

Linamar Corporation

A Global
Powerhouse in
Diversified
Manufacturing

January 15, 2019



Certain information regarding Linamar set forth in this presentation and oral summary, including managements 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, may I turn have a material adverse effect on the Company's financial results. 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.

Company Overview



Diversified Manufactured Products that Power Vehicles, Motion, Work and Lives



SKYJACK



MacDon

Infrastructure

Food

Transportation

Power

Water

Age



Linamar Machining & Assembly



Linamar Light Metal Casting
Linamar Montupet Light Metal Casting | GF Linamar



Linamar Seissenschmidt Forging

Market Concentration Balanced



Industrial

Mobile Industrial Equipment | Fabricated Assemblies

OE

43%

Sales

26%

ACCESS
16.9%



AGRICULTURAL
8.3%



Transportation

Engine | Transmission | Driveline | Body

OE

57%

Sales

74%

AUTOMOTIVE
66.3%



OFF-HIGHWAY
2.2%



COMMERCIAL VEHICLE
3.6%



Core Capabilities Diverse



Metal Forming

- Robotic Welding
- Laser cutting
- Metal Forming
- Stamping
- Painting
- Assembly



Machining & Assembly

- Advanced Automation & Robotics
- CNC Expertise
- Complex Assemblies
- Hydroforming
- Heat Treatment



Forging

- Hatebur High Speed Hot Horizontal Forging
- Conventional Vertical Forging
- Cold Forming
- Ring Rolling
- Radial Forging



Light Metal Casting

- Gravity & Low Pressure Aluminum Die Casting
- High Pressure Aluminum & Magnesium Die Casting

Key Products Diverse

Industrial

SKYJACK



MacDon



Transportation

Engine



Transmission



Body & Structural

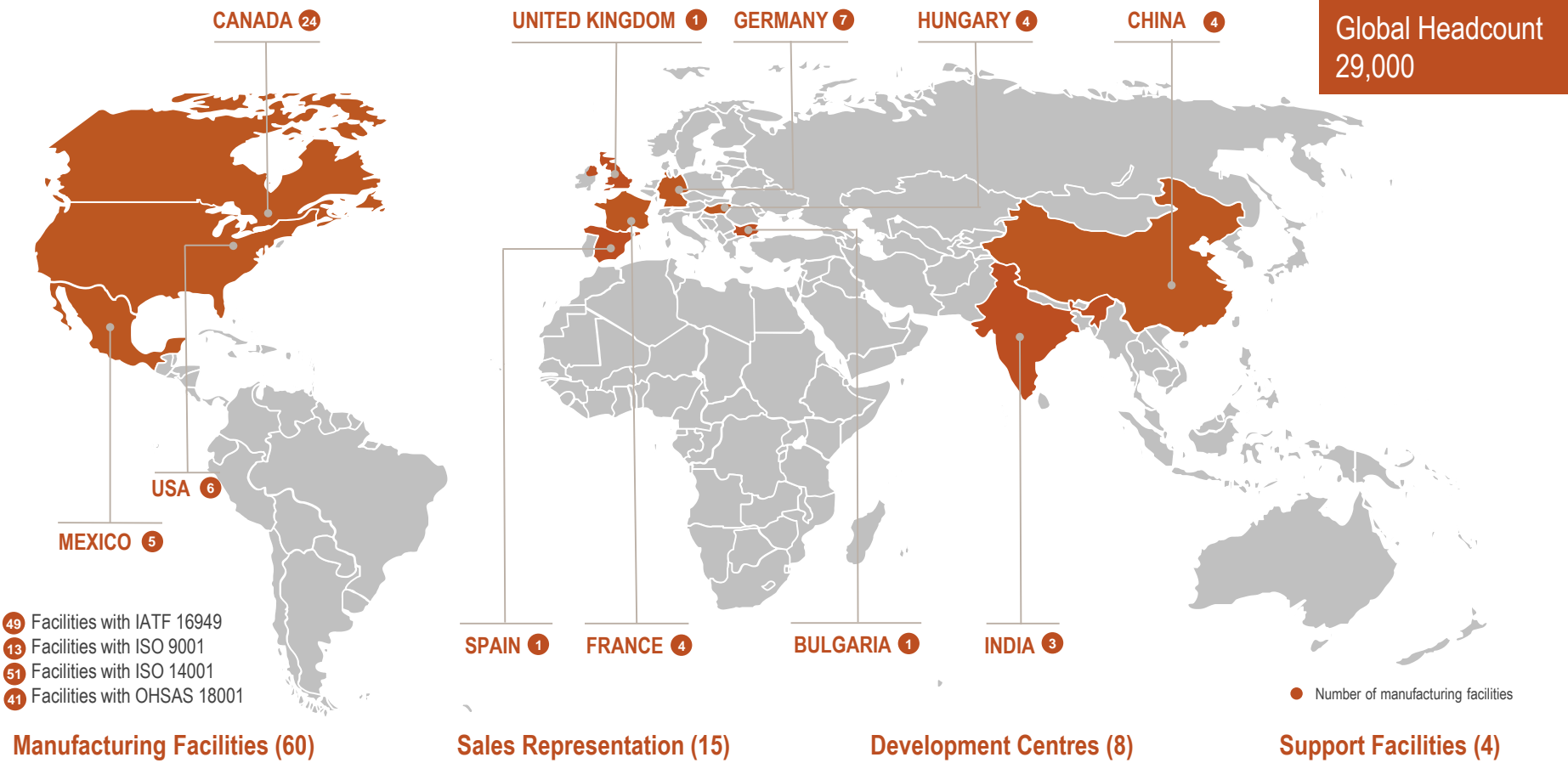


+GF+ LINAMAR

Driveline



Strong Global Footprint



Key Market Strategies Flexible & Opportunistic



Transportation

- Increase CPV in BEV, HEV, FCV
- Mine opportunistic ICE market as volumes decline but addressable market increases
- Grow integrated casting and forging business
- Light weighting and noise reduction



Infrastructure

- Globalize and expand product lineup in all 3 regions



Food

- Build on MacDon acquisition as the foundation from which to expand global ag business overall



Power, Water, Age

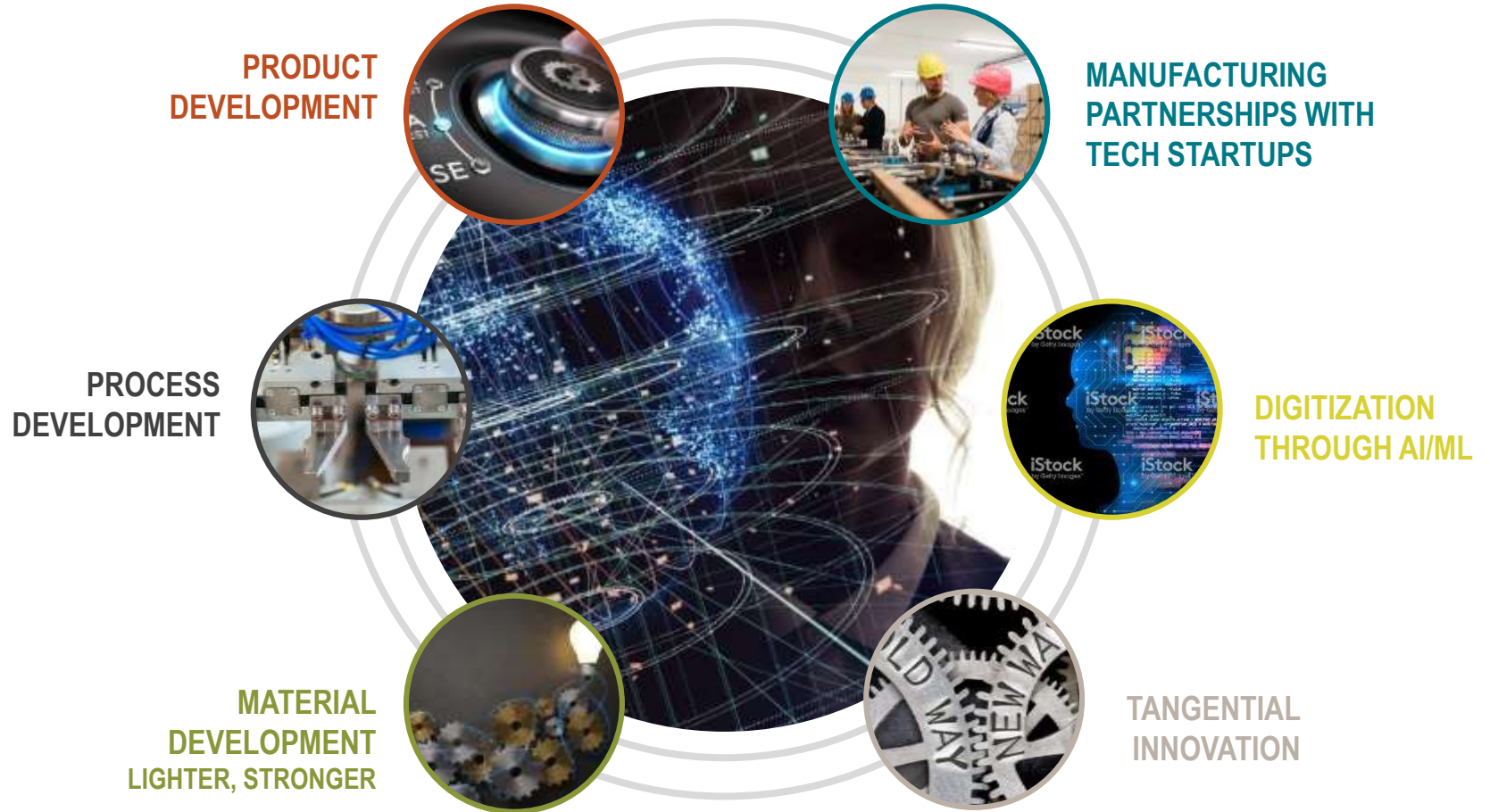
- Invest lightly in the short term
- Focus on Advisory Councils, research markets, develop strategy
- Target 5-7 year intervals for major diversifications



Overall

- Expand Asian footprint
- Focus primarily on Greenfield growth subsequent to MacDon acquisition with some smaller acquisitions to enhance technology offering
- Focus on Innovation to drive growth

Broad Innovation Strategy



2019 Market* Outlook

2019	Transportation		Industrial
	Automotive (LV)	Commercial Truck	Skyjack
North America	Flat	Flat	Growth
Europe	Flat	Moderate Growth	Moderate Growth
Asia	Moderate Growth	Decline	Decline

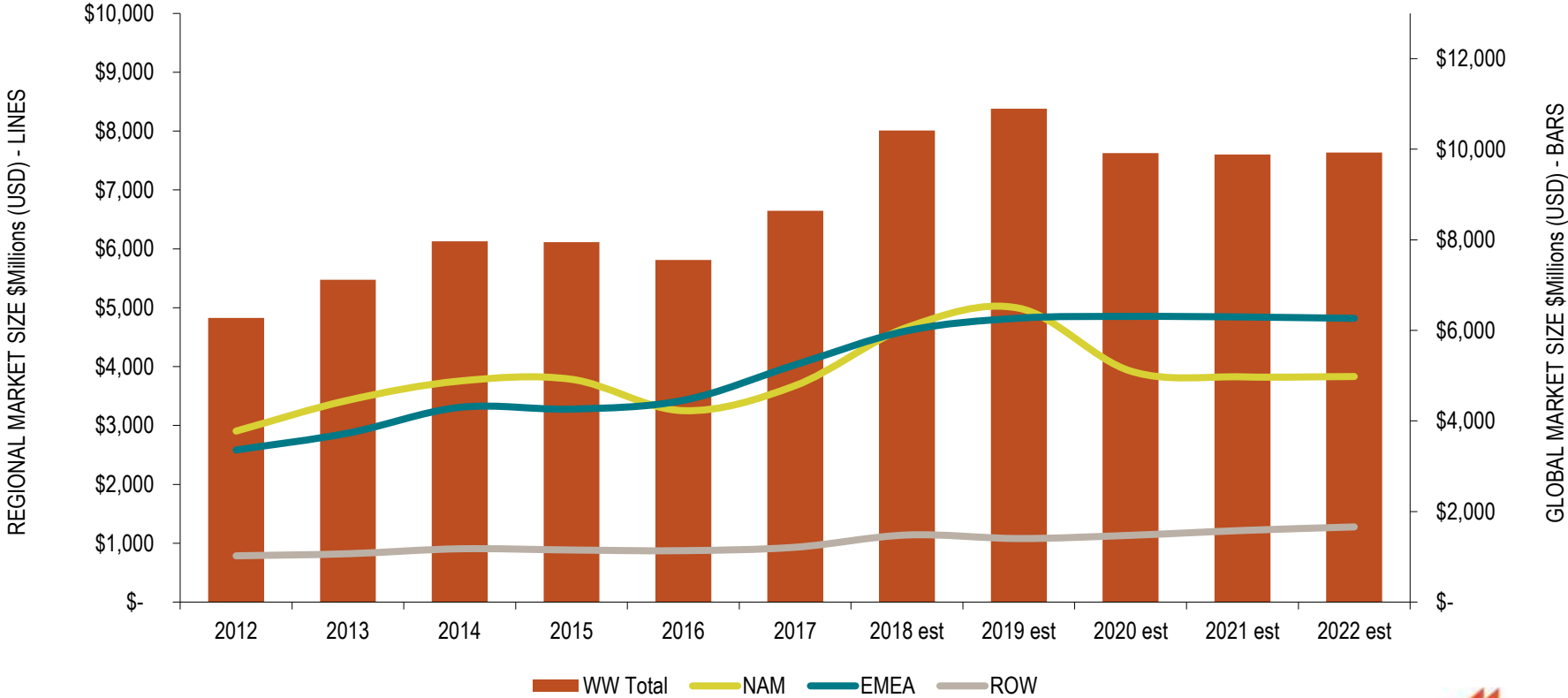
LEGEND	Ranking	Score	Growth Expectation
	Decline	0.00	<-2%
	Flat	1.00	Between -2% and 2%
	Moderate Growth	2.00	>2%, <=5%
	Growth	3.00	>5%, <15%
	Strong Growth	4.00	>=15%

*Note this is a MARKET outlook, NOT a prediction of Linamar's growth in each market. Growth is highly influenced by market share growth expectations as illustrated on the launch and market share slides in this ppt.

Infrastructure



Access & Material Handling Equipment – Geographic Mix

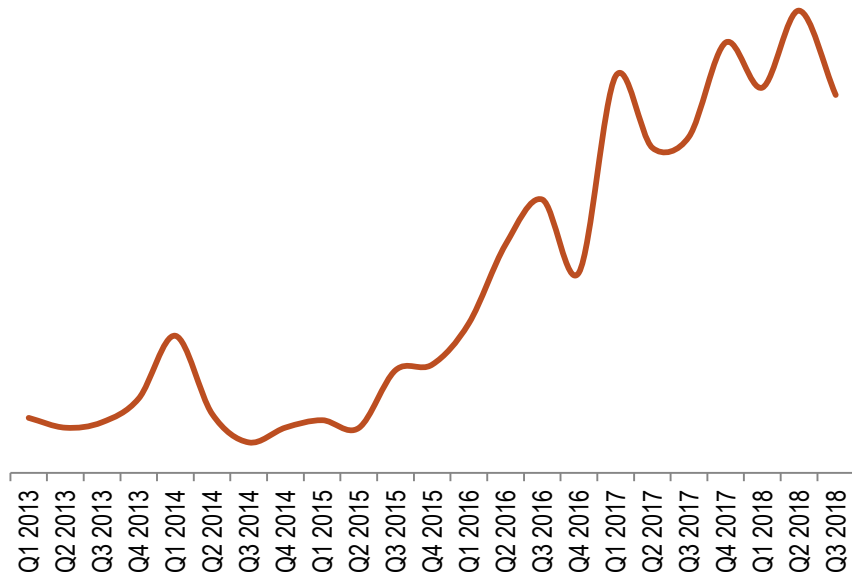


Sources: 2012-2015 data taken directly from AEM - 2018-2022 data is estimated using rental growth forecasts, economical predictions, and portfolio plan – Q3 2018

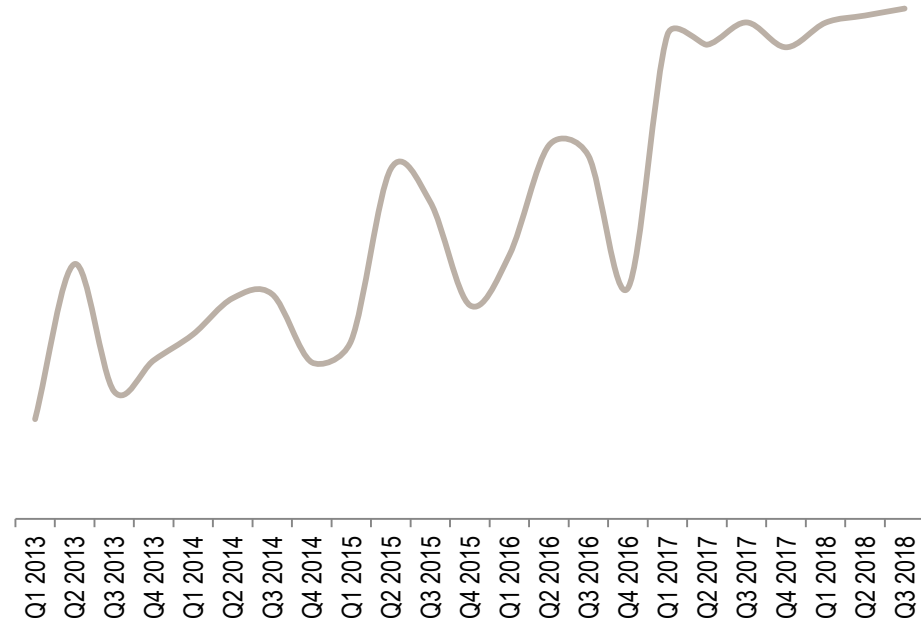
Market Share Penetration - Key Growth Driver

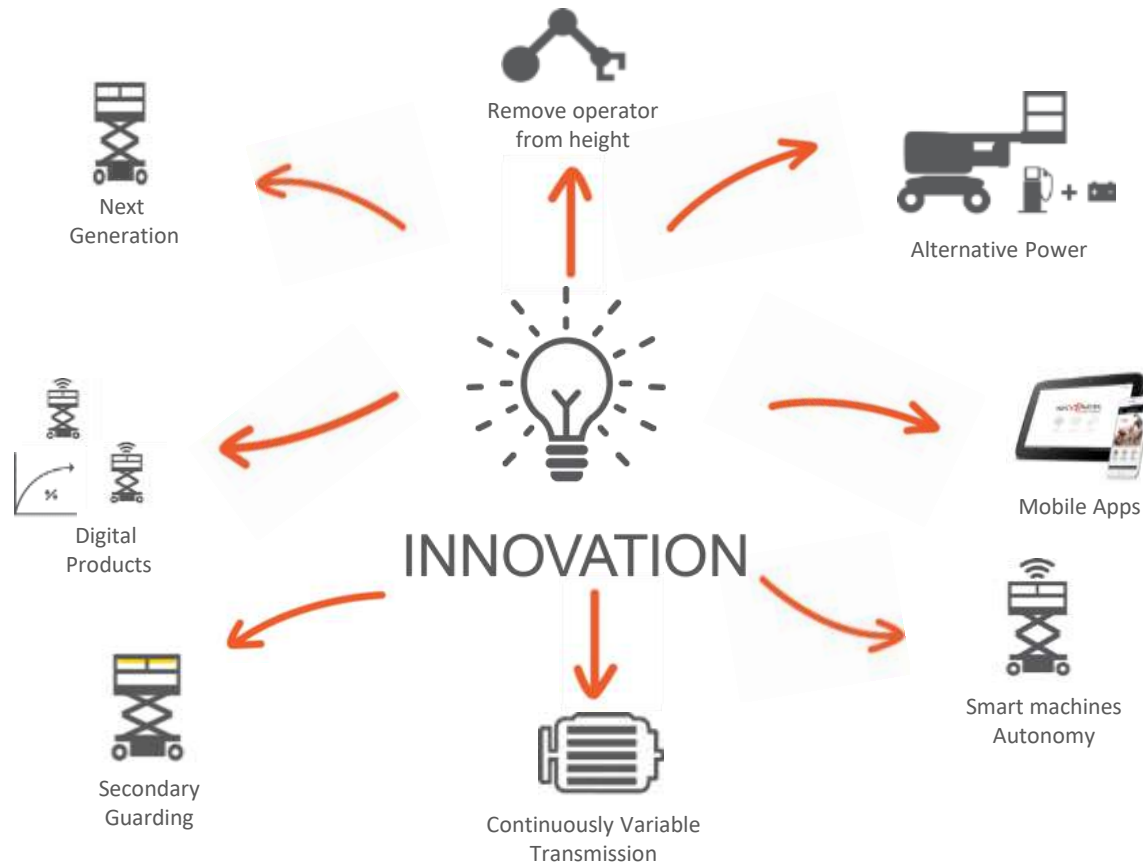


Telehandler Market Share (NA only)



Boom Market Share (NA Only)





Food Agriculture



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)

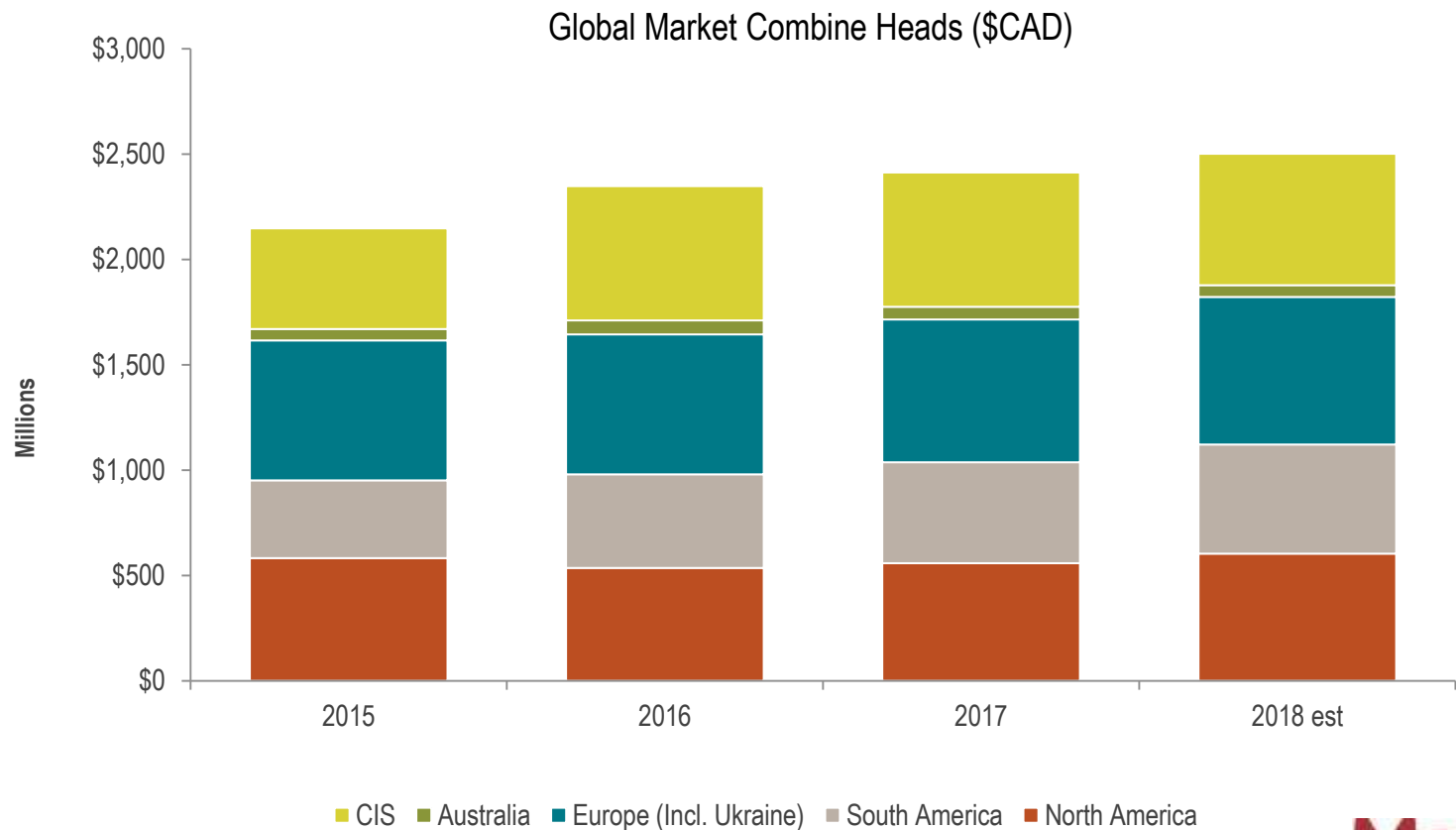
North American Estimated Market Position

#1

#1

#1





Agriculture Strategic Road Map



- 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

Transportation

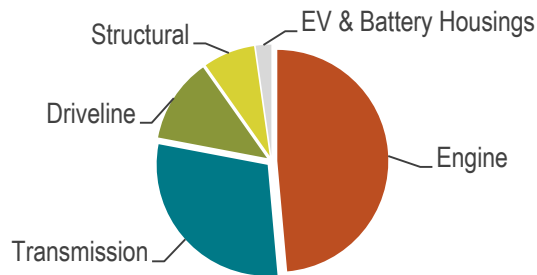


TOTAL GLOBAL POWERTRAIN / DRIVELINE MARKET

Global Market	2017	2021	2030
Light Vehicle	\$378 B	\$404 B	\$436 B
Commercial Truck & Off Highway Vehicle	\$129 B	\$122 B	\$128 B
Total:	\$507 B	\$526 B	\$ 564 B

Assumptions:

- Includes total system value for engines, transmissions and drivetrain
- Includes all material, VA component machining and assembly
- Includes all light vehicle system production
- Commercial Vehicle (CV) and Off Highway market size includes value for systems >50 HP



Competition:

- Key competitors OEM's themselves
- Handful of competitors with technical expertise in these products, fewer still with financial capacity

Drivers of Outsourcing:

- Increases variability of cost base for OEM
- Machining and assembly highly capital intensive – saves OEM capital
- Outsourcing to an expert in that process/product should result in better technology, quality and price

3 - Internal Combustion Engine (ICE)



- Focus on Light Weighting, Fuel Efficiency, Emissions Reduction solutions which offer a unique value to customers.
- Leverage global footprint, vertically integrated capabilities and manufacturing reputation to benefit from increased OEM Powertrain Outsourcing.

Hybrid Vehicle (HEV)



- Continue to increase Content Per Vehicle on Hybrid Electrics as it will be an important bridging technology to pure Battery Electric
- Offer solutions focused on increased power density, Noise Vibration Harshness (NVH), light weighting.

1 - Electric Vehicle (BEV) & Fuel Cell EV (FCEV)

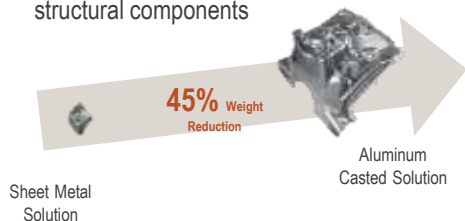


- Strong organizational focus on integrated eAxle technology solutions
- Provide Light Weight Aluminum and Magnesium Body & Structural Castings
- Look to augment eAxle offerings for Fuel Cell Vehicle (FCV) applications, which could play a key future role in market

Linamar objective is to pursue content in all Propulsion categories in order to be well positioned for multiple technology adoption scenarios.

Lightweighting Solutions

- Using unique manufacturing processes, materials, and designs to produce lightweighting solutions that achieve fuel efficiency & CO2 reduction
- Ex. High pressure die-casting for structural components



- Ex. Adapting forging gear designs & processes to achieve near net shape



Innovation in Design, Development, and Manufacturing

- Innovative design & engineering solutions to provide cost effective solutions to OEMs
- Ex. Fully integrated eAxle systems for hybrid & electric vehicles



- Ex. Integrated hydroformed assembled camshaft within one-piece cast aluminum carrier housing with unique-to-Linamar manufacturing process



Green & Connected Vehicles

- Utilizing Linamar product and engineering expertise to find solutions in disruptive markets and technologies
- Ex. Vehicle to vehicle communication for smart all wheel drive capabilities delivering information over dedicated short range communication



Asphalt

Ice

- Ex. Engineering & manufacturing next generation hydrogen storage tank for alternative fuel solutions



Global Light Vehicle Production Growing



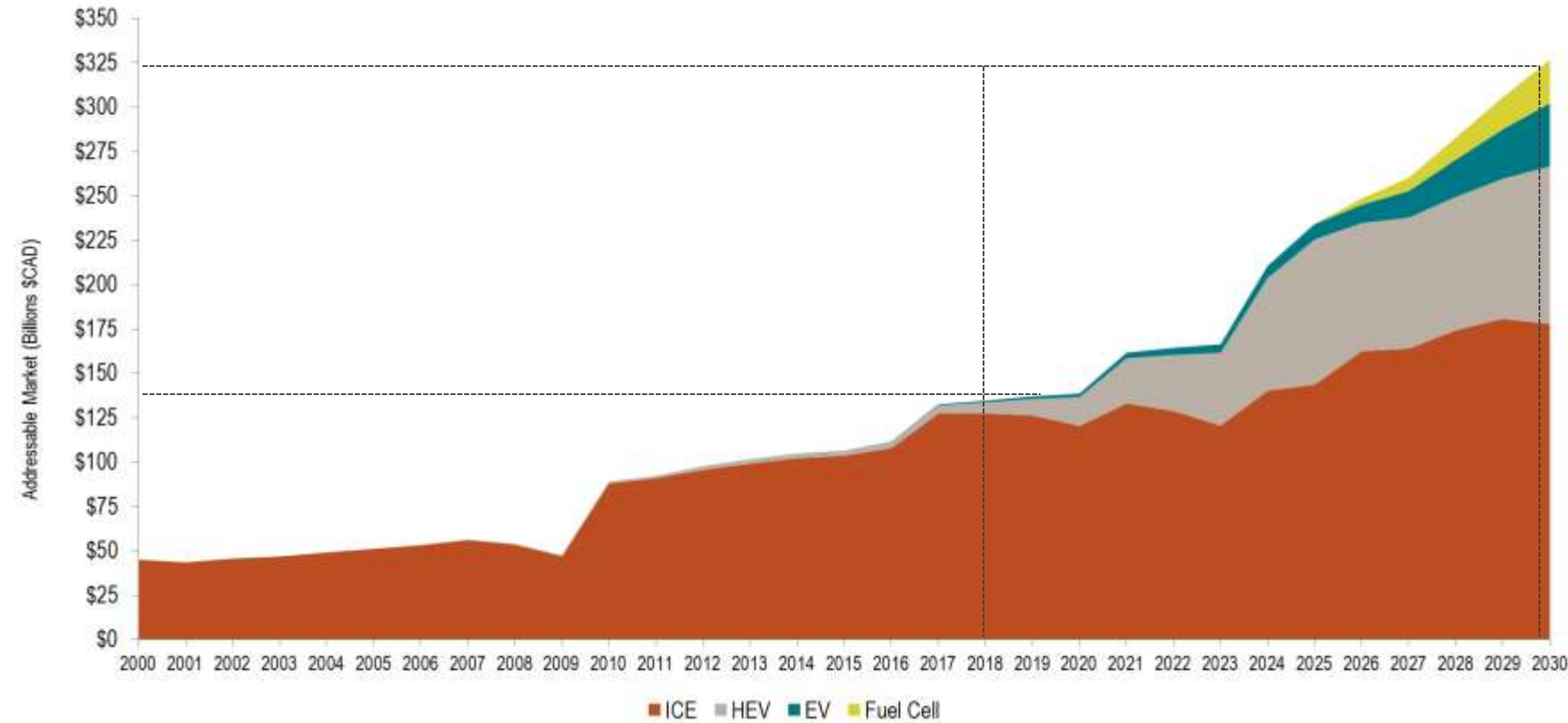
Source

IHS Forecasting 2000-2025 Advanced Consensus Projection 2025-2030

i) 1% YoY Growth in overall industry volumes 2025-2030

ii) Production Share of Technologies by 2030 of ICE 50%, HEV 24%, EV 21%, Fuel Cell 5%. (Based on Consensus Average of External Industry Expert Forecasts for EV adoption, Updated Q3 2018)

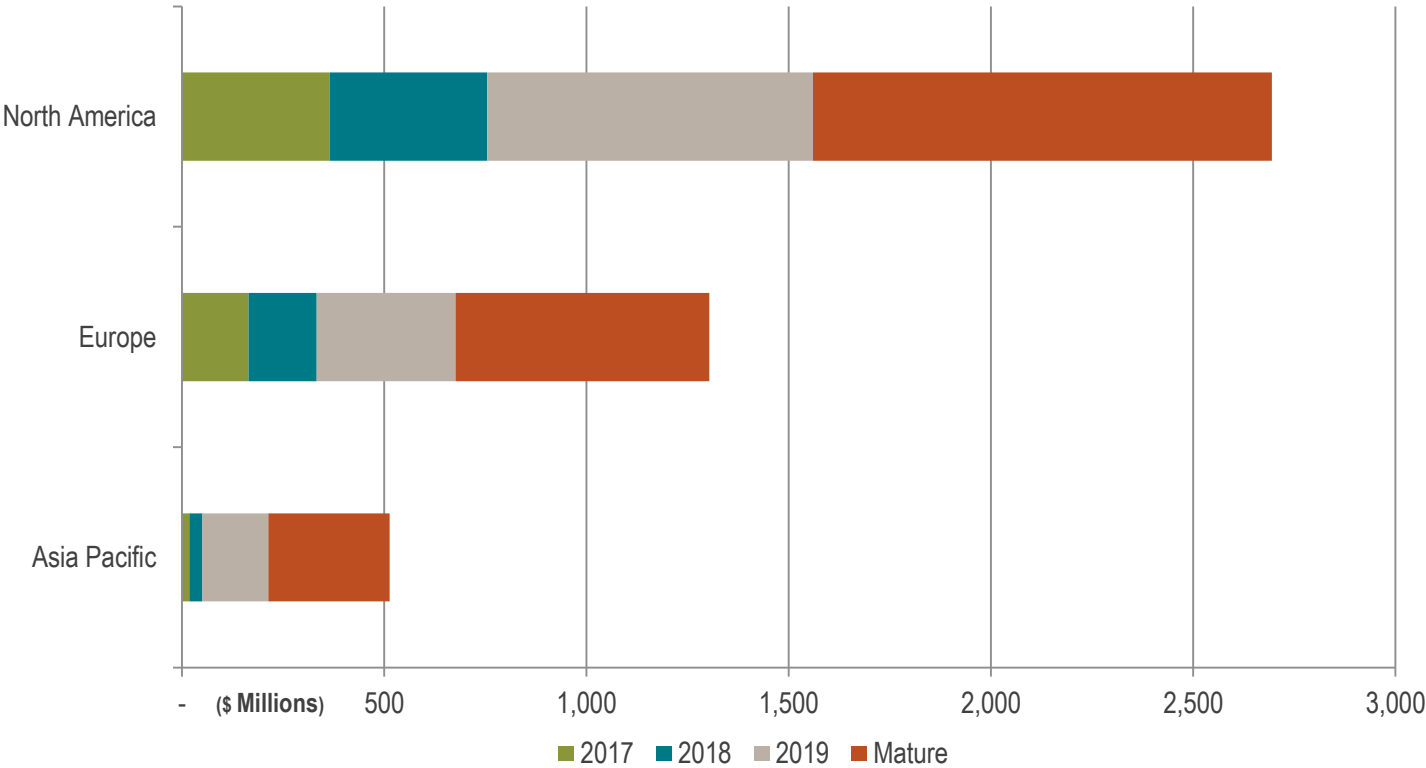
Global Addressable Market Almost Triples in Next Decade



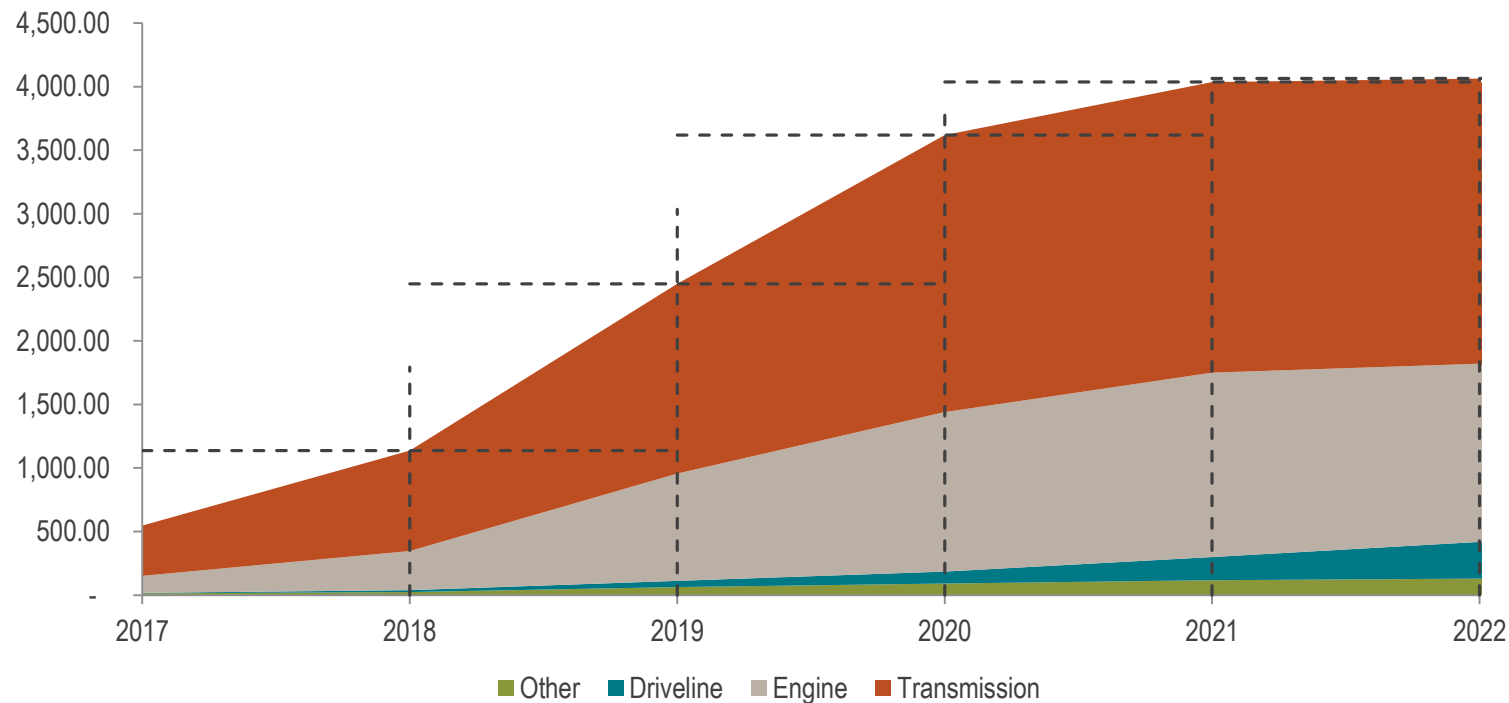
Global Launch Review – Geographic Mix



Launching nearly \$4.5 billion of new work today



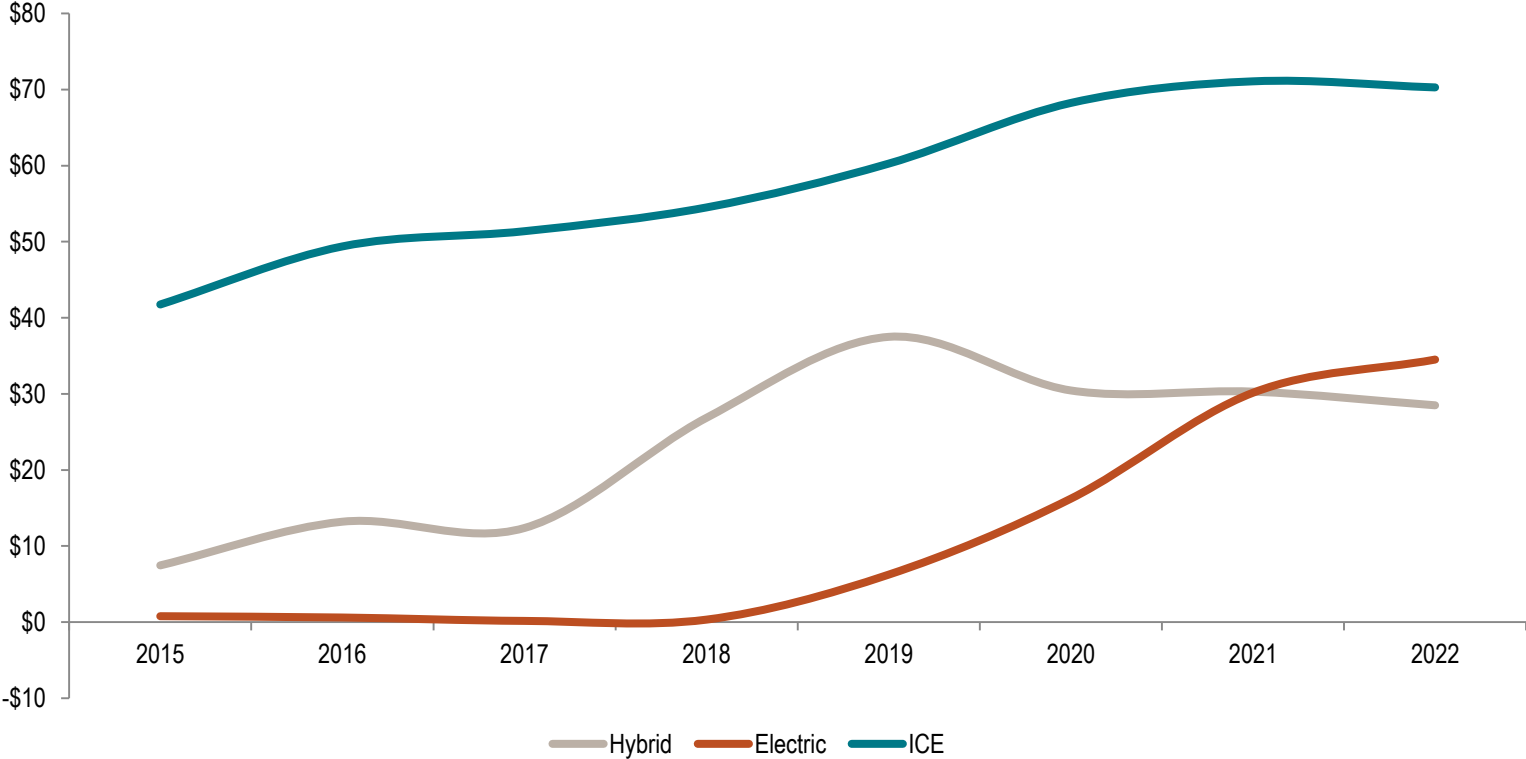
Global Launch Review – Product Mix



Sales from Launch add:

\$700 to \$800 Million in 2018
\$1.2 Billion to \$1.3 Billion in 2019

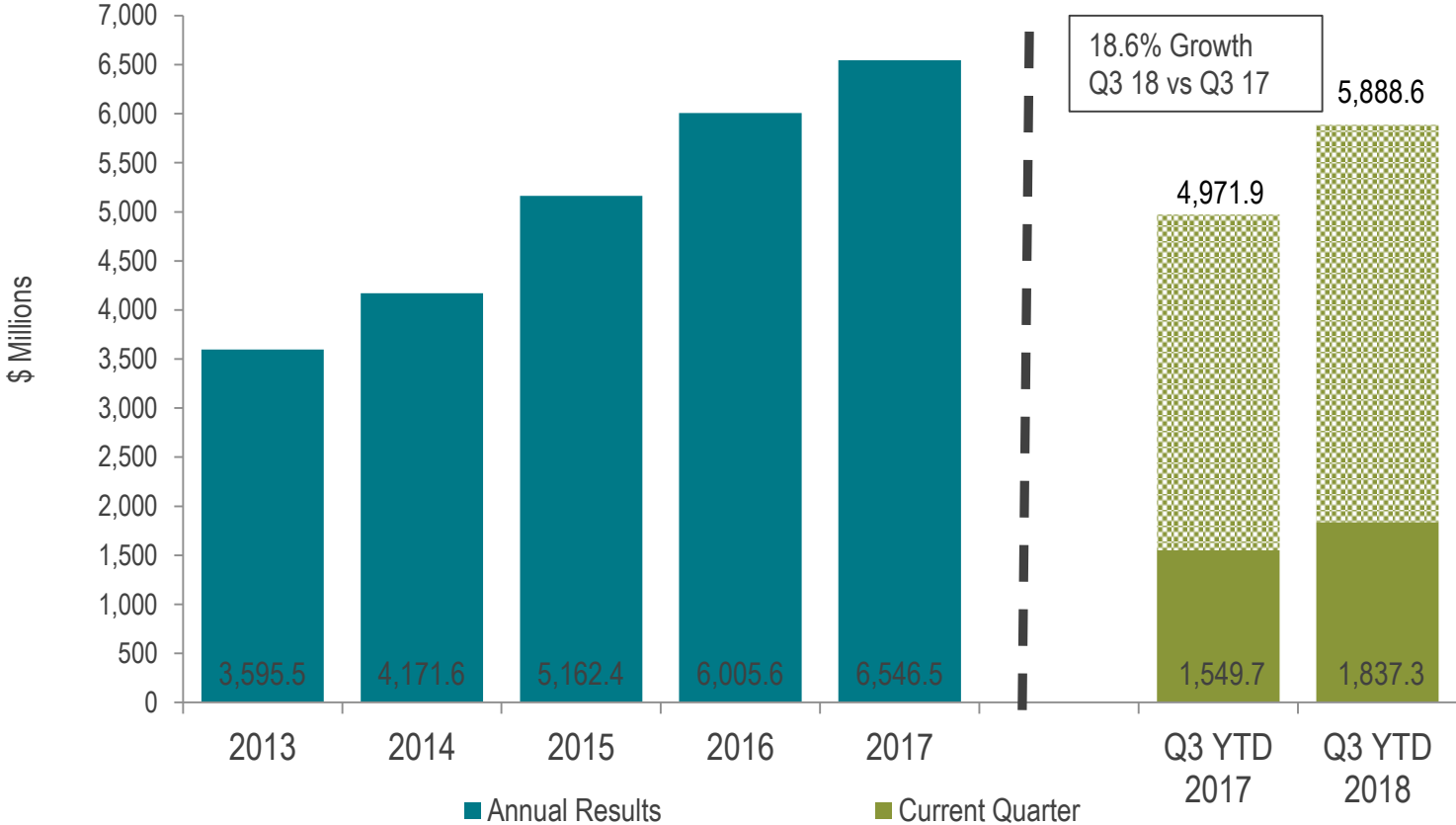
Content Today on Electrified Vehicles Growing Quickly



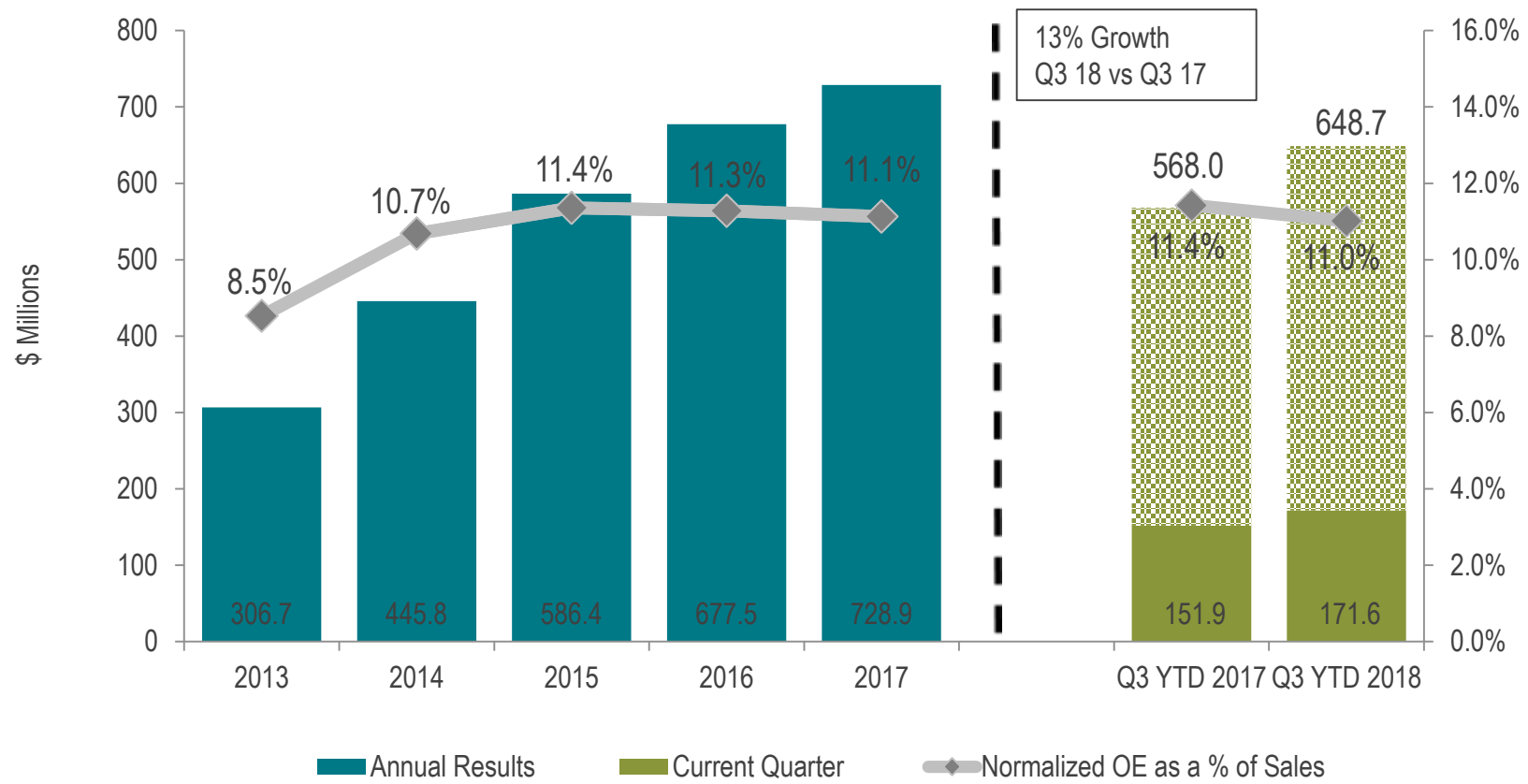
Financial Review



Yearly Sales Growth

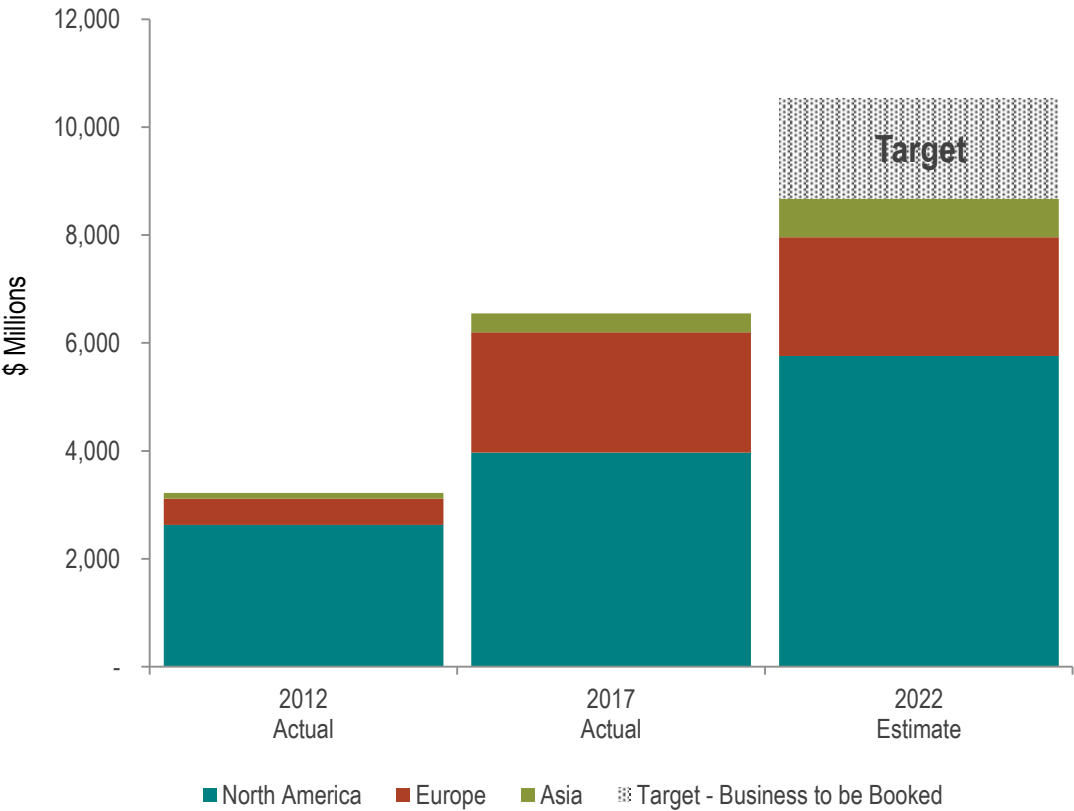


Normalized Operating Earnings¹



¹Operating Earnings Normalized for unusual items and foreign exchange impacts from revaluation of the balance sheet

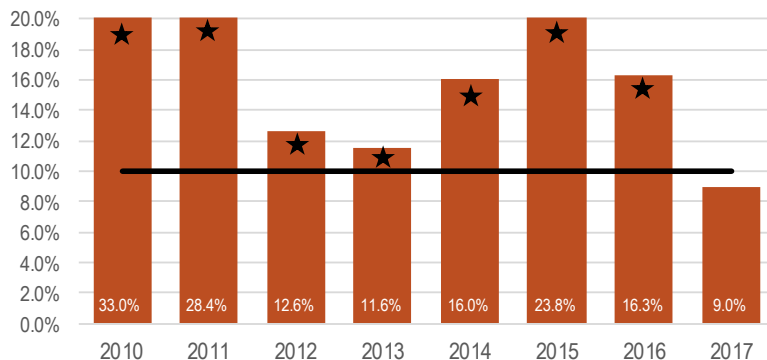
Sales by Region



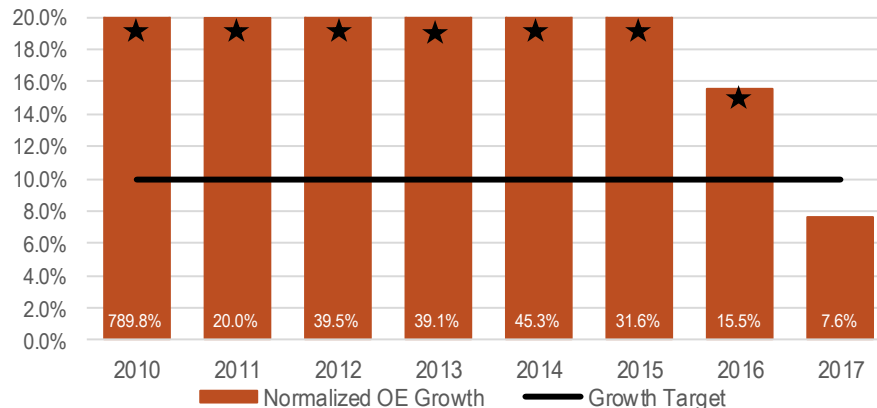
Strong, Consistent Track Record



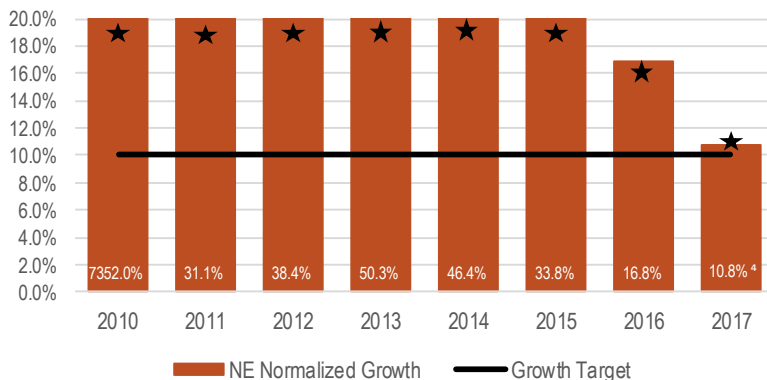
Sales Growth



Normalized OE¹ Growth³



Normalized NE² Growth³



Double Digit Sales and Earnings Growth 8 years Running

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

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

3 – Growth indicates year over year comparison.

4 – Net Earnings before unusual items, non-recurring items, and foreign exchange impacts from revaluation of the balance sheet, tax effected

	Normal Ranges	Expectations	
Consolidated		2018	2019
Sales Growth		Double Digit	High Single to Low Double Digit
Normalized Operating Earnings Growth		Double Digit	Strong Double Digit
Normalized Net Margin	7.0% to 9.0%	7.5% to 8.0%	8.25% to 8.75%
Capex (% of Sales)	6.0% - 8.0%	Mid-Range	Down in \$ and % from 2018

Industrial		2018	2019
Sales Growth			
Skyjack		Double Digit	High Single to Low Double Digit
MacDon		Mid Single Digit	TBD
Operating Margin	14.0% - 18.0%	Mid- to Mid-High End Range	Margin Expansion

Transportation		2018	2019
Factors Influencing Sales Growth			
Launch Book >\$4.5 Billion Driving Incremental Sales Of:		\$700m to \$800m	\$1,200m to \$1,300m
Business Leaving (% Consolidated Sales)	5.0% - 10.0%	Low End Range	High End Range
Operating Margin	7.0% - 10.0%	Mid-Range	Margin Expansion

Key Investment Themes



Massive Market Opportunity Automotive

- Significant content potential in all of EV, Hybrid, and ICE
- EV CPV already halfway to ICE CPV level by early 2020's
- Only 30% of powertrain outsourced – huge opportunity for extended time frame of growth, **tech shift accelerating outsourcing**



Massive Market Opportunity Access & Agriculture

- **Access \$10 Billion market, few players**
- **Ag market at early stage of cyclical recovery**
- Actively growing market share in both businesses globally



Consistent Performance

- Sales & earnings growth consistent & well above market
- **Double digit normalized earnings growth 8 years running**



Market Share Growth Key Growth Driver

- We have demonstrated our ability to continue to grow through flat or declining markets and will continue to do so



Strong Growth Secured for the Future

- **\$8.5 - \$9 billion sales secured for 2022**

Thank You

www.linamar.com

🐦 @linamarcorp

📷 @linamarcorp

📘 Linamar Corporation

in Linamar Corporation

