

# Earnings Nearly Double at Linamar in First Quarter 2023 on Recovering Markets, Supply Chains and Launching Business, New Giga Structural Facility Announced

May 10, 2023, Guelph, Ontario, Canada (TSX: LNR)

- ◆ Normalized Earnings per Share up 83.3%;
- ◆ Sales up 28.9% to \$2.29 billion, a new record for a quarter;
- ◆ Diversified strategy validated with strong Industrial performance leading the way on strong earnings performance;
- ◆ Normalized Net Earnings up 71.7%;
- ◆ New Giga Structural Component Facility for electric vehicles announced for Ontario;
- ◆ New business wins take launch book to nearly \$4.2 billion;
  - ◆ Nearly 80% of wins for propulsion agnostic/electrified vehicles;
- ◆ Sales up 58.9% for Industrial due to strong markets and solid market share growth notably in our agricultural products;
- ◆ Sales up 21.1% for Mobility driven largely by launching programs;
- ◆ Another new record in content per vehicle<sup>1</sup> (“CPV”) achieved in North America; and
- ◆ Strong liquidity<sup>1</sup>, measured as cash and cash equivalents and available credit as at March 31, 2023, of \$1.3 billion.

(in millions of dollars, except per share figures)	Three Months Ended	
	2023	March 31 2022
	\$	\$
<b>Sales</b>	<b>2,292.7</b>	<b>1,778.1</b>
Operating Earnings (Loss)		
Industrial	104.9	21.5
Mobility	72.0	112.6
Operating Earnings (Loss)	176.9	134.1
Net Earnings (Loss)	117.0	96.3
Net Earnings (Loss) per Share – Diluted	1.90	1.47
Earnings before interest, taxes and amortization (“EBITDA”) <sup>1</sup>	298.0	238.7
<b>Operating Earnings (Loss) – Normalized<sup>1</sup></b>		
Industrial	<b>97.5</b>	<b>13.4</b>
Mobility	<b>78.3</b>	<b>93.1</b>
Operating Earnings (Loss) – Normalized	175.8	106.5
Net Earnings (Loss) – Normalized <sup>1</sup>	121.7	70.9
Net Earnings (Loss) per Share – Diluted – Normalized <sup>1</sup>	1.98	1.08
EBITDA – Normalized <sup>1</sup>	297.1	210.8

## GIGA STRUCTURAL COMPONENT FACILITY

Linamar is launching a new, state of the art, Giga casting facility which will be built in Welland, Ontario. The facility will be producing very large structural parts for electric vehicles and will start production in February of 2025. The equipment for the facility will be very large 6100 ton High Pressure Die Cast machines which are critical to efficiently lightweighting and simplifying complex assemblies for electrified vehicles. Linamar will be the first Tier 1 supplier outside of Asia to invest in this technology of the future.

“We are excited about the investment in Welland for this state-of-the-art facility critical to the future of electrified vehicles”, said Linamar CEO Linda Hasenfratz, “As the first supplier to invest in this equipment in North America Linamar will naturally take a market leadership position in this technology.”

Welland Mayor Frank Campion adds “We are thrilled to have attracted this significant new investment to Welland. Linamar’s presence in our community signals the next wave of investment in our local economy and is a testament to the progressive steps Welland is taking. As a globally-recognized automotive supplier and proud Canadian employer, Linamar’s Welland-based employees will supply advanced components for the zero emissions vehicles of the future from this new state-of-the-art facility. We are excited to welcome Linamar to Welland.”

“Giga Castings are the next step in the evolution of our High Pressure Die Casting strategy,” said Jim Jarrell, Linamar’s President and COO. “The Welland Giga casting facility will have capabilities few companies in the world possess. There is an increasing trend of cast aluminum being used in vehicle architectures, particularly BEVs. Structural aluminum castings offer an alternative to traditional steel stamping and weldments, creating a less complex and more lightweight solution for OEMs.”

<sup>1</sup> Operating Earnings (Loss) – Normalized, Net Earnings (Loss) – Normalized, Net Earnings (Loss) per Share – Diluted – Normalized, EBITDA, EBITDA – Normalized, Liquidity, and Free Cash Flow are non-GAAP financial measures. Content per Vehicle is a Supplementary Financial Measure. Please see “Non-GAAP and Other Financial Measures” section of this press release.

## OPERATING HIGHLIGHTS

Sales for the first quarter of 2023 (“Q1 2023”) were \$2,292.7 million, up \$514.6 million from \$1,778.1 million in the first quarter of 2022 (“Q1 2022”).

The Industrial segment (“Industrial”) product sales increased 58.9%, or \$216.8 million, to \$585.0 million in Q1 2023 from Q1 2022. The sales increase was due to:

- ◆ an increase in agricultural sales from market growth further improved by global market share growth in all core products;
- ◆ increased sales related to the acquisition of the Salford Group of Companies (“Salford”);
- ◆ additional access equipment sales primarily due to increased market volumes in addition to market share growth for certain targeted products and regions;
- ◆ increased pricing to help relieve increased supply chain costs; and
- ◆ a favourable impact on sales from the changes in foreign exchange rates from Q1 2022.

Sales for the Mobility segment (“Mobility”) increased by \$297.8 million, or 21.1% in Q1 2023 compared with Q1 2022. The sales in Q1 2023 were impacted by:

- ◆ increased sales related to launching programs and increased volumes for certain programs that the Company has significant business with;
- ◆ increased pricing related to cost recovery partially offsetting the associated labour, utilities, materials and freight;
- ◆ a favourable impact on sales from the changes in foreign exchange rates from Q1 2022; and
- ◆ increased sales related to the acquisition of the remaining 50% interest of GF Linamar LLC now known as Linamar Light Metals Mills River (“LLM Mills River”); partially offset by
- ◆ a sales decline in Asia primarily attributed to lower production as a result of additional COVID-19 outbreaks.

The Company’s normalized operating earnings for Q1 2023 was \$175.8 million. This compares to normalized operating earnings of \$106.5 million in Q1 2022, an increase of \$69.3 million.

Industrial segment normalized operating earnings in Q1 2023 increased \$84.1 million from Q1 2022. The Industrial normalized operating earnings results were predominantly driven by:

- ◆ an increase in agricultural sales volumes and pricing;
- ◆ an increase in access equipment sales volumes and pricing;
- ◆ increased sales related to the acquisition of Salford; and
- ◆ a favourable impact from the changes in foreign exchange rates from Q1 2022; partially offset by
- ◆ an increase in selling, general and administrative (“SG&A”) costs supporting growth.

Q1 2023 normalized operating earnings for Mobility were lower by \$14.8 million, or 15.9%, compared to Q1 2022. The Mobility segment’s earnings were impacted by the following:

- ◆ increased sales related to launching programs and increased volumes for certain programs that the Company has significant business with;
- ◆ a favourable impact from the changes in foreign exchange rates from Q1 2022; offset by
- ◆ a sales decline in Asia primarily attributed to lower production as a result of additional COVID-19 outbreaks;
- ◆ reduction in earnings related to the acquisition of LLM Mills River;
- ◆ increased costs related to labour, utilities, materials and freight partially offset by customer cost recovered in sales; and
- ◆ an increase in SG&A costs supporting growth.

“Q1 was an exceptional quarter of excellent earnings growth, sales growth and market share growth. Our industrial business had a particularly strong quarter on improving supply chains and continued strong market demand; evidence our diversified growth strategy is producing the consistent sustainable earnings we target,” said Linamar Executive Chair and CEO Linda Hasenfratz, “Our newly announced Giga casting facility is the latest technology add to our portfolio of products for electrified vehicles which is rapidly changing the landscape of our mobility business. Booked propulsion agnostic/electrified sales are now representing the majority of booked business in 2027. With an eye to continued improvements in terms of supply chain and cost issues as we move through the year, we are looking forward to another year of growth in earnings in both the Mobility and Industrial segments and significant double digit growth overall for 2023.”

## DIVIDENDS

The Board of Directors today declared an eligible dividend in respect to the quarter ended March 31, 2023 of CDN\$0.22 per share on the common shares of the company, payable on or after June 7, 2023 to shareholders of record on May 26, 2023.

## NON-GAAP AND OTHER FINANCIAL MEASURES

The Company uses certain non-GAAP and other financial measures to provide useful information to both management, investors and other stakeholders in assessing the financial performance and financial condition of the Company.

Certain expenses and income that must be recognized under GAAP are not necessarily reflective of the Company's underlying operational performance. For this reason, management uses certain non-GAAP and other financial measures when analyzing operational performance on a consistent basis.

These Non-GAAP and other financial measures do not have a standardized meaning prescribed by GAAP and therefore they are unlikely to be comparable to similarly titled measures presented by other publicly traded companies, and they should not be construed as an alternative to other financial measures determined in accordance with GAAP.

### Normalized Non-GAAP Financial Measures and Ratios

All Non-GAAP financial measures denoted with 'Normalized' as presented by the Company are adjusted for foreign exchange gain (loss), foreign exchange gain (loss) on debt and derivatives, and other items.

#### Operating Earnings (Loss) – Normalized

Operating Earnings (Loss) – Normalized is a non-GAAP financial measure and the Company believes it is useful in assessing the Company's underlying operational performance and in making decisions regarding the ongoing operations of the business. Operating Earnings (Loss) – Normalized is calculated as Operating Earnings (Loss), the most directly comparable measure as presented in the Company's consolidated statement of earnings, adjusted for foreign exchange gain (loss), and any other items, if applicable, that are considered not to be indicative of underlying operational performance.

#### Net Earnings (Loss) – Normalized

Net Earnings (Loss) – Normalized is a non-GAAP financial measure and the Company believes it is useful in assessing the Company's underlying operational performance and in making decisions regarding the ongoing operations of the business. Net Earnings (Loss) – Normalized is calculated as Net Earnings (Loss), the most directly comparable measure as presented in the Company's consolidated statement of earnings, adjusted for foreign exchange gain (loss), foreign exchange gain (loss) on debt and derivatives, and any other items, if applicable, that are considered not to be indicative of underlying operational performance.

#### Net Earnings (Loss) per Share – Diluted – Normalized

Net Earnings (Loss) per Share – Diluted – Normalized is a non-GAAP financial ratio and the Company believes it is useful in assessing the Company's underlying operational performance and in making decisions regarding the ongoing operations of the business. Net Earnings (Loss) per Share – Diluted – Normalized is calculated as Net Earnings (Loss) – Normalized (as defined above) divided by the fully diluted number of shares outstanding as at the period end date.

#### EBITDA and EBITDA – Normalized

EBITDA is a non-GAAP financial measure and the Company believes it is useful in assessing the Company's underlying operational performance of cash flow and profitability, the effective use and allocation of resources, and to provide more meaningful comparisons of operating results. EBITDA is calculated as Net Earnings (Loss) before income taxes, the most directly comparable measure as presented in the Company's consolidated statement of earnings, adjusted for amortization of property, plant and equipment, amortization of other intangible assets, interest expense, and other interest.

EBITDA – Normalized is a non-GAAP financial measure and the Company believes EBITDA – Normalized is useful in assessing the Company's underlying operational performance of cash flow and profitability, the effective use and allocation of resources, and to provide more meaningful comparisons of operating results. EBITDA – Normalized is calculated as EBITDA (as defined above) adjusted for foreign exchange gain (loss), foreign exchange gain (loss) on debt and derivatives, non-cash asset impairments and any other items, if applicable, that are considered not to be indicative of underlying operational performance.

All these other items contained in these non-GAAP financial measures are summarized as follows:

(in millions of dollars)	Three Months Ended	
	2023	March 31 2022
	\$	\$
Gain on sale of unused land	-	(22.1)
Adjustment for contingent consideration of Mills River earn-out	4.9	-
Other items impacting Operating Earnings (loss) – Normalized	4.9	(22.1)
Gain on sale of unused land	-	(22.1)
Adjustment for contingent consideration of Mills River earn-out	4.9	-
Other items	4.9	(22.1)
Asset impairment provision, net of reversals	-	0.1
Other items and asset impairments impacting EBITDA – Normalized	4.9	(22.0)

Normalizing items for asset impairment provisions, net of reversals adjusted EBITDA and impacted the Mobility segment by \$Nil for Q1 2023 (\$0.1 million loss for Q1 2022).

During Q1 2023, a normalizing item related to an “adjustment for contingent consideration on Mills River earn-out” impacted the Mobility segment by \$4.9 million. Also, during Q1 2023 a normalizing item impacting the Company’s income taxes related to withholding tax on repatriation of cash from China by \$5.2 million.

During Q1 2022, a normalizing item related to a “gain on sale of unused land” impacted the Mobility segment by \$22.1 million.

All normalized non-GAAP financial measures areas reconciled as follows:

(in millions of dollars)	2023	2022	Three Months Ended	
			March 31	March 31
	\$	\$	+/-	+/-
			\$	%
<b>Operating Earnings (Loss) – Normalized</b>				
Operating Earnings (Loss)	176.9	134.1	42.8	31.9%
Foreign exchange (gain) loss	(6.0)	(5.5)	(0.5)	
Other items	4.9	(22.1)	27.0	
<b>Operating Earnings (Loss) – Normalized</b>	<b>175.8</b>	<b>106.5</b>	<b>69.3</b>	<b>65.1%</b>
<b>Net Earnings (Loss) – Normalized</b>				
Net Earnings (Loss)	117.0	96.3	20.7	21.5%
Foreign exchange (gain) loss	(6.0)	(5.5)	(0.5)	
Foreign exchange (gain) loss on debt and derivatives	0.2	(0.4)	0.6	
Other items	4.9	(22.1)	27.0	
Tax impact including Other Items	5.6	2.6	3.0	
<b>Net Earnings (Loss) – Normalized</b>	<b>121.7</b>	<b>70.9</b>	<b>50.8</b>	<b>71.7%</b>
<b>Net Earnings (Loss) per Share – Diluted – Normalized</b>				
Net Earnings (Loss) per Share – Diluted	1.90	1.47	0.43	29.3%
Foreign exchange (gain) loss	(0.09)	(0.08)	(0.01)	
Foreign exchange (gain) loss on debt and derivatives	-	(0.01)	0.01	
Other items	0.08	(0.34)	0.42	
Tax impact including Other Items	0.09	0.04	0.05	
<b>Net Earnings (Loss) per Share – Diluted – Normalized</b>	<b>1.98</b>	<b>1.08</b>	<b>0.90</b>	<b>83.3%</b>
<b>EBITDA and EBITDA – Normalized</b>				
Net Earnings (Loss) before income taxes	163.7	127.5	36.2	28.4%
Amortization of property, plant and equipment	100.1	92.4	7.7	
Amortization of other intangible assets	15.9	13.9	2.0	
Interest expense	13.2	3.9	9.3	
Other interest	5.1	1.0	4.1	
<b>EBITDA</b>	<b>298.0</b>	<b>238.7</b>	<b>59.3</b>	<b>24.8%</b>
Foreign exchange (gain) loss	(6.0)	(5.5)	(0.5)	
Foreign exchange (gain) loss on debt and derivatives	0.2	(0.4)	0.6	
Asset impairment provision, net of reversals	-	0.1	(0.1)	
Other items	4.9	(22.1)	27.0	
<b>EBITDA – Normalized</b>	<b>297.1</b>	<b>210.8</b>	<b>86.3</b>	<b>40.9%</b>

All normalized non-GAAP financial measures areas impacting segments reconciled as follows:

(in millions of dollars)	Three Months Ended		
	Industrial	Mobility	Linamar
	\$	\$	\$
<b>Operating Earnings (Loss) – Normalized</b>			
Operating Earnings (Loss)	104.9	72.0	176.9
Foreign exchange (gain) loss	(7.4)	1.4	(6.0)
Other items	-	4.9	4.9
<b>Operating Earnings (Loss) – Normalized</b>	<b>97.5</b>	<b>78.3</b>	<b>175.8</b>
<b>EBITDA – Normalized</b>			
EBITDA	121.0	177.0	298.0
Foreign exchange (gain) loss	(7.4)	1.4	(6.0)
Foreign exchange (gain) loss on debt and derivatives	0.1	0.1	0.2
Asset impairment provision, net of reversals	-	-	-
Other items	-	4.9	4.9
<b>EBITDA – Normalized</b>	<b>113.7</b>	<b>183.4</b>	<b>297.1</b>

(in millions of dollars)	Three Months Ended		
	Industrial	Mobility	Linamar
	\$	\$	\$
<b>Operating Earnings (Loss) – Normalized</b>			
Operating Earnings (Loss)	21.5	112.6	134.1
Foreign exchange (gain) loss	(8.1)	2.6	(5.5)
Other items	-	(22.1)	(22.1)
<b>Operating Earnings (Loss) – Normalized</b>	<b>13.4</b>	<b>93.1</b>	<b>106.5</b>
<b>EBITDA – Normalized</b>			
EBITDA	34.3	204.4	238.7
Foreign exchange (gain) loss	(8.1)	2.6	(5.5)
Foreign exchange (gain) loss on debt and derivatives	(0.1)	(0.3)	(0.4)
Asset impairment provision, net of reversals	-	0.1	0.1
Other items	-	(22.1)	(22.1)
<b>EBITDA – Normalized</b>	<b>26.1</b>	<b>184.7</b>	<b>210.8</b>

## Other Non-GAAP Financial Measures

### Free Cash Flow

Free Cash Flow is a non-GAAP financial measure and the Company believes it is useful in assessing the Company's ability to generate cash. Free Cash Flow is calculated as Cash from Operating Activities, the most directly comparable measure as presented in the Company's consolidated statements of cash flows, adjusted for payments for purchase of property, plant and equipment, and proceeds on disposal of property, plant and equipment.

### Liquidity

Liquidity is a non-GAAP financial measure and the Company believes it is useful in assessing the Company's ability to satisfy its financial obligations as they come due. Liquidity is calculated as Cash, the most directly comparable measure as presented in the Company's consolidated statements of financial position, adjusted for the Company's available credit.

All other non-GAAP financial measures are reconciled as follows:

(in millions of dollars)	Three Months Ended	
	2023	March 31 2022
	\$	\$
<b>Free Cash Flow</b>		
Cash generated from (used in) operating activities	181.7	62.5
Payments for purchase of property, plant and equipment	(162.7)	(88.0)
Proceeds on disposal of property, plant and equipment	0.4	29.2
Free Cash Flow	19.4	3.7
<b>Liquidity</b>		
Cash	890.7	903.9
Available credit	425.0	957.6
Liquidity	1,315.7	1,861.5

## Supplementary Financial Measures

### Content per Vehicle

Content per Vehicle is a supplementary financial measure and is calculated within the Mobility segment for the region indicated as automotive sales less tooling sales divided by vehicle production units.

## FORWARD LOOKING INFORMATION, RISK AND UNCERTAINTIES

Certain information provided by Linamar in this press release, MD&A, the consolidated financial statements and other documents published throughout the year which are not recitation of historical facts may constitute forward-looking statements. The words “may”, “would”, “could”, “will”, “likely”, “estimate”, “believe”, “expect”, “plan”, “forecast” and similar expressions are intended to identify forward-looking statements. Readers are cautioned that such statements are only predictions and the actual events or results may differ materially. In evaluating such forward-looking statements, readers should specifically consider the various factors that could cause actual events or results to differ materially from those indicated by such forward-looking statements.

Such forward-looking information may involve important risks and uncertainties that could materially alter results in the future from those expressed or implied in any forward-looking statements made by, or on behalf of, Linamar. Some of the factors and risks and uncertainties that cause results to differ from current expectations include, but are not limited to, changes in the competitive environment in which Linamar operates, OEM outsourcing and insourcing; sources and availability of raw materials; labour markets and dependence on key personnel; dependence on certain customers and product programs; technological change in the sectors in which the Company operates and by Linamar’s competitors; delays in or operational issues with product launches; foreign currency risk; long-term contracts that are not guaranteed; acquisition and expansion risk; foreign business risk; public health threats; cyclical and seasonality; legal proceedings and insurance coverage; credit risk; weather; emission standards; capital and liquidity risk; tax laws; securities laws compliance and corporate governance standards; fluctuations in interest rates; environmental emissions and safety regulations; trade and labour disruptions; world political events; pricing concessions to customers; and governmental, environmental and regulatory policies.

The foregoing is not an exhaustive list of the factors that may affect Linamar’s forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on Linamar’s forward-looking statements. Linamar 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.

## CONFERENCE CALL INFORMATION

### Q1 2023 Release Information

Linamar will hold a webcast call on May 10, 2023, at 5:00 p.m. ET to discuss its first quarter results. The event will be simulcast and can be accessed at the following URL <https://www.linamar.com/event/q1-2023-earnings-call/> and can also be navigated to on the Company’s website. For those who wish to listen to an audio only call-in option, the numbers for this call are (+1) 888 396-8049 (North America) or (+1) 416 764-8646 (International) Conference ID 04628605, with a call-in required 15 minutes prior to the start of the webcast. The conference call will be chaired by Linda Hasenfratz, Linamar’s Executive Chair and Chief Executive Officer. A copy of the Company’s quarterly financial statements, including the Management’s Discussion & Analysis, will be available on the Company’s website after 4:00 p.m. ET on May 10, 2023, and at [www.sedar.com](http://www.sedar.com) by the start of business on May 11, 2023. The webcast replay will be available at <https://www.linamar.com/event/q1-2023-earnings-call/> after the call. A taped replay of the conference call will also be made available starting at 8:00 p.m. ET on May 10, 2023, for seven days. The number for the replay is (+1) (877) 674-7070 or (+1) (416) 764-8692, Passcode: 628605#. In addition, a recording of the call will be posted at <https://www.linamar.com/event/q1-2023-earnings-call/>.

## Q2 2023 Release Information

Linamar will hold a webcast call on August 9, 2023, at 5:00 p.m. ET to discuss its second quarter results. The event will be simulcast and can be accessed at the following URL <https://www.linamar.com/event/q2-2023-earnings-call/> and can also be navigated to on the Company's website. For those who wish to listen to an audio only call-in option, the numbers for this call are (+1) 888 396-8049 (North America) or (+1) 416 764-8646 (International) Conference ID 73928638, with a call-in required 15 minutes prior to the start of the webcast. The conference call will be chaired by Linda Hasenfratz, Linamar's Executive Chair and Chief Executive Officer. A copy of the Company's quarterly financial statements, including the Management's Discussion & Analysis, will be available on the Company's website after 4:00 p.m. ET on August 9, 2023, and at [www.sedar.com](http://www.sedar.com) by the start of business on August 10, 2023. The webcast replay will be available at <https://www.linamar.com/event/q2-2023-earnings-call/> after the call. A taped replay of the conference call will also be made available starting at 8:00 p.m. ET on August 9, 2023, for seven days. The number for the replay is (+1) (877) 674-7070 or (+1) (416) 764-8692, Passcode: 928638#. In addition, a recording of the call will be posted at <https://www.linamar.com/event/q2-2023-earnings-call/>.

Linamar Corporation (TSX:LNR) is an advanced manufacturing company where the intersection of leading-edge technology and deep manufacturing expertise is creating solutions that power vehicles, motion, work and lives for the future. The Company is made up of two operating segments – the Industrial segment and the Mobility segment, both global leaders in manufacturing solutions and world-class developers of highly engineered products. The Industrial segment is comprised of Skyjack, MacDon and Salford. Skyjack manufactures scissor, boom and telehandler lifts for the aerial work platform industry. MacDon manufactures combine draper headers and self-propelled windrowers for the agricultural harvesting industry. Salford also supplies the agriculture market with farm tillage and crop fertilizer applicator equipment. The Mobility segment is subdivided into three regional groups: North America, Europe and Asia Pacific. Within the Mobility segment, the regional groups are vertically integrated operations combining expertise in light metal casting, forging, machining and assembly for both the global electrified and traditionally powered vehicle markets. The Mobility segment products are focused on both components and systems for new energy powertrains, body and chassis, driveline, engine and transmission systems of these vehicles. In addition to the recently formed eLIN Product Solutions Group that focuses on Electrification, McLaren Engineering provides design, development, and testing services for the Mobility segment. Linamar's recently announced medical solutions group, Linamar MedTech, focuses on manufacturing solutions for medical devices and precision medical components. Linamar has over 28,000 employees in 66 manufacturing locations, 14 R&D centres and 28 sales offices in 17 countries in North and South America, Europe and Asia, which generated sales of more than \$7.9 billion in 2022. For more information about Linamar Corporation and its industry-leading products and services, visit [www.linamar.com](http://www.linamar.com) or follow us on our social media channels.

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For further information regarding this release please contact Linda Hasenfratz at (519) 836-7550.

Guelph, Ontario  
May 10, 2023