

## MATERIAL CHANGE REPORT

### PURSUANT TO

SECTION 85(1) OF THE SECURITIES ACT (BRITISH COLUMBIA)  
SECTION 118(2) OF THE SECURITIES ACT (ALBERTA)  
SECTION 84(1) OF THE SECURITIES ACT (SASKATCHEWAN)  
SECTION 75(2) OF THE SECURITIES ACT (ONTARIO)  
SECTION 73 OF THE SECURITIES ACT (QUEBEC)  
SECTION 81(2) OF THE SECURITIES ACT (NOVA SCOTIA)  
SECTION 76(2) OF THE SECURITIES ACT (NEWFOUNDLAND)

1. **Name of Reporting Issuer:**

Linamar Corporation

2. **Date of Material Change**

December 14, 2017

3. **Press Release**

A press release was issued by Linamar Corporation ("Linamar") on December 14, 2017 and was issued at Guelph, Ontario. The press release was widely disseminated.

4. **Summary of Material Change**

Linamar Corporation (TSX:LNR) today announced that it has entered into a definitive agreement to acquire 100% of the outstanding equity interests of MacDon and its Group of Companies for an aggregate purchase price of C\$1,200 Million, less the assumption of small transaction related expenses, and subject to certain customary adjustments (the "Transaction"). Headquartered in Winnipeg, Manitoba, Canada, MacDon is a global innovative market leader in the design and manufacturing of specialized agriculture harvesting equipment such as drapers and self-propelled windrowers.

5. **Full Description of Material Change**

The material change is described in the attached press release which is hereby incorporated by reference herein.

6. **Reliance on Confidentiality Section of the Act**

Not applicable.

7. **Omitted Information**

Not applicable.

8. **Senior Officer**

For further information, contact:

Roger Fulton  
Linamar Corporation  
287 Speedvale Avenue West  
Guelph, Ontario  
N1H 1C5  
(519) 836-7550

9. **Statement of Senior Officer**

The foregoing accurately discloses the material change referred to herein.

DATED at Guelph, Ontario this 14th day of December, 2017.

LINAMAR CORPORATION

By:



Roger Fulton  
General Counsel & Corporate Secretary  
And Executive Vice President

**IT IS AN OFFENCE FOR A PERSON TO MAKE A STATEMENT IN A DOCUMENT REQUIRED TO BE FILED OR FURNISHED UNDER THE ACT OR THIS REGULATION THAT AT THE TIME AND IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A MISREPRESENTATION.**

## **MEDIA RELEASE**

### **Linamar to Acquire the MacDon Group of Companies, a Global Harvesting Specialist, to Further Diversity & Grow**

- **C\$1,200 million cash purchase price**
- **Transaction is expected to be immediately accretive to earnings per share and free cash flow per share**
- **Prudent pro forma leverage of 1.7x net debt to trailing EBITDA and well within target leverage parameters**

**December 14<sup>th</sup>, 2017**, Guelph, Ontario, Canada

Linamar Corporation (TSX:LNR) today announced that it has entered into a definitive agreement to acquire 100% of the outstanding equity interests of MacDon and its Group of Companies for an aggregate purchase price of C\$1,200 Million, less the assumption of small transaction related expenses, and subject to certain customary adjustments (the "Transaction"). Headquartered in Winnipeg, Manitoba, Canada, MacDon is a global innovative market leader in the design and manufacturing of specialized agriculture harvesting equipment such as drapers and self-propelled windrowers.

MacDon is an industry-leading manufacturer with a strong customer following and advanced agriculture equipment technologies. It has developed an industry-leading reputation for quality, reliability and passion for harvesting technology over its 67 year history as a family owned company. MacDon's mission is to manufacture reliable machines that make harvesting easier and more productive for its customers in over 40 countries worldwide. MacDon's products excel in the toughest real-world conditions, and its pioneering, industry-leading innovations like the FlexDraper® have propelled the company's strong reputation for providing customers with quality, innovative equipment. Further, MacDon has developed strong relationships with a global dealer network of approximately 1,400 leading dealers and distributors, a major competitive advantage in the industry. Linamar sees a compelling cultural fit with MacDon given its strong family legacy and looks forward to building on that foundation, which has been a key driver of MacDon's success. This platform acquisition positions Linamar as a leading global agricultural equipment manufacturer.

MacDon will be combined with Linamar's existing agriculture harvesting business in Hungary to position both businesses for significant growth. Linamar's existing harvesting business is highly complementary to MacDon product plan allowing Linamar to offer a full lineup of grain and hay harvesting equipment. Linamar plans to expand its agricultural platform by increasing penetration in both new and underserved markets globally. Linamar expects to realize modest synergies from the Transaction and create opportunities to utilize existing distribution channels for agricultural products. The Transaction is expected to be immediately accretive to earnings per share and free cash flow per share even before accounting for these synergies. As it expands, MacDon will benefit from Linamar's established manufacturing footprint in Asia and Europe along with employing best practices from both Linamar and MacDon.

Linamar has a long track record of executing strategic, accretive acquisitions followed by seamless integration. Its previous acquisitions of Skyjack, Montupet and Seissenschmidt are compelling case studies of Linamar building its global manufacturing platform with broader product lines, additional capabilities in new markets and incremental geographic presence, while continuing to deliver outstanding financial performance and returns to its shareholders.

"The acquisition of MacDon provides a truly once-in-a-lifetime opportunity to move our agriculture business into a market leading position while providing meaningful diversification to the end markets we serve. We believe the long-term growth fundamentals for the agriculture industry are very strong given the growing and developing global population, noting the market is in the early stages of cyclical recovery." said Linda Hasenfratz, Linamar's CEO, "MacDon is a strong, well-managed company and an innovative market leader in both customer penetration and technology evolution; it will be the centerpiece of our agriculture business, which includes our existing European corn header business, highly complementary to MacDon products. We get diversification, innovation, growth and a solid deal, we couldn't be happier."

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### Financing and Additional Transaction Details

In connection with the Transaction, Linamar also announced today that it will amend its credit facilities. The credit facilities will be amended as follows. A new term loan facility will be added to fund the acquisition in the amount of a C\$1,200 million under similar terms and conditions as Linamar's existing credit facilities. (i) The existing term loan of \$572 million will continue under the current terms and conditions and (ii) the continuation and increase of the previously existing revolving credit facility to the aggregate principal amount of up to \$1,150 million (the "Revolving Facility") to fund general corporate purposes. Both the new Term Facility and the Revolving Facility will mature five years following the closing of the amendment, expected to be in January 2023 and are under terms and conditions largely consistent with Linamar's previously existing credit facilities. These credit facilities and amendments have been fully underwritten by commitments of BMO Capital Markets, TD and Scotiabank. At closing, Linamar's net debt to EBITDA ratio is expected to be approximately 1.7x, well within Linamar's target leverage parameters with pro forma cash flow expected to allow for rapid debt repayment going forward.

The Transaction is subject to customary regulatory approvals and expected to close in the first quarter of 2018. BMO Capital Markets and TD Securities are acting as financial advisors to Linamar in connection with the Transaction. Blake, Cassels & Graydon LLP (Blakes) was retained as legal counsel for Linamar.

Linamar will hold a webex conference call on December 14, 2017, at 4:30 p.m. ET to discuss the Transaction in greater detail. The number for the call is toll free 1-888-424-9894 or 1-647-427-3383 Conference ID 4167926. The link for the webex is <https://linamar2020.webex.com/meet/Executive>. Password is "Linamar1". The conference call will be chaired by Linda Hasenfratz, Linamar's Chief Executive Officer.

A copy of this press release will be available on Linamar's website after 4:00 p.m. ET on December 14, 2017 and at [www.sedar.com](http://www.sedar.com) by the start of business on December 15, 2017. A taped replay of the conference call will also be made available starting at 7:00 p.m. on December 14, 2017 for ten days. The number for replay is 1-855-859-2056 Conference ID 4167926.

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 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 25,700 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.

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

### **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

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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.