

LINAMAR CORPORATION**Consolidated Interim Statements of Financial Position**

As at March 31, 2019 with comparatives as at December 31, 2018 (Unaudited)

(in thousands of Canadian dollars)

	March 31 2019 \$	December 31 2018 \$
ASSETS		
Cash and cash equivalents	485,457	471,975
Accounts and other receivables	1,481,942	1,285,806
Inventories	1,222,236	1,218,956
Income taxes recoverable	36,746	32,509
Current portion of long-term receivables (Note 6)	131,596	134,402
Current portion of derivative financial instruments (Note 6)	1,804	5,229
Other current assets	29,091	31,439
Current Assets	3,388,872	3,180,316
Long-term receivables (Note 6)	381,103	382,384
Derivative financial instruments (Note 6)	65,888	66,048
Property, plant and equipment	2,707,185	2,654,536
Investments accounted for using the equity method	3,882	4,253
Deferred tax assets	59,059	53,495
Intangible assets	881,697	900,571
Goodwill	871,883	891,818
Assets	8,359,569	8,133,421
LIABILITIES		
Short-term borrowings	15,939	16,978
Accounts payable and accrued liabilities	1,569,582	1,471,447
Provisions	33,999	32,534
Income taxes payable	35,585	52,774
Current portion of long-term debt (Notes 6, 7)	29,112	8,722
Current Liabilities	1,684,217	1,582,455
Long-term debt (Notes 6, 7)	2,525,161	2,462,788
Derivative financial instruments (Note 6)	-	15,882
Deferred tax liabilities	280,538	269,164
Liabilities	4,489,916	4,330,289
EQUITY		
Capital stock	122,327	122,393
Retained earnings	3,590,565	3,459,841
Contributed surplus	29,079	28,449
Accumulated other comprehensive earnings (loss)	127,682	192,449
Equity	3,869,653	3,803,132
Liabilities and Equity	8,359,569	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 three months ended March 31, 2019 and March 31, 2018 (Unaudited)

(in thousands of Canadian dollars, except per share figures)

	Three Months Ended	
	2019	March 31
	\$	2018
	\$	\$
Sales	1,974,494	1,893,922
Cost of sales	1,670,638	1,577,849
Gross Margin	303,856	316,073
Selling, general and administrative	110,217	106,601
Other income and (expenses) (Note 9)	(5,909)	5,473
Operating Earnings (Loss)	187,730	214,945
Share of net earnings (loss) of investments accounted for using the equity method	(2,662)	(2,721)
Finance income and (expenses) (Note 10)	(12,263)	(9,321)
Net Earnings (Loss) before Income Taxes	172,805	202,903
Provision for (recovery of) income taxes	40,478	46,268
Net Earnings (Loss) for the Period	132,327	156,635
Net Earnings (Loss) Per Share:		
Basic	2.02	2.40
Diluted	2.00	2.37

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

LINAMAR CORPORATION**Consolidated Interim Statements of Comprehensive Earnings**

For the three months ended March 31, 2019 and March 31, 2018 (Unaudited)

(in thousands of Canadian dollars)

	Three Months Ended	
	2019	March 31
	\$	2018
	\$	\$
Net Earnings (Loss) for the Period	132,327	156,635
Items that may be reclassified subsequently to net income		
Unrealized gains (losses) on translating financial statements of foreign operations	(94,356)	178,876
Change in unrealized gains (losses) on net investment hedges	37,530	(49,200)
Change in unrealized gains (losses) on cash flow hedges	(28,552)	4,706
Change in cost of hedging	7,303	(1,394)
Reclassification to earnings of gains (losses) on cash flow hedges	23,171	(4,602)
Tax impact of above	(9,863)	322
Other Comprehensive Earnings (Loss)	(64,767)	128,708
Comprehensive Earnings (Loss) for the Period	67,560	285,343

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

LINAMAR CORPORATION

Consolidated Interim Statements of Changes in Equity

For the three months ended March 31, 2019 and March 31, 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)	-	132,327	-	-	-	132,327
Other comprehensive earnings (loss)	-	-	-	(65,066)	299	(64,767)
Comprehensive Earnings (Loss)	-	132,327	-	(65,066)	299	67,560
Share-based compensation	-	-	630	-	-	630
Common shares repurchased and cancelled (Note 8)	(66)	(1,603)	-	-	-	(1,669)
Balance at March 31, 2019	122,327	3,590,565	29,079	132,155	(4,473)	3,869,653

	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)	-	156,635	-	-	-	156,635
Other comprehensive earnings (loss)	-	-	-	129,676	(968)	128,708
Comprehensive Earnings (Loss)	-	156,635	-	129,676	(968)	285,343
Share-based compensation	-	-	798	-	-	798
Balance at March 31, 2018	122,393	3,056,365	25,825	191,240	(1,666)	3,394,157

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

LINAMAR CORPORATION

Consolidated Interim Statements of Cash Flows

For the three months ended March 31, 2019 and March 31, 2018 (Unaudited)

(in thousands of Canadian dollars)

	Three Months Ended	
	2019	March 31 2018
	\$	\$
Cash generated from (used in)		
Operating Activities		
Net Earnings (Loss) for the Period	132,327	156,635
Adjustments for:		
Amortization of property, plant and equipment	85,723	82,028
Amortization of other intangible assets	10,407	8,402
Deferred income taxes	(1,770)	689
Property, plant and equipment impairment provision, net of reversals	-	(838)
Share-based compensation	630	798
Finance (income) and expenses	12,263	9,321
Other	8,365	3,929
	247,945	260,964
Changes in operating assets and liabilities:		
(Increase) decrease in accounts and other receivables	(212,949)	(203,061)
(Increase) decrease in inventories	(19,174)	(90,678)
(Increase) decrease in other current assets	1,721	2,997
(Increase) decrease in long-term receivables	(1,886)	(64,368)
Increase (decrease) in income taxes	(21,899)	(10,021)
Increase (decrease) in accounts payable and accrued liabilities	134,783	139,387
Increase (decrease) in provisions	1,719	597
	(117,685)	(225,147)
Cash generated from (used in) operating activities	130,260	35,817
Financing Activities		
Proceeds from (repayments of) short-term borrowings	(197)	4,476
Proceeds from (repayments of) long-term debt	18,246	1,250,991
Repurchase of shares (Note 8)	(1,669)	-
Finance income received (expenses paid)	(13,617)	(7,412)
Cash generated from (used in) financing activities	2,763	1,248,055
Investing Activities		
Payments for purchase of property, plant and equipment	(120,399)	(117,586)
Proceeds on disposal of property, plant and equipment	12,001	2,099
Payments for purchase of intangible assets	(3,150)	(3,901)
Business acquisitions, net of cash acquired	-	(1,175,356)
Other	(5,767)	-
Cash generated from (used in) investing activities	(117,315)	(1,294,744)
Effect of translation adjustment on cash	15,708	(10,872)
	(2,226)	27,073
Increase (decrease) in cash and cash equivalents	13,482	16,201
Cash and cash equivalents - Beginning of Period	471,975	439,064
Cash and cash equivalents - End of Period	485,457	455,265
Comprised of:		
Cash in bank	347,405	320,518
Short-term deposits	144,933	141,054
Unpresented cheques	(6,881)	(6,307)
	485,457	455,265

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

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and March 31, 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 March 31, 2019 were authorized for issue in accordance with a resolution of the Company's Board of Directors on May 2, 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 three months ended March 31, 2019 and March 31, 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 published since March 11, 2019, the date of the Company's last issuance of interim consolidated financial statements.

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:

		March 31, 2019		December 31, 2018	
	Subsequent Measurement	Carrying Value Asset (Liability) \$	Fair Value \$	Carrying Value Asset (Liability) \$	Fair Value \$
Long-term receivables	Amortized cost (Level 2)	512,699	520,708	516,786	522,372
Derivative financial instruments					
USD interest payment forward contracts	Fair value (Level 2)	4,338	4,338	5,724	5,724
USD debt principal forward contracts	Fair value (Level 2)	31,609	31,609	34,820	34,820
USD cross currency interest rate swap	Fair value (Level 2)	2,583	2,583	30,733	30,733
EUR cross currency interest rate swap	Fair value (Level 2)	29,162	29,162	(15,882)	(15,882)
Long-term debt, excluding 2019 lease liabilities	Amortized cost (Level 2)	(2,465,648)	(2,435,289)	(2,471,510)	(2,399,915)

7 Long-Term Debt

	March 31 2019 \$	December 31 2018 \$
Senior unsecured notes	173,648	177,204
Bank borrowings	2,212,281	2,202,263
Lease liabilities (Note 3)	88,625	8,620
Government borrowings	79,719	83,423
	2,554,273	2,471,510
Less: current portion	29,112	8,722
	2,525,161	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 March 31, 2019, \$691,589 was available under the various credit facilities.

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and March 31, 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 March 31, 2019, the Company repurchased and cancelled 35,000 common shares under its bid for a total amount of \$1,669.

9 Other Income and (Expenses)

	Three Months Ended	
	2019	March 31 2018
	\$	\$
Foreign exchange gain (loss)	(5,942)	5,391
Other income (expense)	33	82
	(5,909)	5,473

10 Finance Income and (Expenses)

	Three Months Ended	
	2019	March 31 2018
	\$	\$
Finance costs	(18,423)	(13,589)
Foreign exchange gain (loss) on debt and derivatives	800	(1,164)
Interest earned	7,272	6,896
Other	(1,912)	(1,464)
	(12,263)	(9,321)

11 Commitments

As at March 31, 2019, outstanding commitments for capital expenditures under purchase orders and contracts amounted to \$207,466 (March 31, 2018 - \$354,401). Of this amount, \$181,816 (March 31, 2018 - \$347,940) relates to the purchase of manufacturing equipment and \$25,650 (March 31, 2018 - \$6,461) 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 three months ended March 31, 2019 and March 31, 2018 (Unaudited)

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

	Three Months Ended March 31, 2019				
	Sales to external customers \$	Inter-segment sales \$	Operating earnings (loss) \$	EBITDA \$	Total identifiable assets \$
Transportation	1,509,443	10,928	114,602	199,158	5,416,067
Industrial	465,051	2,497	73,128	88,502	2,943,502
Total	1,974,494	13,425	187,730	287,660	8,359,569

	Three Months Ended March 31, 2018				
	Sales to external customers \$	Inter-segment sales \$	Operating earnings (loss) \$	EBITDA \$	Total identifiable assets \$
Transportation	1,496,426	11,076	140,286	220,523	5,338,762
Industrial	397,496	640	74,659	85,575	2,600,901
Total	1,893,922	11,716	214,945	306,098	7,939,663

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

	Three Months Ended	
	2019 \$	2018 \$
Net earnings (loss) before income taxes	172,805	202,903
Amortization of property, plant and equipment	85,723	82,028
Amortization of other intangible assets	10,407	8,402
Property, plant and equipment impairment provision, net of reversals	-	(838)
Finance costs	18,423	13,589
Other interest	302	14
EBITDA	287,660	306,098