

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

For the Periods Ended June 30	Three Months		Six Months	
	2019	2018	2019	2018
Revenue	\$ 719.9	\$ 696.8	\$ 1,415.4	\$ 1,386.1
Costs of revenue	487.9	470.8	964.6	935.9
Gross profit	232.0	226.0	450.8	450.2
General and administrative expenses	65.7	63.0	117.6	128.1
Sales and marketing expenses	42.7	43.4	82.9	86.9
Research and development expenses	25.8	25.8	49.3	50.5
Asbestos-related costs (benefit), net	11.8	13.5	24.4	(6.2)
Operating income	86.0	80.3	176.6	190.9
Interest and non-operating (income) expenses, net	(0.4)	1.5	(0.9)	3.3
Income from continuing operations before income tax expense	86.4	78.8	177.5	187.6
Income tax expense	19.3	8.9	39.0	16.5
Income from continuing operations	67.1	69.9	138.5	171.1
(Loss) income from discontinued operations, net of tax benefit of \$0.0, \$0.1, \$0.0 and \$0.0, respectively	(0.1)	—	(0.1)	0.1
Net income	67.0	69.9	138.4	171.2
Less: Income attributable to noncontrolling interests	0.2	0.2	0.3	0.3
Net income attributable to ITT Inc.	\$ 66.8	\$ 69.7	\$ 138.1	\$ 170.9
Amounts attributable to ITT Inc.:				
Income from continuing operations, net of tax	\$ 66.9	\$ 69.7	\$ 138.2	\$ 170.8
(Loss) income from discontinued operations, net of tax	(0.1)	—	(0.1)	0.1
Net income attributable to ITT Inc.	\$ 66.8	\$ 69.7	\$ 138.1	\$ 170.9
Earnings per share attributable to ITT Inc.:				
Basic:				
Continuing operations	\$ 0.76	\$ 0.80	\$ 1.58	\$ 1.95
Net income	\$ 0.76	\$ 0.80	\$ 1.58	\$ 1.95
Diluted:				
Continuing operations	\$ 0.75	\$ 0.79	\$ 1.56	\$ 1.93
Net income	\$ 0.75	\$ 0.79	\$ 1.56	\$ 1.93
Weighted average common shares – basic	87.8	87.5	87.7	87.8
Weighted average common shares – diluted	88.7	88.4	88.6	88.7

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(IN MILLIONS)

	June 30, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 531.9	\$ 561.2
Receivables, net	600.0	540.0
Inventories, net	421.4	380.5
Other current assets	149.1	163.4
Total current assets	1,702.4	1,645.1
Plant, property and equipment, net	534.1	518.8
Goodwill	931.0	875.9
Other intangible assets, net	128.1	136.1
Asbestos-related assets	287.5	309.6
Deferred income taxes	162.9	164.5
Other non-current assets	295.4	196.8
Total non-current assets	2,339.0	2,201.7
Total assets	\$ 4,041.4	\$ 3,846.8
Liabilities and Shareholders' Equity		
Current liabilities:		
Commercial paper and current maturities of long-term debt	\$ 149.4	\$ 116.2
Accounts payable	347.4	339.2
Accrued liabilities	395.6	416.7
Total current liabilities	892.4	872.1
Asbestos-related liabilities	763.2	775.1
Postretirement benefits	204.0	208.2
Other non-current liabilities	244.4	166.5
Total non-current liabilities	1,211.6	1,149.8
Total liabilities	2,104.0	2,021.9
Shareholders' equity:		
Common stock:		
Authorized – 250.0 shares, \$1 par value per share		
Issued and outstanding – 87.9 shares and 87.6 shares, respectively	87.9	87.6
Retained earnings	2,218.8	2,110.3
Total accumulated other comprehensive loss	(371.5)	(375.5)
Total ITT Inc. shareholders' equity	1,935.2	1,822.4
Noncontrolling interests	2.2	2.5
Total shareholders' equity	1,937.4	1,824.9
Total liabilities and shareholders' equity	\$ 4,041.4	\$ 3,846.8

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

(IN MILLIONS)

For the Six Months Ended June 30	2019	2018
Operating Activities		
Income from continuing operations attributable to ITT Inc.	\$ 138.2	\$ 170.8
Adjustments to income from continuing operations:		
Depreciation and amortization	53.0	55.2
Equity-based compensation	8.4	10.2
Asbestos-related costs (benefit), net	24.4	(6.2)
Other non-cash charges, net	15.3	4.3
Asbestos-related payments, net	(15.8)	(30.8)
Changes in assets and liabilities:		
Change in receivables	(52.9)	(15.2)
Change in inventories	(27.4)	(22.8)
Change in accounts payable	11.4	(14.2)
Change in accrued expenses	(28.1)	(23.0)
Change in income taxes	3.7	(11.7)
Other, net	(29.1)	2.7
Net Cash – Operating activities	101.1	119.3
Investing Activities		
Capital expenditures	(45.8)	(46.3)
Acquisitions, net of cash acquired	(87.3)	—
Other, net	0.8	0.9
Net Cash – Investing activities	(132.3)	(45.4)
Financing Activities		
Commercial paper, net repayments	33.7	(162.4)
Short-term revolving loans, borrowings	—	246.5
Short-term revolving loans, repayments	—	(23.5)
Long-term debt, issued	7.1	—
Long-term debt, repayments	(2.0)	(1.9)
Repurchase of common stock	(20.0)	(55.4)
Proceeds from issuance of common stock	8.3	4.7
Dividends paid	(26.1)	(12.0)
Other, net	(0.6)	(0.1)
Net Cash – Financing activities	0.4	(4.1)
Exchange rate effects on cash and cash equivalents	0.6	(8.6)
Net Cash – Operating activities of discontinued operations	1.2	(1.4)
Net change in cash and cash equivalents	(29.0)	59.8
Cash and cash equivalents – beginning of year (includes restricted cash of \$1.0 and \$1.2, respectively)	562.2	391.0
Cash and cash equivalents – end of period (includes restricted cash of \$1.3 and \$1.2, respectively)	\$ 533.2	\$ 450.8
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Interest	\$ 1.7	\$ 1.1
Income taxes, net of refunds received	\$ 33.7	\$ 23.2