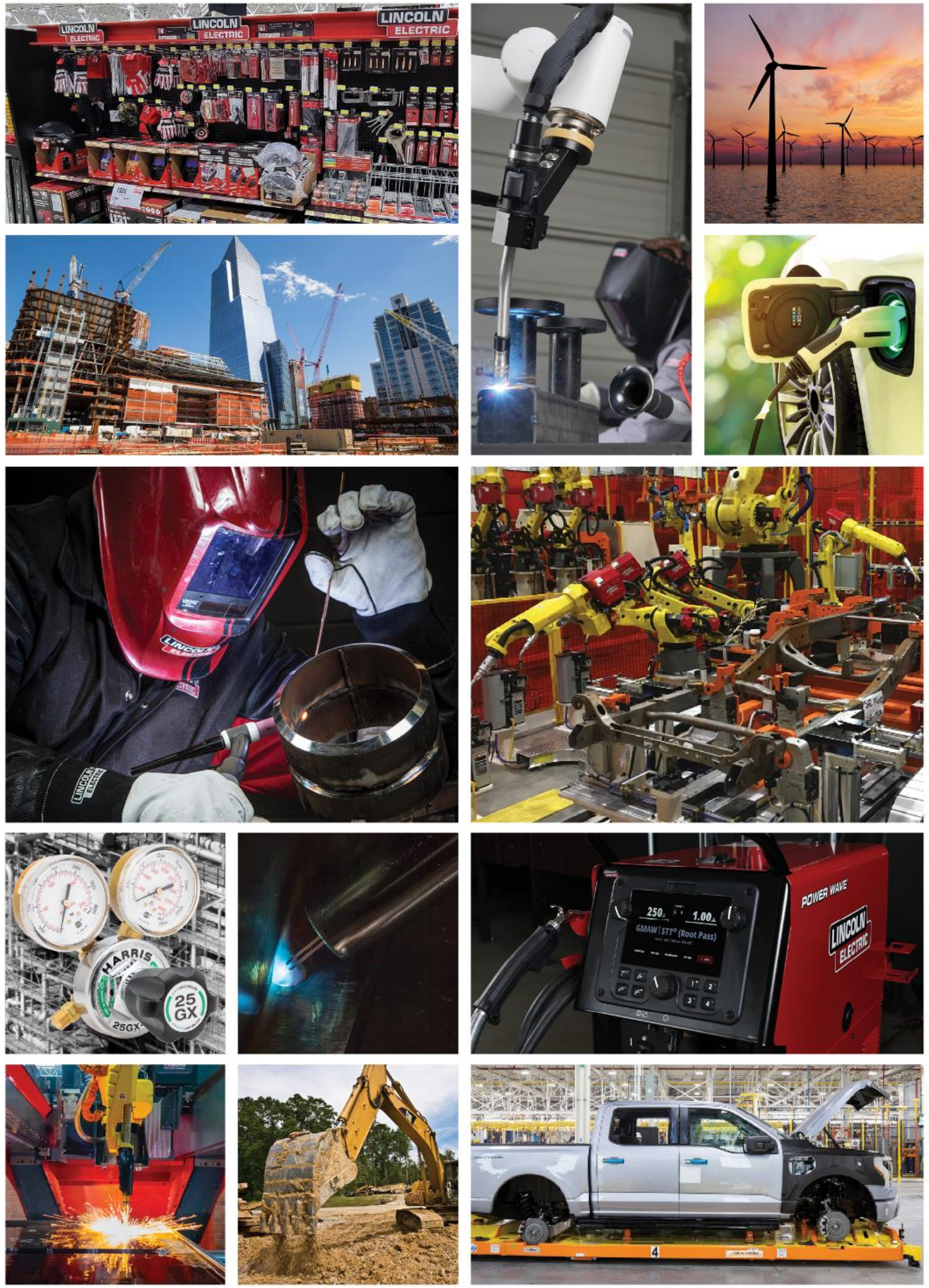
LINCOLN ELECTRIC

July 27, 2023

LINCOLN ELECTRIC HOLDINGS, INC.

Q2 2023 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.

Second Quarter 2023 Highlights:

Solid momentum in Q2

Record Sales, Adjusted Operating Margin, Adjusted EPS and Cash flow from operations.

All reportable segments achieved sequential margin improvement.

LINCOLN ELECTRIC

$1.06B

Record Q2 sales
+9% vs. prior year; Organic sales +4.5%

22.9%

Adjusted ROIC performance

17.4%

Record Q2 Adjusted Operating Income Margin
+10bps vs. prior year

$199M

Record Q2 Cash flow from operations
+102% vs. prior year and 125% cash conversion[1]

$2.44

Record Q2 Adjusted EPS
+12% vs. prior year

$90M

Returned to shareholders
(dividends and share repurchases)

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

Q2 Organic Growth Driven by Volumes as Price Anniversaries; Strong Backlog and Solid Order Rates

Q2 Organic sales increased 4.5% led by the Welding Segments

Organic growth in all product areas driven by volumes and led by strong capital spending

Equipment up high-single digit percent

Automation up high-single digit percent

Consumables up low single digit percent

Q2 global end sector performance[1]

2 of 5 end markets achieved organic sales growth

Heavy Industry & Energy up low-double digit percent

General Industries & Automotive declined in the low and mid-single digit percent range, respectively

Construction/Infrastructure declined mid-teens percent

[1] End sector performance reflects direct channel organic sales trends

Income Statement – Q2 2023

$ in Millions	Q2 2023	% of Sales	Q2 2022	% of Sales	YoY % Change *Fav/ (Unfav)*
Net Sales	$ 1,060.6		$ 969.6		9.4%
Gross Profit	373.4	35.2%	333.5	34.4%	12.0%
SG&A	192.7	18.2%	166.8	17.2%	(15.6)%
Operating Income	178.0	16.8%	167.5	17.3%	6.3%
Special item charges[1,2]	6.2	0.6%	0.6	0.1%	(933.3)%
Adjusted Operating Income[1]	$ 184.2	17.4%	$ 168.1	17.3%	9.6%
Interest Expense, net[3]	11.7	1.1%	6.5	0.7%	(81.1)%
Other Income (expense)[4]	6.7	0.6%	(1.1)	(0.1)%	(695.3)%
Effective Tax Rate	20.6 %		20.1 %		(50) Bps
Adjusted Effective Tax Rate[5]	20.7 %		20.2 %		(50) Bps
Net Income	$ 137.3	12.9%	$ 127.8	13.2%	7.4%
Special Items[6]	4.9	0.5%	0.3	0.0%	(1,249.9)%
Adjusted Net Income[1]	$ 142.2	13.4%	$ 128.2	13.2%	11.0%
Diluted EPS	$ 2.36		$ 2.18		8.3%
Adjusted Diluted EPS[1]	$ 2.44		2.18		11.9%

Q2 2023 SALES MIX[7]

Volume	3.6%	**Price**	0.9%	**Acq/Div**	5.2%	**FX**	(0.2)%
TOTAL	**9.4%**						

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

[2] *Q2 Special items include Rationalization and asset impairment charges of $2.7 million and Amortization of step up in value of acquired inventories of $3.5 million. This compares with a $0.8 million benefit and a $1.5 million charge, respectively in 2022.*

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

[4] *Q2 Other Income in 2023 represents non-recurring items, including non-operating gains, of which approximately half is offset in SG&A.*

[5] *Q2 Adjusted effective tax rates in 2023 and 2022 reflect an unfavorable adjustment of 10bps in each period from special items.*

[6] *Q2 Special items include [matters] noted in footnote 2 and a $1.3 million tax effect of Special items in 2023 as compared with $0.3 million in 2022.*

[7] *Figures may not sum due to rounding.*

Americas Welding Segment

($ in Millions)	Q2 2023	Q2 2022	% YoY Change
Net Sales	$ 677.0	$ 595.7	13.6%
Adjusted EBIT	$ 139.9	$ 118.1	18.5%
Adjusted EBIT Margin[2]	19.8%	18.9%	+90 bps

Q2 2023 SALES MIX[1]							
Volume	5.8%	Price	1.0%	Acq/Div	7.4%	FX	(0.5)%
TOTAL	13.6%						

Volumes higher across all 3 product groups, with strong U.S. exports, equipment and automation demand.

Price reflects new, targeted actions as prior pricing actions have anniversaried.

Margin performance reflects effective cost management.

[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)	Q2 2023	Q2 2022	% YoY Change
Net Sales	$ 253.4	$ 236.6	7.1% ↑
Adjusted EBIT	$ 33.8	$ 35.0	(3.5)% ↓
Adjusted EBIT Margin[2]	12.9%	14.2%	(130) bps ↓

Q2 2023 SALES MIX[1]							
Volume	3.8%	**Price**	0.4%	**Acq/Div**	2.5%	**FX**	0.3%
TOTAL	**7.1%**						

Volume growth led by Asia Pacific.

Price reflects new, targeted actions as prior pricing actions have anniversaried.

Margin improved 150bps sequentially on higher volumes; below prior year on challenging comparisons.

[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)	Q2 2023	Q2 2022	% YoY Change
Net Sales	$ 130.2	$ 137.3	(5.2)%
Adjusted EBIT	$ 19.5	$ 17.9	8.9%
Adjusted EBIT Margin[2]	14.7%	12.8%	+190 bps

Q2 2023 SALES MIX[1]							
Volume	(6.4)%	**Price**	1.0%	**Acq/Div**	-	**FX**	0.2%
TOTAL	**(5.2)%**						

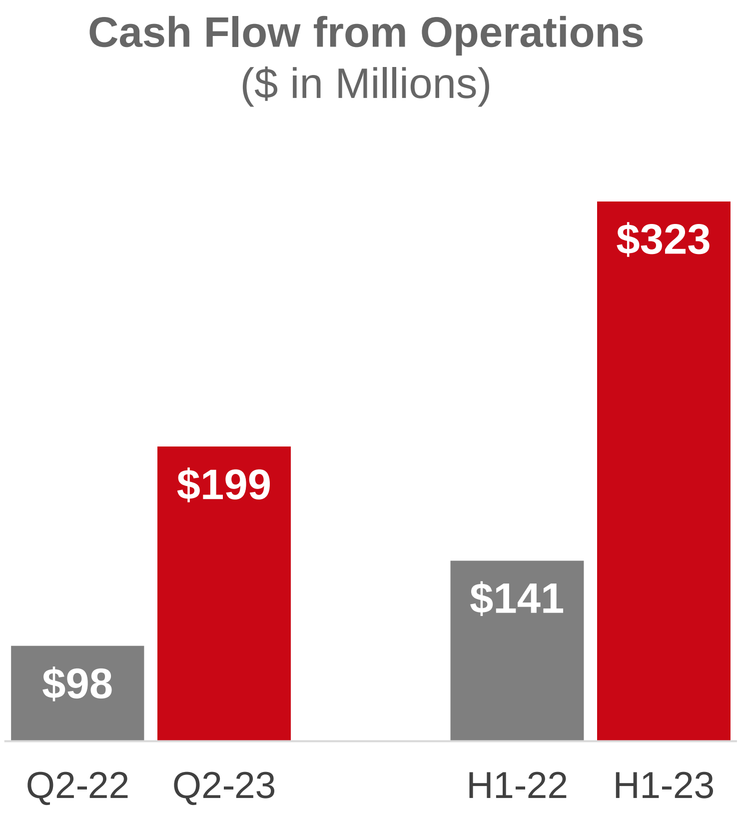
Volumes reflect continued weakness in retail and moderating residential and industrial demand.

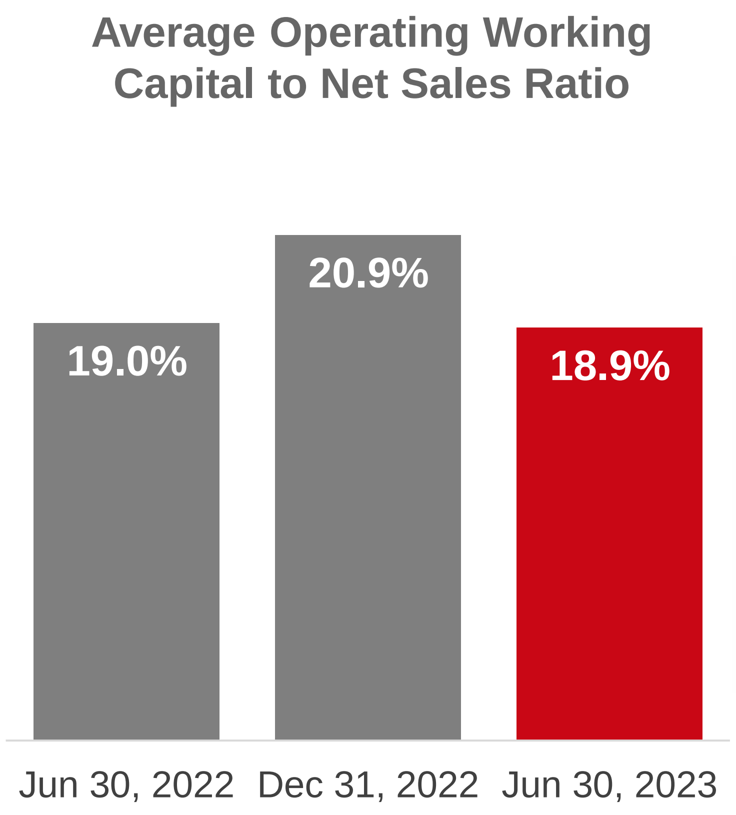
Price reflects actions taken to mitigate inflation.

Margin reflects effective cost management and operational efficiency.

[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





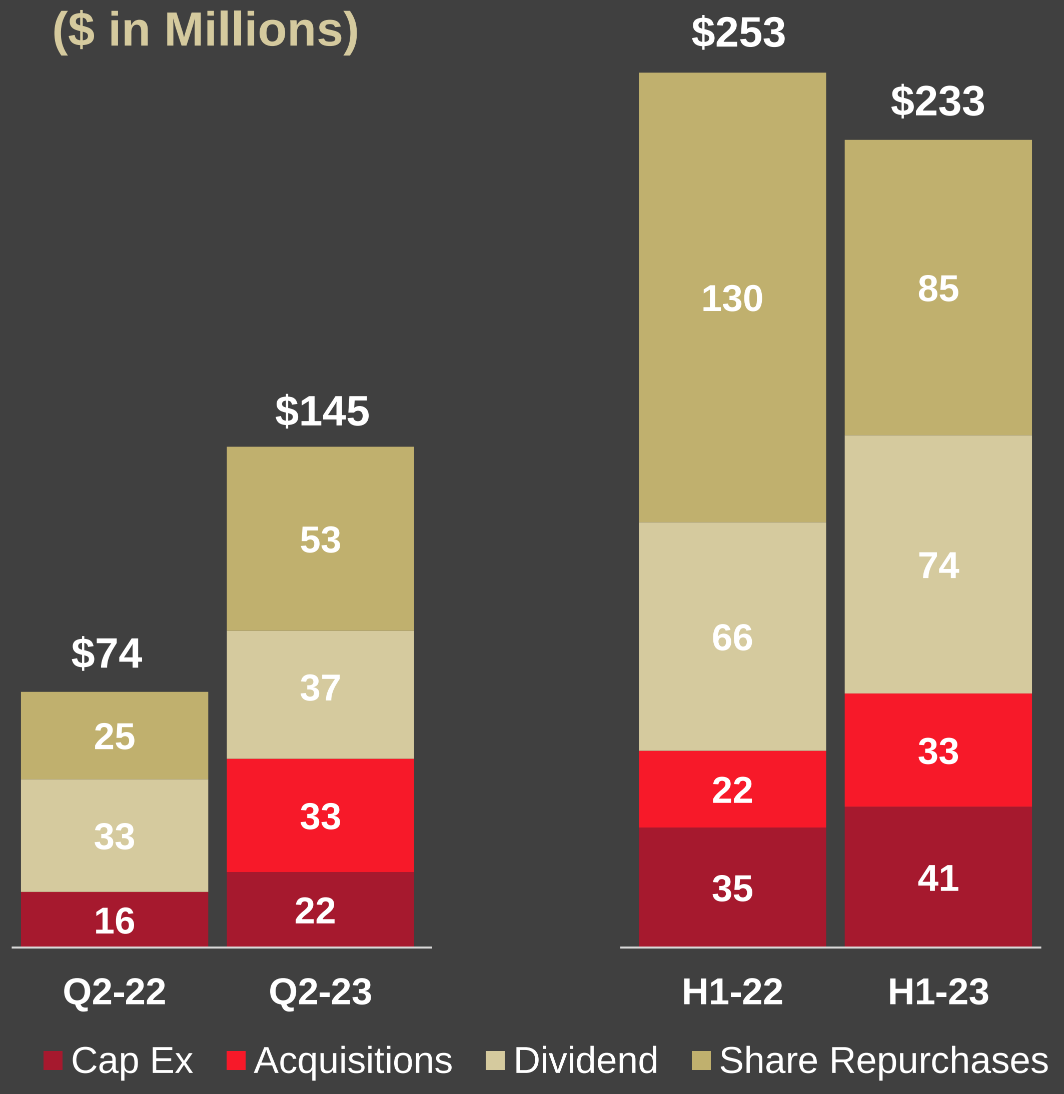
125% cash conversion[1] Q2-2023; 106% H1-2023

Working capital remains strategically elevated to mitigate supply constraints.

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

Capital Allocation[1]

($ in Millions)



[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.

Q2 Capital Allocation & Returns

- **Growth**: $54 million
- **Return to Shareholders**: $90 million
- **Dividend Rate**: +14.3%
- **Return on Invested Capital**: 22.9%

Capital Allocation Outlook

Prioritized uses of cash:

- Growth investments (organic and M&A)
- Dividend
- Share repurchases

Maintaining Full Year 2023 Assumptions

Assumptions

Low-to-mid teens % sales growth
(Mid-to-high single digit % organic sales)

Neutral price/cost

Mid-to-high teens % incremental operating income margin *(Low-20% excluding Fori)*

$45-$55 million interest expense

Low-to-mid 20% tax rate (ETR)

$80-$100 million in cap-ex

>75% cash conversion

Risks

Economic and geopolitical headwinds

Supply and labor availability

Inflation (raw materials & labor)

Contact:

Amanda Butler
Vice President, Investor Relations & Communications

✉ Amanda_Butler@lincolnelectric.com
✆ 216.383.2534

Non-GAAP Information

Adjusted operating income, Adjusted net income, Adjusted EBIT, 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 June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Operating income as reported	$ 178,013	$ 167,533	$ 342,377	$ 328,739
Special items (pre-tax):				
Rationalization and asset impairment charges [2]	2,667	(844)	3,544	1,041
Amortization of step up in value of acquired inventories [3]	3,545	1,459	7,401	1,459
Adjusted operating income [1]	$ 184,225	$ 168,148	$ 353,322	$ 331,239
As a percent of total sales	17.4 %	17.3 %	16.8 %	17.5 %
Net income as reported	$ 137,331	$ 127,823	$ 259,262	$ 253,853
Special items:				
Rationalization and asset impairment charges [2]	2,667	(844)	3,544	1,041
Pension settlement net gains [4]	—	—	—	(4,273)
Amortization of step up in value of acquired inventories [3]	3,545	1,459	7,401	1,459
Gain on asset disposal [5]	—	—	(1,646)	—
Tax effect of Special items [6]	(1,311)	(252)	(2,129)	789
Adjusted net income [1]	142,232	128,186	266,432	252,869
Interest expense, net	11,699	6,459	24,899	12,657
Income taxes as reported	35,729	32,118	69,142	65,729
Tax effect of Special items [6]	1,311	252	2,129	(789)
Adjusted EBIT [1]	$ 190,971	$ 167,015	$ 362,602	$ 330,466
Effective tax rate as reported	20.6 %	20.1 %	21.1 %	20.6 %
Net special item tax impact	0.1 %	0.1 %	0.0 %	(0.2)%
Adjusted effective tax rate [1]	20.7 %	20.2 %	21.1 %	20.4 %
Diluted earnings per share as reported	$ 2.36	$ 2.18	$ 4.44	$ 4.30
Special items per share	0.08	—	0.13	(0.01)
Adjusted diluted earnings per share [1]	$ 2.44	$ 2.18	$ 4.57	$ 4.29
Weighted average shares (diluted)	58,303	58,688	58,353	58,970

Please see the following slide for corresponding footnotes

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 charges are primarily related to restructuring activities and impairments within International Welding. 2022 charges are primarily related to severance, gains or losses on the disposal of assets.
3) Related to acquisitions and are included in Cost of goods sold.
4) Pension net gains primarily due to the final settlement associated with the termination of a pension plan and are included in Other income (expense).
5) Gain on asset disposal and included in Other income (expense).
6) Includes the net tax impact of Special items recorded during the respective periods.
7) 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)

Return on Invested Capital	Twelve Months Ended June 30, 2023	Twelve Months Ended June 30, 2022
Net income as reported	$ 477,633	$ 360,037
Plus: Interest expense (after-tax)	33,234	18,832
Less: Interest income (after-tax)	1,999	986
Net operating profit after taxes	$ 508,868	$ 377,883
Special Items:		
Rationalization and asset impairment charges	14,291	6,075
Acquisition transaction costs (2)	6,003	—
Pension settlement charges (3)	—	115,693
Amortization of step up in value of acquired inventories	7,048	5,422
Gain on asset disposal	(1,646)	—
Tax effect of Special items (4)	(4,110)	(44,405)
Adjusted net operating profit after taxes (1)	$ 530,454	$ 460,668
Invested Capital	**June 30, 2023**	**June 30, 2022**
Short-term debt	$ 10,406	$ 125,458
Long-term debt, less current portion	1,103,898	712,908
Total debt	1,114,304	838,366
Total equity	1,201,424	912,983
Invested capital	$ 2,315,728	$ 1,751,349
Return on invested capital as reported	22.0 %	21.6 %
Adjusted return on invested capital (1)	22.9 %	26.3 %

1) Adjusted net operating profit after taxes and adjusted ROIC are non-GAAP financial measures. Refer to Non-GAAP Information section.
2) Related to acquisitions and are included in Selling, general & administrative expenses.
3) Related to lump sum pension payments due to the final settlement associated with the termination of a pension plan.
4) 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 June 30, 2023

(In thousands)
(Unaudited)

	Americas Welding	International Welding	The Harris Products Group	Corporate / Eliminations	Consolidated
Three months ended June 30, 2023					
Net sales	$ 676,966	$ 253,403	$ 130,196	$ —	$ 1,060,565
Inter-segment sales	30,850	8,292	2,867	(42,009)	—
Total sales	$ 707,816	$ 261,695	$ 133,063	$ (42,009)	$ 1,060,565
Net income					$ 137,331
As a percent of total sales					12.9 %
EBIT [1]	$ 136,913	$ 30,519	$ 19,510	$ (2,183)	$ 184,759
As a percent of total sales	19.3 %	11.7 %	14.7 %		17.4 %
Special items charges [3]	2,957	3,255	—	—	6,212
Adjusted EBIT [2]	$ 139,870	$ 33,774	$ 19,510	$ (2,183)	$ 190,971
As a percent of total sales	19.8 %	12.9 %	14.7 %		18.0 %
Three months ended June 30, 2022					
Net sales	$ 595,659	$ 236,629	$ 137,301	$ —	$ 969,589
Inter-segment sales	29,031	9,527	2,866	(41,424)	—
Total sales	$ 624,690	$ 246,156	$ 140,167	$ (41,424)	$ 969,589
Net income					$ 127,823
As a percent of total sales					13.2 %
EBIT [1]	$ 117,606	$ 34,855	$ 17,922	$ (3,983)	$ 166,400
As a percent of total sales	18.8 %	14.2 %	12.8 %		17.2 %
Special items charges [4]	461	154	—	—	615
Adjusted EBIT [2]	$ 118,067	$ 35,009	$ 17,922	$ (3,983)	$ 167,015
As a percent of total sales	18.9 %	14.2 %	12.8 %		17.2 %

Please see the following slide for corresponding footnotes

Non-GAAP Financial Measures
(continued)

Footnotes for EBIT and Adjusted EBIT Reconciliation – Three Months Ended June 30, 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 amortization of step up in value of acquired inventories of $2,957 and $588 in Americas and International Welding, respectively, Rationalization and asset impairment net charges of $2,667 in International Welding.

4) Special items in 2022 primarily reflect the amortization of step up in value of acquired inventories of $1,459 in Americas Welding related to an acquisition and Rationalization and asset impairment net gains of $998 in Americas Welding and net charges of $154 in International Welding.