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# Second Quarter 2026 Results

July 30, 2026

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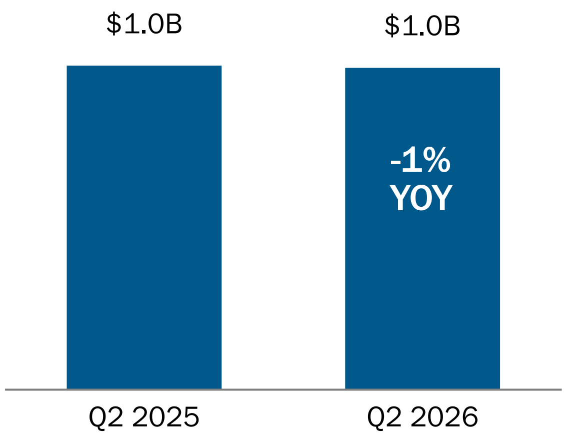
# Forward Looking Statements

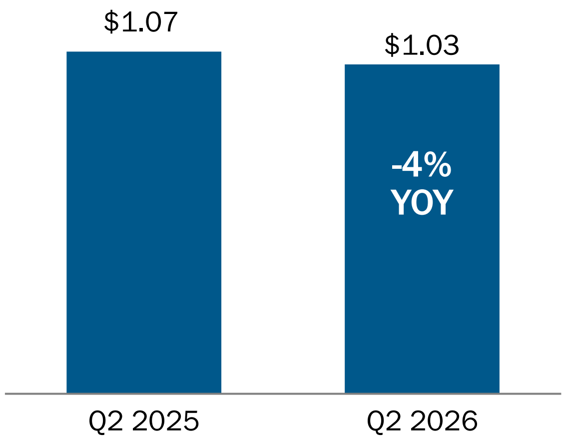
This presentation contains statements that we believe are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “continue,” “ forecast,” “guidance” or words of similar meaning. Important factors that could cause actual results to differ materially from these expectations include, among other things, the following: Important factors that could cause actual results to differ materially from these expectations include, among other things, the following: further softening in U.S. residential and commercial water heater demand; further weakening in North American residential or commercial construction or instability in the Company’s replacement markets; failure to realize the expected benefits of acquisitions or expected synergies; difficulties in predicting results of operations of an acquired business; negative impact to the Company’s businesses from international tariffs, including any new or increased tariffs that could also trigger retaliatory responses from other countries, as well as trade disputes and geopolitical differences, including the conflicts in Ukraine and the Middle East; 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, including the recent volatility in fuel and other material prices; inability of the Company to implement or maintain pricing actions; inconsistent recovery of the Chinese economy or a further decline in the growth rate of consumer spending or housing sales in China; the availability, timing or effects of China stimulus programs; uncertain outcomes and costs and other potential impacts of the Company’s assessment relating to the Company’s China business; the failure to realize the expected benefits of restructuring actions; 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; failure to realize the expected benefits, timing and extent of regulatory changes; competitive pressures on the Company’s businesses, including new technologies and new competitors; the impact of potential information technology or data security breaches; negative impact of 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 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.”

# Second Quarter Performance and Highlights

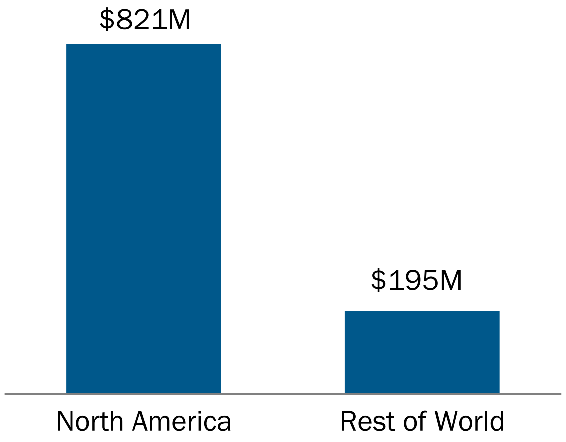
**Sales** ($B)



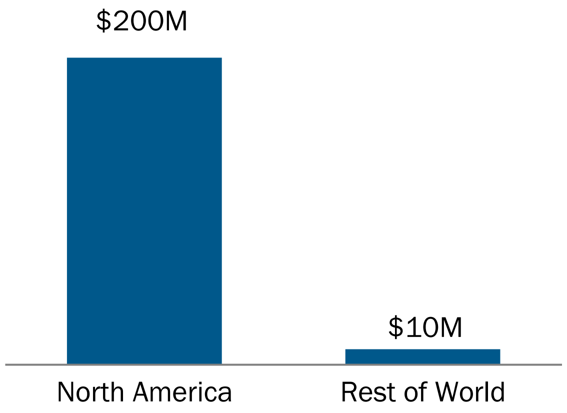

**Adjusted EPS**




**Segment Sales** ($M)




**Adj. Segment Earnings** ($M)




## Highlights

- Net sales decreased slightly
- Adjusted EPS decreased 4% to $1.03

## North America

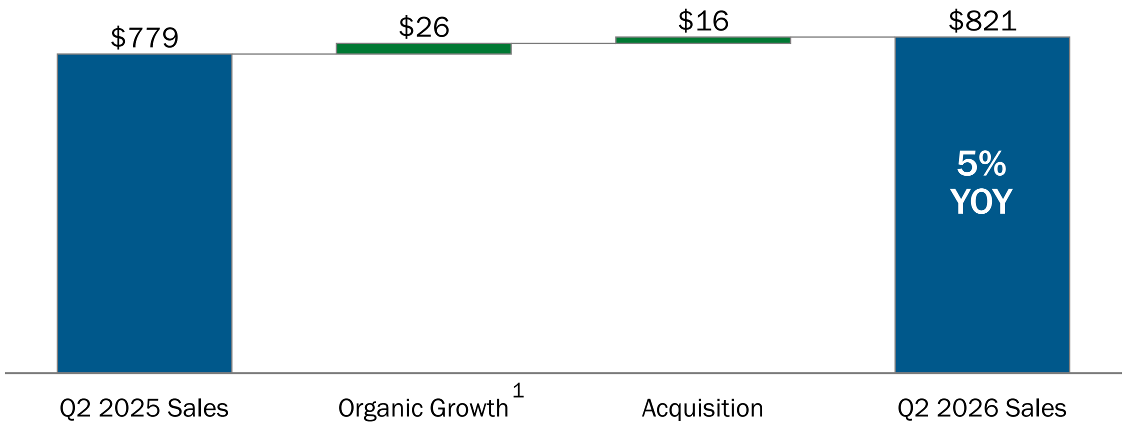
- Sales increased 5%, with organic growth of 3%
- Leonard Valve acquisition contributed $16 million in sales

## Rest of World

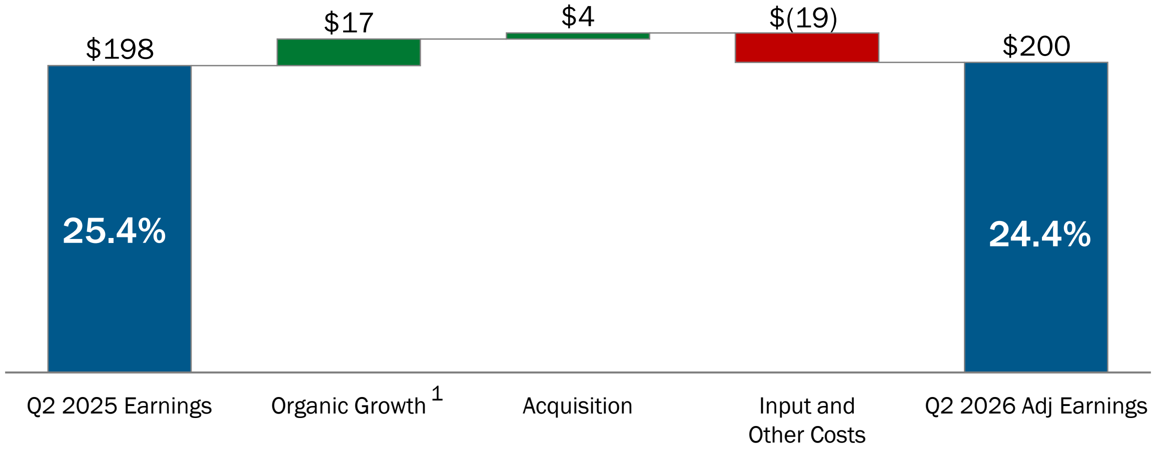
- Sales decreased 19% primarily due to continued weakness in the China consumer appliance market
- Cost savings actions partially mitigate China sales decline

# Second Quarter North America Segment

**Segment Sales** ($M)




**Adj. Segment Operating Earnings** ($M)



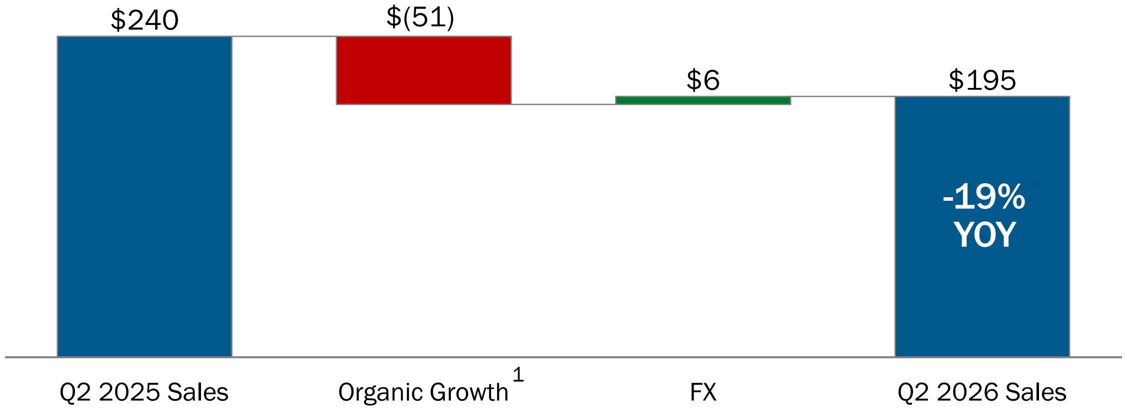

- Excluding acquisitions, organic growth was 3%, driven by boiler growth
- Boilers sales increased 21% driven by higher volumes and pricing benefits
- Water heater pricing actions partially offset by lower residential volumes
- Leonard Valve contributed $16 million to sales

- Adj. segment earnings were up modestly
- Pricing benefits offset by cost inflation
- Steel costs increased 20%
- Segment margin was 24.4%, a decrease of 100 bps

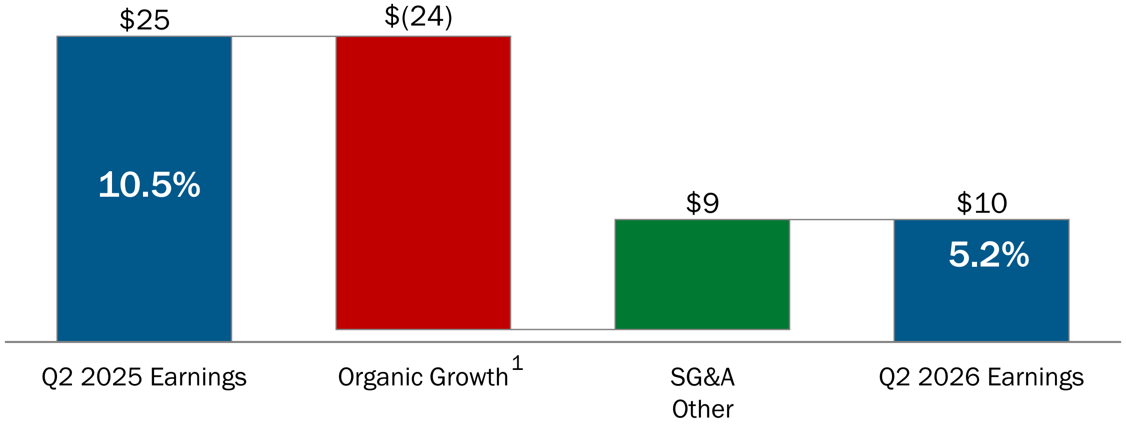
[1]Includes volume, price and mix

# Second Quarter Rest of World Segment

**Segment Sales** ($M)




**Segment Operating Earnings** ($M)




- Sales decreased 19% primarily due to lower China volumes
- Currency translation benefit of $6 million

- Operating earnings decreased due to lower volumes in China
- Continued cost control actions mitigate sales decline

[1]Includes volume, price and mix

# Cash Flow and Liquidity[1]

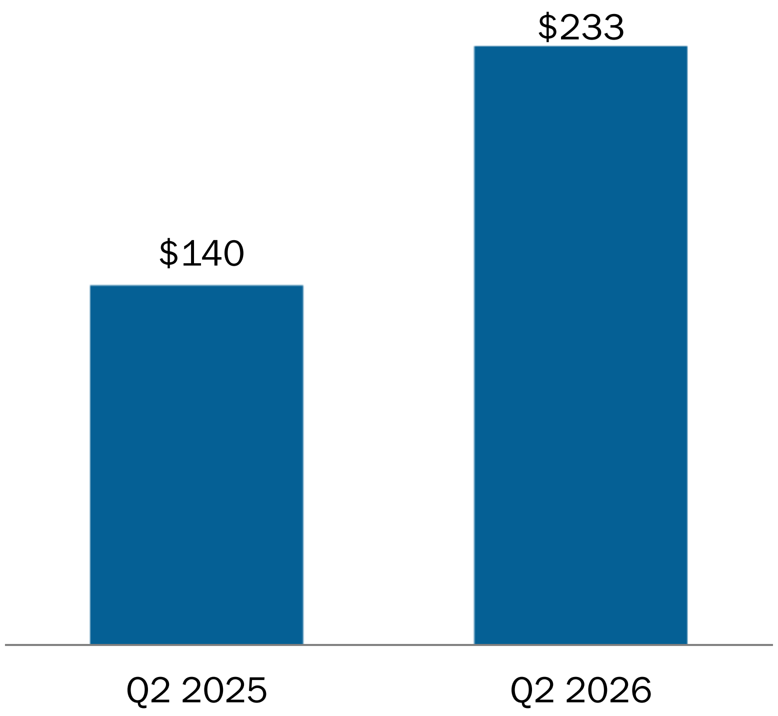
**$181M**
Cash balance[2]

**25.7%**
Debt to capital ratio

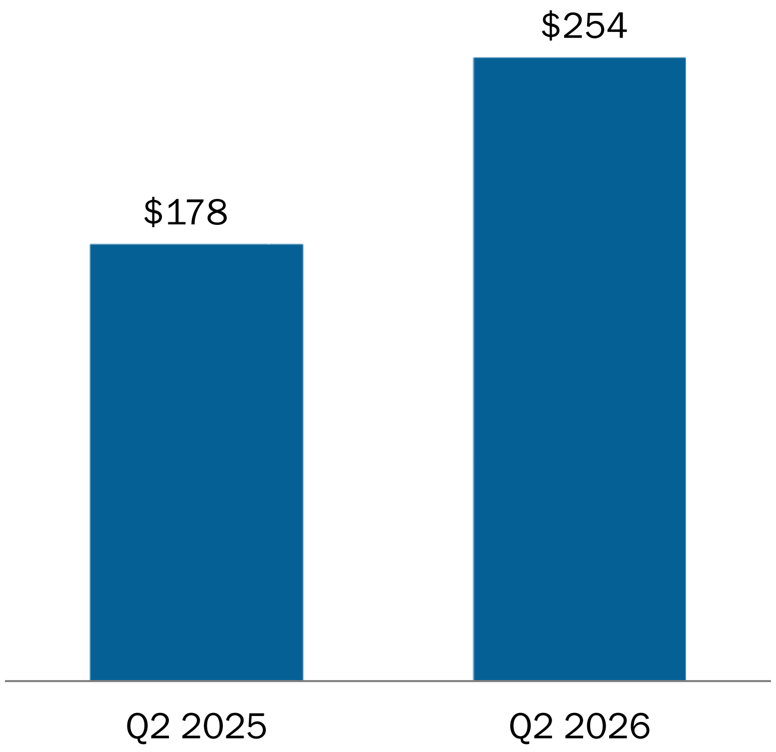
**$456M**
Net debt position

**~2.6M**
Shares repurchased YTD[1] totaling ~$162M

**Free Cash Flow** ($M)




**Cash Flow From Operations** ($M)




[1]As of June 30, 2026
[2]Includes cash, cash equivalents and marketable securities

# Capital Allocation Priorities

**Organic Growth**

- Driving organic growth: developing products through product innovation, investing in productivity and continuing to build the strength of the core

**Acquisitions**

- Disciplined focus on transactions that expand/grow the core, enable geographic growth, expand technology capabilities, and establish adjacencies
- Continued focus within North America Water Treatment and Water Management

**Dividends**

- Five-year CAGR of 7%
- Over 30 consecutive years of dividend increases

**Share Repurchases**

- $162 million YTD June 2026 (~2.6M shares); Full year target increased 50% to $300 million

# 2026 Outlook and Assumptions[1]

| | Diluted EPS (GAAP) | Restructuring Expense | Adjusted EPS[2] (non-GAAP) |
|---|---|---|---|
| **2026 Outlook** | **$3.60 - $3.75** | **$0.10** | **$3.70 - $3.85** |
| 2025 Actual | $3.85 | - | $3.85 |

| | |
|---|---|
| Revenue Increase | ~2% to 3% |
| U.S. Residential Water Heater Industry | ~-LSD |
| U.S. Commercial Water Heater Industry | ~Flat |
| China Sales Decrease (Local Currency) | ~-LDD |
| North American Boiler Sales Growth | ~6% to 8% |
| North America Water Treatment Sales Growth | ~5% to 6% |
| Leonard Valve Acquisition | ~$70M |
| Adjusted North America Segment Margin[2] | ~24% |
| Rest of World Segment Margin | ~6% to 7% |

| | |
|---|---|
| Free Cash Flow | ~$525M to $575M |
| Capital Expenditures | ~$60M to $70M |
| Depreciation & Amortization | ~$100M |
| Interest Expense | ~$35M |
| Corporate/Other Expense | ~$80M to $85M |
| Effective Tax Rate | ~24% |
| Share Repurchase | ~$300M |
| Share Count – Diluted | ~137M |

[1]As of July 30, 2026
[2]Excludes the estimated full year impact of North America water treatment pre-tax restructuring and impairment expenses of approximately $20 million, of which $22.6 million was recognized in the second quarter. Anticipated proceeds from the sale of certain assets are expected to occur on late 2026.

# Second Quarter 2026 Messages

1. Total Company sales were $1B, with North America organic growth of 3%; adjusted EPS was $1.03

2. 21% boiler sales growth in the quarter led to YTD boiler sales growth of 12%

3. Confidence in underlying strength of North America business

4. Strategic assessment of China business nearing completion

5. Strong free cash flow supports 50% increase in 2026 share repurchase target

# Appendix

# Adjusted Earnings and Adjusted EPS

($ in Millions, except per share data)

**A. O. SMITH CORPORATION**

**Adjusted Earnings and Adjusted Earnings Per Share**

(dollars in millions, except per share data)

(unaudited)

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| **Net Earnings (GAAP)** | $ 124.9 | $ 152.2 | $ 242.9 | $ 288.8 |
| Restructuring and impairment expenses, before tax | 22.6 | — | 22.6 | — |
| Tax effect on above items | (5.5) | — | (5.5) | — |
| **Adjusted Earnings (non-GAAP)** | $ 142.0 | $ 152.2 | $ 260.0 | $ 288.8 |
| | | | | |
| **Diluted Earnings Per Share (GAAP)[1]** | $ 0.91 | $ 1.07 | $ 1.75 | $ 2.01 |
| Restructuring and impairment expenses, per diluted share, before tax | 0.16 | — | 0.16 | — |
| Tax effect on above items per diluted share | (0.04) | — | (0.04) | — |
| **Adjusted Earnings Per Share (non-GAAP)[1]** | $ 1.03 | $ 1.07 | $ 1.87 | $ 2.01 |

[1] Earnings per share amounts are calculated discretely and, therefore, may not add up to the total due to rounding.

# Sales Growth (Decline)

**A. O. SMITH CORPORATION**
**Sales Growth (Decline)**
(unaudited)

The following table provides the components of net sales growth (decline):

| | Three Months Ended June 30, 2026 | | |
|---|---|---|---|
| | North America | Rest of World | Total |
| Sales Growth (Decline) | 5 % | (19)% | (1)% |
| Acquisition Impact[1] | 2 % | — | 1 % |
| Foreign Exchange Impact | — % | 3 % | 1 % |
| Organic Sales Growth (Decline) (non-GAAP) | 3 % | (22)% | (3)% |

| | Six Months Ended June 30, 2026 | | |
|---|---|---|---|
| | North America | Rest of World | Total |
| Sales Growth (Decline) | 3 % | (15)% | (1)% |
| Acquisition Impact[1] | 2 % | — | 2 % |
| Foreign Exchange Impact | — % | 3 % | 1 % |
| Organic Sales Growth (Decline) (non-GAAP) | 1 % | (18)% | (4)% |

[1] The acquisition effect includes the sales impact of the Leonard Valve acquisition in 2026.

# Adjusted Segment Earnings

($ in Millions)

**A. O. SMITH CORPORATION**
**Adjusted Segment Earnings**
(dollars in millions)
(unaudited)

The following is a reconciliation of reported earnings before provision for income taxes to total segment earnings (non-GAAP) and adjusted segment earnings (non-GAAP):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Earnings Before Provision for Income Taxes (GAAP) | $ 158.0 | $ 201.6 | $ 312.7 | $ 382.7 |
| Add: Corporate expense | 21.3 | 17.0 | 47.3 | 37.9 |
| Add: Interest expense | 8.1 | 4.6 | 15.2 | 7.5 |
| Total Segment Earnings (non-GAAP) | $ 187.4 | $ 223.2 | $ 375.2 | $ 428.1 |
| | | | | |
| North America[1] | $ 177.2 | $ 198.1 | $ 352.6 | $ 383.3 |
| Rest of World | 10.2 | 25.3 | 22.6 | 45.0 |
| Inter-segment earnings elimination | — | (0.2) | — | (0.2) |
| Total Segment Earnings (non-GAAP) | $ 187.4 | $ 223.2 | $ 375.2 | $ 428.1 |
| | | | | |
| **Additional Information** | | | | |
| [1]North America Segment Earnings | $ 177.2 | $ 198.1 | $ 352.6 | $ 383.3 |
| Restructuring and impairment expenses, before tax | 22.6 | — | 22.6 | — |
| Adjusted North America Segment Earnings (non-GAAP) | $ 199.8 | $ 198.1 | $ 375.2 | $ 383.3 |

# Free Cash Flow
($ in Millions)

**A. O. SMITH CORPORATION**
**Free Cash Flow**
(dollars in millions)
(unaudited)

The following is a reconciliation of reported cash flow from operating activities to free cash flow (non-GAAP):

| | Six Months Ended June 30, | |
|---|---|---|
| | 2026 | 2025 |
| **Cash provided by operating activities (GAAP)** | $ 253.8 | $ 178.3 |
| Less: Capital expenditures | (20.5) | (38.4) |
| **Free cash flow (non-GAAP)** | $ 233.3 | $ 139.9 |

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