THIRD QUARTER 2022 EARNINGS CONFERENCE CALL

OCTOBER 25, 2022

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 and rising interest rates, 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 2022 divestiture of a division within the Polymers & Fluids segment, 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 third 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.

Q3'22 FINANCIAL PERFORMANCE

	Q3'21	Q3'22	
GAAP EPS	$2.02	$2.35	+16%
REVENUE	$3.6B	$4.0B	+13% +16% Organic
OPERATING MARGIN	23.8%	24.5%	+70 bps
- Ex. MTS impact		25.1%	+ 130 bps
AFTER-TAX ROIC*	28.5%	29.9%	

HIGHLIGHTS

- **ITW delivered strong Q3 performance**
  - Organic growth of 16%, double-digit growth in 5 segments
  - EPS growth of 16% despite $(0.13) of FX headwind
- **Continue to aggressively execute ITW's "Win the Recovery" strategy resulting in profitable market penetration**
  - Supported by our 80/20 FTB driven operational capabilities
- **Record operating income and strong margin performance**
  - Operating margin improvement of 130 bps and incremental margins of 39% excluding MTS impact
  - Enterprise initiatives contribution of 110 bps
  - Price/cost accretive to income as pricing actions offset moderating input cost inflation, margin dilution of (40) bps

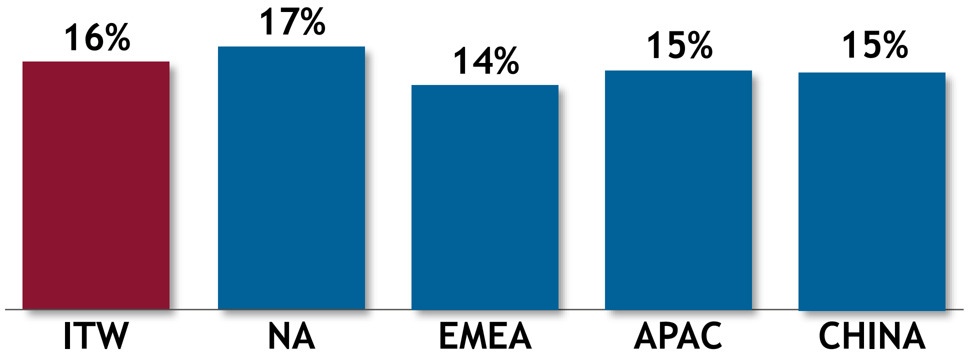
ANOTHER QUARTER OF STRONG OPERATIONAL AND FINANCIAL PERFORMANCE

ITW

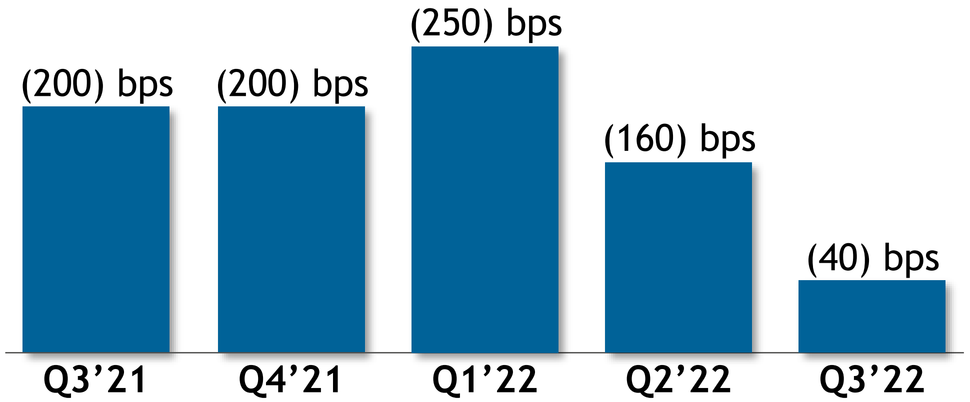
* See ITW's third quarter 2022 press release for the reconciliation from GAAP to non-GAAP measures.

Q3'22 SEGMENT PERFORMANCE

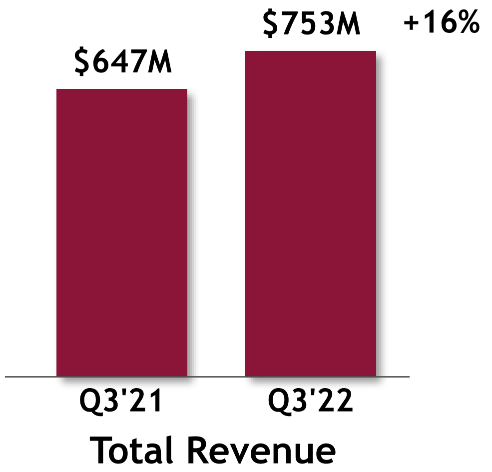
ORGANIC GROWTH BY GEOGRAPHY

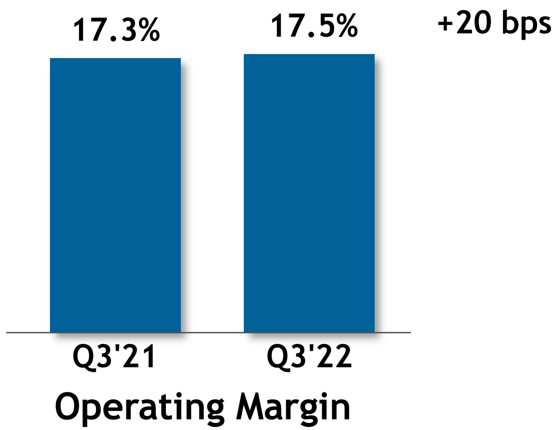


PRICE/COST MARGIN DILUTION IMPACT



AUTOMOTIVE OEM

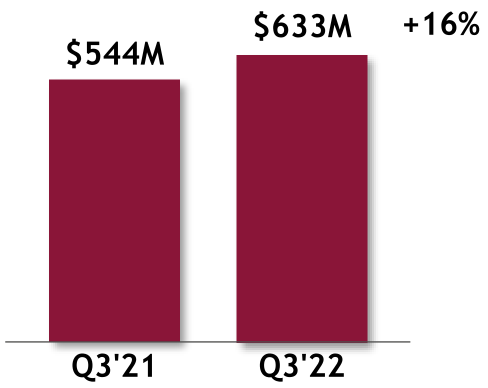




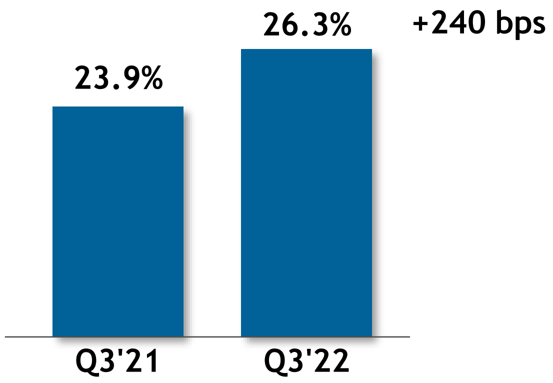
- Organic revenue 25%
- North America 21%
- Europe 26%
- China 29%

Q3'22 SEGMENT PERFORMANCE

FOOD EQUIPMENT



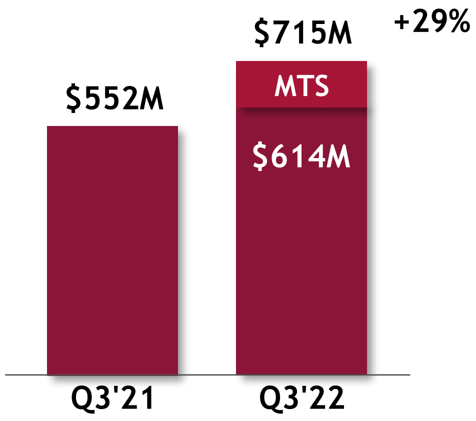
Total Revenue



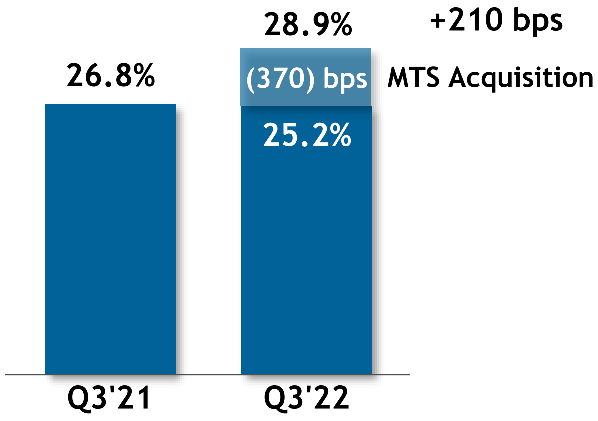
Operating Margin

- Organic revenue 23%
- Equipment 28%, Service 14%
- North America 30%
- International 14%

TEST & MEASUREMENT/ELECTRONICS



Total Revenue

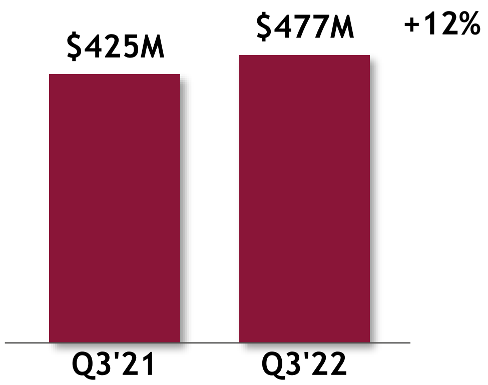


Operating Margin

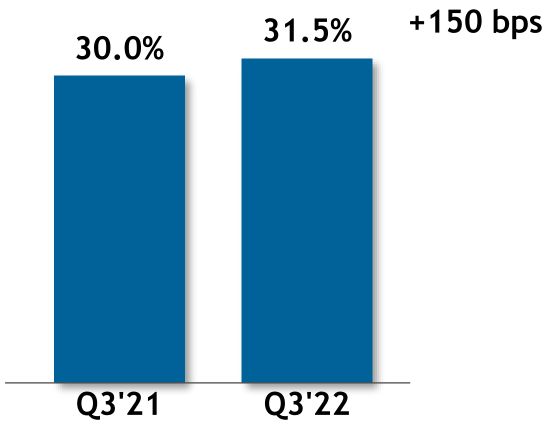
- Organic revenue 17%
- Test & Measurement 20%
- Electronics 14%

Q3'22 SEGMENT PERFORMANCE

WELDING



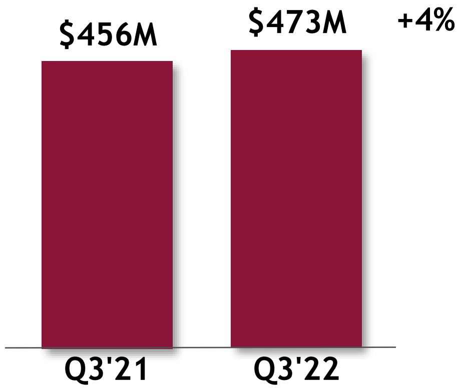
Total Revenue



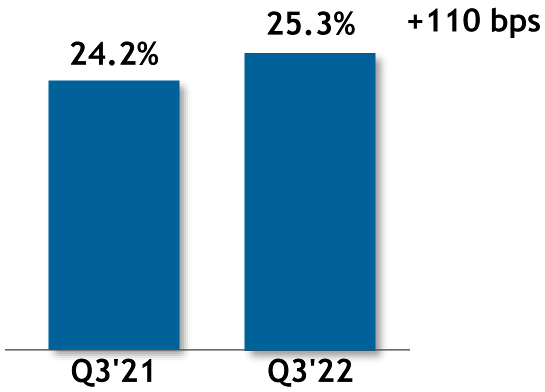
Operating Margin

- Organic revenue 14%
- Equipment 13%, Consumables 15%
- North America 14%
- International 12%

POLYMERS & FLUIDS



Total Revenue

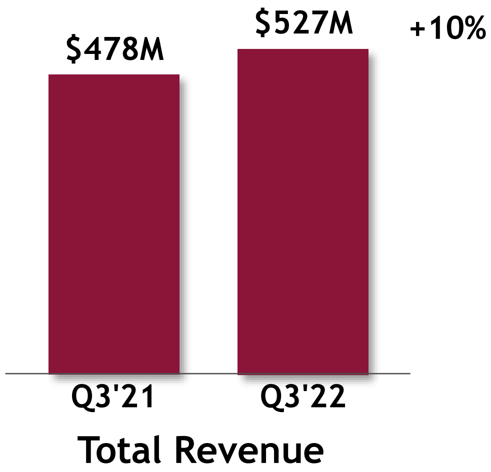


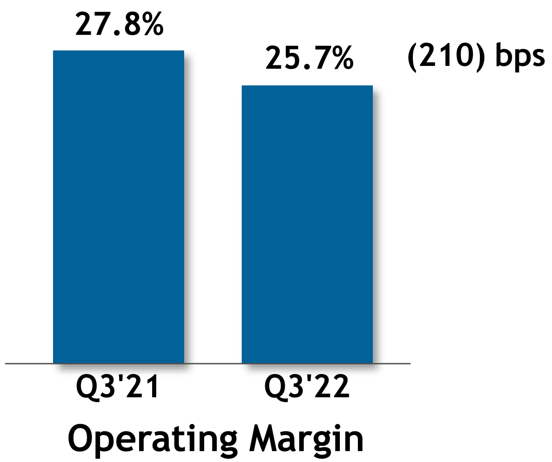
Operating Margin

- Organic revenue 8%
- Polymers 21%
- Fluids 5%
- Automotive Aftermarket 2%

Q3'22 SEGMENT PERFORMANCE

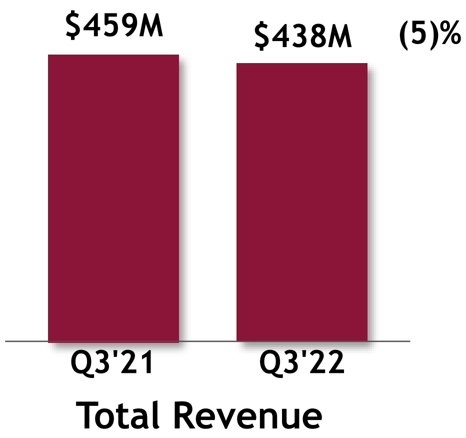
CONSTRUCTION PRODUCTS

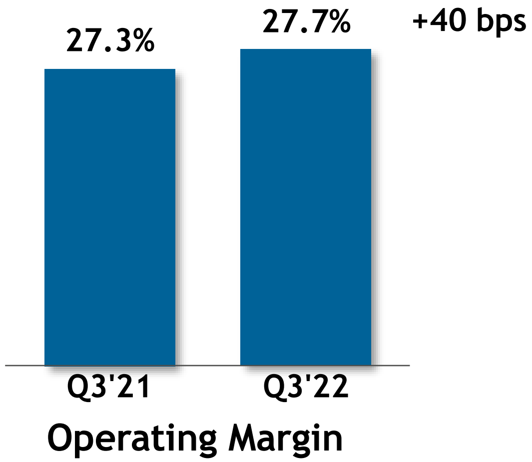




- Organic revenue 17%
- North America 35%
- Europe (1)%
- Australia/New Zealand 7%

SPECIALTY PRODUCTS





- Organic revenue ~flat, 3% excluding PLS
- North America (2)%
- International 4%

2022 FINANCIAL GUIDANCE

	2021	2022E	
GAAP EPS	$8.51	$9.45 - $9.55	+11 - 12%
REVENUE	$14.5B	$15.8 - $16.0B	+9 - 10% +11 - 12% Organic
OPERATING MARGIN	24.1%	~24%	
- Ex. MTS impact		~24.5%	
AFTER-TAX ROIC*	29.5%	~29%	

HIGHLIGHTS

- **Raising 2022 organic growth projection to 11 to 12% as demand remains strong across majority of our businesses**
  - Based on 12% year-to-date, current levels of demand, and anticipated further slowing in certain end-markets
- **Raising 2022 GAAP EPS guidance to $9.45 to $9.55**
  - Updated for incremental foreign currency translation headwind and an estimated Q4 divestiture gain of $0.45
- **ITW is well-positioned to deliver a strong Q4**
  - Organic growth of ~10%
  - EPS growth of ~40%; ~15% ex-divestiture gain
  - Operating margin improvement of more than 100 bps
  - Price/cost accretive to income and margin

STRONG OPERATIONAL AND FINANCIAL PERFORMANCE IN 2022

ITW

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

Q&A