



# LINAMAR

## 2022 Q4 Conference Call Presentation

*Linda Hasenfratz, Executive Chair & CEO*

*March 8, 2023*



**For Audio Only Dial in:**

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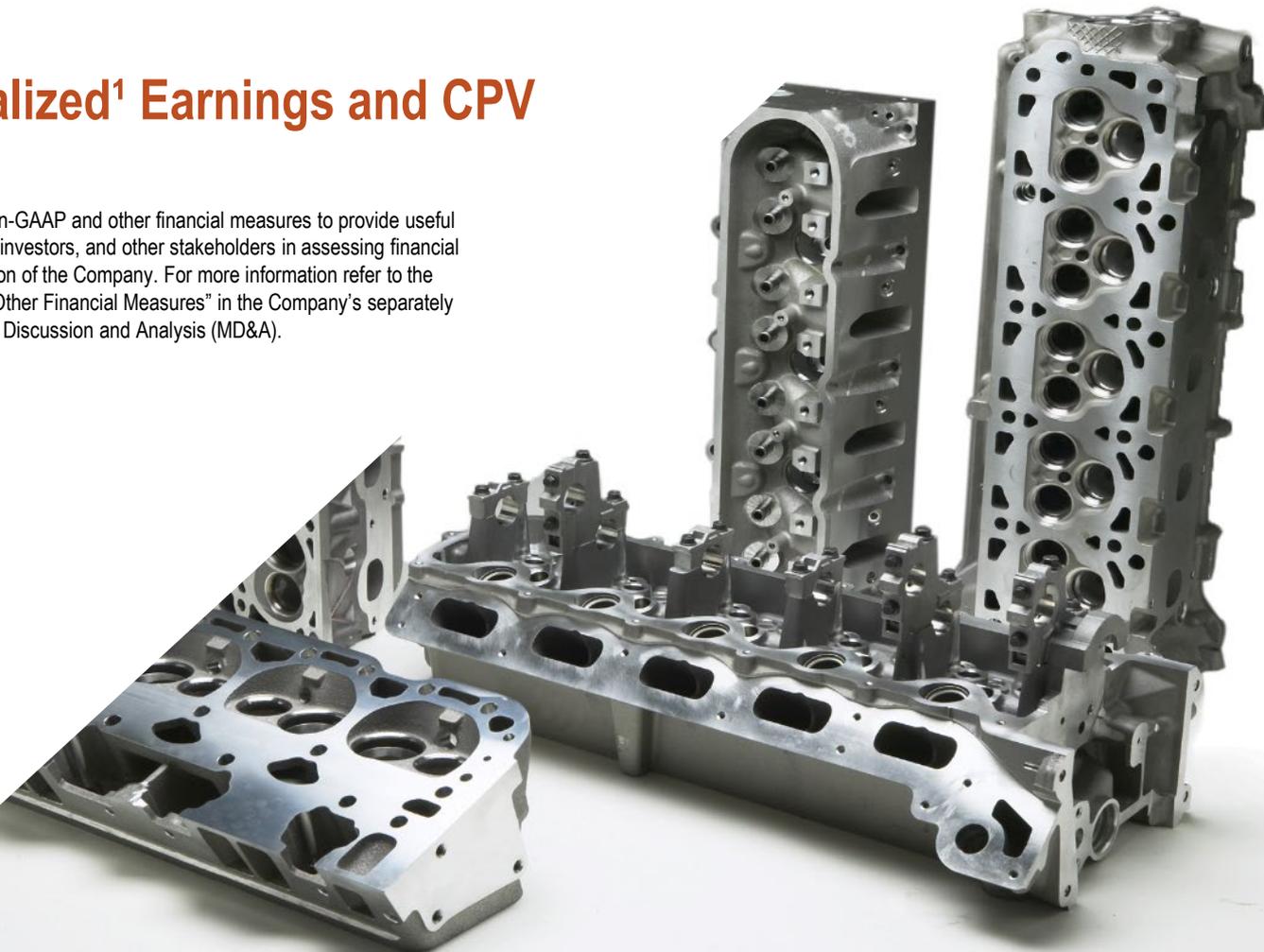
Conference ID: 62240189

# 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 Q4 2022 Management's Discussion and Analysis (MD&A).



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

	Q4 2022	Q4 2021	% Δ
Sales	2,060.0	1,534.4	34.3%
Industrial Sales	507.1	293.0	73.1%
Mobility Sales	1,552.9	1,241.4	25.1%
EBITDA – Normalized <sup>1</sup>	257.8	189.6	36.0%
EBITDA – Normalized Margin <sup>1</sup>	12.5%	12.4%	
Industrial OE – Normalized <sup>1</sup>	55.5	(4.2)	-
Industrial OE – Normalized Margin <sup>1</sup>	10.9%	(1.4%)	
Mobility OE – Normalized <sup>1</sup>	85.4	85.3	0.1%
Mobility OE – Normalized Margin <sup>1</sup>	5.5%	6.9%	
OE – Normalized <sup>1</sup>	140.9	81.1	73.7%
OE – Normalized Margin <sup>1</sup>	6.8%	5.3%	
NE – Normalized <sup>1</sup>	99.5	59.0	68.6%
NE – Normalized Margin <sup>1</sup>	4.8%	3.8%	
EPS – Normalized <sup>1</sup>	1.61	0.90	78.9%

## Q4 2022

The key factors impacting results in the quarter are:

- Sales growth in both segments on stronger markets, amplified by market share growth in automotive and agriculture
- Robust industrial segment performance; offset by
- Dramatically higher material, utility and labour costs; partially offset by better pricing
- The net impact of our two acquisitions;
- No CEWs government subsidies in 2022 vs 2021;
- Higher SGA and fixed costs supporting growth

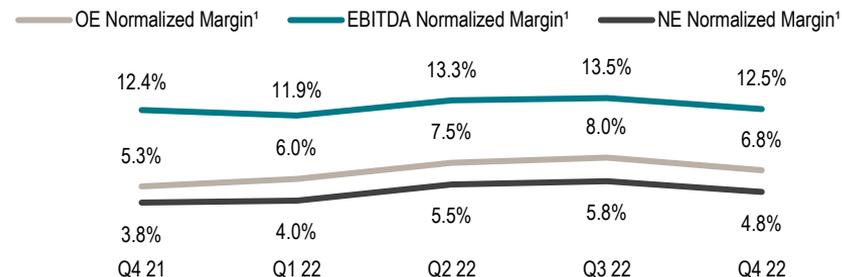
The key impacts to the segments vs prior year are:

### Mobility

- Markets up 7.6% in NA , 7.8% in EU, and 2.0% in AP;
  - Market recovery enhanced by strong launch performance;
- Increased pricing related to cost recovery partially offsetting associated material, labour and utility costs; offset by
- Impact of Mills River acquisition.

### Industrial

- Significant increase in both our access and ag business sales on stronger markets enhanced by market share growth and the Salford acquisition driving strong earnings growth; partially offset by
- Significant cost issues related to material and labour challenges.

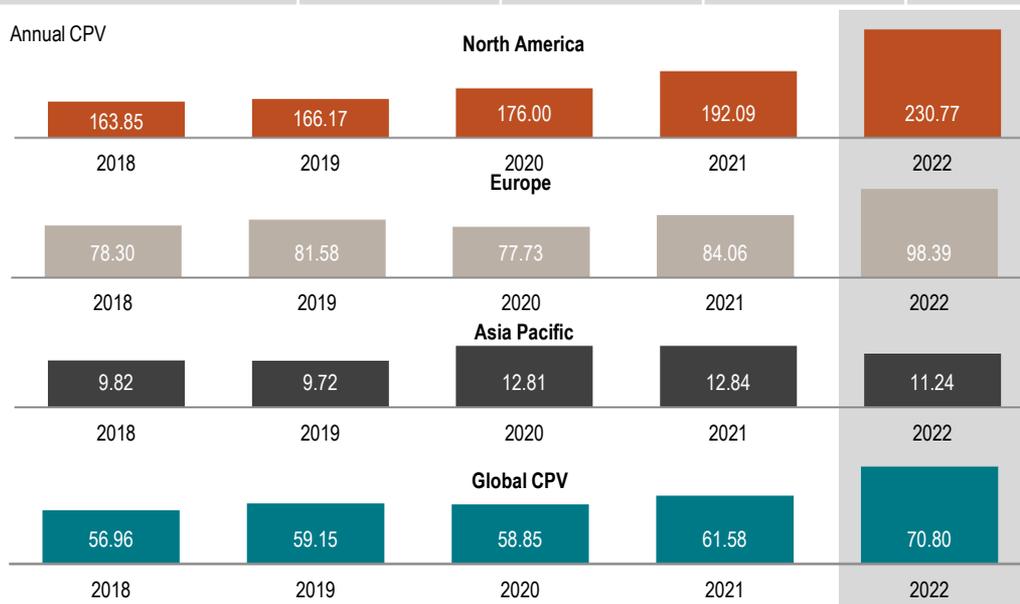


<sup>1</sup> - EBITDA – Normalized, Operating Earnings (OE) – Normalized, and Net Earnings (NE) – Normalized are Non-GAAP Financial Measures. EBITDA – Normalized Margin, Operating Earnings – Normalized Margin, Net Earnings – Normalized Margin, (representing their respective measures as a percentage of 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 Q4 2022 MD&A.

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

	CPV Q4 2022	CPV Q4 2021	CPV % Change	Vehicle Production Units % Change	Automotive Sales Q4 2022 (CAD Millions)	Automotive Sales Q4 2021 (CAD Millions)	Automotive Sales % Change
North America	237.63	189.90	25.1%	7.6%	876.0	651.5	34.5%
Europe	90.70	78.83	15.1%	7.8%	389.5	313.6	24.2%
Asia Pacific	11.74	11.23	4.5%	2.0%	150.8	141.5	6.6%
Global CPV <sup>1</sup>	67.99	55.30	22.9%	4.1%	1,416.3	1,106.6	28.0%
Other Automotive Sales	-	-	-	-	59.8	61.8	(3.2%)

## Annual CPV



Annual CPV growth to record levels in North America and Europe due to:

- Launching business;
- Sales from Mills River acquisition;
- Programs we have significant business with that have enjoyed disproportionately higher volumes; and
- Customer cost recoveries.

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

	Q4 2022	Q4 2021	% Change
Sales	584.0	366.1	59.5%

## MacDon

- Global market up in double digits
- Global market share growth in all products

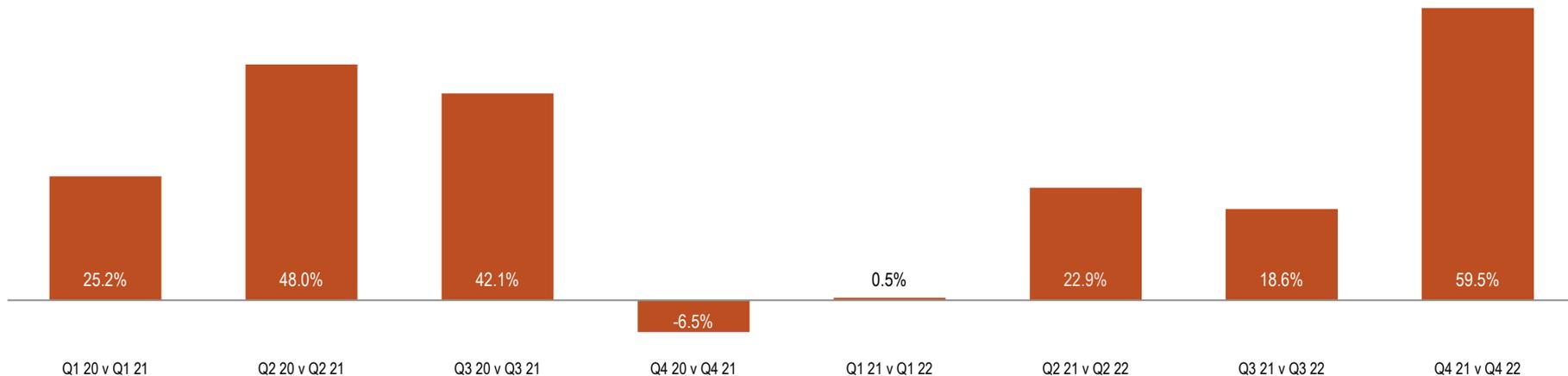
## Salford

- 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



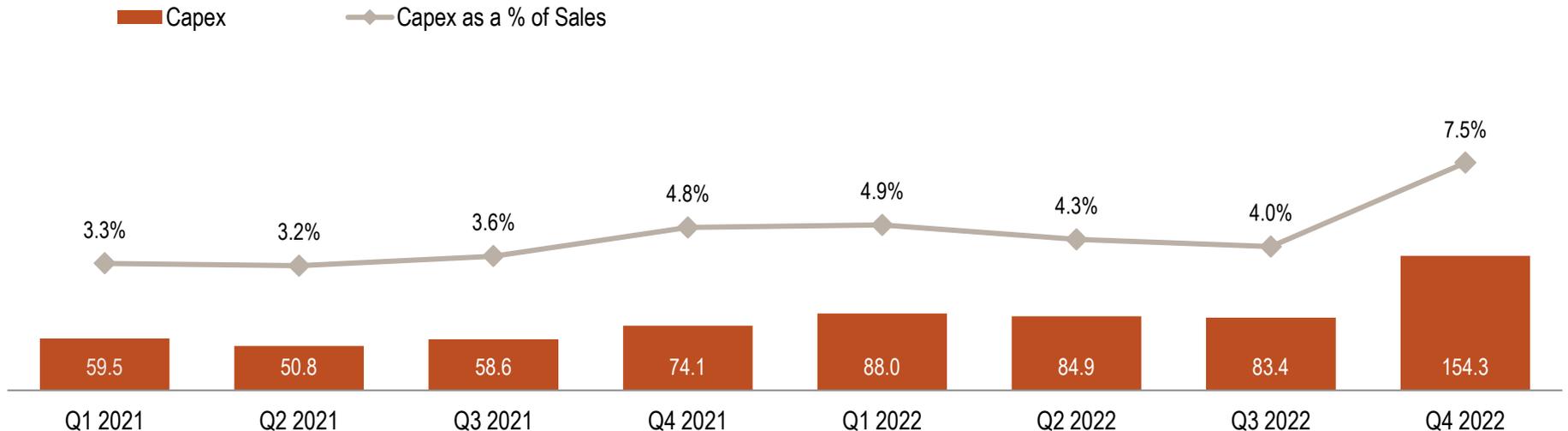
1 – Quarter versus quarter (QvQ) indicates year over year comparison of two of the same quarters.

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

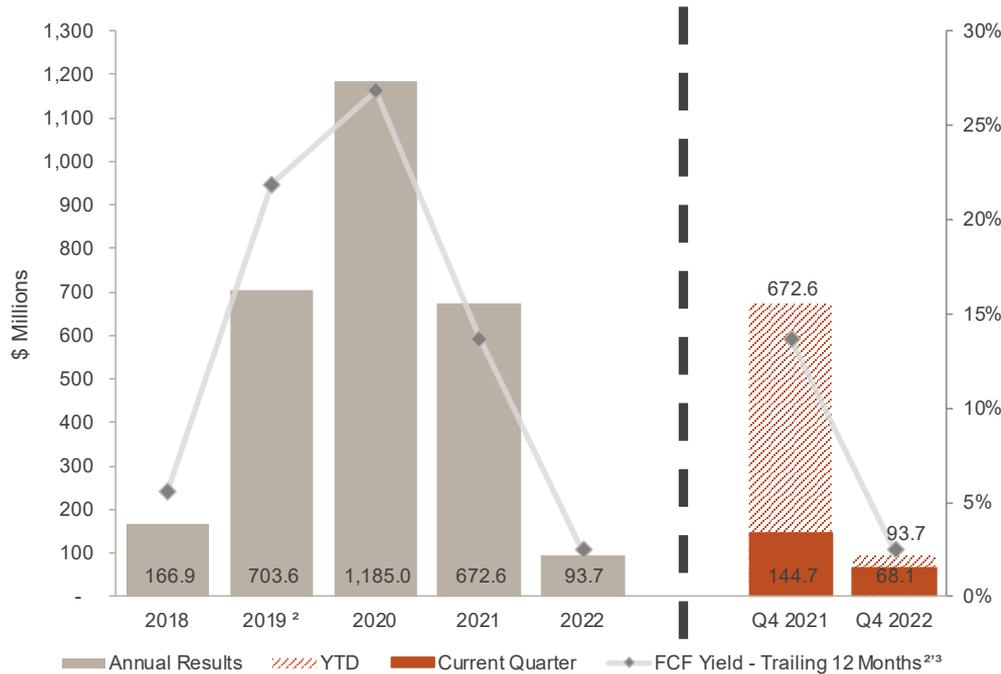
# Capital Expenditures (in millions CAD)

	Q4 2022	Q4 2021
Capital Expenditures (Capex)	154.3	74.1
Capex as a % of Sales	7.5%	4.8%

- Capex is up reflecting need to scale up to support global launches after a couple of years below normal levels; and
- Expect to be back to normal 6-8% of sales levels in 2023.



# Cash Flow Continues to be a Key Priority



- FCF<sup>1</sup> positive on strong earnings despite heavier capex;
- 10<sup>th</sup> consecutive year of positive FCF
- Liquidity<sup>1</sup> remains excellent with \$1.3 billion of cash available at quarter end.

1 - Free Cash Flow and Liquidity are non-GAAP financial measures. Please refer to "Non-GAAP and Other Financial Measures" in the separately released Q4 2022 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.

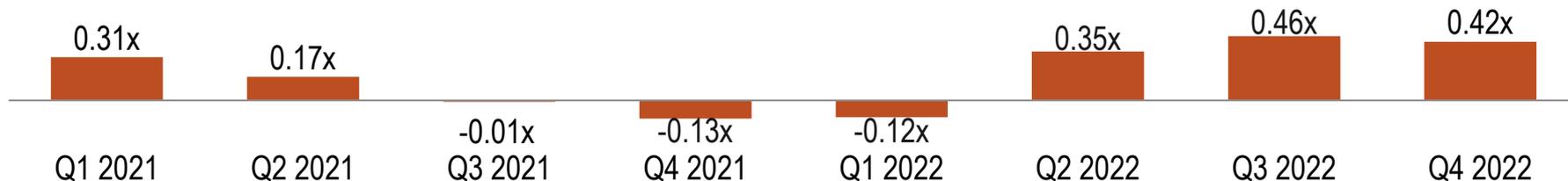
3 - Free Cash Flow Yield is a non-GAAP financial ratio and the Company believes it is useful in assessing the Company's ability to generate cash. Free Cash Flow Yield is calculated as the trailing twelve months (TTM) Free Cash Flow divided by fully diluted shares divided by share price. For Q4 2022 this calculation is TTM FCF of \$94 million (Q4 2021 - \$673 million) divided by fully diluted shares of 62 million (Q4 2021 - 66 million) divided by share price of \$61.30 (Q4 2021 - \$74.93).

# Leverage (in millions CAD)

	Q4 2022	Q3 2022	Q4 2021
Net Debt <sup>1</sup>	447.9	452.7	(136.9)
Net Debt to EBITDA <sup>2</sup>	0.42x	0.46x	(0.13)x

■ Net Debt to EBITDA

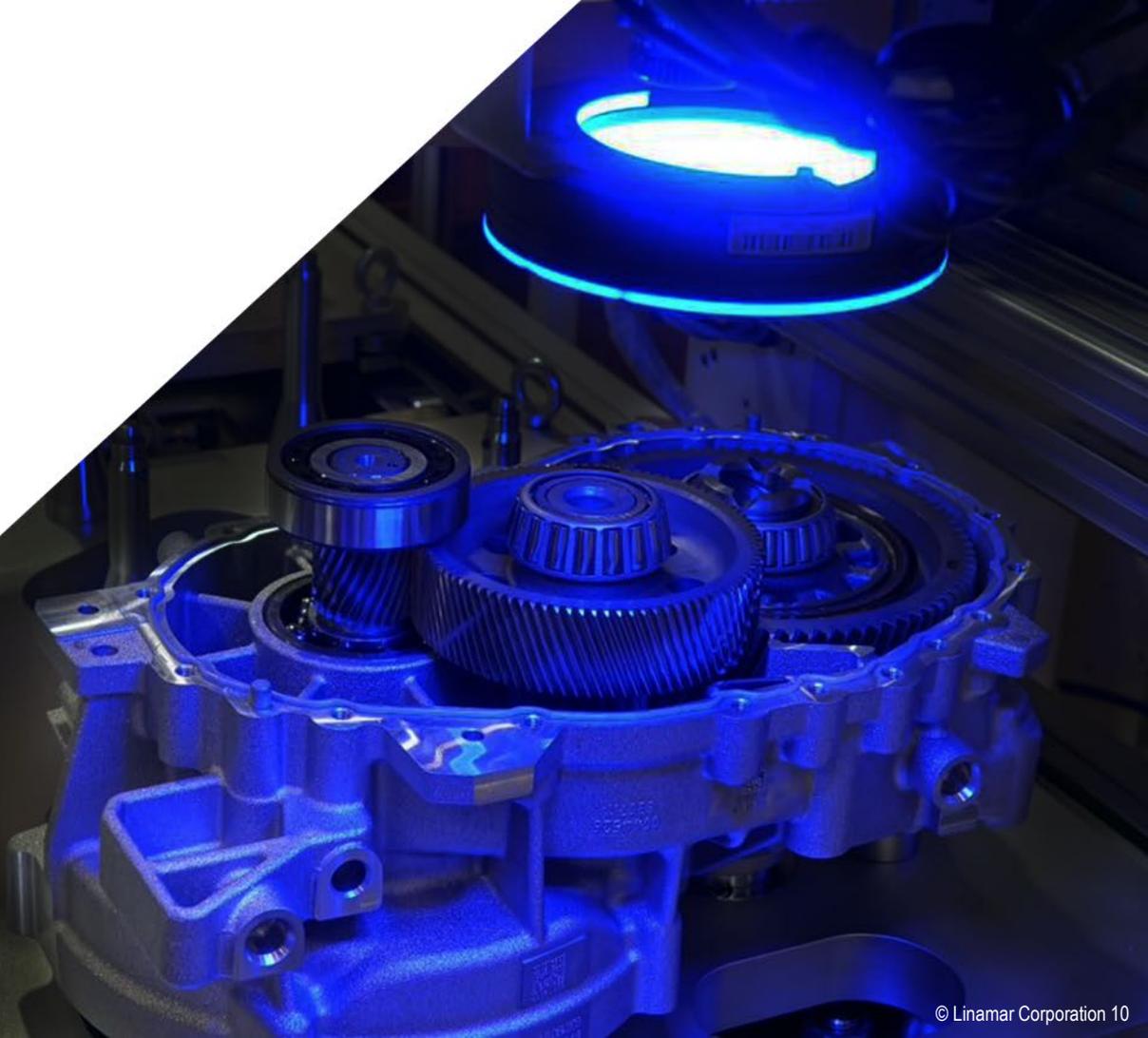
- Balance sheet is in excellent shape at 0.42x Net Debt to EBITDA despite very active NCIB;
- 700k shares purchased in the quarter under our NCIB taking us to 3.97 million in total; and
- Solid liquidity and balance sheet positions us well for continued acquisition opportunities as they arise.



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 Q4 2022 this calculation is Short Term Borrowings of \$Nil (Q4 2021 - \$Nil) plus Long-Term Debt of \$1,308 million (Q4 2021 - \$791 million) less Cash of \$861 million (Q4 2021 - \$928 million).

2 - EBITDA includes trailing twelve months EBITDA on acquisitions, when applicable. 2020 Net Debt to EBITDA was restated in Q1 2021.

# Challenges



# Supply and Cost Challenges

Spiking Energy Costs

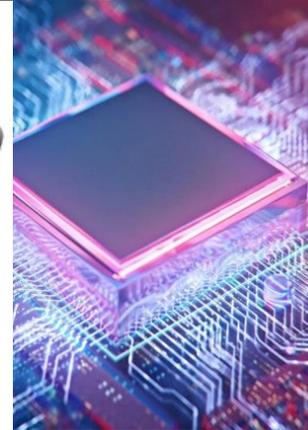
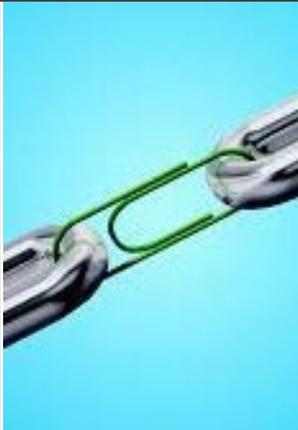
Supply Chain Shortages

Spiking Commodity Prices

Labour Challenges

Semi Conductor Chip Shortages

Major Increases in Freight Costs



Starting to See Some Improvements in Gas Price in Europe

Slow Improvements

Improving for Most Commodities

Continued Challenges

Improving Each Quarter, Less Volatile

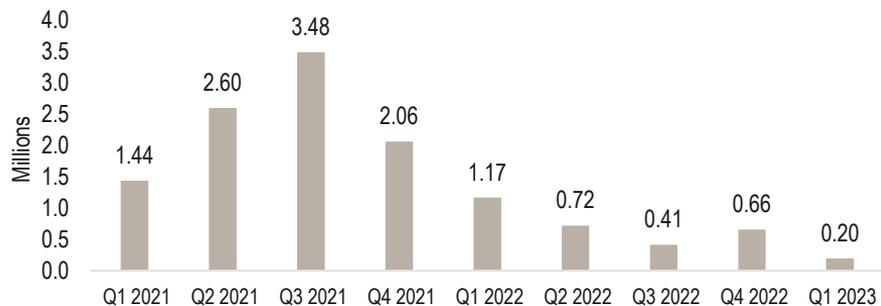
Asia Back to Pre Covid Levels, Europe Finally Trending Down



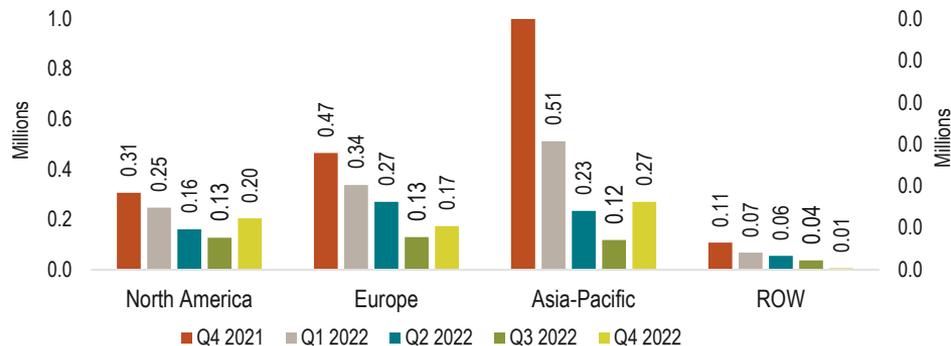
# Semiconductor Chip Shortage – Light Vehicle Production Impact

Announced volume loss of 9.6M units in 2021, 3.0M units in 2022. 0.2M units 2023YTD.

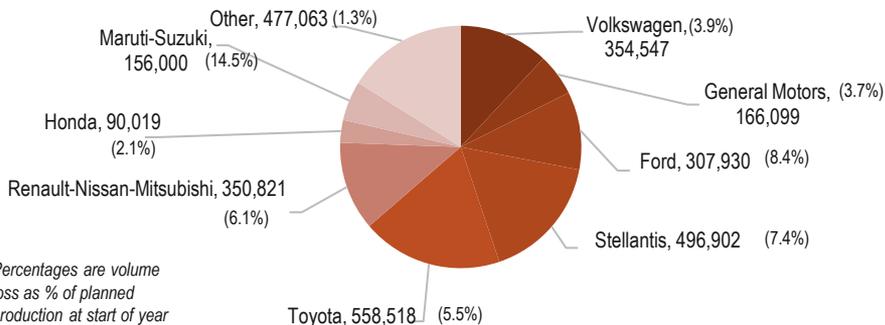
### Announced Volume Loss by Quarter



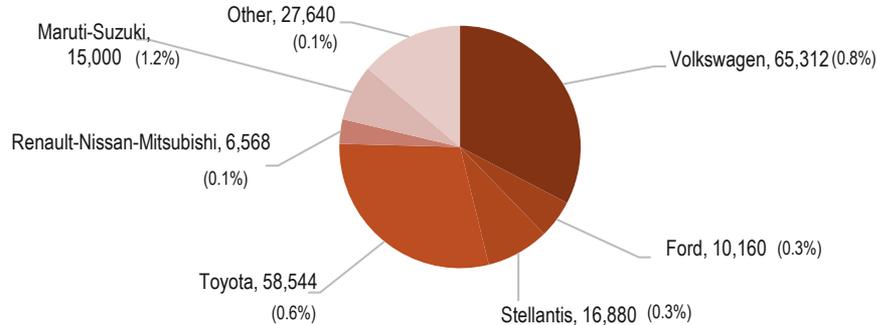
### Announced Volume Loss by Region



### Announced Volume Loss by OEM Total 2022

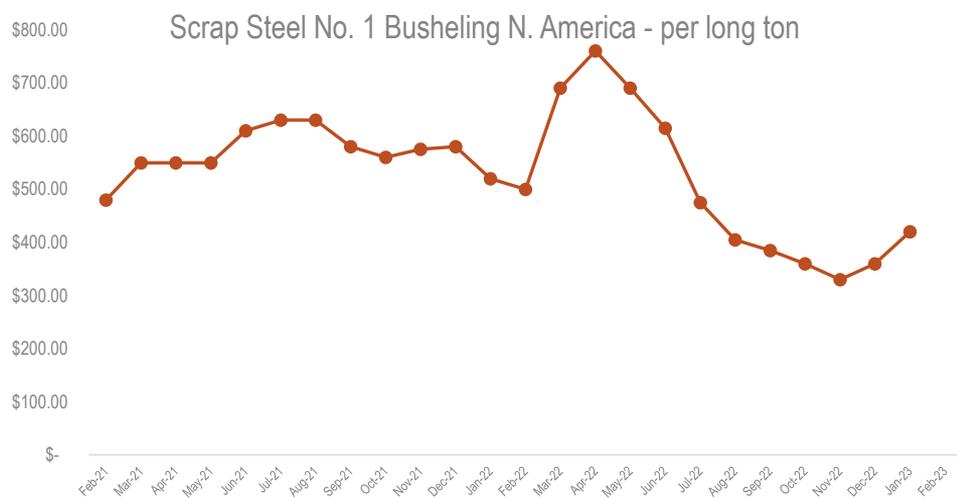
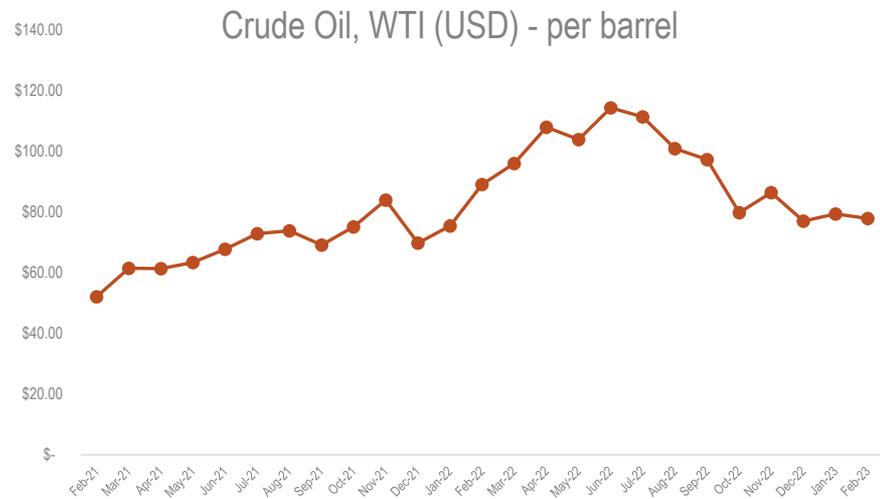
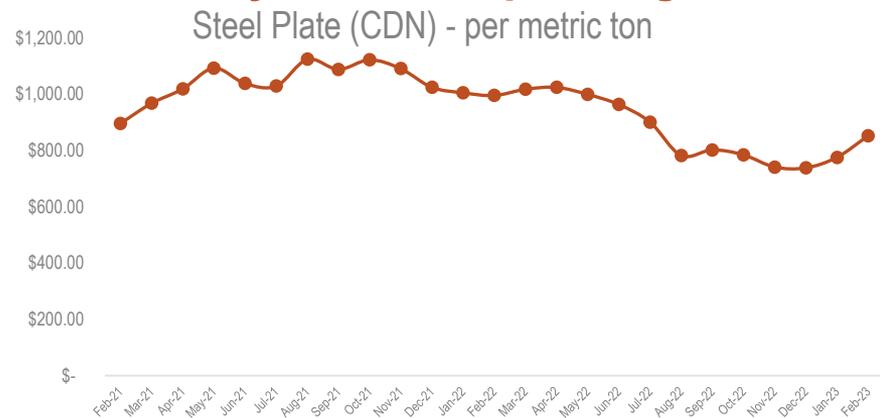


### Announced Volume Loss by OEM Total 2023YTD



Percentages are volume loss as % of planned production at start of year

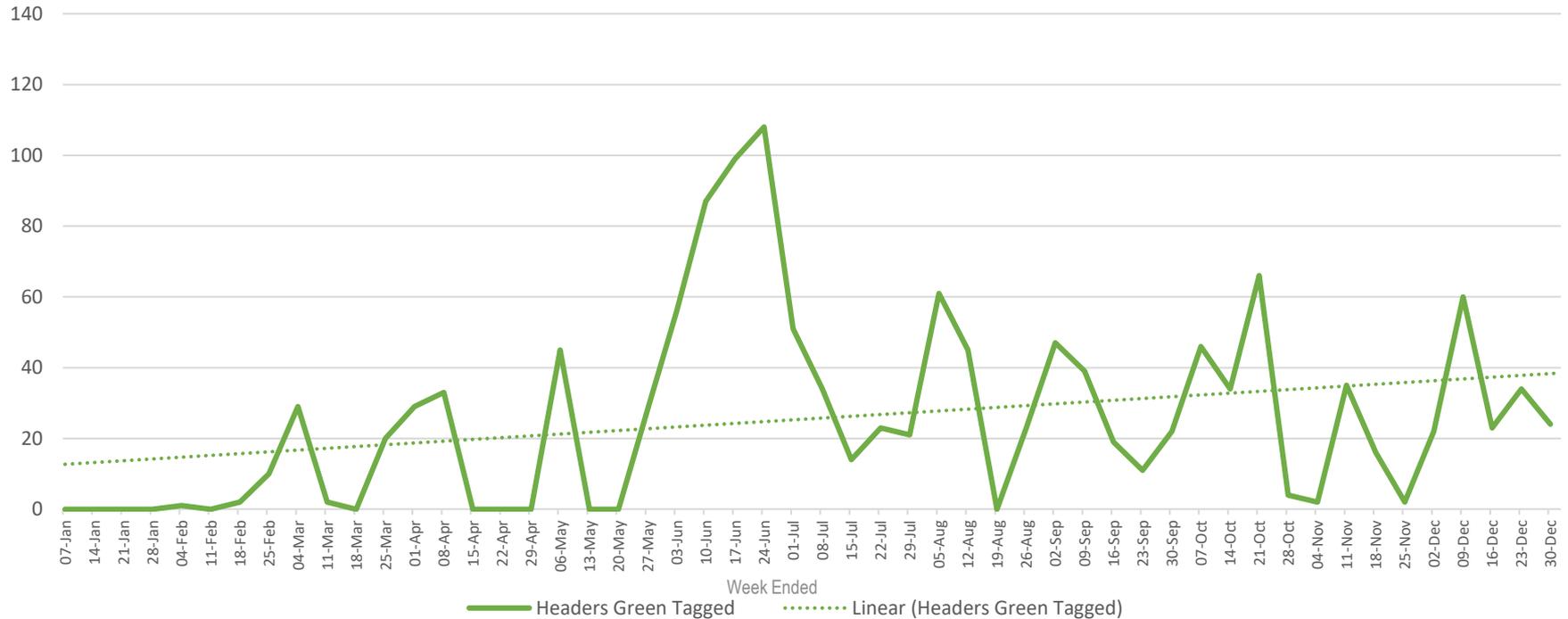
# Commodity Prices Improving



# MacDon Supply Disruption Situation Still a Challenge

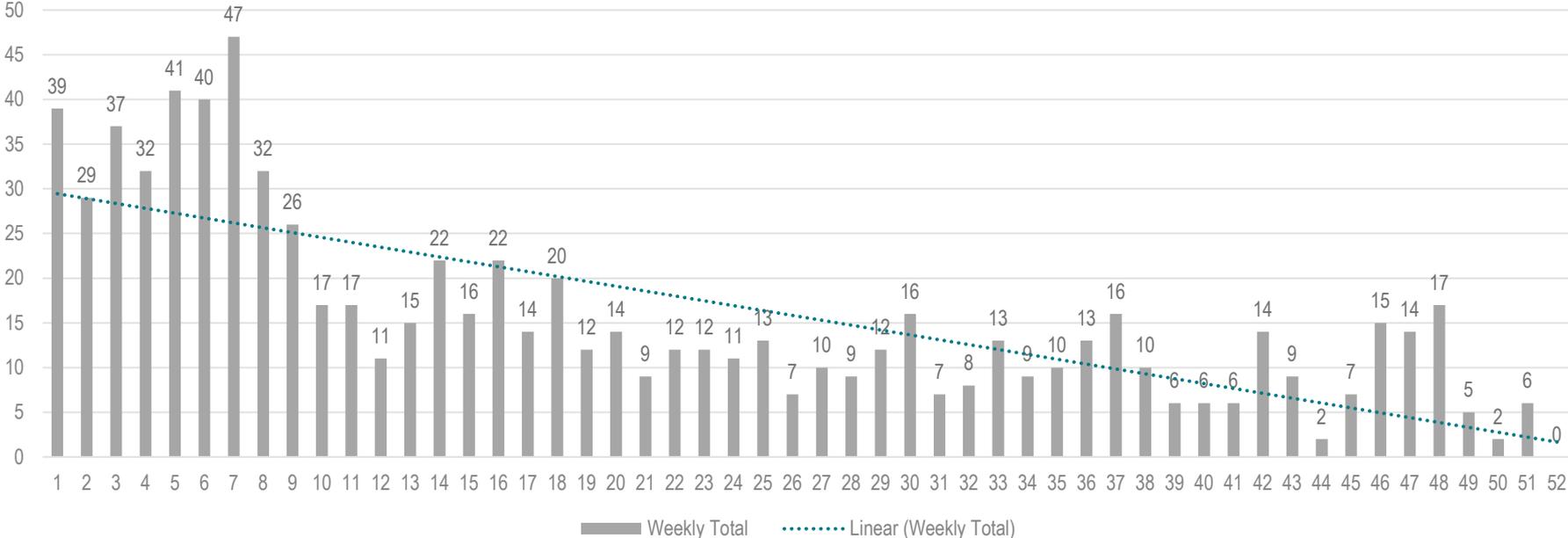
## Gradual Improvement

Completed Header Production



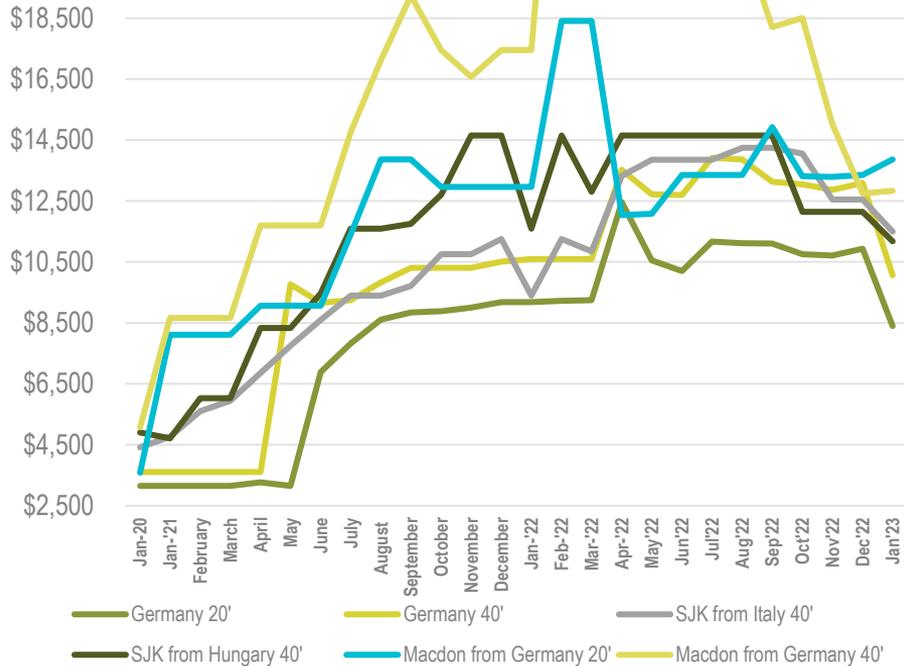
# Skyjack Improved from a Year Ago ... but Issues Continue

Line Down - Weekly Total

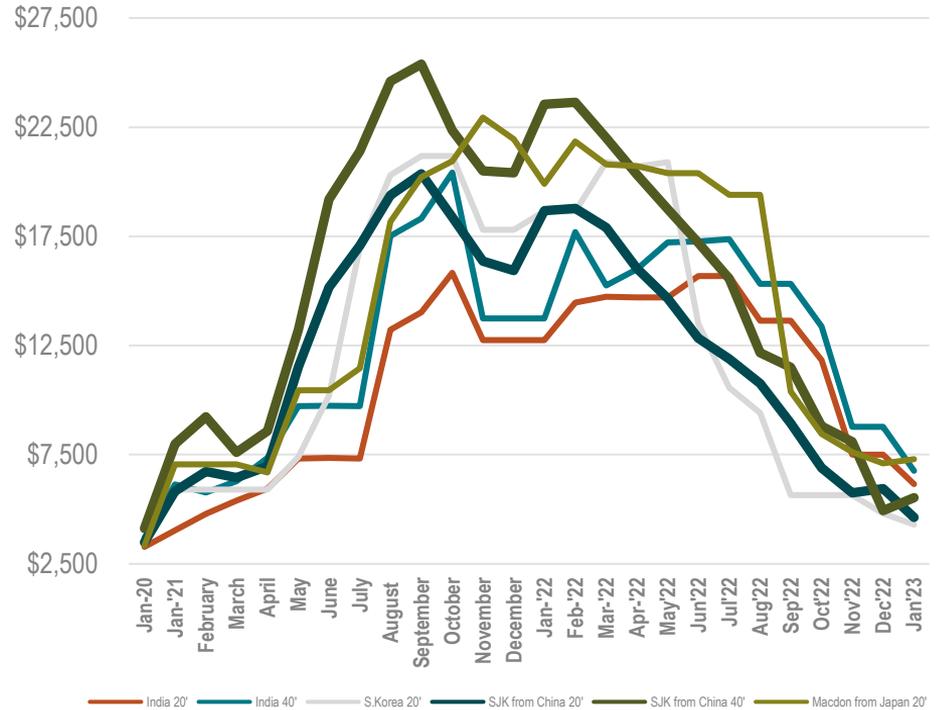


# Ocean Freight: ... Asia Back to Pre Covid Levels, Europe Finally Trending Down

## Ocean Lane Costs Europe



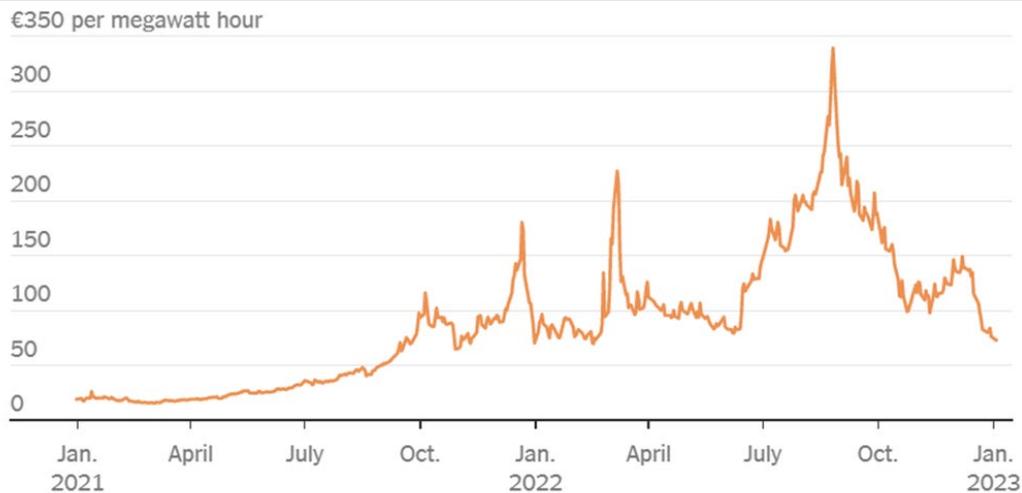
## Ocean Lane Costs Asia & SA



# Gas & Electricity Prices Normalizing in Europe but Still Triple Historical Levels

## Natural Gas Prices in Europe Fall to Pre-Invasion Levels

Price of Dutch T.T.F. natural gas, the European benchmark



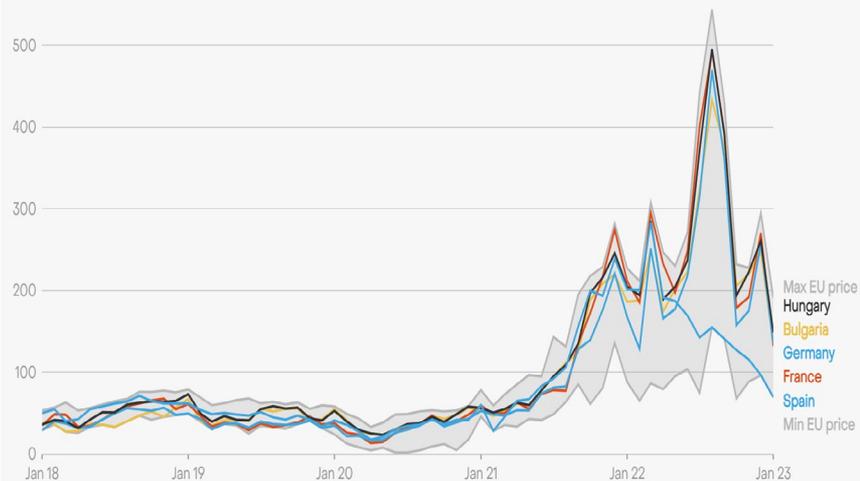
Source: FactSet • By The New York Times

## Wholesale electricity prices in Europe

€ per megawatt hour

Monthly Daily (1 year) Daily (3 months)

Min EU price Max EU price France Germany Bulgaria Spain Hungary Enter countries to show



Source: ENTSO-e - Prices are average day-ahead spot prices per MWh sold per time period; Max and min prices refer to the highest and lowest average values of any country in the EU in that period

EMBER

# Top Issue on People Side: The Availability of People

## AVAILABILITY



- Workforce Availability has Shrunk Significantly
  - Increase in number of jobs to fill
  - Insufficient immigration
  - Acceleration of baby boomer retirements
  - COVID impact

# Market Outlook



# Market Snapshot



2022A

Light Vehicle

Commercial  
Truck

Agriculture

Access

North  
America

▲ 9.7%

▲ 7.2%

▲ 10%

▲ 26.4%

Europe

▼ -0.5%

▼ -0.5%

0%

▲ 35.4%

Asia

▲ 8.2%

▼ -51.6%

n/a

▲ 12.1%

Rest of  
World

▲ 8.7%

n/a

0%

n/a



2023E

Light Vehicle

Commercial  
Truck

Agriculture

Access

North  
America

▲ 5.4%

▼ -1.5%

▲ 5-10%

▲ 9.6%

Europe

▲ 4.8%

▼ -1.7%

0%

▲ 9.3%

Asia

▲ 1.9%

▲ 22.5%

n/a

▲ 13.4%

Rest of  
World

▲ 4.8%

n/a

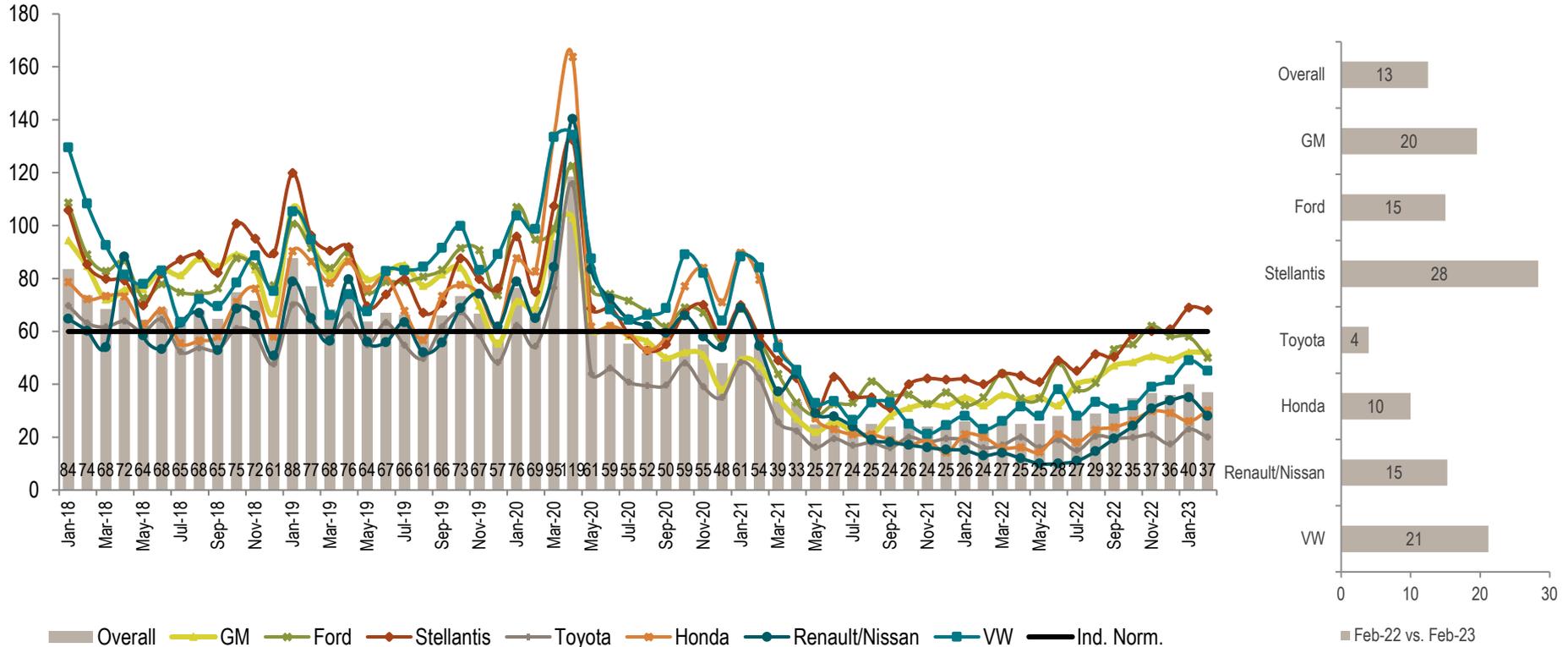
0%

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.

# US Light Vehicle Inventory – Days' Supply

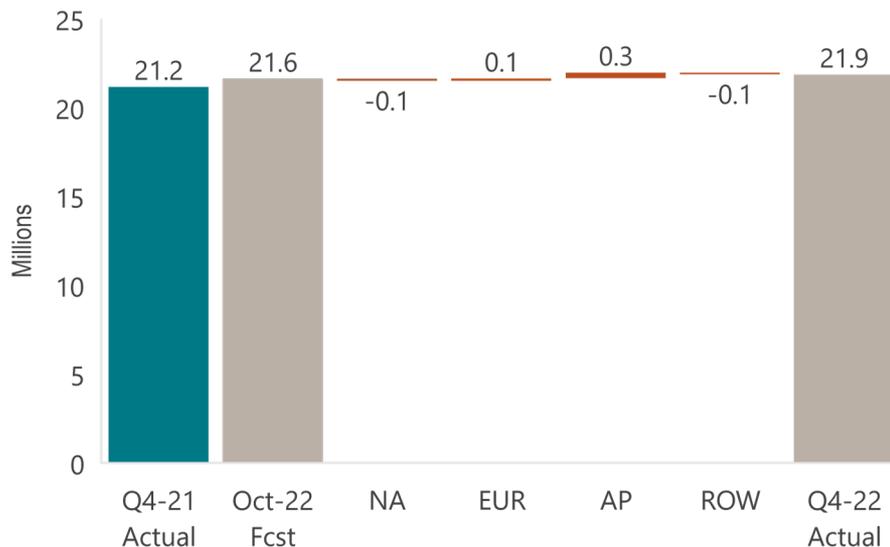
Inventory levels gradually increasing but still well below industry norm of 60 days' supply



# Global Light Vehicle Market: Q4 2022 and Q1 2023

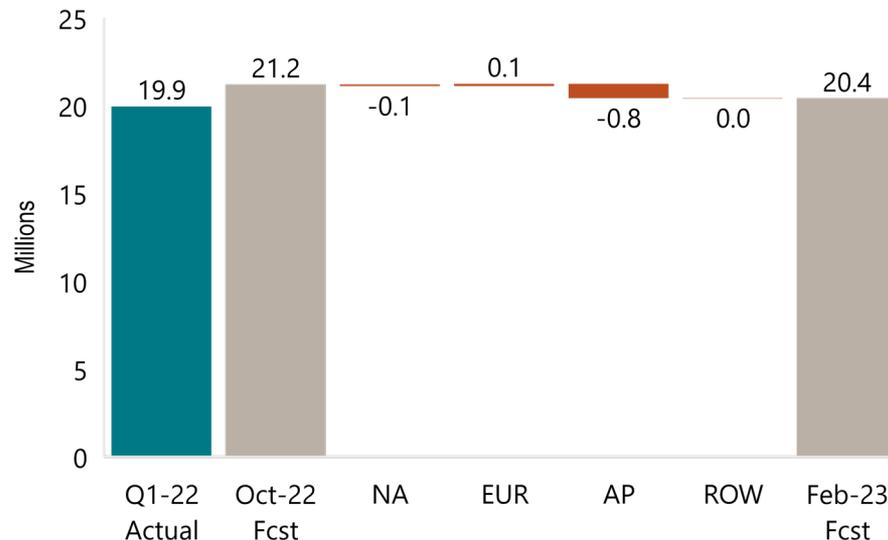
Q4 2022 production increased by 0.2M units. Q1 2023 forecast decreased by 0.8M units.

**Q4-2022 Global Vehicle Production By Region**  
2022 Actuals vs. Oct-2022 Forecast



- Q4 2022 production increased by 237,000 on faster than expected recovery from COVID lockdowns in Greater China
- Q4 2022 production increased 3% versus Q4 2021

**Q1-2023 Global Vehicle Production Forecast By Region**  
Change in Forecast Feb-2023 vs. Oct-2022



- Q1 2023 forecast decreased by 804,000 mainly due to deteriorating economic / geopolitical outlook for Greater China.
- Q1 2023 production expected to be up 2% versus prior year

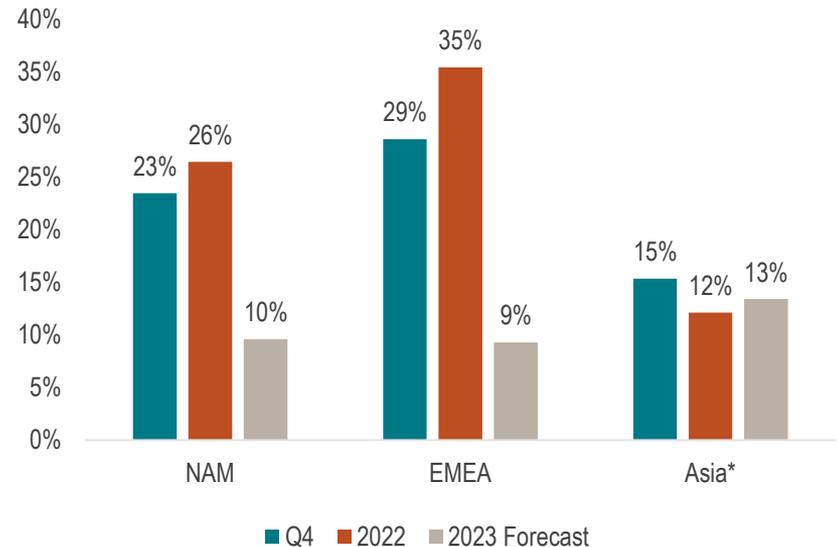
# Industrial Segment - Access

## Access Equipment Market Commentary

- Supply chain shortages and higher commodity prices are continuing to limit production and shipments as well as negatively impact costs.
- Rental demand is strong as companies look to counter fleet aging experienced during COVID.
- Stable end market demand activity with equipment utilization levels expected to be within 4% on average of peak 2019 levels
  - NAM access market up 23% in Q4, up 26% full year 2022
  - EMEA access market up 29% in Q4, up 35% full year 2022
  - Asia access market up 15% in Q4, up 12% full year 2022
- NAM and Asia expected to see double-digit growth in 2023, EMEA expected to be up 9%



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

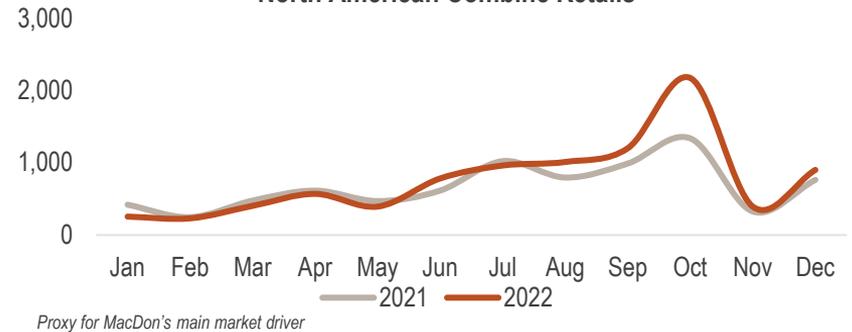


# Industrial Segment - Agriculture

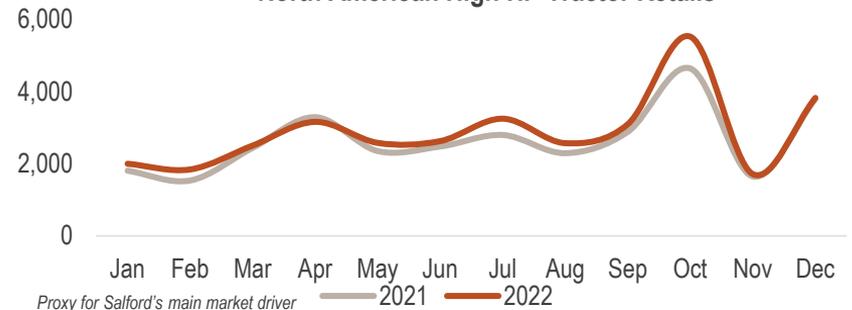
## Agriculture Market Commentary

- Supply chain issues continue to persist, and although moderating to some degree, they continue to impact customer deliveries
- Inventory remains lean within Ag equipment retailers which continues to drive demand from manufacturers
- Dealer sentiment is strong in both the tillage and self-propelled application segments, but is tempered by availability due to capacity and supply chain
  - North America combine retails up 43% in Q4, up 15% in 2022
  - North American High HP tractor retails up 10% in Q4, up 9% in 2022%
- 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%-10% in 2023, flat in ROW and EU versus last year.

North American Combine Retails



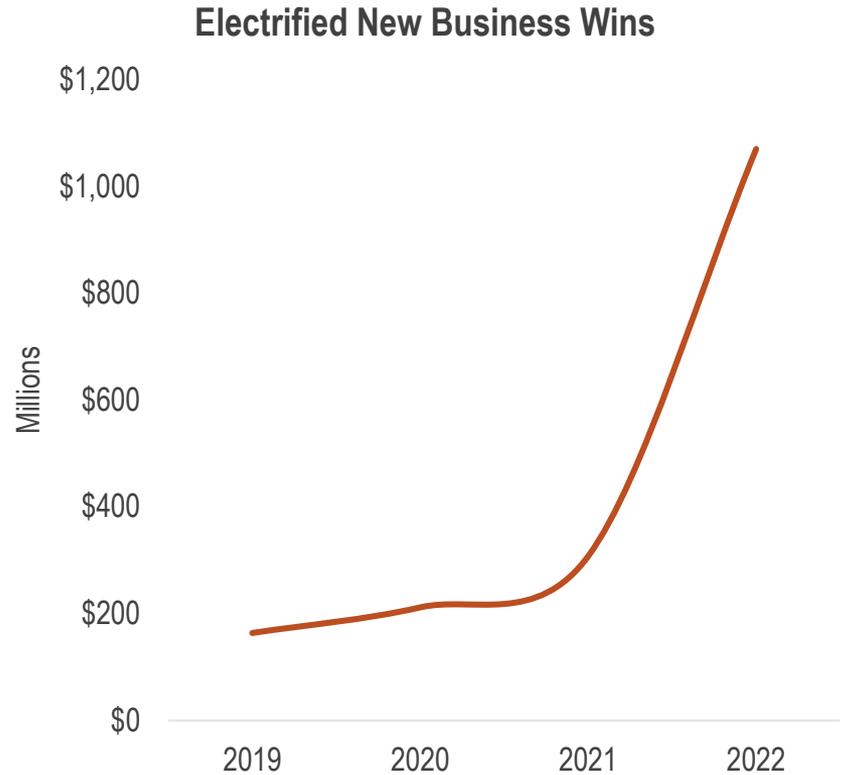
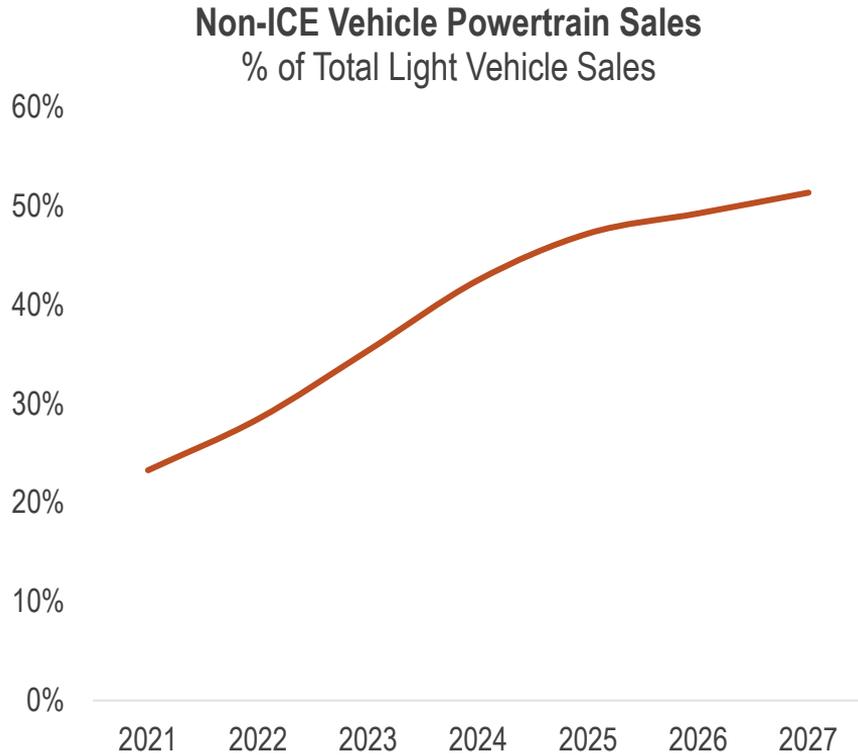
North American High HP Tractor Retails



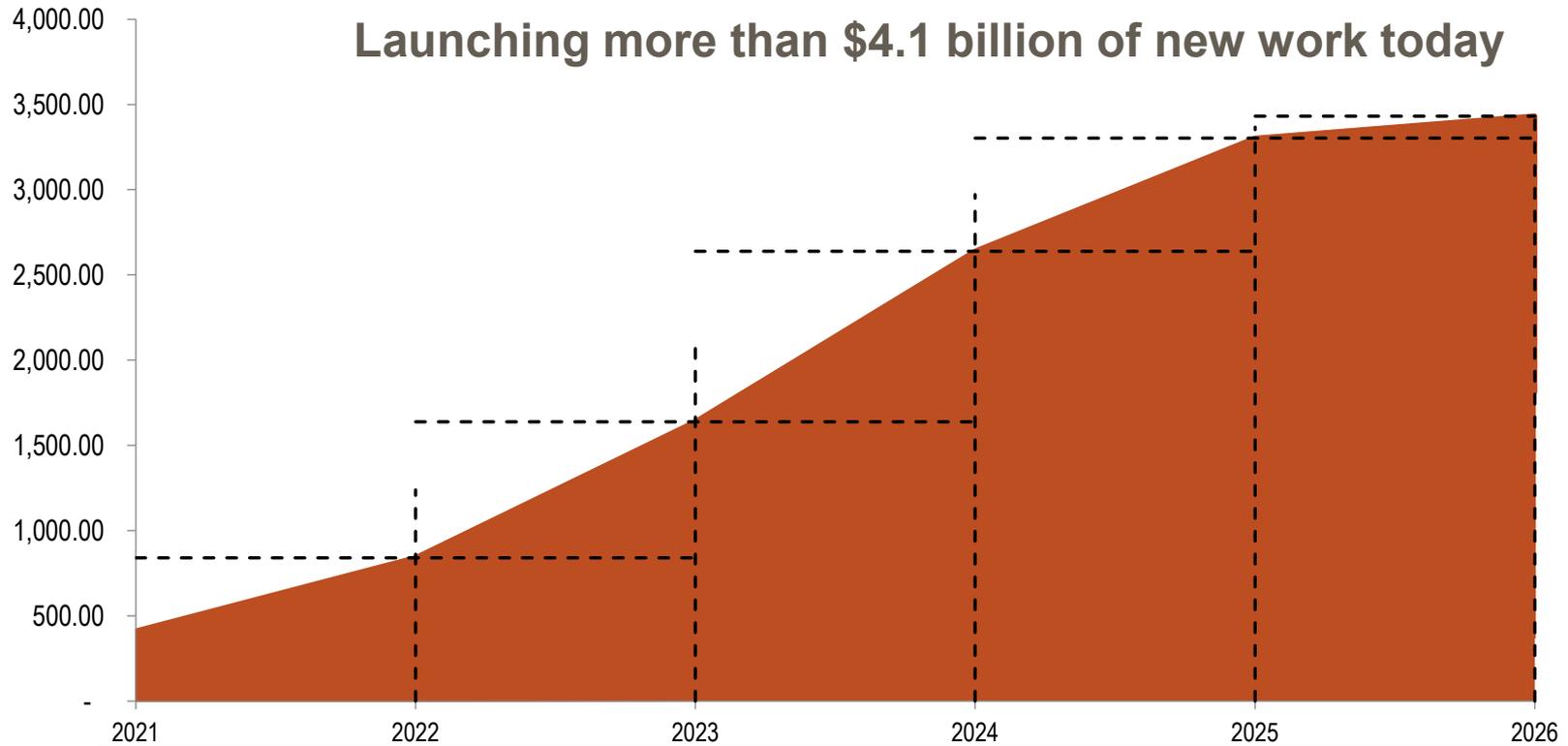
# Growth Update and Outlook



# Strong EV Wins Shifting Linamar Sales Mix Dramatically in Future



# Mobility Launches



Incremental Growth from Launches \$700 to \$800 Million in 2023

# Outlook

## Q1 2023 Expectations

### ▪ Mobility

- Sales modestly up from Q4 2022 but well up from prior year
  - NA and Europe up from Q4 partially offset by Covid related declines in Asia
- Normalized OE at best flat to Q4 2022
  - Asia down on lower sales
  - Europe continued cost escalation largely on materials as well as energy

### ▪ Industrial

- Sales seasonally up from Q4 2022 and significantly up from prior year
- Normalized OE meaningfully up from Q4 2022
  - Stronger sales, cost controls, normal annual pricing resets

### ▪ General

- Sales modestly up from Q4 2022 but meaningfully up from prior year
- Modest to Good Normalized OE & EPS growth from Q4 2022
  - Flat to modestly improved margins
- Significant EPS growth to prior year

Consolidated	Normal Ranges	2021 Actuals	2022 Actuals	Expectations 2023
Sales Growth		12.4%	21.1%	Double Digit Growth
Normalized EPS Growth <sup>1</sup>		35.8%	-4.1%	Double Digit Growth
Normalized Net Margin <sup>1</sup>	7.0% - 9.0%	6.6%	5.1%	Expansion
Capex (% of Sales)	6.0% - 8.0%	243m 3.7%	411m 5.2%	Up from 2022 High End of Normal Range
Leverage Net Debt:EBITDA		(0.13x)	0.42	Continued Strong Balance Sheet
Free Cash Flow <sup>1</sup>		\$ 673 m	\$ 94 m	Strongly Positive

Industrial				
Sales Growth				
Skyjack				Double Digit Growth
Agriculture				Double Digit Growth
Normalized Operating Margin <sup>1</sup>	14.0% - 18.0%	12.3%	10.1%	Expansion into Normal Range

Mobility				
Sales Growth				Double Digit Growth
Factors Influencing Sales Growth				
Launch Book Over \$4.1 Billion Driving Incremental Sales Of:		\$421m	\$760m	\$700 to \$800 million
Business Leaving (% Consolidated Sales)	5.0% - 10.0%			Low End of Normal Range
Normalized Operating Margin <sup>1</sup>	7.0% - 10.0%	8.4%	6.2%	Flat

<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 Q4 2022 MD&A.

# New Business



# New Business Win

Significant win for new dedicated hybrid vehicle transmission

Average Volume

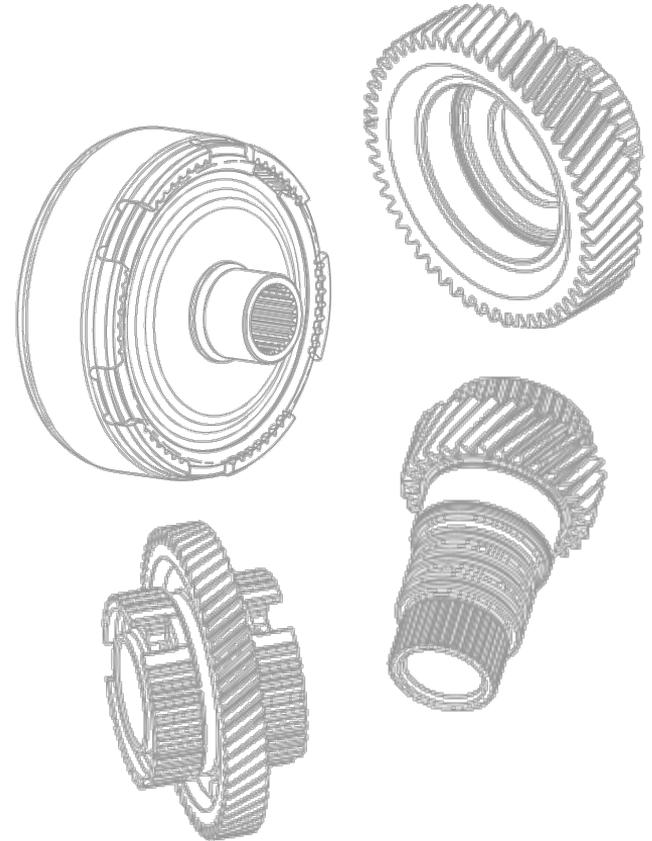
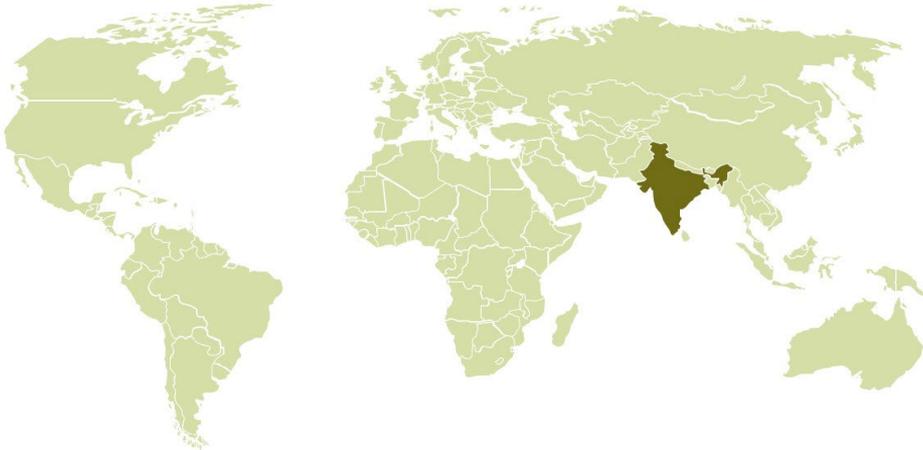
**600,000 / year**

SOP Year

**2024**

Production Location

India



# New Business Win

Significant industrial component win for industrial electrolysers used to produce renewable hydrogen

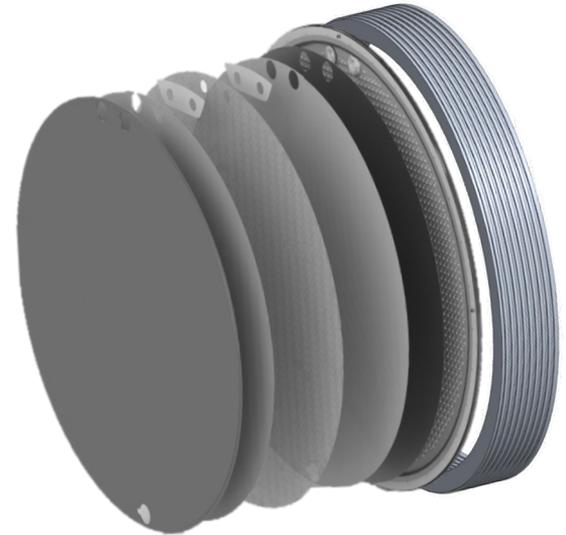
Average Volume

**37,000 / year**

SOP Year

**2024**

Production Location  
**Germany**



# New Business Win

\$190M in program uplifts and extensions for automotive eAxles

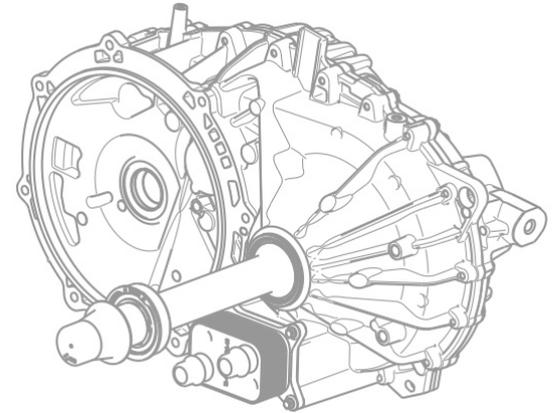
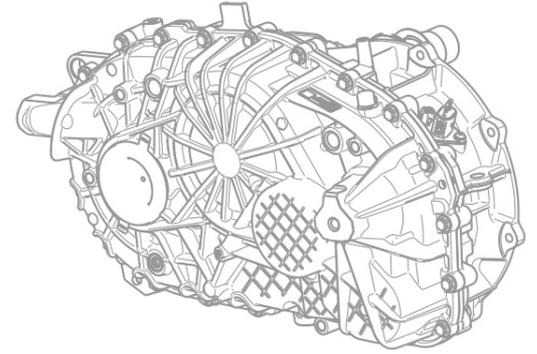
Average Annual Revenue

**\$190M / year**

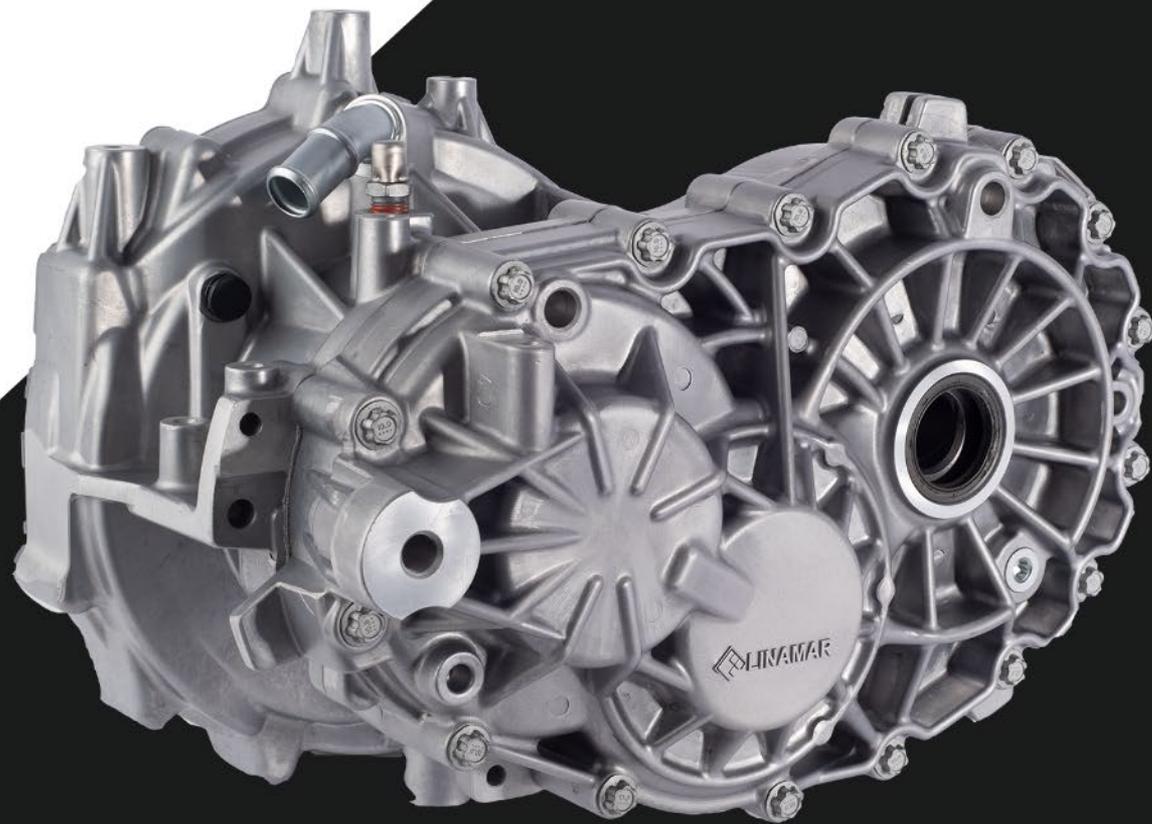
SOP Year

**2026**

Production Location  
Hungary



# Innovation



# Innovation: eLIN eAxle Product Family Announced



Light Duty  
Independent eAxle



eLD 05

Vehicle Class

1 2 3 4 5 6 7 8

Light Duty Beam  
eAxle



eLD 05

Vehicle Class

1 2 3 4 5 6 7 8

Utility Duty Beam  
eAxle



eUD 10

Vehicle Class

1 2 3 4 5 6 7 8

Medium Duty Beam  
eAxle



eMD 15

Vehicle Class

1 2 3 4 5 6 7 8

- Linamar's eLIN Product Solutions Group finalized the family of eAxle products with a range of Electrified Propulsion solutions for Light Duty Independent eAxle, Light Duty Beam eAxle, Utility Duty Beam eAxle and Medium Duty Beam eAxle
- Portfolio family covers Passenger Car to Medium Duty Commercial Vehicle (Vehicle Classes 1 through 6) with Peak Output Torque of 5,000 to 15,000 Nm

# Skyjack Innovation – Perimeter Lighting

- Skyjack’s perimeter safety lights for DC scissors project a clearly visible coloured light pattern into the floor which acts as a warning to workers of an active scissor lift in the vicinity
  - In noisy environments when ambient noise or hearing protection interrupts the machines audible alarm.
  - Identifies a “no go area” that acts as a warning for workers and possible dropped objects from the platform.
  - Provides a distinct pattern even in daylight and well illuminated areas.
  - Highlights an approaching machine that is otherwise hidden by obstacles, such as corners, machines etc.
  - LED lights minimize battery draw.



**ACCESSORYZERS**<sup>™</sup>

# Innovation: Agriculture Product Awards at both MacDon and Salford



Salford HALO VRT



MacDon TM100 Tractor Mount

# Our Digitization Journey – February 2023

65

Plants



5,196

LMMS Data  
Collection Connections



3,519

Robots



1,035

Traceability  
Marking  
Stations



2,961

Connected Machines



2,124

RFID Stations



2,733

Traceability Read Stations



1,230

Vision Systems



6

AGVs



# Financial Review

*Dale Schneider, CFO*



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

	Q4 2022	Q4 2021	% Δ
Sales	2,060.0	1,534.4	34.3%
Industrial Sales	507.1	293.0	73.1%
Mobility Sales	1,552.9	1,241.4	25.1%
EBITDA – Normalized <sup>1</sup>	257.8	189.6	36.0%
EBITDA – Normalized Margin <sup>1</sup>	12.5%	12.4%	
Industrial OE – Normalized <sup>1</sup>	55.5	(4.2)	-
Industrial OE – Normalized Margin <sup>1</sup>	10.9%	(1.4%)	
Mobility OE – Normalized <sup>1</sup>	85.4	85.3	0.1%
Mobility OE – Normalized Margin <sup>1</sup>	5.5%	6.9%	
OE – Normalized <sup>1</sup>	140.9	81.1	73.7%
OE – Normalized Margin <sup>1</sup>	6.8%	5.3%	
NE – Normalized <sup>1</sup>	99.5	59.0	68.6%
NE – Normalized Margin <sup>1</sup>	4.8%	3.8%	
EPS – Normalized <sup>1</sup>	1.61	0.90	78.9%

## Q4 2022

The key factors impacting results in the quarter are:

- Sales growth in both segments on stronger markets, amplified by market share growth in automotive and agriculture
- Robust industrial segment performance; offset by
- Dramatically higher material, utility and labour costs; partially offset by better pricing
- The net impact of our two acquisitions;
- No CEWs government subsidies in 2022 vs 2021;
- Higher SGA and fixed costs supporting growth

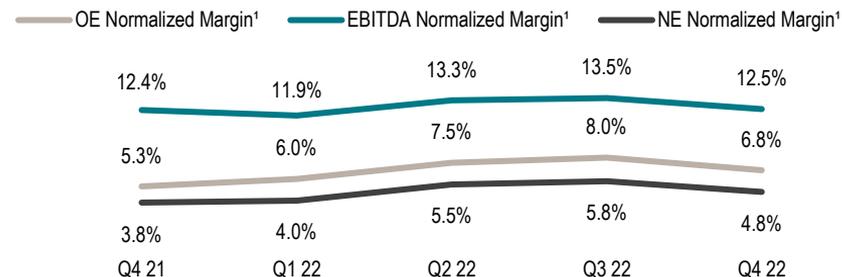
The key impacts to the segments vs prior year are:

### Mobility

- Markets up 7.6% in NA , 7.8% in EU, and 2.0% in AP;
  - Market recovery enhanced by strong launch performance;
- Increased pricing related to cost recovery partially offsetting associated material, labour and utility costs; offset by
- Impact of Mills River acquisition.

### Industrial

- Significant increase in both our access and ag business sales on stronger markets enhanced by market share growth and the Salford acquisition driving strong earnings growth; partially offset by
- Significant cost issues related to material and labour challenges.



<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 Q4 2022 MD&A.

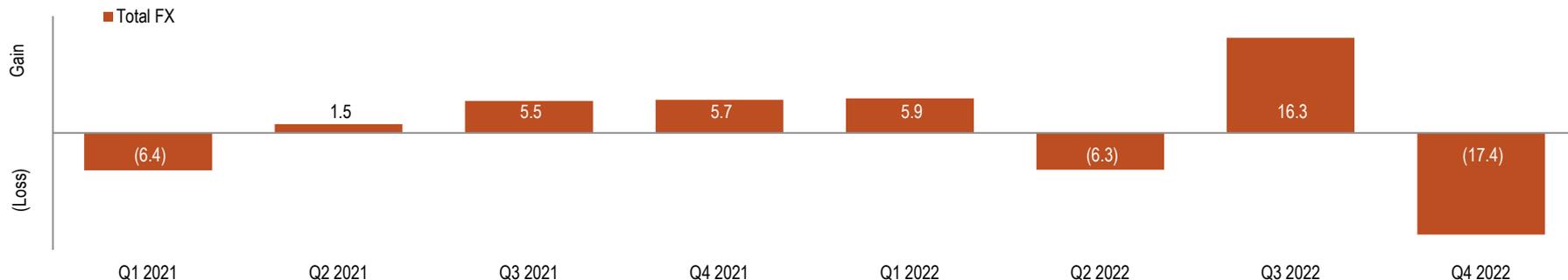
# Foreign Exchange Gain/Loss (in millions CAD)

	Q4 2022	Q4 2021	+/-
FX Gain/(Loss) – Operating <sup>1</sup>	(17.1)	5.6	(22.7)
FX Gain/(Loss) – Financing	(0.3)	0.1	(0.4)
Total FX Gain/(Loss)	(17.4)	5.7	(23.1)

Operating Earnings Margin	6.4%	4.6%
OE – Normalized Margin <sup>2</sup>	6.8%	5.3%

FX Gain/(Loss) – Impact on EPS FD <sup>3</sup>	(0.22)	0.07
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- Total FX Loss was \$17.4 which resulted from a \$17.1 FX Loss – Operating and a \$0.3 FX Loss – Financing.
- FX Loss – Operating was comprised of a \$0.2 gain in Industrial and \$17.3 loss in Mobility.
- FX Loss impacted EPS by 22 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 Q4 2022 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)

	Q4 2022	Q4 2021
Sales	507.1	293.0
Operating Earnings	55.7	(11.5)
Other Item	-	2.9
Foreign Exchange <sup>1</sup> (Gain)/Loss	(0.2)	4.4
Operating Earnings – Normalized <sup>2</sup>	55.5	(4.2)
Operating Earnings Margin	11.0%	(3.9%)
OE – Normalized Margin <sup>2</sup>	10.9%	(1.4%)

**Industrial sales** increased by 73.1% or \$214.1 to \$507.1.

- The sales were helped by:
  - higher in agricultural sales driven by growth in global markets;
  - increased sales related to the acquisition of Salford;
  - additional access equipment sales;
  - increased pricing to help relieve increased supply chain costs; and
  - favourable impact on sales from the changes in FX rates from Q4 2021.

**Normalized Industrial OE** increased \$59.7 to \$55.5.

- The Normalized OE was helped by:
  - the increased sales at MacDon;
  - the increased sales at Skyjack;
  - favourable impact from changes in FX rates from Q4 2021; and
  - increased margins related to the acquisition of Salford.
  
- The Normalized OE was hurt by:
  - an increase in labour and raw materials; and
  - a reduction in the utilization of Government COVID-19 support programs.

<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 Q4 2022 MD&A.

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

	Q4 2022	Q4 2021
Sales	1,552.9	1,241.4
Operating Earnings	75.8	81.6
Other Item	(7.7)	13.7
Foreign Exchange <sup>1</sup> (Gain)/Loss	17.3	(10.0)
Operating Earnings – Normalized <sup>2</sup>	85.4	85.3
Operating Earnings Margin	4.9%	6.6%
OE – Normalized Margin <sup>2</sup>	5.5%	6.9%

**Mobility sales** increased by 25.1% or \$311.5 to \$1,552.9.

- The sales were helped by:
  - additional sales for launching programs and increased volumes for certain programs that the Company has significant business with;
  - increased sales related to the acquisition of the remaining 50% interest in the joint venture LLM Mills River;
  - increased pricing related to cost recovery helping to partially offset the associated raw material and utilities; and
  - favourable impact on sales from changes in FX rates from Q4 2021.

**Normalized Mobility OE** were flat at \$85.4.

- Mobility normalized earnings were helped by:
  - the volume increases on 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 Q4 2021.
- Mobility normalized earnings were hurt by:
  - the acquisition of the remaining 50% interest in the joint venture LLM Mills River;
  - increased costs related to raw materials and utilities, net of recoveries; and
  - increase in travel expenses 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 Q4 2022 MD&A.

# Operating Expenses (in millions CAD)

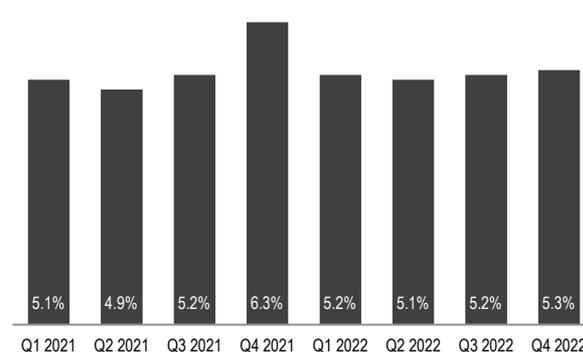
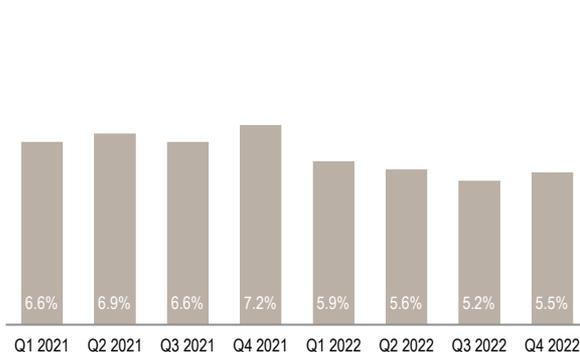
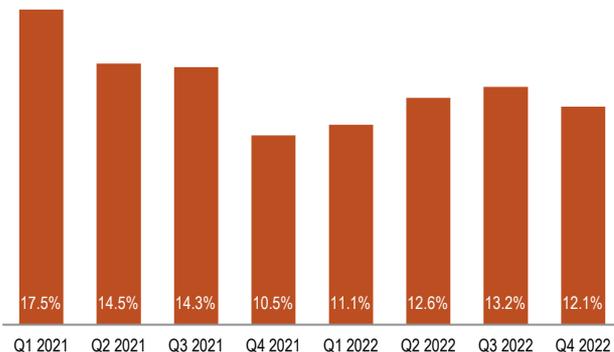
	Q4 2022	Q4 2021	+/-	%
Sales	2,060.0	1,534.4	525.6	34.3%
Cost of Goods Sold	1,811.2	1,373.5	437.7	31.9%
Gross Margin	248.8	160.9	87.9	54.6%
Gross Margin as a % of Sales	12.1%	10.5%		
Cost of Goods Sold Amortization	112.7	110.1	2.6	2.4%
COGS Amortization as a % of Sales	5.5%	7.2%		
Selling, General, and Administrative	110.1	96.1	14.0	14.6%
SGA as a % of Sales	5.3%	6.3%		

- Gross Margin was \$248.8 in the quarter and was impacted by the same factors that impacted each business segment. (See the previous two slides)
- Amortization decreased to 5.5% for the quarter.
- SGA increased to \$110.1 for the quarter and was impacted by:
  - the acquisitions costs associated with LLM Mills River and Salford; and
  - an increase in travel expenses supporting growth.

■ Gross Margin as a % of Sales

■ COGS Amortization as a % of Sales

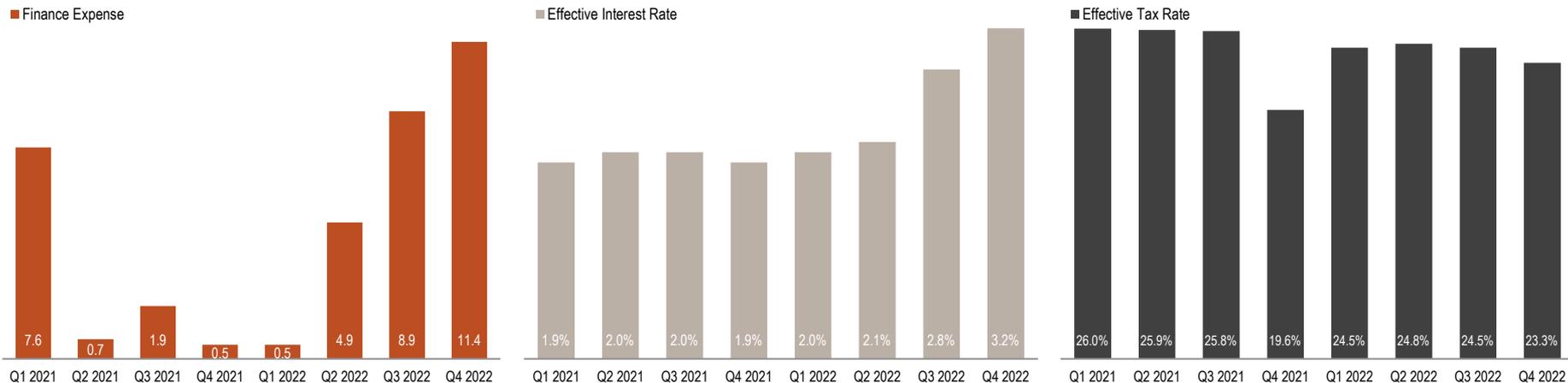
■ SGA as a % of Sales



# Finance Expenses & Income Tax (in millions CAD)

	Q4 2022	Q4 2021	+/-
Finance Expense	11.4	0.5	10.9
Effective Interest Rate	3.2%	1.9%	1.3%
Effective Tax Rate	23.3%	19.6%	3.7%

- Finance expenses increased by \$10.9.
- 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 acquisitions and share repurchase program; and
  - an increase in FX impacts on debt and derivatives.
- The tax rate increased to 23.3% in the quarter from last year.
- Full year 2023 tax rate expected to be in the range of 24% to 26% and consistent with the 2022 full year tax rate.

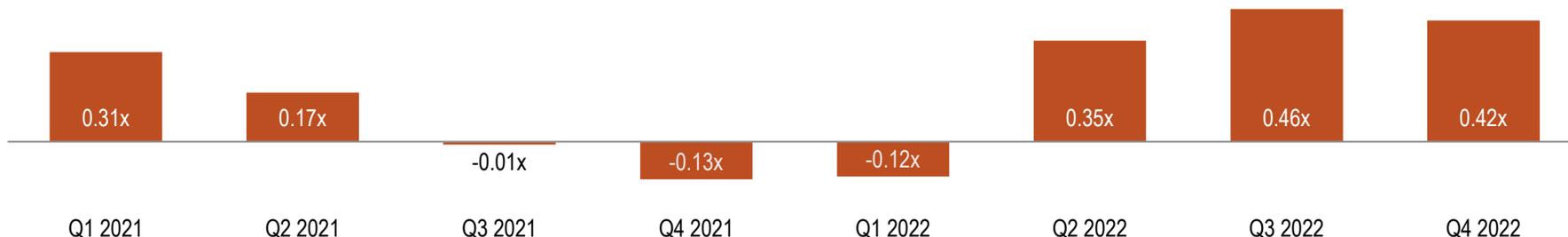


# Leverage (in millions CAD)

	Q4 2022	Q4 2021
Cash Position	860.5	928.4
Available Cash on Credit Facilities	462.5	957.5
Net Debt to EBITDA	0.42x	(0.13)x
Debt to Capitalization <sup>3</sup>	21.6%	14.7%

■ Net Debt to EBITDA

- Cash position at the end of the quarter was \$860.5.
- Linamar generated \$221.0 in Cash from Operating Activities.
- Net Debt to EBITDA at 0.42x due to acquisitions and share buybacks.
- 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 \$1.3 billion.



1 - Liquidity is a non-GAAP financial measure. Please refer to "Non-GAAP and Other Financial Measures" in the separately released Q4 2022 MD&A.

2 - 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 Q4 2022 as Short-term borrowings of \$Nil (Q4 2021 - \$Nil) and Long-term debt of \$1,308 million (Q4 2021 - \$791 million) (Total Debt) divided by Total Debt of \$1,308 million (Q4 2021 - \$791 million) and Equity of \$4,812 million (Q4 2021 - \$4,599 million), less Contributed surplus of \$31 million (Q4 2021 - \$29 million) less Accumulated other comprehensive earnings of \$44 million (Q4 2021 - (\$26) million).

# Conclusion

- Sales growth in both Mobility and Industrial.
- Improvements in supply shortages adding additional Mobility sales and earnings.
- Economic hardship recoveries achieved in both segments.
- Available Liquidity<sup>1</sup> remains strong at \$1.3 billion.

<sup>1</sup> - Liquidity is a non-GAAP financial measure. Please refer to "Non-GAAP and Other Financial Measures" in the separately released Q4 2022 MD&A.

# Question and Answer



# Outlook

## Q1 2023 Expectations

### ▪ Mobility

- Sales modestly up from Q4 2022 but well up from prior year
  - NA and Europe up from Q4 partially offset by Covid related declines in Asia
- Normalized OE at best flat to Q4 2022
  - Asia down on lower sales
  - Europe continued cost escalation largely on materials as well as energy

### ▪ Industrial

- Sales seasonally up from Q4 2022 and significantly up from prior year
- Normalized OE meaningfully up from Q4 2022
  - Stronger sales, cost controls, normal annual pricing resets

### ▪ General

- Sales modestly up from Q4 2022 but meaningfully up from prior year
- Modest to Good Normalized OE & EPS growth from Q4 2022
  - Flat to modestly improved margins
- Significant EPS growth to prior year

Consolidated	Normal Ranges	2021 Actuals	2022 Actuals	Expectations 2023
Sales Growth		12.4%	21.1%	Double Digit Growth
Normalized EPS Growth <sup>1</sup>		35.8%	-4.1%	Double Digit Growth
Normalized Net Margin <sup>1</sup>	7.0% - 9.0%	6.6%	5.1%	Expansion
Capex (% of Sales)	6.0% - 8.0%	243m 3.7%	411m 5.2%	Up from 2022 High End of Normal Range
Leverage Net Debt:EBITDA		(0.13x)	0.42	Continued Strong Balance Sheet
Free Cash Flow <sup>1</sup>		\$ 673 m	\$ 94 m	Strongly Positive

Industrial				
Sales Growth				
Skyjack				Double Digit Growth
Agriculture				Double Digit Growth
Normalized Operating Margin <sup>1</sup>	14.0% - 18.0%	12.3%	10.1%	Expansion into Normal Range

Mobility				
Sales Growth				Double Digit Growth
Factors Influencing Sales Growth				
Launch Book Over \$4.1 Billion Driving Incremental Sales Of:		\$421m	\$760m	\$700 to \$800 million
Business Leaving (% Consolidated Sales)	5.0% - 10.0%			Low End of Normal Range
Normalized Operating Margin <sup>1</sup>	7.0% - 10.0%	8.4%	6.2%	Flat

# Key Messages



**Exceptional Top and Bottom Line Growth**



**Transformative Level of Electrified Wins**



**2022 -- Record Sales, Record NBW, Record Market Share, 10<sup>th</sup> Year of Positive FCF**





# Thank You

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