

SNAP-ON Inc
Form 10-Q
July 31, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark one)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended July 4, 2009

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 1-7724

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

39-0622040
(I.R.S. Employer Identification No.)

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2801 80th Street, Kenosha, Wisconsin
(Address of principal executive offices)

53143
(Zip code)

(262) 656-5200

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

Class	Outstanding at July 24, 2009
Common Stock, \$1.00 par value	57,713,549 shares

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(Amounts in millions, except per share data)

(Unaudited)

	Three Months Ended		Six Months Ended	
	July 4, 2009	June 28, 2008	July 4, 2009	June 28, 2008
Net sales	\$ 590.0	\$ 766.1	\$ 1,162.6	\$ 1,487.7
Cost of goods sold	(336.0)	(419.6)	(649.9)	(815.3)
Gross profit	254.0	346.5	512.7	672.4
Financial services revenue	25.6	18.3	45.6	43.7
Financial services expenses	(9.0)	(7.5)	(19.0)	(20.1)
Operating income from financial services	16.6	10.8	26.6	23.6
Operating expenses	(200.3)	(245.6)	(404.7)	(491.1)
Operating earnings	70.3	111.7	134.6	204.9
Interest expense	(11.6)	(8.8)	(20.2)	(18.3)
Other income (expense) net	1.1	1.3	0.8	2.3
Earnings before income taxes and equity earnings (loss)	59.8	104.2	115.2	188.9
Income tax expense	(17.6)	(34.5)	(35.9)	(62.8)
Earnings before equity earnings (loss)	42.2	69.7	79.3	126.1
Equity earnings (loss), net of tax	(0.2)	0.7	(0.1)	2.0
Net earnings	42.0	70.4	79.2	128.1
Net earnings attributable to noncontrolling interests	(4.6)	(3.5)	(7.0)	(4.6)
Net earnings attributable to Snap-on Incorporated	\$ 37.4	\$ 66.9	\$ 72.2	\$ 123.5
Net earnings per share attributable to Snap-on Incorporated				
Basic	\$ 0.65	\$ 1.16	\$ 1.25	\$ 2.15
Diluted	0.65	1.15	1.25	2.12
Weighted-average shares outstanding:				
Basic	57.7	57.6	57.6	57.6
Effect of dilutive options	0.2	0.5	0.3	0.6
Diluted	57.9	58.1	57.9	58.2
Dividends declared per common share	\$ 0.30	\$ 0.30	\$ 0.60	\$ 0.60

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See Notes to Condensed Consolidated Financial Statements

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SNAP-ON INCORPORATED

CONDENSED CONSOLIDATED BALANCE SHEETS

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(Amounts in millions, except share data)

(Unaudited)

	July 4, 2009	January 3, 2009
Assets		
Current assets		
Cash and cash equivalents	\$ 524.4	\$ 115.8
Accounts receivable net	472.6	522.1
Inventories net	302.8	359.2
Deferred income tax assets	59.7	64.1
Prepaid expenses and other assets	84.8	79.5
Total current assets	1,444.3	1,140.7
Property and equipment		
Land	21.0	20.7
Buildings and improvements	233.7	227.6
Machinery, equipment and computer software	582.1	556.2
	836.8	804.5
Accumulated depreciation and amortization	(499.0)	(476.7)
Property and equipment net	337.8	327.8
Deferred income tax assets		
	63.1	77.2
Goodwill	806.4	801.8
Other intangibles net	213.4	218.3
Other assets	142.0	144.5
Total assets	\$ 3,007.0	\$ 2,710.3

See Notes to Condensed Consolidated Financial Statements

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SNAP-ON INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in millions, except share data)

(Unaudited)

	July 4, 2009	January 3, 2009
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	\$ 108.1	\$ 126.0
Notes payable and current maturities of long-term debt	166.7	12.0
Accrued benefits	38.3	41.7
Accrued compensation	53.2	78.3
Franchisee deposits	42.9	46.9
Deferred subscription revenue	23.8	22.3
Income taxes	5.2	15.4
Other accrued liabilities	182.9	204.9
Total current liabilities	621.1	547.5
Long-term debt	652.6	503.4
Deferred income tax liabilities	94.8	95.0
Retiree health care benefits	56.2	57.5
Pension liabilities	214.6	209.1
Other long-term liabilities	81.5	93.3
Total liabilities	1,720.8	1,505.8
Shareholders' equity		