



Second Quarter 2025 Earnings Conference Call

July 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 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 earnings per share, after-tax return on invested capital, effective tax rates, exchange rates, expected timing and amount of share repurchases, end market economic and regulatory conditions, 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 second 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.

Q2'25 Financial Performance

GAAP EPS	\$2.54	\$2.58	+2%
Revenue	\$4.0B	\$4.1B	+1%
			~flat Organic
	Q2'24	Q2'25	
Operating Margin	26.2%	26.3%	+10 bps
Operating Income	\$1.05	\$1.07B	+1%

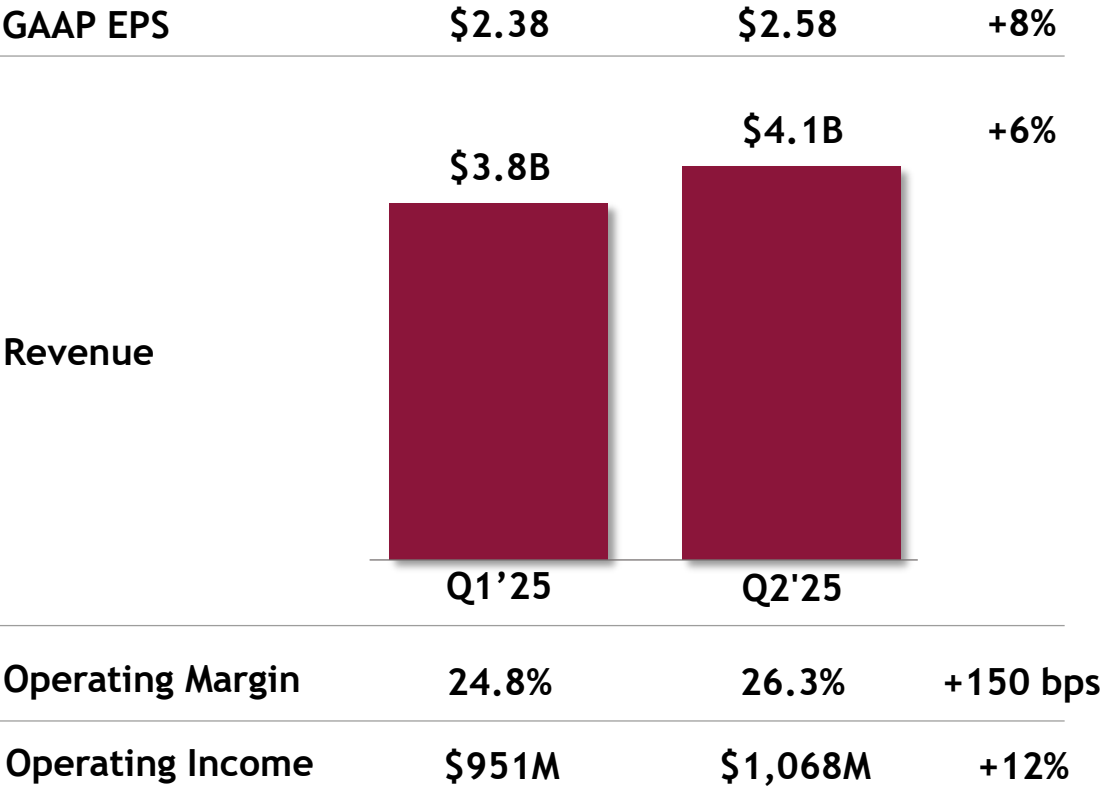
COMMENTARY

- **Top-line outpaced underlying end markets**
 - Revenue growth of +1%, FX impact of +1%
 - Encouraging sequential growth of +6%
- **Solid execution on all elements within our control**
 - Enterprise initiatives contribution of +130 bps
 - Pricing actions offset tariff cost impact
- **Record second quarter financial performance**
 - GAAP EPS, Operating Margin, and Operating Income
- **Free cash flow* of \$449M with conversion of 59%**
 - Share repurchases of \$375M

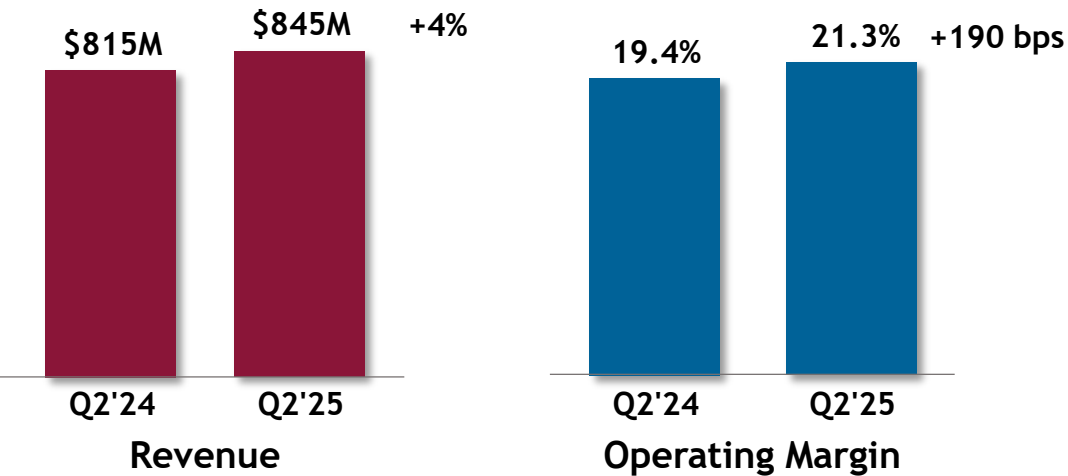
RESILIENT FINANCIAL PERFORMANCE

Q2'25 Financial Performance

SEQUENTIAL IMPROVEMENT



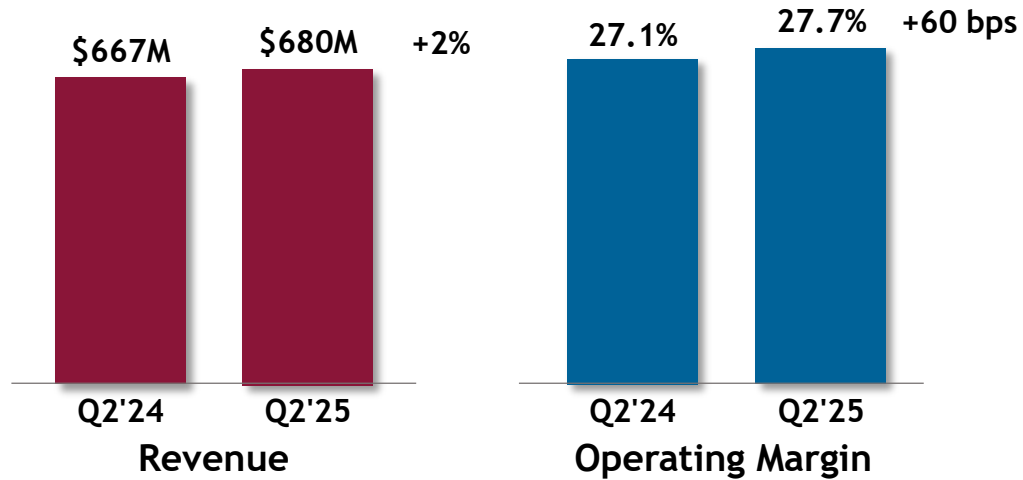
AUTOMOTIVE OEM



- Organic revenue 2%
- North America (7)%
- Europe 1%
- China 22%

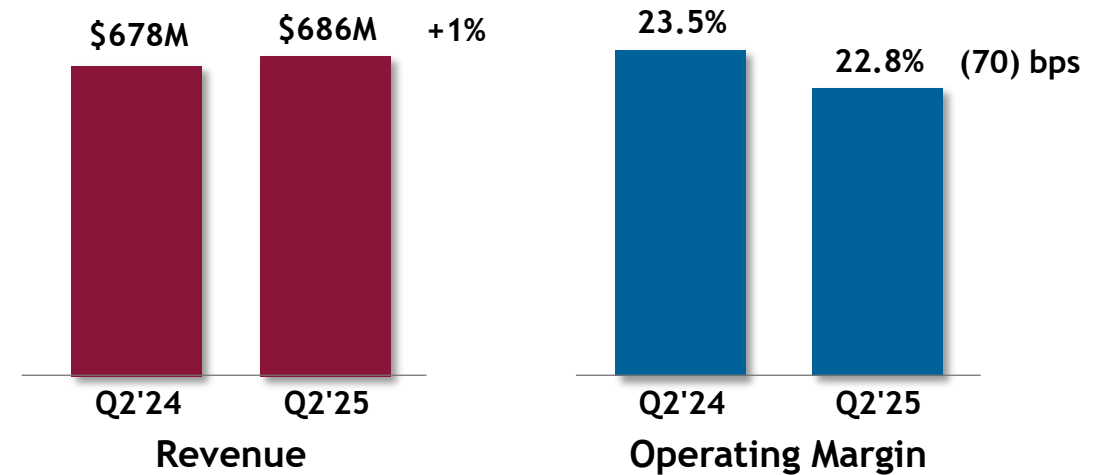
Q2'25 Segment Performance

FOOD EQUIPMENT



- Organic revenue 1%
- Equipment flat, Service 3%
- North America 5%
- International (5)%

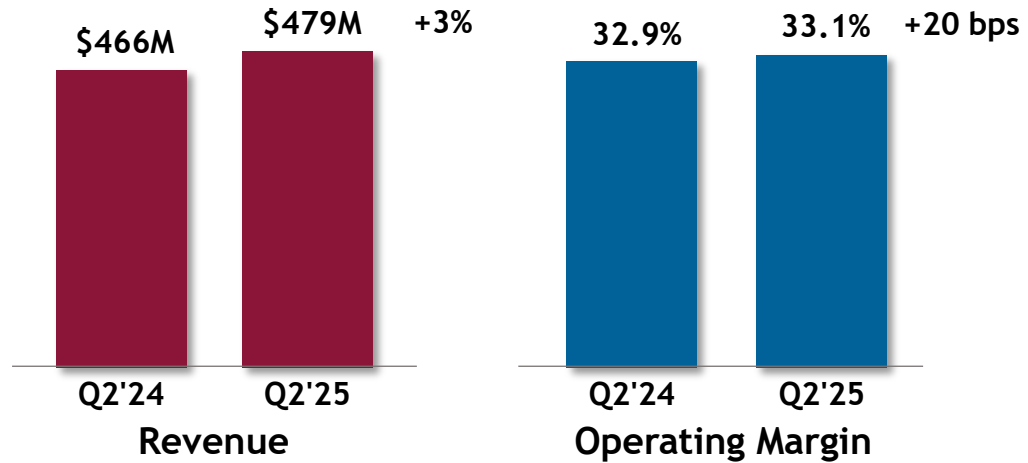
TEST & MEASUREMENT/ELECTRONICS



- Organic revenue (1)%
- Test & Measurement (3)%
- Electronics 4%

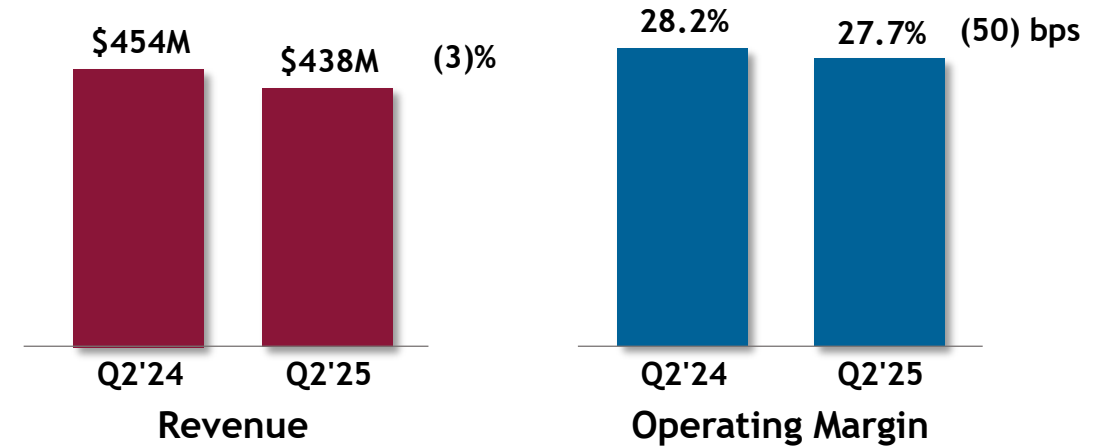
Q2'25 Segment Performance

WELDING



- Organic revenue 3%
- Equipment 4%, Consumables 1%
- North America 1%
- International 11%

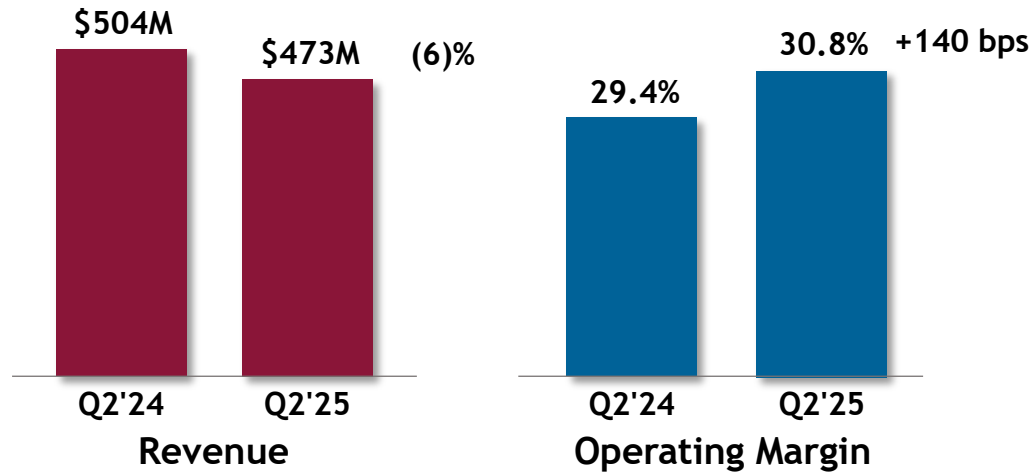
POLYMERS & FLUIDS



- Organic revenue (4)%
- Polymers (5)%
- Fluids (3)%
- Automotive Aftermarket (3)%

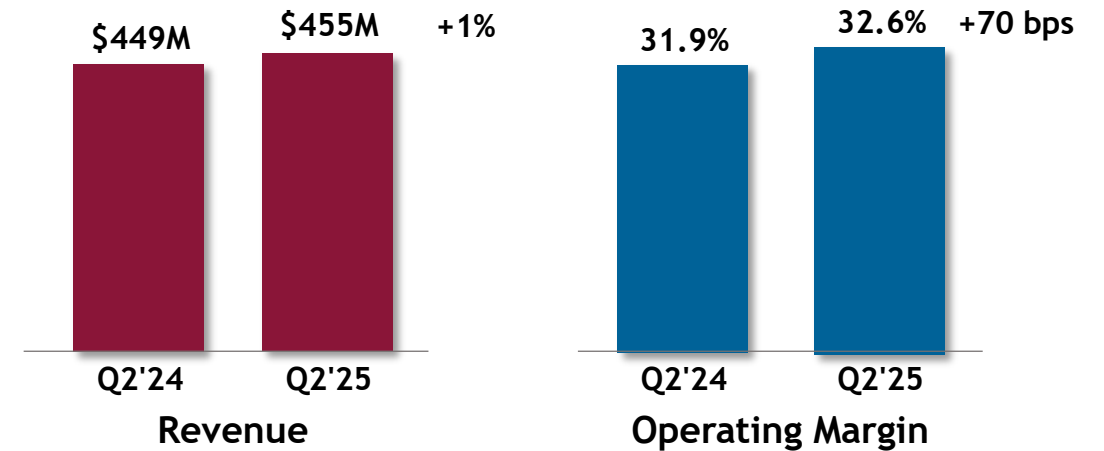
Q2'25 Financial Performance

CONSTRUCTION PRODUCTS



- Organic revenue (7)%
- North America (7)%
- Europe (5)%
- Australia/New Zealand (10)%

SPECIALTY PRODUCTS



- Organic revenue flat
- North America 1%
- International (1)%

2025 Financial Guidance

GAAP EPS	\$11.71	\$10.35 - \$10.55	
- Ex. one-time items*	\$10.15	+2 - 4%	
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Revenue	\$15.9B	\$16.0 - \$16.4B	1 - 3%
			0 - 2% Organic
	2024	2025E	
Operating Margin	26.8%	26.0 - 27.0%	
- Ex. one-time item*	26.1%		
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After-tax ROIC**	31.2%	31%+	

COMMENTARY

- Continuing to outperform underlying end markets
 - Top-line guidance based on current levels of demand adjusted for incremental pricing associated with tariffs
 - Solid progress on Customer-Back Innovation
- Strong execution on all elements within our control
 - Enterprise initiatives contribute more than 100 bps
 - Pricing actions offset tariff cost impact, EPS neutral
- Raising GAAP EPS guidance by \$0.10 and narrowing range
- Free cash flow conversion of 100%+ of net income
- Share repurchases of \$1.5B

RESILIENT FINANCIAL PERFORMANCE IN AN UNCERTAIN ENVIRONMENT

* 2024 GAAP results include the favorable impact of Q3 2024 sale of Wilsonart resulting in EPS of \$1.26 and a one-time LIFO inventory accounting change resulting in EPS of \$0.30 and operating margin improvement of 70 basis points.

** See ITW's Q2'25 press release for the reconciliation from GAAP to non-GAAP measures.



Q&A