



## Q2 Conference Call Presentation

For Audio Only Dial in:

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Conference ID: 1797109

Linda Hasenfratz

August 11, 2021

# Forward Looking Information, Risk and Uncertainties

Certain information regarding Linamar set forth in this presentation and oral summary, including management's assessment of the Company's future plans and operations may constitute forward-looking statements. This information is based on current expectations that are subject to significant risks and uncertainties that are difficult to predict. Actual results may differ materially from these anticipated in the forward-looking statements due to factors such as customer demand and timing of buying decisions, product mix, competitive products and pricing pressure. In addition, uncertainties and difficulties in domestic and foreign financial markets and economies could adversely affect demand from customers. These factors, as well as general economic and political conditions and public health threats, may in turn have a material adverse effect on the Company's financial results. Please also refer to Linamar's most current Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") and Annual Information Form ("AIF"), as replaced or updated by any of Linamar's subsequent regulatory filings, which set out the cautionary disclaimers, including the risk factors that could cause actual events to differ materially from these indicated by such forward looking statements. These documents are available at <https://www.linamar.com/investors>. The Company 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. Content is protected by copyright and may not be reproduced or repurposed without express written consent by the Company.

# COVID-19 Update



# Pandemic Crisis Management

Assemble Team



Communicate



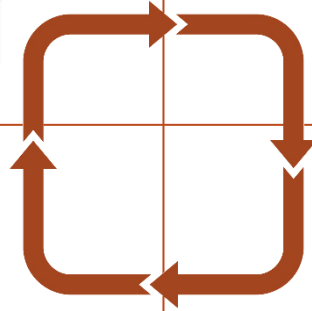
Employees



Investors



Customer



Gather Data



Employees

Financially

Customers

Community

Make a Plan & Execute

# Current Focus

- **Safe Workplace**

- Ensure we continue to maintain a safe work environment
- As vaccination rates continue to climb we are looking at implementing new protocols to reflect our ability to interact more together safely

- **Testing**

- Testing running on a regular basis for Linamar employees in jurisdictions where test kits are available
- **Regular testing is key to controlling community spread**
  - Most contagious in 1-3 days BEFORE first symptoms
  - Only way, along with vaccination, we keep ourselves and safe and get back to normal
  - **Critical to avoiding another wave driven by variants**

- **Vaccinations**

- **Encouraging employees to get fully vaccinated**
  - **Core Guelph plants 81% first shot complete**
  - Vaccines have been proven safe by extensive clinical trials and rigorous government review
  - Only way, along with testing, we keep ourselves and families safe and get back to normal
  - **Critical to avoiding another wave driven by variants**
- **Linamar Vaccination Clinic a Huge Success**
  - **Completed >57,000 injections for Wellington Dufferin Guelph in 5 months of operation**
  - Our clinic recognized as the most efficient with best throughput per staff member
  - Playbook on how to launch posted on website for other companies to access
  - Looking at possibly creating a mobile unit to help clean up remote/rural areas not yet vaccinated, also to run pop ups at our plants



# Linamar Vaccination Clinic Wraps Up

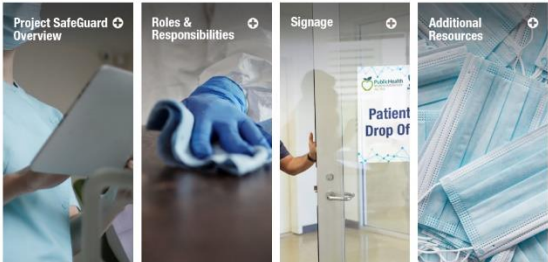
- Clinic launched early March
- >57,000 Shots Administered
- Playbook posted on Linamar website to assist any company in launching their own clinic quickly



## Linamar (Skyjack) Vaccination Clinic Playbook

Linamar is honoured to have the opportunity to support the community in which we live and work in collaboration with Wellington-Dufferin-Guelph Public Health in the efforts of Guelph's COVID-19 mass vaccination. We believe the faster we all get vaccinated, the faster we all get our lives back and we are happy to offer support to get that done. So we have put together a playbook on launching a vaccine clinic with all the necessary information, documents and best-in-practices as a guideline for any business out there, who wants to do the same thing in their community.

Access Forms and Additional Resources from Wellington-Dufferin-Guelph Public Health



# Community Posts (Volunteers & PH)



**deb stark** @debstark1 · Aug 3  
My last shift at @WDGPublicHealth @LinamarCorp clinic. Congratulations and Thank You to everyone who received #COVID19Vaccine For some, it took alot of courage.



3 1 63

**Sara McCafferty** (She/Her) · 3rd+  
Composite Manufacturing Co-op at Linamar Corporation  
60 ·

What a bittersweet ending! Today was my last day volunteering at the **Linamar Corporation (Skyjack Inc.)** Vaccination Clinic. I loved seeing firsthand how eager our community was to get vaccinated. I am also so proud to have helped make vaccines accessible in Guelph. However, I will miss this experience and all of the wonderful people I met along the way.

Thank you to the healthcare workers, vaccinators, organizers, and fellow volunteers who continue to work hard and keep our community safe.

Our work is not done yet! It is important that we continue to get our vaccines and follow public health measures.

#vaccinated #ProjectSafeGuard #WDGpublichealth

**Margaret Burns** · 3rd+  
Marketing Strategy | Creative Problem Solver | Digital & Media Strategy | Ent...  
8d · Edited ·

SO proud to be part of the #vaxvolunteer team in the #Guelph area and incredibly happy to see how our community has come out in force to #GetVaccinated! Congratulations to @WDGPublicHealth, Linamar Corporation #WestEndRecCentre and #UniversityOfGuelph on the stellar job they've done organizing the mass vaccination centres in our community!



**Vaccination milestone:  
City of Guelph**

City of Guelph  
86.8%  
At Least One Dose  
75.5%  
Fully Vaccinated

wdgpublichealth.ca/vaccine  
**WELL DONE, #GUELPH!**

**Tweet**



The vaccination efforts in WDG have been an extraordinary success!

We've reached over 400,000 vaccines in arms thanks to many organizations in our communities working together as one.

To our partners, the staff, volunteers and all our residents - THANK YOU!

#ForYouForMeForWDG



**Stef.**  
@stefcyclops

Even if you \*disagree\* & don't #GetVaccinatedNow, those who are #vaccinated help your overall health & that of the community! Volunteering this week at @LinamarCorp #SkyJack facility to help our community get A+ status (90% #Vaxxed). #Guelph @WDGPublicHealth #ForYouForMeForWDG



**lisa\_bombino**

lisa\_bombino I couldn't be more grateful to be able to volunteer this very worthy cause! Thx @wdgpublichealth @linamar/sky #projectsafeguard for this opportunity and the chance to help make life familiar again.

2w

list\_with\_andrew Thank you! Appreciate the time you're putting into help all of us!

2w

1 like Reply

View replies (1)

Liked by panneh02021 and 49 others

Add a comment...



# Our Volunteers



Celebrating the success



Realizing the clinic is ending





# Sales, Normalized<sup>1</sup> Earnings and CPV

1 –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”).



# Sales, Normalized Earnings, and Margins (in millions CAD)

	Q2 2021	Q2 2020	% Δ
Sales	1,575.3	923.6	70.6%
EBITDA – Normalized <sup>2</sup>	259.2	92.1	181.4%
EBITDA – Normalized Margin	16.5%	10.0%	
Industrial OE – Normalized <sup>1</sup>	66.3	36.5	81.6%
Industrial OE – Normalized Margin	16.8%	14.1%	
Mobility OE – Normalized <sup>1</sup>	85.9	(55.9)	253.7%
Mobility OE – Normalized Margin	7.3%	(8.4%)	
OE – Normalized <sup>1</sup>	152.2	(19.4)	884.5%
OE – Normalized Margin	9.7%	(2.1%)	
NE – Normalized <sup>3</sup>	106.9	(22.0)	585.9%
NE – Normalized Margin	6.8%	(2.4%)	
EPS – Normalized <sup>4</sup>	1.63	(0.34)	579.4%

1 – Operating Earnings before unusual items and foreign exchange impacts from revaluation of the balance sheet.

2 – EBITDA before unusual items and foreign exchange impacts from revaluation of the balance sheet.

3 – Net Earnings before unusual items and foreign exchange impacts from revaluation of the balance sheet, tax affected.

4 – Earnings per share (EPS) before unusual items, and foreign exchange impacts from revaluation of the balance sheet, tax affected.

## Q2 2021

The key factors impacting results in the quarter are:

- Strong market demand in all businesses; partially offset by
- Chip related customer shutdowns negatively impacting sales and earnings in auto business;
- FX headwinds;
- Less government subsidies as markets continue to recover; and
- Supply chain, labour availability and logistics challenges increasing costs and hindering production in all businesses.

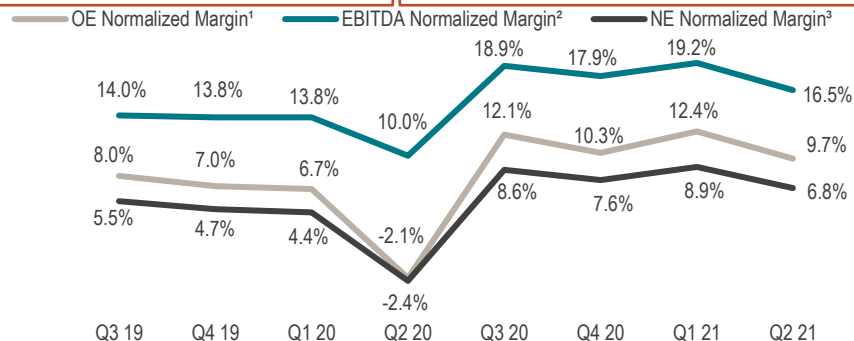
The key impacts to the segments vs prior year are:

### Mobility

- Global light vehicle markets up 45%;
  - Mobility sales growth of 78% far exceeds market growth; partially offset by
- Reduced customer production levels due to semi-conductor chip shortages; and
- FX headwinds.

### Industrial

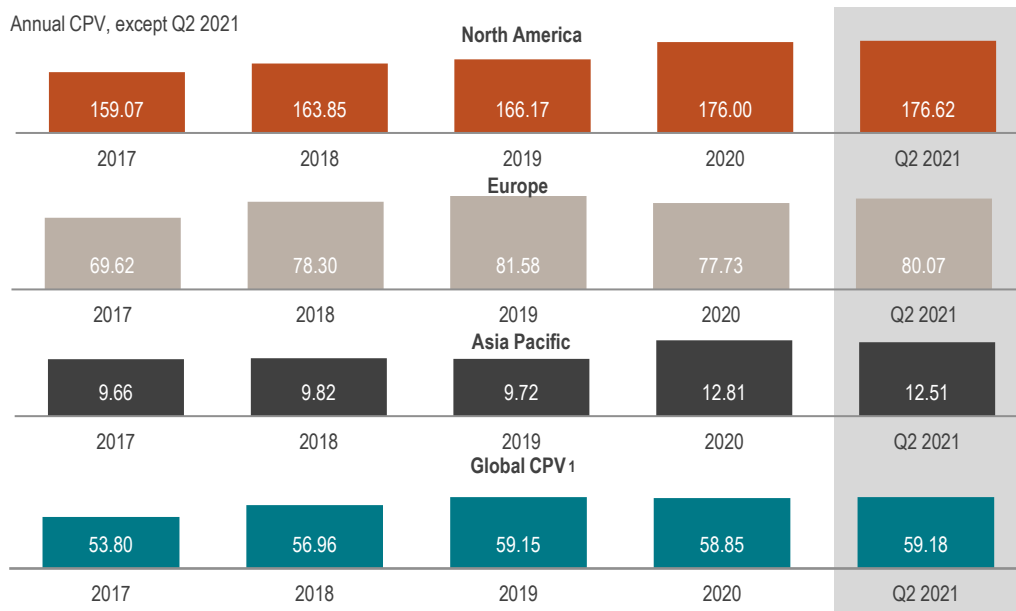
- Skyjack markets strongly recovering & market share up in targeted boom markets;
- MacDon markets & market share up in all core products; partially offset by
- FX headwinds.



# Automotive Sales & Content Per Vehicle (CPV)

	CPV Q2 2021	CPV Q2 2020	CPV % Change	Vehicle Production Units % Change	Automotive Sales Q2 2021 (CAD Millions)	Automotive Sales Q2 2020 (CAD Millions)	Automotive Sales % Change
North America	176.62	185.56	(4.8%)	131.3%	588.1	267.1	120.2%
Europe	80.07	81.27	(1.5%)	86.7%	336.4	183.0	83.8%
Asia Pacific	12.51	13.92	(10.1%)	20.0%	128.3	118.9	7.9%
Global CPV <sup>1</sup>	59.18	46.49	27.3%	45.3%	1,052.8	569.0	85.0%
Other Automotive Sales	-	-	-	-	53.8	37.8	42.2%

Annual CPV, except Q2 2021



- CPV down in each region with key customers disproportionately affected by chip related shutdowns
- Global CPV up thanks to our strongest sales growth coming in the region with the lowest relative production – global production growth is a lot less than global automotive sales growth

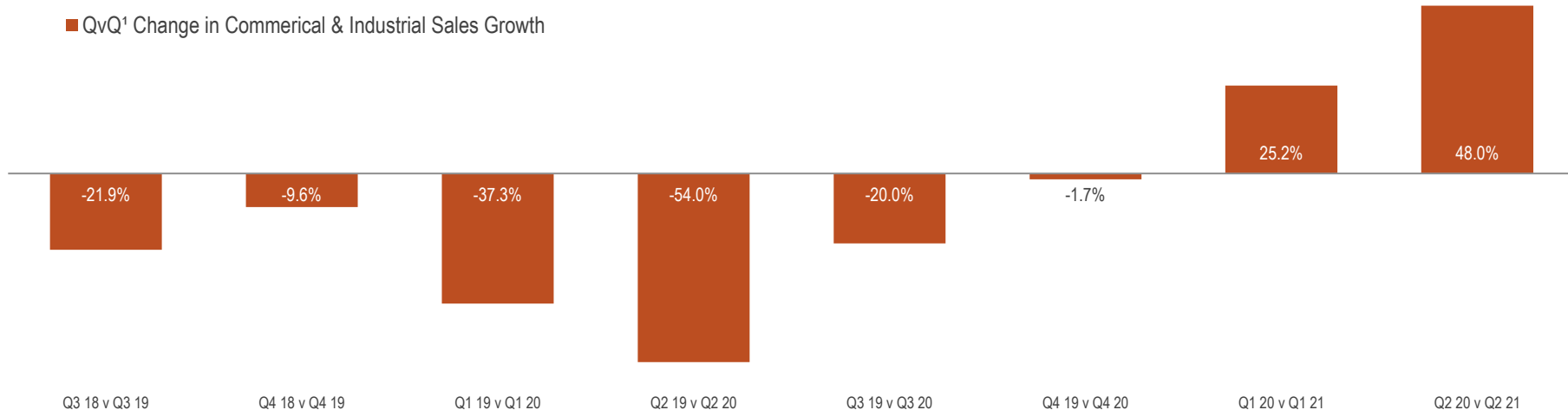


# Commercial & Industrial Sales (in millions CAD)

	Q2 2021	Q2 2020	% Change
Sales	468.7	316.7	48.0%

- Skyjack
  - Global markets up more than double 2020 in Q2 and market share growth, notably in booms globally, driving strong sales growth
- MacDon
  - Draper header market up 20% in NA in Q2
  - Solid market share gains in all core products

■ QvQ<sup>1</sup> Change in Commercial & Industrial Sales Growth

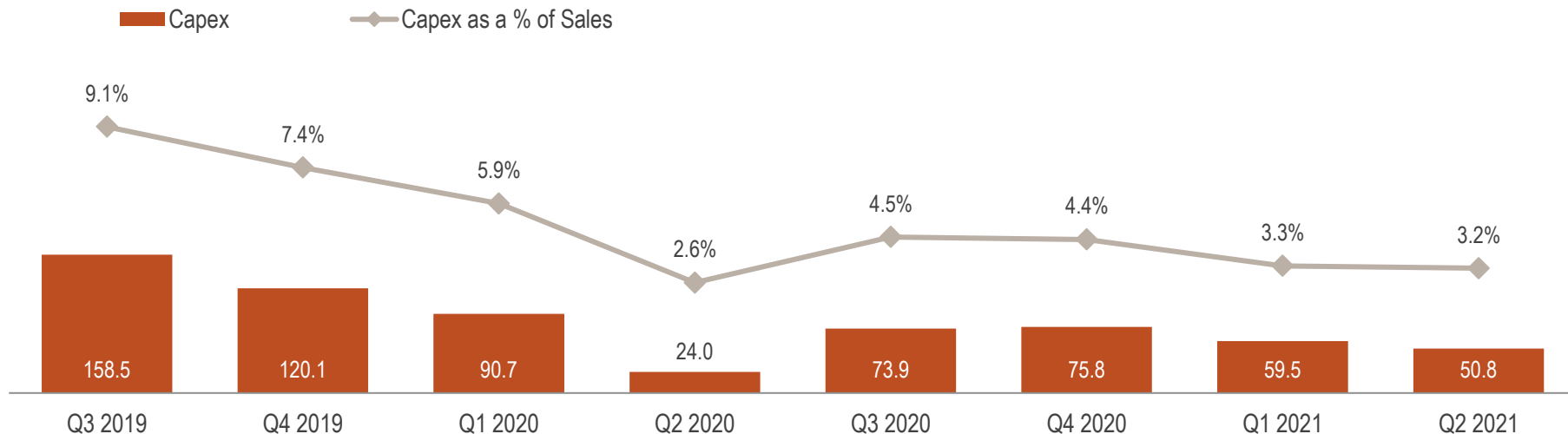


1 – Quarter versus quarter ("QVQ") indicates year over year comparison of two of the same quarters.

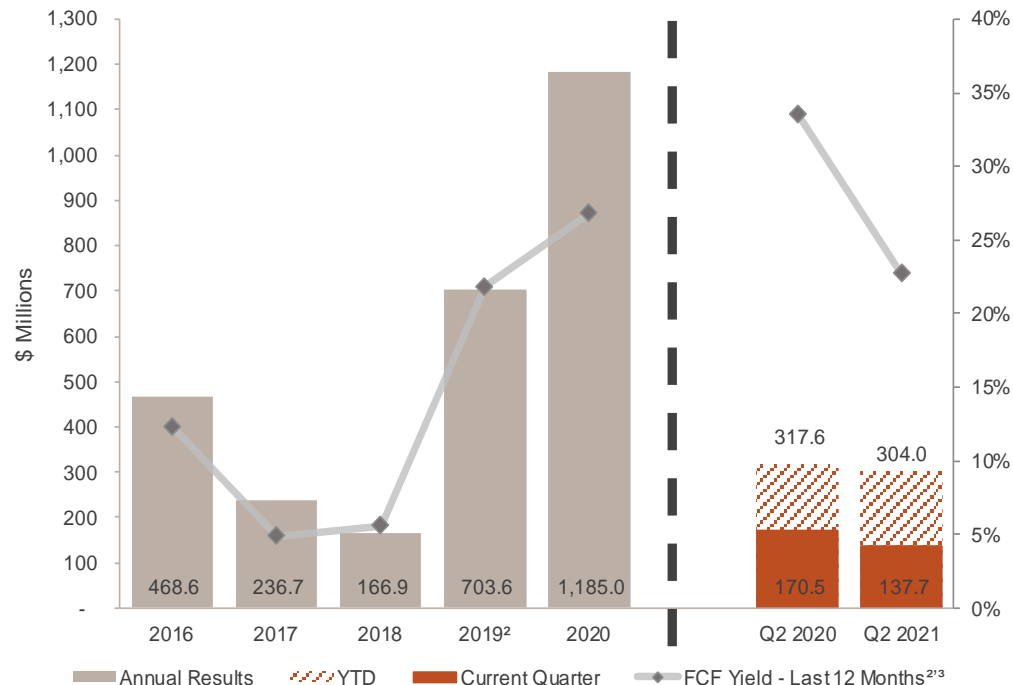
# Capital Expenditures (in millions CAD)

	Q2 2021	Q2 2020
Capital Expenditures (Capex)	50.8	24.0
Capex as a % of Sales	3.2%	2.6%

- Capex up from 2020 but at a lower level than our normal run rate as we continue to conservatively manage cash
- Flexible equipment allows us to continue to grow and tool up programs until market volumes pick up
- Capex will return to normal levels of 6-8% of sales in 2022



# Cash Flow Continues to be a Key Priority



- FCF<sup>1</sup> in Q2 \$138 million
  - 13<sup>th</sup> consecutive quarter of positive FCF
- FCF Yield has been consistently >20% since 2019
- Liquidity<sup>1</sup> excellent with \$1.7 billion of cash available at quarter end
- Solid liquidity and balance sheet positions us well for takeover and acquisition opportunities as they arise

1 - For more information on the Free Cash Flow and Liquidity measure refer to section entitled "Non-GAAP and Additional GAAP Measures" and "Liquidity and Capital Resources" respectively, in the Company's separately released Management Discussion and Analysis ("MD&A").

2 - Free cash flow has been adjusted for additions of property, plant and equipment related to the dissolution of a joint venture.

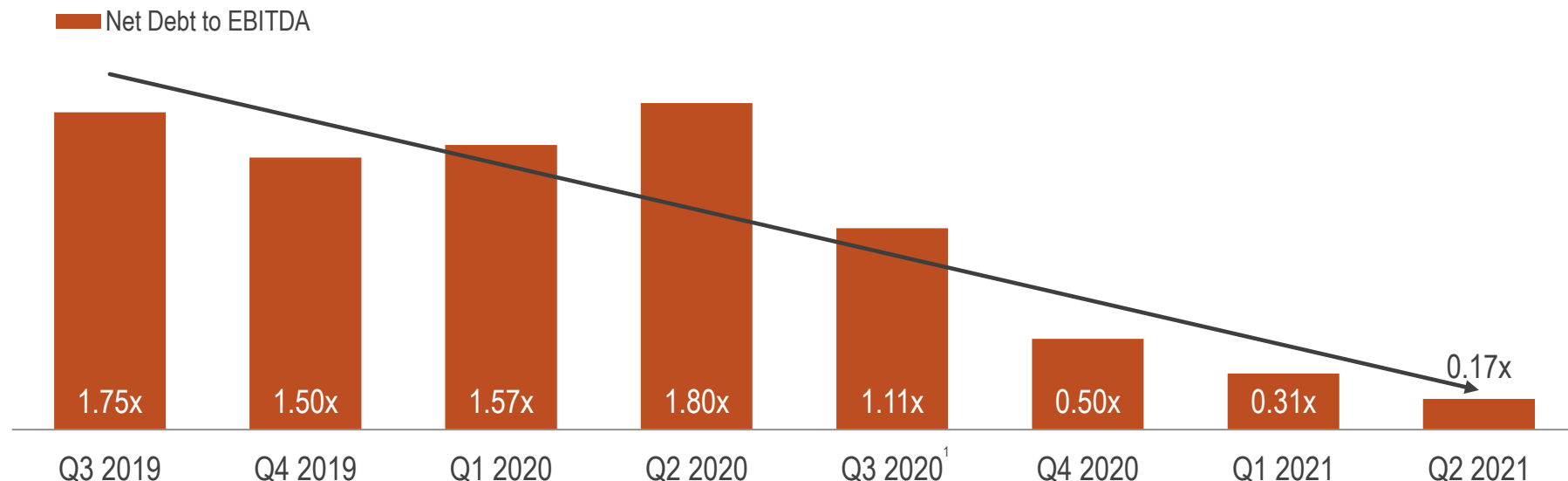
3 - Free cash flow yield is calculated as free cash flow divided by fully diluted shares divided by share price.



# Leverage (in millions CAD)

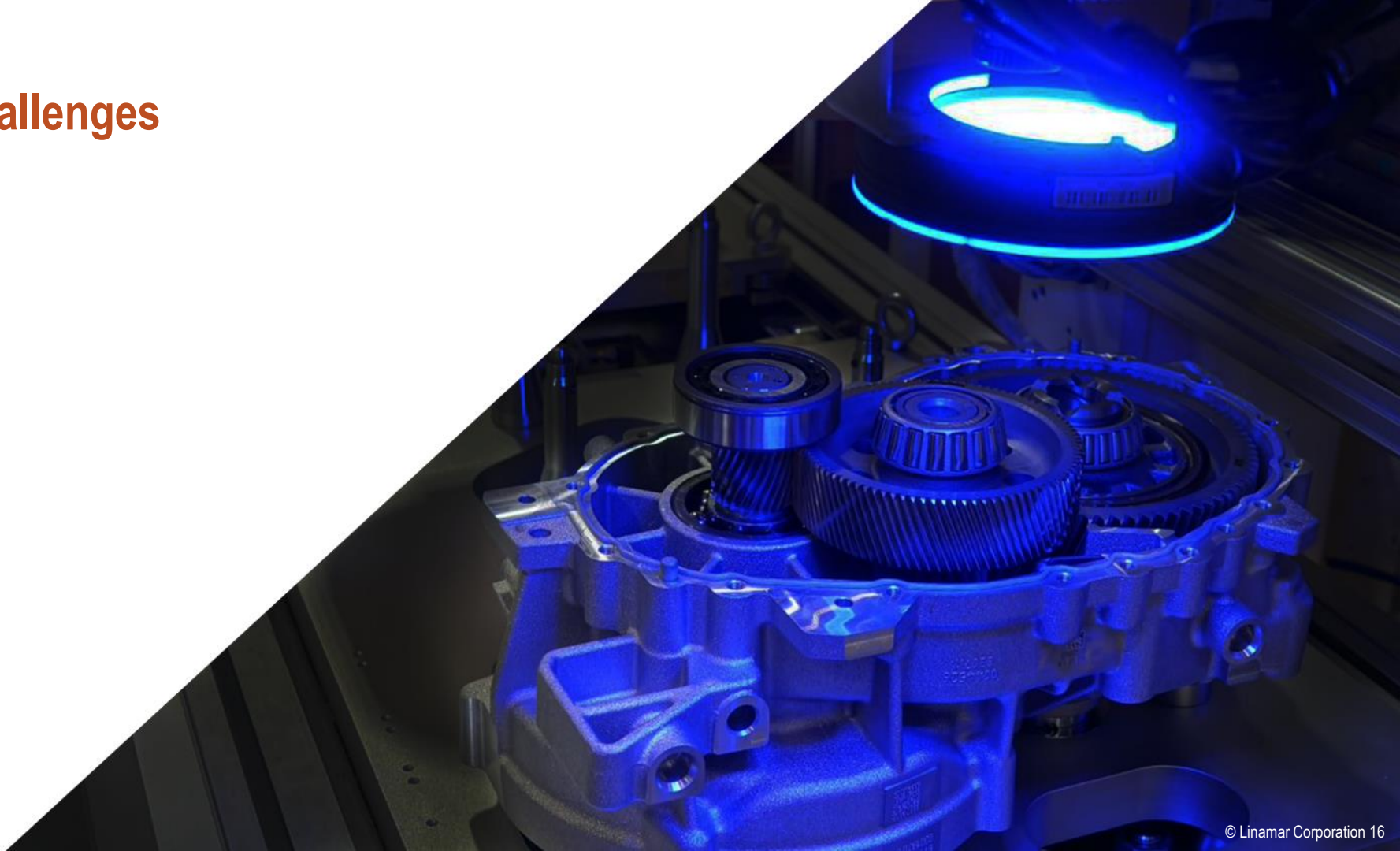
	Q2 2021	Q1 2021	Q2 2020
Net Debt	198.7	308.9	1,342.1
Net Debt to EBITDA	0.17x	0.31x	1.80x

■ We have brought down net debt by \$1.96 Billion from our peak in early 2018



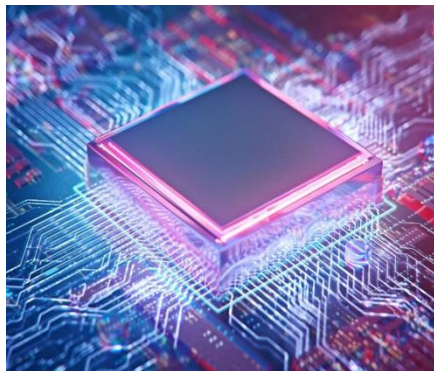
1 - 2020 EBITDA restated in Q1 2021. Please refer to the definition of EBITDA in the section entitled "Non-GAAP and Additional GAAP Measures" in the Company's separately released MD&A.

# Challenges



# Disruptions

Semi Conductor Chip  
Shortages



Major Increases in  
Shipping Costs



Spiking Commodity Prices



Labour Shortages

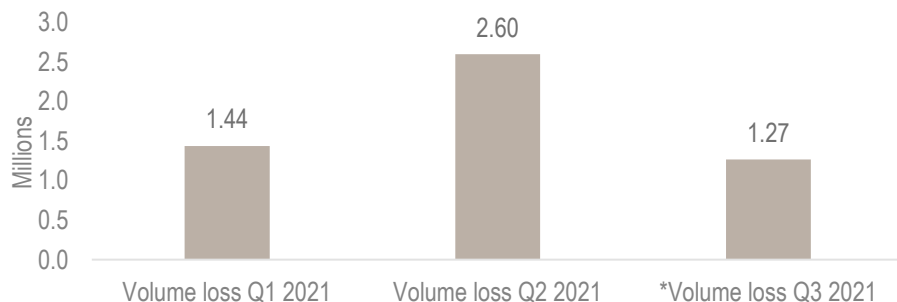




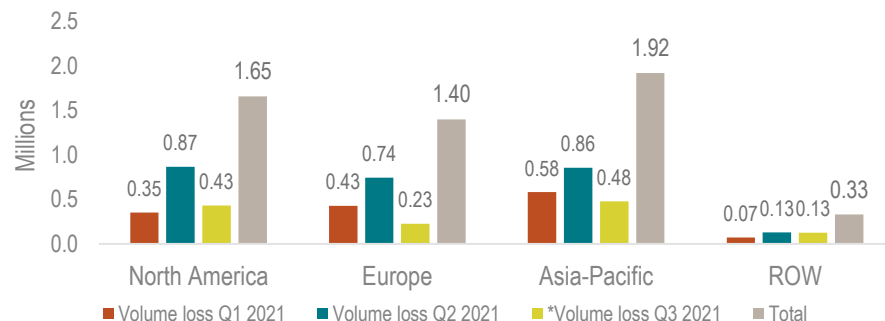
# Semiconductor Chip Shortage – Light Vehicle Production Impact

Total estimated 2021 volume loss of 5.3M units. Supply disruption expected to continue in Q4 2021 and Q1 2022 (amount TBD) with supply stabilizing in Q2 2022.

### Estimated Volume Loss by Quarter

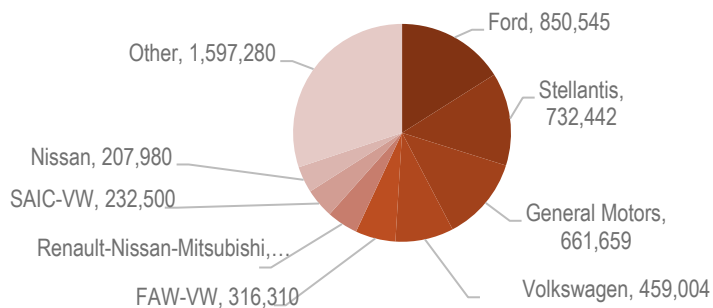


### Estimated Volume Loss by Region

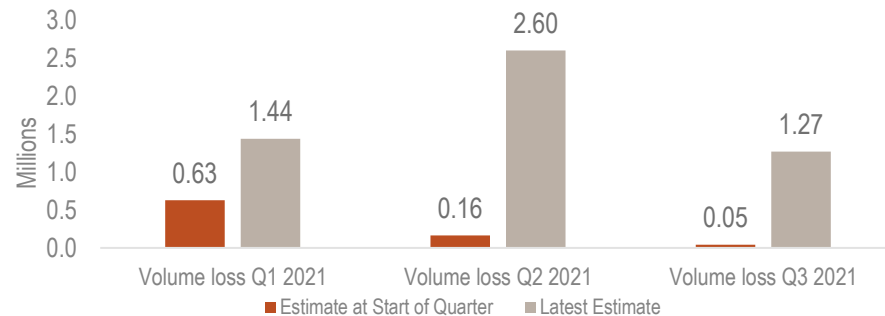


### Estimated Volume Loss by OEM

Total Q1-2021 to Q3 2021



### Estimated Volume Loss - Start of Quarter Versus Latest Estimate

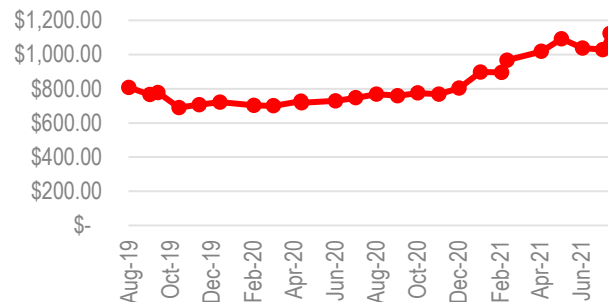


Original Estimates Jan 12th for Q1, Mar 12th for Q2, May 7th for Q3

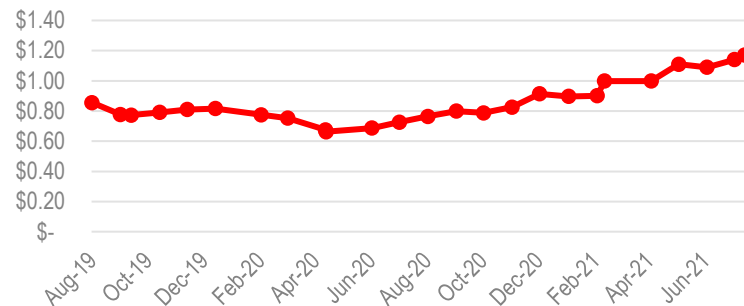
# Commodity Prices a Challenge

Pass Through for Mobility, Less Flexibility in Industrial

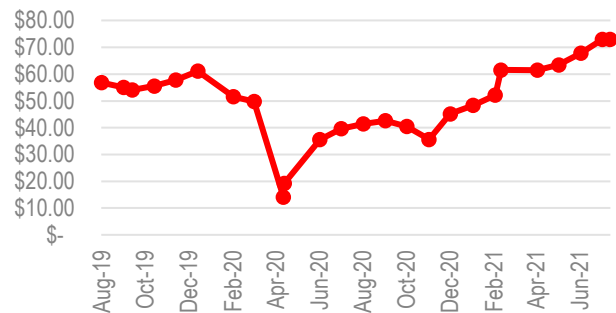
**Steel Plate (CDN) - per metric ton**



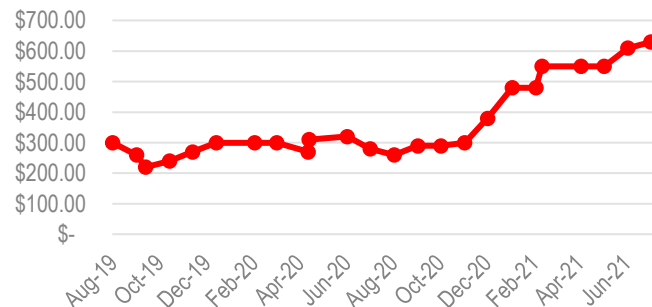
**Aluminum (USD) - per lb**



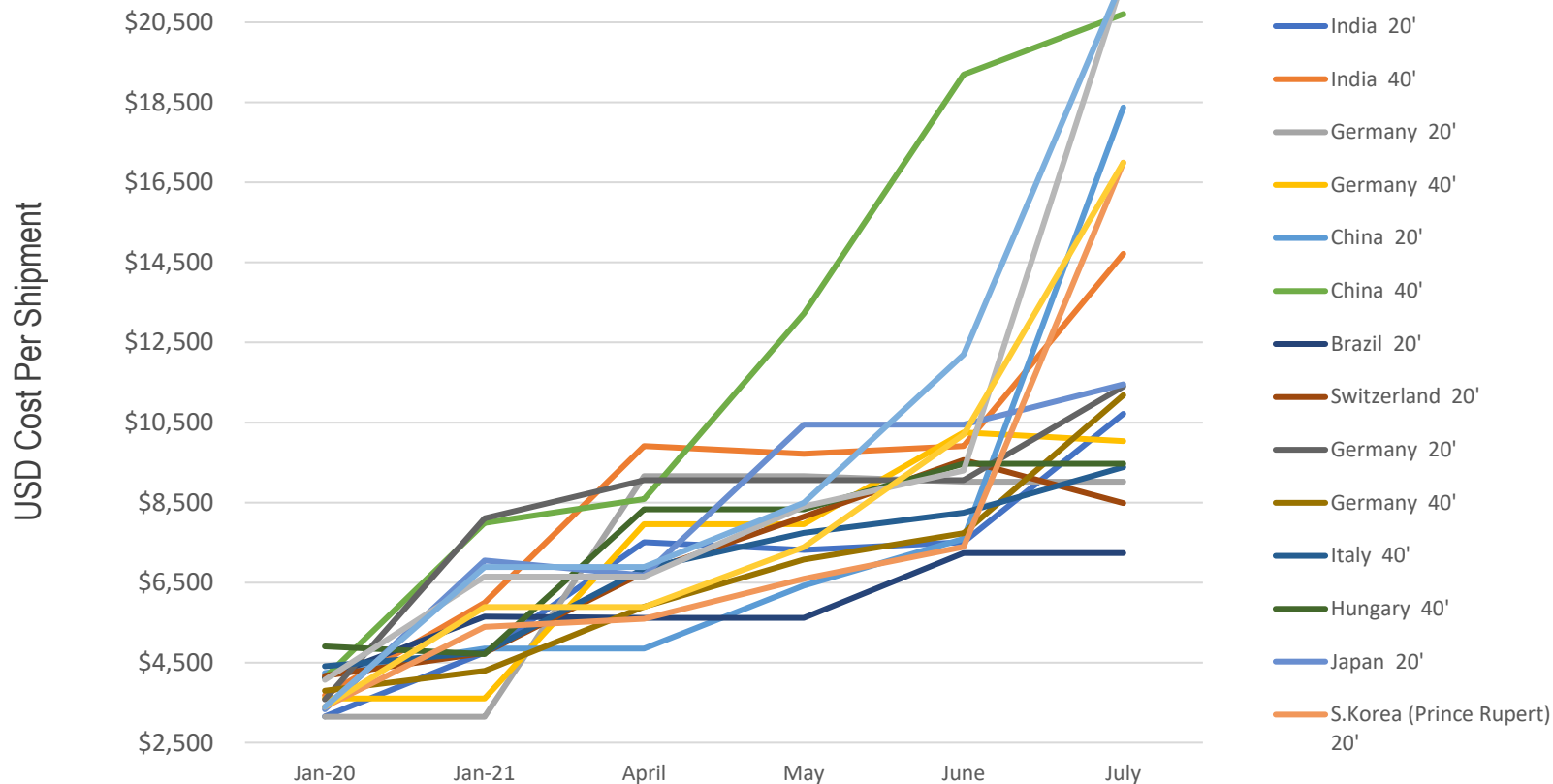
**Crude Oil, WTI (USD) - per barrel**



**Scrap Steel No. 1 Busheling N. America - per long ton**



# Ocean Freight A Key Concern...



# Labour Shortages Exacerbating Situation

- **Labour Challenge Case Study**
  - December 2019 – 5.6% in Guelph, struggling to fill openings
  - June 2021 – 9.4% in Guelph seasonally adjusted to 13.1%, even harder to fill open positions
  - 1,000 openings in Guelph – major struggle to fill despite higher unemployment
  - Generous government subsidies an issue – people not motivated to come to work
  - This is a global issue, not just Canada



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EARN \$250\***

**REFER A NEW EMPLOYEE  
AND RECEIVE \$250\***

CURRENTLY WE ARE LOOKING TO FILL  
THE FOLLOWING POSITIONS:  
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PROGRAM RUNS UNTIL DECEMBER 31, 2021



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**SKYJACK**  
simply reliable



**We are looking for:**

- Machine Operators
- Line Setups
- Manufacturing Technicians
- Millwrights

**SCAN QR CODES BELOW TO APPLY!**

Machine Operator Line Setup Manufacturing Technician Millwright



**JOIN OUR  
WINNING TEAM**

Skyjack, Inc., a division of Linamar, is hiring for the following positions at their Guelph, ON facilities:

- General Labourers (\$16.37/hr)
- Material Handlers (\$21.29/hr)
- Assemblers (\$19.21/hr)
- Painters (\$23.86/hr)
- Welders (Truck Welder - \$24.02/hr Welders - \$25.62/hr + CWB Ticket)

**WE OFFER**

- Signing bonuses (\$250).
- Straight shifts (days, afternoons, nights).
- Opportunities for career advancement.
- Community based outreach supporting both local and global initiatives and charities.
- Social committees and sports teams.
- Discounts for local vendors and events, including auto supplier discounts.

Training development available for welding shop — Learn how to tack and weld!

For more information call 519-837-0888 ex 24470 or 24467  
Or apply online today at [www.linamar.com/careers](http://www.linamar.com/careers)

**\$250  
SIGNING  
BONUS**

**LinkedIn**  
3 Million Impressions  
130,000 Job Views  
16,000 Applies

**Indeed**  
200,000 Impressions  
22,000 Job Views  
4,000 Applies

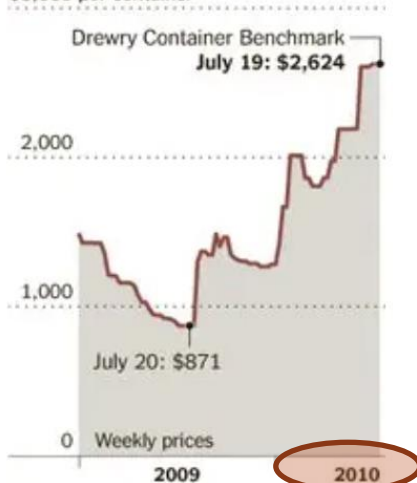
# Unprecedented

## The Most Overused and Least Understood Word of 2021

### Rising Cost of Shipping

The cost to ship one standard 40-foot-long container from Hong Kong to Los Angeles has tripled since last year.

\$3,000 per container



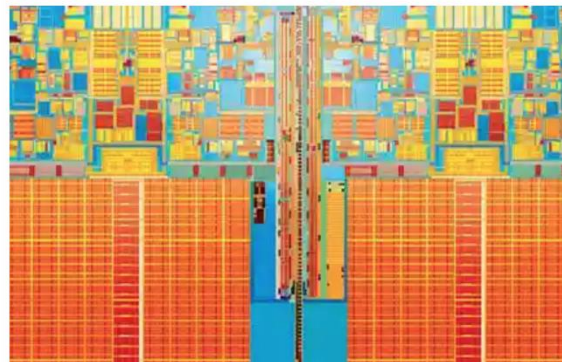
Average spot-market rate for a full 40-foot container; excludes terminal handling charges in Hong Kong.

Source: Drewry Shipping Consultants, via The Journal of Commerce

The New York Times

### Technology industry faces chip shortage

Manufacturers have failed to make enough semiconductors and other high-tech components



▲ Intel chips. Photograph: Intel

The technology industry faces a growing shortage of semiconductors and other high-tech components following a failure to invest in new manufacturing facilities during the recession, experts have warned.

Smartphone makers are now finding it harder to lay their hands on chips display screens, leading to supply delays on some handsets. Analysts have said that this scramble is likely to become increasingly competitive, potentially hitting pushing up costs for consumers.








Malcolm Penn, chief executive at analyst firm Future Horizons, believes some chips will remain in short supply until the end of 2010, and it could take 12 months until supply and demand are back in kilter. This is a huge crisis," said Penn. "A year ago, the chipmakers decided not to build new factories - in fact they were closing factories."



# Market Outlook



# Market Snapshot

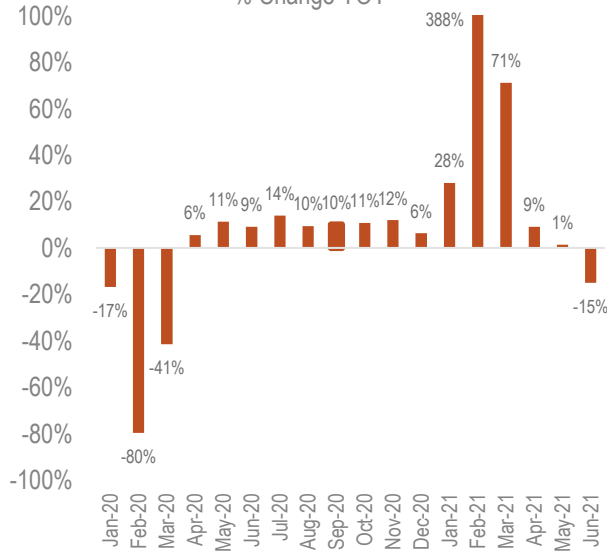
								
2021	Light Vehicle	Commercial Truck	Combine Heads	Access	2022	Light Vehicle	Commercial Truck	Access
North America	▲ 12.3%	▲ 29.4%	▲ 20.0%	▲ 30.9%	North America	▲ 16.4%	▲ 5.7%	▲ 25.0%
Europe	▲ 8.9%	▲ 17.3%	▲ 10.0%	▲ 37.4%	Europe	▲ 12.4%	▲ 6.6%	▲ 18.1%
Asia	▲ 8.5%	▼ 23.3%	n/a	▲ 147.1%	Asia	▲ 7.6%	▼ 22.0%	▲ 5.5%
Rest of World	▲ 21.2%	n/a	▲ 10.0%	n/a	Rest of World	▲ 13.1%	n/a	n/a

Above projections are external industry expert estimates for total market % unit change as a whole vs. prior year in each of the respective market segments. They are not internal expectations of Linamar's results.

# Light Vehicle Sales

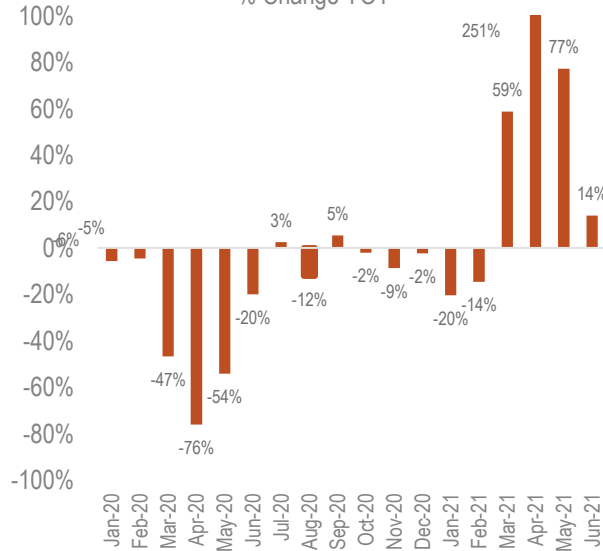
Demand Staying Well Above 2020 Despite Lack of Vehicles to Purchase re Chip Issues

China Light Vehicle Sales  
% Change YOY



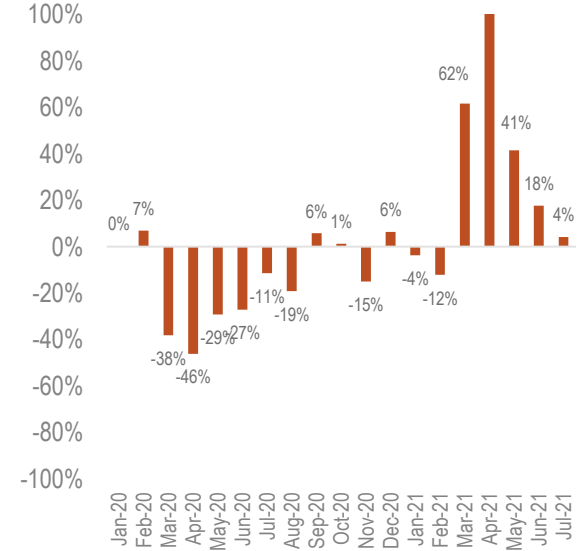
- June sales expected to be down 15% YOY due to lower inventory levels associated with semiconductor shortage.
- 2021 sales expected to increase by 6% to 25M, highest since 2018.

Europe Light Vehicle Sales  
% Change YOY



- June sales expected to be up 14% YOY as sales continue to recover from low levels reported last year during pandemic related lockdowns.
- 2021 sales expected to increase by 8%.

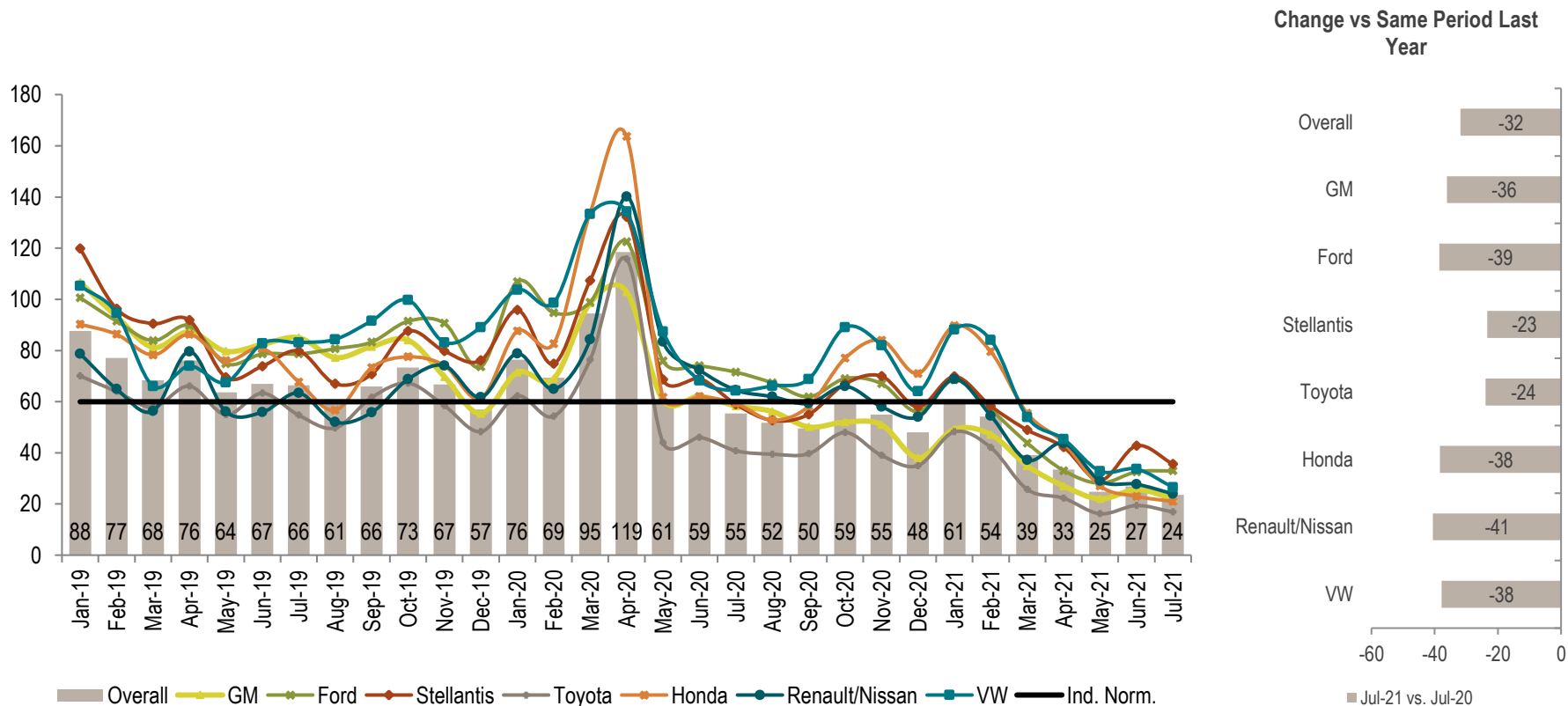
US Light Vehicle Sales  
% Change YOY



- US sales up 4% YOY in July. July sales negatively impacted by record low inventory levels due to semiconductor shortage.
- 2021 US sales expected to grow by 14% to 16.7M.

# US Light Vehicle Inventory – Days' Supply

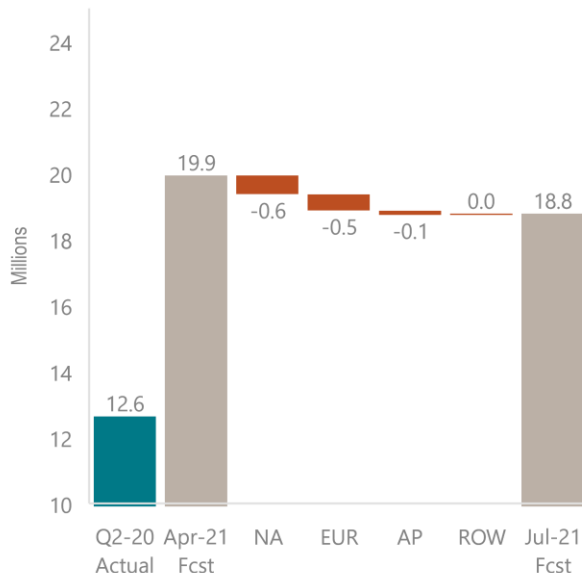
## Will Take Years To Replenish Inventory Levels Regardless of Demand...



# Global Light Vehicle Market: Q2 2021, Q3 2021 and 2021

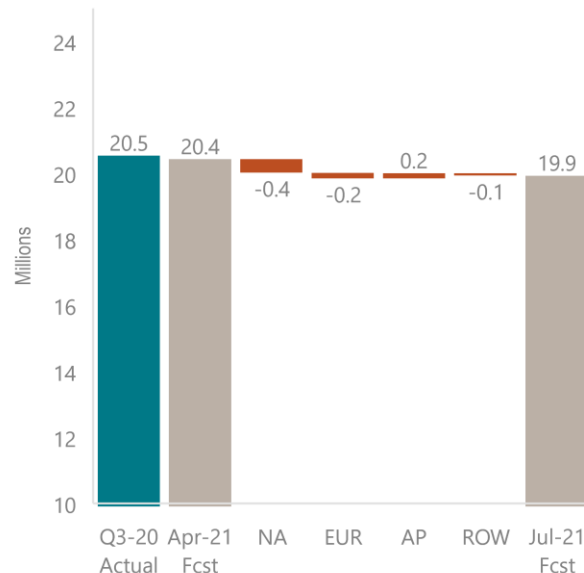
*Q2 2021 production decreased by 1.1M units. Q3 2021 forecast reduced by 500,000 units. 2021 full-year forecast reduced by 1.5M.*

**Q2-2021 Global Vehicle Production Forecast By Region**  
Change in Forecast Jul-2021 vs. Apr-2021



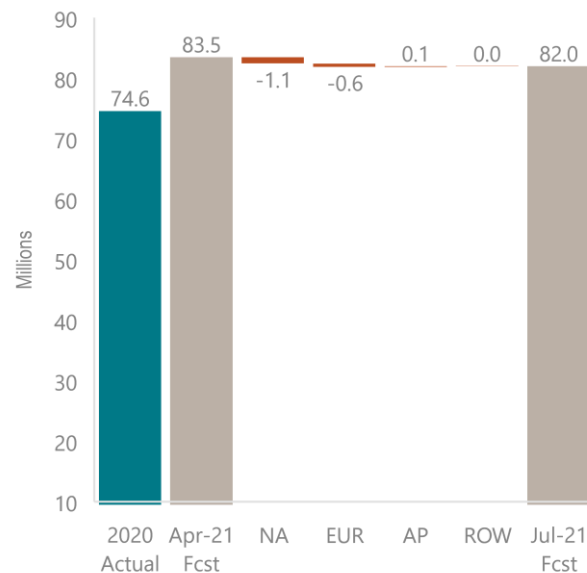
- Q2 2021 light vehicle production lower than expected in April due to global shortage of semiconductors
- Q2 production still up 49% versus prior year

**Q3-2021 Global Vehicle Production Forecast By Region**  
Change in Forecast Jul-2021 vs. Apr-2021



- Q3 2021 forecast reduced by 1.1M due to ongoing global shortage of semiconductors
- Q3 production expected to decline 3% versus prior year

**2021 Global Vehicle Production Forecast By Region**  
Change in Forecast Jul-2021 vs. Apr-2021



- 2021 full-year outlook reduced by 1.5M due to ongoing global semiconductor shortage
- 2021 production expected to be up 10% versus prior year**



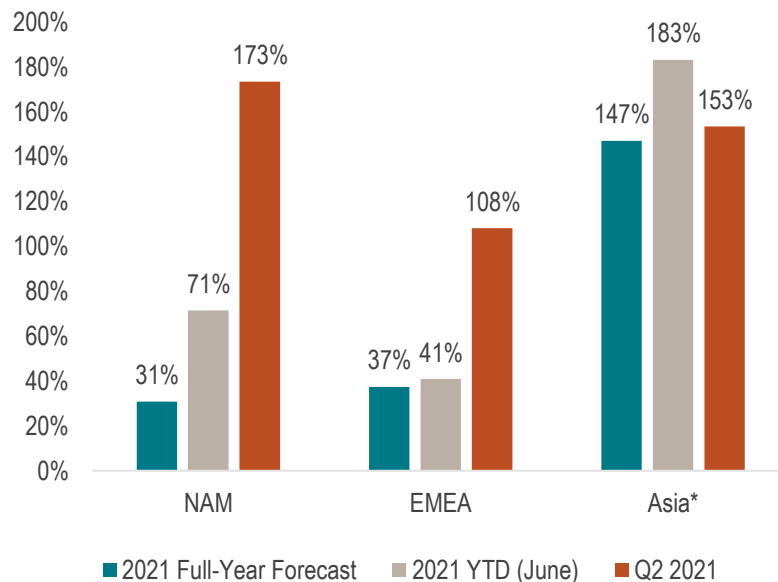
# Industrial Segment Impacts - Skyjack

## Access Equipment Market Commentary

- Continued recovery of Aerial Work Platform (AWP) market in Q2 2021. All regions saw triple-digit increase versus Q2 2020 (low prior year comparison due to pandemic related lockdowns)
- Customer fleet utilization levels remain within 5% of 2019 levels.
- Rising commodity prices, supply shortages negatively impacting production and costs.
- NAM Access market up 173% YOY in Q2, 71% YTD (June)
- EMEA Access market up 108% YOY in Q2, 41% YTD (June)
- Asia Access market up 153% YOY in Q2, 183% YTD (June)
- 2021 is expected to see double-digit growth in core NAM and EMEA markets, Asia expected to be up 147%
- 2022 is expected to continue to see double digit growth in core NAM and EMEA but single digit growth in Asia



## 2021 Access Industry YTD Results & Forecast % Change vs. Prior Year



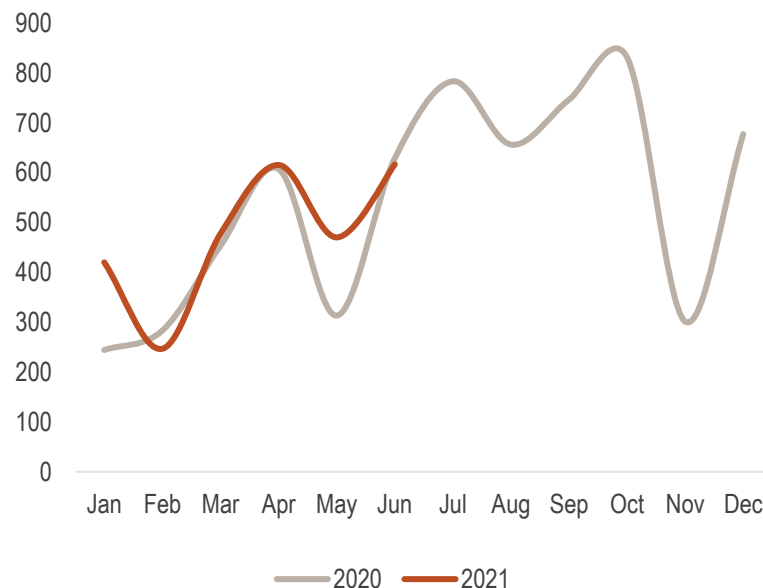
# Agricultural Market

## Agriculture Market Commentary

- Ag. retailers seeing lean inventory indicating retail demand is high
- Commodity price rally, improved farm net income outlook continuing to boost retails
- Continuing to see challenges with global supply chain availability, material costs, and logistics
- North America combine retails up 10% in Q2, 13% YTD (June)
  - Canada combine retails up 22% in Q2, up 22% YTD (June)
  - United States combine retails up 7% in Q2, 10% YTD (June)
- 2021 North American combine header retails expected to be up 20% versus 2020
- The coming months will give us a better idea of the success of the harvest and therefore farmers attitudes towards buying for 2022



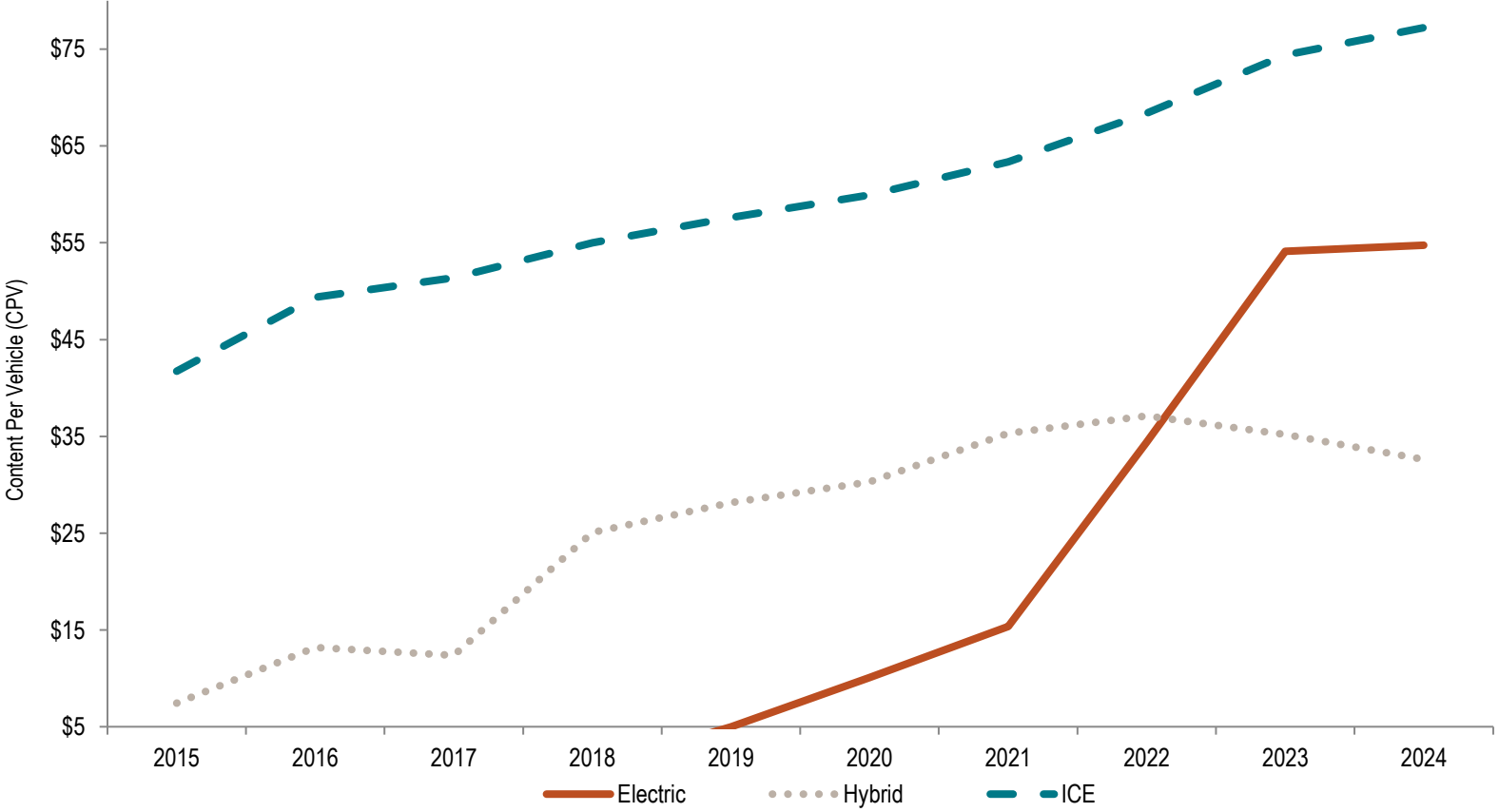
## North American Combine Retails



# Growth Update and Outlook



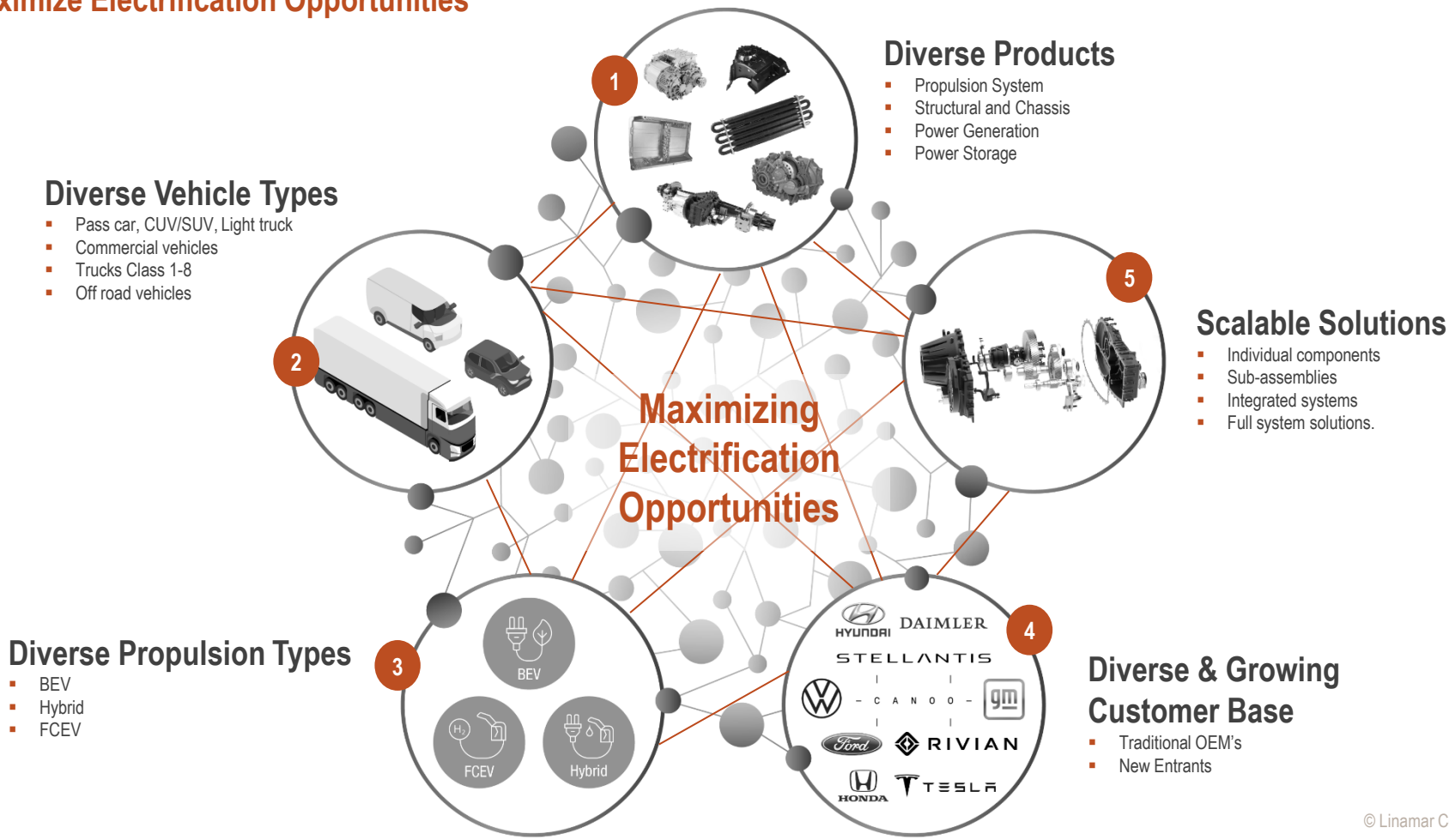
# Electrified Vehicles Key Growth Opportunity for Linamar



Updated: July 27, 2021. Estimates based on current projections and EV applications in market.

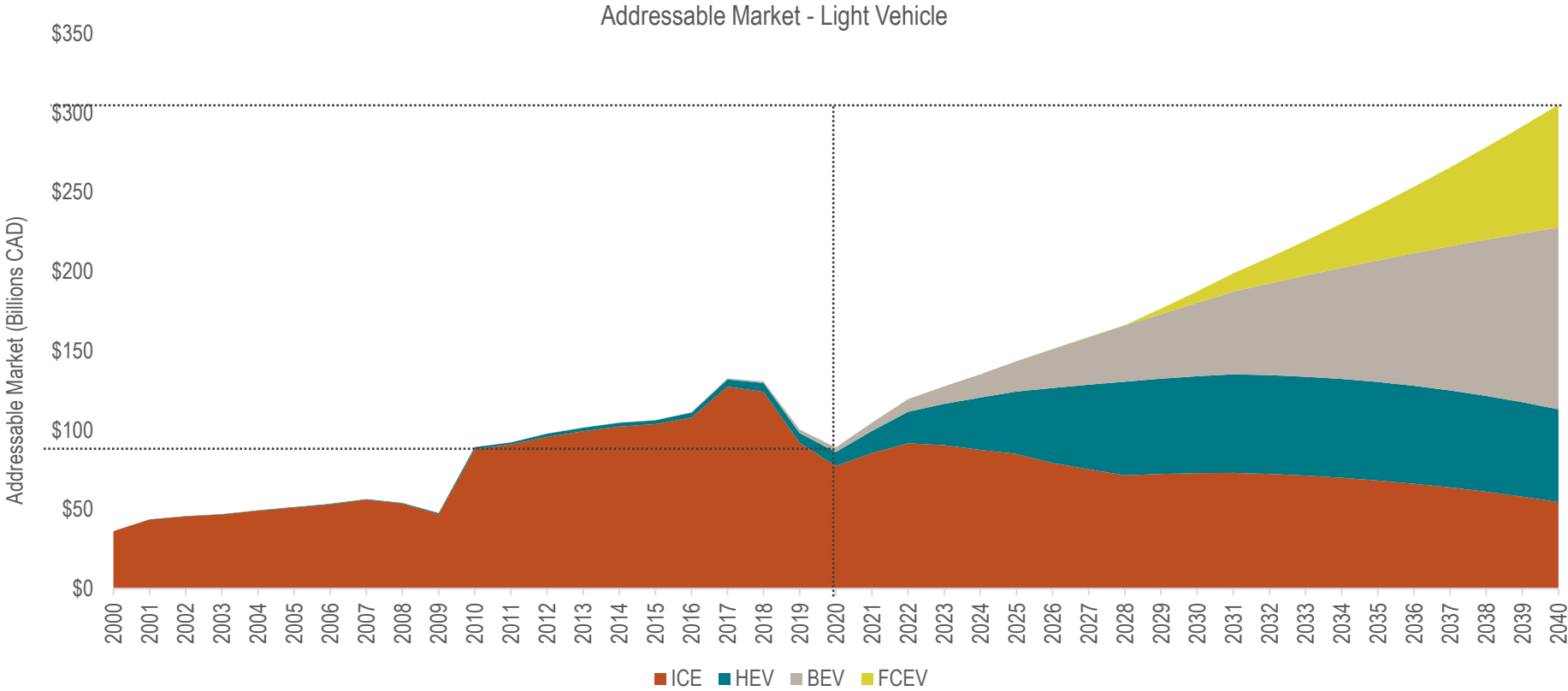
# Strategy

## Maximize Electrification Opportunities





# Global Addressable Market Grows More Than 3X in 20 Years

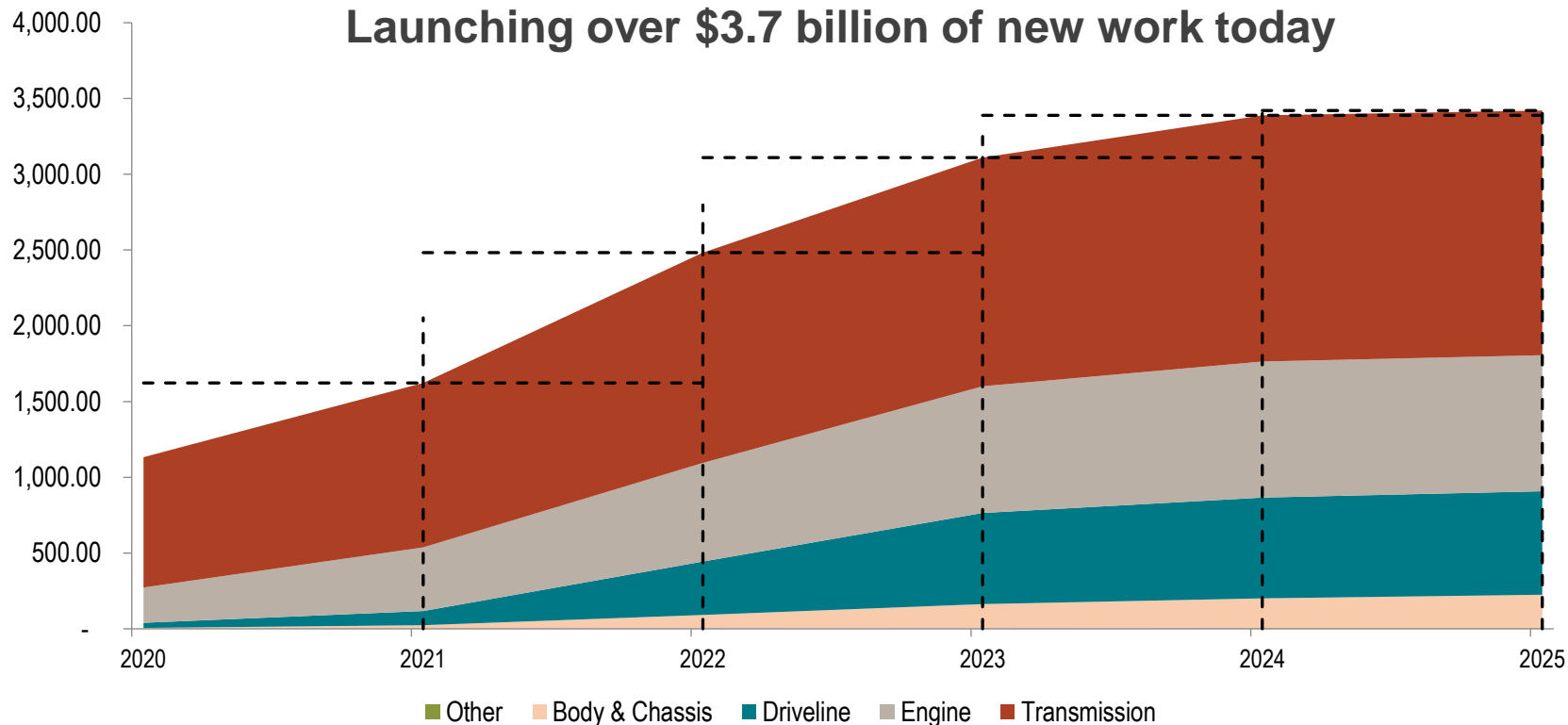


Source

IHS Forecasting 2000-2028 Advanced Consensus Projection 2029-2040  
ii) Production Share of Technologies by 2040 of ICE 18%, HEV 22%, BEV 50%, Fuel Cell 10%. (Based on Consensus Average of External Industry Expert Forecasts for BEV adoption, Updated August 4, 2021)

# Launches

Launching over \$3.7 billion of new work today



**\$500 to \$600 Million in 2021**

**\$600 to \$700 Million in 2022**

# Outlook

## Q3 Expectations

- **Auto**
  - Risk we could see similar impact in Q3 as seen in Q2 2021 from chip related shutdowns
- **Ag**
  - Solid growth over prior year
  - Modest growth over Q2 2021
- **Access**
  - Solid growth over prior year
  - Modest growth over Q2 2021
- **Cash**
  - Continued positive free cash flow
- **General**
  - Expect continued cost impacts and production disruptions from supply chain and labour shortage issues in both segments
  - Currently not forecasting additional government pandemic related subsidies past Q2
  - Given ongoing challenges and uncertainties, Q3 should be conservatively forecast to be similar to Q2 2021 in earnings performance.

Consolidated	Normal Ranges	2020 Actuals	Expectations 2021	Expectations 2022
Sales Growth		(21.6%)	Double Digit Growth	Continued Double Digit Growth
Normalized Earnings Growth				
EPS		(32%)	Strong Double Digit Growth	Continued Double Digit Growth
EBITDA		(15%)		
Normalized Net Margin	7.0% - 9.0%	5.4%	Expansion Back Into Normal Range	Expansion, Normal Range
Capex (% of Sales)	6.0% - 8.0%	264m 4.5%	Up From 2020 Under Normal Range	Up From 2021 Within Normal Range
Leverage Net Debt:EBITDA		0.50x	Continued Improvement	Continued Improvement
Free Cash Flow		\$ 1,185 m	Solidly Positive	Continued Solidly Positive

Industrial				
Sales Growth				
Skyjack			Double Digit Growth	Double Digit Growth
MacDon			Double Digit Growth	Continued Growth
Normalized Operating Margin	14.0% - 18.0%	13.4%	Light Expansion Towards Normal Range	Expansion, Low End Normal Range

Mobility				
Factors Influencing Sales Growth				
Launch Book \$3.7 Billion Driving Incremental Sales Of:		\$376m	\$500 to \$600 million	\$600 to \$700 million
Business Leaving (% Consolidated Sales)	5.0% - 10.0%		Low End of Normal Range	Low End of Normal Range
Normalized Operating Margin	7.0% - 10.0%	6.5%	Expansion, Mid Normal Range	Expansion, Normal Range

# New Business



# New Business Win

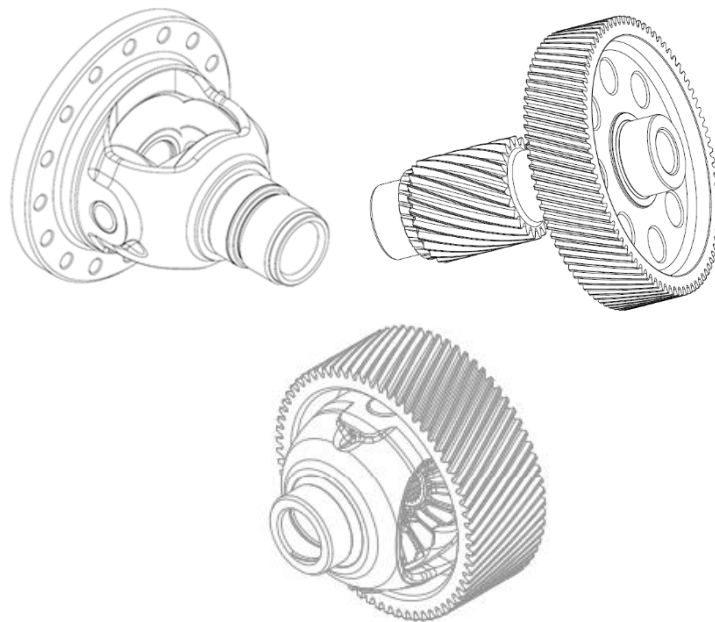
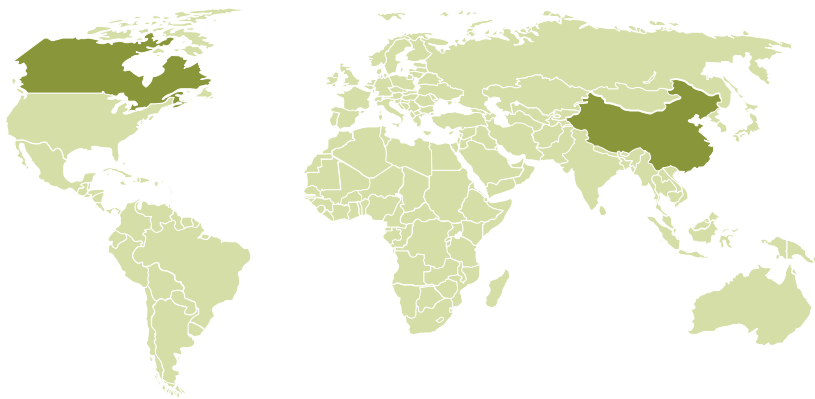
\$64M in new business wins for battery electric vehicle driveline components including two wins for a Domestic China OEM

Average Annual Revenue  
**\$64 M / year**

SOP Year  
**2022**

Peak Volume Year  
**2024**

Production Location  
**Canada & China**





# New Business Win

\$111M in new business wins for increased production of 10-speed automatic transmission components

Average Annual Revenue

**\$111 M / year**

SOP Year

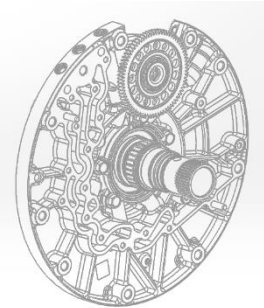
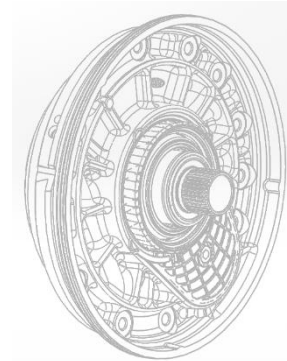
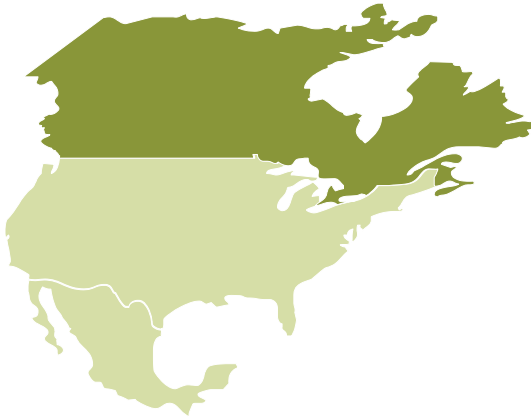
**2022**

Peak Volume Year

**2023/4**

Production Location

**Canada**



# New Business Win

\$80M in wins for all-new, next generation 8-speed transmission components

Average Annual Revenue

**\$80 M / year**

SOP Year

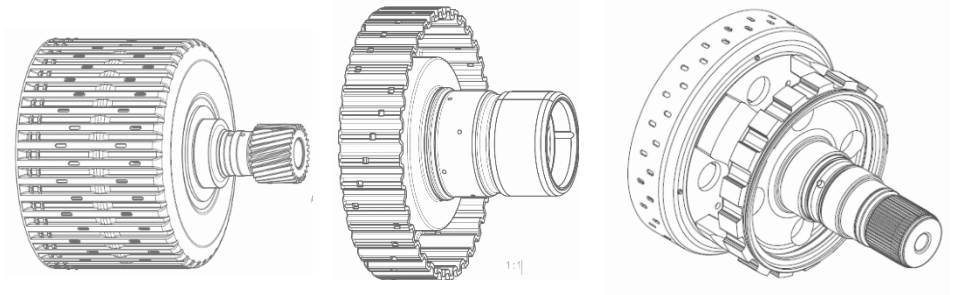
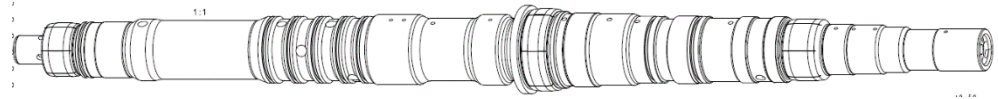
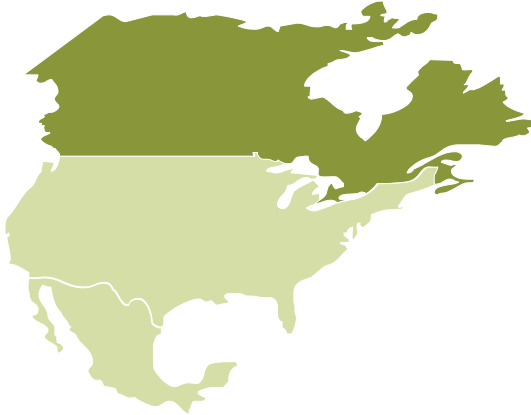
**2024**

Peak Volume Year

**2026**

Production Location

**Canada**



# New Business Win

\$90M in volume increase and program extension wins for fuel-efficient cylinder head programs

Average Annual Revenue

**\$90 M / year**

SOP Year

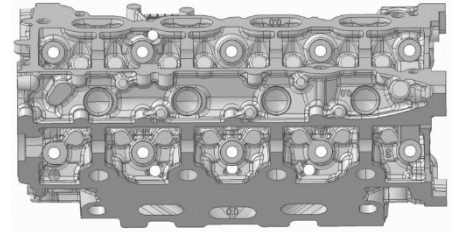
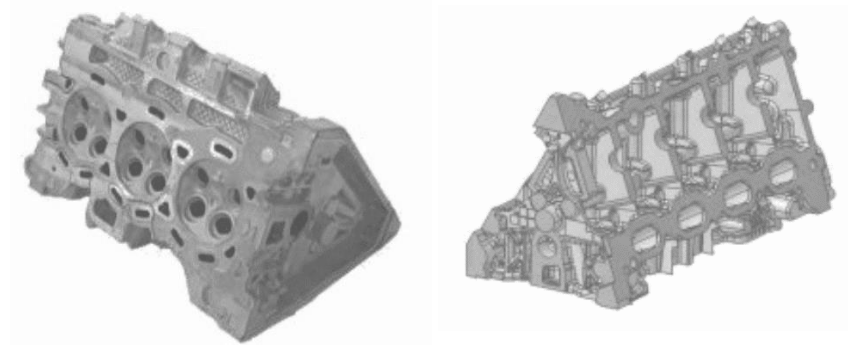
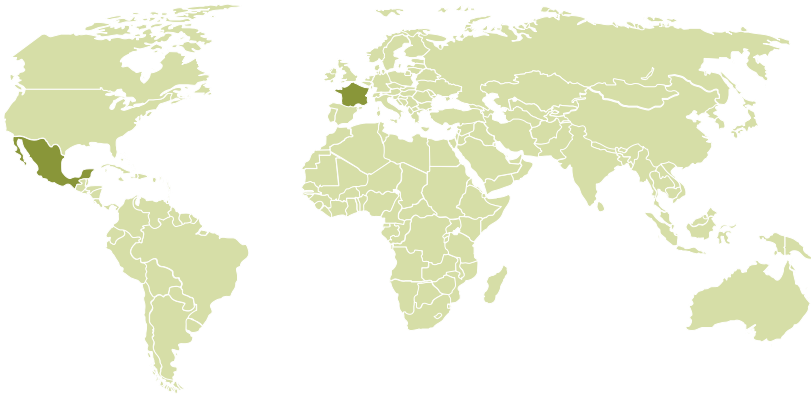
**2022**

Peak Volume Year

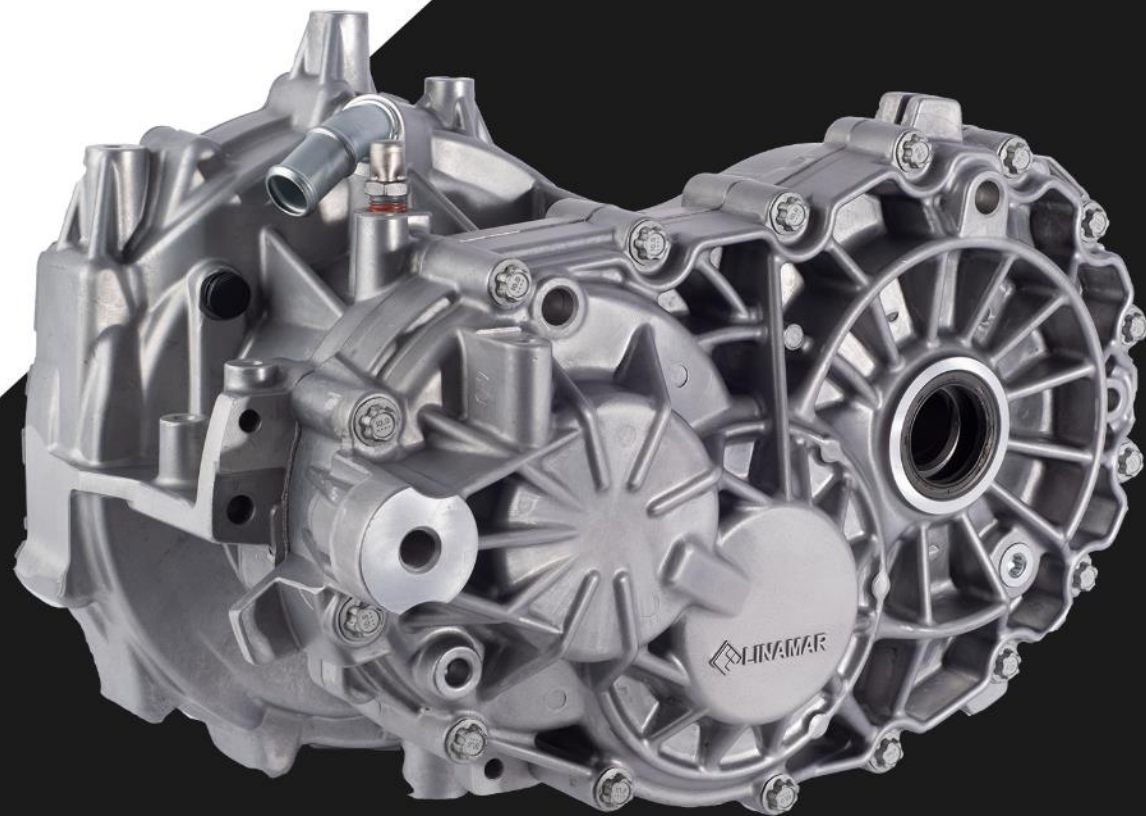
**2023/4**

Production Location

**Mexico & France**



# Innovation



# Innovation in Aerial Work Platforms



## SJ20 Vertical Mast Lift

- Began shipments to the rental market in early spring 2021
- Offers 20' working platform height, full electric drive, improved duty cycle and battery life
- Received 2021 Editor's Choice Award from Rental Magazine



# Innovation in Harvesting Equipment

## New MacDon FD2 Series Announced

- The new 2 Series FlexDraper™ launched to the market as a 2022 Model Year
- More crop capacity, enables faster cutting speeds, and more flex for better ground following
- Begins production Spring 2022

# MacDon



**GET MORE**  
More Capacity. More Speed. More Flex. The all-new FD2 gives you more of everything you need for harvesting performance from the company that brought you the Original FlexDraper.

 **SCAN HERE FOR MORE!**

**20% MORE CAPACITY**

**BIGGER.**  
**High Volume Heads-First Feeding.**  
The FD2's all-new frame features an ultra-deep deck with 50 inch deep drapers and is now available in 30 to 50 foot configurations. The FD2 delivers up to 20%\* more capacity of smooth heads-first feeding in the tallest bushiest crops it can get its reel fingers on. No matter what type of combine you mount it to, the FeedMax™ Crop Feeding System optimizes performance. Along with active crop flow, patented reel movement, and new ShatterGuard reel positioning, the FD2 is ready for action.  
• 127 cm (50") 91 m (30') to 15.2 m (50')

**30% MORE SPEED**

**FASTER.**  
**Cut Cleaner. Cut Faster. Cut More.**  
MacDon's ClearCut™ High-Speed Cutting System delivers just that: clean cutting at up to 30% faster speeds\*. Helping you get there is MacDon's improved knife drive with more power and new knife section geometry with 25% more cutting surface. A smooth close shave comes from two unique ClearCut Knife Guards; choose between Pointed Knife Guards or PlugFree™ Knife Guards that resist plugging even in the nastiest conditions.

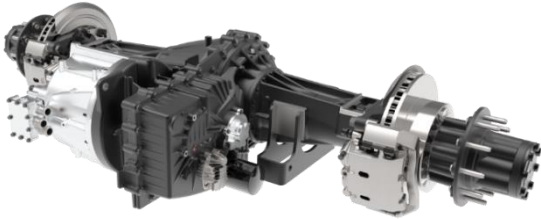
**70% MORE FLEX**

**FLEXIER.**  
**A Ground Following Dream.**  
MacDon's legendary ground-following ability continues with the FD2. MacDon's Active Float System gets coupled with up to 70%\* more flex for a harvesting experience like never before. Flex-Floater™ Technology\* gets turned up with MacDon's optional ContourMax™ Contour Wheels. These wheels allow the header to follow the field's contours, leaving a consistent stubble height while cutting from 1 to 18 inches\* off the ground.  
• 2.5 cm (1") / 45.7 cm (18")  
\*Compared to previous model.



# Innovation for Mobility Electrification

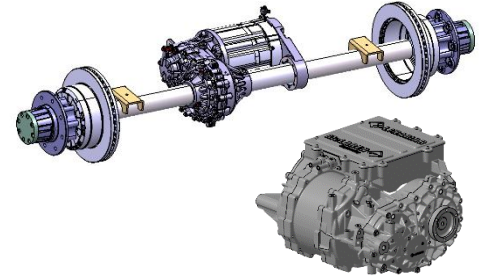
Linamar MD Beam eAxe



Linamar UD Beam eAxe



Linamar LD eAxe



## Commercial Vehicle eAxe Product Line

- Continued R&D development in market leading technology solutions for Commercial Vehicle EV eAxe systems
- Product family of advanced eAxe offerings covering Class 1 through Class 6 vehicle segment applications

# Innovation with Early Stage Partner: IMSystems

## IMSystems Manufacturing Agreement

- Patented gearbox technology for use in multi-axis industrial robots
- Leveraging Linamar's manufacturing expertise, global footprint and product development rigor
- Anticipated Start of Production in 2024 upon successful product validation



# Digitization with AI/ML and Our Digitization Journey

July 2021

61

Plants



4,559



LMMS Data  
Collection Connections

3,476

Robots



2,527

Connected  
Machines



2,004



RFID Stations

1,180



Vision Systems

2,425



Traceability Read Stations

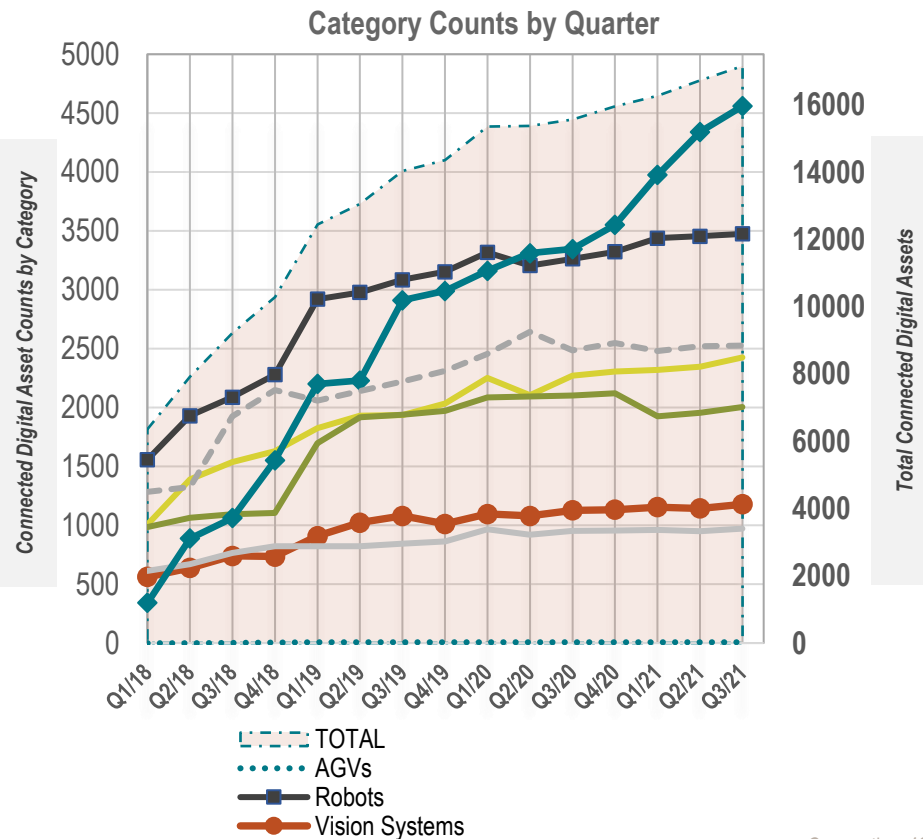
9

AGVs



973

Traceability  
Marking  
Stations



# Financial Review

Dale Schneider



# Sales, Normalized Earnings, and Margins (in millions CAD)

	Q2 2021	Q2 2020	% Δ
Sales	1,575.3	923.6	70.6%
EBITDA – Normalized <sup>2</sup>	259.2	92.1	181.4%
EBITDA – Normalized Margin	16.5%	10.0%	
Industrial OE – Normalized <sup>1</sup>	66.3	36.5	81.6%
Industrial OE – Normalized Margin	16.8%	14.1%	
Mobility OE – Normalized <sup>1</sup>	85.9	(55.9)	253.7%
Mobility OE – Normalized Margin	7.3%	(8.4%)	
OE – Normalized <sup>1</sup>	152.2	(19.4)	884.5%
OE – Normalized Margin	9.7%	(2.1%)	
NE – Normalized <sup>3</sup>	106.9	(22.0)	585.9%
NE – Normalized Margin	6.8%	(2.4%)	
EPS – Normalized <sup>4</sup>	1.63	(0.34)	579.4%

1 – Operating Earnings before unusual items and foreign exchange impacts from revaluation of the balance sheet.

2 – EBITDA before unusual items and foreign exchange impacts from revaluation of the balance sheet.

3 – Net Earnings before unusual items and foreign exchange impacts from revaluation of the balance sheet, tax affected.

4 – Earnings per share (EPS) before unusual items, and foreign exchange impacts from revaluation of the balance sheet, tax affected.

## Q2 2021

The key factors impacting results in the quarter are:

- Strong market demand in all businesses; partially offset by
- Chip related customer shutdowns negatively impacting sales and earnings in auto business;
- FX headwinds;
- Less government subsidies as markets continue to recover; and
- Supply chain, labour availability and logistics challenges increasing costs and hindering production in all businesses.

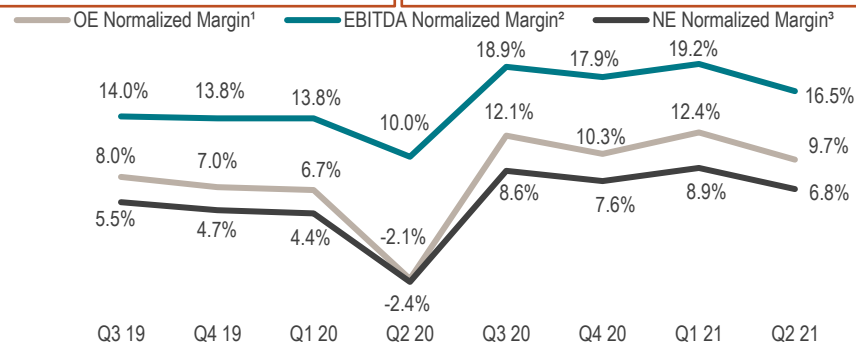
The key impacts to the segments vs prior year are:

### Mobility

- Global light vehicle markets up 45%;
  - Mobility sales growth of 78% far exceeds market growth; partially offset by
- Reduced customer production levels due to semi-conductor chip shortages; and
- FX headwinds.

### Industrial

- Skyjack markets strongly recovering & market share up in targeted boom markets;
- MacDon markets & market share up in all core products; partially offset by
- FX Headwinds.



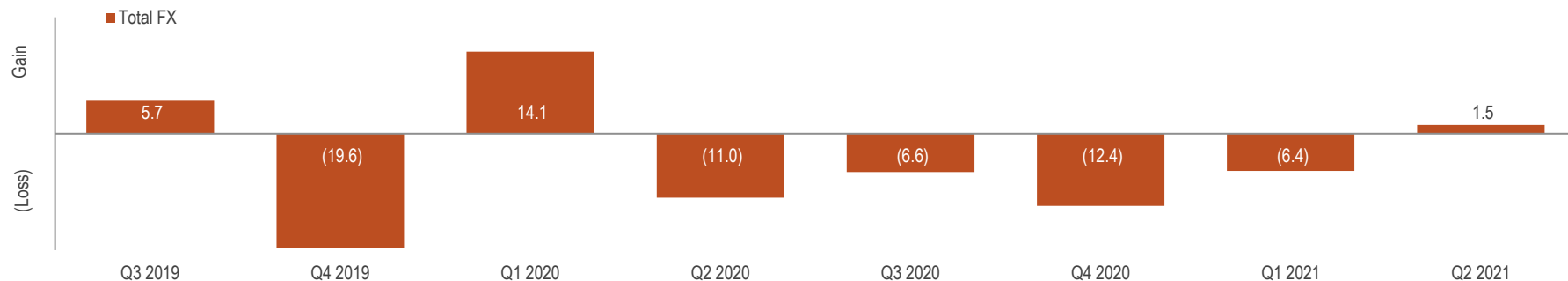
# Foreign Exchange Gain/Loss (in millions CAD)

	Q2 2021	Q2 2020	+/-
FX Gain/(Loss) – Operating <sup>1</sup>	1.5	(5.9)	7.4
FX Gain/(Loss) – Financing	-	(5.1)	5.1
Total FX Gain/(Loss)	1.5	(11.0)	12.5

Operating Margin	9.8%	(2.7%)
Operating Margin – Normalized <sup>2</sup>	9.7%	(2.1%)

FX Gain/(Loss) – Impact on EPS FD <sup>3</sup>	0.02	(0.13)
--	------	--------

- Total FX Gain was \$1.5 which was fully related to the revaluation of operating balances.
- FX Gain – Operating was a \$1.5 gain with a \$7.4 gain in Industrial and \$5.9 loss in Mobility.
- FX Gain impacted EPS by 2 cents in the quarter.



1 – Foreign Exchange as a result of the revaluation of operating balances due to changes in foreign exchange rates.

2 – Operating Earnings before unusual items and foreign exchange impacts from revaluation of the balance sheet.

3 – The impact on Earnings Per Share Fully Diluted from FX is a non-GAAP financial measure that divides the tax effected foreign exchange impact by the Company's diluted number of shares



# Industrial Sales, Earnings, and Margins (in millions CAD)

	Q2 2021	Q2 2020
Sales	393.5	259.2
Operating Earnings	73.7	24.5
Foreign Exchange <sup>1</sup> (Gain)/Loss	(7.4)	12.0
Operating Earnings – Normalized <sup>2</sup>	66.3	36.5
Operating Earnings Margin	18.7%	9.5%
Operating Earnings Margin – Normalized <sup>2</sup>	16.8%	14.1%

- **Industrial sales** increased by 51.8% or \$134.3 to \$393.5.
- The sales were helped by:
  - strong global demand and boom market share gains (EU and Asia) at Skyjack; and
  - strong volumes at MacDon driven by market demand and further driven by market share gains.
- The sales were hurt by:
  - a negative FX impact related to the change in rates since last year.
- **Normalized Industrial OE** increased \$29.8 or 81.6% to \$66.3.
- The Normalized OE was helped by:
  - the strong sales at Skyjack and MacDon; and
  - an AR provision reversal based on cash collected in the quarter
- The Normalized OE was hurt by:
  - reduced COVID-19 government support due to the market recoveries;
  - a negative FX impact related to the change in rates since last year;
  - ongoing supply chain issues increase costs for items such as raw materials and freight.

1 – Foreign Exchange as a result of the revaluation of operating balances due to changes in foreign exchange rates.

2 – Operating Earnings before unusual items and foreign exchange impacts from revaluation of the balance sheet.

# Mobility Sales, Earnings, and Margins (in millions CAD)

	Q2 2021	Q2 2020
Sales	1,181.8	664.4
Operating Earnings	80.0	(49.8)
Foreign Exchange <sup>1</sup> (Gain)/Loss	5.9	(6.1)
Operating Earnings – Normalized <sup>2</sup>	85.9	(55.9)
Operating Earnings Margin	6.8%	(7.5%)
Operating Earnings Margin – Normalized <sup>2</sup>	7.3%	(8.4%)

- **Mobility sales** increased by \$517.4 to \$1,181.8.
- The sales were helped by:
  - market recoveries since Q2 2020 driving significant volume; and
  - increasing volumes on launching programs.
- The sales were hurt by:
  - the market impact of the semi conductor chip supply issues which are impacting our customers; and
  - a negative FX impact related to the change in rates since last year.
- **Normalized Mobility OE** were higher by \$141.8 to come in at \$85.9 which is an increase of 253.7%.
- Mobility normalized earnings were helped by the significant volume increases.
- Mobility normalized earnings were hurt by
  - the ongoing OEM semi-conductor supply issues;
  - the reduction in global COVID-19 government support as a result of the market recoveries; and
  - a negative impact from the changes in FX rates.

1 – Foreign Exchange as a result of the revaluation of operating balances due to changes in foreign exchange rates.

2 – Operating Earnings before unusual items and foreign exchange impacts from revaluation of the balance sheet.

# Operating Expenses (in millions CAD)

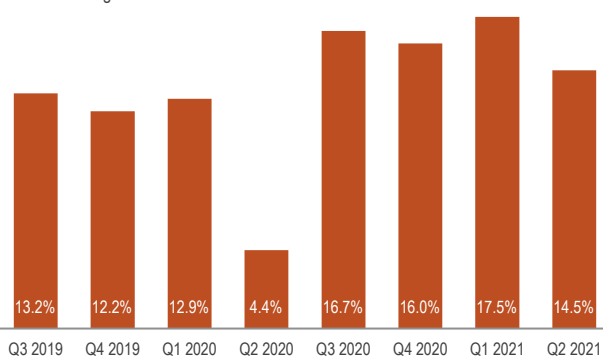
	Q2 2021	Q2 2020	+/-	%
Sales	1,575.3	923.6	651.7	70.6%
Cost of Goods Sold	1,346.8	882.6	464.2	52.6%
Gross Margin	228.5	41.0	187.5	457.3%
Gross Margin as a % of Sales	14.5%	4.4%		

Cost of Goods Sold Amortization	109.4	109.4	--	0.0%
COGS Amortization as a % of Sales	6.9%	11.8%		

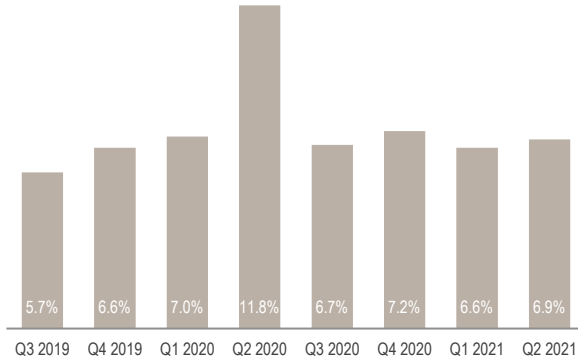
Selling, General, and Administrative	77.0	60.4	16.6	27.5%
SGA as a % of Sales	4.9%	6.5%		

- Gross Margin was \$228.5 in the quarter and was impacted by:
  - the margin improvement from the net increases in volumes within both the Mobility and Industrial segments; which were partially offset by
  - the negative impacts related to the changes in FX rates;
  - the reduction in global COVID-19 government support; and
  - the ongoing supply chain issues driving cost increases for items such as raw materials and freight.
- Amortization decreased to 6.9% due to the strong sales recovery.
- SG&A was \$77 for the quarter and was impacted by:
  - the reductions in government support;
  - increased costs supporting the sales growth; which were partially offset by
  - the AR provision reversal in the quarter.

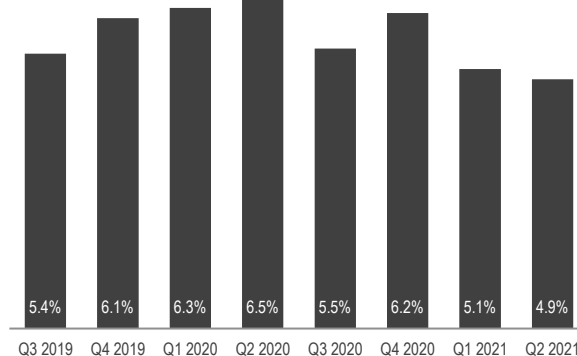
■ Gross Margin as a % of Sales



■ COGS Amortization as a % of Sales



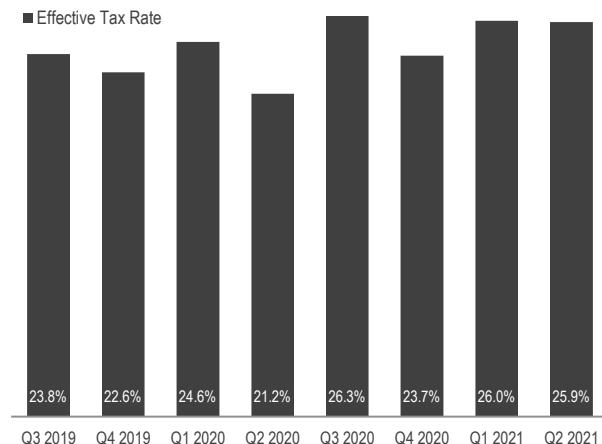
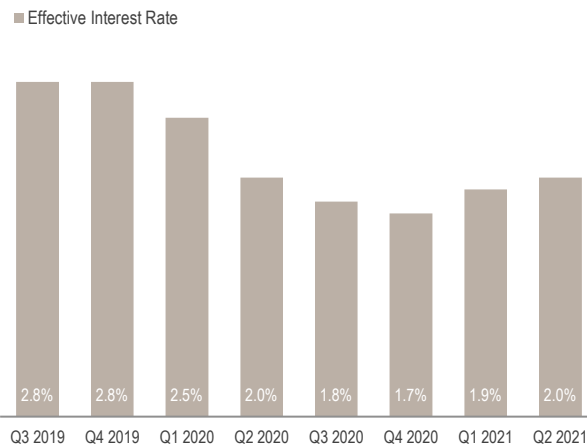
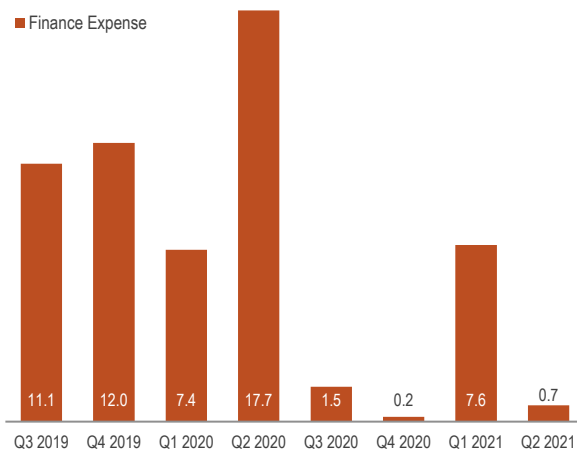
■ SGA as a % of Sales



# Finance Expenses & Income Tax (in millions CAD)

	Q2 2021	Q2 2020	+/-
Finance Expense	0.7	17.7	(17.0)
Effective Interest Rate	2.0%	2.0%	0.0%
Effective Tax Rate	25.9%	21.2%	4.7%

- Finance expenses decreased by \$17.0.
- Finance expenses were helped by:
  - the Q2 2020 make-whole payment due to the prepayment of 2021 notes; and
  - the significant reduction in debt balances since Q2 2020.
- Finances expenses were hurt by the lower interest earned due the lower long-term receivables.
- The effective interest rate remained flat at 2.0% from Q2 2020.
- The tax rate increased to 25.9% in the quarter from last year due a prior year adjustment made in Q2 2020 that did not recur in 2021.
- Full year 2021 tax rate expected to be in the range of 24% to 26%.

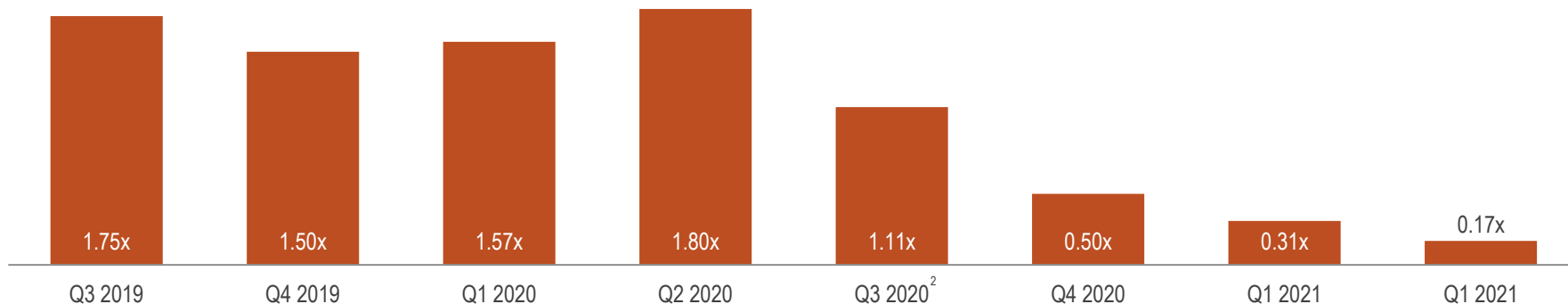


# Leverage (in millions CAD)

	Q2 2021	Q2 2020
Cash Position	731.6	375.6
Available Cash on Credit Facilities	957.6	754.0
Net Debt to EBITDA	0.17x	1.80x
Debt to Capitalization	17.3%	30.1%

- Cash position at the end of the quarter was \$731.6
- Linamar generated \$186.0 in Cash from Operating Activities.
- Linamar generated \$137.7 of Free Cash Flow<sup>1</sup> in the quarter.
- Net Debt to EBITDA was decreased significantly to 0.17x.
- Based on current estimates, we expect Net Debt to EBITDA to continue to improve by the end of 2021.
- Liquidity<sup>1</sup> remains strong and improved to \$1.7 billion compared to Q2 2020.

## ■ Net Debt to EBITDA



<sup>1</sup> - For more information on the Free Cash Flow measure and Liquidity refer to sections entitled "Non-GAAP and Additional GAAP Measures" and "Liquidity and Capital Resources" respectively, in the Company's separately released Management Discussion and Analysis ("MD&A")  
<sup>2</sup> - 2020 EBITDA restated in Q1 2021. Please refer to the definition of EBITDA in the section entitled "Non-GAAP and Additional GAAP Measures" in the Company's separately released MD&A.

# Conclusion

- Sales up 71%
- Normalized Net Earnings up 585.9%
- Strong Sales and Earnings performance in both Segments
- Operations have continued to recover
- Excellent Free Cash Flow<sup>1</sup> generation of \$137.7 million in the quarter
- Available Liquidity<sup>1</sup> remains strong at \$1.7 billion

1 - For more information on the Free Cash Flow measure and Liquidity refer to sections entitled "Non-GAAP and Additional GAAP Measures" and "Liquidity and Capital Resources" respectively, in the Company's separately released Management Discussion and Analysis ("MD&A").



# Question and Answer



# Outlook

## Q3 Expectations

### Auto

- Risk we could see similar impact in Q3 as seen in Q2 2021 from chip related shutdowns

### Ag

- Solid growth over prior year
- Modest growth over Q2 2021

### Access

- Solid growth over prior year
- Modest growth over Q2 2021

### Cash

- Continued positive free cash flow

### General

- Expect continued cost impacts and production disruptions from supply chain and labor shortage issues in both segments
- Currently not forecasting additional government pandemic related subsidies past Q2
- Given ongoing challenges and uncertainties, Q3 should be conservatively forecast to be similar to Q2 2021 in earnings performance.

Consolidated	Normal Ranges	2020 Actuals	Expectations 2021	Expectations 2022
Sales Growth		(21.6%)	Double Digit Growth	Continued Double Digit Growth
Normalized Earnings Growth				
EPS		(32%)	Strong Double Digit Growth	Continued Double Digit Growth
EBITDA		(15%)		
Normalized Net Margin	7.0% - 9.0%	5.4%	Expansion Back Into Normal Range	Expansion, Normal Range
Capex (% of Sales)	6.0% - 8.0%	264m 4.5%	Up From 2020 Under Normal Range	Up From 2021 Within Normal Range
Leverage Net Debt:EBITDA		0.50x	Continued Improvement	Continued Improvement
Free Cash Flow		\$ 1,185 m	Solidly Positive	Continued Solidly Positive

Industrial				
Sales Growth				
Skyjack			Double Digit Growth	Double Digit Growth
MacDon			Double Digit Growth	Continued Growth
Normalized Operating Margin	14.0% - 18.0%	13.4%	Light Expansion Towards Normal Range	Expansion, Low End Normal Range

Mobility				
Factors Influencing Sales Growth				
Launch Book \$3.7 Billion Driving Incremental Sales Of:		\$376m	\$500 to \$600 million	\$600 to \$700 million
Business Leaving (% Consolidated Sales)	5.0% - 10.0%		Low End of Normal Range	Low End of Normal Range
Normalized Operating Margin	7.0% - 10.0%	6.5%	Expansion, Mid Normal Range	Expansion, Normal Range

# Key Messages



**Significantly Outpacing Market Growth**



**We Have a War Chest of Cash**



**Sustained Strong Production Ahead**





# Thank You

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