

Conference Call Presentation

Q1 2018 Conference Call Information

Local: (647) 427-3383

Toll Free: (888) 424-9894 (North America)

Conference ID 3776227

Linda Hasenfratz

May 15, 2018



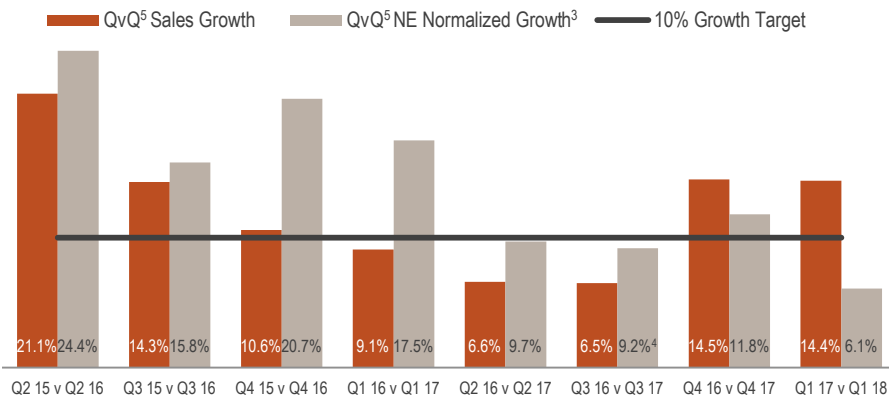
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Sales, Earnings and CPV

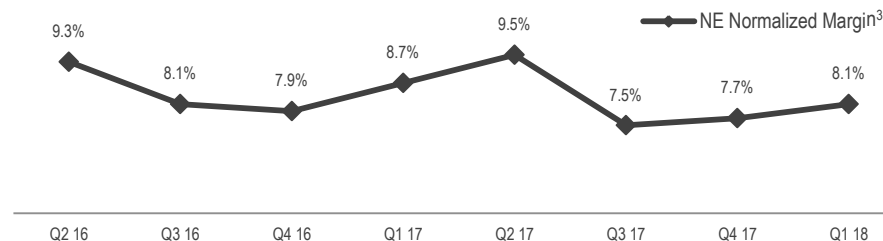


Sales, Earnings, and Margins (in millions CAD)

	Q1 2018	Q1 2017	%
Sales	1,893.9	1,656.0	14.4%
Operating Earnings ("OE")	214.9	192.2	11.8%
Operating Earnings Margin	11.3%	11.6%	
Net Earnings ("NE") – ATS ¹	156.6	145.1	7.9%
Less: Foreign Exchange ²	(3.2)	(0.5)	
Net Earnings Normalized ³	153.4	144.6	6.1%
Net Earnings Normalized ³ Margin	8.1%	8.7%	



- Record sales up 14.4%
 - Global vehicle markets down 1.1%
 - NA light vehicle down 2.2%
 - Significant launch activity
 - Access market double digit growth
 - 2 months MacDon
- Normalized NE up 6.1%
 - At constant currency double digit growth
- 2017 Normalized NE Margin 8.1%
- 2018 and 2019 NE Margin 8-8.5%
 - Margin expansion 2019



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3 – Net Earnings before unusual items and foreign exchange impacts, tax affected.

4 – Net Earnings before unusual items, non-recurring items and foreign exchange impacts, tax affected.

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

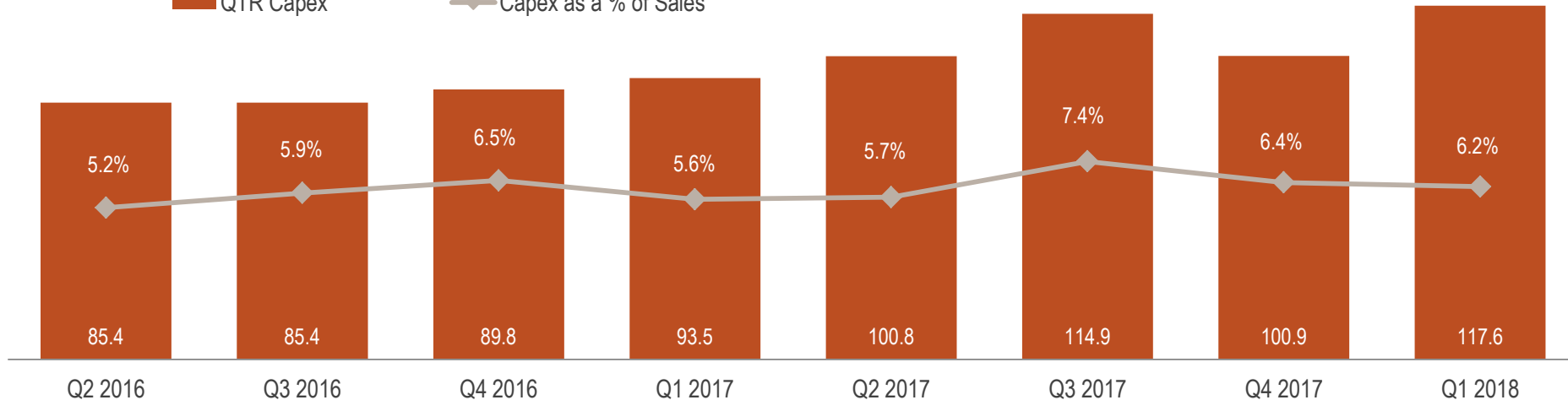
Capital Expenditures (in millions CAD)

	Q1 2018	Q1 2017
Capital Expenditures (Capex)	117.6	93.5
Capex as a % of Sales	6.2%	5.6%

- Normal range 6-8%
 - 2018 higher end of range
 - 2019 lower than 2018 as a % of sales but in range

■ QTR Capex

—◆— Capex as a % of Sales

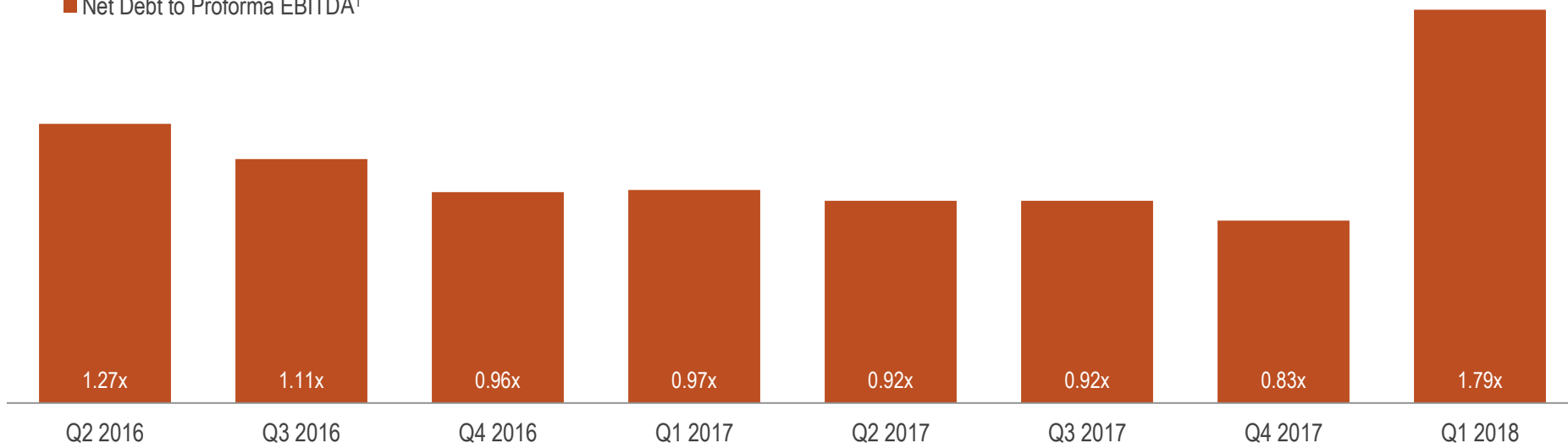


Leverage (in millions CAD)

	Q1 2018	Q1 2017
Net Debt	2,160.8	1,058.1
Net Debt to Proforma EBITDA ¹	1.79x	0.97x

- Leverage back under 1 within 18-24 months

■ Net Debt to Proforma EBITDA¹

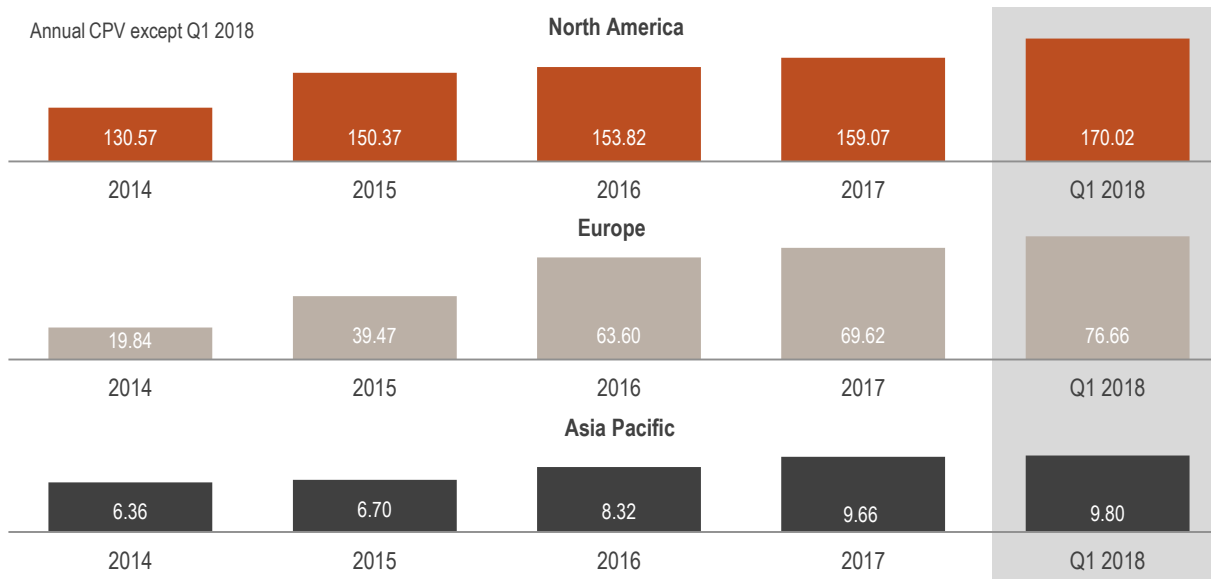


¹) Proforma EBITDA includes rolling last 12 month EBITDA on acquisitions.

Content Per Vehicle (CPV)

	Q1 2018	Q1 2017	CPV %	Vehicle Production Units %	Automotive Sales (CAD Millions)	Automotive Sales %
North America	170.02	155.83	9.1%	(2.2%)	772.0	6.9%
Europe	76.66	66.05	16.1%	0.9%	453.2	17.2%
Asia Pacific	9.80	9.11	7.6%	(1.5%)	121.2	5.9%

Annual CPV except Q1 2018



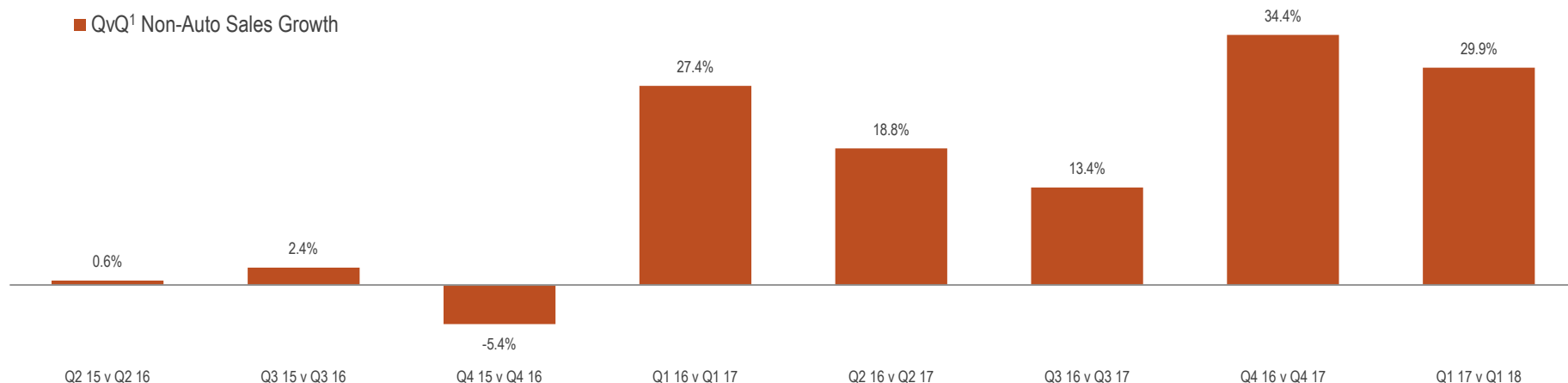
- Excellent CPV growth in every global region drives sales in declining markets
- Record CPV in every global region

Other and Non-Automotive Sales (in millions CAD)

	Q1 2018	Q1 2017	%
Other Automotive Sales	59.1	56.4	4.8%
Non-Automotive Sales	488.3	376.0	29.9%

- MacDon big driver of growth with 2 months of sales
- Skyjack strong growth as well in robust markets

■ QvQ¹ Non-Auto Sales Growth



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

Market Outlook



Market Snapshot 2018 & 2019

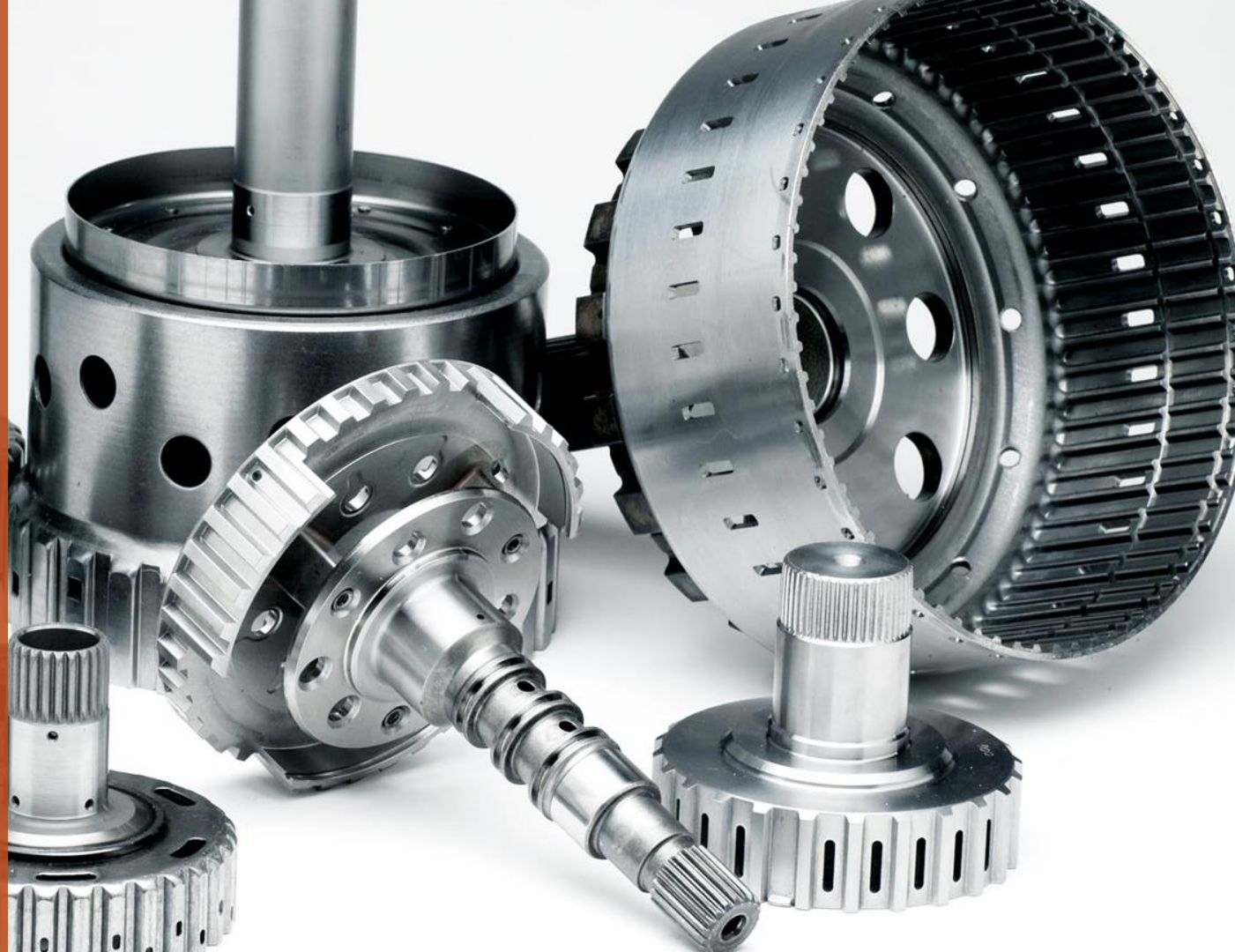
As of May 2018

2018	Powertrain/Driveline		Agriculture	Skyjack
	Automotive (LV)	Commercial Truck		
North America	Flat	Growth	Moderate Growth	Strong Growth
Europe	Moderate Growth	Moderate Growth	Moderate Growth	Strong Growth
Asia	Flat	Decline	Flat	Growth

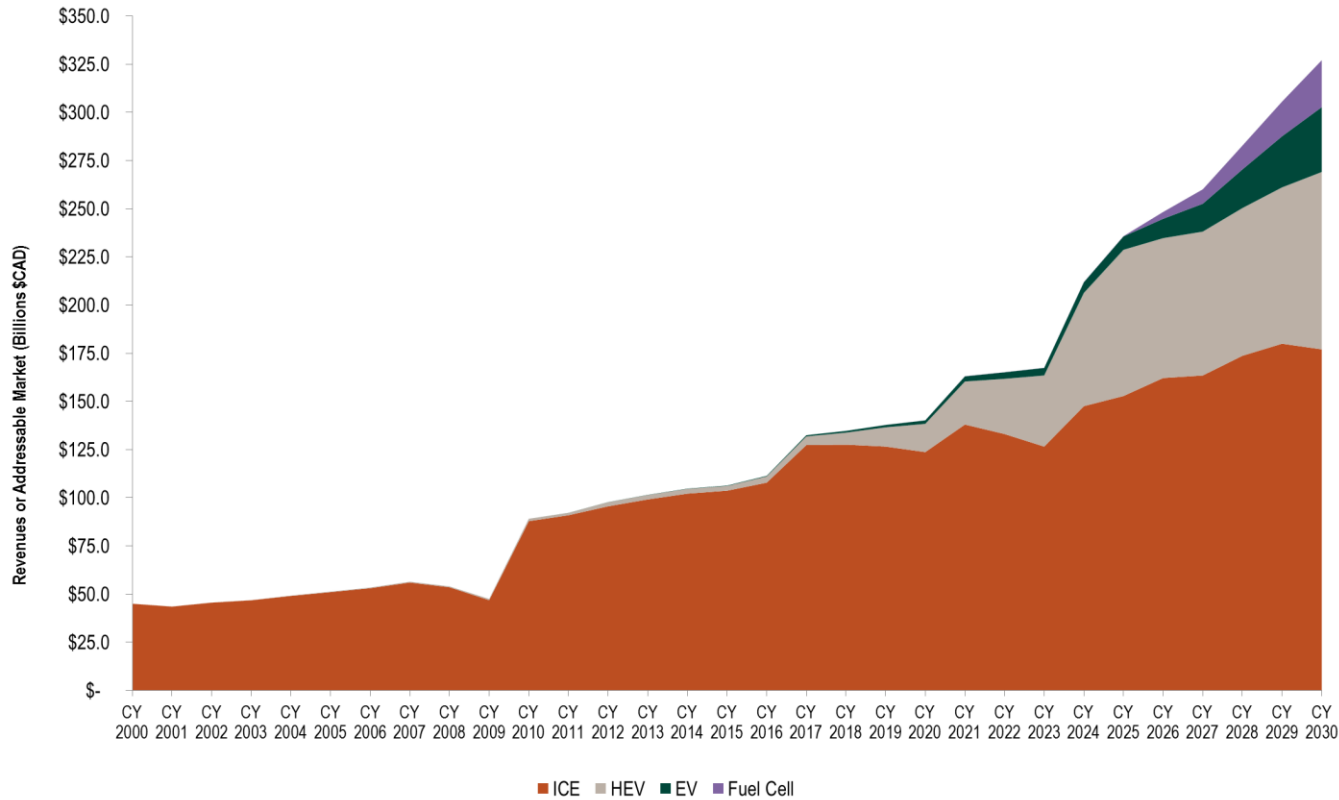
2019	Powertrain/Driveline		Skyjack
	Automotive (LV)	Commercial Truck	
North America	Flat	Flat	Moderate Growth
Europe	Flat	Moderate Growth	Moderate Growth
Asia	Moderate Growth	Decline	Flat

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%

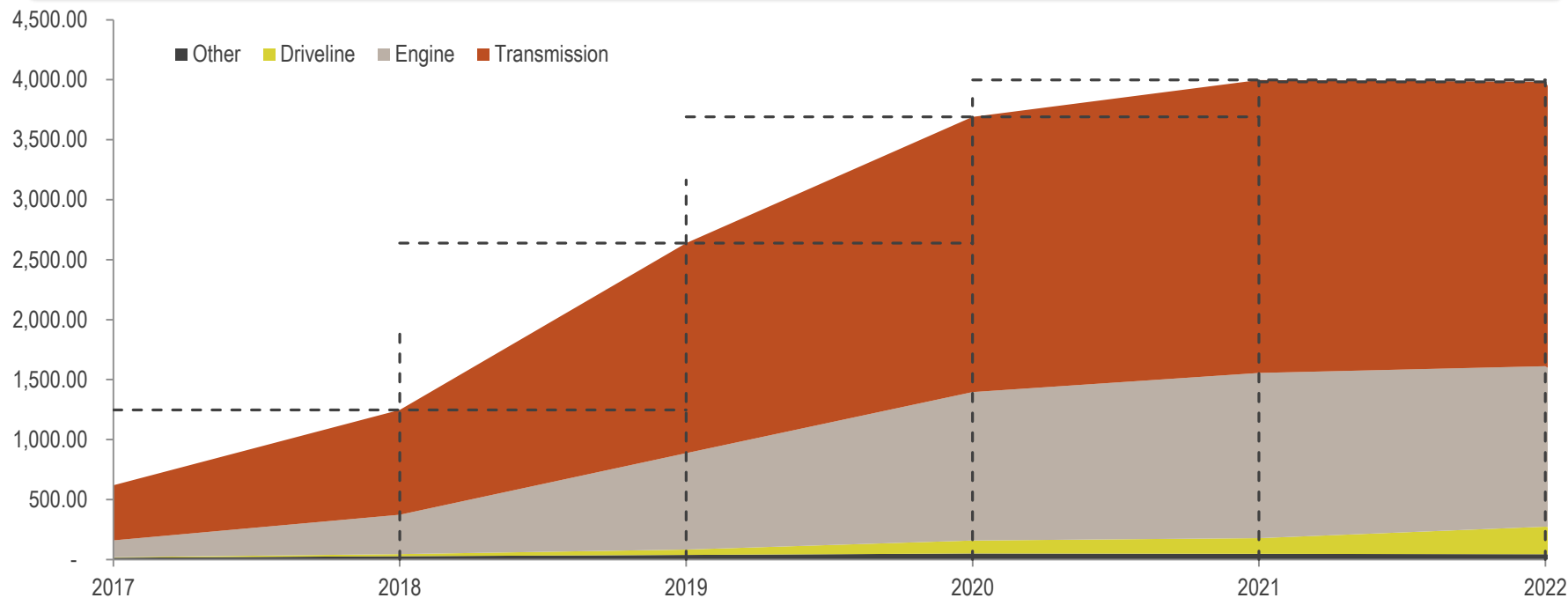
New Business



Global Overall Addressable Powertrain Market



Launching over \$4.4 billion of new work today

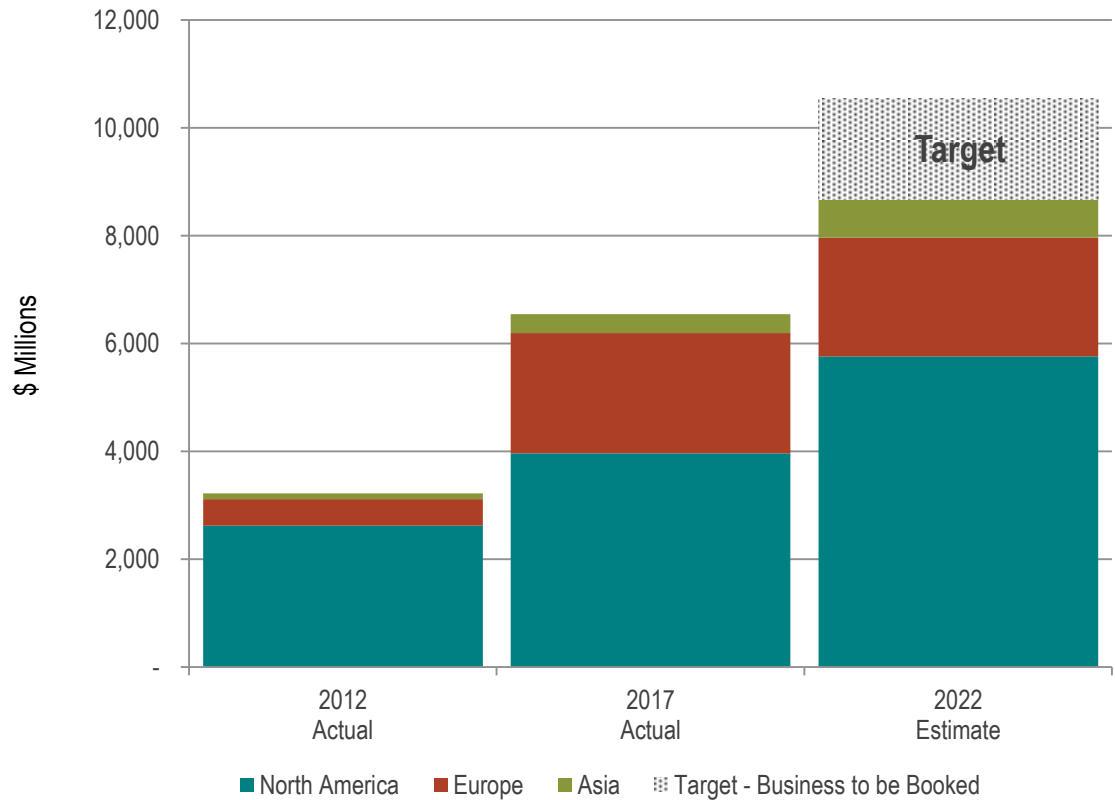


Sales from Launch add:

\$650 to \$750 Million in 2018
\$1.3 to \$1.4 Billion in 2019

- Market growth predictions coupled with CPV
- Launches
 - \$650 to \$750 Million in 2018
 - \$1.3 to \$1.4 Billion in 2019
- Skyjack Growth
 - Double digit growth 2018
 - Mid to high single digit 2019
- MacDon Growth
 - \$600 million sales on acquisition
 - Mid single digit growth
 - Note 2018 only 11 months sales
- Business Leaving
 - 5-10% normally
 - Low end of range 2018
 - High end range 2019
- Productivity Givebacks

Sales by Region



New Business Win: BEV Differential Assembly

Volume

Peak volume: 200,000

SOP Year

2020

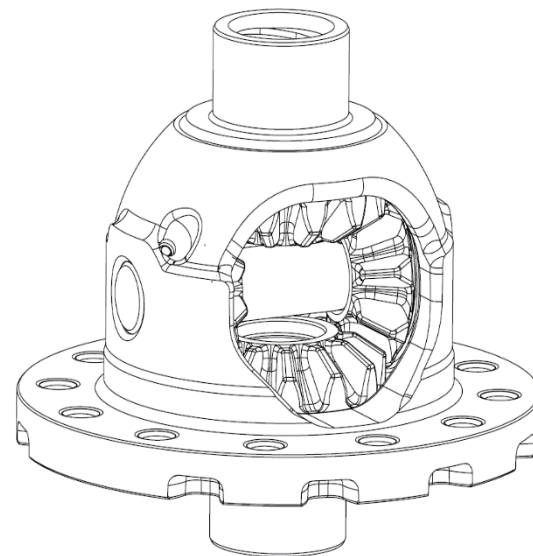
Peak Volume Year

2023

Production Location



Total of 3 differential programs for BEVs now launching in China



New Business Win: Sliding Camshaft

Volume

Peak volume: 432,000

SOP Year

2019

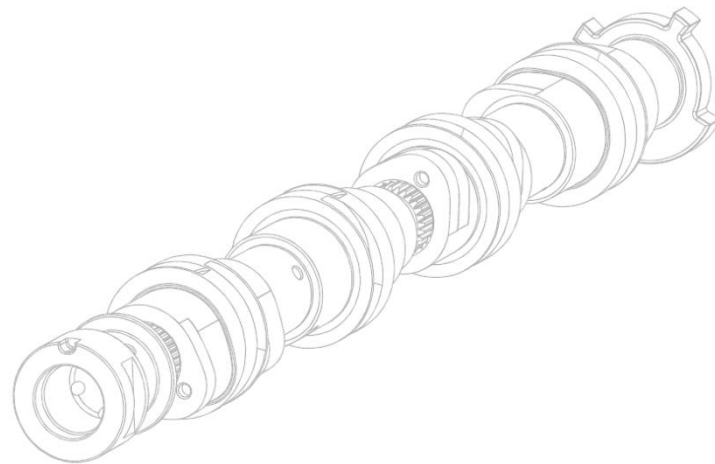
Peak Volume Year

2021

Production Location



Major sliding camshaft win for next generation, highly fuel efficient engines



New Business Win: Driveline PTU/RDU

Volume

Peak volume: 1,000,000 (total)

Major driveline program win for Germany

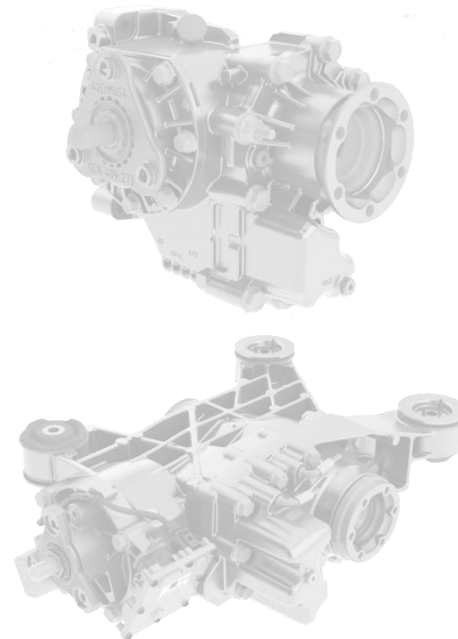
SOP Year

2022

Peak Volume Year

2023

Production Location



New Business Win: Camshaft Module

Volume

Peak volume: 250,000

SOP Year

2020

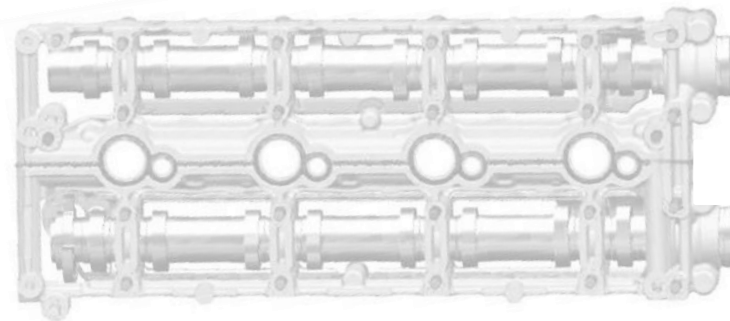
Peak Volume Year

2022

Production Location



Continued significant 5C wins in Europe. First complete camshaft module win for Linamar



New Business Wins: Gear Package

Package Value

Peak volume: 4,000,000

SOP Year

2019

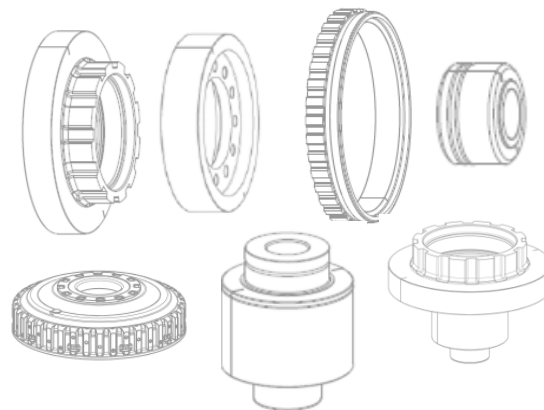
Peak Volume Year

2026

Production Location



Major gear machining package
awarded in US, annual sales value
nearly \$100 million



New Business Wins: Cylinder Head Casting Programs

Package Volume

> 700,000 / year

SOP Year

2019-2020

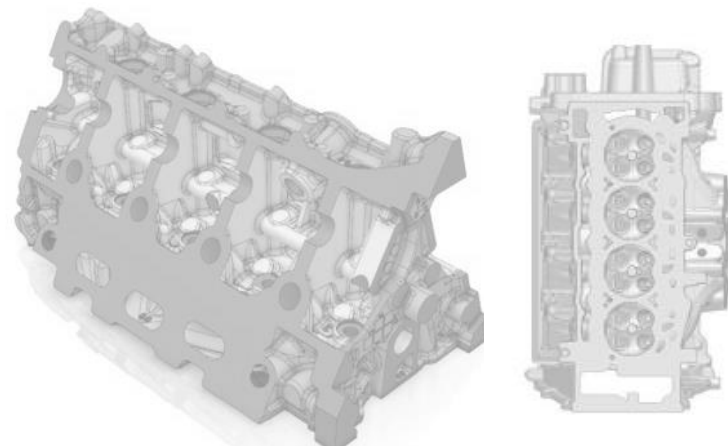
Peak Volume Year

Mid-2020s

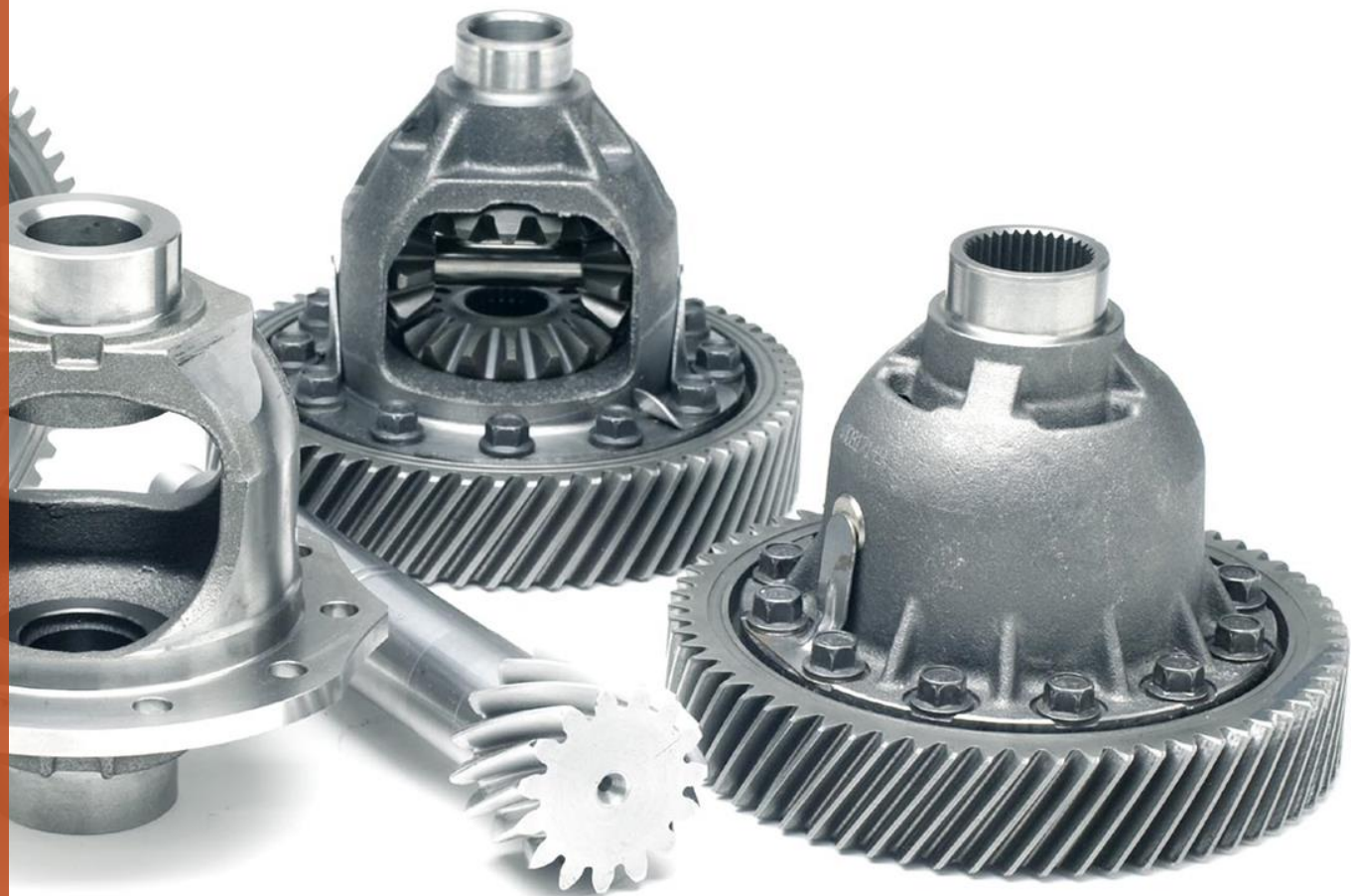
Production Location



Two major cylinder head casting wins,
aggregate annual sale value nearly
\$90 million



Strategic Update

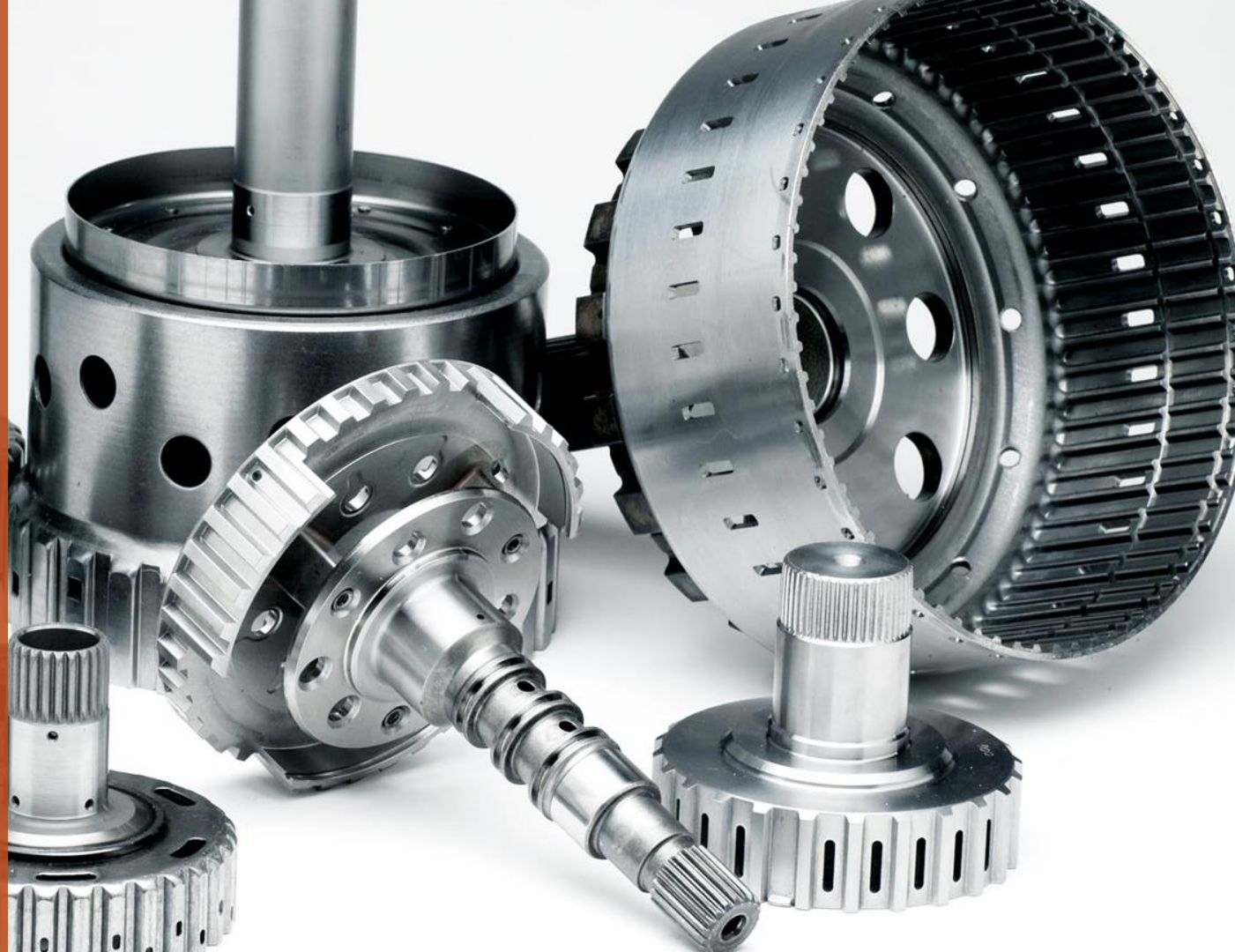


Key Market Strategies

- 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 (Skyjack)
 - 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 – research markets, develop strategy
- 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
 - Further develop current product technologies
 - Identify tangential innovation opportunities
 - Manufacturing partnerships with Technology companies globally



Innovation Update



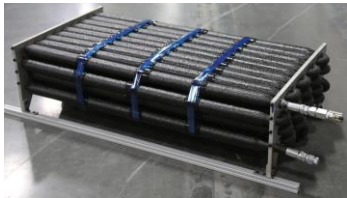
Volute Hydrogen Storage Tank – Manufacturing Partnership



A technology start-up partnership for Carbon Fiber Hydrogen Fuel Cell Vehicle storage tank solutions.

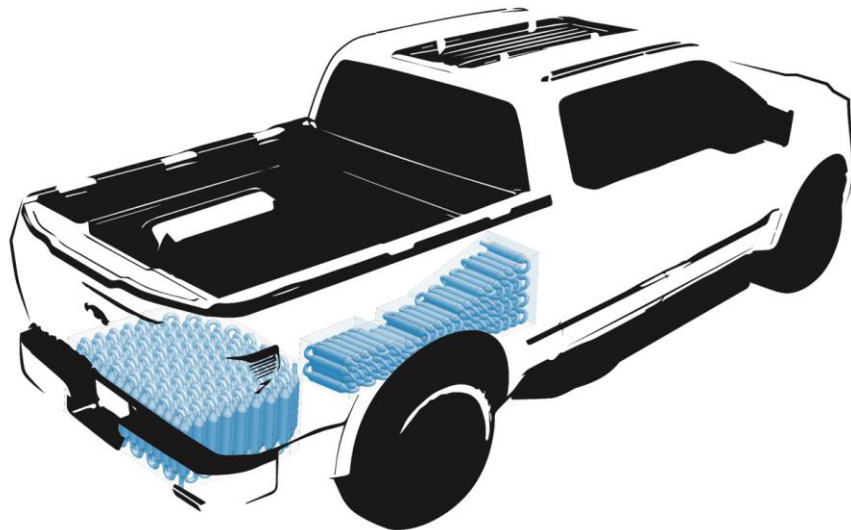
Next Generation Hydrogen Storage Tank

- Low profile continuous tank shape
- Lower-cost system
- Seamless design
- Continuous manufacturing
- Industry standard materials



Standard Design Vs. Volute Tanks

- 25% more space efficient than standard cylinders
- Smaller profile means tank can fit more efficiently in vehicle in a variety of spaces
- More surface area (more chambers) makes thermal management easier -- precooling requirement reduced or eliminated and faster fill
- Less carbon fiber usage





Incubate
innovation ideas

Explore tangential
products &
markets



Develop
manufacturing
partnerships



60

Plants



1,564

Connected Machines



853

LMMS Data
Collection Connections

1,016

RFID Stations



1,582

Traceability Read Stations



2,011

Robots



563

Vision Systems



747

Traceability
Marking
Stations



1

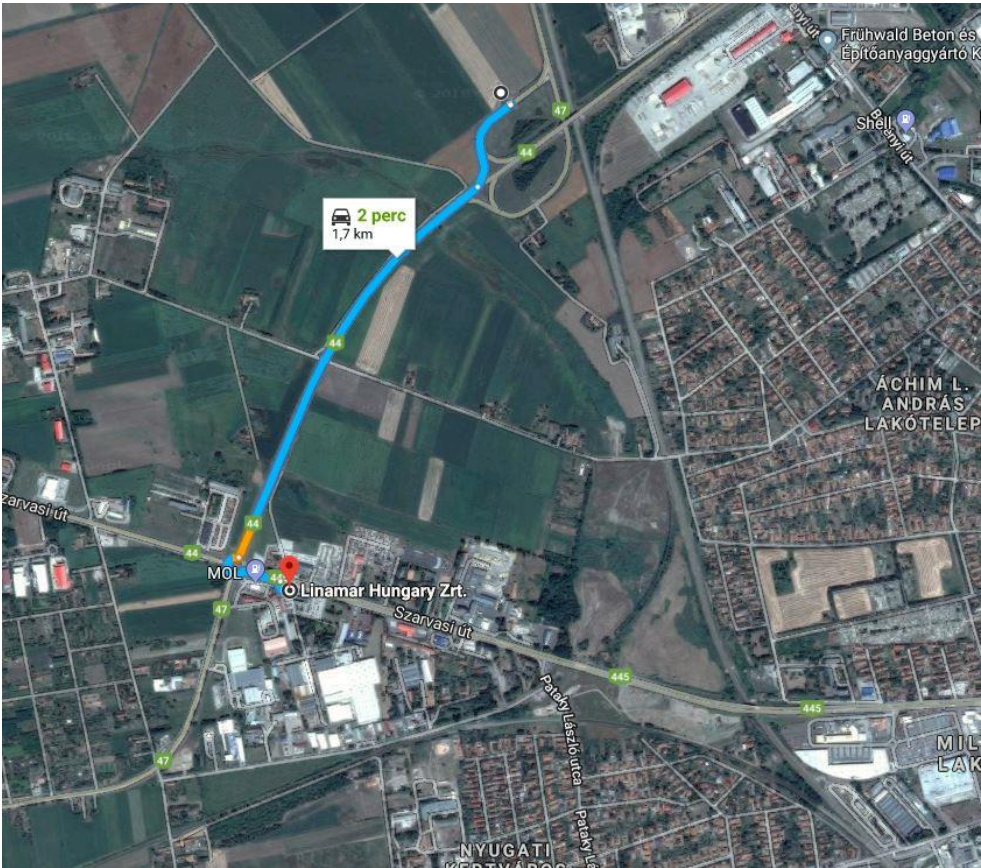
AGVs

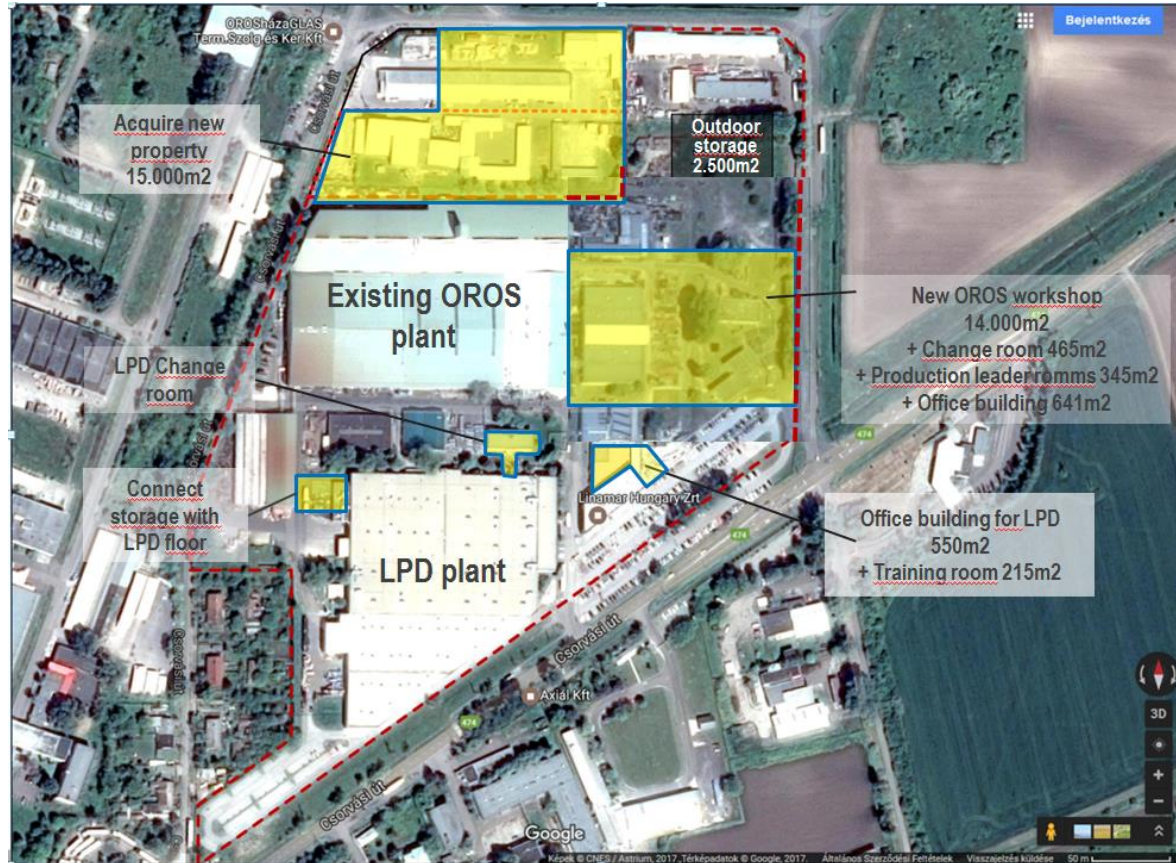


Operations Update









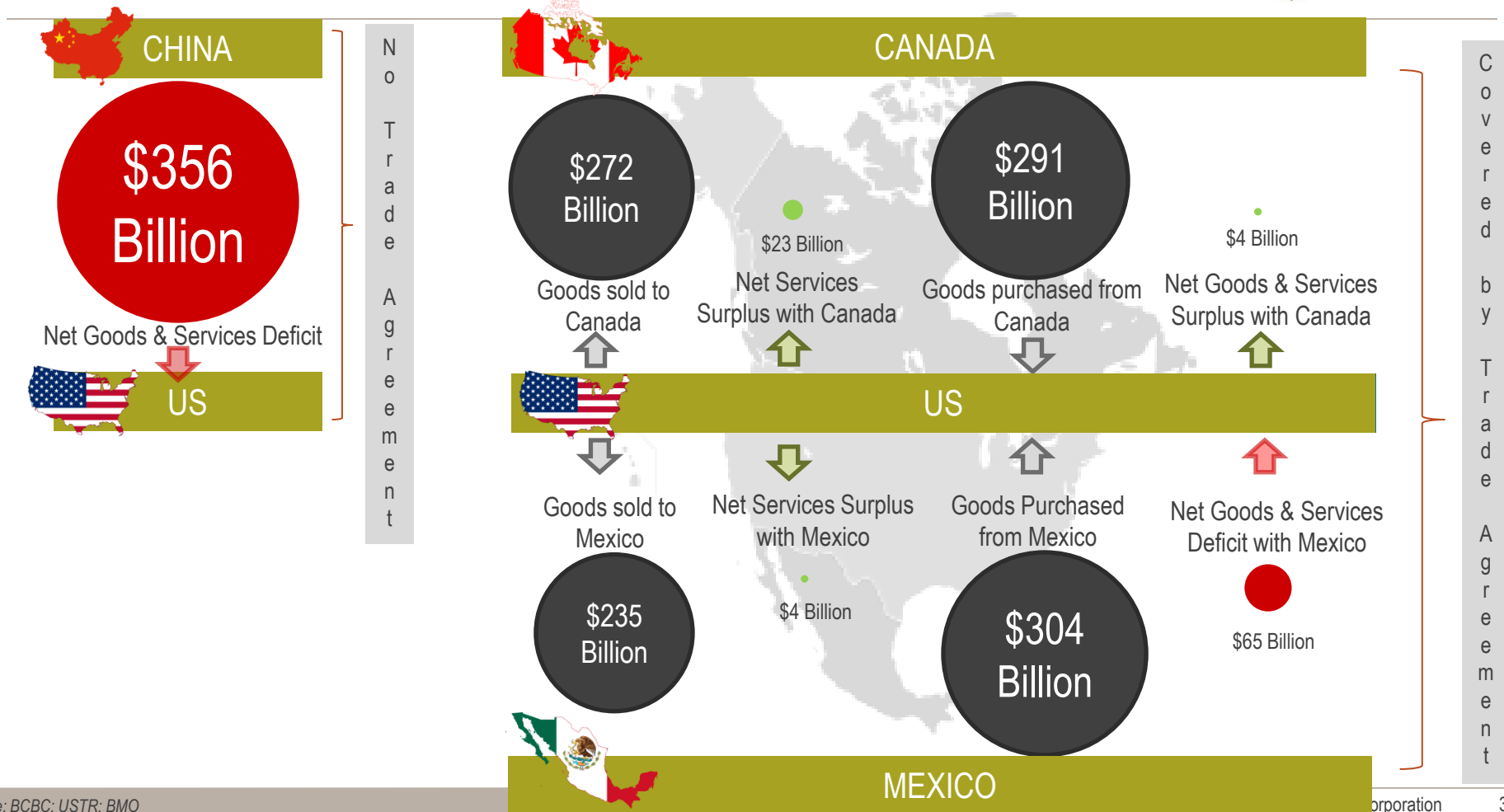
Montupet Group | Mexican Casting Facility Montiac Expansion LINAMAR



NAFTA



NAFTA – The Facts



Financial Review

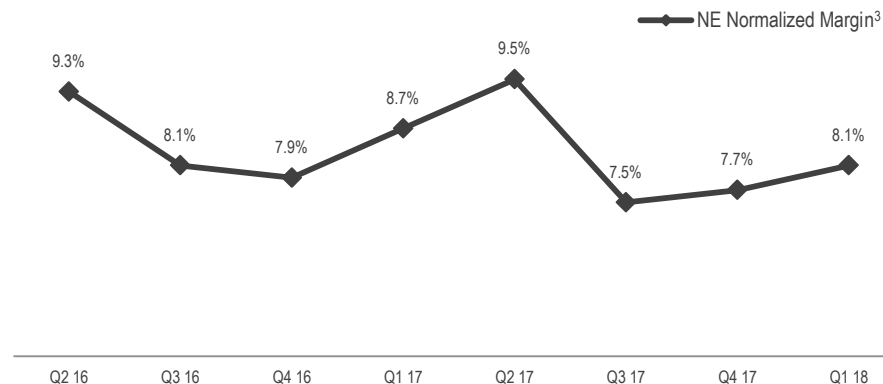
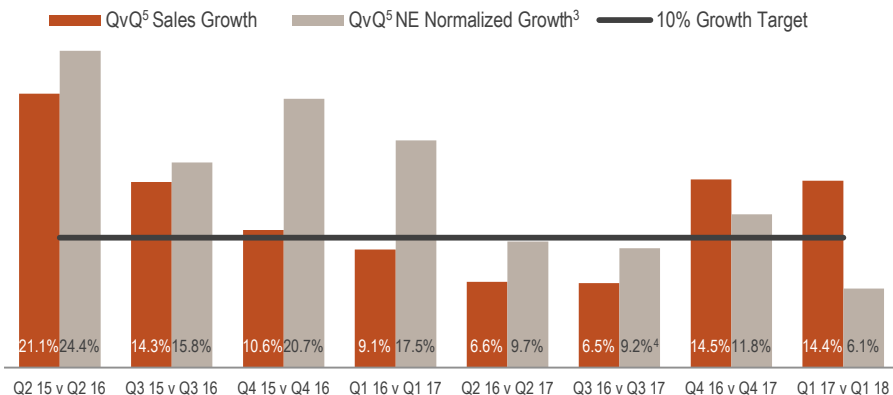
Dale Schneider
May 15, 2018



Sales, Earnings, and Margins (in millions CAD)

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Less: Foreign Exchange ²	(3.2)	(0.5)	
Net Earnings Normalized ³	153.4	144.6	6.1%
Net Earnings Normalized ³ Margin	8.1%	8.7%	

- Record Sales
- Double digit Sales growth 14.4%
- Double digit OE growth 11.8%
- Normalized Net Earnings margin 8.1%



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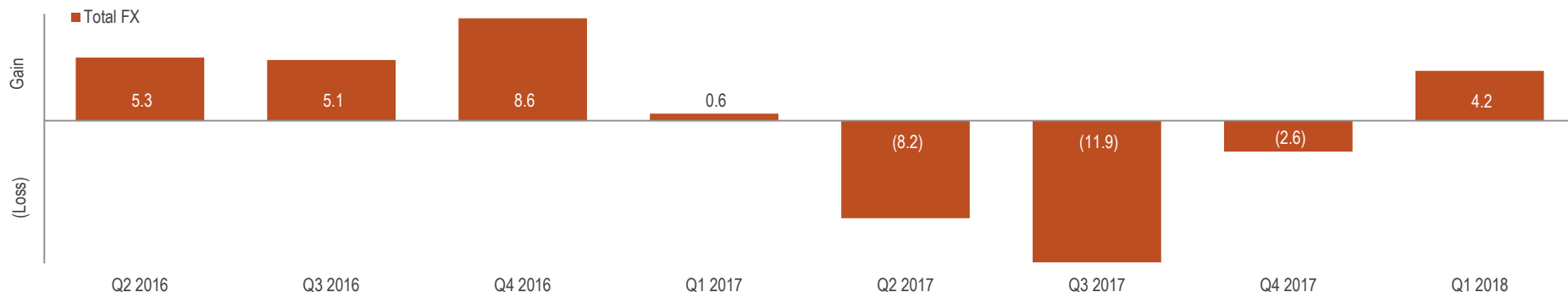
Foreign Exchange Gain/Loss (in millions CAD)

	Q1 2018	Q1 2017	+/-
FX (Gain)/Loss – Operating ¹	(5.4)	1.0	(6.4)
FX (Gain)/Loss – Financing	1.2	(1.6)	2.8
Total FX (Gain)/Loss	(4.2)	(0.6)	(3.6)

Operating Margin	11.3%	11.6%
Operating Margin Normalized for FX	11.1%	11.7%

FX (Gain)/Loss – Impact on EPS FD ²	(0.05)	(0.01)
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- \$5.4 FX gain from the revaluation of operating balances
- Strong OE margins for both reported and normalized margins
- FX impacted EPS by 5 cents



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

2 – 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.

Transportation Sales, Earnings, and Margins (in millions CAD)



	Q1 2018	Q1 2017
Sales	1,496.4	1,369.1
Operating Earnings	140.2	146.4
Less: Foreign Exchange ¹	6.6	2.7
Operating Earnings – Normalized ²	146.8	149.1
Operating Earnings Margin	9.4%	10.7%
Operating Earnings Margin – Normalized ²	9.8%	10.9%

- Sales increased by \$127.3 or 9.3% mainly due launching programs, on-highway vehicle volumes and favourable changes in FX rates for certain currency pairs.
- Normalized OE declined by \$2.3 or 1.5% mainly due to programs in early stage of launch replacing mature business due to market declines and unfavourable changes in FX rates for specific currency pairs.
- On a constant currency basis, Normalized OE would have grown.

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

² – Operating Earnings normalized for foreign exchange impact from the revaluation of operating balances due to changes in foreign exchange rates.

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



	Q1 2018	Q1 2017
Sales	397.5	286.9
Operating Earnings	74.7	45.8
Less: Foreign Exchange ¹	(12.0)	(1.7)
Operating Earnings – Normalized ²	62.7	44.1
Operating Earnings Margin	18.8%	16.0%
Operating Earnings Margin – Normalized ²	15.8%	15.4%

- Sales increased \$110.6 or 38.6% mainly due to the addition of MacDon, strong AWP volumes partly offset by the unfavourable impact of changes in FX rates for certain currency pairs.
- Normalized OE increased \$18.6 or 42.2% mainly due to MacDon, AWP volumes and partially offset by the unfavourable impact of changes in FX rates for certain currency pairs.
- On a constant currency basis, Normalized OE would have growth even more significantly.

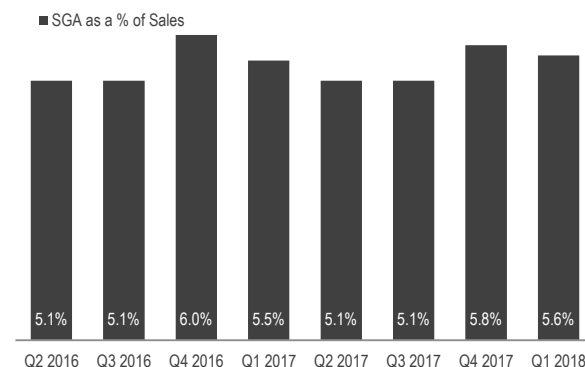
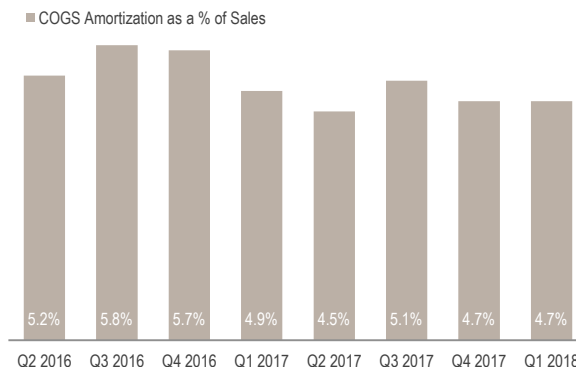
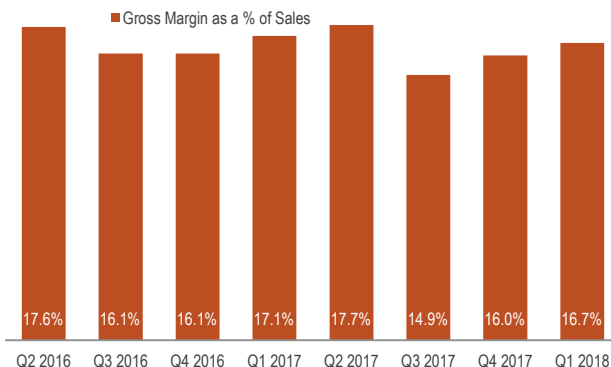
1 – Foreign Exchange as a result of the revaluation of operating balances due to changes in foreign exchange rates.

2 – Operating Earnings normalized for foreign exchange impact from the revaluation of operating balances due to changes in foreign exchange rates.

Operating Expenses (in millions CAD)

	Q1 2018	Q1 2017	+/-	%
Sales	1,893.9	1,656.0	237.9	14.4%
Cost of Goods Sold	1,577.8	1,372.0	205.8	15.0%
Gross Margin	316.1	284.0	32.1	11.3%
Gross Margin as a % of Sales	16.7%	17.1%		
Cost of Goods Sold Amortization	88.8	81.4	7.4	9.1%
COGS Amortization as a % of Sales	4.7%	4.9%		
Selling, General, and Administrative	106.6	91.1	15.5	17.0%
SGA as a % of Sales	5.6%	5.5%		

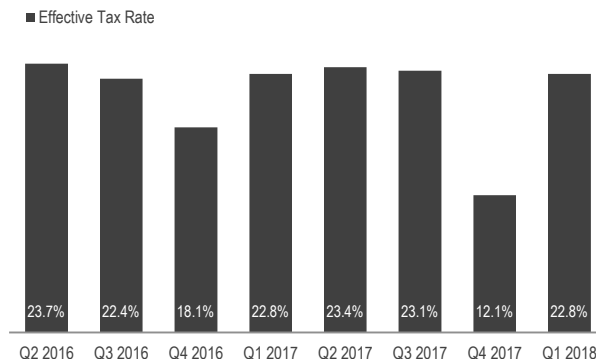
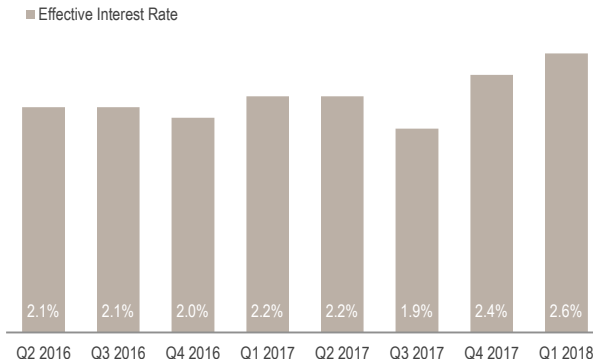
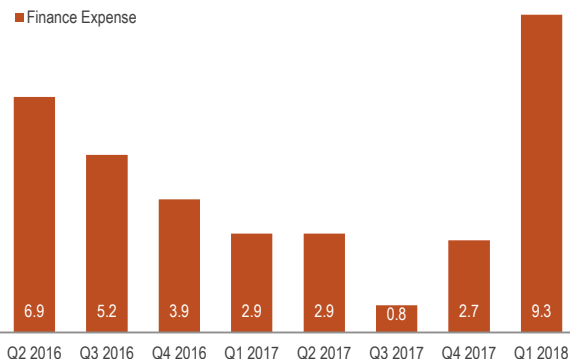
- Strong Gross Margin of 16.7%
- Amortization increased \$7.4 due to the addition of MacDon and the impact of launching programs
- SGA increased by \$15.5 mainly due to the addition of MacDon. On a % of Sales basis, SGA remained flat at 5.6%



Finance Expenses & Income Tax (in millions CAD)

	Q1 2018	Q1 2017	+/-
Finance Expense	9.3	2.9	6.4
Effective Interest Rate	2.6%	2.2%	0.4%
Effective Tax Rate	22.8%	22.8%	-

- Finance expenses increased to \$9.3. The biggest impact being the addition of the acquisition debt to purchase MacDon and the related impact on borrowing spreads.

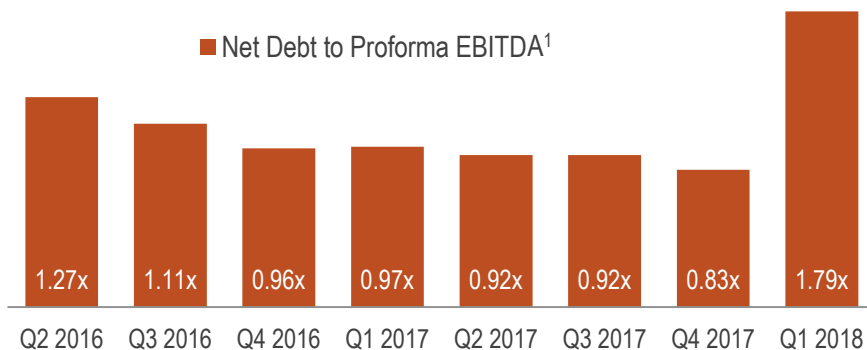


Leverage (in millions CAD)

	Q1 2018	Q1 2017
Cash Position	455.3	438.2
Available Cash on Credit Facilities	542.1	665.5
Net Debt to Proforma EBITDA ¹	1.79x	0.97x
Debt to Capitalization	45.1%	36.1%

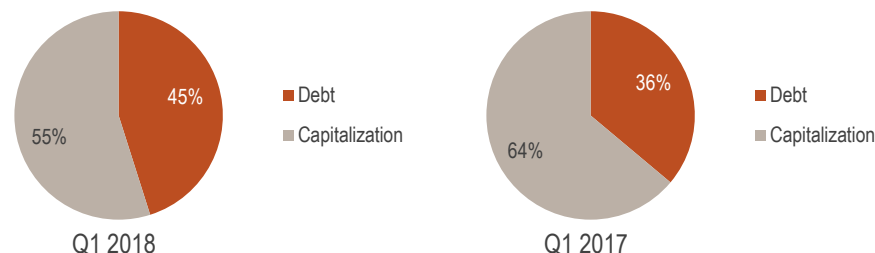
- Net Debt to Proforma EBITDA increased to 1.79x as expected due to the MacDon acquisition.
- The expectation is to delever under 1.0x in the next 18 to 24 months

■ Net Debt to Proforma EBITDA¹



1) Proforma EBITDA includes rolling last 12 month EBITDA on acquisitions.

Debt to Capitalization



- Double Digit Sales and OE growth
- Sales up 14.4%
- Operating Earnings up 11.8%
- Finance Expenses increased due to the MacDon acquisition and will delever in the next 18 to 24 months.
- Net Earnings up 7.9%
- Solid Financial Performance



- 1) Another quarter of **record sales growing in double digits** and **record levels of content per vehicle** in every region.
- 2) **Double digit normalized OE growth** as well despite lower markets in NA auto and unfavorable exchange rate changes.
- 3) Finally we are excited about **continued strong new business wins** which we are delivering on in spades in the most opportunistic sourcing environment in auto we have ever seen.

Thank You

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