



Lincoln Electric Holdings, Inc.

4Q 2011

Financial Results Conference Call

February 17, 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.

Q4 2011 and Year highlights



- **Q4 2011 results very positive**
- **\$2.7 billion 2011 sales highest in Lincoln history**
- **Good leverage in most business segments**
- **Enter 2012 with good momentum, especially North America**
- **Remain focus, executing global growth strategy**

Income Statement – Q4 2011

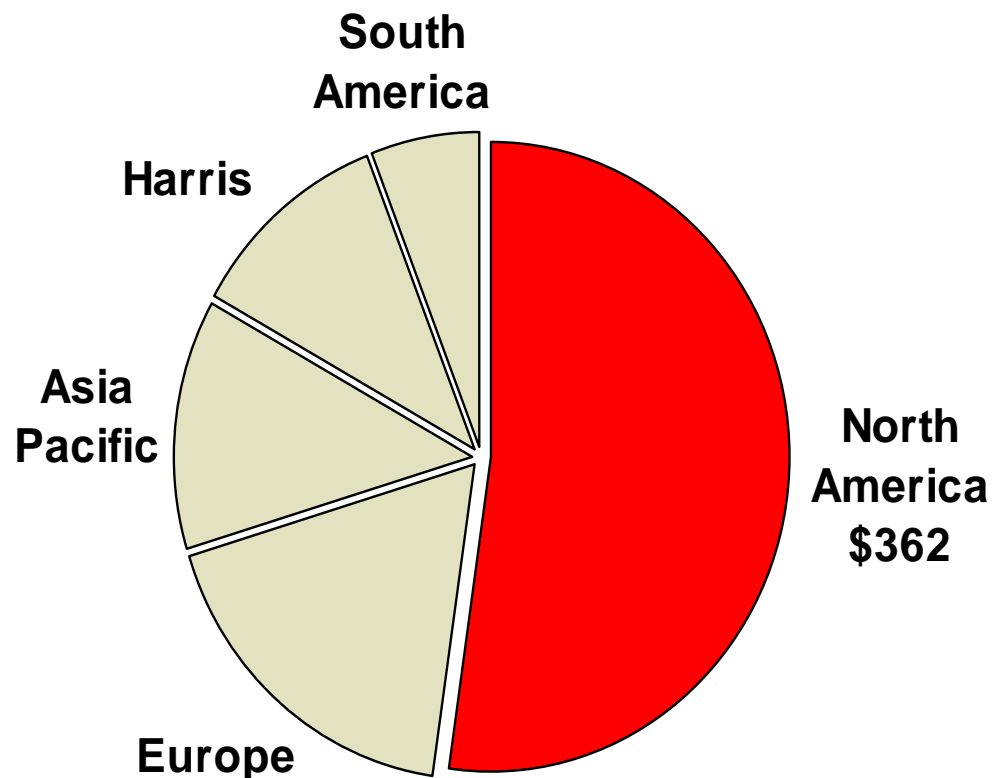


\$ in Millions	Q4 2011	% of Sales	Q4 2010	% of Sales	<u>Change</u>	
					\$	%
Net Sales	\$ 694.5		\$ 564.3		\$ 130.2	23.1%
Net Income	\$ 57.7	8.3%	\$ 41.5	7.4%	\$ 16.2	39.1%
Diluted EPS	\$ 0.68		\$ 0.49		\$ 0.19	38.8%

- ▶ **2011 Annual Sales: up 30% to record \$2.7 billion**
- ▶ **2011 Net Income: \$217.2 million**
- ▶ **2011 EPS: \$2.56 per diluted share**

Sales by Segment – North America

\$ in Millions

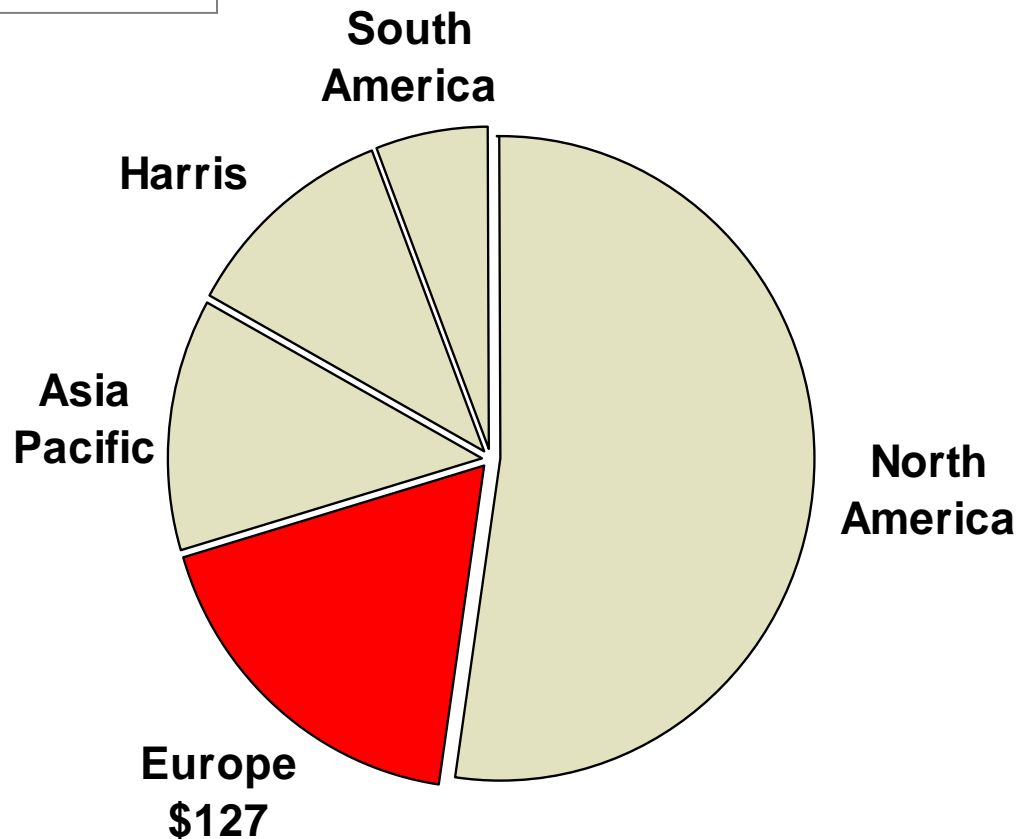


- ▶ Q4 Sales up 33% Y-O-Y to \$362 million
- ▶ Exports to BRIC countries up 36.6%
- ▶ Price increases in U.S. in Q4: machines 5% avg.; certain welding consumables 3% to 7%
- ▶ 2011 sales up 29% to \$1.3 billion
- ▶ Good progress on integrating North American acquisitions
 - Torchmate
 - Arc Products
 - Techalloy
- ▶ Key economic measures positive

Sales by Segment – Europe



\$ in Millions

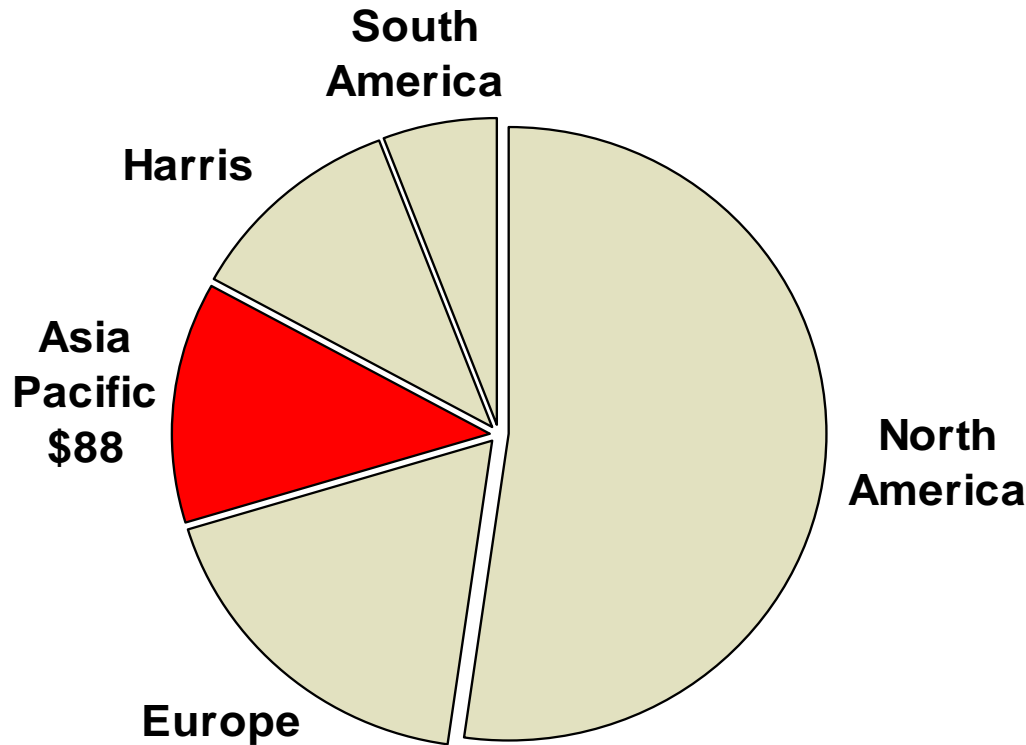


- ▶ Q4 sales up 22% to \$127 million
- ▶ 2011 sales increase 41.3% to \$508 million
- ▶ Positive result from two Russian acquisitions, MGM and Severstal welding.
- ▶ Power Generation segments serving global export markets and Oil & Gas, Mining segments holding up well.

Sales by Segment – Asia Pacific



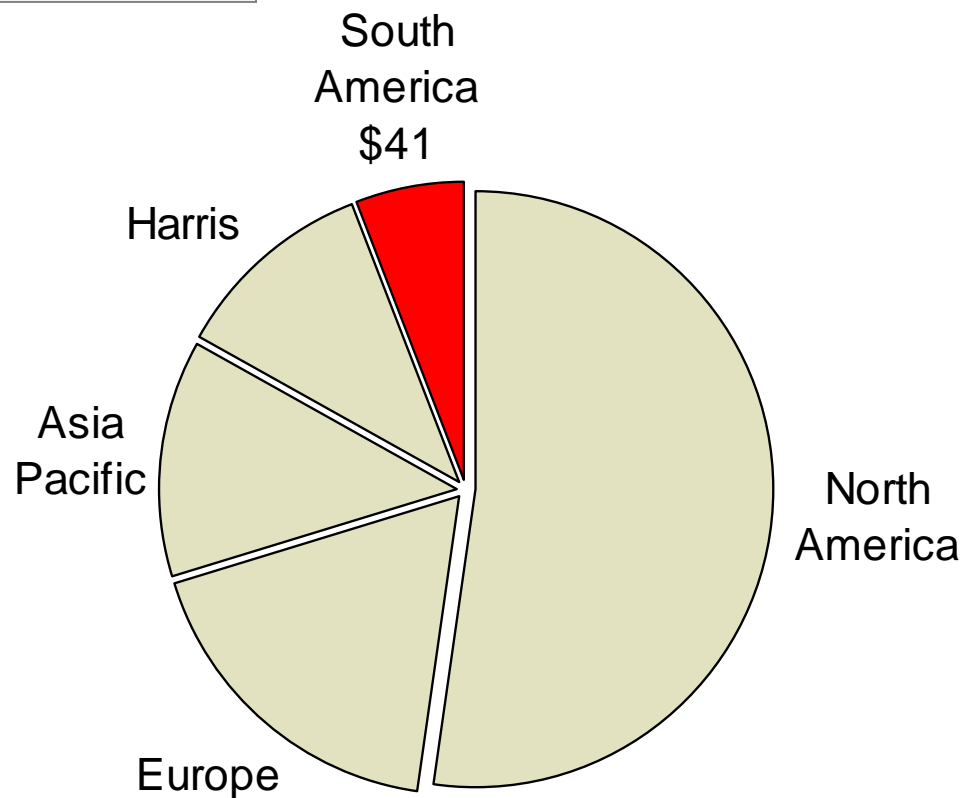
\$ in Millions



- ▶ Q4 sales down 2% to \$88 million
- ▶ 2011 sales up 16% to \$376 million
- ▶ \$286 million total China sales, up 14%.
- ▶ Focused on the long term.
- ▶ Nearing completion of new facility in Nanjing; consolidating flux manufacturing.

Sales by Segment – South America

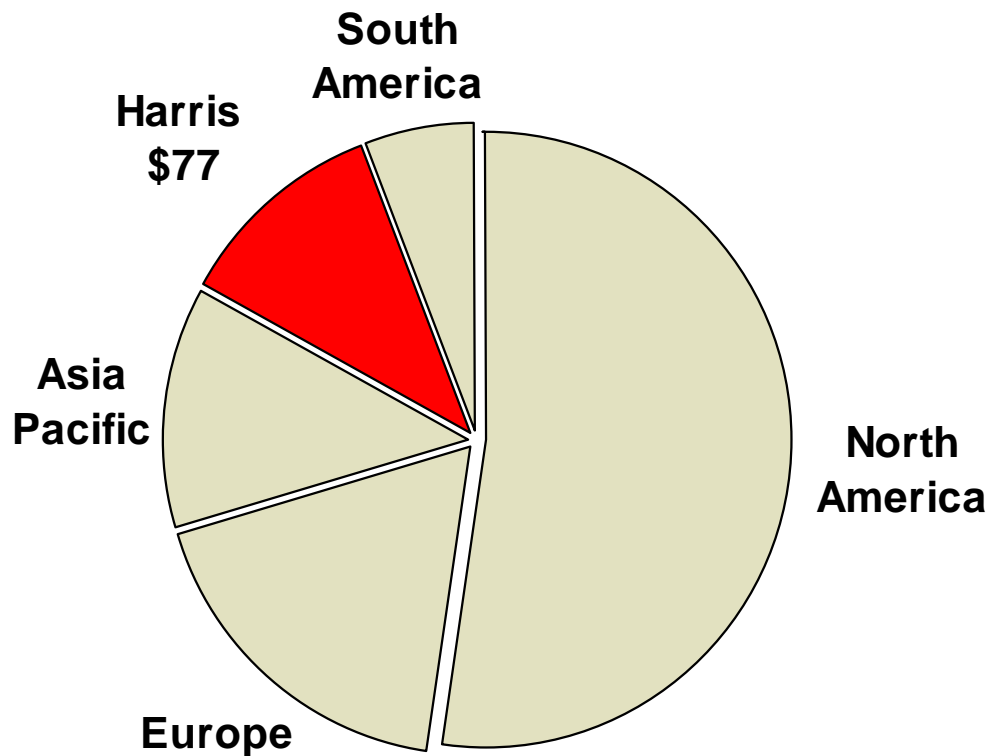
\$ in Millions



- ▶ Q4 sales up 25.5% to \$41 million
- ▶ Brazil, Venezuela and Argentina showed robust growth in quarter
- ▶ 2011 sales up 33% to \$156.7 million
- ▶ Focus is on key industry segments: oil, gas, infrastructure

Sales by Segment – Harris Products Group

\$ in Millions



- ▶ Q4 sales increased 17.8% to \$77 million
- ▶ \$2011 sales up 34.4% to \$343.4 million
- ▶ Consumables sales increased 19.6%; equipment up 14.7%
- ▶ Brastak business growing market share
- ▶ Retail product business up double-digits year-over-year

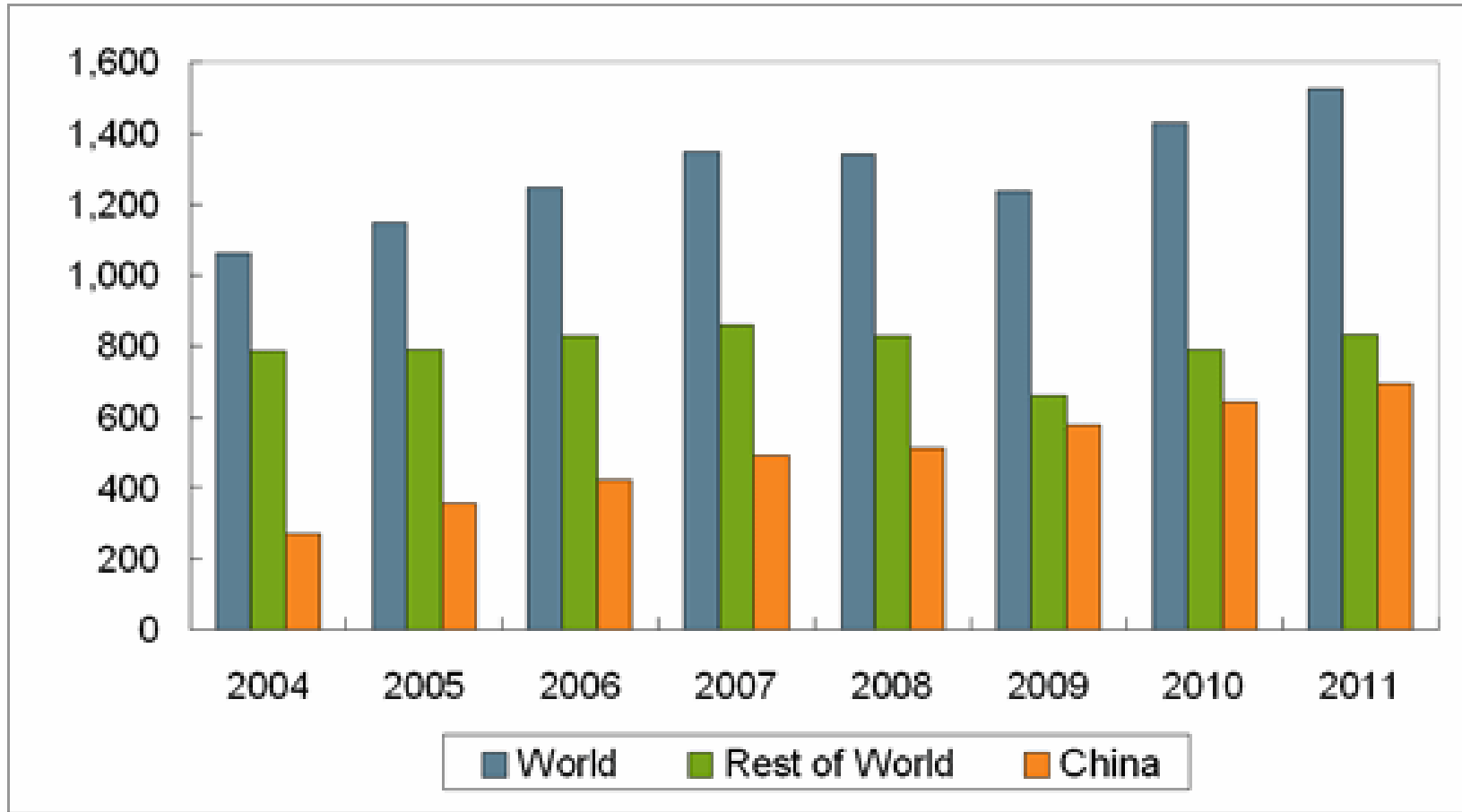
Harris products include soldering and brazing alloys; welding torches and cutting tools.

Industrial Segment highlights



- **Offshore construction activity in emerging economies of Asia, the Middle East and South America strong in 2011; forecast to continue growth through 2013.**
- **Global automotive and light vehicles rebound in 2011, with Lincoln gaining new business with key accounts and won newer global customers in India, China, Japan, Europe, Mexico and U.S.**
- **2011 was good year for Heavy Fab segment with outlook positive. Global manufacturers of earth moving and ag equipment posted record sales in response to positive market conditions. Key manufacturers building out operations in the U.S.**
- **Pipe Mill segment: Lincoln specialty consumables a benchmark in spiral pipe manufacturing; Uhrhan & Schwill increased already strong share.**
- **Power Generation: First new license in the U.S. in over 30 years for construction and operation of a nuclear power plant. Lincoln's experience and specialty products for nuclear welding puts Company in strong position**

Global Steel Production up 6.8%; 2012 Forecast is 6.7%



Source: WSA



Financials

Income Statement – Q4 2011

\$ in Millions	Q4 2011	% of Sales	Q4 2010	% of Sales	Change	Sales Mix	
Net Sales	\$ 694.5		\$ 564.3		23.1%	Volume	9.6%
Gross Profit	\$ 194.3	28.0%	\$ 147.8	26.2%	31.5%	Price	5.9%
SG&A	\$ 112.0	16.1%	\$ 93.3	16.5%	20.0%	Acquisitions	8.1%
Special Items	\$ -	-	\$ 2.2	0.4%	100.0%	Forex	(0.5%)
Operating Income	\$ 82.4	11.9%	\$ 52.3	9.3%	57.4%	Total	23.1%
Net Income	\$ 57.7	8.3%	\$ 41.5	7.4%	39.1%		
Diluted EPS	\$ 0.68		\$ 0.49		38.8%		

Welding Segment - North America

\$ in Millions Q4 Q4
 2011 2010 Change

Net Sales	\$ 361.9	\$ 272.4	32.9%	↑
Adjusted EBIT *	\$ 69.7	\$ 47.7	46.2%	↑
Adjusted EBIT margin*	17.8%	15.9%	190 bps	↑

Sales Mix

Volume	16.7%
Price	5.4%
Acquisitions	11.3%
Forex	(0.6%)
Total	32.9%

* Non-GAAP measure, excluding special items

Welding Segment – Europe

\$ in Millions Q4 2011 Q4 2010 Change

Net Sales	\$ 126.9	\$ 104.2	21.9% ↑
Adjusted EBIT *	\$ 8.9	\$ 2.3	286.8% ↑
Adjusted EBIT margin*	6.8%	2.1%	470 bps ↑

Sales Mix

Volume	4.6%
Price	5.4%
Acquisitions	14.6%
Forex	(2.8%)
Total	21.9%

* Non-GAAP measure, excluding special items

Welding Segment – Asia Pacific

\$ in Millions

	Q4 2011	Q4 2010	Change
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Net Sales	\$ 88.2	\$ 90.1	(2.1%) ↓
Adjusted EBIT *	\$ (0.7)	\$ 0.7	(193.0%) ↓
Adjusted EBIT margin*	(0.7%)	0.8%	(150) bps ↓

Sales Mix

Volume	(6.3%)
Price	0.4%
Acquisitions	-
Forex	3.7%
Total	(2.1%)

* Non-GAAP measure, excluding special items

Welding Segment – South America

\$ in Millions

	Q4 2011	Q4 2010	Change
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Net Sales	\$ 40.7	\$ 32.4	25.5% ↑
Adjusted EBIT *	\$ 3.3	\$ 2.0	60.9% ↑
Adjusted EBIT margin*	8.1%	6.3%	180 bps ↑

Sales Mix

Volume	15.5%
Price	13.0%
Acquisitions	-
Forex	(2.9%)
Total	25.5%

* Non-GAAP measure, excluding special items

The Harris Products Group

\$ in Millions Q4 2011 Q4 2010 Change

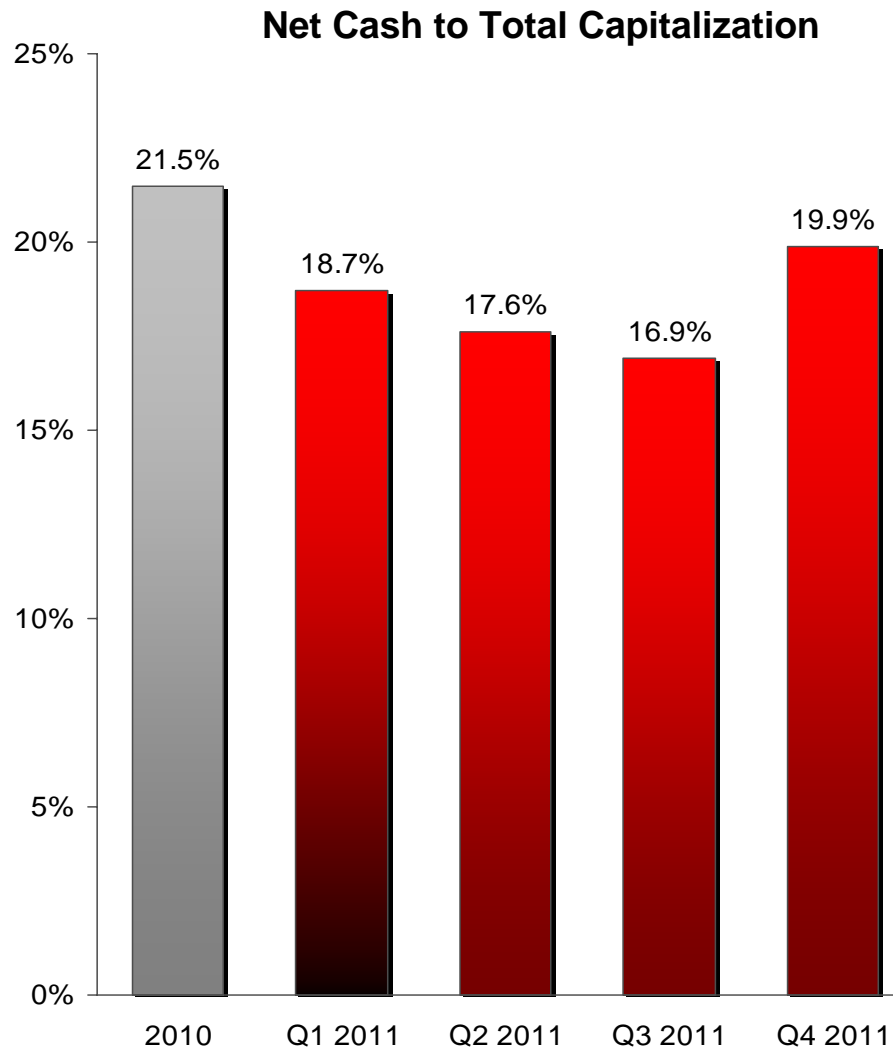
Net Sales	\$ 76.8	\$ 65.2	17.8% ↑
Adjusted EBIT *	\$ 4.4	\$ 2.9	50.1% ↑
Adjusted EBIT margin*	5.6%	4.4%	120 bps ↑

Sales Mix

Volume	6.6%
Price	12.8%
Acquisitions	-
Forex	(1.6%)
Total	17.8%

* Non-GAAP measure, excluding special items

Cash Flow/Working Capital Management



► Cash

- Operating cash flow: \$63.1 million Q4; \$193.5 million YTD
- Cash balance \$361.1 million
- Net cash balance \$257.7 million

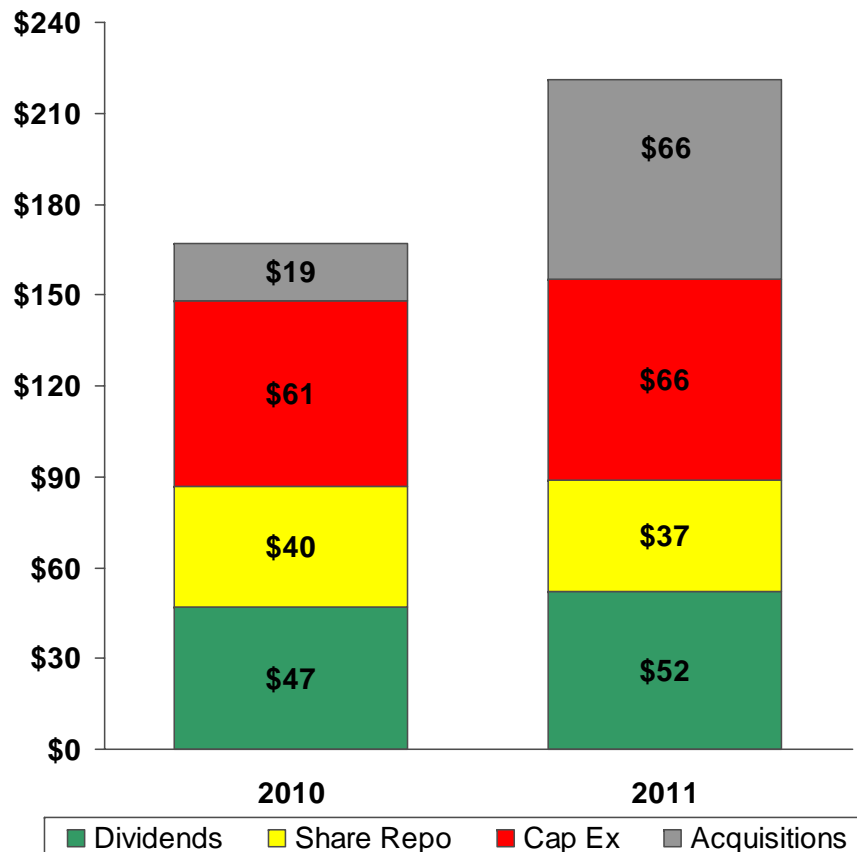
► Debt

- Debt/invested capital ratio 8.0%
- Net cash to total capital 19.9%

► Net Operating Working Capital

- 21.0% of sales Q4 2011 vs. 20.7% of sales Q4 2010

Capital Allocation Strategy



▶ Dividends

- \$51.9 million for the year
- \$.155 /share quarterly dividend for the year

▶ Capital Expenditures

- \$65.8 million for the year

▶ Acquisitions

- \$66.2 million for the year

▶ Return on Invested Capital

- 16.9% at December 31, 2011

▶ Share Repurchases

- \$37.0 million for the year



Q & A



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THE WELDING EXPERTS®