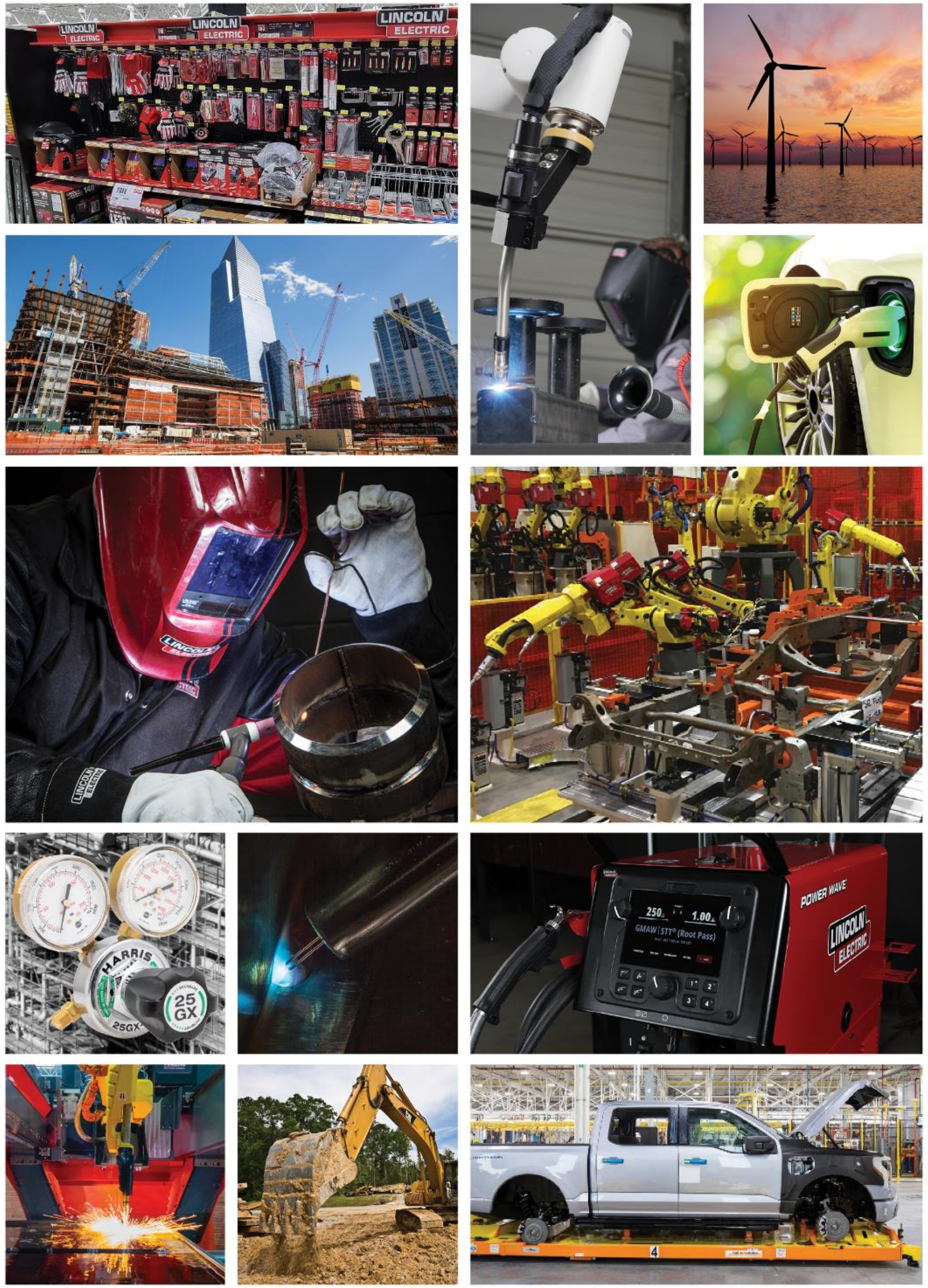
LINCOLN ELECTRIC

February 13, 2025

LINCOLN ELECTRIC HOLDINGS, INC.

Q4 & Full Year 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.

Full Year 2024 Highlights:

Benefits of cost management, savings actions, and operational initiatives mitigate lower market demand

Record Adjusted operating income margin at 17.6%

Solid cash generation and conversion

Returns to shareholders increase 23% vs. prior year

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$4.0B

Net Sales performance

-4% vs. prior year; Organic sales -6.5%

21.8%

Adjusted ROIC performance

-230 bps vs. prior year

17.6%

Record Adjusted Operating Income Margin

+50 bps vs. prior year

$599M

Cash flow from operations

-10% vs. prior year with 91% cash conversion[1]

$9.29

Adjusted EPS

-1% vs. prior year

$426M

Returns to shareholders

($162M in dividends + $264M in share repurchases)

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

Higher Standard 2025 Strategy Check-in:

Expect to achieve most goals

Organic growth impacted by 2024 demand trends as profitability and EPS advance

Safety and environmental initiatives progressing well

Financial Metric	2020-2025 Strategy Target	2020-2024 Achievement
Sales CAGR *(ex-FX)*	High single-digit to low-double digit %	8%[1]
Average Adjusted Operating Income Margin	16% (+/- 150 bps)	15.7% average
Americas Welding EBIT margin	17% to 19%	18.0% average
International Welding EBIT margin	12% to 14%	10.5% average
Harris Products Group EBIT margin	13% to 15%	14.7% average
Adjusted EPS CAGR	High-teens % to Low-20 %	22%
Average ROIC	18% to 20% (top quartile)	22.1% average
Average Operating Working Capital Ratio	15% at 12/31/2025 (top decile)	16.9%

[1] A maximum of 2% price contribution is used in measuring 2020-2024 sales growth performance. Net Sales as reported increased 11% CAGR 2020-2024.

Safety & Environmental Metric	2025 Target vs. 2018 Baseline	2020-2024 Achievement[2]
Safety (TRCR)	52% reduction	39% reduction
GHG Emissions	10% reduction	19% reduction
Energy Intensity	16% reduction	9% reduction
Recycling Rate / Landfill Avoidance	80% / 97%	78.6% / 95.6%
Water Use	14% reduction	28% reduction

[2] Preliminary 2024 results

Q4 organic sales continued to be challenged by lower industrial production activity & reduced capital spending

Q4 Organic sales declined 7.5% as price is offset by lower volumes

All product areas impacted

Consumables down low-to-mid single-digit percent

Equipment down high single-digit percent

Automation down mid-teens percent

Q4 global end sector performance[1]

All end markets remain challenged

General Industries down mid single-digit percent

Heavy Industries down low double-digit percent

Automotive/Transportation and Construction/ Infrastructure down mid-teens percent

Energy down low-20 percent

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

Income Statement – Q4 2024

$ in Millions	Q4 2024	% of Sales	Q4 2023	% of Sales	YoY % Change *Fav/ (Unfav)*
Net Sales	$ 1,022.0		$ 1,058.5		(3.4)%
Gross Profit	368.6	36.1%	371.0	35.1%	(0.6)%
SG&A	187.1	18.3%	188.9	17.8%	1.0%
Operating Income	177.0	17.3%	204.0	19.3%	(13.2)%
Special item charges[1,2]	8.6	0.8%	(21.9)	2.1%	NM
Adjusted Operating Income[1]	$ 185.6	18.2%	$ 182.1	17.2%	1.9%
Interest Expense, net[3]	11.4	1.1%	8.7	0.8%	(31.3)%
Effective Tax Rate	16.1 %		20.5 %		440 bps
Adjusted Effective Tax Rate	16.8 %		19.3 %		250 bps
Net Income	$ 140.2	13.7%	$ 156.6	14.8%	(10.5)%
Special Items charges[4]	5.8	0.6%	14.6	1.4%	(60.7)%
Adjusted Net Income[1]	$ 146.0	14.3%	$ 142.0	13.4%	2.8%
Diluted EPS	$ 2.47		$ 2.70		(8.5)%
Adjusted Diluted EPS[1]	$ 2.57		$ 2.45		4.9%

Q4 2024 SALES MIX[5]

Volume	(8.5)%	**Price**	1.0%	**Acq/Div**	5.2%	**FX**	(1.1)%
TOTAL	**(3.4)%**						

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

[2] *Q4 Special items include a $4.5 million Rationalization and asset impairment charge from rationalization plans initiated during Q3 2024 in all reportable segments, a $2.5 million charge for acquisition transaction costs and a $1.6 million charge for the amortization of step up in value of acquired inventories in 2024. This compares with a Rationalization and asset impairment gain of $21.9 million in 2023 related to a gain on sale of property.*

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

[4] *Q4 Special items include the charges noted in footnote 2 and a $0.2 million pension settlement gain and a $2.7 million tax effect of Special items in 2024. This compares with a $0.8 million pension settlement charge and $6.4 million tax effect of Special Items in 2023.*

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

Savings actions yielding higher temporary savings vs. plan

Increasing estimated annualized savings to ~$60 to $75 million vs. initial ~$40 to $50 million estimate

	Q3-24 actual	Q4-24 actual	FY-24 actual	Q1-25 est.	Q2-25 est.	Annualized Estimate	Playbook Actions
Temporary Cost Savings[1] (incremental YoY) (~85% in Americas Welding Segment)							Maintaining until conditions improve: • Reduced Discretionary spending • Net headcount attrition • Aligning productive hours with demand
Updated	$2	$14	$17	$10-$13	$10-$13	$40-50	
Prior Estimate		$5-$7		$5-$7	$5-$7	$20-25	
Permanent Cost Savings (incremental YoY) (~60% in Americas Welding; ~35% International Welding)							Structural shaping of the business: • Aligning organization to business conditions • Manufacturing and distribution consolidation
Updated	$0	$4	$4	$5-$7	$5-$7	$20-$25	
Prior Estimate		$3-$4		$5-$7	$5-$7	$20-25	
Total Savings	**$2**	**$18**	**$21**	**$15-$20**	**$15-$20**	**$60-$75**	

[1] Temporary cost saving measures do not include adjustments to incentive compensation expenses.

Americas Welding Segment

($ in Millions)	Q4 2024	Q4 2023	% YoY Change
Net Sales	$ 654.8	$ 654.7	0.0%
Adjusted EBIT	$ 131.9	$ 129.5	1.9%
Adjusted EBIT Margin[2]	19.1%	18.8%	+30 bps

Q4 2024 SALES MIX[1]							
Volume	(7.2)%	**Price**	(0.1)%	**Acq/Div**	8.3%	**FX**	(1.0)%
TOTAL	**0.0%**						

Volumes reflect slowing industrial activity and capital spending, as well as challenging prior year comparisons.

Acquisition contribution from Vanair and RedViking.

Disciplined cost management, benefits of savings actions, and operational improvements offset the impact of lower volumes and acquisitions.

[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)	Q4 2024	Q4 2023	% YoY Change
Net Sales	$ 243.0	$ 292.2	(16.8)%
Adjusted EBIT	$ 32.5	$ 42.9	(24.1)%
Adjusted EBIT Margin[2]	12.8%	14.1%	(130) bps

Q4 2024 SALES MIX[1]							
Volume	(15.7)%	**Price**	0.0%	**Acq/Div**	0.2%	**FX**	(1.3)%
TOTAL	**(16.8)%**						

Volumes reflect weak industrial demand and challenging prior year comparisons.

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

[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)	Q4 2024	Q4 2023	% YoY Change
Net Sales	$ 124.3	$ 111.6	11.3%
Adjusted EBIT	$ 21.6	$ 15.2	42.1%
Adjusted EBIT Margin[2]	17.0%	13.3%	+370 bps

Q4 2024 SALES MIX[1]

Volume	2.7%	**Price**	9.8%	**Acq/Div**	-	**FX**	(1.2)%
TOTAL	**11.3%**						

Volume growth reflects higher HVAC demand offset by weakness in industrial.

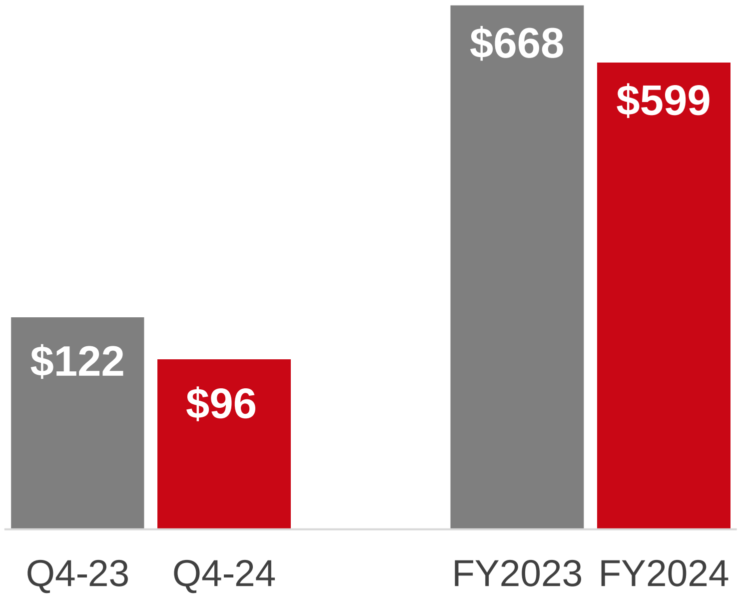
Price primarily reflects changes in metal costs.

Margin improves on effective cost management and operational efficiencies.

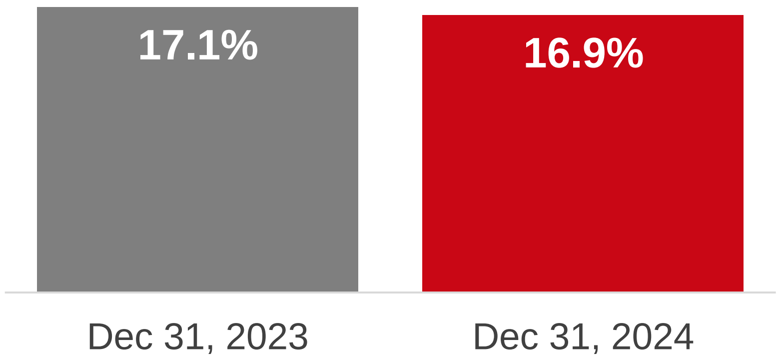
[1] Figures may not sum due to rounding
[2] Adjusted EBIT Margin is calculated using Total Sales, which includes Inter-segment sales.

Cash Flow From Operations Metrics

Cash Flow from Operations
($ in Millions)



Average Operating Working Capital to Net Sales Ratio

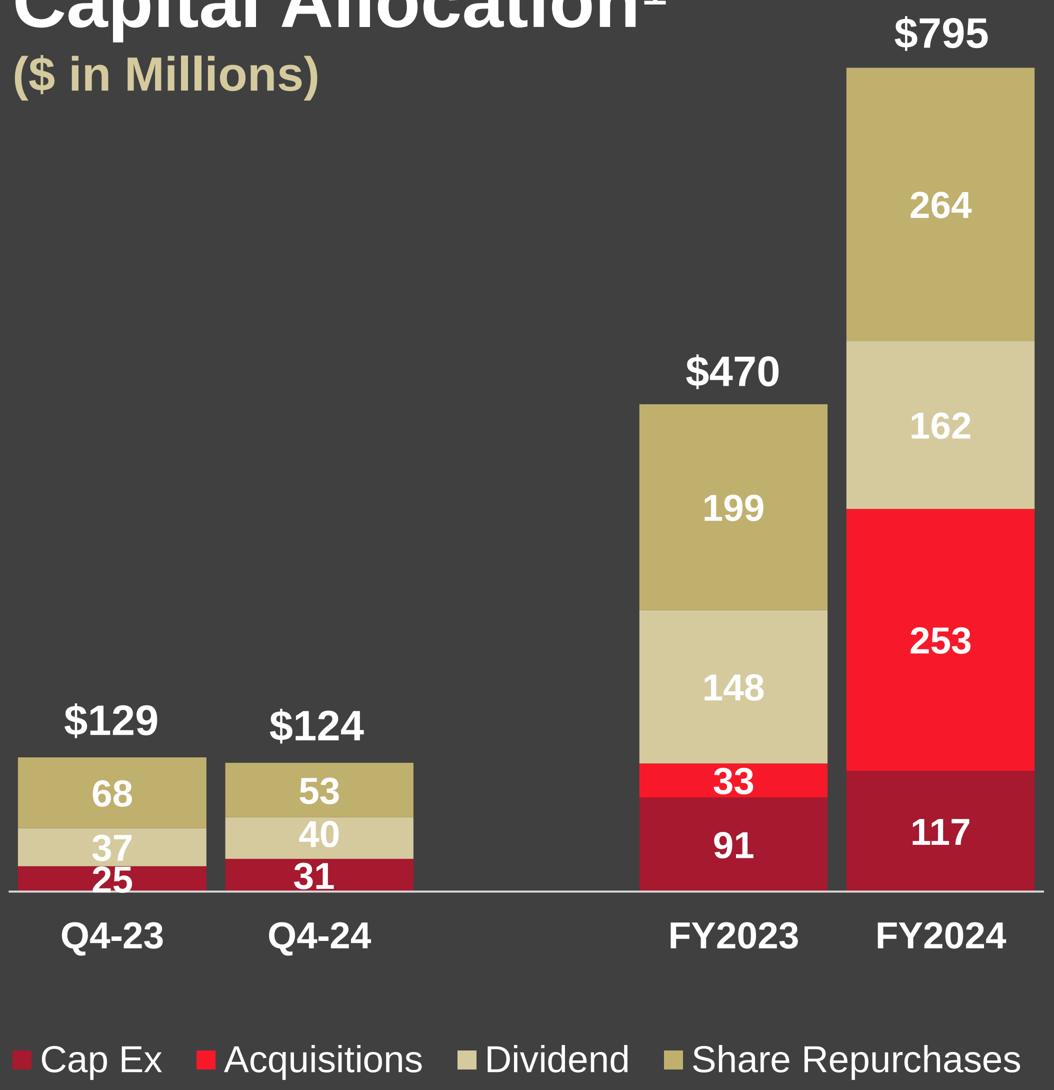


91% cash conversion[1] in FY2024

[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.

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Q4 Capital Allocation & Returns

- **Growth**: $31 million (+28% YoY)
- **Return to Shareholders**: $93 million (-12 YoY)
- **Return on Invested Capital**[2]: 21.8%

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

Full Year 2025 Assumptions

Assuming low-single digit percent net sales[1] growth (excluding tariffs); margins benefit from cost management and savings actions

Assumptions

Flat organic sales growth (excluding tariffs)

Neutral price/cost

Adj Op income incrementals low-20%

Interest expense, net $45 to $50 million

Low-to-mid 20% tax rate

$100 to $120 million in cap-ex

90+% cash conversion

Risks

Net impact of trade & regulatory policies

Economic and geopolitical headwinds

Inflation (raw materials & labor)

Opportunities

(not in assumptions)

Velion™ DC Fast Charger

New acquisitions

Opportunistic share repurchases

[1] Assumes FX at current rates

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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,	
	2024	2023	2024	2023
Operating income as reported	$ 177,017	$ 204,031	$ 636,462	$ 717,849
Special items (pre-tax):				
Rationalization and asset impairment net charges (2)	4,538	(21,932)	55,860	(11,314)
Acquisition transaction costs (3)	2,491	—	7,042	—
Amortization of step up in value of acquired inventories (5)	1,552	—	5,026	12,252
Adjusted operating income (1)	$ 185,598	$ 182,099	$ 704,390	$ 718,787
As a percent of total sales	18.2 %	17.2 %	17.6 %	17.1 %
Net income as reported	$ 140,229	$ 156,644	$ 466,108	$ 545,248
Special items:				
Rationalization and asset impairment net charges (2)	4,538	(21,932)	55,860	(11,314)
Acquisition transaction costs (3)	2,491	—	7,042	—
Pension settlement net (gains) charges (4)	(174)	845	3,792	845
Amortization of step up in value of acquired inventories (5)	1,552	—	5,026	12,252
Loss (gain) on asset disposal (6)	—	—	4,950	(1,646)
Tax effect of Special items (7)	(2,655)	6,445	(11,513)	2,537
Adjusted net income (1)	145,981	142,002	531,265	547,922
Interest expense, net	11,372	8,663	42,786	44,371
Income taxes as reported	26,824	40,386	128,041	141,618
Tax effect of Special items (7)	2,655	(6,445)	11,513	(2,537)
Adjusted EBIT (1)	$ 186,832	$ 184,606	$ 713,605	$ 731,374
Effective tax rate as reported	16.1 %	20.5 %	21.6 %	20.6 %
Net special item tax impact	0.7 %	(1.2)%	(0.8)%	(0.4)%
Adjusted effective tax rate (1)	16.8 %	19.3 %	20.8 %	20.2 %
Diluted earnings per share as reported	$ 2.47	$ 2.70	$ 8.15	$ 9.37
Special items per share	0.10	(0.25)	1.14	0.04
Adjusted diluted earnings per share (1)	$ 2.57	$ 2.45	$ 9.29	$ 9.41
Weighted average shares (diluted)	56,818	57,911	57,194	58,221

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) 2024 charges 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. 2023 net gains primarily relates the gain on sale of a property, partially offset by charges within International Welding.
3) Transaction costs related to acquisitions which are included in Selling, general & administrative expenses.
4) Pension settlement net (gains) charges primarily due to the final settlement associated with the termination of pension plans and are included in Other income.
5) Costs related to acquisitions which are included in Cost of goods sold.
6) Loss (gain) on asset disposal 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)

Return on Invested Capital	Twelve Months Ended December 31, 2024	Twelve Months Ended December 31, 2023
Net income as reported	$ 466,108	$ 545,248
Plus: Interest expense (after-tax)	39,665	38,050
Less: Interest income (after-tax)	7,593	5,033
Net operating profit after taxes	$ 498,180	$ 578,265
Special items:		
Rationalization and asset impairment net charges	55,860	(11,314)
Acquisition transaction costs	7,042	—
Pension settlement net charges	3,792	845
Amortization of step up in value of acquired inventories	5,026	12,252
Loss (gain) on asset disposal	4,950	(1,646)
Tax effect of Special items [2]	(11,513)	2,537
Adjusted net operating profit after taxes [1]	$ 563,337	$ 580,939
Invested Capital	**December 31, 2024**	**December 31, 2023**
Short-term debt	$ 110,524	$ 2,439
Long-term debt, less current portion	1,150,551	1,102,771
Total debt	1,261,075	1,105,210
Total equity	1,327,433	1,308,852
Invested capital	$ 2,588,508	$ 2,414,062
Return on invested capital as reported	19.2 %	24.0 %
Adjusted return on invested capital [1]	21.8 %	24.1 %

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, 2024

(In thousands)
(Unaudited)

	Americas Welding	International Welding	The Harris Products Group	Corporate / Eliminations	Consolidated
Three months ended December 31, 2024					
Net sales	$ 654,786	$ 242,979	$ 124,266	$ —	$ 1,022,031
Inter-segment sales	37,134	11,233	2,801	(51,168)	—
Total sales	$ 691,920	$ 254,212	$ 127,067	$ (51,168)	$ 1,022,031
Net income					$ 140,229
As a percent of total sales					13.7 %
EBIT [1]	$ 127,813	$ 32,013	$ 20,278	$ (1,679)	$ 178,425
As a percent of total sales	18.5 %	12.6 %	16.0 %		17.5 %
Special items charges [3]	4,110	517	1,289	2,491	8,407
Adjusted EBIT [2]	$ 131,923	$ 32,530	$ 21,567	$ 812	$ 186,832
As a percent of total sales	19.1 %	12.8 %	17.0 %		18.3 %
Three months ended December 31, 2023					
Net sales	$ 654,707	$ 292,177	$ 111,630	$ —	$ 1,058,514
Inter-segment sales	35,493	11,557	2,578	(49,628)	—
Total sales	$ 690,200	$ 303,734	$ 114,208	$ (49,628)	$ 1,058,514
Net income					$ 156,644
As a percent of total sales					14.8 %
EBIT [1]	$ 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 (gains) [4]	60	(21,147)	—	—	(21,087)
Adjusted EBIT [2]	$ 129,469	$ 42,888	$ 15,246	$ (2,997)	$ 184,606
As a percent of total sales	18.8 %	14.1 %	13.3 %		17.4 %

Please see the following slide for corresponding footnotes

Non-GAAP Financial Measures
(continued)

Footnotes for EBIT and Adjusted EBIT Reconciliation – Three Months Ended December 31, 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 and asset impairments net charges of $2,318 in Americas Welding, $931 in International Welding and $1,289 in Harris Products Group. In addition, there was an amortization of step up in value of acquired inventories of $1,552 in Americas Welding, pension settlement charge of $238 in Americas Welding and a gain of $412 in International Welding, and acquisition transaction costs of $2,491 in Corporate/Eliminations.
4) 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.