Illinois Tool Works
Corporate Headquarters
155 Harlem Ave.
Glenview, Illinois 60025
Telephone 847.724.7500

Investors Contact: Mike Drazin 224.661.7433 mdrazin@itw.com

Media Contact: Mallory Ramp 224.661.7431 mramp@itw.com

News Release

ITW Provides Strategy Update at 2016 Investor Day

Initiates 2017 Guidance and Provides Performance Goals for 2018 and Beyond

GLENVIEW, Ill., Dec. 02, 2016 (GLOBE NEWSWIRE) -- Illinois Tool Works Inc. (NYSE: ITW) today provided an update on the company's Enterprise Strategy, including the progress it has made since introducing the strategy in 2012 and future performance goals. The Enterprise Strategy was established to capitalize on the performance power of ITW's highly differentiated and proprietary business model to generate *solid growth with best-in-class margins and returns on capital*.

Through the continued execution of its strategy, ITW expects to deliver the following performance goals by the end of 2018 and beyond:

- Organic growth at 200 basis points or more above market;
- 25+ percent operating margin (previously 23+ percent);
- 20+ percent after-tax Return on Invested Capital;
- Free cash flow of 100+ percent of net income; and
- 12 to 14 percent total shareholder returns.

ITW also initiated 2017 guidance at the event and expects earnings per share to be in the range of $6.00 to $6.20, up 9 percent year-over-year at the midpoint, as well as organic growth between 1.5 to 3.5 percent. Additionally, the company reaffirmed its 2016 guidance.

"Even though ITW's performance is nearing best-in-class levels, we see significant opportunity for further improvement before the Company is operating at its full potential," said Chairman and CEO, E. Scott Santi. "Through our focus on leveraging the ITW Business Model to its full potential, we are positioning ITW to deliver highly differentiated long term performance and returns."

Forward-looking Statement

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements regarding diluted earnings per share, organic revenue growth, operating margin, free cash flow and after-tax return on invested capital. These statements are subject to certain risks, uncertainties and other factors that could cause actual results to differ materially from those anticipated. Such factors include those contained in ITW's Form 10-K for 2015 and Form 10-Q for the third quarter of 2016.

About ITW

ITW (NYSE: ITW) is a Fortune 200 global multi-industrial manufacturing leader with revenues totaling $13.4 billion in 2015. The company’s seven industry-leading segments leverage the unique ITW Business Model to drive solid growth with best-in-class margins and returns in markets where highly innovative, customer-focused solutions are required. ITW has more than 51,000 dedicated colleagues in operations around the world who thrive in the company’s unique decentralized and entrepreneurial culture. To learn more about the company and the ITW Business Model, visit www.itw.com.