

Snap-on Incorporated - Consolidated Statements of Earnings

(Amounts in millions, except per share data)

	2017	2016	2015
Net sales	\$ 3,686.9	\$ 3,430.4	\$ 3,352.8
Cost of goods sold	(1,862.0)	(1,720.8)	(1,704.5)
Gross profit	1,824.9	1,709.6	1,648.3
Operating expenses	(1,160.9)	(1,054.1)	(1,053.7)
Operating earnings before financial services	664.0	655.5	594.6
Financial services revenue	313.4	281.4	240.3
Financial services expenses	(95.9)	(82.7)	(70.1)
Operating earnings from financial services	217.5	198.7	170.2
Operating earnings	881.5	854.2	764.8
Interest expense	(52.4)	(52.2)	(51.9)
Other income (expense) – net	(7.2)	(0.6)	(2.4)
Earnings before income taxes and equity earnings	821.9	801.4	710.5
Income tax expense	(250.9)	(244.3)	(221.2)
Earnings before equity earnings	571.0	557.1	489.3
Equity earnings, net of tax	1.2	2.5	1.3
Net earnings	572.2	559.6	490.6
Net earnings attributable to noncontrolling interests	(14.5)	(13.2)	(11.9)
Net earnings attributable to Snap-on Incorporated	<u>\$ 557.7</u>	<u>\$ 546.4</u>	<u>\$ 478.7</u>
Net earnings per share attributable to Snap-on Incorporated:			
Basic	\$ 9.72	\$ 9.40	\$ 8.24
Diluted	9.52	9.20	8.10
Weighted-average shares outstanding:			
Basic	57.4	58.1	58.1
Effect of dilutive securities	1.2	1.3	1.0
Diluted	<u>58.6</u>	<u>59.4</u>	<u>59.1</u>

See Notes to Consolidated Financial Statements.

Snap-on Incorporated - Consolidated Balance Sheets

(Amounts in millions, except share data)

	Fiscal Year End	
	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 92.0	\$ 77.6
Trade and other accounts receivable – net	675.6	598.8
Finance receivables – net	505.4	472.5
Contract receivables – net	96.8	88.1
Inventories – net	638.8	530.5
Prepaid expenses and other assets	110.7	116.5
Total current assets	2,119.3	1,884.0
Property and equipment – net	484.4	425.2
Deferred income tax assets	52.0	72.8
Long-term finance receivables – net	1,039.2	934.5
Long-term contract receivables – net	322.6	286.7
Goodwill	924.1	895.5
Other intangibles – net	253.7	184.6
Other assets	53.8	39.9
Total assets	<u>\$ 5,249.1</u>	<u>\$ 4,723.2</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Notes payable and current maturities of long-term debt	\$ 433.2	\$ 301.4
Accounts payable	178.2	170.9
Accrued benefits	55.8	52.8
Accrued compensation	71.5	89.8
Franchisee deposits	66.5	66.7
Other accrued liabilities	388.1	307.9
Total current liabilities	1,193.3	989.5
Long-term debt	753.6	708.8
Deferred income tax liabilities	28.4	13.1
Retiree health care benefits	36.0	36.7
Pension liabilities	158.9	246.5
Other long-term liabilities	106.6	93.4
Total liabilities	2,276.8	2,088.0
Commitments and contingencies (Note 15)		
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 67,407,704 and 67,400,250 shares, respectively)	67.4	67.4
Additional paid-in capital	343.2	317.3
Retained earnings	3,772.3	3,384.9
Accumulated other comprehensive loss	(329.0)	(498.5)
Treasury stock at cost (10,717,455 and 9,450,393 shares, respectively)	(900.0)	(653.9)
Total shareholders' equity attributable to Snap-on Incorporated	2,953.9	2,617.2
Noncontrolling interests	18.4	18.0
Total equity	2,972.3	2,635.2
Total liabilities and equity	<u>\$ 5,249.1</u>	<u>\$ 4,723.2</u>

See Notes to Consolidated Financial Statements.

Snap-on Incorporated - Consolidated Statements of Cash Flows

<i>(Amounts in millions)</i>	2017	2016	2015
Operating activities:			
Net earnings	\$ 572.2	\$ 559.6	\$ 490.6
Adjustments to reconcile net earnings to net cash provided (used) by operating activities:			
Depreciation	65.6	61.4	57.8
Amortization of other intangibles	27.6	24.2	24.7
Provision for losses on finance receivables	54.6	44.0	31.6
Provision for losses on non-finance receivables	10.5	7.5	13.6
Stock-based compensation expense	30.3	31.0	39.8
Excess tax benefits from stock-based compensation	—	—	(18.3)
Deferred income tax provision (benefit)	12.3	1.3	(5.1)
Loss (gain) on sales of assets	(0.2)	0.2	(2.1)
Settlement of treasury lock	14.9	—	—
Changes in operating assets and liabilities, net of effects of acquisitions:			
Increase in trade and other accounts receivable	(55.5)	(41.0)	(44.7)
Increase in contract receivables	(41.8)	(31.9)	(34.6)
Increase in inventories	(76.0)	(32.7)	(43.3)
Increase in prepaid and other assets	(10.0)	(11.9)	(28.2)
Increase (decrease) in accounts payable	(2.2)	16.3	4.7
Increase (decrease) in accruals and other liabilities	6.2	(51.9)	20.7
Net cash provided by operating activities	608.5	576.1	507.2
Investing activities:			
Additions to finance receivables	(892.0)	(915.0)	(844.2)
Collections of finance receivables	712.7	671.7	624.8
Capital expenditures	(82.0)	(74.3)	(80.4)
Acquisitions of businesses, net of cash acquired	(82.9)	(160.4)	(11.8)
Disposals of property and equipment	1.5	2.2	3.5
Other	1.3	2.4	1.7
Net cash used by investing activities	(341.4)	(473.4)	(306.4)
Financing activities:			
Proceeds from issuance of long-term debt	297.8	—	—
Repayment of long-term debt	(150.0)	—	—
Proceeds from notes payable	16.8	4.5	7.1
Repayments of notes payable	(4.5)	(5.3)	(6.3)
Net increase (decrease) in other short-term borrowings	18.3	135.0	(34.8)
Cash dividends paid	(169.4)	(147.5)	(127.9)
Purchases of treasury stock	(287.9)	(120.4)	(110.4)
Proceeds from stock purchase and option plans	46.2	41.8	41.6
Excess tax benefits from stock-based compensation	—	—	18.3
Other	(23.4)	(24.1)	(24.3)
Net cash used by financing activities	(256.1)	(116.0)	(236.7)
Effect of exchange rate changes on cash and cash equivalents	3.4	(1.9)	(4.2)
Increase (decrease) in cash and cash equivalents	14.4	(15.2)	(40.1)
Cash and cash equivalents at beginning of year	77.6	92.8	132.9
Cash and cash equivalents at end of year	\$ 92.0	\$ 77.6	\$ 92.8
Supplemental cash flow disclosures:			
Cash paid for interest	\$ (51.2)	\$ (51.0)	\$ (50.8)
Net cash paid for income taxes	(228.1)	(247.3)	(191.9)

See Notes to Consolidated Financial Statements.