



Lincoln Electric Holdings, Inc.

# Q4 & FY2025 Earnings & 2030 Targets

February 12, 2026



# Safe Harbor and Regulation G Disclosures



## Forward-Looking Statements:

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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](http://www.sec.gov) or on [www.lincolnelectric.com](http://www.lincolnelectric.com).

## Non-GAAP Measures:

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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 2025 Highlights

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Effective cost management, \$31M in permanent savings, and solid execution of strategic initiatives mitigate lower volumes

Maintained record 17.6% Adjusted operating income margin

Record Adjusted EPS of \$9.87

Solid cash generation with 97% cash conversion

Shareholder returns increase 19% to record \$507 million

## \$4.2B

**Record Net Sales performance**

+6% vs. prior year; Organic sales +2.5%

## 17.6%

**Adjusted Operating Income Margin**

Steady vs. prior year's record

## \$9.87

**Record Adjusted EPS**

+6% vs. prior year

## 21.3%

**Adjusted ROIC performance**

-50 bps vs. prior year

## \$661M

**Cash flow from operations**

+10% vs. prior year with 97% cash conversion<sup>1</sup>

## \$507M

**Record Returns to shareholders**

(\$168M in dividends + \$338M in share repurchases)

## Q4 organic sales +2.5% led by price and resilience in welding consumable volumes

### Q4 Organic sales by product area

#### Consumables up in all segments; Automation challenged by comps

Consumables increase low-double digit percent

Equipment increases low single-digit percent

Automation decreases low-teens percent

### Q4 global end sector performance<sup>1</sup>

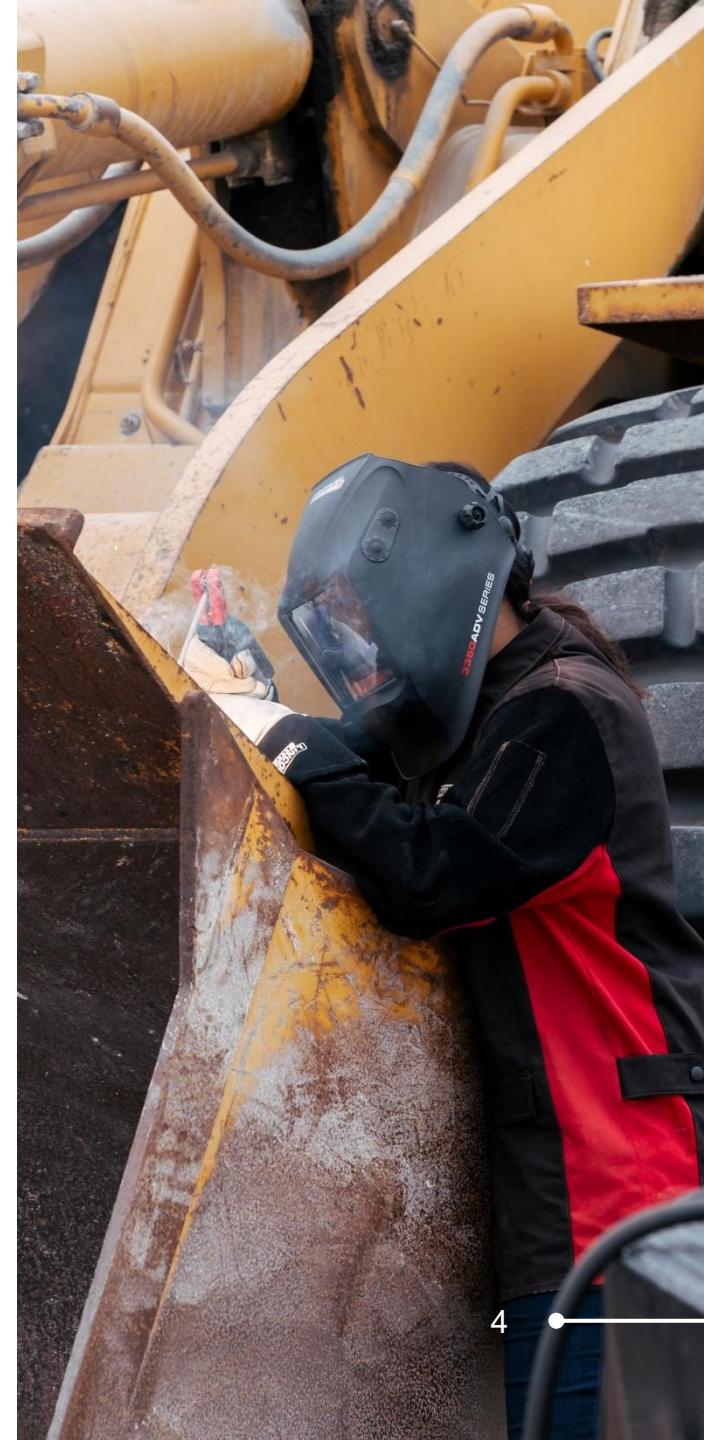
#### 3 of 5 end markets flat-to-up, led by price and Americas Welding

Energy up low-20 percent

General Industries up low single digit percent

Infrastructure/Construction steady

Heavy Industries and Automotive down high single-digit percent



<sup>1</sup> End sector performance (organic sales) reflects only direct channel organic sales trends

# Income Statement Highlights Q4-2025



(\$ in Millions)	Q4 2025	Q4 2024	% YoY Change Favorable / (Unfavorable)
<b>Net Sales</b>	\$ 1,078.7	\$ 1,022.0	5.5%
<b>Gross Profit</b>	\$ 373.9	\$ 368.6	1.4%
Gross Profit Margin	34.7%	36.1%	(140) bps
<b>SG&amp;A as % of net sales</b>	17.0%	18.3%	130 bps
<b>Adjusted Operating Income</b>	\$ 193.8	\$ 185.6	4.4%
Adjusted Operating Income Margin <sup>1</sup>	18.0%	18.2%	(20) bps
<b>EPS</b>	\$ 2.45	\$ 2.47	(0.8)%
<b>Adjusted EPS<sup>1</sup></b>	\$ 2.65	\$ 2.57	3.1%

## Q4 2025 CHANGE IN NET SALES MIX<sup>2</sup>

<b>Volume</b>	(6.4)%	<b>Price</b>	8.9%	<b>Acq/Div</b>	1.1%	<b>FX</b>	1.9%
<b>TOTAL</b>	<b>5.5%</b>						

<sup>1</sup> Refer to the appendix for reconciliation of non-GAAP financial measures to U.S. GAAP.

<sup>2</sup> Figures may not sum due to rounding.

# Americas Welding Segment

(\$ in Millions)	Q4 2025	Q4 2024	% YoY Change	
<b>Net Sales</b>	\$ 681.9	\$ 654.8	4.1%	▲
<b>Adjusted EBIT</b>	\$ 141.1	\$ 131.9	7.0%	▲
<b>Adjusted EBIT Margin<sup>2</sup></b>	20.0%	19.1%	+90 bps	▲
<b>Q4 2025 CHANGE IN NET SALES MIX<sup>1</sup></b>				

<b>Volume</b>	(6.9)%	<b>Price</b>	10.4%	<b>Acq/Div</b>	-	<b>FX</b>	0.6%
<b>TOTAL</b>	<b>4.1%</b>						

## Segment Highlights

Organic sales increase on price as lower volumes reflect weak capital spending (equipment and automation), as well as a challenging prior year comparison in automation

Margin performance reflects benefits of cost management, and savings actions, partially offset by automation

<sup>1</sup> Figures may not sum due to rounding.

<sup>2</sup> Segment Adjusted EBIT Margin is calculated using segment Total Sales, which includes Inter-segment sales. Refer to the earnings release for segment Total Sales.

# International Welding Segment

(\$ in Millions)	Q4 2025	Q4 2024	% YoY Change	
<b>Net Sales</b>	\$ 259.4	\$ 243.0	6.7%	↑
<b>Adjusted EBIT</b>	\$ 31.2	\$ 32.5	(4.1)%	↓
<b>Adjusted EBIT Margin<sup>2</sup></b>	11.8%	12.8%	(100) bps	↓
<b>Q4 2025 CHANGE IN NET SALES MIX<sup>1</sup></b>				

**Volume** (3.6%)    **Price** 0.5%    **Acq/Div** 4.7%    **FX** 5.1%  
**TOTAL** **6.7%**

## Segment Highlights

Organic sales decline reflects challenged European industrial sector trends; partially offset by growth in Asia Pacific and modest price growth

Acquisition benefit from Alloy Steel

Margin performance reflects saving actions, effective cost management and acquisition benefits, offset by the unfavorable impact of lower volumes

<sup>1</sup> Figures may not sum due to rounding.

<sup>2</sup> Segment Adjusted EBIT Margin is calculated using segment Total Sales, which includes Inter-segment sales. Refer to the earnings release for segment Total Sales.

# The Harris Products Group

(\$ in Millions)	Q4 2025	Q4 2024	% YoY Change	
<b>Net Sales</b>	\$ 137.4	\$ 124.3	10.6%	▲
<b>Adjusted EBIT</b>	\$ 23.3	\$ 21.6	8.1%	▲
<b>Adjusted EBIT Margin<sup>2</sup></b>	16.7%	17.0%	(30) bps	▼
<b>Q4 2025 CHANGE IN NET SALES MIX<sup>1</sup></b>				

**Volume** (8.9%)    **Price** 17.8%    **Acq/Div** -    **FX** 1.7%  
**TOTAL** **10.6%**

## Segment Highlights

Organic sales higher on price as volumes compress on lower OEM HVAC customer production activity

Price reflects changes in metal costs and price actions

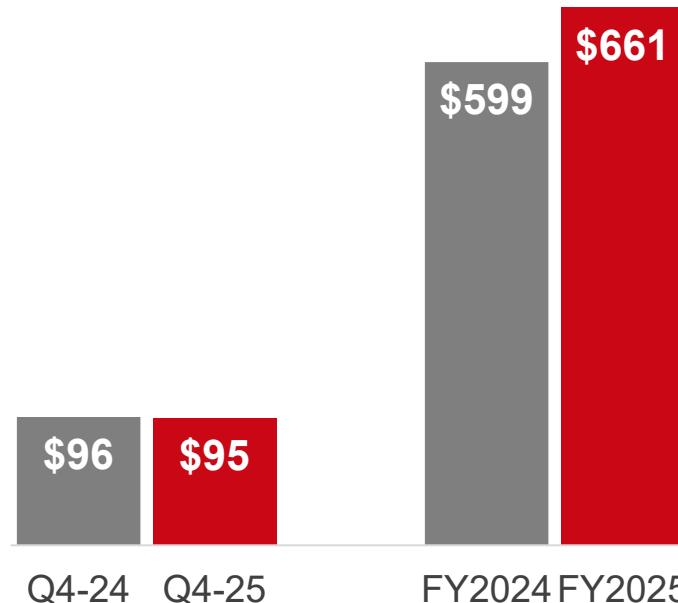
Margin impacted by lower volumes

<sup>1</sup> Figures may not sum due to rounding

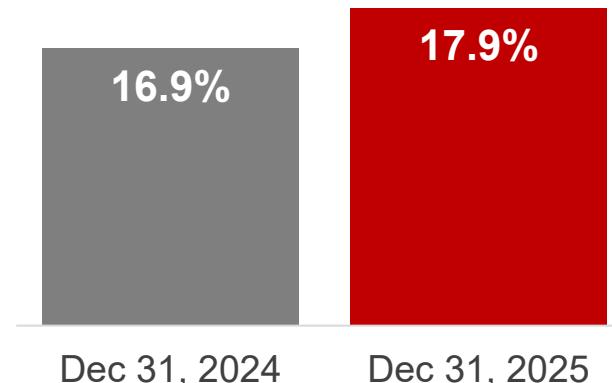
<sup>2</sup> Segment Adjusted EBIT Margin is calculated using segment Total Sales, which includes Inter-segment sales. Refer to the earnings release for segment Total Sales.

# Cash Flow From Operations & Working Capital

## Cash Flow from Operations (\$ in Millions)



## Average Operating Working Capital to Net Sales Ratio



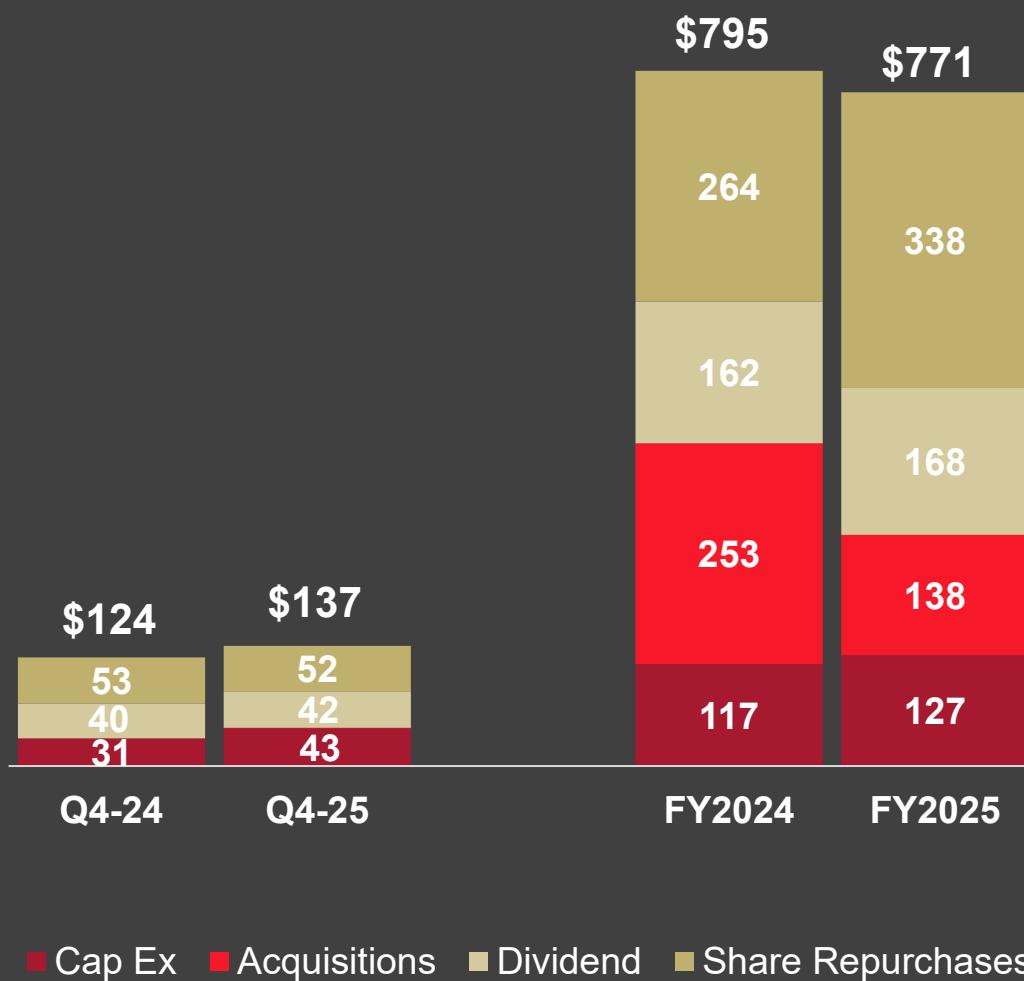
97% Cash conversion<sup>1</sup> in 2025

<sup>1</sup>Cash conversion is defined as Net cash provided by operating activities less Capital expenditures divided by Adjusted Net income.



# Capital Allocation<sup>1</sup>

(\$ in Millions)



## Q4 Capital Allocation & Returns

- **Growth:** \$44 million
- **Return to Shareholders:** \$94 million
- **Return on Invested Capital<sup>2</sup>:** 21.3%

## Capital Allocation Strategy

### Prioritized uses of cash:

- Growth investments (organic and M&A)
- Return to shareholders
  - Announced higher 2026 dividend: +5.3% pay out rate
  - Share repurchases

<sup>1</sup> Figures may not sum due to rounding

<sup>2</sup> Adjusted Return on Invested Capital. Please refer to the appendix for reconciliation of Non-GAAP metrics.

## • Full Year 2026 Assumptions

Expecting demand trends to improve through the year

### Assumptions

MSD% Net sales growth (organic and M&A)  
(Organic ~50/50 volume & price)

Neutral price/cost

Adj Op income margin slight improvement  
on mid-20% incremental margin

Interest expense, net \$50-55 million

Low-to-mid 20% tax rate

\$110 to \$130 million in cap-ex

100% cash conversion

Share repurchases (maintenance & opportunistic)

### Risks

Net impact of trade & regulatory policies

Economic and geopolitical headwinds

Inflation (raw materials & labor)

### Opportunities

(not in assumptions)

Acquisitions



# 2030 Targets ➤



# Strong “Say-Do” Ratio on Our Higher Standard Strategy Execution

We are well-positioned for the next growth cycle



METRIC	TARGET	PERFORMANCE RESULTS
<b>Financial</b> (2020 base year)		
● <b>SALES CAGR</b> (ex-FX)	HSD%-LSD% with \$1B in Automation sales by 2025	+11% (organic 7% and M&A 4%); \$941M peak Automation sales in 2023
● <b>AVERAGE OP INCOME MARGIN</b>	16% Avg (+/- 150bps)	16% Average (Range: 12.4% to 17.6%) @ 26% incremental margin
● <b>EPS CAGR</b>	High-Teens % to Low-20%	19%
● <b>ROIC</b>	18% to 20% (Top quartile)	21.9% average
● <b>AVERAGE OPERATING WORKING CAPITAL RATIO</b>	15% (Top decile)	17.9%
<b>Sustainability</b> (2018 base year)		
● <b>SAFETY (TRCR)</b>	52% Reduction	43% Reduction
● <b>GHG EMISSIONS (Scope 1 &amp; 2)</b>	10% Reduction	16% Reduction
● <b>ENERGY INTENSITY</b>	16% Reduction	4% Reduction
● <b>RECYCLING</b>	80% Rate	79%
● <b>LANDFILL AVOIDANCE</b>	97% Rate	96%
● <b>WATER USE</b>	14% Reduction	39% Reduction

# Each Segment is Moving in the Right Direction

We will build on our momentum



## Consolidated

	2015-2019	2020-2025
Sales CAGR	4%	10%
Avg Adj Op Margin	14%	16%

### 2020-2025 Achievements

- Doubled Automation Sales & EBIT %
- Acquisition growth outperformance
- Solid price/cost management
- Extended center-led functions & shared services
- Automation & digitization initial phase
- Efficiency & EH&S improvements

## Americas Welding

	2015-2019	2020-2025
Sales CAGR	2%	12%
Avg Adj EBIT Margin	17%	18%

### 2020-2025 Achievements

- Achieved HS2025 EBIT target
- Doubled Automation Sales & EBIT % (remains dilutive)
- Launched investments in adjacencies
- Strengthened distribution channel
- Solid price/cost management
- Efficiency & EH&S improvements

## International Welding

	2015-2019	2020-2025
Sales CAGR	13%	4%
Avg Adj EBIT Margin	6%	11%

### 2020-2025 Achievements

- Nearly doubled EBIT % despite regional macro headwinds
- Increased localized production
- Solid price/cost management
- Margin-accretive acquisitions
- Efficiency & EH&S improvements

## Harris Products Group

	2015-2019	2020-2025
Sales CAGR	6%	10%
Avg Adj EBIT Margin	12%	15%

### 2020-2025 Achievements

- Outperformed HS2025 EBIT target
- Accretive acquisitions
- Solid price/cost management
- Deployed Spotlight
- Efficiency & EH&S improvements

# Our Model Delivers Superior Performance

## Superior TSR Performance

2020-2025



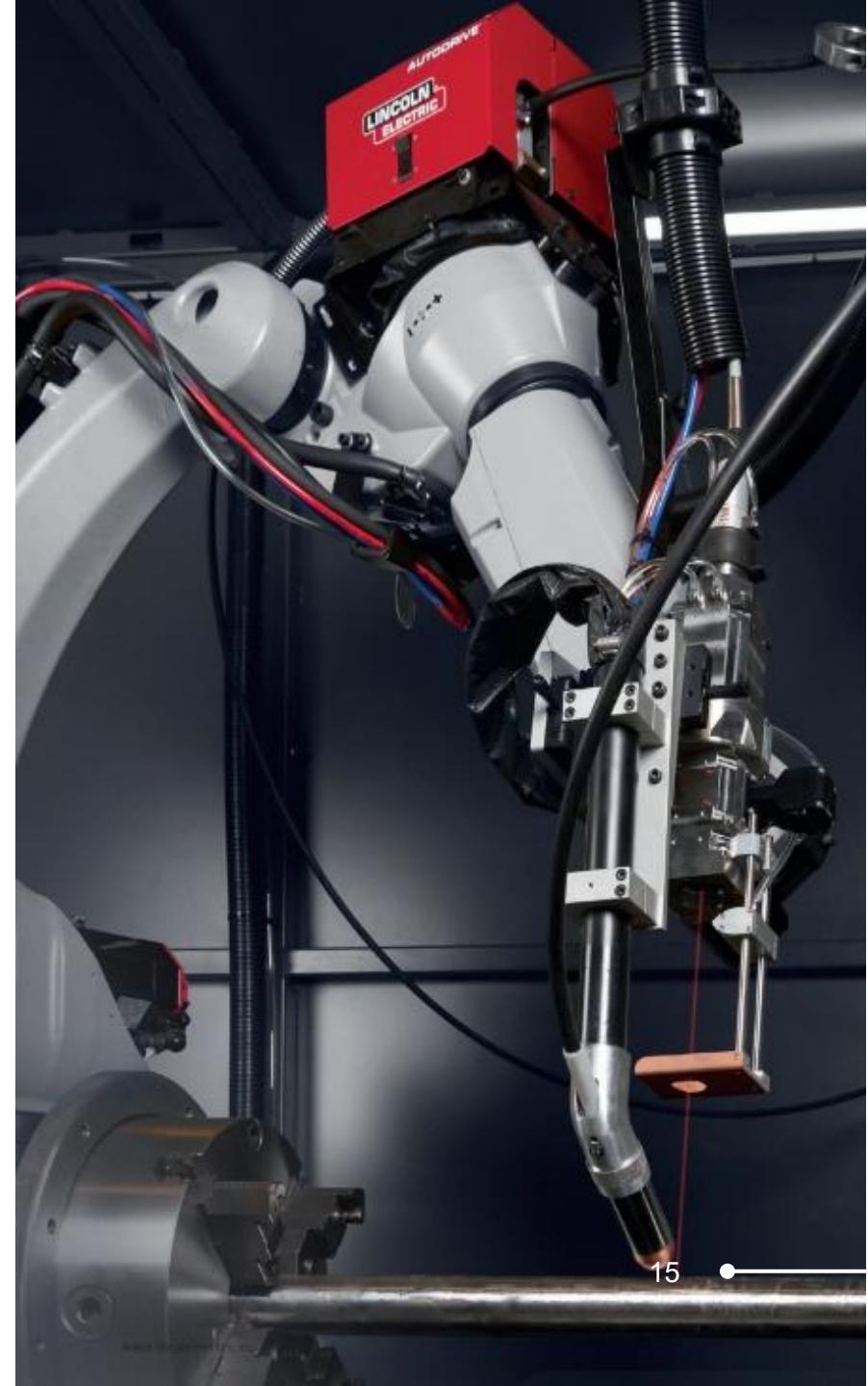
## Superior Returns (ROIC)<sup>2</sup>

2020-2024 Average



<sup>1</sup>Peers refers to 2025 proxy peers

<sup>2</sup> ROIC data from FactSet and is defined as Net operating profit after tax divided by Average invested capital



# Next Phase: Improving Alignment, Agility & Competitiveness

to drive growth, engagement, productivity and increase returns



2020-2025

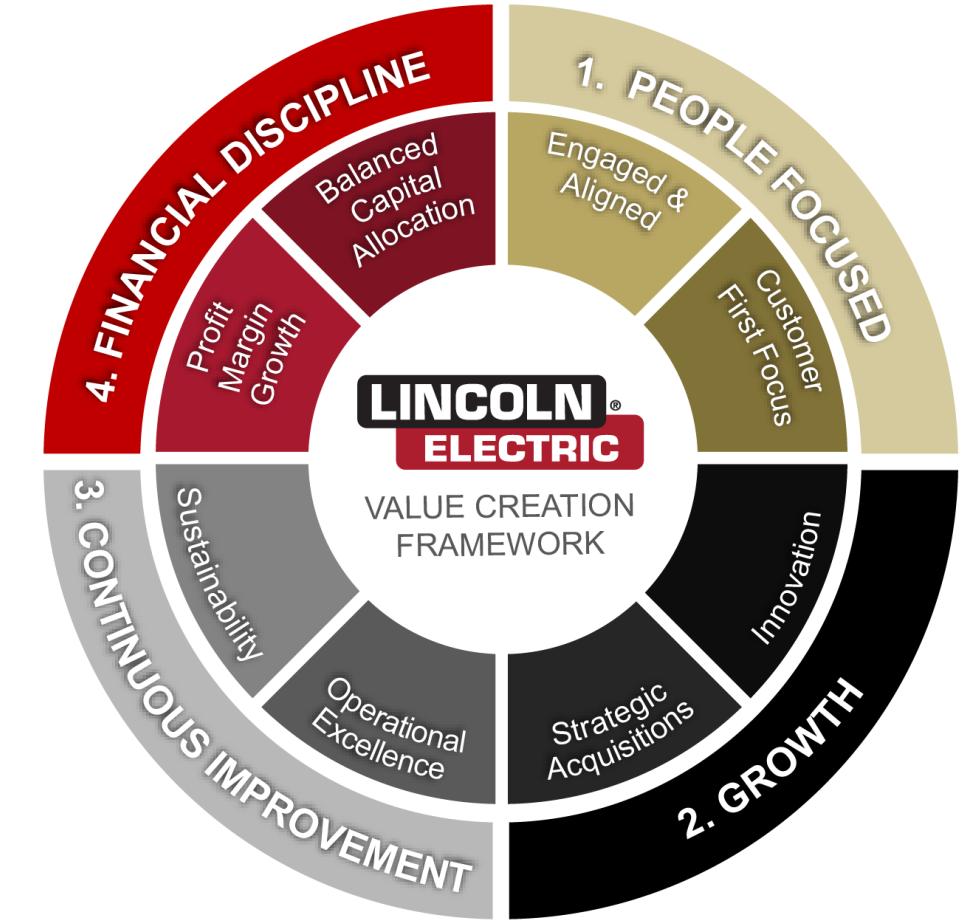


2026-2030



- Process efficiency
- New products & solutions
- Build Automation portfolio
- Gain share
- Serve customers

- Economies of scale & scope
- New-to-the-world technology
- Extend Automation portfolio
- Gain share & expand TAM
- Exceed customer expectations



# RISE STRATEGY

R

**REIMAGINE**

How Work Gets Done

I

**INNOVATE**

To Differentiate

S

**SERVE**

Customers Better

E

**ELEVATE**

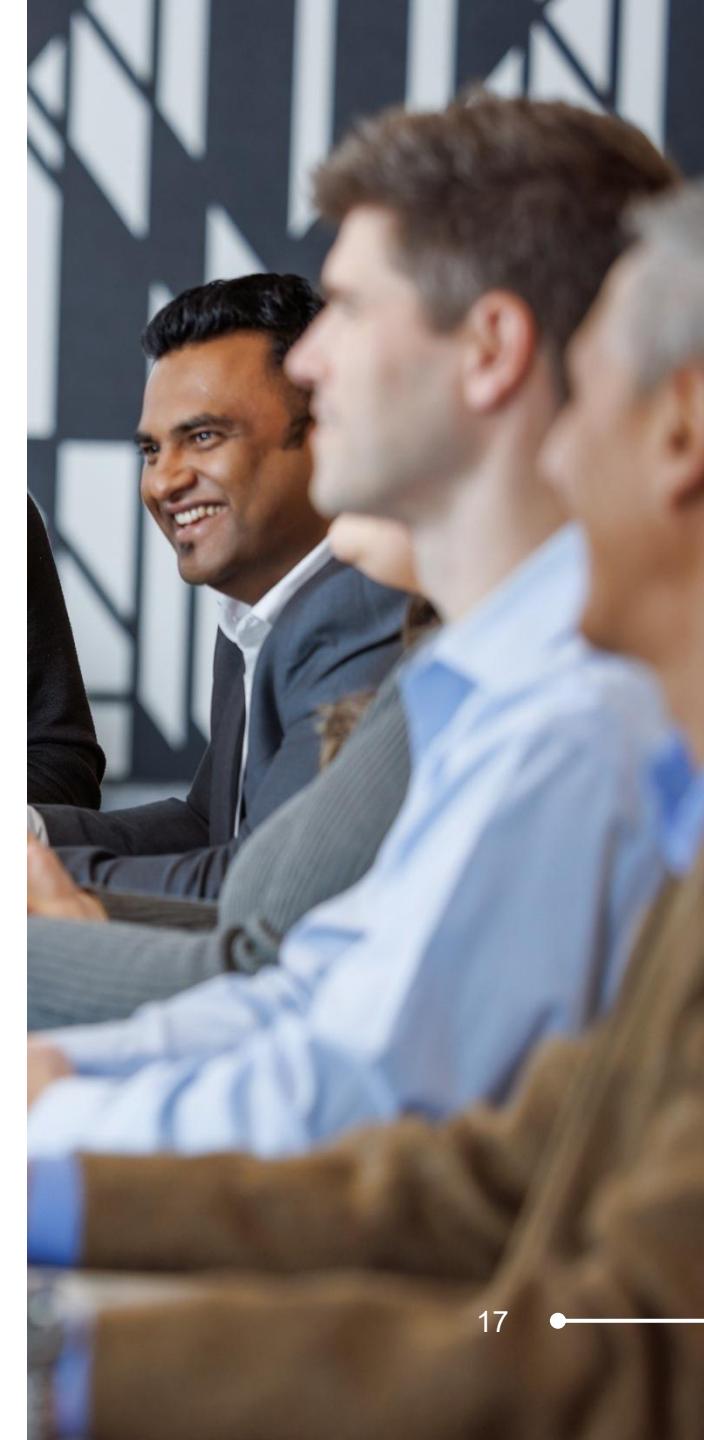
Self & Team

CENTER-LED,  
STANDARDIZED &  
SCALED

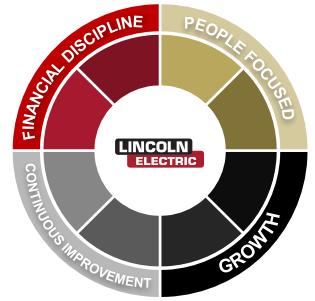
ACCELERATE  
INNOVATION

EXCEED  
EXPECTATIONS

PERFORMANCE &  
COMMUNITY



# Focused on Accelerating Sales Growth

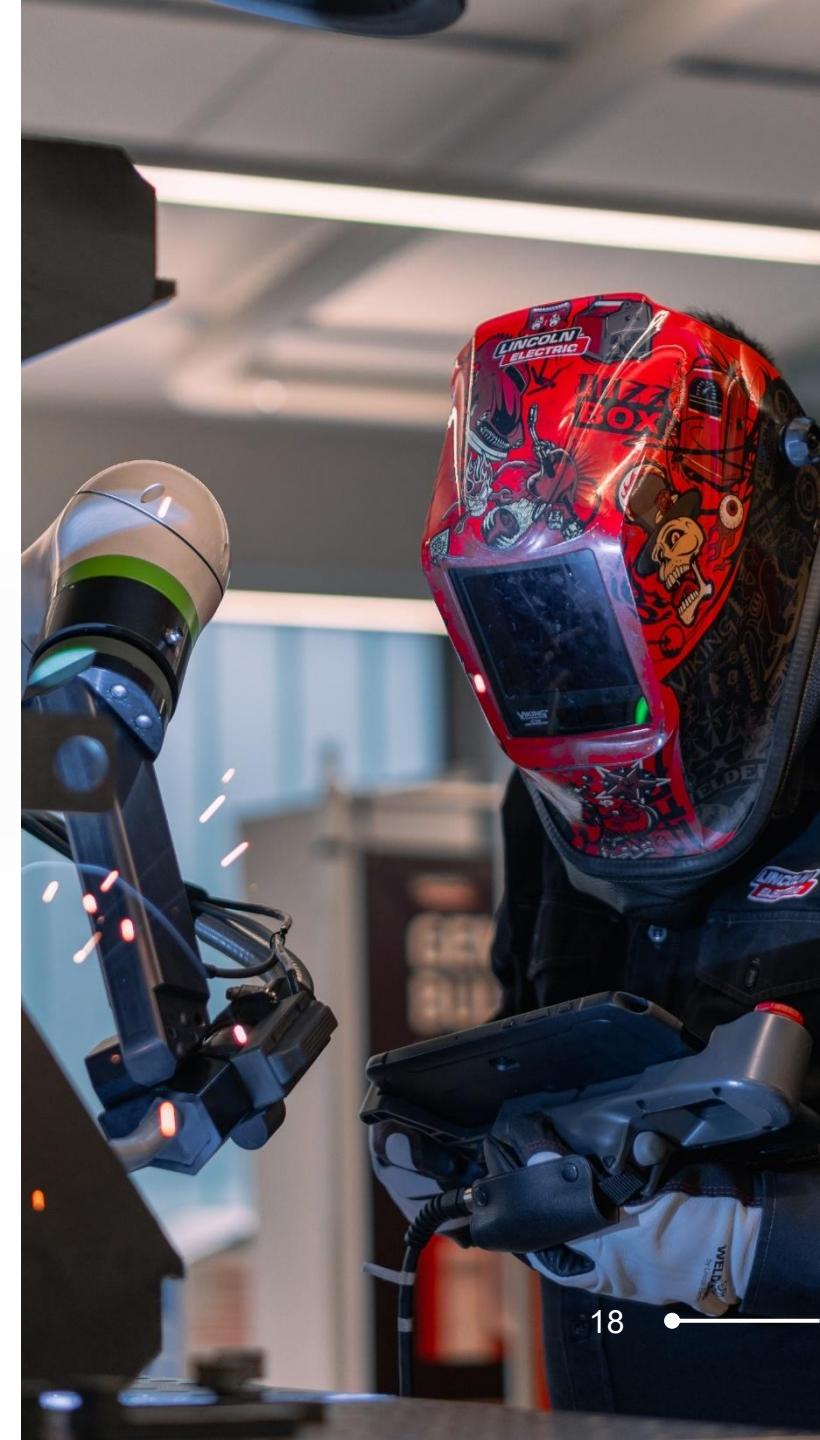


## COMPONENTS OF ACCELERATED GROWTH



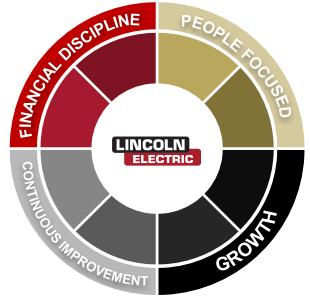
**High-20% Operating Income Incremental margin**  
through the strategy cycle

<sup>1</sup> Includes +100-200bps from price and organic Automation volume growth at HSD%



# Segment Growth Strategies

Prioritizing investments in highest profit growth areas



## AMERICAS WELDING

- Highest growth segment given regional secular & cyclical tailwinds, majority of automation, and regional footprint capabilities
- Automation sales<sup>1</sup> increase at 2x rate vs. core business (80% of automation in AW) supported by M&A with focus on “techquisitions”
- ~50% of operational initiative benefits to be realized in the segment

MSD-  
HSD%

## INTERNATIONAL WELDING

- Targeting growth in select Asia Pac & Middle Eastern countries
- Expect low industrial growth in Europe
- Optimizing footprint in addition to benefits from enterprise initiatives

LSD-  
MSD%

## HARRIS PRODUCTS GROUP

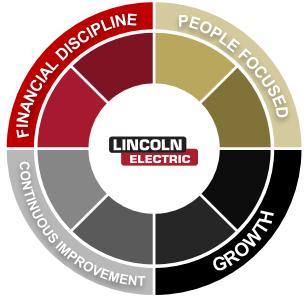
- Growth-focused segment given North American regional secular and cyclical tailwinds, and strength of regional resources
- Expanding targeted engineered solutions for key growth industries

MSD%

<sup>1</sup> Global Automation portfolio 2025 Net sales: \$870M

# Reimagining How We Work

## Enterprise initiatives will unlock value



### ENTERPRISE INITIATIVES FOCUSED ON

- Safer and more productive operations
- Highly efficient core business processes
- Leverage global scale & maintain local agility

#### CENTER-LED FUNCTIONS

Standardize tools & processes to capture scale and drive efficiencies; Extend digitization, automation and AI bots in administrative areas

#### FACTORY AUTOMATION & INVESTMENTS

Accelerate automation, equipment and safety investments to ensure safer and more productive operations

#### SPOTLIGHT PROCESS

Our "Spotlight" initiative targets improved service levels and product supply for customers and drives operational efficiency

#### OPTIMIZE FOOTPRINT

Continue to shape our manufacturing footprint as needed to optimize utilization, quality and service levels

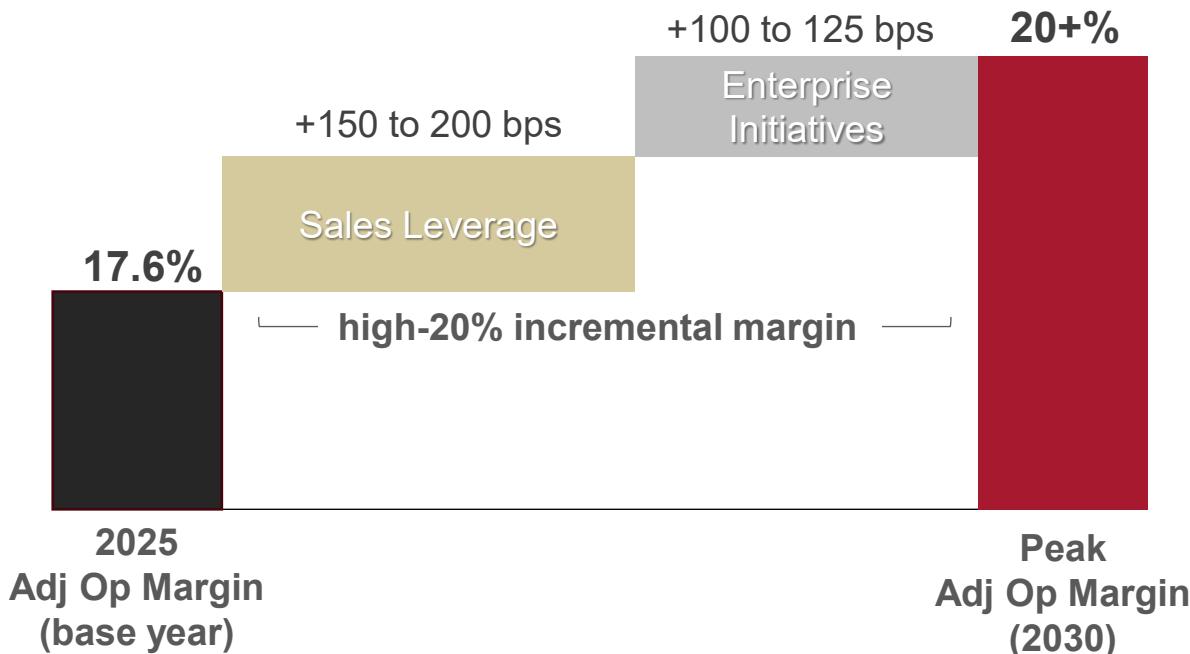
**Operating efficiencies**  
contribute 100-125bps to our historic average incremental operating margin

# Targeting 20+% Peak Operating Income Margin by 2030

With high-20% incremental margin



Average 19% Operating Income Margin (+/-150bps)  
Through the Cycle



Reportable Segment Adjusted EBIT Margin  
Target Ranges (2026-2030)

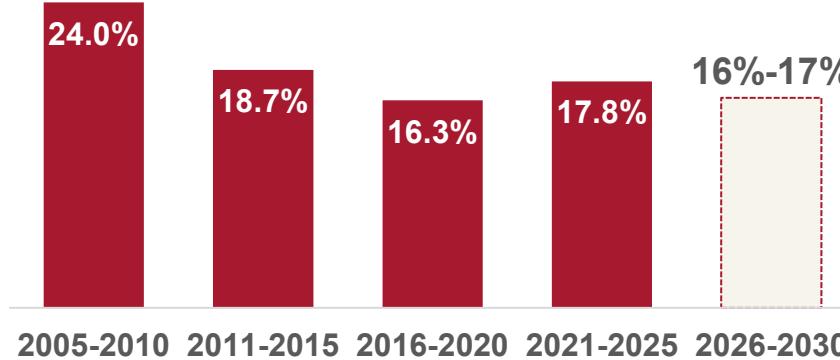
	2020-2025 Avg. Adj. EBIT Margin	2026-2030 EBIT Margin Target Range
Americas Welding	18.1% (18.7% in '25)	19% to 22%
International Welding	10.7% (11.5% in '25)	12% to 15%
Harris Products Group	15.2% (18.1% in '25)	18% to 21%

# Ample Liquidity & Strong Cash Generation

Targeting top-decile working capital and 100% Cash Conversion

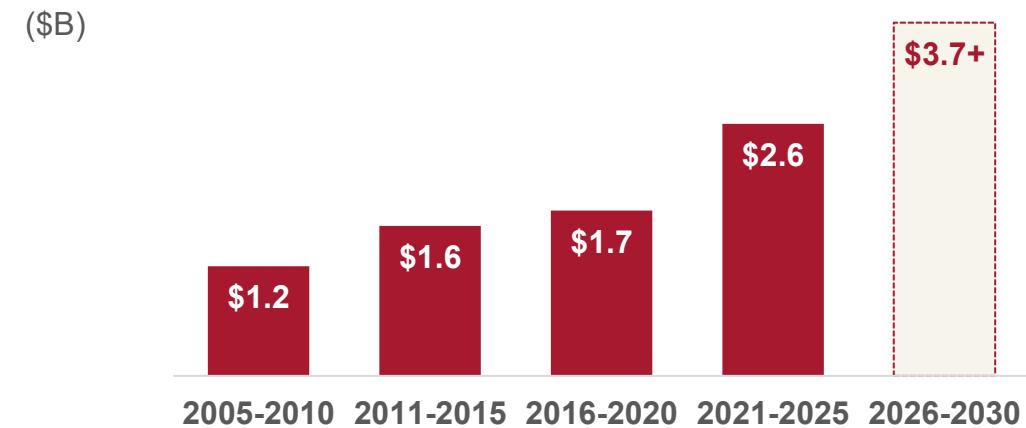


## Average Operating Working Capital Performance



- Maintain top-decile performance vs. proxy peers
- Targeting further inventory optimization

## Cash Flow From Operations Performance



	2005-2010	2011-2015	2016-2020	2021-2025	2026-2030
Avg CFO Per Year (\$M)	\$192	\$314	\$346	\$523	\$740
Cash Conversion	104%	91%	107%	90% <sup>1</sup>	100%

<sup>1</sup> Reflects strategically higher inventory levels to service customers due to supply constraints

# Balanced Capital Allocation Strategy

Funding growth & shareholder returns for superior performance

## MAINTAIN STRONG BALANCE SHEET

Ample liquidity

### Investment Grade Profile

- 1.16x Net Debt/Adj EBITDA
- 1.52x Gross Debt/Adj EBITDA

### Optimized Balance Sheet

- Target 1.75x Gross Debt/Adj EBITDA ratio
- Maintain balanced capital allocation strategy through the cycle

## DEPLOY CAPITAL FOR GROWTH

### Internal Investments

- Yield highest returns
- Capex ~3% of sales
- R&D ~2% of sales

### Inorganic Growth (M&A)

- Target 300-400bps sales CAGR at mid-teens % EBIT margin
- Disciplined approach achieves mid-teens % ROIC by year-3

## RETURN CAPITAL TO SHAREHOLDERS

### Dividend "Aristocrat"

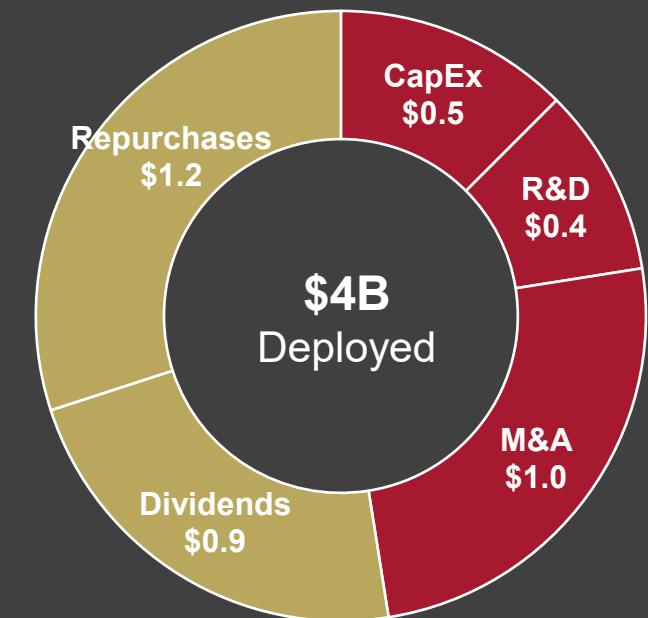
- 30-yrs of consecutive increases
- Targeting the return of ~30% of Net Income via dividends
- 10% CAGR in payout rate 2020-2025

### Share Repurchases

- Maintenance ~\$75M/yr to prevent dilution
- Excess strategic cash used for buybacks

## Capital Allocation

2020-2025 (\$B)



■ Growth = 48%

■ Returns to Shareholders = 52%

# 2030 Financial Framework Summary



METRICS	2026-2030 (Through the Cycle)	KEY DRIVERS
<b>Sales Growth</b> (ex-FX)	<b>HSD% to LDD% to \$6+B</b>	Cyclical and secular tailwinds Innovation Acquisitions Automation grows at 2x core business <sup>1</sup>
<b>Operating Income Margin</b>	<b>High-20% incremental margin</b>  <b>Average 19% (+/- 150bps)</b>  <b>Peak 20+% margin</b>	Average Op Income Margin target is +300 bps improvement vs. prior cycle  AW Segment EBIT range: 19% to 22% <sup>1</sup> IW Segment EBIT range: 12% to 15% <sup>1</sup> HPG Segment EBIT range: 18% to 21%  Sales leverage Effective cost management Enterprise initiatives
<b>EPS CAGR</b>	<b>Mid-Teens % CAGR</b>	Effective performance and capital deployment
<b>Cash Generation</b>	<b>100% Cash Conversion</b>	Effective performance and top decile working capital management (16% to 17% ratio)
<b>Capital Allocation</b>	<b>Balanced</b>	Invest in growth (organic + M&A) and return cash to shareholders via dividend and share repurchases
<b>ROIC</b>	<b>18% to 20% (Top quartile)</b>	Effective execution of initiatives and disciplined capital allocation

<sup>1</sup> Global Automation Portfolio 2025 Sales: \$870M. Targeting a mid-teens % EBIT margin for the portfolio through the strategy cycle.

## Contact:

Amanda Butler

*Vice President, Investor Relations & Communications*

✉ Amanda\_Butler@lincolnelectric.com

📞 216.383.2534



# Protecting the Environment at Every Step

Operating to maximize safety & minimize waste

## 2030 SAFETY & ENVIRONMENTAL GOALS (vs. 2024 baseline)



### Safety (TRCR)

2030 Goal: 34% Reduction



### GHG Emissions (Scope 1 & 2)

2030 Goal: 30% Reduction



### Renewable Energy

2030 Goal: 20%



### Water Intensity

2030 Goal: 10% Reduction<sup>1</sup>



### Waste Directed to Disposal

2030 Goal: 10% Reduction



### Life Cycle Assessments

2030 Goal: 10 Product Family LCAs

<sup>1</sup> Water Intensity of sites located in areas of high or very high-water scarcity per WRI Aqueduct Tool. Measured as water used per dollars of product manufactured.

Visit <https://sustainability.lincolnelectric.com> to view our prior performance, additional data, and UN SDGs, SASB and TCFD indices



# 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, Free Cash Flow, 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,		Year Ended December 31,	
	2025	2024	2025	2024
Operating income as reported	\$ 184,340	\$ 177,017	\$ 718,059	\$ 636,462
Special items (pre-tax):				
Rationalization and asset impairment net charges <sup>(2)</sup>	5,961	4,538	18,199	55,860
Acquisition transaction costs <sup>(3)</sup>	1,056	2,491	2,739	7,042
Amortization of step up in value of acquired inventories <sup>(5)</sup>	2,482	1,552	3,964	5,026
Adjusted operating income <sup>(1)</sup>	\$ 193,839	\$ 185,598	\$ 742,961	\$ 704,390
As a percent of net sales	18.0 %	18.2 %	17.6 %	17.6 %
Net income as reported	\$ 136,022	\$ 140,229	\$ 520,533	\$ 466,108
Special items:				
Rationalization and asset impairment net charges <sup>(2)</sup>	5,961	4,538	18,199	55,860
Acquisition transaction costs <sup>(3)</sup>	1,056	2,491	2,739	7,042
Pension settlement net charges (gains) <sup>(4)</sup>	719	(174)	719	3,792
Amortization of step up in value of acquired inventories <sup>(5)</sup>	2,482	1,552	3,964	5,026
Loss on asset disposal <sup>(6)</sup>	—	—	—	4,950
Tax effect of Special items <sup>(7)(8)</sup>	405	(2,655)	5,177	(11,513)
Adjusted net income <sup>(1)</sup>	\$ 146,645	\$ 145,981	\$ 551,331	\$ 531,265
Interest expense, net	13,167	11,372	51,561	42,786
Income taxes as reported	36,639	26,824	154,917	128,041
Tax effect of Special items <sup>(7)(8)</sup>	(405)	2,655	(5,177)	11,513
Adjusted EBIT <sup>(1)</sup>	\$ 196,046	\$ 186,832	\$ 752,632	\$ 713,605
Effective tax rate as reported	21.2 %	16.1 %	22.9 %	21.6 %
Net special item tax impact <sup>(8)</sup>	(1.4)%	0.7	(1.5)%	(0.8)%
Adjusted effective tax rate <sup>(1)</sup>	19.8 %	16.8 %	21.4 %	20.8 %
Diluted earnings per share as reported	\$ 2.45	\$ 2.47	\$ 9.32	\$ 8.15
Special items per share	0.20	0.10	0.55	1.14
Adjusted diluted earnings per share <sup>(1)</sup>	\$ 2.65	\$ 2.57	\$ 9.87	\$ 9.29
Weighted average shares (diluted)	55,412	56,818	55,875	57,194

# 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) 2025 and 2024 net charges primarily relate to rationalization plans within all three segments. Charges in 2024 include the impact of the Company's disposition of its Russian entity.
- 3) Transaction costs related to acquisitions which are included in Selling, general & administrative expenses.
- 4) Costs related to acquisitions which are included in Cost of goods sold.
- 5) Pension settlement net charges are included in Other income. 2024 net charges are primarily related to the final settlement associated with the termination of a pension plan.
- 6) Loss 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.
- 8) The OBBBA was enacted in the United States on July 4, 2025. The Company recognized tax expense of approximately \$2,900 and \$11,700 in the three months and twelve months ended December 31, 2025, respectively, reflecting the cumulative impact of the OBBBA provisions.

# Non-GAAP Financial Measures

## Adjusted Return on Invested Capital (ROIC)

(In thousands)  
(Unaudited)

	<b>Twelve Months Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Return on Invested Capital</b>		
Net income as reported	\$ 520,533	\$ 466,108
Plus: Interest expense (after-tax)	43,762	39,665
Less: Interest income (after-tax)	5,118	7,593
Net operating profit after taxes	<u>\$ 559,177</u>	<u>\$ 498,180</u>
Special Items:		
Rationalization and asset impairment net charges	18,199	55,860
Acquisition transaction costs	2,739	7,042
Pension settlement net charges	719	3,792
Amortization of step up in value of acquired inventories	3,964	5,026
Loss on asset disposal	—	4,950
Tax effect of Special items <sup>(2)</sup>	5,177	(11,513)
Adjusted net operating profit after taxes <sup>(1)</sup>	<u>\$ 589,975</u>	<u>\$ 563,337</u>
<b>Invested Capital</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Short-term debt	\$ 143,780	\$ 110,524
Long-term debt, less current portion	1,150,228	1,150,551
Total debt	1,294,008	1,261,075
Total equity	1,469,794	1,327,433
Invested capital	<u>\$ 2,763,802</u>	<u>\$ 2,588,508</u>
Return on invested capital as reported	20.2 %	19.2 %
Adjusted return on invested capital <sup>(1)</sup>	<u>21.3 %</u>	<u>21.8 %</u>

- 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, including the cumulative impact of the OBBBA provisions. 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

## Cash Conversion

(In thousands)  
(Unaudited)

Cash Conversion	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	2025	2024
Net cash provided by operating activities	\$ 94,965	\$ 95,795	\$ 661,173	\$ 598,977
Capital expenditures	(42,946)	(31,486)	(126,974)	(116,603)
Free cash flow <sup>(1)</sup>	\$ 52,019	\$ 64,309	\$ 534,199	\$ 482,374
Adjusted net income	\$ 146,645	\$ 145,981	\$ 551,331	\$ 531,265
Cash conversion <sup>(1)</sup>	35 %	44 %	97 %	91 %

1) Free cash flow and cash conversion are non-GAAP financial measures. Refer to Non-GAAP Information section.

# Segment EBIT

**EBIT and Adjusted EBIT**  
**Reconciliation – Three Months**  
**Ended December 31, 2025**  
 (In thousands)  
 (Unaudited)

	Americas Welding	International Welding	The Harris Products Group	Corporate / Eliminations	Consolidated
<b>Three months ended December 31, 2025</b>					
Net sales	\$ 681,930	\$ 259,351	\$ 137,434	\$ —	\$ 1,078,715
Inter-segment sales	25,101	5,857	2,549	(33,507)	—
Total sales	<u>\$ 707,031</u>	<u>\$ 265,208</u>	<u>\$ 139,983</u>	<u>\$ (33,507)</u>	<u>\$ 1,078,715</u>
Net income					\$ 136,022
As a percent of total sales					12.6 %
EBIT <sup>(1)</sup>	\$ 137,816	\$ 25,485	\$ 22,829	\$ (302)	\$ 185,828
As a percent of total sales	19.5 %	9.6 %	16.3 %		17.2 %
Special items charges <sup>(3)</sup>	3,295	5,717	488	718	10,218
Adjusted EBIT <sup>(2)</sup>	<u>\$ 141,111</u>	<u>\$ 31,202</u>	<u>\$ 23,317</u>	<u>\$ 416</u>	<u>\$ 196,046</u>
As a percent of total sales	20.0 %	11.8 %	16.7 %		18.2 %
<b>Three months ended December 31, 2024</b>					
Net sales	\$ 654,786	\$ 242,979	\$ 124,266	\$ —	\$ 1,022,031
Inter-segment sales	37,134	11,233	2,801	(51,168)	—
Total sales	<u>\$ 691,920</u>	<u>\$ 254,212</u>	<u>\$ 127,067</u>	<u>\$ (51,168)</u>	<u>\$ 1,022,031</u>
Net income					\$ 140,229
As a percent of total sales					13.7 %
EBIT <sup>(1)</sup>	\$ 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 <sup>(4)</sup>	4,110	517	1,289	2,491	8,407
Adjusted EBIT <sup>(2)</sup>	<u>\$ 131,923</u>	<u>\$ 32,530</u>	<u>\$ 21,567</u>	<u>\$ 812</u>	<u>\$ 186,832</u>
As a percent of total sales	19.1 %	12.8 %	17.0 %		18.3 %

# Non-GAAP Financial Measures (continued)

## Footnotes for EBIT and Adjusted EBIT Reconciliation – Three Months Ended December 31, 2025

- 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 2025 primarily reflect Rationalization and asset impairments net charges of \$2,648 in Americas Welding, \$2,825 in International Welding and \$488 in The Harris Products Group. In addition, there was amortization of the step up in value of acquired inventories of \$2,482 in International Welding, a pension settlement net charge of \$647 in Americas Welding and \$72 in International Welding, and acquisition transaction costs of \$718 in Corporate/Eliminations.
- 4) Special items in 2024 primarily reflect Rationalization and asset impairments net charges of \$2,319 in Americas Welding, \$930 in International Welding and \$1,289 in Harris Products Group. In addition, there was amortization of the step up in value of acquired inventories of \$1,552 in Americas Welding, pension settlement charge of \$239 in Americas Welding and a gain of \$413 in International Welding, and acquisition transaction costs of \$2,491 in Corporate/Eliminations.

# Non-GAAP Financial Measures

## Segment EBIT & Reconciliation of EBIT Margin to Non-GAAP Adjusted EBIT Margin



### Americas Welding

(\$ millions)	2020	2021	2022	2023	2024	2025
<b>EBIT</b>	\$210.7	\$205.9	\$465.9	\$528.4	\$502.4	\$524.1
As a percent of Total Sales	13.0%	10.5%	19.3%	19.0%	18.6%	18.4%
Special Item Charges	35.0	123.1	(3.1)	9.9	27.8	10.7
<b>Adjusted EBIT</b>	\$245.7	\$329.0	\$462.8	\$538.3	\$530.2	\$534.8
As a Percent of Total Sales	15.2%	16.7%	19.2%	19.3%	19.6%	18.7%

#### Special Item Charges:

**2025:** Rationalization and asset impairments net charges of \$9.8 million and a pension settlement net charge of \$0.6 million

**2024:** Rationalization net charges of \$18.8 million, amortization of the step up in value of acquired inventories of \$4.8 million, and a pension settlement charge of \$4.2 million

**2023:** Rationalization and asset impairment net charges of \$0.5 million and amortization of step up in value of acquired inventories of \$9.4 million

**2022:** Rationalization and asset impairment net gains of \$0.4 million, amortization of step up in value of acquired inventories of \$1.1 million, and a \$3.7 million net gain related to the final settlement associated with the termination of a pension plan

**2021:** Pension settlement charges of \$123.1 million

**2020:** Rationalization and asset impairment charges of \$26.9 million and pension settlement charges of \$8.1 million

### International Welding

(\$ millions)	2020	2021	2022	2023	2024	2025
<b>EBIT</b>	\$25.6	\$91.0	\$108.5	\$146.2	\$68.4	\$99.1
As a percent of Total Sales	3.2%	9.3%	11.0%	13.6%	7.1%	10.3%
Special Item Charges	19.4	15.2	11.7	(9.7)	37.7	11.4
<b>Adjusted EBIT</b>	\$45.0	\$106.2	\$120.2	\$136.5	\$106.1	\$110.6
As a Percent of Total Sales	5.6%	10.9%	12.2%	12.7%	10.9%	11.5%

#### Special Item Charges:

**2025:** Rationalization and asset impairments net charges of \$7.3 million, amortization of the step up in value of acquired inventories of \$3.7 million and a pension settlement net charge of \$0.07 million

**2024:** Rationalization net charges of \$33.0 million, including the impact of the Company's disposition of its Russian entity, a loss on asset disposal of \$5.0 recorded to Other income, amortization of the step up in value of acquired inventories of \$0.3 million, and a pension settlement gain of \$0.4 million

**2023:** Rationalization and asset impairment net gains of \$11.8 million, amortization of step up in value of acquired inventories of \$2.9 million, pension settlement charges of \$0.8 million and gain on asset disposal of \$1.6 million

**2022:** Rationalization and asset impairment charges of \$11.7 million

**2021:** Rationalization and asset impairment charges of \$9.8 million, amortization of step up in value of acquired inventories of \$5.0 million and pension settlement charges of \$0.4 million

**2020:** Rationalization and asset impairment charges of \$18.6 million and amortization of step up in value of acquired inventories of \$0.8 million

### Harris Products Group

(\$ millions)	2020	2021	2022	2023	2024	2025
<b>EBIT</b>	\$55.2	\$64.7	\$64.0	\$74.1	\$84.4	\$106.5
As a percent of Total Sales	15.1%	13.8%	12.1%	14.6%	16.2%	17.9%
Special Item Charges	-	3.8	-	-	4.0	1.1
<b>Adjusted EBIT</b>	\$55.2	\$68.4	\$64.0	\$74.1	\$88.3	\$107.6
As a Percent of Total Sales	15.1%	14.6%	12.1%	14.6%	16.9%	18.1%

#### Special Item Charges:

**2025:** Rationalization and asset impairments net charges of \$1.1 million

**2024:** Rationalization net charges of \$4.0 million

**2021:** Pension settlement charges of \$3.0 million and amortization of the step up in value of acquired inventories of \$0.8 million