

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

For the Periods Ended December 31	Three Months		Twelve Months	
	2018	2017	2018	2017
Revenue	\$ 678.4	\$ 683.6	\$ 2,745.1	\$ 2,585.3
Costs of Revenue	467.9	475.6	1,857.9	1,765.4
Gross profit	210.5	208.0	887.2	819.9
General and administrative expenses	62.5	58.0	259.1	258.4
Sales and marketing expenses	40.5	41.3	168.2	169.5
Research and development expenses	23.7	25.5	98.4	93.5
Gain on sale of long-lived assets	(0.2)	—	(40.7)	(0.9)
Asbestos-related costs (benefit), net	15.4	13.1	4.9	(19.9)
Operating income	68.6	70.1	397.3	319.3
Interest and non-operating expenses, net	2.3	1.7	6.3	9.9
Income from continuing operations before income tax	66.3	68.4	391.0	309.4
Income tax expense	15.3	134.3	57.7	194.6
Income (loss) from continuing operations	51.0	(65.9)	333.3	114.8
Income (loss) from discontinued operations	1.3	(1.2)	1.3	(1.5)
Net income (loss)	52.3	(67.1)	334.6	113.3
Less: Income (loss) attributable to noncontrolling interests	0.4	0.1	0.9	(0.2)
Net income (loss) attributable to ITT Inc.	\$ 51.9	\$ (67.2)	\$ 333.7	\$ 113.5
Amounts attributable to ITT Inc.:				
Income (loss) from continuing operations, net of tax	\$ 50.6	\$ (66.0)	\$ 332.4	\$ 115.0
Income (loss) from discontinued operations, net of tax	1.3	(1.2)	1.3	(1.5)
Net income (loss)	\$ 51.9	\$ (67.2)	\$ 333.7	\$ 113.5
Earnings (loss) per share attributable to ITT Inc.:				
Basic:				
Continuing operations	\$ 0.58	\$ (0.75)	\$ 3.79	\$ 1.30
Discontinued operations	0.01	(0.01)	0.02	(0.01)
Net income	\$ 0.59	\$ (0.76)	\$ 3.81	\$ 1.29
Diluted:				
Continuing operations	\$ 0.58	\$ (0.75)	\$ 3.75	\$ 1.29
Discontinued operations	0.01	(0.01)	0.01	(0.01)
Net income	\$ 0.59	\$ (0.76)	\$ 3.76	\$ 1.28
Weighted average common shares – basic	87.6	88.1	87.7	88.3
Weighted average common shares – diluted	88.7	88.1	88.7	89.0

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(IN MILLIONS)

	December 31, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 561.2	\$ 389.8
Receivables, net	540.0	629.6
Inventories, net	380.5	311.9
Other current assets	163.4	147.4
Total current assets	1,645.1	1,478.7
Plant, property and equipment, net	518.8	521.7
Goodwill	875.9	886.8
Other intangible assets, net	136.1	156.2
Asbestos-related assets	309.6	304.0
Deferred income taxes	164.5	149.9
Other non-current assets	196.8	202.9
Total non-current assets	2,201.7	2,221.5
Total assets	\$ 3,846.8	\$ 3,700.2
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term loans and current maturities of long-term debt	\$ 116.2	\$ 163.6
Accounts payable	339.2	351.4
Accrued liabilities	416.7	384.4
Total current liabilities	872.1	899.4
Asbestos-related liabilities	775.1	800.1
Postretirement benefits	208.2	227.3
Other non-current liabilities	166.5	175.6
Total non-current liabilities	1,149.8	1,203.0
Total liabilities	2,021.9	2,102.4
Total ITT Inc. shareholders' equity	1,822.4	1,596.1
Noncontrolling interests	2.5	1.7
Total shareholders' equity	1,824.9	1,597.8
Total liabilities and shareholders' equity	\$ 3,846.8	\$ 3,700.2

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

(IN MILLIONS)

For the Years Ended December 31	2018	2017
Operating Activities		
Income from continuing operations attributable to ITT Inc.	332.4	115.0
Adjustments to income from continuing operations		
Depreciation and amortization	109.4	105.3
Equity-based compensation	21.6	18.1
Gain on sale of long-lived assets	(40.7)	(0.9)
Asbestos-related benefit, net	4.9	(19.9)
Deferred income tax (benefit) expense	(14.7)	147.0
Asbestos-related payments, net	(40.8)	(45.3)
Contributions to postretirement plans	(11.2)	(45.0)
Changes in assets and liabilities:		
Change in receivables	(2.7)	(59.3)
Change in inventories	(13.3)	14.2
Change in accounts payable	(4.2)	16.8
Change in accrued expenses	5.7	17.2
Change in income taxes	14.4	(14.8)
Other, net	11.0	(1.2)
Net Cash – Operating activities	371.8	247.2
Investing Activities		
Capital expenditures	(95.5)	(113.3)
Proceeds from sale of assets	43.2	3.8
Acquisitions, net of cash acquired	—	(113.7)
Net Cash – Investing activities	(52.3)	(223.2)
Financing Activities		
Commercial paper, net (repayments) borrowings	(44.5)	48.9
Short-term revolving loans, borrowings	246.5	77.3
Short-term revolving loans, repayments	(233.8)	(177.3)
Long-term debt, repaid	(2.7)	(1.3)
Long-term debt issued	3.2	7.0
Repurchase of common stock	(56.1)	(32.9)
Dividends paid	(47.3)	(45.4)
Proceeds from issuance of common stock	5.8	11.2
Other, net	0.1	—
Net Cash – Financing activities	(128.8)	(112.5)
Exchange rate effects on cash and cash equivalents	(15.3)	20.0
Net cash from discontinued operations – operating activities	(4.2)	(2.4)
Net change in cash and cash equivalents	171.2	(70.9)
Cash and cash equivalents – beginning of year	391.0	461.9
Cash and Cash Equivalents – End of Period	\$ 562.2	\$ 391.0
Supplemental Cash Flow Disclosures		
Cash paid (received) during the year for:		
Interest	\$ 3.3	\$ 3.8
Income taxes, net of refunds received	53.5	62.0