



50 Year Anniversary Of Iconic Innovation  
Stanley Tape Rule Featured In Times Square

## Stanley Black & Decker 1Q'13 Overview

**StanleyBlack&Decker**

April 25<sup>th</sup>, 2013

# Participants

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***John Lundgren***

***Chairman & CEO***

***Jim Loree***

***President & COO***

***Don Allan***

***Senior VP & CFO***

***Jeff Ansell***

***Senior VP, Group Executive CDIY***

***Kate W. Vanek***

***VP of Investor & Government  
Relations***


# Cautionary Statements

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Certain Statements Contained In This Presentation Are Forward Looking. These Are Based On Assumptions Of Future Events Which May Not Prove To Be Accurate. They Involve Risk And Uncertainty. Actual Results May Differ Materially From Those Expected Or Implied. We Direct You To The Cautionary Statements Detailed In The Corresponding Press Release And Form 8-K And Our Recent 1934 Act SEC Filings.

# 1Q'13 Highlights

## *Despite A Slow Start To The Year, We Exited 1Q'13 With Solid Momentum...*

- 1Q'13 Revenues Increased 3% Largely Due To Infastech Acquisition Which Closed In February; Integration Progressing Smoothly
-  Organic Growth Initiatives Gaining Traction At A Compelling Rate
- Core Business Organic Growth Declined Due To A Slow Start To The North America Outdoor Products Season, Temporarily Soft Markets In Latin America & Modest Contractions In Europe
  - CDIY OM% Expanded 160 BPS Despite Flat Organic Growth; Remain On Track For Mid-Single Digit Organic Growth For The FY
  - Organic Growth In MAS Offset By Declines In CSS Europe; Profitability Temporarily Pressured By Install Mix & Volume Decline In Nordics
  - Niscayah 2013 Synergy Estimate Upgraded By \$15M; Total Program Estimate Under Review For Potential Further Upside In 2014
- 1Q'13 Diluted EPS Of \$1.03\*, Up 5% VPY - 1Q'13 Diluted GAAP EPS Of \$0.52
- Reiterating FY Organic Growth, EPS & Free Cash Flow Guidance\*

## *... Providing Confidence We Will Achieve Our FY Guidance & Targets*



# 1Q'13 Organic Growth Initiatives Update

## The Organic Initiatives Gained Traction 1Q'13...

### 1Q'13 Organic Growth Initiatives

- ~\$16 Million Of Investment
- 370 “Feet On The Street” Hired
  - 225 In Emerging Markets
- All Initiatives Tracking To 3 Year Goals:
  - \$850M In Incremental Revenue
  - \$200M In Incremental Profit

### Spotlight On Emerging Market Initiative

#### Organic CDIY, IAR & Security Growth

	1Q'13
Russia	+19%
China	+13%
NEA	+13%
Turkey	+12%
SEA	+7%
Latin America	-2%
Total	+2%

Confluence Of Temporary Issues:

- Brazil
- Argentina
- Venezuela
- Colombia

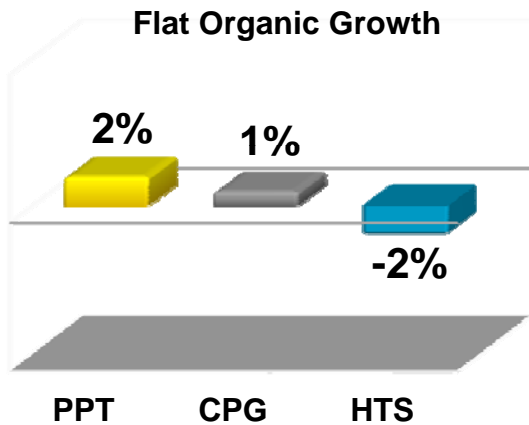
Back On Track In 2Q

...And Are On Track To Contribute 1 Point Of Growth For The Year

# 1Q'13 CDIY

## Strong Bottom Line Delivery Despite Flat Organic Growth

### Organic Growth



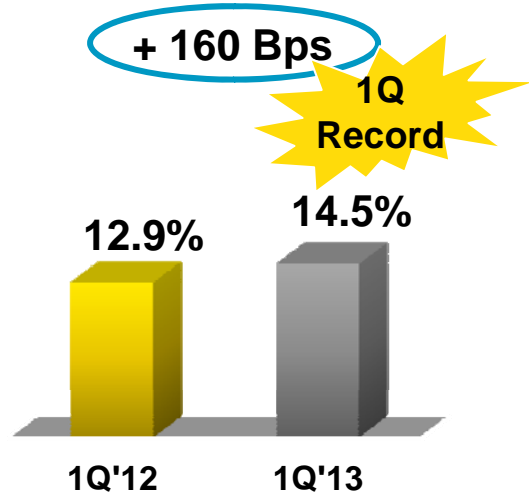
### CDIY Quarterly Organic Trend

1Q'12	2Q'12	3Q'12	4Q'12	1Q'13
+3%	+6%	+3%	+6%	Flat

<p>US Temperatures Late Outdoor Season Start</p>	(2 pts)
<p>Latin America Trends Positive Entering 2Q (Jan -15%   Feb -6%   Mar +15%)</p>	(1 pt)
(3pts) Organic Delta	

### Profit Rate\*



### Construction & Do-It-Yourself

- Total Revenues +2% Driven Predominantly By Powers Acquisition
- Organic Revenues Flat
  - PPT: Positive But Pressured Due To Intentional Promotional Timing Change (From Q1'12 To Q2/Q3 '13)... With Cordless Products Performing Very Well In The Quarter
  - CPG: Positive Power Tool Performance But Pressured Due To Late Start To Outdoor Season... Growth Attributed To Matrix, Gyro, etc.
  - HTS: Growth In DeWALT Hand Tools Offset By Weakness In Europe, Brazil, & Columbia
- OM Rate Rose 160 BPS Due To Mix, Cost Synergies, & Promotional Timing

# CDIY: 2013

## We Reiterate Our Organic Sales Outlook For 2013...

### 1. Emerging Markets

- Continued Strength In Asia & Other Emerging Markets + LAG Recovery Drives Accelerated Growth For The Year
- Emerging Markets Growth Programs Improve Sequentially Through The Year
- 185 Sales & Product Headcount Additions In 1Q'13



### 2. New Product Development

- Robust Power Tool, Hand Tool, & Home Products New Product Plans Span March Through October
- March Examples Include DEWALT XR Cordless Nailer, DEWALT Hand Tools & New Steam Line



### 3. Promotion Planning

- Programming For 2013 Starts In 2Q'13 In Conjunction With US | Europe Construction Cycle
- Promotional Timing Change (From 1Q) Increases Organic Growth In 2Q/3Q

### 4. Full Year Outdoor Season

- Weather Analytics Indicate April Will Kick Off The Season
- Strong Cordless & Coded Listings At Retail Will Trigger Replenishment

### 5. Continued Strong Execution On BDK Revenue Synergies... With A Major Program Launching In Late 2Q

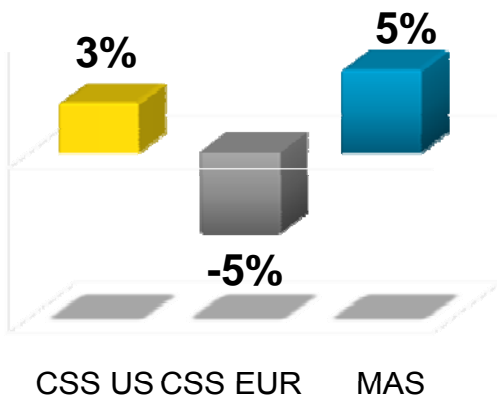
... With Mid Single Digit Growth Expected For The Full Year

# 1Q'13 Security

**US Mechanical Security, Access & Electronic All Post Solid Growth...**

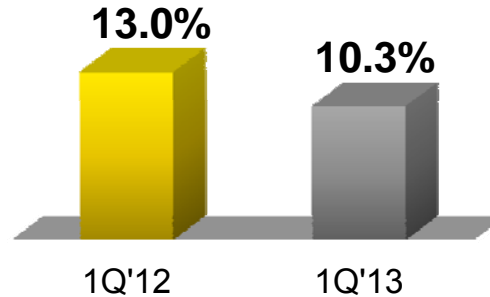
## Organic Growth

-1% Organic Growth



## Profit Rate\*

- 270 Bps



## SSS Path To Greater Profitability

**FY'13 OM% To Be Modestly Higher VPY Based On The Following:**

- Incremental Cost Synergies Offset European Volume & Install Mix Pressure **Increases Niscayah Cost Synergy Estimate By \$15M** For FY 2013 To Total Of \$50M
- 3% Organic Growth In CSS US In 1Q Tied To Larger Jobs; Will Create Slight OM% Headwind For The FY
  - Reinforcing Value Pricing Mindset In Conjunction With Vertical Strategy
- Early Signs Of Success With Organic Growth Initiatives
  - Ongoing Shift To Vertical Markets Approach To Drive Increased Market Share & Profitability

### Security

- CSS Organic Revenue ↓ 2% Driven By An Organic Retraction Of 5% In Europe Offsetting 3% Growth In US
  - Most Profitable Region Experiencing Volume Pressure
- Commercial Hardware Organic Revenue ↑ 5% As Direct To Distributor Model Continues To Gain Momentum; As Planned, Creates Temporary Pressure To OM%
- Access Door Business Grew 4% Organically Driven By Select Retailers

**...Increased Niscayah Cost Synergies To Offset Pressure In Europe**

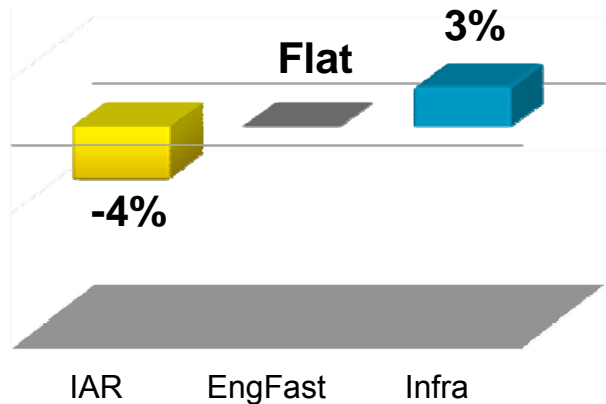


# 1Q'13 Industrial

## Strength In Automotive Fasteners & After-Market Tools Offset By Europe

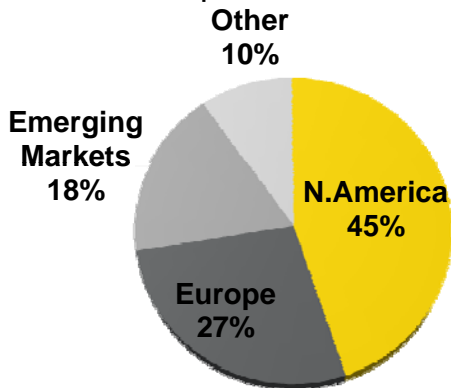
### Organic Growth

-1% Organic Growth



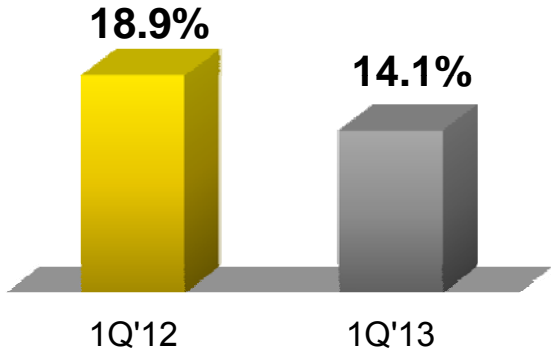
### Regional Revenue

\$695M



### Profit Rate\*

- 480 Bps

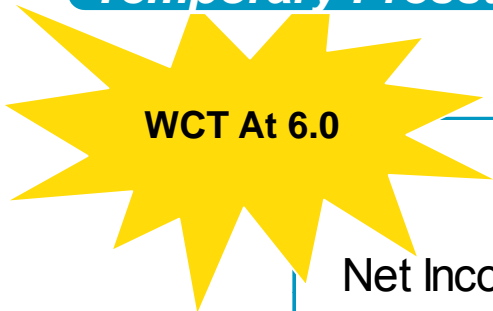


<p><b>Industrial &amp; Automotive Repair (IAR)</b></p> <ul style="list-style-type: none"> <li>Organic Revenues Down 4%             <ul style="list-style-type: none"> <li>US Flat, Europe Down 9% - Comps Ease In 2Q</li> <li>In US, MAC Strong Offset By Weak Government/Industrial</li> </ul> </li> </ul> <p><b>Organic Growth Initiative Highlight:</b> Advanced Industrial Solutions (AIS) Up 5% Organically; CribMaster Up Double Digits On Vending Success</p> <p><b>Infrastructure (Hydraulics &amp; CRC-Evans)</b></p> <ul style="list-style-type: none"> <li>Growth In Infrastructure As Offshore Pipeline Business Drives 9% Organic Growth In CRC</li> </ul>	<p><b>Engineered Fastening</b></p> <ul style="list-style-type: none"> <li>Engineered Fastening Flat Organically, Automotive Business Grew 6% Outpacing 4% Decline In Global Light Vehicle Production             <ul style="list-style-type: none"> <li>North America Auto Business Up 7%; Europe Up 2% As Auto-related Market Share Gains Offset Declines In Industrial &amp; \$5M Shipment Timing Issue</li> <li>Japan Down 8% On 16% LVP Decline</li> <li>Infastech Closed On 2/27; Integration Progressing Well</li> </ul> </li> </ul>
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\*Excluding Charges

# 1Q'13 Free Cash Flow\*

*Lower Than Expected Volumes & Timing Of Revenue Within Quarter Create Temporary Pressure...*



	1Q'12	1Q'13	V\$
Net Income	\$ 183	\$ 164	\$ (19)
Deprec/Amort	116	106	(10)
Working Capital	(152)	(195)	(42)
Other / Restr.	(118)	(139)	(21)
<b>Operating CF</b>	<b>29</b>	<b>(64)</b>	<b>(93)</b>
CapEx	(38)	(68)	(31)
<b>Free Cash Flow</b>	<b>\$ (9)</b>	<b>\$ (132)</b>	<b>\$ (123)</b>

*...Which Should Subside In 2Q I \$1B\* In Free Cash Flow For FY Achievable.*

\*Excludes Charges/Payments – WCT Is PF For Infastech 1Q Revenues

# Stanley Black & Decker Reiteration Of 2013 Outlook

## 16-21% EPS Growth On 2-3% Increase In Organic Sales

The Company Expects 2013 EPS To Be In The Range Of \$5.40–5.65\* Based On The Following Assumptions:

### Reiterating:

Organic Net Sales To Increase 2-3% From 2012 Driving \$0.00 - \$0.15 Of EPS Accretion

- Core Business Expected To Grow 1-2% (\$0.15 - \$0.30)
- Organic Growth Initiatives To Yield 1 Point Of Growth But Will Be ~ \$0.15 Dilutive To EPS

\$50M In Final BDK Cost Synergies ~\$0.23 & Carryover From '12 Cost Reduction Actions With Pre-tax Benefits Totaling ~\$30M (\$0.15)

~\$0.20 Of EPS Accretion From Infastech Acquisition

~\$0.37 Benefit From \$850M In Share Repurchases Connected To HHI Divestiture

The Combination Of Any FX Impact (At Current Rates), Price/Inflation, Negative Carryover Business Mix Impact And The Small Acquisitions From 2012 Will Be Neutral

### Updated But With A Neutral Impact:

Niscayah Cost Synergies To Be \$50M, \$15M Increase Offsets Volume & Rate Pressure In CSS

### The Following Additional Changes Offset Each Other For A Neutral Impact:

YOY Changes In Interest/Other-net Will Approximate A \$0.05 Headwind, Down From \$0.10.

- Other-net To Be Flat To '12 (~\$250M)
- Interest Expense Is Still Expected To Be \$145M, \$10M Higher VPY

The Tax Rate Will Be Low End Of The Previously Anticipated Range Of 23-24%, Creating A \$0.20- \$0.25 Headwind When Compared To The 2012 Rate Of 19.8%. (Vs. Original Headwind Range Of \$0.20 - \$0.30)

Average Share Count For 2013 To Be 158.5 From The Original Estimate Of 155.9 Million Shares.

**Free Cash Flow To Approximate \$1.0B\***

# Stanley Black & Decker 2013 Segment Outlook

## *Growth In CDIY Likely To Outpace That Of Security & Industrial...*

### **CDIY**

- Mid Single-Digit Organic Revenue Growth Expected For 2013
- OM% To Increase YOY Due To Cost Synergies; Investments In Growth Initiatives To Offset Most Of Incremental Profit Driven By Volume

### **Security**

- Flat To Low Single-Digit Organic Revenue Growth Expected For 2013; Modest Growth In North America Expected to Mostly/Completely Offset Continued Low-To-Mid Single Digit Declines In Europe
- OM% To Increase Slightly YOY Due To Niscayah Cost Synergies & Carryover Benefit Of Cost Containment Actions

### **Industrial**

- Flat To Low Single-Digit Organic Revenue Growth Expected For 2013; Growth In North America Expected to Mostly/Completely Offset Continued Low-To-Mid Single Digit Declines In Europe
- OM% Expected To Decrease Slightly YOY Due To Slightly Lower Than Line Average Infastech Margins & Investments In Growth Initiatives

### **Key Guidance Items**

Due To Investments In Growth Initiatives & Belief Volume Will Accelerate As Year Progresses, 2H'13 EPS Will Be ~60% Of The Full Year, Slightly Higher Than 56-58% 2H Norm. Majority Of Annual \$0.15 EPS Dilution From The Organic Growth Initiatives Occurs In 1H'13 Vs. Neutral Impact In 2H'13

One –Time Costs To Approximate \$200M Before Tax; Management Focused On These Decreasing Materially In 2014 Absent Any New M&A

***...As Growth In Residential End Markets Is Outpacing That Of Commercial & Industrial***

# Summary

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## ***2013 Will Be Another Solid Step Towards Achievement Of Mid-Decade Vision...***

- Full Year Organic Growth, EPS & Free Cash Flow Guidance Reiterated\*
- Organic Growth Initiatives Gaining Traction Towards Achieving 3 Year Targets Of \$850M Incremental Organic Revenue & \$200M Incremental Operating Profit
- CDIY To Grow Mid-Single Digits Organically For FY 2013 Fueled By New Products, Market Share Gains & Emerging Markets
- Security Profitability Improvement Expected Throughout The Year; Modest Year-Over-Year Improvement Expected

*Remain Focused On Driving Organic Growth & Efficiencies Across The Entire Company, Maximizing Synergies Across Our Lines Of Business & Allocating Capital In Ways That Provide Excellent Returns For Our Shareholders*

***...With 2-3% Organic Growth & 16-21% EPS Expansion***

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# ***APPENDIX***

# Stanley Black & Decker 2013 Outlook Appendix

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**Including All Charges, The Company Expects EPS To Approximate \$4.46 To \$4.71 In 2013**

**The Company Estimates The Charges To Be As Follows:**

- Total One-Time Charges In 2013 To Be ~\$200 Million, Before Tax, Consisting Of Restructuring And Related Costs Associated With Severance Of Employees And Facility Closures, Certain Compensation Charges And Advisory And Consulting Fees.

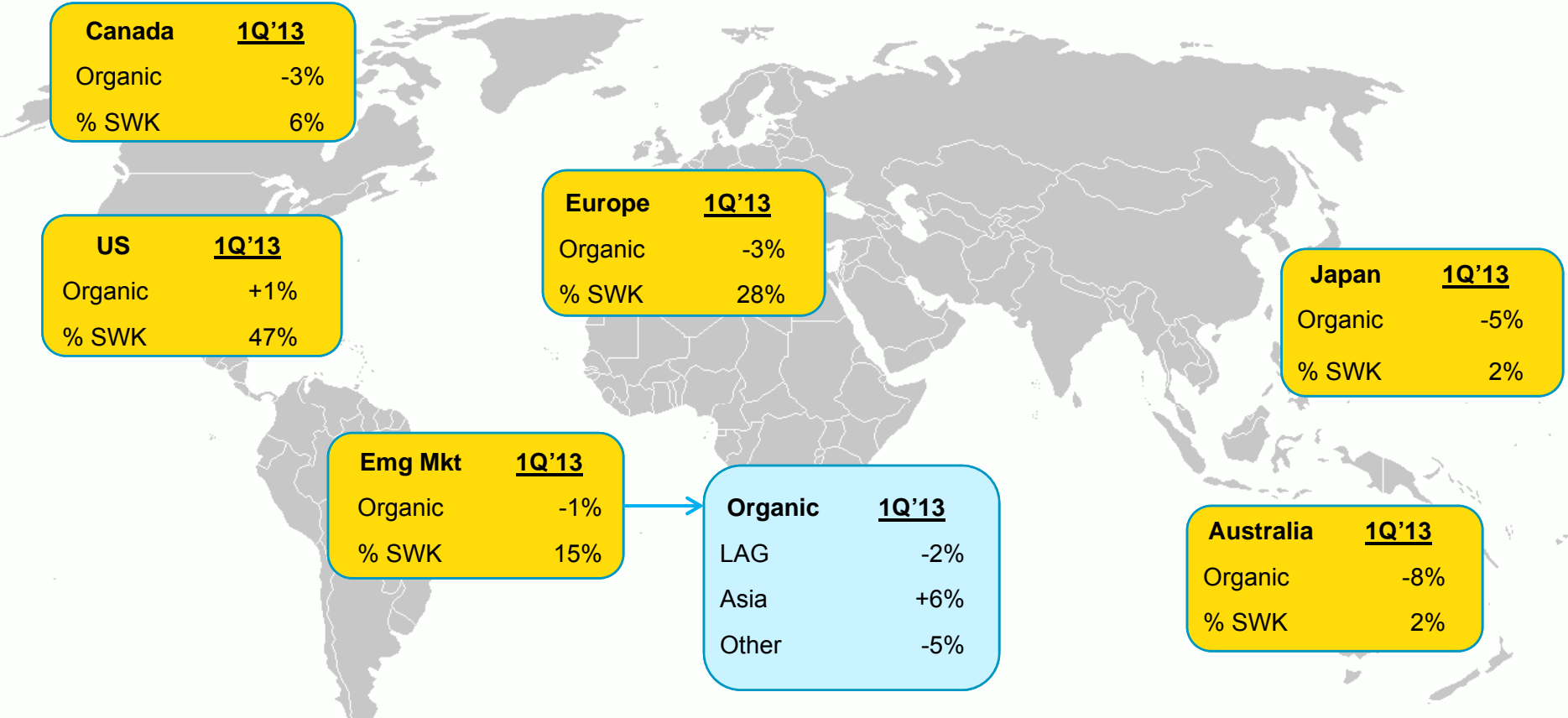
*Corporate Overhead To Be ~\$165M For The Full Year*

- *\$430M Of D&A ( \$200M A, \$230M D)*
- *Cash EPS Of ~\$6.37 - \$6.62 (Excludes A)*

# Global Presence

*Note: Emerging Market Figures Shown On Slide 6 Reflect Only The Growth In The Regions Tied To The Emerging Market Growth Initiative*

## Growth In Emerging Asia Offset By A Weak Latin America...



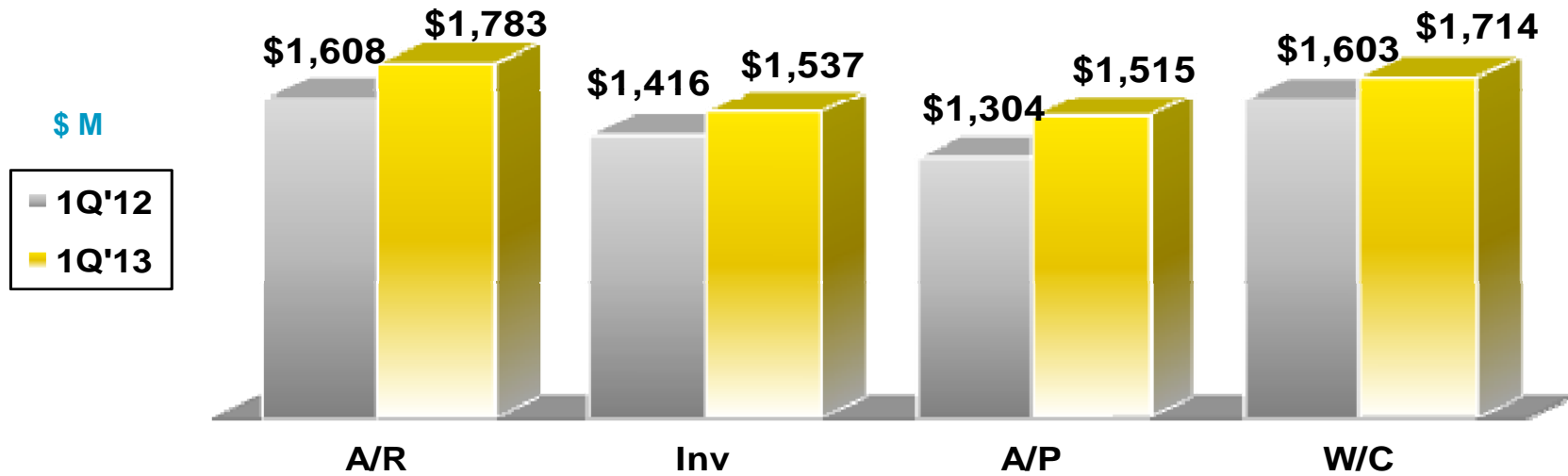
## ...However, We Expect A Much Stronger 2Q For The Region



# Working Capital

**W/C Turns Essentially Flat ...**

**+ 3 Days**      **+ 1 Days**      **+ 7 Days**      **6.1 → 6.0 Turns**



1Q'12 Days	60	85	78
1Q'13 Days	63	86	85

**...Remain On Track For WCT Expansion In 2013 To Achieve Our Mid-Decade Goal Of 10 WCT**

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These results reflect the Company's continuing operations. The Company sold its Hardware & Home Improvement business (HHI), including the residential portion of Tong Lung in December of 2012. The sale of this business occurred in a First and Second Closing. The First closing, which excluded the residential portion of Tong Lung, occurred on December 17, 2012. The Second closing in which the residential portion of Tong Lung was sold occurred on April 8, 2013. The operating results of the residential portion of Tong Lung have been reported as discontinued operations for Q1 2013 while the operating results of HHI have been reported as discontinued operations for Q1 2012. Total sales reported as discontinued operations relating to these businesses were \$22.3 million and \$226.8 million for Q1 2013 and Q1 2012, respectively.

Organic sales growth is defined as total sales growth less the sales of companies acquired in the past twelve months and any foreign currency impacts. Operating margin is defined as sales less cost of sales and selling, general and administrative expenses. Management uses operating margin and its percentage of net sales as key measures to assess the performance of the Company as a whole, as well as the related measures at the segment level. The normalized statement of operations, cash flows and business segment information, as reconciled to GAAP on pages 14-16 for 2013 and 2012, is considered relevant to aid analysis of the Company's operating performance, earnings results and cash flows aside from the material impact of the one-time charges and payments associated with the Black & Decker merger, the Niscayah and Infastech acquisitions and other smaller acquisitions of the Company.