



Quarterly Financial Review

Third Quarter 2015

Cautionary Statement

- These slides should be read in conjunction with comments from a conference call held on October 22, 2015. The financial statement information included herein is unaudited.
- Statements made during the October 22, 2015 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 are detailed in the corresponding press release and Form 8-K and in Snap-on's recent 1934 Act SEC filings, which are incorporated herein by reference. Snap-on disclaims any responsibility to update any forward-looking statement provided during the October 22, 2015 conference call and/or included in this presentation, except as required by law.

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



Nick Pinchuk

Chairman and Chief Executive Officer



Aldo Pagliari

Senior Vice President and Chief Financial Officer

Consolidated Results – 3rd Quarter

(\$ in millions, except per share data - unaudited)	2015		2014		Change
	\$	%	\$	%	
Net sales	\$ 821.5		\$ 806.3		1.9 %
➤ Organic sales	55.7				7.3 %
➤ Acquisition	2.1				0.3 %
➤ Currency translation	(42.6)				(5.7)%
Gross profit	\$ 406.9	49.5 %	\$ 393.9	48.9 %	
Operating expenses	263.3	32.0 %	263.3	32.7 %	
Operating earnings before financial services	\$ 143.6	17.5 %	\$ 130.6	16.2 %	10.0 %
Financial services revenue	\$ 61.1		\$ 53.6		14.0 %
Financial services operating earnings	43.5		37.7		15.4 %
Operating earnings	\$ 187.1	21.2 %	\$ 168.3	19.6 %	11.2 %
Net earnings	\$ 116.8		\$ 103.7		12.6 %
Diluted EPS	\$ 1.98		\$ 1.76		12.5 %

- Organic sales up 7.3%; excludes \$42.6 million of unfavorable foreign currency translation and \$2.1 million of acquisition-related sales
- Gross margin of 49.5% up 60 basis points (bps) primarily due to benefits from higher sales and savings from Rapid Continuous Improvement (“RCI”) initiatives, partially offset by unfavorable foreign currency effects
- Operating expenses of \$263.3 million in both periods; operating expense margin of 32.0% in 2015 improved 70 bps primarily due to benefits from sales volume leverage, partially offset by higher pension expense
- Operating earnings before financial services of \$143.6 million, including \$11.9 million, or 50 bps, of unfavorable foreign currency effects, increased \$13.0 million and the operating margin improved 130 bps to 17.5%
- Financial services operating earnings of \$43.5 million increased \$5.8 million or 15.4%

Commercial & Industrial – 3rd Quarter

(\$ in millions - unaudited)	2015	2014	Change
Segment sales	\$ 288.5	\$ 298.8	(3.4)%
➤ Organic sales	9.5		3.4 %
➤ Currency translation	(19.8)		(6.8)%
Gross profit	\$ 109.5	\$ 111.8	
% of sales	37.9 %	37.4 %	
Operating expenses	\$ 68.2	\$ 71.0	
% of sales	23.6 %	23.7 %	
Operating earnings	\$ 41.3	\$ 40.8	1.2 %
% of sales	14.3 %	13.7 %	

- Organic sales up \$9.5 million or 3.4%
 - Higher sales in the segment's European-based hand tools business, Asia/Pacific and power tools operations, partially offset by lower sales to the military and to customers in the oil and gas sector
- Gross margin of 37.9% improved 50 bps primarily due to benefits from the higher organic sales, savings from RCI initiatives and lower restructuring costs, partially offset by unfavorable foreign currency effects
- Operating expense margin of 23.6% improved 10 bps
- Operating earnings of \$41.3 million, including \$2.9 million of unfavorable foreign currency effects, increased \$0.5 million and the operating margin of 14.3% improved 60 bps

Snap-on Tools – 3rd Quarter

(\$ in millions - unaudited)	2015	2014	Change
Segment sales	\$ 380.6	\$ 355.0	7.2 %
➤ Organic sales	37.7		11.0 %
➤ Currency translation	(12.1)		(3.8)%
Gross profit	\$ 166.5	\$ 154.8	
% of sales	43.8 %	43.6 %	
Operating expenses	\$ 110.2	\$ 105.3	
% of sales	29.0 %	29.7 %	
Operating earnings	\$ 56.3	\$ 49.5	13.7 %
% of sales	14.8 %	13.9 %	

- Organic sales up \$37.7 million, or 11.0%, reflecting similar sales increases in both the company's U.S. and international franchise operations
- Gross profit of \$166.5 million up \$11.7 million; gross margin of 43.8% increased 20 bps primarily due to benefits from higher sales and savings from RCI initiatives, partially offset by the impact of unfavorable foreign currency effects
- Operating expenses increased \$4.9 million; the operating expense margin of 29.0% improved 70 bps primarily due to sales volume leverage
- Operating earnings of \$56.3 million, including \$6.8 million of unfavorable foreign currency effects, increased \$6.8 million and the operating margin of 14.8% improved 90 bps

Repair Systems & Information – 3rd Quarter

(\$ in millions - unaudited)	2015	2014	Change
Segment sales	\$ 282.9	\$ 271.2	4.3 %
➤ Organic sales	21.3		8.2 %
➤ Acquisition	2.1		0.8 %
➤ Currency translation	(11.7)		(4.7)%
Gross profit	\$ 130.9	\$ 127.3	
% of sales	46.3 %	46.9 %	
Operating expenses	\$ 61.2	\$ 64.0	
% of sales	21.7 %	23.6 %	
Operating earnings	\$ 69.7	\$ 63.3	10.1 %
% of sales	24.6 %	23.3 %	

- Organic sales up \$21.3 million or 8.2%
 - Increased sales to OEM dealerships, higher sales of undercar equipment, and increased sales of diagnostic and repair information products to independent repair shop owners and managers
- Gross profit increased \$3.6 million; gross margin of 46.3% decreased 60 bps primarily due to a shift in sales that included higher volumes of lower gross margin products, partially offset by benefits from lower restructuring costs
- Operating expenses of \$61.2 million decreased \$2.8 million; the operating expense margin of 21.7% improved 190 bps primarily due to sales volume leverage, including benefits from the sales shift noted above
- Operating earnings of \$69.7 million, including \$2.2 million of unfavorable foreign currency effects, increased \$6.4 million and the operating margin of 24.6% improved 130 bps

Financial Services – 3rd Quarter

<i>(\$ in millions - unaudited)</i>	2015	2014	Change
Segment revenue	\$ 61.1	\$ 53.6	14.0 %
Operating earnings	\$ 43.5	\$ 37.7	15.4 %
Originations	\$ 257.6	\$ 221.6	16.2 %

- Originations increased \$36.0 million or 16.2%
- Average yield on finance receivables of 17.9% compared to 17.6% in 2014
- Average yield on contract receivables of 9.5% in both periods

Financial Services Portfolio Data

(\$ in millions - unaudited)	United States		International	
	Extended Credit	Total	Extended Credit	Total
Gross finance portfolio	\$ 1,061.4	\$ 1,334.8	\$ 140.0	\$ 196.9
Portfolio net losses (TTM)	\$ 22.7	\$ 23.8	\$ 1.5	\$ 1.8
60+ Delinquency:				
As of 9/30/15	1.2 %	1.0 %	0.5 %	0.4 %
As of 6/30/15	1.0 %	0.8 %	0.6 %	0.5 %
As of 3/31/15	1.1 %	0.9 %	0.6 %	0.5 %

- Gross finance portfolio of \$1,531.7 million as of October 3, 2015
 - Third quarter 2015 portfolio growth of \$61.5 million
- TTM – Trailing twelve months

Cash Flows

(\$ in millions - unaudited)	3rd Quarter		First Nine Months	
	2015	2014	2015	2014
Net cash provided by operating activities	\$ 113.7	\$ 88.0	\$ 352.1	\$ 300.7
➤ Net earnings	119.9	106.4	356.1	313.4
➤ Depreciation and amortization	20.5	19.7	61.1	59.0
➤ Changes in deferred income taxes	(9.3)	(0.3)	(6.2)	(3.1)
➤ Changes in working investment	(41.5)	(56.6)	(76.3)	(102.6)
➤ Changes in accruals and other liabilities	18.8	15.1	28.5	50.2
➤ Changes in all other operating activities	5.3	3.7	(11.1)	(16.2)
Net increase in finance receivables	\$ (55.9)	\$ (35.8)	\$ (152.6)	\$ (124.1)
Capital expenditures	\$ (18.5)	\$ (22.3)	\$ (64.3)	\$ (63.3)
Free cash flow	\$ 39.3	\$ 29.9	\$ 135.2	\$ 113.3
Free cash flow from Operations	\$ 78.2	\$ 46.9	\$ 205.6	\$ 175.6
Free cash flow from Financial Services	\$ (38.9)	\$ (17.0)	\$ (70.4)	\$ (62.3)
Acquisitions of businesses	\$ (13.1)	\$ 0.3	\$ (13.1)	\$ (41.3)
Repayment of long-term debt	\$ –	\$ –	\$ –	\$ (100.0)
Increase (decrease) in cash	\$ (5.4)	\$ 8.9	\$ (13.7)	\$ (92.9)

- 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>	October 3, 2015	January 3, 2015
Trade & Other Accounts Receivable - net	\$ 571.2	\$ 550.8
Days Sales Outstanding	61	61
Finance Receivables - net	\$ 1,164.6	\$ 1,052.9
Contract Receivables - net	\$ 347.1	\$ 316.5
Inventory - net	\$ 527.7	\$ 475.5
Inventory turns - TTM	3.4	3.7
Cash	\$ 119.2	\$ 132.9
Total debt	\$ 937.7	\$ 919.3
Net debt	\$ 818.5	\$ 786.4
Net debt to capital ratio	25.7 %	26.3 %

- Total debt as of October 3, 2015 and January 3, 2015, included \$45.2 million and \$37.0 million, respectively, of commercial paper borrowings