Fourth Quarter 2023 Earnings Conference Call

February 1, 2024

Forward-Looking Statements

Safe Harbor Statement

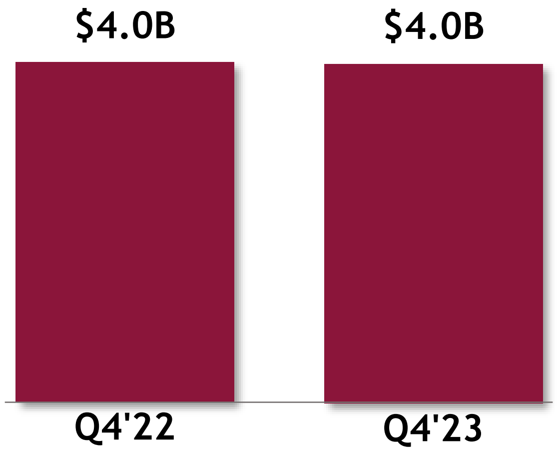
This presentation and related conference call contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements may include, without limitation, statements regarding global supply chain challenges, expected impact of inflation including raw material inflation and rising interest rates, the impact of enterprise initiatives, future financial and operating performance, free cash flow and free cash flow to net income 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 2024 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 fourth 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.

Q4’23 Financial Performance

	Q4'22	Q4'23
GAAP EPS	**$2.95**	**$2.38**
- Ex. one-time items**	$2.34	$2.42
REVENUE	$4.0B	$4.0B
OPERATING MARGIN	24.8%	24.8%
AFTER-TAX ROIC*	30.8%	30.3%



HIGHLIGHTS

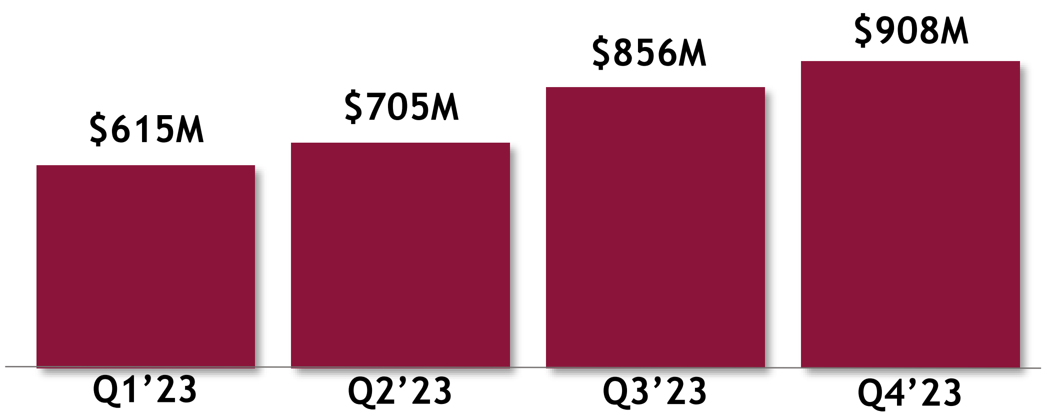
- **Revenue growth of 0.3% in a challenging demand environment**
  - Organic growth of (0.5)%, divestiture & FX impact of +0.8%
  - Customer/channel partner inventory reduction and automotive industry labor actions impact of ~(1.5)%
- **Strong operational execution and margin performance**
  - Enterprise initiatives contributed 150 bps
  - Record Q4 operating income of $1B
- **GAAP EPS of $2.38 incl. $(0.04) of Argentine currency impact**
- **Free cash flow* growth of +39% to $908M**
  - 127% conversion to net income

SOLID FINISH TO A RECORD YEAR FOR THE COMPANY

* See ITW’s Q4’23 press release for the reconciliation from GAAP to non-GAAP measures.
** Excludes $0.61 of Q4’22 divestiture gains and $(0.04) of Q4’23 Argentine currency devaluation.

Q4'23 Segment Performance

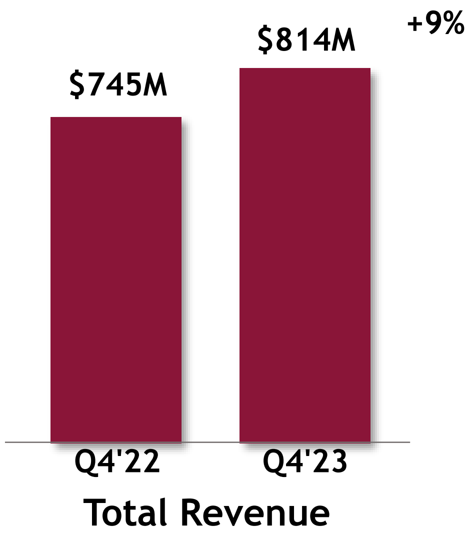
FREE CASH FLOW PERFORMANCE*

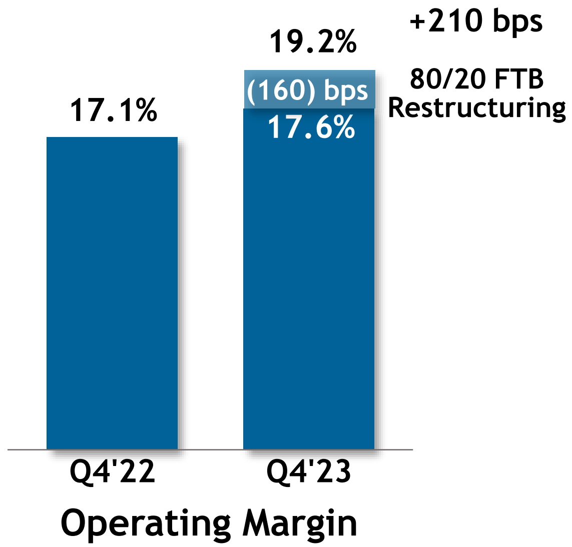


% to Net Income	86%	94%	111%	127%

- **FY'23: Record free cash flow of $3.1B**
  - An increase of $1.15B or +59%
  - 104% conversion to net income

AUTOMOTIVE OEM





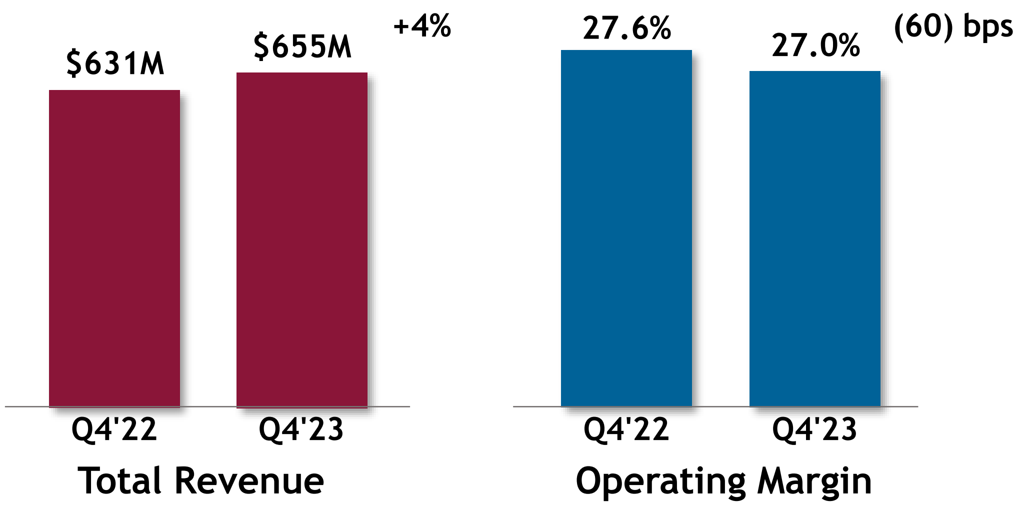
- Organic revenue 8%
- North America (9)%
- Europe 11%
- China 31%

* See ITW's Q4'23 press release for the reconciliation from GAAP to non-GAAP measures.

Never stronger. Never better positioned for the future.

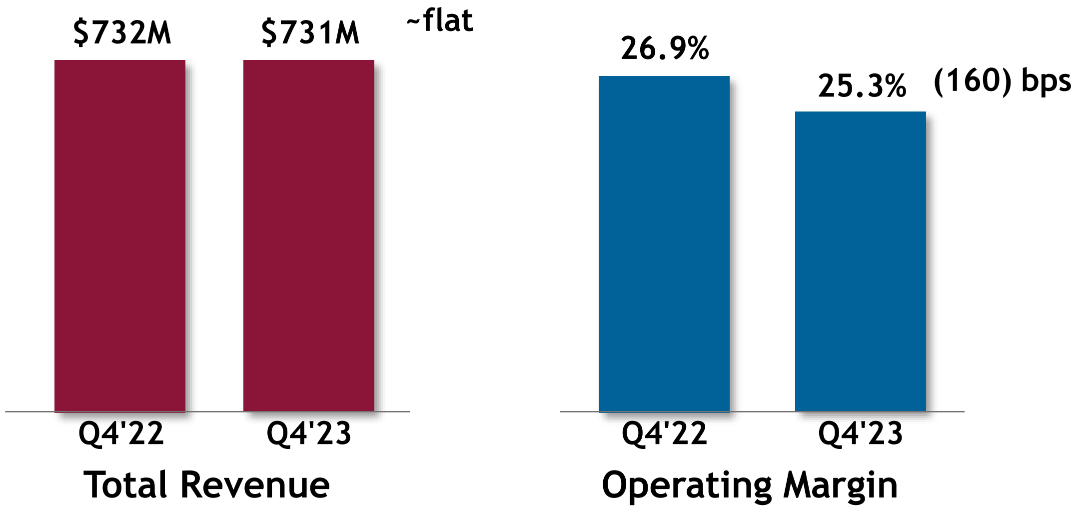
Q4'23 Segment Performance

FOOD EQUIPMENT



- Organic revenue 3%
- Equipment 1%, Service 7%
- North America 4%
- International 1%

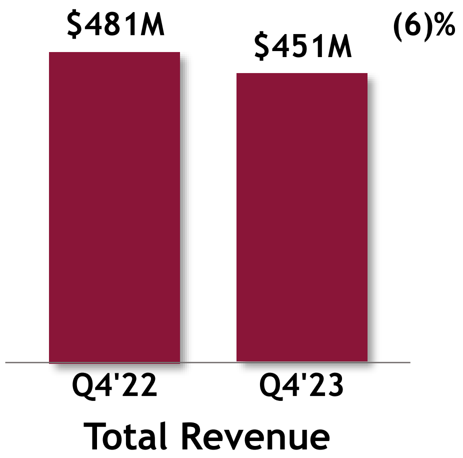
TEST & MEASUREMENT/ELECTRONICS

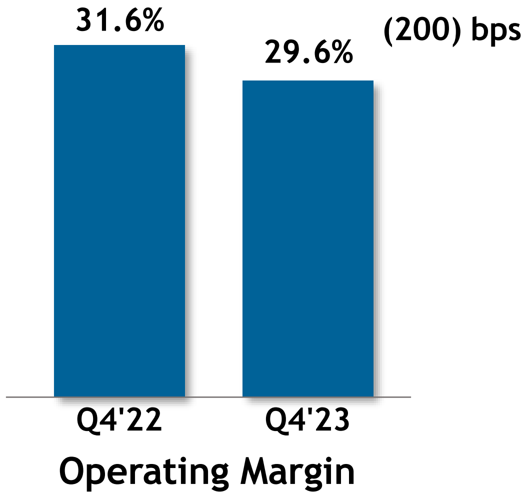


- Organic revenue (1)%; +3% ex. Semi
- Test & Measurement 5%
- Electronics (14)%

Q4’23 Segment Performance

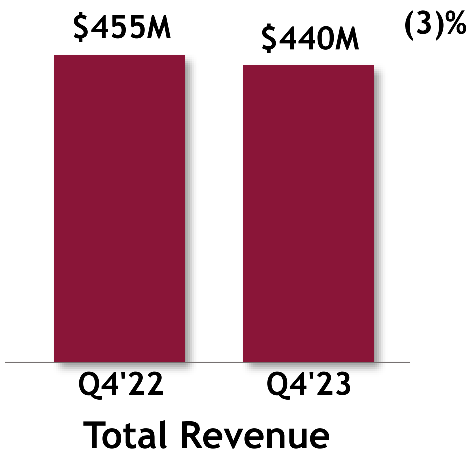
WELDING

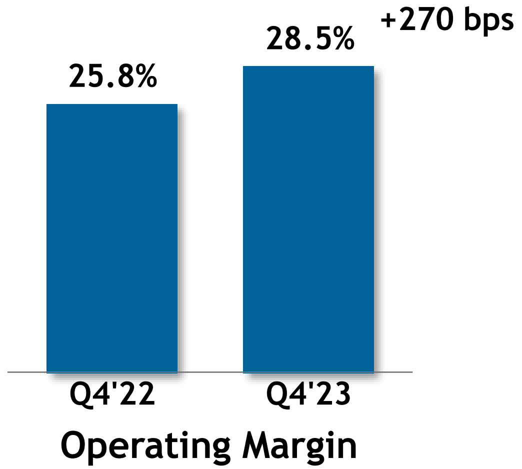




- Organic revenue (7)%
- Equipment (8)%, Consumables (6)%
- North America (7)%
- International (6)%

POLYMERS & FLUIDS

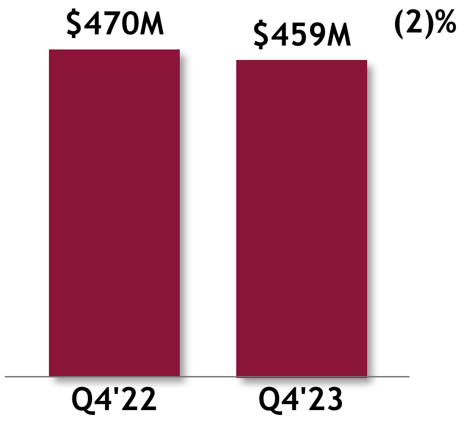




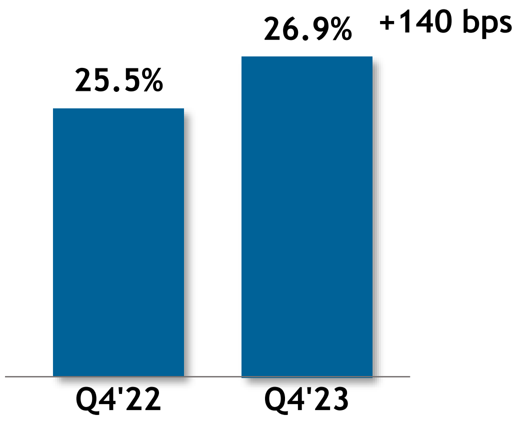
- Organic revenue (2)%
- Automotive Aftermarket (3)%
- Fluids (7)%
- Polymers 6%

Q4'23 Segment Performance

CONSTRUCTION PRODUCTS



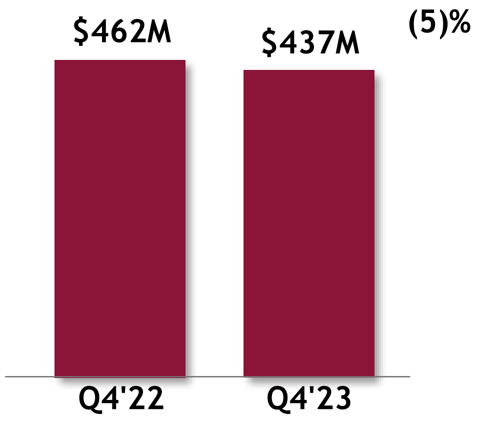
Total Revenue



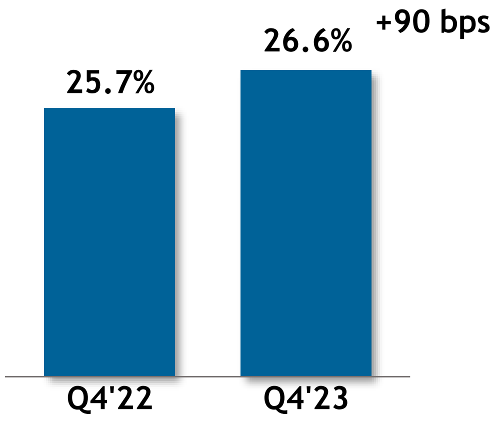
Operating Margin

- Organic revenue (4)%
- North America flat
- Europe (9)%
- Australia/New Zealand (5)%

SPECIALTY PRODUCTS



Total Revenue



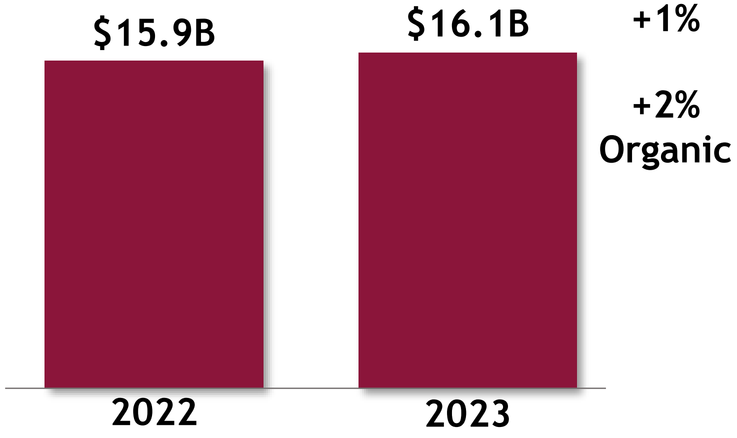
Operating Margin

- Organic revenue (5)%; divestiture impact (2)%
- North America (6)%
- International (5)%

2023 Financial Performance

	2022	2023	
GAAP EPS	$9.77	$9.74	
- Ex. divestiture gains	$9.17		+6%

REVENUE



OPERATING MARGIN	23.8%	25.1%	+130 bps
AFTER-TAX ROIC*	29.1%	30.4%	+130 bps

HIGHLIGHTS

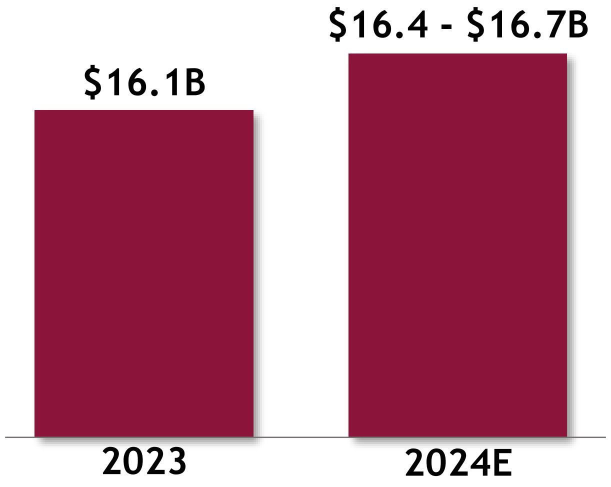
- **Delivered solid organic growth of +2% in a challenging macro demand environment with best-in-class operating margins and return on capital**
- **Executed with discipline and generated record financial performance**
  - Enterprise initiatives contributed 130 bps
  - Operating income grew 7% to $4B
  - Free cash flow improved 59% to $3.1B
- **Invested $0.8B in ITW's highly profitable core businesses and returned $3.1B to shareholders**
  - Raised dividend for 60th consecutive year (+7%/share)

STRONG OPERATIONAL EXECUTION AND RECORD FINANCIAL PERFORMANCE

* See ITW's Q4'23 press release for the reconciliation from GAAP to non-GAAP measures.

2024 Financial Guidance

	2023	2024E	
GAAP EPS	$9.74	$10.00 - $10.40	+3 - 7%
REVENUE	$16.1B	$16.4 - $16.7B	+1 - 3% Organic
OPERATING MARGIN	25.1%	25.5 - 26.5%	
AFTER-TAX ROIC*	30.4%	30%+	



HIGHLIGHTS

- **Projecting revenue growth of 2 to 4%**
  - Based on current levels of demand
  - Positive foreign currency translation impact of ~1%
- **Operating margin expansion of ~100 bps at mid-point**
  - Enterprise initiatives contribute ~100 bps
- **Free cash flow conversion of 100%+ of net income**
- **Share repurchases of ~$1.5B**
- **Effective tax rate of 24 to 24.5%**

WELL-POSITIONED FOR STRONG OPERATIONAL AND FINANCIAL PERFORMANCE IN 2024

* See ITW’s Q4’23 press release for the reconciliation from GAAP to non-GAAP measures.

2024 Organic Growth Rate Projections by Segment

							
	Automotive OEM	**Food Equipment**	**T&M / E**	**Welding**	**Polymers & Fluids**	**Construction Products**	**Specialty Products**
2024E	**3 to 5%**	**3 to 5%**	**2 to 4%**	**3 to 5%**	**3 to 5%**	**(3) to (1)%**	**(3) to (1)%**
2023	9%	8%	~flat	~flat	~flat	(3)%	(5)%
2022	12%	23%	9%	16%	11%	14%	~flat

Q&A