



ITT Inc. (ITT)

Updated February 13th, 2026, by Ian Bezek

Key Metrics

| | | | | | |
|-----------------------------|-------|---|-------------|----------------------------------|----------|
| Current Price: | \$203 | 5 Year Annual Expected Total Return: | 3.8% | Market Cap: | \$17.1 B |
| Fair Value Price: | \$152 | 5 Year Growth Estimate: | 9.0% | Ex-Dividend Date: | 03/06/26 |
| % Fair Value: | 133% | 5 Year Valuation Multiple Estimate: | -5.6% | Dividend Payment Date: | 04/06/26 |
| Dividend Yield: | 0.8% | 5 Year Price Target | \$234 | Years Of Dividend Growth: | 30 |
| Dividend Risk Score: | A | Sector: | Industrials | Rating: | Hold |

Overview & Current Events

ITT Inc. (ITT) is a specialty machinery company that manufactures and sells engineered critical components primarily for transportation, industrial, and materials-related customers. The business's three segments are Motion Technologies, Industrial Process, and Connect & Control Technologies, which make up about 50%, 30%, and 20% of sales, respectively. The Motion Technologies segment manufactures brake pads, shock absorbers, and other transportation-related technologies. The Industrial Process segment designs and manufactures pumps, valves, and other plant optimization parts in the chemical, energy, and mining markets. Lastly, the Connect & Control Technologies segment designs and manufactures parts for aerospace and defense companies. ITT's management aims for 5-7% annual sales growth, 20% adjusted operating margins, at least 10% annual earnings-per-share growth, and an 11-13% free cash flow margin.

On February 5th, 2026, ITT reported its Q4 2025 results. The company earned \$1.85 in adjusted earnings-per-share for the quarter, which beat expectations by 7 cents and rose from last year's \$1.50 per share. Revenues of \$1.05 billion grew 13% year-over-year and topped expectations. Of note, however, acquisitions powered some of that increase; organic revenues rose by nine percent year-over-year. The company faces more challenging macroeconomic conditions, but ITT is executing well on its business plan and has done a good job controlling costs. This has allowed it to maintain strong profit margins even as end demand has dipped in some segments. ITT is also in the process of acquiring SPX Flow for \$4.8 billion, which is a large deal in comparison to ITT's existing market cap. With this combination of factors, we are modeling an 8% EPS increase to \$7.25 for this year.

Growth on a Per-Share Basis

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|----------------|
| EPS | \$2.32 | \$2.59 | \$3.22 | \$3.65 | \$3.20 | \$4.05 | \$4.44 | \$4.97 | \$5.86 | \$6.72 | \$7.25 | \$11.16 |
| DPS | \$0.49 | \$0.51 | \$0.54 | \$0.59 | \$0.68 | \$0.88 | \$1.06 | \$1.16 | \$1.28 | \$1.40 | \$1.54 | \$2.48 |
| Shares | 90 | 88 | 88 | 88 | 87 | 86 | 85 | 83 | 82 | 80 | 87 | 83 |

ITT has had a strong and consistent earnings growth track record. Since 2016, it has grown earnings-per-share at more than 12% per year. The company has used a combination of strong organic growth, share buybacks, and a modest share repurchase program to produce these results. The company is cyclical in nature, and counts industries including automotive, oil and gas, mining, and chemicals among major customers. However, it is broadly diversified within its industrial exposures, which lowers the cyclical risk to a degree.

ITT's growth in earnings has translated to dependable dividend growth as well. Over the past decade, it has grown its dividend at more than 12% per year. However, we believe that earnings growth will decelerate slightly in coming years. As a result, we forecast 10% annualized dividend growth going forward. It is also worth noting that the company has increased its dividend for 30 consecutive years. The company announced its latest dividend hike on February 5th, 2026, with a 10% increase to \$0.386 per quarter.

Historically, ITT has repurchased a modest amount of its stock. However, the company just announced a seven million share offering to help fund its pending SPX Flow acquisition, which will cause the share count to increase in 2026.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Valuation Analysis

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Now | 2031 |
|-----------|------|------|------|------|------|------|------|------|------|------|-------------|-------------|
| Avg. P/E | 15.2 | 16.6 | 16.7 | 16.7 | 19.2 | 22.7 | 18.0 | 19.7 | 22.9 | 25.6 | 28.0 | 21.0 |
| Avg. Yld. | 1.4% | 1.2% | 1.0% | 1.0% | 1.1% | 1.0% | 1.2% | 1.2% | 1.0% | 0.8% | 0.8% | 1.1% |

ITT has averaged a P/E ratio of around 19.3 over the past decade, and 21.8 over the past five years. The current 28.0 P/E ratio is far above the historical average, and we believe that shares are meaningfully overvalued.

ITT shares have averaged a 1.1% dividend yield since 2016. Today's yield is below that figure. While ITT rarely offers a high starting yield, it has put up an impressive dividend growth track record.

Safety, Quality, Competitive Advantage, & Recession Resiliency

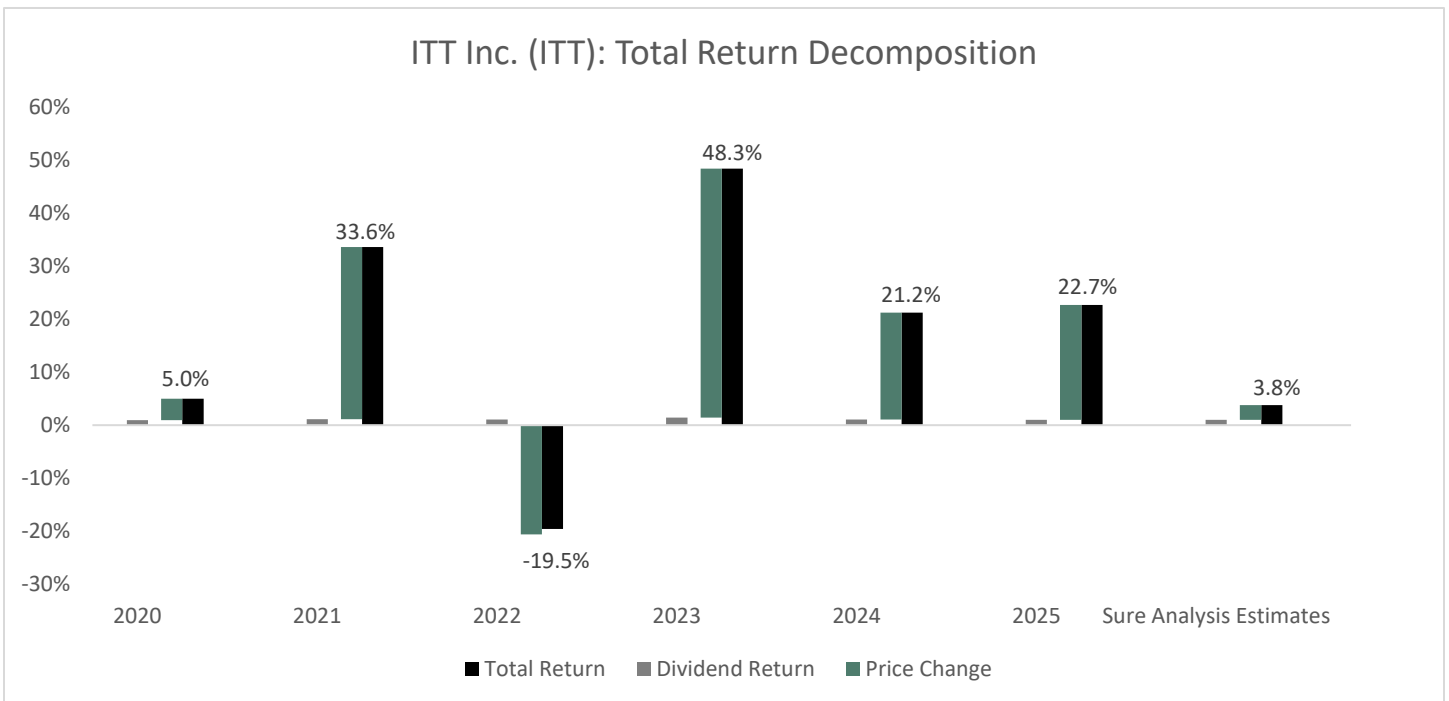
| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|--------|------|------|------|------|------|------|------|------|------|------|------------|------------|
| Payout | 21% | 20% | 17% | 16% | 21% | 22% | 24% | 23% | 22% | 21% | 21% | 22% |

ITT has averaged a 22% payout ratio over the past five years. We see the dividend payout being well-supported by earnings. While ITT operates a fairly cyclical business, it has enough internal diversification to mitigate this risk. ITT has added some debt to its balance sheet to fund acquisitions and its share buyback program. Regardless, the debt load is modest. Fitch has rated the company's debt at BBB+, which is well within investment-grade territory.

Final Thoughts & Recommendation

ITT has built a durable business within its transportation and industrial goods categories. The company has achieved both robust levels of profitability and strong recurring growth. This has allowed ITT to deliver consistent earnings growth and an exemplary dividend track record over the years. We expect this to continue. However, ITT's stock price has now doubled since 2023. We see the rally moving faster than the underlying improvement in the firm's fundamentals. As such, anticipated multiple compression lowers our total return forecast to just 3.8% annualized. Shares merit a hold rating today.

Total Return Breakdown by Year



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Income Statement Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Revenue | 2,486 | 2,405 | 2,585 | 2,745 | 2,846 | 2,478 | 2,765 | 2,988 | 3,283 | 3,631 |
| Gross Profit | 809 | 761 | 820 | 887 | 910 | 782 | 900 | 922 | 1,107 | 1,247 |
| Gross Margin | 32.6% | 31.6% | 31.7% | 32.3% | 32.0% | 31.6% | 32.5% | 30.9% | 33.7% | 34.3% |
| SG&A Exp. | 442 | 430 | 428 | 422 | 407 | 345 | 365 | 369 | 477 | 502 |
| D&A Exp. | 90 | 102 | 105 | 109 | 113 | 112 | 113 | 107 | 109 | 137 |
| Operating Profit | 371 | 276 | 318 | 362 | 357 | 321 | 425 | 457 | 528 | 629 |
| Op. Margin | 14.9% | 11.5% | 12.3% | 13.2% | 12.5% | 13.0% | 15.4% | 15.3% | 16.1% | 17.3% |
| Net Profit | 352 | 186 | 114 | 334 | 325 | 73 | 316 | 367 | 411 | 518 |
| Net Margin | 14.2% | 7.7% | 4.4% | 12.2% | 11.4% | 2.9% | 11.4% | 12.3% | 12.5% | 14.3% |
| Free Cash Flow | 142 | 141 | 132 | 272 | 267 | 373 | (96) | 174 | 430 | 438 |
| Income Tax | 70 | 76 | 195 | 58 | 90 | 15 | 190 | 91 | 105 | 126 |

Balance Sheet Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Total Assets | 3,724 | 3,602 | 3,700 | 3,847 | 4,108 | 4,278 | 3,565 | 3,780 | 3,933 | 4,711 |
| Cash & Equivalents | 416 | 461 | 390 | 561 | 612 | 860 | 648 | 561 | 489 | 439 |
| Acc. Receivable | 554 | 514 | 601 | 532 | 562 | 493 | 530 | 629 | 641 | 672 |
| Inventories | 293 | 295 | 312 | 381 | 393 | 361 | 431 | 534 | 575 | 591 |
| Goodwill & Int. | 994 | 973 | 1,085 | 1,047 | 1,095 | 1,075 | 1,027 | 1,078 | 1,141 | 1,890 |
| Total Liabilities | 2,358 | 2,173 | 2,102 | 2,022 | 2,030 | 2,150 | 1,335 | 1,523 | 1,394 | 1,941 |
| Accounts Payable | 315 | 302 | 351 | 339 | 332 | 307 | 373 | 401 | 437 | 458 |
| Long-Term Debt | 245 | 214 | 163 | 116 | 99 | 120 | 208 | 451 | 193 | 660 |
| Total Equity | 1,362 | 1,426 | 1,596 | 1,822 | 2,075 | 2,126 | 2,226 | 2,248 | 2,528 | 2,763 |
| LTD/E Ratio | 0.18 | 0.15 | 0.10 | 0.06 | 0.05 | 0.06 | 0.09 | 0.20 | 0.08 | 0.24 |

Profitability & Per Share Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
| Return on Assets | 9.6% | 5.1% | 3.1% | 8.8% | 8.2% | 1.7% | 8.1% | 10.0% | 10.6% | 12.0% |
| Return on Equity | 27.3% | 13.3% | 7.5% | 19.5% | 16.7% | 3.5% | 14.5% | 16.4% | 17.1% | 19.5% |
| ROIC | 24.8% | 11.4% | 6.7% | 18.0% | 15.8% | 3.3% | 13.5% | 14.3% | 15.1% | 16.8% |
| Shares Out. | 91 | 90 | 88 | 88 | 88 | 87 | 86 | 85 | 83 | 82 |
| Revenue/Share | 27.40 | 26.76 | 29.05 | 30.95 | 32.13 | 28.38 | 31.97 | 35.70 | 39.70 | 44.12 |
| FCF/Share | 1.56 | 1.57 | 1.48 | 3.07 | 3.02 | 4.27 | (1.11) | 2.08 | 5.20 | 5.32 |

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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