



Snap-on

Quarterly Financial Review

Fourth Quarter 2023

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 February 8th, 2024 conference call. The financial statement information included herein is unaudited.
- Statements made during the February 8th, 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 February 8th, 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 February 8th, 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)	Q4 2023		Q4 2022		Change
	\$	%	\$	%	
Net sales	\$ 1,196.6		\$ 1,155.9		3.5 %
➤ Organic sales	26.1				2.2 %
➤ Acquisitions	5.5				0.5 %
➤ Currency translation	9.1				0.8 %
Gross profit	\$ 577.6	48.3 %	\$ 560.7	48.5 %	
Operating expenses	319.7	26.7 %	312.7	27.0 %	
Operating earnings before financial services	\$ 257.9	21.6 %	\$ 248.0	21.5 %	4.0 %
Financial services revenue	\$ 97.2		\$ 88.3		10.1 %
Financial services operating earnings	67.9		63.9		6.3 %
Operating earnings	\$ 325.8	25.2 %	\$ 311.9	25.1 %	4.5 %
Diluted EPS – as reported	\$ 4.75		\$ 4.42		7.5 %

- Net sales of \$1,196.6 million in the fourth quarter represented an increase of \$40.7 million, or 3.5%, from 2022 levels, reflecting a 2.2% organic sales gain, \$5.5 million of acquisition-related sales and \$9.1 million of favorable foreign currency translation
- Gross margin declined 20 basis points (bps) to 48.3% from 48.5% last year primarily due to 20 bps of unfavorable foreign currency effects; benefits from lower material and other costs, and savings from the company's Rapid Continuous Improvement ("RCI") initiatives, were offset by increased sales in lower-gross-margin businesses
- Operating expenses as a percentage of net sales improved 30 bps to 26.7% from 27.0% last year primarily reflecting lower corporate expenses and benefits from higher sales volumes, partially offset by increased personnel and other costs
- As a percentage of net sales, operating earnings before financial services of 21.6% compared to 21.5% last year

Commercial & Industrial

<i>(\$ in millions - unaudited)</i>	Q4 2023	Q4 2022	Change
Segment sales	\$ 363.9	\$ 343.2	6.0 %
➤ Organic sales	11.6		3.3 %
➤ Acquisition	5.5		1.6 %
➤ Currency translation	3.6		1.1 %
Gross profit	\$ 142.6	\$ 129.4	
% of sales	39.2 %	37.7 %	
Operating expenses	\$ 88.5	\$ 81.5	
% of sales	24.3 %	23.7 %	
Operating earnings	\$ 54.1	\$ 47.9	
% of sales	14.9 %	14.0 %	90 bps

- Organic sales gain of \$11.6 million, or 3.3%, primarily due to a double-digit gain in sales to customers in critical industries, partially offset by a double-digit decline in sales of power tools
- Gross margin improved 150 bps to 39.2% from 2022 primarily reflecting increased sales volumes in the higher-gross-margin critical industry sector, pricing actions, and savings from RCI initiatives, and 30 bps of benefits from acquisitions, partially offset by 60 bps of unfavorable foreign currency effects
- Operating expenses as a percentage of sales increased 60 bps to 24.3% from 23.7% last year primarily due to a 30 bps impact from acquisitions and increased personnel and other costs
- Operating earnings of \$54.1 million, including \$1.4 million of unfavorable foreign currency effects, reflected an increase of \$6.2 million, or 12.9%, from \$47.9 million in 2022; the operating margin improved 90 bps to 14.9% from last year

Snap-on Tools

<i>(\$ in millions - unaudited)</i>	Q4 2023	Q4 2022	Change
Segment sales	\$ 513.3	\$ 542.7	(5.4)%
➤ Organic sales	(31.0)		(5.7)%
➤ Currency translation	1.6		0.3 %
Gross profit	\$ 232.1	\$ 234.4	
% of sales	45.2 %	43.2 %	
Operating expenses	\$ 121.1	\$ 118.3	
% of sales	23.6 %	21.8 %	
Operating earnings	\$ 111.0	\$ 116.1	
% of sales	21.6 %	21.4 %	20 bps

- Organic sales decline of \$31.0 million, or 5.7%, reflecting a high single-digit decline in the U.S. operations, partially offset by a mid single-digit gain in the segment's international operations
- Gross margin improved 200 bps to 45.2% from 43.2% last year primarily reflecting decreased sales of lower-gross-margin products
- Operating expenses as a percentage of sales increased 180 bps to 23.6% from last year primarily due to the lower sales volumes
- Operating earnings of \$111.0 million, including \$0.1 million of unfavorable foreign currency effects, reflected a decrease of \$5.1 million, or 4.4%, from 2022; the operating margin of 21.6% compared to 21.4% last year

Repair Systems & Information

(\$ in millions - unaudited)	Q4 2023	Q4 2022	Change
Segment sales	\$ 450.8	\$ 437.9	2.9 %
➤ Organic sales	8.8		2.0 %
➤ Currency translation	4.1		0.9 %
Gross profit	\$ 202.9	\$ 196.9	
% of sales	45.0 %	45.0 %	
Operating expenses	\$ 89.6	\$ 86.3	
% of sales	19.9 %	19.7 %	
Operating earnings	\$ 113.3	\$ 110.6	
% of sales	25.1 %	25.3 %	(20) bps

- Organic sales gain of \$8.8 million, or 2.0 %, reflecting a high single-digit increase in activity with OEM dealerships and a mid single-digit gain in sales of undercar equipment, partially offset by a high single-digit decline in sales of diagnostic and repair information products to independent repair shop owners and managers
- Gross margin was unchanged from last year with benefits from lower material and other costs and savings from RCI initiatives, offset by increased sales in lower-gross-margin businesses
- Operating expenses as a percentage of sales increased 20 bps to 19.9% from last year primarily reflecting increased personnel and other costs
- Operating earnings of \$113.3 million, including \$0.4 million of favorable foreign currency effects, reflected an increase of \$2.7 million, or 2.4%, from \$110.6 million in 2022; the operating margin of 25.1% compared to 25.3% last year

Financial Services

<i>(\$ in millions - unaudited)</i>	Q4 2023	Q4 2022	Change
Segment revenue	\$ 97.2	\$ 88.3	10.1 %
Operating earnings	\$ 67.9	\$ 63.9	6.3 %
Originations	\$ 303.1	\$ 299.7	1.1 %

- Originations increased \$3.4 million or 1.1%
- Average yields on finance receivables were 17.8% and 17.6% in 2023 and 2022, respectively
- Average yields on contract receivables were 8.9% and 8.6% in 2023 and 2022, respectively

Financial Services Portfolio Data

(\$ in millions - unaudited)	United States		International	
	Extended Credit	Total	Extended Credit	Total
Gross finance portfolio	\$ 1,720.6	\$ 2,154.7	\$ 225.5	\$ 312.6
Portfolio net losses (TTM)	\$ 46.6	\$ 48.0	\$ 3.8	\$ 4.3
60+ Delinquency:				
As of 12/31/23	1.8 %	1.5 %	0.8 %	0.7 %
As of 9/30/23	1.5 %	1.2 %	0.7 %	0.8 %
As of 6/30/23	1.3 %	1.1 %	0.8 %	0.9 %
As of 3/31/23	1.5 %	1.2 %	0.9 %	1.0 %
As of 12/31/22	1.6 %	1.3 %	0.8 %	1.1 %

- Gross finance portfolio of \$2,467.3 million as of 2023 year end
 - Q4 portfolio growth of \$46.9 million
 - Full year portfolio growth of \$189.1 million

- TTM – Trailing twelve months

Cash Flows

(\$ in millions - unaudited)	Fourth Quarter		Full Year	
	2023	2022	2023	2022
Net cash provided by operating activities	\$ 296.9	\$ 210.6	\$ 1,154.2	\$ 675.2
➤ Net earnings	261.3	244.5	1,034.6	933.9
➤ Depreciation and amortization	25.0	24.7	99.3	100.2
➤ Changes in deferred income taxes	(2.2)	3.8	(18.7)	(10.3)
➤ Changes in working investment	(15.0)	(86.8)	(70.0)	(374.4)
➤ Changes in accruals and other liabilities	(4.5)	(23.3)	(12.2)	(41.5)
➤ Changes in all other operating activities	32.3	47.7	121.2	67.3
Net increase in finance receivables	\$ (42.2)	\$ (47.3)	\$ (195.5)	\$ (128.9)
Capital expenditures	\$ (21.1)	\$ (22.7)	\$ (95.0)	\$ (84.2)
Free cash flow	\$ 233.6	\$ 140.6	\$ 863.7	\$ 462.1
Free cash flow from Operations	\$ 229.2	\$ 143.6	\$ 880.4	\$ 407.4
Free cash flow from Financial Services	\$ 4.4	\$ (3.0)	\$ (16.7)	\$ 54.7
Increase (decrease) in cash	\$ 42.2	\$ (2.1)	\$ 244.3	\$ (22.8)

- Changes in working investment – Net changes in trade and other accounts receivable, inventory and accounts payable
- Free cash flow – Net cash provided by operating activities less net change in finance receivables and capital expenditures
- Free cash flow from operations – Net cash provided by operating activities, exclusive of financial services, less capital expenditures
- Free cash flow from financial services – Net cash provided by financial services operating activities, less net change in finance receivables and capital expenditures

Balance Sheet

<i>(\$ in millions - unaudited)</i>	December 30, 2023	December 31, 2022
Trade & Other Accounts Receivable - net	\$ 791.3	\$ 761.7
Days Sales Outstanding	60	61
Finance Receivables - net	\$ 1,878.3	\$ 1,733.0
Contract Receivables - net	\$ 528.7	\$ 493.7
Inventories - net	\$ 1,005.9	\$ 1,033.1
Inventory turns - TTM	2.3	2.5
Cash	\$ 1,001.5	\$ 757.2
Total debt	\$ 1,200.2	\$ 1,201.0
Net debt	\$ 198.7	\$ 443.8
Net debt to capital ratio	3.8 %	9.0 %



Snap-on®

MAKERS
+
FIXERS™