



Baird's 2020 Global Industrial Conference

Kevin Wheeler
Chairman, President and CEO

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: negative impacts to our businesses, including demand for our products, particularly commercial products, operations and workforce dislocation and disruption, supply chain disruption and liquidity as a result of the severity and duration of the COVID-19 pandemic; a failure to recover or further weakening of the Chinese economy and/or a failure to recover or further decline in the growth rate of consumer spending or housing sales in China; negative impact to our businesses from international tariffs and trade disputes; a failure to recover or further weakening in the high efficiency boiler market segment in the U.S.; significant volatility in raw material availability and prices; our inability to implement or maintain pricing actions; potential weakening in U.S. residential or commercial construction or instability in our replacement markets; foreign currency fluctuations; inability to successfully integrate or achieve our strategic objectives resulting from acquisitions; competitive pressures on our businesses; the impact of potential information technology or data security breaches; changes in government regulations or regulatory requirements; and adverse developments in general economic, political and business conditions in the key regions of the world. Forward-looking statements included in this presentation are made only as of the date of this presentation, 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. This presentation contains certain non-GAAP financial measures as that term is defined by the SEC. Non-GAAP financial measures are generally identified by “Adjusted” (Adj.) or “Non-GAAP.”

Who We Are



**GLOBAL
MANUFACTURER**
of residential and commercial
water heaters, boilers and
water treatment products



\$3.0B Annual Sales



15,100 Employees



23 Manufacturing Facilities

AOS
LISTED
NYSE

Compelling Investment Thesis



Market leader



Stable/growing U.S. replacement market; operating leverage from incremental new construction and replacement



Strength of premium brand, distribution, manufacturing and innovation provide clear market advantage in China



5 year adjusted EPS CAGR through 2019 = 12.7%

5 year dividend CAGR through 2019 = 24.5%

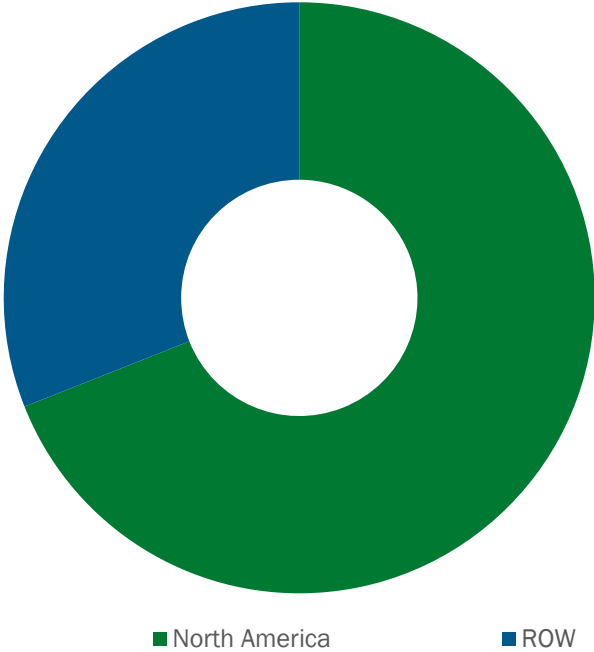
5 year cumulative cash returned to shareholders from dividends and shares repurchased = \$1.4 billion



Strong balance sheet and cash flow to support future growth, share repurchase and acquisitions

Corporate Snapshot

Segment Revenue



Full Year 2019
 North America
69%
 Rest of World
31%

Products

- Water Heaters
- Boilers
- Water Treatment

Brands

M&A Criteria and Focus



Accretive to earnings in the first year



ROIC in excess of cost of capital by third year



Meet risk adjusted IRR hurdle rates



Margin accretion with growth rates higher than U.S. GDP



Geographic Growth

- High Growth Markets



Expand / Grow the Core

New Products & New Technologies

- Water Heating
- Water Treatment



Adjacencies

- Water-themed platforms for growth
- Leverage channels and brands



Pricing Update

- Steel costs, freight costs, labor costs and COVID-19 related costs have continued to increase over the past 90 days. In response, we announced a price increase, on our U.S. wholesale water heaters, up to 9 percent, effective February 1, 2021

