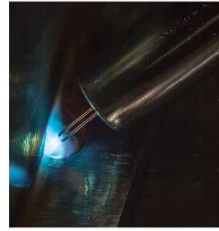




July 31, 2024 •  
LINCOLN ELECTRIC HOLDINGS, INC.

# Q2 2024 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.

# Second Quarter 2024 Highlights:

Operational execution and cost management mitigate softer sales performance

Adjusted operating income margin steady at 17.4% vs. PY

Solid Adjusted EPS and 110% Cash Conversion performance

# \$1,022M

## Net Sales performance

-4% vs. prior year; Organic sales -4%

# 23.7%

## Adjusted ROIC performance

+80 bps vs. prior year

# 17.4%

## Adjusted Operating Income Margin

Steady vs. prior year

# \$171M

## Q2 Cash flow from operations

-14% vs. prior year with 110% cash conversion<sup>1</sup>

# \$2.34

## Q2 Adjusted EPS

-4% vs. prior year

# \$91M

## Returns to shareholders

(\$40M in dividends + \$50M in share repurchases)

## Q2 organic sales performance reflects lower OEM production activity and slower capital spending

Q2 Organic sales declined 4.4%  
as price is offset by lower volumes

### All product areas impacted

Automation down low single-digit percent

Consumables and Equipment down mid single-digit percent

Q2 global end sector performance<sup>1</sup>

### 2 of 5 end markets growing

Construction/Infrastructure up low-teens percent

Energy up mid single-digit percent

General Industries down low single-digit percent

Heavy Industries down mid single-digit percent

Automotive/Transportation down low-teens percent

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



Year-to-date acquisitions represent an annualized sales run rate of approximately \$175 million and \$0.14-\$0.16 of EPS accretion<sup>1</sup>

**Inrotech<sup>®</sup> Acquisition**   
Intelligent Robot Welding

Technology acquisition (June 3, 2024)

Danish automation system integrator and technology firm with proprietary AI software that self-programs welding robots without coding or CAD files. Anticipate integrating into product development. <\$10M annual sales.



**Vanair<sup>®</sup> Acquisition**  **VANAIR**  
MOBILE POWER SOLUTIONS<sup>®</sup>

Core welding acquisition (July 30, 2024)

U.S. acquisition expands channel access to the service vehicle sector with a complementary portfolio of mobile power solutions including air compressors, engine-driven welders and generators for service and industrial vehicles. Approximately \$100M annual sales; LDD% EBIT margin. \$116 million net purchase price, net of cash acquired.



<sup>1</sup> Includes the previously announced April 1, 2024, RedViking acquisition, with estimated annual sales of \$70 million.

# Velion™ DC Fast Charger Update

## Commercialization Ramping

**Velion™ 150kW DC fast charger launched & expanded the team**

- NEVI-compliant & certified to UL-standards
- Sold initial units & engaged with CPOs<sup>1</sup> pursuing NEVI bids
- Developing opportunity pipeline across multiple segments<sup>1</sup> and contracted with resellers
- Hired industry-experienced commercial team & technical experts

## Operationally Ready and Accelerating Product Roadmap

**Higher power levels & mobile**

- Cleveland manufacturing/assembly underway
- Training & piloting U.S. service network
- Executing product development roadmap leveraging “voice of customer”

## Key Learnings

**Extended selling cycle & evolving market requirements**

- Electrification remains a growth opportunity despite slower EV adoption
- Slow state deployment of NEVI funds
- Charger requirements evolving and slowing CPO demand near-term
- Revenue ramp pushed to late-2025



<sup>1</sup> CPO (charge point operator); OEMs (original equipment manufacturers); EPC contractors (engineering, procurement and construction contractors), and Fleet operators

# Income Statement – Q2 2024

\$ in Millions	Q2 2024	% of Sales	Q2 2023	% of Sales	YoY % Change Fav/ (Unfav)
<b>Net Sales</b>	\$ 1,021.7		\$ 1,060.6		(3.7)%
<b>Gross Profit</b>	383.8	37.6%	373.4	35.2%	2.8%
<b>SG&amp;A</b>	208.5	20.4%	192.7	18.2%	(8.2)%
<b>Operating Income</b>	148.8	14.6%	178.0	16.8%	(16.4)%
Special item charges <sup>1,2</sup>	28.8	2.8%	6.2	0.6%	(363.4)%
<b>Adjusted Operating Income<sup>1</sup></b>	\$ 177.6	17.4%	\$ 184.2	17.4%	(3.6)%
<b>Interest Expense, net<sup>3</sup></b>	10.7	1.0%	11.7	1.1%	8.9%
<b>Other Income (expense)<sup>4</sup></b>	(1.6)	-	6.7	0.6%	(123.0)%
<b>Effective Tax Rate</b>	25.6 %		20.6 %		(500) bps
<b>Adjusted Effective Tax Rate</b>	21.2 %		20.7 %		(50) bps
<b>Net Income</b>	\$ 101.7	10.0%	\$ 137.3	12.9%	(25.1)%
Special Items charges <sup>5</sup>	32.6	3.2%		0.2%	(131.0)%
<b>Adjusted Net Income<sup>1</sup></b>	\$ 134.3	13.1%	\$ 142.2	13.4%	(5.6)%
<b>Diluted EPS</b>	\$ 1.77		\$ 2.36		(25.0)%
<b>Adjusted Diluted EPS<sup>1</sup></b>	\$ 2.34		2.44		(4.1)%

## Q2 2024 SALES MIX<sup>6</sup>

<b>Volume</b>	(5.4)%	<b>Price</b>	1.0%	<b>Acq/Div</b>	1.2%	<b>FX</b>	(0.4)%
<b>TOTAL</b>	<b>(3.7)%</b>						

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

<sup>2</sup> Q2 Special items include a \$26.5 million Rationalization and asset impairment charge, primarily from a \$22.6 million non-cash charge related to the disposition of the Company's Russian entity, as well as a \$2.2 million charge for acquisition transaction costs and a \$0.1 million charge for the amortization of step up in value of acquired inventories in 2024. This compares with a \$2.7 million rationalization and asset impairment charge and a \$3.5 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> Q2 Other income (expense) reflects the net impact of a \$2.4 million gain from termination of interest rate swaps, offset by a \$5.0 million loss on asset disposal. Excluding special items, Other income was \$3.4 million.

<sup>5</sup> Q2 Special items include the charges noted in footnote 2 and the \$5.0 million loss on asset disposal in Other Income and a \$1.2 million tax effect of Special items in 2024. This compares with a \$1.3 million tax effect of Special Items in 2023.

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

# Americas Welding Segment

(\$ in Millions)	Q2 2024	Q2 2023	% YoY Change
<b>Net Sales</b>	\$ 648.9	\$ 677.0	(4.1)% ↓
<b>Adjusted EBIT</b>	\$ 136.7	\$ 139.9	(2.3)% ↓
<b>Adjusted EBIT Margin<sup>2</sup></b>	19.9%	19.8%	+10 bps ↑

Q2 2024 SALES MIX <sup>1</sup>							
<b>Volume</b>	(6.7)%	<b>Price</b>	1.0%	<b>Acq/Div</b>	1.8%	<b>FX</b>	(0.2)%
<b>TOTAL</b>	<b>(4.1)%</b>						

Volumes reflect weakening OEM production activity and slowing automation demand with challenging prior year comparisons in equipment and U.S. exports.

Acquisition contribution primarily from RedViking.

Margin reflects effective cost management.

<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)	Q2 2024	Q2 2023	% YoY Change
<b>Net Sales</b>	\$ 238.8	\$ 253.4	(5.8)% ↓
<b>Adjusted EBIT</b>	\$ 25.7	\$ 33.8	(23.9)% ↓
<b>Adjusted EBIT Margin<sup>2</sup></b>	10.4%	12.9%	(250) bps ↓

Q2 2024 SALES MIX <sup>1</sup>							
<b>Volume</b>	(3.8)%	<b>Price</b>	(1.2)%	<b>Acq/Div</b>	-	<b>FX</b>	(0.8)%
<b>TOTAL</b>	<b>(5.8)%</b>						

Volumes reflect growth in Automation and Asia Pacific, offset by weakening industrial activity in EMEA.

Margin performance reflects effective cost management offset by operational inefficiencies.

<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)	Q2 2024	Q2 2023	% YoY Change
<b>Net Sales</b>	\$ 134.0	\$ 130.2	2.9% ↑
<b>Adjusted EBIT</b>	\$ 24.9	\$ 19.5	27.7% ↑
<b>Adjusted EBIT Margin<sup>2</sup></b>	18.2%	14.7%	350 bps ↑

Q2 2024 SALES MIX <sup>1</sup>					
<b>Volume</b>	(1.9)%	<b>Price</b>	5.2%	<b>Acq/Div</b>	-
<b>FX</b>	(0.3)%				
<b>TOTAL</b>	<b>2.9%</b>				

Volume declines narrow as retail and specialty gas growth mitigates challenged residential sector demand (HVAC).

Price primarily reflects changes in metal costs.

Margin improves on operational improvements and effective cost management.

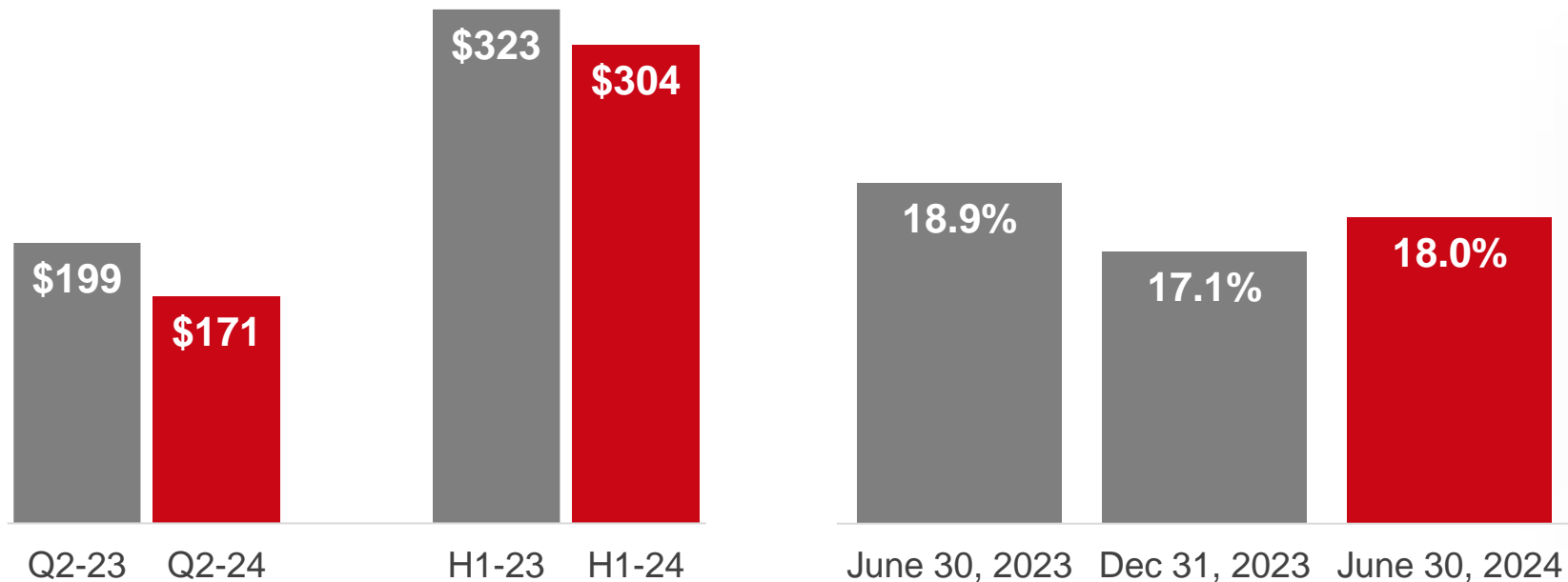
<sup>1</sup> Figures may not sum due to rounding

<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



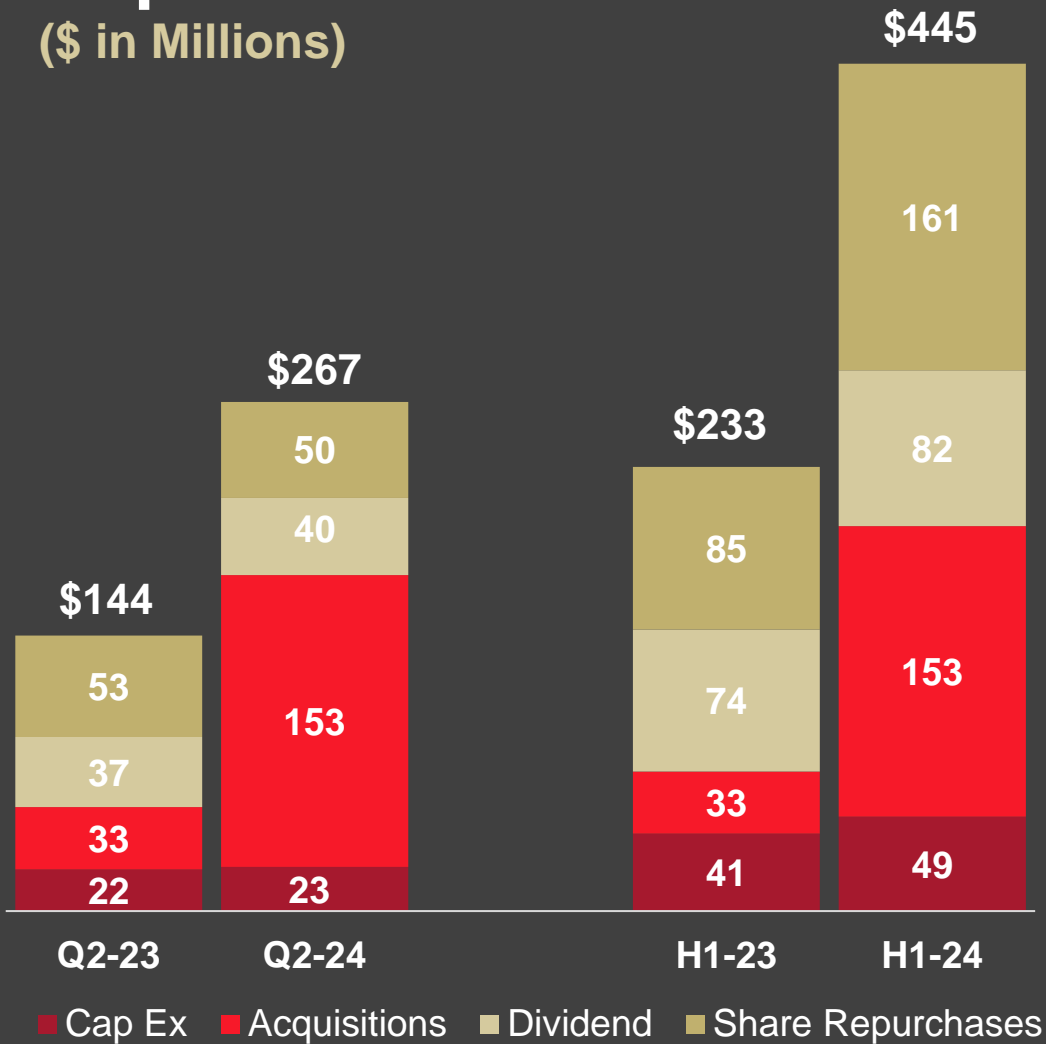
110% cash conversion<sup>1</sup>  
in Q2-2024 and  
97% in H1-2024

Working capital  
performance improves  
vs. the comparable prior  
year period 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)



## Q2 Capital Allocation & Returns

- **Growth:** \$176 million
- **Return to Shareholders:** \$91 million
- **Return on Invested Capital<sup>2</sup>:** 23.7%

## 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.

# Maintaining Full Year 2024 Assumptions

Announced May 23, 2024, and based on current demand levels

## Assumptions

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Mid-single digit % organic sales decline

Neutral price/cost

Approximate 17.5% adjusted operating income margin (excluding acquisitions)

Interest expense, net steady vs. prior year

Low-to-mid 20% tax rate

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

100+% cash conversion

## Increased Assumption Risks

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Heavy industries sector softening

Timing of automotive capital spend

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



## Contact:

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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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Operating income as reported	\$ 148,838	\$ 178,013	\$ 313,885	\$ 342,377
Special items (pre-tax):				
Rationalization and asset impairment charges <sup>(2)</sup>	26,490	2,667	31,095	3,544
Acquisition transaction costs <sup>(3)</sup>	2,182	—	3,944	—
Amortization of step up in value of acquired inventories <sup>(4)</sup>	112	3,545	112	7,401
Adjusted operating income <sup>(1)</sup>	\$ 177,622	\$ 184,225	\$ 349,036	\$ 353,322
As a percent of net sales	17.4 %	17.4 %	17.4 %	16.8 %
Net income as reported	\$ 101,708	\$ 137,331	\$ 225,123	\$ 259,262
Special items:				
Rationalization and asset impairment charges <sup>(2)</sup>	26,490	2,667	31,095	3,544
Acquisition transaction costs <sup>(3)</sup>	2,182	—	3,944	—
Amortization of step up in value of acquired inventories <sup>(4)</sup>	112	3,545	112	7,401
Loss (gain) on asset disposal <sup>(5)</sup>	4,950	—	4,950	(1,646)
Tax effect of Special items <sup>(6)</sup>	(1,182)	(1,311)	(2,308)	(2,129)
Adjusted net income <sup>(1)</sup>	134,260	142,232	262,916	266,432
Interest expense, net	10,661	11,699	19,440	24,899
Income taxes as reported	34,916	35,729	70,031	69,142
Tax effect of Special items <sup>(6)</sup>	1,182	1,311	2,308	2,129
Adjusted EBIT <sup>(1)</sup>	\$ 181,019	\$ 190,971	\$ 354,695	\$ 362,602
Effective tax rate as reported	25.6 %	20.6 %	23.7 %	21.1 %
Net special item tax impact	(4.4)%	0.1 %	(2.1)%	—
Adjusted effective tax rate <sup>(1)</sup>	21.2 %	20.7 %	21.6 %	21.1 %
Diluted earnings per share as reported	\$ 1.77	\$ 2.36	\$ 3.91	\$ 4.44
Special items per share	0.57	0.08	0.66	0.13
Adjusted diluted earnings per share <sup>(1)</sup>	\$ 2.34	\$ 2.44	\$ 4.57	\$ 4.57
Weighted average shares (diluted)	57,366	58,303	57,505	58,353



# 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 previously initiated within International Welding, including disposition of the Company's Russian entity, 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) Loss (gain) on asset disposal and included in Other income (expense).
- 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 June 30,	
	2024	2023
<b>Return on Invested Capital</b>		
Net income as reported	\$ 511,110	\$ 477,633
Plus: Interest expense (after-tax)	36,607	33,234
Less: Interest income (after-tax)	7,654	1,999
Net operating profit after taxes	<u>\$ 540,063</u>	<u>\$ 508,868</u>
Special Items:		
Rationalization and asset impairment charges	16,237	14,291
Acquisition transaction costs	3,944	6,003
Pension settlement charges	845	—
Amortization of step up in value of acquired inventories	4,964	7,048
Loss (gain) on asset disposal	4,950	(1,646)
Tax effect of Special items <sup>(2)</sup>	2,357	(4,110)
Adjusted net operating profit after taxes <sup>(1)</sup>	<u>\$ 573,360</u>	<u>\$ 530,454</u>
<b>Invested Capital</b>	<b>June 30, 2024</b>	<b>June 30, 2023</b>
Short-term debt	\$ 6,254	\$ 10,406
Long-term debt, less current portion	1,098,430	1,103,898
Total debt	1,104,684	1,114,304
Total equity	1,312,906	1,201,424
Invested capital	<u>\$ 2,417,590</u>	<u>\$ 2,315,728</u>
Return on invested capital as reported	<u>22.3 %</u>	<u>22.0 %</u>
Adjusted return on invested capital <sup>(1)</sup>	<u>23.7 %</u>	<u>22.9 %</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 June 30, 2024

(In thousands)  
(Unaudited)

	Americas Welding	International Welding	The Harris Products Group	Corporate / Eliminations	Consolidated
<b>Three months ended June 30, 2024</b>					
Net sales	\$ 648,936	\$ 238,758	\$ 133,989	\$ —	\$ 1,021,683
Inter-segment sales	37,800	8,849	3,272	(49,921)	—
Total sales	<u>\$ 686,736</u>	<u>\$ 247,607</u>	<u>\$ 137,261</u>	<u>\$ (49,921)</u>	<u>\$ 1,021,683</u>
Net income					\$ 101,708
As a percent of total sales					10.0 %
EBIT <sup>(1)</sup>	\$ 136,297	\$ (5,525)	\$ 25,063	\$ (8,550)	\$ 147,285
As a percent of total sales	19.8 %	(2.2)%	18.3 %		14.4 %
Special items charges <sup>(3)</sup>	354	31,234	(140)	2,286	33,734
Adjusted EBIT <sup>(2)</sup>	<u>\$ 136,651</u>	<u>\$ 25,709</u>	<u>\$ 24,923</u>	<u>\$ (6,264)</u>	<u>\$ 181,019</u>
As a percent of total sales	19.9 %	10.4 %	18.2 %		17.7 %
<b>Three months ended June 30, 2023</b>					
Net sales	\$ 676,966	\$ 253,403	\$ 130,196	\$ —	\$ 1,060,565
Inter-segment sales	30,850	8,292	2,867	(42,009)	—
Total sales	<u>\$ 707,816</u>	<u>\$ 261,695</u>	<u>\$ 133,063</u>	<u>\$ (42,009)</u>	<u>\$ 1,060,565</u>
Net income					\$ 137,331
As a percent of total sales					12.9 %
EBIT <sup>(1)</sup>	\$ 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 <sup>(4)</sup>	2,957	3,255	—	—	6,212
Adjusted EBIT <sup>(2)</sup>	<u>\$ 139,870</u>	<u>\$ 33,774</u>	<u>\$ 19,510</u>	<u>\$ (2,183)</u>	<u>\$ 190,971</u>
As a percent of total sales	19.8 %	12.9 %	14.7 %		18.0 %

# Non-GAAP Financial Measures

(continued)

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

- 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 net charges of \$26,284 in International Welding, primarily due to the impact of the Company's disposition of its Russian entity, a loss on asset disposal of \$4,950 recorded to Other income (expense) in International Welding, and acquisition transaction costs of \$2,182 in Corporate/Eliminations.
- 4) 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, and rationalization and asset impairment net charges of \$2,667 in International Welding.