

# A. O. SMITH CORPORATION

## Statement of Cash Flows

(dollars in millions)

(unaudited)

|  | Nine Months Ended<br>September 30, |                 |
|--|------------------------------------|-----------------|
|  | 2021                               | 2020            |
| <b>Operating Activities</b>  |                                    |                 |
| Net earnings   | \$ 347.5                           | \$ 224.9        |
| Adjustments to reconcile net earnings<br>to net cash provided by (used in) operating activities: |                                    |                 |
| Depreciation & amortization  | 58.0                               | 60.7            |
| Stock based compensation expense   | 10.3                               | 11.5            |
| Net changes in operating assets and liabilities:   |                                    |                 |
| Current assets and liabilities   | (20.8)                             | 60.8            |
| Noncurrent assets and liabilities  | (18.2)                             | (27.5)          |
| <b>Cash Provided by Operating Activities</b>   | <u>376.8</u>                       | <u>330.4</u>    |
| <b>Investing Activities</b>  |                                    |                 |
| Capital expenditures   | (45.3)                             | (36.7)          |
| Acquisitions of businesses   | (9.0)                              | -               |
| Investment in marketable securities  | (160.1)                            | (119.9)         |
| Net proceeds from sale of marketable securities  | 79.1                               | 169.0           |
| <b>Cash (Used in) Provided by Investing Activities</b>   | <u>(135.3)</u>                     | <u>12.4</u>     |
| <b>Financing Activities</b>  |                                    |                 |
| Long-term debt repaid  | (6.8)                              | (170.1)         |
| Common stock repurchases   | (212.0)                            | (56.7)          |
| Net proceeds from stock option activity  | 15.7                               | 4.4             |
| Dividends paid   | (125.4)                            | (116.5)         |
| <b>Cash Used in Financing Activities</b>   | <u>(328.5)</u>                     | <u>(338.9)</u>  |
| Net (decrease) increase in cash and cash equivalents   | (87.0)                             | 3.9             |
| Cash and cash equivalents - beginning of period  | 573.1                              | 374.0           |
| <b>Cash and Cash Equivalents - End of Period</b>   | <u>\$ 486.1</u>                    | <u>\$ 377.9</u> |