BELIEFS

- Our people and their unique individual talents are valued.
- Appropriate recognition motivates our people to be successful.
- Leaders create value.
- Innovation creates continuous improvement.
- Profitability ensures the survival of our company.
- Positive relationships build loyalty.
- Honesty is essential in all transactions.
- We create value for our customers.
- Wellness and healthy lifestyles are important to our success.

DRIVERS

- Quality in everything we do.
- Productivity improvement is a continuous process.
- On-time delivery because our customers depend on us.
- A safe working environment is our commitment to each other.
- Environmental responsibility is our commitment to our communities.
- People development because our people create our success.
- Company growth is the result of providing a superior service.
- Value-added service means doing more for our customers.

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2018 Accomplishments

A letter from Chairman and CEO Marc LeBaron

2018 was a year of significant change at Lincoln Industries. In the past year, our revenues grew more than any year since we have been in business. With two acquisitions, we added operational sites in Wisconsin, Texas, Nebraska, and Piedras Negras, Mexico. More importantly, our portfolio of products and services has expanded significantly with our new locations.

Lincoln Industries now offers our customers zinc and aluminum die casting services and our already extensive finishing services, now include plating on zinc and aluminum substrates. Our capabilities in design, manufacturing, and fabrication have seen an increase and our number of associates has doubled to over 1,400 people.

2018 was a year focused on growth, but these changes will continue to enhance our growth opportunities for years to come. One of our core beliefs that “Leaders Create Value”, has proven critical throughout the year. Leaders have stepped up at all levels of the company to support the changes and take advantage of the opportunities.

Leaders create value.

During this year of exciting change, we have held true to our core values, focusing on our people, and using our Beliefs and Drivers to make key decisions. In our 67th year of business, the future of Lincoln Industries has never looked brighter.

“The future of Lincoln Industries has never looked brighter.”

Marc LeBaron / Chairman and CEO
Lincoln Industries has been regarded as the premier metal finishing company in the United States. Though the company’s focus was primarily on finishing at the beginning, Lincoln Industries has become one of the most diverse finishing companies in North America offering a full range of capabilities beyond finishing.

“Finishing is in our DNA,” says Vice President of Operations Tim Carpenter. “There will continually be an element of finishing in nearly everything we do, but we have evolved as a company with multiple capabilities.”

Lincoln Industries history reflects years of success in the plating industry housing over 40 finishes and coatings that provide cosmetic, heat management, protection, and functional solutions.
"Our commitment to quality allows us to provide unmatched finishing solutions for our customers," says Carpenter. "From conception to production, we're able to enhance the life, quality, style, and performance on difficult finishing projects."

Through years of success and growth, Lincoln Industries aimed to shift away from finishing-only projects and provide value added services. Over the last decade, what was primarily plating has expanded into manufacturing, tube fabrication, assembly, value added services, design and engineering, and zinc and aluminum die casting.

Lincoln Industries serves as a Tier 1 supplier in over 75% of their business. Owning the supply chain management adds immense value for customers. Through years of experience, Lincoln Industries has effectively established strong supply chains around the world which improve quality, delivery, and cost of products to customers.

"As a Tier 1 supplier, our goal is to make customers lives easier and as a supply chain manager, we do that," says Carpenter. "When Lincoln Industries gets involved with projects early on, we not only meet the needs of the products cosmetically, but also functionally."

With a record year of growth, Lincoln Industries has an abundance of new capabilities to explore beyond plating.

Process Control Leader Mike Griebel has been with Lincoln Industries since 1989 and describes the company's growth as phenomenal. "Finishing is our core, but we haven't stood still. We have added multiple capabilities all while upgrading our equipment and maintaining state of the art standards. I wouldn't have imagined where we are today," says Griebel.

Quality in everything we do.
2018 can be called a year of acquisitions for Lincoln Industries.

In May, the company purchased affiliated Wisconsin-based businesses: Southwest Metal Finishing, Inventix Manufacturing, and Southwest Manufacturas De Mexico. Southwest Metal Finishing, New Berlin, Wisconsin was a decorative chrome plating and metal finishing company focused on zinc and aluminum dies cast finishing, Inventix Manufacturing, located in Menomonee Falls, Wisconsin produced zinc and aluminum die castings. Southwest Metal Finishing also had facilities in Texas and Mexico. Southwest Manufacturas De Mexico being a world-class polishing and plating operation.

And in September, they acquired a longtime Lincoln, Nebraska business, SourceOne which provides industrial customers with a wide range of services including custom manufacturing, design services and tooling, powder coating, and specialty machine build services.

Together, all of Lincoln Industries locations employ over 1,400 people.

Company growth is the result of providing a superior service.

"The combination of our companies is driving substantial technological and operational synergies," said CEO and Chairman Marc LeBaron. "While we provide more than 40 finishing processes and significant manufacturing capabilities, the addition of zinc and aluminum die casting and related metal finishing processes in Wisconsin and new business around powder-coating, manufacturing, and automotive machine design and builds," he said. "Our expanding capabilities will fuel growth for the company for the next decade."

Lincoln Industries locations have shared some of the same customers, but there is now added opportunities where the customer bases didn't overlap. With all locations completely integrated, several opportunities to provide a part, from design to the finished product await.

Lincoln Industries Vice President of Strategic Accounts Clint Boothe has recognized a significant impact with 2018's acquisitions.

"We have had interest from customers wanting to explore finishing aluminum and/or zinc die cast in the past, but we were apprehensive about offering finishing only. The quality of the cast material is extremely important to overall success," says Boothe. "The Southwest Manufacturing acquisition presented an opportunity to get the casting operation and the polishing and plating. Being able to control the supply chain of casting and plating has put us in the best situation to be a Tier 1 supplier."

Additionally, Boothe is pleased with the improvements to Lincoln Industries polishing capabilities. "Identifying polishing sources has been a challenge," he said. "To be successful, we must be competitive in polishing, locally and nationally. We now have a world-class polishing operation that addresses current needs and positions us well for future growth."

With growth at the forefront of their minds, Lincoln Industries has begun implementation of three capital projects between their Wisconsin and Mexico locations. The first project was aimed at renovating a plating line that had previously been shut down in New Berlin, Wisconsin. "This project can be seen as an investment that has made huge impacts," says Boothe. "Having this plating line operational will allow us the capacity to double the business with two of our top customers."

The remaining two projects will take place in 2019 at Lincoln Industries' Mexico location. One is focused on the expansion of steel polishing capabilities, while the other will be the implementation of plating on aluminum substrates. Both projects will help Lincoln Industries grow to a competitive advantage, increase capacity for more projects in Wisconsin, and allow the opportunity for additional jobs.

"These three projects together open up capacity in Mexico and Wisconsin that will give us the capability to grow 50% without investing significant additional capital," said Boothe.
A YEAR IN NUMBERS

66 YEARS IN BUSINESS

5 NEW LOCATIONS

OVER 1,400 PEOPLE

206 COMPLETED CONTINUOUS IMPROVEMENT PROJECTS

EARNED IATF 16949 CERTIFICATION
In 2018, Lincoln Industries aimed to establish a stronger foundation for the future development of their people. In addition to over 1,200 courses offered both online and in person through LIU, Outward Mindset training took place in Nebraska and Minnesota to enhance the culture and energize the beliefs and drivers. Training is set to take place in Wisconsin in 2019. New courses in Nebraska include Emerging Leaders, aimed to develop new and potential leaders and equip them with the knowledge and education to lead effectively, and English Language Learner (ELL) courses.

All of these initiatives have better positioned Lincoln Industries to fulfill a commitment to develop their most important resource, their people.

People Development because our people create our success.

Lincoln Industries Community Giving

Lincoln Industries’ tradition of giving is a hallmark of its history. Our people in Nebraska made over 370 classroom visits for Junior Achievement and packed more than 4,250 backpacks for the local Food Bank. Lincoln Industries locations responded to the holiday season with a tradition of giving. In Nebraska over 100 holiday gifts were donated to City Impact’s “Gifts of Love” program where qualified families can shop for holiday gifts for their families at a huge discount. In Wisconsin, Lincoln Industries people adopted families from the Salvation Army and provided nearly 100 gifts. In Minnesota, funds were raised and donated to purchase survival packs for the homeless in Rochester. Lincoln Industries’ people are continually contributing to their communities and bringing awareness to several organizations and projects that need attention. In all, Lincoln Industries people logged over 3,000 hours volunteering in their communities and supported over 80 organizations through time and treasure.
In 1972, Lincoln Industries was faced with a grueling decision. Close its doors or invest in nearly one million dollars of water treatment equipment to meet the requirements of the U.S. Environmental Protection Agency’s (EPA) Clean Water Act. To be successful long term, this investment was looked at as a commitment to the community and environment. The importance of that has never dwindled.

The original goal of the Clean Water Act was to eliminate untreated waste water from municipal and industrial sources and to make waterways safe for swimming and fishing. Due to the nature of Lincoln Industries’ business in plating highly cosmetic parts, clean water is very important to the plating process.

Ensuring the cosmetic look of the parts Lincoln Industries electroplates requires a special grade filtered water to clean the part. During the plating and washing process, metal inevitably comes off the parts into the water contaminating it. Lincoln Industries’ waste water treatment equipment functions like a water softener to remove the harsh chemicals prior to sending it back to the city.

2018 marked the company’s 15th year of perfect compliance for wastewater treatment.

“The Lincoln Wastewater Treatment System samples us 16 weeks throughout each year and there are seven metals that must be within compliance,” said Director of Environmental Programs Rick Dickey. “The water we discharge is coming in 90% below requirement. We’ve surpassed it so regularly that the city is now only requiring us to provide one sample per quarter. That’s a huge testament to the company’s dedication to clean water.”

Environmental excellence is established in one of Lincoln Industries’ core drivers: environmental responsibility is our commitment to our communities. Their dedication of clean water isn’t where the company’s contributions end. In 2000, Lincoln Industries became ISO 14000 certified turning attention to reducing electrical usage and fuel while also focusing on recycling steel, cardboard, plastics, copper, and other materials.

“ISO 14000 has given us a blueprint to document everything we do so we have a consistent way of doing business,” says Dickey. “We know our procedures and it has helped us establish emergency plans to ensure we are able to withstand natural disasters.”

Lincoln Industries follows an environmental policy: G-R-E-E-N which stands for: Goals and Objectives, Reduce, Reuse, Recycle, Environmental Commitment, Empowering our People, Now and in the Future. This policy encompasses Lincoln Industries’ devotion to the environment, people, and customers.
Over ten years ago, the original footprint of the tube fabrication facility was 20,000 square feet. Today, there is over 160,000 square feet with more than 50,000 square feet of growth opportunities. The largest expansion in Lincoln Industries history.

This expansion is due to Lincoln Industries growing truck business.

“We currently serve 100 percent of the over-the-road heavy-duty truck manufacturers in North America,” said Lincoln Industries CEO and Chairman Marc LeBaron. “When we first entered the tube fabrication business, we were producing 1,000 tubes a week. Our current volume is 10,000 per week and will continue to grow with the increased nationwide demand for our products.”

Lincoln Industries capabilities are extensive offering fabricated tube assemblies ranging from simple designs to complex multi-axis configurations for carbon and stainless tube from ⅜” to 8” in diameter and a full range of wall thicknesses. The process takes 20-foot-long steel or stainless-steel tubes and puts them through a series of operations including tube bending, end-forming, flaring, beading, expanding, swedging, brazing, and welding.

Lincoln Industries tube fabrication takes place in both its Nebraska and Minnesota locations. Minnesota houses eight small tube benders, while large tube bending is done on one of four machines in its newest Lincoln facility.

This thriving business unit with tremendous opportunity for future growth, started as a strategy to differentiate Lincoln Industries core business.

In 2006, a potential customer presented Lincoln Industries with a challenge they were facing. With governmental regulations and new environmental standards, they had thermal issues. A team at Lincoln Industries worked to design the product aiming to reduce the temperature and meet the new standards, while maintaining its highly cosmetic look. The final product worked as a diffuser, pulling air into the product to cool it.

Positive relationships build loyalty.

This project opened the doors for Lincoln to get into the tube fabrication business. Over the last 10 years, Lincoln Industries has evolved from doing only highly-cosmetic
work, to producing non-cosmetic functional tubing product for customers

“Because of our prior performance and relationship with the customer, we were asked to get into the unfinished product. That wasn’t part of our strategy originally,” said Vice President of Operations Tim Carpenter.

“It’s a great example of the importance of one Lincoln Industries beliefs: positive relationships build loyalty. Incorporating tube bending into our operation allowed us to become vertically integrated. There is no better compliment than having one of your largest customers come to you because they want you to take on more.”

To improve capacity and launch new opportunities with customers, Lincoln Industries sourced a new bender from Schwarze-Robotec in 2018.

“This bender is the largest, all electric bender that Schwarze has produced and the largest, all-electric, stacking bender in the United States,” said Director of Engineering Tom Pryor. “It is quality and capacity, all in one bender and the team is excited to have it in our new facility.”

The new bender has the capability to bend every part that Lincoln Industries currently makes. Like it’s other benders, the operating systems are complex and require operators to complete between 12-18 months of training prior to being certified to operate the bender.

“Our capabilities are far greater now,” said Pryor. “When we are given solution-based opportunities, we work actively to solve customers’ challenges.”
Not only did the acquisition of SourceOne expand Lincoln Industries capabilities with new products and services, it brought on completely new and different markets for the company.

For 19 days in 2018, the XXII Olympic Winter Games in Pyeongchang, South Korea, were broadcast across NBCUniversal in all time zones. The coverage captured multiple sports, hundreds of interviews, and hours of commentary from the primetime host. Behind the host was a digital display system created by Planar of Leyard. And it was affixed to a specialized metal fabrication framing system, crafted in Lincoln, Nebraska at Lincoln Industries newest acquisition, SourceOne.

"SourceOne and Leyard’s engineering teams collaborated on NBC’s production of the Olympic Games in Rio de Janeiro, Brazil, in 2016 - this was another opportunity to contribute our engineering experience for the Winter Games," explained SourceOne’s Engineering Manager Lonnie Schmidt.

SourceOne was given design criteria to follow for the five structures they built. The largest needed to match specific curvatures of the geodesic dome of the broadcast studio. At 39 ft. wide and 14 ft. tall, each design segment needed to take on the overall curvature while holding 196 Leyard TWS screens.

"It’s not your everyday display structure," said Schmidt.

SourceOne's team of engineers designed the structure to accommodate the studio and built each frame for the structures. Each system went through fabrication and production including lasering, bending, and powder coating. The team at SourceOne worked through projects from the creation to the shipment and installation. Their team formulated the system to fit into one custom crate built for international shipping and sent experts to install and mount the systems.

Though SourceOne's work with Planar/Leyard might be exciting, they pride themselves on the same dedication to all their projects. SourceOne’s General Manager Eric Slezak calls SourceOne a one stop shop. "We design equipment to perform a specific function like assembly, packaging, or processing. Customers bring us an idea and we engineer a solution that will provide them with a machine to meet their needs."

Lincoln Industries acquired SourceOne in September of 2018, bringing exposure to new industries and projects.

“We now have numerous capabilities at our fingertips allowing many of our processes to be completed internally, rather than outsourced," said Slezak. "Having our name connected to Lincoln Industries is an advantage that we’re excited about."

We create value for our customers.

Though there are no Olympics to prepare for in the next year, SourceOne is continuing its work with Planar/Leyard to build custom framing systems for CNN, NBC, and FOX news stations in New York City.

SourceOne works in the following industries: medical, manufacturing, automotive, broadcasting, electrical management, software/IT, food processing, election, defense, transportation, agriculture.
Our branded product divisions continue to be a source of strength.

**Khrome Werks**

The refocusing efforts that began in 2017 continued through 2018. As 2018 ended, Khrome Werks began to see real traction in the market. With over 53 dealers displaying new 4.5” mufflers in their showrooms on custom-made, dealer display racks. This display program has been wildly successful in getting product in front of the customer in an appealing fashion.

A substantial effort was spent developing the relationship with reps and dealers. This has proven successful and has added excitement around the Khrome Werks brand. With an aggressive marketing and branding approach, there is continued brand recognition establishment in the industry. There is confidence in the Khrome Werks brand and products, providing an eagerness to continue a trajectory of growth. The future of Khrome Werks is bright.

**Lincoln Chrome**

Lincoln Chrome closed out 2018 with one of the best years yet. The Lincoln Chrome team worked hard to continue efforts in developing the brand name, qualifying offerings, and gaining market share in the trucking industry. Mike Horan joined the team bringing over 25 years of experience in the trucking industry and a wealth of experience.

Lincoln Chrome launched several new products to expand offerings and expects to see the brand continue growing in 2019.
Standing at 14,440-feet, as the second highest summit in the continental United States, is Mount Elbert near Leadville, Colorado. On July 22, 2018, 160 of Lincoln Industries’ people embarked on a trek to reach its summit. The annual Platinum mountain climb is the pinnacle of wellness success for many people at Lincoln Industries. Though it is regularly the highlight of wellness journeys, it’s only one of the numerous ways that Lincoln Industries invests in wellness.

Lincoln Industries is no stranger to finding innovative ideas to best support people in living a healthy lifestyle. A core belief states: wellness and healthy lifestyles are important to our success. In 1977, Lincoln Industries launched its wellness program and over the last 40 years has continually invested in its culture of wellness.

“WELLNESS IS IN THE CORE
Wellness and healthy lifestyles are important to our success.

“To have a successful wellness culture, you have to invest in the entire person, which is why we built an on-site health clinic in Lincoln, HealthyU,” says Vice President of People Resources Kassy Knudson. “As one of the first in the city we’ve seen other companies replicate our model. You know you’re doing something right when other exceptional businesses follow suit.”
In addition to the on-site health clinic, Lincoln Industries offers lifestyle coaching methods and a 24-hour gym, HealthyU Fit.

“People set real goals, like lowering cholesterol or blood sugar, and we help hold them accountable,” says Knudson.

Wellness programs have become increasingly popular for businesses as they seek to lower health-insurance costs, aim to appeal to younger generations, and boost recruiting efforts, but for Lincoln Industries, the motivation is deeper. Happier and healthier people not only feel better at home and at work, but they’re more productive too. Wellness brings a positive, can-do attitude with improved problem solving and fewer sick days.

“We do see our investment in wellness pay dividends,” says Knudson. “Lincoln Industries annual healthcare costs are well below the average of other employers in the same region.” (See graph below.)

Lincoln Industries has created an environment that addresses the total well-being of its people, including emotional and physical health, life, healthy behaviors, work environment and access to healthcare resources. While HealthyU, HealthyU Fit, and the Platinum Climb certainly help, Lincoln Industries culture of wellness was thriving before these resources existed. Its people are the reason for its success.

Production Planner Ryan Sieler has found the wellness program to be invaluable. Prior to working at Lincoln Industries, Sieler’s attitude was often negative and which he blames on his poor lifestyle choices.

“After my first child was born, I made a decision to make my health a priority,” he said. “Choosing to adjust my lifestyle was especially impactful. I went back to school and successfully obtained my degree providing further opportunities in my future. With everything that Lincoln Industries offers, there is really no excuse not to feel your best and live your best life.”

Sieler is only one example of lives changed through Lincoln Industries wellness program. With continuous support from programs and people at Lincoln Industries, every person has the opportunity to make adjustments to improve their quality of life.

“Lincoln Industries rises to the challenge in everything we do. Wanting our people to live their fullest and healthiest lives, is only one part,” concludes Knudson.