

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of  
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): April 23, 2018

**LINCOLN ELECTRIC HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

0-1402

(Commission File Number)

Ohio

(State or other jurisdiction of  
incorporation)

34-1860551

(I.R.S. Employer Identification No.)

22801 St. Clair Avenue, Cleveland, Ohio 44117  
(Address of principal executive offices, with zip code)

(216) 481-8100  
(Registrant's telephone number, including area code)

Not applicable  
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02****Results of Operations and Financial Condition.**

On April 23, 2018, Lincoln Electric Holdings, Inc. (the “Company”) issued a press release reporting its financial results for the quarter ended March 31, 2018. A copy of the Company’s press release issued on April 23, 2018 is attached hereto as Exhibit 99.1 and incorporated herein by reference. The press release is also available through the Company’s website at [www.lincolnelectric.com](http://www.lincolnelectric.com). The information in this Current Report on Form 8-K, including the Exhibit, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act.

**Item 9.01****Financial Statements and Exhibits.****(d) Exhibits**

99.1 The Company’s press release dated April 23, 2018.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**LINCOLN ELECTRIC HOLDINGS, INC.**

**/s/ Vincent K. Petrella**

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**Vincent K. Petrella**

**Executive Vice President, Chief Financial Officer and Treasurer  
(principal financial officer)**

**April 23, 2018**

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LINCOLN ELECTRIC HOLDINGS, INC.

INDEX TO EXHIBITS

**Exhibit No.**

**Exhibit**

[99.1](#)

The Company's press release dated April 23, 2018.

**LINCOLN ELECTRIC REPORTS FIRST QUARTER 2018 RESULTS**

**First Quarter 2018 Highlights**

- Sales increase 30.4% with 9.4% higher organic sales
- EPS increases 9.5% to \$0.92, Adjusted EPS increases 25.0% to \$1.10
- ROIC increases 50 basis points to 16.7%

CLEVELAND, Monday, April 23, 2018 – Lincoln Electric Holdings, Inc. (the “Company”) (Nasdaq: LECO) today reported first quarter 2018 net income of \$60.8 million, or diluted earnings per share (EPS) of \$0.92. This compares with \$55.8 million, or \$0.84 EPS in the prior year period. Reported EPS includes special item after-tax charges of \$12.5 million, or \$0.18 EPS. Excluding these items, first quarter 2018 adjusted net income increased 25.1% to \$73.3 million, or \$1.10 EPS, as compared with \$58.6 million, or \$0.88 EPS in the prior year period. The first quarter 2018 effective tax rate was 27.8% due to special items. Excluding special items, the effective tax rate was 24.5%, which compares to 28.1% in the comparable 2017 period.

First quarter 2018 sales increased 30.4% to \$757.7 million from an 18.3% benefit from acquisitions, 5.2% higher volumes, a 4.2% increase in price and 2.7% from favorable foreign exchange.

Operating income for the first quarter 2018 was \$85.2 million, or 11.2% of sales. This compares with operating income of \$79.4 million, or 13.7% of sales, in the comparable 2017 period. On an adjusted basis, operating income increased 17.2% to \$97.3 million, or 12.8% of sales, as compared with \$83.0 million, or 14.3% of sales, in the prior year period. The Air Liquide Welding acquisition had an unfavorable 110 basis point impact to the adjusted operating income margin.

"We are pleased to report good sales momentum in the first quarter," stated Christopher L. Mapes, Chairman, President and Chief Executive Officer. "Higher capital investment and the drive for higher productivity have increased demand across our main product categories and trends remain positive. While we work to mitigate inflationary headwinds, we are continuing to invest in long-term profitable growth. In the quarter, our European integration team continued to pace ahead of plan and we celebrated the grand opening of our new Welding Technology and Training Center. These investments support our '2020 Vision and Strategy' and long-term value creation for our customers and shareholders."

**Webcast Information**

A conference call to discuss first quarter 2018 financial results will be webcast live today, April 23, 2018, at 10:00 a.m., Eastern Time. This webcast is accessible at <http://ir.lincolnelectric.com>. Listeners should go to the web site prior to the call to register, download and install any necessary audio software. A replay of the webcast will be available on the Company's web site.

Investors who are unable to access the webcast may listen to the conference call live by telephone by dialing (877) 344-3899 (domestic) or (315) 625-3087 (international) and use confirmation code 2969867. Telephone participants are asked to dial in 10 - 15 minutes prior to the start of the conference call.

Financial results for the first quarter 2018 can also be obtained at <http://ir.lincolnelectric.com>.

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## Lincoln Electric Reports First Quarter 2018 Financial Results

### **About Lincoln Electric**

Lincoln Electric is the world leader in the design, development and manufacture of arc welding products, robotic arc welding systems, plasma and oxy-fuel cutting equipment and has a leading global position in the brazing and soldering alloys market. Headquartered in Cleveland, Ohio, Lincoln has 63 manufacturing locations, including operations and joint ventures in 23 countries and a worldwide network of distributors and sales offices covering more than 160 countries. For more information about Lincoln Electric and its products and services, visit the Company's website at <http://www.lincolnelectric.com>.

### **Non-GAAP Information**

Adjusted operating income, Adjusted net income, Adjusted diluted earnings per share and 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.

### **Forward-Looking Statements**

The Company's expectations and beliefs concerning the future contained in this news release are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements reflect management's current expectations and involve a number of risks and uncertainties. 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. Actual results may differ materially from such statements due to a variety of factors that could adversely affect the Company's operating results. The factors include, but are not limited to: general economic and market conditions; the effectiveness of operating initiatives; completion of planned divestitures; interest rates; disruptions, uncertainty or volatility in the credit markets that may limit our access to capital; currency exchange rates and devaluations; adverse outcome of pending or potential litigation; actual costs of the Company's rationalization plans; possible acquisitions, including the Company's ability to successfully integrate the Air Liquide Welding business acquisition; market risks and price fluctuations related to the purchase of commodities and energy; global regulatory complexity; the effects of changes in tax law; and the possible effects of events beyond our control, such as political unrest, acts of terror and natural disasters, on the Company or its customers, suppliers and the economy in general. For additional discussion, see "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

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**Lincoln Electric Holdings, Inc.**  
**Financial Highlights**  
(In thousands, except per share amounts)  
(Unaudited)

**Consolidated Statements of Income**

|  | Three Months Ended March 31, |            |            |            | Fav (Unfav) to<br>Prior Year |          |
|--|------------------------------|------------|------------|------------|------------------------------|----------|
|  | 2018                         | % of Sales | 2017       | % of Sales | \$                           | %        |
| Net sales  | \$ 757,696                   | 100.0%     | \$ 580,897 | 100.0%     | \$ 176,799                   | 30.4%    |
| Cost of goods sold   | 501,142                      | 66.1%      | 378,234    | 65.1%      | (122,908)                    | (32.5%)  |
| Gross profit   | 256,554                      | 33.9%      | 202,663    | 34.9%      | 53,891                       | 26.6%    |
| Selling, general & administrative expenses                 | 161,191                      | 21.3%      | 123,256    | 21.2%      | (37,935)                     | (30.8%)  |
| Rationalization and asset impairment charges               | 10,175                       | 1.3%       | —          | —          | (10,175)                     | (100.0%) |
| Operating income   | 85,188                       | 11.2%      | 79,407     | 13.7%      | 5,781                        | 7.3%     |
| Interest expense, net                                      | 4,441                        | 0.6%       | 5,337      | 0.9%       | 896                          | 16.8%    |
| Other income (expense)                                     | 3,451                        | 0.5%       | 3,830      | 0.7%       | (379)                        | (9.9%)   |
| Income before income taxes                                 | 84,198                       | 11.1%      | 77,900     | 13.4%      | 6,298                        | 8.1%     |
| Income taxes   | 23,378                       | 3.1%       | 22,052     | 3.8%       | (1,326)                      | (6.0%)   |
| Effective tax rate   | 27.8%                        |            | 28.3%      |            | 0.5%                         |          |
| Net income including non-controlling interests             | 60,820                       | 8.0%       | 55,848     | 9.6%       | 4,972                        | 8.9%     |
| Non-controlling interests in subsidiaries' earnings (loss) | (4)                          | —          | 4          | —          | (8)                          | 200.0%   |
| Net income   | \$ 60,824                    | 8.0%       | \$ 55,844  | 9.6%       | \$ 4,980                     | 8.9%     |
| Basic earnings per share                                   | \$ 0.93                      |            | \$ 0.85    |            | \$ 0.08                      | 9.4%     |
| Diluted earnings per share                                 | \$ 0.92                      |            | \$ 0.84    |            | \$ 0.08                      | 9.5%     |
| Weighted average shares (basic)                            | 65,579                       |            | 65,688     |            |                              |          |
| Weighted average shares (diluted)                          | 66,443                       |            | 66,583     |            |                              |          |

**Lincoln Electric Holdings, Inc.**  
**Financial Highlights**  
(In thousands)  
(Unaudited)

**Balance Sheet Highlights**

| <b>Selected Consolidated Balance Sheet Data</b>                  | <b>March 31, 2018</b> | <b>December 31, 2017</b> |
|--|-----------------------|--------------------------|
| Cash and cash equivalents  | \$ 369,056            | \$ 326,701               |
| Marketable securities  | 136,704               | 179,125                  |
| Total current assets   | 1,445,845             | 1,373,608                |
| Property, plant and equipment, net                               | 482,805               | 477,031                  |
| Total assets   | 2,488,500             | 2,406,547                |
| Total current liabilities  | 550,200               | 528,742                  |
| Short-term debt <sup>(1)</sup>                                   | 1,981                 | 2,131                    |
| Long-term debt, less current portion                             | 700,869               | 704,136                  |
| Total equity   | 980,672               | 932,453                  |
| <b>Operating Working Capital</b>                                 | <b>March 31, 2018</b> | <b>December 31, 2017</b> |
| Accounts receivable, net   | \$ 442,740            | \$ 395,279               |
| Inventories  | 381,530               | 348,667                  |
| Trade accounts payable   | 277,122               | 269,763                  |
| Operating working capital  | \$ 547,148            | \$ 474,183               |
| Average operating working capital to Net sales <sup>(2)(3)</sup> | 18.1%                 | 15.9%                    |
| <b>Invested Capital</b>  | <b>March 31, 2018</b> | <b>December 31, 2017</b> |
| Short-term debt <sup>(1)</sup>                                   | \$ 1,981              | \$ 2,131                 |
| Long-term debt, less current portion                             | 700,869               | 704,136                  |
| Total debt   | 702,850               | 706,267                  |
| Total equity   | 980,672               | 932,453                  |
| Invested capital   | \$ 1,683,522          | \$ 1,638,720             |
| Total debt / invested capital                                    | 41.7%                 | 43.1%                    |

(1) Includes current portion of long-term debt.

(2) Average operating working capital to Net sales is defined as operating working capital as of period end divided by annualized rolling three months of Net sales.

(3) Average operating working capital to Net sales excluding the acquisition of Air Liquide Welding was 16.5% and 14.2% in the 2018 and 2017 periods, respectively.



**Lincoln Electric Holdings, Inc.**  
**Financial Highlights**  
(In thousands, except per share amounts)  
(Unaudited)

**Non-GAAP Financial Measures**

|  | Three Months Ended March 31, |                  |
|--|------------------------------|------------------|
|  | 2018                         | 2017             |
| Operating income as reported                                 | \$ 85,188                    | \$ 79,407        |
| Special items (pre-tax):                                     |                              |                  |
| Rationalization and asset impairment charges <sup>(2)</sup>  | 10,175                       | —                |
| Acquisition transaction and integration costs <sup>(3)</sup> | 1,907                        | 3,615            |
| Adjusted operating income <sup>(1)</sup>                     | <u>\$ 97,270</u>             | <u>\$ 83,022</u> |
| As a percent of total sales                                  | 12.8%                        | 14.3%            |
| Net income as reported                                       | \$ 60,824                    | \$ 55,844        |
| Special items (after-tax):                                   |                              |                  |
| Rationalization and asset impairment charges <sup>(2)</sup>  | 7,870                        | —                |
| Acquisition transaction and integration costs <sup>(3)</sup> | 1,520                        | 2,734            |
| Pension settlement charges <sup>(4)</sup>                    | 569                          | —                |
| Adjustment related to the U.S. Tax Act <sup>(5)</sup>        | 2,500                        | —                |
| Adjusted net income <sup>(1)</sup>                           | <u>\$ 73,283</u>             | <u>\$ 58,578</u> |
| Diluted earnings per share as reported                       | \$ 0.92                      | \$ 0.84          |
| Special items  | 0.18                         | 0.04             |
| Adjusted diluted earnings per share <sup>(1)</sup>           | <u>\$ 1.10</u>               | <u>\$ 0.88</u>   |
| Weighted average shares (diluted)                            | 66,443                       | 66,583           |

(1) Adjusted operating income, Adjusted net income and Adjusted diluted earnings per share 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.

(2) Charges primarily related to severance and asset impairments, net of tax of \$2,305.

(3) Related to the acquisition of Air Liquide Welding, net of tax of \$387 and \$881 in 2018 and 2017, respectively.

(4) Related to a lump sum pension payment, net of tax of \$189.

(5) Adjustment to taxes on unremitted foreign earnings related to the U.S. Tax Act.

**Lincoln Electric Holdings, Inc.**  
**Financial Highlights**  
(In thousands, except per share amounts)  
(Unaudited)

**Non-GAAP Financial Measures**

|   | Twelve Months Ended March 31, |                       |
|---|-------------------------------|-----------------------|
|   | 2018                          | 2017                  |
| <b>Return on Invested Capital</b>   |                               |                       |
| Net income as reported  | \$ 252,483                    | \$ 200,605            |
| Rationalization and asset impairment charges, net of tax of \$2,697   | 14,068                        | —                     |
| Pension settlement charges, net of tax of \$3,309   | 5,599                         | —                     |
| Loss on deconsolidation of Venezuelan subsidiary, net of tax of \$1,097                                       | —                             | 33,251                |
| Income tax valuation reversals  | —                             | (7,196)               |
| Acquisition transaction and integration costs, net of tax of \$2,949 and \$880 in 2018 and 2017, respectively | 10,345                        | 2,734                 |
| Amortization of step up in value of acquired inventories, net of tax of \$1,125                               | 3,453                         | —                     |
| Bargain purchase gain   | (49,650)                      | —                     |
| Net impact of U.S. Tax Act  | 31,116                        | —                     |
| Adjusted net income <sup>(1)</sup>  | \$ 267,414                    | \$ 229,394            |
| Plus: Interest expense, net of tax of \$5,997 and \$8,180 in 2018 and 2017, respectively                      | 18,022                        | 13,186                |
| Less: Interest income, net of tax of \$1,369 and \$934 in 2018 and 2017, respectively                         | 4,114                         | 1,505                 |
| Adjusted net income before tax effected interest  | \$ 281,322                    | \$ 241,075            |
| <b>Invested Capital</b>   | <b>March 31, 2018</b>         | <b>March 31, 2017</b> |
| Short-term debt   | \$ 1,981                      | \$ 2,136              |
| Long-term debt, less current portion  | 700,869                       | 703,378               |
| Total debt  | 702,850                       | 705,514               |
| Total equity  | 980,672                       | 784,124               |
| Invested capital  | \$ 1,683,522                  | \$ 1,489,638          |
| Return on invested capital <sup>(1)(2)</sup>  | 16.7%                         | 16.2%                 |

(1) Adjusted net income and 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.

(2) 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.

**Lincoln Electric Holdings, Inc.**  
**Financial Highlights**  
(In thousands, except per share amounts)  
(Unaudited)

**Condensed Consolidated Statements of Cash Flows**

|   | Three Months Ended March 31, |                 |
|---|------------------------------|-----------------|
|   | 2018                         | 2017            |
| <b>OPERATING ACTIVITIES:</b>  |                              |                 |
| Net income  | \$ 60,824                    | \$ 55,844       |
| Non-controlling interests in subsidiaries' earnings (loss)  | (4)                          | 4               |
| Net income including non-controlling interests  | 60,820                       | 55,848          |
| Adjustments to reconcile Net income including non-controlling interests to Net cash provided by operating activities: |                              |                 |
| Rationalization and asset impairment charges  | 676                          | —               |
| Depreciation and amortization   | 18,134                       | 16,166          |
| Equity earnings in affiliates, net  | (538)                        | (270)           |
| Pension (income) expense and settlement charges   | (122)                        | (1,345)         |
| Other non-cash items, net   | 7,424                        | 5,991           |
| Changes in operating assets and liabilities, net of effects from acquisitions:  |                              |                 |
| Increase in accounts receivable   | (40,468)                     | (24,195)        |
| Increase in inventories   | (28,052)                     | (20,946)        |
| Increase in trade accounts payable  | 3,191                        | 7,164           |
| Net change in other current assets and liabilities  | 21,508                       | 35,333          |
| Net change in other long-term assets and liabilities  | 1,204                        | 2,494           |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>  | <b>43,777</b>                | <b>76,240</b>   |
| <b>INVESTING ACTIVITIES:</b>  |                              |                 |
| Capital expenditures  | (14,657)                     | (12,037)        |
| Acquisition of businesses, net of cash acquired   | 6,235                        | —               |
| Proceeds from sale of property, plant and equipment   | 118                          | 203             |
| Purchase of marketable securities   | (89,545)                     | (34,925)        |
| Proceeds from marketable securities   | 131,966                      | 3,800           |
| <b>NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES</b>  | <b>34,117</b>                | <b>(42,959)</b> |
| <b>FINANCING ACTIVITIES:</b>  |                              |                 |
| Net change in borrowings  | (63)                         | 110             |
| Proceeds from exercise of stock options   | 1,962                        | 5,643           |
| Purchase of shares for treasury   | (14,724)                     | (403)           |
| Cash dividends paid to shareholders   | (25,661)                     | (22,986)        |
| Other financing activities  | —                            | (7)             |
| <b>NET CASH USED BY FINANCING ACTIVITIES</b>  | <b>(38,486)</b>              | <b>(17,643)</b> |
| Effect of exchange rate changes on Cash and cash equivalents  | 2,947                        | 6,623           |
| <b>INCREASE IN CASH AND CASH EQUIVALENTS</b>  | <b>42,355</b>                | <b>22,261</b>   |
| Cash and cash equivalents at beginning of period  | 326,701                      | 379,179         |
| Cash and cash equivalents at end of period  | \$ 369,056                   | \$ 401,440      |
| Cash dividends paid per share   | \$ 0.39                      | \$ 0.35         |

**Lincoln Electric Holdings, Inc.**  
**Segment Highlights**  
(In thousands)  
(Unaudited)

|  | <u>Americas Welding</u> | <u>International Welding</u> | <u>The Harris Products Group</u> | <u>Corporate / Eliminations</u> | <u>Consolidated</u> |
|--|-------------------------|------------------------------|----------------------------------|---------------------------------|---------------------|
| <b>Three months ended March 31, 2018</b>     |                         |                              |                                  |                                 |                     |
| Net sales                                    | \$ 434,772              | \$ 247,320                   | \$ 75,604                        | \$ —                            | \$ 757,696          |
| Inter-segment sales                          | 26,586                  | 4,509                        | 1,907                            | (33,002)                        | —                   |
| Total  | <u>\$ 461,358</u>       | <u>\$ 251,829</u>            | <u>\$ 77,511</u>                 | <u>\$ (33,002)</u>              | <u>\$ 757,696</u>   |
| EBIT <sup>(1)</sup>                          | \$ 76,681               | \$ 4,798                     | \$ 9,225                         | \$ (2,065)                      | \$ 88,639           |
| As a percent of total sales                  | 16.6%                   | 1.9%                         | 11.9%                            |                                 | 11.7%               |
| Special items charges (gains) <sup>(3)</sup> | 758                     | 10,175                       | —                                | 1,907                           | 12,840              |
| Adjusted EBIT <sup>(2)</sup>                 | \$ 77,439               | \$ 14,973                    | \$ 9,225                         | \$ (158)                        | \$ 101,479          |
| As a percent of total sales                  | 16.8%                   | 5.9%                         | 11.9%                            |                                 | 13.4%               |
| <b>Three months ended March 31, 2017</b>     |                         |                              |                                  |                                 |                     |
| Net sales                                    | \$ 383,324              | \$ 128,888                   | \$ 68,685                        | \$ —                            | \$ 580,897          |
| Inter-segment sales                          | 22,460                  | 4,285                        | 2,300                            | (29,045)                        | —                   |
| Total  | <u>\$ 405,784</u>       | <u>\$ 133,173</u>            | <u>\$ 70,985</u>                 | <u>\$ (29,045)</u>              | <u>\$ 580,897</u>   |
| EBIT <sup>(1)</sup>                          | \$ 68,723               | \$ 9,605                     | \$ 8,460                         | \$ (3,551)                      | \$ 83,237           |
| As a percent of total sales                  | 16.9%                   | 7.2%                         | 11.9%                            |                                 | 14.3%               |
| Special items charges (gains) <sup>(3)</sup> | —                       | —                            | —                                | 3,615                           | 3,615               |
| Adjusted EBIT <sup>(2)</sup>                 | \$ 68,723               | \$ 9,605                     | \$ 8,460                         | \$ 64                           | \$ 86,852           |
| As a percent of total sales                  | 16.9%                   | 7.2%                         | 11.9%                            |                                 | 15.0%               |

(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 2018 reflect rationalization and asset impairment charges, pension settlement charges and acquisition transaction and integration costs related to the acquisition of Air Liquide Welding. Special items in 2017 reflect acquisition transaction and integration costs related to the acquisition of Air Liquide Welding.

**Lincoln Electric Holdings, Inc.**  
**Change in Net Sales by Segment**  
(In thousands)  
(Unaudited)

**Three Months Ended March 31st Change in Net Sales by Segment**

|                           | Net Sales<br>2017 | Change in Net Sales due to: |                   |                  |                     | Net Sales<br>2018 |
|---------------------------|-------------------|-----------------------------|-------------------|------------------|---------------------|-------------------|
|                           |                   | Volume                      | Acquisitions      | Price            | Foreign<br>Exchange |                   |
| <b>Operating Segments</b> |                   |                             |                   |                  |                     |                   |
| Americas Welding          | \$ 383,324        | \$ 28,562                   | \$ 3,606          | \$ 17,682        | \$ 1,598            | \$ 434,772        |
| International Welding     | 128,888           | (4,737)                     | 102,946           | 7,019            | 13,204              | 247,320           |
| The Harris Products Group | 68,685            | 6,380                       | —                 | (496)            | 1,035               | 75,604            |
| <b>Consolidated</b>       | <b>\$ 580,897</b> | <b>\$ 30,205</b>            | <b>\$ 106,552</b> | <b>\$ 24,205</b> | <b>\$ 15,837</b>    | <b>\$ 757,696</b> |
| <b>% Change</b>           |                   |                             |                   |                  |                     |                   |
| Americas Welding          |                   | 7.5%                        | 0.9%              | 4.6%             | 0.4%                | 13.4%             |
| International Welding     |                   | (3.7%)                      | 79.9%             | 5.4%             | 10.2%               | 91.9%             |
| The Harris Products Group |                   | 9.3%                        | —                 | (0.7%)           | 1.5%                | 10.1%             |
| <b>Consolidated</b>       |                   | <b>5.2%</b>                 | <b>18.3%</b>      | <b>4.2%</b>      | <b>2.7%</b>         | <b>30.4%</b>      |