

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
--- OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarterly Period Ended July 2, 1994

Commission File Number 1-7724

SNAP-ON INCORPORATED

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

39-0622040

(I.R.S. Employer
Identification No.)

2801 - 80TH STREET, KENOSHA, WISCONSIN 53141-1410

(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code: (414) 656-5200

Indicate by check mark whether the registrant (1) has filed all reports required
to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during
the preceding 12 months (or for such shorter period that the registrant was
required to file such reports), and (2) has been subject to such filing
requirements for the past 90 days. Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of
common stock, as of the latest practicable date:

CLASS -----	OUTSTANDING AT JULY 29, 1994 -----
Common Stock, \$1.00 par value	42,848,383 Shares

SNAP-ON INCORPORATED

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PART I. FINANCIAL INFORMATION

SNAP-ON INCORPORATED
CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

	(UNAUDITED) JULY 2, 1994 -----	JANUARY 1, 1994 -----
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 19,102	\$ 6,729
Receivables Less Allowances	541,416	539,949
Inventories:		
Finished Stock	195,862	185,260
Work-in-Process	15,899	19,292
Raw Materials	38,430	44,550
	-----	-----
Total Inventories	250,191	249,102

Prepaid Expenses	58,566	58,818
	-----	-----
Total Current Assets	869,275	854,598
PROPERTY AND EQUIPMENT - AT COST		
Land	25,233	27,209
Buildings and Improvements	143,853	142,438
Machinery and Equipment	289,753	282,222
	-----	-----
	458,839	451,869
Less Accumulated Depreciation	(235,728)	(227,059)
	-----	-----
Total Property and Equipment	223,111	224,810
Deferred Income Tax Benefit	55,357	53,819
Intangible and Other Assets	94,792	85,706
	-----	-----
TOTAL ASSETS	\$1,242,535	\$1,218,933
	-----	-----

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SNAP-ON INCORPORATED
CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

	(UNAUDITED)	
	JULY 2,	JANUARY 1,
	1994	1994
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes Payable	\$ 60,862	\$ 66,288
Accounts Payable	39,353	57,280
Dividends Payable	11,565	-
Accrued Compensation	28,703	33,515
Accrued Retirement Plans, Insurance and Other	86,415	80,327
Accrued Income Taxes	15,389	8,474
Dealer Deposits	62,161	62,153
	-----	-----
Total Current Liabilities	304,448	308,037
Long-Term Debt, Less Current Maturities	99,555	99,683
Deferred Income Taxes	4,491	7,413
Retiree Health Care Benefits - Long-Term	72,557	70,791
Pension - Long-Term	36,033	31,346
	-----	-----
TOTAL LIABILITIES	517,084	517,270
SHAREHOLDERS' EQUITY		
Preferred Stock - Authorized 15,000,000 shares of \$1 par value; none outstanding	-	-

Common Stock - Authorized 125,000,000 shares
of \$1 par value; issued -

July 2, 1994, 43,080,988 shares;

January 1, 1994, 42,818,696 shares

Additional Contributed Capital

Retained Earnings

Foreign Currency Translation Adjustment

Less Treasury Stock (250,000 shares)

43,081

60,217

646,339

(14,874)

(9,312)

42,819

52,153

632,022

(16,019)

(9,312)

TOTAL SHAREHOLDERS' EQUITY

725,451

701,663

TOTAL LIABILITIES &
SHAREHOLDERS' EQUITY

\$1,242,535

\$1,218,933

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SNAP-ON INCORPORATED
CONSOLIDATED STATEMENTS OF EARNINGS
(Amounts in Thousands Except Per Share Data)
(Unaudited)

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JULY 2, 1994	JULY 3, 1993	JULY 2, 1994	JULY 3, 1993
Net Sales	\$298,752	\$272,718	\$597,529	\$543,392
Cost of Goods Sold	142,665	125,879	287,972	257,615
Gross Profit	156,087	146,839	309,557	285,777
Operating Expenses	113,375	109,796	227,242	218,088
Other Income (Expense) - Net	(2,368)	(2,592)	(4,728)	(4,133)
Earnings Before Income Taxes	40,344	34,451	77,587	63,556
Income Taxes	14,245	12,089	28,654	22,690
Net Earnings	\$ 26,099	\$ 22,362	\$ 48,933	\$ 40,866
Earnings Per Weighted Average Common Share	\$.61	\$.52	\$ 1.15	\$.96

Dividends Declared Per Common Share (Note 1)	\$.54	\$.54	\$.81	\$.81
	-----	-----	-----	-----
	-----	-----	-----	-----
Weighted Average Common Shares Outstanding	42,719	42,475	42,719	42,475
	-----	-----	-----	-----
	-----	-----	-----	-----

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SNAP-ON INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)
(Unaudited)

	TWENTY-SIX WEEKS ENDED	
	JULY 2, 1994	JULY 3, 1993
	-----	-----
OPERATING ACTIVITIES		
Net Earnings	\$48,933	\$40,866
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities:		
Depreciation	14,498	15,118
Amortization	1,936	1,357
Deferred Income Taxes	(5,153)	(2,828)
Gain on Sale of Assets	(49)	(194)
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Receivables	(1,468)	25,775
(Increase) Decrease in Inventories	(1,089)	(30,442)
(Increase) Decrease in Prepaid Expenses	(1,773)	(177)
Increase (Decrease) in Accounts Payable	(17,927)	(8,911)
Increase (Decrease) in Accruals, Deposits and Other Long-Term Liabilities	15,291	(4,581)
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	53,199	35,983
INVESTING ACTIVITIES		
Capital Expenditures	(19,909)	(16,544)
Disposal of Property and Equipment	7,159	1,689
(Increase) Decrease in Other Noncurrent Assets	(8,995)	(937)
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(21,745)	(15,792)
FINANCING ACTIVITIES		
Increase (Decrease) in Long-Term Debt	(75)	5,495

Increase (Decrease) in Notes Payable	(5,426)	(42,797)
Proceeds from Stock Plans	8,326	4,258
Cash Dividends Paid	(23,052)	(22,927)
	-----	-----
NET CASH USED IN FINANCING ACTIVITIES	(20,227)	(55,971)
EFFECT OF EXCHANGE RATE CHANGES	1,146	(3,380)
	-----	-----
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,373	(39,160)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6,729	58,973
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$19,102	\$19,813
	-----	-----

Interest paid during the first six months was approximately \$6.1 million compared with \$6.0 million for the first six months of 1993. Income tax payments for the first six months, 1994 were approximately \$28.8 million compared with \$34.2 million for the same period last year.

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SNAP-ON INCORPORATED

NOTES TO CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

1. Snap-on Incorporated normally declares and pays in cash four regular, quarterly dividends. However, the third quarter dividend in each year is declared in June, giving rise to two regular quarterly dividends appearing in the second quarter statements and correspondingly, three regular quarterly dividends appearing in the first twenty-six weeks' statements.

In the opinion of management, all adjustments (consisting of only normal recurring adjustments) necessary to a fair statement of results of operations for the twenty-six weeks ended July 2, 1994 have been made. Management also believes that the results of operations for the twenty-six weeks ended July 2, 1994 are not necessarily indicative of the results to be expected for the full year.

This report should be read in conjunction with the consolidated financial statements and related notes included in Snap-on Incorporated's Annual Report for the year ended January 1, 1994.

SNAP-ON INCORPORATED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW: Consolidated net sales for the second quarter 1994 increased 9.5%, while net earnings increased 16.7% from the second quarter last year. Six month consolidated net sales rose 10.0% while net earnings increased 19.7% from a year ago. The results reflected continued sales improvement from the Corporation's Sun Electric subsidiary, higher sales to U.S. dealers, a continued strong gross profit margin, and improved operating expenses as a percentage of sales.

SALES: Net sales for the second quarter were \$298.8 million compared with \$272.7 million for the second quarter last year. Six month consolidated net sales were \$597.5 million, up from \$543.4 million for the same period in 1993.

North American sales for the second quarter 1994 increased 6.8% to \$235.4 million from the \$220.5 million reported during the second quarter last year. Six month North American sales were \$452.7 million, or about 5.0% increase over the same period last year.

Sales outside of North America increased 21.4% to \$63.4 million in the second quarter 1994 from \$52.2 million a year ago. Sales for the first six months of 1994 were \$144.8 million, a 29.0% improvement from the \$112.2 million reported in 1993. European sales for the second quarter were up 23.0% and continued to benefit from sales related to the German emissions program which is now substantially complete. As planned, a lower level of emissions equipment sales were realized in the second quarter 1994 when compared with the first quarter 1994.

EARNINGS: On a per share basis, second quarter earnings increased to \$.61, up from \$.52 in the same period last year. Earnings per share for the first six months of 1994 were \$1.15 compared to \$.96 for the first six months in 1993.

OPERATING EXPENSES: Operating expenses in the second quarter 1994 were \$113.4 million versus \$109.8 million in the second quarter 1993. As a percentage of net sales, operating expenses dropped to 38.0% from 40.3% in the second quarter of 1993 including reduced legal expense for the quarter. Operating expenses for the first six months were \$227.2 versus \$218.1 million for the same period last year. As a percentage of net sales, operating expenses decreased to 38.0% from 40.1% for the first six months of 1993.

FINANCIAL CONDITION

OVERVIEW: Snap-on Incorporated finished the second quarter in strong financial condition. The Corporation continues to generate positive cash flow, reduce short-term debt, and increase working capital.

LIQUIDITY: Working capital increased to \$564.8 million during the quarter from \$546.6 million at the end of 1993. The ratio of current assets to current

liabilities was 2.9 to 1 at the end of the quarter compared with 2.8 to 1 at the end of 1993. Cash and short-term investments increased to \$19.1 million at the end of the second quarter 1994 from \$6.7 million at the end of 1993. At the end of the quarter, the Corporation had bank lines of credit totaling \$170.0 million that required compensating balances, of which \$34.1 million was unused and available for short-term borrowings. Cash from operations, coupled with these sources of borrowing, are sufficient to support current and future working capital requirements, finance capital expenditures, and pay dividends.

ACCOUNTS RECEIVABLE: Accounts receivable increased slightly in the second quarter to \$541.4 million compared to \$539.9 million at the end of 1993. Most receivables involved customers' extended credit purchases of higher-value products. Remaining receivables included those from dealers, industrial and international customers, and government.

INVENTORIES: Inventories increased slightly during the first six months to \$250.2 million, up from \$249.1 million at the end of 1993. The increase was mainly due to expansion in our international and equipment markets.

LIABILITIES: Short-term debt at the end of the second quarter was \$60.9 million compared with \$66.3 million at the end of 1993. Long-term debt as a percentage of shareholders' equity was 13.7% compared with 14.2% at the end of 1993. Total long-term debt stands at \$99.6 million down from \$99.7 million at year-end 1993. The Corporation has no plans for additional long-term debt at this time.

INTEREST EXPENSE: Interest expense for the second quarter 1994 was \$3.2 million compared with \$2.6 million for the same period last year. For the first six months, interest expense was \$6.2 million compared with \$5.4 million last year. The reason for the increase is due to the rise in short-term interest rates.

EFFECTIVE TAX RATE: The effective tax rate was 35.3% for the quarter and 36.9% year-to-date, compared with 35.1% and 35.7% for the same periods last year.

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PART II. OTHER INFORMATION

ITEM 6: EXHIBITS AND REPORTS ON FORM 8-K

ITEM 6(A): EXHIBITS

None.

ITEM 6(B): REPORTS ON FORM 8-K

No reports on Form 8-K for the three months ended July 2, 1994 were required to be filed.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Snap-on Incorporated has duly caused this report to be signed on its behalf by the undersigned duly authorized persons.

SNAP-ON INCORPORATED

Date: 8-15-94

/s/ R. A. CORNOG

R. A. CORNOG
(Chairman, President and Chief Executive Officer)

Date: 8-15-94

/s/ G. D. JOHNSON

G. D. JOHNSON
(Principal Accounting Officer and Controller)