



ITT

Q1 2022 Earnings

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” 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.

EXECUTING IN TOUGH ENVIRONMENT



STRONG DEMAND AND OUTPERFORMANCE ACROSS END MARKETS

- +14% organic orders growth; +13% sequentially
- 15 EV awards in Motion Technologies (MT)
- +23% Connect & Control (CCT) organic revenue growth

EXECUTING AMIDST WORSENING OPERATING ENVIRONMENT

- Higher inflation and supply chain disruptions
- Aggressive pricing actions lagging cost inflation

EXECUTING ON CAPITAL DEPLOYMENT PLAN

- \$186M Q1 share repurchases; 20% dividend increase
- \$140M acquisition of Habonim on April 4th, leading specialty valves player

MAINTAINING FULL YEAR REVENUE, MARGIN, AND ADJUSTED EPS OUTLOOK

- Strong top line growth; adjusted margins hampered by supply chain challenges
- Capital deployment benefits partially offsetting Russia impact and inflation headwinds
- Long-term outperformance fundamentals intact

Q1'22



Organic revenue growth

+7%



Adjusted operating margin

14.6%



Adjusted EPS

\$0.97



Capital deployed

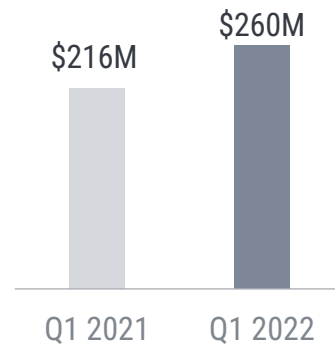
\$235M+



+14% ORGANIC ORDERS GROWTH

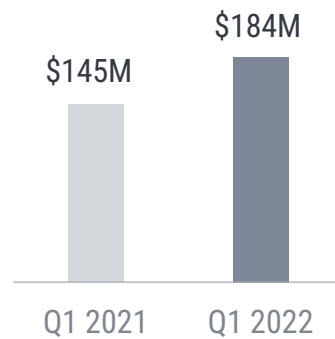
Q1 ORDERS

Industrial Process



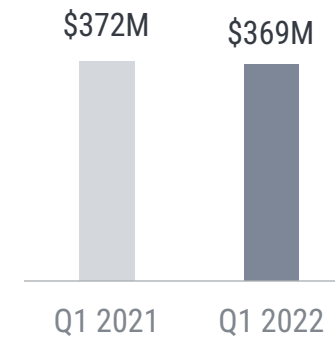
+23%
YoY organic growth

Connect & Control Technologies



+28%
YoY organic growth

Motion Technologies



+3%
YoY organic growth

HIGHLIGHTS

Order growth outpacing strong markets

- +13% sequential organic orders growth
- +24% organic backlog growth; 1.12x book-to-bill

IP growth driven by strengthening projects and short cycle

- Long-cycle pump projects +45%
- Short cycle +18% driven by baseline pumps and aftermarket

CCT quarterly orders highest since Q1 2019

- Connectors distribution +24%
- Controls +24% driven by aero growth

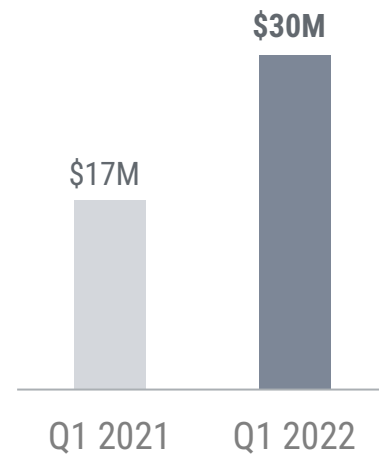
MT EV awards and share gains

- 15 EV platform awards, key EU and China wins
- Strong rail (freight) offsetting lower Russia orders

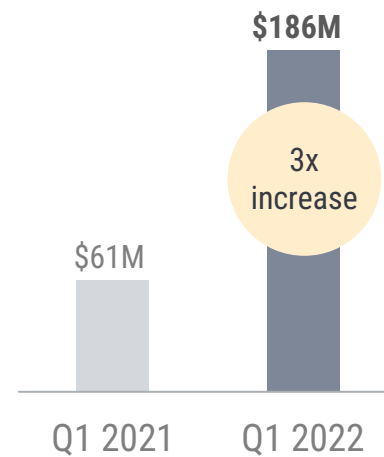
EXECUTING ON CAPITAL DEPLOYMENT PLAN



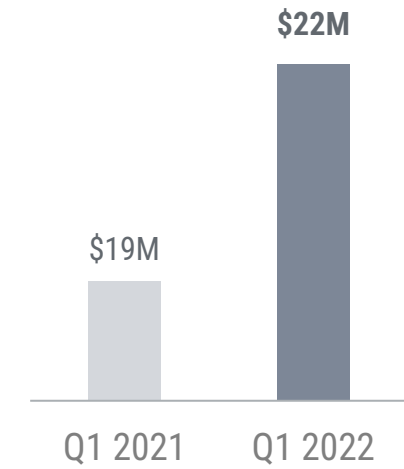
CAPITAL EXPENDITURES



SHARE REPURCHASES



DIVIDENDS



- Friction capacity (NA EV growth)
- Footprint optimization
- Shop floor productivity and automation (CCT, IP)
- Barge “solar lake” investment

- Nearly doubled full year commitment in first quarter
- Continued share repurchases in April
- Now expect minimum 2.5% share count reduction for full year

- 20% increase in quarterly dividend
- 15% and 30% increases in 2020 and 2021

EXECUTING ON M&A

ACQUISITION OF HABONIM FOR \$140M, CLOSED IN Q2

We are building:

- ✓ An attractive and highly differentiated valve platform
- ✓ Expertise in harsh environment ball valves and actuation technologies for gas distribution (incl. LNG) and biotech verticals
- ✓ Strong position for growth in green hydrogen through ultra-high pressure and cryogenic offerings
- ✓ Profitable growth and margin expansion and further opportunity

All results are unaudited.

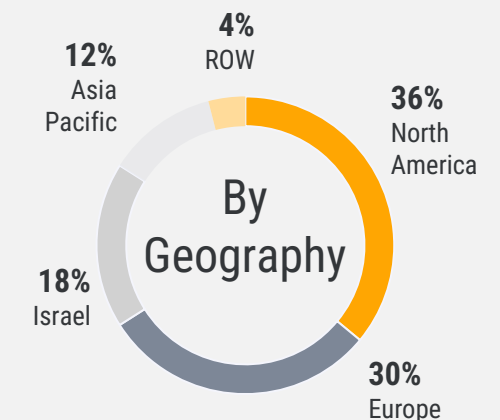
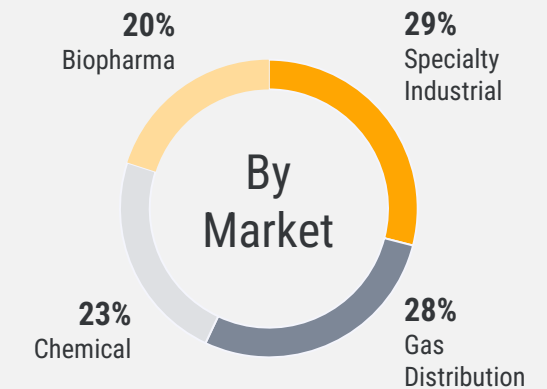


\$44M 2021 Revenue

~200 Employees

Sales in 60 countries

SALES

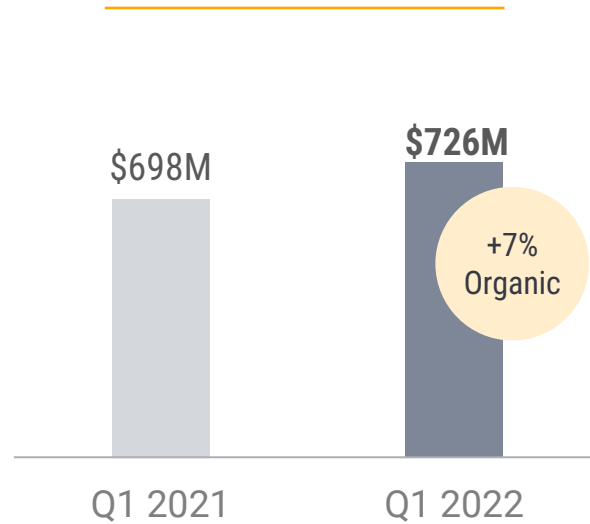


MANAGING SUPPLY HEADWINDS

Q1 SUMMARY RESULTS

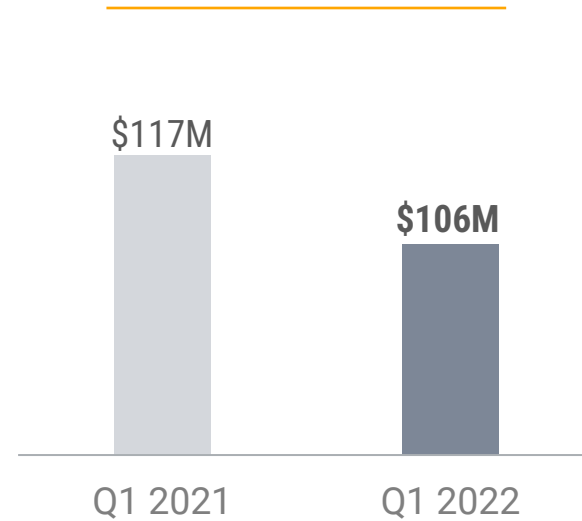


REVENUE



- + CCT (+23%) driven by industrial connectors (+28%) and aerospace (36%)
- + MT (+4%) driven by higher friction aftermarket (+15%)
- + ~300 bps impact from pricing recovery – additional actions underway
- Supply chain disruptions ~(600) bps

ADJUSTED OPERATING INCOME



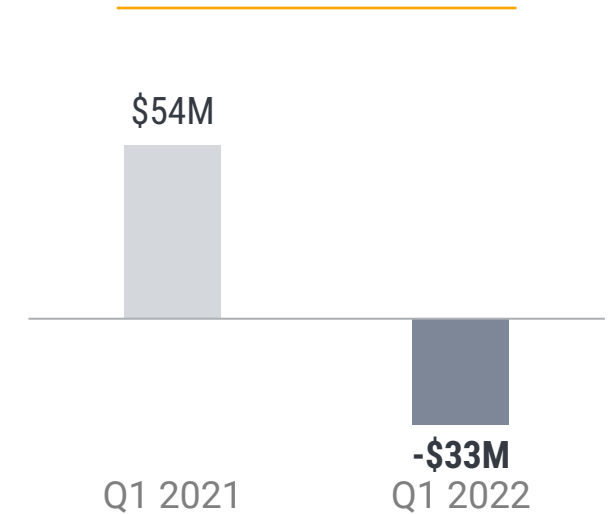
- + Higher volume; pricing actions
- + Shop floor productivity
- Higher raw material prices (principally steel and tin)
- Supply chain disruptions
- ± Strategic long-term investments

ADJUSTED EPS



- Lower operating income
- Foreign currency impact
- + Share repurchases
- + Lower tax rate

FREE CASH FLOW

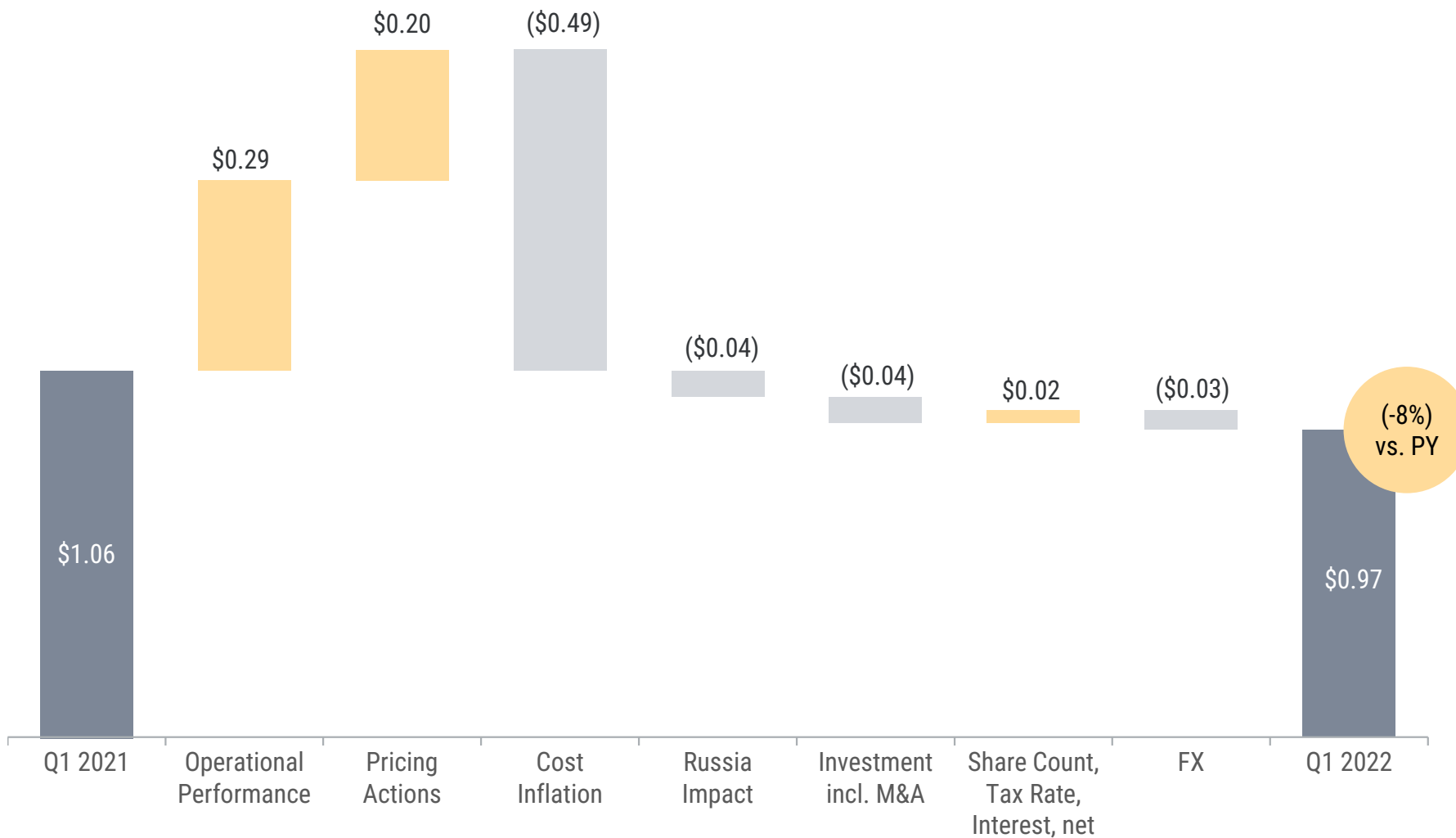


- Lower segment operating income
- Investing in working capital
- A/R collections timing
- \$30M capex

All results are unaudited. Comparisons to 2021 unless otherwise noted. For non-GAAP reconciliations, refer to appendix

EXECUTING AGAINST HEADWINDS

Q1 2022 ADJUSTED EPS BRIDGE



Operational Performance

- + CCT +550 bps adjusted operating margin expansion
- + Shop floor and sourcing productivity
- + Pricing actions

Headwinds

- Material inflation
- Labor and overhead inflation
- Direct and indirect Russia impacts
- Investments for growth and innovation
- Unfavorable foreign currency

Additional Items

- \$186M share repurchases
- Lower tax rate (21.5% vs. 22.0%)

All results are unaudited. Comparisons to 2021 unless otherwise noted. For non-GAAP reconciliations, refer to appendix

GROWTH AND EXECUTION

Q1 SEGMENT SUMMARY RESULTS



	MOTION TECHNOLOGIES	INDUSTRIAL PROCESS	CONNECT & CONTROL TECHNOLOGIES
Organic Revenue Growth	+4%	+2%	+23%
Adjusted Segment Operating Income	\$65M	\$26M	\$26M
Adjusted Segment Operating Margin	17.5%	12.8%	16.7%
	<ul style="list-style-type: none"> Revenue growth driven by Friction aftermarket and pricing actions 99%+ Friction OE on-time performance 15 electrified platform awards Higher-than-expected commodities inflation (830 bps) partially offset by pricing actions and productivity benefits 	<ul style="list-style-type: none"> Drove +23% organic orders growth projects (+45%) and short cycle (+18%) Short-cycle revenue strength (+13%), offset by sustained supply chain disruptions and labor constraints Margin decline driven by cost inflation, supply chain challenges and COVID-19 absenteeism (Jan. 22), partially offset by productivity benefits 	<ul style="list-style-type: none"> +28% organic orders driven by aerospace and defense (+40%) and EV connectors +28% connectors and +16% components organic revenue growth driven by aerospace Margin expansion driven by volume and productivity 42% adjusted incremental margin

POSITIVE DEMAND ENVIRONMENT OVERALL

UPDATED END MARKET OUTLOOK



42% Automotive

- + Inventory levels remain at historic lows in EU and North America
- Higher raw material and energy prices impacting margin
- China lockdowns, Ukraine conflict

10% Aerospace & Defense

- + Commercial aerospace recovery accelerating
- + Solid commercial aftermarket growth
- + Defense (Connectors) growing 20%+

24% Chemical & Industrial Pumps

- + Strong project activity
- + Parts demand driven by higher capacity utilization
- Labor and supply chain shortages continue to limit industrial production

8% Energy

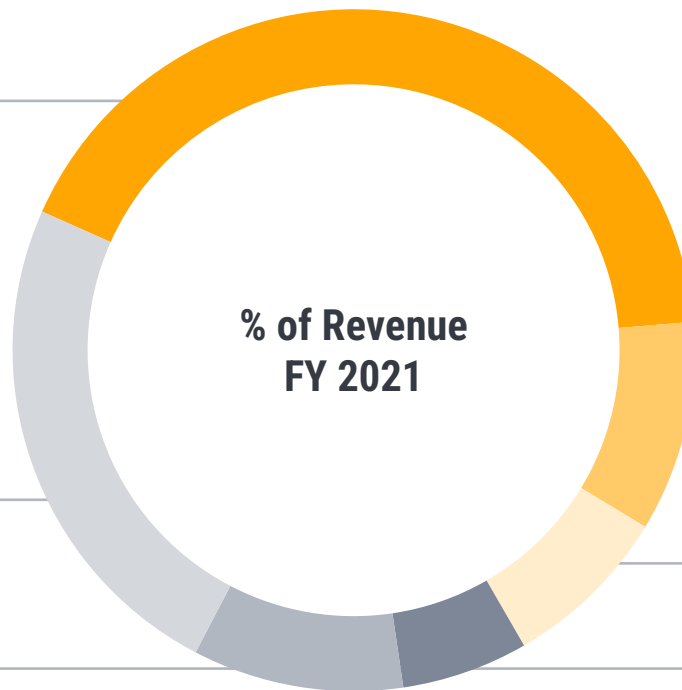
- + No change to initial outlook
- + Robust project backlog at attractive margins
- Suspension of Russia operations

10% General Industrial Components

- + Strong North America (distribution)
- + Factory and warehouse automation
- + EV infrastructure buildout

6% Rail

- + Strong freight demand in Europe
- Orders decline driven by lower passenger demand (primarily in Europe)
- Suspension of Russia operations



2022 GUIDANCE UPDATE



CURRENT

ASSUMPTIONS

Revenue growth	+7% to +9% +9% to +11% organic
Adjusted segment operating margin	17.6% to 18.5% +40 to +130 bps
Adjusted EPS	\$4.30 to \$4.70 +6% to +16%
Free cash flow	\$250M to \$300M 8% to 10% margin

- Strong top-line performance
- Margin significantly impacted by cost inflation, partially offset by additional pricing actions and productivity
- Guidance does not include potential impact of prolonged lockdowns in China due to COVID
- Impact of Habonim acquisition included as of Q2
- Now expect 2.5% minimum share count reduction
- Free cash flow impacted by higher working capital

KEY TAKEAWAYS

Strong demand and outperformance across many end markets

Managing through unprecedented market conditions

Driving execution on strong operating fundamentals

Executing on capital deployment plan and investing in the business

Maintaining full year revenue, margin, and adjusted EPS guidance range



SUPPLEMENTAL DATA



ENGINEERED FOR LIFE



16.0% ADJ. SEGMENT OPERATING MARGIN

Q1 ADJUSTED SEGMENT OPERATING MARGIN

	vs. PY
Q1'21 adjusted segment operating margin	17.5%
Volume, mix, price and other	+270 bps
Productivity Actions	+350 bps
Cost Inflation	(-760 bps)
Operational margins subtotal	16.1%
FX impact	+10 bps
Strategic investments	(-20 bps)
Q1'22 adjusted segment operating margin	16.0%

Segment Margin Drivers

- + Higher CCT volume
- + Pricing actions
- + Shop floor productivity
- Raw material inflation
- Supply chain disruptions
- Strategic growth investments

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 divided by revenue. **Adjusted Segment Incremental or Decremental 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. **Free Cash Flow Margin** is defined as free cash flow divided by revenue. We believe that free cash flow and free cash flow margin provides useful information to investors as it provides insight into a primary cash flow metric used by management to monitor and evaluate cash flows generated by our operations.

ITT Inc. Non-GAAP Reconciliation
Reported vs. Organic Revenue / Orders
First Quarter 2022 & 2021

(In Millions)
(all amounts unaudited)

	(As Reported - GAAP)				(As Adjusted - Organic)				
	(A) Q1 2022	(B) Q1 2021	(C) \$ Change 2022 vs. 2021	(C) % Change 2022 vs. 2021	(D) Acquisitions Q1 2022	(E) FX Impact Q1 2022	(F) = A-D-E Revenue / Orders Q1 2022	(G) =C-D-E \$ Change Adj. 2022 vs. 2021	(H) = G / B % Change Adj. 2022 vs. 2021
Revenue									
ITT Inc.	\$ 726.2	\$ 698.4	\$ 27.8	4.0%	\$ -	\$ (19.9)	\$ 746.1	\$ 47.7	6.8%
Motion Technologies	370.1	369.1	1.0	0.3%	-	(13.9)	384.0	14.9	4.0%
Industrial Process	202.2	202.3	(0.1)	0.0%	-	(3.9)	206.1	3.8	1.9%
Connect & Control Technologies	154.6	127.3	27.3	21.4%	-	(2.2)	156.8	29.5	23.2%
Orders									
ITT Inc.	\$ 812.1	\$ 732.9	\$ 79.2	10.8%	\$ -	\$ (21.3)	\$ 833.4	\$ 100.5	13.7%
Motion Technologies	369.2	372.3	(3.1)	(0.8%)	-	(14.1)	383.3	11.0	3.0%
Industrial Process	260.1	215.5	44.6	20.7%	-	(4.5)	264.6	49.1	22.8%
Connect & Control Technologies	183.8	145.4	38.4	26.4%	-	(2.7)	186.5	41.1	28.3%

Note: Excludes intercompany eliminations
Immaterial differences due to rounding



ITT Inc. Non-GAAP Reconciliation
Reported vs. Organic Orders (Sequential)
First Quarter 2022 vs. Fourth Quarter 2021
(In Millions)
(all amounts unaudited)

	(As Reported - GAAP)				(As Adjusted - Organic)				
	(A)	(B)	(C)		(D)	(E)	(F) = A-D-E	(G) = C-D-E	(H) = G / B
			\$ Change	% Change				\$ Change	% Change
	Q1 2022	Q4 2021	Q1 '22 vs. Q4 '21	Q1 '22 vs. Q4 '21	Acquisitions Q1 2022	FX Impact Q1 2022	Orders Q1 2022	Q1 '22 vs. Q4 '21	Q1 '22 vs. Q4 '21
Orders									
ITT Inc.	\$ 812.1	\$ 722.2	\$ 89.9	12.4%	\$ -	\$ (4.5)	\$ 816.6	\$ 94.4	13.1%

ITT Inc. Non-GAAP Reconciliation
Reported vs Adjusted Segment Operating Income & Segment Operating Margin
First Quarter 2022 & 2021
(In Millions)
(all amounts unaudited)

	Q1 2022	Q1 2022	Q1 2022	Q1 2021	Q1 2021	Q1 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	\$ 370.1		\$ 370.1	\$ 369.1		\$ 369.1	0.3%	0.3%
Industrial Process	202.2		202.2	202.3		202.3	0.0%	0.0%
Connect & Control Technologies	154.6		154.6	127.3		127.3	21.4%	21.4%
Intersegment eliminations	(0.7)		(0.7)	(0.3)		(0.3)		
Total Revenue	<u>\$ 726.2</u>		<u>\$ 726.2</u>	<u>\$ 698.4</u>		<u>\$ 698.4</u>	<u>4.0%</u>	<u>4.0%</u>
Operating Margin:								
Motion Technologies	16.1%	140 BP	17.5%	20.6%	- BP	20.6%	(450) BP	(310) BP
Industrial Process	10.1%	270 BP	12.8%	15.3%	50 BP	15.8%	(520) BP	(300) BP
Connect & Control Technologies	16.6%	10 BP	16.7%	9.3%	190 BP	11.2%	730 BP	550 BP
Total Operating Segments	<u>14.6%</u>	<u>140 BP</u>	<u>16.0%</u>	<u>17.0%</u>	<u>50 BP</u>	<u>17.5%</u>	<u>(240) BP</u>	<u>(150) BP</u>
Operating Income:								
Motion Technologies	\$ 59.7	\$ 5.1	\$ 64.8	\$ 76.0	\$ -	\$ 76.0	(21.4%)	(14.7%)
Industrial Process	20.4	5.4	25.8	31.0	0.9	31.9	(34.2%)	(19.1%)
Connect & Control Technologies	25.7	0.1	25.8	11.8	2.4	14.2	117.8%	81.7%
Total Segment Operating Income	<u>\$ 105.8</u>	<u>\$ 10.6</u>	<u>\$ 116.4</u>	<u>\$ 118.8</u>	<u>\$ 3.3</u>	<u>\$ 122.1</u>	<u>(10.9%)</u>	<u>(4.7%)</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

First Quarter 2022 & 2021

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

	Q1 2022		Q1 2022	Q1 2021		Q1 2021	\$ Change	% Change
	As	Non-GAAP	As	As	Non-GAAP	As	As Adjusted	As Adjusted
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted	2022 vs. 2021	2022 vs. 2021
Segment operating income	\$ 105.8	\$ 10.6 #A	\$ 116.4	\$ 118.8	\$ 3.3 #A	\$ 122.1		
Corporate (expense) income	(11.2)	0.9 #B	(10.3)	(8.9)	3.8 #B	(5.1)		
Operating income (loss)	94.6	11.5	106.1	109.9	7.1	117.0	(10.9)	(9.3%)
Operating margin	13.0%		14.6%	15.7%		16.8%		
Interest income (expense), net	-	-	-	0.6	-	0.6		
Other income (expense), net	0.2	-	0.2	0.7	-	0.7		
Income from continuing operations before tax	94.8	11.5	106.3	111.2	7.1	118.3		
Income tax (expense) benefit	(19.5)	(3.4) #C	(22.9)	(24.7)	(1.3) #C	(26.0)		
Income from continuing operations	75.3	8.1	83.4	86.5	5.8	92.3		
Less: Income attributable to noncontrolling interests	0.5	-	0.5	0.3	-	0.3		
Income from continuing operations - ITT Inc.	\$ 74.8	\$ 8.1	\$ 82.9	\$ 86.2	\$ 5.8	\$ 92.0		
EPS from continuing operations	\$0.88	\$ 0.09	\$ 0.97	\$0.99	\$ 0.07	\$ 1.06	\$ (0.09)	(8.5%)

Note: Amounts may not calculate due to rounding.

#A - 2022 includes impacts related to the Russia-Ukraine conflict (\$8.8M), severance costs (\$1.5M) and restructuring costs (\$0.3M).

#A - 2021 includes restructuring costs (\$3.3M).

#B - 2022 includes severance and other costs (\$0.9M).

#B - 2021 includes asbestos related expense (\$2.4M), other costs (\$1.1M) and restructuring costs (\$0.3M).

#C- 2022 includes the net tax benefit of special items #A and #B (\$2.2M) and tax benefit for valuation allowance impacts of (\$2.8M), partially offset by tax expense on future distribution of foreign earnings (\$1.7M) and other tax-related special items.

#C - 2021 includes the net tax benefit of special items #A and #B (\$1.3M) and tax benefit for valuation allowance impacts (\$2.1M), partially offset by tax expense on future distribution of foreign earnings (\$2.5M) and other tax related special items.



ITT Inc. Non-GAAP Reconciliation
Free Cash Flow
First Quarter 2022 & 2021
(In Millions)
(all amounts unaudited)

	<u>3M 2022</u>	<u>3M 2021</u>
Net Cash - Operating Activities	\$ (2.7)	\$ 70.8
Capital expenditures	30.0	17.2
Free Cash Flow	<u>\$ (32.7)</u>	<u>\$ 53.6</u>

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	\$ 4.07	\$ 4.50
Estimated restructuring, net of tax	0.05	0.03
Other special items, net of tax	0.19	0.18
Other tax special Items	(0.01)	(0.01)
EPS from Continuing Operations - Adjusted	\$ 4.30	\$ 4.70

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	\$ 405.0	\$ 455.0
Capital expenditures	155.0	155.0
Free Cash Flow	250.0	300.0
Revenue #A	\$ 2,986.0	\$ 2,986.0
Free Cash Flow margin	8%	10%

#A Represents the midpoint of the revenue range provided of 7% to 9%.