



Stanley Black & Decker, Inc. (SWK)

Updated February 7th, 2025 by Nathan Parsh

Key Metrics

Current Price:	\$86	5 Year CAGR Estimate:	9.1%	Market Cap:	\$13.2 B
Fair Value Price:	\$79	5 Year Growth Estimate:	8.0%	Ex-Dividend Date:	03/07/25 ¹
% Fair Value:	109%	5 Year Valuation Multiple Estimate:	-1.7%	Dividend Payment Date:	03/19/25 ²
Dividend Yield:	3.8%	5 Year Price Target	\$116	Years Of Dividend Growth:	57
Dividend Risk Score:	A	Retirement Suitability Score:	A	Rating:	Hold

Overview & Current Events

Stanley Black & Decker is a world leader in power tools, hand tools, and related items. The company holds the top global position in tools and storage sales. Stanley Black & Decker is second in the world in the areas of commercial electronic security and engineered fastening. Stanley Works and Black & Decker merged in 2010 to form the current company, though the company can trace its history back to 1843. Black & Decker was founded in Baltimore, MD in 1910 and manufactured the world's first portable power tool.

On July 25th, 2024, Stanley Black & Decker announced it was raising its quarterly dividend 1.2% to \$0.82, extending the company's dividend growth streak to 57 consecutive years. The company is one of just ~50 Dividend Kings.

On February 5th, 2025, Stanley Black & Decker announced fourth quarter and full year results for the period ending December 31st, 2024. For the quarter, revenue of \$3.75 billion was unchanged from the prior year, but came in \$120 million above expectations. Adjusted earnings-per-share of \$1.49 compared favorably to \$0.92 in the prior year and was \$0.22 ahead of estimates. For the year, revenue declined 3% to \$15.4 billion while adjusted earnings-per-share of \$4.36 compared to \$1.45 in 2023.

Companywide organic growth was flat for the year, but up 3% for the quarter. Organic sales for Tools & Outdoor, the largest segment within the company, was higher by 3% for the quarter. North America improved 2%, Europe was up 4%, and the rest of the world climbed 8%. DEWALT was especially strong and the holiday season was solid. The Industrial segment was unchanged as 6% growth in the rest of the world was offset by a -1% decline in North America. Europe was flat. Adjusted gross margin expanded 140 basis points to 31.2% for the quarter and was up 400 basis points to 30% for the year, largely due to the company's cost management reduction program. The cost reduction program remains on track to deliver \$2 billion in pre-tax savings by the end of 2025. Stanley Black & Decker has achieved \$1.5 billion of cost savings since starting the program. Inventory has been reduced by more than \$2 billion since mid-2022.

Stanley Black & Decker provided guidance for 2025 as well. The company expects adjusted earnings-per-share in a range of \$4.75 to \$5.75 for the year. At the midpoint, this would represent 20.4% growth from the prior year. We have initiated our forecast accordingly.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$5.86	\$6.51	\$7.43	\$8.15	\$8.40	\$9.04	\$11.20	\$4.62	\$1.45	\$4.36	\$5.25	\$7.71
DPS	\$2.14	\$2.26	\$2.42	\$2.58	\$2.76	\$2.78	\$2.98	\$3.18	\$3.22	\$3.26	\$3.28	\$3.62
Shares³	154	153	154	152	153	157	159	148	150	151	151	145

Stanley Black & Decker's earnings-per-share have declined 3.2% annually over the last decade and 10.4% over the last five years. The company remained profitable over the Great Recession, but saw earnings decline 15% in 2008 and 20%

¹ Estimated ex-dividend date

² Estimated dividend payment date

³ Share count in millions

Disclosure: This analyst has a long position in the security discussed in this research report.



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in 2009. In the years since, Stanley Black & Decker had generally seen its earnings-per-share rise consistently before 2022. The company did return to year-over-year growth in 2024 and has guided towards additional gains this year.

We reaffirm our expectation that the company to grow earnings-per-share at a rate of 8% annually going forward as Stanley Black & Decker's results are starting from a low base. Combined with the leading brands that the company offers, this should help propel growth once supply chain constraints and higher inflationary pressures ease. That said, we have lowered our dividend growth forecast to 2% annually as the company works through its present challenges.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	17.1	17.2	19.1	17.5	16.9	17.6	16.8	16.3	67.7	18.4	16.4	15.0
Avg. Yld.	2.1%	2.0%	1.7%	1.8%	1.9%	1.9%	1.6%	4.2%	3.3%	4.1%	3.8%	3.1%

Shares of Stanley Black & Decker have fallen \$8, or 8.5%, since our October 30th, 2024 update. Based on earnings estimate for 2025, the stock now trades with a price-to-earnings ratio, or P/E, of 16.4. The average multiple over the last decade is nearly 23 times earnings, but we believe the P/E ratio for 2023 to be an outlier. Excluding that year, the average P/E was 17.4 over this period. We have raised our target P/E to 15 from 12. If shares were to revert to our target P/E by 2030, then valuation would be a 1.7% headwind to annual returns over this period. Stanley Black & Decker's yield remains at one of the highest levels in the past decade.

Safety, Quality, Competitive Advantage, & Recession Resiliency

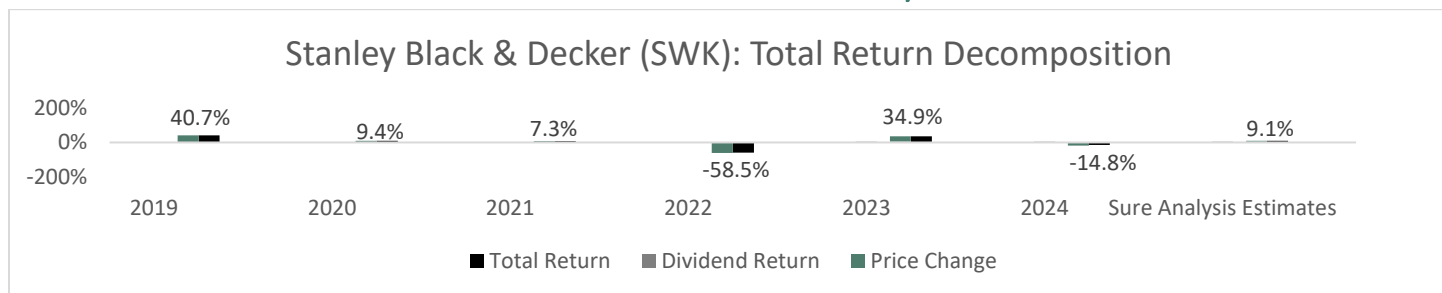
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	37%	35%	33%	32%	33%	31%	27%	69%	222%	75%	62%	47%

As seen during the 2008/2009-time period, Stanley Black & Decker is not recession-proof, but investors who were willing to hold shares of the company from the 2008 lows have seen their shares grow enormously. The company's low payout ratio does make it likely that dividends will continue rising even through a serious economic downturn. Stanley Black & Decker's key competitive advantage is that its products are well-known and respected by customers. This was why the company has been able to increase prices in certain product categories over the years and not see a decline in sales. Stanley Black & Decker has also been very active in making strategic acquisitions to help grow the company. For example, adding the Craftsman Brand has been a meaningful contributor to results since the 2017 acquisition.

Final Thoughts & Recommendation

Stanley Black & Decker is now expected to produce an annual return of 9.1% through 2030, up from our prior estimate of 8.4%. This projection stems from an 8% earnings growth and a starting yield of 3.8% that are partially offset by a small headwind from multiple compression. Stanley Black & Decker continues to work through the challenges in its business, but cost reductions and lower inventory have been beneficial to the company. There were some positives in the most recent report as the company produced earnings growth and positive earnings guidance. We continue to view shares of Stanley Black & Decker as a hold due to projected returns.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	11,172	11,594	12,967	13,982	12,913	13,058	15,281	16,947	15,781	15,366
Gross Profit	4,072	4,268	4,778	4,851	4,233	4,405	5,092	4,284	3,933	4,514
Gross Margin	36.4%	36.8%	36.9%	34.7%	32.8%	33.7%	33.3%	25.3%	24.9%	29.4%
SG&A Exp.	2,459	2,609	2,983	3,144	2,542	2,600	3,193	3,356	3,282	3,333
D&A Exp.	414	408	461	507	560	578	577	572	625	590
Operating Profit	1,586	1,636	1,779	1,679	1,665	1,777	1,899	914	642	733
Operating Margin	14.2%	14.1%	13.7%	12.0%	12.9%	13.6%	12.4%	5.4%	4.1%	4.8%
Net Profit	884	968	1,227	605	956	1,234	1,689	1,063	(311)	294
Net Margin	7.9%	8.3%	9.5%	4.3%	7.4%	9.4%	11.1%	6.3%	-2.0%	1.9%
Free Cash Flow	871	839	226	769	1,081	1,674	144	(1,990)	853	753
Income Tax	249	262	301	416	127	43	55	(132)	(94)	(45)

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	15,128	15,635	19,098	19,408	20,597	23,566	28,180	24,963	23,664	21,849
Cash & Equivalents	465	1,132	638	289	298	1,242	142	396	449	291
Accounts Receivable	1,165	1,137	1,388	1,437	1,284	1,136	1,398	1,060	1,058	1,154
Inventories	1,526	1,478	2,018	2,374	2,255	2,639	5,420	5,861	4,739	4,536
Goodwill & Int. Ass.	9,626	8,994	12,284	12,441	12,859	11,924	13,286	12,978	11,945	11,636
Total Liabilities	9,269	9,261	10,793	11,568	11,454	12,500	16,588	15,249	14,608	13,129
Accounts Payable	1,533	1,640	2,021	2,233	2,088	2,320	3,424	2,344	2,299	2,437
Long-Term Debt	3,800	3,827	3,811	4,198	3,517	4,247	6,596	7,457	7,177	6,103
Shareholder's Equity	5,812	6,367	7,552	7,086	7,906	9,689	10,970	9,712	9,056	8,720
LTD/E Ratio	0.65	0.60	0.46	0.54	0.38	0.38	0.57	0.77	0.79	0.70

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	5.7%	6.3%	7.1%	3.1%	4.8%	5.6%	6.5%	4.0%	-1.3%	1.3%
Return on Equity	14.3%	15.8%	16.7%	7.5%	11.3%	12.2%	14.9%	10.0%	-3.3%	3.3%
ROIC	8.8%	9.7%	11.0%	5.0%	7.7%	8.8%	10.1%	6.0%	-1.9%	1.9%
Shares Out.	154	153	154	152	153	157	159	148	150	151
Revenue/Share	73.16	78.23	85.06	89.18	82.57	80.39	92.60	108.25	105.38	101.56
FCF/Share	5.70	5.66	1.48	4.90	6.91	10.31	0.87	(12.71)	5.69	4.98

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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