

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

For the Periods Ended September 30	Three Months		Nine Months	
	2019	2018	2019	2018
Revenue	\$ 711.9	\$ 680.6	\$ 2,127.3	\$ 2,066.7
Costs of revenue	480.6	454.1	1,445.2	1,390.0
Gross profit	231.3	226.5	682.1	676.7
General and administrative expenses	69.5	68.0	187.5	196.6
Sales and marketing expenses	41.6	40.8	124.5	127.7
Research and development expenses	23.8	24.2	73.1	74.7
Loss (gain) on sale of long-lived assets	0.1	(40.0)	(0.3)	(40.5)
Asbestos-related benefit, net	(56.2)	(4.3)	(31.8)	(10.5)
Operating income	152.5	137.8	329.1	328.7
Interest and non-operating (income) expenses, net	(0.4)	0.7	(1.3)	4.0
Income from continuing operations before income tax expense	152.9	137.1	330.4	324.7
Income tax expense	34.1	25.9	73.1	42.4
Income from continuing operations	118.8	111.2	257.3	282.3
Loss from discontinued operations, net of tax benefit of \$0.1, \$0.0, \$0.1 and \$0.0, respectively	(0.1)	(0.1)	(0.2)	—
Net income	118.7	111.1	257.1	282.3
Less: Income attributable to noncontrolling interests	0.1	0.2	0.4	0.5
Net income attributable to ITT Inc.	\$ 118.6	\$ 110.9	\$ 256.7	\$ 281.8
Amounts attributable to ITT Inc.:				
Income from continuing operations, net of tax	\$ 118.7	\$ 111.0	\$ 256.9	\$ 281.8
Loss from discontinued operations, net of tax	(0.1)	(0.1)	(0.2)	—
Net income attributable to ITT Inc.	\$ 118.6	\$ 110.9	\$ 256.7	\$ 281.8
Earnings per share attributable to ITT Inc.:				
Basic:				
Continuing operations	\$ 1.35	\$ 1.27	\$ 2.93	\$ 3.21
Net income	\$ 1.35	\$ 1.27	\$ 2.93	\$ 3.21
Diluted:				
Continuing operations	\$ 1.34	\$ 1.25	\$ 2.90	\$ 3.18
Net income	\$ 1.34	\$ 1.25	\$ 2.90	\$ 3.18
Weighted average common shares – basic	87.8	87.6	87.7	87.7
Weighted average common shares – diluted	88.7	88.7	88.6	88.7

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	September 30, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 555.7	\$ 561.2
Receivables, net	574.3	540.0
Inventories, net	414.6	380.5
Other current assets	161.7	163.4
Total current assets	1,706.3	1,645.1
Plant, property and equipment, net	521.7	518.8
Goodwill	909.8	875.9
Other intangible assets, net	147.7	136.1
Asbestos-related assets	330.0	309.6
Deferred income taxes	149.1	164.5
Other non-current assets	299.6	196.8
Total non-current assets	2,357.9	2,201.7
Total assets	\$ 4,064.2	\$ 3,846.8
Liabilities and Shareholders' Equity		
Current liabilities:		
Commercial paper and current maturities of long-term debt	\$ 122.7	\$ 116.2
Accounts payable	340.4	339.2
Accrued liabilities	425.7	416.7
Total current liabilities	888.8	872.1
Asbestos-related liabilities	741.6	775.1
Postretirement benefits	196.2	208.2
Other non-current liabilities	237.7	166.5
Total non-current liabilities	1,175.5	1,149.8
Total liabilities	2,064.3	2,021.9
Shareholders' equity:		
Common stock:		
Authorized – 250.0 shares, \$1 par value per share		
Issued and outstanding – 87.6 shares and 87.6 shares,	87.6	87.6
Retained earnings	2,313.6	2,110.3
Total accumulated other comprehensive loss	(403.6)	(375.5)
Total ITT Inc. shareholders' equity	1,997.6	1,822.4
Noncontrolling interests	2.3	2.5
Total shareholders' equity	1,999.9	1,824.9
Total liabilities and shareholders' equity	\$ 4,064.2	\$ 3,846.8

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(IN MILLIONS)

For the Nine Months Ended September 30	2019	2018
Operating Activities		
Income from continuing operations attributable to ITT Inc.	\$ 256.9	\$ 281.8
Adjustments to income from continuing operations:		
Depreciation and amortization	81.1	82.5
Equity-based compensation	12.3	16.9
Gain on sale of long-lived assets	(0.3)	(40.5)
Asbestos-related benefit, net	(31.8)	(10.5)
Other non-cash charges, net	25.8	10.1
Asbestos-related payments, net	(20.1)	(42.3)
Contributions to postretirement plans	(19.7)	(9.7)
Changes in assets and liabilities:		
Change in receivables	(41.9)	(23.5)
Change in inventories	(28.2)	(22.2)
Change in contract assets	(13.4)	19.7
Change in contract liabilities	(9.1)	1.7
Change in accounts payable	3.6	(10.3)
Change in accrued expenses	(7.2)	(7.3)
Change in income taxes	23.3	6.0
Other, net	(9.6)	(5.8)
Net Cash – Operating activities	221.7	246.6
Investing Activities		
Capital expenditures	(69.3)	(63.8)
Proceeds from sale of long-lived assets	1.4	42.7
Acquisitions, net of cash acquired	(113.1)	—
Other, net	0.2	—
Net Cash – Investing activities	(180.8)	(21.1)
Financing Activities		
Commercial paper, net borrowings (repayments)	11.5	(16.0)
Short-term revolving loans, borrowings	—	246.5
Short-term revolving loans, repayments	—	(233.8)
Long-term debt, issued	7.1	3.2
Long-term debt, repayments	(2.1)	(2.1)
Repurchase of common stock	(38.3)	(55.8)
Proceeds from issuance of common stock	11.6	5.8
Dividends paid	(26.1)	(23.9)
Other, net	(0.6)	(0.1)
Net Cash – Financing activities	(36.9)	(76.2)
Exchange rate effects on cash and cash equivalents	(10.6)	(11.4)
Net Cash – Operating activities of discontinued operations	1.1	(1.9)
Net change in cash and cash equivalents	(5.5)	136.0
Cash and cash equivalents – beginning of year (includes restricted cash of \$1.0 and \$1.2, respectively)	562.2	391.0
Cash and cash equivalents – end of period (includes restricted cash of \$1.0 and \$1.2, respectively)	\$ 556.7	\$ 527.0
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Interest	\$ 2.2	\$ 1.0
Income taxes, net of refunds received	\$ 47.9	\$ 31.0