

STANLEY BLACK & DECKER, INC.

Form 10-Q

April 23, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2018.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from [] to []

Commission File Number 001-05224

STANLEY

BLACK &

DECKER,

INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

CONNECTICUT

06-0548860

(STATE OR OTHER JURISDICTION OF

(I.R.S. EMPLOYER

INCORPORATION OR ORGANIZATION)

IDENTIFICATION NUMBER)

1000 STANLEY DRIVE

06053

NEW BRITAIN, CONNECTICUT

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES) (ZIP CODE)

(860)

225-5111

(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to section 13(a) of the Exchange Act. ☐

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

154,309,717 shares of the registrant's common stock were outstanding as of April 18, 2018.

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PART I — FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

STANLEY BLACK & DECKER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

THREE MONTHS ENDED MARCH 31, 2018 AND APRIL 1, 2017

(Unaudited, Millions of Dollars, Except Per Share Amounts)

	Year-to-Date	
	2018	2017
Net Sales	\$3,209.3	\$2,856.3
Costs and Expenses		
Cost of sales	\$2,043.6	\$1,790.3
Selling, general and administrative	778.8	682.0
Provision for doubtful accounts	6.8	8.3
Other, net	58.0	100.5
Gain on sales of businesses	—	(269.2)
Pension settlement	—	12.5
Restructuring charges	22.9	15.8
Interest expense	63.2	51.3
Interest income	(15.8)	(8.6)
	\$2,957.5	\$2,382.9
Earnings before income taxes	251.8	473.4
Income taxes	81.7	79.7
Net earnings	\$170.1	\$393.7
Less: Net loss attributable to non-controlling interests	(0.5)	—
Net Earnings Attributable to Common Shareowners	\$170.6	\$393.7
Total Comprehensive Income Attributable to Common Shareowners	\$266.4	\$507.2
Earnings per share of common stock:		
Basic	\$1.13	\$2.64
Diluted	\$1.11	\$2.60
Dividends per share of common stock	\$0.63	\$0.58
Weighted-average shares outstanding (in thousands):		
Basic	150,612	149,208
Diluted	153,905	151,526

See Notes to (Unaudited) Condensed Consolidated Financial Statements.

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STANLEY BLACK & DECKER, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

MARCH 31, 2018 AND DECEMBER 30, 2017

(Unaudited, Millions of Dollars, Except Per Share Amounts)

	March 31, 2018	December 30, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$405.6	\$ 637.5
Accounts and notes receivable, net	1,986.1	1,628.7
Inventories, net	2,350.3	2,018.4
Other current assets	335.9	274.4
Total Current Assets	5,077.9	4,559.0
Property, plant and equipment, net	1,770.2	1,742.5
Goodwill	8,850.9	8,776.1
Intangibles, net	3,474.2	3,507.4
Other assets	510.0	512.7
Total Assets	\$19,683.2	\$ 19,097.7
LIABILITIES AND SHAREOWNERS' EQUITY		
Current Liabilities		
Short-term borrowings	\$399.3	\$ 5.3
Current maturities of long-term debt	978.2	977.5
Accounts payable	2,172.7	2,021.0
Accrued expenses	1,260.0	1,387.7
Total Current Liabilities	4,810.2	4,391.5
Long-term debt	2,827.6	2,828.2
Deferred taxes	442.3	436.1
Post-retirement benefits	626.8	629.9
Other liabilities	2,534.5	2,507.0
Commitments and Contingencies (Note R)		
Shareowners' Equity		
Stanley Black & Decker, Inc. Shareowners' Equity		
Preferred stock, without par value:		
Authorized 10,000,000 shares in 2018 and 2017	750.0	750.0
Issued and outstanding 750,000 shares in 2018 and 2017		
Common stock, par value \$2.50 per share:		
Authorized 300,000,000 shares in 2018 and 2017	442.3	442.3
Issued 176,902,738 shares in 2018 and 2017		
Retained earnings	6,074.5	5,998.7
Additional paid in capital	4,590.6	4,643.2
Accumulated other comprehensive loss	(1,493.3)	(1,589.1)
ESOP	(15.5)	(18.8)
	10,348.6	10,226.3
Less: cost of common stock in treasury	(1,909.4)	(1,924.1)
Stanley Black & Decker, Inc. Shareowners' Equity	8,439.2	8,302.2
Non-controlling interests	2.6	2.8
Total Shareowners' Equity	8,441.8	8,305.0
Total Liabilities and Shareowners' Equity	\$19,683.2	\$