



**Linamar Corporation**  
**Q3 Update on Market Conditions**

October 8, 2020

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# Q3 External Market Conditions Commentary

## Summary of Key Highlights

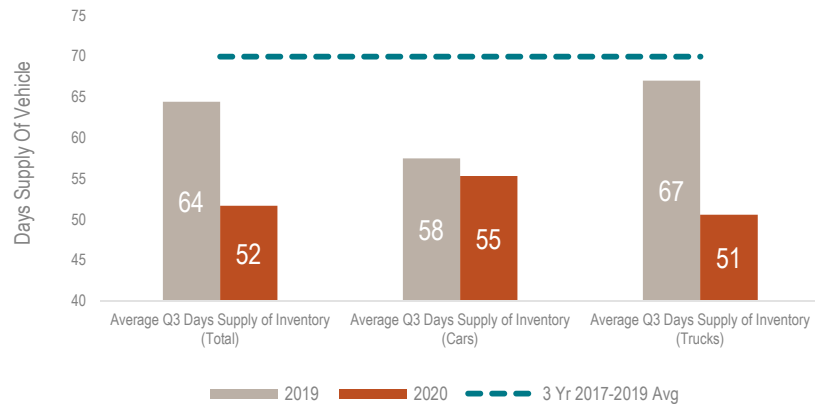
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- The commentary on the following slides is an update to the Q3 market outlook information provided during the Linamar Q2 Earnings Call on August 6, 2020
- In Transportation, global vehicle sales and production have trended more positively than previously expected
  - 2020FY market forecasts published on July 15th have since been revised upward as global vehicle sales and production continue to improve
  - U.S. vehicle sales are outperforming expectations, leading to record low inventory levels and an improved 2020 sales outlook
- In Industrial, the agricultural market is seeing more positive momentum than previously expected
  - The Access market for core Scissor and Booms North America and EMEA is expected to be down 35% to 45% in Q3.
  - The Agriculture market was already expected to be down for the year pre-COVID
    - After a very slow start to the year combine retails have trended positively in the first 2 months of the 3rd quarter, up 20% August QTD in North America vs Q3 2019.
    - The outlook for this market is becoming more positive.

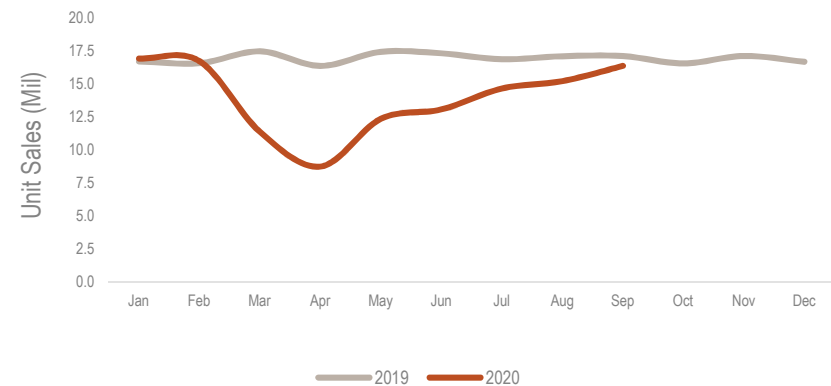
# U.S. Light Vehicle Inventory & Sales SAAR

- The light vehicle market sales rates and inventory situation created a strong backdrop for the Q3 production environment.

**U.S. Days Supply of Inventory (Q3 Average)**  
2020 vs. 2019



**U.S. Light Vehicle Monthly Sales SAAR**  
2020 vs. 2019

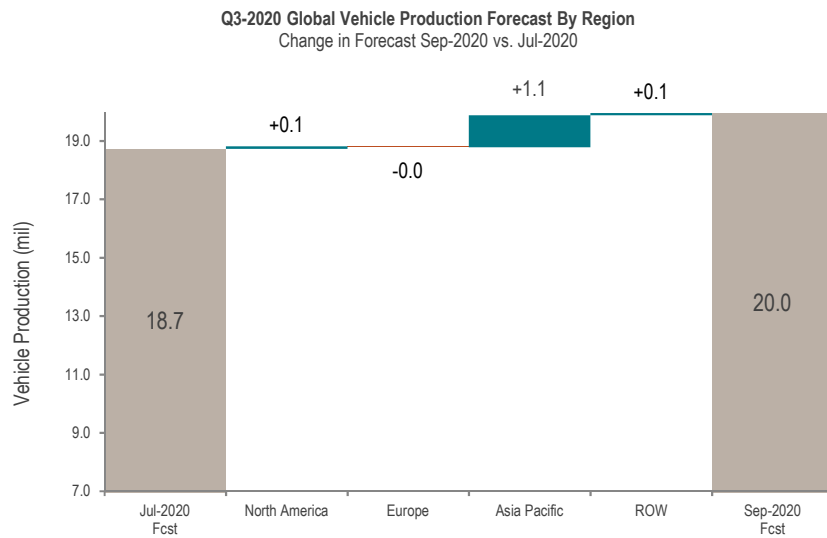


- US new vehicle inventory is currently at a 9 year low. Trucks/CUVs in particular are in short supply. An estimated 500,000-600,000 inventory shortage still exists.

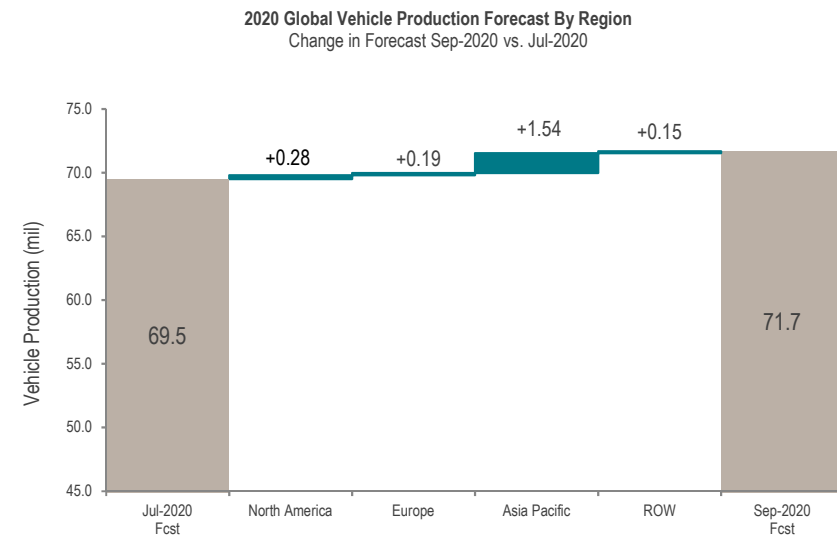
- Seasonally Adjusted Annual Rate (SAAR) of LV Sales in the US rebounded in September to over 16.3M, marking the first time since February it had finished over 16.0M.
- 2020 full year sales forecast upgraded to 14.0M, a 700,000 unit increase vs. the outlook shared during our Q2 earnings call

## Global LV Auto Market: Q3 & 2020FY

Q3 global light vehicle production forecast up 1.2M units vs. prior forecast. 2020 Forecast up 2.2M.



- Globally, the 3<sup>rd</sup> quarter is forecasted to end higher than previously expected back in July. Particular strength is seen in the Asia/Pacific region.
- In North America, light truck and CUV production continues to fuel the rebound with robust sales and historically low dealer inventories.



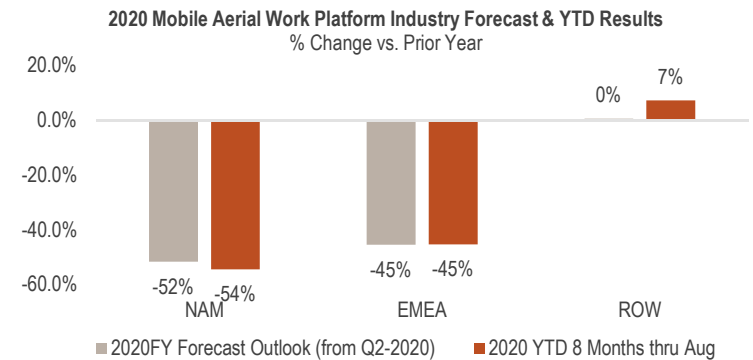
- The 2020FY estimate for global light vehicle production has increased since the July 15th publication by 2.2M units. An increasingly improved picture for the auto industry has emerged since the initial forecasts created during the lockdown period back in the spring.

# Industrial Segment Impact

## Access Equipment Market Commentary

- Access market fundamentals have shown some moderately encouraging signs recently, however North America and EMEA AWP unit volumes are still expected to be down 35-45% in Q3 vs Q3 2019
  - North America and EMEA down 42% August QTD vs. 2019
  - North America and EMEA down 50% August YTD vs. 2019

Source: Industry and Internal Management Reports

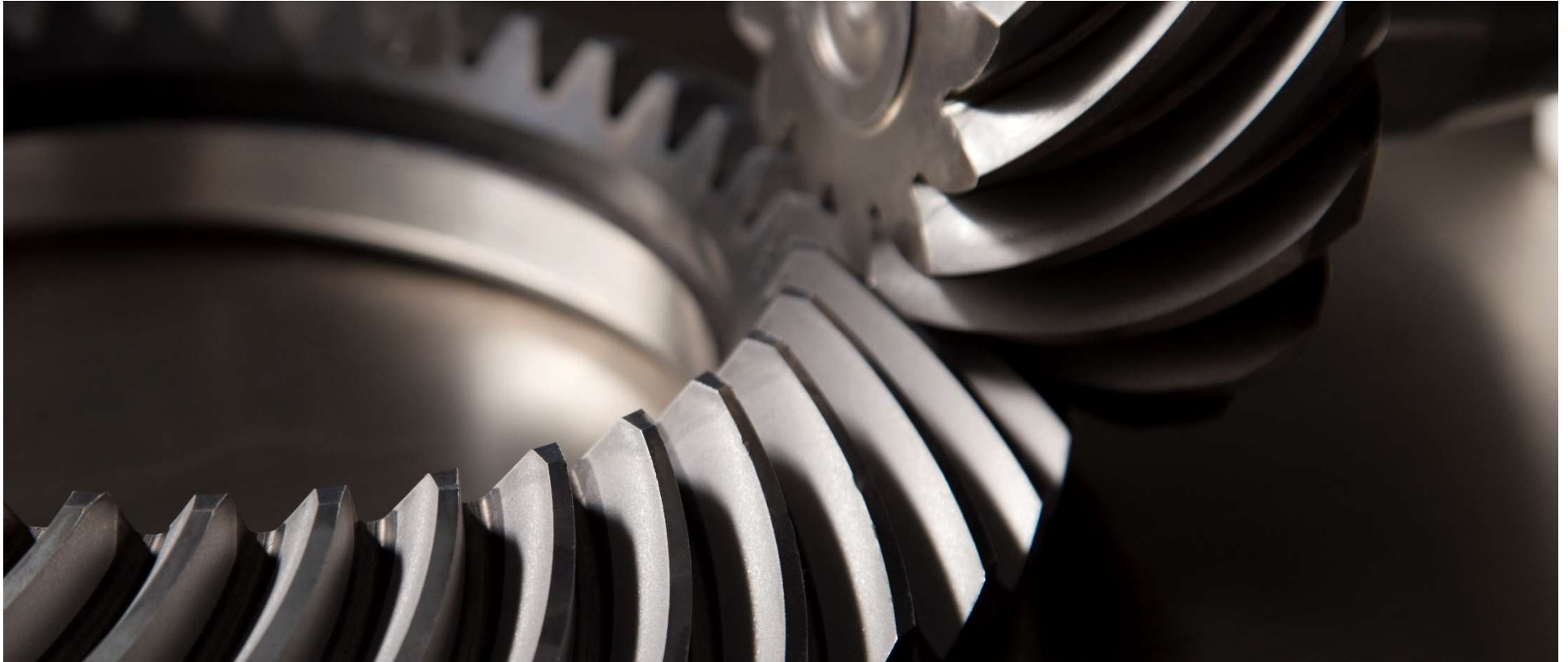


## Agriculture Market Commentary

- Overall, the Ag markets is trending roughly as expected prior to the onset of the COVID-19 pandemic
- Some encouraging market signals were seen in Q3 with agricultural retail dealers seeing inventory backlogs reduced, commodity prices increasing, and the outlook for Net Farm Income improving
  - North America combine retails are up 20% August QTD vs. 2019
    - Canada combine retails are up 39% August QTD
    - US combine retails are up 15% August QTD (2 months comparison ending August 31)
  - North America combine retails are down 1% August YTD vs. 2019

Source: Industry and Internal Management Reports





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