

**StanleyBlack&Decker**

# Acquisition of Newell Tools

OCTOBER 12, 2016



**STANLEY**

**BLACK+  
DECKER**

**DEWALT**

**PROTO**

**BOSTITCH**

**FACOM**

**PORTER  
CABLE**

**MAC  
TOOLS**

**Powers**  
FUELING INNOVATION

**Vidmar**

**LISTA**

**STANLEY  
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# Executive Summary

## *Stanley Black & Decker To Acquire Newell Tools, A Highly Strategic & Synergistic Transaction...*

- Adds World Class Brands Irwin® & Lenox® To Stanley Black & Decker's Stellar Brand Portfolio
- Significantly Increases Power Tool Accessories Business And Expands Footprint In Plumbing & Electrical Trades
- Highly Synergistic Transaction With Identified Annual Cost Synergies Of ~\$80 - \$90M By Year Three And Strong Revenue Synergy Potential
- Purchase Price Of \$1.95B In Cash | LTM Revenue Of ~\$760M | LTM EBITDA ~\$150M

*...That Aligns With Our Strategic Growth Framework*

# Acquisitive Growth / Financial Framework

## Active Pipeline For Potential Acquisition Targets...

### Acquisition Criteria:

- Strategic Fit
- Organizational Capacity
- Financial Evaluation
  - » 15% + OM | Organic Growth Consistent With Company Targets
  - » Accretive Year 1 Excluding Charges
  - » Achieves CFROI Targets
  - » Value Creation Opportunity > Share Repurchase
- One-Time Charges Associated With Acquisitions Will Likely Exceed ~\$50M Annual Restructuring Expectation
- ~ 50% Of Free Cash Flow Will Be Deployed Toward Acquisitions
  - Expect A Moderate Pace Going Forward

### Acquisitive Growth Areas

**Tool Industry**

**Engineered Fastening**

**Infrastructure**

*...Acquisitions Remain An Important Element Of Growth Formula*

# Newell Tools: Overview



## Company Overview

- ~\$760M Manufacturer Of Hand Tools & Power Tool Accessories
- Global Footprint With Majority Of Sales In North America
- Diverse & Complementary Product Line
- Strong Presence In Electrical & Plumbing Trades

## Primary Brands

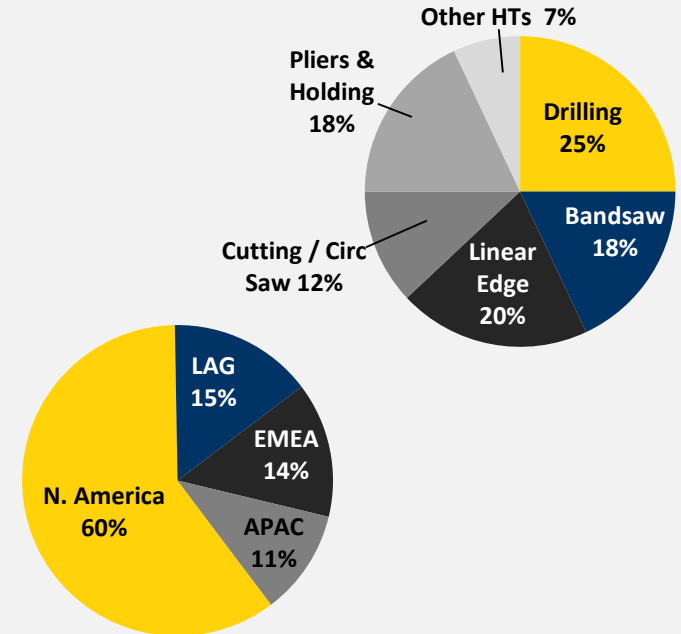


~60% Of Revenue



~40% Of Revenue

## Product & Regional Sales Mix



**Highly Attractive Asset – Strong Brands, Complementary Products, New Channels**

# Newell Tools: Brand Summary & Sample Products

		<p>~60%*</p>	
<p><b>Accessories</b> ~27%*</p> 	<p><b>Hand Tools</b> ~33%*</p> 		
<p>Saw Blades, Metal &amp; Wood Drilling Accessories</p>		<p>Pliers, Holding &amp; Clamping Tools, &amp; Saws</p>	

		<p>~40%*</p>	
<p><b>Accessories</b> ~35%*</p> 	<p><b>Hand Tools</b> ~5%*</p> 		
<p>Band Saw Blades, Hole Saws &amp; Linear Edge Cutting Accessories</p>		<p>Hand Saws, Snips &amp; Screwdrivers</p>	

# Acquisition Summary

## Transaction Details

### Strategic Rationale

- Expand Leadership Position In Global Tools & Storage Industry | Leverage Industry Expertise To Drive Cost & Revenue Synergy Opportunities
- Strong Global Brand Presences: Irwin® & Lenox®
- Complementary Product Lines With Emphasis In Hand Tools & Power Tool Accessories

### Newell Tools Overview

- Currently Owned By Newell Brands
- Leading Global Provider Of Premium Industrial Cutting, Hand Tools & Power Tool Accessories
- Rich History Dating Back To 1884 (Irwin® & Lenox® Brands Acquired In 2002/2003)
- LTM Revenues Of ~\$760M And LTM EBITDA Of ~\$150M

### Timing

- Subject To Customary Closing Conditions, Including Regulatory Approval
- **Transaction Expected To Close In First Half Of 2017**

## Financial Information

### Deal Structure & Purchase Price

- 100% Acquisition | Mix Of Stock And Asset Purchase
- \$1.95B Cash Purchase Price

### Acquisition Related Charges

- ~\$125 - \$140M Restructuring And Other 1-Time Charges, Primarily Incurred In Years 1 & 2
- Inventory Step-Up Of ~\$40M
- Annual Intangible Amortization ~\$50M

### Synergies

- ~\$80 - \$90M Of Total Annual Cost Synergies
- Realized By Year 3

### EPS Accretion (Ex. 1-Time Charges) & CFROI

- EPS Accretion: Year 1 ~\$0.15 | Year 3 ~\$0.50
- CFROI: ~12% By Year 5

# Synergy Overview

**Significant Annual Cost Synergies Identified Of ~\$80 - \$90M...**

## Identified Annual Cost Synergies

### Functional Efficiencies

- Optimizing Teams, Systems & Discretionary Spend
- Annual Synergies: ~\$50 - \$60M

### Footprint Consolidation & Overhead Reductions

- Rationalizing Manufacturing & Distribution Logistics
- Annual Synergies: ~\$20M

### Other Operation Synergies

- Leveraging Insourcing & Material Purchase Opportunities
- Annual Synergies: ~\$10M

## Potential Revenue Opportunities

### Geographic Expansion

### Industrial Channel

- Expand Product Distribution Points
- Leverage Irwin® | Lenox® Mobile Conversion Program

### Retail Channel

- Partner Programs & Portfolio Management
- MiUSA Expansion

### Brand & Product Expansion

- Lenox® Power Tools
- DEWALT® & Stanley Accessories
- Lenox® & Irwin® Storage

**...Leveraging Brands, Channels & Service Level Improvements Presents Meaningful Revenue Synergy Opportunities**



# Summary

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**Enhances Existing Strong Brand Portfolio With Addition Of Irwin® & Lenox® Brands**

**Increases Global Cross-Branding Opportunities For Tools & Storage Business**

**Acquisition Consistent With Longstanding Growth Framework To Enhance Leadership Position Within Tools Industry**

**EPS Accretion, Ex-Charges, Of ~\$0.15 Per Share Expected In Year One  
And ~\$0.50 Per Share In Year Three**

# THANK YOU!

