

Snap-on Incorporated

2025 Second Quarter Results Conference Call

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CORPORATE PARTICIPANTS

Nick Pinchuk--*Chairman and Chief Executive Officer*

Aldo Pagliari--*Senior Vice President and Chief Financial Officer*

Sara Verbsky--*Vice President, Investor Relations*

PRESENTATION

Operator

Good day, and welcome to the Snap-on Incorporated 2025 Second Quarter Results Conference Call. [Operator Instructions].

I would now like to turn the conference over to Ms. Sara Verbsky, Vice President of Investor Relations. Please go ahead, ma'am.

Sara Verbsky

Thank you, Chuck, and good morning, everyone. We appreciate you joining us today as we review Snap-on's second quarter results, which are detailed in our press release issued earlier this morning.

We have on the call: Nick Pinchuk, Snap-on's Chief Executive Officer, and Aldo Pagliari, Snap-on's Chief Financial Officer. Nick will kick-off our call this morning with his perspective on our performance. Aldo will then provide a more detailed review of our financial results. After Nick provides some closing thoughts, we'll take your questions.

As usual, we've provided slides to supplement our discussion. These slides can be accessed under the downloads tab in the webcast viewer, as well as on our website, [snapon.com](https://www.snapon.com), under the Investors section. These slides will be archived on our website along with a transcript of today's call.

Any statements made during this call relative to management's expectations, estimates or beliefs or that otherwise discuss management's or the company's outlook, plans or projections are forward-looking statements and actual results may differ materially from those made in such statements. Additional information and the factors that could cause our results to differ materially from those in the forward-looking statements are contained in our SEC filings.

Finally, this presentation includes 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 measures is included in our earnings release issued today, which can be found on our website.

With that said, I'd now like to turn the call over to Nick Pinchuk. Nick?

Nick Pinchuk

Thanks, Sara. Good morning, everybody. As usual I'll start the call by covering the highlights from our second quarter. And I'll tell you right now, we're encouraged by the results, resilience and balance against an environment that's been quite turbulent. It's like one long mad minute where the commercial ground keeps shifting. But with the resilience of our markets, the balance of our portfolio, our advantages in product and brand and people, we navigated the roller coaster and exited the quarter stronger than when we entered. So that's my view.

And as we proceed today, I'll fill you in with more color on our financial results, on our markets, the current environment, the progress we've made and I'll give you another take on what I think it all means. Then Aldo will move to a more detailed review of the financials.

Let's talk about the results. Our sales of \$1,179.4 million as reported were flat to last year, including \$8.6 million in favorable foreign currency translation. Organic sales were down 0.7%,

and they were mixed, but overall balanced. Opco operating income for the quarter was \$259.1 million, 7.6% below last year, which included \$11.2 million from the nonrecurring 2024 legal win. OI margin was 22.0%, lower by 180 basis points versus last year, which included 100 basis points from that legal matter.

Notably, the gross margin was 50.5%, 10 basis points behind last year, reflecting continued resilience. Rapid continuous improvement balanced 50 basis points of unfavorable currency transactions. In effect, our OpCo OI gap primarily represented our ongoing investment in maintaining and strengthening our advantages in product and brand and people, believing as we did in the pandemic that it's best to emerge from the disruption at full strength, and we believe we're on-course to do just that.

For Financial Services, operating earnings of \$68.2 million were down 2.8% from last year's \$70.2 million and combined with the OpCo results, the overall OI margin for the quarter was 25.5%, which compared to the 27.4% recorded last year, which included the legal benefit, this time worth 90 basis points.

EPS for the quarter was \$4.72, 35% -- \$0.35 below last year. \$0.16 from last year's legal payment was included in the '24 number, and this year's level included \$0.09 -- a \$0.09 impact from higher pension amortization costs. In other words, there were \$0.25 of headwind within the year-over-year comparison of EPS.

So now let's speak about the market. So those are results. But now let's speak about the market. We believe the automotive repair environment continues to be favorable. We did see mixed, but improved results with the technicians. The Tools Group was up low single digits in the U.S. network, while the international vans were flat. And from what we're hearing directly from the franchisees and the techs, from the grassroots, I believe vehicle repair emphatically remains a very favorable place to operate, and the industry metrics continue to confirm that view. Miles driven, average vehicle age, household spend on repairs, tech talent and tech wages, they're all up.

Now the macro environment is still turbulent. But the tech uncertainty has stabilized and having said that, it remains significant. In all that, however, the Tools Group pivot does appear to be gaining traction and overcoming the angst. You can see it in our second quarter results. We like the way the numbers are moving. It's a positive sign.

On the other side of auto repair, where Repair Systems & Information, the RS&I Group is displaying encouraging progress, expanding Snap-on's presence with repair shop owners and managers with particular strength in OEM dealerships, things are looking okay. Upgrading facilities and -- the OEM dealerships upgraded facilities and equipment to match the growing complexity of the new models. Now there are pockets of hesitation on garage projects, with some independent shops thinking that delay in the turbulence is the right move.

But in general, the shops know that deeper complexity is rolling and the challenges are coming and they must be ready. So, in general, the segment remains strong and you can see it all over the RS&I results.

And for critical industries. Now here, we saw uncertainty and hesitation early in the period. Liberation Day and the weeks that followed created a lot of windage in project planning and execution. Many businesses adopted a wait-and-see approach waiting to let the trade program develop before pulling the trigger. And we did see postponements. As the quarter progressed,

however, the initial shock gave way to what I would call accommodation. Project flow came back, and our order book has grown. So, the critical industries built momentum through the quarter and they remain a very attractive place to operate despite what we believe may have been a shock blip in the quarter.

So overall, I describe our markets as continuing to offer opportunities that we believe display momentum. Challenges do exist. There are headwinds, but we're confident with our advantages and strengthening product lines that solve critical tasks, in our extraordinary brand that marks the serious, the critical and the professional. And our very experienced team that's capable, committed and battle-tested will prevail against the difficulties and continue moving positively.

So now let's move to the segments. The Commercial & Industrial Group was the place most impacted by the shock early in the quarter. You know it has the largest international presence, and its critical industries division has a substantial slice of project business. So, the Group's second quarter as reported volume decreased 6.5%, including \$4.5 million in favorable foreign currency translation, and an organic sales decline of 7.6%. C&I's operating income was \$46.9 million, below 2024 levels by \$15.3 million. Operating margin was 13.5%, down 320 basis points.

But we did see upward motion as the quarter progressed, as the customers accommodated to the environment. So, we're confident in and committed to extending in the critical industries, and we'll keep strengthening our position with C&I as we move forward, observing the tasks, using the insights to create products that make work easier.

A great example is the next generation -- our next generation of -- the next generation, quarter-inch drive 14.4-volt cordless ratchets, increased power, and speed, 40 ft-lbs of torque for breaking loose stubborn fasteners. And once freed, the tool's 400 rpms kick in and the fasteners fly off. It's a real time saver. Our Murphy, North Carolina plant just released two models, with CTR825 offering a compact frame and the CTR827 with an extended neck, two tools to maximize efficiency, where techs are working in hard-to-reach out-of-the-way applications.

And there are other great features of the tools. The brushless motors provide improved durability and a longer runtime. The variable speed trigger gives a tech more control, preventing in this situation that overtightening that can damage components. And our Ring of Fire creates 360 degrees of daylight, beaming from 6 LEDs generating 27 lumens, illuminating even a cavernous workplace. All of this serving to make work much easier.

The CTR825 and 827, compact frame and long neck designs, techs love them. They know they need both of them. And based on a strong reception, it's now clear they're destined for our million dollar hit products list.

Now the specialty torque business remains red hot. It actually had a strong quarter. Part of the reason is that our lineup continues to expand, moving to meet the increasing and complex challenges of essential bolting and tensioning. And recently, we introduced the new CTM550 unit, it joined -- so it joined our growing array of cordless torque multipliers. This tool, 66% lighter, 20% smaller than its big brother, the 1-inch CTM800, and it delivers -- effortlessly delivers torque, all the way from 160-foot pounds to 550-foot pound. It's ideal for tackling a range of tasks in a growing number of heavy-duty applications that require precise torque.

The new tool enables much greater efficiency and comfort, it replaces -- and it replaces the commonly used impact gun and torque wrench combinations with a single tool, eliminating several

cumbersome steps, providing a much safer and more ergonomic path to repair. It's a design that combines the efficiency of our extraordinary Norbar gear designs with the brushless motors of our Power Tools operation, to make problem torque, to make precision torque, at high outputs a breeze. And the unique Snap-on advanced cooling system, no pun intended, means extended use and increased durability.

The CTM also has multiple connection options, enabling the accuracy of the procedure to be documented and reviewed and showing that the job was done correctly and that the bus, or semi-truck, or bulldozer will operate as designed, and safely and without failure. Our CTM550 sophisticated, powerful, versatile with the durability to tackle the harshest environments, servicing the needs of the critical and as you might imagine, it's been well received. Well, that's C&I, absorbing the shock, moving forward, delivering solutions that make critical work easier, safer, and more productive.

Now on to the Tools Group. Organic sales were up 1.6% with low single -- with a low single-digit improvement in the U.S. and the international network flat to last year. The operating income, it was \$116.7 million, and that compares with \$114.8 million in 2024, with an operating margin of 23.8%, flat to last year, but still one of the Group's top margin levels ever achieved against the wind.

As I said, technicians are still cash rich, but confidence is poor and they're still hesitant to tie themselves to long-term obligations. Originations were down 4.9%. Sales of items like large tool storage boxes decreased in the quarter, but our connection with grassroots customers indicates that the uncertainty is stabilized.

And over the period, the Tools Group pivot to faster payback items gained traction against the continuing wars, the rapid-fire announcements in the capital, and the threats of inflation. All through the quarter, we kept working, shifting production, refocusing marketing and promotional campaigns, and most important of all, introducing innovative new products that make an immediate impact, offerings that created a short-term payback.

So, for techs servicing growing -- servicing vehicles of growing complexity, access is big. They need help reaching, squeezing, contorting their way into compact areas, trying to make repairs without them dismantling things like, parts like -- components like fenders or grills or dashboards. Every day we're there in the garage, observing these tasks, developing the solutions that make the work easier and more profitable. It's Snap-on's principal value creating mechanism. Well in the -- during the quarter, the Tools Group launched a number of new products. Each delivering unparalleled access and matching the customers' preference for faster paybacks.

One is the SGAS102, a 2-piece radiator pick set. Each unit is 7 inches from handle to the tip and offers a unique design. One is hook shaped, ideal for pulling hoses away. And the other is straight, perfect for pushing the cooling lines free. The complete set is built in our Elkmont, Alabama facility, and it might seem trivial. But I assure you, modern vehicle engine bays are jam-packed. Hoses are no longer out in the open. And now even basic repairs more often than not require removing fan shrouds or a range of other parts.

But with these tools, a tech can extract the hose with ease. Conventional setups have similar geometries, but they require much more space to function. Our new picks give great access and they do save a lot of time, and the techs have noticed.

Another quick payback is our FK72. 3/8-inch drives, stubby length, hand ratchet, produced in our Elizabethton, Tennessee plant. It's our smallest 3/8-inch ratchet ever. I mean it's tiny. About the length of your pinky. And you know there are a lot of narrow passages in the car. Well, this stuff can go wherever your fingers can reach. But even though it's small, it offers great strength, courtesy of Snap-on's unique dual pawl system, and the 72-tooth design enables 5 degrees -- a 5-degree swing arc, another access enabler. And the sealed head increases reliability, keeping the debris that can muck up the works from entering the gear mechanism. It's another Snap-on must-have for serious techs and it helped drive the pivot in the quarter.

And perhaps, best of all, just released, the redesigned 15-inch extra-long needle-nose plier set, cold forged at our Milwaukee plant. Now that's a process that's difficult to master. But if you get it right, and Milwaukee is one of the few who can, it results in greater strength and delivers tighter tolerances without additional and more costly machining. The long plier neck reaches to restricted openings, creating access, and the cold forging process and the associated shaft strength enable 85% more gripping power than other models. And that makes this tool a real time saver.

I mean if you drop a part in a recessed area, no need to disassemble the workpiece. These units will navigate through the confined space, and they'll grab the lost component without letting go, making sure of a quick -- making a sure and quick retrieval. That's a great and significant advantage.

Each of these new products make work easier and repairs faster. And all 3 have already achieved what we call our one million dollar hit product status. And meeting with techs in the last quarter, we talked about this, about the bottom end of the bigger ticket items. After meeting the tech -- and meeting the tech's preference for a faster payback tool storage, our plant in Algona, Iowa, released a special offering of our entry-level KCP2422 Classic Series Roll Cab. The box is 55 inches wide, built from a one piece welded body, with reinforced corners and a 14-gauge steel bottom panel that supports a payload of 2,400 pounds, over a ton of tools.

It's ideal for organizing a tech's investments with 2 drawers spanning 50 inches wide, one 5-inch deep for deep sockets, and a 3-inch drawer for storing long pry bars and extensions. The box is functional, rugged and it's relatively economical.

But what get your attention in this array is the array of eye-popping two-tone paint schemes. One, a black case with extreme green doors and black trim is my personal favorite. I can tell you, it is bright. Any tech would stand out with this beaming box in his space. The series just came out and it's already had significant demand. So that's the Tools Group. Pivoting, gaining on uncertainty, back to growth, exiting the quarter with momentum, and great American-made products were the big drivers.

Now RS&I. Sales in the second quarter were \$468.6 million, with an organic gain of 2.3%, a high single-digit advancement in Diagnostics and Information, and strong double-digit improvements in our OEM businesses. Operating earnings for RS&I were \$119.8 million, up \$6.2 million, or 5.5%. And the operating margin of 25.6% was 60 basis points better than 2024. Now just a little fun fact. The OI margin for RS&I has increased year-over-year for 12 of the last 13 quarters, 6 straight. That's the rise of software and the power of RCI, boom shakalaka.

RS&I shined through the turbulence, leveraging our customer connection and launching innovative products. One example is our, is the all-new Triton, born in our San Jose facility, positioned in the middle of our Intelligent Diagnostic offerings. TRITON provides a wireless connection between the car and the handheld. Techs can move freely around the bay, under the

car, under the car inspecting, troubleshooting, and testing without restraint. And this is important. It does that without losing the lightning speed that's the hallmark of our wired units.

And TRITON's 2-channel lab scope now provides zoom capability, and this is crucial. When waveform glitches happen in a blink of an eye, as they often do, they're hard to catch on standard units. So, TRITON customers can now record, play back the tests, magnify the pattern, zero in on the abnormality, and identify intermittent problems. The Triton...flexibility, speed, zoom capability, 8-hour battery life for extended use and 4x the memory, handling more procedures and data, handling more procedures and data than ever. The launch easily exceeded prior releases. As you might expect, this gangbusters platform is powerful in tech hands, and it's a clear winner in the shops.

RS&I is on a roll. Great diagnostic units, powerful databases. Mitchell's ProDemand repair information, the proprietary power of Intelligence Diagnostics, effective shop management systems, continuing upward progress, driven by great hardware, significant advantages in software, and a dedication to RCI. We're going to keep driving to expand RS&I's position with repair shop owners and managers, offering more new products developed by our value creation process, and we're confident it's a winning formula.

Well, that's our second quarter. Marked by both challenge and advancement. C&I down, impacted by the shock of Liberation Day and a bout of wait and see, but some recovery is underway as accommodation develops. The Tools Group, the pivot to quicker paybacks gaining traction. Sales up 1.6% organically. OI margin, 23.8%, flat to last year, but representing the third highest in the Group's history against the winds. And RS&I, sales up 2.2%, OI margin 25.6%, up 60 basis points. Software rising and RCI delivering again. It all came together for overall sales of \$1,179.4 million, flat. Gross margins 50.5%, down 10 basis points, unfavorable currency transaction and the impact of a volatile trade policy balanced by RCI. And OI margins of 22%, down 80 basis points adjusting for last year's legal benefit, primarily reflecting the conviction to keep investing in product and brand and people. The results demonstrating operational strength, all achieved in difficult conditions. It was an encouraging quarter.

Now I'll turn the call over to Aldo. Aldo?

Aldo Pagliari

Thanks, Nick. Our consolidated operating results for the second quarter are summarized on Slide 6. Net sales of \$1,179.4 million in the quarter were unchanged from last year, reflecting an \$8.6 million organic sales decline that was offset by favorable foreign currency translation. Sales in our automotive repair markets were up, with gains both in our franchise van channel and in activity with OEM dealership and independent repair shop owners and managers.

Within the industrial sector for our C&I group, sales were down year-over-year, reflecting the economic and geopolitical uncertainty that occurred throughout the period. Consolidated gross margin of 50.5%, compared to 50.6% last year, and included 50 basis points of unfavorable foreign currency effects, partially offset by benefits from the company's RCI initiatives.

While Snap-on is relatively advantaged in the current tariff environment, generally manufacturing products in the markets where they are sold, our costs can be affected by trade policies. In the quarter, we mitigated the effect of incremental tariffs, managing material and other costs so that there was no meaningful impact on gross margins.

With respect to the unfavorable foreign currency effects in the quarter, much of this was due to transaction impacts of the year-over-year strengthening of the Swedish Krona, versus the Euro and the U.S. dollar, as we have factories in Sweden, serving both the C&I and RS&I Groups. In C&I, we manufacture cutting tools for our European and emerging markets, while in the RS&I, our Car-O-Liner facility produces collision products that are sold globally.

Operating expenses as a percentage of net sales rose 170 basis points to 28.5%, from 26.8% in 2024, mostly due to a nonrecurring benefit of \$11.2 million from legal payments received last year, and increased personnel and other costs, including ongoing brand investments. Operating earnings before financial services of \$259.1 million in the quarter, compared to \$280.3 million in 2024. As a percentage of net sales, operating margin before financial services of 22.0%, compared to 23.8% reported last year, which included a benefit of 100 basis points from the legal payments.

Financial services revenue of \$101.7 million in the second quarter, compared to \$100.5 million last year, while operating earnings of \$68.2 million compared to \$70.2 million in 2024. Consolidated operating earnings of \$327.3 million, compared to \$350.5 million last year. As a percentage of revenues, the operating earnings margin of 25.5%, compared to 27.4% in 2024, again, including a benefit from the legal payments.

Our second quarter effective income tax rate was 22.5% in 2025, and 22.6% in 2024. Net earnings of \$250.3 million, compared to \$271.2 million in 2024. And net earnings per diluted share of \$4.72 in the quarter, compared to \$5.07 per diluted share last year.

When comparing the quarter's earnings per share with the second quarter of the prior year, there is \$0.25 per share of headwinds on a year-over-year basis. In the second quarter of 2025, diluted earnings per share included approximately \$0.09 per share of increased year-over-year non-service net periodic pension expenses, primarily from higher amortization of actuarial losses, while the second quarter of 2024 included a \$0.16 per share benefit from the legal payments.

Now let's turn to our segment results for the quarter. Starting with the C&I Group on Slide 7. Sales of \$347.8 million compared to \$372 million last year, reflecting a 7.6% organic sales decline, partially offset by \$4.5 million of favorable foreign currency translation. The organic reduction includes double-digit decreases in the segment's Asia Pacific and European-based hand tools businesses and a mid-single-digit decline in activity with customers in critical industries, partially offset by a high-single-digit rise in the specialty torque operation.

Overall, the sales decline reflects a reduction in certain cross-border sourcing activities in the current trade situation, and the slowdown of projects by our customers in some industries and geographies, including U.S. aviation and the military. With respect to critical industries, demand was challenged in April but improved as we moved through the quarter. Gross margin of 40% in the second quarter, compared to 41.7% in 2024. This decline was primarily due to lower sales volumes and 50 basis points of unfavorable foreign currency effects, partially offset by savings from RCI initiatives.

Operating expenses as a percentage of sales of 26.5% in the quarter, compared to 25%, largely reflecting the impact of reduced sales volumes, as well as increased personnel and other costs. Operating earnings for the C&I segment of \$46.9 million, compared to \$62.2 million last year. The operating margin of 13.5%, compared to 16.7% in 2024.

Turning now to Slide 8. Sales in the Snap-on Tools Group of \$491 million, compared to \$482 million a year ago, reflecting a 1.6% organic gain, and a \$1.2 million of favorable foreign currency translation. The organic increase reflects a low single-digit rise in the United States business, while activity in our international operations was essentially flat.

During the quarter, we believe our ongoing pivot to shorter payback items was successful in overcoming the continuing uncertainty of technician customers in the current environment. Gross margin declined 50 basis points to 48.3% in the quarter from 48.8% last year, mostly due to 40 basis points of unfavorable foreign currency effects. Operating expenses as a percentage of sales improved 50 basis points to 24.5% in the quarter from 25% in 2024, largely reflecting the higher sales volumes. Operating earnings for the Snap-on Tools Group of \$116.7 million, compared to \$114.8 million last year. The operating margin of 23.8% was unchanged from 2024.

Turning to the RS&I Group, shown on Slide 9. Sales of \$468.6 million, compared to \$454.8 million in 2024, reflecting a 2.3% organic sales increase and \$3.1 million of favorable foreign currency translation. The organic gain includes a double-digit increase in activity with OEM dealerships, and a high single-digit gain in sales of diagnostics and repair information products to independent repair shop owners and managers. These gains more than offset a high single-digit decline in sales of undercar equipment, including collision repair products.

Gross margin improved 130 basis points to 46.8% from 45.5% last year, primarily reflecting increased sales of higher gross margin products and benefits from RCI initiatives, partially offset by higher material, freight and other costs, as well as 40 basis points of unfavorable foreign currency effects. Operating expenses as a percentage of sales rose 70 basis points to 21.2% and 20.5% in 2024, largely due to increased personnel and other costs. Operating earnings for the RS&I Group of \$119.8 million, compared to \$113.6 million last year. The operating margin improved 60 basis points to 25.6% from 25% recorded in 2024.

Now turning to Slide 10. Revenue from Financial Services of \$101.7 million reflected an increase of \$1.2 million from \$100.5 million last year. Financial Services operating earnings of \$68.2 million, compared to \$70.2 million in 2024. Financial Services expenses of \$33.5 million, compared to \$30.3 million last year. The increase is primarily due to \$1.5 million of higher provisions for credit losses, as well as a rise in personnel and other costs. As a percentage of the average Financial Services portfolio expenses were 1.3% in the second quarter of 2025 and 1.2% in 2024.

In the second quarter of 2025 and 2024, the respective average yields on finance receivables were 17.5% and 17.7%, while the average yields on contract receivables were 9.1% and 8.9%, respectively. Total loan originations of \$293 million in the second quarter represented a decrease of \$15.1 million or 4.9% from 2024 levels, including a 5% decline in extended credit originations. The reduction in extended credit originations mostly reflects lower sales of discretionary big-ticket items such as tool storage units, partially offset by higher originations associated with the successful launch of the new TRITON Diagnostics platform during the quarter.

Moving to Slide 11. Our quarter end balance sheet includes approximately \$2.5 billion of gross financing receivables and \$2.2 billion from our U.S. operation. For extended credit or finance receivables, the U.S. 60-day plus delinquency rate of 1.8% is up 20 basis points from the second quarter of 2024, but down 20 basis points from the rate reported last quarter. Trailing 12-month net losses for the overall extended credit portfolio of \$69.5 million represented 3.46% of outstandings at quarter end. We believe these portfolio performance metrics remain relatively balanced considering the current environment.

Now turning to Slide 12. Cash provided by operating activities of \$237.2 million in the quarter, compared to \$301.1 million last year. The lower cash flow generation as compared to the second quarter of 2024, largely reflects higher year-over-year increases in working investment and lower net earnings. Net cash used by investing activities of \$46 million mostly reflected net additions to finance receivables of \$26.4 million and capital expenditures of \$19.7 million. Net cash used by financing activities of \$170.9 million included cash dividends of \$111.8 million and the repurchase of 250,000 shares of common stock for \$79 million under our existing share repurchase program. As of quarter end, we had remaining availability to repurchase up to an additional \$357.9 million of common stock under our existing authorizations.

Turning to Slide 13. Trade and other accounts receivable represented an increase of \$26.8 million from 2024 year-end. Days sales outstanding of 65 days were down one day sequentially from last quarter and compared to 62 days at year-end 2024.

Inventories increased by \$54.3 million from 2024 year-end, primarily due to \$37.4 million of currency translation and some investment intended to mitigate supply chain uncertainty. On a trailing 12-month basis, inventory turns of 2.4 were the same as year-end 2024.

Our quarter end cash position of \$1,458.3 million, compared to \$1,360.5 million at year-end 2024. In addition to our existing cash and expected cash flow from operations, we have more than \$900 million available under our credit facilities. There were no amounts borrowed or outstanding under the credit facilities during the year, nor was any commercial paper issued or outstanding in the year.

That concludes my remarks on our second quarter performance. I'll now review a few outlook items for the balance of the year. With respect to corporate costs, we currently believe that expenses for the remainder of 2025 will approximate \$27 million per quarter.

Additionally, during 2025, as previously shared, we recognized and expect to continue to incur approximately \$6 million pretax per quarter of increased non-service pension costs, largely due to higher amortization of actuarial losses. These non-cash costs are recorded below operating earnings as part of other-income-and-expense-net on our statement of earnings and will have about a \$0.09 per diluted share quarterly negative effect on EPS for the balance of 2025.

We expect that capital expenditures will approximate \$100 million and we currently anticipate that our full year 2025 effective income tax rate will be in a range of 22% to 23%. Our expected range, which factors in the U.S. tax bill that was recently passed, is unchanged from previous estimates.

Finally, in 2025. Our fiscal year will contain 53 weeks of operating results with an additional week occurring at the end of the fourth quarter. This occurs every 5 or 6 years and historically, it has not had a significant effect on our full year or fourth quarter total revenues or net earnings.

I'll turn the call back to Nick for his closing thoughts. Nick?

Nick Pinchuk

Thanks, Aldo. Well that's Snap-on's second quarter. Results, marked by resilience, portfolio balance, shock, accommodation, and progress. C&I, international markets and critical industries disrupted by Liberation Day. The shock giving way to accommodation and accommodation in the storm or to the storm.

Tools Group. Continuing uncertainty. The pivot gaining some traction. Sales up 1.6% organically. U.S. up, international flat, a return to positive. OI margins 23.8% flat to last year, but among the Group's strongest ever. RS&I continuing strength, sales up 2.3% organically. OpCo OI margin of 25.6%, up 60 basis points rising again. And it all came together for an overall demonstration of performance against turbulence.

Sales of the -- for the corporation were \$1,179.4 million, essentially flat in the difficulties. Opco OI margin 22%, down 80 basis points adjusting for last year's legal benefit with the gap driven primarily by spending to maintain full strength, preserving advantage for when the turbulence abates. And EPS \$4.72 against -- comparisons against 25% -- \$0.25 of headwinds.

We believe that these results demonstrate our overall strength. They also highlight our relative advantage in the turbulence of the volatile trade policy. Strengths rooted in our strategy of making in the markets where we sell and in our solid structure of broadly based facilities, 36 factories, 15 in the U.S., and in the considerable distributed know-how. We make a version of our products in almost every region, but especially in the U.S.

We believe this advantage is clearly on display in our quarter's gross margin of 50.5%, down 10 basis points from last year. But a shortfall more than explained by 50 basis points of unfavorable currency that was offset by RCI. You see we said we believed we're resistant to tariffs and we meant it. And we further believe that as we move forward, we have momentum as the shock recedes. And we have advantage rooted deeply in our products, continually matching the increasing complexity of work, making it much easier. Advantage in our brand that really does mark the professional and displays personal and collective pride and dignity. Of course, advantage in our people, dedicated, capable, battle tested and wielding the Snap-on Value Creation processes to improve every day as they demonstrated in the quarter.

So we believe that as we move forward using those strengths inherent in our enterprise, we'll prevail against the difficulty, execute on our abundant opportunities, and move positively through the last half of 2025 and well beyond.

Before I turn the call over to the operator, I'll speak directly to our associates and franchisees. I know many are listening. My friends, I know that the encouraging results we just discussed was created by your efforts, past and present. For your progress against the turbulence, you have my congratulations. For the energy, you bring to our enterprise every day, you have my admiration. And for your confident and unwavering commitment to our future, you have my thanks.

Now I'll turn the call over to the operator. Operator?

QUESTION AND ANSWER

Operator

Thank you. We will now begin the question-and-answer session. [Operator Instructions]. And the first question will come from Luke Junk with Baird. Please go ahead, sir.

Luke Junk

Good morning. Thanks for taking the questions. Nick, I want to start just with the big shift we're seeing in the Tools Group 1Q into 2Q. I guess with the benefit of hindsight, is there anything that sticks out to you is, I guess, what I'd say less normal in the first quarter in the Tools Group or maybe particular areas where you may have gotten caught a little bit flat-footed in this environment? I guess thinking through the lens of 2Q now that feels a lot more normal in terms of

the company's ability to navigate this turbulence. Just -- what was, do you think, the most important area of internal execution this quarter and should we think you can lean into that even more into the back half of the year?

Nick Pinchuk

Well, part of it was, I think the technicians, I think you saw -- I think there was some evidence that the technicians had more uncertainty, accelerated uncertainty in the first quarter versus prior quarters. You saw consumer sentiment drop from December to January by -- I think it was 20 basis points -- 20 points. The lowest since '22 since the last big problem with supply chain. And it's still down, but it rebounded a little bit.

I would say that the early days of the administration spooked the grassroots. And so, our pivoting was going better, what's been going. But that's spooking, that 20 basis -- reflected in the 20 basis points, and I don't mean to tie it exactly to that, really outran the pivot. But it's kind of stabilized. They aren't affected so much by tariffs. Liberation Day didn't affect them so much. So, they're more sitting there and not much happens really in the -- I guess, the bombing of Iran happened, but that's not so much, and we started to gain ground on that. That's what happened.

I guess the one learning we learned in the first quarter that we applied in the second quarter. You might remember that I talked in the first quarter about, I think we can nibble into the lower end of the big-ticket items like the SOLUS, in the first quarter with SOLUS was pretty successful. And we sold some heavy-duty carts in the first quarter that were economical. And so, we did some more of that in the second quarter.

I talked about it on the call that the Classic Series box that is cheaper than the other series and holds a ton of tools, and has these eye-popping colors, that was pretty popular. So, I think we learned we can add to the pivoting to what the obvious things are like hand tools and power tools and other stuff like that, sort of eating at the bottom end of the big line and focusing on that. And I think that's one of the things we did.

I'm not sure that keeps working because you always have to do some different things. But I think the pivot is now working pretty well. And I think we have momentum. I've said this in this thing, we exited the quarter stronger than when we entered.

Luke Junk

What about the origination side of things, Nick, and just generating demand for new credit? You mentioned in your script, the benefit of diagnostic units that we're seeing in that originations decline moderating sequentially. But do you think there's an opportunity to get franchisees to lean into credit a little bit more as we go through the back half of the year?

Nick Pinchuk

No, your guess is as good as mine. I don't know. You know what I mean. Look, I think this, originations were better. Like for government work, they're like we're down half as much. That's a tough statement. We're down half as much as we were in the first quarter. I think we're down more this quarter, we're down 4.8%, 4.9% originations. And certainly, that would have been -- the originations were somewhat plumped up by the launch of the TRITON, so, tool storage was probably down more than that would indicate, but I don't know how that goes forward.

I think it's going to take a while for customers to kind of accommodate. But as we saw in the pandemic, which is really -- I'm kind of talking about that with the C&I shock question, it's kind of like a pandemic event. Everybody got shocked. I think the technicians have been shocked for a

while. I think sooner or later, when nothing new happens, they start to accommodate. And they start to realize, well you know, I'm worried, but nothing's really happened to me. My wages keep going up and I start to say, I can take a few -- I can tie myself to more normal situation. So, I would expect that to get better as we go forward.

Plus, I do think we're better at the pivot. We're getting better and better and better and better. So that works for us. I don't know if I need the originations to come back right away. But I do think that eventually, people -- if nothing big happens, they start to stabilize even more, and people start to come back with originations, but I'm not predicting anything like for the next quarter.

As you know, Luke, I'm going to say this again because I said it at every -- the third quarter is always squirrely, harder to predict than any because the SFC is during that quarter, and that creates a kind of turbulence that you can never predict. So, we'll see how it goes. But I like the way things are going, I'll tell you that. You can see it in the numbers.

Luke Junk

Maybe before I turn it back, Aldo, could you just give us maybe a feel for some of the key end market trends within critical industries in C&I? And as mentioned that momentum was much better exiting the quarter relative to this more COVID like shock. Can you just give us a feel for where that run rate was directionally relative to getting close to the plan?

Aldo Pagliari

Broadly speaking, Luke, April was much slower than what the full quarter turned out to be. So, as I said, it improved as the quarter moved out. And we saw the biggest changes I'd say would be in the aviation and military related nondefense sector, things of that nature. But general industry also started to improve. So again, while down yet in the quarter, we started to see some signs of improvement.

Luke Junk

I'll leave it there. Thank you.

Operator

The next question will come from Gary Prestopino with Barrington Research. Please go ahead.

Gary Prestopino

Good morning. Did you call out what the FX impact on earnings per share were for the quarter in your narrative?

Nick Pinchuk

I did not. Would you like to know?

Gary Prestopino

Yes, I would.

Nick Pinchuk

Okay. \$0.06.

Gary Prestopino

\$0.06, positive?

Nick Pinchuk

Negative.

Gary Prestopino

Okay, \$0.06 negative. Okay, great. Thank you. Then a couple of questions here. The RS&I growth was pretty strong. And you mentioned something about a new TRITON platform. Could you maybe elaborate on that and what the price points are, and what are the differences with this platform versus what you had in the market before?

Nick Pinchuk

Sure. Look, Gary, I don't know if I can say the price point on this. Yes, okay, let's say, \$4,500 ballpark, \$4,500. Might be, I don't know how we can afford to sell it for that number, but okay. Around that number. It depends. There's a lot of factors. What's on promotion? What isn't? Let's say, \$4,500 to \$5,000, something like that. It's in the middle of the intelligent diagnostic range. It's right below Zeus and above Apollo. And the differences are -- is that it's wireless rather than wired.

And the big deal here is that our wire units were -- their hallmark was they were like lightning. You plugged them in, you started them up, and they really rolled up. This one comes up right away and it's wireless. So, it gives you both the flexibility of wireless, and the speed, the instant on of wired. And that's a cool thing.

And then you have the other thing that we have a Zoom feature on the -- these things have two-channel scopes. So, what you do is you put the scope on a car, and you watch a waveform here. But the thing is sometimes the problems in the car are very intermittent and very quick. They only happen for a little while, and you can't really see them on the waveform carefully until you zoom right in and look at small glitches. And the Zoom feature allows you to freeze it and move it in. The waveform is a dynamic thing at first. So, then you record it, freeze it, zoom in and catch the glitches. That's a big help.

And then it has an eight-hour battery life, which is pretty long, and it makes it quite usable. And then the other thing I think that's different is it has 4x the memory. So, the 4x memory means you can store a whole lot of stuff, like a lot of waveforms, a lot of procedures in it, a lot of data from other things. And it helps a lot. Technicians really like it. I just was out with franchisees in Connecticut and Atlanta, having dinner with a bunch of these guys. And they're all -- the franchisees are pretty positive. And they love this unit. They love selling it. And the techs seem to like it, too. So, we feel pretty good about it. Sold pretty well for -- the launch was boffo. So, we'll see how it goes. We like it, though. I mean it's having an impact.

Gary Prestopino

That's good to hear. And then just lastly, in the C&I Group, I think you called out that the international operations were sluggish. Did the U.S. kind of mimic that? I'm not sure how much you do in U.S. in C&I, but can you give me an idea...

Nick Pinchuk

C&I roughly. For government work, Gary, the C&I is 50-50. 50 in North America, 50 outside the United States. Europe, tough. Asia -- well, Asia, we ourselves said we're not importing anything from China. The thing is 170 -- there's 170% tariffs. Remember when they were 170%, we just said, no. So, Asia is very, very discombobulated in this situation. Not to mention, you got some other markets disturbed like South Korea, they just arrested the old President and now everybody's moaning. And then in Thailand, they just declared the former -- the new Prime

Minister, a traitor and took her out of office. So, things are pretty turbulent in Asia. I was just there. And the markets are pretty bad.

You look at Europe. I mean Europe is again a cross-border position. They've got -- GDP in U.K. was 0.1% GDP in Germany 0.3%, GDP in Spain 0.5%. Europe has got problems. I think -- at least for us, we're seeing that. And then in the United States, really what happens -- that's like the European businesses and the Asian business, a lion's share of which is in C&I, and then we've got the industrial businesses.

Industrial has got pick and ship businesses, which is quick, it's off the shelf like, a little bit like the Tools Group. And then it's got project business, which is a big slug of their business. And these things, you think about it. Okay, Liberation Day happens, we go on tariffs. Well, the tariffs change 3x for China in the month of April. And then nobody -- they come out with 46% for Vietnam and then they say, oh, never mind, it's going to go to 10% until July 9. And then July 9, they come out and say, well, it's 40% and 20%, but we're not sure because the 20% is for direct, the standard stuff, and 40% if you have transshipment.

So, people are sitting there and saying, it's a very interesting phenomenon. It's a little bit like the pandemic, I would say. It's kind of not congruent to the pandemic, but it's similar. You know, if you have projects, and you're thinking about doing things, you're saying, I'm not going to commit to very much because I don't know where the world is going to be. And I kind of have a feeling that there's a pretty close horizon and it's going to resolve itself. So that means that put people back, particularly in the early parts of the quarter. And people just said, geez, I don't want to commit. I'll look like a fool if I make a mistake.

And so you saw some of that working through the system, especially in a project. Now orders -- our orders kept getting stronger. People just didn't pull the trigger for delivery. And so we like the order book, it's just that people have to figure out how they're going to accommodate the tariffs and people are gradually coming -- as they did with the pandemic. That's what happened with pandemic. At first, people panicked. And then everything started to work out, just you can see in the pandemic [inaudible 0:53:48].

Gary Prestopino

Okay. Thank you very much for that.

Nick Pinchuk

Sure.

Operator

The next question will come from Christopher Glynn with Oppenheimer. Please go ahead.

Christopher Glynn

Thanks. Yes, a lot on that last topic, but just maybe a little follow-up. Description of upward motion through the quarter seemed to center a little bit on critical industries and U.S. project timing, but I think you said it really spanned APAC and Europe. So just wanted to clarify if that motion really spanned all those categories?

Nick Pinchuk

No, I -- no. What I was talking about, maybe a little bit in Europe. Asia is kind of a different deal. Asia is going to take a lot longer to deal with, I think. Because you've got those -- just what I said. I mean they've got the political turbulences in a bunch of different places. And you've got China,

which is a basket case. China is really screwed up huh? And so, you got all that stuff in Asia, and on top of which, you've got the cross-border flows, which everybody is trying to figure out what to do, including us. We're not taking tariffs, but we got to figure out what to do with our plants in China if we don't want to use them in the United States. And we sell in Asia. So, we've got to just help them a little bit.

But I don't think that gets solved just by the Liberation Day situation. In Europe it is more like that. But I really was talking about mostly just in our last discussion really about the critical industries business and their project-based businesses. That's what I was talking about. When we talk about, Chris, when we say that we exited the quarter stronger than when we entered, we kind of mean the Tools Group as well. In fact we do mean the Tools Group. So, we're actually talking about C&I and the Tools Group. But at C&I, it's most pronounced in the Industrial business, which by the way, is the big kahuna engine in the C&I business.

Christopher Glynn

Perfect. Thanks. Very clear. And then just wondering about capital. You got a nice net cash position here. Any comments on state of the acquisition pipeline and update on types of focus that inorganic business development efforts are taking lately?

Nick Pinchuk

Sure. We got a bunch of stuff looking at it. I mean I think you can -- it's no secret that we have a pretty large landscape, or landscape of acquisitions that we look at constantly. And generally, there's not much to acquire around the Tools Group. Probably you don't look so much at Asia these days because who the heck knows what's going to happen there. And so, you're talking about the expanding with repair shop owners and managers or extending to the critical industries. Those are the areas you look in more or less. And we're looking at several places.

Sometimes, as we peel the onion, it looks like, these guys are only 20% or 30% to us, and we don't like the other stuff sometimes. And in this situation, of course, you want to be pretty careful. You don't want to acquire something and wake up and figure out, well the tariffs aren't looking so good for these guys.

So, you want to be more careful in due diligence. I'm not saying -- I'm not giving any future view of that. That's just a little color. So, in this situation, I think you might be able to get some bargains, but you're worried about what you might buy. And so, you want to be very careful in due diligence. And we are -- we take care of our money.

Christopher Glynn

Great. And then SOT, so it sounds like the sentiment moved off the bottom a little reconciliation in the mindsets there and escalating of your pivot work going well. Just wanted to see if any other factors layered in, what sell-in versus sell-through? And is there any restock or maybe price-related pull forward that came to bear?

Nick Pinchuk

I don't think there's any of that. Actually, our prices were pretty normal. We might have had a little more pricing in Canada than normal. Maybe because of the situation there. We can always price if we get -- if we have tariff problems. And so -- but generally, we're resistant to that stuff. You might see some of that in Canada, but -- and Canada actually we're okay in the quarter, so that wasn't afflicted. I think you saw it. I mean, I think the international business is kind of mixed. And so that was flat. I think the big news is U.S. up. And that was driven by the pivot. The hand tools

were pretty successful. And the diagnostics business is pretty successful. So those 2 things made hay in the situation, and we like that idea.

And I think we felt, if you look at the structure of the quarter for the Tools Group, we exited stronger. That's simply it. That's no prediction. I've already said that the third quarter is squirrely. But generally, I like the direction we're going there. It seems like -- and I think it's simple as this. We've been pivoting. We're getting better at it, but the uncertainty has kind of stabilized. So, if the uncertainty stabilizes, every month we gain ground on it with the pivot, every month.

Christopher Glynn

Great. Thanks for all that.

Operator

The next question will come from Scott Stember with ROTH. Please go ahead.

Scott Stember

Good morning. Thanks for taking my questions as well. Just to clarify, I guess there was a question about maybe sell-in versus sell-through, if I thought I heard correctly. But could you talk about tools? I know there's a lot of new products that are out, but sell into the channel versus sell off the van in the quarter?

Nick Pinchuk

Yes. Look, I think they're about the same. I think the sales off the van were a little bit lower, but that would be expected when you have the kind of -- I've described you exiting stronger than when you entered. So that would mean it takes time for stuff to get through the vans into the -- so therefore, you would have that kind of an effect naturally.

Generally, we haven't seen turbulence. We haven't seen in all this turbulence really much variation for -- if you look at bigger periods. A quarter is a kind of blip in that kind of view. You know what I mean? It depends on what's launched, when it's launched, when it hits our vans, and then when it -- and so it's a lot of things like that. So, I think they're pretty much in balance this time. As I said, the actual numbers are a little lower, but that would be a natural expectation given how we've described how the quarter went.

Scott Stember

And then you talked about some of these higher ticket items, or less expensive higher ticket category sales that you're seeing. What were the leading -- was diagnostics, the leader in tools in the quarter?

Nick Pinchuk

No, hand tools is the leader.

Scott Stember

Okay.

Nick Pinchuk

Hand tools is the leader. But hand tools that -- that's why I spent so much time talking about hand tools, because the hand tools are great. That -- those pliers are great. The cold forged pliers, unbelievable. The strength of those things -- and Milwaukee is probably one of the only places in the world that can do that. So, we really like that kind of thing. And I see it doesn't mean much to

-- if you like us, like me anyway, who pushes a pencil all the time, but it's important to the techs and they're liking some of the stuff we're bringing out.

Now diagnostics did pretty well. Don't get me wrong. The TRITON was stupendous. But tool storage was down and stuff like that. We every quarter, there's a new story about the products. I think generally, though, the big thing is the overall number. And I don't want to -- I don't want to get off the call without reemphasizing what we think is the bellwether number, and that is 50.5% gross margin. Down only 10 basis points, against 50 basis points of negative currency transaction. Think about that one for a minute. And you see that, boy that just lays out what we do -- what we're doing.

We're doing okay. We're winning the battle at the point of sale, and we're...but, since sales are a little -- aren't -- are flattish, we're still spending more because we want to keep building our advantage in product, in branding, and in people. We're hiring a lot -- we hired more engineers in RS&I. No kidding. Their margins have been up 12 of the last 13 quarters.

Scott Stember

And just last question on tariffs. Nice job on essentially mitigating everything in the quarter, but could you dimensionalize what the headwind was and as more tariffs start flowing through how much bigger that can get in the back half of the year?

Nick Pinchuk

I'm not -- I'm sure, I swore I was not going to do that because I think -- no, I'm not going to do that. It's hard for -- we can make changes every day and mitigate. And the thing is every day something new comes out. I got somebody Scott, who every day writes a paper on what comes out of Washington, and we have to review it because the tariffs are always changing. Your guess is as good as mine.

So, we have to move with alacrity against it. So, it's impossible to predict. And all I can tell you is I like our position versus any of that stuff. Our position is pretty good. We make in the markets where we sell. Now we do have some exposures and that was it. But we know how to make everything almost everywhere.

Scott Stember

Got it. That's all I have. Thanks, again.

Operator

The next question will come from David MacGregor with Longbow Research. Please go ahead.

David MacGregor

Good morning, everyone. Congrats on the progress, Nick. I guess just on the C&I business, you talked about the project delays and how that led to some order backlog. Just talk about the timing of that realizations there. Are those projects that now that people maybe are feeling a little -- I don't know how much more confident, but maybe a little more confident that we see those projects fulfill here in the second half? Or is this just kind of an indefinite push out?

Nick Pinchuk

No, no. Look, look, I think this -- I think it's hard to get everything in, all the nuances. But in reality, I was talking about delays. People didn't pull the trigger. And I'm also talking about the orders impacting us, kept going and doing well this quarter. So they didn't pull back on ordering so much

as they put delays on projects we expected to go. I don't know about that. I think -- I do think things -- we exited the business stronger than when we entered, and that's an important factor.

It's hard for me to predict the structure or I guess, the slope of that curve. It's hard for me to -- what happens is, what happened in the pandemic, and I think this is very similar, thinking people start to look at it and they start to be comfortable with the environment and they start to figure out how to just deal with it. It's sort of like all of us in business like you know, things start to happen, and you -- the waves are going up and down and you figure out how to navigate the waves after a while.

First, you get seasick and then you get used to it and then you figure out how to do it. And so, I think that's what going to happen. I think we're sanguine about it, but I can't predict anything like that. I do think that business is strong anyway. Even despite the numbers this quarter.

David MacGregor

Let me ask about the Tools business. There's obviously been a lot of moving parts. There's a lot of tumult in that space. But there was a time when you thought the tools was a 4% grower on a long-term basis. Is that a number that you're starting to feel a little more comfortable with is achievable on a sustained basis? Or is that still something...

Nick Pinchuk

I mean -- look, I think if you look at our numbers over 20 years, you'll find that, that's kind of what we've done and the profitability, but the profitability is going up regularly. And that's really been the secret to Snap-on. We've been growing in the range we said over quite a long period of time. There's ups and downs, and our profitability is moving upwards. And so, I do think the Tools business sees that kind of thing. And this was kind of a little unusual because you had this uncertainty go.

I think there was good reasons for it though if you looked at the environment, particularly now. And so, I'm pretty confident about the Tools business. I think when I talk to the franchisees, they seem pretty good. When I talk to the customers, they seem to like our product. And I do think our product is stronger than ever. So, I feel okay. I think we have to keep executing, we have to keep working. I think we're good at it, but we have to keep getting better at it. And -- but I have no doubt that Tools is going to go upwards.

David MacGregor

Let me just go back to a previous question about cash and capital allocation and you talked about the M&A funnel looked good. But historically, you've been -- I mean, you've done smaller transactions. Snap-on has stayed away from large acquisitions. You've got a net cash balance sheet, you have strong free cash flow prospects, maybe \$1 billion annually. You just completed a large capacity build-out program. You're not a particularly large share repurchaser, although maybe that changes here going forward. Would you consider a special dividend, or a tender offer for shares? Or is there a possibility to see larger acquisitions? How do you put the cash to work, Nick?

Nick Pinchuk

Look, I think -- well, I still think we're in an uncertain environment. And so, I don't mind having cash. I don't mind having it. I mean I do think I have confidence in the future, but I still don't -- and I do believe -- I know -- we do believe, we at one of these points will find a big acquisition. We just think it's a matter of time. Now I've been here a long time. We haven't found one because everything we looked at is it's been a little bit flawed, but we are not afraid to acquire anything big.

Our management team is quite capable. The only thing is I'm telling you that we won't acquire anything that's transformative. We'll acquire things that's consistent with our coherent growth model. And we do think there are things out there if they became available. They just haven't been available. So, I don't see a big -- now, having said that, we always review on a periodic basis and more than once a year, regularly, we review the capital allocation process. But right now, I don't see us contemplating any of those things. But we'll see. You never know.

David MacGregor

That's it from me. Thanks very much.

Nick Pinchuk

Okay.

Operator

The next question will come from Bret Jordan with Jefferies. Please go ahead.

Bret Jordan

Hi. Good morning, guys. On the collision segment, I think you sort of called out that it remains weak. Is that a structural problem? Or is that a cyclical problem? Is there lower demand for repair with ADAS?

Nick Pinchuk

No. Look, I don't know. Look, I'm not sure. I think, though, that collision might come under the group of -- a lot of it is -- as you're Mr. Collision, you know this stuff better than I do. But the thing is you've got a lot of those big multi-store operators that have been building up. And our view of the world is they got a little spooked lately. And for maybe a variety of reasons, they're not investing as much as they used to.

That's our view of the world. And so that may be true or not, but that's what our grassroots kind of says. And so, we got to believe that's a factor. I think that's in collision, that's the big factor. I think that's changing that, collision, making it a little more tepid. Now it has been in incandescent for a long time, as you probably know. There was a lot of movement. And maybe you're talking about people not so much spooked, that's saying, okay, I'm going to consolidate. I'm going to consolidate my gains for a while and then start to move on. I don't know, we'll see what happens.

Bret Jordan

Okay. And then a question, I guess, as far as the franchise event outlook, I mean, obviously, a slightly harder comparison in Q3 against a pretty strong franchise event last year. Any color as far as like what the attendance is looking like? I mean, it's coming up in a month or so. I just...

Nick Pinchuk

No. Look, I think -- I don't know. I -- look, this is our 205th anniversary. So -- 105th anniversary, 200? What am I talking about? 105th. And I think maybe it could be a little bit bigger I don't know. We'll see what happens. We kind of are planning for it to be slightly bigger. But it is -- last year, it was in Orlando and this year, it's in Orlando for a number of reasons. So, you never know how that's going to go over. But we expect a pretty robust -- as robust as last year looking now. You never know, Bret, until the last few weeks because a lot of the votes come in at the last few weeks. It's like waiting for like an annual meeting. A lot of the votes come in the last of the day. So that kind of thing. But I do think it will be pretty robust.

Now having said that though, the SFC, it's great. You like that, it's always enthusiastic. You can't go away from the SFC without feeling good about Snap-on. But the -- its only orders. And so, whatever happens at the SFC, you got to realize, it's only orders and therefore, it has to play out in real sales. You know, getting high orders are better than getting a stick in the eye -- getting a sharp stick in the eye, but they're not definitive, not fully definitive, they are just directional.

Bret Jordan

Alright, great. Thank you. Appreciate it.

Conclusion

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to Ms. Sara Verbsky for any closing remarks. Please go ahead.

Sara Verbsky

Thank you all for joining us today. A replay of this call will be available shortly on snaon.com. As always, we appreciate your interest in Snap-on. Good day.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.