



Stanley Black & Decker, Inc. (SWK)

Updated May 9th, 2025 by Nathan Parsh

Key Metrics

Current Price:	\$62	5 Year CAGR Estimate:	13.5%	Market Cap:	\$9.6 B
Fair Value Price:	\$68	5 Year Growth Estimate:	8.0%	Ex-Dividend Date:	06/03/25
% Fair Value:	92%	5 Year Valuation Multiple Estimate:	1.7%	Dividend Payment Date:	06/17/25
Dividend Yield:	5.3%	5 Year Price Target	\$99	Years Of Dividend Growth:	57
Dividend Risk Score:	B	Sector:	Industrials	Rating:	Buy

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 April 30th, 2025, Stanley Black & Decker reported first quarter results for the period ending March 31st, 2025. For the quarter, revenue fell 3.4% to \$3.74 billion, but this was \$20 million ahead of estimates. Adjusted earnings-per-share of \$0.75 compared favorably to \$0.56 in the prior year and was \$0.08 more than expected.

Companywide organic growth improved 1% for the quarter, but this was offset by currency exchange and divestitures. Organic sales for Tools & Outdoor, the largest segment within the company, had organic growth of 1%. North America improved 2%, Europe was unchanged, and the rest of the world declined 3%. Gains for DEWALT, Outdoor and Aerospace were offset by weaker results in Consumer and Auto Production. The Industrial segment declined 21%, but this was mostly due to divestitures. Organic growth was lower by just 1%. Pricing improved 1%. Adjusted gross margin expanded 140 basis points to 30.4% for the period. 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 \$1.7 billion of cost savings since starting the program.

Stanley Black & Decker provided updated guidance for 2025 as well. The company now expects adjusted earnings-per-share in a range of \$4.35 to \$4.65, down from \$4.75 to \$5.75 previously. Management cited tariffs and supply chain adjustments for the reduction in guidance. At the new midpoint, this would represent 3.2% growth from the prior year. We have updated 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	\$4.50	\$6.61
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
Shares¹	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% 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 a small gain 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

¹ Share count in millions

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



Stanley Black & Decker, Inc. (SWK)

Updated May 9th, 2025 by Nathan Parsh

offers, this should help propel growth once supply chain constraints and higher inflationary pressures ease. That said, we reaffirm our dividend growth forecast of 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	13.8	15.0
Avg. Yld.	2.1%	2.0%	1.7%	1.8%	1.9%	1.9%	1.6%	4.2%	3.3%	4.1%	5.3%	3.7%

Shares of Stanley Black & Decker have fallen \$24, or 27.9%, since our February 7th, 2025 update. Based on earnings estimate for 2025, the stock now trades with a price-to-earnings ratio, or P/E, of 13.8. 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 reaffirmed our target P/E of 15. If shares were to revert to our target P/E by 2030, then valuation would add 1.7% 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

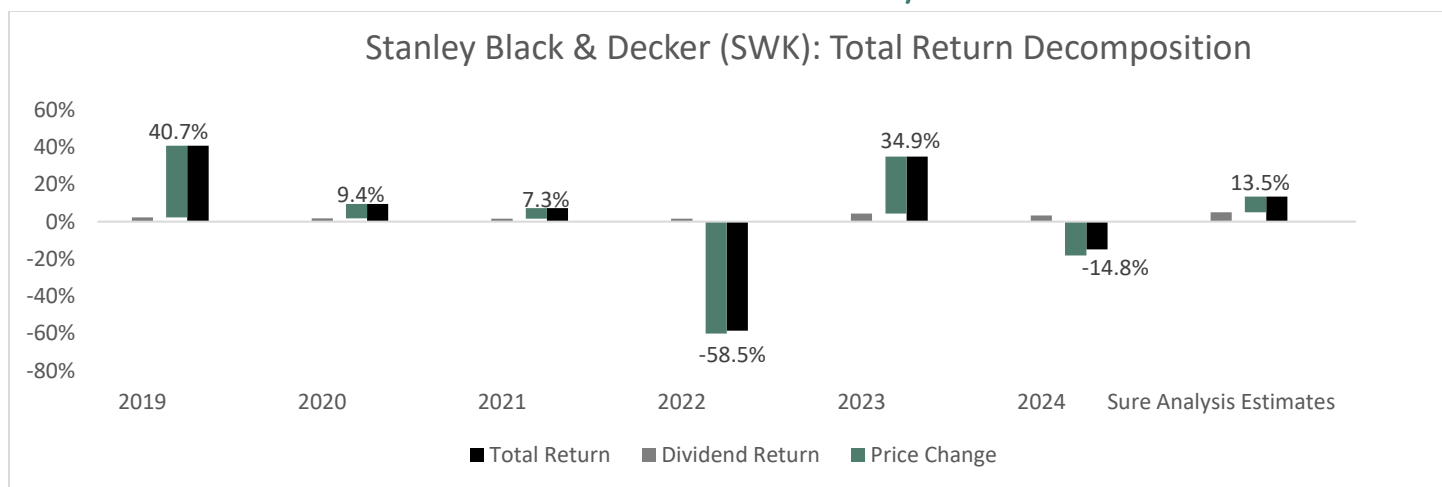
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	37%	35%	33%	32%	33%	31%	27%	69%	222%	75%	73%	57%

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 13.5% through 2030, up from our prior estimate of 9.1%. This projection stems from an 8% earnings growth, a starting yield of 5.3%, and a small tailwind from multiple expansion. Stanley Black & Decker continues to work through the challenges in its business, including tariffs, but cost reductions have been beneficial to the company. We now view shares of Stanley Black & Decker as a buy due to projected returns and a solid dividend risk score.

Total Return Breakdown by Year



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



Stanley Black & Decker, Inc. (SWK)

Updated May 9th, 2025 by Nathan Parsh

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.

Disclaimer

Nothing presented herein is, or is intended to constitute, specific investment advice. Nothing in this research report should be construed as a recommendation to follow any investment strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While Sure Dividend has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in marketable securities. Past performance is not a guarantee of future performance.