



# Fourth Quarter 2025 Earnings Conference Call

February 3, 2026

Never **stronger**. Never **better positioned** for the future.

# 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 2026 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 fourth quarter of 2025, which is available at [www.itw.com](http://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.

# Q4'25 Financial Performance

GAAP EPS	\$2.54	\$2.72	+7%
Revenue	\$3.9B	\$4.1B	+4% +1% Organic
	Q4'24	Q4'25	
Operating Margin	26.2%	26.5%	+30 bps
Operating Income	\$1.0B	\$1.1B	+5%

## COMMENTARY

- **Revenue growth of +4.1% outpacing end markets**
  - Organic growth of +1.3%
  - Sequential growth Q3 to Q4 of +4% vs. historical +2%
  - FX/Acquisition impact of +2.8%
- **Solid “Do What We Say” execution on the controllables**
  - Enterprise initiatives contribution of +140 bps
  - Pricing & supply chain actions offset tariff impact
- **Free cash flow\* of \$0.9B, conversion rate of 109%**
  - Share repurchases of \$375M
- **GAAP EPS of \$2.72, an increase of +7%**
  - Tax rate of 22.8%

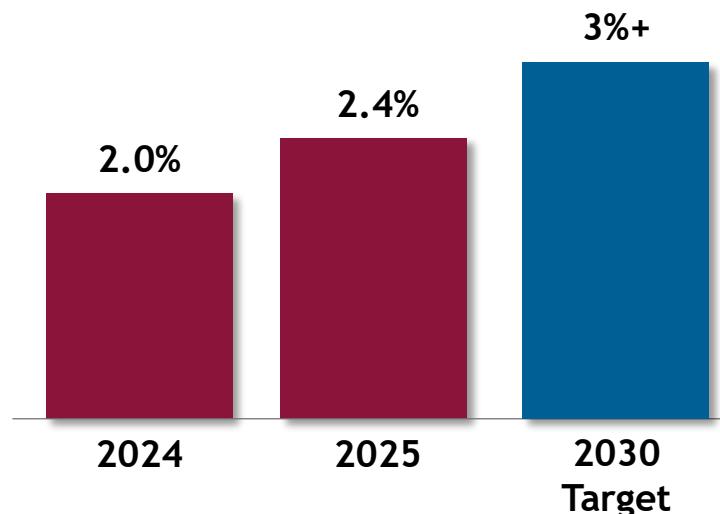
**SOLID Q4 EXECUTION AND RESULTS TO CLOSE OUT 2025**

\* See ITW's Q4'25 press release for the reconciliation from GAAP to non-GAAP measures

# Q4'25 Financial Performance

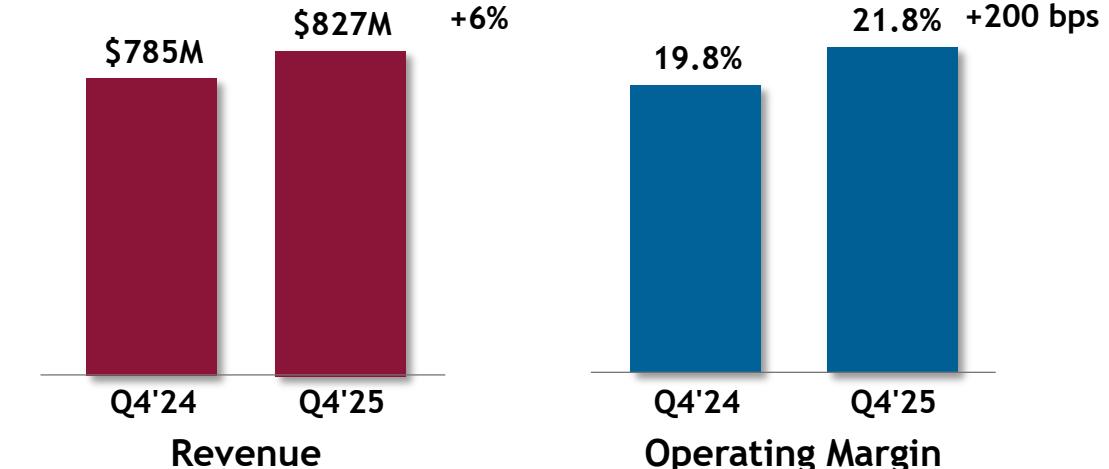
## CUSTOMER-BACK INNOVATION (CBI)

### FULL YEAR % CONTRIBUTION TO ORGANIC GROWTH



- Excellent progress on CBI, the key driver of ITW's ability to consistently grow above-market
  - 2025 Patent filings increased +9%
- Well-positioned for further improvement in 2026 and on track for 2030 performance target

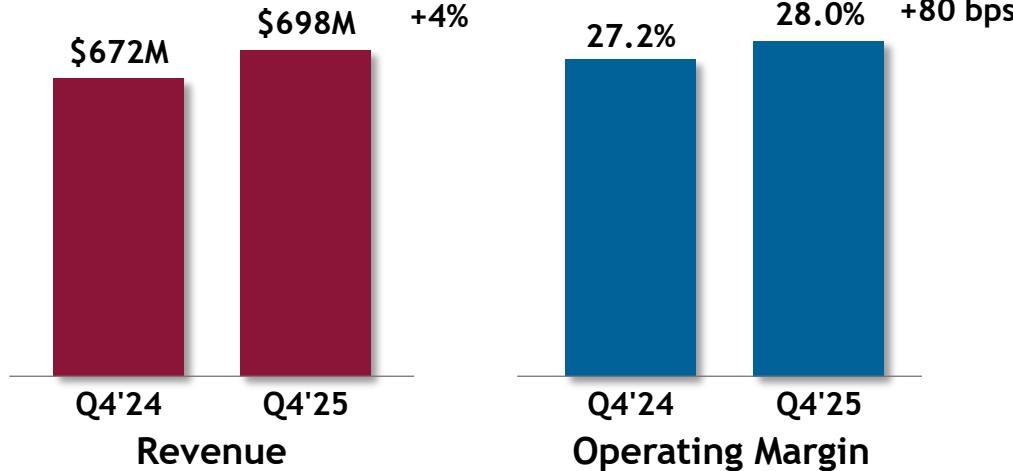
## AUTOMOTIVE OEM



- Organic revenue 2%
- North America 2%
- Europe (1)%
- China 5%

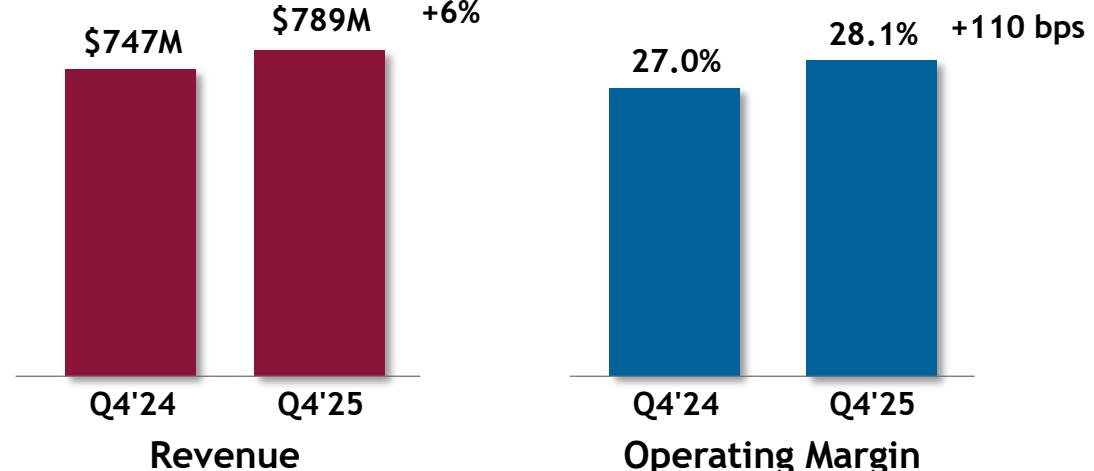
# Q4'25 Financial Performance

## FOOD EQUIPMENT



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

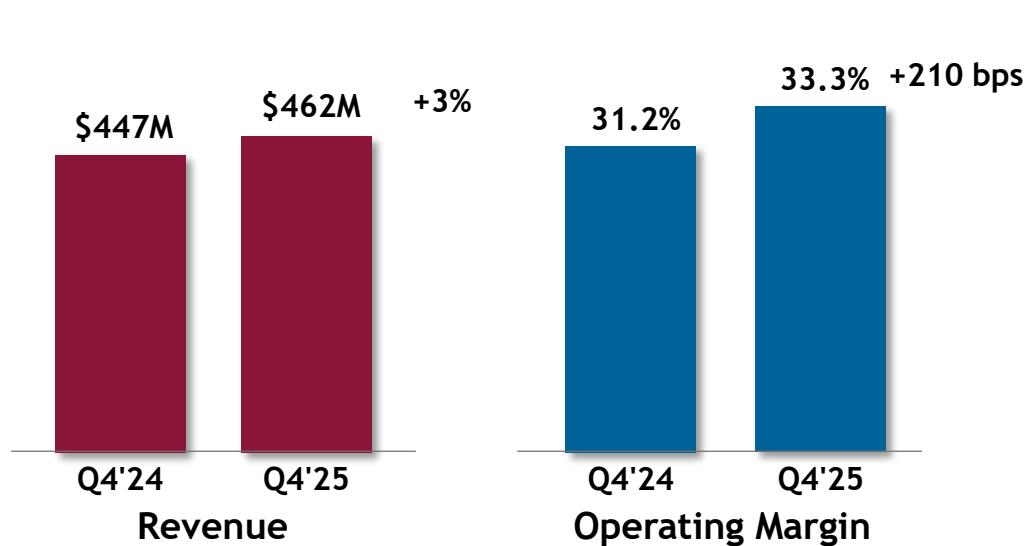
## TEST & MEASUREMENT/ELECTRONICS



- Organic revenue 2%
- Test & Measurement 3%
- Electronics flat

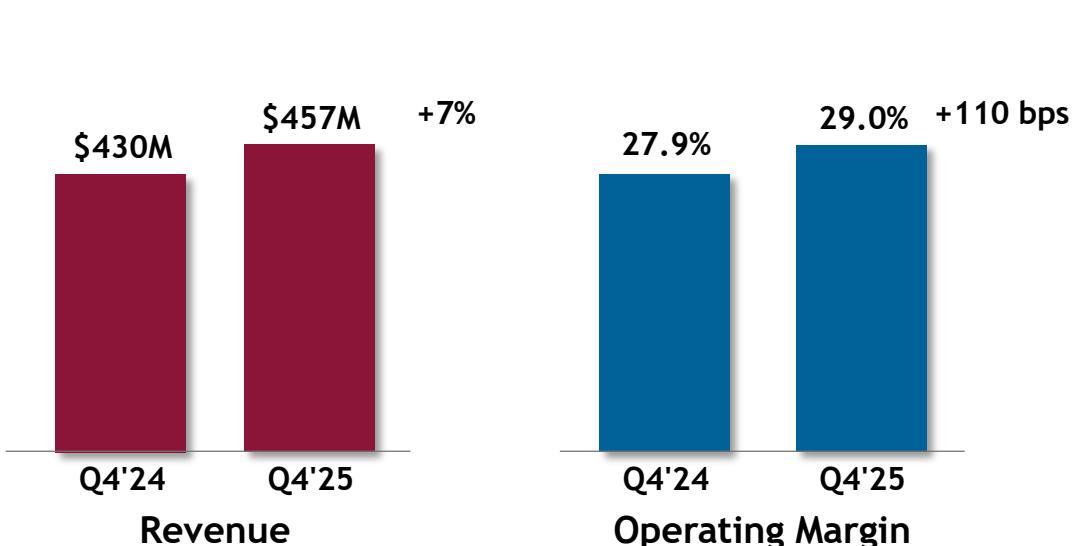
# Q4'25 Financial Performance

## WELDING



- Organic revenue 2%
- Equipment 4%, Consumables flat
- North America 4%
- International (5)%

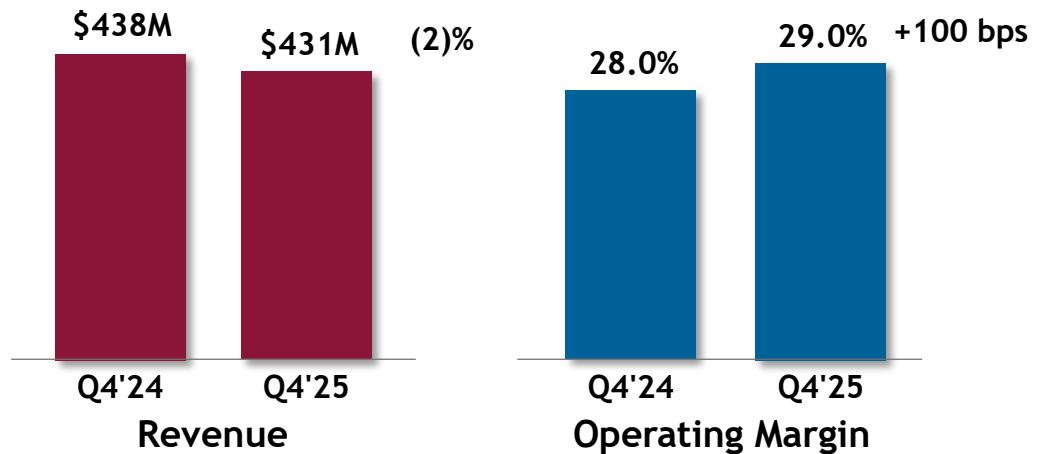
## POLYMERS & FLUIDS



- Organic revenue 5%
- Automotive Aftermarket 5%
- Fluids 6%
- Polymers 4%

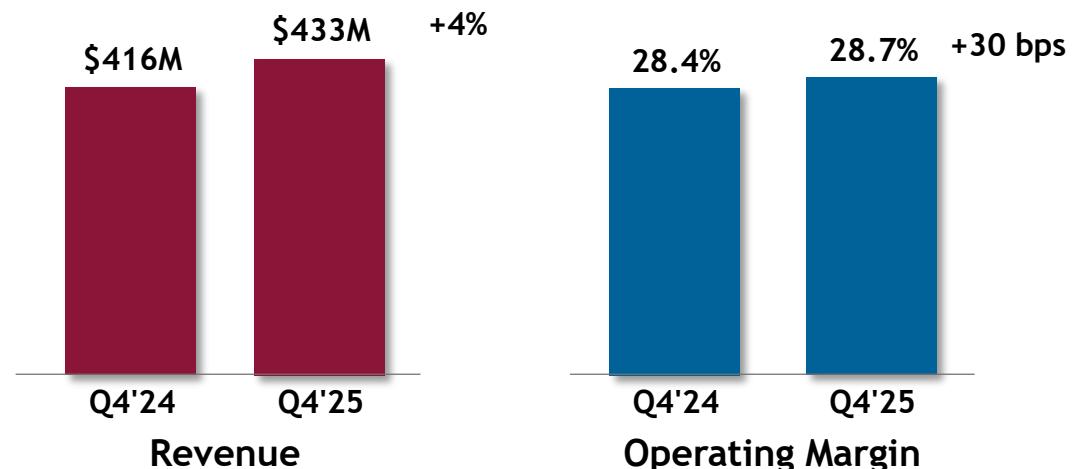
# Q4'25 Financial Performance

## CONSTRUCTION PRODUCTS



- Organic revenue (4)%
- North America (4)%
- Europe (5)%
- Australia/New Zealand flat

## SPECIALTY PRODUCTS



- Organic revenue 1%
- North America flat
- International 3%

# 2025 Financial Performance

GAAP EPS	\$11.71	\$10.49	
- Ex. one-time items*	\$10.15		+3%
 Total Revenue	 <b>\$15.9B</b>	 <b>\$16.0B</b>	 +1% Flat Organic
	2024	2025	
Operating Margin	26.8%	26.3%	
- Ex. one-time item*	26.1%		+20 bps
After-tax ROIC**	31.2%	29.3%	

## COMMENTARY

- **Consistently outperformed end markets in 2025**
  - Revenue growth of +1%
- **Disciplined execution on the controllables**
  - Enterprise initiatives contribution of +130 bps
  - Pricing & supply chain actions offset tariff impact
- **Meaningful progress on strategic initiatives to maximize growth and performance over the long term**
  - Customer-Back Innovation contribution of +2.4%, +40 bps
  - Invested \$0.8B in ITW's highly profitable core businesses
- **Returned \$3.3B to shareholders**
  - Raised dividend for 62<sup>nd</sup> consecutive year (+7% per share)
  - Share repurchases of \$1.5B

## SOLID OPERATIONAL EXECUTION AND RESULTS IN 2025

\*\*'24 one-time items incl. favorable impacts of Q3'24 sale of Wilsonart (EPS \$1.26) and Q1'24 LIFO inventory accounting change (\$117M pre-tax, 70 bps operating margin, EPS \$0.30)

\*\* See ITW's Q4'25 press release for the reconciliation from GAAP to non-GAAP measures.

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# 2026 Financial Guidance

GAAP EPS	\$10.49	\$11.00 - \$11.40	+5 - 9%
Revenue	\$16.0B	\$16.3 - \$16.6B	+2 - 4%
			+1 - 3% Organic
Operating Margin	26.3%	26.5 - 27.5%	
After-tax ROIC*	29.3%	30%+	

## COMMENTARY

- **Well-positioned to outperform end markets again in 2026**
  - Revenue growth of +2 to 4% based on current levels of demand and present FX rates
- **Disciplined execution on the controllables delivering margin expansion of ~100 bps**
  - Enterprise initiatives contribution of 100 bps
  - Favorable price/cost margin impact
- **Significant progress on strategic initiatives to maximize growth and performance over the long term**
  - Further improvement in Customer-Back Innovation
- **Free cash flow conversion of 100%+ of net income**
- **Share repurchases of ~\$1.5B**

**ON PACE TO DELIVER SOLID OPERATIONAL AND FINANCIAL RESULTS IN 2026**

\* See ITW's Q4'25 press release for the reconciliation from GAAP to non-GAAP measures.

# 2026 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
2026 Target	0 to 2%	2 to 4%	2 to 4%	2 to 4%	1 to 3%	1 to 3%	1 to 3%	1 to 3%

**ALL SEVEN SEGMENTS ARE WELL-POSITIONED TO DELIVER ABOVE-MARKET ORGANIC GROWTH AND EXPAND OPERATING MARGINS IN 2026**

# Q&A