

Snap-on Incorporated – Consolidated Statements of Earnings
(Amounts in millions, except per share data)

	2018	2017	2016
Net sales	\$ 3,740.7	\$ 3,686.9	\$ 3,430.4
Cost of goods sold	(1,870.7)	(1,861.0)	(1,720.0)
Gross profit	1,870.0	1,825.9	1,710.4
Operating expenses	(1,144.0)	(1,161.3)	(1,048.0)
Operating earnings before financial services	726.0	664.6	662.4
Financial services revenue	329.7	313.4	281.4
Financial services expenses	(99.6)	(95.9)	(82.7)
Operating earnings from financial services	230.1	217.5	198.7
Operating earnings	956.1	882.1	861.1
Interest expense	(50.4)	(52.4)	(52.2)
Other income (expense) – net	4.2	(7.8)	(7.5)
Earnings before income taxes and equity earnings	909.9	821.9	801.4
Income tax expense	(214.4)	(250.9)	(244.3)
Earnings before equity earnings	695.5	571.0	557.1
Equity earnings, net of tax	0.7	1.2	2.5
Net earnings	696.2	572.2	559.6
Net earnings attributable to noncontrolling interests	(16.3)	(14.5)	(13.2)
Net earnings attributable to Snap-on Incorporated	<u>\$ 679.9</u>	<u>\$ 557.7</u>	<u>\$ 546.4</u>
Net earnings per share attributable to Snap-on Incorporated:			
Basic	\$ 12.08	\$ 9.72	\$ 9.40
Diluted	11.87	9.52	9.20
Weighted-average shares outstanding:			
Basic	56.3	57.4	58.1
Effect of dilutive securities	1.0	1.2	1.3
Diluted	<u>57.3</u>	<u>58.6</u>	<u>59.4</u>

See Notes to Consolidated Financial Statements.

	Fiscal Year End	
	2018	2017
<i>(Amounts in millions, except share data)</i>		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 140.9	\$ 92.0
Trade and other accounts receivable – net	692.6	675.6
Finance receivables – net	518.5	505.4
Contract receivables – net	98.3	96.8
Inventories – net	673.8	638.8
Prepaid expenses and other assets	92.8	110.7
Total current assets	2,216.9	2,119.3
Property and equipment – net	495.1	484.4
Deferred income tax assets	64.7	52.0
Long-term finance receivables – net	1,074.4	1,039.2
Long-term contract receivables – net	344.9	322.6
Goodwill	902.2	924.1
Other intangibles – net	232.9	253.7
Other assets	42.0	53.8
Total assets	<u>\$ 5,373.1</u>	<u>\$ 5,249.1</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Notes payable and current maturities of long-term debt	\$ 186.3	\$ 433.2
Accounts payable	201.1	178.2
Accrued benefits	52.0	55.8
Accrued compensation	71.5	71.5
Franchisee deposits	67.5	66.5
Other accrued liabilities	373.6	388.1
Total current liabilities	952.0	1,193.3
Long-term debt	946.0	753.6
Deferred income tax liabilities	41.4	28.4
Retiree health care benefits	31.8	36.0
Pension liabilities	171.3	158.9
Other long-term liabilities	112.0	106.6
Total liabilities	2,254.5	2,276.8
Commitments and contingencies (Note 16)		
Equity		
Shareholders' equity attributable to Snap-on Incorporated:		
Preferred stock (authorized 15,000,000 shares of \$1 par value; none outstanding)	—	—
Common stock (authorized 250,000,000 shares of \$1 par value; issued 67,415,091 and 67,407,704 shares, respectively)	67.4	67.4
Additional paid-in capital	359.4	343.2
Retained earnings	4,257.6	3,772.3
Accumulated other comprehensive loss	(462.2)	(329.0)
Treasury stock at cost (11,804,310 and 10,717,455 shares, respectively)	(1,123.4)	(900.0)
Total shareholders' equity attributable to Snap-on Incorporated	3,098.8	2,953.9
Noncontrolling interests	19.8	18.4
Total equity	3,118.6	2,972.3
Total liabilities and equity	<u>\$ 5,373.1</u>	<u>\$ 5,249.1</u>

See Notes to Consolidated Financial Statements.

Snap-on Incorporated – Consolidated Statements of Cash Flows

<i>(Amounts in millions)</i>	2018	2017	2016
Operating activities:			
Net earnings	\$ 696.2	\$ 572.2	\$ 559.6
Adjustments to reconcile net earnings to net cash provided (used) by operating activities:			
Depreciation	68.8	65.6	61.4
Amortization of other intangibles	25.3	27.6	24.2
Provision for losses on finance receivables	57.5	54.6	44.0
Provision for losses on non-finance receivables	12.8	10.5	7.5
Stock-based compensation expense	27.2	30.3	31.0
Deferred income tax provision	13.7	12.3	1.3
Loss (gain) on sales of assets	0.5	(0.2)	0.2
Settlement of treasury lock	—	14.9	—
Loss on early extinguishment of debt	7.8	—	—
Changes in operating assets and liabilities, net of effects of acquisitions:			
Increase in trade and other accounts receivable	(47.7)	(55.5)	(41.0)
Increase in contract receivables	(30.9)	(41.8)	(31.9)
Increase in inventories	(38.6)	(76.0)	(32.7)
(Increase) decrease in prepaid and other assets	10.4	(10.0)	(11.9)
Increase (decrease) in accounts payable	27.5	(2.2)	16.3
Increase (decrease) in accruals and other liabilities	(66.0)	6.2	(51.9)
Net cash provided by operating activities	<u>764.5</u>	<u>608.5</u>	<u>576.1</u>
Investing activities:			
Additions to finance receivables	(865.6)	(892.0)	(915.0)
Collections of finance receivables	747.7	712.7	671.7
Capital expenditures	(90.9)	(82.0)	(74.3)
Acquisitions of businesses, net of cash acquired	(3.0)	(82.9)	(160.4)
Disposals of property and equipment	0.7	1.5	2.2
Other	0.9	1.3	2.4
Net cash used by investing activities	<u>(210.2)</u>	<u>(341.4)</u>	<u>(473.4)</u>
Financing activities:			
Proceeds from issuance of long-term debt	395.4	297.8	—
Repayments of long-term debt	(457.8)	(150.0)	—
Proceeds from notes payable	—	16.8	4.5
Repayments of notes payable	(16.8)	(4.5)	(5.3)
Net increase in other short-term borrowings	21.7	18.3	135.0
Cash dividends paid	(192.0)	(169.4)	(147.5)
Purchases of treasury stock	(284.1)	(287.9)	(120.4)
Proceeds from stock purchase and option plans	55.5	46.2	41.8
Other	(24.1)	(23.4)	(24.1)
Net cash used by financing activities	<u>(502.2)</u>	<u>(256.1)</u>	<u>(116.0)</u>
Effect of exchange rate changes on cash and cash equivalents	(3.2)	3.4	(1.9)
Increase (decrease) in cash and cash equivalents	<u>48.9</u>	<u>14.4</u>	<u>(15.2)</u>
Cash and cash equivalents at beginning of year	92.0	77.6	92.8
Cash and cash equivalents at end of year	<u>\$ 140.9</u>	<u>\$ 92.0</u>	<u>\$ 77.6</u>
Supplemental cash flow disclosures:			
Cash paid for interest	\$ (51.5)	\$ (51.2)	\$ (51.0)
Net cash paid for income taxes	(188.0)	(228.1)	(247.3)

See Notes to Consolidated Financial Statements.