

***StanleyBlack&Decker***

# STANLEY BLACK & DECKER

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Raymond James Institutional Investors Conference

Don Allan, SVP & CFO

March 5, 2012





# Cautionary Statements

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This presentation contains “forward looking statements,” that is, statements that address future, not past events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as: “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” or “will.” Forward-looking statements by their nature address matters that are, to different degrees, uncertain. These statements are based on assumptions of future events that may not prove accurate. They are also based on our current plans and strategy and such plans and strategy could change in the future. Actual results may differ materially from those projected or implied in any forward-looking statements. Please refer to our most recent SEC filings, including our Annual Report on Form 10-K, subsequently filed Quarterly Reports on Form 10-Q, as well as our other filings with the Securities and Exchange Commission, for detailed information regarding factors that could cause or contribute to actual results differing materially from those expressed or implied in such forward-looking statements. We do not undertake to update our forward-looking statements.

This presentation also contains non-GAAP financial information. We use this information in our internal analysis of results and believe that this information may be informative to investors. For reconciliation of non-GAAP measures presented in this document, see the accompanying appendix.



# SWK Key Points

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- **Investment Thesis:** Optionality To Ride Eventual Housing Rebound Via \$5B CDIY Segment/World's Largest Tool Franchise With Downside Protection Of Diversified Enterprise
  - ~37% Of SWK Revenues Tied to New & Existing Residential Construction
    - CDIY Business Still \$1.5 - \$2B From 2007 Peak
  - Security & Industrial Segments To Provide Ongoing GDP+ Growth & Increased Margin Expansion Well After Housing Rebound Subsides
  - Ongoing Strong Core Free Cash Flow Generation: \$1.2B\* In Free Cash Flow Expected For 2012, Up 20% From 2011
- 2012 Guidance Does Not Embed A Rebound In Housing, But A Prudent Macro View With Proactive Cost Containment Actions In Order To Deliver 10-15% EPS Growth
  - 1-2% Organic Growth (+1% In N. America, +10-15% In Emerging Markets, -3% In Europe)

**Stanley Black & Decker: A Diversified Global Leader**

# A Diversified Global Leader

## Stanley Black & Decker (NYSE: SWK)

2011 Revenue: ~\$11.0B\*

Market Cap: \$12.8B

Cash Dividend Yield: 2.1%

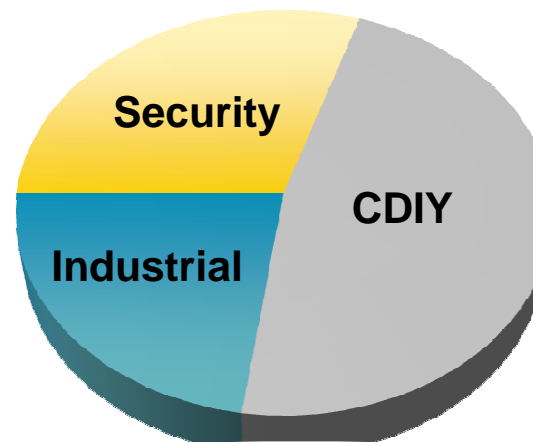
- Increased for 44 years
- Paid consecutively for 134 years

### Security \$3.3B\*

- Convergent Security Solutions
- Mechanical Access Security
- Healthcare Solutions

### Industrial \$2.5B

- Industrial & Automotive Repair
- Engineered Fastening
- Infrastructure



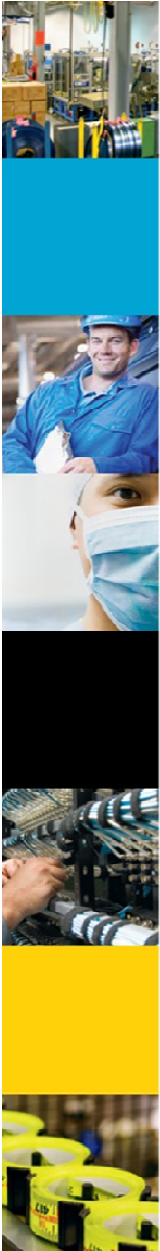
### CDIY \$5.2B

- Power Tools & Accessories
- Hand Tools & Storage
- Pfister

## Diversified End Market Exposures

StanleyBlack&Decker

\*Pro Forma To Include Niscayah  
Market Cap & Dividend Yield Are As Of Market Close 02/29/12, \$76.80



# Exceeding Financial Objectives

## Long-Term Financial Objectives

### Results Since 2004

#### Sales Growth

- ~10-12% Total
- 4-6% Organic

- 20% Revenue CAGR\*
- 4% Organic\*\*

#### Financial Performance

- Mid-teens % EPS Growth
- FCF  $\geq$  Net Income
- ROCE In 12-15% Range

- 34% Net Income CAGR\*
- FCF 138% Of NI (Weighted Avg)
- 12.4% Average ROCE

#### Dividend

- Continued Growth

- Up 60%; Increased Every Year

#### Credit Rating

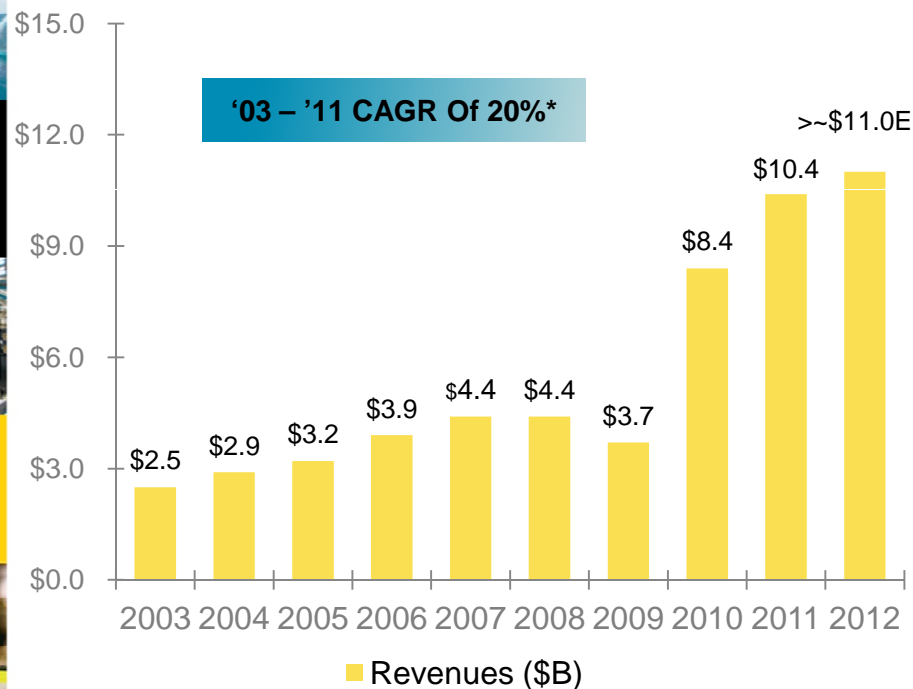
- Strong Investment Grade

S&P: A  
Moody's: Baa1  
Fitch: A-

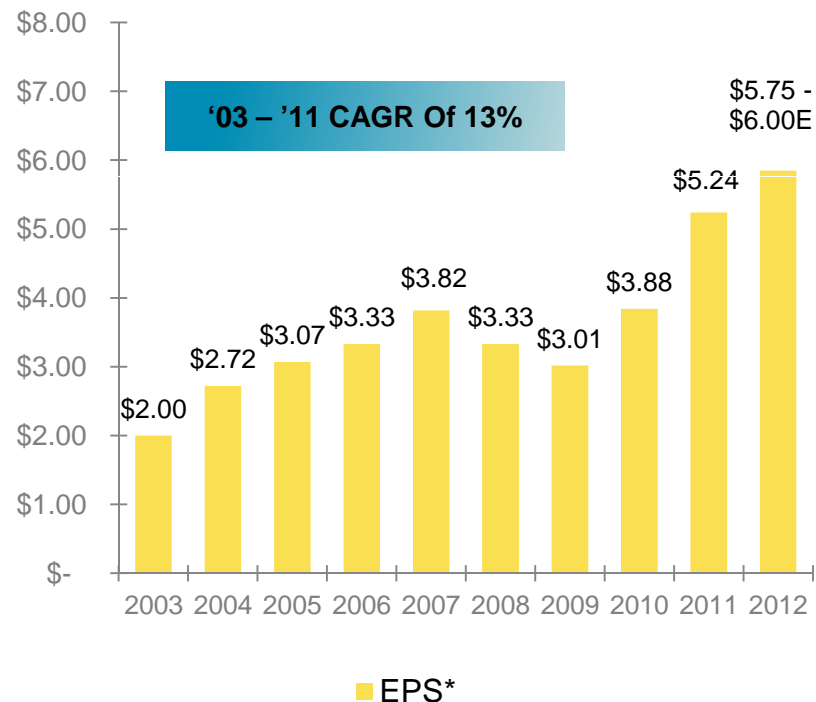
# Long-Term Track Record

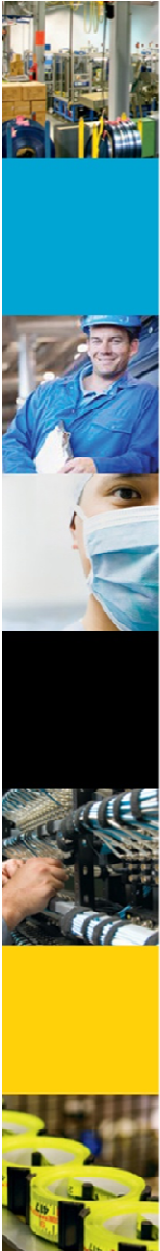
## SWK Has A Growth Company Track Record

### Revenue



### Profitability\*\*





# Stanley Fulfillment System (SFS)

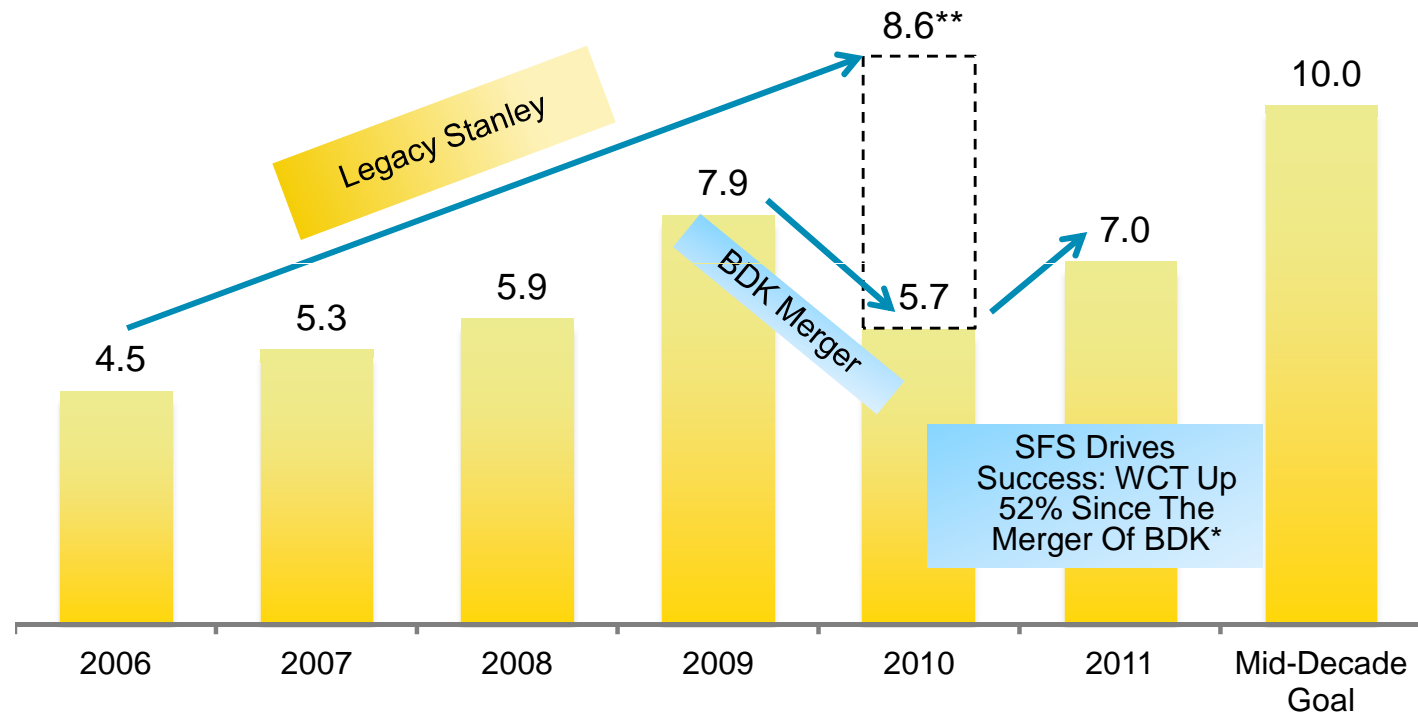
**SFS Is A Key Competitive Advantage For Stanley Black & Decker...**



**... And Enables Strong, Ongoing Core Free Cash Flow Generation**

# SFS Track Record: Proven Results

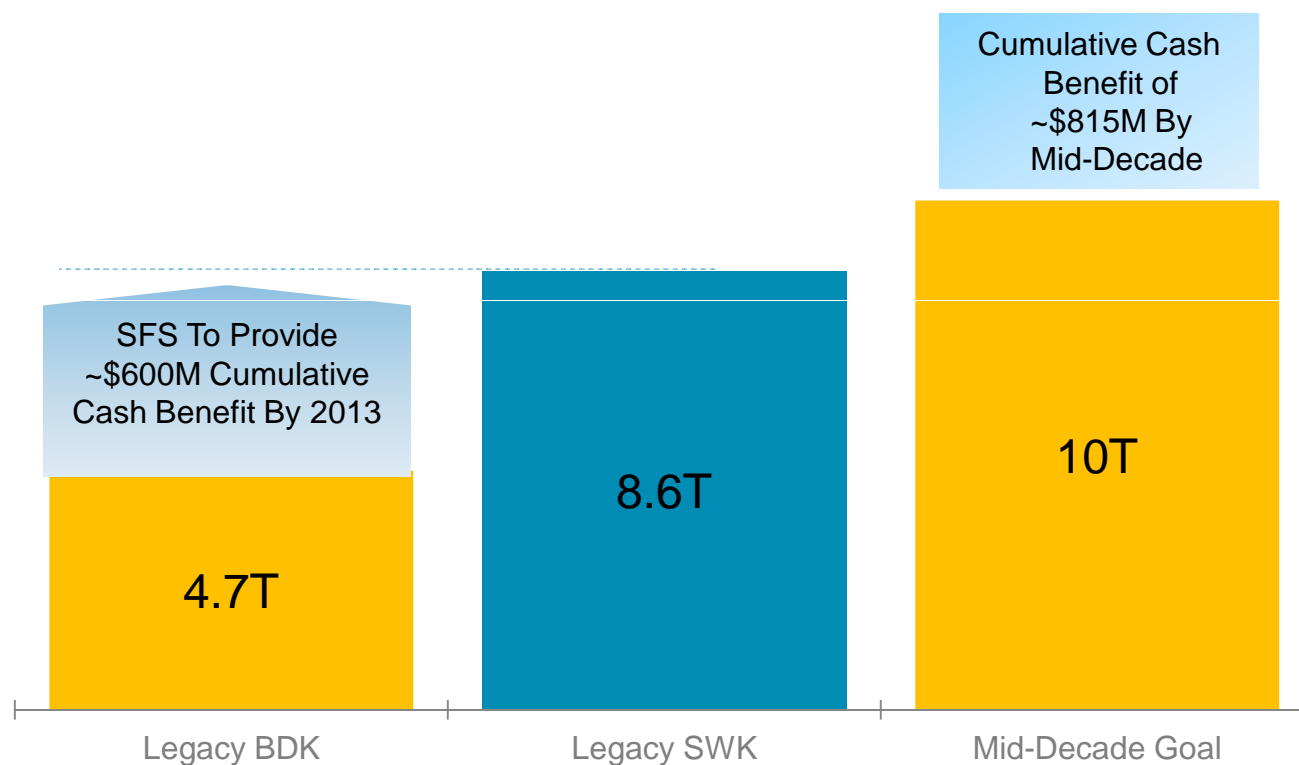
**Working Capital Turns Increased 23%\* In 2011 VPY...**



**...As SFS Drives Efficiency Into Every Business & Region In  
The Combined Enterprise**

# SFS: The Black & Decker Opportunity

**SFS Will Be Utilized To Elevate Legacy Black & Decker WC Turns To Legacy Stanley Levels...**



**...Total Company Goal Of 10T By Mid-Decade**

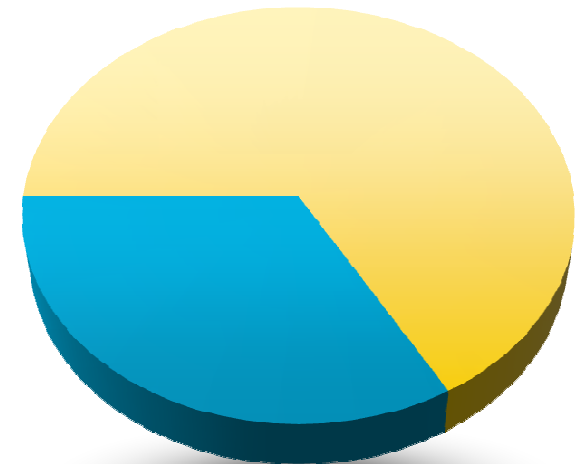
# Long-Term Capital Allocation Strategy

## A Growth Company That Returns A Large % Of Cash To Shareholders

### Long-Term Capital Allocation Objectives

- Target Strong Investment Grade Credit Rating
  - Current Adjusted Debt/Capital Ratio: 29-30%
- Invest Approximately 2/3 In Acquisitions And Growth
- Return Approximately 1/3 To Shareholders
- Committed To Continued Dividend Growth

- These Allocations Do Not Imply A Rigid Annual Formula
- Since 2004, SWK Has Returned 45% Of Its FCF To Shareholders



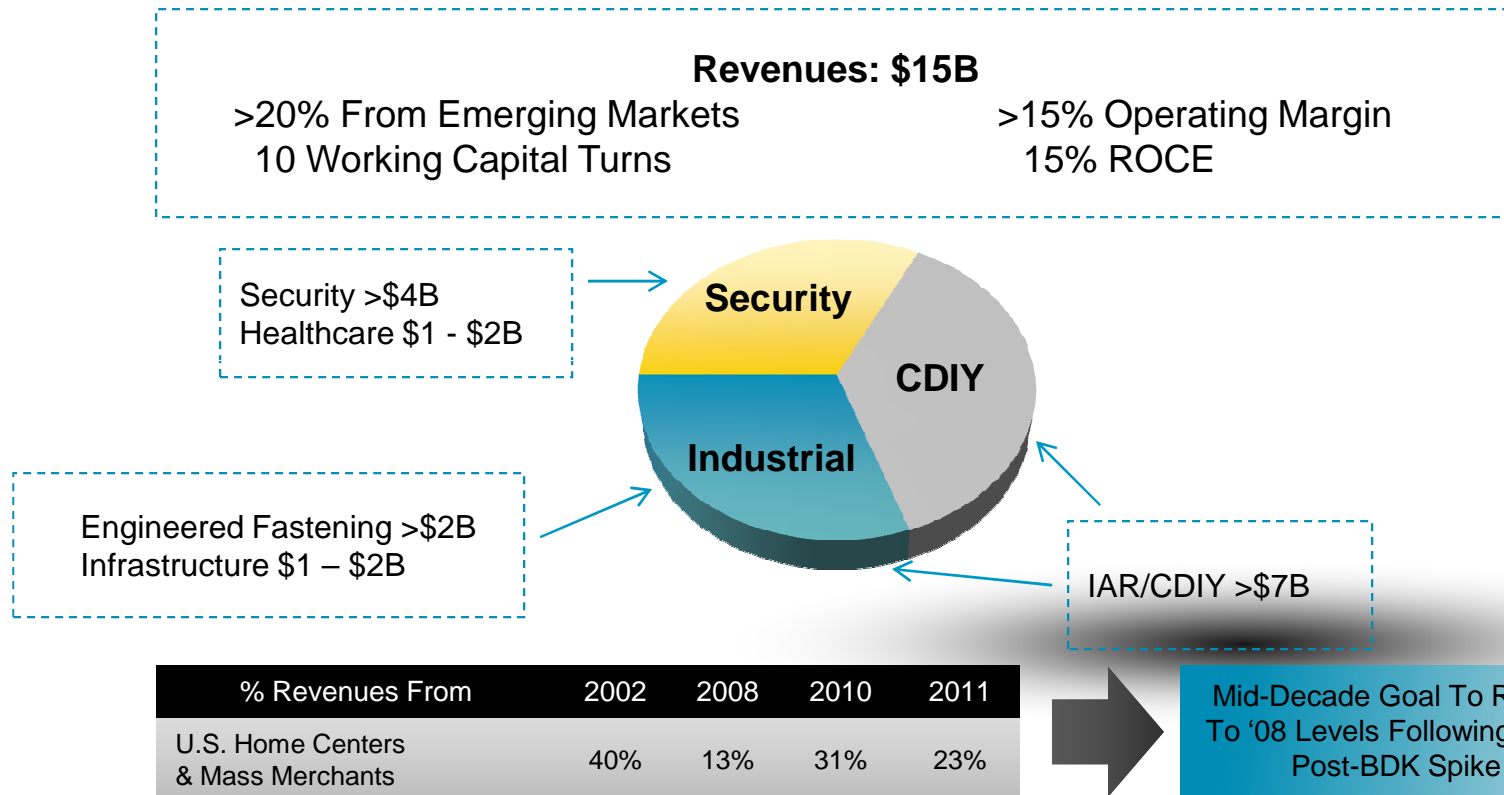
■ Acquisitions 2/3

■ Dividends & Share Repurchase 1/3

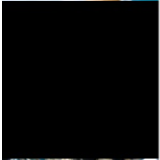
**...A Meaningful Dividend Increase Is Being Assessed For Some Point In 2012**

# Where Do We Go From Here?

## Mid-Decade Vision: A More Diversified Portfolio



## Continued Journey To Building A Diversified Industrial Leader



# SWK Key Takeaways

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- Margin Accretion & Top Line Growth Remain At Forefront Of Priorities In 2012
  - Strong Track Record Of Acquisition Integrations, Proactive Cost Actions & Outpacing Market Growth With Share Gains/New Products
  - 75% Of Company (CDIY & Security) Remains At Close To Trough Revenue Levels
    - Clear Opportunity For Upside & Operating Leverage
- Long-Term Capital Allocation Strategy Remains The Same
  - Reviewing Another Meaningful Dividend Increase In 2012
- Stanley Fulfillment System To Drive Continuous Improvement – Mid-Decade Goal Of 10 Working Capital Turns
- ~\$1.2 Billion In Free Cash Flow Forecast For 2012, Excluding M&A Charges/Payments

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