

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

As at September 30, 2020 with comparatives as at December 31, 2019 (Unaudited)
(in thousands of Canadian dollars)

	September 30 2020 \$	December 31 2019 \$
ASSETS		
Cash and cash equivalents	570,086	338,226
Accounts and other receivables	963,908	988,245
Inventories	892,169	991,759
Income taxes recoverable	17,740	47,216
Current portion of long-term receivables (Note 6)	64,236	118,095
Current portion of derivative financial instruments (Note 6)	4,988	6,415
Other current assets	35,045	40,879
Current Assets	2,548,172	2,530,835
Long-term receivables (Note 6)	347,526	403,811
Derivative financial instruments (Note 6)	2,155	84,758
Property, plant and equipment	2,678,315	2,758,764
Investments	6,661	6,642
Deferred tax assets	87,335	61,840
Intangible assets	877,417	873,616
Goodwill	891,776	858,541
Assets	7,439,357	7,578,807
LIABILITIES		
Short-term borrowings	-	5,561
Accounts payable and accrued liabilities	1,361,011	1,271,856
Provisions	36,013	40,358
Income taxes payable	67,447	23,188
Current portion of long-term debt (Notes 6, 7)	603,512	26,186
Current portion of derivative financial instruments (Note 6)	16,745	-
Current Liabilities	2,084,728	1,367,149
Long-term debt (Notes 6, 7)	843,231	1,865,942
Derivative financial instruments (Note 6)	-	20,153
Deferred tax liabilities	268,232	295,808
Liabilities	3,196,191	3,549,052
EQUITY		
Capital stock	146,204	132,356
Retained earnings	3,968,365	3,830,666
Contributed surplus	24,495	27,578
Accumulated other comprehensive earnings (loss)	104,102	39,155
Equity	4,243,166	4,029,755
Liabilities and Equity	7,439,357	7,578,807

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, 2020 and September 30, 2019 (Unaudited)

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

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2020	2019	2020	2019
	\$	\$	\$	\$
Sales	1,637,392	1,739,957	4,110,728	5,800,564
Cost of sales	1,363,911	1,509,884	3,595,794	4,932,267
Gross Margin	273,481	230,073	514,934	868,297
Selling, general and administrative	89,791	94,316	247,663	315,545
Other income and (expenses) (Note 9)	(7,589)	6,560	1,506	(7,581)
Operating Earnings (Loss)	176,101	142,317	268,777	545,171
Share of net earnings (loss) of investments accounted for using the equity method	(4,360)	(2,332)	(15,937)	(7,806)
Finance income and (expenses) (Note 10)	(1,546)	(11,130)	(26,722)	(37,155)
Net Earnings (Loss) before Income Taxes	170,195	128,855	226,118	500,210
Provision for (recovery of) income taxes	44,709	30,617	60,065	119,483
Net Earnings (Loss) for the Period	125,486	98,238	166,053	380,727
Net Earnings (Loss) Per Share:				
Basic	1.92	1.51	2.54	5.83
Diluted	1.92	1.50	2.54	5.80

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, 2020 and September 30, 2019 (Unaudited)

(in thousands of Canadian dollars)

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2020	2019	2020	2019
	\$	\$	\$	\$
Net Earnings (Loss) for the Period	125,486	98,238	166,053	380,727
Items that may be reclassified subsequently to net income				
Unrealized gains (losses) on translating financial statements of foreign operations	43,507	(82,136)	122,418	(242,151)
Change in unrealized gains (losses) on net investment hedges	(21,462)	27,446	(63,099)	71,575
Change in unrealized gains (losses) on cash flow hedges	5,613	15,379	(34,506)	(39,749)
Change in cost of hedging	(3,138)	(364)	5,955	8,968
Reclassification to earnings of gains (losses) on cash flow hedges	12,134	(12,648)	15,022	33,958
Tax impact of above	1,714	(7,453)	19,157	(18,688)
Other Comprehensive Earnings (Loss)	38,368	(59,776)	64,947	(186,087)
Comprehensive Earnings (Loss) for the Period	163,854	38,462	231,000	194,640

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, 2020 and September 30, 2019 (Unaudited)

(in thousands of Canadian dollars)

	Capital stock \$	Retained earnings \$	Contributed surplus \$	Cumulative translation adjustment \$	Hedging reserves \$	Total Equity \$
Balance at January 1, 2020	132,356	3,830,666	27,578	36,469	2,686	4,029,755
Net Earnings (Loss)	-	166,053	-	-	-	166,053
Other comprehensive earnings (loss)	-	-	-	74,356	(9,409)	64,947
Comprehensive Earnings (Loss)	-	166,053	-	74,356	(9,409)	231,000
Share-based compensation	-	-	1,831	-	-	1,831
Shares issued on exercise of options	14,417	-	(4,914)	-	-	9,503
Common shares repurchased and cancelled (Note 8)	(569)	(12,711)	-	-	-	(13,280)
Dividends	-	(15,643)	-	-	-	(15,643)
Balance at September 30, 2020	146,204	3,968,365	24,495	110,825	(6,723)	4,243,166
	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	(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

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, 2020 and September 30, 2019 (Unaudited)

(in thousands of Canadian dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2020	2019	2020	2019
	\$	\$	\$	\$
Cash generated from (used in)				
Operating Activities				
Net Earnings (Loss) for the Period	125,486	98,238	166,053	380,727
Adjustments for:				
Amortization of property, plant and equipment	98,977	90,465	298,113	263,857
Amortization of other intangible assets	11,065	10,034	32,570	30,958
Deferred income taxes	(1,170)	(1,947)	(28,890)	(3,321)
Property, plant and equipment impairment provision	11,725	-	11,725	-
Share-based compensation	610	627	1,831	1,887
Finance (income) and expenses	1,546	11,130	26,722	37,155
Other	8,938	(6,679)	24,755	2,755
	257,177	201,868	532,879	714,018
Changes in operating assets and liabilities:				
(Increase) decrease in accounts and other receivables	(195,675)	88,437	21,053	(157,829)
(Increase) decrease in inventories	43,828	27,316	112,448	125,852
(Increase) decrease in other current assets	(3,088)	(6,820)	6,165	(3,446)
(Increase) decrease in long-term receivables	68,744	(32,291)	109,821	(25,243)
Increase (decrease) in income taxes	39,442	(752)	64,733	(21,564)
Increase (decrease) in accounts payable and accrued liabilities	309,630	(59,074)	102,229	31,653
Increase (decrease) in provisions	(1,689)	(3,777)	(4,811)	1,568
	261,192	13,039	411,638	(49,009)
Cash generated from (used in) operating activities	518,369	214,907	944,517	665,009
Financing Activities				
Proceeds from (repayments of) short-term borrowings	(594)	(3,420)	(6,370)	(5,586)
Proceeds from (repayments of) long-term debt	(253,862)	(47,633)	(495,223)	(204,734)
Proceeds from exercise of stock options	-	6,445	9,503	7,734
Repurchase of shares (Note 8)	-	(21,713)	(13,280)	(29,704)
Dividends	(3,927)	(7,839)	(15,643)	(23,502)
Finance income received (expenses paid)	(1,892)	(11,357)	(22,739)	(34,627)
Settlement of forward contracts	16,093	-	41,428	-
Cash generated from (used in) financing activities	(244,182)	(85,517)	(502,324)	(290,419)
Investing Activities				
Payments for purchase of property, plant and equipment	(73,867)	(158,533)	(188,549)	(405,327)
Proceeds on disposal of property, plant and equipment	574	5,605	6,684	18,699
Payments for purchase of intangible assets	(8,453)	(15,766)	(20,069)	(25,492)
Other	(2,038)	4,480	(7,327)	(5,479)
Cash generated from (used in) investing activities	(83,784)	(164,214)	(209,261)	(417,599)
	190,403	(34,824)	232,932	(43,009)
Effect of translation adjustment on cash	4,133	(7,963)	(1,072)	(34,201)
Increase (decrease) in cash and cash equivalents	194,536	(42,787)	231,860	(77,210)
Cash and cash equivalents - Beginning of Period	375,550	437,552	338,226	471,975
Cash and cash equivalents - End of Period	570,086	394,765	570,086	394,765
Comprised of:				
Cash in bank	417,000	281,495	417,000	281,495
Short-term deposits	168,195	119,698	168,195	119,698
Unpresented cheques	(15,109)	(6,428)	(15,109)	(6,428)
	570,086	394,765	570,086	394,765

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, 2020 and September 30, 2019 (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, 2020 were authorized for issue in accordance with a resolution of the Company’s Board of Directors on November 10, 2020.

2 Basis of Presentation and Significant Accounting Policies

The Company has prepared its consolidated 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, 2019. 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.

The Company has prepared these unaudited consolidated interim financial statements using the same accounting policies and methods as those used in the Company’s audited consolidated annual financial statements for the year ended December 31, 2019. These policies have been consistently applied to all periods presented, unless otherwise stated.

3 Changes in Accounting Policies

New Standards and Interpretations Not Yet Adopted

All pronouncements will be adopted in the Company’s accounting policies for the first period beginning after the effective date of the pronouncement. 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.

The following discussion sets forth an update to Impairment of Non-Financial Assets which is considered one of the Company’s critical estimates 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.

Impairment of Non-Financial Assets

The Company believes that the estimate of impairment for goodwill and non-financial assets is a “critical accounting estimate” because management is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired and to make significant forward-looking assumptions. In assessing whether there is an indication that an asset may be impaired, there are a number of external and internal sources of information which require a high degree of judgement. The recoverable amounts of cash generating units have been determined based on the higher of fair value less costs of disposal or value in use calculations, which require the use of estimates. Uncertain changes in the discount rate used, and forward-looking assumptions regarding improvement plans, costing assumptions, timing of program launches, and production volumes may affect the fair value of estimates used. No known trends, commitments, events or other uncertainties are currently believed to materially affect the assumptions used with the exception of the length and extent of the COVID-19 pandemic and its impact on the overall global economy which is not known.

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Notes to Consolidated Interim Financial Statements

For the nine months ended September 30, 2020 and September 30, 2019 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

Please refer to the “Critical Accounting Estimates and Judgements” section of the Company’s December 31, 2019 consolidated annual financial statements for additional information.

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 Composition of Financial Instruments

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

	Subsequent Measurement	September 30, 2020		December 31, 2019	
		Carrying Value Asset (Liability) \$	Fair Value \$	Carrying Value Asset (Liability) \$	Fair Value \$
Long-term receivables	Amortized cost (Level 2)	411,762	455,410	521,906	529,685
Derivative financial instruments					
USD interest payment forward contracts (Note 7)	Fair value (Level 2)	-	-	3,230	3,230
USD debt principal forward contracts (Note 7)	Fair value (Level 2)	-	-	29,838	29,838
USD cross currency interest rate swaps	Fair value (Level 2)	3,036	3,036	(20,153)	(20,153)
EUR cross currency interest rate swaps	Fair value (Level 2)	(10,073)	(10,073)	52,218	52,218
USD sales forwards – CAD functional entities	Fair value (Level 2)	2,105	2,105	5,887	5,887
USD sales forwards – MXN functional entities	Fair value (Level 2)	(5,660)	(5,660)	-	-
USD sales forwards – CNY functional entities	Fair value (Level 2)	990	990	-	-
Investment designated at fair value through other comprehensive income	Fair value (Level 3)	6,661	6,661	6,642	6,642
Long-term debt, excluding lease liabilities	Amortized cost (Level 2)	(1,378,580)	(1,373,721)	(1,819,589)	(1,807,840)

Beginning in the fourth quarter of 2019, the Company entered into a series of forward exchange contracts to hedge a portion of the ultimate cash flows arising from highly probable forecasted United States dollar (“USD”) sales. The Company’s program hedges a portion of USD sales contracts entered into by entities with various functional currencies. All the contracts are designated as cash flow hedges and are accounted for in the same manner. At period end there were contracts in place which hedge a portion of USD sales for a period of approximately eighteen months and the USD notional hedge values and average forward rates back to the respective functional currencies are as follows:

	September 30, 2020		December 31, 2019	
	Notional Hedge Value USD \$	Average Forward Rate	Notional Hedge Value USD \$	Average Forward Rate
USD sales forwards – CAD functional entities	214,550	1.3407	206,675	1.3271
USD sales forwards – MXN functional entities	159,275	22.2140	-	-
USD sales forwards – CNY functional entities	33,350	7.0614	-	-

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Notes to Consolidated Interim Financial Statements

For the nine months ended September 30, 2020 and September 30, 2019 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

7 Long-Term Debt

	September 30 2020	December 31 2019
	\$	\$
Senior unsecured notes	-	168,778
Bank borrowings	1,299,688	1,570,791
Lease liabilities	68,163	72,539
Government borrowings	78,892	80,020
	1,446,743	1,892,128
Less: current portion	603,512	26,186
	843,231	1,865,942

As of September 30, 2020, \$757,045 was available under the various credit facilities. Of the current portion, USD \$434,737 is not due for payment until January 2021.

In June 2020, the USD \$130,000 senior unsecured notes, due in September 2021, were fully repaid. The hedge interest payment and debt principal forward contracts used to convert the United States stated coupon rate to a Canadian interest rate, and to lock in the exchange rate on the principal repayment component, were terminated at the same time (Note 6).

8 Capital Stock

In March 2020, the Company announced that the Toronto Stock Exchange ("TSX") had accepted a notice filed by the Company of its intention to renew its normal course issuer bid ("NCIB" or "Bid"). Under the NCIB, Linamar has the ability to purchase for cancellation up to a maximum of 4,396,427 common shares from March 20, 2020 until March 19, 2021, representing approximately 10% of the public float of 43,964,265 that were issued and outstanding as of March 6, 2020. No shares were purchased and cancelled from March 20, 2020 to September 30, 2020 due to the COVID-19 pandemic.

9 Other Income and (Expenses)

	Three Months Ended September 30		Nine Months Ended September 30	
	2020	2019	2020	2019
	\$	\$	\$	\$
Foreign exchange gain (loss)	(7,534)	6,191	1,017	(8,033)
Other income (expense)	(55)	369	489	452
	(7,589)	6,560	1,506	(7,581)

10 Finance Income and (Expenses)

	Three Months Ended September 30		Nine Months Ended September 30	
	2020	2019	2020	2019
	\$	\$	\$	\$
Finance costs	(7,734)	(15,989)	(38,140)	(52,969)
Foreign exchange gain (loss) on debt and derivatives	885	(411)	(4,657)	(185)
Interest earned	7,177	7,269	22,177	21,762
Other	(1,874)	(1,999)	(6,102)	(5,763)
	(1,546)	(11,130)	(26,722)	(37,155)

11 Government Grants

In response to COVID-19, many governments around the world have provided various subsidy programs to assist companies during the crisis. The Company received government assistance in regions where such assistance was available and where the Company was eligible for the subsidy programs. The Company has recognized these subsidy programs as a reduction to the related expenses. A significant benefit to Linamar was from a subsidy program in Canada. The Canada Emergency Wage Subsidy ("CEWS") program was announced in March 2020. CEWS provides a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including demonstration of revenue declines as result of COVID-19. The direct benefit of CEWS

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

For the nine months ended September 30, 2020 and September 30, 2019 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

recorded in the consolidated interim statement of earnings was \$47,050 for the current three month period and approximately \$108,061 for the year to date period.

12 Commitments

As at September 30, 2020, outstanding commitments for capital expenditures under purchase orders and contracts amounted to \$110,286 (September 30, 2019 - \$113,084). Of this amount \$105,371 (September 30, 2019 - \$104,248) relates to the purchase of manufacturing equipment and \$4,915 (September 30, 2019 - \$8,836) relates to general contracting and construction costs in respect of plant construction. The majority of these commitments are due within the next twelve months.

13 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.

	Three Months Ended September 30, 2020			Nine Months Ended September 30, 2020			
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Total identifiable assets
	\$	\$	\$	\$	\$	\$	\$
Transportation	1,338,947	4,170	134,883	3,254,131	17,253	160,131	4,825,542
Industrial	298,445	2,691	41,218	856,597	8,929	108,646	2,613,815
Total	1,637,392	6,861	176,101	4,110,728	26,182	268,777	7,439,357

	Three Months Ended September 30, 2019			Nine Months Ended September 30, 2019			
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Total identifiable assets
	\$	\$	\$	\$	\$	\$	\$
Transportation	1,359,381	9,391	105,384	4,355,769	31,091	335,445	5,010,561
Industrial	380,576	3,048	36,933	1,444,795	8,220	209,726	3,034,510
Total	1,739,957	12,439	142,317	5,800,564	39,311	545,171	8,045,071

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Notes to Consolidated Interim Financial Statements

For the nine months ended September 30, 2020 and September 30, 2019 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

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	
	2020	2019	2020	2019
	\$	\$	\$	\$
Net earnings (loss) before income taxes	170,195	128,855	226,118	500,210
Amortization of property, plant and equipment	98,977	90,465	298,113	263,857
Amortization of other intangible assets	11,065	10,034	32,570	30,958
Property, plant and equipment impairment provision	11,725	-	11,725	-
Finance costs	7,734	15,989	38,140	52,969
Other interest	889	405	2,950	891
EBITDA	300,585	245,748	609,616	848,885
Transportation	243,323	192,482	452,402	592,028
Industrial	57,262	53,266	157,214	256,857
	300,585	245,748	609,616	848,885

14 Subsequent Events

During the first nine months of 2020, the outbreak of the novel strain of coronavirus, specifically identified as COVID-19, spread across the globe impacting worldwide economic activity. The extent to which the financial results and condition of the Company in future periods may be affected depends on future developments and cannot be reliably determined at the date of these interim financial statements. The Company is constantly evaluating the situation and monitoring any impacts or potential impacts to its business.