

**Linamar Corporation**  
**COVID-19 Related Investor Update**

April 20, 2020

## Forward Looking Information, Risk and Uncertainties

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# Linamar Q1 and COVID-19 Related Market Commentary

## Summary of Key Highlights:

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- Linamar has a COVID-19 Global Task Force and Action Response Plan in place
- Key end markets have witnessed a significant drop off in volume, mostly due to production shut downs, shelter-in-place orders, etc. that have impacted our customer demand
- Linamar started 2020 in a strong position with over \$1.1B CAD of Liquidity in cash + available credit
- The company is withdrawing its last stated Outlook on 2020 Consolidated and Segmented Financial Expectations until market conditions become more clear
- The company is supporting our communities during this crisis in a number of ways including expedited ramp up of complete ventilator systems and components for numerous customers

# Linamar COVID-19 Update:

## Global Response Efforts



### COVID-19 Task Force

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#### **Health First:**

- Established the 'Linamar Health First' Task force in mid-March to enact a comprehensive Action Plan in response to the unprecedented closures, shutdowns and restrictions.
- First and foremost, the task force is focused on Health and Safety of all our Employees.
- Linamar has had a combination of employee work situations ranging from limited workers on site, to working from home, vacation, sick leave, and on layoff, etc.
- New protocols are in place for physical distancing, sites closed to external visitors, and the highest level of cleaning and disinfecting.
- Working Groups established with our customers and other industry players on best practices for safe re-start procedures for when the shut down period ends.
- Communication and 2-way information flow update cadence occurring daily
- Shareholder communications to date can be found at this website location:
  - <https://www.linamar.com/coronavirus>

### Operations Update

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#### **North America:**

- Majority of our operations and/or industries are deemed essential per provincial or stated guidelines and are not mandated to be shutdown, currently however, the majority of our operations are shutdown across both the Transportation and Industrial Segments in alignment with customer demand
- Currently along with the automotive OEMs, tentative partial restart timing is planned for the week of May 4th

#### **Europe:**

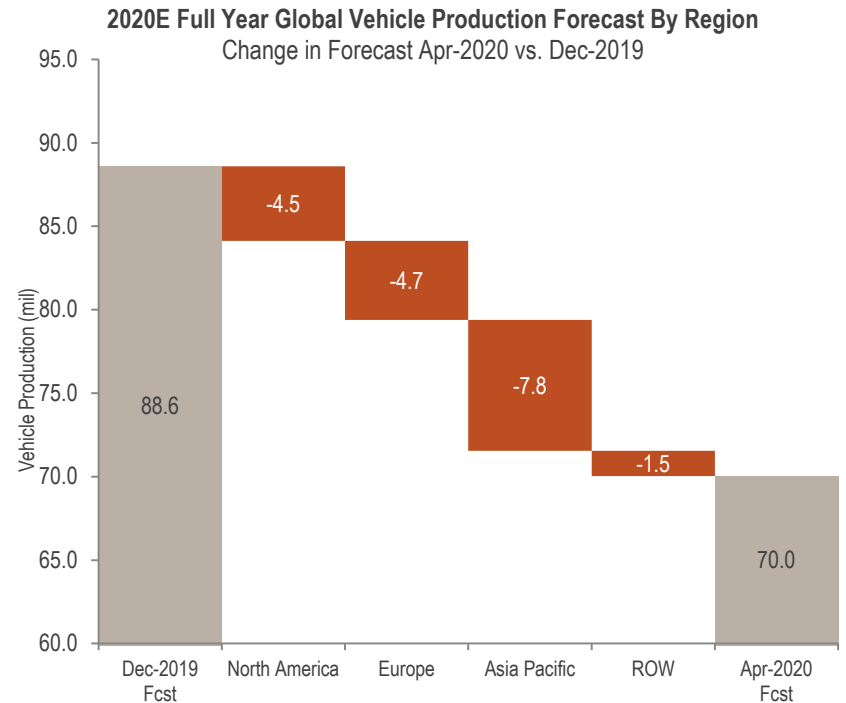
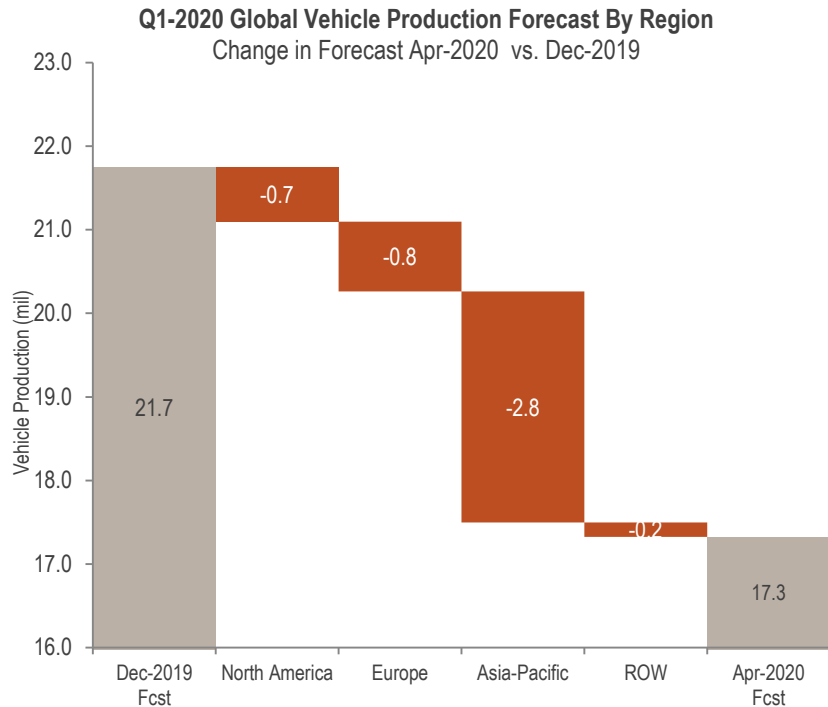
- Nearly all manufacturing sites have been shutdown for the past several weeks inline with government orders and lockdown restriction guidelines. Some Europe sites will begin to come back online beginning the week of April 20<sup>th</sup>.

#### **China:**

- All Linamar manufacturing sites have been back up and running for a number of weeks with approx. 95% of employees having returned to work.
- China based customers have restarted with the majority of vehicle plants in the country reporting they are back to nearly full operating capacity as of the beginning of April
- With shutdowns and curfews easing, our customers' focus has turned to close monitoring of the supply chain and consumer demand

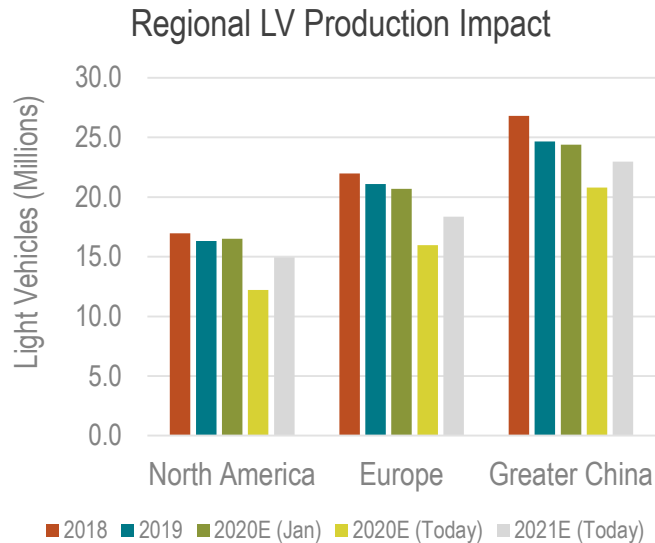
# Global LV Auto Market: Q1 & 2020FY

Q1 Production down 4.4M, Annual Forecast Down 18.6M Units vs Prior Quarter Forecast.



# Regional LV Auto Production Update

## COVID-19 Related Impact vs. Prior Forecast and Expected Recovery



### Outlook Comments

- **Global:** At the time of latest publication on April 16, global light vehicle 2020 production forecast stood at 70M, a reduction of 18.6M units compared to the I.H.S. January 2020 forecast. Current industry expert expectations are for volumes to recover in 2021 with a YoY increase of 15%, 3-6% growth from 2022-2024. Some downside risk still exists to this latest 2020 forecast.
- **US:** Latest industry expert 2020 US full year LV sales forecast now estimated at 12.5M, rebounding with an expected ~20% YoY increase for 2021.



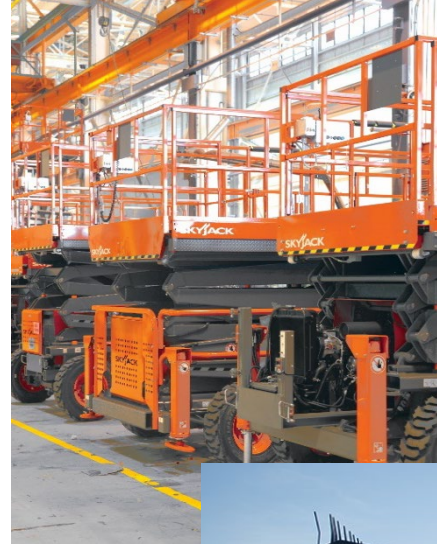
# Industrial Segment Impacts

## Access Equipment Market Commentary

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- With rental customers delaying CapEx spend and construction activities slowed, Skyjack experienced significantly steeper declines than was previously disclosed during the Q4 2019 Conference Call
- The global scissor and boom market overall in Q1 is expected to be down 35-45%

Source: Industry and Internal Management Reports



## Agriculture Market Commentary

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- The North American Combine Retail sales market decreased 20-25% in Q1 vs. Q1 2019

Source: Industry Reports

- MacDon's sales, while sensitive to market demand, were not materially additionally impacted by COVID-19 related issues - operations did shut down beginning April 1<sup>st</sup>, but the workforce has since returned to work and operations have restarted



# Linamar COVID-19 Update: Financial Commentary

## Financial Impact

- Clearly, this major shutdown will have significant impact on Linamar financially in 2020. We have established controls and processes to ensure we are constantly reviewing the latest outlook and potential scenarios.
- We are withdrawing our previous Outlook for both consolidated and segmented 2020 financial expectations previously disclosed on March 11<sup>th</sup>. We will provide further insights, to the extent possible, at our Q1 Earnings Conference call on May 13<sup>th</sup> at 5pm EDT.

### **Cash:**

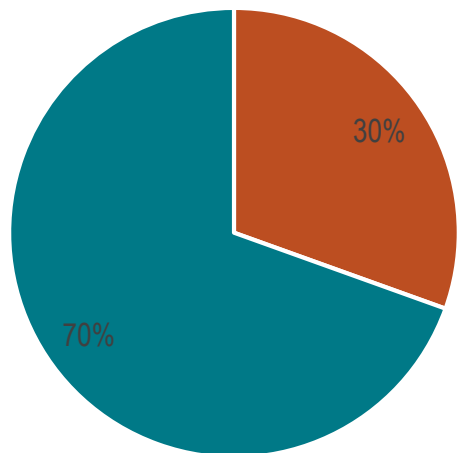
- Cash Conservation and cost control are top of mind to mitigate this impact.
- We have moved quickly to cut costs and capital spending.
- We have created a global team to pursue additional cost and waste reduction initiatives.
- We have immediately implemented highest level cash payment controls.
- We have a system in place for efficiently adjusting financial forecasts on a weekly basis with our global team giving us excellent up to the minute visibility.

### **Balance Sheet:**

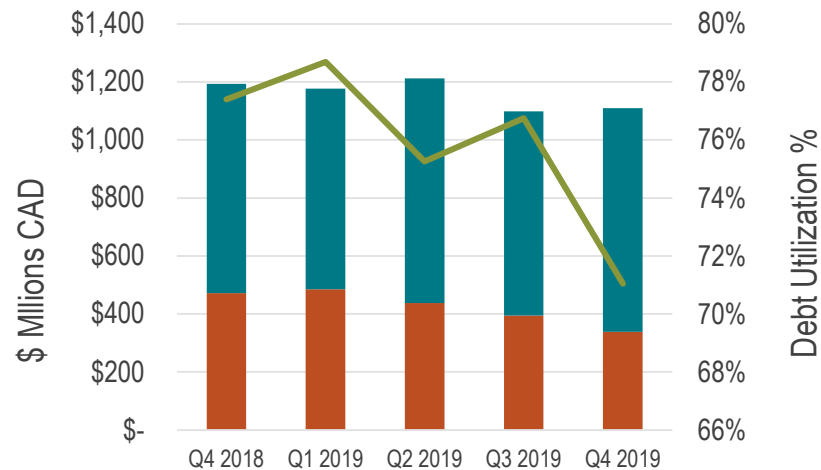
- Our balance sheet is strong and we are carefully stress testing to understand our limits; we remain confident that our focus and responsiveness in this area will see us through this situation financially even in the event of a prolonged shutdown period.
- Financial models based on current knowledge and those stressed for extended shutdowns and slower ramp-ups, continue to show 2020 full year results profitable with positive FCF and not breaching any covenants.
- We have no debt maturing this year.
- Predicting the outcome of this situation is impossible but our reaction is swift and we are keeping a close eye on all expected impacts.



## Liquidity: Over \$1.1 Billion in Cash and Available Credit



■ Cash ■ Available Credit



■ Cash ■ Available Credit — Debt Utilization

Debt Utilization =  $100\% - \frac{\text{Available Credit}}{\text{Available Credit} + \text{Total Debt}}$

Note: At December 31, 2019, cash and cash equivalents, including short-term deposits (net of unrepresented cheques) was \$338.2 million and the Company's credit facilities had available credit of \$771.1 million.

# Linamar COVID-19 Update: Community Support

## Support Efforts



***We Are Together***

### ***Ventilator Production***

- Currently have activities on numerous ventilator programs that we are supporting – now in an expedited production ramp-up mode. Two of these programs are for Ontario based ventilator companies supporting recently announced initiatives by the Canadian Federal government as well as the Ontario provincial government. A third initiative is being explored in Manitoba with MacDon supporting. Additionally, Linamar is engaged with our automotive OEM customers on various efforts they are leading.
- Some programs we are supplying machined components, some additionally sub assembly and some our full supply chain management & final assembly expertise.

### ***Community Support***

- Linamar's Trucking and Logistics division has been working with local Food Banks or Community Outreach programs on pickup and delivery of donated food inventory to aid those most vulnerable with safe food supply where possible.
- We are leveraging our Global Supply Chain capabilities to source and expedite delivery of much needed personal protective equipment (PPE) for front line healthcare workers in our communities.
- We are receiving and warehousing PPE donations from other corporations to stage for local healthcare sites as needed

# Thornhill Medical

- Model: MOVES SLC  
BOM: 1700  
Volume: >1,200  
Description: Fully integrated ICU ventilator. Combines complete vital sign monitoring with a high tech ventilator, in a standalone battery powered unit. An ICU in a box.  
Scope: Components, final assembly and supply chain

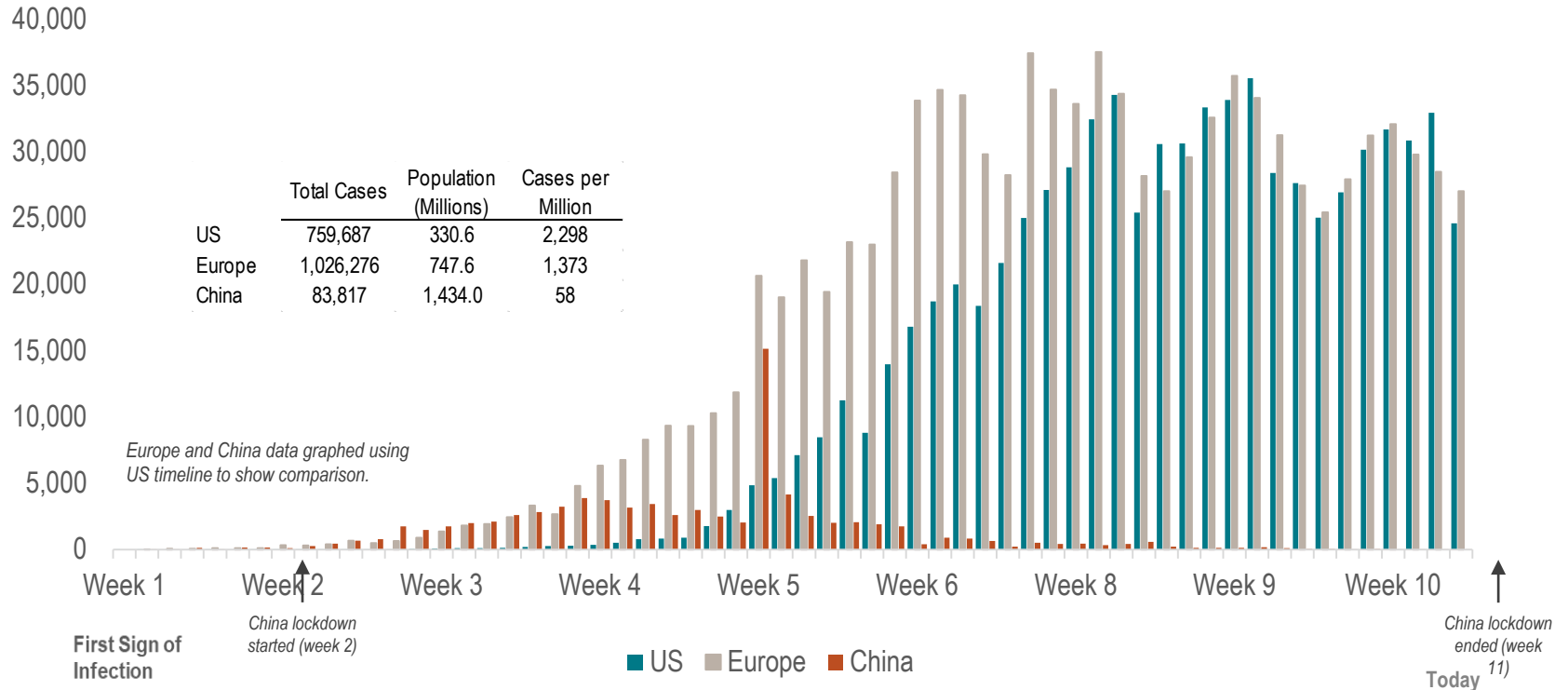


# O-Two Medical

Model:	eSeries e700
BOM:	150
Volume:	>10,000
Description:	Electronically controlled, pneumatically powered ventilator developed for patient transport and resuscitation. Designed to be a simple, easy to use, battery powered transport ventilator.
Scope:	43 machined components, possibly sub-assembly

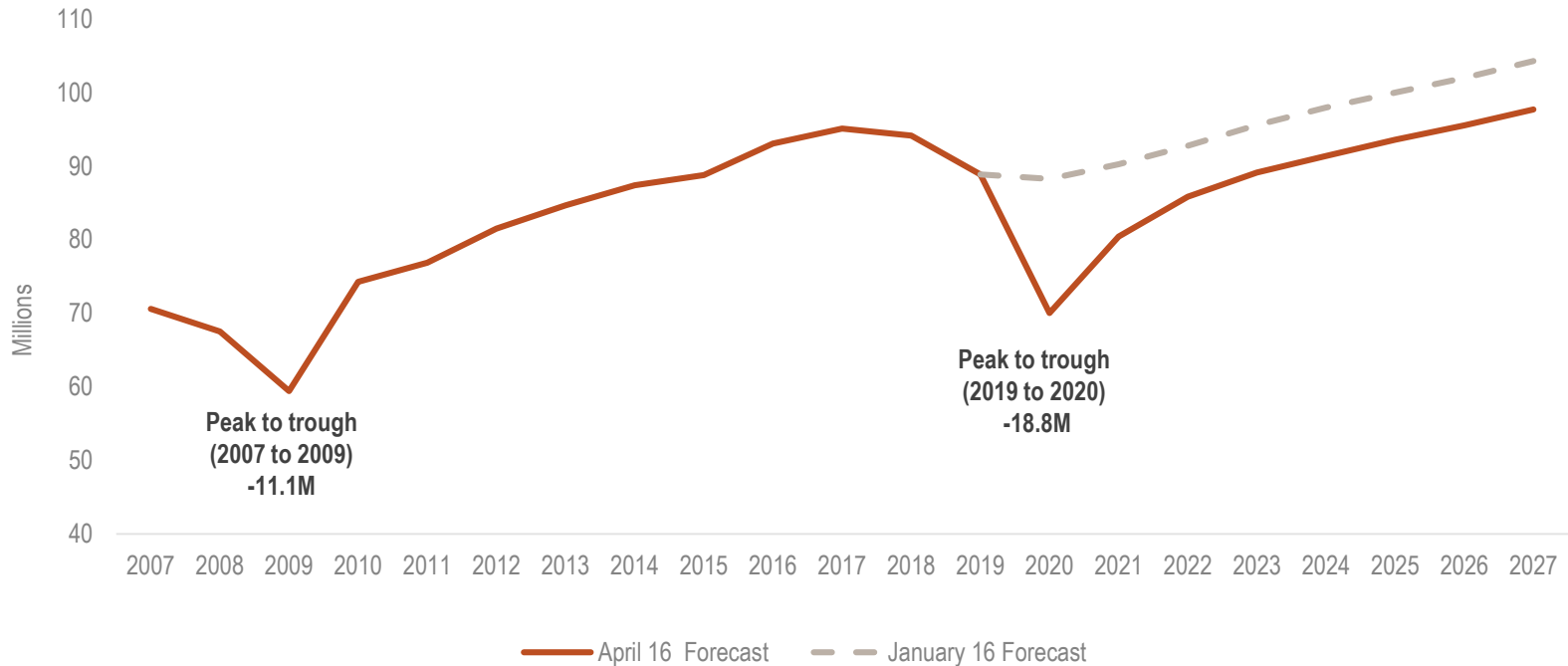


# COVID-19 New Cases Reported: United States, Europe & China




# Global Light Vehicle Production

COVID-19 has caused major reduction in global light vehicle production forecast, greater in magnitude than 2008/9 financial crisis. But production is expected to normalize in 2020, with growth resuming in 2021 (+15% YoY)





For More Information, Visit:  
[www.linamar.com](http://www.linamar.com)

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