

# A. O. SMITH CORPORATION

## Statement of Cash Flows

(dollars in millions)

(unaudited)

	Nine Months Ended September 30,	
	2018	2017
<b>Operating Activities</b>		
Net earnings	\$ 317.9	\$ 273.8
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation & amortization	53.2	51.9
Stock based compensation expense	9.7	8.5
Net changes in operating assets and liabilities:		
Current assets and liabilities	(70.9)	(154.5)
Noncurrent assets and liabilities	(20.7)	(29.5)
<b>Cash Provided by Operating Activities</b>	<u>289.2</u>	<u>150.2</u>
<b>Investing Activities</b>		
Capital expenditures	(58.5)	(66.4)
Acquisitions	-	(43.1)
Investment in marketable securities	(345.4)	(407.3)
Net proceeds from sale of marketable securities	418.3	405.3
<b>Cash Provided by (Used in) Investing Activities</b>	<u>14.4</u>	<u>(111.5)</u>
<b>Financing Activities</b>		
Long-term debt (repaid) incurred	(217.1)	125.8
Common stock repurchases	(106.0)	(103.3)
Payment of contingent consideration	(2.3)	-
Net proceeds from stock option activity	0.7	3.1
Dividends paid	(92.5)	(72.8)
<b>Cash Used In Financing Activities</b>	<u>(417.2)</u>	<u>(47.2)</u>
Net decrease in cash and cash equivalents	(113.6)	(8.5)
Cash and cash equivalents - beginning of period	346.6	330.4
<b>Cash and Cash Equivalents - End of Period</b>	<u>\$ 233.0</u>	<u>\$ 321.9</u>