

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the year ended December 31,		
(in millions, except per share data)	2016	2015	2014
Net sales	\$ 2,748.0	\$ 2,740.5	\$ 2,925.0
Operating costs and expenses:			
Cost of sales	1,758.3	1,786.1	1,908.7
Selling, general and administrative	597.0	566.5	605.2
Asbestos provision	192.4	—	—
Environmental provision	—	—	55.8
Restructuring charges	—	7.8	29.2
Acquisition integration related charges	—	7.2	9.8
	2,547.7	2,367.6	2,608.7
Operating profit	200.3	372.9	316.3
Other income (expense):			
Interest income	1.9	1.9	1.7
Interest expense	(36.5)	(37.6)	(39.2)
Miscellaneous (expense) income	(1.6)	(0.7)	2.4
	(36.2)	(36.4)	(35.1)
Income before income taxes	164.1	336.5	281.2
Provision for income taxes	40.3	106.5	87.6
Net income before allocation to noncontrolling interests	123.8	230.0	193.6
Less: Noncontrolling interest in subsidiaries' earnings	1.0	1.1	0.9
Net income attributable to common shareholders	\$ 122.8	\$ 228.9	\$ 192.7
Basic earnings per share	\$ 2.10	\$ 3.94	\$ 3.28
Weighted average basic shares outstanding	58.5	58.1	58.7
Diluted earnings per share	\$ 2.07	\$ 3.89	\$ 3.23
Weighted average diluted shares outstanding	59.3	58.8	59.6

See Notes to Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

	Balance as of December 31,	
(in millions, except shares and per share data)	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 509.7	\$ 363.5
Current insurance receivable — asbestos	18.0	20.5
Accounts receivable, net	396.4	397.6
Inventories	342.5	376.9
Current deferred tax assets	29.6	27.5
Other current assets	19.5	17.5
Total current assets	1,315.7	1,203.5
Property, plant and equipment, net	278.9	276.0
Insurance receivable — asbestos	125.2	108.7
Long-term deferred tax assets	181.8	162.4
Other assets	95.0	101.3
Intangible assets, net	282.2	317.1
Goodwill	1,149.2	1,167.9
Total assets	\$ 3,428.0	\$ 3,336.9
Liabilities and equity		
Current liabilities:		
Short-term borrowings	\$ —	\$ 49.6
Accounts payable	223.2	223.3
Current asbestos liability	71.0	75.0
Accrued liabilities	223.1	218.6
U.S. and foreign taxes on income	3.5	6.3
Total current liabilities	520.8	572.8
Long-term debt	745.3	744.6
Accrued pension and postretirement benefits	249.1	235.4
Long-term deferred tax liability	42.4	50.0
Long-term asbestos liability	624.9	470.5
Other liabilities	99.8	112.8
Commitments and Contingencies (Note 10)		
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; 58,964,859 shares outstanding (58,109,037 in 2015)	72.4	72.4
Capital surplus	276.9	263.6
Retained earnings	1,719.9	1,674.3
Accumulated other comprehensive loss	(476.1)	(376.7)
Treasury stock; 13,461,280 treasury shares (14,317,102 in 2015)	(459.3)	(494.2)
Total shareholders' equity	1,133.8	1,139.4
Noncontrolling interest	11.9	11.4
Total equity	1,145.7	1,150.8
Total liabilities and equity	\$ 3,428.0	\$ 3,336.9

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For year ended December 31,				
(in millions)	2016		2015		2014
Operating activities:					
Net income attributable to common shareholders	\$	122.8	\$	228.9	\$ 192.7
Noncontrolling interest in subsidiaries' earnings		1.0		1.1	0.9
Net income before allocations to noncontrolling interests		123.8		230.0	193.6
Asbestos Provision		192.4		—	—
Environmental provision		—		—	55.8
Gain on divestiture		—		—	(4.1)
Restructuring - Non Cash		—		2.0	1.0
Depreciation and amortization		67.4		67.0	75.8
Stock-based compensation expense		21.7		21.3	20.9
Defined benefit plans and postretirement credit		(9.1)		(11.6)	(11.5)
Deferred income taxes		(25.1)		39.7	37.9
Cash provided by (used for) operating working capital		27.0		(16.1)	22.5
Defined benefit plans and postretirement contributions		(8.8)		(17.9)	(25.5)
Environmental payments, net of reimbursements		(11.6)		(18.2)	(10.4)
Payments for asbestos-related fees and costs, net of insurance recoveries		(56.0)		(49.9)	(61.3)
Other		(3.6)		(17.0)	(30.7)
Total provided by operating activities		318.1		229.3	264.0
Investing activities:					
Capital expenditures		(51.5)		(39.6)	(43.7)
Proceeds from disposition of capital assets		0.9		4.4	9.7
Proceeds from divestitures		—		—	2.1
Proceeds from acquisitions		—		—	6.1
Total used for investing activities		(50.6)		(35.2)	(25.8)
Financing activities:					
Dividends paid		(77.2)		(76.6)	(73.9)
Reacquisition of shares on open market		—		(25.0)	(50.0)
Stock options exercised - net of shares reacquired		26.4		8.9	8.2
Excess tax benefit from stock-based compensation		—		0.1	7.7
Repayment of credit facility		—		(100.0)	(25.0)
(Repayments) proceeds from issuance of commercial paper - net		(49.6)		48.8	—
Total used for financing activities		(100.4)		(143.8)	(133.0)
Effect of exchange rates on cash and cash equivalents		(20.9)		(33.1)	(29.5)
Increase in cash and cash equivalents		146.2		17.2	75.7
Cash and cash equivalents at beginning of period		363.5		346.3	270.6
Cash and cash equivalents at end of period	\$	509.7	\$	363.5	\$ 346.3
<u>Detail of cash provided by (used for) working capital:</u>					
Accounts receivable	\$	(6.2)	\$	(2.4)	\$ 25.2
Inventories		24.9		(23.0)	(17.3)
Other current assets		(2.4)		(3.0)	1.8
Accounts payable		5.5		3.3	7.7
Accrued liabilities		9.6		6.1	2.7
U.S. and foreign taxes on income		(4.4)		2.9	2.4
Total	\$	27.0	\$	(16.1)	\$ 22.5
Supplemental disclosure of cash flow information:					
Interest paid	\$	36.8	\$	37.5	\$ 39.4
Income taxes paid	\$	69.8	\$	51.1	\$ 39.6