

## Linamar Announces Second Quarter Cash Generation of \$80 Million; Adjusted Net Loss of \$10.1 Million; and Increases Content per Vehicle.

- Reported a net loss of \$48.4 million or \$0.75 per share for the second quarter of 2009;
- Incurred unusual charges of \$38.3 million after tax including capital asset impairments, severance costs and facility amalgamation costs;
- North American content per vehicle up 9.2% from the second quarter of 2008;
- Reduced debt net of cash by \$100 million from December 31, 2008, which will save approximately \$1.0 million in interest for the remainder of 2009;
- Over \$60 million in cash generated in the second quarter through reductions in non-cash working capital;
- Capital investment down almost \$30 million from the same quarter a year ago as the Company took advantage of its plant clustering and flexible asset strategy;
- Awarded a contract by a major European auto manufacturer which will exceed \$200 million in annualized volume at full production;
- Awarded over \$250 million in takeover and quick start contracts; and
- Production of the engines to be used in the SES solar energy contract moved successfully into the prototype stage.

	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
<i>(in millions of dollars, except earnings per share figures)</i>				
Sales	\$ 378.0	\$ 625.4	\$ 802.9	\$ 1,240.0
Operating Earnings (Loss)				
Powertrain/Driveline	(52.6)	38.1	(51.0)	69.3
Industrial	(10.4)	14.2	(10.9)	33.0
	\$ (63.0)	\$ 52.3	\$ (61.9)	\$ 102.3
Net Earnings (Loss)	(48.4)	32.0	(61.0)	61.5
Earnings (Loss) per Share	(0.75)	0.48	(0.94)	0.90
Net Earnings (Loss) – Adjusted	(10.1)	32.0	(10.7)	59.7
Earnings (Loss) per Share - Adjusted	(0.16)	0.48	(0.17)	0.88
	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
<i>(in millions of dollars, except per share figures)</i>				
<b>Net Earnings (Loss)</b>	\$ (48.4)	\$ 32.0	\$ (61.0)	\$ 61.5
<b>Adjustments due to unusual items</b>				
<b>Taxable Items before Tax</b>				
1) Severance related to the slow down in the Automotive Industry	5.4	-	9.8	-
2) Capital asset impairments due to market conditions	46.3	-	46.3	-
3) Ontario Capital Tax - eliminated retroactively to Jan 1, 2007	-	-	-	(4.4)
4) Program specific asset write down	-	-	-	4.7
	51.7	-	56.1	0.3
<b>Tax Impact</b>	(14.9)	-	(19.0)	(0.1)
	36.8	-	37.1	0.2
<b>Non-Taxable Items</b>				
5) Goodwill Impairments	-	-	11.7	-
6) Intangible Asset Impairments	1.5	-	1.5	-
7) Foreign Exchange loss (gain) on Hungarian Forints held in Escrow	-	-	-	(2.0)
<b>Adjusted Net Earnings (Loss)</b>	\$ (10.1)	\$ 32.0	\$ (10.7)	\$ 59.7
As a percentage of Sales	(2.7%)	5.1%	(1.3%)	4.8%
Change over Prior Year	(131.6%)		(117.9%)	
Earnings (Loss) per Share	(0.16)	0.48	(0.17)	0.88

August 13, 2009, Guelph, Ontario, Canada – Linamar Corporation (TSX:LNR) is a diversified global manufacturing company of highly engineered products. The company's Powertrain and Driveline focused divisions are world leaders in the collaborative design, development and manufacture of precision metallic components, modules and systems for global vehicle and power generation markets. The company's Industrial division is a world leader in the design and production of innovative mobile industrial equipment, notably its class-leading aerial work platforms and telehandlers. With more than 9,000 employees in 37 manufacturing locations, 5 R&D centers and 11 sales offices in Canada, the US, Mexico, Germany, Hungary, the UK, China, Korea and Japan, Linamar generated sales of over \$2.2 Billion in 2008. For more information about Linamar Corporation and its industry leading products and services, visit [www.linamar.com](http://www.linamar.com).

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
Sales	378,028	625,438	802,902	1,239,954
Gross Margin	(36,267)	86,491	(12,513)	166,869
Selling, general and administrative	26,746	34,154	49,342	64,595
Operating Earnings	(63,013)	52,337	(61,855)	102,274
Earnings from Continuing Operations	(48,380)	31,974	(49,274)	61,461
Net Earnings (Loss)	(48,380)	31,974	(60,992)	61,461
Unusual Items	38,289	-	50,326	-
Net Earnings (Loss) - Adjusted	(10,091)	31,974	(10,666)	61,461
Diluted Earnings (Loss) per Share				
from Continuing Operations	(0.75)	0.48	(0.76)	0.90
Diluted Earnings (Loss) per Share	(0.75)	0.48	(0.94)	0.90
Diluted Earnings (Loss) per Share - Adjusted	(0.16)	0.48	(0.17)	0.90

### **Second Quarter Operating Highlights**

Sales for the second quarter of 2009 were \$378.0 million, down \$247.4 million from \$625.4 million for the second quarter of 2008:

- Sales for the Powertrain/Driveline segment decreased by \$150.4 million, or 31.7% in the second quarter to \$324.3 million compared to \$474.7 million in the second quarter of 2008. The decrease was driven by significant volume reductions in global vehicle markets.
- Industrial segment sales decreased 64.4% or \$97.0 million for the quarter from \$150.7 million in the second quarter of 2008 to \$53.7 million in the second quarter of 2009. The sales for the second quarter of 2009 differed from the corresponding period in 2008 due to significant global volume reductions as a result of uncertainty in the market and restricted customer credit availability on a global basis.

The company's operating loss for the second quarter of 2009 was \$9.8 million after adjusting for unusual items in the quarter. This compares to \$52.3 million adjusted operating earnings for the second quarter of 2008, a decrease of \$62.1 million:

- The decrease was driven by:
  - under absorption of fixed costs due to the significant volume reductions in global markets in both segments; and
  - the capital asset impairments related to the bankruptcy filings of General Motors and Chrysler in the Powertrain/Drivelines segment.
- Second quarter adjusted operating earnings for the Powertrain/Driveline segment were lower by \$38.7 million or 101.7% to a loss of \$0.6 million over the same quarter of 2008 where adjusted operating earnings were \$38.1 million.
- The adjusted operating losses for the Industrial segment were \$9.2 million in second quarter of 2009, a decrease of \$23.4 million or 164.5% over the first quarter of 2008.

Taking into account the unusual items of the second quarters of each year, adjusted net loss for the second quarter of 2009 was \$10.1 million (\$0.16 net loss per share) versus a profit of \$32.0 million (\$0.48 net earnings per share) in the second quarter of 2008.

The company generated \$88.4 million in operational cash flow, \$61.7 million of which was from reductions in working capital. At June 30, 2009 the amount available under the company's syndicated revolving credit facility was \$201.5 million, down \$48.1 million from March 31, 2009. On April 16, 2009 the company withdrew \$100 million CAD from the syndicated revolving credit facility which were held in short-term investments until June 5, 2009, at which time, the company used these funds to repay the Series A Private Placement Notes that were due in October 2009. As a result, net debt decreased by \$81.2m since March 31, 2009.

"Despite the toll that excessive production shutdowns took on our sales and earnings this quarter, we are very pleased by the excellent level of cash generated, indicative of our ability to aggressively reallocate capital from existing lines to new programs and continue to grow despite low cash investment" said Linamar CEO Linda Hasenfratz. "We also had a fantastic quarter in terms of new business both takeover and longer term, lining us up for continued growth in the coming months and year"

### **Dividends**

The Board of Directors today declared an eligible dividend in respect to the quarter ended June 30, 2009 of CDN\$0.03 per share on the common shares of the company, payable on or after September 15, 2009 to shareholders of record on August 28, 2009.

### **Risk and Uncertainties (forward looking statements)**

Linamar no longer provides a financial outlook.

Certain information provided by Linamar in these unaudited interim financial statements, MD&A and other documents published throughout the year that are not recitation of historical facts may constitute forward-looking statements. The words "estimate", "believe", "expect" and similar expressions are intended to identify forward-looking statements. Persons reading this report are cautioned that such statements are only predictions and the actual events or results may differ materially. In evaluating such forward-looking statements, readers should specifically consider the various factors that could cause actual events or results to differ materially from those indicated by such forward-looking statements.

Such forward-looking information may involve important risks and uncertainties that could materially alter results in the future from those expressed or implied in any forward-looking statements made by, or on behalf of, Linamar. Some risks and uncertainties may cause results to differ from current expectations. The factors which are expected to have the greatest impact on Linamar include but are not limited to (in the various economies in which Linamar operates): the extent of OEM outsourcing, industry cyclicality, trade and labour disruptions, pricing concessions and cost absorptions, delays in program launches, the company's dependence on certain engine and transmission programs and major OEM customers, currency exposure, and technological developments by Linamar's competitors.

A large proportion of the company's cash flows are denominated in foreign currencies. The movement of foreign currency exchange rates against the Canadian dollar has the potential to have a negative impact on financial results. The company has employed a hedging strategy as appropriate to attempt to mitigate the impact but cannot be completely assured that the entire exchange effect has been offset.

Other factors and risks and uncertainties that could cause results to differ from current expectations are discussed in the MD&A and include, but are not limited to: fluctuations in interest rates, environmental emission and safety regulations, governmental, environmental and regulatory policies, and changes in the competitive environment in which Linamar operates. Linamar assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements.

## Conference Call Information

### *Q2 Conference Call Information*

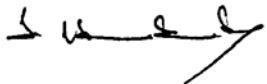
Linamar will hold a conference call on August 13, 2009 at 5:00 pm. EST to discuss its second quarter results. The numbers for this call are (416) 640-5933 (local/overseas) or (866) 399-6716 (North America) confirmation number 25944777, with a call-in required 10 minutes prior to the start of the conference call. The conference call will be chaired by Linda Hasenfratz, Linamar's Chief Executive Officer. A copy of the company's full quarterly financial statements, including the Management's Discussion & Analysis will be available on the company's website after 4 p.m. EST on August 13, 2009 and at [www.sedar.com](http://www.sedar.com) by the start of business on August 14, 2009. A taped replay of the conference call will also be made available starting at 11:00 p.m. on August 13, 2009 for seven days. The number for replay is (647) 436-0148 or (888) 203-1112, Replay Passcode 25944777. The conference call can also be accessed by web cast at [www.linamar.com](http://www.linamar.com), by accessing the investor relations/events menu, and will be available for a 7 day period.

### *Q3 Conference Call Information*

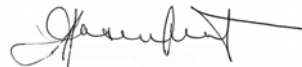
Linamar will hold a conference call on November 12, 2009 at 5:00 p.m. EST to discuss its third quarter results. The numbers for this call are (647) 427-3420 (local/overseas) or (888) 300-0053 (North America) confirmation number 17906931, with a call-in required 10 minutes prior to the start of the conference call. The conference call will be chaired by Linda Hasenfratz, Linamar's Chief Executive Officer. A copy of the company's full quarterly financial statements, including the Management's Discussion & Analysis will be available on the company's website after 4 p.m. EST on November 12, 2009 and at [www.sedar.com](http://www.sedar.com) by the start of business on November 13, 2009. A taped replay of the conference call will also be made available starting at 11:00 p.m. on November 12, 2009 for seven days. The number for replay is (800) 766-3735, Conference ID 17906931. The conference call can also be accessed by web cast at [www.linamar.com](http://www.linamar.com), by accessing the investor relations/events menu, and will be available for a 7 day period.

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For further information regarding this release please contact Linda Hasenfratz at (519) 836-7550.



Frank Hasenfratz  
Chairman of the Board



Linda Hasenfratz  
Chief Executive Officer

Guelph, Ontario  
August 13, 2009