22-Feb-2024

Stanley Black & Decker, Inc. (SWK)

Barclays Industrial Select Conference

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Patrick D. Hallinan
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Julian Mitchell
Analyst, Barclays Capital, Inc.

MANAGEMENT DISCUSSION SECTION

Julian Mitchell
Analyst, Barclays Capital, Inc.

Great. Thanks, everyone, for being here. It's my pleasure to have next Stanley Black & Decker, Patrick Hallinan, CFO; Dennis Lange, Investor Relations. So thanks very much, Pat and Dennis for being here. Not sure if you wanted to make some intro remarks.

Patrick D. Hallinan
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

I'll start off with a few things, and then I'll turn it over to you for questions, Julian.

Julian Mitchell
Analyst, Barclays Capital, Inc.

Thank you.

Patrick D. Hallinan
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

Thank you for the interest. Those of you who follow us – followed us of late, obviously we're on a journey of recovering our margins and growth post some COVID disruption. Last year, our focus was really on gross profit margin recovery, cash generation, and starting to – and plant the seeds of growth investment. And those are all the things we executed on last year. We hit our gross margin target, actually finished the back half a bit stronger than we expected. And we generated $850 million of cash and used a good portion of that to delever. And we made $125 million of growth investments.

And this year, we have a very similar focus until we get our gross margin back up to a traditional level of 35-plus percent, we're going to stay very focused on getting our gross margin up to a level that can sustain innovation, brand building and investment in talent where we need to and stay focused on generating cash to delever. But we're also going to continue to plant some growth investments. We're going to invest about $100 million this year in innovation and field resources and brand building.

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So, we're pretty proud of what we delivered with the tough macro in 2023. And 2024 is an important year of showing continued progress, but I'd say it's for the longer-term journey to return Stanley Black & Decker to above market growth which would be kind of mid-single-digits or better top-line growth and a 35-plus-percent gross profit margin with cash conversion that's high around 100% plus or minus 10 points depending on what we're investing in. But that's our focus. And we're well down that path and we continue to make progress at the trajectory we expect in a tough macro, which I think 2024 will be another tough macro.

QUESTION AND ANSWER SECTION

Julian Mitchell
Analyst, Barclays Capital, Inc.

Q

Great. And so, you mentioned have a sort of tough macro for the year, and that's obviously embedded in your guide already. Maybe just any sort of pointers, how's the year starting out in terms of – yeah, there's the interplay of your own inventory reduction needs, then the sort of point of sale, something else. How are those two things...?

Patrick D. Hallinan
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

A

Yeah, yeah. I'll talk about first demand and then how does that relate to our top-line because they're two important moving parts.

I'd say that all of last year 2023 was probably about 400 basis points softer than our opening guidance for 2023, our annual plan. Now much of that was baked in updated guidance throughout the year. We're probably a little bit softer at the finish on a revenue base of about $15.5 billion for the full year. We were maybe about $100 million softer in the whole fourth quarter than we would have expected. I'd say that start of this year, it's always in durables, especially home centric durables. It's tough to read until you get the full spring season, but I wouldn't say it's gotten any better or any worse since the fourth quarter. It's kind of started with a soft DIYer, especially at high price points in Outdoor and a strong pro.

And I'd say in our Industrial business, strength in aerospace and EV automotive and smart storage, which is also very linked to defense like aerospace is, has persisted in general industrial softness. So I would say the start of the year feels like the end of the year, end of 2023.

I'd say as it relates to sales in most of our businesses, the channels have adjusted their inventory during 2023 or earlier. There's a few exceptions that I'll touch on. So, for the most part, we feel like we're through most of any destocking. So, sales in 2023 were a little bit behind POS in 2023. We don't see big things like that on the horizon. There's a few pockets like in independent dealers of outdoor equipment where you could see some more of that. And in some parts of the inventory chain that supplies general industrial fastening but not big magnitudes of things. So I think, right now our sales line should be moving in pretty close lockstep with POS, may not perfectly, but they shouldn't be big gaps between the two.

Julian Mitchell
Analyst, Barclays Capital, Inc.

Q

Understood. And when you think about that sort of consumer aspect, because you said it's sort of soft DIY, strong pro, how is kind of pricing holding up? People were concerned third quarter it seems softer, firmer again. Fourth...

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Patrick D. Hallinan
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

A

Yeah, I'd break it into a few things. I'd say, one, if you just talk about manufacturer competitive dynamics, I've seen good discipline. I suspect all of us would like our margins to be better and all of us would like to find more money to invest for long-term growth. And so I'd say manufacturing, pricing has been very disciplined, and we don't see those dynamics breaking down. There's no indication that – it certainly didn't happen last year, not even the back half of last year. And it's not changing right now, even with everybody having a bit more inventory than they would like. They're not using price to move inventory. They tend to be adjusting capacity to move inventory.

I would say there's not big changes in inflation, deflation in our space. So there's not a driving force from inflation, deflation. And so we see pricing being steady and we're going to be very – our objective this year is to be very disciplined. And because we haven't seen deflation rear its head in a big way or because our margins aren't where we like them to be, we have pretty firm ground with our channel partners to stay on that. I would say it's going to be interesting if the big box is not just in the US but elsewhere, get deep into a second year of another negative year does something change. I mean, that's where I have my eye more on a manufacturer dynamic.

But right now, pricing is pretty steady. And if it ebbs and flows in our quarters, that's just mix and promo volumes relative to normal cadence.

Julian Mitchell
Analyst, Barclays Capital, Inc.

Q

And how about your sort of market share perspectives in, say, Tools & Outdoor. It feels at Outdoor you have been performing a little bit lower than some peers, Tools very much in line.

Patrick D. Hallinan
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

A

Yeah, I would say reasonable observations. Outdoor is always a little bit more difficult because everybody has very different market exposures when you look at the peers. I think we're all feeling our own pain and the pain seems to be of a similar order of magnitude in Outdoor as we get a post-COVID rebound. But when I look at Tools, by far and away our biggest brand is DEWALT, which competes globally and it competes in all noteworthy channels. DEWALT had a very good year. You look at the POS we can collect globally for DEWALT is [ph] up (00:7:59) flat for the year, right? And that you heard people report their full year earnings and that's a very respectable performance.

I know there's sometimes another competitor out there who's above that, but relative to the market, DEWALT is still performing well relative to the market. We have some other tool brands that are very DIY centric and very retail centric where we need to work with ourselves and with our channel partners to improve the performance of brands like CRAFTSMAN and STANLEY. And so, I think that's the mix of results you would see in our Tools business.

I would say in Outdoor, so when we look at Outdoors, I don't think we feel like it's really a market share issue. It's a high price point – the Outdoor portfolio is a high price point [ph] GAAP ride-on (00:08:53) component, which has been where I think some of where some of the most extreme pain is. If you look at our handheld battery outdoor growth, it's been very, very strong, double-digit and very good margins. So I think we're going have to find the base in COVID. And so, our job as stewards of brands and investor returns is we're going to have to probably do more capacity takeout in Outdoor and more SG&A right sizing Outdoor to kind of get the business rebalanced for the current demand profile.

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Julian Mitchell
Analyst, Barclays Capital, Inc.

Q

Got it. And when you think about the sort of SKU reduction program? How is that affecting your share, shelf space, that type of thing?

Patrick D. Hallinan
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

A

Yeah, it's a valid question because we keep – throughout the year, I think I joined in April, we were around 45,000, 50,000; by the middle of the year, we were around 70,000; and we probably were on 85,000 SKUs identified with as [indiscernible] (00:09:56) maybe 40,000 or 50,000 of it at least out-of-production. I would tell you doing that that is important work for decluttering the environment and enabling the footprint change and the sourcing change and optimizing in-plant performance. But it has not been a big driver of share or sales.

Most of us have been in a business of – if a general manager has a reason to complain, they will complain. And when they come in to talk about their sales, they're not pointing to SKU reduction as one of the issues, right? It's usually a high price point, good, DIY centric, good, outdoor, good to better headwind, to that sort of $50 million-ish number still seems right. And that would be if we lost it all and that has not been the case. So that is not – I wouldn't say you could point in any material way to the finish of 2023 and point to SKU reduction being somehow responsible for a T&O full year sales performance that was roughly down 7% organically. There's not some meaningful rationalization driver of that.

Julian Mitchell
Analyst, Barclays Capital, Inc.

Q

Got it. And when you think about kind of the pace of STANLEY's own inventory, how quickly or when does that get back to that – is mid-teens as a share of sales pre-COVID? Maybe a little bit higher than that for some time. But how quickly do we get down from the current level?

Patrick D. Hallinan
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

A

Yeah, I think on a days basis, pre-Outdoors, we were more like in the 110-ish range pre-Outdoors and [ph] pre-TAM (00:11:42) is our aerospace business. We might end up more like $115 million, $120-ish million or thereabouts, but I think we're still two and a fraction years away from that. And it's not for want to get there or knowing what to do to get there. It's really our inventory right now. If sales stayed flat, would be about a $1 billion more inventory dollars than we would like. But it's disproportionately concentrated in batteries, in all manner of electrical components and in outdoor and especially outdoor that supports independent retailers.

And so yeah, we [ph] chugged (00:12:29) away at that $400 million to $500 million every 12 months. So if we can get $500 million done in two years, that gets us to it in two years. If it's four, it's a two and a slight fraction. But it's really because given the contracts we have with our battery and electrical suppliers and given the pace, you can move outdoor equipment while staying pricing discipline. It's kind of that pace. And that access is not spread across all product categories and brands.

Most of the other product categories and brands are pretty much where you would like them. And most of our channel partners, except for some of the independent retailers in Outdoor and some general industrial fastener customers, their inventories are pretty lean as well. And so it's not a broad-based dynamic we're solving for.

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Julian Mitchell
Analyst, Barclays Capital, Inc.

Q

And when we think about kind of the cadence of earnings through this year, I think you are quite explicit about sort of first quarter. How do we think about that ramp of earnings post that? I realize there's some sort of dynamics of EBITDA and then the below the line moving [indiscernible] (00:13:38)?

Patrick D. Hallinan
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

A

Yeah. There were multiple moving parts. I mean, we finished the back half of 2023 with a gross profit margin around 28.7% was the average for the back half. We're expecting it to progress on that margin percentage the first half probably in the 25 or 30 to 50 basis point range. And we expect some seasonality or return to start getting some normal seasonality where Q2 revenues become kind of a – if not the highest, certainly among the higher revenue quarters. And so when you look at revenue, times 29-ish percent margin, you're going to end up with pretty good EPS growth year-over-year. But that's because the front half of 2023 was under water.

And then, the back half of our yearend 2024, we're going to have to more traditional seasonality around the fourth quarter. So a little bit lower revenue, but that's when we expect to have kind of disproportionate margin performance.

And so, especially around the fourth quarter, we're going to be in the low-30s. So those are going to be the things that that drive it. But I'm sure 2024, like the last five or so years will be dynamic.

When you're talking one of our quarters bringing in a fraction billion dollars of revenue in total, you're talking any one quarter can be moving at 1 point or 2 points variance across the quarter. And you're kind of talking a 29% or low-29% average gross margin for the front half. And then most of the gross margin expansion coming in the back half. And that's kind of how I'd be thinking about it. And I would [indiscernible] (00:15:34) we're going to be maybe a bit conservative on SG&A, absolute dollars of the back half of the year, but again, somewhat flattish throughout the year just because we were extensively conservative the back half of last year, right.

I think most of our year is going to be bopping around the 21-ish percent plus-or-minus a fractional percentage point in a given quarter. And I think that's going to be the quarter. I think the tax rate is going to be what drives the EPS number a bit more dramatically. And that is some of our planning is going to be very back half weighted. We're guiding a 10% adjusted [indiscernible] (00:16:21) for the year, but it's going to be more like in the low-to-mid 20% approximately.

Julian Mitchell
Analyst, Barclays Capital, Inc.

Q

Got it.

Patrick D. Hallinan
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

A

So second quarter versus the first. On the sort of sales and margin is not that different. Sales step up a little bit [indiscernible] (00:16:42) leverage with that.

Julian Mitchell
Analyst, Barclays Capital, Inc.

Q

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And where will sort of outdoor, the steep drop of a very inflated base. When do you sort of see that start to improve? And the inventory seems very – so that's again three years to get rid of.

Patrick D. Hallinan
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.
A

Yeah, I think because the decline and reset post the COVID peak has been so significant even in a place where you've taken price, it's probably going to wind up being at least a quarter or thereabouts, if not more. And that's on a revenue basis, right? It's more on a volume basis. We're going to have to reset the cost structure for that. Yeah, I think where we are right now is certainly the pace of deceleration has slowed quite considerably. But you can imagine after the peak in 2021, after three years of challenges, the channel is incredibly skittish right now, so.

And where the channel is in that business is, they're only going to take inventory once they see the velocity in their environment pick up, which it hasn't yet picked up. So, we're going to control – we can control this year, which is we're going to right-size the cost structure, both the physical capacity we have and the SG&A.

And really focus on where do we have the most right to win. And that's more of a geography and product line breadth question for us. And I expect we'll be through it in 2024, but I don't expect that it will be a pleasant surprise if 2024 suddenly turns into a growth year in outdoor. That would be an inflection that hasn't yet occurred.

Julian Mitchell
Analyst, Barclays Capital, Inc.
Q

And how do we think about sort of, as you said, the sales had a big bounce, pretty long drawdown, where the margin sit versus that segment? What's the sort of entitlement medium term?

Patrick D. Hallinan
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.
A

Yeah. I will tell you, we're targeted on trying to get that to be – it's probably never going to be at the level of a DEWALT power tools. And so, we have a segment that's going to be averaging 35-plus, it's certainly going to be below that. We'd like to get it around 30%. Whether we can, is going to be because the pace of electrification has been different than we would have thought. And the breadth of the electrification penetration. So we're revisiting that. But I think this is a big year with Chris Nelson onboard running that business, of outlining the future of that business because I don't want to say our progress on Tools is down. We made a ton of progress in Tools and less progress in Outdoors. And we need that business to be able to grow better than market and we need that business to be at at least the 30-plus. I don't want to say that that's our final answer, but that that range – otherwise, challenge how are we going to allocate resources in our portfolio at that point, right?

Julian Mitchell
Analyst, Barclays Capital, Inc.
Q

Yeah.

Patrick D. Hallinan
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.
A

And so that's our focus that I think this year is going to be a big year as again Tools [indiscernible] (00:20:17) we can afford a bit more brainpower to be diverted to that focus and also doing it under the light of the current volume load.

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Julian Mitchell
Analyst, Barclays Capital, Inc.

Q

And in terms of cost reduction, what's the sort of satisfaction with the progress particularly versus the revenue line? And at what point would you have to think about, okay, do we need to extend the plan if revenues are not doing it?

Patrick D. Hallinan
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

A

We're trying to not do that. I mean, I will say honestly, it was a challenge. As you know, the program [indiscernible] (00:20:52) following us closely, is a $2 billion by 2025, the end of 2025, $1.5 billion of which is COGS related. So, we've done the SG&A part.

Julian Mitchell
Analyst, Barclays Capital, Inc.

Q

Yeah.

Patrick D. Hallinan
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

A

We've done about $850 million plus, $900 million-ish in the COGS part in there, thereabout. The progress that we lined out wasn't ever predicated that $1.5 million on a big leverage lift inside the facilities. But it also wasn't predicated on a big volume decline. And we saw volumes last year that were about 400 basis points lower than the original transformation plan.

Julian Mitchell
Analyst, Barclays Capital, Inc.

Q

Yeah.

Patrick D. Hallinan
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

A

And our guide this year at zero was about 400, 500 basis points below our original transformation plan. So, we are pulling savings initiatives forward to deliver the same dollars in the same timeframe, and we did that successfully in 2023. We'll have to do that again in 2024 to deliver the full $500 million of 2024. We expect to do that. And it will challenge us, Julian. But we feel like we have a pathway to it, and we don't anticipate changing that 35% by Q4 2025. Obviously, if the macro changed materially down further, then we might have to revisit that. But that's not where we are right now.

Julian Mitchell
Analyst, Barclays Capital, Inc.

Q

And reinvestment wise, as you said, I think it's sort of $125 million last year, $100 million this year, is that – sort of, if it's possible, I want to get into the run rate, because if the sales recover, there should be more reinvestment. But do we assume there's another sort of $100 million-plus next year? And then after that, we maybe in a steady state?

Patrick D. Hallinan
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

A

Yeah. No. I'd say, obviously, the rate at which we can get a macro that drives volume...

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Julian Mitchell
Analyst, Barclays Capital, Inc.

Q

Yeah.

Patrick D. Hallinan
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

A

...the pace of our gross margin and our cash conversion governs that. But what I would say is there's certainly $100 million, if not more than $100 million in the next couple years. But if you're trying to target – I've been a little bit reticent to say what should be the SG&A as a percentage of net sales, because over our history it's kind of moved anywhere from 19%, if not lower than 19% ,over 22%. And obviously because of our performance volatility, it's moved around quite a bit.

Julian Mitchell
Analyst, Barclays Capital, Inc.

Q

Okay.

Patrick D. Hallinan
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

A

This year would be like 21%, 22%. Unless the macro starts to speed up greatly, I would say I've been as a CFO fighting for the long term, fighting for at least 21% until the macro really lifted. And the reason for that is I do feel long term, we have a big time right to win.

Julian Mitchell
Analyst, Barclays Capital, Inc.

Q

Yeah.

Patrick D. Hallinan
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

A

But we need to re-energize our innovation and our brand building. And so if you are putting something in a model, I'd be modeling in the range of 20% to 21% medium term and I don't know that we will go below that in the future. It'll depend on – are we getting returns for our innovation, are we getting returns on our brand building? Because if we are and we're able to realize good price, I don't know that we need to go back down to the teens...

Julian Mitchell
Analyst, Barclays Capital, Inc.

Q

Yeah.

Patrick D. Hallinan
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

A

...to drive returns matrix for investors that are attractive. I'd rather get our team excited about innovating and realizing price capture.

Julian Mitchell
Analyst, Barclays Capital, Inc.

Q

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Got it. And when we think sort of medium-term earnings power, any sort of impressions there now that we're getting sort of [indiscernible] (00:24:40) existing plan.

Patrick D. Hallinan A
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

Yeah, well, when I started, I was already living with 2024 guidance, so I'm going to avoid giving myself 2025 guidance. But what I would tell you as a leadership team, while we were focused on both market and cash right now because it's what gives us the fuel to invest in our business and delever. Our long-term objective is greater than 35% gross margin, EBITDA margin in the mid-to-high-teens. And can we get ROIC back to kind of the high teens or better. And that's our objective. I don't think that is all going to come to fruition in 2025 and maybe not even in 2026.

Julian Mitchell Q
Analyst, Barclays Capital, Inc.

Yeah.

Patrick D. Hallinan A
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

But when the leadership team gets together and says, where are we going to on a five-plus-year basis at the – and therefore, when we look through the lens of what should be in our portfolio and what should we be allocating resources and investments, are there things that can fit into that profile?

Julian Mitchell Q
Analyst, Barclays Capital, Inc.

Understood. And then sort of a high-single-digit EPS dollar number is, yeah, sort of couple of years...

Patrick D. Hallinan A
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

Yeah.

Julian Mitchell Q
Analyst, Barclays Capital, Inc.

...type of framework. Yeah. And then the free cash flow dollar wise, last year was a very good year because of working capital liquidation.

Patrick D. Hallinan A
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

Yes.

Julian Mitchell Q
Analyst, Barclays Capital, Inc.

...this year, less of a working cap tailwind, but EBITDA recovering somewhat.

Patrick D. Hallinan A
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

Yes.

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Julian Mitchell
Analyst, Barclays Capital, Inc.

Q

How should we think about kind of free cash flow after this year, you've got another year of working cap tailwinds, EBITDA improving? So is this – dollar wise, is this a reasonable sort of free cash flow rate of $700 million, $800 million a year?

Patrick D. Hallinan
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

A

Yeah. I mean, next year, though, 2025, that is should step up with EBITDA growth because the dynamics as we move from 2023 to 2024 on cash is EBITDA recovery is about sufficient to offset a lower working capital reduction.

Julian Mitchell
Analyst, Barclays Capital, Inc.

Q

Yes.

Patrick D. Hallinan
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

A

Last year, we reduced working capital roughly a $1 billion. This could be $400 million, or $500 million [indiscernible] (00:27:05). Cash is a – free cash flow is about $150 million lower in 2024, but only two drivers, higher CapEx as we do footprint changes and higher cash [indiscernible] (00:27:22). As we head into 2025, we have basically a light working capital reduction. So no doubt we're driven by that.

Julian Mitchell
Analyst, Barclays Capital, Inc.

Q

Yeah.

Patrick D. Hallinan
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

A

We should have lower cash-oriented restructuring charges, and then EBITDA growth. So, I think the cash next year, 2025, effectively grows from roughly around the contribution margin. What you can think of as something approximate to gross margin, somewhere in the 30% and 25% range with volume growth.

Julian Mitchell
Analyst, Barclays Capital, Inc.

Q

Got it. Thanks again.

Patrick D. Hallinan
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

A

Yes.

Julian Mitchell
Analyst, Barclays Capital, Inc.

Q

Look, your cash conversion is – it's improving next year.

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Patrick D. Hallinan A
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

Correct.

Julian Mitchell Q
Analyst, Barclays Capital, Inc.

Because yeah, less restructuring. Okay.

Patrick D. Hallinan A
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

Yeah, because we will also be – we're going to be – in order to maximize deleverage, we'll be trying the whole CapEx constant 2024 to 2025, it's [indiscernible] (00:28:31).

Julian Mitchell Q
Analyst, Barclays Capital, Inc.

Yeah. And then leverage cost, last very quick question. The slope of...

Patrick D. Hallinan A
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

Yeah, I mean, organically you're looking at $300 million to $400 million a year down of debt reduction. [indiscernible] (00:28:47) we sold an infrastructure business, we will get net proceeds somewhere north of seven figures on that. And we use all that to pay down debt. We may do some other modestly sized M&A, but I think if you put that aside because we can't control if and when that happens perfectly. We'll probably finish 2024 at about – well, above 4 times with Moody's and a little bit below 4 times with Fitch and S&P.

Julian Mitchell Q
Analyst, Barclays Capital, Inc.

Yeah.

Patrick D. Hallinan A
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

And then we're probably a full turn better than that the next year.

Julian Mitchell Q
Analyst, Barclays Capital, Inc.

Perfect. And then I think I want to turn quickly to audience response. So, many questions if you could grab those gray boxes. First question do you currently own Stanley?

Patrick D. Hallinan A
Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

So, a lot of opportunity there. Number two is around sort of current bias or predisposition towards the name. Generally positive. Third one is around the earnings growth and the peer set here at least for this context is for multi-industry companies. So, sort of below the group average.

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Next question is around excess cash usage, small sort of scope in the discussion for now. Yeah, so debt reduction. Next one is around valuation. So what's the sort of year one P/E? Obviously, the E is depressed. So, a real broad range there, broader than normal. And the final question, kind of what's the key gating factor like why don't people own more of their shares? So broad sways on that front, mostly margins.

Julian Mitchell

Analyst, Barclays Capital, Inc.

Well, with that, thanks so much Pat.

Patrick D. Hallinan

Chief Financial Officer & Executive Vice President, Stanley Black & Decker, Inc.

Thank you. Appreciate it.

Julian Mitchell

Analyst, Barclays Capital, Inc.

Thank you.

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