



ITT

D.A. Davidson Diversified Industrials Conference

September 21, 2023



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 webcast 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 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, 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, there can be no 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.

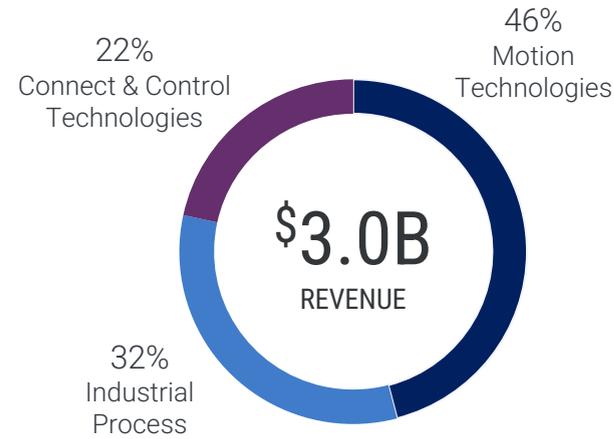
ITT AT A GLANCE

Diversified, leading manufacturer of highly engineered critical components and customized technology solutions

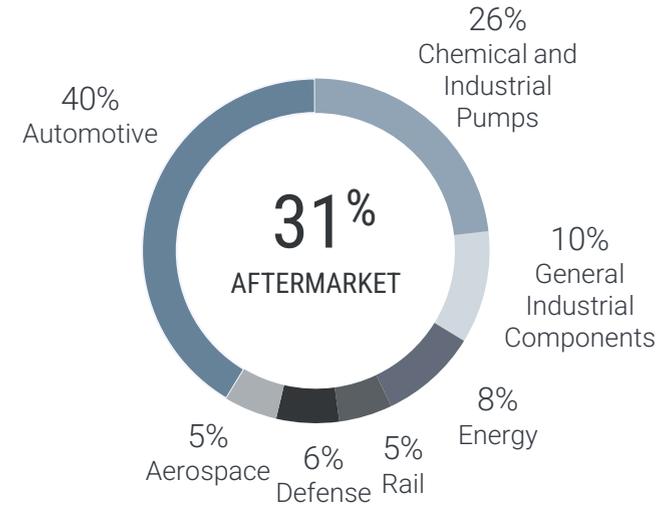
- | 50 MANUFACTURING LOCATIONS
- | 1,250+ ENGINEERS
- | 1,500+ ACTIVE U.S. PATENTS



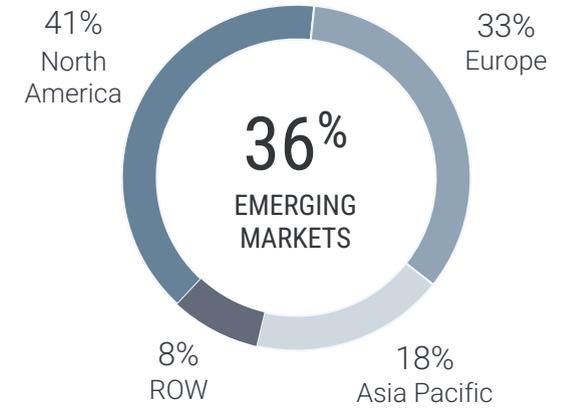
BUSINESSES



END MARKETS



GEOGRAPHY



Represents composition of revenue for 2022

LONG-TERM TARGETS

All figures versus FY 2021. All results unaudited

5-7%
Revenue growth
CAGR

~20%
Adjusted segment
operating margin

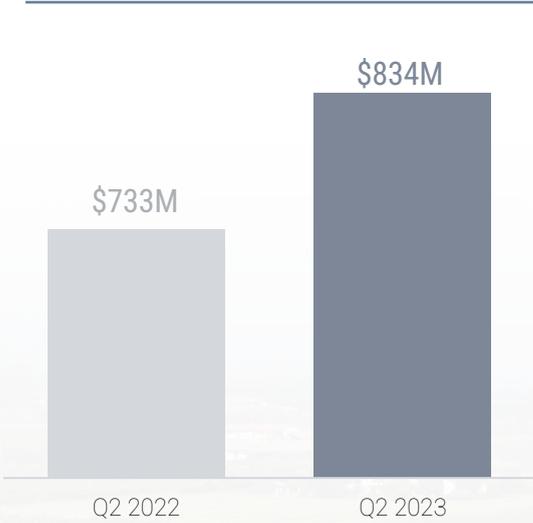
10%+
Adjusted EPS growth
CAGR

~11-13%
Free Cash Flow Margin

STRONG Q2 RESULTS

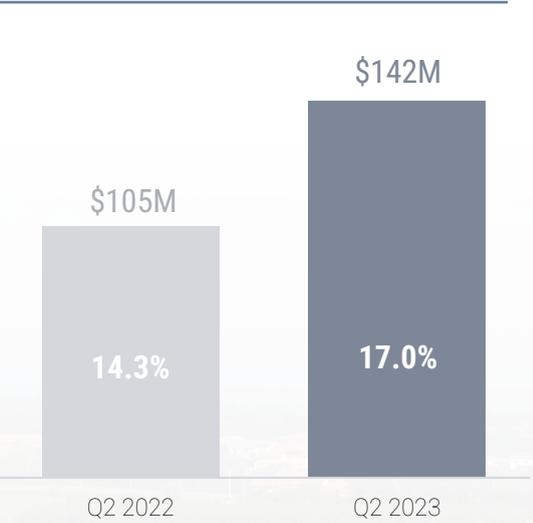


REVENUE



+12%
Organic revenue growth

ADJUSTED OPERATING INCOME AND MARGIN



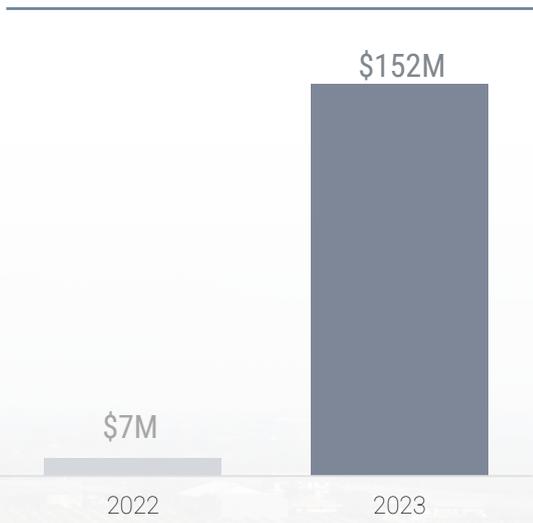
+270 bps
Adjusted operating margin expansion

ADJUSTED EPS



+36%
Adjusted EPS growth

YTD FREE CASH FLOW



9.3%
Free cash flow margin

All results unaudited. Comparisons to 2022 unless otherwise noted. For non-GAAP reconciliations, refer to appendix



Q3 PROGRESSING AS EXPECTED



- | Expect low to mid-single digit organic revenue growth led by Industrial Process and CCT
- | Segment op. margin improving sequentially, Motion Technologies shows continued progress
- | Expect mid-single digit adjusted EPS growth driven by productivity and price
- | Free cash flow performance; on path to ~\$400M for full year guidance
- | Q3 Outlook contemplates near-term impact of UAW strike (<\$5M sales)



I

T

T



Supplemental Data

A ~\$1 million investment to install more than 1,000 solar panels in Nogales, Mexico, which started producing green electricity in February 2023 and currently supports ~8% of the site's energy needs.

OTHER ITT REFERENCE MATERIALS



[Q2 2023 EARNINGS](#)



[2022 SUSTAINABILITY REPORT](#)



[2022 INVESTOR DAY PRESENTATION](#)



[LATEST INVESTOR OVERVIEW DECK](#)

KEY PERFORMANCE INDICATORS & 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 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. Management believes 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 and **Adjusted Segment Operating Income** are defined, respectively, as total operating income and segment operating income, adjusted to exclude special items that include, but are not limited to, restructuring, 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** and **Adjusted Segment Operating Margin** are defined as adjusted operating income or adjusted segment operating income, respectively, divided by revenue. **Adjusted Segment Incremental Operating Margin** is defined as the change in adjusted segment operating income divided by the change in 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, 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 the ratio of free cash flow to 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
Reported vs. Organic Revenue / Orders
Second Quarter 2023 & 2022

(In Millions)
(all amounts unaudited)

	(As Reported - GAAP)				(As Adjusted - Organic)				
	(A) Q2 2023	(B) Q2 2022	(C) \$ Change 2023 vs. 2022	% Change 2023 vs. 2022	(D) Acquisitions Q2 2023	(E) FX Impact Q2 2023	(F) = A-D-E Revenue / Orders Q2 2023	(G) =C-D-E \$ Change Adj. 2023 vs. 2022	(H) = G / B % Change Adj. 2023 vs. 2022
Revenue									
ITT Inc.	\$ 833.9	\$ 733.3	\$ 100.6	13.7%	\$ 3.9	\$ 5.1	\$ 824.9	\$ 91.6	12.5%
Motion Technologies	368.8	331.3	37.5	11.3%	-	5.3	363.5	32.2	9.7%
Industrial Process	293.6	239.6	54.0	22.5%	-	(0.2)	293.8	54.2	22.6%
Connect & Control Technologies	172.2	163.2	9.0	5.5%	3.9	0.1	168.2	5.0	3.1%
Orders									
ITT Inc.	\$ 917.5	\$ 807.1	\$ 110.4	13.7%	\$ 4.7	\$ 4.4	\$ 908.4	\$ 101.3	12.6%
Motion Technologies	376.7	327.7	49.0	15.0%	-	5.6	371.1	43.4	13.2%
Industrial Process	343.0	298.8	44.2	14.8%	-	(1.4)	344.4	45.6	15.3%
Connect & Control Technologies	198.5	181.5	17.0	9.4%	4.7	0.2	193.6	12.1	6.7%

Note: Excludes intercompany eliminations
Immaterial differences due to rounding



ITT Inc. Non-GAAP Reconciliation
Reported vs Adjusted Segment Operating Income & Segment Operating Margin
Second Quarter 2023 & 2022

(In Millions)
(all amounts unaudited)

	Q2 2023 As Reported	Q2 2023 Special Items	Q2 2023 As Adjusted	Q2 2022 As Reported	Q2 2022 Special Items	Q2 2022 As Adjusted	% Change As Reported 2023 vs. 2022	% Change As Adjusted 2023 vs. 2022
Revenue:								
Motion Technologies	\$ 368.8		\$ 368.8	\$ 331.3		\$ 331.3	11.3%	11.3%
Industrial Process	293.6		293.6	239.6		239.6	22.5%	22.5%
Connect & Control Technologies	172.2		172.2	163.2		163.2	5.5%	5.5%
Intersegment eliminations	(0.7)		(0.7)	(0.8)		(0.8)		
Total Revenue	<u>\$ 833.9</u>		<u>\$ 833.9</u>	<u>\$ 733.3</u>		<u>\$ 733.3</u>	<u>13.7%</u>	<u>13.7%</u>
Operating Margin:								
Motion Technologies	15.6%	40 BP	16.0%	14.2%	30 BP	14.5%	140 BP	150 BP
Industrial Process	22.6%	30 BP	22.9%	16.3%	50 BP	16.8%	630 BP	610 BP
Connect & Control Technologies	16.5%	100 BP	17.5%	17.3%	(10) BP	17.2%	(80) BP	30 BP
Total Operating Segments	<u>18.3%</u>	<u>40 BP</u>	<u>18.7%</u>	<u>15.6%</u>	<u>30 BP</u>	<u>15.9%</u>	<u>270 BP</u>	<u>280 BP</u>
Operating Income:								
Motion Technologies	\$ 57.7	\$ 1.2	\$ 58.9	\$ 47.0	\$ 1.2	\$ 48.2	22.8%	22.2%
Industrial Process	66.4	0.7	67.1	39.1	1.1	40.2	69.8%	66.9%
Connect & Control Technologies	28.4	1.8	30.2	28.2	(0.1)	28.1	0.7%	7.5%
Total Segment Operating Income	<u>\$ 152.5</u>	<u>\$ 3.7</u>	<u>\$ 156.2</u>	<u>\$ 114.3</u>	<u>\$ 2.2</u>	<u>\$ 116.5</u>	<u>33.4%</u>	<u>34.1%</u>

Note: Immaterial differences due to rounding.

Special items include, but are not limited to, restructuring costs, acquisition-related expenses, and other unusual or infrequent items.

ITT Inc. Non-GAAP Reconciliation
Reported vs. Adjusted Income from Continuing Operations & Adjusted EPS
Second Quarter 2023 & 2022

(In Millions, except per share amounts)
(all amounts unaudited)



	Q2 2023 As Reported	Non-GAAP Adjustments	Q2 2023 As Adjusted	Q2 2022 As Reported	Non-GAAP Adjustments	Q2 2022 As Adjusted	\$ Change As Adjusted 2023 vs. 2022	% Change As Adjusted 2023 vs. 2022
Segment operating income	\$ 152.5	\$ 3.7 #A	\$ 156.2	\$ 114.3	\$ 2.2 #A	\$ 116.5		
Corporate and other costs	(10.5)	(3.7) #B	(14.2)	(13.8)	2.0 #B	(11.8)		
Operating income	142.0	-	142.0	100.5	4.2	104.7	37.3	35.6%
Operating margin	17.0%		17.0%	13.7%		14.3%		
Interest income (expense), net	(2.5)	-	(2.5)	(0.9)	-	(0.9)		
Other income (expense), net	-	-	-	0.4	-	0.4		
Income from continuing operations before tax	139.5	-	139.5	100.0	4.2	104.2		
Income tax expense	(30.6)	1.6 #C	(29.0)	(24.0)	1.6 #C	(22.4)		
Income from continuing operations	108.9	1.6	110.5	76.0	5.8	81.8		
Less: Income attributable to noncontrolling interests	0.7	-	0.7	0.2	-	0.2		
Income from continuing operations - ITT Inc.	\$ 108.2	\$ 1.6	\$ 109.8	\$ 75.8	\$ 5.8	\$ 81.6		
EPS from continuing operations	\$ 1.31	\$ 0.02	\$ 1.33	\$ 0.91	\$ 0.07	\$ 0.98	\$ 0.35	35.7%

Note: Amounts may not calculate due to rounding.

Total Operating Margin is defined as reported operating income or adjusted operating income divided by total revenue.

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

#A - 2023 includes acquisition-related expenses (\$1.8M) impacts related to the Russia-Ukraine war (\$1.4M) restructuring costs (\$0.6M) and other income (\$0.1M).

#A - 2022 includes restructuring costs (\$2.2M), severance costs (\$0.7M), and other costs (\$0.1M), partially offset by the reversal of impacts related to the Russia-Ukraine conflict (\$0.8M).

#B - 2023 includes income from a recovery of costs associated with the 2020 lease termination of a legacy site (\$3.7M).

#B - 2022 includes an asset impairment charge (\$1.7M) and severance and other costs (\$0.3M).

#C - 2023 includes the net tax benefit of special items #A and #B (\$0.4M) offset by tax expense related to distributions of non-U.S. income (\$1.2M) and other tax-related special charges (\$0.8M).

#C - 2022 includes the net tax benefit of special items #A and #B (\$1.5M), more than offset by tax expense related to a write-down of a tax receivable of (\$2.1M), tax expense for valuation allowance impacts of (\$0.9M), and other tax-related special items.



ITT Inc. Non-GAAP Reconciliation
Free Cash Flow and Free Cash Flow Margin
Three and Six Months Ended 2023 & 2022

(In Millions)
(all amounts unaudited)

	<u>Q2 2023</u>	<u>Q2 2022</u>	<u>6M 2023</u>	<u>6M 2022</u>
Net Cash - Operating Activities	\$ 139.7	\$ 56.9	\$ 197.8	\$ 54.2
Less: Capital expenditures	17.6	17.5	46.3	47.5
Free Cash Flow	<u>\$ 122.1</u>	<u>\$ 39.4</u>	<u>\$ 151.5</u>	<u>\$ 6.7</u>
Revenue	<u>\$ 833.9</u>	<u>\$ 733.3</u>	<u>\$ 1,631.8</u>	<u>\$ 1,459.5</u>
Free Cash Flow Margin	14.6%	5.4%	9.3%	0.5%