



# Stanley Black & Decker

2013 Investor Day

**Stanley Black & Decker: Past, Present & Future**

Jim Loree

President & COO

***StanleyBlack&Decker***

# Stanley Black & Decker

## *A Company That...*

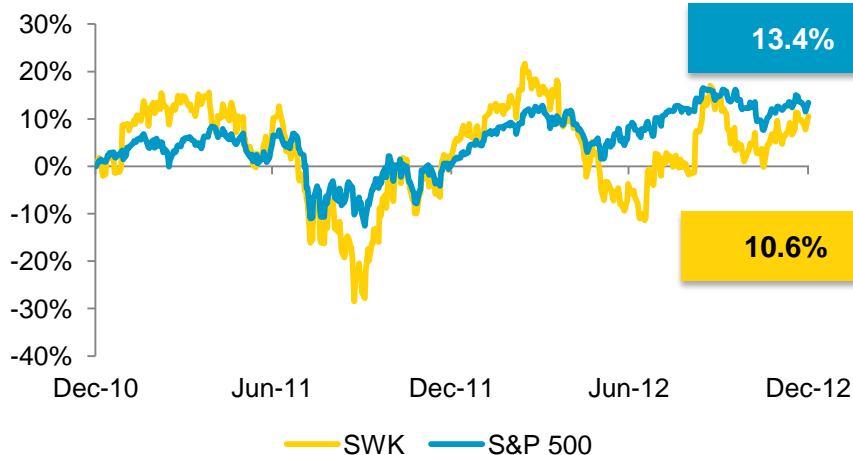
- Has Built World Class, Global Franchises
  - #1 In Tools & Storage
  - #2 In Commercial Electronic Security
  - #2 Engineered Fastening Business
- Has Grown Revenues An Average Of 17% For 10 Years
- Has Averaged Greater Than 125% FCF Conversion Over The Past Five Years
- Has Returned Approximately 50% Of Cash Generated To Shareholders Since 2000
  - Dividends
  - Repurchases

*And Has Built A Long-Term Track Record Of Outperformance*

*Building World Class Branded Franchises  
With Sustainable Strategic Characteristics  
That Create Exceptional Shareholder Value*

# SWK Slightly Underperformed The S&P 500 In 2011 & 2012

## 2 Year Basis

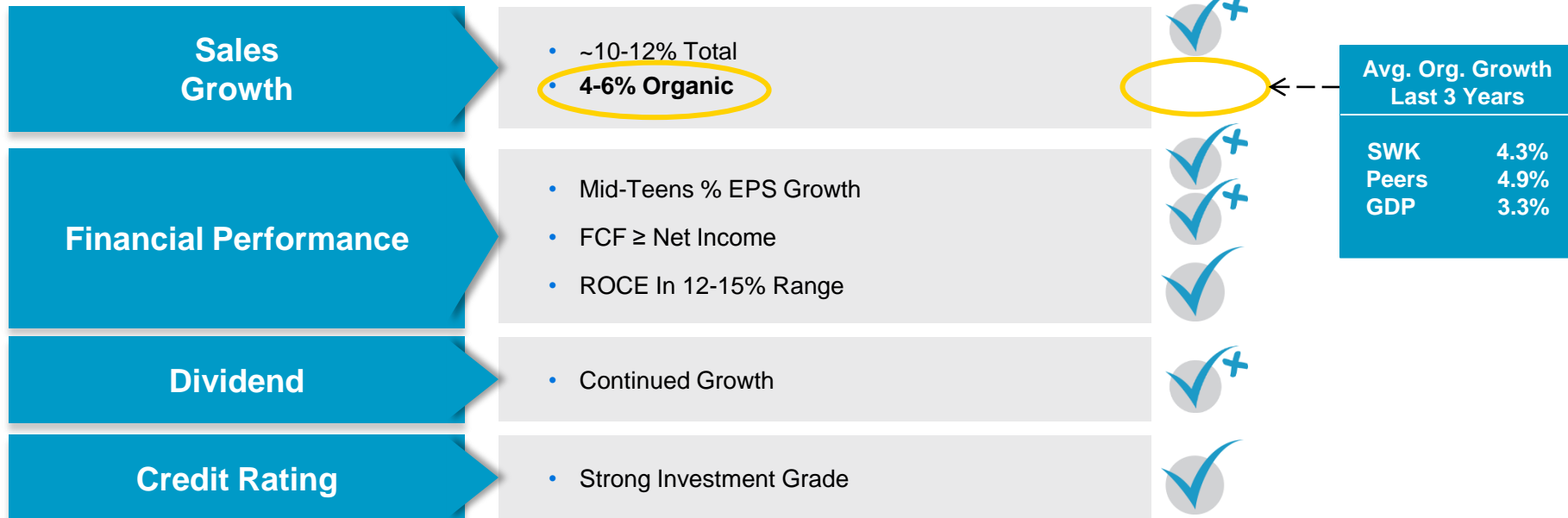


## Why?

- Consolidating Gains Following The SWK/BDK Merger
- Weak Macro Environment In Construction
- Europe Concentration (27% Vs. 20% S&P Avg)
- Underweight Emerging Markets (Only 16%)

# Exceeding Financial Objectives

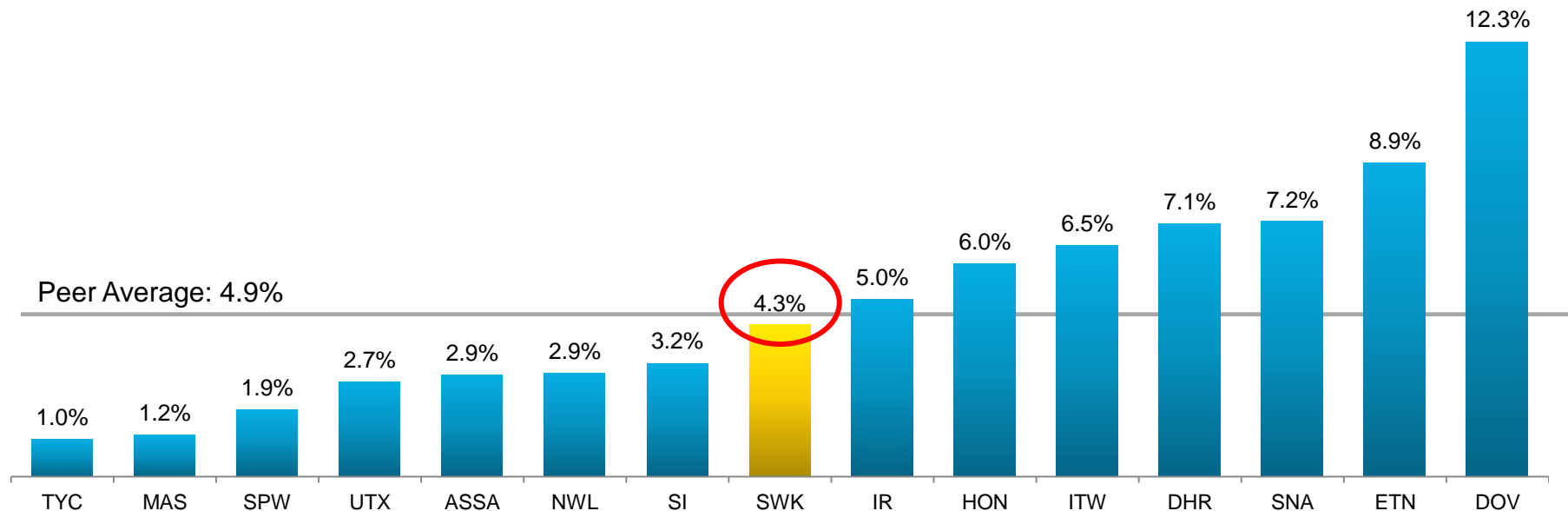
**Strong Performance Against All Long-Term Financial Objectives Except For One...**



**...But Organic Growth Only At Low End Of Target Range**

# Average Three Year Organic Growth Versus Peers & Economy

**Organic Growth Has Been In Middle Of The Pack...**



**...And Not Good Enough To Generate Outperformance**

# Revving Up Organic Growth

**A Major Initiative Is Well Underway Which Yields 3 Pts Of Incremental Growth...**

<b>Emerging Markets</b> SBUs for MPP Hand Tools / Power Tools / Commercial Hardware	\$350M	<b>Yields 3 Pts Incremental Revenue Growth (Annualized)</b>
<b>Advanced Industrial Solutions</b> "Smart" Tools & Storage	\$100M	
<b>Vertical Penetration</b> Healthcare / Security	\$150M	
<b>US Government</b> Healthcare / Security / Industrial	\$100M	
<b>Offshore Oil &amp; Gas Pipeline Services</b> Spool Bases / Coating Tech. / Inspection	\$100M	
<b>Continuing To Capture BDK Integration Revenue Synergies</b>	\$50M	
<b>Total: \$850M</b>		

Incremental Impact		
'13	'14	'15
+1pt	+2pt	+3pt

**...Drives \$200M+ OM & Enables Strong Performance Against Target**

# The Wake Up Call

## Implied Stock Price At Various Growth/Margin Rates

**OM Margin % 2015+**

	10.0%	11.0%	12.0%	13.0%	14.0%	15.0%	16.0%	
<b>Organic growth 2015+</b>	8.0%	\$88	\$101	\$114	\$128	\$141	\$155	\$168
	7.0%	\$81	\$94	\$106	\$119	\$132	\$144	\$157
	6.0%	\$75	\$87	\$99	\$111	\$122	<b>\$134</b>	<b>\$146</b>
	5.0%	\$70	\$81	\$92	\$103	\$114	<b>\$125</b>	<b>\$136</b>
	4.0%	\$64	\$75	\$85	\$95	\$106	\$116	\$126
	3.0%	\$59	\$69	\$79	\$88	\$98	\$108	\$117
	2.0%	\$47	\$55	\$63	\$71	<b>\$79</b>	<b>\$88</b>	\$96
	1.0%	\$38	\$45	\$52	\$59	<b>\$66</b>	<b>\$73</b>	\$80
	0.0%	\$31	\$37	\$44	\$50	\$56	\$62	\$68

**Market Expectations**

**The Opportunity!**

Source:  
McKinsey & Co.



# Strategic Framework

## Continue Portfolio Transition Momentum

- Accelerate Organic Growth
- Mix Into Higher Growth, Higher Margin Businesses
- Increase Relative Weighting Of Emerging Markets (Goal = 20%+ By Mid-Decade)

## Be Selective And Operate In Markets Where:

- Brand Is Meaningful
- Value Proposition Is Definable And Sustainable Through Innovation
- Global Cost Leadership Is Achievable

## Pursue Acquisitive Growth On Multiple Fronts:

- Opportunistically Consolidate Tool Industry And Strengthen The Core
- Build On Existing Growth Platforms (Security And Engineered Fastening)
- Develop Infrastructure Growth Platform

## Accelerate Progress Via Stanley Fulfillment System

***Focused On Building Long-Term Shareholder Value***

# Compelling Acquisitive Growth Opportunities

Five Acquisitive Growth Areas	Market Size	Growth Characteristics
Tool Consolidation	\$35B	3-5%
Security	\$35B	4-6%
Engineered Fastening	\$15B	6-8%
Infrastructure	\$85B	6-8%
Emerging Markets	\$15B	10-20%

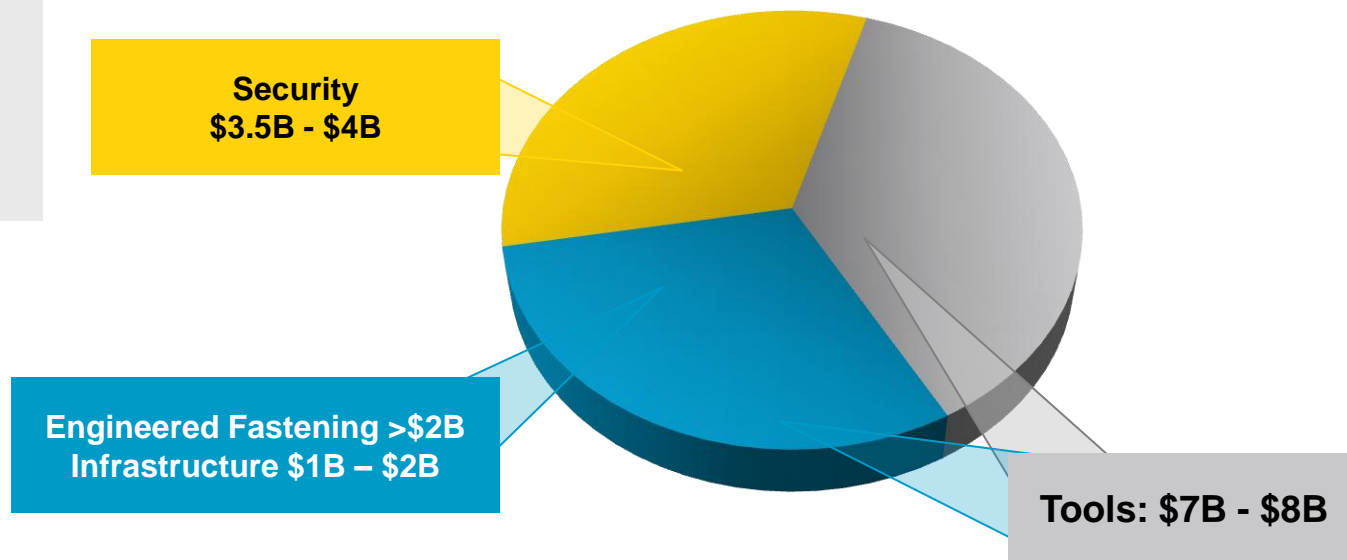
***Acquisition Capital Focused On Driving Growth In Both Core And New Platforms***

# 2016/2017 Vision

## 2016/2017 Vision: A More Diversified Portfolio...

### Revenues: \$15B

- >20% From Emerging Markets
- 10 Working Capital Turns
- >15% Operating Margin
- 12-15% CFROI



*...Continued Journey To Building A Global Industrial Leader*

# Emerging Markets Acquisition Announcement

*Announcing Acquisition of 60% Controlling Interest in Guo Chaing...*



- #3 Chinese Power Tool Company
- Specializes in MPP Market
- Growing 20%+ Annually
- Mid-Teens Operating Margin
- 70% China / 30% Export

*Adds Important Brand, Distribution Network, Local Plant & MPP Product Designs.*


# A Key To Our Success: Our Global Brand Power

*Our Power Brands And Our Reputation Are At The Heart Of Everything We Do*



Time to Refresh





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