

LINCOLN ELECTRIC HOLDINGS INC

Form 10-Q

April 24, 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 March 31, 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 March 31, 2015 was 75,587,146.

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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 March 31,	
	2015	2014
Net sales	\$657,900	\$685,062
Cost of goods sold	437,510	458,726
Gross profit	220,390	226,336
Selling, general & administrative expenses	129,891	145,915
Rationalization and asset impairment charges (gains)	—	(17)
Operating income	90,499	80,438
Other income (expense):		
Interest income	593	914
Equity earnings in affiliates	849	1,561
Other income	2,610	1,083
Interest expense	(1,844)	(1,570)
Total other income	2,208	1,988
Income before income taxes	92,707	82,426
Income taxes	24,389	26,002
Net income including non-controlling interests	68,318	56,424
Non-controlling interests in subsidiaries' loss	(36)	(29)
Net income	\$68,354	\$56,453
Basic earnings per share	\$0.90	\$0.70
Diluted earnings per share	\$0.89	\$0.69
Cash dividends declared per share	\$0.29	\$0.23

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 March 31,	
	2015	2014
Net income including non-controlling interests	\$68,318	\$56,424
Other comprehensive income (loss), net of tax:		
Unrealized gain (loss) on derivatives designated and qualifying as cash flow hedges, net of tax of \$58 and \$94 in the three months ended March 31, 2015 and 2014	1,100	(421)
Defined benefit pension plan activity, net of tax of \$2,395 and \$1,838 in the three months ended March 31, 2015 and 2014	3,538	2,544
Currency translation adjustment	(56,552)	(12,358)
Other comprehensive loss:	(51,914)	(10,235)
Comprehensive income	16,404	46,189
Comprehensive income (loss) attributable to non-controlling interests	(577)	652
Comprehensive income attributable to shareholders	\$16,981	\$45,537

See notes to these consolidated financial statements.

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LINCOLN ELECTRIC HOLDINGS, INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (In thousands)

	March 31, 2015 (UNAUDITED)	December 31, 2014 (NOTE 1)
ASSETS		
Current Assets		
Cash and cash equivalents	\$289,017	\$278,379
Accounts receivable (less allowance for doubtful accounts of \$6,921 in 2015; \$7,734 in 2014)	334,928	321,862
Inventories:		
Raw materials	107,672	109,210
Work-in-process	42,764	40,927
Finished goods	182,456	180,703
Total inventory	332,892	330,840
Other current assets	138,165	167,596
Total Current Assets	1,095,002	1,098,677
Property, Plant and Equipment		
Land	44,826	46,553
Buildings	355,104	361,846
Machinery and equipment	679,853	694,203
Property, plant and equipment	1,079,783	1,102,602
Less accumulated depreciation	656,763	665,393
Property, Plant and Equipment, Net	423,020	437,209
Non-current assets	403,486	403,329
TOTAL ASSETS	\$1,921,508	\$1,939,215
LIABILITIES AND EQUITY		
Current Liabilities		