

A. O. SMITH CORPORATION
Adjusted Earnings and Adjusted EPS
(dollars in millions, except per share data)
(unaudited)

The following is a reconciliation of net earnings and diluted EPS to adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|----------------|------------------------------------|-----------------|
| | 2020 | 2019 | 2020 | 2019 |
| Net Earnings (GAAP) | \$ 105.4 | \$ 87.3 | \$ 224.9 | \$ 278.7 |
| Severance and restructuring expenses, before tax | 1.6 | - | 7.7 | - |
| Tax effect of severance and restructuring expenses | (0.3) | - | (1.4) | - |
| Adjusted Earnings | <u>\$ 106.7</u> | <u>\$ 87.3</u> | <u>\$ 231.2</u> | <u>\$ 278.7</u> |
| Diluted EPS (GAAP) | \$ 0.65 | \$ 0.53 | \$ 1.38 | \$ 1.66 |
| Severance and restructuring expenses per diluted share, before tax | 0.01 | - | 0.05 | - |
| Tax effect of severance and restructuring expenses per diluted share | - | - | (0.01) | - |
| Adjusted EPS | <u>\$ 0.66</u> | <u>\$ 0.53</u> | <u>\$ 1.42</u> | <u>\$ 1.66</u> |