

A dynamic splash of clear blue water with numerous bubbles, creating a sense of movement and freshness. The water is captured mid-splash, with a prominent wave cresting across the upper half of the image.

William Blair 2024 Growth Stock Conference

Kevin Wheeler

Chairman, President and CEO

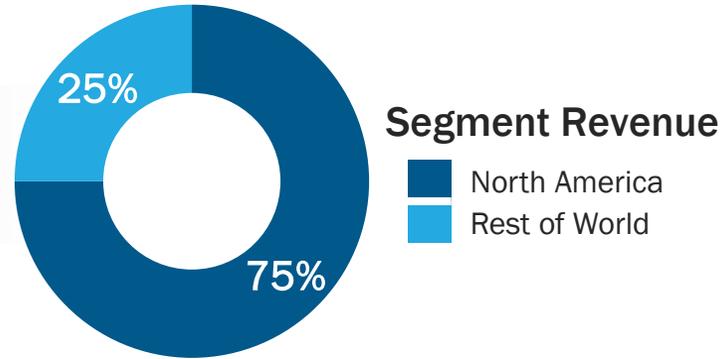
Safe Harbor

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: 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 changes in commercial property usage that followed 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 a further decline in the growth rate of consumer spending or housing sales in China; negative impact to the Company’s businesses from international tariffs, trade disputes and geopolitical differences, including the conflicts in Ukraine, the Middle East and attacks on commercial shipping vessels in the Red Sea; 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, including new technologies and new competitors; 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. 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.”

A. O. Smith Snapshot

Leveraging 150 Years of Innovation to Continue Delivering Growth

2023 Revenue ~\$3.9B



Products

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

Leading Brands

Water Heaters & Boilers



Water Treatment



Headquarters	Milwaukee, WI
Global Employees	~12,000
Mfg. Facilities	27
Countries Served	~80
Sales CAGR ¹	4%
EPS CAGR ¹	7%
Gross Margin	39%
EBIT Margin	19%
Avg. 5-year FCF Conversion	104%

Stable and Profitable Core Business Supports 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% to 85% of water heater and boiler sales**
- Increased focus on energy efficiency and decarbonization provide additional **growth opportunities in both boilers and water heaters**

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

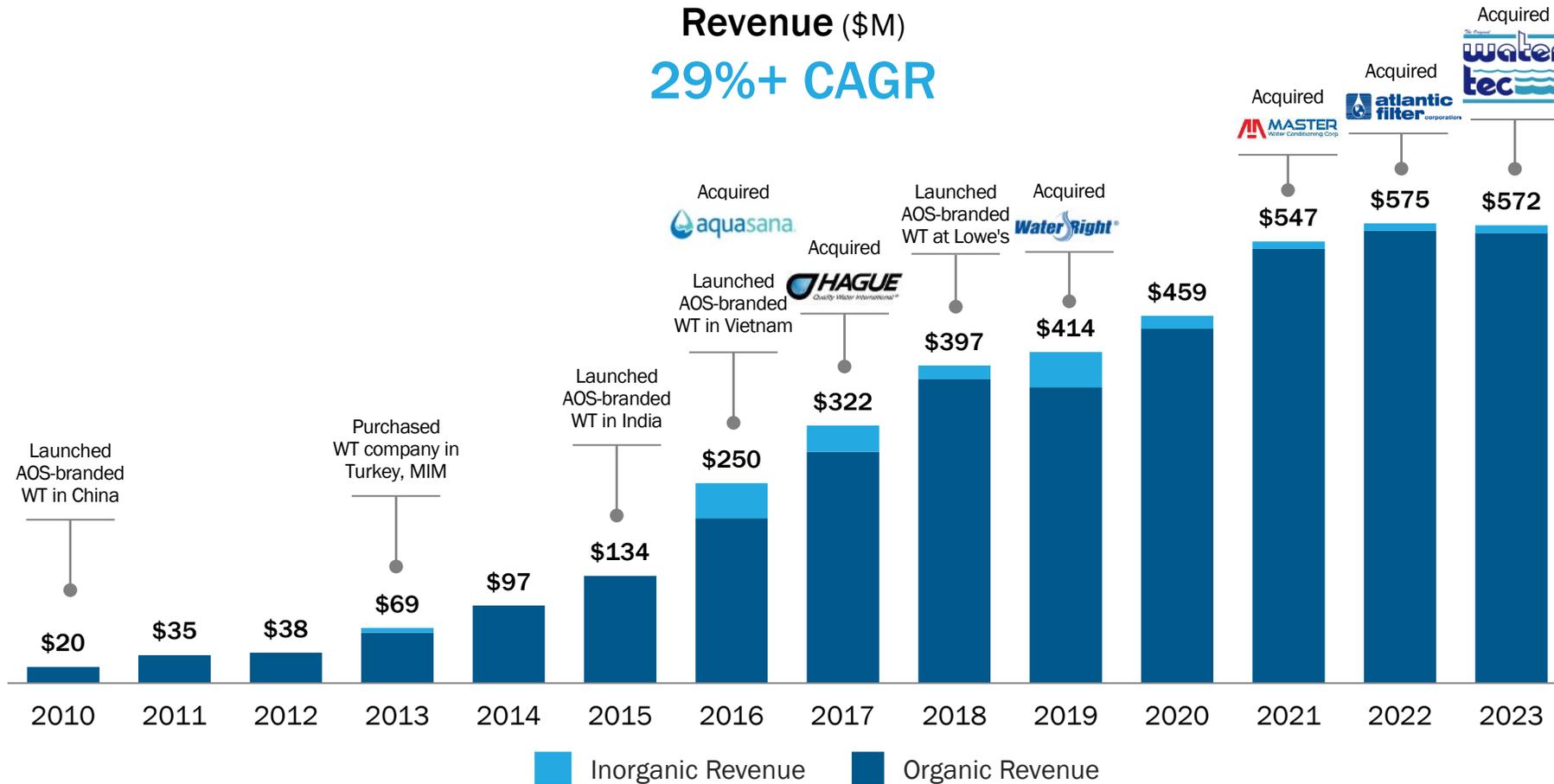
Expanding Organic Growth in China

- A leading supplier of residential water heaters with 25+ years of experience
- Growing presence in water treatment (now ~35-40% of sales)
 - Adding adjacent kitchen product 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

Building a Strong Platform and Growing Scale in Water Treatment (WT) through Organic Growth Supplemented by Strategic Acquisitions

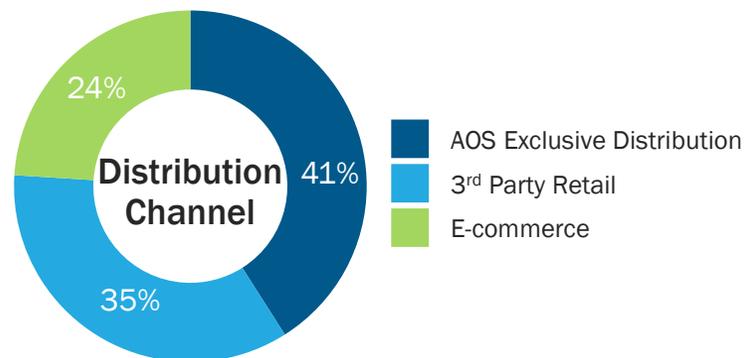
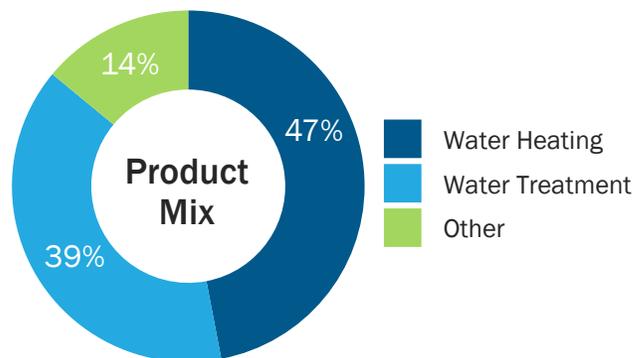


Product innovation provides differentiation and pricing power in the marketplace

Growing scale provides operating efficiency and leverage

Leveraging innovation and recurring revenue stream from consumable filters drive margin improvement and stable growth

China Overview



Leading Brands



Strong Foundation

25+ years of experience operating in China with ability to scale

- Strong in-country leadership
- Operational improvements and organizational changes leading to margin recovery

Well-positioned to reach growing middle and affluent classes

- Premium brand with strong recognition
- Multiple distribution channels, including service network and increasing e-commerce

~9,700 points of sale across country

- ~4,500 exclusive AOS Specialty stores and regional stores in Tier 1 – Tier 3 cities
- ~5,200 outlets in Tier 4 – Tier 6 cities

Continuous innovation around both new products, technology and operational excellence

Growing Product Portfolio Designed and Built in China for China

Water Heaters

~60% of sales are replacement
Electric Gas



Water Treatment

25-30% of sales are replacement filters
Water Purifiers



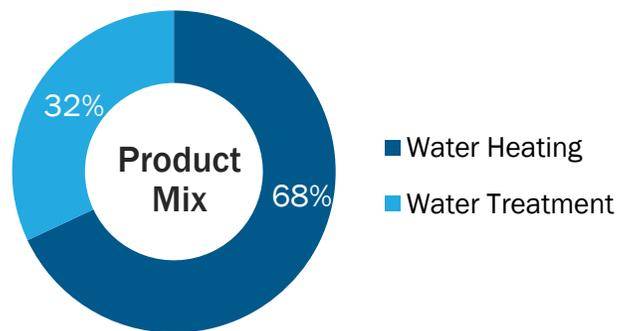
AI-LiNK HVAC



Kitchen Products



India Overview



National Retailers



Regional Retailers

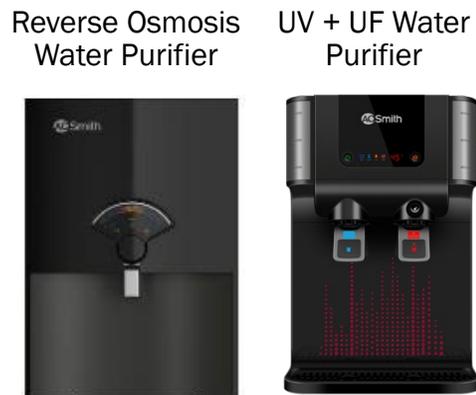


Product Portfolio Designed for the Indian Market

Residential Water Heaters



Residential Water Treatment



Commercial Water Heaters & Treatment



Growing Scale
for Long-term

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

Key Takeaways



Technology leadership and culture of innovation enables development of new products and services to capitalize on technology adoption, decarbonization and sustainability trends



North American replacement demand for water heaters and boilers provides a stable base and pricing environment



Well positioned to capitalize on opportunity to participate in and consolidate the growing North American water treatment market



Significant opportunity to leverage compelling brand awareness in emerging markets, with attractive growth and margin expansion potential



Focused on robust execution, value creation strategy and effective capital deployment to grow earnings and cash flow



150
years
of innovation

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

