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EDITED TRANSCRIPT

SWK - Q4 2016 Stanley Black & Decker Inc Earnings Call

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OVERVIEW:

Co. reported 2016 revenues of $11.4b and EPS of $6.51. 4Q16 revenues were $2.9b and EPS was $1.71. Expects 2017 organic growth to be approx. 4% and EPS to be $6.85-7.05.

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PRESENTATION

Operator

Good day, ladies and gentlemen. Welcome to the fourth-quarter and FY16 Stanley Black & Decker Incorporated earnings conference call. My name is Andrew, and I will be your operator for today's call.

(Operator Instructions)

Please note that this conference is being recorded. I will now turn the call over to the Vice President of Investor Relations, Greg Waybright. Mr. Waybright, you may begin.

Greg Waybright - *Stanley Black & Decker, Inc. - VP of IR*

Thank you, Andrew. Good morning, everyone, and thanks for joining us for Stanley Black & Decker's fourth-quarter and full-year 2016 earnings call. On the call, in addition to myself, is Jim Loree, our President and CEO, and Don Allan, our Executive Vice President and CFO.

Our earnings release which was issued earlier this morning and a supplemental presentation which we will refer to during the call are available on the IR section of our website, as well as on our iPhone and iPad app. A replay on this morning's call will also be available beginning at 2 p.m. today. The replay number and the access code are in our press release.

This morning, Jim and Don will review our fourth-quarter and-full year 2016 results and various other matters, followed by a Q&A session. Consistent with prior calls, we're going to be sticking with just one question per caller.

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As we normally do, we will be making some forward-looking statements during the call. Such statements are based on assumptions of future events that may not prove to be accurate, and as such, they involve risk and uncertainty. It is therefore possible that actual results may materially differ from any forward-looking statements that we might make today. We direct you to the cautionary statements in the 8-K that we filed with our press release and in our most recent 34 Act filing. I'll now turn the call over to our President and CEO, Jim Loree.

Jim Loree - *Stanley Black & Decker, Inc. - President & CEO*

Thank you, Greg, and good morning, everyone. Our fourth-quarter performance put a ribbon on a great 2016, during which the Company continued its above-market organic growth trajectory and delivered record operating results for EPS, cash flow, operating margin rate, and working capital turns.

Before I cover the highlights for the quarter and the full year, I want to take a moment and recap what turned out to be a tumultuous year in the external environment characterized by some of the most profound geopolitical and economic developments around the world that we have seen in quite some time. You might recall that we entered 2016 in a low-growth and slowing world, albeit with a relatively healthy US construction market and a solid global auto market.

The remaining US industrial backdrops was negative. Europe was anemic. Emerging markets were slowing and increasingly volatile.

We witnessed extreme government turmoil in Brazil, Venezuela, South Korea, Thailand, and the Philippines, among others; a failed coupe attempt in Turkey; and increasingly hawkish Russia. Upheaval continued in the Middle East. The UK voted to leave the EU, and negative interest rates were experienced across a large part of the developed world.

The global currency devaluation cycle persisted, with the US dollar rising to the highest level we have seen in 14 years, not to mention a brutally divisive political season here at home. Amazing. And that was the abbreviated list.

Against this backdrop, we delivered a record-breaking year by almost all measures. From operating margin rate to EPS to free cash flow and working capital turns, this organization reached new heights in 2016. On top of that, we rolled out the largest and most successful product launch in tool industry history, the DeWalt FLEXVOLT system. We executed a seamless CEO transition and significantly reshaped the business portfolio toward high growth and profit expansion opportunities through the pending acquisitions of Newell Tools and the Craftsman brand, actions which will bring with them exciting prospects for the future, which I'll touch upon shortly.

But first, I'd like to thank every member of our Management Team for their outstanding contributions and performance while navigating through these challenging times. It is our people to whom we attribute these accomplishments and successes. It is their extraordinary dedication, passion, teamwork, and sheer will to win that makes this Company so special. We enter 2017 with a great deal of optimism for what lies ahead despite the obvious uncertainties and challenges that accompany these times.

Now I'll take a moment and provide a brief recap of our fourth-quarter results. Revenues were $2.9 billion, up 3%, with solid organic growth of 4%, partially offset by 1 point of currency pressure. Tools and Storage continued to lead the way, posting 7% organic growth, with positive contributions from all major geographies and SPUs, as well as a healthy boost from the roll-out of FLEXVOLT.

Security wrapped up a solid year of overall performance improvement with another quarter of margin expansion. And finally, although industrial revenues were down 4%, this was slightly better than expectations, given that our Engineered Fastening business continues to be impacted by lower volumes associated with one major electronics customer. Excluding that impact, industrial organic revenues were flat. Don will provide you with a deeper dive into business-level operating performance during his remarks.

EPS for the quarter as $1.71, down 4% versus a very strong 4Q 2015, and as anticipated, higher restructuring costs, growth investments, and currency pressure more than offset good organic growth, a strong operational performance, and a lower tax rate.

Now let's turn to the full-year highlights. 2016 represented another year of progress toward our long-term strategic and financial objectives. Full-year revenues were $11.4 billion, up 2%, and 4% organically.

Our operating margin rate expanded 20 basis points to a record 14.4%, with a strong performance which overcame $155 million of pretax FX headwinds. We achieved full-year EPS of $6.51, a 10% increase over 2015, and a new high watermark for Stanley Black & Decker.

Our Team delivered an outstanding free cash flow performance, generating $1.14 billion in 2016, with a record 10.6 working capital turns, for a free cash flow conversion rate of 118% of net income. For those of you who have followed us over the long term, you know that double-digit working capital turns has been a stretch goal for at least a decade with legacy Stanley Works nearly hitting the mark prior to the Black & Decker merger, and after that, we redoubled our effort and are pleased to have reached this goal in 2016.

There is logic to our fanatical drive to increase working capital turns. I'd make this observation. When we began the Stanley Fulfillment System, or SFS, in 2006, our trailing revenue was $3.3 billion and our working capital was $700 million. If our turns had remained constant over the ensuing years, we would have begun 2017 with $2.6 billion of working capital and $11.4 billion of trailing revenues.

Instead, we had only $1.1 billion of actual working capital tied up at year-end 2016. Thus, through core SFS, we freed up approximately $1.5 billion of cash over the years, about half of which was returned to shareholders and half reinvested in productive growth assets.

Finally, during 2016, SFS 2.0, our enhanced operating system which we introduced early in 2015, broke into full execution mode. Through SFS 2.0, we drove significant organic growth, cost efficiency, and digital transformation, the working capital performance I just mentioned, and a successful global launch of FLEXVOLT, our first-of-its-kind breakthrough innovation.

The FLEXVOLT launch has been extremely well received by customers and end users, with revenues exceeding our initial plan and delivering slightly more than $100 million of revenue in just four months of 2016. We expect to more than double this in 2017 with a full year of revenue as well as more FLEXVOLT tools to be introduced this year. Although this is not a point forecast, we are capacitized to over $400 million in revenue, so you can expect us to be somewhere between $200 million and $400 million.

2016 was a tremendous year for the Company by almost all accounts, and 2017 is shaping up to be another one, particularly in light of SFS 2.0, as well as our recently portfolio announcements. It's been a brisk return to M&A since I took over, beginning with our acquisition of Newell Tools, announced in October. We followed up in December with the announced sale of our Mechanical Locks business, and followed that a few weeks later with the agreement to purchase the Craftsman brand from Sears Holdings.

I'd like to take a moment now to review the acquisitions, highlight the outstanding opportunities for revenue growth and EPS accretion that this portfolio reshaping and capital redeployment have created. The Newell Tools acquisition, with its Irwin and Lenox brands, and the Craftsman deal, will result in the addition of three extraordinary brands to our already strong portfolio. It will expand our reach they the plumbing and electrical trades, as well as the auto mechanics channel, the power tools accessories space, and the outdoor products and garage storage markets.

The net result will be a significant revenue growth opportunity through investing in the brands, innovating the products, and leveraging our global manufacturing footprint and commercial capabilities. You can see the baseline financial impact on the chart in the lower right-hand corner. We anticipate that these deals will drive a significant increase in EPS over the next five-plus year as they are fully integrated. They are accretive from the start and will contribute well over $1 per share by year five.

One point that I do want to address is around our current portfolio weightings and the reality that these deals increase our weighting in Tools and Storage. I stress that from a strategic perspective, our intent is to continue to drive the overall Company business model as a high-performing diversified industrial, and to that end, these transactions do not signal a deviation from that intent but are more reflective of the timing around when they came to market.

The you Newell Tools business and the Craftsman brand are highly attractive, and we've had our eyes on them for many years. And while we may have preferred that they came to market with a little more daylight between them, you play the hand that you're dealt when it comes to deal actionability. And accordingly we tapped into our strong financial position to acquire these assets, even if it meant being slightly overweight in tools for a period of time. And when you think about it, being overweight in a business performing on all cylinders is the kind of problem that you'd like to have more of.

These transactions and the exceptional growth and profit opportunities they represent, along with the existing strength of our business, such as SFS 2.0 and FLEXVOLT, make it easy to get excited and bullish on the future here at Stanley Black & Decker. We have positioned the Organization for success, with a deep and seasoned Leadership Team, a long-standing strategic vision guiding the way, and an enhanced operating system, SFS 2.0, driving improvements in organic growth and cost and asset efficiency, the combination of which leaves us poised to deliver differentiated performance in the future, just as we have done in the past. Now I will hand it over to Don Allan who will walk you through segment performance, overall financials, and 2017 guidance. Don?

Don Allan - *Stanley Black & Decker, Inc. - EVP & CFO*

Let's transition to our segment performance for the fourth quarter. Tools and Storage delivered another stellar quarter, posting organic growth of 7%, with all regions and SBUs contributing. North America led the way, up 8% on the back of strong performances in the retail and commercial channels, primarily driven by the continued success of the DeWalt FLEXVOLT rollout as well as other new product introductions. We also saw some upside in the industrial channel for the first time in a few quarters, with the Group delivering low single-digit growth due to a solid performance by Proto and several meaningful wins within our storage business.

Europe delivered another quarter of above-market growth, coming in at 4%, which is slightly below the high single-digit trend we have been seeing from the region, but still a very healthy performance for that part of the world. Almost all European markets contributed positive growth as the continued success from the DeWalt FLEXVOLT launch across the region was coupled with ongoing robust commercial excellence actions within the markets, such as the relaunch of the DeWalt brand in France. We also had continued key customer wins in the UK and enhanced e-commerce initiatives across the region that contributed to this top-line performance.

The Emerging Markets Team delivered a strong quarter as well, with 7% organic growth, fueled by gains in Latin America and Asia, which more than offset continued pressure in the Middle East and North Africa. The Asia Team posted mid-teens growth in the quarter to wrap up a year of double-digit gains, an outstanding performance as commercial excellence actions and major wins with our Stanley branded MPP power tool offerings continued to drive growth in the region.

Latin America finished the year strong, up high single digits, as growth in Mexico, Argentina, and Brazil more than offset continuing pressure in Peru and Colombia. While it is probable that 2017 will bring continued volatility in emerging markets, we are encouraged by the Team's performance on the ground and their ability to execute actions quickly and effectively when presented with challenging macroeconomic conditions.

We are also excited about our continued digital investments across the entire Tools and Storage business which are well under way, as we leverage the digital excellence pillar within SFS 2.0 to enhance our connectivity to and experience with end users around the world. The Tools and Storage operating margin rate was down, as expected, about 40 basis points in the quarter, as currency, mix, and growth investments more than offset the favorable benefits of volume leverage, price, productivity, and ongoing cost management.

In summary, the Tools and Storage Organization delivered an outstanding fourth-quarter and full-year performance in 2016. We greatly appreciate their efforts and are pleased how they have positioned themselves well to maintain this momentum and repeat the success in 2017.

Moving on to Security. Security wrapped up a year of meaningful forward progress, posting flat organic growth in the quarter, while continuing to improve its operating margin, up 30 basis points over the prior-year quarter and up 140 basis points for the full year. This improvement in profitability is the result of a more disciplined approach to new commercial opportunities, coupled with continued progress in field efficiency and effectiveness.

The North America and emerging market businesses grew organic revenue modestly, as strong performance in emerging markets combined with solid performance in automatic doors more than offset lower commercial electronic security volumes. The business continued to improve field efficiency and profitability in the quarter, and we are pleased with its continued positive trajectory.

Security Europe's organic revenues were down slightly in the quarter, as installation volume declines in France and the UK more than offset continued growth in the Nordics, Germany, and Ireland. The UK continues to be impacted by a slow installation market in the financial services industry.

2016 was a year of strong operational performance for the Security segment as a whole. The teams combined to increase the operating margin rate to approximately 13%, which was a 140-basis point improvement year over year. Additionally, the segment delivered 1 point of organic growth as it continued to make progress towards becoming a consistent organic growth contributor. We also concluded our strategic review of the segment, paving the way for further progress toward our mid-term goals of delivering consistent low single-digit organic growth and mid-teens operating margin.

Our Industrial segment performed slightly ahead of expectations, down 4% organically in the quarter, with our Engineered Fastening business down 2 points organically on the back of continued comp pressure from a major customer in the electronic segment. However, absent that customer, the business was up a strong 4% in the quarter, as automotive remains healthy, and the Industrial business swung back to positive growth.

The infrastructure platform was down 12%, as pressure within our Oil & Gas business more than offset a solid organic performance within Hydraulic Tools. This is the first growth quarter in hydraulic tools that we've seen in quite some time.

In total, top-line pressure in the Industrial segment and the associated deleveraging led to an operating margin rate contraction in the quarter versus the prior year. However, the business did an admirable job of driving productivity and cost reductions to partially offset the top0line declines throughout the year, creating a healthy full-year 16.5% operating margin rate, despite the large macro and top-line pressures experienced through 2016.

All in all, the segments wrapped up in 2016 in solid fashion, with Tools and Storage exiting the year on its front foot, Security reinvigorated to continue its forward progress, and the Industrial segment is well poised to manage the likely lingering market and customer pressures in 2017. On top of this strong P&L performance, we were able to drive significant working capital improvements, resulting in a record free cash flow performance for the year.

Our full-year performance was excellent, and you can see that we generated a record $1.14 billion of free cash flow in 2016. This was driven by significant improvements in net income and working capital, which were up $83 million and $155 million, respectively, with the positive impact from the timing of various other miscellaneous payments captured in the line referred to as other more than offsetting an increase in CapEx spend. This performance resulted in a conversion rate of 118%, well above our expectations for the year, underpinning this outperformance for working capital turns of 10.6 times, up 1.4 turns year over year, and a significant milestone accomplishment for the organization as we exceeded 10 turns for the first time in our Company's history, a goal we had established almost a decade ago.

We have a laser-like approach to managing working capital within Stanley Black & Decker. It was a core component of our long-standing SFS operating system, and it continues to be a key pillar of our enhanced SFS 2.0 operating system.

On that note, we are very excited about the opportunity to drive working capital improvements within the pending Newell Tools acquisition. This will create additional cash flow benefit opportunities from working capital in the coming few years.

Now let's move on to our outlook for 2017. We are targeting approximately 4% organic growth in 2017, very similar to what we experienced in 2016. And we expect our earnings per share to be from $6.85 up to $7.05, which is approximately a 7% increase versus the prior year at the midpoint. And we expect the free cash flow conversion to approximate 100%.

Note that these earnings estimates exclude the impact from our recent portfolio announcements. As these transactions close during 2017, we will adjust our guidance accordingly. However, at this time, we believe the most appropriate view is the one we presented here today. You can see on the left-hand side of the page that we expect the organic growth of 4% to generate approximately $0.45 to $0.55 of EPS accretion.

The next guidance factor is related to commodity inflation and currency headwinds. We estimate commodity inflation to be approximately $50 million to $55 million, and currency headwinds will approximate $50 million based on current spot rates. These two headwinds combined are approximately $0.50 to $0.55 of EPS pressure.

In terms of operating margin sensitivities for 2017 relating to our top key currency exposures, which are the Canadian dollar, the euro, the British pound, Brazilian real, and the Argentinian peso, they are actually relatively consistent with those that we just published in mid 2016. And then finally, we expect the net impact of various cost and productivity actions, which will be partially offset by higher share count, to result in accretion of $0.45 to $0.50 per share, rounding out the $6.85 to $7.05 guide.

I would also like to review three miscellaneous guidance matters. First, we continue to anticipate approximately $50 million of core restructuring charges, which has been very close to our running average for the last few years. Second item is we are forecasting approximately 151 million of shares outstanding for 2017. And finally, we expect the first-quarter earnings to be slightly below 17% of the full-year performance, which is below the prior-year percentage, but that is due to higher level of restructuring in the first quarter, higher currency, and a higher shares as well.

So let's turn to the segment outlook on the right side of the page. We expect Tools and Storage to post mid single-digit organic growth in 2017. This will be driven by strong geographic performance in of most regions around the world, with share gains expected to continue in the US, Europe, and emerging markets.

We anticipate that the DeWalt FLEXVOLT battery system will continue to be highly successful in 2017, accounting for approximately 1.5 points of the incremental growth. As relates to profitability we expect the Tools and Storage business to deliver an improvement in its margin rate year over year, in spite the previously mentioned commodity inflation and FX pressure that will predominantly impact this segment.

The Security segment will continue its positive performance trajectory in 2017, posting low single-digit organic growth and driving its operating margin rate higher through operating leverage gains, cost containment, and productivity actions. With the strategic review concluded for this segment, the business teams are looking forward to continuing their performance momentum into 2017 and beyond. We expect to deliver profitability improvements in both Europe and the US, while also making solid progress on the organic growth front.

Over time, as we have previously stated, we believe that this business has the potential to be a solid and consistent organic grower, approaching the low end of our 4% to 6% total Company target range, while delivering a mid-teens operating margin rate. 2017 should be another year of progress toward that goal.

Finally, we expect the Industrial segment to post a low single-digit organic decline for the year and to improve its operating margin rate through cost actions, productivity, and strategic SG&A management. While the overall automotive business within Engineered Fastening remains healthy, we still have some residual comp issues related to one major electronics customer, and we expect some continuing modest pressure within the Industrial channel to contend with.

Within the infrastructure platform, we expect that slight improvements within the Hydraulic Tools business will be more than offset by top-line pressures in Oil & Gas, which continued to see little to no new activity in the offshore space and limited projects onshore in 2017. We hope this view of the business improves based on some of the recent actions which have occurred at the federal government level. In total, we expect the sum of these performances to translate into a slight top-line decline with room to the upside should one or more of the underlying markets rebound in 2017.

I want to spend a minute now going through some additional details related to the recent business development activities that Jim touched on earlier. As I stated earlier, the financial impact of these transactions is not included in the guidance I just provided.

In October we announced the acquisition of Newell Tools, including the highly prized Lenox and Irwin brands, for a $1.95 billion purchase price. This deal marked the end of our nearly three-year M&A hiatus, during which time we significantly enhanced our operating model and organizational capacity while driving meaningful improvements in organic growth and profitability.

The Newell Tools transaction materially enhances our presence in the power tools accessory space, while also expanding our footprint in the plumbing and electrical trades. These areas are core adjacencies for Stanley Black & Decker, and there's a rich opportunity to drive significant cost and revenue synergies in the near term by leveraging the same operating techniques that made the Black & Decker deal so incredibly valuable. Albeit, this will be on a smaller scale.

The transaction has cleared HSR review in the US and is pending certain non-US regulatory approvals. It is expected to close within the first quarter. EPS accretion, excluding charges, is expected to be approximately $0.20 to $0.25 in 2017, assuming this closing date occurs in the first quarter.

In December we announced the conclusion of our strategic review of the Security segment. We decided to retain the commercial electronic and automatic door businesses and sell the majority of our Mechanical Lock business to dormakaba for $725 million. This reflects the healthy EBITDA multiple of approximately 14 times. The transaction will be extremely tax efficient, with net proceeds expected to be approximately $700 million.

As we noted at the time, we believe there is tremendous opportunity to grow and innovate within the commercial electronic security and automatic door spaces. These businesses have a very natural and organic fit together, with the latter providing an important vehicle to host certain technological innovations which are a key component of our differentiated electronic monitoring value proposition, in addition to the otherwise attractive and underpenetrated market it serves.

However, given the suboptimal size and scale of our Mechanical Locks business, the value it attracted in the market, and the tremendous business development opportunities at hand, it became fairly obvious to us that redeploying this capital was the best way to maximize value creation for our shareholders. Once we made that decision, we went to work very quickly to ensure the successful achievement of that outcome. We expect the sale to close in the first quarter of 2017 and to be dilutive to 2017 earnings of approximately $0.15 to $0.20 EPS. Assuming Q1 closings for both of these transactions, on a combined basis they will be accretive by $0.05 to the 2017 EPS guidance I just communicated.

Finally, we kicked off 2017 with the exciting news that we had reached an agreement with Sears Holdings to purchase the iconic Craftsman brand. This deal gives us the exclusive right to develop, manufacture, and sell Craftsman branded products in all non-Sears Holdings channels worldwide.

The purchase price is comprised of two cash payments, one at closing and one at year 3, of $525 million and $250 million, respectively. Plus, it has a series of annual payments from year three through year 15, for an estimated total present value purchase price of approximately $900 million.

We expect this transaction to drive approximately $100 million of average annual growth, or between 50 to 100 basis points of organic growth year in and year out for the next decade. The closing is expected to occur during 2017. EPS accretion will be approximately $0.10 to $0.15 in year one, excluding charges, and then increasing to approximately $0.35 to $0.45 by year five, and then eventually to approximately $0.70 to $0.80 by year 10.

One final point on the Craftsman deal. We have received a number of questions regarding the limited lifetime warranty that customers of Craftsman products enjoy today. Our intention is to keep this warranty intact, assuming we are successful with our purchase of the Craftsman brand. So as you can see, there is a lot to be excited about going into 2017 and beyond. With that, I'll hand it back over to Jim for the summary.

Jim Loree - *Stanley Black & Decker, Inc. - President & CEO*

Yes, that warranty is a big part of the essence of the Craftsman brand, and it will continue to do so, as you point out, in the future. In summary, 2016 was a really good year for Stanley Black & Decker. Solid organic growth of 4% and a strong operating performance combined to deliver new records for EPS, cash flow, operating margin rate and working capital turns.

The DeWalt FLEXVOLT launch is a great story, and it is still early days. All signs point to that momentum growing throughout 2017 and well into the future.

In addition to the organic successes, we reentered the M&A sphere in a decisive and exciting way, announcing the acquisitions of Newell Tools and Craftsman. We adhered to our strategic principals by objectively evaluating our Security business, ultimately deciding to divest Mechanical Locks. We executed a tax-efficient transaction to do so at a great price, enabling us to monetize the asset and redeploy the capital into higher growth profitability activities.

Finally, we've established 2017 guidance for EPS within a range of $6.85 to $7.05, a 7% increase at the midpoint, on a solid 4% organic growth outlook, and that is without any net accretion from the announced transactions, which will be significant and additive when the deals close later in the year.

I'd like to make the point that much has been made of the FX and inflation headwinds that we are facing in 2017. Our view is that this is the best set-up that we've had in three to four years, a time when we overcame $400 million to $500 million of FX headwinds, and during that period we have maintained a consistent record of meeting or beating expectations, and we see that record continuing in 2017.

We expect to maintain the momentum we built in 2016 as we carry forward into this year, with a FLEXVOLT launch still in the early stages, the Security business re-energized and moving forward, SFS 2.0 in full swing, and the anxiously awaited additions of Newell Tools and Craftsman. 2017 promises to be another inspiring and rewarding year for Stanley Black & Decker.

We remain humble and committed to driving exceptional shareholder value again in 2017. Thank you for your support. Greg, we're now ready for questions.

Greg Waybright - *Stanley Black & Decker, Inc. - VP of IR*

Thanks, Jim. Andrew, we can now open the call to Q&A, please.

QUESTIONS AND ANSWERS

Operator

Ladies and gentlemen, the question and answer queue is now open.

(Operator Instructions)

The first question for the day will be coming from the line of Tim Wojs from Baird. Your line is open.

Tim Wojs - *Robert W. Baird & Company, Inc. - Analyst*

Hey, guys. Good morning.

Jim Loree - *Stanley Black & Decker, Inc. - President & CEO*

Good morning.

Tim Wojs - *Robert W. Baird & Company, Inc. - Analyst*

Nice job on the quarter.

Jim Loree - *Stanley Black & Decker, Inc. - President & CEO*

Thank you.

Tim Wojs - *Robert W. Baird & Company, Inc. - Analyst*

Just on the Tools business, could you start just by helping us a little bit with the cadence through the year? I know you have a little tougher comparisons in the first half versus the second half, and how we should think about FX and the raw material inflation hitting margins through the year?

Don Allan - *Stanley Black & Decker, Inc. - EVP & CFO*

Sure. We'll start with the organic revenue, as you refer to it, cadence by quarter. I won't go quarter by quarter, but if you think about a mid single-digit organic growth for the full year, we actually think that the first half will be pretty strong and be slightly above that 5% as we have things like positive momentum on FLEXVOLT and some other introductions and innovations that are occurring. And then as we get closer to the end of the year, fourth quarter in particular, the number probably will be slightly below 5%. So that's probably a directional trend that you can look at.

As far as currency, we see a lot of that currency happening in the first half and a much lesser amount occurring in the back half of the year. And then the commodity side of things will be more evenly paced throughout the year. We'll have less lumpiness to it because a lot of that is really things that have -- a trend that we've seen emerge in the back half of 2016, and based on the way that a lot of our contracts are laid out, they'll be rolling off in the first half of the year. So I would say more of an even pacing of that with maybe a little bit of a tick-up in the back half.

Tim Wojs - *Robert W. Baird & Company, Inc. - Analyst*

Good luck on 2017.

Operator

Thank you. Our next question comes from the line of Jeffrey Sprague from Vertical Research. Your line is open.

Jeffrey Sprague - *Vertical Research Partners - Analyst*

Thank you. Good morning.

Jim Loree - *Stanley Black & Decker, Inc. - President & CEO*

Good morning.

Don Allan - *Stanley Black & Decker, Inc. - EVP & CFO*

Good morning.

Jeffrey Sprague - *Vertical Research Partners - Analyst*

Jim, I'd like to pick up towards the end of your closing comments which were more strategic portfolio in nature. These tool assets obviously are in the sweet spot, and that would be one of the things that makes them look so attractive here, and it sounds like some of the stuff was on your radar screen.

As you think about what you said about diversifying the portfolio or going down other portfolio vectors, do you have a good sense of where you want to go? Not expecting you to name assets, but are there things on a chess board somewhere in your office so-to-speak that are a little bit of a road map and you -- or is this something that would be more opportunistic over time.

Jim Loree - *Stanley Black & Decker, Inc. - President & CEO*

I'd like to think it was as sophisticated as a chess board, but yes, we have some ideas. The first thrust is to continue to strengthen the franchises, all three of the major franchise that we have, so Security, Industrial, Tools. And that's logically why we, when these assets in Tools came up, we pounced because they do make tremendous sense as consolidating transactions for us, and in effect, particularly the Newell Tools being a bolt-on type and the Craftsman being more of an organic growth machine.

So part of this is when transactions become available in the segments that we're in, we take serious looks at them. So for instance, in Engineered Fastening, we'd love to acquire something. We love that business. We don't particularly like the -- how the electronics part of it has played out, but that's relatively small piece of it and getting smaller as the days go on.

But the automotive piece, and then there's an aerospace segment within Engineered Fastening that we are very underweight in. These types of businesses that are similar to Engineered Fastening, same or similar to Engineered Fastening, so a lot of application engineering up front, a good high value added for the customer base, recurring revenue stream, and in some cases even an aftermarket. That type of a business model is something that we like a lot, and so if something were to come up in Engineered Fastening or on the periphery, that would be quite interesting to us.

In Oil & Gas, I don't think we'll ever see Oil & Gas as a large percentage of the Company, but there are some assets in Oil & Gas that might be attractive, especially to the extent that they enable us to diversify using some of the technologies that we are in today, diversify outside into process industries and maybe repair and service for some of the infrastructure in Oil & Gas and related areas. So that could be interesting.

I think another theme that you'll see over time is as we develop that FLEXVOLT technology, it's going to become obvious that there's some acquisitions that enable us to really, as we go up the power curve, to exploit that technology to its fullest potential. So those are all things that we think about.

And we'll see. We have a pretty ambitious growth goal here to double the size of the Company by 2022, and we're going to need something on the order of $5 billion to plus worth of acquisitions to supplement the organic growth to get there. So I think you'll see not anything near term because we're in the process of digesting what we've already done here, but as we get into 2018, 2019, and so on, you're liable to see something in one of those areas that I just touched upon or more.

Operator

Thank you. Our next question comes from the line of Michael Rehaut from JPMorgan. Your line is open.

Mike Rehaut - *JPMorgan - Analyst*

Thanks. Good morning everyone. And nice quarter.

Jim Loree - *Stanley Black & Decker, Inc. - President & CEO*

Thank you. Good morning.

Mike Rehaut - *JPMorgan - Analyst*

My question is around Newell. I believe you laid out in the presentation $0.20 to $0.25 of accretion in 2017, and that's assuming a first-quarter closing. I'm sorry, yes, a first-quarter closing. I believe that's better than your initial guidance of $0.15 for the full first year.

So I was wondering if you could talk about what was driving that, if I have those numbers right. And also if I could sneak in a clarification on how Mac Tools did growth-wise during the quarter. Thanks.

Don Allan - *Stanley Black & Decker, Inc. - EVP & CFO*

Sure. So yes, there is a change in the Newell Tools estimates. It really has to do with the financing-related activities primarily. And in the initial estimates, we had assumed some longer-term debt that we would put in place, short-term debt as well, but given some of the things that have occurred and how strong our free cash flow performances was exiting the year and our view on cash flow for 2017, we don't see the need for the long-term financing right now. And therefore, the interest costs related to that transaction will be dramatically lower, not only in 2017, but on an ongoing basis. So it really jump starts the accretion in year one and gives us that extra $0.05 to $0.10 related that particular item.

As far as Mac Tools goes, they had a solid quarter with mid single-digit organic growth and was pretty much in line with our expectation.

Operator

Our next question comes from the line of Shannon O'Callaghan from UBS. Your line is open.

Shannon O'Callaghan - *UBS - Analyst*

Good morning, guys.

Don Allan - *Stanley Black & Decker, Inc. - EVP & CFO*

Good morning.

Jim Loree - *Stanley Black & Decker, Inc. - President & CEO*

Good morning.

Shannon O'Callaghan - *UBS - Analyst*

Just on the Industrial business, obviously, on the top line, a lot of moving parts there going into next year with still a little bit of electronics drag. Curious when that finally ends. And then what are you assuming in the plan for Dakota given -- how much of a drag have you baked in, and does it assume it comes back at all? Maybe just comment on the fourth quarter margins there, too, were down pretty sharply year over year. Thanks.

Don Allan - *Stanley Black & Decker, Inc. - EVP & CFO*

If you start with the electronics business in Engineered Fastening, yes, we're probably going to see about a $20 million drag here in 2017 on revenue from that business. In specific, that customer that we referred to will get down to a number on an annual basis around $50 million, maybe $45 million, in that range. As Jim mentioned, it's becoming a much smaller component of that business on a go-forward basis, which from our perspective is a good thing.

The other thing I would say related -- on the other -- your question you had on Oil & Gas and Dakota. We're pretty much done. We don't have any really any new revenue opportunity associated with that. We were part of the pipeline constructed leading up to what occurred over the summer into the fall, and so there's really not a lot of you new revenue opportunity for us on that particular pipeline.

You also had a question on profitability of the overall segment. It was really impacted by what I touched on, which was clearly there's a deleveraging effect of the top-line impact, just we're not able to take enough actions to offset that impact, and that's really the main driver of it.

Operator

Our next he question comes from the line of Jeremie Capron from CLSA. Your line is open.

Jeremie Capron - *CLSA - Analyst*

Thanks, and good morning all. Wanted to ask about your import situation in the US. We talked about that on the call following the announcement of the Newell acquisition that gives you a little more leeway there probably to shift some production into the US. But as we try to quantify your net importer situation into the US, can you help us understand what it amounts to today? Thank you.

Jim Loree - *Stanley Black & Decker, Inc. - President & CEO*

Yes, we import a lot into the United States. There's no question about that. That's pretty much the standard model in the tool industry, which is an import model, into developing countries for the most part.

Now, we have differentiated ourselves over the past few years by ramping up our US presence much more aggressively than our competition has, and so today, we have 3,000 employees manufacturing tools in the United States and 11 plants, and we've always had a fairly significant manufacturing infrastructure in the US selling into the US. But it's getting bigger, and it's going to get even bigger because whether or not any of the proposed concepts are implemented or not, it's making more sense to have that US presence because in the market, the folks that are buying the tools, the end users really like those tools that are made in the United States for US tradesmen and so on.

So you'll see a continued growth in our US manufacturing base with the Craftsman deal. We're going to open up a new plant in the United States, location to be determined. It's going to be very highly technologically equipped so that it can produce the highest quality tools at the best cost in the world, and we're excited about that. It will become a showcase plant.

And when you look at the competition in the industry, they're all going to have to play catch-up. There's one other company, I mentioned this on the Craftsman call, that is a competitor of ours but not in the core of our business but in the auto mechanics and industrial business, they compete with us. They also have a great US manufacturing infrastructure. The rest of them are going to be playing catch-up.

Operator

Thank you. Our next question comes from the line of Rich Kwas from Wells Fargo. Your line is open.

Rich Kwas - *Wells Fargo Securities, LLC - Analyst*

Hi, good morning.

Jim Loree - *Stanley Black & Decker, Inc. - President & CEO*

Good morning.

Rich Kwas - *Wells Fargo Securities, LLC - Analyst*

Two quick questions. Jim, strategic follow-up to Jeff's question. As you think about M&A, a lot on your plate here. As we think about 2017 into 2018, what are the chances that we see smaller bolt-ons added as we get later in the year and early 2018? How would you couch that?

And then Don, question on productivity. In terms of the savings from restructuring that have been done over the last couple years, are those included in that $0.45, $0.50 of savings for this year?

And then the other quick question is buyback. 151 million is a little higher than we were looking for. I assume there's some incremental buyback that could occur over the course of this year. Any additional thoughts there?

Jim Loree - *Stanley Black & Decker, Inc. - President & CEO*

We'll let Don start with the two questions that you gave him, and then I'll hit the acquisition question.

Don Allan - *Stanley Black & Decker, Inc. - EVP & CFO*

Let's start with the cost actions and productivity. As I mentioned in my comments, we have had about $50 million of restructuring charges per year for almost the last three years now, and so, yes, there certainly is. When you look at the [$0.45 and $0.50] (corrected by company after the call) of positive accretion from cost actions and productivity, there is a carry-over effect of that. I would say it's probably 10%, maybe at that number, 15%, in that range. It's not a large part of it.

I would remind everybody we have been very proactive in our cost reduction programs for quite some time, and in particular, over the last two years as we've dealt with all this currency pressure, and Jim mentioned a number close to $400 million over the last two years. We certainly got some price benefit offset to that, but it was only about a third of how much we were able to offset.

So we had two-thirds of all that we had to find a way to more than offset to grow our earnings. A lot of those were through cost actions that we've done either through continued productivity actions in our supply and getting productivity levels up to 5%, 6% in some cases, depending on the business, and then just ongoing SG&A, what I would call healthy restructuring that occurs.

And then this year, we're going to continue that activity like we have been doing because we've got nice momentum. We've also got functional transformation occurring that we'll begin to reap some benefits of that here in 2017, something we started talking about almost two years ago now. So that's a positive. And the $50 million of restructuring that we're going to utilize in 2017 will help drive some of those benefits as well. So I think we've positioned ourselves well over the next three years to be focused on balancing where we take cost out and then where we also implement cost to make investments to stimulate more growth, and that's really what you're seeing here.

On the question -- the second question related to shares outstanding, we have not assumed any type of buyback in a number at this point. The increase reflects the impact of the hybrid that matured in the fourth quarter of 2016, about 3 million of share impact year over year. We'll see how the year progresses as far as cash flow, but at this point, we think our cash is pretty much focused on paying for the M&A activity, and we don't have a lot of excess cash to focus on share repurchase. But if we do a little better than we expect, there's certainly an opportunity for us to do that.

Jim Loree - *Stanley Black & Decker, Inc. - President & CEO*

Okay. And then as it relates to bolt-ons, as Don said, there isn't a whole lot of cash to start with left after the -- or capacity left after the deals that we've announced. But I would say if we were to see some bolt-ons, and of smaller ones, as you point out, aggregating no more than 100 to 200, that might be a possibility. That would be played against the buyback. That's where we are.

We think of our culture as bold and agile but yet thoughtful and disciplined, and I think we've demonstrated the bold and the agile part, and the thoughtful part and the disciplined part as relates to the negotiation of these transactions and the deal execution, and now we need to demonstrate that as it relates to the integration part of it. And so it would not make a whole lot of sense to do anything in addition to what we've done this year in a large scale.

And we'll get the integrations right. We'll get the Newell Tools safely assimilated into our Company and providing the accretion. We'll get Craftsman, get that growth trajectory going that we've committed to. And then in 2018, thereabouts, 2019, whatever the right time is, we'll be back with something bigger in all likelihood.

Operator

Thank you. Our next question comes from the line of Nigel Coe if from Morgan Stanley. Your line is open.

Nigel Coe - *Morgan Stanley - Analyst*

Good morning, guys.

Jim Loree - *Stanley Black & Decker, Inc. - President & CEO*

Good morning.

Nigel Coe - *Morgan Stanley - Analyst*

I also want to say congratulations on getting the 10 turns, that aren't too many manufacturers at that level, so really well done there.

Jim Loree - *Stanley Black & Decker, Inc. - President & CEO*

Thank you.

Nigel Coe - *Morgan Stanley - Analyst*

So I'm asking the obvious question on FLEXVOLT. Sounds like from your guidance you gave, Don, that we're on track for $100 million of incremental sell-in in 2017. Can you maybe just mark us on what you achieved in 2016, and then maybe some commentary around where we are on the launch geographically and by products, and any early reads on how the launch is impacting potential cannibalization of corded products, and any pricing commentary would be helpful as well.

Jim Loree - *Stanley Black & Decker, Inc. - President & CEO*

Nigel, it's Jim. I'll take the bigger picture part of that, and if Don wants to supplement it with some commentary, that would be fine. The FLEXVOLT initiative, as you point out, sold $100 million in four months, and a lot of that was sell-in, but there was a fair amount of sell-out too. And it's been extremely well received by the end user community, and this is all about -- this is all about speed to establishing an installed base as it relates to the competition because the tools -- the batteries are backwards compatible to the DeWalt 20-volt tool. So it's complementary to our installed base, and where we're really trying to attack is at the competitor's installed base.

And so think of FLEXVOLT as a battery system that is establishing an installed base as aggressively and quickly as possible that requires DeWalt tools to operate. And then think of every year, a wave of new tool SKUs coming in that will enhance the substitution of corded products and the ability for us to substitute corded products in the higher voltage, higher power requirements, higher duty cycle-type SKUs.

If you think of it that way, I think it's helpful, because then you understand that it really is -- while there is going to be some cannibalization of our own corded tools, it really is a market share gain mechanism that has enormous potential, even at the voltage levels we're at today. And we haven't even talked about going up the voltage curve, the power curve, which we have the capability to do as we develop this technology. And that breakthrough innovation that we're working on will have some more surprises I'm sure, positive surprises in the future. Don?

Don Allan - *Stanley Black & Decker, Inc. - EVP & CFO*

I would just add that related to 2017, your comment is correct, Nigel. We do see another $100 million of incremental revenue that is included in our guidance. Jim, however, did discuss in his comments that we have capacity up to $400 million. So in total, we have $200 million in our numbers with incremental of $100 million next year. So there's capacity to take on another $200 million.

The $100 million makes sense to us right now based on -- it's too early to really know what the cannibalization is going to be. That's something we'll watch closely. But if the cannibalization is not as high, then there's certainly a possibility that we're somewhere between that $200 million to $400 million number as the year progresses, combined with some of the factors that Jim just mentioned.

Operator

Our next question comes from the line of Robert Barry from Susquehanna. Your line is open.

Robert Barry - *Susquehanna Financial Group - Analyst*

Hey, guys, good morning.

Jim Loree - *Stanley Black & Decker, Inc. - President & CEO*

Good morning.

Robert Barry - *Susquehanna Financial Group - Analyst*

So I wanted to dig into the tools growth and the outlook. It feels like the growth outlook keeps creeping down a little bit. I think at 3Q, it was a little below 7. At a conference in December, 5 to 6. It's now mid single, which feels like 5 to me. I'm curious what's driving that what sounds like incremental caution.

Maybe it helps to comment on 4Q and just clarify. If you sold $100 million of FLEXVOLT in four months, I'm assuming three-quarters of that would be in the 4Q. That's about 4 points of growth there I think, right? Doesn't seem like it leaves a whole lot of room for organic ex-FLEXVOLT on what was a fairly easy comp. So maybe some color there on the growth outlook in Tools. Thanks.

Don Allan - *Stanley Black & Decker, Inc. - EVP & CFO*

I'll give you some color on the outlook. If you remember back in our October earnings call, I gave a framework for 2017, which was total growth of 4% for the Company, and I gave a little color by segment with -- I indicated Tools was mid single digit. So that would be whatever you want it to be, somewhere between 4% and 6%.

That's really what we've been saying for the last 100-plus days. And so I don't -- I'm not sure what you're referring to specifically other than 7% was our performance in 2016. That's certainly -- maybe there's an aspect of that I'm just clarifying. We feel pretty good about that and our view going into the year that's the right place to be at this stage.

As far as FLEXVOLT, yes, we had about $50 million, $60 million of FLEXVOLT in the fourth quarter, and as Jim said, part of that was the continued load-in, but part of that was also sell-through. So there's a combination of factors there. That certainly contributed to the 7.3% organic growth that we saw in the fourth quarter, but there's still a very strong underlying growth excluding that as well that's been driven by all the other activities that I mentioned in my comments related to the Tools and Storage segment.

Operator

Our next question comes from the line of Joe Ritchie from Goldman Sachs. Your line is open.

Joe Ritchie - *Goldman Sachs - Analyst*

Thanks. Good morning, guys.

Jim Loree - *Stanley Black & Decker, Inc. - President & CEO*

Good morning.

Joe Ritchie - *Goldman Sachs - Analyst*

So maybe just trying to parse out 1Q a little bit more. It was helpful to get the buckets. But can you quantify the year-over-year impact from higher restructuring and FX in 1Q?

And then secondly, if -- realize commodities are going to be a headwind for a lot of industrial companies in 2017, but maybe talk a little bit about what type of pricing you think you can get as well as we progress through the year.

Don Allan - *Stanley Black & Decker, Inc. - EVP & CFO*

So Q1 I would -- for your modeling purposes for restructuring, I would say -- I would use about half of the $50 million in Q1. So we expect to do a fair amount of activity to get -- really to help drive some of the benefits that I talked about in guidance of those cost reduction and productivity actions. That's certainly a large number that impacts the EPS in Q1 and why it's a lower percentage for the full year. But I would exclude that and look at the underlying performance without that effect because that's more just based on decisions that we're making and not operationally focused.

The other thing is on the currency, it's very close to $20 million incremental impact in Q1. And so those two items, combined with a little bit of pressure from the shares, higher share count in the first quarter, is why you're seeing that type of EPS number for Q1.

On pricing actions, we are always looking for surgical pricing actions. We've been doing that for over a decade now in our Company, particular in our Tools and Storage business. That team is very much focused on what they can do at a very specific level or at the product level or product family level, depending on the situation, and they make decisions on what the right pricing decisions are that are both price increases, and some cases, on occasion, price decreases that might be necessary for certain products, but overall, looking how they get a price increase.

Commodity inflation certainly offers up an opportunity to talk about price increases, but the reality is is $50 million to our whole Company in a full year is really not large enough at this point to make a large case for a broad price increase. But it certainly is something that we utilize and we go through and do the surgical analysis of pricing by products to help make the decision of what is the right price point for a specific product.

Operator

Our next question comes from the line of David MacGregor from Longbow Research. Your line is open.

David MacGregor - *Longbow Research - Analyst*

Good morning, and congratulations on all the progress.

Jim Loree - *Stanley Black & Decker, Inc. - President & CEO*

Thank you.

David MacGregor - *Longbow Research - Analyst*

The question is on Craftsman. I wonder if you could just talk about the white space opportunity, and if any reference you can make to sizing, it would be helpful. And also, how much control do you have over what Sears does with the brand with respect to pricing and promotion?

Jim Loree - *Stanley Black & Decker, Inc. - President & CEO*

We have zero control over what Sears does with respect to pretty much anything. That's part of the rational for why we think this is a deal that is pro competitive and should be able to pass through the competitive review.

So as far as the growth trajectory, we start off with $100 million or thereabouts of business that we actually acquire as part of the transaction, and then the rest is up to us. We have a tremendous commercial capability in this Company that can span all the channels in the Tool business. And Craftsman is a unique brand in the sense that it plays in the auto mechanics channel, the industrial channel, the professional tradesman, the DIY-type user. It's one of the broadest brands in tools.

And so our approach is going to be to partner up with our big box customer partners and make sure that we exploit that channel. We are going to try to partner up with a large e-commerce company and make it available broadly through e-commerce, and we think that's an exciting growth opportunity. This one customer that I'm referring to, we'll tell you that Craftsman power tools is the single biggest unfulfilled search that it has. And so we're excited about that.

And then we have our automotive repair channel, Mac Tools, that we would expect to carry the Craftsman brand on in some form at some point. So lots of different approaches.

What we've committed to in the pro forma was $100 million a year of growth. So over a 10-year period, getting to pretty much a straight line -- on a straight line basis, getting to $1 billion over that period. And we hope that we can do better than that. But we think that's a very, very doable development curve.

Don Allan - *Stanley Black & Decker, Inc. - EVP & CFO*

I would just enhance Jim's comment on what control we have. He's right, we have zero control, but they do need to meet certain quality standards for use of the brand, and so that is part of the brand license. So it's not, [I say], control, but it is a standard that we wanted to have a place to ensure the quality of the products were at the right level.

Operator

Thank you. Our next question is from the line of Joshua Pokrzywinksi from Buckingham Research. Your line is open.

Joshua Pokrzywinksi - *Buckingham Research Group - Analyst*

Good morning, guys.

Jim Loree - *Stanley Black & Decker, Inc. - President & CEO*

Good morning.

Don Allan - *Stanley Black & Decker, Inc. - EVP & CFO*

Good morning.

Joshua Pokrzywinksi - *Buckingham Research Group - Analyst*

Just to pull the thread on FLEXVOLT a little bit more, Don, I think you've spoken many times about how getting over the curve in terms of factory utilization. And when should we think about the bridge to that being accretive to the total tools margins versus, I would presume, still, just based on the way you've laid out the cadence for EPS, probably still dilutive in the first half of the year?

Don Allan - *Stanley Black & Decker, Inc. - EVP & CFO*

Yes, it is. So based on what's in our guidance, it would be dilutive in the first half. In the back half, it's still probably marginally dilutive based on the current forecast.

Now, if we start hitting levels above $200 million and we're approaching $400 million, that's going to change the margin picture dramatically. So that's a factor that we have not assumed in our guidance. So it's a bit of a double positive that we get the extra revenue impact, but we would also get the leverage impact, going somewhere between $200 million to $400 million in revenue.

Joshua Pokrzywinksi - *Buckingham Research Group - Analyst*

Related to that, what is the expectation for sell-in versus sell-through in that incremental $100 million this year?

Don Allan - *Stanley Black & Decker, Inc. - EVP & CFO*

The vast majority of it we would expect to be probably sell-through, but we'll see as the year progresses. We'll certainly have a little bit of load-in happening here in the first quarter. But we're at the stage now where we're restocking, and we would hope that a lot of that would be sell-through.

Jim Loree - *Stanley Black & Decker, Inc. - President & CEO*

The new SKUs will be sell-in (multiple speakers) and some sell-in later in the year.

Don Allan - *Stanley Black & Decker, Inc. - EVP & CFO*

That's a good point. The new SKUs will be sell-in.

Operator

Our next question comes from the line of Liam Burke from Wunderlich. Your line is open.

Liam Burke - *Wunderlich Securities, Inc. - Analyst*

Thank you. Good morning, Jim; good morning, Don.

Jim Loree - *Stanley Black & Decker, Inc. - President & CEO*

Good morning.

Don Allan - *Stanley Black & Decker, Inc. - EVP & CFO*

Good morning.

Liam Burke - *Wunderlich Securities, Inc. - Analyst*

Jim, you highlighted that in the Hand Tools and Storage business, the Industrial had a good quarter. In the Q&A, you discussed that Mac Tools was up single digits, mid single digits. Mac Tools, though, has been strong for the last several quarters. Is there anything else in Industrial that performed particularly well?

Don Allan - *Stanley Black & Decker, Inc. - EVP & CFO*

Well, the Industrial business itself showed, within Tools, showed signs of life. Really had its first positive quarter in a long, long, time. Two years. I think that goes under the Proto and the Facom brands. They did quite well. So it does look like we potentially have hit an inflection point with that MRO-type market.

Operator

Thank you. Ladies and gentlemen, this now concludes our question and answer session for today. I'd like to turn the call back over to Mr. Waybright for closing remarks.

Greg Waybright - *Stanley Black & Decker, Inc. - VP of IR*

Andrew, thanks. We would like to thank everyone again for calling in this morning and for your participation on the call, and obviously, please contact me if you have any further questions. Thank you.

Operator

Ladies and gentlemen, thank you again for your participation in today's conference call. This now concludes the program, and you may all disconnect at this time. Everyone have a great day.