



A.O. Smith Announces First Quarter Earnings of \$.48 Per Share, a 17 Percent Increase Over First Quarter of 1998

MILWAUKEE, April 15 -- A.O. Smith Corporation (NYSE: AOS, Amex: SMCA), continuing to benefit from the strong performance of its two largest technology platforms, today announced first quarter earnings of \$.48 per share.

Earnings per share increased 17 percent over first quarter 1998 earnings of \$.41 per share. Net earnings for the Milwaukee-based manufacturer rose to \$11.4 million on a 15 percent increase in sales to \$257 million.

"The robust domestic economy continues to have a favorable influence on sales of electric motors and water heaters," Robert J. O'Toole, chairman and chief executive officer, said. "Their growth more than offset the lower sales and profits of our Storage & Fluid Handling Technologies platform, the result of sluggishness in the capital goods industry and ongoing weakness in overseas markets."

First quarter sales of Electric Motor Technologies were \$148 million, more than \$36 million higher than the same period in 1998. First quarter performance reflected:

- Improved sales of hermetic motors, the result of the ongoing strength of the domestic air conditioning industry;
- First quarter sales and profits of the Scottsville, Ky., operation acquired in July of 1998; and
- Higher sales of fractional horsepower fan motors largely derived from the company's Tier One supply agreement with York International.

Operating profits improved significantly compared with the first quarter of 1998, due to the higher volumes and enhanced efficiency throughout the operation.

Increased sales of commercial water heaters and improved residential water heater performance enabled Water Systems Technologies to report a 10 percent first quarter sales increase to \$82 million. Water Systems' commercial business continues to benefit from the domestic economy and its impact on commercial construction. A stronger market for standard commercial heaters and sales of new products, most notably the high-efficiency Master-Fit[®] line of commercial gas water heaters and the Cyclone XHE[®] commercial water heater, contributed to improved first quarter results.

Operating profits increased significantly over the comparable 1998 period, due to the higher commercial volumes and the impact of cost reduction activities throughout the operation.

Continued weakness in the capital goods sector, principally the petroleum production, chemical, and agricultural markets, resulted in significantly lower first quarter sales and profits for the Storage & Fluid Handling Technologies platform.

"Overall, we are quite pleased with our first quarter performance and are off to a good start towards executing our plan for 1999," O'Toole noted.

Forward-Looking Statements

This press release contains forward-looking statements. Although the company believes that its expectations are based upon reasonable assumptions within the bounds of its knowledge of its business, there can be no assurance that its financial goals will be realized. Although a significant portion of the company's sales are derived from the replacement of previously installed product, and such sales are therefore less volatile, numerous factors may affect actual results and cause results to differ materially from those expressed in forward-looking statements made by or on behalf of the company. Among such numerous factors, the company includes: the continued growth of the world-wide air conditioning, heating, and refrigeration market; the weather and its impact on the heating and air conditioning market; the pricing environment for residential water heaters; capital spending trends in the oil, petrochemical, and chemical markets; and the successful development of the company's business venture in China.

A.O. Smith Corporation is a diversified manufacturer with headquarters in Milwaukee, Wis. Its major product lines include: fractional horsepower, hermetic, and subfractional horsepower electric motors; commercial and residential water heaters; municipal, industrial, and agricultural storage tanks; and fiberglass piping systems.

A.O. SMITH CORPORATION AND SUBSIDIARIES
(condensed consolidated financial statements -
\$000 omitted except per share data)
Statement of Earnings

	Three Months ended	
	March 31	
	1999	1998
Sales		
Electric Motor Technologies	\$147,875	\$111,839
Water Systems Technologies	81,988	74,554
Storage & Fluid Handling Technologies	27,473	36,562
Net Sales	257,336	222,955
Costs and Expenses		
Cost of Products Sold	207,003	177,186
Selling, General and Administrative	28,510	27,900
Interest Expense	2,331	1,624
Interest Income	(340)	(1,712)
Other Expense	1,955	722
Tax Provision	6,475	6,038
Total Costs and Expenses	245,934	211,758
Earnings Before Equity in Loss of Joint Ventures	11,402	11,197
Equity in Loss of Joint Ventures	0	(1,019)
Net Earnings	\$11,402	\$10,178
Net Earnings Per Share of Common Stock (Diluted)	\$.48	\$.41
Average Common Shares Outstanding (000's omitted)	23,742	24,714

A.O. SMITH CORPORATION
Balance Sheet

	March 31	December 31
	1999	1998
ASSETS:		
Cash and cash equivalents	\$17,552	\$37,666
Receivables	171,441	133,764
Inventories	100,830	99,984
Deferred income taxes	10,882	11,376
Other current assets	5,058	4,599
Total Current Assets	305,763	287,389
Net property, plant and equipment	253,106	248,770
Goodwill	146,602	146,901
Other assets	89,709	84,372
Total Assets	\$795,180	\$767,432
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Trade payables	\$77,244	\$57,429
Accrued payroll and benefits	24,357	31,385
Product warranty	7,491	7,892
Income taxes	9,758	6,786
Long-term debt due within one year	4,629	4,629
Other current liabilities	27,090	24,036
Total Current Liabilities	150,569	132,157
Long-term debt	131,535	131,203
Other liabilities	62,013	60,636
Deferred income taxes	44,501	42,343
Stockholders' equity	406,562	401,093
Total Liabilities and Stockholders' Equity	\$795,180	\$767,432

A.O. SMITH CORPORATION
STATEMENT OF CASH FLOWS

Three Months ended
March 31
1999 1998

Operating Activities		
Continuing		
Net earnings	\$11,402	\$10,178
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation & amortization	9,003	6,919
Equity in loss of joint ventures	--	1,019
Net change in current assets and liabilities	(17,383)	(14,711)
Net change in noncurrent assets and liabilities	(5,254)	(6,223)
Other	(139)	266
Cash Used by Operating Activities	(2,371)	(2,552)
Investing Activities		
Capital expenditures	(10,395)	(6,942)
Capitalized purchased software costs	(408)	(308)
Investment in joint ventures	0	(2,652)
Acquisition of business	(531)	0
Cash Used by Investing Activities	(11,334)	(9,902)
Cash Used by Continuing Operations before Financing Activities		
	(13,705)	(12,454)
Discontinued		
Cash Used by Discontinued Operations before Financing Activities		
	(1,301)	(814)
Financing Activities		
Long-term debt incurred	332	641
Long-term debt retired	0	0
Purchase of common stock held in treasury	(2,691)	(20,231)
Proceeds from common stock options exercised	42	0
Tax benefit from exercise of stock options	4	0
Dividends paid	(2,795)	(2,751)
Cash Used by Financing Activities	(5,108)	(22,341)
Net decrease in cash and cash equivalents	(20,114)	(35,609)
Cash and cash equivalents - beginning of period	37,666	145,896
Cash and Cash Equivalents - End of Period	\$17,552	\$110,287