

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 April 2, 1994

Commission File Number 1-7724

SNAP-ON INCORPORATED

(Exact name of registrant as specified in its charter)

DELAWARE

39-0622040

(State or other jurisdiction of
incorporation or organization)

(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 April 22, 1994
Common Stock, \$1.00 par value	42,728,586 Shares

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PART I. FINANCIAL INFORMATION

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

	(Unaudited) April 2, 1994 -----	January 1, 1994 -----
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 11,810	\$ 6,729
Receivables Less Allowances	542,231	539,949
Inventories:		
Finished Stock	183,686	185,260
Work-in-Process	14,285	19,292
Raw Materials	45,880	44,550
	-----	-----
Total Inventories	243,851	249,102
Prepaid Expenses	58,444	58,818
	-----	-----
Total Current Assets	856,336	854,598
PROPERTY AND EQUIPMENT - AT COST		
Land	26,644	27,209
Buildings and Improvements	145,914	142,438
Machinery and Equipment	279,431	282,222
	-----	-----
	451,989	451,869
Less Accumulated Depreciation	(231,138)	(227,059)
	-----	-----
Total Property and Equipment	220,851	224,810

Deferred Income Tax Benefit	54,027	53,819
INTANGIBLE AND OTHER ASSETS	87,485	85,706
	-----	-----
TOTAL ASSETS	\$1,218,699	\$1,218,933
	-----	-----

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

(Unaudited)
April 2,
1994

January 1,
1994

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES		
Notes Payable	\$ 58,803	\$ 66,288
Accounts Payable	46,861	57,280
Accrued Compensation	24,249	33,515
Accrued Retirement Plans, Insurance and Other	86,353	80,327
Accrued Income Taxes	15,555	8,474
Dealer Deposits	62,205	62,153
	-----	-----
Total Current Liabilities	294,026	308,037

Long-Term Debt, Less Current Maturities	99,243	99,683
Deferred Income Taxes	4,470	7,413
Retiree Health Care Benefits - Long-Term	71,603	70,791
Pension - Long-Term	33,442	31,346
	-----	-----
TOTAL LIABILITIES	502,784	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		
April 2, 1994, 42,971,254 shares;		
January 1, 1994, 42,818,696 shares	42,971	42,819
Additional Contributed Capital	56,547	52,153
Retained Earnings	643,343	632,022
Foreign Currency Translation Adjustment	(17,634)	(16,019)
Less Treasury Stock (250,000 shares)	(9,312)	(9,312)
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	715,917	701,663
	-----	-----

TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$1,218,699	\$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	
	April 2, 1994	April 3, 1993
	-----	-----
Net Sales	\$298,777	\$270,674
Cost of Goods Sold	145,307	131,736
	-----	-----
Gross Profit	153,470	138,938
Operating Expenses	113,867	108,292
Other Income (Expense) - Net	(2,360)	(1,541)
	-----	-----
Earnings Before Income Taxes	37,243	29,105
Income Taxes	14,409	10,601
	-----	-----
Net Earnings	\$ 22,834	\$ 18,504
	-----	-----
	-----	-----
Earnings Per Weighted Average Common Share	\$.54	\$.44
	-----	-----
	-----	-----
Dividends Declared Per Common Share	\$.27	\$.27
	-----	-----
	-----	-----
Weighted Average Common Shares Outstanding	42,668	42,436
	-----	-----
	-----	-----

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

	Thirteen Weeks Ended	
	April 2, 1994	April 3, 1993
OPERATING ACTIVITIES		
Net Earnings	\$22,834	\$18,504
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities:		
Depreciation	7,546	7,757
Amortization	962	629
Deferred Income Taxes	(1,472)	1,589
Gain on Sale of Assets	(32)	(144)
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Receivables	(2,283)	23,733
(Increase) Decrease in Inventories	5,251	(8,351)
(Increase) Decrease in Prepaid Expenses	(1,175)	1,486
Increase (Decrease) in Accounts Payable	(10,419)	(3,052)
Increase (Decrease) in Accruals, Deposits and Other Long-Term Liabilities	5,091	(7,763)
	26,303	34,388
NET CASH PROVIDED BY OPERATING ACTIVITIES		
INVESTING ACTIVITIES		
Capital Expenditures	(6,532)	(7,265)
Disposal of Property and Equipment	2,977	1,090
(Increase) Decrease in Other Noncurrent Assets	(1,190)	(666)
	(4,745)	(6,841)
NET CASH USED IN INVESTING ACTIVITIES		
FINANCING ACTIVITIES		
Payment of Long-Term Debt	(410)	(104)
Increase in Long-Term Debt	-	2,246
Increase (Decrease) in Notes Payable	(7,485)	(49,526)
Proceeds from Stock Plans	4,546	768
Cash Dividends Paid	(11,514)	(11,456)
	(14,863)	(58,072)
NET CASH USED IN FINANCING ACTIVITIES		
EFFECT OF EXCHANGE RATE CHANGES	(1,614)	(709)
	5,081	(31,234)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6,729	58,973
	6,729	58,973
CASH AND CASH EQUIVALENTS		

AT END OF PERIOD	\$11,810	\$27,739
	-----	-----
	-----	-----
INTEREST PAID	\$ 3,100	\$ 3,100
	-----	-----
	-----	-----
INCOME TAXES PAID	\$11,200	\$13,800
	-----	-----
	-----	-----

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SNAP-ON INCORPORATED

NOTES TO CONSOLIDATED UNAUDITED FINANCIAL 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 thirteen weeks ended April 2, 1994 have been made. Management also believes that the results of operations for the thirteen weeks ended April 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 the Corporation's Annual Report for the year ended January 1, 1994.

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

The following financial comments pertain to the thirteen weeks ended April 2, 1994 and April 3, 1993.

RESULTS OF OPERATIONS

OVERVIEW: Consolidated net sales for the first quarter, 1994 increased 10.4%, while net earnings increased 23.4% from the first quarter, 1993. The results reflected stronger sales from the Corporation's Sun Electric subsidiary, higher sales to U.S. dealers, a continued strong gross profit margin and reduced operating expenses as a percent of sales.

SALES: Net sales increased to \$298.8 million compared with \$270.7 million for the same period last year. Sales in North America increased to \$217.3 million in first quarter, 1994 from \$210.5 million in first quarter, 1993 reflecting higher demand for product from U.S. dealers, while the U.S. Industrial segment, Canada and Mexico were flat in comparison to the first quarter, 1993.

Sales outside of North America increased 35.3% to \$81.5 million in the first quarter, 1994 from \$60.2 million a year ago. European sales continued to reflect growth due to the emission testing equipment business in Germany and

increases in the U.K. tool business. Only modest additional revenues are expected from the German emissions business for the balance of the year.

MARGINS: Gross profit margins continued to reflect a stronger mix of higher profit Snap-on manufactured product. As a percent of sales, gross margins were 51.4% in the first quarter, 1994 compared to 51.3% a year ago.

EARNINGS: Earnings per share were \$.54 compared with \$.44 for the first quarter of 1993.

Operating expenses in the first quarter were \$113.9 million versus \$108.3 million for the same period last year. As a percentage of net sales, operating expenses dropped to 38.1% versus 40.0% in the first quarter of 1993. Increased expenses resulted from additional commissions on sales related to the German emission program, a higher level of pension expense based on the interest rate assumptions, the inclusion in the quarter of expenses from the J.H. Williams acquisition in late 1993, and professional services associated with an outside consulting contract. Offsetting these increases were reduced costs upon completion of the consolidation of inventory from the U.S. branch warehouses to four regional distribution centers, reduced product replacement costs and a lower level of legal expenses.

FINANCIAL CONDITION

OVERVIEW: The Corporation finished the first quarter of 1994 in strong financial condition. Snap-on continues to generate positive cash flow, reduce short-term debt, and increase working capital.

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LIQUIDITY: Working capital increased to \$562.3 million during the first quarter, up 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 stood at \$11.8 million at the end of the quarter, compared with \$6.7 million at the end of 1993. As of the end of the quarter, the Corporation had bank lines of credit totaling \$171.1 million, of which \$39.0 million is unused and available for short-term borrowing. 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 first quarter to \$542.2 million from \$539.9 million at year-end 1993. There have been no material changes to the components of receivables. Most receivables involved customers' extended-credit purchases of higher-value products. Remaining accounts receivable include those from dealers, industrial and international customers, and governments.

INVENTORIES: During the quarter, inventories decreased 2.1%, to \$243.9 million, compared with \$249.1 million at the end of 1993. In 1993 the Corporation closed its U.S. branch warehouses, consolidating inventory at four major distribution centers. Consolidation at these distribution centers continues to allow the Corporation to reduce inventory levels while maintaining consistent product availability.

LIABILITIES: Short-term debt at the end of the first quarter was \$58.8 million compared with \$66.3 million at the end of 1993. Debt was reduced by using cash generated from first quarter, 1994 operations and cash on hand at year-end.

Interest expense was \$3.0 million for the quarter, up slightly from \$2.8 million for the first quarter of 1993 as short-term interest rates rose slightly.

Long-term debt as a percentage of shareholders' equity was 13.9%, compared with 14.2% at the end of 1993. Total long-term debt stands at \$99.2 million, down

from \$99.7 million at year-end 1993. The Corporation has no plans for additional long-term borrowing at this time.

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ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The shareholders of the Corporation were asked to vote on three items at its Annual Meeting held on April 22, 1994. Item #1 related to the elections of four director nominees: Bruce S. Chelberg, 35,064,178 for and 292,362 withheld; Roxanne J. Decyk, 35,058,392 for and 298,148 withheld; Arthur L. Kelly, 35,071,690 for and 284,850 withheld; and Raymond F. Farley, 35,071,350 for and 285,190 withheld. Item #2 related to an amendment to the Corporation Restatement of the Certificate of Incorporation to change the Corporation's name from Snap-on Tools Corporation to Snap-on Incorporated. Results were 34,987,174 for, 264,643 against and 104,723 withheld. Item #3 related to the ratification of Arthur Andersen as independent auditors for the 1994 fiscal year. Results were 34,992,915 for, 164,365 against and 199,260 withheld. There were 42,652,946 outstanding shares eligible to vote at the Annual Meeting.

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

On January 28, 1994, the Corporation's Board of Directors adopted amendments to the Rights Agreement between the Corporation and Harris Trust and Savings Bank, as Rights Agent. The Form 8-K, dated January 28, 1994, reporting these amendments is incorporated herein by reference. No financial statements were 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: 5/13/94

/s/R. A. CORNOG

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

Date: 5/13/94

/s/G. D. JOHNSON

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