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Operator: Good day, and welcome to the Snap-on Incorporated First Quarter 2021 Results Conference Call. Today's conference is being recorded. At this time, I would like to turn the conference over to Sara Verbsky, Vice President, Investor Relations. Please go ahead.

Sara Verbsky: Thank you, Nick, and good morning, everyone. Thank you for joining us today to review Snap-on's first quarter results, which are detailed in our press release issued earlier this morning. We have on the call today, Nick Pinchuk, Snap-on's Chief Executive Officer; and Aldo Pagliari, Snap-on's Chief Financial Officer. Nick will kick off our call this morning with his perspective on our performance. Aldo will then provide a more detailed review of our financial results. After Nick provides some closing thoughts, we'll take your questions.

As usual, we have provided slides to supplement our discussion. These slides can be accessed under the downloads tab in the webcast viewer as well as on our website, snaon.com, under the Investors section. These slides will be archived on our website along with a transcript of today's call.

Any statements made during this call relative to management's expectations, estimates or beliefs or otherwise state management's or the company's outlook, plans or projections are forward-looking statements, and actual results may differ materially from those made in such statements. Additional information and the factors that could cause our results to differ materially from those in the forward-looking statements are contained in our SEC filings.

Finally, this presentation includes 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, including a reconciliation of non-GAAP measures, is included in our earnings release and in our conference call slides on Pages 14 through 16. Both can be found on our website.

With that said, I'd now like to turn the call over to Nick Pinchuk. Nick?

Nick Pinchuk: Thanks, Sara. Good morning, everybody. As usual, I'll start the call by covering the highlights of our first quarter. And along the way, I'll give you my perspective. On our results, they are encouraging. On our markets, they're standing firm. And on our progress, it's made us stronger than ever before. And we'll also speak about what it all means. We believe it means we're getting better and better positioned for more, even while we're still in the midst of a once in a 100-year pandemic. And after all that, Aldo will move into a more detailed review of the financials.

We believe our first quarter is clear confirmation of Snap-on's ability to continue its trajectory of positive results, further accommodating to the virus environment, overcoming period-to-period variations from business to business, dealing with macroeconomic headwinds and advancing along our runways for both growth and improvement. Our reported sales in the quarter of \$1,024.6 million were up 20.2%, including \$19.2 million of favorable foreign exchange and \$11.3 million of acquisition-related sales. Organic sales growth was 16.3%, gains in every group. It's our third straight quarter of being above our pre-pandemic levels. And ongoing contributions from our Snap-on Value Creation processes, the principles we use every day, safety, quality, customer connection, innovation and rapid continuous improvement, or RCI, they all combine to drive that progress. Progress there was.

OpCo operating income of \$200.9 million was up \$62 million from last year, which included \$7.5 million of restructuring charges. OpCo operating margin was 19.6%, up from the 2020 level of 16.3%, or 17.2% as adjusted for restructuring.

For Financial Services, operating income of \$65.3 million increased 14.8% and the delinquencies were down, even in the midst of a pandemic stress test, during a commercial trial of what we could call extraordinary proportion. And that result combined with OpCo for a consolidated operating margin of 23.9%, a 300-basis point improvement as reported and up 220 basis points as adjusted.

First quarter EPS was \$3.50, up 40.6% from last year's \$2.40. And excluding the 2020 restructuring charges, EPS grew 34.6%. I said it before, and I'll say it again. We believe Snap-on is stronger now than when we entered the great withering. And we also believe that our first quarter results testify to just that, especially when we compare them to 2019 before the virus.

So, let's do that. Versus 2019, our sales in the past quarter grew \$102.9 million or 11.2%. That reflects \$15.3 million of acquisition-related sales, \$11.6 million of favorable foreign currency, and a \$76 million or 8.1% economic gain. The 2021 OpCo operating margin of 19.6% was up 50 basis points from the 2019 level as adjusted for a legal settlement in that earlier period, and that 50-point gain was achieved against 80 points of unfavorable currency and acquisition impacts, all while still absorbing the COVID.

Now to our markets. Auto repair remains quite resilient. The technicians are rolling. They know they've weathered the depths of the COVID shock and have learned to accommodate the virus environment and are moving to psychological recovery. There's still some air of vigilance, but their activities are robust. And they know they won't be shocked again by a spike. They're quite positive regarding the future of driving as people pivot from shared mobility to individual transportation. Vehicle repair with the technicians is a strong and resilient market. You can hear it. You can hear it in our franchisees' voices and you can see it written clearly across our double-digit numbers.

Also in auto repair, there are shop owners and managers. There are signs that the auto business is rising. Demand for new and used cars is high, but dealership repair and maintenance and warranty is still attenuated. So, there is a gradual gain and we're positioned to take advantage with

the broader strong – broader and stronger product line, with innovations like our TRITON-D10 diagnostics and new acquisitions like Dealer-FX putting us deeper into dealerships than ever before and providing us a clearer view of the future repair trends, new technologies and evolving vehicle platforms. Dealer-FX puts us at the right place at the right time as things change.

Finally, let's talk about critical industries, where Snap-on rolls out of the garage, solving tasks of consequence. This is where C&I operates, the most international of our operations. And these are the customers that have been most impacted by the virus. They're slower to accommodate and to recover, but they have been recovering. And in the quarter, the results showed that trend, despite some significant headwinds, including the continuing impact of the virus, the February freeze in Texas, some challenged business sectors like oil and gas, and troubled geographies like Southeast Asia. Despite that variation, we did see growth in critical industries, improvement in a number of areas, in aviation, and education, and a heavy-duty fleet, they all combined to overcome the continuing turbulence in natural resources.

Also in C&I, SNA Europe, SNA Europe, another quarter of double-digit growth with broad strength across its geographies in places like France, Spain, Italy, Germany, Germany and the Nordic region. And from our Asia Pacific division, up double digits as well with solid increases in key countries like China and India and Japan. So overall, I'd describe our C&I markets as improving and representing clear opportunity. And coupled with our auto repair related businesses, we believe there's clear overall progress along our runways for growth, enhancing the van network, expanding to repair shop owners and managers, extending to critical industries and building in emerging markets, leveraging our broadening product line, wielding our strengthening brand, and deploying the increasing understanding of the work. Understanding of the work that is the hallmark of Snap-on people, even in the throes of the pandemic shock. About a year ago, as we entered the virus, we recognized the resilience of our markets and the strength of our model, projecting a V recovery, and that's how it played out. You can see it in the results.

So now let's turn to the segments and discuss those results. In the C&I group, on a reported basis, including \$9.2 million of favorable foreign currency translation and \$7.3 million of acquisition-related sales, first quarter volume rose 15.3% compared to last year. Organic sales were up 9.5%, double-digit growth in our European hand tool business and a mid-single-digit rise in critical industries led the way. From an earnings perspective, C&I operating income of \$50.7 million, including \$1.4 million of unfavorable currency, represents a rise of \$19.2 million compared to the \$31.5 million registered in 2020, which included \$4.4 million of restructuring. That all means, on an adjusted basis, an adjusted increase of over 40% — an as adjusted increase of over 40%, and the operating margin was 14.7%, an as reported increase of 420 basis points and 290 as adjusted.

Now when compared with 2019, the pandemic free measuring stick, sales were up 7.2%, and that included \$10 million or a 3.1% organic gain, \$8 million of acquisitions, and \$5.2 million from favorable foreign currency. Once again, C&I demonstrated sequential improvement. If you go back and look at their numbers, they keep getting closer and closer, now they're above pre-pandemic levels despite the ongoing uncertainty. It's one of the things I think we want to remember. The virus isn't gone. We're still bearing it and we didn't have it in 2019 and C&I is above that level. As part of the trend, we remain committed to extending in critical industries. That's the C&I sweet spot. So we'll keep strengthening our position to capture those opportunities as they arise.

And enabling that intent is our expanding line-up of innovative new products, developed specially to make critical work easier. One example is our CT9010, 3/8 inch drive, 18-volt brushless impact wrench, the newest member of our Monster Lithium family, aimed at tight spaces, sustained power, rugged durability and precise control. The 9010 features 320-pound feet of bolt breakaway torque and 240-pound feet of working torque, all the power of technician needs when they're working in confined quarters. It offers a variable speed trigger and three speed selections in forward and reverse. That means greater control, adaptable to any applications and no over-torquing, important.

The 9010 advanced design also reduces motor temperature rise, delivering higher durability and great power to weight ratio. It's fitted – and it's fitted with 100 lumen headlight that helps technicians work in dark environments, just what's needed for those close jobs. And the 18-volt battery with the five-amp hours ensures consistent output and extended run time, which translates to less charging and more efficient workday. And all of this comes – and this is the best part, I think – all of this comes in an extremely compact size, only 6-3/4 inches in overall length. It'll fit into the tightest of workspaces. The CT9010 is a great tool. It's had strong demand, and it's already one of our million dollar hit products.

I don't want to leave C&I without mentioning SNA Europe. Double-digit sales growth again, progress driven by the Bahco Ergo Tool Management System, expanding product customization to the needs of the task, driving progress across – against the twin headwinds of a difficult COVID environment. Europe is not so easy these days and the uncertainty of Brexit, no small feat. Well, that's C&I, continuing sequential improvement and positioned for more.

Now on to the Tools Group. Sales of \$478.3 million, up \$102.4 million, including \$6.7 million of favorable currency and a \$95.7 million or 25% organic gain, double-digit growth, both in the U.S. and the international operations. The operating margin was 20.7%, yes, 20.7%, up 780 basis points. Compared with pre-virus 2019, Tools Group sales grew \$68.1 million, 16.6%, including \$5.2 million favorable currency translation and \$62.9 million or a 15.1% organic gain. And this year's 20.7% operating margin was up 430 basis points compared with pre-pandemic 2019. The Tools Group is responding to the challenges of the day, increasing its product advantage, fortifying its brands and further enabling its franchisees. And the results show it.

We do believe our runway for coherent growth, enhancing the franchise network, represents a continuing opportunity. And there's evidence that we're realizing some of that potential across the van channel in our franchisee metrics, the financial and physical indicators that we monitor closely. Again, this quarter, they remain clearly favorable. And based on those metrics, we believe the

franchisees have never been stronger. And they say so. And our direct interactions at events like this past January's kick-off meeting, held this year at a distance. It was a great affair. Well attended, strong orders, visible commitment to our brand, watch parties all over the country. I zoomed into several myself, and they were brimming with enthusiasm and optimism. Our franchisees, entrepreneurs and professionals all are pumped, confident and reaching higher. The Tools Group quarter, that's a strong advantage for us.

The Tools Group quarter was also marked with Snap-on value creation, customer connection and innovation, offering new products. Sometimes, just an improvement on an established line, but clearly making work easier, solving problems, delivering productivity gains. All of these are born out of observing the changing work in shops on an everyday basis. We're in those shops every day. We watch the work. We author the products. One such add is our KERN681, seven-drawer, single bank EPIQ series roll cab, configured entirely with extra wide 62-inch drawers, greater flexibility and capacity in a standard footprint, making the most of limited shop space. Our franchisees are already calling it uninterrupted storage. It's the first large capacity roll cab with a full complement of extra wide drawers in the industry. It's made in our Algona, Iowa plant. I saw some of them being made there just last month. The local team is proud of them. It comes with two swivel and two rigid casters located right on the corners of the box. It doesn't seem like much of a change, but that's a clever innovation that provides mobility in tight spaces, while also greatly enhancing box stability. That's a very important feature for a high-capacity unit. The KERN681, EPIQ strength and styling, 8,000 pounds of load capacity and more than 45,000 cubic inches of storage space. The franchisees are saying it's been a clear hit and they're right.

We've spent some time over several quarters, working to expand franchisee selling capacity, harnessing social media, improving product training, and RCI'ing van operations, and it's paid off. Selling capacity is up. And you can see it clearly in the three straight, gangbuster quarters for our Tools Group. I don't need to say any more about them.

Now let's speak about RS&I. First quarter organic sales rose 7.6% with varying gains across the board. Undercar equipment coming back, delivering a double-digit rise, diagnostics and information products to independent repair shops growing at mid-single digits. And the business focused on OEM dealerships advancing low single digits. Operating earnings of \$81.4 million, including \$1.5 million of unfavorable foreign currency affects, increased \$4.1 million from 2020, which included \$3.1 million of restructuring costs. Compared with 2019, sales grew \$19.7 million or 6%, including a \$10 million or 3.1% organic gain, \$7.3 million from acquisitions and \$2.3 million of unfavorable foreign currency. We clearly see the potential in our runways for growth in the RS&I Group, expanding Snap-on's presence in the garage with coherent acquisitions and a growing line of powerful products.

RS&I's organic growth in the quarter was broad-based, but the double-digit rise in undercar equipment was an especially welcome turn and was led by innovative products like our newly-introduced Tru-Point ADAS Calibration System. Advanced driver assistance systems, or ADAS, are active and passive aids to keep vehicle passengers safe, things like collision avoidance, lane departure warnings, automated – automatic parking and crosswind stabilization. These new features are great. But what's really music to our ears is that they require periodic calibrations to make sure they're working with precision, and calibrations can be complicated. Sensors and cameras vary considerably across vehicle makes and models. And if you get a faulty recalibration, it leads to rework and it's not good for safety. So our new John Bean Tru-Point ADAS Calibration System is the fix, making sure the vehicle is physically aligned correctly, guiding calibration of the sensors and documenting that the procedure was performed appropriately. It does – and it does so for the multitude of makes and models seen regularly in OEM and aftermarket shops.

The new Tru-Point is easy to use. It requires minimal training. It compensates for the floor irregularities that are so common in garages and bedevils alignment and calibration. It's quick and efficient and it's OEM compliant. It's a powerful product right in the crosshairs of automated vehicle technology that's so prominent today.

Progress in diagnostics and information with independent repair shop owners and managers was also clearly evident in our Diagnostics business, in our RS&I activity. And in this quarter, the launch of the new TRITON-D10 handheld helped author that positive.

The new TRITON is ultrafast, a two-second boot up, and it has a best-in-class 10-inch touchscreen. It's geared to the more capable technician, offering a one-touch full diagnostic code scan, scope capabilities for performance display, and guided testing of suspect components that you may want to replace, but you want to make sure they're the problem. It's loaded with our Fast-Track Intelligence Diagnostics, rooted in our proprietary database of over 200 billion vehicle events, a Snap-on only feature that enables quick and accurate diagnosis of even the most difficult and unusual repairs, ensuring an efficient and effective solution for those very, very time-consuming problems. Just what the capable and senior technician needs.

Now as I've said before, we've spent considerable effort working to help franchisees sell the complex tools of today efficiently. And it's paying off with TRITON. Each of our franchisees received a demonstration unit, facilitating the hands-on training guided by the video presentations that were a prominent part of our network's February sales meetings. Following that initial instruction, the demo unit could then be put immediately in the hands of a technician to physically showcase the great benefits of our powerful new tool and it worked. The launch has been a success. Our franchisees are comfortable selling new and complex tool, and many are now calling the TRITON-D10 the best diagnostic unit ever.

Finally, RS&I got a nice boost in the quarter, as often is the case, by the new – by new technology in OEM dealerships, helped by some significant essential tool and equipment programs supporting the new electric vehicle launches. We're quite positive about RS&I's future with repair shop owners and managers as the vehicle industry evolves. It plays to our strengths.

So that's the highlights of the quarter. Continued and strong progress. Our third straight period exceeding pre-pandemic levels. C&I, sequential improvement, sequential advancement. RS&I, solid. The Tools Group, strong and pumped. Organic sales rising 16.3%. OpCo operating margin, 19.6%. EPS, \$3.50, a big rise. And most important, most important, more testimony that Snap-on has emerged from the turbulence much stronger than when we entered. It was an encouraging quarter.

Now I'll turn the call over to Aldo. Aldo?

Aldo Pagliari: Thanks, Nick. Our consolidated operating results are summarized on Slide 6. The first quarter of 2021 exhibited robust financial performance, particularly as compared to last year when we experienced the initial shock of the virus. The quarter's results also compared favorably with the first quarter of 2019, which being a pre-pandemic time period may serve to be the more meaningful baseline. Net sales of \$1,024.6 million in the quarter increased 20.2% from 2020 levels, reflecting a 16.3% organic sales gain, \$11.3 million of acquisition-related sales and \$19.2 million of favorable foreign currency translation. Additionally, net sales in the period increased 11.2% from \$921.7 million in the first quarter of 2019, including an 8.1% organic gain, \$15.3 million of acquisition-related sales and \$11.6 million of favorable foreign currency translation.

Consolidated gross margin of 50.1% compared to 49.5% last year, which included 60 basis points from restructuring costs. The gross margin contributions from the higher sales volumes and benefits from the company's RCI initiatives were offset by 40 basis points of unfavorable foreign currency effects. Operating expenses as a percentage of net sales of 30.5% improved 270 basis points from 33.2% last year, which included 30 basis points from restructuring costs. The improvements primarily reflect the impact of higher sales and cost containment actions, partially offset by higher stock-based costs and 30 basis points of operating expenses related to acquisitions. Operating earnings before financial services of \$200.9 million compared to \$138.9 million in 2020, reflecting a 44.6% year-over-year improvement. As a percentage of net sales, operating margin before

financial services of 19.6% improved 330 basis points from 16.3% last year, which included 90 basis points for restructuring costs.

Financial services revenues of \$88.6 million in the first quarter of 2021 compared to \$85.9 million last year, while operating earnings of \$65.3 million increased \$8.4 million from 2020 levels, principally due to the higher revenue as well as lower provisions for credit losses. Last year's provisions included a \$2.6 million charge for higher reserves, resulting from the economic uncertainty caused by COVID-19. Consolidated operating earnings of \$266.2 million increased 36% from \$195.8 million last year. As a percentage of revenues, the operating earnings margin of 23.9% compared to 20.9% in 2020, which included 80 basis points from restructuring costs. Excluding the restructuring costs, operating earnings margin in 2021 increased 220 basis points from last year.

Our first quarter effective income tax rate of 23.5% compared to 24.2% last year, which included a 10 basis point increase related to the prior year quarter's restructuring charges. Finally, net earnings of \$192.6 million, or \$3.50 per diluted share, increased \$55.4 million, or \$1.01 per share, from 2020 levels, representing a 40.6% increase in diluted earnings per share. Additionally, net earnings increased \$14.7 million, or \$0.34 per share, from 2019 levels, representing a 10.8% increase in diluted earnings per share. Net earnings in 2020 included restructuring charges of \$6 million after tax, or \$0.11 per diluted share, and net earnings in 2019 included a benefit of \$8.7 million after tax, or \$0.15 per diluted share, from a legal settlement. Excluding these items, diluted earnings per share of \$3.50 in 2021 increased 34.6% from 2020 and 16.3% from 2019 levels.

Now let's turn to our segment results. Starting with the C&I group on Slide 7, sales of \$345.7 million increased 15.3% from \$299.9 million last year, reflecting a 9.5% organic sales gain, \$7.3 million of acquisition-related sales and \$9.2 million of favorable foreign currency translation. The organic gain includes double-digit increases in the segment's European-based hand tools business and Asia Pacific operations, as well as a mid-single-digit gain in sales to customers in critical industries.

Improvements in year-over-year sales growth were widely seen across Europe as well as in most emerging markets. Additionally, within Critical Industries, strong sales gains were achieved in aviation, heavy-duty and technical education, while year-over-year declines in the natural resources sector improved from those experienced in the fourth quarter of 2020, but continue to lag pre-pandemic sales levels.

As a further comparison, net sales in the period increased 7.2% from 2019 levels, representing a 3.1% organic sales gain, \$8 million of acquisition-related sales and \$5.2 million of favorable foreign currency translation. Gross margin of 38.7% improved 190 basis points from 36.8% in the first quarter of 2020, which included 150 basis points from restructuring charges. Aside from the improvements resulting from the lower restructuring costs, contributions from higher sales volumes were partially offset by 70 basis points of unfavorable foreign currency effects. Operating expenses as a percentage of sales of 24% improved 230 basis points as compared to last year, primarily as a result of the higher volumes and savings from cost containment actions. Operating earnings for the C&I segment of \$50.7 million, including \$1.4 million of unfavorable foreign currency effects compared to \$31.5 million last year. The operating margin of 14.7% compared to 10.5% a year ago.

Turning now to Slide 8. Sales in the Snap-on Tools Group of \$478.3 million increased 27.2% from \$375.9 million in 2020, reflecting a 25% organic sales gain and \$6.7 million of favorable foreign currency translation. The organic sales increase reflects double-digit gains in both our U.S. and international operations. Net sales in the period increased 16.6% from \$410.2 million in the first quarter of 2019, reflecting a 15.1% organic sales gain and \$5.2 million of favorable foreign currency translation. Gross margin of 45.9% in the quarter improved 320 basis points from last year, primarily due to the higher sales volumes and benefits from RCI initiatives. Operating expenses as a percentage of sales of 25.2% improved from 29.8% last year, primarily due to the higher sales volumes and savings from cost containment actions. Operating earnings for the Snap-on Tools

Group of \$98.9 million compared to \$48.6 million last year, the operating margin of 20.7% compared to 12.9% a year ago, an increase of 780 basis points.

Turning to the RS&I Group shown on Slide 9. Sales of \$347.6 million compared to \$314.6 million a year ago, reflecting a 7.6% organic sales gain, \$4 million of acquisition-related sales and \$4.8 million of favorable foreign currency translation. The organic 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 activity with OEM dealerships. As compared to 2019 levels, net sales increased 6%, 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% declined from 47.9% last year, primarily due to the impact of higher sales and lower gross margin businesses and 70 basis points of unfavorable foreign currency effects. As a reminder, undercar equipment as well as facilitation program-related activity, both of which had healthy sales increases in the quarter, typically have a gross margin rate that is below the RS&I segment's average.

Operating expenses as a percentage of sales of 22.6% improved 70 basis points from 23.3% last year, which included 80 basis points of restructuring cost. Excluding the effects of restructuring, benefits from the higher sales volumes were more than offset by 80 basis points of operating expenses related to acquisitions. Operating earnings for the RS&I Group of \$81.4 million compared to \$77.3 million last year. The operating margin of 23.4% compared to 24.6% a year ago.

Now turning to Slide 10. Revenue from Financial Services of \$88.6 million compared to \$85.9 million last year. Financial Services operating earnings of \$65.3 million compared to \$56.9 million in 2020. Financial services expenses of \$23.3 million decreased \$5.7 million from 2020 levels, primarily due to lower provisions for credit losses resulting from \$2.4 million of lower year-over-year

net loan charge-offs and the absence of the previously mentioned first quarter 2020 \$2.6 million charge. As a percentage of the average portfolio, financial services expenses were 1.1% and 1.4% in the first quarters of 2021 and 2020, respectively. In the first quarter, the average yield on finance receivables of 17.6% in 2021 compared to 17.7% in 2020. The respective average yield on contract receivables was 8.4% and 9.0%. The lower yield on contract receivables in 2021 includes the impact of lower interest business operation support loans for our franchisees. These loans were offered during the second quarter of 2020 to help accommodate franchisee operations in dealing with the COVID-19 environment. As of the end of the first quarter, approximately \$11 million of these business operating support loans remain outstanding. Total loan originations of \$261.8 million in the first quarter increased \$6.2 million or 2.4% from 2020 levels, reflecting a 1.7% increase in originations of finance receivables while originations of contract receivables were up 5.7%.

Moving to Slide 11. Our quarter-end balance sheet includes approximately \$2.2 billion of gross financing receivables, including \$1.9 billion from our U.S. operation. Our worldwide gross financial services portfolio decreased \$25.8 million in the first quarter, primarily due to an increase in net collections. The 60-day plus delinquency rate of 1.6% for the United States extended credit is down 10 basis points from the first quarter last year and down 20 basis points as compared to the fourth quarter of 2020. We believe this reflects the typical seasonal delinquency pattern that customarily results in a decline in the first quarter, followed by increases later in the year, usually peaking in the fourth quarter where we compete with the technicians' holiday-related discretionary spending. As it relates to extended credit or finance receivables, trailing 12-month net losses of \$43.9 million represented 2.55% of outstandings at quarter end, down 7 basis points sequentially and down 44 basis points as compared to the same period last year.

Now turning to Slide 12, cash provided by operating activities of \$319.3 million in the quarter increased \$105.9 million from comparable 2020 levels, primarily reflecting the higher net earnings and net changes in operating assets and liabilities, including a \$32.1 million decrease in inventory. Net cash used by investing activities of \$207.2 million included \$200 million for the acquisition of

dealer FX and capital expenditures of \$19.3 million, partially offset by net collections of finance receivables of \$12.1 million. Free cash flow during the quarter of \$312.1 million was 158% in relation to net earnings. Net cash used by financing activities of \$131 million included cash dividends of \$66.7 million and the repurchase of 722,000 shares of common stock from \$151.9 million under our existing share repurchase programs, partially offset by proceeds from stock purchase and options plans of \$93 million. As of quarter end, we had remaining availability to repurchase up to an additional \$268.7 million of common stock under existing authorizations.

Turning to Slide 13. Trade and other accounts receivable increased \$10.1 million from 2020 year-end. Days sales outstanding of 62 days compared to 64 days at 2020 year-end. Inventories decreased \$16.4 million from 2020 year-end and on a trailing 12-month basis, inventory turns of 2.6 compared to 2.4 at year-end 2020. Our quarter-end cash position of \$904.6 million compared to \$923.4 million at year-end 2020. Our net debt-to-capital ratio of 12.4% compared to 12.1% at year-end 2020. In addition to cash and expected cash flow from operations, we have more than \$800 million in available credit facilities. As of quarter end, there were no amounts outstanding under the credit facility, and there were no commercial paper borrowings outstanding.

That concludes my remarks on our first quarter performance. I'll now briefly review a few outlook items for 2021. We anticipate that capital expenditures will be in the range of \$90 million to \$100 million. We currently anticipate that absent of any changes to U.S. tax legislation, our full year 2021 effective income tax rate will be in the range of 23% to 24%.

I'll now turn the call back to Nick for his closing thoughts. Nick?

Nick Pinchuk: Thanks, Aldo. Well, that's our first quarter. Another encouraging period, resilient markets through the shock and on the way to psychological recovery. The third straight quarter of upward trajectory, clear year-over-year achievement and the third straight quarter of results exceeding the pre-pandemic levels of 2019. RS&I sales continuing upward with OI margins of 23.4%, attenuated

but still strong. C&I, ongoing sequential growth across the world and OI margins 14.7%, up nicely, even from 2019. And then the Tools Group. Sales up organically 25% versus 2020. Up in all product lines and in all geographies. Volume up 15.1% versus 2019 and an OI margin of 20.7%. Finally, Financial Services in the midst of the greatest stress test, profits up, delinquencies down, rock solid. And it all came together with Snap-on sales rising organically 16.3% versus 2020 and 8.1% versus '19. OI margin, 19.6%, up significantly despite the virus, the unfavorable currency and the acquisition impacts. And the EPS, \$3.50, a substantial rise versus both 2020 and 2019.

We do believe that Snap-on has abundant opportunity as the COVID recedes, and the world shifts away from the cities and away from shared transportation and as new vehicle technologies make the car parc more complex. And we further believe that we are stronger today than when we entered the storm, our advantages of product, brand and people are even greater, and we're in a favorable position to wield those strengths, realize the opportunities and continue our positive trajectory throughout 2021 and beyond.

Before I turn the call over to the operator, I'll speak directly to our franchisees and associates. Many are listening. I want you to know that your work in this withering has made a difference to our company and to our society. For your efforts in keeping our world and its critical mobility intact, you have my admiration. For your contribution to our progress in this first quarter, you have my congratulations. And for your unfailing dedication to our team, in both smooth and turbulent times, you have my thanks.

Now I'll turn the call over to the operator. Operator?

Operator: Thank you. If you would like to ask a question, please signal by pressing "star" "1" on your telephone keypad. If you're using a speakerphone, please make sure mute function is turned off to allow your signal to reach our equipment. Again, press "star" "1" to ask a question, and we'll pause for just a moment to allow everyone an opportunity to signal.

And our first question comes from Gary Prestopino with Barrington Research.

Gary Prestopino: A couple of questions here, Nick. We haven't really seen this kind of growth in the Tools Group since probably earlier part of last decade, a lot of that was dealing with tool storage. And I don't think it's the same issues now. I mean if you could cite three or four things that are different in the growth metrics now what you're seeing, especially over the last couple of quarters versus what you saw maybe when tool storage was really revving up in an earlier period last decade?

Nick Pinchuk: Yes. I think there's a couple of things. I think one is, this isn't a tool storage, and it was a much more focused growth. We introduced the – certainly, the first thing is when we had that rise, we introduced the Rock 'N Roll Cabs and the TechKnows, which really focused on more or less a particular product line. This is a broader thing, much more rooted in kind of an agnostic process from a product point of view of expanding the capabilities of the tools of the franchisees. We harness social media better. We're training them better to get the elevator pitch down and we RCI their vans. We worked on this for quarters before, maybe even in 2019, and we worked really hard in the COVID because we had time to focus on it, and that's really paying off. It's showing that these franchisees can hit this 20%.

The other thing is, I think, boy, I think we got some good products, particularly around hand tools. We've packaged the hand tools, so we're selling not only individual tools, but also kits, kits aimed at a particular problem and they're becoming pretty profitable. We didn't – popular. We didn't talk about them on the call. I mean things like putting together a set of sockets that are for particular applications, in foam. They're wildly popular. And then the other products we have in terms of tool storage and diagnostics, they're really boffo. And that's driving that broad appeal.

And then the final thing, I think you could think, look, there's a lot of this is condition. You could – people might say this is recovery, but the sales off the van all last year exceeded the sales to the

van, so you wouldn't think there'd be recovery in that, not so much recovery in that situation. It's gone off the van at the same level, the whole year was up. And same thing's happening this quarter. Sales off the van are the same as we're selling to them. So, you look at this, you might say it's the stimulus and the stimulus could be helping us this way. We don't know. When you talk to technicians and people in the factory, stimulus seems to be, well, it's going into bank accounts or paying off debt.

And the other thing about it is, by the way, we think it's product and process based because the international business, U.K., Australia and Canada are up and there ain't no stimulus there.

Gary Prestopino: Right. Okay. That's good. And then in terms of, I guess, it's Dealer-FX, a couple of questions on this one. What can you tell us in terms of their installed base across dealerships versus the amount of dealerships that you actually service? Can you give us some idea of just how much white space there is out there for this product?

Nick Pinchuk: Yes, they tend to be. They're in, I would say, maybe in the double-digit percentage of the dealerships, but they tend to be concentrated in a couple of OEMs. And so there's a lot of white space to go in that situation. We see that tremendous opportunity. And the other thing about Dealer-FX, I think we talked about this in the acquisition, they're just now sort of rolling out this new – their updated system that was ready to go, but the COVID hit. So now they're getting the chance to bite at the apple with full force.

But again, these are things we knew when we acquired them. It's early days. We've only owned them for a couple of months, so we're still getting to know them. But we're pretty confident we're at the right place at the right time, like I said in my comments.

Gary Prestopino: Are they going to be – are their revenues booked in the RS&I segment?

Nick Pinchuk: Yes, they're going to be in RS&I. They are clearly in RS&I, because they're going to sell to dealers. We see them as sort of like the advanced warning net for us, from a strategic point of view. You remember the old dew line? it used to be across Canada to make sure we figured out what the Russian bombers were doing when they're coming over the pole, over the north. So this is the same kind of thing.

Gary Prestopino: Okay. And then you also just mentioned some new tools for the EV market. Could you maybe elaborate a little bit on that?

Nick Pinchuk: Well, those things are particular to a particular vehicle. We have a business we call the EQS business that really is rooted in new technology. When new technologies roll out, we're one of the people – the OEMs come to, to say, "Hey, put together a set of tools." Now in one of these, we have a 70-unit tool set that we provide that supports a certain new vehicle that's coming out. So, I mean, that's one of the things. And so – and yet, there's another one for another new vehicle. So as people roll out new vehicles, they commission these kinds of things to facilitate the dealerships to be ready to deal with it. And then everybody figures out what other things might happen, and that shows up and we launch other tools to match that, that the OEMs didn't even anticipate going forward. Those are the kind of things.

And then we have a set of tools. We have a standard set of tools for electrics that are what we call insulating tools with glass-infused fiber – glass-infused nylon that allows us to, technicians to use them safely against, ASE approved, against some pretty high voltages. And so that's sockets and pliers and screwdrivers and kits to disconnect the electric vehicle safely and that kind of thing.

Gary Prestopino: Okay. And just lastly, real quick, I don't want to take up too much more time. I would assume some of these calibration tools for ADAS and things that you've got out there, these are also applicable to the EV market?

Nick Pinchuk: Yes. Sure. The – they're rooted – they're right, they're pretty much agnostic to the powertrain. They're more or less having to do with the sensor, the neural net of the sensors around the vehicle.

Operator: And our next question comes from Christopher Glynn with Oppenheimer.

Christopher Glynn: So picking up on your answer to one of Gary's questions, you talked about coming out with new kits and follow-on tools as new platforms come out in EV and elsewhere, so it underscores your visibility. And then with the dealer FX group, you talked about how that extends your visibility. I'm just curious how that pairs with your already seeming copious visibility into the new platforms?

Nick Pinchuk: Well, the thing is this, is that we have visibility into the new platforms via our franchisees, which visit the dealers every day. So they tend to have a look at the what I would call the more persnickety problems that arise all the time associated with vehicles that no one ever anticipated. The Dealer-FX is the repair shop management software, so you get to see what's happening in aggregate kind of like in databases to look at this kind of thing and say, "Okay, well, they're having a lot of problems here. They're having a lot of problems there." You get to understand the difficulties associated with that. So it's not so much an observational thing as a computational thing. Those are the kinds of things that help, so it just adds to our position.

And then we also have a non-peril position in the repair shops afterwards, after vehicles age and they end up in independent repair shops, which is what you're referring to. We're in more shops for more hours than eight days, and that's what drives our product line. So when new technologies show in, whether you're talking about automated vehicles or electric vehicles, they're going to roll through this. We're going to see them via Dealer-FX probably first. Then we're going to see them via the franchisees that call on dealerships to understand the nuances of some smaller and more difficult problems that are harder to predict via just maybe the bigger problems, the 20,000-foot problems that the software might see. And then as they roll into the aftermarket, we have probably

almost proprietary visibility on that. That's what generates our proprietary databases that I talked about, 200 billion repair records.

Christopher Glynn: Great. And then on SOT, you talked a lot about the kind of throughput enhancements. Do these sales levels that you've seen in the past few quarters represent pretty maximized realization of the newly availed bandwidth of the franchise channel into the addressable market?

Nick Pinchuk: Well, that I don't know. You know what I mean? I don't know that. All I know is they can go that high. I mean, we now approved – it's sort of like a stress test. We know they can go that high, and they're not complaining. I had a franchisee tell me, I asked them about something about his market. I asked them about what is the market like and so on. He says, "I don't know. I'm too busy selling tools." So he's out there now. He didn't say he didn't have more capacity because he was asking me for more units. So in other words, he was short of a particular product line, so he thought he already could sell them more. So we think they probably have a little more upside. But in this kind of situation, Chris, you have to keep pounding. We'd say, okay, we got to keep working on expanding the capabilities because no matter where they are, you want more when you go forward, right?

Christopher Glynn: Right. So you feel you have further runway to continue to work on the throughput side of the equation at some ((inaudible)).

Nick Pinchuk: Sure, sure. You – what happens is the ((inaudible)) just one question. What happens is you observe what's happening at a certain throughput level, and that reveals the pinch points and you work on them.

Christopher Glynn: Great. Last one from me. Finance receivable collections exceeded additions. I don't recall many years seeing that. Are you seeing more customers paying with cash?

Aldo Pagliari: Well, Chris, I think what you see is the technician base, they're employed, they got more money in their pocket and they seem to be servicing their debt and buying tools to supplement their needs. I guess that's just an overview that Nick provided earlier, people are servicing the debt in the more pragmatic way.

Operator: And our next question comes from Luke Junk with Baird.

Luke Junk: A couple of questions. First, a near-term question. Nick, hoping you could just talk relatively about daily sales trends through the quarter. Certainly, looking at the 2019 comps for the Tools Group especially helped to frame the absolute level, I would say did really well, but I just want to better understand the sequential momentum you saw in the first quarter.

Nick Pinchuk: Yes. Look, I think one of the things we're seeing is our third quarter – our third month is – was higher in this period. But they're almost always higher a little bit if you look at this, so I would say we would have said that adjusted for what we expect, the sales were about level through the quarter, kind of constant. Generally, we have our own sort of like view of what's going to happen when you roll out at the beginning in the first quarter, for example. And so we have some view. But this generally seemed about what we expected. We weren't surprised by any month in this quarter, I would say. So I think – we think, it's kind of held strong each quarter. I don't see attenuation, if that's what you're asking.

Luke Junk: It is.

Nick Pinchuk: Yes. I don't – we didn't see any attenuation.

Luke Junk: Okay. And then a bigger picture question more on the strategy side and it's come up already a couple of times this morning in terms of the big shifts that we've seen in the new car market the past, say, six or nine months with respect to electrification, especially ADAS as well. And all these

changes take a while, of course, to ultimately filter through to the aftermarket. Hoping you could just expand on how these changes are impacting your thinking around investment priorities today, both organically and M&A? And should we think that, for instance, they impacted the thinking around the Dealer FX acquisition, for example?

Nick Pinchuk: Well, yes. I mean the thing is sure. Look, we like change. Like we said, I think we've said till the cows come home, that change is our friend, and we love to have it. And the earlier we can see change, the more we can, as you say, call in the air strikes about investment and so on. And so the Dealer-FX acquisition was about positioning ourselves at the forefront, at the vanguard, if you will, of new technologies, not just electric vehicles, but new technologies that would impinge on the car parc. Now – so that's what we're doing. And so we'll continue to look at that in terms of, okay, what do we learn from that, how can we invest in other places to follow that change.

But make no mistake about it. The revelations occur in each aging of the vehicle. So things change as you roll out. When the vehicle rolls in, people think this is what's needed, and then a couple of years go by and we see that these are what's needed. And some of it isn't even, this is what I was trying to say before, is some of it isn't the fact that you have to repair, let's say, a particular item, or you have to recalibrate the sensors. It might be revealed to us in the difficulty of doing those products – those processes, which everybody – first, you understand oh you got to do it and then you realize, wait a minute, on these particular vehicles you need special tools just to do it because they're configured in an odd way. This is – and we learned that as it went through. And so basically, we see ourselves, this electric vehicle, the EVs, the new technologies, it's just a version of what's happened before, only maybe hopefully at a faster pace, which gives us more to sell. And so our activities will be to try to anticipate those changes more quickly, invest in them and then enjoy.

Operator: And we'll take our next question from Scott Stember with CL King.

Scott Stember: Good morning guys and congrats on the strong results in the quarter. I think you – Aldo, you might have answered this question. But the growth in originations versus the Tools organic sales. Obviously, there's a pretty big delta there. Is that entirely because more you're seeing more mechanics basically buy with cash? Or is there something else some other nuance that we ((inaudible))?

Aldo Pagliari: A couple of things. I think there's a little bit – I think there's more cash in the system. So that's probably – if anything, that's probably not negative, it's probably a positive. I think that, again, you're still at stages where your psychological recovery is not completely the same everywhere in the country. So I think people, broadly speaking, are still a little bit more measured when they approach big ticket items as compared to hand tools, power tools, things of that nature. I still think there's that nuance. But when the Tools Group sells 25% organically, without having to dig deep into extended credit, we feel that means there's borrowing capacity down the road that opens up future opportunities for them. So we kind of like the mix in that respect.

Scott Stember: Got it. And in RS&I, the under-car care, I mean, that was the first time we've seen a major increase like that in a while. So I'm wondering, is that being driven by stronger collision market demand? And if so, what are you hearing about miles driven? Because obviously, collision repair is based – a lot of it is based on miles driven ((inaudible)).

Nick Pinchuk: Yes. Look, I think – actually, it's not really – collision repair was better in the United States, not so good in Europe. That – I would say the big feature there for us was the undercar equipment, aligners in particular, but this ADAS stuff, stuff that really focuses on the neural network of the business. That's what drove that change. You're right, it was a really welcome change, double digits for the equipment. That was a turn of events that we really love. We haven't talked about a thing like that associated with equipment in a while. So that's part of the overhang that because it's a lower-margin business, that's part of the mix overhang on RS&I.

But that turn, I think, based on the change in vehicle complexity now driven by the autonomy, these autonomous features, and therefore, undercar equipment was important. We're starting to see some recovery in collision in the U.S. Like I said, Europe seems to be dead as a door nail. The miles driven, we're seeing it start to come back. The curve looks just like other years. It's just came back from the shock of the virus. So it went down 30% year-over-year in the shock. And now it's according to BLS data – according to the data we see, it's staying around 10% below pre-COVID levels and it's inching back. I would expect, though, that as people – look – and that's not surprising every time you turn on TV, you see people feeding in from home. Once people go back, I think this all changes.

Scott Stember: Got it. And just last question on flushing out the Tools Group. You said it was pretty much everything was up, but it sounds like hand tools and diagnostics probably led the way, if I heard correctly?

Nick Pinchuk: Yes. Yes, not pretty much, everything was up, but hand tools led the way. Diagnostics was strong. Power tools was nice as well. So smaller ticket items were – are ascended in this period. You can see our RA business, Aldo kind of said because the guys are a little more – like I use the word, there's still an air of vigilance. They're positive. But they're a little more vigilant in this situation. So even the tool storage, they tend to be focused on the smaller purchases in the tool storage area. So that thing.

But I would say that each of the – each of them, each product line had a pretty good quarter, maybe not up to the 25%, we're pretty satisfied with all the product lines. But the top one was hand tools.

Operator: And our next question comes from Curtis Nagle with Bank of America.

Curtis Nagle: Yes. So Just a quick one on inflation. So I know you said this plenty of times, steel is only, I don't know, \$85 - \$90 million of COGS, but prices are up a good bit, pretty persistently. So anything in terms of potential price increases or rising costs relating to inputs that you would elaborate on?

Nick Pinchuk: Yes. Look – yes, well, look, we've got material inflation in these numbers. You can't see them, can you? Right. And so part of the thing is you got – you kind of got an interesting cocktail of reduced travel, controlled costs, material inflation floating through this. And the general managers in our businesses are balancing all these, like balls in the air. And so yes, we might see some, but we're not – at the same time, we can also price. And I think the Tools Group has got another price increase going out. They just announced in April, early April, they announced the price increase, so they're going to have one coming up. And so we think we're the price leader and we can price for visible inflation, so you have that in play, too. So we might see some going forward but we think it's under control. I mean this is – I think I said in another forum that this is kind of what they pay us for to manage this stuff.

Curtis Nagle: Okay. Fair enough. And then if I wasn't mistaken, did I hear that the Education segment was up in 1Q? ((Inaudible))

Nick Pinchuk: Well, look, I think – yes, I think everybody is anticipating the schools. I think there are some schools back. And then – but I would say the big factor, Curt, is that the schools are starting to anticipate the return of the students. So they're starting to facilitate. So the education business is up principally because you're selling to the schools. And so we have a two-pronged view there. We sell to the students and the schools and we see a lot of students starting to warm up.

And I think – I also think in this day and age, you're starting to see, if I were sitting in a community college and I see the Biden administration rolling in there, and I don't think it's a political statement to reveal that he has a particular bent, given his wife's orientation and things he's said, to community college technical training. And so I think that might be a positive view and create an air of optimism

in the school. So I think that changed the dynamic some. It was – we're pretty pleased to see it. And in fact, again the critical industry businesses got back above the pre-COVID levels. I think that – I don't want people to miss that. We're above pre-COVID levels. And by the way, we're bearing the COVID at the same time. So I think that – and that's where C&I was. They've been going each quarter. They've been getting a little closer to 2019. This time they flipped above it. We view that as an incredibly positive event.

Operator: And our next question comes from Dave MacGregor with Longbow Research.

Dave MacGregor: Yes. Congratulations on the strong results. I guess first question, I'm still really struggling on this disparity between originations and the sell-through. You indicated the sell-through was equivalent to the sell-in, so let's call it the sell-through up 25%, originations up 2.4%, which is one of the ((inaudible)).

Nick Pinchuk: Wait a minute, wait a minute. Just a minute. The sell-through is equal absolute. It was a little bit better in the first quarter of last year. So when you're comparing those things, you start to get bollixed up a little bit. Last year wasn't as bad sell-through as sell to the vans was in the first quarter. So we – but generally to come back and say – so I just want to stop there. But in general, if you're talking about volume, the volume off the van, same as the volume on the van this quarter.

Dave MacGregor: Yes, I want to – I – what should we be using then as a sell-through number for this quarter?

Nick Pinchuk: Well it's roughly the same. Roughly the same.

Dave MacGregor: The same as the sell-in?

Nick Pinchuk: Right.

Dave MacGregor: Okay. It's a large disparity, nonetheless, however you want to cut it. And I guess I'm really struggling with just kind of the nature of that given you also indicated that all the segments are up. And I guess the question just becomes given that originations generally revolve around extended credits and contract credits obviously as well, but it's bigger ticket. So I guess the question is just can you break out a big ticket for us and help us just understand what big ticket was on a year-over-year basis?

Nick Pinchuk: Well, here's what I'll tell you, is that the big ticket items weren't up in – weren't up like the 25%, but they were up nicely in the quarter. So they were up...

Dave MacGregor: They were double digits?

Nick Pinchuk: No, they weren't up double digits in the quarter, but they were up. Again, when you look at the absolute numbers, they were reasonable in that situation. So we're pleased with those numbers. So you had that. And then within the big ticket items, let's put diagnostics aside, if you look at tool storage, the tool storage mix has been for a while, closer to the, let's say, carts and other things, and there's a lot more RA going on. So the franchisees are flush with cash. So you're seeing some of those franchisees finance these items. That's really the factor.

Now you could argue that – you could also argue, Dave, that we're – I think that's really what's going on. You could also see it's hard to tell this. You could see we're getting stimulus money to pay for some of those things instead of borrowing. But we kind of view that as great because as Aldo said, you just got borrowing capacity out there in the future. So this is a really good thing for us. We love it when RA is up.

Dave MacGregor: Okay. Well, maybe I'll take that offline with Aldo and try and get through the math a little bit better. I wanted to ask you about you'd indicated about just volumes on the quarter because you

indicated that you'd announced in April a price increase, which I think is May 1. You've got kind of – you communicated to the franchisees that you're experiencing growing backlogs. I don't know if that's around tool steel or what may be responsible for that. But under those circumstances, my understanding is there's some pre-buy going on in the month of March. And I'm just wondering if you can quantify for us the extent to which you can ((inaudible)) I'm sorry?

Nick Pinchuk: I don't think that – we don't think that's true. First of all, the announcements go out in April, so I don't think people are pre-buying. The people may be buying. Generally, what happens in these kinds of things are buying off the kickoff programs or the – even back to the kickoff program. So they're fundamentally buying off that. We – I'm talking to a bunch of franchisees and they keep telling me their inventories are low on this stuff. They can – they'd like to get more, but they don't get them. They don't have them.

So I think this is – the idea of the pre-buy, we didn't see any of that. Now I'm not saying, franchisees are what, 3,500 of them? So you can get windshield surveys on them and you can get, different ones will have different views. I can probably get 100 different opinions when I go out. But generally, we don't see that, Dave. We see the situation – they're not stocking up. In fact, we think we're confident that franchisees' inventories are actually down or flat at best. They're not up. ((inaudible)) And if you look back to the first quarter of last year, sales off the van exceeded sales to the van.

Dave MacGregor: Yes. I find that a little surprising given everybody in the franchise world knows that there's stimulus money coming down the pipe and they want to be positioned for that. And then my understanding is you communicated to the franchisees that there was a backlog issue in March, and I would have presumed that guys would pre-buy on that, so I'm a little surprised to hear that inventories on the truck are flat to slightly down, a little bit counterintuitive, I guess. And then last question for me is just on price elasticity here ((inaudible)).

Nick Pinchuk: I don't necessarily see it that way. But anyway, necessarily, they could order, but they might not have them.

Dave MacGregor: Yes. Okay. Can you just talk about – can you just talk about ((inaudible))?

Nick Pinchuk: Right. So you wouldn't have a sale.

Dave MacGregor: Okay. And then price elasticity around storage. I guess these are some pretty big increases we're seeing in steel prices right now. And as a consequence, I would expect some pretty big increases on price tags on some of the storage product at least and maybe in hand tools given what's going on with nickel alloy product. But can you just talk about how you expect that to play out over the balance of the year as you raise your prices? How vulnerable do you think that category is to higher prices, given you ((inaudible))?

Nick Pinchuk: Sure. Look, I think it gets to be a complex question, David, because almost everything is – there's a lot of promotions floating through the system. So it's not just the list price increase. It's also what are your promotions and so on. So we've never had a problem, tool storage or otherwise in terms of getting or matching inflation. We've never seen that. So I can only tell you what is in history. And it's a complex cocktail. You raise the list price. You adjust your promotions. You have long-term promotions, you have drop in promotions. It's a dizzying array of those things. And what comes out the other end is a matching of the inflation. So generally, you feel we can do that on a macro basis. And you can't do that unless you do it in tool storage and hand tools.

Dave MacGregor: Great. I'm more focused around the mechanics capacity to purchase and their purchasing power and these products just maybe finding themselves a little bit of reach. You're not concerned about that right now, you're not getting an indication of ((inaudible)).

Nick Pinchuk: We don't see that being a problem right now, and there was inflation in this period. So I mean the things we don't see that being a problem now. Of course, you can't say it could go on forever. But I think the – look, I think the whole thing is this. The mechanics seem to love to buy tools. It's one of the top things on their priorities. I think that these kinds of changes don't necessarily make a difference. Now who's to say how the inflation would play out across the country in a lot of different commodities, but I think – I would tell you this, I think we would be going to be one of the last to be affected by it.

Dave MacGregor: Great. If I could, just for the model, two quick ones. What was the U.S. versus international in terms of growth? ((Inaudible)).

Nick Pinchuk: About the same.

Dave MacGregor: And secondly, what percentage of trucks now have two associates and how has that changed year-over-year?

Nick Pinchuk: It's about the same. It's up a little bit. It's in the 20% to 25% range.

Operator: And that concludes today's question-and-answer session. Ms. Verbsky, at this time, I would like to turn the conference back to you for any additional or closing remarks.

Sara Verbsky: Thank you all for joining us today. A replay of this call will be available shortly on snaon.com. As always, we appreciate your interest in Snap-on. Good day.

Operator: And this concludes today's call. Thank you all for your participation. You may now disconnect.