



# Third Quarter 2025 Earnings Conference Call

October 24, 2025

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 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 third 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.

# Q3'25 Financial Performance

GAAP EPS	\$3.91	\$2.81	+6%	
- Ex. Divestiture gain	\$2.65			
Revenue	\$4.0B	\$4.1B	+2%	
			+1% Organic	
				
	Q3'24	Q3'25		
Operating Margin	26.5%	27.4%	+90 bps	
Operating Income	\$1.05B	\$1.11B	+6%	

## COMMENTARY

- **Revenue growth consistently outpacing end markets**
  - Organic growth of +1% in markets that declined LSD
  - Product line simplification impact of ~(1)%
- **Strong “Do What We Say” execution on the controllables**
  - Enterprise initiatives contribution of +140 bps
  - Ongoing pricing & supply chain actions offset tariff impact
- **Delivering record financial performance**
  - EPS ex. Q3'24 gain, operating income & operating margin
- **Free cash flow\* growth of +15%; conversion rate of 110%**
- **Announced dividend increase of +7%**
  - 62<sup>nd</sup> year of consecutive dividend increases

**SOLID OPERATIONAL EXECUTION AND RECORD FINANCIAL PERFORMANCE**

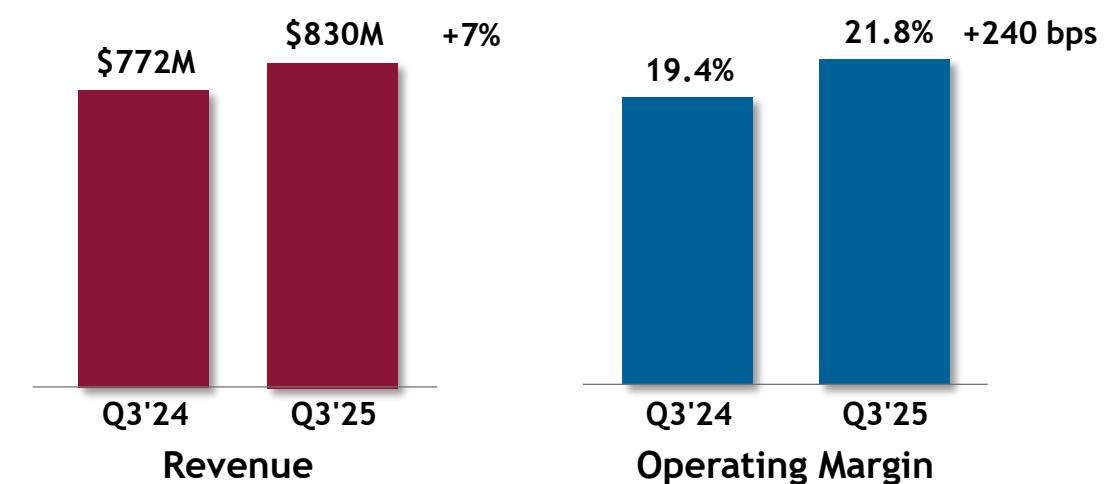
\* See ITW's Q3'25 press release for the reconciliation from GAAP to non-GAAP measures.

# Q3'25 Financial Performance

## SEQUENTIAL IMPROVEMENT

	Organic Growth YoY	(1%)	~flat	+1%
GAAP EPS				
		\$2.38	\$2.58	\$2.81
		Q1'25	Q2'25	Q3'25
Operating Margin	24.8%	26.3%	27.4%	
Operating Income	\$951M	\$1,068M	\$1,112M	

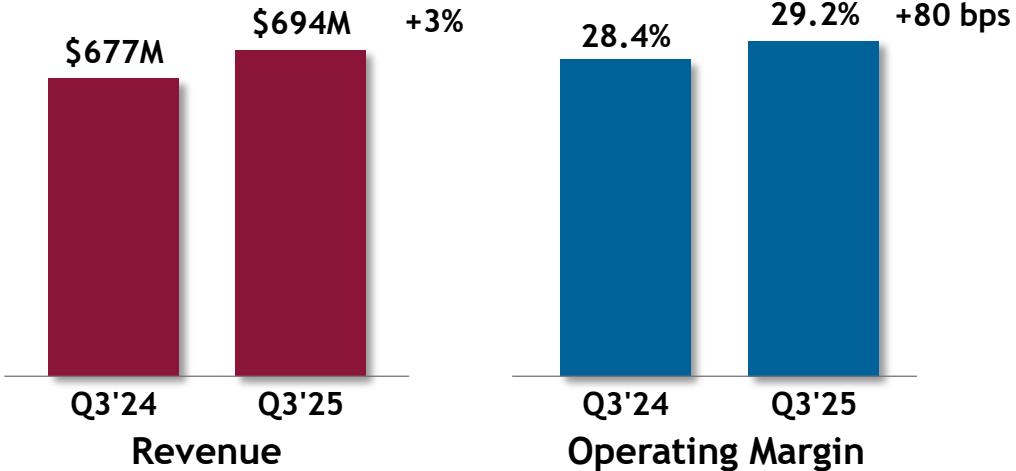
## AUTOMOTIVE OEM



- Organic revenue 5%, PLS of (1)%
- North America 3%
- Europe 2%
- China 10%

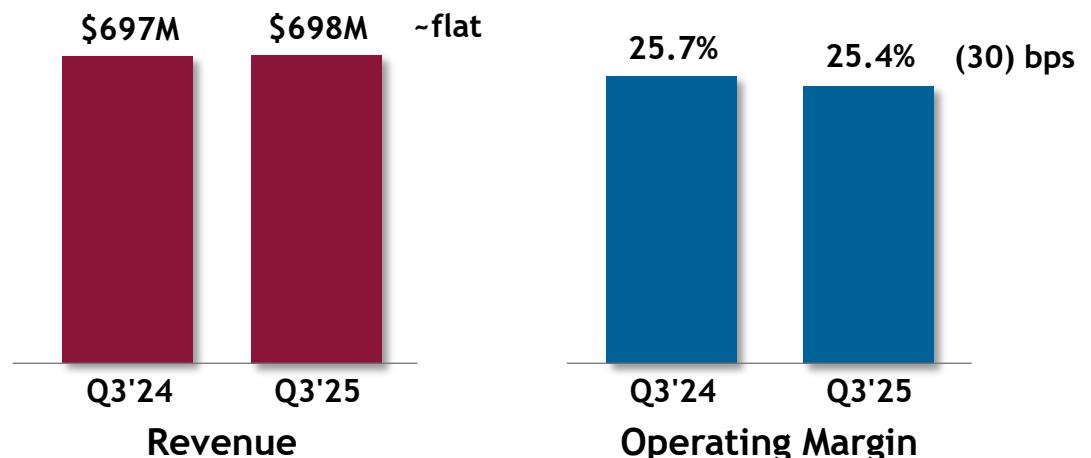
# Q3'25 Financial Performance

## FOOD EQUIPMENT



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

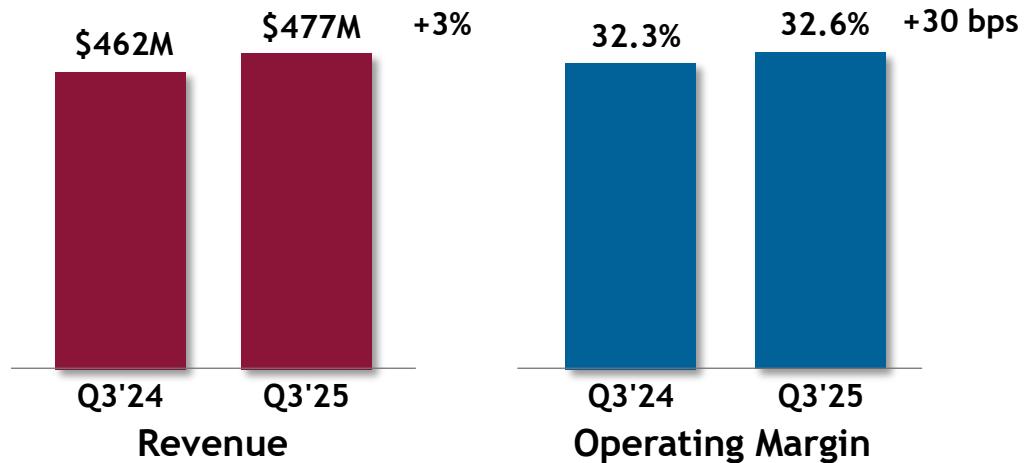
## TEST & MEASUREMENT/ELECTRONICS



- Organic revenue (1%)
- Test & Measurement (1%)
- Electronics (2%)

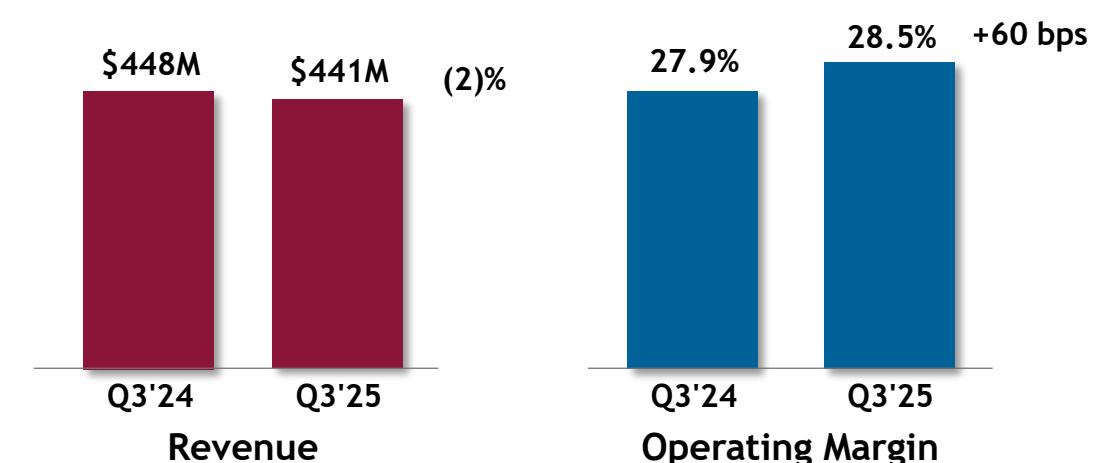
# Q3'25 Financial Performance

## WELDING



- Organic revenue 3%
- Equipment 6%, Consumables (2)%
- North America 3%
- International 4%

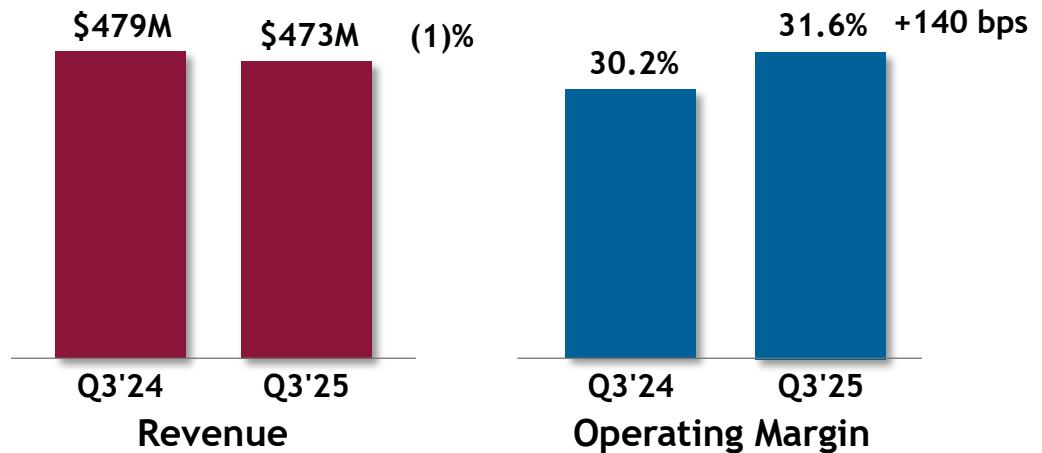
## POLYMERS & FLUIDS



- Organic revenue (3%), PLS of (1)%
- Polymers (5)%
- Automotive Aftermarket (3)%
- Fluids flat

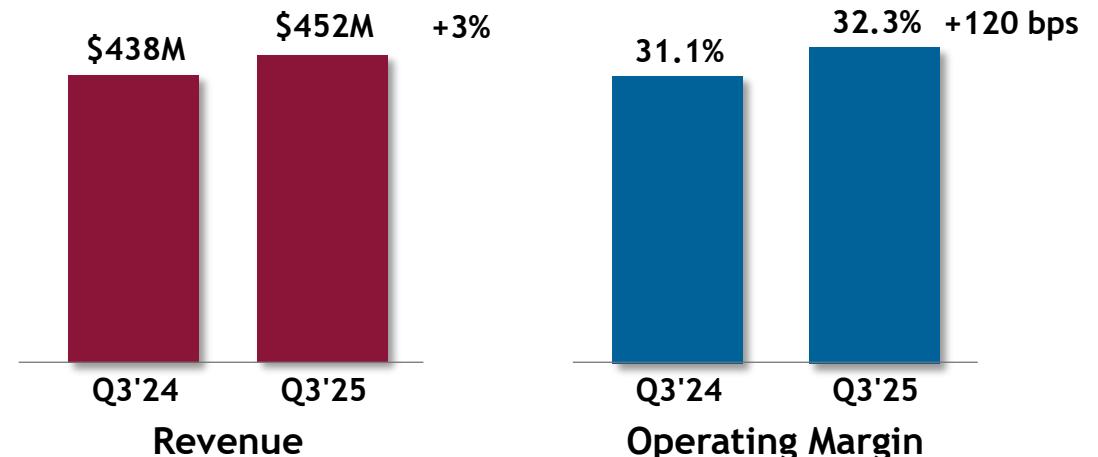
# Q3'25 Financial Performance

## CONSTRUCTION PRODUCTS



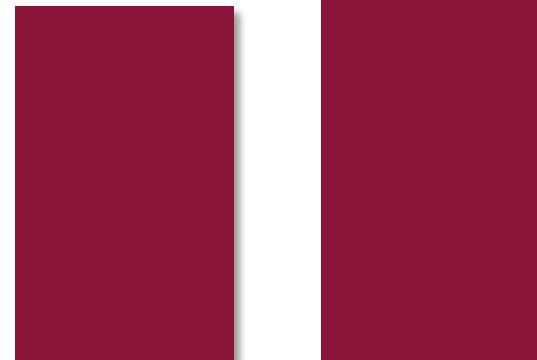
- Organic revenue (2%), PLS of (1)%
- North America (1)%
- Europe (3)%
- Australia/New Zealand (4)%

## SPECIALTY PRODUCTS



- Organic revenue 2%, PLS of (1)%
- North America (1)%
- International 7%

# 2025 Financial Guidance

GAAP EPS	\$11.71	\$10.40 - \$10.50	
- Ex. one-time items*	\$10.15	+3% at mid-pt.	
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 items*	26.1%		
Free Cash Flow Conv.**	94%	~100%	

## COMMENTARY

- **Continuing to deliver above-market organic growth**
  - Customer-Back Innovation contributes 2.3 - 2.5%
  - Product line simplification impact of ~(1)%
- **Strong execution on all elements within our control**
  - Enterprise initiatives contribute more than 125 bps
  - Ongoing pricing & supply chain actions offset tariff impact
- **Narrowing full year GAAP EPS guidance range**
  - Includes effective tax rate of ~23%
- **Increasing annual cash returns to shareholders**
  - Dividend increase of +7%
  - Share repurchases of ~\$1.5B

## SOLID OPERATIONAL AND FINANCIAL PERFORMANCE

\* 2024 GAAP results include the favorable impact of 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 Q3'25 press release for the reconciliation from GAAP to non-GAAP measures.

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# Q&A