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## The Stanley Works Company Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instruction) Your first question comes from Eric Bosshard - Cleveland Research Company.

#### Eric Bosshard - Cleveland Research Company

Good morning. In the Security business, the performances there are obviously quite good relative to the other business. As we look through the rest of the year, is the organic revenue decline in 1Q, what you expect or what are you seeing go on in the business that would suggest kind of where the demand is going to go as we work through the year in that business?

#### John Lundgren

I think, Eric, this is John. I think what you said is what we would continue to expect. There is no question that installations are down and depending on the business mechanical versus convergent, installations account for a larger percentage of the revenue. We would expect to see installation stay at the low rate they are.

The long term issue with that of course is without robust installations we can continue to increase our recurring revenue base. Short to intermediate term, the advantage of that of course as installs were down, recurring revenue becomes the larger percentage of the base going forward that is very, very favorable in terms of mix, but a modest decrease of high single to low double digit decline in installs is our projection for the remainder of the year.

#### Eric Bosshard - Cleveland Research Company

So when that rolls back up to the overall organic performance out of security and I know you are not giving guidance by segment, but should we assume that security is going to continue to run down on that kind of 5% range?

#### Donald Allan

Yes, I think that's a good assumption Eric. I think there is enough uncertainty but your logic is right on, it's consistent with our thinking and without giving specific guidance that's certainly how Brett adjusted in their teams are planning their quarters rolling forward.

#### Operator

Your next question comes from Sam Darkatsh - Raymond James.

**Sam Darkatsh - Raymond James**

Pricing was up 3% and you are not expecting any inflation, I suspect you are not looking for a net pricing on a year-on-year basis. So, are you already starting to see deflation or what are the chances that the pricing is favorable for this year and how should we look at price mix for ?09?

**Donald Allan**

Hi Sam, this is Don. I think the assumptions that we have provided all of you in the first quarter around pricing and inflation on a net basis still hold true and I think we have seen a slight positive benefit of price versus inflation in the first quarter, but we continue to monitor that going forward. So those estimates that we provided for the year in that timeframe on a net basis was quite positive, I think still holds true.

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