Third Quarter 2023 Earnings Conference Call

October 24, 2023

Forward-Looking Statements

Safe Harbor Statement

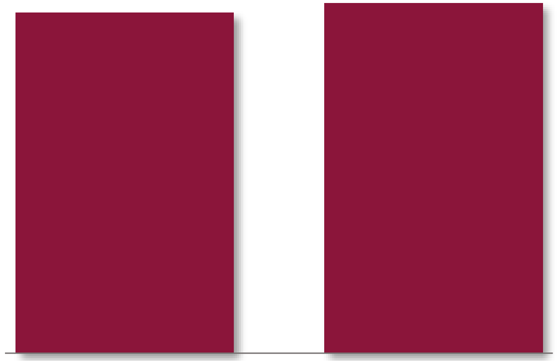
This presentation and related conference call contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements may include, without limitation, statements regarding global supply chain challenges, expected impact of inflation including raw 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, the potential impact of automotive industry labor actions, 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 third quarter of 2023, which is available at www.itw.com, together with this presentation. The estimated guidance of free cash flow to net income 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.

Q3’23 Financial Performance

	Q3'22	Q3'23	
GAAP EPS	$2.35	$2.55	+9%
REVENUE	$4.01B	$4.03B	+0.5% +0.2% Organic
OPERATING MARGIN	24.5%	26.5%	+200 bps
AFTER-TAX ROIC*	29.9%	31.9%	+200 bps



HIGHLIGHTS

- **Organic revenue growth of +2% on an equal days’ basis**
  - Foreign exchange translation impact of +1.5%
  - Divestiture impact (1.2)%
- **Strong margin and income performance**
  - Operating margins up 200 bps; Enterprise initiatives contributed 140 bps
  - Operating income grew 9% to $1.1B
- **GAAP EPS grew 9% to $2.55**
  - Includes $0.07 of net favorable corporate items
- **Free cash flow* of $856M, an increase of 40%**
  - 111% conversion to net income

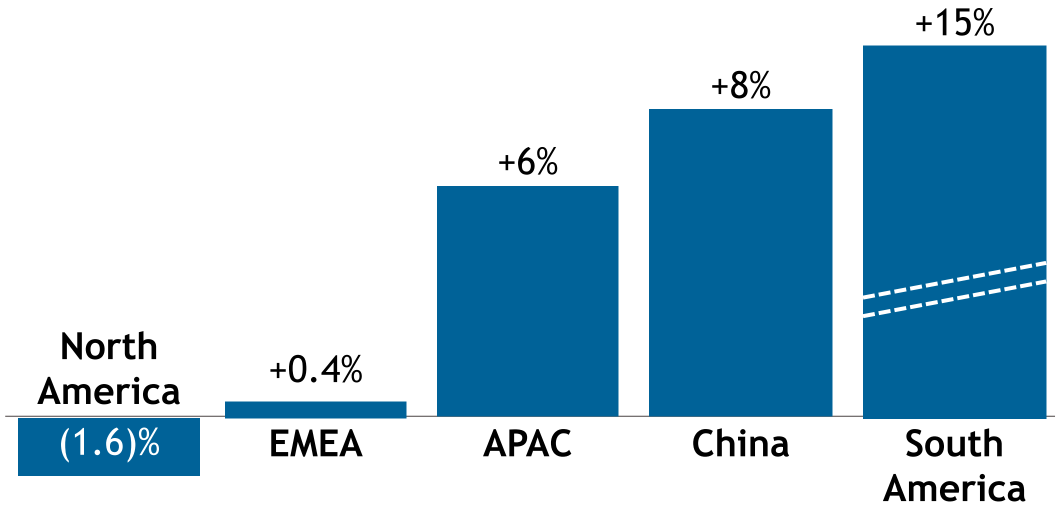
STRONG OPERATIONAL EXECUTION AND FINANCIAL PERFORMANCE

* See ITW’s Q3’23 press release for the reconciliation from GAAP to non-GAAP measures.

Never stronger. Never better positioned for the future.

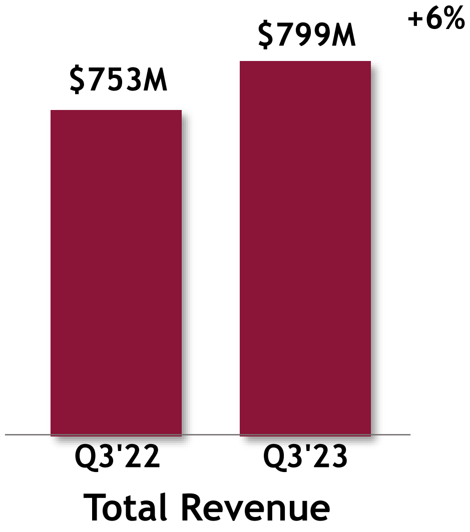
Q3'23 Segment Performance

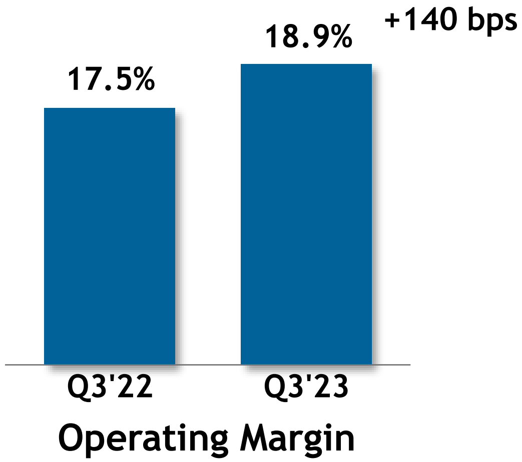
ORGANIC GROWTH BY GEOGRAPHY



- **Total ITW organic growth of 0.2%; +2% on an equal days' basis**
  - China (1)% ex. Automotive OEM

AUTOMOTIVE OEM





- Organic revenue 4%
- North America (5)%
- Europe 5%
- China 18%

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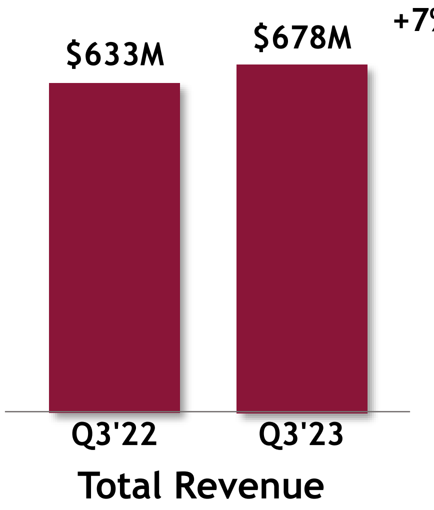
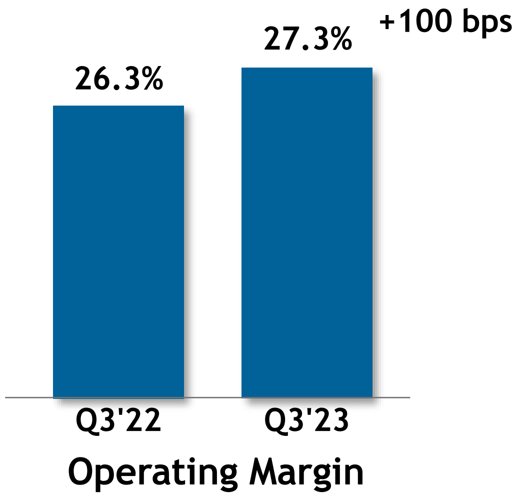
Q3'23 Segment Performance

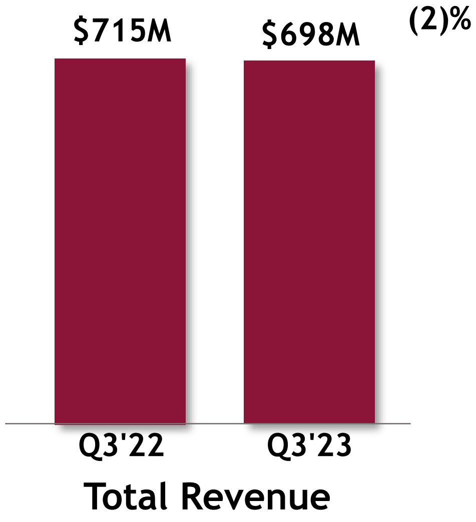
FOOD EQUIPMENT

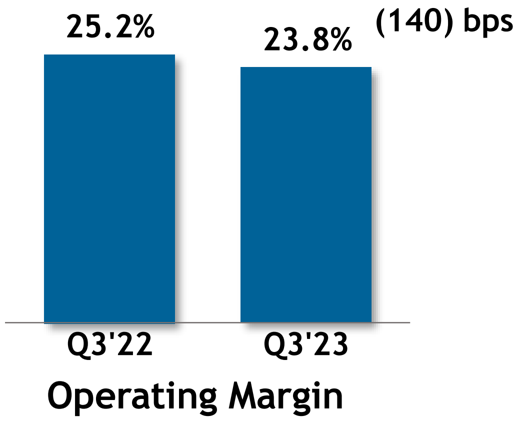




- Organic revenue 6%
- Equipment 5%, Service 9%
- North America 10%
- International 1%

TEST & MEASUREMENT/ELECTRONICS

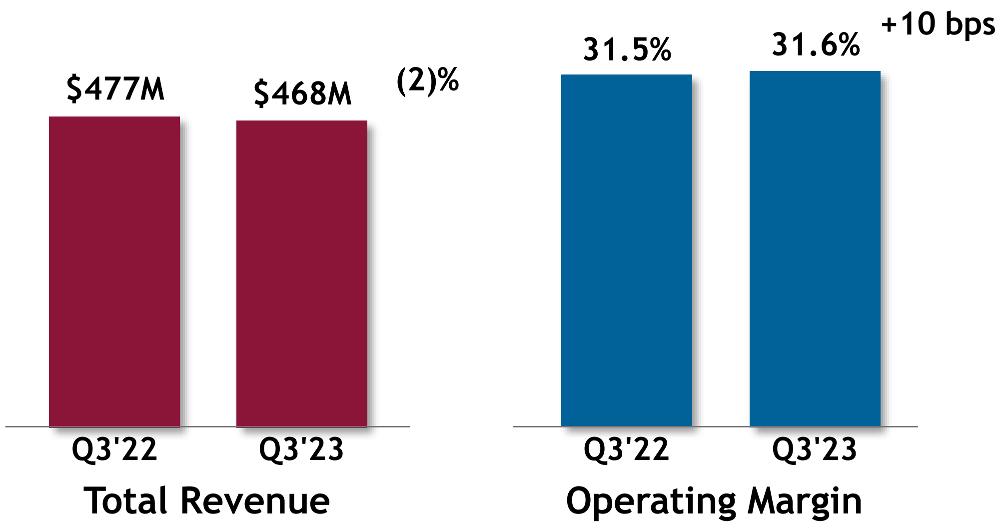




- Organic revenue (4)%; +2% ex. Semi
- Test & Measurement 2%
- Electronics (13)%

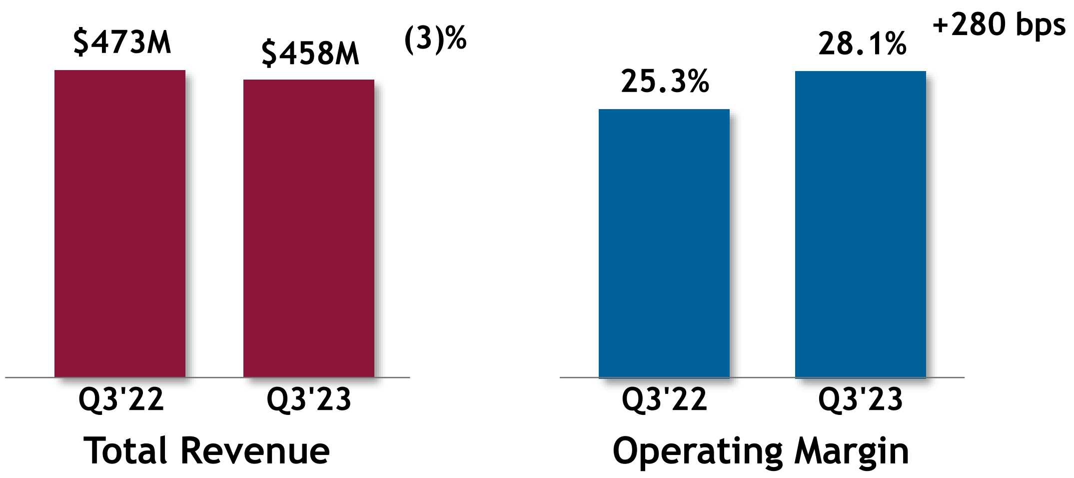
Q3’23 Segment Performance

WELDING



- Organic revenue (2)%
- Equipment (3)%, Consumables (1)%
- North America (3)%
- International flat

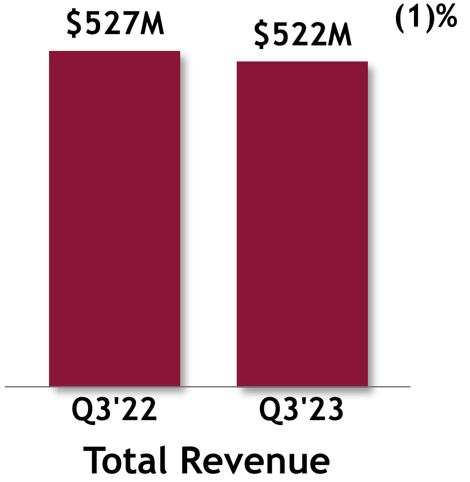
POLYMERS & FLUIDS

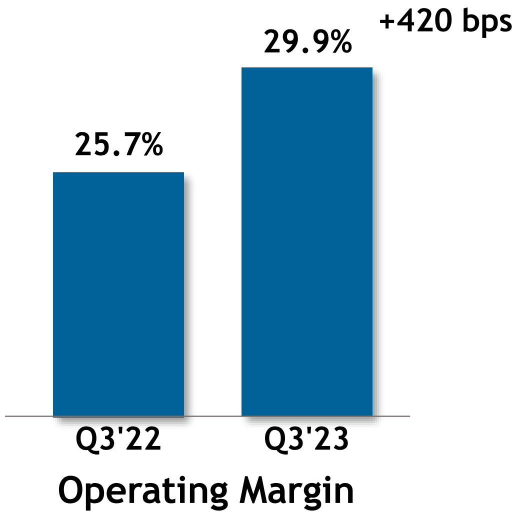


- Organic revenue 3%; divestiture impact (6)%
- Automotive Aftermarket 10%
- Polymers (1)%
- Fluids (4)%

Q3’23 Segment Performance

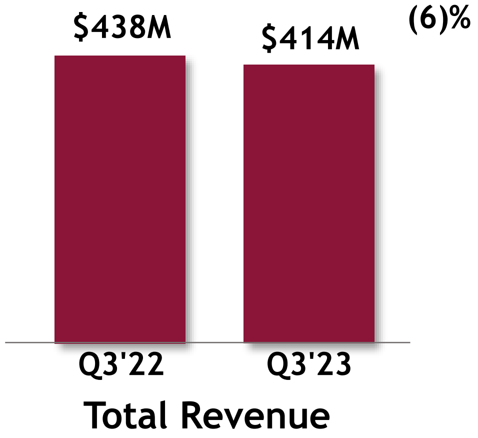
CONSTRUCTION PRODUCTS

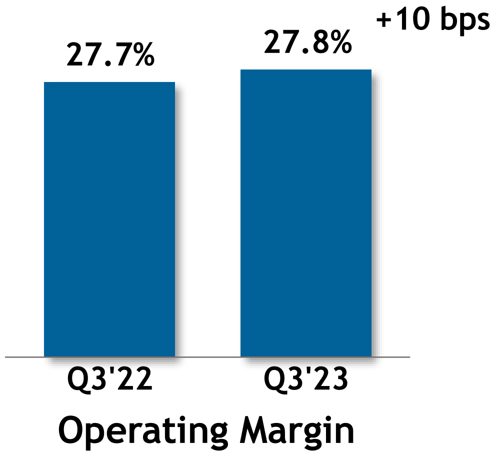




- Organic revenue (2)%
- North America 2%
- Europe (8)%
- Australia/New Zealand (4)%

SPECIALTY PRODUCTS



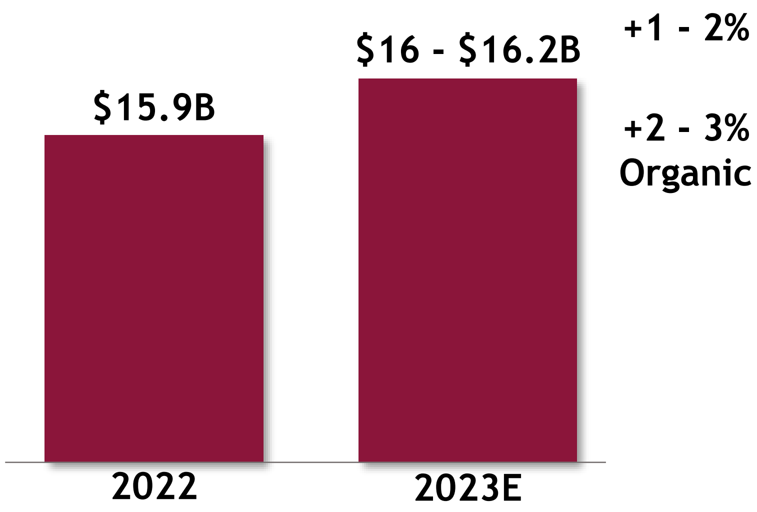


- Organic revenue (6)%, divestiture impact (2)%
- North America (9)%
- International 1%

2023 Financial Guidance

GAAP EPS	**$9.77**	**$9.65 - $9.85**
-Ex. ’22 Divestiture gains	$9.17	+5 – 7%

REVENUE



OPERATING MARGIN	**23.8%**	**25 - 25.5%**
AFTER-TAX ROIC*	**29.1%**	**30%+**

HIGHLIGHTS

- **Narrowed GAAP EPS guidance range from $9.55 to $9.95**
  - Includes $(0.12) for estimated Auto strike impact in Q4
- **Projecting organic growth of 2 to 3%**
  - Based on current levels of demand and estimated Auto strike impact in Q4
- **Raising margin forecast to 25 to 25.5%**
  - Improvement of 150 bps at the mid-point
  - Enterprise initiatives contribute more than 100 bps
- **Free cash flow conversion of 100%+ to net income**
  - Share repurchases of ~$1.5 billion

STRONG OPERATIONAL EXECUTION AND FINANCIAL PERFORMANCE

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Q&A