Quarterly Financial Review

Second Quarter 2017

Cautionary Statement

- These slides should be read in conjunction with comments from the July 20, 2017 conference call. The financial statement information included herein is unaudited.

- Statements made during the July 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 July 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 July 20, 2017 press release and Form 8-K, which can be found on the company's website at http://www.snapon.com/sna.

Snap-on Incorporated

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 – 2nd Quarter

($ in millions, except per share data - unaudited)	2017 $	2017 %	2016 $	2016 %	Change
Net sales	$ 921.4		$ 872.3		5.6 %
➢ Organic sales	23.2				2.7 %
➢ Acquisitions	38.4				4.5 %
➢ Currency translation	(12.5)				(1.6)%
Gross profit	$ 463.0	50.2 %	$ 431.3	49.4 %	
Operating expenses	279.3	30.3 %	264.9	30.3 %	
Operating earnings before financial services	$ 183.7	19.9 %	$ 166.4	19.1 %	10.4 %
Financial services revenue	$ 77.7		$ 69.3		12.1 %
Financial services operating earnings	54.6		49.5		10.3 %
Operating earnings	$ 238.3	23.9 %	$ 215.9	22.9 %	10.4 %
Net earnings	$ 153.2		$ 140.1		9.4 %
Diluted EPS	$ 2.60		$ 2.36		10.2 %

- Organic sales up 2.7%; excludes $38.4 million of acquisition-related sales and $12.5 million of unfavorable foreign currency translation
- Gross margin of 50.2% improved 80 basis points (bps) primarily due to benefits from higher sales and savings from Rapid Continuous Improvement (“RCI”) initiatives, partially offset by 20 bps of unfavorable foreign currency effects
- The operating expense margin of 30.3% is unchanged from 2016 as sales volume leverage and other benefits were offset by 70 bps of operating expenses for acquisitions
- Operating earnings before financial services of $183.7 million, including $4.4 million of unfavorable foreign currency effects, increased $17.3 million and the operating margin improved 80 bps to 19.9%, despite 70 bps of unfavorable impact from acquisitions

Commercial & Industrial – 2nd Quarter

($ in millions - unaudited)	**2017**	**2016**	**Change**
Segment sales	$ 310.0	$ 285.7	8.5 %
➢ Organic sales	13.3		4.7 %
➢ Acquisitions	15.9		5.7 %
➢ Currency translation	(4.9)		(1.9)%
Gross profit	$ 120.8	$ 111.4	
% of sales	39.0 %	39.0 %	
Operating expenses	$ 78.1	$ 72.1	
% of sales	25.2 %	25.2 %	
Operating earnings	$ 42.7	$ 39.3	8.7 %
% of sales	13.8 %	13.8 %	

- Organic sales up $13.3 million or 4.7%
  - Primarily due to increased sales in the segment's European-based hand tools business and higher sales to customers in critical industries
  - Excludes $15.9 million of acquisition-related sales and $4.9 million of unfavorable foreign currency translation

- Gross margin was 39.0% in both years

- The operating expense margin of 25.2% was unchanged from last year primarily due to sales volume leverage, offset by increased costs, including higher costs for research and engineering activities, and 30 bps of operating expenses for acquisitions

- Operating earnings of $42.7 million increased $3.4 million; the operating margin of 13.8% is unchanged from a year ago

Snap-on Tools – 2nd Quarter

($ in millions - unaudited)	**2017**	**2016**	**Change**
Segment sales	$ 413.8	$ 416.7	(0.7)%
➢ Organic sales	2.1		0.5 %
➢ Currency translation	(5.0)		(1.2)%
Gross profit	$ 183.6	$ 182.1	
% of sales	44.4 %	43.7 %	
Operating expenses	$ 103.0	$ 105.8	
% of sales	24.9 %	25.4 %	
Operating earnings	$ 80.6	$ 76.3	5.6 %
% of sales	19.5 %	18.3 %	

- Organic sales up $2.1 million, or 0.5%
- Gross margin of 44.4% improved 70 bps primarily due to benefits from sales of higher gross margin products and savings from RCI initiatives, partially offset by 50 bps of unfavorable foreign currency effects
- The operating expense margin of 24.9% improved 50 bps primarily due to sales volume leverage in the international franchise operations
- Operating earnings of $80.6 million, including $3.2 million of unfavorable foreign currency effects, increased $4.3 million and the operating margin improved 120 bps to 19.5%

Repair Systems & Information – 2nd Quarter

($ in millions - unaudited)	**2017**	**2016**	**Change**
Segment sales	$ 338.1	$ 295.2	14.5 %
➢ Organic sales	24.1		8.3 %
➢ Acquisitions	22.5		7.7 %
➢ Currency translation	(3.7)		(1.5)%
Gross profit	$ 158.6	$ 137.8	
% of sales	46.9 %	46.7 %	
Operating expenses	$ 76.7	$ 63.3	
% of sales	22.7 %	21.5 %	
Operating earnings	$ 81.9	$ 74.5	9.9 %
% of sales	24.2 %	25.2 %	

- Organic sales up $24.1 million or 8.3%
  - Increased sales of diagnostic and repair information products to independent repair shop owners and managers, higher sales to OEM dealerships and higher sales of undercar equipment

- Gross margin of 46.9% improved 20 bps including 80 bps of benefits from acquisitions, partially offset by a shift in sales that included higher volumes of lower gross margin products

- The operating expense margin of 22.7% increased 120 bps primarily due to 200 bps of impact from acquisitions, partially offset by benefits from sales volume leverage

- Operating earnings of $81.9 million, including $1.2 million of unfavorable foreign currency effects, increased $7.4 million; the operating margin of 24.2% in the second quarter of 2017, which included 120 bps of unfavorable impact from acquisitions, decreased 100 bps from 2016 levels

Financial Services – 2nd Quarter

($ in millions - unaudited)	2017	2016	Change
Segment revenue	$ 77.7	$ 69.3	12.1 %
Operating earnings	$ 54.6	$ 49.5	10.3 %
Originations	$ 270.6	$ 281.0	(3.7)%

- Originations decreased $10.4 million or 3.7%
- Average yield on finance receivables of 17.9% in both years
- Average yield on contract receivables of 9.1% compared to 9.3% in 2016

Financial Services Portfolio Data

($ in millions - unaudited)	United States		International	
	Extended Credit	**Total**	**Extended Credit**	**Total**
Gross finance portfolio	$ 1,375.6	$ 1,672.8	$ 172.0	$ 241.5
Portfolio net losses (TTM)	$ 38.2	$ 39.9	$ 2.2	$ 2.5
60+ Delinquency:				
As of 6/30/17	1.4 %	1.2 %	0.6 %	0.6 %
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 %

- Gross finance portfolio of $1,914.3 million as of July 1, 2017
  - YTD 2017 portfolio growth of $99.6 million
- TTM – Trailing twelve months

Cash Flows

($ in millions - unaudited)	2nd Quarter 2017	2nd Quarter 2016	June YTD 2017	June YTD 2016
Net cash provided by operating activities	**$ 127.1**	**$ 162.1**	**$ 319.5**	**$ 303.7**
➢ Net earnings	156.8	143.4	301.9	274.7
➢ Depreciation and amortization	22.8	21.7	45.9	42.7
➢ Changes in deferred income taxes	(4.3)	(15.1)	3.1	(5.7)
➢ Settlement of treasury lock	-	-	14.9	-
➢ Changes in working investment	(48.5)	6.0	(47.4)	6.3
➢ Changes in accruals and other liabilities	(16.0)	1.0	(28.0)	(22.5)
➢ Changes in all other operating activities	16.3	5.1	29.1	8.2
Net increase in finance receivables	$ (52.7)	$ (76.9)	$ (105.9)	$ (133.7)
Capital expenditures	$ (15.8)	$ (20.6)	$ (34.4)	$ (40.1)
Acquisitions of businesses	(70.7)	-	$ (80.2)	-
Free cash flow	$ 58.6	$ 64.6	$ 179.2	$ 129.9
Free cash flow from Operations	**$ 79.4**	**$ 120.1**	**$ 208.3**	**$ 207.2**
Free cash flow from Financial Services	**$ (20.8)**	**$ (55.5)**	**$ (29.1)**	**$ (77.3)**
Increase (decrease) in cash	$ (34.0)	$ 13.6	$ 11.4	$ 27.1

- 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

($ in millions - unaudited)	July 1, 2017	December 31, 2016
Trade & Other Accounts Receivable - net	$ 645.3	$ 598.8
Days Sales Outstanding	66	63
Finance Receivables - net	$ 1,495.1	$ 1,407.0
Contract Receivables - net	$ 381.8	$ 374.8
Inventory - net	$ 601.4	$ 530.5
Inventory turns - TTM	3.2	3.3
Cash	$ 89.0	$ 77.6
Total debt	$ 1,105.8	$ 1,010.2
Net debt	$ 1,016.8	$ 932.6
Net debt to capital ratio	26.3 %	26.3 %

- Total debt as of 2016 year end included $130 million of commercial paper borrowings; $83.5 million of commercial paper borrowings were outstanding as of July 1, 2017
- Snap-on repurchased 745,000 shares for $122.5 million in the first six months of 2017