



ITT

Q3 2022 Earnings

November 3, 2022

Innovation Center

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. 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.

RESILIENT PERFORMANCE CONTINUES



DEMAND FIRM IN MOST END MARKETS

- +13% organic orders growth; all businesses delivered double-digit growth
- +19% pump project and +20% aerospace and defense orders growth
- Friction electrified platform wins (60 YTD) position MT for long-term growth

EXECUTION STEP UP, GROWTH VS. PRIOR YEAR AND Q2

- +15% organic revenue growth (+6% sequential); price recovery
- +140 bps adj. segment margin expansion (+230 bps sequential)
- +21% adjusted EPS growth (+22% sequential)

PRICING ACTIONS PROGRESSING, PRODUCTIVITY FOCUS REMAINS

- Improved price recovery in IP and CCT
- Managing supply chain disruptions with shop floor and sourcing improvements
- Offsetting other macro challenges – negative FX impact, acute energy inflation

GROWTH AND LONG-TERM VALUE CREATION INTACT

Q3'22

Organic revenue growth **+15%**

Adjusted segment operating margin **18.2%**

Adjusted EPS **\$1.20**

Backlog **\$1B+**

2022 SUSTAINABILITY REPORT

ENGINEERING A MORE SUSTAINABLE FUTURE

ADVANCING OUR INNOVATIONS AND SUSTAINABLE PRODUCTS

ANNOUNCING EMISSIONS REDUCTION FRAMEWORK: REDUCE – AVOID – OFFSET


- Significant GHG emissions reduction vs. 2019
- Issuing ITT's first-ever GHG emissions reduction targets

BUILDING A MORE DIVERSE, INCLUSIVE AND TALENTED WORKFORCE

- Publishing ITT's DEI goals and EEO-1 report

MAINTAINING BEST-IN-CLASS GOVERNANCE PRACTICES

ENVIRONMENTAL FRAMEWORK



32%
reduction in
Greenhouse Gas emissions
since 2019

10%
target reduction in
GHG emissions by 2026

2026 DIVERSITY, EQUITY AND INCLUSION GOALS

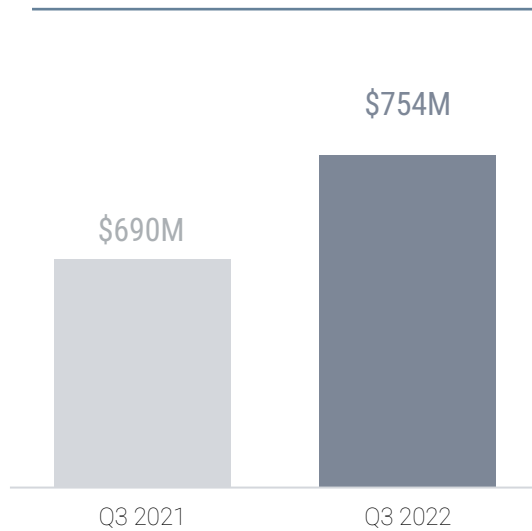
35% Women globally (all levels)	25% Women in leadership roles globally (Director and above)
15% Black and Hispanic talent in U.S.-based leadership roles (Director and above)	25% People of color talent in U.S.- based leadership roles (Director and above)



Q3 SUMMARY RESULTS



REVENUE

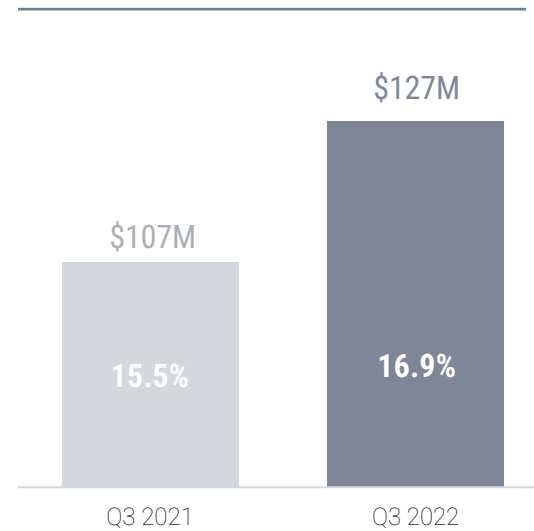


+15%

Organic revenue growth

- + CCT (+15%) driven by connector share gains and aero components (+34%)
- + MT (+15%) driven by Friction OE share gains
- + IP (+15%) driven by short-cycle, projects
- + Expanding pricing strategy
- ± FX impact (-790 bps), Habonim contribution (+220 bps), Russia revenue loss ~(-250 bps)

ADJUSTED OPERATING INCOME AND MARGIN



+140 bps

Adjusted operating margin expansion

- + High volume growth
- + Pricing recovery
- + Shop floor productivity
- Inflation (material, energy, labor)
- ± Strategic long-term investments

ADJUSTED EPS

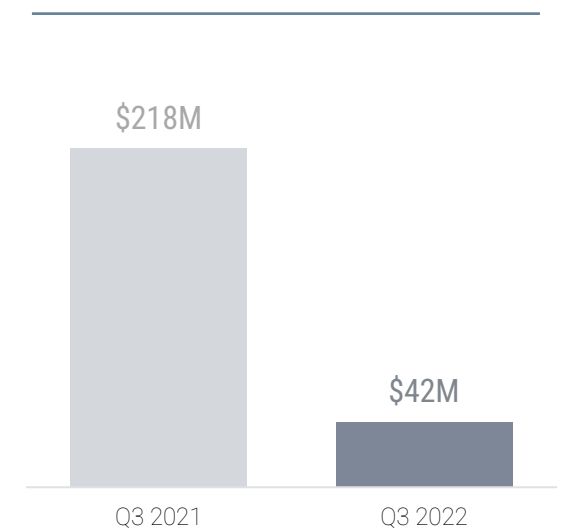


+21%

Adjusted EPS growth

- + Volume and profitability step-up
- + Habonim accretion
- + Tax rate
- FX impact
- Russia impacts
- ± Disruptive technology investments

YTD ADJ. FREE CASH FLOW^[1]

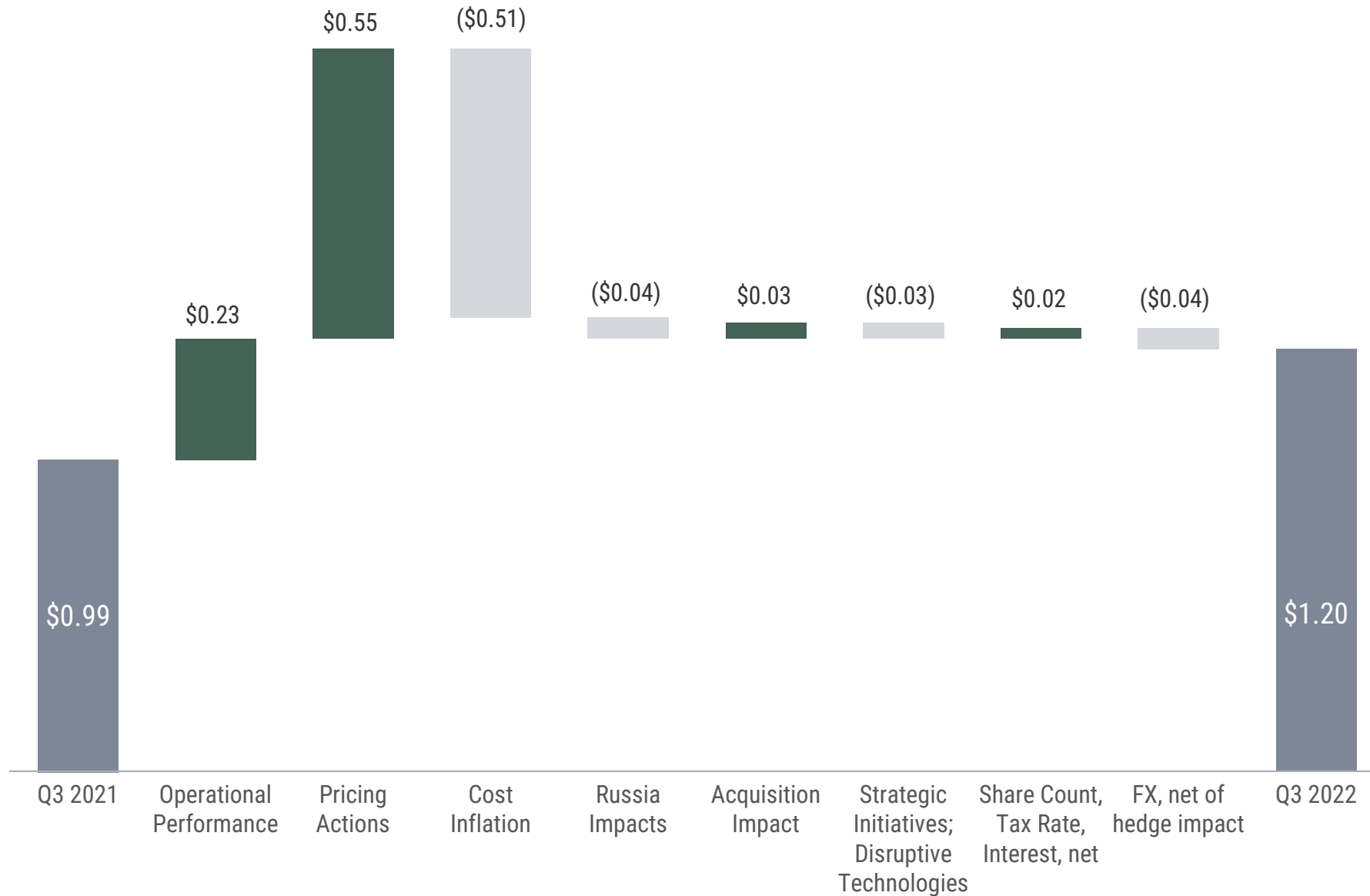


~2%

Adjusted free cash flow margin

- Investing in inventory
- A/R collections timing
- FX impact
- ± Capex investments in productivity and energy efficiency

Q3 2022 ADJUSTED EPS BRIDGE



Growth Drivers

- + Share gains in auto, connectors and short-cycle pumps
- + Expanding pricing strategy
- + Habonim accretion
- + Shop floor productivity

Headwinds

- Inflation: material, energy and labor
- Loss of Russia revenues
- USD strength

Other Impacts

- ± Disruptive technology innovations (EMD, Smart Pad)
- + 4% share count reduction

Q3 SEGMENT SUMMARY RESULTS



MOTION TECHNOLOGIES

INDUSTRIAL PROCESS

CONNECT & CONTROL TECHNOLOGIES

Organic Revenue Growth

+15%

+15%

+15%

Adjusted Segment Operating Income

\$54M

\$52M

\$30M

Adjusted Segment Operating Margin

15.8%

21.1%

18.6%

- Friction OE share gains in Europe, China (98% Friction OE on-time performance)

- 26 electrified vehicle platform awards

- Commodity, energy inflation and labor shortage, partially offset by pricing and productivity

- +130 bps sequential adj. margin expansion

- Negative FX, Russia impacts

- +11% organic orders growth – projects (+19%), short-cycle (+10%)

- Organic backlog +49%, book-to-bill 1.09x

- Organic revenue growth driven by short-cycle demand (+14%), projects (+17%) and step-up in pricing

- Strong adj. operating margin expansion

- +550 bps year over year
- +430 bps sequentially
- 52% incremental

- +12% organic orders growth – aerospace recovery and defense awards (+20%)

- Organic backlog +20%, book-to-bill 1.03x

- Organic revenue growth driven by aero components (+34%) and connector share gains (+12%)

- Strong adj. operating margin expansion

- +150 bps year over year
- +140 bps sequentially
- 32% incremental

2022 GUIDANCE UPDATE

TIGHTENING ADJUSTED EPS RANGE



UPDATED

Revenue growth	~8% ~12% organic
Adjusted segment operating margin	~17.6% +40 bps
Adjusted EPS	\$4.35 to \$4.45 +7% to +10%
Free cash flow	\$135M to \$165M +5% to +6% margin

ASSUMPTIONS

- Strong top-line performance driving revenue outlook to upper end of range
- Outlook impacted by foreign currency headwinds
- Low end of previous margin range reflects persistent inflationary pressures, offset by execution on pricing and productivity plan
- Free cash flow impacted by higher working capital
- 3% full-year share count reduction given \$250M+ share repurchases YTD

CURRENT MARKET OUTLOOK



LONG-TERM GROWTH AND VALUE CREATION FUNDAMENTALS INTACT

End Market	Trends	Demand Drivers
Automotive		<ul style="list-style-type: none"> • Low inventory levels (esp. in NA) driving demand amidst recession concerns • Low global auto production hampered by supply chain disruptions, chip shortage
Chemical and Industrial Pumps		<ul style="list-style-type: none"> • Strong project activity and backlog; industrial short-cycle softening • Value-based pricing strategy
Industrial Components		<ul style="list-style-type: none"> • Softening short-cycle industrial connectors demand • Encouraging EV and medical connector demand
Aerospace and Defense		<ul style="list-style-type: none"> • Commercial air traffic recovery continues; air framers build rates improving • Renewed defense spending
Energy		<ul style="list-style-type: none"> • Energy investments ramping, including LNG • Delays in final investment approval decisions
Rail		<ul style="list-style-type: none"> • Continued U.S. and European rail investments; improving passenger traffic

- Other planning assumptions - further foreign currency headwinds (loss of hedge protection)

KEY TAKEAWAYS



- | Continued share gains driving growth with signs of short-cycle softening
- | Price recovery progressing in all businesses
- | Execution an ITT differentiator, continuous improvement mindset
- | Announcing first-ever environmental and social sustainability targets
- | Long-term growth and value creation fundamentals intact



Supplemental Data



Q3 ADJUSTED SEGMENT OPERATING MARGIN



	vs. PY
Q3'21 adjusted segment operating margin	16.8%
Volume, mix, price, acquisition and other	+780 bps
Productivity Actions	+60 bps
Cost Inflation	(-730 bps)
Operational margins subtotal	17.9%
FX impact	+60 bps
Strategic investments	(-30 bps)
Q3'22 adjusted segment operating margin	18.2%
Special items	(-60 bps)
Q3'22 segment operating margin	17.6%

Segment Margin Drivers

- + Price recovery
- + Higher volume
- + Shop floor productivity
- + FX (primarily hedge benefit)
- Material and energy inflation
- Supply chain disruptions
- ± Strategic growth investments
- Habonim purchase accounting adjustment (special item)

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, 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 and **Adjusted EPS** are defined, respectively, as income from continuing operations attributable to ITT Inc. and income from continuing operations attributable to ITT Inc. per diluted share, adjusted to exclude special items that include, but are not limited to, restructuring, severance, certain asset impairment charges, 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. We believe that adjusted income from continuing operations is 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** is 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
Third Quarter 2022 & 2021

(In Millions)
(all amounts unaudited)

	(As Reported - GAAP)				(As Adjusted - Organic)					
	(A) Q3 2022	(B) Q3 2021	(C) \$ Change 2022 vs. 2021	% Change 2022 vs. 2021	(D) Acquisitions Q3 2022	(E) FX Impact Q3 2022	(F) = A-D-E Revenue / Orders Q3 2022	(G) =C-D-E \$ Change Adj. 2022 vs. 2021	(H) = G / B % Change Adj. 2022 vs. 2021	
Revenue										
ITT Inc.	\$ 753.6	\$ 689.6	\$ 64.0	9.3%	\$ 15.3	\$ (54.3)	\$ 792.6	\$ 103.0	14.9%	
Motion Technologies	342.2	332.3	9.9	3.0%	-	(39.6)	381.8	49.5	14.9%	
Industrial Process	248.5	210.7	37.8	17.9%	15.3	(8.2)	241.4	30.7	14.6%	
Connect & Control Technologies	163.2	147.1	16.1	10.9%	-	(6.6)	169.8	22.7	15.4%	
Orders										
ITT Inc.	\$ 780.9	\$ 731.5	\$ 49.4	6.8%	\$ 12.5	\$ (55.9)	\$ 824.3	\$ 92.8	12.7%	
Motion Technologies	342.3	334.1	8.2	2.5%	-	(39.2)	381.5	47.4	14.2%	
Industrial Process	271.9	242.5	29.4	12.1%	12.5	(10.7)	270.1	27.6	11.4%	
Connect & Control Technologies	167.3	155.4	11.9	7.7%	-	(6.0)	173.3	17.9	11.5%	

Note: Excludes intercompany eliminations
Immaterial differences due to rounding



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

(In Millions)
(all amounts unaudited)

	Q3 2022	Q3 2022	Q3 2022	Q3 2021	Q3 2021	Q3 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
Revenue:								
Motion Technologies	\$ 342.2		\$ 342.2	\$ 332.3		\$ 332.3	3.0%	3.0%
Industrial Process	248.5		248.5	210.7		210.7	17.9%	17.9%
Connect & Control Technologies	163.2		163.2	147.1		147.1	10.9%	10.9%
Intersegment eliminations	(0.3)		(0.3)	(0.5)		(0.5)		
Total Revenue	<u>\$ 753.6</u>		<u>\$ 753.6</u>	<u>\$ 689.6</u>		<u>\$ 689.6</u>	<u>9.3%</u>	<u>9.3%</u>
Operating Margin:								
Motion Technologies	15.8%	- BP	15.8%	16.1%	130 BP	17.4%	(30) BP	(160) BP
Industrial Process	19.4%	170 BP	21.1%	15.4%	20 BP	15.6%	400 BP	550 BP
Connect & Control Technologies	18.6%	- BP	18.6%	17.1%	- BP	17.1%	150 BP	150 BP
Total Operating Segments	<u>17.6%</u>	<u>60 BP</u>	<u>18.2%</u>	<u>16.1%</u>	<u>70 BP</u>	<u>16.8%</u>	<u>150 BP</u>	<u>140 BP</u>
Operating Income:								
Motion Technologies	\$ 54.0	\$ 0.1	\$ 54.1	\$ 53.6	\$ 4.1	\$ 57.7	0.7%	(6.2%)
Industrial Process	48.1	4.3	52.4	32.4	0.5	32.9	48.5%	59.3%
Connect & Control Technologies	30.3	-	30.3	25.2	(0.1)	25.1	20.2%	20.7%
Total Segment Operating Income	<u>\$ 132.4</u>	<u>\$ 4.4</u>	<u>\$ 136.8</u>	<u>\$ 111.2</u>	<u>\$ 4.5</u>	<u>\$ 115.7</u>	<u>19.1%</u>	<u>18.2%</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
Third Quarter 2022 & 2021

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



	Q3 2022 As Reported	Non-GAAP Adjustments	Q3 2022 As Adjusted	Q3 2021 As Reported	Non-GAAP Adjustments	Q3 2021 As Adjusted	\$ Change As Adjusted 2022 vs. 2021	% Change As Adjusted 2022 vs. 2021
Segment operating income	\$ 132.4	\$ 4.4 #A	\$ 136.8	\$ 111.2	\$ 4.5 #A	\$ 115.7		
Corporate and other costs	(10.4)	0.6 #B	(9.8)	(9.5)	0.6 #B	(8.9)		
Operating income	122.0	5.0	127.0	101.7	5.1	106.8	20.2	18.9%
Operating margin	16.2%		16.9%	14.7%		15.5%		
Interest income (expense), net	(2.4)	-	(2.4)	0.1	-	0.1		
Other income (expense), net	0.1	-	0.1	(0.6)	-	(0.6)		
Income from continuing operations before tax	119.7	5.0	124.7	101.2	5.1	106.3		
Income tax expense	(16.4)	(7.9) #C	(24.3)	(14.1)	(6.3) #C	(20.4)		
Income from continuing operations	103.3	(2.9)	100.4	87.1	(1.2)	85.9		
Less: Income attributable to noncontrolling interests	0.8	-	0.8	0.5	-	0.5		
Income from continuing operations - ITT Inc.	\$ 102.5	\$ (2.9)	\$ 99.6	\$ 86.6	\$ (1.2)	\$ 85.4		
EPS from continuing operations	\$1.23	\$ (0.03)	\$ 1.20	\$1.00	\$ (0.01)	\$ 0.99	\$ 0.21	21.2%

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 restructuring costs (\$1.1M), acquisition-related expenses (\$3.1M), and other costs (\$0.2M).

#A - 2021 includes restructuring costs (\$4.5M).

#B - 2022 includes acquisition-related expenses (\$0.5M) and other costs (\$0.1M).

#B - 2021 includes accelerated amortization of an intangible asset (\$0.5M) and other costs (\$0.1M).

#C - 2022 includes the net tax benefit of special items #A and #B (\$1.1M), tax benefit on future distribution of foreign earnings (\$7.8M), and other tax-related special items.

#C - 2021 includes the net tax benefit of special items #A and #B (\$1.6M), tax benefit on future distribution of foreign earnings (\$2.2M), tax benefit for valuation allowance impacts (\$1.9M) and other tax-related items.



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

(In Millions)
(all amounts unaudited)

	<u>Q3 2022</u>	<u>Q3 2021</u>	<u>9M 2022</u>	<u>9M 2021</u>
Net Cash - Operating Activities	\$ 61.0	\$ 103.7	\$ 115.2	\$ (127.9)
Less: Capital expenditures	26.2	17.5	73.7	52.6
Free Cash Flow	<u>34.8</u>	<u>86.2</u>	<u>41.5</u>	<u>(180.5)</u>
Asbestos divestiture payment	-	-	-	398.0
Adjusted Free Cash Flow	<u>34.8</u>	<u>86.2</u>	<u>41.5</u>	<u>217.5</u>
Revenue	<u>\$ 753.6</u>	<u>\$ 689.6</u>	<u>\$ 2,213.1</u>	<u>\$ 2,079.6</u>
Adjusted Free Cash Flow Margin	4.6%	12.5%	1.9%	10.5%



ITT Inc. Non-GAAP Reconciliation GAAP vs. Adjusted EPS Guidance Full Year 2022

(Per share amounts)
(all amounts unaudited)

	2022 Full-Year Guidance	
	Low	High
EPS from Continuing Operations - GAAP	\$ 4.20	\$ 4.30
Estimated restructuring, net of tax	0.05	0.05
Other special items, net of tax	0.16	0.16
Other tax special Items	(0.06)	(0.06)
EPS from Continuing Operations - Adjusted	\$ 4.35	\$ 4.45

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 2022 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 2022

(In Millions)
(all amounts unaudited)

	2022 Full-Year Guidance	
	Low	High
Net Cash - Operating Activities	\$ 252.0	\$ 282.0
Less: Capital expenditures	117.0	117.0
Free Cash Flow	135.0	165.0
Revenue #A	\$ 2,985.0	\$ 2,985.0
Free Cash Flow margin	5%	6%

#A Represents expected revenue growth of 8%.