Linamar Corporation

December 31, 2021 and December 31, 2020
(in millions of dollars)

LINAMAR CORPORATION

Management's Discussion and Analysis

For the Quarter Ended December 31, 2021

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 financial statements for the quarter and year ended December 31, 2021. This MD&A has been prepared as at March 9, 2022. 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 an advanced manufacturing company where the intersection of leading-edge technology and deep manufacturing expertise is creating solutions that power vehicles, motion, work and lives for the future. The Company is made up of two operating segments – the Industrial segment and the Mobility segment, both global leaders in manufacturing solutions and world-class developers of highly engineered products. The Industrial segment is comprised of Skyjack and MacDon. Skyjack manufactures scissor, boom and telehandler lifts for the aerial work platform industry. MacDon manufactures combine draper headers and self-propelled windrowers for the agricultural harvesting industry. The Mobility segment is subdivided into three regional groups: North America, Europe and Asia Pacific. Within the Mobility segment, the regional groups are vertically integrated operations combining expertise in light metal casting, forging, machining and assembly for both the global electrified and traditionally powered vehicle markets. The Mobility segment products are focused on both components and systems for new energy powertrains, body and chassis, driveline, engine and transmission systems of these vehicles. In addition to the recently formed eLIN Product Solutions Group that focuses on Electrification, McLaren Engineering provides design, development, and testing services for the Mobility segment. Linamar has 25,500 employees in 60 manufacturing locations, 11 R&D centres and 25 sales offices in 17 countries in North and South America, Europe and Asia, which generated sales of $6.5 billion in 2021. For more information about Linamar Corporation and its industry-leading products and services, visit www.linamar.com or follow us on our social media channels.

Overall Corporate Results

The following table sets out certain highlights of the Company's performance in the fourth quarter of 2021 ("Q4 2021") and 2020 ("Q4 2020"):[1]

	Three Months Ended December 31				Twelve Months Ended December 31			
(in millions of dollars, except per share figures)	2021 $	2020 $	+/- $	+/- %	2021 $	2020 $	+/- $	+/- %
Sales	1,534.4	1,704.8	(170.4)	(10.0%)	6,536.6	5,815.6	721.0	12.4%
Gross Margin	160.9	273.5	(112.6)	(41.2%)	937.7	788.4	149.3	18.9%
Operating Earnings (Loss)	70.1	155.4	(85.3)	(54.9%)	601.2	424.2	177.0	41.7%
Net Earnings (Loss)	50.2	113.1	(62.9)	(55.6%)	420.6	279.1	141.5	50.7%
Net Earnings (Loss) per Share - Diluted	0.77	1.73	(0.96)	(55.5%)	6.41	4.27	2.14	50.1%
Earnings before interest, taxes and amortization ("EBITDA")[1]	178.0	279.1	(101.1)	(36.2%)	1,032.6	877.0	155.6	17.7%
Operating Earnings (Loss) - Normalized[1]	81.1	176.4	(95.3)	(54.0%)	605.4	458.0	147.4	32.2%
Net Earnings (Loss) - Normalized[1]	59.0	129.1	(70.1)	(54.3%)	428.4	314.6	113.8	36.2%
Net Earnings (Loss) per Share - Diluted - Normalized[1]	0.90	1.97	(1.07)	(54.3%)	6.53	4.81	1.72	35.8%
EBITDA – Normalized[1]	189.6	304.5	(114.9)	(37.7%)	1,045.4	919.8	125.6	13.7%

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

IMPACT ON LINAMAR'S RESULTS AND BUSINESS RELATED TO COVID-19

In mid-March of 2020, COVID-19 quickly spread in multiple countries and was declared a pandemic by the World Health Organization. A number of the Company's key end markets witnessed a significant reduction in volume in and around April of 2020, mostly due to production

1 Operating Earnings (Loss) – Normalized, Net Earnings (Loss) – Normalized, Net Earnings (Loss) per Share – Diluted – Normalized, EBITDA and EBITDA – Normalized are non-GAAP financial measures. Please see "Non-GAAP and Other Financial Measures" section of this MD&A.

shutdowns, shelter-in-place orders, and general effects on economies impacting customer demand. There has been a strengthening return in volumes as automotive production in North America and Europe restarted in May of 2020 which has materially improved the results. Despite these positive signs the Company continues to be cautious around costs and capital spending given uncertainties. During 2021, the demand for the Company's products has been negatively impacted by semiconductor supply related issues as well as labour, material and freight costs associated with the pandemic. Therefore, the pandemic and resulting economic contraction have had, and is expected to continue to have, a negative impact on the demand for the Company's products.

Since resuming production in mid-May 2020, the Company's focus has been on Recovery, Restarting and Rejuvenation. Ensuring the safety of our workforce to return to work has been a top priority and we have seen excellent results with extremely low incidence of on-site transmission and employees surveyed feeling safe and supportive of protocols.

Despite these continued impacts, the Company has maintained sufficient liquidity[1] to satisfy its financial obligations during this period and liquidity, measured as cash and cash equivalents and available credit, at December 31, 2021 increased significantly to $1.9 billion compared with $1.6 billion at December 31, 2020. The Company's free cash flow[1] was $144.7 million for Q4 2021 and $672.6 million for the full year compared to $422.3 million and $1,185.0 million respectively for the comparable periods of 2020.

Throughout this crisis Linamar strongly supported our local and global communities by implementing regular testing regimes, establishing a vaccination clinic as well as donating, procuring, and managing PPE for local healthcare providers and manufacturing ventilators and parts thereof for a variety of customers. The ability of Linamar to pivot from manufacturing auto assemblies to different products such as ventilators is evidence of the company's agility, flexibility, technical depth and the ability to respond quickly. These traits are, and have always been, the core of Linamar's strength.

Demonstrating this commitment to the health of our communities, beginning in Q1 2021, Linamar began assisting our local community with vaccine rollout efforts. The Company partnered with local health authorities and transformed our Customer Access Centre at Skyjack in Guelph to a community vaccination site. Linamar loaned full-time staff to aid the local health professionals with planning, logistics and coordination. The Company has remained focused on helping everyone moving toward a post COVID-19 world as quickly as possible and reopened its vaccination site at the Frank Hasenfratz Centre for Excellence in Manufacturing in Q4 2021 to continue providing additional vaccines to the Guelph community. Linamar thanks all the volunteers and employees that have made the vaccination sites such a tremendous success in Guelph.

Continuing with the fourth quarter of 2021, the regional COVID-19 restrictions have not had a significant impact on Linamar's sales or expenses as Linamar has been subject to 'essential business' exemptions in the various jurisdictions in which we operate. Consequently, volumes have not been adversely affected by such restrictions. Given the currently available information, these restrictions are not expected to have a significant impact to the Company's performance. However, the length and extent of the COVID-19 pandemic and current and potential future governmental and other responses to it, such as regional business shut-downs, stay-at-home orders, business, border, travel and other restrictions and their impacts on the overall global economy are not known. Accordingly, there is material uncertainty as to the overall impact relating to the Company's future operations due to the ongoing pandemic. The Company is unable to quantify the overall impact of COVID-19 on Linamar's financial results including net of any mitigating factors.

In light of these events, the Company, if necessary, will continue to update its disclosures including: commentary in the "Financial Condition, Liquidity and Capital Resources" section, risk factors in the "Risk Management" section, commentary related to COVID-19 in the "Disclosure Controls and Procedures and Internal Controls Over Financial Reporting" section, and its discussion of critical accounting estimates in the "Critical Accounting Estimates and Judgements" section of this MD&A.

BUSINESS SEGMENT REVIEW

The Company reports its results of operations in two business segments: Industrial and Mobility. 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 financial statements for the quarter ended December 31, 2021.

			Three Months Ended December 31 2021			Twelve Months Ended December 31 2021
(in millions of dollars)	Industrial $	Mobility $	Linamar $	Industrial $	Mobility $	Linamar $
Sales	293.0	1,241.4	1,534.4	1,468.7	5,067.9	6,536.6
Operating Earnings (Loss)	(11.5)	81.6	70.1	167.9	433.3	601.2
EBITDA	1.2	176.8	178.0	222.3	810.3	1,032.6
Operating Earnings (Loss) – Normalized	(4.2)	85.3	81.1	180.9	424.5	605.4
EBITDA – Normalized	8.4	181.2	189.6	236.5	808.9	1,045.4

[1] Liquidity and Free Cash Flow are non-GAAP financial measures. Please see "Non-GAAP and Other Financial Measures" section of this MD&A.

(in millions of dollars)	Three Months Ended December 31 2020 Industrial $	Mobility $	Linamar $	Twelve Months Ended December 31 2020 Industrial $	Mobility $	Linamar $
Sales	315.6	1,389.2	1,704.8	1,172.2	4,643.4	5,815.6
Operating Earnings (Loss)	32.6	122.8	155.4	141.2	283.0	424.2
EBITDA	49.4	229.7	279.1	206.6	670.4	877.0
Operating Earnings (Loss) – Normalized	39.9	136.5	176.4	156.5	301.5	458.0
EBITDA – Normalized	56.7	247.8	304.5	221.9	697.9	919.8

Industrial Highlights

	Three Months Ended December 31				Twelve Months Ended December 31			
	2021	2020	+/-	+/-	2021	2020	+/-	+/-
(in millions of dollars)	$	$	$	%	$	$	$	%
Sales	293.0	315.6	(22.6)	(7.2%)	1,468.7	1,172.2	296.5	25.3%
Operating Earnings (Loss)	(11.5)	32.6	(44.1)	(135.3%)	167.9	141.2	26.7	18.9%
EBITDA	1.2	49.4	(48.2)	(97.6%)	222.3	206.6	15.7	7.6%
Operating Earnings (Loss) – Normalized	(4.2)	39.9	(44.1)	(110.5%)	180.9	156.5	24.4	15.6%
EBITDA – Normalized	8.4	56.7	(48.3)	(85.2%)	236.5	221.9	14.6	6.6%

The Industrial segment ("Industrial") product sales decreased 7.2%, or $22.6 million, to $293.0 million in Q4 2021 from Q4 2020. The sales decrease was due to:

- agricultural sales declines due to supply chain and labour constraints which are significantly impacting our ability to deliver equipment; and
- an unfavourable impact on sales from the changes in foreign exchange rates from Q4 2020; partially offset by
- additional access equipment sales primarily due to increased market share in North America for scissors, booms and telehandlers.

The 2021 sales for Industrial increased by $296.5 million, or 25.3% compared with 2020. This sales increase was due to:

- additional access equipment and agricultural sales primarily due to market recovery from 2020 which was significantly impacted by the COVID-19 pandemic; partially offset by
- an unfavourable impact on sales from the changes in foreign exchange rates from 2020; and
- agricultural sales declines in Q4 2021 due to supply chain and labour constraints which are significantly impacting our ability to deliver equipment.

Industrial segment normalized operating earnings in Q4 2021 decreased $44.1 million, or 110.5% from Q4 2020. The Industrial normalized operating earnings results were predominantly driven by:

- an increase in material, freight and labour costs associated with ongoing supply issues and post pandemic pressures;
- a decrease in agricultural sales;
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic; and
- an unfavourable impact from the changes in foreign exchange rates from Q4 2020; partially offset by
- an increase in access equipment sales; and
- a reduction in provisions for receivables that were incurred in Q4 2020 in the industrial markets primarily related to COVID-19.

The 2021 normalized operating earnings for Industrial increased by $24.4 million, or 15.6% compared with 2020. The factors that impacted Q4 2021 similarly impacted the 2021 results with the exception of net 2021 agricultural revenues that has increased primarily due to market recovery from 2020 which was significantly impacted by the COVID-19 pandemic.

Mobility Highlights

	Three Months Ended December 31				Twelve Months Ended December 31			
	2021	2020	+/-	+/-	2021	2020	+/-	+/-
(in millions of dollars)	$	$	$	%	$	$	$	%
Sales	1,241.4	1,389.2	(147.8)	(10.6%)	5,067.9	4,643.4	424.5	9.1%
Operating Earnings (Loss)	81.6	122.8	(41.2)	(33.6%)	433.3	283.0	150.3	53.1%
EBITDA	176.8	229.7	(52.9)	(23.0%)	810.3	670.4	139.9	20.9%
Operating Earnings (Loss) – Normalized	85.3	136.5	(51.2)	(37.5%)	424.5	301.5	123.0	40.8%
EBITDA – Normalized	181.2	247.8	(66.6)	(26.9%)	808.9	697.9	111.0	15.9%

Sales for the Mobility segment ("Mobility") decreased by $147.8 million, or 10.6% in Q4 2021 compared with Q4 2020. The sales in Q4 2021 were impacted by:

- a sales decline primarily attributed to adverse conditions associated with semiconductor supply related issues experienced by our customers; and
- an unfavourable impact on sales from the changes in foreign exchange rates from Q4 2020; partially offset by
- additional sales for launching programs and increased volumes for certain programs that the Company has significant business with; and
- increased sales related to material metal market pass through pricing partially offsetting the associated raw material increases.

The 2021 sales for Mobility increased by $424.5 million, or 9.1% compared to 2020. The factors that impacted Q4 2021 similarly impacted the 2021 results with the exception of net 2021 Mobility revenues that has increased primarily due to market recovery from 2020 which was significantly impacted by the COVID-19 pandemic.

Q4 2021 normalized operating earnings for Mobility were lower by $51.2 million, or 37.5% compared to Q4 2020. The Mobility segment's earnings were impacted by the following:

- a sales decline primarily attributed to adverse conditions associated with semiconductor supply related issues experienced by our customers;
- an increase in energy, material, freight and labour costs associated with ongoing supply issues and post pandemic pressures;
- an unfavourable impact from the changes in foreign exchange rates from Q4 2020; and
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic; partially offset by
- additional sales for launching programs and increased volumes for certain programs that the Company has significant business with; and
- a reduction in management compensation as a result of lower sales and earnings.

The 2021 normalized operating earnings increased by $123.0 million, or 40.8% compared with 2020. The factors that impacted Q4 2021 similarly impacted the 2021 results with the exception of net 2021 Mobility revenues that has increased primarily due to market recovery from 2020 which was significantly impacted by the COVID-19 pandemic.

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 vehicle production units[2] 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 December 31				Twelve Months Ended December 31			
North America	2021	2020	+/-	%	2021	2020	+/-	%
Vehicle Production Units	3.43	3.97	(0.54)	(13.6%)	13.55	13.43	0.12	0.9%
Automotive Sales	$ 651.5	$ 680.3	$ (28.8)	(4.2%)	$ 2,602.3	$ 2,364.3	$ 238.0	10.1%
Content Per Vehicle	$ 189.90	$ 171.57	$ 18.33	10.7%	$ 192.09	$ 176.00	$ 16.09	9.1%
Europe								
Vehicle Production Units	3.98	5.25	(1.27)	(24.2%)	15.85	16.58	(0.73)	(4.4%)
Automotive Sales	$ 313.6	$ 371.1	$ (57.5)	(15.5%)	$ 1,332.0	$ 1,288.9	$ 43.1	3.3%
Content Per Vehicle	$ 78.83	$ 70.65	$ 8.18	11.6%	$ 84.06	$ 77.73	$ 6.33	8.1%
Asia Pacific								
Vehicle Production Units	12.60	13.18	(0.58)	(4.4%)	43.58	40.98	2.60	6.3%
Automotive Sales	$ 141.5	$ 178.7	$ (37.2)	(20.8%)	$ 559.7	$ 524.7	$ 35.0	6.7%
Content Per Vehicle	$ 11.23	$ 13.55	$ (2.32)	(17.1%)	$ 12.84	$ 12.81	$ 0.03	0.2%

North American automotive sales for Q4 2021 decreased 4.2% from Q4 2020 in a market that saw a decrease of 13.6% in production volumes for the same period. As a result, content per vehicle in Q4 2021 increased 10.7% from $171.57 to $189.90. The increase in North American content per vehicle was mainly driven by programs we have significant business with that have enjoyed disproportionately higher volumes and increased sales for launching programs. These increases were partially driven by impacts related to semiconductor chip supply issues as powertrain production requirements did not decrease as significantly in the quarter relative to the decline in OEM vehicle production volumes.

European automotive sales for Q4 2021 decreased 15.5% from Q4 2020 in a market that saw a decrease of 24.2% in production volumes for the same period. As a result, content per vehicle in Q4 2021 increased 11.6% from $70.65 to $78.83. The increase in European content per vehicle was mainly driven by programs we have significant business with that have enjoyed disproportionately higher volumes and increased sales for launching programs. These increases were partially driven by impacts related to semiconductor chip supply issues as powertrain production requirements did not decrease as significantly in the quarter relative to the decline in OEM vehicle production volumes.

Asia Pacific automotive sales for Q4 2021 decreased 20.8% from Q4 2020 in a market that saw a decrease of 4.4% in production volumes for the same period. As a result, content per vehicle in Q4 2021 decreased 17.1% from $13.55 to $11.23. The decrease in Asian content per vehicle was mainly driven by production disruptions related to semiconductor supply issues disproportionately impacting OEMs that the Company has significant business with. These sales declines were partially offset by increases in sales for launching programs.

1 Content per Vehicle is a supplementary financial measure. Please see "Non-GAAP and Other Financial Measures" section of this MD&A. 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.

RESULTS OF OPERATIONS

Gross Margin

(in millions of dollars)	Three Months Ended December 31 2021	2020	Twelve Months Ended December 31 2021	2020
Sales	$ 1,534.4	$ 1,704.8	$ 6,536.6	$ 5,815.6
Cost of Sales before amortization	1,263.4	1,308.2	5,153.3	4,577.0
Amortization	110.1	123.1	445.6	450.2
Cost of Sales	1,373.5	1,431.3	5,598.9	5,027.2
Gross Margin	$ 160.9	$ 273.5	$ 937.7	$ 788.4
Gross Margin percentage	10.5%	16.0%	14.3%	13.6%

Gross margin percentage decreased in Q4 2021 to 10.5% compared to 16.0% in Q4 2020. Cost of sales before amortization as a percentage of sales increased in Q4 2021 to 82.3% compared to 76.7% for the same quarter of last year. In dollar terms, gross margin decreased $112.6 million in Q4 2021 compared with Q4 2020 as a result of the items discussed earlier in this analysis such as:

- an increase in material, energy, freight and labour costs associated with ongoing supply issues and post pandemic pressures;
- a decrease in agricultural sales;
- a net sales decline in the Mobility segment primarily attributed to adverse conditions associated with semiconductor supply related issues experienced by our customers;
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic; and
- an unfavourable impact from the changes in foreign exchange rates from Q4 2020; partially offset by
- an increase in access equipment volumes.

Amortization remained flat as a percentage of sales when compared to Q4 2020. On a dollar basis amortization is lower as a result of lower capital investment during the pandemic. The factors that impacted the 2021 results were similar to the factors that impacted the Q4 2021 results.

2021 gross margin increased to 14.3% from 13.6% in 2020. The factors that impacted Q4 2021 similarly impacted the 2021 results with the exception of net 2021 Mobility and agricultural revenues that has increased primarily due to market recovery from 2020 which was significantly impacted by the COVID-19 pandemic.

Selling, General and Administration

(in millions of dollars)	Three Months Ended December 31 2021	2020	Twelve Months Ended December 31 2021	2020
Selling, general and administrative	$ 96.1	$ 106.0	$ 349.6	$ 353.6
SG&A percentage	6.3%	6.2%	5.3%	6.1%

Selling, general and administrative ("SG&A") costs decreased in Q4 2021 to $96.1 million from $106.0 million and increased as a percentage of sales to 6.3% from 6.2% when compared to Q4 2020. This decrease, in dollar terms, is primarily due to:

- a reduction in provisions for receivables that were incurred in Q4 2020 in the industrial markets primarily related to COVID-19; and
- a reduction in management compensation as a result of lower sales and earnings; partially offset by
- increased sales and marketing expenses to support growth; and
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic.

On a full year basis, SG&A costs decreased to $349.6 million from $353.6 million and decreased as a percentage of sales to 5.3% from 6.1% when compared to 2020. The factors that impacted the 2021 results were similar to the factors that impacted the Q4 2021 results.

Finance Expense and Income Taxes

(in millions of dollars)	Three Months Ended December 31 2021 $	2020 $	Twelve Months Ended December 31 2021 $	2020 $
Operating Earnings (Loss)	70.1	155.4	601.2	424.2
Share of Net Earnings (Loss) of Investments Accounted for Using the Equity Method	(7.1)	(6.9)	(28.3)	(22.9)
Finance Income and (Expenses)	(0.5)	(0.2)	(10.7)	(26.9)
Provision for (Recovery of) Income Taxes	12.3	35.2	141.6	95.3
Net Earnings (Loss)	50.2	113.1	420.6	279.1

Finance Expenses

Finance expenses increased $0.3 million in Q4 2021 from $0.2 million in Q4 2020 to $0.5 million due to:

- lower interest earned due to the decreasing long-term AR balances; which was partially offset by
- lower interest expense due to decreasing debt balances.

The 2021 finance expenses decreased $16.2 million compared to $26.9 million in 2020. The full year finance expenses were impacted by the same factors as described for Q4 2021 and further impacted by the Q2 2020 one-time make-whole expense related to the prepayment of the Company's United States Dollar ("USD") $130 million Private Placement Notes that did not recur.

The consolidated effective interest rate for Q4 2021 increased to 1.9% compared to 1.7% in Q4 2020. The effective interest rate decreased to 1.9% for 2021 versus 2.0% in 2020. The changes in the effective interest rate for Q4 2021 were driven by the same factors that impacted the financing expenses and as a result of the debt repayments, the weighting of each debt agreement on the effective interest rate has changed. The 2021 effective interest rate was driven by the same factors that impacted the effective interest rate for Q4 2021 with the exception of the Q2 2020 make-whole payment which is excluded from the effective interest rate calculations.

Income Taxes

The effective tax rate for Q4 2021 was 19.6%, a decrease from the 23.7% rate in the same quarter of 2020. The effective tax rate in Q4 2021:

- decreased due to one-time adjustments recognized in Q4 2021 regarding tax recoveries from prior years;
- decreased due to a reduction in non-deductible expenses incurred in Q4 2021 compared to Q4 2020; partially offset by
- an increase in the unrecognized benefits on losses.

The effective tax rate for 2021 was 25.2%, a slight decrease from the 25.4% rate in 2020 and was in line with the expected annual tax rate. The 2021 effective tax rate decreased due to a reduction in non-deductible expenses in the year.

TOTAL EQUITY

During the quarter no options expired unexercised, no options were forfeited, no options were exercised, and 150,000 options were issued.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares, of which 65,450,697 common shares were outstanding as of March 9, 2022. The Company's common shares constitute its only class of voting securities. As of March 9, 2022, there were 1,050,000 options to acquire common shares outstanding and 3,600,000 options still available to be granted under the Company's share option plan.

In March 2020, the Company announced Toronto Stock Exchange ("TSX") approval to renew its normal course issuer bid ("NCIB" or "Bid"). The bid permitted the Company to acquire for cancellation up to 4,396,427 common shares between March 20, 2020 and March 19, 2021. No shares were purchased and cancelled from March 20, 2020 to March 10, 2021 due to the COVID-19 pandemic. In November 2021, the Company announced TSX approval to commence a new normal course issuer bid. This bid permits the Company to acquire for cancellation up to 4,421,507 common shares between November 30, 2021 and November 29, 2022. These bids are subject to daily limits and blackout periods.

SELECTED FINANCIAL INFORMATION

Annual Results

The following table sets out selected financial data relating to the Company's years ended December 31, 2021, 2020 and 2019. This financial data should be read in conjunction with the Company's consolidated financial statements for these years:

(in millions of dollars, except per share figures)	2021 $	2020 $	2019 $
Sales	6,536.6	5,815.6	7,416.6
Net Earnings (Loss)	420.6	279.1	430.4
Normalizing Items	7.8	35.5	34.0
Net Earnings (Loss) - Normalized	428.4	314.6	464.4
Total Assets	7,390.4	7,556.7	7,578.8
Total Long-term Liabilities	1,046.5	1,006.0	2,181.9
Cash Dividends declared per share	0.68	0.36	0.48
Net Earnings (Loss) per Share			
Basic	6.43	4.27	6.59
Diluted	6.41	4.27	6.56
Diluted - Normalized	6.53	4.81	7.08

For 2021 and 2020 normalizing items please see the “Non-GAAP and Additional GAAP Measures” section of this MD&A.

The most significant impact on 2020 sales and earnings was a result of COVID-19 on the Company as discussed throughout this MD&A. In addition, the Company repaid a portion of its long-term debt primarily on its credit facilities as well as its 2021 Notes.

The 2019 normalizing items include foreign exchange gain (loss), foreign exchange gain (loss) on debt and derivatives, and other items. The 2019 other items relate to restructuring costs and a supplier quality issue.

Quarterly Results

The following table sets forth unaudited information for each of the eight quarters ended March 31, 2020 through December 31, 2021. 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)	Dec 31 2021 $	Sep 30 2021 $	Jun 30 2021 $	Mar 31 2021 $	Dec 31 2020 $	Sep 30 2020 $	Jun 30 2020 $	Mar 31 2020 $
Sales	1,534.4	1,645.0	1,575.3	1,781.9	1,704.8	1,637.4	923.6	1,549.8
Net Earnings (Loss)	50.2	108.8	108.0	153.5	113.1	125.5	(37.9)	78.5
Net Earnings (Loss) per Share								
Basic	0.77	1.66	1.65	2.35	1.73	1.92	(0.58)	1.21
Diluted	0.77	1.66	1.65	2.34	1.73	1.92	(0.58)	1.20

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 Mobility 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. Additionally, COVID-19 had adverse impacts on each quarter of 2020 and 2021. Plant shutdowns began mainly in March 2020 and April 2020 with the automotive OEM’s restarting production in May 2020 resulting in volumes growing over the remainder of the year.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

	Three Months Ended December 31		Twelve Months Ended December 31	
	2021	2020	2021	2020
(in millions of dollars)	$	$	$	$
Cash generated from (used in):				
Operating Activities	217.6	489.6	908.8	1,434.1
Financing Activities	(17.1)	(114.1)	(572.1)	(616.4)
Investing Activities	(82.3)	(81.1)	(267.3)	(290.3)
Effect of translation adjustment on cash	4.2	(3.4)	(2.1)	(4.5)
Increase (decrease) in cash and cash equivalents	122.4	291.0	67.3	522.9
Cash and cash equivalents – Beginning of Period	806.0	570.1	861.1	338.2
Cash and cash equivalents – End of Period	928.4	861.1	928.4	861.1
Comprised of:				
Cash in bank	511.9	628.5	511.9	628.5
Short-term deposits	429.1	236.3	429.1	236.3
Unpresented cheques	(12.6)	(3.7)	(12.6)	(3.7)
	928.4	861.1	928.4	861.1

The Company's cash and cash equivalents (net of unpresented cheques) at December 31, 2021 were $928.4 million, an increase of $67.3 million compared to December 31, 2020.

Cash generated from operating activities was $217.6 million, a decrease of $272.0 million from Q4 2020, due to a decreased generation of cash in operating assets and liabilities and decreased earnings for the period. Cash generated from operating activities in 2021 was $908.8 million, $525.3 million less than was provided in 2020, due to an increased use of cash in operating assets and liabilities partially offset by increased earnings for the period.

Financing activities used $17.1 million of cash compared to $114.1 million used in Q4 2020 and for 2021 financing activities used $572.1 million compared to $616.4 million primarily due to the repayment of the Company's long-term debt. In Q1 2021, the repayment of the Company's USD denominated bank borrowings a portion which came due in January 2021 was partially offset by funding received through the Company's new 2031 Notes.

Investing activities used $82.3 million in Q4 2021 compared to $81.1 million used in Q4 2020 and for 2021 investing activities used $267.3 million compared to $290.3 million in 2020. This use of cash was primarily due to the purchases of property, plant and equipment which continues to be an area of focus in conserving cash by the Company.

Operating Activities

	Three Months Ended December 31		Twelve Months Ended December 31	
	2021	2020	2021	2020
(in millions of dollars)	$	$	$	$
Net Earnings (Loss) for the period	50.2	113.1	420.6	279.1
Adjustments to earnings	113.6	125.6	441.8	492.5
	163.8	238.7	862.4	771.6
Changes in operating assets and liabilities	53.8	250.9	46.4	662.5
Cash generated from (used in) operating activities	217.6	489.6	908.8	1,434.1

Cash generated by operations before the effect of changes in operating assets and liabilities decreased $74.9 million in Q4 2021 to $163.8 million, compared to $238.7 million in Q4 2020. Cash generated from operations before the effect of changes in operating assets and liabilities increased $90.8 million in 2021 to $862.4 million, compared to $771.6 million in 2020.

Changes in operating assets and liabilities for Q4 2021 provided cash of $53.8 million primarily due to a decrease in accounts receivables partially offset by an increase in inventories. For the full year changes in operating assets and liabilities provided cash of $46.4 million primarily due to increased accounts payable, decreased long-term receivables, and decreased accounts receivables, partially offset by an increase in inventories.

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 certain 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 CEWS program was announced in March 2020 and the program came to an end in October 2021. CEWS provided a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including a demonstration of revenue declines. The direct benefit of CEWS and other COVID-19 related programs recorded in the consolidated statement of earnings was $46.2 million for the full year. However, the Company is unable to quantify the overall impact of COVID-19 on Linamar's financial results net of any mitigating factors such as government assistance programs.

Although Linamar has received COVID-19-related assistance from various governments, as of the date of this MD&A it remains unknown if any COVID-19-related government assistance will be available in the future.

Financing Activities

	Three Months Ended December 31		Twelve Months Ended December 31	
	2021	2020	2021	2020
(in millions of dollars)	$	$	$	$
Proceeds from (repayments of) short-term borrowings	-	-	-	(6.4)
Proceeds from (repayments of) long-term debt	(5.1)	(106.0)	(981.7)	(601.2)
Proceeds from senior unsecured notes	-	-	494.0	-
Proceeds from exercise of stock options	-	-	-	9.5
Repurchase of shares	-	-	-	(13.3)
Dividends	(13.1)	(7.8)	(44.5)	(23.4)
Finance income received (expenses paid)	1.1	(0.3)	0.6	(23.0)
Settlement of forward contracts	-	-	(40.5)	41.4
Cash generated from (used in) financing activities	(17.1)	(114.1)	(572.1)	(616.4)

Financing activities for Q4 2021 used $17.1 million of cash compared to $114.1 million used in Q4 2020 primarily driven by the Company's repayment of long-term debt. Financing activities used $572.1 million compared to $616.4 million used in 2020 primarily driven by the Company's repayment of long-term debt and prepayment of the Company's USD $130 million Private Placement Notes in Q2 2020. In January 2021, the Company received EUR 320 million of its 2031 Notes, issued at an annual rate of 1.37%, coming due January 2031 and paying interest semi-annually. In January, the Company also repaid USD denominated bank borrowings a portion which came due in January 2021 that was maturing under its bank credit facility.

Investing Activities

	Three Months Ended December 31		Twelve Months Ended December 31	
	2021	2020	2021	2020
(in millions of dollars)	$	$	$	$
Payments for purchase of property, plant and equipment	(74.1)	(75.8)	(243.1)	(264.3)
Proceeds on disposal of property, plant and equipment	1.2	8.5	6.9	15.2
Payments for purchase of intangible assets	(3.2)	(7.3)	(11.5)	(27.3)
Other	(6.2)	(6.5)	(19.6)	(13.9)
Cash generated from (used in) investing activities	(82.3)	(81.1)	(267.3)	(290.3)

Cash used for investing activities for Q4 2021 was $82.3 million compared to Q4 2020 at $81.1 million. Cash used on investing activities for the full year was $267.3 million compared to 2020 at $290.3 million. The Company continues to focus on the conservation of cash resulting in lower payments for the purchase of property, plant and equipment when compared to periods prior to the COVID-19 pandemic.

Liquidity and Capital Resources

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

At December 31, 2021, cash and cash equivalents, including short-term deposits was $928.4 million and the Company's credit facilities had available credit of $957.5 million. Combined, the Company believes this liquidity of $1.9 billion at December 31, 2021 is sufficient to meet cash flow needs. In addition, free cash flow was $144.7 million for Q4 2021 compared to $422.3 million for the same period last year.

Commitments and Contingencies

The following table summarizes contractual obligations by category and the associated payments for the next five years:

(in millions of dollars)	Total $	1 year $	Later than 1 year and not later than 5 years $	Later than 5 years $
Long-Term Debt Principal, excluding Lease Liabilities	735.7	5.0	222.6	508.1
Lease Liabilities[1]	67.7	17.9	37.2	12.6
Purchase Commitments	209.1	209.1	-	-
Total Contractual Obligations	1,012.5	232.0	259.8	520.7

The Company occasionally provides guarantees to third parties who, in turn, provide financing to certain Linamar customers for industrial products. In addition, the Company has provided limited guarantees within the purchase agreements of derecognized receivables as discussed in the notes to the Company's consolidated financial statements for the year ended December 31, 2021.

From time to time, the Company may be contingently liable for litigation, legal and/or regulatory actions and proceedings and other claims. These claims, and other details surrounding its financial liabilities, off-balance sheet obligations, or other contractual obligations as applicable, are described in the notes to Company's consolidated financial statements for the year ended December 31, 2021.

Financial Instruments

The Company uses derivatives as a part of its risk management program to mitigate variability associated with changing market values related to recognized liabilities and highly probable forecasted transactions.

The Company pursues a strategy of optimizing its operating and financing 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. 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 actively hedge all the cash flow activities of its foreign subsidiaries and, accordingly operational results may be further affected by a significant change in the relative value of domestic currencies.

The amount and timing of executed derivatives is dependent upon a number of factors, including estimated production delivery schedules, forecasted customer payments, and the anticipated future direction of foreign currency and interest rates. The Company is exposed to counterparty credit risk when executing derivatives with financial institutions, and in order to mitigate this risk the Company limits derivative trading to counterparties within the credit facilities that maintain investment grade credit ratings.

In January 2021, the Company received EUR 320 million in funding through its 2031 Notes. These EUR denominated notes have been designated as a net investment hedge for the net investments in EUR foreign operations. The Company applied the proceeds of these notes, as well as a portion of available surplus cash, and proceeds drawn from the revolving credit facility towards the repayment of the USD denominated debt, a portion of which came due in January 2021. The USD cross currency interest rate swap contract associated with the USD denominated debt matured and settled at the same time. The EUR cross currency interest rate swap contract matured and also settled in January 2021, ending the associated net investment hedge. For more information, please see the Company's consolidated financial statements for the year ended December 31, 2021.

The company is exposed to foreign exchange fluctuations due to foreign operating transactions and to manage this the Company enters into forward exchange contracts to hedge a portion of the ultimate cash flows arising from highly probable forecasted consolidated foreign sales and purchases. Any fair value unrealized gains and losses for the hedges are included in other comprehensive earnings, with reclassifications to net earnings for the effective portion to match the net earnings impact of the hedged items.

For more information, please see the notes to the Company's consolidated financial statements for the year ended December 31, 2021.

A portion of the Company's financial instruments are held as long-term receivables totalling $230.1 million at December 31, 2021 compared to $376.4 million at December 31, 2020. Long-term receivables are primarily made up of financing loans for the sale of industrial access equipment which decreased by $171.6 million to $62.9 million, financing loans for equity method investments which increased by $22.0 million to $133.2 million, and receivables for government assistance which increased by $3.3 million to $31.3 million. During Q2 2021, the Company received payment of $132.6 million of long-term receivables from a customer.

In 2020, due to COVID-19 there was uncertainty in the future repayment of certain of Linamar's long-term accounts receivable and a reduction in the value of related collateral securing certain long-term receivables. During 2020, a similar review and adjustment for an increase in economic credit risk due to COVID-19 was also completed on the Company's accounts and other receivables. During 2021, the credit risk on long-term receivables has improved and is still being monitored by the Company.

[1] Lease Liabilities includes the interest component in accordance with the definition of minimum lease payments under IFRS.

CURRENT AND PROPOSED TRANSACTIONS

There are no current and proposed transactions for the quarter ended December 31, 2021.

RISK MANAGEMENT

The following risk factors, as well as the other information contained in this MD&A, and the Company's Annual Information Form for year ended December 31, 2021 or otherwise incorporated herein by reference, 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.

Public Health Threats

In early 2020, COVID-19 quickly spread in multiple countries and was declared a pandemic by the World Health Organization in mid-March. As the COVID-19 pandemic and resulting economic contraction has significantly impacted the health and economic wellbeing of our employees, customers, suppliers, global and local communities, the Company took quick action with our COVID-19 Global Task Force and Action Response Plan.

Public and private sector regulations, policies, and other measures aimed at reducing the transmission of COVID-19 included the imposition of business closures, travel restrictions, the promotion of social distancing and the adoption of work-from-home and online continuity plans by companies and various institutions. Globally, various governments have provided assistance to those affected including individuals and businesses through a number of taxation deferral, subsidy, and other relief programs. The Company has reopened its manufacturing facilities, while ensuring back-to-work health and safety protocols that were implemented across all of our facilities, is maintained.

The full extent and impact of the ongoing COVID-19 pandemic, including current and potential future responses to it, are unknown. At this stage it is very difficult, and in some cases impossible, to predict what will occur. Potential future adverse impacts of the pandemic include, but are not limited to the risks of:

- governmental and other responses to the COVID-19 pandemic, such as regional business shut-downs, stay-at-home orders, business, border, travel and other restrictions;
- the health, availability for work and productivity of our workforce;
- material reduction in demand for our products due to significant reduction in volume from our automotive and industrial products customers;
- a delay in collection of accounts and long-term receivables which may lead to increased allowance provisions;
- suppliers and/or customers having financial difficulties up to and including entering restructuring proceedings, insolvency proceedings and/or ceasing operations;
- difficulties in delivering products to customers due to supply chain disruptions;
- resultant higher operating costs; and
- higher capital costs for servicing or paying debt as it comes due.

As at December 31, 2021, the Company is well within covenant compliance. Should the economic uncertainty extend out for significantly longer periods than is currently generally believed, the Company may have to re-negotiate terms with its existing lenders and/or seek additional financing. The availability and terms of any such amended or new financing would depend on, among other things, the economic conditions and outlook for the Company and the economy as a whole in existence at that time.

Any future epidemic, pandemic, or other public health crisis that occurs in the future may pose similar risks to the Company.

Competition, Outsourcing and Insourcing

The Company faces numerous sources of competition in its Mobility segment, including its OEM customers and their affiliated parts manufacturers, other direct competitors and product alternatives. In many product areas, the primary competition comes from in-house divisions of the OEMs. In the Industrial segment the Company also faces competition from well-established aerial work platform and harvesting equipment OEMs.

As the Company's OEM customers face continued cost pressures as well as wide ranging areas of required capital investment within their business, some have decided to "outsource" some of their requirements. This outsourcing has continued to represent an additional source of new business for the Company. However, because of various factors affecting the OEMs, such as the level of consumer spending on automobiles and related market volumes, entrenched capital assets, labour contracts, and other economic factors, this impacts the decision on whether to outsource work or not; such changes and decisions are reflected in the Company's results through reduced volume on some existing programs and the ability to bid on, and receive, new business.

Other competition in machining and assembly work comes from high precision machining companies which typically have several manufacturing locations and substantial capital resources to invest in equipment for high volume, high precision, and long-term contracts. Several of these companies are heavily involved in the automotive industry and are suppliers to major OEMs.

The Company believes that there are no suppliers which have the diversified capability to produce all of the components, modules and systems which the Company currently produces. Rather, Linamar faces a higher number of suppliers that compete on a product by product basis. Some of these competitors are larger and may have access to greater resources than the Company, but the Company believes that none of them are dominant in the markets in which the Company operates. The basis for supplier selection by OEMs is not typically determined solely by price, but would usually also include such elements as quality, service, historical performance, timeliness of delivery, proprietary technologies, scope of in-house capabilities, existing agreements, responsiveness and the supplier's overall relationship with the OEM, as well as being influenced by the degree of available and unutilized capacity of resources in the OEMs' manufacturing facilities, labour relations issues and other factors. The number of competitors that OEMs solicit to bid on any individual product has, in certain circumstances, been significantly reduced and management expects that further reductions will occur as a result of the OEMs' stated intention to deal with fewer suppliers and to award those suppliers longer-term contracts.

Sources and Availability of Raw Materials

The primary raw materials utilized by the Company's precision machining, access equipment and harvesting equipment operations are iron castings, aluminum castings, raw aluminum (ingot), forgings, raw steel, steel fabrications, powertrain assemblies, powder metal, bearings, seals and fasteners, which are readily obtained from a variety of suppliers globally that support the Company's operations. The Company is not substantially dependent on any one supplier. A disruption in the supply of components could cause the temporary shut-down and a prolonged supply disruption, including the inability to re-source or in-source production of a critical component, could have a material adverse effect on the Company's business.

Raw materials supply factors such as allocations, pricing, quality, timeliness of delivery, transportation and warehousing costs may affect the raw material sourcing decisions of the Company and its plants. When appropriate and available, the Company may negotiate long-term agreements with raw material suppliers to ensure continued availability of certain raw materials on more favourable terms. In the event of significant unanticipated increase in demand for the Company's products and the supply of raw materials, the Company may be unable to manufacture certain products in a quantity sufficient to meet its customers' demand.

Labour Markets and Dependence on Key Personnel

For the development and production of products, the ability for the Company to compete successfully will depend on its ability to acquire and retain competent trades people, management, and product development staff that allow the Company to quickly adapt to technological change and advances in processes. Loss of certain members of the executive team or key technical leaders of the Company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacement is found. Competition for personnel throughout the industry is intense. The Company may be unable to retain its key employees or attract, assimilate, train or retain other necessary qualified employees, which may restrict its growth potential.

Dependence on Certain Customers

The Company's Mobility segment has a limited number of customers that individually account for more than 10% of its consolidated revenues or receivables at any given time. The global precision machining industry is characterized by a large number of manufacturers. As a result, manufacturers, such as the Company, tend to have a relatively small share of the markets they serve. Nonetheless, the Company believes that it is currently the sole supplier being used by its customers worldwide for products that represent more than half of the Company's Mobility sales.

Typically, sales are similarly concentrated for the Industrial segment as product distribution is largely through major access equipment rental companies and agricultural dealerships. Through its Skyjack subsidiary, the Company engages in the production and sale of access equipment including scissor lifts, booms and telehandlers. Through its MacDon subsidiary, the Company engages in the production and sale of harvesting equipment including draper headers and self-propelled windrowers. There is a relatively defined sales cycle in these industries, as it is closely related to, and affected by, the product life cycle of these construction and agricultural sectors. Therefore, the risks and fluctuations in the construction and agricultural industries in the countries that Skyjack and MacDon operate in also affect the Company's Industrial sales.

Any disruption in the Company's relationships with these major customers or any decrease in revenue from these major customers, as a consequence of current or future conditions or events in the economy or markets in general or in the automotive (including medium/heavy duty trucks) and industrial industries in particular, could have a material adverse effect on the Company's business, financial condition, or results of operations.

Technological Change and Product Launches

The automotive and non-automotive precision machining industry, as well as the access equipment and harvesting equipment industry, may encounter technological change, new product introductions, product abandonment, and evolving industry requirements and standards. Accordingly, the Company believes that its future success depends on its ability to launch new programs as well as enhance or develop current and future products at competitive prices and in a timely manner. The Company's inability, given technological or other reasons, to enhance, develop, or launch products in a timely manner in response to changing market conditions or customer requirements could have a material adverse effect on the Company's results of operations. In addition, there can be no assurance that products or technologies developed by other companies will not render the Company's products uncompetitive or obsolete.

Foreign Currency Risk

Although the Company's financial results are reported in Canadian dollars, a significant portion of the Company's revenues and operating costs are realized in other currencies. Fluctuations in the exchange rates between these currencies may affect the Company's results of operations.

The Company's foreign currency cash flows for the purchases of materials and certain capital equipment denominated in foreign currencies are naturally hedged when contracts to sell products are denominated in those same foreign currencies. In an effort to manage the remaining exposure to foreign currency risk, if material, the Company will employ hedging programs as appropriate. The purpose of the Company's foreign currency hedging activities is to minimize the effect of exchange rate fluctuations on business decisions and the resulting uncertainty on future financial results. From time to time the Company will incur foreign denominated debt to finance the acquisition of foreign operations. In these cases the Company may elect to designate the foreign denominated debt as a net investment hedge of the foreign operation.

Long-term Contracts

Through its Mobility businesses, the Company principally engages in machining and assembly for the automotive industry, which generally involves long-run processes for long-term contracts. Long-term contracts support the long-term sales of the Company but these contracts do not guarantee production volumes and as such the volumes produced by the Company could be significantly different than the volume capacity for which the contract was awarded.

Contracts for customer programs not yet in production generally provide for the supply of components for a customer's future production levels. Actual production volumes may vary significantly from these estimates. These contracts can be terminated by a customer at any time and, if terminated, could result in the Company incurring pre-production, engineering and other various costs which may not be recoverable from the customer.

Long term supply agreements may also include mutually agreed price reductions over the life of the agreement. The Company attempts to offset price concessions and costs in a number of ways, including through negotiations with our customers, improved operating efficiencies and cost reduction efforts.

Acquisition and Expansion Risk

The Company may expand its operations, depending on certain conditions, by acquiring additional businesses, products or technologies. There can be no assurance that the Company will be able to identify, acquire or profitably manage additional businesses, or successfully integrate any acquired businesses, products or technologies into the Company without substantial expenses, delays or other operational or financial problems. Furthermore, acquisitions may involve a number of special risks, including diversion of management's attention, failure to retain key personnel, unanticipated events or circumstances, and legal liabilities, some or all of which could have a material adverse effect on the Company's business, results of operations and financial condition. In addition, there can be no assurance that acquired businesses, products or technologies, if any, will achieve anticipated revenues and income. The failure of the Company to manage its acquisition or expansion strategy successfully could have a material adverse effect on the Company's business, results of operations and financial condition.

Foreign Business Risk

The Company's operations in Europe, the Americas, and Asia, are subject to general business risks that may not exist in Canada. The political climate and government policies are less stable and less predictable in certain of these countries. As well, certain countries do not currently have the same economic infrastructure as exists in Canada.

Operations outside Canada subject the Company to other potential risks associated with international operations, including, but not limited to: complications in both compliance with and unexpected changes in foreign government laws and regulations, tariffs and other trade barriers, potential adverse tax consequences, fluctuations in currency exchange rates, difficulty in collecting accounts receivable, difficulty in staffing and managing foreign operations, events of international terrorism, economic effects of any epidemic, pandemic or other public health threats such as COVID-19, recessionary environments in foreign economies, uncertainties in local commercial practices, and uncertainties in local accepted business practices and standards which may not be similar to accepted business practices and standards in Canada and which may create unforeseen business or public relations situations.

Expansion of the Company's operations in non-traditional markets is an important element of our strategy and, as a result, the Company's exposure to the risks described above may be greater in the future. The likelihood of such occurrences and their potential effect on the Company vary from country to country and are unpredictable.

Cyclicality and Seasonality

The demand for the Company's products is cyclical and is driven by changing market conditions in which the Company's sells into. Current or future conditions or events in the economy or markets in general, or in the automotive (including medium/heavy duty trucks) and industrial industries in particular, could have a material adverse effect on the Company's business, financial condition, or results of operations.

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 Mobility 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.

Legal Proceedings and Insurance Coverage

The Company may be threatened from time to time in the ordinary course of conducting its business with, or may be named as a defendant in, various legal and regulatory proceedings. These legal proceedings could include securities, environmental or occupational health and safety regulatory proceedings, as well as product liability claims, general liability, warranty or recall claims, or other consequential damages claims. A significant judgment against the Company, or the imposition of a significant fine or penalty as a result of a finding that the Company has failed to comply with laws or regulations, could have a material adverse effect on the Company.

No assurance can be given that the insurance coverage or insurance coverage limits of the Company would be adequate to protect it against any claims for product liability claims, warranty or recall claims, or business interruption claims that may arise. The Company may require additional insurance coverage in these areas as the Company advances its involvement with product design and development. This type of insurance could be expensive and may not be available on acceptable terms, or at all. Any uninsured or underinsured product liability claims, general liability, warranty or recall claims, or business interruption claims could have a material adverse effect on the Company's financial condition, results of operations and prospects.

Credit Risk

The Company's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents and receivables. The Company's credit risk for cash and cash equivalents is reduced as balances are held with major financial institutions with investment grade ratings. A substantial portion of the Company's receivables are with large customers in the automotive, truck, commercial, and industrial sectors which gives rise to concentration risk within those industries. The Company cannot guarantee that its customers will not experience financial difficulties in the future, making it unable to collect all of its receivables.

Weather

Generally, adverse weather may impact Linamar's operations and its ability to produce product. For example, weather such as drought and flooding can have an adverse effect on crop quality and yields and therefore net farm income and new equipment orders.

Emission Standards

Emissions and Corporate Average Fuel Economy (CAFÉ) regulations continue to be a major influence on technology within the auto industry. These regulations could potentially impact the sales of certain products the Company manufactures; in particular components for internal combustion engines could be negatively impacted by increased penetration of electric or fuel cell vehicles. In recent years, the Company has made strides however, in mitigating this risk by increasing its portfolio of Hybrid, Electric and Fuel Cell Electric Vehicle component offerings. The Company's strategy is to target content in each technology (or propulsion system) to ensure it is well prepared for whichever technology becomes the most dominant in the market.

Capital and Liquidity Risk

The Company is engaged in a capital-intensive business and it may have fewer financial resources than some of its principal competitors. There is no assurance that the Company will be able to obtain additional debt or equity financing that may be required to successfully achieve its strategic plans.

The Company's current credit facilities and the private placement notes require the Company to comply with certain financial covenants. There can be no assurance of the Company's ability to continue to comply with its financial covenants, to appropriately service its debt, or to obtain continued commitments from debt providers. Additionally the Company, if required, cannot guarantee access to additional equity or capital given current or future economic market events related to changes in the Company's segments.

Tax Laws

The tax laws in Canada and abroad are continuously changing and no assurance can be given that Canadian federal or provincial tax laws or the tax laws in foreign jurisdictions will not be changed in a manner that adversely affects the Company. Over the past several years, some countries have reduced their tax rate in an effort to attract new business investment. There is no assurance that this trend will continue or that tax rates will remain unchanged. The Company currently has tax losses and credits in a number of countries that, given unforeseen changes in tax laws, may not continue indefinitely. Also, the Company's expansion into emerging markets subjects the Company to new tax regimes that may change based on political or social conditions.

Securities Laws Compliance and Corporate Governance Standards

The securities laws in Canada and abroad may change at any time. The impact of these changes on the Company cannot be predicted.

Environmental Matters

The Company's manufacturing operations are subject to a wide range of environmental laws and regulations imposed by governmental authority in the jurisdictions in which the Company conducts business, including among other things, soil, surface water and groundwater contamination; the generation, storage, handling, use, disposal and transportation of hazardous materials; the emission and discharge of materials, including greenhouse gases, into the environment; and health and safety. Changes in laws and regulations, however, and the enforcement of such laws and regulations, are ongoing and may make environmental compliance, such as emissions control, site clean-ups and waste disposal, increasingly expensive. Senior management regularly assesses the work and costs required to address environmental matters, but is not able to predict the future costs (whether or not material) that may be incurred to meet environmental obligations.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the Canadian Securities Administrators ("CSA") requires Chief Executive Officers ("CEOs") and Chief Financial Officers ("CFOs") to certify that they are responsible for establishing and maintaining disclosure controls and procedures for the issuer, that disclosure controls and procedures have been designed and are effective in providing reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer's disclosure controls and procedures, and that their conclusions about the effectiveness of those disclosure controls and procedures at the end of the period covered by the relevant annual filings have been disclosed by the issuer.

As of December 31, 2021, the Company's management evaluated the effectiveness of the Company's disclosure controls and procedures, as defined under rules adopted by the CSA. This evaluation was performed under the supervision of, and with the participation of, the CEO and the CFO.

The Company's management, inclusive of the CEO and the CFO, does not expect that the Company's disclosure controls and procedures will prevent or detect all error and all fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company have been detected.

Based on this evaluation, the CEO and the CFO have concluded that, subject to the inherent limitations noted above, the Company's disclosure controls and procedures are effective in providing reasonable, not absolute assurance that the objectives of our disclosure control system have been met.

Internal Control over Financial Reporting

National Instrument 52-109 also requires CEOs and CFOs to certify that they are responsible for establishing and maintaining internal controls over financial reporting for the issuer, that those internal controls have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles, and that the issuer has disclosed any changes in its internal controls during its most recent interim period that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

As of December 31, 2021, the Company's management evaluated the effectiveness of the Company's internal control over financial reporting, as defined under rules adopted by the CSA. This evaluation was performed under the supervision of, and with the participation of, the CEO and the CFO.

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, internal control over financial reporting can provide only reasonable, not absolute, assurance with respect to financial statement preparation and may not prevent or detect all misstatements.

Based on this evaluation, the CEO and the CFO have concluded that, subject to the inherent limitations noted above, the Company's internal control over financial reporting is effective in providing reasonable, not absolute, assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Changes in Internal Controls over Financial Reporting

In response to the COVID-19 pandemic, certain physical distancing measures taken by the Company, customers, suppliers and governments had the potential to impact the design and performance of internal controls over financial reporting for the Company. Although our pre-existing controls were not specifically designed to operate in this current pandemic environment, we continue to believe that our established internal control over financial reporting addresses all identified risk areas. There were no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2021, which have materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company will continue to monitor any risk associated with a change to its control environment in response to the pandemic.

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. The following discussion sets forth 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.

Impact of COVID-19 on Results and Risk Management Practices

During 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 by COVID-19 depends on future developments and cannot be reliably determined at the date of these financial statements. The Company has not changed its fundamental risk management practices. The Company will continue to evaluate the situation and monitor any impacts or potential impacts to its business.

Impact of COVID-19 on Receivables

With regard to the Company's receivables, the recognition and measurement of the expected credit loss rate involves a provision matrix incorporating historical experiences adjusted for current and future conditions expected for the life of the balance. No significant changes were made to the methodology except for enhancements made to assess the economic impacts of COVID-19. The level of estimation uncertainty and judgement has increased as a result of the economic effects of the COVID-19 pandemic, particularly as the length and extent of the pandemic and its impact on the overall global economy are not known. Modelled assumptions and linkages between economic factors and credit losses may underestimate or overestimate expected credit losses.

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.

Current Income Taxes

The Company is subject to income taxes in numerous jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred Income Tax Assets and Liabilities

Deferred income tax assets and liabilities result from timing differences between the financial reporting and tax bases of assets and liabilities. Loss carry forwards also comprise a portion of the temporary differences and result in a deferred income tax asset. Deferred income tax assets are only recognized to the extent that management considers it probable that a deferred income tax asset will be realized. The assessment for the recognition of a deferred tax asset requires significant judgement. The factors used to assess the likelihood of realization are the Company's forecast of future taxable income and available tax planning strategies that could be implemented to realize the deferred tax assets. The Company has and continues to use tax planning strategies to realize deferred tax assets in order to avoid the potential loss of benefits. Unknown future events and circumstances, such as changes in tax rates and laws, may materially affect the assumptions and estimates made from one period to the next. Any significant change in events, tax laws, and tax rates beyond the control of the Company may materially affect the consolidated financial statements.

Useful Lives of Depreciable Assets

Due to the significance of property, plant and equipment and intangible assets on the Company's statement of financial position, the Company considers the amortization policy relating to property, plant and equipment and intangible assets to be a "critical accounting estimate". The Company considers the expected useful life of the assets, expected residual value, and contract length when setting the amortization rates of its assets. Judgement is involved when establishing these estimates as such factors as technological innovation, maintenance programs, and relevant market information must be taken into consideration. The assets' residual values, useful lives and amortization methods are reviewed at the end of each reporting period and are adjusted if expectations differ from previous estimates. If circumstances impacting these assumptions and estimates change, the change in accounting estimates may represent a material impact to the consolidated financial statements.

RECENT ACCOUNTING CHANGES AND EFFECTIVE DATES

For information pertaining to accounting changes effective in 2021 and for future fiscal years please see the Company's consolidated financial statements for the year ended December 31, 2021.

NON-GAAP AND OTHER FINANCIAL MEASURES

The Company uses certain non-GAAP and other financial measures to provide useful information to both management, investors and other stakeholders in assessing the financial performance and financial condition of the Company.

Certain expenses and income that must be recognized under GAAP are not necessarily reflective of the Company's underlying operational performance. For this reason, management uses certain non-GAAP and other financial measures when analyzing operational performance on a consistent basis.

These Non-GAAP and other 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.

Normalized Non-GAAP Financial Measures and Ratios

All Non-GAAP financial measures denoted with 'Normalized' as presented by the Company are adjusted for foreign exchange gain (loss), foreign exchange gain (loss) on debt and derivatives, and other items.

Operating Earnings (Loss) – Normalized

Operating Earnings (Loss) – Normalized is a non-GAAP financial measure and the Company believes it is useful in assessing the Company's underlying operational performance and in making decisions regarding the ongoing operations of the business. Operating Earnings (Loss) – Normalized is calculated as Operating Earnings (Loss), the most directly comparable measure as presented in the Company's consolidated statement of earnings, adjusted for foreign exchange gain (loss), and any other items, if applicable, that are considered not to be indicative of underlying operational performance.

Net Earnings (Loss) – Normalized

Net Earnings (Loss) – Normalized is a non-GAAP financial measure and the Company believes it is useful in assessing the Company's underlying operational performance and in making decisions regarding the ongoing operations of the business. Net Earnings (Loss) – Normalized is calculated as Net Earnings (Loss), the most directly comparable measure as presented in the Company's consolidated statement of earnings, adjusted for foreign exchange gain (loss), foreign exchange gain (loss) on debt and derivatives, and any other items, if applicable, that are considered not to be indicative of underlying operational performance.

Net Earnings (Loss) per Share – Diluted – Normalized

Net Earnings (Loss) per Share – Diluted – Normalized is a non-GAAP financial ratio and the Company believes it is useful in assessing the Company's underlying operational performance and in making decisions regarding the ongoing operations of the business. Net Earnings (Loss) per Share – Diluted – Normalized is calculated as Net Earnings (Loss) – Normalized (as defined above) divided by the fully diluted number of shares outstanding as at the period end date.

EBITDA and EBITDA – Normalized

EBITDA is a non-GAAP financial measure and the Company believes it is useful in assessing the Company's underlying operational performance of cash flow and profitability, the effective use and allocation of resources, and to provide more meaningful comparisons of operating results. EBITDA is calculated as Net Earnings (Loss) before income taxes, the most directly comparable measure as presented in the Company's consolidated statement of earnings, adjusted for amortization of property, plant and equipment, amortization of other intangible assets, finance costs, and other interest.

EBITDA – Normalized is a non-GAAP financial measure and the Company believes EBITDA – Normalized is useful in assessing the Company's underlying operational performance of cash flow and profitability, the effective use and allocation of resources, and to provide more meaningful comparisons of operating results. EBITDA – Normalized is calculated as EBITDA (as defined above) adjusted for foreign exchange gain (loss), foreign exchange gain (loss) on debt and derivatives, non-cash asset impairments and any other items, if applicable, that are considered not to be indicative of underlying operational performance.

All these other items contained in these non-GAAP financial measures are summarized as follows:

	Three Months Ended December 31		Twelve Months Ended December 31	
	2021	2020	2021	2020
(in millions of dollars)	$	$	$	$
Restructuring	-	8.6	-	8.6
Facility closure	-	-	-	13.8
Adjustment for CEWS	16.6	-	16.6	-
Other items impacting Operating Earnings (loss) – Normalized	16.6	8.6	16.6	22.4
Make-whole interest	-	-	-	9.1
Other items impacting Net Earnings (Loss) – Normalized	16.6	8.6	16.6	31.5
Restructuring	-	8.6	-	8.6
Facility closure	-	-	-	2.1
Adjustment for CEWS	16.6	-	16.6	-
Other items	16.6	8.6	16.6	10.7
Asset impairment provision, net of reversals	0.7	4.4	2.4	16.1
Other items and asset impairments impacting EBITDA – Normalized	17.3	13.0	19.0	26.8

During Q4 2021, a normalizing item related to an adjustment for CEWS impacted the Mobility segment by $13.7 million and the Industrial segment by $2.9 million. The adjustment for CEWS is a provision recorded as a result of the subsidy program coming to an end. The Company is reviewing its claim filings to ensure the accuracy of the claims. CEWS was a subsidy program in Canada to assist companies in response to COVID-19 which came to an end in October 2021.

Normalizing items for asset impairment provisions adjusted EBITDA and impacted the Mobility segment by $0.7 million for the quarter and $2.4 million for the full year of 2021 (Q4 2020 – $4.4 million and $16.1 million for the full year of 2020).

During Q4 2020, a normalizing item related to "restructuring" adjusted the Mobility segment by $8.6 million. The restructuring was to improve operational efficiencies, primarily in Europe, and not in response to COVID-19.

During Q3 2020, a normalizing item of $13.8 million related to the closing of a facility impacted the Mobility segment's earnings. The closure of this North American facility was due to operational issues and was not in response to COVID-19. For EBITDA - Normalized the impairment of assets is included in its definition and therefore $11.7 million of the $13.8 million is the impairment portion for the closure of the facility.

During Q2 2020, a normalizing item of $9.1 million related to "make-whole interest" for the early prepayment of the 2021 Notes impacted net earnings. This was to improve the Company's financial flexibility in an uncertain environment.

All normalized non-GAAP financial measures areas reconciled as follows:

(in millions of dollars)	Three Months Ended December 31 2021 $	2020 $	+/- $	+/- %	Twelve Months Ended December 31 2021 $	2020 $	+/- $	+/- %
Operating Earnings (Loss) – Normalized								
Operating Earnings (Loss)	70.1	155.4	(85.3)	(54.9%)	601.2	424.2	177.0	41.7%
Foreign exchange (gain) loss	(5.6)	12.4	(18.0)		(12.4)	11.4	(23.8)	
Other items	16.6	8.6	8.0		16.6	22.4	(5.8)	
Operating Earnings (Loss) – Normalized	81.1	176.4	(95.3)	(54.0%)	605.4	458.0	147.4	32.2%
Net Earnings (Loss) – Normalized								
Net Earnings (Loss)	50.2	113.1	(62.9)	(55.6%)	420.6	279.1	141.5	50.7%
Foreign exchange (gain) loss	(5.6)	12.4	(18.0)		(12.4)	11.4	(23.8)	
Foreign exchange (gain) loss on debt and derivatives	(0.1)	-	(0.1)		6.2	4.6	1.6	
Other items	16.6	8.6	8.0		16.6	31.5	(14.9)	
Tax impact	(2.1)	(5.0)	2.9		(2.6)	(12.0)	9.4	
Net Earnings (Loss) – Normalized	59.0	129.1	(70.1)	(54.3%)	428.4	314.6	113.8	36.2%
Net Earnings (Loss) per Share – Diluted – Normalized								
Net Earnings (Loss) per Share – Diluted	0.77	1.73	(0.96)	(55.5%)	6.41	4.27	2.14	50.1%
Foreign exchange (gain) loss	(0.09)	0.19	(0.28)		(0.19)	0.17	(0.36)	
Foreign exchange (gain) loss on debt and derivatives	-	-	-		0.10	0.07	0.03	
Other items	0.25	0.13	0.12		0.25	0.48	(0.23)	
Tax impact	(0.03)	(0.08)	0.05		(0.04)	(0.18)	0.14	
Net Earnings (Loss) per Share – Diluted – Normalized	0.90	1.97	(1.07)	(54.3%)	6.53	4.81	1.72	35.8%
EBITDA and EBITDA – Normalized								
Net Earnings (Loss) before income taxes	62.5	148.3	(85.8)	(57.9%)	562.2	374.4	187.8	50.2%
Amortization of property, plant and equipment	96.0	108.1	(12.1)		397.1	406.2	(9.1)	
Amortization of other intangible assets	14.8	15.8	(1.0)		51.6	48.4	3.2	
Finance costs	3.9	6.0	(2.1)		18.4	44.1	(25.7)	
Other interest	0.8	0.9	(0.1)		3.3	3.9	(0.6)	
EBITDA	178.0	279.1	(101.1)	(36.2%)	1,032.6	877.0	155.6	17.7%
Foreign exchange (gain) loss	(5.6)	12.4	(18.0)		(12.4)	11.4	(23.8)	
Foreign exchange (gain) loss on debt and derivatives	(0.1)	-	(0.1)		6.2	4.6	1.6	
Asset impairment provision, net of reversals	0.7	4.4	(3.7)		2.4	16.1	(13.7)	
Other items	16.6	8.6	8.0		16.6	10.7	5.9	
EBITDA – Normalized	189.6	304.5	(114.9)	(37.7%)	1,045.4	919.8	125.6	13.7%

All normalized non-GAAP financial measures areas impacting segments reconciled as follows:

(in millions of dollars)	Industrial $	Mobility $	Three Months Ended December 31 2021 Linamar $	Industrial $	Mobility $	Twelve Months Ended December 31 2021 Linamar $
Operating Earnings (Loss) – Normalized						
Operating Earnings (Loss)	(11.5)	81.6	70.1	167.9	433.3	601.2
Foreign exchange (gain) loss	4.4	(10.0)	(5.6)	10.1	(22.5)	(12.4)
Other items	2.9	13.7	16.6	2.9	13.7	16.6
Operating Earnings (Loss) – Normalized	(4.2)	85.3	81.1	180.9	424.5	605.4
EBITDA – Normalized						
EBITDA	1.2	176.8	178.0	222.3	810.3	1,032.6
Foreign exchange (gain) loss	4.4	(10.0)	(5.6)	10.1	(22.5)	(12.4)
Foreign exchange (gain) loss on debt and derivatives	(0.1)	-	(0.1)	1.2	5.0	6.2
Asset impairment provision, net of reversals	-	0.7	0.7	-	2.4	2.4
Other items	2.9	13.7	16.6	2.9	13.7	16.6
EBITDA – Normalized	8.4	181.2	189.6	236.5	808.9	1,045.4

(in millions of dollars)	Industrial $	Mobility $	Three Months Ended December 31 2020 Linamar $	Industrial $	Mobility $	Twelve Months Ended December 31 2020 Linamar $
Operating Earnings (Loss) – Normalized						
Operating Earnings (Loss)	32.6	122.8	155.4	141.2	283.0	424.2
Foreign exchange (gain) loss	7.3	5.1	12.4	15.3	(3.9)	11.4
Other items	-	8.6	8.6	-	22.4	22.4
Operating Earnings (Loss) – Normalized	39.9	136.5	176.4	156.5	301.5	458.0
EBITDA – Normalized						
EBITDA	49.4	229.7	279.1	206.6	670.4	877.0
Foreign exchange (gain) loss	7.3	5.1	12.4	15.3	(3.9)	11.4
Foreign exchange (gain) loss on debt and derivatives	-	-	-	-	4.6	4.6
Asset impairment provision, net of reversals	-	4.4	4.4	-	16.1	16.1
Other items	-	8.6	8.6	-	10.7	10.7
EBITDA – Normalized	56.7	247.8	304.5	221.9	697.9	919.8

Other Non-GAAP Financial Measures

Free Cash Flow

Free Cash Flow is a non-GAAP financial measure and the Company believes it is useful in assessing the Company's ability to generate cash. Free Cash Flow is calculated as Cash from Operating Activities, the most directly comparable measure as presented in the Company's consolidated statements of cash flows, adjusted for payments for purchase of property, plant and equipment, and proceeds on disposal of property, plant and equipment.

Liquidity

Liquidity is a non-GAAP financial measure and the Company believes it is useful in assessing the Company's ability to satisfy its financial obligations as they come due. Liquidity is calculated as Cash, the most directly comparable measure as presented in the Company's consolidated statements of financial position, adjusted for the Company's available credit.

All other non-GAAP financial measures are reconciled as follows:

(in millions of dollars)	Three Months Ended December 31 2021 $	2020 $	Twelve Months Ended December 31 2021 $	2020 $
Free Cash Flow				
Cash generated from (used in) operating activities	217.6	489.6	908.8	1,434.1
Payments for purchase of property, plant and equipment	(74.1)	(75.8)	(243.1)	(264.3)
Proceeds on disposal of property, plant and equipment	1.2	8.5	6.9	15.2
Free Cash Flow	144.7	422.3	672.6	1,185.0
Liquidity				
Cash	928.4	861.1	928.4	861.1
Available credit	957.5	773.4	957.5	773.4
Liquidity	1,885.9	1,634.5	1,885.9	1,634.5

Supplementary Financial Measures

Content per Vehicle

Content per Vehicle is a supplementary financial measure and is calculated within the Mobility segment for the region indicated as automotive sales less tooling sales divided by vehicle production units.

SUMMARY OF CONTENT PER VEHICLE BY QUARTER

The following table summarizes the updated CPV for the current year for changes in volumes as revised by industry sources:

Estimates as of December 31, 2021	Three Months Ended Mar 31 2021	Jun 30 2021	Sep 30 2021	Dec 31 2021	Year to Date Mar 31 2021	Jun 30 2021	Sep 30 2021	Dec 31 2021
North America								
Vehicle Production Units	3.74	3.30	3.07	3.43	3.74	7.04	10.12	13.55
Automotive Sales	$ 723.4	$ 591.0	$ 636.4	$ 651.5	$ 723.4	$ 1,314.5	$ 1,950.8	$ 2,602.3
Content Per Vehicle	$ 193.56	$ 178.85	$ 207.00	$ 189.90	$ 193.56	$ 186.66	$ 192.84	$ 192.09
Europe								
Vehicle Production Units	4.74	4.14	2.98	3.98	4.74	8.89	11.87	15.85
Automotive Sales	$ 388.3	$ 332.3	$ 297.7	$ 313.6	$ 388.3	$ 720.6	$ 1,018.4	$ 1,332.0
Content Per Vehicle	$ 81.88	$ 80.18	$ 99.90	$ 78.83	$ 81.88	$ 81.09	$ 85.81	$ 84.06
Asia Pacific								
Vehicle Production Units	11.09	10.29	9.60	12.60	11.09	21.38	30.98	43.58
Automotive Sales	$ 148.7	$ 126.4	$ 143.1	$ 141.5	$ 148.7	$ 275.1	$ 418.2	$ 559.7
Content Per Vehicle	$ 13.41	$ 12.28	$ 14.91	$ 11.23	$ 13.41	$ 12.86	$ 13.50	$ 12.84

Estimates as of September 30, 2021	Three Months Ended Mar 31 2021	Jun 30 2021	Sep 30 2021	Year to Date Mar 31 2021	June 30 2021	Sep 30 2021
North America						
Vehicle Production Units	3.73	3.31	3.15	3.73	7.05	10.20
Automotive Sales	$ 723.4	$ 591.0	$ 636.3	$ 723.4	$ 1,314.4	$ 1,950.7
Content Per Vehicle	$ 193.72	$ 178.44	$ 201.78	$ 193.72	$ 186.54	$ 191.25
Europe						
Vehicle Production Units	4.74	4.16	3.07	4.74	8.90	11.98
Automotive Sales	$ 388.3	$ 332.3	$ 297.7	$ 388.3	$ 720.6	$ 1,018.4
Content Per Vehicle	$ 81.87	$ 79.90	$ 96.83	$ 81.87	$ 80.95	$ 85.03
Asia Pacific						
Vehicle Production Units	11.10	10.29	9.35	11.10	21.39	30.74
Automotive Sales	$ 148.7	$ 126.4	$ 143.1	$ 148.7	$ 275.1	$ 418.2
Content Per Vehicle	$ 13.40	$ 12.28	$ 15.30	$ 13.40	$ 12.86	$ 13.61

Change in Estimates from Prior Quarter	Three Months Ended			Year to Date		
	Mar 31 2021	Jun 30 2021	Sep 30 2021	Mar 31 2021	June 30 2021	Sep 30 2021
North America	+/-	+/-	+/-	+/-	+/-	+/-
Vehicle Production Units	0.01	(0.01)	(0.08)	0.01	(0.01)	(0.08)
Automotive Sales	$ -	$ -	$ 0.1	$ -	$ 0.1	$ 0.1
Content Per Vehicle	$ (0.16)	$ 0.41	$ 5.22	$ (0.16)	$ 0.12	$ 1.59
Europe						
Vehicle Production Units	-	(0.02)	(0.09)	-	(0.01)	(0.11)
Automotive Sales	$ -	$ -	$ -	$ -	$ -	$ -
Content Per Vehicle	$ 0.01	$ 0.28	$ 3.07	$ 0.01	$ 0.14	$ 0.78
Asia Pacific						
Vehicle Production Units	(0.01)	-	0.25	(0.01)	(0.01)	0.24
Automotive Sales	$ -	$ -	$ -	$ -	$ -	$ -
Content Per Vehicle	$ 0.01	$ -	$ (0.39)	$ 0.01	$ -	$ (0.11)

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; public health threats; cyclicality and seasonality; legal proceedings and insurance coverage; credit risk; weather; emission standards; capital and liquidity risk; 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 forward-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.