



Snap-on[®]



Quarterly Financial Review

Second Quarter 2024

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

Cautionary Statement

- These slides should be read in conjunction with comments from the July 18, 2024 conference call. The financial statement information included herein is unaudited.
- Statements made during the July 18, 2024 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 July 18, 2024 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 July 18, 2024 press release and Form 8-K, which can be found on the company's website in the investors section at www.snapon.com.



Nick Pinchuk
Chairman and
Chief Executive Officer



Aldo Pagliari
Senior Vice President and
Chief Financial Officer

Consolidated Results

(\$ in millions, except per share data - unaudited)	Q2 2024		Q2 2023		Change
	\$	%	\$	%	
Net sales	\$ 1,179.4		\$ 1,191.3		(1.0)%
➤ Organic sales	(13.5)				(1.1)%
➤ Acquisitions	7.3				0.6 %
➤ Currency translation	(5.7)				(0.5)%
Gross profit	\$ 597.3	50.6 %	\$ 603.7	50.7 %	
Operating expenses	317.0	26.8 %	326.7	27.4 %	
Operating earnings before financial services	\$ 280.3	23.8 %	\$ 277.0	23.3 %	1.2 %
Financial services revenue	\$ 100.5		\$ 93.4		7.6 %
Financial services operating earnings	70.2		66.9		4.9 %
Operating earnings	\$ 350.5	27.4 %	\$ 343.9	26.8 %	1.9 %
Diluted EPS – as reported	\$ 5.07		\$ 4.89		3.7 %

- Net sales of \$1,179.4 million in the second quarter represented a decrease of \$11.9 million, or 1.0%, from 2023 levels, reflecting a 1.1% organic sales decline and \$5.7 million of unfavorable foreign currency translation, partially offset by \$7.3 million of acquisition-related sales
- Gross margin declined 10 basis points (bps) to 50.6% from 50.7% last year primarily due to lower sales volumes, partially offset by benefits from the company's Rapid Continuous Improvement ("RCI") initiatives
- Operating expenses, operating earnings before financial services, and operating earnings include an \$11.2 million benefit for the final payments received associated with a legal matter (the "legal payments"); net earnings includes an \$8.7 million, or \$0.16 per diluted share, after-tax benefit from the legal payments
- Operating expenses as a percentage of net sales improved 60 bps to 26.8% from 27.4% last year primarily reflecting the benefit from the legal payments, partially offset by the effects of lower sales volumes
- As a percentage of net sales, operating earnings before financial services of 23.8% compared to 23.3% last year

Commercial & Industrial

<i>(\$ in millions - unaudited)</i>	Q2 2024	Q2 2023	Change
Segment sales	\$ 372.0	\$ 364.2	2.1 %
➤ Organic sales	4.3		1.2 %
➤ Acquisition	7.3		2.0 %
➤ Currency translation	(3.8)		(1.1)%
Gross profit	\$ 155.3	\$ 143.9	
% of sales	41.7 %	39.5 %	
Operating expenses	\$ 93.1	\$ 85.8	
% of sales	25.0 %	23.5 %	
Operating earnings	\$ 62.2	\$ 58.1	
% of sales	16.7 %	16.0 %	70 bps

- Organic sales gain of \$4.3 million, or 1.2%, primarily due to a double-digit increase in sales to customers in critical industries, partially offset by a double-digit decline in the segment's power tools operation and a low single-digit decline in the segment's European-based hand tools business
- Gross margin improved 220 bps from 2023 primarily reflecting increased sales volumes in the higher-gross-margin critical industry sector, savings from RCI initiatives, and 50 bps of benefits from acquisitions
- Operating expenses as a percentage of sales rose 150 bps from last year primarily due to increased personnel and other costs, and a 60 bps impact from acquisitions
- Operating earnings of \$62.2 million compared to \$58.1 million in 2023; the operating margin of 16.7% compared to 16.0% last year

Snap-on Tools

<i>(\$ in millions - unaudited)</i>	Q2 2024	Q2 2023	Change
Segment sales	\$ 482.0	\$ 523.1	(7.9)%
➤ Organic sales	(40.3)		(7.7)%
➤ Currency translation	(0.8)		(0.2)%
Gross profit	\$ 235.2	\$ 256.5	
% of sales	48.8 %	49.0 %	
Operating expenses	\$ 120.4	\$ 118.8	
% of sales	25.0 %	22.7 %	
Operating earnings	\$ 114.8	\$ 137.7	
% of sales	23.8 %	26.3 %	(250) bps

- Organic sales decline of \$40.3 million, or 7.7%, reflecting a high single-digit decrease in the U.S., partially offset by a low single-digit gain in the segment's international operations
- Gross margin declined 20 bps from last year primarily due to the lower sales volumes
- Operating expenses as a percentage of sales rose 230 bps compared to 2023 primarily due to the effects of lower sales volumes
- Operating earnings of \$114.8 million compared to \$137.7 million last year; the operating margin of 23.8% compared to 26.3% in 2023

Repair Systems & Information

(\$ in millions - unaudited)	Q2 2024	Q2 2023	Change
Segment sales	\$ 454.8	\$ 452.0	0.6 %
➤ Organic sales	4.3		1.0 %
➤ Currency translation	(1.5)		(0.4)%
Gross profit	\$ 206.8	\$ 203.3	
% of sales	45.5 %	45.0 %	
Operating expenses	\$ 93.2	\$ 92.9	
% of sales	20.5 %	20.6 %	
Operating earnings	\$ 113.6	\$ 110.4	
% of sales	25.0 %	24.4 %	60 bps

- Organic sales gain of \$4.3 million, or 1.0%, reflecting a high single-digit increase in activity with OEM dealerships, partially offset by a mid single-digit decline in sales of diagnostic and repair information products to independent repair shop owners and managers
- Gross margin improved 50 bps from last year primarily due to savings from RCI initiatives
- Operating expenses as a percentage of sales improved 10 bps from 2023
- Operating earnings of \$113.6 million reflected an increase of \$3.2 million, or 2.9%, from \$110.4 million in 2023; the operating margin of 25.0% compared to 24.4% last year

Financial Services

<i>(\$ in millions - unaudited)</i>	Q2 2024	Q2 2023	Change
Segment revenue	\$ 100.5	\$ 93.4	7.6 %
Operating earnings	\$ 70.2	\$ 66.9	4.9 %
Originations	\$ 308.1	\$ 326.3	(5.6)%

- Originations decreased \$18.2 million or 5.6%
- Average yields on finance receivables were 17.7% in 2024 and 17.6% in 2023
- Average yields on contract receivables were 8.9% in 2024 and 8.6% in 2023

Financial Services Portfolio Data

(\$ in millions - unaudited)	United States		International	
	Extended Credit	Total	Extended Credit	Total
Gross finance portfolio	\$ 1,755.0	\$ 2,187.3	\$ 235.4	\$ 325.8
Portfolio net losses (TTM)	\$ 54.4	\$ 55.8	\$ 4.2	\$ 4.8
60+ Delinquency:				
As of 06/30/24	1.6 %	1.3 %	0.8 %	0.7 %
As of 03/31/24	1.8 %	1.5 %	0.9 %	0.8 %
As of 12/31/23	1.8 %	1.5 %	0.8 %	0.7 %
As of 09/30/23	1.5 %	1.2 %	0.7 %	0.8 %
As of 06/30/23	1.3 %	1.1 %	0.8 %	0.9 %

- Gross finance portfolio of \$2,513.1 million as of Q2 2024
 - Q2 portfolio growth of \$24.5 million
 - YTD portfolio growth of \$45.8 million

- TTM – Trailing twelve months

Cash Flows

(\$ in millions - unaudited)	2 nd Quarter		June YTD	
	2024	2023	2024	2023
Net cash provided by operating activities	\$ 301.1	\$ 270.3	\$ 649.8	\$ 571.9
➤ Net earnings	277.6	269.9	547.2	524.2
➤ Depreciation and amortization	24.6	24.8	49.1	49.7
➤ Changes in deferred income taxes	(6.0)	(9.0)	(4.4)	(9.2)
➤ Changes in working investment	41.7	(15.8)	39.2	(52.4)
➤ Changes in accrued and other liabilities	(58.7)	(36.6)	(28.4)	(8.5)
➤ Changes in all other operating activities	21.9	37.0	47.1	68.1
Net increase in finance receivables	\$ (41.2)	\$ (68.6)	\$ (81.4)	\$ (118.2)
Capital expenditures	\$ (23.2)	\$ (25.8)	\$ (45.0)	\$ (48.8)
Free cash flow	\$ 236.7	\$ 175.9	\$ 523.4	\$ 404.9
Free cash flow from Operations	\$ 232.7	\$ 206.9	\$ 496.2	\$ 419.8
Free cash flow from Financial Services	\$ 4.0	\$ (31.0)	\$ 27.2	\$ (14.9)
Increase in cash	\$ 111.7	\$ 37.5	\$ 231.2	\$ 114.1

- 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>	June 29, 2024	December 30, 2023
Trade & Other Accounts Receivable – net	\$ 783.5	\$ 791.3
Days Sales Outstanding	60	60
Finance Receivables – net	\$ 1,919.3	\$ 1,878.3
Contract Receivables – net	\$ 529.4	\$ 528.7
Inventories – net	\$ 965.0	\$ 1,005.9
Inventory turns – TTM	2.4	2.3
Cash	\$ 1,232.7	\$ 1,001.5
Total debt	\$ 1,200.8	\$ 1,200.2
Net debt	\$ (31.9)	\$ 198.7
Net debt to capital ratio	(0.6)%	3.8 %



MAKERS
FIXERSTM