

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

For the Three Months Ended March 31	2020	2019
Revenue	\$ 663.3	\$ 695.5
Costs of revenue	453.9	476.7
Gross profit	209.4	218.8
General and administrative expenses	60.2	51.9
Sales and marketing expenses	41.6	40.2
Research and development expenses	22.7	23.5
Asbestos-related (benefit) costs, net	(40.7)	12.6
Asset impairment charges	16.3	—
Operating income	109.3	90.6
Interest and non-operating expenses (income), net	0.6	(0.5)
Income from continuing operations before income tax expense	108.7	91.1
Income tax expense	24.7	19.7
Income from continuing operations	84.0	71.4
Income from discontinued operations, net of tax expense of \$0.4 and \$0.0, respectively	1.1	—
Net income	85.1	71.4
Less: Income attributable to noncontrolling interests	0.3	0.1
Net income attributable to ITT Inc.	\$ 84.8	\$ 71.3
Amounts attributable to ITT Inc.:		
Income from continuing operations, net of tax	\$ 83.7	\$ 71.3
Income from discontinued operations, net of tax	1.1	—
Net income attributable to ITT Inc.	\$ 84.8	\$ 71.3
Earnings per share attributable to ITT Inc.:		
Basic:		
Continuing operations	\$ 0.96	\$ 0.81
Discontinued operations	0.01	—
Net income	\$ 0.97	\$ 0.81
Diluted:		
Continuing operations	\$ 0.95	\$ 0.80
Discontinued operations	0.01	—
Net income	\$ 0.96	\$ 0.80
Weighted average common shares – basic	87.4	87.6
Weighted average common shares – diluted	88.2	88.6

CONSOLIDATED CONDENSED BALANCE SHEETS (UNAUDITED)

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	March 31, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 839.9	\$ 612.1
Receivables, net	573.9	578.4
Inventories, net	382.4	392.9
Other current assets	152.0	153.4
Total current assets	1,948.2	1,736.8
Plant, property and equipment, net	511.5	531.5
Goodwill	914.4	927.2
Other intangible assets, net	119.7	138.0
Asbestos-related assets	353.6	319.6
Deferred income taxes	124.8	138.1
Other non-current assets	304.4	316.5
Total non-current assets	2,328.4	2,370.9
Total assets	\$ 4,276.6	\$ 4,107.7
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term debt and current maturities of long-term debt	\$ 386.8	\$ 86.5
Accounts payable	323.9	332.4
Accrued liabilities	396.3	430.8
Total current liabilities	1,107.0	849.7
Asbestos-related liabilities	718.5	731.6
Postretirement benefits	211.9	213.9
Other non-current liabilities	223.6	234.7
Total non-current liabilities	1,154.0	1,180.2
Total liabilities	2,261.0	2,029.9
Shareholders' equity:		
Common stock:		
Authorized – 250.0 shares, \$1 par value per share		
Issued and outstanding – 86.3 shares and 87.8 shares, respectively	86.3	87.8
Retained earnings	2,361.8	2,372.4
Total accumulated other comprehensive loss	(435.7)	(385.3)
Total ITT Inc. shareholders' equity	2,012.4	2,074.9
Noncontrolling interests	3.2	2.9
Total shareholders' equity	2,015.6	2,077.8
Total liabilities and shareholders' equity	\$ 4,276.6	\$ 4,107.7

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

(IN MILLIONS)

For the Three Months Ended March 31	2020	2019
Operating Activities		
Income from continuing operations attributable to ITT Inc.	\$ 83.7	\$ 71.3
Adjustments to income from continuing operations:		
Depreciation and amortization	27.4	26.4
Equity-based compensation	2.5	4.5
Asbestos-related (benefit) cost, net	(40.7)	12.6
Asset impairment charges	16.3	—
Other non-cash charges, net	11.0	7.9
Asbestos-related payments, net	(6.1)	(9.9)
Changes in assets and liabilities:		
Change in receivables	(13.4)	(47.1)
Change in inventories	0.6	(17.3)
Change in accounts payable	(6.4)	18.8
Change in accrued expenses	(25.2)	(35.6)
Change in income taxes	16.5	9.5
Other, net	(12.7)	1.0
Net Cash – Operating activities	53.5	42.1
Investing Activities		
Capital expenditures	(22.2)	(29.2)
Acquisitions, net of cash acquired	(4.7)	—
Other, net	0.7	0.4
Net Cash – Investing activities	(26.2)	(28.8)
Financing Activities		
Commercial paper, net repayments	(82.7)	—
Short-term revolving loans, borrowings	378.3	—
Long-term debt, issued	—	7.1
Long-term debt, repayments	—	(0.2)
Repurchase of common stock	(83.4)	(19.9)
Proceeds from issuance of common stock	0.1	5.1
Dividends paid	(0.2)	(13.2)
Other, net	(0.1)	0.1
Net Cash – Financing activities	212.0	(21.0)
Exchange rate effects on cash and cash equivalents	(11.7)	0.7
Net Cash – Operating activities of discontinued operations	0.2	(0.4)
Net change in cash and cash equivalents	227.8	(7.4)
Cash and cash equivalents – beginning of year (includes restricted cash of \$0.8 and \$1.0, respectively)	612.9	562.2
Cash and cash equivalents – end of period (includes restricted cash of \$0.8 and \$0.8, respectively)	\$ 840.7	\$ 554.8
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Interest	\$ 2.3	\$ 1.0
Income taxes, net of refunds received	\$ 8.0	\$ 9.3