

## Despite COVID-19 Impact Liquidity Improves Further on Another Strong Quarter for Free Cash Flow at Linamar

May 13, 2020, Guelph, Ontario, Canada (TSX: LNR)

- During the first quarter of 2020 (“Q1 2020”), the Company experienced lower sales and operating earnings in both segments which was primarily attributed to the adverse conditions associated with the global COVID-19 pandemic;
- Free cash flow<sup>1</sup> for Q1 2020 increased 572% to \$147.1 million compared to \$21.9 million in the first quarter of 2019 (“Q1 2019”);
- Liquidity, measured as cash and cash equivalents and available credit at March 31, 2020, improved to \$1.2 billion;
- We have set up a COVID-19 Global Task Force and developed and implemented a rapid Action Response Plan;
- We immediately cut capital asset expenditures by 25% to \$90.7 million from \$120.4 million in Q1 2019;
- We are conserving cash by swiftly implementing cost reductions, making necessary workforce adjustments, implementing our highest level payment controls, and creating a global team to pursue additional cost and waste reduction initiatives;
- As part of these cash conservation efforts the board has approved to temporarily reduce the Q1 2020 dividend to CAD\$0.06 per share;
- We rapidly ramped up the production of complete ventilator systems and ventilator components for numerous customers;
- We are supporting our local and global communities during this crisis in a number of ways including providing and managing personal protective equipment inventories for local hospitals and needed trucking services; and
- The launch book remains strong at more than \$4.1 billion.

(in millions of dollars, except per share figures)	Three Months Ended	
	2020	March 31 2019
	\$	\$
<b>Sales</b>	<b>1,549.8</b>	<b>1,974.5</b>
Operating Earnings (Loss)		
Industrial	42.9	73.1
Transportation	75.0	114.6
Operating Earnings (Loss) <sup>1</sup>	117.9	187.7
Net Earnings (Loss)	78.5	132.3
Net Earnings (Loss) per Share – Diluted	1.20	2.00
Earnings before interest, taxes and amortization (“EBITDA”) <sup>1</sup>	228.0	287.7
<b>Operating Earnings (Loss) – Normalized<sup>1</sup></b>		
Industrial	<b>31.4</b>	<b>77.9</b>
Transportation	<b>72.1</b>	<b>119.8</b>
<b>Operating Earnings (Loss) – Normalized</b>	<b>103.5</b>	<b>197.7</b>
<b>Net Earnings (Loss) – Normalized<sup>1</sup></b>	<b>67.9</b>	<b>139.4</b>
<b>Net Earnings (Loss) per Share – Diluted – Normalized<sup>1</sup></b>	<b>1.04</b>	<b>2.11</b>
<b>EBITDA – Normalized<sup>1</sup></b>	<b>213.9</b>	<b>296.8</b>

### Operating Highlights

Sales for Q1 2020 were \$1,549.8 million, down \$424.7 million from \$1,974.5 million in Q1 2019.

The Industrial segment (“Industrial”) product sales decreased 35.7%, or \$166.1 million, to \$299.0 million in Q1 2020 from Q1 2019. The sales decrease was due to:

- sales declines primarily attributed to adverse conditions associated with the global COVID-19 pandemic;
- reduced access equipment volumes from certain key customers that experienced decreases greater than the market; and
- lower agricultural sales as expected due to poor crop conditions, stagnant commodity prices, and the ongoing trade dispute between the United States (“US”) and China governments.

Sales for the Transportation segment (“Transportation”) decreased by \$258.6 million, or 17.1% in Q1 2020 compared with Q1 2019. The sales in Q1 2020 were impacted by:

- sales declines primarily attributed to customer shutdowns associated with the global COVID-19 pandemic; and
- an unfavourable impact on sales from the changes in foreign exchange rates from Q1 2019.

<sup>1</sup> For more information refer to the section entitled “Non-GAAP and Additional GAAP Measures” in the Company’s separately released Management’s Discussion and Analysis (“MD&A”).

The Company's normalized operating earnings for Q1 2020 were \$103.5 million. This compares to \$197.7 million in Q1 2019, a decrease of \$94.2 million.

Industrial segment normalized operating earnings in Q1 2020 decreased \$46.5 million, or 59.7% from Q1 2019. The Industrial normalized operating earnings results were predominantly driven by:

- the lower sales volumes which is primarily, directly and indirectly, attributed to the adverse conditions associated with the global COVID-19 pandemic; partially offset by
- targeted cost reductions to match lower demand.

Q1 2020 normalized operating earnings for Transportation were lower by \$47.7 million, or 39.8% compared to Q1 2019. The Transportation segment's earnings were impacted by the following:

- sales declines primarily attributed to customer shutdowns associated with the global COVID-19 pandemic; partially offset by
- targeted cost reductions to match lower demand.

"The current global environment and economy is certainly a challenge but it is one that the Linamar team is 100% able to handle. Linamar is a strong, responsive, agile team with a culture perfectly suited to handle crisis. We are laser focused on cost reduction, cash generation, finding new business opportunities and supporting our global team and communities and delivering on every one of these counts. Tough times don't last but tough teams do and we are one tough team." said Linamar CEO Linda Hasenfratz.

### **Dividends**

The Board of Directors today declared an eligible dividend in respect to the quarter ended March 31, 2020 of CDN\$0.06 per share on the common shares of the company, payable on or after June 8, 2020 to shareholders of record on May 28, 2020.

### **Forward Looking Information, Risk and Uncertainties**

Certain information provided by Linamar in this press release, MD&A, the consolidated financial statements and other documents published throughout the year which are not recitation of historical facts may constitute forward-looking statements. The words "may", "would", "could", "will", "likely", "estimate", "believe", "expect", "plan", "forecast" and similar expressions are intended to identify forward-looking statements. Readers 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 of the factors and risks and uncertainties that cause results to differ from current expectations include, but are not limited to, changes in the competitive environment in which Linamar operates, OEM outsourcing and insourcing; sources and availability of raw materials; labour markets and dependence on key personnel; dependence on certain customers and product programs; technological change in the sectors in which the Company operates and by Linamar's competitors; delays in or operational issues with product launches; foreign currency risk; long-term contracts that are not guaranteed; acquisition and expansion risk; foreign business risk; public health threats; cyclical and seasonality; legal proceedings and insurance coverage; credit risk; weather; emission standards; capital and liquidity risk; tax laws; securities laws compliance and corporate governance standards; fluctuations in interest rates; environmental emissions and safety regulations; trade and labour disruptions; world political events; pricing concessions to customers; and governmental, environmental and regulatory policies.

The foregoing is not an exhaustive list of the factors that may affect Linamar's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on Linamar's forward-looking statements. 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

### Q1 2020 Release Information

Linamar will hold a webcast call on May 13, 2020, at 5:00 p.m. ET to discuss its first-quarter results. The event will be simulcast and can be accessed at the following URL <https://www.linamar.com/news-event/q1-2020-earnings-call> and can also be navigated to on the company's website. For those who wish to listen to an audio only call-in option, the numbers for this call are (877) 668-0168 (North America) or (825) 312-2386 (International) conference ID 8792067, with a call-in required 10 minutes prior to the start of the webcast. The conference call will be chaired by Linda Hasenfratz, Linamar's Chief Executive Officer. A copy of the Company's quarterly financial statements, including the Management's Discussion & Analysis, will be available on the Company's website after 4 p.m. ET on May 13, 2020, and at [www.sedar.com](http://www.sedar.com) by the start of business on May 14, 2020. The webcast replay will be available at <https://www.linamar.com/news-event/q1-2020-earnings-call> after the call. A taped replay of the conference call will also be made available starting at 8:00 p.m. on May 13, 2020, for seven days. The number for the replay is (800) 585-8367, Passcode: 8792067. In addition, a recording of the call will be posted on <https://www.linamar.com/news-event/q1-2020-earnings-call>.

### Q2 2020 Release Information

Linamar will hold a webcast call on August 6, 2020, at 5:00 p.m. ET to discuss its second-quarter results. The event will be simulcast and can be accessed at the following URL <https://www.linamar.com/news-event/q2-2020-earnings-call> and can also be navigated to on the company's website. For those who wish to listen to an audio only call-in option, the numbers for this call are (877) 668-0168 (North America) or (825) 312-2386 (International) Conference ID 4440626, with a call-in required 10 minutes prior to the start of the webcast. The conference call will be chaired by Linda Hasenfratz, Linamar's Chief Executive Officer. A copy of the Company's quarterly financial statements, including the Management's Discussion & Analysis, will be available on the Company's website after 4 p.m. ET on August 6, 2020, and at [www.sedar.com](http://www.sedar.com) by the start of business on August 7, 2020. The webcast replay will be available at <https://www.linamar.com/news-event/q2-2020-earnings-call> after the call. A taped replay of the conference call will also be made available starting at 8:00 p.m. on August 6, 2020, for seven days. The number for the replay is (800) 585-8367, Passcode: 4440626. In addition, a recording of the call will be posted on <https://www.linamar.com/news-event/q2-2020-earnings-call>.

Linamar Corporation (TSX:LNR) is an advanced manufacturing company where the intersection of leading edge technology and deep manufacturing expertise is creating solutions that power vehicles, motion, work and lives for the future. The Company is made up of 2 operating segments – the Industrial segment and the Transportation segment, which are further divided into 5 operating groups – Skyjack, Agriculture, Machining & Assembly, Light Metal Casting and Forging, all world leaders in the design, development and production of highly engineered products. The Company's Skyjack and MacDon companies are noted for their innovative, high quality mobile industrial and harvesting equipment, notably class-leading aerial work platforms, telehandlers, draper headers and self-propelled windrowers. The Company's Machining & Assembly, Light Metal Casting and Forging operating groups focus on precision metallic components, modules and systems for driveline, body and powertrain systems designed for global electrified and traditionally powered vehicle and industrial markets. Linamar has 27,000 employees in 61 manufacturing locations, 11 R&D centres and 25 sales offices in 17 countries in North and South America, Europe and Asia which generated sales of \$7.4 billion in 2019. For more information about Linamar Corporation and its industry leading products and services, visit [www.linamar.com](http://www.linamar.com) or follow us on Twitter at @LinamarCorp.

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

Guelph, Ontario  
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