



ITT

GOULDS
PUMPS

Q1 2024 Earnings

May 2, 2024

SAFE HARBOR AND NON-GAAP DISCLOSURES



Safe Harbor

This presentation contains “forward-looking statements” intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. In addition, the accompanying conference call may include, and officers and representatives of ITT may from time to time make and discuss, projections, goals, assumptions, and statements that may constitute “forward-looking statements”. These forward-looking statements are not historical facts, but rather represent only a belief regarding future events based on current expectations, estimates, assumptions and projections about our business, future financial results, 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, by their nature, many are inherently unpredictable and outside of ITT’s control, 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, we cannot provide any assurance that the expectation or belief will occur or that anticipated results will be achieved or accomplished. More information on factors that could cause actual results or events to differ materially from those anticipated is included in the Risk Factors section of the Company’s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other documents filed from time to time with the Securities and Exchange Commission.

The forward-looking statements included in this presentation speak only as of the date hereof. We undertake no obligation (and expressly disclaim any obligation) to update any forward-looking statements, whether written or oral, as a result of new information, future events or otherwise.

Non-GAAP Disclosures

This presentation and the discussion on the accompanying conference call contain certain financial measures that are not prepared under U.S. GAAP. These non-GAAP financial measures supplement our GAAP disclosures and are not meant to be considered in isolation or as a substitute for the most directly comparable measures that are prepared in accordance with GAAP. These measures may not be comparable to similarly titled measures disclosed by other companies. For a reconciliation of these non-GAAP financial measures to the most directly comparable measures disclosed under GAAP, refer to the supplemental data to this presentation or investors.itt.com.

STRONG Q1 EXECUTION

OUTPERFORMING GROWING MARKETS

- Continued ramp in aero and defense orders; solid connector demand
- Record Q1 Friction awards incl. 47 in hybrid / EV; +37% rail orders growth
- ~\$1 billion total orders, total book-to-bill 1.07x; Svanehøj orders up ~30%

DELIVERING PROFITABLE GROWTH

- IP (+13%) pump projects and OE pump shipments; +25% including Svanehøj
- MT (+8%) outperforming in Friction OE and rail
- CCT (+7%) fueled by aerospace recovery and defense share gains

EXPANDING MARGIN

- Operating income +23% driven by volume, productivity and price
- MT margin surpassed 18%, on track to long-term target
- IP margin +140 bps excl. M&A; pump projects margin improvement

RAISING ADJUSTED EPS MIDPOINT BY 10¢ TO ~\$5.78 (+11%)

- Strong Q1 performance and positive demand outlook
- Raising FY organic revenue growth to ~6% at midpoint
- Expect +50 bps improvement vs. PY to ~17.4% operating margin at midpoint



Q1'24

Organic orders growth +7%
Total growth +13%

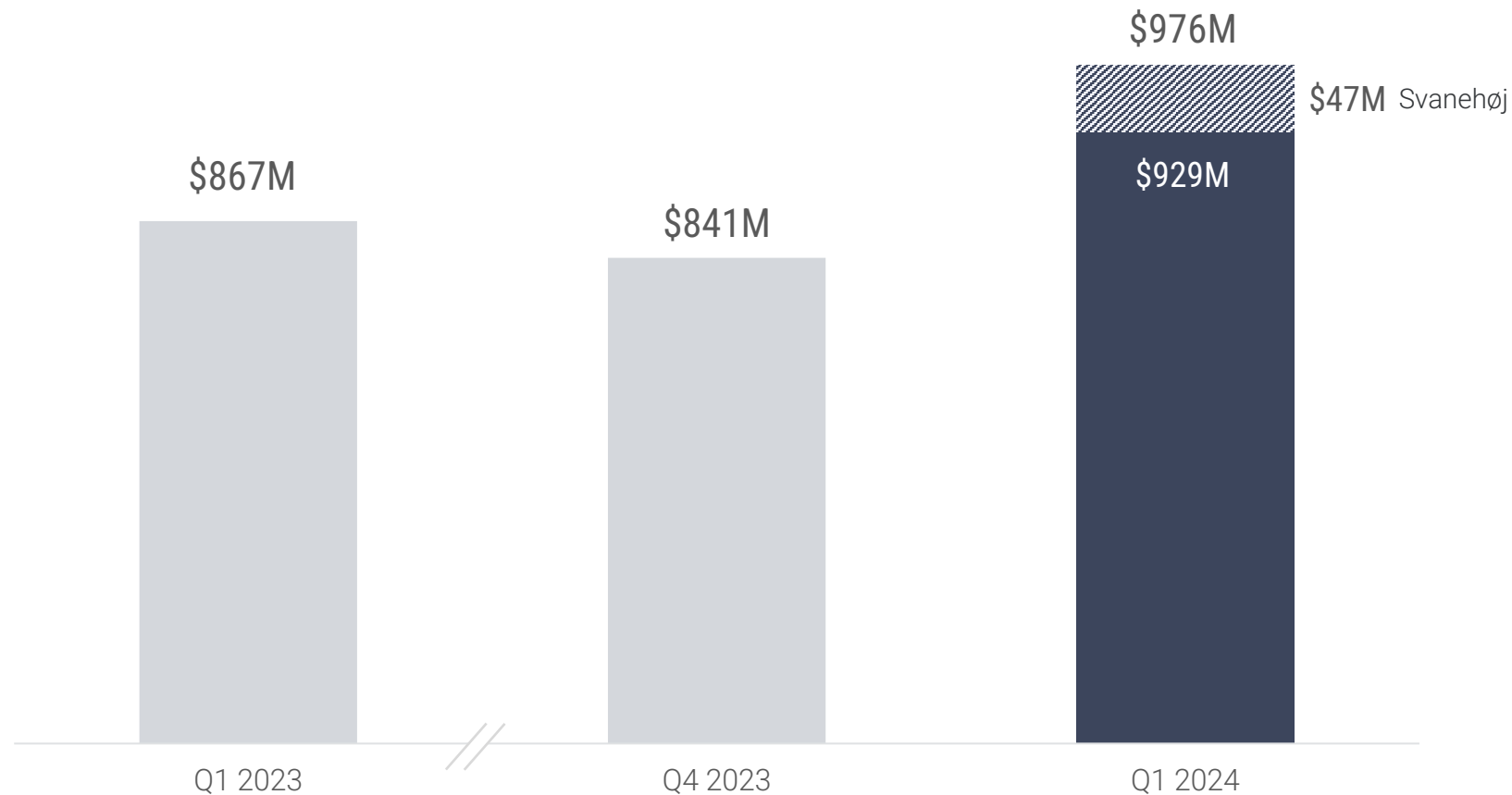
Organic revenue growth +9%
Total growth +14%

Adjusted operating margin 17.0%
Margin expansion +120 bps

Adjusted EPS growth +21%

ORDERS ACCELERATION IN Q1

13% TOTAL ORDERS GROWTH, 16% SEQUENTIAL



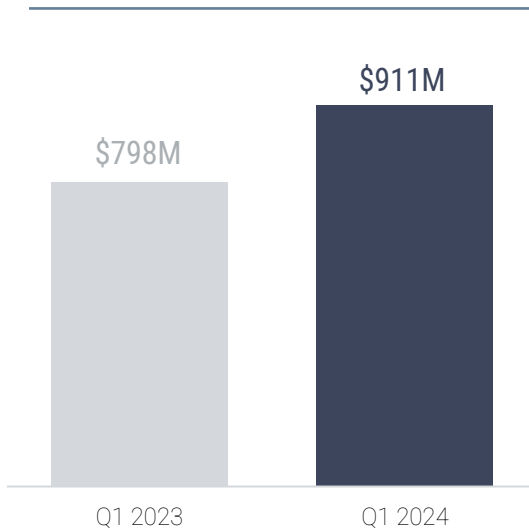
- Strength in IP service and valves; short cycle +9% sequentially
- Aero and defense components +28%, highest orders quarter on record
- Connectors orders +24% driven mainly by North America
- Rail orders +37% driven by Europe and China
- **Green** applications ~16% of full year revenue

Q1 2023 bolstered by large decarbonization project award with major oil producer

Q1 SUMMARY RESULTS



REVENUE

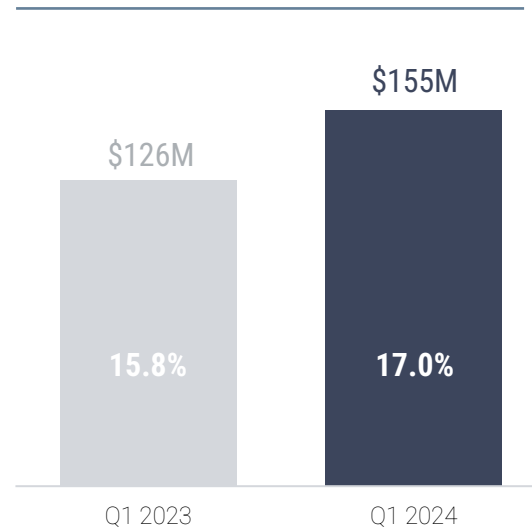


+9%

Organic revenue growth

- + IP projects (+64%)
- + Friction OE (+12%), significant outperformance in all regions
- + Rail (+10%) driven by share gains
- + CCT aerospace and defense (+13%)
- FX (-50 bps), acquisitions (+520 bps)

ADJUSTED OPERATING INCOME AND MARGIN

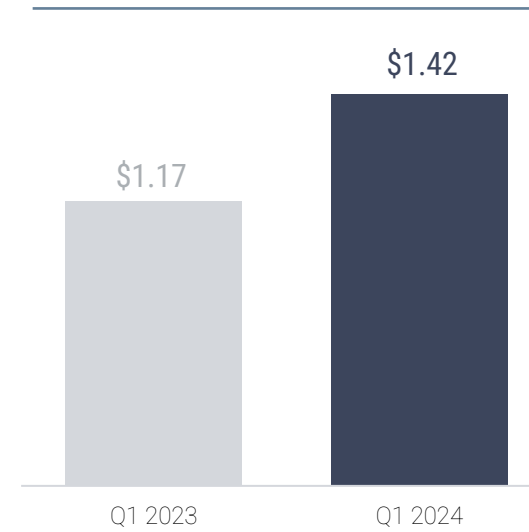


+23%

Adjusted operating income growth

- + Higher volume
- + Shop floor productivity
- + >200 bps pump projects margin improvement
- ± Higher strategic investments and corporate expense

ADJUSTED EPS

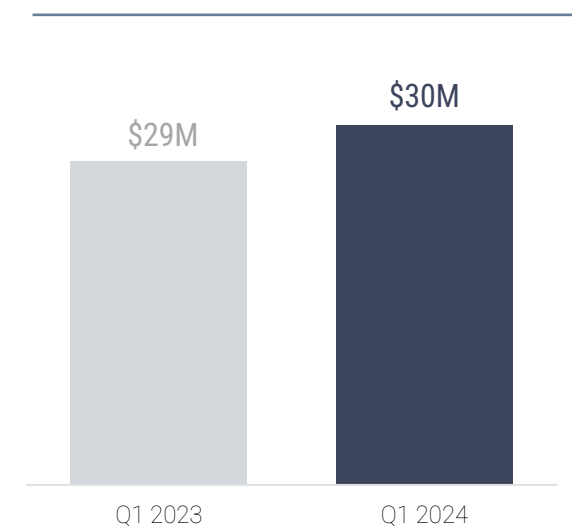


+21%

Adjusted EPS growth

- + Profitable growth
- Higher interest expense (M&A)
- Higher effective tax rate

FREE CASH FLOW



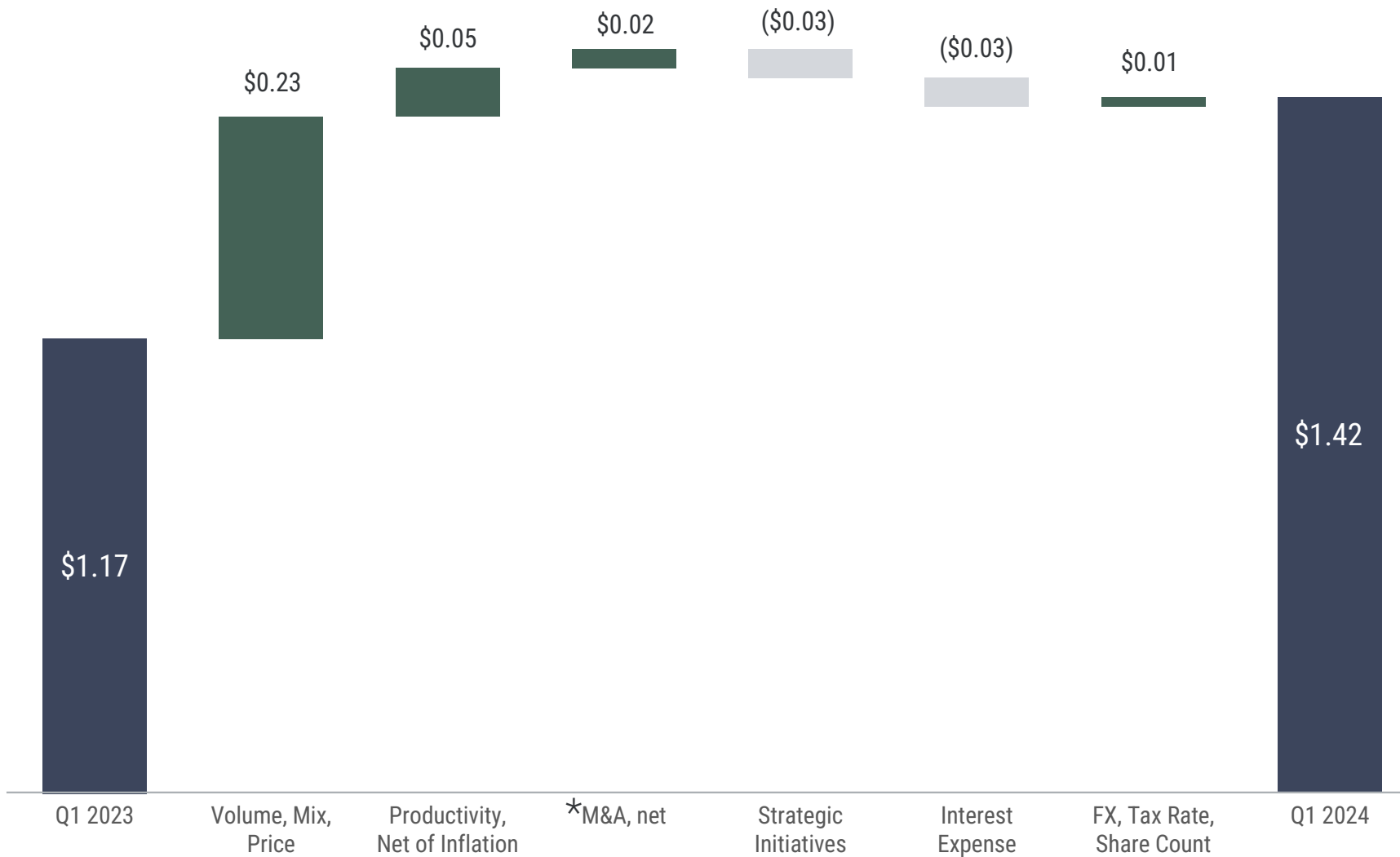
+2%

Free cash flow growth

- + Higher net income
- A/R collections timing, higher incentive compensation
- ± CapEx investments for productivity and capacity

Q1 2024 ADJUSTED EPS BRIDGE

21% EPS GROWTH, 6% SEQUENTIAL



DRIVERS

- + Share gains in MT (Friction, rail)
- + Profitable growth from pump project shipments
- + Recovering Friction aftermarket
- + Shop floor productivity
- ± Capacity investments
- Acquisition amortization
- Higher interest expense

* Includes \$6.7M total acquisition amortization, of which \$4.1M related to backlog intangibles

RAISING 2024 GUIDANCE

\$0.10 INCREASE IN ADJUSTED EPS MIDPOINT

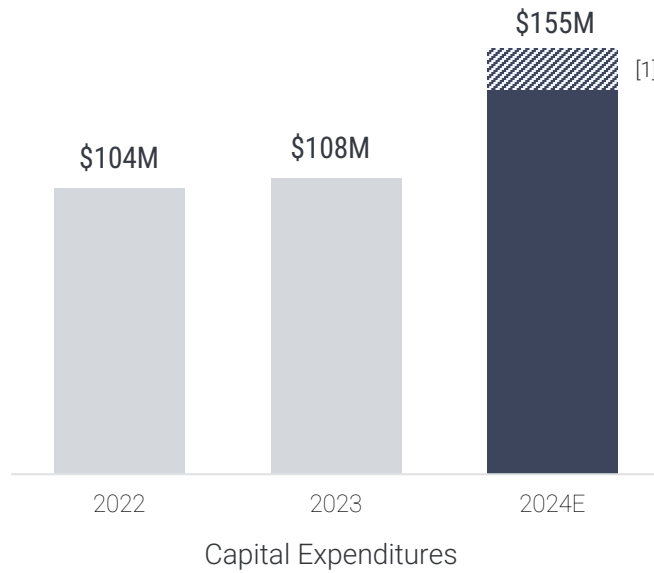


	PRIOR	CURRENT	COMMENTARY	
Revenue growth	+9% to +12% +3% to +6% organic	+9% to +12% +4% to +7% organic	↑	<ul style="list-style-type: none">Industrial connector and Friction aftermarket destocking easingContinued Friction OE outperformanceExpect ~18% MT FY operating marginContinued margin expansion in core IP businessImproving working capital and higher segment income driving free cash flow performance
Adjusted operating margin	16.9% to 17.5% flat to +60 bps <i>+80 bps to +140 bps excl. Svanehøj</i>	17.1% to 17.7% +20 bps to +80 bps <i>+100 bps to +160 bps excl. Svanehøj</i>	↑	
Adjusted EPS	\$5.45 to \$5.90 +5% to +13% growth	\$5.65 to \$5.90 +8% to +13% growth	↑	
Free cash flow	\$435M to \$475M 12% to 13% margin	\$435M to \$475M 12% to 13% margin		

CAPITAL DEPLOYMENT FRAMEWORK



ORGANIC GROWTH AT ATTRACTIVE RETURNS



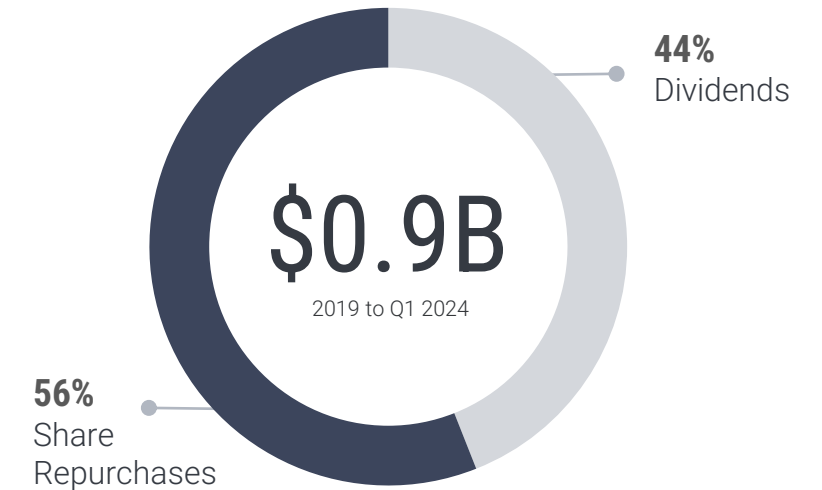
- Friction high performance investment partially funded by government incentives^[1]
- Continued investments in shop floor automation, productivity and R&D
- Expanding pump testing capabilities in high growth regions / areas
- Funding innovation and technological disruption to sustain differentiation and long-term outperformance

STRATEGIC M&A

	Purchase price
SVANEHOJ	\$408M
Micro-Mode	\$79M
HABONIM <small>An ITT Company</small>	\$140M

- ~\$1.5 - 2B of capacity to deploy
- Targeting close to core bolt-on acquisitions in flow and connectors
- Leaders in attractive markets, highly-engineered components and strong management teams
- Portfolio optimization to reduce complexity and exit lower growth / margin businesses

RETURN OF CAPITAL TO SHAREHOLDERS



- 16% CAGR dividend per share
- ~7% reduction in weighted average share count
- \$1B share repurchase program

KEY TAKEAWAYS



- | Strong Q1 execution, driving profitable growth
- | Outperforming in attractive and growing markets
- | Raising guidance on demand outlook and strong first quarter
- | Future value creation through compounding growth



Supplemental Data

Q1 SEGMENT SUMMARY RESULTS



MOTION TECHNOLOGIES

INDUSTRIAL PROCESS

CONNECT & CONTROL TECHNOLOGIES

Organic Revenue Growth

+8%

+13%

+7%

Adjusted Segment Operating Income

\$71M

\$68M

\$34M

Adjusted Segment Operating Margin

18.2%

20.4%

18.2%

- Global Friction OE share gains and aftermarket growth (+4%)
- Rail growth (+10%); converting strong backlog
- Easing material and commodity prices
- +340 bps operating margin expansion to surpass 18% threshold
- 63% adjusted incremental margin

- Total orders +8% driven by short cycle and Svanehøj
- 1.06x book-to-bill
- +13% organic revenue growth driven by projects (+64%)
- +25% total growth driven by 1,300 bps from Svanehøj
- Excluding Svanehøj, margin +140 bps in Q1 (230 bps of dilution)

- Organic orders growth (+23%) driven by commercial aero and defense awards and recovery in connectors
- 1.15x book-to-bill
- Organic revenue growth driven by aero and defense (+13%)
- +70 bps operating margin expansion

Q1 ADJUSTED OPERATING MARGIN



	Q1
Q1'23 adjusted operating margin	15.8%
Operational leverage	+150 bps
Productivity actions, net	+60 bps
Strategic investments	(-40 bps)
FX impact	+20 bps
M&A impact	(-70 bps)
Q1'24 adjusted operating margin	17.0%
Reconciliation to reported margin (special items)	(-60) bps
Q1'24 operating margin	16.4%

DRIVERS

- + Higher volume and price
- + Shop floor productivity
- ± Strategic growth investments
- Acquisition amortization impact
- Special items primarily include acquisition and restructuring costs

KEY PERFORMANCE INDICATORS & NON-GAAP MEASURES



Management reviews a variety of key performance indicators including revenue, operating income and margins, earnings per share, order growth, and backlog, some of which are calculated on a non-GAAP basis. In addition, we consider certain 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. Some of these 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 for purposes of our reconciliation tables.

Organic Revenues and **Organic Orders** are defined, respectively, as revenue and orders, excluding the impacts of foreign currency fluctuations and acquisitions. The period-over-period change resulting from foreign currency fluctuations is estimated using a fixed exchange rate for both the current and prior periods. We believe that reporting organic revenue and organic orders provides useful information to investors by helping identify underlying trends in our business and facilitating comparisons of our revenue performance with prior and future periods and to our peers.

Adjusted Operating Income is defined as operating income adjusted to exclude special items that include, but are not limited to, restructuring, divestiture-related costs, certain asset impairment charges, certain acquisition-related impacts, and unusual or infrequent operating items. Special items represent charges or credits that impact current results, which management views as unrelated to the Company's ongoing operations and performance. **Adjusted Operating Margin** is defined as adjusted operating income divided by revenue. We believe 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.

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, restructuring, divestiture-related costs, certain asset impairment charges, certain acquisition-related impacts, income tax settlements or adjustments, and unusual or infrequent items. Special items represent 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 (adjusted EPS)** 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 EPS 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.

Free Cash Flow is defined as net cash provided by operating activities less capital expenditures. **Free Cash Flow Margin** is defined as free cash flow divided by revenue. We believe that free cash flow and free cash flow margin provides useful information to investors as it provides insight into a primary cash flow metric used by management to monitor and evaluate cash flows generated by our operations.

ITT Inc. Non-GAAP Reconciliation Statements

(In millions; all amounts unaudited)



Reconciliation of Revenue to Organic Revenue

	First Quarter 2024				
	MT	IP	CCT	Elim	Total
Revenue	\$ 392.4	\$ 333.9	\$ 185.1	\$ (0.8)	\$ 910.6
Less: Acquisitions	-	35.8	5.6	-	41.4
Less: FX	(2.3)	(1.8)	(0.1)	(0.1)	(4.3)
CY Organic Revenue	394.7	299.9	179.6	(0.7)	873.5
Less: PY Revenue	364.8	266.5	167.6	(1.0)	797.9
Organic Revenue Growth - \$	\$ 29.9	\$ 33.4	\$ 12.0		\$ 75.6
Organic Revenue Growth - %	8.2%	12.5%	7.2%		9.5%
Reported Revenue Growth - \$	\$ 27.6	\$ 67.4	\$ 17.5		\$ 112.7
Reported Revenue Growth - %	7.6%	25.3%	10.4%		14.1%

Reconciliation of Orders to Organic Orders

	First Quarter 2024				
	MT	IP	CCT	Elim	Total
Orders	\$ 410.5	\$ 354.0	\$ 212.8	\$ (1.1)	\$ 976.2
Less: Acquisitions	-	47.0	5.3	-	52.3
Less: FX	(2.2)	(0.7)	(0.5)	-	(3.4)
CY Organic Orders	412.7	307.7	208.0	(1.1)	927.3
Less: PY Orders	371.2	327.3	169.3	(1.0)	866.8
Organic Orders Growth - \$	\$ 41.5	\$ (19.6)	\$ 38.7		\$ 60.5
Organic Orders Growth - %	11.2%	(6.0%)	22.9%		7.0%
Reported Orders Growth - \$	\$ 39.3	\$ 26.7	\$ 43.5		\$ 109.4
Reported Orders Growth - %	10.6%	8.2%	25.7%		12.6%

Note: Immaterial differences due to rounding.



ITT Inc. Non-GAAP Reconciliation Statements

(In millions; all amounts unaudited)

Reconciliations of Operating Income/Margin to Adjusted Operating Income/Margin

	First Quarter 2024					First Quarter 2023				
	MT	IP	CCT	Corporate	ITT	MT	IP	CCT	Corporate	ITT
Reported Operating Income	\$ 70.6	\$ 63.8	\$ 32.7	\$ (17.9)	\$ 149.2	\$ 53.4	\$ 55.3	\$ 29.4	\$ (13.8)	\$ 124.3
Restructuring costs	0.5	0.5	0.9	-	1.9	0.3	(0.1)	0.1	-	0.3
Acquisition-related costs	-	3.7	-	-	3.7	-	-	-	-	-
Impacts related to Russia-Ukraine war	0.2	-	-	-	0.2	0.3	1.5	-	-	1.8
Other	-	-	-	-	-	-	-	(0.2)	-	(0.2)
Adjusted Operating Income	\$ 71.3	\$ 68.0	\$ 33.6	\$ (17.9)	\$ 155.0	\$ 54.0	\$ 56.7	\$ 29.3	\$ (13.8)	\$ 126.2
Change in Operating Income	32.2%	15.4%	11.2%	29.7%	20.0%					
Change in Adjusted Operating Income	32.0%	19.9%	14.7%	29.7%	22.8%					
Reported Operating Margin	18.0%	19.1%	17.7%		16.4%	14.6%	20.8%	17.5%		15.6%
Impact of special item adjustments	20 bps	130 bps	50 bps		60 bps	20 bps	50 bps	0 bps		20 bps
Adjusted Operating Margin	18.2%	20.4%	18.2%		17.0%	14.8%	21.3%	17.5%		15.8%
Change in Operating Margin	340 bps	-170 bps	20 bps		80 bps					
Change in Adjusted Operating Margin	340 bps	-90 bps	70 bps		120 bps					

Note: Immaterial differences due to rounding.



ITT Inc. Non-GAAP Reconciliation Statements

(In millions, except earnings per share; all amounts unaudited)

Reconciliation of Reported vs. Adjusted Income from Continuing Operating and Diluted EPS

	Income from Continuing Operations			Diluted Earnings per Share		
	Q1 2024	Q1 2023	% Change	Q1 2024	Q1 2023	% Change
Reported	\$ 111.0	\$ 100.0	11.0%	\$ 1.34	\$ 1.20	11.7%
Special Items Expense / (Income):						
Restructuring costs	1.9	0.3		0.03	-	
Impacts related to Russia-Ukraine war	0.2	1.8		-	0.02	
Acquisition-related costs [a]	3.7	-		0.05	-	
Other [b]	-	1.2		-	0.02	
Tax impact of special items [c]	(1.3)	0.1		(0.02)	0.00	
Other tax special items [d]	1.7	(6.1)		0.02	(0.07)	
Adjusted	\$ 117.2	\$ 97.3	20.5%	\$ 1.42	\$ 1.17	21.4%

Note: Amounts may not calculate due to rounding.

Per share amounts are based on diluted weighted average common shares outstanding.

[a] Q1 2024 Svanehøj acquisition and integration-related costs.

[b] Q1 2023 includes interest charges related to the settlement of a tax audit in Italy.

[c] The tax impact of each adjustment is determined using the jurisdictional tax rate of where the expense or benefit occurred.

[d] Q1 2024 includes tax on undistributed foreign earnings. Q1 2023 reflects tax benefits for valuation allowance impacts (\$17.6M) and an amended federal tax return filing (\$4.9M), offset from a foreign audit settlement (\$14.1M) and other tax special items (\$2.3M).

ITT Inc. Non-GAAP Reconciliation Statements

(In millions, except earnings per share; all amounts unaudited)



Reconciliation of GAAP vs Adjusted EPS Guidance - Full Year 2024

	2024 Full-Year Guidance	
	Low	High
EPS from Continuing Operations - GAAP	\$ 5.51	\$ 5.76
Estimated restructuring	0.06	0.06
Other special items	0.06	0.06
Other tax on special Items	0.02	0.02
	-	-
EPS from Continuing Operations - Adjusted	\$ 5.65	\$ 5.90

Note: The Company has provided forward-looking non-GAAP financial measures for organic revenue growth and adjusted operating margin. It is not possible, without unreasonable efforts, to estimate the impacts of foreign currency fluctuations, acquisitions and certain other special items that may occur in 2024 as these items are inherently uncertain and difficult to predict. As a result, the Company is unable to quantify certain amounts that would be included in a reconciliation of organic revenue growth and adjusted operating margin to the most directly comparable GAAP financial measures without unreasonable efforts and accordingly has not provided reconciliations for these forward looking non-GAAP financial measures.

Reconciliation of Cash from Operating Activities to Free Cash Flow

	Q1 2024	Q1 2023	FY 2023	FY 2024 Guidance	
				Low	High
Net Cash - Operating Activities	\$ 57.8	\$ 58.1	\$ 538.0	\$ 590.0	\$ 630.0
Less: Capital expenditures	27.7	28.7	107.6	155.0	155.0
Free Cash Flow	\$ 30.1	\$ 29.4	\$ 430.4	\$ 435.0	\$ 475.0
Revenue	\$ 910.6	\$ 797.9	\$ 3,283.0	\$ 3,625.0	\$ 3,625.0
Free Cash Flow Margin	3.3%	3.7%	13.1%	12%	13%