

Linamar Delivers Strong Free Cash Flow in Q2 2019, Grows Market Share

August 8, 2019, Guelph, Ontario, Canada (TSX: LNR)

- Free cash flow¹ of \$179 million significantly brings net debt levels down;
- Strong content per vehicle growth in North America and Europe as the Company outperforms the market;
- Sales decreased 3.3% over the second quarter of 2018 ("Q2 2018") at \$2.1 billion;
- Normalized EBITDA was \$326 million and is strong at 15.6% of sales;
- Continued business wins increases strong launch book to nearly \$4.4 billion;
- Transportation segment flat at \$1.5 billion with strong launch activity offset by declines in the global light vehicle market; and
- Industrial segment sales down 7.9% due to lower market demand for scissors and agricultural products offsetting increased volumes for telehandlers and booms.

	Three Months Ended		Six Months Ended	
	2019	June 30 2018	2019	June 30 2018
(in millions of dollars, except earnings per share figures)	\$	\$	\$	\$
Sales	2,086.1	2,157.4	4,060.6	4,051.4
Operating Earnings (Loss)				
Industrial	99.6	133.5	172.8	208.2
Transportation	115.5	138.8	230.1	279.1
Operating Earnings (Loss) ²	215.1	272.3	402.9	487.3
Net Earnings (Loss)	150.2	197.1	282.5	353.8
Net Earnings (Loss) per Share – Diluted	2.28	2.98	4.28	5.35
Earnings before interest, taxes and amortization ("EBITDA") ²	315.5	368.2	603.1	674.3
Operating Earnings (Loss) – Normalized²				
Industrial	107.5	130.7	185.4	193.3
Transportation	117.8	136.8	237.6	283.8
Operating Earnings (Loss) – Normalized	225.3	267.5	423.0	477.1
Net Earnings (Loss) – Normalized ²	158.3	193.6	297.7	346.9
Net Earnings (Loss) per Share – Diluted – Normalized ²	2.40	2.93	4.51	5.25
EBITDA – Normalized ²	326.2	363.7	623.0	665.5

Operating Highlights

Sales for the second quarter of 2019 ("Q2 2019") were \$2,086.1 million, down \$71.3 million from \$2,157.4 million in Q2 2018.

The Industrial segment ("Industrial") product sales decreased 7.9%, or \$51.5 million, to \$599.1 million in Q2 2019 from Q2 2018. The sales decrease was due to:

- reduced volumes primarily due to lower market demand for scissors in Europe and North America;
- lower MacDon sales as trade issues continue to put pressure on the agricultural market; partially offset by
- increased volumes for telehandlers and booms; and
- a favourable impact on sales from the changes in foreign exchange rates from Q2 2018.

Sales for the Transportation segment ("Transportation") decreased by \$19.8 million, or 1.3% in Q2 2019 compared with Q2 2018. The sales in Q2 2019 were impacted by:

- a reduction of sales related to declines in the global light vehicle market and certain programs that are naturally ending; partially offset by
- additional sales from programs that are currently launching; and
- a favourable impact on sales from the changes in foreign exchange rates from Q2 2018.

The Company's normalized operating earnings for Q2 2019 were \$225.3 million. This compares to \$267.5 million in Q2 2018, a decrease of \$42.2 million.

Industrial segment normalized operating earnings in Q2 2019 decreased \$23.2 million, or 17.8% from Q2 2018. The Industrial normalized operating earnings results were predominantly driven by:

- decreased earnings on lower MacDon sales as trade issues continue to put pressure on the agricultural market;

¹ Free cash flow is defined as cash from operating activities less payments for purchase of property, plant and equipment plus proceeds on disposal of property, plant and equipment less dividends. All figures used in the calculation are presented in the Company's separately released Consolidated Interim Statements of Cash Flows.

² Management uses certain non-GAAP financial measures including normalized earnings which exclude foreign exchange impacts and the impact of unusual items when analyzing consolidated and segment underlying operational performance. 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").

- reduced volumes primarily due to lower market demand for scissors in Europe and North America; partially offset by
- a favourable impact on sales and expenses from the changes in foreign exchange rates from Q2 2018; and
- increased volumes for telehandlers and booms.

Q2 2019 normalized operating earnings for Transportation were lower by \$19.0 million, or 13.9% compared to Q2 2018. The Transportation segment's earnings were impacted by the following:

- a reduction of earnings related to declines in the global light vehicle market and certain programs that are naturally ending;
- additional costs related to heavy launch activity globally;
- the margin impact from the transition of mature platforms ramping down and being replaced by launching programs that have not yet reached mature margins; partially offset by
- the impact of additional sales from launching programs; and
- a favourable impact on sales and expenses from the changes in foreign exchange rates from Q2 2018.

"Markets are challenging but we are mitigating slowdowns with strong market share gains and careful cost control," said Linamar CEO Linda Hasenfratz. "We are delivering on our promised cash generation with a solid \$179 million in free cash flow generated this quarter and are expecting EBITDA growth to resume in the back half of the year."

Dividends

The Board of Directors today declared an eligible dividend in respect to the quarter ended June 30, 2019 of CDN\$0.12 per share on the common shares of the company, payable on or after September 12, 2019 to shareholders of record on August 23, 2019.

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; cyclical and seasonality; weather; capital and liquidity risk; legal proceedings and insurance coverage; credit risk; emission standards; 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

Q2 2019 Conference Call Information

Linamar will hold a webcast call on August 8, 2019 at 5:00 p.m. EST to discuss its second quarter results. The numbers for this call are (647) 427-3383 (local/overseas) or (888) 424-9894 (North America) conference ID 9388922, with a call-in required 10 minutes prior to the start of the conference call.

The URL for the webcast is <https://linamar2020.webex.com/linamar2020/j.php?MTID=macbd5a9aca0784ee88a658819c7eed89>. The password for the meeting is 2019Q2. 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. EST on August 8, 2019 and at www.sedar.com by the start of business on August 9, 2019. A taped replay of the conference call will also be made available starting at 8:00 p.m. on August 8, 2019 for ten days. The number for replay is (855) 859-2056, Conference ID 9388922. In addition a recording of the call will be posted on the company's website under Investor Relations.

Q3 2019 Conference Call Information

Linamar will hold a webcast call on November 6, 2019 at 5:00 p.m. EST to discuss its third quarter results. The numbers for this call are (647) 427-3383 (local/overseas) or (888) 424-9894 (North America) conference ID 2873879, with a call-in required 10 minutes prior to the start of the conference call.

The URL for the webcast is <https://linamar2020.webex.com/linamar2020/j.php?MTID=m09cf9bc3705dfbbb0846d6f299d0a76d>. The password for the meeting is 2019Q3. 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. EST on November 6, 2019 and at www.sedar.com by the start of business on November 7, 2019. A taped replay of the conference call will also be made available starting at 8:00 p.m. on November 6, 2019 for ten days. The number for replay is (855) 859-2056, Conference ID 2873879. In addition a recording of the call will be posted on the company's website under Investor Relations.

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 powertrain, driveline and body systems designed for global electrified and traditionally powered vehicle and industrial markets. Linamar has 28,000 employees in 61 manufacturing locations, 10 R&D centres and 25 sales offices in 17 countries in North and South America, Europe and Asia which generated sales of \$7.6 billion in 2018. For more information about Linamar Corporation and its industry leading products and services, visit www.linamar.com or follow us on Twitter at @LinamarCorp.

* * * * *

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

Guelph, Ontario
August 8, 2019