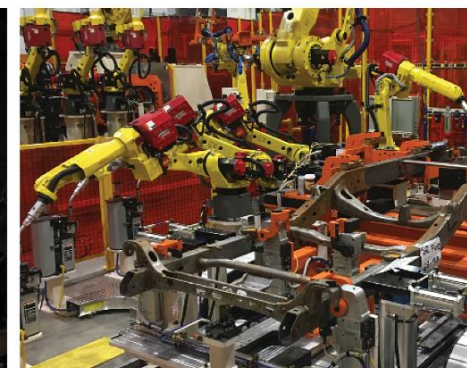




April 25, 2024 ●
LINCOLN ELECTRIC HOLDINGS, INC.
Q1 2024 Earnings



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 or on 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.

First Quarter 2024 Highlights:

Operational execution and cost management mitigate softer sales performance

+120 bps Adjusted operating income margin to 17.5%

Record Adjusted EPS and Cash flows

\$981 M

Net Sales performance

-6% vs. prior year; Organic sales -6%

24.1%

Adjusted ROIC performance

+170 bps vs. prior year

17.5%

Adjusted Operating Income Margin

+120 bps vs. prior year

\$133M

Record Q1 Cash flow from operations

+8% vs. prior year

\$2.23

Record Q1 Adjusted EPS

+5% vs. prior year

\$152M

Returns to shareholders

(\$41M in dividends + \$110M in share repurchases)

— Q1 Organic sales compression reflects challenging prior year comparisons and slower industrial activity

Q1 Organic sales declined 6.1% reflecting a slower start across all products

Solid Q1 automation backlog and orders

Equipment down mid single-digit percent

Automation down mid single-digit percent

Consumables down mid-to-high single-digit percent

Q1 global end sector performance¹

Energy remains resilient globally

Energy relatively steady

Heavy Industries down mid single-digit percent

Construction/Infrastructure down mid single-digit percent

General Industries down low double-digit percent

Automotive/Transportation down low-20 percent

¹ End sector performance reflects direct channel organic sales trends



Milestones & Announcements

RedViking® Acquisition

Global automation portfolio sales run rate at \$1 billion

Complementary material handling and adds new capabilities in dynamic testing and MES¹ software for automation systems



1,000th Cobot Sale

Leading welding cobot in the industry

Cooper™ welding cobot solutions include an easy-to-use Click Click Weld™ software app to help customers be welding experts



New Chief Transformation Officer role

Accelerating profit growth

CTO to accelerate enterprise-wide productivity initiatives

Susan Edwards joins Lincoln as CHRO



Michele Kuhrt, CTO



Susan Edwards, CHRO

¹ MES = Manufacturing execution system software, which helps optimize manufacturing processes on the shop floor by monitoring, measuring and reporting production activity.

Income Statement – Q1 2024

\$ in Millions	Q1 2024	% of Sales	Q1 2023	% of Sales	YoY % Change Fav/ (Unfav)
Net Sales	\$ 981.2		\$ 1,039.3		(5.6)%
Gross Profit	368.4	37.5%	355.4	34.2%	3.7%
SG&A	198.7	20.3%	190.1	18.3%	(4.5)%
Operating Income	165.0	16.8%	164.4	15.8%	0.4%
Special item charges ^{1,2}	6.4	0.6%	4.7	0.5%	(34.5)%
Adjusted Operating Income¹	\$ 171.4	17.5%	\$ 169.1	16.3%	1.4%
Interest Expense, net³	8.8	0.9%	13.2	1.3%	33.5%
Effective Tax Rate	22.2 %		21.5 %		(70) bps
Adjusted Effective Tax Rate	22.0 %		21.6 %		(40) bps
Net Income	\$ 123.4	12.6%	\$ 121.9	11.7%	1.2%
Special Items charges ⁴	5.2	0.5%	2.3	0.2%	(131.0)%
Adjusted Net Income¹	\$ 128.7	13.1%	\$ 124.2	11.9%	3.6%
Diluted EPS	\$ 2.14		\$ 2.09		2.4%
Adjusted Diluted EPS¹	\$ 2.23		2.13		4.7%

Q1 2024 SALES MIX⁵

Volume	(6.1)%	Price	0.0%	Acq/Div	0.4%	FX	0.2%
TOTAL	(5.6)%						

¹ Please review the appendix for reconciliation of non-GAAP measures.

² Q1 Special items include a \$4.6 million Rationalization and asset impairment charge in 2024 related to actions initiated in two segments, as well as a \$1.8 million charge for acquisition transaction costs. This compares with a \$0.9 million rationalization and asset impairment charge and a \$3.9 million charge for the amortization of step up in value of acquired inventories in 2023.

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

⁴ Q1 Special items include the charges noted in footnote 2 and a \$1.1 million tax effect of Special items in 2024 as compared with \$0.8 million in 2023. Q1 2023 also incurred a \$1.6 million gain on asset disposal.

⁵ Figures may not sum due to rounding.

Americas Welding Segment

(\$ in Millions)	Q1 2024	Q1 2023	% YoY Change
Net Sales	\$ 624.1	\$ 658.6	(5.2)% ↓
Adjusted EBIT	\$ 136.1	\$ 132.5	2.8% ↑
Adjusted EBIT Margin²	20.8%	19.2%	+160 bps ↑
Q1 2024 SALES MIX¹			

Volume	(6.5)%	Price	0.3%	Acq/Div	0.6%	FX	0.3%
TOTAL	(5.2)%						

Volumes challenged by moderating industrial activity and prior year comparisons on capital equipment projects.

Margin reflects effective cost management and operational improvements in the Automation portfolio.

¹ Figures may not sum due to rounding.

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

International Welding Segment

(\$ in Millions)	Q1 2024	Q1 2023	% YoY Change	
Net Sales	\$ 235.8	\$ 252.4	(6.6)%	↓
Adjusted EBIT	\$ 27.8	\$ 29.6	(6.2)%	↓
Adjusted EBIT Margin²	11.4%	11.4%	0 bps	=
Q1 2024 SALES MIX¹				
Volume	(4.9)%	Price	(1.6)%	Acq/Div -
				FX (0.1)%
TOTAL	(6.6)%			

Volumes soften as strength in the Middle East and Turkey is offset by weak industrial activity in Europe and challenging prior year comparisons in Asia Pacific.

Margin performance reflects effective cost management partially offset by the unfavorable impact of lower volumes.

¹ Figures may not sum due to rounding.

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

The Harris Products Group

(\$ in Millions)	Q1 2024	Q1 2023	% YoY Change	
Net Sales	\$ 121.3	\$ 128.3	(5.4)%	↓
Adjusted EBIT	\$ 19.9	\$ 19.0	4.7%	↑
Adjusted EBIT Margin²	16.0%	14.5%	150 bps	↑
Q1 2024 SALES MIX¹				

Volumes primarily reflect weak residential sector activity (HVAC, plumbing).

Price reflects actions taken to mitigate inflation and changes in metal costs.

Margin improves on effective cost management and operational improvements.

Volume	(6.9)%	Price	1.1%	Acq/Div	-	FX	0.4%
TOTAL	(5.4)%						

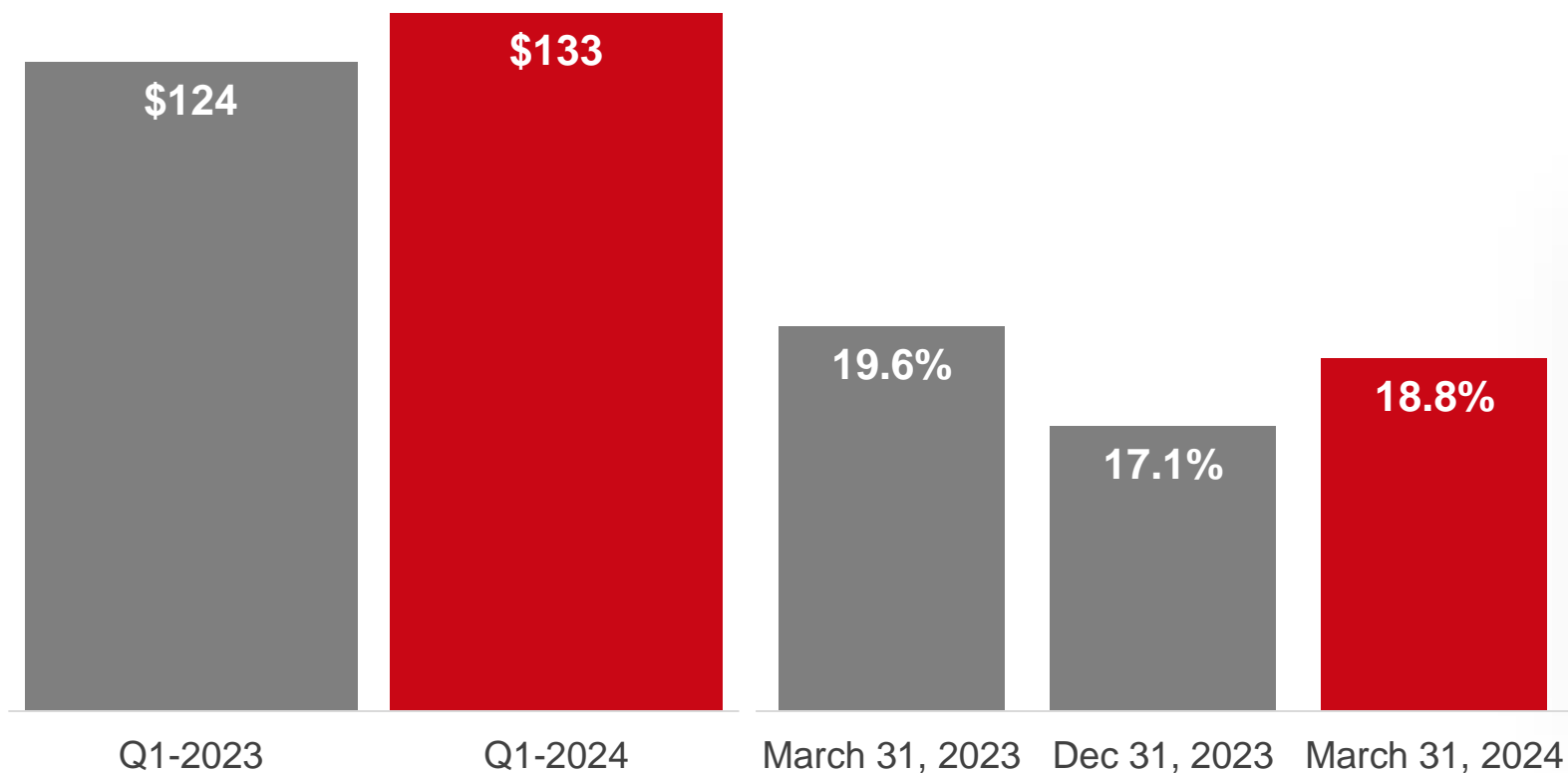
¹ Figures may not sum due to rounding

² 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



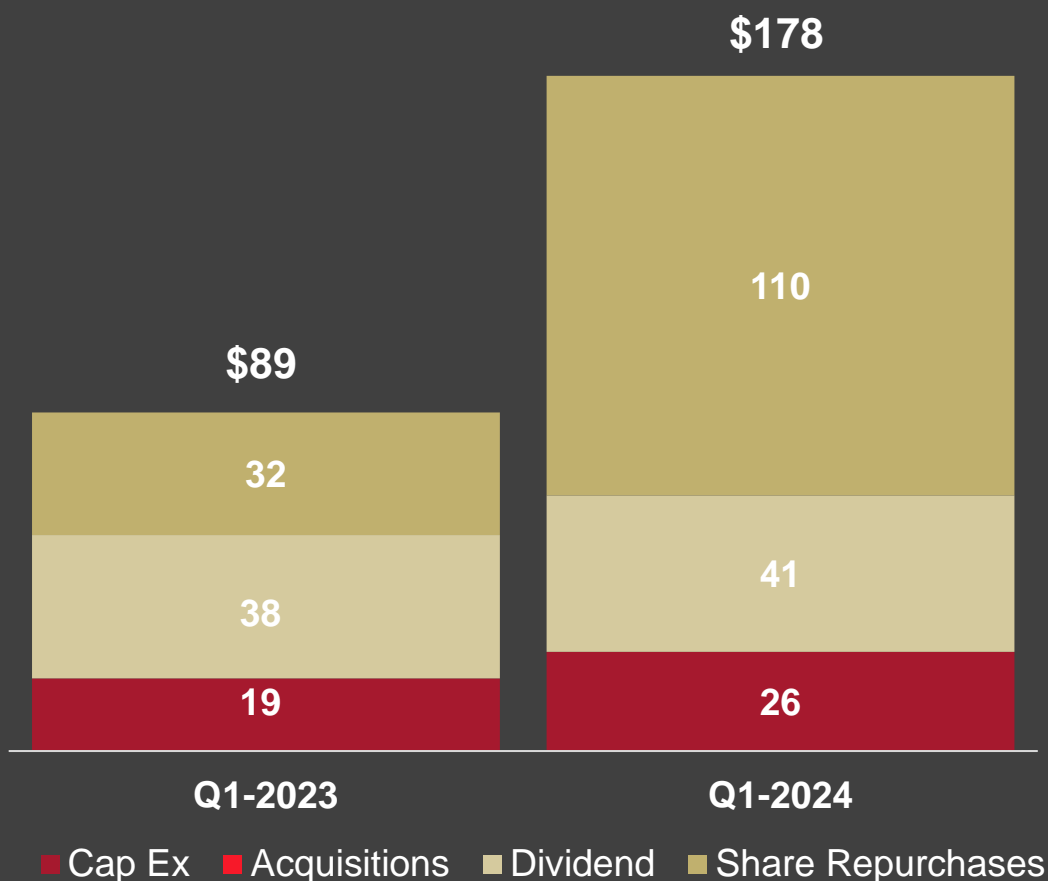
83% cash conversion¹ in Q1-2024

Working capital performance improves vs. the comparable prior year period as inventory levels normalize

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

Capital Allocation¹

(\$ in Millions)



Q1 Capital Allocation & Returns

- **Growth:** \$26 million
- **Return to Shareholders:** \$152 million
- **Return on Invested Capital²:** 24.1%

Capital Allocation Strategy

Prioritized uses of cash:

- Growth investments (organic and M&A)
- Return to shareholders
 - Dividend: +11% 2024 pay out rate
 - Share repurchases

¹ Figures may not sum due to rounding

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

Maintaining Full Year 2024 Assumptions

Assumptions

Low- to Mid-single digit % organic sales growth

Neutral price/cost

Low-to-mid 20% incremental operating income margin

\$45 to \$50 million interest expense

Low-to-mid 20% tax rate

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

100+% cash conversion

Risks

Economic and geopolitical headwinds

Inflation (raw materials & labor)

Opportunities

(not in assumptions)

Velion™ DC Fast Charger

Large-scale 3D printing /Additive



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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 March 31,	
	2024	2023
Operating income as reported	\$ 165,047	\$ 164,364
Special items (pre-tax):		
Rationalization and asset impairment charges ⁽²⁾	4,605	877
Acquisition transaction costs ⁽³⁾	1,762	—
Amortization of step up in value of acquired inventories ⁽⁴⁾	—	3,856
Adjusted operating income ⁽¹⁾	\$ 171,414	\$ 169,097
As a percent of net sales	17.5 %	16.3 %
Net income as reported	\$ 123,415	\$ 121,931
Special items:		
Rationalization and asset impairment charges ⁽²⁾	4,605	877
Acquisition transaction costs ⁽³⁾	1,762	—
Amortization of step up in value of acquired inventories ⁽⁴⁾	—	3,856
Gain on asset disposal ⁽⁵⁾	—	(1,646)
Tax effect of Special items ⁽⁶⁾	(1,126)	(818)
Adjusted net income ⁽¹⁾	128,656	124,200
Interest expense, net	8,779	13,201
Income taxes as reported	35,115	33,413
Tax effect of Special items ⁽⁶⁾	1,126	818
Adjusted EBIT ⁽¹⁾	\$ 173,676	\$ 171,632
Effective tax rate as reported	22.2 %	21.5 %
Net special item tax impact	(0.2)%	0.1 %
Adjusted effective tax rate ⁽¹⁾	22.0 %	21.6 %
Diluted earnings per share as reported	\$ 2.14	\$ 2.09
Special items per share	0.09	0.04
Adjusted diluted earnings per share ⁽¹⁾	\$ 2.23	\$ 2.13
Weighted average shares (diluted)	57,641	58,417

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) Primarily related to rationalization plans initiated within International Welding and the Harris Products Group.
- 3) Related to acquisitions and are included in Selling, general & administrative expenses.
- 4) Related to acquisitions and are included in Cost of goods sold.
- 5) Gain on asset disposal and included in Other income.
- 6) 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 March 31,	
	2024	2023
Return on Invested Capital		
Net income as reported	\$ 546,733	\$ 468,125
Plus: Interest expense (after-tax)	36,519	28,875
Less: Interest income (after-tax)	6,793	1,560
Net operating profit after taxes	\$ 576,459	\$ 495,440
Special Items:		
Rationalization and asset impairment charges	(7,586)	10,780
Acquisition transaction costs	1,762	6,003
Pension settlement charges	845	—
Amortization of step up in value of acquired inventories	8,397	4,962
Gain on asset disposal	—	(1,646)
Tax effect of Special items ⁽²⁾	2,228	(3,051)
Adjusted net operating profit after taxes ⁽¹⁾	\$ 582,105	\$ 512,488
Invested Capital	March 31, 2024	March 31, 2023
Short-term debt	\$ 4,720	\$ 49,340
Long-term debt, less current portion	1,102,677	1,110,626
Total debt	1,107,397	1,159,966
Total equity	1,307,828	1,125,236
Invested capital	\$ 2,415,225	\$ 2,285,202
Return on invested capital as reported	23.9 %	21.7 %
Adjusted return on invested capital ⁽¹⁾	24.1 %	22.4 %

- 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 March 31, 2024

(In thousands)
(Unaudited)

	Americas Welding	International Welding	The Harris Products Group	Corporate / Eliminations	Consolidated
Three months ended March 31, 2024					
Net sales	\$ 624,099	\$ 235,761	\$ 121,337	\$ —	\$ 981,197
Inter-segment sales	29,978	8,408	3,093	(41,479)	—
Total sales	<u>\$ 654,077</u>	<u>\$ 244,169</u>	<u>\$ 124,430</u>	<u>\$ (41,479)</u>	<u>\$ 981,197</u>
Net income					\$ 123,415
As a percent of total sales					12.6 %
EBIT ⁽¹⁾	\$ 136,100	\$ 24,707	\$ 18,342	\$ (11,840)	\$ 167,309
As a percent of total sales	20.8 %	10.1 %	14.7 %		17.1 %
Special items charges ⁽³⁾	—	3,069	1,536	1,762	6,367
Adjusted EBIT ⁽²⁾	<u>\$ 136,100</u>	<u>\$ 27,776</u>	<u>\$ 19,878</u>	<u>\$ (10,078)</u>	<u>\$ 173,676</u>
As a percent of total sales	20.8 %	11.4 %	16.0 %		17.7 %
Three months ended March 31, 2023					
Net sales	\$ 658,645	\$ 252,416	\$ 128,282	\$ —	\$ 1,039,343
Inter-segment sales	32,318	6,753	2,897	(41,968)	—
Total sales	<u>\$ 690,963</u>	<u>\$ 259,169</u>	<u>\$ 131,179</u>	<u>\$ (41,968)</u>	<u>\$ 1,039,343</u>
Net income					\$ 121,931
As a percent of total sales					11.7 %
EBIT ⁽¹⁾	\$ 129,668	\$ 29,296	\$ 18,983	\$ (9,402)	\$ 168,545
As a percent of total sales	18.8 %	11.3 %	14.5 %		16.2 %
Special items charges ⁽⁴⁾	2,785	302	—	—	3,087
Adjusted EBIT ⁽²⁾	<u>\$ 132,453</u>	<u>\$ 29,598</u>	<u>\$ 18,983</u>	<u>\$ (9,402)</u>	<u>\$ 171,632</u>
As a percent of total sales	19.2 %	11.4 %	14.5 %		16.5 %

Non-GAAP Financial Measures

(continued)

**Footnotes for EBIT and
Adjusted EBIT Reconciliation –
Three Months Ended
December 31, 2023**

- 1) EBIT is defined as Operating income plus Other 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 and asset impairment charges of \$3,069 and \$1,536 in International Welding and the Harris Products Group, respectively, and acquisition transaction costs of \$1,762 in Corporate/Eliminations.
- 4) Special items in 2023 primarily reflect amortization of step up in value of acquired inventories of \$2,785 and \$1,071 in Americas and International Welding, respectively, Rationalization and asset impairment net charges of \$877 in International Welding, and a gain on asset disposal of \$1,646 in International Welding.