



Quarterly Financial Review

Second Quarter 2012

Cautionary Statement

- These slides should be read in conjunction with comments from a conference call held on July 19, 2012. The financial statement information included herein is unaudited.
- Statements made during the July 19, 2012 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 19, 2012 conference call and/or included in this presentation, except as required by law.
- These slides and the corresponding press release and Form 8-K contain certain non-GAAP financial measures; management believes that these non-GAAP financial measures provide a more meaningful comparison of Snap-on's year-over-year operating performance. A reconciliation of these non-GAAP financial measures to the most comparable GAAP financial measures is included as part of this presentation.

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)	2012		2011		Change
	\$	%	\$	%	
Net sales	\$ 737.9		\$ 726.7		1.5 %
Gross profit	\$ 349.9	47.4 %	\$ 342.2	47.1 %	
Operating expenses	245.3	33.2 %	243.4	33.5 %	
Operating earnings before financial services	\$ 104.6	14.2 %	\$ 98.8	13.6 %	5.9 %
Financial services revenue	\$ 39.9		\$ 30.3		
Financial services operating earnings before arbitration settlement	25.6		17.5		
Financial services operating earnings	25.6		35.5		
Operating earnings excluding arbitration settlement	\$ 130.2	16.7 %	\$ 116.3	15.4 %	12.0 %
Operating earnings	130.2	16.7 %	134.3	17.7 %	(3.1)%
Net earnings excluding arbitration settlement	\$ 76.4		\$ 66.9		14.2 %
Net earnings	\$ 76.4		\$ 78.0		(2.1)%
Diluted EPS excluding arbitration settlement	\$ 1.30		\$ 1.14		14.0 %
Diluted EPS	\$ 1.30		\$ 1.33		(2.3)%

- Organic sales (excluding \$20.8 million of unfavorable currency) up 4.5%
- Gross margin of 47.4% improved 30 basis points (bps) primarily due to contributions from higher sales volumes and Rapid Continuous Improvement (“RCI”); these improvements were partially offset by \$8.9 million of higher restructuring costs
- Operating expense margin improved 30 bps to 33.2% primarily due to savings from ongoing RCI initiatives
- Financial services operating earnings (before arbitration settlement) up \$8.1 million reflecting ongoing portfolio growth
- Excluding last year’s \$18.0 million arbitration settlement gain, operating earnings increased \$13.9 million and operating margin improved 130 bps to 16.7%

Commercial & Industrial – 2nd Quarter

(\$ in millions - unaudited)	2012	2011	Change
Segment sales	\$ 283.4	\$ 279.7	1.3 %
➤ Organic sales	13.8		5.1 %
➤ Currency translation	(10.1)		(3.8)%
Gross profit	\$ 104.3	\$ 102.4	
% of sales	36.8 %	36.6 %	
Operating expenses	\$ 71.5	\$ 73.2	
% of sales	25.2 %	26.2 %	
Operating earnings	\$ 32.8	\$ 29.2	12.3 %
% of sales	11.6 %	10.4 %	

- Organic sales up \$13.8 million or 5.1%
 - Sales gains to customers in emerging markets and critical industries were partially offset by lower sales in the segment's European-based hand tools business, particularly in southern Europe
- Gross profit of \$104.3 million increased \$1.9 million; improved 20 bps to 36.8%
 - Savings from ongoing RCI initiatives and favorable foreign currency effects
 - Partially offset by \$2.6 million of higher year-over-year restructuring costs
- Operating expenses improved 100 bps to 25.2%, primarily due to benefits from sales volume leverage
- Operating earnings of \$32.8 million increased 12.3%; operating margin of 11.6% improved 120 bps despite 90 bps of higher restructuring costs

Snap-on Tools – 2nd Quarter

(\$ in millions - unaudited)	2012	2011	Change
Segment sales	\$ 325.0	\$ 299.0	8.7 %
➤ Organic sales	29.5		10.0 %
➤ Currency translation	(3.5)		(1.3)%
Gross profit	\$ 137.0	\$ 132.4	
% of sales	42.2 %	44.3 %	
Operating expenses	\$ 92.5	\$ 86.2	
% of sales	28.5 %	28.8 %	
Operating earnings	\$ 44.5	\$ 46.2	(3.7)%
% of sales	13.7 %	15.5 %	

- Organic sales up \$29.5 million, or 10.0%, primarily due to continued higher sales in the United States
- Gross profit of \$137.0 million up \$4.6 million from 2011; gross margin of 42.2%, including \$6.2 million of higher year-over-year restructuring costs, compares to 44.3% last year
- Operating expense margin improved 30 bps to 28.5%, primarily due to benefits from sales volume leverage and contributions from ongoing RCI initiatives
- Operating earnings of \$44.5 million down \$1.7 million, or 3.7%; operating margin of 13.7% down 180 bps, including a 190 bps decline as a result of higher restructuring costs

Repair Systems & Information – 2nd Quarter

(\$ in millions - unaudited)	2012	2011	Change
Segment sales	\$ 227.4	\$ 234.5	(3.0)%
➤ Organic sales	0.4		0.2 %
➤ Currency translation	(7.5)		(3.2)%
Gross profit	\$ 108.6	\$ 107.4	
% of sales	47.8 %	45.8 %	
Operating expenses	\$ 56.4	\$ 58.4	
% of sales	24.8 %	24.9 %	
Operating earnings	\$ 52.2	\$ 49.0	6.5 %
% of sales	23.0 %	20.9 %	

- Organic sales up \$0.4 million or 0.2%
 - Increased sales of diagnostics and repair information products, partially offset by reduced sales of undercar equipment in Europe and lower sales to OEM dealerships
- Gross profit increased \$1.2 million and gross margin of 47.8% improved 200 bps primarily due to a more favorable sales mix that included higher sales of diagnostics and repair information products and savings from ongoing RCI initiatives
- Operating earnings of \$52.2 million increased \$3.2 million, or 6.5%, and operating margin of 23.0% improved 210 bps from 20.9% last year

Financial Services – 2nd Quarter

<i>(\$ in millions - unaudited)</i>	2012	2011
Segment revenue	\$ 39.9	\$ 30.3
Operating earnings before arbitration settlement	\$ 25.6	\$ 17.5
Arbitration settlement	-	18.0
Operating earnings	25.6	35.5
Originations	\$ 175.6	\$ 153.1

- Operating earnings up \$8.1 million (before arbitration settlement) primarily due to continued growth of the on-book finance portfolio
- Originations increased 14.7% year over year

Financial Services Portfolio Data

(\$ in millions - unaudited)	Snap-on Credit (United States)		International Finance Subsidiaries	
	Extended Credit	Total	Extended Credit	Total
Gross on-book finance portfolio	\$ 692.6	\$ 853.6	\$ 102.4	\$ 155.7
CIT receivables managed by SOC:				
June 2012	\$ 22.1	\$ 80.5		
December 2011	\$ 43.5	\$ 119.5		
Anticipated portfolio increase:				
Full year 2012	\$ 95.0	\$ 125.0		
On-book & managed portfolio net losses (TTM)	\$ 14.7	\$ 15.2	\$ 1.2	\$ 1.7
60+ Delinquency:				
As of 6/30/12	1.2 %	1.0 %	0.8 %	0.8 %
As of 3/31/12	1.2 %	1.0 %	0.8 %	0.8 %
As of 12/31/11	1.4 %	1.2 %	0.7 %	0.7 %
As of 9/30/11	1.4 %	1.1 %	0.7 %	0.8 %

- TTM – Trailing twelve months

Cash Flow

(\$ in millions - unaudited)	2nd Quarter		June YTD	
	2012	2011	2012	2011
Net cash provided (used) by operating activities	\$ 91.7	\$ (13.7)	\$ 156.7	\$ 14.2
Net cash due to:				
➤ Net earnings	78.5	79.9	151.5	137.9
➤ Depreciation and amortization	19.2	18.3	38.2	36.6
➤ Changes in deferred income taxes	(10.8)	(8.0)	2.6	(4.4)
➤ Changes in working investment	(16.1)	(17.9)	(2.2)	(63.0)
➤ Changes in all other operating activities	20.9	(86.0)	(33.4)	(92.9)
Net increase in finance receivables	\$ (39.8)	\$ (49.5)	\$ (69.2)	\$ (90.9)
Capital expenditures	\$ (18.0)	\$ (14.7)	\$ (39.8)	\$ (33.3)
Free cash flow	\$ 33.9	\$ (77.9)	\$ 47.7	\$ (110.0)
Free cash flow from Operations	\$ 54.2	\$ 81.7	\$ 103.1	\$ 84.6
Free cash flow from Financial Services	\$ (20.3)	\$ (159.6)	\$ (55.4)	\$ (194.6)
Increase (decrease) in cash	\$ 12.0	\$ (99.1)	\$ (12.0)	\$ (154.0)

- 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 less capital expenditures

Balance Sheet

<i>(\$ in millions - unaudited)</i>	June 30, 2012	December 31, 2011
Trade & Other Accounts Receivable - net	\$ 455.8	\$ 463.5
Days Sales Outstanding	56	58
Finance Receivables - net	\$ 769.6	\$ 709.0
Contract Receivables - net	\$ 227.6	\$ 214.8
Inventory - net	\$ 401.4	\$ 386.4
Inventory turns - TTM	3.9	4.2
Cash	\$ 173.6	\$ 185.6
Debt - Operations	\$ 205.9	\$ 273.8
Debt - Financial Services	\$ 778.5	\$ 710.3
Total debt	\$ 984.4	\$ 984.1
Net debt	\$ 810.8	\$ 798.5
Net debt to capital ratio	33.2 %	34.3 %

- Increased levels of finance and contract receivables reflect the continued growth of the company's on-book finance portfolio

Non-GAAP Financial Measures – 2nd Quarter

(\$ in millions, except per share data - unaudited)	2012		2011		Change
	\$	% of Total Revenues	\$	% of Total Revenues	
Net sales	\$ 737.9		\$ 726.7		1.5 %
Financial services revenue	39.9		30.3		
Total revenues	\$ 777.8		\$ 757.0		2.7 %
Operating earnings:					
As reported	\$ 130.2	16.7 %	\$ 134.3	17.7 %	(3.1)%
Less: Arbitration settlement gain			(18.0)		
Excluding arbitration settlement gain	\$ 130.2	16.7 %	\$ 116.3	15.4 %	12.0 %
Arbitration settlement gain:					
As reported			\$ 18.0		
Income tax expense			(6.9)		
Arbitration settlement gain, net of tax			\$ 11.1		
Diluted EPS – Arbitration settlement gain			\$ 0.19		
Net earnings attributable to Snap-on:					
As reported	\$ 76.4	9.8 %	\$ 78.0	10.3 %	(2.1)%
Less: Arbitration settlement gain, net of tax			(11.1)		
Excluding arbitration settlement gain	\$ 76.4	9.8 %	\$ 66.9	8.8 %	14.2 %
Diluted EPS:					
As reported	\$ 1.30		\$ 1.33		(2.3)%
Less: Diluted EPS - Arbitration settlement gain			(0.19)		
Excluding arbitration settlement gain	\$ 1.30		\$ 1.14		14.0 %