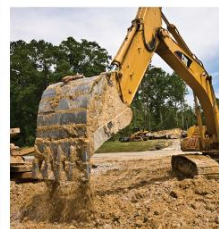
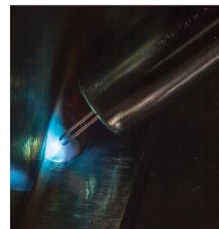
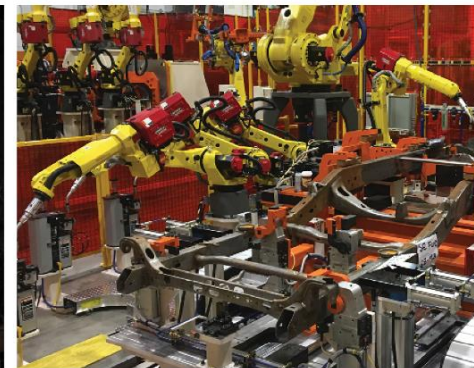




February 15, 2024 •  
LINCOLN ELECTRIC HOLDINGS, INC.

# Q4 & Full Year 2023 Earnings



# Safe Harbor and Regulation G Disclosures

## Forward-Looking Statements:

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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:

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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.

# Full Year 2023 Highlights:

Record financial performance advances us towards our Higher Standard 2025 Strategy targets.

## \$4.2B

**Record 2023 sales**  
+11% vs. prior year; Organic sales +4%

## 24.1%

**Record Adjusted ROIC performance**  
+140 bps vs. prior year

## 17.1%

**Record 2023 Adjusted Operating Income Margin**  
+30 bps vs. prior year

## \$668M

**Record Cash flow from operations**  
+74% vs. prior year

## \$9.41

**Record 2023 Adjusted EPS**  
+14% vs. prior year

## \$347M

**Returns to shareholders**  
(\$148M in dividends + \$199M in share repurchases)

# Higher Standard 2025 Strategy Check-in:

On pace to achieve goals.

Continuing to progress on profitability and working capital performance.

Safety and environmental initiatives advancing well.

Financial Metric	2020-2025 Strategy Target	2020-2023 Achievement
Sales CAGR ( <i>ex-FX</i> )	High single-digit to Low-double digit %	12%*
Average Adjusted Operating Income Margin	16% (+/- 150 bps)	15.3% average
Americas Welding EBIT margin	17% to 19%	17.6% average
International Welding EBIT margin	12% to 14%	10.4% average
Harris Products Group EBIT margin	13% to 15%	14.1% average
Adjusted EPS CAGR	High-teens % to Low-20 %	31%
Average ROIC	18% to 20% (top quartile)	22.1% average
Average Operating Working Capital Ratio	15% at 12/31/2025 (top decile)	17.1%

\* A maximum of 2% price contribution is used in measuring 2020-2023 sales growth performance.

Safety & Environmental Metric	2020-2025 Strategy Target	2020-2023 Achievement
Safety (TRCR)	52% reduction	38% reduction
GHG Emissions	10% reduction	16% reduction
Energy Intensity	16% reduction	10% reduction
Recycling Rate / Landfill Avoidance	80% / 97%	76.5% / 94%
Water Use	14% reduction	25% reduction



# Q4 Organic sales growth reflects continued momentum in capital spending across most industrial end markets

## Q4 Organic sales increased 2.6% led by Automation

### Welding segments' organic growth led by capital spending

Automation up high-teens percent

Equipment up mid single-digit percent

Consumables down low single-digit percent

## Q4 global end sector performance<sup>1</sup>

### 4 of 5 end markets growing, led by Construction/Infrastructure

Construction/Infrastructure up high-teens percent

Energy and General Industries up mid-teens percent

Heavy Industries up low double-digit percent

Automotive/Transportation down high-teens percent



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

# Income Statement – Q4 2023

\$ in Millions	Q4 2023	% of Sales	Q4 2022	% of Sales	YoY % Change Fav/ (Unfav)
<b>Net Sales</b>	\$ 1,058.5		\$ 930.9		13.7%
<b>Gross Profit</b>	371.0	35.1%	308.0	33.1%	20.5%
<b>SG&amp;A</b>	188.9	17.8%	164.1	17.6%	(15.1)%
<b>Operating Income</b>	204.0	19.3%	141.5	15.2%	44.2%
Special item (gains)/charges <sup>1,2</sup>	(21.9)	NM	5.3	0.6%	NM
<b>Adjusted Operating Income<sup>1</sup></b>	\$ 182.1	17.2%	\$ 146.8	15.8%	24.0%
<b>Interest Expense, net<sup>3</sup></b>	8.7	0.8%	8.6	0.9%	(0.3)%
<b>Effective Tax Rate</b>	20.5 %		19.6 %		(90) Bps
<b>Adjusted Effective Tax Rate<sup>4</sup></b>	19.3 %		19.7 %		+ 40 bps
<b>Net Income</b>	\$ 156.6	14.8%	\$ 109.1	11.7%	43.5%
Special Items (gains)/charges <sup>5</sup>	(14.6)	NM	4.1	0.4%	NM
<b>Adjusted Net Income<sup>1</sup></b>	\$ 142.0	13.4%	\$ 113.2	12.2%	25.4%
<b>Diluted EPS</b>	\$ 2.70		\$ 1.87		44.4%
<b>Adjusted Diluted EPS<sup>1</sup></b>	\$ 2.45		1.94		26.3%

## Q4 2023 SALES MIX<sup>6</sup>

<b>Volume</b>	2.0%	<b>Price</b>	0.6%	<b>Acq/Div</b>	9.8%	<b>FX</b>	1.3%
<b>TOTAL</b>	<b>13.7%</b>						

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

<sup>2</sup> Q4 Special items include a Rationalization and asset impairment gain of \$21.9 million in 2023 related to a gain on sale of property. This compares with a \$2.4 million rationalization and asset impairment charge and acquisition transaction costs of \$2.9 million in 2022.

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

<sup>4</sup> Q4 2023 Adjusted effective tax rates reflects a favorable adjustment of 120 bps from special items. Q4 2022 incurred an unfavorable 10 bps adjustment.

<sup>5</sup> Q4 Special items include the gains noted in footnote 2 and an \$0.8 million pension settlement charge and \$6.4 million tax effect of Special items in 2023. This compares with a \$1.3 million tax effect of Special items in 2022.

<sup>6</sup> Figures may not sum due to rounding.

# Americas Welding Segment

(\$ in Millions)	Q4 2023	Q4 2022	% YoY Change
<b>Net Sales</b>	\$ 654.7	\$ 573.6	14.1% ↑
<b>Adjusted EBIT</b>	\$ 129.5	\$ 114.4	13.2% ↑
<b>Adjusted EBIT Margin<sup>2</sup></b>	18.8%	19.0%	(20) bps ↓

Q4 2023 SALES MIX <sup>1</sup>							
<b>Volume</b>	2.6%	<b>Price</b>	0.5%	<b>Acq/Div</b>	10.7%	<b>FX</b>	0.4%
<b>TOTAL</b>	<b>14.1%</b>						

Volume growth led by automation demand; partially offset by compressing industrial activity in portions of South America.

Acquisitions outperformed on strong year-end activity.

Margin reflects effective cost management partially offset by mix.

<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)	Q4 2023	Q4 2022	% YoY Change
<b>Net Sales</b>	\$ 292.2	\$ 243.1	20.2% ↑
<b>Adjusted EBIT</b>	\$ 42.9	\$ 22.8	87.8% ↑
<b>Adjusted EBIT Margin<sup>2</sup></b>	14.1%	9.2%	490 bps ↑

Q4 2023 SALES MIX <sup>1</sup>					
<b>Volume</b>	4.9%	<b>Price</b>	(0.7)%	<b>Acq/Div</b>	12.4%
				<b>FX</b>	3.6%
<b>TOTAL</b>	<b>20.2%</b>				

Volumes higher across EMEA and Asia Pacific led by Automation and strong project activity in the Middle East, India and portions of Asia Pacific.

Margin performance reflects effective cost management and favorable mix.

<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)	Q4 2023	Q4 2022	% YoY Change
<b>Net Sales</b>	\$ 111.6	\$ 114.2	(2.3)% ↓
<b>Adjusted EBIT</b>	\$ 15.2	\$ 12.1	26.5% ↑
<b>Adjusted EBIT Margin<sup>2</sup></b>	13.3%	10.3%	300 bps ↑

Q4 2023 SALES MIX <sup>1</sup>							
<b>Volume</b>	(6.9)%	<b>Price</b>	3.6%	<b>Acq/Div</b>	-	<b>FX</b>	1.0%
<b>TOTAL</b>	<b>(2.3)%</b>						

Volumes primarily reflect soft residential-oriented applications (HVAC, plumbing).

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

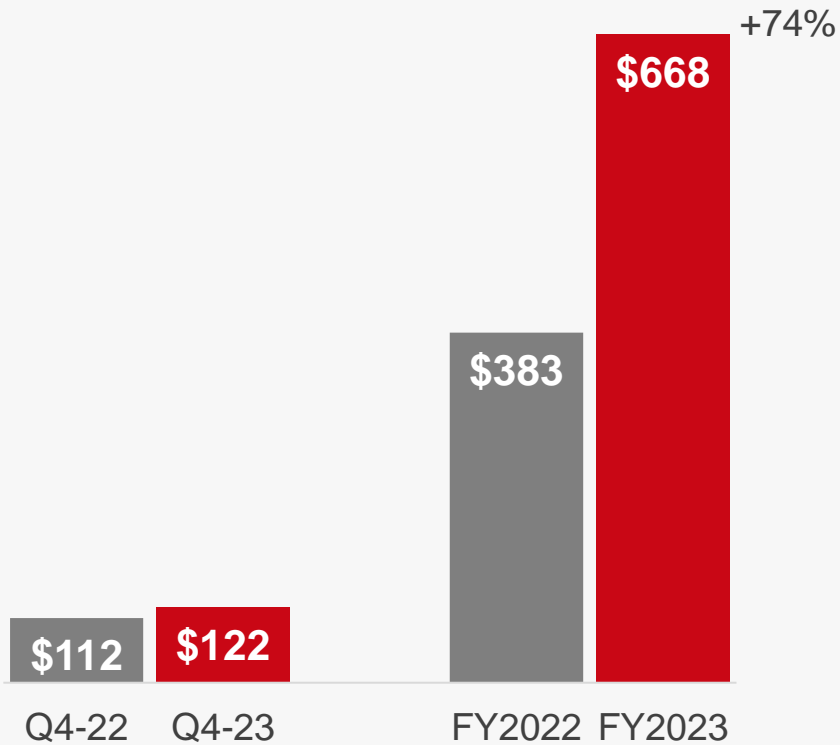
Margin improves on effective cost management; partially offset by lower operating leverage.

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

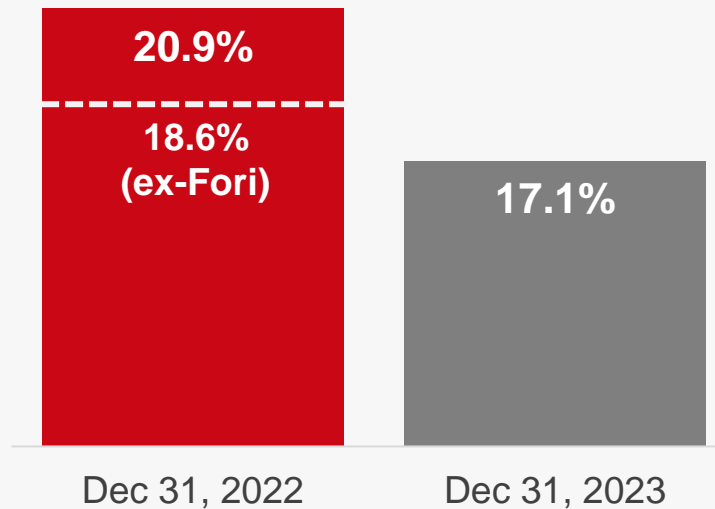
<sup>2</sup> Adjusted EBIT Margin is calculated using Total Sales, which includes Inter-segment sales.

# Cash Flow From Operations Metrics

Cash Flow from Operations  
(\$ in Millions)



Average Operating Working  
Capital to Net Sales Ratio



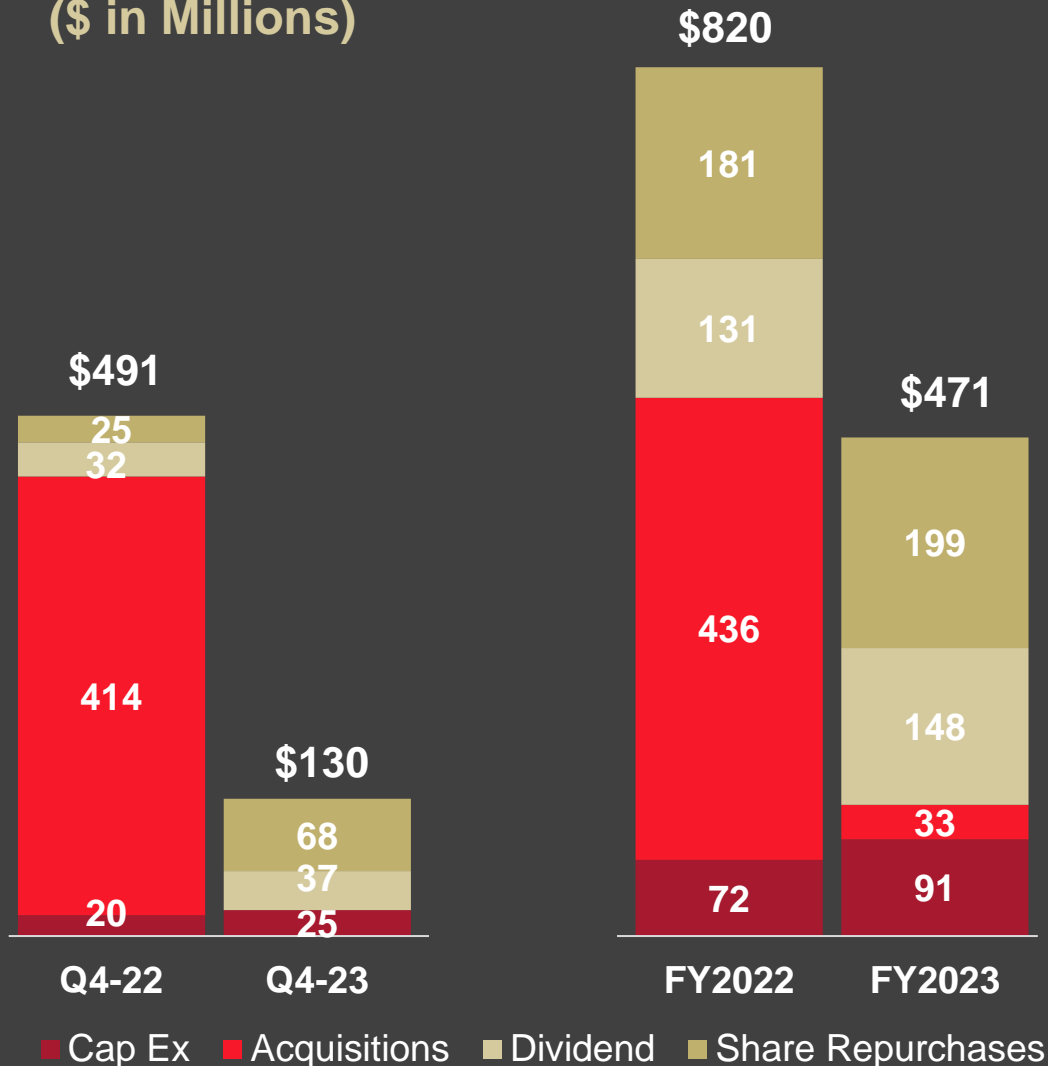
Record FY2023 Cash Flow generation with 105% cash conversion<sup>1</sup>.

Improved working capital efficiency as inventory levels normalize.

<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)



## Q4 Capital Allocation & Returns

- Growth: \$25 million
- Return to Shareholders: \$105 million
- Dividend Rate: +14.3%
- Return on Invested Capital<sup>2</sup>: 24.1% (record)

## Capital Allocation Strategy

### Prioritized uses of cash:

- Growth investments (organic and M&A)
- Return to shareholders
  - Dividend: +11% 2024 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

## Assumptions

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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

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Economic and geopolitical headwinds

Inflation (raw materials & labor)

## Opportunities

(not in assumptions)

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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 December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Operating income as reported	\$ 204,031	\$ 141,488	\$ 717,849	\$ 612,336
Special items (pre-tax):				
Rationalization and asset impairment charges <sup>(2)</sup>	(21,932)	2,383	(11,314)	11,788
Acquisition transaction costs <sup>(3)</sup>	—	2,935	—	6,003
Amortization of step up in value of acquired inventories <sup>(4)</sup>	—	—	12,252	1,106
Adjusted operating income <sup>(1)</sup>	\$ 182,099	\$ 146,806	\$ 718,787	\$ 631,233
As a percent of total sales	17.2 %	15.8 %	17.1 %	16.8 %
Net income as reported	\$ 156,644	\$ 109,146	\$ 545,248	\$ 472,224
Special items:				
Rationalization and asset impairment charges <sup>(2)</sup>	(21,932)	2,383	(11,314)	11,788
Acquisition transaction costs <sup>(3)</sup>	—	2,935	—	6,003
Pension settlement net charges <sup>(5)</sup>	845	—	845	(4,273)
Amortization of step up in value of acquired inventories <sup>(4)</sup>	—	—	12,252	1,106
Gain on asset disposal <sup>(6)</sup>	—	—	(1,646)	—
Tax effect of Special items <sup>(7)</sup>	6,445	(1,250)	2,537	(1,192)
Adjusted net income <sup>(1)</sup>	142,002	113,214	547,922	485,656
Interest expense, net	8,663	8,633	44,371	29,500
Income taxes as reported	40,386	26,612	141,618	120,603
Tax effect of Special items <sup>(7)</sup>	(6,445)	1,250	(2,537)	1,192
Adjusted EBIT <sup>(1)</sup>	\$ 184,606	\$ 149,709	\$ 731,374	\$ 636,951
Effective tax rate as reported	20.5 %	19.6 %	20.6 %	20.3 %
Net special item tax impact	(1.2)%	0.1 %	(0.4)%	(0.2)%
Adjusted effective tax rate <sup>(1)</sup>	19.3 %	19.7 %	20.2 %	20.1 %
Diluted earnings per share as reported	\$ 2.70	\$ 1.87	\$ 9.37	\$ 8.04
Special items per share	(0.25)	0.07	0.04	0.23
Adjusted diluted earnings per share <sup>(1)</sup>	\$ 2.45	\$ 1.94	\$ 9.41	\$ 8.27
Weighted average shares (diluted)	57,911	58,459	58,221	58,749

# 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) 2023 gain is primarily related to the sale of a property partially offset by rationalization and asset impairment charges within International Welding. 2022 charges are primarily related to employee severance, gains or losses on the disposal of assets and other related costs and non-cash asset impairment charges.
- 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) 2023 charges related to pension settlements included in Other income. 2022 net gains primarily due to the final settlement associated with the termination of a pension plan and are included in Other income.
- 6) Gain on asset disposal and included in Other 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 December 31,	
	2023	2022
<b>Return on Invested Capital</b>		
Net income as reported	\$ 545,248	\$ 472,224
Plus: Interest expense (after-tax)	38,050	23,276
Less: Interest income (after-tax)	5,033	1,202
Net operating profit after taxes	<u>\$ 578,265</u>	<u>\$ 494,298</u>
Special items:		
Rationalization and asset impairment charges	(11,314)	11,788
Acquisition transaction costs	—	6,003
Pension settlement net charges	845	(4,273)
Amortization of step up in value of acquired inventories	12,252	1,106
Gain on asset disposal	(1,646)	—
Tax effect of Special items <sup>(2)</sup>	2,537	(1,192)
Adjusted net operating profit after taxes <sup>(1)</sup>	<u>\$ 580,939</u>	<u>\$ 507,730</u>
<b>Invested Capital</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Short-term debt	\$ 2,439	\$ 93,483
Long-term debt, less current portion	1,102,771	1,110,396
Total debt	1,105,210	1,203,879
Total equity	1,308,852	1,034,041
Invested capital	<u>\$ 2,414,062</u>	<u>\$ 2,237,920</u>
Return on invested capital as reported	24.0 %	22.1 %
Adjusted return on invested capital <sup>(1)</sup>	<u>24.1 %</u>	<u>22.7 %</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 December 31, 2023

(In thousands)  
(Unaudited)

	Americas Welding	International Welding	The Harris Products Group	Corporate / Eliminations	Consolidated
<b>Three months ended December 31, 2023</b>					
Net sales	\$ 654,707	\$ 292,177	\$ 111,630	\$ —	\$ 1,058,514
Inter-segment sales	35,493	11,557	2,578	(49,628)	—
Total sales	<u>\$ 690,200</u>	<u>\$ 303,734</u>	<u>\$ 114,208</u>	<u>\$ (49,628)</u>	<u>\$ 1,058,514</u>
Net income					\$ 156,644
As a percent of total sales					14.8 %
EBIT <sup>(1)</sup>	\$ 129,409	\$ 64,035	\$ 15,246	\$ (2,997)	\$ 205,693
As a percent of total sales	18.7 %	21.1 %	13.3 %		19.4 %
Special items charges (gain) <sup>(3)</sup>	60	(21,147)	—	—	(21,087)
Adjusted EBIT <sup>(2)</sup>	<u>\$ 129,469</u>	<u>\$ 42,888</u>	<u>\$ 15,246</u>	<u>\$ (2,997)</u>	<u>\$ 184,606</u>
As a percent of total sales	18.8 %	14.1 %	13.3 %		17.4 %
<b>Three months ended December 31, 2022</b>					
Net sales	\$ 573,592	\$ 243,114	\$ 114,228	\$ —	\$ 930,934
Inter-segment sales	29,479	5,754	2,470	(37,703)	—
Total sales	<u>\$ 603,071</u>	<u>\$ 248,868</u>	<u>\$ 116,698</u>	<u>\$ (37,703)</u>	<u>\$ 930,934</u>
Net income					\$ 109,146
As a percent of total sales					11.7 %
EBIT <sup>(1)</sup>	\$ 113,813	\$ 21,020	\$ 12,056	\$ (2,498)	\$ 144,391
As a percent of total sales	18.9 %	8.4 %	10.3 %		15.5 %
Special items charges <sup>(4)</sup>	567	1,816	—	2,935	5,318
Adjusted EBIT <sup>(2)</sup>	<u>\$ 114,380</u>	<u>\$ 22,836</u>	<u>\$ 12,056</u>	<u>\$ 437</u>	<u>\$ 149,709</u>
As a percent of total sales	19.0 %	9.2 %	10.3 %		16.1 %



# 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 (expense).
- 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 2023 primarily reflect a net gain of \$21,992 related to the sale of a property, partially offset by rationalization and asset impairment charges, and pension settlement charges of \$845 in International Welding.
- 4) Special items in 2022 primarily reflect Rationalization and asset impairment charges of \$1,816 and \$567 in International Welding and Americas Welding, respectively, and acquisition transaction costs of \$2,935 in Corporate/Eliminations.