

Linamar's Acquisition of the MacDon Group of Companies

*Expanding and
Diversifying Our World
Class Manufacturing
Platform*

December 14, 2017



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Acquisition Well Aligned with Linamar's Strategy



Enhances Position as a Global Diversified Manufacturer

- Agriculture/Food is a key long term growth market globally given the growing & developing global population
- Linamar has a long history in the agriculture market
- Further diversifies Linamar beyond traditional automotive powertrain / driveline manufacturing

Diversification



MacDon is an Innovative Market Leader

- **Industry Leading Businesses and Market Share** -- #1 market share in its key products
- **Track Record of Technology and Innovation Leadership**
- Significant opportunity to leverage these strengths with Linamar's global manufacturing expertise in LEAN principles through employee engagement

Innovation



Significant Growth Potential and Upside Opportunities

- **Agricultural Market in Early Stages of Cyclical Recovery**
- Large untapped addressable global market opportunity
- Synergies with global distribution networks

Growth



Financially Attractive Deal

- Strong, well-managed company with excellent financial performance and outlook
- Fair price
- Immediately accretive to earnings and cash flow even before synergies
- Maintaining strong balance sheet with rapid deleveraging post-transaction

Attractive Deal

Attractive, well aligned strategic acquisition

Acquisition Highlights	<ul style="list-style-type: none">▪ Linamar has agreed to acquire 100% of the shares of Moray Marketing Ltd. (“MacDon”) on a debt-free basis, for C\$1,200 million (less the assumption of small transaction related expenses)▪ Estimated purchase price multiple compares favourably with those of both precedent agriculture equipment transactions and public trading comparables▪ High single digit accretion to Linamar’s expected 2018 and 2019 EPS and cash flow
Committed Financing	<ul style="list-style-type: none">▪ Fully committed financing for purchase price and refinancing of existing credit facilities:<ul style="list-style-type: none">– Backstop of existing revolver and existing term loan– New term loan of \$1.2 billion to fund acquisition, maturing in 2023– Increase in existing revolver by \$200 million for general corporate purposes, maturing in 2023▪ Pro forma leverage (Net debt to LTM EBITDA) of approximately 1.7x at transaction closing (assuming transaction closes during Q1 2018)<ul style="list-style-type: none">– Strong pro forma cash flow expected to result in de-levering to below 1.0x net debt to EBITDA within 18 - 24 months
Key Conditions and Closing	<ul style="list-style-type: none">▪ Subject to customary closing conditions, including regulatory approvals, with expected closing in Q1 2018

MacDon – Company Snapshot



Founded

- 1949

Headquarters

- Winnipeg, Manitoba, Canada

Geographic Footprint

- Sells to over 40 Countries
- Offices in Canada, U.S., Brazil, Russia, Germany and Australia

Dealer & Distribution Network

- ~1,200 in North America
- ~200+ Internationally
- Longstanding OEM relationships
- International distribution network

Employees & Leadership Team

- 1,400 employees and management team with 100+ years of cumulative experience at MacDon

Key Products

- Rigid and Flexible Draper Headers and Self-Propelled Windrowers

Facilities

- ~1 million square feet total
- 11 owned and 6 leased, all manufacturing in Winnipeg

Historical Financials

- Over the past 5 years MacDon has experienced:
 - Sales of C\$550 to C\$650 million
 - EBITDA margin range of 20% to 25%
 - D&A as percentage of sales in 1% to 2% range
 - Capital expenditure as % of sales of $\leq 3\%$
 - LTM Sales of ~\$600 million



MacDon – Product Portfolio



Product

Description

Draper Headers

- Attached to a self-propelled windrower or combine
- Used to cut and process crops through combine feeder house or left in field for further curing
- Predominantly used for harvesting soybeans, wheat, canola, rice, oats, dry edible beans and flax seed



Self-Propelled Windrowers

- Self-propelled harvesting machinery used with a header to cut and lay crop in the field
- Popular in hay and forage, cereal grains, canola, and regions where growing seasons are short and crops are harvested while damp



Aftermarket Parts

- Primarily maintenance and replacement parts for the Company's large installed base
- Bolstered by acquisition of Westward Parts in 2012



Pick-Ups

- Attached to front of a combine
- Used to pick-up crop that has previously been "windrowed"
- MacDon pick-ups renowned for functionality and durability
- PW8 fits multi brands with face plate (increases resale value)



Hay Products

- Includes: Auger Headers and Rotary Disc Headers for Self-Propelled Windrowers, and two types of Pull-Type Mower Conditioners

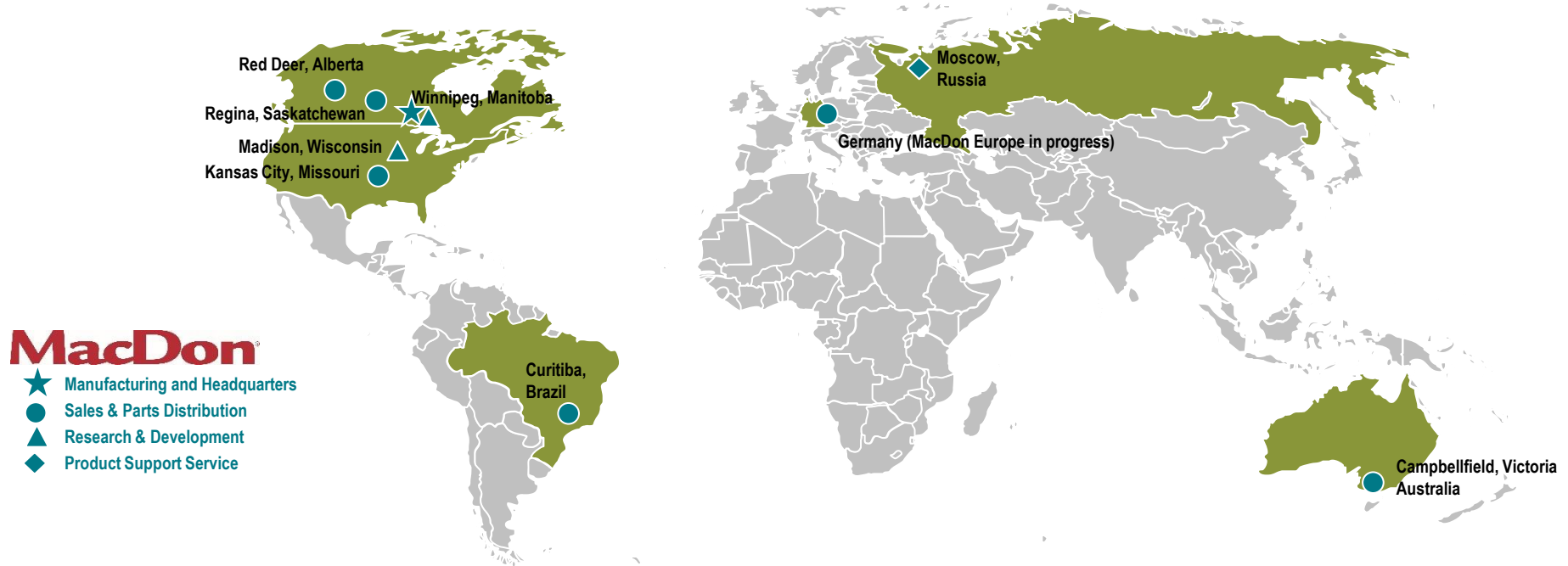


Mower Conditioner



Rotary Disc Header

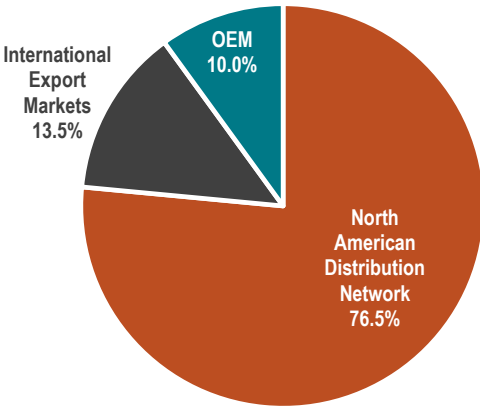
MacDon Manufacturing & Operations



North American Distribution Strength with Global Opportunity LINAMAR

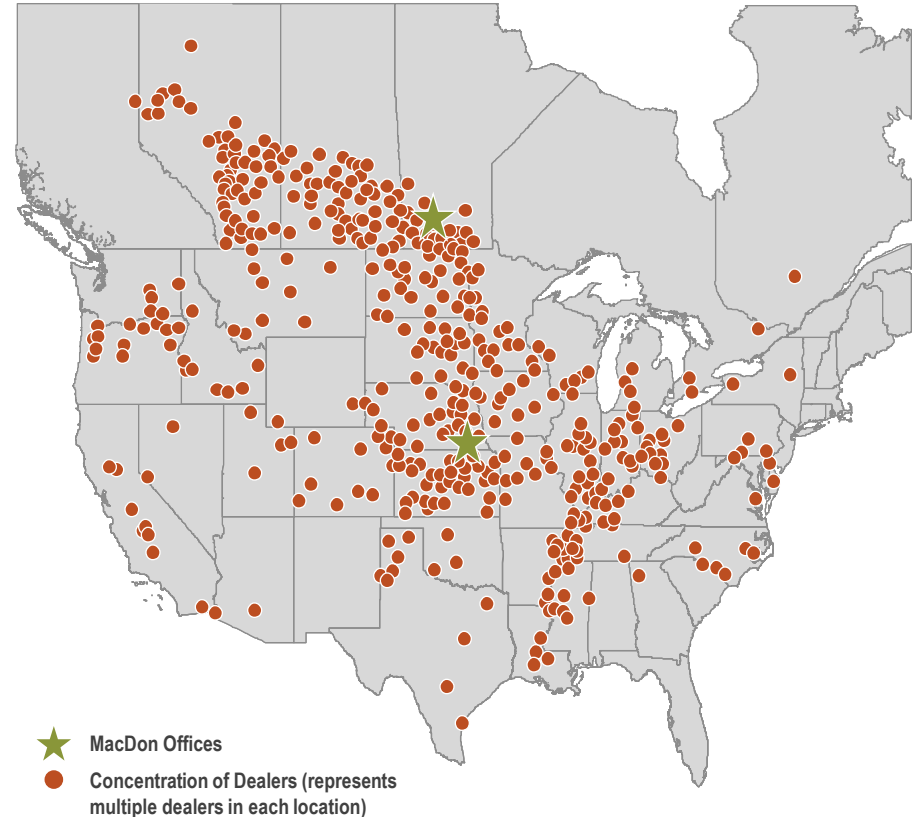
Primary Distribution Channels

Revenue by Channel (2016)

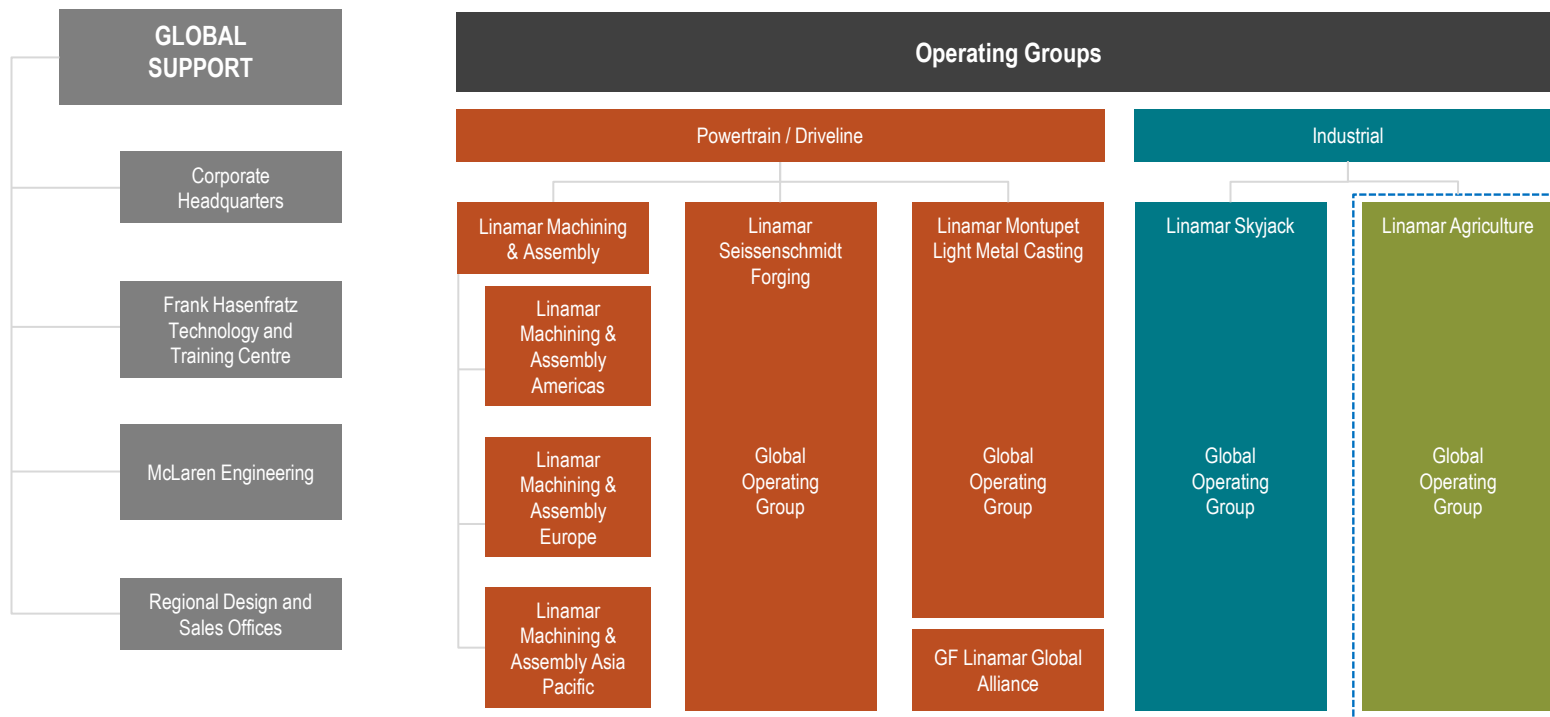


- **Established North American distribution network**
 - Established in 1986
 - Maintain strong, direct relationships with all dealers
- **International distribution network**
 - Platform for continued expansion and penetration into new and growing markets
- **OEM distribution network**
 - Long-trusted partners of MacDon

North American Distribution Network



Operating Structure



- Linamar Agriculture Group was formed in late 2016 with the intent of advancing the Vision 2100 'Food' sector initiative
- MacDon becomes the focal point of the Linamar Agriculture Operating Group and will be included in Linamar's Industrial segment for financial reporting
 - Will complement Linamar's existing corn head and harvesting products

Strategic Rationale for Acquisition



Enhances Position as a Global Diversified Manufacturer	<ul style="list-style-type: none">▪ Provides growth, greater business stability and resilience by further diversifying Linamar's business beyond traditional automotive powertrain / driveline manufacturing▪ Linamar has a long standing history in the agricultural equipment sector with complementary product offerings▪ Adds significant size and scale to existing agricultural equipment platform
Industry Leading Businesses and Share of Sales	<ul style="list-style-type: none">▪ Leading share of market in primary agricultural product categories<ul style="list-style-type: none">– #1 North American share of sales in combine FlexDrapers®, Combine Draper Headers and Self-Propelled Windrowers (mid-horsepower)
Technology and Innovation Leader	<ul style="list-style-type: none">▪ Highly recognized in the industry for its market leading technologies, product quality and history of product innovation▪ Technology supported by over 100 unique patents with an additional 30+ unique patents pending globally, and a permanent technology-focused staff of 110
Significant Growth Potential and Upside Opportunities	<ul style="list-style-type: none">▪ Significant opportunity to leverage North American market leadership with Linamar's global manufacturing expertise in LEAN principles through employee engagement▪ Large untapped addressable global market opportunity▪ Expansion and enhancement of both agriculture and industrial product offerings and market reach
Agricultural Market in Early Stages of Cyclical Recovery	<ul style="list-style-type: none">▪ Opportunely timed to take advantage of the improving trends in the overall agricultural sector▪ Early stages of recovery positions Linamar well to take advantage if/as recovery gains momentum
Financially Attractive Deal	<ul style="list-style-type: none">▪ Fair acquisition multiple relative to both comparable companies' trading multiples and precedent transactions▪ Immediately accretive to earnings and cash flow even before synergies▪ Modest synergy realization expected▪ Maintaining strong balance sheet with deleveraging expected post-transaction

Strategic diversification transaction with strong business fundamentals
and attractive global growth opportunities

Enhances Position
as a Global
Diversified
Manufacturer

Jim Jarrell



Global Population Growth

1. 7 billion today, 9 – 11 billion by 2050.
2. What is carrying capacity of planet / do we have resources?

Rapid Technology Evolution

1. Autonomous everything
2. Drones
3. New propulsion systems
4. AI/ML/Automation



Aging Population

1. More people in EU over 65 than under 65 in the next couple of years
2. Every 7 seconds another person turns 65 in the US
3. A key scientist has declared the first person to live to 150 years has already been born

Urbanization

1. Currently 20 cities more than 10 million
2. Grow to 50 cities in next couple of decades mostly coming from India & China
3. Role of mobility plays a key role

Vision 2100 – Building an Action Plan for the Future

Manufacturing and Materials Development to Support all Markets



Advanced Manufacturing

Artificial
Intelligence/Machine
Learning

Material Development



Transportation

Global Addressable Markets:

Automotive
Commercial Vehicle
Off Highway Vehicles
Marine/Personal Trans/Rail



Infrastructure

Global Addressable Markets:

Scissors, Booms, Telehandlers
Hydraulics



Food

Global Addressable Market:
Agriculture Harvesting, Seeding, &
Tillage Equipment



Power

Global Addressable Markets:
Electrical products, systems & services
Energy Markets – Oil/Gas, Solar, Wind
Energy Storage & Generation



Age

Global Addressable Market:

Medical Devices
Healthcare & Mobility
Home Care Technology
Wearable Technology



Water

Global Addressable Markets:
Irrigation Market
Water infrastructure
Access, Storage, Cleaning



Attractive Demographic and Economic Fundamentals

- Global food demand continues to grow supported by rising population
- Agriculture is a large and dynamic market



Linamar has a long history in the Agricultural Equipment sector

- First entry into the sector in the 1980's with White Farm Machinery
- Produced combines for AGCO and under the Western Combine label, acquired Oros who was a Hungarian corn head manufacturer in the 1990's
- Currently manufacture corn and sunflower headers in Hungary with distribution in North America (Harvestec) and Europe (Oros)



Complementary Product Portfolio

- Significantly expands existing agricultural equipment product lines
- Share technologies and distribution networks with Industrial product lines

Linamar Has Long History in the Agricultural Sector



Linamar

MacDon

During 1980's

Owned White Farm Equipment

- Linamar obtained control of White Farm Machinery
- White was in financial distress and Linamar was a supplier to the operation at the time



During 1990's

Produced combines for Massey Fergusson and acquired Oros Division

- Linamar created the Western Combine Company which had a supply relationship with AGCO
- Acquired Oros in Hungary, a manufacturer of corn heads for combines



Current

Linamar operates two brands in Corn and Sunflower harvesting equipment

- Harvestec is the North American brand
- Oros is the brand in Europe









2017

Design, engineering and manufacturing of MacDon harvesting equipment

- Market leadership in FlexDraper® technology



Complementary Product Lines

	Grain Harvesting				Hay Harvesting
	Corn Headers	Sunflower Headers	Draper Headers / Grain Tables	Pick Up Heads	Rotary Mower Headers
					
OROS 	✓	✓	✗	✗	✗
MacDon	✗	✗	✓	✓	✓

Combined business covers a wide crop range of Header Harvesting product lines

Enhances Position as a Global Diversified Manufacturer



POWERTRAIN / DRIVELINE

PRODUCTS

Engine | Transmission | Driveline | Body

MARKETS



AUTOMOTIVE



ENERGY, HEAVY MACHINING, MILITARY



OFF-HIGHWAY



COMMERCIAL VEHICLE



MARINE & RECREATION

INDUSTRIAL

Mobile Industrial Equipment | Fabricated Assemblies |
Agriculture Equipment



INDUSTRIAL



AGRICULTURAL



ACCESS

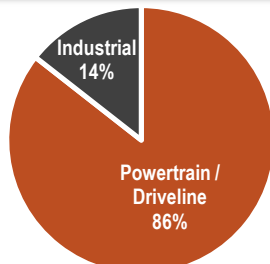


Increasing
Linamar sales to
the agriculture
end market from
1% to 9%

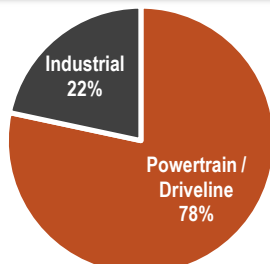
Standalone

Pro Forma

2016 REVENUE



~\$6.0 bn

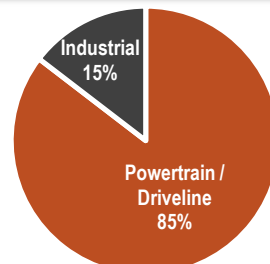


~\$6.6 bn

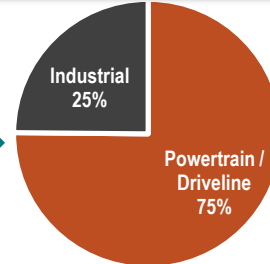
Standalone

Pro Forma

2016 EBITDA



~\$1.0 bn



~\$1.2 bn

Market and Technology

Mark Stoddart



MacDon' Industry Leading Business and Market Share



Strong Market Position in Key Product Categories



Combine
FlexDraper®
Headers

Rigid
Draper
Headers

Self-Propelled
Windrowers
(mid-horsepower)

North American
Estimated Market Position

#1

#1

#1

- Technology supported by over 100 unique patents with an additional 30+ unique patents pending globally, and a permanent technology-focused staff of 110

FlexDrapers® & Rigid Drapers



- Higher cutting speeds
- Structural changes to improve manufacturability, maintainability, durability, and reliability
- Improved cutterbar visibility
- Reduced seed loss
- Higher capacity (improved efficiency)

Self-Propelled Windrowers



- Industry leading road speeds
- Improved crop flow and windrow formation
- Improved lift and float of headers
- Structural changes to improve manufacturability, maintainability, availability, and reliability
- Improved operator comfort and interface

Hay Products



- Market leading transport system
- Broader range of conditioning options
- Structural changes to improve manufacturability, maintainability, durability, and reliability
- Improved crop flow and windrow formation
- Improved performance in challenging conditions

Continuously Setting the Standard in Specialized Harvesting Technology



International Expansion

- Large untapped addressable global market opportunity with existing Linamar operations
- MacDon has a global reach and access to key harvesting markets



Product Line Expansion

- Leverage technology and engineering know-how of both MacDon and Linamar to expand of both agriculture and industrial product offerings
- Focused approach to parts marketing



Leverage Operations

- Significant opportunity to leverage Linamar's existing global manufacturing expertise
 - LEAN philosophy with employee involvement is highly applicable to agricultural equipment manufacturing
- Sharing of technology and distribution networks across existing agriculture and industrial operations

	POWERTRAIN / DRIVELINE		INDUSTRIAL	AGRICULTURE
	AUTOMOTIVE (LV)	COMMERCIAL TRUCK		
North America	Flat	Growth	Flat	Growth
Europe	Flat	Moderate Growth	Moderate Growth	Moderate Growth
Asia	Flat	Decline	Moderate Growth	Flat

- Factors influencing production levels consist of:
 - Global population growth
 - Growth in middle class
 - New distribution channels & branding
 - Urbanization & implementation of urban mass transit infrastructure
 - Autonomous driving
 - Ride sharing / ride hailing

- Significant infrastructure spending planned for the next couple of years in every region

- Agricultural output expected to increase to meet demands of:
 - Population growth
 - Growing disposable incomes

Source: I.H.S. Market Estimates for LV, CV Production. Industrial and Agriculture Markets utilize AEM, 3rd party analysts and internal forecasts . Updated Q3 2017.

Note: Growth rates are as follows: Decline is less than (2%), flat is between (2%) and 2%, moderate growth is greater than 2% and less than or equal to 5%, growth is greater than 5% and less than 15% and strong growth is greater than or equal to 15%.

Financially Attractive Deal

MacDon R116 PT

Dale Schneider



Financially Attractive Transaction

Strong Financial Profile

- Industry leading EBITDA margin ranging from 20% to 25%
- Capital expenditure as % of sales of $\leq 3\%$

Positive Accretion / Synergies

- High single digit EPS and FCFPS accretion in years 1 and 2
- Modest synergies such as:
 - Procurement/experience and capabilities
 - Leverage MacDon distribution network for Oros corn head sales
 - MacDon will take over some of Linamar's current engineering
 - Attractive alternative Skyjack distribution channel

Fair Price

- Acquisition multiple is favourable relative to median precedent transaction multiples
- Acquisition multiple is also favourable relative to current trading multiples of agriculture comparables

Source: Company filings, Capital IQ

Note: Market data as of 4-Dec-17

1. Based on 2017E EBITDA and 2017E Revenue.

2. Based on normalized four-year average EBITDA ending in 2015 and 2016 Revenue.

3. Based on 2014E Adjusted EBITDA and 2014E Revenue.

4. Based on 2011E EBITDA and 2011E Revenue.

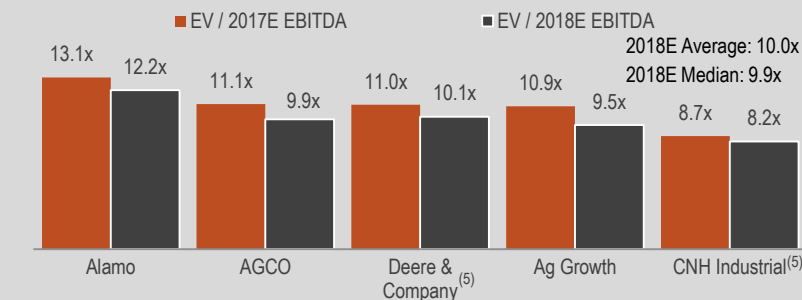
5. Adjusted to exclude finance division debt & cash in enterprise value calculation.

Ag Sector Precedent Transactions

Date			EV	EV/	EBITDA
Ann.	Acquirer Name	Target Name	(C\$ mm)	LTM EBITDA	%
Jun-17	Deere	Wirtgen	\$6,963	9.5x ⁽¹⁾	16% ⁽¹⁾
Apr-17	Ag Growth	Global Industries	\$134	5.9x ⁽²⁾	11% ⁽²⁾
Dec-15	American Securities	Blount International	\$1,162	8.2x	12%
Nov-14	Ag Growth	Westeel Division	\$210	10.5x ⁽³⁾	10% ⁽³⁾
Dec-11	Kubota Corporation	Kvermeland ASA	\$228	7.3x	5%
Oct-11	AGCO	The GSI Group	\$986	7.8x ⁽⁴⁾	17% ⁽⁴⁾
Aug-11	Blount International	Woods Equipment	\$181	8.3x	14%

Mean:	8.2x	12%
Median:	8.2x	12%

Ag Sector Trading Multiples



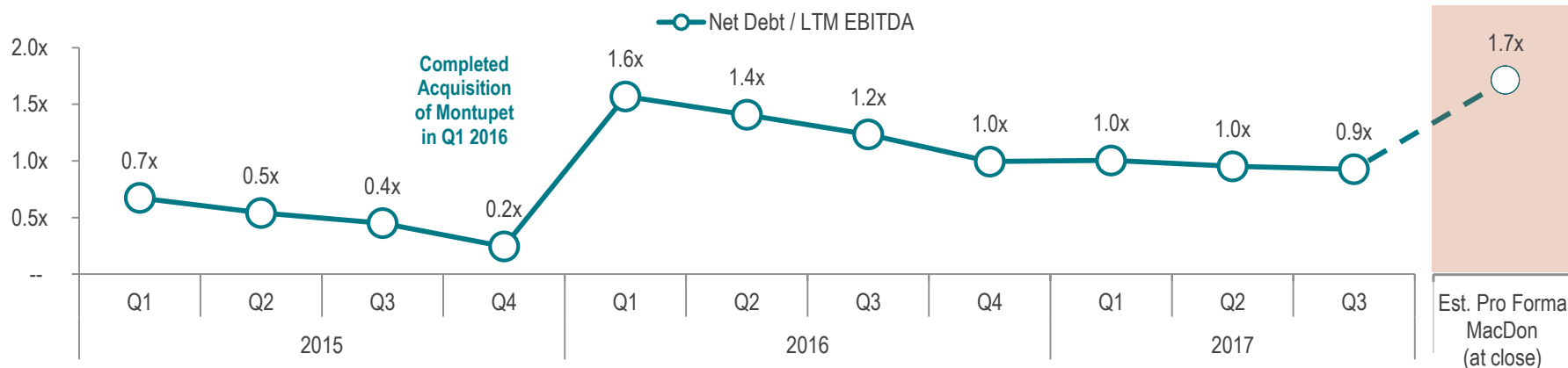
Linamar Maintaining its Strong Balance Sheet



Prudent Financing

- Expected pro forma leverage (net debt to EBITDA) of approximately 1.7x at transaction closing
- Strong pro forma cash flow expected to result in de-levering to below 1.0x net debt to EBITDA within 18 – 24 months
 - Similar de-levering to the Montupet transaction

Historical Linamar Leverage Profile



Prudent financing and will delever post transaction as achieved in the past

Successful Track Record of Integration and Growth Globally LINAMAR

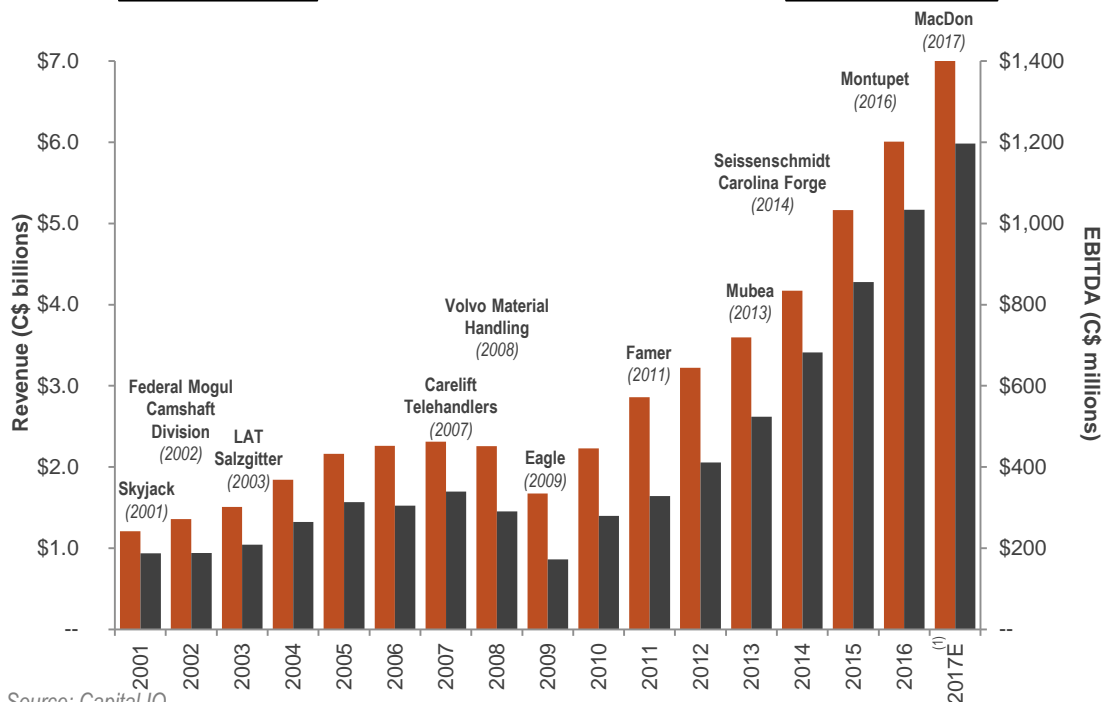
Historical Revenue & EBITDA

2001

Revenue: \$1.2 bn
EBITDA: \$187 mm

2017E⁽¹⁾ (Pro Forma)

Revenue: \$7.1 bn
EBITDA: \$1.2 bn



Source: Capital IQ

1. 2017E based on median consensus broker estimates for Linamar. Pro forma for acquisition of MacDon.

Key Milestone Transactions



- Successful entry into access market with scissor lifts, boom and telehandlers



- Acquisition increased expertise in horizontal hot forging across a broad range of equipment sizes
- Enhanced gear business



- Acquisition enhanced Linamar's technical leadership in the design and manufacture of complex aluminum castings



- Acquisition positions Linamar as a leading global agricultural harvesting equipment manufacturer

Trading Comparables



	Auto Part Peers								Industrial / Aerial Lift Peers			Agriculture Peers					
	Linamar	BorgWarner	Magna	Exco	American Axle	Martinrea	Tower	Average (excl. LNR)	Terex	Oshkosh	Average	Alamo	AGCO	Deere & Company ⁽¹⁾	Ag Growth	CNH ⁽¹⁾ Industrial	Average
Equity Value (C\$ mm)	\$4,429	\$14,598	\$25,938	\$418	\$2,408	\$1,342	\$810		\$5,017	\$8,595		\$1,702	\$7,424	\$62,723	\$862	\$22,937	
Enterprise Value (C\$ mm)	\$5,371	\$17,265	\$30,358	\$429	\$7,086	\$1,948	\$1,290		\$5,523	\$9,070		\$1,775	\$9,762	\$61,577	\$1,362	\$27,136	
EV / CY17E EBITDA	5.2x	8.2x	5.8x	5.2x	5.0x	4.9x	4.8x	5.7x	15.4x	10.9x	13.2x	13.1x	11.1x	11.0x	10.9x	8.7x	11.0x
EV / CY18E EBITDA	4.7x	7.6x	5.3x	5.1x	4.5x	4.6x	4.5x	5.3x	11.1x	10.1x	10.6x	12.2x	9.9x	10.1x	9.5x	8.2x	10.0x
Price / CY17E EPS	8.4x	14.0x	9.4x	9.8x	4.6x	8.3x	8.2x	9.1x	35.9x	22.4x	29.2x	25.3x	23.8x	21.6x	23.1x	27.2x	24.2x
Price / CY18E EPS	7.8x	13.0x	8.4x	9.4x	5.0x	7.3x	7.6x	8.5x	21.0x	19.0x	20.0x	22.0x	18.8x	17.9x	16.5x	21.2x	19.3x
'17E - '19E Revenue Growth	6%	7%	7%	1%	5%	2%	5%	5%	6%	4%	5%	4%	5%	7%	7%	4%	5%
'17E - '19E EBITDA Growth	7%	7%	8%	5%	4%	8%	7%	6%	26%	8%	17%	6%	12%	9%	11%	6%	9%
'17E EBITDA Margin	16%	17%	10%	14%	18%	11%	11%	13%	6%	9%	8%	12%	8%	15%	16%	9%	12%
'17E Capex as % of Sales	7%	6%	5%	3%	8%	7%	6%	6%	1%	2%	1%	1%	3%	7%	6%	4%	4%
Net Debt / LTM EBITDA	0.9x	1.3x	0.7x	0.1x	3.8x	1.6x	2.0x	1.6x	2.3x	0.6x	1.4x	0.6x	2.7x	nmf	4.9x	1.5x	2.4x

Significant portion of Linamar's pro forma business will be from Industrial / Aerial Lift and Agriculture end markets, which trade at premium multiples relative to the Auto Parts sector

Sources: Capital IQ

Note: Market data as of 8-Dec-17.

1. Enterprise value and net debt are adjusted to exclude debt and cash from finance division.

-  Enhances Position as a Global Diversified Manufacturer
-  Industry Leading Businesses and Share of Sales
-  Technology and Innovation Leader
-  Significant Growth Potential and Upside Opportunities
-  Agricultural Market Early Stages of Cyclical Recovery
-  Financially Attractive Transaction

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