

Linamar Delivers Double Digit Transportation Segment Growth, Continued Free Cash Flow in Q3

November 6, 2019, Guelph, Ontario, Canada (TSX: LNR)

- Transportation segment sales up slightly at \$1.4 billion but normalized Operating Earnings up 15.1%;
- Free cash flow^{1,2} of \$90 million;
- Strong content per vehicle growth in Europe and Asia as the Company outperforms the market;
- Continued growth in boom market share in core North American and European markets;
- Sales decreased 5.3% over the third quarter of 2018 (“Q3 2018”) to \$1.7 billion;
- Normalized EBITDA strong at \$243.1 million and 14% of sales;
- Continued business wins further strengthens launch book to more than \$4.4 billion;
- Takeover business at \$200 million year to date; and
- Industrial segment sales down 21.5% due to lower agricultural sales and reduced access equipment volumes in Europe and North America resulting in Operating Earnings declines.

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2019	2018	2019	2018
(in millions of dollars, except earnings per share figures)	\$	\$	\$	\$
Sales	1,740.0	1,837.3	5,800.6	5,888.6
Operating Earnings (Loss)				
Industrial	36.9	74.8	209.7	283.1
Transportation	105.4	86.6	335.5	365.6
Operating Earnings (Loss) ³	142.3	161.4	545.2	648.7
Net Earnings (Loss)	98.2	113.2	380.7	467.0
Net Earnings (Loss) per Share – Diluted	1.50	1.71	5.80	7.05
Earnings before interest, taxes and amortization (“EBITDA”) ³	245.7	253.7	848.9	928.0
Operating Earnings (Loss) – Normalized³				
Industrial	39.2	84.7	224.6	278.1
Transportation	100.0	86.9	337.6	370.5
Operating Earnings (Loss) – Normalized	139.2	171.6	562.2	648.6
Net Earnings (Loss) – Normalized³	96.2	121.1	393.9	468.0
Net Earnings (Loss) per Share – Diluted – Normalized³	1.47	1.83	6.00	7.07
EBITDA – Normalized³	243.1	263.8	866.1	929.3

Operating Highlights

Sales for the third quarter of 2019 (“Q3 2019”) were \$1,740.0 million, down \$97.3 million from \$1,837.3 million in Q3 2018.

The Industrial segment (“Industrial”) product sales decreased 21.5%, or \$104.2 million, to \$380.6 million in Q3 2019 from Q3 2018. The sales decrease was due to:

- lower agricultural sales due to poor crop conditions, stagnant commodity prices and the ongoing trade dispute between the US and China governments; and
- reduced access equipment volumes in Europe and North America as certain key customers adjust their 2019 capital spend in light of uncertainty in the markets.

Sales for the Transportation segment (“Transportation”) increased by \$6.9 million, or 0.5% in Q3 2019 compared with Q3 2018. The sales in Q3 2019 were impacted by:

- additional sales from programs that are currently launching; partially offset by
- a reduction of sales related to certain programs that are naturally ending;
- a reduction in sales as a result of the United Auto Workers Union strike at General Motor's US locations that began in September 2019; and
- an unfavourable impact on sales from the changes in foreign exchange rates from Q3 2018.

¹ Free cash flow is defined as cash from operating activities less payments for purchase of property, plant and equipment plus proceeds on disposal of property, plant and equipment less dividends. All figures used in the calculation are presented in the Company's separately released Consolidated Interim Statements of Cash Flows.

² Free cash flow has been adjusted for additions of property, plant and equipment related to the dissolution of a joint venture.

³ Management uses certain non-GAAP financial measures including normalized earnings which exclude foreign exchange impacts and the impact of unusual items when analyzing consolidated and segment underlying operational performance. 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”).

The Company's normalized operating earnings for Q3 2019 were \$139.2 million. This compares to \$171.6 million in Q3 2018, a decrease of \$32.4 million.

Industrial segment normalized operating earnings in Q3 2019 decreased \$45.5 million, or 53.7% from Q3 2018. The Industrial normalized operating earnings results were predominantly driven by:

- decreased earnings from lower agricultural sales due to poor crop conditions, stagnant commodity prices and the ongoing trade dispute between the US and China governments; and
- reduced access equipment volumes in Europe and North America as certain key customers adjust their 2019 capital spend in light of uncertainty in the markets.

Q3 2019 normalized operating earnings for Transportation were higher by \$13.1 million, or 15.1% compared to Q3 2018. The Transportation segment's earnings were impacted by the following:

- the impact of additional sales from launching programs;
- decreased management costs; and
- a more favourable impact from the changes in foreign exchange rates from Q3 2018 on expenses which offsets the sales impact at an operating earnings level; partially offset by
- a reduction of earnings related to certain programs that are naturally ending;
- a reduction in sales as a result of the United Auto Workers Union strike at General Motor's US locations that began in September 2019; and
- additional amortization from launching programs.

"We are very pleased to report growth in our Transportation segment earnings despite the impact of the General Motors strike and challenging markets," said Linamar CEO Linda Hasenfratz. "We continue to focus on market share growth in all of our businesses to offset weak markets as well as cost control and cash generation and are delivering on every front."

Dividends

The Board of Directors today declared an eligible dividend in respect to the quarter ended September 30, 2019 of CDN\$0.12 per share on the common shares of the company, payable on or after December 6, 2019 to shareholders of record on November 22, 2019.

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; cyclicity and seasonality; weather; 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 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

Q3 2019 Conference Call Information

Linamar will hold a webcast call on November 6, 2019 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 2873879, with a call-in required 10 minutes prior to the start of the conference call.

The URL for the webcast is <https://linamar2020.webex.com/linamar2020/j.php?MTID=m09cf9bc3705dfbbb0846d6f299d0a76d>. The password for the meeting is 2019Q3. 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 6, 2019 and at www.sedar.com by the start of business on November 7, 2019. A taped replay of the conference call will also be made available starting at 8:00 p.m. on November 6, 2019 for ten days. The number for replay is (855) 859-2056, Conference ID 2873879. In addition a recording of the call will be posted on the company's website under Investor Relations.

Q4 2019 Release Information

Linamar will release its Q4 2019 results on March 11, 2020.

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 2 operating segments – the Industrial segment and the Transportation segment, which are further divided into 5 operating groups – Skyjack, Agriculture, Machining & Assembly, Light Metal Casting and Forging, all world leaders in the design, development and production of highly engineered products. The Company's Skyjack and MacDon companies are noted for their innovative, high quality mobile industrial and harvesting equipment, notably class-leading aerial work platforms, telehandlers, draper headers and self-propelled windrowers. The Company's Machining & Assembly, Light Metal Casting and Forging operating groups focus on precision metallic components, modules and systems for powertrain, driveline and body systems designed for global electrified and traditionally powered vehicle and industrial markets. Linamar has 27,000 employees in 61 manufacturing locations, 10 R&D centres and 25 sales offices in 17 countries in North and South America, Europe and Asia which generated sales of \$7.6 billion in 2018. For more information about Linamar Corporation and its industry leading products and services, visit 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
November 6, 2019