

Fourth Quarter And Full Year 2023 Overview

February 1, 2024

StanleyBlack&Decker

For those who make the world.™



Participants



Don Allan

President & CEO



Chris Nelson

COO, Executive Vice President And President, T&O



Pat Hallinan

Executive Vice President, CFO



Dennis Lange

Vice President, Investor Relations

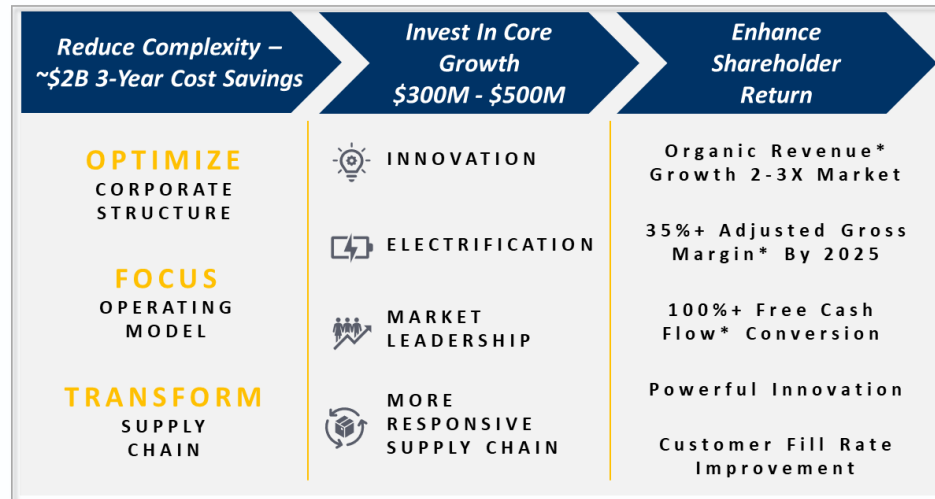
Cautionary Statement

Certain Statements Contained In This Presentation Are Forward Looking. These Are Based On Assumptions Of Future Events Which May Not Prove To Be Accurate. They Involve Risk And Uncertainty. Actual Results May Differ Materially From Those Expected Or Implied. We Direct You To The Cautionary Statements Detailed In The Corresponding Press Release And Form 8-K And Our Recent '34 Act SEC Filings.

2023: Transformation Progress On Multiple Fronts

Achieved Tangible Results In First Year And A Half Of The Strategic Transformation...

Transformation Initiated In Mid-2022



Refocused And Reenergized In 2023

- **Cost Optimization:** Over \$1 Billion Pre-Tax Run-Rate Program-To-Date Cost Savings And On-Track For Expected \$2 Billion Pre-Tax Run-Rate Savings By End Of 2025
- **Profitability Improvement:** Gross Margin Improved Sequentially Each Quarter, Exiting 2023 Approaching 30%
- **~\$850 Million Free Cash Flow* Generation:** Driven By \$1.1 Billion Inventory Reduction**
- **Active Portfolio Management:** Announced In December 2023 Agreement To Divest STANLEY Infrastructure For \$760 Million In Cash
- **Three New, Experienced C-Suite Leaders Added**

...As We Continue Our Journey To Deliver Improved Growth, Profitability, Free Cash Flow And Shareholder Return

4Q 2023 Key Messages

Focused Execution Delivered Gross Margin Expansion And Strong Free Cash Flow Generation...*

- 4Q'23 Revenues Of \$3.7 Billion, Down Versus Prior Year Primarily Due To Lower Outdoor And DIY Volume As Well As Infrastructure Customer Destocking
- 4Q'23 Adjusted Gross Margin* Was 29.8%, Up 10.3 Points Versus Prior Year Driven By Lower Inventory Destocking Costs, Supply Chain Transformation Benefits And Lower Shipping Costs Which More Than Offset The Impact From Lower Volume
- \$1.1 Billion Inventory Reduction Year-To-Date; Approximately \$1.9 Billion Reduction Since Mid-2022**
- Fourth Quarter Cash From Operating Activities Was \$769 Million; Fourth Quarter Free Cash Flow* Was \$647 Million
- Guiding 2024 Full Year GAAP EPS Of \$1.60 To \$2.85 And Adjusted EPS* Of \$3.50 To \$4.50; Free Cash Flow* Expected To Approximate \$0.6 Billion To \$0.8 Billion

4Q'23 Key Financials

\$3.7B

Total Revenue

(7%)

Organic Revenue*

+220 Bps

Adj. Gross Margin* vs. 3Q'23
+10.3 Pts VPY

Quarter-To-Date | Program-To-Date

\$160M | \$1B+

Pre-Tax Run-Rate Cost Savings

\$0.92

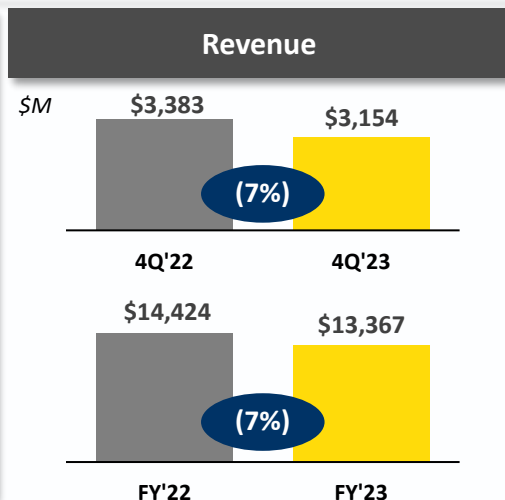
Adjusted EPS*

...Disciplined Action To Advance The Company's Primary Areas Of Strategic Focus

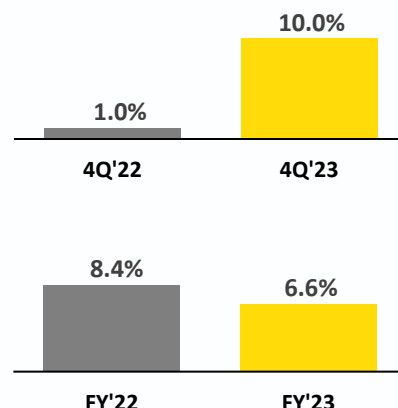
4Q 2023 Segment Overview

Profitability Improved Leveraging The Global Cost Reduction Program And Lower Transportation Costs

Tools & Outdoor



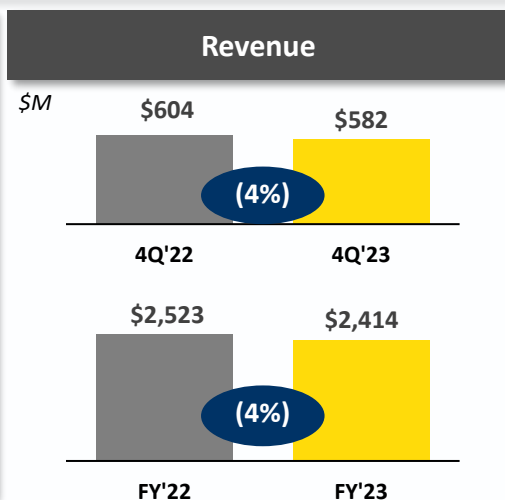
Adjusted Segment Margin*



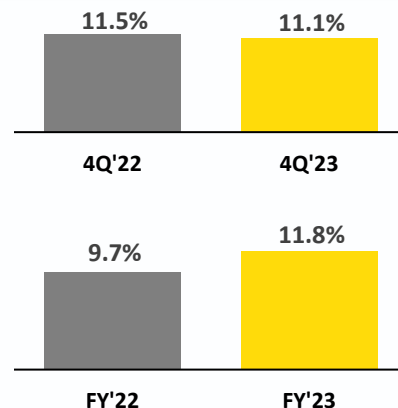
- **4Q Organic Revenue* (8%) With +1% PT, (6%) HTAS, (31%) OPG**
 - (10%) N.A., (1%) Europe, (1%) EM (Mid-Single Digit Organic* Growth Excluding Russia)
- **FY Organic Revenue* (7%) With (4%) PT, (3%) HTAS, (19%) OPG**
 - (8%) N.A., (4%) Europe, (3%) EM (Mid-Single Digit Organic* Growth Excluding Russia)
- **Volumes Declined As A Result Of Lower Consumer Outdoor And DIY Market Demand**
- **U.S. Retail Point-Of-Sale Demand Remained Negative Versus The Prior Year, But Above 2019 Levels Supported By Price Increases And Strength In Professional Tools**

4Q'23 Adj. Segment Margin Rate* 10.0% | Up VPY As Lower Inventory Destocking Costs, Supply Chain Transformation Savings, And Reduced Shipping Costs Were Partially Offset By Lower Volume

Industrial



Adjusted Segment Margin*




- **4Q Organic Revenue* (4%) With +1% Price More Than Offset By Lower Volume (5%) In Infrastructure**
 - +7% Engineered Fastening
- **FY Organic Revenue* Flat With +3% Price Offset By Lower Volume (3%) In Infrastructure**
 - +6% Engineered Fastening
- **4Q Engineered Fastening: Double Digit Growth In Aerospace And Automotive Partially Offset By Softness In General Industrial Fastener Markets**

4Q'23 Adj. Segment Margin Rate* 11.1% | Down VPY As Lower Volume More Than Offset Price Realization And Cost Control

Heavy Duty Platform Expansion In 2024

Revolutionary Platform Of Cordless Solutions For The Concrete Industry...



DEWALT **POWER SHIFT**

NO GAS. NO CORDS. NO JOB TOO BIG.

50 YEARS SOLID
WORLD OF CONCRETE

Heavy Duty Line Of Concrete Solutions Debuted At World Of Concrete

...Advancing The Trade With The Impressive Power, Runtime, And Reliability Of Our Battery-Operated Solutions

Strategic Transformation On-Track

On-Track For \$2.0 Billion Pre-Tax Run-Rate Cost Savings By End Of 2025...

Progress Achieved

Pre-Tax Run-Rate Cost Savings

\$160M

4Q'23 Quarter-To-Date

\$1B+

Program-To-Date

Supply Chain Transformation



Strategic Sourcing



Facility Consolidation



Complexity Reduction
(SKU Reduction & Platforming)



Ops Excellence

Program-To-Date Savings Exceeded \$1 Billion Target By End Of 2023

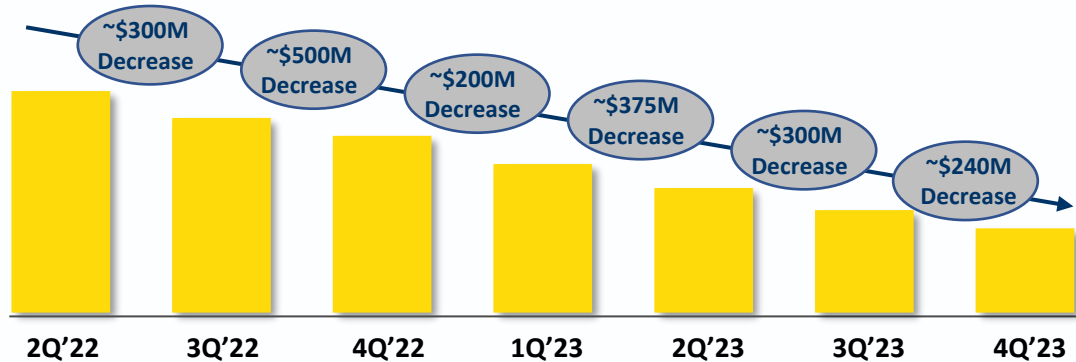
Targeting To Achieve ~\$1.5 Billion Of Pre-Tax Run-Rate Savings By End Of 2024

...Enabling \$300 - \$500 Million Growth Investment And 35%+ Adjusted Gross Margins*

Inventory & Gross Margin Update

~\$850 Million Free Cash Flow* And Gross Margin Improvements In FY'23...

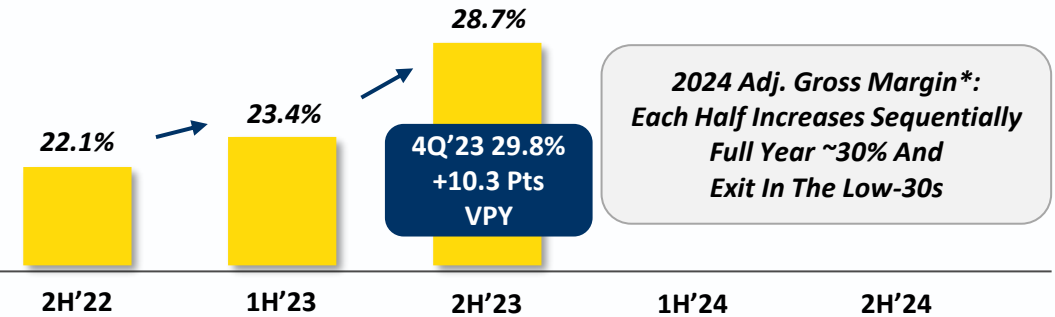
Delivered Over \$1 Billion Inventory Reduction In 2023



- ~\$1.1 Billion Inventory Reduction In 2023 And Inventory Reduction Totaling \$1.9 Billion Since Mid-2022**
- Working Capital Reduction A Continued Priority...Expect Multi-Year Inventory Reductions To Be Driven By Efficiency Gains
- 2024 Working Capital Reduction Supported By Lower Inventory (\$0.4B-\$0.5B)

~\$850 Million Free Cash Flow* In FY'23... FY'24 Free Cash Flow* Expected To Approximate \$0.6 Billion To \$0.8 Billion

Exiting 2023 Approaching ~30% Adjusted Gross Margin*



2024 Adj. Gross Margin*:
Each Half Increases Sequentially
Full Year ~30% And
Exit In The Low-30s

- 4Q'23 Adjusted Gross Margin* Up +220 Bps Sequentially; Four Consecutive Quarters Of Adjusted Gross Margin* Improvement
- 4Q'23 Adjusted Gross Margin* Expansion VPY As Lower Inventory Destocking Costs, Supply Chain Transformation Benefits And Lower Shipping Costs More Than Offset The Impact From Lower Volume

Long Term Target: 35%+ Adjusted Gross Margins*

...Strong Foundation To Grow Profitability In 2024 While Prioritizing Cash Generation And Balance Sheet Strength

2024 Guidance

Anticipating Relatively Flat Organic Growth Representing Modest Share Gain Against A Tough Macro Environment...

2024 Outlook

Organic Revenue* And Adjusted Margins*

Total Company

Organic: Relatively Flat YoY +/- 2pts

Adjusted EBITDA Margin: ~10%

Tools & Outdoor

Organic: Relatively Flat YoY +/- 2pts

Segment Margin: Up YoY

Industrial

Organic: Flat To Low Single Digit Growth YoY

Segment Margin: Relatively Flat YoY

Other Guidance Items At The Midpoint

Assumes Infrastructure Divestiture Closes End Of 1Q'24 Including ~\$100M Sales in 1Q

Pre-Tax Non-GAAP Adjustments: ~\$290M-\$340M, Driven Predominately By Transformation

Other Net: ~\$310M | **Interest Expense:** ~\$350M

Depreciation: ~\$400M | **Intangible Amortization:** ~\$165M | **Capex:** ~\$400M-\$500M

Adjusted Tax Rate: ~10%

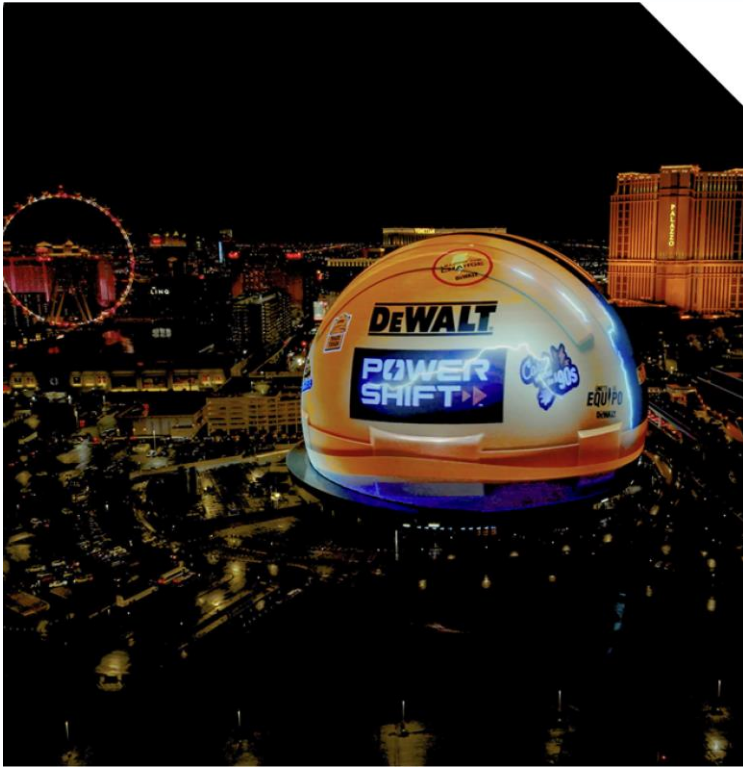
Shares: ~151M

1Q Adjusted EPS: To Approximate 13% Of FY Adjusted EPS

...2024 EPS Guidance Range To Be GAAP \$1.60-\$2.85 And Adjusted* \$3.50-\$4.50 | Free Cash Flow* \$0.6B-\$0.8B

Stronger And More Focused Enterprise

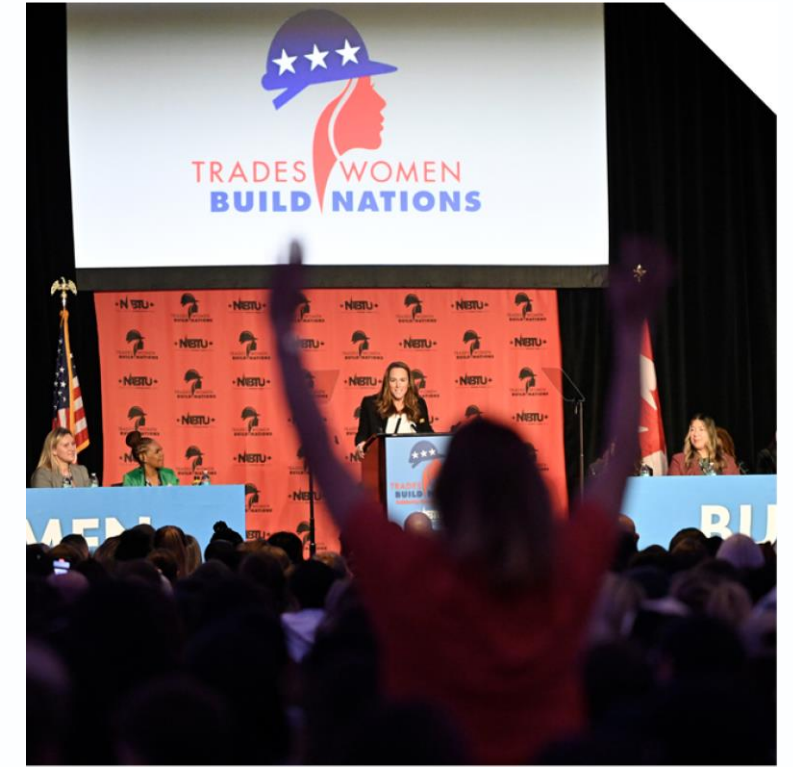
Centered Around Our Core Market Leadership Positions And Built Upon The Strength Of Our People And Culture



**Unleashing
Brand Power**



**End-User
Inspired Innovation**



**Empowering
People**

Q&A

StanleyBlack&Decker

For those who make the world.™



Free Cash Flow* & Liquidity

4Q'23 Free Cash Flow*

	QTD			YTD		
	4Q'22	4Q'23	V\$	4Q'22	4Q'23	V\$
\$M						
Net (Loss) Earnings	\$ (45)	\$ (304)	\$ (259)	\$ 1,063	\$ (310)	\$ (1,373)
Deprec / Amort	147	148	1	572	625	53
Working Capital	593	516	(77)	(1,705)	769	2,474
Pre-tax Loss on Sales of Businesses	-	3	3	8	11	3
Pre-tax Loss (Gain) on Sales of Discontinued Operations	23	14	(9)	(1,197)	14	1,211
Asset impairment charges	-	151	151	168	275	107
Other	(67)	241	308	(369)	(193)	176
Cash From Operating Activities	651	769	118	(1,460)	1,191	2,651
CapEx	(130)	(122)	8	(530)	(338)	192
Free Cash Flow*	\$ 521	\$ 647	\$ 126	\$ (1,990)	\$ 853	\$ 2,843

- **4Q'23 Free Cash Flow***: \$647 Million Of Free Cash Flow* Generation Primarily Driven By Inventory And Other Working Capital Reduction

Liquidity Key Points

- Maintain Investment Grade Credit Ratings
- \$4.0B In Credit Facilities Backed By A Well Capitalized, Diversified Bank Group
- No Term Debt Maturities Until 1Q 2025 | Next Maturity 1Q 2026

Liquidity Sources As Of 4Q'23

Cash On Hand	\$0.4B
Addl. Commercial Paper Capacity (\$3.5B Max)	\$2.4B
Addl. Credit Facility Capacity	\$0.5B
Total Additional Liquidity	\$3.3B

Debt Reduction Remains A Top Priority In 2024

Financial Flexibility In A Challenging And Dynamic Environment

Global Presence



Canada	<u>4Q'23</u>	<u>YTD</u>
Organic*	(1%)	(4%)
% SWK	4%	5%

U.S.	<u>4Q'23</u>	<u>YTD</u>
Organic	(10%)	(7%)
% SWK	62%	62%

Europe	<u>4Q'23</u>	<u>YTD</u>
Organic	(3%)	(2%)
% SWK	15%	16%

Japan	<u>4Q'23</u>	<u>YTD</u>
Organic	+16%	+6%
% SWK	3%	3%

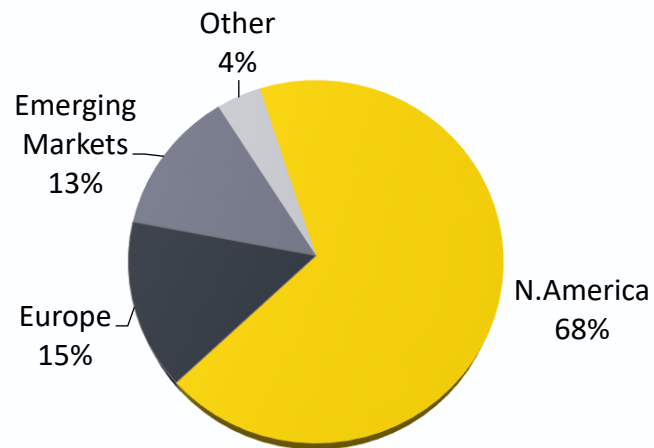
EMG. MKT	<u>4Q'23</u>	<u>YTD</u>
Organic	4%	(4%)
% SWK	14%	12%

Australia	<u>4Q'23</u>	<u>YTD</u>
Organic	(32%)	(29%)
% SWK	2%	2%

4Q 2023 Regional Revenue Breakout

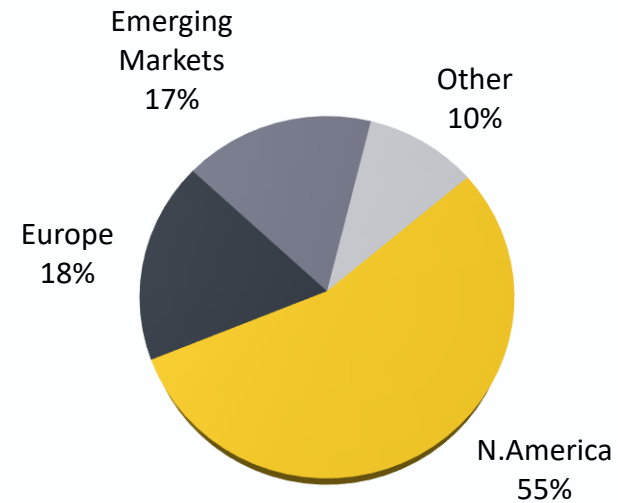
Tools & Outdoor

\$3,154M



Industrial

\$582M



Reconciliation Of GAAP To Non-GAAP Measures

Q4 2022			Q3 2023			Q4 2023				
GAAP Gross Profit	Non-GAAP Adjustments	Non-GAAP Gross Profit	GAAP Gross Profit	Non-GAAP Adjustments	Non-GAAP Gross Profit	GAAP Gross Profit	Non-GAAP Adjustments	Non-GAAP Gross Profit		
\$753.5 18.9%	+	\$24.5	=	\$778.0 19.5%		\$1,104.4 29.6%	+	\$9.9	=	\$1,114.3 29.8%
GAAP EPS	Non-GAAP Adjustments	Non-GAAP Adjusted EPS								
\$(1.84)	+	\$2.76	=	\$0.92						

Reconciliation Of GAAP To Non-GAAP Segment Profit

Q4 2022 - QTD				Q4 2023 - QTD			
Tools & Outdoor	GAAP Segment Profit		Non-GAAP Adjustments		Non-GAAP Segment Profit		
	\$3.4 0.1%	+	\$29.8	=	\$33.2 1.0%		
Industrial	GAAP Segment Profit		Non-GAAP Adjustments		Non-GAAP Segment Profit		
	\$68.2 11.3%	+	\$1.4	=	\$69.6 11.5%		
Tools & Outdoor	GAAP Segment Profit		Non-GAAP Adjustments		Non-GAAP Segment Profit		
	\$293.5 9.3%	+	\$22.3	=	\$315.8 10.0%		
Industrial	GAAP Segment Profit		Non-GAAP Adjustments		Non-GAAP Segment Profit		
	\$65.0 11.2%	+	\$(0.6)	=	\$64.4 11.1%		

Reconciliation Of GAAP To Non-GAAP Segment Profit

	FY 2022				FY 2023		
Tools & Outdoor	GAAP Segment Profit	+	Non-GAAP Adjustments	=	Non-GAAP Segment Profit		
	\$971.9 6.7%		\$235.4		\$1,207.3 8.4%		
Industrial	GAAP Segment Profit	+	Non-GAAP Adjustments	=	Non-GAAP Segment Profit		
	\$236.2 9.4%		\$7.8		\$244.0 9.7%		
Tools & Outdoor	GAAP Segment Profit	+	Non-GAAP Adjustments	=	Non-GAAP Segment Profit		
	\$687.6 5.1%		\$196.7		\$884.3 6.6%		
Industrial	GAAP Segment Profit	+	Non-GAAP Adjustments	=	Non-GAAP Segment Profit		
	\$266.5 11.0%		\$18.7		\$285.2 11.8%		

Reconciliation Of GAAP To Non-GAAP Sales Growth (Decline)

Stanley Black & Decker – QTD	GAAP Sales Growth (Decline)							Non-GAAP Organic Sales Growth (Decline)
	-6%	-	0%	+	0%	-	1%	= -7%
Tools & Outdoor QTD	GAAP Sales Growth (Decline)							Non-GAAP Organic Sales Growth (Decline)
	-7%	-	0%	+	0%	-	1%	= -8%
Industrial QTD	GAAP Sales Growth (Decline)							Non-GAAP Organic Sales Growth (Decline)
	-4%	-	0%	+	0%	-	0%	= -4%

Reconciliation Of GAAP To Non-GAAP Sales Growth (Decline)

Stanley Black & Decker – YTD	GAAP Sales Growth (Decline)		Acquisitions		Divestitures		Currency		Non-GAAP Organic Sales Growth (Decline)
	-7%	-	0%	+	1%	-	0%	=	-6%
Tools & Outdoor YTD	GAAP Sales Growth (Decline)		Acquisitions		Divestitures		Currency		Non-GAAP Organic Sales Growth (Decline)
	-7%	-	0%	+	0%	-	0%	=	-7%
Industrial YTD	GAAP Sales Growth (Decline)		Acquisitions		Divestitures		Currency		Non-GAAP Organic Sales Growth (Decline)
	-4%	-	0%	+	4%	-	0%	=	0%

EBITDA Reconciliation

	FOURTH QUARTER		YEAR-TO-DATE	
	2023	2022	2023	2022
NET (LOSS) EARNINGS FROM CONTINUING OPERATIONS	\$ (276.1)	\$ (100.6)	\$ (281.7)	\$ 170.3
<i>% of Net Sales</i>	<i>-7.4%</i>	<i>-2.5%</i>	<i>-1.8%</i>	<i>1.0%</i>
Interest - net	87.6	83.9	372.5	283.8
Income taxes on continuing operations	197.3	(51.6)	(94.0)	(132.4)
Depreciation and amortization	148.4	147.1	625.1	572.2
EBITDA	\$ 157.2	\$ 78.8	\$ 621.9	\$ 893.9
<i>% of Net Sales</i>	<i>4.2%</i>	<i>2.0%</i>	<i>3.9%</i>	<i>5.3%</i>
Non-GAAP Adjustments before income taxes	197.3	54.0	566.2	642.2
Less: Accelerated depreciation included in Non-GAAP Adjustments before income taxes	4.2	5.5	50.0	7.5
Adjusted EBITDA	\$ 350.3	\$ 127.3	\$ 1,138.1	\$ 1,528.6
<i>% of Net Sales</i>	<i>9.4%</i>	<i>3.2%</i>	<i>7.2%</i>	<i>9.0%</i>

Non-GAAP Financial Measures



Organic revenue or organic sales is defined as the difference between total current and prior year sales less the impact of companies acquired and divested in the past twelve months and any foreign currency impacts. Organic revenue growth, organic sales growth or organic growth is organic revenue or organic sales divided by prior year sales. Gross profit is defined as sales less cost of sales. Gross margin is gross profit as a percentage of sales. Segment profit is defined as sales less cost of sales and selling, general and administrative (SG&A) expenses (aside from corporate overhead expense). Segment margin is segment profit as a percentage of sales. EBITDA is earnings before interest, taxes, depreciation and amortization. EBITDA margin is EBITDA as a percentage of sales. Gross profit, gross margin, SG&A, segment profit, segment margin, EBITDA and EBITDA margin are adjusted for certain gains and charges, such as supply chain transformation costs, acquisition and divestiture-related items, asset impairments, restructuring, and other adjusting items.

Management uses these metrics as key measures to assess the performance of the Company as a whole, as well as the related measures at the segment level. Adjusted earnings per share or adjusted EPS, is diluted GAAP EPS excluding the impacts of certain gains and charges. Free cash flow is defined as cash flow from operations less capital and software expenditures. Management considers free cash flow an important indicator of its liquidity, as well as its ability to fund future growth and to provide a return to the shareowners and is useful information for investors. Free cash flow does not include deductions for mandatory debt service, other borrowing activity, discretionary dividends on the Company's common stock and business acquisitions, among other items. Free cash flow conversion is defined as free cash flow divided by net income. The Non-GAAP statement of operations and business segment information is reconciled to GAAP on pages 12 through 16 of the press release. The Company considers the use of the Non-GAAP financial measures above relevant to aid analysis and understanding of the Company's results, business trends and outlook measures aside from the material impact of certain gains and charges and ensures appropriate comparability to operating results of prior periods.

The Company also provides expectations for the non-GAAP financial measures of adjusted EPS, presented on a basis excluding certain gains and charges, as well as free cash flow. Forecasted adjusted EPS is reconciled to GAAP EPS on slide 10. Due to high variability and difficulty in predicting items that impact cash flow from operations, a reconciliation of forecasted free cash flow to its most directly comparable GAAP estimate has been omitted. The Company believes such a reconciliation would also imply a degree of precision that is inappropriate for this forward-looking measure.