REFINITIV STREETEVENTS

EDITED TRANSCRIPT

SWK.N - Stanley Black & Decker Inc at Raymond James Institutional Investors Conference

EVENT DATE/TIME: MARCH 07, 2022 / 4:35PM GMT

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

CORPORATE PARTICIPANTS

Dennis M. Lange *Stanley Black & Decker, Inc. - VP of IR*

Donald Allan *Stanley Black & Decker, Inc. - President & CFO*

CONFERENCE CALL PARTICIPANTS

Samuel John Darkatsh *Raymond James & Associates, Inc., Research Division - Research Analyst*

PRESENTATION

Samuel John Darkatsh - *Raymond James & Associates, Inc., Research Division - Research Analyst*

Good morning. I'm Sam Darkatsh. On behalf of Raymond James, we'd like to welcome you to the Stanley Black & Decker presentation for today. Stanley is a diversified global provider of hand tools, power tools and power tool accessories, automatic door access technology and engineered fastening systems.

With us today is Don Allan, President and CFO; as well as Dennis Lange, Vice President of Investor Relations; and Cort Kaufman, Senior Director of Investor Relations. The format today, I think, Don, we have what, about 15-or-so minutes of prepared remarks, and then we'll open it up for Q&A.

So with that, Don, welcome.

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

Thank you, Sam. Good morning, everybody. So as Sam said, we're going to do about 15 minutes of comments, go through a few slides here. So first, I'd just like to, a little bit of a reminder of Stanley Black & Decker. So market cap, about $27 billion. You can see the revenue in 2021, $15.6 billion. That would be before the full impact of the recent acquisitions we did of MTD and Excel. So we'll be getting close to $20 billion in 2022.

You can see the makeup of the 2 large businesses that we have. So for those of you who might not be as familiar with our story, we sold our security segment or we announced the sale of it in the fourth quarter of our electronic security business. That should close in the second quarter of this year. And so we went from 3 segments down to 2. Tools and outdoor, you see the revenue of almost $13 billion in 2021, and then our industrial business of $2.5 billion.

So if you look a little bit deeper dive in tools and outdoor, so you can see the outdoor equipment piece is about 25% before those 2 acquisitions I mentioned. That will go up substantially as we add about $3 billion of revenue to that particular part of the company. Power tools, still a very significant part of this particular business or segment, 47%. And then you see the hand tool, storage and accessory component. With the acquisition of these 2 outdoor businesses, we are the world leader in tools and outdoor given our scale and our size as well as our geographic reach.

On the industrial side, we have 2, primarily 2 businesses within that segment: an engineered fastening business, which really serves the typical manufacturers. They put together whatever their product might be and using our engineered fasteners to basically hold different pieces of steel, combination of steel and other material together during the manufacturing process, such as putting together a car, putting together a plane, et cetera. So that's about 75% of this segment.

And then within the other part of the segment, we have something we refer to as infrastructure, which is made up of 2 businesses. One, it's large attachments that go on certain pieces of equipment such as backhoe as an example or the shovel bucket that goes. We make and sell those particular parts of the product. And then we also have an oil and gas business that creates welding machines that are used to basically weld together large pieces of steel pipes to construct the pipeline. This business is really very much focused on having products that are highly engineered that solve a problem for a customer in their manufacturing process and make them more efficient as they build or create that particular product.

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

So the vision for our company has been, for the last 5 or 6 years, is to be a company that's known for innovation because we've had a long track record of innovation across all these businesses. We continue to have a top quartile performance because as we look at the last 2 decades, particularly the last 12 to 13 years, that's been the case. And then make sure we continue our journey around social responsibility.

So as we've built these large franchises with a focus on innovation, unique differentiation of a service or a product, being diverse across the globe, serving different geographic markets and different channels, we recognized about a decade ago that we needed an operating model to really drive the effectiveness of these businesses so that we can achieve the long-term financial objectives you see on the right side of the page in that box, which is 4% to 6% organic growth, 10% to 12% total revenue growth, 10% to 12% EPS growth in total, free cash flow exceeding net income, 10 working capital turns or more and then a CFROI of 12% to 15%. And if you look at our track record over the last 12 years since Stanley and Black & Decker came together, for the most part, we've achieved those objectives over the long term.

As we generate the cash that comes out of this from our operating model and our business franchises, we have what we believe is an investor-friendly capital allocation, where we can actually take half of that free cash flow and return it to the shareholders through a dividend and the occasional opportunistic share repurchase. And then also the other half will go back into the franchises and invest in M&A through various acquisitions. And then the cycle continues of continuing to invest in world-class brands, making sure we have attractive growth platforms, scalable defensible franchises and products that are differentiated through innovation. And we believe this is how we create value at Stanley Black & Decker.

So as I mentioned earlier, we are the world's leading tool and outdoor company. If you look at our tool business kind of broken down into some different categories of power tools, hand tools and then outdoor power equipment. You can see that our 5-year CAGR growth has been double-digit or high teens over that time horizon. And so as an example, power tools, over 5 years, our average annual CAGR of revenue growth was 13%, well in excess of GDP. So we're gaining share and we continue to gain share. That's something that we believe is really the result of the strong innovation and the strong brands that we have in these particular businesses, as you see on the right side of the page.

So how do we commercialize them? How do we drive this innovation? And make sure we really leverage the effects of these powerful brands such as Stanley, DEWALT, Craftsman and of course, Black & Decker. And then you have some, what I would call, kind of sub-brands that are very unique to certain markets such as Mac Tools in the automotive repair market, Facom in the industrial mechanic tool market and then LENOX, which is really known for their saw blades in particular.

We have really 4 major customer segments in this business. You have a professional construction worker. You have industrial mechanics. You have auto repair mechanics. And then you have the consumer and do-it-yourself. But when you break down our tools business, about 70% of that business serves the professional, the professional construction worker or the professional industrial or automotive mechanic. And then the other 30% is consumer and do-it-yourself. We think this business is incredibly well positioned to continue to grow for all the reasons I've articulated over the last few minutes.

So we maintain our focus of really continuing to have a strong record of performance. So this year, we're looking to grow our EPS somewhere between 15% and 19% after it grew 30% last year. The growth is focused on areas that we think will continue to be strong, such as the reconnection of all of us to our homes and our gardens. As we've gone through the pandemic, that clearly has become a center of activity for everybody. But even as we come out of the pandemic, I think most of us are seeing that we all won't be rushing back to the office full time. Some will, but a lot of people won't be, and they'll continue to be utilizing their homes as a large part of their professional life in addition to their personal life.

E-commerce has accelerated our tools business, almost 20% of the business is through e-commerce now. And so it's become a large percentage of the business where 12 years ago, it was close to 0. And then electrification, how do we continue to electrify different aspects of our tools in particular, in the outdoor space where we just acquired some large businesses that primarily are gas engine-oriented. There's an opportunity to electrify that and use that as a growth opportunity going forward. And then, of course, our margin resiliency program allows us to continue to improve our margins and expand over time.

We are a company driven by our vision and our purpose as you see on the right side of the page. The performance is driven by our people, guided by our purpose and it's really driven by the strong brands and the strong innovation that we have as a company. So that's all for my opening comments, and I am going to throw it back to you, Sam. Thank you, everybody.

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

QUESTIONS AND ANSWERS

Samuel John Darkatsh - *Raymond James & Associates, Inc., Research Division - Research Analyst*

Okay. Terrific. I guess I'll start the Q&A myself to an extent. So remind us what your direct Russian-Ukrainian exposure is, maybe your Eastern European exposure as well. What you're seeing in the theater? And perhaps what sorts of contingencies are available to you or that you're managing through right now?

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

Yes. So our Ukraine business is relatively small. It's probably about $5 million to $6 million in annual revenue. Our Russian business is close to $150 million in annual revenue, has about 100 employees. Ukraine has about 10 employees.

So when we look at those 2 businesses right now, obviously, our first focus in the Ukraine is, over the last week or so, has been to make sure our employees are safe. So we've been focused on finding out where they were, do they want to get help getting out of the country, if they could leave because men over 18 can't leave the country. So we've, in some cases, they stayed and we've helped their families get out. So at this point, we've done everything we can, but we continue to monitor their safety through this really horrible situation.

Our Russian business, about 100 employees, as I mentioned, of the revenue side, as I touched on as well. Clearly, it's being dramatically devalued by what's happening with the ruble. The business will continue to be under pressure as long as these sanctions are in place, which appears like it probably will be for quite some time. So we have a question that we have to figure out is, is this still a business we want to have long term in Russia or is it something that we just have to exit over the coming weeks or months. So that's something we're watching very closely to see how it plays out.

The good news is we have no manufacturing in either one of those countries. So they're really just commercial operations at this point in time. And we have maybe $30 million, $40 million of inventory in Russia that we'll figure out how to navigate through that if we decide to dramatically reduce the business or close it down. But for us, it really doesn't feel like a big risk at this point just based on that, unless you start to believe that it's a much broader global risk.

Samuel John Darkatsh - *Raymond James & Associates, Inc., Research Division - Research Analyst*

And what's the latest with your supply chain conditions, including ocean shipping, container availability and rates? And I think you also mentioned back in January, you had something like $600 million-or-so in inventory in transit. What does that number look like right now?

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

Yes. So the number actually increased by $600 million. So it went from $300 million to $900 million in 2021. The good news is the number is still pretty much around the $900 million. So it hasn't gone up, but it also hasn't gone down dramatically. So that's something that we continue to really work through with our logistics team.

I think this year we'll make progress in that area. I think the number probably will come down $200 million to $300 million as the year goes on and we start to really navigate that over a 12-month period of time. It's still very challenging though. I mean, the logistics situation, supply chain is not easy, so moving things around the globe is very complicated. You've heard from some of our customers and some of our competitors and their earnings releases some of the similar challenges that they're having with goods kind of hung up in transit at the ports, around ships and they can't get into the ports. So that's, I think that's something we're going to continue to see be a challenge until the demand starts to soften, which at this point, the demand continues to be strong. And so in our case, we're continuing to look at bringing more product in to meet the demand. At the same time, we want to optimize inventory so that we can actually pull back our inventory a little bit here in 2022 by about $0.5 billion.

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

We've navigated a lot of different things in supply chain over the last 18 months to 2 years. The big hurdle we were dealing with first was battery cells for our cordless power tools. That kind of ironed itself out last summer, so we feel very good about that part of the supply chain. The semiconductor challenge of the chips that go in our power tools and our handheld outdoor equipment began to emerge in the late summer, early fall of last year. We've worked through various arrangements with some of those semiconductor players about 8, 9 months ago, and we're starting to see the benefit of that here in the first quarter and into the second quarter where our supply of chips has actually increased sequentially.

So if you look at third quarter, fourth quarter, last year was kind of here. It's ticked up in the first quarter and expected to tick up again in the second quarter, which is kind of how we've programmed our guidance. As we start to see things get better in the second quarter, we think our revenue will improve sequentially and then it will be even stronger in the back half, assuming demand continues to be strong. And at this point, demand is really healthy when it comes to many of these products.

Samuel John Darkatsh - *Raymond James & Associates, Inc., Research Division - Research Analyst*

So to that point, like wave a magic wand and immediately all your supply chain constraints evaporated, including labor, freight, inputs, what have you. So then you could just run flat out 3 full-time shifts in all your facilities. What would your capacity utilization, what would your slack capacity be around your businesses? And where do you peg that for the industry? I guess what I'm getting at is, when do you see the next big capital cycle for manufacturing process?

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

I think based on the work that we've done in the last 3 to 4 months, Sam, I would say that we can grow 25% to 35% this year and 25% to 35% next year before we start hitting at the big capital.

Samuel John Darkatsh - *Raymond James & Associates, Inc., Research Division - Research Analyst*

And those are volumes?

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

Those are volumes. And it would require all the things you said, 3 shifts, no labor challenges, all those things. So there's enough slack in the system to really show a lot more growth. And the reason that is, is we've opened 4 new plants in the last 9 months to 12 months. And the original idea was to actually open up those plants and then there'll be a correlated plant somewhere in Asia that we have to shut down. That shutdown never happened because the demand and the volume has gone up so much. And so now we're looking at supply chain saying, okay, well, we've got a bunch of new plants in North America and Mexico that we've opened up that are slowly ramping up. And as the year goes on, they're going to be able to take on more and more capacity. And the Asian plants are still running hot. And so if this demand situation continues to grow, we probably won't shut down our Asian plants. We'll continue to just run them in a very strong way.

Samuel John Darkatsh - *Raymond James & Associates, Inc., Research Division - Research Analyst*

Any questions from the room here?

Unidentified Analyst

Could you please just remind us, the MTD, excuse me, you I think own or executed your option to buy it out. And then the next kind of part of that is, rough numbers, you're selling security, you buy that business, which grow the balance sheet and revenue.

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

Yes. So the question was if we, our MTD business that we have a minority stake, do we buy it out? And then what does it look like when we're selling security, we're adding this in, and how does that affect the balance sheet and the revenue?

Unidentified Analyst

The repurchase plan also.

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

Yes. The repurchase plan as well. So I would say, yes, we had a 20% interest in MTD, which we, correct me, Dennis, I think we entered into 2.5, 3 years ago. Yes? We executed the option in the summer of last year and we went through the process of antitrust and it closed in the fourth quarter of last year.

We also did a smaller acquisition in outdoor called Excel, which is a Kansas family-owned company that was substantially smaller than MTD. But when you put the 2 of them together, it adds about $3 billion of revenue to our portfolio.

We sold the security business and announced that in the fourth quarter, and that should close in Q2 of this year. That's about $1.6 billion in revenue roughly, of how much will come out of our revenue base. So net-net, it's a positive impact.

On the capital allocation side, we're going to get probably $2.7 billion after tax from selling Security. The acquisitions of those 2 assets were how much Dennis?

Dennis M. Lange - *Stanley Black & Decker, Inc. - VP of IR*

$2 billion.

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

About $2 billion. So that's a bit of a net positive. But at the same time, when you look at our cash flow potential for this year of $2 billion and then net positive, I just described and where our leverage ratios were before the acquisitions last year. We announced a significant share repurchase of up to $4 billion that we're in the process of executing on the first phase of that right now, which is probably going to roughly be about $2.3 billion here in the first quarter.

We've done it through some cash repurchase of $300 million and then an ASR of $2 billion that we announced last week so. And then when we close the security transaction and get the cash, we'll do another $1.5 billion of share repurchase after that in the back half of the year. All that together with the free cash flow of $2 billion, our debt kind of leverage ratio should be right back in line by the end of the year.

Samuel John Darkatsh - *Raymond James & Associates, Inc., Research Division - Research Analyst*

And I guess, to that point, there's been some public chatter that Access Technologies, you're investigating where that might lay from a strategic standpoint. What are the near to intermediate term plans with the rest of some of the elements of your portfolio?

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

Yes. There's a couple of small assets in our portfolio that we're evaluating. One is the automatic door business, which is about $350 million in revenue. It was the other piece that was in our security segment. That's the piece that we have that was not sold as part of the first transaction. And then we have an oil and gas business that I touched on in my prepared remarks, which is about $130 million, $140 million, maybe $150 million in annual revenue. That one probably will be something we eventually do diversification or whatever, but that's really just a matter of timing and maybe the timing is right now with what's happening with oil prices, we'll see. So we have a couple of little dangling assets we're going to probably have to manage over the next year or 2.

Samuel John Darkatsh - *Raymond James & Associates, Inc., Research Division - Research Analyst*

Any other questions from the room? Yes, ma'am?

Unidentified Analyst

Maybe parse supply chain issues between the labor shortages and logistics.

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

Yes. So the question is, can I kind of parse between supply chain challenges between labor challenges, material challenges or logistical challenges?

Yes. Labor is a challenge, but actually, I think we're managing that relatively well. I think it's probably 10% of our, 15% of the overall supply chain challenge that we have. Materials, what's that?

Dennis M. Lange - *Stanley Black & Decker, Inc. - VP of IR*

More North America.

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

And that's more, definitely, thank you, more North American focused the labor challenges. The materials side, I think, for the last 6 months, it's been heavily weighted to materials, kind of a split between materials and logistics because of the semiconductor challenge that we have. As that solves itself in the next probably 2 to 3 months here, then we're really going to be left with more of the logistical challenge of moving stuff around the globe because our supply chain, in certain cases, you have things being produced in Asia that's coming into a North American or European market. And I think that's going to be the most challenging piece that we're all going to have to navigate through and in particular, our company. And the Russian conflict doesn't necessarily help because there is a significant train line that comes from China into the European market that goes right through that continent.

So we're all watching that very closely to see if that particular supply link is disrupted and do you need to go back to ocean shipping where you're actually shipping things coming up to the Suez Canal and et cetera, to get it into Europe. So I think we'll continue to work through these challenges probably for another 12 months from a logistics perspective. The labor one will always be a little bit of a challenge, but I don't think it's our biggest challenge as a company. And we're using technologies like Industry 4.0 and automation and digitization that's helping us really reshift the labor workforce away from more mechanical and assembly operations to things that are more focused on looking at data and then trying to make our manufacturing process more efficient.

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Samuel John Darkatsh - *Raymond James & Associates, Inc., Research Division - Research Analyst*

Any other questions in the room? Last week, one of your primary tool competitors announced results, Techtronic, and it was pretty clear they gained share in the industry, at least in the back half of the year. They did so with rising gross margins. You've put through a lot of, everybody has put through a lot of price. Talk about the competitive positioning, what's just happening competitively speaking in the industry? How you see elasticity, future competitive responses to pricing and maybe even market share directions this year?

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

Yes. I mean, we've gained a lot of share in power tools. That company that Sam mentioned has gained share as well. When you look at that market and the power tools, both of us are gaining a lot of share and others in the space are losing share so. But we continue to look at this dynamic and say, there's things that we need to keep doing, we need to do better. But things that we do, do well already, such as innovation, strong brands, those are things that we just need to keep pushing those levers hard and driving innovation into the marketplace because ultimately, power tools and outdoor product too, what really drives the user to buy your products is the innovation.

There's a loyalty aspect for sure. If you're a DEWALT user and you've been a DEWALT user for a long time, that's part of it. But if you don't bring the innovation with it, you're going to start losing those loyal customers. So you need both those levers and continue to do that. And I think our company and the other company does that very well. I think, going forward, this is going to be an intense competitive market in power tools.

The good news is that with all the price increases that we're putting into the marketplace, and we're not the only ones doing it, everybody is doing it from a competitive dynamic, they're just doing it in different ways. The price points continue to go up, but the demand is not being impacted at this point. And I imagine, like anything, there has to be a breakpoint where demand does get impacted at some stage, but we don't think we're close to that. We have more price increases going in the next 2 months here that we'll finalize the latest wave of those increases. We'll see where things go from that point going forward. But at this stage, based on all the work we've done, we don't see a lot of demand destruction from the price increases that we're about to put in the market.

And some of them have already been put in. They're already in. They've been in for a month or 2. So we're not seeing trends that have us concerned, but we're watching this very, very closely because it's a very unique dynamic situation where we clearly, none of us have ever experienced this type of environment where this much inflationary price increases have been put into a market in such a short period of time. And so we have to really be on top of this, looking at it every day, every week to make sure we're adjusting and tweaking as necessary.

Samuel John Darkatsh - *Raymond James & Associates, Inc., Research Division - Research Analyst*

And you'd imagine that demand would be pretty inelastic on the professional side just based on the huge backlogs that those individuals are working through. It'd be more in the consumer DIY side, which is what, 30% of your business that would be more on the sensitive side.

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

Yes. So as I said in my opening comments, 70% is on the professional. And to Sam's point, I mean, there's so much backlog of work for the professional right now that, in some cases, they're probably turning down jobs. But the demand is there, and so they're going to make the investment in the new tool at the different price points. And as we were talking about in the meeting before this, and they'll pass that price increase on to their customers and their end users. And so I feel pretty good about that situation. And we'll see. We'll watch it very closely, but I actually think because of just the intense demand, it can handle this much price.

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Samuel John Darkatsh - *Raymond James & Associates, Inc., Research Division - Research Analyst*

Investors really don't focus all that much on your industrial segment. One, it's smaller than tools and storage. And also, it's pretty out of favor. Pretty much everything within that segment is in a cyclical trough. Talk about what cyclical opportunities you see maybe in auto or aerospace and then what the incremental margins might look like in that segment on the way back out?

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

Yes. It's a recovery opportunity of about $300 million of revenue. And then it's a debate about how quick does it come? Is it 2 years? Is it 3 years? I mean, I think that's, I think a lot of us feel like the automotive industry is going to recover. And when supply issues get figured out, that's going to recover fast because there's a big demand for cars, light vehicle production, light vehicle, cars and trucks, et cetera.

The aerospace, I think there's going to be a recovery. It's just a question of how fast and how does it recover. Because I think leisure travel is going to come back really intense. Business travel, I don't know. I mean, I think a lot of people have kind of looked at it and said, maybe I'm not going to travel as much as I used to. But then again, 9 months from now, we could all be road warriors again. So it's just, it's going to be interesting to see how quickly that comes because if the business travel comes back hard with leisure travel, then I think that industry is going to recover in like a 3- to 4-year period of time. If there's a lag in the business, then maybe it's a little bit longer.

So you look at those 2 industries, and they affect our engineered fastening business within industrial. And I think there's a great cyclical recovery opportunity. And then you combine in the auto side with, we're well positioned for the industry to shift away from gas to electric so. And actually, that's a positive shift for us because we end up having more content in electric cars than we do in gas-operated cars. And so it creates a bigger revenue opportunity for us as that, because that market will shift away from petrol types of engines and more towards the electrified cars, and we're positioned perfectly for that in our engineered fastening business.

Samuel John Darkatsh - *Raymond James & Associates, Inc., Research Division - Research Analyst*

Oil prices spiking, base metals rising, steel prices rolling over. So on balance, what is your raw material inflation outlook compared to where we were sitting a couple of months ago?

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

Yes. It's kind of noisy and choppy right now. I mean, you've got things going along the lines you described. You got lithium that's going up that feeds into our battery cells. So there's still a lot of choppiness and we still kind of feel like we're at the peak for inflationary trends, but it will be interesting to see over the next few months if that changes one way or the other.

It doesn't feel like the inflationary trends are relenting. They still feel really intense. And for us, it's a combination of all the things that Sam mentioned. I mentioned lithium, but then you also have the inflationary cost increases related to the logistics, which is just container cost. Now you have fuel costs going up as well. So it wouldn't shock me, Sam, if we see a little bit more of an increase in inflationary items over the next 2 or 3 months. It's just a question, is it sustainable or is it a little bit of a blip. I don't know.

Samuel John Darkatsh - *Raymond James & Associates, Inc., Research Division - Research Analyst*

And with that, we're out of time. Thank you, and we'll continue this in the breakout session.

Donald Allan - *Stanley Black & Decker, Inc. - President & CFO*

Thank you, everybody. Thanks, Sam.

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

DISCLAIMER

Refinitiv reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2022, Refinitiv. All Rights Reserved.

©2022 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

