

**CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)**

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

For the Three Months Ended March 31	2018	2017
Revenue	\$ 689.3	\$ 625.8
Costs of revenue	465.1	422.7
Gross profit	224.2	203.1
General and administrative expenses	65.1	65.7
Sales and marketing expenses	43.5	43.1
Research and development expenses	24.7	22.4
Asbestos-related (benefit) costs, net	(19.7)	14.9
Operating income	110.6	57.0
Interest and non-operating expenses, net	1.8	2.2
Income from continuing operations before income tax expense	108.8	54.8
Income tax expense	7.6	9.1
Income from continuing operations	101.2	45.7
Income (loss) from discontinued operations, including tax (expense) benefit of \$(0.1) and \$0.1, respectively	0.1	(0.1)
Net income	101.3	45.6
Less: Income (loss) attributable to noncontrolling interests	0.1	(0.4)
Net income attributable to ITT Inc.	\$ 101.2	\$ 46.0
<b>Amounts attributable to ITT Inc.:</b>		
Income from continuing operations, net of tax	\$ 101.1	\$ 46.1
Income (loss) from discontinued operations, net of tax	0.1	(0.1)
Net income attributable to ITT Inc.	\$ 101.2	\$ 46.0
<b>Earnings per share attributable to ITT Inc.:</b>		
Basic:		
Continuing operations	\$ 1.15	\$ 0.52
Discontinued operations	—	—
Net income	\$ 1.15	\$ 0.52
Diluted:		
Continuing operations	\$ 1.14	\$ 0.52
Discontinued operations	—	—
Net income	\$ 1.14	\$ 0.52
Weighted average common shares – basic	88.0	88.5
Weighted average common shares – diluted	89.0	89.2

## CONSOLIDATED CONDENSED BALANCE SHEETS

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	March 31, 2018	December 31, 2017
	(Unaudited)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 438.7	\$ 389.8
Receivables, net	581.4	629.6
Inventories, net	404.9	311.9
Other current assets	173.0	147.4
<b>Total current assets</b>	<b>1,598.0</b>	<b>1,478.7</b>
Plant, property and equipment, net	526.6	521.7
Goodwill	895.7	886.8
Other intangible assets, net	151.8	156.2
Asbestos-related assets	329.6	304.0
Deferred income taxes	167.0	149.9
Other non-current assets	202.8	202.9
<b>Total non-current assets</b>	<b>2,273.5</b>	<b>2,221.5</b>
<b>Total assets</b>	<b>\$ 3,871.5</b>	<b>\$ 3,700.2</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Short-term loans and current maturities of long-term debt	\$ 247.9	\$ 163.6
Accounts payable	367.0	351.4
Accrued liabilities	394.2	384.4
<b>Total current liabilities</b>	<b>1,009.1</b>	<b>899.4</b>
Asbestos-related liabilities	792.9	800.1
Postretirement benefits	227.6	227.3
Other non-current liabilities	181.4	175.6
<b>Total non-current liabilities</b>	<b>1,201.9</b>	<b>1,203.0</b>
<b>Total liabilities</b>	<b>2,211.0</b>	<b>2,102.4</b>
Shareholders' equity:		
Common stock:		
Authorized – 250.0 shares, \$1 par value per share		
Issued and outstanding – 87.4 shares and 88.2 shares, respectively	87.4	88.2
Retained earnings	1,891.8	1,856.1
Total accumulated other comprehensive loss	(320.6)	(348.2)
<b>Total ITT Inc. shareholders' equity</b>	<b>1,658.6</b>	<b>1,596.1</b>
Noncontrolling interests	1.9	1.7
<b>Total shareholders' equity</b>	<b>1,660.5</b>	<b>1,597.8</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 3,871.5</b>	<b>\$ 3,700.2</b>

## CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

(IN MILLIONS)

For the Three Months Ended March 31	2018	2017
<b>Operating Activities</b>		
Net income	\$ 101.3	\$ 45.6
Less: Income (loss) from discontinued operations	0.1	(0.1)
Less: Income (loss) attributable to noncontrolling interests	0.1	(0.4)
Income from continuing operations attributable to ITT Inc.	101.1	46.1
Adjustments to income from continuing operations:		
Depreciation and amortization	27.6	24.8
Stock-based compensation	4.5	3.7
Asbestos-related (benefit) costs, net	(19.7)	14.9
Asbestos-related payments, net	(12.8)	(13.0)
Changes in assets and liabilities:		
Change in receivables	(13.3)	(34.7)
Change in inventories	(20.7)	(1.6)
Change in accounts payable	10.4	2.5
Change in accrued expenses	(31.2)	(3.5)
Change in accrued and deferred income taxes	0.1	(4.6)
Other, net	(3.6)	(7.7)
<b>Net Cash – Operating activities</b>	<b>42.4</b>	<b>26.9</b>
<b>Investing Activities</b>		
Capital expenditures	(28.7)	(36.7)
Acquisitions, net of cash acquired	—	(113.7)
Other, net	0.5	0.3
<b>Net Cash – Investing activities</b>	<b>(28.2)</b>	<b>(150.1)</b>
<b>Financing Activities</b>		
Commercial paper, net repayments	(162.4)	(1.5)
Short-term revolving loans, borrowings	246.5	—
Long-term debt, issued	—	2.1
Long-term debt, repayments	(1.5)	(0.3)
Repurchase of common stock	(55.3)	(2.3)
Proceeds from issuance of common stock	0.6	5.9
Dividends paid	(0.2)	(0.2)
<b>Net Cash – Financing activities</b>	<b>27.7</b>	<b>3.7</b>
Exchange rate effects on cash and cash equivalents	8.2	7.9
Net Cash – Operating activities of discontinued operations	(1.2)	(0.8)
Net change in cash and cash equivalents	48.9	(112.4)
Cash and cash equivalents – beginning of year (includes restricted cash of \$1.2 and \$1.2, respectively)	391.0	461.9
<b>Cash and cash equivalents – end of period (includes restricted cash of \$1.2 and \$1.0, respectively)</b>	<b>\$ 439.9</b>	<b>\$ 349.5</b>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash paid during the year for:		
Interest	\$ 1.0	\$ 1.0
Income taxes, net of refunds received	\$ 7.0	\$ 13.2