FOURTH QUARTER 2022 EARNINGS CONFERENCE CALL

FEBRUARY 2, 2023

FORWARD-LOOKING STATEMENTS

SAFE HARBOR STATEMENT

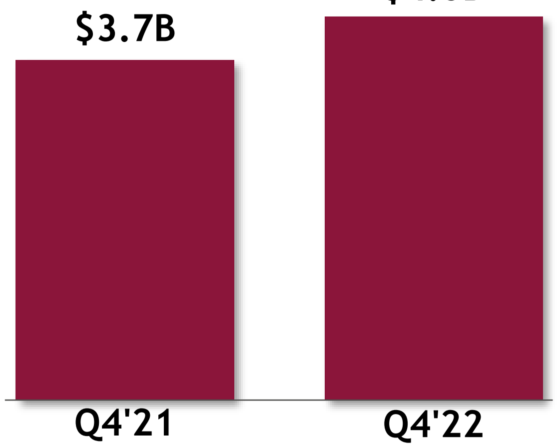
This presentation and related conference call contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements may include, without limitation, statements regarding the duration and potential effects of the COVID-19 pandemic and global supply 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 divestitures, and the Company's 2023 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 fourth 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.

Q4'22 FINANCIAL PERFORMANCE

	Q4'21	Q4'22	
GAAP EPS	**$1.93**	**$2.95**	**+53%**
- Ex. Divestiture gains		$2.34	+21%
REVENUE	**$3.7B**	**$4.0B**	**+8%** **+12% Organic**
OPERATING MARGIN	**22.7%**	**24.8%**	**+210 bps**
- Ex. MTS Acquisition		25.2%	
AFTER-TAX ROIC*	**27.2%**	**30.8%**	**+360 bps**



HIGHLIGHTS

- **Strong growth momentum across the majority of our business portfolio as evidenced by organic growth of 12%**
  - Aggressive execution on our "Win the Recovery" strategy resulting in profitable market penetration and double-digit growth in 5 segments
  - FX translation impact of (5)%, Acquisition/Divestitures +1%
- **Excellent execution in a challenging operating environment resulting in strong financial performance**
  - Incremental margin of 52%
  - Enterprise initiatives contribution of 110 bps
  - Price/cost accretive to EPS and margin impact of 70 bps
- **Record GAAP EPS of $2.95 including divestiture gains**
  - EPS growth of 21% excluding divestiture gains

ITW DELIVERED A RECORD Q4 TO CLOSE OUT A VERY STRONG 2022

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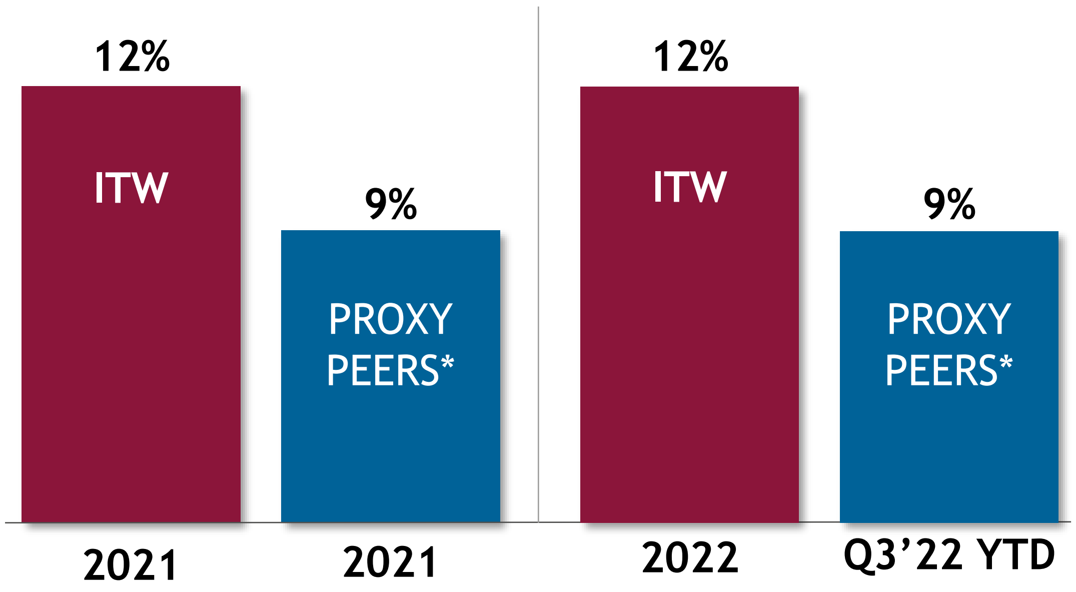
* See ITW's fourth quarter 2022 press release for the reconciliation from GAAP to non-GAAP measures.

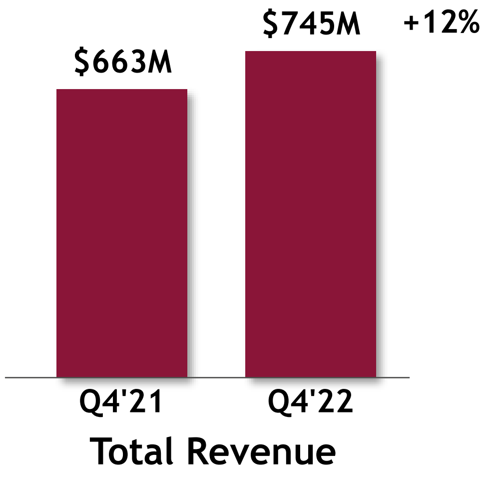
Q4’22 PERFORMANCE

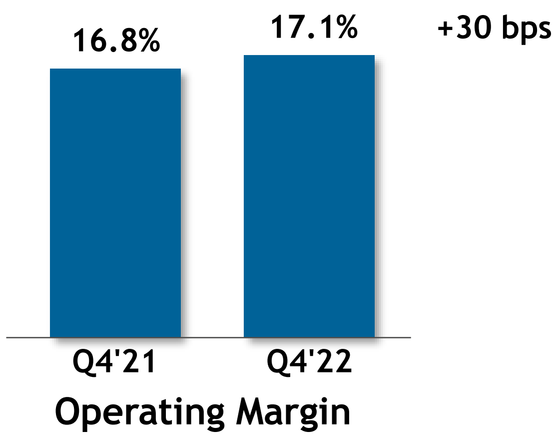
ITW ORGANIC REVENUE GROWTH VS. PEERS



- Meaningful progress on delivering sustained above-market organic growth through the cycle with best-in-class margins and returns on capital

AUTOMOTIVE OEM





- Organic revenue 20%
- North America 15%
- Europe 23%
- China 17%

DELTAR®

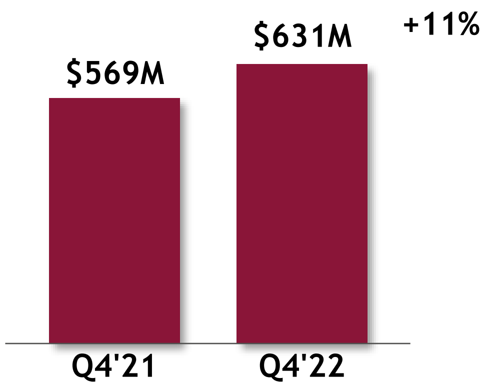
ITW Global Automotive

ITW

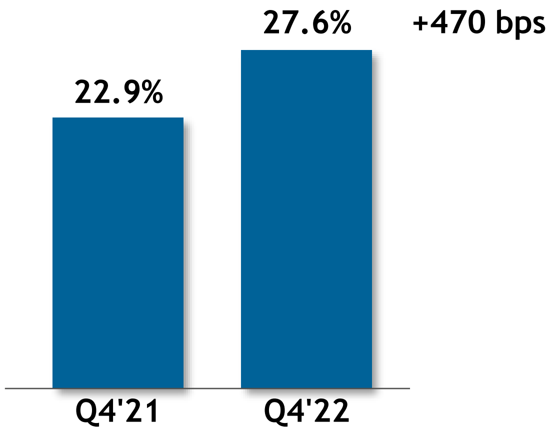
* Proxy peers that report organic revenue growth: CAT, DOV, ECL, EMR, ETN, FTV, HON, JCI, MMM, PH, PPG, ROK, SWK, and TT

Q4'22 SEGMENT PERFORMANCE

FOOD EQUIPMENT



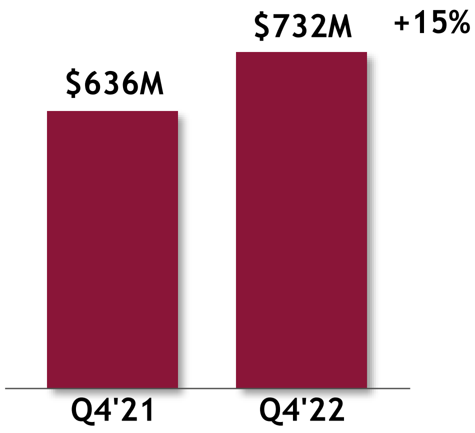
Total Revenue



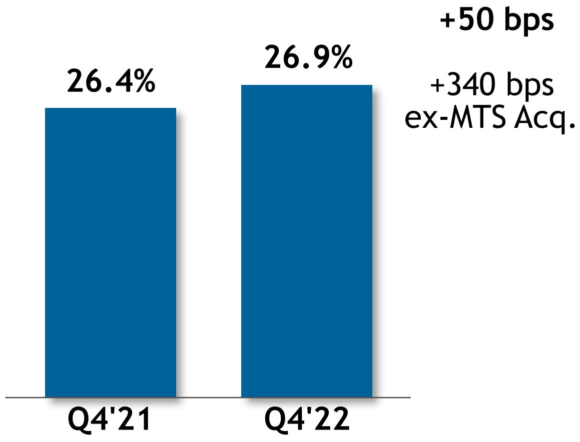
Operating Margin

- Organic revenue 17%
- Equipment 18%, Service 16%
- North America 25%
- International 7%

TEST & MEASUREMENT/ELECTRONICS



Total Revenue

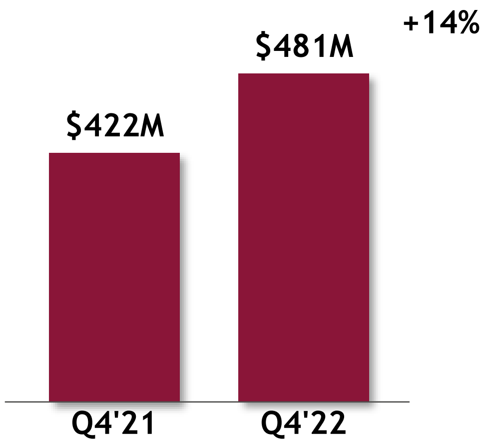


Operating Margin

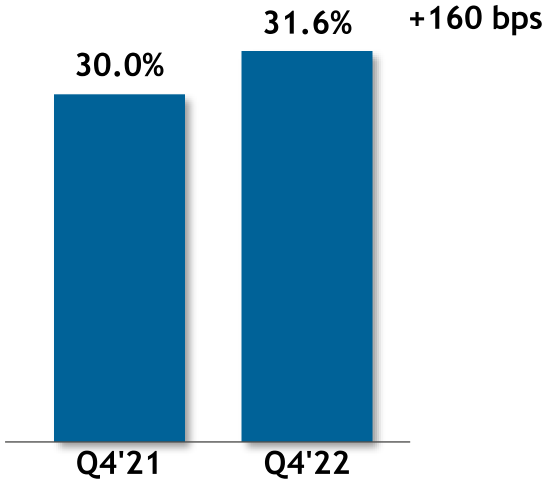
- Organic revenue 10%
- Test & Measurement 12%
- Electronics 7%

Q4'22 SEGMENT PERFORMANCE

WELDING



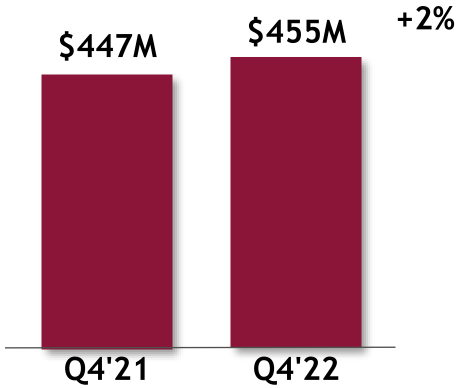
Total Revenue



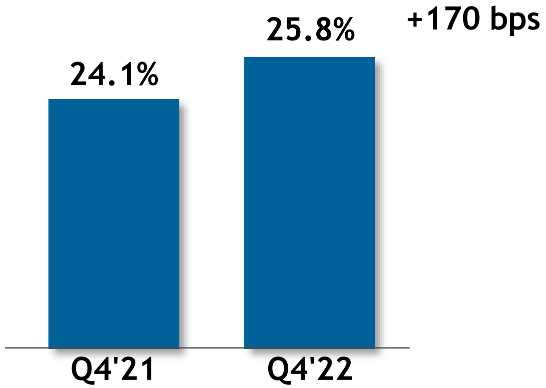
Operating Margin

- Organic revenue 15%
- Equipment 17%, Consumables 13%
- North America 15%
- International 17%

POLYMERS & FLUIDS



Total Revenue

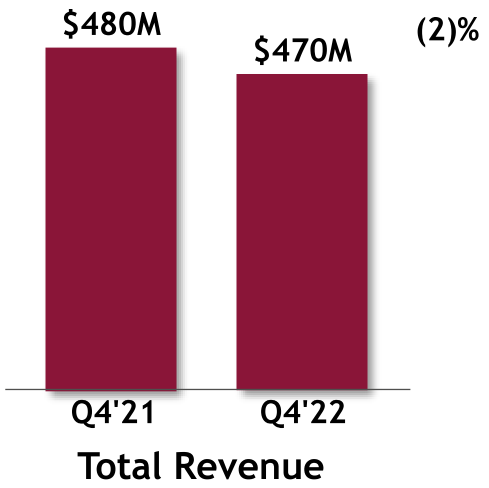


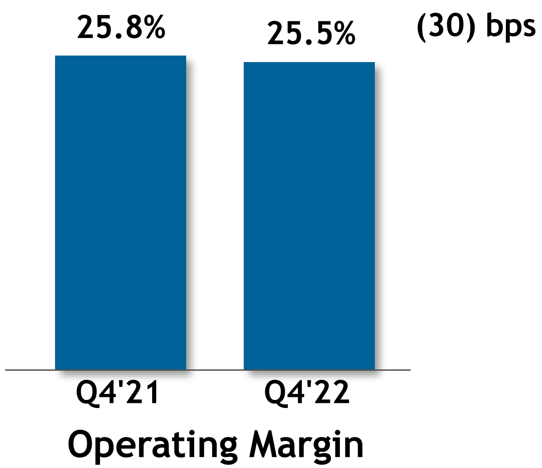
Operating Margin

- Organic revenue 11%
- Automotive Aftermarket 13%
- Polymers 11%
- Fluids 5%

Q4'22 SEGMENT PERFORMANCE

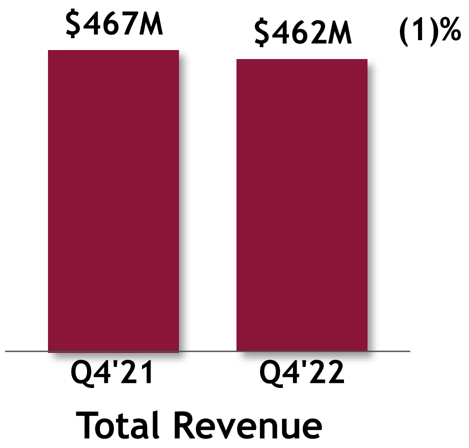
CONSTRUCTION PRODUCTS

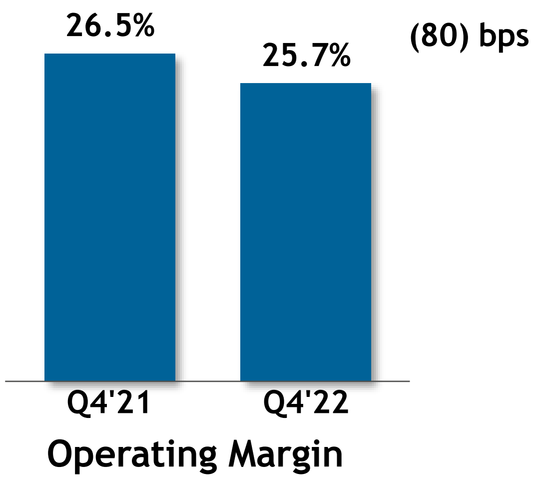




- Organic revenue 4%
- North America 9%
- Europe 3%
- Australia/New Zealand (4)%

SPECIALTY PRODUCTS



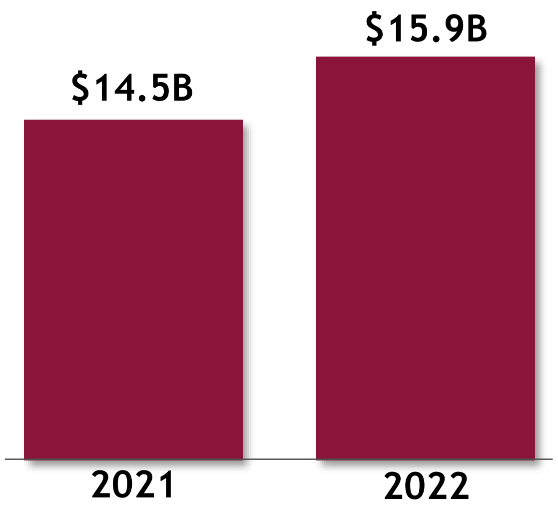


- Organic revenue 3%
- North America 1%
- International 7%

2022 FINANCIAL PERFORMANCE

	2021	2022	
GAAP EPS	$8.51	$9.77	+15%
- Ex. Divestiture gains		$9.17	+8%

REVENUE



+10%

+12% Organic

	2021	2022
OPERATING MARGIN	24.1%	23.8%
- Ex. MTS Acquisition		24.4%
AFTER-TAX ROIC*	29.5%	29.1%
- Ex. MTS Acquisition		31.2%

HIGHLIGHTS

- **Delivered strong organic growth of 12% with best-in-class operating margins and returns on capital**
  - Meaningful progress on delivering sustained above-market organic growth
- **Executed with discipline in a challenging environment and generated record financial performance**
  - Leveraged 80/20 FTB to sustain world-class customer service in the face of significant supply chain disruptions
  - Implemented timely and appropriate pricing actions in response to input cost inflation
  - Delivered earnings growth of 15% and record GAAP EPS
- **Invested $0.7B in ITW's highly profitable core businesses and returned $3.3B to shareholders**
  - Raised dividend for 59th consecutive year (+7%/share)

RECORD FINANCIAL PERFORMANCE IN A CHALLENGING ENVIRONMENT

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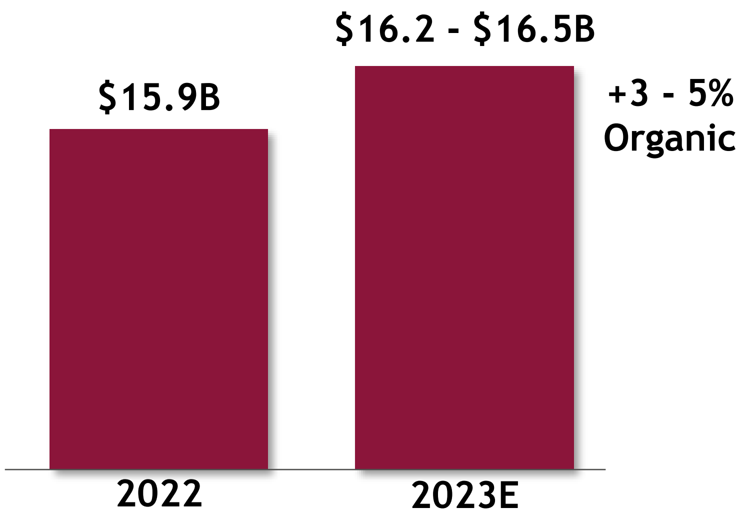
* See ITW's fourth quarter 2022 press release for the reconciliation from GAAP to non-GAAP measures.

2023 FINANCIAL GUIDANCE

	2022	2023E
GAAP EPS	$9.77	$9.40 - $9.80
-Ex. Divestiture gains	$9.17	+3 - 7%
REVENUE	$15.9B	$16.2 - $16.5B (+3 - 5% Organic)
OPERATING MARGIN	23.8%	24.5 - 25.5%
AFTER-TAX ROIC*	29.1%	30%+



HIGHLIGHTS

- **Projecting organic growth of 3 to 5%**
  - Based on current levels of demand and anticipated further slowing in certain end markets
  - Combined FX translation and divesture impact of (1.5)%
- **Enterprise initiatives contribute ~100 bps**
- **Price/cost accretive to EPS and margins**
- **Free Cash Flow of 100%+ of Net Income**
- **Share repurchases of ~$1.5 billion**
- **Effective tax rate of approximately 24%**

VERY WELL-POSITIONED TO DELIVER TOP-TIER PERFORMANCE IN 2023

ITW

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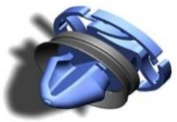
2023 ORGANIC GROWTH RATE PROJECTIONS BY SEGMENT

	 Automotive OEM	 Food Equipment	 T&M / E	 Welding	 Polymers & Fluids	 Construction Products	 Specialty Products	ITW
2023 Estimate	5 - 7%	8 - 10%	2 - 4%	5 - 7%	3 - 5%	(5) - (3)%	(1) - 1%	3 - 5%
2022 Actuals	12%	23%	9%	16%	11%	14%	~flat	12%
2021 Actuals	6%	17%	15%	18%	10%	14%	10%	12%

DELIVERING SOLID ORGANIC GROWTH WITH BEST-IN-CLASS MARGINS AND RETURNS

Q&A