



Lincoln Electric Holdings, Inc.

1Q 2012

Financial Results Conference Call

April 24, 2012

Safe Harbor -- 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.

Q1 2012 Highlights



- **Excellent Q1 2012 sales**
- **Strong performance result of improved product mix -- including high tech equipment, both domestic and exports – higher North American volume, better pricing dynamic**
- **Good growth in all business segments**
- **Positive impact from acquisitions**

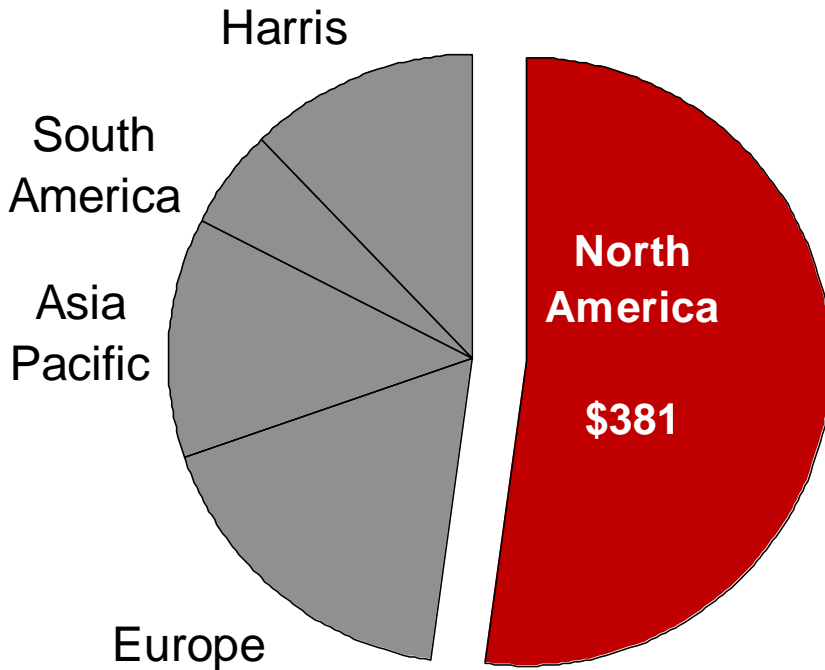
Income Statement – Q1 2012



\$ in Millions	Q1 2012	% of Sales	Q1 2011	% of Sales	<u>Change</u>	
					\$	%
Net Sales	\$ 727.1		\$ 599.2		\$ 127.9	21.4%
Operating Income	\$ 91.7	12.6%	\$ 59.5	9.9%	\$ 32.2	54.1%
Net Income	\$ 64.2	8.8%	\$ 46.9	7.8%	\$ 17.3	36.9%
Diluted EPS	\$ 0.76		\$ 0.55		\$ 0.21	38.2%

Sales by Segment – North America

\$ in Millions

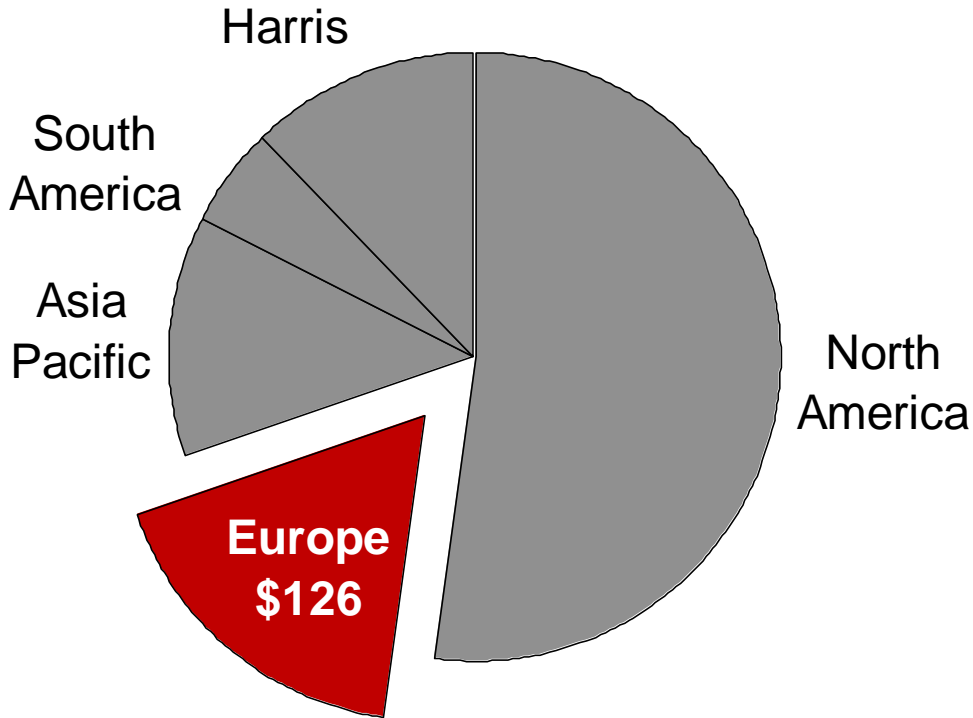


- ▶ Q1 Sales up 36% Y-O-Y to \$381 million
- ▶ Exports up 43%; Exports to BRIC countries up 21%
- ▶ Strong consumable and equipment sales
- ▶ North American acquisitions
 - 2011:
 - Torchmate
 - Techalloy
 - Arc Products
 - 2012
 - Weartech
- ▶ Key metrics positive

Sales by Segment – Europe



\$ in Millions

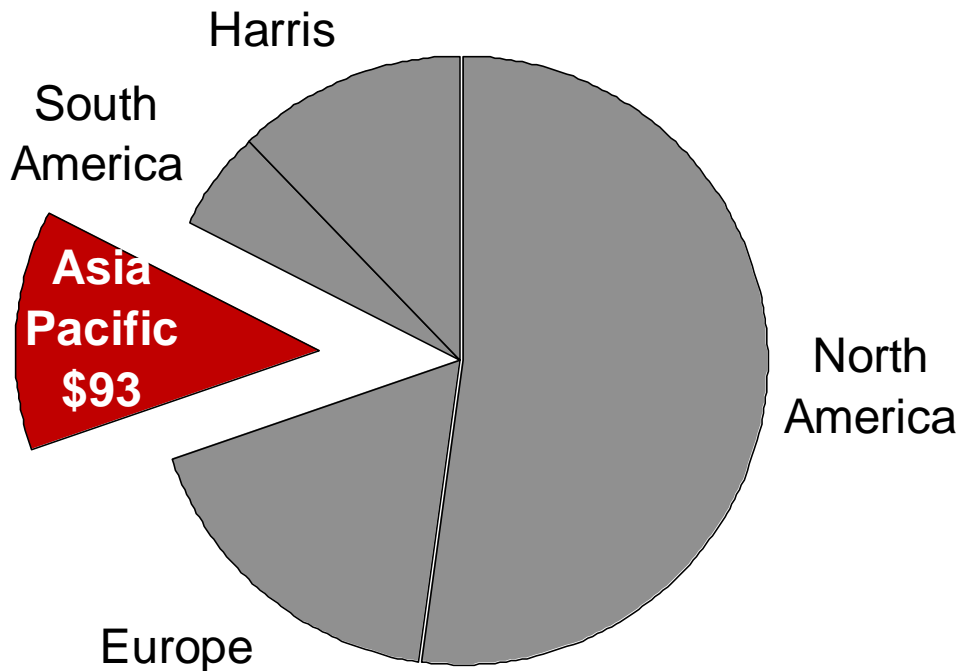


- ▶ Q1 sales up 10% to \$126 million
- ▶ Positive contribution from Russian welding consumables acquisitions.
 - Consolidating businesses for greater operational efficiency
- ▶ Energy-related industry segments still showing strength

Sales by Segment – Asia Pacific



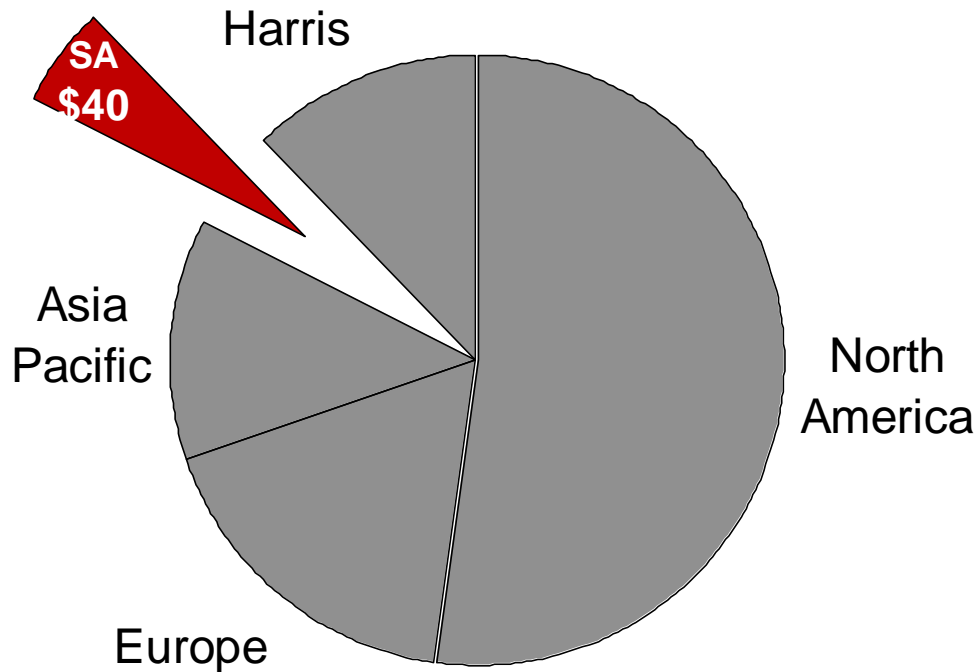
\$ in Millions



- ▶ Q1 sales up 6% to \$93 million
- ▶ Exports up 14%
- ▶ China market conditions
- ▶ India and Southeast Asia very positive with double-digit growth
- ▶ Australia's performance strong

Sales by Segment – South America

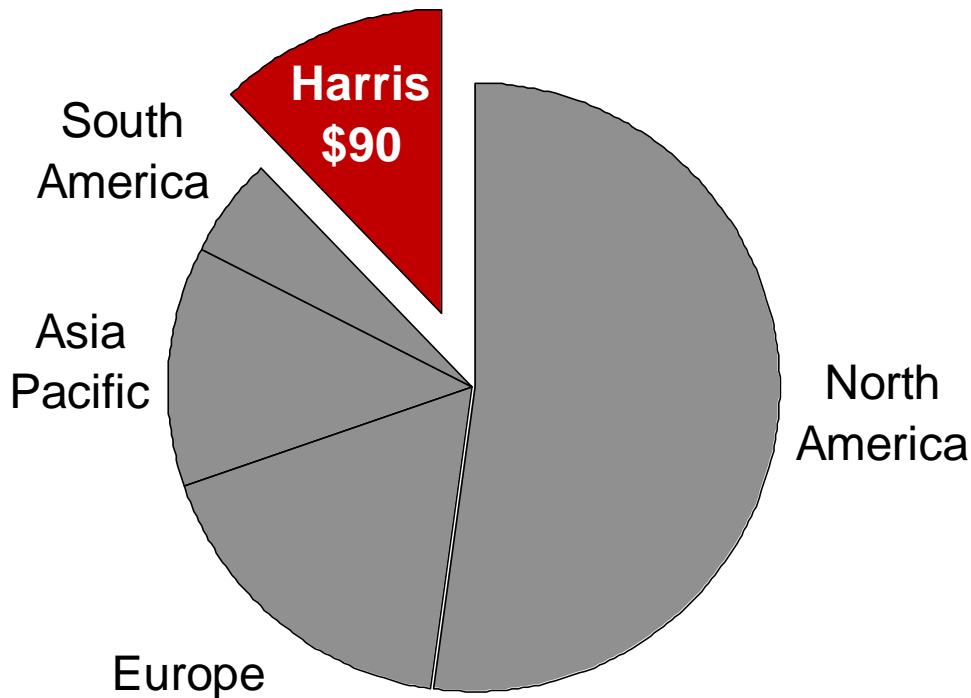
\$ in Millions



- ▶ Q1 sales up 17% to \$40 million
- ▶ Venezuela, Brazil and Argentina leading region's sales growth
- ▶ Region's GDP growth expected to be 4.3%
- ▶ Brazil predicted to grow 3.9% in 2012
- ▶ Infrastructure and energy projects strong drivers

Sales by Segment – Harris Products Group

\$ in Millions



- ▶ Q1 sales increased 6% to \$90 million
- ▶ Equipment and Retail continues to grow
- ▶ WCTA Harris unit's retail product business up double-digits growth on increased volume

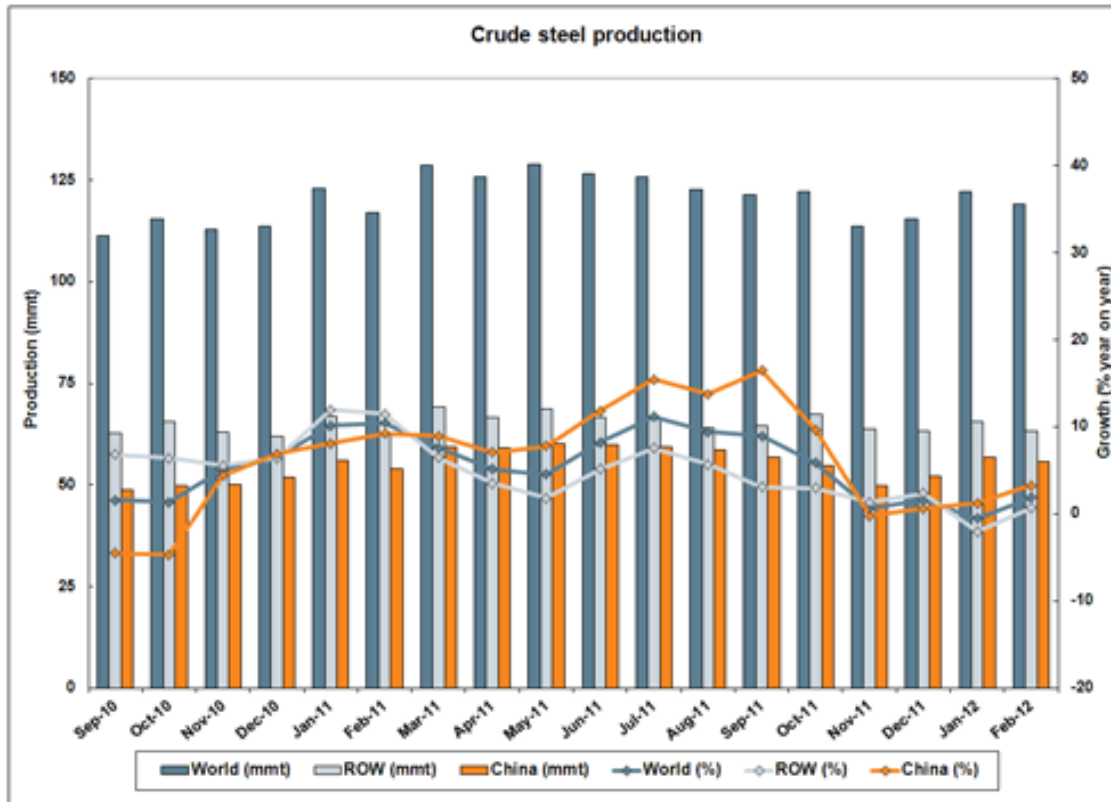
Harris products include soldering and brazing alloys; welding torches and cutting tools.

Industrial Segment highlights



- **Offshore: Activity continues to grow, particularly China and Southeast Asia; Brazil's offshore market growing in anticipation of deep water block drilling.**
- **Pipe Mill: Expansion continues; structural piping and water pipe segments expected to show strength throughout 2012; increased interest in Lincoln Power Wave® technology.**
- **Heavy Fab: Major equipment manufacturers continue to expand facilities internationally, especially China and the U.S.**
- **Global automotive: Output expansion in many key markets. Several automotive producers announced plants to expand or increase production in India and China.**

Global Steel Production



- ▶ World crude steel production up approximately 2% in February to 119 Mt.
- ▶ China led steel-producing countries with 3.3% y-o-y increase to 55.9 Mt.
- ▶ U.S. crude steel production up 8.8% y-o-y to 7.3 Mt.

Source: WSA

Q1 2012



- **Excellent start to 2012**
- **Robust year-over-year sales growth**
- **Improvements in Equipment and Automation**
- **Continuous improvement of operations**
- **Focus on executing long-term strategic objectives**



Financials

Income Statement – Q1 2012

\$ in Millions	Q1 2012	% of Sales	Q1 2011	% of Sales	Change	Sales Mix	
Net Sales	\$ 727.1		\$ 599.2		21.4%	Volume	12.8%
Gross Profit	\$ 215.3	29.6%	\$ 161.4	26.9%	33.3%	Price	3.7%
SG&A	\$ 123.6	17.0%	\$ 101.6	17.0%	21.6%	Acquisitions	5.9%
Special Items	\$ -	-	\$ 0.4	0.1%	(100.0%)	Forex	(1.0%)
Operating Income	\$ 91.7	12.6%	\$ 59.5	9.9%	54.1%	Total	21.4%
Net Income	\$ 64.2	8.8%	\$ 46.9	7.8%	36.9%		
Net Income, As Adjusted	\$ 64.2	8.8%	\$ 42.3	7.1%	51.8%		
Diluted EPS	\$ 0.76		\$ 0.55		38.2%		
Diluted EPS, As Adjusted	\$ 0.76		\$ 0.50		52.0%		

Welding Segment - North America

\$ in Millions

	Q1 2012	Q1 2011	Change
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Net Sales	\$ 381.3	\$ 280.8	35.8% ↑
Adjusted EBIT *	\$ 69.5	\$ 46.6	49.1% ↑
Adjusted EBIT margin*	16.8%	14.8%	200 bps ↑

Sales Mix

Volume	22.5%
Price	3.9%
Acquisitions	9.7%
Forex	(0.3%)
Total	35.8%

* Non-GAAP measure, excluding special items

Welding Segment – Europe

\$ in Millions

	Q1 2012	Q1 2011	Change
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Net Sales	\$ 125.8	\$ 114.2	10.2% ↑
Adjusted EBIT *	\$ 12.8	\$ 5.9	116.9% ↑
Adjusted EBIT margin*	9.8%	5.0%	480 bps ↑

Sales Mix

Volume	3.3%
Price	4.7%
Acquisitions	7.3%
Forex	(5.2%)
Total	10.2%

* Non-GAAP measure, excluding special items

Welding Segment – Asia Pacific

\$ in Millions	Q1 2012	Q1 2011	Change	Sales Mix	
Net Sales	\$ 92.6	\$ 87.6	5.7% ↑	Volume	0.4%
Adjusted EBIT *	\$ 2.6	\$ 0.1	2500.0% ↑	Price	2.2%
Adjusted EBIT margin*	2.7%	0.1%	260 bps ↑	Acquisitions	-
				Forex	3.1%
				Total	5.7%

* Non-GAAP measure, excluding special items

Welding Segment – South America

\$ in Millions	Q1 2012	Q1 2011	Change	Sales Mix	
Net Sales	\$ 39.8	\$ 34.1	16.9% ↑	Volume	10.5%
Adjusted EBIT *	\$ 2.9	\$ 2.0	45.0% ↑	Price	9.0%
Adjusted EBIT margin*	7.3%	6.0%	130 bps ↑	Acquisitions	-
				Forex	(2.6%)
				Total	16.9%

* Non-GAAP measure, excluding special items

The Harris Products Group

\$ in Millions

	Q1 2012	Q1 2011	Change
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Net Sales	\$ 87.6	\$ 82.6	6.1% ↑
Adjusted EBIT *	\$ 7.2	\$ 6.5	10.8% ↑
Adjusted EBIT margin*	8.0%	7.7%	30 bps ↑

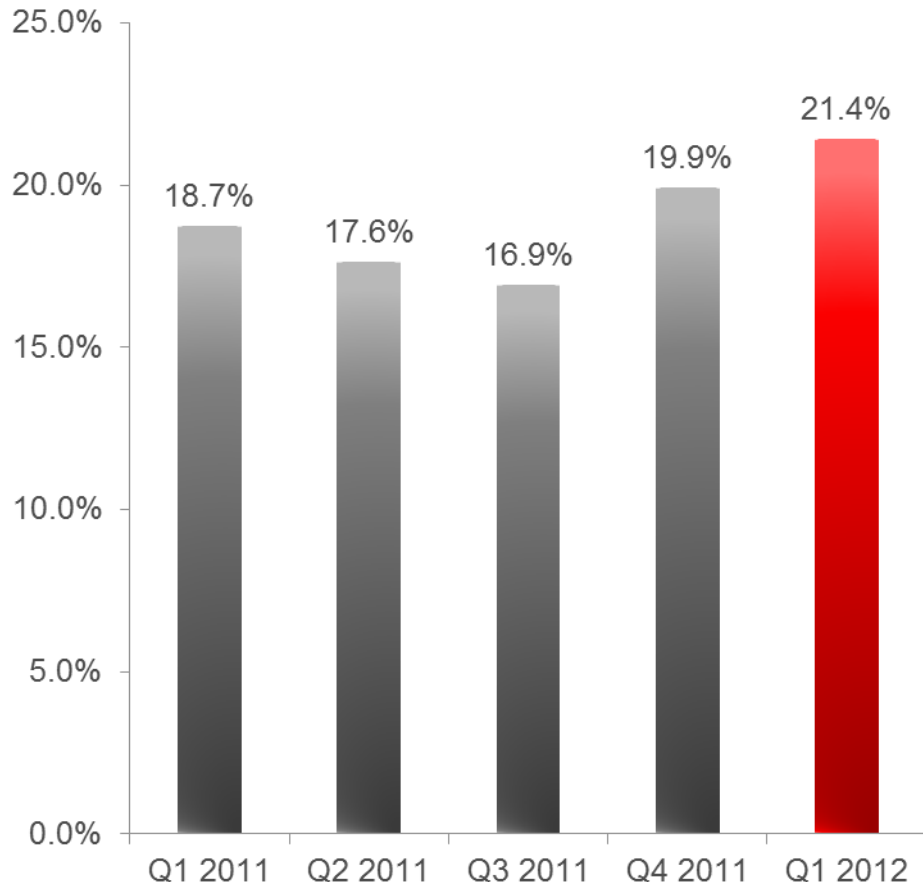
Sales Mix

Volume	6.5%
Price	0.9%
Acquisitions	-
Forex	(1.4%)
Total	6.1%

* Non-GAAP measure, excluding special items

Cash Flow/Working Capital Management

Net Cash to Total Capitalization



► Cash

- Operating cash flow: \$79.2 million Q1
- Cash balance \$300.8 million
- Net cash balance \$275.8 million

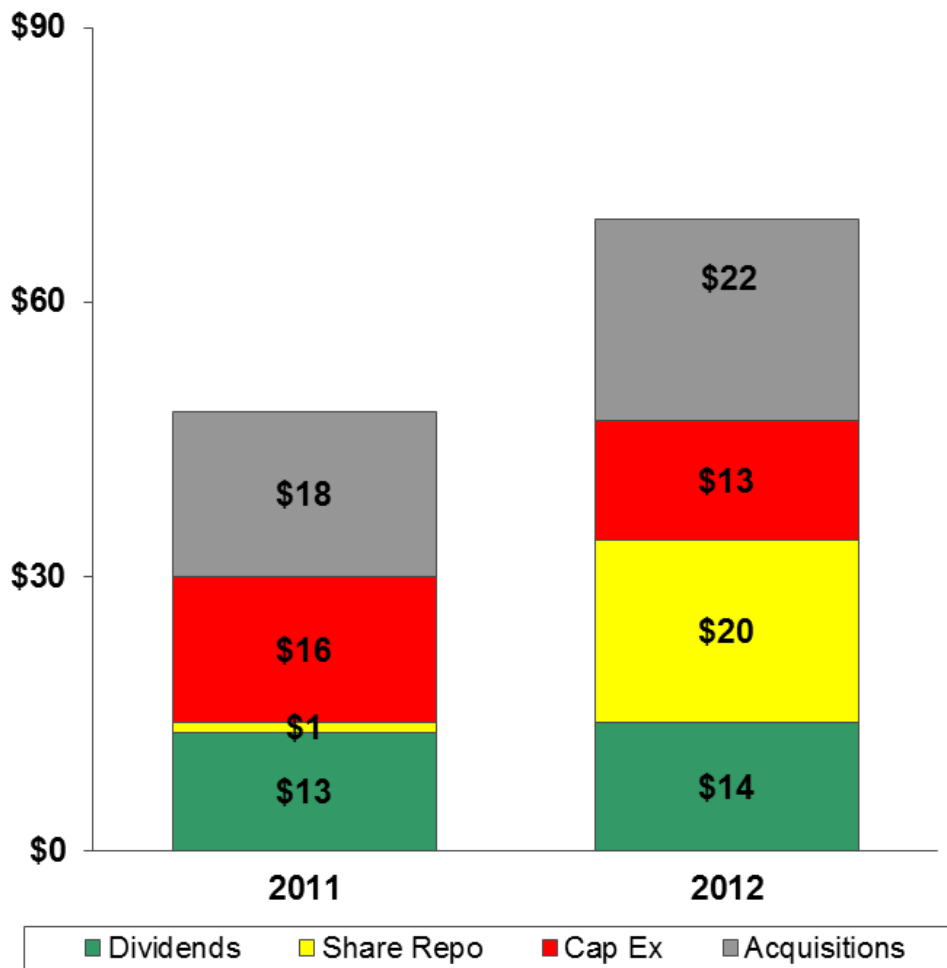
► Debt

- Debt/invested capital ratio 1.9%
- Net cash to total capital 21.4%

► Net Operating Working Capital

- 21.4% of sales Q1 2012 vs. 21.0% of sales Q4 2011

Capital Allocation



▶ Dividends

- \$14.2 million for the quarter
- \$0.17 /share quarterly dividend

▶ Capital Expenditures

- \$12.6 million for the quarter

▶ Acquisitions

- \$21.9 million for the quarter

▶ Return on Invested Capital

- 18.3% at March 31, 2012

▶ Share Repurchases

- \$20.1 million for the quarter



Q & A



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