



ENGINEERED FOR LIFE



ITT Inc.  
Q2 2018 Earnings Call  
August 3, 2018



# Safe Harbor

This presentation contains “forward-looking statements” intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our business, future financial results and the industry in which we operate, and other legal, regulatory and economic developments. These forward-looking statements include, but are not limited to, future strategic plans and other statements that describe the company’s business strategy, outlook, objectives, plans, intentions or goals, and any discussion of future events and future operating or financial performance.

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.



# Q2 2018 ITT Highlights



## Financial Highlights

- **\$697M** Total Revenue **+10%**; **Organic +7%**
- **\$742M** Total Orders **+18%**; **Organic +15%**
- **15.5%** Adj Segment Operating Margins **+130 bps**; **+21%** Adj Segment OI
- **\$0.82** Adj EPS **+26%**
- **Raising** Organic Revenue & Adj EPS Guidance



## Execution

- Record Revenue, Adj Segment OI & Margins, and Adj EPS
- +130 bps Adj Segment OI Margin, Led by +350 bps IP and +280 bps CCT
- Strong Productivity Gains Offset Commodity Cost Increases
- +170 bps Improvement in Working Capital as % of Sales



## Growth & Innovation

- +5% or Better Organic Revenue Growth Delivered at Each Segment
- +15% Organic Order Growth Led by IP +24% and CCT +19%
- 22 MT Friction OEM Wins Include: 9 Front Axle, 16 in China, 4 EV/Hybrid
- Share Gains in Rotorcraft Aftermarket and EV Charging



## Capital Deployment

- Pumps Manufacturing Lean Transformation at IP Seneca Falls Facility
- MT NA Friction Facility Production Ramp Up
- Increased Investment in Revolutionary ITT Smart Pad Technology
- MT R&D Innovation Center to Open in Italy in Q3



# Q2 2018 ITT Results

## Continuing Operations (unaudited)

\$ millions, except per share amounts

	Q2 2018	vs. 2017
Total Orders	\$742	+18%
Total Revenue	\$697	+10%
Adjusted Segment Operating Income	\$108	+21%
Adjusted Operating Income	\$96	+20%
Adjusted EPS	\$0.82	+26%

### +15% Organic Orders

- ▲ +70% IP Projects Led by Oil & Gas and Chemical
- ▲ +22% CCT Commercial Aerospace & Defense Components & Connectors
- ▲ +9% MT Auto Friction on Global OEM Strength

### +7% Organic Revenue

- ▲ +8% Transportation on +15% OEM Friction, +13% Aero & Defense, Partially Offset by Friction Aftermarket
- ▲ +8% Industrial Due to +22% Chemical
- ▼ (-7%) Oil & Gas Due to Projects & Base Pumps

### +21% Adjusted Segment Op Income

- ▲ Volume Growth at Each Segment
- ▲ Solid Net Operating Productivity
- ▲ Favorable FX, Partially Offset by Higher Commodity Costs
  - \$5M Growth Investments in MT China & NA Facility Ramp Up, ITT Smart Pad, and Rotorcraft

### +26% Adjusted EPS

- ▲ Strong Segment Execution
- ▼ Higher Corporate Costs, Primarily Incentive Compensation
- ▲ \$0.02 Tax Favorability 22.8% vs PY 25.0%, Primarily Due to Italian Rate Reduction Actions



# Q2 2018 Adjusted Segment Op Margins

Q2 2018

- ▲ **Top Line Drivers**
  - IP Strong Short-Cycle Growth and Price Benefits
  - CCT Connector Volume
  - MT OEM Friction Volume, Offset by Unfavorable Price & Aftermarket Mix
  
- ▲ **Strong Operational Execution**
  - Productivity, Including Supply Chain & Restructuring Actions
  - Improved Project Execution at IP
  - Continued Operational Improvements at Connector Facilities
  
- ▼ **Higher Commodity Costs**
  - Growth Investments
    - Production Ramp at MT NA Facility
    - ITT Smart Pad Advancement
    - Rotorcraft Expansion

	vs. PY
Q2 2017 Adjusted Segment Operating Margin	14.2%
Volume, Mix, Price & Other	+30 bps
Net Operating Productivity	+80 bps
<b>Operational Margins Subtotal</b>	15.3%
FX	+90 bps
Growth Investments	-70 bps
<b>Q2 2018 Adjusted Segment Operating Margin</b>	<b>15.5%</b>





# Motion Technologies

## Q2 2018 Results

\$ millions (unaudited)	2018	vs. 2017
Total Revenue	\$330	+14%
Adjusted Segment Operating Income	\$57	+9%

### +7% Organic Revenue

- ▲ +8% Friction Growth
  - +15% Friction OEM on Share Gains in China and NA
  - (-4%) Aftermarket Due to Phasing & Destocking in Europe
- ▲ +10% KONI on Rail Share Gains in China High Speed Rail & Europe; Strong Defense Sales in NA & Europe
- ▲ +3% Wolverine on Strong Aftermarket, Partially Offset by OEM Phasing

### +9% Adjusted Op Income

- ▲ Strong Operational Productivity
- ▲ Wolverine +520 bps OI Margins on Productivity Gains
- ▲ Favorable FX
- ▼ -90 bps OI Margin Reflects Unfavorable Price, Aftermarket Mix, and Commodities
- \$3M Strategic Investments

### Q2 Highlights

- ▲ +6% Organic Order Growth
  - +9% Friction Growth Due to NA & China
- ▲ Friction OEM Share Gains in Strategic Markets
  - +31% NA Friction OEM Revenue Growth vs (-2%) Mkt
  - +26% China Friction OEM Revenue Growth vs +9% Mkt
  - 22 New Friction OEM Awards Include:
    - 9 Front Axle
    - 6 Copper Free
    - 16 in China Including 4 EV/Hybrid Awards
    - Significant Share Gain with Premium German OEM
- ▲ Ramping Brake Pads Production in New NA Facility
- Strategic Investments to Drive Long-Term Growth
  - Global Manufacturing Footprint
  - ITT Smart Pad Development
  - R&D Capabilities in China & Italy





# Industrial Process

## Q2 2018 Results

\$ millions (unaudited)	2018	vs. 2017
Total Revenue	\$203	+6%
Adjusted Segment Operating Income	\$23	+51%

### +5% Organic Revenue

- ▲ +8% Short-Cycle Businesses
  - +14% Baseline Pumps Due to Strong General Industrial, Chemical and Mining Demand
  - +16% Valves Driven by Solid BioPharm
  - +2% Aftermarket
- ▼ (-3%) Projects on Lower O&G Activity, Partially Offset by Strong Global Petrochem

### +51% Adjusted Op Income

- ▲ Improved Volumes, Price, and Short-Cycle Mix
- ▲ Productivity, Including Supply Chain & Restructuring
- ▲ Continued Project Execution Improvement
- Price Nearly Offsets Material Cost Increases

### Q2 Highlights

- ▲ 11.5% Adj Segment OI Margins +350 bps vs PY
- ▲ +390 bps Improvement in Working Capital as % of Sales
- ▲ +24% Organic Orders vs PY
  - +70% Projects, Led by O&G and Chemical
  - +12% Short-Cycle vs PY
    - +10% Baseline Pumps
    - +28% Valves
    - +9% Aftermarket Service & Parts
- ▲ \$14M Upstream O&G Project Order Received in April
- ▲ Strong Order Growth in O&G +54% & Chemical +44%
- ▲ +14% Sequential Organic Orders vs Q1 2018
- ▲ +11% Backlog Since Jan 1 on Project & Short Cycle
- ▲ Active Product Pipeline – New Bornemann Chemical Pump Launched, Enhanced i-Alert Pressure Sensor



Adj: Defined as Adjusted Non-GAAP Results



# Connect & Control Technologies

## Q2 2018 Results

\$ millions (unaudited)	2018	vs. 2017
Total Revenue	\$164	+10%
Adjusted Segment Operating Income	\$28	+31%

### +8% Organic Revenue

- ▲ +11% Commercial Aerospace on Strong Interior Components, Engine Switches, and Rotorcraft
- ▲ +25% O&G Connectors on Strength in NA & Middle East
- ▼ (-1%) General Industrial Due to Solid Connector Activity, Offset by Weak Process Controls

### +31% Adjusted Op Income

- ▲ Profitable Volume Growth
- ▲ Significant Productivity Gains in Connectors
- ▲ Restructuring Benefits From CCT Integration
- ▲ Favorable Comparison to PY Military-Specification Costs
- ▼ Material Cost Headwinds

### Q2 Highlights

- ▲ 16.9% Adj Segment OI Margins +280 bps vs PY
  - 13% Connectors Margins – Highest Since 2014
- ▲ +19% Organic Order Growth
  - +22% Commercial Aerospace and Defense on Strength in NA & Europe
  - +73% O&G Led by NA Fracking & Middle East Activity
  - +141% EV Connector Due to NA & Europe Demand
  - Solid Book to Bill at 1.1X
- ▲ Share Gains Across Key Growth Markets
  - Electric Vehicle Connector Wins for Electrify America & EMW Canada
  - Rotorcraft 10 Year Product Service Agreement for Bell 525 Platform



Adj: Defined as Adjusted Non-GAAP Results



# 2018 Guidance Updates

## 2018 Revenue Guidance

	<u>OLD</u>	<u>NEW</u>	
Total Revenue	+5% to +8%	No Change	<ul style="list-style-type: none"> <li>No Change to Previous Guidance Due to \$51M FX 2H Headwind</li> </ul>
Organic Revenue (Updated)	+2% to +4%	+3% to +5%	<ul style="list-style-type: none"> <li>Increased Due to Strong Share Gains &amp; Strong 1H Orders</li> </ul>

## Updated 2018 Adjusted EPS Guidance

Previous 2018 Adjusted EPS Guidance Range	\$2.95 - \$3.15
Volume & Operational Execution, Net of (\$0.08) Additional FX 2H Headwind	\$0.05
Increase to Previous Mid-Point	\$0.05
New 2018 Adjusted EPS Guidance Midpoint	\$3.10
New 2018 Adjusted EPS Guidance Range	\$3.05 - \$3.15

## Raising Mid-Point of Previous 2018 Organic Revenue & Adj EPS



Adj: Defined as Adjusted Non-GAAP Results



**ITT**

ENGINEERED FOR LIFE



# ITT Inc. Supplemental Q2 2018 Financial Data

# Q2 2018 ITT Adjusted Segment Performance

	Industrial Process	Motion Technologies	Connect & Control Technologies	Total Segments
<b>Q2 2018 Total Revenue vs PY</b>	<b>5.7%</b>	<b>13.9%</b>	<b>9.7%</b>	<b>10.4%</b>
FX	-0.4%	-6.8%	-1.5%	-3.5%
Acquisition/Disposition	0.0%	0.0%	0.0%	0.0%
<b>Q2 2018 Organic Revenue vs PY</b>	<b>5.3%</b>	<b>7.1%</b>	<b>8.2%</b>	<b>6.9%</b>
<hr/>				
<b>Q2 2017 Adjusted Operating Margin</b>	<b>8.0%</b>	<b>18.2%</b>	<b>14.1%</b>	<b>14.2%</b>
Volume, Mix, Productivity & Other	3.7%	-1.7%	3.2%	1.1%
Growth Investments	-0.2%	-1.0%	-0.6%	-0.7%
Acquisition/Disposition	0.0%	0.0%	0.0%	0.0%
FX	0.0%	1.8%	0.2%	0.9%
<b>Q2 2018 Adjusted Operating Margin</b>	<b>11.5%</b>	<b>17.3%</b>	<b>16.9%</b>	<b>15.5%</b>



# 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 Revenues** and **Organic Orders** are defined as revenues 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 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 acquisitions-related expenses, and unusual or infrequent operating 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 segment operating margin is defined as adjusted segment operating income divided by total revenue. We believe that adjusted segment operating income 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 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, pension settlement and other curtailment costs, certain acquisition-related expenses, income tax settlements or adjustments, and unusual and infrequent non-operating 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, the entire 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 primary 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**  
**Second Quarter 2018 & 2017**  
(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 2018	3M 2017	Change 2018 vs. 2017	% Change 2018 vs. 2017	Acquisition / Divestitures 3M 2018	FX Impact 3M 2018	Revenue / Orders 3M 2018	Change Adj. 2018 vs. 2017	% Change Adj. 2018 vs. 2017
<b>Revenue</b>									
<b>ITT Inc.</b>	<b>696.8</b>	<b>630.9</b>	<b>65.9</b>	<b>10.4%</b>	-	<b>22.5</b>	<b>674.3</b>	<b>43.4</b>	<b>6.9%</b>
Industrial Process	203.2	192.3	10.9	5.7%	-	0.8	<b>202.4</b>	10.1	5.3%
Motion Technologies	330.3	290.1	40.2	13.9%	-	19.5	<b>310.8</b>	20.7	7.1%
Connect & Control Technologies	164.1	149.6	14.5	9.7%	-	2.3	<b>161.8</b>	12.2	8.2%
<b>Orders</b>									
<b>Total Segment Orders</b>	<b>741.7</b>	<b>626.3</b>	<b>115.4</b>	<b>18.4%</b>	-	<b>23.4</b>	<b>718.3</b>	<b>92.0</b>	<b>14.7%</b>
Industrial Process	237.4	190.3	47.1	24.8%	-	0.7	<b>236.7</b>	46.4	24.4%
Motion Technologies	327.6	288.9	38.7	13.4%	-	20.7	<b>306.9</b>	18.0	6.2%
Connect & Control Technologies	177.2	147.8	29.4	19.9%	-	2.1	<b>175.1</b>	27.3	18.5%

Note: Excludes intercompany eliminations  
Immaterial differences due to rounding



**ITT Inc. Non-GAAP Reconciliation**  
**Reported vs Adjusted Segment Operating Income & Operating Margin**  
**Second Quarter 2018 & 2017**  
(In Millions)

	3M 2018	3M 2018	3M 2018	3M 2017*	3M 2017	3M 2017	% Change	% Change
	As Reported	Special Items	As Adjusted	As Reported	Special Items	As Adjusted	As Reported	As Adjusted
							2018 vs. 2017	2018 vs. 2017
<b>Revenue:</b>								
Industrial Process	203.2		203.2	192.3		192.3	5.7%	5.7%
Motion Technologies	330.3		330.3	290.1		290.1	13.9%	13.9%
Connect & Control Technologies	164.1		164.1	149.6		149.6	9.7%	9.7%
Intersegment eliminations	(0.8)		(0.8)	(1.1)		(1.1)		
Total Revenue	<u>696.8</u>		<u>696.8</u>	<u>630.9</u>		<u>630.9</u>	<u>10.4%</u>	<u>10.4%</u>
<b>Operating Margin:</b>								
Industrial Process	11.5%	- BP	11.5%	8.0%	- BP	8.0%	350 BP	350 BP
Motion Technologies	16.8%	50 BP	17.3%	18.0%	20 BP	18.2%	(120) BP	(90) BP
Connect & Control Technologies	16.6%	30 BP	16.9%	9.5%	460 BP	14.1%	710 BP	280 BP
Total Operating Segments	<u>15.2%</u>	<u>30 BP</u>	<u>15.5%</u>	<u>12.9%</u>	<u>130 BP</u>	<u>14.2%</u>	<u>230 BP</u>	<u>130 BP</u>
<b>Income (loss):</b>								
Industrial Process	23.4	(0.1)	23.3	15.3	0.1	15.4	52.9%	51.3%
Motion Technologies	55.5	1.8	57.3	52.1	0.7	52.8	6.5%	8.5%
Connect & Control Technologies	27.3	0.4	27.7	14.2	6.9	21.1	92.3%	31.3%
Total Segment Operating Income	<u>106.2</u>	<u>2.1</u>	<u>108.3</u>	<u>81.6</u>	<u>7.7</u>	<u>89.3</u>	<u>30.1%</u>	<u>21.3%</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 operating items.

\*2017 As Reported Operating Income was adjusted to reflect the adoption of ASU 2017-07 which amends the Statement of Operations presentation for the components of net periodic benefit cost for entities that sponsor defined benefit pension and other postretirement plans.

The 2017 adjustments to Segment Operating Income in the 2017 As Reported column were as follows:

Industrial Process	0.5
Motion Technologies	0.0
Connect & Control Technologies	0.5
Total Segment Operating Income	<u>1.0</u>



**ITT Inc. Non-GAAP Reconciliation**  
**Reported vs. Adjusted Income from Continuing Operations & Adjusted EPS**  
**Second Quarter 2018 & 2017**  
(In Millions, except per share amounts)

	Q2 2018 As Reported	Non-GAAP Adjustments	Q2 2018 As Adjusted	Q2 2017 As Previously Reported	ASU 2017-07 Adjustments (1)	Non-GAAP Adjustments	Q2 2017 As Adjusted	2018 vs. 2017 As Adjusted	Percent Change 2018 vs. 2017 As Adjusted
Segment Operating Income	106.2	2.1 #A	108.3	80.6	1.0	7.7 #A	89.3		
Corporate (Expense)	(25.9)	13.2 #B	(12.7)	(22.9)	0.4	13.1 #B	(9.4)		
Operating Income	<u>80.3</u>	<u>15.3</u>	<u>95.6</u>	<u>57.7</u>	<u>1.4</u>	<u>20.8</u>	<u>79.9</u>		
Interest Income (Expense)	(0.2)	(0.1) #C	(0.3)	1.1	-	(2.1) #C	(1.0)		
Other Income (Expense)	(1.3)	-	(1.3)	(0.2)	(1.4)	-	(1.6)		
Income from Continuing Operations before Tax	<u>78.8</u>	<u>15.2</u>	<u>94.0</u>	<u>58.6</u>	<u>-</u>	<u>18.7</u>	<u>77.3</u>		
Income Tax (Expense)	(8.9)	(12.5) #D	(21.4)	(10.6)	-	(8.7) #D	(19.3)		
Income from Continuing Operations	<u>69.9</u>	<u>2.7</u>	<u>72.6</u>	<u>48.0</u>	<u>-</u>	<u>10.0</u>	<u>58.0</u>		
Less: Non Controlling Interest	0.2	-	0.2	0.1	-	-	0.1		
Income from Continuing Operations - ITT Inc.	<u>69.7</u>	<u>2.7</u>	<u>72.4</u>	<u>47.9</u>	<u>-</u>	<u>10.0</u>	<u>57.9</u>		
EPS from Continuing Operations	<u>0.79</u>	<u>0.03</u>	<u>0.82</u>	<u>0.54</u>	<u>-</u>	<u>0.11</u>	<u>0.65</u>	<u>0.17</u>	<u>26.2%</u>

Note: Amounts may not calculate due to rounding.

#A - 2018 includes restructuring costs (\$1.2M) and acquisition related costs (\$0.9M).

#A - 2017 includes restructuring and realignment costs (\$2.6M), legal accrual (\$5.0M), and acquisition related costs (\$0.1M).

#B - 2018 includes asbestos related expense (\$13.5M); income from a legacy environmental settlement (\$0.4M) and certain costs associated primarily from the sale of excess property (\$0.1M).

#B - 2017 includes asbestos related expense (\$14.9M); certain costs associated primarily with sale of excess property (\$2.0M), offset by income of (\$3.8M) related to environmental insurance recovery.

#C - Interest income related to a change in uncertain tax position for both 2018 & 2017.

#D - 2018 includes various tax-related special items including tax benefit for valuation allowance change (\$1.5M), tax benefit for tax law changes (\$3.1M), tax benefit on current and future distribution of foreign earnings (\$3.1M), and the tax impact of other operating special items.

#D -2017 includes various tax-related special items including tax benefit on change in uncertain tax positions (\$2.3M), tax benefit for change in valuation allowance (\$2.2M), tax expense on distribution of foreign earnings (\$1.0M), and the tax impact of other operating special items.

(1) The adjustments in June 2017 reflect the adoption of ASU 2017-07 which amends the Statement of Operations presentation for the components of net periodic benefit cost for entities that sponsor defined benefit pension and other postretirement plans.



**ITT Inc. Non-GAAP Reconciliation**  
**Net Cash - Operating Activities vs. Adjusted Free Cash Flow Conversion**  
**Second Quarter 2018 & 2017**  
(In Millions)

	<u>6M 2018</u>	<u>6M 2017</u>
<b>Net Cash - Operating Activities *</b>	<b>119.3</b>	<b>92.6</b>
Capital expenditures	46.3	53.3
<b>Free Cash Flow</b>	<b><u>73.0</u></b>	<b><u>39.3</u></b>
Insurance settlement agreement, net	(16.9)	-
Asbestos cash payments, net	30.8	30.7
Restructuring cash payments	4.2	8.8
Realignment-related cash (receipts) payments	(0.1)	6.2
<b>Adjusted Free Cash Flow</b>	<b><u>91.0</u></b>	<b><u>85.0</u></b>
<b>Income from Continuing Operations - ITT Inc.</b>	<b>170.8</b>	<b>94.0</b>
Special Items, net of tax	(29.6)	21.3
<b>Income from Continuing Operations - ITT Inc., Excluding Special Items</b>	<b><u>141.2</u></b>	<b><u>115.3</u></b>
<b>Adjusted Free Cash Flow Conversion</b>	<b><u>64.4%</u></b>	<b><u>73.7%</u></b>

\* 2017 revised to reflect the new standard ASU 2016-18 regarding presentation of the changes in restricted cash.





# ITT Inc. Non-GAAP Reconciliation GAAP vs. Adjusted EPS Guidance Full Year 2018

	2018 Full-Year Guidance	
	Low	High
<b>EPS from Continuing Operations - GAAP</b>	<b>\$ 3.32</b>	<b>\$ 3.44</b>
Estimated Asbestos Related Costs, Net of Tax	0.18	0.18
	<b>\$ 3.50</b>	<b>\$ 3.62</b>
Estimated Gain on Sale of Excess Property, Net of Tax	(0.33)	(0.35)
Estimated Restructuring, Realignment and Other Costs, Net of Tax	0.17	0.17
Acquisition Related Costs, Net of Tax	0.02	0.02
Other Special Tax Items	(0.31)	(0.31)
<b>EPS from Continuing Operations - Adjusted</b>	<b>\$ 3.05</b>	<b>\$ 3.15</b>

