LINAMAR CORPORATION
Consolidated Interim Statements of Financial Position
As at September 30, 2018 with comparatives as at December 31, 2017 (Unaudited)
(in thousands of Canadian dollars)

	September 30 2018 $	December 31 2017 $
ASSETS		
Cash and cash equivalents	424,559	439,064
Accounts and other receivables	1,448,872	1,083,322
Inventories	1,089,373	791,670
Income taxes recoverable	26,316	33,145
Current portion of long-term receivables (Note 6)	141,108	103,276
Current portion of derivative financial instruments (Notes 6, 13)	1,868	1,333
Other current assets	28,919	25,387
Current Assets	3,161,015	2,477,197
Long-term receivables (Note 6)	373,391	304,514
Property, plant and equipment	2,525,336	2,209,884
Investments accounted for using the equity method	4,956	9,263
Intangible assets	898,294	287,827
Goodwill	871,324	485,610
Derivative financial instruments (Notes 6, 13)	45,496	25,854
Deferred tax assets	51,500	51,074
Assets	7,931,312	5,851,223
LIABILITIES		
Short-term borrowings	15,691	8,836
Accounts payable and accrued liabilities	1,501,681	1,215,803
Provisions	39,167	31,486
Income taxes payable	52,295	33,446
Current portion of long-term debt (Notes 6, 7)	8,677	6,399
Current Liabilities	1,617,511	1,295,970
Long-term debt (Notes 6, 7)	2,467,550	1,288,826
Derivative financial instruments (Notes 6, 13)	18,324	-
Deferred tax liabilities	271,075	153,589
Liabilities	4,374,460	2,738,385
EQUITY		
Capital stock	122,393	122,393
Retained earnings	3,343,154	2,904,552
Contributed surplus	27,417	25,027
Accumulated other comprehensive earnings (loss)	63,888	60,866
Equity	3,556,852	3,112,838
Liabilities and Equity	7,931,312	5,851,223

The accompanying notes are an integral part of these consolidated interim financial statements.

On behalf of the Board of Directors:

(Signed) “Frank Hasenfratz”

Frank Hasenfratz
Director

(Signed) “Linda Hasenfratz”

Linda Hasenfratz
Director

LINAMAR CORPORATION
Consolidated Interim Statements of Earnings
For the nine months ended September 30, 2018 and September 30, 2017 (Unaudited)
(in thousands of Canadian dollars, except per share figures)

	Three Months Ended September 30		Nine Months Ended September 30	
	2018	2017	2018	2017
	$	$	$	$
Sales	1,837,258	1,549,706	5,888,617	4,971,938
Cost of sales	1,562,767	1,318,871	4,912,489	4,144,318
Gross Margin	274,491	230,835	976,128	827,620
Selling, general and administrative	102,962	79,455	332,185	260,596
Other income and (expenses) (Note 8)	(10,093)	(9,514)	4,785	(17,395)
Operating Earnings (Loss)	161,436	141,866	648,728	549,629
Share of net earnings (loss) of investments accounted for using the equity method	(3,898)	(1,517)	(9,462)	(4,140)
Finance income and (expenses) (Note 9)	(11,983)	(794)	(33,872)	(6,555)
Net Earnings (Loss) before Income Taxes	145,555	139,555	605,394	538,934
Provision for (recovery of) income taxes	32,358	32,303	138,442	124,645
Net Earnings (Loss) for the Period	113,197	107,252	466,952	414,289
Net Earnings (Loss) Per Share:				
Basic	1.73	1.64	7.14	6.35
Diluted	1.71	1.62	7.05	6.27

The accompanying notes are an integral part of these consolidated interim financial statements.

LINAMAR CORPORATION

Consolidated Interim Statements of Comprehensive Earnings

For the nine months ended September 30, 2018 and September 30, 2017 (Unaudited)
(in thousands of Canadian dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2018	2017	2018	2017
	$	$	$	$
Net Earnings (Loss) for the Period	113,197	107,252	466,952	414,289
Items that may be reclassified subsequently to net income				
Unrealized gains (losses) on translating financial statements of foreign operations	(71,680)	(55,757)	9,788	19,919
Change in unrealized gains (losses) on net investment hedges	19,764	4,613	1,868	(36,715)
Change in unrealized gains (losses) on cash flow hedges	(18,764)	(5,412)	(10,781)	(17,211)
Change in cost of hedging	(6,191)	-	(7,561)	-
Reclassification to earnings of gains (losses) on cash flow hedges	21,428	6,552	13,407	18,798
Tax impact of above	(4,051)	(285)	(3,699)	(397)
Other Comprehensive Earnings (Loss)	(59,494)	(50,289)	3,022	(15,606)
Comprehensive Earnings (Loss) for the Period	53,703	56,963	469,974	398,683

The accompanying notes are an integral part of these consolidated interim financial statements.

LINAMAR CORPORATION

Consolidated Interim Statements of Changes in Equity

For the nine months ended September 30, 2018 and September 30, 2017 (Unaudited)
(in thousands of Canadian dollars)

	Capital stock $	Retained earnings $	Contributed surplus $	Cumulative translation adjustment $	Hedging reserves $	Total Equity $
Balance at December 31, 2017	122,393	2,904,552	25,027	61,564	(698)	3,112,838
Adjustment on adoption of IFRS 9 (Note 3)	-	(4,822)	-	-	-	(4,822)
Balance at January 1, 2018	122,393	2,899,730	25,027	61,564	(698)	3,108,016
Net Earnings (Loss)	-	466,952	-	-	-	466,952
Other comprehensive earnings (loss)	-	-	-	7,490	(4,468)	3,022
Comprehensive Earnings (Loss)	-	466,952	-	7,490	(4,468)	469,974
Share-based compensation	-	-	2,390	-	-	2,390
Dividends	-	(23,528)	-	-	-	(23,528)
Balance at September 30, 2018	122,393	3,343,154	27,417	69,054	(5,166)	3,556,852

	Capital stock $	Retained earnings $	Contributed surplus $	Cumulative translation adjustment $	Hedging reserves $	Total Equity $
Balance at January 1, 2017	120,385	2,386,524	23,332	61,097	(1,077)	2,590,261
Net Earnings (Loss)	-	414,289	-	-	-	414,289
Other comprehensive earnings (loss)	-	-	-	(16,796)	1,190	(15,606)
Comprehensive Earnings (Loss)	-	414,289	-	(16,796)	1,190	398,683
Share-based compensation	-	-	1,717	-	-	1,717
Shares issued on exercise of options	1,519	-	(450)	-	-	1,069
Dividends	-	(23,501)	-	-	-	(23,501)
Balance at September 30, 2017	121,904	2,777,312	24,599	44,301	113	2,968,229

The accompanying notes are an integral part of these consolidated interim financial statements.

LINAMAR CORPORATION

Consolidated Interim Statements of Cash Flows

For the nine months ended September 30, 2018 and September 30, 2017 (Unaudited)
(in thousands of Canadian dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2018	2017	2018	2017
	$	$	$	$
Cash generated from (used in)				
Operating Activities				
Net Earnings (Loss) for the Period	113,197	107,252	466,952	414,289
Adjustments for:				
Amortization of property, plant and equipment	80,571	73,780	245,969	224,043
Amortization of other intangible assets	9,018	6,341	27,070	19,533
Deferred income taxes	(4,339)	836	(2,412)	3,654
Property, plant and equipment impairment provision, net of reversals	-	(2,595)	(1,224)	(5,625)
Share-based compensation	795	572	2,390	1,717
Finance (income) and expenses	11,983	794	33,872	6,555
Other	(2,262)	(1,289)	2,150	2,844
	208,963	185,691	774,767	667,010
Changes in operating assets and liabilities:				
(Increase) decrease in accounts and other receivables	145,475	20,111	(206,878)	(265,748)
(Increase) decrease in inventories	(54,469)	(39,819)	(133,223)	(17,997)
(Increase) decrease in other current assets	(4,006)	(6,624)	(772)	(3,972)
(Increase) decrease in long-term receivables	14,640	(53,853)	(100,271)	(169,861)
Increase (decrease) in income taxes	16,089	(6,035)	21,449	(29,867)
Increase (decrease) in accounts payable and accrued liabilities	(75,624)	41,365	75,877	227,879
Increase (decrease) in provisions	642	(476)	703	3,357
	42,747	(45,331)	(343,115)	(256,209)
Cash generated from (used in) operating activities	251,710	140,360	431,652	410,801
Financing Activities				
Proceeds from (repayments of) short-term borrowings	3,249	4,469	7,197	1,771
Proceeds from (repayments of) long-term debt	(76,255)	1,628	1,160,898	49,896
Proceeds from government borrowings	16,380	8,104	16,380	8,104
Proceeds from exercise of stock options	-	656	-	1,069
Dividends	(7,843)	(7,835)	(23,528)	(23,501)
Finance income received (expenses paid)	(10,618)	(3,918)	(28,669)	(8,701)
Cash generated from (used in) financing activities	(75,087)	3,104	1,132,278	28,638
Investing Activities				
Payments for purchase of property, plant and equipment	(155,444)	(114,892)	(392,747)	(309,165)
Proceeds on disposal of property, plant and equipment	6,451	2,750	11,554	9,544
Payments for purchase of intangible assets	(6,014)	(3,245)	(18,056)	(10,864)
Business acquisitions, net of cash acquired (Note 12)	510	-	(1,174,846)	(1,060)
Other	(5,135)	-	(5,135)	(3,834)
Cash generated from (used in) investing activities	(159,632)	(115,387)	(1,579,230)	(315,379)
	16,991	28,077	(15,300)	124,060
Effect of translation adjustment on cash	(9,485)	(13,716)	795	(4,088)
Increase (decrease) in cash and cash equivalents	7,506	14,361	(14,505)	119,972
Cash and cash equivalents - Beginning of Period	417,053	510,577	439,064	404,966
Cash and cash equivalents - End of Period	424,559	524,938	424,559	524,938
Comprised of:				
Cash in bank	261,974	339,107	261,974	339,107
Short-term deposits	170,608	197,633	170,608	197,633
Unpresented cheques	(8,023)	(11,802)	(8,023)	(11,802)
	424,559	524,938	424,559	524,938

The accompanying notes are an integral part of these consolidated interim financial statements.

1 General Information

Linamar Corporation and its subsidiaries, including jointly controlled entities, (together, the "Company") is a diversified global manufacturing company of highly engineered products. The Company is incorporated in Ontario, Canada with common shares listed on the Toronto Stock Exchange. The Company is domiciled in Canada and its registered office is 287 Speedvale Avenue West, Guelph, Ontario, Canada.

The consolidated interim financial statements of the Company for the period ended September 30, 2018 were authorized for issue in accordance with a resolution of the Company's Board of Directors on November 7, 2018.

2 Significant Accounting Policies

The Company has prepared these unaudited consolidated interim financial statements ("interim financial statements") using the same accounting policies and methods as those used in the Company's audited consolidated annual financial statements ("annual financial statements") for the year ended December 31, 2017, except as described in Note 3. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of Presentation

The Company has prepared its interim financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and with interpretations of the International Financial Reporting Issues Committee.

These interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting. Accordingly, certain information and footnotes as required in the annual financial statements have been omitted or condensed and as such these interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2017. These interim financial statements and the notes thereto have not been reviewed by the Company's external auditors pursuant to a review engagement applying review standards set out in the Canadian Chartered Professional Accountants handbook.

These interim financial statements were prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value.

3 Changes in Accounting Policies

New Standards and Amendments Adopted

Certain new standards and amendments became effective during the current fiscal year. The impact from the adoption of these new standards and amendments are reflected below.

IFRS 15 Revenue from Contracts with Customers

The Company has adopted IFRS 15 Revenue from Contracts with Customers ("new revenue standard") as issued in May 2014. In accordance with the transition provisions in IFRS 15 the new rules have been adopted using the modified retrospective method to those contracts which were not completed as of January 1, 2018. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The new revenue standard establishes a framework for determining the nature, amount, and timing of revenue recognition, which the Company has incorporated into its accounting policies. For its significant revenue streams including sale of products and equipment, sale of customer owned assets, and engineering services, the Company identified the impact of each of the five steps of the revenue standard compared to prior policies, concluding there were no significant differences. The Company did not record an adjustment to opening retained earnings as the impact was insignificant. The Company expects the impact of the adoption of the new revenue standard to be insignificant to net earnings for the current year.

IFRS 9 Financial Instruments

The Company has adopted IFRS 9 Financial Instruments as issued in July 2014. In accordance with the transitional provisions in the standard, comparative figures have not been restated. The adopted standard resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements.

IFRS 9 replaces the provisions of IAS 39 and introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and an updated approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

On January 1, 2018, the Company assessed which business models apply to the financial assets held and has classified its financial instruments into the appropriate IFRS 9 categories. These reclassifications did not have an impact on the measurement categories. On the date of adoption, the Company applied the simplified approach, as defined in IFRS 9, to provide for expected credit losses for accounts and other receivables and long-term receivables which resulted in a $4,822 decrease to opening retained earnings (Note 6). Upon transition the Company's derivatives continue to meet the hedging criteria, therefore the fair values flow through other comprehensive income under both IAS 39 and IFRS 9.

In 2018, upon the conversion of a portion of the Company's debt (Note 7), the Company simultaneously entered into two cross-currency interest rate swaps (Note 13) to convert the floating rate debt into fixed rate debt. The Company's derivative and hedging policies have been updated as follows:

Derivative financial instruments including hedge accounting

Risk management is predominantly controlled by the corporate treasury department. The corporate treasury department identifies, evaluates and hedges financial risks in close co-operation with the Company's operating entities.

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company uses derivatives as part of its risk management program to mitigate variability associated with changing market values related to the hedged item. Some of the derivatives used meet hedge effectiveness criteria and are designated in a hedge accounting relationship. There are controls in place to detect the holding or issuance of derivative financial instruments for trading or speculative purposes.

The Company applies hedge accounting for certain foreign exchange forward contracts and cross currency interest rate swap contracts as cash flow hedges. The Company uses cash flow hedges for certain risks associated with the cash flows of recognized liabilities and highly probable forecast transactions. Amounts accumulated in the hedge reserve within other comprehensive earnings are reclassified to net earnings in the period in which the hedged transaction occurs. In some hedge relationships the Company excludes from the designation the forward element of hedging instruments. The change in the forward element of the contract that relate to the hedged item are recognized within other comprehensive earnings in the costs of hedging reserve within equity and if the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the costs of hedging reserve and included in the initial cost or other carrying amount of the hedged asset or liability. The deferred amounts are ultimately recognized in net earnings as the hedged asset or liability affects net earnings. For any other cash flow hedges, the amount accumulated in the cost of hedging reserve is reclassified to net earnings as a reclassification adjustment in the same period or periods during which the hedged cash flows affect net earnings.

The Company may designate certain portions of its foreign denominated long-term debt or the spot component of a cross currency interest rate swaps as a net investment hedge. Hedges of net investments are accounted for similarly to cash flow hedges with amounts accumulated in other comprehensive earnings. The amounts accumulated in other comprehensive earnings are reclassified to net earnings in the period in which the foreign operation is partially disposed of or sold. When only the spot component of a financial instrument is designated in the net investment hedge, the change in the forward element of the hedging instrument that relates to the hedged item is recognized within other comprehensive earnings in the costs of hedging reserve within equity. Because the net investment is considered a time period related item, the deferred amounts are recognized in net earnings on a rational basis over the time period during which the hedge adjustment for the included spot component would affect net earnings.

The fair values are determined based on observable market data.

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged. Effectiveness is achieved when the hedging relationships meet all of the following hedge effectiveness requirements:

(a) There is an economic relationship exists between the hedged item and hedging instrument;

(b) The effect of credit risk does not dominate the value changes that result from that economic relationship; and

(in thousands of Canadian dollars, except where otherwise noted)

(c) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in accumulated other comprehensive earnings at that time remains in accumulated other comprehensive earnings until the forecasted transaction is eventually recognized in net earnings. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in accumulated other comprehensive earnings is immediately transferred to net earnings.

New Standards and Interpretations Not Yet Adopted

At the date of authorization of these interim financial statements, there were no new standards, amendments and interpretations to existing standards that were relevant to the Company.

4 Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions or conditions. Management's most critical estimates and assumptions in determining the value of assets and liabilities and most critical judgements in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year have been set out in Note 5 of the Company's annual financial statements for the year ended December 31, 2017.

5 Seasonality

Historically, earnings in the second quarter, for the Industrial segment, are positively impacted by the high selling season for both the access equipment and agricultural businesses. For the Transportation segment, vehicle production is typically at its lowest level during the third and fourth quarters due to lower original equipment manufacturers production schedules resulting from shutdowns related to summer and winter maintenance, and model changeovers. The Company takes advantage of summer and winter shutdowns for maintenance activities that would otherwise disrupt normal production schedules.

6 Fair Value of Financial Instruments

The comparison of fair values to carrying amounts of financial assets and financial liabilities along with the fair value hierarchy for financial assets and financial liabilities carried at fair value on a recurring basis is as follows:

		September 30, 2018		December 31, 2017	
	Subsequent Measurement	Carrying Value Asset (Liability) $	Fair Value $	Carrying Value Asset (Liability) $	Fair Value $
Long-term receivables	Amortized cost (Level 2)	514,499	516,580	407,790	413,064
Derivative financial instruments (Note 13)					
USD interest payment forward contracts	Fair value (Level 2)	4,697	4,697	5,077	5,077
USD debt principal forward contracts	Fair value (Level 2)	25,419	25,419	22,110	22,110
USD cross currency interest rate swap	Fair value (Level 2)	(18,324)	(18,324)	-	-
EUR cross currency interest rate swap	Fair value (Level 2)	17,248	17,248	-	-
Long-term debt designated as net investment hedge	Amortized cost (Level 2)	-	-	(925,883)	(847,296)
Long-term debt, other	Amortized cost (Level 2)	(2,476,227)	(2,391,442)	(369,342)	(357,801)

With the adoption of IFRS 9 on January 1, 2018, the Company applied the simplified approach, as defined in IFRS, to providing for expected credit losses for accounts and other receivables and long-term receivables which resulted in a decrease in the carrying value of these financial assets by $759 and $4,063 respectively, which are carried net of their respective loss allowances.

(in thousands of Canadian dollars, except where otherwise noted)

7 Long-Term Debt

	September 30 2018 $	December 31 2017 $
Senior unsecured notes	167,929	162,868
Bank borrowings (Note 13)	2,220,942	1,053,956
Obligations under finance leases	9,339	13,216
Government borrowings	78,017	65,185
	2,476,227	1,295,225
Less: current portion	8,677	6,399
	2,467,550	1,288,826

In 2018, the Company converted its Euro ("EUR") 615 million of borrowings to United States dollar ("USD") 716 million borrowings under the Company's amended and restated credit facility. As of September 30, 2018, $679,733 was available under the various credit facilities.

8 Other Income and (Expenses)

	Three Months Ended September 30		Nine Months Ended September 30	
	2018 $	2017 $	2018 $	2017 $
Foreign exchange gain (loss)	(10,190)	(10,074)	4,350	(18,412)
Other income (expense)	97	560	435	1,017
	(10,093)	(9,514)	4,785	(17,395)

9 Finance Income and (Expenses)

	Three Months Ended September 30		Nine Months Ended September 30	
	2018 $	2017 $	2018 $	2017 $
Finance costs	(18,404)	(4,700)	(50,410)	(21,313)
Foreign exchange gain (loss) on debt and derivatives	93	(1,757)	(1,383)	(950)
Interest earned	8,088	6,901	22,889	19,405
Other	(1,760)	(1,238)	(4,968)	(3,697)
	(11,983)	(794)	(33,872)	(6,555)

10 Commitments

As at September 30, 2018, outstanding commitments for capital expenditures under purchase orders and contracts amounted to $229,706 (September 30, 2017 - $202,843). Of this amount, $212,585 (September 30, 2017 - $200,135) relates to the purchase of manufacturing equipment and $17,121 (September 30, 2017 - $2,708) relates to general contracting and construction costs in respect of plant construction. The majority of these commitments are due within the next twelve months.

11 Segmented Information

Management has determined the operating segments based on the reports reviewed by the Senior Executive Group that are used to make strategic decisions.

Transportation: The Transportation segment derives revenues primarily from the collaborative design, development and manufacture of precision metallic components, modules and systems for global vehicle markets.

Industrial: The Industrial segment is a world leader in the design and production of innovative mobile industrial equipment, notably its class-leading aerial work platforms, telehandlers and agricultural equipment.

The segments are differentiated by the products that each produces and reflects how the Senior Executive Group manages the business. Corporate headquarters and other small operating entities are allocated to the Transportation and Industrial operating segments accordingly.

(in thousands of Canadian dollars, except where otherwise noted)

The Company accounts for inter-segment sales and transfers as arm's length transactions at current market rates. The Company ensures that the measurement and policies are consistently followed among the Company's reportable segments for sales, operating earnings, earnings and assets.

The Company derives revenue from the transfer of goods and services at a point in time and over time in the following operating segments. These segments best depict how economic factors affect the nature, amount, timing and uncertainty of revenue and cash flows.

	Three Months Ended September 30, 2018				Nine Months Ended September 30, 2018				
	Sales to external customers $	Inter-segment sales $	Operating earnings (loss) $	EBITDA $	Sales to external customers $	Inter-segment sales $	Operating earnings (loss) $	EBITDA $	Total identifiable assets $
Transportation	1,352,450	10,806	86,607	164,844	4,355,721	34,773	365,677	605,832	5,203,730
Industrial	484,808	2,907	74,829	88,877	1,532,896	4,705	283,051	322,156	2,727,582
Total	1,837,258	13,713	161,436	253,721	5,888,617	39,478	648,728	927,988	7,931,312

	Three Months Ended September 30, 2017				Nine Months Ended September 30, 2017				
	Sales to external customers $	Inter-segment sales $	Operating earnings (loss) $	EBITDA $	Sales to external customers $	Inter-segment sales $	Operating earnings (loss) $	EBITDA $	Total identifiable assets $
Transportation	1,289,375	10,163	108,157	183,011	4,063,628	36,969	416,065	649,457	5,012,590
Industrial	260,331	665	33,709	38,894	908,310	1,307	133,564	149,160	852,480
Total	1,549,706	10,828	141,866	221,905	4,971,938	38,276	549,629	798,617	5,865,070

Net earnings (loss) before income taxes reconciles to earnings before interest, taxes and amortization ("EBITDA") as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2018 $	2017 $	2018 $	2017 $
Net earnings (loss) before income taxes	145,555	139,555	605,394	538,934
Amortization of property, plant and equipment	80,571	73,780	245,969	224,043
Amortization of other intangible assets	9,018	6,341	27,070	19,533
Property, plant and equipment impairment provision, net of reversals	-	(2,595)	(1,224)	(5,625)
Finance costs	18,404	4,700	50,410	21,313
Other interest	173	124	369	419
EBITDA	253,721	221,905	927,988	798,617

12 Business Acquisition

MacDon Group of Companies

On February 1, 2018, the Company completed its acquisition of 100% of the outstanding equity interest of Moray Marketing Ltd., parent company of MacDon and its Group of Companies ("MacDon") for a preliminary purchase price of $1,298,383 comprised of $1,223,383 in cash consideration and an assumed liability of $75,000. The liability was immediately extinguished using a portion of the acquired cash of MacDon. The preliminary purchase price of $1,298,383 includes cash acquired for a net acquisition cash impact of $1,174,846. 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.

Due to the timing of the close and complexities associated with the transaction, the determination of the fair value of consideration, assets acquired and liabilities assumed is not yet complete and are subject to further adjustments. The Company has recorded a provisional amount of $387,712 to goodwill as the current unallocated portion of the purchase price. The Company will update this balance and disclose the full purchase price allocation when the determination of the fair value is complete. The following table summarizes the $1,298,383 consideration paid for MacDon's acquired net assets, recognized at the acquisition date, which has been accounted for as a business combination.

(in thousands of Canadian dollars, except where otherwise noted)

Preliminary summary of identifiable assets acquired and liabilities assumed after acquisition completed on February 1, 2018:

	$
Current assets	408,793
Non-current assets	761,780
Goodwill	387,712
Total assets acquired	1,558,285
Current liabilities	139,082
Non-current liabilities	120,820
Total liabilities assumed	259,902
Preliminary net identifiable assets acquired	1,298,383

The sales included in the consolidated statement of earnings from February 2, 2018 to September 30, 2018 contributed by MacDon were $456,089. MacDon also contributed net earnings of $94,210 over the same period. If the acquisition had occurred on January 1, 2018, consolidated pro-forma sales and net earnings for the period ended September 30, 2018 would have been $5,946,066 and $474,469 respectively. These amounts have been calculated using MacDon's results adjusted for the additional depreciation and amortization that would have been charged assuming the preliminary fair value adjustments to property, plant and equipment and intangible assets had applied from January 1, 2018, together with the consequential tax effects.

13 Derivative Financial Instruments Including Hedge Accounting

The summary of the Company's derivative financial instruments and hedge accounting is as follows:

		Hedging reserve			Other comprehensive earnings		
	Carrying value $	Cost of hedging reserve $	Total $	Notional Hedge Value	Unrealized gain/(loss) recognized $	Gain/(loss) reclassified to finance expense $	Change in cost of hedging $
a) USD interest payment forward contracts	3,220	-	3,220	18,876 USD	(328)	-	-
b) USD debt principal forward contracts	(1,796)	(3,224)	(5,020)	130,000 USD	4,719	(5,044)	(816)
c) USD cross currency interest rate swap contract	2,459	(2,364)	95	716,044 USD	(15,172)	18,451	(3,152)
d) EUR cross currency interest rate swap contract	(766)	(2,695)	(3,461)	615,000 EUR	19,732	-	(3,593)
e) Long-term debt designated as net investment hedge					(17,864)	-	-
Nine month period ended September 30, 2018	3,117	(8,283)	(5,166)		(8,913)	13,407	(7,561)

		Hedging reserve			Other comprehensive earnings		
	Carrying value $	Cost of hedging reserve $	Total $	Notional Hedge Value	Unrealized gain/(loss) recognized $	Gain/(loss) reclassified to finance expense $	Change in cost of hedging $
a) USD interest payment forward contracts	3,697	-	3,697	25,168 USD	(4,461)	-	-
b) USD debt principal forward contracts	(3,584)	-	(3,584)	130,000 USD	(12,750)	18,798	-
e) Long-term debt designated as net investment hedge					(36,715)	-	-
Nine month period ended September 30, 2017	113	-	113		(53,926)	18,798	-

There was no ineffectiveness in any of the hedge relationships in 2018 or 2017.

a) USD Interest Payment Forward Contracts

In 2012, the Company entered into a series of forward exchange contracts to lock in the exchange rate on the semi-annual coupon payments on the USD $130 million of senior unsecured Notes due 2021. The forward exchange contracts have been designated as cash flow hedges for accounting purposes. The derivatives are denominated in the same currency and notional amount as the coupon components of the Notes, therefore, the hedge ratio is on a one to one basis. As all critical terms matched during the period, the economic relationship was 100% effective.

In 2011, the Company entered into a series of forward exchange contracts to lock in the exchange rate on the semi-annual coupon payments on the USD $130 million of senior unsecured Notes due 2017. The forward exchange contracts had been designated as cash flow hedges for accounting purposes and matured during 2017 when the 2017 Notes matured and were repaid.

b) USD Debt Principal Forward Contracts

In 2011, the Company completed the placement of USD $130 million of senior unsecured Notes due 2021. In 2012, the Company entered into a long-dated forward exchange contract to lock in the exchange rate on the principal repayment component upon maturity of the Notes and to hedge the effective changes in exchange rates. The long-dated forward exchange contracts have been designated as cash flow hedges for accounting purposes. As the contract has been designated as a cash flow hedge for accounting purposes for the spot component only, the change in the forward element (the excluded component) of the contract is recognized within other comprehensive earnings in the costs of hedging reserve within equity and is amortized to net earnings in finance costs as an additional cost on a systematic basis. Effective January 1, 2018, the Company has adopted IFRS 9 Financial Instruments as issued in July 2014. In accordance with the transitional provisions in the standard, the comparative 2017 figures have not been restated (Note 3).

The derivatives are denominated in the same currency and notional amount as the principal repayment of the Notes, therefore, the hedge ratio is on a one to one basis. As all critical terms matched during the period, the economic relationship was 100% effective.

In 2010, the Company completed the placement of USD $130 million of senior unsecured Notes due 2017. In 2011, the Company entered into a long-dated forward exchange contract to lock in the exchange rate on the principal repayment component upon maturity of the Notes and to hedge the effective changes in exchange rates. The long-dated forward exchange contracts had been designated as cash flow hedges for accounting purposes and matured during 2017 when the 2017 Notes matured and were repaid.

c) USD Cross Currency Interest Rate Swap Contract

In 2018, the Company converted EUR 615 million of borrowings to USD 716 million borrowings under the credit facility. The USD borrowings are under a non-revolving facility due in 2021 and a revolving facility due in 2023. Simultaneously, the Company entered into a cross currency interest rate swap contract to buy Canadian dollar (“CAD”) interest and principal amounts in exchange for USD interest and principal amounts. The contract effectively locks in the exchange rate on the interest and principal repayments of the USD borrowings and to hedge the effective changes in exchange rates. The contract also locks in the interest payments on the USD borrowings from monthly LIBOR floating interest rates to a CAD fixed interest rate. The maturity of the swap contract corresponds to the due date of the non-revolving portion of the USD borrowings, however both the revolving and non-revolving portions of the USD 716 million borrowings are part of the hedging strategy. The swap contract has been designated as a cash flow hedges for accounting purposes. The derivative is denominated in the same currency as the principal repayment of the USD 716 million borrowings, therefore, the hedge ratio is on a one to one basis. As all critical terms matched during the period, the economic relationship was 100% effective.

d) EUR Cross Currency Interest Rate Swap Contract

In 2018, the Company entered into a second cross currency interest rate swap contract to buy EUR interest and principal amounts in exchange for CAD interest and principal amounts. The contract will hedge the effective change in exchange rates on net investments EUR foreign operations. The change in the forward element (the excluded component) of the swap contract is recognized within other comprehensive earnings in the costs of hedging reserve within equity and is amortized to net earnings in finance costs as an additional cost on a systematic basis. The swap contract has been designated as a net investment for accounting purposes for the spot component only. The Company entered into this swap contract having similar critical terms as the EUR net investment hedged item, such as currency and notional amount, therefore, the hedge ratio is on a one to one basis. As all critical terms matched during the period, the economic relationship was 100% effective.

e) Long-term debt designated as net investment hedge

In 2016, Euro denominated debt used to purchase the net assets of Montupet S.A. was designated as a net investment hedge in this foreign entity. The hedge ratio remained on a one to one basis until the hedge was discontinued during 2018. At the time that the EUR denominated debt was converted to USD and a new hedge arrangement was entered into (see c) and d) above). The cumulative foreign exchange impacts since the inception of the debt is now locked into other comprehensive income and will remain until the Montupet S.A. net assets are eventually sold (or partially sold). As all critical terms matched during the period, the economic relationship was 100% effective.

14 Comparative Figures

On January 1, 2018, the Company adopted a change in the presentation and classification with respect to cash flow impacts from long-term receivables in the Statement of Cash Flows to include effects within operating activities rather than the financing activities. The Company has determined that such a change in presentation results in the Statement of Cash Flows providing more relevant and appropriate information to its business.

Certain comparative figures have been reclassified in accordance with the period's presentation.