



# Q3 2024 Earnings Call

November 12, 2024

**Linda Hasenfratz**

EXECUTIVE CHAIR

**Jim Jarrell**

CEO & PRESIDENT

**Dale Schneider**

CFO

**For Audio Only Dial In**

**North America:** (888) 259-6580

**International:** (416) 764-8624

**Conference ID:** 71153445

# Forward-looking Information, Risk, and Uncertainties

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# Agenda



## **Q3 2024 Highlights & Strategic Updates**

Linda Hasenfratz

EXECUTIVE CHAIR

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## **Industry & Operations Update**

Jim Jarrell

PRESIDENT & CEO

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## **Financial Review & Outlook**

Dale Schneider

CHIEF FINANCIAL OFFICER

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## **Q&A**

All

# Q3 Highlights & Strategic Updates



**Linda Hasenfratz**

EXECUTIVE CHAIR

# Consistent, Long-term Performance

## Consistent, Sustainable Growth Driving from Diversity

Diversified revenue streams, synergistic balanced business model

## Prudent Balance Sheet

**Target Max of <math>1.5x</math> Net Debt to EBITDA**

Allows for substantial capital deployment over short, medium and long term

## Flexibility to Mitigate Risk

Capital Asset Profile enables us to redeploy under-utilized equipment to changing market needs, broad product portfolio for a variety of propulsion and systems maximizes potential

## Return Excess Cash to Shareholders

Deploying via Common Share Repurchases and Dividends within capital allocation strategy framework



# Delivering Growth, Free Cash Flow, and Returning Cash to Shareholders

Strong Financial performance with Sales, Normalized Net Earnings and Normalized EPS all up over Q3 '23

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Significant Free Cash Flow generation

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Market Share Growth in both segments

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Renewed Capital Allocation Strategy Framework illustrating responsiveness to Shareholder concerns, triggers launch of NCIB

# Driving Growth and Strong Free Cash Flow

Sales

**\$2.64B**

▲ 8.3%  
vs. Q3 '23

Net Earnings &  
Margin<sup>1</sup>  
(Normalized)

**\$144.6M**

5.5%

▲ 6.1%  
vs. Q3 '23

EPS  
(Normalized)<sup>1</sup>

**\$2.35**

▲ 6.3%  
vs. Q3 '23

Free Cash Flow<sup>1</sup>

**\$269.6M**

▲ \$393.5M  
vs. Q3 '23

1- Net Earnings (NE) – Normalized, Net Earnings (Loss) Per Share – Diluted – Normalized (EPS), and Free Cash Flow (FCF) are Non-GAAP Financial Measures. Net Earnings – Normalized Margin represents its respective measure as a percentage of sales and is a non-GAAP financial ratio. Net Earnings, Net Earnings (Loss) Per Share – Diluted – Normalized, and Free Cash Flow Growth (representing year-over-year growth of Net Earnings, Net Earnings (Loss) per Share – Diluted – Normalized, and Free Cash Flow). Please refer to “Non-GAAP and Other Financial Measures” in the separately released Q3 2024 MD&A and in the appendix of this presentation.

# Balancing Growth & Returning Cash to Shareholders

## Free Cash Flow Priorities

**1** Ensure Balance Sheet is at an optimal level

**2** Prioritize continued Investment in Innovation and Growth  
(Both Organic and Inorganic)

**3** Beyond first two priorities, use Excess Liquidity towards:

- NCIB to Buyback Shares, particularly when share price undervaluation is evident
- Growth of Dividend Payments
- Further debt repayment or cash conservation for risk mitigation based on economic outlook

# New NCIB Announced

## Normal Course Issuer Bid

- Timing and conditions are currently aligned
  - Approved by TSX and commencing on November 15, 2024
  - To remain in place for next 12 months
- 

## Buyback Program

- Able to repurchase up to a maximum of 4,021,282 shares
  - Representing up to a maximum of 10% of the public float
  - Subject to normal terms and limitations of NCIB
- 

## Returning Cash to Shareholders

- Consistent with Capital Allocation Strategy Framework
- Responsive to shareholder feedback
- Good use of capital given confidence in the business and current share price

# Industry & Operations Updates



**Jim Jarrell**

CEO & PRESIDENT

# Skyjack Outperforming in a Declining Market

## Industry Access Volumes

	FY2024 Expectation	FY2025 Expectation
North America	▼ -5.8%	▲ +2.7%
Europe	▼ -2.3%	▲ +3.1%
Asia Pacific	▼ -28.1%	▲ +4.3%
Global Total	▼ -13.3%	▲ +3.3%

## Skyjack Global YTD Unit Performance



# Global Expansion Positions Skyjack for Future Growth

## Skyjack Improving Operations

New facility in Mexico achieving better production schedule adherence as ramp-up inefficiencies decrease

Manufacturing expansion creating in-sourcing opportunities of key fabrications and assemblies, reducing direct material costs

China operations are now fulfilling all scissor demands for the Asia Pacific region



Photo: Skyjack facility in Ramos Arizpe, Mexico

## Key Product Introductions

The new Micro Scissor line offers expanded customer-focused features, including X-Step for enhanced accessibility

Micro SJ3213 model named as finalist for **new product award** at Working at Heights Conference



Photo: Skyjack Micro Scissor with X-Step

# Navigating the Agriculture Business Cycle

## Industry Large Ag Volumes

FY2024  
Expectation

North America	▼ -15.0%
Europe	▼ -15.0%
Rest of World	▼ -20.0%
Global Total	▼ -17.0%

## Linamar Agriculture Global YTD Unit Performance



# Technology is Key in a Challenging Market

## Ag Operating Performance

Order book carrying sales despite steep industry downturn

Short-line niche and technological advantages driving demand beyond current 2024 market levels

Crop commodity prices and higher dealer inventories will create headwinds into 2025

## M&A Integration

Linamar Agriculture integration across 3 core brands – On Track

Leveraging global footprint to improve efficiencies and market reach



**Photo:** Bourgault Australian facility assembles MacDon knock down units for final delivery

## Innovations



Launched Bourgault **7-Plex 80-100' Drill** and **Intelligent Control**



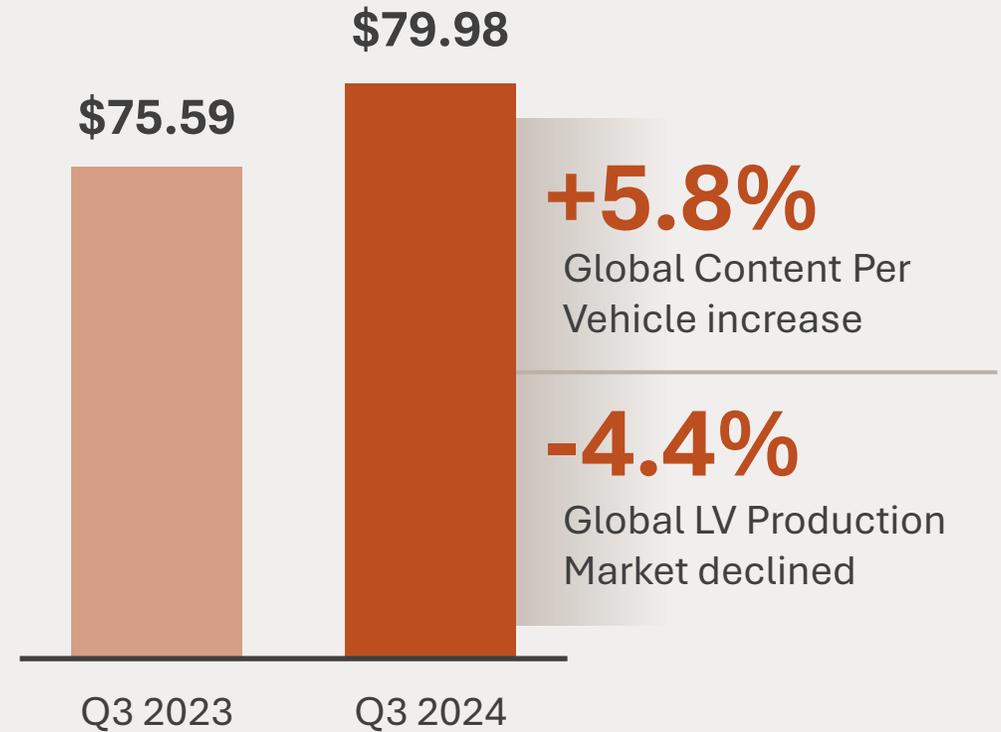
New Salford SS400+ **Spinner Spreader**

# Increasing Global CPV in Flat Markets

## Industry LV Volumes

	FY2024 Expectation	FY2025 Expectation
North America	▼ -1.4%	▼ -1.1%
Europe	▼ -5.0%	▼ -0.4%
Asia Pacific	▼ -1.5%	▲ 2.2%
<b>Global Total</b>	<b>▼ -2.2%</b>	<b>▲ 1.3%</b>

## Linamar's Q3 Global CPV



Global CPV includes only the markets that Linamar serves of North America, Europe and Asia Pacific.

Source: S&P Global, October 2024

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

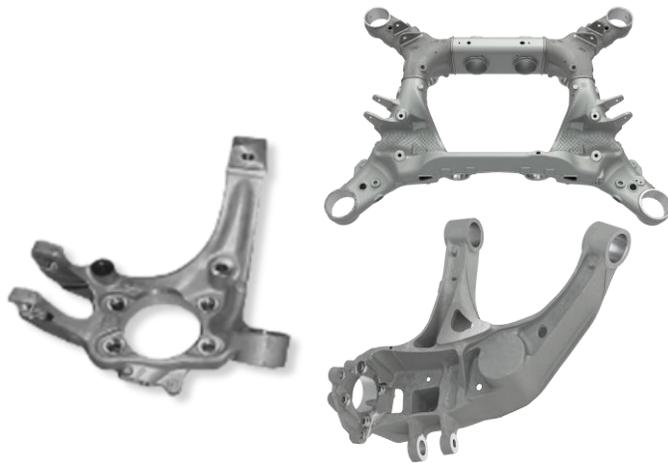
# Positioned for a Changing Market

## Operations & Integration Updates

2023 Acquisition Integrations into core Mobility Segment will be fully complete by year end

Newly acquired capabilities creating expanded portfolio of Propulsion Agnostic products, actively pursuing new OEM platform opportunities

Photo: Light weight aluminum Chassis and Suspension components



## Market Challenges & Opportunities

Transitional period of ICE to EV technologies creating lumpy ramps and longer production runouts of existing platforms



Photo: Linamar eMD15 eAxle System

European LV sales & production are slowing; the industry overall facing challenges that requires longer-term restructuring

Linamar's flexibility, strong financial position, and reputation of execution positions us well for takeover opportunities

# Financial Update & Outlook



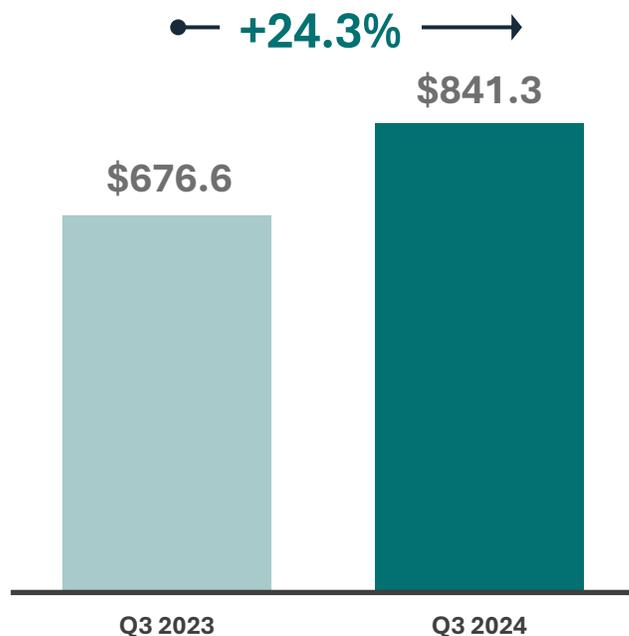
**Dale Schneider**

CFO

# Growing Sales in Challenging Markets

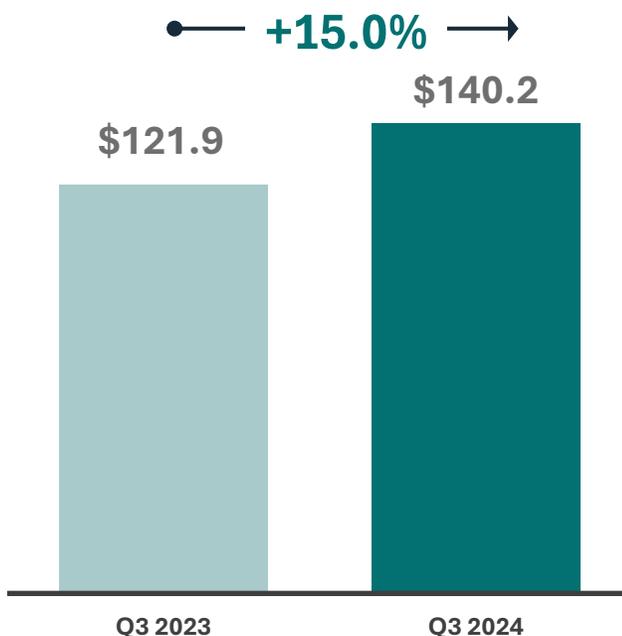
## Revenue

(in Millions CAD)



## Normalized Operating Earnings<sup>1</sup>

(in Millions CAD)



## Key Factors: Industrial



### Revenue

+24.3% vs Q3 '23

- Excellent market share gains by MacDon
- Incremental revenue from Bourgault
- Partially offset by reduced access demand



### Normalized OE

+15.0% vs Q3 '23

- Significantly higher volumes at MacDon
- Incremental contribution from Bourgault
- Partially offset by the contribution impact on lower access sales



### Normalized OE Margin<sup>1</sup>

down slightly to 17%  
vs 18% in Q3 '23

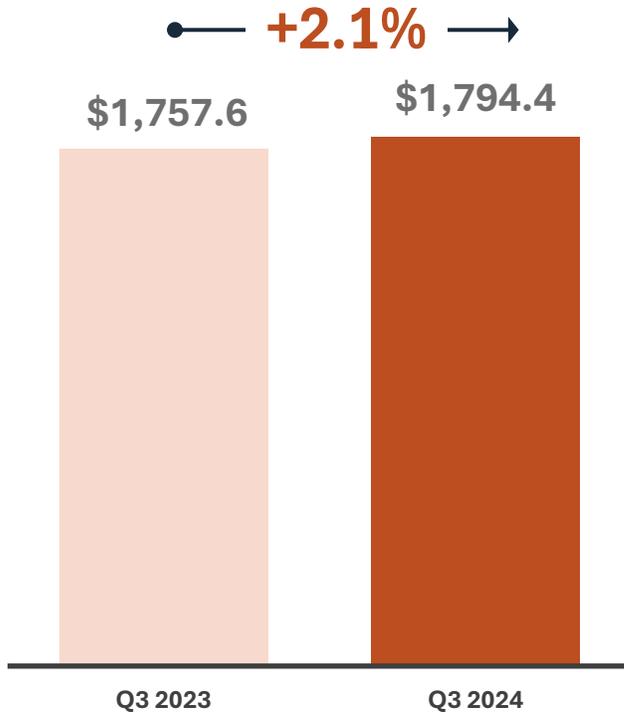
- Well within our normal range

<sup>1</sup> - Operating Earnings (OE) – 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 Q3 2024 MD&A and in the appendix of this presentation.

# Double Digit Earnings Growth

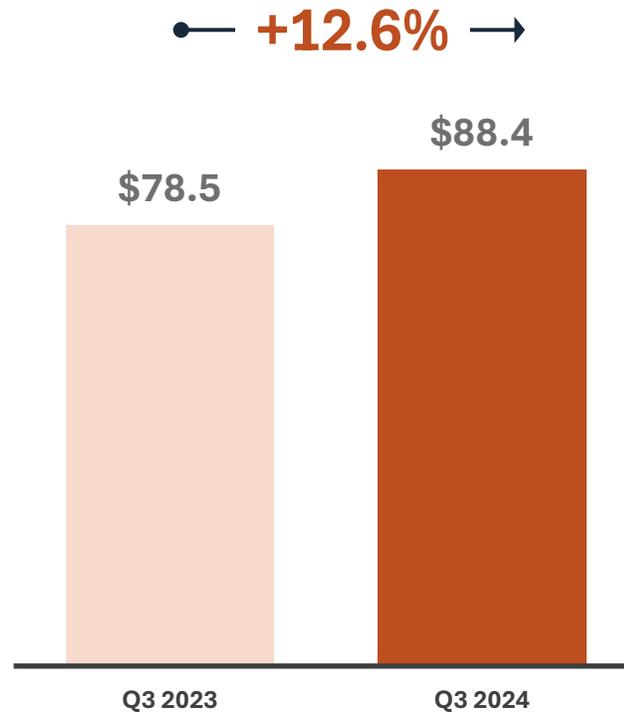
## Revenue

(in Millions CAD)



## Normalized Operating Earnings<sup>1</sup>

(in Millions CAD)



## Key Factors: Mobility



### Revenue

+2.1% vs Q3 '23

- Addition of Linamar Structures acquisitions
- Increasing volumes on launching programs
- Partially offset by market declines impacting mature and ending programs



### Normalized OE

+12.6% vs Q3 '23

- Contribution from additional launch volumes
- Addition of Linamar Structures acquisitions
- Partially offset by lost contribution on lower market volumes



### Normalized OE Margin<sup>1</sup>

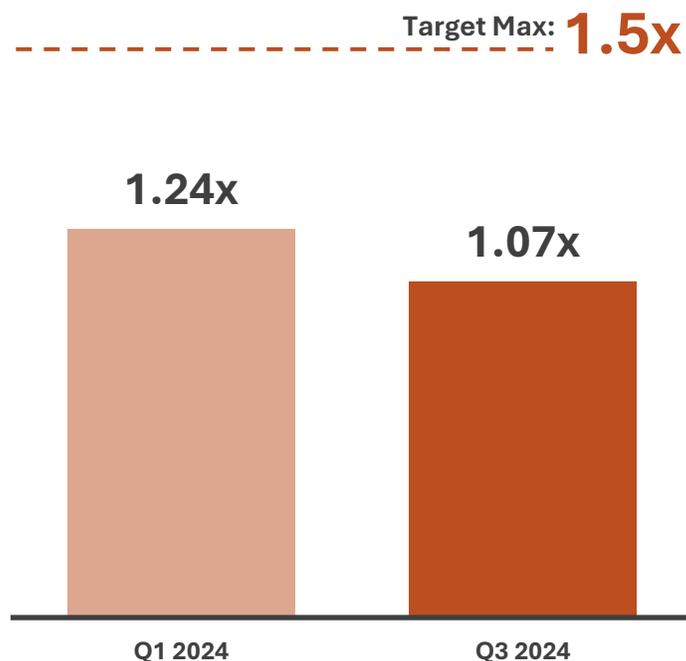
up slightly to 4.9%  
vs 4.5% in Q3 '23

- Represents another quarter of margin expansion

<sup>1</sup> - Operating Earnings (OE) – 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 Q3 2024 MD&A and in the appendix of this presentation.

# Maintaining Linamar's Strong Balance Sheet

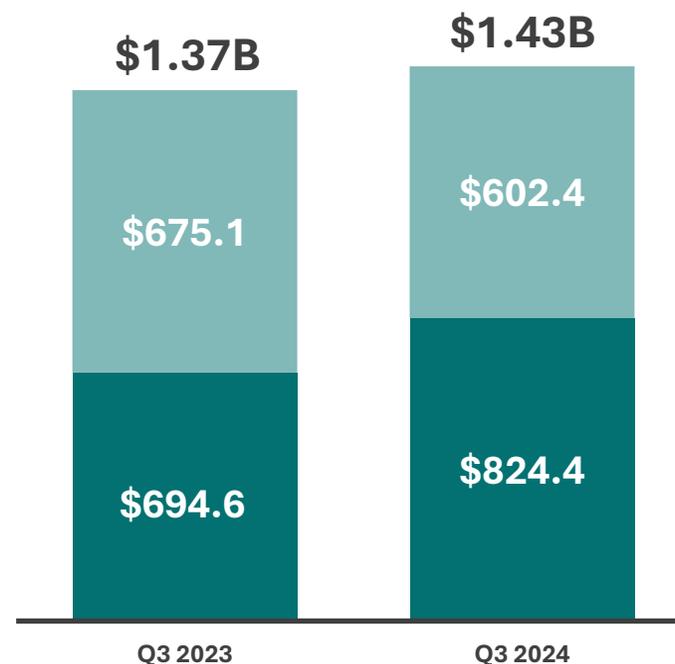
## Net Debt to EBITDA <sup>1</sup>



## Total Liquidity <sup>2</sup>

(in Millions CAD)

- Cash Position
- Available cash on credit facilities



## Current Positioning

- **Net Debt to EBITDA** was **1.07x** at the end of Q3
- **Cash Position** at the end of Q3 was **\$824.4M**
  - Up 18.7% from Q3 '23
- **Strong cash generated from Operating Activities** at **\$370.4M**
- **Net Debt to EBITDA** is expected to be under 1.0x within the next 6 months
- **Total Liquidity** remains strong at **\$1.43B**

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

2 - Liquidity is a non-GAAP financial measure. Please refer to "Non-GAAP and Other Financial Measures" in the separately released Q3 2024 MD&A.

# Outlook Q4 '24

# Outlook FY

Industrial		vs. Q4 '23		FY2023 Actuals	FY2024 Expectations	FY2025 Expectations
Sales Growth	↘	Decline	Sales Growth		Double Digit Growth	Modest Decline
Normalized OE Growth	↘	Double Digit Decline	Normalized OE Growth (%)	144.9%	Growth	Decline
Normalized OE Margin %	↓	Contraction	Normalized Operating Margin <sup>1</sup> (%) Normal Range 14.0-18.0%	17.8%	Contraction Within Normal Range	Contraction Within Normal Range
Mobility		vs. Q4 '23		FY2023 Actuals	FY2024 Expectations	FY2025 Expectations
Sales Growth	↘	Decline	Sales Growth		Growth	Modest Growth
Normalized OE Growth	↓	Double Digit Decline	Launch Book Over \$2.3 Billion Driving Incremental Sales	\$700M	\$350 to \$450 Million	\$500 to \$700 Million
			Business Leaving (% of Consolidated Sales) Normal Range 5.0-10.0%		Low End of Normal Range	Low End of Normal Range
			Normalized OE Growth (%)	-12.1%	Strong Double Digit Growth	Strong Double Digit Growth
Normalized OE Margin %	↘	Contraction	Normalized Operating Margin <sup>1</sup> (%) Normal Range 7.0-10.0%	4.6%	Meaningful Expansion	Expansion Into Normal Range
Consolidated		vs. Q4 '23		FY2023 Actuals	FY2024 Expectations	FY2025 Expectations
Sales Growth	↘	Decline	Sales Growth (%)	22.9%	Growth	Flat
Normalized OE Growth	↓	Double Digit Decline	Normalized EPS Growth <sup>1</sup> (%)	40.3%	Growth	Double Digit Growth
Normalized OE Margin %	↘	Contraction	Normalized Net Margin <sup>1</sup> (%) Normal Range 7.0-9.0%	5.6%	Modest Contraction	Expansion
			Capex (% of Sales) Normal Range 6.0-8.0%	\$763M 7.8%	Decline Below Normal Range	Flat Below Normal Range
			Leverage Net Debt to EBITDA <sup>1</sup>	0.85x	Very Strong Balance Sheet	Very Strong Balance Sheet
FCF	↑	Strongly Positive	Free Cash Flow <sup>1</sup> (\$ millions)	\$35M	Strongly Positive FCF	Strongly Positive FCF

1- Free Cash Flow (FCF) is a non-GAAP financial measure. Normalized Operating and Normalized Earnings per Share (EPS) Growth (representing year-over-year growth of Operating Earnings – Normalized and 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. EBITDA, as used in Net Debt to EBITDA, includes trailing twelve months EBITDA on acquisitions, when applicable. Please refer to “Non-GAAP and Other Financial Measures” in the separately released Q3 2024 MD&A and in the appendix of this presentation.

A group of people in a meeting room, with a large white 'Q & A' text overlay. The background shows a man standing and pointing at a screen displaying a floor plan, while others are seated around a table. The scene is dimly lit with a warm, brownish tint.

# Q & A

# Delivering Growth, Free Cash Flow, and Returning Cash to Shareholders

Strong Financial performance with Sales, Normalized Net Earnings and Normalized EPS all up over Q3 '23

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Significant Free Cash Flow generation

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Market Share Growth in both segments

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Renewed Capital Allocation Strategy Framework illustrating responsiveness to Shareholder concerns, triggers launch of NCIB



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# Appendix

# Non-GAAP Financial Measures

The Company uses certain non-GAAP and other financial measures to provide useful information to both management, investors, and other stakeholders in assessing the financial performance and financial condition of the Company. Certain expenses and income that must be recognized under GAAP are not necessarily reflective of the Company's underlying operational performance. For this reason, management uses certain non-GAAP and other financial measures when analyzing operational performance on a consistent basis. These Non-GAAP and other financial 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 they should not be construed as an alternative to other financial measures determined in accordance with GAAP.

### **Normalized Non-GAAP Financial Measures and Ratios**

All Non-GAAP financial measures denoted with 'Normalized' as presented by the Company are adjusted for foreign exchange gain (loss), foreign exchange gain (loss) on debt and derivatives, and other items.

### **Operating Earnings (Loss) – Normalized**

Operating Earnings (Loss) – Normalized is a non-GAAP financial measure and the Company believes it is useful in assessing the Company's underlying operational performance and in making decisions regarding the ongoing operations of the business. Operating Earnings (Loss) – Normalized is calculated as Operating Earnings (Loss), the most directly comparable measure as presented in the Company's consolidated statement of earnings, adjusted for foreign exchange gain (loss), and any other items, if applicable, that are considered not to be indicative of underlying operational performance.

### **Net Earnings (Loss) – Normalized**

Net Earnings (Loss) – Normalized is a non-GAAP financial measure and the Company believes it is useful in assessing the Company's underlying operational performance and in making decisions regarding the ongoing operations of the business. Net Earnings (Loss) – Normalized is calculated as Net Earnings (Loss), the most directly comparable measure as presented in the Company's consolidated statement of earnings, adjusted for foreign exchange gain (loss), foreign exchange gain (loss) on debt and derivatives, and any other items, if applicable, that are considered not to be indicative of underlying operational performance.

### **Net Earnings (Loss) per Share – Diluted – Normalized**

Net Earnings (Loss) per Share – Diluted – Normalized is a non-GAAP financial ratio and the Company believes it is useful in assessing the Company's underlying operational performance and in making decisions regarding the ongoing operations of the business. Net Earnings (Loss) per Share – Diluted – Normalized is calculated as Net Earnings (Loss) – Normalized (as defined above) divided by the fully diluted number of shares outstanding as at the period end date.

### **Other Non-GAAP Financial Measures**

#### **Free Cash Flow**

Free Cash Flow is a non-GAAP financial measure and the Company believes it is useful in assessing the Company's ability to generate cash. Free Cash Flow is calculated as Cash from Operating Activities, the most directly comparable measure as presented in the Company's consolidated statements of cash flows, adjusted for payments for purchase of property, plant and equipment, and proceeds on disposal of property, plant and equipment.

#### **Liquidity**

Liquidity is a non-GAAP financial measure and the Company believes it is useful in assessing the Company's ability to satisfy its financial obligations as they come due. Liquidity is calculated as Cash, the most directly comparable measure as presented in the Company's consolidated statements of financial position, adjusted for the Company's available credit.

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

	Q3 2024 \$	Q3 2023 \$	+/- \$	+/- %
<b>Sales</b>	841.3	676.6	164.7	24.3%
<b>Operating Earnings</b>	141.8	130.4	11.4	8.7%
<b>Foreign Exchange<sup>1</sup> (Gain)/Loss</b>	(1.6)	(8.5)	6.9	
<b>Other Items</b>	-	-	-	
<b>Operating Earnings – Normalized<sup>2</sup></b>	140.2	121.9	18.3	15.0%
<b>Operating Earnings Margin</b>	16.9%	19.3%		
<b>OE – Normalized Margin<sup>2</sup></b>	16.7%	18.0%		

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

2 - Operating Earnings (OE) – 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 the “Non-GAAP and Other Financial Measures” in the separately released Q3 2024 MD&A

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

	Q3 2024 \$	Q3 2023 \$	+/- \$	+/- %
<b>Sales</b>	1,794.4	1,757.6	36.8	2.1%
<b>Operating Earnings</b>	78.3	83.9	(5.6)	(6.7%)
<b>Foreign Exchange<sup>1</sup> (Gain)/Loss</b>	10.1	(5.4)	15.5	
<b>Other Items</b>	-	-	-	
<b>Operating Earnings – Normalized<sup>2</sup></b>	88.4	78.5	9.9	12.6%
<b>Operating Earnings Margin</b>	4.4%	4.8%		
<b>OE – Normalized Margin<sup>2</sup></b>	4.9%	4.5%		

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

2 - Operating Earnings (OE) – 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 the “Non-GAAP and Other Financial Measures” in the separately released Q3 2024 MD&A

# Net Earnings (Loss) – Normalized<sup>1</sup> (in Millions CAD)

	Q3 2024 \$	Q3 2023 \$	+/- \$	+/- %
<b>Net Earnings (Loss)</b>	138.0	146.7	(8.7)	(5.9%)
<b>Foreign Exchange (Gain)/Loss<sup>2</sup></b>	8.5	(13.9)	22.4	
<b>Foreign Exchange (Gain)/Loss on Debt and Derivatives</b>	0.4	(0.1)	0.5	
<b>Other Items</b>	-	-	-	
<b>Tax Impact including Other Items</b>	(2.3)	3.6	(5.9)	
<b>Net Earnings (Loss) - Normalized</b>	144.6	136.3	8.3	6.1%

1- Net Earnings (NE) – Normalized is a Non-GAAP Financial Measure. Please refer to “Non-GAAP and Other Financial Measures” in the separately released Q3 2024 MD&A.

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

# Net Earnings (Loss) per Share – Diluted – Normalized<sup>1</sup>

	Q3 2024 \$	Q3 2023 \$	+/- \$	+/- %
<b>Net Earnings (Loss) per Share - Diluted</b>	2.24	2.38	(0.14)	(5.9%)
<b>Foreign Exchange<sup>2</sup> (Gain)/Loss</b>	0.14	(0.22)	0.36	
<b>Foreign Exchange (Gain)/Loss on Debt and Derivatives</b>	0.01	-	0.01	
<b>Other Items</b>	-	-	-	
<b>Tax Impact including Other Items</b>	(0.04)	0.05	(0.09)	
<b>Net Earnings (Loss) per Share – Diluted – Normalized</b>	2.35	2.21	0.14	6.3%

1 - Net Earnings (Loss) Per Share – Diluted – Normalized (EPS) is a non-GAAP financial ratio. Please refer to “Non-GAAP and Other Financial Measures” in the separately released Q3 2024 MD&A.

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

# Free Cash Flow<sup>1</sup> & Capital Investment (in Millions CAD)

(in millions of dollars)	Q3 2024 \$	Q3 2023 \$
<b>Free Cash Flow</b>		
Cash generated from (used in) operating activities	370.4	74.6
Payments for purchases of property, plant and equipment	(102.5)	(199.9)
Proceeds on disposal of property, plant and equipment	1.7	1.4
<b>Free Cash Flow</b>	<b>269.6</b>	<b>(123.9)</b>
<b>Capital Expenditures (CapEx)</b>	<b>102.5</b>	<b>199.9</b>
<b>CapEx as a % of Sales</b>	<b>3.9%</b>	<b>8.2%</b>

# Linamar's Powerful Balanced & Diversified Business Model

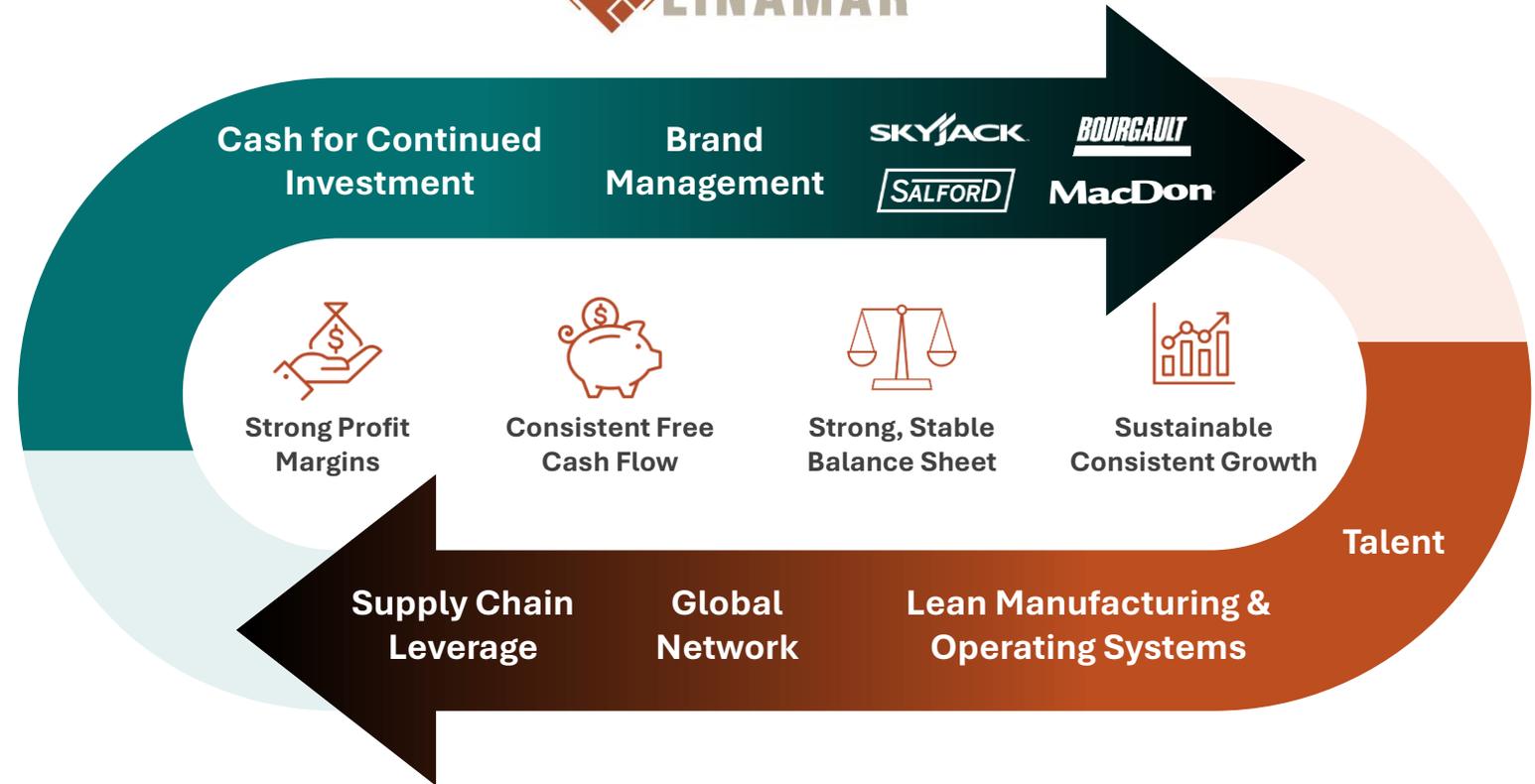


## INDUSTRIAL SEGMENT

focused on North America, generates cash and shares brand management knowledge.

## MOBILITY SEGMENT

with its global reach and advanced capabilities, supports the Industrial segment by providing expertise and resources.



This **synergistic model** drives consistent growth, positive cash flow, and a strong balance sheet.



**LINAMAR**

**Kevin Hallahan**

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