

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 6, 2023

A. O. Smith Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-475
(Commission
File Number)

39-0619790
(IRS Employer
Identification No.)

11270 West Park Place, Milwaukee, Wisconsin 53224
(Address of principal executive offices, including zip code)

(414) 359-4000
(Registrant's telephone number)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock (par value \$1.00 per share)	AOS	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01. Regulation FD Disclosure

A. O. Smith Corporation hereby furnishes as Exhibit 99.1, a copy of A. O. Smith Corporation's slide presentation for the 2023 Investor Day scheduled on November 6, 2023.

Item 9.01 Financial Statements and Exhibits

The following exhibit is being furnished herewith:

(99.1) [Presentation of A. O. Smith Corporation Investor Day, November 6, 2023](#)

104 Cover Page Interactive Data File (embedded with the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

A. O. SMITH CORPORATION

Date: November 6, 2023

By: /s/James F. Stern
James F. Stern
Executive Vice President, General Counsel and Secretary



2023 Investor Day

November 6, 2023

Welcome & Opening Remarks



Helen Gurholt
VP, Investor Relations and FP&A



Forward Looking Statements

This presentation contains statements that we believe are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “continue,” “forecast,” “guidance” or words of similar meaning. All forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated as of the date of this presentation. Important factors that could cause actual results to differ materially from these expectations include, among other things, the following: softening in U.S. residential water heater demand; negative impacts to the Company, particularly the demand for its products, resulting from global inflationary pressures or a potential recession in one or more of the markets in which the Company participates; the Company’s ability to continue to obtain commodities, components, parts and accessories on a timely basis through its supply chain and at expected costs; negative impacts to demand for the Company’s products, particularly commercial products, as a result of the severity and duration of the lingering effects of the COVID-19 pandemic; further weakening in U.S. residential or commercial construction or instability in the Company’s replacement markets; inability of the Company to implement or maintain pricing actions; inconsistent recovery of the Chinese economy or further decline in the growth rate of consumer spending or housing sales in China; negative impact to the Company’s business in China as a result of future COVID-19-related disruptions there; negative impact to the Company’s businesses from international tariffs, trade disputes and geopolitical differences, including the conflicts in Ukraine, and the Middle East; potential further weakening in the high-efficiency gas boiler segment in the U.S.; substantial defaults in payment by, material reduction in purchases by or the loss, bankruptcy or insolvency of a major customer; foreign currency fluctuations; the Company’s inability to successfully integrate or achieve its strategic objectives resulting from acquisitions; competitive pressures on the Company’s businesses; the impact of potential information technology or data security breaches; changes in government regulations or regulatory requirements; the inability to respond to secular trends toward decarbonization and energy efficiency; and adverse developments in general economic, political and business conditions in key regions of the world. Forward-looking statements included in this news release are made only as of the date of this release, and the Company is under no obligation to update these statements to reflect subsequent events or circumstances. All subsequent written and oral forward-looking statements attributed to the Company, or persons acting on its behalf, are qualified entirely by these cautionary statements.

Today's Agenda

12:30 pm **Welcome & Opening Remarks**
Helen Gurholt | VP, Investor Relations and FP&A

Innovating for the Long Term
Kevin Wheeler | Chairman and Chief Executive Officer

Building on a Strong Foundation
Dave Warren | SVP and President, North America Water Heating

Continuing to Build Brand Equity
Steve O'Brien | SVP and President, Lochinvar

Driving Growth for Scale and Margin Expansion
Sam Karge | SVP and President, North America Water Treatment

2:25 pm **Break**

2:40 pm **Capturing Growth Opportunities in China**
Jack Qiu | SVP and President, China

Expanding Presence in India
Parag Kulkarni | SVP and President, India

Executing Clear Financial Priorities
Chuck Lauber | EVP and Chief Financial Officer

Compelling Investment Thesis
Kevin Wheeler | Chairman and Chief Executive Officer

2:05 pm **Q&A Session**
Above Presenters

3:55 pm **Q&A Session**
All Presenters

Innovating for the Long-Term



Kevin J. Wheeler
Chairman and Chief Executive Officer



Our Company Vision

Vision

To be the leading provider of innovative, highly efficient and differentiated solutions used to heat and treat water, creating exceptional long-term value for our global customers and stakeholders in a socially responsible manner.

Strategy

Deliver profitable growth by...

- Living our values
- Taking care of our customers
- Creating value through innovation
- Driving operational excellence
- Investing in our people
- Expanding geographically
- Enhancing our portfolio through strategic acquisitions



Key Messages

1

Leading with innovative products that drive technology and meet sustainability needs

2

Capitalizing on global megatrends in a large and growing market supported by regulatory changes

3

Leading North American water heater and boiler producer with stable and consistent replacement demand

4

Compelling brand awareness in emerging markets with attractive growth and margin expansion opportunities

5

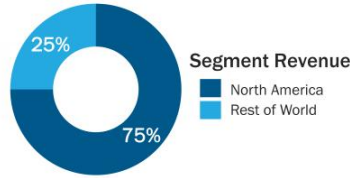
Leveraging strong balance sheet for organic and inorganic growth while returning capital to shareholders

Building on a Strong Foundation with Significant Growth Opportunities in Emerging Markets

A. O. Smith At-a-Glance

Leveraging 149 Years of Innovation to Continue Delivering Growth

2023¹
Revenue ~\$3.8B



Products

- Water Heaters: Tank, Tankless, Heat Pump
- Boilers: Residential and Commercial
- Water Treatment: Water Softeners and Filtration

Leading Brands

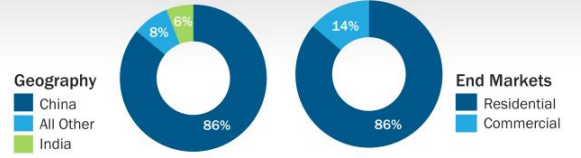
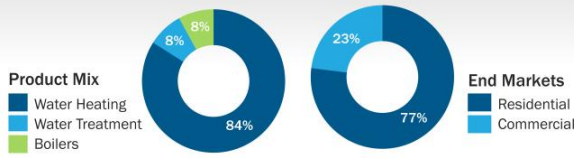


Headquarters	Milwaukee, WI
Global Employees	~12,000
Mfg. Facilities	26
Countries Served	~80
Sales CAGR ²	4%
EPS CAGR ²	8%
Gross Margin ¹	39%
EBIT Margin ¹	20%
Avg. 5-year FCF Conversion	105%



¹ 2023 Forecast
² 2018 - 2023 Forecast

A. O. Smith Geographic View



WellPositioned to Address Global Megatrends



Climate Change

Drives regulatory changes to accelerate transition to higher-efficiency products



Technological Breakthroughs

Connected, energy-efficient products and digital platform that improve the customer experience



Change in Demographics

Global urbanization, U.S. housing shortages as well as changes to consumer preferences

Sustainable Competitive Advantages

- ✓ **Water Technologies Expertise**
Opportunities to expand into adjacent markets
- ✓ **North America Leadership**
Establishes strong brand recognition
- ✓ **Omni Channel Distribution**
Offers flexibility and enhanced customer experience
- ✓ **Culture of Continuous Innovation**
Secures A. O. Smith as a market leader
- ✓ **Wholesaler and Supplier Relationships**
Premium partnerships help us win in the market
- ✓ **In Country for Country**
Provides knowledgeable insight for local markets and shortens lead times

Executing a Clear Strategy

Innovate and Expand

Research & Development

- New technologies
- Product development

Industry Leadership

- Decarbonization
- Water stewardship

Regulatory Environment

- 2026 / 2029

Profitable Growth

- Stable & profitable core business
- Global water treatment footprint
- Organic growth in China
- Favorable market dynamics in India

Technology

- Enhancing the customer experience



Execute

Operational Excellence

- A. O. Smith operating system
- Safety, quality and delivery
- Engineering footprint

ESG Performance

- 2029 Regulatory Changes
- Acquisition Strategy



Leading With Innovation

IDENTIFY, RESEARCH, AND DEVELOP new or disruptive technologies with commercialization potential within 2-5 years

- Electronic Controls
- Combustion
- Heat Exchangers
- Refrigeration
- Carbon
- Sensors



PLATFORMS

DEVELOP AND MAINTAIN standard global engineering processes

- New Product Development
- Certification
- Reliability
- Design Quality



PROCESSES

DEVELOP the R&D and corporate development teams and their resources to drive the next era of innovation

- People
- Lab infrastructure
- Through acquisition



CAPABILITIES



INNOVATION

Develop and Seek New and Innovative Products

- Water Heating
- Water Treatment
- Heat Pumps
- Boilers

Innovation Hub: Lloyd R. Smith Corporate Technology Center

Our Innovation Hub

- Dedicated to enterprise-wide development of new energy efficient products and processes
- Teams of engineers develop concepts, test and finalize core technologies

Core Competencies

- Water
- Analytics
- Coatings
- Electronics
- Sensors
- Materials
- Microbiology
- Prototypes



>\$800M Invested
in R&D Since 2013



Innovate
& Expand

R&D Resources to Meet Current and Future Market Requirements



- Key Points**
- 930 engineers & technicians
 - 2 long-term engineering centers
 - 8 product engineering centers



Milwaukee, WI Franklin, TN Lebanon, TN McBee, SC Johnson City, TN Netherlands Bangalore, India Nanjing, China Lishui, China

Investing \$30M to Consolidate Commercial Water Heater and Boilers Engineering into the Lebanon Facility



Industry Leadership: Committed to a Culture of Innovation While Investing in Environmentally Sustainable Products

Energy Efficiency

- Driving innovation within control systems, distributed energy, and renewable energy
- Product portfolio offers water and hydronic heating products, including high efficiency gas and electric water heaters and boilers, including electric heat pumps
 - 64% of 2022 commercial and residential boiler sales were high efficiency condensing boilers
 - 1,000+ Energy Star® water heater products



Decarbonization

- Partnering with policymakers to promote high efficiency technology solutions, customer education, and incentives for marketplace adoption
- A. O. Smith Whitepaper research highlights the complexities of decarbonizing space and water heating, illustrating that various approaches for consideration



Water Stewardship

- Market leader in water and salt efficiency
- WAVE Water Stewardship verification in 2022 for addressing enterprise-wide water challenges.
- Industry leader in water softener and reverse osmosis efficiency featuring packed bed resin design
 - Space and water efficient
 - Flow-based regeneration cycle produces less wastewater

We will announce a water-related ESG goal in 2024



Resilient Business Model with Growth Opportunities

Our Core Business:

North America Water Heaters & Boilers

- Largest manufacturer and marketer of water heaters and boilers with leading share in both residential and commercial markets
- Significant reoccurring replacement cycle: 80% - 85% of water heater and boiler sales
- Increased focus on energy efficiency and decarbonization provide additional growth opportunities in both boilers and water heaters

Expanding Organic Growth in China

- Leading supplier of residential water heaters with 25+ years of experience
- Growing presence in water treatment (now ~35% of sales)
 - Adding adjacent kitchen appliance business
- Focused on the long-term, supported by trends and innovation through connectivity

Laying the Groundwork in India

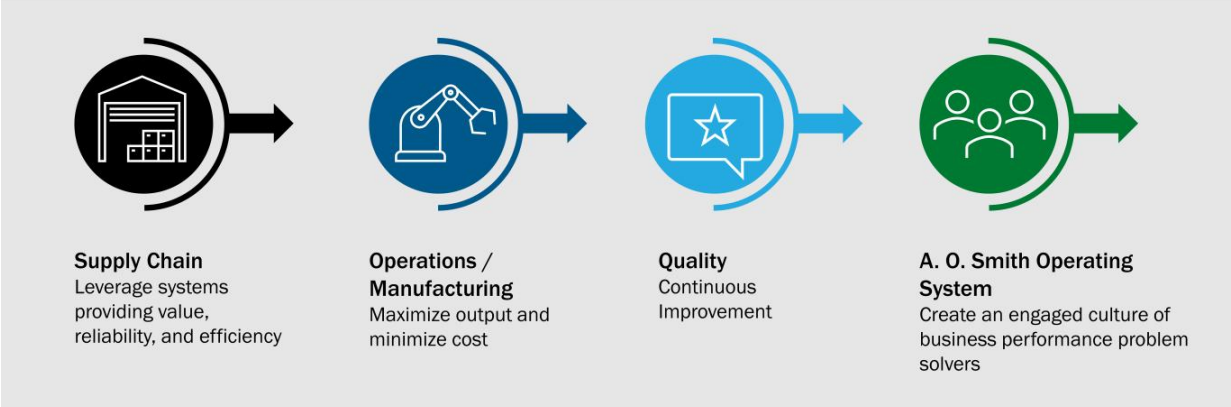
- Growing market due to large population with favorable demographics
- Driving growth through innovation, building awareness and expanded distribution
- Long-term growth supported by urbanization, decarbonization and growing demand for clean water

Invest and Grow Global Water Treatment

- Growing market with consolidation opportunities
- Omnichannel approach ensures broad market reach
- Global support through sustainability trend and quality of life issues

Operational Excellence Opportunities Across the Organization Drives Margin Improvement

Execute



ESG Performance and Metrics

2022 ESG Scorecard



- Climate:**
 Reduced GHG Emissions Intensity 25% from 2019 Baseline
 Goal = 10%
- Health & Safety:**
 2022 Total Recordable Incident Rate (TRIR): 1.13
 Industry standard TRIR: 2.64¹
- Good Place to Work:**
 Invest in our people to retain talent and emphasize a collaborative and innovative work environment
- Diversity:**
 Expanded initial diversity focus on gender diversity to include racial diversity in the United States
 Implementing training to enhance inclusive leadership skills for all supervisors and managers globally
- Community Support:**
 The A. O. Smith Foundation: \$1.8 MM in 2022

	2019	2022
Greenhouse Gas Emissions Intensity (Metric Tons CO ₂ e/\$MM rev)	54.22	40.26
Total Greenhouse Gas Emissions (Metric Tons CO ₂ e)	162,270	158,538
Total Natural Gas Usage (MWh)	373,071	382,281
Total Electricity Usage (MWh)	191,052	180,819
Total Water Usage (gallons 000s)	362,129	347,650
Total Recordable Incident Rate (TRIR)	.094	1.13
Employees with racial/ethnic diversity among U.S. workforce	N/A*	27%
A. O. Smith Foundation grants (\$MM)	\$1.6	\$1.8



¹U.S. Bureau of Labor and Statistics (1/25/23). Manufacturing Industry, Household Data, Annual Averages, Employed persons by detailed industry, sex, race, and Hispanic or Latino ethnicity. *First reporting year was 2020

Experienced Leadership Team Focused on Execution



Kevin J. Wheeler
Chairman and Chief
Executive Officer
Joined: 1994



Samuel M. Carver
SVP, Global
Operations
2006



Josh Greene
VP, Government,
Regulatory and
Industry Affairs
2016



Helen Gurholt
VP, Investor
Relations and FP&A
2002



Bob Heideman, PhD
SVP and CTO
1994



Sam Karge
SVP and President,
North America
Water Treatment
2018



Parag Kulkarni
SVP and
President, India
2015



Charles T. Lauber
EVP and Chief
Financial Officer
1999



Stephen O'Brien
SVP and President,
Lochinvar
2021



Benjamin Otchere
VP and Controller
2012



Mark Petrarca
SVP, Human
Resources and
Public Affairs
1999



**Melissa
Scheppele**
SVP and CIO
2020



James F. Stern
EVP, General
Counsel and
Secretary
2007



Jack Qiu, PhD
SVP and
President, China
2003



Dave Warren
SVP and President,
North America
Water Heating
1989

Today's presenters

Driven Team with 250+ Years of Industry Experience



Experienced and Diversified Board of Directors



Kevin Wheeler
Chairman and Chief
Executive Officer, A. O. Smith
Elected: 2017



Ron Brown
Former Vice Chairman,
The Armor Group
2001



Ilham Kadri
Director & CEO,
Solvay S.A.
2016



Chris Mapes
Chairman, President & CEO,
Lincoln Electric
2023



Mark Smith
Former Business Manager,
Strattec Security
2001



Idelle Wolf
Former President,
Barnes Distribution
2005



Victoria Holt
Former Director,
President & CEO,
Proto Labs
2021



Michael Larsen
SVP & CFO,
Illinois Tool Works
2021



Ajita Rajendra
Former Executive Chairman,
A. O. Smith
2011


Skills Matrix



Board Attributes

Average Tenure	11 years
Average Age	63 years
Gender / Ethnic Diversity	44%


Clear Strategy for Long-Term Value Creation Goals*

Revenue  **5% - 6%**
Annual growth
Plus fire power to accelerate growth through strategic acquisitions

Earnings per Share  **7% - 9%**
Adjusted EPS CAGR

- North America margin growth ~150 bps¹
- Rest of World margin growth ~400 bps²
- Share repurchase to contribute 1% - 2%³

Cash Flow  **>100%**
Free cash flow conversion

Value-Creating Capital Allocation  **Target Leverage: ~1.5x - 2x Net Debt-to-Adjusted EBITDA**
Acquisitions that meet financial criteria
Pay an attractive dividend, continue share buybacks and ROIC above 30%⁴

*2024-2028 timeframe – Growth rate is organic, except North America Water Treatment growth targeted at 15% - 17% which includes ~5% growth from acquisitions;
¹Margin expansion versus 2023F exit rate of 24%; ²Margin expansion versus 2023F of 10%; ³Subject to ongoing board approval; ⁴ROIC defined as ANOPAT divided by average invested capital net of cash

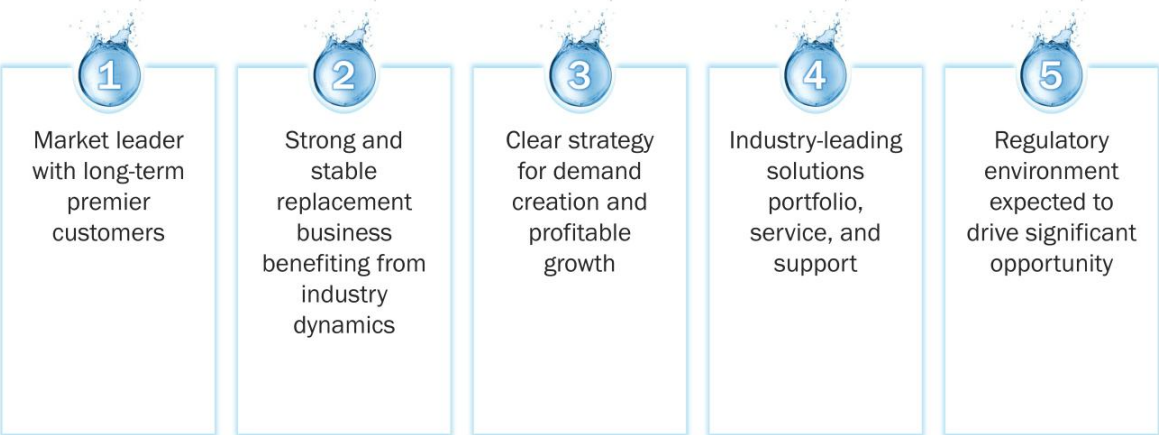
Building On A Strong Foundation



David Warren
SVP and President,
North America Water Heating



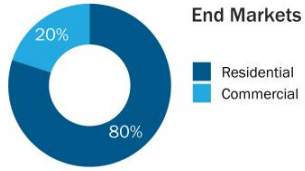
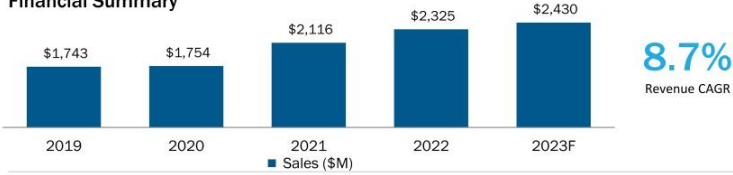
Key Messages – North America Water Heating



Innovative Products and Service Deliver 4% to 5% CAGR through 2028; Regulatory Changes Accelerates Growth in 2029

North America Water Heating At-a-Glance

Financial Summary



Leading Brands



- Market leader in residential and commercial market
- Balanced distribution channel
- Robust portfolio of products focused on innovation in energy efficiency
- New product investments support growth and ESG momentum
- Regulatory environment driving increased efficiency standards and expands market size

Comprehensive Portfolio with Premier Customer Relationships

Robust Line of Existing Products

Residential



ProLine® Electric
ProLine® Gas
Vertex® Condensing



Hybrid Electric Heat Pump
Gas Tankless

Commercial

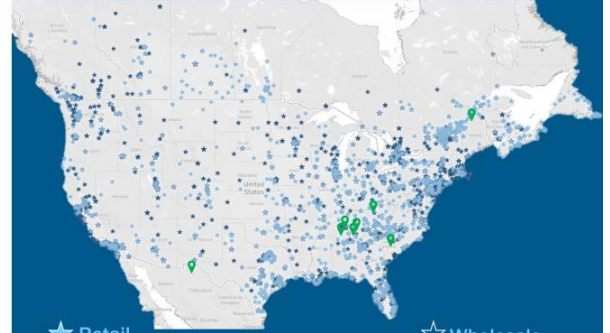


Cyclone® Condensing
Specialty Storage



Specialty Electric
Heat Pump

Over 5,000 Customer Distribution Points



★ Retail
2,791 locations

☆ Wholesale
2,396 locations



#FERGUSON



FIRST SUPPLY

Do it Best

K&S SUPPLY

True Value

Manufacturing Plants

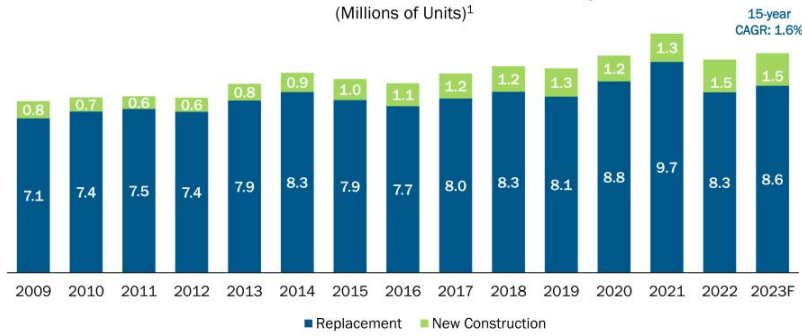
Winsupply



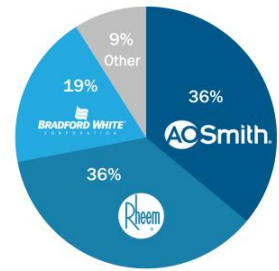
North America Residential Market Leader

U.S. Housing Shortage Presents Incremental Growth Opportunity

U.S. Residential Water Heaters Industry
(Millions of Units)¹



North America Residential Market²
2022 Market Share Data
(AHRI Tank + Gas Tankless)



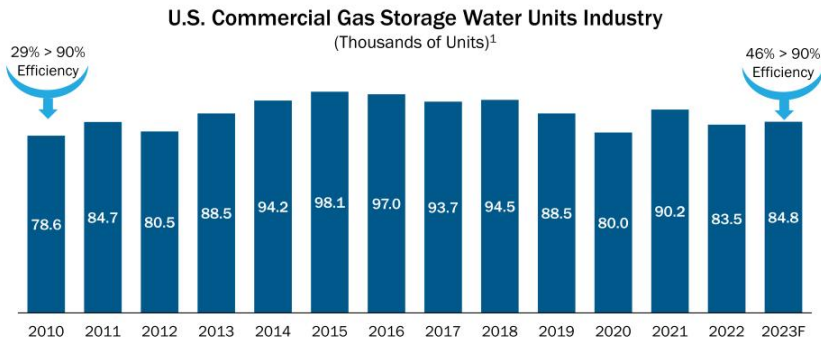
Stable Replacement Business Represents ~80 - 85% Volumes and Mitigates Housing Market Cyclicity



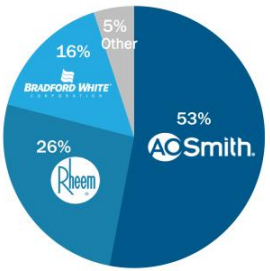
¹ AHRI: Air Conditioning, Heating & Refrigeration Institute; data includes gas tankless water heaters
² Market share estimated using AHRI data and company estimates

North America Commercial Market Leader

Gas Energy Efficient Units More Than Doubled Since 2010



U.S. Commercial Market ²
2022 market share data (AHRI)



Higher Adoption Rates of Energy Efficient Units Supports Commercial Offerings



¹ AHRI: Air Conditioning, Heating & Refrigeration Institute; data includes gas tankless water heaters
² Market share estimated using AHRI data and company estimates

Executing a Clear Strategy

Innovate and Expand

New Products

- Residential gas tankless
- Residential heat pump
- Commercial Cyclone Catalyst product digitization

Technology – Customer Service

- Website / mobile platforms
- QR code platform
- Virtual assistance
- Interactive training



Execute

Execute on Key Drivers

- 2026 and 2029 regulatory changes
- A. O. Smith Operating System
- Manufacturing flexibility and product transition



Regulatory Requirements: Bringing Change to the Market

2026 Commercial – Efficiency Standard

- Elimination of low efficiency commercial gas product
- Gas Storage: 95% thermal efficiency
- Gas Tankless: 96% thermal efficiency
- Growth of gas tankless for commercial market

Industry impact: ~55% units sold will be impacted

2029 Residential – Proposed NAECA IV¹ Rule

- Elimination of low efficiency residential gas product
- Higher efficiency power vent and non-power damper products
- Condensing gas tankless water heaters
- 35+ gallon capacity heat pump water heater

Industry impact: As currently proposed, ~70% of units sold will be impacted



Residential: Introducing Gas Tankless Product Line

Targeted incremental top line growth of \$100 million by 2026

Gas Tankless Full Line Product Offering



Key Features

- Controls on-going product development and marketing
 - A. O. Smith designed and manufactured line of gas tankless products
- Improved design and product performance
 - Fast activation at low flow rates (0.4 gpm) and high incoming water temperature
 - Wi-Fi, Recirculation, and Cascading (up to 12 units)
 - Easy access to service parts with a unique flip down control panel
- Ease of Installation
 - 2" venting and ½" gas connection
- Eliminates annual maintenance costs ~\$200 - \$300 per year
 - Patent protected integrated scale prevention technology



Residential: New Technology for Hybrid Heat Pump

New VOLTEX® MAX Hybrid Heat Pump Water Heater



Key Features

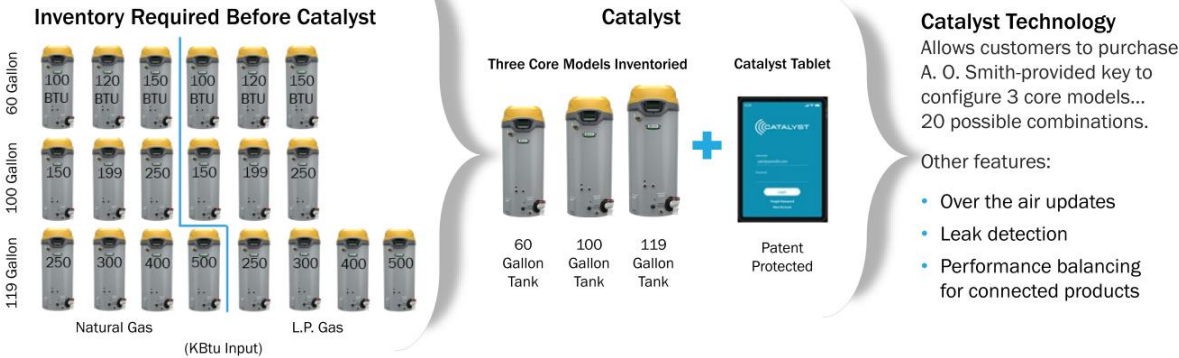
- 4 Sizes: 40, 50, 66, & 80 Gallon
- Whisper-Quiet Operation (45 dBA)
- Leak Detection w/ Automatic Shutoff Valve
- Operating Modes:
 - Efficiency = Heat Pump Only
 - Hybrid = Combination of Heat Pump + Electric Element
 - Electric = Electric Element Only (4.5kw Upper / Lower Elements)
- Easy to Install
 - Top Water Connections
 - Zero Clearance Design (sides/back)
 - Integrated ducting

Annual Growth Rate 25%



Commercial: Upgrading the Market Leading Cyclone Product Line

Configures 3 Core Models with Software Key to 20 Possible Combinations



Customer Benefit: Full Product Availability with Less Inventory Investment

Innovation Improves Customer Experience and Reduces Costs

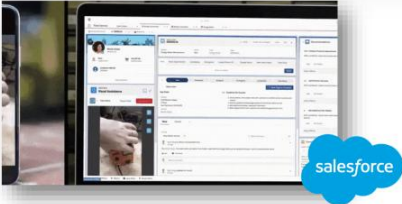
QR Code Platform



A. O. Smith has sold 33M+ residential water heaters with QR codes since 2011

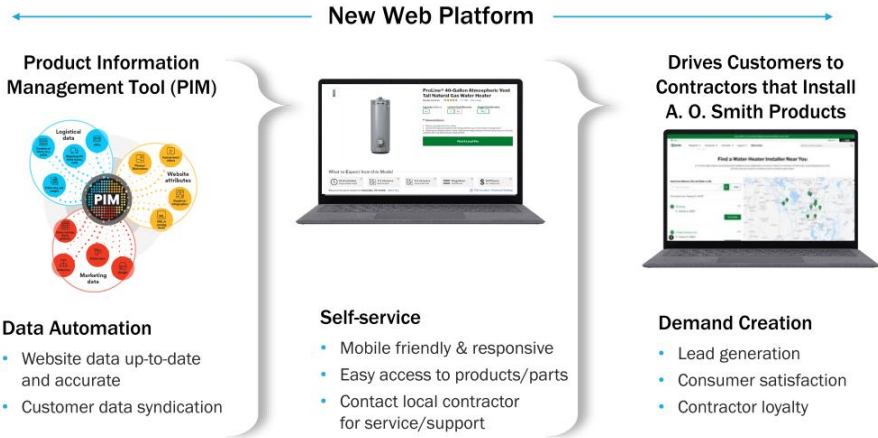
- QR mobile platform launched in 2023
- Provides customer/contractor information on the exact model installed
 - Warranty registration
 - Troubleshooting videos
 - Technical support
 - Installation manual
 - Service parts
- Provides a platform for future customer/contractor services
- Reduces administrative cost and call volumes (+\$1.5M annually)

Virtual Remote Assistant



- Launched December 2022
- Technical support to view installation and assist in troubleshooting
- Information logged into Salesforce for future reference
- First-call resolution lowers cost to serve for contractor and A. O. Smith
- Operational savings of \$600k annually (warranty reduction)

New Web Platform Drives Demand Creation



Product Information Management Tool

Mobile-responsive website attracts broader audience

Automated data updates to websites drives operational efficiencies and ensures accuracy


Lead generation drives contractor loyalty

Over 40,000 Contractors Participate in Our Contractor Rewards Program




Multi-media Approach to Training Industry

A. O. Smith University




- 1,455 training videos across 3 University sites and 7 branded sites
- Contractors gain education at their own pace
- Provide contractor certification upon completion of several modules

Studio – Live Training



- Live training options available to contractors in their local market
- 245k people trained in 2022; 300k+ expected in 2023
- Allows for interaction / questions
- Less travel / days out of the field
- Content creation

Live Fire Training Schools



- Contractor's training on working models
- 2,500+ contractors trained on-site per year
- Allows for interaction / questions / relationship building

A. O. Smith Operating System Drives a Problem-Solving Culture

Enhances the A. O. Smith Culture

Philosophy

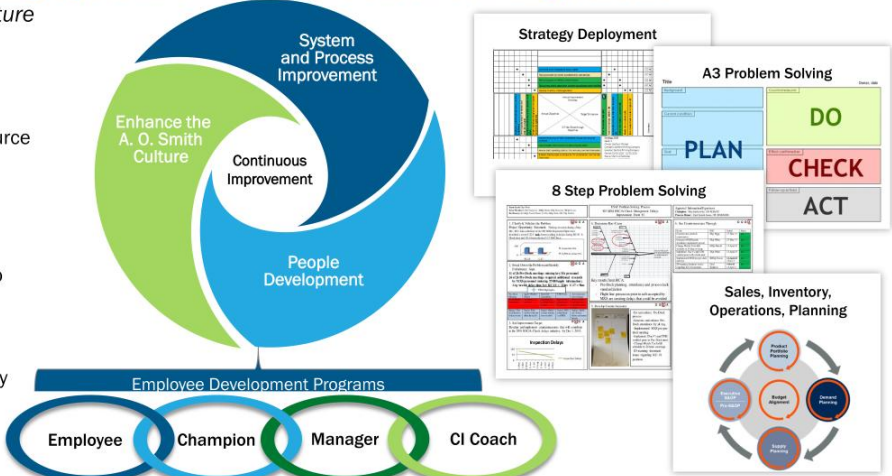
- Customer first
- People are most valuable resource
- Drive continuous improvement
- Front line focused

Management

- Motivate and develop people to surface and solve problems

Tools

- Use tools and methods correctly



A Never-Ending Focus on Continuous Improvement

Manufacturing Footprint Provides Flexibility and Capacity



Long-Term Growth Profile

Targeting Growth of 4% - 5% through 2028



5 Year Revenue Growth Profile: 4% - 5%

Key Drivers

- Industry unit growth + inflation
- Improved residential mix toward higher efficiency products
- Expansion of tankless market share with A. O. Smith designed and manufactured tankless product
- 2026 Commercial regulatory change






Preserve and Expand Margin Profile

Key Initiatives

- A. O. Smith operating system
- Build out service platform capabilities
 - Websites
 - QR code
 - Product information management
 - Training initiatives
- Expand high efficiency product offering
- Improve product mix through regulation and 3rd party incentives



Key Takeaways

 <p>Market leader with long-term premier customers</p>	 <p>Strong and stable replacement business benefiting from industry dynamics</p>	 <p>Clear strategy for demand creation and profitable growth</p>	 <p>Industry-leading solutions portfolio, service, and support</p>	 <p>Regulatory environment expected to drive significant opportunity</p>
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Innovative Products and Service Deliver 4% to 5% CAGR through 2028; Regulatory Changes Accelerates Growth in 2029

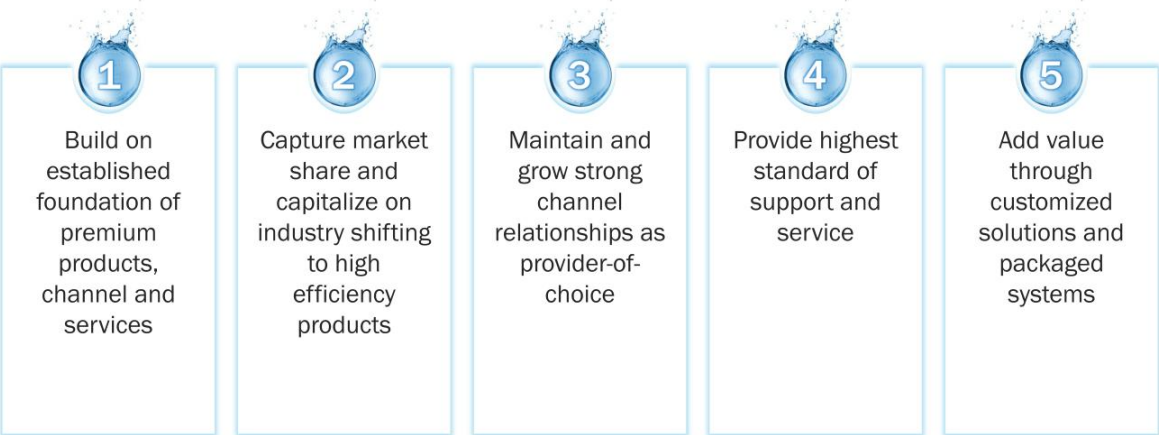
Continuing to Build Brand Equity



Steve O'Brien
SVP and President, Lochinvar



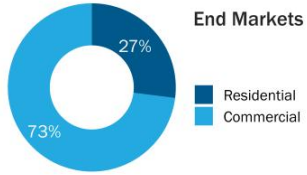
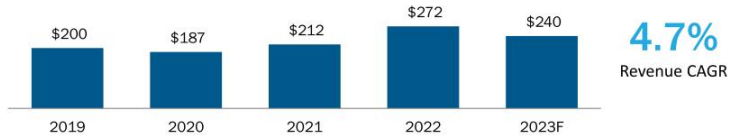
Key Messages – Lochinvar



Innovative Products and Best-in-class Customer Support to Drive 5% - 7% CAGR through 2028

Lochinvar-Branded Boilers At-a-Glance

Revenue (\$M)



- Market leader in high efficiency boilers
- Broad set of product offerings that address consumer needs
- Innovative products to navigate and capitalize on industry trend toward higher efficiency boilers
- Energy efficient products enable ability to take share and grow above market in a fragmented industry
- Solid replacement demand provides a strong base

Leading Brand



Lochinvar-Branded Full Portfolio



Boilers



Water Heaters and Storage Tanks

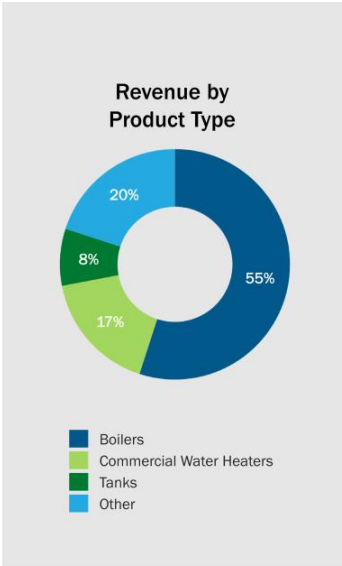


Pool Heaters



Other

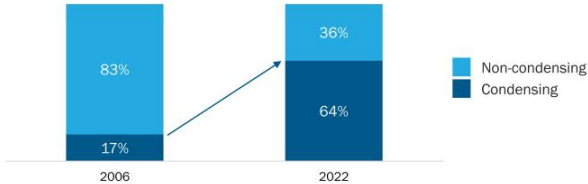
- Package Systems
- Heat Pump Water Heaters
- Parts & Accessories



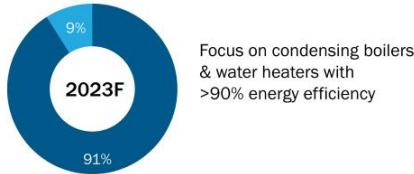
Boilers, Commercial Water Heaters and Tanks make up 80% of Lochinvar-branded Revenue

Industry Continues Shift to Condensing Boiler Technology with Lochinvar as a Market Leader

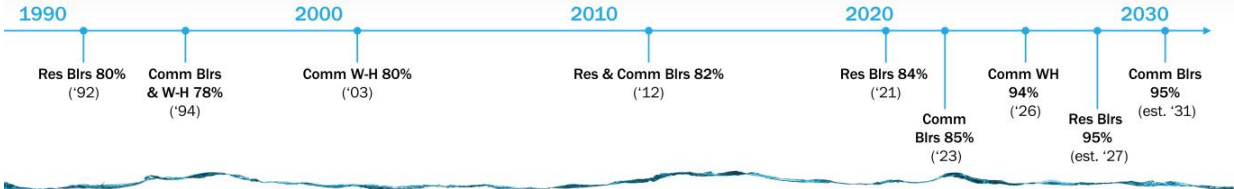
Industry Transition Toward Higher Efficiency Condensing Boilers¹



Lochinvar-Branded Boiler Sales



Dept. of Energy Minimum Efficiency Standards



¹ Measured in units

Lochinvar-Branded Condensing Boiler Value Proposition Wins in the Market

Sustainable Solutions with Real Economic Payback

	Lochinvar Crest Boilers (4) (Energy Efficient)	Non-Condensing (Non-Energy Efficient)
Efficiency	98%	70%
Yearly Operating Cost	\$213,469	\$357,814
Installed Cost	\$400,000	
Payback (Years)	2.77	

Commercial Boiler Example:

- Typical mid-size apartment complex or office building
- 2.8 year payback with \$2 million in energy savings over 15-year life

Crest with Hellcat Combustion Technology

- RealTime O2 Trim™ with continuous adjustment for optimal gas/air ratio
- Feedforward sensors monitor air temperature and barometric pressure
 - Learned trim from previous settings & conditions

Benefits


- ✓ Efficiency maintained over seasons
- ✓ Shorter & easier commissioning
- ✓ No service calls for seasonal adjustments
- ✓ Reduced maintenance costs



Executing a Clear Strategy


Innovate and Expand

- Commercial Boilers**
 - High efficiency condensing
 - Value added features
 - Integrated electronic controls
- Commercial Heat Pump Offering**
 - Air source
 - Water source
 - Cold climate
- Residential Boilers**
 - High efficiency condensing
 - High efficiency combi
- Packaged Systems/Solutions**
 - Custom storage tanks
 - System controls



Execute

- Training and Industry Engagement**
 - On-site
 - In-field
- Channel Excellence**



High Efficiency Premium Commercial and Residential Products

Commercial

- Up to 98% energy efficient – 23% above DOE requirement
- SmartTouch screen user interface and Con-X-Us wireless remote app control to program and adjust from anywhere

Residential

- Up to 95% energy efficient – 13% above DOE requirement
- SmartControl user interface for easy set up and and Con-X-Us wireless remote app control to program and adjust from anywhere



All Stainless-steel Heat Exchangers for Longer Life of Boiler

New Heat Pump Products Capitalize on Decarbonization Trends

Zero emission, water heating solutions for commercial buildings with industry leading 460% energy efficiency

Veritus

- Air source heat pump
- Industry leading 460% efficiency
- Modular design
- Low global warming potential refrigerant
- Designed and manufactured in Lebanon, TN

Launched August 2023



Water Source Veritus

- Alternative to Air Source with even greater energy efficiency
- Consistent heating regardless of outdoor temperature

Coming in 2024



Cold Climate Veritus

- Provide reliable heat even when outside temperature is below freezing
- Air Source that operates $\leq 0^{\circ}\text{F}$
- Variable speed compressor
- Consistent heating in Northern climates with or without backup

Coming in 2024

Enhancing Packaged Systems Offering

Single solution provider that designs, manufactures and assembles of customizable, space heating solutions

Custom Engineering Solutions

- Hydronic space heating
- Commercial water heating
- Hybrid solutions
 - Gas and electric
 - Space heating and domestic water heating
 - Pool heating

Engineered to Order

- Boilers
- Tanks
- Pumps
- Controls
- Accessories

Pre-packaged for Various Applications

- Healthcare
- Car-Washes
- Aquatic Centers
- Amusement Parks

Benefits

- Expedited construction completions
- Application expertise
- Manufacturing knowledge and capability
- Product availability
- Single source service



Case Study: Major Theme Park

Customer Need

Major Theme Park: Open Year Round

Park Size:

53 Acres

Park Capacity:

3.6 Million Gallons

Max Heating Req.

85 Million Btu/Hr

Yearly Attendance:

1.7 Million Guests

The Lochinvar customized packaged system provides hot water for large water theme park, including several water rides, a beach and a lagoon – all with temperature-controlled water

A. O. Smith Unique Solution

Phase 1 Package

- 4 x Crest 6.0 with Hellcat
- Input: 24 Million Btu/Hr
- Heating Capacity: 1535 GPM
- Single Point Electrical Connections
- 10" SS Supply piping



Innovative Channel Training and Education Help Our Customers Win

University Factory Training

- Product specific consultative programs – installation, start-up, maintenance
- Customer specific –tailored content
- ~40 per year / 800 people



Specifying Engineer Based Programs

- Masterclass content aimed at influencers (engineers, contractors, facility managers)
- ~30 per year / 400 people



Field-Based Programs

- Customer specific –tailored content
- ~15 per year / 300 people

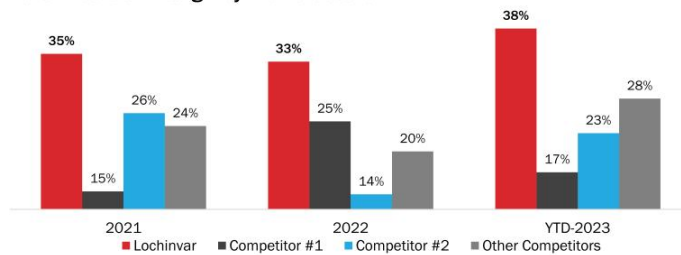


Continue to Build on Channel Excellence, Strong Relationships and Provider-of-Choice

Commercial Condensing Boiler Projects

- Best-in-Class buy / sell rep excellence
- Premium sales and support expertise
- Engineering specification pulls through demand

U.S. Basis of Design by Manufacturer



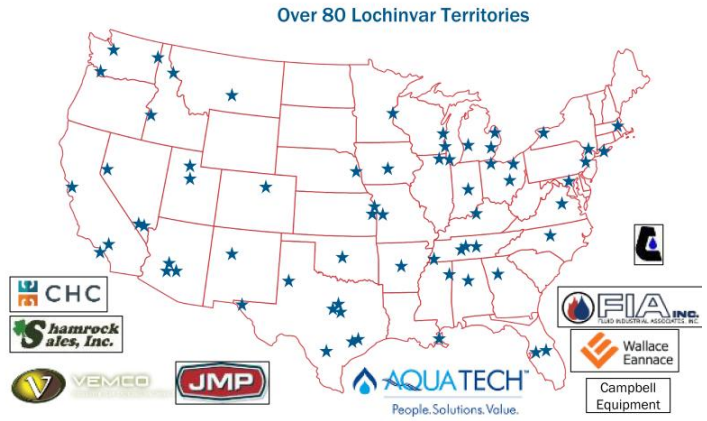
- Basis of Design - enables higher win rates
- Specifications are typically determined by mechanical and plumbing engineering firms
- Market leading performance and advanced features - opportunities to maintain the specification with less competition
- Unparalleled training programs – reps and distributors master designing, installing and servicing of Lochinvar products

Specified Products Buy / Sell Manufacturers' Rep Strength

#1 or #2 position in revenue or income in 80% of Manufacturers' Representatives that carry the Lochinvar product lines

Core Tenants of our Partnerships

- Business development at engineer / contractor / facility manager level
 - Packaging strength / product lines
- Application expertise
- Technical support services
- Dedicated start-up and/or service staff
- Commercial product inventory in territories



~80% Commercial Specified Product Demand is Created by Manufacturers' Representatives Activities

Long-Term Growth Profile

Targeting Growth of 5% - 7% through 2028



5 Year Revenue Growth Profile: 5% - 7%

Key Drivers

- Continued market trend toward energy efficient products
- Innovation driven market leading products including newly introduced heat pump products
- Packaged systems drive down installation costs and time





Preserve and Expand Margin Profile

Key Initiatives

- Product innovation and premium service drives premium position
- Innovative designs drive specifications that win business
- A. O. Smith Operating System is in initial steps of implementation, providing a margin improvement runway



Key Takeaways

 <p>Build on established foundation of premium products, channel and services</p>	 <p>Capture market share and capitalize on industry shifting to high efficiency products</p>	 <p>Maintain and grow strong channel relationships as provider-of-choice</p>	 <p>Provide highest standard of support and service</p>	 <p>Add value through customized solutions and packaged systems</p>
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Innovative Products and Best-in-class Customer Support to Drive 5% - 7% CAGR through 2028

Driving North America Water Treatment Growth for Scale and Margin Expansion



Sam Karge

SVP and President,
North America Water Treatment

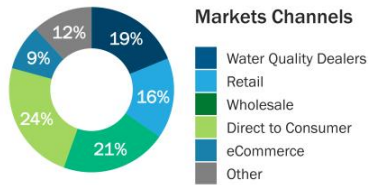
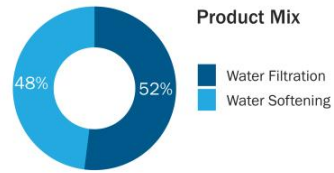
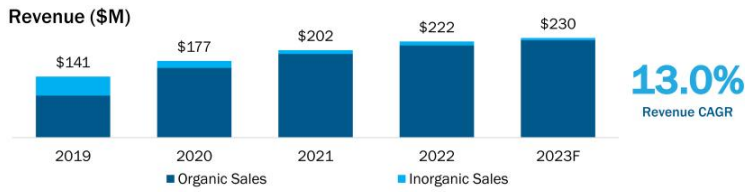
 AC Smith

Key Messages – North America Water Treatment



Acquisitions, Innovative Products and Best-in-class Customer Support to Drive 15% - 17% CAGR through 2028

North America Water Treatment At-a-Glance



Leading Brands



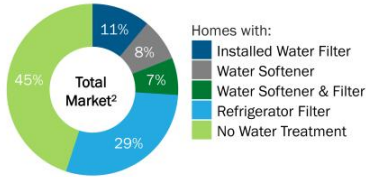
- A market leader in water treatment with strong industry leadership and influence
- Significant growth opportunity from market consolidation
- Channel-focused marketing
- Direct consumer relationships
- Innovation drives efficiency and differentiation
- High margin replacement filter consumables (~15% - 20% of sales) drive recurring revenues and stickiness

North America Water Treatment Market Environment

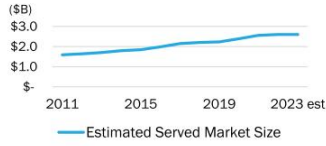
Market Opportunity^{1,2}

- \$2.6B current addressable market
- Represents only ~25% of U.S. households having a water treatment device

Market Penetration Opportunity

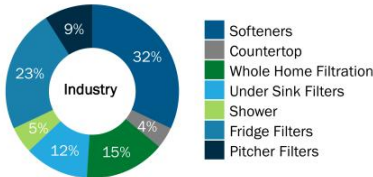


~4% - 5% Industry CAGR Over Last Decade²



Market Growth Drivers

- Consumer awareness and greater focus on water quality
- Aging U.S. infrastructure
- PFAS/PFOS water contamination
- Environmental Protection Agency PFAS/PFOS, Lead/Copper, Arsenic regulations
- Lead contamination in over 100 major cities across U.S.
 - Impacts ~15 - 22M people³



PFAS Per-And Polyfluoroalkyl Substances



Leverage Strong Brand and Industry Presence to Capture Share in Large and Growing Market



¹ Sources: 2020 comprehensive market interviews, SEAS Capital Primary Research 2017, WQA consumer study 2019,2021, A. O. Smith customer research study 2017,2019, 2021, WQA Valve and Tank Report 2022. ² \$2.6B excludes Fridge filters due to low filter change compliance; total market including Fridge and Pitcher categories ~\$4B. ³ EPA lead and copper rule instruction materials

Executing a Clear Strategy

Innovate and Expand

Products

- Portfolio addresses broad set of customer needs
- Innovative technology

Multi-Channel Approach

Marketing Programs and Customer Tools

M&A Strategy

- Proven integration playbook



Execute

Operational Excellence

- Scale
- Targeted vertical integration
- Supply chain lead times
- Strategic acquisitions



Water Treatment for All Needs

Full Spectrum of Water Treatment & Filtration Product

Point of Entry

~60% of sales



Whole Home Filtration



Whole Home Softeners

Point of Use

~30% of sales



Whole Kitchen Filtration



Under Sink Filtration



Tankless RO Systems



Traditional RO Systems

Non-Installed

~10% of sales



Countertop Filtration



On-the-Go Filter Bottles

Complete Technology Portfolio to Provide Clean & Safe Drinking Water

Activated Carbon

Improves taste by removing chlorine and organic pollutants including PFAS

PS: 5,000 nm

Micro-Filtration

Removes sediment, particulates and colloids

PS: 1,000 nm

Ultra-Filtration

Removes bacterium, large organics and other pollutants resulting from water transport

PS: 50 nm

Reverse Osmosis

The ultimate filtration technology; reduces nearly all substances

PS: 0.2 nm



*PS: Pore Size

Innovative Technologies Drive Growth

By Removing the Most Contaminants with the Least Waste

Sidestream™ Technology

- Patented highest efficiency reverse osmosis technology on the market
- 4-to-1 water recovery



Claryum™ Filter

- A. O. Smith developed carbon filter
- Certified to remove 77 contaminants
- Most certified carbon filter on the market
- PFAS, Lead, VOC, Mercury
- First filters to receive PFAS/PFOS and microplastics certification



Problem Water Solutions

- CrystalRight™ media
- Reduces hardness, iron, ammonia, tannin
- Innovative self-sanitizing system



WaterMAX™ Softener Technology

- Highest efficiency softener on the market
- Compact size with full flow performance



A. O. Smith Technology Group

- 275 global water treatment technology professionals
- New Corporate Technology Center - Milwaukee
- Global engineering center - China
- Industry-leading R&D facilities

Certification Differentiator from Competition

- Highest health claims for contaminant reduction with reverse osmosis and carbon filtration
- Certification for safety and product efficiency
- Certified to ANSI/NSF standards at the Water Quality Association



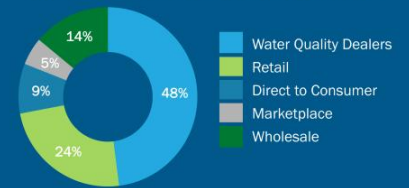
Multi-Channel Approach Improves Penetration

North America Channels & Brands

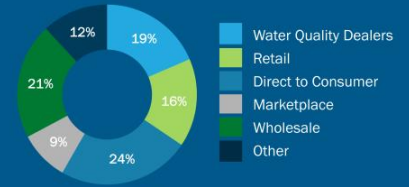
Our brands participate in all channels; most competitors operate in 1-2 of these channels



Water Treatment U.S. Market Channel¹



A. O. Smith Channel Penetration



Marketing Programs and Consumer Service Tools

Direct To Consumer Innovation

- Constantly evolving marketing programs to be part of consumers' decision-making process
- Omni-channel marketing - television, radio and online coordinated messaging
- Online influencers - market differentiation



Professional Dealer Strength ~ 400 dealers in network and growing

- Best-in-class dealer products for home water solutions
- Dealer education, seminars and online training
- Unrivaled dealer marketing support - including consumer lead-generation programs and website creation



Retail Merchandising Evolution

- Industry-leading contaminant reduction certifications
- Highest-efficiency reverse osmosis and softener products in retail market
- QR codes - innovative product selection tool



Building Scale through M&A Strategy

Inorganic geographic expansion across North America in residential and commercial

- Water treatment is “local” – regional expertise
- Acquire geographically for regional assembly and distribution
- Creating regional centers of excellence
- Commercial water treatment expertise
 - Commercial market space estimated to be ~2x size of residential
 - Targeted expertise in large-scale filters, reverse osmosis and high purity waster systems
 - Specification-driven growth
 - Similar to Lochinvar



Acquisitions are Critical to Building Scale

Targeted Vertical Integration and Streamlined Supply Chain Improve Margin Profile

Vertical Integration of Critical Components

- Growth driven by innovative core filtration products
- A. O. Smith innovative new filtration technologies:
 - Claryum™ carbon block
 - Sidestream™ reverse osmosis elements
- Vertically integrated many key filtration medias and cartridges within our factories
 - Faster product launch
 - Reduced overall cost due to shorter supply chain



Shortening Material Supply Chain Length

- Many water treatment base materials originate in Asia
- Some materials may cross the Pacific Ocean up to 3x in journey from raw material to finished good
- Many materials have a 25-week lead time due to long supply chain
- Innovative planning and demand tools to help drive down overall supply chain lead time
- Resourcing key systems back to U.S. – including new high efficiency RO System



Targeting 100bps of Annual Margin Improvement

Long-Term Growth Profile

Path to \$500+ million and Mid-Teens Margins through 2028



5 Year Revenue Growth Profile: 15% - 17%

Key Drivers

- Grow faster than the market¹ with organic annual growth of 10% - 12% by:
 - 2% - 3% inflation
 - Marketing programs and service tools
 - Portfolio mix improvement
 - Dealer and e-commerce growth
 - Direct to Consumer growth
- Bolt-on acquisitions to add ~5% of annual sales growth

Margin Expansion: Mid-teens by 2028

Key Initiatives

- Leverage growth within current footprint
- Enhance premium brand via leading technology and best-in-class service
- Annual material, labor and logistics cost reductions of \$3 - \$4 million annually



Key Takeaways

 <p>Full suite of premium and innovative products designed to meet consumers' broader needs</p>	 <p>Multi-channel approach improves penetration in a fragmented market</p>	 <p>Brand awareness through innovative marketing programs and consumer tools</p>	 <p>Targeted vertical integration and improved supply chain drives margin improvement</p>	 <p>Geographic expansion through acquisition and organic growth drive 2028 sales target of \$500 million</p>
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Innovative Products and Best-in-class Customer Support to Drive 15% - 17% CAGR through 2028

Q&A

AC Smith



BREAK

ACSmith.



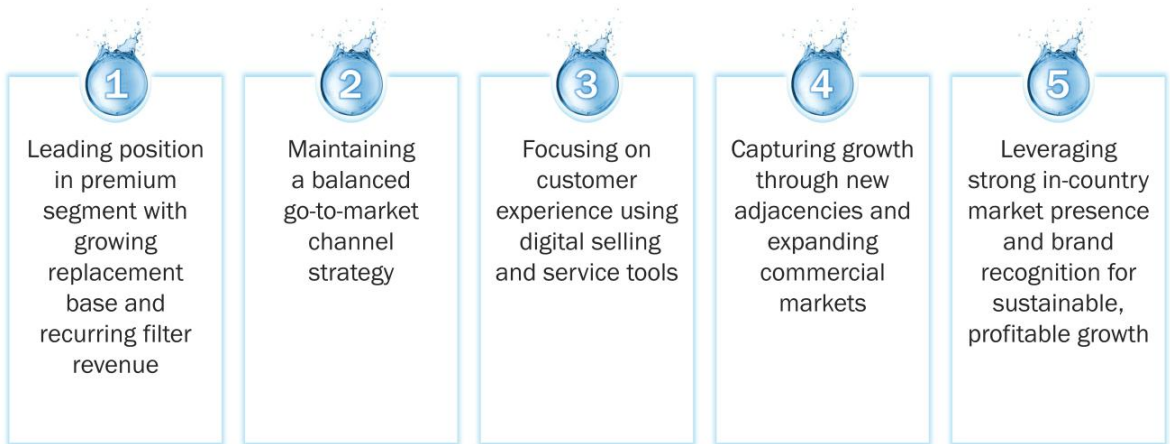
Executing Growth in China



Jack Qiu
SVP and President, China



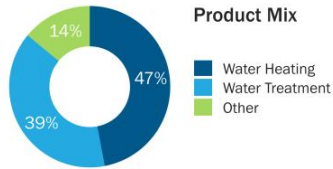
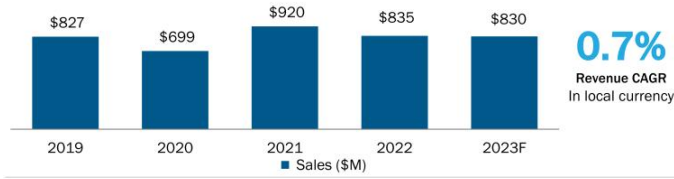
Key Messages - China



Innovative Products and Best-in-class Customer Support Drive 5% – 6% CAGR through 2028

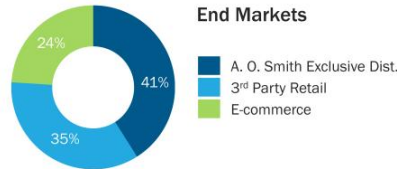
China At-a-Glance

Revenue (\$M)



Product Mix

- Water Heating
- Water Treatment
- Other



End Markets

- A. O. Smith Exclusive Dist.
- 3rd Party Retail
- E-commerce


Leading Brands



- 25+ years operating in China with ability to scale
 - Strong in-country leadership
 - Operational improvements and organizational driving margin expansion
- Premium brand recognition to reach middle / affluent classes
- Multiple distribution channels, including service network
- Dual brand strategy to preserve premium brand
- Continuous innovation around new technology and operational excellence
- ~60% of water heater sales are replacement
- ~20% - 25% of water treatment sale are replacement filters

Balanced Go-To-Market Strategy with Key Partnerships

Major Channels

Offline Retail	E-commerce	Project
 Specialty store  KA store  Regional store  Tier 4-6th store	 JD 京东 .COM  天猫 Tmall.com  苏宁易购 suning.com	 vanke  LONGFOR 龙湖  中国海外 CHINA OVERSEAS

Balanced Channel Strategy

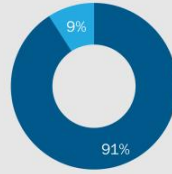
- A. O. Smith exclusive specialty store are 100% dedicated to the success of the A. O. Smith product family
- Leading partners in the national and regional offline retail
- Leveraging e-commerce activity to drive in-store experience to upsell product offering

9,600 Points of Sale Across China

~4,500 Stores in Tier 1 – Tier 3 Cities

~1,800 A. O. Smith Specialty Stores	~1,400 Retail Stores	~1,300 Regional Stores
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~5,100 Outlets in Tier 4 – Tier 6 Cities



Sales Mix

- Tier 1-3 cities
- Tier 4-6 cities



Investments in R&D and Manufacturing in place to Support Growth



~\$500M Invested in China's 3 Manufacturing and R&D Facilities



Digitalization



Automation



Reliability Testing

Industry-Leading Technology

- Focus on quality excellence, safety and social responsibility
- Invest in digitalization and automation for productivity and profitable growth

Executing a Clear Strategy

Innovate and Expand

Premium Residential Products

- Water heating
- Water treatment
- Kitchen appliances

Whole-home HVAC Packaged System

Technology

- Connected services (AI-LINK)

Commercial Product Opportunities



Execute

Premium Product Positioning

Premium Customer Service

Online to Offline Brand Convergence



Innovative Core Product Offerings

Water Heating



~60% of Water Heaters are Replacements

Water Treatment



Innovate & Expand

Differentiated Features



- Slim design electric wall-hung, extremely quiet and zero-cold-water gas tankless
- Soft-water-integrated gas tankless and combi-boilers

- Large flow and hot water feature
- AI-LiNK connectivity to water treatment models with filter life display / calculation based on real water consumption
- Dual-function water purifier with 2 separate applications: drinking & cooking and washing dishes, vegetables, etc.

Residential: Expanding into other Kitchen Appliance Categories as a Catalyst for Growth

Innovative Products

Range Hood

- Super quiet, super clean
- Top & side dual suction



Cook Tops

- High thermal output
- Precise temperature control



Steam Oven

- Dual-generator steam system
- 316 stainless steel tank



Dishwasher

- Leading technology of bowl rotation
- 316 stainless steel tank



Bundle Options



Leveraging Innovation Expertise Across New Premium Product Categories

AI-LINK Smart Home: “Good Air” HVAC System as a Solution

Maximum Comfort and Most Efficient

- Customized, whole home packaged system that provides heating, cooling and fresh air
- A. O. Smith is single solution provider that designs, installs and services system – transforming to a system solutions provider
 - Comfort and energy efficiency with control of one digital display
 - Combi boiler
 - Heat pump
- Fresh air unit



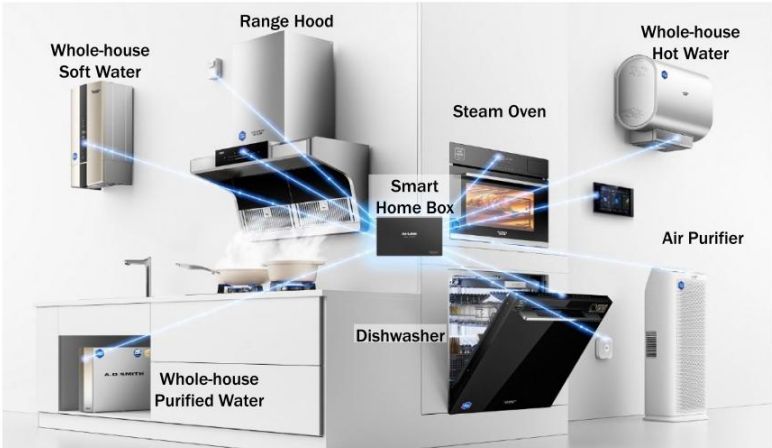
Annual Sales to Grow to \$100 Million by 2028, a 12% CAGR from 2023

AI-LiNK Smart Home, Good Water System

How A. O. Smith Will Own the Kitchen

AI-LiNK Smart Home

- AI-LiNK Technology (Power Line +Wi-Fi Dual-mode Connection)
- “Smart Home Box” creates a unique IOT system with enhanced safety and privacy protection
- Expand bundled offerings to drive growth and increase value to consumers



AI-Link and Bundled Sales to Grow to \$100 Million by 2028, a 25% CAGR from 2023

Commercial Product Offerings are Catalysts for Growth

Water Treatment



Pre-Filter Campus Product Line Sparkling and Coffee Machine Solution

Annual Growth of 10-12%

Water Heating






EB Boiler Gas Heater Heat Pump-Hot Water Heat Pump Heating HB Condensing Boiler AI-LINK System

Commercial Strategy

- Develop channels and win landmark projects to enhance brand influence
- Promote high efficiency condensing boiler and heat pump, with multi-energy management AI-LINK smart system
- Focus on opportunities in the existing building renovation market
- Offer diversified water treatment solutions, catering to all scenarios

Market Positioning AI-LiNK / A. O. Smith / Chanitex

Avg. Selling Price, Avg. Margin		
CHANITEX 佳尼特 Young, Stylish Brand	A.O. SMITH 史密斯 Best Product	AI-LiNK — A.O. SMITH — Smart Linked Lifestyle
Mid-end	Mid- to High-end	Premium
		
<ul style="list-style-type: none"> • Mid price positioning • Good quality and mid-range features to attract younger generation / first-time buyers 	<ul style="list-style-type: none"> • Market-leading full range of products with differentiated features • Uniform pricing across online and offline channels 	<ul style="list-style-type: none"> • Elevate our premium name • Smart linked lifestyle with good air & water • Professional one-stop solution provider

Technology Drives Best-in-Class Customer Service



Design / Installation /
After Service

- Digital tools to empower and manage the process of design, installation and after service
- Deliver high quality, turn-key system with customized solutions



Regional Materials Center

- Optimized warehouse, logistics, and fully barcode, visualized online system
- Provides full line of service parts to support premium services



A. O. Smith Industry College

- Established 2021, provides training to HVAC sales professionals, service technicians and onsite supervisors: supports AI-LiNK HVAC systems business
- Delivers premium customer solution for the HVAC system

+7M
Consumers Online

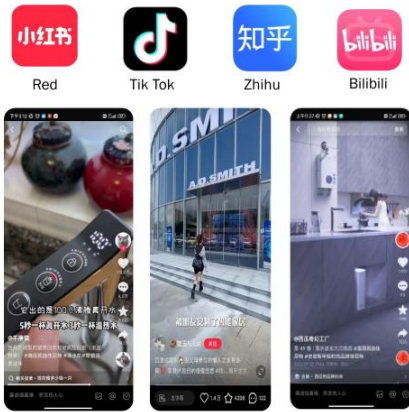
6,000+
Service Technicians

4.2m
Service Orders (2022)

100K+
President Hotline
Messages

Merge Online & Offline Brand Building to Complete the Sale

Social Media Platform



Online-Offline Integration



Online & Offline Brand Building

- Cooperating with influencers for live-streaming and creating high-quality content
- Leveraging Tmall.com and JD online platforms to showcase A. O. Smith high-end offline products to achieve synergies through online-offline model

Long-Term Growth Profile

Path to \$1.1+ Billion Revenue and 15% Operating Margin in 2028



5 Year Revenue Growth Profile: 5% - 6%

Key Drivers

- Core business (residential water heating and water treatment) growth driven by new product introductions and project sales
- Expansion into targeted kitchen appliance adjacencies
- AI-LiNK technology
- Expand into higher growth and higher margin commercial business






Margin Expansion: From 11% to 15%

Key Initiatives

- Leverage growth within current footprint
- Enhance premium brand via AI-Link and Best-in-Class service
- Annual cost reduction target \$5+ million



Key Takeaways

 <p>Leading position in premium segment with growing replacement base and recurring filter revenue</p>	 <p>Maintaining a balanced go-to-market channel strategy</p>	 <p>Focusing on customer experience using digital selling and service tools</p>	 <p>Capturing growth through new adjacencies and expanding commercial markets</p>	 <p>Leveraging strong in-country market presence and brand recognition for sustainable, profitable growth</p>
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Innovative Products and Best-in-class Customer Support Drive 5% - 6% CAGR Through 2028

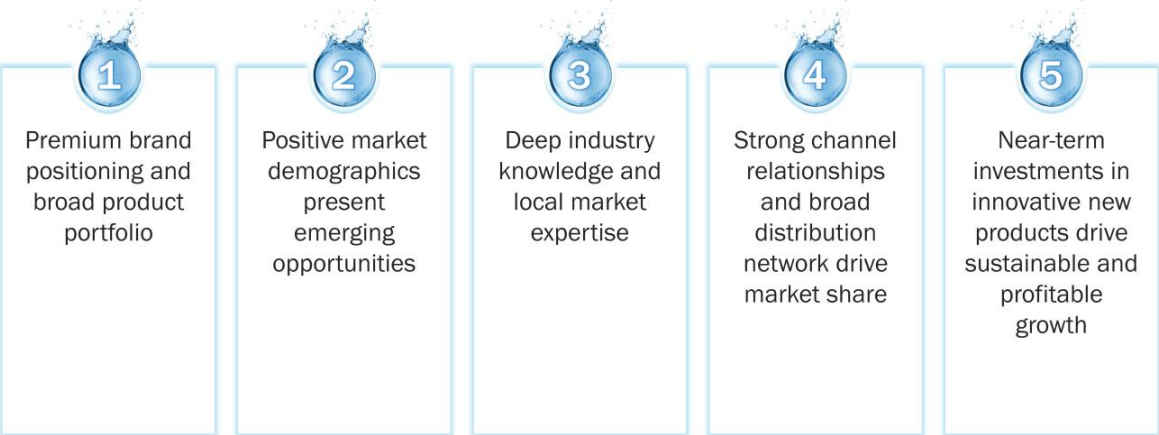
Expanding Presence in India



Parag Kulkarni
SVP and President, India

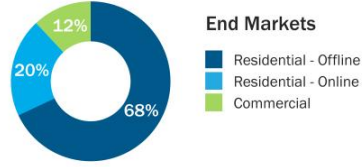
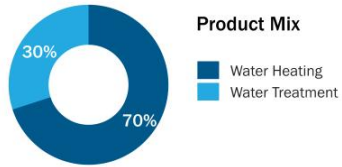
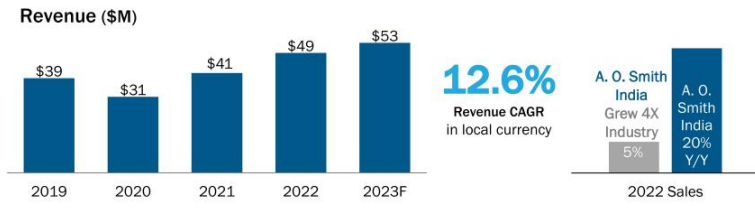


Key Messages - India



Above Market Growth of 15% to 20% CAGR through 2028

India At-a-Glance



India's evolving demographics and economic transformation create significant growth opportunities

- GDP growth projected 6%+ in 2024
- \$5T economy by 2026
- Rapid urbanization
- Government-supported investments in infrastructure
- Innovative new products
- Premium, niche solutions
- Broad distribution network
- Ecommerce / digital consumption

Strong Brand and Broad Distribution



National Retailers    

Regional Retailers    

A. O. Smith India Channels

300 Distributors
~13,000 Retailers

Large Retailers

20 Chains
800 Stores

50 Commercial Dealers

E-commerce
Flipkart **Amazon**

Executing a Clear Strategy

Innovate and Expand

New Premium Products and Technology

- Residential water heating
- Residential water treatment

Demand Creation

Build Brand

- 360 engagement
- Accreditation / certification / service

Channel Expansion


- Unique customer relationship platform
- Growing commercial channel



Execute

Best-in-Class Customer Experience

Process and Platform Approach



Residential Water Heaters – Innovation Raises the Bar in the Market

Value-added features including a longer life, energy savings & faster heating



Build on technologically & aesthetically superior product launches of last few years



“5-Star” Energy Star rated products despite revised energy star rating program



5-Star Compact Products for Urban Homes



Longer life with Blue Diamond® Glass Lining
Enhanced hot water output with RRID Technology (Patent Applied)

Premium value proposition through Blue Diamond & RRID technology



India's First "Integrated Manifold" Connection



Integrated Manifold – Saves energy and easy to connect

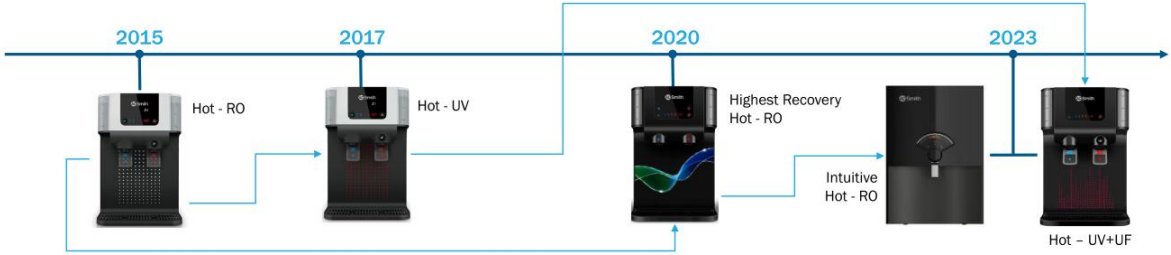


Premium, digital tankless products for high growth, niche markets

~30% of Sales from New Products

Residential Water Treatment - Product Introductions

Create New Trends in the Industry



Hot is the new healthy
Make drinking hot a habit.
Get Purified Hot Water with COMPLETE PROTECTION.
Enjoy heated purified hot water to stay warm and safe throughout the year.

Create New Segments

Based on consumer needs (health needs, pregnant women, younger kids, older parents, tea / coffee etc.) with products like "Hot Water -RO"

~30% of Sales from New Products



Demand Creation: Creating New Trends in the Market

Hot is The New Healthy

- Hot as a unique consumer benefit
- Young, upwardly mobile, urban consumer family
- 7 offerings in 8 years
- Hot is the new healthy
- Health-conscious urban buyer



Under the Counter, Over the Top

- Young, upwardly mobile, urban family
- Modern, minimalistic, modular, technologically advanced kitchen
- 4 products in 6 years

~3X Unit Growth in 3 Years



Premium UV Range with Industry Firsts

- Sustainability driven premium offering to appeal to educated urban consumers
- Digitally advanced user interface
- Compact for new age homes

~50% Growth YOY



Creating Premium, Niche Segments within Water Treatment – Investing & Nurturing

Building Brand Awareness through 360° Consumer Engagement

Digital Outreach

- Social media
- Google platforms
- Precision targeting



Print Advertisement

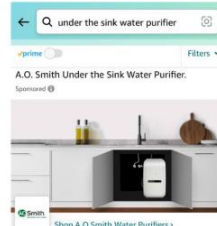
- Mass awareness
- Consumer offers

THE TIMES OF INDIA



E-Commerce Ads

- Conversion
- Speed of decision



In Shop Branding

- Point of sale influencing



Public Space Booths

- Brand building



Building Brand Through Accreditation, Certification & Service

India's Most Trusted
Water Heater Brand 5th Time In A Row



Power of Trust 2023

India's 1st Major Water Treatment Brand to get BIS Certification

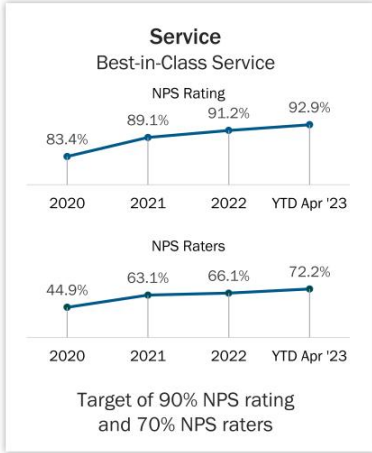


One of the Highest Rated
Brands on E-commerce Platform

40K+
Ratings & Reviews

~90% of ratings are 5-stars
(maximum rating)

Top Rated Product
in Water Heating
and Water Treatment



Channel Expansion through Strong Channel Relationships to Fuel Growth

A. O. Smith Top Customer Engagement Platform

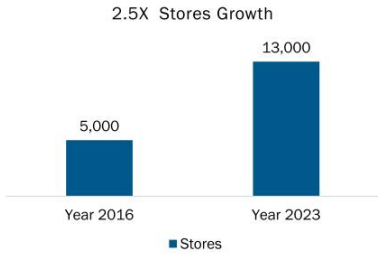
105 Additional Distributors
37 Core Partners
Year 2016
"Strengthen The Core"

200+ Additional Distributors
~75 Core Partners
Year 2023
"Enhance The Core"



- Annual event to award achievement, set future goals and aspirations
- Introduce new products and programs
- Build bonds between A. O. Smith and distributor network

Store Focus



Channel expansion supports strong foundation for sustainable growth

Growing Commercial Presence through Premium Value Proposition for Heat Pumps

Heat Pumps



Applications

- Top education institutes
- Villas, weekend retreats
- Healthcare facilities
- Green buildings
- Premium condominiums
- Corporate campuses
- Luxury hotels & resorts




Leveraging Technology to Create Best-in-Class Consumer Experience

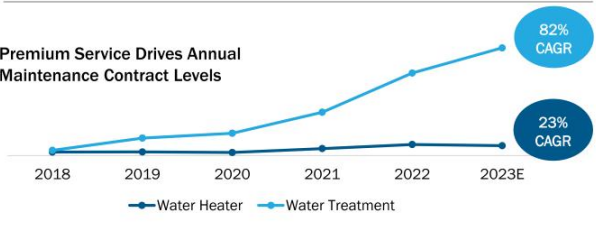
Raising The Bar on Customer Service with Superior Service Provider Training and Technology

Human Touch — Delighting Customers

- 1200+ third party team members
- ~14K zip code coverage
- 365 days field operations
- Singular drive for Same Day Closure



Premium Service Drives Annual Maintenance Contract Levels



Year	Water Heater (CAGR)	Water Treatment (CAGR)
2018	23%	82%
2019	23%	82%
2020	23%	82%
2021	23%	82%
2022	23%	82%
2023E	23%	82%

Digitization — The Way Forward

- Mobile Applications**
 - 24/7 consumer touch
- On-line AMC Purchase**
 - Convenience
 - Genuine
 - Higher margin
- Communication BOT**
 - 24/7 Customer support
 - Better spike management
- Advanced CRM**
 - Same day closure
 - Resource allocation

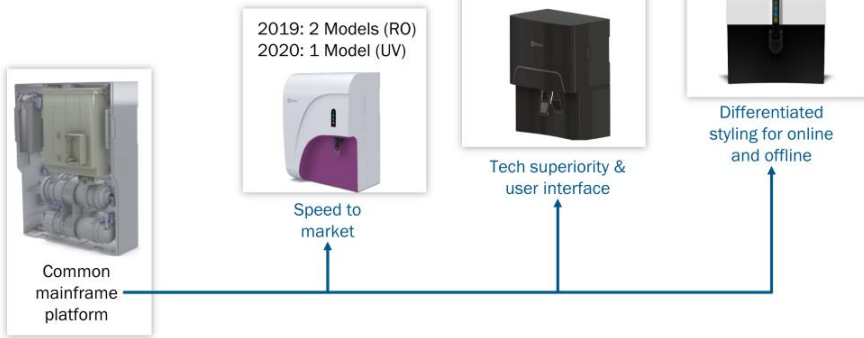
Best-in-Class Service, Cementing Premium Brand Imagery

Process and Platform Approach Supports Product Introductions, Quality and Cost Position

Execute

Platform Approach

Minimize Investment – Maximize Return



Channel and Consumer Benefits:

- Speed to market of new products
- Improved technical support & user interface

A. O. Smith Benefits:

- Common platform
- Improved manufacturability
- Minimizes tooling costs
- Improves quality

Long-Term Growth Profile

Targeting Growth of 15% - 20% through 2028



5 Year Revenue Growth Profile: 15% - 20%

Key Drivers

- New product introductions
- Best-in-Class Service
- Expand commercial presence
- Expand channel footprint with unique custom relationship platform






Margin Profile: 3% - 5%

Key Initiatives

- Reinvest for growth
- Expand into commercial market and service
- Process and platform approach



Key Takeaways – India

 <p>Premium brand positioning and broad product portfolio</p>	 <p>Positive market demographics present emerging opportunities</p>	 <p>Deep industry knowledge and local market expertise</p>	 <p>Strong channel relationships and broad distribution network drive market share</p>	 <p>Near-term investments in innovative new products drive sustainable and profitable growth</p>
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Above Market Growth of 15% to 20% CAGR through 2028






Executing Clear Financial Priorities



Chuck Lauber
EVP and Chief Financial Officer

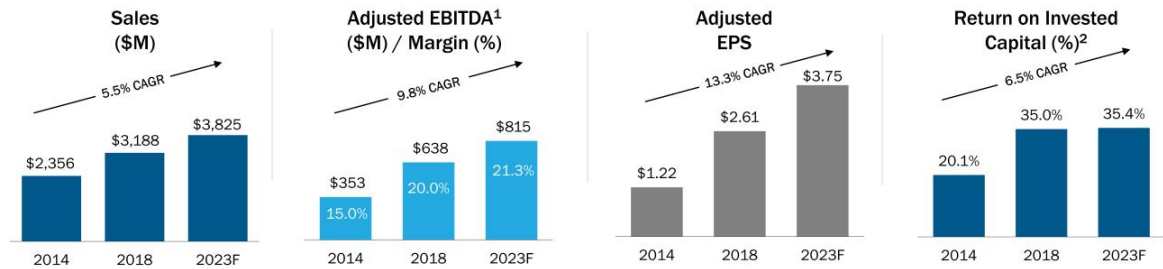


Key Messages

 <p>Track record of delivering revenue and earnings growth</p>	 <p>Industry-leading free cash flow conversion of 100%+</p>	 <p>Balance and disciplined capital allocation approach for optimal returns</p>	 <p>Strong balance sheet supports growth through strategic M&A</p>	 <p>Clear strategy for long-term growth and value creation</p>
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Above Market Growth and Strategic Capital Allocation Drives Shareholder Value

Strong Track Record of Delivering Financial Results



Performance Drivers

Historical Drivers

- Grew North America sales – from 69% to 75% of total sales
- Implemented price/cost actions
- Introduced new, innovative products
- Regulatory changes
- Invested in digital platforms
- Repurchased 40M+ shares
- Large base of repeatable replacement business in water heating and boilers

Positioned for Future Performance

- Launch of internally-developed innovative tankless products
- Continued energy efficiency convergence in boiler market
- Organic and inorganic growth opportunities in water treatment
- Above market growth in India
- China positioned for growth
- Future regulatory changes



¹ Non-GAAP measure. See reconciliation to GAAP measures in Appendix.
² ROIC defined as ANOPAT divided by average invested capital net of cash

Key Financial Objectives

Volume



- Positive market dynamics
- Organic outgrowth driven by new products and regulatory change over time
- Strategic acquisitions will enhance growth

Earnings per Share



- Operational excellence improves margins over time
- Share repurchases continue to contribute
- Strong EPS growth over cycle

Cash Flow



- Expect strong cash flow and conversion to continue
- Continued focus on working capital management and asset efficiency
- Supports balanced capital allocation strategy

Value-Creating Capital Allocation



- Investing in core business remains top priority
- Pay an attractive dividend; continue share repurchases
- Strategic acquisitions provide long-term value creating potential

Resilient Business Model and Disciplined Capital Management Generate Best-in-Class Cash Flow

2019 – 2023F Cumulative Free Cash Flow (\$ in Millions)	
Sales	\$17,006
Net earnings (excl 2022 pension settlement)	2,254
D&A	383
Working Capital	71
Other	(8)
Cash Flow from Operations	2,700
Capital Expenditures	(331)
Free Cash Flow	2,369
FCF Conversion %	105%

“Annuity” Model

Consistent, recurring revenue stream

Low Capital Intensity*

Capital expenditures ~2% - 3% of annual revenue

Strong Working Capital Management

Net working capital ~20% - 25% of annual revenue

Leverage Opportunity

Allows for inorganic investments for long-term growth



* Including incremental investments in growth for tankless and innovation, total 2024-2025 capital expenditures projected to remain below 3% of annual revenue

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Capital Allocation Philosophy

Strategic Investments

- ✓ **Organic Growth**
Mix of Capex, R&D and new product development
- ✓ **M&A**
Strategic M&A to drive shareholder value

Returning Capital to Shareholders

- ✓ **Dividend**
Annual dividend paid for last 82 years;
annual dividend increased for past 30 years
- ✓ **Share Repurchases**
Share repurchases has been and is expected to
continue to be a key component of capital
strategy¹

Targeting Debt-to-Adjusted-EBIDTA of ~1.5-2x

Investing in Core Remains Top Priority with Key Innovation and Growth Investments

Capital Expenditures – target 2% - 3% of sales over the cycle

- Includes maintenance (~1% of sales)
- 2024-2025 Capital investments for growth (~\$85 million)
 - Commercial R&D engineering facility with testing capability– Lebanon, TN
 - Tankless manufacturing production – Juarez, MX
 - Heat pump production capacity expansion – Juarez, MX
 - Commercial water heating production capacity due to 2026 regulatory change

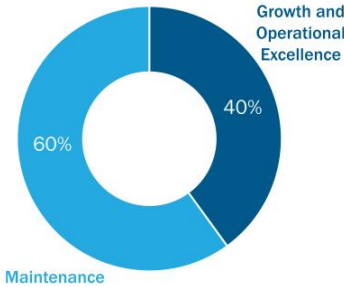
R&D ~ \$90M annually

- Products / capabilities

Operational Excellence and Channel Enhancement

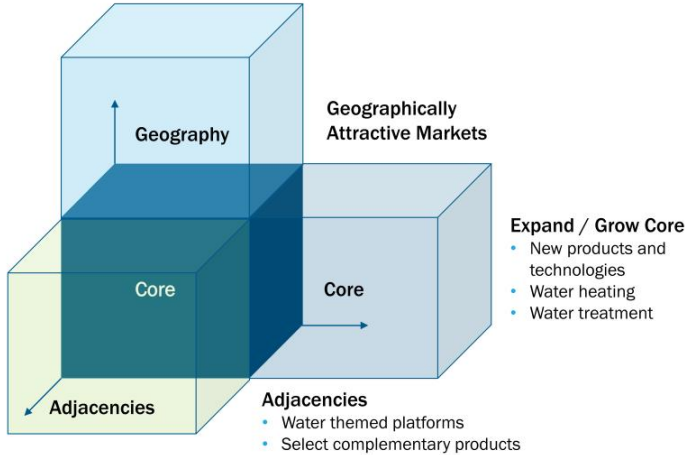
- Innovation in services, delivery, training and overall premium customer experience
- Channel expansion in India
- Efficiency and process improvement through A. O. Smith Operating System

CapEx Target
2% - 3% of Annual Revenue



Best Use of Capital Expected to Produce Highest Risk-Adjusted Returns

Strong Financial Position Supports Growth through Strategic M&A



Strategic Fit

- Grow TAM
- Capitalize on megatrends
- Expand geographically
- New water themed platforms
- Grow / leverage existing capabilities and technology
- New or complimentary technology or innovation

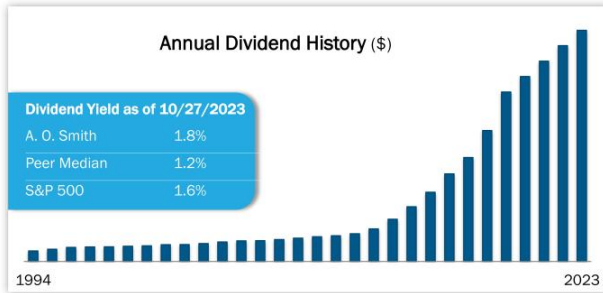
Financially Attractive

- Accretive to EPS in the first year
- ROIC above cost of capital by the third year
- Meet risk adjusted IRR hurdle rates
- Accretive to growth or margin profile

Returning Capital to Shareholders

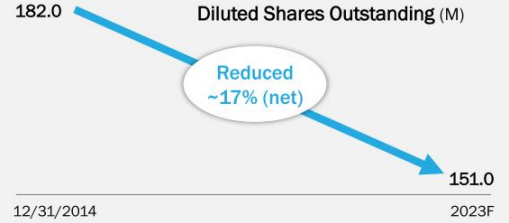
Dividend Priorities

- Pay attractive dividend that grows with earnings
- Conduct peer analysis and assess yield / payout ratio
- Continued commitment to increasing dividend¹



Share Repurchase since 2014:

- Repurchased 41M+ shares for \$2.1B (~\$51/share)
- Diluted shares outstanding reduced ~17%²
- As of September 30, 2023: 5.5M shares remain under authorization
- Share repurchase expected to remain an important and attractive option¹



Dividend Aristocrat – Nearly 30 Consecutive Years of Dividend Increases




¹ Subject to ongoing Board approval
² Net of shares issued for stock-based compensation

Delivering Sustainable Growth

**5% - 6% Revenue Target
FY'24 - FY'28 CAGR**

	North America			Rest of World		2028	2029
2023F	Water Heating	Boilers	Water Treatment	China	India		
CAGR	4% - 5%	5% - 7%	15% - 17%	4% - 6%	15% - 20%	Incremental	
% of Sales	65%	~5% - 10%	~5% - 10%	~20% - 25%	~1%		
Drivers	<ul style="list-style-type: none"> Industry unit growth + inflation 2026 commercial regulations Tankless market share Residential mix 	<ul style="list-style-type: none"> Energy efficient market growth Customized packages Specified business Training 	<ul style="list-style-type: none"> Dealer / D2C / e-commerce Geographic expansion Portfolio mix Strategic M&A 	<ul style="list-style-type: none"> Core business New kitchen categories AI-LINK technology Commercial opportunity 	<ul style="list-style-type: none"> New products Channel expansion Premium service Commercial market 	<ul style="list-style-type: none"> Strategic M&A Proposed 2029 regulatory changes in residential water heating 	


Clear Strategy for Long-Term Value Creation Goals*

Revenue  **5% - 6%**
Annual growth
Plus fire power to accelerate growth through strategic acquisitions

Earnings per Share  **7% - 9%**
Adjusted EPS CAGR






- North America margin growth ~150 bps¹
- Rest of World margin growth ~400 bps²
- Share repurchase to contribute 1% - 2%³

Cash Flow  **>100%**
Free cash flow conversion

Value-Creating Capital Allocation  **Target Leverage: ~1.5x - 2x Net Debt-to-Adjusted EBITDA**
Acquisitions that meet financial criteria
Pay an attractive dividend, continue share buybacks and ROIC above 30%⁴

*2024-2028 timeframe – Growth rate is organic, except North America Water Treatment growth targeted at 15% - 17% which includes ~5% growth from acquisitions;
¹Margin expansion versus 2023F exit rate of 24%; ²Margin expansion versus 2023F of 10%; ³Subject to ongoing board approval; ⁴ROIC defined as ANOPAT divided by average invested capital net of cash

Key Takeaways

 <p>Track record of delivering revenue and earnings growth</p>	 <p>Industry-leading free cash flow conversion of 100%+</p>	 <p>Balance and disciplined capital allocation approach for optimal returns</p>	 <p>Strong balance sheet supports growth through strategic M&A</p>	 <p>Clear strategy for long-term growth and value creation</p>
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Above Market Growth and Strategic Capital Allocation Drives Shareholder Value

Closing Remarks



Kevin J. Wheeler
Chairman and Chief Executive Officer



Powerful Investment Thesis

1

Leading with innovative products that drive technology and meet sustainability needs

2

Capitalizing on global megatrends in a large and growing market supported by regulatory changes

3

Leading North American water heater and boiler producer with stable and consistent replacement demand

4

Compelling brand awareness in emerging markets with attractive growth and margin expansion opportunities

5

Leveraging strong balance sheet for organic and inorganic growth while returning capital to shareholders



Where water flows – our legacy grows

The 150th anniversary of A. O. Smith will acknowledge our rich history and celebrate our future among global employees, Smith family members, elected officials, our community and customers around the world.

Our year-long celebration will:

- instill pride in the company
- emphasize our good name and values
- showcase our ongoing commitment to innovation and growth
- elevate our strength as a leading global water technology company

Q&A

AC Smith

Speaker Bios

AC Smith



Speaker Bios



Kevin J. Wheeler
Chairman and Chief
Executive Officer

Kevin Wheeler was named chairman of the A. O. Smith Corporation board of directors on May 1, 2020. He was named president and chief executive officer on September 1, 2018 – the 10th chief executive officer in the company's history. He has responsibility for the company's global operations, as well as strategy development and implementation, profitability and shareholder returns.

Prior to becoming CEO, Kevin was president and chief operating officer from June 2017. In this role, he was responsible for A. O. Smith's global water heater and boiler operations as well as its global water treatment business. He also oversaw the company's global research and information technology functions. Kevin was elected to the A. O. Smith board of directors in July 2017.

Kevin joined A. O. Smith in 1994 as a regional sales manager for the former Water Products Company. In 1999, he was named managing director of A. O. Smith Water Products Company B.V., headquartered in Veldhoven, the Netherlands. In that role, he was responsible for the company's water heater business in Europe and the Middle East. He returned to the U.S. in 2004 to serve as vice president-international with responsibility for all European and Asian operations. During this time, the company expanded its business in China and began evaluation of the India residential water heater market.

In 2007, Kevin was named senior vice president and general manager of the U.S. retail business for the Water Products Company. In that position, he oversaw all aspects of the U.S. retail business including sales, marketing, manufacturing, product engineering, and customer service. In 2011, he was named senior vice president and general manager of A. O. Smith's largest operating unit – the North America, India and Europe water heating business – and became president of that business in 2013. Kevin began his career in 1984 at Hoyt Water Heater Company. He also held sales management positions at Bradford White Corporation and American Water Heater Company.

Kevin is a member of the Manufacturers Alliance Board of Trustees. He has served as chairman and an at-large director of the Air-conditioning, Heating, and Refrigeration Institute (AHRI). He is a director of Graco Inc. (NYSE: GGG). He is a graduate of the University of Nevada, Reno and the Advanced Management Program at Harvard University.

Speaker Bios



Chuck Lauber
EVP and Chief
Financial Officer

Chuck Lauber was named executive vice president and chief financial officer of the company in May 2019. He is responsible for all financial functions of the company including treasury, controllership, cash management, and investor relations.

Chuck joined A. O. Smith as corporate director of tax and audit in December 1999. He was named vice president and controller of the former Electrical Products Company division in 2001 and was named vice president – global finance for Electrical Products in 2004. In 2006, he was promoted to senior vice president and group chief financial officer for the Water Products Company division.

Chuck was named to the newly created position of senior vice president – strategy and planning in January 2013 and assumed the position of senior vice president - strategy and corporate development in March 2013.

Before joining A. O. Smith, he held a number of auditing and management positions with Ernst & Young from 1984 to 1999.

He serves on the board of directors of the National Association of Manufacturers (NAM) and H.B. Fuller.

Chuck earned a BS in accounting from the University of Wisconsin-Whitewater and an MBA from Kellogg School of Management at Northwestern University.

Speaker Bios



David R. Warren
SVP and President,
North America Water
Heating

Dave Warren was named president and general manager of the North America Water Heating business unit in July 2017. In this role, Dave has profit and loss responsibility for the 10 brands that make up the operation. He oversees the unit's 4,860 employees at facilities in the U.S., Canada and Mexico.

Dave last served as vice president of the India, Europe and export businesses, overseeing the company's international water heater operations in Europe, and water heater and water treatment operations in Turkey and India. He also was responsible for the company's export water heater activities.

He joined A. O. Smith in 1989 as a wholesale sales coordinator and was promoted to district manager of the South Texas District. In 1999, he was named a regional sales manager for the South-Central Region. In 2002, he became director of Reliance retail water heater sales. In 2004, Dave was named managing director of the company's Veldhoven operation with responsibility for the European and Middle Eastern markets and export water heater sales.

Dave is a graduate of the University of Minnesota with a BA in sales and marketing and has taken courses in international business from Franklin University-Switzerland in Lugano, Switzerland.

Speaker Bios



Steve O'Brien
SVP and President,
Lochinvar

Stephen O'Brien was named senior vice president of A. O. Smith Corporation and president of Lochinvar, LLC in April 2022. He joined Lochinvar as chief operating officer in August 2021, overseeing the engineering, manufacturing, quality, sales, marketing and business development functions.

Steve originally joined the company in 1997 as sales engineer for A. O. Smith Electrical Products Company, where he steadily progressed through sales and marketing roles, until being named senior vice president & general manager – HVAC, Hermetic and Appliances in 2008.

When Electrical Products Company was sold to Regal Beloit in 2011, he served as their acquisition integration leader and vice president & business leader, responsible for the P&L of the Marathon and Century Commercial Motor Business for four years. In 2015, he joined Mitsubishi Electric Cooling & Heating where he was instrumental in transforming the channel strategy through the formation of the Mitsubishi Electric Trane joint venture. He became senior vice president of the residential and commercial businesses and led the creation of strategies and programs resulting in significant revenue and net profit growth.

Steve earned his MBA from the University of Dayton and BA in mathematics and computer science from the State University of New York – Potsdam.

Speaker Bios



D. Samuel Karge
SVP and President,
North America Water
Treatment

Sam Karge was named senior vice president of A. O. Smith Corporation & president – North America Water Treatment on September 1, 2018. He joined A. O. Smith in March 2018 as president of the newly created North America Water Treatment business unit. In this position, he has profit and loss responsibility for the unit, which consists of A. O. Smith-branded water treatment products for North America, and the Aquasana, Hague, Master Water Conditioning, Atlantic Filter and Water-Right lines.

Sam joined A. O. Smith after serving as vice president sales & marketing for Zurn Industries of Milwaukee, part of the Rexnord Water Management Platform from April 2016 until March 2018. Prior to that, Sam worked at Pentair Residential Filtration of Milwaukee, holding positions in platform management and marketing management. He also held the positions of vice president global marketing and director of global marketing & product management. From 2001 until 2008, he worked at GE Water and Process Technologies, with roles in global marketing and sales, product management, and new product development. Sam began his career as a marketing manager with Osmonics, Inc. of Milwaukee.

Sam holds a BS in communications and advertising with an emphasis in engineering from the University of Wisconsin-Madison. He currently serves as the vice president of the Water Quality Research Foundation. Previously, he was a member of the board of directors of the Water Quality Association from 2007 until 2016 and served as the association president during the 2014-2015 term. He also chaired the association's Government Relations Committee and the Convention Committee. Sam received the Water Quality Association's Hall of Fame Award in 2017, the highest award presented by the organization. He also is a 2009 recipient of a Key Award from the WQA.

Speaker Bios



Jack Qiu, PhD
SVP and President,
China

Jack Qiu was named senior vice president of A. O. Smith corporations and president – A. O. Smith China in October 2020. He has profit and loss responsibility for A. O. Smith’s water heating and water treatment business in China, based in Nanjing and Lishui, and he oversees the company’s strategic growth in the region.

Prior to his promotion in October 2020, Jack served as managing director of the A. O. Smith (China) Water Products Co., Ltd., driving growth of the Company’s traditional gas water heater business and expansion of the combi boiler line. As general manager for residential gas water heaters, Jack played an integral leadership role in growing net sales for the segment from \$26 million to \$255 million over his 2008-2018 tenure, which also included construction of a state-of-the-art 960,000 sq. ft. manufacturing and research facility, opened in 2013. He first joined A. O. Smith in 2003 as deputy general manager of product engineering, leading the team’s new product development process, continuous quality improvement efforts and pre- and after-sale technical support functions.

In the years preceding, Jack led a 30-person engineering team for York’s air conditioning and refrigeration unit, developing technologies in slim ducting, dual-fan water cooling and heat pumps for residential and commercial products. He began his career as a design engineer and project manager with Royal Service Air Conditioning, designing and leading the implementation of commercial HVAC infrastructure for clients such as Maxwell House and Amway.

Jack holds a BS in HVAC from Tsinghua University, a MS in power engineering from South China University of Technology and a PhD in engineering thermophysics from Southeast University.

Speaker Bios



Parag Kulkarni
SVP and President,
India

Parag Kulkarni was named senior vice president-international and president of A. O. Smith India Water Products Private Limited, in September 2022, with profit & loss responsibility for the Company's operations in India, Vietnam, Europe, the Middle East and Africa.

As managing director of A. O. Smith India Water Products Private Limited since April 2015, Parag led the company to market-leading positions in India's water heating and water purifying categories. Under his leadership, A. O. Smith India has been recognized as the country's Most Trusted Brand for water heaters each year since 2019 and received certification as a Great Place to Work twice. In addition, the India team has been recognized internally for product innovation, environmental initiatives and workplace safety.

Parag came to A. O. Smith after 22 years with Wipro Limited, a leading technology services and consulting company, growing from a territory sales lead to senior vice president & business head for Wipro's commercial lighting and consumer care group. He began his career as a senior sales engineer with Atlas Copco India, a manufacturer of compressors, vacuum solutions, generators, pumps, power tools and assembly systems.

Parag was named one of the 50 Most Impactful Leaders in Global Water Management in 2017, among India's Best Leaders in Crisis in 2021 for managing the company through the global pandemic, and one of the country's Most Trusted CEOs in 2017, following the successful expansion of the water purification business. He earned his BE in mechanical engineering from the Government Engineering College in Jabalpur and an MBA in business management from Pune's Institute of Management Development. He also completed McGill University's Executive Leadership Experience.

Speaker Bios



Helen E. Gurholt
VP, Investor Relations
and FP&A

Helen Gurholt, vice president – investor relations and financial planning and analysis, is responsible for investor relations, financial planning and analysis for the company. She also oversees the treasury and insurance functions.

Helen joined A. O. Smith as accounting supervisor in 2002. She was promoted several times to roles with increasing responsibilities, to director of accounting in July 2013 and vice president & controller in May 2019.

Helen is a member of the Manufacturers Alliance Investor Relations Council and the National Investor Relations Institute (NIRI). She serves on the Executive Council of the board of directors of the Wisconsin Policy Forum. Helen also serves on the board of directors of Milwaukee Women inc. and the American Red Cross of Wisconsin Southeast Chapter.

Helen earned her bachelor's degrees in business administration and Spanish from the University of Wisconsin-Milwaukee and is a certified public accountant.

Financial Appendix

AC Smith

Reconciliation of reported earnings before provision for income taxes to total segment earnings (non-GAAP) and adjusted segment earnings (non-GAAP):

(\$millions)	2019	2020	2021	2022	2023F
Earnings Before Provision for Income Taxes (GAAP)	\$ 472.1	\$ 443.9	\$ 625.6	\$ 223.7	\$ 735.0
Add: Corporate expense ⁽¹⁾	46.0	52.0	52.1	128.9	60.0
Add: Interest expense	11.0	7.3	4.3	9.4	11.0
Total Segment Earnings (non-GAAP)	\$ 529.1	\$ 503.2	\$ 682.0	\$ 362.0	\$ 806.0
North America ⁽²⁾	\$ 488.9	\$ 503.5	\$ 590.8	\$ 266.0	\$ 721.0
Rest of World ⁽³⁾	40.2	-	91.4	96.3	85.0
Intersegment earnings elimination	-	(0.3)	(0.2)	(0.3)	-
Total Segment Earnings (non-GAAP)	\$ 529.1	\$ 503.2	\$ 682.0	\$ 362.0	\$ 806.0
Additional Information					
(1) Corporate Expenses	(46.0)	(52.0)	(52.1)	(128.9)	(60.0)
Pension settlement expense (income)	-	-	-	70.5	(1.0)
Impairment expense	-	-	-	-	3.1
Pension (income) expense	-	-	(2.6)	2.0	-
Terminated acquisition-related expenses	-	-	-	4.3	-
Adjusted Corporate expense (non-GAAP)	(46.0)	(52.0)	(54.7)	(52.1)	(57.9)
(2) North America	488.9	503.5	590.8	266.0	721.0
Pension settlement expense (income)	-	-	-	346.8	(5.0)
Pension (income) expense	-	-	(10.5)	9.7	-
Legal judgment income	-	-	-	(11.5)	-
Severance and restructuring expenses	-	2.7	-	-	-
Adjusted North America (non-GAAP)	488.9	506.2	580.3	611.0	716.0
(3) Rest of World	40.2	-	91.4	96.3	85.0
Impairment expense	-	-	-	-	12.5
Severance and restructuring expenses	-	5.0	-	-	-
Adjusted Rest of World (non-GAAP)	40.2	5.0	91.4	96.3	97.5

Reconciliation of Reported Cash Flow from Operating Activities to FCF (Non-GAAP)

(\$millions)	2019	2020	2021	2022	2023F
Cash provided by operating activities (GAAP)	\$ 456	\$ 562	\$ 641	\$ 391	\$ 650
Less: Capital Expenditures	(64)	(57)	(75)	(70)	(65)
Free cash flow (non-GAAP)	\$ 392	\$ 505	\$ 566	\$ 321	\$ 585

Reconciliation of Earnings Before Provision for Income Taxes to Adjusted EBITDA (Non-GAAP)

(\$millions)	2014	2018	2023F
Earnings before provision for income taxes (GAAP)	\$ 287	\$ 558	\$ 735
Add: Depreciation and amortization expense	60	72	70
Add: Interest expense	6	8	10
Add: Pension settlement expense	-	-	-
Adjusted EBITDA (non-GAAP)	\$ 353	\$ 638	\$ 815

Reconciliation of EPS to Adjusted EPS (Non-GAAP)

	2014	2018	2023F
Diluted EPS (GAAP)	\$ 1.14	\$ 2.58	\$ 3.68
Impairment Expense	-	-	0.10
Pension Settlement Costs (Income)	0.08	-	(0.03)
Restructuring and impairment expenses	-	0.03	-
Adjusted EPS (non-GAAP)	\$ 1.22	\$ 3.61	\$ 3.75

