

LINCOLN ELECTRIC HOLDINGS INC

Form 10-Q

July 27, 2015

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2015

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 0-1402

LINCOLN ELECTRIC HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Ohio

34-1860551

(State or other jurisdiction of incorporation or organization)

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

22801 St. Clair Avenue, Cleveland, Ohio

44117

(Address of principal executive offices)

(Zip Code)

(216) 481-8100

(Registrant's telephone number, including area code)

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The number of shares outstanding of the registrant's common shares as of June 30, 2015 was 74,808,048.

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EX-31.2 Certification of the Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer) pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.	
EX-32.1 Certification of the Chairman, President and Chief Executive Officer (Principal Executive Officer) and Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer) pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	
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## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

LINCOLN ELECTRIC HOLDINGS, INC.  
CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)

(In thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net sales	\$664,740	\$728,531	\$1,322,640	\$1,413,593
Cost of goods sold	438,959	478,264	876,469	936,990
Gross profit	225,781	250,267	446,171	476,603
Selling, general & administrative expenses	127,755	137,156	257,646	283,071
Rationalization and asset impairment charges	1,239	836	1,239	819
Operating income	96,787	112,275	187,286	192,713
Other income (expense):				
Interest income	738	924	1,331	1,838
Equity earnings in affiliates	979	1,575	1,828	3,136
Other income	317	1,078	2,927	2,161
Interest expense	(4,387)	) (986)	) (6,231)	) (2,556)
Total other income (expense)	(2,353)	) 2,591	(145)	) 4,579
Income before income taxes	94,434	114,866	187,141	197,292
Income taxes	23,558	37,577	47,947	63,579
Net income including non-controlling interests	70,876	77,289	139,194	133,713
Non-controlling interests in subsidiaries' loss	(22)	) (43)	) (58)	) (72)
Net income	\$70,898	\$77,332	\$139,252	\$133,785
Basic earnings per share	\$0.95	\$0.97	\$1.84	\$1.67
Diluted earnings per share	\$0.94	\$0.96	\$1.82	\$1.65
Cash dividends declared per share	\$0.29	\$0.23	\$0.58	\$0.46

See notes to these consolidated financial statements.

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LINCOLN ELECTRIC HOLDINGS, INC.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(UNAUDITED)  
(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income including non-controlling interests	\$70,876	\$77,289	\$139,194	\$133,713
Other comprehensive income (loss), net of tax:				
Unrealized gain (loss) on derivatives designated and qualifying as cash flow hedges, net of tax of \$160 and \$218 in the three and six months ended June 30, 2015; \$90 and \$184 in the three and six months ended June 30, 2014	(579)	(176)	521	(597)
Defined benefit pension plan activity, net of tax of \$1,975 and \$4,370 in the three and six months ended June 30, 2015; \$1,423 and \$3,261 in the three and six months ended June 30, 2014	3,571	2,536	7,109	5,080
Currency translation adjustment	15,150	12,130	(41,402)	(228)
Other comprehensive income (loss):	18,142	14,490	(33,772)	4,255
Comprehensive income	89,018	91,779	105,422	137,968
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