Linamar Delivers Record Results,
Double Digit Top and Bottom Line Growth, Margin Expansion and Debt Reduction

August 10, 2016, Guelph, Ontario, Canada (TSX: LNR)

- Sales increase 21% over the second quarter of 2015 ("Q2 2015") to reach record levels of $1.66 billion;
- Operating earnings increase 29% over Q2 2015 to reach record levels of $213.7 million;
- Net earnings up 31% and earnings per share, on a diluted basis, up 30.6% over Q2 2015 reaching record levels of $157.3 million and $2.39 respectively;
- Continued business wins take launch book to $3.9 billion;
- Powertrain/Driveline delivers excellent sales and operating earnings growth with operating earnings up 45% to $160.9 million from Q2 2015 on a sales increase of 26% on global light vehicle markets up 3.2%;
- Content per vehicle growth in every market; and
- Market share growth on newly launched telehandler and boom products at Skyjack in core North American market.

	Three Months Ended June 30		Six Months Ended June 30	
	2016	2015	2016	2015
(in millions of dollars, except earnings per share figures)	$	$	$	$
Sales	1,657.2	1,368.1	3,175.3	2,645.6
Operating Earnings (Loss)[1]				
Powertrain/Driveline	160.9	111.0	305.0	222.5
Industrial	52.8	54.6	80.8	98.9
Operating Earnings (Loss)	213.7	165.6	385.8	321.4
Net Earnings (Loss)	157.3	120.1	283.8	233.8
Net Earnings (Loss) per Share – Diluted	2.39	1.83	4.31	3.56

Operating Highlights

Sales for the second quarter of 2016 ("Q2 2016") were $1,657.2 million, up $289.1 million from $1,368.1 million in Q2 2015.

Sales for the Powertrain/Driveline segment ("Powertrain/Driveline") increased by $283.1 million, or 26.1% in Q2 2016 compared with Q2 2015. The sales increase in Q2 2016 was impacted by:

- the acquisition of Montupet S.A. in Q1 2016;
- significant levels of newly launched programs in North America and Europe;
- higher sales resulting from favourable changes in foreign exchange rates; and
- higher sales on mature programs in North America and Asia.

The Industrial segment ("Industrial") product sales increased 2.1%, or $6.0 million, to $290.1 million in Q2 2016 from Q2 2015. The sales increase was due to:

- significant market share growth for telehandlers in North America; partially offset by
- a delay in spending of larger national customers seen in the quarter.

The company's operating earnings for Q2 2016 were $213.7 million. This compares to $165.6 million in Q2 2015, an increase of $48.1 million.

Q2 2016 operating earnings for Powertrain/Driveline were higher by $49.9 million, or 45.0% over Q2 2015. The Powertrain/Driveline segment experienced the following in Q2 2016:

- earnings related to the acquisition of Montupet S.A.;
- improved earnings as production volumes increased on both mature and launching programs;
- better margins as a result of productivity and efficiency improvements; and
- higher earnings resulting from favourable changes in foreign exchange rates across multiple currencies and Linamar's growing global presence; partially offset by
- increased management and sales costs supporting growth.

Industrial segment operating earnings in Q2 2016 decreased $1.8 million or 3.3% over Q2 2015. The decrease in Industrial operating earnings was predominantly driven by:

[1] For more information refer to the section entitled "Non-GAAP and Additional GAAP Measures" in the Company's separately released Management's Discussion and Analysis ("MD&A").

- lower margins as a result of the spending delays of larger national customers; and
- lower margins as a result of the product mix favouring new launching products such as telehandlers with lower margins; partially offset by
- increased demand and market share growth in North America for the telehandler business.

"2016 is shaping up to be another record year of double digit top and bottom line growth," said Linamar CEO Linda Hasenfratz. "We saw record results in Q2 which is fantastic and we feel confident in our ability to continue to grow. Business wins are at a record level, markets are stable and opportunities globally significant."

Dividends

The Board of Directors today declared an eligible dividend in respect to the quarter ended June 30, 2016 of CDN$0.10 per share on the common shares of the company, payable on or after September 12, 2016 to shareholders of record on August 25, 2016.

Forward Looking Information, Risk and Uncertainties

Certain information provided by Linamar in this press release, MD&A, the consolidated financial statements 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 various economies in which Linamar operates, fluctuations in interest rates, environmental emission and safety regulations, the extent of OEM outsourcing, industry cyclicality, trade and labour disruptions, world political events, pricing concessions and cost absorptions, delays in program launches, the Company's dependence on certain engine and transmission programs and major OEM customers, currency exposure, technological developments by Linamar's competitors, governmental, environmental and regulatory policies and changes in the competitive environment in which Linamar operates.

The foregoing is not an exhaustive list of the factors that may affect Linamar's forwarding looking statements. These and other factors should be considered carefully and readers should not place undue reliance on Linamar's forward-looking statements. Linamar assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements.

Conference Call Information

Q2 2016 Conference Call Information

Linamar will hold a conference call on August 10, 2016 at 5:00 p.m. EST to discuss its second quarter results. The numbers for this call are (647) 427-3383 (local/overseas) or (888) 424-9894 (North America) conference ID 3028764, with a call-in required 10 minutes prior to the start of the conference call. The conference call will be chaired by Linda Hasenfratz, Linamar's Chief Executive Officer. A copy of the company's quarterly financial statements, including the Management's Discussion & Analysis will be available on the company's website after 4 p.m. EST on August 10, 2016 and at www.sedar.com by the start of business on August 11, 2016. A taped replay of the conference call will also be made available starting at 8:00 p.m. on August 10, 2016 for ten days. The number for replay is (855) 859-2056, Conference ID 3028764.

Q3 2016 Conference Call Information

Linamar will hold a conference call on November 2, 2016 at 5:00 p.m. EST to discuss its third quarter results. The numbers for this call are (647) 427-3383 (local/overseas) or (888) 424-9894 (North America) conference ID 3049804, with a call-in required 10 minutes prior to the start of the conference call. The conference call will be chaired by Linda Hasenfratz, Linamar's Chief Executive Officer. A copy of the company's quarterly financial statements, including the Management's Discussion & Analysis will be available on the company's website after 4 p.m. EST on November 2, 2016 and at www.sedar.com by the start of business on November 3, 2016. A taped replay of the conference call will also be made available starting at 8:00 p.m. on November 2, 2016 for ten days. The number for replay is (855) 859-2056, Conference ID 3049804.

Linamar Corporation (TSX:LNR) is a diversified global manufacturing company of highly engineered products powering vehicles, motion, work and lives. The Company is made up of 2 operating segments – the Powertrain/Driveline segment and the Industrial segment, which are further divided into 4 operating groups – Machining & Assembly, Light Metal Casting, Forging and Skyjack, all world leaders in the design, development and production of highly engineered products. The Company's Machining and Assembly, Casting and Forging operating groups focus on precision metallic components, modules and systems for engine, transmission, driveline and body systems designed for global vehicle and industrial markets. The Company's Skyjack operating group is noted for its innovative, high quality mobile industrial equipment, notably its class-leading aerial work platforms and telehandlers. With more than 24,500 employees in 57 manufacturing locations, 6 R&D centers and 21 sales offices in 17 countries in North and South America, Europe and Asia, Linamar generated sales of $5.2 billion in 2015. For more information about Linamar Corporation and its industry leading products and services, visit www.linamar.com or follow us on Twitter at @LinamarCorp.

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For further information regarding this release please contact Linda Hasenfratz at (519) 836-7550.

Guelph, Ontario
August 10, 2016

LINAMAR CORPORATION
Management's Discussion and Analysis
For the Quarter Ended June 30, 2016

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Linamar Corporation ("Linamar" or the "Company") should be read in conjunction with its consolidated interim financial statements for the quarter ended June 30, 2016. This MD&A has been prepared as at August 10, 2016. The financial information presented herein has been prepared on the basis of International Financial Reporting Standards ("IFRS"). References to the term generally accepted accounting principles ("GAAP") refer to information contained herein being prepared under IFRS as adopted. All amounts in this MD&A are in millions of Canadian dollars, unless otherwise noted.

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

OVERALL CORPORATE PERFORMANCE

Overview of the Business

Linamar Corporation (TSX:LNR) is a diversified global manufacturing company of highly engineered products powering vehicles, motion, work and lives. The Company is made up of 2 operating segments – the Powertrain/Driveline segment and the Industrial segment, which are further divided into 4 operating groups – Machining & Assembly, Light Metal Casting, Forging and Skyjack, all world leaders in the design, development and production of highly engineered products. The Company's Machining and Assembly, Casting and Forging operating groups focus on precision metallic components, modules and systems for engine, transmission, driveline and body systems designed for global vehicle and industrial markets. The Company's Skyjack operating group is noted for its innovative, high quality mobile industrial equipment, notably its class-leading aerial work platforms and telehandlers. With more than 24,500 employees in 57 manufacturing locations, 6 R&D centers and 21 sales offices in 17 countries in North and South America, Europe and Asia, Linamar generated sales of $5.2 billion in 2015. For more information about Linamar Corporation and its industry leading products and services, visit www.linamar.com or follow us on Twitter at @LinamarCorp.

Overall Corporate Results

The following table sets out certain highlights of the Company's performance in the second quarter of 2016 ("Q2 2016") and 2015 ("Q2 2015):

			Three Months Ended June 30				Six Months Ended June 30	
(in millions of dollars, except content per vehicle figures)	2016 $	2015 $	+/- $	+/- %	2016 $	2015 $	+/- $	+/- %
Sales	1,657.2	1,368.1	289.1	21.1%	3,175.3	2,645.6	529.7	20.0%
Gross Margin	292.3	238.4	53.9	22.6%	547.2	457.1	90.1	19.7%
Operating Earnings (Loss)[1]	213.7	165.6	48.1	29.0%	385.8	321.4	64.4	20.0%
Attributable to Shareholders of the Company:								
Net Earnings (Loss)	157.3	120.1	37.2	31.0%	283.8	233.8	50.0	21.4%
Net Earnings (Loss) per Share – Diluted	2.39	1.83	0.56	30.6%	4.31	3.56	0.75	21.1%
Content per Vehicle – North America	157.77	147.40	10.37	7.0%	161.47	148.10	13.37	9.0%
Content per Vehicle – Europe	64.45	36.69	27.76	75.7%	62.95	37.50	25.45	67.9%
Content per Vehicle – Asia Pacific	8.11	6.85	1.26	18.4%	8.17	6.68	1.49	22.3%

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

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

BUSINESS SEGMENT REVIEW

The Company reports its results of operations in two business segments: Powertrain/Driveline and Industrial. The segments are differentiated by the products that each produces and reflects how the chief decision makers of the Company manage the business. The following should be read in conjunction with the Company's consolidated interim financial statements for the quarter ended June 30, 2016.

	Three Months Ended June 30 2016			Three Months Ended June 30 2015		
(in millions of dollars)	Powertrain /Driveline $	Industrial $	Linamar $	Powertrain /Driveline $	Industrial $	Linamar $
Sales	1,367.1	290.1	1,657.2	1,084.0	284.1	1,368.1
Operating Earnings (Loss)	160.9	52.8	213.7	111.0	54.6	165.6

	Six Months Ended June 30 2016			Six Months Ended June 30 2015		
(in millions of dollars)	Powertrain /Driveline $	Industrial $	Linamar $	Powertrain /Driveline $	Industrial $	Linamar $
Sales	2,681.6	493.7	3,175.3	2,146.0	499.6	2,645.6
Operating Earnings (Loss)	305.0	80.8	385.8	222.5	98.9	321.4

Powertrain/Driveline Highlights

	Three Months Ended June 30				Six Months Ended June 30			
(in millions of dollars)	2016 $	2015 $	+/- $	+/- %	2016 $	2015 $	+/- $	+/- %
Sales	1,367.1	1,084.0	283.1	26.1%	2,681.6	2,146.0	535.6	25.0%
Operating Earnings (Loss)	160.9	111.0	49.9	45.0%	305.0	222.5	82.5	37.1%

Sales for the Powertrain/Driveline segment ("Powertrain/Driveline") increased by $283.1 million, or 26.1% in Q2 2016 compared with Q2 2015. The sales increase in Q2 2016 was impacted by:

- the acquisition of Montupet S.A. in Q1 2016;
- significant levels of newly launched programs in North America and Europe;
- higher sales resulting from favourable changes in foreign exchange rates; and
- higher sales on mature programs in North America and Asia.

Year to date ("YTD") sales for Powertrain/Driveline increased by $535.6 million, or 25.0% compared with YTD Q2 2015. The same factors that impacted Q2 2016 also impacted the YTD results.

Q2 2016 operating earnings for Powertrain/Driveline were higher by $49.9 million, or 45.0% over Q2 2015. The Powertrain/Driveline segment experienced the following in Q2 2016:

- earnings related to the acquisition of Montupet S.A.;
- improved earnings as production volumes increased on both mature and launching programs;
- better margins as a result of productivity and efficiency improvements; and
- higher earnings resulting from favourable changes in foreign exchange rates across multiple currencies and Linamar's growing global presence; partially offset by
- increased management and sales costs supporting growth.

The YTD operating earnings increased by $82.5 million or 37.1% compared with YTD Q2 2015. The same factors that impacted Q2 2016 also impacted the YTD results.

Industrial Highlights

	Three Months Ended June 30				Six Months Ended June 30			
(in millions of dollars)	2016 $	2015 $	+/- $	+/- %	2016 $	2015 $	+/- $	+/- %
Sales	290.1	284.1	6.0	2.1%	493.7	499.6	(5.9)	(1.2%)
Operating Earnings (Loss)	52.8	54.6	(1.8)	(3.3%)	80.8	98.9	(18.1)	(18.3%)

The Industrial segment ("Industrial") product sales increased 2.1%, or $6.0 million, to $290.1 million in Q2 2016 from Q2 2015. The sales increase was due to:

- significant market share growth for telehandlers in North America; partially offset by
- a delay in spending of larger national customers seen in the quarter.

YTD sales for Industrial decreased by $5.9 million, or 1.2% compared with YTD Q2 2015. The same factors that impacted Q2 2016 also impacted the YTD results.

Industrial segment operating earnings in Q2 2016 decreased $1.8 million or 3.3% over Q2 2015. The decrease in Industrial operating earnings was predominantly driven by:

- lower margins as a result of the spending delays of larger national customers; and
- lower margins as a result of the product mix favouring new launching products such as telehandlers with lower margins; partially offset by
- increased demand and market share growth in North America for the telehandler business.

The YTD operating earnings for Industrial decreased by $18.1 million, or 18.3% compared with YTD Q2 2015. The same factors that impacted Q2 2016 also impacted the YTD results.

AUTOMOTIVE SALES AND CONTENT PER VEHICLE[1]

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

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

	Three Months Ended June 30				Six Months Ended June 30			
North America	2016	2015	+/-	%	2016	2015	+/-	%
Vehicle Production Units [2]	4.75	4.67	0.08	1.7%	9.30	9.07	0.23	2.5%
Automotive Sales [1]	$ 749.5	$ 688.7	$ 60.8	8.8%	$ 1,501.3	$ 1,343.2	$ 158.1	11.8%
Content Per Vehicle [1]	$ 157.77	$ 147.40	$ 10.37	7.0%	$ 161.47	$ 148.10	$ 13.37	9.0%
Europe								
Vehicle Production Units	5.84	5.47	0.37	6.8%	11.31	10.91	0.40	3.7%
Automotive Sales	$ 376.4	$ 200.7	$ 175.7	87.5%	$ 712.2	$ 409.2	$ 303.0	74.0%
Content Per Vehicle	$ 64.45	$ 36.69	$ 27.76	75.7%	$ 62.95	$ 37.50	$ 25.45	67.9%
Asia Pacific								
Vehicle Production Units	11.16	10.96	0.20	1.8%	23.02	22.57	0.45	2.0%
Automotive Sales	$ 90.5	$ 75.1	$ 15.4	20.5%	$ 188.1	$ 150.8	$ 37.3	24.7%
Content Per Vehicle	$ 8.11	$ 6.85	$ 1.26	18.4%	$ 8.17	$ 6.68	$ 1.49	22.3%

North American automotive sales for Q2 2016 increased 8.8% from Q2 2015 in a market that saw an increase of 1.7% in production volumes for the same period. As a result, content per vehicle in Q2 2016 increased 7.0% from $147.40 to $157.77. The increase in content per vehicle was a result of increases on launching programs and added sales from the acquisition of Montupet S.A.

European automotive sales for Q2 2016 increased 87.5% from Q2 2015 in a market that saw an increase of 6.8% in production volumes for the same period. As a result, content per vehicle in Q2 2016 increased 75.7% from $36.69 to $64.45. The increase in content per vehicle was a result of added sales from the acquisition of Montupet S.A. and increases on launching programs.

Asia Pacific automotive sales for Q2 2016 increased 20.5% from Q2 2015 in a market that saw an increase of 1.8% in production volumes for the same period. As a result, content per vehicle in Q2 2016 increased 18.4% from $6.85 to $8.11. The increase in content per vehicle was a result of added sales from the acquisition of Montupet S.A.

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

[2] Vehicle production units are derived from industry sources and are shown in millions of units. North American vehicle production units used by the Company for the determination of the Company's CPV include medium and heavy truck volumes. European and Asia Pacific vehicle production units exclude medium and heavy trucks and the off-road (heavy equipment) market. 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 June 30 2016	Three Months Ended June 30 2015	Six Months Ended June 30 2016	Six Months Ended June 30 2015
Sales	$ 1,657.2	$ 1,368.1	$ 3,175.3	$ 2,645.6
Cost of Sales before Amortization	1,278.6	1,062.8	2,460.0	2,055.1
Amortization	86.3	66.9	168.1	133.4
Cost of Sales	1,364.9	1,129.7	2,628.1	2,188.5
Gross Margin	$ 292.3	$ 238.4	$ 547.2	$ 457.1
Gross Margin Percentage	17.6%	17.4%	17.2%	17.3%

Gross margin percentage increased to 17.6% in Q2 2016 from 17.4% in Q2 2015. Cost of sales before amortization as a percentage of sales decreased in Q2 2016 to 77.2% compared to 77.7% for the same quarter of last year.

The improved gross margin as a percentage of sales between Q2 2016 and Q2 2015 is a result of the items discussed earlier in this analysis such as:

- earnings related to the acquisition of Montupet S.A. in Q1 2016;
- improved margins as production volumes increased on launching and mature programs in the Powertrain/Driveline segment;
- higher margins resulting from favourable changes in foreign exchange rates across multiple currencies and Linamar's growing global presence;
- better margins as a result of productivity and efficiency improvements; and
- earnings from market share growth for telehandlers in the Industrial segment; partially offset by
- delayed earnings as a result of the spending delays of larger national customers for the Industrial segment; and
- lower margins as a result of the product mix favouring new launching industrial products.

Q2 2016 amortization increased to $86.3 million from $66.9 million in Q2 2015 due to the acquisition of Montupet S.A. Amortization as a percentage of sales increased to 5.2% of sales as compared to 4.9% in Q2 2015.

YTD Q2 2016 gross margin decreased to 17.2% from 17.3% in the same period of 2015. The decrease in the YTD gross margin was a result of the same factors that impacted Q2 2016.

Selling, General and Administration

(in millions of dollars)	Three Months Ended June 30 2016	Three Months Ended June 30 2015	Six Months Ended June 30 2016	Six Months Ended June 30 2015
Selling, general and administrative	$ 84.1	$ 68.5	$ 168.9	$ 128.8
SG&A Percentage	5.1%	5.0%	5.3%	4.9%

Selling, general and administrative ("SG&A") costs increased to $84.1 million from $68.5 million in Q2 2015, and increased as a percentage of sales to 5.1% from 5.0% when compared to Q2 2015. Included in SG&A costs for the quarter were the following impacts:

- additional SG&A associated with Montupet S.A.; and
- increased management and sales costs supporting growth.

On an YTD basis, SG&A costs reflected a similar pattern of higher dollar costs due to investments made to support launches, future growth and new facilities, driving slightly higher costs as a percent of sales to 5.3% from 4.9% a year ago.

Finance Expense and Income Taxes

(in millions of dollars)	Three Months Ended June 30 2016 $	Three Months Ended June 30 2015 $	Six Months Ended June 30 2016 $	Six Months Ended June 30 2015 $
Operating Earnings (Loss)	213.7	165.6	385.8	321.4
Share of Net Earnings (Loss) of Investments Accounted for Using the Equity Method	(0.5)	-	(0.5)	-
Finance Expenses	6.9	4.5	11.9	8.8
Provision for (Recovery of) Income Taxes	49.0	41.0	89.2	78.8
Net Earnings (Loss)	157.3	120.1	284.2	233.8
Net Earnings (Loss) Attributable to:				
Shareholders of the Company	157.3	120.1	283.8	233.8
Non-Controlling Interests	-	-	0.4	-

Finance Expenses

Finance expenses increased $2.4 million during Q2 2016 from Q2 2015 to $6.9 million due to:

- increased Euro borrowings due to the acquisition of Montupet S.A. in Q1 2016; and
- increased financing fees due to the renewal of the credit facility in Q1 2016; partially offset by
- higher interest earned on the higher levels of financed long-term receivables and investment of excess cash balances.

YTD Q2 2016 finance expenses increased $3.1 million compared to YTD Q2 2015 to $11.9 million. The same factors that impacted Q2 2016 also impacted Q2 YTD.

The consolidated effective interest rate for Q2 2016 decreased to 2.1% (2.2% YTD Q2 2016) compared to 4.0% in Q2 2015 (4.1% YTD Q2 2015) since the total debt is now heavily weighted to Euro denominated debt and the Euro borrowing rates are lower than both the Canadian dollar borrowing rates and U.S. Private Placement Note borrowing rates.

Provision for Income Taxes

The effective tax rate for Q2 2016 was 23.7%, a decrease from the 25.4% rate in the same quarter of 2015. The effective tax rate in Q2 2016 decreased based on a more favourable mix of foreign tax rates in Q2 2016 compared to Q2 2015.

Year to date, the effective tax rate is 23.9% compared to 25.2% in 2015. The YTD Q2 2016 effective tax rate:

- decreased based on a more favourable mix of foreign tax rates in 2016 compared to 2015; partially offset by
- an increase due to non-deductible expenses incurred in Q1 2016 with respect to the business acquisition in Q1 2016.

TOTAL EQUITY

Book value per share[1] increased to $36.63 per share at June 30, 2016 as compared to $34.66 per share at December 31, 2015.

During the quarter no options expired unexercised, 1,000 were forfeited and 4,700 options were exercised.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares, of which 65,188,026 common shares were outstanding as of August 10, 2016. The Company's common shares constitute its only class of voting securities. As of August 10, 2016, there were 1,564,345 options to acquire common shares outstanding and 4,350,000 options still available to be granted under the Company's share option plan.

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

SUMMARY OF QUARTERLY RESULTS

The following table sets forth unaudited information for each of the eight quarters ended September 30, 2014 through June 30, 2016. 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)	Jun 30 2016 $	Mar 31 2016 $	Dec 31 2015 $	Sep 30 2015 $	Jun 30 2015 $	Mar 31 2015 $	Dec 31 2014 $	Sep 30 2014 $
Sales	1,657.2	1,518.1	1,243.0	1,273.9	1,368.1	1,277.5	1,003.0	1,020.7
Net Earnings (Loss)	157.3	126.4	95.3	107.6	120.1	113.7	71.8	79.4
Net Earnings (Loss) per Share:								
Basic	2.41	1.94	1.46	1.65	1.84	1.75	1.11	1.23
Diluted	2.39	1.92	1.45	1.64	1.83	1.73	1.09	1.21

The quarterly results of the Company are impacted by the seasonality of certain operational units. Earnings in the second quarter are generally positively impacted by the high selling season for the aerial work platform, other industrial and agricultural businesses. The third and fourth quarters are generally negatively impacted by the scheduled shutdowns at automotive customers and seasonal slowdowns in the aerial work platform and agricultural businesses. The Company takes advantage of shutdowns for maintenance activities that would otherwise disrupt normal production schedules.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

	Three Months Ended June 30		Six Months Ended June 30	
(in millions of dollars)	2016 $	2015 $	2016 $	2015 $
Cash generated from (used in):				
Operating Activities	167.6	192.0	342.2	255.6
Financing Activities	(67.8)	(96.4)	1,077.3	1.5
Investing Activities	(80.7)	(79.2)	(1,308.3)	(269.5)
Effect of Translation Adjustment	(12.8)	(2.8)	(35.6)	12.0
Net Increase/(Decrease) in Cash Position	6.3	13.6	75.6	(0.4)
Cash and Cash Equivalents – Beginning of Period	408.4	180.1	339.1	194.1
Cash and Cash Equivalents – End of Period	414.7	193.7	414.7	193.7
Comprised of:				
Cash in bank	314.5	173.5	314.5	173.5
Short-term deposits	113.2	24.1	113.2	24.1
Unpresented Cheques	(13.0)	(3.9)	(13.0)	(3.9)
	414.7	193.7	414.7	193.7

The Company's cash and cash equivalents (net of unpresented cheques) at June 30, 2016 were $414.7 million, an increase of $221.0 million compared to June 30, 2015.

Cash generated from operating activities was $167.6 million, a decrease of $24.4 million from Q2 2015 due to an increase in net earnings over Q2 2015 offset by more cash being used to fund non-cash working capital. YTD cash generated from operating activities was $342.2 million, $86.6 million more than was provided YTD Q2 2015, primarily due to an increase in net earnings over YTD Q2 2015.

During the quarter, financing activities used $67.8 million of cash compared to $96.4 million used in Q2 2015. YTD financing activities provided $1,077.3 million primarily due to proceeds from long-term debt, which were used to fund the purchase of Montupet S.A.

Investing activities used $80.7 million which remained relatively consistent when compared to $79.2 million used in Q2 2015. Investing activities used $1,308.3 million YTD 2016 mainly for the acquisition of Montupet S.A. and the purchase of property, plant and equipment.

Operating Activities

(in millions of dollars)	Three Months Ended June 30 2016 $	Three Months Ended June 30 2015 $	Six Months Ended June 30 2016 $	Six Months Ended June 30 2015 $
Net earnings (loss) for the period attributable to shareholders of the Company	157.3	120.1	283.8	233.8
Adjustments to earnings	97.5	73.4	185.5	144.2
	254.8	193.5	469.3	378.0
Changes in non-cash working capital	(87.2)	(1.5)	(127.1)	(122.4)
Cash generated from (used in) operating activities	167.6	192.0	342.2	255.6

Cash provided by operations before the effect of changes in non-cash working capital increased $61.3 million in Q2 2016 to $254.8 million, compared to $193.5 million in Q2 2015. YTD cash generated from operations before the effects of changes in non-cash working capital increased $91.3 million to $469.3 million from $378.0 million in YTD Q2 2015.

Non-cash working capital for Q2 2016 increased $87.2 million and YTD increased $127.1 million primarily due to increases in accounts receivable resulting from the seasonally high period for sales and sizeable sales growth occurring in both Q2 2016 and YTD Q2 2016.

Financing Activities

(in millions of dollars)	Three Months Ended June 30 2016 $	Three Months Ended June 30 2015 $	Six Months Ended June 30 2016 $	Six Months Ended June 30 2015 $
Proceeds from (repayments of) short term bank borrowings	(10.9)	(2.1)	(5.1)	(0.1)
Proceeds from (repayments of) long-term debt	3.9	(50.3)	1,163.1	73.9
Proceeds from exercise of stock options	0.1	-	0.2	0.4
(Increase) decrease in long-term receivables	(46.4)	(31.1)	(57.9)	(51.7)
Dividends to shareholders	(13.0)	(13.0)	(13.0)	(13.0)
Interest received (paid)	(1.5)	0.1	(10.0)	(8.0)
Cash generated from (used in) financing activities	(67.8)	(96.4)	1,077.3	1.5

Financing activities for Q2 2016 used $67.8 million of cash compared to $96.4 million used in Q2 2015. Financing activities for YTD Q2 2016 provided $1,077.3 million of cash compared to $1.5 million in YTD Q2 2015 due to proceeds from long-term debt, which were used to fund the purchase of Montupet S.A.

Investing Activities

(in millions of dollars)	Three Months Ended June 30 2016 $	Three Months Ended June 30 2015 $	Six Months Ended June 30 2016 $	Six Months Ended June 30 2015 $
Payments for purchase of property, plant and equipment	(85.4)	(81.3)	(168.1)	(164.1)
Proceeds on disposal of property, plant and equipment	0.9	2.9	1.3	4.0
Payments for purchase of intangible assets	4.0	(0.8)	(7.4)	(1.8)
Business acquisitions, net of cash acquired	-	-	(1,133.9)	(107.6)
Other	(0.2)	-	(0.2)	-
Cash generated from (used in) investing activities	(80.7)	(79.2)	(1,308.3)	(269.5)

Cash spent on investing activities remained relatively consistent in Q2 2016 at $80.7 million compared to $79.2 million in Q2 2015. YTD Q2 2016 cash spent on investing activities was $1,308.3 million, an increase of $1,038.8 million from YTD Q2 2015 levels of $269.5 million primarily due to the acquisition of Montupet S.A. and the purchase of property, plant and equipment.

Capital Resources

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

At June 30, 2016, cash including short-term deposits was $414.7 million, and the Company's credit facilities had available credit of $416.8 million.

Commitments and Contingencies

Please see the Company's December 31, 2015 annual MD&A for a table summarizing the contractual obligations by category. Also certain guarantees and legal claims are described in the notes of the Company's consolidated financial statements for the year ended December 31, 2015.

Foreign Currency Activities

The Company pursues a strategy of balancing its foreign currency cash flows, to the largest extent possible, in each region in which it operates. The Company's foreign currency outflows for the purchases of materials and capital equipment denominated in foreign currencies are naturally hedged when contracts to sell products are denominated in those same foreign currencies. To manage the residual exposure, if material, the Company employs hedging programs, where rate-appropriate, through the use of forward exchange contracts. The contracts are purchased based on the projected net foreign cash flows from operations.

The amount and timing of forward contracts is dependent upon a number of factors, including anticipated production delivery schedules, anticipated customer payment dates, anticipated foreign currency costs, and expectations with respect to future foreign exchange rates. The Company is exposed to credit risk from potential default by counterparties on its foreign exchange contracts and attempts to mitigate this risk by dealing only with relationship banks in our credit facility. Despite these measures, significant long-term movements in relative currency values could affect the Company's results of operations. The Company does not currently hedge the cash flow activities of its foreign subsidiaries and, accordingly, results of operations could be further affected by a significant change in the relative values of the currencies in which the Company operates.

The Company is committed to long-dated forward contracts to buy U.S. dollars to hedge the changes in exchange rates on the principal portion of the U.S. $130 million Private Placement Notes due 2017 ("2017 Notes") that were placed during 2010 and the U.S. $130 million Private Placement Notes due 2021 ("2021 Notes") that were placed during 2011. These forward exchange contracts qualify as cash flow hedges for accounting purposes and any fair value unrealized gains and losses are included in other comprehensive earnings with reclassifications to net earnings for the effective portion to match the net earnings impact of the principal portion.

The Company is committed to a series of forward exchange contracts to lock in the exchange rate on the semi-annual coupon payments related to the 2017 Notes and the 2021 Notes. These forward exchange contracts qualify as cash flow hedges for accounting purposes and any fair value unrealized gains and losses are included in other comprehensive earnings with reclassifications to net earnings for the effective portion to match the net earnings impact of the coupon portion.

During the first quarter of 2016, the Euro denominated debt used to purchase the net assets of Montupet S.A. was designated as a net investment hedge. Hedges of net investments are accounted for similarly to cash flow hedges with amounts accumulated in other comprehensive earnings. The amounts accumulated in other comprehensive earnings are reclassified to net earnings in the period in which the foreign operation is partially disposed of or sold. Please see Notes 17 and 30 of the Company's consolidated financial statements for the year ended December 31, 2015.

For a summary of the Company's forward contracts and risks related to the Company's financial instruments please see Note 6 and 32, respectively, of the Company's consolidated financial statements for the year ended December 31, 2015.

Off Balance Sheet Arrangements

The Company leases various land and buildings under cancellable and non-cancellable operating lease arrangements. The lease terms are between 1 and 11 years, and the majority of lease arrangements are renewable at the end of the lease period at market rates. The Company also leases various machinery and transportation equipment under non-cancellable operating lease arrangements. The lease terms are between 1 and 6 years and require notice for termination of the agreements. The Company expects that existing leases will either be renewed or replaced, or alternatively, capital expenditures will be incurred to acquire equivalent capacity.

For a summary of these lease commitments please see Note 27 of the Company's consolidated financial statements for the year ended December 31, 2015. Such obligations have not changed significantly during 2016.

TRANSACTIONS WITH RELATED PARTIES

Included in the cost of property, plant and equipment is the construction of buildings, building additions and building improvements performed by related parties in the aggregate amount of $3.6 million at June 30, 2016 ($7.5 million at June 30, 2015). Related party transactions included in the cost of sales are expenses such as rent, maintenance and transportation costs of $0.5 million for Q2 2016 and $0.9 million YTD Q2 2016 ($0.6 million for Q2 2015 and $0.9 million YTD Q2 2015). The maintenance and construction costs represent general contracting and construction activities related to plant construction, improvements, additions and maintenance for a number of facilities. Amounts owed to related parties at June 30, 2016 were $1.7 million ($3.4 million at June 30, 2015).

The Company has designed an independent process to ensure all related party transactions are transacted at estimated fair value.

CURRENT AND PROPOSED TRANSACTIONS

On October 15, 2015, the Company announced its intention to file a Tender Offer for 100% of the outstanding shares and voting rights of Montupet S.A. The filing of the Tender Offer with the Autorité des Marchés Financiers ("AMF"), the French Regulatory Authority, opened to the public in early December 2015 and closed January 21, 2016 (the "First Offer") and pursuant to article 232-4 of the AMF General Regulations, the Offer was reopened and closed on February 11, 2016 (the "Second Offer"). After the Second Offer, the Company owned 96.85% of the then outstanding shares and purchased the remaining shares to reach 100% for a purchase price of

$1,187.3 million at February 25, 2016. Montupet S.A. is a global leader in the design and manufacture of complex aluminum castings for the global automotive industry with sales and production facilities diversified across several European countries, North America and Asia. Due to the timing of the close and complexities associated with this transaction, the determination of the fair value of consideration, assets acquired and liabilities assumed, is not yet complete and are subject to further adjustments.

RISK MANAGEMENT

The Company's is exposed to a number of risks in the normal course of business that have the potential to affect is operating results. These include, but are not limited to Competition, Outsourcing and Insourcing; Sources and Availability of Raw Materials; Labour Markets and Dependence on Key Personnel; Dependence on Certain Customers; Technological Change and Product Launches; Foreign Currency Risk; Cost Absorption and Production Orders; Acquisition and Expansion Risk; Foreign Business Risk; Cyclicality and Seasonality; Capital and Liquidity Risk; Legal Proceedings and Insurance Coverage; Credit Risk; Emission Standards; Tax Laws; Securities Laws Compliance and Corporate Governance Standards; and Environmental Matters. These risk factors remain substantially unchanged during the quarter ended June 30, 2016. These risk factors, as well as the other information contained in this MD&A, the Company's December 31, 2015 annual MD&A, and the Company's December 31, 2015 Annual Information Form 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.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

There were no changes in the Company's internal control over financial reporting during the quarter ended June 30, 2016, which have materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting, except as outlined below.

Limitation of Scope of Design

The Company has limited the scope of design of our internal controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of the Montupet S.A. business, which the Company acquired 100% of the then outstanding shares on February 25, 2016. The chart below presents the summary financial information of Montupet S.A.:

(in millions of dollars)	Three Months Ended June 30, 2016 $	Six Months Ended June 30, 2016 $
Sales	199.7	343.6
Net Earnings (Loss)	18.4	29.7
Current Assets	334.5	334.5
Non-Current Assets	1,132.3	1,132.3
Current Liabilities	180.0	180.0
Non-Current Liabilities	164.0	164.0

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on the historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions or conditions. Please refer to the "Critical Accounting Estimates and Judgements" section of the Company's December 31, 2015 annual and June 30, 2016 consolidated interim financial statements for additional information.

RECENT ACCOUNTING CHANGES AND EFFECTIVE DATES

Refer to Note 4 of the Company's consolidated financial statements for the year ended December 31, 2015, and Note 3 of the consolidated interim financial statements for the quarter ended June 30, 2016 that are hereby incorporated by reference herein for information pertaining to accounting changes effective in 2016 and for future fiscal years.

NON-GAAP AND ADDITIONAL GAAP MEASURES

Non-GAAP Measures

The Company uses the following non-GAAP financial measures: net earnings (loss) – adjusted; net earnings (loss) per share – adjusted; and book value per share. The Company believes these non-GAAP financial measures provide useful information to both management and investors 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 financial measures to exclude the impact of these items when analyzing consolidated and segment underlying operational performance, on a consistent basis. The exclusion of certain items does not imply that they are non-recurring.

These non-GAAP financial measures do not have a standardized meaning prescribed by GAAP and therefore they are unlikely to be comparable to similarly titled measures presented by other publicly traded companies, and they should not be construed as an alternative to other financial measures determined in accordance with GAAP.

Net Earnings (Loss) – Adjusted

The Company believes net earnings (loss) – adjusted is useful in assessing the Company's underlying operational performance and in making decisions regarding the ongoing operations of the business. Net earnings (loss) – adjusted is calculated as net earnings (loss) as presented in the Company's consolidated financial statements less any unusual items that are considered not to be indicative of underlying operational performance. See the "Overall Corporate Results" section of this MD&A for a description of the unusual items impacting the operational performance discussed in this MD&A and a reconciliation of net earnings (loss) – adjusted to GAAP net earnings (loss).

Net Earnings (Loss) per Share – Adjusted

The Company believes net earnings (loss) per share – adjusted 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 – adjusted is calculated as net earnings (loss) - adjusted (as defined above) divided by the weighted average number of shares outstanding as at the period end date. See the "Overall Corporate Results" section of this MD&A for a description of the unusual items impacting the operational performance discussed in this MD&A and a reconciliation of net earnings (loss) per share – adjusted to GAAP net earnings (loss) per share.

Book Value per Share

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

(in millions of dollars except share and per share figures)	June 30 2016	December 31 2015
Total equity	$ 2,387.5	$ 2,258.7
Shares outstanding at the end of the period	65,186,426	65,173,426
Book value per share	$ 36.63	$ 34.66

Additional GAAP Measures

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

Operating Earnings

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

SUMMARY OF CONTENT PER VEHICLE BY QUARTER

Estimates as of June 30, 2016	Three Months Ended		Year to Date	
	Mar 31	Jun 30	Mar 31	Jun 30
North America	2016	2016	2016	2016
Vehicle Production Units	4.55	4.75	4.55	9.30
Automotive Sales	$ 751.8	$ 749.5	$ 751.8	$ 1,501.3
Content Per Vehicle	$ 165.32	$ 157.77	$ 165.32	$ 161.47
Europe				
Vehicle Production Units	5.48	5.84	5.48	11.31
Automotive Sales	$ 335.8	$ 376.4	$ 335.8	$ 712.2
Content Per Vehicle	$ 61.34	$ 64.45	$ 61.34	$ 62.95
Asia Pacific				
Vehicle Production Units	11.86	11.16	11.86	23.02
Automotive Sales	$ 97.6	$ 90.5	$ 97.6	$ 188.1
Content Per Vehicle	$ 8.23	$ 8.11	$ 8.23	$ 8.17

Estimates as of March 30, 2016		Year to Date
	Mar 31	Mar 31
North America	2016	2016
Vehicle Production Units	4.61	4.61
Automotive Sales	$ 751.1	$ 751.1
Content Per Vehicle	$ 163.07	$ 163.07
Europe		
Vehicle Production Units	5.54	5.54
Automotive Sales	$ 329.1	$ 329.1
Content Per Vehicle	$ 59.41	$ 59.41
Asia Pacific		
Vehicle Production Units	11.66	11.66
Automotive Sales	$ 97.1	$ 97.1
Content Per Vehicle	$ 8.33	$ 8.33

Change in Estimates from Prior Quarter		Year to Date
	Mar 31	Mar 31
	2016	2016
North America	+/-	+/-
Vehicle Production Units	(0.06)	(0.06)
Automotive Sales	$ 0.7	$ 0.7
Content Per Vehicle	$ 2.25	$ 2.25
Europe		
Vehicle Production Units	(0.06)	(0.06)
Automotive Sales	$ 6.7	$ 6.7
Content Per Vehicle	$ 1.93	$ 1.93
Asia Pacific		
Vehicle Production Units	0.20	0.20
Automotive Sales	$ 0.5	$ 0.5
Content Per Vehicle	$ (0.10)	$ (0.10)

FORWARD LOOKING INFORMATION

Certain information provided by Linamar in this MD&A, the unaudited interim financial statements 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 various economies in which Linamar operates, fluctuations in interest rates, environmental emission and safety regulations, the extent of OEM outsourcing, industry cyclicality, trade and labour disruptions, world political events, pricing concessions and cost absorptions, delays in program launches, the Company’s dependence on certain engine and transmission programs and major OEM customers, currency exposure, technological developments by Linamar’s competitors, governmental, environmental and regulatory policies and changes in the competitive environment in which Linamar operates.

The foregoing is not an exhaustive list of the factors that may affect Linamar’s forwarding looking statements. These and other factors should be considered carefully and readers should not place undue reliance on Linamar’s forward-looking statements. Linamar assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements.

LINAMAR CORPORATION
Consolidated Interim Statements of Financial Position
As at June 30, 2016 with comparatives as at December 31, 2015 (Unaudited)
(in thousands of Canadian dollars)

	June 30 2016 $	December 31 2015 $
ASSETS		
Cash and cash equivalents	414,739	339,079
Accounts and other receivables	1,130,141	790,534
Inventories	658,534	544,516
Income taxes recoverable	15,833	3,787
Current portion of long-term receivables (Note 6)	61,978	45,380
Current portion of derivative financial instruments (Note 6)	3,518	4,646
Other current assets	14,198	13,081
Current Assets	2,298,941	1,741,023
Long-term receivables (Note 6)	169,672	137,959
Property, plant and equipment	2,132,163	1,721,882
Deferred tax assets	47,592	54,447
Goodwill (Note 7)	613,241	29,807
Intangible assets	60,229	23,590
Investments accounted for using the equity method	8,274	-
Derivative financial instruments (Note 6)	71,673	91,196
Assets	5,401,785	3,799,904
LIABILITIES		
Short-term bank borrowings	21,308	-
Accounts payable and accrued liabilities	1,061,807	843,577
Provisions	27,799	26,198
Income taxes payable	25,861	45,477
Current portion of long-term debt (Notes 6, 8)	8,487	10,839
Current Liabilities	1,145,262	926,091
Long-term debt (Notes 6, 8)	1,728,606	537,410
Deferred tax liabilities	140,452	77,736
Liabilities	3,014,320	1,541,237
EQUITY		
Capital stock	118,880	118,609
Retained earnings	2,161,224	1,890,473
Contributed surplus	22,216	21,094
Accumulated other comprehensive earnings (loss)	85,145	228,491
Equity	2,387,465	2,258,667
Liabilities and Equity	5,401,785	3,799,904

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

On behalf of the Board of Directors:

Frank Hasenfratz
Director

Linda Hasenfratz
Director

LINAMAR CORPORATION
Consolidated Interim Statements of Earnings
For the six months ended June 30, 2016 and June 30, 2015 (Unaudited)
(in thousands of Canadian dollars, except per share figures)

	Three Months Ended June 30		Six Months Ended June 30	
	2016	2015	2016	2015
	$	$	$	$
Sales	1,657,216	1,368,124	3,175,267	2,645,586
Cost of sales	1,364,872	1,129,678	2,628,096	2,188,486
Gross Margin	292,344	238,446	547,171	457,100
Selling, general and administrative	84,104	68,480	168,901	128,781
Other income and (expenses)	5,503	(4,372)	7,560	(6,905)
Operating Earnings (Loss)	213,743	165,594	385,830	321,414
Share of net earnings (loss) of investments accounted for using the equity method	(478)	-	(478)	-
Finance expenses (Note 9)	6,928	4,490	11,923	8,818
Net Earnings (Loss) before Income Taxes	206,337	161,104	373,429	312,596
Provision for (recovery of) income taxes	48,993	40,990	89,240	78,799
Net Earnings (Loss) for the Period	157,344	120,114	284,189	233,797
Net Earnings (Loss) Attributable to:				
Shareholders of the Company	157,344	120,114	283,788	233,797
Non-Controlling Interests (Note 13)	-	-	401	-
	157,344	120,114	284,189	233,797
Net Earnings (Loss) Per Share Attributable to Shareholders of the Company:				
Basic	2.41	1.84	4.35	3.59
Diluted	2.39	1.83	4.31	3.56

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

LINAMAR CORPORATION
Consolidated Interim Statements of Comprehensive Earnings
For the six months ended June 30, 2016 and June 30, 2015 (Unaudited)
(in thousands of Canadian dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2016	2015	2016	2015
	$	$	$	$
Net Earnings (Loss) for the Period	157,344	120,114	284,189	233,797
Items that may be reclassified subsequently to net income				
Unrealized gains (losses) on translating financial statements of foreign operations	(92,759)	(4,566)	(196,950)	55,868
Net investment hedge	31,940	-	51,331	-
Change in unrealized gains (losses) on derivative instruments designated as cash flow hedges	1,172	(6,136)	(19,459)	21,817
Tax impact of change in unrealized gains (losses) on derivative instruments designated as cash flow hedges	(517)	1,361	4,641	(5,627)
Reclassification to earnings of gains (losses) on cash flow hedges	468	4,576	22,490	(23,114)
Tax impact of reclassification to earnings of gains (losses) on cash flow hedges	107	(971)	(5,399)	5,951
Other Comprehensive Earnings (Loss)	(59,589)	(5,736)	(143,346)	54,895
Comprehensive Earnings (Loss) for the Period	97,755	114,378	140,843	288,692
Comprehensive Earnings (Loss) Attributable to:				
Shareholders of the Company	97,755	114,378	140,442	288,692
Non-Controlling Interests	-	-	401	-
	97,755	114,378	140,843	288,692

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

LINAMAR CORPORATION
Consolidated Interim Statements of Changes in Equity
For the six months ended June 30, 2016 and June 30, 2015 (Unaudited)
(in thousands of Canadian dollars)

	Capital stock $	Retained earnings $	Contributed surplus $	Cumulative translation adjustment $	Hedging reserves $	Equity Attributable to Shareholders $	Non-Controlling Interests $	Total Equity $
Balance at January 1, 2016	118,609	1,890,473	21,094	228,306	185	2,258,667	-	2,258,667
Net Earnings (Loss)	-	283,788	-	-	-	283,788	401	284,189
Other comprehensive earnings (loss)	-	-	-	(145,619)	2,273	(143,346)	-	(143,346)
Comprehensive Earnings (Loss)	-	283,788	-	(145,619)	2,273	140,442	401	140,843
Share-based compensation	-	-	1,202	-	-	1,202	-	1,202
Shares issued on exercise of options	271	-	(80)	-	-	191	-	191
Acquisition of non-controlling interests	-	-	-	-	-	-	(401)	(401)
Dividends	-	(13,037)	-	-	-	(13,037)	-	(13,037)
Balance at June 30, 2016	118,880	2,161,224	22,216	82,687	2,458	2,387,465	-	2,387,465

	Capital stock $	Retained earnings $	Contributed surplus $	Cumulative translation adjustment $	Hedging reserves $	Equity Attributable to Shareholders $	Non-Controlling Interests $	Total Equity $
Balance at January 1, 2015	116,701	1,479,848	19,187	55,612	(696)	1,670,652	-	1,670,652
Net Earnings (Loss)	-	233,797	-	-	-	233,797	-	233,797
Other comprehensive earnings (loss)	-	-	-	55,868	(973)	54,895	-	54,895
Comprehensive Earnings (Loss)	-	233,797	-	55,868	(973)	288,692	-	288,692
Share-based compensation	-	-	986	-	-	986	-	986
Shares issued on exercise of options	605	-	(179)	-	-	426	-	426
Dividends	-	(13,022)	-	-	-	(13,022)	-	(13,022)
Balance at June 30, 2015	117,306	1,700,623	19,994	111,480	(1,669)	1,947,734	-	1,947,734

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

LINAMAR CORPORATION
Consolidated Interim Statements of Cash Flows
For the six months ended June 30, 2016 and June 30, 2015 (Unaudited)
(in thousands of Canadian dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2016	2015	2016	2015
	$	$	$	$
Cash generated from (used in)				
Operating Activities				
Net Earnings (Loss) for the Period Attributable to Shareholders of the Company	157,344	120,114	283,788	233,797
Adjustments for:				
Amortization of property, plant and equipment	84,249	65,583	164,197	130,937
Amortization of other intangible assets	2,767	1,759	5,349	3,550
Deferred income taxes	342	3,066	3,361	3,547
Share-based compensation	596	497	1,202	986
Finance expense	6,928	4,490	11,923	8,818
Other	2,565	(1,975)	(555)	(3,674)
	254,791	193,534	469,265	377,961
Changes in non-cash working capital				
(Increase) decrease in accounts and other receivables	(87,652)	(37,108)	(203,689)	(187,528)
(Increase) decrease in inventories	21,920	7,087	(35,397)	(25,810)
(Increase) decrease in other current assets	1,835	2,012	356	2,081
Increase (decrease) in income taxes	(549)	8,188	(25,045)	2,528
Increase (decrease) in accounts payable and accrued liabilities	(24,293)	8,676	134,577	78,006
Increase (decrease) in provisions	1,626	9,663	2,102	8,329
	(87,113)	(1,482)	(127,096)	(122,394)
Cash generated from (used in) operating activities	167,678	192,052	342,169	255,567
Financing Activities				
Proceeds from (repayments of) short-term borrowings	(10,939)	(2,086)	(5,107)	(71)
Proceeds from (repayments of) long-term debt	3,987	(50,296)	1,163,161	73,890
Proceeds from exercise of stock options	69	39	191	425
(Increase) decrease in long-term receivables	(46,387)	(31,152)	(57,842)	(51,720)
Dividends	(13,037)	(13,022)	(13,037)	(13,022)
Interest received (paid)	(1,488)	45	(10,033)	(8,037)
Cash generated from (used in) financing activities	(67,795)	(96,472)	1,077,333	1,465
Investing Activities				
Payments for purchase of property, plant and equipment	(85,468)	(81,238)	(168,141)	(164,060)
Proceeds on disposal of property, plant and equipment	904	2,842	1,305	3,999
Payments for purchase of intangible assets	3,958	(764)	(7,345)	(1,775)
Business acquisitions, net of cash acquired	-	-	(1,133,945)	(107,579)
Other	(178)	-	(178)	-
Cash generated from (used in) investing activities	(80,784)	(79,160)	(1,308,304)	(269,415)
	19,099	16,420	111,198	(12,383)
Effect of translation adjustment on cash	(12,767)	(2,818)	(35,538)	12,027
Increase (decrease) in cash and cash equivalents	6,332	13,602	75,660	(356)
Cash and cash equivalents - Beginning of Period	408,407	180,094	339,079	194,052
Cash and cash equivalents - End of Period	414,739	193,696	414,739	193,696
Comprised of:				
Cash in bank	314,556	173,490	314,556	173,490
Short-term deposits	113,174	24,144	113,174	24,144
Unpresented cheques	(12,991)	(3,938)	(12,991)	(3,938)
	414,739	193,696	414,739	193,696

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

1 General Information

Linamar Corporation and its subsidiaries (together, the "Company") is a diversified global manufacturing company of highly engineered products. The Company is incorporated in Ontario, Canada with common shares listed on the Toronto Stock Exchange. The Company is domiciled in Canada and its registered office is 287 Speedvale Avenue West, Guelph, Ontario, Canada.

The consolidated interim financial statements of the Company for the period ended June 30, 2016 were authorized for issue in accordance with a resolution of the Company's Board of Directors on August 10, 2016.

2 Significant Accounting Policies

The Company has prepared these unaudited consolidated interim financial statements ("interim financial statements") using the same accounting policies and methods as those used in the Company's audited consolidated annual financial statements ("annual financial statements") for the year ended December 31, 2015. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of Presentation
The Company has prepared its consolidated interim financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and with interpretations of the International Financial Reporting Issues Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook - Accounting.

These interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting. Accordingly, certain information and footnotes as required in the annual financial statements have been omitted or condensed and as such these interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2015. These consolidated interim financial statements and the notes thereto have not been reviewed by the Company's external auditors pursuant to a review engagement applying review standards set out in the Canadian Institute of Chartered Accountants handbook.

These consolidated interim financial statements were prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value.

3 Changes in Accounting Policies

New Standards and Amendments Adopted
Certain new standards and amendments became effective during the current period; however the adoption of these new standards and amendments did not significantly impact the Company's net earnings or financial position.

New Standards and Interpretations Not Yet Adopted
At the date of authorization of these interim financial statements, certain new standards, amendments or interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards, amendments and interpretations may have been issued but are not expected to have a material impact on the Company's financial statements.

IAS 7 Statement of Cash Flows
Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2017, the IASB amended this standard to help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. Management is currently assessing the impact that this new standard will have on the financial statements of the Company.

4 Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on 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. Management's most critical estimates and assumptions in determining the value of assets and liabilities and most critical judgements in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year have been set out in Note 5 of the Company's annual financial statements for the year ended December 31, 2015. The following discussion is an additional application of critical estimates and assumptions that will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year.

Purchase Price Allocations
The purchase price related to a business combination is allocated to the underlying acquired assets and liabilities based on their estimated fair values at the time of acquisition. The determination of fair value requires the Company to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amounts assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Company's reported assets and liabilities and future net earnings due to the impact on future depreciation and amortization expense and impairment tests. In addition, due to the timing and complexities related to certain business combinations, adjustments to provisional amounts recorded are expected subsequent to the reporting period until the allocation is finalized by the Company.

5 Seasonality

Historically, earnings in the second quarter, for the Industrial segment, are positively impacted by the high selling season for both the access equipment and agricultural businesses. For the Powertrain/Driveline segment, vehicle production is typically at its lowest level during the months of July and August due to model changeovers by the original equipment manufacturers and in December for maintenance shut-down periods. Since the Company's working capital requirements are dependent upon industry production volumes, they are typically at their lowest level at this time. The Company takes advantage of summer and winter shutdowns for maintenance activities that would otherwise disrupt normal production schedules.

6 Fair Value of Financial Instruments

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

		June 30, 2016		December 31, 2015	
	Subsequent Measurement	Carrying Value Asset (Liability) $	Fair Value $	Carrying Value Asset (Liability) $	Fair Value $
Long-term receivables	Amortized cost (Level 2)	231,650	242,608	183,339	194,153
Derivative financial instruments					
US dollar interest payment forward contracts	Fair value (Level 2)	11,429	11,429	16,621	16,621
US dollar debt principal forward contracts	Fair value (Level 2)	63,762	63,762	79,221	79,221
Long-term debt	Amortized cost (Level 2)	(1,737,093)	(1,679,423)	(548,249)	(580,997)

7 Goodwill

	$
Cost	41,822
Accumulated impairment losses	(12,015)
Net book amount at January 1, 2016	29,807
Business acquisition (Note 13)	625,371
Effect of cumulative translation adjustment	(41,937)
Net book amount at June 30, 2016	613,241
Cost	624,505
Accumulated impairment losses	(11,264)
Net book amount at June 30, 2016	613,241

Goodwill has been allocated for impairment testing purposes to the following cash-generating units ("CGU's"):

	June 30 2016 $	December 31 2015 $
Skyjack	12,983	12,983
Linamar Antriebstechnik GmbH	11,359	11,877
Seissenschmidt	4,731	4,947
Montupet S.A. (Note 13)	584,168	-
	613,241	29,807

8 Long-Term Debt

	June 30 2016 $	December 31 2015 $
Senior unsecured notes	337,108	359,545
Bank borrowings	1,318,255	110,769
Obligations under finance leases	22,053	27,390
Government borrowings	58,599	47,539
Acquisition financing	1,078	3,006
	1,737,093	548,249
Less: current portion	8,487	10,839
	1,728,606	537,410

As of June 30, 2016, $326,286 was available under the credit facility.

In January 2016, the Company amended and restated the credit facility in connection with the acquisition of Montupet S.A. The amended and restated credit facilities include a non-revolving term credit facility in the aggregate principal amount of up to $600 million and the continuation and increase of the previously existing revolving credit facility to the aggregate principal amount of up to $950 million. Both the new term and revolving facilities expire in 2021 and are under terms and conditions largely consistent with Linamar's previous existing credit facility. The amended and restated credit facilities provide for Euro drawings. The Euro denominated debt used to purchase the net assets of Montupet S.A. has been designated as a net investment hedge. The purchase of Montupet S.A. is disclosed in Note 13.

9 Finance Expenses

	Three Months Ended June 30		Six Months Ended June 30	
	2016	2015	2016	2015
	$	$	$	$
Interest on long-term debt	8,806	6,204	18,075	12,983
Other	(1,878)	(1,714)	(6,152)	(4,165)
	6,928	4,490	11,923	8,818

10 Commitments

As at June 30, 2016, outstanding commitments for capital expenditures under purchase orders and contracts amounted to approximately $156,210 ($197,901 at June 30, 2015). Of this amount, $153,027 ($173,466 at June 30, 2015) relates to the purchase of manufacturing equipment and $3,183 ($24,435 at June 30, 2015) relates to general contracting and construction costs in respect of plant construction. The majority of these commitments are due within the next twelve months. $926 of the outstanding construction commitments ($13,725 at June 30, 2015) represents amounts committed to a company owned by the spouse of an officer and director.

11 Related Party Transactions

Included in the cost of property, plant and equipment is the construction of buildings, building additions and building improvements performed by related parties in the aggregate amount of $3,569 at June 30, 2016 ($7,477 at June 30, 2015). Related party transactions included in the cost of sales are expenses such as rent, maintenance and transportation costs of $511 for the three months ended June 30, 2016 and $911 for the six months ended June 30, 2016 ($624 for three months ended June 30, 2015 and $927 for the six months ended June 30, 2015). The maintenance and construction costs represent general contracting and construction activities related to plant construction, improvements, additions and maintenance for a number of facilities. Amounts owed to related parties at June 30, 2016 were $1,706 ($3,366 at June 30, 2015).

12 Segmented Information

Management has determined the operating segments based on the reports reviewed by the senior executive group that are used to make strategic decisions.

Powertrain/Driveline Segment derives revenues primarily from the collaborative design, development and manufacture of precision metallic components, modules and systems for global vehicle and power generation markets.

Industrial Segment is a world leader in the design and production of innovative mobile industrial equipment, notably its class-leading aerial work platforms and telehandlers.

The segments are differentiated by the products that each produces and reflects how the senior executive group manages the business. Corporate headquarters and other small operating entities are allocated to the Powertrain/Driveline and Industrial operating segments accordingly.

The Company accounts for inter-segment sales and transfers as arm's length transactions at current market rates. The Company ensures that the measurement and policies are consistently followed among the Company's reportable segments for sales, operating earnings, net earnings and assets.

	Three Months Ended June 30, 2016			Six Months Ended June 30, 2016			
	Sales to external customers $	Inter-segment sales $	Operating earnings (loss) $	Sales to external customers $	Inter-segment sales $	Operating earnings (loss) $	Total identifiable assets $
Powertrain/Driveline	1,367,114	11,865	160,967	2,681,614	23,819	304,981	4,665,475
Industrial	290,102	67	52,776	493,653	195	80,849	736,310
Total	1,657,216	11,932	213,743	3,175,267	24,014	385,830	5,401,785

	Three Months Ended June 30, 2015			Six Months Ended June 30, 2015			
	Sales to external customers $	Inter-segment sales $	Operating earnings (loss) $	Sales to external customers $	Inter-segment sales $	Operating earnings (loss) $	Total identifiable assets $
Powertrain/Driveline	1,084,032	13,442	111,009	2,146,028	23,784	222,465	2,892,544
Industrial	284,092	113	54,585	499,558	218	98,949	719,941
Total	1,368,124	13,555	165,594	2,645,586	24,002	321,414	3,612,485

13 Business Acquisitions

Montupet S.A.

On February 25, 2016, the Company completed its acquisition of 100% of the shares of Montupet S.A. ("Montupet") for a preliminary purchase price of $1,187,272. The acquisition was achieved in two stages with control obtained on January 28, 2016 resulting in non-controlling interest net earnings of $401. Montupet is a global leader in the design and manufacture of complex aluminum castings for the global automotive industry with sales and production facilities diversified across several European countries, North America and Asia.

Due to the timing of the close and complexities associated with this transaction, the determination of the fair value of consideration, assets acquired and liabilities assumed, is not yet complete and are subject to further adjustments. The Company has recorded a provisional amount of $625,371 to goodwill as the current unallocated portion of the purchase price. The Company will disclose the full purchase price allocation when the determination of the fair value is complete. The following table summarizes the $1,187,272 consideration paid for Montupet's acquired net assets, recognized at the acquisition date, which has been accounted for as a business combination.

Preliminary summary of identifiable assets acquired and liabilities assumed after acquisition completed on February 25, 2016:

	$
Current assets	438,425
Non-current assets	597,681
Goodwill	625,371
Total assets acquired	1,661,477
Current liabilities	295,591
Non-current liabilities	178,614
Total liabilities assumed	474,205
Preliminary net identifiable assets acquired	1,187,272

The sales included in the consolidated statement of earnings from January 29, 2016 to June 30, 2016 contributed by Montupet were $343,608. Montupet also contributed net earnings (loss) attributable to the shareholders of the Company of $29,670 over the same period. If the acquisition had occurred on January 1, 2016, the consolidated pro-forma sales and net earnings (loss) attributable to the shareholders of the Company for the period ended June 30, 2016 would have been $3,251,167 and $290,386 respectively. These amounts have been calculated using Montupet's results adjusted for the additional depreciation and amortization that would have been charged assuming the preliminary fair value adjustments to property, plant and equipment and intangible assets had applied from January 1, 2016, together with the consequential tax effects.