

LINAMAR CORPORATION
Consolidated Interim Statements of Financial Position

As at September 30, 2019 with comparatives as at December 31, 2018 (Unaudited)
(in thousands of Canadian dollars)

	September 30 2019 \$	December 31 2018 \$
ASSETS		
Cash and cash equivalents	394,765	471,975
Accounts and other receivables	1,394,319	1,285,806
Inventories	1,051,155	1,218,956
Income taxes recoverable	35,606	32,509
Current portion of long-term receivables (Note 6)	122,794	134,402
Current portion of derivative financial instruments (Note 6)	1,764	5,229
Other current assets	33,668	31,439
Current Assets	3,034,071	3,180,316
Long-term receivables (Note 6)	407,480	382,384
Derivative financial instruments (Note 6)	94,845	66,048
Property, plant and equipment	2,719,162	2,654,536
Investments accounted for using the equity method	-	4,253
Deferred tax assets	60,792	53,495
Intangible assets	874,512	900,571
Goodwill	854,209	891,818
Assets	8,045,071	8,133,421
LIABILITIES		
Short-term borrowings	10,015	16,978
Accounts payable and accrued liabilities	1,397,393	1,471,447
Provisions	33,380	32,534
Income taxes payable	33,991	52,774
Current portion of long-term debt (Notes 6, 7)	26,963	8,722
Current Liabilities	1,501,742	1,582,455
Long-term debt (Notes 6, 7)	2,296,109	2,462,788
Derivative financial instruments (Note 6)	4,903	15,882
Deferred tax liabilities	288,130	269,164
Liabilities	4,090,884	4,330,289
EQUITY		
Capital stock	132,356	122,393
Retained earnings	3,788,781	3,459,841
Contributed surplus	26,688	28,449
Accumulated other comprehensive earnings (loss)	6,362	192,449
Equity	3,954,187	3,803,132
Liabilities and Equity	8,045,071	8,133,421

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, 2019 and September 30, 2018 (Unaudited)
(in thousands of Canadian dollars, except per share figures)

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
	\$	\$	\$	\$
Sales	1,739,957	1,837,258	5,800,564	5,888,617
Cost of sales	1,509,884	1,562,767	4,932,267	4,912,489
Gross Margin	230,073	274,491	868,297	976,128
Selling, general and administrative	94,316	102,962	315,545	332,185
Other income and (expenses) (Note 9)	6,560	(10,093)	(7,581)	4,785
Operating Earnings (Loss)	142,317	161,436	545,171	648,728
Share of net earnings (loss) of investments accounted for using the equity method	(2,332)	(3,898)	(7,806)	(9,462)
Finance income and (expenses) (Note 10)	(11,130)	(11,983)	(37,155)	(33,872)
Net Earnings (Loss) before Income Taxes	128,855	145,555	500,210	605,394
Provision for (recovery of) income taxes	30,617	32,358	119,483	138,442
Net Earnings (Loss) for the Period	98,238	113,197	380,727	466,952
Net Earnings (Loss) Per Share:				
Basic	1.51	1.73	5.83	7.14
Diluted	1.50	1.71	5.80	7.05

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, 2019 and September 30, 2018 (Unaudited)

(in thousands of Canadian dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
	\$	\$	\$	\$
Net Earnings (Loss) for the Period	98,238	113,197	380,727	466,952
Items that may be reclassified subsequently to net income				
Unrealized gains (losses) on translating financial statements of foreign operations	(82,136)	(71,680)	(242,151)	9,788
Change in unrealized gains (losses) on net investment hedges	27,446	19,764	71,575	1,868
Change in unrealized gains (losses) on cash flow hedges	15,379	(18,764)	(39,749)	(10,781)
Change in cost of hedging	(364)	(6,191)	8,968	(7,561)
Reclassification to earnings of gains (losses) on cash flow hedges	(12,648)	21,428	33,958	13,407
Tax impact of above	(7,453)	(4,051)	(18,688)	(3,699)
Other Comprehensive Earnings (Loss)	(59,776)	(59,494)	(186,087)	3,022
Comprehensive Earnings (Loss) for the Period	38,462	53,703	194,640	469,974

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, 2019 and September 30, 2018 (Unaudited)
(in thousands of Canadian dollars)

	Capital stock \$	Retained earnings \$	Contributed surplus \$	Cumulative translation adjustment \$	Hedging reserves \$	Total Equity \$
Balance at January 1, 2019	122,393	3,459,841	28,449	197,221	(4,772)	3,803,132
Net Earnings (Loss)	-	380,727	-	-	-	380,727
Other comprehensive earnings (loss)	-	-	-	(186,893)	806	(186,087)
Comprehensive Earnings (Loss)	-	380,727	-	(186,893)	806	194,640
Share-based compensation	-	-	1,887	-	-	1,887
Shares issued on exercise of options	11,382	-	(3,648)	-	-	7,734
Common shares repurchased and cancelled (Note 8)	(1,419)	(28,285)	-	-	-	(29,704)
Dividends	-	(23,502)	-	-	-	(23,502)
Balance at September 30, 2019	132,356	3,788,781	26,688	10,328	(3,966)	3,954,187

	Capital stock \$	Retained earnings \$	Contributed surplus \$	Cumulative translation adjustment \$	Hedging reserves \$	Total Equity \$
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

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LINAMAR CORPORATION

Consolidated Interim Statements of Cash Flows

For the nine months ended September 30, 2019 and September 30, 2018 (Unaudited)

(in thousands of Canadian dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
	\$	\$	\$	\$
Cash generated from (used in)				
Operating Activities				
Net Earnings (Loss) for the Period	98,238	113,197	380,727	466,952
Adjustments for:				
Amortization of property, plant and equipment	90,465	80,571	263,857	245,969
Amortization of other intangible assets	10,034	9,018	30,958	27,070
Deferred income taxes	(1,947)	(4,339)	(3,321)	(2,412)
Property, plant and equipment impairment provision, net of reversals	-	-	-	(1,224)
Share-based compensation	627	795	1,887	2,390
Finance (income) and expenses	11,130	11,983	37,155	33,872
Other	(6,679)	(2,262)	2,755	2,150
	201,868	208,963	714,018	774,767
Changes in operating assets and liabilities:				
(Increase) decrease in accounts and other receivables	88,437	145,475	(157,829)	(206,878)
(Increase) decrease in inventories	27,316	(54,469)	125,852	(133,223)
(Increase) decrease in other current assets	(6,820)	(4,006)	(3,446)	(772)
(Increase) decrease in long-term receivables	(32,291)	14,640	(25,243)	(100,271)
Increase (decrease) in income taxes	(752)	16,089	(21,564)	21,449
Increase (decrease) in accounts payable and accrued liabilities	(59,074)	(75,624)	31,653	75,877
Increase (decrease) in provisions	(3,777)	642	1,568	703
	13,039	42,747	(49,009)	(343,115)
Cash generated from (used in) operating activities	214,907	251,710	665,009	431,652
Financing Activities				
Proceeds from (repayments of) short-term borrowings	(3,420)	3,249	(5,586)	7,197
Proceeds from (repayments of) long-term debt	(47,633)	(59,875)	(204,734)	1,177,278
Proceeds from exercise of stock options	6,445	-	7,734	-
Repurchase of shares (Note 8)	(21,713)	-	(29,704)	-
Dividends	(7,839)	(7,843)	(23,502)	(23,528)
Finance income received (expenses paid)	(11,357)	(10,618)	(34,627)	(28,669)
Cash generated from (used in) financing activities	(85,517)	(75,087)	(290,419)	1,132,278
Investing Activities				
Payments for purchase of property, plant and equipment	(158,533)	(155,444)	(405,327)	(392,747)
Proceeds on disposal of property, plant and equipment	5,605	6,451	18,699	11,554
Payments for purchase of intangible assets	(15,766)	(6,014)	(25,492)	(18,056)
Business acquisitions, net of cash acquired	-	510	-	(1,174,846)
Other	4,480	(5,135)	(5,479)	(5,135)
Cash generated from (used in) investing activities	(164,214)	(159,632)	(417,599)	(1,579,230)
	(34,824)	16,991	(43,009)	(15,300)
Effect of translation adjustment on cash	(7,963)	(9,485)	(34,201)	795
Increase (decrease) in cash and cash equivalents	(42,787)	7,506	(77,210)	(14,505)
Cash and cash equivalents - Beginning of Period	437,552	417,053	471,975	439,064
Cash and cash equivalents - End of Period	394,765	424,559	394,765	424,559
Comprised of:				
Cash in bank	281,495	261,974	281,495	261,974
Short-term deposits	119,698	170,608	119,698	170,608
Unpresented cheques	(6,428)	(8,023)	(6,428)	(8,023)
	394,765	424,559	394,765	424,559

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

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

For the nine months ended September 30, 2019 and September 30, 2018 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

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 ("TSX"). 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, 2019 were authorized for issue in accordance with a resolution of the Company's Board of Directors on November 6, 2019.

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, 2018, 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, 2018. 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 16 Leases

The Company has adopted IFRS 16 Leases as issued in January 2016. In accordance with the transition provisions, the standard has been adopted without restating comparative figures. The new standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. Significant changes to lessee accounting were introduced, with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets).

Management has evaluated all the changes introduced by IFRS 16. The Company has adopted this guidance effective January 1, 2019, resulting in an increase to right-of-use assets within property, plant and equipment and lease liabilities within long-term debt of \$78,715. The majority of the increases within property, plant and equipment relate to right-of-use buildings. The right-of-use assets and lease liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or the lessee's incremental borrowing rate if the implicit rate could not be readily determined. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 2.6%. There was no significant change in the total lease liability at January 1, 2019 as compared to the future aggregate minimum lease payments under operating leases and finance leases as disclosed in the annual financial statements for the year ended December 31, 2018.

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

For the nine months ended September 30, 2019 and September 30, 2018 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

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 the Company's annual financial statements for the year ended December 31, 2018.

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 their fair value hierarchy is as follows:

	Subsequent Measurement	September 30, 2019		December 31, 2018	
		Carrying Value Asset (Liability) \$	Fair Value \$	Carrying Value Asset (Liability) \$	Fair Value \$
Long-term receivables	Amortized cost (Level 2)	530,274	541,055	516,786	522,372
Derivative financial instruments					
USD interest payment forward contracts	Fair value (Level 2)	3,503	3,503	5,724	5,724
USD debt principal forward contracts	Fair value (Level 2)	32,633	32,633	34,820	34,820
USD cross currency interest rate swap	Fair value (Level 2)	(4,903)	(4,903)	30,733	30,733
EUR cross currency interest rate swap	Fair value (Level 2)	60,473	60,473	(15,882)	(15,882)
Long-term debt, excluding 2019 lease liabilities	Amortized cost (Level 2)	(2,247,641)	(2,236,397)	(2,471,510)	(2,399,915)

7 Long-Term Debt

	September 30 2019 \$	December 31 2018 \$
Senior unsecured notes	172,022	177,204
Bank borrowings	1,995,104	2,202,263
Lease liabilities (Note 3)	75,431	8,620
Government borrowings	80,515	83,423
	2,323,072	2,471,510
Less: current portion	26,963	8,722
	2,296,109	2,462,788

Without restating comparative figures, effective January 1, 2019 the Company adopted IFRS 16 Leases thereby increasing property, plant and equipment and lease liabilities by \$78,715.

As of September 30, 2019, \$704,031 was available under the various credit facilities.

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

For the nine months ended September 30, 2019 and September 30, 2018 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

8 Capital Stock

On January 25, 2019, the Company announced the TSX approval to commence a normal course issuer bid. The bid permits the Company to acquire up to 4,506,324 of its common shares between January 29, 2019 and January 28, 2020 and any common shares repurchased by the Company under the bid will be cancelled. For the period ended September 30, 2019, the Company repurchased and cancelled 715,000 common shares under its bid for a total amount of \$29,704.

9 Other Income and (Expenses)

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2019	2018	2019	2018
	\$	\$	\$	\$
Foreign exchange gain (loss)	6,191	(10,190)	(8,033)	4,350
Other income (expense)	369	97	452	435
	6,560	(10,093)	(7,581)	4,785

10 Finance Income and (Expenses)

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2019	2018	2019	2018
	\$	\$	\$	\$
Finance costs	(15,989)	(18,404)	(52,969)	(50,410)
Foreign exchange gain (loss) on debt and derivatives	(411)	93	(185)	(1,383)
Interest earned	7,269	8,088	21,762	22,889
Other	(1,999)	(1,760)	(5,763)	(4,968)
	(11,130)	(11,983)	(37,155)	(33,872)

11 Commitments

As at September 30, 2019, outstanding commitments for capital expenditures under purchase orders and contracts amounted to \$113,084 (September 30, 2018 - \$229,706). Of this amount, \$104,248 (September 30, 2018 - \$212,585) relates to the purchase of manufacturing equipment and \$8,836 (September 30, 2018 - \$17,121) relates to general contracting and construction costs in respect of plant construction. The majority of these commitments are due within the next twelve months.

12 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.

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.

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

For the nine months ended September 30, 2019 and September 30, 2018 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

	Three Months Ended September 30, 2019				Nine Months Ended September 30, 2019				
	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	1,359,381	9,391	105,384	192,482	4,355,769	31,091	335,445	592,028	5,010,561
Industrial	380,576	3,048	36,933	53,266	1,444,795	8,220	209,726	256,857	3,034,510
Total	1,739,957	12,439	142,317	245,748	5,800,564	39,311	545,171	848,885	8,045,071

	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

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

	Three Months Ended		Nine Months Ended	
	September 30	September 30	September 30	September 30
	2019	2018	2019	2018
	\$	\$	\$	\$
Net earnings (loss) before income taxes	128,855	145,555	500,210	605,394
Amortization of property, plant and equipment	90,465	80,571	263,857	245,969
Amortization of other intangible assets	10,034	9,018	30,958	27,070
Property, plant and equipment impairment provision, net of reversals	-	-	-	(1,224)
Finance costs	15,989	18,404	52,969	50,410
Other interest	405	173	891	369
EBITDA	245,748	253,721	848,885	927,988