

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the year ended December 31,		
(in millions, except per share data)	2018	2017	2016
Net sales	\$ 3,345.5	\$ 2,786.0	\$ 2,748.0
Operating costs and expenses:			
Cost of sales	2,156.2	1,770.9	1,758.3
Selling, general and administrative	721.0	605.9	610.6
Asbestos provision	—	—	192.4
Restructuring charges	7.2	13.0	—
Acquisition-related and integration charges	19.8	7.8	—
	2,904.2	2,397.6	2,561.3
Operating profit	441.3	388.4	186.7
Other income (expense):			
Interest income	2.3	2.5	1.9
Interest expense	(50.9)	(36.1)	(36.5)
Miscellaneous income, net	18.7	12.7	12.0
	(29.9)	(20.9)	(22.6)
Income before income taxes	411.4	367.5	164.1
Provision for income taxes	75.9	195.0	40.3
Net income before allocation to noncontrolling interests	335.5	172.5	123.8
Less: Noncontrolling interest in subsidiaries' (loss) earnings	(0.1)	0.7	1.0
Net income attributable to common shareholders	\$ 335.6	\$ 171.8	\$ 122.8
Basic earnings per share	\$ 5.63	\$ 2.89	\$ 2.10
Weighted average basic shares outstanding	59.6	59.4	58.5
Diluted earnings per share	\$ 5.50	\$ 2.84	\$ 2.07
Weighted average diluted shares outstanding	61.0	60.4	59.3

See Notes to Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

	Balance as of December 31,	
(in millions, except shares and per share data)	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 343.4	\$ 706.2
Current insurance receivable — asbestos	16.0	25.0
Accounts receivable, net	515.8	418.4
Inventories	411.5	349.3
Other current assets	76.2	19.6
Total current assets	1,362.9	1,518.5
Property, plant and equipment, net	599.1	282.4
Insurance receivable — asbestos	75.0	90.1
Long-term deferred tax assets	18.8	104.2
Other assets	101.4	114.6
Intangible assets, net	481.8	276.8
Goodwill	1,403.7	1,206.9
Total assets	4,042.7	\$ 3,593.5
Liabilities and equity		
Current liabilities:		
Current maturities of long-term debt	\$ 6.9	\$ 249.4
Accounts payable	329.2	247.4
Current asbestos liability	66.0	85.0
Accrued liabilities	337.1	252.1
U.S. and foreign taxes on income	1.0	3.6
Total current liabilities	740.2	837.5
Long-term debt	942.3	494.1
Accrued pension and postretirement benefits	244.0	240.5
Long-term deferred tax liability	53.2	44.9
Long-term asbestos liability	451.3	520.3
Other liabilities	84.6	107.7
Commitments and contingencies (Note 11)		
Equity:		
Preferred shares, par value \$.01; 5,000,000 shares authorized	—	—
Common shares, par value \$1.00; 200,000,000 shares authorized; 72,426,139 shares issued; 59,508,401 shares outstanding (59,411,636 in 2017)	72.4	72.4
Capital surplus	303.5	291.7
Retained earnings	2,072.1	1,813.3
Accumulated other comprehensive loss	(447.6)	(380.1)
Treasury stock; 12,917,713 treasury shares (13,014,503 in 2017)	(476.2)	(452.1)
Total shareholders' equity	1,524.2	1,345.2
Noncontrolling interest	2.9	3.3
Total equity	1,527.1	1,348.5
Total liabilities and equity	\$ 4,042.7	\$ 3,593.5

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	For year ended December 31,		
	2018	2017	2016
Operating activities:			
Net income attributable to common shareholders	\$ 335.6	\$ 171.8	\$ 122.8
Noncontrolling interest in subsidiaries' (loss) earnings	(0.1)	0.7	1.0
Net income before allocations to noncontrolling interests	335.5	172.5	123.8
Asbestos provision	—	—	192.4
Loss (gain) on deconsolidation of joint venture	1.7	(1.0)	—
Gain on sale of property related to facility consolidation	—	(11.1)	—
Depreciation and amortization	120.0	72.7	67.4
Stock-based compensation expense	21.6	21.8	21.7
Defined benefit plans and postretirement credit	(15.0)	(8.5)	(9.1)
Deferred income taxes	47.7	102.3	(25.1)
Cash provided by operating working capital	16.3	54.0	27.0
Defined benefit plans and postretirement contributions	(59.8)	(13.2)	(8.8)
Environmental payments, net of reimbursements	(6.3)	(6.3)	(11.6)
Payments for asbestos-related fees and costs, net of insurance recoveries	(63.9)	(62.5)	(56.0)
Other	16.0	(3.2)	(3.6)
Total provided by operating activities	413.8	317.5	318.1
Investing activities:			
Capital expenditures	(108.8)	(49.0)	(51.5)
Proceeds from disposition of capital assets	1.9	22.3	0.9
Impact of deconsolidation of joint ventures	2.6	(5.2)	—
Payments for acquisitions, net of cash acquired	(648.0)	(54.8)	—
Total used for investing activities	(752.3)	(86.7)	(50.6)
Financing activities:			
Dividends paid	(83.5)	(78.4)	(77.2)
Reacquisition of shares on open market	(50.1)	(25.0)	—
Stock options exercised, net of shares reacquired	16.1	25.2	26.4
Debt issuance costs	(5.4)	(2.6)	—
Repayment of long-term debt	(452.2)	—	—
Repayment of short-term debt	(100.0)	—	—
Repayment of commercial paper	—	—	(49.6)
Proceeds from issuance of long-term debt	567.2	—	—
Proceeds from issuance of short-term debt	100.0	—	—
Total used for financing activities	(7.9)	(80.8)	(100.4)
Effect of exchange rates on cash and cash equivalents	(16.4)	46.5	(20.9)
(Decrease) increase in cash and cash equivalents	(362.8)	196.5	146.2
Cash and cash equivalents at beginning of period	706.2	509.7	363.5
Cash and cash equivalents at end of period	\$ 343.4	\$ 706.2	\$ 509.7
Detail of cash provided by (used for) operating working capital:			
Accounts receivable	\$ 4.8	\$ (10.1)	\$ (6.2)
Inventories	(38.8)	6.4	24.9
Other current assets	(11.4)	0.8	(2.4)
Accounts payable	37.0	17.5	5.5
Accrued liabilities	40.9	30.8	9.6
U.S. and foreign taxes on income	(16.2)	8.6	(4.4)
Total	\$ 16.3	\$ 54.0	\$ 27.0

Supplemental disclosure of cash flow information: