



# ITT

## Q3 2024 Earnings

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October 29, 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,” “believe,” “continue,” “could,” “estimate,” “expect,” “future,” “guidance,” “project,” “intend,” “may,” “plan,” “potential,” “project,” “should,” “target,” “will,” 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. Generally Accepted Accounting Principles (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](http://investors.itt.com).

# EXECUTING AND GROWING

## DIFFERENTIATION DRIVES SHARE GAINS

- IP (+30%) driven by pump projects (+136%) and short-cycle (+4%) order growth
- CCT (+7%) driven by connectors orders (+17%) in defense and industrial
- \$1.7B record backlog +9% organically and +34% total vs. year end

## STRONG ORGANIC REVENUE GROWTH ACROSS ALL SEGMENTS

- IP (+6%) – robust baseline pumps (+12%) and valves (+17%) shipments
- CCT (+6%) – defense share gains (+22%) and industrial connectors growth (+24%)
- MT (+5%) – Friction OE outperformance (760 bps<sup>[1]</sup>), aftermarket (+9%), and rail (+21%)

## EXPANDING OPERATING MARGIN

- 18.1% MT (+110 bps) driven by price / cost, volume and productivity
- 19.1% CCT (+90 bps) driven primarily by pricing actions
- 20.9% IP driven by higher volume and price; +60 bps excl. M&A dilution

## RAISING MIDPOINT OF FULL YEAR 2024 EPS RANGE

- Revenue growth and operating margin move above previous guidance midpoint
- Driving to >\$6 of earnings excluding temporary M&A impacts<sup>[2]</sup>



Q3'24

Organic orders growth **+14%**  
Total growth **+17%**

Organic revenue growth **+6%**  
Total growth **+8%**

Adjusted operating margin **18.3%**  
Margin expansion **+60 bps**

Adjusted EPS growth **+7%**

YTD capital deployed **>\$1B**

Shown: Habonim cryogenic floating ball valves during production.

All results unaudited. Comparisons to Q3 2023 unless otherwise noted. For non-GAAP reconciliations, refer to appendix.

[1] Friction OE volume growth vs. global auto production for Q3 2024 based on IHS Global Light Vehicle Estimates.

[2] Represents acquisition-related intangible backlog asset amortization.

# GROWTH | FURTHERING OUR DIFFERENTIATION



## Unique Brake Pad Testing Facility in China



*Shown: A portion of the Huang Shan, China testing loop*

## Leader in Green Energy Transition and Complex Projects



*Shown: Svanehøj cryogenic submerged fuel pump*

## Share Gains in Aerospace and Defense



- In-house climate testing chamber in Huang Shan, China: replicating real-world driving conditions and generating faster, more precise performance data
- Innovative, best-in-class testing facility enables rapid response to OEMs and Tier 1s' challenges to secure optimal brake pad performance
- The only brake pad manufacturer with these complete, in-house testing capabilities

- Svanehøj's leadership in ammonia fuel pumps drove awards on 24 new vessels
- Goulds Pumps Saudi's exceptional quality, delivery performance and expansion of testing capabilities led to multiple project awards
  - ~\$50M of awards for Amiral petrochemical refinery

- Share gains in defense modernization including content on NETT Warrior, amphibious armored vehicle, Joint Strike Fighter program, and U.S. Navy defense system
- Secured developmental engineering contracts to produce critical components for high-profile advanced military aircraft



# BACKLOG | POWERING FUTURE GROWTH

ORGANIC GROWTH COMPOUNDED BY M&A



\$1.2B

\$110M

\$190M

\$130M

\$1.7B

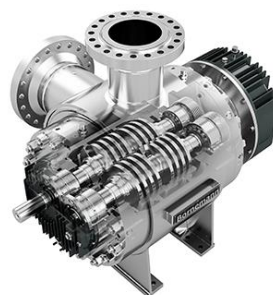
- A&D large program awards
- Auto and rail share gains
- Connectors growth
- Pump project awards
- 1.1x book-to-bill

- +22% Svanehøj order growth 1.4x book-to-bill
- Leadership in cryogenic pumps for LNG, LPG and ammonia
- Low-double-digit long term revenue growth expected

- New awards driven by defense modernization
- Content on marquee programs including Joint Strike Fighter, F-16, and Virginia Class submarine
- High single-digit long-term revenue growth expected

+9%  
Organic

+34%  
Total



Bornemann  
Twin Screw pump



Veam Series  
Connector    HDx small form-factor  
Connector



The new HPP Triplex unit, that can handle higher fuel injection pressure on LNG engines



A customized hybrid harness created by kSARIA

As of 12/31/2023

Organic  
Orders Growth

SVANEHØJ

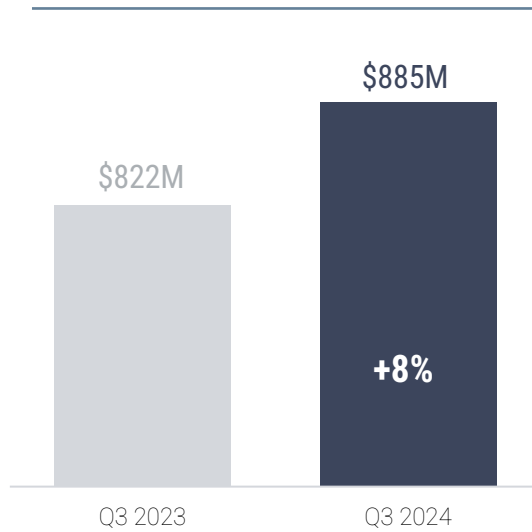
kSARIA

As of 9/28/2024

# Q3 SUMMARY RESULTS



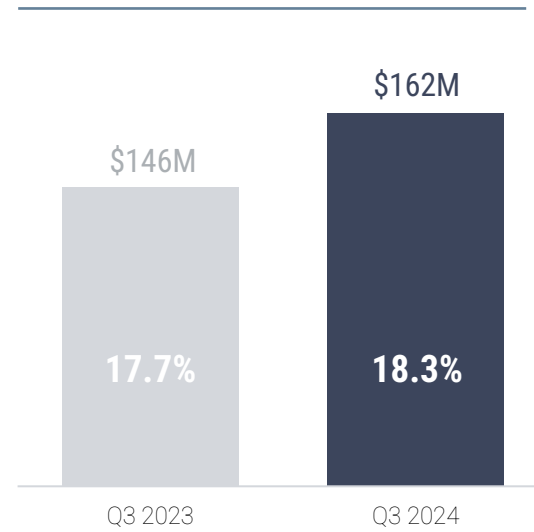
## REVENUE



**+6%**

Organic revenue growth

## ADJUSTED OPERATING INCOME AND MARGIN



**+60 bps**

Adjusted operating margin expansion

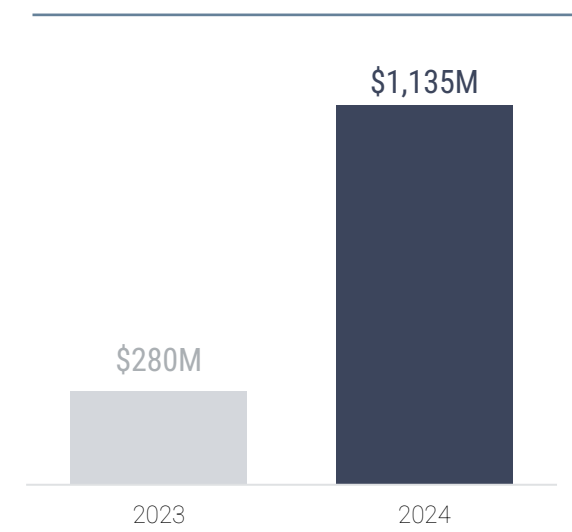
## ADJUSTED EPS



**+7%**

Adjusted EPS growth

## YTD CAPITAL DEPLOYMENT



**4x Increase**

in Capital deployed

- + Resilient IP short-cycle growth (+8%)
- + CCT defense (+22%), aero aftermarket (+20%), industrial connectors (+24%)
- + Rail (+21%) share gains
- + Friction OE outperformance (+760 bps<sup>[1]</sup>) and aftermarket recovery (+9%)
- M&A (+240 bps), FX (-20 bps)

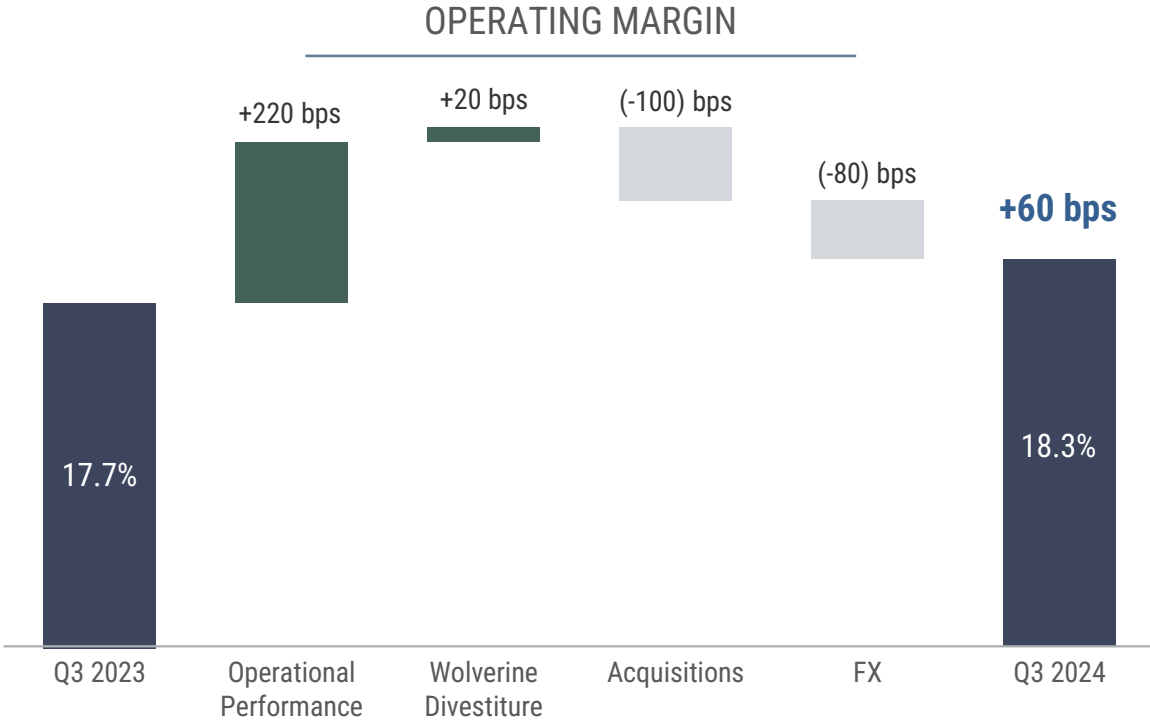
- + Volume growth and pricing actions
- + Productivity offsetting inflation
- FX impact

- + Operational performance
- Wolverine divestiture impact
- Higher interest expense
- FX impact and higher tax rate

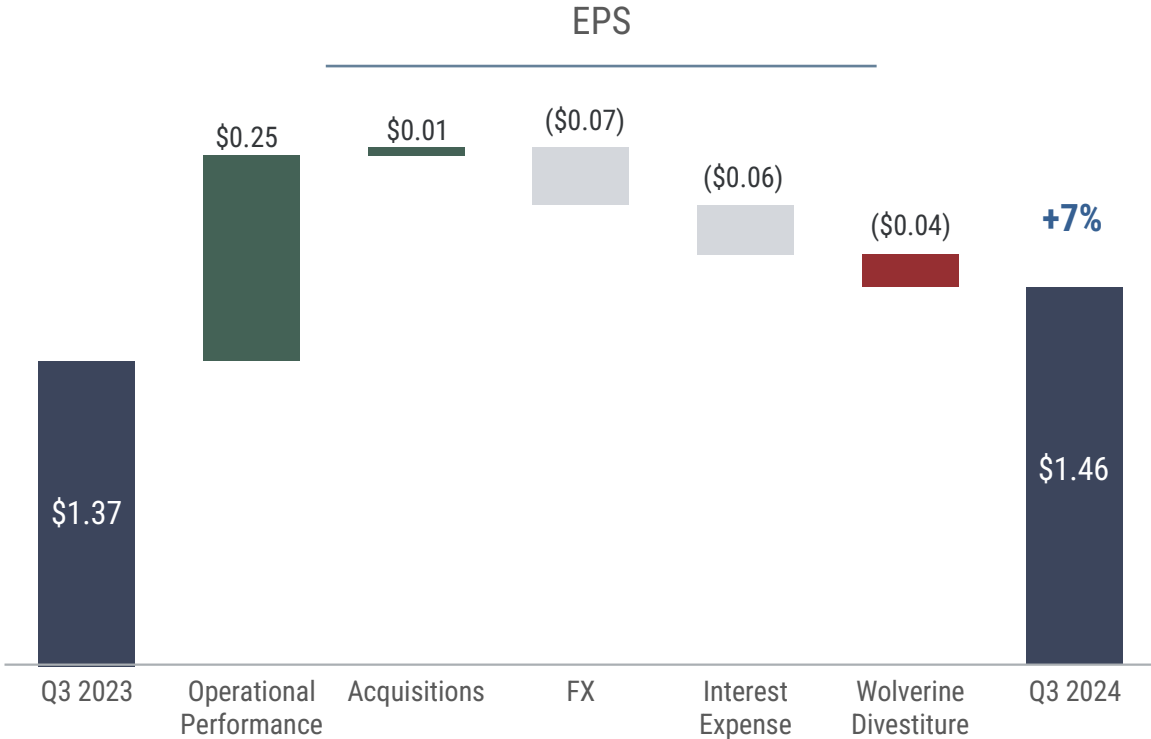
- + +28% CapEx to support growth and drive productivity
- + \$865M deployed to kSARIA and Svanehøj acquisitions
- + \$183M returned to shareholders through dividends and share repurchases

All results unaudited. Comparisons to Q3 2023 unless otherwise noted. For non-GAAP reconciliations, refer to appendix.  
 [1] Friction OE volume growth vs. global auto production for Q3 2024 based on IHS Global Light Vehicle Estimates.

# Q3 ADJUSTED OPERATING MARGIN AND EPS BRIDGE



- + Profitable growth and volume leverage
- + Pricing actions
- + Shop floor and sourcing productivity
- Acquisition impacts including non-recurring amortization



- + +9% EPS growth excl. divestiture impact
- + kSARIA acquisition accretion
- Unfavorable FX, higher interest expense and Wolverine divestiture impact
- + 13% YTD EPS growth

# RAISING 2024 GUIDANCE



	PRIOR	CURRENT	
Revenue growth	+9% to +12% +4% to +7% organic	+10% to +12% +5% to +7% organic	↑
Adjusted operating margin	17.1% to 17.7% +20 bps to +80 bps <i>+100 bps to +160 bps excl. M&amp;A</i>	17.4% to 17.7% +50 bps to +80 bps <i>+130 bps to +160 bps excl. M&amp;A</i>	↑
Adjusted EPS	\$5.65 to \$5.90 +8% to +13% growth	\$5.80 to \$5.86 +11% to +12% growth	↑
Free cash flow	\$435M to \$475M 12% to 13% margin	~\$450M ~12% margin	

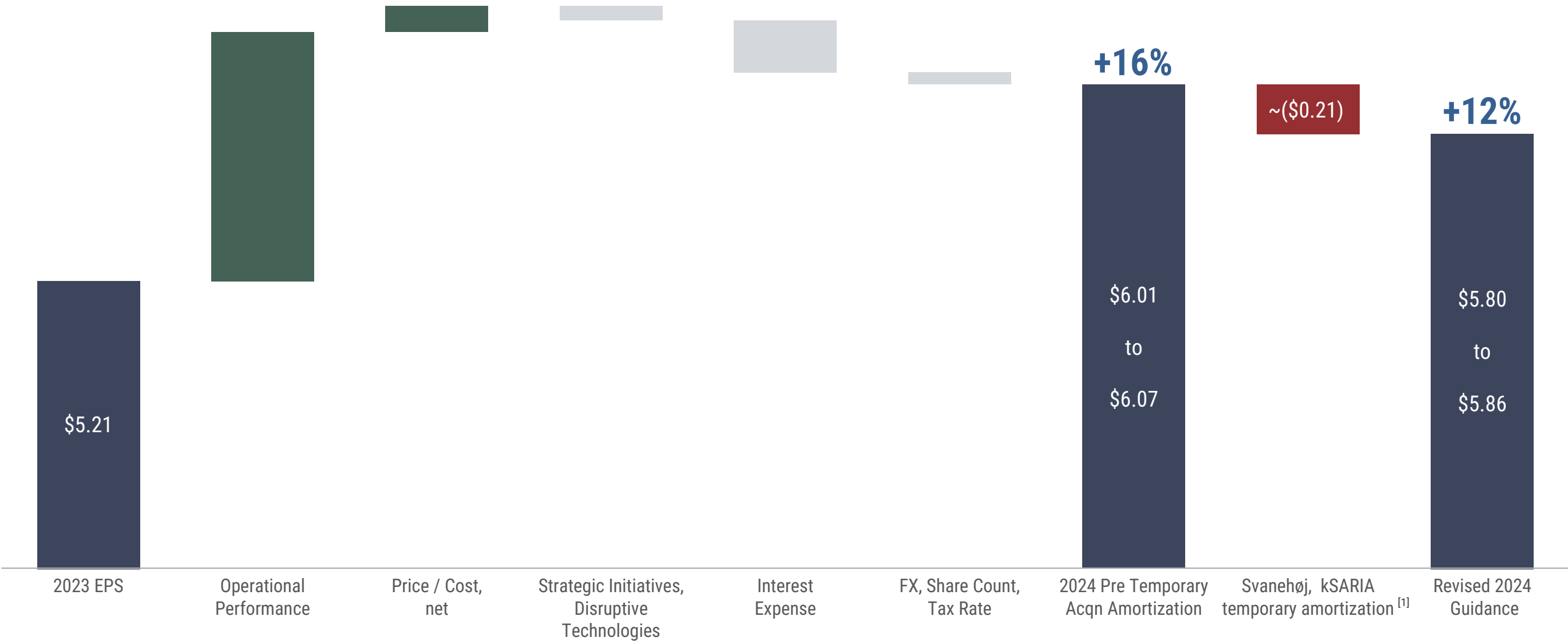
## COMMENTARY

- **Raising midpoint of full year revenue, operating margin and adjusted EPS**
- Continued growth in Friction, IP projects and aftermarket and connectors
- Volume growth, productivity and favorable price / cost
- Strong performance more than offsets impact of divestiture and temporary acquisition amortization
- Overcoming incremental ~10c impact from interest and acquisition amortization (kSARIA)



# 2024 ADJUSTED EPS OUTLOOK

## DRIVING TO OVER \$6 ON AN OPERATIONAL BASIS



All results unaudited. Comparisons to 2023 unless otherwise noted. For non-GAAP reconciliations, refer to appendix.  
 [1] Represents acquisition-related intangible backlog asset amortization.

# KEY TAKEAWAYS



- | Value creation through strong organic growth and margin expansion continues
- | Differentiation in execution and innovation keeps on powering orders growth to record backlog
- | Compounding organic value creation with M&A and effective capital deployment
- | Raising outlook while investing and reshaping our portfolio



# Supplemental Data

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# Q3 SEGMENT SUMMARY RESULTS



## MOTION TECHNOLOGIES

## INDUSTRIAL PROCESS

## CONNECT & CONTROL TECHNOLOGIES

Organic Revenue Growth

+5%

+6%

+6%

Adjusted Segment Operating Income

\$62M

\$70M

\$40M

Adjusted Segment Operating Margin

18.1%

20.9%

19.1%

- Friction OE outperformance (+760 bps<sup>[1]</sup>), Friction aftermarket recovery (+9%)
- Rail share gains (+21%)
- +110 bps margin expansion despite (-160 bps) impact from transaction FX
- \$1M higher OI on \$15M lower sales

- Organic orders growth (+30%) driven by record project awards (+136%), short-cycle demand (+4%)
- 1.22x book-to-bill; 1.52x at Svanehøj
- Organic revenue growth driven by short-cycle (+8%) baseline and valves
- Excluding 300 bps dilution from Svanehøj, margin +60 bps, 37% incremental margin
- Svanehøj adds +14 pts to total revenue

- Organic orders growth (+7%) driven by defense (+31%), industrial connectors (21%)
- Organic revenue growth (+6%) from defense (+22%), industrial connectors (+24%), and aero aftermarket (+20%)
- Margin expands +90 bps including 40 bps dilution from kSARIA

# Q3 ADJUSTED OPERATING MARGIN



	vs. PY
<b>Q3'23 adjusted operating margin</b>	<b>17.7%</b>
Operational leverage	+150 bps
Productivity actions, net	+40 bps
Strategic investments	(-10 bps)
FX impact	(-80 bps)
M&A, net	(-40 bps)
<b>Q3'24 adjusted operating margin</b>	<b>18.3%</b>
Reconciliation to reported margin (special items)	+520 bps
<b>Q3'24 operating margin</b>	<b>23.5%</b>

## DRIVERS

- + Pricing actions and profitable growth
- + Shop floor productivity and sourcing savings
- Higher labor and materials cost
- FX (primarily hedge)
- Acquisition amortization
- Special items primarily include gain from divestiture

# KEY PERFORMANCE INDICATORS & NON-GAAP MEASURES



Management reviews a variety of key performance indicators including revenue, operating income and margin, earnings per share, order growth, and backlog. 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, acquisitions, and divestitures that may or may not qualify as discontinued operations. Current year activity from acquisitions is excluded for twelve months following the closing date of acquisition. The period-over-period change resulting from foreign currency fluctuations is estimated using a fixed exchange rate for both the current and prior periods. Prior year revenue and orders are adjusted to exclude activity during the comparable period for twelve months post-closing date for divestitures that do not qualify as discontinued operations. We believe that reporting organic revenue and organic orders provide 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, certain asset impairment charges, certain acquisition- and divestiture-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, certain asset impairment charges, certain acquisition- and divestiture-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 provide 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

	Third Quarter 2024				
	MT	IP	CCT	Elim	Total
<b>Revenue</b>	\$ 344.9	\$ 333.8	\$ 207.2	\$ (0.7)	\$ 885.2
Less: Acquisitions	-	40.0	15.3	(0.1)	55.2
Less: FX	1.5	(3.1)	-	(0.1)	(1.7)
Organic Revenue - Current Year	\$ 343.4	\$ 296.9	\$ 191.9	\$ (0.5)	\$ 831.7
Prior Year Revenue	\$ 359.5	\$ 279.8	\$ 184.0	\$ (1.2)	\$ 822.1
Less: Divestitures	31.4	-	2.5	-	33.9
Prior Year Organic Revenue	\$ 328.1	\$ 279.8	\$ 181.5	\$ (1.2)	\$ 788.2
Organic Revenue Growth - \$	\$ 15.3	\$ 17.1	\$ 10.4		\$ 43.5
Organic Revenue Growth - %	4.7%	6.1%	5.7%		5.5%
Reported Revenue Growth - \$	\$ (14.6)	\$ 54.0	\$ 23.2		\$ 63.1
Reported Revenue Growth - %	(4.1%)	19.3%	12.6%		7.7%

## Reconciliation of Orders to Organic Orders

	Third Quarter 2024				
	MT	IP	CCT	Elim	Total
<b>Orders</b>	\$ 353.3	\$ 407.8	\$ 205.5	\$ (1.2)	\$ 965.4
Less: Acquisitions	-	60.7	6.5	-	67.2
Less: FX	1.6	(5.0)	-	(0.1)	(3.5)
Organic Orders - Current Year	351.7	352.1	199.0	(1.1)	901.7
Prior Year Orders	366.6	270.8	187.4	(0.7)	824.1
Less: Divestitures	31.4	-	1.7	-	33.1
Prior Year Organic Orders	\$ 335.2	\$ 270.8	\$ 185.7	\$ (0.7)	\$ 791.0
Organic Orders Growth - \$	\$ 16.5	\$ 81.3	\$ 13.3		\$ 110.7
Organic Orders Growth - %	4.9%	30.0%	7.2%		14.0%
Reported Orders Growth - \$	\$ (13.3)	\$ 137.0	\$ 18.1		\$ 141.3
Reported Orders Growth - %	(3.6%)	50.6%	9.7%		17.1%

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

	Third Quarter 2024					Third Quarter 2023				
	MT	IP	CCT	Corporate	ITT	MT	IP	CCT	Corporate	ITT
<b>Reported Operating Income</b>	<b>\$ 110.0</b>	<b>\$ 69.8</b>	<b>\$ 38.1</b>	<b>\$ (10.0)</b>	<b>\$ 207.9</b>	<b>\$ 59.4</b>	<b>\$ 64.7</b>	<b>\$ 33.2</b>	<b>\$ (14.2)</b>	<b>\$ 143.1</b>
Gain on sale of Wolverine business	(47.8)	-	-	-	(47.8)	-	-	-	-	-
Restructuring costs	0.2	0.4	0.2	-	0.8	1.1	0.6	0.2	-	1.9
Acquisition-related costs	-	(0.4)	1.2	-	0.8	-	-	-	-	-
Impacts related to Russia-Ukraine war	(0.1)	-	-	-	(0.1)	0.5	-	-	-	0.5
Other special items	-	-	-	-	-	-	(0.1)	0.1	-	-
<b>Adjusted Operating Income</b>	<b>\$ 62.3</b>	<b>\$ 69.8</b>	<b>\$ 39.5</b>	<b>\$ (10.0)</b>	<b>\$ 161.6</b>	<b>\$ 61.0</b>	<b>\$ 65.2</b>	<b>\$ 33.5</b>	<b>\$ (14.2)</b>	<b>\$ 145.5</b>
Change in Operating Income	85.2%	7.9%	14.8%	(29.6%)	45.3%					
Change in Adjusted Operating Income	2.1%	7.1%	17.9%	(29.6%)	11.1%					
<b>Reported Operating Margin</b>	<b>31.9%</b>	<b>20.9%</b>	<b>18.4%</b>		<b>23.5%</b>	<b>16.5%</b>	<b>23.1%</b>	<b>18.0%</b>		<b>17.4%</b>
Impact of special item adjustments	-1380 bps	0 bps	70 bps		-520 bps	50 bps	20 bps	20 bps		30 bps
<b>Adjusted Operating Margin</b>	<b>18.1%</b>	<b>20.9%</b>	<b>19.1%</b>		<b>18.3%</b>	<b>17.0%</b>	<b>23.3%</b>	<b>18.2%</b>		<b>17.7%</b>
Change in Operating Margin	1540 bps	-220 bps	40 bps		610 bps					
Change in Adjusted Operating Margin	110 bps	-240 bps	90 bps		60 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		
	Q3 2024	Q3 2023	% Change	Q3 2024	Q3 2023	% Change
<b>Reported</b>	<b>\$ 161.3</b>	<b>\$ 110.8</b>	<b>45.6%</b>	<b>\$ 1.96</b>	<b>\$ 1.34</b>	<b>46.3%</b>
Special Items Expense / (Income):						
Gain on sale of Wolverine business	(47.8)	-		(0.58)	-	
Restructuring costs	0.8	1.9		0.01	0.03	
Acquisition-related costs	0.8	-		0.01	-	
Impacts related to Russia-Ukraine war	(0.1)	0.5		-	0.01	
Total net tax benefit of pre-tax special items	(0.7)	(0.5)		(0.01)	(0.01)	
Other tax-related special items [a]	5.6	0.3		0.07	-	
<b>Adjusted</b>	<b>\$ 119.9</b>	<b>\$ 113.0</b>	<b>6.1%</b>	<b>\$ 1.46</b>	<b>\$ 1.37</b>	<b>6.6%</b>

Note: Amounts may not calculate due to rounding.

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

[a] 2024 includes tax expense on distributions of \$4.6M, tax expense from valuation allowance impacts of \$2.2M, and a tax benefit on return to accrual adjustments of (\$1.3M).





# 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	\$ 6.16	\$ 6.22
Gain on sale of Wolverine business	(0.58)	(0.58)
Estimated restructuring	0.07	0.07
Other special items	0.06	0.06
Other tax on special Items	0.09	0.09
<b>EPS from Continuing Operations - Adjusted</b>	<b>\$ 5.80</b>	<b>\$ 5.86</b>

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.



# ITT Inc. Non-GAAP Reconciliation Statements

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

## Reconciliation of Cash from Operating Activities to Free Cash Flow

	Three Months Ended		Nine Months Ended		2024
	9/28/2024	9/30/2023	9/28/2024	9/30/2023	FY Guidance
<b>Net Cash - Operating Activities</b>	<b>\$ 123.9</b>	<b>\$ 169.8</b>	<b>\$ 339.4</b>	<b>\$ 367.6</b>	<b>\$ 600.0</b>
Less: Capital expenditures	36.6	22.2	87.5	68.5	150.0
<b>Free Cash Flow</b>	<b>\$ 87.3</b>	<b>\$ 147.6</b>	<b>\$ 251.9</b>	<b>\$ 299.1</b>	<b>\$ 450.0</b>
Revenue	\$ 885.2	\$ 822.1	\$ 2,701.7	\$ 2,453.9	\$ 3,630.0 [a]
<b>Free Cash Flow Margin</b>	<b>9.9%</b>	<b>18.0%</b>	<b>9.3%</b>	<b>12.2%</b>	<b>12.4%</b>

[a] Revenue included in the full year 2024 free cash flow margin guidance represents the expected revenue growth mid-point.