



# Stanley Black & Decker, Inc. (SWK)

Updated July 31<sup>st</sup>, 2025 by Nathan Parsh

## Key Metrics

Current Price:	\$68	5 Year CAGR Estimate:	12.1%	Market Cap:	\$10.5 B
Fair Value Price:	\$70	5 Year Growth Estimate:	8.0%	Ex-Dividend Date:	06/03/25
% Fair Value:	97%	5 Year Valuation Multiple Estimate:	0.5%	Dividend Payment Date:	06/17/25
Dividend Yield:	4.9%	5 Year Price Target	\$102	Years Of Dividend Growth:	58
Dividend Risk Score:	B	Sector:	Industrials	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, thought 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 25<sup>th</sup>, 2024, Stanley Black & Decker announced it was raising its quarterly dividend 1.2% to \$0.83, extending the company's dividend growth streak to 58 consecutive years. The company is one of just 55 Dividend Kings.

On July 29<sup>th</sup>, 2025, Stanley Black & Decker announced second quarter results for the period ending June 30<sup>th</sup>, 2025. For the quarter, revenue decreased 1.7% to \$3.95 billion, which was \$40 million less than expected. Adjusted earnings-per-share of \$1.08 was down just slightly from \$1.09 in the prior year, but handily beat estimates by \$0.66.

Companywide organic growth decreased 3% for the quarter. Organic sales for Tools & Outdoor, the largest segment within the company, had a decline of 3%. North America was down 4%, Europe fell 1%, and the rest of the world improved 1%. DEWALT continues to perform well thanks to a resilient pro demand, but volume for this segment overall was lower by 5% due to weak outdoor buying season and shipment disruptions related to tariffs. The Industrial segment was down 1% as price increases and favorable currency exchange were more than offset by weaker volume. Also impacting results was a shift of a product line to the Tools & Outdoor segment. Adjusted gross margin contracted 170 basis points to 27.0% 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 \$1.8 billion of cost savings since starting the program. Finally, the company announced that Chris Nelson would become the new president and CEO effective October 1<sup>st</sup>, 2025.

Stanley Black & Decker provided updated guidance for 2025 as well. The company now expects adjusted earnings-per-share to be ~\$4.65, compared to prior ranges of \$4.35 to \$4.65 and \$4.75 to \$5.75. Management cited tariffs and supply chain adjustments as potential headwinds to guidance. At the new midpoint, this would represent 6.7% 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	<b>\$4.65</b>	<b>\$6.83</b>
DPS	\$2.14	\$2.26	\$2.42	\$2.58	\$2.76	\$2.78	\$2.98	\$3.18	\$3.22	\$3.26	<b>\$3.32</b>	<b>\$3.67</b>
Shares <sup>1</sup>	154	153	154	152	153	157	159	148	150	151	<b>151</b>	<b>145</b>

Stanley Black & Decker's earnings-per-share have declined 3.2% annually over the last decade and 12.4% 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.

<sup>1</sup> Share count in millions

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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 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	14.6	15.0
Avg. Yld.	2.1%	2.0%	1.7%	1.8%	1.9%	1.9%	1.6%	4.2%	3.3%	4.1%	4.9%	3.6%

Shares of Stanley Black & Decker have gained \$6, or 9.7%, since our May 9<sup>th</sup>, 2025 update. Based on our earnings estimate for 2025, the stock now trades with a price-to-earnings ratio, or P/E, of 14.6. 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 reaffirm our target P/E of 15. If shares were to revert to our target P/E by 2030, then multiple expansion would add 0.5% to annual returns over this period. We again note that Stanley Black & Decker's yield remains at one of the highest levels of the past decade.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

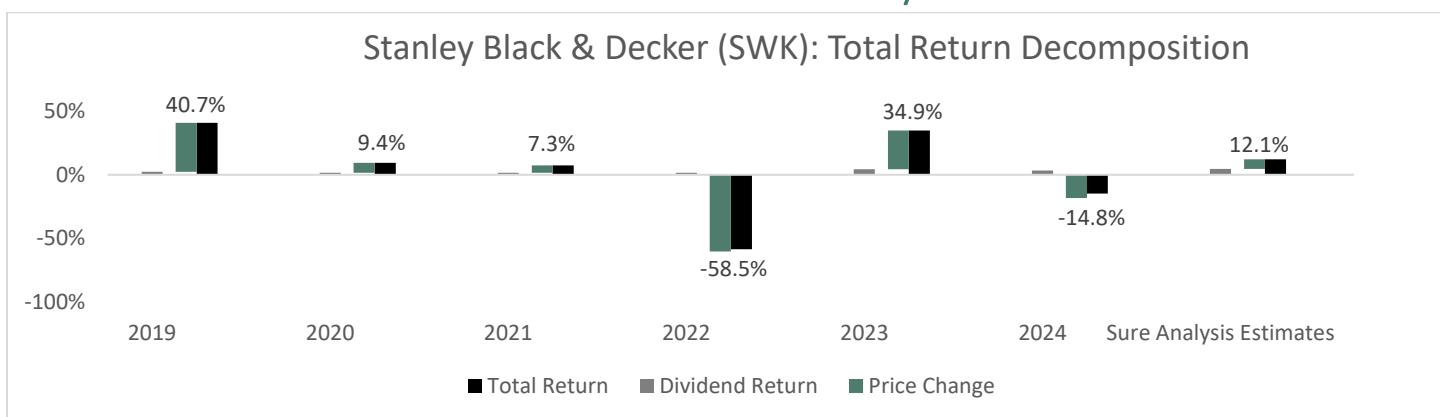
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	37%	35%	33%	32%	33%	31%	27%	69%	222%	75%	71%	54%

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 12.1% though 2030, down from our prior estimate of 13.5%. This projection stems from an 8% earnings growth, a starting yield of 4.9%, 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 hold as the stock now trades close to our fair value price.

## Total Return Breakdown by Year



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## Income Statement Metrics

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

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Assets</b>	15,128	15,635	19,098	19,408	20,597	23,566	28,180	24,963	23,664	21,849
<b>Cash &amp; Equivalents</b>	465	1,132	638	289	298	1,242	142	396	449	291
<b>Accounts Receivable</b>	1,165	1,137	1,388	1,437	1,284	1,136	1,398	1,060	1,058	1,154
<b>Inventories</b>	1,526	1,478	2,018	2,374	2,255	2,639	5,420	5,861	4,739	4,536
<b>Goodwill &amp; Int. Ass.</b>	9,626	8,994	12,284	12,441	12,859	11,924	13,286	12,978	11,945	11,636
<b>Total Liabilities</b>	9,269	9,261	10,793	11,568	11,454	12,500	16,588	15,249	14,608	13,129
<b>Accounts Payable</b>	1,533	1,640	2,021	2,233	2,088	2,320	3,424	2,344	2,299	2,437
<b>Long-Term Debt</b>	3,800	3,827	3,811	4,198	3,517	4,247	6,596	7,457	7,177	6,103
<b>Shareholder's Equity</b>	5,812	6,367	7,552	7,086	7,906	9,689	10,970	9,712	9,056	8,720
<b>LTD/E Ratio</b>	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
<b>Return on Assets</b>	5.7%	6.3%	7.1%	3.1%	4.8%	5.6%	6.5%	4.0%	-1.3%	1.3%
<b>Return on Equity</b>	14.3%	15.8%	16.7%	7.5%	11.3%	12.2%	14.9%	10.0%	-3.3%	3.3%
<b>ROIC</b>	8.8%	9.7%	11.0%	5.0%	7.7%	8.8%	10.1%	6.0%	-1.9%	1.9%
<b>Shares Out.</b>	154	153	154	152	153	157	159	148	150	151
<b>Revenue/Share</b>	73.16	78.23	85.06	89.18	82.57	80.39	92.60	108.25	105.38	101.56
<b>FCF/Share</b>	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

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