FOURTH QUARTER 2021
EARNINGS CONFERENCE CALL

FEBRUARY 3, 2022

ITW

FORWARD-LOOKING STATEMENT

SAFE HARBOR STATEMENT

This presentation and related conference call contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements may include, without limitation, statements regarding the duration and potential effects of the COVID-19 pandemic and global supply chain challenges, related government actions and the Company's strategy in response thereto on the Company's business, expected impact of raw material inflation, enterprise initiatives, future financial and operating performance, free cash flow and free cash flow conversion rate, organic and total revenue, operating and incremental margin, price/cost impact, statements regarding diluted income per share, restructuring expenses and related benefits, expected dividend payments, expected repatriation, after-tax return on invested capital, effective tax rates, exchange rates, expected access to liquidity sources, expected capital allocation, expected timing and amount of share repurchases, end market economic and regulatory conditions, potential acquisitions and dispositions and related impact on financial results, including statements with respect to the impact of the 2021 acquisition of the MTS Test & Simulation business, and the Company's 2022 guidance. These statements are subject to certain risks, uncertainties, assumptions, and other factors, which could cause actual results to differ materially from those anticipated. Important risks that could cause actual results to differ materially from the Company's expectations include those that are detailed in ITW's Form 10-K for 2020 and subsequent reports filed with the SEC.

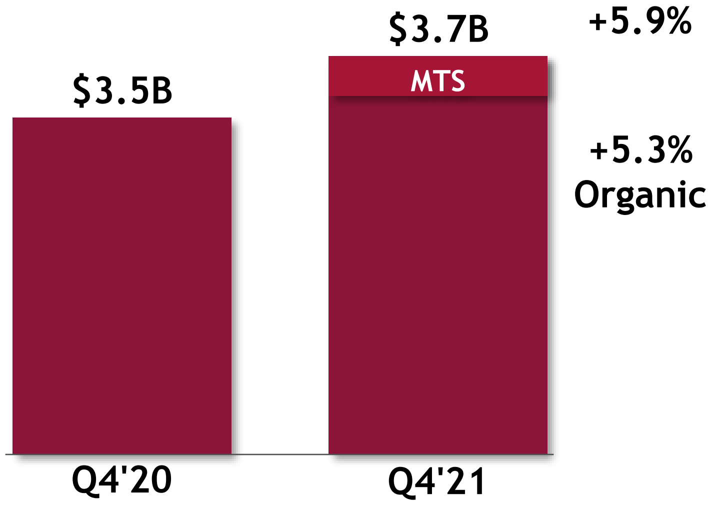
NON-GAAP MEASURES

The Company uses certain non-GAAP measures in discussing the Company's performance. The reconciliation of those measures to the most directly comparable GAAP measures is detailed in ITW's press release for the fourth quarter of 2021, which is available at www.itw.com, together with this presentation. The estimated guidance of free cash flow conversion rate and after-tax return on average invested capital are based on assumptions that are difficult to predict, and estimated guidance for the most directly comparable GAAP measures and a reconciliation of these forward-looking estimates to their most directly comparable GAAP estimates has been omitted due to the unreasonable efforts required in connection with such a reconciliation and the lack of availability of reliable forward-looking cash flow and operating information.

Q4'21 FINANCIAL PERFORMANCE

GAAP EPS	$2.02	$1.93
- Excl. MTS impact		$1.95

REVENUE



OPERATING MARGIN	25.4%	22.7%
- Excl. MTS impact		23.1%
FREE CASH FLOW*	$705M	$695M
- % of Net Income	110%	114%

COMMENTARY

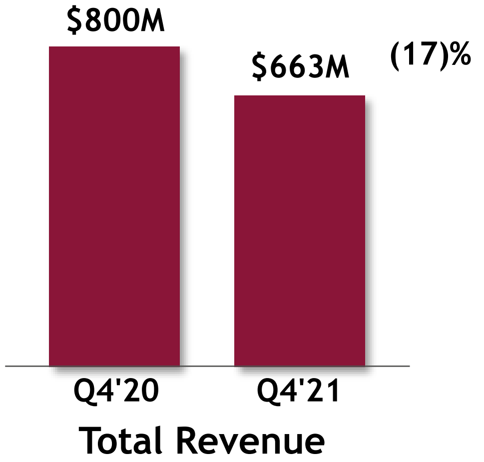
- **Strong growth momentum as six of seven segments delivered combined organic growth of +12%**
  - Automotive OEM continued to be impacted by production limitations due to component supply shortages
  - Total revenue growth of 5.9%, organic growth of 5.3%, MTS acquisition +1.3%, and foreign currency translation (0.7)%
- **Disciplined execution in what remains a very challenging and volatile operating environment**
  - Exceptional job of delivering for our customers
  - Responding decisively to rapidly rising input costs
  - Executing our “Win the Recovery” strategy to accelerate profitable market penetration and organic growth

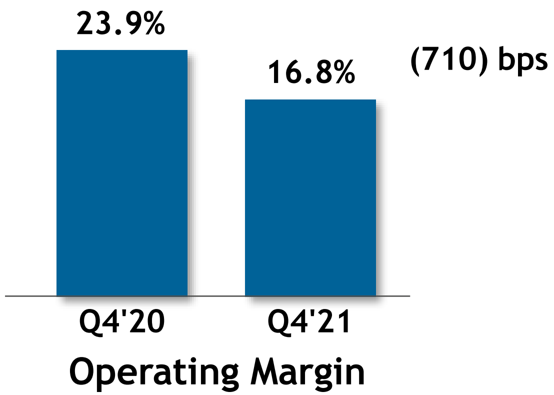
STRONG OPERATIONAL EXECUTION AND FINANCIAL PERFORMANCE

* See ITW’s fourth quarter 2021 press release for the reconciliation from GAAP to non-GAAP measures.

Q4'21 SEGMENT PERFORMANCE

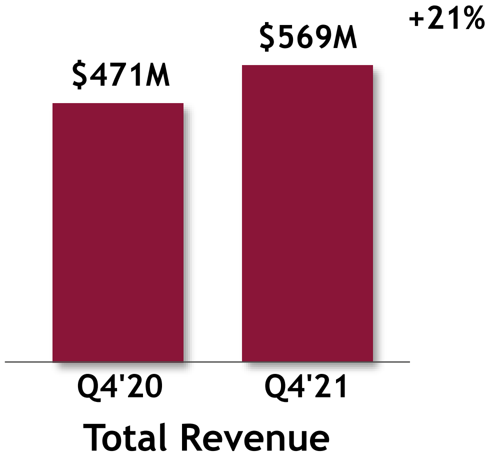
AUTOMOTIVE OEM

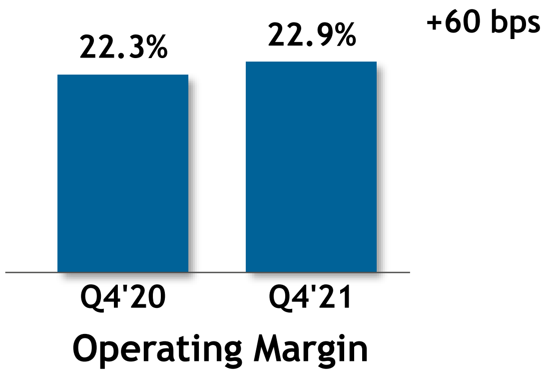




- Organic revenue (16)%
- North America (12)%
- Europe (29)%
- China (3)%

FOOD EQUIPMENT

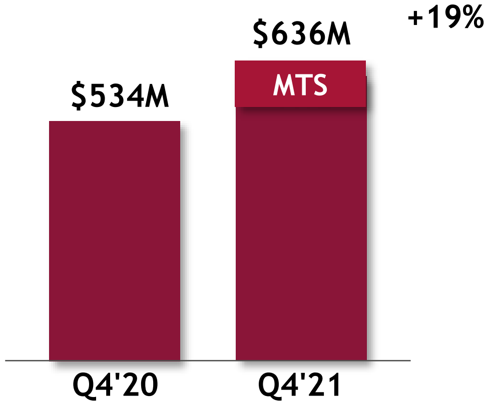




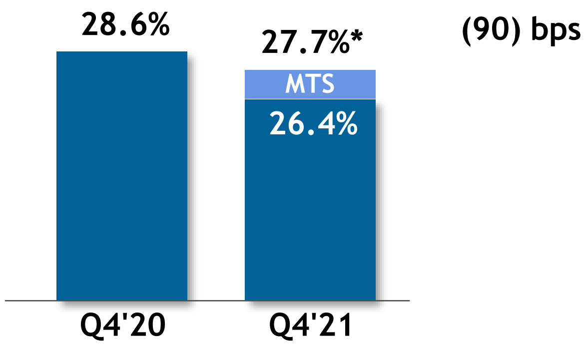
- Organic revenue 21%
- Equipment 23%, Service 17%
- North America 22%
- International 20%

Q4'21 SEGMENT PERFORMANCE

TEST & MEASUREMENT/ELECTRONICS



Total Revenue



Operating Margin

- Organic revenue 11%
  - Test & Measurement 17%
  - Electronics 4%
- MTS acquisition 9%

MTS ACQUISITION CLOSED DECEMBER 1, 2021

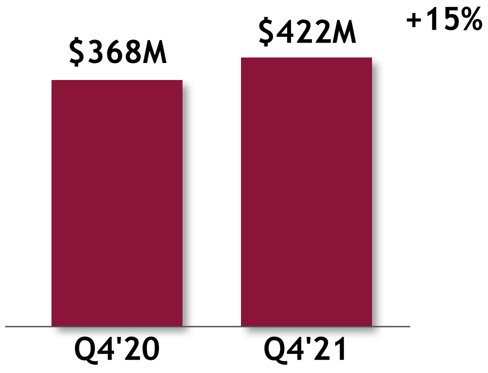
- Highly complementary to our Test & Measurement and Electronics segment, positions ITW in new industry verticals
- Tight strategic fit that will reinforce and further enhance ITW's organic growth potential
- Potential to generate significant margin improvement and ITW caliber returns from the application of 80/20 FTB
  - ITW-caliber margins by year five
  - After-tax ROIC in the "high teens" by year ten

- Included in our 2022 Guidance:
  - Revenue of $400 to $450M
  - Margin dilution impact of ~(50) bps
  - EPS neutral in year one

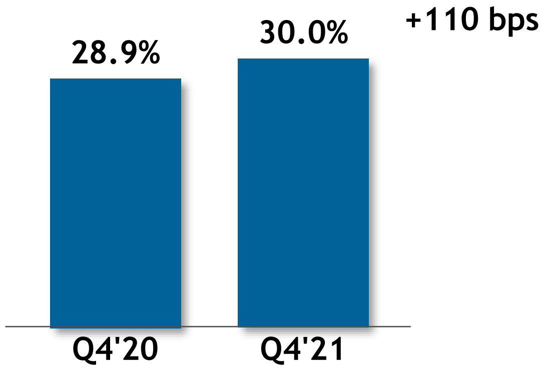
* Excludes 130 bps of margin dilution impact from MTS.

Q4'21 SEGMENT PERFORMANCE

WELDING



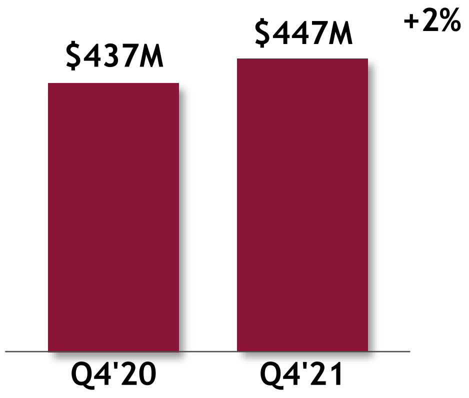
Total Revenue



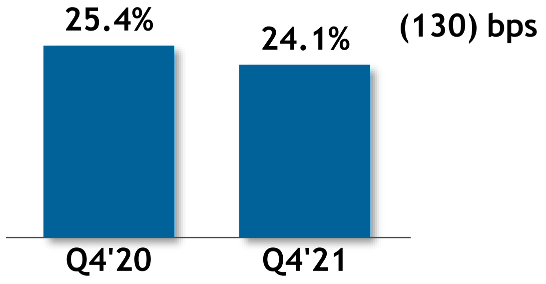
Operating Margin

- Organic revenue 15%
- Equipment 14%, Consumables 16%
- North America 15%
- International 14%

POLYMERS & FLUIDS



Total Revenue

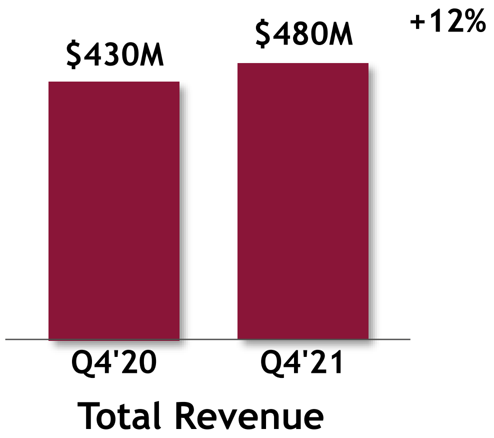


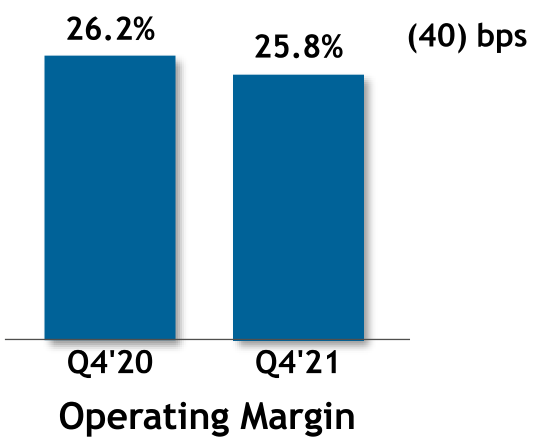
Operating Margin

- Organic revenue 3%
- Polymers 8%
- Fluids (5)%
- Automotive Aftermarket 4%

Q4'21 SEGMENT PERFORMANCE

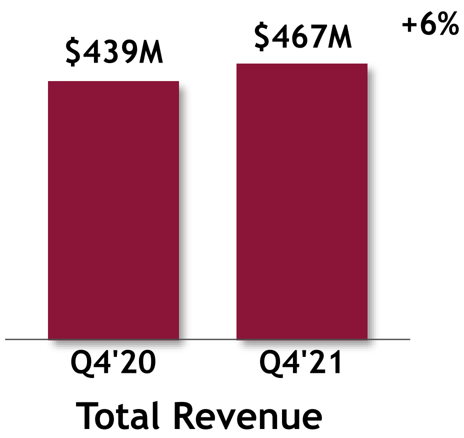
CONSTRUCTION PRODUCTS

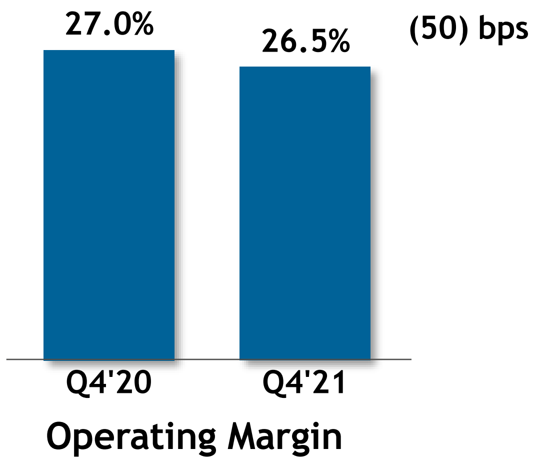




- Organic revenue 12%
- North America 22%
- Europe 2%
- Australia/New Zealand 10%

SPECIALTY PRODUCTS



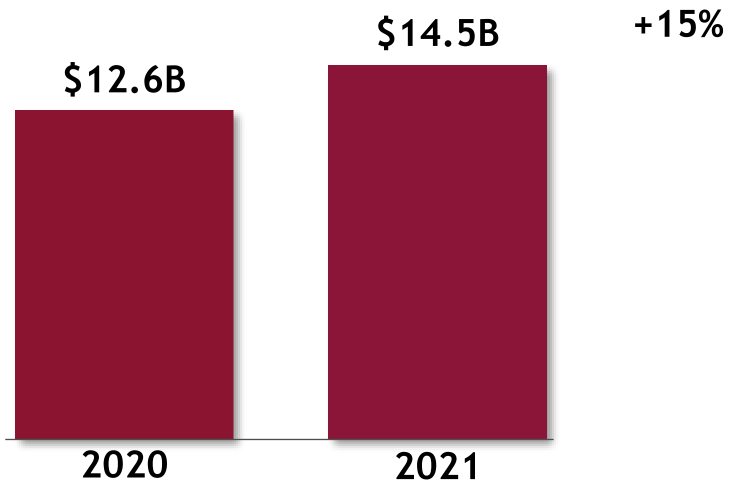


- Organic revenue 7%
- North America 10%
- International 2%

2021 FINANCIAL PERFORMANCE

GAAP EPS	$6.63	$8.51	+28%
- Excl. one-time tax items		$8.09	

REVENUE



OPERATING MARGIN	22.9%	24.1%	+120 bps
AFTER-TAX ROIC*	26.2%	29.5%	+330 bps

COMMENTARY

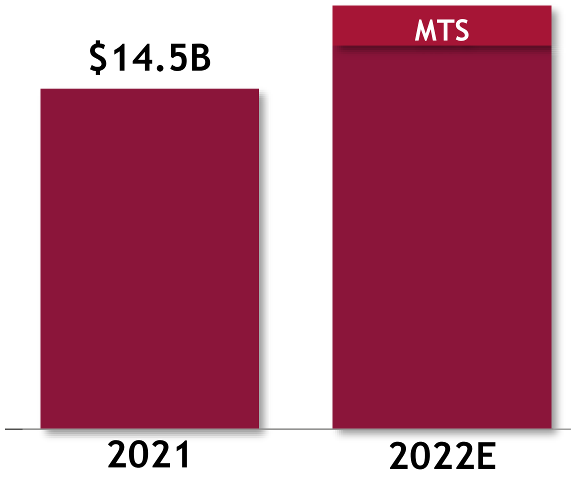
- **Disciplined execution in a challenging environment:**
  - Leveraged 80/20 FTB and localized supply chain capabilities to sustain world-class customer service
  - Implemented appropriate and timely price adjustments in response to rapidly rising raw materials costs
  - Executed "Win the Recovery" strategy to accelerate profitable market penetration and organic growth
- **Very strong financial performance:**
  - Organic growth of 12%
  - Earnings growth of 28% and record GAAP EPS
  - Best-in-class margins and record after-tax ROIC
  - Free Cash Flow* of $2.3B, 84% of Net Income

RECORD FINANCIAL PERFORMANCE IN A CHALLENGING ENVIRONMENT

* See ITW's fourth quarter 2021 press release for the reconciliation from GAAP to non-GAAP measures.

2022 FINANCIAL GUIDANCE

GAAP EPS - Excl. '21 tax items	$8.51 $8.09	$8.90 to $9.30	+10 to 15%
REVENUE	$14.5B	$15.5 to $16B	+7.5 to 10.5%
OPERATING MARGIN - Excl. MTS impact	24.1%	24 to 25% 24.5 to 25.5%	
AFTER-TAX ROIC*	29.5%	29 to 30%	



COMMENTARY

- Organic growth of 6 to 9%
  - MTS acquisition +3%, foreign currency translation (1.5)%
- Enterprise initiatives contribute ~100 bps
- Price/cost EPS positive
- Free Cash Flow of 90 to 100% of Net Income
- Share repurchases of ~$1.5 billion
- Effective tax rate of 23 to 24%

WELL-POSITIONED TO DELIVER TOP-TIER PERFORMANCE IN ANY ENVIRONMENT

ITW

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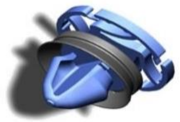
2022 ORGANIC GROWTH PROJECTIONS BY SEGMENT

	 Automotive OEM	 Food Equipment	 T&M / E	 Welding	 Polymers & Fluids	 Construction Products	 Specialty Products
2021	6%	17%	15%*	18%	10%	14%	10%
2022E	6 to 10%	7 to 11%	4 to 8%*	6 to 10%	5 to 9%	6 to 10%	3 to 7%

ORGANIC GROWTH OF 6 TO 9% AT THE ENTERPRISE LEVEL

* Excludes MTS acquisition.

Q&A