



Baird 2023 Industrial Conference

Kevin J Wheeler

Chairman & Chief Executive Officer

Forward Looking Statements

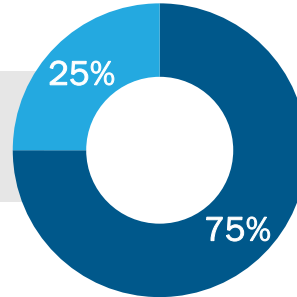
This presentation contains statements that we believe are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “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.

A. O. Smith At-a-Glance

Leveraging 149 Years of Innovation to Continue Delivering Growth

2023¹
Revenue

~\$3.8B



Segment Revenue

- North America
- Rest of World

Products

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

Leading Brands

Water Heaters & Boilers



Water Treatment



¹ 2023 Forecast

² 2018 - 2023 Forecast

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%

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**

Resilient Business Model with Growth Opportunities

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

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

