



# Baird 2024 Industrial Conference

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Chairman & Chief Executive Officer

# Forward Looking Statements

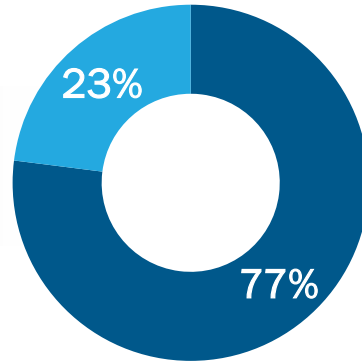
This presentation contains statements that we believe are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “continue,” “forecast,” “guidance” or words of similar meaning. 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; 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 North American 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; the availability, timing or effects of China stimulus programs; 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; the possibility that the parties will fail to obtain necessary regulatory approvals or to satisfy any of the other conditions to the proposed acquisition; failure to realize the expected benefits of acquisitions or expected synergies; 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. Additional factors are discussed in the Company’s filings with Securities and Exchange Commission, including the Company’s Annual Report on Form 10-K for the year ended December 31, 2023, quarterly reports on Form 10-Q and current reports on Form 8-K. 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 At-a-Glance

Leveraging 150 Years of Innovation to Continue Delivering Growth

2024<sup>1</sup>  
Revenue

~\$3.9B



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



Headquarters **Milwaukee, WI**

Global Employees **~12,000**

Mfg. Facilities **27**

Countries Served **~80**

Sales CAGR<sup>2</sup> **7%**

EPS CAGR<sup>2</sup> **14%**

Gross Margin<sup>1</sup> **38%**

EBIT Margin<sup>1</sup> **19%**

Avg. 5-year FCF Conversion **100%**



<sup>1</sup> 2024 Forecast

<sup>2</sup> 2019 - 2024 Forecast

# Well Positioned as a Global Water Technology Leader

## Market Leader in North American Water Heating and Boilers

- Innovation opportunity with increased focus on energy efficiency
- Leading share in both residential and commercial markets
- Significant reoccurring replacement cycle (80-85% of sales)

## Consolidator in Attractive North American Water Treatment Space

- Positive sustainability and quality of life trends
- Opportunity to establish national coverage
- Omnichannel approach providing differentiation

## Category and Brand Leader in China

- Base business with 25+ years of experience
- Opportunities to leverage brand and channel
- Positive innovation trends through connectivity

## Emerging Player in the Fast-Growing India Market

- Compelling market dynamics for clean hot water
- Innovation leader with many new products
- Building a strong brand and channel coverage



**ACSmith**<sup>®</sup>  
Innovation has a name.