



Fourth Quarter 2024 Earnings Conference Call

February 5, 2025

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 adjusted 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 2025 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 2023 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 2024, which is available at www.itw.com, together with this presentation. The estimated guidance of free cash flow to adjusted 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.

Q4'24 Financial Performance

GAAP EPS	\$2.38	\$2.54	+7%
Revenue	\$4.0B	\$3.9B	(1.3)% (0.5)% Organic
Operating Margin	24.8%	26.2%	+140 bps
Free Cash Flow*	\$0.9B	\$1B	+10%

COMMENTARY

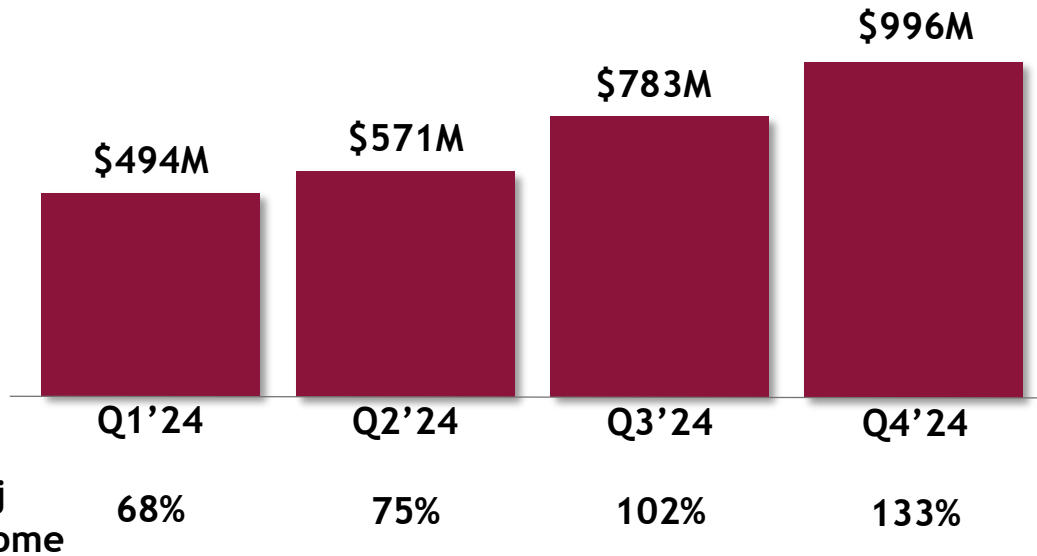
- Outperformed underlying end markets with positive organic growth of 0.4% ex PLS reduction of 0.9%
 - Sequential growth Q3 to Q4 of +3.7% vs. historical +1.5%
 - FX impact of (1)%, Acquisitions +0.2%
- Solid operational execution on all elements within our control as evidenced by margin improvement of +140 bps
 - Enterprise initiatives contribution of +120 bps
- GAAP EPS of \$2.54, an increase of 7%
 - Tax rate of 23.7%
- Record free cash flow with conversion of 133%
 - Share repurchases of \$375M

SOLID EXECUTION AND RESULTS TO FINISH THE YEAR

* See ITW's Q4'24 press release for the reconciliation from GAAP to non-GAAP measures.
Product line simplification ("PLS")

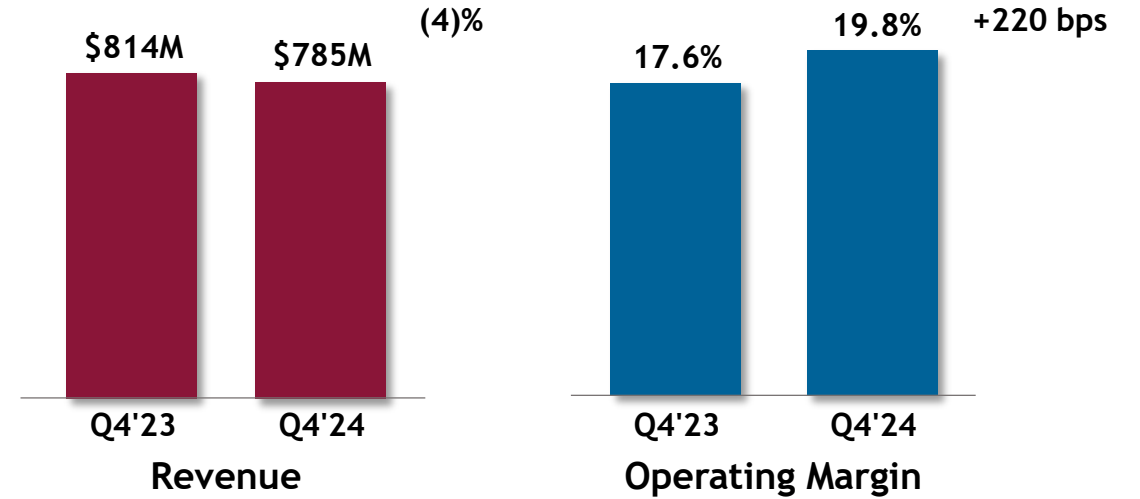
Q4'24 Segment Performance

FREE CASH FLOW PERFORMANCE*



- Record Q4 Free Cash Flow of \$996M, an increase of 10% YoY
- Strong working capital management as evidenced by inventory reduction of 12% sequentially

AUTOMOTIVE OEM

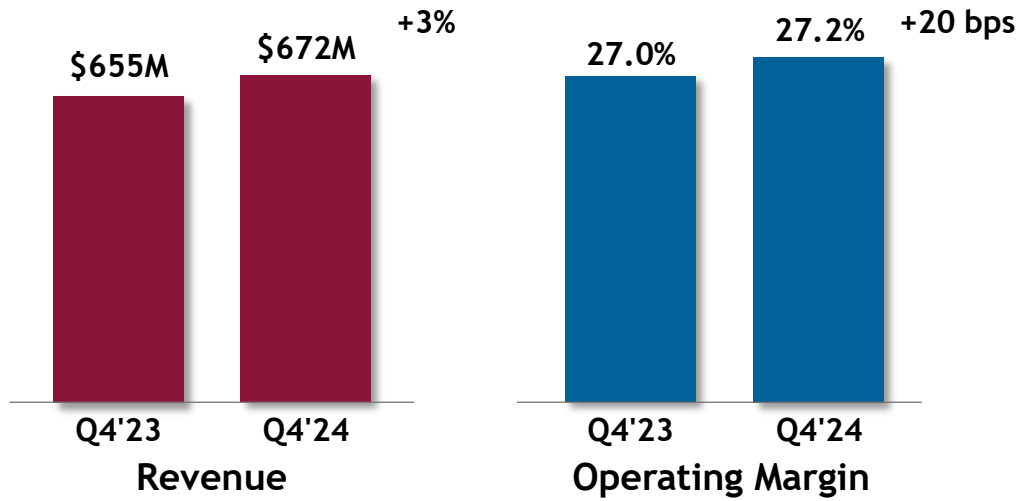


- Organic revenue (2)%
- North America (5)%
- Europe (10)%
- China 8%

* See ITW's Q4'24 press release for the reconciliation from GAAP to non-GAAP measures.

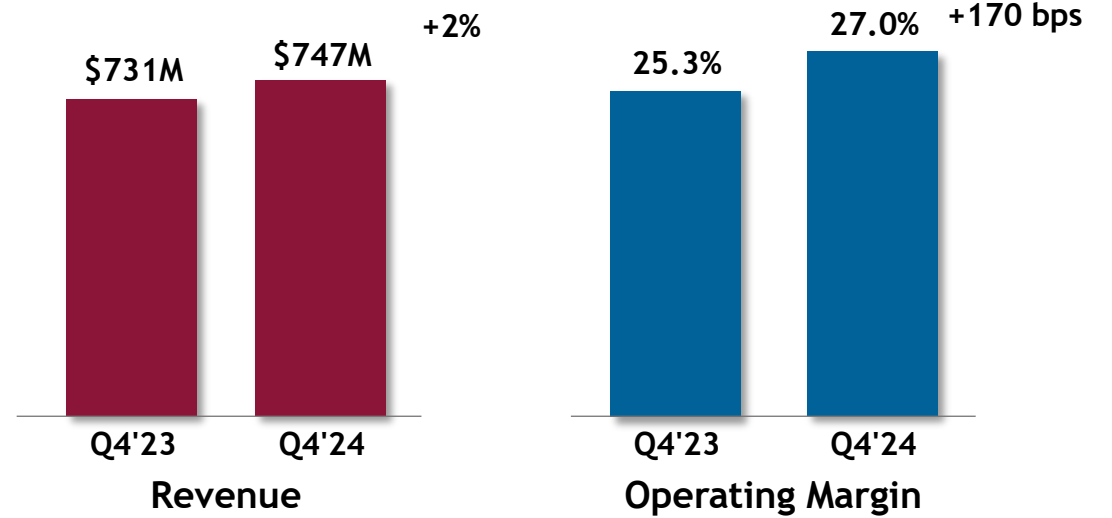
Q4'24 Segment Performance

FOOD EQUIPMENT



- Organic revenue 3%
- Equipment 3%, Service 5%
- North America 2%
- International 5%

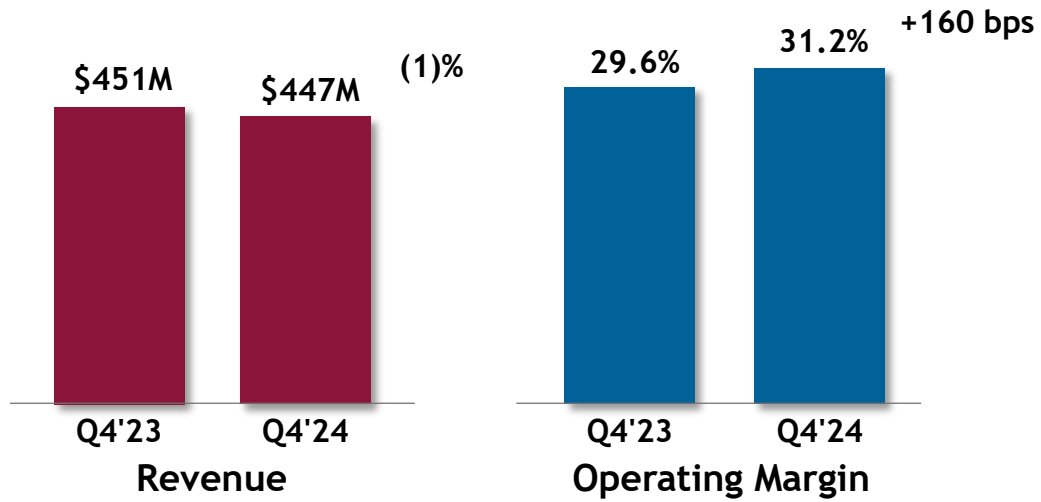
TEST & MEASUREMENT/ELECTRONICS



- Organic revenue 2%
- Test & Measurement flat
- Electronics 6%

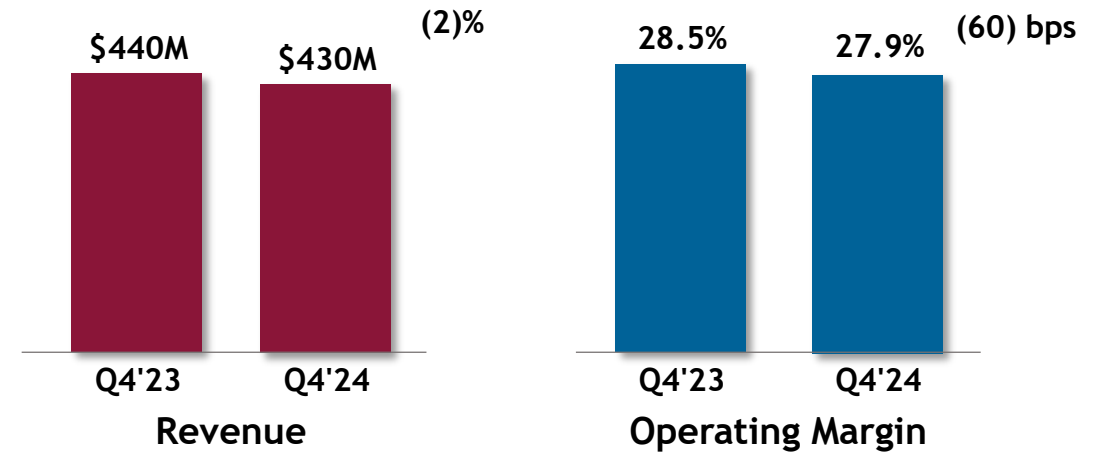
Q4'24 Segment Performance

WELDING



- Organic revenue flat
- Equipment flat, Consumables (1)%
- North America (2)%
- International 9%

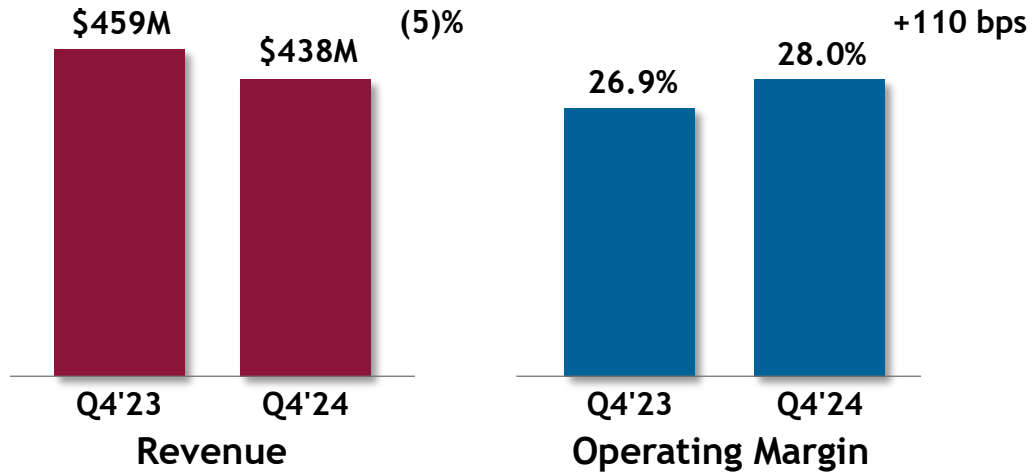
POLYMERS & FLUIDS



- Organic revenue 1%
- Polymers 5%
- Fluids 1%
- Automotive Aftermarket (1)%

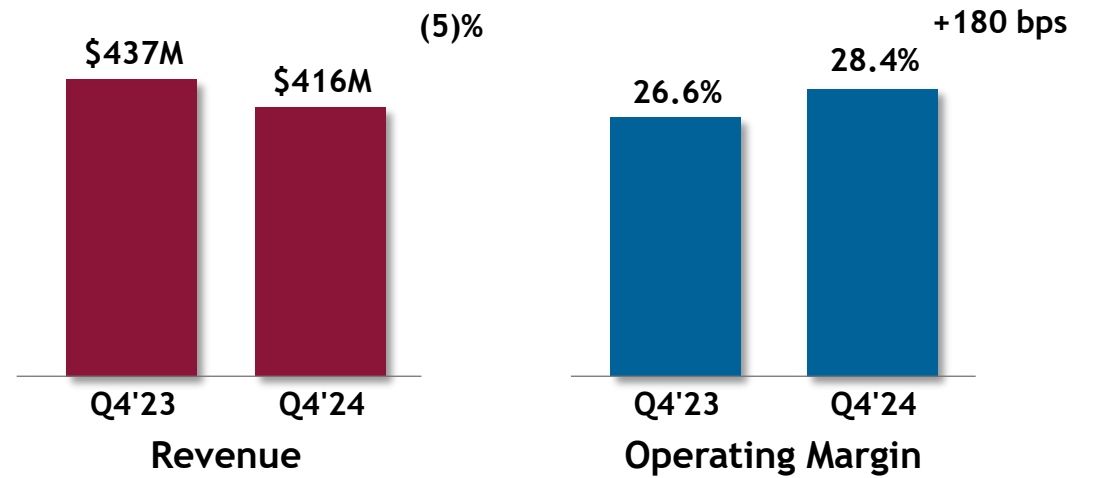
Q4'24 Financial Performance

CONSTRUCTION PRODUCTS



- Organic revenue (4)%
- North America (4)%
- Europe (3)%
- Australia/New Zealand (8)%

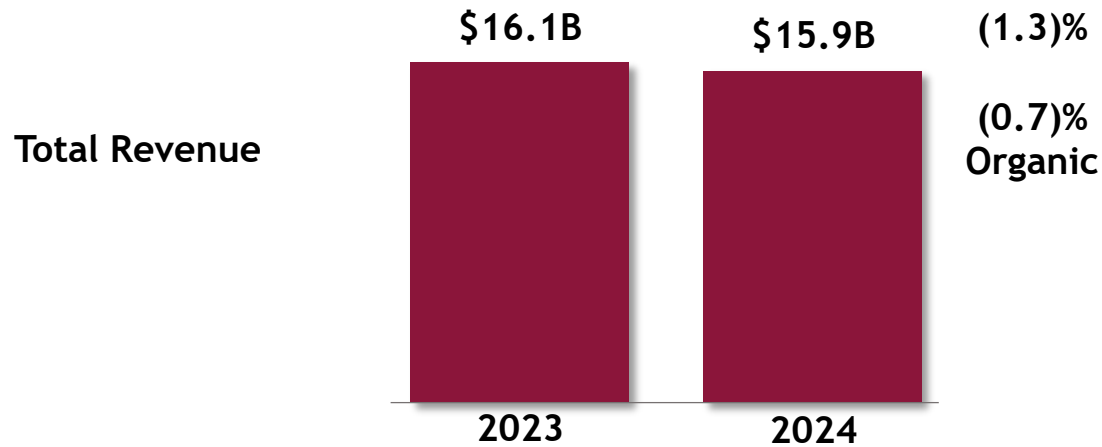
SPECIALTY PRODUCTS



- Organic revenue (4)%, PLS reduction of 5%
- North America (4)%
- International (2)%

2024 Financial Performance

GAAP EPS	\$9.74	\$11.71	+20%
- Ex. one-time items**		\$10.15	+4%



Operating Margin	25.1%	26.8%	+170 bps
- Ex. one-time item		26.1%	+100 bps

After-tax ROIC*	30.4%	31.2%	+80 bps
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COMMENTARY

- Consistently outperformed end markets that were down low to mid-single digits
 - ~Flat organic growth ex PLS reduction of 0.6%
- Executed with discipline and delivered record results including GAAP EPS, operating margin and after-tax ROIC
 - Enterprise initiatives contribution of +130 bps
- Meaningful progress on strategic initiatives to maximize growth and performance over the long term
 - Invested \$0.8B in ITW’s highly profitable core businesses
 - Customer-Back Innovation yield of 2%; patent filings +18%
- Returned \$3.2B to shareholders
 - Raised dividend for 61st consecutive year (+7% per share)
 - Share repurchases of \$1.5B

SOLID OPERATIONAL EXECUTION AND RECORD RESULTS IN 2024

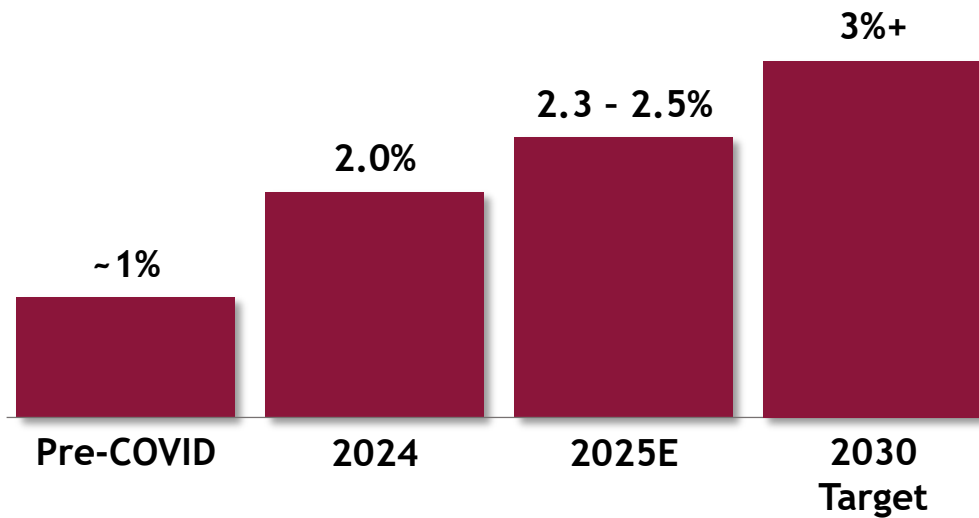
* See ITW’s Q4’24 press release for the reconciliation from GAAP to non-GAAP measures.

** One-time items include the favorable impact of the Q3 sale of Wilsonart (EPS \$1.26) and the Q1 LIFO inventory accounting change (\$117M pre-tax; EPS \$0.30). LIFO had a favorable impact of 70 bps on operating margin.

Customer-Back Innovation (CBI)

Solid progress on CBI, the key driver of our ability to consistently grow above-market

CBI CONTRIBUTION TO GROWTH (“YIELD”)



STRONG MOMENTUM GOING INTO 2025

- Adoption of “Next Phase” CBI Framework in every division
- Further improve CBI yield to 2.3 - 2.5%
- Build on ‘24 patent filings which increased +18% YoY
 - ITW’s patent portfolio has ~21K patents
- Invested \$0.8 billion in 2024 to support long-term growth and innovation in our highly profitable core businesses

ON TRACK TO BUILD ABOVE-MARKET ORGANIC GROWTH FUELED BY CUSTOMER-BACK INNOVATION INTO A DEFINING ITW STRENGTH

2025 Financial Guidance

GAAP EPS	\$11.71	\$10.15 - \$10.55	
- Ex. one-time items	\$10.15		+5% ex FX
Total Revenue	\$15.9B	\$15.4 - \$15.7B	(3) - (1)%
			0 - 2% Organic
	2024	2025E	
Operating Margin	26.8%	26.5 - 27.5%	
- Ex. one-time item	26.1%		+100 bps
After-tax ROIC*	31.2%	31%+	

COMMENTARY

- **Organic growth of 0 to 2%; 1 to 3% ex PLS reduction of 1%**
 - Based on current levels of demand (“run rate”)
 - FX revenue impact of ~(-3)% at current rates
- **FX EPS headwind of ~\$(0.30); \$10.65 mid-point ex FX represents 5% growth**
 - Effective tax rate of 24 to 24.5%
- **Strong execution delivering margin expansion of ~100 bps**
 - Enterprise initiatives contribution of ~100 bps
- **Free cash flow conversion of 100%+ of net income**
- **Share repurchases of \$1.5B**

WELL-POSITIONED TO OUTPERFORM END MARKETS AND EXPAND MARGINS IN 2025

2025 Organic Growth Rate Projections by Segment

Based on current levels of demand (“run rate”) adjusted for typical seasonality

	Automotive OEM	Food Equipment	T&M / E	Welding	Polymers & Fluids	Construction Products	Specialty Products	Total Company
2025 Guidance	0 to 2%	1 to 3%	1 to 3%	1 to 3%	0 to 2%	(1) to 1%	0 to 2%	0 to 2% 1 to 3% ex-PLS

WELL-POSITIONED TO DELIVER ABOVE-MARKET ORGANIC GROWTH AGAIN IN 2025



Q&A