

A. O. SMITH CORPORATION

Adjusted Segment Earnings

(dollars in millions)

(unaudited)

The following is a reconciliation of reported segment earnings to adjusted segment earnings (non-GAAP):

	Three Months Ended June 30,		Six Months Ended, June 30,	
	2018	2017	2018	2017
Segment Earnings (GAAP)				
North America	\$ 124.9	\$ 109.2	\$ 230.9	\$ 213.4
Rest of World	34.7	32.5	70.7	65.0
Inter-segment earnings elimination	-	(0.1)	-	(0.2)
Total Segment Earnings (GAAP)	<u>\$ 159.6</u>	<u>\$ 141.6</u>	<u>\$ 301.6</u>	<u>\$ 278.2</u>
Adjustments:				
North America restructuring and impairment expenses	\$ -	\$ -	\$ 6.7	\$ -
Rest of World	-	-	-	-
Inter-segment earnings elimination	-	-	-	-
Total Adjustments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6.7</u>	<u>\$ -</u>
Adjusted Segment Earnings				
North America	\$ 124.9	\$ 109.2	\$ 237.6	\$ 213.4
Rest of World	34.7	32.5	70.7	65.0
Inter-segment earnings elimination	-	(0.1)	-	(0.2)
Total Adjusted Segment Earnings	<u>\$ 159.6</u>	<u>\$ 141.6</u>	<u>\$ 308.3</u>	<u>\$ 278.2</u>