

Linamar Delivers Another Solid Quarter of Strong Earnings and Cash Flow, Major EV Business Win Sets Stage for Future

August 2, 2017, Guelph, Ontario, Canada (TSX: LNR)

- Sales increase 6.6% over the second quarter of 2016 ("Q2 2016") to reach \$1.77 billion;
- Operating earnings before the foreign exchange impacts of revaluation of the operating balances increased 7% over Q2 2016 to reach \$222.9 million;
- Net earnings before the foreign exchange impacts of revaluation of the operating balances increased 9.7% and earnings per share, on a diluted basis, increased 9.4% over Q2 2016 reaching \$168.2 million and \$2.55 respectively;
- Continued business wins drive strong launch book to more than \$4.7 billion;
- First major e-axle program won for electric vehicle segment;
- Powertrain/Driveline segment growth despite vehicle production declines in core markets driven by launches; and
- Industrial segment has another excellent quarter well exceeding market growth through continued global market share gains.

	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	2017	2016
(in millions of dollars, except earnings per share figures)	\$	\$	\$	\$
Sales	1,766.2	1,657.2	3,422.2	3,175.3
Operating Earnings (Loss) ¹				
Powertrain/Driveline	161.5	160.9	307.9	305.0
Industrial	54.1	52.8	99.9	80.8
Operating Earnings (Loss)	215.6	213.7	407.8	385.8
Net Earnings (Loss)	161.9	157.3	307.0	283.8
Net Earnings (Loss) per Share – Diluted	2.45	2.39	4.65	4.31

Operating Highlights

Sales for the second quarter of 2017 ("Q2 2017") were \$1,766.2 million, up \$109.0 million from \$1,657.2 million in Q2 2016.

Sales for the Powertrain/Driveline segment ("Powertrain/Driveline") increased by \$38.0 million, or 2.8% in Q2 2017 compared with Q2 2016. The sales increase in Q2 2017 was impacted by:

- favourable changes in foreign exchange rates;
- additional sales from launching programs in Europe and Asia;
- additional sales from launching programs in the Light Metal Casting Group; and
- increased volumes from our on- and off-highway vehicle customers; partially offset by
- lower production volumes on certain automotive programs.

The Industrial segment ("Industrial") product sales increased 24.5%, or \$71.0 million, to \$361.1 million in Q2 2017 from Q2 2016. The sales increase was due to:

- strong market share gains in scissors in Europe and Asia;
- strong market share gains in booms in North America, Europe and Asia;
- strong market share gains in telehandlers in North America;
- increased access equipment volumes as a result of solid market growth in all three regions; and
- favourable changes in foreign exchange rates.

The Company's operating earnings for Q2 2017 were \$215.6 million. This compares to \$213.7 million in Q2 2016, an increase of \$1.9 million.

Q2 2017 operating earnings for Powertrain/Driveline were higher by \$0.6 million, or 0.4% over Q2 2016. The Powertrain/Driveline segment experienced increased earnings in Q2 2017 as a result of the following:

- increased earnings resulting from favourable changes in foreign exchange rates;
- production volumes increased on launching programs; and
- on- and off-highway vehicle volume increases; partially offset by
- decreased production volumes on certain automotive programs;
- increased costs as a result of changes in product mix;
- increased management and sales costs supporting growth; and

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").

- a smaller gain on the foreign exchange revaluation of the operating balances in Q2 2017 in comparison to the gain in Q2 2016.

Industrial segment operating earnings in Q2 2017 increased \$1.3 million, or 2.5% over Q2 2016. The increase in Industrial operating earnings was predominantly driven by:

- net increase in volumes; and
- favourable changes in foreign exchange rates; partially offset by
- a sizeable loss on the foreign exchange revaluation of the operating balances in Q2 2017 in comparison to a modest gain in Q2 2016;
- changes in product mix and launching products; and
- increased management and sales costs supporting growth.

"We have had another solid quarter at Linamar with strong results in both segments," said Linamar CEO Linda Hasenfratz. "Powertrain/Driveline continues to perform at very strong margins despite soft core markets, evidence of our market share growth stepping in to drive results, and our Industrial segment continues to power along taking market share and driving well above industry growth levels. Most notable of course in the quarter is a sizeable e-axle program win for electric vehicles solidly establishing Linamar content potential in this key segment."

Dividends

The Board of Directors today declared an eligible dividend in respect to the quarter ended June 30, 2017 of CDN\$0.12 per share on the common shares of the Company, payable on or after September 12, 2017 to shareholders of record on August 25, 2017.

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 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; cyclical and seasonality; capital and liquidity risk; legal proceedings and insurance coverage; credit risk; emission standards; 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 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 2017 Conference Call Information

Linamar will hold a conference call on August 2, 2017 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 74609681, 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 2, 2017 and at www.sedar.com by the start of business on August 3, 2017. A taped replay of the conference call will also be made available starting at 8:00 p.m. on August 2, 2017 for ten days. The number for replay is (855) 859-2056, Conference ID 74609681.

Q3 2017 Conference Call Information

Linamar will hold a conference call on November 7, 2017 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 74652113, 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 7, 2017 and at www.sedar.com by the start of business on November 8, 2017. A taped replay of the conference call will also be made available starting at 8:00 p.m. on November 7, 2017 for ten days. The number for replay is (855) 859-2056, Conference ID 74652113.

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 5 operating groups – Machining & Assembly, Light Metal Casting, Forging, Skyjack and Agriculture, all world leaders in the design, development and production of highly engineered products. The Company's Machining & Assembly, Light Metal 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 and Agriculture operating groups are noted for their innovative, high quality mobile industrial equipment, notably its class-leading aerial work platforms, telehandlers and agricultural equipment. With more than 25,600 employees in 59 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 \$6.0 billion in 2016. 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 2, 2017

LINAMAR CORPORATION

Management's Discussion and Analysis

For the Quarter Ended June 30, 2017

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, 2017. This MD&A has been prepared as at August 2, 2017. 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 5 operating groups – Machining & Assembly, Light Metal Casting, Forging, Skyjack and Agriculture, all world leaders in the design, development and production of highly engineered products. The Company's Machining & Assembly, Light Metal 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 and Agriculture operating groups are noted for their innovative, high quality mobile industrial equipment, notably its class-leading aerial work platforms, telehandlers and agricultural equipment. With more than 25,600 employees in 59 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 \$6.0 billion in 2016. 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 2017 ("Q2 2017") and 2016 ("Q2 2016"):

(in millions of dollars, except content per vehicle figures)	Three Months Ended June 30				Six Months Ended June 30			
	2017 \$	2016 \$	+/- \$	+/- %	2017 \$	2016 \$	+/- \$	+/- %
Sales	1,766.2	1,657.2	109.0	6.6%	3,422.2	3,175.3	246.9	7.8%
Gross Margin	312.8	292.3	20.5	7.0%	596.8	547.2	49.6	9.1%
Operating Earnings (Loss) ¹	215.6	213.7	1.9	0.9%	407.8	385.8	22.0	5.7%
Attributable to Shareholders of the Company:								
Net Earnings (Loss)	161.9	157.3	4.6	2.9%	307.0	283.8	23.2	8.2%
Net Earnings (Loss) per Share – Diluted	2.45	2.39	0.06	2.5%	4.65	4.31	0.34	7.9%
Content per Vehicle – North America	162.21	158.75	3.46	2.2%	159.27	161.77	(2.50)	(1.5%)
Content per Vehicle – Europe	68.47	63.83	4.64	7.3%	67.28	62.39	4.89	7.8%
Content per Vehicle – Asia Pacific	10.37	8.03	2.34	29.1%	9.54	8.12	1.42	17.5%

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 operating 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, 2017.

(in millions of dollars)	Three Months Ended June 30 2017			Three Months Ended June 30 2016		
	Powertrain /Driveline \$	Industrial \$	Linamar \$	Powertrain /Driveline \$	Industrial \$	Linamar \$
Sales	1,405.1	361.1	1,766.2	1,367.1	290.1	1,657.2
Operating Earnings (Loss)	161.5	54.1	215.6	160.9	52.8	213.7

(in millions of dollars)	Six Months Ended June 30 2017			Six Months Ended June 30 2016		
	Powertrain /Driveline \$	Industrial \$	Linamar \$	Powertrain /Driveline \$	Industrial \$	Linamar \$
Sales	2,774.2	648.0	3,422.2	2,681.6	493.7	3,175.3
Operating Earnings (Loss)	307.9	99.9	407.8	305.0	80.8	385.8

Powertrain/Driveline Highlights

(in millions of dollars)	Three Months Ended June 30 2017				Six Months Ended June 30 2016			
	2017 \$	2016 \$	+/- \$	+/- %	2017 \$	2016 \$	+/- \$	+/- %
Sales	1,405.1	1,367.1	38.0	2.8%	2,774.2	2,681.6	92.6	3.5%
Operating Earnings (Loss)	161.5	160.9	0.6	0.4%	307.9	305.0	2.9	1.0%

Sales for the Powertrain/Driveline segment ("Powertrain/Driveline") increased by \$38.0 million, or 2.8% in Q2 2017 compared with Q2 2016. The sales increase in Q2 2017 was impacted by:

- favourable changes in foreign exchange rates;
- additional sales from launching programs in Europe and Asia;
- additional sales from launching programs in the Light Metal Casting Group; and
- increased volumes from our on- and off-highway vehicle customers; partially offset by
- lower production volumes on certain automotive programs.

Year to date ("YTD") sales for Powertrain/Driveline increased by \$92.6 million, or 3.5% compared with YTD Q2 2016. The factors that impacted Q2 2017 similarly impacted the YTD results with the following exceptions:

- lower YTD sales resulting from unfavourable changes in foreign exchange rates; partially offset by
- higher net production volumes on mature programs, primarily driven by higher volumes in Q1 2017.

Q2 2017 operating earnings for Powertrain/Driveline were higher by \$0.6 million, or 0.4% over Q2 2016. The Powertrain/Driveline segment experienced increased earnings in Q2 2017 as a result of the following:

- increased earnings resulting from favourable changes in foreign exchange rates;
- production volumes increased on launching programs; and
- on- and off-highway vehicle volume increases; partially offset by
- decreased production volumes on certain automotive programs;
- increased costs as a result of changes in product mix;
- increased management and sales costs supporting growth; and
- a smaller gain on the foreign exchange revaluation of the operating balances in Q2 2017 in comparison to the gain in Q2 2016.

The YTD operating earnings increased by \$2.9 million, or 1.0% compared with YTD Q2 2016. The factors that impacted Q2 2017 similarly impacted the YTD results with the following exceptions:

- higher YTD earnings related to increased production volumes on mature programs; partially offset by

- lower earnings as a result of a YTD loss on the foreign exchange revaluation of the operating balances in 2017 in comparison to a YTD gain in 2016.

Industrial Highlights

(in millions of dollars)	Three Months Ended June 30				Six Months Ended June 30			
	2017 \$	2016 \$	+/- \$	+/- %	2017 \$	2016 \$	+/- \$	+/- %
Sales	361.1	290.1	71.0	24.5%	648.0	493.7	154.3	31.3%
Operating Earnings (Loss)	54.1	52.8	1.3	2.5%	99.9	80.8	19.1	23.6%

The Industrial segment ("Industrial") product sales increased 24.5%, or \$71.0 million, to \$361.1 million in Q2 2017 from Q2 2016. The sales increase was due to:

- strong market share gains in scissors in Europe and Asia;
- strong market share gains in booms in North America, Europe and Asia;
- strong market share gains in telehandlers in North America;
- increased access equipment volumes as a result of solid market growth in all three regions; and
- favourable changes in foreign exchange rates.

YTD sales for Industrial increased by \$154.3 million, or 31.3% compared with YTD Q2 2016. The factors that impacted Q2 2017 similarly impacted the YTD results with the exception of lower YTD sales resulting from unfavourable changes in foreign exchange rates.

Industrial segment operating earnings in Q2 2017 increased \$1.3 million, or 2.5% over Q2 2016. The increase in Industrial operating earnings was predominantly driven by:

- net increase in volumes; and
- favourable changes in foreign exchange rates; partially offset by
- a sizeable loss on the foreign exchange revaluation of the operating balances in Q2 2017 in comparison to a modest gain in Q2 2016;
- changes in product mix and launching products; and
- increased management and sales costs supporting growth.

The YTD operating earnings for Industrial increased by \$19.1 million, or 23.6% compared with YTD Q2 2016. The factors that impacted Q2 2017 similarly impacted the YTD results with the exception of lower YTD earnings resulting from unfavourable changes in foreign exchange rates.

AUTOMOTIVE SALES AND CONTENT PER VEHICLE¹

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				Six Months Ended			
			June 30				June 30	
<i>North America</i>	2017	2016	+/-	%	2017	2016	+/-	%
Vehicle Production Units ²	4.59	4.72	(0.13)	(2.8%)	9.23	9.28	(0.05)	(0.5%)
Automotive Sales ¹	\$ 744.9	\$ 749.5	\$ (4.6)	(0.6%)	\$ 1,469.9	\$ 1,501.3	\$ (31.4)	(2.1%)
Content Per Vehicle ¹	\$ 162.21	\$ 158.75	\$ 3.46	2.2%	\$ 159.27	\$ 161.77	\$ (2.50)	(1.5%)
<i>Europe</i>								
Vehicle Production Units	5.72	5.90	(0.18)	(3.1%)	11.57	11.41	0.16	1.4%
Automotive Sales	\$ 391.8	\$ 376.4	\$ 15.4	4.1%	\$ 778.5	\$ 712.2	\$ 66.3	9.3%
Content Per Vehicle	\$ 68.47	\$ 63.83	\$ 4.64	7.3%	\$ 67.28	\$ 62.39	\$ 4.89	7.8%
<i>Asia Pacific</i>								
Vehicle Production Units	11.46	11.27	0.19	1.7%	24.03	23.17	0.86	3.7%
Automotive Sales	\$ 118.9	\$ 90.5	\$ 28.4	31.4%	\$ 229.3	\$ 188.1	\$ 41.2	21.9%
Content Per Vehicle	\$ 10.37	\$ 8.03	\$ 2.34	29.1%	\$ 9.54	\$ 8.12	\$ 1.42	17.5%

North American automotive sales for Q2 2017 decreased 0.6% from Q2 2016 in a market that saw a decrease of 2.8% in production volumes for the same period. As a result, CPV in Q2 2017 increased 2.2% from \$158.75 to \$162.21. The increase in North American CPV was a result of added sales from launching programs and increased production volumes on our on-highway medium and heavy duty vehicle programs.

European automotive sales for Q2 2017 increased 4.1% from Q2 2016 in a market that saw a decrease of 3.1% in production volumes for the same period. As a result, CPV in Q2 2017 increased 7.3% from \$63.83 to \$68.47. The increase in CPV was a result of added sales from launching programs and increased production volumes on certain automotive programs.

Asia Pacific automotive sales for Q2 2017 increased 31.4% from Q2 2016 in a market that saw an increase of 1.7% in production volumes for the same period. As a result, CPV in Q2 2017 increased 29.1% from \$8.03 to \$10.37. The increase in CPV was a result of added sales from increased program launches.

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. 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		Six Months Ended June 30	
	2017	2016	2017	2016
Sales	\$ 1,766.2	\$ 1,657.2	\$ 3,422.2	\$ 3,175.3
Cost of Sales before Amortization	1,373.1	1,278.6	2,663.7	2,460.0
Amortization	80.3	86.3	161.7	168.1
Cost of Sales	1,453.4	1,364.9	2,825.4	2,628.1
Gross Margin	\$ 312.8	\$ 292.3	\$ 596.8	\$ 547.2
Gross Margin Percentage	17.7%	17.6%	17.4%	17.2%

Gross margin percentage increased to 17.7% in Q2 2017 from 17.6% in Q2 2016. Cost of sales before amortization as a percentage of sales increased in Q2 2017 to 77.7% compared to 77.2% for the same quarter of last year. The improved gross margin between Q2 2017 and Q2 2016 is a result of the items discussed earlier in this analysis such as:

- increased earnings as a result of increased volumes in both segments; and
- favourable changes in foreign exchange rates; partially offset by
- lower earnings as a result of changes in product mix.

Q2 2017 amortization decreased to \$80.3 million from \$86.3 million in Q2 2016 due to lower amortization as a result of redeployment of existing assets on launching programs. Amortization as a percentage of sales decreased to 4.5% of sales as compared to 5.2% in Q2 2016.

YTD Q2 2017 gross margin increased to 17.4% from 17.2% in the same period of 2016. The increase in the YTD gross margin was a result of the same factors that impacted Q2 2017.

Selling, General and Administration

(in millions of dollars)	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	2017	2016
Selling, general and administrative	\$ 90.0	\$ 84.1	\$ 181.1	\$ 168.9
SG&A Percentage	5.1%	5.1%	5.3%	5.3%

Selling, general and administrative ("SG&A") costs increased to \$90.0 million from \$84.1 million in Q2 2016, but remained flat as a percentage of sales at 5.1% when compared to Q2 2016. Included in SG&A costs for the quarter were 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, but remained flat as a percentage of sales at 5.3% when compared to Q2 2016.

Finance Expense and Income Taxes

(in millions of dollars)	Three Months Ended June 30		Six Months Ended June 30	
	2017 \$	2016 \$	2017 \$	2016 \$
Operating Earnings (Loss)	215.6	213.7	407.8	385.8
Share of Net Earnings (Loss) of Investments Accounted for Using the Equity Method	(1.4)	(0.5)	(2.6)	(0.5)
Finance Expenses	2.9	6.9	5.8	11.9
Provision for (Recovery of) Income Taxes	49.4	49.0	92.4	89.2
Net Earnings (Loss)	161.9	157.3	307.0	284.2
Net Earnings (Loss) Attributable to:				
Shareholders of the Company	161.9	157.3	307.0	283.8
Non-Controlling Interests	-	-	-	0.4

Finance Expenses

Finance expenses decreased \$4.0 million in Q2 2017 from Q2 2016 to \$2.9 million due to:

- higher interest earned on the investment of excess cash and long-term receivable balances; and
- lower interest expense due to the repayment of debt.

YTD Q2 2017 finance expenses decreased \$6.1 million compared to YTD Q2 2016 to \$5.8 million. YTD Q2 was impacted by similar factors to Q2 2017.

The consolidated effective interest rate for Q2 2017 increased to 2.2% compared to 2.1% in Q2 2016. The change in Q2 2017 versus Q2 2016 is primarily due to the repayment of short-term floating rate debt, which attracts a lower financing rate than the U.S. Private Placement Note borrowing rates. A tranche of the U.S. \$130 million Private Placement Notes maturing in Q3 2017 ("2017 Notes") is expected to lower the Company's overall effective borrowing rate.

The decrease in effective interest rate of 2.1% YTD Q2 2017 versus 2.2% YTD Q2 2016 is due to the Company's ability to access lower effective financing rates in the Euro market after the Q1 2016 acquisition of Montupet S.A.

Provision for Income Taxes

The effective tax rate for Q2 2017 was 23.4%, a slight decrease from the 23.7% rate in the same quarter of 2016. The effective tax rate in Q2 2017 was:

- reduced due to net adjustments in the quarter in relation to the current tax of prior years; partially offset by
- an increase based on a less favourable mix of foreign tax rates in Q2 2017 compared to Q2 2016.

YTD, the effective tax rate is 23.1% compared to 23.9% in 2016. The YTD Q2 2017 effective tax rate:

- decreased due to non-deductible business acquisition expenses incurred in Q1 2016 not recurring in 2017; and
- reduced due to YTD adjustments in relation to the current tax of prior years; partially offset by
- an increase based on a less favourable mix of foreign tax rates in 2017 compared to 2016.

TOTAL EQUITY

Book value per share¹ increased to \$44.69 per share at June 30, 2017 as compared to \$39.69 per share at December 31, 2016.

During the quarter no options expired unexercised, no options were forfeited and 10,900 options were exercised.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares, of which 65,288,595 common shares were outstanding as of August 2, 2017. The Company's common shares constitute its only class of voting securities. As of August 2, 2017, there were 1,563,176 options to acquire common shares outstanding and 4,250,000 options still available to be granted under the Company's share option plan.

SELECTED FINANCIAL INFORMATION

Quarterly Results

The following table sets forth unaudited information for each of the eight quarters ended September 30, 2015 through June 30, 2017. 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.

	Jun 30 2017	Mar 31 2017	Dec 31 2016	Sep 30 2016	Jun 30 2016	Mar 31 2016	Dec 31 2015	Sep 30 2015
(in millions of dollars, except per share figures)	\$	\$	\$	\$	\$	\$	\$	\$
Sales	1,766.2	1,656.0	1,374.8	1,455.5	1,657.2	1,518.1	1,243.0	1,273.9
Net Earnings (Loss) Attributable to Shareholders of the Company	161.9	145.1	116.1	122.2	157.3	126.4	95.3	107.6
Net Earnings (Loss) per Share Attributable to Shareholders of the Company:								
Basic	2.48	2.22	1.78	1.88	2.41	1.94	1.46	1.65
Diluted	2.45	2.20	1.76	1.86	2.39	1.92	1.45	1.64

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 Powertrain/Driveline 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.

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

The Company takes advantage of summer and winter 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	
	2017	2016	2017	2016
(in millions of dollars)	\$	\$	\$	\$
Cash generated from (used in):				
Operating Activities	276.5	167.6	386.4	342.2
Financing Activities	(31.5)	(21.4)	25.6	1,135.2
Investing Activities	(169.0)	(127.1)	(316.0)	(1,366.2)
Effect of translation adjustment on cash	(3.6)	(12.8)	9.6	(35.6)
Net Increase (Decrease) in Cash Position	72.4	6.3	105.6	75.6
Cash and Cash Equivalents – Beginning of Period	438.2	408.4	405.0	339.1
Cash and Cash Equivalents – End of Period	510.6	414.7	510.6	414.7
Comprised of:				
Cash in bank	314.7	314.5	314.7	314.5
Short-term deposits	200.8	113.2	200.8	113.2
Unpresented Cheques	(4.9)	(13.0)	(4.9)	(13.0)
	510.6	414.7	510.6	414.7

The Company's cash and cash equivalents (net of unpresented cheques) at June 30, 2017 were \$510.6 million, an increase of \$95.9 million compared to June 30, 2016.

Cash generated from operating activities was \$276.5 million, an increase of \$108.9 million from Q2 2016 due to less cash being used to fund non-cash working capital. YTD cash generated from operating activities was \$386.4 million, \$44.2 million more than was provided YTD Q2 2016, primarily due to less cash being used to fund non-cash working capital and an increase in net earnings over YTD Q2 2016.

During the quarter, financing activities used \$31.5 million of cash compared to \$21.4 million used in Q2 2016. YTD financing activities provided \$25.6 million compared to \$1,135.2 million YTD Q2 2016 which were primarily used in Q1 2016 to fund the purchase of Montupet S.A.

Investing activities used \$169.0 million in Q2 2017 and used \$127.1 million in Q2 2016 mainly for the purchase of property, plant and equipment and an increase in long-term receivables. Investing activities used \$1,366.2 million in YTD Q2 2016 mainly for the acquisition of Montupet S.A. and the purchase of property, plant and equipment.

Operating Activities

	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	2017	2016
(in millions of dollars)	\$	\$	\$	\$
Net earnings (loss) for the Period Attributable to Shareholders of the Company	161.9	157.3	307.0	283.8
Adjustments to earnings	86.1	97.5	174.3	185.5
	248.0	254.8	481.3	469.3
Changes in non-cash working capital	28.5	(87.2)	(94.9)	(127.1)
Cash generated from (used in) operating activities	276.5	167.6	386.4	342.2

Cash generated by operations before the effect of changes in non-cash working capital decreased \$6.8 million in Q2 2017 to \$248.0 million, compared to \$254.8 million in Q2 2016. YTD cash generated from operations before the effect of changes in non-cash working capital increased \$12.0 million to \$481.3 million from \$469.3 million in YTD Q2 2016.

Non-cash working capital for Q2 2017 decreased \$28.5 million primarily due to decreases in inventory during Q2 2017. Non-cash working capital for YTD Q2 2017 increased primarily due to increases in accounts receivable resulting from the seasonally high period for sales.

Financing Activities

	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	2017	2016
(in millions of dollars)	\$	\$	\$	\$
Proceeds from (repayments of) short-term borrowings	(4.0)	(10.9)	(2.7)	(5.1)
Proceeds from (repayments of) long-term debt	(15.3)	3.9	48.3	1,163.1
Proceeds from exercise of stock options	0.2	0.1	0.4	0.2
Dividends	(15.7)	(13.0)	(15.7)	(13.0)
Interest received (paid)	3.3	(1.5)	(4.7)	(10.0)
Cash generated from (used in) financing activities	(31.5)	(21.4)	25.6	1,135.2

Financing activities for Q2 2017 used \$31.5 million of cash compared to \$21.4 million used in Q2 2016. Financing activities for YTD Q2 2017 provided \$25.6 million of cash compared to \$1,135.2 million provided in YTD Q2 2016. The \$1,163.1 million in YTD Q2 2016 proceeds was from long-term debt primarily provided in Q1 2016 to fund the purchase of Montupet S.A.

Investing Activities

	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	2017	2016
(in millions of dollars)	\$	\$	\$	\$
Payments for purchase of property, plant and equipment	(100.8)	(85.4)	(194.3)	(168.1)
Proceeds on disposal of property, plant and equipment	4.6	0.9	6.8	1.3
Payments for purchase of intangible assets	(4.4)	4.0	(7.6)	(7.4)
Business acquisitions, net of cash acquired	-	-	(1.1)	(1,133.9)
(Increase) decrease in long-term receivables	(64.6)	(46.4)	(116.0)	(57.9)
Other	(3.8)	(0.2)	(3.8)	(0.2)
Cash generated from (used in) investing activities	(169.0)	(127.1)	(316.0)	(1,366.2)

Cash spent on investing activities for Q2 2017 was \$169.0 million compared to Q2 2016 at \$127.1 million primarily due to the purchase of property, plant and equipment and an increase in long-term receivables. YTD Q2 2017 cash spent on investing activities was \$316.0 million compared to YTD Q2 2016 at \$1,366.2 million which was primarily for the Q1 2016 acquisition of Montupet S.A.

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, 2017, cash including short-term deposits (net of unrepresented cheques) was \$510.6 million, and the Company's credit facilities had available credit of \$649.1 million.

Commitments and Contingencies

Please see the Company's December 31, 2016 annual MD&A for a table summarizing the contractual obligations by category. Also certain guarantees and legal claims are described in the notes to the Company's consolidated financial statements for the year ended December 31, 2016.

Foreign Currency Activities

The Company pursues a strategy of optimizing its 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.

The amount and timing of executed forward contracts is dependent upon a number of factors, including estimated production delivery schedules, forecasted customer payments, and the anticipated future direction of foreign currency rates. The Company is exposed to counterparty credit risk when executing foreign exchange derivatives with financial institutions, and in order to mitigate this risk the Company limits foreign exchange trading to counterparties within the credit facility. 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 currently hedge all the cash flow activities of its foreign subsidiaries and, accordingly results of operations may 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 which hedge the changes in exchange rates on the principal portion of the 2017 Notes and the U.S. \$130 million Private Placement Notes due 2021 ("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 principal portion.

The Company is committed to a series of forward contracts to lock in the exchange rate on the semi-annual coupon payments related to the 2017 Notes and the 2021 Notes. These forward 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 Montupet S.A. was designated as a net investment hedge. Hedges of net investments are accounted for in a similar manner as 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.

For more information regarding the Company's long-term debt and forward contracts including related risks please see the notes to the Company's consolidated financial statements for the year ended December 31, 2016.

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 13 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 7 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 the notes to the Company's consolidated financial statements for the year ended December 31, 2016. Such obligations have not changed significantly during 2017.

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 \$0.9 million at June 30, 2017 (\$3.6 million at June 30, 2016). Related party transactions included in the cost of sales are expenses such as rent, maintenance and transportation costs of \$0.4 million for Q2 2017 and \$0.8 million for YTD Q2 2017 (\$0.5 million for Q2 2016 and \$0.9 million for YTD Q2 2016). 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, 2017 were \$0.4 million (\$1.7 million at June 30, 2016).

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

CURRENT AND PROPOSED TRANSACTIONS

On July 4, 2017, the Company announced that it has filed conditional offers with the Commercial Court in Paris to acquire selected assets of Societe Aveyronnaise de Metallurgie S.A. ("SAM") and F.V.M. Technologies S.A. ("FVM") from their respective bankruptcy estates and 100% of the outstanding shares of Alfisa Technologies, S.L.U. ("Alfisa") a Spanish company. SAM, FVM and Alfisa are a part of Groupe Arche S.A., a French company specialized in the design, casting, and machining of high pressure die cast aluminum components for the automotive industry. The proposed transaction is subject to, among other things, further due diligence and regulatory approvals. The Company anticipates that the purchase transaction, if approved by the Commercial Court and the other conditions are met, will be completed in the fourth quarter of 2017.

RISK MANAGEMENT

The Company is exposed to a number of risks in the normal course of business that have the potential to affect its 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; Long-term Contracts; Acquisition and Expansion Risk; Foreign Business Risk; Cyclicity 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, 2017. These risk factors, as well as the other information contained in this MD&A, the Company's December 31, 2016 annual MD&A, and the Company's December 31, 2016 Annual Information Form or otherwise, 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, 2017, which have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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, 2016 consolidated annual financial statements and June 30, 2017 consolidated interim financial statements for additional information.

RECENT ACCOUNTING CHANGES AND EFFECTIVE DATES

Please see the notes to the Company's consolidated financial statements for the year ended December 31, 2016 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 certain non-GAAP financial measures including book value per share. The Company believes this non-GAAP financial measure provides useful information to both management and investors in assessing the financial performance and financial condition of the Company.

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.

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.

	June 30 2017	December 31 2016
(in millions of dollars except share and per share figures)		
Total equity	\$ 2,917.9	\$ 2,590.3
Shares outstanding at the end of the period	65,286,526	65,258,426
Book value per share	\$ 44.69	\$ 39.69

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 income taxes, finance expenses and share of net earnings (loss) of investments accounted for using the equity method, 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, 2017	Three Months Ended		Year to Date	
	Mar 31	Jun 30	Mar 31	Jun 30
	2017	2017	2017	2017
<i>North America</i>				
Vehicle Production Units	4.64	4.59	4.64	9.23
Automotive Sales	\$ 725.0	\$ 744.9	\$ 725.0	\$ 1,469.9
Content Per Vehicle	\$ 156.35	\$ 162.21	\$ 156.35	\$ 159.27
<i>Europe</i>				
Vehicle Production Units	5.85	5.72	5.85	11.57
Automotive Sales	\$ 386.7	\$ 391.8	\$ 386.7	\$ 778.5
Content Per Vehicle	\$ 66.12	\$ 68.47	\$ 66.12	\$ 67.28
<i>Asia Pacific</i>				
Vehicle Production Units	12.57	11.46	12.57	24.03
Automotive Sales	\$ 110.4	\$ 118.9	\$ 110.4	\$ 229.3
Content Per Vehicle	\$ 8.79	\$ 10.37	\$ 8.79	\$ 9.54
Estimates as of March 31, 2017	Three Months Ended		Year to Date	
	Mar 31		Mar 31	
	2017		2017	
<i>North America</i>				
Vehicle Production Units	4.65		4.65	
Automotive Sales	\$ 712.3		\$ 712.3	
Content Per Vehicle	\$ 153.33		\$ 153.33	
<i>Europe</i>				
Vehicle Production Units	5.89		5.89	
Automotive Sales	\$ 386.8		\$ 386.8	
Content Per Vehicle	\$ 65.69		\$ 65.69	
<i>Asia Pacific</i>				
Vehicle Production Units	12.26		12.26	
Automotive Sales	\$ 122.9		\$ 122.9	
Content Per Vehicle	\$ 10.02		\$ 10.02	
Change in Estimates from Prior Quarter	Three Months Ended		Year to Date	
	Mar 31		Mar 31	
	2017		2017	
<i>North America</i>	+/-		+/-	
Vehicle Production Units	(0.01)		(0.01)	
Automotive Sales	\$ 12.7		\$ 12.7	
Content Per Vehicle	\$ 3.02		\$ 3.02	
<i>Europe</i>				
Vehicle Production Units	(0.04)		(0.04)	
Automotive Sales	\$ (0.1)		\$ (0.1)	
Content Per Vehicle	\$ 0.43		\$ 0.43	
<i>Asia Pacific</i>				
Vehicle Production Units	0.31		0.31	
Automotive Sales	\$ (12.5)		\$ (12.5)	
Content Per Vehicle	\$ (1.23)		\$ (1.23)	

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; cyclical and seasonality; capital and liquidity risk; legal proceedings and insurance coverage; credit risk; emission standards; 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 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

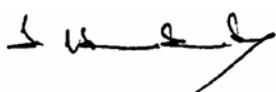
Consolidated Interim Statements of Financial Position

As at June 30, 2017 with comparatives as at December 31, 2016 (Unaudited)
(in thousands of Canadian dollars)

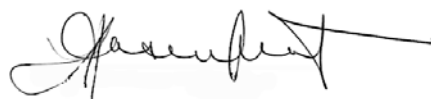
	June 30 2017 \$	December 31 2016 \$
ASSETS		
Cash and cash equivalents	510,577	404,966
Accounts and other receivables	1,221,508	898,445
Inventories	680,502	691,385
Income taxes recoverable	23,663	11,466
Current portion of long-term receivables (Note 5)	110,563	74,557
Current portion of derivative financial instruments (Note 5)	37,660	44,904
Other current assets	14,748	17,177
Current Assets	2,599,221	2,142,900
Long-term receivables (Note 5)	270,488	199,369
Property, plant and equipment	2,144,862	2,052,055
Investments accounted for using the equity method	7,285	5,881
Intangible assets	286,388	279,587
Goodwill	477,887	456,791
Derivative financial instruments (Note 5)	31,638	37,134
Deferred tax assets	52,560	53,453
Assets	5,870,329	5,227,170
LIABILITIES		
Short-term borrowings	5,826	7,972
Accounts payable and accrued liabilities	1,216,215	974,612
Provisions	35,440	31,713
Income taxes payable	43,735	54,836
Current portion of long-term debt (Notes 5, 6)	190,221	197,157
Current Liabilities	1,491,437	1,266,290
Long-term debt (Notes 5, 6)	1,314,496	1,228,035
Deferred tax liabilities	146,523	142,584
Liabilities	2,952,456	2,636,909
EQUITY		
Capital stock	120,972	120,385
Retained earnings	2,677,895	2,386,524
Contributed surplus	24,303	23,332
Accumulated other comprehensive earnings (loss)	94,703	60,020
Equity	2,917,873	2,590,261
Liabilities and Equity	5,870,329	5,227,170

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, 2017 and June 30, 2016 (Unaudited)

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

	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	2017	2016
	\$	\$	\$	\$
Sales	1,766,244	1,657,216	3,422,232	3,175,267
Cost of sales	1,453,410	1,364,872	2,825,447	2,628,096
Gross Margin	312,834	292,344	596,785	547,171
Selling, general and administrative	90,044	84,104	181,141	168,901
Other income and (expenses)	(7,188)	5,503	(7,881)	7,560
Operating Earnings (Loss)	215,602	213,743	407,763	385,830
Share of net earnings (loss) of investments accounted for using the equity method	(1,390)	(478)	(2,623)	(478)
Finance expenses (Note 7)	2,876	6,928	5,761	11,923
Net Earnings (Loss) before Income Taxes	211,336	206,337	399,379	373,429
Provision for (recovery of) income taxes	49,410	48,993	92,342	89,240
Net Earnings (Loss) for the Period	161,926	157,344	307,037	284,189
Net Earnings (Loss) Attributable to:				
Shareholders of the Company	161,926	157,344	307,037	283,788
Non-Controlling Interests	-	-	-	401
	161,926	157,344	307,037	284,189
Net Earnings (Loss) Per Share Attributable to Shareholders of the Company:				
Basic	2.48	2.41	4.70	4.35
Diluted	2.45	2.39	4.65	4.31

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, 2017 and June 30, 2016 (Unaudited)

(in thousands of Canadian dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	2017	2016
	\$	\$	\$	\$
Net Earnings (Loss) for the Period	161,926	157,344	307,037	284,189
Items that may be reclassified subsequently to net income				
Unrealized gains (losses) on translating financial statements of foreign operations	50,241	(92,759)	75,676	(196,950)
Change in foreign exchange gains (losses) on long-term debt designated as a net investment hedge	(38,314)	31,940	(41,328)	51,331
Change in unrealized gains (losses) on derivative instruments designated as cash flow hedges	(7,646)	1,172	(11,799)	(19,459)
Tax impact of change in unrealized gains (losses) on derivative instruments designated as cash flow hedges	1,912	(517)	2,950	4,641
Reclassification to earnings of gains (losses) on cash flow hedges	9,100	468	12,246	22,490
Tax impact of reclassification to earnings of gains (losses) on cash flow hedges	(2,276)	107	(3,062)	(5,399)
Other Comprehensive Earnings (Loss)	13,017	(59,589)	34,683	(143,346)
Comprehensive Earnings (Loss) for the Period	174,943	97,755	341,720	140,843
Comprehensive Earnings (Loss) Attributable to:				
Shareholders of the Company	174,943	97,755	341,720	140,442
Non-Controlling Interests	-	-	-	401
	174,943	97,755	341,720	140,843

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, 2017 and June 30, 2016 (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, 2017	120,385	2,386,524	23,332	61,097	(1,077)	2,590,261	-	2,590,261
Net Earnings (Loss)	-	307,037	-	-	-	307,037	-	307,037
Other comprehensive earnings (loss)	-	-	-	34,348	335	34,683	-	34,683
Comprehensive Earnings (Loss)	-	307,037	-	34,348	335	341,720	-	341,720
Share-based compensation	-	-	1,145	-	-	1,145	-	1,145
Shares issued on exercise of options	587	-	(174)	-	-	413	-	413
Dividends	-	(15,666)	-	-	-	(15,666)	-	(15,666)
Balance at June 30, 2017	120,972	2,677,895	24,303	95,445	(742)	2,917,873	-	2,917,873

	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

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, 2017 and June 30, 2016 (Unaudited)
(in thousands of Canadian dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	2017	2016
	\$	\$	\$	\$
Cash generated from (used in)				
Operating Activities				
Net Earnings (Loss) for the Period Attributable to Shareholders of the Company	161,926	157,344	307,037	283,788
Adjustments for:				
Amortization of property, plant and equipment	74,196	84,249	150,263	164,197
Amortization of other intangible assets	6,902	2,767	13,192	5,349
Deferred income taxes	2,518	342	2,818	3,361
Share-based compensation	573	596	1,145	1,202
Finance expense	2,876	6,928	5,761	11,923
Other	(992)	2,565	1,103	(555)
	247,999	254,791	481,319	469,265
Changes in non-cash working capital				
(Increase) decrease in accounts and other receivables	(46,707)	(87,652)	(285,859)	(203,689)
(Increase) decrease in inventories	34,979	21,920	21,822	(35,397)
(Increase) decrease in other current assets	1,031	1,835	2,652	356
Increase (decrease) in income taxes	6,973	(549)	(23,832)	(25,045)
Increase (decrease) in accounts payable and accrued liabilities	29,705	(24,293)	186,514	134,577
Increase (decrease) in provisions	2,518	1,626	3,833	2,102
	28,499	(87,113)	(94,870)	(127,096)
Cash generated from (used in) operating activities	276,498	167,678	386,449	342,169
Financing Activities				
Proceeds from (repayments of) short-term borrowings	(4,045)	(10,939)	(2,698)	(5,107)
Proceeds from (repayments of) long-term debt	(15,320)	3,987	48,268	1,163,161
Proceeds from exercise of stock options	160	69	413	191
Dividends	(15,666)	(13,037)	(15,666)	(13,037)
Interest received (paid)	3,342	(1,488)	(4,783)	(10,033)
Cash generated from (used in) financing activities	(31,529)	(21,408)	25,534	1,135,175
Investing Activities				
Payments for purchase of property, plant and equipment	(100,823)	(85,468)	(194,273)	(168,141)
Proceeds on disposal of property, plant and equipment	4,637	904	6,794	1,305
Payments for purchase of intangible assets	(4,387)	3,958	(7,619)	(7,345)
Business acquisitions, net of cash acquired	-	-	(1,060)	(1,133,945)
(Increase) decrease in long-term receivables	(64,628)	(46,387)	(116,008)	(57,842)
Other	(3,834)	(178)	(3,834)	(178)
Cash generated from (used in) investing activities	(169,035)	(127,171)	(316,000)	(1,366,146)
	75,934	19,099	95,983	111,198
Effect of translation adjustment on cash	(3,541)	(12,767)	9,628	(35,538)
Increase (decrease) in cash and cash equivalents	72,393	6,332	105,611	75,660
Cash and cash equivalents - Beginning of Period	438,184	408,407	404,966	339,079
Cash and cash equivalents - End of Period	510,577	414,739	510,577	414,739
Comprised of:				
Cash in bank	314,738	314,556	314,738	314,556
Short-term deposits	200,807	113,174	200,807	113,174
Unpresented cheques	(4,968)	(12,991)	(4,968)	(12,991)
	510,577	414,739	510,577	414,739

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

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

For the six months ended June 30, 2017 and June 30, 2016 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

1 General Information

Linamar Corporation and its subsidiaries, including jointly controlled entities, (together, the "Company") is a diversified global manufacturing company of highly engineered products. The Company is incorporated in Ontario, Canada with common shares listed on the Toronto Stock Exchange. 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, 2017 were authorized for issue in accordance with a resolution of the Company's Board of Directors on August 2, 2017.

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, 2016. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of Presentation

The Company has prepared its interim financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and with interpretations of the International Financial Reporting Issues Committee.

These interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting. Accordingly, certain information and footnotes as required in the annual financial statements have been omitted or condensed and as such these interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2016. These interim financial statements and the notes thereto have not been reviewed by the Company's external auditors pursuant to a review engagement applying review standards set out in the Canadian Chartered Professional Accountants handbook.

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

3 Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions or conditions. Management's most critical estimates and assumptions in determining the value of assets and liabilities and most critical judgements in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year have been set out in Note 5 of the Company's annual financial statements for the year ended December 31, 2016.

4 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 third and fourth quarters due to lower original equipment manufacturers production schedules resulting from shutdowns related to summer and winter maintenance, and model changeovers. The Company takes advantage of summer and winter shutdowns for maintenance activities that would otherwise disrupt normal production schedules.

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

For the six months ended June 30, 2017 and June 30, 2016 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

5 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:

	Subsequent Measurement	Carrying Value Asset (Liability) \$	June 30, 2017	Carrying Value Asset (Liability) \$	December 31, 2016
			Fair Value \$		Fair Value \$
Long-term receivables	Amortized cost (Level 2)	381,051	388,686	273,926	280,265
Derivative financial instruments					
US dollar interest payment forward contracts	Fair value (Level 2)	7,743	7,743	10,952	10,952
US dollar debt principal forward contracts	Fair value (Level 2)	61,555	61,555	71,086	71,086
Long-term debt designated as net investment hedge	Amortized cost (Level 2)	(910,754)	(846,616)	(927,529)	(848,309)
Long-term debt, other	Amortized cost (Level 2)	(593,963)	(580,671)	(497,663)	(508,018)

6 Long-Term Debt

	June 30 2017 \$	December 31 2016 \$
Senior unsecured notes	337,068	349,244
Bank borrowings	1,086,344	998,527
Obligations under finance leases	15,858	18,074
Government borrowings	65,447	58,287
Other financing	-	1,060
	1,504,717	1,425,192
Less: current portion	190,221	197,157
	1,314,496	1,228,035

As of June 30, 2017, \$649,131 was available under the credit facilities.

7 Finance Expenses

	Three Months Ended		Six Months Ended	
	2017 \$	June 30 2016 \$	2017 \$	June 30 2016 \$
Interest on long-term debt	7,495	8,806	16,613	18,075
Other	(4,619)	(1,878)	(10,852)	(6,152)
	2,876	6,928	5,761	11,923

8 Commitments

As at June 30, 2017, outstanding commitments for capital expenditures under purchase orders and contracts amounted to \$185,935 (June 30, 2016 - \$156,210). Of this amount, \$180,596 (June 30, 2016 - \$153,027) relates to the purchase of manufacturing equipment and \$5,339 (June 30, 2016 - \$3,183) relates to general contracting and construction costs in respect of plant construction. The majority of these commitments are due within the next twelve months. There are no outstanding construction commitments (June 30, 2016 - \$926) committed to a related party.

LINAMAR CORPORATION

Notes to Consolidated Interim Financial Statements

For the six months ended June 30, 2017 and June 30, 2016 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

9 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 \$889 at June 30, 2017 (June 30, 2016 - \$3,569). Related party transactions included in the cost of sales are expenses such as rent, maintenance and transportation costs of \$380 for the three months ended June 30, 2017 and \$827 for the six months ended June 30, 2017 (\$511 for three months ended June 30, 2016 and \$911 for the six months ended June 30, 2016). 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, 2017 were \$424 (June 30, 2016 - \$1,706).

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

The segments are differentiated by the products that each produces and reflects how the Senior Executive Group manages the business. Corporate headquarters and other small operating entities are allocated to the 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, 2017			Six Months Ended June 30, 2017			
	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	1,405,161	15,115	161,546	2,774,253	26,806	307,908	5,017,732
Industrial	361,083	428	54,056	647,979	642	99,855	852,597
Total	1,766,244	15,543	215,602	3,422,232	27,448	407,763	5,870,329

	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

11 Pending Business Acquisition

On July 4, 2017, the Company announced that it has filed conditional offers with the Commercial Court in Paris to acquire selected assets of Societe Aveyronnaise de Metallurgie S.A. ("SAM") and F.V.M. Technologies S.A. ("FVM") from their respective bankruptcy estates and 100% of the outstanding shares of Alfisa Technologies, S.L.U. ("Alfisa") a Spanish company. SAM, FVM and Alfisa are a part of Groupe Arche S.A., a French company specialized in the design, casting, and machining of high pressure die cast aluminum components for the automotive industry. The proposed transaction is subject to, among other things, further due diligence and regulatory

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Notes to Consolidated Interim Financial Statements

For the six months ended June 30, 2017 and June 30, 2016 (Unaudited)
(in thousands of Canadian dollars, except where otherwise noted)

approvals. The Company anticipates that the purchase transaction, if approved by the Commercial Court and the other conditions are met, will be completed in the fourth quarter of 2017.

12 Comparative Figures

Certain comparative figures have been reclassified in accordance with the period's presentation.