

Linamar Delivers Strong Quarter of Double Digit Earnings Growth and Second Major E-Axle Win Capping Off a Record Year in Sales, Earnings and New Business Wins

March 7, 2018, Guelph, Ontario, Canada (TSX: LNR)

- Sales increased 14.5% in the quarter over 2016, taking 2017 to a record \$6.5 billion;
- Net Earnings before unusual items and foreign exchange impacts increased 11.8% in the quarter over 2016 taking 2017 to a record \$551.5 million;
- A second major e-axle win of peak volume 550,000 per year was secured;
- Continued business wins maintains strong launch book at over \$4.3 billion;
- Double digit content per vehicle growth in every region globally;
- Powertrain/Driveline segment sales up 11.1% and operating earnings normalized for foreign exchange¹ up 13.4% despite flat global markets and declines in the North American Market driven by launches; and
- Industrial segment sales up 43.9% and operating earnings normalized for foreign exchange up 32.5%, roughly doubling global markets thanks to market share gains in every product segment on a global basis.

	Three Months Ended		Twelve Months Ended	
	December 31		December 31	
	2017	2016	2017	2016
(in millions of dollars, except earnings per share figures)	\$	\$	\$	\$
Sales	1,574.5	1,374.8	6,546.5	6,005.6
Operating Earnings (Loss)				
Powertrain/Driveline	129.4	122.4	545.5	551.6
Industrial	28.8	24.6	162.4	145.2
Operating Earnings (Loss) ¹	158.2	147.0	707.9	696.8
Net Earnings (Loss)	135.1	116.1	549.4	522.1
Net Earnings (Loss) per Share – Diluted	2.04	1.76	8.32	7.92
Net Earnings (Loss)	135.1	116.1	549.4	522.1
Unusual Item	(15.1)	-	(15.1)	-
Net Earnings (Loss) – Adjusted ¹	120.0	116.1	534.3	522.1
Net Earnings (Loss) per Share – Diluted – Adjusted ¹	1.81	1.76	8.09	7.92

Operating Highlights

Sales for the fourth quarter of 2017 (“Q4 2017”) were \$1,574.5 million, up \$199.7 million from \$1,374.8 million in Q4 2016.

Sales for the Powertrain/Driveline segment (“Powertrain/Driveline”) increased by \$136.2 million, or 11.1% in Q4 2017 compared with Q4 2016. The sales increase in Q4 2017 was impacted by:

- additional sales from launching programs in Europe and North America;
- increased volumes from our light vehicle automotive customers in North America, Europe and Asia; and
- additional sales from our on- and off-highway vehicle customers; partially offset by
- an unfavourable impact on sales from the changes in foreign exchange rates.

The Industrial segment (“Industrial”) product sales increased 43.9%, or \$63.5 million, to \$208.2 million in Q4 2017 from Q4 2016. The sales increase was due to:

- strong market share gains and increased volumes for booms in North America, Europe and Asia;
- strong market share gains and increased volumes for telehandlers in North America; and
- market share gains in scissors in North America and Europe; partially offset by
- unfavourable changes in foreign exchange rates.

The Company’s operating earnings for Q4 2017 were \$158.2 million. This compares to \$147.0 million in Q4 2016, an increase of \$11.2 million.

Q4 2017 operating earnings for Powertrain/Driveline were higher by \$7.0 million or 5.7% over Q4 2016. The Powertrain/Driveline segment’s earnings were impacted by the following:

- production volumes increasing on launching programs in Europe and North America;

¹ Net Earnings (Loss) – Adjusted, Net Earnings (Loss) per Share – Diluted – Adjusted and operating earnings normalized for foreign exchange are Non-GAAP measures used to provide useful information to readers to assess the financial performance and financial condition of the Company. These measures do not have a standardized meaning prescribed by GAAP and therefore they are unlikely to be comparable to similarly titled measures presented by other publicly traded companies, and should not be construed as an alternative to other financial measures determined in accordance with GAAP. Net Earnings (Loss) – Adjusted and Net Earnings (Loss) per Share – Diluted – Adjusted are being adjusted for the effective tax rate of 12.1% in Q4 2017 to an expected annual rate of 23.0%. The low effective tax rate was mainly due to the future reduction in foreign tax rates enacted in the quarter on deferred tax liabilities, primarily in the United States and France. Operating earnings normalized for foreign exchange are adjusted from operating earnings by segment for the foreign exchange impact from the revaluation of the operating balances. For more information refer to the section entitled “Non-GAAP and Additional GAAP Measures” in the Company’s separately released MD&A.

- increased volumes from our light vehicle automotive customers in North America, Europe and Asia; and
- on- and off-highway vehicle volume increases; partially offset by
- an unfavourable foreign exchange impact from the revaluation of the operating balances on the balance sheet in Q4 2017 in comparison to a favourable impact in Q4 2016;
- an unfavourable impact on underlying transactions within operating earnings from the changes in foreign exchange rates; and
- increased management and sales costs supporting growth.

Industrial segment operating earnings in Q4 2017 were higher by \$4.2 million, or 17.1% from Q4 2016. The Industrial operating earnings results were predominantly driven by:

- net increase in volumes; partially offset by
- an unfavourable foreign exchange impact from the revaluation of the operating balances on the balance sheet in Q4 2017 in comparison to a favourable impact in Q4 2016;
- an unfavourable impact on underlying transactions within operating earnings from the changes in foreign exchange rates;
- lower margins as a result of changes in customer and product mix favouring new launching products with lower margins; and
- increased management and sales costs supporting growth.

“We are thrilled with another quarter of excellent top and bottom line growth despite soft markets driving us to another record year in both sales and earnings,” said Linamar CEO Linda Hasenfratz. “Securing a second major e-axle program win is strategically key to helping us to build strong content in electric vehicles for the future and caps off a record year overall for new business wins for us. Strong cash flow completed the trifecta of solid performance, excellent outlook and the cash to invest in our future.”

Dividends

The Board of Directors today declared an eligible dividend in respect to the quarter ended December 31, 2017 of CDN\$0.12 per share on the common shares of the Company, payable on or after April 17, 2018 to shareholders of record on April 3, 2018.

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; 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

Q4 2017 Conference Call Information

Linamar will hold a conference call on March 7, 2018 at 5:00 p.m. EST to discuss its fourth quarter/year-end results. The conference call will be chaired by Linda Hasenfratz, Linamar's Chief Executive Officer. The numbers for this call are (647) 427-3383 (local/overseas) or (888) 424-9894 (North America) conference ID 7089827, with a call-in required 10 minutes prior to the start of the conference call. We will also webcast the conference call at www.linamar.com. A copy of the Company's quarterly/year-end financial statements, including the Management's Discussion & Analysis will be available on the Company's website after 4 p.m. EST on March 7, 2018 and at www.sedar.com by the start of business on March 8, 2018. A taped replay of the conference call will also be made available starting at 8:00 p.m. on March 7, 2018 for ten days. The number for replay is (855) 859-2056, Conference ID 7089827.

Q1 2018 Conference Call Information

Linamar will release its Q1 2018 earnings on May 15, 2018. Information regarding this call will be posted on our website closer to the date.

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 powertrain, driveline and body systems designed for global electrified and traditionally powered vehicle and industrial markets. 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. Linamar has more than 28,600 employees in 60 manufacturing locations, 8 R&D centers and 25 sales offices in 17 countries in North and South America, Europe and Asia which generated sales of \$6.5 billion in 2017. For more information about Linamar Corporation and its industry leading products and services, visit www.linamar.com or follow us on Twitter at [@LinamarCorp](https://twitter.com/LinamarCorp).

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

Guelph, Ontario
March 7, 2018