# 2022

<https://www.fool.com/investing/2023/02/07/stanley-black-decker-it-will-get-worse-before-it-g/>

<https://www.fool.com/investing/2023/02/07/where-will-stanley-black-decker-be-in-1-year/>

Problems:

* stronger-than-expected raw material costs,
* supply cost inflation
* rising-rate environment putting severe pressure on housing-related discretionary spending for items such as DIY tools
* **Stanley finds itself in a position where it has to dramatically reduce inventory in a weak sales environment.**
* operating profit margin down from 16.9% in 2021 to 8.4% in 2022
* Running factories at below-optimal rates will keep costs elevated even as the company cuts costs, leading to continued margin pressure.
* **Volatile house market (dependent business)**
* **Is dividend in danger?**

Good news (**Recovery plan** **2023-2025**):

* Earnings
  + Focus on cash flow generation
  + Inventory reduction
  + It is reducing the number of products it sells to rationalize costs and production
  + Cutting annual costs by $1 billion by the end of 2023 (the company already did $200 million of this in 2022), and a further $1 billion across 2024 & 2025
* Deb
  + $2 billion cost-cutting effort is a three-year plan.
  + Sold noncore assets last year with the proceeds used to pay down deb
  + Debt reduction started off with a bang in the third quarter of 2022, as management put $3.3 billion toward that
* R&D
  + Spending by 25% to $350 million in 2022 and has new product introductions in cordless power tools and electric-powered outdoor equipment.
* Dividend
  + "The dividend continues to be a very important part of our capital allocation strategy. We believe that it's a necessary thing for us to maintain the level of the dividend that we have today."

***Conclusion:***

Hold until we have a clear picture of how the house market will evolve and if the earnings will take a positive U-turn.