

ITT Inc.

Q4 2018 Results 2019 Guidance

02.22.2019



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.

FY 2018 Strategic Highlights



Financial Highlights

- **\$2.89B** Total Orders **+10%**; Organic **+8%**
- **\$2.75B** Total Revenue **+6%**; Organic **+4%**
- **15.1%** Adj Seg Operating Margin **+150 bps**; **+18%** Adj Seg OI
- **\$3.23** Adj EPS **+25%**
- **108%** Adj Free Cash Flow (FCF) Conversion; **\$309M** Adj FCF **+34%**



Operational Excellence

- **Record** Orders, Revenue, Adj Seg OI & Margin, Adj EPS and Adj FCF
- **Exceptional Execution** at New MT Mexico Facility & CCT Connectors
- **20.1%** Working Capital % of Sales; **100 bps Improvement** vs PY ex FX



Growth & Innovation

- **+14%** Organic Backlog Led by IP **+18%** & CCT **+18%**
- **+800 bps** MT Friction OEM Outperformance vs Global Market
- **Awards Exceed** 2018 Friction OEM Target; Inc **Major Q4 NA Front Axle Win**
- **Accelerated** Innovation Cycle for Smart Products & Target Technologies



Capital Deployment

- **Centers of Excellence:** Mexico State-of-the-Art Friction Manufacturing
- **Innovation Centers:** European Friction and US Rotorcraft
- **\$97M Returned to Shareholders:** Dividends & Share Repurchases

\$ millions, except per share amounts	2018	vs 2017
Total Orders	\$2,892	+10%
Total Revenue	\$2,745	+6%
Adj Segment Operating Income	\$414	+18%
Adj Operating Income	\$367	+17%
Adjusted EPS	\$3.23	+25%

+8% Organic Orders

- ↑ +15% Oil & Gas: +14% Pump Projects & Short-Cycle; Connector Activity in NA & ME
- ↑ +11% Industrial: NA Petrochem & Chem Projects & Strong Valves Growth
- ↑ +6% Transportation: +13% Aerospace & Defense; +11% KONI Rail; Solid Friction in NA & China

+4% Organic Revenue

- ↑ +6% Industrial: +16% Chemical on Petrochem & Biopharm, Partially Offset by Power
- ↑ +5% Transportation: +7% Friction OEM, +12% KONI Rail; +7% Commercial Aerospace
- ↓ (-4%) Oil & Gas: Pump Project Timing, Partially Offset by Connectors

+18% Adj Segment OI

- ↑ Global Volume Leverage
- ↑ Manufacturing & Supply Chain Productivity
- ↓ Higher Commodity Costs, Partially Offset by FX
- (-\$18M) Strategic Investments in Mexico Ramp Up, ITT Smart Pad, and Rotorcraft

+25% Adj EPS

- ↑ Significant Segment OI Growth
- ↑ Tax Favorability
- ↓ Higher Corporate, Including Incentive Comp

Q4 2018 Results

\$ millions, except per share amounts	2018	vs 2017
Total Orders	\$667	FLAT
Total Revenue	\$678	(-1%)
Adj Segment Operating Income	\$96	+11%
Adj Operating Income	\$85	+16%
Adjusted EPS	\$0.82	+28%

+2% Organic Orders

+5% Ex PY Defense Order

- ▲ +36% Oil & Gas: Downstream Project Pump Demand
- ▲ +2% Industrial: Chemical Strength, APAC Medical Connectors & Solid Mining
- ▼ (-1%) Transportation: Strong KONI Rail, More than Offset by \$18M PY Defense Order

+1% Organic Revenue

- ▲ +4% Industrial: Broad Based Chemical Strength
- ▲ +2% Transportation: Friction OES, KONI Rail; Aerospace, Partially Offset by Flat Friction OEM and Wolverine APAC
- ▼ (-7%) Oil & Gas: Pump Project Timing & Connectors

+11% Adj Segment OI

- ▲ Net Productivity, Including Supply Chain Actions
- ▲ Volume Benefits, Partially Offset Price, Mix, Commodity Costs
 - (-\$4M) Strategic Investments

+28% Adjusted EPS

- ▲ Segment OI Growth
- ▲ Favorable Corporate Costs
- ▲ \$0.06 Tax Favorability Due to Italian Rate Reduction Actions & Lower US Corporate Tax Rate

Q4 2018 Adjusted Segment Op Margins

Margin Drivers

▲ Top Line Drivers

- KONI Rail & CCT Connectors
- Contractual Price Pressures

▲ Strong Operational Execution

- Productivity, Including Supply Chain & Restructuring Actions
- Continued Operational Improvements at Connector Facilities

▼ Higher Commodity Costs & Tariffs

▪ Strategic Investments

- Production Ramp at MT Mexico Facility
- European Friction Center of Excellence
- Rotorcraft Center of Excellence

	vs. PY
Q4 2017 Adjusted Segment Operating Margin	12.7%
Volume, Mix, Price & Other	+20 bps
Net Operating Productivity	+150 bps
	+170 bps
Operational Margins Subtotal	14.4%
FX	+30 bps
Strategic Investments	(-60) bps
Q4 2018 Adjusted Segment Operating Margin	14.1%

Q4 2018 Results

\$ millions	2018	vs 2017
Total Revenue	\$291	(-2%)
Adj Segment Operating Income	\$42	+12%

+1% Organic Revenue

- ➔ FLAT Friction
 - Market Outperformance in NA & China; Solid EU Dealer AM
 - Europe Friction Weakness From OEM (WLTP) & IAM (Timing)
- ▲ +16% KONI on Global Rail & Defense
- ▼ (-3%) Wolverine From Soft APAC (Shims) & EU (Gaskets)

+12% Adj Op Income

- ▲ Strong Operating & Supply Chain Productivity
- ▲ Cost Containment Actions
- ➔ Volume Benefits Offset by Contractual Price Pressures
- ▼ Higher Commodity Costs
 - (-\$4M) Strategic Investments

Q4 Highlights

- ▲ 14.5% Segment OI Margins +190 bps vs PY
- ▲ Friction OEM Outperformance vs (-5%) Global Market
 - +25% North America vs +2% Market
 - +1% China vs (-15%) Market
 - +4% Total China Friction on Aftermarket Growth
 - (-4%) Europe vs (-5%) Market
- ▼ (-2%) Total Organic Orders
 - FLAT Friction
 - Weak EU Sealing and APAC Shims
- Major NA Front Axle, Copper Free Cross-Over Platform Award
- 2 Large Front Axle Share Gain Wins in Europe
- MT Mexico Facility Delivers Breakeven Profitability in Q4

Q4 2018 Results

\$ millions	2018	vs 2017
Total Revenue	\$229	(-2%)
Adj Segment Operating Income	\$28	(-2%)

FLAT Organic Revenue

- ▼ (-11%) Projects due to Delivery Timing of Large Projects, Primarily O&G
- ▲ +5% Short-Cycle Businesses
 - +4% Baseline Pumps on Solid Global Demand, ex Asia
 - +4% Aftermarket on NA Parts Strength, Offset by Service
 - +13% Valves From NA BioPharm

(-2%) Adj Op Income

- ▼ Acquisition Due Diligence Costs
- ▼ Temporary Expediting Costs Due to Product Line Reset
- ▼ Unfavorable Mix
- ▲ Productivity, Including Material Savings & Restructuring
- ➔ Price Actions Offset Tariff Impacts

Q4 Highlights

- ➔ 12.0% Adj Segment OI Margins FLAT vs PY as Net Productivity Gains Offset Unfavorable FX & Higher Incentive Comp
- ▲ +350 bps Improvement in Working Capital as % of Sales, Ex FX
- ▲ +12% Organic Orders vs PY
 - +30% Projects, Led by O&G and Mining
 - +7% Short-Cycle on NA Strength Across End Markets
 - +17% Valves From BioPharm
 - +9% Aftermarket Service & Parts O&G Strength
 - (-2%) Baseline Pumps Due to NA & Europe GI
- ▲ Double-Digit Order Growth in O&G and Mining; Solid Growth in Chemical
- ▲ +18% Backlog ex FX Since January
- ▲ Solid FY Book-to-Bill at ~1.1X



Q4 2018 Results

\$ millions	2018	vs 2017
Total Revenue	\$159	+4%
Adj Segment Operating Income	\$26	+24%

+4% Organic Revenue

- ▲ +9% Commercial Aerospace on Connectors and Rotorcraft
- ▲ +3% General Industrial Due to Medical Connectors, Partially Offset by APAC Industrial
 - +116% EV Connectors on Strong Growth in Europe & NA
- ▼ (-4%) O&G Connectors

+24% Adj Op Income

- ▲ Volume Leverage
- ▲ Significant Productivity & Restructuring Benefits
- ▲ +580 bps Margin Improvement in Connectors
- ▼ Material Costs

Q4 Highlights

- ▲ 16.4% Adj Segment OI Margins +280 bps vs PY
 - Led by Connector Margin Expansion
- ▲ +12% Total Organic Orders Ex \$18M PY Defense Order
 - +10% Broad-based Connector Growth
 - +38% EV Connectors Due to Increased High Power Charging Demand
 - Continued Underlying Aerospace & Defense Strength
 - (-20%) O&G Due to Lower Activity in Late Q4
- ▲ Solid FY Book to Bill at ~1.1X

2019 Guidance

02.22.2019



2019 Guidance Highlights

Revenue

+2% to +4% Total

+3% to +5% Organic

- ▲ Auto Market Share Gains, Offset Slower Markets
- ▲ Chemical, PetroChem and O&G Project Backlog
- ▲ Commercial Aerospace & Defense Backlog
- ▼ FX Headwinds (\$37M) @ EUR/USD 1.15, Mostly in 1H
- Price as IP & CCT Offset Auto Headwinds

Adj Seg OI Margin

15.7% to 16.3%

+60 to +120 bps vs PY

- ▲ Productivity Driven by Operational Excellence Including Supply Chain
- ▲ Volume Benefit, Offsets Mix Pressures
- FX
- Price
- ▼ Strategic Investments
- ▼ Material Cost Increases & Tariffs

Adj EPS Range






\$3.42 to \$3.66

\$3.54 Midpt +10% vs PY

- ▲ Solid Segment Operating Income Expansion
- ▲ Lower Corporate Functional Costs
- ▼ (-\$0.08) Tax Headwind
- ▼ (-\$0.04) FX Headwind

>95% Adj Free Cash Flow Conversion
<20% Working Capital % Sales

2019 Revenue Outlook

Major Markets	% ITT (2018 Sales)	2019 ITT Growth % vs 2018 (Ex FX)	Guidance Assumptions
 Automotive & Rail	45%	+ MSD	<ul style="list-style-type: none"> ▲ Global Friction Share Gains ▲ Significant Auto Market Outperformance ➔ FLAT Global Market Growth ▼ Contractual Price Pressure
 Chemical & Industrial Pumps	19%	+ MSD	<ul style="list-style-type: none"> ▲ NA Petrochem & Chem Projects ▲ Short-Cycle & Valve Activity ▼ Power Pumps
 Aerospace & Defense	14%	+ MSD	<ul style="list-style-type: none"> ▲ Com. Aero Program Ramp Ups ▲ Connector Defense ▼ Rotorcraft Platform Timing
 General Industrial	12%	+ LSD	<ul style="list-style-type: none"> ▲ EV Charging Stations ▲ Energy Absorption Components ▲ Asia Medical
 Oil & Gas	10%	+ HSD	<ul style="list-style-type: none"> ▲ NA & Middle East Projects ➔ Short Cycle

2019 Adjusted Segment Op Margins

+60 to +120 bps Expansion

▲ Top Line Drivers

- Volume in All Major End Markets
- Positive Price at IP & CCT
- Moderating Price Headwind at MT

▲ Strong Operational Execution

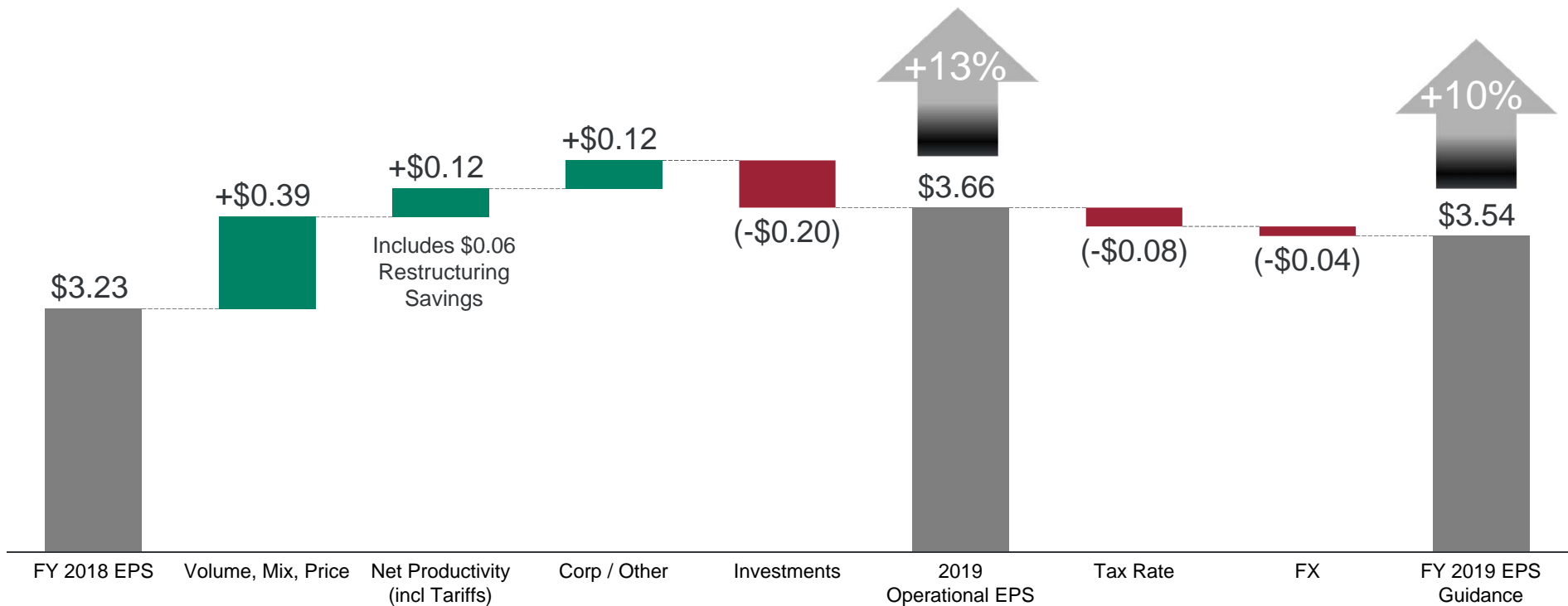
- IP & CCT Productivity & Supply Chain
- MT Efficiency & Cost Actions
- Wolverine, Axtone and ECS Execution

▼ Commodities & Tariffs, Partially Offset by Actions and Price

- Strategic Investments
 - Production Ramp Up in Support of Platform Wins at MT Mexico & China
 - Enhancing Smart Products & Advanced Materials
 - Twin Screw Technology
 - Footprint Optimizations

	vs. PY
<hr/>	
FY 2018 Adjusted Segment Operating Margin	15.1%
Volume, Mix, Price & Other	+90 to +150 bps
Net Operating Productivity	+50 bps
<hr/>	
Operational Margins Subtotal	16.5% to 17.1%
<hr/>	
Strategic Investments	(-80) bps
<hr/>	
FY 2019 Adjusted Segment Operating Margin	15.7% to 16.3%
<hr/>	

2019 Adjusted EPS Walk



TAILWINDS

- Global Share Gains
- Operational Excellence Drives Net Productivity
- Incremental Restructuring Benefits
- Significantly Lower Corporate Costs
- ECS, Wolverine & Axtone Operational Improvements

HEADWINDS

- Incremental Strategic Investments
- Commodity Prices and Tariffs
- FX
- Tax Rate
- Environmental Costs of \$5M

KEY ASSUMPTIONS

- ~\$1.15 € Rate
- ~\$40M Corporate Expense
- ~\$4M Interest Exp & Other
- ~22.5% Tax Rate
- Up to \$25M New Share Repurchases
- Capex Flat to 2018

2019 Capital Deployment Overview

Priorities

Balanced, Disciplined & Close-to-Core

- ✓ Organic Investments
- ✓ Close-to-Core Acquisitions
- ✓ Return to Shareholders

Announcing:

+10% Increase to
Quarterly Dividend

Up +\$25M of New
Share Repurchases



Rheinhütte Pumpen Acquisition

Strategic Rationale:

Target Market & Global Expansion

- Over 160 Years of Centrifugal Pump Experience
- Bolster IP's European Pump Capabilities
- Expand Product Range in Specialty Pumps

Focused Growth Initiatives

- Accelerate Global Growth Initiatives In Target Markets
- Leverage ITT Channel in North America

Drive ITT Operational Excellence

- Accelerate Global Lean Transformation
- Drive Sourcing & Manufacturing Leverage

Financial Profile (Not Reflected in 2019 ITT Guidance)

- ~\$66M 2018 Revenue
 - 40% Aftermarket, 60% OEM
 - 44% Europe; 17% Americas; 39% ROW
 - 37% Gen Industry; 22% Chemical; 23% Mining; 18% O&G
- \$91.5M Purchase Price; Multiple ~9X EBITDA
- Accretive to ITT Adjusted EPS in Year 1

Supplemental Data

02.22.2019



Q4 2018 ITT Adjusted Segment Performance

	Motion Technologies	Industrial Process	Connect & Control Technologies	Total Segments
Q4 2018 Total Revenue vs PY	(-2.4%)	(-1.5%)	3.5%	(-0.8%)
FX	3.1%	1.9%	0.5%	2.2%
Acquisition/Disposition	0.0%	0.0%	0.0%	0.0%
Q4 2018 Organic Revenue vs PY	0.7%	0.4%	4.0%	1.4%
Q4 2017 Adjusted Operating Margin	12.6%	12.0%	13.6%	12.7%
Volume, Mix, Productivity & Other	2.9%	0.1%	2.7%	1.7%
Growth Investments	-1.4%	0.0%	-0.1%	-0.6%
Acquisition/Disposition	0.0%	0.0%	0.0%	0.0%
FX	0.4%	-0.1%	0.2%	0.3%
Q4 2018 Adjusted Operating Margin	14.5%	12.0%	16.4%	14.1%

FY 2018 ITT Adjusted Segment Performance

	Motion Technologies	Industrial Process	Connect & Control Technologies	Total Segments
FY 2018 Total Revenue vs PY	8.3%	2.5%	6.8%	6.2%
FX	-3.6%	0.2%	-0.9%	-1.8%
Acquisition/Disposition	-0.5%	0.0%	0.0%	-0.2%
FY 2018 Organic Revenue vs PY	<u>4.2%</u>	<u>2.7%</u>	<u>5.9%</u>	<u>4.2%</u>
<hr/>				
FY 2017 Adj Operating Margin	16.9%	8.9%	13.5%	13.6%
Volume, Mix, Productivity & Other	0.6%	2.5%	2.6%	1.7%
Growth Investments	-1.2%	-0.1%	-0.3%	-0.7%
Acquisition/Disposition	0.0%	0.0%	0.0%	0.0%
FX	0.9%	-0.2%	0.2%	0.5%
FY 2018 Adj Operating Margin	<u>17.2%</u>	<u>11.1%</u>	<u>16.0%</u>	<u>15.1%</u>

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
Fourth 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
Revenue									
ITT Inc.	678.4	683.6	(5.2)	(0.8%)	-	(14.7)	693.1	9.5	1.4%
Motion Technologies	291.3	298.5	(7.2)	(2.4%)	-	(9.4)	300.7	2.2	0.7%
Industrial Process	229.1	232.6	(3.5)	(1.5%)	-	(4.5)	233.6	1.0	0.4%
Connect & Control Technologies	158.6	153.3	5.3	3.5%	-	(0.8)	159.4	6.1	4.0%
Orders									
ITT Inc.	666.8	663.9	2.9	0.4%	-	(13.3)	680.1	16.2	2.4%
Motion Technologies	283.9	298.9	(15.0)	(5.0%)	-	(8.7)	292.6	(6.3)	(2.1%)
Industrial Process	212.9	194.3	18.6	9.6%	-	(3.9)	216.8	22.5	11.6%
Connect & Control Technologies	170.5	171.4	(0.9)	(0.5%)	-	(0.7)	171.2	(0.2)	(0.1%)

Note: Excludes intercompany eliminations
Immaterial differences due to rounding

ITT Inc. Non-GAAP Reconciliation
Reported vs. Organic Revenue / Order Growth
Full Year 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
	12M 2018	12M 2017	Change 2018 vs. 2017	% Change 2018 vs. 2017	Acquisition / Divestitures 12M 2018	FX Impact 12M 2018	Revenue / Orders 12M 2018	Change Adj. 2018 vs. 2017	% Change Adj. 2018 vs. 2017	
Revenue										
ITT Inc.	2,745.1	2,585.3	159.8	6.2%	5.5	45.7	2,693.9	108.6	4.2%	
Motion Technologies	1,274.1	1,176.0	98.1	8.3%	5.5	42.7	1,225.9	49.9	4.2%	
Industrial Process	827.1	807.2	19.9	2.5%	-	(2.0)	829.1	21.9	2.7%	
Connect & Control Technologies	646.6	605.6	41.0	6.8%	-	5.1	641.5	35.9	5.9%	
Orders										
ITT Inc.	2,891.9	2,619.4	272.5	10.4%	17.7	48.7	2,825.5	206.1	7.9%	
Motion Technologies	1,295.6	1,198.8	96.8	8.1%	17.7	44.9	1,233.0	34.2	2.9%	
Industrial Process	902.1	799.8	102.3	12.8%	-	(1.5)	903.6	103.8	13.0%	
Connect & Control Technologies	696.3	624.1	72.2	11.6%	-	5.3	691.0	66.9	10.7%	

Note: Excludes intercompany eliminations
Immaterial differences due to rounding

ITT Inc. Non-GAAP Reconciliation
Reported vs Adjusted Segment Operating Income & Operating Margin
Fourth 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
Revenue:								
Motion Technologies	291.3		291.3	298.5		298.5	(2.4%)	(2.4%)
Industrial Process	229.1		229.1	232.6		232.6	(1.5%)	(1.5%)
Connect & Control Technologies	158.6		158.6	153.3		153.3	3.5%	3.5%
Intersegment eliminations	(0.6)		(0.6)	(0.8)		(0.8)		
Total Revenue	678.4		678.4	683.6		683.6	(0.8%)	(0.8%)
Operating Margin:								
Motion Technologies	16.3%	(180) BP	14.5%	11.4%	120 BP	12.6%	490 BP	190 BP
Industrial Process	12.0%	- BP	12.0%	12.1%	(10) BP	12.0%	(10) BP	- BP
Connect & Control Technologies	12.7%	370 BP	16.4%	12.7%	90 BP	13.6%	- BP	280 BP
Total Operating Segments	14.0%	10 BP	14.1%	11.9%	80 BP	12.7%	210 BP	140 BP
Income (loss):								
Motion Technologies	47.5	(5.4)	42.1	33.9	3.7	37.6	40.1%	12.0%
Industrial Process	27.4	0.1	27.5	28.1	(0.1)	28.0	(2.5%)	(1.8%)
Connect & Control Technologies	20.2	5.8	26.0	19.5	1.4	20.9	3.6%	24.4%
Total Segment Operating Income	95.1	0.5	95.6	81.5	5.0	86.5	16.7%	10.5%

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.

*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:

Motion Technologies	0.0
Industrial Process	0.6
Connect & Control Technologies	0.3
Total Segment Operating Income	0.9

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



	12M 2018	12M 2018	12M 2018	12M 2017*	12M 2017	12M 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
Revenue:								
Motion Technologies	1,274.1		1,274.1	1,176.0		1,176.0	8.3%	8.3%
Industrial Process	827.1		827.1	807.2		807.2	2.5%	2.5%
Connect & Control Technologies	646.6		646.6	605.6		605.6	6.8%	6.8%
Intersegment eliminations	(2.7)		(2.7)	(3.5)		(3.5)		
Total Revenue	2,745.1		2,745.1	2,585.3		2,585.3	6.2%	6.2%
Operating Margin:								
Motion Technologies	17.5%	(30) BP	17.2%	16.2%	70 BP	16.9%	130 BP	30 BP
Industrial Process	11.1%	- BP	11.1%	8.2%	70 BP	8.9%	290 BP	220 BP
Connect & Control Technologies	14.9%	110 BP	16.0%	11.3%	220 BP	13.5%	360 BP	250 BP
Total Operating Segments	15.0%	10 BP	15.1%	12.5%	110 BP	13.6%	250 BP	150 BP
Income (loss):								
Motion Technologies	223.4	(4.3)	219.1	190.2	8.7	198.9	17.5%	10.2%
Industrial Process	91.4	0.1	91.5	65.8	5.9	71.7	38.9%	27.6%
Connect & Control Technologies	96.5	7.1	103.6	68.4	13.1	81.5	41.1%	27.1%
Total Segment Operating Income	411.3	2.9	414.2	324.4	27.7	352.1	26.8%	17.6%

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.

*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:

Motion Technologies	0.2
Industrial Process	6.3
Connect & Control Technologies	1.7
Total Segment Operating Income	8.2

ITT Inc. Non-GAAP Reconciliation
Reported vs. Adjusted Income from Continuing Operations & Adjusted EPS
Fourth Quarter 2018 & 2017



(In Millions, except per share amounts)

	Q4 2018 As Reported	Non-GAAP Adjustments	Q4 2018 As Adjusted	Q4 2017 As Previously Reported	ASU 2017-07 Adjustments (1)	Non-GAAP Adjustments	Dilution	Q4 2017 As Adjusted	2018 vs. 2017 As Adjusted	Percent Change 2018 vs. 2017 As Adjusted
Segment Operating Income	95.1	0.5 #A	95.6	80.6	0.9	5.0 #A		86.5		
Corporate (Expense)	(26.5)	16.0 #B	(10.5)	(12.0)	0.6	(1.9) #B		(13.3)		
Operating Income	<u>68.6</u>	<u>16.5</u>	<u>85.1</u>	<u>68.6</u>	<u>1.5</u>	<u>3.1</u>		<u>73.2</u>		
Interest Income (Expense)	(0.8)	1.9 #C	1.1	-	-	(0.4) #C		(0.4)		
Other Income (Expense)	(1.5)	0.3 #D	(1.2)	(0.2)	(1.5)	(0.1) #D		(1.8)		
Income from Continuing Operations before Tax	<u>66.3</u>	<u>18.7</u>	<u>85.0</u>	<u>68.4</u>	<u>-</u>	<u>2.6</u>		<u>71.0</u>		
Income Tax (Expense)	(15.3)	3.7 #E	(11.6)	(134.3)	-	120.4 #E		(13.9)		
Income from Continuing Operations	<u>51.0</u>	<u>22.4</u>	<u>73.4</u>	<u>(65.9)</u>	<u>-</u>	<u>123.0</u>		<u>57.1</u>		
Less: Non Controlling Interest	0.4	-	0.4	0.1				0.1		
Income from Continuing Operations - ITT Inc.	<u>50.6</u>	<u>22.4</u>	<u>73.0</u>	<u>(66.0)</u>	<u>-</u>	<u>123.0</u>		<u>57.0</u>		
EPS from Continuing Operations	<u>0.57</u>	<u>0.25</u>	<u>0.82</u>	<u>(0.75)</u>	<u>-</u>	<u>1.38</u>	<u>0.01</u>	<u>0.64</u>	<u>0.18</u>	28.1%

Note: Amounts may not calculate due to rounding.

#A - 2018 includes restructuring costs (\$1.5M), acquisition related costs (\$0.2M) and a legal accrual (\$5.0M) offset by income (\$6.2M) related to the settlement of a patent infringement case.

#A - 2017 includes restructuring and realignment costs (\$4.9M), other costs (\$0.1M), and acquisition related costs offset by reversal of prior years acquisition related reserves.

#B - 2018 includes restructuring and realignment costs (\$1.1M), asbestos related expense (\$15.4M) and other income primarily from the sale of excess property (\$0.5M).

Note: (\$15.4M) net asbestos related expense includes favorable settlement agreements (\$1.9M) offset by remeasurement cost adjustment (\$2.8M), and asbestos related expense to maintain 10 year accrual (\$14.5M).

#B - 2017 includes income of (\$16.4M) related to insurance recovery, certain costs associated primarily with sale of excess property (\$0.7M), franchise tax adjustment (\$0.7M), and asbestos related expense (\$13.1M).

#C - 2018 Interest expense related to a change in uncertain tax position and prior year tax audit refund.

#C - 2017 Interest income related to a change in uncertain tax position.

#D - Other income includes net pension settlement costs in 2018 and other costs in 2017 both related to the Industrial Process segment.

#E - 2018 includes various tax-related special items including tax expense for valuation allowance change (\$1.4M), tax benefit for tax law changes (\$0.2M), tax benefit on current and future distribution of foreign earnings (\$3.0M), tax benefit for return to accrual adjustments (\$0.3M), tax expense for tax rate change (\$2.0M), tax expense for audit settlements (\$2.3M), tax expense for GILTI tax expense allocation (\$1.7M) and the tax impact of other operating special items.

#E - 2017 includes various tax-related special items, including provisional U.S. transition tax expense resulting from U.S. tax law change (\$57.9M), tax expense from the U.S. tax rate reduction on deferred tax assets (\$86.0M), and a tax benefit (\$14.7M) on the remeasurement of U.S. tax on undistributed foreign earnings. In addition, special items include tax benefit on excess stock based compensation (\$1.5M), tax benefit from retroactive application of Italian patent box incentive (\$3.4M), tax benefit for other tax rate changes (\$1.3M), and the tax impact of other operating special items.

(1) The adjustments in December 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
Reported vs. Adjusted Income from Continuing Operations & Adjusted EPS
Full Year 2018 & 2017



(In Millions, except per share amounts)

	12M 2018 As Reported	Non-GAAP Adjustments	12M 2018 As Adjusted	12M 2017 As Previously Reported	ASU 2017-07 Adjustments (1)	Non-GAAP Adjustments	12M 2017 As Adjusted	2018 vs. 2017 As Adjusted	Percent Change 2018 vs. 2017 As Adjusted
Segment Operating Income	411.3	2.9 #A	414.2	316.2	8.2	27.7 #A	352.1		
Corporate (Expense)	(14.0)	(32.9) #B	(46.9)	(6.5)	1.4	(34.1) #B	(39.2)		
Operating Income	<u>397.3</u>	<u>(30.0)</u>	<u>367.3</u>	<u>309.7</u>	<u>9.6</u>	<u>(6.4)</u>	<u>312.9</u>		
Interest Income (Expense)	(0.4)	0.7 #C	0.3	0.3	-	(2.5) #C	(2.2)		
Other Income (Expense)	(5.9)	1.7 #D	(4.2)	(0.6)	(9.6)	3.6 #D	(6.6)		
Income from Continuing Operations before Tax	<u>391.0</u>	<u>(27.6)</u>	<u>363.4</u>	<u>309.4</u>	<u>-</u>	<u>(5.3)</u>	<u>304.1</u>		
Income Tax (Expense)	(57.7)	(17.9) #E	(75.6)	(194.6)	-	120.7 #E	(73.9)		
Income from Continuing Operations	<u>333.3</u>	<u>(45.5)</u>	<u>287.8</u>	<u>114.8</u>	<u>-</u>	<u>115.4</u>	<u>230.2</u>		
Less: Non Controlling Interest	0.9	-	0.9	(0.2)	-	-	(0.2)		
Income from Continuing Operations - ITT Inc.	<u>332.4</u>	<u>(45.5)</u>	<u>286.9</u>	<u>115.0</u>	<u>-</u>	<u>115.4</u>	<u>230.4</u>		
EPS from Continuing Operations	<u>3.75</u>	<u>(0.52)</u>	<u>3.23</u>	<u>1.29</u>	<u>-</u>	<u>1.30</u>	<u>2.59</u>	<u>0.64</u>	24.7%

Note: Amounts may not calculate due to rounding.

#A - 2018 includes restructuring costs (\$4.5M), legal accrual (\$5.0M) offset by income (\$6.2M) related to the settlement of a patent infringement case, and acquisition related income (\$0.4M).

#A - 2017 includes restructuring and realignment costs (\$18.5M), legal accrual (\$5.0M), net acquisition related costs (\$4.1M), and other costs (\$0.1M).

#B - 2018 includes restructuring and realignment costs (\$1.1M), income from a legacy environmental settlement (\$0.4M), certain income from the sale of excess property (\$38.5M) and asbestos related expense (\$4.9M);

Note: (\$4.9M) net asbestos related expense includes favorable settlement agreements (\$58.9M) offset by remeasurement cost (\$10.0M), and asbestos related expense to maintain 10 year accrual (\$53.8M).

#B - 2017 includes income of (\$20.2M) related to environmental insurance recovery, certain costs associated primarily with sale of excess property (\$5.1M), restructuring and other acquisition related costs (\$0.2),

franchise tax adjustment (\$0.7) and asbestos related income (\$19.9M).

Note: (\$19.9M) net asbestos related income includes adjustment to maintain 10 year accrual (\$56.5M) offset by re-measurement income (\$76.4M).

#C - 2018 Interest expense related to a change in uncertain tax position and prior year tax audit refund.

#C - 2017 Interest income related to a change in uncertain tax position.

#D - Other income includes net pension settlement costs in 2018 and net pension curtailment and other costs in 2017 both related to the Industrial Process segment.

#E - 2018 includes various tax-related special items including a tax benefit for current and future distribution of foreign earnings (\$2.6M), tax benefit for valuation allowance change (\$23.7M), tax expense for tax rate change (\$2.0M), tax benefit for tax law changes (\$2.6M), tax benefit for return to accrual adjustment (\$1.1M), tax benefit for change in uncertain tax positions (\$4.0M), tax expense for audit settlement (\$1.4M), tax expense for GILTI tax expense allocation (\$1.7M) and the tax impact of other operating special items.

#E - 2017 includes various tax-related special items, including provisional U.S. transition tax expense resulting from U.S. tax law change (\$57.9M), tax expense from the U.S. tax rate reduction on deferred tax assets (\$86.0M), and a tax benefit (\$14.7M) on the remeasurement of U.S. tax on undistributed foreign earnings. In addition, special items include tax benefit on excess stock based compensation (\$2.7M), tax benefit from retroactive application of Italian patent box incentive (\$3.4M), tax benefit for other tax rate changes (\$2.7M), tax benefit for change in uncertain tax positions (\$3.6M), and the tax impact of other operating special items.

(1) The adjustments in December 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
Full Year 2018 & 2017
(In Millions)



	<u>12M 2018</u>	<u>12M 2017</u>
Net Cash - Operating Activities *	371.8	247.2
Capital expenditures	95.5	113.3
Free Cash Flow	<u>276.3</u>	<u>133.9</u>
Insurance settlement agreement, net	(16.9)	-
Asbestos cash payments, net	40.8	45.3
Restructuring cash payments	8.2	17.8
Realignment-related cash payments	0.5	11.3
Discretionary Pension Contributions, net of tax	-	22.1
Adjusted Free Cash Flow	<u>308.9</u>	<u>230.4</u>
Income from Continuing Operations - ITT Inc.	332.4	115.0
Special Items, net of tax	(45.5)	115.4
Income from Continuing Operations - ITT Inc., Excluding Special Items	<u>286.9</u>	<u>230.4</u>
Adjusted Free Cash Flow Conversion	<u>107.7%</u>	<u>100.0%</u>

* 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 2019

	2019 Full-Year Guidance	
	Low	High
EPS from Continuing Operations - GAAP	\$ 2.69	\$ 3.05
Estimated Asbestos Related Costs, Net of Tax	0.47	0.39
	\$ 3.16	\$ 3.44
Estimated Restructuring, Realignment and Other Costs, Net of Tax	0.26	0.22
EPS from Continuing Operations - Adjusted	\$ 3.42	\$ 3.66