

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

For the Periods Ended December 31	Three Months		Twelve Months	
	2019	2018	2019	2018
Revenue	\$ 719.1	\$ 678.4	\$ 2,846.4	\$ 2,745.1
Costs of revenue	491.1	467.9	1,936.3	1,857.9
Gross profit	228.0	210.5	910.1	887.2
General and administrative expenses	66.6	62.5	254.1	259.1
Sales and marketing expenses	41.4	40.5	165.9	168.2
Research and development expenses	24.8	23.7	97.9	98.4
Loss (gain) on sale or disposal of long-lived assets	1.3	(0.2)	1.0	(40.7)
Asbestos-related cost (benefit), net	11.6	15.4	(20.2)	4.9
Operating income	82.3	68.6	411.4	397.3
Interest and non-operating (income) expenses, net	(1.7)	2.3	(3.0)	6.3
Income from continuing operations before income tax expense	84.0	66.3	414.4	391.0
Income tax expense	16.8	15.3	89.9	57.7
Income from continuing operations	67.2	51.0	324.5	333.3
Income from discontinued operations, net of tax	1.9	1.3	1.7	1.3
Net income	69.1	52.3	326.2	334.6
Less: Income attributable to noncontrolling interests	0.7	0.4	1.1	0.9
Net income attributable to ITT Inc.	\$ 68.4	\$ 51.9	\$ 325.1	\$ 333.7
Amounts attributable to ITT Inc.:				
Income from continuing operations, net of tax	\$ 66.5	\$ 50.6	\$ 323.4	\$ 332.4
Income from discontinued operations, net of tax	1.9	1.3	1.7	1.3
Net income attributable to ITT Inc.	\$ 68.4	\$ 51.9	\$ 325.1	\$ 333.7
Earnings per share attributable to ITT Inc.:				
Basic:				
Continuing operations	\$ 0.76	\$ 0.58	\$ 3.69	\$ 3.79
Net income	\$ 0.78	\$ 0.59	\$ 3.71	\$ 3.81
Diluted:				
Continuing operations	\$ 0.75	\$ 0.57	\$ 3.65	\$ 3.75
Net income	\$ 0.77	\$ 0.58	\$ 3.67	\$ 3.76
Weighted average common shares – basic	87.7	87.6	87.7	87.7
Weighted average common shares – diluted	88.6	88.7	88.6	88.7

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	December 31, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 612.1	\$ 561.2
Receivables, net	578.4	540.0
Inventories, net	392.9	380.5
Other current assets	153.4	163.4
Total current assets	1,736.8	1,645.1
Plant, property and equipment, net	531.5	518.8
Goodwill	927.2	875.9
Other intangible assets, net	138.0	136.1
Asbestos-related assets	319.6	309.6
Deferred income taxes	138.1	164.5
Other non-current assets	316.5	196.8
Total non-current assets	2,370.9	2,201.7
Total assets	\$ 4,107.7	\$ 3,846.8
Liabilities and Shareholders' Equity		
Current liabilities:		
Commercial paper and current maturities of long-term debt	\$ 86.5	\$ 116.2
Accounts payable	332.4	339.2
Accrued liabilities	430.8	416.7
Total current liabilities	849.7	872.1
Asbestos-related liabilities	731.6	775.1
Postretirement benefits	213.9	208.2
Other non-current liabilities	234.7	166.5
Total non-current liabilities	1,180.2	1,149.8
Total liabilities	2,029.9	2,021.9
Shareholders' equity:		
Common stock:		
Authorized – 250.0 shares, \$1 par value per share		
Issued and outstanding – 87.8 shares and 87.6 shares,	87.8	87.6
Retained earnings	2,372.4	2,110.3
Total accumulated other comprehensive loss	(385.3)	(375.5)
Total ITT Inc. shareholders' equity	2,074.9	1,822.4
Noncontrolling interests	2.9	2.5
Total shareholders' equity	2,077.8	1,824.9
Total liabilities and shareholders' equity	\$ 4,107.7	\$ 3,846.8

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(IN MILLIONS)

For the Twelve Months Ended December 31	2019	2018
Operating Activities		
Income from continuing operations attributable to ITT Inc.	\$ 323.4	\$ 332.4
Adjustments to income from continuing operations:		
Depreciation and amortization	113.4	109.4
Equity-based compensation	15.7	21.6
Loss (gain) on sale of long-lived assets	1.0	(40.7)
Asbestos-related (benefit) expense, net	(20.2)	4.9
Deferred income tax expense (benefit)	30.9	(14.7)
Other non-cash charges, net	38.8	13.8
Asbestos-related payments, net	(21.6)	(40.8)
Contributions to postretirement plans	(22.9)	(11.2)
Changes in assets and liabilities:		
Change in receivables	(40.6)	(2.7)
Change in inventories	(0.6)	(13.3)
Change in contract assets	2.7	19.1
Change in contract liabilities	(5.1)	0.1
Change in accounts payable	(1.9)	(4.2)
Change in accrued expenses	(14.7)	5.7
Change in income taxes	(9.6)	14.4
Other, net	(31.0)	(22.0)
Net Cash – Operating activities	357.7	371.8
Investing Activities		
Capital expenditures	(91.4)	(95.5)
Proceeds from sale of long-lived assets	0.9	43.2
Acquisitions, net of cash acquired	(113.1)	—
Other, net	0.2	—
Net Cash – Investing activities	(203.4)	(52.3)
Financing Activities		
Commercial paper, net repayments	(27.2)	(44.5)
Short-term revolving loans, borrowings	—	246.5
Short-term revolving loans, repayments	—	(233.8)
Long-term debt, issued	8.1	3.2
Long-term debt, repayments	(3.2)	(2.7)
Repurchase of common stock	(41.4)	(56.1)
Dividends paid	(52.1)	(47.3)
Proceeds from issuance of common stock	14.9	5.8
Other, net	(0.6)	0.1
Net Cash – Financing activities	(101.5)	(128.8)
Exchange rate effects on cash and cash equivalents	(3.0)	(15.3)
Net Cash – Operating activities of discontinued operations	0.9	(4.2)
Net change in cash and cash equivalents	50.7	171.2
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 \$0.8 and \$1.0, respectively)	\$ 612.9	\$ 562.2
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Interest	\$ 2.5	\$ 3.3
Income taxes, net of refunds received	\$ 63.4	\$ 53.5