SECOND QUARTER 2022 EARNINGS CONFERENCE CALL

AUGUST 2, 2022

ITW

FORWARD-LOOKING STATEMENTS

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 inflation including 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 of overseas cash, 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 divestitures 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 2021 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 second quarter of 2022, 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 have 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.

Q2'22 FINANCIAL PERFORMANCE

	Q2'21	Q2'22	
GAAP EPS	$2.45	$2.37	
REVENUE	$3.7B	$4.0B	+9% +10% Organic
OPERATING MARGIN	24.3%	23.1%	
- Ex. MTS and Restructuring		24.1%	
AFTER-TAX ROIC*	30.8%	27.8%	

COMMENTARY

- **Leveraging the performance power of the ITW business model to deliver top-tier performance in any environment**
  - Q2 EPS incl. $(0.10) of FX headwind and $(0.05) of higher 80/20 FTB restructuring expense vs. prior year
  - Q2 EPS incl. $0.16 of tax benefit vs. $0.35 prior year
- **Utilizing our 80/20 FTB driven operational capabilities and "Win the Recovery" strategy to support our customers and accelerate profitable market penetration**
  - Strong evidence of best-in-class delivery performance driving meaningful share gain
  - Broad based organic growth of 10%
- **Excellent operational execution with strong margin performance despite inflationary challenges**
  - 200 basis points of operating leverage
  - Enterprise initiatives of 90 basis points
  - Price/cost margin dilution (160) bps vs. (250) bps in Q1

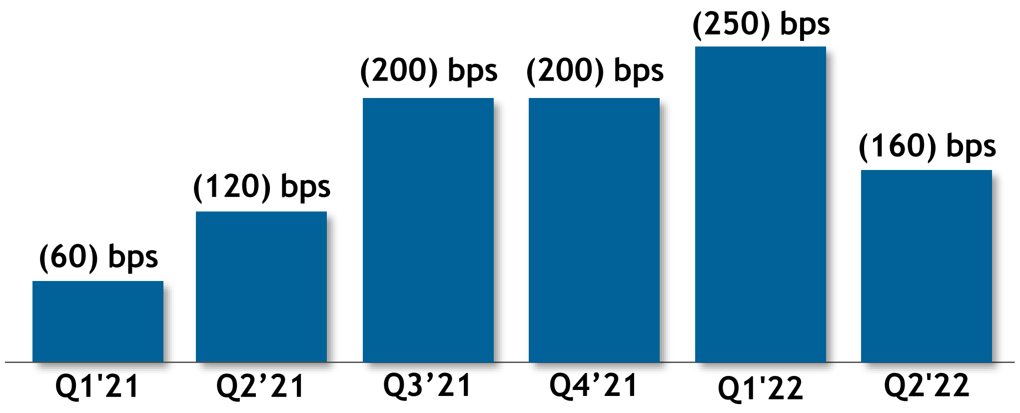
POSITIONED TO DELIVER TOP-TIER FINANCIAL PERFORMANCE IN ANY ENVIRONMENT

ITW

* See ITW's second quarter 2022 press release for the reconciliation from GAAP to non-GAAP measures.

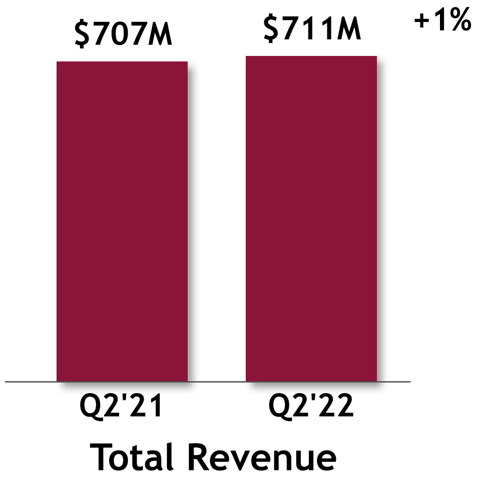
Q2'22 SEGMENT PERFORMANCE

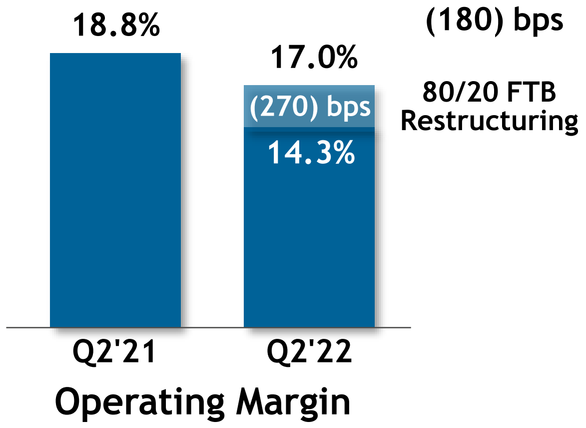
PRICE/COST MARGIN DILUTION IMPACT



- Strong price execution throughout the inflationary cycle as price/cost remained positive on a \$-for-\$ basis
- Margin dilution impact moderated in Q2'22
- Expect to recover margin impact over time

AUTOMOTIVE OEM

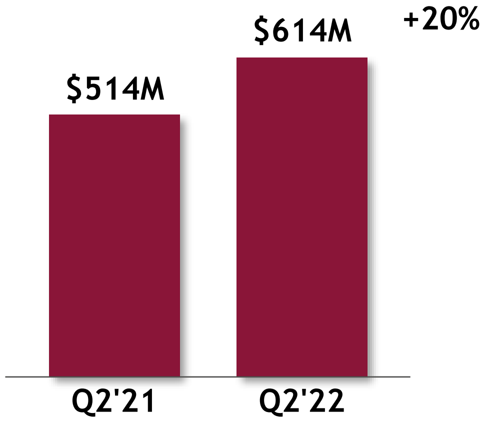




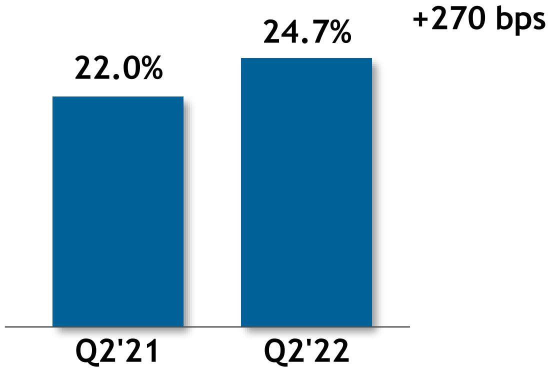
- Organic revenue 6%
- North America 18%
- Europe (1)%
- China (11)%

Q2'22 SEGMENT PERFORMANCE

FOOD EQUIPMENT



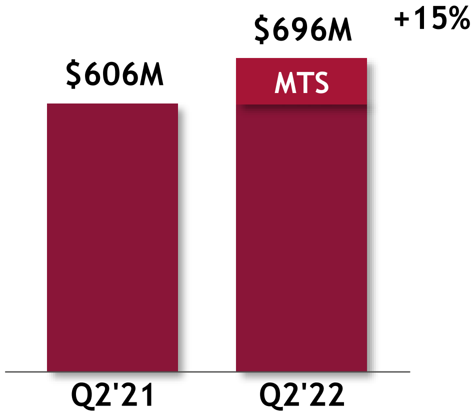
Total Revenue



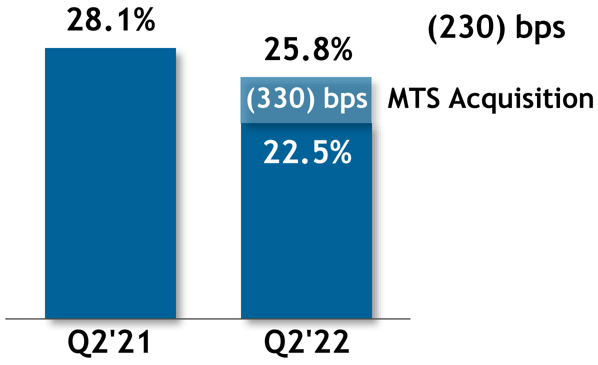
Operating Margin

- Organic revenue 25%
- Equipment 27%, Service 20%
- North America 27%
- International 23%

TEST & MEASUREMENT/ELECTRONICS



Total Revenue

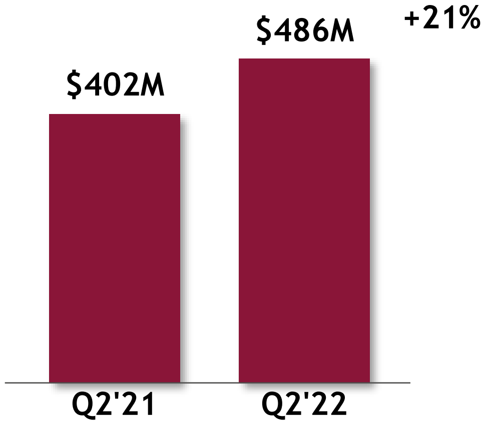


Operating Margin

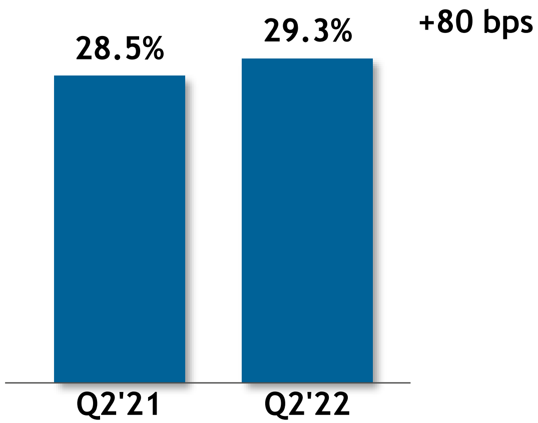
- Organic revenue 1%; Q2’21 was 29%
- Test & Measurement 8%
- Electronics (6)%

Q2'22 SEGMENT PERFORMANCE

WELDING



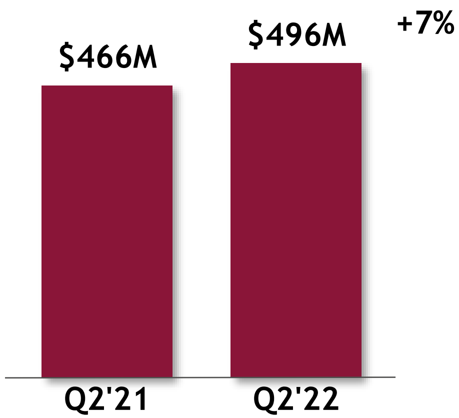
Total Revenue



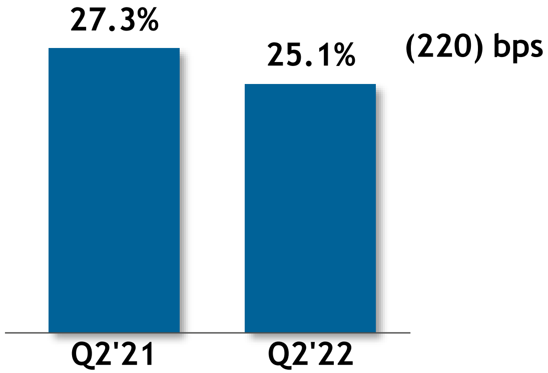
Operating Margin

- Organic revenue 22%
- Equipment 24%, Consumables 19%
- North America 25%
- International 8%

POLYMERS & FLUIDS



Total Revenue

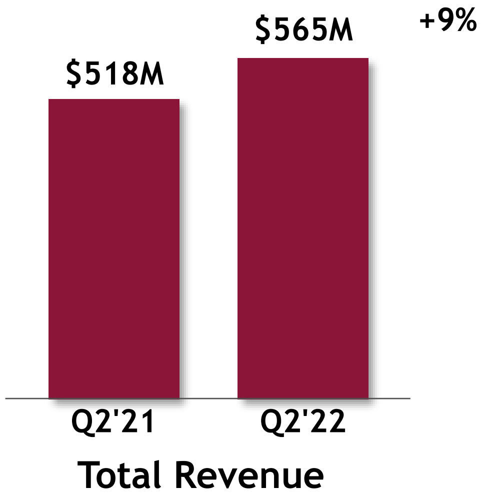


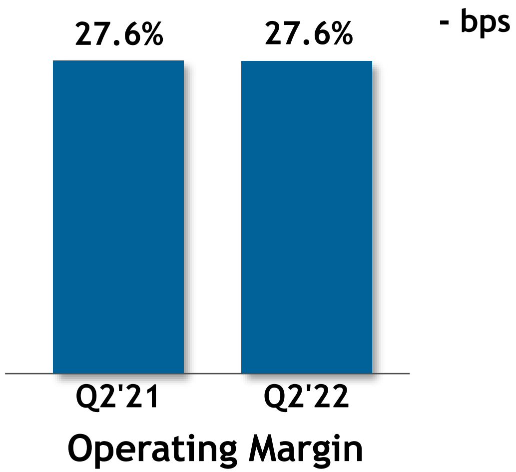
Operating Margin

- Organic revenue 10%
- Polymers 25%
- Automotive Aftermarket 4%
- Fluids 3%

Q2'22 SEGMENT PERFORMANCE

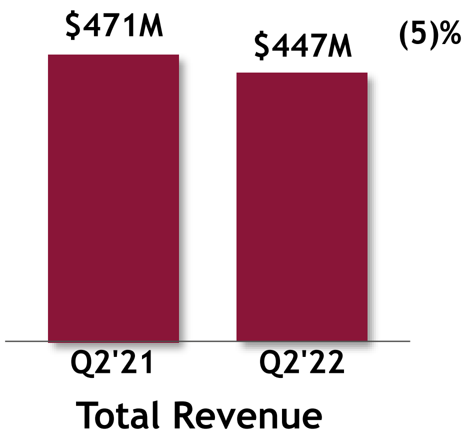
CONSTRUCTION PRODUCTS

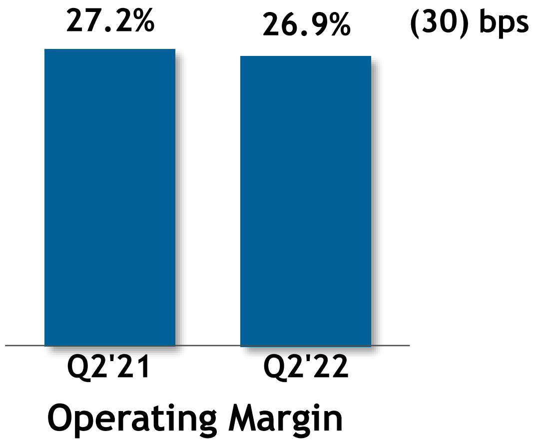




- Organic revenue 15%
- North America 29%
- Europe 5%
- Australia/New Zealand 4%

SPECIALTY PRODUCTS



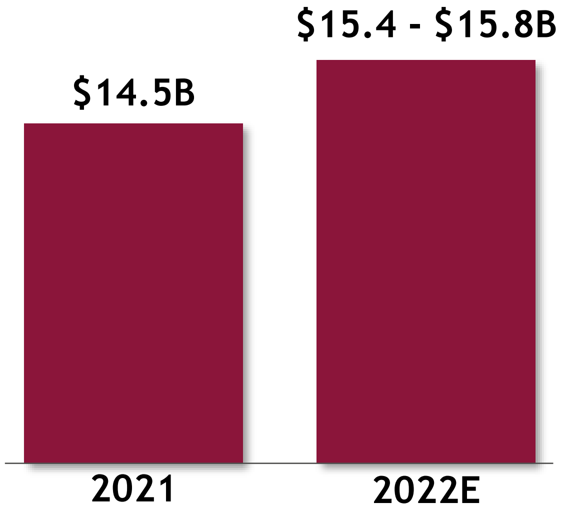


- Organic revenue (2)%
- International (13)%
- North America 5%

2022 FINANCIAL GUIDANCE

GAAP EPS	$8.51	$9.00 - $9.40	+6 - 10%

REVENUE



+7 - 10% Organic

OPERATING MARGIN	24.1%	24 - 25%
- Ex. MTS impact		24.5 - 25.5%
AFTER-TAX ROIC*	29.5%	29 - 30%

COMMENTARY

- **7 to 10% organic growth based on 1H'22 results and current levels of demand for 2H'22**
  - MTS acquisition adds 3%
  - Foreign currency translation impact of (4)%
- **GAAP EPS guidance of $9.00 to $9.40; +8% at mid-point**
  - FY'22 tax rate of 22 to 23%
  - Unfavorable foreign currency translation impact of $(0.35)
- **Resilient operating margin performance**
  - Enterprise initiatives contribute 100 basis points
  - Price/cost impact of (100) basis points
- **Free cash flow of 85 to 95% of net income**
- **Share repurchases of $1.5 billion**

STRONG OPERATIONAL AND FINANCIAL PERFORMANCE IN ANY ENVIRONMENT

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Q&A