



**Linamar Corporation**

**Q3 Update on Market Conditions**

October 6, 2021

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# 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 which was shared during our Q2 Earnings Call on August 11, 2021.

- Mobility Segment
  - Q3 global light vehicle production forecast **decreased by 3.0M units vs. prior forecast from late July**. 2021 full-year forecast **has now been revised down by 6.2M units**.
  - The volume reductions were due to the continuing global semiconductor shortage **which remains a fluid and unpredictable situation**.
- Industrial Segment
  - Agriculture
    - August Q3 QTD (two months ending)\* North America combine retails are up 26% versus prior year.
    - **Supply chain commodity prices, logistic costs and product availability are continuing to impact both revenue and margins negatively.**
  - Access Market
    - August Q3 QTD (two months ending)\* North America access market up 63% versus prior year.
    - **Supply chain commodity prices, logistic costs and product availability are a significant headwind in this market as well, continuing to impact both revenue and margins negatively.**

### Supply Chain

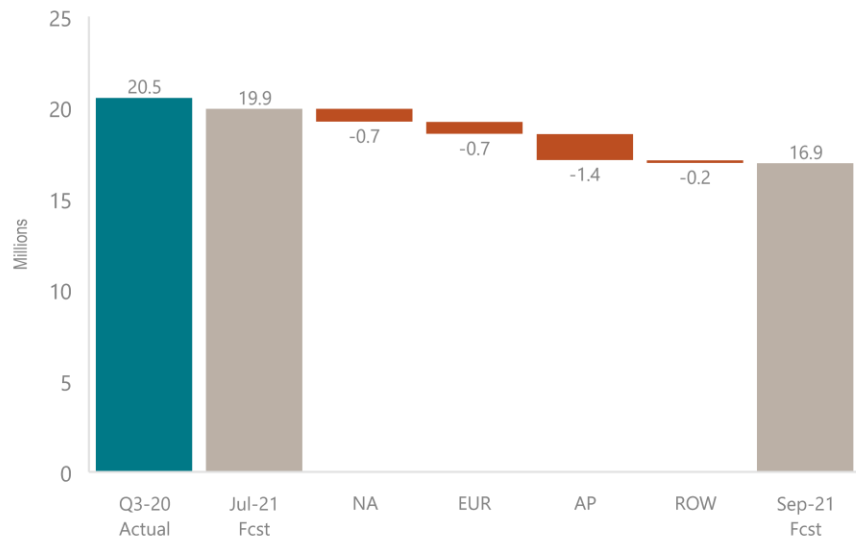
- Ongoing supply chain constraints continue to impact each of Linamar's businesses' ability to meet the otherwise strong market demand, as well as costs in terms of both commodities and logistics pricing.

# Global LV Auto Market: Q3 & 2021FY

Q3 global light vehicle production forecast down 3M units versus prior forecast. 2021 forecast revised down by 6.2M units.

### Q3-2021 Global Vehicle Production Forecast By Region

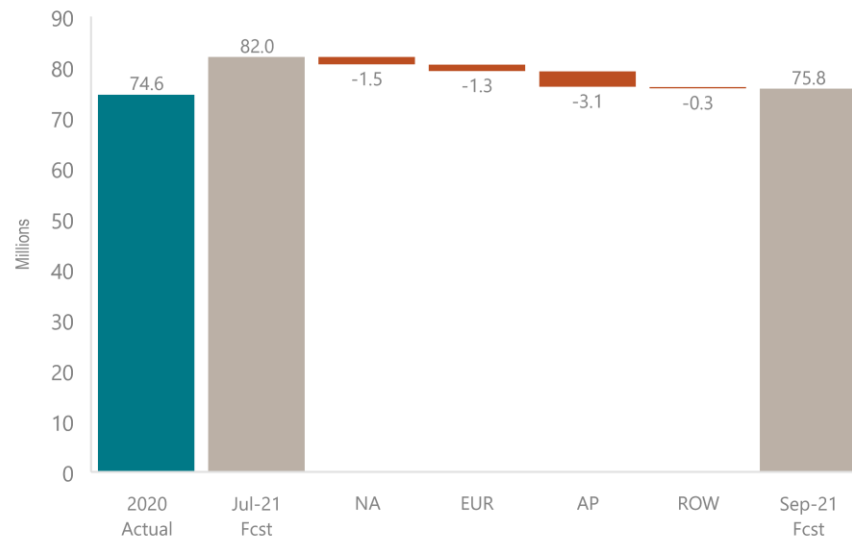
Change in Forecast Sep-2021 vs. Jul-2021



- Q3-2021 global light vehicle production forecast revised downward by 3M units versus prior Q3 forecast from late July, due mostly to global shortage of semiconductors.
- Q3-2021 production is now expected to be down 18% versus Q3-2020.

### 2021 Global Vehicle Production Forecast By Region

Change in Forecast Sep-2021 vs. Jul-2021



- The 2021 full-year forecast decreased by 6.2M units reflecting global shortage of semiconductors.
- The forecasted Q4 volume loss due to semiconductor shortage may be as high as 3.2M
- 2021 full-year production is expected to be up 1.6% versus 2020.

# Industrial Segment

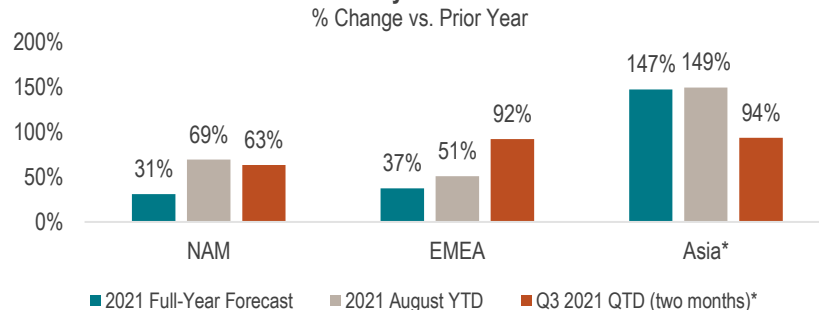
## Access Equipment Market Commentary

- Supply chain disruptions including shipping container shortages and higher commodity prices are continuing to negatively impact production, shipments and costs in 2021.
- Access market continuing to show signs of recovery. Customer fleet utilization levels remain within 5% of 2019 levels.
  - NA access market up 63% Q3 QTD (two months)\*, up 69% August YTD. FY2021 expected to be up 31%.
  - EMEA access market up 92% Q3 QTD (two months)\*, up 51% August YTD. FY2021 expected to be up 37%.
  - ROW access market up 94% Q3 QTD (two months)\*, up 149% August YTD. FY2021 expected to be up 147%, driven primarily by China.

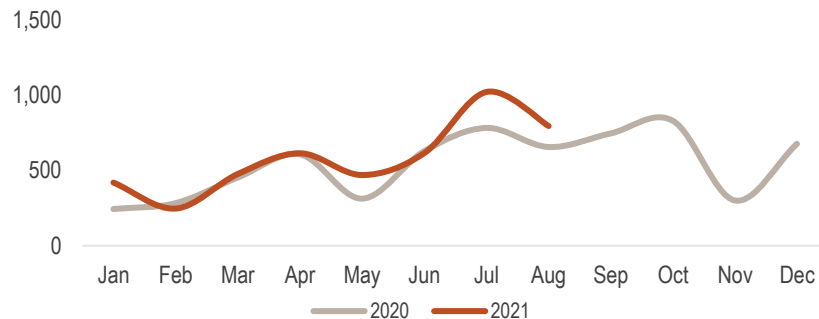
## Agriculture Market Commentary

- Supply chain disruptions including shipping container shortages and higher commodity prices are continuing to negatively impact production, shipments and costs in 2021.
- Agriculture Retailers are seeing very lean inventory supply indicating retail demand is high.
- Commodity prices remain high. Despite some N.A. drought related concerns, the underlying retail demand is strong.
- North America combine retails up 26% Q3 QTD (two months)\*, up 18% August YTD
  - Canada combine retails up 48% Q3 QTD (two months)\*, up 33% August YTD
  - United States combine retails up 19% Q3 QTD (two months)\*, up 13% August YTD

### 2021 Access Industry YTD Results & Forecast



### North American Combine Retails




\*Note: market data reports only published up to August 2021 at the time of this release. 2021 Q3 QTD includes July and August production data.

Source: Industry and internal management reports. Note: Asia Access Market includes ROW. Row & Europe Access markets are AWP only (excludes telehandlers). Updated September 19, 2021.

QTD/YTD growth in ROW is potentially driven by under-representation of Chinese reporting during prior year.



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