



## 2023 Q2 Conference Call Presentation

Linda Hasenfratz, Executive Chair & CEO  
August 9, 2023

For Audio Only Dial in:  
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Conference ID: 73928638





# Forward Looking Information, Risk and Uncertainties

Certain information regarding Linamar set forth in this presentation and oral summary, including management's 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 and public health threats, may in turn have a material adverse effect on the Company's financial results. Please also refer to Linamar's most current Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") and Annual Information Form ("AIF"), as replaced or updated by any of Linamar's subsequent regulatory filings, which set out the cautionary disclaimers, including the risk factors that could cause actual events to differ materially from these indicated by such forward looking statements. These documents are available at <https://www.linamar.com/investors>. 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.

# Sales, Normalized<sup>1</sup> Earnings and CPV

1 - The Company uses certain non-GAAP and other financial measures to provide useful information to both management, investors, and other stakeholders in assessing financial performance and financial condition of the Company. For more information refer to the section entitled "Non-GAAP and Other Financial Measures" in the Company's separately released Q2 2023 Management's Discussion and Analysis (MD&A).



# Sales, Normalized Earnings<sup>1</sup>, and Margins (in millions CAD)

	Q2 2023	Q2 2022	% Δ
Sales	2,552.8	1,981.6	28.8%
Industrial Sales	777.3	504.6	54.0%
Mobility Sales	1,775.5	1,477.0	20.2%
EBITDA – Normalized <sup>1</sup>	352.2	262.9	34.0%
EBITDA – Normalized Margin <sup>1</sup>	13.8%	13.3%	
Industrial OE – Normalized <sup>1</sup>	151.6	49.4	206.9%
Industrial OE – Normalized Margin <sup>1</sup>	19.5%	9.8%	
Mobility OE – Normalized <sup>1</sup>	79.2	99.8	(20.6%)
Mobility OE – Normalized Margin <sup>1</sup>	4.5%	6.8%	
OE – Normalized <sup>1</sup>	230.8	149.2	54.7%
OE – Normalized Margin <sup>1</sup>	9.0%	7.5%	
NE – Normalized <sup>1</sup>	160.8	109.3	47.1%
NE – Normalized Margin <sup>1</sup>	6.3%	5.5%	
EPS – Normalized <sup>1</sup>	2.61	1.68	55.4%

## Q2 2023

The **key factors impacting results in the quarter** are:

- Excellent performance in the industrial segment; and
- Strong performance from launching and recovering markets in the mobility segment;
- Better Pricing and F/X pickups; partially offset by
- Increased costs in labour, energy and materials;
- Higher SGA and fixed costs supporting growth

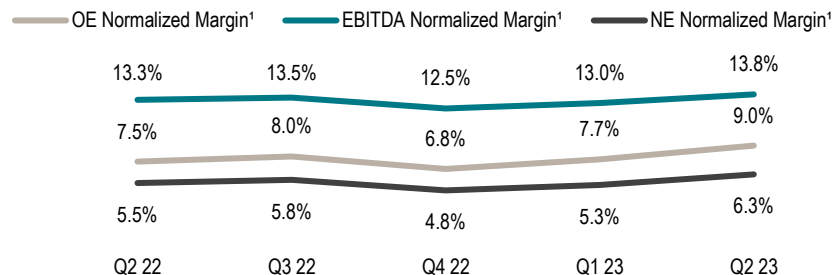
The **key impacts to the segments vs prior year** are:

### Mobility

- Markets up 16%
  - Market recovery enhanced by strong launch performance; offset by
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### Industrial

- Significant increase in both our access and ag business sales on stronger markets enhanced by market share growth in certain products
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- Salford acquisition performing very well; partially offset by
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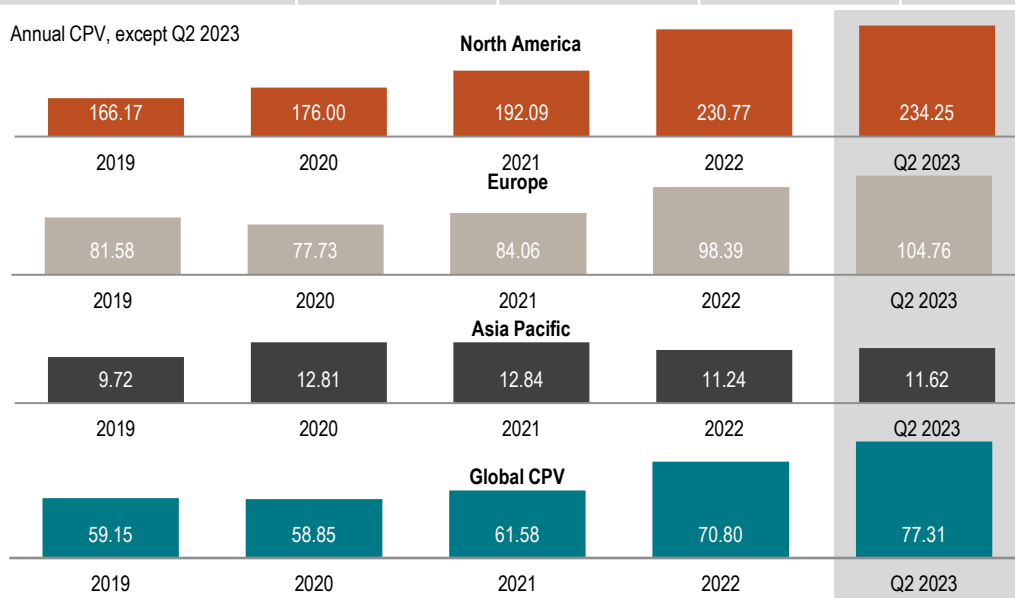


<sup>1</sup> - EBITDA – Normalized, Operating Earnings (OE) – Normalized, and Net Earnings (NE) – Normalized are Non-GAAP Financial Measures. EBITDA – Normalized Margin, Operating Earnings – Normalized Margin, Net Earnings – Normalized Margin, (representing their respective measures as a percentage of sales) and Net Earnings (Loss) per Share – Diluted – Normalized (EPS) are non-GAAP financial ratios. Please refer to "Non-GAAP and Other Financial Measures" in the separately released Q2 2023 MD&A.

# Automotive Sales & Content Per Vehicle<sup>2</sup> (CPV)

	CPV Q2 2023	CPV Q2 2022	CPV % Change	Vehicle Production Units % Change	Automotive Sales Q2 2023 (CAD Millions)	Automotive Sales Q2 2022 (CAD Millions)	Automotive Sales % Change
North America	234.25	236.14	(0.8%)	15.2%	993.0	870.2	14.1%
Europe	104.76	99.78	5.0%	14.4%	475.4	396.3	20.0%
Asia Pacific	11.62	9.35	24.3%	17.2%	139.6	96.0	45.4%
Global CPV <sup>1</sup>	77.31	76.07	1.6%	16.1%	1,608.0	1,362.5	18.0%
Other Automotive Sales	-	-	-	-	79.1	43.0	83.9%

Annual CPV, except Q2 2023



- Global CPV up again
  - Launching business in NA, Europe and Asia key driver

1 – Global CPV includes only the markets that Linamar serves of North America, Europe, and Asia Pacific. Source: IHS Markit, July 2023.

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

# Commercial & Industrial Sales<sup>2</sup> (in millions CAD)

	Q2 2023	Q2 2022	% Change
Sales	865.7	576.1	50.3%

## MacDon

- Combine draper market up strongly in NA, Australia
- Global market share growth in combine drapers

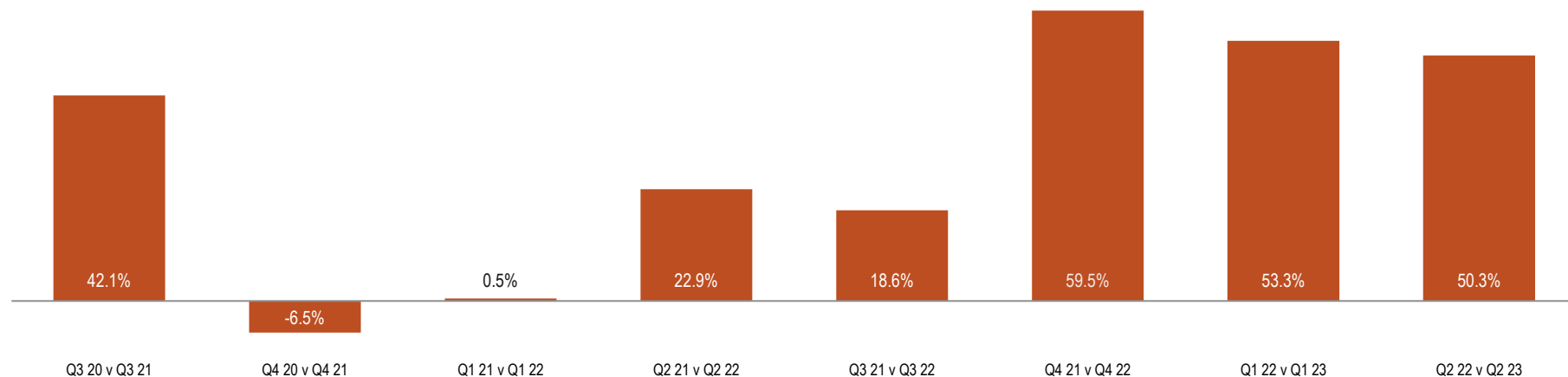
## Salford

- Strong quarter well up from prior year is enhancing ag business growth

## Skyjack

- Global markets up double digits
- Market share growth in targeted products and regions

■ QvQ<sup>1</sup> Change in Commercial & Industrial Sales Growth



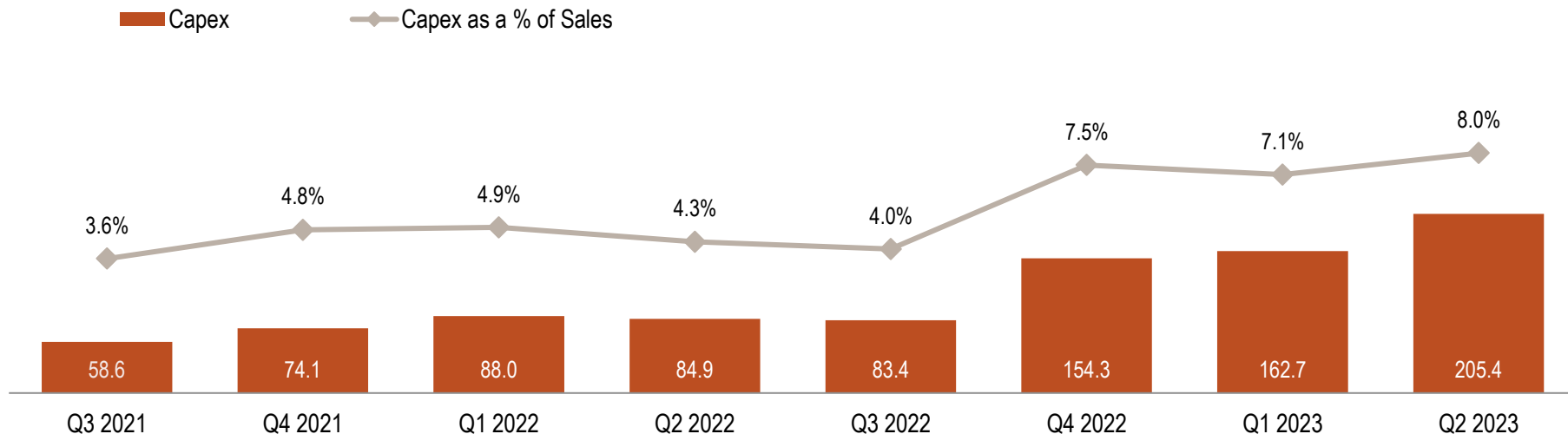
1 – Quarter versus quarter (QvQ) indicates year over year comparison of two of the same quarters.

2 – Commercial & Industrial Sales represent a supplementary financial measure due to being components of Sales within the Company's consolidated statement of earnings.

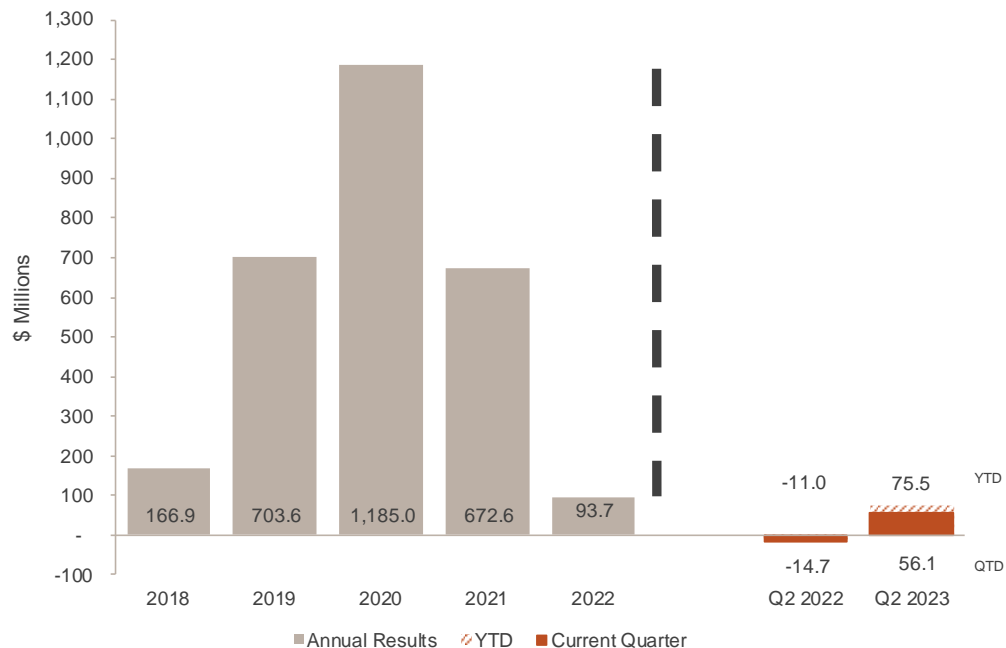
# Capital Expenditures (in millions CAD)

	Q2 2023	Q2 2022
Capital Expenditures (Capex)	205.4	84.9
Capex as a % of Sales	8.0%	4.3%

- Capex has trended back to our normal 6-8% of sales levels in 2023 as expected
- 6-8% of sales investment in capex drives double digit sales growth



# Cash Flow Continues to be a Key Priority



- FCF<sup>1,2</sup> positive on strong earnings despite heavier capex;
- Liquidity<sup>1</sup> remains excellent with \$1.8 billion of cash available at quarter end
  - Note a portion of this is earmarked for the Dura Shiloh acquisition

1 - Free Cash Flow and Liquidity are non-GAAP financial measures. Please refer to "Non-GAAP and Other Financial Measures" in the separately released Q2 2023 MD&A.

2 - Free Cash Flow in 2019 has been adjusted for additions of property, plant and equipment related to the dissolution of a joint venture.

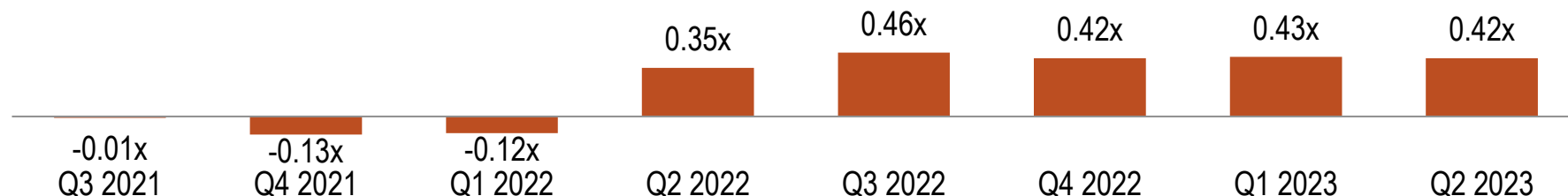


# Leverage (in millions CAD)

	Q2 2023	Q1 2023	Q2 2022
Net Debt <sup>1</sup>	492.9	475.5	337.4
Net Debt to EBITDA <sup>2</sup>	0.42x	0.43x	0.35x

■ Net Debt to EBITDA

- Balance sheet has remained consistently strong and is in excellent shape at 0.42x Net Debt to EBITDA
- Solid liquidity and balance sheet positions us well for continued acquisition opportunities as they arise.







1 - Net Debt is a non-GAAP financial measure and the Company believes it is useful as an indicator of its financial position. Net Debt is calculated as Short-term Borrowings and Long-Term Debt (the most directly comparable measure as presented in the Company's Consolidated Statements of Financial Position) less Cash. For Q2 2023 this calculation is Short Term Borrowings of \$Nil (Q2 2022 - \$Nil) plus Long-Term Debt of \$1,869 million (Q2 2022 - \$1,215 million) less Cash of \$1,376 million (Q2 2022 - \$878 million).




2 - EBITDA, as used in Net Debt to EBITDA, includes trailing twelve months EBITDA on acquisitions, when applicable.

# Markets, Backlog and Sales Outlook



# Market Snapshot

				
2023	Light Vehicle	Commercial Truck	Agriculture	Access
North America	▲ 8.2%	▲ 7.7%	▲ 5.0%	▲ 9.2%
Europe	▲ 10.1%	▲ 2.8%	0%	▲ 9.3%
Asia	▲ 3.3%	▲ 26.7%	n/a	▲ 13.4%
Rest of World	▼ 0.2%	n/a	0%	n/a

			
2024	Light Vehicle	Commercial Truck	Access
North America	▲ 2.4%	▼ 13.4%	▲ 4.3%
Europe	▼ 0.9%	▲ 0.3%	▲ 5.1%
Asia	▲ 1.5%	▲ 8.4%	▲ 7.7%
Rest of World	▲ 5.2%	n/a	n/a

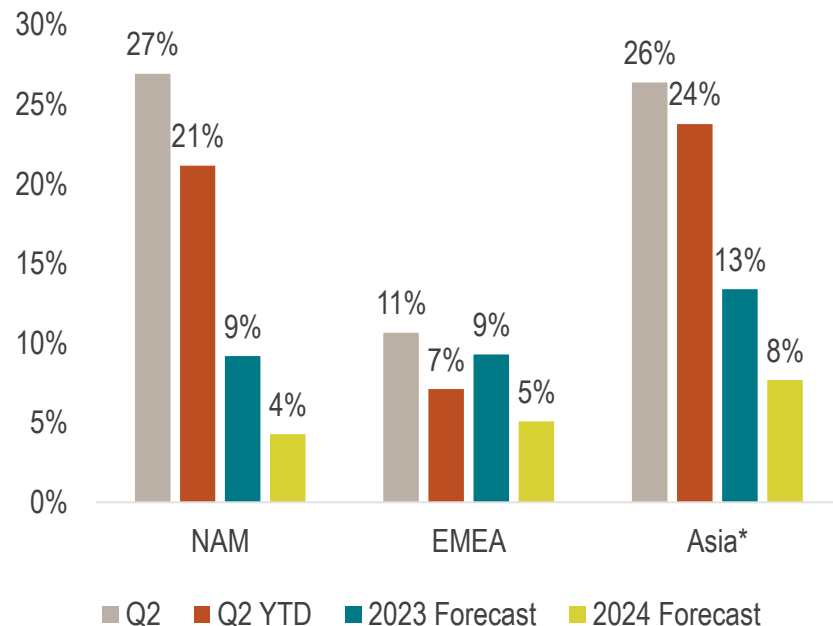
Above projections are external industry expert estimates for total market % unit change as a whole vs. prior year in each of the respective market segments. They are not internal expectations of Linamar's results.

# Industrial Segment - Access

## Access Equipment Market Commentary

- Rental demand is strong as companies look to counter fleet aging experienced during COVID.
- Stable end market demand activity with equipment utilization in line or at times exceeding peak 2019 levels
- Although still an issue, supply chain shortages and commodity prices are continuing to improve
  - NAM access market up 27% in Q2
  - EMEA access market up 11% in Q2
  - Asia access market up 26% in Q2
- NAM and EMEA expected to see near double-digit growth in 2023, Asia expected to be up 13%. Mid-single digit growth expected for all regions in 2024

## Access Industry YTD Results & Forecast % Change vs. Prior Year





# Industrial Segment - Agriculture

## Agriculture Market Commentary

- Although still an issue, improvement in supply chains helping to reduce delivery times and increase production
- Inventory at Ag. equipment retailers remains below historical levels which continues to drive demand
- Dealer sentiment remains positive, although tempered with expectations of the market moderating of off current high
  - North America combine retails up 25% in Q2
  - North American High HP tractor retails up 13% in Q2
- 2023 combine retails expected to be up 5% in NA, flat in ROW, and EU
- North American High HP tractor retails expected to be up 5% in 2023, flat in ROW and EU

North American Combine Retails

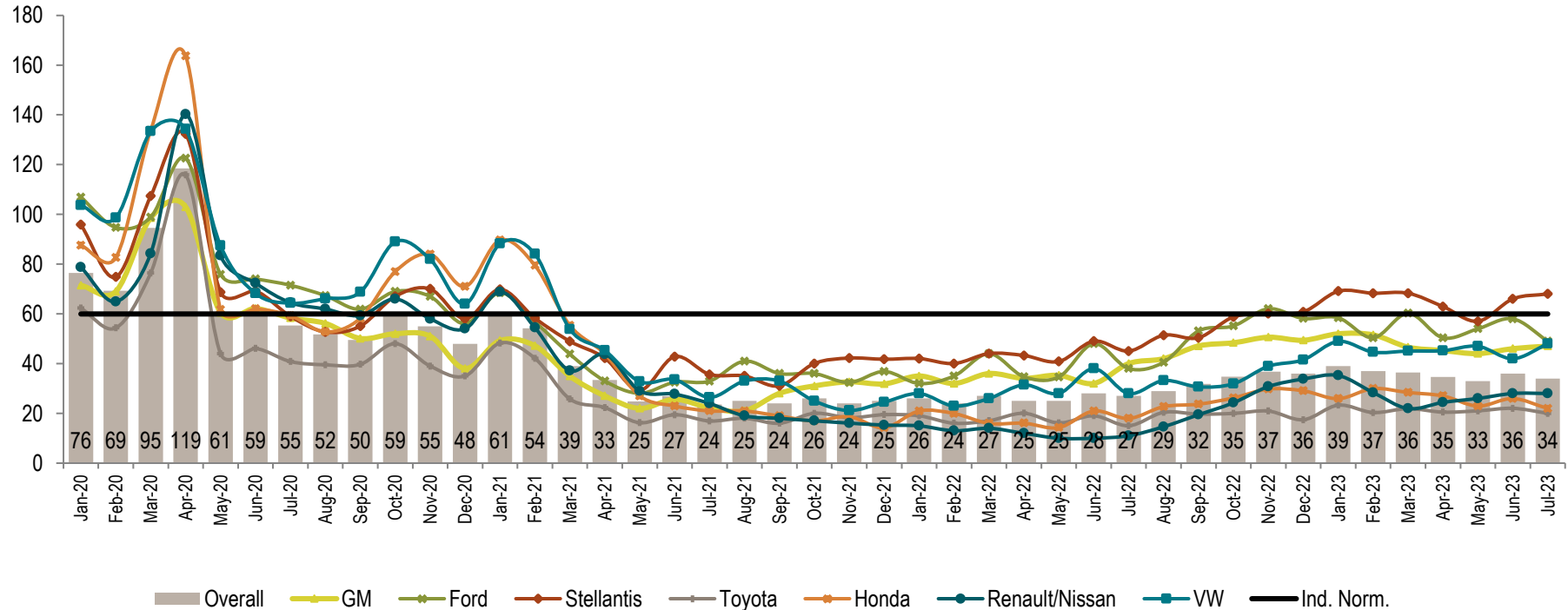


North American High HP Tractor Retails



# US Light Vehicle Inventory – Days' Supply

Inventory trending slowly upwards, but still well below industry norm of 60 days' supply

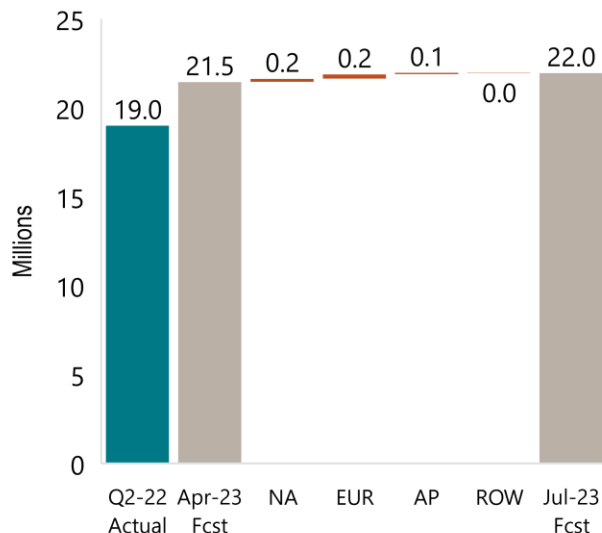


# Global Light Vehicle Market: Q2 2023, Q3 2023, and 2023

Q2 2023 production increased by 0.5M units. Q3 2023 forecast increased by 0.4M units. 2023 full-year forecast increased by 1.2M.

**Q2-2023 Global Vehicle Production Forecast By Region**

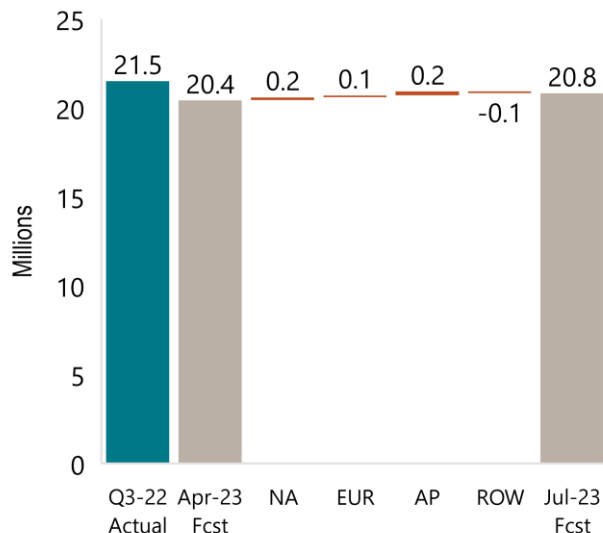
Change in Forecast Jul-2023 vs. Apr-2023



- Q2 2023 production increased by 494,480 units on improving supply chains in Europe and North America
- Q2 2023 production increased 16% versus Q2 2022

**Q3-2023 Global Vehicle Production Forecast By Region**

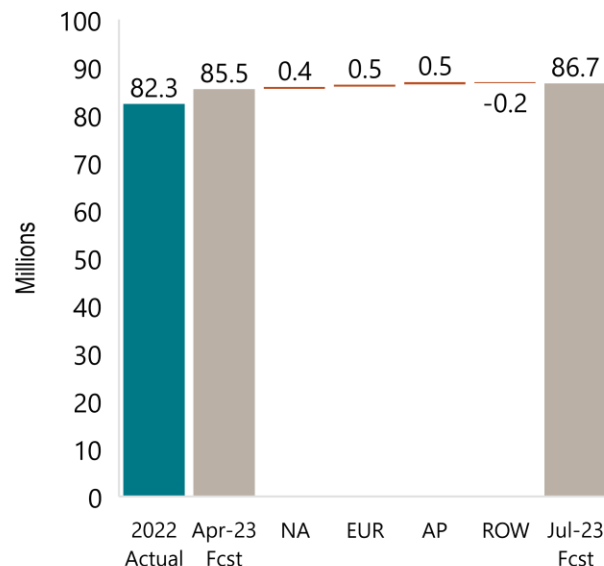
Change in Forecast Jul-2023 vs. Apr-2023



- Q3 2023 forecast increased by 395,256 units
- Q3 2023 production expected to be down 3% versus prior year

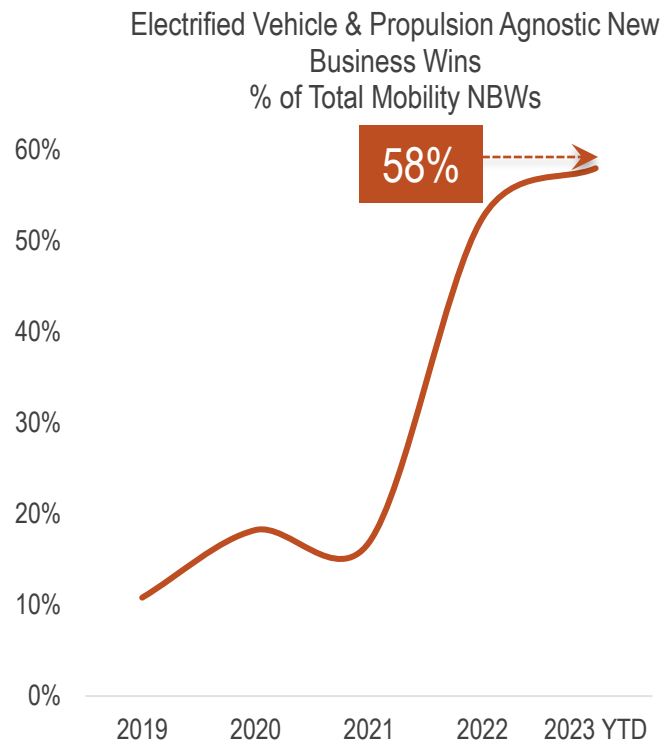
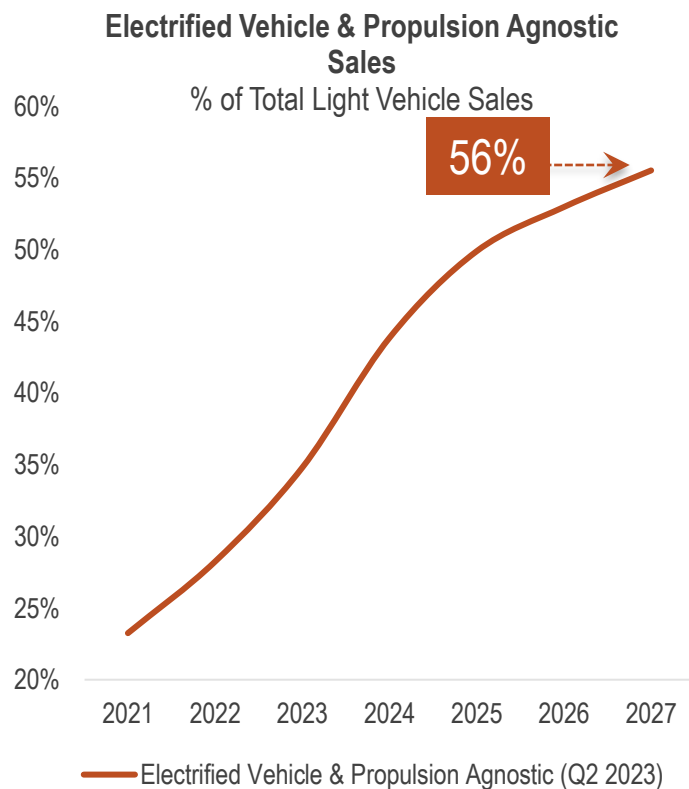
**2023 Global Vehicle Production Forecast By Region**

Change in Forecast Jul-2023 vs. Apr-2023



- 2023 full-year outlook Increased by 1,223,552
- 2023 production expected to be up 5% versus prior year

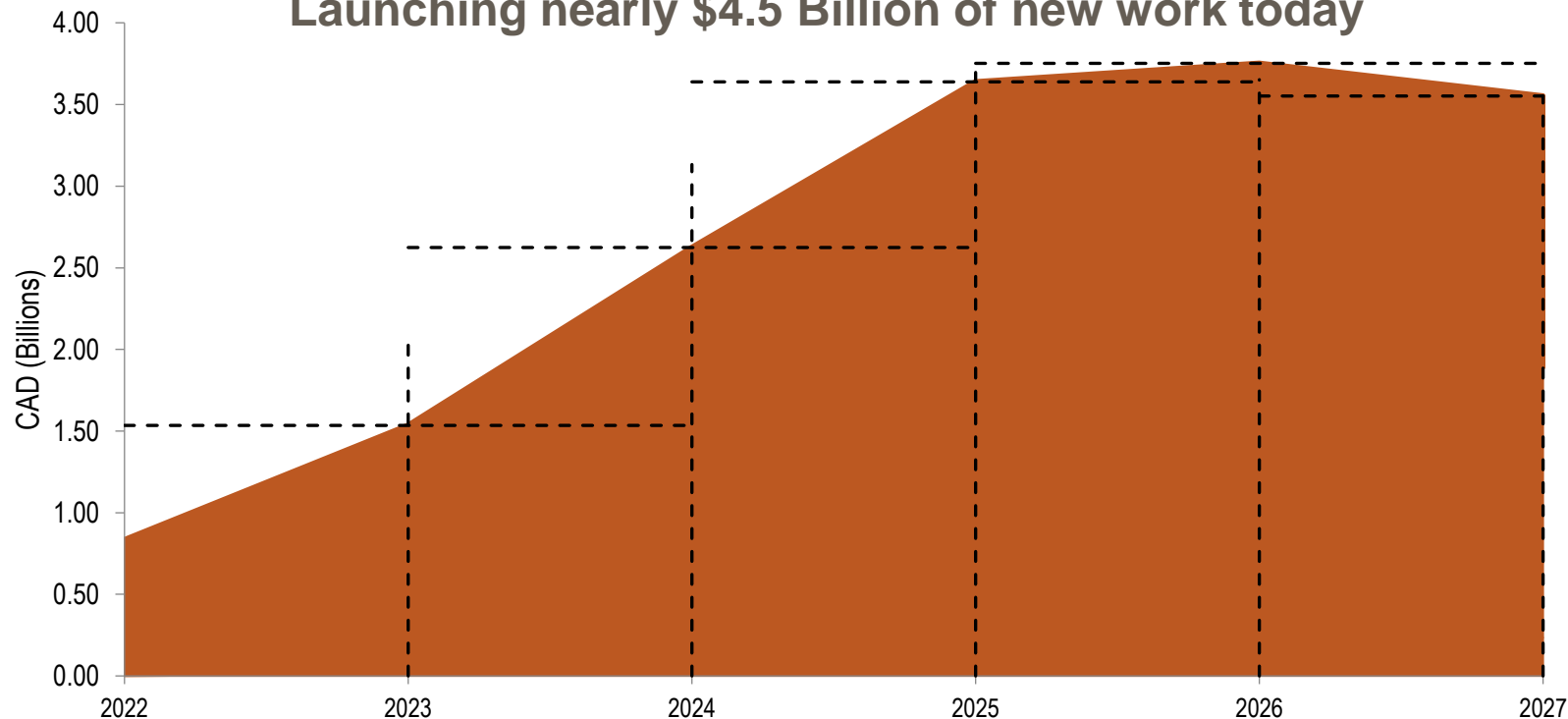
# Strong EV Wins Dramatically Shifting Linamar Sales Mix





# Mobility Launches

Launching nearly \$4.5 Billion of new work today



**Incremental Growth from Launches**

**\$700 to \$800 Million in 2023**

**\$800 to \$900 Million in 2024**

# Outlook



# Outlook

## Q3 '23 Expectations

### ■ Mobility

- OE growth vs Q2 '23
  - Seasonal slowdown in NA/EU mobility; more than offset by
  - Dura Shiloh acquisition
  - Improvements in Asia Pacific
  - Continued improvements in cost
- OE flat at best to Q3 '22

### ■ Industrial

- Q3 '23 OE down sequentially vs a Q2 '23 overperform
  - Seasonality for all businesses
  - Stronger than normal Q2 '23 for MacDon
- Double digit OE growth vs prior year

### ■ General

- Overall OE
  - Seasonally down from Q2 '23
  - Up over Q3 2022

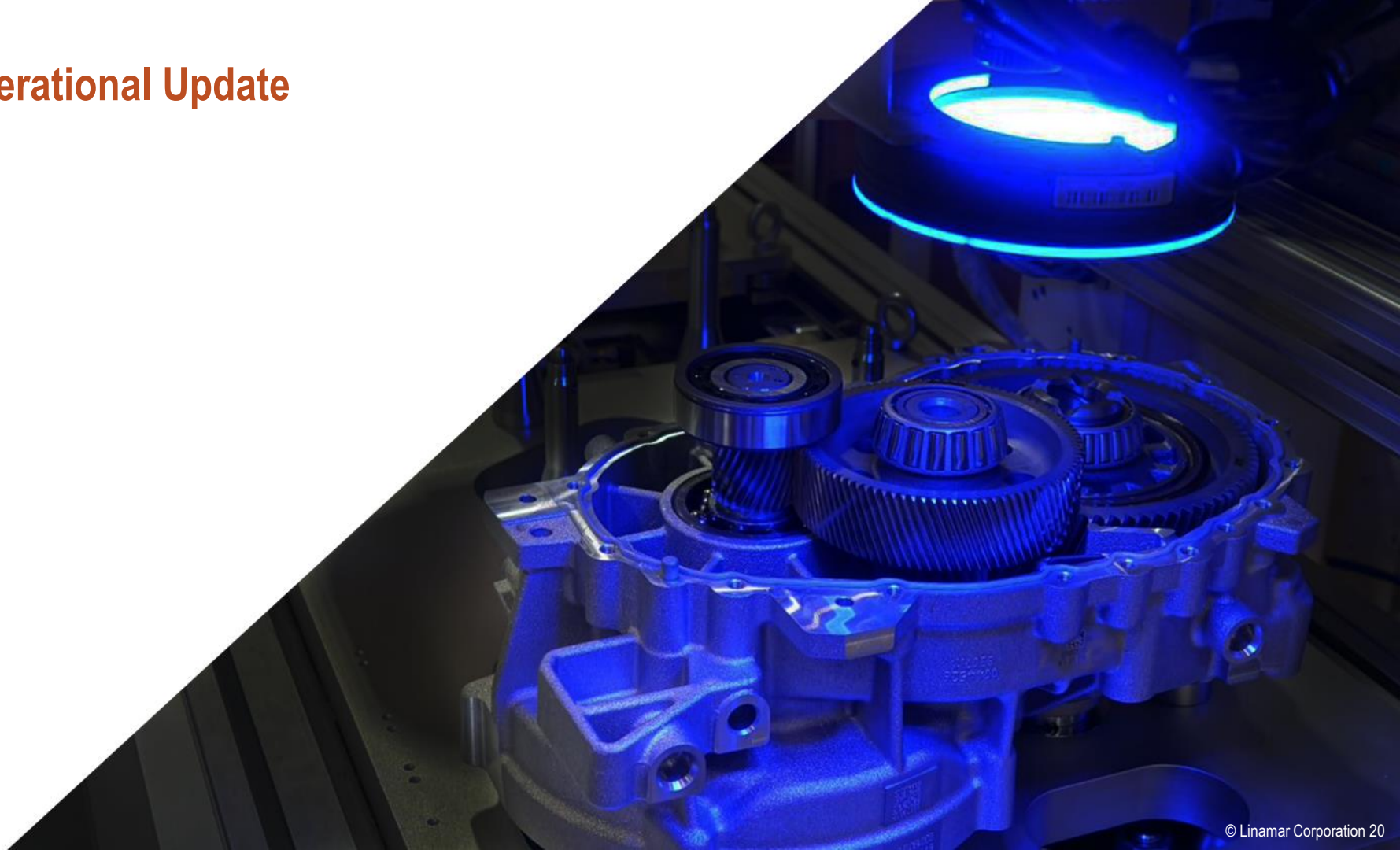
Consolidated	Normal Ranges	2022 Actuals	Expectations 2023	Expectations 2024
Sales Growth		21.1%	Double Digit Growth	Double Digit Growth
Normalized EPS Growth <sup>1</sup>		-4.1%	Significant Double Digit Growth	Double Digit Growth
Normalized Net Margin <sup>1</sup>	7.0% - 9.0%	5.1%	Expansion	Expansion
Capex (% of Sales)	6.0% - 8.0%	411m 5.2%	High End of Normal Range	High End of Normal Range
Leverage Net Debt:EBITDA		0.42	Continued Strong Balance Sheet	Continued Strong Balance Sheet
Free Cash Flow <sup>1</sup>		\$ 94 m	Continued Positive	Continued Positive

Industrial				
Sales Growth			Double Digit Growth	Double Digit Growth
Skyjack			Significant Double Digit Growth	Double Digit Growth
Agriculture				Growth
Normalized OE Growth		6.4%	Significant Double Digit Growth	Double Digit Growth
Normalized Operating Margin <sup>1</sup>	14.0% - 18.0%	10.1%	Expansion into Normal Range	Expansion

Mobility				
Sales Growth			Double Digit Growth	Double Digit Growth
Factors Influencing Sales Growth				
Launch Book Nearly \$4.5 Billion Driving Incremental Sales Of:		\$760m	\$700 to \$800 million	\$800 to \$900 million
Business Leaving (% Consolidated Sales)	5.0% - 10.0%		Low End of Normal Range	Low End of Normal Range
Normalized OE Growth		-12.2%	Flat	Double Digit Growth
Normalized Operating Margin <sup>1</sup>	7.0% - 10.0%	6.2%	Contraction	Expansion

<sup>1</sup> - Free Cash Flow in a non-GAAP financial measure. Normalized Earnings per Share (EPS) Growth (representing year-over-year growth of Net Earnings (Loss) per Share – Diluted – Normalized), Normalized Net Margin, and Normalized Operating Margin (representing the respective measures as a percentage of sales) are non-GAAP financial ratios. Please refer to "Non-GAAP and Other Financial Measures" in the separately released Q2 2023 MD&A.

# Operational Update





# Acquisition of 3 Dura-Shiloh Battery Enclosures Facilities

## Transaction Details

- Deal signed May 30<sup>th</sup>, Closed August 3<sup>rd</sup>
- \$325M USD Transaction Price
- Accelerates Linamar Electrification Strategy and portfolio expansion
- Highlights Linamar's strategic focus on market opportunities in EV Structures
- Integration plans underway even prior to closing
- Sales & Commercial responsibilities transitioning to existing Linamar Mobility Global Sales Tea

## Products

Battery Enclosure Assemblies



## Facility Locations



Muscle Shoals, Alabama, US



Skopje, North Macedonia



Strakonice, Czech Republic

# Linamar Structures Group

*A Fully EV and Propulsion Agnostic Group – Already ~\$1 Billion Sales at Peak and Growing*

## HPDC

Mills River

Giga Casting Plant

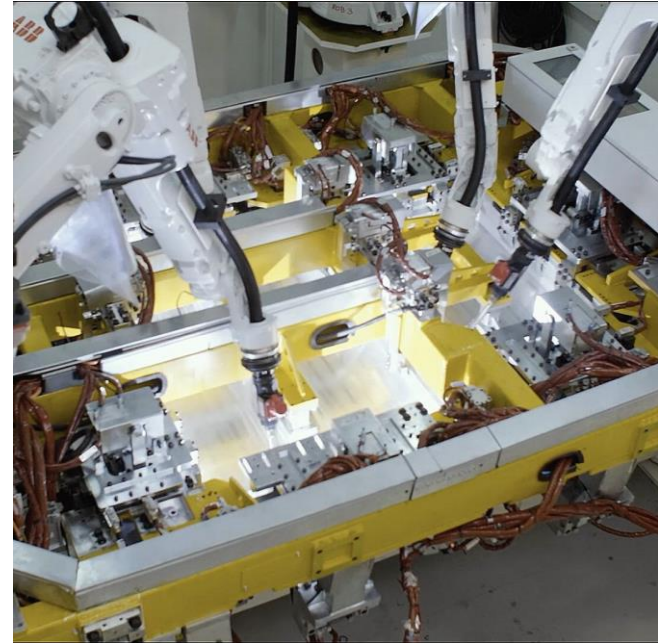


~\$400 Million

## Battery Enclosure Plants

Dura Shiloh 3 Plants

Linamar 1 Plant



~\$600 Million

# New Business



# New Business Win

\$111M in wins for battery electric vehicle driveline components

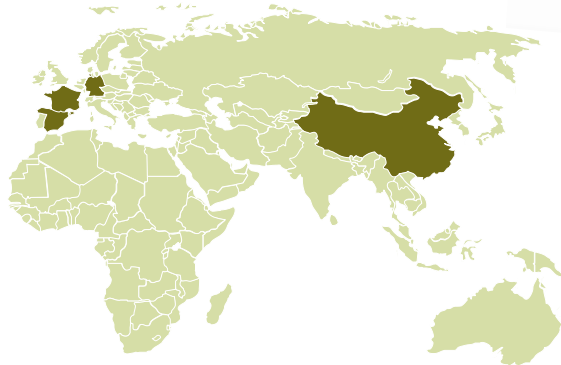
Average Annual Revenue  
**>\$110 M / year**

SOP Year  
**2023**

Peak Volume Year  
**2025**

## Production Location

France  
Spain  
Germany  
United States  
Mexico  
Canada  
China





# New Business Win

\$30M in wins for commercial vehicle transmission and driveline components

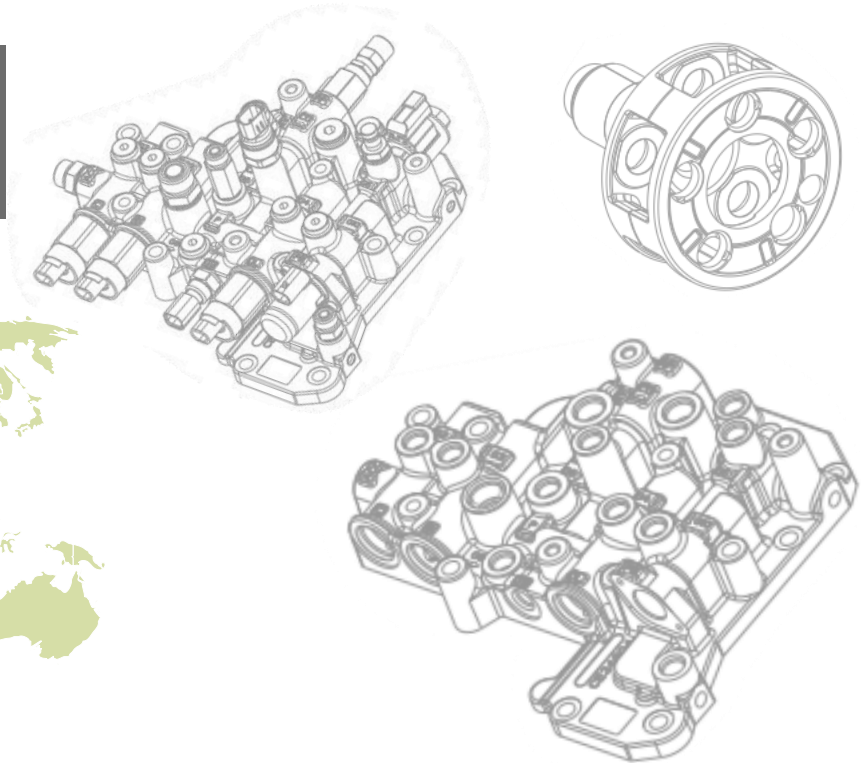
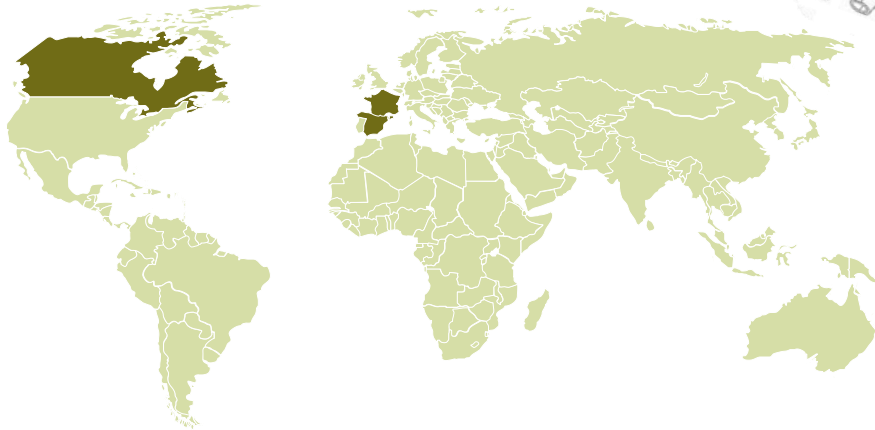
Average Annual Revenue  
**\$30 M / year**

SOP Year  
**2024**

Peak Volume Year  
**2025**

## Production Location

France  
Spain  
Canada





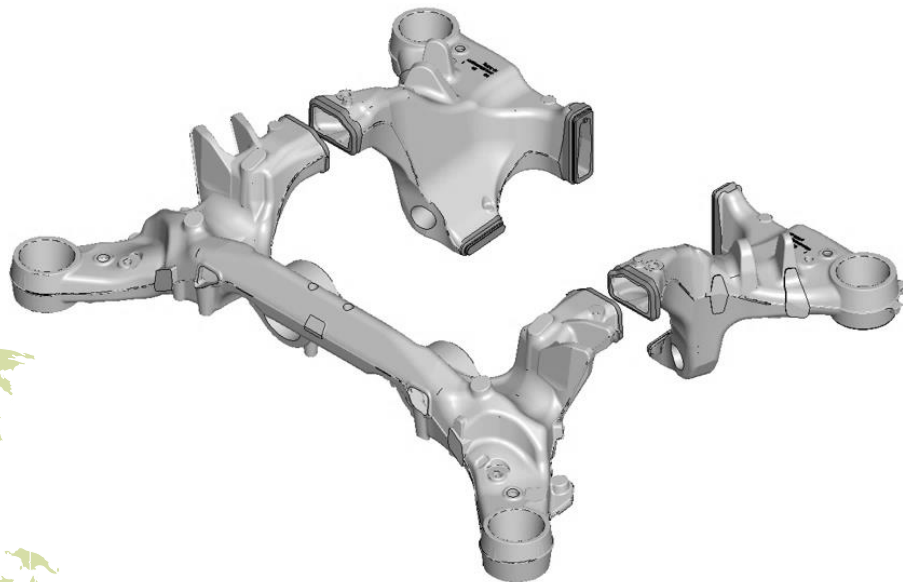
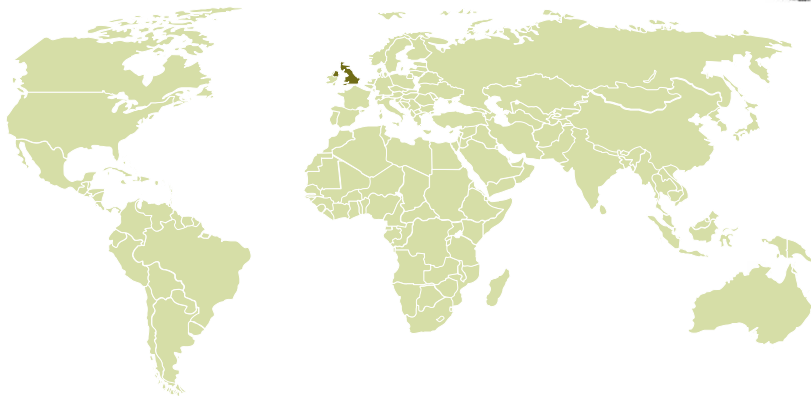
# New Business Win

Significant BEV structural component win for Europe based OEM

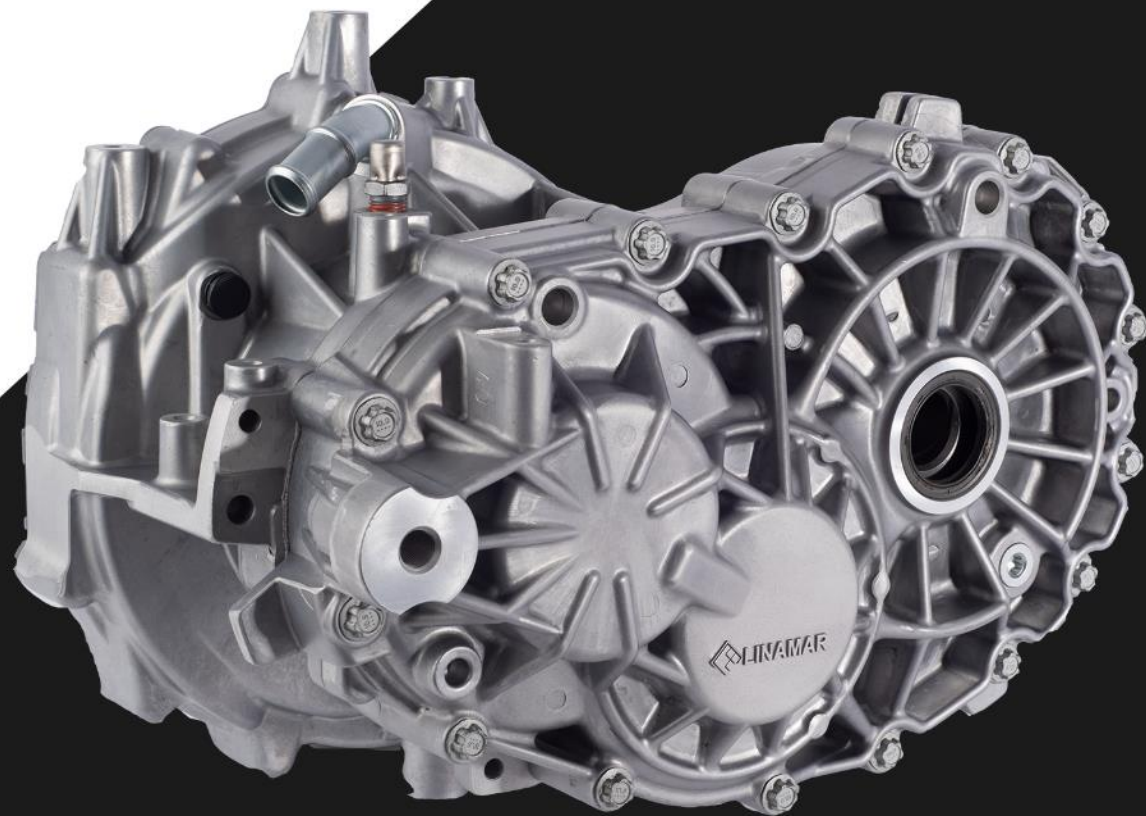
Average Annual Volume  
**80,000 / year**

SOP Year  
**2024**

Production Location  
UK



# Innovation



# Innovation: Skyjack E Series Scissor Lifts

SIMPLY  
ELECTRIC,  
**SIMPLY  
MORE**

SKYJACK'S **E SERIES** SCISSOR LIFTS  
WITH AC ELECTRIC DRIVE.



Skyjack's new **electric drive** scissor lifts are designed with an AC drive system that gives you more:

- More runtime per charge
- More profit from lower maintenance costs
- More sustainability
- More resale value
- More return on investment

MANEUVERABILITY



OPERATIONAL  
SAVINGS & ROI



RUNTIME, POWER &  
PRODUCTIVITY



ENVIRONMENTAL  
SUSTAINABILITY

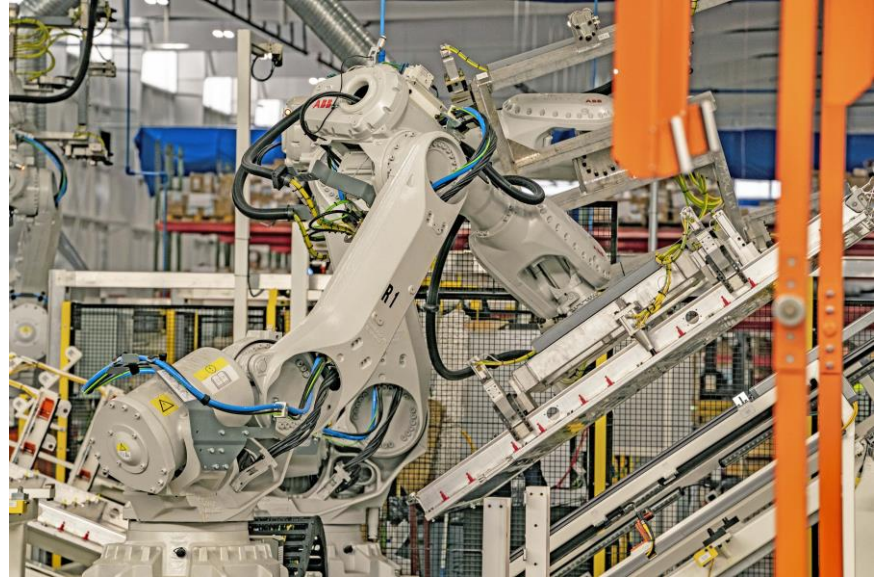


# Innovation:

## *Battery Enclosures Systems*

### Product Features:

- Platform Modularity
- Multi-material construction
- Bonding / welding assembly
- Integrated Cooling Channels
- Highly automated / optimized & advanced manufacturing process



# Digitization with AI/ML – July 2023

69

Plants



5,288

LMMS Data  
Collection Connections



3,665

Robots



1,098

Traceability  
Marking  
Stations



3,256

Connected Machines



2,616

RFID Stations



2,831

Traceability Read Stations



1,206

Vision Systems



6

AGVs





# Financial Review

*Dale Schneider, CFO*



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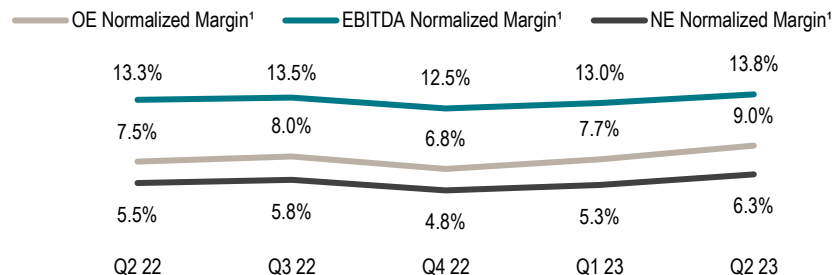
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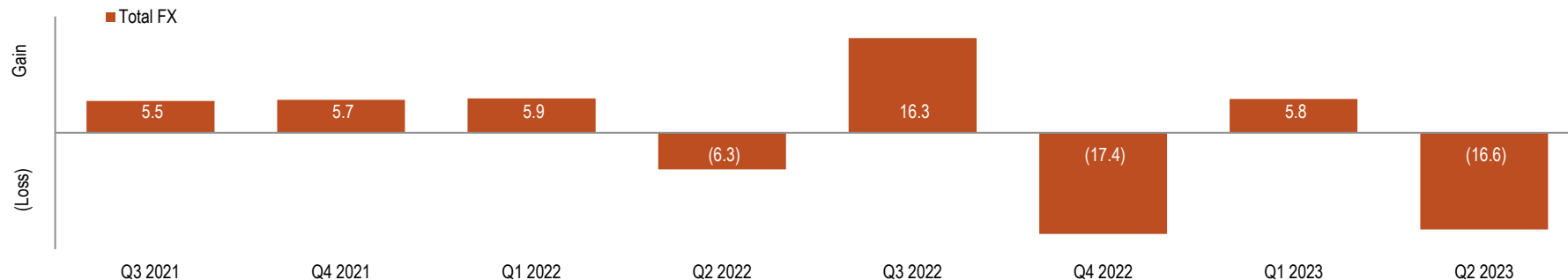
# Foreign Exchange Gain/Loss (in millions CAD)

	Q2 2023	Q2 2022	+/-
FX Gain/(Loss) – Operating <sup>1</sup>	(16.7)	(5.4)	(11.3)
FX Gain/(Loss) – Financing	0.1	(0.9)	1.0
Total FX Gain/(Loss)	(16.6)	(6.3)	(10.3)

Operating Earnings Margin	8.4%	7.3%
OE – Normalized Margin <sup>2</sup>	9.0%	7.5%

FX Gain/(Loss) – Impact on EPS FD <sup>3</sup>	(0.20)	(0.07)
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- Total FX Loss was \$16.6 which resulted from a \$16.7 FX Loss – Operating and a \$0.1 FX Gain – Financing.
- FX Loss – Operating was comprised of a \$11.8 loss in Industrial and \$4.9 loss in Mobility.
- FX Loss impacted EPS by 20 cents in the quarter.



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

2 - Operating Earnings (OE) – Normalized Margin represents its respective measure as a percentage of sales and is a non-GAAP financial ratio. Please refer to "Non-GAAP and Other Financial Measures" in the separately released Q2 2023 MD&A.

3 - FX Gain/(Loss) - Impact on Earnings Per Share Fully Diluted (EPS FD) divides the tax effected foreign exchange impact by the Company's diluted number of shares.

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

	Q2 2023	Q2 2022
Sales	777.3	504.6
Operating Earnings	139.8	39.7
Foreign Exchange <sup>1</sup> (Gain)/Loss	11.8	9.7
Operating Earnings – Normalized <sup>2</sup>	151.6	49.4
Operating Earnings Margin	18.0%	7.9%
OE – Normalized Margin <sup>2</sup>	19.5%	9.8%

**Industrial sales** increased by 54.0% or \$272.7 to \$777.3.

- The sales were helped by:
  - higher in agricultural sales driven by growth in global markets and in core product market share;
  - additional access equipment sales from global market growth and European boom market share growth;
  - increased sales related to the acquisition of Salford;
  - increased pricing to help relieve increased supply chain costs; and
  - favourable impact on sales from the changes in FX rates from Q2 2022.

**Normalized Industrial OE** increased by 206.9% or \$102.2 to \$151.6.

- The Normalized OE was helped by:
  - the increased agricultural sales volumes and pricing;
  - the increased access equipment sales volumes and pricing;
  - favourable impact from changes in FX rates from Q2 2022; and
  - increased sales related to the acquisition of Salford.
- The Normalized OE was hurt by:
  - an increase in SGA costs supporting growth.

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

<sup>2</sup> – Operating Earnings – Normalized is a non-GAAP financial measure. Operating Earnings (OE) – Normalized Margin represents its respective measure as a percentage of sales and is a non-GAAP financial ratio. Please refer to "Non-GAAP and Other Financial Measures" in the separately released Q2 2023 MD&A.

# Mobility Sales, Earnings, and Margins (in millions CAD)

	Q2 2023	Q2 2022
Sales	1,775.5	1,477.0
Operating Earnings	74.3	104.1
Foreign Exchange <sup>1</sup> (Gain)/Loss	4.9	(4.3)
Operating Earnings – Normalized <sup>2</sup>	79.2	99.8
Operating Earnings Margin	4.2%	7.0%
OE – Normalized Margin <sup>2</sup>	4.5%	6.8%

**Mobility sales** increased by 20.2% or \$298.5 to \$1,775.5.

- The sales were helped by:
  - additional sales for launching programs;
  - favourable impact on sales from the changes in FX rates from Q2 2022; and
  - increased pricing related to cost recovery helping to partially offset the associated labour, materials, freight, and utilities.

**Normalized Mobility OE** were lower by \$20.6 or 20.6%.

- The Normalized OE were hurt by:
  - increased costs related to labour, materials, freight, and utilities partially offset by cost recoveries in sales; and
  - an increase in SGA expenses supporting growth.
- The Normalized OE were helped by:
  - Increased sales related to launching programs.

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

2 – Operating Earnings – Normalized is a non-GAAP financial measure. Operating Earnings (OE) – Normalized Margin represents its respective measure as a percentage of sales and is a non-GAAP financial ratio. Please refer to "Non-GAAP and Other Financial Measures" in the separately released Q2 2023 MD&A.

# Operating Expenses (in millions CAD)

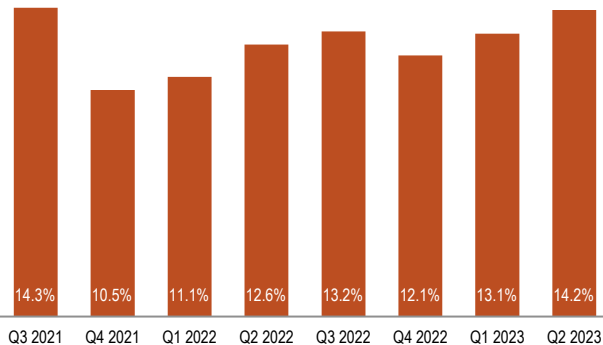
	Q2 2023	Q2 2022	+/-	%
Sales	2,552.8	1,981.6	571.2	28.8%
Cost of Goods Sold	2,190.9	1,731.7	459.2	26.5%
Gross Margin	361.9	249.9	112.0	44.8%
Gross Margin as a % of Sales	14.2%	12.6%		

Cost of Goods Sold Amortization	116.6	110.0	6.6	6.0%
COGS Amortization as a % of Sales	4.6%	5.6%		

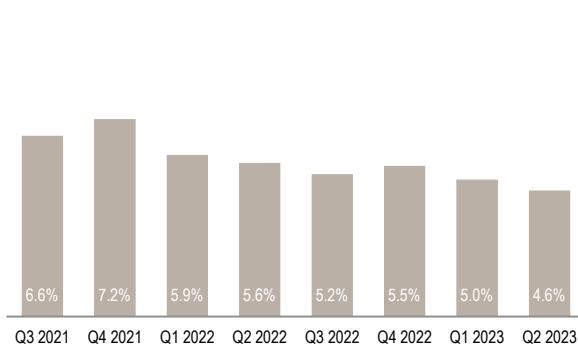
Selling, General, and Administrative	131.2	100.7	30.5	30.3%
SGA as a % of Sales	5.1%	5.1%		

- Gross Margin was \$361.9 in the quarter and was impacted by the same factors that impacted each business segment. (See the previous two slides)
- Amortization decreased to 4.6% for the quarter.
- SGA increased to \$131.2 for the quarter and was impacted by:
  - an increase in management and sales costs supporting growth;
  - additional expenses from the acquisition of Salford in 2022; and
  - an increase in travel expenses supporting growth.

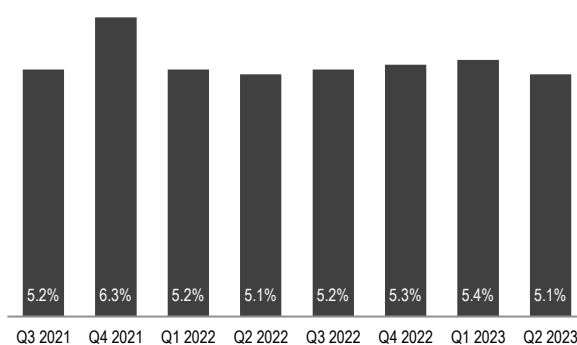
■ Gross Margin as a % of Sales



■ COGS Amortization as a % of Sales



■ SGA as a % of Sales

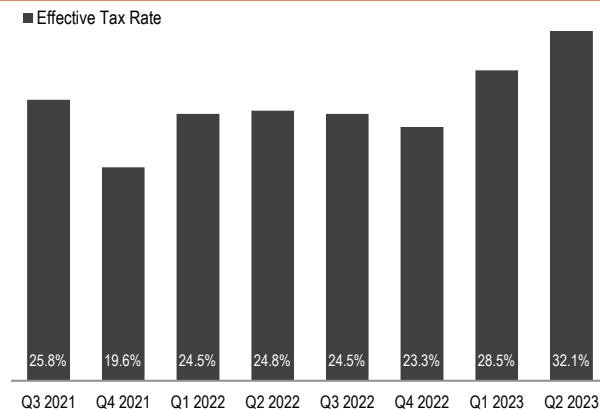
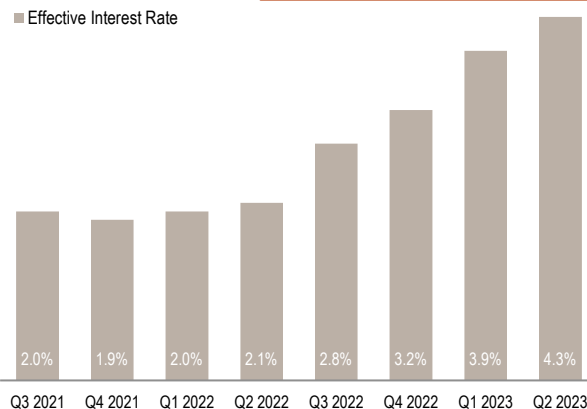
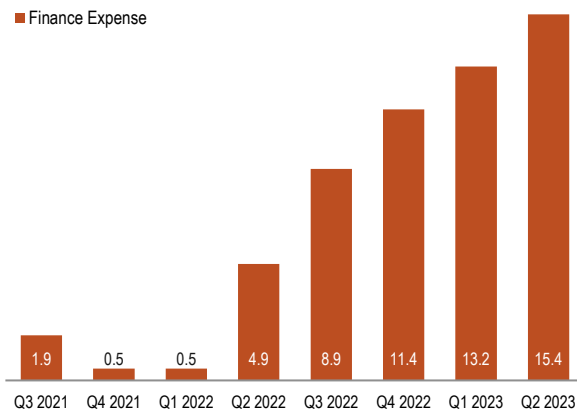




# Finance Expenses & Income Tax (in millions CAD)

	Q2 2023	Q2 2022	+/-
Finance Expense	15.4	4.9	10.5
Effective Interest Rate	4.3%	2.1%	2.2%
Effective Tax Rate	32.1%	24.8%	7.3%

- Finance expenses increased by \$10.5.
- Finance expenses were hurt by:
  - increase in interest costs due to change in the Bank of Canada overnight rate and United States Federal Funds rate;
  - increased debt due to the 2022 acquisitions and share repurchase program; and
  - the issuance of \$550 private placement notes.
- Finance expenses were helped by:
  - increased interest earned due to elevated rates.
- The tax rate increased to 32.1% in the quarter from last year and excluding the withholding tax on the repatriation of funds from China would have been 25.3%.
- Full year 2023 tax rate expected to be in the range of 24% to 26%, excluding the Q1 and Q2 withholding tax impacts, and higher than the 2022 full year tax rate.

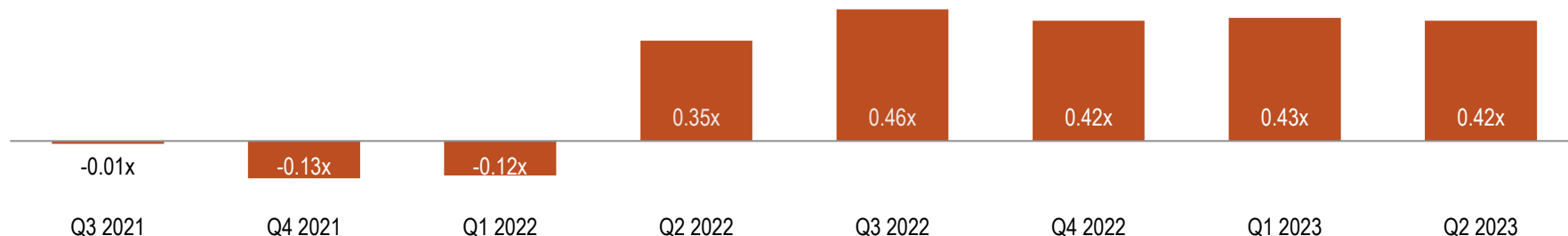


# Leverage (in millions CAD)

	Q2 2023	Q2 2022
Cash Position	1,375.8	877.5
Available Cash on Credit Facilities	465.8	527.0
Net Debt to EBITDA <sup>2</sup>	0.42x	0.35x
Debt to Capitalization <sup>3</sup>	27.4%	20.6%

■ Net Debt to EBITDA

- Cash position at the end of the quarter was \$1.4 billion.
- Linamar generated \$260.9 in Cash from Operating Activities.
- Net Debt to EBITDA at 0.42x mainly due to acquisitions and share buybacks in 2022.
- Based on current estimates, we are expecting 2023 to maintain our strong balance sheet and leverage is expected to remain low.
- Liquidity<sup>1</sup> remains strong at \$1.8 billion.



1 - Liquidity is a non-GAAP financial measure. Please refer to "Non-GAAP and Other Financial Measures" in the separately released Q2 2023 MD&A.

2 - EBITDA, as used in Net Debt to EBITDA, includes trailing twelve months EBITDA on acquisitions, when applicable.

3 - Debt to Capitalization is a non-GAAP financial ratio and the Company finds it useful in assessing the Company's capital structure. For Debt to Capitalization the most directly comparable measure is Equity as presented in the Company's Consolidated Statements of Financial Position and is calculated for Q2 2023 as Short-term borrowings of \$Nil (Q2 2022 - \$Nil) and Long-term debt of \$1,869 million (Q2 2022 - \$1,215 million) (Total Debt) divided by Total Debt of \$1,869 million (Q2 2022 - \$1,215 million) and Equity of \$5,074 million (Q2 2022 - \$4,602 million), less Contributed surplus of \$33 million (Q2 2022 - \$30 million) less Accumulated other comprehensive earnings of \$79 million (Q2 2022 - (\$116) million).

# Conclusion

- Sales growth with Mobility growing at 20% and Industrial growing at 54%
- Strong volumes in both Industrial and Mobility segments
- Continued improvements in supply chain issues helping to drive sale growth
- Further economic hardship recoveries achieved in 2023
- Both Normalized Net Earnings and EPS growth over 47% and 55% respectively
- Another positive quarter of Free Cash Flow<sup>1</sup>
- Available Liquidity<sup>1</sup> remains strong at \$1.8 billion

<sup>1</sup> – Liquidity, Free Cash Flow, Normalized Net Earnings, and Normalized Earnings Per Share are a non-GAAP financial measure. Please refer to “Non-GAAP and Other Financial Measures” in the separately released Q2 2023 MD&A.

# Question and Answer



# Outlook

## Q3 '23 Expectations

### ■ Mobility

- OE growth vs Q2 '23
  - Seasonal slowdown in NA/EU mobility; more than offset by
  - Dura Shiloh acquisition
  - Improvements in Asia Pacific
  - Continued improvements in cost
- OE flat at best to Q3 '22

### ■ Industrial

- Q3 '23 OE down sequentially vs a Q2 '23 overperform
  - Seasonality for all businesses
  - Stronger than normal Q2 '23 for MacDon
- Double digit OE growth vs prior year

### ■ General

- Overall OE
  - Seasonally down from Q2 '23
  - Up over Q3 2022

Consolidated	Normal Ranges	2022 Actuals	Expectations 2023	Expectations 2024
Sales Growth		21.1%	Double Digit Growth	Double Digit Growth
Normalized EPS Growth <sup>1</sup>		-4.1%	Significant Double Digit Growth	Double Digit Growth
Normalized Net Margin <sup>1</sup>	7.0% - 9.0%	5.1%	Expansion	Expansion
Capex (% of Sales)	6.0% - 8.0%	411m 5.2%	High End of Normal Range	High End of Normal Range
Leverage Net Debt:EBITDA		0.42	Continued Strong Balance Sheet	Continued Strong Balance Sheet
Free Cash Flow <sup>1</sup>		\$ 94 m	Continued Positive	Continued Positive

Industrial				
Sales Growth			Double Digit Growth	Double Digit Growth
Skyjack			Significant Double Digit Growth	Double Digit Growth
Agriculture				Growth
Normalized OE Growth		6.4%	Significant Double Digit Growth	Double Digit Growth
Normalized Operating Margin <sup>1</sup>	14.0% - 18.0%	10.1%	Expansion into Normal Range	Expansion

Mobility				
Sales Growth			Double Digit Growth	Double Digit Growth
Factors Influencing Sales Growth				
Launch Book Nearly \$4.5 Billion Driving Incremental Sales Of:		\$760m	\$700 to \$800 million	\$800 to \$900 million
Business Leaving (% Consolidated Sales)	5.0% - 10.0%		Low End of Normal Range	Low End of Normal Range
Normalized OE Growth		-12.2%	Flat	Double Digit Growth
Normalized Operating Margin <sup>1</sup>	7.0% - 10.0%	6.2%	Contraction	Expansion

<sup>1</sup> - Free Cash Flow in a non-GAAP financial measure. Normalized Earnings per Share (EPS) Growth (representing year-over-year growth of Net Earnings (Loss) per Share – Diluted – Normalized), Normalized Net Margin, and Normalized Operating Margin (representing the respective measures as a percentage of sales) are non-GAAP financial ratios. Please refer to "Non-GAAP and Other Financial Measures" in the separately released Q2 2023 MD&A.

# Key Messages



**Earnings Growth of 55%**



**EV and Propulsion Agnostic  
'Linamar Structures Group' Formed**



**Acquisition of Battery Enclosures  
Business Completed**







# Thank You

[www.linamar.com](http://www.linamar.com)

