

# Linamar Posts Another Strong Quarter in Sales and Earnings Growth and Continued Margin Improvement

November 14, 2012, Guelph, Ontario, Canada (TSX: LNR)

- Sales increase 6.6% over the third quarter of 2011 ("Q3 2011") to reach \$773.4 million;
- Net earnings up 56.8% over Q3 2011 to reach \$33.7 million;
- EPS is up 57.6% over Q3 2011 to reach \$0.52;
- New business wins continue to be strong, launch book at close to \$2.4 billion;
- Industrial segment sales up 14.2% and operating earnings up 153.3%;
- Powertrain/Driveline segment sales up 5.5% and operating earnings up 4.9%;
- Return on Capital Employed improved by 26.3% from Q3 2011 to reach 12.4%;
- Return on Equity increased 44.6% from Q3 2011 to 13.5%; and
- Total Debt levels reduced and Debt to Total Capitalization continues to improve reaching 40.1% since Q2 2012

(in millions of dollars, except earnings per share figures)	Three Months Ended September 30		Six Months Ended September 30	
	2012 \$	2011 \$	2012 \$	2011 \$
Sales	773.4	725.6	2,465.4	2,143.5
Operating Earnings (Loss)				
Powertrain/Driveline	47.1	44.9	147.9	126.4
Industrial	0.8	(1.5)	22.3	(3.0)
Operating Earnings (Loss)	47.9	43.4	170.2	123.4
Unusual Items	-	(2.2)	-	(2.2)
<b>Operating Earnings (Loss) – Adjusted</b>	<b>47.9</b>	<b>41.2</b>	<b>170.2</b>	<b>121.2</b>
<b>Net Earnings Attributable to Shareholders of the Company</b>	<b>33.7</b>	<b>21.5</b>	<b>115.4</b>	<b>74.4</b>
Unusual Items	-	3.6	(1.2)	3.6
<b>Net Earnings (Loss) Attributable to Shareholders of the Company – Adjusted</b>	<b>33.7</b>	<b>25.1</b>	<b>114.2</b>	<b>78.0</b>
<b>Net Earnings per Share</b>	<b>0.52</b>	<b>0.33</b>	<b>1.78</b>	<b>1.15</b>
<b>Net Earnings (Loss) per Share – Adjusted</b>	<b>0.52</b>	<b>0.39</b>	<b>1.77</b>	<b>1.21</b>
Unusual Items				
Taxable Items before Tax				
1) Exchange loss (gain) on the 2017 and 2021 Private Placement Notes	-	7.9	(1.6)	7.9
Tax Impact	-	(2.1)	0.4	(2.1)
Non-Taxable Items				
2) Bargain purchase gain on Famer acquisition	-	(2.2)	-	(2.2)
Total Unusual Items	-	3.6	(1.2)	3.6

## Operating Highlights

Sales for the third quarter of 2012 ("Q3 2012") were \$773.4 million, up \$47.8 million from \$725.6 million in Q3 2011.

Sales for the Powertrain/Driveline segment increased by \$35.1 million, or 5.5% in Q3 2012 to \$671.4 million compared to \$636.3 million in Q3 2011. The sales increase in the third quarter was impacted by:

- additional sales from new and expanded facilities;
- higher volumes on increased consumer demand in the US;
- significant levels of newly launched programs in each of Canada, Mexico and Asia from the Company's substantial book of launch business; offset by:
- decreased consumer demand in Europe.

Industrial segment sales increased 14.2%, or \$12.7 million from Q3 2011 to \$102.0 million. The sales increase was:

- primarily due to increases in demand in the access equipment markets resulting from fleet replacement initiatives;
- increases in demand in the agricultural equipment markets serviced by the European Fabrication Division; and
- to a lesser extent due to increases in the energy programs that were awarded and now have started to launch.

The company's operating earnings for Q3 2012 were \$47.9 million. This compares to adjusted operating earnings of \$41.2 million in Q3 2011, an increase of \$6.7 million.

Q3 2012 operating earnings of \$47.1 million for the Powertrain/Driveline segment were higher by \$4.4 million from adjusted operating earnings of \$42.7 million in Q3 2011. The segment experienced the following in Q3 2012:

- improved margins as production volumes increased on launching and mature programs;
- lower amount of start-up costs in comparison to the level of start-up activity in Q3 2011; and
- the bargain purchase gain recognized on the Famer Group acquisition in Q3 2011.

The Q3 2012 operating earnings for the Industrial segment were \$0.8 million, a 153.3% improvement from operating losses of \$1.5 million in Q3 2011. The Industrial operating earnings were predominantly driven by:

- margin improvements on the increased volumes in the access equipment market;
- margin improvements on the increased volumes in the agricultural equipment markets; and
- a favourable mix towards higher margin sales; partially offset by:
- the weakening US dollar and EUR against other currencies in the quarter compared to the same period in 2011 that resulted in a foreign exchange loss in Q3 2012 as compared to a foreign exchange gain in Q3 2011;
- continued investment in labour and fixed overhead costs at Skyjack to support the future growth in the market; and
- to a lesser extent, launch costs associated with the energy programs.

"We are very pleased to see another strong quarter in Q3 in both sales and earnings growth," said Linamar CEO Linda Hasenfratz. "Earnings growth continues to outpace sales growth by a significant factor, leverage ratios continue to improve and we continue to see great improvements in ROCE and ROE. Our substantial launch book is driving great growth in the near term, and our competitive strength and an opportunistic market is helping us build for long term sustainable growth at Linamar."

## **Dividends**

The Board of Directors today declared an eligible dividend in respect to the quarter ended September 30, 2012 of CDN\$0.08 per share on the common shares of the company, payable on or after December 7, 2012 to shareholders of record on November 26, 2012.

## **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

### Q3 2012 Conference Call Information

Linamar will hold a conference call on November 14, 2012 at 5:00 p.m. EST to discuss its third quarter results. The numbers for this call are (647) 427-3382 (local/overseas) or (888) 424-9894 (North America) confirmation number 12303441, 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 quarterly financial statements, including the Management's Discussion & Analysis will be available on the company's website after 4 p.m. EST on November 14, 2012 and at [www.sedar.com](http://www.sedar.com) by the start of business on November 15, 2012. A taped replay of the conference call will also be made available starting at 11:00 p.m. on November 14, 2012 for seven days. The number for replay is (855) 859-2056, Conference ID 12303441. 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.

Audio only streaming of the conference call available. Follow this link to connect <http://www.meetview.com/linamar20121114>

### Q4 2012 Conference Call Information

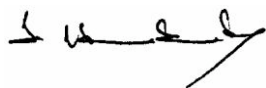
Linamar will hold a conference call on March 6, 2013 at 5:00 p.m. EST to discuss its fourth quarter/year end results. The numbers for this call are (647) 427-3383 (local/overseas) or (888) 424-9894 (North America) confirmation number 61988753, with a call-in required 10 minutes prior to the start of the conference call. The conference call will be chaired by Linda Hasenfratz, Linamar's Chief Executive Officer. A copy of the company's quarterly/year end financial statements, including the Management's Discussion & Analysis will be available on the company's website after 4 p.m. EST on March 6, 2013 and at [www.sedar.com](http://www.sedar.com) by the start of business on March 7, 2013. A taped replay of the conference call will also be made available starting at 11:00 p.m. on March 6, 2013 for seven days. The number for replay is (855) 859-2056, Conference ID 61988753. 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.

Audio only streaming of the conference call available. Follow this link to connect <http://www.meetview.com/linamar20130306>


Linamar Corporation (TSX:LNR) is a diversified global manufacturing Company of highly engineered products powering vehicles, motion, work and lives. The Company is made up of 2 operating segments – the Powertrain/Driveline segment and the Industrial segments which are further divided into 4 key divisions – Manufacturing, Driveline, Industrial Commercial Energy ("ICE") and Skyjack, all world leaders in the design, development and production of highly engineered products. The Company's Manufacturing and Driveline divisions focus on precision metallic components, modules and systems for engine, transmission and driveline systems designed for passenger vehicle markets. The ICE group concentrates on similar products for on and off highway vehicle, energy and other industrial markets. The Company's Skyjack division is noted for its innovative, high quality mobile industrial equipment, notably its class-leading aerial work platforms and telehandlers. With more than 16,700 employees in 39 manufacturing locations, 5 R&D centers and 15 sales offices in 12 countries in North America, Europe and Asia, Linamar generated sales of more than \$2.8 Billion in 2011. For more information about Linamar Corporation and its industry leading products and services, visit [www.linamar.com](http://www.linamar.com)

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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  
November 14, 2012