inclusion is one to highlight. We also recognize that investors are focused on the areas where ESG can drive growth and value. And as we look at the business opportunities presented by ESG, we believe electrification, in particular, offers very fertile ground for us. And you'll hear more about our plans to electrify outdoor product equipment and how we will attack emerging opportunities in Engineered Fastening as our auto OEM customers develop the electric vehicle market. We have been orienting and preparing our culture to operate with an ESG mindset for several years. And while we're still early in the journey, we aspire to be leaders in key ESG areas, such as responsible governance, DE&I, talent and climate action and developing our products and business models within ESG orientation.

So while we wait for an international set of standards and metrics, we've adopted leading standards to help guide and measure our progress, including GRI, TCFD, SASB, CDP, Dow Jones Sustainability Index, Sustainalytics as well as others, and we're already well recognized for our ESG work.

To highlight just a few, for 3 consecutive years, we have been named to the world ranking for Dow Jones Sustainability Index, 9 years on the North America Index, #30 on Barron's most sustainable companies list. And we've been named the Best Workplace for Innovators by Fast Company. And we appreciate how inextricably linked innovation is to ESG and performance.

Our proprietary operating model has long been a cornerstone of our operational excellence. We have updated our original business operating system, previously known as the Stanley Fulfillment System, now twice since we introduced it in 2006. And as you see, when we launched this update in January of 2020, just before the pandemic, our timing could not have been better. The new model is constructed around the success factors for the operating environment of the 2020s, the need for a focus on extreme innovation, on the extraordinary customer experience, on performance resiliency and on operations excellence, all centered and held together by employees embracing technology to move faster, more efficiently and more effectively.

In our view, people plus technology is at the center of everything. In the late 2020s -- in the 2020s, technology augments people and people amplify the positive impact of technology. The new model, along with our new leadership principles, was highly relevant to our success during the pandemic and will continue to be in the future. These are simple but powerful leadership principles to create clarity, to inspire engagement and to grow and deliver. We utilized neuroscientific principles through the NeuroLeadership Institute to design and implement training of our people leaders in early 2020. All that scaffolding, purpose, vision, values, SPD operating model, leadership principles and a visible commitment to DE&I provides a strong foundation for our culture, add this to our rock-solid financial footing and our leading global franchises, and you have Stanley Black & Decker. At 178 years old, we have a rich and storied history, yet we have the energy and the drive of a young entrepreneurial company. Yes, this is a very special place.

The company has delivered strong performance over the past decade, one that has been consistent with our long-term financial objectives. Over the past 10 years, we have doubled revenue and more than doubled profit and earnings per share while generating a 12% free cash flow CAGR. We achieved this growth in a capital-efficient manner as we applied our SBD operating model and its predecessors to produce operational improvements, impacting both growth and asset efficiency. Don will allow -- will show you later, our great track record of improving return on capital. This focus has enabled our strong and growing dividend as well as our capital allocation approach, which is to put 50% of our excess capital to work, building our franchises via M&A and returning the other half to shareholders. That formula has worked well as our investors have been rewarded with an excellent total shareholder return.

Since 1999, when I, along with Don and several other senior executives, joined the company, Stanley Black & Decker has delivered more than 1,000% total shareholder return, more than 300 points above our industry peer group and far surpassing the S&P 500 over that time period. We recognize different periods of time can skew the results but we have generated a track record of strong performance over [the short and long term] (corrected by company after the call). And what that demonstrates is that we are built to last over the long term, and in particular, built to outperform and outgrow our strong foundational footing and still lots of runway to go.

And as we speak, we are benefiting from powerful secular drivers that accelerated and were amplified during the pandemic. This has resulted in blazing-hot markets across the globe, led by consumer reconnection with the home and with the garden, e-commerce and outdoor electrification, in concert with our ubiquitous global channel strategy and an intense focus on supply chain management, this formula has resulted in extraordinary growth. We are well positioned to continue to enjoy these benefits in the Tools & Storage business, and also with electrification in the auto sector and health and safety in our security business. You'll hear more about all of that today.

But first, I want to take a moment before I go any further to be very clear, our Tools business is the world's largest and most profitable tool company. Number one, with the most coveted brands, the best innovation, the broadest, deepest channel coverage in the industry, our success derives from attracting diverse world-class talent and array of iconic brands, market leading innovation, and immense category, breadth and depth and a passion to serve our customers and all of our stakeholders, including our shareholders. We are continuing to invest in our brands, our people and in innovation to grow market share and are relentlessly committed to leading in the Tools space, along with Outdoor Products, Industrial and Security.

Electrification and cordless has become a keen focus for us as both the market adoption of these products and the demand for them are accelerating. In Power Tools, Outdoor Products and in Engineered Fastening, the benefits today and in the future are significant. Two great examples of why this matters are pictured here on the slide. In the automotive world, the transition to electric and hybrid electric vehicles represents a 3 to 6x dollar-per-vehicle content opportunity for us versus traditional combustion-powered vehicles. We expect that the market inflection point will occur in or around 2026, when we believe global production of EVs and hybrids will likely [exceed combustion powered autos] (corrected by company after the call). And as this shift occurs, approximately 27 million of these vehicles are likely to be produced annually, at 3 to 6x content opportunity versus our current recurring revenue of $10 per vehicle, the future annualized potential is measured in billions.

The second opportunity is outdoor power equipment electrification, where battery-operated products are safer, deliver significantly lower emissions and are much quieter versus their gasoline-powered counterparts. MTD plus SBD is the ideal combination to electrify this $25 billion and growing market. Our brands, channels and capabilities in battery technology, combined with their prowess in equipment manufacturing and product innovation, set us up nicely to capture this disruptive opportunity. And even before MTD, our existing outdoor business will likely reach $900 million of revenue in 2021, up approximately $250 million or 38% versus last year. We are already benefiting from our multiyear relationship with MTD, and we intend to exercise our option to acquire the remaining 80% at a very attractive all-in 7 to 8x EBITDA multiple, with a window that opens this July.

In the coming years, you will see a remarkable wave of innovation from the collaboration between SBD and MTD. Stay tuned. These 2 opportunities represent a multibillion-dollar growth runway over the medium term and are exactly what we envision as our ESG strategy advances. Business strategies that create societal value can support revenue and profitability growth. It's all part of a gravitational pull. And even as we aggressively pursue growth, we have a long track record of margin expansion that continues to be a core feature of our value creation approach. We have reset our margins to new higher levels coming out of the pandemic with a technology-enabled approach, including advanced analytics, AI, machine learning and Industry 4.0 automation, among others, to drive margin improvement amidst volatile external conditions. Later, Lee McChesney will describe the margin resiliency initiative and how it has come to fruition, and as importantly, how it will support approximately 50 basis points per year of margin expansion over the long term. So in summary, I will reiterate my key messages.

We have built a great company with a people-oriented culture, which is grounded in a dedication to performance, innovation and social responsibility. We have a strong track record of performance and shareholder return, which we expect to continue into the 2020s. We are well positioned to benefit from trends emerging and/or accelerating during the pandemic, providing an array of associated revenue growth catalysts, and we have developed a substantial tech-enabled approach focused on sustainable margin expansion.

So please sit back, enjoy the morning. We are positioned better today for growth and [margin expansion] (corrected by company after the call) than any time in my tenure with the company. You are going to feel the energy and passion of our people today, and I hope you leave convinced about our future prospects as much as we are. Thank you.

Operator

Ladies and gentlemen, please welcome President, Global Electronic Security, Matt Kushner.

Matthew M. Kushner - *Stanley Black & Decker, Inc. - President of Global Electronic Security*

If you want to change your business, 2 things, change the culture and change the culture. That's it. You have to change the culture. We had a very clear vision, one that everyone could get their head wrapped around, it was one of purpose. And then we added talent into the business to help validate that we could achieve this mission and it became contagious. The business had to transform from a service-oriented company to a tech company. As we've entered that transformation period, we had a horizon that was 3, 4 years out. We've realized the security industry is going to be a data industry in 3 to 4 years. What COVID unleashed on us was it pulled tech and tech adoption forward by that 3 to 4 years.

We started that transformation 2 years ago. It's where opportunity met preparedness. When you look at our growth expectations in this business, I think it's very important to remember where we were, where we are and where we're going. Where we were, it was a very physical company. We would do physical installations to drive our growth. Where we are in this 2-year transformation, we augmented our install business with SaaS oriented solutions, data solutions. And where we're going is we're building a data oriented company. We're shifting 20% of our portfolio to the SaaS environment. The SaaS environment scales elegantly, and it scales at high gross margins. So when both of these vehicles are performing, one drafts the other.

So if our installed business starts to really ratchet up, so does our SaaS business and in our installed base, we're able to sell SaaS offerings on top of our installed base and the real genius behind what we built is our SaaS offerings can ride on the top of competitors' installed base. We are one of the largest systems integrators in world. What does that mean? It means we employ humans that know electronic infrastructure of a building and how to get subsystems to work with one another. We have 800,000 customers. We can't just walk into a building and start connecting devices to a fire system or security system without having licensed technicians. So I do believe the market that we're talking about, there's -- it's going to get a lot of attention. We're going to see a lot of people, big tech that want to go jump into this space, and they're going to get hit right upfront with the need for a global licensed and certified tech base.

You can't get to the data side. You can't become the world's greatest security data solutions company without having the certified, licensed technician. These are very special individuals, and I happen to believe we have the best in the industry. So we have the perfect makeup to solve the building of the future. COVID hit in March and the world shut down. It was in that moment in time if you asked me where success came, it was that very moment in time, when the world shut down, we ratcheted it up, and we doubled down on innovation. We took our door business, which was focused on perimeter doors and immediately brought to market an internal frictionless door for every swinging door, 56 million internal doors in America alone that are a potential target for us.

Our RTLS business, one of the biggest in the world now has a massive opportunity to enter the general work environment. We recognize RTLS can play in other markets like K-12, universities, corporations, for occupancy and density. We launched our cloud-hosted video solution, knowing remote video guard tour was a big demand, and we were able to go capture a portion of that market. Every building owner, regardless of the vertical market it serves, every building on planet earth is going to go through a transformation. We happen to have 800,000 of those buildings that are currently under our care for safety and security.

If all we were to do is focus on up selling our customer base, we are going to experience a significant growth of high gross margin revenue. But our solutions will carry beyond our current customer base and allow us to attract new customers and pull business away from competitors. The company that has built an infrastructure, an ecosystem that is designed to deal with uncertainty is a company that will just continue to scale and serve its customers. That's what we built. We built an ecosystem that is designed to pivot with the next COVID, whatever that may be. And that gives us a partnership with our customers that is a bond. We refer to Stanley as a security business.

I refer to it as a security business, but we're so much more than a security business. Today, we're delivering solutions that go beyond safety and security and drive operational efficiency, and we do this under a single ecosystem. So we now are a systems provider. Our solution goes beyond what's in the 4 walls, quite frankly. This is a special moment in time. COVID shut the world down. Didn't just shut it down, it reset it, and a new normal is about to spawn. And that new is going to require solutions that didn't exist prior to COVID. I'm so excited that we saw the opportunity. We reacted quickly. We bought to market the types of solutions required to safely and securely, with health in forefront of the mind, to reopen businesses, schools, hospitals. We created the opportunity to define what the new security industry looks like.

We put ourselves in a position not to ride the wave, we reshape the wave, and we're going to enjoy what comes next and that is accelerated growth.

Operator

Ladies and gentlemen, please welcome President, Power Tools Group, Tools & Storage, Frank Mannarino.

Frank A. Mannarino - *Stanley Black & Decker, Inc. - President of Power Tools Group for Tools & Storage*

Good morning. My name is Frank Mannarino, and I lead the Power Tools Group. Today, we're going to talk about accelerating extreme power tool innovation. We'll start with the macro trends, household formations, new home sales and repair and remodel are all trending in the right direction, if we look across our end users, do-it-yourselfers, taking on new projects and adopting new hobbies. We know this from the research we've conducted as well as the sell-through that we're seeing in categories like sanders and jigsaws.

And for the pro-end user, in residential, we're seeing strong demand across categories like miter saws and table saws. And in commercial, it's a continued rebound started in the back half of last year continuing through the front half of this year in categories like grinders and rotary hammers. We're seeing strong positive signs across markets and end users. Regardless of the end user, we have an arsenal of brands to go after them. From the do-it-yourselfer with Black & Decker, advanced DIYer and value pro with Craftsman, Stanley FatMax and the pro end user with DEWALT. Users tell us we have the best portfolio of brands in the industry.

Regardless of the brand, our world revolves around the end user. And that's an obsession with understanding their applications, and their frustrations. We'll start with focusing on Craftsman, specifically the V20 cordless system growth. The system is designed for a broad range of end users from advanced do-it-yourselfers, general contractors, remodelers to the mechanic. And the new applications we've launched in the last 12 months have tied in perfectly to the macro trends. Categories like cordless sanders, cordless miter saws. And as we look at the acceleration of cordless leadership, we'll make investments in categories like home, hobby, and lifestyle, home remodeling and the home garage.

Let's take a look at some of the new Craftsman products.

(presentation)

Frank A. Mannarino - *Stanley Black & Decker, Inc. - President of Power Tools Group for Tools & Storage*

We will continue to feed this system. By the end of Q1 of next year, we'll have 85 tools on the system on our way to over 125 tools in the next 2 years. As we continue to feed the fastest-growing brand in the industry with a vision to be over $1 billion in power tools. And in the markets where the Craftsman brand doesn't resonate, we'll leverage our global footprint utilizing the Stanley and Stanley FatMax brand, where we've accelerated our cordless growth by 42% since 2016.

Now let's talk about DEWALT. DEWALT is the largest pro tool brand in the world. The pro end user, what do they want? They want cordless. That means no cords, no hoses and no gas. But as they convert to cordless, it brings on new frustrations, not enough power, time wasted charging and too much theft because cordless tools are more likely to be stolen than corded tools. But these new frustrations are driving innovation. And it gives us over $8 billion of growth opportunities to go after, if we can convert the markets to cordless.

So to help eliminate some of these frustrations, we're making investments in technology in 3 critical areas: the first, electrical. DEWALT's high-power brushless motors, high-power electronics, high-power battery cells combined give DEWALT the most power dense cordless solutions in the industry, charging, faster speed, multiple batteries. DEWALT offers the broadest range of charging solutions in the industry.

And finally digital, specifically for asset tracking tied to our Tool Connect platform. DEWALT offers the most comprehensive loss prevention solutions in the industry. Let's see how we're applying the technology across our cordless platforms, 3 pillars: smaller, smarter and stronger. We'll start with smaller. We're developing compact body grip tools across our extreme and atomic platforms to enable the conversion from air tools to cordless. Smarter, where we take our high-power brushless motors, our high-power electronics, the high-power lithium-ion battery packs combined will give the user some of the most powerful 20-volt tools on the market. With XR POWER DETECT and 20-volt with FLEXVOLT ADVANTAGE. And finally, stronger. These are simply some of the most powerful tools available with 60-volt FLEXVOLT, enabling the conversion from gas to cordless.

Let's take a look at what some of the users are saying about our cordless solutions.

(presentation)

Frank A. Mannarino - *Stanley Black & Decker, Inc. - President of Power Tools Group for Tools & Storage*

It's always exciting to hear end users talk about how DEWALT saving them time and money on the job site. Let's take a look at the growth catalysts and the numbers behind them. When we combine extreme and ATOMIC platforms, up 87% versus last year; FLEXVOLT, up 21%; XR POWER DETECT, up 21%. These growth catalysts are approaching $1 billion in annualized revenue for DEWALT, and we're only getting warmed up. We are getting ready to unleash a wave of innovation on this marketplace, with over 125 new products over the next 2 years. And it's innovation that is being inspired by our end-user obsession, driving our world's first lineup, many of which we've launched over the last 3 years, driving over $1 billion in revenue. And we will take our industry-leading battery technology that we launched with FLEXVOLT and continue to build out the system.

In 2016, we launched the world's first multi-voltage battery followed up with the world's first 9 amp hour, world's first 12 amp hour. And once again, in the back half, we will launch a world's first 15 amp hour battery pack as DEWALT continues to set the standard for power and run time for the industry. So what's the formula for extreme power tool innovation? You take an end user obsession driving 35% new product vitality, add to it the strongest brands driven by the strongest team in the industry, and strategic investments, where we're adding 50% more engineers to crank up our new product development machine. That equals a formula for growth combined with a vision to grow the power tool business to $12 billion over the next 5 years to enable us to continue to grow and take market share. Thank you.

Operator

Ladies and gentlemen, please welcome President, China Tools & Storage, Kevin Fernando; President and GM, International E-commerce, Heather Kang; and President and GM, North America E-commerce, Katherine Monasebian.

Kevin Fernando

Over the past 10 years, we've grown from the ground up to build e-commerce operations in more than 20 unique markets and to lead the tools and storage industry with nearly $2 billion in e-commerce revenue last year alone.

Katherine Monasebian

E-commerce now represents 18% of our Tools & Storage business, and we estimate we are 3x bigger than our closest competitor.

Heather Kang

And we're just getting started. Our continued success in e-commerce will be built on 3 strategic pillars. E-commerce isn't new, but what we're doing is further leveraging digital technology to win.

Kevin Fernando

And underpinning our 3-pronged strategy, our investment in our capabilities to accelerate e-commerce growth.

Katherine Monasebian

The first strategic pillar is delivering an extraordinary customer experience for our consumers and customers. We'll work together to create an omnichannel experience that drives profitable growth while generating brand loyalty. In order to deliver an extraordinary customer experience, we are building digital brand communities using precision marketing that connects, engages and responds to consumer needs.

Heather Kang

The second pillar is about building our strong e-commerce foundation. We're doing this by enabling the rapid digitalization of technology and analytics and by ensuring digital fluency in all of our employees. That means focusing on talent and technology.

Kevin Fernando

And last, the third pillar is about championing Stanley Black & Decker's hallmark Spirit of innovation. It's focusing on digital transformation, piloting new business models to drive our investments and ensuring we have the right products and focus to forge this new part. So let's take a closer look at how we are leveraging these strategies and capabilities to accelerate our growth and maintain our #1 position.

Katherine Monasebian

In North America, the total e-commerce market was valued at $745 billion in 2020, with the potential to be over $1.3 trillion by 2025. And we will grow our position through our strong portfolio of brands in our industry and category insights. We know the end user, the pro and the DIY consumer. We know our products, and we know how they sell across channels. And we also know that 80% of all purchases are informed by digital interactions be it a social media ad, an online review or an influencer post, which is why we are focused on expanding our social and digital footprint, along with our online distribution.

We will also inject revenue from our customer partnerships back into our teams and capabilities. The investments in our teams and capabilities include building our technology stack, increasing martech automation, best-in-class content, product category and availability, ratings and reviews and search, all to ultimately help us win on the digital shelf. We are committed to building a process of innovation and agility that involves the test, learn, fail and scale and pushing beyond the bounds of our current operating model to drive acceleration through our strong distributor partnerships in North America.

Heather Kang

Now to our growing international markets. Outside of North America and China, international e-commerce represented $938 billion in 2020 and is expected to grow to $1.7 trillion by 2025. In Latin America, Chile and Mexico are prime examples of our flourishing e-commerce business in the region. We've achieved share leadership and grown e-commerce to more than 18% of total sales by partnering with the leading online marketplaces to offer consumers a superior direct shopping experience. This was delivered by providing best-in-class category content, customizing the shopping experience to unique consumer journeys and integrating end-to-end consumer care to offer personalized care before, during and after purchase.

In Europe, we are championing our spirit of innovation and capability building by piloting Black & Decker direct-to-consumer in Germany. This direct-to-consumer site creates an immersive experience and full-service one-stop shop to help do-it-yourself makers and their families, design and create the homes of their dreams. This direct-to-consumer model will serve insight and learning to prepare us for future opportunities. And in India, we are focusing on delivering superior content, expanded assortment and innovative delivery solutions, such as drop shift. These actions are delivering record-breaking results with e-commerce share leadership for Stanley Black & Decker.

Kevin Fernando

China is the largest e-commerce market in the world, with more than 700 million online shoppers. The e-commerce market in China will likely cross 2 trillion this year. Regardless of age, Chinese consumers are comfortable with mobile commerce and use a variety of digital platforms on a daily basis. China's digitally sophisticated market makes it critical for SBD to design the right go-to-market channel mix. We are digging in deep to understand the consumer journey and using the data and insights to shape our go-to-market models. To win in China, we continue to expand our B2B into a B2B2C model and expand our D2C channel for direct customer engagement. Leveraging our brands, we will position Stanley and DEWALT as the preferred choice for power tools.

We will defend and grow our market share in the hand tool and storage segment with Stanley, Facom and Proto. We will also reposition the Black & Decker brand to capitalize on the high-growth in the home and lifestyle segment. We have the right brands to go after the tremendous opportunity in China. With our strategic partnerships, the use of data analytics and a new approach to user segmentation, we believe we are on the right track to redefine our business for the commercial landscape of tomorrow.

Heather Kang

Stanley Black & Decker is making great strides to deliver an extraordinary cost throughout the shopping journey.

Katherine Monasebian

When you combine our world-class customer partnerships, our coveted brands, extreme innovation and operational excellence...

Kevin Fernando

With our significant strategic investments in e-commerce capabilities, it's clear to see how we are poised to extend our lead in the industry.

Operator

Ladies and gentlemen, please welcome Senior Vice President and President, Stanley Industrial, Graham Robinson.

Graham Robinson

Good morning. It is a distinct pleasure and honor to share with you the exciting opportunities and our path forward within the high-growth secular trend of electrification. And while I'll speak about this in the context of our industrial business, it should be noted that, one, the opportunities here transcend industrial, as you heard Jim articulate earlier today. And the opportunities are completely consistent with our long-standing commitment to ESG, which has been elevated by our purpose for those who make the world. But first, who is Stanley Industrial? We're 1 of 3 segments within Standard Black & Decker and the $2.3 billion of the platform of diversified industrial businesses.

We have 5 businesses. And while they may vary in end markets from aerospace to automotive, from oil and gas to on-site construction, from the general industrial to infrastructure, while they may vary, they have a common characteristic, a common characteristic of being highly engineered B2B businesses underpinned by trusted brands, all operating through a single mission, a single mission of being the number one innovation catalyst and solution partner to these industrial customers.

And yes, all of these businesses in the portfolio are impacted by electrification. But today, I'll speak about electrification as it relates to our Engineered Fastening business, which is the global leader in precision fastening and assembly solutions. So ladies and gentlemen, yes, we are really excited about electrification. Because as you can see, we see an acceleration in the adoption of electric vehicles. We see the market rapidly approach an inflection point where in 5 years, the number of full and hybrid electric vehicles would be greater than that of internal combustion engines or ICE vehicles. And a couple of other trends that you'll notice on the chart.

One is all major OEMs are participating. Secondly, you see the majority of the growth coming from Europe and Asia. This could change, who knows what could happen with the Colonial Pipeline, that could change the picture for the U.S.-based on that shutdown, but significant growth we see coming from Europe and Asia, and a significant growth, 20%, coming from full electric and hybrid vehicles. And every single one of these trends, everyone benefits us. Let me explain why. We see a dramatic shift in the addressable market of our products, for electric vehicles versus traditional ICE, with the demand for more electronics and lightweighting.

So if you look at the left-hand side of this chart, it shows a traditional ICE vehicle. The right-hand side, it shows full and electric vehicles. With traditional ICE, we had roughly $10 per vehicle of content, of which 95% or $9.50 we're in applications that were common to both ICE and EV, such as the chassis, the trim, wired, et cetera. We see this increasing over time to $15 per vehicle, primarily due to lightweighting. A small percentage, 5%, $0.50 per vehicle does go away. But this will be replaced by significant volume for us through cooling systems, battery systems and others, driving the content up to $15 to $50 per vehicle.

Let me give you an example. An example of this is the humble busbar which is one of the least glamorous components in electric vehicle. But it's essential. It's essential for distributing power from these high energy battery packs to electric motors to axles and others. And this is evolving. It's evolving rapidly from a simple stamped metal device to one which has complex integrated assemblies, which has a strong interplay to our fastening business due to the need to maintain high electrical conductivity at every single point throughout the life.

So bottom line, ladies and gentlemen, we see electrification driving 3 to 6x higher content per vehicle. So while I've spoken about this in the context of our automotive business, it should be noted that there's a significant impact in our industrial business, our nonautomotive business. And I've highlighted here 3 areas: one is the electric bus; secondly, 2-wheelers; and thirdly, energy storage. Each of these markets is growing quickly. And in each of these markets, we have recorded significant wins. And in each of these markets, we are positioned well to win, primarily due to our key advantages or advantages in our presence, our partnerships and our platforms, primarily our platforms with automotive.

So you've heard me say, we've had a large market. You heard me say it's growing quickly. You've heard me say that our content is increasing in these markets. So why and how are we positioned to continue winning? There are 4 key reasons for that, 4. One is our customer intimacy. We have deep commercial and technical integration with all major OEMs, every single one. Secondly, our technological leadership. We are the most credible full systems provider: fasteners, automation, services, software, the complete systems provider we are. Number three, superior value. We offer superior value, superior value with our engineering and manufacturing, almost always close to our customers.

And lastly, and last but not least, we are not standing still. We are actively investing in electrification excellence. So to summarize, in Stanley Industrial and across Stanley Black & Decker, we are amped up about electrification. We're fired up about it. We're fired because it is a significant growth catalyst for us. We expect it to drive $1 billion in revenue over the next 6 years. And it is one in which we are uniquely positioned to win. And if that's not enough, if that's not enough, this ESG opportunity is one which completely aligns with our reason for being as an organization. It is completely consistent with our purpose as we are indeed for those who make the world. Thank you.

Operator

Ladies and gentlemen, please welcome Executive Vice President and President, Black & Decker, Jeff Ansell; and Director of Black & Decker, Digital and Data, Aldon Blackwood.

Jeff Ansell

Hello. I'm Jeff Ansell, and I am honored to update you on the rejuvenation of the Black & Decker brand. From the world's first power drill, to the world's first powered outdoor product, to the world's first cordless power tool, Black & Decker has been synonymous with simple, yet clever innovation, reliability and affordability for over a century. In fact, Black & Decker has been one of the world's most admired brands and one of the strongest, most global and protractible brands in our entire company.

However, one of the only things to allude this company since becoming one in 2010 is to grow the Black & Decker brand. As such, Jim Loree asked that we form an agile, diverse, high potential speed and mission-obsessed team, whose charter is simply to grow Black & Decker while defining new business models, ways of working and to disrupt everything in our path. During the first half of this past year, we built this team, it's charter and strategy completely virtually. The 4 key elements of the strategy enable us to change everything and disrupt anything, including a revised focus on global e-commerce, by providing best-in-class content, video and imagery to allow us to move from consolidated retail to limitless global e-commerce.

Modern differentiated industrial design to rapidly move from the most copied products in the world to those that stand out through sleek minimalism. Sustainability as our cornerstone, from products that enhance the environment like waste composting and plant growing, to actually reclaiming waste and creating durable consumer solutions in the process. As such, we are proud to introduce a lineup of echo-friendly Black & Decker products manufactured from 50% recycled materials and saving 2 million plastic water bottles from landfills every year. In addition, fully sustainable and frustration-free packaging will be implemented across the brand. Rapid evolution from a renowned tool brand to a lifestyle brand that is the modern hub of the home for the 21st century, moving from roughly 15 categories today to over 100 categories where the consumer has given Black & Decker not only permission but encouragement to play.

To this point, you've heard the growing Black & Decker is a priority for Jim Loree and our entire company and that we have a sound strategy in place to do just that. However, what should be most exciting is the reversal of fortune that has occurred in record time. Black & Decker's recent results include double-digit declines in 2018, 2019 and the first half of 2020. In fact, Black & Decker has essentially been flat for the entire 21st century. All of this makes the incredible rejuvenation that has occurred since forming a dedicated Black & Decker team even more exciting. Delivering exponential growth in the second half of 2020, equating to exponential growth for the full year 2020, this trend has not only continued but accelerated in 2021.

In fact, Black & Decker delivered 1 of the top 5 products overall from Amazon domestically during Black Friday through Cyber Monday for the first time in history. With that momentum behind us, we are taking this expansion from domestic success and establishing Black & Decker as a global e-commerce powerhouse brand. In addition to this, we expanded profitability, added over 150 new products to the pipeline, and improve customer satisfaction dramatically. As we improve nearly every facet of the business, we found new and innovative ways to disrupt the market.

Aldon Blackwood

As Jeff mentioned, we are on a mission to define new business models, ways of working and to disrupt everything in our path. As we formed the Black & Decker team, we focused on a few key areas of disruption, focused around product development, commercialization and our brand perception. When it came to new product development, our past approach was highly subjective. We relied heavily on tribal knowledge and anecdotal information. Today, we are implementing artificial intelligence and machine learning tools that help us objectively identify and quantify new product strengths, weaknesses and opportunity size.

This allows us to eliminate numerous manual processes and unleash democratized knowledge. Additionally, we identified that a large bottleneck of our product development process was the lack of access to rapid quantitative insights. We implemented a new survey system to increase our quantitative customer engagements tenfold, helping us to fine-tune our product development path earlier and faster. We are also in the development of rapid response communities for more in-depth qualitative analysis, allowing us to get closer to our consumers faster. We have more user data than ever before.

When it comes to launching our products in the market, we know that e-commerce is a different ballgame than retail. The first interaction our consumers have with our brands and our products is through images and video content. We rapidly onboarded new options for content creation, to dramatically decrease development time and cost while increasing quality per product. Lastly, we know that in an e-commerce environment, the unboxing experience is key. It represents the consumer's first true interaction with the Black & Decker product. Working with an increased focus

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on frustration-free packaging as well as more eco-friendly solutions, we implemented a new packaging strategy to allow us to deliver an ideal customer experience without a cost increase.

Jeff Ansell

So what lies ahead? Tremendous new product development, significant category expansion, sustainability as a cornerstone of our brand promise, all converging to deliver digitally driven e-commerce-led exponential global growth. We've recently made tremendous progress making up for lost time. However, we are just beginning to unlock the potential of 1 of the world's truly great brands, Black & Decker. Thank you.

Operator

Ladies and gentlemen, please welcome President, Hand Tools & Storage Group, Tools and Storage, Allison Nicolaidis.

Allison A. Nicolaidis - *Stanley Black & Decker, Inc. - President of Hand Tools & Storage Group - Tools & Storage*

Stanley Black & Decker is starting from a position of strength in hand tools, accessories and storage. In a $25 billion served market, we have earned a #1 or #2 position in more than 22 major global categories. Many of these built the company across the last 150 years, like tape measures, toolboxes and screw drivers to name a few. This $4 billion business has the broadest range in the industry and an impressive 35% new product vitality rate. That new product leans into innovation with new materials, manufacturing processes and the creation of product systems for growth. Our brand stable, the broadest in the industry, is led by DEWALT, Craftsman and Stanley and complemented by IRWIN & LENOX and several regional leading brands.

On the manufacturing front, we offer a substantial make-where-we-sell supply chain strategy, by owning our destiny more than 60% of our products and over 6 million square foot of our own prime manufacturing space and featuring centers of excellence for the largest categories in the business. Today, we'll feature 3 key areas of hyper-focused innovation, securing our future: construction cutting, owning the toolbox inside and out and mechanics tools of the future.

Let's get started with elite construction cutting. Over $1 billion market, cutting serves the most completed application on job site after fastening with nails, bolts and screws. Launching in 2021, DEWALT Elite Accessories will be our most innovative high-performance premium position cutting family ever. The longer an end user can cut without changing a worn out or destroyed accessory, the more working cost efficiency that user gets, multiplying their performance. Circular saw blades, to make one today, you take a blank steel plate, cut teeth to shape the edge and attach carbide tips. Our top competition uses a brazing process to adhere those carbide tips to the steel plate.

Elite series saw blades will be the world's first welded carbide cutting tips, leveraging a technology that came to our business with the acquisition of IRWIN and LENOX after years of working to perfect that on their bench for industrial band saw blades. Welding delivers 2x life on these Elite blades versus competitive products using brazing to attach teeth to their blade bodies. We will use this and other technology on Elite circular saw blades, reciprocating sawblades, hole saws, abrasives and diamond cutting products.

Our next innovation focus area for today is on the toolbox, inside and out, a $1.6 billion space. Stanley Black & Decker makes connectable storage systems in our 3 major brands, DEWALT, Stanley and Craftsman. The pieces can be used individually or connected through various latches and carts to customize systems. Global placement has enabled 5 consecutive years of double-digit growth. At the same time, we know many of our users are still in bags and cardboard boxes for storage and organization. So growth in plastic storage is a joining of broad global and regional brand expansion, deeper system investment with current customers in their chosen brand and adoption growth with new users who are not yet in a system at all.

In storage next year, we'll offer both expanded brand options for our retail partners plus electrical engineering innovation. We'll launch world's first storage items with battery charging, battery transport, pack organization as yet another source of incremental growth in synergy with our

20-volt cordless system and power tools. Moving inside the storage box, we have 2 new product lines innovated in our largest brand. DEWALT Tough Series hand tools are our new line of premium position, best-in-class hand tools rolling out this year and next.

Tough series delivers engineering achievements, like making a 14-ounce standard hammer have the impact energy of a large 28-ounce framing hammer. It also features a measuring tape that can survive a 100-foot drop. This is a test done many times via drone by our engineers. It's one of their favorites. DEWALT ATOMIC and additional hand tools offering. This line ties a synergy with the extremely successful ATOMIC power tools line on the promise of compact job site performance. These products are positioned for users that buy smaller form factor hand tools and what more aggressive price points without sacrificing DEWALT quality. Tapes, knives, blades, laser distance measuring and a strong core of new compact hand tools will be launched in the ATOMIC sub-brand within the year.

ATOMIC hand tools will also feature 20-volt battery-powered lasers. It is more compact and more aggressively positioned than any other laser measuring device in its class. Lastly, we'll focus on mechanics tools for the future. Mechanics tools is a $3 billion market. It is the largest single category in the $25 billion hand tools and accessory space. We're focused in 3 major areas here. Access. Smaller and patented design geometry without sacrificing performance on ratchets, wrenches and sockets enable users to access fasteners in tight workspaces like compact engine compartments. These spaces are 30% to 40% smaller than they were just 10 years ago.

Ripping. Using coatings and metallurgic mixes unique to Stanley Black & Decker and developed by Stanley Black & Decker, we enable 2x the torque on a nearly destroyed fastener, a 60% to 80% rounded over bolt, for example, before the wrench slips. And with the future in mind, Stanley Black & Decker will deliver leading mechanics tool lines to work on electric vehicles. Today, our users are ordering cases of electrical tape and hand wrapping each socket, wrench and ratchet to try to insulate themselves from the potential of a shock. We're engineering a better way for EV work via world's first coatings and materials innovation and tapping our substantial experience in making tools for electricians who face the similar risk at work.

In support of a prime mechanics tool ecosystem, we're opening the most state-of-the-art mechanics tool plant in the world in Texas, supporting American jobs, building the best made in the U.S.A Craftsman mechanics tools the brand has ever seen. Also in Texas, we operate a second plant in Dallas, making MAC and Proto premium professional mechanics tools and a distribution center that supports this great business. Outside of the great state of Texas and in service of mechanics tool storage, we make Craftsman metal storage in Sedalia, Missouri and industrial metal storage in Allentown, Pennsylvania and Holliston, Massachusetts for our MAC, Proto, Lista and Vidmar brands.

This great hub of U.S.-based manufacturing plants for Mechanics Tools & Storage is just one example of how Stanley Black & Decker is pooling our manufacturing to meet our customer by making key categories where we sell. We have similar ecosystems, making where we sell for other key categories globally like measuring tapes, knives, knife blades and saw blades, to name a few.

With the $25 billion market that we can uniquely address more broadly than any other company, a big brand stable for every user in region, technology and innovation leveraged across our product road map, excellent commercial partnerships, and broad manufacturing plans for world-class delivery, Stanley Black & Decker is positioned for success and future growth like never before, in hand tools, storage and power tool accessories. Thank you.

Operator

Ladies and gentlemen, please welcome Executive Vice President and President, Tools & Storage, Jaime Ramirez.

Jaime A. Ramirez - *Stanley Black & Decker, Inc. - Executive VP and President of the Tools & Storage*

Good morning, everyone. Tools & Storage growth has been unstoppable as evidenced by the last decade of our achievements, and I'm excited to show you all today our focus on winning has not changed as we look to the future. In fact, the Tool business delivered its largest first quarter in history, with record organic growth of 45% and operating margin expansion of nearly 1,000 basis points, which is consistent with our performance in the last 3 quarters.

What's more? We're uniquely positioned to benefit from a strong momentum across several key trends such as hyper growth in housing, do-it-yourself, e-commerce and infrastructure. It's a tremendous start to another decade of leadership in the 2020s as the #1 tools and storage company in the world. We're taking share around the globe with a strong market performance. In Q1, we delivered organic growth of 41% in North America, 47% in Europe, 67% in emerging markets and 77% in Latin America, expanding our geographic and brand leadership positions.

New innovation is fueling DEWALT's continued growth as the largest professional tool brand in the world as well as Craftsman's performance as the fastest-growing brand in the industry, all in addition to our other leading brands, as you see here. As we drive growth around the world, our vision is to be one team united to accelerate profitable and sustainable growth as the #1 leading solutions provider for those who make the world. Based on the principles of our operating model, our ambition is centered around 3 key pillars: complete customer obsession, extreme innovation and new global growth, all enabled by our people and technology.

With our passion to serve our customers with insight-driven innovation, we have launched more than 22,000 new products with a vitality rate above 35% over the past 3 years. And in the past year alone, we led the industry winning more than 40 innovation awards across several brands and categories. Our 2021 outlook includes innovation across high-power, lifestyle, do-it-yourself and technology-enabled solutions that will deliver significant incremental revenue.

All of these come to life through a complete omnichannel and e-commerce experience, deliver market share gains with both sell-in shipments and sell-out POS performance. Out of our 45% organic growth in Q1, our e-commerce business grew 95% to nearly 20% of our total revenue. With the largest global network of retail partnerships and our position as the global industry-leading in e-commerce, we are very well positioned to drive accelerated double-digit growth through the 2020s. Alongside our retail and e-commerce growth outlook, we're also accelerating our strategy to continue winning in the commercial and industrial space.

We have a renewed focus on end-to-end solutions. With a complete ecosystem, including our world-class physical products, our extraordinary people and partnerships and our transformative digital solutions. We will be the only global tools and storage provider to deliver an ecosystem that's solves productivity, profitability and safety challenges for our customers and end users around the world. Each of these customer-centric strategies are enabled by our world-class operations in more than 100 manufacturing and distribution sites around the globe. Our supply chain provides the scale with regional hubs designed for "make where we sell and by buy where we make."

Over the next 12 months, we'll be opening 1 new plant in Fort Worth, Texas and growing our operations in Mexico. With 1 new plant in Hermosillo and expansion in Puebla and Monterrey. These investments will increase our ability to drive stronger on time in full delivery to our customers while upholding our commitment to world-class environmental responsibility. We are the #1 tools and storage company in the world with market-leading profitability, operations excellence, the largest patent portfolio, world-class diverse talent and the best brands in the industry.

In 2021, we're hiring more than 2,000 employees around the globe and investing more than $300 million in innovation and transformation initiatives. 2021 will be another exciting year, with organic growth of 38% in Q2 and 15% for the year. We clearly have tremendous potential ahead as the next-generation of global tools and storage. Thank you very much.

(presentation)

Operator

Ladies and gentlemen, please welcome Senior Vice President and President, Stanley Outdoor, John Wyatt; and Vice President, Product Development, Stanley Outdoor, Christine Potter.

John H. A. Wyatt - *Stanley Black & Decker, Inc. - Senior VP & President of STANLEY Outdoor*

Good morning. My name is John Wyatt, and I've been with Stanley Black & Decker now for 15 years in both the GTS and industrial segments. And today, I lead our Outdoor Products group and as well serve on the Board of MTD. I'm joined today by Christine Potter, who is our Vice President for Product Development and a product innovation champion of over 25 years with Stanley Black & Decker. She holds 20 patents to her name.

First, let's look at the position we have recently developed in the outdoor category. We have projected a $900 million business this year with a 5-year compound annual growth rate in excess of 20%. And we're really accelerating fast this year. Indeed, we grow over 120% in the first quarter. That's 120% of growth in the first quarter. The business is well positioned in the growing cordless battery category with DEWALT, Craftsman and Black & Decker brands, across handheld products like chainsaws and blower vacs and string trimmers. And then mowers and a new range of electric pressure washers. That said, while cordless is the fastest growing category, gas-powered products still account for over 60% of total category sales. And with our brands and our partners at MTD, we would hold a significant market share.

So Stanley Black & Decker and MTD are highly complementary. And with the benefit of our 20% investment and board seats at MTD, we've learned we have highly complementary capabilities as well. We bring technical expertise behind electrification with batteries, motors and electronics. Our brands married with customer partnerships and global reach and leveraging our Stanley Black & Decker operating model with world-class processes, while MTD brings automated manufacturing expertise and scale here in North America, the engineering science behind snow removal, grass cutting and robotics and a strategic position in the growing professional dealer channel and as well a significant presence in accessories, parts and service. This collaboration has already yielded significant value for both companies over the past 2 years.

We have benefited from MTD-manufactured DEWALT, Craftsman and Black & Decker gas-powered ranges, hitting sales of over $700 million, and then MTD-made Stanley Black & Decker designed battery products in North America mitigating tariffs and getting us closer to the end customer, while MTD have leveraged our operational procurement expertise and scale to grow operating margins by over 100 basis points a year. Now with this trajectory and synergy opportunities from a potential MTD acquisition, we can put a course to an outdoor business with revenues of over $3.7 billion and low-teen operating margins. But this is just the beginning because we can see significant future growth potential in this highly attractive and growing $25 billion category.

These opportunities to grow both sales and share in combination with MTD are in 4 key areas, starting with the launch of a new range of gas-powered, large-format DEWALT and Craftsman mowers, and then taking industry leadership in the transition to electric formats with new ride ons and zero mowers revitalize global customer partnerships that will enable us to get and reconnect with the lawn and garden category and build market share, expansion into the independent professional dealer channel which is as large as big-box retail today and will enable us to sell incremental outdoor product equipment and power tools and hand tool ranges, and finally, the opportunity to build a parts and service offering to take advantage of a $4 billion category with strong recurring revenues and accretive margins.

Now I'd like to introduce a video highlighting that new range of DEWALT professional gas mowers, after which Christine will share our powerful electrification plans.

(presentation)

Christine Potter

Thanks, John. Let's now turn our attention to recent innovation successes in our core SBD outdoor business which covers all 3 of our world-class brands, Black & Decker, the top-rated brand for that task-based consumer; or Craftsman, the top-rated brand for the enthusiast gardener; and then DEWALT, the top-rated brand for the professional. Our team has consistently delivered industry-recognized innovation in each of these brands. And to give you a few examples. First in DEWALT, a new cordless string trimmer with the world's first folding feature, which reduces storage in a truck by up to 40%, or in Black & Decker, a new robotic lawn mower, including a mobile app for scheduling and programming, and then in Craftsman, a world's first 2-in-1 string trimmer, which includes an integrated blower function. This eliminates the need for a second tool to blow off those clippings. These innovations are just a few examples that when combined with the rest of the new product portfolio, has delivered a leading new product vitality rate of 50%. Continuing now our story on core growth and innovation is the exciting momentum we have with lawnmowers. For this season, SBD has launched several ground up brand-new mowers that leverage our interchangeable battery platforms.

First, in Craftsman, a new 20-inch mower is now in stores that is powered by two V20 batteries, and yes, these are the same V20 Batteries that also power the outdoor handheld equipment and power tools. This Craftsman mower is compact and lightweight, easily maneuvers around obstacles in the yard and also stores vertically to take up less space in a garage or a shed. And then in DEWALT, Stanley Black & Decker and MTD combined our complementary expertise to develop 2 new full-size 21-inch mowers including both a push and a self-propelled version. In addition to delivering industry-leading run time powered by either a DEWALT 20-volt or 60-volt battery system, these mowers are also made right here in the USA.

Both the Craftsman and DEWALT mowers are getting rave reviews from our customers as well as taking share with significant gains so far this season. And this is just a taste of what SBD and MTD can do together in mowers. Now as we look to the future, we will continue our investment in electrification.

Starting in handheld equipments, we'll continue to innovate cordless products delivering high performance, all the while having lower noise and no emissions. Professional-grade chainsaws will be a focus moving forward. And then in walk-behind equipment, we'll continue to launch new push mowers each time with increased degrees of digitization. We'll take that same strategy of electrification next to pressure washers and launch innovative battery-powered solutions. And then in ride-on equipment, products like lawn tractors and zero-turn mowers, Stanley Black & Decker and MTD are already underway with joint collaboration, not only in electric innovation but also in autonomous solutions.

So whether handheld, walk-behind or ride-on equipment, we will continually transform this landscape to battery power. We'll end this section with a video highlighting some of the new DEWALT cordless items launching this season, and then John will be back to you afterwards to summarize outdoor. Thank you.

(presentation)

John H. A. Wyatt - *Stanley Black & Decker, Inc. - Senior VP & President of STANLEY Outdoor*

Thank you, Christine. So in conclusion, we have developed a very fast-growing business. That said, we see a much larger addressable market to serve, which is truly compelling growth drivers. And Stanley Black & Decker, in combination with MTD, are uniquely positioned to deliver on that growth opportunity with world-class solutions for both the professional and the consumer end user. But finally, the cornerstone of delivering that growth is grounded in our electrification expertise, compounded by the secular trend for new clean technologies. And we can take advantage of that through our electric innovation road map. Thank you.

Operator

Ladies and gentlemen, please welcome Vice President, Corporate Finance and Chief Financial Officer, Tools & Storage, Lee McChesney.

Lee B. McChesney - *Stanley Black & Decker, Inc. - VP Corporate Finance & CFO of Tools & Storage*

Thank you to the presenters this morning, who did a wonderful job highlighting our growth opportunities. And as compelling as that is, Stanley Black & Decker has also realized the challenges of our VUCA world. That reality and our commitment to execution is why Stanley Black & Decker created margin resiliency. This resiliency program has been fueled by technology and has been a key difference maker in our results. It's how we delivered despite over $1 billion of market headwinds. Our margin resiliency programs have fostered structural reallocation of our operating costs, providing us the ability to invest and prioritize margin and growth investments. With that said, we still have plenty of opportunities. As I will highlight today, there are several transformational capabilities that are only in the first half of benefit realization. These incremental opportunities could yield us over $500 million of savings over the next 3 years.

Now our journey with margin resiliency started just 2 years ago. We set off with a focus on 4 foundational value poles. They span price and margin excellence, next-generation procurement, supply chain and Industry 4.0 and finally our indirect cost and functional excellence.

Now first, we quickly implemented standard best processes that could be leveraged across the globe. Digital practices were implemented using leading technology and data capabilities, pricing tools, procurement insights that automatically identify value drivers and apps that provide us real-time insights on our factory for us. This approach has accelerated our visibility to data across the business and enable us to bring analytics into everything we do.

And finally, we have added industry experts to our teams, who brought us decades of expertise, experts in pricing, data, analytics and Industry 4.0, to name a few. These experts have brought our centers of excellence to life. These COEs directly support the business segments and functions, and they bring forward the latest processes and capabilities.

In price and margin excellence, we utilize enhanced data visibility to define promotions that leverage analytics instead of simple history so that we can develop promotions that deliver a triple play, a win for our end user, our distribution partner and for us.

In our Engineered Fastening team, we leverage our insights capabilities because we now know with 80% confidence which lead to follow and where to deploy resources. And our AI and analytics team has been deployed to our security team to help us digitally manage our monitoring service contracts and reduce our attrition by 20% due to these proactive warning capabilities.

The growing engine behind our margin resiliency is our expanding data analytics core business capability. Today, we are taking unlocked internal data and matching with relevant external data into a growing data lake. Our investments in data lake technology, combined with analytics, insights and AI, are driving opportunity identification across critical value streams.

A great example of this is what we're doing in our new Craftsman mechanics tool plant in Texas. As you could imagine, we know quite a bit about mechanic tools. We could have simply asked our experts to lay out the factory floor using historical knowledge, but we did it differently this time. We leveraged the data lake, the latest operation simulation tools and we had extensive sets of scenarios to model the ideal way to manufacture mechanic tools before we ever put a shovel in that prime Texas grounds.

Now not only are we creating great product, we are creating a great cost position. We built this facility with 25% less capital and 40% less inventory.

Let's turn to the use of analytics within our e-commerce growth opportunity. There, it starts with winning the algorithm. A clear strategy of how to win the search puzzle across the globe, when to invest, where to invest and how to constantly improve your results. And when you win the algorithm, you must have great content. And it's more than just having it, success comes from digitally savvy, A plus content that has been analytically proven to work.

And finally, if we win the sale, there's an incredible opportunity to understand the purchase to follow the customer, anticipate what else they might need and then bring them back for more. This is all part of our SBD 360 data platform that is underway in our U.S. market. And while all that is interesting, I'd argue there is even more opportunity as we accelerate our advanced manufacturing journey.

We have made substantial progress over the past 2 years. SPS, the Stanley Production System, is building a data connectivity platform that has now been deployed to 19 of our sites. SPS has formally established 1 standard lean workflow that each organization is building towards. It all links with our global operations team, who've designed standard technology playbooks and deployment roadmaps, which enables strong alignment across our global supply chain.

Now under SPS, the foundation is being implemented with our automation COEs. These technology deployments are a critical element of our strategy to make where we sell. We then surround this Industry 4.0 infrastructure with a combination of traditional and internally developed proprietary apps that serve as a fuel for AI-based productivity tools.

Now opportunities are identified via real-time analytics, enabling us to deliver incremental productivity on a daily basis. Our overall objective, a highly flexible fully automated production system fueled by an upskilled workforce. This is what we are doing today. This is our new mechanics tools operation in Texas, our power tools operation near Charlotte. And in the near future, we hope to share with you these capabilities in person.

Until that can happen, let me give you a quick tour of how these capabilities made a significant contribution to our success over the past year.

(presentation)

Lee B. McChesney - *Stanley Black & Decker, Inc. - VP Corporate Finance & CFO of Tools & Storage*

Margin resiliency has been a leap forward for Stanley Black & Decker. That data and technology fueled capabilities are in place. They're being accelerated by industry experts who lead our centers of excellence and have created a growing digital toolbox. It's happening with our commercial teams, our operations teams and all across our businesses and functions. However, we're just getting started, $100 million to $150 million of incremental opportunities every year that can service in many ways.

We can use the benefits to withstand incremental headwinds across the globe. We can invest in significant growth opportunities you've seen today or we can deliver incremental margin. We look forward to doing each of them. Thank you.

Operator

Ladies and gentlemen, please welcome President and Chief Financial Officer, Don Allan.

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

Good morning. Thank you all for joining us at our Virtual Growth Summit. It is so energizing to see our leaders share all the exciting strategies we are activating across the company to fuel a remarkable runway for growth and margin expansion.

This year will be an inflection point for our organization, but it didn't just happen overnight. The opportunities that we are harnessing are enabled by the talent of our people, a commitment to our corporate strategy and value creation model, consistent execution of the SBD operating model and our foundational values, which have all been instilled within the Stanley Black & Decker team over time.

I now have the privilege of bringing the topics discussed today back together and share with you what this means in terms of the results that we have achieved and the exciting future trajectory that we believe is possible over the next several years.

I'll begin with a review of our expectations for 2021 financial performance. As you heard on our recent first quarter earnings call, we had an outstanding start to the year. And today, we are reiterating the guidance of 11% to 13% organic revenue growth $10.70 up to $11 of EPS and free cash flow that approximates GAAP net income. This would result in a very healthy EPS expansion for the year of 18% to 22%, yet a balanced view recognizing the dynamic environment we are all operating in.

Also, 2 reminders as it relates to this guidance range: one, we continue to see strong end markets in most of our businesses, and therefore we are preparing the supply chain for the potential of higher market demand going above this guidance view; and two, we have $100 million of margin resiliency not included in our guidance as a contingency to either drive better performance or withstand any new volatility that comes our way.

Let's now transition into a longer-term view on performance. This page presents our value creation model, which we have employed over the last 2 decades and is a summary of how we believe exceptional shareholder value is created at Stanley Black & Decker. It starts with our strong and innovation-driven global businesses that have certain key characteristics. Those characteristics are depicted in the top left.

All of our major businesses possess these qualities such as world-class brands, attractive organic and inorganic growth platforms, scalable and defensible franchises and lastly, the ability to innovate and differentiate our products and solutions from our competitors.

Then we apply our tried and true SBD operating model to leverage the full contributions of our people and technology to maximize growth and efficiency. This allows us to strive for financial targets that likely represent top quartile performance. These long-term objectives include mid single-digit organic growth, high single-digit EPS growth without M&A and 10% to 12% growth with acquisitions, combined with a strong focus on cash efficiency and returns. Specifically, working capital turns in excess of 10% and CFROI somewhere between 12% and 15%.

Finally, with the cash generated by our businesses when applying our operating model, we are able to deliver an investor-friendly capital allocation strategy. In other words, 50% goes to our shareholders via dividends and opportunistic share repurchases while the remaining 50% is put back to work in the businesses with M&A. As you saw from Jim, this value creation model has resulted in excellent TSR performance for our shareholders.

Now let's double-click into the Stanley Black & Decker operating model, which is a key factor for driving our financial performance. Our operating model is constantly evolving and adapting as the external environment changes. It began as an end-to-end supply chain focused program in the early 2000s.

In 2016, we expanded this to prepare ourselves for a digital disruption and broaden our approach to organic growth with amped up innovation and efficiency. Last year, we evolved again to prepare ourselves to win in the 2020s.

In our model, you will see that people and technology are at the center as the right combination of digital skill sets with the application of new technology as a powerful enabler for our performance. The left side of this page represents how we consistently achieve above-market organic growth and share gains. Extraordinary customer experience in the lower left, reflects what we firmly believe. Our business starts and ends with the customer in mind.

We have many types of customers and end users, given the various channels and industries we serve. And we must ensure we exceed each of their expectations. For example, this means exceeding the expectations of a big box retail partner every single day, while at the same time delighting our professional construction workers on the job site regularly as well.

This pillar of the operating model also includes deploying our commercial processes in a standard way. Where it makes sense? Examples include the evaluation of pricing, product assortment, world-class service, digital marketing and, of course, data-driven innovation. Which brings me to our next pillar, extreme innovation. Our industry-leading innovation is unmatched. This is a foundational aspect to our brand strength and the pipeline of new core innovations is robust.

We have some great examples in our Tools & Storage business of our core and breakthrough innovations. Craftsman, the fastest-growing brand in the industry, has executed on a robust set of new innovations in the past 2 years with many more in the future pipeline. And DEWALT, the largest professional tool brand in the world as measured by total revenue, has delivered industry-leading innovation by launching products such as FLEXVOLT, ATOMIC, XTREME, POWERDETECT and FLEXVOLT ADVANTAGE all within the last 5 years. We are confident that the ongoing investments in our innovation ecosystem across Stanley Black & Decker will continue to build on our leading positions.

Next, performance resiliency, which is inclusive of margin resiliency for tech-enabled value creation, as you heard from Lee. This enables back office leverage in a smarter, faster, better equipped workforce with the skills they need to win in the 2020s. This pillar of the operating model will truly transform the way we work through technology and advanced analytics.

And then finally, our bedrock, operations excellence. We are rapidly taking technology to the plants to remain efficient while serving the customer better than ever. We are aggressively transforming the supply chain to get closer to our customer over the next 3 years, especially in the North American and European markets.

Significant traction has been gained through the Industry 4.0 program to dramatically increase the level of automation of our plants and distribution centers, while also digitizing these facilities to enable better decision making on the floor during shift hours. These real-time pivots on the plant or DC floor create instantaneous value. The SBD operating model is the engine that drives sustainable value across our company.

This operating model works incredibly well when applied to our strong innovation-driven businesses. Here are the financial results over the last 5 years, which was in an operating environment that was anything but stable. This compares our results against our long-term financial objectives. We met or exceeded nearly every metric we target for the P&L, balance sheet, cash flow and returns.

Total top line was clipped by about 2 points from currency and portfolio pruning, while EPS was still up 9% despite the $1 billion of challenges from tariffs and other externally generated cost pressures in this period.

Our organic growth was within the targeted range, even with a relatively flat year in 2020 and some very tough markets in 2019. The cash flow conversion averaged 111%, an outstanding performance. But I am particularly pleased with the strong cash flow return on investment, which measures our returns organically and, of course, includes the returns on recent M&A.

Maintaining a 14% average is a very strong performance, considering that we deployed over $5 billion toward M&A across this 5-year period. What a great performance by the team. Thank you so much, team.

Additionally, we have continued to increase our dividend as the company's earnings have grown, and we also have maintained a healthy balance sheet by not pushing leverage too high, which has resulted in a strong investment-grade ratings from the credit agencies, which has proven to be quite effective, given what has happened with the last 2 significant economic downturn events, which specifically is what happened in 2008/2009 and just in the spring of last year of 2020.

As evidenced by our long-term financial targets, our philosophy is to maintain these balanced set of objectives, which are growth above market, profit increases, cash flow generation and balance sheet efficiency. We do this because we think it is a very rewarding model for our shareholders, as I mentioned earlier.

This slide shows Stanley Black & Decker's return on operating or tangible assets over the past 2 decades. This does exclude intangible assets such as goodwill. Some of you know this data very well, if you are utilizing the whole model. We are big believers in this framework. It is a quantitative scorecard that reflects the quality of our businesses as well as how efficient we are in improving margin and asset efficiency. That, combined with strong organic and inorganic growth, underpins the track record of TSR outperformance we have established over the long term.

As you can see, we have a strong track record of driving improved returns over the past 2 decades. In fact, you would have seen another increase in 2020, if not for the incredibly strong cash generation that resulted in larger-than-normal cash balances at year-end. These returns have come from the dedication to the SBD operating model, which has delivered continuous improvement in operating margins and asset efficiency.

You see periodic dips as the world moves through economic or geopolitical shocks, but also as we acquire great assets and start to improve their operating characteristics, such as Black & Decker, Infastech, Newell Tools, Nelson, IES and the list goes on.

To put this improvement trajectory into context, no other industrial peer has improved returns as much as SBD over this period. And we are in the 90th percentile of the S&P 1500. Yes, 1500 for improvement.

So now putting this performance into context with our industrial peers, we remain a leader against this list of high-quality companies depicted on this page. To deconstruct why SBD is in the top quartile on this measure, we tend to have very strong asset efficiency across all our businesses as we strive for continued improvements in working capital turns, maintain our discipline with CapEx investment, and we try to ensure there is not excess cash on the balance sheet for extended periods of time. We can and will continue to improve this metric, as we improve our operating margins in the coming years.

So now let's take a quick look back at the 3-year financial outlook that I presented at our last Investor Day. It contemplated a $3 EPS accretion, which included MTD from 2020 to 2022. As you can see, the midpoint of our 2021 EPS guidance is ahead of this framework.

While it is too early to put a fine point on 2022, we believe that we are incredibly well positioned to exceed this 2022 EPS plan, especially if you consider: one, the strong demand environment in 2021 could continue into the next several years; two, the impact of the exciting organic growth initiatives you heard about today; and three, the likely strong year 1 accretion of MTD emerging in 2022.

So we believe we are well positioned to deliver above-market organic growth with operating leverage, and we have a great acquisition on this doorstep, which will deliver both revenue and earnings growth in the coming years.

Today, we outlined several of these significant revenue growth opportunities across the portfolio. The company is benefiting from powerful secular drivers that accelerated and were amplified during the pandemic. This has resulted in strong growth markets across the globe, led by the consumer's reconnection with the home and garden, e-commerce and outdoor electrification.

In concert with our global channel strategy and intense focus on supply chain management, this formula has resulted in extraordinary growth. We are well positioned to continue to enjoy those benefits in the Tools & Storage business and also with electrification in the auto sector and health and safety in our security business.

I know some folks are focused on the tough comparable quarters or wondering if this strong demand can continue. Our point of view is that we can consolidate the 2021 share gains we have recently experienced into our base revenue and keep growing. We do not believe this is just a sudden wave that will quickly recede, but a set of secular shifts that will continue for several years. Therefore, the organic catalyst you heard about today give us the conviction in our ability to generate 5% to 6% organic growth annually from these opportunities over the next few years. These catalysts are slightly more than $1 billion of annual revenue and can be a significant contributor to revenue growth in 2022 and beyond.

In addition, MTD is on the horizon, and our current planning assumption is that it could add approximately $3 billion to the 2022 topline. This opportunity, as Jim, John and Christine shared is so powerful and can provide a meaningful runway for organic growth and margin expansion beyond 2022 as well.

What all this means is Stanley Black & Decker is very well positioned to demonstrate continued above-market growth and I'm excited to see what our team presented today begin to come to life within the coming quarter and years. We have talked a lot about growth today, but we are just passionate about margins. We continue to target approximately 50 basis points per year of margin accretion for our core businesses. As a reminder, this would exclude any initial dilution from acquisitions such as MTD.

We pitched our plan to you for margin resiliency in 2019 at our last Investor Day event. There were a lot of questions about how this would work. As you saw from Lee, our margin resiliency program is embedded in the organization and creating significant value today. However, probably more exciting is the flywheel impact we have created from these technology investments, which will drive ongoing value we can extract to offset volatility, support this margin expansion goal and fund ongoing investments in the core business, which leads me to how I traditionally conclude at these events. Why invest in SWK?

Well, it goes back to everything you have seen at this growth summit. We are powered by purpose. We have great businesses and serve growing markets that we can consolidate. We have an ESG orientation embedded within our operations, within our role in society, for our people and in our business models. And we are built to last.

Guided by our SBD operating model, we have defined a path for growth and margin expansion. Our company will continue to generate strong free cash flow and pursue our 50-50 capital deployment philosophy that has rewarded the shareholders so well over the long term.

We are set up well to achieve our vision for the company: one, continue delivering top financial performance; two, be recognized as one of the world's most innovative companies; and three, elevate our commitment to corporate social responsibility.

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Thank you, everyone. I hope you now have a better appreciation as to why we are so excited about the future growth prospects of Stanley Black & Decker.

Now let's take a quick break, and we'll see you back here for live Q&A in a few minutes. Thank you.

Operator

Ladies and gentlemen, please enjoy a quick break. If you would like to ask the panelists a question, please call the number on the screen. Thank you.

(Break)

QUESTIONS AND ANSWERS

Operator

Ladies and gentlemen, welcome back for our live Q&A panel discussion.

Dennis M. Lange - *Stanley Black & Decker, Inc. - VP of IR*

Welcome back from our short break. This is Dennis Lange, and we are now ready for our Q&A session for approximately the next 45 minutes. (Operator Instructions)

With us on the Q&A panel is Jim, Don, Jaime, Graham and Lee, who presented earlier; and Shannon Lapierre, our Chief Communications Officer.

Before we get started and as we're gathering the Q&A roster, I would like to ask a question that we've received recently about how the company is organizing and driving ESG through the organization?

James M. Loree - *Stanley Black & Decker, Inc. - CEO & Director*

Shannon, do you want to handle that one?

Shannon Lapierre

Sure. Thanks, Jim. As you heard Jim talk about today, we really view ESG as grounded in purpose and rooted in stakeholder capitalism, which is about being a good company and understanding the changing expectations and really rapidly changing expectations of all our stakeholders on what corporations, how they act and what they do and how they contribute to society.

And our purpose for those who make the world really could not have been more relevant than this past year during the pandemic. For those who make the world, our employees, our customers and other essential workers who are out there doing the hard work keeping our world running and operating during this period. And we really feel really passionately about what we do to help support those who are out there, the builders, the creators and the makers out there doing that hard work every day to keep our society functioning.

So we think about the E, the S and the G. Environmental, we have historically done very well on the environmental front. Dow Jones Sustainability Index very well recognized for the work there. We have science-based targets. We have very aggressive goals. We have carbon neutral, in fact, going beyond carbon neutral, the carbon positive goals out there. And we've been working on those for the past several years, and we made great progress on the work on the environmental front.

On the societal front, we've really increased our efforts around engagement with our communities and our stakeholders and our employees. And that's grounded in our empower makers pillar as part of our CSR strategy and engaging in work skills and retraining efforts to help bring that next-generation of makers and innovators, which also has a big impact on income and equality on the skilling and reskilling components as well.

And DE&I, in particular, very important to our employees and to our ability to attract and retain talent as we move forward and our engagement in that space we've dramatically increased as well, and on governance, ethics, integrity, accountability, cornerstone to who we are as an organization. And around board diversity, for example, we've got great board diversity, and we're really proud of that as well.

When we think about how we integrate and purpose and ESG into our strategy, that is integrated into our business strategies, which I hope you've heard from a lot of our speakers today around the work. And purpose and ESG allows us to see some of the trends in the marketplace, where society is going and allows us to hopefully prepare and do the work ahead of time to meet our customers and our end users and our employees where they are.

So electrification is a great example, where we've been working on battery technology for years. We've been working on highly composite materials in our Engineered Fastening business for electric vehicles, for example, and those efforts that we've been making over the past years have really been paying off now as the market is going down that path, and we're seeing the resurgence or surge in electrification and battery power technology.

So I think the goal here is to have that integrated into our strategy. So it works into our products and our revenue and our profitability going forward.

Dennis M. Lange - *Stanley Black & Decker, Inc. - VP of IR*

Thank you, Shannon. We also have Shannon from Intrado here today to help us manage the call queue. Shannon, we'd now like to open the call to Q&A, and we'll follow our normal practice of 1 question per caller.

Unidentified Participant

Our first question comes from Nigel Coe with Wolfe Research.

Nigel Edward Coe - *Wolfe Research, LLC - MD & Senior Research Analyst*

Hope you can hear me okay, but that was quite a show. So congratulations on pulling that off. My question is on MTD. It seems that we're locked and loaded to bring MTD into the portfolio. 8% margins for this year, I think you've previously said mid-teens over the medium term. Maybe just walk us through what you see as the major steps towards the mid-teens margins for MTD, maybe talking about supply procurement, G&A, pricing the value, et cetera?

And then just a quick follow-on to that would be companies in your peer group that do large acquisitions have moved to cash EPS. I'm just wondering where you stand on that potential transition?

James M. Loree - *Stanley Black & Decker, Inc. - CEO & Director*

Thanks, Nigel. We are having a good morning, and we can hear you perfectly. So great questions. They sound like great questions for our President and CFO. Don?

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Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

Thank you, Jim. Yes. So let's start with outdoor. And it's a really good question that we've gotten in particular, over the last 6 months, several times. But we are excited about the road map that we have in place to improve the profitability of MTD, hopefully, when that deal closes later this year or early next year, if things proceed the way we would like to. And it really is focused on initially some things that we do in every acquisition, which is looking at how do we consolidate certain activities in the back-office functions, how do we consolidate certain customer service and commercial relationships that we have with some of our big box retailers and then looking at the supply chain and the procurement side and leveraging the purchasing of different materials as well as leveraging our plant system with their plan system to drive some benefits as well.

We think all those things together probably get us somewhere to like 12% or 13% profitability. And then what gets us to the mid-teens is: one, what you heard about today, the whole electrification strategy of where we're trying to go over the long term. We really believe that's not only a growth driver, but we think it's a profitability driver over the midterm and the long-term as well. And then there's this exciting aspect of the dealer network, where, as we -- I think all of you know, MTD has been much more heavily focused on the retail channel. And they've done an outstanding job with innovation and delivering products to that channel over many, many decades. But there (technical difficulty) on the dealer channel side, these independent dealers, where a lot of the really larger landscapers purchase high functionality and very sophisticated pieces of equipment.

We think going into that channel with our brand like DEWALT with the technology that they have around innovation and then applying some of the electrification aspects as well, we think that's a really big growth and margin opportunity because we know today, that channel has higher margins than the retail channel does in the current form, and that likely will continue.

So that gets us kind of in that 15%, 16% range and maybe better over time, we'll see. But there's a lot of opportunity in front of us that gets us really excited about where this business could go.

On the cash EPS side, good question. We've gotten that many times over the years. We think we kind of manage it with more informal communications versus going to something that's more via guidance. But we continue to evaluate that on an ongoing basis, and it's something that we will continue to do. But right now, we feel what we're doing is appropriate and balanced, but it's always on our radar to continue to evaluate.

Unidentified Participant

Our next question comes from Nicole DeBlase with Deutsche Bank.

Nicole Sheree DeBlase - *Deutsche Bank AG, Research Division - Director & Lead Analyst*

I guess I wanted to focus on one of the slides that you put up at the end, Don, looking at the organic growth potential. And on one slide, you talked about how your long-term organic growth framework is in the 4% to 6% range. But then I think on one of the last slides, you kind of pinned it more in the 5% to 6% range. And I know we're kind of splitting hairs here. But just curious, are you sending the message that because of all of this innovation that you highlighted today that you think the higher end of the organic growth range is appropriate in the near term?

James M. Loree - *Stanley Black & Decker, Inc. - CEO & Director*

I know you directed that to Don, but I would like to say that we expect and intend to have enough growth initiatives to exceed that range. And so we'd like to be at the -- at least at the high end, if not higher. But in the interest of show me when you can do it, I think you'll see it this year. And we'll have to see what happens in future years. Don, you have anything you want to add or...

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

I'd just add a little bit. I mean I am messaging that we do think we're clearly at the high end of our range. But I also recognize that, to Jim's point, there's an opportunity for much more to go beyond that level. It's just not time to really commit to that and make those types of statements.

But we'll see as we close out the remainder of this year and as we enter into next year, but the big message today from all of us is that we have a lot of wonderful growth opportunities in front of us that when you start stacking that up against the just normal market share gains we do and other activities and core innovation, we get really excited about the possibility and potential for growth. And so we're saying today, yes, we're at the high end of the range, but we also think it could be better.

Operator

Our next question comes from Jeff Sprague with Vertical Research.

Jeffrey Todd Sprague - *Vertical Research Partners, LLC - Founder & Managing Partner*

I guess, maybe another slightly hair splitting question around that topic. I guess it's kind of 2 part. Don, your comment about kind of digesting or consolidating the gains of this year and growing from that base, was that really kind of meant to imply that GTS should have organic revenue growth in 2022?

And secondly -- kind of the second part of that question is being at the higher end of this range going forward inclusive of, I guess, the 12% or so that you're going to do this year or are we looking really beyond -- looking at the '22 and beyond time frame and think we're in that 5% to 6% range?

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

Is there anything, Jim, on this or...

James M. Loree - *Stanley Black & Decker, Inc. - CEO & Director*

No. You go ahead, Don.

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

I really look at this year and as the year has gone on, I think we started the year saying, wow, maybe there's some temporary bubble things happening. But now we're sitting here, and as I said in the presentation, I don't think this is a wave that's going to recede very quickly. I think we have significant secular shifts happening in the areas that Jim and I mentioned and some examples that you saw from the team today.

They are going to last for some period of time. And I think it's at least 2 or 3 years, and it could be longer. Time will tell. That puts me in a position where I actually feel like we have the ability to say, whatever the revenue ends up being in 2021, we're going to have the ability to preserve that as share gains going forward and grow from that base. And no one knows for sure exactly how this is going to play out, but I think we all are starting to look at the opportunities saying, "Wow, these 3 or 4 shifts that we've talked about are sustainable." And there are things that are happening on a permanent basis, such as people migrating away from cities, wanting to live in the countryside, buying bigger homes, buying, in some cases, if you're fortunate enough, buying second homes.

And that is a permanent shift that is happening that results in the need for a lot of the products that we provide. It's the tools, it's the outdoor products, et cetera. And those types of things are emerging. And then you have a younger generation that wants to be owning homes, which we're all waiting for that to happen, and that's starting to emerge as well.

And then the other thing out there that we don't know for sure is there could be a big infrastructure build in this country that could drive activity for a lot of our products as well. And so I and Jim and the rest of the team are starting to really feel like there's an ability to preserve the base that we create in 2021 and grow from there. And we're saying, maybe the growth is 5% to 6% or better next year and the year after that and the year after that, and that's the message we're trying to send everybody.

James M. Loree - *Stanley Black & Decker, Inc. - CEO & Director*

And if you just take the e-commerce channel shift on top of that, that really works to our advantage. And the other thing I would say is this phenomenon -- this high-growth phenomenon that we're experiencing right now with these secular changes, most of them are truly global in nature. And so there's a whole world out there that has -- is experiencing the impact of COVID and the aftermath. And so I think -- just think of it not just in terms of a hot North American market, but global market.

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

I didn't answer your cash -- your EPS question, but yes. I mean, if we expect to grow organically top line, we do believe we can grow our EPS organically as well next year. It's not just going to grow because we acquired MTD.

Unidentified Participant

Our next question comes from Rob Wertheimer with Melius Research.

Robert Cameron Wertheimer - *Melius Research LLC - Founding Partner, Director of Research & Research Analyst*

Your point on the sort of inflection point in the middle of the decade on auto is an interesting one. And I wonder if you have a similar point of view on when that inflection point comes in high horsepower, the larger side of lawn and garden, the pro grade mowers and things like that?

And if you're willing to talk about it, I mean, you have a lot of battery expertise and, I guess, electric power management expertise. Can you grade the competitive set and/or talk about your competitive position as that happens and whether there's a lot of share gain potential for the near term?

James M. Loree - *Stanley Black & Decker, Inc. - CEO & Director*

Well, we're sure hoping for a lot of share gain potential, and I really believe it's going to happen. But if you look at the segmentation of the outdoor market, these are very rough numbers. But each of the 3 segments, so the handheld, the push and the rider type mowers, including zero turns, are each roughly between 30% and 40% of the market, some closer to 30%, some closer to 40%.

And if you look at the penetration, it's greater than 50% in the handheld. It's roughly 25% in the push and the technology has really come to life now on the push side. So I expect that penetration to occur very quickly. The riders are -- it's going to all be about innovation and technology, who can bring the run time, who can bring the professional grade lawn mower to a reality in the professional market. And we're alluding to the fact today that there is a product management innovation pipeline in MTD, which has been put together in collaboration with SBD over the last couple of years that I think and I said it's going to be a tremendous wave of innovation. That's what I'm kind of referring to.

So I don't know how quickly it's going to happen. I don't think anybody can really know for sure, but it's happening now in the lower end of the push. When I say lower end, I mean the handheld, which have been kind of accelerating for years and the push. And so the big, big question is how quickly can we do it in the riders? And I will tell you, we've made some real breakthroughs in that regard and looking forward to the ownership of MTD, so we could start rolling those out.

Unidentified Participant

Our next question comes from Tim Wojs with Baird.

Timothy Ronald Wojs - *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

I guess, my question is really around MTD, and I kind of have 2 parts. So first, just a clarification. The pro forma numbers that you have on Slide 4, the $3.7 billion and the low teens margin, can you just kind of walk us through how these pieces are built up relative to kind of core Stanley and MTD?

And then the second piece is just kind of strategically as you expand to kind of the pro part of the outdoor power market, is that really an organic expansion in your mind at this point or is that through M&A?

James M. Loree - *Stanley Black & Decker, Inc. - CEO & Director*

So I'll tackle the second part, and I'll hand it over to Don for the first part. It's entirely organic as we talk about it today, but I do want to emphasize that there are inorganic opportunities in lawn and garden. It's one thing we really didn't talk a lot about today. But when we start to think about capital allocation in the future, I think it will -- for sure, there's going to be tools, assets that are up for sale in the coming years. There's going to be some industrial ones. We're going to continue in those areas.

But I think you can start to think of outdoor as another channel for inorganic growth, and we look forward to seeing that evolve over time. But if you -- if you know our history, and I know you do, Tim. If you know our history, what we do is we get into a market and then we like to get into markets where there's runway for organic and inorganic growth, and that's what I expect. But in all the numbers and comments we made today, there's no assumption for inorganic growth. Don?

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

Yes. So when you look at the outdoor business, including MTD, if -- after we close on that transaction, the current revenue is about $2.7 billion of MTD. Our outdoor -- Stanley Outdoor handheld business is about $900 million right now. So you're starting with a base of about 3.6, roughly.

If you factor in some growth next year, you'd probably talk about a business that's pretty close to $4 billion or more in size in 2022. So it's starting out with really substantial base of business that we could build upon. And hopefully, with some of the things that Jim described over time, maybe even build a platform that's close to $10 billion or more.

Unidentified Participant

Our next question comes from Clifford Ransom with Ransom Research, Inc.

Clifford F. Ransom - *Ransom Research, Inc. - Founder and President*

In the interest of lauding you for continuous improvement since this is my 85th cumulative year following you. For the last few years, I've said every one of your analyst presentations have been the best ever, and this was the best ever in that 85th cumulative years.

Can I -- I sometimes have this. It's not a topic that many managements want to talk about. But to me, there's a lot more motto on the non-manufacturing side. Can you talk a little bit how you use lean thinking, I'll deviate from the SBD terminology, to apply that to new product development, SI and OP, et cetera? And do you also use Hoshin Kanri and the breakthrough project methodologies?

James M. Loree - *Stanley Black & Decker, Inc. - CEO & Director*

Sure. I'm going to let Graham take that one.

Graham Robinson

Sure. Thanks much, Jim. So we actually use lean thinking quite extensively throughout the organization, in particular as we look at ways to drive breakthrough thinking and to drive our organic growth throughout, but in particular, our focus on innovation. And this is something that we've started recently throughout, but it has been a staple of Stanley Black & Decker throughout the years.

So the fundamental principles, as you think about minimizing waste, as you think about driving efficiencies, are ways in which -- are fundamental to what we do. And we're using it throughout the platform to drive growth real time.

James M. Loree - *Stanley Black & Decker, Inc. - CEO & Director*

And thank you for those kind words, Cliff. You have been following us. I don't know how you got to that 80-something number, but you have been following us for a long time.

Unidentified Participant

Our next question comes from Michael Rehaut with JPMorgan.

Michael Jason Rehaut - *JPMorgan Chase & Co, Research Division - Senior Analyst*

I just wanted to make sure I'm understanding some of the numbers properly on Slide 9 of Don's presentation, where you have the organic growth catalyst by the different segments. And it looks like you have industrial and security at -- if that were to be all in 2022, kind of high single-digit for industrial, maybe around 10% growth for security. So I just want to make sure I'm understanding that right for 2022.

And if we're thinking about a 5%, 6% growth or potentially better in top line for next year, is it fair to presume that you'd also have perhaps a little bit better than the 7% to 9% organic EPS growth that kind of relates to the 4% to 6% on the top line? Just trying to get a sense of how that flows through to the bottom.

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

Sure, Michael. Yes, I think the way to think about it by segment, when you look at that growth catalyst page is, I wouldn't necessarily automatically conclude that industrial and security are going to grow 10% each year for the next 3 years.

On security, we're in the middle of a transformation. So we have growth initiatives and then we have a few things we're migrating away from and we're pruning. And so that will probably get you down to a mid-single-digit to high single-digit number.

In the world of industrial, we got a lot of different things happening there. We have recovery markets in different paces. So we have some that are coming back very fast like automotive came back very fast, and then now it's kind of governing a little bit because of the supply constraints. And then we have aerospace recovering very slow, and oil and gas, a very slow recovery as well.

So I think when you match all those things together, you're probably still talking about a 5% to 6% number for the industrial business. But again, as we said earlier, the opportunity is there to be above that, if we're successful in managing all these different things and then really hitting the mark across the board with all the organic growth catalysts.

There was a second question, which I don't remember specifically what it was, the second part of that question?

Dennis M. Lange - *Stanley Black & Decker, Inc. - VP of IR*

I think you hit it, Don.

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

You think I hit it all? Okay. Good. Oh, it was about EPS. He was talking about how it translates to EPS. So I think -- I think the way to think about it is, we got a lot of headwinds carrying over to next year from inflation. We're taking very proactive actions this year on price, productivity. And we're managing that, I think, as a team very effectively, and it's allowing us to grow our earnings significantly this year.

We're going to have to do the same thing again with a carryover effect next year. But I don't think that's going to prevent us from demonstrating strong EPS growth. And so for now, assume 7% to 9%, we're closer to the high end of that, but that's probably where we are at this stage based on a 5% to 6% range.

James M. Loree - *Stanley Black & Decker, Inc. - CEO & Director*

Yes. And again, there was a reason we put margin resiliency in place 2 years ago, and it's paying dividends now. It will certainly pay dividends next year as we get more sophisticated and have even deeper applications and broader applications as well.

So we live in a volatile world. There's just no doubt about that. And so this whole notion of performance resiliency that's part of the operating model, I mean, that is something that we've just -- we've institutionalized that here because there's just no -- you never know what the next black swan is going to be. And so when you have $100 million, $150 million, $200 million coverage with margin resiliency, that's very helpful. It's a nice insurance policy.

Unidentified Participant

Our next question comes from Julian Mitchell with Barclays.

Julian C.H. Mitchell - *Barclays Bank PLC, Research Division - Research Analyst*

Maybe just if I think back to the previous Investor Day that was in person, there was a lot of discussion at that around portfolio perspectives at security in terms of its place within Stanley and within the segment itself, and then also a lot of discussion about the different pieces inside the industrial division and maybe some areas that would be of greater focus and some that might be shaved off.

So I just wondered sort of now in a normalized macro environment 2 years on from that last Investor Day, any update you could give us on your portfolio thoughts for industrial and for security, please?

James M. Loree - *Stanley Black & Decker, Inc. - CEO & Director*

Yes. I think we've been fairly consistent over time on the way we think about the portfolio. And I'll tell you right now, the way we're thinking about security. Security is in a show me transformation. It was a little bit sidetracked by COVID, where the technicians couldn't necessarily get into the facilities to do the service.

And so it wasn't clear in 2020 that the momentum that we're starting to build in 2019 was going to materialize. In fact, it didn't materialize in 2020. However, we have said we're expecting double-digit growth in security in the remainder of the year. And so everything we've seen thus far, in terms of backlog and now installations in April, would be supportive of that. So that's very encouraging to us.

And it's going to put us in a position where the decision as to whether security is a long-term part of our portfolio is going to continue to be a difficult decision because if it starts to become a double digit grower, and it has operating margins in the mid-teens, we're going to scratch our heads and say, why would we want to get rid of this awesome growth business or at least let's wait a while and let it play out. And let's see if this is really the transformational technology applications and installation and monitoring business that we think it is. And it's certainly -- every indication is that it is right now. And so we've got some really great news on that.

Now having said that, it will be worth a lot more if that all plays out. And if we do get into a point where there are just absolutely incredibly attractive inorganic opportunities in the core part of our business in tools or in outdoor, and we have the opportunity at any point in time in the future to monetize that if we so desire. And so I think we're in a great place as it relates to flexibility with respect to security. And right now, they're going gangbusters compared to last year, and it looks like they're catching back up to their 2019 progress.

In industrial, we said that we wanted to be in automotive. I think it was pretty obvious today that there was a reason for that. I'm not sure we were as prescient as we think we are today as it relates to electrification back 2 years ago, but we certainly knew that, that might be an opportunity but it certainly has crystalized not since then.

So that's really exciting. We really believe the aerospace opportunity, although unfortunate from a timing -- tactical timing point of view, is a great strategic asset, and we'll continue to feed that over time. They're gaining share at a very fast clip, even in this distressed environment. And so the OEMs, the big OEMs in aerospace, they really like having a credible third alternative that's funded by a strong and capitalized company. And so that's a great story.

And then the one kind of question mark that hangs out there, especially as we get into much more of an ESG-focused world is, why would we want to have a $200 million or $300 million oil and gas business and fossil fuels is not the future. So I would say that oil and gas is probably not a long-term keeper for us, although it is a great business with great people. And over time, we'll have to see where that goes and how it goes.

Graham, do you have anything to add on industrial?

Graham Robinson

Yes. One other thing I'd add is the element of attachments and tools and probably the broader engineer and fastening and industrial. Those are 2 areas, which we are seeing significant growth recently. And we expect it to continue. If you think about what's happening with the attachment tools and the business we call internally infrastructure has just so significant potential as it is. And it's just -- we'll amplify with the infrastructure build that will potentially happen towards the latter half of the year. So we're pretty excited about the portfolio in general, but -- almost everything in it. But especially those 2 areas we see significant potential in the near term.

James M. Loree - *Stanley Black & Decker, Inc. - CEO & Director*

It would be great, Dennis, we can get a question in for Jaime. Because Jaime took over the tools business and all of a sudden, it's growing 45%. So he must have something that he wants -- that we want him to talk about.

Unidentified Participant

Our next question comes from Markus Mittermaier with UBS.

Markus M. H. Mittermaier - *UBS Investment Bank, Research Division - Head & US Equity Research Analyst of Americas Electrical Equipment and Multi Industry Research*

A quick one also on outdoor products. Don, you said that SBD is $900 million roughly MTD, 2.7. In the existing EUR 900 million, you showed that, that had a 5-year CAGR of 20%. I think your outlook for 2022 suggest that, that continues at that level. How should we think about sort of the total business, including MTD? Is that level of growth rate aspirational? Or does the blended portfolio maybe grow at a slightly lower rate?

And then how much R&D intensity do you think you need in the combined entity as sort of MTD transitions to electric? I saw that they launched the (inaudible) electric brand recently. Would be great if you could elaborate on those 2.

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

Sure. So as I said, I think that we're starting with a base of about $3.6 billion of revenue. The growth has been substantial in both businesses in the last 12 to 15 months, but both have a long track record of growth over time because of the innovation that they've continued to invest in. In our case, on the handheld side, with all the value that we get from our power tool business and the technologies and applying that to the outdoor handheld world. And then, of course, on the MTD side with what they do with walk behinds and ride ons to really continue to evolve and make products that our customers and end users are really looking for.

And so when we think about the business going forward, we think it is a significant growth business for us. We tend to -- if you look at our long-term financial objectives, we want businesses to consistently grow 4% to 6% organically. And today, we're saying we think we have enough things in our pipeline that we're probably at the higher end of that range for the next several years. And so I think that's how you should look at outdoor at this stage.

Then there's the wave of electrification that happens to some of the bigger products on the MTD side that Jim was talking about earlier. That is hard to gauge to know exactly when that's going to start hitting. But we're just so well positioned from that perspective because MTD doesn't have a big presence in the dealer channel, which is where a lot of those products are sold. And so we're going to go in there with a big brand, with new innovation, eventually great electrification products and really try to be somebody that dramatically disrupts that channel over the mid and long term. So that's why we're really excited about that opportunity.

James M. Loree - *Stanley Black & Decker, Inc. - CEO & Director*

And all the research we've done on DEWALT in the professional outdoor space has been very supportive, very encouraging. And that brand will carry over beautifully into the professional outdoor space, especially with the innovation and the products that we're going to have.

Unidentified Participant

Our next question comes from Ross Gilardi with Bank of America.

Ross Paul Gilardi - *BofA Securities, Research Division - Director*

Yes, I just had some follow-up questions on MTD. And just Don, on your last point. If you look at the numbers that you guys provided in past presentations and even today, I mean MTD seem to grow top line kind of mid- to high single-digit last year. And just on the pro forma math you provided, you seem to be implying single-digit growth for '21 whereas existing outdoor -- Stanley outdoor business, I think you said it's going to grow close to 40% this year. So why is MTV growing so much slower than the rest of your outdoor business and seemingly the outdoor category for the last couple of years?

And then what kind of investment do you think will be required after you buy it out to just not only continue electrifying the product line, but redesign the product line up and reposition their brands and the all brands of the pro and everything else you need to do to really put MTD on a launching path for profitable growth?

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

Yes. I think if you look at the short-term related to MTD, there were definitely challenges in their manufacturing plants related to the pandemic that we have to just recognize that it was difficult to socially distance. It was very cumbersome to really manufacture products. And so they did the best they could to meet the demand of the customers. And frankly, they did a pretty good job.

That being said, it was really a bit of a capacity constraint for them to manage through that. They've worked through a lot of those challenges, and I think that was a very temporary phenomenon. And so we're excited about what they're now starting to emerge coming out of this period of time. And we're not completely through the pandemic, obviously. But as we continue here in the United States and North America to make progress around vaccination and eventually hopefully get away from masks and other behaviors within our plant systems over time, it's going to really allow us to free that up.

Now the other thing that we're looking at with them is how do we leverage -- when the companies eventually do come together, how do we leverage the plant systems so that we can deal with some of those types of constraints, but also leverage some of the seasonality that happens in this business so that we can flex volume and activities, maybe between some of our power tool plants, some of the outdoor plants to really manage through that dynamic as well.

Now on your second part of your question, I kind of touched on a lot of that in the previous answer, but I will reinforce it. We are excited about the growth prospects going forward. We think there's enough core innovation activity, demand in the market to drive at least a 5% to 6% growth performance over that -- whatever that base is this year, say, it's $3.6 billion. We think there's enough things in the pipeline to grow that at a minimum, and we think it could be even more if the demand is stronger, as we mentioned.

So that's something that we continue to look at and evaluate. And then, of course, the electrification side of the dealer channel I mentioned a few minutes ago, that's a wonderful opportunity that will be an organic growth machine for this business for 5, 6, 7, 8 years, who knows a long period of time.

James M. Loree - *Stanley Black & Decker, Inc. - CEO & Director*

But I think, Don, he was kind of wondering about incremental investment. And so you have the acquisition-related investment that -- at the outset. But then after that, it's my sense that most of the investment that needs to be made, whether it's tooling or that's not related to the design or whatever, I mean, that's pretty much going to be in the run rate numbers.

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

Oh, yes. Absolutely. Yes. There's nothing unique, Ross, related to that, that we have to be concerned about. We'll be adjusting the plant system. We'll be adjusting different things, but these are all incremental things that we manage and they manage every year. So there will not be some big significant investment that needs to take place under our ownership.

Unidentified Participant

Our next question comes from Eric Bosshard with Cleveland Research.

Eric Bosshard - *Cleveland Research Company - Co-Founder, CEO, Co-Director of Research & Senior Research Analyst*

You made a compelling case on the opportunity with electronic -- excuse me, with electric vehicles. I'm curious if you could speak a bit to that $30 to $60 penetration now or the steps you have to take to accomplish that moving forward? And then also curious, related to that, the profitability opportunity for you serving those vehicles relative to serving the existing vehicles?

James M. Loree - *Stanley Black & Decker, Inc. - CEO & Director*

Graham?

Graham Robinson

Thanks. Good question, Eric. So with regards to the steps we have to take, we've taken many of the steps already in terms of building a portfolio that is applicable for electric vehicles. So we're seeing in that rough range now for the wins that we've had so far with our stud welding system and (inaudible) but there's always more that we can do and there's more that we will do in that particular context.

So as I articulated before, we're focusing on electrification excellence. So we're adding more in regions around the world to take advantage of the trend throughout time.

The second part of your question regarding profitability, we're seeing profitability somewhat similar to what we're seeing with the core business. But over time, we're seeking aggressively on ways -- as we start to drive that with scale, the cost reduce and to put in place areas where we can drive even much more profitability in that way of the market. But in summary, we are taking the steps. We have taken the steps, and we'll continue to take those steps for that portion of the market.

Unidentified Participant

We've reached the end of time for Q&A. Back to you, Dennis.

Dennis M. Lange - *Stanley Black & Decker, Inc. - VP of IR*

Thanks, Shannon. Thank you, everyone, for attending our growth summit. If you have any questions, please feel free to reach out to me or a member of the IR team. Thank you.

Operator

Ladies and gentlemen, that concludes our general session. Thank you, and have a great day.
