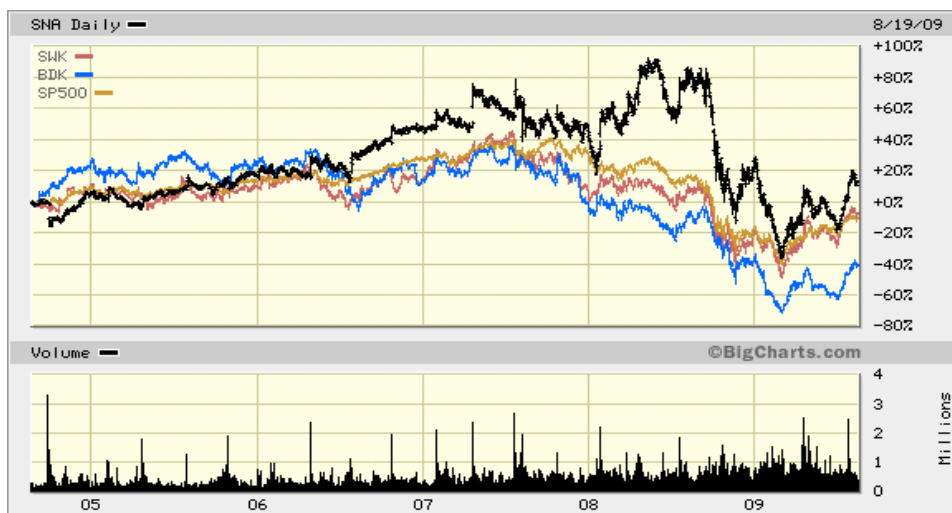


Snap-on Inc. (SNA) 8/19/09

Snap-on Inc. designs and manufactures tools, diagnostics, equipment, and software for individuals and businesses. Snap-on hand tools are an institution and are a staple of many a handyman's toolbox. The company's diagnostics and equipment are important in garages for servicing automobiles. It sells and distributes its products through franchisees, direct sales, distributors, and the internet. The company was founded in 1920 and based in Kenosha, Wisconsin.

Current Price	\$36,53
52 Week High	\$60,02
52 Week Low	\$20,51
One Yr Target	\$44,50
Market Cap (in billions)	\$2,11
P/E (Trailing)	11,43
P/E(1 Yr Forward)	12,85
P/E/G	1,32
ROA	6,49%
ROE	13,85%
EPS	\$3,20
Beta	1,23
Annualized Dividend	\$1,20
Dividend Yield	3,28%
Analyst Consensus	1,80



Annual EPS

	2005	\$1,51	
	2006	\$1,65	9,27%
	2007	\$3,23	95,76%
	2008	\$4,07	26,01%
2009E		\$3,20	-21,47%

Annual Revenue (in millions)

	2005	\$2 281,00	
	2006	\$2 455,10	7,63%
	2007	\$2 841,20	15,73%
	2008	\$2 853,30	0,43%

Annual Net Income (in millions)

	2005	\$92,90	
	2005	\$100,10	7,75%
	2007	\$181,20	81,02%
	2008	\$236,70	30,63%

Required Rate of Return

11,79%

Dividend Growth Model

Present Value of 2013 Price	\$22,44
Holding Period Return (5 years)	3,92%

Expected Annualized Return Model

Present Value of 2013 Price	\$68,16
Holding Period Return (5 years)	15,35%

Residual Income Model

Intrinsic Stock Price	\$7,35
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Analysis

Positives

Decently valued stock price according to P/E and PEG ratios, with a nice dividend yield

Price expected to rise and has a favorable view by analysts

Significantly undervalued according to the EAR valuation model

Negatives

Beta which is > 1 means stock price is riskier, and results in lower valuation prices

Projected 2009 EPS is a reduction from previous years

Financial Statements

Strong Balance Sheet with nice asset/liability ratios

Nice Income Statement, some slowing of late but better Net Income than Revenue for past year

Stable and positive Cash Flows across past couple of years

Industry Analysis

A larger company in the industry, which is relatively small

Some of the best ratios in the industry across the board

Summary

SNA all around looks like a great company. It has good affordability ratios with a low P/E and low PEG. The Dividend Yield is nice and it is expected to do well by most analysts. The valuation models have a dim view except for a grossly undervalued EAR model. SNA management has shown the nice ability to increase profit margins with decreased revenue over the past year. Most of this looks great but SNA only earns a **hold** rating due to the overvalued price of the trusted RI model and a notion that new generations will not place the same emphasis on working with tools as current.