



First Quarter 2025 Earnings Conference Call

April 30, 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 potential impact of tariffs, the Company's projected pricing actions, 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 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 2024 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 first quarter of 2025, 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.

Q1'25 Financial Performance

GAAP EPS - Ex. one-time item*	\$2.73	\$2.38	
	\$2.44		(2)%
Revenue	\$4.0B	\$3.8B	(3.4)%
			(1.6)% Organic
	Q1'24	Q1'25	
Operating Margin - Ex. one-time item*	28.4%	24.8%	
	25.4%		(60) bps

COMMENTARY

- Continuing to outperform underlying end markets
 - Flat organic growth on an equal days' basis
 - FX impact of (1.8)%, PLS impact of (50) bps
- Solid execution on all elements within our control
 - Enterprise initiatives contribution of +120 bps
- GAAP EPS of \$2.38 ahead of plan expectations
 - Effective tax rate of 21.7%
- Free cash flow** of \$496M with conversion of 71%
 - Share repurchases of \$375M

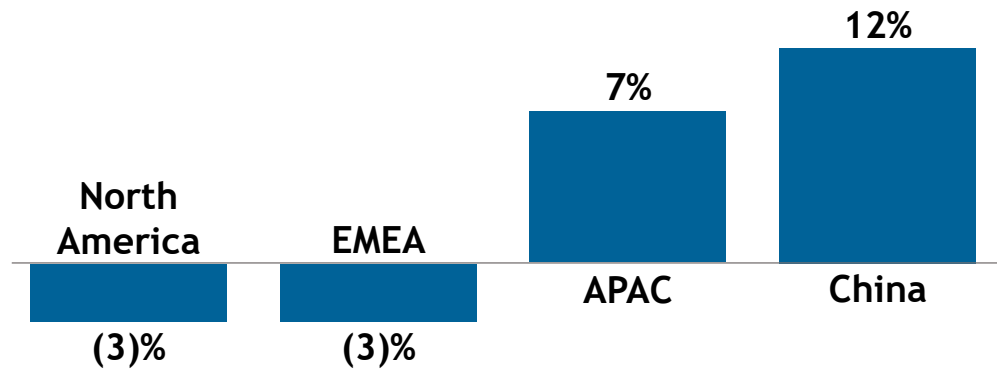
SOLID EXECUTION AND FINANCIAL RESULTS IN Q1

* Q1'24 GAAP results include the favorable impact from a one-time LIFO inventory accounting item resulting in EPS of \$0.29 and operating margin improvement of 300 bps.

** See ITW's Q1'25 press release for the reconciliation from GAAP to non-GAAP measures.

Q1'25 Segment Performance

ORGANIC GROWTH BY GEOGRAPHY

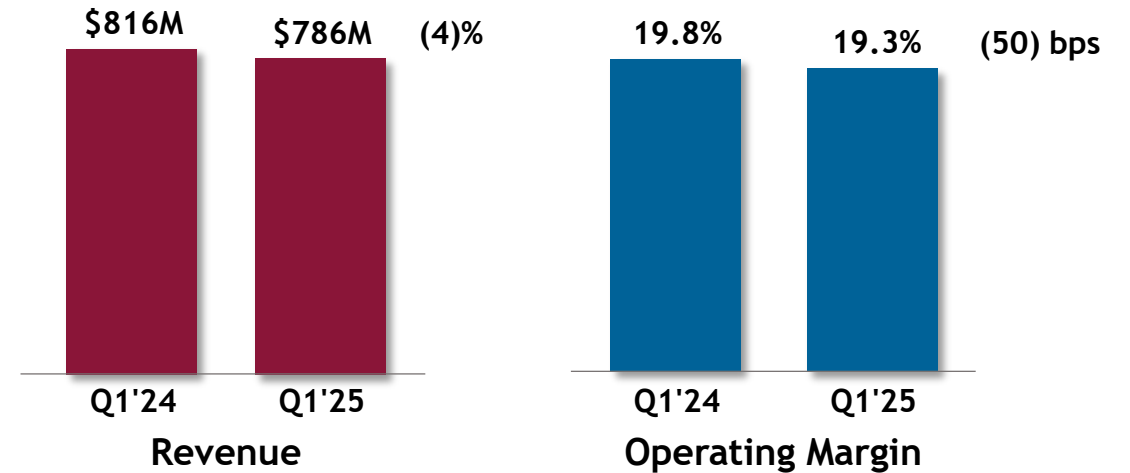


- China +9% ex-Automotive OEM

REVENUE BY GEOGRAPHY

- North America 54%
- EMEA 26%
- APAC 18%
 - China 7%

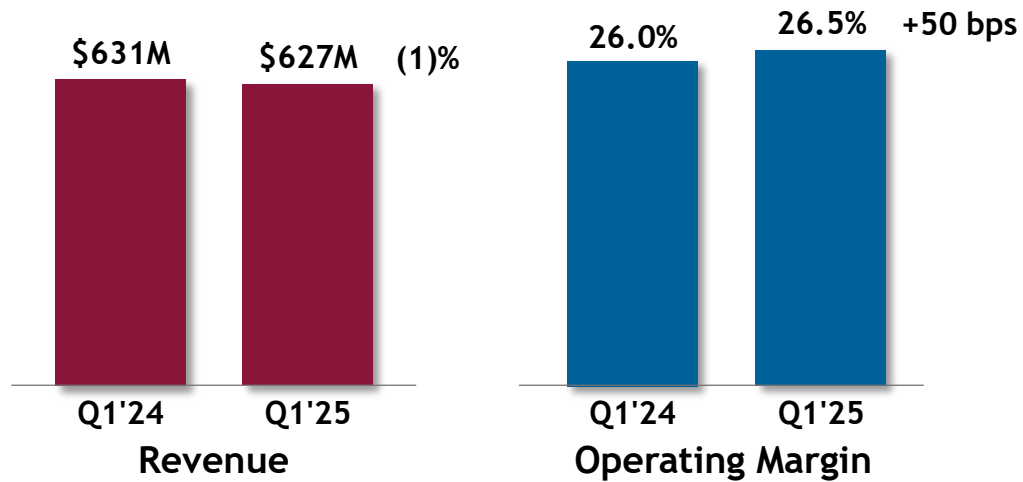
AUTOMOTIVE OEM



- Organic revenue (1)%, PLS reduction of 1%
- North America (6)%
- Europe (6)%
- China 14%

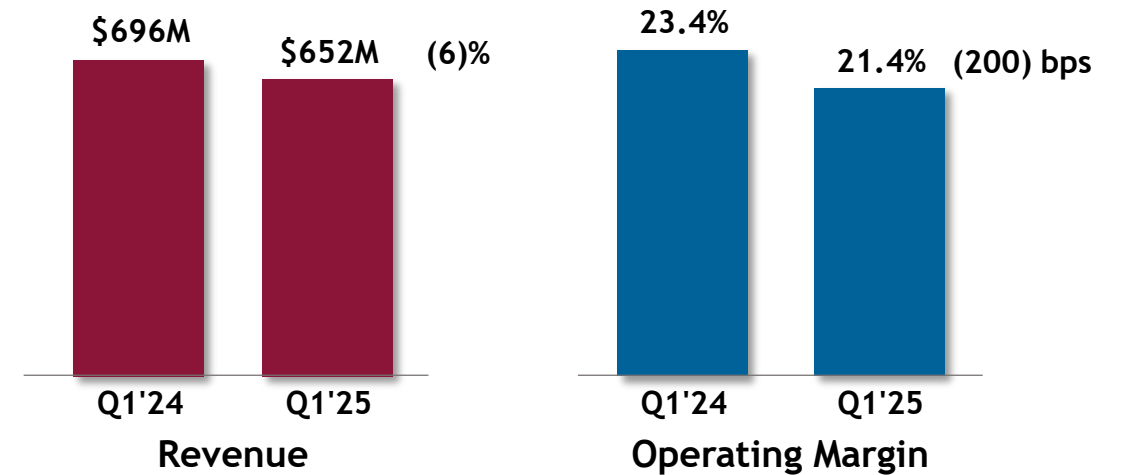
Q1'25 Segment Performance

FOOD EQUIPMENT



- Organic revenue 1%
- Equipment flat, Service 3%
- North America 1%
- International 2%

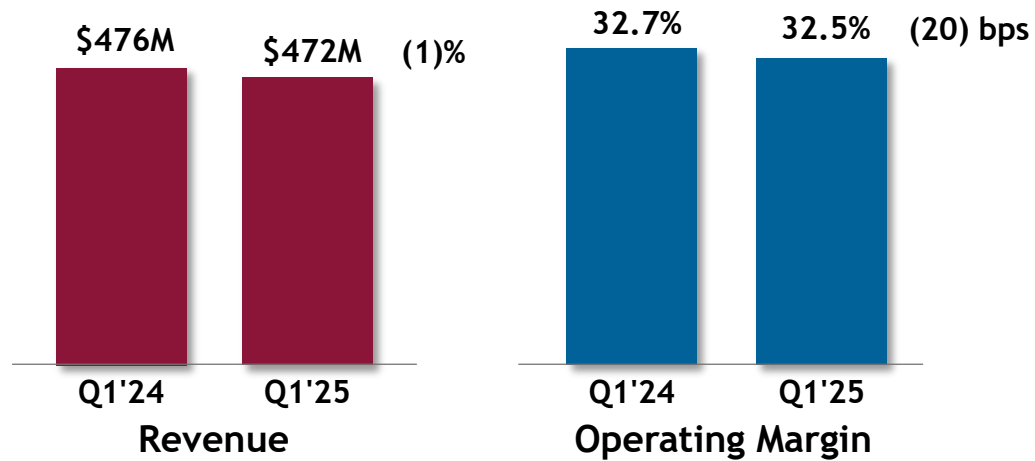
TEST & MEASUREMENT/ELECTRONICS



- Organic revenue (5)%
- Test & Measurement (9)%
- Electronics 3%

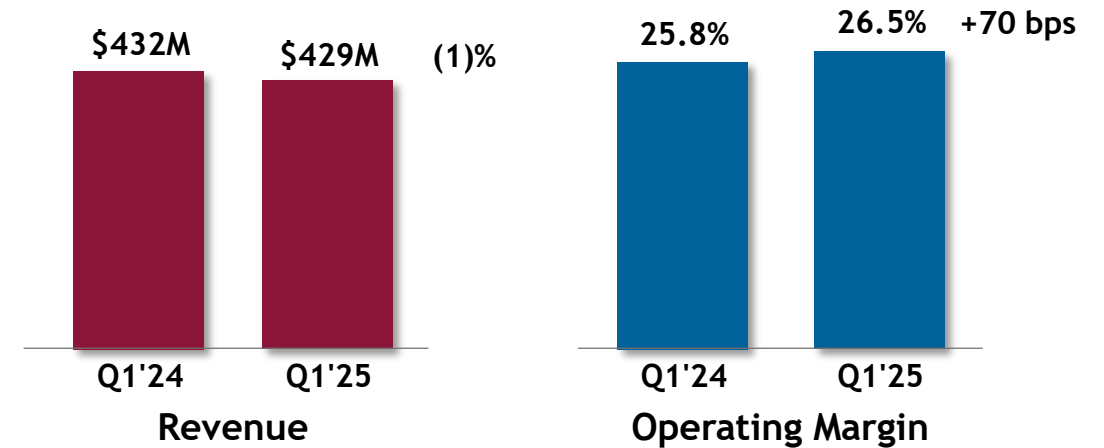
Q1'25 Segment Performance

WELDING



- Organic revenue flat
- Equipment 1%, Consumables (2)%
- North America (2)%
- International 14%

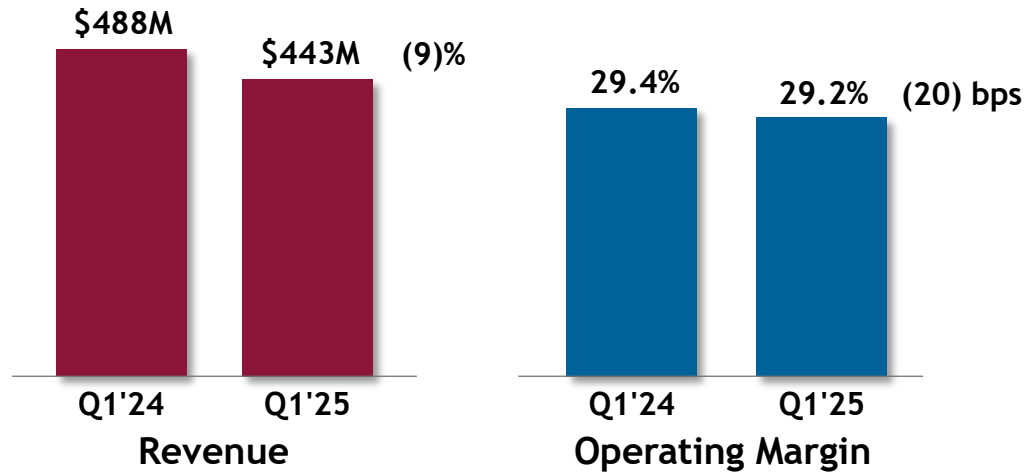
POLYMERS & FLUIDS



- Organic revenue 2%
- Polymers 6%
- Fluids flat
- Automotive Aftermarket flat

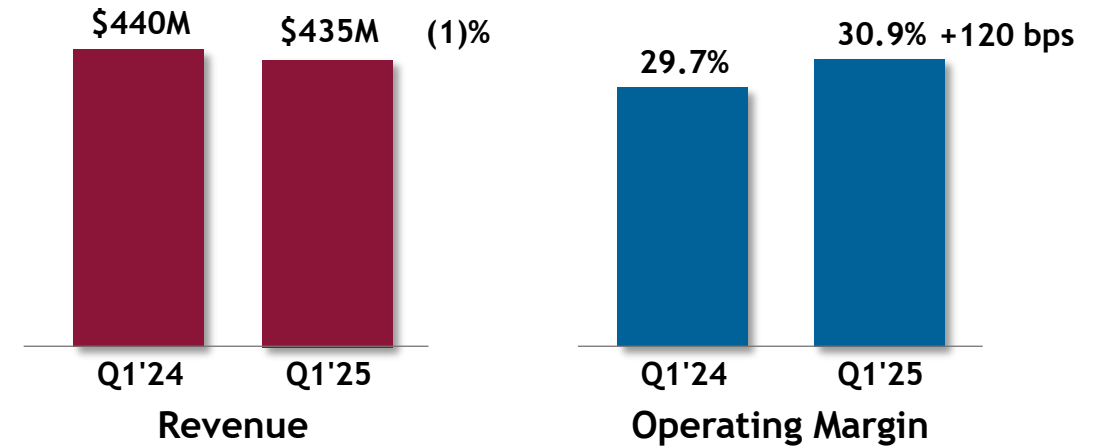
Q1'25 Financial Performance

CONSTRUCTION PRODUCTS



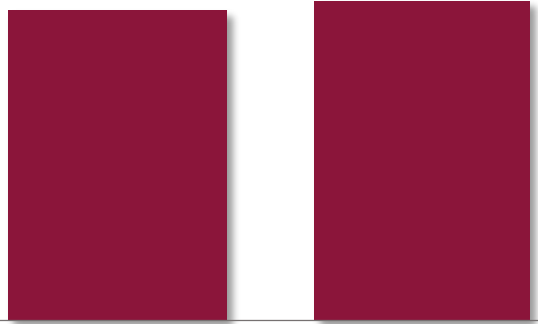
- Organic revenue (7)%
- North America (10)%
- Europe (2)%
- Australia/New Zealand (9)%

SPECIALTY PRODUCTS



- Organic revenue 1%, PLS reduction of 1%
- North America 2%
- International (1)%

2025 Financial Guidance

GAAP EPS	\$11.71	\$10.15 - \$10.55	
- Ex. one-time items	\$10.15	"No change"	
<hr/>			
Revenue	\$15.9B	\$15.9 - \$16.2B	0 - 2%
			0 - 2% Organic
	2024	2025E	
Operating Margin	26.8%	26.5 - 27.5%	
- Ex. one-time item	26.1%		+100 bps
<hr/>			
After-tax ROIC*	31.2%	31%+	

COMMENTARY

- ITW is better positioned than most in the current environment; maintaining 2025 guidance
 - Organic growth based on current levels of demand adjusted for incremental pricing associated with tariffs
 - Not incorporating EPS upside from Q1 results and FX
- Strong execution on all elements within our control
 - Ongoing pricing actions offset tariff costs; EPS neutral
 - Enterprise initiatives contribute 100+ bps
- Free cash flow conversion of 100%+ of net income
- Share repurchases of \$1.5B

ITW IS WELL POSITIONED TO OUTPERFORM IN CURRENT ENVIRONMENT



Q&A