

A. O. SMITH CORPORATION
Statement of Cash Flows
(dollars in millions)

	Twelve Months Ended December 31,	
	(unaudited)	
	2018	2017
Operating Activities		
Net earnings	\$ 444.2	\$ 296.5
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation & amortization	71.9	70.1
U.S. Tax Reform income tax expense	-	81.8
Stock based compensation expense	10.1	9.9
Net changes in operating assets and liabilities, net of acquisitions:		
Current assets and liabilities	(40.0)	(127.8)
Noncurrent assets and liabilities	(37.3)	(4.1)
Cash Provided by Operating Activities	448.9	326.4
Investing Activities		
Capital expenditures	(85.2)	(94.2)
Acquisitions	-	(43.1)
Investment in marketable securities	(523.4)	(583.5)
Net proceeds from sale of marketable securities	595.9	562.7
Cash Used in Investing Activities	(12.7)	(158.1)
Financing Activities		
Long-term debt (repaid) incurred	(189.0)	86.5
Common stock repurchases	(202.6)	(139.1)
Acquisition related contingent payments	(2.3)	(1.7)
Net proceeds (payments) from stock option activity	0.8	(0.9)
Dividends paid	(130.0)	(96.9)
Cash Used In Financing Activities	(523.1)	(152.1)
Net (decrease) increase in cash and cash equivalents	(86.9)	16.2
Cash and cash equivalents - beginning of period	346.6	330.4
Cash and Cash Equivalents - End of Period	\$ 259.7	\$ 346.6