

# Linamar Delivers Another Solid Quarter of Strong Earnings and Cash Flow, Major EV Business Win Sets Stage for Future

August 2, 2017, Guelph, Ontario, Canada (TSX: LNR)

- Sales increase 6.6% over the second quarter of 2016 ("Q2 2016") to reach \$1.77 billion;
- Operating earnings before the foreign exchange impacts of revaluation of the operating balances increased 7% over Q2 2016 to reach \$222.9 million;
- Net earnings before the foreign exchange impacts of revaluation of the operating balances increased 9.7% and earnings per share, on a diluted basis, increased 9.4% over Q2 2016 reaching \$168.2 million and \$2.55 respectively;
- Continued business wins drive strong launch book to more than \$4.7 billion;
- First major e-axle program won for electric vehicle segment;
- Powertrain/Driveline segment growth despite vehicle production declines in core markets driven by launches; and
- Industrial segment has another excellent quarter well exceeding market growth through continued global market share gains.

	Three Months Ended		Six Months Ended	
	2017	2016	2017	2016
(in millions of dollars, except earnings per share figures)	\$	\$	\$	\$
Sales	1,766.2	1,657.2	3,422.2	3,175.3
Operating Earnings (Loss) <sup>1</sup>				
Powertrain/Driveline	161.5	160.9	307.9	305.0
Industrial	54.1	52.8	99.9	80.8
Operating Earnings (Loss)	215.6	213.7	407.8	385.8
Net Earnings (Loss)	161.9	157.3	307.0	283.8
Net Earnings (Loss) per Share – Diluted	2.45	2.39	4.65	4.31

## Operating Highlights

Sales for the second quarter of 2017 ("Q2 2017") were \$1,766.2 million, up \$109.0 million from \$1,657.2 million in Q2 2016.

Sales for the Powertrain/Driveline segment ("Powertrain/Driveline") increased by \$38.0 million, or 2.8% in Q2 2017 compared with Q2 2016. The sales increase in Q2 2017 was impacted by:

- favourable changes in foreign exchange rates;
- additional sales from launching programs in Europe and Asia;
- additional sales from launching programs in the Light Metal Casting Group; and
- increased volumes from our on- and off-highway vehicle customers; partially offset by
- lower production volumes on certain automotive programs.

The Industrial segment ("Industrial") product sales increased 24.5%, or \$71.0 million, to \$361.1 million in Q2 2017 from Q2 2016. The sales increase was due to:

- strong market share gains in scissors in Europe and Asia;
- strong market share gains in booms in North America, Europe and Asia;
- strong market share gains in telehandlers in North America;
- increased access equipment volumes as a result of solid market growth in all three regions; and
- favourable changes in foreign exchange rates.

The Company's operating earnings for Q2 2017 were \$215.6 million. This compares to \$213.7 million in Q2 2016, an increase of \$1.9 million.

Q2 2017 operating earnings for Powertrain/Driveline were higher by \$0.6 million, or 0.4% over Q2 2016. The Powertrain/Driveline segment experienced increased earnings in Q2 2017 as a result of the following:

- increased earnings resulting from favourable changes in foreign exchange rates;
- production volumes increased on launching programs; and
- on- and off-highway vehicle volume increases; partially offset by
- decreased production volumes on certain automotive programs;
- increased costs as a result of changes in product mix;
- increased management and sales costs supporting growth; and

<sup>1</sup> For more information refer to the section entitled "Non-GAAP and Additional GAAP Measures" in the Company's separately released Management's Discussion and Analysis ("MD&A").

- a smaller gain on the foreign exchange revaluation of the operating balances in Q2 2017 in comparison to the gain in Q2 2016.

Industrial segment operating earnings in Q2 2017 increased \$1.3 million, or 2.5% over Q2 2016. The increase in Industrial operating earnings was predominantly driven by:

- net increase in volumes; and
- favourable changes in foreign exchange rates; partially offset by
- a sizeable loss on the foreign exchange revaluation of the operating balances in Q2 2017 in comparison to a modest gain in Q2 2016;
- changes in product mix and launching products; and
- increased management and sales costs supporting growth.

"We have had another solid quarter at Linamar with strong results in both segments," said Linamar CEO Linda Hasenfratz. "Powertrain/Driveline continues to perform at very strong margins despite soft core markets, evidence of our market share growth stepping in to drive results, and our Industrial segment continues to power along taking market share and driving well above industry growth levels. Most notable of course in the quarter is a sizeable e-axle program win for electric vehicles solidly establishing Linamar content potential in this key segment."

### **Dividends**

The Board of Directors today declared an eligible dividend in respect to the quarter ended June 30, 2017 of CDN\$0.12 per share on the common shares of the Company, payable on or after September 12, 2017 to shareholders of record on August 25, 2017.

### **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; cyclical and seasonality; capital and liquidity risk; legal proceedings and insurance coverage; credit risk; emission standards; 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 forwarding 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

### Q2 2017 Conference Call Information

Linamar will hold a conference call on August 2, 2017 at 5:00 p.m. EST to discuss its second quarter results. The numbers for this call are (647) 427-3383 (local/overseas) or (888) 424-9894 (North America) conference ID 74609681, with a call-in required 10 minutes prior to the start of the conference call. The conference call will be chaired by Linda Hasenfratz, Linamar's 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 p.m. EST on August 2, 2017 and at [www.sedar.com](http://www.sedar.com) by the start of business on August 3, 2017. A taped replay of the conference call will also be made available starting at 8:00 p.m. on August 2, 2017 for ten days. The number for replay is (855) 859-2056, Conference ID 74609681.

### Q3 2017 Conference Call Information

Linamar will hold a conference call on November 7, 2017 at 5:00 p.m. EST to discuss its third quarter results. The numbers for this call are (647) 427-3383 (local/overseas) or (888) 424-9894 (North America) conference ID 74652113, with a call-in required 10 minutes prior to the start of the conference call. The conference call will be chaired by Linda Hasenfratz, Linamar's 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 p.m. EST on November 7, 2017 and at [www.sedar.com](http://www.sedar.com) by the start of business on November 8, 2017. A taped replay of the conference call will also be made available starting at 8:00 p.m. on November 7, 2017 for ten days. The number for replay is (855) 859-2056, Conference ID 74652113.

Linamar Corporation (TSX:LNR) is a diversified global manufacturing company of highly engineered products powering vehicles, motion, work and lives. The Company is made up of 2 operating segments – the Powertrain/Driveline segment and the Industrial segment, which are further divided into 5 operating groups – Machining & Assembly, Light Metal Casting, Forging, Skyjack and Agriculture, all world leaders in the design, development and production of highly engineered products. The Company's Machining & Assembly, Light Metal Casting and Forging operating groups focus on precision metallic components, modules and systems for engine, transmission, driveline and body systems designed for global vehicle and industrial markets. The Company's Skyjack and Agriculture operating groups are noted for their innovative, high quality mobile industrial equipment, notably its class-leading aerial work platforms, telehandlers and agricultural equipment. With more than 25,600 employees in 59 manufacturing locations, 6 R&D centers and 21 sales offices in 17 countries in North and South America, Europe and Asia, Linamar generated sales of \$6.0 billion in 2016. 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 Twitter at @LinamarCorp.

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

Guelph, Ontario  
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