

FINANCIAL HIGHLIGHTS

(MILLIONS OF DOLLARS, EXCEPT PER-SHARE AMOUNTS)	2018 ⁽¹⁾	2017 ⁽¹⁾⁽²⁾	2016 ⁽²⁾	2015	2014 ⁽¹⁾⁽³⁾
SWK					
Revenue	\$ 13,982.4	\$ 12,966.6	\$ 11,593.5	\$ 11,171.8	\$ 11,338.6
Gross Margin—\$	\$ 4,916.8	\$ 4,825.1	\$ 4,268.0	\$ 4,072.0	\$ 4,104.5
Gross Margin—%	35.2%	37.2%	36.8%	36.4%	36.2%
Working Capital Turns	8.8	9.1	10.8	9.2	9.2
Free Cash Flow*	\$ 769	\$ 976	\$ 1,138	\$ 871	\$ 1,005
Diluted EPS from Continuing Operations	\$ 8.15	\$ 7.46	\$ 6.53	\$ 5.92	\$ 5.67
Tools & Storage					
Revenue	\$ 9,814.0	\$ 9,045.0	\$ 7,619.2	\$ 7,140.7	\$ 7,033.0
Segment Profit—\$	\$ 1,535.7	\$ 1,520.7	\$ 1,258.4	\$ 1,170.1	\$ 1,078.5
Segment Profit—%	15.6%	16.8%	16.5%	16.4%	15.3%
Industrial					
Revenue	\$ 2,187.8	\$ 1,974.3	\$ 1,864.0	\$ 1,938.2	\$ 2,044.4
Segment Profit—\$	\$ 345.8	\$ 345.9	\$ 300.1	\$ 339.9	\$ 354.3
Segment Profit—%	15.8%	17.5%	16.1%	17.5%	17.3%
Security					
Revenue	\$ 1,980.6	\$ 1,947.3	\$ 2,110.3	\$ 2,092.9	\$ 2,261.2
Segment Profit—\$	\$ 211.5	\$ 213.7	\$ 267.9	\$ 239.6	\$ 266.1
Segment Profit—%	10.7%	11.0%	12.7%	11.4%	11.8%

(1) With the exception of Free Cash Flow, results exclude acquisition-related charges, a non-cash fair value adjustment, gain or loss on sales of businesses, an environmental remediation settlement, a cost reduction program, an incremental freight charge related to a service provider's bankruptcy, and tax charges related to recently enacted U.S. tax legislation, as applicable.

(2) 2017 and 2016 results have been recast to reflect the 2018 adoption of Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers" and ASU 2017-07, "Compensation-Retirement Benefits." Free Cash Flow is shown as previously reported, which excludes the impacts from the 2018 adoption of ASU 2016-15, "Classification of Certain Cash Receipts and Cash Payments" and ASU 2016-18, "Restricted Cash."

(3) In the first quarter of 2015, the Company combined the legacy CDII business with certain complementary elements of the legacy IAR and Healthcare businesses (formerly part of the Industrial and Security segments, respectively) to form one Tools & Storage business. As a result of this change, the former CDII segment was renamed Tools & Storage. The results from 2014 were recast to align with this change in organizational structure. There is no impact to the consolidated financial statements of the Company as a result of this change.

* Free Cash Flow = Net cash flow from operating activities less capital and software expenditures.