**Stanley Black & Decker Inc at Raymond James Institutional Investors Conference (Virtual)**

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**PRESENTATION**

**Samuel John Darkatsh**, Raymond James & Associates, Inc., Research Division - Research Analyst

Good morning. I'm Sam Darkatsh, and on behalf of Raymond James, I would like to welcome you to the Stanley Black & Decker presentation, ticker SWK. With us today from Stanley is Chief Executive Officer, Jim Loree; Vice President of Investor Relations, Dennis Lange; Director of Investor Relations, Cort Kaufman; Director of Investor Relations, Christina Francis, all of which apparently behind the curtain; and then Vice President of Finance and Chief Financial Officer of Global Tools & Storage, Lee McChesney. For reference, Stanley is a diversified global provider of hand tools, power tools and power tool accessories, electronic security solutions, health care solutions and engineered fastening systems.

Format of today's presentation will be as follows. Company will have perhaps 10 minutes or so of prepared introductory remarks, followed by a fireside chat Q&A session, which I will host. If you would like to submit a question, you may do so using the Q&A feature in the webinar system.

With that, Jim, Dennis, Cort, Christina, Lee, that's a veritable army you have with you, Jim, but thank you for joining us today, and the floor is yours.

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

It's veritable, but it's also virtually. So it's so much more efficient. Not as fun, though, I will say. Much preferred to be in Orlando and like the good old days of the Ray Jay Conference. But thanks for having us. It's great to be here.

I want to start with my first chart here, which is simply, for those of you that are not familiar with the company, it's just a revenue pie chart that kind of breaks down what Sam was talking about in terms of the businesses. So you have this Tools business, which is -- which last year was roughly $10 billion. Largest tool company in the world, best brands, best products, great global footprint. Big position in e-commerce, which is growing very, very significantly as we speak. And really, the business has been on a roll now for at least 10 years and has gained share every year in that time period.

The other 2 businesses, we have the second largest commercial electronic security services business in the world. Very, very limited activity in the resi security area. Much more focused on commercial, where you have very sophisticated applications that are things like access control and facilities management, traditional types of dispatch security, but also some very high-tech and very relevant new applications, especially in the health and safety area, which has come upfront and center in this pandemic. So proximity sensing, asset tracking, people tracking, databases that keeps track of who's who, was within 6-feet of whom in a facility at any given time. Some very exciting things there.

And then the Industrial business, which -- largest part of which, and that's around 2.3 in total, but the largest part of which is the automotive business, which is a components and assemblies business that sells into the automotive industry. The business model there is that we do the upfront engineering for the OEMs on new platforms. Then we build equipment to install these fasteners in the chassis and other parts of the OEMs products. And then we build the fasteners as the products are actually made in the OEM factories, and we sell those fasteners in on -- often on a just-in-time basis. But the nature of that business model is one that it's very growthy, because it not only gets the production volume and the equipment that installs the fasteners, but it also takes more share every time a new car platform is designed because we're actually designing new products for that platform.

And one exciting aspect of it is that, if we index the amount of content in a given average OEM vehicle today at 10 in electric vehicles and hybrid vehicles, you're running in the 3 -- 30 to 60 (technical difficulty)

Are we back? So Sam, I believe in this crazy virtual world, we just got disconnected for a moment.

**Samuel John Darkatsh**, Raymond James & Associates, Inc., Research Division - Research Analyst

Yes. I think we just lost about 30 to 45 seconds of your last remarks there.

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

Okay. So I was on to the Engineered Fastening in the electric vehicles index at about (inaudible) that was. And in about 5, 6 years, we think the turnover crossover point is where electric will actually exceed petrol. We don't know exactly, but that's kind of the time frame. So we're really bullish on that business. We also have a fantastic aerospace manufacturing business that we acquired [Audio Gap] ago. Unfortunately, we acquired right at the peak of the cycle and did not see the pandemic coming. So it's been a little bit under duress from a revenue point of view, but it's a wonderful business called Consolidated Aerospace Manufacturing. And when that cycle kind of returns to normal times, it will be a great addition to the portfolio.

So when I took over this job in 2016 as the CEO after 7 years as the Chief Operating Officer and 10 years before that as the Chief Financial Officer, I took what was really a well-run company and a great platform and tried to take it to another level with a vision that started with continuing the top quartile financial performance that we had basically established a track record of doing over the course of about a decade and a half.

I also said that I want to become -- I want this company to become known as one of the great innovation -- innovative companies in the world, and we want to elevate our commitment to corporate social responsibility. And you can read corporate social responsibility. You can substitute ESG if you'd like for that. It's really nomenclature and semantics. But at the end of the day, we were -- we've been on this ESG journey now for quite a while, actually, even before I took over, but we elevated in 2016 and are making tremendous progress in the ESG area as well. And so that's the overview.

Let's move on now to the value creation model (technical difficulty) that was a little choppy in the last couple of years. We had to deal with the overhang associated with FX and tariffs and a little cost inflation added into the mix. And that cost us a little bit of margin rate during that time frame, still kept the growth going average about 5% organic during that time frame. But now in 2020, really had a great second half of 2020 from a margin point of the view. And the growth, of course, came on super strong with especially the Tool business growth, growing 25% in the fourth quarter and having a strong double-digit back half. And of course, the guidance for first quarter for the total company, which includes Tools and Security and Industrial for the total company, the guidance was 21% to 26% organic growth. And at a recent conference about a week ago, I mentioned that we would be at least at the high end of that growth rate.

So the growth is continuing very strong. The margins are strong and really reaching our historical -- new historical heights for operating margin for the company in the back half. It was in the very high teens. And so things are going really well from a financial and operating perspective in the company. Now I will say, it's been a challenge during the pandemic to keep the supply chain continuous. One of the great challenges of my career and my team's careers to get -- to make that happen, but we've been successful thus far.

And it's been one day at a time. We've had supply shortages, we've had labor shortages, we've had inefficiencies associated with airfreighting products, and we've had some choppiness in our fill rates and so forth, but we've kept our customers relatively happy during that time frame, and our market share has grown. And so we continue to thrive in that regard.

The value creation model is something we put in place. And Sam, you might even remember this because I think you started covering us right around 2004 or thereabouts, but not mistaken. But it was actually 2004 when we put this in place. And it looked a little bit different, but it was the same basic framework where in the upper left, you have these world-class brands. We have a lot more of them today than we did back then.

We had attractive growth platforms, scalable and defensible franchises and differentiable through innovation. So these strong businesses would then be powered by what we call at the time, our Stanley Fulfillment System, but that is now morphed into what we call the Stanley Black & Decker operating model. I'll talk about that in a minute. But the net result of having great businesses that are powered by this operating model delivers above-market growth, a very efficient organic growth and also a sustainable operating margin and an operating margin rate that can accrete and great free cash flow, underlined by last year with $1.7 billion of free cash flow, our best cash flow in the history of the company. And we're looking for something very similar, maybe a couple of hundred million less this year, but very, very similar.

So all that money that flows out of this, basically, we take half of it. We give it back to the shareholders, dividends, repurchases. Take the other half and we reinvest in our franchises. And we've just been doing this over and over and over again. When I joined the company little over 20 years ago as the CFO, we were a little over $2 billion in revenue. It looks like we're marching towards somewhere in the $15 billion to $16 billion range this year. And our market cap was a little over $2 billion. And today, it runs around $28 billion or so. So about a 14x increase in that and a 7x in revenue.

So this -- the point of all those numbers is, this operator, this value creation model has worked. Now the enhancements to the Fulfillment System, which are now called the operating model, really involve a reflection of the fact that the world is changing at such an accelerating pace that we need to have a very technologically-driven, digitally-driven operating model. So at the center of it all is people and technology.

(technical difficulty) and being resilience, having performance resiliency levers that we can pull to make sure that in the volatile uncertain world that we live in today that we can still perform. So that's that.

If we can turn to page, the last chart that I have before we jump into your fireside chat is (technical difficulty) We've got a terrible windstorm here in Connecticut right now, and I think it's starting to impact the stability of our -- so we are back for the moment, anyway.

So we have this array of growth catalysts, like nothing I have ever seen in my 20-plus years here. The e-commerce business is a great example. Right now, it's about a $1.8 billion channel. It's growing at about a 40% rate. We have about a 3:1 relative share advantage over any other tool player that's in the tool business. We have these great brands, the Craftsman brand, which we purchased a few years ago, and we've oriented that towards a very versatile kind of Tradesman level brand that attacks the DIY market as well as light trades and light industrial as well.

And then the incredibly strong DEWALT professional power tool and other tool brand, Stanley, Stanley FatMax and then some of the innovations that are coming out of the system now. FLEXVOLT, a couple of years ago, a really fantastic innovation, followed by the DEWALT EXTREME and DEWALT, ATOMIC. And now in more recent times, we have POWERDETECT. And just the continued array of innovative -- innovations coming out of our Tool business, which have continued to drive the growth. And then we have this company called MTD, which we have an option to acquire the remaining 80%. We own 20% today. We got into this a couple of years ago when we bought Craftsman. We looked at MTD and said, when we looked at the outdoor part of Craftsman and we said, we really need to be prime in outdoor.

So what should we do? What could we do? And we found this company MTD that supplied Home Depot and Lowe's and so on, with their own brands like Cub Cadet and what's the other brand?

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

Troy-Bilt.

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

Troy-Bilt, right. But they didn't really have great brands like the DEWALT and Craftsman, and they sold Sears Craftsman actually, but they didn't own the brand. So what we did was, we decided to partner up with them, work with them to get their profitability up to levels that would be exciting and interesting to us and then have this option to buy the remaining 80%, which becomes available in July of this year. And it's our intention at this point or at least our expectation that we will implement that option in the latter half of 2021 and expect to have revenue generating in that business as a prime manufacturer in our portfolio, selling the DEWALT brand to the professional market of Craftsman and then Troy-Bilt and Cub Cadet into the markets as well.

So a great opportunity. I'm sure if we get into the questions about that, we can answer some more questions. It's over $2.5 billion in revenue as we sit here today. We've got a great partnership with them in -- with DEWALT professional tools in one of the Home Centers that should generate at least $100 million of organic revenue this year for us, even before we do the option execution. And we see a whole runway of growth ahead in that $20 billion outdoor petrol-powered and electric-powered market.

I talked about Engineered Fastening and the electrification opportunity there. So I'm not going to dwell on that right now. And I also mentioned Security. And I think at this point, I'll turn it back over to you, and we can go from there.

**QUESTIONS AND ANSWERS**

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**Analyst:** Samuel John Darkatsh, Raymond James & Associates, Inc., Research Division - Research Analyst

**Question – Samuel John Darkatsh:** Terrific. And just double checking. Could you hear me okay, Jim?

**Answer – James M. Loree:** Yes. We can hear you perfectly.

**Question – Samuel John Darkatsh:** Okay. Terrific. I smiled on a couple of those slides, especially, when you mentioned your -- 20 years ago being the CFO. Tell John Trani, I said hi. You mentioned coming in kind of at the high -- so far, at least coming at the higher end of your expected growth rate which, to an extent, is a bit remarkable based on some of the weather issues we've had in Texas and what happened in the rest of the country in February and yet you can still -- or you still feel comfortable claiming that.

Where do you see things accelerating over and above your original expectation as we sit here first week of March?

**Answer – James M. Loree:** Well, I think it's more about -- we were probably expecting a bit of a deceleration in the first quarter just based on how long can this go on for. But the POS or the cash register sales at the major Home Centers and some other North American retailers are still running in the 20% to 30%. So end-user demand in those channels is 20% to 30%. E-commerce, which includes omni-channel for the retailers but also some straight e-commerce with big e-commerce players around the world, that's continuing to run at a 30% to 40% growth rate. So it's really a function of -- and we haven't had a chance to rebuild the inventories yet. We're about 4 weeks below where we'd like to be where our customers would like us to be from an inventory point of view, and we're scrambling every day to deliver the end-user demand that continues to be very robust.

**Question – Samuel John Darkatsh:** Which is leading my next question, perfectly. At what point do you envision, you and the other channel partners being able to refill the retailer inventories? And where are your lead times running versus your primary peers? Many of which are probably stuck on the water right now.

**Answer – James M. Loree:** Yes. I mean the expectation coming into the year was that, we would be -- we would have a significant improvement by the end of the first quarter in inventory -- our first quarter biting on inventory levels at retail and that we would be back to normal by the end of the second quarter. I'd say at this stage, we push that out at least one quarter. And what was the other part of your question, Sam?

**Question – Samuel John Darkatsh:** I mean do you expect gaining share, if for no other reason as many of your competitors right now might be experiencing some pretty significant delays in getting finished product over here?

**Answer – James M. Loree:** Yes. I don't know exactly how many delays they have or what's happened to their lead times. But I do know -- I do feel like the market has become somewhat supply constrained. And so our ability to ship at the level we're shipping is definitely resulting in share gain for us. And it's a great combination of having the value proposition that we've worked so hard with the swim lane changes where we move products around at the different retailers and implemented Craftsman and all that innovation that we talked about with DEWALT products and so on. It's a combination of that.

And then our supply chain execution, which up to this point, has continued to shine during this time frame based on the circumstances that we've had to deal with, which is the global pandemic and what that's done. We have over 100 engineers situated at suppliers of ours around the world, especially in Asia and Mexico, working on making sure that our components and parts and so on are expedited and supplied to us in time to keep our supply chain running. It's been the most intensive supply chain activity that I've ever seen in my business career.

**Question – Samuel John Darkatsh:** What did channel inventories look like outside of U.S. retail, whether it's international markets, whether it's industrial channels?

**Answer – James M. Loree:** It's a different -- it's a mixed bag. I mean I think, the one thing that may be not so well understood about this DIY phenomenon, kind of coupled with the home improvement phenomenon at the same time. The one thing I don't think is fully understood or well understood is that, while we -- everybody gets it in North America, it's happening. It's also happening in Europe, and it's happening in Latin America, and it's happening in Asia. So it's a global phenomenon. And so consequently, I'd say our inventory positions are under duress at the same or similar levels to our big retail customers in North America.

And frankly, I mean when push comes to shove, the big retail customers in North America are going to get as much product as we can give them, probably keep the system balanced as much as we can.

**Question – Samuel John Darkatsh:** So your guidance for Tools & Storage sales growth this year is, I guess, now at least 4% to 8% since you are citing that you're coming in above expectations, at least, initially.

**Answer – James M. Loree:** Yes.

**Question – Samuel John Darkatsh:** That's considerably higher than what Depot and Lowe's are saying on their own business this year. I mean Depot is figuring they're going to be basically flat up mildly and Lowe's down kind of low single. Now some of that's the channel refill that you cited. But what else might explain that difference?

Now clearly, Depot and Lowe's is not 100% of your business either. But is it the category itself is growing above their fleet average? Is it share gains? Help filling the blanks in terms of why your growth is so much better expected to be?

**Answer – James M. Loree:** There's a lot to it. Some of which you touched upon. And I think that -- I think they like the category a lot right now because, even though it's been spectacular, there's been other categories in their stores that have been even faster growers. And so as they look to hurdle comps in the back half, I think they look to Tools, in particular, to potentially help that since the demand is strong and from an end user point of view. So I think that's part of it. It's the e-commerce. It's of huge part of it because it goes beyond the retail channel, and the global growth is double-digit everywhere. So -- and the comps in the global -- the global comps are not as brutal as the North American comps. They're still significant, but they're not as significant. So it's a combination of all those things.

**Question – Samuel John Darkatsh:** You mentioned fiscal '21 is a really important year for MTD, not only from an executional standpoint, but also, obviously, from a financial standpoint, as you're intending to exercise the option to acquire the remaining 80% stake. Let's call it -- that will be a $2 billion outlay, huge figure.

**Answer – James M. Loree:** Yes.

**Question – Samuel John Darkatsh:** As it stands right now, MTD is at an 8% margin business, maybe 10% EBITDA or (technical difficulty) So that would be, as it stands, pretty margin dilutive when you bring it into the fold.

You mentioned a number of near and intermediate-term margin expansion initiatives for MTD. Can you rank order and quantify what these initiatives are, whether it's mix or cost out or pricing or volumes or what have you?

**Answer – James M. Loree:** Yes. There is a substantial list of things that we've jointly been working on to get that company to a 10% or so operating margin. That has gone really well. There's another $100 million to $150 million of items that only we can do under our ownership, whether it's legal hurdles or in some cases, they may not have the same appetite for doing some of these things that we would have. It's a nice well-run family-owned Midwestern company and some of the things that they would do or we would do, they might not be quite as anxious to do involving plant closings and things like that.

And then either it's just this concept of -- we have more resources and the ability to do things more experience in cost reduction and those types of things. So another $100 million to $150 million, that gets us up into the low double digits. And then beyond that, it's migration into the pro channel. And one of the things that people perhaps don't appreciate about MTD, given it's such a quiet company and it doesn't have these enormously compelling professional brands is that, they have fantastic professional products. And it's a great operations company, and it's a great innovation company.

So especially in the professional side, their product innovation is outstanding. And I was able to experience that up close and personal a couple of months ago when I visited. And they have a pipeline of professional products that you're starting -- we're starting to see in the market this year with our combination -- our partnership selling into one of the retailers, I mentioned earlier, under the DEWALT brand, professional outdoor gas-powered products, but you will start to see over -- once we own it, a wave after wave of professional product introductions that will be breathtaking and eyeopening.

In concert with the DEWALT brand, I think it's going to be very powerful. The dealer channel is something that they have a position in, but it's not a super strong position. And it's something that we, with our scale, our brands, our expertise and channel development, I think have the opportunity to bring those products with the DEWALT brand to that panel. And as many people know, I mean that's where extra good money is made in outdoor gas-powered lawn and garden.

And then, of course, there's electrification, which is one of the reasons we're in this -- in the first place is that we see Stanley Black & Decker is positioned to electrify this market, in my view, more effectively than any other company in the world right now, especially under the -- with the ownership of MTD. And then in some of those products that we're going to be talking about in the professional lines with the DEWALT brand over the next couple of years are going to be autonomous as well. So you've got autonomy, electrification, channel development and professional branding synergies.

And I see mid-teens operating margin on the horizon, it will take a couple of years. But it will be the gift that keeps on giving because it's going to be another growth catalyst that's going to be -- it's going to provide margin accretion, I think, on an annual basis, and it's a $20 billion market that we will have access to that we don't today. So very exciting to us.

**Question – Samuel John Darkatsh:** As you move MTD's products into the pro channel, and you use the DEWALT brand as the tip of the spear, how do you manage any potential brand conflict issues with the Home Centers?

**Answer – James M. Loree:** Well, the Home Centers, at least some of the customers will have access to the brand. And what happens in the pro channel, once you get into the dealer channel, yes, they have the same products, pro products as the high-end of the Home Centers. But they have products that go beyond that, products that sell for $8,000, $10,000 a unit that are not going to be stocked by the Home Centers. And so I think that we will end up with a natural segmentation that we'll all work through, and everyone will be happy.

**Question – Samuel John Darkatsh:** Final question on MTD, I promise, then we'll move elsewhere.

**Answer – James M. Loree:** I love MTD. I love talking about it. So ask as many as you want.

**Question – Samuel John Darkatsh:** I know the space pretty well. It's a lot of fun. What are the growth expectations for MTD this year? How much of that growth is largely, I would call it, predetermined via the restocking of the inventories? There is a tough weather comparison this year. And how did MTD do with the pre-spring line reviews and upcoming resets?

**Answer – James M. Loree:** Well, we, in combination with MTD, did extremely well with the season reviews. So we're in great shape there. MTD is benefiting from this consumer reconnection with the home and garden in a very similar way to the power tool business. So the revenues are very strong in relation to history, even as we speak here coming into the season. And so I think it's going to be more like the tools business than not. And of course, it has the seasonal -- I'm sorry, the weather-related fluctuations that we'll deal with over time. But I don't see this year as a problem whatsoever for them from a growth point of view.

In fact, they're working really hard to grow and improve growth levels and profitability levels just based on the financial incentives and the integrity that they have because it's a very high integrity team.

**Question – Samuel John Darkatsh:** Beyond MTD, at what point will you consider further M&A, at least from a -- on a material basis? And what would have to occur for that to be more palatable? Is it a debt leverage thing? Is it a -- what the multiples are for expectations out there? Is it organizational capacity? What are your thoughts around large-scale M&A post-MTD?

**Answer – James M. Loree:** Well, I think there's definitely an organizational capacity element to it, especially when you start getting into the tools business because the tools business folks are very, very busy, as you can appreciate, not -- and just trying to keep the trains running on a daily basis. And then MTD, which is going to be a separate organization, but related to the tools because they will benefit from technology and some of the supply chain aspects and whatnot. They're going to be very busy. The outdoor folks are going to be very busy digesting and integrating MTD.

So when you start to look around, there aren't that many resources hanging around, waiting for the next acquisition to integrate in Tools. Now it just so happens that some of the most coveted assets that we might want to invest in, in the near to medium term, say, more medium term, but we would -- we could make exceptions if they came to market sooner because there's a couple of big ones. And I'm not going to articulate them here, but I -- anybody that's familiar with the business understands that there's an Asian opportunity in power tools. And there's a plumbing and electrical opportunity globally and some other smaller opportunities as well in tools that are all in -- the first 2 are in kind of like the couple of billion of revenue-type, where we would consider a large bolt-ons now.

There was a day when that would have been about the company acquisitions, if you go back always, but no large bolt-ons. And fortunately, for us, I don't think they're going to come available in 2021 time frame. But you could definitely see 1 or 2 of them occurring in the '22, '23 time frame. And I think we'll be ready for those. There may be some small things that we do in some other parts of the portfolio. But for the most part, I think that's kind of where we are. There could be -- the acquisition runway and outdoor is not fallow. I mean there's opportunities there as well.

Nothing -- I don't think anything right away, but you never know when something -- sometimes when the moon and the stars line up, it may not be the perfect time to do a particular deal, but sometimes you just have to do it and figure it out. And so we're flexible. But we'll stick to that 50-50 capital allocation model that I reviewed. And that means, continued dividend. It means, repurchases at the appropriate time, when it's -- we have excess capital available and also reinvestment in these types of acquisitions and organically as well.

**Question – Samuel John Darkatsh:** Is a potential monetization of Security completely off the table? And if so, why?

**Answer – James M. Loree:** No. Not completely off the table. It's -- right now, I'd say immediate term off the table because the -- we think the growth runway based on the health and the emergence of health and safety as a highly relevant strategic area for growth has made it -- has brought us to a point where we have an opportunity to pursue in organic terms in security, to create a track record of growth in security. And then who knows from there, especially as we get into some of these larger capital allocation decisions that we may have to make in '22, '23.

So right now, everybody in security is focused on making these applications, scaling these applications that we've got in this era and creating their margins and getting a nice track record of growth and profit and even profitability growth and revenue growth underway.

**Question – Samuel John Darkatsh:** In the couple of decades that I've covered the company, Stanley has been one of the most uncanny repurchasers of stock. And I say uncanny because the timing is almost always exclusive. Trying to figure -- I never really asked you this question before, but what is the internal calculus for determining share repo? Now some of it just happens to be, I guess, timing because, hey, the M&A pipeline is such or the stock is just so artificially sold off or whatever, but I always wanted to ask you the question in terms of how the math works internally?

**Answer – James M. Loree:** Yes. I mean we don't have a crystal ball, and we don't have an algorithm that we run continuously that's -- go now. But I think, from my perspective, we're always trying to figure out how to create shareholder value, obviously. And there's times when we had dramatic strong performance. And I think over the long term, I articulated some of the outperformance that we've had. But when you get into these short-term situations where, for some reason, the company is being underappreciated, despite our best efforts to try to make sure that the investment community understands the story.

And for whatever reason, we feel like we're being undervalued. We're not hesitant to step up and do share repurchases. And you're right, the record is pretty good. A lot of management teams have an uncanny ability to buy exactly at the wrong time. And I'd say, we've been -- we've avoided that for the most part. I don't think anything we've done is underwater. We've done it for so long now, and we analyze this every once in a while, we're like, okay, this is a good track record, let's just keep doing what we're doing.

I'd love to buy a big chunk of stock right now because I really do feel this is a time when we have this fantastic growth runway ahead. The margins are at new levels, previously never realized. And we've been -- the stock has been kind of so-so for the last 3 months or so. And we're like, why don't people understand about this? Clearly, there's money that is going somewhere else. And a lot of it has to do with, I think, investment, friends or fads, if you want to call that, where people are getting into investment vehicles are getting into cyclicals because this is the time when they think that we're at a trough, and it's the right time to pounce.

And we've got a lot of value investors that have rotated -- are rotating right now out because in their minds, the stock is a little on the expensive side, vis-à-vis their algorithms. However, when you look at the intrinsic value of the stock-based on the growth that we see ahead, we should be attracting GARP investors and growth investors. And that's really what's going on right now. So it's always a great time to buy stock when you have that sort of thing going on.

But when we look at the capital call that's going to be required for MTD, it looks like there's a chance, a really good chance that we'll buy back the preferred in kind of the May-June time frame, that will be accretive. And so that is something that I do think we have the capital for. That's $750 million. And we've compared the economics to straight common buyback, and they're almost one for one. So I think that's probably our likely answer for 2021, and then we'll see how we do as these growth efforts emerge and also how we do it with respect to the back half comps because we have a little different view than everybody -- than many people on that.

And so there is a show-me, stick by around the second half comps. And was talking to one of my analyst friends the other day, and they said, "well, you're damned if you have the growth, you're damned because people say you got tough comps. And if you don't have the growth, you get killed." So right now, I just think we're in one of those moments, right, where whatever you do, you're just going to have to be patient. So...

**Question – Samuel John Darkatsh:** Well, I think with that, we're out of time. But Jim and team, thank you very much for participating. It's always great to see you, Jim. And good Lord willing and (inaudible) rise, Orlando next year.

**Answer – James M. Loree:** Yes. We're in. Okay. Thanks so much. Great to see you, too. Thanks, everybody.

**Question – Samuel John Darkatsh:** Be well. Thank you.

**Answer – James M. Loree:** Stay safe.

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