



ITT

# 2022 Results and 2023 Outlook

February 9, 2023



# SAFE HARBOR AND NON-GAAP DISCLOSURES



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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 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.

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## 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](http://investors.itt.com).

# 2022 Results

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# RESILIENT PERFORMANCE CONTINUES



## DEMAND AND OUTPERFORMANCE STRONG

- 7<sup>th</sup> consecutive quarter of double-digit organic orders growth
- Backlog of ~\$1.1B, up 22% organically vs. prior year
- Price recovery building; short-cycle growth slowing

## ALL BUSINESSES DRIVING STRONG ORGANIC REVENUE GROWTH

- IP growth in projects (+74%), parts and baseline; IP +14% sequential
- CCT growth in connectors (+13%) and aerospace components (+26%)
- MT growth driven by Friction OE outperformance

## EXECUTION: PRICE AND PRODUCTIVITY

- Significant step up in IP and CCT margin on volume and price
- Strong adjusted Q4 incremental margins: IP 47%, CCT 26%
- +660 bps price impact on margins in Q4

## GROWTH AND LONG-TERM VALUE CREATION STRENGTHENED

- Improving price / cost and backlog position ITT for profitable growth
- Strong 2023 free cash flow with margin 11% to 12%
- Firmly on path to long-term financial targets

Q4'22

Organic orders growth +12%

Organic revenue growth +17%

Adjusted EPS growth +22%

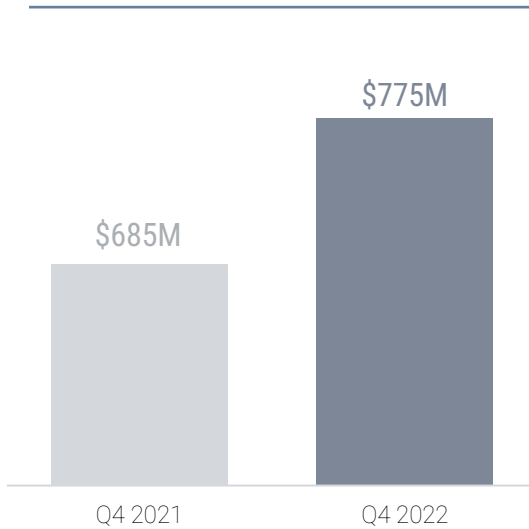
Ending backlog ~\$1.1B



# Q4 SUMMARY RESULTS



## REVENUE

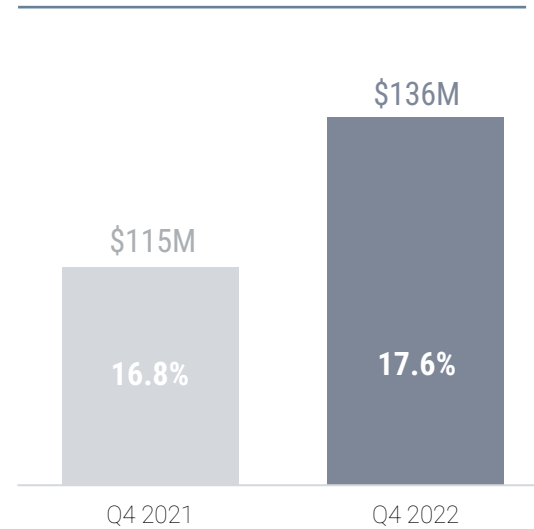


**+17%**

Organic revenue growth

- + Double-digit organic growth across all businesses, led by IP (+27%),
- + Price recovery actions, higher volumes
- + Strong demand in IP projects (+74%), aerospace (+25%) and defense (+14%)
- + Friction share gains and outperformance
- ± Habonim contribution (+230 bps), FX (-670 bps), Russia loss ~(-200 bps)

## ADJUSTED OPERATING INCOME AND MARGIN

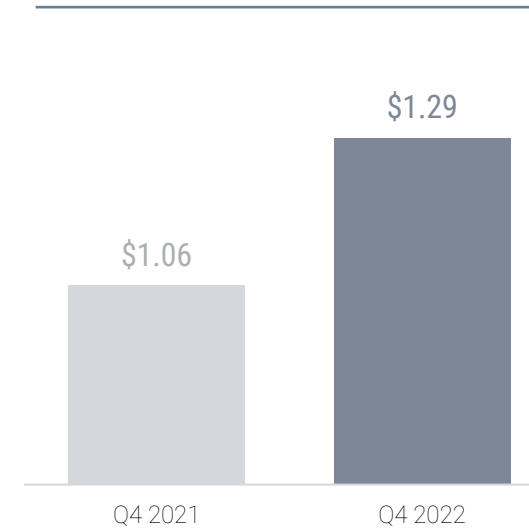


**+80 bps**

Adjusted operating margin expansion

- + Volume growth
- + Price recovery
- + Shop floor productivity and cost controls
- Inflation (material, energy, labor)
- FX transaction, net of hedge

## ADJUSTED EPS

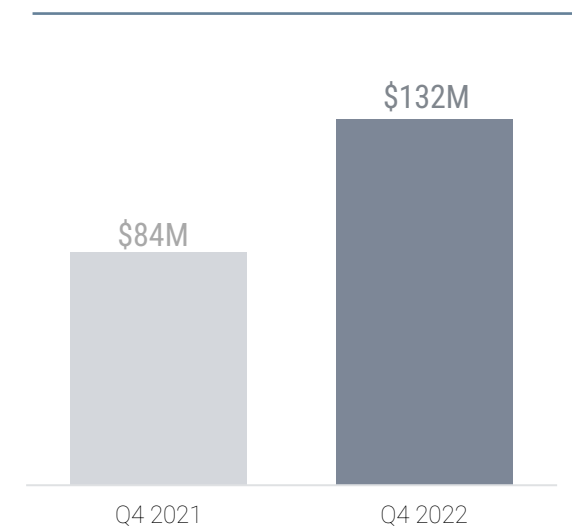


**+22%**

Adjusted EPS growth

- + Higher adjusted operating income
- + Habonim acquisition
- + Share repurchases
- FX impact
- Russia impacts
- Higher interest expense
- Disruptive technology investments

## FREE CASH FLOW



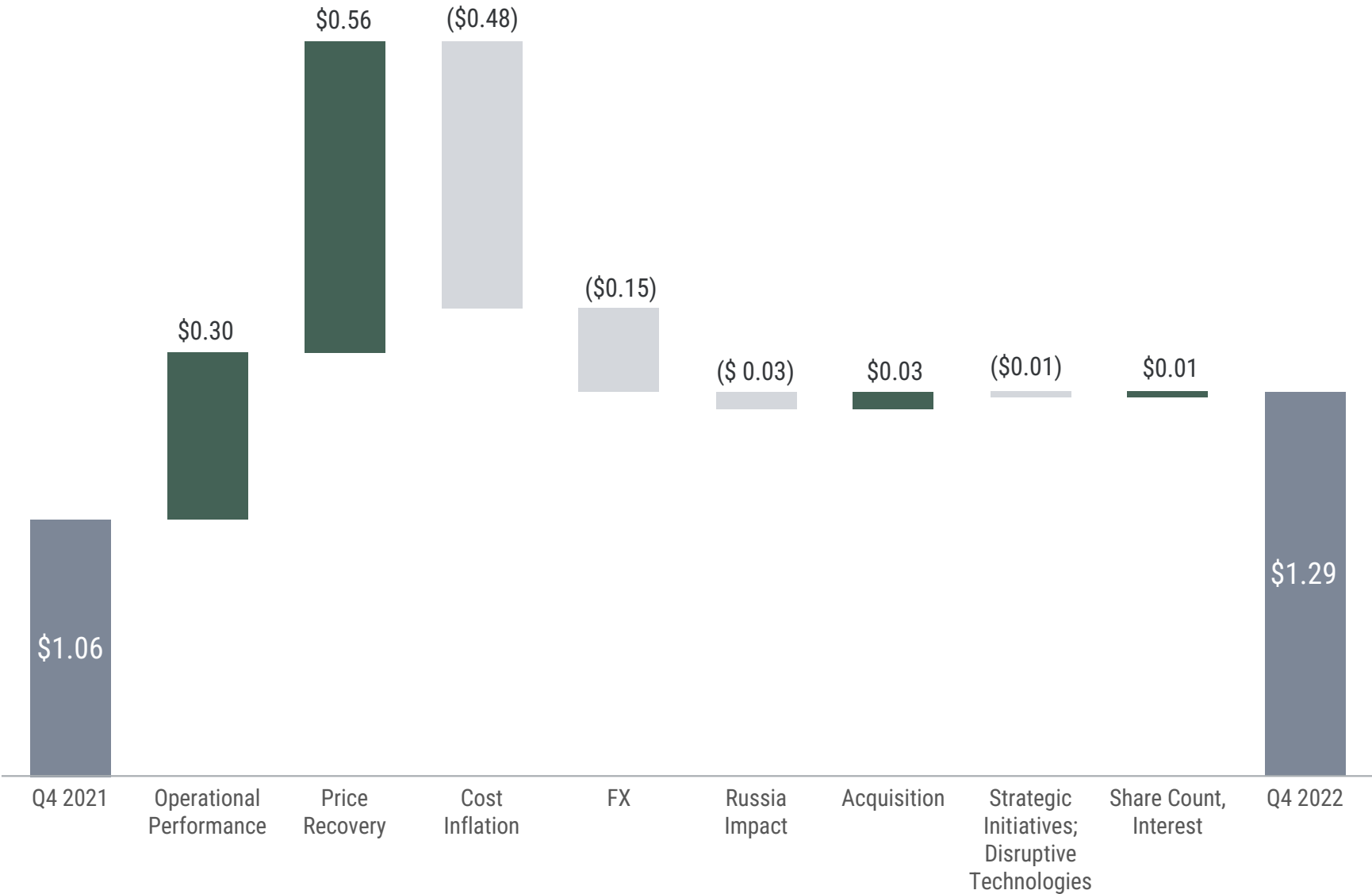
**17%**

Free cash flow margin

- + Strong A/R collections
- Inventory investment
- FX impact
- CapEx for productivity and sustainability projects

# Q4 2022 ADJUSTED EPS BRIDGE

22% ADJUSTED EPS GROWTH



### Growth Drivers

- + Share gains in pumps, connectors, KONI and Friction OE
- + Price recovery in all businesses
- + Habonim acquisition
- + Shop floor productivity

### Headwinds

- Inflation in material, energy and labor
- USD strength
- Suspended Russia business
- Higher interest expense

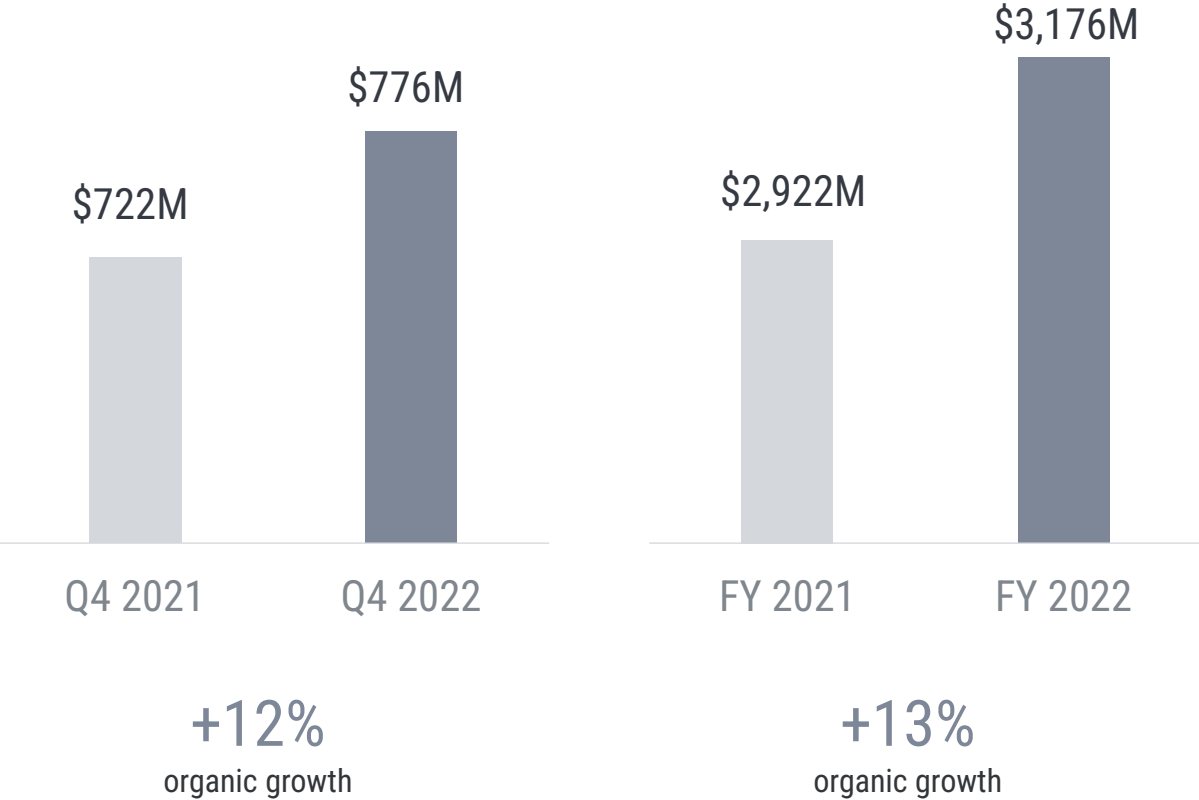
### Other Impacts

- Technology innovations (EMD, Smart Pad, product redesign)

# SHARE GAINS DRIVE ORDER GROWTH



## 2022 ORDERS DRIVERS



- 78 electrified vehicle platform wins (vs. 33 in 2021)
- +35% Q4 rail organic orders growth, primarily in Europe; large project wins in KONI and Axtone
- Highest IP full year orders (\$1.1B) since 2014 driven by project wins and short-cycle demand
- CCT organic growth +19% for Q4 and FY driven by aero recovery, defense demand, and ramp in EV connectors
- Total organic backlog +22% vs. prior year

# FY 2022 ADJUSTED EPS BRIDGE

10% ADJUSTED EPS GROWTH

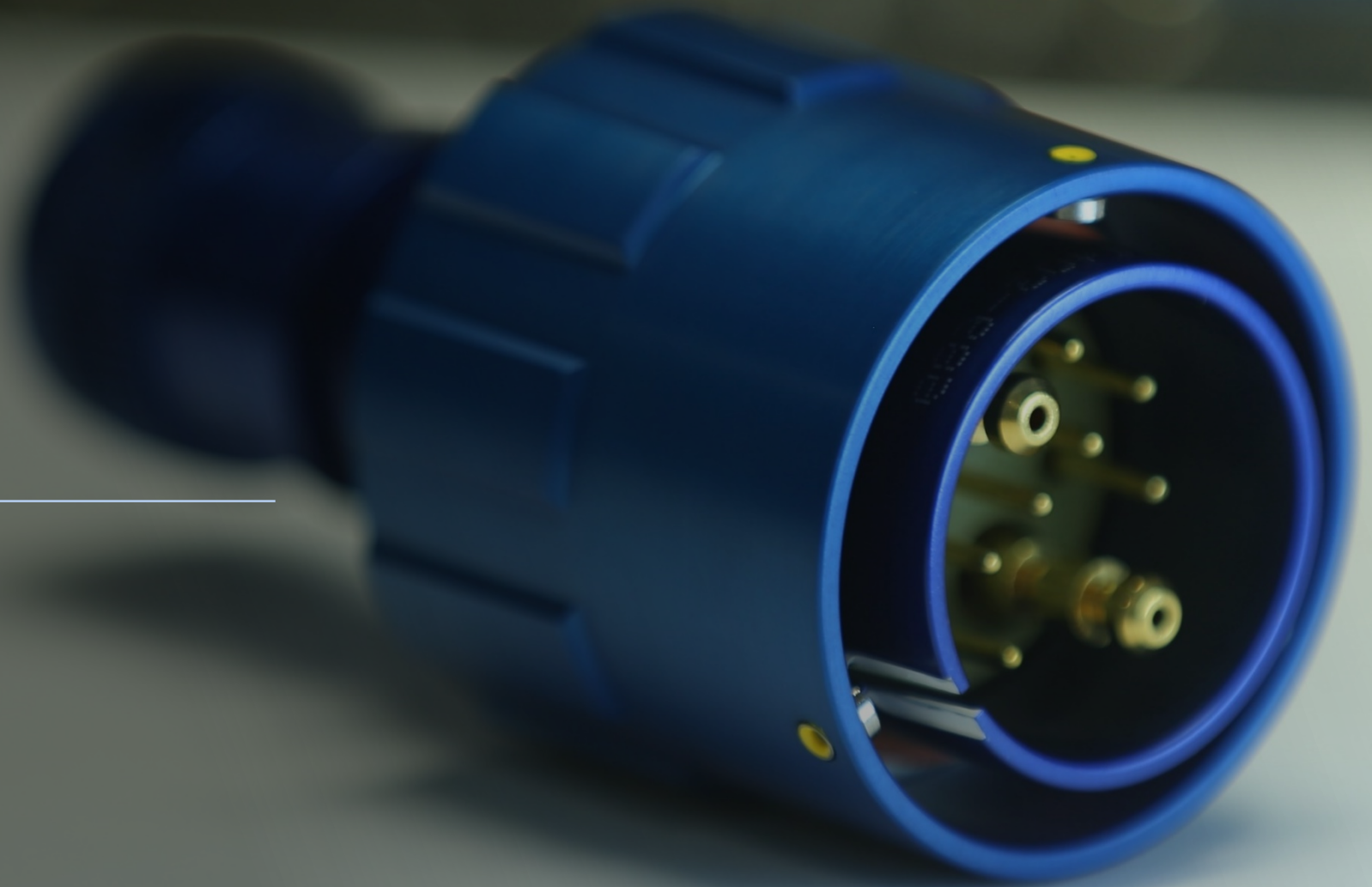






# 2023 Outlook

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# INNOVATION AND PERFORMANCE IN ACTION

## DRIVING CUSTOMER WINS



### ELECTRIFICATION

- 78 EV platform wins in 2022; expect ~37% global OEM electrified share by 2025
- Nominated on front and rear axles on a major German premium electrified platform
- +95% EV charging connectors orders growth; New Gen3 EV Connector introduced in Q1'23



### CUSTOM FLOW SOLUTIONS

- Awarded large project in Jan. 2023 by an IOC for two O&G production facilities in Nigeria
- Iconic U.S. auto OEM chose Goulds Pumps for its new EV battery manufacturing facility
- Goulds Pumps removing and reducing hazardous materials at new U.S. semiconductor plant; winning on other near-shoring investments



### ADVANCED AERO AND DEFENSE

- Enidine elastomeric isolators award from leading defense manufacturer
- New family of soldier-worn, high-density connectors for high-speed data transmission, launched in Q1 2023
- Updated configurations of wearable ruggedized connectors for Nett Warrior mission command system





# 2023 SEGMENT OUTLOOK



## STRONG BACKLOG AND CONTINUED SHARE GAINS, SECOND HALF UNCERTAINTY

Segment	ITT Growth Outlook	ITT Performance Drivers
Motion Technologies	MSD	<ul style="list-style-type: none"> <li>• Global auto production ~10% below pre-COVID levels; Friction OE share gains continue</li> <li>• Inventory levels stabilizing, but still low in NA; improving supply chains and chip supply</li> <li>• Aftermarket slowdown continues through Q1 (Russia/Ukraine, inventory burndown)</li> <li>• Pick up in rail passenger activity expected; freight activity potentially slowing in 2H</li> </ul>
Industrial Process	LDD	<ul style="list-style-type: none"> <li>• Strong ending backlog enhanced by upstream capacity expansion awards</li> <li>• Strong projects activity and pricing actions</li> <li>• Short cycle potentially slowing further in second half</li> <li>• LNG infrastructure build-out and 'new energy' project wins</li> </ul>
Connect & Control Technologies	MSD	<ul style="list-style-type: none"> <li>• Slowing short-cycle industrial connectors demand</li> <li>• EV and medical connector demand continues to ramp</li> <li>• Commercial aero recovery continues; build rates and aftermarket ramping</li> <li>• Renewed defense spending; share gains in defense systems, helicopters, and tactical vehicles</li> </ul>



# 2023 GUIDANCE

## CONTINUE TO DELIVER



### GUIDANCE

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Revenue growth

7% to 9%  
6% to 8% organic

Adjusted segment  
operating margin

17.3% to 18.1%  
+10 bps to +90 bps

Adjusted EPS

\$4.55 to \$4.95  
+2% to +11% growth

Free cash flow

\$350M to \$400M  
+11% to +12% margin

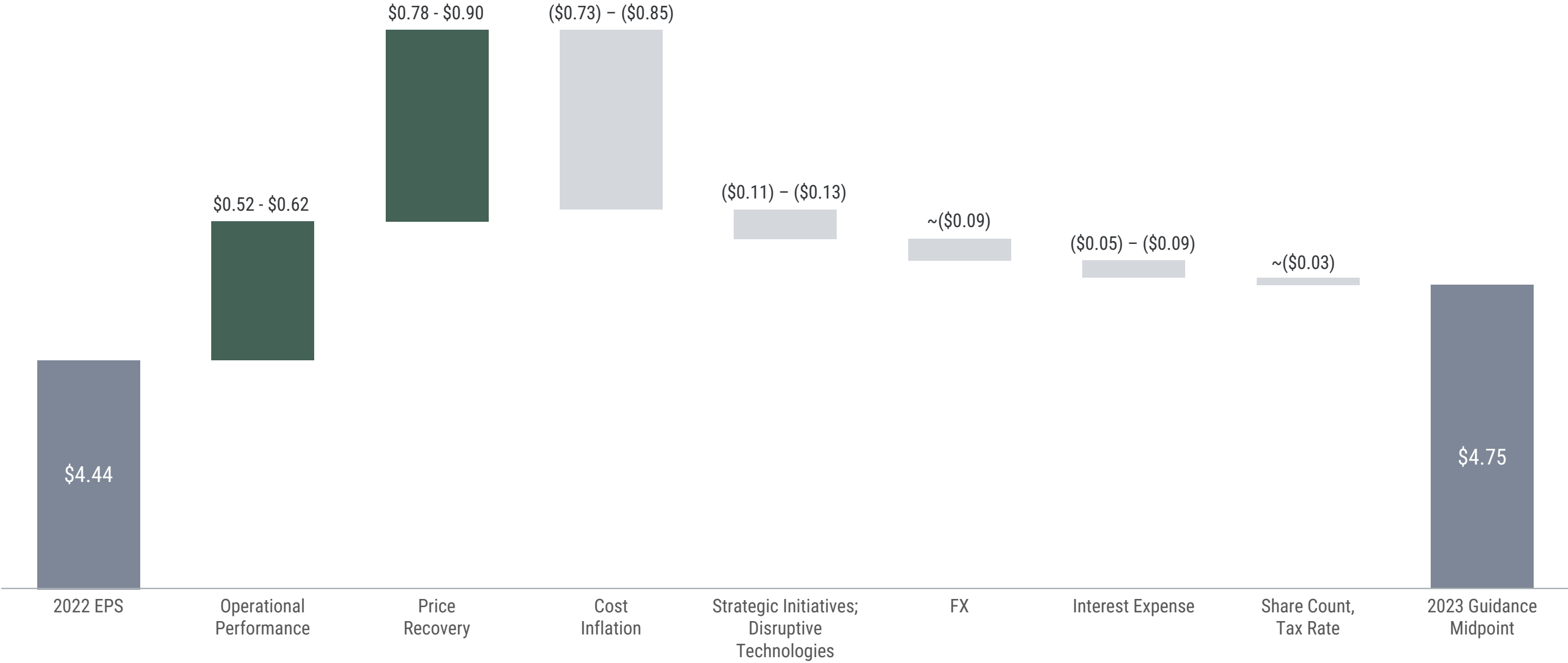
### DRIVERS

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- Strong top-line performance driven by backlog conversion and share gains
- Slowing short-cycle demand in some end markets
- Pricing recovery benefits continue in MT, ramping in IP and CCT
- Productivity improvements mitigate persistent cost inflation; raw material inflation easing in 2H'23
- Unwinding working capital and higher segment income drive free cash flow step-up (+115%)

# 2023 ADJUSTED EPS BRIDGE

7% ADJUSTED EPS GROWTH AT MIDPOINT



# 2023 KEY TAKEAWAYS



- | Robust backlog entering 2023 with good visibility to 1H growth
- | Macro uncertainty impacting some end markets – expect resilience in A&D, auto and energy
- | Winning in EV transition
- | Execution: the ITT differentiator
- | Long-term growth and value creation fundamentals strengthened





# Supplemental Data

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# Q4 SEGMENT SUMMARY RESULTS



## MOTION TECHNOLOGIES

## INDUSTRIAL PROCESS

## CONNECT & CONTROL TECHNOLOGIES

Organic Revenue Growth

+12%

+27%

+16%

Adjusted Segment Operating Income

\$48M

\$64M

\$32M

Adjusted Segment Operating Margin

14.7%

22.9%

19.2%

- Friction OE share gains in all key regions (99% Friction OE on-time performance)
- Price recovery more than offset raw material and energy inflation
- Negative FX and Russia impacts
- Tough compare due to prior year gain on asset sale

- Organic revenue growth driven by project shipments (+74%), short-cycle (+16%), and expanded price recovery
- Strong adj. operating margin expansion
  - +710 bps year over year
  - +180 bps sequentially
  - 47% incremental margin
- Strong Habonim performance

- Organic revenue growth driven by aero components (+26%) and connectors share gains (+13%)
- +80 bps adj. operating margin expansion; higher volume and price partially offset by inflationary impacts
- 26% incremental margin



# Q4 ADJUSTED SEGMENT OPERATING MARGIN

## +150 BPS OPERATIONAL MARGIN EXPANSION

	vs. PY
<b>Q4'21 adjusted segment operating margin</b>	<b>18.2%</b>
Volume, mix, price, and acquisition, net	+750 bps
Productivity actions	+50 bps
Cost inflation	(-650 bps)
<b>Operational margins subtotal</b>	<b>19.7%</b>
FX impact	(-110 bps)
<b>Q4'22 adjusted segment operating margin</b>	<b>18.6%</b>
Reconciliation to segment margin (special item)	+200 bps
<b>Q4'22 segment operating margin</b>	<b>20.6%</b>

### Segment Margin Drivers

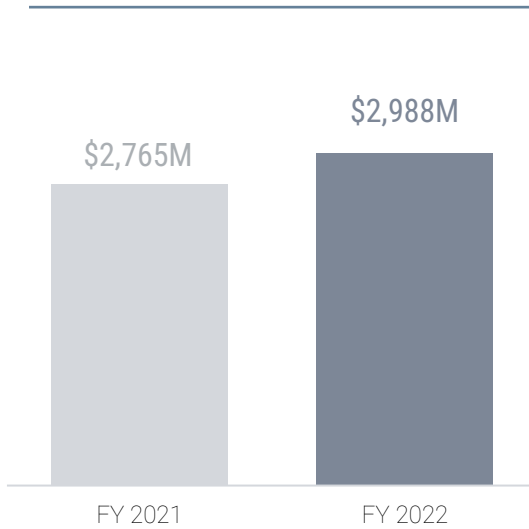
- + Price recovery
- + Higher volume
- + Shop floor productivity
- Material and energy inflation
- Supply chain disruptions
- FX (primarily hedge)
- Strategic growth investments
- Gain on sale of facilities in IP in 2022 (special item)



# FY SUMMARY RESULTS



## REVENUE

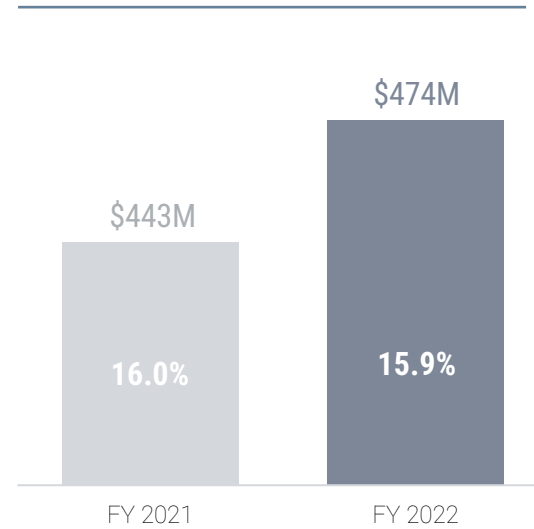


**+12%**

Organic revenue growth

- + CCT (+20%) driven by connector share gains and aero components (+27%)
- + IP (+13%) driven by short-cycle and 2H project shipments
- + MT (+9%) driven by global Friction OE share gains
- + Pricing strategy expansion
- ± Habonim contribution (+170 bps), FX (-580 bps), Russia loss ~(-200 bps)

## ADJUSTED OPERATING INCOME AND MARGIN

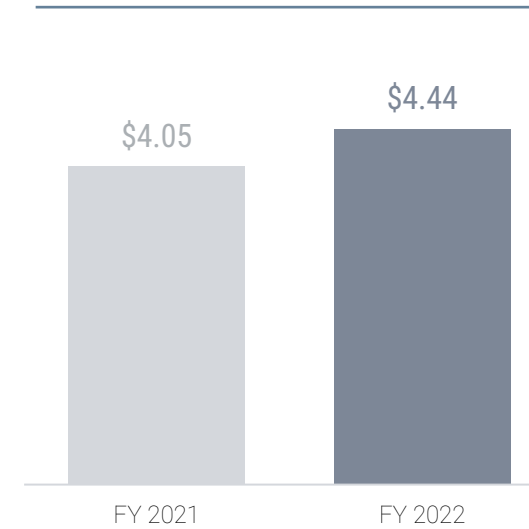


**+7%**

Adjusted operating income growth

- + Higher volume
- + Pricing recovery
- + Shop floor productivity
- Cost inflation (material, energy, labor)
- Supply chain disruptions
- FX
- Strategic long-term investments

## ADJUSTED EPS

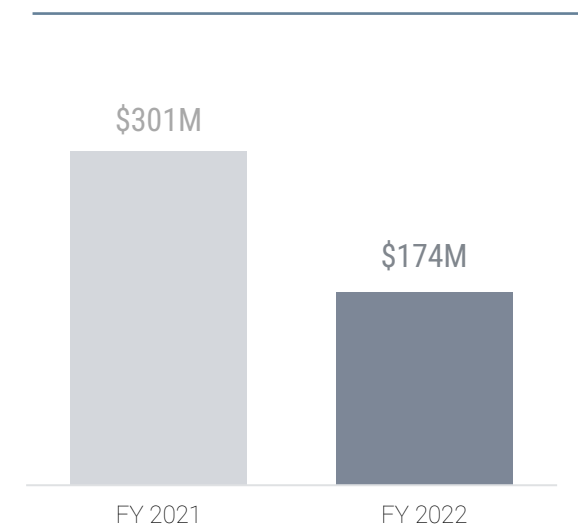


**+10%**

Adjusted EPS growth

- + Higher operating income
- + Habonim accretion
- + 3% share count reduction
- Russia impacts
- FX, tax rate and interest expense
- Disruptive technology investments

## ADJUSTED FREE CASH FLOW<sup>[1]</sup>



**6%**

Free cash flow margin

- + Strong collections drove 17% FCF margin in Q4
- Inventory investment
- FX impact
- CapEx for productivity and sustainability projects

# ADDITIONAL 2023 PLANNING ASSUMPTIONS



ITEM	FY 2022	FY 2023	ASSUMPTIONS
EUR / USD FX rate	1.05	1.07	<ul style="list-style-type: none"> <li>Slight depreciation in USD driven by expectations of softening global GDP growth</li> </ul>
Tax rate	20.0%	~21.0%	<ul style="list-style-type: none"> <li>Higher rate driven by jurisdictional mix and regional tax rate changes</li> </ul>
Share count	83.7M	~83.1M	<ul style="list-style-type: none"> <li>Share repurchases to offset employee exercises</li> <li>Prioritizing inorganic investments given M&amp;A pipeline</li> </ul>
Corporate expense	(\$40M)	~(\$50M)	<ul style="list-style-type: none"> <li>Increased investment in disruptive technologies</li> <li>Higher personnel costs in key growth areas</li> </ul>
Interest expense	(\$6M)	(\$11M) – (\$15M)	<ul style="list-style-type: none"> <li>Higher commercial paper balance and interest rates</li> </ul>
Capital expenditures	\$104M	~\$120M	<ul style="list-style-type: none"> <li>Productivity investments</li> <li>Friction capacity to support EV growth</li> </ul>

# 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, certain gain on sale of long-lived assets, restructuring, severance, certain asset impairment charges, certain acquisition-related impacts, unusual or infrequent operating items and, for 2021, asbestos-related impacts. 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, certain gain on sale of long-lived assets, restructuring, severance, certain asset impairment charges, pension termination and settlement impacts, certain acquisition-related impacts, income tax settlements or adjustments, unusual or infrequent items and, for 2021, asbestos-related impacts. 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. **Adjusted Free Cash Flow** and **Adjusted Free Cash Flow Margin** are respectively defined as free cash flow adjusted for the divestiture of legacy asbestos assets and liabilities, and the ratio of adjusted free cash flow to revenue. We believe that adjusted free cash flow and adjusted 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  
Fourth Quarter 2022 & 2021**

(In Millions)  
(all amounts unaudited)

	<b>(As Reported - GAAP)</b>				<b>(As Adjusted - Organic)</b>					
	(A) Q4 2022	(B) Q4 2021	(C) \$ Change 2022 vs. 2021	% Change 2022 vs. 2021	(D) Acquisitions Q4 2022	(E) FX Impact Q4 2022	(F) = A-D-E Revenue / Orders Q4 2022	(G) =C-D-E \$ Change Adj. 2022 vs. 2021	(H) = G / B % Change Adj. 2022 vs. 2021	
<b>Revenue</b>										
<b>ITT Inc.</b>	<b>\$ 774.6</b>	<b>\$ 685.4</b>	<b>\$ 89.2</b>	<b>13.0%</b>	<b>\$ 15.7</b>	<b>\$ (46.2)</b>	<b>\$ 805.1</b>	<b>\$ 119.7</b>	<b>17.5%</b>	
Motion Technologies	330.4	323.6	6.8	2.1%	-	(32.3)	<b>362.7</b>	39.1	12.1%	
Industrial Process	280.7	216.3	64.4	29.8%	15.7	(9.0)	<b>274.0</b>	57.7	26.7%	
Connect & Control Technologies	164.6	145.8	18.8	12.9%	-	(4.8)	<b>169.4</b>	23.6	16.2%	
<b>Orders</b>										
<b>ITT Inc.</b>	<b>\$ 776.2</b>	<b>\$ 722.2</b>	<b>\$ 54.0</b>	<b>7.5%</b>	<b>\$ 15.4</b>	<b>\$ (47.3)</b>	<b>\$ 808.1</b>	<b>\$ 85.9</b>	<b>11.9%</b>	
Motion Technologies	337.4	325.2	12.2	3.8%	-	(32.9)	<b>370.3</b>	45.1	13.9%	
Industrial Process	271.1	251.6	19.5	7.8%	15.4	(9.8)	<b>265.5</b>	13.9	5.5%	
Connect & Control Technologies	168.6	145.9	22.7	15.6%	-	(4.5)	<b>173.1</b>	27.2	18.6%	

Note: Excludes intercompany eliminations  
Immaterial differences due to rounding



**ITT Inc. Non-GAAP Reconciliation**  
**Reported vs Adjusted Segment Operating Income & Segment Operating Margin**  
**Fourth Quarter 2022 & 2021**

(In Millions)  
(all amounts unaudited)

	Q4 2022	Q4 2022	Q4 2022	Q4 2021	Q4 2021	Q4 2021	% Change	% Change
	As	Special	As	As	Special	As	As Reported	As Adjusted
	Reported	Items	Adjusted	Reported	Items	Adjusted	2022 vs. 2021	2022 vs. 2021
<b>Revenue:</b>								
Motion Technologies	\$ 330.4		\$ 330.4	\$ 323.6		\$ 323.6	2.1%	2.1%
Industrial Process	280.7		280.7	216.3		216.3	29.8%	29.8%
Connect & Control Technologies	164.6		164.6	145.8		145.8	12.9%	12.9%
Intersegment eliminations	(1.1)		(1.1)	(0.3)		(0.3)		
Total Revenue	<u>\$ 774.6</u>		<u>\$ 774.6</u>	<u>\$ 685.4</u>		<u>\$ 685.4</u>	<u>13.0%</u>	<u>13.0%</u>
<b>Operating Margin:</b>								
Motion Technologies	14.5%	20 BP	14.7%	19.7%	- BP	19.7%	(520) BP	(500) BP
Industrial Process	28.5%	(560) BP	22.9%	14.7%	110 BP	15.8%	1,380 BP	710 BP
Connect & Control Technologies	19.2%	- BP	19.2%	18.4%	- BP	18.4%	80 BP	80 BP
Total Operating Segments	<u>20.6%</u>	<u>(200) BP</u>	<u>18.6%</u>	<u>17.9%</u>	<u>30 BP</u>	<u>18.2%</u>	<u>270 BP</u>	<u>40 BP</u>
<b>Operating Income:</b>								
Motion Technologies	\$ 47.8	\$ 0.7	\$ 48.5	\$ 63.9	\$ (0.2)	\$ 63.7	(25.2%)	(23.9%)
Industrial Process	80.0	(15.8)	64.2	31.9	2.3	34.2	150.8%	87.7%
Connect & Control Technologies	31.6	-	31.6	26.8	-	26.8	17.9%	17.9%
Total Segment Operating Income	<u>\$ 159.4</u>	<u>\$ (15.1)</u>	<u>\$ 144.3</u>	<u>\$ 122.6</u>	<u>\$ 2.1</u>	<u>\$ 124.7</u>	<u>30.0%</u>	<u>15.7%</u>

Note: Immaterial differences due to rounding.

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



**ITT Inc. Non-GAAP Reconciliation**  
**Reported vs. Adjusted Income from Continuing Operations & Adjusted EPS**  
**Fourth Quarter 2022 & 2021**

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

	Q4 2022 As Reported	Non-GAAP Adjustments	Q4 2022 As Adjusted	Q4 2021 As Reported	Non-GAAP Adjustments	Q4 2021 As Adjusted	\$ Change As Adjusted 2022 vs. 2021	% Change As Adjusted 2022 vs. 2021
Segment operating income	\$ 159.4	\$ (15.1) #A	\$ 144.3	\$ 122.6	\$ 2.1 #A	\$ 124.7		
Corporate and other costs	(8.5)	0.2 #B	(8.3)	(9.5)	0.1 #B	(9.4)		
Operating income	150.9	(14.9)	136.0	113.1	2.2	115.3	20.7	18.0%
Operating margin	19.5%		17.6%	16.5%		16.8%		
Interest income (expense), net	(3.1)	-	(3.1)	0.4	-	0.4		
Other income (expense), net	(0.5)	-	(0.5)	0.1	-	0.1		
Income from continuing operations before tax	147.3	(14.9)	132.4	113.6	2.2	115.8		
Income tax expense	(31.2)	7.1 #C	(24.1)	(6.9)	(13.8) #C	(20.7)		
Income from continuing operations	116.1	(7.8)	108.3	106.7	(11.6)	95.1		
Less: Income attributable to noncontrolling interests	0.9	-	0.9	3.7	-	3.7		
Income from continuing operations - ITT Inc.	\$ 115.2	\$ (7.8)	\$ 107.4	\$ 103.0	\$ (11.6)	\$ 91.4		
EPS from continuing operations	\$ 1.39	\$ (0.10)	\$ 1.29	\$ 1.20	\$ (0.14)	\$ 1.06	\$ 0.23	21.7%

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 - 2022 includes gain on sale of property (\$15.5M) and restructuring costs (\$0.4M).

#A - 2021 includes restructuring costs (\$1.5M) and acquisition-related costs (\$0.6M).

#B - 2022 includes accelerated amortization of an intangible asset (\$0.1M) and other costs (\$0.1M).

#B - 2021 includes accelerated amortization of an intangible asset (\$0.1M).

#C - 2022 includes the net tax expense of special items #A and #B (\$4.5M), tax expense on future distribution of foreign earnings (\$5.5M), and other tax-related special items, partially offset by tax benefits on return to accrual adjustments (\$4.2M).

#C - 2021 includes the net tax benefit of special items #A and #B (\$0.4M), benefit resulting from an uncertain tax position release (\$15.3M), audit settlement expense (\$9.5M) and other tax-related special items.



**ITT Inc. Non-GAAP Reconciliation  
Reported vs. Organic Revenue / Orders  
Full Year 2022 & 2021**

(In Millions)  
(all amounts unaudited)

	(As Reported - GAAP)				(As Adjusted - Organic)				
	(A) 12M 2022	(B) 12M 2021	(C) \$ Change 2022 vs. 2021	% Change 2022 vs. 2021	(D) Acquisitions 12M 2022	(E) FX Impact 12M 2022	(F) = A-D-E Revenue / Orders 12M 2022	(G) =C-D-E \$ Change Adj. 2022 vs. 2021	(H) = G / B % Change Adj. 2022 vs. 2021
<b>Revenue</b>									
<b>ITT Inc.</b>	<b>\$ 2,987.7</b>	<b>\$ 2,765.0</b>	<b>\$ 222.7</b>	<b>8.1%</b>	<b>\$ 46.5</b>	<b>\$ (160.9)</b>	<b>\$ 3,102.1</b>	<b>\$ 337.1</b>	<b>12.2%</b>
Motion Technologies	1,374.0	1,368.6	5.4	0.4%	-	(114.4)	<b>1,488.4</b>	119.8	8.8%
Industrial Process	971.0	843.2	127.8	15.2%	46.5	(28.2)	<b>952.7</b>	109.5	13.0%
Connect & Control Technologies	645.6	554.7	90.9	16.4%	-	(18.3)	<b>663.9</b>	109.2	19.7%
<b>Orders</b>									
<b>ITT Inc.</b>	<b>\$ 3,176.3</b>	<b>\$ 2,922.4</b>	<b>\$ 253.9</b>	<b>8.7%</b>	<b>\$ 43.7</b>	<b>\$ (166.9)</b>	<b>\$ 3,299.5</b>	<b>\$ 377.1</b>	<b>12.9%</b>
Motion Technologies	1,376.6	1,377.7	(1.1)	(0.1%)	-	(114.8)	<b>1,491.4</b>	113.7	8.3%
Industrial Process	1,101.9	940.8	161.1	17.1%	43.7	(33.6)	<b>1,091.8</b>	151.0	16.1%
Connect & Control Technologies	701.3	605.7	95.6	15.8%	-	(18.4)	<b>719.7</b>	114.0	18.8%

Note: Excludes intercompany eliminations  
Immaterial differences due to rounding





**ITT Inc. Non-GAAP Reconciliation**  
**Reported vs Adjusted Segment Operating Income & Operating Margin**  
**Full Year 2022 & 2021**

(In Millions)  
(all amounts unaudited)

	12M 2022 As Reported	12M 2022 Special Items	12M 2022 As Adjusted	12M 2021 As Reported	12M 2021 Special Items	12M 2021 As Adjusted	% Change As Reported 2022 vs. 2021	% Change As Adjusted 2022 vs. 2021
<b>Revenue:</b>								
Motion Technologies	\$ 1,374.0		\$ 1,374.0	\$ 1,368.6		\$ 1,368.6	0.4%	0.4%
Industrial Process	971.0		971.0	843.2		843.2	15.2%	15.2%
Connect & Control Technologies	645.6		645.6	554.7		554.7	16.4%	16.4%
Intersegment eliminations	(2.9)		(2.9)	(1.5)		(1.5)		
Total Revenue	<u>\$ 2,987.7</u>		<u>\$ 2,987.7</u>	<u>\$ 2,765.0</u>		<u>\$ 2,765.0</u>	<u>8.1%</u>	<u>8.1%</u>
<b>Operating Margin:</b>								
Motion Technologies	15.2%	50 BP	15.7%	18.9%	30 BP	19.2%	(370) BP	(350) BP
Industrial Process	19.3%	(50) BP	18.8%	15.0%	50 BP	15.5%	430 BP	330 BP
Connect & Control Technologies	17.9%	- BP	17.9%	14.7%	50 BP	15.2%	320 BP	270 BP
Total Operating Segments	<u>17.1%</u>	<u>10 BP</u>	<u>17.2%</u>	<u>16.9%</u>	<u>30 BP</u>	<u>17.2%</u>	<u>20 BP</u>	<u>- BP</u>
<b>Operating Income:</b>								
Motion Technologies	\$ 208.5	\$ 7.1	\$ 215.6	\$ 258.2	\$ 3.9	\$ 262.1	(19.2%)	(17.7%)
Industrial Process	187.6	(5.0)	182.6	126.8	3.7	130.5	47.9%	39.9%
Connect & Control Technologies	115.8	-	115.8	81.7	2.4	84.1	41.7%	37.7%
Total Segment Operating Income	<u>\$ 511.9</u>	<u>\$ 2.1</u>	<u>\$ 514.0</u>	<u>\$ 466.7</u>	<u>\$ 10.0</u>	<u>\$ 476.7</u>	<u>9.7%</u>	<u>7.8%</u>

Note: Immaterial differences due to rounding.

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



**ITT Inc. Non-GAAP Reconciliation**  
**Reported vs. Adjusted Income from Continuing Operations & Adjusted EPS**  
**Full Year 2022 & 2021**

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

	12M 2022 As Reported	Non-GAAP Adjustments	#A	12M 2022 As Adjusted	12M 2021 As Reported	Non-GAAP Adjustments	#B	12M 2021 As Adjusted	\$ Change 2022 vs. 2021	% Change 2022 vs. 2021
Segment operating income	\$ 511.9	\$ 2.1	#A	\$ 514.0	\$ 466.7	\$ 10.0	#A	\$ 476.7		
Corporate and other costs	(43.9)	3.7	#B	(40.2)	37.6	(71.7)	#B	(34.1)		
Operating income	<u>468.0</u>	<u>5.8</u>		<u>473.8</u>	<u>504.3</u>	<u>(61.7)</u>		<u>442.6</u>	<u>31.2</u>	<u>7.0%</u>
Operating margin	15.7%			15.9%	18.2%			16.0%		
Interest income (expense), net	(6.4)	-		(6.4)	1.1	-		1.1		
Other income (expense), net	0.2	-		0.2	3.7	(3.4)	#C	0.3		
Income from continuing operations before tax	<u>461.8</u>	<u>5.8</u>		<u>467.6</u>	<u>509.1</u>	<u>(65.1)</u>		<u>444.0</u>		
Income tax expense	(91.1)	(2.6)	#D	(93.7)	(189.6)	100.8	#D	(88.8)		
Income from continuing operations	<u>370.7</u>	<u>3.2</u>		<u>373.9</u>	<u>319.5</u>	<u>35.7</u>		<u>355.2</u>		
Less: Income attributable to noncontrolling interests	2.4	-		2.4	4.7	-		4.7		
Income from continuing operations - ITT Inc.	<u>\$ 368.3</u>	<u>\$ 3.2</u>		<u>\$ 371.5</u>	<u>\$ 314.8</u>	<u>\$ 35.7</u>		<u>\$ 350.5</u>		
EPS from continuing operations	<u>\$ 4.40</u>	<u>\$ 0.04</u>		<u>\$ 4.44</u>	<u>\$3.64</u>	<u>\$ 0.41</u>		<u>\$ 4.05</u>	<u>\$ 0.39</u>	<u>9.6%</u>

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 - 2022 includes gain related to sale of property (\$15.5M), unfavorable impacts from the Russia-Ukraine war (\$7.9M), restructuring costs (\$4.0M), acquisition-related expenses (\$3.2M), severance costs (\$2.7M) and other income (\$0.2M).

#A - 2021 includes restructuring costs (\$9.4M) and acquisition-related costs (\$0.6M).

#B - 2022 includes an asset impairment charge (\$1.7M), severance costs (\$1.3M), acquisition-related costs (\$0.5M), accelerated amortization of an intangible asset (\$0.4M), and a restructuring benefit (\$0.2M).

#B - 2021 includes a pre-tax gain on divestiture of asbestos-related assets and liabilities (\$88.8M), asbestos-related expense (\$14.4M), accelerated amortization of an intangible asset (\$2.3M), restructuring costs (\$0.2M), and other costs (\$0.2M).

#C - 2021 includes a pre-tax gain related to the finalization of pension termination funding.

#D - 2022 includes the net tax benefit of special items #A and #B (\$0.3M), tax benefit on return to accrual adjustments (\$4.6M), and other tax-related special items, partially offset by tax expense related to a write-down of a tax receivable (\$2.1M).

#D - 2021 includes the net tax benefit of special items #A through #C (\$5.6M), tax expense on the deferred tax asset write-off resulting from the asbestos sale (\$116.9M) and other tax-related special items.



**ITT Inc. Non-GAAP Reconciliation**  
**Free Cash Flow, Adjusted Free Cash Flow, and Adjusted Free Cash Flow Margin**  
**Three and Twelve Months Ended 2022 & 2021**

(In Millions)  
(all amounts unaudited)

	<u>Q4 2022</u>	<u>Q4 2021</u>	<u>12M 2022</u>	<u>12M 2021</u>
<b>Net Cash - Operating Activities</b>	<b>\$ 162.5</b>	\$ 119.5	<b>\$ 277.7</b>	\$ (8.4)
Less: Capital expenditures	30.2	35.8	103.9	88.4
<b>Free Cash Flow</b>	<b>\$ 132.3</b>	\$ 83.7	<b>\$ 173.8</b>	\$ (96.8)
Asbestos divestiture payment	-	-	-	398.0
<b>Adjusted Free Cash Flow</b>	<b>\$ 132.3</b>	\$ 83.7	<b>\$ 173.8</b>	\$ 301.2
<b>Revenue</b>	<b>\$ 774.6</b>	\$ 685.4	<b>\$ 2,987.7</b>	\$ 2,765.0
<b>Adjusted Free Cash Flow Margin</b>	<b>17.1%</b>	12.2%	<b>5.8%</b>	10.9%



# ITT Inc. Non-GAAP Reconciliation GAAP vs. Adjusted EPS Guidance Full Year 2023

(Per share amounts)  
(all amounts unaudited)

	2023 Full-Year Guidance	
	Low	High
<b>EPS from Continuing Operations - GAAP</b>	<b>\$ 4.38</b>	<b>\$ 4.78</b>
Estimated restructuring, net of tax	0.10	0.10
Other tax special Items	0.07	0.07
<b>EPS from Continuing Operations - Adjusted</b>	<b>\$ 4.55</b>	<b>\$ 4.95</b>

Note: The Company has provided forward-looking non-GAAP financial measures for organic revenue growth and adjusted segment 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 2023 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 segment operating margin to the most directly comparable GAAP financial measures without unreasonable efforts and has not provided reconciliations for these forward looking non-GAAP financial measures.



ITT Inc. Non-GAAP Reconciliation  
Free Cash Flow and Free Cash Flow Margin Guidance  
Full Year 2023

(In Millions)  
(all amounts unaudited)

	2023 Full-Year Guidance	
	Low	High
Net Cash - Operating Activities	\$ 470	\$ 520
Less: Capital expenditures	120	120
<b>Free Cash Flow</b>	<b>\$ 350</b>	<b>\$ 400</b>
Revenue #A	\$ 3,225	\$ 3,225
<b>Free Cash Flow margin</b>	<b>11%</b>	<b>12%</b>

#A Represents expected revenue growth of 8%, reflecting the mid-point of the 7% to 9% range.