Stanley Black & Decker Selling Unit For $1.4B

The Associated Press

NEW BRITAIN, Connecticut (AP) — Tool maker Stanley Black & Decker Inc. is selling its hardware and home improvement business to Spectrum Brands Holdings Inc. for $1.4 billion in cash.

The hardware and home improvement unit makes locksets, hardware and faucets for residential use and includes brands such as Pfister, Baldwin and Kwikset.

Spectrum Brands, based in Madison, Wisconsin, said that the acquisition will broaden its product offerings which include the Rayovac, Remington and Toastmaster brands.

Stanley Black & Decker, which is based in New Britain Connecticut, said the sale is part of its ongoing strategy to diversify its revenue and geographic reach. The hardware and home improvement unit gets 90 percent of its revenue from North America and more than 50 percent of its revenue from U.S. home improvement stores.

Both companies' boards have approved the transaction.

Spectrum Brands shares climbed $4.09, or 9.9 percent, to $45.25 in premarket trading. Stanley Black & Decker shares closed at $74.23 on Monday.

Stanley Black & Decker anticipates the transaction will result in $1.3 billion in proceeds after taxes. It plans to use a majority of the proceeds to buy back shares and a smaller portion to reduce debt. The remaining proceeds, along with offshore capital, will be used to pay for its previously announced acquisition of Infastech, a Hong Kong company that makes fasteners.

Stanley Black & Decker says that the deal with Spectrum is not expected to change its financial outlook for 2012.

Spectrum, which is majority owned by Harbinger Group Inc., says the acquisition of the hardware and home improvement business should add 75 cents to 80 cents per share in fiscal 2013 and add more than $1 per share in fiscal 2014, excluding one-time transaction and integration costs.

The hardware and home improvement business will operate as a separate unit once the deal closes, which is expected during Spectrum's first quarter in fiscal 2013.

It will be run by Greg Gluchowski, who currently serves as the unit's president at Stanley Black & Decker. Gluchowski will report to Spectrum CEO David Lumley.

The deal announced Tuesday also includes certain assets of Taiwan's Tong Lung

Metal Industry Co., which makes residential and commercial locksets. The Tong Lung buyout is anticipated to close in the second quarter.

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