



Second Quarter 2024 Earnings Conference Call

July 30, 2024

Forward-Looking Statements

Safe Harbor Statement

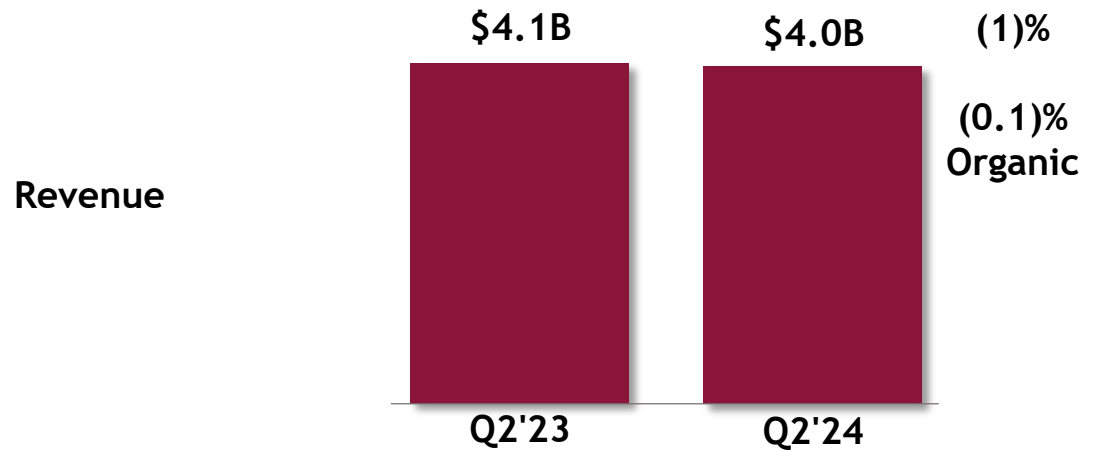
This presentation and related conference call contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements may include, without limitation, statements regarding global supply chain challenges, expected impact of inflation including raw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

Q2'24 Financial Performance

GAAP EPS	\$2.48	\$2.54	+2%
- Ex. one-time tax item	\$2.41		+5%



Operating Margin	24.8%	26.2%	+140 bps
------------------	-------	-------	----------

After-tax ROIC*	29.8%	30.4%	+60 bps
-----------------	-------	-------	---------

COMMENTARY

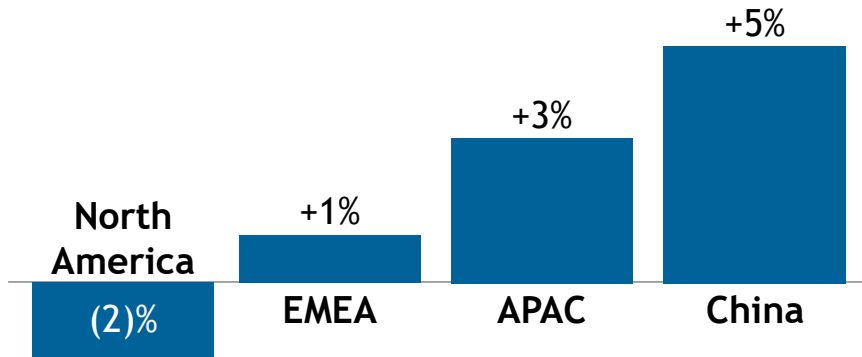
- Demand continued to moderate across our portfolio
 - Q2 revs. were approx. 1%-pt / \$50M lower than what they would have been had demand held at levels exiting Q1
- Strong execution on all the elements within our control as operating margins expanded 140 bps to 26.2%
 - Enterprise initiatives contributed +140 bps
 - Operating income of \$1.05B, an increase of +4.5%
- GAAP EPS of \$2.54
 - An increase of +5% ex. one-time 2023 tax item
- Free cash flow* of \$571M, 75% of Net Income

STRONG MARGIN AND PROFITABILITY PERFORMANCE

*See ITW's Q2'24 press release for the reconciliation from GAAP to non-GAAP measures.

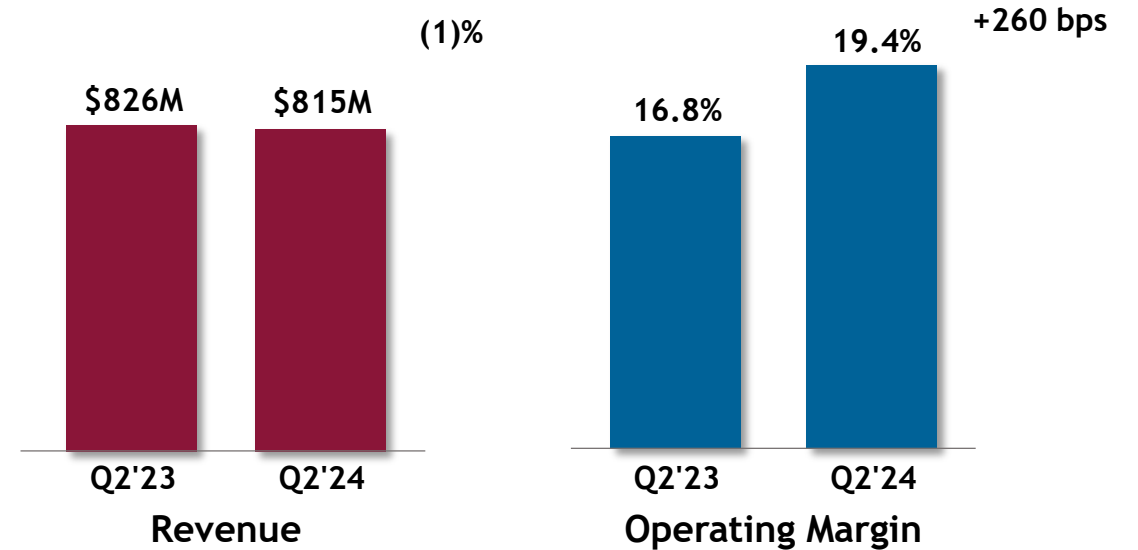
Q2'24 Segment Performance

ORGANIC GROWTH BY GEOGRAPHY



- Demand continued to moderate as near-term macro environment remains challenging

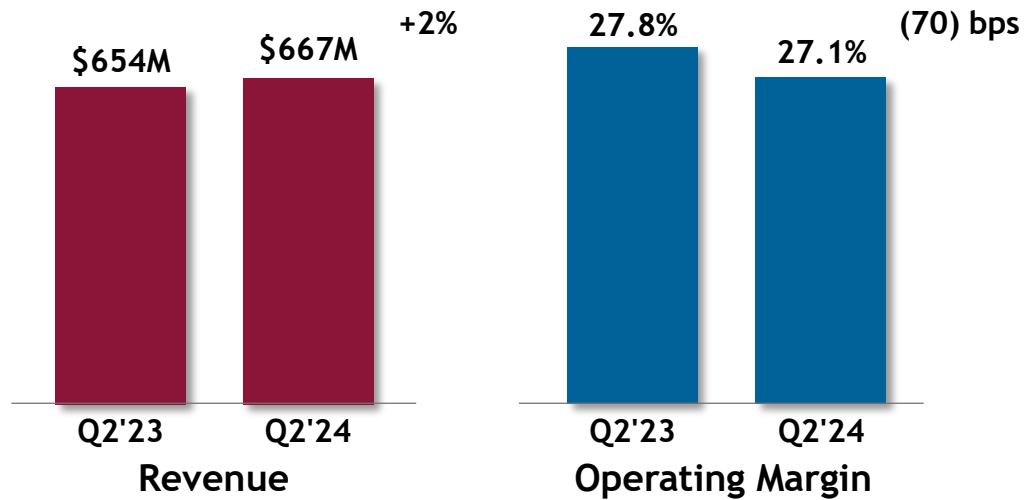
AUTOMOTIVE OEM



- Organic revenue flat
- North America (4)%
- Europe (2)%
- China 7%

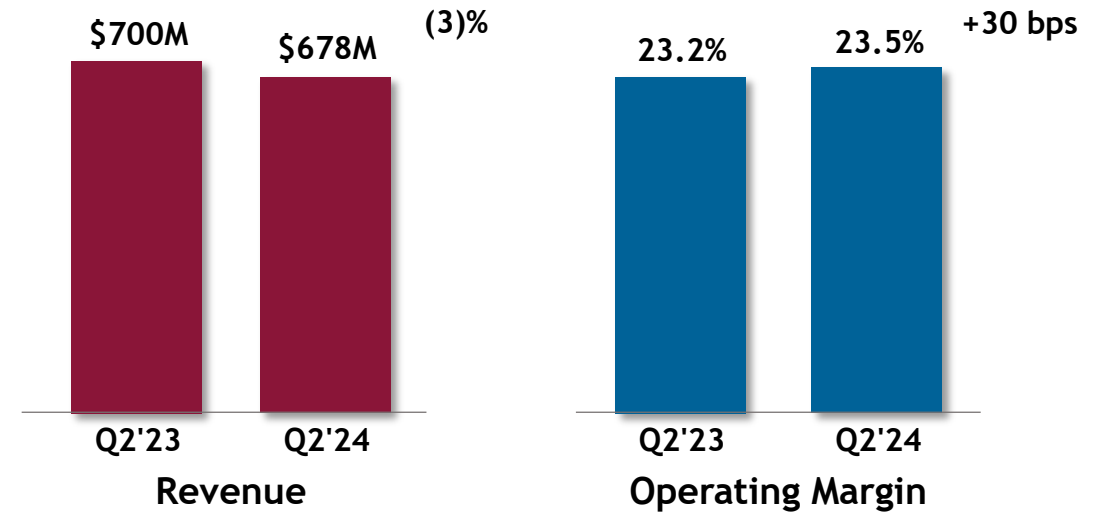
Q2'24 Segment Performance

FOOD EQUIPMENT



- Organic revenue 2%
- Equipment 1%, Service 5%
- North America 2%
- International 3%

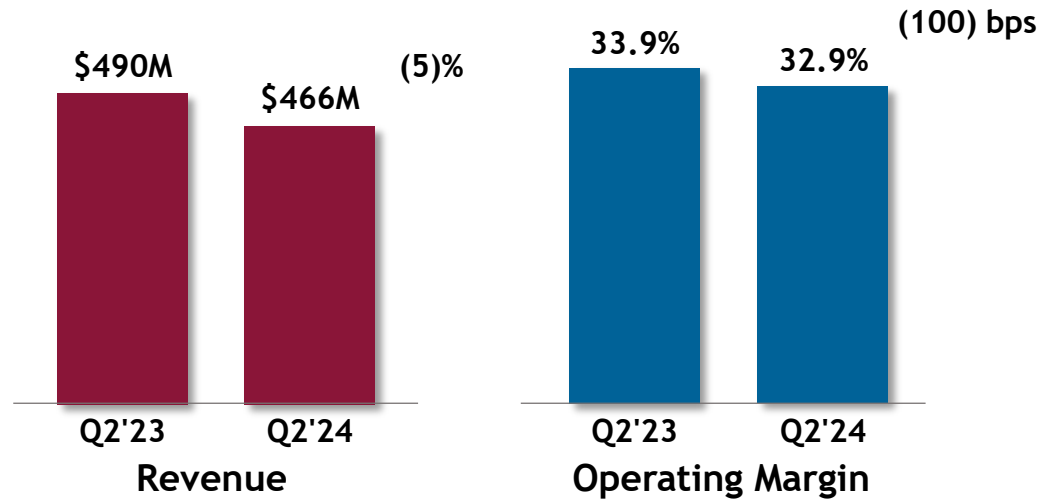
TEST & MEASUREMENT/ELECTRONICS



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

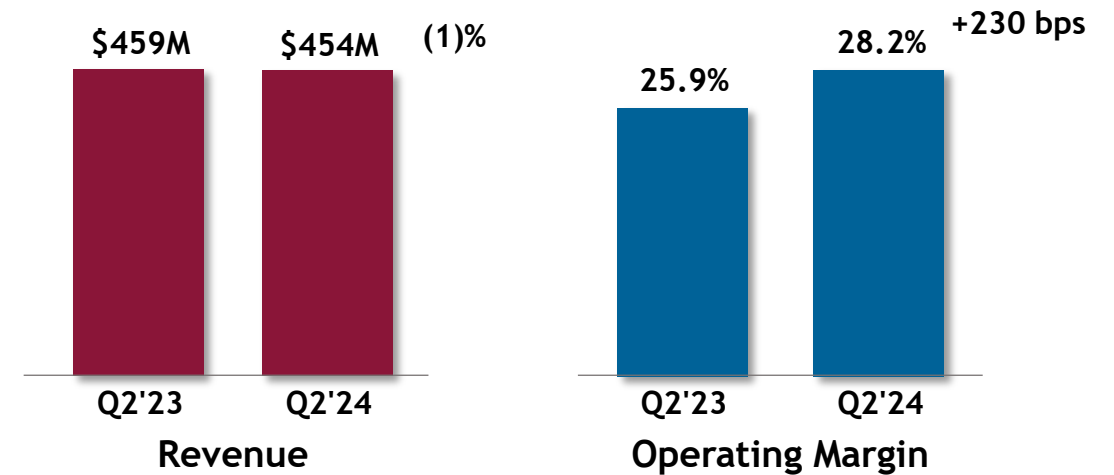
Q2'24 Segment Performance

WELDING



- Organic revenue (5)%
- Equipment (5)%, Consumables (3)%
- North America (6)%
- International 3%

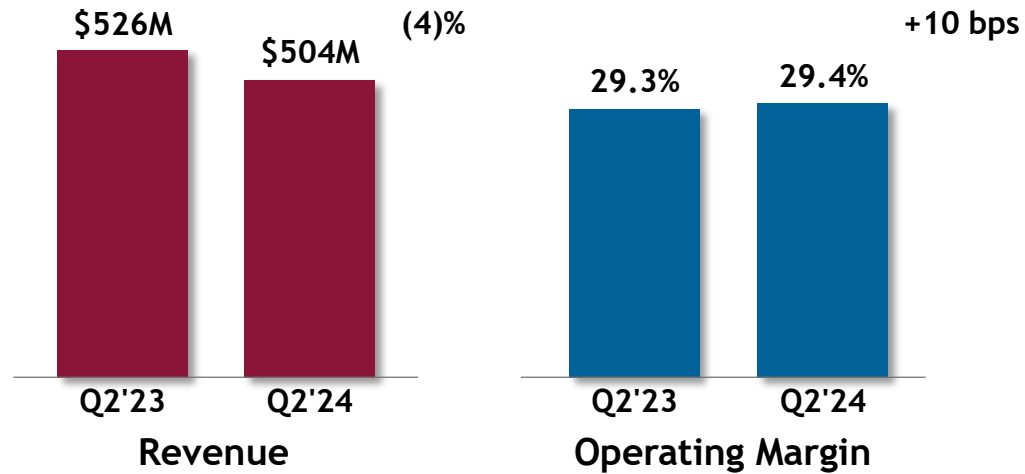
POLYMERS & FLUIDS



- Organic revenue 3%
- Polymers 10%
- Fluids 4%
- Automotive Aftermarket (2)%

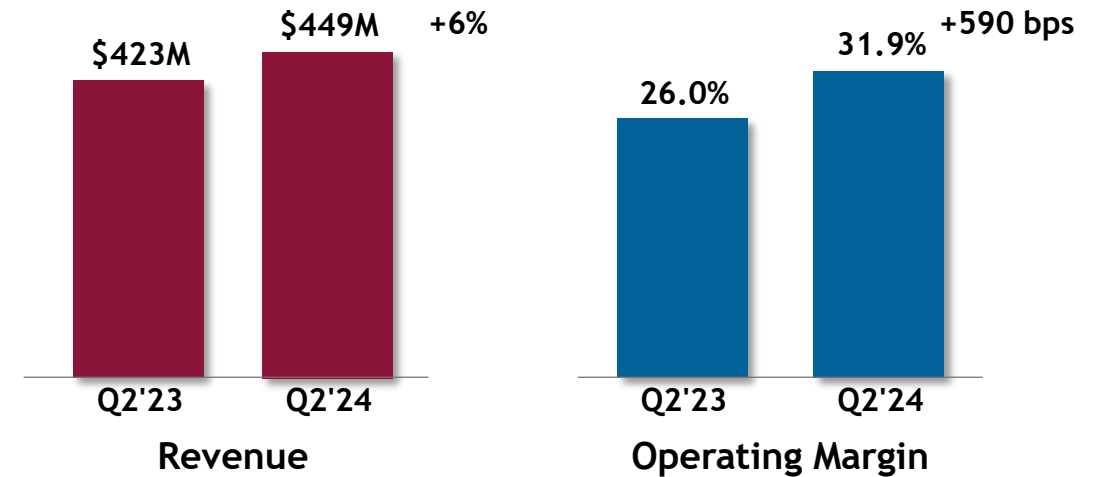
Q2'24 Segment Performance

CONSTRUCTION PRODUCTS



- Organic revenue (4)%
- North America (2)%
- Europe (7)%
- Australia/New Zealand (4)%

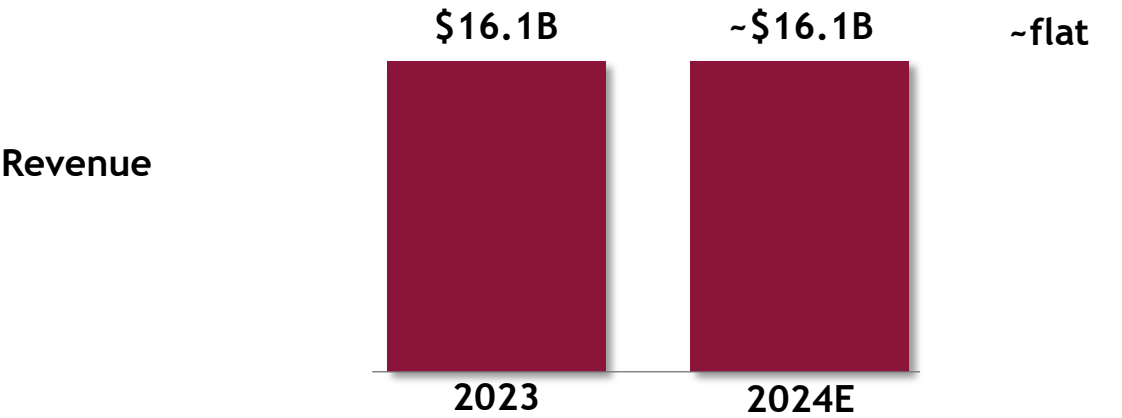
SPECIALTY PRODUCTS



- Organic revenue 7%
- North America 5%
- International 10%

2024 Financial Guidance

GAAP EPS	\$9.74	\$10.30 - \$10.40	+6 - 7%
----------	--------	-------------------	---------



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

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

COMMENTARY

- Revenue and organic growth projected to be ~flat
 - Based on current levels of demand exiting Q2 and declining automotive build forecast
- Raised operating margin guidance to 26.5 to 27%
 - Enterprise initiatives contribute more than 100 bps
- Narrowed GAAP EPS guidance range to \$10.30 to \$10.40
 - Reduction of (1)% / \$(0.15) at the mid-pt. vs. prior range
- Free cash flow conversion of 100%+ of net income
- Share repurchases of ~\$1.5B

STRONG EXECUTION IN A CHALLENGING MACRO DEMAND ENVIRONMENT



Q&A