

## CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

For the Periods Ended June 30	Three Months		Six Months	
	2018	2017	2018	2017
Revenue	\$ 696.8	\$ 630.9	\$ 1,386.1	\$ 1,256.7
Costs of revenue	470.8	425.9	935.9	848.6
<b>Gross profit</b>	<b>226.0</b>	205.0	<b>450.2</b>	408.1
General and administrative expenses	63.0	64.6	128.1	130.3
Sales and marketing expenses	43.4	43.8	86.9	86.9
Research and development expenses	25.8	22.6	50.5	45.0
Asbestos-related costs (benefit), net	13.5	14.9	(6.2)	29.8
Operating income	80.3	59.1	190.9	116.1
Interest and non-operating expenses, net	1.5	0.5	3.3	2.7
Income from continuing operations before income tax expense	78.8	58.6	187.6	113.4
Income tax expense	8.9	10.6	16.5	19.7
Income from continuing operations	69.9	48.0	171.1	93.7
(Loss) income from discontinued operations, including tax benefit of \$0.1, \$0.1, \$0 and \$0.2, respectively	—	(0.1)	0.1	(0.2)
Net income	69.9	47.9	171.2	93.5
Less: Income (loss) attributable to noncontrolling interests	0.2	0.1	0.3	(0.3)
Net income attributable to ITT Inc.	\$ 69.7	\$ 47.8	\$ 170.9	\$ 93.8
<b>Amounts attributable to ITT Inc.:</b>				
Income from continuing operations, net of tax	\$ 69.7	\$ 47.9	\$ 170.8	\$ 94.0
(Loss) income from discontinued operations, net of tax	—	(0.1)	0.1	(0.2)
Net income attributable to ITT Inc.	\$ 69.7	\$ 47.8	\$ 170.9	\$ 93.8
<b>Earnings per share attributable to ITT Inc.:</b>				
Basic:				
Continuing operations	\$ 0.80	\$ 0.54	\$ 1.95	\$ 1.06
Discontinued operations	—	—	—	—
Net income	\$ 0.80	\$ 0.54	\$ 1.95	\$ 1.06
Diluted:				
Continuing operations	\$ 0.79	\$ 0.54	\$ 1.93	\$ 1.05
Discontinued operations	—	—	—	—
Net income	\$ 0.79	\$ 0.54	\$ 1.93	\$ 1.05
Weighted average common shares – basic	87.5	88.5	87.8	88.4
Weighted average common shares – diluted	88.4	89.0	88.7	89.1

**CONSOLIDATED CONDENSED BALANCE SHEETS (UNAUDITED)**

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	June 30, 2018	December 31, 2017
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 449.6	\$ 389.8
Receivables, net	560.4	629.6
Inventories, net	393.5	311.9
Other current assets	175.1	147.4
Total current assets	1,578.6	1,478.7
Plant, property and equipment, net	506.1	521.7
Goodwill	879.9	886.8
Other intangible assets, net	145.3	156.2
Asbestos-related assets	322.6	304.0
Deferred income taxes	164.0	149.9
Other non-current assets	203.2	202.9
Total non-current assets	2,221.1	2,221.5
<b>Total assets</b>	<b>\$ 3,799.7</b>	<b>\$ 3,700.2</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Short-term loans and current maturities of long-term debt	\$ 210.7	\$ 163.6
Accounts payable	331.2	351.4
Accrued liabilities	397.7	384.4
Total current liabilities	939.6	899.4
Asbestos-related liabilities	781.6	800.1
Postretirement benefits	223.5	227.3
Other non-current liabilities	172.7	175.6
Total non-current liabilities	1,177.8	1,203.0
Total liabilities	2,117.4	2,102.4
Shareholders' equity:		
Common stock:		
Authorized – 250.0 shares, \$1 par value per share		
Issued and outstanding – 87.6 shares and 88.2 shares, respectively	87.6	88.2
Retained earnings	1,959.3	1,856.1
Total accumulated other comprehensive loss	(366.6)	(348.2)
Total ITT Inc. shareholders' equity	1,680.3	1,596.1
Noncontrolling interests	2.0	1.7
Total shareholders' equity	1,682.3	1,597.8
<b>Total liabilities and shareholders' equity</b>	<b>\$ 3,799.7</b>	<b>\$ 3,700.2</b>

## CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

(IN MILLIONS)

For the Six Months Ended June 30	2018	2017
<b>Operating Activities</b>		
Net income	\$ 171.2	\$ 93.5
Less: Income (loss) from discontinued operations	0.1	(0.2)
Less: Income (loss) attributable to noncontrolling interests	0.3	(0.3)
Income from continuing operations attributable to ITT Inc.	170.8	94.0
Adjustments to income from continuing operations:		
Depreciation and amortization	55.2	50.4
Equity-based compensation	10.2	7.3
Asbestos-related (benefit) costs, net	(6.2)	29.8
Asbestos-related payments, net	(30.8)	(30.7)
Changes in assets and liabilities:		
Change in receivables	(15.2)	(35.6)
Change in inventories	(22.8)	2.3
Change in accounts payable	(14.2)	(7.8)
Change in accrued expenses	(23.0)	(3.3)
Change in accrued and deferred income taxes	(11.7)	(3.1)
Other, net	7.0	(10.7)
<b>Net Cash – Operating activities</b>	<b>119.3</b>	<b>92.6</b>
<b>Investing Activities</b>		
Capital expenditures	(46.3)	(53.3)
Acquisitions, net of cash acquired	—	(113.7)
Other, net	0.9	2.5
<b>Net Cash – Investing activities</b>	<b>(45.4)</b>	<b>(164.5)</b>
<b>Financing Activities</b>		
Commercial paper, net repayments	(162.4)	9.4
Short-term revolving loans, borrowings	246.5	77.3
Short-term revolving loans, repayments	(23.5)	(100.0)
Long-term debt, issued	—	3.9
Long-term debt, repayments	(1.9)	(0.7)
Repurchase of common stock	(55.4)	(32.8)
Proceeds from issuance of common stock	4.7	6.5
Dividends paid	(12.0)	(11.6)
Other, net	(0.1)	0.1
<b>Net Cash – Financing activities</b>	<b>(4.1)</b>	<b>(47.9)</b>
Exchange rate effects on cash and cash equivalents	(8.6)	15.3
Net Cash – Operating activities of discontinued operations	(1.4)	(0.9)
Net change in cash and cash equivalents	59.8	(105.4)
Cash and cash equivalents – beginning of year	391.0	461.9
<b>Cash and cash equivalents – end of period</b>	<b>\$ 450.8</b>	<b>\$ 356.5</b>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash paid during the year for:		
Interest	\$ 1.1	\$ 2.1
Income taxes, net of refunds received	\$ 23.2	\$ 21.9