



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

(\$ in millions - unaudited)	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.