



ITT

Q2 2024 Earnings

August 1, 2024



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,” “believe,” “continue,” “could,” “estimate,” “expect,” “future,” “guidance,” “project,” “intend,” “may,” “plan,” “potential,” “project,” “should,” “target,” “will,” 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. Generally Accepted Accounting Principles (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.

STRONG EXECUTION

| DRIVING PROFITABLE GROWTH

- CCT (+11%) - industrial connectors (+39%) and A&D components (+10%)
- MT (+6%) - Friction OE (+5%) outperformance and aftermarket (+6%); rail (+11%)
- Svanehøj - awards on ammonia-fueled carriers and European carbon capture project

| MARGIN AND CASH ACCELERATION

- 18.8% MT margin (+280 bps); 86% incremental margin driven by productivity
- 18.8% CCT margin (+130 bps) driven by price and volume
- Over \$100M sequential improvement in free cash flow

| EFFECTIVE CAPITAL DEPLOYMENT

- Reshaping portfolio towards higher growth and margin businesses
- Announced agreement to acquire kSARIA, defense interconnect solutions provider
- Divested automotive components supplier Wolverine in July
- Repurchased \$79M of ITT shares; paid down ~\$40M of debt

| FULL YEAR 2024 GUIDANCE UNCHANGED

- Strong 1H growth in connectors, A&D components and Friction
- Expect stronger performance in MT and CCT to offset ~15c EPS impact from divestiture



Q2'24

Organic revenue growth **+6%**
Total growth **+9%**

Adjusted operating margin **18.0%**
Margin expansion **+100 bps**

Adjusted EPS growth **+12%**

Free cash flow margin **14.8%**

Shown: Habonim trunnion mounted ball valves weighing ~1,000 lbs., used in energy applications.

All results unaudited. Comparisons to 2023 unless otherwise noted. For non-GAAP reconciliations, refer to appendix.

SVANEHØJ: GREEN ENERGY TRANSITION SHARE GAINS



~40% ORDER GROWTH IN Q2

FIRST AMMONIA-FUELED BULK CARRIERS

- Svanehøj deepwell ammonia-capable fuel pumps on eight bulk carriers owned by a leading maritime group
- Bulk carriers are first commercial vessels of this size designed to be powered by ammonia
- Positioned for growth from emissions reduction regulations for marine vessels; new ship builds with clean fuel systems

NORTHERN LIGHTS CARBON CAPTURE AND STORAGE SYSTEM

- Four Liquefied CO₂ (LCO₂) carriers will be equipped with Svanehøj cargo pumps to handle captured CO₂
- LCO₂ carriers transport captured carbon from industrial activity in Europe to receiving terminal in Norway, to be transferred under the North Sea
- Northern Lights project has capacity to store the equivalent of 750,000 car (CO₂) emissions annually in its first phase

ACQUISITION OF kSARIA

MISSION CRITICAL AEROSPACE AND DEFENSE CABLE HARNESSSES

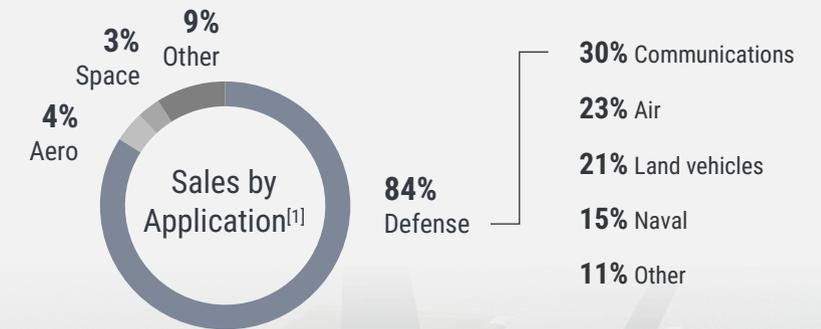
- | Leading developer and manufacturer of mission critical, highly engineered fiber optic and electrical interconnect solutions for defense and aerospace markets
- | Proprietary manufacturing process, quick response, and best-in-class quality products addressing current and future defense modernization needs
- | Sole source positions and long-standing relationships with blue chip customer base of defense prime contractors; highly complementary customer and product offering
- | High-single-digit multi-year growth outlook aligned to growth in North American defense market and shift to high bandwidth and secure data transmission
- | Purchase price multiple ~13x estimated 2024 EBITDA



~\$175M 2023 revenue

~70% sole or primary source positions^[1]

~\$475M purchase price

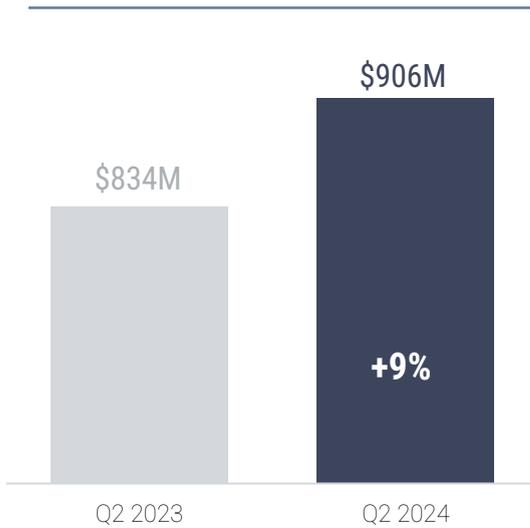


^[1] Represents composition of sales for 2023. All results unaudited.

Q2 SUMMARY RESULTS



REVENUE



+6%

Organic revenue growth

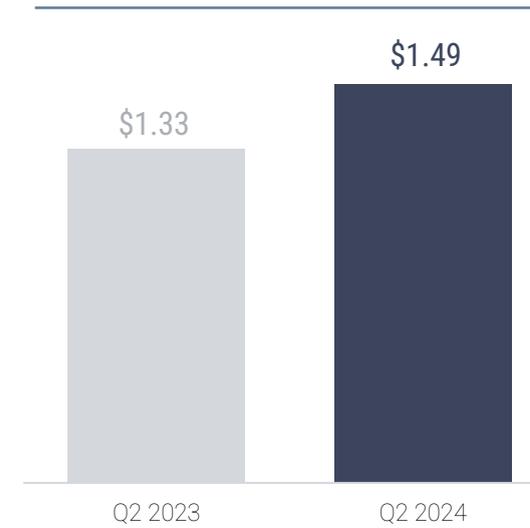
ADJUSTED OPERATING INCOME AND MARGIN



+100 bps

Adjusted operating margin expansion

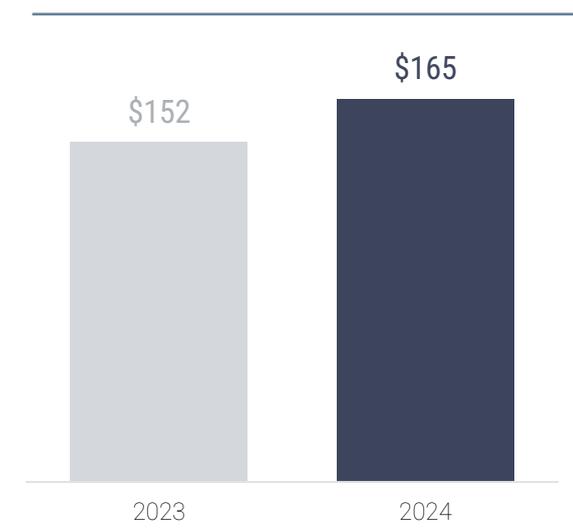
ADJUSTED EPS



+12%

Adjusted EPS growth

YTD FREE CASH FLOW



+9%

Free cash flow growth

- + CCT connectors (+14%), aero and defense components (+10%)
- + Friction OE (+5%) due to outperformance, continued aftermarket recovery (+6%)
- + Rail (+11%) share gains
- + IP baseline, aftermarket demand (+4%)
- FX (-150 bps), acquisitions (+420 bps)

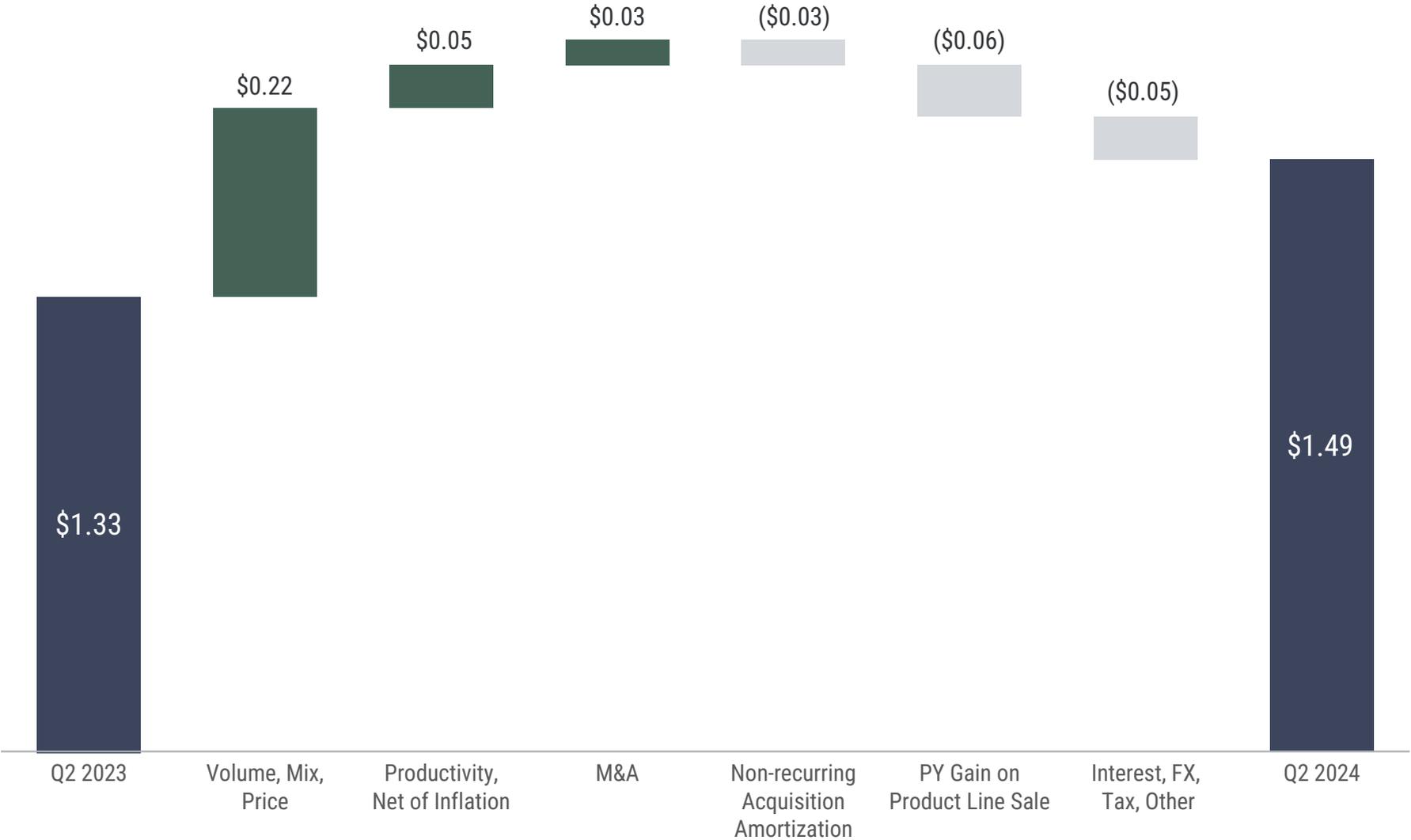
- + Higher volume, price
- + Productivity more than offsets inflation
- ± Higher strategic investments
- PY gain on product line sale

- + Profitable growth
- + Incremental operating margin 29% despite acquisition dilution
- Higher interest expense
- Higher adjusted effective tax rate

- + Higher net income
- + Lower working capital as a percent of sales driven by IP and CCT

Q2 2024 ADJUSTED EPS BRIDGE

12% GROWTH



DRIVERS

- + Profitable growth from industrial connectors, Friction and IP short-cycle
- + Shop floor and sourcing productivity
- Temporary acquisition amortization
- PY gain on non-core product line sale
- Higher interest expense
- + Lower share count

All results unaudited. Comparisons to Q2 2023 unless otherwise noted. For non-GAAP reconciliations, refer to appendix.

2024 GUIDANCE UNCHANGED



Revenue growth	+9% to +12% +4% to +7% organic
Adjusted operating margin	17.1% to 17.7% +20 bps to +80 bps <i>+100 bps to +160 bps excl. M&A</i>
Adjusted EPS	\$5.65 to \$5.90 +8% to +13% growth
Free cash flow	\$435M to \$475M 12% to 13% margin

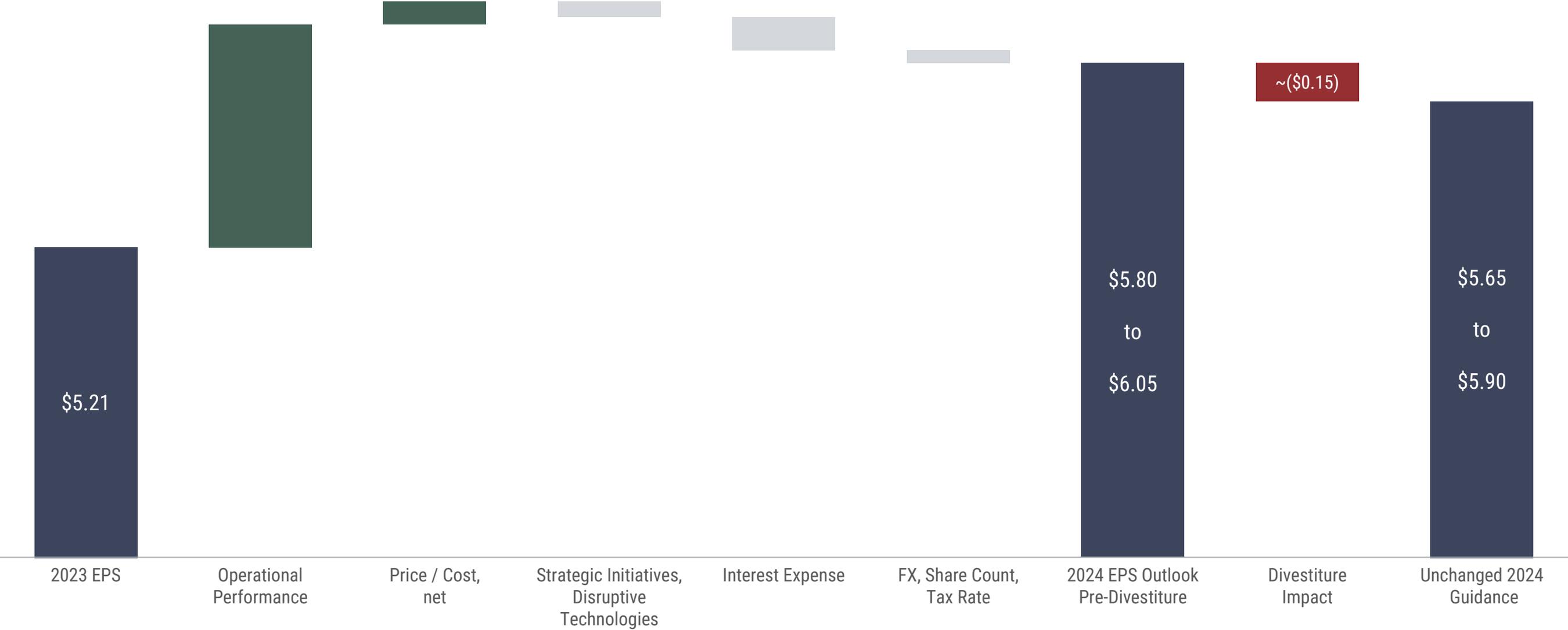
COMMENTARY

- **Maintaining full year revenue, operating margin, EPS and free cash flow guidance**
- Continued growth in Friction OE, IP aftermarket, connectors and components
- Expect sequential increase in operating margin in MT and CCT
- Strong 1H earnings performance partially offset by loss of 2H earnings from Wolverine divestiture (~\$0.15)
- Improving working capital driving free cash flow acceleration

2024 ADJUSTED EPS OUTLOOK



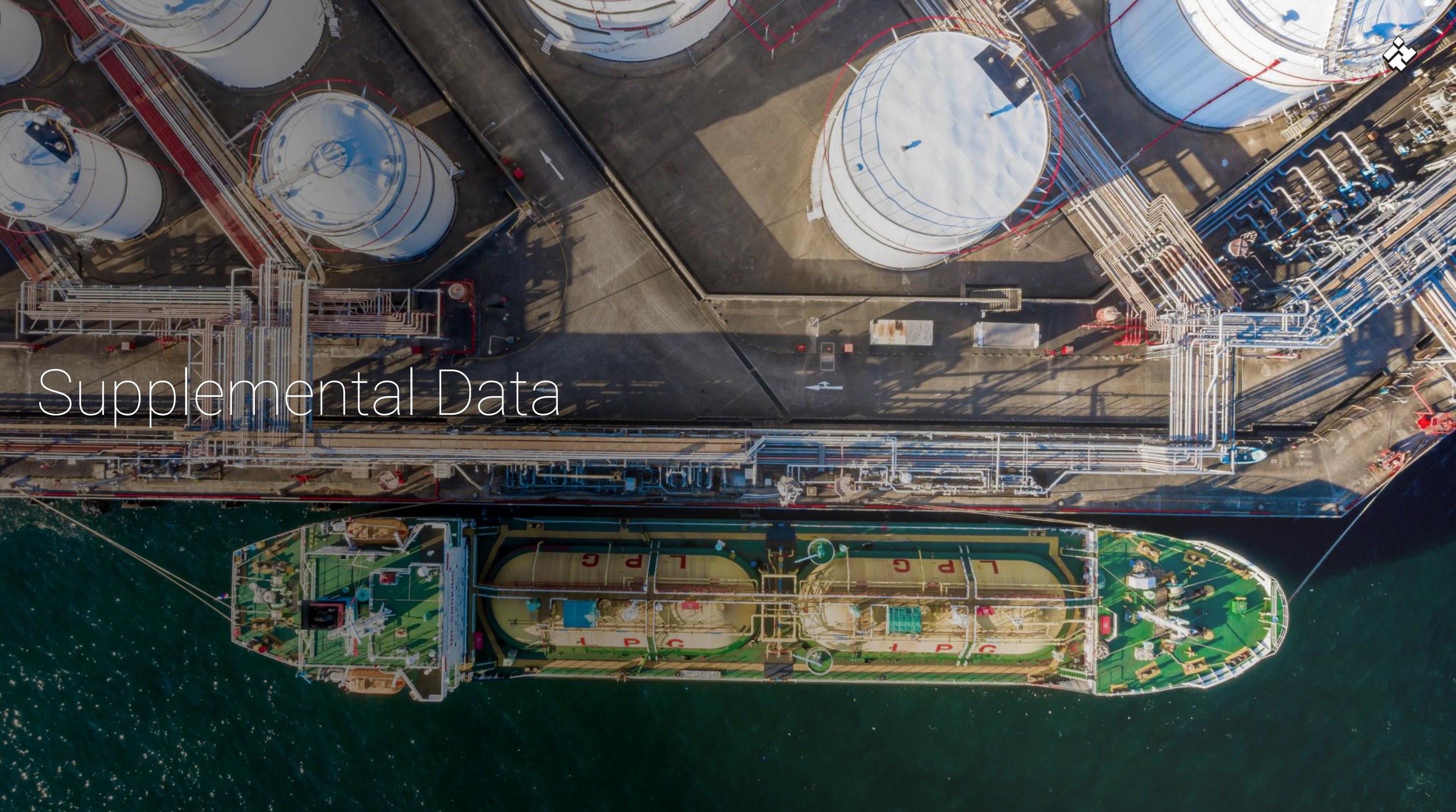
FULL YEAR GUIDANCE UNCHANGED DESPITE ~\$0.15 EPS DIVESTITURE IMPACT



KEY TAKEAWAYS



- | Differentiation continues to deliver strong growth and margin expansion
- | Reshaping ITT portfolio to higher growth and margin flow and connector markets
- | Effectively deploying capital to all priorities
- | Continue growing the core whilst building M&A momentum



Supplemental Data



Q2 SEGMENT SUMMARY RESULTS



MOTION TECHNOLOGIES

INDUSTRIAL PROCESS

CONNECT & CONTROL TECHNOLOGIES

Organic Revenue Growth

+6%

+3%

+11%

Adjusted Segment Operating Income

\$72M

\$68M

\$36M

Adjusted Segment Operating Margin

18.8%

20.6%

18.8%

- Global Friction OE share gains; +15% growth in China
- Friction aftermarket growth (+6%)
- Favorable price / cost as commodity prices ease
- +280 bps margin expansion, +60 bps sequentially
- 86% incremental margin

- Organic orders decline driven by large PY decarbonization project awards
- 1.06x book-to-bill; 1.41x at Svanehøj
- Organic revenue driven by short-cycle (+4%)
- Excluding 270 bps of dilution from Svanehøj, margin +40 bps and +60 bps sequentially

- Organic orders decline (-3%) driven by defense award timing
- Organic revenue growth (+11%) driven by industrial connectors (+39%) and aero and defense components (+10%)
- 1.0x book-to-bill
- Margin +130 bps and +60 bps sequentially

Q2 ADJUSTED OPERATING MARGIN



	vs. PY
Q2'23 adjusted operating margin	17.0%
Operational leverage	+180 bps
Productivity actions, net	+60 bps
Strategic investments	(-20 bps)
FX impact	+20 bps
M&A, net	(-140 bps)
Q2'24 adjusted operating margin	18.0%
Reconciliation to reported margin (special items)	(-40 bps)
Q2'24 operating margin	17.6%

DRIVERS

- + Higher volume and price
- + Shop floor and sourcing productivity
- Labor cost increase
- ± Strategic growth investments
- Acquisition amortization and CCT product line divestiture impact
- Special items primarily include restructuring and acquisition-related costs

KEY PERFORMANCE INDICATORS & NON-GAAP MEASURES



Management reviews a variety of key performance indicators including revenue, operating income and margin, earnings per share, order growth, and backlog. 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

	Second Quarter 2024				
	MT	IP	CCT	Elim	Total
Revenue	\$ 384.5	\$ 330.7	\$ 191.8	\$ (1.1)	\$ 905.9
Less: Acquisitions	-	33.4	1.6	-	35.0
Less: FX	(7.6)	(3.9)	(1.2)	0.1	(12.6)
CY Organic Revenue	392.1	301.2	191.4	(1.2)	883.5
Less: PY Revenue	368.8	293.6	172.2	(0.7)	833.9
Organic Revenue Growth - \$	\$ 23.3	\$ 7.6	\$ 19.2	\$ (0.5)	\$ 49.6
Organic Revenue Growth - %	6.3%	2.6%	11.1%		6.0%
Reported Revenue Growth - \$	\$ 15.7	\$ 37.1	\$ 19.6		\$ 72.0
Reported Revenue Growth - %	4.3%	12.6%	11.4%		8.6%

Reconciliation of Orders to Organic Orders

	Second Quarter 2024				
	MT	IP	CCT	Elim	Total
Orders	\$ 386.6	\$ 350.8	\$ 192.4	\$ (0.5)	\$ 929.3
Less: Acquisitions	-	47.1	1.0	-	48.1
Less: FX	(7.2)	(2.2)	(1.1)	-	(10.5)
CY Organic Orders	393.8	305.9	192.5	(0.5)	891.7
Less: PY Orders	376.7	343.0	198.5	(0.7)	917.5
Organic Orders Growth - \$	\$ 17.1	\$ (37.1)	\$ (6.0)	\$ 0.2	\$ (25.8)
Organic Orders Growth - %	4.5%	(10.8%)	(3.0%)		(2.8%)
Reported Orders Growth - \$	\$ 9.9	\$ 7.8	\$ (6.1)		\$ 11.8
Reported Orders Growth - %	2.6%	2.3%	(3.1%)		1.3%

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

	Second Quarter 2024					Second Quarter 2023				
	MT	IP	CCT	Corporate	ITT	MT	IP	CCT	Corporate	ITT
Reported Operating Income	\$ 71.2	\$ 65.8	\$ 35.4	\$ (13.4)	\$ 159.0	\$ 57.7	\$ 66.4	\$ 28.4	\$ (10.5)	\$ 142.0
Restructuring costs	1.6	1.6	0.7	-	3.9	0.1	0.4	0.1	-	0.6
Acquisition-related costs	-	0.7	-	-	0.7	-	-	1.8	-	1.8
Impacts related to Russia-Ukraine war	(0.4)	-	-	-	(0.4)	1.1	0.3	-	-	1.4
Other [a]	-	-	-	-	-	-	-	(0.1)	(3.7)	(3.8)
Adjusted Operating Income	\$ 72.4	\$ 68.1	\$ 36.1	\$ (13.4)	\$ 163.2	\$ 58.9	\$ 67.1	\$ 30.2	\$ (14.2)	\$ 142.0
Change in Operating Income	23.4%	(0.9%)	24.6%	27.6%	12.0%					
Change in Adjusted Operating Income	22.9%	1.5%	19.5%	(5.6%)	14.9%					
Reported Operating Margin	18.5%	19.9%	18.5%		17.6%	15.6%	22.6%	16.5%		17.0%
Impact of special item adjustments	30 bps	70 bps	30 bps		40 bps	40 bps	30 bps	100 bps		0 bps
Adjusted Operating Margin	18.8%	20.6%	18.8%		18.0%	16.0%	22.9%	17.5%		17.0%
Change in Operating Margin	290 bps	-270 bps	200 bps		60 bps					
Change in Adjusted Operating Margin	280 bps	-230 bps	130 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.

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		
	Q2 2024	Q2 2023	% Change	Q2 2024	Q2 2023	% Change
Reported	\$ 119.2	\$ 108.2	10.2%	\$ 1.45	\$ 1.31	10.7%
Special Items Expense / (Income):						
Restructuring costs	3.9	0.6		0.04	0.01	
Impacts related to Russia-Ukraine war	(0.4)	1.4		-	0.02	
Acquisition-related costs [a]	0.7	1.8		0.01	0.02	
Other [b]	-	(3.8)		-	(0.05)	
Tax impact of special items [c]	(0.9)	(0.4)		(0.01)	(0.00)	
Other tax special items [d]	-	2.0		-	0.02	
Adjusted	\$ 122.5	\$ 109.8	11.6%	\$ 1.49	\$ 1.33	12.0%

Note: Amounts may not calculate due to rounding.

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

[a] Acquisition-related costs for 2024 and 2023 are associated with the Svanehoj and Micro Mode acquisitions, respectively.

[b] 2023 primarily includes income from a recovery of costs associated with the 2020 lease termination of a legacy site (\$3.7M).

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

[d] 2024 includes a tax benefit to record a net operating loss deferred tax asset related to a prior year acquisition (\$2.0M), tax expense on distributions of non-U.S. income (\$1.0M), and other tax-related special items (\$1.0M).

2023 includes tax expense on distributions of non-U.S. income (\$1.2M), and other tax-related special items (\$0.8M).

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 [a]	\$ 5.51	\$ 5.76
Estimated restructuring	0.06	0.06
Other special items	0.06	0.06
Other tax on special items	0.02	0.02
EPS from Continuing Operations - Adjusted	\$ 5.65	\$ 5.90

[a] This forward-looking information excludes the impact of the gain on the July 2024 divestiture of the Wolverine business. Such impact will be finalized during the third quarter of 2024.

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. Additionally, forward-looking GAAP operating margin guidance excludes the impact of the gain on the July 2024 divestiture of the Wolverine business. Such impact will be finalized during the third quarter of 2024.



ITT Inc. Non-GAAP Reconciliation Statements

(In millions, except earns per share; all amounts unaudited)

Reconciliation of Cash from Operating Activities to Free Cash Flow

	3M 2024	3M 2023	6M 2024	6M 2023	FY 2024 Guidance	
					Low	High
Net Cash - Operating Activities	\$ 157.7	\$ 139.7	\$ 215.5	\$ 197.8	\$ 590.0	\$ 630.0
Less: Capital expenditures	23.2	17.6	50.9	46.3	155.0	155.0
Free Cash Flow	\$ 134.5	\$ 122.1	\$ 164.6	\$ 151.5	\$ 435.0	\$ 475.0
Revenue	\$ 905.9	\$ 833.9	\$ 1,816.5	\$ 1,631.8	\$ 3,625.0	\$ 3,625.0 [a]
Free Cash Flow Margin	14.8%	14.6%	9.1%	9.3%	12%	13%

[a] Revenue included in the full year 2024 free cash flow margin guidance represents the expected revenue growth mid-point.