

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

For the Periods Ended September 30	Three Months		Nine Months	
	2017	2016	2017	2016
Revenue	\$ 645.0	\$ 581.7	\$1,901.7	\$1,817.0
Costs of revenue	441.9	397.8	1,291.9	1,232.2
Gross profit	203.1	183.9	609.8	584.8
General and administrative expenses	73.7	59.2	205.2	202.2
Sales and marketing expenses	41.3	39.4	128.3	128.7
Research and development expenses	23.1	18.6	68.2	58.9
Asbestos-related benefit, net	(62.8)	(68.1)	(33.0)	(40.3)
Operating income	127.8	134.8	241.1	235.3
Interest and non-operating expenses, net	0.2	0.3	0.1	1.5
Income from continuing operations before income tax expense	127.6	134.5	241.0	233.8
Income tax expense	40.6	46.1	60.3	75.3
Income from continuing operations	87.0	88.4	180.7	158.5
(Loss) Income from discontinued operations, including tax benefit (expense) of \$0.0, \$(1.1), \$0.2 and \$(0.9), respectively	(0.1)	1.8	(0.3)	2.0
Net income	86.9	90.2	180.4	160.5
Less: Income (loss) attributable to noncontrolling interests	—	0.1	(0.3)	0.2
Net income attributable to ITT Inc.	\$ 86.9	\$ 90.1	\$ 180.7	\$ 160.3
Amounts attributable to ITT Inc.:				
Income from continuing operations, net of tax	\$ 87.0	\$ 88.3	\$ 181.0	\$ 158.3
(Loss) income from discontinued operations, net of tax	(0.1)	1.8	(0.3)	2.0
Net income attributable to ITT Inc.	\$ 86.9	\$ 90.1	\$ 180.7	\$ 160.3
Earnings per share attributable to ITT Inc.:				
Basic:				
Continuing operations	\$ 0.99	\$ 0.99	\$ 2.05	\$ 1.77
Discontinued operations	—	0.02	—	0.02
Net income	\$ 0.99	\$ 1.01	\$ 2.05	\$ 1.79
Diluted:				
Continuing operations	\$ 0.98	\$ 0.98	\$ 2.03	\$ 1.76
Discontinued operations	—	0.02	—	0.02
Net income	\$ 0.98	\$ 1.00	\$ 2.03	\$ 1.78
Weighted average common shares – basic	88.0	89.2	88.3	89.5
Weighted average common shares – diluted	88.7	89.7	89.0	90.2

CONSOLIDATED CONDENSED BALANCE SHEETS
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	September 30, 2017	December 31, 2016
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 395.6	\$ 460.7
Receivables, net	611.6	523.9
Inventories, net	327.9	295.2
Other current assets	130.1	122.0
Total current assets	1,465.2	1,401.8
Plant, property and equipment, net	503.5	464.5
Goodwill	882.6	774.7
Other intangible assets, net	159.8	160.3
Asbestos-related assets	309.6	314.6
Deferred income taxes	285.7	297.4
Other non-current assets	193.7	188.4
Total non-current assets	2,334.9	2,199.9
Total assets	\$ 3,800.1	\$ 3,601.7
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term loans and current maturities of long-term debt	\$ 191.1	\$ 214.3
Accounts payable	334.7	301.7
Accrued liabilities	399.6	350.2
Total current liabilities	925.4	866.2
Asbestos-related liabilities	798.1	877.5
Postretirement benefits	251.3	248.6
Other non-current liabilities	172.1	181.0
Total non-current liabilities	1,221.5	1,307.1
Total liabilities	2,146.9	2,173.3
Shareholders' equity:		
Common stock:		
Authorized – 250.0 shares, \$1 par value per share		
Issued and Outstanding – 88.0 shares and 88.4 shares, respectively	88.0	88.4
Retained earnings	1,924.5	1,789.2
Total accumulated other comprehensive loss	(360.9)	(451.2)
Total ITT Inc. shareholders' equity	1,651.6	1,426.4
Noncontrolling interests	1.6	2.0
Total shareholders' equity	1,653.2	1,428.4
Total liabilities and shareholders' equity	\$ 3,800.1	\$ 3,601.7

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)
(IN MILLIONS)

For the Nine Months Ended September 30	2017	2016
Operating Activities		
Net income	\$ 180.4	\$ 160.5
Less: (Loss) income from discontinued operations	(0.3)	2.0
Less: (Loss) income attributable to noncontrolling interests	(0.3)	0.2
Income from continuing operations attributable to ITT Inc.	181.0	158.3
Adjustments to income from continuing operations:		
Depreciation and amortization	77.6	76.5
Stock-based compensation	12.5	9.1
Asbestos-related benefit, net	(33.0)	(40.3)
Asbestos-related payments, net	(39.5)	(24.5)
Changes in assets and liabilities:		
Change in receivables	(47.2)	(13.9)
Change in inventories	(4.2)	(8.9)
Change in accounts payable	3.4	(16.2)
Change in accrued expenses	18.3	(18.8)
Change in accrued and deferred income taxes	19.8	33.3
Other, net	(10.3)	(7.9)
Net Cash – Operating activities	178.4	146.7
Investing Activities		
Capital expenditures	(79.2)	(68.1)
Acquisitions, net of cash acquired	(113.7)	(8.8)
Purchases of investments	—	(60.6)
Maturities of investments	—	113.6
Proceeds from sale of assets	3.4	1.4
Other, net	0.2	—
Net Cash – Investing activities	(189.3)	(22.5)
Financing Activities		
Commercial paper, net borrowings	17.5	56.5
Short-term revolving loans, borrowings	77.3	27.7
Short-term revolving loans, repayments	(123.9)	(78.3)
Long-term debt, issued	3.9	—
Long-term debt, repayments	(1.1)	(0.8)
Repurchase of common stock	(32.9)	(70.9)
Proceeds from issuance of common stock	6.7	8.8
Dividends paid	(22.8)	(22.6)
Excess tax benefit from equity compensation activity	—	3.4
Other, net	—	(2.2)
Net Cash – Financing activities	(75.3)	(78.4)
Exchange rate effects on cash and cash equivalents	22.3	9.0
Net Cash – Operating activities of discontinued operations	(1.2)	5.3
Net change in cash and cash equivalents	(65.1)	60.1
Cash and cash equivalents – beginning of year	460.7	415.7
Cash and cash equivalents – end of period	\$ 395.6	\$ 475.8
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Interest	\$ 2.8	\$ 3.3
Income taxes, net of refunds received	\$ 39.6	\$ 37.2