



Third Quarter 2024 Earnings Conference Call

October 30, 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 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 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 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 third 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.

Q3'24 Financial Performance

| | | | |
|---------------------------|--------|--------|----------------------|
| GAAP EPS | \$2.55 | \$3.91 | +53% |
| - Ex. divestiture gain | | \$2.65 | +4% |
| <hr/> | | | |
| Revenue | \$4.0B | \$4.0B | (2)% (1)% Organic |
| | Q3'23 | Q3'24 | |
| Operating Margin | 26.5% | 26.5% | Flat |
| <hr/> | | | |
| Segment Operating Margin* | 26.0% | 27.1% | +110 bps |

COMMENTARY

- Demand continued to moderate across our portfolio
 - Q3 revs. were approx. 0.5%-pt / \$25M lower than they would have been had demand held at levels exiting Q2
- Strong execution on all the elements within our control
 - Enterprise initiatives contributed +130 bps
- EPS of \$2.65 ex. divestiture gain of \$1.26
- Free cash flow* of \$783M, 102% of adjusted net income
- Announced dividend increase of +7%
 - 61 years of consecutive dividend increases

CONTINUED STRONG OPERATIONAL EXECUTION IN MODERATING DEMAND ENVIRONMENT

*Segment operating margin excludes the impact of Unallocated. See ITW's Q3'24 press release for the reconciliation from GAAP to non-GAAP measures.

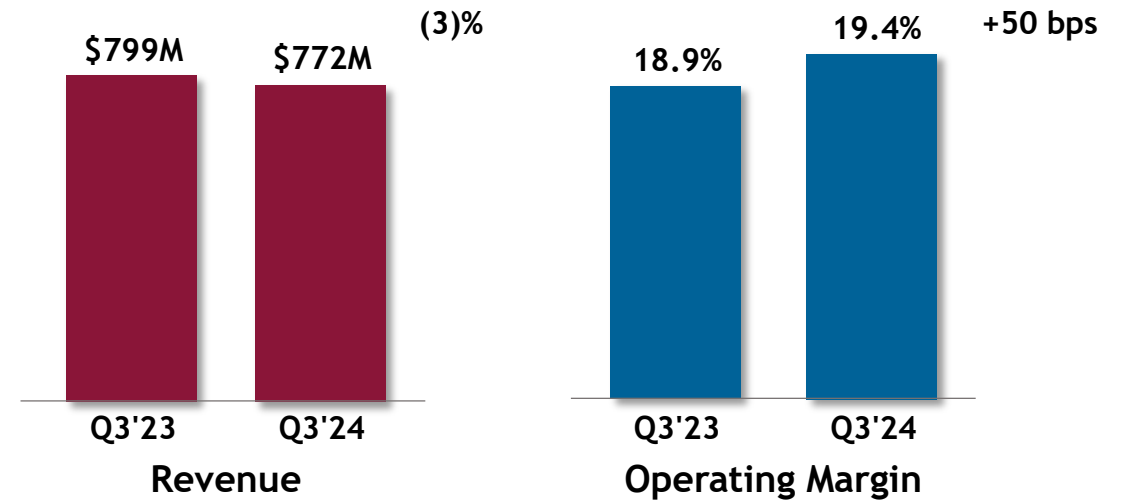
Q3'24 Segment Performance

Q3'24 YTD OPERATING MARGIN PERFORMANCE

| | <u>Op. Margin</u> | <u>VPY</u> |
|-----------------------|-------------------|-----------------|
| Automotive OEM | 19.5% | +220 bps |
| Food Equipment | 27.2% | Flat |
| T&M / Electronics | 24.2% | +40 bps |
| Welding | 32.6% | +10 bps |
| Polymers & Fluids | 27.3% | +110 bps |
| Construction Products | 29.6% | +70 bps |
| Specialty Products | 30.9% | +450 bps |
| Total Company | 27.0% | +180 bps |

- Strong operational execution drives continued margin expansion in a challenging demand environment
- Enterprise initiatives contribute 130 bps year-to-date

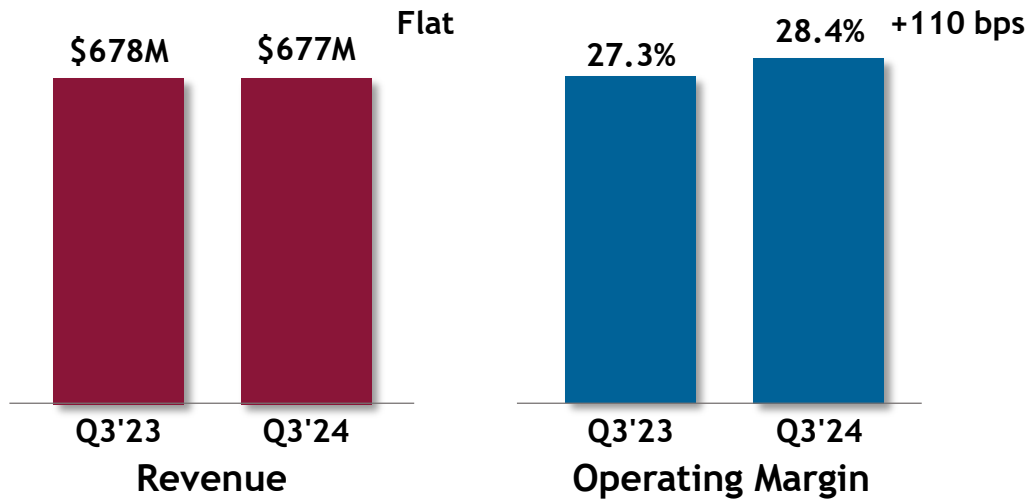
AUTOMOTIVE OEM



- Organic revenue (3)%
- North America (6)%
- Europe (5)%
- China (2)%

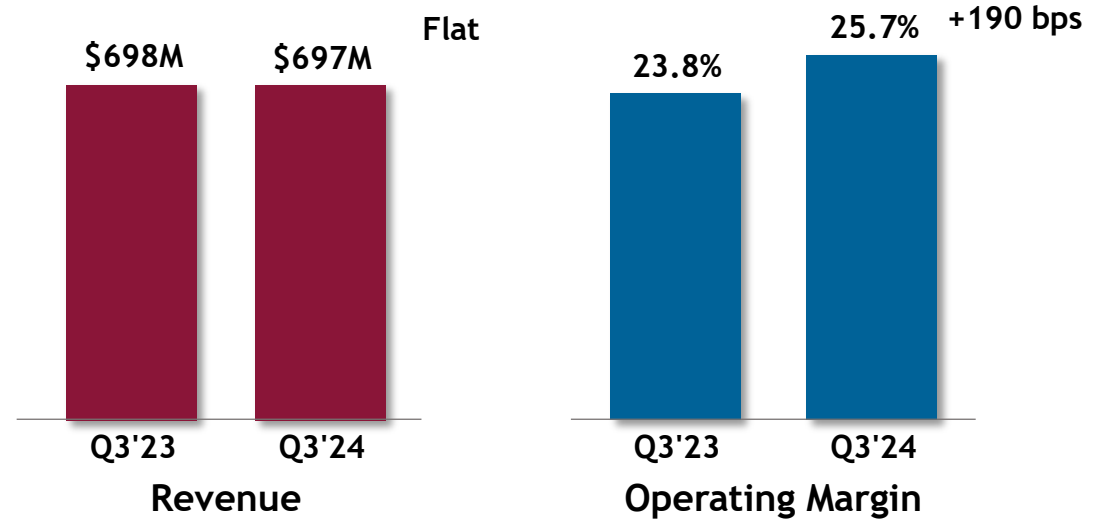
Q3'24 Segment Performance

FOOD EQUIPMENT



- Organic revenue flat
- Equipment (4)%, Service 7%
- North America (2)%
- International 3%

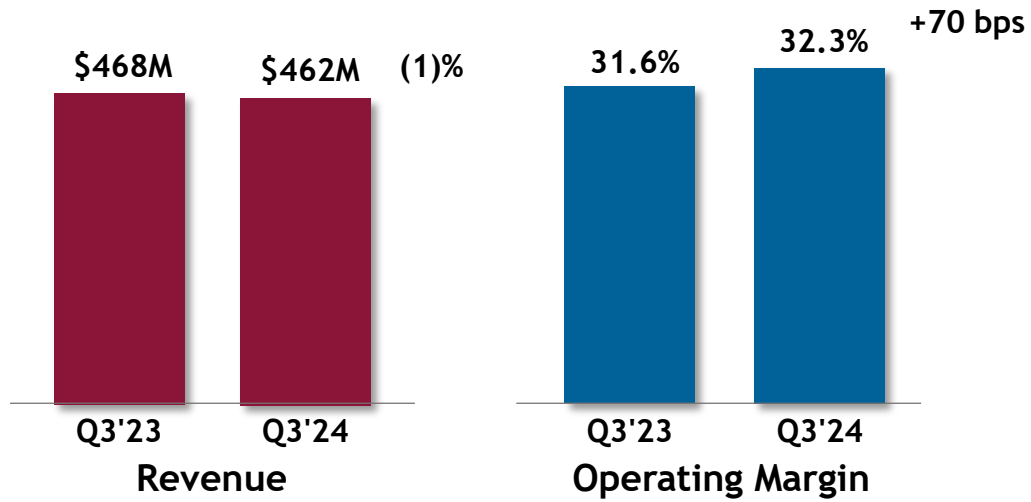
TEST & MEASUREMENT/ELECTRONICS



- Organic revenue (1)%
- Test & Measurement (3)%
- Electronics 1%

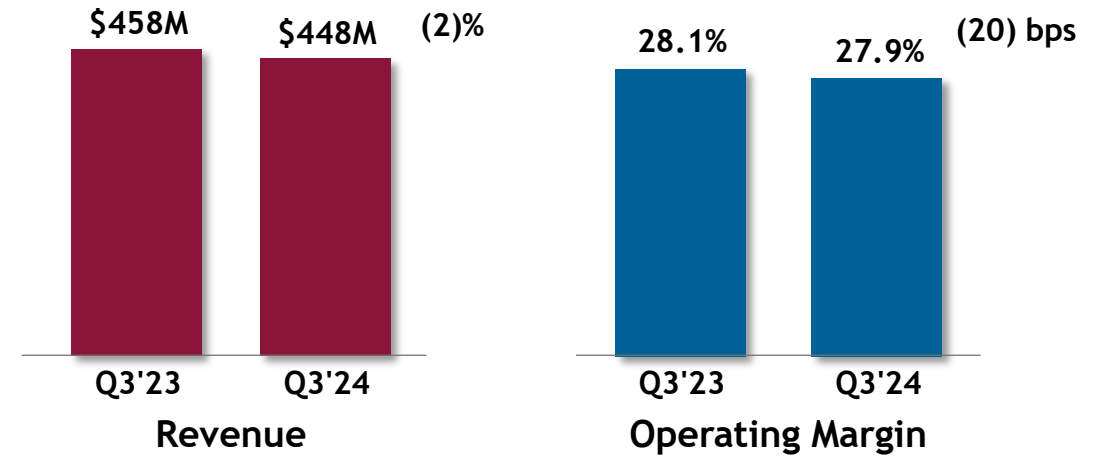
Q3'24 Segment Performance

WELDING



- Organic revenue (1)%
- Equipment (1)%, Consumables (1)%
- North America (2)%
- International 6%

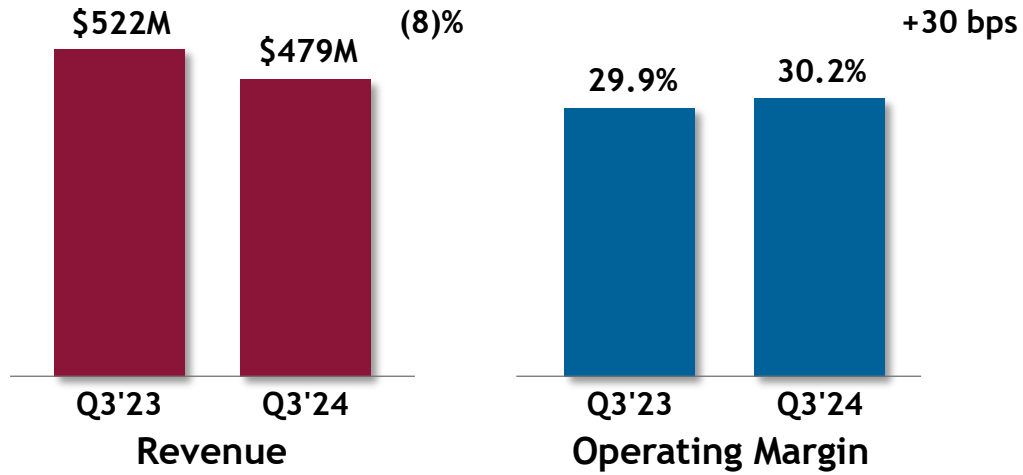
POLYMERS & FLUIDS



- Organic revenue 1%
- Polymers 10%
- Fluids 3%
- Automotive Aftermarket (3)%

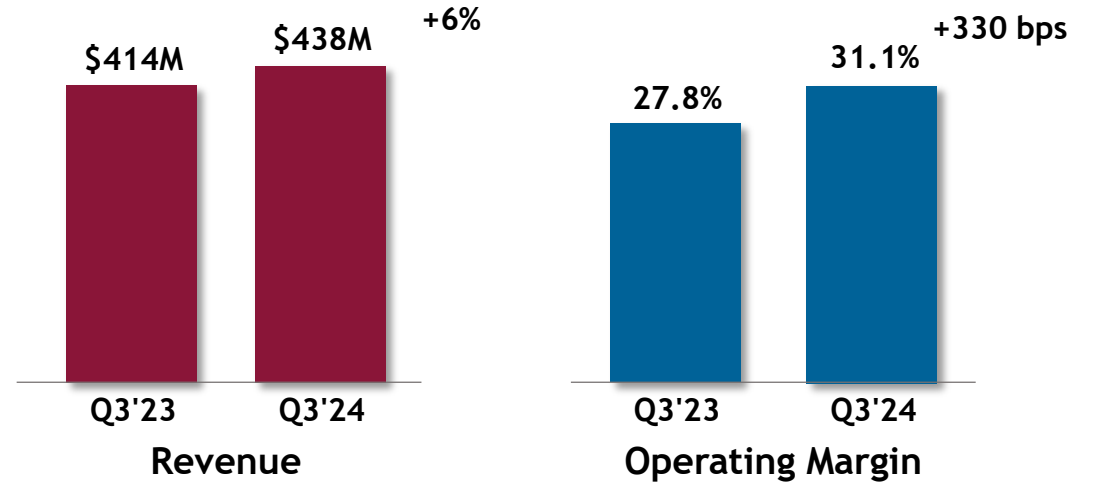
Q3'24 Segment Performance

CONSTRUCTION PRODUCTS



- Organic revenue (9)%
- North America (10)%
- Europe (4)%
- Australia/New Zealand (11)%

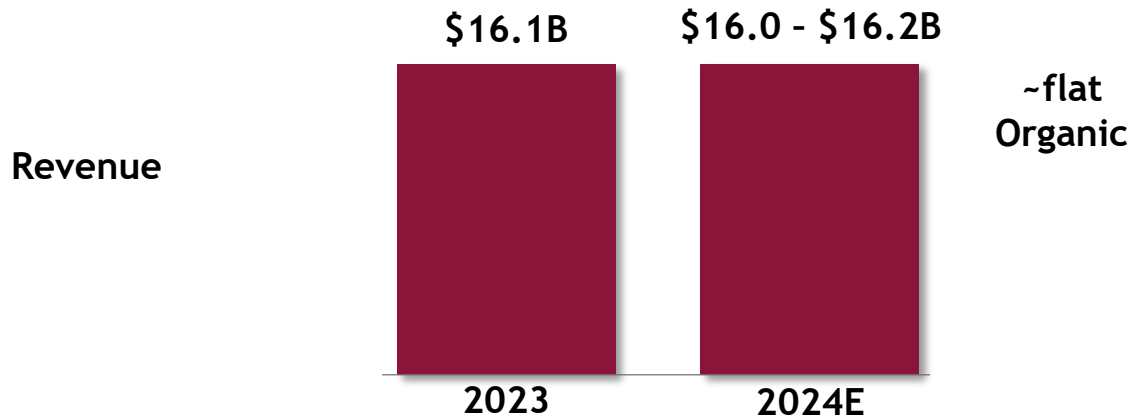
SPECIALTY PRODUCTS



- Organic revenue 6%
- North America 8%
- International 2%

2024 Financial Guidance

| | | | |
|------------------------|--------|-------------------|------|
| GAAP EPS | \$9.74 | \$11.63 - \$11.73 | +20% |
| - Ex. divestiture gain | | \$10.37 - \$10.47 | +7% |



| | | | |
|------------------|-------|------------|----------|
| Operating Margin | 25.1% | 26.5 - 27% | +165 bps |
|------------------|-------|------------|----------|

| | | | |
|-----------------|-------|------|--|
| After-tax ROIC* | 30.4% | 31%+ | |
|-----------------|-------|------|--|

COMMENTARY

- **Raised 2024 GAAP EPS guidance by \$1.33 at the mid-pt.**
 - Adjusted for divestiture gain of \$1.26 & projected 2024 tax rate of approx. 21.5%
- **2024 operational guidance remains unchanged**
 - Revenue and organic growth projected to be approx. flat based on current levels of demand and FX rates
 - Operating margin of 26.5 to 27% improves +165 bps as enterprise initiatives contribute more than 100 bps
- **Free cash flow conversion ~100% of adjusted net income**
- **Share repurchases of ~\$1.5B**

FOCUSED ON MANAGING & INVESTING TO MAXIMIZE GROWTH & PERFORMANCE OVER THE LONG TERM



Q&A