Second Quarter 2023
Earnings Conference Call

August 1, 2023

Forward-Looking Statements

Safe Harbor Statement

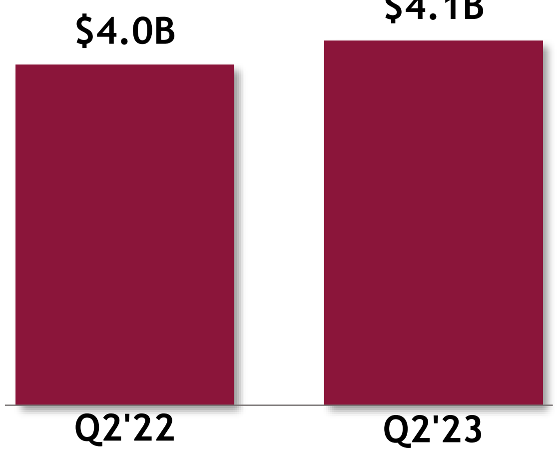
This presentation and related conference call contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements may include, without limitation, statements regarding global supply chain challenges, expected impact of inflation including raw material inflation and rising interest rates, the impact of 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, 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, the impact of recent or potential acquisitions and/or 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 2022 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 2023, 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.

Q2’23 Financial Performance

	Q2'22	Q2'23	
GAAP EPS	**$2.37**	**$2.48**	**+5%**
- Ex. One-time tax items	$2.21	$2.41	+9%
REVENUE	**$4.0B**	**$4.1B**	**+2%** **+3% Organic**
OPERATING MARGIN	**23.1%**	**24.8%**	**+170 bps**
AFTER-TAX ROIC*	**27.8%**	**29.8%**	**+200 bps**



HIGHLIGHTS

- **Organic revenue growth of 3%**
  - Resilient demand in many end markets partially offset by inventory reduction efforts by customers and channel partners; Impacted organic growth by (1) to (1.5)%
  - Divestiture impact of (1)%
- **Strong operational execution and record performance**
  - Operating income grew 9% and exceeded $1 billion for the first time in ITW’s history
  - Enterprise initiatives contributed 130 bps
- **GAAP EPS grew 5% to $2.48 (a Q2 record); Ex. one-time tax items EPS increased 9%**
- **Free cash flow* of $705M, an increase of 68%**
  - 94% conversion to net income

STRONG OPERATIONAL EXECUTION AND FINANCIAL PERFORMANCE

* See ITW’s second quarter 2023 press release for the reconciliation from GAAP to non-GAAP measures.

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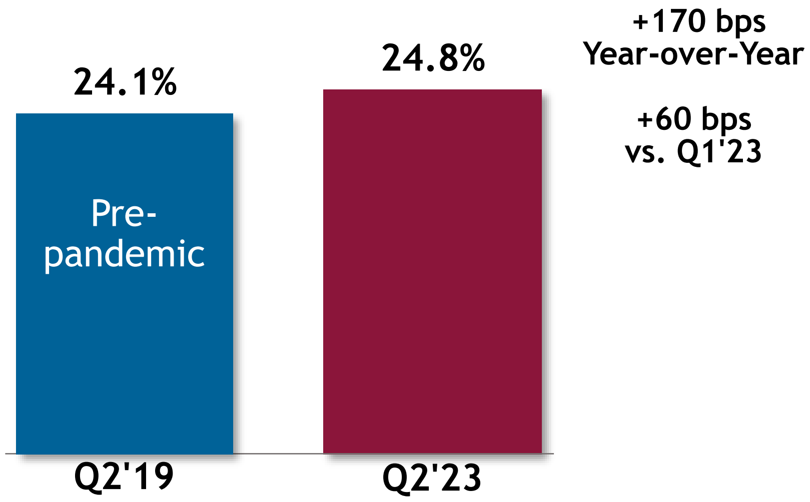
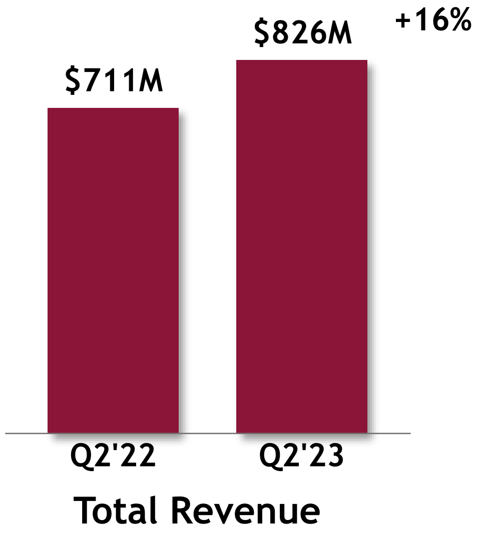
Q2’23 Financial Performance

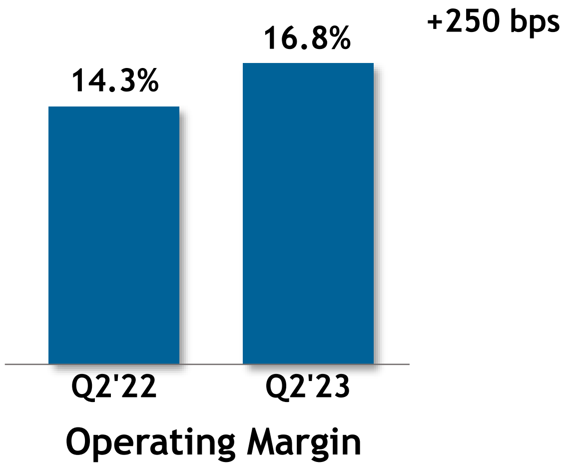
OPERATING MARGINS



- Operating margins now solidly above pre-pandemic levels
- Q2’23 margin was highest ever Q2
- 2030 Goal: 30%

AUTOMOTIVE OEM





- Organic revenue 16%
- North America 3%
- Europe 18%
- China 51%

Global Automotive

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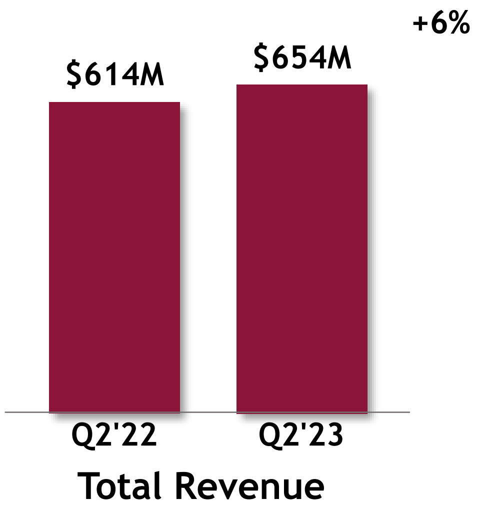
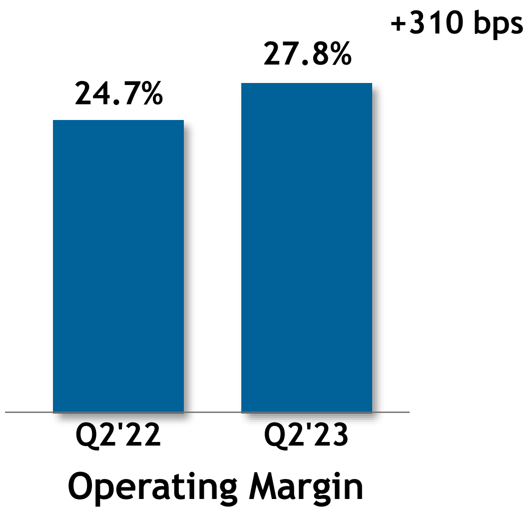
Q2’23 Segment Performance

FOOD EQUIPMENT

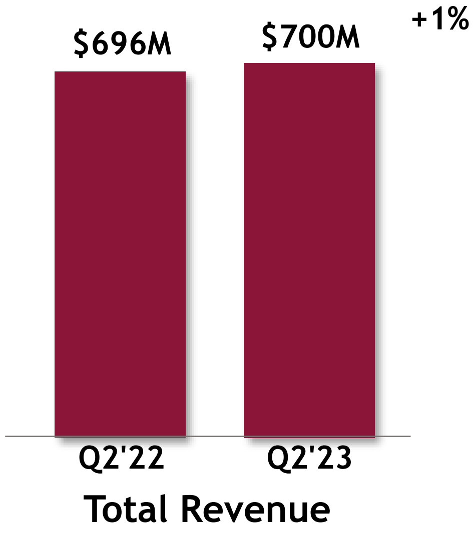


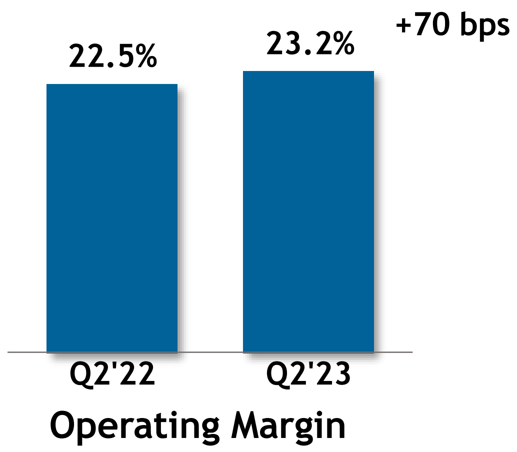


- Organic revenue 7%
- Equipment 3%, Service 16%
- North America 8%
- International 5%

HOBART Traulsen VULCAN FOSTER

TEST & MEASUREMENT/ELECTRONICS





- Organic revenue 1%; 7% ex. Semi
- Test & Measurement 10%
- Electronics (13)%

INSTRON BROOKS INSTRUMENT Texwipe An ITW Company MTS

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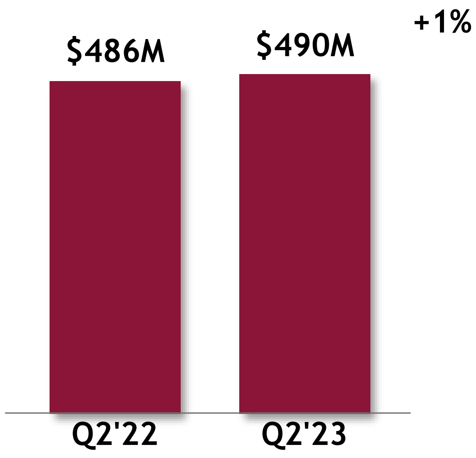
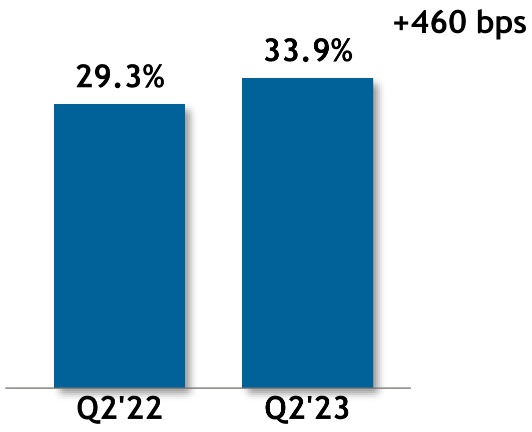
Q2’23 Segment Performance

WELDING



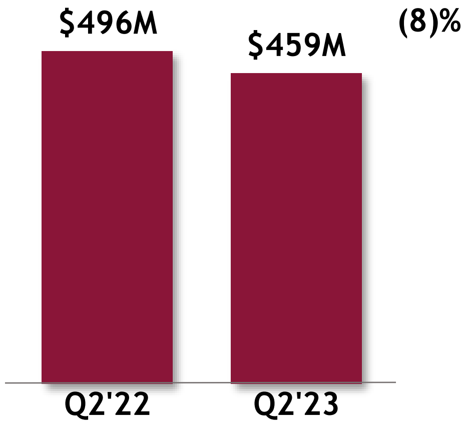
Total Revenue



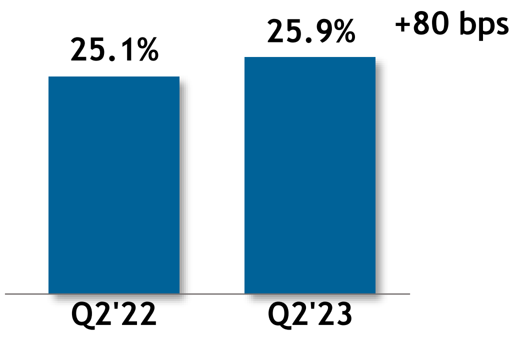
Operating Margin

- Organic revenue 1%
- Equipment flat, Consumables 2%
- North America flat
- International 5%

POLYMERS & FLUIDS



Total Revenue

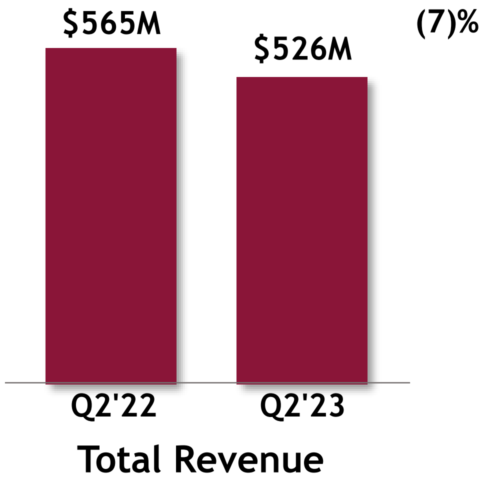


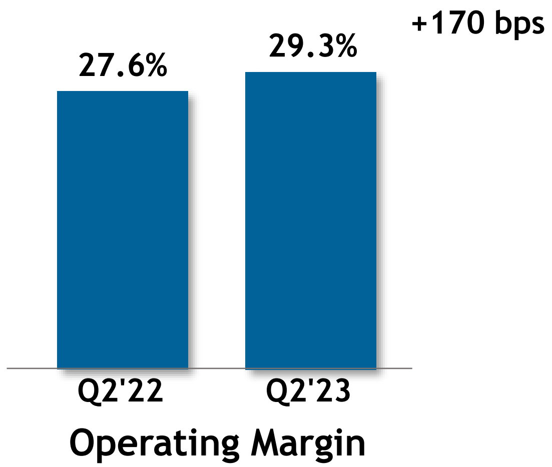
Operating Margin

- Organic revenue (1)%, divestiture (6)%
- Automotive Aftermarket 1%
- Polymers (2)%
- Fluids (1)%

Q2’23 Segment Performance

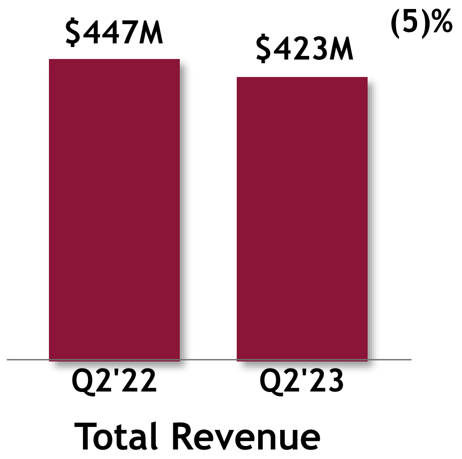
CONSTRUCTION PRODUCTS

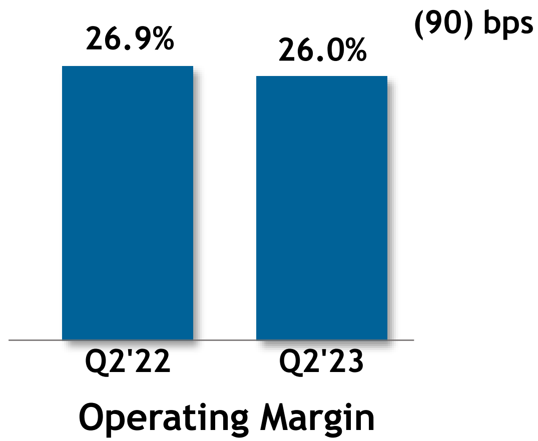




- Organic revenue (6)%
- North America (3)%
- Europe (14)%
- Australia/New Zealand (4)%

SPECIALTY PRODUCTS



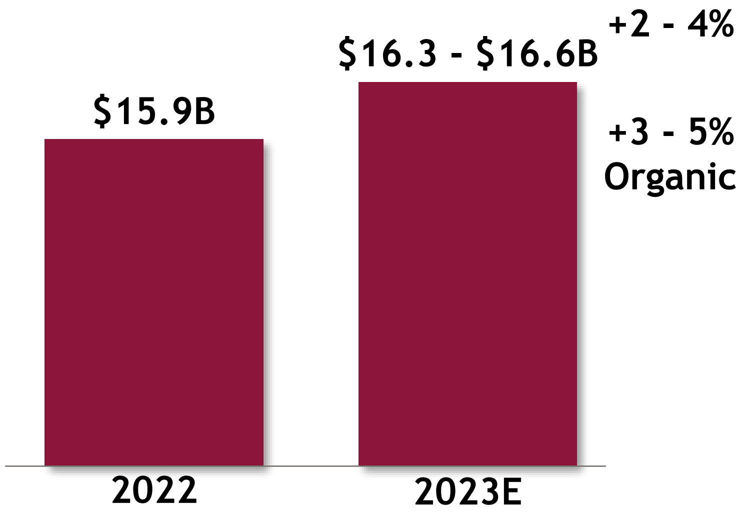


- Organic revenue (4)%, divestiture (2)%
- North America (7)%
- International 4%

2023 Financial Guidance

	2022	2023E
GAAP EPS	$9.77	$9.55 - $9.95
-Ex. '22 Divestiture gains	$9.17	+4 – 9%

REVENUE



	2022	2023E
OPERATING MARGIN	23.8%	24.5 - 25.5%
AFTER-TAX ROIC*	29.1%	30%+

HIGHLIGHTS

- **Expect stable underlying demand and strong margin performance through the balance of the year**
  - Organic growth of 3 to 5%
  - Enterprise initiatives contribute more than 100 bps
- **Raising GAAP EPS guidance by $0.10 at the mid-point**
- **Effective tax rate of 22.5 to 23.5%**
- **Free cash flow 100%+ of net income**
  - Share repurchases of ~$1.5 billion

WELL-POSITIONED TO DELIVER STRONG 2H'23 PERFORMANCE

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Q&A