



12/23/2025

By: Andrew Stonestreet



RECOMMENDATION: BUY

Market Profile

Closing Price	\$354.00
52-Week High / Low	\$289.81/ \$365.78
Institutional Ownership	95.6%
Insider Ownership	2.2%
Market Capitalization (\$B)	18.7
Enterprise Value (\$B)	18.4
P/E (TTM)	18.3
EV/EBITDA (TTM)	12.8
Dividend Yield	2.61%
Dividend Payout	44.9%
Consensus L-T Growth Rate	7.1%

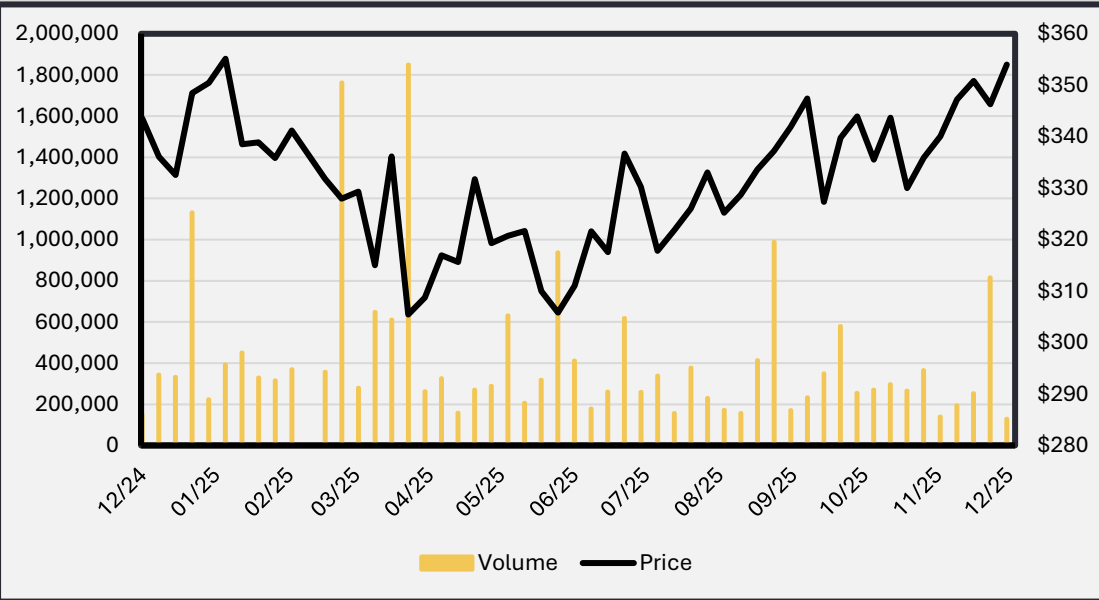
Financial Data	2023	2024	2025E	2026E	2027E
Sales (M) (\$)	5,108	5,108	5,162	5,364	5,578
Consensus			5,154	5,349	5,575
Sales Growth	5.4%	0.7%	-0.1%	3.9%	3.9%
Consensus			0.9%	3.8%	3.9%
EBIT Margin	25.6%	26.0%	26.5%	26.8%	26.8%
Consensus			26.5%	27.3%	28.9%
EPS (Dilluted)	\$18.76	\$19.51	\$20.07	\$21.07	\$22.03
Consensus			\$19.10	\$20.26	\$21.50
ROE	21.2%	19.9%	19.1%	18.7%	18.3%
ROA	13.9%	13.5%	13.1%	13.0%	12.7%
LT Debt/Equity	25.3%	24.0%	22.8%	21.6%	20.4%

Aging Vehicles

Vehicle Complexity

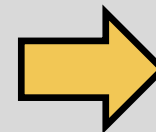
Diagnostics Growth

Industrials Growth

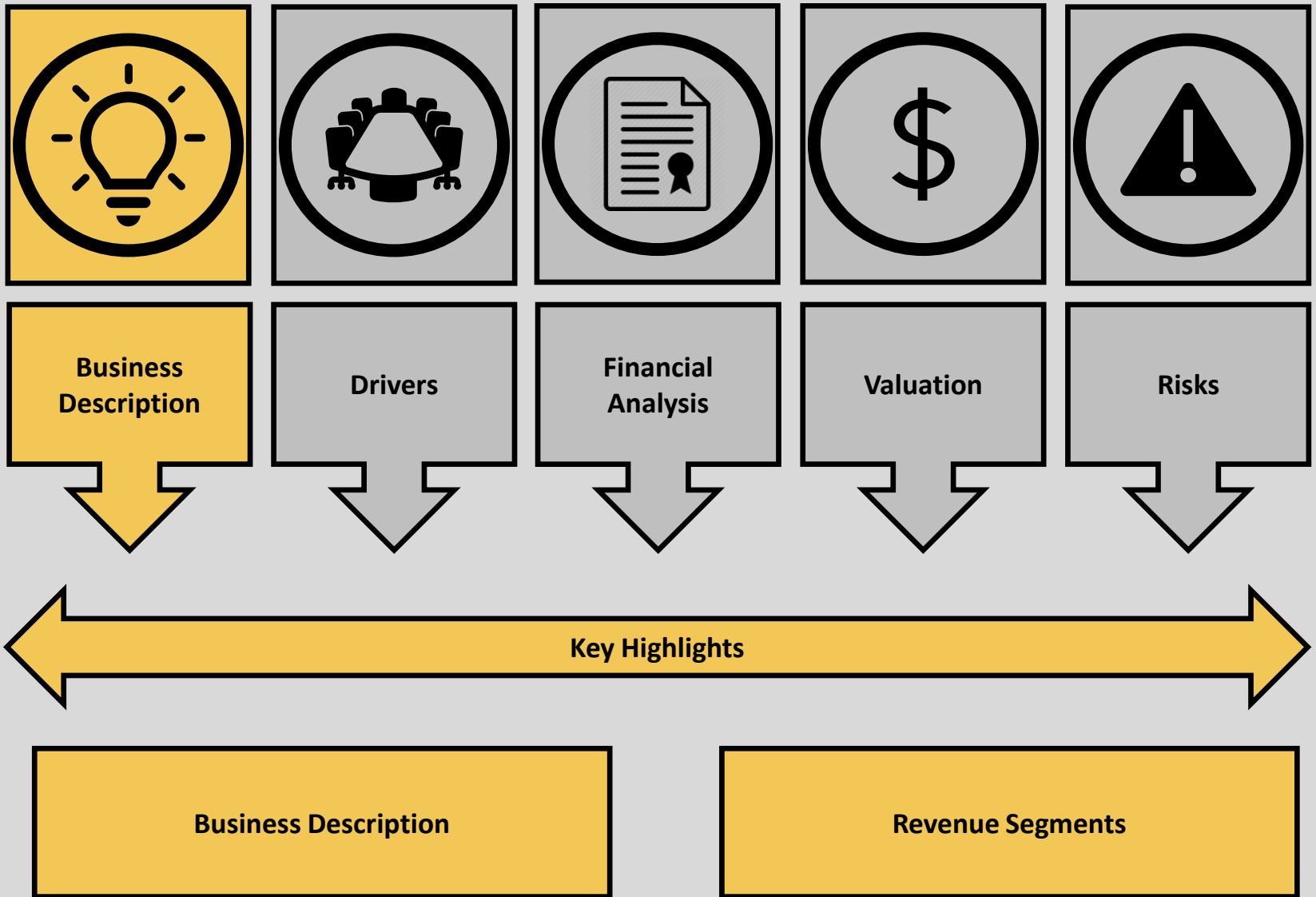


5Y	3Y	2Y	LTM	YTD	6M	3M	1M
16.9%	23.8%	24.7%	28.8%	4.9%	9.6%	8.3%	1.6%

Current Price: \$354



Target Price: \$375-400



Business Description



Snap on Incorporated SNA founded in 1920 and headquartered in Kenosha Wisconsin is a global manufacturer of tools equipment diagnostics and repair systems serving professional grade markets

Snap on operates through four main segments Commercial and Industrial Group Snap on Tools Group Repair Systems and Information Group and Financial Services supporting a full value chain from design to financing

Snap on ranks among the top players in professional tools and diagnostics known for its premium brand durable profitability and expanding footprint The company serves more than eighty thousand franchisees and industrial clients through mobile vans repair systems and OEM partnerships

Snap on is structurally aligned with rising vehicle complexity as shown by sustained investment in diagnostics innovation software enabled tools and technician training that drive recurring revenue and global automotive and industrial demand

Figure 1: Revenue by segment

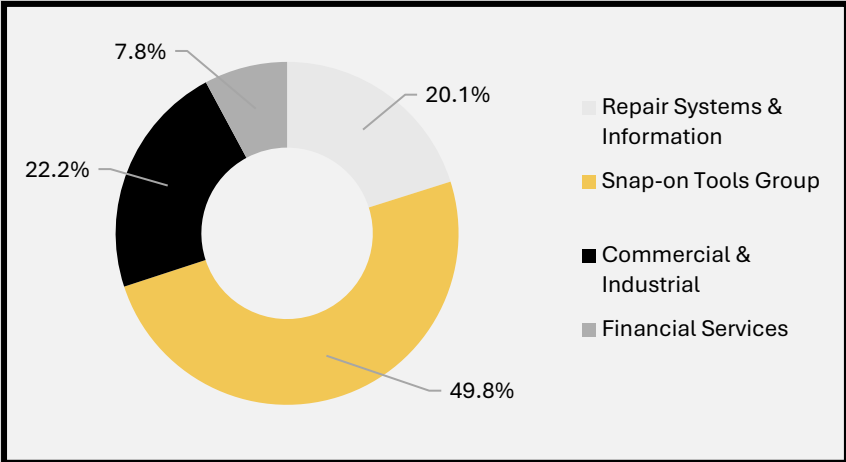
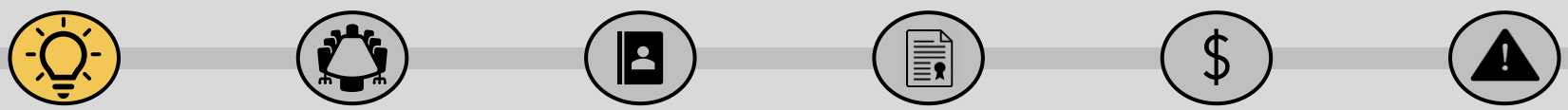
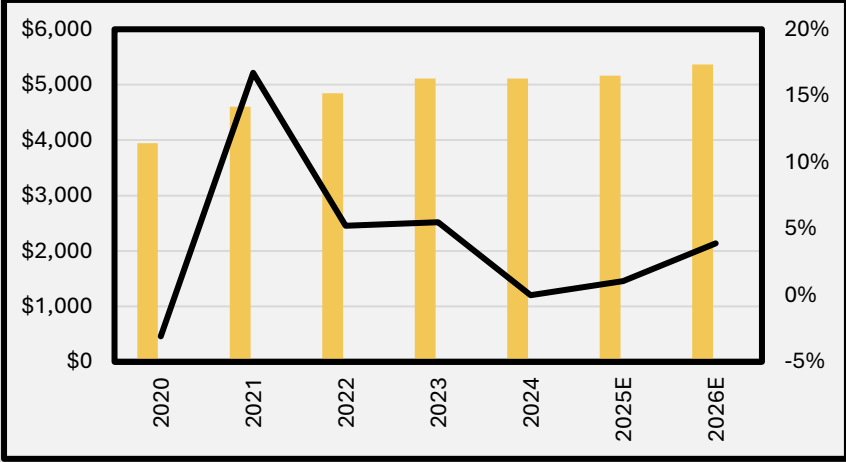


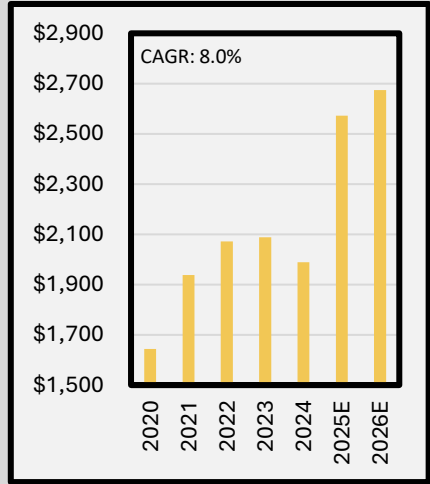
Figure 2 Total Revenue (L) and YoY growth rate (R)



Revenue Segments

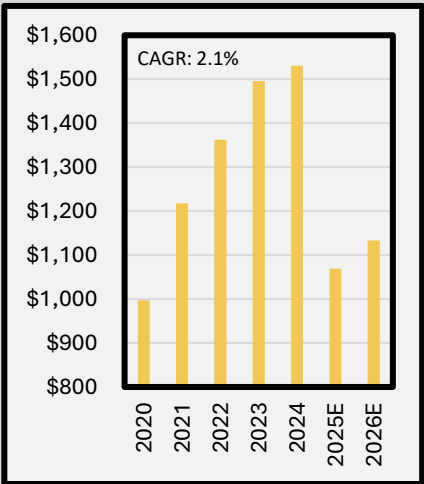


Snap-on Tools Group



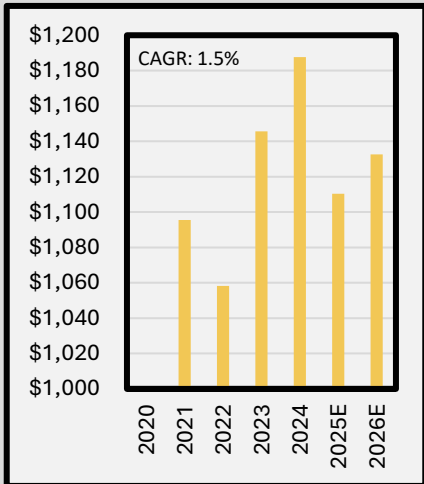
49.8% of Sales

Repair Systems & Information



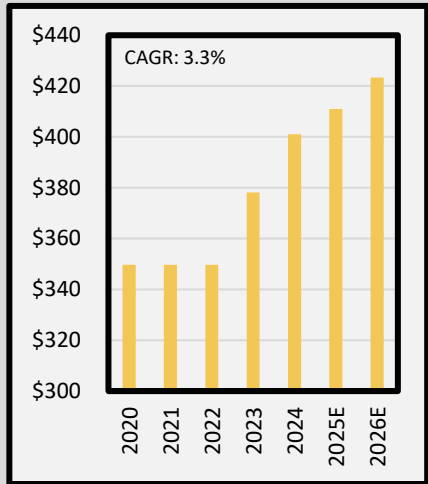
20.1% of Sales

Commercial & Industrials



22.2% of Sales

Financial Services



7.8% of Sales

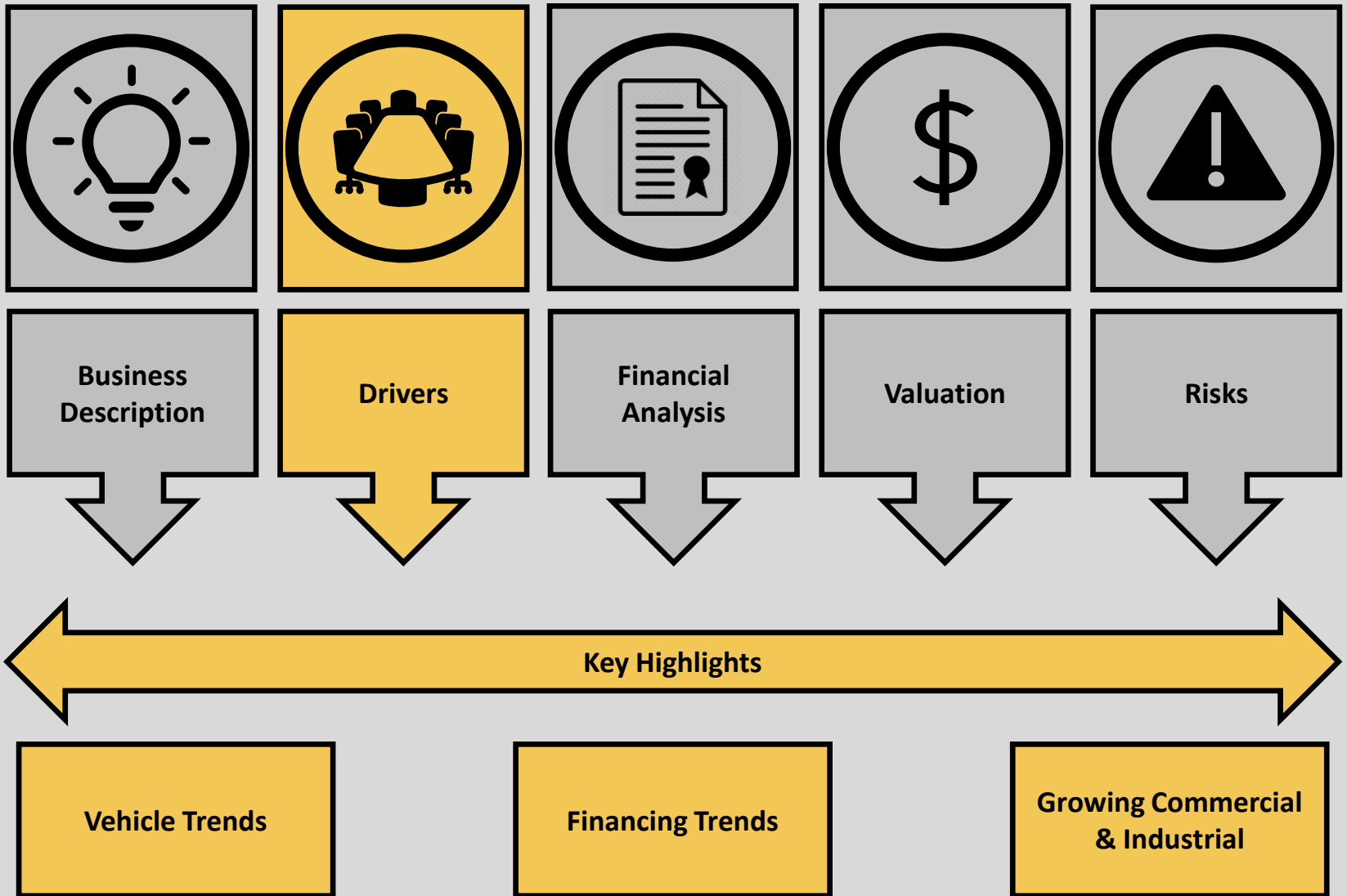
Snap on Tools Group serves auto mechanics through franchise vans products include hand , power tools & shop equipment
Growth is moderating as vehicle repair shifts toward electronics and diagnostics
However older vehicles still require SNA's tool offerings

Repair Systems & Information serves auto dealers by providing diagnostic and information systems for dealers looking to identify the causes of malfunction
As vehicles become more technologically advanced the demand and revenue has very rapidly increased

Commercial & Industrials is where Snap-on “rolls out of the garage” they provide critical infrastructure tools And systems for crucial industries such as oil & gas, mining, power generation along with more sectors
SNA has invested in this segment as tool growth slows

Financial Services provides financing and leasing solutions that help customers acquire Snap-on tools and equipment while managing cash flow
The segment earns revenue through interest and fees
Growth depends on mechanic confidence in repair demand and economic stability





Vehicle Trends Aging Fleet



Aging Fleet Extends Service Life

- Average vehicle age reaching record highs across major markets sustaining elevated maintenance demand
- Longer ownership cycles and deferred new vehicle purchases extend repair intervals and technician workflow
- Structural aging of global fleet remains a durable tailwind for aftermarket services

Figure 3: Average Age of U.S. Vehicles

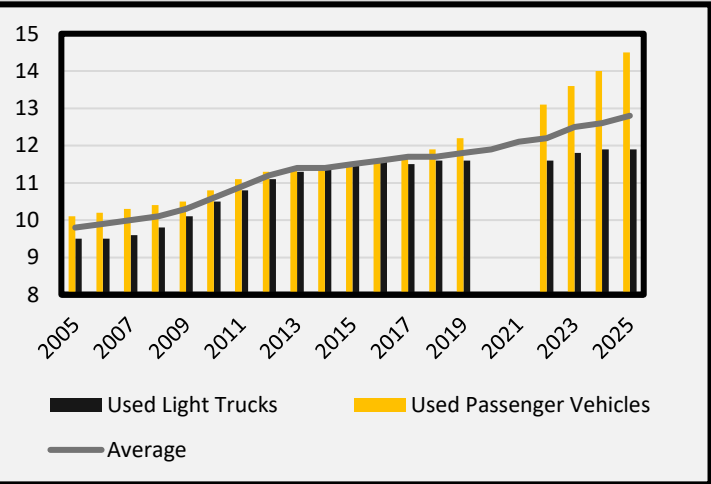
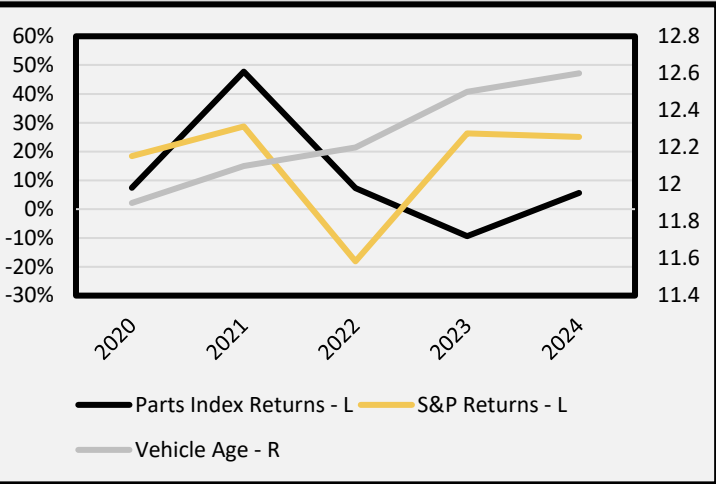


Figure 4: Part Retailer Returns VS Vehicle Age



Sustained Aftermarket Demand

- Older and more complex vehicles require frequent diagnostics parts replacement and precision tooling
- Snap-on's ecosystem of tools shop equipment and financing solutions captures value across every repair stage
- Consumers prioritizing longevity over replacement sustain long-term aftermarket growth potential

Figure 5: U.S. Maintenance Spend in Millions

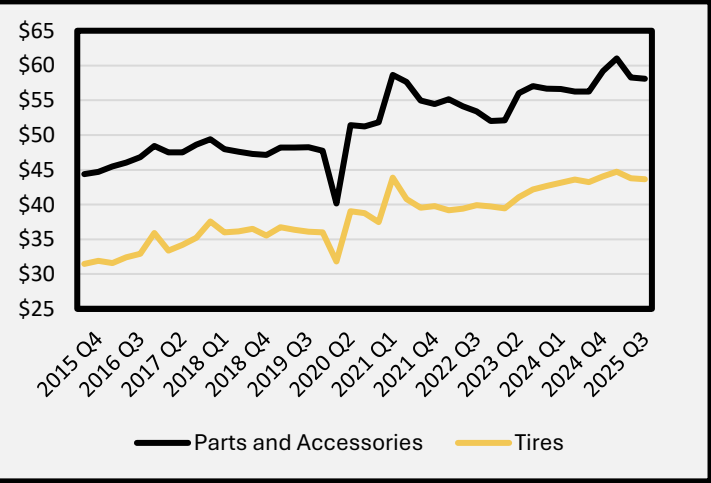
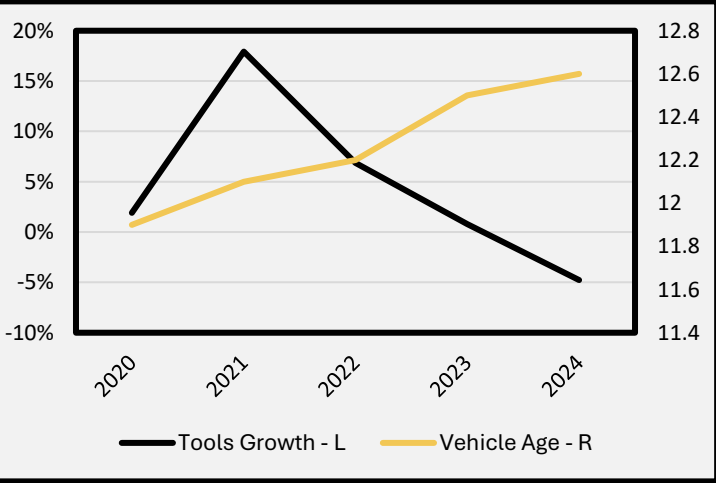


Figure 6: Average Vehicle Age vs Tools Sales Growth



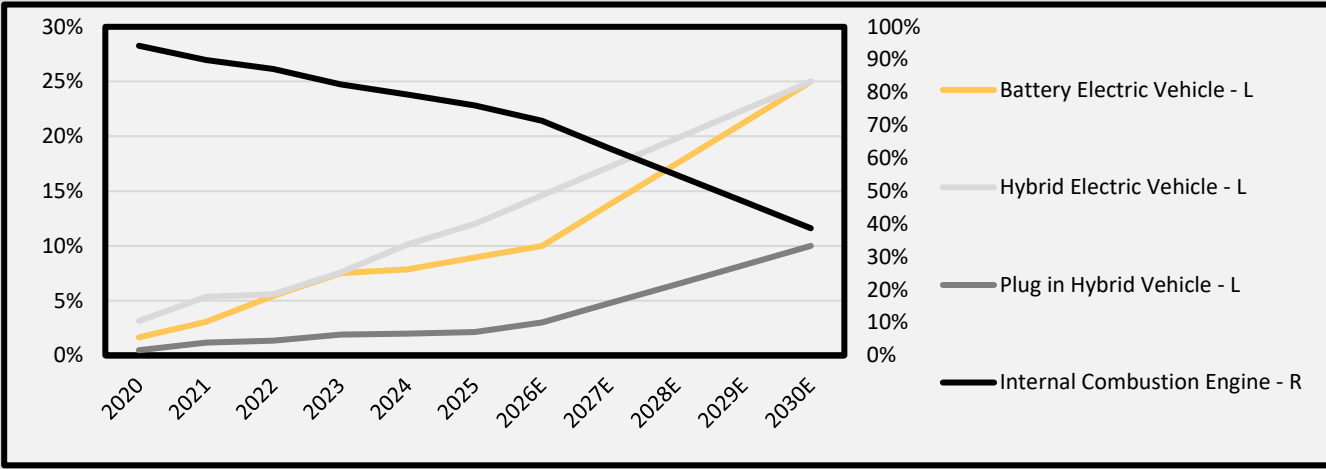
Vehicle Trends - Growing Complexity



Complexity Driving Tool Innovation

- Electrification ADAS and hybrid powertrains create higher technical demands across repair segments
- Technicians increasingly depend on diagnostic platforms torque systems and electronic calibration tools
- Snap-on translating technology complexity into high-margin product innovation and expanded market share

Figure 7: U.S. Auto Market Share by Vehicle Powertrain



Diagnostic Systems Lead Growth

- RS&I segment delivering consistent growth through OEM partnerships recurring software updates and integrated systems
- Hardware-plus-data model provides steady recurring revenue and margin leverage
- Technology-driven products redefine Snap-on's positioning as vehicles become software-defined machines

Figure 8: Hybrid & Electric Vehicles VS RS&I Sales

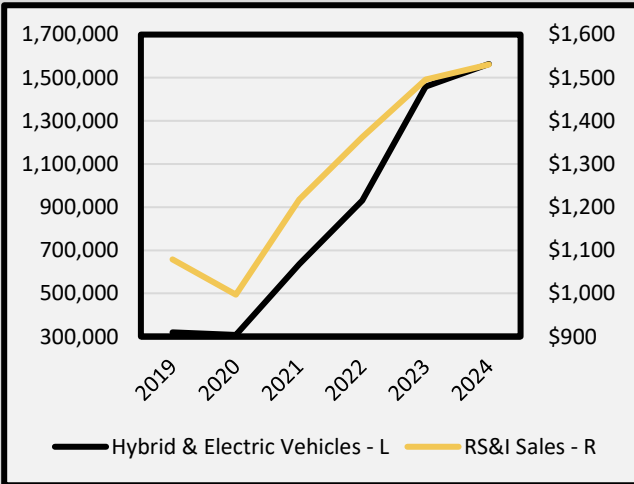
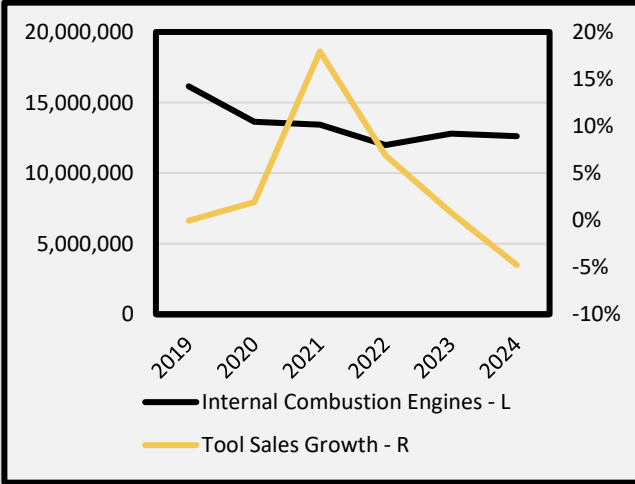


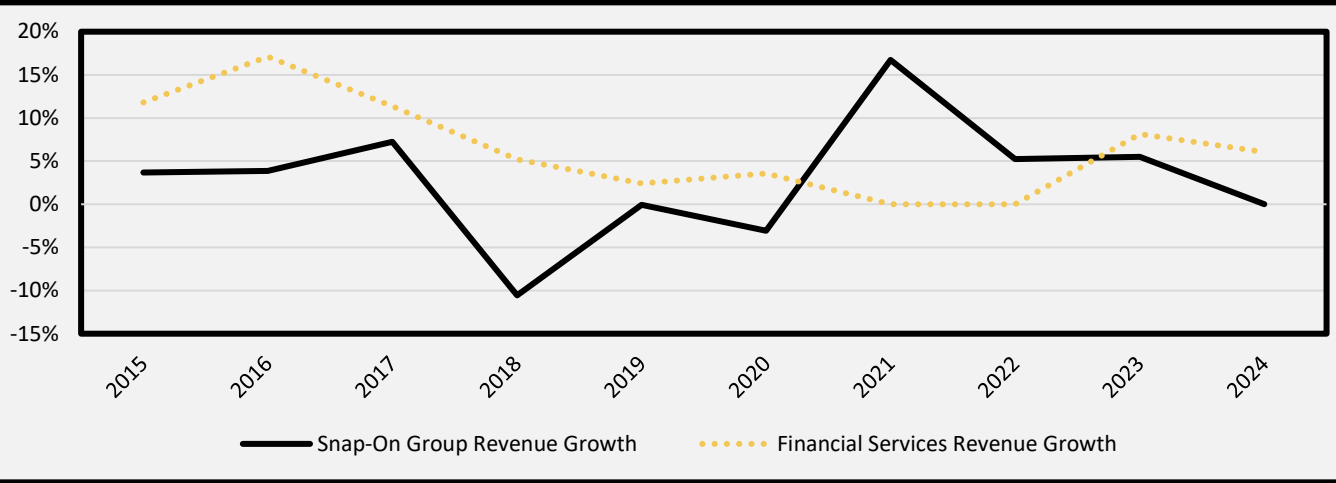
Figure 9: Internal Combustion Vehicles VS Tool Sales



Revenue Growth

- Revenue growth outpaces or lags total revenue growth depending on rate cycles
- 2018-2019 reflects tightening credit performance and the rebound in 2021-2023 shows strong loan origination volume because of reopening demand recovery
- Financial Services behaves more like a specialty lender than a traditional lender OEM finance arm

Figure 10: Snap-On Revenue Growth VS Financial Services Revenue Growth



Higher Interest, Higher Margin

- RS&I segment delivering consistent growth through OEM partnerships recurring software updates and integrated systems
- Hardware-plus-data model provides steady recurring revenue and margin leverage
- Technology-driven products redefine Snap-on's positioning as vehicles become software-defined machines

Figure 11: Financial Services Revenue Growth VS 10-Yr Risk Free Rate

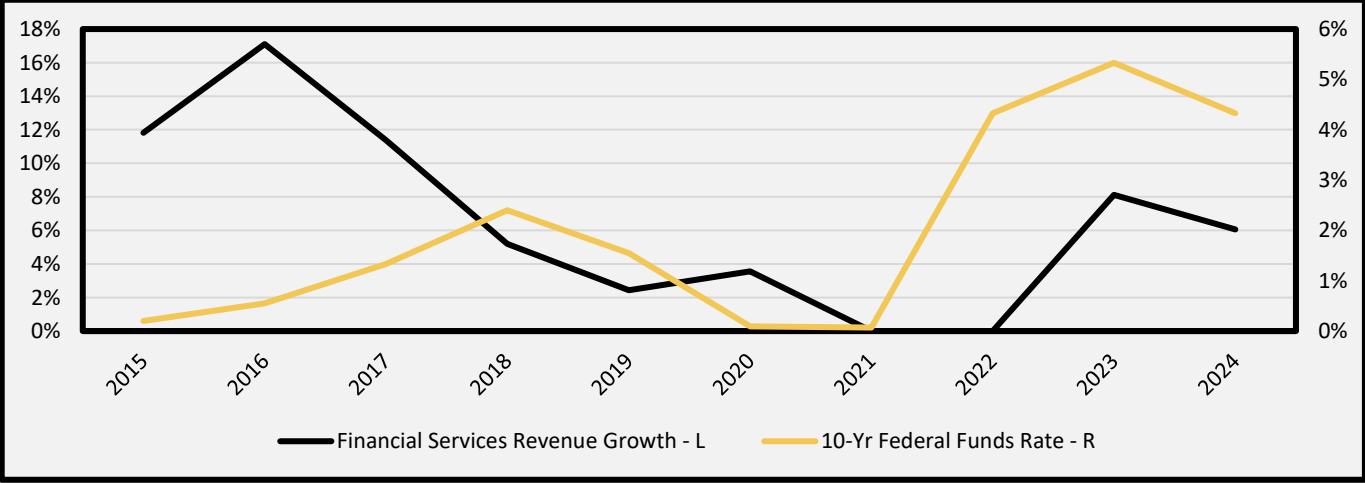


Figure 12: Snap-On Group Margin VS Financial Services Margin

End Market Stability

- Technician demand remains profitable despite increasing charge offs and portfolio losses
- Technicians switched to quicker payback items instead of bigger ticket purchases but remain cash rich yet fearful of recent economic conditions
- Recurring franchise engagement and repeat purchases reflect durable customer relationships and limited cyclical in core demand

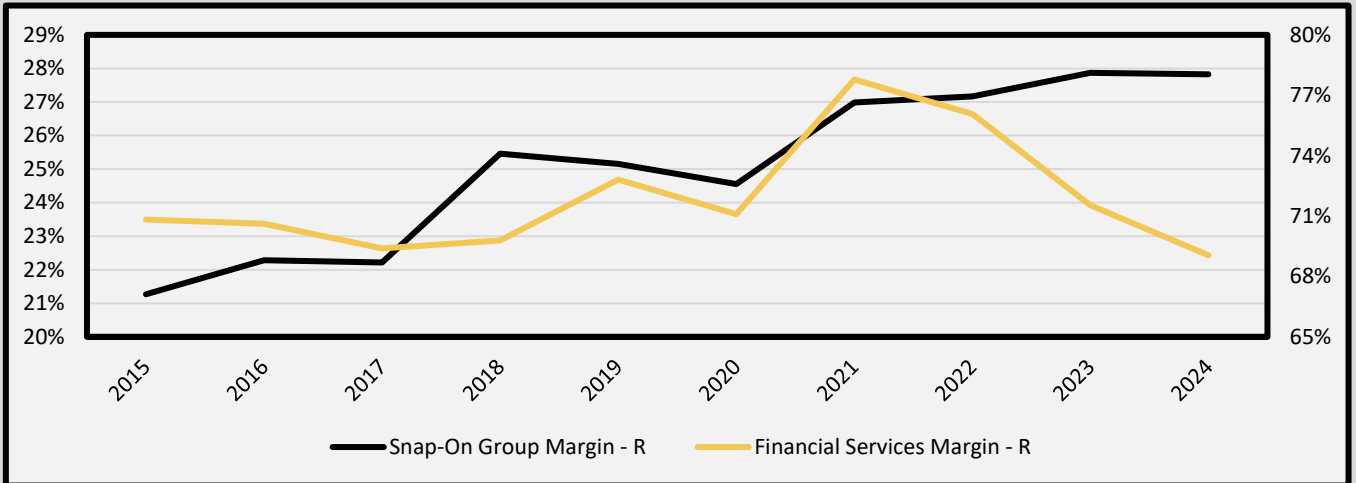
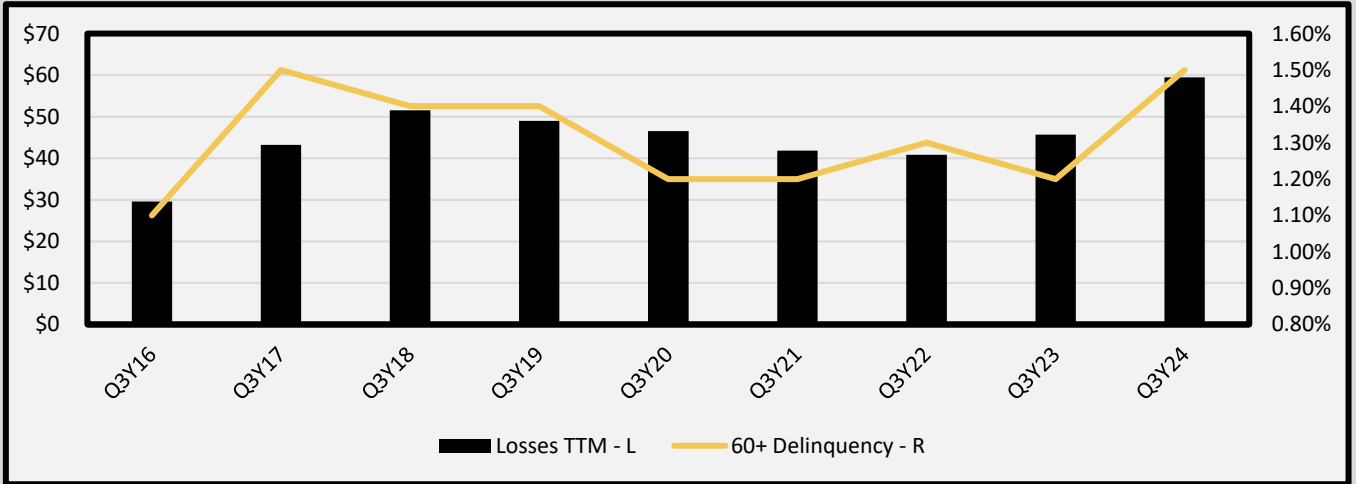


Figure 13: U.S. Financing Portfolio Health

Credit Quality Strength

- Financial Services portfolio performance remains exceptional with low charge-off rates and consistent repayment behavior
- Repeat borrowers and long-tenured credit relationships create predictable cash flows and reinforce portfolio stability
- Strong underwriting discipline and high renewal activity anchor profitability through varying economic cycles averaging a margin of 71.9% over the past 10 years compared to an average total margin of 25.1% across the company



Expanding Segment

- As tools revenue growth has slowed SNA has invested in C&I to expand its product offerings to serve fields in critical industries and sectors
- Commercial and Industrial is where SNA rolls out of the garage and serves all industries, so its total addressable market is continuously expanding as the sectors change

Figure 14: Sales Growth vs 1-Yr Chng in PMI

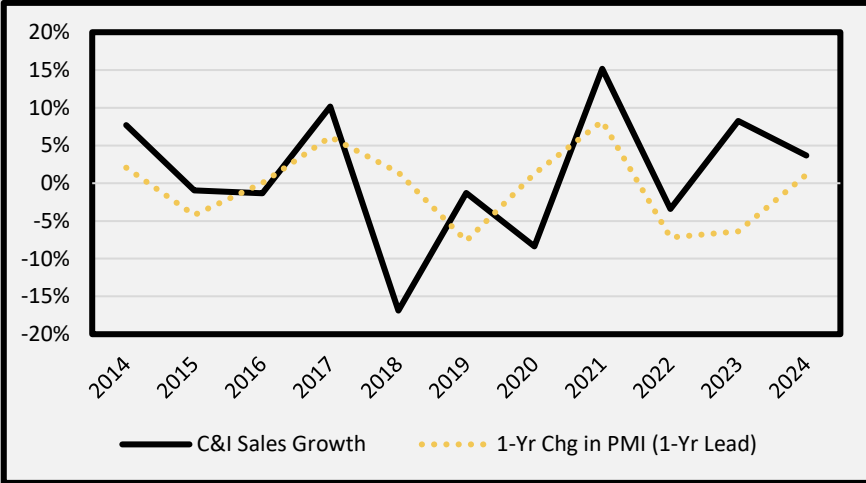


Figure 16: Specialty Power Tools

Global Revenue

- As countries across the world develop so do the needs for products to support their critical industries
- This allows SNA to grow both their main market but also penetrate growing underdeveloped markets
- Onshoring has hurt international revenue but has contributed to growth in North American demand

Figure 15: Segment Revenue by Region

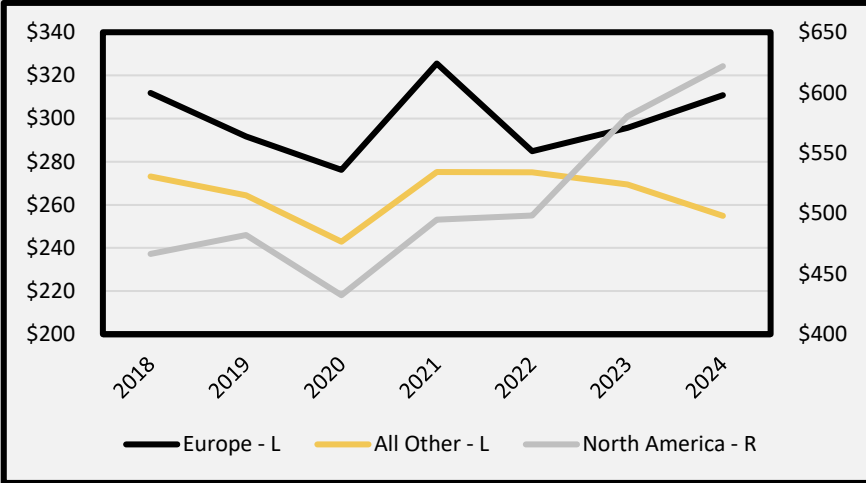
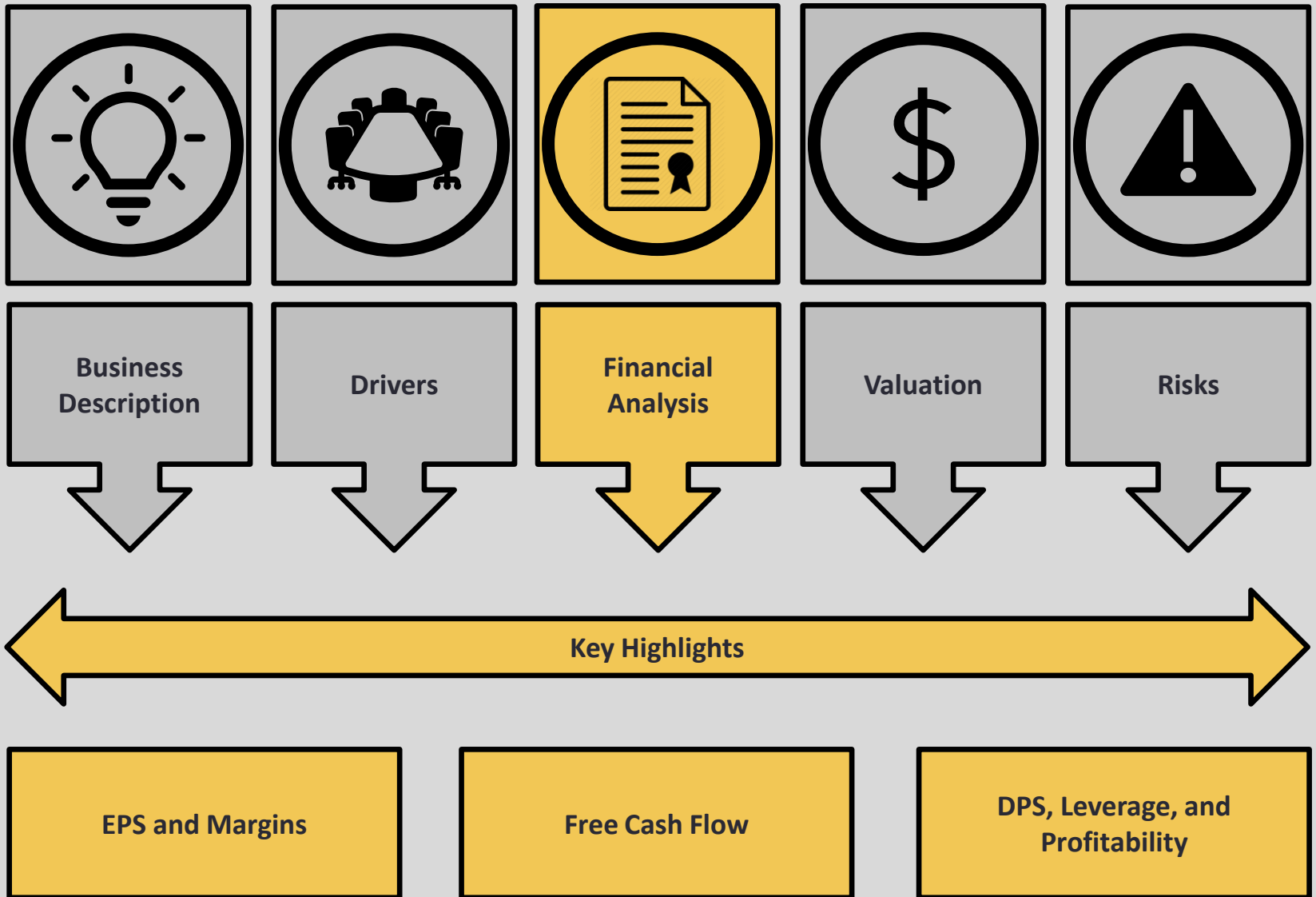


Figure 17: Aviation tools in Action





EPS Rising and Margins Expanding



Figure 18: Margins Increasing

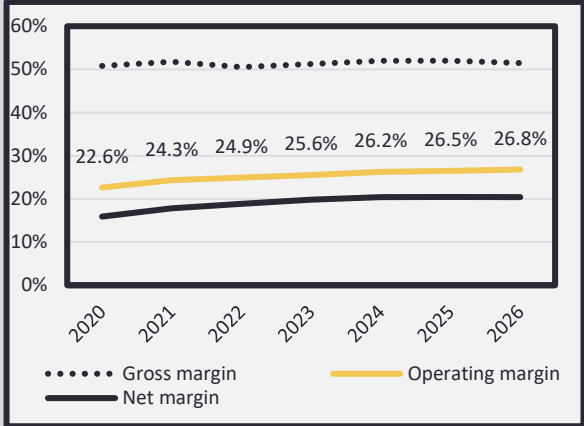


Figure 19: 2024 – 2025 EPS Justification

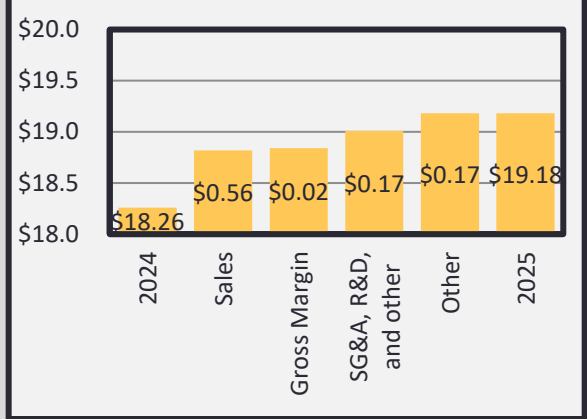


Figure 20: 2025 – 2026 EPS Justification

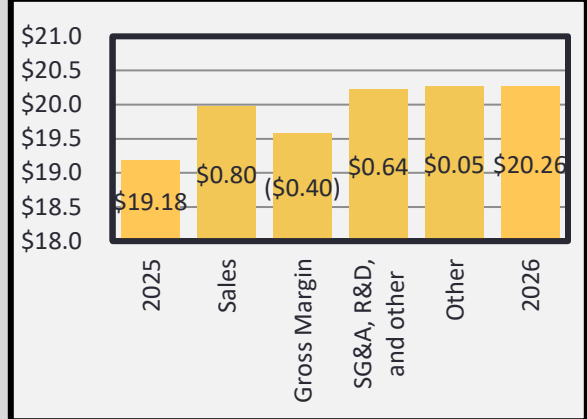
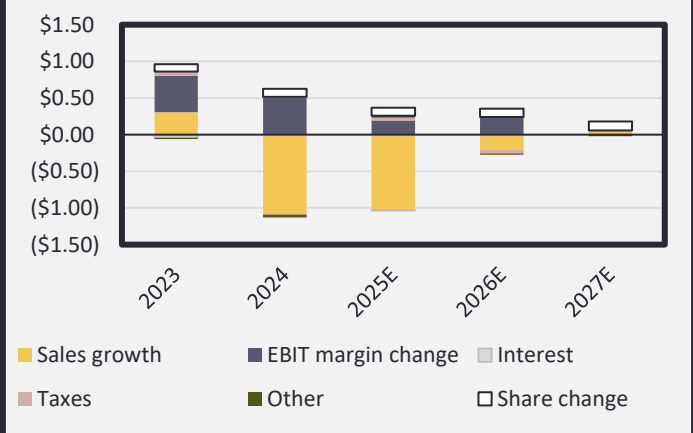


Figure 21: Estimates vs Consensus

	2025E		2026E		2027E	
	Estimate	Consensus	Estimate	Consensus	Estimate	Consensus
Sales	\$5,162	\$5,144	\$5,364	\$5,161	\$5,578	\$5,230
% Change	1.10%	0.70%	3.90%	0.33%	4.00%	1.34%
EPS – Diluted	\$20.07	\$19.10	\$21.19	\$20.27	\$22.29	\$21.50
% Change	2.80%	-2.10%	5.60%	6.13%	5.20%	6.07%

My numbers are higher than consensus as I expect the Repair Systems & Information along with the Commercial and Industrials segments to see high revenues in the coming years as a result in a turnaround in PMI and increased demand for Diagnostics equipment these are both high margin and growth segments with lots of sustained demand for the foreseeable future

Figure 22: 2023 – 2027 EPS Impact



Free Cash Flow

Figure 23: Free Cash Flow Per Share

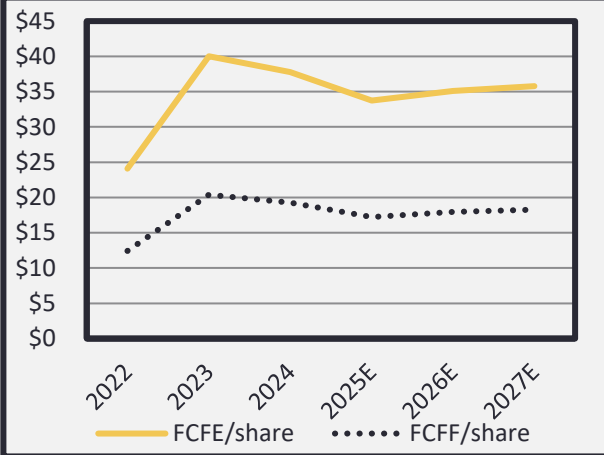
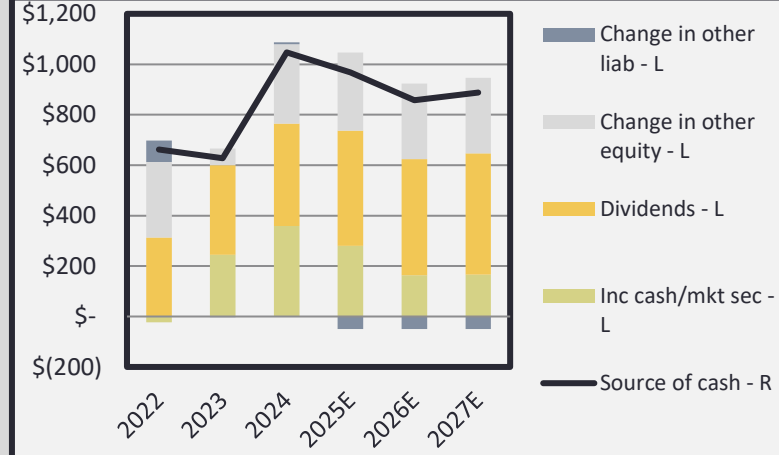


Figure 24: Use of FCFE

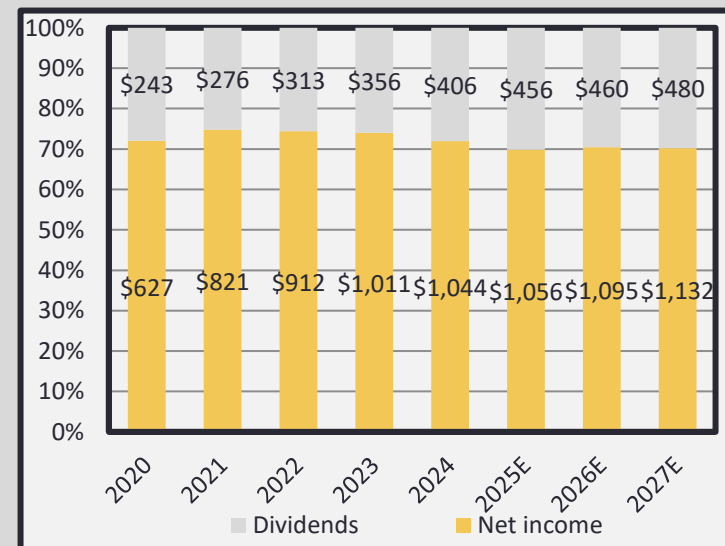


SNA's FCF continues to rise supported by strong demand and quality management, with a 17.4% CAGR over the past 10 years. The company pays out an impressive dividend, providing 15.5% dividend growth CAGR over the same 10 year period along with share buybacks and reducing the total debt.

Figure 25: FCFE

Items	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27
NOPAT	\$865	\$936	\$1,017	\$1,044	\$1,067	\$1,118	\$1,163
Growth	25.4%	8.3%	8.6%	2.6%	2.2%	4.8%	4.0%
NOWC	2111	2436	2751	3067	3365	3597	3835
Net fixed assets	3706	3604	3893	3907	3949	4103	4267
Total net operating capital	\$5,817	\$6,040	\$6,644	\$6,975	\$7,314	\$7,700	\$8,102
Growth	2.4%	3.8%	10.0%	5.0%	4.9%	5.3%	5.2%
- Change in NOWC	-98	325	316	316	298	231	238
- Change in NFA	232	-102	289	15	41	154	164
FCFF	\$731	\$713	\$412	\$713	\$727	\$732	\$760
Growth		-2.4%	-42.1%	72.8%	2.0%	0.7%	3.8%
- After-tax interest expense	\$44	\$38	\$40	\$40	\$40	\$40	\$40
+ Net new short-term and long-term debt	-253	9	10	14	0	0	0
FCFE	\$731	\$714	\$413	\$714	\$728	\$733	\$761
Growth		-2.4%	-42.1%	72.8%	2.0%	0.7%	3.8%

Figure 26: Dividend vs Net income



DPS, Leverage, and Profitability Analysis



Figure 27: 5 Stage DuPont Analysis

5 Stage DuPont Analysis	2023	2024	2025E	2026E	2027E
EBIT / sales	25.6%	26.2%	26.5%	26.8%	26.8%
Sales / avg assets	0.70	0.66	0.64	0.63	0.63
EBT / EBIT	101.7%	102.4%	101.1%	100.1%	99.5%
Net income / EBT	76.1%	76.1%	76.3%	76.1%	76.1%
ROA	13.9%	13.5%	13.1%	13.0%	12.7%
Avg assets / avg equity	1.52	1.48	1.46	1.46	1.43
ROE	21.2%	19.9%	19.1%	18.7%	18.3%

SNA's Dividend has outpaced it's peers and has on average increased by 10.9% over the past 20 years. They first began paying a dividend in 1939 and has every quarter since and has never reduced it. SNA's ROA is projected to decline slightly from 13.9% in 2023 to 12.7% in 2027E as EBIT margins hold steady but interest burden rises modestly, however, decreasing leverage (equity multiplier falling from 1.52x to 1.43x) partially offsets this, leading ROE to stabilize around 18-19% after dipping from 21.2% in 2023.

Figure 28: SNA DPS and Growth vs Tools Index DPS and Growth

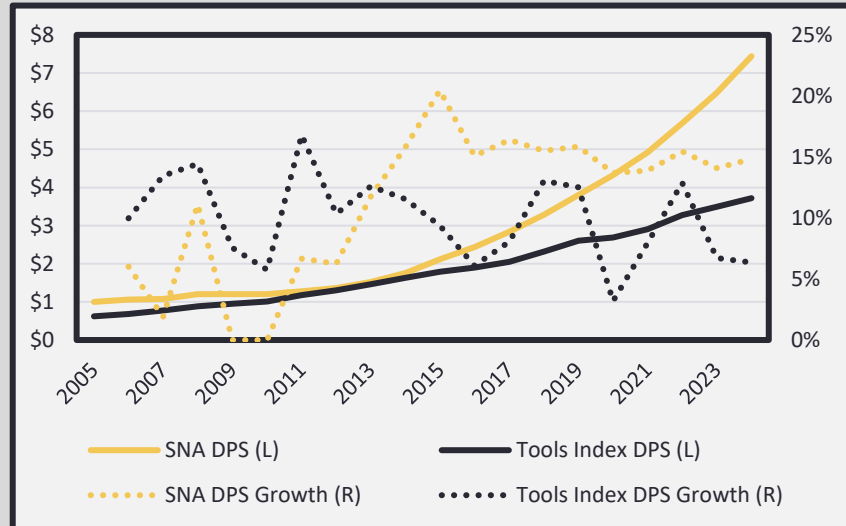
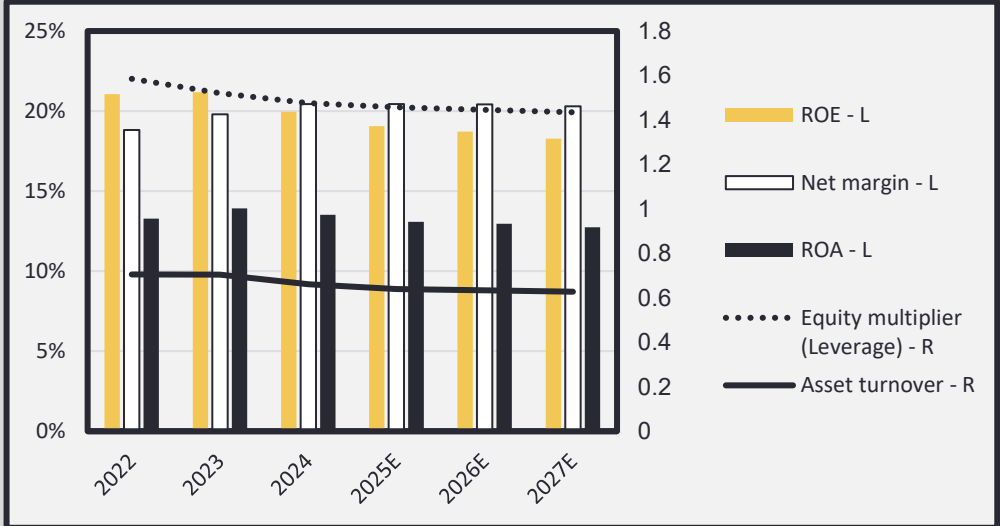
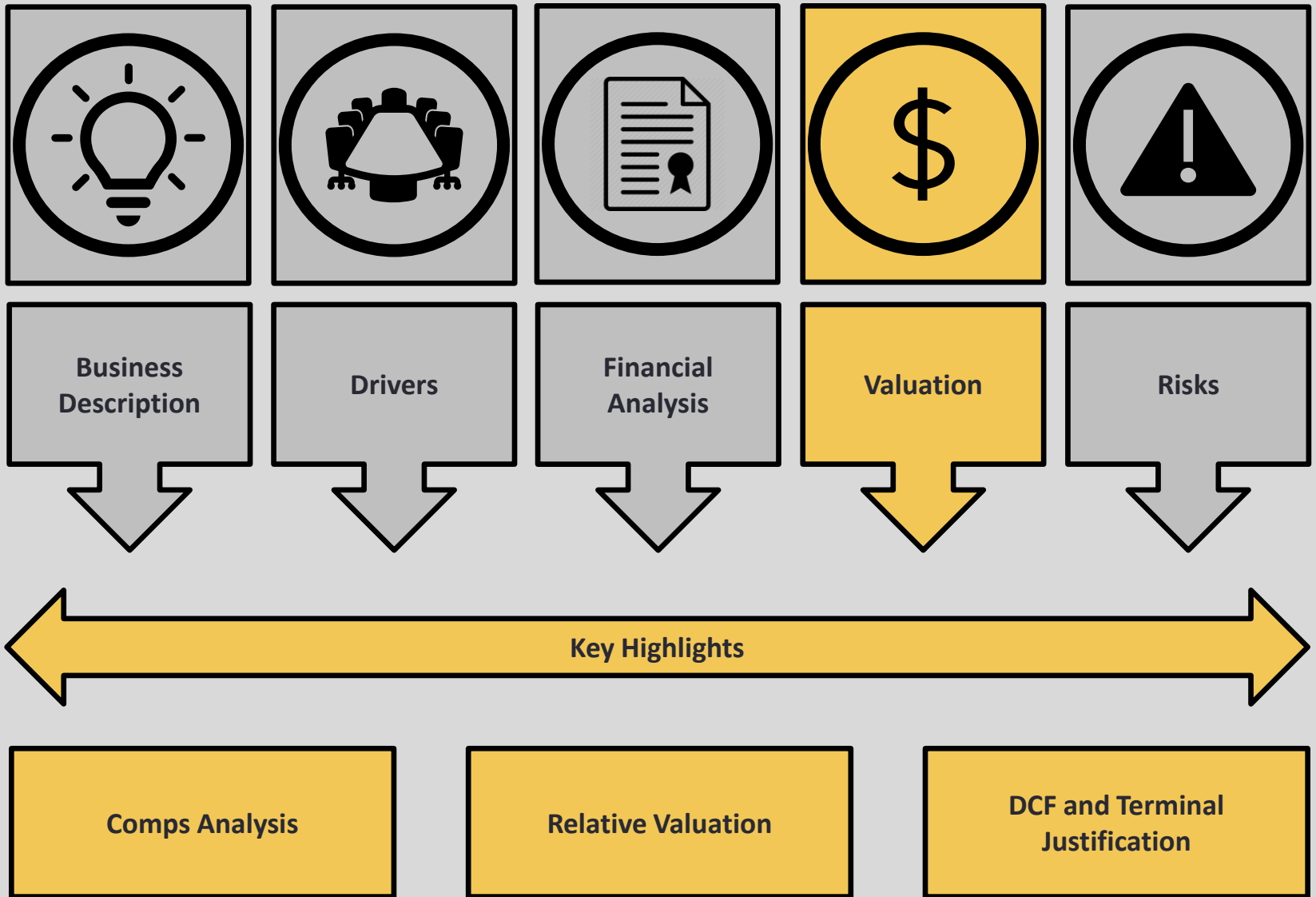


Figure 29: Leverage and Profitability Metrics





Comps Comparison

SNA trades at a discount EV/EBITDA of 13.5x vs comps median 17.7x and average 18.0x, however, this discount is justified by superior ROA of 13.5% vs 12.3% median, higher net margins of 20.4% vs 17.9% median and comparable ROE of 18.0% vs 20.5% median

- Multiples undervalued compared to peers
 - Low EV/EBITDA
 - Low P/B
 - High Net Margin
 - High ROA
 - Comparable ROE
 - Comparable LT G

- Leading ROA and Net Margin
- Consistent financial performance
- Strong operational efficiency

Figure 30: Comps Table

Ticker	Price	Market Value	EV/EBIT	P/E	P/B	ROE	ROA	D/E	Net Margin	ROIC	LT G
SNA-US	\$354.00	\$18,411	13.5x	17.5	3.1x	18.0%	13.5%	21.5%	20.4%	16.1%	7.1%
SWK-US	\$75.38	\$11,675	13.7x	16.5	1.3X	7.9%	1.9%	52.4%	1.9%	1.9%	7.8%
PH-US	\$888.08	\$112,064	24.2x	29.3x	8.1x	27.7%	12.1%	54.3%	17.8%	17.3%	9.5%
ITW-US	\$252.46	\$73,239	19.4x	99.0x	22.8x	23.1%	8.4%	239.2%	21.9%	36.2%	1.5%
DOV-US	\$200.15	\$27,451	21.2x	20.9x	3.6x	17.2%	12.6%	34.8%	18.1%	15.6%	13.6%
DCI-US	\$91.29	\$10,529	16.0x	25.6x	6.9x	27.1%	18.9%	44.3%	9.9%	17.7%	10%
Average		\$42,228	18.0x	34.8x	7.6x	20.2%	11.2%	74.4%	15.0%	17.5%	8.3%
Median		\$22,931	17.7x	23.3x	5.3x	20.5%	12.3%	48.3%	17.9%	16.7%	8.6%



Under Valued

- Fundamental Factors
 - ROE (50%)
 - NPM 2024 (50%)
- Valuation
 - P/B (50%)
 - P/S (50%)

SNA is undervalued relative to its comps based on current fundamentals

Figure 31: Composite relative valuation

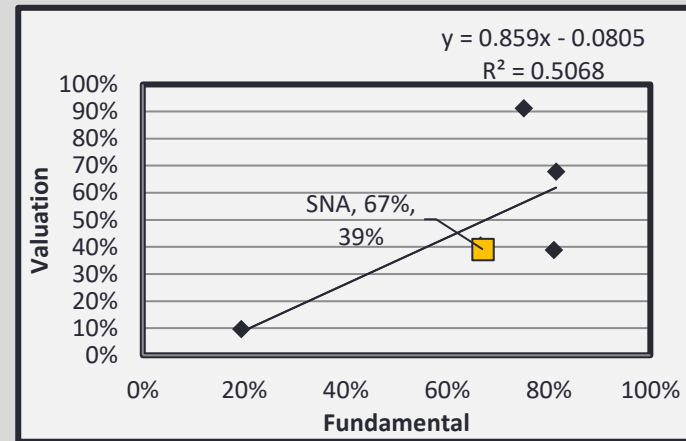


Figure 32: Comparable fundamental & valuation weights

Ticker			Fundamentals		Valuation	
	Weight		50%	50%	50%	50%
	Weighted		2025	2024		
	Fund	Value	ROE	NPM	P/B	P/S
SNA	67%	39%	65%	69%	14%	64%
SWK	19%	10%	28%	10%	6%	14%
PH	81%	68%	100%	63%	36%	100%
ITW	75%	91%	83%	67%	100%	82%
DOV	53%	92%	62%	100%	16%	62%
DCI	34%	74%	98%	35%	30%	51%



Two Stage DCF (First Stage \$85 in Value)

Figure 33: First stage of DCF

	History	First Stage						
	2024	2025	2026	2027	2028	2029	2030	2031
Sales Growth	0.0%	1.1%	3.9%	4.0%	4.5%	5.0%	5.5%	6.0%
NOPAT / S	20.4%	20.7%	20.9%	20.9%	20.9%	20.9%	20.9%	20.9%
S / NWC	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99
S / NFA (EOY)	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31
S / IC (EOY)	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91
ROIC (EOY)	18.6%	18.8%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
ROIC (BOY)		19.0%	19.7%	19.7%	19.8%	19.9%	20.0%	20.1%
Share Growth	-0.6%	-0.6%	-0.6%	-0.6%	-0.6%	-0.6%	-0.6%	-0.6%
Sales	\$5,108	\$5,162	\$5,364	\$5,578	\$5,829	\$6,121	\$6,458	\$6,845
NOPAT	\$1,044	\$1,067	\$1,118	\$1,163	\$1,215	\$1,276	\$1,346	\$1,427
Growth	2.6%	2.2%	4.8%	4.0%	4.5%	5.0%	5.5%	6.0%
- Change in NWC	-43.3	18	67	72	84	97	112	129
- Chg NFA	14.5	41	154	164	192	223	258	296
FCFF w/o cash	\$1,073	\$1,008	\$897	\$927	\$940	\$956	\$976	\$1,001
% of sales	21.00%	19.52%	16.72%	16.62%	16.12%	15.62%	15.12%	14.63%
Growth	63%	-6.0%	-11.0%	3.4%	1.3%	1.7%	2.1%	2.6%
/ No Shares	52	52	52	52	51	51	51	51
FCFF/share w/o cash	\$20.39	\$19.27	\$17.25	\$17.94	\$18.28	\$18.71	\$19.22	\$19.83
- Interest (1-tax rate)	40	40	40	40	40	40	40	40
+ Net new debt	14.4	0	0	0	0	0	0	0
Debt	1294.3	1294.3	1294.3	1294.3	1294.3	1294.3	1294.3	1294.3
Debt / tot net op capital	23.1%	22.8%	22.0%	21.1%	20.2%	19.2%	18.2%	17.2%
FCFE w/o cash	\$1,047	\$968	\$857	\$887	\$899	\$916	\$936	\$961
% of sales	20.5%	18.7%	15.9%	15.9%	15.4%	15%	14.5%	14%
Growth	67%	-7.6%	-11.4%	3.6%	1.4%	1.8%	2.2%	2.7%
/ No Shares	52.6	52.3	52	51.7	51.4	51.1	50.8	50.5
FCFE/share w/o cash	\$19.90	\$18.50	\$16.48	\$17.16	\$17.50	\$17.92	\$18.43	\$19.04
Growth	68%	-7.1%	-10.9%	4.2%	2%	2.4%	2.9%	3.3%
* FCFE Discount factor			1.00	0.91	0.83	0.76	0.69	0.63
Discounted FCFE/share w/o cash			\$16.49	\$15.67	\$14.57	\$13.61	\$12.77	\$12.03

Figure 34: Beta Justification

Ticker	Beta (3Y Adj)
SNA	0.94
SWK	1.52
PH	1.38
ITW	1.04
DOV	1.20
DCI	0.92
Average	1.17
Beta	0.94

Figure 35: Cost of Equity

Cost of Equity:	
Market return	10.0%
- Risk free rate	4.00%
= Market risk premium	6.0%
* Beta	.94
= Stock risk premium	5.6%
r = rf+ stock RP	9.6%

Cost of equity is 9.6%. The beta is unchanged as the 3-year adjusted beta proves to be a consistent benchmark for risk of this as constant probability comes from stable end market demand

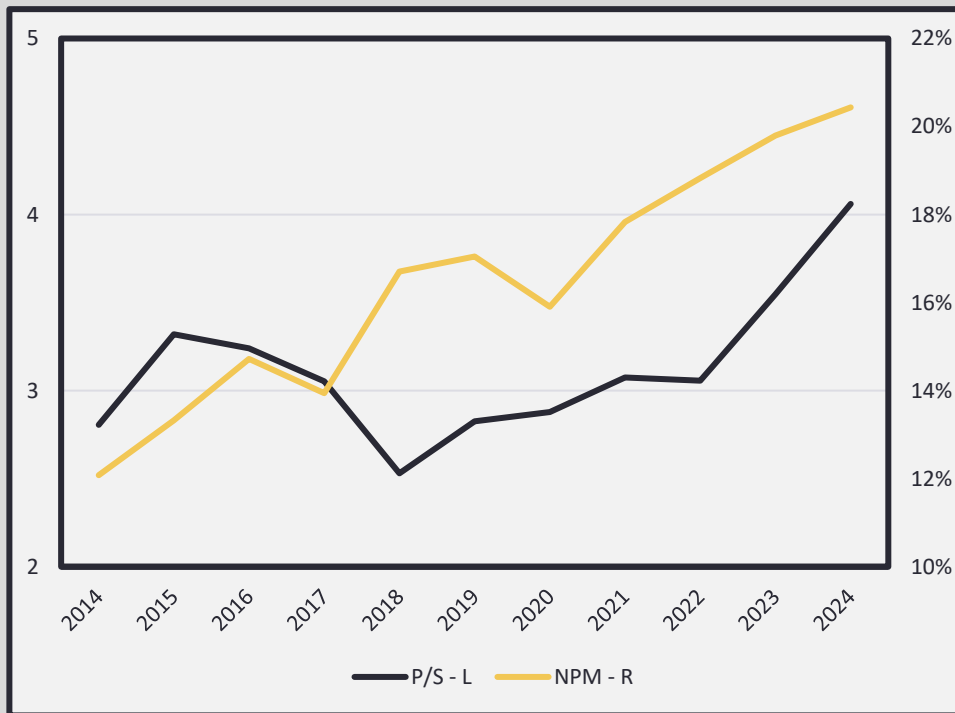
Sales expected to improve from flat growth to mid single digit growth reflecting improving economic stability and steady demand from technicians
 Margins expected to expand modestly driven by operating leverage cost discipline and shift toward higher margin diagnostics and information products
 No major change in profitability is assumed margin improvement is gradual and consistent with historical performance and management guidance
 Asset utilization modeled as stable with S/NWC & S/NFA constant implying growth can be supported without higher working capital or fixed asset needs
 Debt levels are assumed to remain unchanged, so leverage is not a driver in this forecast over the horizon and capital structure remains stable



Stage Two and Justification of Terminal P/E

Figure 36: P/E Second Stage of DCF

	History				Second Stage						
Terminal value P/E	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Net income	\$821	\$912	\$1,011	\$1,044	\$1,056	\$1,095	\$1,123	\$1,175	\$1,236	\$1,306	\$1,387
% of sales	17.8%	18.8%	19.8%	20.4%	20.4%	20.4%	20.1%	20.2%	20.2%	20.2%	20.3%
EPS	\$15.22	\$17.14	\$19.11	\$19.85	\$20.18	\$21.07	\$21.72	\$22.87	\$24.19	\$25.72	\$27.47
Growth	31.8%	12.6%	11.5%	3.8%	1.7%	4.4%	3.1%	5.3%	5.8%	6.3%	6.8%
Terminal P/E											18.00
* Terminal EPS											\$27.47
Terminal value											\$494.42
* Discount factor											0.63
Discounted terminal value											\$312.27

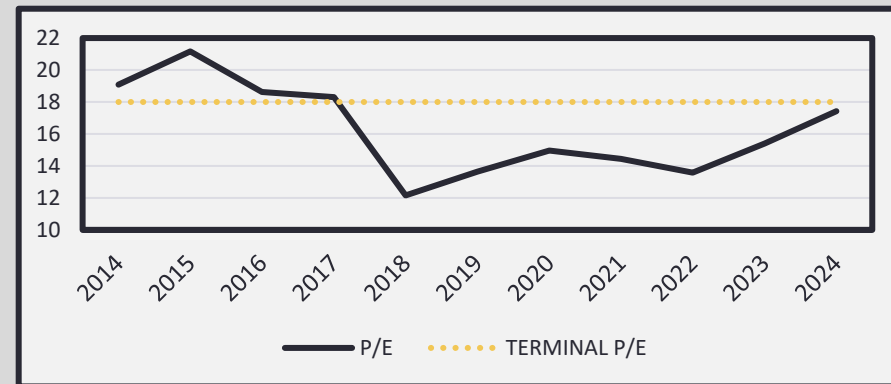


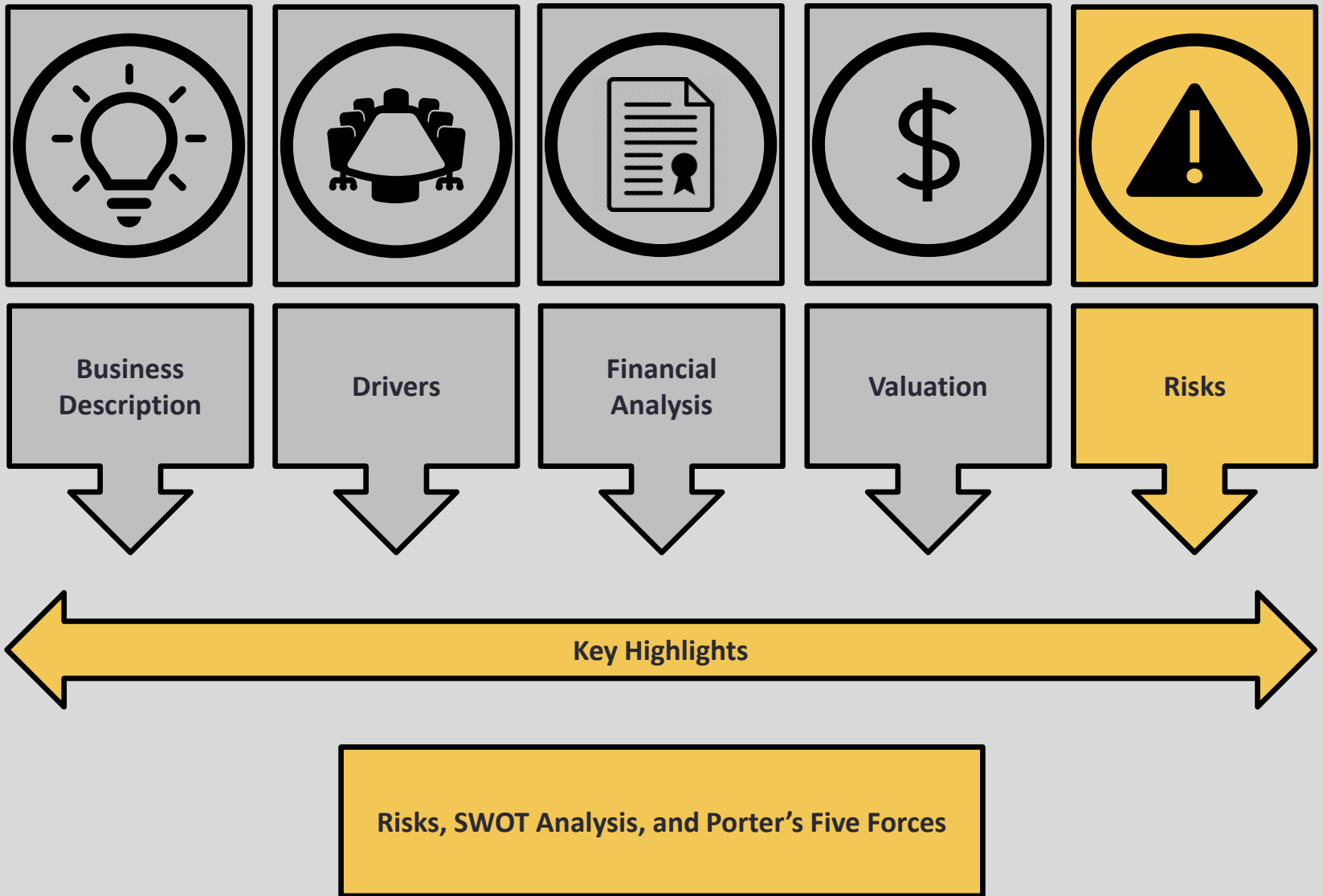
Summary (using P/E multiple for terminal value)

First stage	\$85.11	Present value of year 1-7 cash flow
Terminal value	\$312.27	Present value of terminal value P/E
Value (P/E)	\$397.39	

Current P/E: 17.4
20-Year average P/E: 16.8
Terminal P/E: 18

Slightly Elevated P/E Multiple:
Reflects expected earnings growth, resilient end-market demand, and margin strength





- (1) Technician Financing Hesitation
- (2) Rising Credit Losses
- (3) Manufacture Data Control
- (4) Tariff Policy Volatility
- (5) Valuation Multiple Compression

Figure 38: Porter's Five Forces



Figure 37: Risk Assessment Matrix

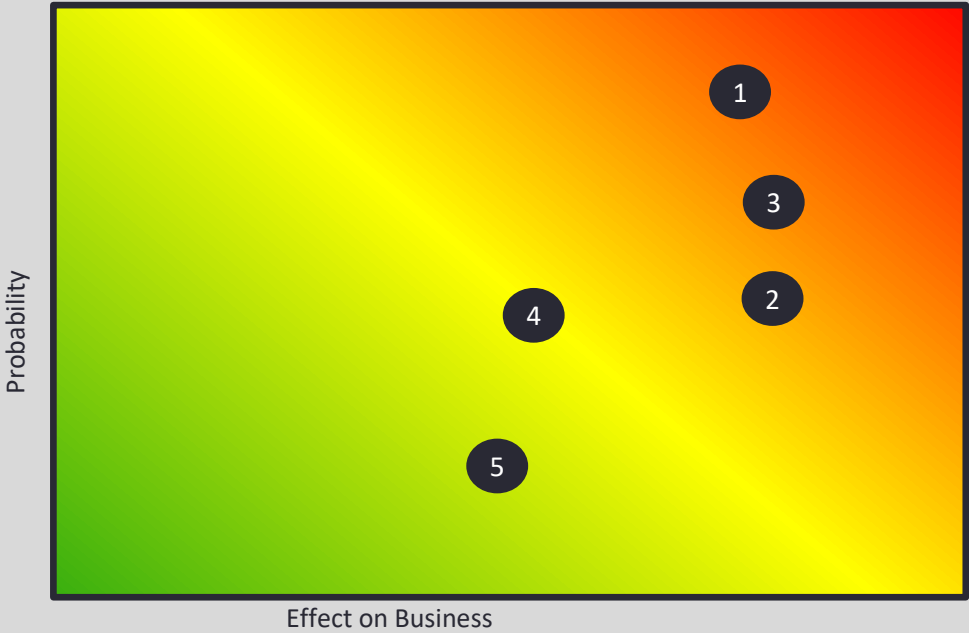


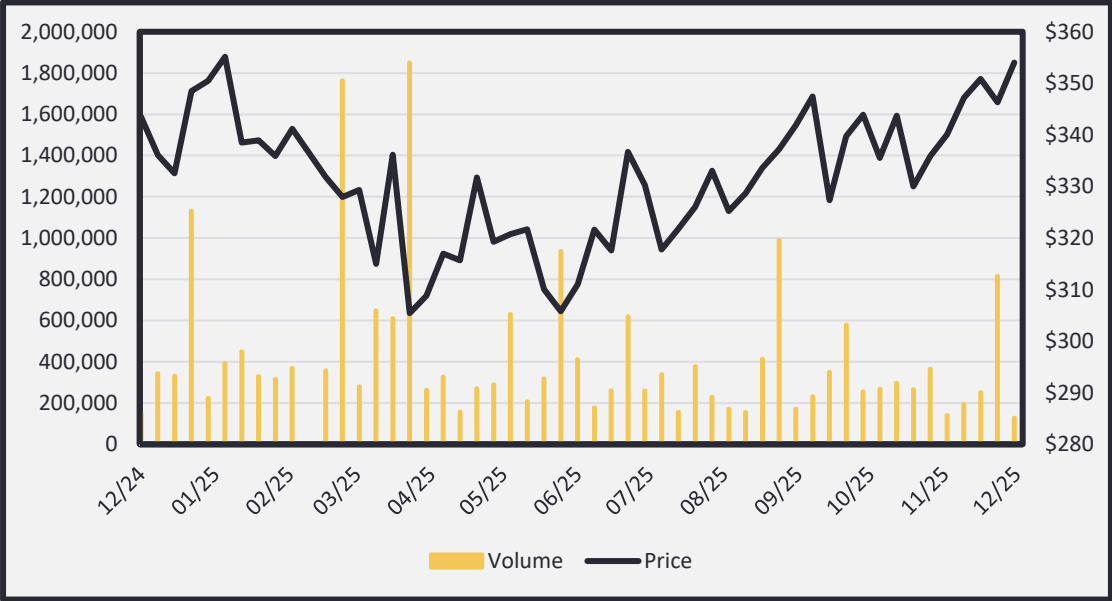
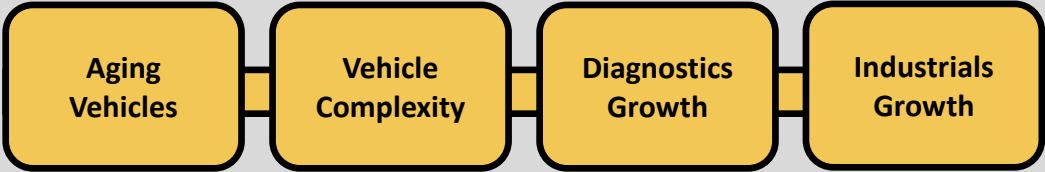
Figure 39: SWOT Analysis

Strengths	Weaknesses
Pricing Power Franchise Distribution Proprietary Data	Credit Sensitivity Working Capital Cyclical Volumes
Opportunities	Threats
Software Expansion Vehicle Complexity AI Diagnostics	OEM Data Control Tariff Volatility Credit Stress

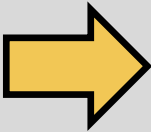


RECOMMENDATION: BUY

Snap-on Incorporated presents a potential upside of 6% - 13% from its current price of \$354 to a target price of between \$375 - \$400. With most of its growth drivers priced in, Snap-on is well positioned for growth at historical rates supported by a demand for new vehicle parts, an aging vehicle fleet, growth in sales for repair and diagnostics and information products and commercial and industrial segment sales expansion. Despite risks of growing credit delinquencies, technicians being hesitant to finance larger purchases and tariff volatility affecting international sales, SNA's conservative balance sheet, disciplined and seasoned management team, and strategic investments make it the right choice for stable growth in an industry that preforms regardless of short-term economic instability and uncertainty.



Current Price: \$354



Target Price: \$375-\$400

