



# ITT

## 2023 Results and 2024 Outlook

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February 8, 2024



Shown: A Liquefied Petroleum Gas (LPG) carrier. ITT's recent acquisition, Svanehøj, holds a leadership position in three of the four verticals in which it operates, including LPG.

# 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,” “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, 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. 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).



# STRONG 2023

## | DRIVING SHARE GAINS AND PROFITABLE GROWTH

- +14% IP revenue driven by projects (+31%) and aftermarket (+16%)
- +6% CCT revenue driven by aerospace and defense components (+25%)
- +5% MT revenue driven by Friction OE (+13%) and rail (+8%) outperformance

## | TRACKING TO LONG-TERM OPERATING MARGIN TARGETS

- 22.1% full-year IP margin (+330 bps) on productivity and pricing
- 16.2% full-year MT margin (+50 bps); 17%+ exit rate provides path to 18% in 2024
- +100 bps operating margin expansion in 2023 (*new measure*)<sup>(1)</sup>

## | STRATEGIC CAPITAL DEPLOYMENT

- >\$100M organic investments in new technology and capacity expansion
- Committed ~\$490M to Svanehøj and Micro-Mode acquisitions; active M&A pipeline
- \$1B share repurchase program announced in October

## | 2024 EPS OUTLOOK OF \$5.45 TO \$5.90; +9% AT THE MIDPOINT

- Targeting 3% to 6% organic revenue growth supported by \$1.2B backlog
- Expecting to expand margin to >17%<sup>(1)</sup> and to generate >\$450M FCF
- Announced 10% increase in 2024 dividend



FY '23

Organic revenue growth +8%

Adjusted operating margin 16.9%

Adjusted EPS growth +17%

Free cash flow \$430M

<sup>(1)</sup>Reflects transition from segment operating income and adjusted segment operating income (and accompanying margin) to operating income and adjusted operating income (and accompanying margin). See non-GAAP Reconciliations in Supplemental Data for further details. All results unaudited. Comparisons to 2022 unless otherwise noted. For non-GAAP reconciliations, refer to appendix



## IP WON LARGEST EVER PUMP AWARD

- 3-year contract with ExxonMobil awarded to Goulds Pumps (\$80M total potential value) powered by differentiated value proposition and close customer collaboration
- Providing heavy duty, engineered centrifugal pump systems and aftermarket parts and services for replacement and expansion of facilities globally
- Set up a dedicated global project management team to deliver rapid response to service needs, improve assets uptime and lower total cost of ownership



## ACCELERATING ELECTRIFIED PLATFORM WINS

- >150 electrified vehicle awards with Tesla, BMW, BYD, Geely, Li Auto and Chery
- Friction electrified share +290 bps to >30%
- Strategic wins on high-performance and low-emission braking platforms
- Total OE share up >100 bps to 29% led by Europe and China

### OE BRAKE PAD DELIVERIES vs. 2022

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Electrified vehicle	<b>+49%</b>
Internal combustion engine	<b>+7%</b>

# GROWTH THROUGH DIFFERENTIATION | INNOVATION



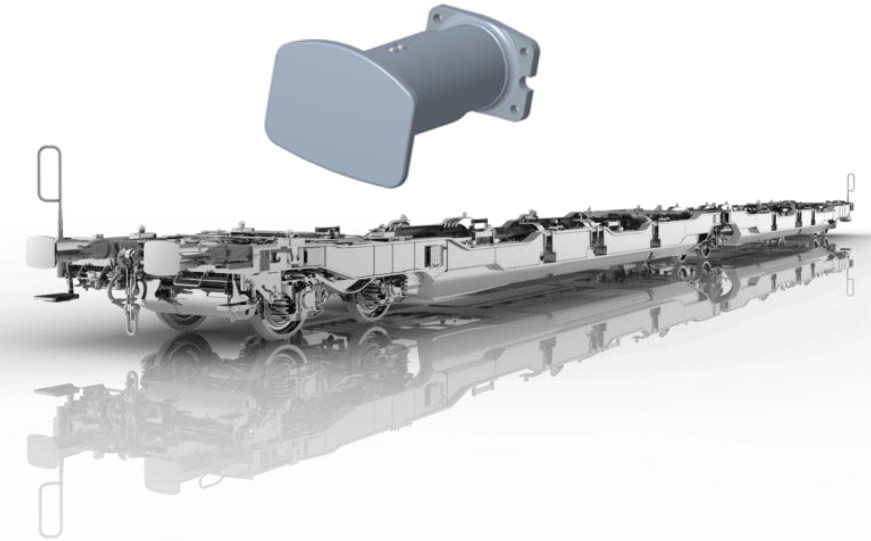
## RENEWABLE ENERGY STORAGE

- Designed and manufactured new connectors to improve power and signal transmission in battery packs used in solar and wind energy storage
- Fast concept to product; automated assembly line for scalable production
- Global growth opportunity driven by regulations and consumer preference toward renewable energy



## ZERO-EMISSION AIR MOBILITY

- Won development contract for highly-engineered environmental control system and vibration isolation equipment
- Two new awards for Beta's Alia electric Vertical Take-off and Landing (eVTOL) and electric Conventional Take-off and Landing (eCTOL) vehicles
- Initial entry into service in '25; positioned to support growing demand for short-haul electric aircraft



## SUSTAINABLE TRANSPORT

- Developed specialized 1G Buffer for intermodal rail cars to ensure safe haul transfer between rail and truck
- Proactively addressed urgent customers' need for improved service
- Fast concept to product allowed ITT to quickly displace single-sourced incumbent while developing new market opportunity
- Built multi-million-dollar backlog; adds \$15M to serviceable addressable market





# Q4 2023 Results and 2024 Outlook

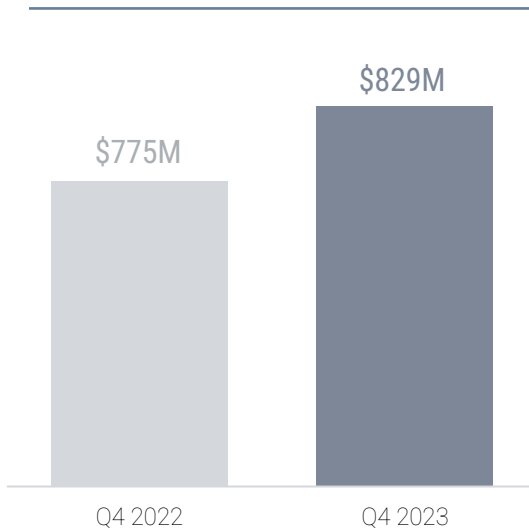
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Shown: Flanges used on pumps produced by Svanehøj, which ITT acquired in January 2024.

# Q4 SUMMARY RESULTS



## REVENUE

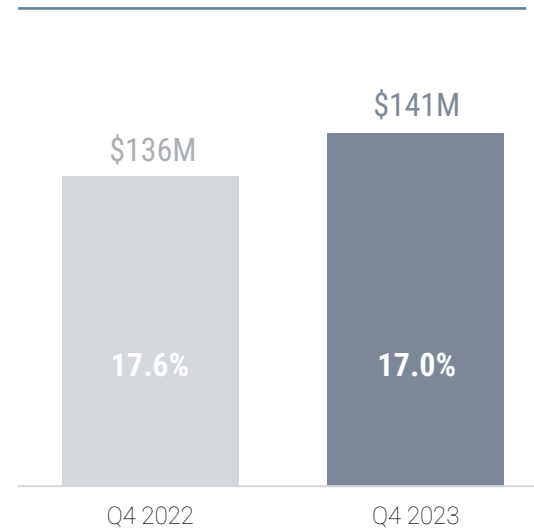


**+4%**

Organic revenue growth

- + Friction OE (+18%) driven by China (+30%)
- + IP aftermarket, CCT aerospace
- + Pricing actions (+220 bps)
- Connectors distribution Europe, baseline pumps
- + FX (+180 bps), Micro-Mode (+70 bps)

## ADJUSTED OPERATING INCOME AND MARGIN

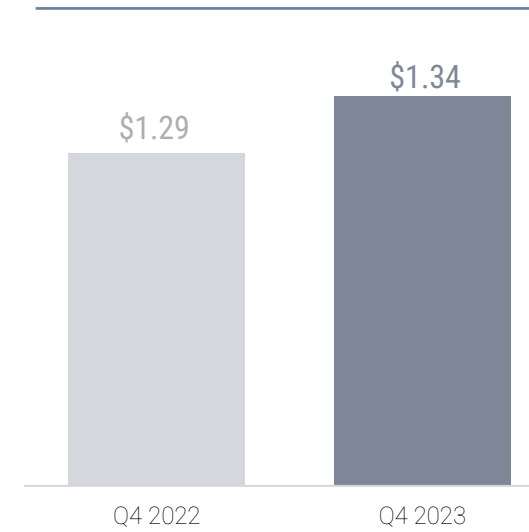


**+4%**

Adjusted operating income growth

- + Higher volume, pricing actions
- + Shop floor productivity
- + FX impact
- Corporate expenses (M&A, variable compensation costs)
- ± Strategic technology and capacity investments

## ADJUSTED EPS

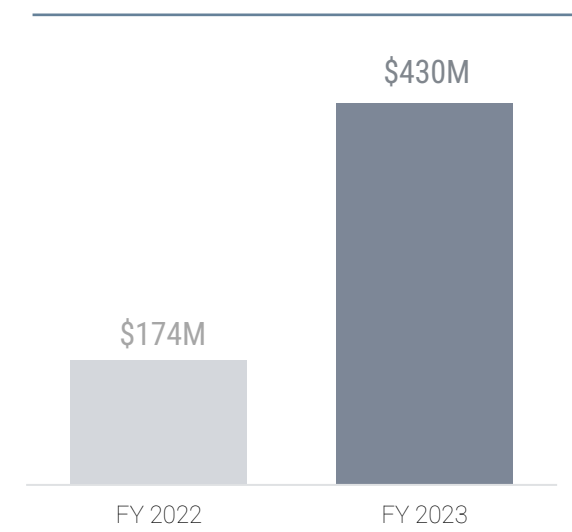


**+4%**

Adjusted EPS growth

- + Higher income
- + Lower interest expense
- Higher effective tax rate
- ± Higher strategic investments and corporate expense partially offset by favorable foreign currency

## FY FREE CASH FLOW



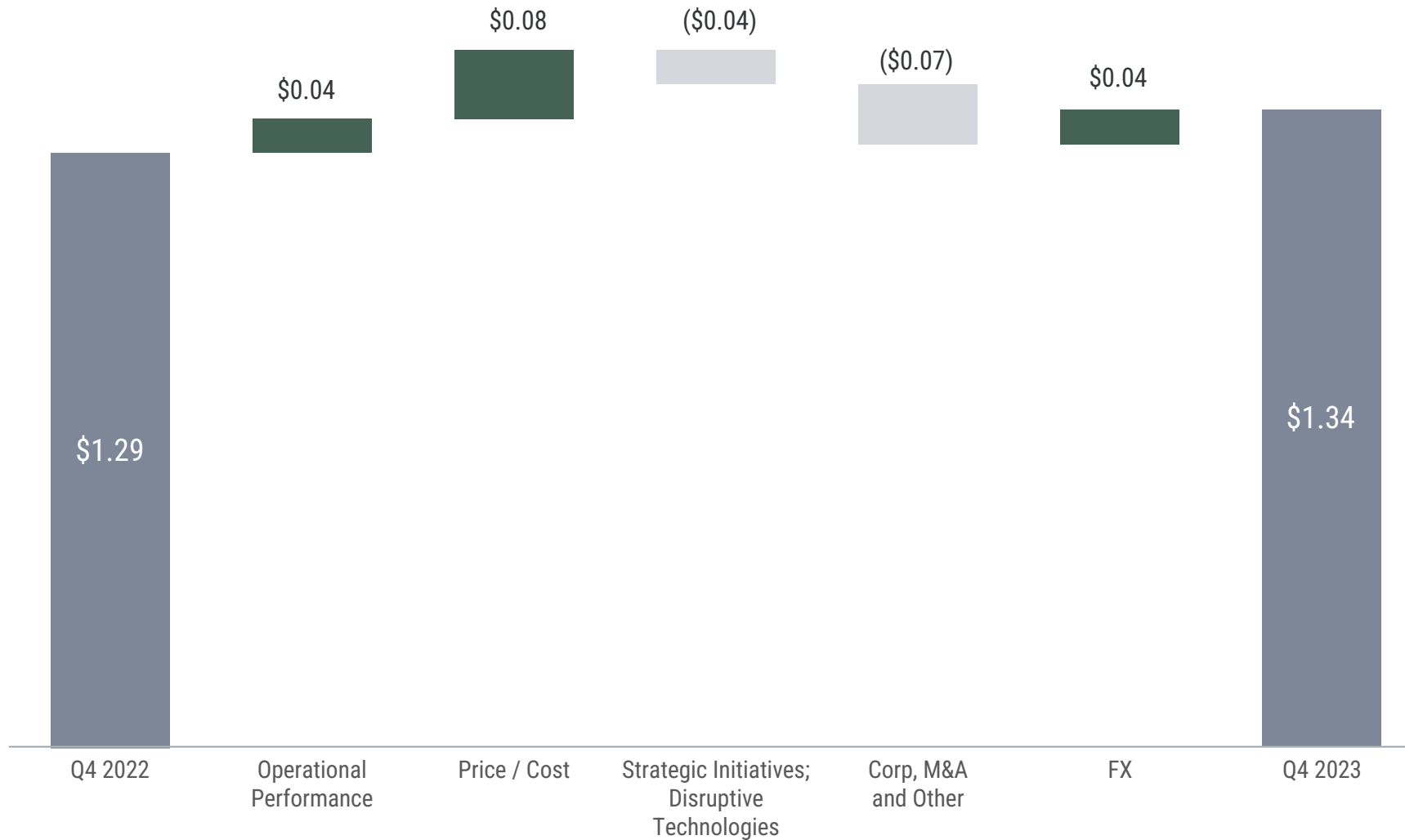
**13.1%**

Free cash flow margin

- + Higher net income
- + Strong AR collections
- + Improved inventory management, working capital still a headwind
- ± CapEx investments for productivity and capacity

# Q4 2023 ADJUSTED EPS BRIDGE

4% EPS GROWTH



## Growth Drivers

- + Executing on record backlog
- + Pricing actions
- + Shop floor productivity
- + Easing material and commodity prices

## Strategic Initiatives

- Design to cost investments
- Friction high performance, capacity investments
- Productivity and product portfolio refresh

## Other Impacts




- Svanehøj M&A costs
- Higher corporate costs
- + Net foreign currency benefit



# 2024 SEGMENT OUTLOOK

## STRONG BACKLOG ENTERING 2024



Segment	Assumptions	ITT Organic Growth Outlook
Motion Technologies	<ul style="list-style-type: none"> <li>Global auto production down slightly versus 2023</li> <li>Expect ~400 bps to 500 bps Friction OE outperformance versus market</li> <li>Friction aftermarket destocking ended in 2023</li> <li>Converting strong rail backlog</li> </ul>	 Low to Mid Single Digit
Industrial Process	<ul style="list-style-type: none"> <li>Continued project share gains including new contract with ExxonMobil</li> <li>Delivering on robust backlog enhanced with large decarbonization awards</li> <li>Solid aftermarket demand and share gains</li> <li>Svanehøj acquisition expected to add ~14 pts of growth to IP total revenue (~\$160M)</li> </ul>	 Mid to High Single Digit
Connect & Control Technologies	<ul style="list-style-type: none"> <li>Commercial aero recovery continues; supply chain improving slowly</li> <li>Industrial connectors distribution destocking continues in 1H 2024</li> <li>Increased global defense spend and share gains with new OE defense awards</li> </ul>	 Low to Mid Single Digit

# 2024 GUIDANCE

## GROWTH AND VALUE CREATION



### GUIDANCE

### ITT ASSUMPTIONS

Revenue growth

+9% to +12%  
+3% to +6% organic

- Entering 2024 with strong backlog

Adjusted  
operating margin

16.9% to 17.5%  
flat to +60 bps

- Expect improved price/cost compensating for muted demand in some end markets
- Continued strong performance in auto, aerospace and defense; industrial connectors distribution still destocking

*+80 bps to +140 bps  
excl. Svanehøj*

- Productivity and price partially offset by dilution from year-one Svanehøj contribution (incl. amortization)

Adjusted EPS

\$5.45 to \$5.90  
+5% to +13% growth

- EPS guidance includes interest expense (~20c) from Svanehøj funding

Free cash flow

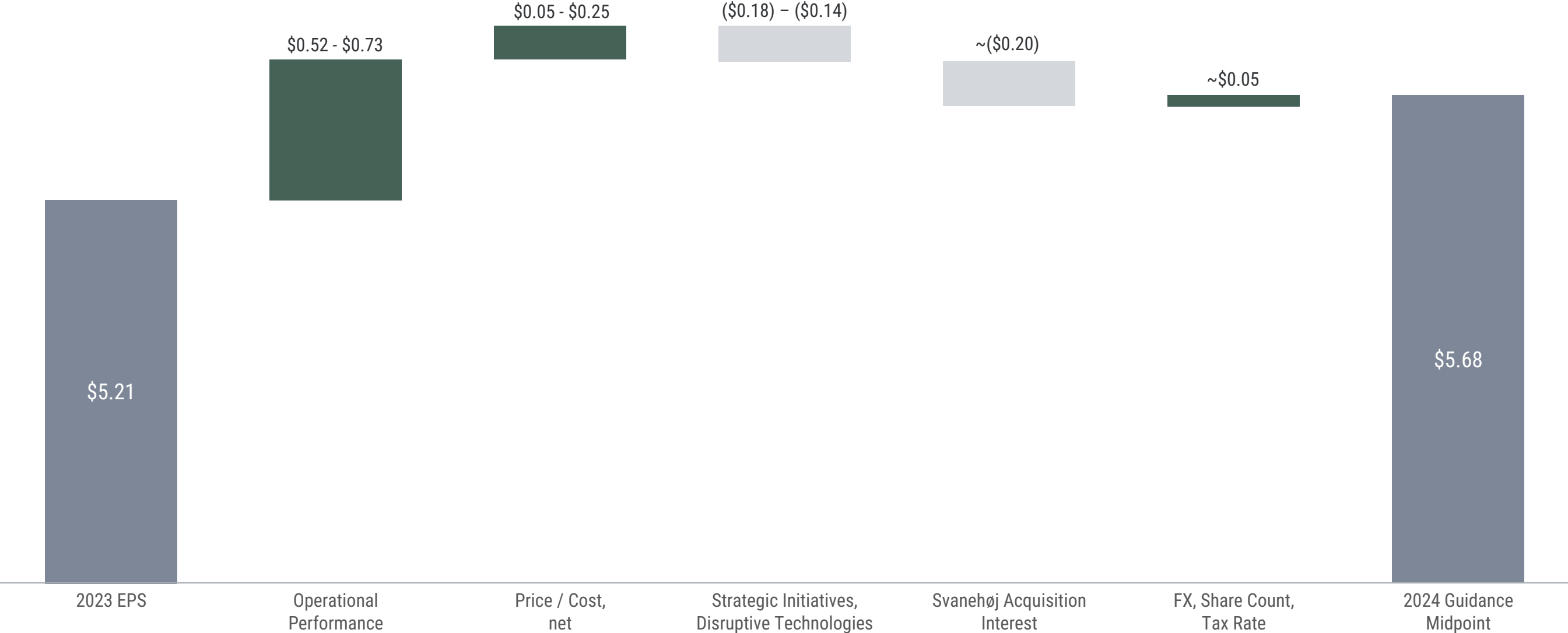
\$435M to \$475M  
12% to 13% margin

- Free cash flow performance driven by higher income and working capital improvements

*Margin guidance reflects transition to adjusted operating margin from previous adjusted segment operating margin*

# 2024 ADJUSTED EPS BRIDGE

9% ADJUSTED EPS GROWTH AT MIDPOINT



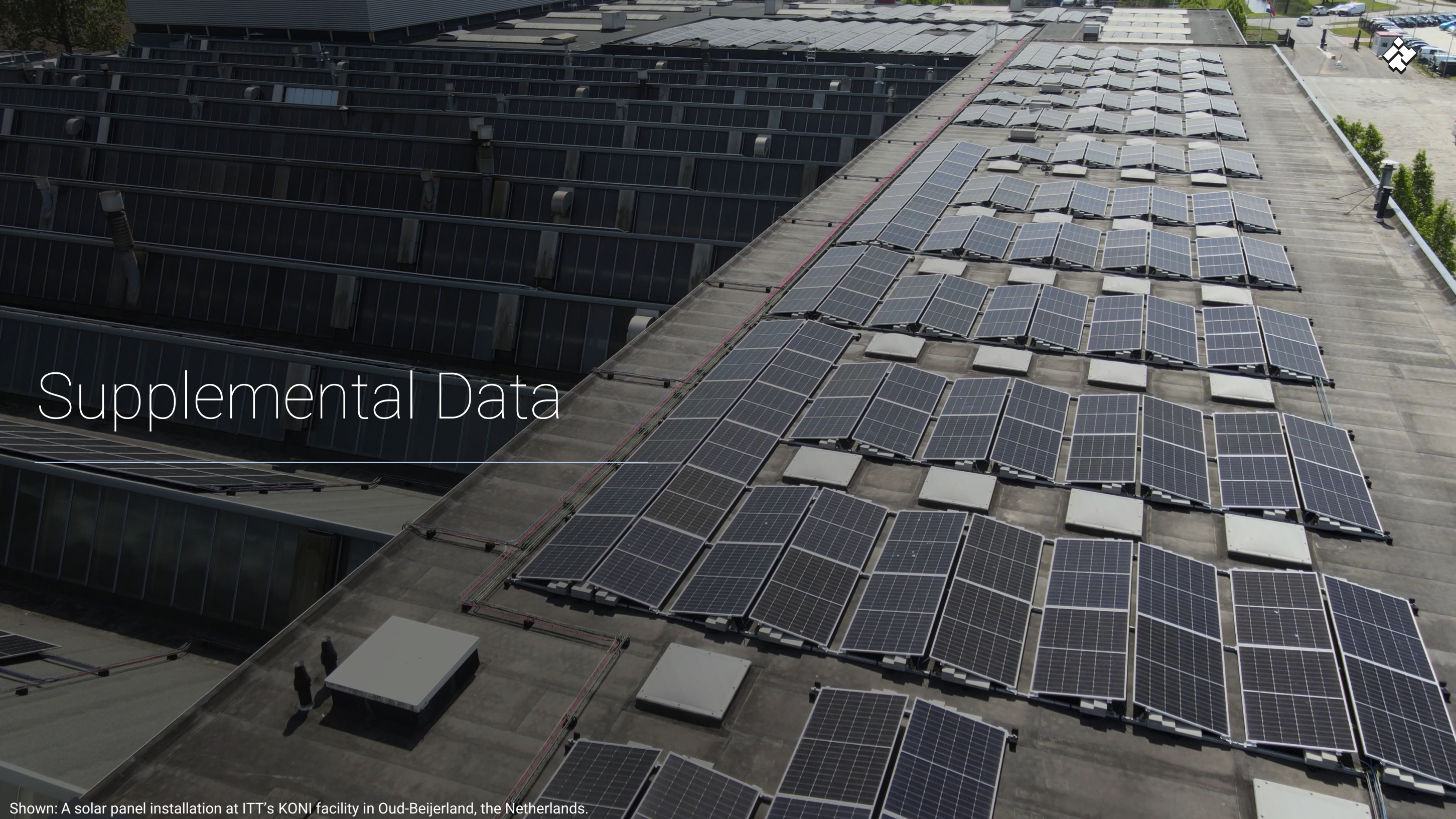


# KEY TAKEAWAYS



- | Strong 2023 execution on all fronts: orders, sales, margin, cash and capital deployment
- | Entering 2024 with largest backlog ever
- | Differentiation through quality, delivery, cost and innovation enabling outperformance
- | M&A activity accelerating in attractive flow and connector markets; healthy, active pipeline
- | Progress on long-term financial targets





# Supplemental Data

Shown: A solar panel installation at ITT's KONI facility in Oud-Beijerland, the Netherlands.



# ADDITIONAL 2024 PLANNING ASSUMPTIONS



ITEM	FY 2023	FY 2024	ASSUMPTIONS
EUR / USD FX rate	1.08	1.10	<ul style="list-style-type: none"> <li>Reduced EUR / USD risk through FX hedge</li> </ul>
Tax rate	20.7%	~21%	<ul style="list-style-type: none"> <li>Higher rate driven by jurisdictional mix and new global minimum tax rules</li> </ul>
Share count	82.7M	~82.6M	<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	(\$57M)	~(\$60M)	<ul style="list-style-type: none"> <li>Increased investment in new technologies</li> <li>Higher personnel costs</li> </ul>
Interest expense	(\$9M)	~(\$30M)	<ul style="list-style-type: none"> <li>Due to funding for Svanehøj transaction (€275M term loan draw)</li> <li>Higher commercial paper balance and interest rates</li> </ul>
Capital expenditures	\$108M	~\$145M	<ul style="list-style-type: none"> <li>Friction capacity - growth, high-performance expansion</li> <li>Investments in productivity and green projects</li> </ul>



# Q4 SEGMENT SUMMARY RESULTS



## MOTION TECHNOLOGIES

## INDUSTRIAL PROCESS

## CONNECT & CONTROL TECHNOLOGIES

Organic Revenue Growth

+7%

+2%

+3%

Adjusted Segment Operating Income

\$62M

\$60M

\$33M

Adjusted Segment Operating Margin

17.1%

20.8%

19.0%

- Global Friction OE share gains, 17 electrified platform awards, OE market share up >100 bps
- Friction aftermarket destock ending
- 99%+ Friction OE on-time delivery and world-class quality

- +5% organic orders growth driven by aftermarket (+9%) and pumps (+5%)
- Organic revenue growth driven by aftermarket (+8%)
- Pricing benefits and material savings
- FY green project orders up ~170%

- +4% organic orders growth driven by commercial aero and defense awards
- 1.04x book-to-bill
- Organic revenue growth driven by aero components (+24%) partially offset by European connectors weakness
- 80 bps sequential margin expansion

# ADJUSTED OPERATING MARGIN DETAIL

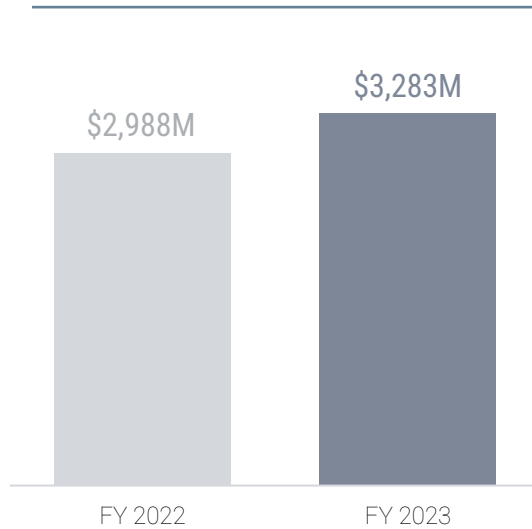


	Q4	FY
<b>2022 adjusted operating margin</b>	<b>17.6%</b>	<b>15.9%</b>
Volume, mix, price and other	+10 bps	+220 bps
Productivity actions, net	+90 bps	+10 bps
Strategic investments	(-50 bps)	(-40 bps)
Corporate expense and M&A related costs	(-110 bps)	(-40 bps)
FX impact	+10 bps	(-50 bps)
Acquisitions	(-10 bps)	0 bps
<b>2023 adjusted operating margin</b>	<b>17.0%</b>	<b>16.9%</b>
Reconciliation to reported margin (special items)	(-270) bps	(-80) bps
<b>2023 operating margin</b>	<b>14.3%</b>	<b>16.1%</b>

# FY 2023 SUMMARY RESULTS



## REVENUE

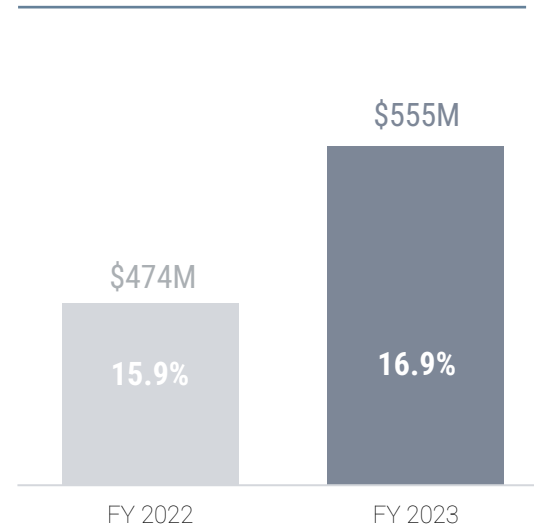


**+8%**

Organic revenue growth

- + IP (+14%) driven by project shipments and aftermarket
- + CCT (+6%) driven by aero components (+25%) and connector share gains
- + MT (+5%) driven by global Friction OE share gains
- + Pricing strategy expansion
- ± M&A (+100 bps), FX (+80 bps)

## ADJUSTED OPERATING INCOME AND MARGIN

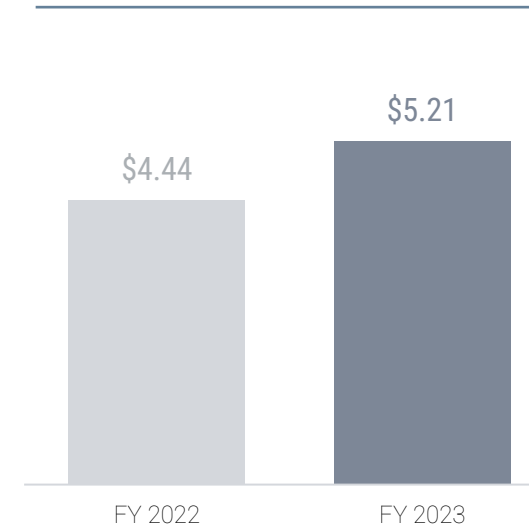


**+17%**

Adjusted operating income growth

- + Higher volume
- + Shop floor productivity
- + Price actions net of cost inflation
- FX
- ± Strategic long-term investments

## ADJUSTED EPS

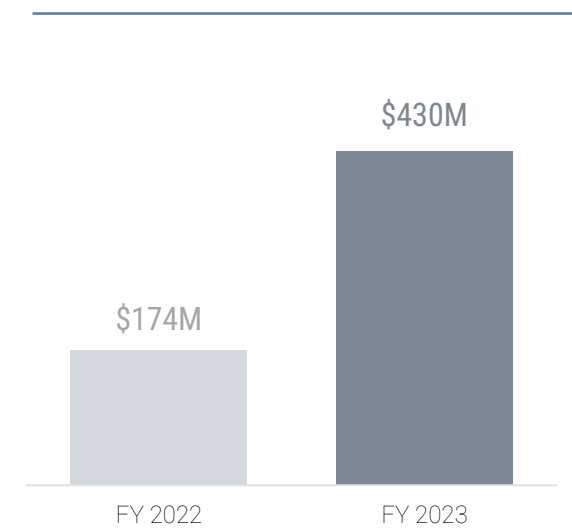


**+17%**

Adjusted EPS growth

- + Higher operating income
- + Net M&A
- + 1% share count reduction
- FX, tax rate and interest expense

## FREE CASH FLOW



**13.1%**

Free cash flow margin

- + Higher net income
- + Strong AR collections
- + Improved inventory management, working capital still a headwind
- ± CapEx investments for productivity and capacity



# FY 2023 ADJUSTED EPS BRIDGE

17% ADJUSTED EPS GROWTH



# 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. We believe 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** is defined as operating income adjusted to exclude special items that include, but are not limited to, restructuring, divestiture-related costs, certain asset impairment charges, certain acquisition-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, divestiture-related costs, certain asset impairment charges, certain acquisition-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 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 Statements

(In millions; all amounts unaudited)

### Reconciliation of Revenue to Organic Revenue

	Fourth Quarter 2023					Full Year 2023				
	MT	IP	CCT	Elim	Total	MT	IP	CCT	Elim	Total
<b>Revenue</b>	<b>\$ 364.7</b>	<b>\$ 289.7</b>	<b>\$ 175.6</b>	<b>\$ (0.9)</b>	<b>\$ 829.1</b>	<b>\$ 1,457.8</b>	<b>\$ 1,129.6</b>	<b>\$ 699.4</b>	<b>\$ (3.8)</b>	<b>\$ 3,283.0</b>
Less: Acquisitions	-	-	5.6	-	5.6	-	15.0	15.5	-	30.5
Less: FX	10.0	3.0	1.3	-	14.3	17.0	4.7	1.4	-	23.1
CY Organic Revenue	354.7	286.7	168.7	(0.9)	809.2	1,440.8	1,109.9	682.5	(3.8)	3,229.4
Less: PY Revenue	330.4	280.7	164.6	(1.1)	774.6	1,374.0	971.0	645.6	(2.9)	2,987.7
Organic Revenue Growth - \$	\$ 24.3	\$ 6.0	\$ 4.1		\$ 34.6	\$ 66.8	\$ 138.9	\$ 36.9		\$ 241.7
Organic Revenue Growth - %	7.4%	2.1%	2.5%		4.5%	4.9%	14.3%	5.7%		8.1%
Reported Revenue Growth - \$	\$ 34.3	\$ 9.0	\$ 11.0		\$ 54.5	\$ 83.8	\$ 158.6	\$ 53.8		\$ 295.3
Reported Revenue Growth - %	10.4%	3.2%	6.7%		7.0%	6.1%	16.3%	8.3%		9.9%

### Reconciliation of Orders to Organic Orders

	Fourth Quarter 2023					Full Year 2023				
	MT	IP	CCT	Elim	Total	MT	IP	CCT	Elim	Total
<b>Orders</b>	<b>\$ 373.0</b>	<b>\$ 285.9</b>	<b>\$ 183.1</b>	<b>\$ (0.9)</b>	<b>\$ 841.1</b>	<b>\$ 1,487.5</b>	<b>\$ 1,227.0</b>	<b>\$ 738.3</b>	<b>\$ (3.3)</b>	<b>\$ 3,449.5</b>
Less: Acquisitions	-	-	6.8	-	6.8	-	13.8	16.4	-	30.2
Less: FX	10.8	2.4	0.8	-	14.0	18.6	2.2	0.4	-	21.2
CY Organic Orders	362.2	283.5	175.5	(0.9)	820.3	1,468.9	1,211.0	721.5	(3.3)	3,398.1
Less: PY Orders	337.4	271.1	168.6	(0.9)	776.2	1,376.6	1,101.9	701.3	(3.5)	3,176.3
Organic Orders Growth - \$	\$ 24.8	\$ 12.4	\$ 6.9		\$ 44.1	\$ 92.3	\$ 109.1	\$ 20.2		\$ 221.8
Organic Orders Growth - %	7.4%	4.6%	4.1%		5.7%	6.7%	9.9%	2.9%		7.0%
Reported Orders Growth - \$	\$ 35.6	\$ 14.8	\$ 14.5		\$ 64.9	\$ 110.9	\$ 125.1	\$ 37.0		\$ 273.2
Reported Orders Growth - %	10.6%	5.5%	8.6%		8.4%	8.1%	11.4%	5.3%		8.6%

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

	Fourth Quarter 2023					Fourth Quarter 2022				
	MT	IP	CCT	Corporate	ITT	MT	IP	CCT	Corporate	ITT
<b>Reported Operating Income</b>	\$ 60.3	\$ 57.2	\$ 16.5	\$ (15.2)	\$ 118.8	\$ 47.8	\$ 80.0	\$ 31.6	\$ (8.5)	\$ 150.9
Loss on sale of business	-	-	15.3	-	15.3	-	-	-	-	-
Restructuring costs	2.5	3.7	0.9	-	7.1	0.5	(0.1)	-	(0.1)	0.3
Acquisition and divestiture related costs	-	-	0.8	-	0.8	-	0.2	-	-	0.2
(Gain) on sale of long-lived assets	-	-	-	-	-	-	(15.5)	-	-	(15.5)
Impacts related to Russia-Ukraine war	(0.6)	(0.6)	-	-	(1.2)	(0.1)	(0.2)	-	-	(0.3)
Other [a]	0.1	0.1	(0.1)	-	0.1	0.3	(0.2)	-	0.3	0.4
<b>Adjusted Operating Income</b>	<b>\$ 62.3</b>	<b>\$ 60.4</b>	<b>\$ 33.4</b>	<b>\$ (15.2)</b>	<b>\$ 140.9</b>	<b>\$ 48.5</b>	<b>\$ 64.2</b>	<b>\$ 31.6</b>	<b>\$ (8.3)</b>	<b>\$ 136.0</b>
Change in Operating Income	26.2%	(28.5%)	(47.8%)	78.8%	(21.3%)					
Change in Adjusted Operating Income	28.5%	(5.9%)	5.7%	83.1%	3.6%					
<b>Reported Operating Margin</b>	<b>16.5%</b>	<b>19.7%</b>	<b>9.4%</b>		<b>14.3%</b>	<b>14.5%</b>	<b>28.5%</b>	<b>19.2%</b>		<b>19.5%</b>
Impact of special item adjustments	60 bps	110 bps	960 bps		270 bps	20 bps	-560 bps	0 bps		-190 bps
<b>Adjusted Operating Margin</b>	<b>17.1%</b>	<b>20.8%</b>	<b>19.0%</b>		<b>17.0%</b>	<b>14.7%</b>	<b>22.9%</b>	<b>19.2%</b>		<b>17.6%</b>
Change in Operating Margin	200 bps	-880 bps	-980 bps		-520 bps					
Change in Adjusted Operating Margin	240 bps	-210 bps	-20 bps		-60 bps					
	Full Year 2023					Full Year 2022				
	MT	IP	CCT	Corporate	ITT	MT	IP	CCT	Corporate	ITT
<b>Reported Operating Income</b>	\$ 230.8	\$ 243.6	\$ 107.5	\$ (53.7)	\$ 528.2	\$ 208.5	\$ 187.6	\$ 115.8	\$ (43.9)	\$ 468.0
Loss on sale of business	-	-	15.3	-	15.3	-	-	-	-	-
Restructuring costs	4.0	4.6	1.3	-	9.9	2.7	1.3	-	(0.2)	3.8
Impacts related to Russia-Ukraine war	1.3	1.2	-	-	2.5	3.1	4.8	-	-	7.9
Acquisition and divestiture related costs	-	-	2.4	-	2.4	-	3.2	-	0.5	3.7
(Gain) on sale of long-lived assets	-	-	-	-	-	-	(15.5)	-	-	(15.5)
Asset impairment charges	-	-	-	-	-	-	-	-	1.7	1.7
Other [a]	0.1	-	(0.1)	(3.7)	(3.7)	1.3	1.2	-	1.7	4.2
<b>Adjusted Operating Income</b>	<b>\$ 236.2</b>	<b>\$ 249.4</b>	<b>\$ 126.4</b>	<b>\$ (57.4)</b>	<b>\$ 554.6</b>	<b>\$ 215.6</b>	<b>\$ 182.6</b>	<b>\$ 115.8</b>	<b>\$ (40.2)</b>	<b>\$ 473.8</b>
Change in Operating Income	10.7%	29.9%	(7.2%)	22.3%	12.9%					
Change in Adjusted Operating Income	9.6%	36.6%	9.2%	42.8%	17.1%					
<b>Reported Operating Margin</b>	<b>15.8%</b>	<b>21.6%</b>	<b>15.4%</b>		<b>16.1%</b>	<b>15.2%</b>	<b>19.3%</b>	<b>17.9%</b>		<b>15.7%</b>
Impact of special item adjustments	40 bps	50 bps	270 bps		80 bps	50 bps	-50 bps	0 bps		20 bps
<b>Adjusted Operating Margin</b>	<b>16.2%</b>	<b>22.1%</b>	<b>18.1%</b>		<b>16.9%</b>	<b>15.7%</b>	<b>18.8%</b>	<b>17.9%</b>		<b>15.9%</b>
Change in Operating Margin	60 bps	230 bps	-250 bps		40 bps					
Change in Adjusted Operating Margin	50 bps	330 bps	20 bps		100 bps					

Note: Immaterial differences due to rounding.

[a] 2023 includes income from a recovery of costs associated with the 2020 lease termination of a legacy site. 2022 primarily includes severance charges and accelerated amortization of an intangible asset.



## ITT Inc. Non-GAAP Reconciliation Statements

(In millions, except earns 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					
	Q4 2023	Q4 2022	% Change	FY 2023	FY 2022	% Change	Q4 2023	Q4 2022	% Change	FY 2023	FY 2022	% Change
<b>Reported</b>	<b>\$ 92.4</b>	<b>\$ 115.2</b>	<b>(19.8%)</b>	<b>\$ 411.4</b>	<b>\$ 368.3</b>	<b>11.7%</b>	<b>\$ 1.12</b>	<b>\$ 1.39</b>	<b>(19.4%)</b>	<b>\$ 4.97</b>	<b>\$ 4.40</b>	<b>13.0%</b>
Special Items Expense / (Income):												
Loss on sale of business	15.3	-		15.3	-		0.19	-		0.19	-	
Restructuring costs	7.1	0.3		9.9	3.8		0.09	-		0.12	0.05	
Impacts related to Russia-Ukraine war	(1.2)	(0.3)		2.5	7.9		(0.01)	-		0.03	0.09	
Acquisition and divestiture related costs	0.8	0.2		2.4	3.7		0.01	-		0.03	0.04	
(Gain) on sale of long-lived assets	-	(15.5)		-	(15.5)		-	(0.19)		-	(0.19)	
Asset impairment charges	-	-		-	1.7		-	-		-	0.02	
Other [a] [b]	0.1	0.4		(2.3)	4.2		(0.01)	0.01		(0.04)	0.06	
Tax impact of special items [c]	(5.4)	4.5		(6.2)	(0.3)		(0.07)	0.05		(0.07)	-	
Other tax special items [d] [e]	1.8	2.6		(2.0)	(2.3)		0.02	0.03		(0.02)	(0.03)	
<b>Adjusted</b>	<b>\$ 110.9</b>	<b>\$ 107.4</b>	<b>3.3%</b>	<b>\$ 431.0</b>	<b>\$ 371.5</b>	<b>16.0%</b>	<b>\$ 1.34</b>	<b>\$ 1.29</b>	<b>3.9%</b>	<b>\$ 5.21</b>	<b>\$ 4.44</b>	<b>17.3%</b>

Note: Amounts may not calculate due to rounding

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

[a] Q4 2022 primarily reflects severance costs.

[b] FY 2023 primarily includes income of \$3.7 from a recovery of costs associated with the 2020 lease termination of a legacy site, partially offset by interest expense of \$1.4 related to a tax audit settlement in Italy. FY 2022 primarily includes severance costs.

[c] The tax impact of each adjustment is determined using the jurisdictional tax rate of where the expense or benefit occurred.

[d] Q4 2023 tax-related special items include expense (benefits) from the tax impact on distributions of \$5.9, return to accrual adjustments of \$(1.8), a change in uncertain tax positions of \$(1.5) and other tax special items of \$(0.8). Q4 2022 tax-related special items include a tax on future distribution of foreign earnings of \$5.5, the tax impact on distributions of \$2.0, return to accrual adjustments of \$(4.2), settlements of \$(2.1), and other tax special items of \$1.4.

[e] FY 2023 tax-related special items include expense (benefits) from valuation allowance reversals of \$(16.0), settlements of \$14.4 primarily related to a tax audit in Italy, the tax impact on distributions of \$7.5, an amendment of our federal tax return of \$(4.9), and other tax special items of \$(3.0). FY 2022 tax-related special items include a change in deferred tax asset valuation allowance of \$(1.2), a change in uncertain tax positions of \$(0.7), a tax on future distribution of foreign earnings of \$(0.3), and other tax special items of \$(0.1).

## ITT Inc. Non-GAAP Reconciliation Statements

(In millions, except earns 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	\$ 5.37	\$ 5.82
Estimated restructuring	0.05	0.05
Other special items	0.05	0.05
Tax on special Items	(0.02)	(0.02)
<b>EPS from Continuing Operations - Adjusted</b>	<b>\$ 5.45</b>	<b>\$ 5.90</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.

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

	Q4 2023	Q4 2022	FY 2023	FY 2022	FY 2024 Guidance	
					Low	High
<b>Net Cash - Operating Activities</b>	<b>\$ 170.4</b>	<b>\$ 162.5</b>	<b>\$ 538.0</b>	<b>\$ 277.7</b>	<b>\$ 580.0</b>	<b>\$ 620.0</b>
Less: Capital expenditures	39.1	30.2	107.6	103.9	145.0	145.0
<b>Free Cash Flow</b>	<b>\$ 131.3</b>	<b>\$ 132.3</b>	<b>\$ 430.4</b>	<b>\$ 173.8</b>	<b>\$ 435.0</b>	<b>\$ 475.0</b>
Revenue	\$ 829.1	\$ 774.6	\$ 3,283.0	2,987.7	\$ 3,625.0	\$ 3,625.0
<b>Free Cash Flow Margin</b>	<b>15.8%</b>	<b>17.1%</b>	<b>13.1%</b>	<b>5.8%</b>	<b>12%</b>	<b>13%</b>