

Linamar's Exceptional Performance Continues with Record Results, Strong Margins, and Continued Cash Generation

August 7, 2014, Guelph, Ontario, Canada (TSX: LNR)

- Sales increase 18.9% over the second quarter of 2013 ("Q2 2013") to reach record levels of \$1.1 billion;
- Operating earnings up 38.0% over Q2 2013 to reach record levels of \$124.3 million;
- Net earnings up 47.8% over Q2 2013 and earnings per share up 46.8% over Q2 2013 reaching \$89.7 million and \$1.38 respectively, a new record for both;
- Net margins reach 8.1%;
- Launch book at nearly \$3.2 billion;
- Industrial segment showed significant margin improvements from Q2 2013 with operating earnings up 52.0% to \$38.0 million on a sales increase of 20.5%;
- Powertrain/Driveline showed strong margin improvements as well with operating earnings up 32.6% to \$86.3 million from Q2 2013 on a sales increase of 18.5%;
- Return on Capital Employed reached 21.5% continuing our trend of solid improvements for the last 12 quarters;
- Return on Equity improved 14.8% from Q2 2013 to reach 24.1%; and
- Continued cash generation of nearly \$50 million to drive one of the strongest balance sheets in our peer group.

	Three Months Ended		Six Months Ended	
	2014	June 30 2013	2014	June 30 2013
(in millions of dollars, except earnings per share figures)	\$	\$	\$	\$
Sales	1,105.1	929.4	2,147.9	1,776.0
Operating Earnings (Loss)				
Powertrain/Driveline	86.3	65.1	168.1	122.5
Industrial	38.0	25.0	68.3	39.3
Operating Earnings (Loss)	124.3	90.1	236.4	161.8
Net Earnings (Loss)	89.7	60.7	169.4	109.1
Net Earnings (Loss) per Share	1.38	0.94	2.61	1.69

Operating Highlights

Sales for the second quarter of 2014 ("Q2 2014") were \$1,105.1 million, up \$175.7 million from \$929.4 million in Q2 2013.

Sales for the Powertrain/Driveline segment ("Powertrain/Driveline") increased by \$138.2 million, or 18.5% in Q2 2014 compared with Q2 2013. The sales increase in Q2 2014 was impacted by:

- the significant levels of newly launched programs and volume increases on mature programs in North America;
- increased European sales due to substantial levels of programs launching, market growth resumption and our new German camshaft business acquired in Q4 2013;
- increased volumes and launching business from the Company's on and off highway vehicle customers in all three regions; and
- the ramp up of launching programs and volume increases on mature programs in Asia.

The Industrial segment ("Industrial") product sales increased 20.5% or \$37.5 million to \$220.4 million in Q2 2014 from Q2 2013. The sales increase was due to:

- increases in demand in the access equipment markets in both North America and Europe; and
- the favourable impact of the stronger U.S. dollar in comparison to Q2 2013.

The Company's operating earnings for Q2 2014 were \$124.3 million. This compares to \$90.1 million in Q2 2013, an increase of \$34.2 million.

Q2 2014 operating earnings for Powertrain/Driveline were higher by \$21.2 million or 32.6% over Q2 2013. The Powertrain/Driveline segment experienced the following in Q2 2014:

- improved margins as production volumes increased on launching and mature programs;

- higher margins as a result of a favourable sales mix to highly capital intensive programs, which inherently have higher margins to meet return expectations; and
- better margins as a result of productivity and efficiency improvements; partially offset by
- increased management and marketing costs supporting growth.

Industrial segment operating earnings in Q2 2014 increased \$13.0 million or 52.0% over Q2 2013. The increase in Industrial operating earnings was predominantly driven by:

- increased demand in the access equipment market;
- productivity and efficiency improvements driven by higher volumes on new products and cost savings initiatives on mature products; and
- the favourable impact of the stronger U.S. dollar on margins in comparison to Q2 2013; partially offset by
- management and marketing costs supporting growth.

“We are thrilled to report another outstanding quarter of record results,” said Linamar CEO Linda Hasenfratz. “We continue to deliver double digit growth top and bottom line and delivered another solid performance in margins in all areas driving excellent return on equity for our shareholders. Our strong results are driving continued cash generation even as we invest in our substantial book of business launching, meaning we have a strong balance sheet with maximum flexibility. We are on track for another great year at Linamar and feel very positive about continued strong performance in the future.”

Dividends

The Board of Directors today declared an eligible dividend in respect to the quarter ended June 30, 2014 of CDN\$0.10 per share on the common shares of the company, payable on or after September 12, 2014 to shareholders of record on August 25, 2014.

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 cyclicalities, 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 2014 Conference Call Information

Linamar will hold a conference call on August 7, 2014 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) confirmation number 3091591, 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 August 7, 2014 and at www.sedar.com by the start of business on August 8, 2014. A taped replay of the conference call will also be made available starting at 11:00 p.m. on August 7, 2014 for seven days. The number for replay is (855) 859-2056, Conference ID 3091591. The conference call can also be accessed by web cast at 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 at <http://www.media-server.com/m/p/bw8knbrh>

Q3 2014 Conference Call Information

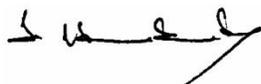
Linamar will hold a conference call on November 4, 2014 at 5:00 p.m. EST to discuss its third quarter results. The numbers for this call are (647) 427-3383 (local/overseas) or (888) 424-9894 (North America) confirmation number 3096792, with a call-in required 10 minutes prior to the start of the conference 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 4, 2014 and at www.sedar.com by the start of business on November 5, 2014. A taped replay of the conference call will also be made available starting at 11:00 p.m. on November 4, 2014 for seven days. The number for replay is (855) 859-2056, Conference ID 30967921. The conference call can also be accessed by web cast at 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 at <http://www.media-server.com/m/p/bssei47m>

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 18,000 employees in 44 manufacturing locations, 5 R&D centers and 15 sales offices in 12 countries in North America, Europe and Asia, Linamar generated sales of \$3.6 billion in 2013. For more information about Linamar Corporation and its industry leading products and services, visit 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
August 7, 2014