

Quarterly Financial Review

First Quarter 2021



Cautionary Statement

- These slides should be read in conjunction with comments from the April 22, 2021 conference call. The financial statement information included herein is unaudited.
- Statements made during the April 22, 2021 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, including those found in Snap-on's reports filed with the Securities and Exchange Commission, and the information under "Safe Harbor" and "Risk Factors" headings in its most recent Annual Report on Form 10-K, which are incorporated herein by reference. Snap-on disclaims any responsibility to update any forward-looking statement provided during the April 22, 2021 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 April 22, 2021 press release and Form 8-K, which can be found on the company's website in the investors section at www.snapon.com.

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 &
Chief Executive Officer**



Aldo Pagliari

**Senior Vice President &
Chief Financial Officer**



Consolidated Results

(\$ in millions, except per share data - unaudited)	Q1 2021		Q1 2020		Change
	\$	%	\$	%	
Net sales	\$ 1,024.6		\$ 852.2		20.2 %
➤ Organic sales	141.9				16.3 %
➤ Acquisitions	11.3				1.3 %
➤ Currency translation	19.2				2.6 %
Gross profit	\$ 513.6	50.1 %	\$ 421.6	49.5 %	
Operating expenses	312.7	30.5 %	282.7	33.2 %	
Operating earnings before financial services	\$ 200.9	19.6 %	\$ 138.9	16.3 %	44.6 %
Financial services revenue	\$ 88.6		\$ 85.9		3.1 %
Financial services operating earnings	65.3		56.9		14.8 %
Operating earnings	\$ 266.2	23.9 %	\$ 195.8	20.9 %	36.0 %
Diluted EPS – as reported	\$ 3.50		\$ 2.49		40.6 %
Diluted EPS – as adjusted*	\$ 3.50		\$ 2.60		34.6 %

- As compared to the first quarter 2019, net sales in the period increased 11.2% from \$921.7 million in 2019, reflecting an 8.1% organic sales gain, \$15.3 million of acquisition-related sales, and \$11.6 million of favorable foreign currency translation
- Gross margin of 50.1% improved 60 basis points (bps) from 49.5% last year primarily due to the impact of higher sales volumes, 60 bps from lower costs related to \$5.1 million of restructuring actions recorded in 2020 and benefits from Rapid Continuous Improvement (“RCI”) initiatives, partially offset by 40 bps of unfavorable foreign currency effects
- Operating expenses as a percentage of sales of 30.5% improved 270 bps from 33.2% last year primarily due to the impact of higher sales volumes and savings from cost containment actions and 30 bps of lower costs related to \$2.4 million of restructuring actions recorded in 2020, partially offset by 30 bps for acquisitions and by costs associated with higher stock-based expenses
- As a percentage of net sales, operating earnings before financial services of 19.6% improved 330 bps from 16.3% last year, which included 90 bps of costs from restructuring actions

* As adjusted to exclude first quarter 2020 costs related to restructuring actions in Europe; see reconciliation of non-GAAP Q1-2021 Quarterly Review Financial Measures starting on slide 14

Commercial & Industrial

(\$ in millions - unaudited)	Q1 2021	Q1 2020	Change
Segment sales	\$ 345.7	\$ 299.9	15.3 %
➤ Organic sales	29.3		9.5 %
➤ Acquisitions	7.3		2.3 %
➤ Currency translation	9.2		3.5 %
Gross profit	\$ 133.9	\$ 110.5	
% of sales	38.7 %	36.8 %	
Operating expenses	\$ 83.2	\$ 79.0	
% of sales	24.0 %	26.3 %	
Operating earnings	\$ 50.7	\$ 31.5	
% of sales	14.7 %	10.5 %	420 bps

- Organic sales up \$29.3 million or 9.5%
 - Increase includes double-digit increases in sales in the segment's European-based hand tools business and Asia Pacific operations, as well as a mid single-digit increase to customers in critical industries
- As compared to the first quarter of 2019, net sales in the period increased 7.2% from \$322.5 million, reflecting a 3.1% organic sales gain, \$8.0 million of acquisition-related sales, and \$5.2 million of favorable foreign currency translation
- Gross margin of 38.7% improved 190 bps from 2020 primarily due to 150 bps from lower costs related to \$4.4 million of restructuring actions recorded in the first quarter of 2020 and benefits from higher sales volumes, partially offset by 70 bps of unfavorable foreign currency effects
- Operating expenses as a percentage of sales of 24.0% improved 230 bps from last year
- Operating earnings of \$50.7 million, including \$1.4 million of unfavorable foreign currency effects, increased \$19.2 million from 2020; operating margin of 14.7% compared to 10.5% last year

Snap-on Tools

<i>(\$ in millions - unaudited)</i>	Q1 2021	Q1 2020	Change
Segment sales	\$ 478.3	\$ 375.9	27.2 %
➤ Organic sales	95.7		25.0 %
➤ Currency translation	6.7		2.2 %
Gross profit	\$ 219.7	\$ 160.4	
% of sales	45.9 %	42.7 %	
Operating expenses	\$ 120.8	\$ 111.8	
% of sales	25.2 %	29.8 %	
Operating earnings	\$ 98.9	\$ 48.6	
% of sales	20.7 %	12.9 %	780 bps

- Organic sales up \$95.7 million, or 25.0%, reflecting a double-digit gain in both the segment's U.S. franchise and international operations
- As compared to the first quarter of 2019, net sales in the period increased 16.6% from \$410.2 million, reflecting a 15.1% organic sales gain and \$5.2 million of favorable foreign currency translation
- Gross margin of 45.9%, improved 320 bps from 42.7% last year primarily due to higher sales volumes and benefits from RCI initiatives
- Operating expenses as a percentage of sales of 25.2% improved 460 bps from last year primarily due to the impact of higher sales volumes and savings from cost containment actions
- Operating earnings of \$98.9 million, including \$2.3 million of favorable foreign currency effects, increased \$50.3 million, or 103.5%, from 2020, and the operating margin of 20.7% compared to 12.9% last year

Repair Systems & Information

(\$ in millions - unaudited)	Q1 2021	Q1 2020	Change
Segment sales	\$ 347.6	\$ 314.6	10.5 %
➤ Organic sales	24.2		7.6 %
➤ Acquisitions	4.0		1.2 %
➤ Currency translation	4.8		1.7 %
Gross profit	\$ 160.0	\$ 150.7	
% of sales	46.0 %	47.9 %	
Operating expenses	\$ 78.6	\$ 73.4	
% of sales	22.6 %	23.3 %	
Operating earnings	\$ 81.4	\$ 77.3	
% of sales	23.4 %	24.6 %	(120) bps

- Organic sales up \$24.2 million
 - Increase includes a double-digit gain in sales of undercar equipment, a mid single-digit increase in sales of diagnostic and repair information products to independent repair shop owners and managers, and a low single-digit gain in sales to OEM dealerships
- As compared to the first quarter of 2019, net sales in the period increased 6.0% from \$327.9 million, reflecting a 3.1% organic sales gain, \$7.3 million of acquisition-related sales, and \$2.3 million of favorable foreign currency translation
- Gross margin of 46.0% declined 190 bps from 47.9% last year primarily due to the impact of higher sales in lower gross margin businesses and 70 bps of unfavorable foreign currency effects
- Operating expenses as a percentage of sales of 22.6% improved 70 bps from last year primarily due to the impact of higher sales volumes, 80 bps from lower costs related to \$2.4 million of restructuring actions recorded in the first quarter of 2020, partially offset by 80 bps of operating expenses from acquisitions
- Operating earnings of \$81.4 million, including \$1.5 million of unfavorable foreign currency effects, increased \$4.1 million, or 5.3%, from \$77.3 million in 2020, which included \$3.1 million of restructuring charges; the operating margin of 23.4% compared to 24.6% last year

Financial Services

<i>(\$ in millions - unaudited)</i>	Q1 2021	Q1 2020	Change
Segment revenue	\$ 88.6	\$ 85.9	3.1 %
Operating earnings	\$ 65.3	\$ 56.9	14.8 %
Originations	\$ 261.8	\$ 255.6	2.4 %

- Originations increased \$6.2 million or 2.4%
- Average yield on finance receivables of 17.6% compared to 17.7% last year
- Average yield on contract receivables of 8.4% compared to 9.0% last year

Financial Services Portfolio Data

(\$ in millions - unaudited)	United States		International	
	Extended Credit	Total	Extended Credit	Total
Gross finance portfolio	\$ 1,515.6	\$ 1,905.5	\$ 205.4	\$ 287.9
Portfolio net losses (TTM)	\$ 41.3	\$ 43.5	\$ 2.6	\$ 3.1
60+ Delinquency:				
As of 3/31/21	1.6 %	1.3 %	0.6 %	0.6 %
As of 12/31/20	1.8 %	1.5 %	0.7 %	0.7 %
As of 9/30/20	1.5 %	1.2 %	0.6 %	0.8 %
As of 6/30/20	1.0 %	0.8 %	0.7 %	1.0 %
As of 3/31/20	1.7 %	1.4 %	0.8 %	1.0 %

- Gross finance portfolio of \$2,193.4 million as of March 31, 2021, compared to \$2,219.2 as of 2020 year end
- TTM – Trailing twelve months

Cash Flows

(\$ in millions - unaudited)	1 st Quarter	
	2021	2020
Net cash provided by operating activities	\$ 319.3	\$ 213.4
➤ Net earnings	197.6	142.0
➤ Depreciation and amortization	24.7	23.8
➤ Changes in deferred income taxes	2.3	(3.6)
➤ Changes in working investment	16.0	12.4
➤ Changes in accruals and other liabilities	48.7	11.9
➤ Changes in all other operating activities	30.0	26.9
Net (increase) decrease in finance receivables	\$ 12.1	\$ (22.1)
Capital expenditures	\$ (19.3)	\$ (17.2)
Free cash flow	\$ 312.1	\$ 174.1
Free cash flow from Operations	\$ 243.1	\$ 143.0
Free cash flow from Financial Services	\$ 69.0	\$ 31.1
Increase (decrease) in cash	\$ (18.8)	\$ 1.3

- 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>	April 3, 2021	January 2, 2021
Trade & Other Accounts Receivable - net	\$ 650.8	\$ 640.7
Days Sales Outstanding	62	64
Finance Receivables - net	\$ 1,645.7	\$ 1,666.5
Contract Receivables - net	\$ 482.0	\$ 487.2
Inventory - net	\$ 730.1	\$ 746.5
Inventory turns - TTM	2.6	2.4
Cash	\$ 904.6	\$ 923.4
Total debt	\$ 1,450.8	\$ 1,450.6
Net debt	\$ 546.2	\$ 527.2
Net debt to capital ratio	12.4 %	12.1 %

Reconciliation of Non-GAAP Financial Measures

AS REPORTED <i>(\$ in millions, except per share data - unaudited)</i>	1 st Quarter		
	2021	2020	2019
Charges associated with exit and disposal activities (“restructuring charges”)			
Pre-tax restructuring charges	\$ -	\$ (7.5)	\$ -
Income tax benefits	<u>-</u>	<u>1.5</u>	<u>-</u>
Restructuring charges, after tax	\$ -	\$ (6.0)	\$ -
Weighted-average shares outstanding – diluted	55.1	55.0	56.3
Diluted EPS – restructuring charges	\$ -	\$ (0.11)	\$ -
Benefit related to the settlement of a litigation matter (“legal settlement”)			
Pre-tax legal settlement	\$ -	\$ -	\$ 11.6
Income tax expense	<u>-</u>	<u>-</u>	<u>(2.9)</u>
Legal settlement, after tax	\$ -	\$ -	\$ 8.7
Weighted-average shares outstanding – diluted	55.1	55.0	56.3
Diluted EPS – legal settlement	\$ -	\$ -	\$ 0.15

Reconciliation of Non-GAAP Financial Measures

ADJUSTED INFORMATION – NON-GAAP <i>(\$ in millions - unaudited)</i>	1 st Quarter		
	2021	2020	2019
Operating earnings before financial services			
As reported	\$ 200.9	\$ 138.9	\$ 187.4
Restructuring charges	-	7.5	-
Legal settlement	-	-	(11.6)
As adjusted	\$ 200.9	\$ 146.4	\$ 175.8
Operating earnings before financial services as a percentage of sales			
As reported	19.6%	16.3%	20.3%
As adjusted	19.6%	17.2%	19.1%
Operating earnings			
As reported	\$ 266.2	\$ 195.8	\$ 249.5
Restructuring charges	-	7.5	-
Legal settlement	-	-	(11.6)
As adjusted	\$ 266.2	\$ 203.3	\$ 237.9
Operating earnings as a percentage of revenue			
As reported	23.9%	20.9%	24.8%
As adjusted	23.9%	21.7%	23.6%

Reconciliation of Non-GAAP Financial Measures

ADJUSTED INFORMATION – NON-GAAP <i>(\$ in millions, except per share data - unaudited)</i>	1 st Quarter		
	2021	2020	2019
Net earnings attributable to Snap-on Incorporated			
As reported	\$ 192.6	\$ 137.2	\$ 177.9
Restructuring charges, after tax	-	6.0	-
Legal settlement, after tax	-	-	(8.7)
As adjusted	\$ 192.6	\$ 143.2	\$ 169.2
Diluted EPS			
As reported	\$ 3.50	\$ 2.49	\$ 3.16
Restructuring charges, after tax	-	0.11	-
Legal settlement, after tax	-	-	(0.15)
As adjusted	\$ 3.50	\$ 2.60	\$ 3.01
Effective tax rate			
As reported	23.5 %	24.2 %	24.3 %
Restructuring charges	-	(0.1)%	-
Legal settlement	-	-	(0.1)%
As adjusted	23.5 %	24.1 %	24.2 %



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