

Lincoln Electric Holdings, Inc.

Overview

KeyBanc Capital Markets Industrial & Basic Materials Conference

May 30, 2019

Christopher L. Mapes
Chairman, President & CEO



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.

A Pioneer with Market-Leading Technology

A global manufacturer and market leader with over 120 years of expertise.
Distinguished by an unwavering commitment to customers, employees and shareholders.



CONSUMABLE
(filler metals)



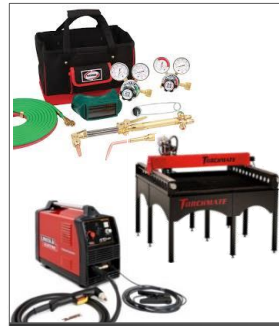
EQUIPMENT



AUTOMATION



**FUME
CONTROL**



CUTTING



ACCESSORIES

- » Founded in 1895
- » \$3.0B in revenue in 2018
- » Market cap of ~\$5.0B
- » Nasdaq Listed: 'LECO'
- » HQ in Cleveland, Ohio, U.S.A.
- » 60 manufacturing facilities in 19 countries
- » Distribution to over 160 countries
- » 11,000 employees worldwide

Lincoln Electric Investment Highlights

Leader in complete solutions and application expertise

#1 Global Provider of Solutions

Track record of expanding margins even in a down cycle

~14%
Adj. Operating Income Margin¹
(5-Yr Average)

Predictable model enables higher dividend payout

13.3%
CAGR
2009-2019

Solid cash conversion ratio

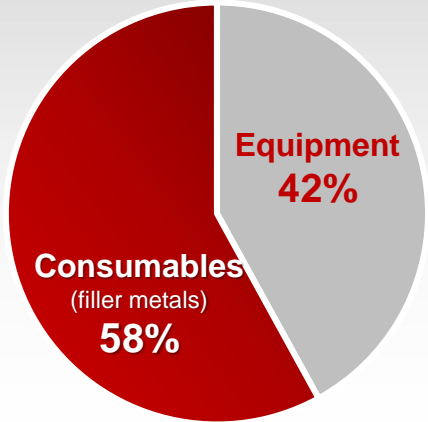
102%
3-Year Avg.

Disciplined capital deployment delivers top quartile returns

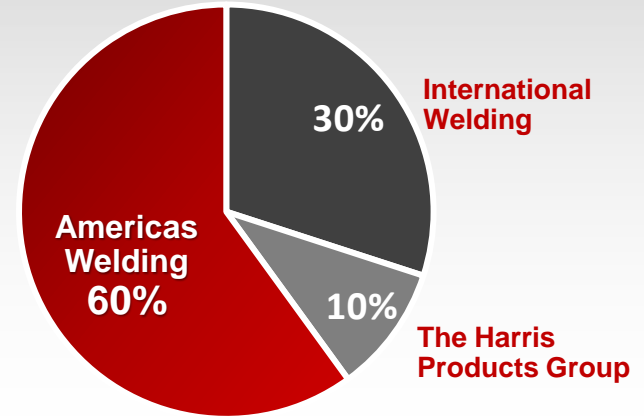
17.8%
ROIC¹
3-Year Avg.

Diversified Products and Reach

Net Sales by Product Area¹



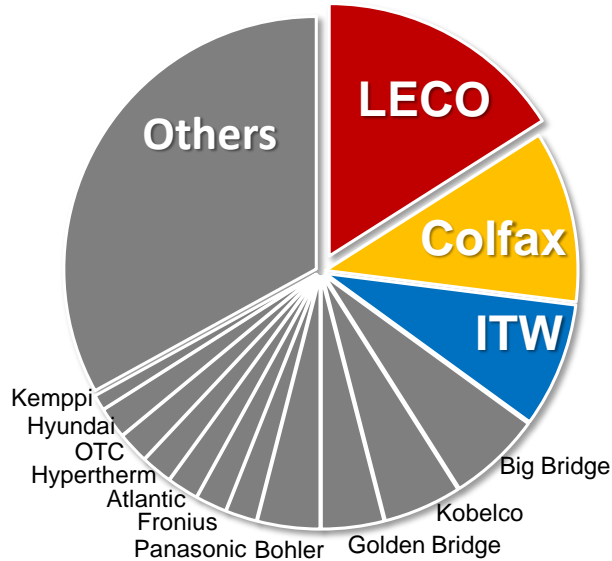
Net Sales by Segment¹



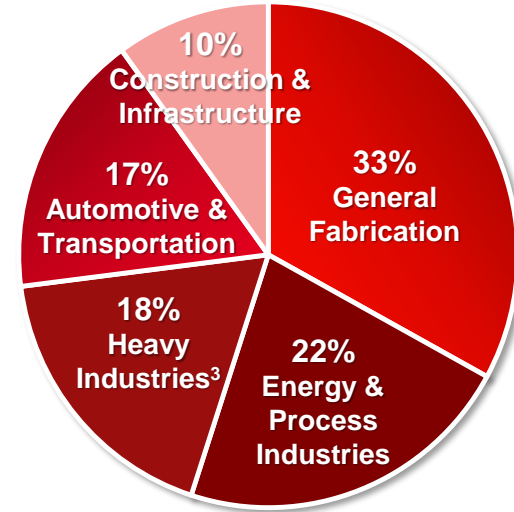
¹ Reflects FY2018 revenue

Leading Provider Across Diverse End Markets

\$22B Global Arc Welding, Brazing & Cutting Industry Market Share Estimates¹



Lincoln Electric Revenue Mix by End Market Sector²



LECO is one of only three global providers to offer a complete solution

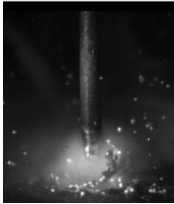
¹ Amounts based on Company estimates of the 2018 market and includes sales of equity affiliates

² Reflects revenue mix estimates from Lincoln Electric (direct & distributor channels)

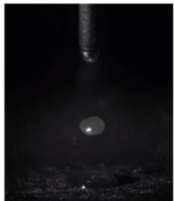
³ Heavy Industries includes heavy fabrication, ship building and maintenance & repair

Innovation Drivers

Equipment Efficiency & Proprietary Waveforms

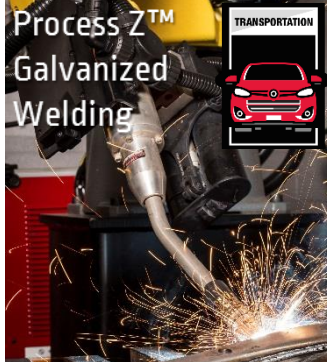
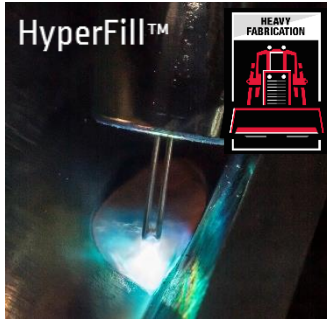


Standard weld start

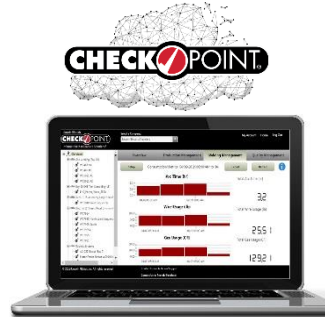


Weld start using advanced technologies

Industry-Driven Solutions



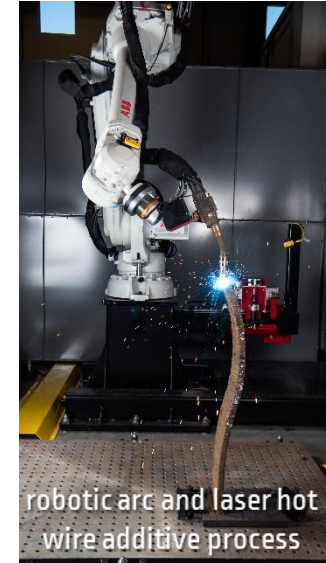
Industry 4.0 & Data



Automated Joining & Cutting Systems & Cell Components

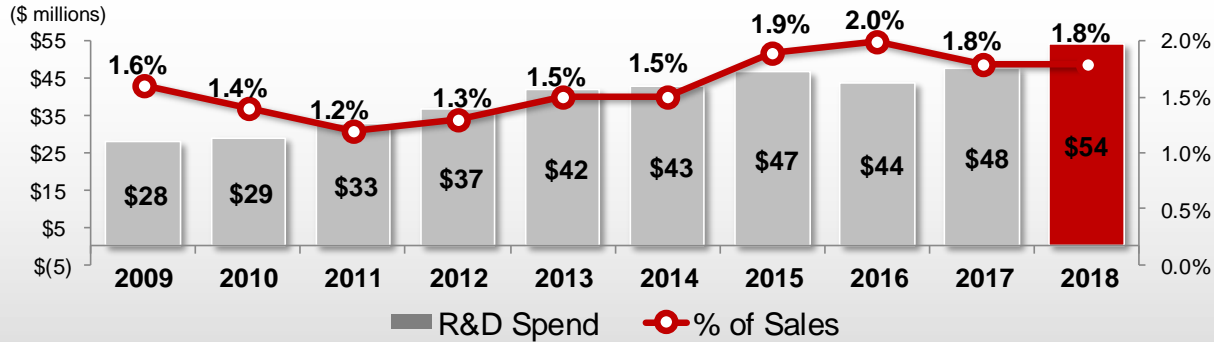


Large-Scale Metal Additive Solutions



Innovation Investments Drive Growth

R&D Spend



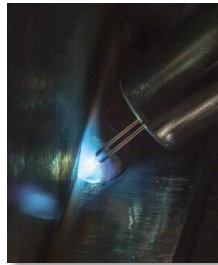
Solid Vitality Index¹

~**34%** of 2018 consolidated sales from new products

~**52%** of 2018 equipment sales from new products

New HyperFill™ Process

- » Patent-pending dual wire MIG process uses new accessories and software to **increase productivity and simplicity**
- » Increases welding **productivity by 50+%**
- » Designed for both manual and automated welding operations in general and heavy fabrication applications



Next Generation Engine Drive



- » New Ranger® 330MPX engine drive
- » **More efficient:** 31% smaller; 25% lighter; 60% quieter vs. prior model
- » Quick set up **simplifies the user's experience**
- » CrossLinc® **enhances safety and productivity**

LINCOLN
ELECTRIC

¹ Vitality Index reflects percent of product sales from new products in the Company, excluding the International Welding Segment. New products are defined as solutions launched within the last five years and excludes customized automation sales.

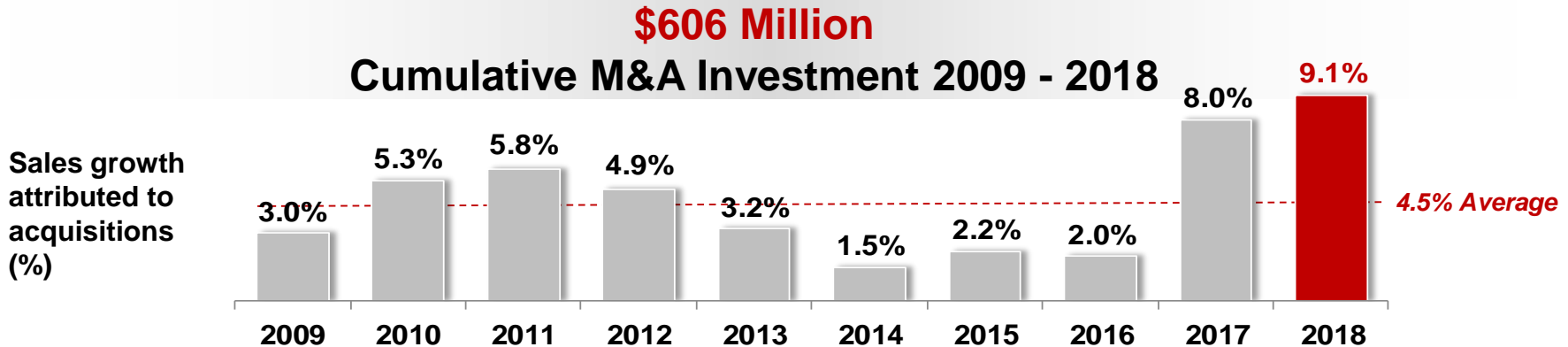
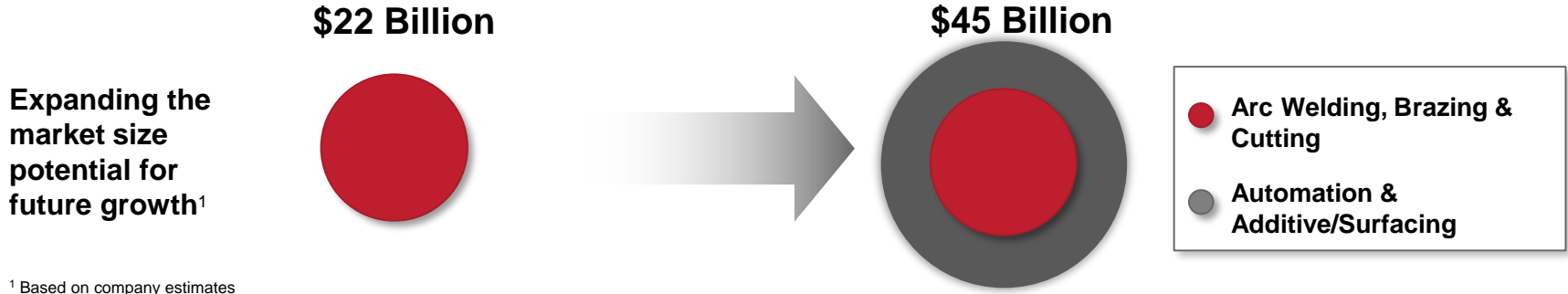
'2020 Strategy' Targets Best-in-Class Financial Performance

	2018 Result	2009 to 2018 Performance	2020 Goal (2009-2020)
Sales Growth (ex-FX & Venezuela)	15.1%	8% CAGR	10% CAGR
Adjusted Operating Income Margin ¹	13.4%	12.9% Average; 14.1% 5-Year Average	Average 15.0%
ROIC ¹	20.7%	Average 17.1%	Average 15.0%
Operating Working Capital Ratio	16.5%	670 basis point improvement	15.0%

¹ Please refer to the appendix for definitions and reconciliations of non-GAAP financial measures.

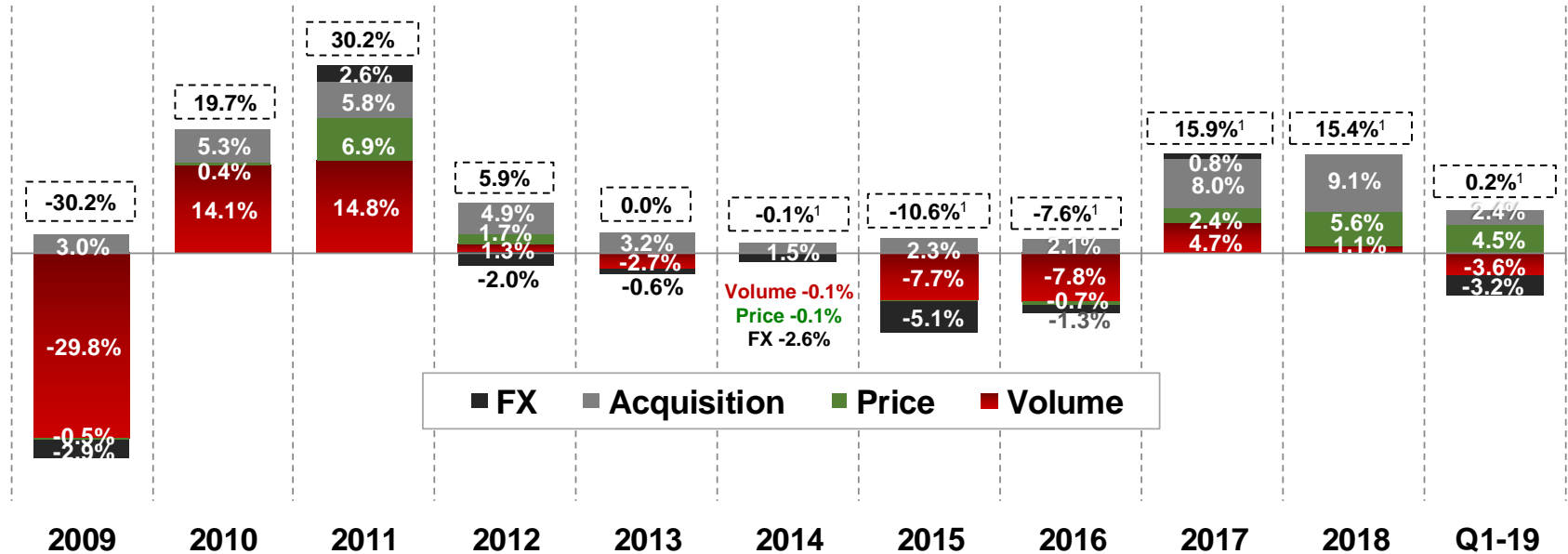


Disciplined M&A is Expanding Growth Opportunities



Solid Price Performance Through the Cycle

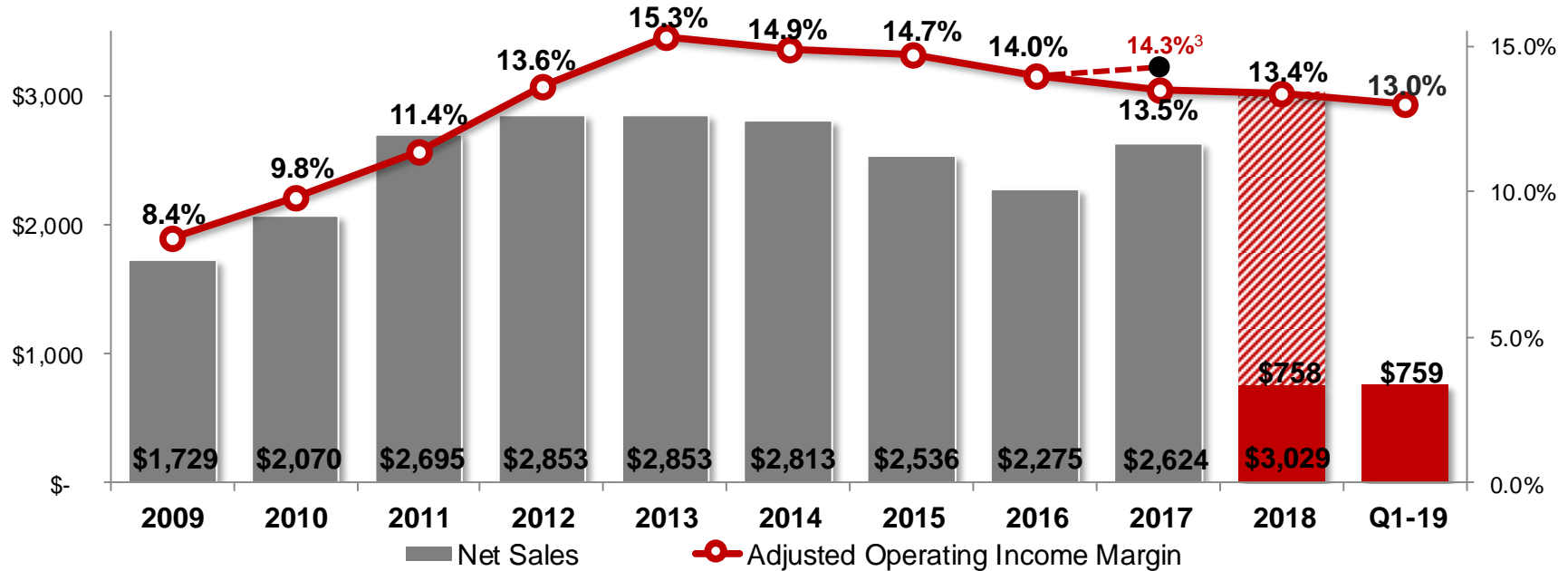
Components of Revenue Performance



¹ Results starting in 2014 exclude our Venezuela subsidiary due to hyperinflationary conditions in the country. The Venezuela subsidiary was deconsolidated June 30, 2016.

Focused on Higher Margin Opportunities and Operational Excellence

Adjusted Operating Income Margin^{1,2} vs. Net Sales



¹ Adjusted operating income margin excludes special items. Please refer to the appendix for a reconciliation of non-GAAP financial measures.

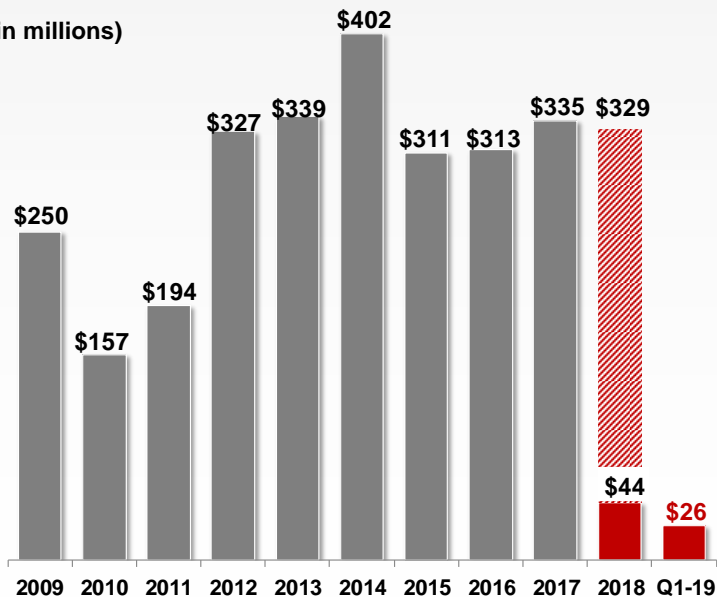
² Adjusted operating income margin results reflect the 2018 reclassification of pension costs, other than service costs, to Other income (expense).

³ Excluding the acquisition of Air Liquide Welding, legacy company adjusted operating income margin would have been 14.3% in 2017.

Cash Generation Solid and a Top Strategic Priority

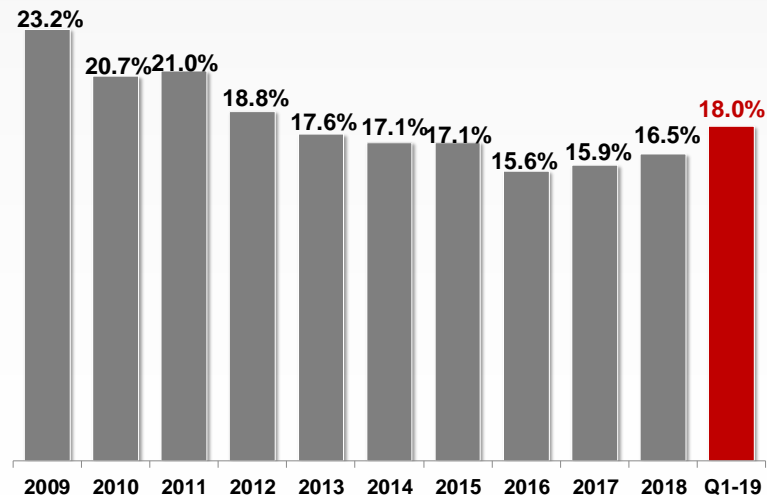
Cash Flow From Operations

(\$ in millions)



Operating Working Capital to Net Sales Ratio¹

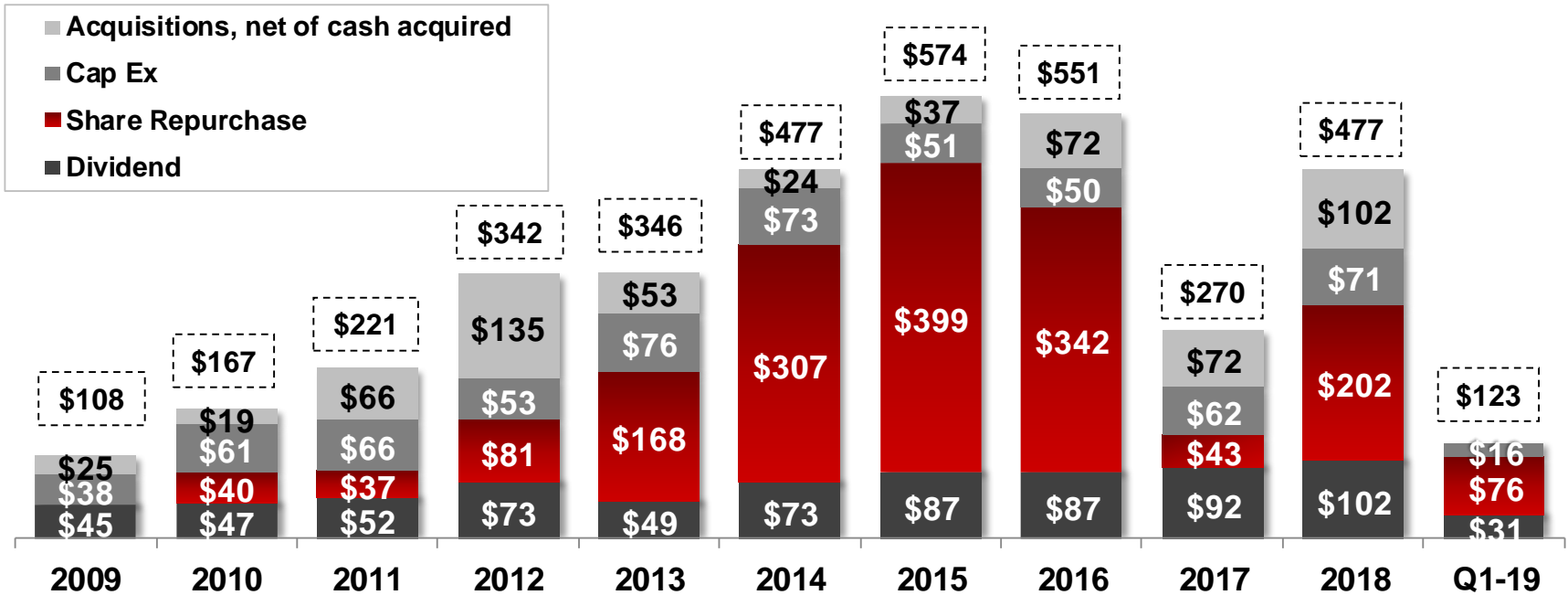
670 bps
reduction
2009-2018



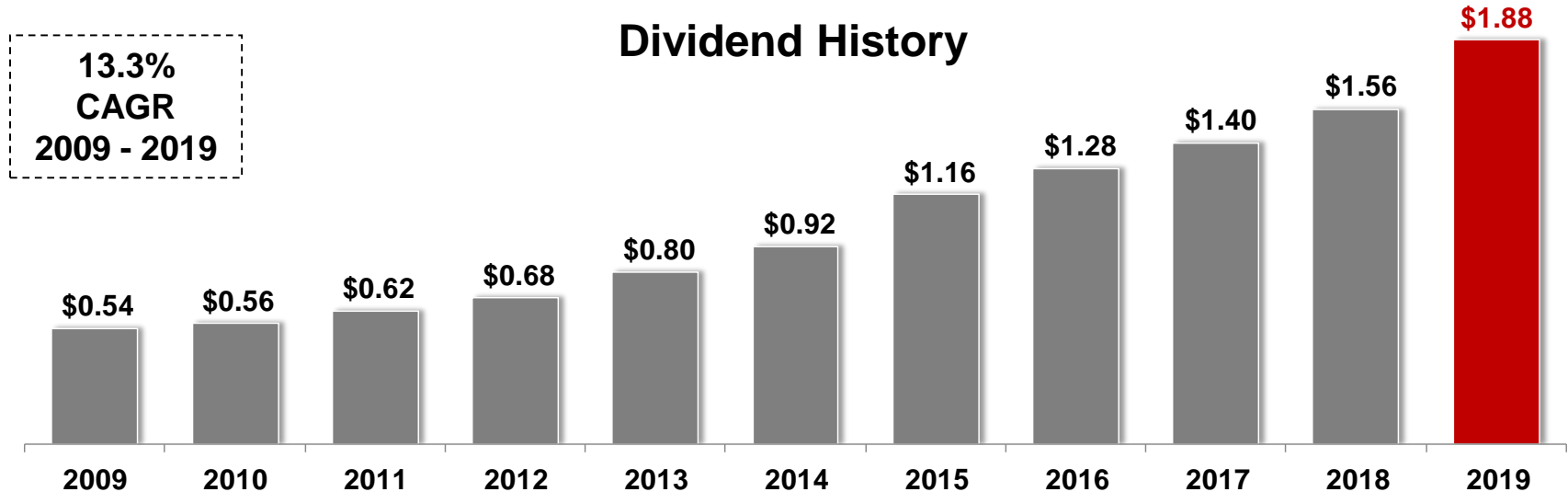
¹ Operating working capital to net sales ratio is defined as operating working (AR plus Inventory less AP) divided by annualized rolling three months of sales.

Solid Cash Flows Funding Growth and Shareholder Returns

Capital Allocation (\$ in millions)



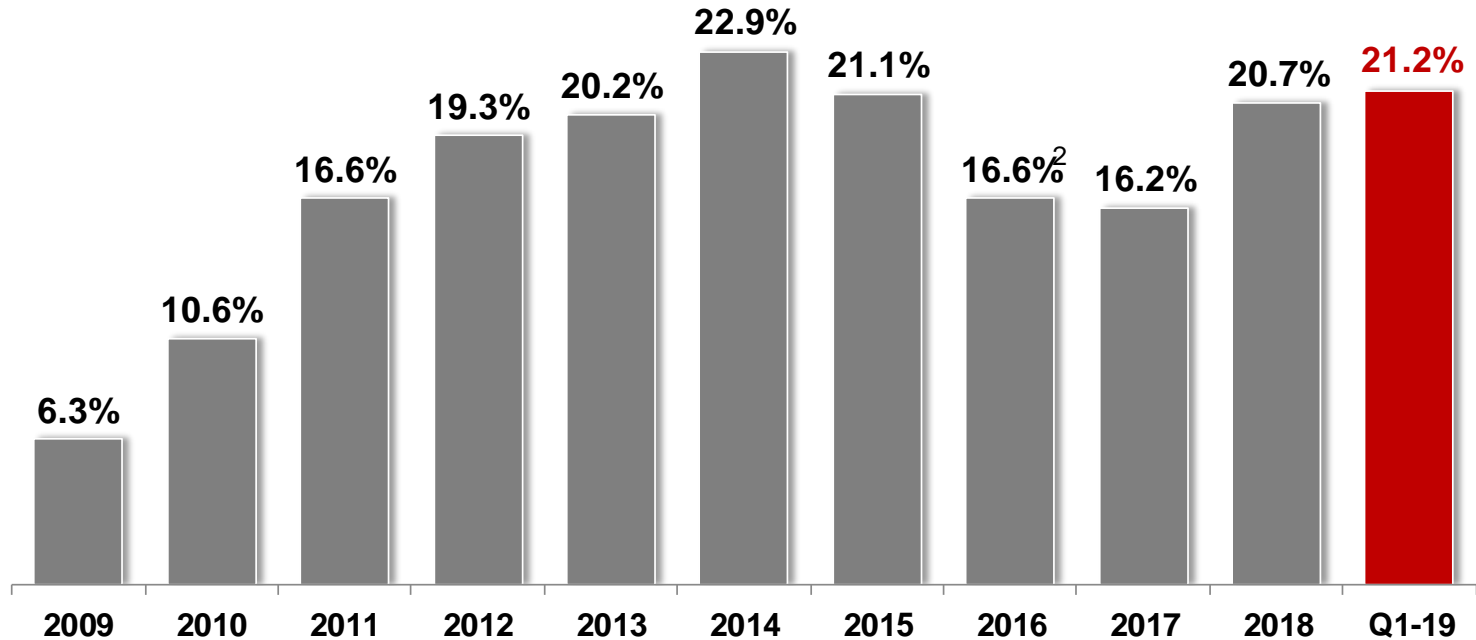
Predictable Model Enables a Growing Dividend Payout



21% Increase in the 2019 Dividend Payout Rate

Disciplined Capital Deployment Delivers Top Quartile Returns

Return on Invested Capital¹



¹ Please refer to the appendix for the definition and reconciliation of this non-GAAP financial measure.

² 2016 ROIC reflects the impact of \$350 million of senior notes in October 2016.

Positioned For Long Term Value Creation

Top Market Position in Arc Welding

- » Differentiated by comprehensive equipment and consumables
- » Renowned **Welding Experts**[®] with industry-leading engineers

#1 Global Provider

Innovative R&D and Pragmatic M&A Driving Growth

- » Focused investments driving higher margins and returns
- » ~34% of sales from new products
- » M&A initiatives contributing to annual revenue growth

Driving Growth and
Richening Mix

Solid Execution Increasing Returns

- » Operational excellence is optimizing the cost structure
- » Working capital efficiency supporting cash flow generation
- » ROIC-driven model

Top Quartile ROIC

Predictable Model Accelerating Shareholder Returns

- » Business model resilient through economic cycles
- » Strategy improving margin performance vs. 2008 peak
- » Dividend increased annually for 23 consecutive years

\$1.7B Returned to
Shareholders 2014-2018

Sustainability Overview



Governance Highlights

At Lincoln Electric, we are committed to effective corporate governance and high ethical standards. We adhere to our ethical commitments in every aspect of our business, including our commitments to each other, in the marketplace and in the global, governmental and political arenas. These commitments are spelled out in our Code of Corporate Conduct and Ethics, which applies to all of our employees (including our principal executive and senior financial officers) and Board of Directors.

Lincoln Electric has a solid track record of integrity and corporate governance practices that promote thoughtful management by its officers and Board of Directors facilitating profitable growth while strategically balancing risks to maximize shareholder value.

Summary of our Board of Governance Practices:

Size of Board	11*	Number of fully independent Board committees	4
Number of Independent Directors	10	Independent Directors meet without management	Yes
Average age of Directors	62	Director attendance at Board & committee meetings	>75%
Percent diverse	27%	Mandatory retirement age (75)	Yes
Board meetings held in 2018	5	Stock ownership requirements for Directors	Yes
New Directors in the last 5 years	3	Annual Board and committee self-assessments	Yes
Average tenure (years)	11.2	Code of Ethics for Directors, officers & employees	Yes
Annual election of Directors	Yes	Succession planning and implementation process	Yes
Majority voting policy for Directors	Yes	Environmental & risk management review	Yes
Lead Independent Director	Yes	Directors over boarded per ISS or Glass Lewis	No

* Following the retirements of two directors in April 2018 and the election of one director in July 2018, there were 11 Directors (10 were independent) during the 2018 calendar year.



Governance Highlights

Continued Summary of our Practices:

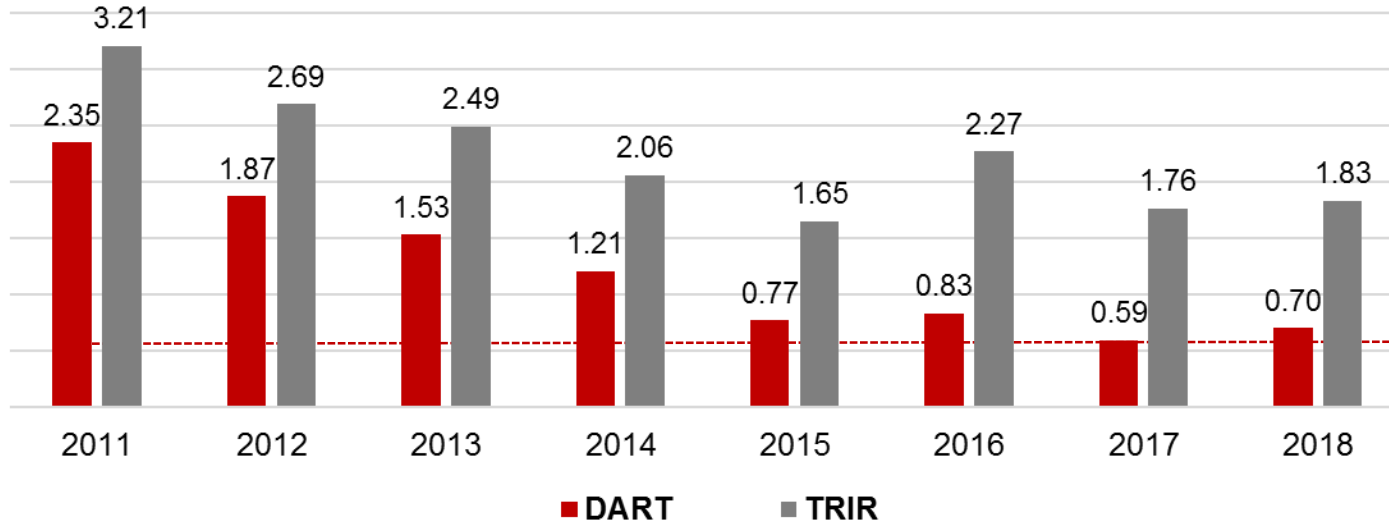
Material related party transactions with Directors	No	Double-trigger change-in-control provision	Yes
Director onboarding and continued education program	Yes	Anti-Hedging and Anti-Pledging Policy	Yes
Shareholder engagement	Yes	Supplier Code of Conduct	Yes
One share, one vote policy	Yes	Human Rights Policy	Yes
Frequency of say-on-pay advisory vote	Annual	Anti-Corruption Policy	Yes
Robust stock ownership guidelines for named executive officers	Yes	Board oversight of Company culture	Yes
Claw back pay policy	Yes	No Harassment Policy	Yes
Excessive perks	No	Environmental, Health & Safety Policy	Yes
Pay for performance	Yes	Environmental and Safety goals	Yes

Please visit <https://sustainability.lincolnelectric.com> to learn more.



Environmental, Health & Safety

Lincoln Electric Global **Workplace Safety** Performance



VISION of Zero DART

2020 DART Goal:
75% Reduction vs. 2011
(DART=0.59)

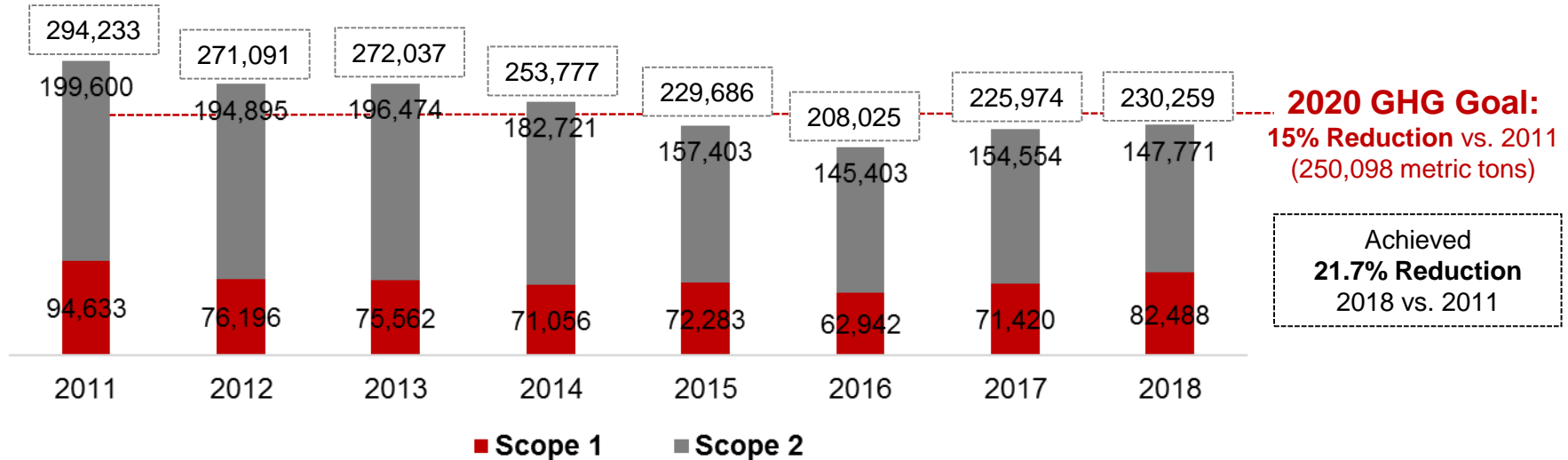
Achieved
70.2% Reduction
2018 vs. 2011

DART: An injury that causes the employee to not be at work (**D**ays **A**way), have **R**estrictions in doing their normally assigned job or needs to **T**ransferred to another job while recovering from the injury.

TRIR: An injury that requires medical treatment beyond basic first aid.

Environmental, Health & Safety

Lincoln Electric Global Greenhouse Gas Emissions



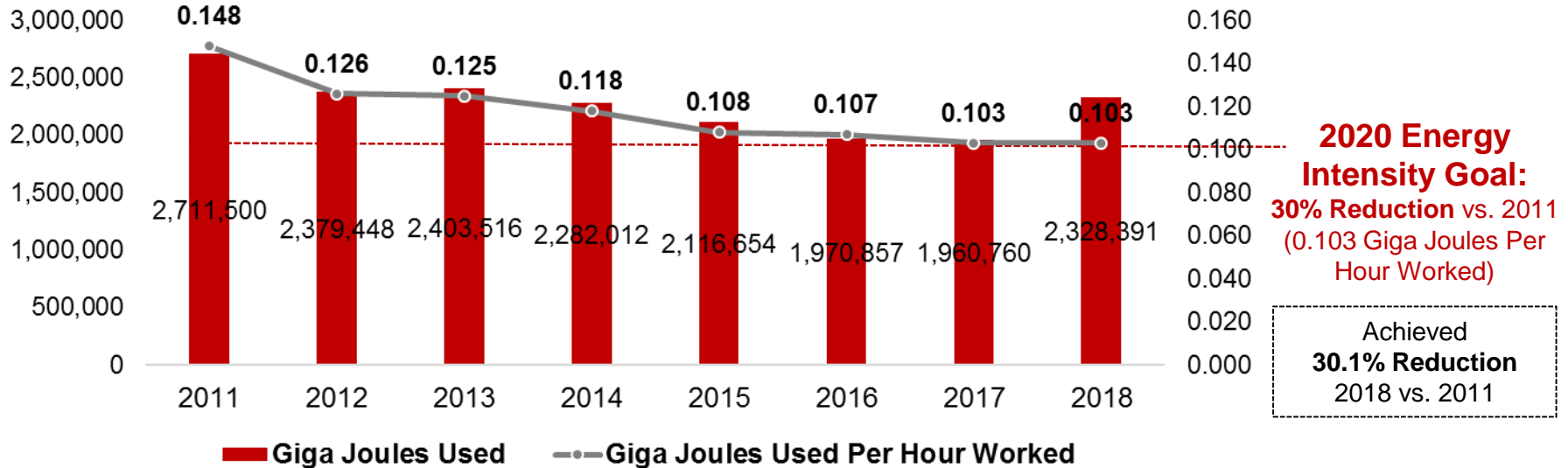
Scope 1: Emissions produced from the burning of fossil fuels at Lincoln Electric.

Scope 2: Emissions associated with the electricity that Lincoln Electric purchases from other companies.

The emission factors used to calculate the tons of CO₂e equivalent come from: International Energy Agency (IEA) – Emission Factors 2018 Edition; Greenhouse Gas Protocol Revised Edition – September 2001; and Intergovernmental Panel on Climate Change – IPCC AR5 Edition.

Environmental, Health & Safety

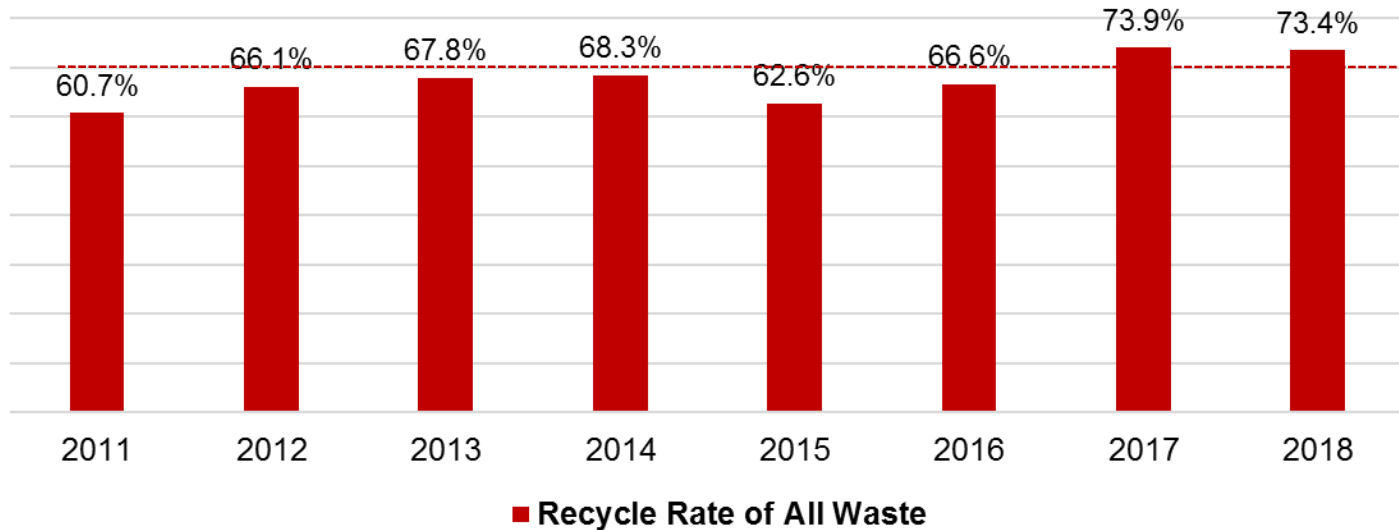
Lincoln Electric Global Energy Intensity



Energy includes electricity, natural gas, coal, fuel oil and LPG.

Environmental, Health & Safety

Lincoln Electric Global **Recycling** Performance



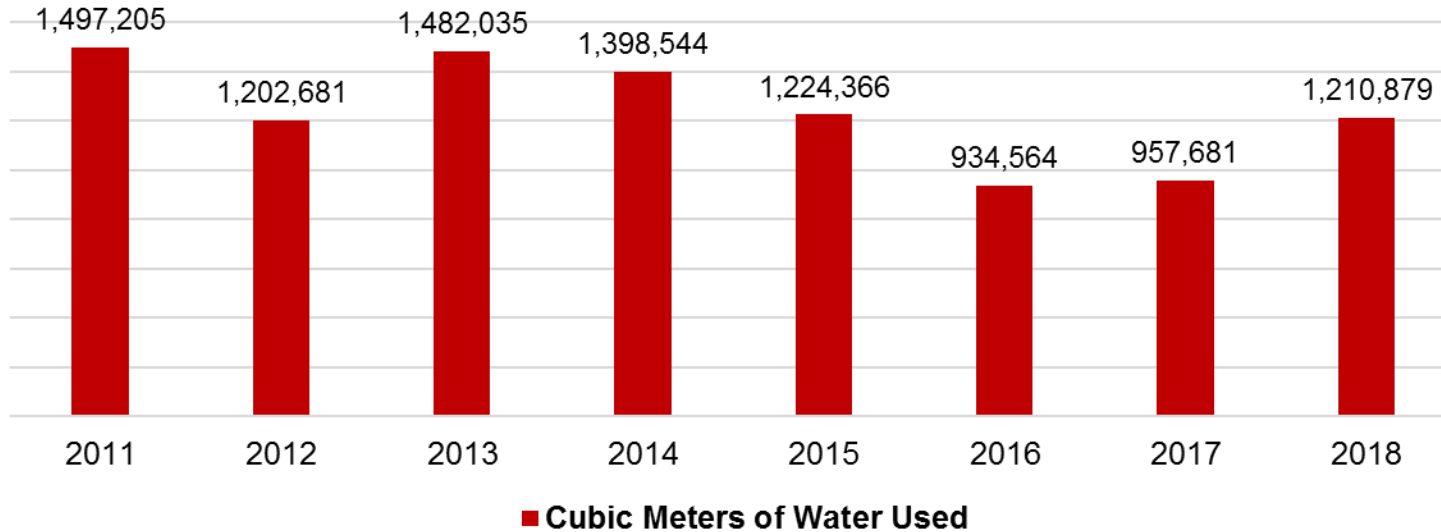
2020 Recycle Goal:
Reuse & Recycle **70%**
of All Waste

Achieved **73.4%**
Recycle Rate in 2018
and
93% Recycle Rate of
waste eligible for
recycling in 2018
(subcategory)

Percent of "Recycle Rate of All Waste" includes all recyclable materials (including metals), rubbish, and manufacturing waste.

Environmental, Health & Safety

Lincoln Electric Global Water Usage



Achieved
19.1% Reduction
2018 vs. 2011

Water is an important natural resource and we acknowledge our responsibility to manage water carefully. Water is predominately used in our consumable manufacturing processes and equipment painting operations.

Contact:

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Vice President, Investor Relations & Communications

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📞 216.383.2534

Non-GAAP Financial Measures

Adjusted operating income, Adjusted net income, Adjusted diluted earnings per share and Return on invested capital are non-GAAP financial measures that management believes are important to investors to evaluate and compare the Company's financial performance from period to period. Management uses this information in assessing and evaluating the Company's underlying operating performance. 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.

Reconciliation of Operating Income and Operating Income Margin to Non-GAAP Adjusted Operating Income and Adjusted Operating Income Margin

(\$ in thousands)

	Period Ended December 31,										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Q1 2019
Operating income:	115,252	200,182	305,719	376,801	413,705	367,080	324,582	283,614	376,942	\$375,539	\$94,478
Special items:											
Rationalization and asset impairment charges / (gains)	29,897	(384)	282	9,354	8,463	30,053	19,958	-	6,590	25,285	3,535
(Gains) or losses on asset disposals	-	-	-	-	705	-	-	-	-	-	-
Venezuelan devaluation and deconsolidation charges (gains)	-	3,123	-	1,381	12,198	21,133	27,214	34,348	-	-	-
Acquisition transaction costs	-	-	-	-	-	-	-	-	15,002	4,498	790
Amortization of step up in value of acquired inventories	-	-	-	-	-	-	-	-	4,578	-	-
Bargain purchase gain	-	-	-	-	-	-	-	-	(49,650)	-	-
Adjusted operating income:	\$145,149	\$202,921	\$306,001	\$387,536	\$435,071	\$418,266	\$371,754	\$317,962	\$353,462	\$405,322	\$98,803
Net sales	\$ 1,729,285	\$ 2,070,172	\$ 2,694,609	\$ 2,853,367	\$ 2,852,671	\$ 2,813,324	\$ 2,535,791	\$ 2,274,614	\$ 2,624,431	\$ 3,028,674	\$ 759,174
Op income margin	6.7%	9.7%	11.3%	13.2%	14.5%	13.0%	12.8%	12.5%	14.4%	12.4%	12.4%
Adjusted operating income margin:	8.4%	9.8%	11.4%	13.6%	15.3%	14.9%	14.7%	14.0%	13.5%	13.4%	13.0%

Non-GAAP Financial Measures: Return on Invested Capital¹

(\$ in thousands)

	Period Ended December 31,										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Q1-2019
Net income:	\$48,576	\$130,244	\$217,186	\$257,411	\$293,780	\$254,686	\$127,478	\$198,399	\$247,503	\$287,066	\$297,722
Special items:											
Rationalization and asset impairment charges / (gains)	29,897	(384)	282	9,354	8,463	30,053	19,958	-	6,590	25,285	18,645
(Gains) or losses on asset disposals	(5,667)	-	-	-	705	-	-	-	-	-	-
Loss associated with an acquisition	7,943	-	-	-	-	-	-	-	-	-	-
Loss on deconsolidation of Venezuela & devaluation charges	-	3,123	-	1,381	12,198	21,133	27,214	34,348	-	-	-
Pension settlement loss (gain)	(2,144)	-	-	-	-	-	142,738	-	8,150	6,686	5,928
Non-controlling interests	601	1,782	-	-	(1,068)	(805)	-	-	-	-	-
Acquisition transaction & integration costs	-	-	-	-	-	-	-	-	15,002	4,498	3,381
Amortization of step in value of acquired inventories, net of tax	-	-	-	-	-	-	-	-	4,578	-	-
Bargain purchase gain	-	-	-	-	-	-	-	-	(49,650)	-	-
Tax effect of Special items	(6,108)	(5,165)	(4,889)	(2,387)	(890)	861	(57,204)	(8,293)	20,536	(6,896)	(7,328)
Adj. Net income:	\$ 73,098	\$ 129,600	\$ 212,579	\$ 265,759	\$ 313,188	\$ 305,928	\$ 260,184	\$ 224,454	\$252,709	\$316,639	\$318,348
Plus: Interest expense (after-tax)	5,293	4,156	4,164	2,597	1,767	6,439	13,469	11,775	14,947	18,386	18,666
Less: Interest income (after-tax)	2,150	1,479	1,938	2,471	2,049	1,909	1,675	1,291	2,955	5,206	4,825
Adjusted net income before tax effected interest	76,241	132,277	214,805	265,885	312,906	310,458	271,978	234,938	264,701	329,819	332,189
Invested Capital ²	1,209,392	1,247,183	1,296,620	1,378,596	1,549,775	1,356,435	1,287,073	1,417,799	1,638,720	1,590,252	1,570,500
ROIC:	6.3%	10.6%	16.6%	19.3%	20.2%	22.9%	21.1%	16.6%	16.2%	20.7%	21.2%



¹ Return on Invested Capital is defined as rolling 12 months of Adjusted Net Income excluding tax-effected interest income and expense *divided by* Invested Capital.

² Invested Capital is defined as Total Debt *plus* Total Equity.

Non-GAAP Financial Measures

Reconciliation of Diluted Earnings Per Common Share (EPS) to Non-GAAP Diluted Adjusted Net Earnings Per Common Share (Adjusted EPS)

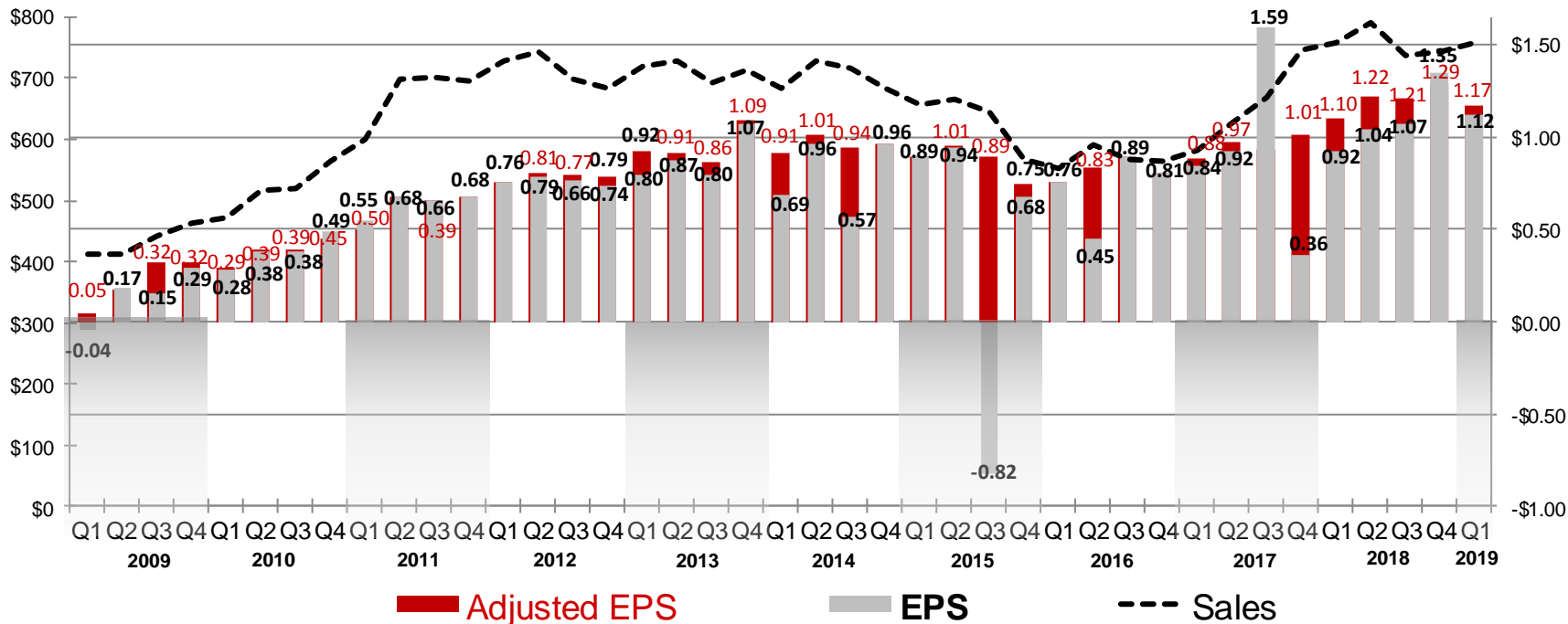
	2009				2010				2011				2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	2009	2009	2009	2009	2010	2010	2010	2010	2011	2011	2011	2011	2012	2012	2012	2012	2013	2013	2013	2013
Diluted EPS:	\$(0.04)	\$0.18	\$0.15	\$0.29	\$0.28	\$0.38	\$0.38	\$0.49	\$0.55	\$0.68	\$0.66	\$0.68	\$0.76	\$0.79	\$0.77	\$0.74	\$0.80	\$0.87	\$0.80	\$1.07
Special items:																				
Rationalization and asset impairment charges / (gains)	0.09	0.08	0.07	0.04	0.01	(0.04)	-	0.02	-	-	-	-	-	0.01	0.03	0.05	0.01	0.04	0.06	0.02
Pension settlement gain	-	(0.02)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Gains) or losses on asset disposals	-	(0.07)	0.09	-	-	0.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Discrete tax item	-	-	-	-	-	-	-	(0.06)	-	-	-	-	-	-	-	-	-	-	-	-
Venezuela devaluation & deconsolidation charges	-	-	-	-	-	0.03	0.01	-	-	-	-	-	-	0.01	-	-	0.11	-	-	-
Adjusted Diluted EPS:	\$0.05	\$0.17	\$0.32	\$0.32	\$0.28	\$0.39	\$0.39	\$0.45	\$0.49	\$0.68	\$0.66	\$0.68	\$0.76	\$0.81	\$0.80	\$0.79	\$0.92	\$0.91	\$0.86	\$1.09

Non-GAAP Financial Measures

Reconciliation of Diluted Earnings Per Common Share (EPS) to Non-GAAP Diluted Adjusted Net Earnings Per Common Share (Adjusted EPS)

	2014				2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	2014	2014	2014	2014	2015	2015	2015	2015	2016	2016	2016	2016
Diluted EPS:	\$0.69	\$0.96	\$0.57	\$0.96	\$0.89	\$0.94	\$(0.82)	\$0.68	\$0.76	\$0.45	\$0.89	\$0.81
Special items:												
Rationalization and asset impairment charges / (gains)	-	0.01	0.37	-	-	0.01	-	0.07	-	-	-	-
Venezuela devaluation & deconsolidation charges	0.22	0.04	-	-	-	-	-	-	-	0.48	-	-
Pension settlement loss	-	-	-	-	-	-	1.71	-	-	-	-	-
Discrete tax item	-	-	-	-	-	-	-	-	-	(0.10)	-	-
Adjusted Diluted EPS:	\$0.91	\$1.01	\$0.94	\$0.96	\$0.89	\$0.95	\$0.89	\$0.75	\$0.76	\$0.83	\$0.89	\$0.81
	2017				2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1			
	2017	2017	2017	2017	2018	2018	2018	2018	2019			
Diluted EPS:	\$0.84	\$0.92	\$1.59	\$0.36	\$0.92	\$1.04	\$1.07	\$1.35	\$1.12			
Special items:												
Rationalization and asset impairment charges	-	-	-	0.09	0.12	0.17	0.04	0.01	0.05			
Acquisition transaction and integration costs	0.04	0.05	0.03	0.05	0.02	0.01	0.01	0.01	0.01			
Bargain purchase gain	-	-	(0.77)	0.02	-	-	-	-	-			
Pension settlement charges	-	-	0.05	0.03	0.01	-	0.07	0.03	-			
Amortization of step up in value of acquired inventories	-	-	0.03	0.03	-	-	-	-	-			
Tax effect of Special items	-	-	-	0.43	0.03	-	0.02	(0.11)	(0.01)			
Adjusted Diluted EPS:	\$0.88	\$0.97	\$0.93	\$1.01	\$1.10	\$1.22	\$1.21	\$1.29	\$1.17			

Diluted Earnings Per Share Progression



Adjusted EPS excludes special items. Please refer to the appendix for a reconciliation of non-GAAP financial measures.