UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2019

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 001-05672

ITT INC.

State of Indiana	**81-1197930**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification Number)*

1133 Westchester Avenue, White Plains, NY 10604
(Principal Executive Office)

Telephone Number: (914) 641-2000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $1 per share	ITT	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company
Emerging growth company			

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 30, 2019, there were 87.7 million shares of common stock ($1 par value per share) of the registrant outstanding.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the U.S. Securities and Exchange Commission (the SEC). The SEC maintains a website at www.sec.gov on which you may access our SEC filings. In addition, we make available free of charge at www.itt.com/investors copies of materials we file with, or furnish to, the SEC as well as other important information that we disclose from time to time. Information contained on our website, or that can be accessed through our website, does not constitute a part of this Report. We have included our website address only as an inactive textual reference and do not intend it to be an active link to our website.

Our corporate headquarters is located at 1133 Westchester Avenue, White Plains, NY 10604 and the telephone number of this location is (914) 641-2000.

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

Some of the information included herein includes forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our business, future financial results and the industry in which we operate, and other legal, regulatory and economic developments. These forward-looking statements include, but are not limited to, future strategic plans and other statements that describe the company's business strategy, outlook, objectives, plans, intentions or goals, and any discussion of future events and future operating or financial performance.

We use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target," "future," "may," "will," "could," "should," "potential," "continue," "guidance" and other similar expressions to identify such forward-looking statements. Forward-looking statements are uncertain and to some extent unpredictable, and involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from those expressed or implied in, or reasonably inferred from, such forward-looking statements.

Where in any forward-looking statement we express an expectation or belief as to future results or events, such expectation or belief is based on current plans and expectations of our management, expressed in good faith and believed to have a reasonable basis. However, there can be no assurance that the expectation or belief will occur or that anticipated results will be achieved or accomplished.

Among the factors that could cause our results to differ materially from those indicated by forward-looking statements are risks and uncertainties inherent in our business including, without limitation:

- uncertainties regarding our exposure to pending and future asbestos claims and related liabilities and insurance recoveries;
- uncertain global economic and capital markets conditions, including trade disputes between the U.S. and its trading partners;
- risks due to our operations and sales outside the U.S. and in emerging markets;
- fluctuations in foreign currency exchange rates;
- fluctuations in customers' levels of capital investment and maintenance expenditures, especially in the oil and gas, chemical, and mining markets;
- failure to compete successfully in our markets;
- the extent to which there are quality problems with respect to manufacturing processes or finished goods;
- failure to integrate acquired businesses or achieve expected benefits from such acquisitions;
- risks related to government contracting, including changes in levels of government spending and regulatory and contractual requirements applicable to sales to the U.S. government;
- volatility in raw material prices and our suppliers' ability to meet quality and delivery requirements;
- failure to manage the distribution of products and services effectively;
- loss of or decrease in sales from our most significant customer;
- fluctuations in our effective tax rate;
- failure to retain existing senior management, engineering and other key personnel and attract and retain new qualified personnel;
- failure to protect our intellectual property rights or violations of the intellectual property rights of others;
- the risk of material business interruptions, particularly at our manufacturing facilities;
- the risk of cybersecurity breaches;
- changes in laws relating to the use and transfer of personal and other information;

- failure of portfolio management strategies, including cost-saving initiatives, to meet expectations;
- fluctuations in the level of returns on our postretirement benefit plans;
- changes in environmental laws or regulations, discovery of previously unknown or more extensive contamination, or the failure of a potentially responsible party to perform;
- failure to comply with the U.S. Foreign Corrupt Practices Act or other applicable anti-corruption legislation, export controls and trade sanctions, including recently announced tariffs;
- risk of product liability claims and litigation; and
- risk of liabilities from past divestitures and spin-offs.

More information on factors that could cause actual results or events to differ materially from those anticipated is included in our reports filed with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2018 (particularly under the caption "Risk Factors"), our Quarterly Reports on Form 10-Q and in other documents we file from time to time with the SEC.

The forward-looking statements included in this Quarterly Report on Form 10-Q (this Report) speak only as of the date of this Report. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	Three Months		Nine Months	
For the Periods Ended September 30	**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

The accompanying Notes to the Consolidated Condensed Financial Statements are an integral part of the above statements of operations.

CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(IN MILLIONS)

	Three Months		Nine Months	
For the Periods Ended September 30	**2019**	2018	**2019**	2018
Net income	**$ 118.7**	$ 111.1	**$ 257.1**	$ 282.3
Other comprehensive loss:				
Net foreign currency translation adjustment	**(34.4)**	(5.0)	**(31.5)**	(25.6)
Net change in postretirement benefit plans, net of tax benefits of $0.7, $1.2, $1.1 and $2.0, respectively	**2.3**	3.9	**3.4**	6.1
Other comprehensive loss	**(32.1)**	(1.1)	**(28.1)**	(19.5)
Comprehensive income	**86.6**	110.0	**229.0**	262.8
Less: Comprehensive income attributable to noncontrolling interests	**0.1**	0.2	**0.4**	0.5
Comprehensive income attributable to ITT Inc.	**$ 86.5**	$ 109.8	**$ 228.6**	$ 262.3
Disclosure of reclassification adjustments to postretirement benefit plans				
Reclassification adjustments (see Note 16):				
Amortization of prior service benefit, net of tax expense of $(0.3), $(0.3), $(0.8) and $(0.8), respectively	**$ (0.8)**	$ (0.8)	**$ (2.5)**	$ (2.5)
Amortization of net actuarial loss, net of tax benefits of $0.5, $0.6, $1.4 and $1.9, respectively	**1.4**	1.8	**4.2**	5.7
Loss from plan settlement, net of tax benefit of $0.0, $0.3, $0.0 and $0.3, respectively	**—**	1.1	**—**	1.1
Other adjustments:				
Net actuarial gain, net of tax expense of $0.5, $0.6, $0.5 and $0.6, respectively	**1.7**	1.8	**1.7**	1.8
Net change in postretirement benefit plans, net of tax	**$ 2.3**	$ 3.9	**$ 3.4**	$ 6.1

The accompanying Notes to the Consolidated Condensed Financial Statements are an integral part of the above statements of comprehensive income.

CONSOLIDATED CONDENSED 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, $1 par value per share		
Issued and outstanding – 87.6 shares and 87.6 shares, respectively	**87.6**	87.6
Retained earnings	**2,313.6**	2,110.3
Total accumulated other comprehensive loss	**(403.6)**	(375.5)
Total ITT Inc. shareholders' equity	**1,997.6**	1,822.4
Noncontrolling interests	**2.3**	2.5
Total shareholders' equity	**1,999.9**	1,824.9
Total liabilities and shareholders' equity	**$ 4,064.2**	$ 3,846.8

The accompanying Notes to the Consolidated Condensed Financial Statements are an integral part of the above balance sheets.

CONSOLIDATED CONDENSED 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

The accompanying Notes to the Consolidated Condensed Financial Statements are an integral part of the above statements of cash flows.

CONSOLIDATED CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Common Stock		Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Shareholders' Equity
	(Shares)	(Dollars)				
December 31, 2018	**87.6**	**$ 87.6**	**$ 2,110.3**	**$ (375.5)**	**$ 2.5**	**$ 1,824.9**
Net income	—	—	71.3	—	0.1	71.4
Activity from stock incentive plans	0.6	0.6	8.9	—	—	9.5
Share repurchases	(0.4)	(0.4)	(19.5)	—	—	(19.9)
Dividends declared ($0.147 per share)	—	—	(12.9)	—	—	(12.9)
Total other comprehensive loss, net of tax	—	—	—	(1.8)	—	(1.8)
Other	—	—	—	—	0.1	0.1
March 31, 2019	**87.8**	**$ 87.8**	**$ 2,158.1**	**$ (377.3)**	**$ 2.7**	**$ 1,871.3**
Net income	—	—	66.8	—	0.2	67.0
Activity from stock incentive plans	0.1	0.1	7.1	—	—	7.2
Share repurchases	—	—	(0.1)	—	—	(0.1)
Dividends declared ($0.147 per share)	—	—	(13.1)	—	—	(13.1)
Dividend to noncontrolling interest	—	—	—	—	(0.7)	(0.7)
Total other comprehensive income, net of tax	—	—	—	5.8	—	5.8
June 30, 2019	**87.9**	**$ 87.9**	**$ 2,218.8**	**$ (371.5)**	**$ 2.2**	**$ 1,937.4**
Net income	—	—	118.6	—	0.1	118.7
Activity from stock incentive plans	—	—	7.2	—	—	7.2
Share repurchases	(0.3)	(0.3)	(18.0)	—	—	(18.3)
Dividends declared ($0.147 per share)	—	—	(13.0)	—	—	(13.0)
Total other comprehensive loss, net of tax	—	—	—	(32.1)	—	(32.1)
September 30, 2019	**87.6**	**$ 87.6**	**$ 2,313.6**	**$ (403.6)**	**$ 2.3**	**$ 1,999.9**

The accompanying Notes to the Consolidated Condensed Financial Statements are an integral part of the above statements of changes in shareholders' equity.

CONSOLIDATED CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)
(Continued)

	Common Stock		Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Shareholders' Equity
	(Shares)	(Dollars)				
December 31, 2017	**88.2**	**$ 88.2**	**$ 1,856.1**	**$ (348.2)**	**$ 1.7**	**$ 1,597.8**
Net income	—	—	101.2	—	0.1	101.3
Activity from stock incentive plans	0.3	0.3	4.7	—	—	5.0
Share repurchases	(1.1)	(1.1)	(54.2)	—	—	(55.3)
Cumulative adjustment for accounting change	—	—	(4.1)	—	—	(4.1)
Dividends declared ($0.134 per share)	—	—	(11.9)	—	—	(11.9)
Total other comprehensive income, net of tax	—	—	—	27.6	—	27.6
Other	—	—	—	—	0.1	0.1
March 31, 2018	**87.4**	**$ 87.4**	**$ 1,891.8**	**$ (320.6)**	**$ 1.9**	**$ 1,660.5**
Net income	—	—	69.7	—	0.2	69.9
Activity from stock incentive plans	0.2	0.2	9.7	—	—	9.9
Share repurchases	—	—	(0.1)	—	—	(0.1)
Dividends declared ($0.134 per share)	—	—	(11.8)	—	—	(11.8)
Total other comprehensive loss, net of tax	—	—	—	(46.0)	—	(46.0)
Other	—	—	—	—	(0.1)	(0.1)
June 30, 2018	**87.6**	**$ 87.6**	**$ 1,959.3**	**$ (366.6)**	**$ 2.0**	**$ 1,682.3**
Net income	—	—	110.9	—	0.2	111.1
Activity from stock incentive plans	—	—	7.8	—	—	7.8
Share repurchases	—	—	(0.4)	—	—	(0.4)
Dividends declared ($0.134 per share)	—	—	(11.9)	—	—	(11.9)
Total other comprehensive loss, net of tax	—	—	—	(1.1)	—	(1.1)
September 30, 2018	**87.6**	**$ 87.6**	**$ 2,065.7**	**$ (367.7)**	**$ 2.2**	**$ 1,787.8**

The accompanying Notes to the Consolidated Condensed Financial Statements are an integral part of the above statements of changes in shareholders' equity.

NOTE 1
DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business

ITT Inc. is a diversified manufacturer of highly engineered critical components and customized technology solutions for the transportation, industrial, and oil and gas markets. Unless the context otherwise indicates, references herein to "ITT," "the Company," and such words as "we," "us," and "our" include ITT Inc. and its subsidiaries. ITT operates through three segments: Motion Technologies, consisting of friction, shock and vibration equipment; Industrial Process, consisting of industrial flow equipment and services; and Connect & Control Technologies, consisting of electronic connectors, fluid handling, motion control and noise and energy absorption products. Financial information for our segments is presented in Note 3, Segment Information.

Basis of Presentation

The unaudited consolidated condensed financial statements have been prepared pursuant to the rules and regulations of the SEC and, in the opinion of management, reflect all known adjustments (which consist primarily of normal, recurring accruals, estimates and assumptions) necessary to state fairly the financial position, results of operations, and cash flows for the periods presented. The Consolidated Condensed Balance Sheet as of December 31, 2018, presented herein, has been derived from our audited balance sheet included in our Annual Report on Form 10-K (the 2018 Annual Report) for the year ended December 31, 2018 but does not include all disclosures required by GAAP. We consistently applied the accounting policies described in the 2018 Annual Report in preparing these unaudited financial statements, other than those related to new accounting standards adopted during the period. Refer to Note 2, Recent Accounting Pronouncements for further information. These financial statements should be read in conjunction with the financial statements and notes thereto included in our 2018 Annual Report.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Estimates are revised as additional information becomes available. Estimates and assumptions are used for, but not limited to, asbestos-related liabilities and recoveries from insurers, revenue recognition, unrecognized tax benefits, deferred tax valuation allowances, projected benefit obligations for postretirement plans, accounting for business combinations, goodwill and other intangible asset impairment testing, environmental liabilities and assets, allowance for doubtful accounts and inventory valuation. Actual results could differ from these estimates.

ITT's quarterly financial periods end on the Saturday that is closest to the last day of the calendar quarter, except for the last quarterly period of the fiscal year, which ends on December 31st. For ease of presentation, the quarterly financial statements included herein are described as ending on the last day of the calendar quarter.

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 2
RECENT ACCOUNTING PRONOUNCEMENTS

The Company considers the applicability and impact of all accounting standard updates (ASUs). ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on our consolidated financial position or results of operations.

Accounting Pronouncements Recently Adopted

Leases (ASU 2016-02)

In February 2016, the Financial Accounting Standards Board (FASB) issued new guidance which updated the accounting for leases in order to increase transparency and comparability of organizations by requiring balance sheet presentation of leased assets and increased financial statement disclosure of leasing arrangements. The new standard requires entities to recognize a liability for their lease obligations and a corresponding right-of-use asset, initially measured at the present value of the lease payments. Subsequent accounting depends on whether the agreement is deemed to be a financing or operating lease. For operating leases, a lessee recognizes its total lease expense as an operating expense over the lease term. For financing leases, a lessee recognizes amortization of the right-of-use asset as an operating expense over the lease term separately from interest on the lease liability. The ASU requires that assets and liabilities be presented and disclosed separately and the liabilities must be classified appropriately as current and noncurrent. The ASU further requires additional disclosure of certain qualitative and quantitative information related to lease agreements. The ASU was effective for the Company beginning on January 1, 2019, at which time we adopted the new standard using the modified retrospective approach as of the date of adoption. The Company elected to not reassess certain lease characteristics including whether expired or certain existing contracts contain leases, the lease classification prior to adoption, and initial direct costs. Upon adoption, we recognized a right-of-use asset of $80.0 (net of deferred rent of $3.4 previously included within Accrued liabilities and Other non-current liabilities) and a lease liability of $83.4 related to existing leases of real estate, vehicles, and other equipment that are classified as operating leases, and have terms greater than 12 months. The right-of-use asset is included within Other non-current assets and the lease liabilities are included within Accrued liabilities and Other non-current liabilities on the Consolidated Balance Sheet. A summary of the impact to our Consolidated Balance Sheet on January 1, 2019 is as follows:

	December 31, 2018	Effect of Change	January 1, 2019
Other non-current assets	$ 196.8	$ 80.0	$ 276.8
Accrued liabilities	416.7	18.7	435.4
Other non-current liabilities	166.5	61.3	227.8

Targeted Improvements to Accounting for Hedging Activities (ASU 2017-12)

In August 2017, the FASB issued amended guidance that simplifies the requirements of hedge accounting. The ASU enables companies to more accurately present the economic effects of risk management activities in the financial statements. The guidance requires the presentation of all items that affect earnings in the same income statement line as the hedged item and is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years with early adoption permitted. The Company adopted the provisions of ASU 2017-12 on January 1, 2019. The adoption did not result in an impact to our financial results since the Company did not have any derivatives outstanding at the time of adoption. As of September 30, 2019, the U.S. dollar equivalent notional value of the Company’s outstanding foreign currency forward contracts designated for hedge accounting was $4.7 and the fair value was nominal.

Reclassification of Certain Tax Effects From Accumulated Other Comprehensive Income (ASU 2018-02)

In February 2018, the FASB issued guidance related to the U.S. Tax Cuts and Jobs Act of 2017 (the Tax Act), which permits an optional reclassification of residual tax effects that are included within accumulated other comprehensive loss, to retained earnings. The reclassification represents the difference between the amount recorded in other comprehensive loss at the historical U.S. federal tax rate at the time the Tax Act became effective, and the amount that would have been recorded at the newly enacted rate. This guidance became effective during the first quarter of 2019, however we did not elect to make the optional reclassification.

Accounting Pronouncements Not Yet Adopted

Measurement of Credit Losses on Financial Instruments (ASU 2016-13)

In June 2016, the FASB issued updated guidance that requires entities to use a current expected credit loss model to measure credit-related impairments for financial instruments held at amortized cost, including trade receivables. The current expected credit loss model is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect collectability. Current expected credit losses, and subsequent adjustments, represent an estimate of lifetime expected credit losses that are recorded as an allowance deducted from the amortized cost of the financial instrument. The updated guidance is effective for the Company beginning on January 1, 2020 and will be adopted using a modified retrospective transition approach. The Company is currently evaluating the effect of adoption on our financial statements.

NOTE 3
SEGMENT INFORMATION

The Company’s segments are reported on the same basis used by our Chief Executive Officer, who is also our chief operating decision maker, for evaluating performance and for allocating resources. Our three reportable segments are referred to as: Motion Technologies, Industrial Process, and Connect & Control Technologies.

Motion Technologies manufactures brake components and specialized sealing solutions, shock absorbers and damping technologies primarily for the global automotive, truck and trailer, bus and rail transportation markets.

Industrial Process manufactures engineered fluid process equipment serving a diversified mix of customers in global industries such as chemical, oil and gas, mining, and other industrial process markets and is a provider of plant optimization and efficiency solutions and aftermarket services and parts.

Connect & Control Technologies manufactures harsh-environment connector solutions and critical energy absorption and flow control components for the aerospace and defense, general industrial, medical, and oil and gas markets.

Corporate and Other consists of corporate office expenses including compensation, benefits, occupancy, depreciation and other administrative costs, as well as charges related to certain matters, such as asbestos and environmental liabilities, that are managed at a corporate level and are not included in segment results when evaluating performance or allocating resources. Assets of the segments exclude general corporate assets, which principally consist of cash, investments, asbestos-related receivables, environmental-related assets, deferred taxes, and certain property, plant and equipment.

	Revenue		Operating Income		Operating Margin	
For the Three Months Ended September 30	**2019**	2018	**2019**	2018	**2019**	2018
Motion Technologies	**$ 304.5**	$ 310.3	**$ 56.7**	$ 58.5	**18.6%**	18.9%
Industrial Process	**240.3**	205.0	**22.0**	23.7	**9.2%**	11.6%
Connect & Control Technologies	**167.9**	166.0	**28.4**	26.0	**16.9%**	15.7%
Total segment results	**712.7**	681.3	**107.1**	108.2	**15.0%**	15.9%
Asbestos-related benefit, net	**—**	—	**56.2**	4.3	**—**	—
Gain on sale of long-lived assets	**—**	—	**—**	38.0	**—**	—
Eliminations / Other corporate costs	**(0.8)**	(0.7)	**(10.8)**	(12.7)	**—**	—
Total Eliminations / Corporate and Other costs	**(0.8)**	(0.7)	**45.4**	29.6	**—**	—
Total	**$ 711.9**	$ 680.6	**$ 152.5**	$ 137.8	**21.4%**	20.2%

	Revenue		Operating Income		Operating Margin	
For the Nine Months Ended September 30	**2019**	2018	**2019**	2018	**2019**	2018
Motion Technologies	**$ 937.4**	$ 982.8	**$ 169.6**	$ 175.9	**18.1%**	17.9%
Industrial Process	**688.6**	598.0	**70.2**	64.0	**10.2%**	10.7%
Connect & Control Technologies	**503.1**	488.0	**85.4**	76.3	**17.0%**	15.6%
Total segment results	**2,129.1**	2,068.8	**325.2**	316.2	**15.3%**	15.3%
Asbestos-related benefit, net	**—**	—	**31.8**	10.5	**—**	—
Gain on sale of long-lived assets	**—**	—	**0.5**	38.0	**—**	—
Eliminations / Corporate and other costs	**(1.8)**	(2.1)	**(28.4)**	(36.0)	**—**	—
Total Eliminations / Corporate and Other costs	**(1.8)**	(2.1)	**3.9**	12.5	**—**	—
Total	**$ 2,127.3**	$ 2,066.7	**$ 329.1**	$ 328.7	**15.5%**	15.9%

As of and for the Nine Months Ended September 30	Total Assets 2019	Total Assets 2018(a)	Capital Expenditures 2019	Capital Expenditures 2018	Depreciation & Amortization 2019	Depreciation & Amortization 2018
Motion Technologies	**$ 1,188.2**	$ 1,147.2	**$ 44.8**	$ 54.1	**$ 42.9**	$ 42.8
Industrial Process	**1,115.2**	1,000.1	**8.5**	3.5	**19.8**	20.5
Connect & Control Technologies	**756.0**	694.0	**13.4**	6.0	**15.9**	16.2
Corporate and Other	**1,004.8**	1,005.5	**2.6**	0.2	**2.5**	3.0
Total	**$ 4,064.2**	$ 3,846.8	**$ 69.3**	$ 63.8	**$ 81.1**	$ 82.5

(a) Amounts reflect balances as of December 31, 2018.

NOTE 4
REVENUE

The following table represents our revenue disaggregated by end market for the three and nine months ended September 30, 2019 and 2018.

For the Three Months Ended September 30, 2019	Motion Technologies	Industrial Process	Connect & Control Technologies	Eliminations	Total
Automotive and rail	$ 301.1	$ —	$ —	$ —	$ 301.1
Chemical and industrial pumps	—	185.7	—	—	185.7
Aerospace and defense	1.1	—	104.0	—	105.1
Oil and gas	—	54.6	11.4	—	66.0
General industrial	2.3	—	52.5	(0.8)	54.0
Total	$ 304.5	$ 240.3	$ 167.9	$ (0.8)	$ 711.9
For the Nine Months Ended September 30, 2019					
Automotive and rail	$ 923.2	$ —	$ —	$ (0.1)	$ 923.1
Chemical and industrial pumps	—	515.9	—	—	515.9
Aerospace and defense	6.2	—	308.8	—	315.0
Oil and gas	—	172.7	30.0	—	202.7
General industrial	8.0	—	164.3	(1.7)	170.6
Total	$ 937.4	$ 688.6	$ 503.1	$ (1.8)	$ 2,127.3

For the Three Months Ended September 30, 2018	Motion Technologies	Industrial Process	Connect & Control Technologies	Eliminations	Total
Automotive and rail	$ 305.4	$ —	$ —	$ —	$ 305.4
Chemical and industrial pumps	—	145.6	—	—	145.6
Aerospace and defense	1.3	—	92.9	—	94.2
Oil and gas	—	59.4	12.5	—	71.9
General industrial	3.6	—	60.6	(0.7)	63.5
Total	$ 310.3	$ 205.0	$ 166.0	$ (0.7)	$ 680.6
For the Nine Months Ended September 30, 2018					
Automotive and rail	$ 966.5	$ —	$ —	$ (0.1)	$ 966.4
Chemical and industrial pumps	—	440.3	—	—	440.3
Aerospace and defense	5.8	—	276.6	—	282.4
Oil and gas	—	157.7	31.6	—	189.3
General industrial	10.5	—	179.8	(2.0)	188.3
Total	$ 982.8	$ 598.0	$ 488.0	$ (2.1)	$ 2,066.7

Contract Assets and Liabilities

Contract assets consist of unbilled amounts where revenue recognized exceeds customer billings. Contract liabilities consist of advance payments and billings in excess of revenue recognized. The following table represents our net contract assets and liabilities as of September 30, 2019 and December 31, 2018.

	September 30, 2019	December 31, 2018	Change
Current contract assets	$ 33.6	$ 21.8	54.1 %
Non-current contract assets	—	0.7	(100.0)%
Current contract liabilities	(52.7)	(61.0)	(13.6)%
Net contract liabilities	$ (19.1)	$ (38.5)	(50.4)%

During the three and nine months ended September 30, 2019, we recognized revenue of $9.2 and $41.6, related to contract liabilities as of December 31, 2018.

Remaining Performance Obligations

For contracts greater than one year, the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as of September 30, 2019 was $98.9. Of this amount, we expect to recognize approximately $15 to $20 of revenue during 2019, approximately $65 to $75 in 2020, and the remainder thereafter.

NOTE 5
RESTRUCTURING ACTIONS

The table below summarizes the restructuring costs presented within general and administrative expenses in our Consolidated Condensed Statements of Operations for the three and nine months ended September 30, 2019 and 2018. We have initiated various restructuring activities throughout our businesses during the past two years, however there were no restructuring activities considered individually significant.

	Three Months		Nine Months	
For the Periods Ended September 30	2019	2018	2019	2018
Severance and other employee-related	$ 6.5	$ 0.8	$ 10.5	$ 2.4
Other	0.2	0.1	0.4	0.6
Total restructuring costs	$ 6.7	$ 0.9	$ 10.9	$ 3.0
By segment:				
Motion Technologies	0.7	0.4	$ 4.5	$ 1.7
Industrial Process	5.1	—	5.5	—
Connect & Control Technologies	0.9	0.5	0.8	1.3
Corporate and Other	—	—	0.1	—

The following table displays a rollforward of the restructuring accruals, presented on our Consolidated Condensed Balance Sheet within accrued liabilities, for the nine months ended September 30, 2019 and 2018.

For the Periods Ended September 30	2019	2018
Restructuring accruals - beginning balance	$ 6.7	$ 8.9
Restructuring costs	10.9	3.0
Cash payments	(7.8)	(5.9)
Foreign exchange translation and other	(0.4)	0.8
Restructuring accrual - ending balance	$ 9.4	$ 6.8
By accrual type:		
Severance and other employee-related	$ 9.1	$ 6.0
Other	0.3	0.8

NOTE 6
INCOME TAXES

For the Periods Ended September 30	Three Months 2019	Three Months 2018	Three Months Change	Nine Months 2019	Nine Months 2018	Nine Months Change
Income tax expense	**$ 34.1**	$ 25.9	31.7%	**$ 73.1**	$ 42.4	72.4%
Effective tax rate	**22.3%**	18.9%	340bp	**22.1%**	13.1%	900bp

The higher effective tax rate during the third quarter of 2019 was primarily due to the 2018 release of unrecognized tax benefits of $3.4 related to audit closures and tax benefits of $1.8 in 2018 from valuation allowance reversals on deferred tax assets. The higher effective tax rate during the year-to-date period was primarily due to tax benefits of $21.6 in 2018 from German valuation allowance reversals on deferred tax assets.

The Company operates in various tax jurisdictions and is subject to examination by tax authorities in these jurisdictions. The Company is currently under examination in several jurisdictions including the Czech Republic, Germany, Hong Kong, India, Italy, Japan, Mexico, the U.S. and Venezuela. The estimated tax liability calculation for unrecognized tax benefits considers uncertainties in the application of complex tax laws and regulations in various tax jurisdictions. Due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the current estimate of the unrecognized tax benefit. Over the next 12 months, the net amount of the tax liability for unrecognized tax benefits in foreign and domestic jurisdictions could change by approximately $14 due to changes in audit status, expiration of statutes of limitations and other events. In addition, the settlement of any future examinations relating to the 2011 and prior tax years could result in changes in amounts attributable to the Company under its Tax Matters Agreement with Exelis Inc. and Xylem Inc. relating to the Company's 2011 spin-off of those businesses.

NOTE 7
EARNINGS PER SHARE DATA

The following table provides a reconciliation of the data used in the calculation of basic and diluted earnings per share from continuing operations attributable to ITT for the three and nine months ended September 30, 2019 and 2018.

For the Periods Ended September 30	Three Months 2019	Three Months 2018	Nine Months 2019	Nine Months 2018
Basic weighted average common shares outstanding	**87.8**	87.6	**87.7**	87.7
Add: Dilutive impact of outstanding equity awards	**0.9**	1.1	**0.9**	1.0
Diluted weighted average common shares outstanding	**88.7**	88.7	**88.6**	88.7

There were no anti-dilutive shares underlying stock options excluded from the computation of diluted earnings per share for the three and nine months ended September 30, 2019 and 2018.

NOTE 8
RECEIVABLES, NET

	September 30, 2019	December 31, 2018
Trade accounts receivable	**$ 556.8**	$ 531.7
Notes receivable	**7.6**	3.7
Other	**21.3**	22.9
Receivables, gross	**585.7**	558.3
Less: Allowance for doubtful accounts	**(11.4)**	(18.3)
Receivables, net	**$ 574.3**	$ 540.0

NOTE 9
INVENTORIES, NET

	September 30, 2019	December 31, 2018
Finished goods	**$ 60.8**	$ 64.2
Work in process	**101.9**	83.1
Raw materials	**251.9**	233.2
Inventories, net	**$ 414.6**	$ 380.5

Inventory related to long-term contracts of $45.7 as of December 31, 2018 has been reclassified to the respective inventory categories to conform with the current year presentation.

NOTE 10
OTHER CURRENT AND NON-CURRENT ASSETS

	September 30, 2019	December 31, 2018
Asbestos-related assets	**$ 77.1**	$ 67.1
Advance payments and other prepaid expenses	**34.4**	44.5
Current contract assets	**33.6**	21.8
Prepaid income taxes	**15.0**	19.6
Other	**1.6**	10.4
Other current assets	**$ 161.7**	$ 163.4
Other employee benefit-related assets	**$ 119.1**	$ 104.7
Operating lease right-of-use assets (see Note 2)	**88.9**	—
Capitalized software costs	**31.0**	35.3
Environmental-related assets	**22.1**	23.4
Equity method investments	**9.4**	7.7
Other	**29.1**	25.7
Other non-current assets	**$ 299.6**	$ 196.8

NOTE 11
PLANT, PROPERTY AND EQUIPMENT, NET

	Useful life (in years)	September 30, 2019	December 31, 2018
Machinery and equipment	2 - 10	**$ 1,080.9**	$ 1,056.9
Buildings and improvements	5 - 40	**272.2**	265.3
Furniture, fixtures and office equipment	3 - 7	**78.7**	69.1
Construction work in progress		**66.4**	67.9
Land and improvements		**32.6**	27.8
Other		**9.8**	10.3
Plant, property and equipment, gross		**1,540.6**	1,497.3
Less: Accumulated depreciation		**(1,018.9)**	(978.5)
Plant, property and equipment, net		**$ 521.7**	$ 518.8

Depreciation expense of $20.7 and $20.7, and $61.4 and $62.4 was recognized in the three and nine months ended September 30, 2019 and 2018, respectively.

NOTE 12
GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Goodwill

The following table provides a rollforward of the carrying amount of goodwill for the nine months ended September 30, 2019 by segment.

	Motion Technologies	Industrial Process	Connect & Control Technologies	Total
Goodwill - December 31, 2018	$ 294.5	$ 315.8	$ 265.6	$ 875.9
Acquired	—	36.6	8.7	45.3
Foreign exchange translation	(3.6)	(6.8)	(1.0)	(11.4)
Goodwill - September 30, 2019	**$ 290.9**	**$ 345.6**	**$ 273.3**	**$ 909.8**

Goodwill acquired is related to our acquisitions of Rheinhütte Pumpen Group (Rheinhütte) and Matrix Composites, Inc. (Matrix) in the second and third quarters of 2019, respectively. Goodwill acquired represents the preliminary calculation of the excess of the purchase price over the net assets acquired, the valuation of which is pending completion. Upon completion of the valuation, goodwill acquired will be adjusted to reflect the final fair value of the net assets acquired. Refer to Note 21, Acquisitions, for additional information.

Other Intangible Assets, Net

Information regarding our other intangible assets is as follows:

	September 30, 2019			December 31, 2018		
	Gross Carrying Amount	**Accumulated Amortization**	**Net Intangibles**	Gross Carrying Amount	Accumulated Amortization	Net Intangibles
Customer relationships	**$ 179.3**	**$ (95.7)**	**$ 83.6**	$ 164.1	$ (86.2)	$ 77.9
Proprietary technology	**57.9**	**(26.8)**	**31.1**	53.7	(25.6)	28.1
Patents and other	**12.6**	**(9.7)**	**2.9**	12.3	(9.4)	2.9
Finite-lived intangible total	**249.8**	**(132.2)**	**117.6**	230.1	(121.2)	108.9
Indefinite-lived intangibles	**30.1**	**—**	**30.1**	27.2	—	27.2
Other intangible assets	**$ 279.9**	**$ (132.2)**	**$ 147.7**	$ 257.3	$ (121.2)	$ 136.1

Amortization expense related to finite-lived intangible assets was $5.3 and $4.4, and $13.3 and $13.3 for the three and nine months ended September 30, 2019 and 2018, respectively.

The preliminary fair value of intangible assets acquired in connection with the purchase of Rheinhütte includes $7.4 of proprietary technology with a useful life of 7 years, $4.5 of customer relationships with a useful life of 9 years, and $3.3 for a trade name with an indefinite life. As of September 30, 2019, intangible assets acquired in connection with the purchase of Matrix have been estimated to have a preliminary fair value of $12 related to customer relationships.

NOTE 13
ACCRUED LIABILITIES AND OTHER NON-CURRENT LIABILITIES

	September 30, 2019	December 31, 2018
Compensation and other employee-related benefits	**$ 149.2**	$ 152.2
Contract liabilities and other customer-related liabilities	**72.2**	82.2
Asbestos-related liability	**86.2**	74.2
Accrued income taxes and other tax-related liabilities	**28.6**	33.7
Operating lease liabilities (see Note 2)	**18.2**	—
Accrued warranty costs	**17.2**	16.2
Environmental liabilities and other legal matters	**17.1**	24.0
Other	**37.0**	34.2
Accrued liabilities	**$ 425.7**	$ 416.7
Environmental liabilities	**$ 55.3**	$ 59.5
Operating lease liabilities (see Note 2)	**74.4**	—
Compensation and other employee-related benefits	**34.4**	34.2
Deferred income taxes and other tax-related accruals	**24.4**	25.0
Other	**49.2**	47.8
Other non-current liabilities	**$ 237.7**	$ 166.5

NOTE 14
LEASES

The Company's lease portfolio primarily relates to real estate, which may be used for manufacturing or non-manufacturing purposes, and contains lease terms generally ranging between one and 18 years. Our lease portfolio also includes vehicles and other equipment such as forklifts. Substantially all of our leases are classified as operating leases. For leases with terms greater than 12 months, we record a right-of-use asset and lease liability equal to the present value of the lease payments. In determining the discount rate used to measure the right-of-use asset and lease liability, we utilize the Company's incremental borrowing rate and consider the term of the lease, as well as the geographic location of the leased asset.

Where options to renew a lease are available, they are included in the lease term and capitalized on the balance sheet to the extent there would be a significant economic penalty not to elect the option. Certain real estate leases are subject to periodic changes in an index or market rate. While lease liabilities are not remeasured as a result of changes to an index or rate, these changes are treated as variable lease payments and recognized in the period in which the obligation for those payments is incurred. Variable lease expense also includes property tax and property insurance costs.

For the three and nine months ended September 30, 2019, operating lease costs were $6.3 and $18.6, respectively. Short-term lease costs, variable lease costs, and sublease income are not considered material.

Future operating lease payments under non-cancellable operating leases with an initial term in excess of 12 months as of September 30, 2019 are shown below.

2019	$	5.6
2020		20.3
2021		16.2
2022		13.1
2023		10.4
2024 and thereafter		58.6
Total lease payments		124.2
Less: amount of lease payments representing interest		(31.6)
Present value of future lease payments	$	92.6

Short-term lease liability	$	18.2
Long-term lease liability		74.4
Present value of future lease payments	$	92.6

Future minimum operating lease payments under non-cancellable operating leases with an initial term in excess of 12 months as of December 31, 2018 are shown below.

2019	$	22.2
2020		16.8
2021		12.6
2022		10.2
2023		8.1
2024 and thereafter		46.4
Total minimum lease payments	$	116.3

Our lease portfolio has a weighted average remaining lease term of 13.7 years, and the weighted average discount rate is 3.2%. During the nine months ended September 30, 2019, we recognized non-cash right-of-use assets of $25.8 for new leases entered into during the period, primarily related to the lease renewal of a key manufacturing site in our Connect & Control segment. Operating cash outflows from operating leases during the nine months ended September 30, 2019 were $16.8.

NOTE 15
DEBT

		September 30, 2019		December 31, 2018
Commercial paper	**$**	**120.3**	$	114.4
Current maturities of long-term debt and finance leases		**2.4**		1.8
Commercial paper and current maturities of long-term debt		**122.7**		116.2
Long-term debt and finance leases		**12.6**		8.8
Total debt and finance leases	**$**	**135.3**	$	125.0

Commercial Paper

Commercial paper outstanding as of September 30, 2019 and December 31, 2018 was issued entirely through the Company's euro program and had an associated weighted average interest rate of 0.05% and 0.06%, respectively. The outstanding commercial paper for both periods had maturity terms less than three months from the date of issuance.

Refer to the Liquidity section within "Item 2. Management's Discussion and Analysis," for additional information on our overall funding and liquidity strategy.

NOTE 16
POSTRETIREMENT BENEFIT PLANS

The following table provides the components of net periodic benefit cost for pension plans and other employee-related benefit plans for the three and nine months ended September 30, 2019 and 2018.

For the Three Months Ended September 30	2019 Pension	2019 Other Benefits	2019 Total	2018 Pension	2018 Other Benefits	2018 Total
Service cost	**$ 0.4**	**$ 0.2**	**$ 0.6**	$ 0.4	$ 0.2	$ 0.6
Interest cost	**3.1**	**1.0**	**4.1**	3.0	1.0	4.0
Expected return on plan assets	**(3.8)**	**(0.1)**	**(3.9)**	(4.4)	—	(4.4)
Amortization of prior service cost (benefit)	**0.2**	**(1.3)**	**(1.1)**	0.2	(1.3)	(1.1)
Amortization of net actuarial loss	**1.3**	**0.6**	**1.9**	1.5	0.9	2.4
Net periodic benefit cost	**1.2**	**0.4**	**1.6**	0.7	0.8	1.5
Loss from settlement or curtailment	**—**	**—**	**—**	1.4	—	1.4
Total net periodic benefit cost	**$ 1.2**	**$ 0.4**	**$ 1.6**	$ 2.1	$ 0.8	$ 2.9

For the Nine Months Ended September 30	2019 Pension	2019 Other Benefits	2019 Total	2018 Pension	2018 Other Benefits	2018 Total
Service cost	**$ 1.1**	**$ 0.5**	**$ 1.6**	$ 1.2	$ 0.6	$ 1.8
Interest cost	**9.4**	**3.0**	**12.4**	8.6	3.2	11.8
Expected return on plan assets	**(11.0)**	**(0.1)**	**(11.1)**	(11.2)	(0.2)	(11.4)
Amortization of prior service cost (benefit)	**0.6**	**(3.9)**	**(3.3)**	0.6	(3.9)	(3.3)
Amortization of net actuarial loss	**3.9**	**1.7**	**5.6**	4.5	3.1	7.6
Net periodic benefit cost	**4.0**	**1.2**	**5.2**	3.7	2.8	6.5
Loss from settlement or curtailment	**—**	**—**	**—**	1.4	—	1.4
Total net periodic benefit cost	**$ 4.0**	**$ 1.2**	**$ 5.2**	$ 5.1	$ 2.8	$ 7.9

In the third quarter of 2018, we recorded a settlement loss of $1.4 related to retiree lump sum pension payments in our Industrial Process segment.

We made contributions to our global postretirement plans of $19.7 and $9.7 during the nine months ended September 30, 2019 and 2018, respectively, which included a discretionary contribution of $9 to our U.S. pension plan during 2019. We expect to make contributions of approximately $3 to $4 during the remainder of 2019, principally related to our other employee-related benefit plans.

Amortization from accumulated other comprehensive income into earnings related to prior service cost and net actuarial loss was $0.6 and $2.1, and $1.7 and $4.3, net of tax, during the three and nine months ended September 30, 2019 and 2018, respectively. No other reclassifications from accumulated other comprehensive income into earnings were recognized during any of the presented periods.

NOTE 17
LONG-TERM INCENTIVE EMPLOYEE COMPENSATION

Our long-term incentive plan (LTIP) costs are primarily recorded within general and administrative expenses. The following table provides the components of LTIP costs for the three and nine months ended September 30, 2019 and 2018.

	Three Months		Nine Months	
For the Periods Ended September 30	**2019**	2018	**2019**	2018
Equity-based awards	**$ 3.9**	$ 6.7	**$ 12.3**	$ 16.9
Liability-based awards	**0.3**	0.9	**1.7**	1.7
Total share-based compensation expense	**$ 4.2**	$ 7.6	**$ 14.0**	$ 18.6

At September 30, 2019, there was $21.3 of total unrecognized compensation cost related to non-vested equity awards. This cost is expected to be recognized ratably over a weighted-average period of 1.9 years. Additionally, unrecognized compensation cost related to liability-based awards was $1.8, which is expected to be recognized ratably over a weighted-average period of 1.5 years.

Year-to-Date 2019 LTIP Activity

The majority of our LTIP awards are granted during the first quarter of each year and vest on the completion of a three-year service period. During the nine months ended September 30, 2019, we granted the following LTIP awards as provided in the table below:

	# of Awards Granted	Weighted Average Grant Date Fair Value Per Share
Restricted stock units (RSUs)	0.2	$ 58.75
Performance stock units (PSUs)	0.1	$ 65.28

During the nine months ended September 30, 2019 and 2018, 0.3 and 0.2 of non-qualified stock options were exercised resulting in proceeds of $11.6 and $5.8, respectively. During the nine months ended September 30, 2019 and 2018, RSUs of 0.2 vested and were issued. During the nine months ended September 30, 2019 and 2018, PSUs of 0.2 and 0.1 that vested on December 31, 2018 and 2017, respectively, were issued.

NOTE 18
CAPITAL STOCK

On October 27, 2006, our Board of Directors approved a three-year, $1 billion share repurchase program, which it modified in 2008 to make the term indefinite. During the nine months ended September 30, 2019 and 2018, we repurchased and retired 0.5 and 1.0 shares of common stock for $28.7 and $50.0, respectively, under this program. To date, the Company has repurchased 22.7 shares for $938.1 under this program. On October 30, 2019, the Board of Directors approved a new $40 share repurchase authorization to effectively close out the current share repurchase program and approved a new indefinite term $500 share repurchase program.

Separate from the share repurchase program, the Company repurchased 0.2 and 0.1 shares during the nine months ended September 30, 2019 and 2018, respectively, for an aggregate price of $9.6 and $5.8, respectively, in settlement of employee tax withholding obligations due upon the vesting of RSUs and PSUs.

NOTE 19
ACCUMULATED OTHER COMPREHENSIVE LOSS

	Postretirement Benefit Plans	Cumulative Translation Adjustment	Accumulated Other Comprehensive Loss
December 31, 2018	$ (131.6)	$ (243.9)	$ (375.5)
Net change during period	0.6	(2.4)	(1.8)
March 31, 2019	(131.0)	(246.3)	(377.3)
Net change during period	0.5	5.3	5.8
June 30, 2019	(130.5)	(241.0)	(371.5)
Net change during period	2.3	(34.4)	(32.1)
September 30, 2019	$ (128.2)	$ (275.4)	$ (403.6)

	Postretirement Benefit Plans	Cumulative Translation Adjustment	Accumulated Other Comprehensive Loss
December 31, 2017	$ (137.6)	$ (210.6)	$ (348.2)
Net change during period	1.1	26.5	27.6
March 31, 2018	(136.5)	(184.1)	(320.6)
Net change during period	1.1	(47.1)	(46.0)
June 30, 2018	(135.4)	(231.2)	(366.6)
Net change during period	3.9	(5.0)	(1.1)
September 30, 2018	$ (131.5)	$ (236.2)	$ (367.7)

NOTE 20
COMMITMENTS AND CONTINGENCIES

From time to time, we are involved in legal proceedings that are incidental to the operation of our businesses. Some of these proceedings allege damages relating to asbestos and environmental exposures, intellectual property matters, copyright infringement, personal injury claims, employment and employee benefit matters, government contract issues and commercial or contractual disputes and acquisitions or divestitures. We will continue to defend vigorously against all claims. Although the ultimate outcome of any legal matter cannot be predicted with certainty, based on present information, including our assessment of the merits of the particular claim, as well as our current reserves and insurance coverage, we do not expect that such legal proceedings will have a material adverse impact on our financial statements, unless otherwise noted below.

Asbestos Matters

Subsidiaries of ITT, including ITT LLC and Goulds Pumps LLC, have been sued, along with many other companies in product liability lawsuits alleging personal injury due to asbestos exposure. These claims generally allege that certain products sold by our subsidiaries prior to 1985 contained a part manufactured by a third party (*e.g.*, a gasket) which contained asbestos. To the extent these third-party parts may have contained asbestos, it was encapsulated in the gasket (or other) material and was non-friable. As of September 30, 2019, there were approximately 24 thousand pending claims against ITT subsidiaries, including Goulds Pumps LLC, filed in various state and federal courts alleging injury as a result of exposure to asbestos. Activity related to these asserted asbestos claims during the period was as follows:

Pending claims – Beginning	24
New claims	3
Settlements	(1)
Dismissals	(2)
Pending claims – Ending	24

Frequently, plaintiffs are unable to identify any ITT LLC or Goulds Pumps LLC products as a source of asbestos exposure. Our experience to date is that a majority of resolved claims are dismissed without any payment from ITT subsidiaries. Management believes that a large majority of the pending claims have little or no value. In addition, because claims are sometimes dismissed in large groups, the average cost per resolved claim can fluctuate significantly from period to period. ITT expects more asbestos-related suits will be filed in the future, and ITT will continue to aggressively defend or seek a reasonable resolution, as appropriate.

Asbestos litigation is a unique form of litigation. Frequently, the plaintiff sues a large number of defendants and does not state a specific claim amount. After filing a complaint, the plaintiff engages defendants in settlement negotiations to establish a settlement value based on certain criteria, including the number of defendants in the case. Rarely do the plaintiffs seek to collect all damages from one defendant. Rather, they seek to spread the liability, and thus the payments, among many defendants. As a result of this and other factors, the Company is unable to estimate the maximum potential exposure to pending claims and claims estimated to be filed over the next 10 years.

Estimating our exposure to pending asbestos claims and those that may be filed in the future is subject to significant uncertainty and risk as there are multiple variables that can affect the timing, severity, quality, quantity and resolution of claims. Any predictions with respect to the variables impacting the estimate of the asbestos liability and related asset are subject to even greater uncertainty as the projection period lengthens. In light of the variables and uncertainties inherent in the long-term projection of the Company's asbestos exposures, while it is probable that the Company will incur additional costs for asbestos claims filed beyond the next 10 years, which additional costs may be material, we do not believe there is a reasonable basis for estimating those costs at this time.

The asbestos liability and related receivables reflect management's best estimate of future events. However, future events affecting the key factors and other variables for either the asbestos liability or the related receivables could cause actual costs or recoveries to be materially higher or lower than currently estimated. Due to these uncertainties, as well as our inability to reasonably estimate any additional asbestos liability for claims which may be filed beyond the next 10 years, it is difficult to predict the ultimate cost of resolving all pending and unasserted asbestos claims. We believe it is possible that future events affecting the key factors and other variables within the next 10 years, as well as the cost of asbestos claims filed beyond the next 10 years, net of expected recoveries, could have a material adverse effect on our financial statements.

Income Statement Costs/Benefit

In the third quarter of each year, we conduct our annual remeasurement with the assistance of outside consultants in order to review and update the underlying assumptions used in our asbestos liability and related asset estimates. In each remeasurement, the underlying assumptions are updated based on our actual experience since our previous annual remeasurement, and we reassess the appropriate reference period used in determining each assumption and our expectations regarding future conditions, including inflation.

Based on the results of this study, in the third quarter of 2019, we decreased our estimated undiscounted asbestos liability, including legal fees, by $4.5, reflecting a decrease in costs the company estimates will be incurred to resolve all pending claims, as well as unasserted claims estimated to be filed over the next 10 years. The decrease in our estimated liability is a result of several developments, primarily favorable experience in dismissal rates and a decrease in the number of cases expected to be adjudicated, partially offset by an increase in settlement values. Further, in the third quarter of 2019, the Company increased its estimated asbestos-related assets by $63.6, primarily due to an increase in insurance recoveries since a recent favorable court ruling.

In addition to the charges associated with our annual remeasurement, we record a net asbestos charge each quarter to maintain a rolling 10-year forecast period. The table below summarizes the total net asbestos charges for the three and nine months ended September 30, 2019 and 2018.

	Three Months		Nine Months	
For the Periods Ended September 30	**2019**	2018	**2019**	2018
Asbestos provision	**$ 11.9**	$ 13.4	**$ 36.3**	$ 39.3
Net asbestos remeasurement (benefit) cost	**(68.1)**	7.2	**(68.1)**	7.2
Insurance settlement agreements [(a)]	**—**	(24.9)	**—**	(57.0)
Asbestos-related benefit, net	**$ (56.2)**	$ (4.3)	**$ (31.8)**	$ (10.5)

(a) During 2018, we entered into a settlement agreement and a settlement-in-principle with insurers to settle responsibility for multiple insurance claims. Under the terms of the agreements, the insurers agreed to upfront payments to a Qualified Settlement Fund for past costs in addition to providing coverage for certain future asbestos claims on specified terms and conditions.

Changes in Financial Position

The Company's estimated asbestos exposure, net of expected recoveries for the resolution of all pending claims and claims estimated to be filed in the next 10 years was $420.7 and $472.6 as of September 30, 2019 and December 31, 2018.

The following table provides a rollforward of the estimated asbestos liability and related assets for the nine months ended September 30, 2019 and 2018.

	2019			2018		
For the Nine Months Ended September 30	**Liability**	**Asset**	**Net**	Liability	Asset	Net
Beginning balance	**$ 849.3**	**$ 376.7**	**$ 472.6**	$ 877.2	$ 368.7	$ 508.5
Asbestos provision[a]	**45.1**	**8.8**	**36.3**	48.5	9.2	39.3
Asbestos remeasurement	**(4.5)**	**63.6**	**(68.1)**	(8.6)	(15.8)	7.2
Insurance settlement agreement	**—**	**—**	**—**	—	57.0	(57.0)
Net cash activity[a]	**(62.1)**	**(42.0)**	**(20.1)**	(72.0)	(29.7)	(42.3)
Ending balance	**$ 827.8**	**$ 407.1**	**$ 420.7**	$ 845.1	$ 389.4	$ 455.7
Current portion	**$ 86.2**	**$ 77.1**		$ 73.3	$ 67.1	
Noncurrent portion	**$ 741.6**	**$ 330.0**		$ 771.8	$ 322.3	

(a) Includes certain administrative costs such as legal-related costs for insurance asset recoveries.

Environmental Matters

In the ordinary course of business, we are subject to federal, state, local, and foreign environmental laws and regulations. We are responsible, or are alleged to be responsible, for ongoing environmental investigation and site remediation. These sites are in various stages of investigation or remediation and in many of these proceedings our liability is considered de minimis. We have received notification from the U.S. Environmental Protection Agency, and from similar state and foreign environmental agencies, that a number of sites formerly or currently owned or operated by ITT, and other properties or water supplies that may be or have been impacted from those operations, contain disposed or recycled materials or wastes and require environmental investigation or remediation. These sites include instances where we have been identified as a potentially responsible party under federal and state environmental laws and regulations.

The following table provides a rollforward of the estimated environmental liability for the nine months ended September 30, 2019 and 2018.

For the Nine Months Ended September 30	**2019**	2018
Environmental liability - beginning balance	**$ 66.8**	$ 73.9
Change in estimates for pre-existing accruals	**0.2**	3.4
Accruals added during the period for new matters	**—**	2.0
Payments[a]	**(4.4)**	(14.6)
Foreign currency	**(0.2)**	0.1
Environmental liability - ending balance	**$ 62.4**	$ 64.8

(a) Includes cash payments of $9.7 for the nine months ended September 30, 2018 related to the sale of a former operating location.

Environmental-related assets, representing estimated recoveries from insurance providers and other third parties, were $22.1 and $23.3 as of September 30, 2019 and 2018, respectively.

We are currently involved with 29 active environmental investigation and remediation sites. At September 30, 2019, we have estimated the potential high-end liability range of environmental-related matters to be $109.0.

As actual costs incurred at identified sites in future periods may vary from our current estimates given the inherent uncertainties in evaluating environmental exposures, management believes it is possible that the outcome of these uncertainties may have a material adverse effect on our financial statements.

Other Matters

In the second quarter of 2019, the Company settled a civil matter with the U.S. Department of Justice (DOJ) related to an investigation that began in 2015 involving certain connector products manufactured by the Company's Connect & Control Technologies segment that are purchased or used by the U.S. government. The Company paid $11 to DOJ, acting on behalf of the U.S. government, to settle this matter and avoid the expense and uncertainty of litigation. The Company also received a related insurance recovery of $1.

NOTE 21
ACQUISITIONS

Rheinhütte Pumpen Group (Rheinhütte)

On April 30, 2019, we completed the acquisition of 100% of the privately held stock of Rheinhütte for a purchase price of €81 euros, net of cash acquired. The transaction was funded from the Company's cash and European commercial paper program. The purchase price is subject to change based on customary net working capital adjustments. Rheinhütte, with 2018 revenue of approximately €61.5 euros and approximately 430 employees, has manufacturing locations in Germany and Brazil. Rheinhütte is a designer and manufacturer of highly engineered pumps suited for harsh and corrosive environments for the industrial market. Rheinhütte is reported within the Industrial Process segment.

Matrix Composites, Inc. (Matrix)

On July 3, 2019, we completed the acquisition of 100% of the privately held stock of Matrix for a purchase price of $25.8, net of cash acquired, that is subject to change based on customary net working capital adjustments. The transaction was funded from the Company's cash. Matrix, a manufacturer of precision composite components within the aerospace and defense market, had 2018 revenue of approximately $12 with growth expected due to a ramp up in production on several next-generation aircraft engine platforms. Matrix has approximately 115 employees and is reported within the Connect & Control Technologies segment.

The purchase prices for Rheinhütte and Matrix were allocated to net assets acquired and liabilities assumed based on their preliminary fair values as of the respective acquisition date, with the excess of the purchase price of $36.6 and $8.7 recorded as goodwill, respectively. Other intangibles identified for Rheinhütte include customer relationships, proprietary technology and trade names. Preliminary intangible assets for Matrix consist of customer relationships. The primary areas of the purchase price allocations that are not yet finalized relate to the valuation of certain tangible and intangible assets, liabilities, income tax, and residual goodwill. For each acquisition, we expect to obtain the information necessary to finalize the fair value of the net assets and liabilities during the measurement period, not to exceed one year from the relevant acquisition date. Changes to the preliminary estimates of the fair value during the measurement period will be recorded as adjustments to those assets and liabilities with a corresponding adjustment to goodwill in the period they occur. The goodwill arising from these acquisitions is not expected to be deductible for income tax purposes.

Preliminary Allocations of Purchase Price

	Rheinhütte	Matrix
Cash	$ 4.7	$ 0.5
Receivables	9.7	1.1
Inventory	15.2	1.8
Plant, property and equipment	22.2	2.9
Goodwill	36.6	8.7
Other intangible assets	15.2	12.0
Other assets	3.4	1.9
Accounts payable and accrued liabilities	(6.7)	(2.0)
Other liabilities	(5.3)	(0.6)
Net assets acquired	$ 95.0	$ 26.3

Pro forma results of operations have not been presented because the acquisitions were not deemed material as of the acquisition dates.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In millions, except per share amounts, unless otherwise stated)

OVERVIEW

ITT Inc. is a diversified manufacturer of highly engineered critical components and customized technology solutions for the transportation, industrial, and oil and gas markets. We manufacture components that are integral to the operation of equipment systems and manufacturing processes in our key markets. Our products provide enabling functionality for applications where reliability and performance are critically important to our customers and the users of their products.

Our businesses share a common, repeatable operating model centered on our engineering capabilities. Each business applies its technology and engineering expertise to solve our customers' most pressing challenges. Our applied engineering provides a special business fit with our customers given the critical nature of their applications. This in turn provides us with unique insight to our customers' requirements and enables us to develop solutions to assist our customers to achieve their business goals. Our technology and customer intimacy together produce opportunities to capture recurring revenue streams, aftermarket opportunities and long-lived platforms from original equipment manufacturers (OEMs).

Our product and service offerings are organized into three segments: Motion Technologies, Industrial Process, and Connect & Control Technologies. See Note 3, Segment Information, in this Report for a summary description of each segment. Additional information is also available in our 2018 Annual Report within Part I, Item 1, "Description of Business".

All comparisons included within Management's Discussion and Analysis of Financial Condition and Results of Operations refer to the comparable three and nine months ended September 30, 2018, unless stated otherwise.

DISCUSSION OF FINANCIAL RESULTS
Three and Nine Months Ended September 30

	Three Months			Nine Months		
	2019	2018	Change	**2019**	2018	Change
Revenue	**$ 711.9**	$ 680.6	4.6%	**$ 2,127.3**	$ 2,066.7	2.9%
Gross profit	**231.3**	226.5	2.1%	**682.1**	676.7	0.8%
Gross margin	**32.5%**	33.3%	(80)bp	**32.1%**	32.7%	(60)bp
Operating expenses	**78.8**	88.7	(11.2%)	**353.0**	348.0	1.4%
Operating expense to revenue ratio	**11.1%**	13.0%	(190)bp	**16.6%**	16.8%	(20)bp
Operating income	**152.5**	137.8	10.7%	**329.1**	328.7	0.1%
Operating margin	**21.4%**	20.2%	120bp	**15.5%**	15.9%	(40)bp
Interest and non-operating (income) expenses, net	**(0.4)**	0.7	(157.1%)	**(1.3)**	4.0	(132.5%)
Income tax expense	**34.1**	25.9	31.7%	**73.1**	42.4	72.4%
Effective tax rate	**22.3%**	18.9%	340bp	**22.1%**	13.1%	900bp
Income from continuing operations attributable to ITT Inc.	**118.7**	111.0	6.9%	**256.9**	281.8	(8.8%)
Net income attributable to ITT Inc.	**118.6**	110.9	6.9%	**256.7**	281.8	(8.9%)

Executive Summary

In the third quarter of 2019, ITT continued to deliver top-line growth and increased operating margin despite the challenging global economic environment. Our results are a reflection of our continued focus on operational excellence and cost reduction actions, that will help us win share in key global end markets and combat future market uncertainty.

Summary of Key Performance Indicators for the Third Quarter of 2019

Revenue	**Orders**	**Operating Income**	**Operating Margin**	**EPS**	**Operating Cash Flow**
$712	$702	$153	21.4%	$1.34	$222
5% Increase	3% Decrease	11% Increase	120bp Increase	7% Increase	10% Decrease
Organic Revenue	**Organic Orders**	**Adjusted Operating Income**	**Adjusted Operating Margin**	**Adjusted EPS**	**Adjusted Free Cash Flow**
$705	$695	$108	15.2%	$0.97	$194
4% Increase	4% Decrease	14% Increase	130bp Increase	18% Increase	9% Decrease

Further details related to these results are contained elsewhere in the Discussion of Financial Results section. Refer to the section titled " Key Performance Indicators and Non-GAAP Measures" for a definition and reconciliations between GAAP and non-GAAP metrics.

Our third quarter 2019 results include:

- Revenue of $711.9 increased $31.3, or 4.6%. Excluding an unfavorable foreign currency impact of $15.6 and revenue of $22.6 from our acquisitions of Rheinhütte and Matrix, organic revenue increased 3.6%, driven by the strength of our diversified portfolio as industrial grew 10% and transportation grew 2%, more than offsetting a 5% decline in oil and gas.

- Orders of $702.1 decreased $20.0, or 2.8%. Excluding unfavorable foreign currency of $16.0, and orders of $22.8 from the Rheinhütte and Matrix acquisitions, organic orders decreased 3.7%. The decrease was driven mainly by a decline in pump projects due to project delays and difficult prior year comparisons and slower industrial demand. Transportation orders were flat as strong growth in rail and commercial aerospace was offset by lower defense orders due to program timing. Compared to the second quarter of 2019, third quarter organic orders were flat.

- Operating income of $152.5 increased $14.7, or 10.7%, as a higher net asbestos benefit of $52 primarily driven by our annual remeasurement, was partially offset by a $38 gain in the prior year from the sale of a former operating location. Segment operating income declined 1.0% to $107.1, reflecting a margin of 15.0%, which included higher restructuring and acquisition-related costs of $11.2. Adjusted segment operating income grew 10% to $117.9 and produced a margin of 16.6% from continued productivity and supply chain improvements and cost containment actions, as well as benefits from volume leverage. The growth was partially offset by higher commodity costs, strategic investments, unfavorable product mix and tariffs.

- Income from continuing operations of $1.34 per diluted share increased $0.09, due to higher operating income, partially offset by an increase in tax expense. Adjusted income from continuing operations was $0.97 per diluted share, reflecting a $0.15, or 18.3%, increase from the prior year.

In terms of capital deployment, during the third quarter we returned $18 to shareholders in the form of share repurchases and recently our Board of Directors approved a $40 share repurchase authorization to effectively close out our current $1 billion share repurchase program. In addition, the Board of Directors approved a new indefinite term $500 share repurchase program. Earlier this year, we also completed two close-to-core strategic acquisitions that were already accretive to adjusted EPS and will continue to pursue opportunities going forward. Additionally, we are investing in a new CCT plating line, Value Analysis and Value Engineering to improve pump performance and reduce costs in IP, and the development of the ITT Smart Pad in MT along with the expansion of our global production facility in Mexico.

REVENUE

The following tables illustrate our revenue derived from each of our segments for the three and nine months ended September 30, 2019 and 2018.

For the Three Months Ended September 30		**2019**		2018	Change	Organic Growth (Decline)[(a)]
Motion Technologies	**$**	**304.5**	$	310.3	(1.9)%	1.7 %
Industrial Process		**240.3**		205.0	17.2 %	9.9 %
Connect & Control Technologies		**167.9**		166.0	1.1 %	(0.8)%
Eliminations		**(0.8)**		(0.7)		
Total Revenue	**$**	**711.9**	$	680.6	4.6 %	3.6 %

For the Nine Months Ended September 30						
Motion Technologies	**$**	**937.4**	$	982.8	(4.6)%	0.5 %
Industrial Process		**688.6**		598.0	15.2 %	12.7 %
Connect & Control Technologies		**503.1**		488.0	3.1 %	3.3 %
Eliminations		**(1.8)**		(2.1)		
Total Revenue	**$**	**2,127.3**	$	2,066.7	2.9 %	4.7 %

ORDERS

The following tables illustrate our orders derived from each of our segments for the three and nine months ended September 30, 2019 and 2018.

For the Three Months Ended September 30		**2019**		2018	Change	Organic Growth (Decline)[(a)]
Motion Technologies	**$**	**309.0**	$	314.2	(1.7)%	2.0 %
Industrial Process		**235.0**		241.7	(2.8)%	(8.6)%
Connect & Control Technologies		**158.8**		166.8	(4.8)%	(7.4)%
Eliminations		**(0.7)**		(0.6)		
Total Orders	**$**	**702.1**	$	722.1	(2.8)%	(3.7)%

For the Nine Months Ended September 30						
Motion Technologies	**$**	**952.4**	$	1,011.7	(5.9)%	(0.6)%
Industrial Process		**666.6**		689.2	(3.3)%	(5.4)%
Connect & Control Technologies		**517.4**		525.8	(1.6)%	(1.6)%
Eliminations		**(2.6)**		(1.6)		
Total Orders	**$**	**2,133.8**	$	2,225.1	(4.1)%	(2.4)%

(a) See the section titled "Key Performance Indicators and Non-GAAP Measures" for a definition and reconciliation of organic revenue and organic orders.

Motion Technologies (MT)

MT revenue for the three and nine months ended September 30, 2019 decreased $5.8, or 1.9%, and $45.4, or 4.6%, respectively. Excluding the impact of foreign currency translation of $11.2 and $50.5 for the three and nine month periods, organic revenue increased $5.4 and $5.1, respectively. This performance was driven by strength in global rail as well as Friction OEM share gains which significantly outpaced the global auto market, offset by a decline in our Wolverine business. KONI & Axtone sales grew 11% and 12%, for the three and nine month periods, respectively, on strength in rail in Europe and Asia. Friction sales increased 2% and 1%, for the three and nine month periods, respectively, due to OEM market share gains in North America, Europe and China which helped offset contraction in the global auto market and lower aftermarket activity. Wolverine sales decreased 9% and 14% during the three and nine month periods due to weakness in global auto markets and customer share loss.

Orders for the three and nine months ended September 30, 2019 decreased $5.2, or 1.7%, and $59.3, or 5.9%, respectively. Excluding unfavorable foreign currency translation impacts of $11.6 and $53.7, respectively, organic orders increased $6.4, or 2.0% during the third quarter of 2019, but decreased $5.6, or 0.6% year-to-date. Excluding a prior year Russian rail order of $14, MT year-to-date organic orders increased $8.4, or 0.8%. In 2019, global rail market share gains were partially offset by weakness in our Wolverine business.

Industrial Process (IP)

IP revenue for the three and nine months ended September 30, 2019 increased $35.3, or 17.2%, and $90.6, or 15.2%, respectively, which included revenue of $18.4 and $26.3, from our second quarter acquisition of Rheinhütte, and an unfavorable foreign currency translation impact of $3.4 and $11.4, respectively. Organic revenue for the three and nine month periods increased $20.3, or 9.9%, and $75.7, or 12.7%, respectively, driven by significant growth in pump projects.

During the three and nine months ended September 30, 2019, revenue from pump projects increased 38% and 44%, respectively, driven by strength in the chemical and mining markets primarily within North America. Within our short-cycle business, revenue for the three and nine month periods increased 2% and 5%, respectively, from baseline pumps and aftermarket parts in the oil and gas market. Revenue from our short-cycle business for the quarter was also impacted by weaker service demand.

Orders for the three and nine months ended September 30, 2019 decreased $6.7, or 2.8%, and $22.6, or 3.3%, which included orders of $17.5 and $27.7, respectively, from our second quarter acquisition of Rheinhütte, and an unfavorable foreign currency translation impact of $3.5 and $12.8, respectively. Organic orders decreased $20.7, or 8.6%, and $37.5, or 5.4%, respectively, for the three and nine month periods due to pump project declines of 12% and 13%, driven by project delays and difficult comparisons to the prior year in the chemical and oil and gas markets partially offset by industrial. Orders from our short-cycle business during the third quarter and year-to-date periods declined 7% and 3% due mainly to weakness in industrial valves and aftermarket parts. In addition, for the quarter there was a decline in service demand in the Middle East.

The level of order and shipment activity related to project pumps can vary significantly from period to period, which may impact year-over-year comparisons. IP's backlog as of September 30, 2019 was $425.2, a decrease of $19.0, or 4.3%, compared to December 31, 2018.

Connect & Control Technologies (CCT)

CCT revenue for the three months ended September 30, 2019 increased $1.9, or 1.1%, which included revenue of $4.2 from our third quarter acquisition of Matrix and an unfavorable foreign currency translation impact of $1.0. Organic revenue decreased $1.3, or 0.8% driven by lower defense component sales due to strong prior year program activity and decreases in industrial and oil and gas sales. This was partially offset by growth in commercial aerospace of 7%.

CCT revenue for the nine months ended September 30, 2019 increased $15.1, or 3.1%, which included revenue of $4.2 from our third quarter acquisition of Matrix, and an unfavorable foreign currency translation impact of $5.1. Organic revenue increased $16.0, or 3.3% driven by growth in commercial aerospace of 12% mainly within components and aftermarket. This was partially offset by declines in defense components due to prior year programs and oil and gas due to lower activity in the Middle East and Latin America regions.

Orders for the three months ended September 30, 2019, decreased $8.0, or 4.8%, which included orders of $5.3 from our third quarter acquisition of Matrix and an unfavorable foreign currency translation impact of $0.9. Organic orders decreased $12.4, or 7.4%, due to lower defense connectors on strong prior year program activity and lower industrial orders, partially offset by an increase in commercial aerospace components of 7%.

Orders for the nine months ended September 30, 2019 decreased $8.4 or 1.6%, which included orders of $5.3 from our third quarter acquisition of Matrix and an unfavorable foreign currency translation impact of $5.5. Organic orders decreased $8.2, or 1.6%, due to weakness in the industrial market and lower rotorcraft orders. This was partially offset by commercial aerospace and defense growth.

On July 11, 2017, the U.S. Defense Logistics Agency, Land and Maritime (DLA) issued a notice that it had removed certain of our military-specification connector products from the Qualified Products List (QPL). Annual sales of these military-specification connectors were estimated to range from $8 to $10 prior to the removal of these products from the QPL. The Company is making progress as the status of approximately half of these products has been restored on the QPL and we expect the majority of the remaining products will be restored by the middle of 2020.

GROSS PROFIT

Gross profit for the three months ended September 30, 2019 and 2018 was $231.3 and $226.5, reflecting a gross margin of 32.5% and 33.3%, respectively. Gross profit for the nine months ended September 30, 2019 and 2018 was $682.1 and $676.7, reflecting a gross margin of 32.1% and 32.7%, respectively. The declines in gross margin were primarily due to higher commodity costs and tariffs and unfavorable product mix. These were partially offset by supply chain and productivity improvements across all segments and sales volume leverage.

OTHER

Tariffs

In 2018, the U.S. government announced tariffs on certain imported goods, and began renegotiating existing trade terms with China, Europe and other countries. These tariffs have negatively impacted the price of certain parts and materials we utilize to manufacture finished products we sell. Since announced, we have been managing the impacts of these tariffs and will attempt to mitigate the impact of higher input costs through pricing and supply chain actions, efficient utilization of our global manufacturing footprint, and supplier negotiations and diversification strategies. Tariffs and related impacts remain highly uncertain due to the current dynamic landscape and ongoing negotiations. Therefore, we are unable to estimate the ultimate outcome tariffs will have on our results of operations, financial position and cash flows.

OPERATING EXPENSES

	Three Months			Nine Months		
For the Periods Ended September 30	**2019**	2018	Change	**2019**	2018	Change
General and administrative expenses	**$ 69.5**	$ 68.0	2.2 %	**$ 187.5**	$ 196.6	(4.6)%
Sales and marketing expenses	**41.6**	40.8	2.0 %	**124.5**	127.7	(2.5)%
Research and development expenses	**23.8**	24.2	(1.7)%	**73.1**	74.7	(2.1)%
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)	**
Total operating expenses	**$ 78.8**	$ 88.7	(11.2)%	**$ 353.0**	$ 348.0	1.4 %
Total Operating Expenses By Segment:						
Motion Technologies	**$ 40.0**	$ 40.6	(1.5)%	**$ 120.0**	$ 131.9	(9.0)%
Industrial Process	**50.5**	44.2	14.3 %	**136.9**	127.4	7.5 %
Connect & Control Technologies	**33.7**	33.5	0.6 %	**100.0**	101.1	(1.1)%
Corporate & Other	**(45.4)**	(29.6)	53.4 %	**(3.9)**	(12.4)	(68.5)%

** Resulting percentage change not considered meaningful.

General and administrative (G&A) expenses for the three months ended September 30, 2019 increased $1.5, due to higher legal and acquisition-related costs of $5.9 and restructuring costs of $5.8, partially offset by lower compensation and benefit costs of $7.2 and favorable foreign exchange of $4.0. G&A expenses for the nine months ended September 30, 2019 decreased $9.1, due to favorable compensation and benefit costs of $13.6, European investment incentives of $5.0, and favorable foreign exchange of $5.3, which were partially offset by higher restructuring costs of $7.9 and acquisition-related costs of $5.7.

Sales and marketing expenses for the three and nine months ended September 30, 2019 increased $0.8 and decreased $3.2, respectively. The three and nine month periods include incremental costs of $2.9 and $4.4, respectively, from our 2019 acquisitions of Rheinhütte and Matrix and favorable foreign currency impact of $0.6 and $2.8, respectively. Excluding these items, sales and marketing expenses decreased $1.5 and $4.8 for the three and nine month periods, respectively, primarily driven by cost reduction actions across all segments.

Research and development expenses for the three and nine months ended September 30, 2019 decreased $0.4 and $1.6, respectively.

During the third quarter of 2018, we recognized a gain on sale of long-lived assets of $40.0 primarily due to the sale of a former operating location for a net gain of $38.

Asbestos-related benefit increased $51.9, and $21.3, during the three and nine months ended September 30, 2019, respectively. The change for the three and nine month periods was primarily due to the current year remeasurement benefit of $68.1 compared to a remeasurement cost of $7.2 in the prior year, offset by a prior year insurance settlement of $24.9. The year-to-date fluctuation also includes a $32.1 benefit from an insurance settlement recorded in the first quarter of 2018. See Note 20, Commitments and Contingencies, to the Consolidated Condensed Financial Statements for further information.

OPERATING INCOME

	Three Months			Nine Months		
For the Periods Ended September 30	**2019**	2018	Change	**2019**	2018	Change
Motion Technologies	**$ 56.7**	$ 58.5	(3.1)%	**$ 169.6**	$ 175.9	(3.6)%
Industrial Process	**22.0**	23.7	(7.2)%	**70.2**	64.0	9.7 %
Connect & Control Technologies	**28.4**	26.0	9.2 %	**85.4**	76.3	11.9 %
Segment operating income	**107.1**	108.2	(1.0)%	**325.2**	316.2	2.8 %
Asbestos-related benefit, net	**56.2**	4.3	**	**31.8**	10.5	**
Gain on sale of long-lived assets	**—**	38.0	**	**0.5**	38.0	**
Other corporate costs	**(10.8)**	(12.7)	15.0 %	**(28.4)**	(36.0)	21.1 %
Total corporate	**45.4**	29.6	53.4 %	**3.9**	12.5	(68.8)%
Total operating income	**$ 152.5**	$ 137.8	10.7 %	**$ 329.1**	$ 328.7	0.1 %
Operating margin:						
Motion Technologies	**18.6%**	18.9%	(30)bp	**18.1%**	17.9%	20bp
Industrial Process	**9.2%**	11.6%	(240)bp	**10.2%**	10.7%	(50)bp
Connect & Control Technologies	**16.9%**	15.7%	120bp	**17.0%**	15.6%	140bp
Segment operating margin	**15.0%**	15.9%	(90)bp	**15.3%**	15.3%	—
Consolidated operating margin	**21.4%**	20.2%	120bp	**15.5%**	15.9%	(40)bp

** Resulting percentage change not considered meaningful.

MT operating income for the three months ended September 30, 2019 decreased $1.8, and had a margin decline of 30 basis points. Operating income for the nine months ended September 30, 2019 decreased $6.3, and had a margin improvement of 20 basis points. Operating income for both periods was unfavorably impacted by higher commodity costs and tariffs, foreign currency, and higher strategic investment. These were partially offset by supply chain, productivity and restructuring actions which provided a benefit of $12 and $33 for the quarter and year-to-date periods, respectively. In addition, the nine month period benefited from European investment incentives of $5.

IP operating income for the three months ended September 30, 2019 decreased $1.7, and had a margin decline of 240 basis points. The decrease in operating income was primarily driven by an increase in restructuring and acquisition costs, higher commodity costs and unfavorable sales mix, partially offset by favorable volume, benefits from productivity and supply chain actions, and project execution. Operating income for the nine months ended September 30, 2019 increased $6.2, and had a margin decline of 50 basis points. The increase in operating income was primarily driven by favorable volume, price, and savings from productivity and supply chain actions, which more than offset higher commodity costs and tariffs, unfavorable sales mix, and higher restructuring and acquisition costs.

CCT operating income for the three months ended September 30, 2019 increased $2.4, and had a margin improvement of 120 basis points. CCT operating income for the nine months ended September 30, 2019 increased $9.1, and had a margin improvement of 140 basis points. The increase was driven by benefits from productivity, supply chain, and restructuring actions, which were partially offset by unfavorable commodity costs, strategic investments, and sales mix.

Other corporate costs for the three and nine months ended September 30, 2019 decreased $1.9 and $7.6, respectively. The decline in corporate costs for the three month period reflects lower compensation costs which included savings from cost reduction actions, partially offset by higher legal costs. The decline in corporate costs for the nine month period reflects lower compensation costs which included cost reduction actions as well as lower environmental costs.

INTEREST AND NON-OPERATING INCOME AND EXPENSES, NET

	Three Months			Nine Months		
For the Periods Ended September 30	**2019**	2018	Change	**2019**	2018	Change
Interest and non-operating (income) expenses, net	**$ (0.4)**	$ 0.7	(157.1)%	**$ (1.3)**	$ 4.0	(132.5)%

The change during the three and nine months ended September 30, 2019 was due to favorable interest rates on commercial paper borrowings, interest income earned on time deposits, and lower pension-related expense, partially offset by interest income in the prior year related to a change in uncertain tax position.

INCOME TAX EXPENSE

	Three Months			Nine Months		
For the Periods Ended September 30	**2019**	2018	Change	**2019**	2018	Change
Income tax expense	**$ 34.1**	$ 25.9	31.7%	**$ 73.1**	$ 42.4	72.4%
Effective tax rate	**22.3%**	18.9%	340bp	**22.1%**	13.1%	900bp

The higher effective tax rate during the third quarter of 2019 was primarily due to the 2018 release of unrecognized tax benefits of $3.4 related to audit closures and tax benefits of $1.8 in 2018 from valuation allowance reversals on deferred tax assets. The higher effective tax rate during the year-to-date period was primarily due to tax benefits of $21.6 in 2018 from German valuation allowance reversals on deferred tax assets.

LIQUIDITY

Funding and Liquidity Strategy

We monitor our funding needs and design and execute strategies to meet overall liquidity requirements, including the management of our capital structure, on both a short- and long-term basis. We expect to fund our ongoing working capital, capital expenditures, dividends and financing requirements through cash flows from operations and cash on hand, or by accessing the U.S. or European commercial paper markets or our Revolving Credit Agreement.

We manage our worldwide cash requirements considering available funds among the many subsidiaries through which we conduct business and the cost effectiveness with which those funds can be accessed. We have identified and continue to look for opportunities to access cash balances in excess of local operating requirements to meet our global liquidity needs in a cost-efficient manner. We plan to transfer cash between certain international subsidiaries and the U.S. and other international subsidiaries when it is cost effective to do so. The passage of the Tax Act provides greater flexibility around our global cash management strategy related to the amount and timing of transfers, and we will continue to support growth and expansion in markets outside of the U.S. through the development of products, increased capital spending, and potential foreign acquisitions. During the year ended December 31, 2018, we had net cash distributions from foreign countries to the U.S. of $318.1. Net cash distributions from foreign countries to the U.S. during the nine months ended September 30, 2019 was $11.4. The timing and amount of any additional future distributions remains under evaluation.

The amount and timing of dividends payable on our common stock are within the sole discretion of our Board of Directors and will be based on, and affected by, a number of factors, including our financial position and results of operations, available cash, expected capital spending plans, prevailing business conditions and other factors the Board of Directors deems relevant. Therefore, there can be no assurance as to what level of dividends, if any, will be paid in the future. Through the third quarter of 2019, we declared dividends of $0.147 per share for shareholders of record on March 11, 2019, June 10, 2019 and September 10, 2019. The dividends declared in 2019 of $39.0 were a 9.6% increase from dividends declared in 2018.

During the nine months ended September 30, 2019 and 2018, we repurchased and retired 0.5 and 1.0 shares of common stock for $28.7 and $50.0, respectively, under our $1 billion share repurchase program. To date, under the program, the Company has repurchased 22.7 shares for $938.1. In addition, on October 30, 2019, the Board of Directors approved a new $40 share repurchase authorization to effectively close out our current $1 billion share repurchase program and approved the adoption of a new indefinite term $500 share repurchase program.

Significant factors that affect our overall management of liquidity include our credit ratings, the availability of commercial paper, access to bank lines of credit, and the ability to attract long-term capital on satisfactory terms. We assess these factors along with current market conditions on a continuous basis, and as a result, may alter the mix of our short- and long-term financing when it is advantageous to do so.

Commercial Paper

We have access to the commercial paper market through programs in place in the U.S. and Europe to supplement cash flows generated internally and to provide additional short-term funding for strategic investments and other funding requirements. We manage our short-term liquidity through the use of our commercial paper program by adjusting the level of commercial paper borrowings as opportunities to deploy additional capital arise and it is cost effective to do so. As of September 30, 2019, we had outstanding commercial paper of $120.3 through our European program. The average outstanding commercial paper balance during the nine months ended September 30, 2019 was $129.8. There have been no other material changes that have impacted our funding and liquidity capabilities since December 31, 2018.

Revolving Credit Agreement

Our $500 revolving credit agreement (the Revolving Credit Agreement) provides for increases of up to $200 for a possible maximum total of $700 in aggregate principal amount, at the request of the Company and with the consent of the institutions providing such increased commitments. The Revolving Credit Agreement is intended to provide access to additional liquidity and be a source of alternate funding to the commercial paper program, if needed. Our policy is to maintain unused committed bank lines of credit in an amount greater than outstanding commercial paper balances. The provisions of the Revolving Credit Agreement require that we maintain an interest coverage ratio, as defined therein, of at least 3.0 and a leverage ratio, as defined therein, of not more than 3.0. Our interest coverage ratio and leverage ratio were within the prescribed thresholds as of September 30, 2019, and as of that date there were no outstanding borrowings under our Revolving Credit Agreement. In the event of a ratings downgrade of the Company to a level below investment grade, the direct and indirect significant U.S. subsidiaries of the Company would be required to guarantee the obligations under the Revolving Credit Agreement. The Revolving Credit Agreement matures in November 2021.

Sources and Uses of Liquidity

Our principal source of liquidity is our cash flow generated from operating activities, which provides us with the ability to meet the majority of our short-term funding requirements. The following table summarizes net cash derived from operating, investing, and financing activities from continuing operations, as well as net cash from discontinued operations, for the nine months ended September 30, 2019 and 2018.

For the Nine Months Ended September 30	**2019**	2018
Operating activities	**$ 221.7**	$ 246.6
Investing activities	**(180.8)**	(21.1)
Financing activities	**(36.9)**	(76.2)
Foreign exchange	**(10.6)**	(11.4)
Total net cash flow (used in) provided by continuing operations	**(6.6)**	137.9
Net cash provided by (used) in discontinued operations	**1.1**	(1.9)
Net change in cash and cash equivalents	**$ (5.5)**	$ 136.0

Operating Activities

The decrease in net cash provided by operating activities was driven by $19.0 in proceeds received in 2018 from an environmental insurance-related settlement, higher income tax payments of $16.9 in 2019, a discretionary postretirement contribution of $9.0 and unfavorable changes in working capital. These items were partially offset by a decline in net asbestos and environmental payments of $22.2 and $10.2, respectively, and an increase in segment operating income. Additionally, in 2019 the Company’s net settlement of a $10 civil matter with the DOJ was partially offset by proceeds received of $9 from an intellectual property settlement.

Investing Activities

The increase in net cash used in investing activities was driven by our 2019 acquisitions of Rheinhütte and Matrix for a total of $113.1 and proceeds of $40 in 2018 from the sale of a former operating location. In addition, capital expenditures increased $5.5 compared to the prior year.

Financing Activities

The change in net cash from financing activities was driven by an increase in net borrowings of $18.7 and a decline in repurchases of ITT common stock of $17.5. In addition, proceeds from the issuance of common stock increased $5.8.

Discontinued Operations

The change in net cash from discontinued operations was primarily driven by a tax-related reimbursement of $1.8 from a former subsidiary and lower payments for environmental remediation activities.

Asbestos

Based on the estimated undiscounted asbestos liability as of September 30, 2019 for claims filed or estimated to be filed over the next 10 years, we have estimated that we will be able to recover approximately 49% of the asbestos indemnity and defense costs from our insurers. Actual insurance reimbursements may vary significantly from period to period and the anticipated recovery rate is expected to decline over time due to gaps in our insurance coverage, reflecting uninsured periods, the insolvency of certain insurers, prior settlements with our insurers and our expectation that certain insurance policies will exhaust within the next 10 years. In the 10th year of our estimate, our insurance recoveries are currently projected to be approximately 29%. Additionally, future recovery rates may be impacted by other factors, such as future insurance settlements, insolvencies and judicial determinations relevant to our coverage program, which are difficult to predict and subject to a high degree of uncertainty.

While there are overall limits on the aggregate amount of insurance available to the Company with respect to asbestos claims, with respect to certain coverage, those overall limits were not reached by the estimated liability recorded by the Company at September 30, 2019.

Further, there is uncertainty in estimating when cash payments related to the recorded asbestos liability will be fully expended and such cash payments will continue for a number of years beyond the next 10 years due to the significant proportion of future claims included in the estimated asbestos liability and the delay between the date a claim is filed and when it is resolved. Subject to these inherent uncertainties, it is expected that cash payments related to pending claims and claims to be filed in the next 10 years will extend through approximately 2031.

Although asbestos cash outflows can vary significantly from year to year, our current net cash outflows for defense and indemnity, net of tax benefits, are projected to average $20 to $30 over the next five years and increase to an average of approximately $35 to $45 per year over the remainder of the projection period as certain insurance coverage is exhausted. Net cash outflows for defense and indemnity, net of tax, averaged $21 over the past three annual periods. Total net asbestos cash outflows also include certain administrative costs, such as legal-related costs for insurance recovery strategies not included in the defense and indemnity projections.

In light of the variables and uncertainties inherent in the long-term projection of the Company's asbestos exposures and potential recoveries, while it is probable that the Company will incur additional costs for asbestos claims filed beyond the next 10 years, we do not believe that there is a reasonable basis for estimating the number of future claims, the nature of future claims, or the cost to resolve future claims for years beyond the next 10 years at this time. Accordingly, no liability or related asset has been recorded for any costs that may be incurred for claims asserted subsequent to 2029.

Due to these uncertainties, as well as our inability to reasonably estimate any additional asbestos liability for claims that may be filed beyond the next 10 years, it is difficult to predict the ultimate outcome of the cost of resolving the pending and estimated unasserted asbestos claims. We believe it is possible that the future events affecting the key factors and other variables within the next 10 years, as well as the cost of asbestos claims filed beyond the next 10 years, net of expected recoveries, could have a material adverse effect on our financial statements.

KEY PERFORMANCE INDICATORS AND NON-GAAP MEASURES

Management reviews a variety of key performance indicators including revenue, segment operating income and margins, earnings per share, order growth, and backlog, some of which are non-GAAP financial measures. In addition, we consider certain other measures to be useful to management and investors when evaluating our operating performance for the periods presented. These measures provide a tool for evaluating our ongoing operations and management of assets from period to period. This information can assist investors in assessing our financial performance and measures our ability to generate capital for deployment among competing strategic alternatives and initiatives, including, but not limited to, acquisitions, dividends, and share repurchases. These other metrics, however, are not measures of financial performance under accounting principles generally accepted in the United States of America (GAAP) and should not be considered a substitute for measures determined in accordance with GAAP.

We consider the following non-GAAP measures, which may not be comparable to similarly titled measures reported by other companies, to be key performance indicators:

- "Organic revenue" and "organic orders" are defined as revenue and orders, excluding the impacts of foreign currency fluctuations, acquisitions, and divestitures. Divestitures include sales of portions of our business that did not meet the criteria for presentation as a discontinued operation. The period-over-period change resulting from foreign currency fluctuations is estimated using a fixed exchange rate for both the current and prior periods. Management believes that reporting organic revenue and organic orders provides useful information to investors by helping identify underlying trends in our business and facilitating easier comparisons of our revenue performance with prior and future periods and to our peers. Reconciliations of organic revenue and orders for the three and nine months ended September 30, 2019 are provided below.

Three Months Ended September 30	Motion Technologies	Industrial Process	Connect & Control Technologies	Eliminations	Total ITT
2019 Revenue	$ 304.5	$ 240.3	$ 167.9	$ (0.8)	$ 711.9
Acquisitions	—	(18.4)	(4.2)	—	(22.6)
Foreign currency translation	11.2	3.4	1.0	—	15.6
2019 Organic revenue	$ 315.7	$ 225.3	$ 164.7	$ (0.8)	$ 704.9
2018 Revenue	$ 310.3	$ 205.0	$ 166.0	$ (0.7)	$ 680.6
Organic growth (decline)	5.4	20.3	(1.3)	(0.1)	24.3
Percentage change	1.7%	9.9%	(0.8)%		3.6%

Nine Months Ended September 30	Motion Technologies	Industrial Process	Connect & Control Technologies	Eliminations	Total ITT
2019 Revenue	$ 937.4	$ 688.6	$ 503.1	$ (1.8)	$ 2,127.3
Acquisitions	—	(26.3)	(4.2)	—	(30.5)
Foreign currency translation	50.5	11.4	5.1	(0.2)	66.8
2019 Organic revenue	$ 987.9	$ 673.7	$ 504.0	$ (2.0)	$ 2,163.6
2018 Revenue	$ 982.8	$ 598.0	$ 488.0	$ (2.1)	$ 2,066.7
Organic growth	5.1	75.7	16.0	0.1	96.9
Percentage change	0.5%	12.7%	3.3 %		4.7%

Three Months Ended September 30	Motion Technologies	Industrial Process	Connect & Control Technologies	Eliminations	Total ITT
2019 Orders	$ 309.0	$ 235.0	$ 158.8	$ (0.7)	$ 702.1
Acquisitions	—	(17.5)	(5.3)	—	(22.8)
Foreign currency translation	11.6	3.5	0.9	—	16.0
2019 Organic orders	$ 320.6	$ 221.0	$ 154.4	$ (0.7)	$ 695.3
2018 Orders	$ 314.2	$ 241.7	$ 166.8	$ (0.6)	$ 722.1
Organic growth (decline)	6.4	(20.7)	(12.4)	(0.1)	(26.8)
Percentage change	2.0 %	(8.6)%	(7.4)%		(3.7)%
Nine Months Ended September 30					
2019 Orders	$ 952.4	$ 666.6	$ 517.4	$ (2.6)	$ 2,133.8
Acquisitions	—	(27.7)	(5.3)	—	(33.0)
Foreign currency translation	53.7	12.8	5.5	—	72.0
2019 Organic orders	$ 1,006.1	$ 651.7	$ 517.6	$ (2.6)	$ 2,172.8
2018 Orders	$ 1,011.7	$ 689.2	$ 525.8	$ (1.6)	$ 2,225.1
Organic decline	(5.6)	(37.5)	(8.2)	(1.0)	(52.3)
Percentage change	(0.6)%	(5.4)%	(1.6)%		(2.4)%

◎ “Adjusted operating income” and “Adjusted segment operating income” are defined as operating income, adjusted to exclude special items that include, but are not limited to, asbestos-related costs, restructuring costs, realignment costs, certain asset impairment charges, certain acquisition-related expenses, and unusual or infrequent items. Special items represent significant charges or credits that impact current results, which management views as unrelated to the Company’s ongoing operations and performance. “Adjusted operating margin” and “Adjusted segment operating margin” is defined as adjusted operating income or adjusted segment operating income divided by revenue. We believe that these financial measures are useful to investors and other users of our financial statements in evaluating ongoing operating profitability, as well as in evaluating operating performance in relation to our competitors.

Reconciliations of operating income to adjusted operating income for the three and nine months ended September 30, 2019 and 2018 are provided below.

Three Months Ended September 30, 2019	Motion Technologies	Industrial Process	Connect & Control Technologies	Total Segment	Corporate	Total ITT
Operating income	$ 56.7	$ 22.0	$ 28.4	$ 107.1	$ 45.4	$ 152.5
Asbestos-related benefit, net	—	—	—	—	(56.2)	(56.2)
Restructuring costs	0.7	5.1	0.9	6.7	—	6.7
Acquisition-related expenses	—	3.0	0.3	3.3	—	3.3
Realignment costs and other[(a)]	(0.1)	1.0	(0.1)	0.8	0.8	1.6
Adjusted operating income (loss)	$ 57.3	$ 31.1	$ 29.5	$ 117.9	$ (10.0)	$ 107.9
Adjusted operating margin	18.8%	12.9%	17.6%	16.6%		15.2%
Nine Months Ended September 30, 2019						
Operating income	$ 169.6	$ 70.2	$ 85.4	$ 325.2	$ 3.9	$ 329.1
Asbestos-related benefit, net	—	—	—	—	(31.8)	(31.8)
Restructuring costs	4.5	5.5	0.8	10.8	0.1	10.9
Acquisition-related expenses	—	5.9	1.1	7.0	—	7.0
Realignment costs and other[(a)]	1.2	1.5	0.2	2.9	0.5	3.4
Adjusted operating income (loss)	$ 175.3	$ 83.1	$ 87.5	$ 345.9	$ (27.3)	$ 318.6
Adjusted operating margin	18.7%	12.1%	17.4%	16.3%		15.0%

(a) Realignment costs and other includes costs associated with a legal matter at MT, an intangible asset impairment and management reorganization at IP, as well as costs associated with a resolved DOJ civil matter at CCT. Realignment costs and other at Corporate primarily relate to a management reorganization.

Three Months Ended September 30, 2018	Motion Technologies	Industrial Process	Connect & Control Technologies	Total Segment	Corporate	Total ITT
Operating income	$ 58.5	$ 23.7	$ 26.0	$ 108.2	$ 29.6	$ 137.8
Net gain related to sale of former operating location	—	—	—	—	(38.0)	(38.0)
Asbestos-related benefit, net	—	—	—	—	(4.3)	(4.3)
Restructuring costs	0.4	—	0.5	0.9	—	0.9
Acquisition-related expenses	(2.1)	—	—	(2.1)	—	(2.1)
Realignment costs and other	—	—	—	—	0.1	0.1
Adjusted operating income (loss)	$ 56.8	$ 23.7	$ 26.5	$ 107.0	$ (12.6)	$ 94.4
Adjusted operating margin	18.3%	11.6%	16.0%	15.7%		13.9%
Nine Months Ended September 30, 2018						
Operating income	$ 175.9	$ 64.0	$ 76.3	$ 316.2	$ 12.5	$ 328.7
Net gain related to sale of former operating location	—	—	—	—	(38.0)	(38.0)
Asbestos-related benefit, net	—	—	—	—	(10.5)	(10.5)
Restructuring costs	1.7	—	1.3	3.0	—	3.0
Acquisition-related expenses	(0.6)	—	—	(0.6)	—	(0.6)
Realignment costs and other	—	—	—	—	(0.4)	(0.4)
Adjusted operating income (loss)	$ 177.0	$ 64.0	$ 77.6	$ 318.6	$ (36.4)	$ 282.2
Adjusted operating margin	18.0%	10.7%	15.9%	15.4%		13.7%

- “Adjusted income from continuing operations” is defined as income from continuing operations attributable to ITT Inc. adjusted to exclude special items that include, but are not limited to, asbestos-related costs, restructuring costs, realignment costs, certain asset impairment charges, certain acquisition-related expenses, income tax settlements or adjustments, and unusual or infrequent items. Special items represent significant charges or credits, on an after-tax basis, that impact current results, which management views as unrelated to the Company’s ongoing operations and performance. The after-tax basis of each special item is determined using the jurisdictional tax rate of where the expense or benefit occurred. “Adjusted income from continuing operations per diluted share” is defined as adjusted income from continuing operations divided by diluted weighted average common shares outstanding. We believe that adjusted income from continuing operations and adjusted income from continuing operations per diluted share are useful to investors and other users of our financial statements in evaluating ongoing operating profitability, as well as in evaluating operating performance in relation to our competitors.

A reconciliation of adjusted income from continuing operations, including adjusted income from continuing operations per diluted share, for the three and nine months ended September 30, 2019 and 2018 is provided below.

	Three Months				Nine Months			
For the Periods Ended September 30		**2019**		2018		**2019**		2018
Income from continuing operations attributable to ITT Inc.	**$**	**118.7**	$	111.0	**$**	**256.9**	$	281.8
Net asbestos-related benefit, net of tax expense of $13.2, $1.0, $7.5 and $2.5, respectively		**(43.0)**		(3.3)		**(24.3)**		(8.0)
Net gain related to sale of a former operating location, net of tax expense of $0.0, $8.9, $0.1, and $8.9, respectively		**—**		(29.0)		**(0.3)**		(29.1)
Restructuring costs, net of tax benefit of $1.7, $0.3 $2.9, and $0.7, respectively		**5.0**		0.6		**8.0**		2.3
Acquisition-related costs (benefit), net of tax (benefit) expense of ($1.1), $0.6, ($2.0) and $0.2, respectively		**2.2**		(1.5)		**5.0**		(0.4)
Tax-related special items(a)		**2.2**		(5.4)		**1.7**		(32.6)
Realignment costs, net of tax benefit of $0.2, $0.0, $0.3, and $0.1, respectively(b)		**0.5**		—		**1.0**		—
Other unusual or infrequent items, net of tax (benefit) expense of $(0.3), $0.0, ($0.6) and $0.1, respectively(c)		**0.6**		0.3		**1.9**		(0.1)
Adjusted income from continuing operations	**$**	**86.2**	$	72.7	**$**	**249.9**	$	213.9
Income from continuing operations attributable to ITT Inc. per diluted share	**$**	**1.34**	$	1.25	**$**	**2.90**	$	3.18
Adjusted income from continuing operations per diluted share	**$**	**0.97**	$	0.82	**$**	**2.82**	$	2.41

(a) Tax-related special items during the three and nine months ended September 30, 2019 primarily relate to tax expense on undistributed foreign earnings. Tax-related special items during the nine months ended September 30, 2018 are due to favorable valuation allowance impacts on deferred tax assets in Germany and adjustments to our provisional tax estimate associated with the Tax Act. Both the three and nine month periods in 2018 also include benefits from uncertain tax positions.

(b) Realignment costs during the three and nine months ended September 30, 2019 primarily relate to management reorganizations costs at IP and our Corporate Headquarters.

(c) Other unusual or infrequent items in 2019 include a legal matter at MT and costs associated with a resolved DOJ civil matter at CCT.

- “Adjusted free cash flow” is defined as net cash provided by operating activities less capital expenditures, adjusted for cash payments for restructuring costs, realignment actions, net asbestos cash flows and other significant items that impact current results which management views as unrelated to the Company’s ongoing operations and performance. Due to other financial obligations and commitments, including asbestos expenses, the entire adjusted free cash flow may not be available for discretionary purposes. “Adjusted free cash flow conversion” is defined as adjusted free cash flow divided by adjusted income from continuing operations. We believe that adjusted free cash flow and adjusted free cash flow conversion provide useful information to investors because they are the additional cash flow metrics used by management to monitor and evaluate cash flows generated by our operations.

A reconciliation of adjusted free cash flow, including adjusted free cash flow conversion for the nine months ended September 30, 2019 and 2018 is provided below.

For the Nine Months Ended September 30		**2019**		2018
Net cash provided by operating activities	**$**	**221.7**	$	246.6
Capital expenditures		**(69.3)**		(63.8)
Net asbestos cash flows		**20.1**		42.3
Insurance settlement agreement, net		**—**		(16.9)
Restructuring cash payments		**7.8**		5.9
Discretionary pension contributions, net of tax		**6.9**		—
Legal settlements, net		**5.1**		—
Acquisition and other		**1.5**		—
Adjusted free cash flow	**$**	**193.8**	$	214.1
Adjusted free cash flow conversion		**77.6%**		100.1%

RECENT ACCOUNTING PRONOUNCEMENTS

See Note 2 to the Consolidated Condensed Financial Statements for information on recent accounting pronouncements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of ITT's financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. ITT believes the most complex and sensitive judgments, because of their significance to the Consolidated Condensed Financial Statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Management's Discussion and Analysis of Financial Condition and Results of Operations in the 2018 Annual Report describes the critical accounting estimates that are used in the preparation of the Consolidated Condensed Financial Statements. Actual results in these areas could differ from management's estimates. There have been no significant changes concerning ITT's critical accounting estimates as described in our 2018 Annual Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There has been no material change in the information concerning market risk as stated in our 2018 Annual Report.

ITEM 4. CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer of the Company have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, such officers have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective.

There have been no changes in our internal control over financial reporting during the last fiscal quarter that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are involved in legal proceedings that are incidental to the operation of our businesses. Some of these proceedings allege damages relating to asbestos and environmental exposures, intellectual property matters, copyright infringement, personal injury claims, employment and employee benefit matters, government contract issues and commercial or contractual disputes and acquisitions or divestitures. Descriptions of certain legal proceedings to which the Company is a party are contained in Note 20, Commitments and Contingencies to the Consolidated Condensed Financial Statements included in Part I, Item 1 of this Report and are incorporated by reference herein. Such descriptions include the following recent developments:

Asbestos Proceedings

Subsidiaries of ITT, ITT LLC and Goulds Pumps LLC, are joined as a defendant with numerous other companies in product liability lawsuits alleging personal injury due to asbestos exposure. These claims allege that certain of their products sold prior to 1985 contained a part manufactured by a third party (e.g., a gasket) which contained asbestos. To the extent these third-party parts may have contained asbestos, it was encapsulated in the gasket (or other) material and was non-friable. Frequently, the plaintiffs are unable to identify any ITT LLC or Goulds Pumps LLC products as a source of asbestos exposure. In addition, a large majority of claims pending against the Company's subsidiaries have been placed on inactive dockets because the plaintiff cannot demonstrate a significant compensable loss. Our experience to date is that a substantial portion of resolved claims have been dismissed without payment by the Company's subsidiaries.

We record a liability for pending asbestos claims and asbestos claims estimated to be filed over the next 10 years. While it is probable that we will incur additional costs for future claims to be filed against the Company, a liability for potential future claims beyond the next 10 years is not reasonably estimable due to the variables and uncertainties inherent in the long-term projection of the Company's asbestos exposures and potential recoveries. As of September 30, 2019, we have recorded an undiscounted asbestos-related liability for pending claims and unasserted claims estimated to be filed over the next 10 years of $827.8, including expected legal fees, and an associated asset of $407.1 which represents estimated recoveries from insurers, resulting in a net asbestos exposure of $420.7.

Environmental

In the ordinary course of business, we are subject to federal, state, local, and foreign environmental laws and regulations. We are responsible, or are alleged to be responsible, for ongoing environmental investigation and site remediation. These sites are in various stages of investigation or remediation and in many of these proceedings our liability is considered de minimis. We have received notification from the U.S. Environmental Protection Agency, and from similar state and foreign environmental agencies, that a number of sites formerly or currently owned or operated by ITT, and other properties or water supplies that may be or have been impacted from those operations, contain disposed or recycled materials or wastes and require environmental investigation or remediation. These sites include instances where we have been identified as a potentially responsible party under federal and state environmental laws and regulations.

ITEM 1A. RISK FACTORS

Reference is made to the risk factors set forth in Part I, Item 1A, "Risk Factors," of our 2018 Annual Report, which are incorporated by reference herein. There have been no material changes with regard to the risk factors disclosed in such report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of equity securities by the issuer and affiliated purchasers

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS) PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE(1)	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS(2)	MAXIMUM DOLLAR VALUE OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS(2)
7/1/2019 - 7/31/2019	—	$ —	—	$ 80.1
8/1/2019 - 8/31/2019	0.3	$ 55.77	0.3	$ 61.9
9/1/2019 - 9/30/2019	—	$ —	—	$ 61.9

(1) Average price paid per share is calculated on a settlement basis and includes commissions.

(2) On October 27, 2006, our Board of Directors approved a three-year, $1 billion share repurchase program which it modified on December 16, 2008 to make the term indefinite. As of September 30, 2019, we had repurchased 22.7 shares for $938.1, including commissions, under this program. On October 30, 2019, the Board of Directors approved a $40 share repurchase authorization to effectively close out the current share repurchase program and in addition approved a new $500 share repurchase program with an indefinite life. We intend to utilize the program in a manner that is consistent with our capital allocation process, which has centered on those investments necessary to grow our businesses organically and through acquisitions, while also providing cash returns to shareholders. Our strategy for cash flow utilization is to invest in our business, execute strategic acquisitions, pay dividends and repurchase common stock.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Disclosure pursuant to Section 219 of the Iran Threat Reduction & Syria Human Rights Act (ITRA)

This disclosure is made pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 which added subsection (r) to Section 13 of the Exchange Act (Section 13(r)). Section 13(r) requires an issuer to disclose in its annual or quarterly reports whether it or any of its affiliates have knowingly engaged in certain activities, transactions or dealings relating to Iran. Disclosure of such activities, transactions or dealings is required even when conducted outside the United States by non-U.S. persons in compliance with applicable law, and whether or not such activities are sanctionable under U.S. law.

In its 2012 Annual Report, ITT described its acquisition of all the shares of Joh. Heinr. Bornemann GmbH (Bornemann) in November 2012, as well as certain activities of Bornemann in Iran and the wind down of those activities in accordance with a General License issued on December 26, 2012 by the Office of Foreign Assets Control (the General License). As permitted by the General License, on or before March 8, 2013, Bornemann completed the wind-down activities and ceased all activities in Iran. As required to be disclosed by Section 13(r), the gross revenues and operating income to Bornemann from its Iranian activities subsequent to its acquisition by ITT were €2.2 euros and €1.5 euros, respectively. Prior to its acquisition by ITT, Bornemann issued a performance bond to its Iranian customer in the amount of €1.3 euros (the Bond). Bornemann requested that the Bond be canceled prior to March 8, 2013; however, the former customer refused this request and as a result the Bond remains outstanding. Bornemann did not receive gross revenues or operating income, or pay interest, with respect to the Bond in any subsequent periods through September 30, 2019, however, Bornemann did pay fees of approximately €8 thousand euros during the nine months ended September 30, 2019 and approximately €11 thousand euros during 2018 to the German financial institution which is maintaining the Bond.

ITEM 6. EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
(31.1)	Certification pursuant to Rule 13a-14(a)/15d-14 (a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(31.2)	Certification pursuant to Rule 13a-14(a)/15d-14 (a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(32.1)	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(32.2)	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(101)	The following materials from ITT Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, formatted in Inline XBRL (Inline Extensible Business Reporting Language): (i) Consolidated Condensed Statements of Operations, (ii) Consolidated Condensed Statements of Comprehensive Income, (iii) Consolidated Condensed Balance Sheets, (iv) Consolidated Condensed Statements of Cash Flows, (v) Consolidated Condensed Statements of Changes in Shareholders' Equity, (vi) Notes to Consolidated Condensed Financial Statements, and (vii) Cover Page
(104)	The cover page from the Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, formatted in Inline XBRL (included in Exhibit 101).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

ITT Inc.

(Registrant)

By: /s/ John Capela

John Capela
Chief Accounting Officer
(Principal accounting officer)

November 1, 2019

EXHIBIT 31.1

CERTIFICATION OF LUCA SAVI PURSUANT TO SEC. 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Luca Savi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 of ITT Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/S/ Luca Savi

Luca Savi
Chief Executive Officer

Date: November 1, 2019

EXHIBIT 31.2

CERTIFICATION OF THOMAS M. SCALERA PURSUANT TO SEC. 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas M. Scalera, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 of ITT Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ Thomas M. Scalera

Thomas M. Scalera
Executive Vice President and
Chief Financial Officer

Date: November 1, 2019

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ITT Inc. (the "Company") on Form 10-Q for the period ended September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Luca Savi, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ Luca Savi

Luca Savi
Chief Executive Officer

November 1, 2019

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ITT Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Thomas M. Scalera, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ Thomas M. Scalera

Thomas M. Scalera
Executive Vice President and
Chief Financial Officer

November 1, 2019

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.