LINAMAR CORPORATION
Management's Discussion and Analysis
For the Quarter Ended March 31, 2018

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Linamar Corporation ("Linamar" or the "Company") should be read in conjunction with its consolidated interim financial statements for the quarter ended March 31, 2018. This MD&A has been prepared as at May 15, 2018. The financial information presented herein has been prepared on the basis of International Financial Reporting Standards ("IFRS"). References to the term generally accepted accounting principles ("GAAP") refer to information contained herein being prepared under IFRS as adopted. All amounts in this MD&A are in millions of Canadian dollars, unless otherwise noted.

Additional information regarding Linamar, including copies of its continuous disclosure materials such as its annual information form, is available on its website at www.linamar.com or through the SEDAR website at www.sedar.com.

OVERALL CORPORATE PERFORMANCE

Overview of the Business

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 Transportation segment and the Industrial segment, which are further divided into 5 operating groups – Machining & Assembly, Light Metal Casting, Forging, Skyjack and Agriculture, all world leaders in the design, development and production of highly engineered products. The Company's Machining & Assembly, Light Metal Casting and Forging operating groups focus on precision metallic components, modules and systems for powertrain, driveline and body systems designed for global electrified and traditionally powered vehicle and industrial markets. The Company's Skyjack and MacDon companies are noted for their innovative, high quality mobile industrial and harvesting equipment, notably class-leading aerial work platforms, telehandlers, draper headers and self-propelled windrowers. Linamar has more than 28,700 employees in 60 manufacturing locations, 8 R&D centers and 25 sales offices in 17 countries in North and South America, Europe and Asia which generated sales of $6.5 billion in 2017. For more information about Linamar Corporation and its industry leading products and services, visit www.linamar.com or follow us on Twitter at @LinamarCorp.

Overall Corporate Results

The following table sets out certain highlights of the Company's performance in the first quarter of 2018 ("Q1 2018") and 2017 ("Q1 2017"):

			Three Months Ended March 31	
	2018	2017	+/-	+/-
(in millions of dollars, except content per vehicle figures)	$	$	$	%
Sales	1,893.9	1,656.0	237.9	14.4%
Gross Margin	316.1	284.0	32.1	11.3%
Operating Earnings (Loss)[1]	214.9	192.2	22.7	11.8%
Attributable to Shareholders of the Company:				
Net Earnings (Loss)	156.6	145.1	11.5	7.9%
Net Earnings (Loss) per Share – Diluted	2.37	2.20	0.17	7.7%
Earnings before interest, taxes and amortization ("EBITDA")[1]	306.1	279.7	26.4	9.4%
Content per Vehicle – North America	170.02	155.83	14.19	9.1%
Content per Vehicle – Europe	76.66	66.05	10.61	16.1%
Content per Vehicle – Asia Pacific	9.80	9.11	0.69	7.6%

The changes in these financial highlights are discussed in detail in the following sections of this analysis.

[1] For more information refer to the "Non-GAAP and Additional GAAP Measures" section of this MD&A.

BUSINESS SEGMENT REVIEW

The Company reports its results of operations in two business segments: Transportation and Industrial. The segments are differentiated by the products that each produces and reflects how the chief operating decision makers of the Company manage the business. The following should be read in conjunction with the Company's consolidated interim financial statements for the quarter ended March 31, 2018.

			Three Months Ended March 31 2018			Three Months Ended March 31 2017
	Transportation	Industrial	Linamar	Transportation	Industrial	Linamar
(in millions of dollars)	$	$	$	$	$	$
Sales	1,496.4	397.5	1,893.9	1,369.1	286.9	1,656.0
Operating Earnings (Loss)	140.2	74.7	214.9	146.4	45.8	192.2
EBITDA	220.5	85.6	306.1	228.8	50.9	279.7

Transportation Highlights

				Three Months Ended March 31
	2018	2017	+/-	+/-
(in millions of dollars)	$	$	$	%
Sales	1,496.4	1,369.1	127.3	9.3%
Operating Earnings (Loss)	140.2	146.4	(6.2)	(4.2%)
EBITDA	220.5	228.8	(8.3)	(3.6%)

Sales for the Transportation segment ("Transportation") increased by $127.3 million, or 9.3% in Q1 2018 compared with Q1 2017. The sales in Q1 2018 were impacted by:

- additional sales from launching programs in North America and Europe;
- a favourable impact on sales from the changes in foreign exchange rates from Q1 2017; and
- additional sales from our on-highway vehicle customers.

Q1 2018 operating earnings for Transportation were lower by $6.2 million, or 4.2% over Q1 2017. The Transportation segment's earnings were impacted by the following:

- production volumes increasing on launching programs in North America and Europe;
- additional volumes from our on-highway vehicle customers; offset by
- lower margins experienced on programs in early stages of launching business;
- an unfavourable foreign exchange impact from the revaluation of the operating balances on the balance sheet from Q4 2017; and
- an unfavourable impact on sales and expenses from the changes in foreign exchange rates from Q1 2017. On a constant currency basis, the segment would have shown operating earnings growth over the prior period.

Industrial Highlights

				Three Months Ended March 31
	2018	2017	+/-	+/-
(in millions of dollars)	$	$	$	%
Sales	397.5	286.9	110.6	38.6%
Operating Earnings (Loss)	74.7	45.8	28.9	63.1%
EBITDA	85.6	50.9	34.7	68.2%

The Industrial segment ("Industrial") product sales increased 38.6%, or $110.6 million, to $397.5 million in Q1 2018 from Q1 2017. The sales increase was due to:

- increased sales related to the acquisition of Moray Marketing Ltd., parent company of MacDon and its Group of Companies ("MacDon");
- strong market share gains and increased volumes for booms in North America, Europe and Asia;
- increased volumes for telehandlers in North America; partially offset by
- an unfavourable impact on sales from the changes in foreign exchange rates from Q1 2017;
- lower volumes for scissors in Europe as a result of a shift in order timing from Q1 to Q2 for certain key customers; and
- lower market share for scissors in Asia due to sales increasing in countries we do not participate in.

Industrial segment operating earnings in Q1 2018 increased $28.9 million, or 63.1% from Q1 2017. The Industrial operating earnings results were predominantly driven by:

- increased earnings related to the acquisition of MacDon;
- net increase in aerial work platform volumes;
- a favourable foreign exchange impact from the revaluation of the operating balances on the balance sheet from Q4 2017; partially offset by
- an unfavourable impact on sales and expenses from the changes in foreign exchange rates from Q1 2017. On a constant currency basis, the segment would have shown operating earnings growing more significantly over the prior period; and
- increased management and sales costs supporting growth.

AUTOMOTIVE SALES AND CONTENT PER VEHICLE[1]

Automotive sales by region in the following discussion are determined by the final vehicle production location and, as such, there are differences between these figures and those reported under the geographic segment disclosure, which are based primarily on the Company's location of manufacturing and include both automotive and non-automotive sales. These differences are the result of products being sold directly to one continent, and the final vehicle being assembled on another continent. It is necessary to show the sales based on the vehicle build location to provide accurate comparisons to the production vehicle units for each continent.

In addition to automotive Original Equipment Manufacturers ("OEMs"), the Company sells powertrain parts to a mix of automotive and non-automotive manufacturers that service various industries such as power generation, construction equipment, marine and automotive. The final application of some parts sold to these manufacturers is not always clear; however the Company estimates the automotive portion of the sales for inclusion in its content per vehicle ("CPV") calculations. The allocation of sales to regions is based on vehicle production volume estimates from industry sources, published closest to the quarter end date. As these estimates are updated, the Company's sales classifications can be impacted.

				Three Months Ended March 31
North America	2018	2017	+/-	%
Vehicle Production Units [2]	4.54	4.64	(0.10)	(2.2%)
Automotive Sales [1]	$ 772.0	$ 722.3	$ 49.7	6.9%
Content Per Vehicle [1]	$ 170.02	$ 155.83	$ 14.19	9.1%
Europe				
Vehicle Production Units	5.91	5.86	0.05	0.9%
Automotive Sales	$ 453.2	$ 386.8	$ 66.4	17.2%
Content Per Vehicle	$ 76.66	$ 66.05	$ 10.61	16.1%
Asia Pacific				
Vehicle Production Units	12.37	12.56	(0.19)	(1.5%)
Automotive Sales	$ 121.2	$ 114.5	$ 6.7	5.9%
Content Per Vehicle	$ 9.80	$ 9.11	$ 0.69	7.6%

North American automotive sales for Q1 2018 increased 6.9% from Q1 2017 in a market that saw a decrease of 2.2% in production volumes for the same period. As a result, content per vehicle in Q1 2018 increased 9.1% from $155.83 to $170.02 to a new record level. The increase in North American content per vehicle was a result of increases on launching programs and increases in volumes over market production for specific on-highway commercial vehicle customers that the company has business with.

European automotive sales for Q1 2018 increased 17.2% from Q1 2017 in a market that saw an increase of 0.9% in production volumes for the same period. As a result, content per vehicle in Q1 2018 increased 16.1% from $66.05 to a record $76.66. The increase in European content per vehicle was a result of increases in volumes over market production from our light vehicle customers and increases on launching programs.

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[1] Automotive Sales are measured as the amount of the Company's automotive sales dollars per vehicle, not including tooling sales. CPV does not have a standardized meaning and therefore is unlikely to be comparable to similar measures presented by other issuers. CPV is an indicator of the Company's market share for the automotive markets that it operates in.

[2] Vehicle production units are derived from industry sources and are shown in millions of units. North American vehicle production units used by the Company for the determination of the Company's CPV include medium and heavy truck volumes. European and Asia Pacific vehicle production units exclude medium and heavy trucks. All vehicle production volume information is as regularly reported by industry sources. Industry sources release vehicle production volume estimates based on the latest information from the Automotive Manufacturers and update these estimates as more accurate information is obtained. The Company will, on a quarterly basis, update CPV for the current fiscal year in its MD&A as these volume estimates are revised by the industry sources. The CPV figures in this MD&A reflect the volume estimates that were published closest to the quarter end date by the industry sources. These updates to vehicle production units have no effect on the Company's financial statements for those periods.

Asia Pacific automotive sales for Q1 2018 increased 5.9% from Q1 2017 in a market that saw a decrease of 1.5% in production volumes for the same period. As a result, content per vehicle in Q1 2018 increased 7.6% from $9.11 to a record $9.80. The increase in Asian CPV was a result of increases in volumes over market production for OEM's that the company has significant business with.

RESULTS OF OPERATIONS

Gross Margin

(in millions of dollars)		Three Months Ended March 31 2018		2017
Sales	$	1,893.9	$	1,656.0
Cost of Sales before Amortization		1,489.0		1,290.6
Amortization		88.8		81.4
Cost of Sales		1,577.8		1,372.0
Gross Margin	$	316.1	$	284.0
Gross Margin Percentage		16.7%		17.1%

Gross margin percentage decreased to 16.7% in Q1 2018 from 17.1% in Q1 2017. Cost of sales before amortization as a percentage of sales increased in Q1 2018 to 78.6% compared to 77.9% for the same quarter of last year. The reduction in gross margin between Q1 2018 and Q1 2017 is a result of the items discussed earlier in this analysis such as:

- increased earnings as a result of increased volumes in both segments;
- increased margins related to the acquisition of MacDon; partially offset by
- lower margins on programs in the early stages of launch; and
- an unfavourable foreign exchange impact from the changes in foreign exchange rates. On a constant currency basis, the Company would have shown gross margin growing moderately over the prior period.

Q1 2018 amortization increased to $88.8 million from $81.4 million in Q1 2018 due to the additional expenses from the acquisition of MacDon and increased expenses related to launching programs. Amortization as a percentage of sales decreased to 4.7% of sales as compared to 4.9% in Q1 2017.

Selling, General and Administration

(in millions of dollars)		Three Months Ended March 31 2018		2017
Selling, general and administrative	$	106.6	$	91.1
SG&A Percentage		5.6%		5.5%

Selling, general and administrative ("SG&A") costs increased to $106.6 million from $91.1 million in Q1 2017 and increased as a percentage of sales to 5.6% from 5.5% when compared to Q1 2017 due to additional expenses from the acquisition of MacDon, coupled with additional management and sales costs supporting growth.

Finance Expense and Income Taxes

(in millions of dollars)	Three Months Ended March 31 2018 $	2017 $
Operating Earnings (Loss)	214.9	192.2
Share of Net Earnings (Loss) of Investments Accounted for Using the Equity Method	(2.7)	(1.3)
Finance Expenses	9.3	2.9
Provision for (Recovery of) Income Taxes	46.3	42.9
Net Earnings (Loss)	156.6	145.1

Finance Expenses
Finance expenses increased $6.4 million in Q1 2018 from $2.9 million in Q1 2017 to $9.3 million due to:

- increase in Canadian debt levels due to the acquisition of MacDon in Q1 2018;
- a higher borrowing spread due to the change in the covenant ratio after the MacDon acquisition;
- higher interest rates due to the Bank of Canada rate hikes in Q3 2017 and Q1 2018; partially offset by
- higher interest earned on the investment of excess cash and long-term receivable balances; and
- repayment of private placement debt which has been replaced with floating debt with lower interest rates.

The consolidated effective interest rate for Q1 2018 increased to 2.6% compared to 2.2% in Q1 2017. The change in Q1 2018 versus Q1 2017 is primarily driven by the increase in Canadian borrowing costs due to the MacDon acquisition coupled with Bank of Canada interest rate hikes.

Provision for Income Taxes

The effective tax rate for Q1 2018 was 22.8%, the same rate as Q1 2017. The effective tax rate in Q1 2018 was:

- reduced due to decreasing tax rates in foreign jurisdictions; offset by
- an increase due to the higher effective tax rate on income from our Q1 acquisition; and
- an increase due to net adjustments in relation to the current tax of prior years recognized in Q1 2017 not recurring in the current quarter.

TOTAL EQUITY

Book value per share[1] increased to $51.93 per share at March 31, 2018 as compared to $47.63 per share at December 31, 2017.

During the quarter no options expired unexercised, no options were forfeited and no options were exercised.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares, of which 65,354,495 common shares were outstanding as of May 15, 2018. The Company's common shares constitute its only class of voting securities. As of May 15, 2018, there were 1,591,876 options to acquire common shares outstanding and 4,250,000 options still available to be granted under the Company's share option plan.

SELECTED FINANCIAL INFORMATION

Quarterly Results

The following table sets forth unaudited information for each of the eight quarters ended June 30, 2016 through March 31, 2018. This information has been derived from the Company's unaudited consolidated interim financial statements which, in the opinion of management, have been prepared on a basis consistent with the audited consolidated financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for fair presentation of the financial position and results of operations for those periods.

(in millions of dollars, except per share figures)	Mar 31 2018 $	Dec 31 2017 $	Sep 30 2017 $	Jun 30 2017 $	Mar 31 2017 $	Dec 31 2016 $	Sep 30 2016 $	Jun 30 2016 $
Sales	1,893.9	1,574.5	1,549.7	1,766.2	1,656.0	1,374.8	1,455.5	1,657.2
Net Earnings (Loss) Attributable to Shareholders of the Company	156.6	135.1	107.3	161.9	145.1	116.1	122.2	157.3
Net Earnings (Loss) per Share Attributable to Shareholders of the Company:								
Basic	2.40	2.07	1.64	2.48	2.22	1.78	1.88	2.41
Diluted	2.37	2.04	1.62	2.45	2.20	1.76	1.86	2.39

The quarterly results of the Company are impacted by the seasonality of certain operational units. 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 OEM 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.

[1] For more information refer to the "Non-GAAP and Additional GAAP Measures" section of this MD&A.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

(in millions of dollars)	Three Months Ended March 31 2018 $	2017 $
Cash generated from (used in):		
Operating Activities	35.8	58.6
Financing Activities	1,248.1	57.0
Investing Activities	(1,294.8)	(95.6)
Effect of translation adjustment on cash	27.1	13.2
Net Increase (Decrease) in Cash Position	16.2	33.2
Cash and Cash Equivalents – Beginning of Period	439.1	405.0
Cash and Cash Equivalents – End of Period	455.3	438.2
Comprised of:		
Cash in bank	320.5	251.1
Short-term deposits	141.1	204.2
Unpresented Cheques	(6.3)	(17.1)
	455.3	438.2

The Company's cash and cash equivalents (net of unpresented cheques) at March 31, 2018 were $455.3 million, an increase of $17.1 million compared to March 31, 2017.

Cash generated from operating activities was $35.8 million, a decrease of $22.8 million from Q1 2017 due to more cash being used to fund the net change in operating assets, partially offset by increased earnings.

During the quarter, financing activities provided $1,248.1 million of cash compared to $57.0 million provided in Q1 2017, which was primarily used to fund the purchase of MacDon.

Investing activities used $1,294.8 million in Q1 2018 compared to $95.6 million used in Q1 2017 related mainly for the purchase of MacDon.

Operating Activities

(in millions of dollars)	Three Months Ended March 31 2018 $	2017 $
Net earnings (loss) for the Period Attributable to Shareholders of the Company	156.6	145.1
Adjustments to earnings	104.4	88.3
	261.0	233.4
Changes in operating assets and liabilities	(225.2)	(174.8)
Cash generated from (used in) operating activities	35.8	58.6

Cash generated by operations before the effect of changes in operating assets and liabilities increased $27.6 million in Q1 2018 to $261.0 million, compared to $233.4 million in Q1 2017.

Changes in operating assets and liabilities for Q1 2018 increased $225.2 million primarily due to an increase in inventory.

Financing Activities

(in millions of dollars)	Three Months Ended March 31 2018 $	2017 $
Proceeds from (repayments of) short-term borrowings	4.5	1.3
Proceeds from (repayments of) long-term debt	1,251.0	63.6
Proceeds from exercise of stock options	-	0.2
Interest received (paid)	(7.4)	(8.1)
Cash generated from (used in) financing activities	1,248.1	57.0

Financing activities for Q1 2018 generated $1,248.1 million of cash compared to $57.0 million generated in Q1 2017 due to proceeds from long-term debt used to fund the purchase of MacDon.

Investing Activities

(in millions of dollars)	Three Months Ended March 31 2018 $	2017 $
Payments for purchase of property, plant and equipment	(117.6)	(93.5)
Proceeds on disposal of property, plant and equipment	2.1	2.2
Payments for purchase of intangible assets	(3.9)	(3.2)
Business acquisitions, net of cash acquired	(1,175.4)	(1.1)
Cash generated from (used in) investing activities	(1,294.8)	(95.6)

Cash spent on investing activities for Q1 2018 was $1,294.8 million compared to Q1 2017 at $95.6 million primarily due to the acquisition of MacDon and the purchase of property, plant and equipment.

Capital Resources

The Company's financial condition remains solid given its strong balance sheet, which can be attributed to the Company's low cost structure, reasonable level of debt, prospects for growth and significant new program launches. Management expects that all future capital expenditures will be financed by cash flow from operations or utilization of existing financing facilities.

At March 31, 2018, cash including short-term deposits (net of unpresented cheques) was $455.3 million, and the Company's credit facilities had available credit of $542.1 million.

Commitments and Contingencies

Please see the Company's December 31, 2017 annual MD&A for a table summarizing the contractual obligations by category. Also certain guarantees and legal claims are described in the notes to the Company's consolidated financial statements for the year ended December 31, 2017.

Foreign Currency Activities

The Company pursues a strategy of optimizing its foreign currency cash flows in each region in which it operates. In key foreign exchange markets, the Company's foreign currency outflows for the purchases of materials and capital equipment are offset through the sale of products denominated in the same foreign currencies, creating a natural hedge. In markets where a natural currency hedge cannot be achieved and a material foreign exchange exposure arises, the Company actively manages the risk through the execution of foreign exchange forward contracts and other derivatives.

The amount and timing of executed forward contracts is dependent upon a number of factors, including estimated production delivery schedules, forecasted customer payments, and the anticipated future direction of foreign currency rates. The Company is exposed to counterparty credit risk when executing foreign exchange derivatives with financial institutions, and in order to mitigate this risk the Company limits foreign exchange trading to counterparties within the credit facility. Despite actively managing the residual foreign exchange exposure, significant long-term movements in relative currency values may affect the Company's operational results. The Company does not currently hedge all the cash flow activities of its foreign subsidiaries and, accordingly results of operations may be further affected by a significant change in the relative values of the currencies in which the Company operates.

The Company is committed to long-dated forward contracts to buy U.S. dollars which hedge the changes in exchange rates on the U.S. $130 million Private Placement Notes due 2021 ("2021 Notes"). These forward exchange contracts qualify as cash flow hedges for accounting purposes and any fair value unrealized gains and losses are included in other comprehensive earnings, with reclassifications to net earnings for the effective portion to match the net earnings impact of the principal portion.

The Company is committed to a series of forward contracts to lock in the exchange rate on the semi-annual coupon payments related to the 2021 Notes. These forward contracts qualify as cash flow hedges for accounting purposes and any fair value unrealized gains and losses are included in other comprehensive earnings, with reclassifications to net earnings for the effective portion to match the net earnings impact of the coupon portion.

A portion of the Company's Euro denominated debt was designated as a net investment hedge. Hedges of net investments are accounted for in a similar manner as 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.

For more information regarding the Company's long-term debt and forward contracts including related risks please see the notes to the Company's consolidated financial statements for the year ended December 31, 2017.

Off Balance Sheet Arrangements

The Company leases various land and buildings under cancellable and non-cancellable operating lease arrangements. The lease terms are between 1 and 13 years, and the majority of lease arrangements are renewable at the end of the lease period at market rates. The Company also leases various machinery and transportation equipment under non-cancellable operating lease arrangements. The lease terms are between 1 and 7 years and require notice for termination of the agreements. The Company expects that existing leases will either be renewed or replaced, or alternatively, capital expenditures will be incurred to acquire equivalent capacity.

For a summary of these lease commitments please see the notes to the Company's consolidated financial statements for the year ended December 31, 2017. Such obligations have not changed significantly during 2018.

CURRENT AND PROPOSED TRANSACTIONS

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 $1,298.9 million comprised of $1,223.9 million in cash consideration and an assumed liability of $75.0 million. The preliminary purchase price of $1,298.9 million includes cash acquired for a net acquisition cash impact of $1,175.4 million. The liability was immediately extinguished using a portion of the acquired cash of MacDon. 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 $625.7 million 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

RISK MANAGEMENT

The Company is exposed to a number of risks in the normal course of business that have the potential to affect its operating results. These include, but are not limited to Competition, Outsourcing and Insourcing; Sources and Availability of Raw Materials; Labour Markets and Dependence on Key Personnel; Dependence on Certain Customers; Technological Change and Product Launches; Foreign Currency Risk; Long-term Contracts; Acquisition and Expansion Risk; Foreign Business Risk; Cyclicality and Seasonality; Capital and Liquidity Risk; Legal Proceedings and Insurance Coverage; Credit Risk; Emission Standards; Tax Laws; Securities Laws Compliance and Corporate Governance Standards; and Environmental Matters. These risk factors remain substantially unchanged during the quarter ended March 31, 2018. These risk factors, as well as the other information contained in this MD&A, the Company's December 31, 2017 annual MD&A, and the Company's December 31, 2017 Annual Information Form or otherwise, should be considered carefully. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements related to the Company.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

There were no changes in the Company's internal control over financial reporting during the quarter ended March 31, 2018, which have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting, except as outlined below.

Limitation of Scope of Design

The Company has limited the scope of design of our internal controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of the MacDon business, which the Company acquired 100% of the then outstanding shares on February 1, 2018. The chart below presents the summary financial information of MacDon:

(in millions of dollars)	Three Months Ended March 31, 2018 $
Sales	81.6
Net Earnings (Loss)	14.8
Current Assets	341.0
Non-Current Assets	1,139.3
Current Liabilities	124.2
Non-Current Liabilities	117.5

The scope limitation is in accordance with section 3.3(1)(b) of National Instrument 52-109 to which this MD&A relates, which allows an issuer to limit its design of disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of a business that the issuer acquired not more than 365 days prior to the end of the fiscal period.

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 the 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. Please refer to the "Critical Accounting Estimates and Judgements" section of the Company's December 31, 2017 consolidated annual financial statements and March 31, 2018 consolidated interim financial statements for additional information.

RECENT ACCOUNTING CHANGES AND EFFECTIVE DATES

Please see the notes to the Company's consolidated financial statements for the year ended December 31, 2017, and the consolidated interim financial statements for the quarter ended March 31, 2018 for information regarding the accounting changes effective January 1, 2018.

NON-GAAP AND ADDITIONAL GAAP MEASURES

Non-GAAP Measures

The Company uses certain non-GAAP financial measures including book value per share. The Company believes this non-GAAP financial measure provides useful information to both management and investors in assessing the financial performance and financial condition of the Company.

Non-GAAP 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.

Book Value per Share
This measure, as used by the chief operating decision makers and management, indicates the value of the Company based on the carrying value of the Company's net assets. Book value per share is calculated by the Company as total equity divided by shares outstanding at the end of the period.

(in millions of dollars except share and per share figures)	March 31 2018	December 31 2017
Total equity	$ 3,394.1	$ 3,112.8
Shares outstanding at the end of the period	65,354,495	65,354,495
Book value per share	$ 51.93	$ 47.63

Additional GAAP Measures

IFRS mandates certain minimum line items for financial statements and requires presentation of additional line items, headings and subtotals when such presentation is relevant to an understanding of an entity's financial position and performance. The Company presents the following additional GAAP measures in the Company's consolidated financial statements.

Operating Earnings
Operating earnings (loss) is calculated as net earnings (loss) before income taxes, finance expenses and share of net earnings (loss) of investments accounted for using the equity method, as presented on the Company's consolidated statements of earnings. This measure, along with other GAAP and non-GAAP measures are used by the chief operating decision makers and management to assess operating performance and the effective use and allocation of resources and to provide more meaningful comparisons of operating results.

EBITDA
EBITDA is calculated as net earnings (loss) before interest, income taxes, and amortization. Please see the notes to the consolidated interim financial statements for the quarter ended March 31, 2018 for the calculation. This measure, along with other GAAP and non-GAAP measures are used by the chief operating decision makers and management to assess operating performance and the effective use and allocation of resources and to provide more meaningful comparisons of operating results.

FORWARD LOOKING INFORMATION

Certain information provided by Linamar in this MD&A, the Annual Report and other documents published throughout the year which are not recitation of historical facts may constitute forward-looking statements. The words "may", "would", "could", "will", "likely", "estimate", "believe", "expect", "plan", "forecast" and similar expressions are intended to identify forward-looking statements. Readers are cautioned that such statements are only predictions and the actual events or results may differ materially. In evaluating such forward-looking statements, readers should specifically consider the various factors that could cause actual events or results to differ materially from those indicated by such forward-looking statements.

Such forward-looking information may involve important risks and uncertainties that could materially alter results in the future from those expressed or implied in any forward-looking statements made by, or on behalf of, Linamar. Some of the factors and risks and uncertainties that cause results to differ from current expectations include, but are not limited to, changes in the competitive environment in which Linamar operates, OEM outsourcing and insourcing; sources and availability of raw materials; labour markets and dependence on key personnel; dependence on certain customers and product programs; technological change in the sectors in which the Company operates and by Linamar's competitors; delays in or operational issues with product launches; foreign currency risk; long-term contracts that are not guaranteed; acquisition and expansion risk; foreign business risk; cyclicality 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.