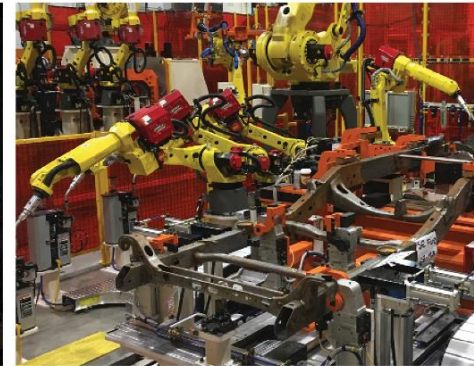




October 31, 2024 ●  
LINCOLN ELECTRIC HOLDINGS, INC.

# Q3 2024 Earnings



# Safe Harbor and Regulation G Disclosures

## Forward-Looking Statements:

---

Statements made during this presentation which are not historical facts may be considered forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied. Forward-looking statements generally can be identified by the use of words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “forecast,” “guidance” or words of similar meaning. For further information concerning issues that could materially affect financial performance related to forward-looking statements, please refer to Lincoln Electric’s quarterly earnings releases and periodic filings with the Securities and Exchange Commission, which can be found on [www.sec.gov](http://www.sec.gov) or on [www.lincolnelectric.com](http://www.lincolnelectric.com).

## Non-GAAP Measures:

---

Our management uses non-GAAP financial measures in assessing and evaluating the Company’s performance, which exclude items we consider unusual or special items. We believe the use of such financial measures and information may be useful to investors. Non-GAAP financial measures should be read in conjunction with the GAAP financial measures, as non-GAAP measures are a supplement to, and not a replacement for, GAAP financial measures. Please refer to the attached schedule for a reconciliation of non-GAAP financial measures to the related GAAP financial measures.

# Third Quarter 2024 Highlights:

Cost management and lower employee-related costs mitigate impact of lower market demand

Adjusted operating income margin at 17.3%

Solid cash generation with 134% cash conversion

## \$984M

**Net Sales performance**

-5% vs. prior year; Organic sales -8%

## 21.4%

**Adjusted ROIC performance**

-220 bps vs. prior year

## 17.3%

**Adjusted Operating Income Margin**

-40 bps vs. prior year

## \$199M

**Cash flow from operations**

-11% vs. prior year with 134% cash conversion<sup>1</sup>

## \$2.14

**Adjusted EPS**

-11% vs. prior year

## \$91M

**Returns to shareholders**

(\$40M in dividends + \$50M in share repurchases<sup>2</sup>)

<sup>1</sup> Cash conversion is defined as Net cash provided by operating activities less Capital expenditures divided by Adjusted Net income.

<sup>2</sup> Figures may not sum due to rounding.

## Q3 organic sales challenged by lower industrial production activity & reduced capital spending

Q3 Organic sales declined 7.7%  
as price is offset by lower volumes

### All product areas impacted led by Automation compression

Consumables down low-to-mid single-digit percent

Equipment down high single-digit percent

Automation down low double-digit percent

### Q3 global end sector performance<sup>1</sup>

### All end markets challenged

General Industries, Construction/Infrastructure & Energy down mid single-digit percent

Heavy Industries down low double-digit percent

Automotive/Transportation down high-teens percent

<sup>1</sup> End sector performance reflects direct channel organic sales trends



# Savings actions to mitigate margin compression and position the Company for improved profitability in the next growth cycle

Targeting \$40 to \$50 million of annualized savings including \$20 to \$25 million of permanent cost savings

## Temporary savings implemented<sup>1</sup> (maintaining until conditions improve in 2025)

Approx. \$5 to \$7M quarterly benefit starting in Q4-2024

- Reduced Discretionary spending
- Net headcount attrition
- Aligning productive hours with demand

## Permanent savings measures underway in all 3 reportable segments

Targeting \$20 to \$25 million of annualized permanent cost savings (approximately \$5 to \$7M per quarter), starting with \$3 to \$4M in Q4-2024

- Aligning organization to business conditions
- Manufacturing and distribution consolidation

\$20 million rationalization charges in Q3-2024 and estimating approximately \$6 million Q4-2024

<sup>1</sup> Temporary cost saving measures do not include adjustments to incentive compensation expenses.

## Investing in long-term growth: Innovation

Showcased largest number of new products in the last 5-years at the industry's leading tradeshow

- 35+ new solutions across a variety of end-use industries and applications incorporating recently acquired technologies
- Key customer benefits include higher productivity, reduced environmental impact and greater ease-of-use
- Reinforces our strong vitality index and market-leading capabilities in software-enabled solutions



# Income Statement – Q3 2024

\$ in Millions	Q3 2024	% of Sales	Q3 2023	% of Sales	YoY % Change Fav/ (Unfav)
<b>Net Sales</b>	\$ 983.8		\$ 1,033.2		(4.8)%
<b>Gross Profit</b>	352.1	35.8%	365.6	35.4%	(3.7)%
<b>SG&amp;A</b>	186.3	18.9%	187.1	18.1%	0.4%
<b>Operating Income</b>	145.6	14.8%	171.4	16.6%	(15.1)%
Special item charges <sup>1,2</sup>	24.2	2.5%	11.9	1.2%	(102.9)%
<b>Adjusted Operating Income<sup>1</sup></b>	\$ 169.8	17.3%	\$ 183.4	17.7%	(7.4)%
<b>Interest Expense, net<sup>3</sup></b>	12.0	1.2%	10.8	1.0%	(10.8)%
<b>Effective Tax Rate</b>	23.6 %		19.9 %		(370) bps
<b>Adjusted Effective Tax Rate</b>	23.6 %		19.5 %		(410) bps
<b>Net Income</b>	\$ 100.8	10.2%	\$ 129.3	12.5%	(22.1)%
Special Items charges <sup>4</sup>	21.6	2.2%	10.1	1.0%	(113.0)%
<b>Adjusted Net Income<sup>1</sup></b>	\$ 122.4	12.4%	\$ 139.5	13.5%	(12.3)%
<b>Diluted EPS</b>	\$ 1.77		\$ 2.22		(20.3)%
<b>Adjusted Diluted EPS<sup>1</sup></b>	\$ 2.14		\$ 2.40		(10.8)%

## Q3 2024 SALES MIX<sup>5</sup>

<b>Volume</b>	(8.7)%	<b>Price</b>	1.0%	<b>Acq/Div</b>	3.0%	<b>FX</b>	(0.1)%
<b>TOTAL</b>	<b>(4.8)%</b>						

<sup>1</sup> Please review the appendix for reconciliation of non-GAAP measures.

<sup>2</sup> Q3 Special items include a \$20.2 million Rationalization and asset impairment charge from rationalization plans initiated during Q3 2024 in all reportable segments, a \$0.6 million charge for acquisition transaction costs and a \$3.4 million charge for the amortization of

step up in value of acquired inventories in 2024. This compares with a \$7.1 million rationalization and asset impairment charge and a \$4.9 million charge for the amortization of step up in value of acquired inventories in 2023.

<sup>3</sup> Interest Expense, net is defined as interest expense from borrowings less income earned from investments.

<sup>4</sup> Q3 Special items include the charges noted in footnote 2 and a \$4.0 million pension settlement charge and a \$6.6 million tax effect of Special items in 2024. This compares with a \$1.8 million tax effect of Special Items in 2023.

<sup>5</sup> Figures may not sum due to rounding.

# Americas Welding Segment

(\$ in Millions)	Q3 2024	Q3 2023	% YoY Change
<b>Net Sales</b>	\$ 637.0	\$ 665.2	(4.2)% ↓
<b>Adjusted EBIT</b>	\$ 125.5	\$ 136.5	(8.0)% ↓
<b>Adjusted EBIT Margin<sup>2</sup></b>	18.8%	19.7%	(90) bps ↓

Q3 2024 SALES MIX <sup>1</sup>							
<b>Volume</b>	(8.6)%	<b>Price</b>	0.4%	<b>Acq/Div</b>	4.5%	<b>FX</b>	(0.5)%
<b>TOTAL</b>	<b>(4.2)%</b>						

Volumes reflect slowing industrial activity and automation demand.

Acquisition contribution from Vanair and RedViking.

Margin reflects impact of lower volumes and acquisitions, partially offset by cost management and lower employee-related costs.

<sup>1</sup> Figures may not sum due to rounding.

<sup>2</sup> Adjusted EBIT Margin is calculated using Total Sales, which includes Inter-segment sales.



# International Welding Segment

(\$ in Millions)	Q3 2024	Q3 2023	% YoY Change
<b>Net Sales</b>	\$ 216.2	\$ 242.0	(10.7)% ↓
<b>Adjusted EBIT</b>	\$ 20.1	\$ 30.2	(33.5)% ↓
<b>Adjusted EBIT Margin<sup>2</sup></b>	9.0%	12.2%	(320) bps ↓

Q3 2024 SALES MIX <sup>1</sup>							
<b>Volume</b>	(11.9)%	<b>Price</b>	(0.6)%	<b>Acq/Div</b>	0.4%	<b>FX</b>	1.4%
<b>TOTAL</b>	<b>(10.7)%</b>						

Volumes challenged by broad European weakness, with relatively steady demand in Asia Pacific.

Margin reflects impact of lower volumes and mix, partially offset by cost management and savings actions.

<sup>1</sup> Figures may not sum due to rounding.

<sup>2</sup> Adjusted EBIT Margin is calculated using Total Sales, which includes Inter-segment sales.

# The Harris Products Group

(\$ in Millions)	Q3 2024	Q3 2023	% YoY Change
<b>Net Sales</b>	\$ 130.5	\$ 126.0	3.6% ↑
<b>Adjusted EBIT</b>	\$ 22.0	\$ 20.4	7.6% ↑
<b>Adjusted EBIT Margin<sup>2</sup></b>	16.4%	15.9%	+50 bps ↑

Q3 2024 SALES MIX <sup>1</sup>					
<b>Volume</b>	(3.0)%	<b>Price</b>	7.1%	<b>Acq/Div</b>	-
<b>FX</b>	(0.5)%				
<b>TOTAL</b>	<b>3.6%</b>				

Volume performance reflects relatively steady HVAC demand offset by weakness in industrial and retail.

Price primarily reflects changes in metal costs.

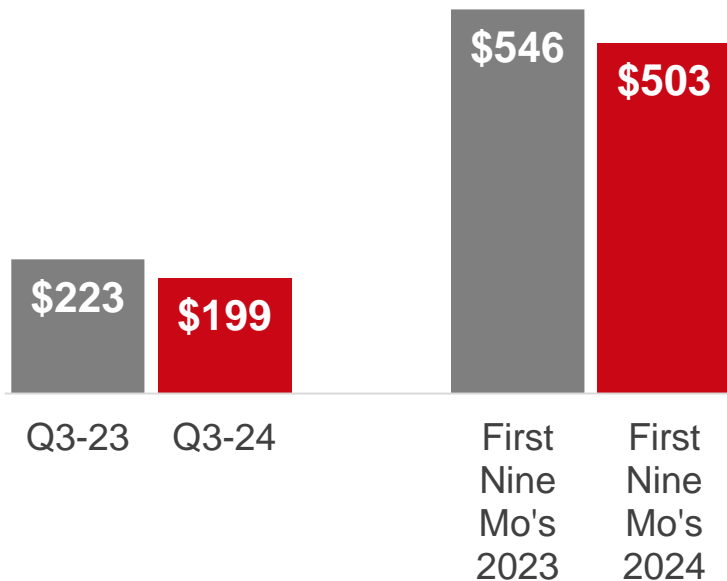
Margin improves on effective cost management and operational efficiencies.

<sup>1</sup> Figures may not sum due to rounding

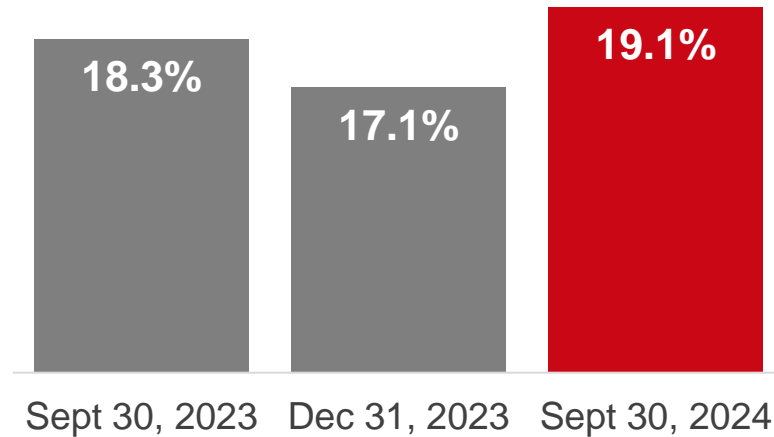
<sup>2</sup> Adjusted EBIT Margin is calculated using Total Sales, which includes Inter-segment sales.

# Cash Flow From Operations Metrics

Cash Flow from Operations  
(\$ in Millions)



Average Operating Working  
Capital to Net Sales Ratio



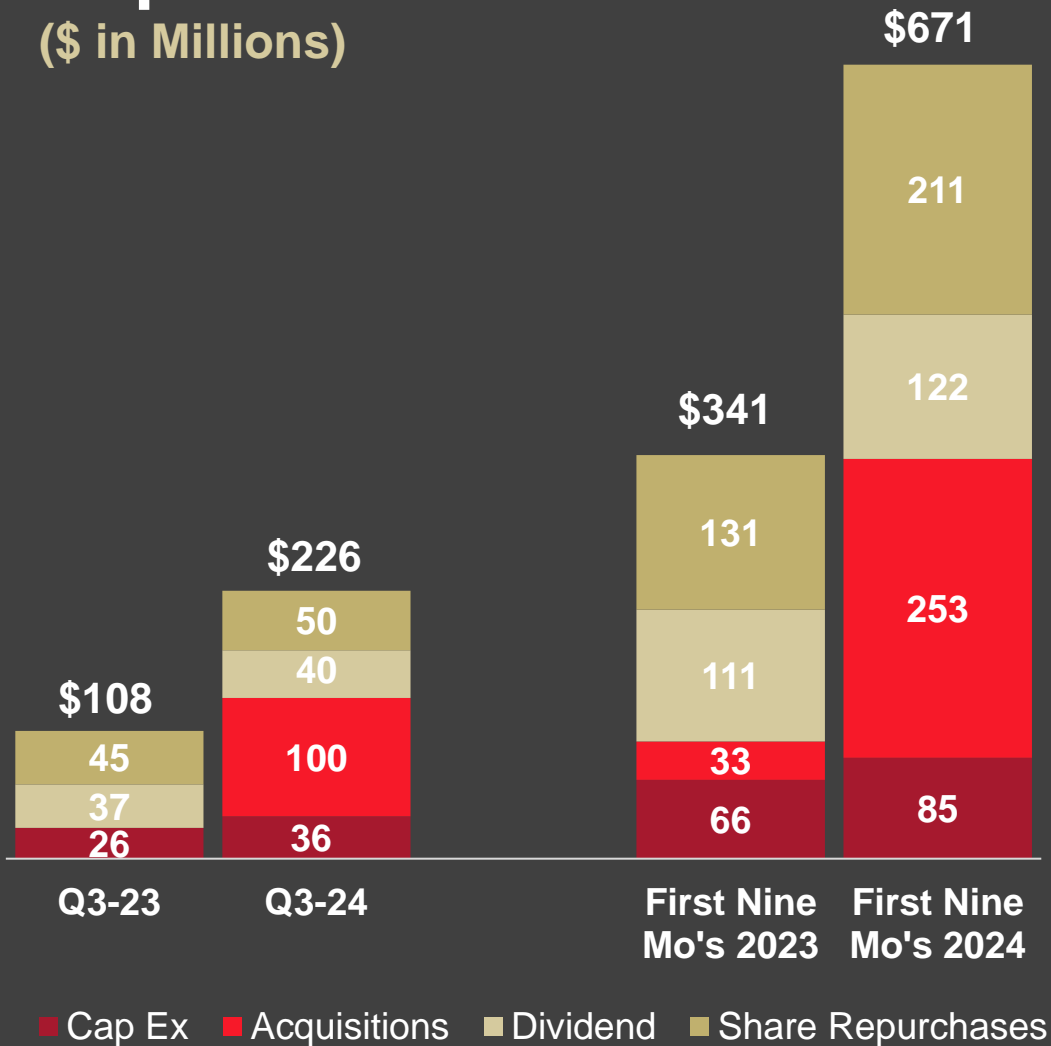
**134% cash conversion<sup>1</sup> in Q3-2024 and 109% First Nine Months-2024**

**Working capital performance unfavorably impacted by acquisitions and lower sales levels**

<sup>1</sup>Cash conversion is defined as Net cash provided by operating activities less Capital expenditures divided by Adjusted Net income.

# Capital Allocation<sup>1</sup>

(\$ in Millions)



## Q3 Capital Allocation & Returns

- **Growth:** \$136 million (+424% YoY)
- **Return to Shareholders:** \$91 million (+10 YoY)
- **Return on Invested Capital<sup>2</sup>:** 21.4%

## Capital Allocation Strategy

### Prioritized uses of cash:

- Growth investments (organic and M&A)
- Return to shareholders
  - Dividend: Announced +5.6% 2025 pay out rate
  - Share repurchases

<sup>1</sup> Figures may not sum due to rounding

<sup>2</sup> Adjusted Return on Invested Capital. Please refer to the appendix for reconciliation of Non-GAAP metrics.

# Full Year 2024 Assumptions

Reflects September's commentary on decelerating organic sales, but updated with a higher margin assumption from expanded savings actions

## Assumptions

---

Mid-to-high single digit % organic sales decline

Neutral price/cost

Adjusted operating income margin steady vs. prior year with a high-teens % decremental margin

Interest expense, net steady vs. prior year

Low-to-mid 20% tax rate

\$90 to \$110 million in cap-ex

100+% cash conversion

## Risks

---

Heavy industries sector softening

Timing of automotive capital spend

Economic and geopolitical headwinds

Inflation (raw materials & labor)

## Opportunities (not in assumptions)

---

Velion™ DC Fast Charger

Large-scale 3D printing /Additive



## Contact:

Amanda Butler

*Vice President, Investor Relations & Communications*

✉ [Amanda\\_Butler@lincolnelectric.com](mailto:Amanda_Butler@lincolnelectric.com)

📞 216.383.2534



## Non-GAAP Information

Adjusted operating income, Adjusted net income, Adjusted EBIT, EBITDA, Adjusted EBITDA, Adjusted effective tax rate, Adjusted diluted earnings per share, Adjusted EPS, Organic sales, Cash conversion, and Adjusted Return on invested capital are non-GAAP financial measures.

Management uses non-GAAP measures to assess the Company's operating performance by excluding certain disclosed special items that management believes are not representative of the Company's core business. Management believes that excluding these special items enables them to make better period-over-period comparisons and benchmark the Company's operational performance against other companies in its industry more meaningfully. Furthermore, management believes that non-GAAP financial measures provide investors with meaningful information that provides a more complete understanding of Company operating results and enables investors to analyze financial and business trends more thoroughly. Non-GAAP financial measures should not be viewed in isolation, are not a substitute for GAAP measures and have limitations including, but not limited to, their usefulness as comparative measures as other companies may define their non-GAAP measures differently.



# Non-GAAP Financial Measures

## Non-GAAP Financial Measures:

### Reconciliation of Operating Income, Net Income, Effective Tax Rate, and EPS to Non-GAAP Adjusted Operating Income, Adjusted Net Income, Adjusted Effective Tax Rate, and Adjusted EPS

(In thousands, except per share  
amounts)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating income as reported	\$ 145,560	\$ 171,441	\$ 459,445	\$ 513,818
Special items (pre-tax):				
Rationalization and asset impairment charges <sup>(2)</sup>	20,227	7,074	51,322	10,618
Acquisition transaction costs <sup>(3)</sup>	610	—	4,551	—
Amortization of step up in value of acquired inventories <sup>(5)</sup>	3,359	4,852	3,474	12,252
Adjusted operating income <sup>(1)</sup>	\$ 169,756	\$ 183,367	\$ 518,792	\$ 536,688
As a percent of net sales	17.3 %	17.7 %	17.4 %	17.1 %
Net income as reported	\$ 100,756	\$ 129,343	\$ 325,879	\$ 388,605
Special items:				
Rationalization and asset impairment charges <sup>(2)</sup>	20,227	7,074	51,322	10,618
Acquisition transaction costs <sup>(3)</sup>	610	—	4,551	—
Pension settlement charges <sup>(4)</sup>	3,966	—	3,966	—
Amortization of step up in value of acquired inventories <sup>(5)</sup>	3,359	4,852	3,474	12,252
Loss (gain) on asset disposal <sup>(6)</sup>	—	—	4,950	(1,646)
Tax effect of Special items <sup>(7)</sup>	(6,550)	(1,780)	(8,858)	(3,908)
Adjusted net income <sup>(1)</sup>	122,368	139,489	385,284	405,921
Interest expense, net	11,974	10,809	31,414	35,708
Income taxes as reported	31,186	32,090	101,217	101,232
Tax effect of Special items <sup>(7)</sup>	6,550	1,780	8,858	3,908
Adjusted EBIT <sup>(1)</sup>	\$ 172,078	\$ 184,168	\$ 526,773	\$ 546,769
Effective tax rate as reported	23.6 %	19.9 %	23.7 %	20.7 %
Net special item tax impact	— %	(0.4)%	(1.5)%	(0.1)%
Adjusted effective tax rate <sup>(1)</sup>	23.6 %	19.5 %	22.2 %	20.6 %
Diluted earnings per share as reported	\$ 1.77	\$ 2.22	\$ 5.68	\$ 6.67
Special items per share	0.37	0.18	1.04	0.30
Adjusted diluted earnings per share <sup>(1)</sup>	\$ 2.14	\$ 2.40	\$ 6.72	\$ 6.97
Weighted average shares (diluted)	57,066	58,136	57,349	58,277



# Non-GAAP Financial Measures

(continued)

## Footnotes for Non-GAAP Financial Measures:

### Reconciliation of Operating Income, Net Income, Effective Tax Rate, and EPS to Non-GAAP Adjusted Operating Income, Adjusted Net Income, Adjusted Effective Tax Rate, and Adjusted EPS

- 1) Adjusted operating income, adjusted net income, adjusted EBIT, adjusted effective tax rate and adjusted diluted EPS are non-GAAP financial measures. Refer to Non-GAAP Information section.
- 2) Items in 2024 primarily relate to rationalization plans initiated during the third quarter of 2024 in all three segments, as well as previously initiated plans and the disposition of the Company's Russian entity in International Welding. Items in 2023 primarily relate to plans previously initiated within International Welding.
- 3) Related to acquisitions and are included in Selling, general & administrative expenses.
- 4) Pension settlement charges primarily due to the final settlement associated with the termination of a pension plan and are included in Other (expense) income.
- 5) Related to acquisitions and are included in Cost of goods sold.
- 6) Loss (gain) on asset disposal is included in Other (expense) income.
- 7) Includes the net tax impact of Special items recorded during the respective periods. The tax effect of Special items impacting pre-tax income was calculated as the pre-tax amount multiplied by the applicable tax rate. The applicable tax rates reflect the taxable jurisdiction and nature of each Special item.

# Non-GAAP Financial Measures

## Adjusted Return on Invested Capital (ROIC)

(In thousands)  
(Unaudited)

	Twelve Months Ended September 30,	
	2024	2023
<b>Return on Invested Capital</b>		
Net income as reported	\$ 482,523	\$ 497,751
Plus: Interest expense (after-tax)	37,665	36,283
Less: Interest income (after-tax)	7,845	3,104
Net operating profit after taxes	<u>\$ 512,343</u>	<u>\$ 530,930</u>
Special Items:		
Rationalization and asset impairment charges	29,390	13,001
Acquisition transaction costs	4,554	2,935
Pension settlement charges	4,811	—
Amortization of step up in value of acquired inventories	3,471	12,253
Loss (gain) on asset disposal	4,950	(1,646)
Tax effect of Special items <sup>(2)</sup>	(2,413)	(5,159)
Adjusted net operating profit after taxes <sup>(1)</sup>	<u>\$ 557,106</u>	<u>\$ 552,314</u>
<b>Invested Capital</b>	<b>September 30, 2024</b>	<b>September 30, 2023</b>
Short-term debt	\$ 111,993	\$ 7,700
Long-term debt, less current portion	1,150,616	1,102,858
Total debt	1,262,609	1,110,558
Total equity	1,339,190	1,225,582
Invested capital	<u>\$ 2,601,799</u>	<u>\$ 2,336,140</u>
Return on invested capital as reported	<u>19.7 %</u>	<u>22.7 %</u>
Adjusted return on invested capital <sup>(1)</sup>	<u>21.4 %</u>	<u>23.6 %</u>

- 1) Adjusted net operating profit after taxes and Adjusted ROIC are non-GAAP financial measures. Refer to Non-GAAP Information section.
- 2) Includes the net tax impact of Special items recorded during the respective periods. The tax effect of Special items impacting pre-tax income was calculated as the pre-tax amount multiplied by the applicable tax rate. The applicable tax rates reflect the taxable jurisdiction and nature of each Special item.

# Segment EBIT

## EBIT and Adjusted EBIT Reconciliation – Three Months Ended September 30, 2024

(In thousands)  
(Unaudited)

	Americas Welding	International Welding	The Harris Products Group	Corporate / Eliminations	Consolidated
<b>Three months ended September 30, 2024</b>					
Net sales	\$ 637,026	\$ 216,224	\$ 130,509	\$ —	\$ 983,759
Inter-segment sales	30,845	7,371	3,155	(41,371)	—
Total sales	<u>\$ 667,871</u>	<u>\$ 223,595</u>	<u>\$ 133,664</u>	<u>\$ (41,371)</u>	<u>\$ 983,759</u>
Net income					\$ 100,756
As a percent of total sales					10.2 %
EBIT <sup>(1)</sup>	\$ 102,158	\$ 17,175	\$ 20,690	\$ 3,893	\$ 143,916
As a percent of total sales	15.3 %	7.7 %	15.5 %		14.6 %
Special items charges <sup>(3)</sup>	23,357	2,926	1,269	610	28,162
Adjusted EBIT <sup>(2)</sup>	<u>\$ 125,515</u>	<u>\$ 20,101</u>	<u>\$ 21,959</u>	<u>\$ 4,503</u>	<u>\$ 172,078</u>
As a percent of total sales	18.8 %	9.0 %	16.4 %		17.5 %
<b>Three months ended September 30, 2023</b>					
Net sales	\$ 665,228	\$ 242,010	\$ 125,976	\$ —	\$ 1,033,214
Inter-segment sales	28,875	4,896	2,299	(36,070)	—
Total sales	<u>\$ 694,103</u>	<u>\$ 246,906</u>	<u>\$ 128,275</u>	<u>\$ (36,070)</u>	<u>\$ 1,033,214</u>
Net income					\$ 129,343
As a percent of total sales					12.5 %
EBIT <sup>(1)</sup>	\$ 132,420	\$ 22,369	\$ 20,405	\$ (2,952)	\$ 172,242
As a percent of total sales	19.1 %	9.1 %	15.9 %		16.7 %
Special items charges <sup>(4)</sup>	4,056	7,870	—	—	11,926
Adjusted EBIT <sup>(2)</sup>	<u>\$ 136,476</u>	<u>\$ 30,239</u>	<u>\$ 20,405</u>	<u>\$ (2,952)</u>	<u>\$ 184,168</u>
As a percent of total sales	19.7 %	12.2 %	15.9 %		17.8 %

# Non-GAAP Financial Measures

(continued)

## Footnotes for EBIT and Adjusted EBIT Reconciliation – Three Months Ended September 30, 2024

- 1) EBIT is defined as Operating income plus Other (expense) income.
- 2) The primary profit measure used by management to assess segment performance is adjusted EBIT. EBIT for each operating segment is adjusted for special items to derive adjusted EBIT.
- 3) Special items in 2024 primarily reflect Rationalization net charges of \$16,282 in Americas Welding, \$2,676 in International Welding and \$1,269 in Harris Products Group. In addition, there was an amortization of step up in value of acquired inventories of \$3,109 and \$250 in Americas Welding and International Welding, respectively, pension settlement charges of \$3,966 in Americas Welding and acquisition transaction costs of \$610 in Corporate/Eliminations.
- 4) Special items in 2023 primarily reflect amortization of step up in value of acquired inventories of \$3,648 and \$1,204 in Americas and International Welding, respectively, and rationalization and asset impairment net charges of \$408 and \$6,666 in Americas and International Welding, respectively.