

ITT Inc.

Q3 2019 Results

11.01.2019



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We use words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “target,” “future,” “may,” “will,” “could,” “should,” “potential,” “continue,” “guidance” and other similar expressions to identify such forward-looking statements. Forward-looking statements are uncertain and to some extent unpredictable, and involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from those expressed or implied in, or reasonably inferred from, such forward-looking statements.

Where in any forward-looking statement we express an expectation or belief as to future results or events, such expectation or belief is based on current plans and expectations of our management, expressed in good faith and believed to have a reasonable basis. However, there can be no assurance that the expectation or belief will occur or that anticipated results will be achieved or accomplished. More information on factors that could cause actual results or events to differ materially from those anticipated is included in the Risk Factors section of the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other documents filed from time to time with the Securities and Exchange Commission.

The forward-looking statements included in this presentation speak only as of the date hereof. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Financial Highlights

- **\$712M** Total Revenue **+5%**; **+4%** Organic Growth
- **16.6%** Adj Seg OI Margin **+90 bps**; **15.2%** Adj OI Margin **+130 bps**
- **\$0.97** Adj EPS **+18%**
- **Raising** 2019 Adj EPS Guidance Midpoint to **\$3.74**; **+16% vs PY**

Operational Excellence

- **+14%** Adj OI Growth Driven by **Robust Execution & Cost Actions**
- **+90 bps** Adj Seg OI Margin: CCT **+160 bps**; IP **+130 bps**; MT **+50 bps**
- **MT Friction Mexico Profitability** Continues to Grow
- **Axtone** Adj Margins **+650 bps**; **Connectors Nogales** Continued Margin Expansion

Customer Centricity

- **MT +2%** Org Revenue; **+1200 bps** Friction OEM Outperformance^[1] vs Global Auto Markets
- **+22%** KONI/Axtone Organic Rail Revenue on Strength in Europe & Asia
- **+10%** Organic Revenue Growth at IP
- **+9%** Commercial Aerospace Components Organic Revenue

Effective Capital Deployment

- **2019 Acquisitions Accretive** to Q3 Adj EPS
- **Restructuring & Realignment Actions** to Drive Down Cost Structure
- **Announcing New Up to \$40M** Share Repurchase Authorization (**\$90M** 2019 Total)
- **Announcing New \$500M** Indefinite-Term Share Repurchase Program

Luca Savi on Twitter: @lucasavi4itt

^[1] Based on Recognized Auto Industry Data as of October 16, 2019

\$ millions (except EPS)	2019	vs 2018
Total Orders	\$702	(-3%)
Total Revenue	\$712	+5%
Adj Segment Operating Income	\$118	+10%
Adj Operating Income	\$108	+14%
Adjusted EPS	\$0.97	+18%

+4% Organic Revenue

- ▲ +10% Industrial on +40% Chemical
- ▲ +2% Transportation:
 - +22% Rail - Global Strength
 - +7% Aerospace Due to Components
 - +2% Auto Friction; +9% OEM, Partially Offset by Aftermarket
 - (-9%) Wolverine
- ▼ (-5%) Oil & Gas on Lower Projects

(-4%) Organic Orders

- ➔ FLAT SEQ Organic Orders vs Q2 Driven by +8% IP
- ▼ (-9%) Industrial: Short-Cycle Weakness More Than Offsets Project Pump Strength
- ▼ (-10%) Oil & Gas: Project Delays & Difficult PY Comparisons
- ➔ FLAT Transportation:
 - +16% Rail Growth from Share Gains
 - (-6%) A&D Due to Defense Order Timing (+1% YTD)

+10% Adj Segment OI

- ▲ Significant Productivity & Restructuring Gains
- ▲ Volume Due to Friction OEM & Project Pump Strength
- ▼ FX, Tariffs and Higher Commodity Costs
- \$5M Strategic Investments

+18% Adj EPS

- ▲ Adj Segment OI Growth
 - Accretion from 2019 Acquisitions
- ▲ (-21%) Corporate Cost Reductions
- ▲ Interest & Favorable Impact of Tax Strategies

Q3 2019 Adjusted Segment Op Margins



+90 Bps Margin Drivers

▲ Top Line Drivers

- Global Friction Auto OEM
- KONI/AXTONE Rail
- Dilutive Pump Project Mix on +38% Growth
- Wolverine AM Weakness

▼ Price / Cost & Tariffs

- Higher Commodities; Tariffs at Wolverine
- Positive Price

▲ Operational Execution

- Significant Productivity Gains & Restructuring
- Supply Chain Cost Reductions
- Continued Pump Project Execution
- MT Friction Mexico & Axtone Productivity
- CCT Nogales Continued Operational Improvement

■ Strategic Investments

- MT Friction Mexico Capacity Expansion
- ITT Smart Pad
- VAVE^[1] Activities at IP
- CCT Plating Line

Q3 2018 Adjusted Segment Operating Margin

Volume, Mix, Price & Other

Net Operating Productivity

Operational Margins Subtotal

FX

Acquisitions

Strategic Investments

Q3 2019 Adjusted Segment Operating Margin

vs. PY

15.7%

+10 bps

+160 bps

17.4%

+30 bps

(-30 bps)

(-80 bps)

16.6%

**+170
bps**

^[1] VA/VE: Value Analysis / Value Engineering

Q3 2019 Results

\$ millions	2019	vs 2018
Total Revenue	\$305	(-2%)
Adj Segment Operating Income	\$57	+1%

+2% Organic Revenue

- ▲ +2% Friction
 - +9% OEM on Share Gains
 - +34% North America
 - +7% Europe
 - +3% China
 - (-9%) Aftermarket: Unfavorable Independent Aftermarket Timing
- ▲ +11% KONI/Axtone: Significant Rail Strength in Europe & Asia
- ▼ (-9%) Wolverine: Weak Aftermarket, Partially Offset by OEM Shims

+1% Adj Op Income

- ▲ +5% Adj Segment OI, Ex (\$2M) FX
- ▲ Operational Productivity & Restructuring Benefits
- ▼ Higher Commodity & Tariff Cost
 - \$3M Strategic Investments: MT Mexico & ITT Smart Pad

Highlights

- ▲ 18.8% Adj Segment Op Margins +50 bps vs PY
 - +650 bps Axtone Margin vs PY
 - Continued KONI Operational Gains
 - MT Mexico Continued Margin Expansion
- ▲ +1,200^[1] bps Friction OEM Outperformance vs Global Market
- ▲ +47% Axtone Orders on Europe Rail Share Gains
- ▲ +1% WAM OEM Shim Revenue with Growth in Main Regions
- ▲ Strategic Highlights:
 - 11 EV Platform Wins Including a Premium German Auto OEM
 - Strategic Axtone Freight Rail Platform Win
 - Wolverine Restructuring Actions; Incremental Actions Planned at Other Sites

^[1] Based on Recognized Auto Industry Data as of October 16, 2019

Q3 2019 Results

\$ millions **2019** vs 2018

Total Revenue **\$240** +17%

Adj Segment Operating Income **\$31** +31%

+10% Organic Revenue

- ▲ +38% Projects: Chemical & Mining Strength
- ▲ +2% Short-Cycle Businesses
 - +10% Baseline Pumps: Downstream O&G and Chemical
 - (-2%) Aftermarket: Weak O&G and GI Service Offset Strong Parts
 - (-2%) Valves: Biopharm Declines

+31% Adj Op Income

- ▲ Productivity & Supply Chain Actions
- ▲ Improved Project Execution & Strong Deliveries
- ▲ RPG^[1] Acquisition Positive Contribution
- ➔ Price Offsets Tariff Impacts
- ▼ Unfavorable Mix & Commodity Costs
 - VA/VE^[2] Activities to Improve Pump Performance & Reduce Costs

Highlights

- ▲ 12.9% Adj Segment OI Margins
 - +130 bps vs PY Inc. (-30 bps) of RPG Acquisition Impact
- ▼ (-9%) Organic Orders
 - (-12%) Projects: Petrochem and O&G Delays and Difficult PY Compares
 - (-7%) Short-Cycle: MEA Parts & NA Valves
- ▲ +8% SEQ Organic Orders vs Q2 on +34% Projects & +1% Short Cycle
- ▲ Strategic Highlights:
 - Proactive Restructuring to Drive Q4 and 2020 Cost Reductions
 - Margins Improved Sequentially Throughout 2019
 - Tracking to LT Margin Target of 15%+
 - Significant R&D Investments for VA/VE Initiatives

^[1] RPG: Rheinütte Pumpen Group
^[2] VA/VE: Value Analysis / Value Engineering

Q3 2019 Results



\$ millions **2019** vs 2018

Total Revenue **\$168** +1%

Adj Segment Operating Income **\$30** +11%

(-1%) Organic Revenue

- ▲ +2% Aerospace & Defense:
 - +7% Aerospace: +9% Commercial Components
 - (-5%) Defense: Large Program Component Shipments in PY, Partially Offset by +7% Connectors Growth
- ▼ (-4%) Industrial: Components Distribution Destocking Continues
- ▼ (-9%) O&G Connectors

+11% Adj Op Income

- ▲ Productivity & Supply Chain Actions
- ▲ Proactive Restructuring Actions
- ▲ Productivity Benefits from Product Line Transfers
- ▼ Higher Commodities & Negative Mix, Partially Offset by FX
 - Connector Plating Line Installation & Start-up Costs

Highlights

- ▲ 17.6% Adj Segment OI Margins
 - +160 bps vs PY Inc. (-40 bps) of Matrix Acquisition Impact
 - Solid Connectors Margin Expansion
- ▼ (-7%) Organic Orders
 - Industrial Weakness, Partially Offset by +10% Oil & Gas
 - \$5M in PY 1x Defense Program Orders
 - +7% Commercial Aero Components
- ▲ +8% Organic Backlog Growth vs PY
- ▲ Solid YTD Book to Bill at >1.03X
- ▲ Strategic Highlights:
 - Nogales Plating Lines Certified; Production Ramping
 - 2019 Product Line Transfers to Nogales & Shenzhen Completed
 - Tracking to LT Margin Target of High-Teens+
 - Proactive Restructuring Actions

Effective Asbestos Management

- **\$52M Net Liability Reduction Since 12/31/18**
 - Significant Insurance Recoveries & Actions
 - Effective Liability Management
 - Note: The Remeasurement Benefit Is Not Reflected in the Adjusted Results (See Appendix for Non-GAAP Reconciliations)

- **Significant Reduction Since January 2012**
 - (-50%) Decline in Gross Liability
 - (-41%) Decline in Net Liability
 - (-77%) Decline in Outstanding Claims

- **No Change in Net Annual Avg After-Tax Cash Outflow vs Prior Projections**
 - Reflects Continued Effective Comprehensive Cash Flow Management
 - \$14M Annual Average Net, After-Tax, Defense & Indemnity Cash Outflow Since 2014

(-11%) Reduction in Net Liability

\$ millions	12/31/18	9/30/19	Change
	Gross Liability	\$ 849	\$ 828
Asset	(376)	(407)	(31)
Net Liability	\$ 473	\$ 421	\$ (52)

No Change in Avg Annual Cash Projections

\$ millions	Previous	Current
	Years 1 – 5	\$20M - \$30M
Years 6 – 10	\$35M - \$45M	\$35M - \$45M

Projected, Average, Annual, Net, After-Tax Cash Outflows for Defense and Indemnity

Effective Comprehensive Management

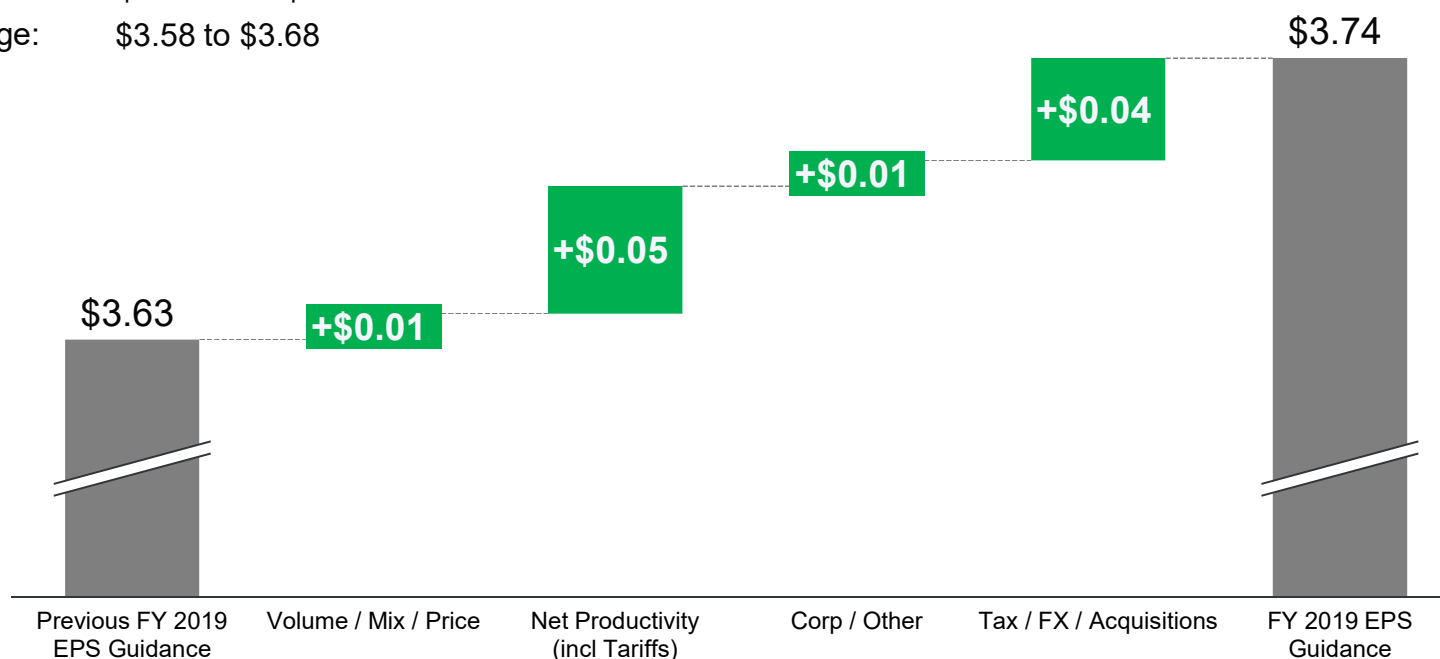
Revenue Guidance

Total Revenue	+3% to +5%	▪ No Change from Previous Guidance
Organic Revenue	+3% to +5%	▪ No Change from Previous Guidance

Updated Adjusted EPS Guidance

New Range: \$3.73 to \$3.75

Previous Range: \$3.58 to \$3.68



+16% vs Prior Year at Midpoint

ITT Inc.

Supplemental Data

11.01.2019



Q3 2019 ITT Adjusted Segment Performance



	Motion Technologies	Industrial Process	Connect & Control Technologies	Total Segments
Q3 2019 Total Revenue vs PY	(-1.9%)	17.2%	1.1%	4.6%
FX	3.6%	1.7%	0.6%	2.3%
Acquisition/Disposition	0.0%	(-9.0%)	(-2.5%)	(-3.3%)
Q3 2019 Organic Revenue vs PY	1.7%	9.9%	(-0.8%)	3.6%
Q3 2018 Adjusted Operating Margin	18.3%	11.6%	16.0%	15.7%
Volume, Mix, Productivity & Other	1.4%	1.4%	2.4%	1.7%
Growth Investments	(-0.8%)	(-0.6%)	(-0.9%)	(-0.8%)
Acquisition/Disposition	0.0%	(-0.3%)	(-0.4%)	(-0.3%)
FX	(-0.1%)	0.8%	0.5%	0.3%
Q3 2019 Adjusted Operating Margin	18.8%	12.9%	17.6%	16.6%

Key Performance Indicators & Non-GAAP Measures

Management reviews a variety of key performance indicators including revenue, segment operating income and margins, earnings per share, order growth, adjusted free cash flow, and backlog, some of which are non-GAAP. In addition, we consider certain measures to be useful to management and investors when evaluating our operating performance for the periods presented. These measures provide a tool for evaluating our ongoing operations and management of assets from period to period. This information can assist investors in assessing our financial performance and measures our ability to generate capital for deployment among competing strategic alternatives and initiatives, including, but not limited to, acquisitions, dividends and share repurchases. These metrics, however, are not measures of financial performance under accounting principles generally accepted in the United States of America (GAAP) and should not be considered a substitute for measures determined in accordance with GAAP. We consider the following non-GAAP measures, which may not be comparable to similarly titled measures reported by other companies, to be key performance indicators for purposes of our reconciliation tables.

Organic Revenue and **Organic Orders** are defined as revenue and orders, excluding the impacts of foreign currency fluctuations, acquisitions and divestitures. Divestitures include sales of portions of our business that did not meet the criteria for presentation as a discontinued operation. The period-over-period change resulting from foreign currency fluctuations is estimated using a fixed exchange rate for both the current and prior periods. Management believes that reporting organic revenue and organic orders provides useful information to investors by helping identify underlying trends in our business and facilitating easier comparisons of our revenue performance with prior and future periods and to our peers.

Adjusted Operating Income, Adjusted Segment Operating Income, Adjusted Operating Margin, and Adjusted Segment Operating Margin are defined as total operating income and segment operating income, adjusted to exclude special items that include, but are not limited to, asbestos-related costs, restructuring costs, realignment costs, certain asset impairment charges, certain acquisitions-related expenses, and unusual or infrequent items. Special items represent significant charges or credits that impact the current results, which management views as unrelated to the Company's ongoing operations and performance. Adjusted operating margin and adjusted segment operating margin are defined as adjusted operating income or adjusted segment operating income divided by revenue. We believe that adjusted operating income and segment operating income are useful to investors and other users of our financial statements in evaluating ongoing operating profitability, as well as in evaluating operating performance in relation to our competitors.

Adjusted Income from Continuing Operations, Adjusted EPS and Adjusted EPS Guidance are defined as income from continuing operations attributable to ITT Inc. and income from continuing operations attributable to ITT Inc. per diluted share, adjusted to exclude special items that include, but are not limited to, asbestos-related costs, restructuring costs, realignment costs, certain asset impairment charges, certain acquisition-related expenses, income tax settlements or adjustments, and unusual and infrequent items. Special items represent significant charges or credits, on an after-tax basis, that impact current results, which management views as unrelated to the Company's ongoing operations and performance. The after-tax basis of each special item is determined using the jurisdictional tax rate of where the expense or benefit occurred. We believe that adjusted income from continuing operations is useful to investors and other users of our financial statements in evaluating ongoing operating profitability, as well as in evaluating operating performance in relation to our competitors.

Adjusted Free Cash Flow is defined as net cash provided by operating activities less capital expenditures, adjusted for cash payments for restructuring costs, realignment actions, net asbestos cash flows and other significant items that impact current results which management views as unrelated to the Company's ongoing operations and performance. Due to other financial obligations and commitments, including asbestos expenses, the entire adjusted free cash flow may not be available for discretionary purposes. We believe that adjusted free cash flow provides useful information to investors as it provides insight into the cash flow metric used by management to monitor and evaluate cash flows generated by our operations.

Working Capital is defined as the sum of net receivables, net inventory and current contract assets less accounts payable and current contract liabilities. We believe that working capital provides useful information to investors as it also provides insight into the cash flow metric used by management to monitor and evaluate cash flows generated by our operations.

ITT Inc. Non-GAAP Reconciliation
Reported vs. Organic Revenue / Order Growth
Third Quarter 2019 & 2018
(In Millions)

	(As Reported - GAAP)				(As Adjusted - Organic)						
	(A)	(B)	(C)		(D)	(E)	(F) = A-D-E		(G) = C-D-E	(H) = G / B	
	3M 2019	3M 2018	Change 2019 vs. 2018	% Change 2019 vs. 2018	Acquisition / Divestitures 3M 2019	FX Impact 3M 2019	Revenue / Orders 3M 2019	Change Adj. 2019 vs. 2018	% Change Adj. 2019 vs. 2018		
Revenue											
ITT Inc.	\$ 711.9	\$ 680.6	\$ 31.3	4.6%	22.6	\$ (15.6)	\$ 704.9	\$ 24.3	3.6%		
Motion Technologies	304.5	310.3	(5.8)	(1.9%)	-	(11.2)	315.7	5.4	1.7%		
Industrial Process	240.3	205.0	35.3	17.2%	18.4	(3.4)	225.3	20.3	9.9%		
Connect & Control Technologies	167.9	166.0	1.9	1.1%	4.2	(1.0)	164.7	(1.3)	(0.8%)		
Orders											
ITT Inc.	\$ 702.1	\$ 722.1	(20.0)	(2.8%)	22.8	\$ (16.0)	\$ 695.3	\$ (26.8)	(3.7%)		
Motion Technologies	309.0	314.2	(5.2)	(1.7%)	-	(11.6)	320.6	6.4	2.0%		
Industrial Process	235.0	241.7	(6.7)	(2.8%)	17.5	(3.5)	221.0	(20.7)	(8.6%)		
Connect & Control Technologies	158.8	166.8	(8.0)	(4.8%)	5.3	(0.9)	154.4	(12.4)	(7.4%)		

Note: Excludes intercompany eliminations
Immaterial differences due to rounding

ITT Inc. Non-GAAP Reconciliation
Reported vs Adjusted Segment Operating Income & Operating Margin
Third Quarter 2019 & 2018

(In Millions)

	3M 2019	3M 2019	3M 2019	3M 2018	3M 2018	3M 2018	% Change	% Change
	As Reported	Special Items	As Adjusted	As Reported	Special Items	As Adjusted	As Reported	As Adjusted
							2019 vs. 2018	2019 vs. 2018
Revenue:								
Motion Technologies	\$ 304.5		\$ 304.5	\$ 310.3		\$ 310.3	(1.9%)	(1.9%)
Industrial Process	240.3		240.3	205.0		205.0	17.2%	17.2%
Connect & Control Technologies	167.9		167.9	166.0		166.0	1.1%	1.1%
Intersegment eliminations	(0.8)		(0.8)	(0.7)		(0.7)		
Total Revenue	<u>\$ 711.9</u>		<u>\$ 711.9</u>	<u>\$ 680.6</u>		<u>\$ 680.6</u>	<u>4.6%</u>	<u>4.6%</u>
Operating Margin:								
Motion Technologies	18.6%	20 BP	18.8%	18.9%	(60) BP	18.3%	(30) BP	50 BP
Industrial Process	9.2%	370 BP	12.9%	11.6%	- BP	11.6%	(240) BP	130 BP
Connect & Control Technologies	16.9%	70 BP	17.6%	15.7%	30 BP	16.0%	120 BP	160 BP
Total Operating Segments	<u>15.0%</u>	<u>160 BP</u>	<u>16.6%</u>	<u>15.9%</u>	<u>(20) BP</u>	<u>15.7%</u>	<u>(90) BP</u>	<u>90 BP</u>
Income (loss):								
Motion Technologies	\$ 56.7	0.6	\$ 57.3	\$ 58.5	(1.7)	\$ 56.8	(3.1%)	0.9%
Industrial Process	22.0	9.1	31.1	23.7	-	23.7	(7.2%)	31.2%
Connect & Control Technologies	28.4	1.1	29.5	26.0	0.5	26.5	9.2%	11.3%
Total Segment Operating Income	<u>\$ 107.1</u>	<u>\$ 10.8</u>	<u>\$ 117.9</u>	<u>\$ 108.2</u>	<u>(1.2)</u>	<u>\$ 107.0</u>	<u>(1.0%)</u>	<u>10.2%</u>

Note: Immaterial differences due to rounding.

Special items include, but are not limited to, restructuring and realignment costs, certain asset impairment charges, acquisition-related expenses, and other unusual or infrequent items including certain legal matters.

ITT Inc. Non-GAAP Reconciliation
Reported vs. Adjusted Income from Continuing Operations & Adjusted EPS
Third Quarter 2019 & 2018

(In Millions, except per share amounts)

	Q3 2019 As Reported	Non-GAAP Adjustments	Q3 2019 As Adjusted	Q3 2018 As Reported	Non-GAAP Adjustments	Q3 2018 As Adjusted	2019 vs. 2018 As Adjusted (\$)	Percent Change 2019 vs. 2018 As Adjusted (%)
Segment Operating Income	\$ 107.1	\$ 10.8 #A	\$ 117.9	\$ 108.2	\$ (1.2) #A	\$ 107.0		
Corporate (Expense)	45.4	(55.4) #B	(10.0)	29.6	(42.2) #B	(12.6)		
Operating Income	<u>152.5</u>	<u>(44.6)</u>	<u>107.9</u>	<u>137.8</u>	<u>(43.4)</u>	<u>94.4</u>		
Interest Income (Expense)	0.9	-	0.9	1.3	(1.1) #C	0.2		
Other Income (Expense)	(0.5)	-	(0.5)	(2.0)	1.4 #D	(0.6)		
Income from Continuing Operations before Tax	<u>152.9</u>	<u>(44.6)</u>	<u>108.3</u>	<u>137.1</u>	<u>(43.1)</u>	<u>94.0</u>		
Income Tax (Expense)	(34.1)	12.1 #E	(22.0)	(25.9)	4.8 #E	(21.1)		
Income from Continuing Operations	<u>118.8</u>	<u>(32.5)</u>	<u>86.3</u>	<u>111.2</u>	<u>(38.3)</u>	<u>72.9</u>		
Less: Non Controlling Interest	0.1	-	0.1	0.2	-	0.2		
Income from Continuing Operations - ITT Inc.	<u>\$ 118.7</u>	<u>\$ (32.5)</u>	<u>\$ 86.2</u>	<u>\$ 111.0</u>	<u>\$ (38.3)</u>	<u>\$ 72.7</u>		
EPS from Continuing Operations	<u>\$ 1.34</u>	<u>\$ (0.37)</u>	<u>\$ 0.97</u>	<u>\$ 1.25</u>	<u>\$ (0.43)</u>	<u>\$ 0.82</u>	<u>0.15</u>	<u>18.3%</u>

Note: Amounts may not calculate due to rounding.

#A - 2019 includes restructuring costs (\$6.7M), acquisition related costs (\$3.3M) and other costs (\$0.8M).

#A - 2018 includes restructuring costs (\$0.9M) and acquisition related income (\$2.1M).

#B - 2019 includes realignment and other costs (\$0.8M), and asbestos related benefit (\$56.2M).

Note: (\$56.2M) net asbestos related benefit includes remeasurement income (\$68.1M), offset by asbestos related expense to maintain 10 year accrual (\$11.9M).

#B - 2018 includes income, net of related costs, primarily from the sale of excess property (\$37.9M) and asbestos related benefit (\$4.3M).

Note: (\$4.3M) net asbestos related benefit includes a favorable settlement agreement (\$24.9M) offset by remeasurement cost (\$7.2M), and asbestos related expense to maintain 10 year accrual (\$13.4M).

#C - 2018 interest income related to a change in uncertain tax position.

#D - 2018 other income includes net pension settlement costs related to the Industrial Process segment.

#E - 2019 includes various tax-related special items including tax expense for valuation allowance change (\$1.3M), tax expense on future distribution of foreign earnings (\$1.1M), and the tax impact of other operating special items.

#E - 2018 includes various tax-related special items including tax benefit for valuation allowance change (\$1.5M), tax expense for tax law changes (\$0.3M), tax benefit on current and future distribution of foreign earnings (\$0.2M), tax benefit for change in uncertain tax positions (\$3.4M), tax benefit for audit settlements (\$0.5M), and the tax impact of other operating special items.

ITT Inc. Non-GAAP Reconciliation
Net Cash - Operating Activities vs. Adjusted Free Cash Flow Conversion
Third Quarter 2019 & 2018
(In Millions)

	9M 2019	9M 2018
Net Cash - Operating Activities	\$ 221.7	\$ 246.6
Capital expenditures	69.3	63.8
Free Cash Flow	152.4	182.8
Legal settlements, net	5.1	-
Insurance settlement agreement, net	-	(16.9)
Asbestos cash payments, net	20.1	42.3
Restructuring cash payments	7.8	5.9
Acquisition / Realignment-related cash payments	1.5	-
Discretionary Pension Contributions, net of tax	6.9	-
Adjusted Free Cash Flow	193.8	214.1
Income from Continuing Operations - ITT Inc.	256.9	281.8
Special Items, net of tax	(7.0)	(67.9)
Income from Continuing Operations - ITT Inc., Excluding Special Items	\$ 249.9	\$ 213.9
Adjusted Free Cash Flow Conversion	77.6%	100.1%

ITT Inc. Non-GAAP Reconciliation GAAP vs. Adjusted EPS Guidance Full Year 2019

	2019 Full-Year Guidance	
	Low	High
EPS from Continuing Operations - GAAP	\$ 3.63	\$ 3.67
Estimated Asbestos Related Costs, Net of Tax	(0.16)	(0.16)
	\$ 3.47	\$ 3.51
Estimated Restructuring and Realignment Costs, Net of Tax	0.15	0.14
Acquisition Related and Other Costs, Net of Tax	0.09	0.08
Other Tax Special Items	0.02	0.02
EPS from Continuing Operations - Adjusted	\$ 3.73	\$ 3.75