

Q2 2018 Investor Presentation

Linamar Corporation

August 2018



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Company Overview



Linamar – A Global Powerhouse in Diversified Manufacturing



2017 SALES: \$6,546.5M ↑ 9.0%

Normalized NE¹– ATS: \$551.5M (8.4%) ↑ 9.4%

2018 Q2 YTD SALES: 4,051.4M ↑ 18.4%

Normalized NE¹– ATS YTD: \$346.9M (8.6%) ↑ 10.9%

Diversified Manufactured Products that Power Vehicles, Motion, Work and Lives



28,700 EMPLOYEES

60 MANUFACTURING FACILITIES

17 COUNTRIES

¹Net Earnings (NE) Normalized is NE before unusual items and foreign exchange impacts from revaluation of the balance sheet, tax affected

MACHINING & ASSEMBLY



- CNC Expertise
- Complex Assemblies
- Advanced Automation & Robotics
- Hydroforming
- Heat Treatment

FORGING



- Hatebur High Speed Hot Horizontal Forging
- Conventional Vertical Forging
- Cold Forming
- Ring Rolling
- Radial Forging

LIGHT METAL CASTING



- Gravity & Low Pressure Aluminum Die Casting
- High Pressure Aluminum & Magnesium Die Casting

METAL FORMING



- Laser cutting
- Metal Forming
- Stamping
- Painting
- Robotic Welding
- Assembly

Transportation

Engine



Transmission



Body & Structural



Driveline



Industrial

SKYJACK



MacDon



Scope of Operations & Market Concentration

Q2 YTD 2018



PRODUCTS

Transportation

74.1%

Engine | Transmission | Driveline | Body

Industrial

25.9%

Mobile Industrial Equipment | Fabricated Assemblies

MARKETS



AUTOMOTIVE
66.6%



OFF-HIGHWAY
2.2%



COMMERCIAL VEHICLE
3.6%



ENERGY, HEAVY MACHINING, MILITARY
1.1%



MARINE & RECREATION
0.6%



ACCESS
17.6%

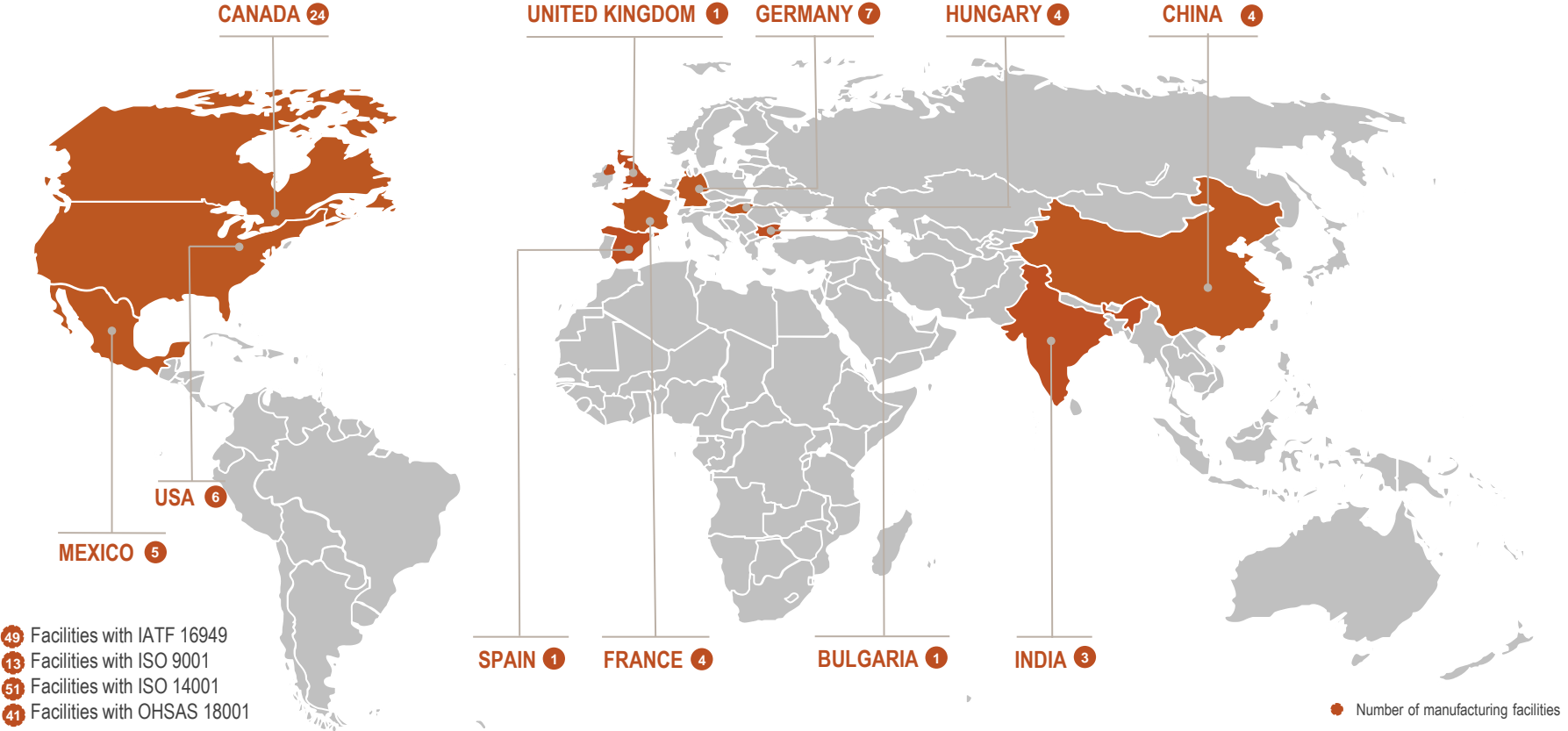


AGRICULTURAL
7.5%



INDUSTRIAL
0.8%

Global Presence



- 49 Facilities with IATF 16949
- 13 Facilities with ISO 9001
- 51 Facilities with ISO 14001
- 41 Facilities with OHSAS 18001

Manufacturing Facilities (60)

Sales Representation (15)

Development Centres (8)

Support Facilities (4)

2018	Transportation		Industrial	
	Automotive (LV)	Commercial Truck	Agriculture	Skyjack
North America	Flat	Growth	Moderate Growth	Strong Growth
Europe	Moderate Growth	Growth	Moderate Growth	Strong Growth
Asia	Flat	Decline	Moderate Growth	Growth

LEGEND	Ranking	Score	Growth Expectation
	Decline	0.00	<-2%
	Flat	1.00	Between -2% and 2%
	Moderate Growth	2.00	>2%, <=5%
	Growth	3.00	>5%, <15%
	Strong Growth	4.00	>=15%

Note this is a MARKET outlook, NOT a prediction of Linamar's growth in each market. Growth is highly influenced by market share growth expectations as illustrated on the launch and market share slides in this ppt.

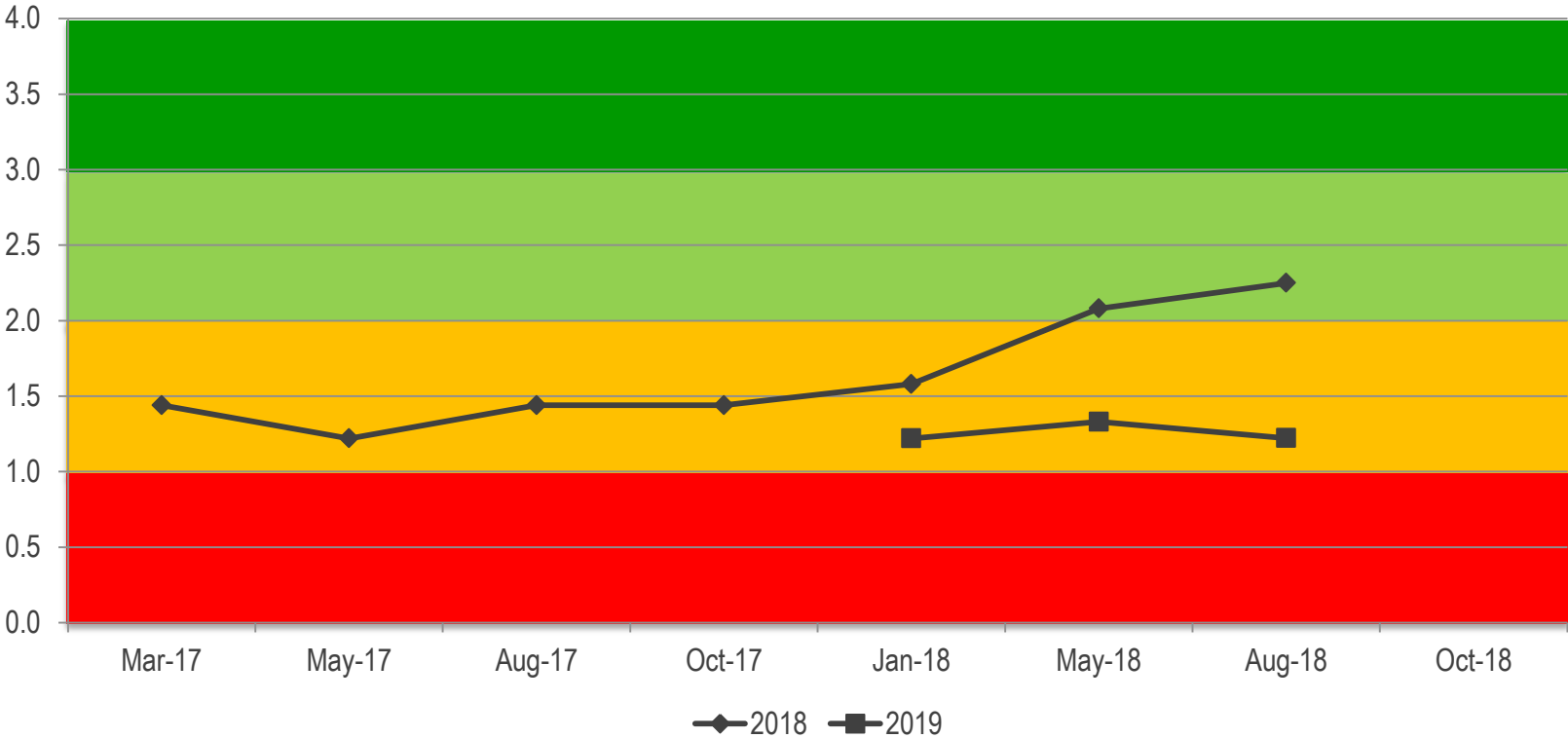
2019	Transportation		Industrial
	Automotive (LV)	Commercial Truck	Skyjack
North America	Flat	Flat	Moderate Growth
Europe	Flat	Flat	Moderate Growth
Asia	Moderate Growth	Decline	Flat

LEGEND	Ranking	Score	Growth Expectation
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Trend Review – Positive Trend in Outlook for 2018 and 2019

August 2018



▪ Evolution Through Bold Innovation

- Exciting new innovations launched at Skyjack
 - Telematics capabilities to help customers track assets, maintenance and usage
 - CVT transmission for telehandlers
 - VR Simulation for operator training
- Gear Lab established at Centre in Guelph to support global gear and gear box growth
- Innovation Hub designs for renovation complete, construction to begin in Sept between Centre & Powercor in Guelph
- New Business Wins and quoting activity at record levels
 - \$ NBW up 35% vs last year, launch book at nearly \$4.5 Billion
 - Great growth internationally 66% of NBW ytd non NA
- Great CPV growth in most regions despite soft customer production
- Continued market share growth for Skyjack on booms and telehandlers globally
- Strong first half for MacDon

▪ Accountability & Global Bench

- MacDon integration proceeding very well
- Good momentum on global mindset on several fronts
- New onboarding process launching in pilot mode
- >600 apprentices globally and trend showing positive momentum

▪ Systems & Simplify

- Top line growth of 22%, normalized OE growth 20% despite soft NA auto markets
- Outlook solid for another record year in 2018
- Great progress in OWL and LMMS implementation

Key Investment Themes



Consistent Performance

- Sales & earnings growth consistent & well above market
- **Double digit normalized earnings growth 8 years running**



Market Share Growth Key Growth Driver

- We have demonstrated our ability to continue to grow through flat or declining markets and will continue to do so



Strong Growth Secured for the Future

- **\$8.5 - \$9 billion sales secured for 2022**



Massive Market Opportunity Vehicle Propulsion

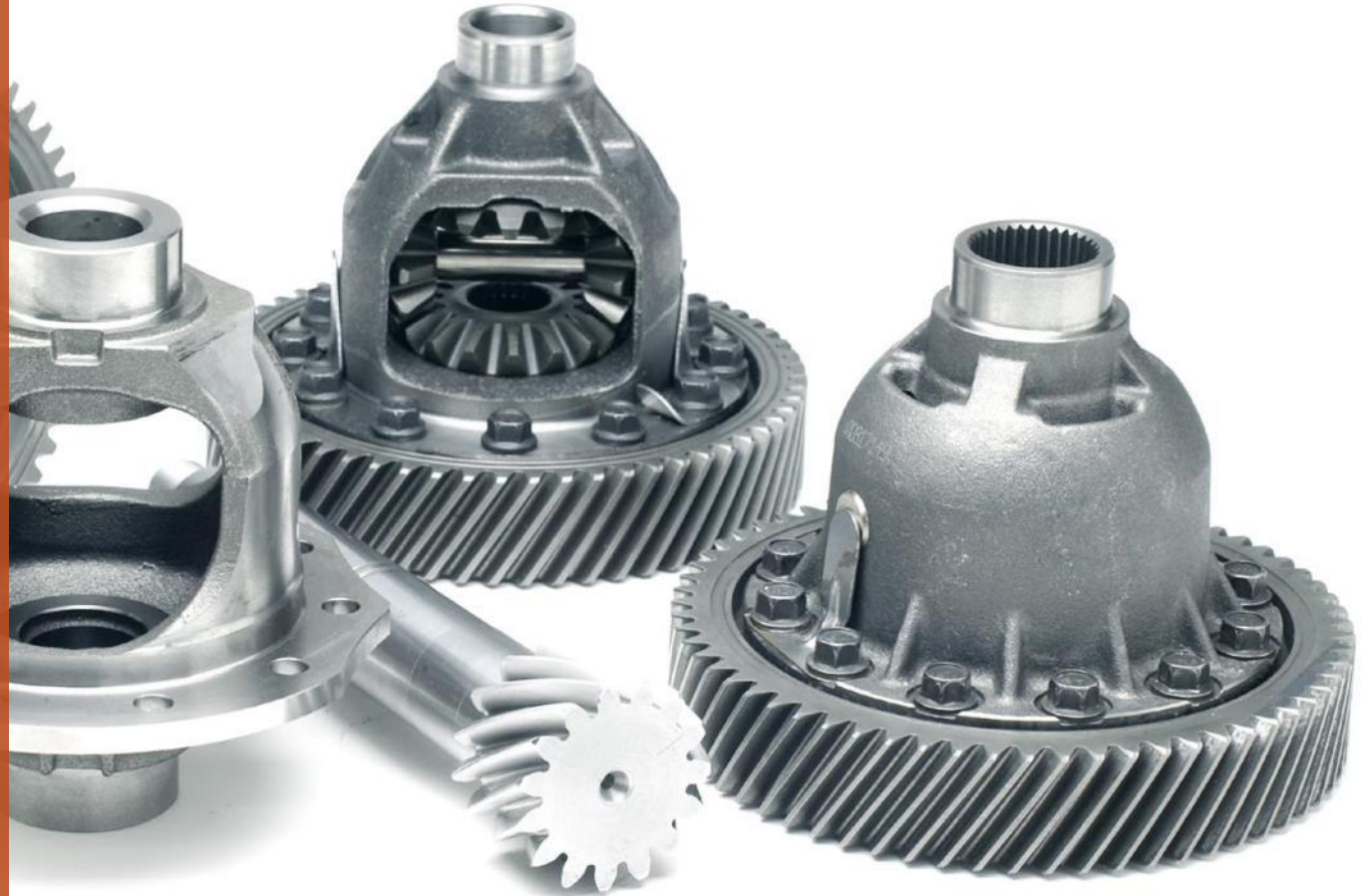
- Significant content potential in EV, Hybrid and ICE
- **EV CPV converging with ICE CPV by 2022** -- ~\$60 per vehicle globally for each
- Only 30% of powertrain outsourced – huge opportunity for extended time frame of growth, **tech shift accelerating outsourcing**



Massive Market Opportunity Access & Agriculture

- **Access \$10 Billion market, few players**
- **Ag market at early stage of cyclical recovery**
- Actively growing market share in both businesses globally

Strategy





Diversified Manufactured
Products that
**Power Vehicles,
Motion, Work and
Lives**

Vision 2100 – Building an Action Plan for the Future

Manufacturing and Materials Development to Support all Markets



Advanced Manufacturing

Artificial
Intelligence/Machine
Learning

Material Development



Transportation

Global Addressable Markets:

Automotive
Commercial Vehicle
Off Highway Vehicles
Marine/Personal Trans/Rail



Infrastructure

Global Addressable Markets:

Scissors, Booms, Telehandlers
Hydraulics



Food

Global Addressable Market:

Agriculture Harvesting, Seeding, &
Tillage Equipment



Power

Global Addressable Markets:

Electrical products, systems & services
Energy Markets – Oil/Gas, Solar, Wind
Energy Storage & Generation



Age

Global Addressable Market:

Medical Devices
Healthcare & Mobility
Home Care Technology
Wearable Technology



Water

Global Addressable Markets:

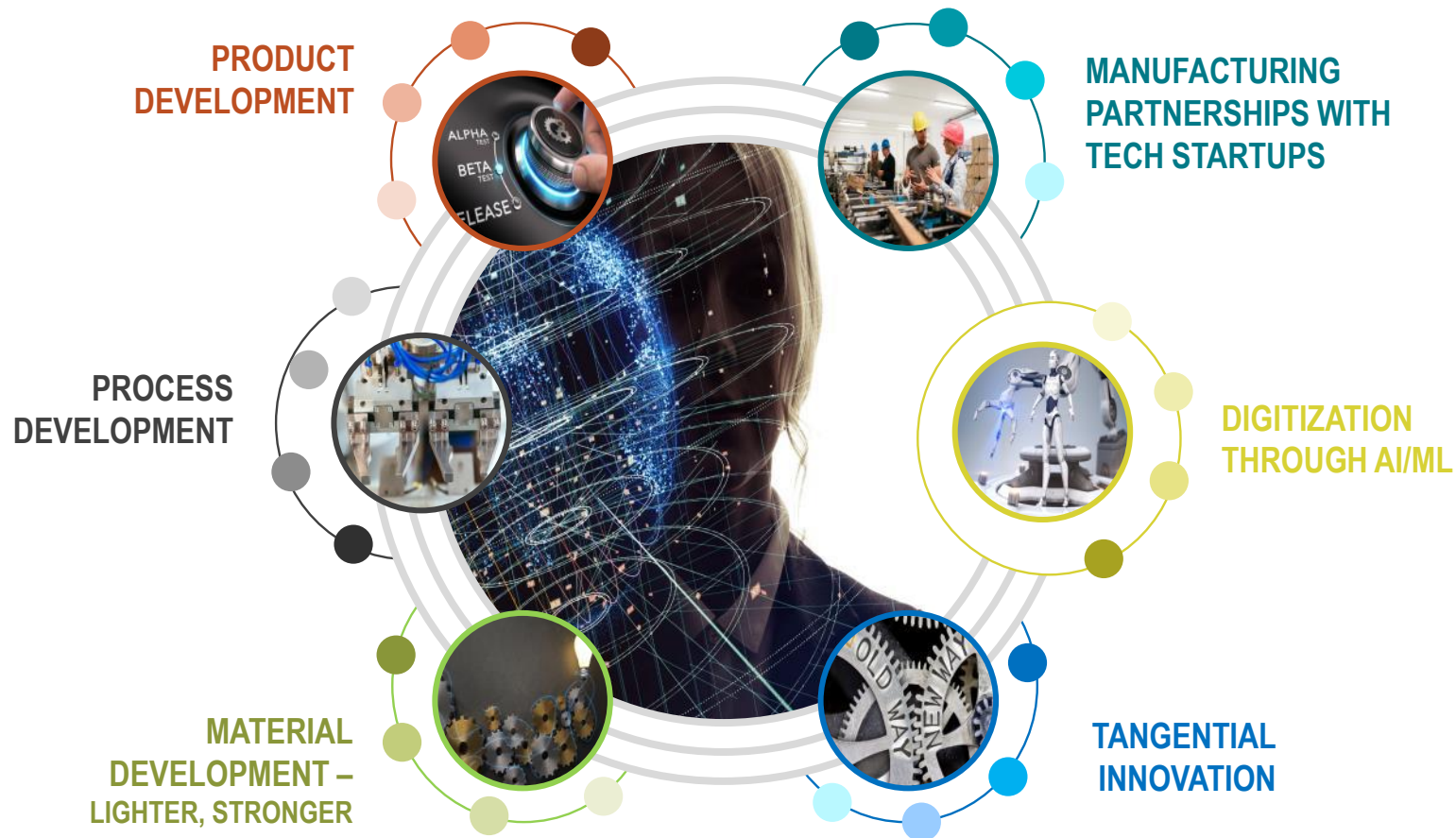
Irrigation Market
Water infrastructure
Access, Storage, Cleaning

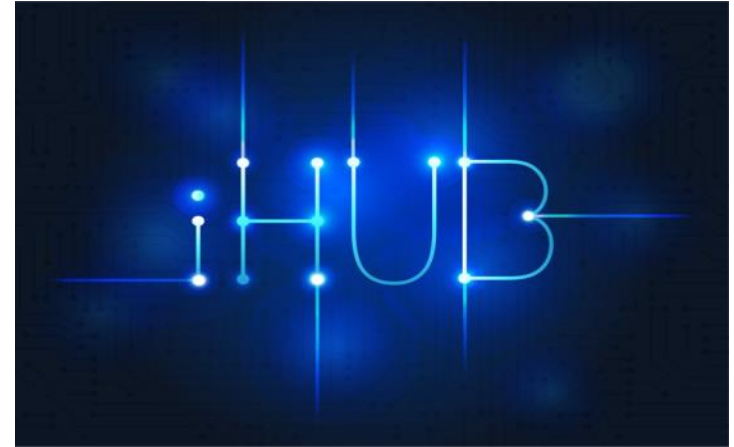
Key Market Strategies



- Transportation
 - Increase CPV in BEV, HEV, FCV
 - Mine opportunistic ICE market as volumes decline but addressable market increases
 - Grow integrated casting and forging business
 - Light weighting and noise reduction
- Infrastructure (Skyjack)
 - Globalize and expand product lineup in all 3 regions
- Food
 - Build on MacDon acquisition as the foundation from which to expand global ag business overall
- Power, Water, Age – research markets, develop strategy
- Overall:
 - Expand Asian footprint
 - Focus primarily on Greenfield growth subsequent to Macdon acquisition with some smaller acquisitions to enhance technology offering
 - Focus on Innovation to drive growth







Incubate innovation ideas

Explore tangential products & markets

Develop manufacturing partnerships

ADVANCED ROBOTICS
Development of advanced collaborative robots to drive more efficient and safer automation

DATA COLLECTION
Creation of data collection & analysis systems to identify ways to improve equipment uptime, improve tool life & reduce cycle times

VISION SYSTEMS

Evolving vision systems to more accurately gauge & inspect products for better product integrity

ADDITIVE MANUFACTURING (3D PRINTING)
Identify applications today (proto, tooling), develop for future production potential

PREDICTION & ANALYSIS
Assessing other processes of analysis & prediction that can be more efficiently & accurately done by machine



60

Plants



2,189

Connected Machines



1,124

LMMS Data
Collection Connections

1,164

RFID Stations



1,788



Traceability Read Stations

2,590

Robots



823



Vision Systems

851

Traceability
Marking
Stations



2

AGVs



McLaren Engineering Development Centre, Detroit, Michigan, USA

- Enhanced collaboration as all Sales, Engineering, staff to be located under one roof
- Advanced Gear Lab, Rapid Prototype Manufacturing Cell, Production Scale Manufacturing Simulation Cell



McLaren Engineering Development Centre, Crimmitschau, Germany

- Servo-controlled press
- Dynamic torsional test bench
- Rotating bending test bench



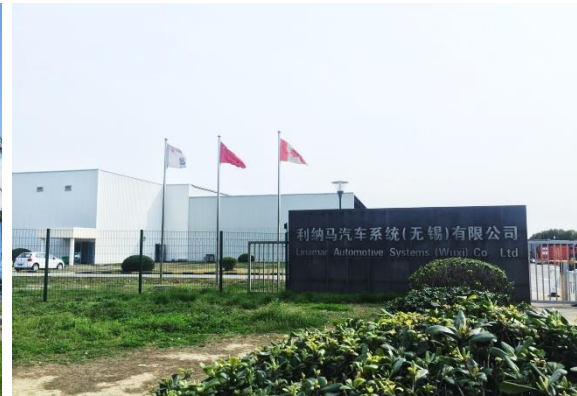
McLaren Engineering Development Centre, Guelph, Ontario, Canada

- Product Component
- Development Engineering
- CAD/CAE
- Plant Support
- Prototype Build Management
- Test and Validation



McLaren Engineering Development Centre, Wuxi Jiangsu, China

- Application, CAD, CAE for Linamar engineering group



Transportation



- \$500 Billion global market, addressable portion growing each year
- Addressable market consistently growing over next 20 years
 - Significant content potential in EV, Hybrid and ICE
 - 70% of content of powertrain captive but slowly being outsourced
- Linamar is a technology leader in light weighting, noise reduction, design optimization which is driving significant market share
- Linamar is a leader in vehicle electrification initiatives in driveline systems



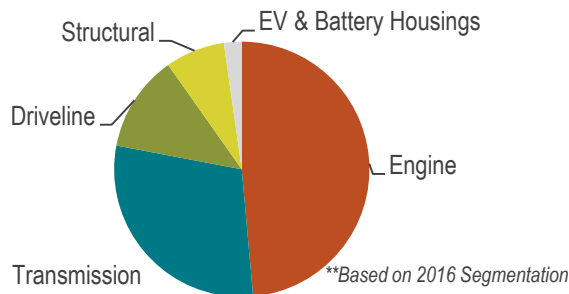
Massive Market Opportunity
Vehicle Propulsion

TOTAL GLOBAL POWERTRAIN / DRIVETLINE MARKET

Global Market	2017	2020	2030
Light Vehicle	\$378 B	\$408 B	\$435 B
Commercial Truck & Off Highway Vehicle	\$129 B	\$124 B	\$130 B
Total:	\$507 B	\$532 B	\$ 565 B

Assumptions:

- Includes total system value for engines, transmissions and drivetrain
- Includes all material, VA component machining and assembly
- Includes all light vehicle system production
- Commercial Vehicle (CV) and Off Highway market size includes value for systems >50 HP



Competition:

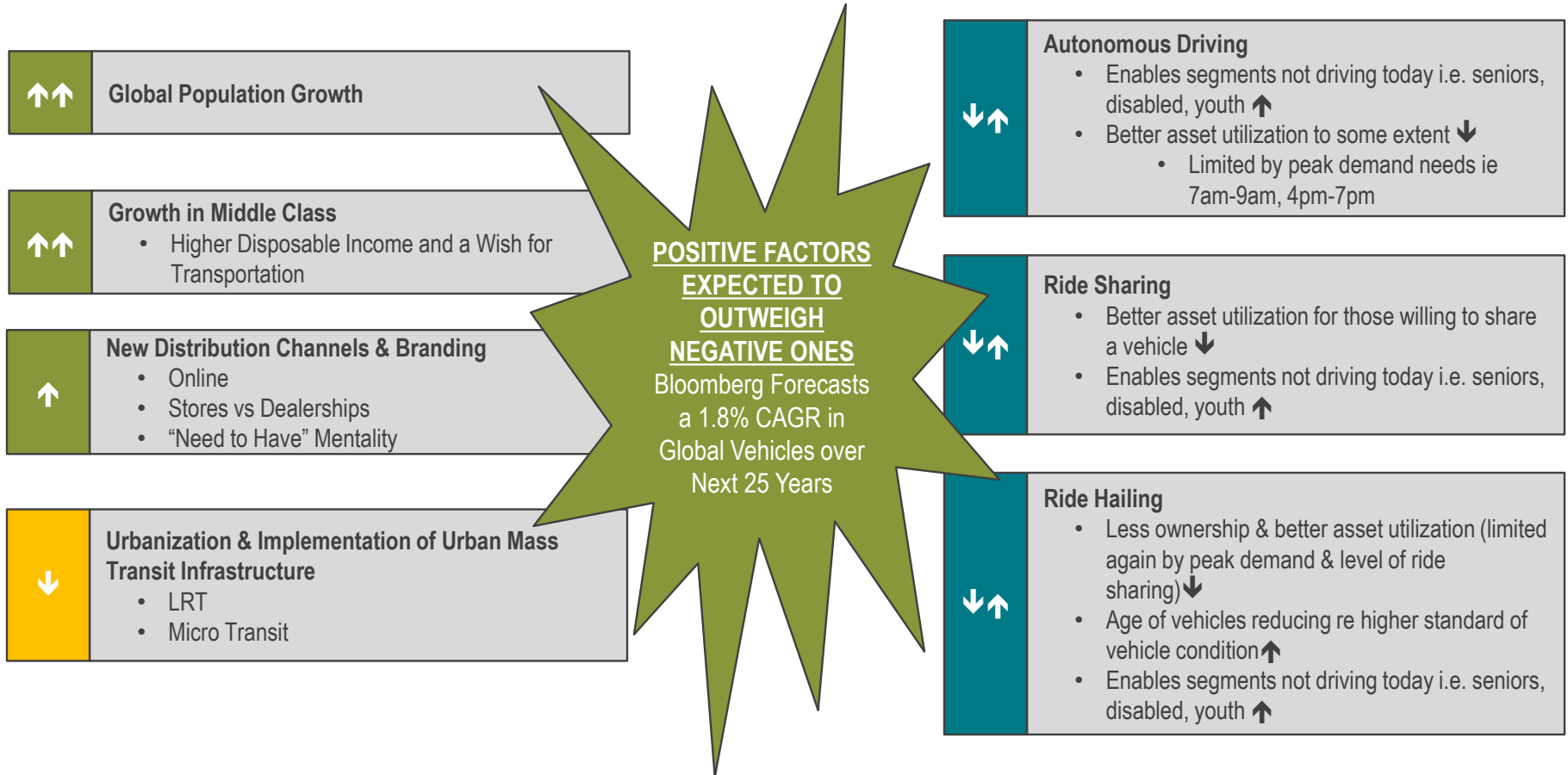
- Key competitors OEM's themselves
- Handful of competitors with technical expertise in these products, fewer still with financial capacity

Drivers of Outsourcing:

- Increases variability of cost base for OEM
- Machining and assembly highly capital intensive – saves OEM capital
- Outsourcing to an expert in that process/product should result in better technology, quality and price

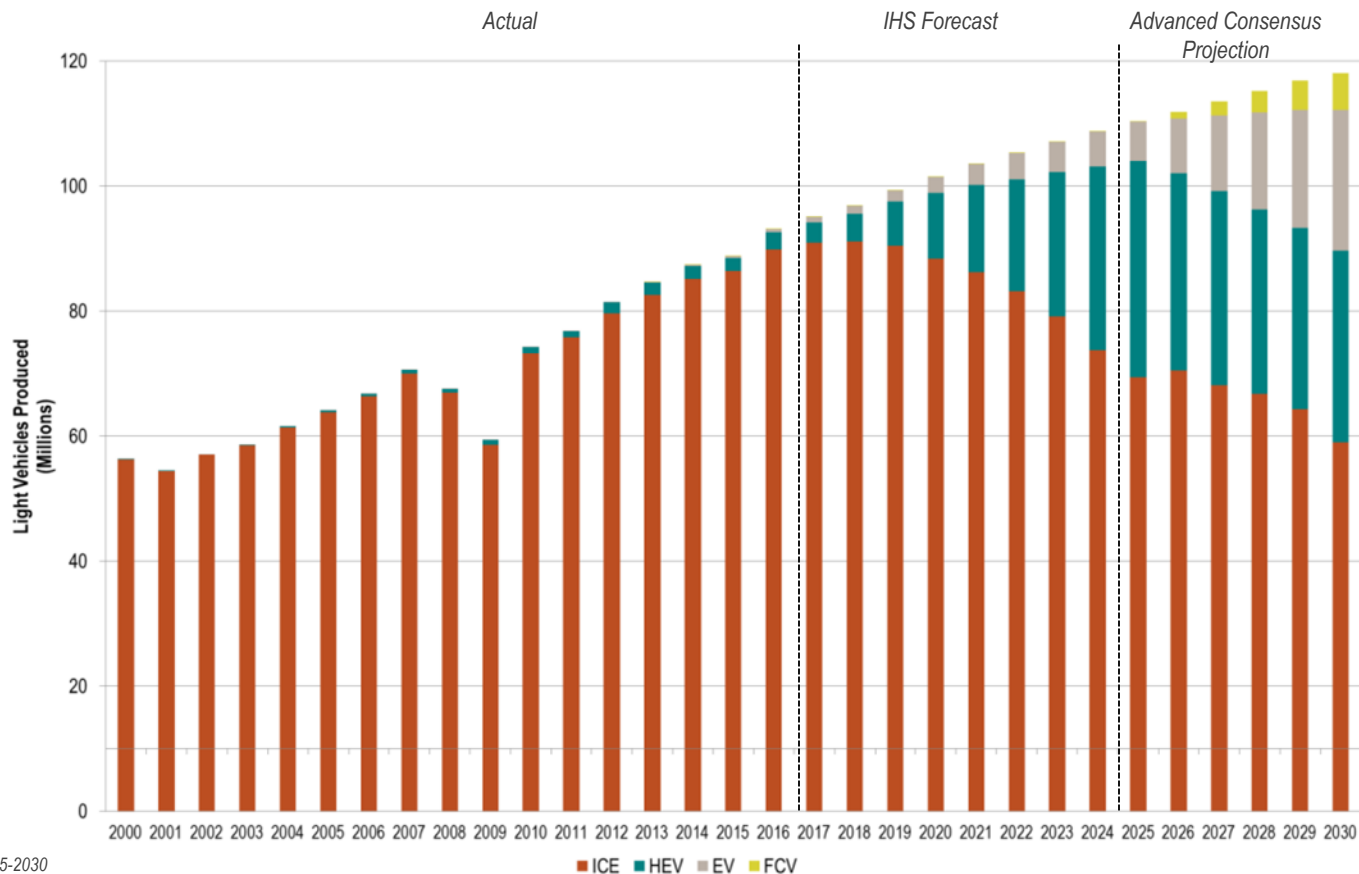
- Linamar's Addressable Market is impacted by three long-term trends;
 - The shift from Internal Combustion Engines (ICE) to Hybrid Electric Vehicles (HEV) and Electric Vehicles (EV)
 - Fuel Cell Vehicles (FCV) are another key technology that is in earlier stages of development but could play a key role in the future
 - The degree to which the Propulsion Systems (or Powertrains) of those 3 architectures get Outsourced to the supply base
 - The overall level of vehicle production/sales

Factors Influencing Future Production Levels



Global Light Vehicle Production

Advanced Consensus Projection



Source

I.H.S. Forecasting 2000-2025

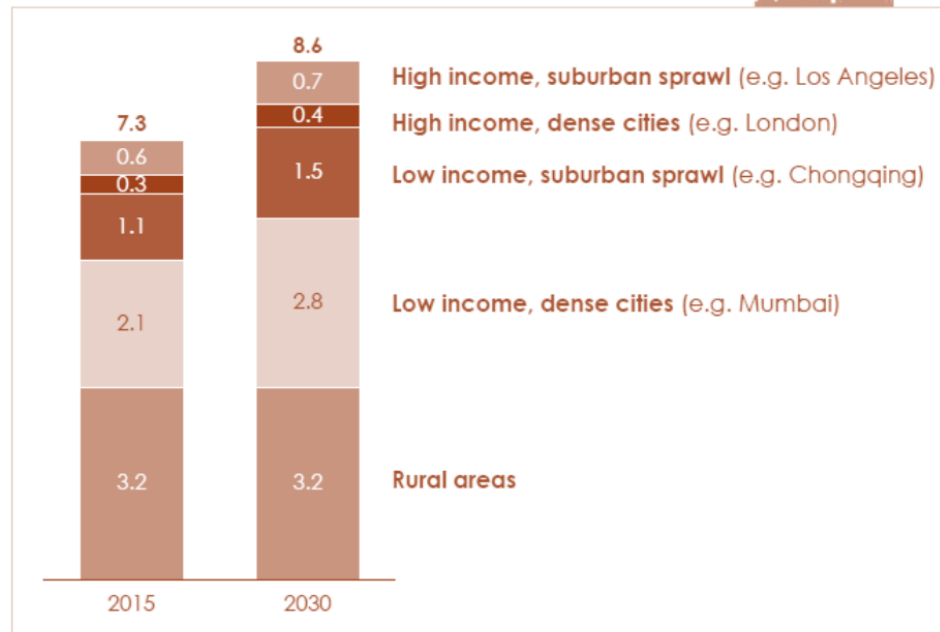
Advanced Consensus Projection 2025-2030

i) 1% YoY Growth in overall industry volumes 2025-2030

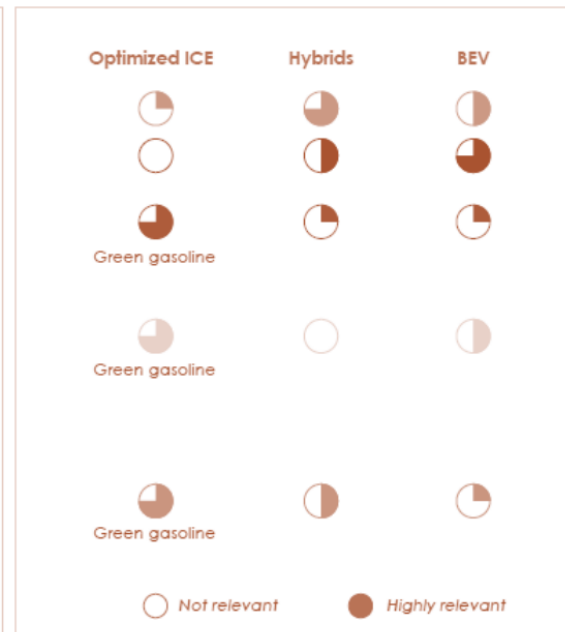
ii) Production Share of Technologies by 2030 of ICE 50%, HEV 24%, EV 21%, Fuel Cell 5%. (Based on Consensus Average of External Industry Expert Forecasts for EV adoption, Updated August 2018)

Different powertrains will co-exist with different urbanization patterns

Global population by city archetype (billion)

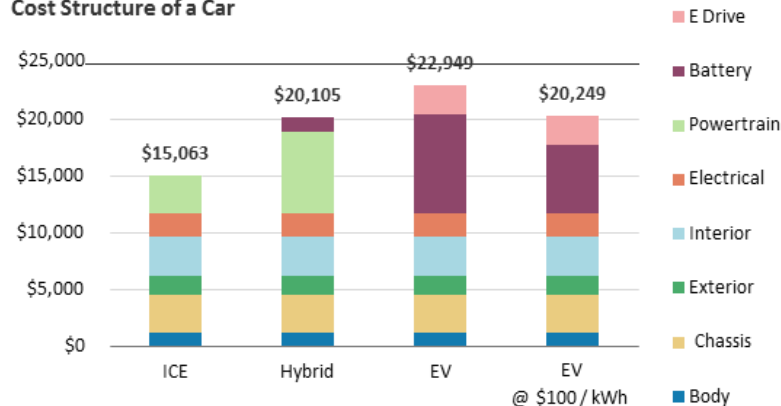


Relevance of powertrain type



The Cost Structure of a Car Is Increasing from ICE to Hybrid to EV

Cost Structure of a Car

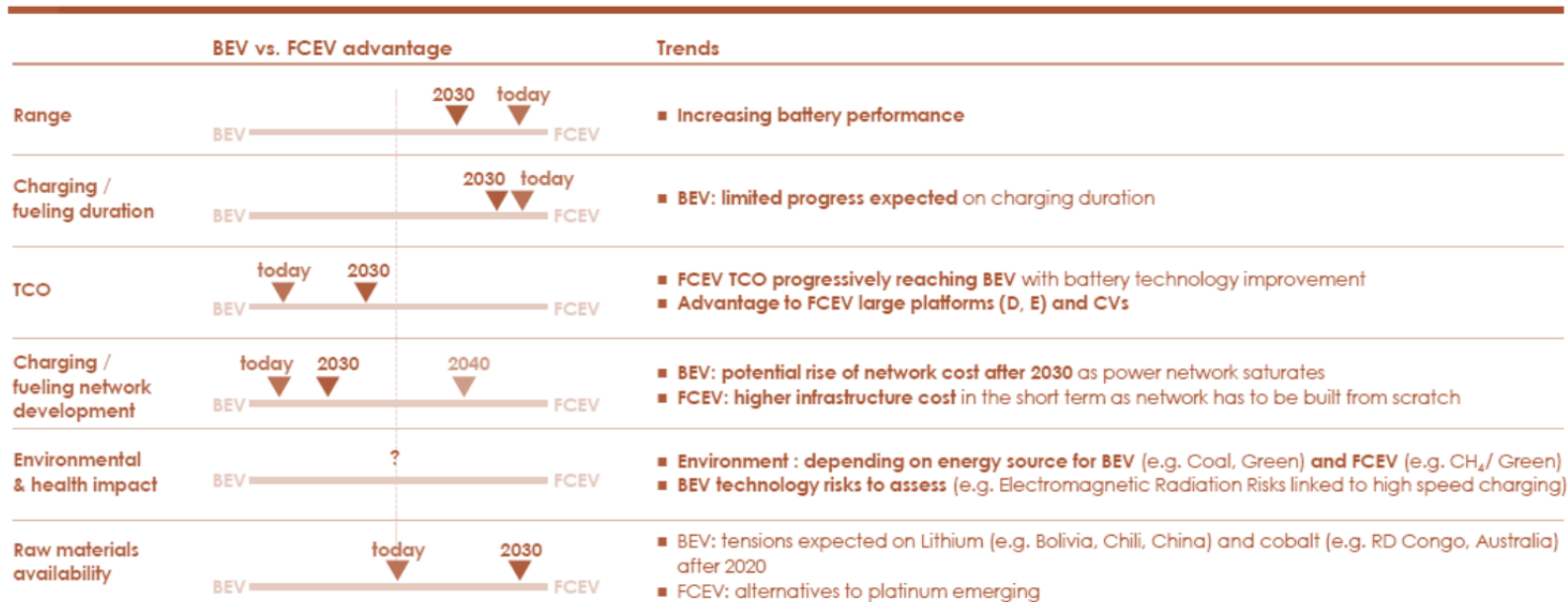


Source: Company Data, McKinsey, ICCT, Morgan Stanley Research. \$30,500 Average Selling Price (Fiat Chrysler, Ford, and General Motors in North America in 2017) - \$15,000 Cost to Manufacture (\$13,400 in 2010 Adjusted for Inflation in 2017) - \$10,500 Cost of Labor (9% EBIT Margin at Fiat Chrysler, Ford, and General Motors) - \$2,000 SG&A (7% of Revenue at Fiat Chrysler, Ford, and General Motors). For Cost to Manufacture, 8% Body + 22% Chassis + 11% Exterior + 23% Interior + 14% Electrical + 22% Powertrain. For Hybrid, assume EBIT Margin between ICE and EV (additional costs for Powertrain and Battery). For EV, 60 kWh Battery for Chevrolet Bolt EV x \$145 / kWh at General Motors + \$2,500 for E Drive (American Axle).

- Major hurdle to BEV is cost (and weight) of battery pack
- No roadmap with current battery technology to close the gap to cost of ICE
- Value of E-Drive >70% of value of ICE powertrain



Fuel cell should progressively develop with a speed-up from 2030



FCEV considered relevant in the long term for vehicles requiring higher horse power and autonomy
Several OEMs communicated on FCEV launches by 2025 (Toyota, HKMC, Honda, Daimler, GM, BMW)

Internal Combustion Engine (ICE)



- Focus on Light Weighting, Fuel Efficiency, Emissions Reduction solutions which offer a unique value to customers.
- Leverage global footprint, vertically integrated capabilities and manufacturing reputation to benefit from increased OEM Powertrain Outsourcing.

Hybrid Vehicle (HEV)



- Continue to increase Content Per Vehicle on Hybrid Electrics as it will be an important bridging technology to pure Battery Electric
- Offer solutions focused on increased power density, Noise Vibration Harshness (NVH), light weighting.

Electric Vehicle (BEV) & Fuel Cell EV (FCEV)

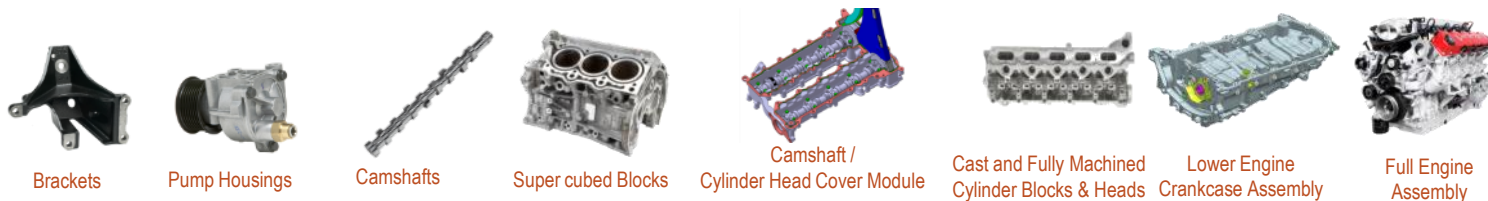


- Strong organizational focus on integrated eAxle technology solutions
- Provide Light Weight Aluminum and Magnesium Body & Structural Castings
- Look to augment eAxle offerings for Fuel Cell Vehicle (FCV) applications, which could play a key future role in market

Linamar objective is to pursue content in all Propulsion categories in order to be well positioned for multiple technology adoption scenarios.

	1990s	2000s	2010s	2020s	2030s
Content Potential / Vehicle	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Outsourced %	15%	20%	32%	51%	75%
Addressable Content Potential / Vehicle	\$600	\$800	\$1,280	\$2,040	\$3,000

Engine



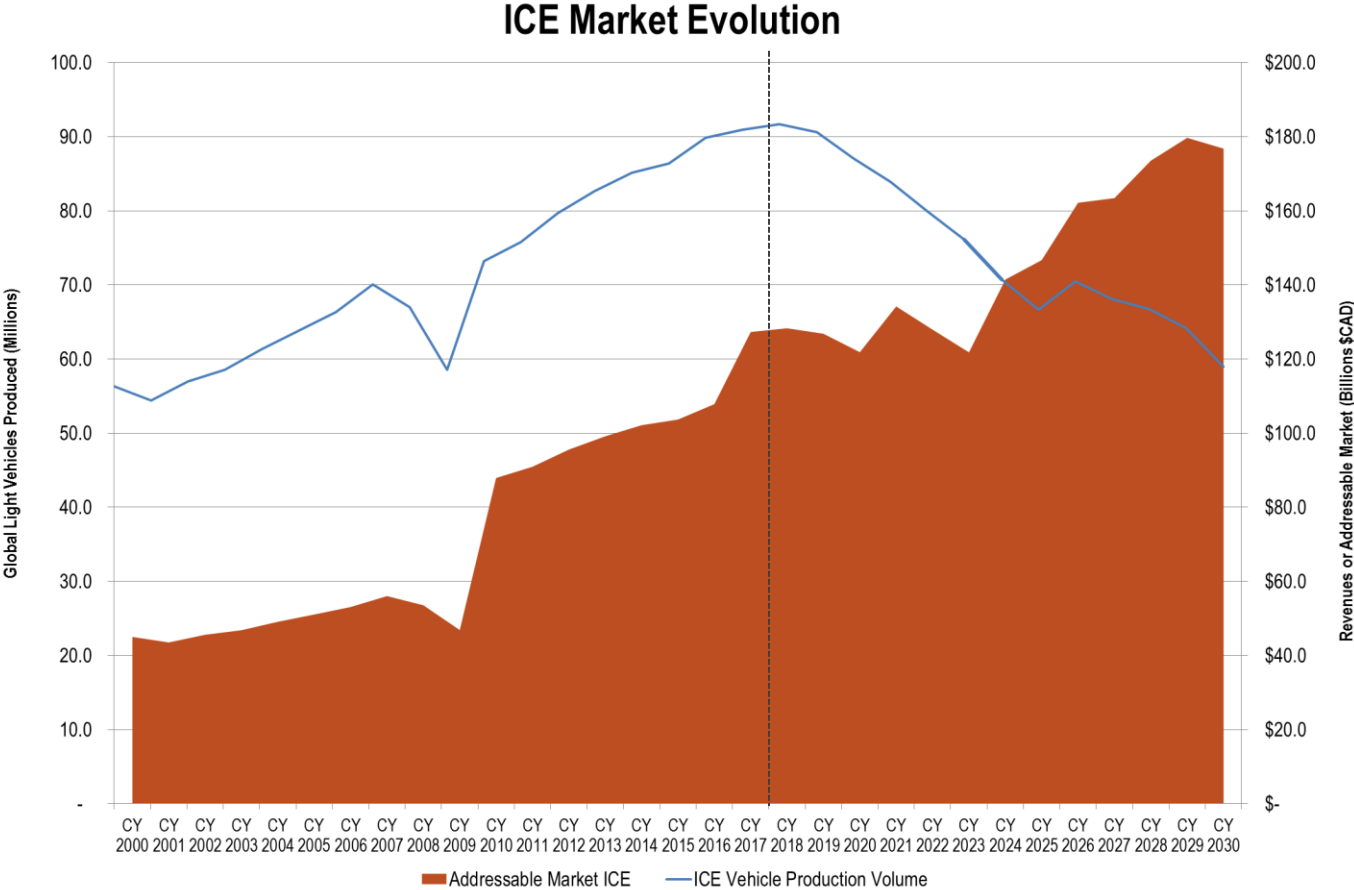
Transmission



Driveline



Structural & Chassis



Hybrid: Product Solutions



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Engine



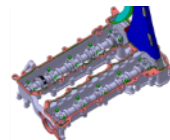
Camshafts



Super cubed
Cylinder Blocks



Turbo Charger
Assemblies



Camshaft / Cylinder
Head Cover Module



Cast and Fully Machined
Cylinder Blocks & Heads



Lower Engine
Crankcase Assembly



Full Engine
Assembly

Transmission



Differential Case
Assemblies



Complete
Gear Sets



Fully Machined
Transmission Case



Complete Niche
Transmission Assembly

E-Axle & Driveline Systems



E-Assist Micro
Hybrid



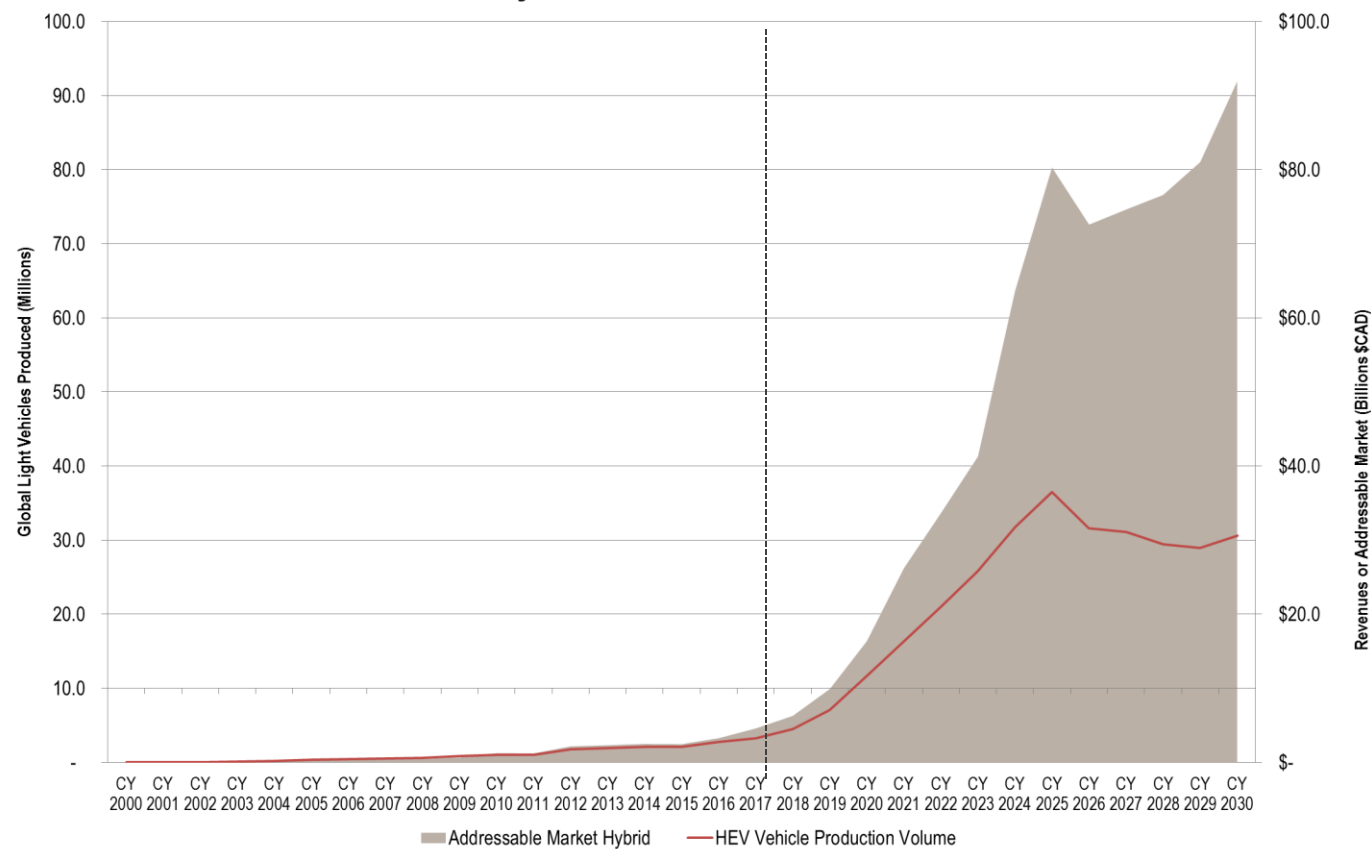
Single Motor e-Axle



Twin Clutch RDU
with Disconnect

Structural/Chassis and EV Motor/Battery Modules

Hybrid Market Evolution



BEV/FCEV: Product Solutions



	1990s	2000s	2010s	2020s	2030s
Content Potential / Vehicle	\$N/A	\$N/A	\$2,000	\$2,000	\$2,000
Outsourced %	N/A	N/A	32%	51%	75%
Addressable Content Potential / Vehicle	\$N/A	\$N/A	\$640	\$1,020	\$1,500

E-Axle & Driveline Systems



Dual Motor e-Axle



Single Motor e-Axle



Commercial Vehicle
Solid Axle e-Power Unit



Multi-Speed
e-Gearboxes

Structural & Chassis



Shock Towers



IP Beam Structure



Cast Chassis
Components



Centre Console



Pillars, Side & Cross
Members, Door Frames,
Structural Assemblies

EV Motor & Battery Modules, Tank Systems



Battery Tray Housings

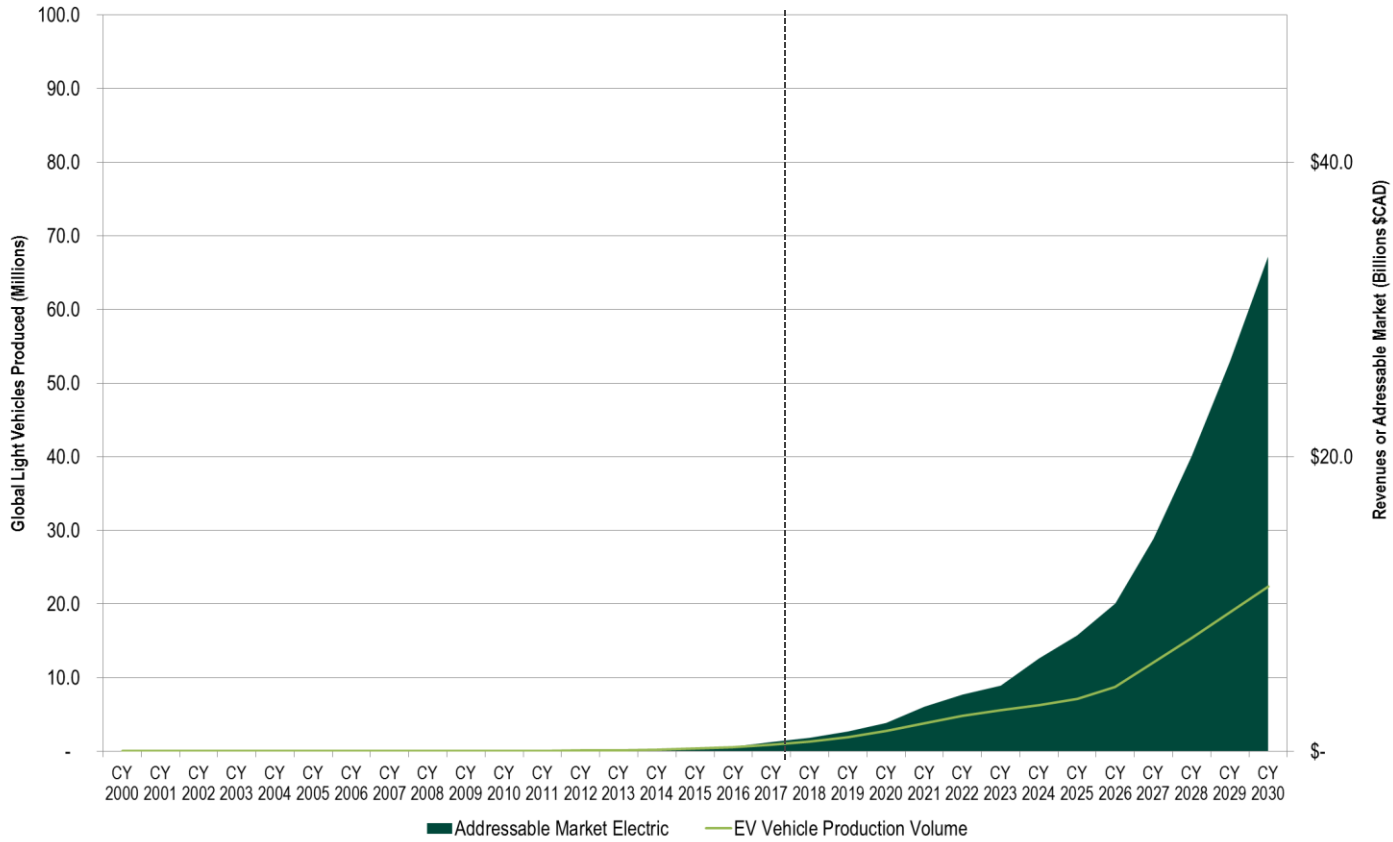


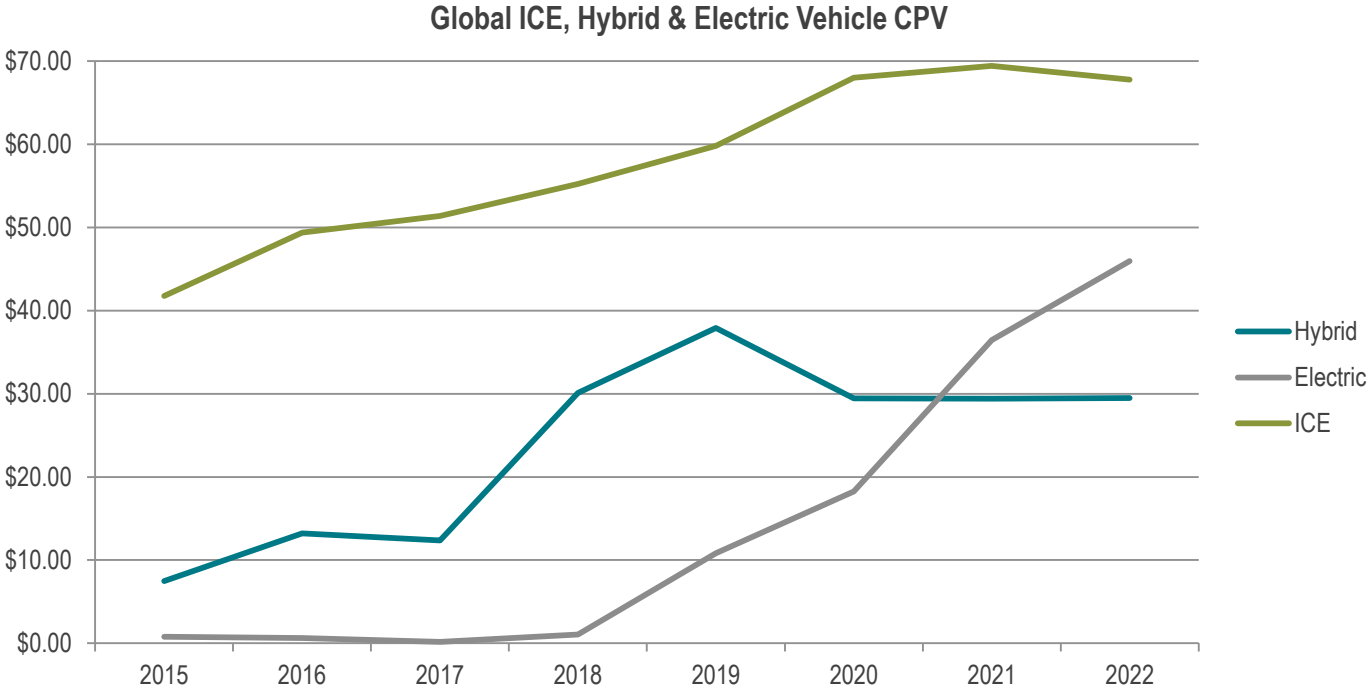
Electric Motor Housings



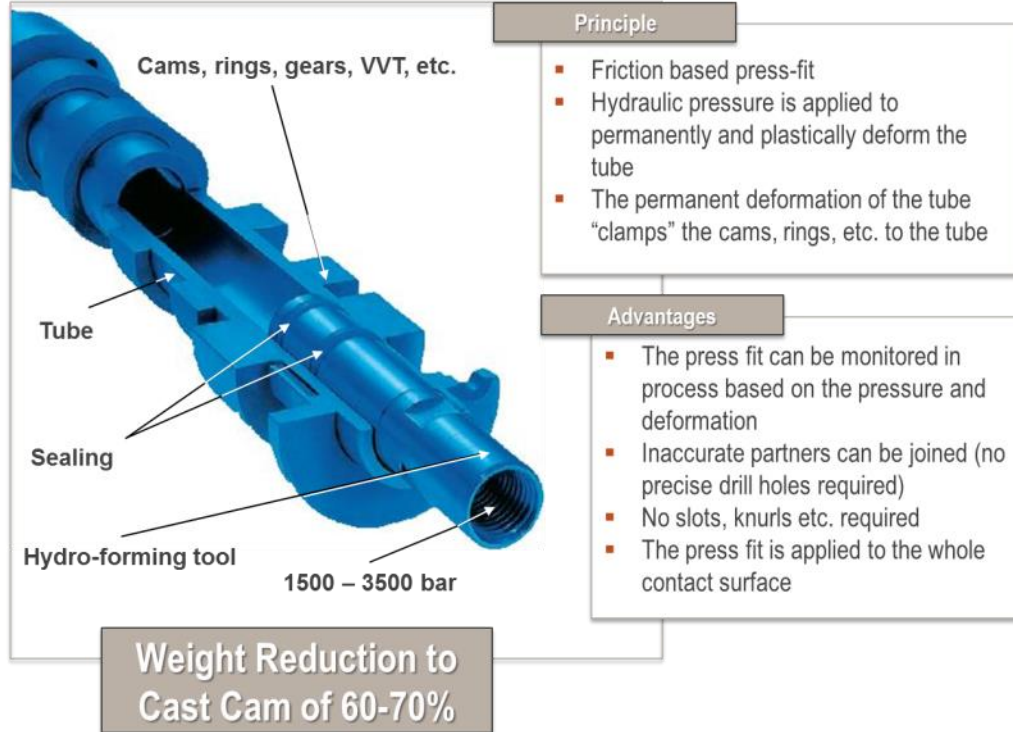
Hydrogen Storage Tank

Electric Market Evolution



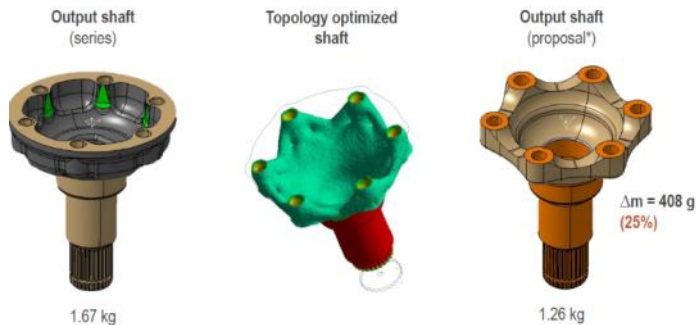


Dramatic Lightweighting with Hydroformed Camshafts

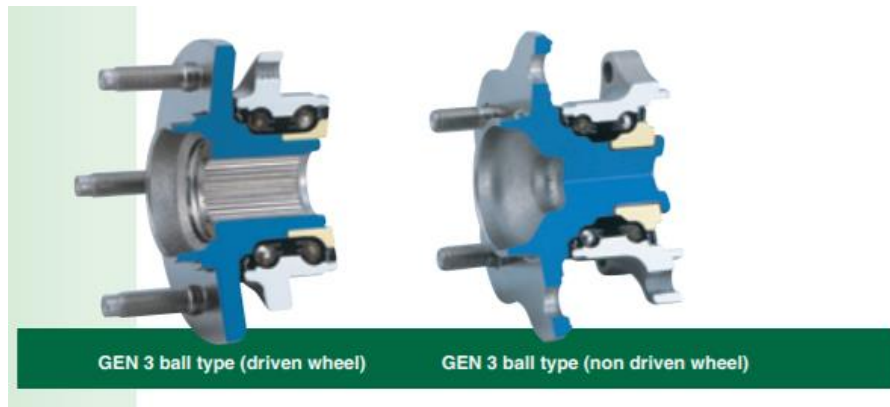


Forgings: Lightweight Components Implemented

Minimizing material use through better designs – up to 40% reduction in weight



Future Wheel Hub Evolution – Integration & Connection



R&D EXCELLENCE

Casting & Metallurgy
Metallurgic laboratory
Process Simulation
Sand and Coring
Imaging and Control
Virtual Reality

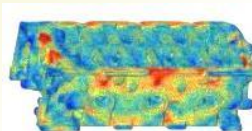
Material Engineering

Thermo-physical Simulations

Inorganic Coring

ICME

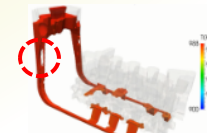
Integrated Computational
Materials Engineering



Residual stress during
water quenching ▲

New Product & Process Simulation

Casting & Core shooting simulation Defect Prediction



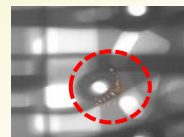
Examples of misrun and air entrapment detections ▲

Process Support

Sand & Metal Control

Vision Systems

Tomography

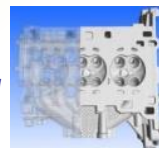


▲ X-Ray Automatic
defects recognition



◀ X Ray
Tomography

CT Scanned
part vs. 3D
model ▶



New Technologies

Additive manufacturing



3D-Printed
Sand Package

Virtual training

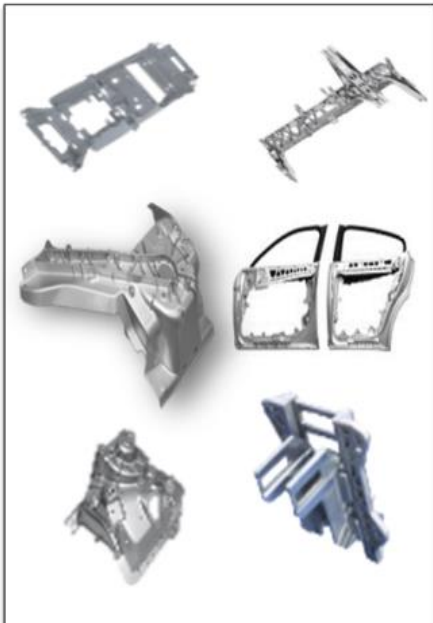


3D interactive virtual environment ▲

Replace Steel Stampings with Structural Aluminum Castings for Massive Weight Savings

Weight Reduction

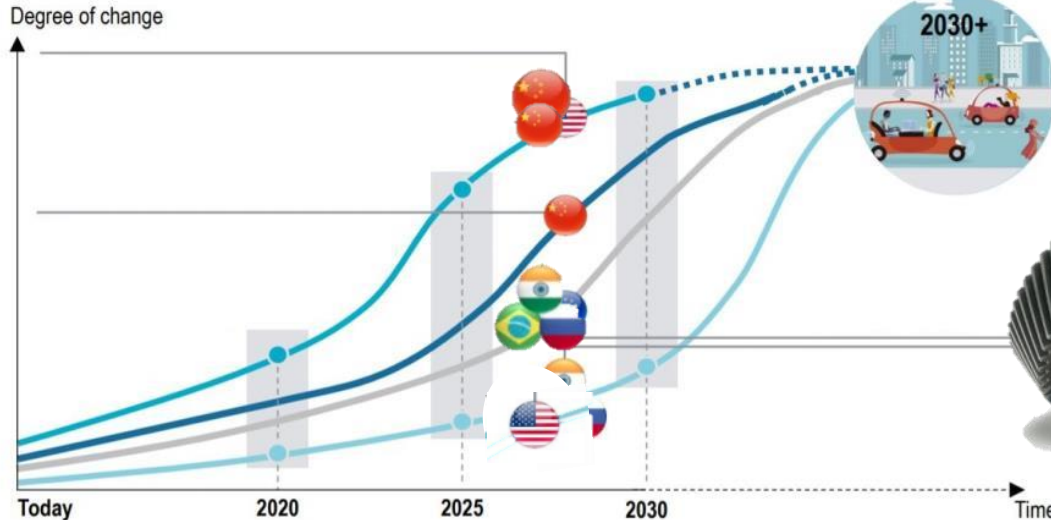
Shock Tower in Cast Aluminum compared to steel sheet assembly up to 45% less weight



Structural Aluminum Castings

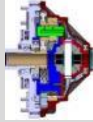


- As the automotive landscape is rapidly changing, Linamar positions itself to adapt and grow with it
- Through innovative thinking and collaboration, we are leveraging our current technologies and skills to help customers bring advanced vehicles to production



- Reduced HV Cables
- Reduced Coolant Lines
- Reduced Vehicle Interfaces
- Improved Safety
- Superior Power Density
- Lower Overall Cost

Gearbox



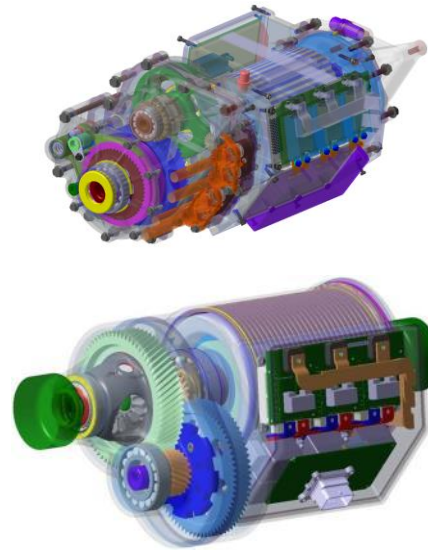
Motor



Power
Electronics



Fully Integrated eAxle System





Micro Launch Assist E-Axle

- 15 to 30 kW
- Differential (open / limited slip)
- Integrated Disconnect Feature
- Integrated Power Electronics
- Available with single speed gearbox

Single Motor E-Axle

- 40 to 110 kW
- Differential (open / limited slip)
- Integrated Disconnect Feature
- Integrated Power Electronics
- Available with single or multi-speed gearbox

Dual Motor E-Axle

- 70 to 220 kW
- Torque Vectoring
- Integrated Disconnect Feature
- Integrated Power Electronics
- Available with single or multi-speed gearbox

Dual Motor Commercial Truck 2 Speed

- 160 to 320 kW
- Torque Vectoring
- Integrated Clutch Feature
- Integrated Power Electronics
- Beam Axle Cradle

2+ Multi Speed Gearbox

- 2-Speed gearbox
- Differential (open / limited slip)
- Electric Dog Clutch Disconnect with Synchronizer
- Parallel Gear Architecture

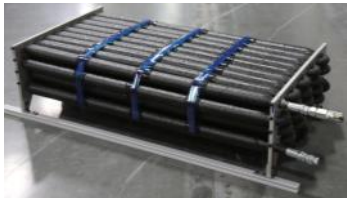
Volute Hydrogen Storage Tank – Manufacturing Partnership LINAMAR



A technology start-up partnership for Carbon Fiber Hydrogen Fuel Cell Vehicle storage tank solutions.

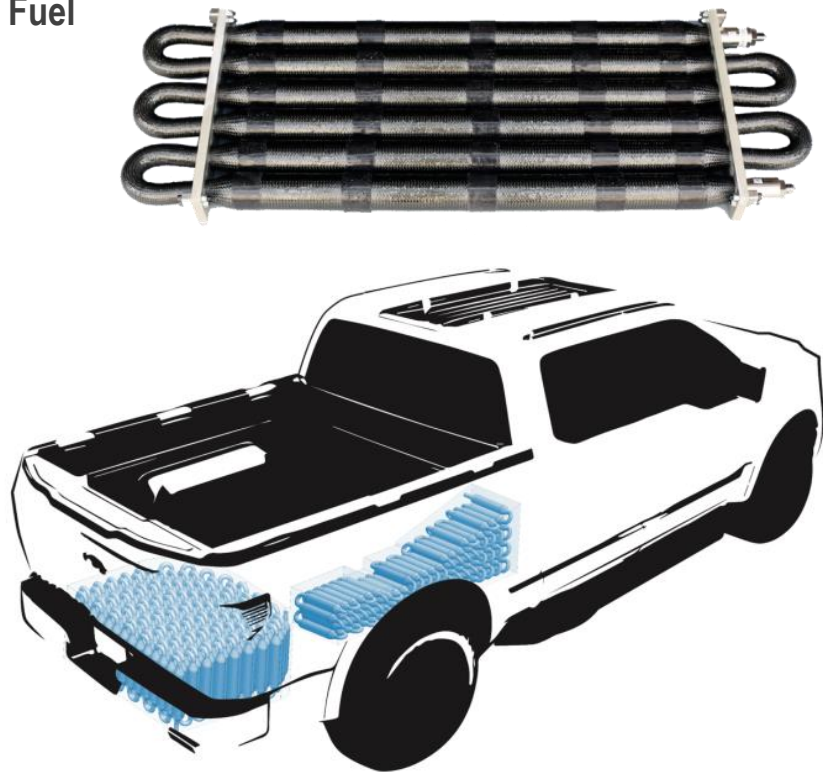
Next Generation Hydrogen Storage Tank

- Low profile continuous tank shape
- Lower-cost system
- Seamless design
- Continuous manufacturing
- Industry standard materials



Standard Design Vs. Volute Tanks

- 25% more space efficient than standard cylinders
- Smaller profile means tank can fit more efficiently in vehicle in a variety of spaces
- More surface area (more chambers) makes thermal management easier -- precooling requirement reduced or eliminated and faster fill
- Less carbon fiber usage



Q2 2017 New Business Win: Rear Drive Unit

Axle System

- New business win in Q3 for a Commercial Truck application
- Rear differential axle unit
- 30,000 annual volume
- Utilizes disconnecting technology to disengage the torque input to the secondary axle when the power is not required, reducing parasitic losses and improving fuel economy



Class 8 Tandem Axle Application

A new business win in Q2 of 2017 that highlights the advanced engineering capabilities within Linamar's Driveline product group.

V2X Connected Car Technology for Smart AWD Capability

- Vehicle-to-vehicle communication (V2V or V2X COM) is a technology where vehicles, within certain proximity can communicate to each other over DSRC (Dedicated Short Range Communication) wireless networks. The V2V COM will be an important technology in autonomous vehicle (AV) execution by delivering information to vehicles in a near field for keeping appropriate distances while braking, accelerating, lane change, etc.
- Similar communication signals can be sent for the following events
 - Actual Yaw rate exceeding theoretical yaw rate
 - Sudden steer angle input
 - Windshield wiper activation
 - AWD connection or lock
 - Sudden braking or ABS event
 - Grade detection (throttle position vs engine load)
 - Rough road detection (accelerometer)

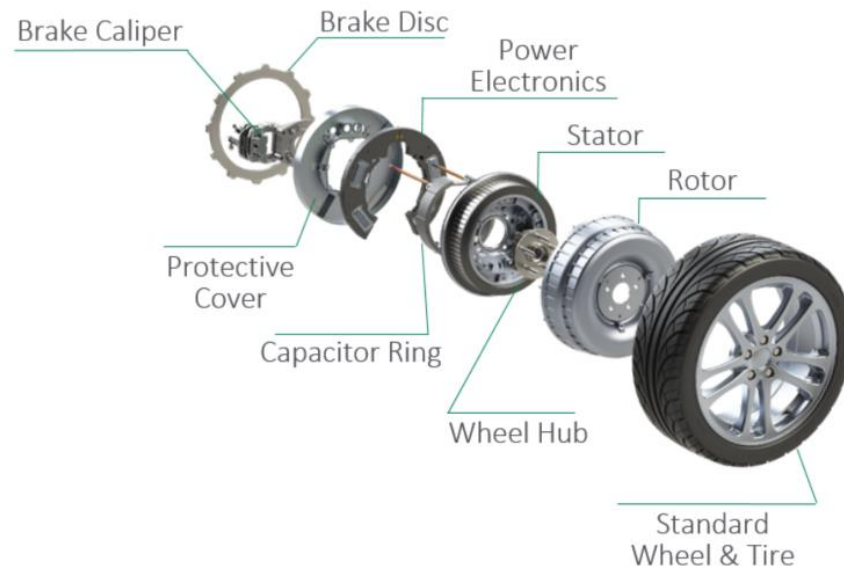


Asphalt

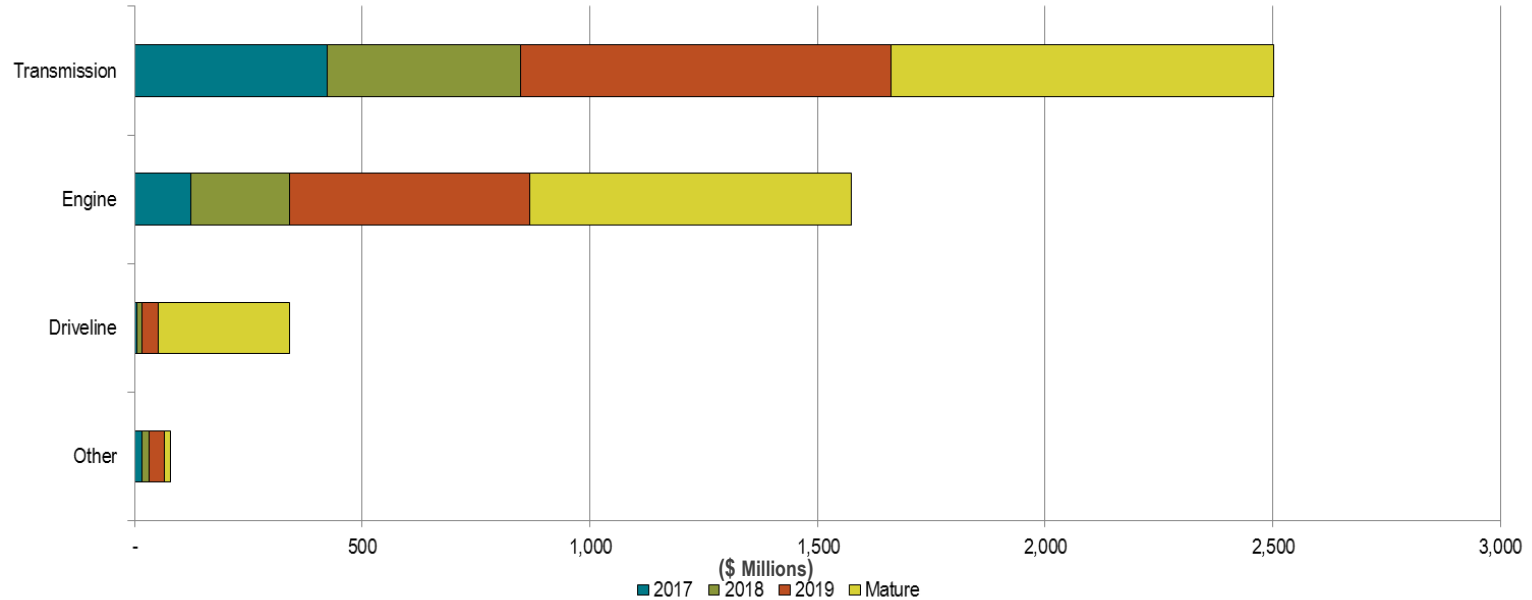
Ice



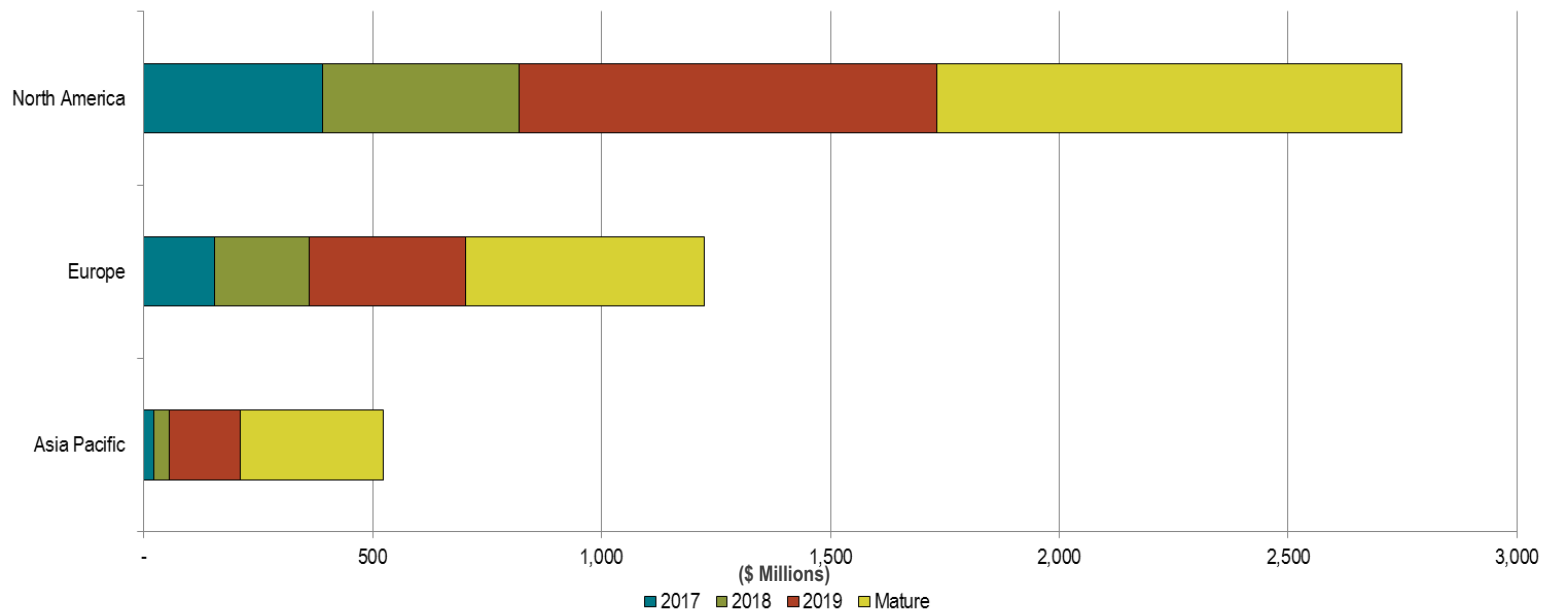
Kwok-Yin Chan
CEO, Protean



Launching nearly \$4.5 billion of new work today

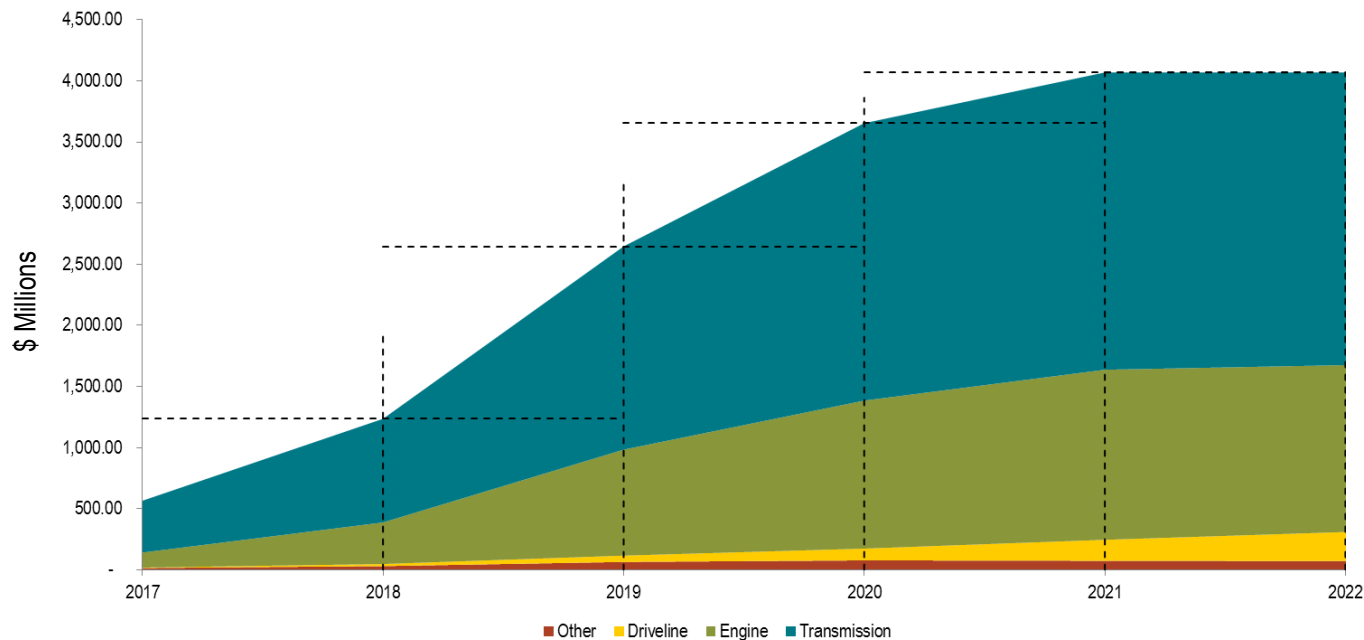


Launching nearly \$4.5 billion of new work today



Launch Review

Q2 2018



Sales from Launch add:

\$700 to \$800 Million in 2018
\$1.2 Billion to \$1.3 Billion in 2019

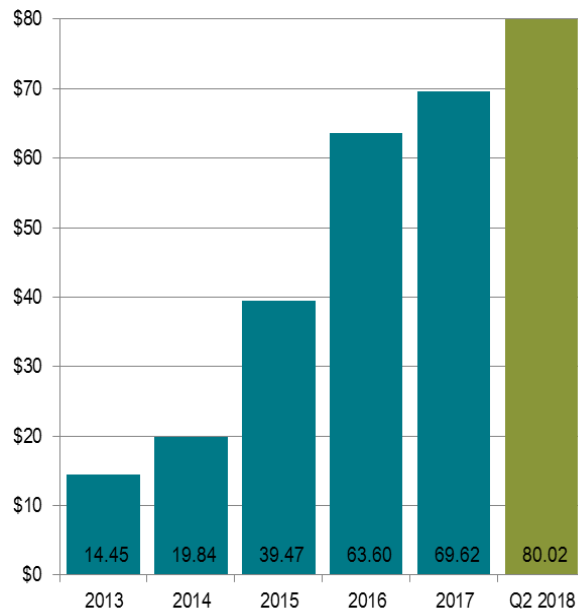
Content per Vehicle

2013 – 2018

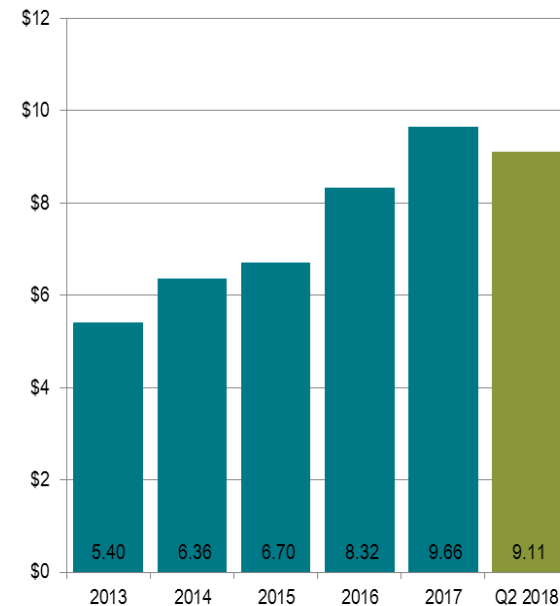
North America



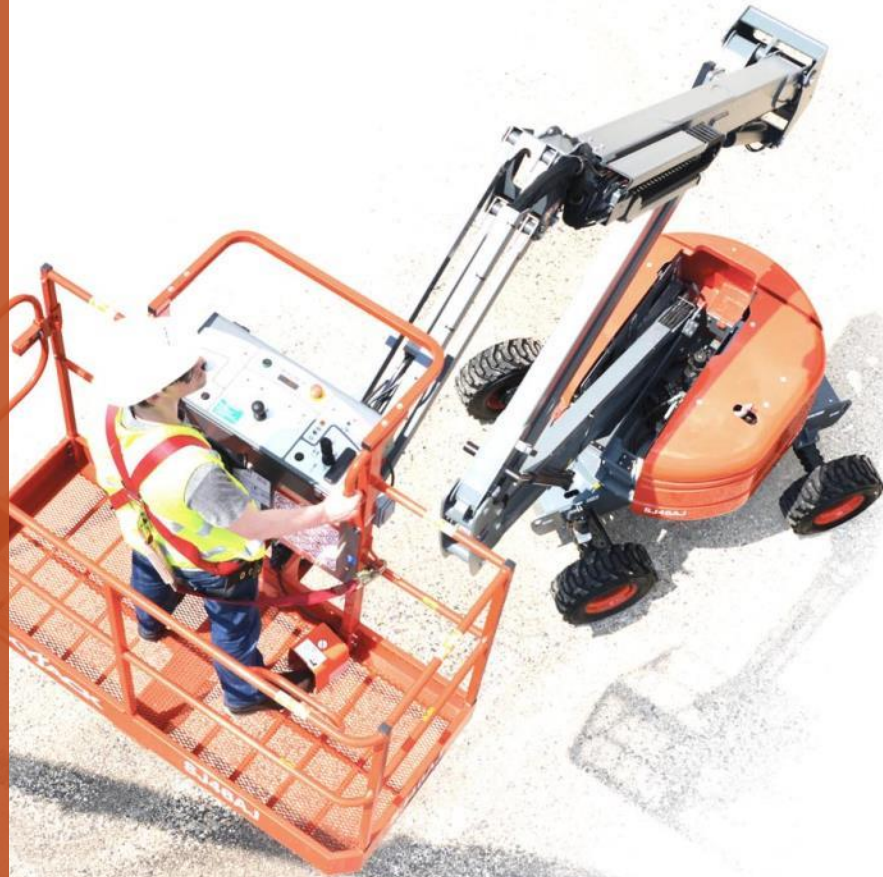
Europe

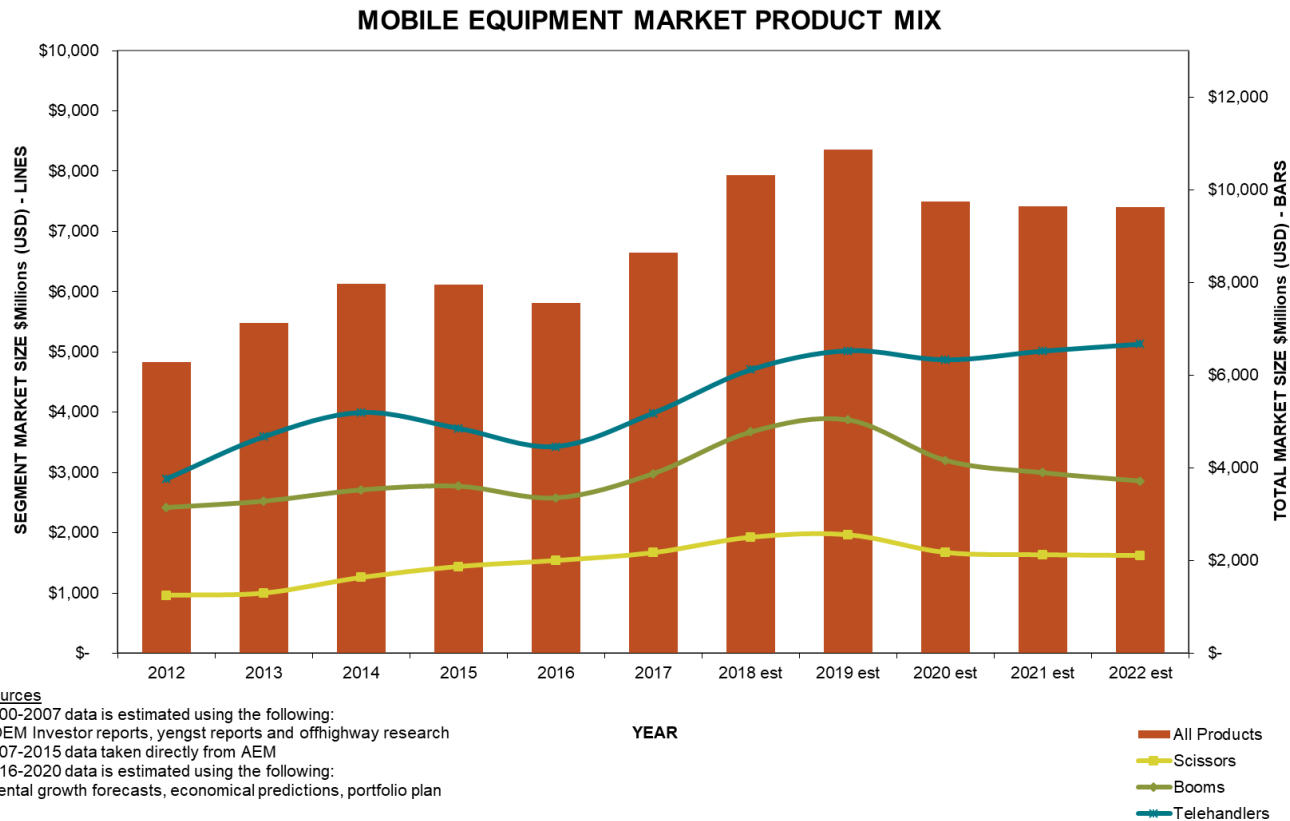


Asia Pacific

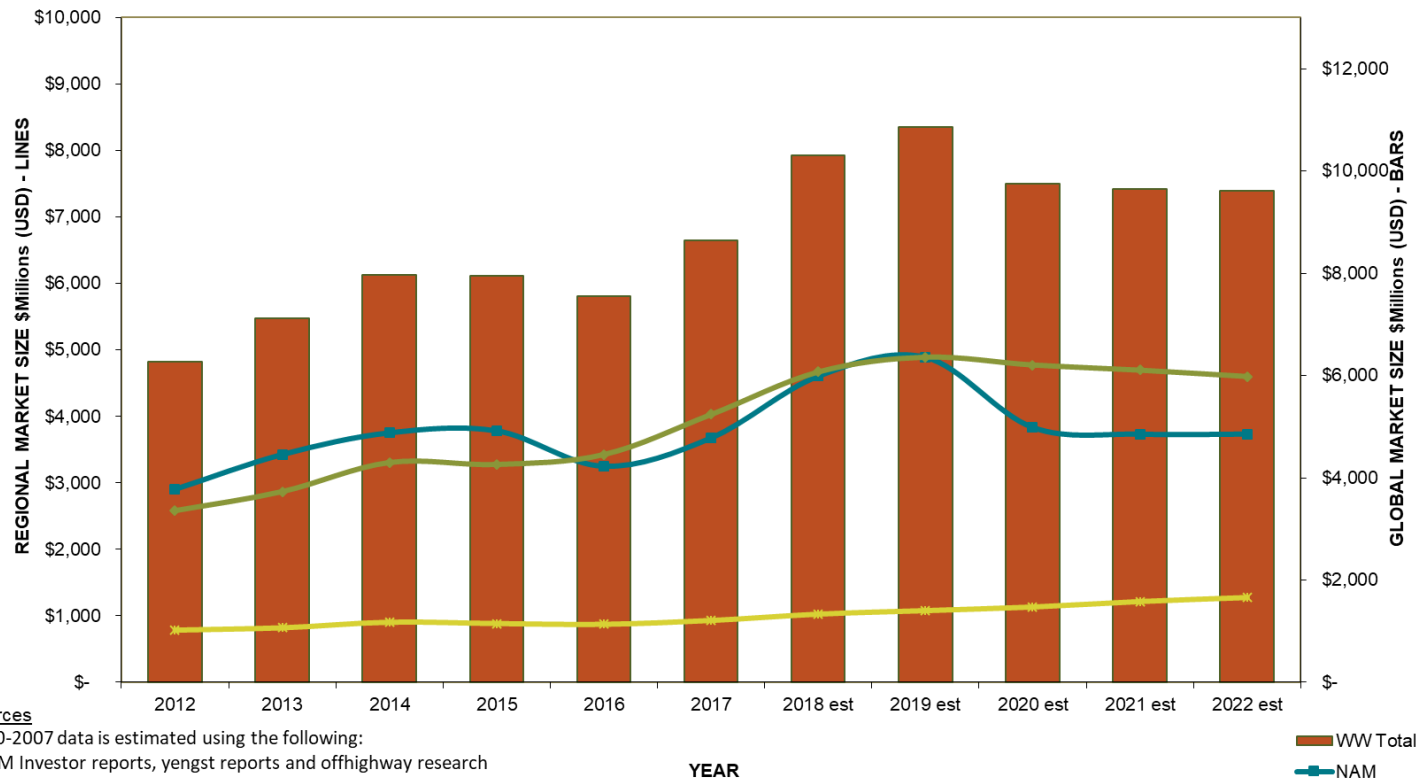


Infrastructure





MOBILE EQUIPMENT MARKET GEOGRAPHIC MIX



Sources

2000-2007 data is estimated using the following:

- OEM Investor reports, yengst reports and offhighway research

2007-2015 data taken directly from AEM

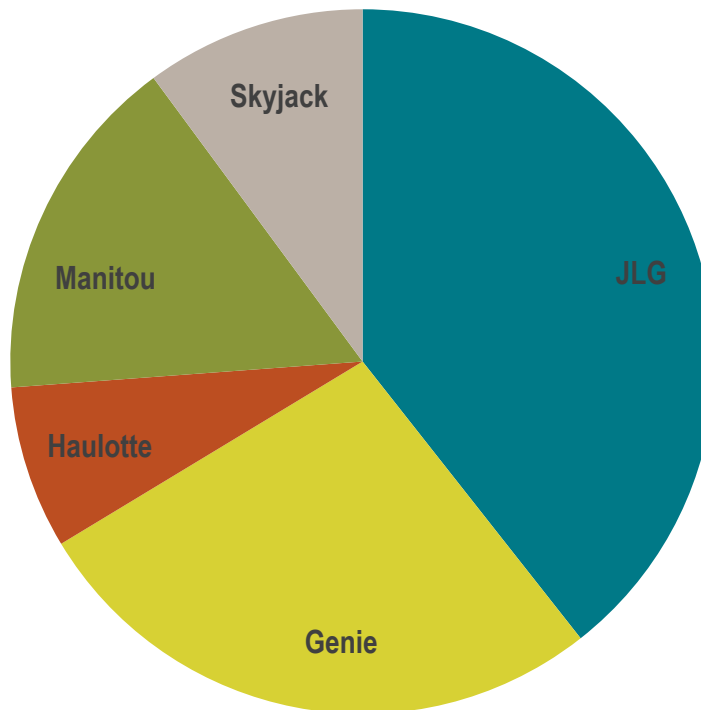
2016-2020 data is estimated using the following:

-Rental growth forecasts, economical predictions, portfolio plan



**Massive Market
Opportunity in Access**

2017 Global Market of \$7.6B USD



Overview

- Maintain and Defend Scissor Share....
 - 98% market product range coverage by product type by 2020
- Grow Boom Products...
 - 95% market product range coverage by product type by 2020
- Competitive Telehandler Offering...
 - 94% market product range coverage in NA by 2019



Food/Agriculture



MacDon – Company Snapshot & Acquisition Highlights



Founded

- 1949

Headquarters

- Winnipeg, Manitoba, Canada

Geographic Footprint

- Sells to over 40 Countries
- Offices in Canada, U.S., Brazil, Russia, Germany and Australia

Dealer & Distribution Network

- ~1,200 in North America
- Longstanding OEM relationships
- 200+ Internationally
- International distribution network

Employees & Leadership Team

- 1,400 employees and management team with 100+ years of cumulative experience at MacDon

Key Products

- Rigid and Flexible Draper Headers and Self-Propelled Windrowers

Facilities

- ~1 million square feet total
- 11 owned and 6 leased, all manufacturing in Winnipeg

Historical Financials

- Over the past 5 years MacDon has experienced:
 - Sales of C\$550 to C\$650 million
 - Strong earnings
 - LTM Sales of ~\$600 million

ACQUISITION HIGHLIGHTS

- \$1.18 billion transaction value
- Fully committed financing
- Immediately accretive
- Closing Q1 2018



Acquisition Well Aligned with Linamar's Strategy



Enhances Position as a Global Diversified Manufacturer

- Agriculture/Food is a key long term growth market globally given the growing & developing global population
- Linamar has a long history in the agriculture market
- Further diversifies Linamar beyond traditional automotive powertrain / driveline manufacturing

Diversification



MacDon is an Innovative Market Leader

- **Industry Leading Businesses and Market Share** -- #1 market share in its key products
- **Track Record of Technology and Innovation Leadership**
 - Technology supported by over 100 unique patents with an additional 30+ unique patents pending globally, and a permanent technology-focused staff of 110
- Significant opportunity to leverage these strengths with Linamar's global manufacturing expertise in LEAN principles through employee engagement

Innovation



Significant Growth Potential and Upside Opportunities

- **Agricultural Market in Early Stages of Cyclical Recovery**
- Large untapped addressable global market opportunity
- Synergies with global distribution networks

Growth



Financially Attractive Deal

- Strong, well-managed company with excellent financial performance and outlook
- Fair price
- Immediately accretive to earnings and cash flow even before synergies
 - High single digit accretion to Linamar's expected 2018 and 2019 EPS and cash flow
- Maintaining strong balance sheet with rapid deleveraging post-transaction

Attractive Deal

Attractive, well aligned strategic acquisition

MacDon – Product Portfolio



Product

Description

Draper Headers

- Attached to a self-propelled windrower or combine
- Used to cut and process crops through combine feeder house or left in field for further curing
- Predominantly used for harvesting soybeans, wheat, canola, rice, oats, dry edible beans and flax seed



Self-Propelled Windrowers

- Self-propelled harvesting machinery used with a header to cut and lay crop in the field
- Popular in hay and forage, cereal grains, canola, and regions where growing seasons are short and crops are harvested while damp



Aftermarket Parts

- Primarily maintenance and replacement parts for the Company's large installed base
- Bolstered by acquisition of Westward Parts in 2012



Pick-Ups

- Attached to front of a combine
- Used to pick-up crop that has previously been "windrowed"
- MacDon pick-ups renowned for functionality and durability
- PW8 fits multi brands with face plate (increases resale value)



Hay Products

- Includes: Auger Headers and Rotary Disc Headers for Self-Propelled Windrowers, and two types of Pull-Type Mower Conditioners



Mower Conditioner



Rotary Disc Header

MacDon' Industry Leading Business and Market Share



Strong Market Position in Key Product Categories



Combine
FlexDraper®
Headers

Rigid
Draper
Headers

Self-Propelled
Windrowers
(mid-horsepower)

North American Estimated Market Position

#1

#1

#1

Strong Brand Recognition and Farmer Loyalty

- Drives Powerful Customer “Pull” Dynamic

- 69 year history working hand-in-hand with farmers and dealers
- Deep understanding of farmers’ needs

- Superior reputation among farmers for specialized harvesting equipment

- Farmers know and value the quality, durability and reliability of MacDon products
- MacDon equipment considered “best-in-class”

- Over 1500 touch points globally with dealers and distributors
- Ongoing, active dialogue with dealers through a variety of shows and programs

MacDon®









- Regularly participate in industry events, conferences and equipment shows, globally



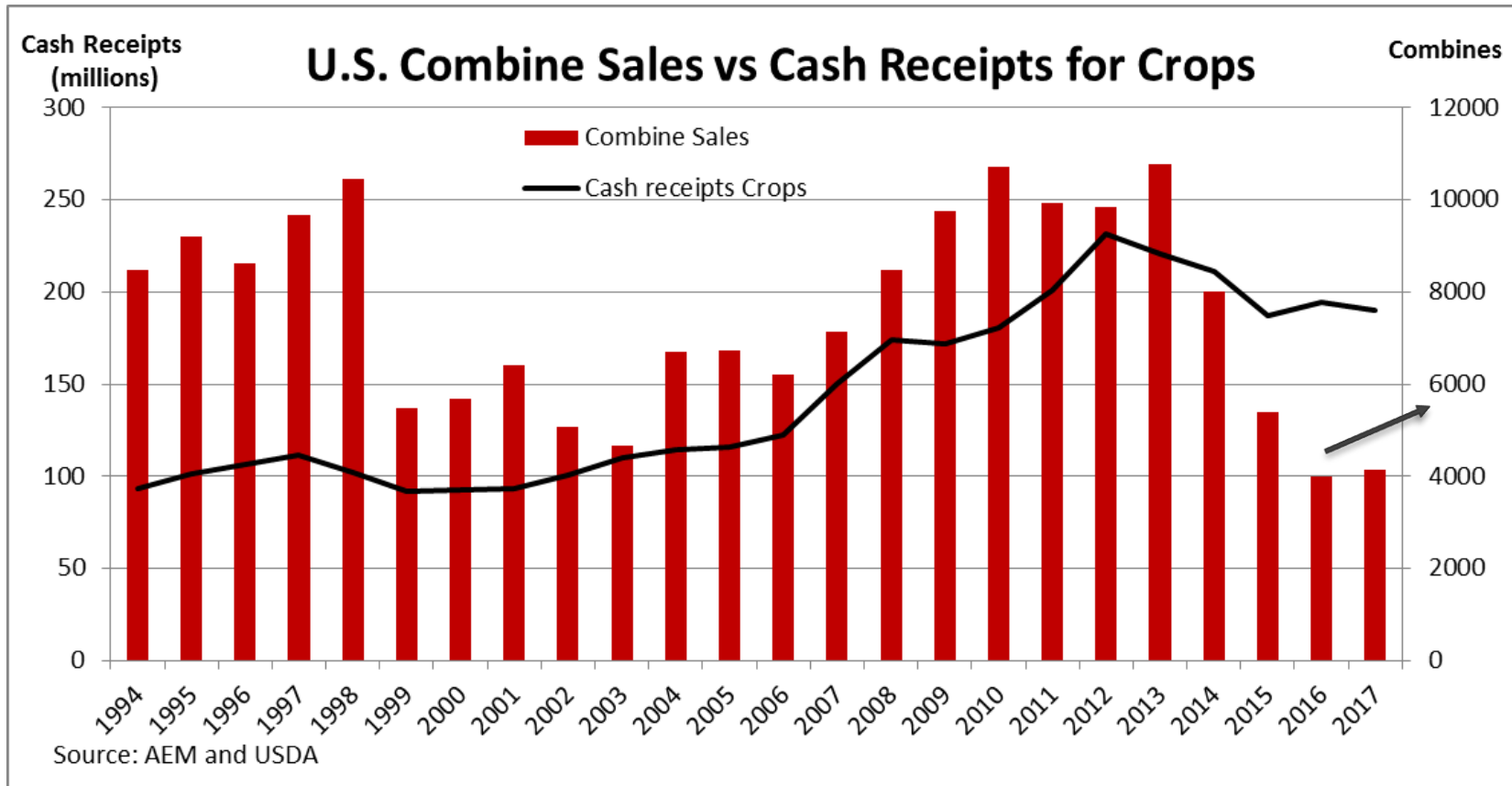
Results in a Strong “Pull” Dynamic – Farmers Demand MacDon Products from Dealers

Complementary Product Lines

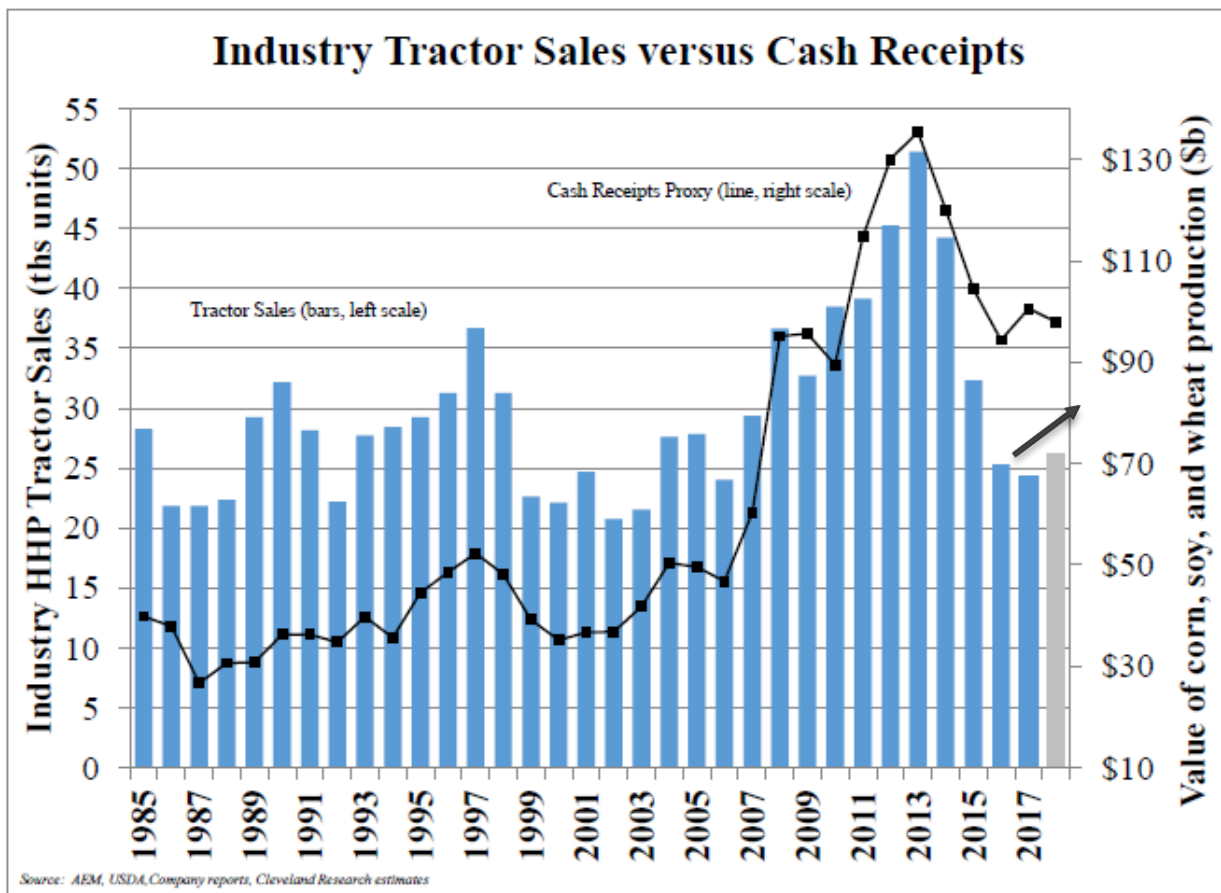
	Grain Harvesting				Hay Harvesting
	Corn Headers	Sunflower Headers	Draper Headers / Grain Tables	Pick Up Heads	Rotary Mower Headers
					
OROS 	✓	✓	✗	✗	✗
MacDon	✗	✗	✓	✓	✓

Combined business covers a wide crop range of Header Harvesting product lines

Equipment Sales vs Cash Receipts



Equipment Sales vs Cash Receipts



Agriculture Strategic Road Map



- Technology supported by over 100 unique patents with an additional 30+ unique patents pending globally, and a permanent technology-focused staff of 110

FlexDrapers® & Rigid Drapers



- Higher cutting speeds
- Structural changes to improve manufacturability, maintainability, durability, and reliability
- Improved cutterbar visibility
- Reduced seed loss
- Higher capacity (improved efficiency)

Self-Propelled Windrowers



- Industry leading road speeds
- Improved crop flow and windrow formation
- Improved lift and float of headers
- Structural changes to improve manufacturability, maintainability, availability, and reliability
- Improved operator comfort and interface

Hay Products



- Market leading transport system
- Broader range of conditioning options
- Structural changes to improve manufacturability, maintainability, durability, and reliability
- Improved crop flow and windrow formation
- Improved performance in challenging conditions

Continuously Setting the Standard in Specialized Harvesting Technology

Water, Power and Age



- New markets we are trying to gain more knowledge around
- Established Advisory Councils to help us understand markets and develop strategies for entry
 - Water, Food, and Age Management Segments
 - Each council contains a diverse mix of outside experts (top management, academics, consultants, etc.) and Linamar leadership
 - Specific agenda items utilize each member's expertise and creativity tying to something we can pursue as a business case

Water

Linamar	Outside
CEO	University Experts
CTO	Segment Consultants
Engineering Expert	Private Equity focused on Segment
Corporate Development	Top Managers in Segment

Age Management

Linamar	Outside
CEO	University Experts
COO	Segment Consultants
CTO	Private Equity focused on Segment
Business & Corporate Development	Top Managers in Segment

Food

Linamar	Outside
CEO	University Experts
CTO	Segment Consultants
Business & Corporate Development	Private Equity focused on Segment
	Top Managers in Segment

A technology company partnership for built-in suspension wheel systems, developing the most energy-efficient and shock-absorbing wheel system in the world.

SOFTWHEEL

In-Wheel Suspension System

- Patented energy-efficient, shock-absorbing wheel design with built-in suspension
- Suspension arms inside rim designed to absorb energy from obstacles
- Includes wheelchairs, bicycle, and automotive applications
- Linamar manufacturer for mass production
- Supply Agreement complete for wheelchair & bicycles

Benefits

- Significantly improved ride comfort & road safety from bumps & potholes
- Improved efficiency compared to frame suspensions
- Enabler to reduce significant maintenance costs
- Enables use of solid polymer tires in lieu of pneumatic tires
- Eliminates flats tires and reduces rim damage (reduces +70% of maintenance)
- Designed to fit with no modifications required to bikes & wheelchairs



1. In-wheel Suspension

SoftWheel's 3 suspension arms are built inside the wheel rim, equidistant around a central hub.



2. Adaptive Rigidity

Our smart suspension technology keeps the arms rigid on flat terrain but when encountering obstacles, they compress to absorb the shock.

3. Rapid Shock-Reset

After impact, the 3 suspension arms reset quickly, absorbing almost all of the shock immediately.

4. 360 degree Suspension

The unique structure of the suspension mechanism enables to absorb shocks from every direction.

**Changing the life of wheelchair riders:
Freedom and reduced back pains**



**Less maintenance and better riding
experience for bikes**

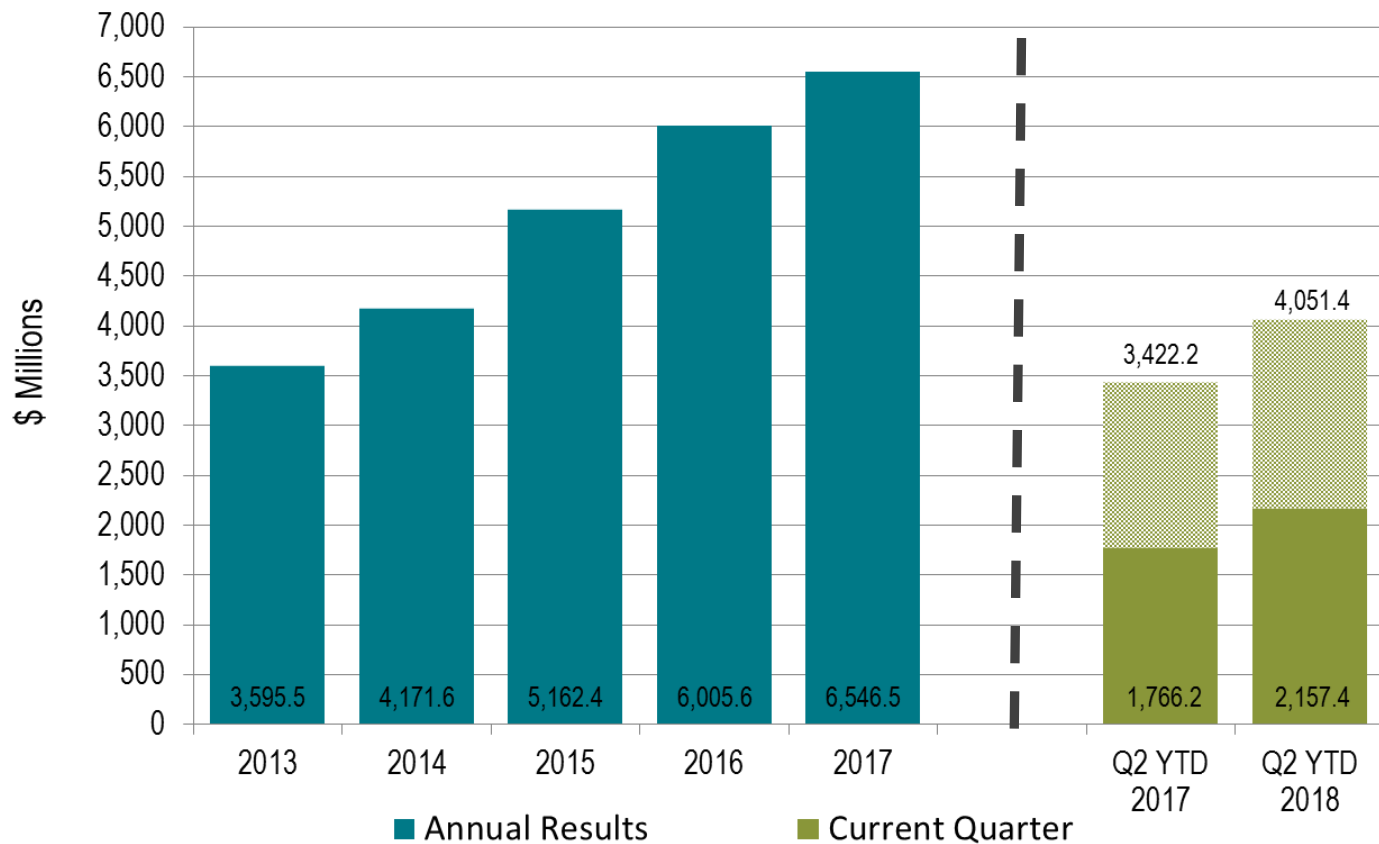


Financial Review



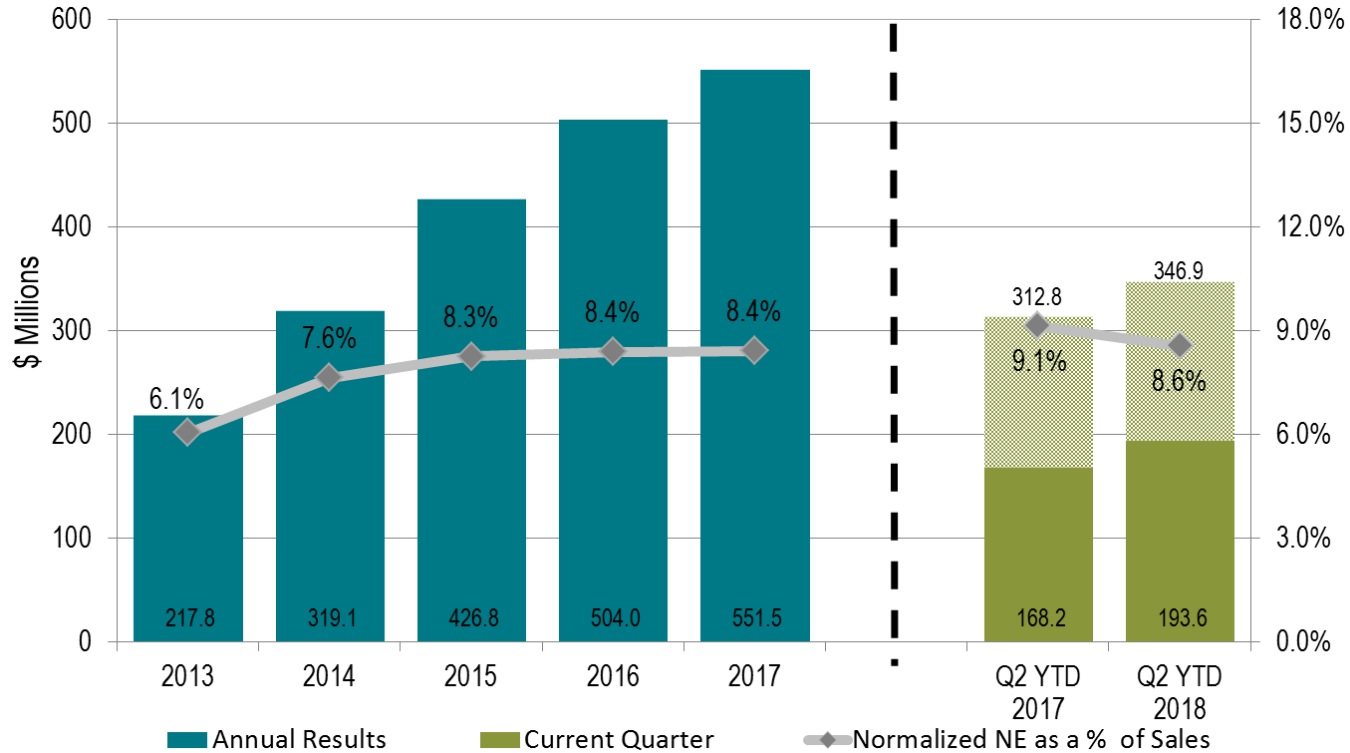
Yearly Sales Growth

2013 – 2018



Normalized Net Earnings Attributable to Shareholders¹

2013 - 2018

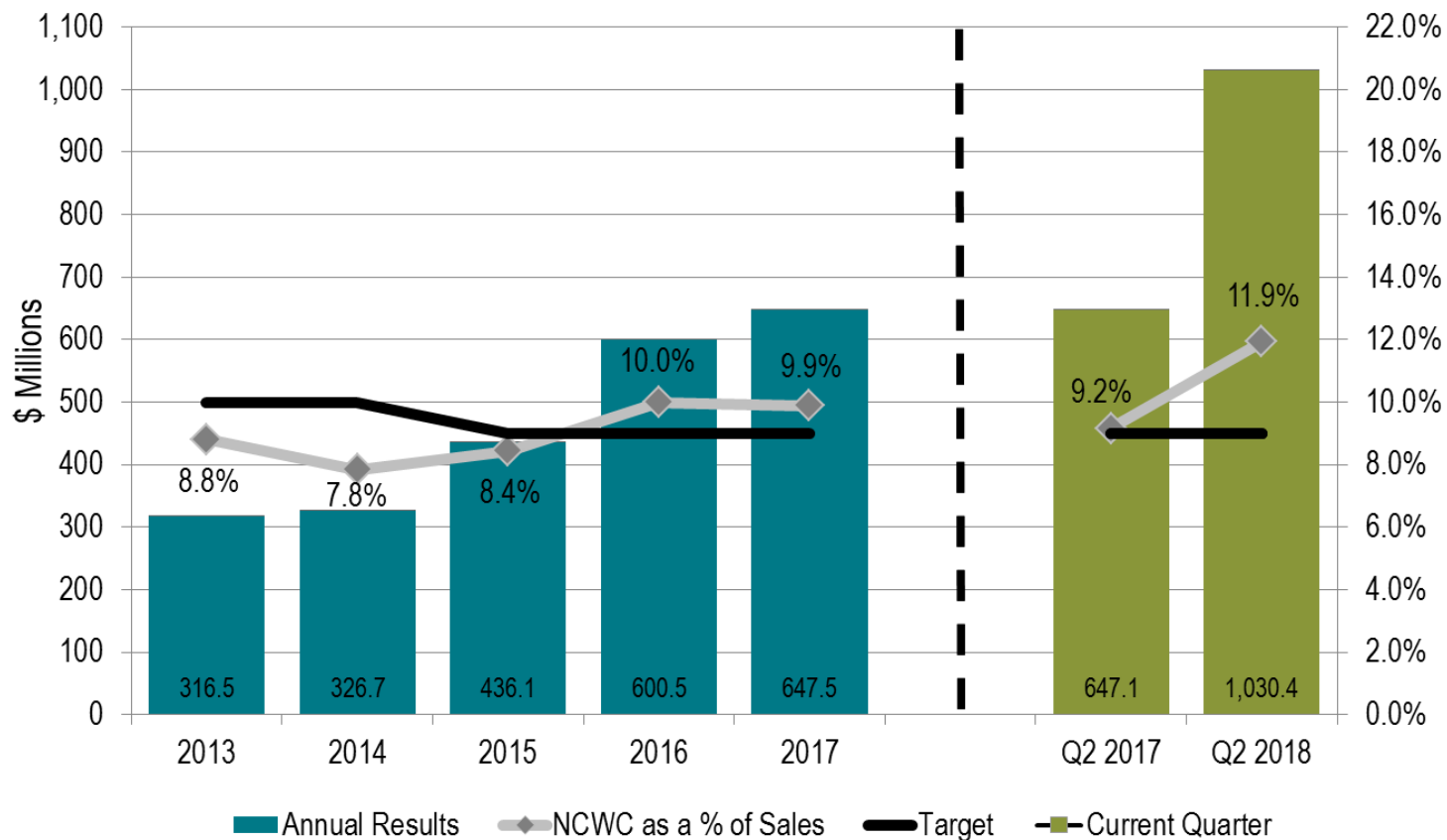


Net Margin Expectations 2018: 7.0% - 9.0%

¹Net Earnings (NE) Normalized is NE before unusual items and foreign exchange impacts from revaluation of the balance sheet, tax affected

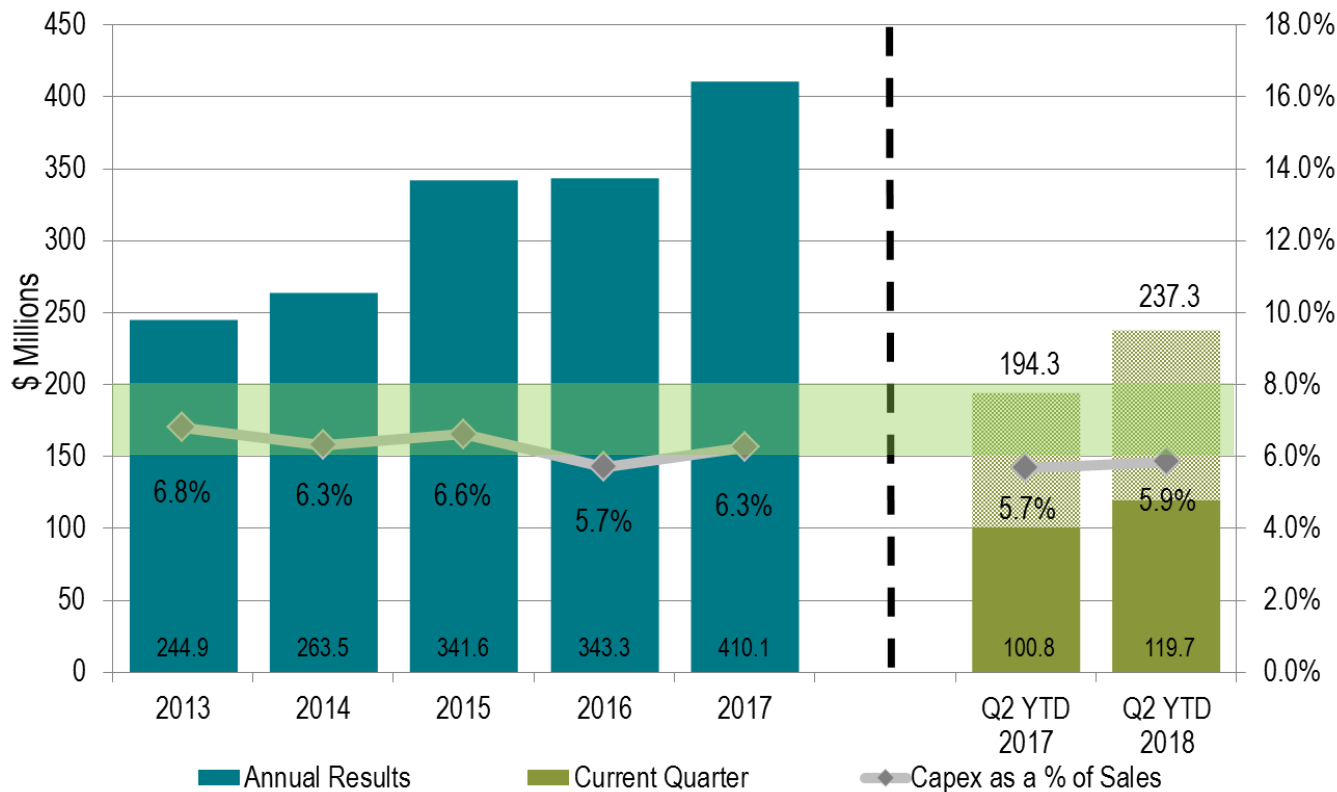
Non-Cash Working Capital

2013 - 2018



Operational Capital Expenditures

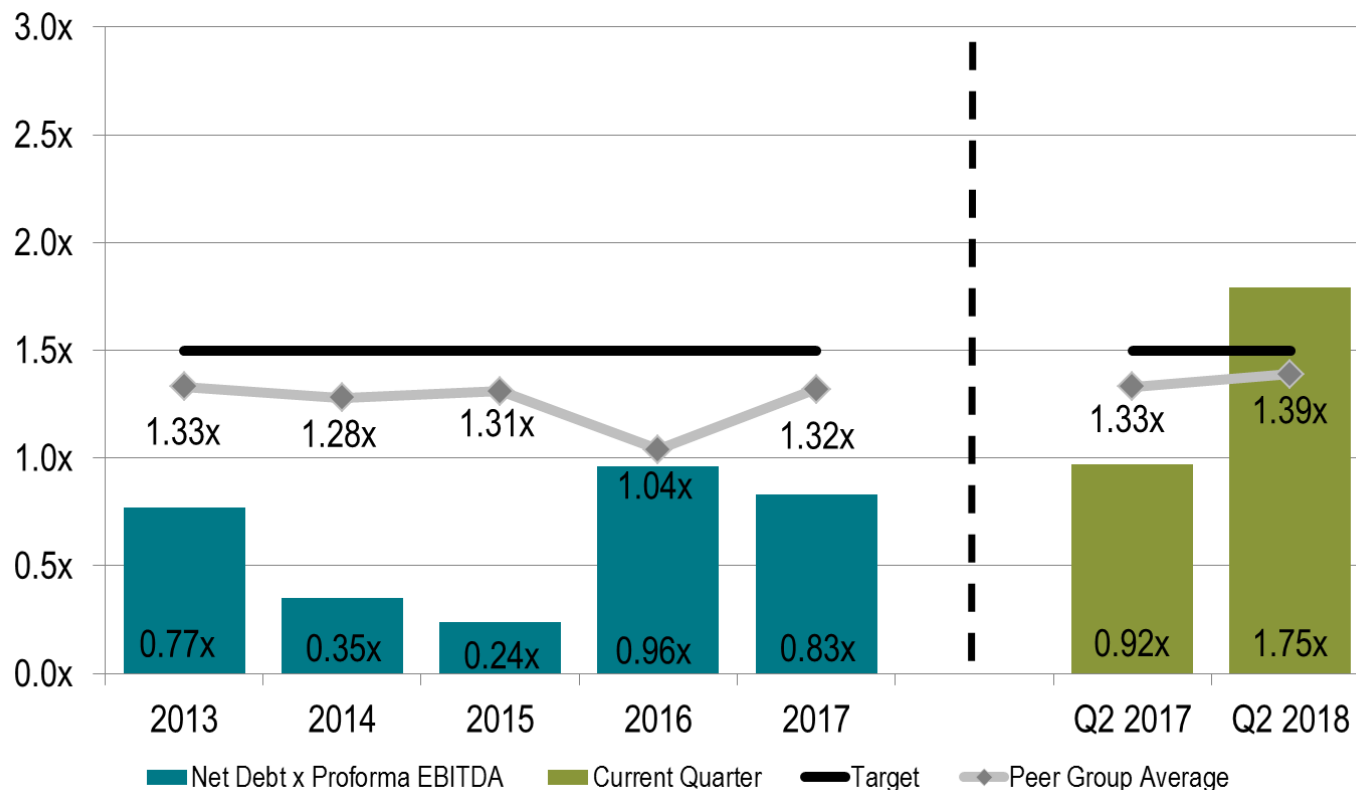
2013 - 2018



Capex as % of Sales – Normal Zone to Drive Double Digit Growth 6-8% of Sales

Net Debt to Proforma EBITDA Average¹

2013 - 2018

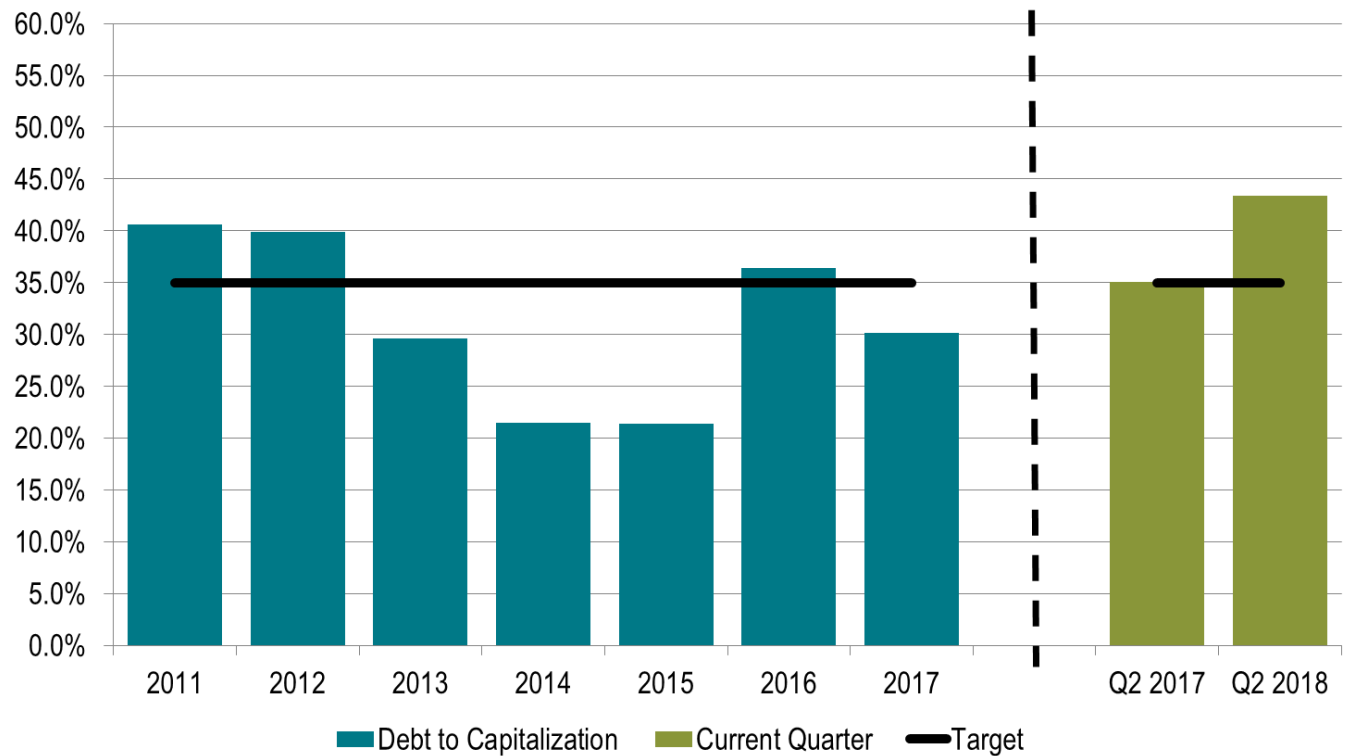


¹ Proforma EBITDA includes last 12 month rolling EBITDA on acquisitions

Note: The current quarter peer group average is the most publicly available data upon release date.

Debt to Capitalization

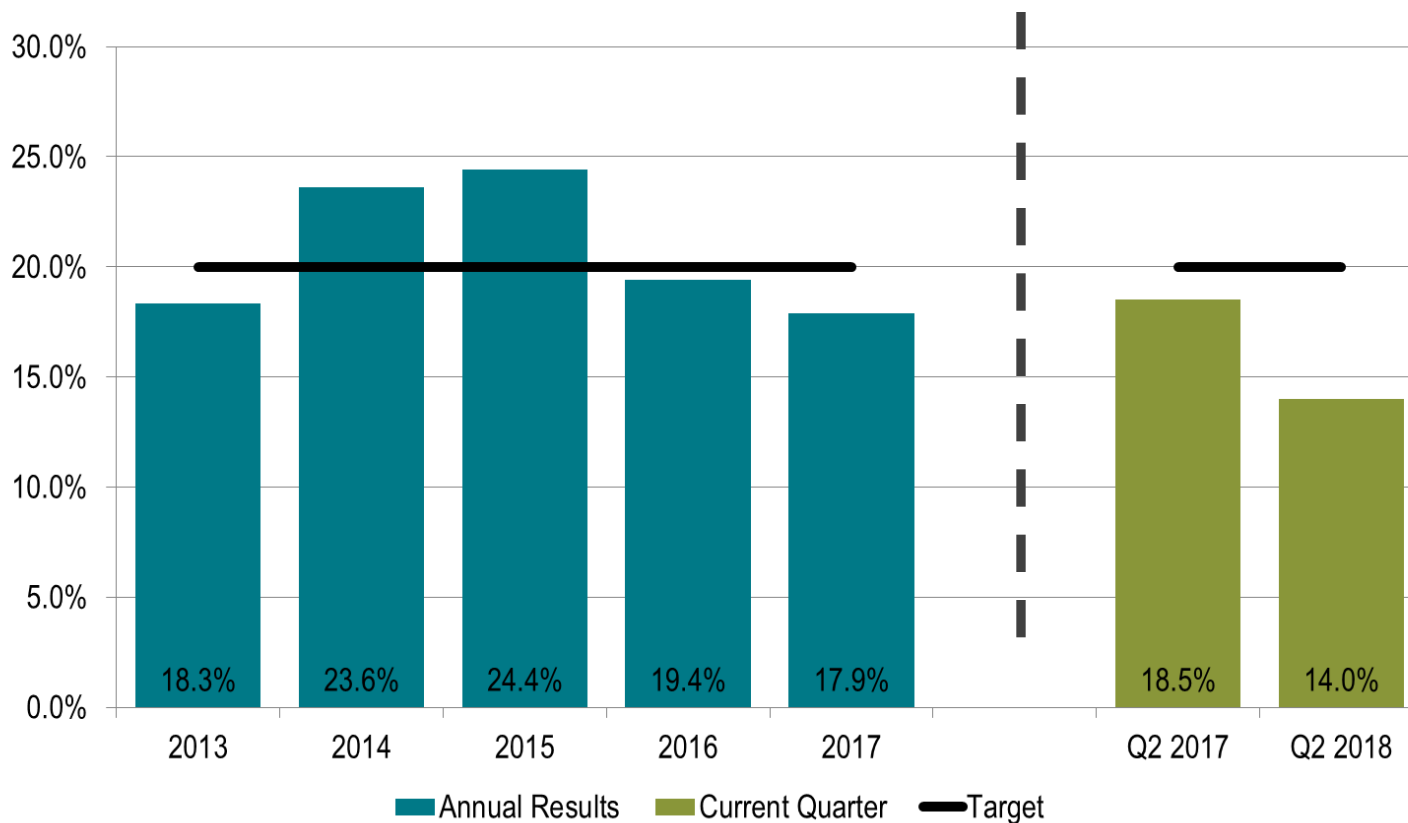
2011 - 2018



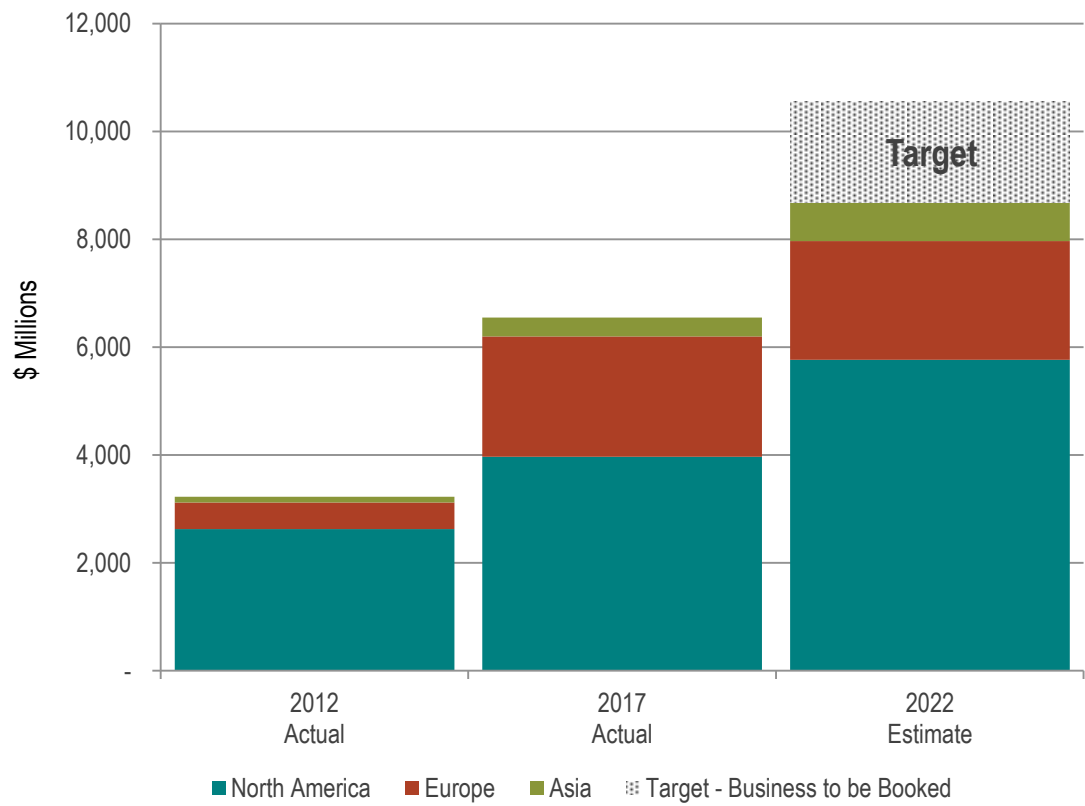
Return on Capital Employed

2013 - 2018

MAR



Sales by Region



Key Investment Themes



Consistent Performance

- Sales & earnings growth consistent & well above market
- **Double digit normalized earnings growth 8 years running**



Market Share Growth Key Growth Driver

- We have demonstrated our ability to continue to grow through flat or declining markets and will continue to do so



Strong Growth Secured for the Future

- **\$8.5 - \$9 billion sales secured for 2022**



Massive Market Opportunity Vehicle Propulsion

- Significant content potential in EV, Hybrid and ICE
- **EV CPV converging with ICE CPV by 2022** -- ~\$60 per vehicle globally for each
- Only 30% of powertrain outsourced – huge opportunity for extended time frame of growth, **tech shift accelerating outsourcing**



Massive Market Opportunity Access & Agriculture

- **Access \$10 Billion market, few players**
- **Ag market at early stage of cyclical recovery**
- Actively growing market share in both businesses globally

Thank You

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📷 @linamarcorp

📘 Linamar Corporation

in Linamar Corporation

