

## A. O. SMITH CORPORATION

### Statement of Earnings

(condensed consolidated financial statements -  
dollars in millions, except share data)  
(unaudited)

|   | Three Months Ended<br>March 31, |                       |
|---|---------------------------------|-----------------------|
|   | <u>2018</u>                     | <u>2017</u>           |
| Net sales   | \$ 788.0                        | \$ 740.0              |
| Cost of products sold                             | <u>466.5</u>                    | <u>439.1</u>          |
| Gross profit                                      | 321.5                           | 300.9                 |
| Selling, general and administrative expenses      | 192.9                           | 183.2                 |
| Restructuring and impairment expenses             | 6.7                             | -                     |
| Interest expense                                  | 2.3                             | 2.2                   |
| Other income                                      | <u>(5.8)</u>                    | <u>(4.9)</u>          |
| Earnings before provision for income taxes        | 125.4                           | 120.4                 |
| Provision for income taxes                        | <u>26.6</u>                     | <u>32.7</u>           |
| <b>Net earnings</b>                               | <b>\$ <u>98.8</u></b>           | <b>\$ <u>87.7</u></b> |
| <b>Diluted earnings per share of common stock</b> | <b>\$ <u>0.57</u></b>           | <b>\$ <u>0.50</u></b> |
| Average common shares outstanding (000's omitted) | 173,351                         | 175,420               |