



Quarterly Financial Review

First Quarter 2017

Cautionary Statement

- These slides should be read in conjunction with comments from the April 20, 2017 conference call. The financial statement information included herein is unaudited.
- Statements made during the April 20, 2017 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 April 20, 2017 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 20, 2017 press release and Form 8-K, which can be found on the company's website at <http://www.snapon.com/sna>.

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 – 1st Quarter

| (\$ in millions, except per share data - unaudited) | 2017 | | 2016 | | Change |
|---|----------|--------|----------|--------|--------|
| | \$ | % | \$ | % | |
| Net sales | \$ 887.1 | | \$ 834.2 | | 6.3 % |
| ➤ Organic sales | 33.4 | | | | 4.1 % |
| ➤ Acquisitions | 29.1 | | | | 3.5 % |
| ➤ Currency translation | (9.6) | | | | (1.3)% |
| Gross profit | \$ 448.0 | 50.5 % | \$ 415.3 | 49.8 % | |
| Operating expenses | 278.5 | 31.4 % | 259.9 | 31.2 % | |
| Operating earnings before financial services | \$ 169.5 | 19.1 % | \$ 155.4 | 18.6 % | 9.1 % |
| Financial services revenue | \$ 76.8 | | \$ 66.3 | | 15.8 % |
| Financial services operating earnings | 52.5 | | 47.0 | | 11.7 % |
| Operating earnings | \$ 222.0 | 23.0 % | \$ 202.4 | 22.5 % | 9.7 % |
| Net earnings | \$ 141.6 | | \$ 128.3 | | 10.4 % |
| Diluted EPS | \$ 2.39 | | \$ 2.16 | | 10.6 % |

- Organic sales up 4.1%; excludes \$29.1 million of acquisition-related sales and \$9.6 million of unfavorable foreign currency translation
- Gross margin of 50.5% improved 70 basis points (bps) primarily due to benefits from higher sales and savings from Rapid Continuous Improvement (“RCI”) initiatives, partially offset by 10 bps of unfavorable foreign currency effects
- The operating expense margin of 31.4% increased 20 bps primarily due to 50 bps of operating expenses for acquisitions and 10 bps of unfavorable foreign currency effects, partially offset by benefits from sales volume leverage
- Operating earnings before financial services of \$169.5 million, including \$3.8 million of unfavorable foreign currency effects, increased \$14.1 million and the operating margin improved 50 bps to 19.1%, despite 50 bps of unfavorable impact from acquisitions

Commercial & Industrial – 1st Quarter

| (\$ in millions - unaudited) | 2017 | 2016 | Change |
|------------------------------|----------|----------|--------|
| Segment sales | \$ 298.7 | \$ 287.0 | 4.1 % |
| ➤ Organic sales | 8.6 | | 3.0 % |
| ➤ Acquisitions | 7.8 | | 2.8 % |
| ➤ Currency translation | (4.7) | | (1.7)% |
| Gross profit | \$ 116.6 | \$ 110.5 | |
| % of sales | 39.0 % | 38.5 % | |
| Operating expenses | \$ 75.0 | \$ 69.4 | |
| % of sales | 25.1 % | 24.2 % | |
| Operating earnings | \$ 41.6 | \$ 41.1 | 1.2 % |
| % of sales | 13.9 % | 14.3 % | |

- Organic sales up \$8.6 million or 3.0%
 - Increased sales in the segment's European-based hand tools business and higher sales to customers in critical industries
 - Excludes \$7.8 million of acquisition-related sales and \$4.7 million of unfavorable foreign currency translation
- Gross margin of 39.0% improved 50 bps primarily due to favorable foreign currency effects, partially offset by a 10 bps impact from acquisitions
- The operating expense margin of 25.1% increased 90 bps due to increased costs, including higher costs for research and engineering activities, and 20 bps of operating expenses for acquisitions
- Operating earnings of \$41.6 million, including \$0.9 million of favorable foreign currency effects, increased \$0.5 million; the operating margin of 13.9% decreased 40 bps from 14.3% a year ago

Snap-on Tools – 1st Quarter

| <i>(\$ in millions - unaudited)</i> | 2017 | 2016 | Change |
|-------------------------------------|-------------|-------------|---------------|
| Segment sales | \$ 409.4 | \$ 402.5 | 1.7 % |
| ➤ Organic sales | 10.1 | | 2.5 % |
| ➤ Currency translation | (3.2) | | (0.8)% |
| Gross profit | \$ 177.1 | \$ 173.2 | |
| % of sales | 43.3 % | 43.0 % | |
| Operating expenses | \$ 106.8 | \$ 106.5 | |
| % of sales | 26.1 % | 26.4 % | |
| Operating earnings | \$ 70.3 | \$ 66.7 | 5.4 % |
| % of sales | 17.2 % | 16.6 % | |

- Organic sales up \$10.1 million, or 2.5%, reflecting sales increases in both the company's U.S. and international franchise operations
- Gross margin of 43.3% improved 30 bps due to benefits from higher sales and savings from RCI initiatives, partially offset by 60 bps of unfavorable foreign currency effects
- The operating expense margin of 26.1% improved 30 bps primarily due to sales volume leverage
- Operating earnings of \$70.3 million, including \$3.7 million of unfavorable foreign currency effects, increased \$3.6 million and the operating margin improved 60 bps to 17.2%

Repair Systems & Information – 1st Quarter

| (\$ in millions - unaudited) | 2017 | 2016 | Change |
|------------------------------|----------|----------|--------|
| Segment sales | \$ 318.8 | \$ 278.8 | 14.3 % |
| ➤ Organic sales | 21.6 | | 7.8 % |
| ➤ Acquisitions | 21.3 | | 7.7 % |
| ➤ Currency translation | (2.9) | | (1.2)% |
| Gross profit | \$ 154.3 | \$ 131.6 | |
| % of sales | 48.4 % | 47.2 % | |
| Operating expenses | \$ 75.6 | \$ 62.6 | |
| % of sales | 23.7 % | 22.5 % | |
| Operating earnings | \$ 78.7 | \$ 69.0 | 14.1 % |
| % of sales | 24.7 % | 24.7 % | |

- Organic sales up \$21.6 million or 7.8%
 - Increased sales of undercar equipment and sales of diagnostic and repair information products to independent repair shop owners and managers, as well as higher sales to OEM dealerships
- Gross margin of 48.4% improved 120 bps primarily due to benefits from higher sales and savings from RCI initiatives, and 70 bps of benefit from acquisitions
- The operating expense margin of 23.7% increased 120 bps primarily due to 210 bps of impact from acquisitions, partially offset by benefits from sales volume leverage
- Operating earnings of \$78.7 million, including \$1.0 million of unfavorable foreign currency effects, increased \$9.7 million; the operating margin of 24.7% in the first quarter of 2017, which included 140 bps of unfavorable impact from acquisitions, was unchanged from 2016 levels

Financial Services – 1st Quarter

| <i>(\$ in millions - unaudited)</i> | 2017 | 2016 | Change |
|-------------------------------------|-------------|-------------|---------------|
| Segment revenue | \$ 76.8 | \$ 66.3 | 15.8 % |
| Operating earnings | \$ 52.5 | \$ 47.0 | 11.7 % |
| | | | |
| Originations | \$ 264.6 | \$ 264.6 | - |

- Originations of \$264.6 million in both the first quarters of 2017 and 2016
- Average yield on finance receivables of 18.0% compared to 17.9% in 2016
- Average yield on contract receivables of 9.3% compared to 9.5% in 2016

Financial Services Portfolio Data

| (\$ in millions - unaudited) | United States | | International | |
|------------------------------|-----------------|------------|-----------------|----------|
| | Extended Credit | Total | Extended Credit | Total |
| Gross finance portfolio | \$ 1,339.7 | \$ 1,634.8 | \$ 161.7 | \$ 228.6 |
| Portfolio net losses (TTM) | \$ 34.5 | \$ 36.0 | \$ 1.9 | \$ 2.2 |
| 60+ Delinquency: | | | | |
| As of 3/31/17 | 1.4 % | 1.2 % | 0.7 % | 0.6 % |
| As of 12/31/16 | 1.6 % | 1.3 % | 0.7% | 0.7 % |
| As of 09/30/16 | 1.3 % | 1.1 % | 0.6 % | 0.5 % |
| As of 06/30/16 | 1.1 % | 0.9 % | 0.6 % | 0.6 % |
| As of 03/31/16 | 1.2 % | 1.0 % | 0.7 % | 0.6 % |

- Gross finance portfolio of \$1,863.4 million as of April 1, 2017
 - First quarter 2017 portfolio growth of \$48.7 million
- TTM – Trailing twelve months
- 60+ delinquency trends improved over 2016 year-end levels

Cash Flows

| (\$ in millions - unaudited) | 1st Quarter | |
|--|-----------------|------------------|
| | 2017 | 2016 |
| Net cash provided by operating activities | \$ 192.4 | \$ 141.6 |
| ➤ Net earnings | 145.1 | 131.3 |
| ➤ Depreciation and amortization | 23.1 | 21.0 |
| ➤ Changes in deferred income taxes | 7.4 | 9.4 |
| ➤ Settlement of treasury lock | 14.9 | - |
| ➤ Changes in working investment | 1.1 | 0.3 |
| ➤ Changes in accruals and other liabilities | (12.0) | (23.5) |
| ➤ Changes in all other operating activities | 12.8 | 3.1 |
| Net increase in finance receivables | \$ (53.2) | \$ (56.8) |
| Capital expenditures | \$ (18.6) | \$ (19.5) |
| Acquisitions of businesses | \$ (9.5) | \$ - |
| Free cash flow | \$ 120.6 | \$ 65.3 |
| Free cash flow from Operations | \$ 128.9 | \$ 87.1 |
| Free cash flow from Financial Services | \$ (8.3) | \$ (21.8) |
| Increase in cash | \$ 45.4 | \$ 13.5 |

- 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 1, 2017 | December 31, 2016 |
|---|--------------------------|------------------------------|
| Trade & Other Accounts Receivable - net | \$ 608.1 | \$ 598.8 |
| Days Sales Outstanding | 63 | 63 |
| Finance Receivables - net | \$ 1,451.0 | \$ 1,407.0 |
| Contract Receivables - net | \$ 377.1 | \$ 374.8 |
| Inventory - net | \$ 556.8 | \$ 530.5 |
| Inventory turns - TTM | 3.3 | 3.3 |
| Cash | \$ 123.0 | \$ 77.6 |
| Total debt | \$ 1,022.6 | \$ 1,010.2 |
| Net debt | \$ 899.6 | \$ 932.6 |
| Net debt to capital ratio | 24.7 % | 26.3 % |

- Total debt as of 2016 year end included \$130 million of commercial paper borrowings; no commercial paper borrowings were outstanding as of April 1, 2017
- On January 17, 2017, Snap-on repaid \$150 million of unsecured 5.50% notes at maturity with available cash and cash generated from issuances of commercial paper
- On February 15, 2017, Snap-on issued \$300 million of unsecured 3.25% notes due March 2027; net proceeds from the issuance totaled \$297.8 million