

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 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 operating margin and adjusted segment operating margin are defined as adjusted operating income or adjusted segment operating income divided by total 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 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 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
First Quarter 2019 & 2018

(In Millions)

| | (As Reported - GAAP) | | | | (As Adjusted - Organic) | | | | | |
|--------------------------------|----------------------|-----------------|-------------------------|---------------------------|---|-----------------------------|--|------------------------------|--------------------------------|-------------|
| | (A) | (B) | (C) | | (D) Acquisition / Divestitures 3M 2019 | (E) FX Impact 3M 2019 | (F) = A-D-E Revenue / Orders 3M 2019 | (G) = C-D-E | | (H) = G / B |
| | 3M 2019 | 3M 2018 | Change 2019 vs. 2018 | % Change 2019 vs. 2018 | | | | Change Adj. 2019 vs. 2018 | % Change Adj. 2019 vs. 2018 | |
| Revenue | | | | | | | | | | |
| ITT Inc. | \$ 695.5 | \$ 689.3 | \$ 6.2 | 0.9% | - | \$ (28.6) | \$ 724.1 | \$ 34.8 | 5.0% | |
| Motion Technologies | 315.2 | 342.2 | (27.0) | (7.9%) | - | (22.5) | 337.7 | (4.5) | (1.3%) | |
| Industrial Process | 215.7 | 189.8 | 25.9 | 13.6% | - | (3.8) | 219.5 | 29.7 | 15.6% | |
| Connect & Control Technologies | 165.0 | 157.9 | 7.1 | 4.5% | - | (2.4) | 167.4 | 9.5 | 6.0% | |
| Orders | | | | | | | | | | |
| ITT Inc. | \$ 738.9 | \$ 761.2 | \$ (22.3) | (2.9%) | - | \$ (33.0) | \$ 771.9 | \$ 10.7 | 1.4% | |
| Motion Technologies | 331.5 | 369.9 | (38.4) | (10.4%) | - | (25.5) | 357.0 | (12.9) | (3.5%) | |
| Industrial Process | 219.0 | 210.1 | 8.9 | 4.2% | - | (4.7) | 223.7 | 13.6 | 6.5% | |
| Connect & Control Technologies | 189.1 | 181.8 | 7.3 | 4.0% | - | (2.8) | 191.9 | 10.1 | 5.6% | |

Note: Excludes intercompany eliminations
Immaterial differences due to rounding

ITT Inc. Non-GAAP Reconciliation
Reported vs Adjusted Segment Operating Income & Operating Margin
First 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 2019 vs. 2018 | As Adjusted 2019 vs. 2018 |
| Revenue: | | | | | | | | |
| Motion Technologies | \$ 315.2 | | \$ 315.2 | \$ 342.2 | | \$ 342.2 | (7.9%) | (7.9%) |
| Industrial Process | 215.7 | | 215.7 | 189.8 | | 189.8 | 13.6% | 13.6% |
| Connect & Control Technologies | 165.0 | | 165.0 | 157.9 | | 157.9 | 4.5% | 4.5% |
| Intersegment eliminations | (0.4) | | (0.4) | (0.6) | | (0.6) | | |
| Total Revenue | <u>\$ 695.5</u> | | <u>\$ 695.5</u> | <u>\$ 689.3</u> | | <u>\$ 689.3</u> | <u>0.9%</u> | <u>0.9%</u> |
| Operating Margin: | | | | | | | | |
| Motion Technologies | 19.3% | 20 BP | 19.5% | 18.1% | 30 BP | 18.4% | 120 BP | 110 BP |
| Industrial Process | 10.3% | 40 BP | 10.7% | 8.9% | 10 BP | 9.0% | 140 BP | 170 BP |
| Connect & Control Technologies | 16.6% | 20 BP | 16.8% | 14.6% | 20 BP | 14.8% | 200 BP | 200 BP |
| Total Operating Segments | <u>15.9%</u> | <u>30 BP</u> | <u>16.2%</u> | <u>14.8%</u> | <u>20 BP</u> | <u>15.0%</u> | <u>110 BP</u> | <u>120 BP</u> |
| Income (loss): | | | | | | | | |
| Motion Technologies | \$ 60.9 | 0.7 | \$ 61.6 | \$ 61.9 | 1.0 | \$ 62.9 | (1.6%) | (2.1%) |
| Industrial Process | 22.2 | 0.8 | 23.0 | 16.9 | 0.1 | 17.0 | 31.4% | 35.3% |
| Connect & Control Technologies | 27.4 | 0.4 | 27.8 | 23.0 | 0.4 | 23.4 | 19.1% | 18.8% |
| Total Segment Operating Income | <u>\$ 110.5</u> | <u>\$ 1.9</u> | <u>\$ 112.4</u> | <u>\$ 101.8</u> | <u>1.5</u> | <u>\$ 103.3</u> | <u>8.5%</u> | <u>8.8%</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 including certain legal matters.

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

(In Millions, except per share amounts)

| | Q1 2019 As Reported | Non-GAAP Adjustments | Q1 2019 As Adjusted | Q1 2018 As Reported | Non-GAAP Adjustments | Q1 2018 As Adjusted | 2019 vs. 2018 As Adjusted | Percent Change 2019 vs. 2018 As Adjusted |
|--|------------------------|-------------------------|------------------------|------------------------|-------------------------|------------------------|------------------------------|--|
| Segment Operating Income | \$ 110.5 | \$ 1.9 #A | \$ 112.4 | \$ 101.8 | \$ 1.5 #A | \$ 103.3 | | |
| Corporate (Expense) | (19.9) | 12.3 #B | (7.6) | 8.8 | (19.9) #B | (11.1) | | |
| Operating Income | <u>90.6</u> | <u>14.2</u> | <u>104.8</u> | <u>110.6</u> | <u>(18.4)</u> | <u>92.2</u> | | |
| Interest Income (Expense) | 1.1 | - | 1.1 | (0.7) | - | (0.7) | | |
| Other Income (Expense) | (0.6) | - | (0.6) | (1.1) | - | (1.1) | | |
| Income from Continuing Operations before Tax | <u>91.1</u> | <u>14.2</u> | <u>105.3</u> | <u>108.8</u> | <u>(18.4)</u> | <u>90.4</u> | | |
| Income Tax (Expense) | (19.7) | (4.5) #C | (24.2) | (7.6) | (13.9) #C | (21.5) | | |
| Income from Continuing Operations | <u>71.4</u> | <u>9.7</u> | <u>81.1</u> | <u>101.2</u> | <u>(32.3)</u> | <u>68.9</u> | | |
| Less: Non Controlling Interest | 0.1 | - | 0.1 | 0.1 | - | 0.1 | | |
| Income from Continuing Operations - ITT Inc. | <u>\$ 71.3</u> | <u>\$ 9.7</u> | <u>\$ 81.0</u> | <u>\$ 101.1</u> | <u>\$ (32.3)</u> | <u>\$ 68.8</u> | | |
| EPS from Continuing Operations | <u>\$ 0.80</u> | <u>\$ 0.11</u> | <u>\$ 0.91</u> | <u>\$ 1.14</u> | <u>\$ (0.37)</u> | <u>\$ 0.77</u> | <u>0.14</u> | 18.2% |

Note: Amounts may not calculate due to rounding.

#A - 2019 includes restructuring and realignment (\$1.6M) and a legal accrual (\$0.3M).

#A - 2018 includes restructuring costs (\$0.9M) and acquisition related costs (\$0.6M).

#B - 2019 includes asbestos related expense (\$12.6M) and other income primarily from the sale of excess property (\$0.3M).

#B - 2018 includes asbestos related benefit (\$19.7M) and certain income associated primarily with the sale of excess property (\$0.2M).

Note: (\$19.7M) net asbestos related benefit includes a favorable settlement agreement (\$32.1M) offset by asbestos related expense to maintain 10 year accrual (\$12.4M).

#C - 2019 includes various tax-related special items including tax benefit for valuation allowance change (\$1.9M), tax benefit for tax law changes (\$0.9M), tax expense on future distribution of foreign earnings (\$2.8M), and the tax impact of other operating special items.

#C - 2018 includes various tax-related special items including tax benefit for valuation allowance change (\$22.1M), tax expense for tax law changes (\$0.5M), tax expense on future distribution of foreign earnings (\$3.7M), and the tax impact of other operating special items.

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

| | <u>3M 2019</u> | <u>3M 2018</u> |
|--|-----------------------|-----------------------|
| Net Cash - Operating Activities | \$ 42.1 | \$ 42.4 |
| Capital expenditures | 29.2 | 28.7 |
| Free Cash Flow | <u>12.9</u> | <u>13.7</u> |
| Insurance settlement agreement | - | (19.0) |
| Asbestos cash payments, net | 9.9 | 12.8 |
| Restructuring cash payments | 1.8 | 2.4 |
| Acquisition / Realignment-related cash payments | - | (0.2) |
| Adjusted Free Cash Flow | <u>24.6</u> | <u>9.7</u> |
| Income from Continuing Operations - ITT Inc. | 71.3 | 101.1 |
| Special Items, net of tax | 9.7 | (32.3) |
| Income from Continuing Operations - ITT Inc., Excluding Special Items | <u>\$ 81.0</u> | <u>\$ 68.8</u> |
| Adjusted Free Cash Flow Conversion | <u>30.4%</u> | <u>14.1%</u> |

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

| | 2019 Full-Year Guidance | |
|--|-------------------------|----------------|
| | Low | High |
| EPS from Continuing Operations - GAAP | \$ 2.78 | \$ 3.06 |
| Estimated Asbestos Related Costs, Net of Tax | 0.47 | 0.39 |
| | \$ 3.25 | \$ 3.45 |
| Estimated Restructuring, Realignment and Other Costs, Net of Tax | 0.26 | 0.22 |
| Other Special Tax Items | (0.01) | (0.01) |
| EPS from Continuing Operations - Adjusted | \$ 3.50 | \$ 3.66 |