

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the year ended December 31,		
(in millions, except per share data)	2017	2016	2015
Net sales	\$ 2,786.0	\$ 2,748.0	\$ 2,740.5
Operating costs and expenses:			
Cost of sales	1,770.9	1,758.3	1,786.1
Selling, general and administrative	592.4	597.0	566.5
Asbestos provision	—	192.4	—
Transaction related charges	7.8	—	—
Restructuring charges	13.0	—	7.8
Acquisition integration related charges	—	—	7.2
	2,384.1	2,547.7	2,367.6
Operating profit	401.9	200.3	372.9
Other income (expense):			
Interest income	2.5	1.9	1.9
Interest expense	(36.1)	(36.5)	(37.6)
Miscellaneous expense	(0.8)	(1.6)	(0.7)
	(34.4)	(36.2)	(36.4)
Income before income taxes	367.5	164.1	336.5
Provision for income taxes	195.0	40.3	106.5
Net income before allocation to noncontrolling interests	172.5	123.8	230.0
Less: Noncontrolling interest in subsidiaries' earnings	0.7	1.0	1.1
Net income attributable to common shareholders	\$ 171.8	\$ 122.8	\$ 228.9
Basic earnings per share	\$ 2.89	\$ 2.10	\$ 3.94
Weighted average basic shares outstanding	59.4	58.5	58.1
Diluted earnings per share	\$ 2.84	\$ 2.07	\$ 3.89
Weighted average diluted shares outstanding	60.4	59.3	58.8

See Notes to Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

	Balance as of December 31,	
(in millions, except shares and per share data)	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 706.2	\$ 509.7
Current insurance receivable — asbestos	25.0	18.0
Accounts receivable, net	418.4	396.4
Inventories	349.3	342.5
Current deferred tax assets	—	29.6
Other current assets	19.6	19.5
Total current assets	1,518.5	1,315.7
Property, plant and equipment, net	282.4	278.9
Insurance receivable — asbestos	90.1	125.2
Long-term deferred tax assets	104.2	181.8
Other assets	114.6	95.0
Intangible assets, net	276.8	282.2
Goodwill	1,206.9	1,149.2
Total assets	\$ 3,593.5	\$ 3,428.0
Liabilities and equity		
Current liabilities:		
Current maturities of long-term debt	\$ 249.4	\$ —
Accounts payable	247.4	223.2
Current asbestos liability	85.0	71.0
Accrued liabilities	252.1	223.1
U.S. and foreign taxes on income	3.6	3.5
Total current liabilities	837.5	520.8
Long-term debt	494.1	745.3
Accrued pension and postretirement benefits	240.5	249.1
Long-term deferred tax liability	44.9	42.4
Long-term asbestos liability	520.3	624.9
Other liabilities	107.7	99.8
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; 59,411,636 shares outstanding (58,964,859 in 2016)	72.4	72.4
Capital surplus	291.7	276.9
Retained earnings	1,813.3	1,719.9
Accumulated other comprehensive loss	(380.1)	(476.1)
Treasury stock; 13,014,503 treasury shares (13,461,280 in 2016)	(452.1)	(459.3)
Total shareholders' equity	1,345.2	1,133.8
Noncontrolling interest	3.3	11.9
Total equity	1,348.5	1,145.7
Total liabilities and equity	\$ 3,593.5	\$ 3,428.0

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	For year ended December 31,		
	2017	2016	2015
Operating activities:			
Net income attributable to common shareholders	\$ 171.8	\$ 122.8	\$ 228.9
Noncontrolling interest in subsidiaries' earnings	0.7	1.0	1.1
Net income before allocations to noncontrolling interests	172.5	123.8	230.0
Asbestos provision	—	192.4	—
Gain on deconsolidation of joint venture	(1.0)	—	—
Gain on sale of property related to facility consolidation	(11.1)	—	—
Restructuring - Non Cash	—	—	2.0
Depreciation and amortization	72.7	67.4	67.0
Stock-based compensation expense	21.8	21.7	21.3
Defined benefit plans and postretirement credit	(8.5)	(9.1)	(11.6)
Deferred income taxes	102.3	(25.1)	39.7
Cash provided by (used for) operating working capital	54.0	27.0	(16.1)
Defined benefit plans and postretirement contributions	(13.2)	(8.8)	(17.9)
Environmental payments, net of reimbursements	(6.3)	(11.6)	(18.2)
Payments for asbestos-related fees and costs, net of insurance recoveries	(62.5)	(56.0)	(49.9)
Other	(3.2)	(3.6)	(17.0)
Total provided by operating activities	317.5	318.1	229.3
Investing activities:			
Capital expenditures	(49.0)	(51.5)	(39.6)
Proceeds from disposition of capital assets	22.3	0.9	4.4
Impact of deconsolidation of joint ventures	(5.2)	—	—
Payments for acquisitions, net of cash acquired	(54.8)	—	—
Total used for investing activities	(86.7)	(50.6)	(35.2)
Financing activities:			
Dividends paid	(78.4)	(77.2)	(76.6)
Reacquisition of shares on open market	(25.0)	—	(25.0)
Stock options exercised - net of shares reacquired	25.2	26.4	8.9
Excess tax benefit from stock-based compensation	—	—	0.1
Repayment of credit facility	—	—	(100.0)
(Repayments) proceeds from issuance of commercial paper - net	—	(49.6)	48.8
Debt issuance costs	(2.6)	—	—
Total used for financing activities	(80.8)	(100.4)	(143.8)
Effect of exchange rates on cash and cash equivalents	46.5	(20.9)	(33.1)
Increase in cash and cash equivalents	196.5	146.2	17.2
Cash and cash equivalents at beginning of period	509.7	363.5	346.3
Cash and cash equivalents at end of period	\$ 706.2	\$ 509.7	\$ 363.5
Detail of cash provided by (used for) working capital:			
Accounts receivable	\$ (10.1)	\$ (6.2)	\$ (2.4)
Inventories	6.4	24.9	(23.0)
Other current assets	0.8	(2.4)	(3.0)
Accounts payable	17.5	5.5	3.3
Accrued liabilities	30.8	9.6	6.1
U.S. and foreign taxes on income	8.6	(4.4)	2.9
Total	\$ 54.0	\$ 27.0	\$ (16.1)
Supplemental disclosure of cash flow information:			
Interest paid	\$ 36.0	\$ 36.8	\$ 37.5