

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

For the Periods Ended December 31	Three Months		Twelve Months	
	2020	2019	2020	2019
Revenue	\$ 708.6	\$ 719.1	\$2,477.8	\$2,846.4
Costs of revenue	490.0	491.1	1,695.6	1,936.3
Gross profit	218.6	228.0	782.2	910.1
General and administrative expenses	50.2	64.7	200.7	240.3
Sales and marketing expenses	35.8	41.4	146.5	165.9
Research and development expenses	23.6	24.8	84.9	97.9
Asbestos-related (benefit) costs, net	(50.4)	11.6	66.3	(20.2)
Restructuring costs	0.5	1.9	43.0	12.8
Asset impairment charges	—	—	16.3	1.0
(Gain) loss on sale or disposal of long-lived assets	(0.3)	1.3	(2.0)	1.0
Operating income	159.2	82.3	226.5	411.4
Interest expense (income), net	0.1	(1.0)	(0.7)	(4.1)
Non-operating postretirement costs	138.3	1.0	144.2	4.5
Miscellaneous (income), net	(1.1)	(1.7)	(2.2)	(3.4)
Income from continuing operations before income tax	21.9	84.0	85.2	414.4
Income tax expense	34.9	16.8	15.3	89.9
(Loss) income from continuing operations	(13.0)	67.2	69.9	324.5
Income from discontinued operations, including tax benefit (expense) of \$0.0, \$0.5, \$(0.2), and \$0.6, respectively	0.1	1.9	4.0	1.7
Net (loss) income	(12.9)	69.1	73.9	326.2
Less: Income attributable to noncontrolling interests	0.6	0.7	1.4	1.1
Net (loss) income attributable to ITT Inc.	\$ (13.5)	\$ 68.4	\$ 72.5	\$ 325.1
Amounts attributable to ITT Inc.:				
(Loss) income from continuing operations, net of tax	\$ (13.6)	\$ 66.5	\$ 68.5	\$ 323.4
Income from discontinued operations, net of tax	0.1	1.9	4.0	1.7
Net (loss) income	\$ (13.5)	\$ 68.4	\$ 72.5	\$ 325.1
(Loss) earnings per share attributable to ITT Inc.:				
Basic earnings per share:				
Continuing operations	\$ (0.16)	\$ 0.76	\$ 0.79	\$ 3.69
Discontinued operations	—	0.02	0.05	0.02
Net (loss) income	\$ (0.16)	\$ 0.78	\$ 0.84	\$ 3.71
Diluted (loss) earnings per share:				
Continuing operations	\$ (0.16)	\$ 0.75	\$ 0.78	\$ 3.65
Discontinued operations	—	0.02	0.05	0.02
Net (loss) income	\$ (0.16)	\$ 0.77	\$ 0.83	\$ 3.67
Weighted average common shares – basic	86.4	87.7	86.7	87.7
Weighted average common shares – diluted	86.4	88.6	87.3	88.6

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	December 31, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 859.8	\$ 612.1
Receivables, net	507.5	578.4
Inventories, net	360.5	392.9
Other current assets	189.5	153.4
Total current assets	1,917.3	1,736.8
Plant, property and equipment, net	525.1	531.5
Goodwill	944.8	927.2
Other intangible assets, net	106.4	138.0
Asbestos-related assets	353.7	319.6
Deferred income taxes	158.3	138.1
Other non-current assets	272.0	316.5
Total non-current assets	2,360.3	2,370.9
Total assets	\$ 4,277.6	\$ 4,107.7
Liabilities and Shareholders' Equity		
Current liabilities:		
Commercial paper and current maturities of long-term debt	\$ 106.8	\$ 86.5
Accounts payable	306.8	332.4
Accrued liabilities	457.4	430.8
Total current liabilities	871.0	849.7
Asbestos-related liabilities	840.6	731.6
Postretirement benefits	227.5	213.9
Other non-current liabilities	210.6	234.7
Total non-current liabilities	1,278.7	1,180.2
Total liabilities	2,149.7	2,029.9
Shareholders' equity:		
Common stock:		
Authorized – 250.0 shares, \$1 par value per share		
Issued and Outstanding – 86.5 and 87.8 shares, respectively	86.5	87.8
Retained earnings	2,319.3	2,372.4
Accumulated other comprehensive loss:		
Postretirement benefit plans	(55.9)	(133.3)
Cumulative translation adjustments	(223.5)	(252.0)
Total ITT Inc. shareholders' equity	2,126.4	2,074.9
Noncontrolling interests	1.5	2.9
Total shareholders' equity	2,127.9	2,077.8
Total liabilities and shareholders' equity	\$ 4,277.6	\$ 4,107.7

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(IN MILLIONS)

For the Twelve Months Ended December 31	2020	2019
Operating Activities		
Income from continuing operations attributable to ITT Inc.	\$ 68.5	\$ 323.4
Adjustments to income from continuing operations		
Depreciation and amortization	112.2	113.4
Equity-based compensation	13.4	15.7
Asbestos-related costs (benefit), net	66.3	(20.2)
Pension settlement charges	137.0	—
Deferred income tax (benefit) expense	(43.9)	30.9
Asset impairment charges	16.3	1.0
(Gain) loss on sale or disposal of long-lived assets	(2.0)	1.0
Other non-cash charges, net	45.0	37.8
Asbestos-related payments, net	(9.8)	(21.6)
Contributions to postretirement plans	(18.0)	(22.9)
Changes in assets and liabilities:		
Change in receivables	83.3	(40.6)
Change in inventories	36.5	(0.6)
Change in contract assets	(1.0)	2.7
Change in contract liabilities	(1.9)	(5.1)
Change in accounts payable	(34.7)	(1.9)
Change in accrued expenses	4.2	(14.7)
Change in income taxes	(6.2)	(9.6)
Other, net	(29.3)	(31.0)
Net Cash – Operating activities	435.9	357.7
Investing Activities		
Capital expenditures	(63.7)	(91.4)
Proceeds from sale of long-lived assets	1.7	0.9
Acquisitions, net of cash acquired	(4.7)	(113.1)
Other, net	0.9	0.2
Net Cash – Investing activities	(65.8)	(203.4)
Financing Activities		
Commercial paper, net borrowings (repayments)	13.1	(27.2)
Short-term revolving loans, borrowings	495.8	—
Short-term revolving loans, repayments	(524.7)	—
Long-term debt, issued	1.5	8.1
Long-term debt, repayments	(2.5)	(3.2)
Repurchase of common stock	(84.2)	(41.4)
Dividends paid	(59.0)	(52.1)
Proceeds from issuance of common stock	4.3	14.9
Other, net	(2.9)	(0.6)
Net Cash – Financing activities	(158.6)	(101.5)
Exchange rate effects on cash and cash equivalents	35.2	(3.0)
Net cash from discontinued operations – operating activities	1.0	0.9
Net change in cash and cash equivalents	247.7	50.7
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)	\$ 860.6	\$ 612.9
Supplemental Cash Flow Disclosures		
Cash paid (received) during the year for:		
Interest	\$ 3.3	\$ 2.5
Income taxes, net of refunds received	61.1	63.4