



Stanley Black & Decker Launches New Global Relationship With FC Barcelona, One Of The World's Most Popular Sports Teams

**Stanley Black & Decker
2Q 2014 Overview**

StanleyBlack&Decker

July 25, 2014

Participants

John Lundgren

Chairman & CEO

Jim Loree

President & COO

Don Allan

Senior VP & CFO

Greg Waybright

***VP Investor & Government
Relations***

Cautionary Statements

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.

2Q 2014 Highlights

- 2Q'14 Organic Growth Of 1% Impacted By Shortened NA Outdoor Product Season And Slower Emerging Markets
- Sharp Cost Focus And Price Realization Delivered Robust Gross & Operating Margin Expansion Despite Significant Currency Pressure
 - Currency Was A \$20M Headwind In Line With Expectations
 - GM Expanded 100 Bps VPY to 36.5%* | OM Expanded 110 Bps VPY To 13.7%*
- 2Q'14 Diluted EPS up 17% VPY to \$1.43* | \$1.37 On A GAAP Basis
- CDIY Operating Margin Expanded To A Post-Merger Record Of 15.7%* As Price, Productivity And Cost Actions More Than Offset Currency And Outdoor Product Headwinds
- Industrial Delivered 3% Organic Growth And 17.0%* OM | Up 260 Bps VPY
- Security North America & Emerging Markets Organic Growth Was 2% | 16.5%* OM Approaching Historical Levels Of Profitability (+ 310 Bps VPY)
- Security Europe Turnaround Takes A Positive Step Forward (OM +240 Bps Sequentially)
- Increasing 2014 EPS Range And Reiterating Cash Flow Guidance
 - EPS Of \$5.50 – \$5.60* | At Least \$675M FCF Inclusive Of ~\$250M One-Time Payments

Organization Focused On Delivering Organic Growth & Operating Leverage

2Q 2014 Sources Of Growth

Organic Growth Decelerated As Shortened Outdoor Season & Unusual EM Issues Chipped Off 2 Pts...

Sources Of Growth

| | 2Q '14 | 1H '14 |
|--------------|-------------|-------------|
| Volume | Flat | + 2% |
| Price | + 1% | Flat |
| Organic | + 1% | + 2% |
| Acquisitions | Flat | + 3% |
| Currency | Flat | - 1% |
| SWK | + 1% | + 4% |

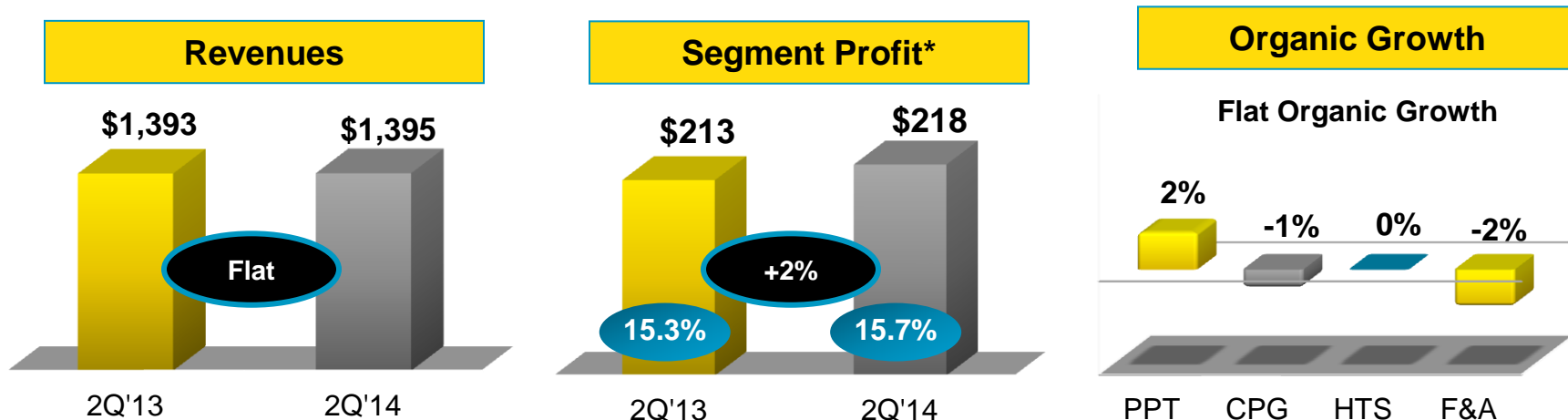
Regional Organic Growth

| | 2Q'14 | 1H '14 |
|-------------------------------|-------------|-------------|
| United States | Flat | + 1% |
| Europe | + 1% | + 3% |
| Emerging Markets | + 1% | + 2% |
| Rest Of World | Flat | + 3% |
| SWK | + 1% | + 2% |
| Emerging Market Organization* | + 3% | + 5% |

...2H Growth Outlook Remains Encouraging – Expect Solid Operating Leverage

2Q'14 CDIY

Delivered Operating Margin Expansion Despite Transitory Growth Headwinds...

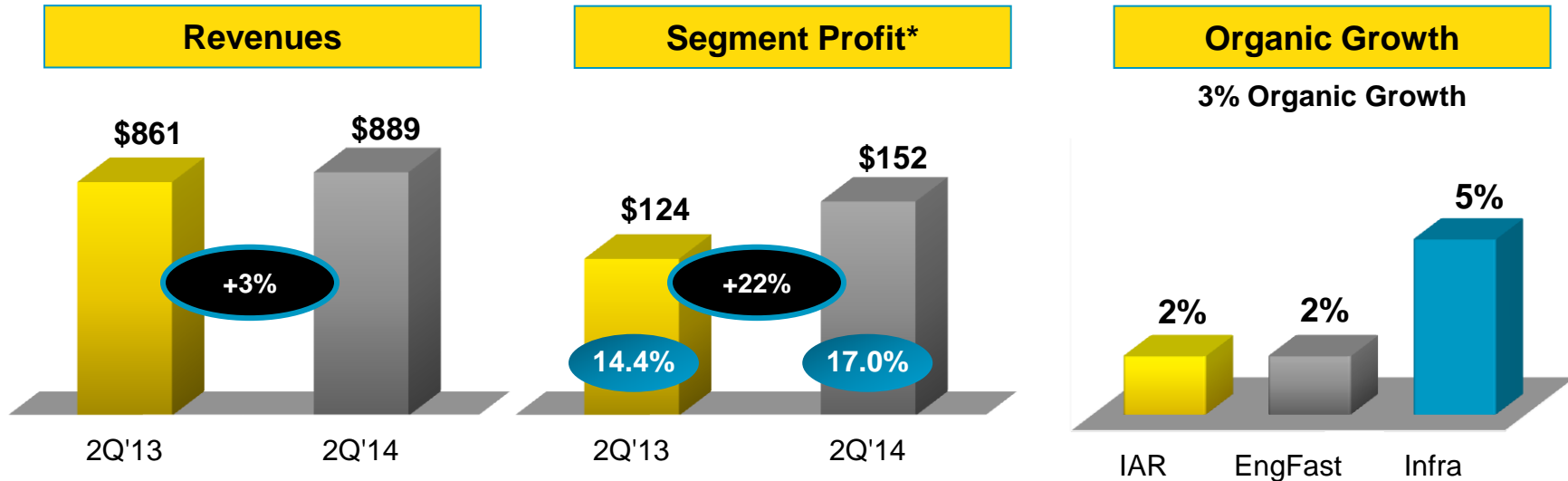


- Organic Growth: Europe +7%, Emerging Markets +1% And North America (2%)
 - Robust Share Growth In Europe Continues Fueled By Innovation And Retail Partnerships
 - Emerging Markets Remain Volatile As Underlying Market Growth Expectations Compress
 - MPP Product Launches Ramping Up And Will Help Drive Above Market Growth
 - Shortened North American Outdoor Product Season Impacted Replenishment & Inventory Levels Within The Retail Channel
 - Excluding Outdoor, North America POS Remains Strong Supporting Return To Mid-Single Digit Growth
- Profitability: Price, Cost Control & Productivity More Than Offset Currency Headwinds

...As Sharp Cost Focus And Pricing Actions Offset Currency Pressure

2Q'14 Industrial

Industrial Delivers Organic Growth And Robust Margin Expansion...

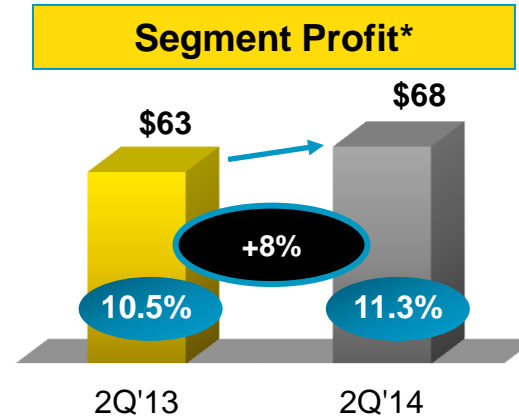
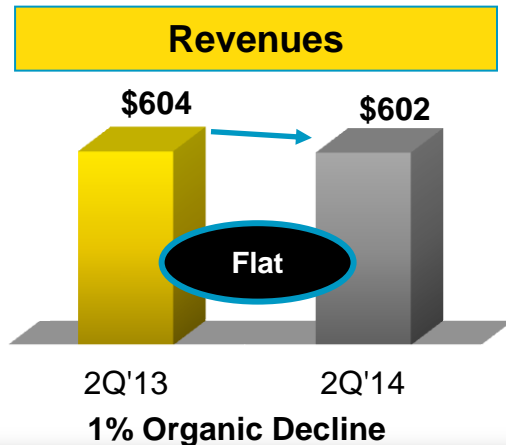


- 3% Revenue Growth: Volume +2%, Acquisitions +1%, Pricing Up Slightly With Currency Relatively Flat
- OM Expands 22% Delivered From Volume Leverage, Tight Cost Focus And Infastech Synergies Offsetting FX
- IAR: Organic Growth Driven By New Product Introductions & North America (Advanced Industrial Solutions And MAC Tools Businesses)
- Engineered Fastening: Driven By Strong Global Automotive Revenues And Continued Success With The Infastech Integration | Record Operating Margin Delivered In 2Q
- Infrastructure: Strong Offshore Oil & Gas Activity Coupled With Increased Demand For Hydraulic Tools

...As Cost Controls And Synergies Enable Operating Leverage

2Q'14 Security

North America Delivers Organic Growth And Approaches Historical Operating Margins...



NA & EM (2% Organic Growth | 16.5% OM*)

- Organic Revenue: Growth Driven By CSS, Access Doors And Emerging Markets
- Vertical Market Solutions Continue To Ramp Up – Over \$80M Of Orders YTD
- OM Rate Improves 310 Bps Versus Prior Year
 - Improvements In Field Efficiency Continue To Drive Stronger Install Margins
 - Focus On Cost Actions Maintained

Europe (6% Organic Decline | 3.4% OM*)

- Organic Revenue: Lower Recurring Revenues
 - 2Q'14 RMR Attrition Reaches 10-12% Target
- 2014 Actions Remain Consistent
 - Maintaining RMR Attrition At 10-12% And Begin To Grow RMR Portfolio
 - Executing Cost Reductions To Resize Business
 - Centralized Daily Management Model Deployment
 - Improve Backlog Conversion Efficiency
- More Progress In 2H

...While Europe Takes A Positive Step Forward

2Q'14 Free Cash Flow

Earnings Growth And Lower One-Time Payments Drive Strong Cash Flow Performance...

6.7 WCT

| | 2Q '13 | 2Q '14 | V\$ | YTD '13 | YTD '14 | V\$ |
|-----------------------|---------------|---------------|---------------|-----------------|---------------|---------------|
| Net Income | \$ 187 | \$ 217 | \$ 30 | \$ 268 | 379 | \$ 111 |
| Deprec / Amort | 108 | 115 | 7 | 214 | 225 | 11 |
| Working Capital | 68 | 56 | (12) | (127) | (274) | (147) |
| Other | (179) | 49 | 228 | (318) | (45) | 273 |
| Operating CF | 184 | 437 | 253 | 37 | 285 | 248 |
| CapEx | (80) | (61) | 19 | (157) | (119) | 38 |
| Free Cash Flow | \$ 104 | \$ 376 | \$ 272 | \$ (120) | \$ 166 | \$ 286 |

...1H Performance Positions Company Well For Achievement Of At Least \$675M FY Goal

Stanley Black & Decker 2014 Outlook

Increasing 2014 EPS Range To \$5.50 - \$5.60* And At Least \$675M Free Cash Flow In 2014

FY2014 Guidance

FY2014 Segment Outlook

**Organic
Rev. Growth**

**Margin
Rate**

Drivers

**2014
EPS And
FCF
Guidance**

| | |
|--------------------------------------|-----------------|
| 2014 EPS * | \$5.50 - \$5.60 |
| GAAP 2014 EPS | \$5.38 - \$5.48 |
| Free Cash Flow Including 1X Payments | At Least \$675M |
| One-Time Payments | ~\$250M |

CDIY

Mid-Single
Digit

Increase
Y-O-Y

OM% Increase Due To
Cost Actions And Volume
Leverage More Than
Offsetting FX

**Updated
Guidance**

Lower FY Organic Growth Expectations From Emerging Markets And A Shortened CDIY Outdoor Product Season Will Result In 3-4% Organic Growth Vs. ~4% Prior Expectation

More Than Offsetting This Headwind Is Stronger Performance In Industrial And Lower Indirect Costs Across The Company

Impact Of Lower Tax Rate (~21%) And Higher Than Expected Share Count (~160M) Is Relatively Neutral

Industrial

Mid-Single
Digit

Increase
Y-O-Y

OM% Increase Due To
Cost Actions And Volume
Leverage More Than
Offsetting FX

Other

Updated FY EPS Guidance Remains Consistent With Recent Years' EPS Profile Of 45% In 1H And 55% In 2H

2H Earnings Split Of ~47% In 3Q | ~53% In 4Q Due Primarily To Tax And Accelerating Pricing & Cost Benefits

Security

Flat-To-
Modest
Decrease

Relatively
Flat

Organic Growth Driven
By North America &
Emerging Markets

Indirect Cost And Pricing Actions Position Us To Absorb Economic & Market Volatility

Summary

2014 Focused On Executing Operating & Capital Allocation Actions...

- Delivered Strong 2Q'14 Performance Despite N.A. Weather, Continued Foreign Exchange Pressure And Emerging Market Volatility
 - Margin Expansion Demonstrated Across All Segments
 - Tight Cost Focus Across Enterprise Enabled Operating Leverage
 - Remain Optimistic About Security Europe Recovery | Positive Step Forward Demonstrated In 2Q
- Consistent 2014 Focus: Improve Near-Term Returns And Relative Performance
 - Organic Growth Initiatives
 - Security Margin Improvement
 - Surgical Cost Actions To Ensure Operating Leverage
 - Ongoing Working Capital Focus
 - Capital Allocation Rebalance For 2014/15 (Acquisition Moratorium | Share Repurchase | Deleverage)

...Positioning The Company To Deliver Our Long-Term Financial Objectives

APPENDIX

Global Presence

| Canada | <u>1Q'14</u> | <u>2Q'14</u> |
|---------------|---------------------|---------------------|
| Organic | + 9% | - 1% |
| % SWK | 5% | 5% |

| US | <u>1Q'14</u> | <u>2Q'14</u> |
|-----------|---------------------|---------------------|
| Organic | + 2% | Flat |
| % SWK | 46% | 48% |

| Europe | <u>1Q'14</u> | <u>2Q'14</u> |
|---------------|---------------------|---------------------|
| Organic | + 4% | + 1% |
| % SWK | 29% | 26% |

| Japan | <u>1Q'14</u> | <u>2Q'14</u> |
|--------------|---------------------|---------------------|
| Organic | + 11% | + 1% |
| % SWK | 2% | 2% |

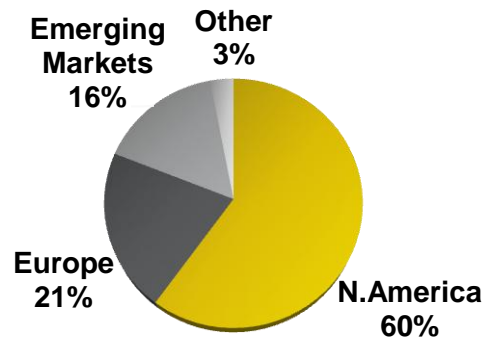
| Emg Mkt | <u>1Q'14</u> | <u>2Q'14</u> |
|----------------|---------------------|---------------------|
| Organic | + 5% | + 1% |
| % SWK | 16% | 17% |

| Australia | <u>1Q'14</u> | <u>2Q'14</u> |
|------------------|---------------------|---------------------|
| Organic | Flat | + 2% |
| % SWK | 2% | 2% |

Regional Revenue Breakout 2Q 2014

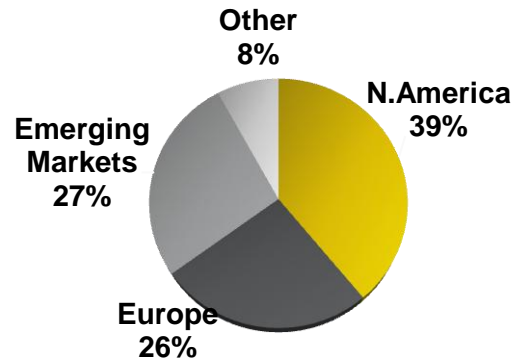
CDIY

\$1,395M



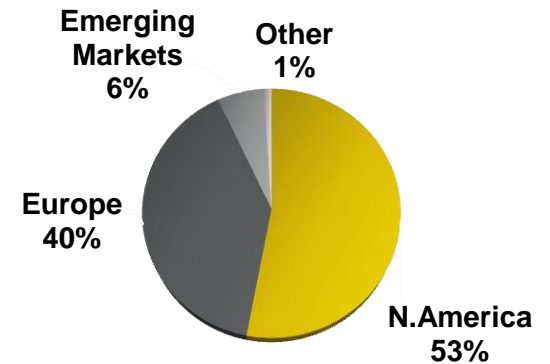
Industrial

\$889M



Security

\$602M



These results reflect the Company's continuing operations. In 3Q'13, the Company classified two small businesses within the Security and Industrial segments as held for sale based on management's intention to sell these businesses. The business within the Industrial segment was sold in February 2014. The operating results of the business within the Industrial segment, including the loss on sale, have been reported as discontinued operations for 2Q'13, while the operating results of the business within the Security segment have been reported as discontinued operations for 2Q'14 and 2Q'13. In addition, 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 2013 through the date of the sale. Total sales reported as discontinued operations were \$8.0 million and \$13.1 million for 2Q'14 and 2Q'13, respectively.

The Company recast 2013 segment net sales and profit between the CDIY and Industrial segments to align reporting with the current management of the Company's operations in the emerging markets to be comparable with the current year presentation. There is no impact to the consolidated financial statements of the Company as a result of this segment realignment.

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. Free cash flow is defined as cash flow from operations less capital and software expenditures. Management considers free cash flow an important indicator of its liquidity, as well as its ability to fund future growth and to provide a return to the shareowners. Free cash flow does not include deductions for mandatory debt service, other borrowing activity, discretionary dividends on the Company's common stock and business acquisitions, among other items. The normalized statement of operations and business segment information, as reconciled to GAAP on pages 12 to 15 of the press release for 2014 and 2013, are considered relevant to aid analysis of the Company's operating performance and earnings results 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. Normalized free cash flow, as reconciled from the associated GAAP measures on page 10 of the press release for 2014 and 2013 is considered a meaningful pro forma metric to aid the understanding of the Company's cash flow performance aside from the material impact of the M&A-related payments and charges.