



Quarterly Financial Review

Fourth Quarter 2013

Cautionary Statement

- These slides should be read in conjunction with comments from a conference call held on February 6, 2014. The financial statement information included herein is unaudited.
- Statements made during the February 6, 2014 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 February 6, 2014 conference call and/or included in this presentation, except as required by law.

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 – 4th Quarter

(\$ in millions, except per share data - unaudited)	2013		2012		Change
	\$	%	\$	%	
Net sales	\$ 797.5		\$ 753.2		5.9 %
➤ Organic sales	34.4				4.6 %
➤ Acquisition	15.2				2.0 %
➤ Currency translation	(5.3)				(0.7)%
Gross profit	\$ 378.5	47.5 %	\$ 352.0	46.7 %	
Operating expenses	254.9	32.0 %	240.6	31.9 %	
Operating earnings before financial services	\$ 123.6	15.5 %	\$ 111.4	14.8 %	11.0 %
Financial services revenue	\$ 47.4		\$ 42.9		10.5 %
Financial services operating earnings	33.0		29.3		12.6 %
Operating earnings	\$ 156.6	18.5 %	\$ 140.7	17.7 %	11.3 %
Net earnings	\$ 94.5		\$ 84.6		11.7 %
Diluted EPS	\$ 1.60		\$ 1.43		11.9 %

- Organic sales (excluding \$15.2 million of sales from the Challenger acquisition and \$5.3 million of unfavorable currency) up 4.6%
- Gross margin of 47.5% improved 80 basis points (bps) primarily due to savings from ongoing Rapid Continuous Improvement (“RCI”) initiatives
- Operating expenses up \$14.3 million; operating expense margin of 32.0% compared to 31.9% last year
- Operating earnings before financial services increased \$12.2 million and operating margin improved 70 bps to 15.5%; financial services operating earnings of \$33.0 million up \$3.7 million or 12.6%

Commercial & Industrial – 4th Quarter

(\$ in millions - unaudited)	2013	2012	Change
Segment sales	\$ 283.2	\$ 275.6	2.8 %
➤ Organic sales	10.4		3.8 %
➤ Currency translation	(2.8)		(1.0)%
Gross profit	\$ 110.3	\$ 105.0	
% of sales	38.9 %	38.1 %	
Operating expenses	\$ 73.2	\$ 73.1	
% of sales	25.8 %	26.5 %	
Operating earnings	\$ 37.1	\$ 31.9	16.3 %
% of sales	13.1 %	11.6 %	

- Organic sales up \$10.4 million or 3.8%
 - Sales increase in the segment's European-based hand tools business along with increased sales of power tools, partially offset by lower sales to the military
- Gross margin improved 80 bps to 38.9% primarily due to savings from ongoing RCI initiatives, particularly in Europe
- Operating expense margin of 25.8% improved 70 bps from 2012 levels primarily due to benefits from sales volume leverage
- Operating earnings of \$37.1 million increased \$5.2 million and the operating margin of 13.1% improved 150 bps

Snap-on Tools – 4th Quarter

(\$ in millions - unaudited)	2013	2012	Change
Segment sales	\$ 351.1	\$ 321.6	9.2 %
➤ Organic sales	32.4		10.2 %
➤ Currency translation	(2.9)		(1.0)%
Gross profit	\$ 146.2	\$ 135.8	
% of sales	41.6 %	42.2 %	
Operating expenses	\$ 95.2	\$ 90.2	
% of sales	27.1 %	28.0 %	
Operating earnings	\$ 51.0	\$ 45.6	11.8 %
% of sales	14.5 %	14.2 %	

- Organic sales up \$32.4 million, or 10.2%, reflecting sales increases across both the company's U.S. and international franchise operations
- Gross profit of \$146.2 million up \$10.4 million; gross margin of 41.6%, including 40 bps of unfavorable foreign currency effects, compares to 42.2% last year
- Operating expenses increased \$5.0 million primarily due to higher volume-related and other expenses
- Operating earnings of \$51.0 million increased \$5.4 million; the operating margin of 14.5% increased 30 bps from 14.2% a year ago

Repair Systems & Information – 4th Quarter

(\$ in millions - unaudited)	2013	2012	Change
Segment sales	\$ 264.6	\$ 241.6	9.5 %
➤ Organic sales	7.1		2.9 %
➤ Acquisition	15.2		6.3 %
➤ Currency translation	0.7		0.3 %
Gross profit	\$ 122.0	\$ 111.2	
% of sales	46.1 %	46.0 %	
Operating expenses	\$ 61.2	\$ 55.8	
% of sales	23.1 %	23.1 %	
Operating earnings	\$ 60.8	\$ 55.4	9.7 %
% of sales	23.0 %	22.9 %	

- Sales up \$23.0 million, or 9.5%, including \$15.2 million of sales from the Challenger acquisition
- Organic sales up \$7.1 million or 2.9%
 - Higher sales of diagnostic and repair information products to repair shop owners and managers and increased sales of undercar equipment, partially offset by lower sales to OEM dealerships
- Gross profit increased \$10.8 million; gross margin of 46.1% up 10 bps
- Operating expense margin of 23.1% in both periods
- Operating earnings of \$60.8 million increased \$5.4 million or 9.7%; the operating margin of 23.0% improved 10 bps

Financial Services – 4th Quarter

<i>(\$ in millions - unaudited)</i>	2013	2012	Change
Segment revenue	\$ 47.4	\$ 42.9	10.5 %
Operating earnings	\$ 33.0	\$ 29.3	12.6 %
Originations	\$ 197.6	\$ 165.6	19.3 %

- Operating earnings up \$3.7 million, or 12.6%, primarily due to continued growth of the financial services portfolio and higher average yields on finance receivables
 - Originations increased 19.3%
 - Average yield on finance receivables of 17.4% vs. 17.2% in 2012
 - Average yield on contract receivables of 9.5% in both periods

Financial Services Portfolio Data

(\$ in millions - unaudited)	Snap-on Credit (SOC) (United States)		International Finance Subsidiaries	
	Extended Credit	Total	Extended Credit	Total
Gross on-book finance portfolio	\$ 837.9	\$ 1,048.6	\$ 125.1	\$ 183.8
CIT receivables managed by SOC	\$ 2.1	\$ 23.4		
On-book and managed portfolio net losses (TTM)	\$ 17.2	\$ 18.5	\$ 1.3	\$ 2.0
60+ Delinquency:				
As of 12/31/13	1.3 %	1.1 %	0.5 %	0.4 %
As of 9/30/13	1.3 %	1.0 %	0.6 %	0.5 %
As of 6/30/13	1.1 %	0.9 %	0.6 %	0.6 %

- Gross on-book portfolio of \$1,232.4 million up \$148.1 million as compared to \$1,084.3 million at 2012 year end
- TTM – Trailing twelve months

Cash Flows

(\$ in millions - unaudited)	4th Quarter		December YTD	
	2013	2012	2013	2012
Net cash provided by operating activities	\$ 122.5	\$ 102.9	\$ 392.6	\$ 329.3
➤ Net earnings	96.9	86.7	359.7	314.6
➤ Depreciation and amortization	19.0	19.5	76.7	76.7
➤ Changes in deferred income taxes	6.7	25.7	9.5	29.3
➤ Changes in working investment	(19.0)	(17.7)	(65.6)	(40.2)
➤ Changes in all other operating activities	18.9	(11.3)	12.3	(51.1)
Net increase in finance receivables	\$ (33.8)	\$ (26.9)	\$ (142.5)	\$ (124.1)
Capital expenditures	\$ (19.9)	\$ (19.9)	\$ (70.6)	\$ (79.4)
Acquisition	-	-	\$ (38.2)	-
Free cash flow	\$ 68.8	\$ 56.1	\$ 179.5	\$ 125.8
Free cash flow from Operations	\$ 109.3	\$ 60.3	\$ 307.5	\$ 214.1
Free cash flow from Financial Services	\$ (40.5)	\$ (4.2)	\$ (128.0)	\$ (88.3)
Increase in cash	\$ 35.1	\$ 38.4	\$ 3.1	\$ 28.9

- 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>	December 28, 2013	December 29, 2012
Trade & Other Accounts Receivable - net	\$ 531.6	\$ 497.9
Days Sales Outstanding	62	61
Finance Receivables - net	\$ 935.2	\$ 817.7
Contract Receivables - net	\$ 285.5	\$ 257.1
Inventory - net	\$ 434.4	\$ 404.2
Inventory turns - TTM	3.8	3.9
Cash	\$ 217.6	\$ 214.5
Total debt	\$ 972.0	\$ 975.6
Net debt	\$ 754.4	\$ 761.1
Net debt to capital ratio	26.3 %	29.7 %

- Increase in trade and other accounts receivable net reflects impacts of higher sales, including higher sales and receivables related to Challenger
- Inventories increased \$30.2 million primarily to support continued higher customer demand and new product introductions, as well as inventories related to Challenger
- Debt includes \$100 million of unsecured notes that mature March 2014