



Quarterly Financial Review

Third Quarter 2016

Cautionary Statement

- These slides should be read in conjunction with comments from the October 20, 2016 conference call. The financial statement information included herein is unaudited.
- Statements made during the October 20, 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 October 20, 2016 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 October 20, 2016 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 – 3rd Quarter

(\$ in millions, except per share data - unaudited)	2016		2015		Change
	\$	%	\$	%	
Net sales	\$ 834.1		\$ 821.5		1.5 %
➤ Organic sales	21.2				2.6 %
➤ Acquisition	1.1				0.1 %
➤ Currency translation	(9.7)				(1.2)%
Gross profit	\$ 419.1	50.2 %	\$ 406.9	49.5 %	
Operating expenses	261.5	31.3 %	263.3	32.0 %	
Operating earnings before financial services	\$ 157.6	18.9 %	\$ 143.6	17.5 %	9.7 %
Financial services revenue	\$ 71.6		\$ 61.1		17.2 %
Financial services operating earnings	50.6		43.5		16.3 %
Operating earnings	\$ 208.2	23.0 %	\$ 187.1	21.2 %	11.3 %
Net earnings	\$ 131.7		\$ 116.8		12.8 %
Diluted EPS	\$ 2.22		\$ 1.98		12.1 %

- Organic sales up 2.6%; excludes \$9.7 million of unfavorable foreign currency translation and \$1.1 million of acquisition-related sales
- Gross margin of 50.2% up 70 basis points (bps) primarily due to higher sales and savings from Rapid Continuous Improvement (“RCI”) initiatives
- The operating expense margin of 31.3% improved 70 bps primarily due to sales volume leverage and benefits from lower pension expense
- Operating earnings before financial services of \$157.6 million, including \$4.0 million of unfavorable foreign currency effects, increased \$14.0 million and the operating margin improved 140 bps to 18.9%

Commercial & Industrial – 3rd Quarter

(\$ in millions - unaudited)	2016	2015	Change
Segment sales	\$ 289.3	\$ 288.5	0.3 %
➤ Organic sales	4.3		1.5 %
➤ Currency translation	(3.5)		(1.2)%
Gross profit	\$ 112.7	\$ 109.5	
% of sales	39.0 %	37.9 %	
Operating expenses	\$ 69.0	\$ 68.2	
% of sales	23.9 %	23.6 %	
Operating earnings	\$ 43.7	\$ 41.3	5.8 %
% of sales	15.1 %	14.3 %	

- Organic sales up \$4.3 million or 1.5%
 - Increased sales in the segment's European-based hand tools business, and gains in the segment's Asia/Pacific and power tools operations; sales to customers in critical industries were essentially flat
- Gross margin of 39.0% improved 110 bps primarily due to savings from RCI initiatives and favorable foreign currency effects
- The operating expense margin of 23.9% increased 30 bps primarily as a result of higher costs, including costs associated with continued expansion initiatives in Asia, and unfavorable foreign currency effects
- Operating earnings of \$43.7 million, including \$0.3 million of favorable foreign currency effects, increased \$2.4 million and the operating margin of 15.1% improved 80 bps

Snap-on Tools – 3rd Quarter

<i>(\$ in millions - unaudited)</i>	2016	2015	Change
Segment sales	\$ 397.2	\$ 380.6	4.4 %
➤ Organic sales	21.2		5.6 %
➤ Currency translation	(4.6)		(1.2)%
Gross profit	\$ 173.3	\$ 166.5	
% of sales	43.6 %	43.8 %	
Operating expenses	\$ 108.7	\$ 110.2	
% of sales	27.3 %	29.0 %	
Operating earnings	\$ 64.6	\$ 56.3	14.7 %
% of sales	16.3 %	14.8 %	

- Organic sales up \$21.2 million, or 5.6%, reflecting similar sales increases in both the company's U.S. and international franchise operations
- Gross margin of 43.6% declined 20 bps as the impact of unfavorable foreign currency effects was partially offset by benefits from higher sales and savings from RCI initiatives
- The operating expense margin of 27.3% improved 170 bps primarily due to sales volume leverage and savings from RCI and other cost reduction initiatives
- Operating earnings of \$64.6 million, including \$3.2 million of unfavorable foreign currency effects, increased \$8.3 million and the operating margin of 16.3% improved 150 bps

Repair Systems & Information – 3rd Quarter

(\$ in millions - unaudited)	2016	2015	Change
Segment sales	\$ 286.1	\$ 282.9	1.1 %
➤ Organic sales	4.9		1.7 %
➤ Acquisition	1.1		0.4 %
➤ Currency translation	(2.8)		(1.0)%
Gross profit	\$ 133.1	\$ 130.9	
% of sales	46.5 %	46.3 %	
Operating expenses	\$ 61.3	\$ 61.2	
% of sales	21.4 %	21.7 %	
Operating earnings	\$ 71.8	\$ 69.7	3.0 %
% of sales	25.1 %	24.6 %	

- Organic sales up \$4.9 million or 1.7%
 - Increased sales of diagnostic and repair information products to independent repair shop owners and managers; sales of both undercar equipment and sales to OEM dealerships were essentially flat
- Gross margin of 46.5% improved 20 bps primarily due to savings from RCI initiatives partially offset by unfavorable foreign currency effects
- The operating expense margin of 21.4% improved 30 bps primarily due to savings from RCI initiatives
- Operating earnings of \$71.8 million, including \$1.1 million of unfavorable foreign currency effects, increased \$2.1 million and the operating margin of 25.1% improved 50 bps

Financial Services – 3rd Quarter

<i>(\$ in millions - unaudited)</i>	2016	2015	Change
Segment revenue	\$ 71.6	\$ 61.1	17.2 %
Operating earnings	\$ 50.6	\$ 43.5	16.3 %
Originations	\$ 269.8	\$ 257.6	4.7 %

- Originations increased \$12.2 million or 4.7%
- Average yield on finance receivables of 18.0% compared to 17.9% in 2015
- Average yield on contract receivables of 9.4% compared to 9.5% in 2015

Financial Services Portfolio Data

(\$ in millions - unaudited)	United States		International	
	Extended Credit	Total	Extended Credit	Total
Gross finance portfolio	\$ 1,264.1	\$ 1,561.8	\$ 155.7	\$ 219.2
Portfolio net losses (TTM)	\$ 28.5	\$ 29.6	\$ 1.7	\$ 2.0
60+ Delinquency:				
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 %
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 %

- Gross finance portfolio of \$1,781.0 million as of October 1, 2016
 - September YTD 2016 portfolio growth of \$190.3 million
- TTM – Trailing twelve months

Cash Flows

(\$ in millions - unaudited)	3rd Quarter		September YTD	
	2016	2015	2016	2015
Net cash provided by operating activities	\$ 111.9	\$ 113.7	\$ 415.6	\$ 352.1
➤ Net earnings	135.2	119.9	409.9	356.1
➤ Depreciation and amortization	21.2	20.5	63.9	61.1
➤ Changes in deferred income taxes	(6.8)	(9.3)	(12.5)	(6.2)
➤ Changes in working investment	(39.7)	(41.5)	(33.4)	(76.3)
➤ Changes in accruals and other liabilities	11.6	18.8	(10.9)	28.5
➤ Changes in all other operating activities	(9.6)	5.3	(1.4)	(11.1)
Net increase in finance receivables	\$ (56.0)	\$ (55.9)	\$ (189.7)	\$ (152.6)
Capital expenditures	\$ (16.5)	\$ (18.5)	\$ (56.6)	\$ (64.3)
Free cash flow	\$ 39.4	\$ 39.3	\$ 169.3	\$ 135.2
Free cash flow from Operations	\$ 88.3	\$ 78.2	\$ 295.5	\$ 205.6
Free cash flow from Financial Services	\$ (48.9)	\$ (38.9)	\$ (126.2)	\$ (70.4)
Increase (decrease) in cash	\$ (2.4)	\$ (5.4)	\$ 24.7	\$ (13.7)

- 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>	October 1, 2016	January 2, 2016
Trade & Other Accounts Receivable - net	\$ 589.1	\$ 562.5
Days Sales Outstanding	63	60
Finance Receivables - net	\$ 1,374.2	\$ 1,220.0
Contract Receivables - net	\$ 376.7	\$ 348.7
Inventory - net	\$ 523.6	\$ 497.8
Inventory turns - TTM	3.3	3.5
Cash	\$ 117.5	\$ 92.8
Total debt	\$ 896.0	\$ 880.1
Net debt	\$ 778.5	\$ 787.3
Net debt to capital ratio	22.6 %	24.6 %

- Total debt as of October 1, 2016, included \$8.0 million of commercial paper borrowings; as of January 2, 2016, there were no commercial paper borrowings outstanding