

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

For the Periods Ended September 30	Three Months		Nine Months	
	2018	2017	2018	2017
Revenue	\$ 680.6	\$ 645.0	\$ 2,066.7	\$ 1,901.7
Costs of revenue	454.1	441.2	1,390.0	1,289.8
Gross profit	226.5	203.8	676.7	611.9
General and administrative expenses	68.0	70.1	196.6	200.4
Sales and marketing expenses	40.8	41.3	127.7	128.2
Research and development expenses	24.2	23.0	74.7	68.0
Gain on sale of long-lived assets	(40.0)	(0.9)	(40.5)	(0.9)
Asbestos-related benefit, net	(4.3)	(62.8)	(10.5)	(33.0)
Operating income	137.8	133.1	328.7	249.2
Interest and non-operating expenses, net	0.7	5.5	4.0	8.2
Income from continuing operations before income tax expense	137.1	127.6	324.7	241.0
Income tax expense	25.9	40.6	42.4	60.3
Income from continuing operations	111.2	87.0	282.3	180.7
Loss from discontinued operations, including tax benefit of \$0.0, \$0.0, \$0.0 and \$0.2, respectively	(0.1)	(0.1)	—	(0.3)
Net income	111.1	86.9	282.3	180.4
Less: Income (loss) attributable to noncontrolling interests	0.2	—	0.5	(0.3)
Net income attributable to ITT Inc.	\$ 110.9	\$ 86.9	\$ 281.8	\$ 180.7
Amounts attributable to ITT Inc.:				
Income from continuing operations, net of tax	\$ 111.0	\$ 87.0	\$ 281.8	\$ 181.0
Loss from discontinued operations, net of tax	(0.1)	(0.1)	—	(0.3)
Net income attributable to ITT Inc.	\$ 110.9	\$ 86.9	\$ 281.8	\$ 180.7
Earnings per share attributable to ITT Inc.:				
Basic:				
Continuing operations	\$ 1.27	\$ 0.99	\$ 3.21	\$ 2.05
Discontinued operations	—	—	—	—
Net income	\$ 1.27	\$ 0.99	\$ 3.21	\$ 2.05
Diluted:				
Continuing operations	\$ 1.25	\$ 0.98	\$ 3.18	\$ 2.03
Discontinued operations	—	—	—	—
Net income	\$ 1.25	\$ 0.98	\$ 3.18	\$ 2.03
Weighted average common shares – basic	87.6	88.0	87.7	88.3
Weighted average common shares – diluted	88.7	88.7	88.7	89.0

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

	September 30, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 525.8	\$ 389.8
Receivables, net	562.9	629.6
Inventories, net	391.4	311.9
Other current assets	151.8	147.4
Total current assets	1,631.9	1,478.7
Plant, property and equipment, net	500.6	521.7
Goodwill	879.5	886.8
Other intangible assets, net	141.0	156.2
Asbestos-related assets	322.3	304.0
Deferred income taxes	163.6	149.9
Other non-current assets	205.8	202.9
Total non-current assets	2,212.8	2,221.5
Total assets	\$ 3,844.7	\$ 3,700.2
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term loans and current maturities of long-term debt	\$ 146.3	\$ 163.6
Accounts payable	334.5	351.4
Accrued liabilities	416.9	384.4
Total current liabilities	897.7	899.4
Asbestos-related liabilities	771.8	800.1
Postretirement benefits	221.9	227.3
Other non-current liabilities	165.5	175.6
Total non-current liabilities	1,159.2	1,203.0
Total liabilities	2,056.9	2,102.4
Shareholders' equity:		
Common stock:		
Authorized – 250.0 shares, \$1 par value per share		
Issued and outstanding – 87.6 shares and 88.2 shares, respectively	87.6	88.2
Retained earnings	2,065.7	1,856.1
Total accumulated other comprehensive loss	(367.7)	(348.2)
Total ITT Inc. shareholders' equity	1,785.6	1,596.1
Noncontrolling interests	2.2	1.7
Total shareholders' equity	1,787.8	1,597.8
Total liabilities and shareholders' equity	\$ 3,844.7	\$ 3,700.2

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

(IN MILLIONS)

For the Nine Months Ended September 30	2018	2017
Operating Activities		
Net income	\$ 282.3	\$ 180.4
Less: (Loss) from discontinued operations	—	(0.3)
Less: Income (loss) attributable to noncontrolling interests	0.5	(0.3)
Income from continuing operations attributable to ITT Inc.	281.8	181.0
Adjustments to income from continuing operations:		
Depreciation and amortization	82.5	77.6
Equity-based compensation	16.9	12.5
Gain on sale of long-lived assets	(40.5)	(0.9)
Asbestos-related benefit, net	(10.5)	(33.0)
Asbestos-related payments, net	(42.3)	(39.5)
Changes in assets and liabilities:		
Change in receivables	(23.5)	(47.2)
Change in inventories	(22.2)	(4.2)
Change in accounts payable	(10.3)	3.4
Change in accrued expenses	(7.3)	18.3
Change in accrued and deferred income taxes	6.0	19.8
Other, net	16.0	(9.5)
Net Cash – Operating activities	246.6	178.3
Investing Activities		
Capital expenditures	(63.8)	(79.2)
Proceeds from sale of long-lived assets	42.7	3.4
Acquisitions, net of cash acquired	—	(113.7)
Other, net	—	0.2
Net Cash – Investing activities	(21.1)	(189.3)
Financing Activities		
Commercial paper, net repayments	(16.0)	17.5
Short-term revolving loans, borrowings	246.5	77.3
Short-term revolving loans, repayments	(233.8)	(123.9)
Long-term debt, issued	3.2	3.9
Long-term debt, repayments	(2.1)	(1.1)
Repurchase of common stock	(55.8)	(32.9)
Proceeds from issuance of common stock	5.8	6.7
Dividends paid	(23.9)	(22.8)
Other, net	(0.1)	—
Net Cash – Financing activities	(76.2)	(75.3)
Exchange rate effects on cash and cash equivalents	(11.4)	22.4
Net Cash – Operating activities of discontinued operations	(1.9)	(1.2)
Net change in cash and cash equivalents	136.0	(65.1)
Cash and cash equivalents – beginning of year	391.0	461.9
Cash and cash equivalents – end of period	\$ 527.0	\$ 396.8
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Interest	\$ 1.0	\$ 2.8
Income taxes, net of refunds received	\$ 31.0	\$ 39.6