



Quarterly Financial Review

Fourth Quarter 2015

Cautionary Statement

- These slides should be read in conjunction with comments from a conference call held on February 4, 2016. The financial statement information included herein is unaudited.
- Statements made during the February 4, 2016 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 February 4, 2016 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 – 4th Quarter

(\$ in millions, except per share data - unaudited)	2015		2014		Change
	\$	%	\$	%	
Net sales	\$ 851.7		\$ 857.4		(0.7)%
➤ Organic sales	25.3				3.1 %
➤ Acquisition	2.2				0.2 %
➤ Currency translation	(33.2)				(4.0)%
Gross profit	\$ 412.3	48.4 %	\$ 411.3	48.0 %	
Operating expenses	250.0	29.3 %	266.1	31.1 %	
Operating earnings before financial services	\$ 162.3	19.1 %	\$ 145.2	16.9 %	11.8 %
Financial services revenue	\$ 63.1		\$ 59.4		6.2 %
Financial services operating earnings	45.0		42.2		6.6 %
Operating earnings	\$ 207.3	22.7 %	\$ 187.4	20.4 %	10.6 %
Net earnings	\$ 131.4		\$ 116.2		13.1 %
Diluted EPS	\$ 2.22		\$ 1.97		12.7 %

- Organic sales up 3.1%; excludes \$33.2 million of unfavorable foreign currency translation and \$2.2 million of acquisition-related sales
- Gross margin of 48.4% up 40 basis points (bps) primarily due to higher organic sales and savings from Rapid Continuous Improvement (“RCI”) initiatives, partially offset by unfavorable foreign currency effects
- The operating expense margin of 29.3% improved 180 bps primarily due to organic sales volume leverage, savings from RCI initiatives, and lower performance-based and stock-based compensation expenses
- Operating earnings before financial services of \$162.3 million, including \$9.2 million of unfavorable foreign currency effects, increased \$17.1 million and the operating margin improved 220 bps to 19.1%

Commercial & Industrial – 4th Quarter

(\$ in millions - unaudited)	2015	2014	Change
Segment sales	\$ 281.8	\$ 298.2	(5.5)%
➤ Organic sales	(1.7)		(0.6)%
➤ Currency translation	(14.7)		(4.9)%
Gross profit	\$ 107.6	\$ 113.4	
% of sales	38.2 %	38.0 %	
Operating expenses	\$ 65.7	\$ 72.9	
% of sales	23.3 %	24.4 %	
Operating earnings	\$ 41.9	\$ 40.5	3.5 %
% of sales	14.9 %	13.6 %	

- Organic sales down \$1.7 million or 0.6%
 - Lower sales to the military and to customers in oil and gas, partially offset by higher sales from both the segment's power tools operations and European-based hand tools business
- Gross margin of 38.2% improved 20 bps primarily due to savings from RCI initiatives and lower restructuring costs, partially offset by a shift in sales that included a decrease in higher gross margin sales to customers in critical industries and an increase in lower gross margin sales from the segment's power tools operations
- The operating expense margin of 23.3% improved 110 bps primarily due to a gain from the sale of a former manufacturing facility (70 bps) and benefits from the sales shift noted above
- Operating earnings of \$41.9 million, including \$1.5 million of unfavorable foreign currency effects, increased \$1.4 million and the operating margin of 14.9% improved 130 bps

Snap-on Tools – 4th Quarter

<i>(\$ in millions - unaudited)</i>	2015	2014	Change
Segment sales	\$ 411.2	\$ 387.5	6.1 %
➤ Organic sales	33.0		8.7 %
➤ Currency translation	(9.3)		(2.6)%
Gross profit	\$ 173.7	\$ 166.4	
% of sales	42.2 %	42.9 %	
Operating expenses	\$ 101.8	\$ 102.5	
% of sales	24.7 %	26.4 %	
Operating earnings	\$ 71.9	\$ 63.9	12.5 %
% of sales	17.5 %	16.5 %	

- Organic sales up \$33.0 million, or 8.7%, reflecting sales increases in both the company's U.S. and international franchise operations
- Gross margin of 42.2% decreased 70 bps primarily due to unfavorable foreign currency effects
- The operating expense margin of 24.7% improved 170 bps primarily due to sales volume leverage
- Operating earnings of \$71.9 million, including \$4.8 million of unfavorable foreign currency effects, increased \$8.0 million and the operating margin of 17.5% improved 100 bps

Repair Systems & Information – 4th Quarter

(\$ in millions - unaudited)	2015	2014	Change
Segment sales	\$ 280.6	\$ 282.8	(0.8)%
➤ Organic sales	5.9		2.2 %
➤ Acquisition	2.2		0.8 %
➤ Currency translation	(10.3)		(3.8)%
Gross profit	\$ 131.0	\$ 131.5	
% of sales	46.7 %	46.5 %	
Operating expenses	\$ 58.9	\$ 66.3	
% of sales	21.0 %	23.4 %	
Operating earnings	\$ 72.1	\$ 65.2	10.6 %
% of sales	25.7 %	23.1 %	

- Organic sales up \$5.9 million or 2.2%
 - Increased sales of diagnostic and repair information products to independent repair shop owners and managers and increased sales to OEM dealerships; sales of undercar equipment were essentially flat
- Gross margin of 46.7% increased 20 bps
- The operating expense margin of 21.0% improved 240 bps primarily due to organic sales volume leverage and savings from RCI initiatives
- Operating earnings of \$72.1 million, including \$2.9 million of unfavorable foreign currency effects, increased \$6.9 million and the operating margin of 25.7% improved 260 bps

Financial Services – 4th Quarter

<i>(\$ in millions - unaudited)</i>	2015	2014	Change
Segment revenue	\$ 63.1	\$ 59.4	6.2 %
Operating earnings	\$ 45.0	\$ 42.2	6.6 %
Originations	\$ 252.0	\$ 232.2	8.5 %

- Originations increased \$19.8 million or 8.5%
- Average yield on finance receivables of 17.8% 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	\$ 1,114.1	\$ 1,388.2	\$ 144.1	\$ 202.5
Portfolio net losses (TTM)	\$ 24.1	\$ 25.2	\$ 1.5	\$ 1.8
60+ Delinquency:				
As of 12/31/15	1.3 %	1.1 %	0.7 %	0.6 %
As of 09/30/15	1.2 %	1.0 %	0.5%	0.4 %
As of 06/30/15	1.0 %	0.8 %	0.6 %	0.5 %
As of 12/31/14	1.3 %	1.1 %	0.6 %	0.5 %

- Gross finance portfolio of \$1,590.7 million as of January 2, 2016
 - Fourth quarter 2015 portfolio growth of \$59.0 million
- TTM – Trailing twelve months

Cash Flows

(\$ in millions - unaudited)	4th Quarter		Full Year	
	2015	2014	2015	2014
Net cash provided by operating activities	\$ 144.4	\$ 97.2	\$ 496.5	\$ 397.9
➤ Net earnings	134.5	118.7	490.6	432.1
➤ Depreciation and amortization	21.4	20.5	82.5	79.5
➤ Changes in deferred income taxes	1.1	6.3	(5.1)	3.2
➤ Changes in working investment	(7.0)	(22.9)	(83.3)	(125.5)
➤ Changes in accruals and other liabilities	(18.5)	(19.5)	10.0	30.7
➤ Changes in all other operating activities	12.9	(5.9)	1.8	(22.1)
Net increase in finance receivables	\$ (66.8)	\$ (30.7)	\$ (219.4)	\$ (154.8)
Capital expenditures	\$ (16.1)	\$ (17.3)	\$ (80.4)	\$ (80.6)
Free cash flow	\$ 61.5	\$ 49.2	\$ 196.7	\$ 162.5
Free cash flow from Operations	\$ 144.4	\$ 96.5	\$ 350.0	\$ 272.1
Free cash flow from Financial Services	\$ (82.9)	\$ (47.3)	\$ (153.3)	\$ (109.6)
Acquisitions of businesses	\$ 1.3	\$ –	\$ (11.8)	\$ (41.3)
Repayment of long-term debt	\$ –	\$ –	\$ –	\$ (100.0)
Increase (decrease) in cash	\$ (26.4)	\$ 8.2	\$ (40.1)	\$ (84.7)

- 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>	January 2, 2016	January 3, 2015
Trade & Other Accounts Receivable - net	\$ 562.5	\$ 550.8
Days Sales Outstanding	60	61
Finance Receivables - net	\$ 1,220.0	\$ 1,052.9
Contract Receivables - net	\$ 348.7	\$ 316.5
Inventory - net	\$ 497.8	\$ 475.5
Inventory turns - TTM	3.5	3.7
Cash	\$ 92.8	\$ 132.9
Total debt	\$ 880.1	\$ 919.3
Net debt	\$ 787.3	\$ 786.4
Net debt to capital ratio	24.6 %	26.3 %

- As of January 2, 2016, there were no commercial paper borrowings. Total debt as of January 3, 2015, included \$37.0 million of commercial paper borrowings.