



Quarterly Financial Review

**First Quarter
2022**

Who We Are

OUR MISSION

The most valued productivity solutions in the world

BELIEFS

We deeply believe in:

Non-negotiable Product and Workplace Safety
Uncompromising Quality
Passionate Customer Care
Fearless Innovation
Rapid Continuous Improvement

VALUES

Our behaviors define our success:

We demonstrate Integrity.
We tell the Truth.
We respect the Individual.
We promote Teamwork.
We Listen.

VISION

To be acknowledged as the:

Brands of Choice
Employer of Choice
Franchisor of Choice
Business Partner of Choice
Investment of Choice

Cautionary Statement

- These slides should be read in conjunction with comments from the April 21, 2022 conference call. The financial statement information included herein is unaudited.
- Statements made during the April 21, 2022 conference call and/or information included in this presentation may contain statements, including earnings projections, that are forward-looking in nature and, accordingly, are subject to risks and uncertainties regarding Snap-on's expected results; actual results may differ materially from those described or contemplated in these forward-looking statements. Factors that may cause actual results to differ materially from those contained in the forward-looking statements, including those found in Snap-on's reports filed with the Securities and Exchange Commission, and the information under "Safe Harbor" and "Risk Factors" headings in its most recent Annual Report on Form 10-K, which are incorporated herein by reference. Snap-on disclaims any responsibility to update any forward-looking statement provided during the April 21, 2022 conference call and/or included in this presentation, except as required by law.
- This presentation includes certain non-GAAP measures of financial performance, which are not meant to be considered in isolation or as a substitute for their GAAP counterparts. Additional information regarding these non-GAAP measures is included in Snap-on's April 21, 2022 press release and Form 8-K, which can be found on the company's website in the investors section at www.snapon.com.



Nick Pinchuk

**Chairman and
Chief Executive Officer**



Aldo Pagliari

**Senior Vice President and
Chief Financial Officer**

Consolidated Results

(\$ in millions, except per share data - unaudited)	Q1 2022		Q1 2021		Change
	\$	%	\$	%	
Net sales	\$ 1,097.8		\$ 1,024.6		7.1 %
➤ Organic sales	80.4				8.0 %
➤ Acquisitions	8.5				0.8 %
➤ Currency translation	(15.7)				(1.7)%
Gross profit	\$ 534.3	48.7 %	\$ 513.6	50.1 %	
Operating expenses	311.2	28.4 %	312.7	30.5 %	
Operating earnings before financial services	\$ 223.1	20.3 %	\$ 200.9	19.6 %	11.1 %
Financial services revenue	\$ 87.7		\$ 88.6		(1.0)%
Financial services operating earnings	70.4		65.3		7.8 %
Operating earnings	\$ 293.5	24.8 %	\$ 266.2	23.9 %	10.3 %
Diluted EPS – as reported	\$ 4.00		\$ 3.50		14.3 %

- Net sales in the period increased 7.1% from \$1,024.6 million in 2021, reflecting an 8.0% organic sales gain, \$8.5 million of acquisition-related sales, and \$15.7 million of unfavorable foreign currency translation
- Gross margin of 48.7% declined 140 basis points (bps) from 50.1% last year primarily due to higher material and other costs, partially offset by higher sales volumes, pricing actions, benefits from the company's Rapid Continuous Improvement ("RCI") initiatives and 30 bps of favorable foreign currency effects
- Operating expenses as a percentage of sales of 28.4% improved 210 bps from 30.5% last year primarily due to higher sales volumes, savings from RCI initiatives and lower costs associated with stock-based expenses, partially offset by 40 bps of unfavorable acquisition effects
- As a percentage of net sales, operating earnings before financial services of 20.3% improved 70 bps from 19.6% last year

Commercial & Industrial

<i>(\$ in millions - unaudited)</i>	Q1 2022	Q1 2021	Change
Segment sales	\$ 340.1	\$ 345.7	(1.6)%
➤ Organic sales	3.6		1.1 %
➤ Currency translation	(9.2)		(2.7)%
Gross profit	\$ 123.7	\$ 133.9	
% of sales	36.4 %	38.7 %	
Operating expenses	\$ 78.0	\$ 83.2	
% of sales	23.0 %	24.0 %	
Operating earnings	\$ 45.7	\$ 50.7	
% of sales	13.4 %	14.7 %	(130)bps

- Organic sales up \$3.6 million, or 1.1%, primarily reflecting a double-digit increase in the segment's Asia Pacific operations, partially offset by a mid single-digit decline in sales to customers in critical industries, where lower activity with the military more than offset higher sales to general industry and technical education customers
- Gross margin of 36.4% declined 230 bps from 2021 primarily due to higher material and other costs and 40 bps of unfavorable foreign currency effects, partially offset by benefits from pricing actions and the segment's RCI initiatives
- Operating expenses as a percentage of sales of 23.0% improved 100 bps from 24.0% last year primarily reflecting savings from cost containment actions
- Operating earnings of \$45.7 million, including \$2.2 million of unfavorable foreign currency effects, decreased \$5.0 million, or 9.9%, compared to \$50.7 million in 2021; the operating margin of 13.4% compared to 14.7% last year

Snap-on Tools

<i>(\$ in millions - unaudited)</i>	Q1 2022	Q1 2021	Change
Segment sales	\$ 512.1	\$ 478.3	7.1 %
➤ Organic sales	36.8		7.7 %
➤ Currency translation	(3.0)		(0.6)%
Gross profit	\$ 233.2	\$ 219.7	
% of sales	45.5 %	45.9 %	
Operating expenses	\$ 117.2	\$ 120.8	
% of sales	22.8 %	25.2 %	
Operating earnings	\$ 116.0	\$ 98.9	
% of sales	22.7 %	20.7 %	200 bps

- Organic sales up \$36.8 million, or 7.7%, reflecting a double-digit gain in the segment's U.S. franchise business, partially offset by a low single-digit decline in the segment's international operations
- Gross margin of 45.5% declined 40 bps from 45.9% last year primarily due to increased material and other costs, which were mostly offset by benefits from higher sales volumes, pricing actions, and 30 bps of favorable foreign currency effects
- Operating expenses as a percentage of sales of 22.8% improved 240 bps from last year primarily due to higher sales, savings from RCI initiatives, and lower stock-based expenses related to the company's franchisee stock purchase plan
- Operating earnings of \$116.0 million, including \$0.8 million of favorable foreign currency effects, increased \$17.1 million, or 17.3%, from 2021; the operating margin of 22.7% compared to 20.7% last year

Repair Systems & Information

(\$ in millions - unaudited)	Q1 2022	Q1 2021	Change
Segment sales	\$ 398.2	\$ 347.6	14.6 %
➤ Organic sales	45.7		13.3 %
➤ Acquisitions	8.5		2.5 %
➤ Currency translation	(3.6)		(1.2)%
Gross profit	\$ 177.4	\$ 160.0	
% of sales	44.6 %	46.0 %	
Operating expenses	\$ 85.8	\$ 78.6	
% of sales	21.6 %	22.6 %	
Operating earnings	\$ 91.6	\$ 81.4	
% of sales	23.0 %	23.4 %	(40) bps

- Organic sales up \$45.7 million, or 13.3%, reflecting double-digit increases in sales of undercar equipment and in activity with OEM dealerships, as well as a low single-digit gain in sales of diagnostic and repair information products to independent repair shop owners and managers
- Gross margin of 44.6% declined 140 bps from last year primarily due to increased sales in lower gross margin businesses and higher material and other costs, partially offset by benefits from pricing actions and 50 bps from acquisitions, as well as from 30 bps of favorable foreign currency effects and savings from RCI initiatives
- Operating expenses as a percentage of sales of 21.6% improved 100 bps from last year primarily due to benefits from sales volume leverage, including higher volumes in lower expense businesses, and savings from RCI initiatives, partially offset by 110 bps of unfavorable acquisition effects in 2022
- Operating earnings of \$91.6 million, including \$0.9 million of favorable foreign currency effects, increased \$10.2 million, or 12.5%, from \$81.4 million in 2021; the operating margin of 23.0% compared to 23.4% last year

Financial Services

<i>(\$ in millions - unaudited)</i>	Q1 2022	Q1 2021	Change
Segment revenue	\$ 87.7	\$ 88.6	(1.0)%
Operating earnings	\$ 70.4	\$ 65.3	7.8 %
Originations	\$ 245.6	\$ 261.8	(6.2)%

- Originations decreased \$16.2 million or 6.2%
- Average yield on finance receivables of 17.6% in both years
- Average yield on contract receivables of 8.5% and 8.4% in 2022 and 2021, respectively

Financial Services Portfolio Data

(\$ in millions - unaudited)	United States		International	
	Extended Credit	Total	Extended Credit	Total
Gross finance portfolio	\$ 1,501.0	\$ 1,887.1	\$ 203.4	\$ 288.8
Portfolio net losses (TTM)	\$ 37.5	\$ 38.9	\$ 2.4	\$ 2.7
60+ Delinquency:				
As of 3/31/22	1.6 %	1.3 %	0.8 %	0.9 %
As of 12/31/21	1.6 %	1.3 %	0.6 %	0.7 %
As of 9/30/21	1.4 %	1.2 %	0.6 %	0.6 %
As of 6/30/21	1.2 %	1.0 %	0.6 %	0.6 %
As of 3/31/21	1.6 %	1.3 %	0.6 %	0.6 %

- Gross finance portfolio of \$2,175.9 million as of Q1 2022
 - Compares to \$2,204.0 million as of 2021 year end

- TTM – Trailing twelve months

Cash Flows

(\$ in millions - unaudited)	1 st Quarter	
	2022	2021
Net cash provided by operating activities	\$ 193.9	\$ 319.3
➤ Net earnings	222.7	197.6
➤ Depreciation and amortization	25.7	24.7
➤ Changes in deferred income taxes	2.3	2.3
➤ Changes in working investment	(90.7)	16.0
➤ Changes in accruals and other liabilities	5.9	48.7
➤ Changes in all other operating activities	28.0	30.0
Net decrease in finance receivables	\$ 10.1	\$ 12.1
Capital expenditures	\$ (20.2)	\$ (19.3)
Free cash flow	\$ 183.8	\$ 312.1
Free cash flow from Operations	\$ 107.6	\$ 243.1
Free cash flow from Financial Services	\$ 76.2	\$ 69.0
Increase (decrease) in cash	\$ 81.1	\$ (18.8)

- Changes in working investment – Net changes in trade and other accounts receivable, inventory and accounts payable
- Free cash flow – Net cash provided by operating activities less net change in finance receivables and capital expenditures
- Free cash flow from operations – Net cash provided by operating activities, exclusive of financial services, less capital expenditures
- Free cash flow from financial services – Net cash provided by financial services operating activities, less net change in finance receivables and capital expenditures

Balance Sheet

<i>(\$ in millions - unaudited)</i>	April 2, 2022	January 1, 2022
Trade & Other Accounts Receivable - net	\$ 731.3	\$ 682.3
Days Sales Outstanding	61	58
Finance Receivables - net	\$ 1,641.9	\$ 1,656.3
Contract Receivables - net	\$ 479.7	\$ 488.6
Inventory - net	\$ 864.1	\$ 803.8
Inventory turns - TTM	2.8	2.8
Cash	\$ 861.1	\$ 780.0
Total debt	\$ 1,202.8	\$ 1,200.3
Net debt	\$ 341.7	\$ 420.3
Net debt to capital ratio	7.4 %	9.1 %

Snap-on[®]

MAKERS
FIXERS[™]