

A. O. SMITH CORPORATION

Statement of Earnings

(condensed consolidated financial statements -

dollars in millions, except share data)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net sales	\$ 833.3	\$ 738.2	\$ 1,621.3	\$ 1,478.2
Cost of products sold	492.3	434.0	958.8	873.1
Gross profit	<u>341.0</u>	<u>304.2</u>	<u>662.5</u>	<u>605.1</u>
Selling, general and administrative expenses	197.2	178.3	390.1	361.5
Restructuring and impairment expenses	-	-	6.7	-
Interest expense	2.3	2.5	4.6	4.7
Other income	(4.6)	(4.6)	(10.4)	(9.5)
Earnings before provision for income taxes	<u>146.1</u>	<u>128.0</u>	<u>271.5</u>	<u>248.4</u>
Provision for income taxes	<u>31.6</u>	<u>35.6</u>	<u>58.2</u>	<u>68.3</u>
Net earnings	<u>\$ 114.5</u>	<u>\$ 92.4</u>	<u>\$ 213.3</u>	<u>\$ 180.1</u>
Diluted earnings per share of common stock	<u>\$ 0.66</u>	<u>\$ 0.53</u>	<u>\$ 1.23</u>	<u>\$ 1.03</u>
Average common shares outstanding (000's omitted)	172,730	174,889	173,039	175,154