



ITT

Bank of America  
Global Industrials  
Conference 2023

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March 21, 2023



# 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 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

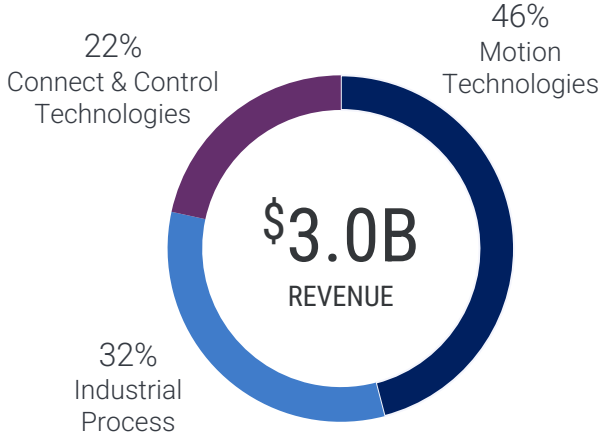
This presentation and the discussion on the accompanying conference call contain certain financial measures that are not prepared under U.S. GAAP. These non-GAAP financial measures supplement our GAAP disclosures and are not meant to be considered in isolation or as a substitute for the most directly 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](http://investors.itt.com).

# ITT AT A GLANCE

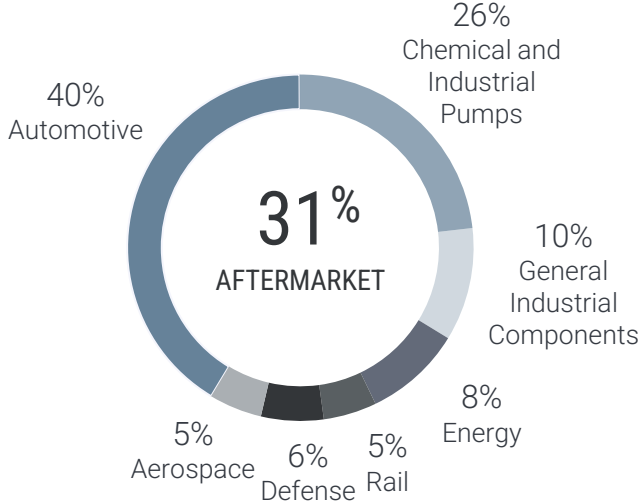
Diversified, leading manufacturer of highly engineered critical components and customized technology solutions

- | 49 MANUFACTURING LOCATIONS
- | 1,250+ ENGINEERS
- | 1,500+ ACTIVE U.S. PATENTS

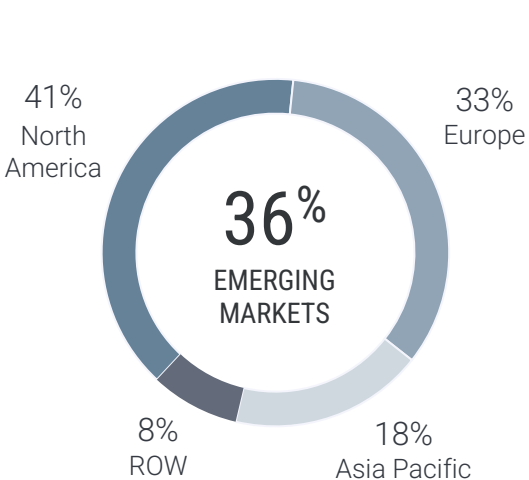
## BUSINESSES



## END MARKETS

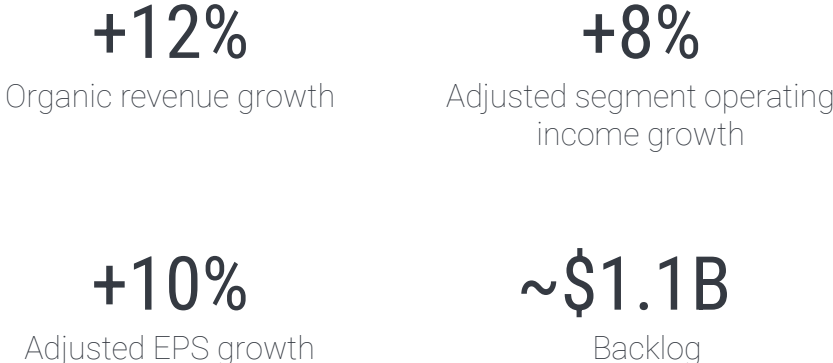


## GEOGRAPHY

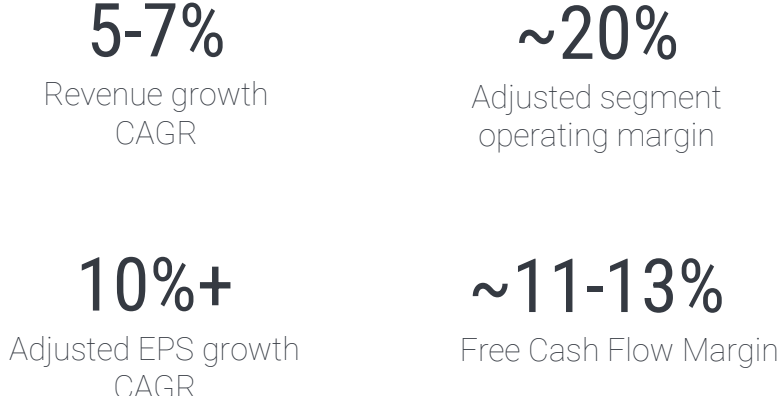


Represents composition of revenue for 2022

## FY 2022 PERFORMANCE



## LONG-TERM TARGETS



# SIGNED STRATEGIC AFTERMARKET AGREEMENT

CONTINUATION OF A 45-YEAR PARTNERSHIP WITH CONTINENTAL

- | 10-year agreement to supply Continental's premium brake pads brand, ATE, for copper-free and ceramic pads
- | More than \$1B expected value of agreement
- | Expanding our European aftermarket presence and strengthening our Galfer brand
- | Demonstrates the confidence in ITT's ability to deliver quality products on time



# Q1 2023 TRENDING AS EXPECTED



- | Orders growth from continuing market share gains and outperformance
- | Converting over \$1B ending backlog in pumps, aerospace and industrial products
- | Price recovery progressing, focused on cost recovery over product lifecycle
- | Commodity and energy pressures in line with ITT assumptions for first half
- | Slowing industrial demand (connectors) as expected; persisting aero supply chain constraints

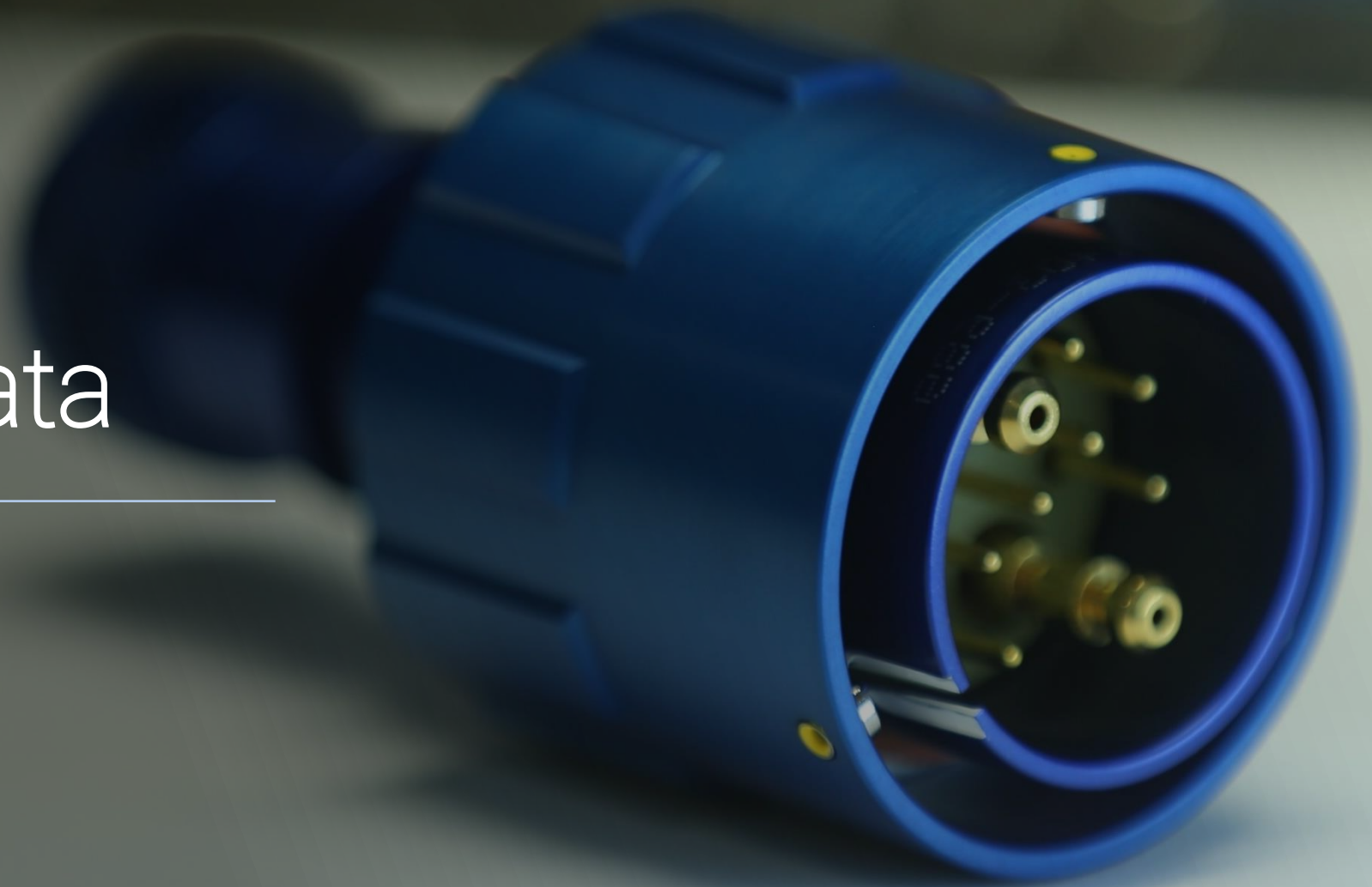


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# Supplemental Data

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## LUCA SAVI

### CHIEF EXECUTIVE OFFICER AND PRESIDENT

Luca previously served as ITT's President and Chief Operating Officer. He joined ITT in 2011 as President of the company's Motion Technologies business. Previously Luca held several key leadership roles in Italy, China and the United States for Comau, a subsidiary of the Fiat Group. He also formerly held senior roles at Honeywell International. He began his career as an engineer with Royal Dutch Shell and Ferruzzi-Montedison Group.

Luca has a degree in chemical engineering from the Politechnic of Milan in Italy and an M.B.A. from London Business School.



## EMMANUEL CAPRAIS

### SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

Emmanuel previously served as Vice President of Finance and Group Chief Financial Officer, in charge of business unit finance teams, Financial Planning & Analysis and Investor Relations for the company.

Emmanuel joined ITT in 2012, at which time he served as segment chief financial officer for ITT's Motion Technologies and later Industrial Process businesses. Prior to joining ITT, Emmanuel held leadership roles in finance at Marelli, and earlier held positions of increasing responsibility in finance at Valeo.

Emmanuel holds a graduate degree in business from École Supérieure de Commerce de Pau in France and an MBA from Columbia Business School.



# OTHER ITT REFERENCE MATERIALS



[Q4 2022 RESULTS AND 2023 OUTLOOK](#)



[2022 SUSTAINABILITY REPORT](#)



[2022 INVESTOR DAY PRESENTATION](#)



[LATEST INVESTOR OVERVIEW DECK](#)

# 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**  
**Full Year 2022 & 2021**

(In Millions)  
(all amounts unaudited)

	<b>(As Reported - GAAP)</b>				<b>(As Adjusted - Organic)</b>				
	(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	12M 2022	12M 2022	12M 2021	12M 2021	12M 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	\$ 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		12M 2022	12M 2021		12M 2021	\$ Change	% Change
	As	Non-GAAP	As	As	Non-GAAP	As	2022 vs.	2022 vs.
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted	2021	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.