Double Digit Growth Again Drives Record Sales and Earnings at Linamar, Diversification Strategy Paying Dividends

August 7, 2018, Guelph, Ontario, Canada (TSX: LNR)

- Sales increase 22.1% over the second quarter of 2017 ("Q2 2017") to reach $2.2 billion, a new record;
- Operating Earnings increased 26.3% over Q2 2017 to reach $272.3 million, a new record;
- Net Earnings up 21.7% and earnings per share, on a diluted basis, up 21.6% over Q2 2017 reaching $197.1 million and $2.98 respectively, both record levels as well;
- Continued business wins maintains strong launch book at nearly $4.5 billion;
- Strong content per vehicle growth in North America and Europe;
- Industrial segment sales up 80.2% and operating earnings up 146.8% thanks to the acquisition of MacDon, market share gains and strong volumes for access equipment at Skyjack;
- Industrial segment represents nearly 50% of overall earnings thanks to solid growth; and
- Transportation segment sales up 7.2% thanks to launches despite key customer production cuts.

	Three Months Ended June 30		Six Months Ended June 30	
	2018	2017	2018	2017
(in millions of dollars, except earnings per share figures)	$	$	$	$
Sales	2,157.4	1,766.2	4,051.4	3,422.2
Operating Earnings (Loss)				
Transportation	138.8	161.5	279.1	307.9
Industrial	133.5	54.1	208.2	99.9
Operating Earnings (Loss)[1]	272.3	215.6	487.3	407.8
Net Earnings (Loss)	197.1	161.9	353.8	307.0
Net Earnings (Loss) per Share – Diluted	2.98	2.45	5.35	4.65
Earnings before interest, taxes and amortization ("EBITDA")[1]	368.2	297.0	674.3	576.7
Operating Earnings (Loss) – Adjusted[1]	276.6	215.6	491.6	407.8
Net Earnings (Loss) – Adjusted[1]	200.3	161.9	357.0	307.0
Net Earnings (Loss) per Share – Diluted – Adjusted[1]	3.03	2.45	5.40	4.65
EBITDA – Adjusted[1]	372.5	297.0	678.6	576.7

Operating Highlights

Sales for the second quarter of 2018 ("Q2 2018") were $2,157.4 million, up $391.2 million from $1,766.2 million in Q2 2017.

Sales for the Transportation segment ("Transportation") increased by $101.7 million, or 7.2% in Q2 2018 compared with Q2 2017. The sales in Q2 2018 were impacted by:

- additional sales from launching programs in North America and Europe;
- increased volumes from our light vehicle automotive customers in Europe; and
- additional sales from our medium and heavy duty truck and off-highway vehicle customers; offset by the following issues that had an impact on mature program volumes:
  - lower production volumes on programs in North America with key customers; and
  - lower volumes on programs due to a customer's disruption of production caused by a fire at one of their suppliers.

The Industrial segment ("Industrial") product sales increased 80.2%, or $289.5 million, to $650.6 million in Q2 2018 from Q2 2017. The sales increase was due to:

- increased sales related to the acquisition of MacDon;
- strong market share gains and increased volumes for telehandlers in North America;
- strong market share gains and increased volumes for booms in North America and Europe; and
- strong market share gains for scissors in Europe and increased volumes in North America; partially offset by
- an unfavourable impact on sales from the changes in foreign exchange rates from Q2 2017.

The Company's operating earnings for Q2 2018 were $272.3 million. This compares to $215.6 million in Q2 2017, an increase of $56.7 million.

[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").

Q2 2018 operating earnings for Transportation were lower by $22.7 million, or 14.1% over Q2 2017. The Transportation segment's earnings were impacted by the following:

- increased volumes from our light vehicle automotive customers in Europe;
- production volumes increasing on launching programs in North America and Europe;
- volume increase from our medium and heavy duty truck and off-highway vehicle customers;
- a favourable foreign exchange impact from the revaluation of the operating balances on the balance sheet from Q1 2018; offset by
- sales declines on mature higher margin programs, as detailed above, insufficiently offset by lower margins on programs in the early stages of launch;
- increased management, R&D and sales costs supporting growth;
- one-time restructuring costs incurred in Q2 2018; and
- an unfavorable impact on operating earnings from the changes in foreign exchange rates from Q2 2017.

Industrial segment operating earnings in Q2 2018 increased $79.4 million, or 146.8% from Q2 2017. The Industrial operating earnings results were predominantly driven by:

- increased earnings related to the acquisition of MacDon;
- net increase in access equipment volumes; and
- a favourable foreign exchange impact from the revaluation of the operating balances on the balance sheet from Q1 2018; partially offset by
- an unfavourable impact on operating earnings from the changes in foreign exchange rates from Q2 2017; and
- increased management, R&D, and sales costs supporting growth.

"We are thrilled to announce another quarter of record sales and earnings, both growing at a strong double digit level." said Linamar CEO Linda Hasenfratz. "Our diversification strategy is paying off in spades with our Industrial segment now rivalling Transportation in terms of earnings thanks to robust performance at both MacDon and Skyjack. Launches are doing a fantastic job of growing CPV and sales, both key to long term growth and quoting activity remains at a very high level. Our future has never looked brighter despite political uncertainty."

Dividends

The Board of Directors today declared an eligible dividend in respect to the quarter ended June 30, 2018 of CDN$0.12 per share on the common shares of the company, payable on or after September 12, 2018 to shareholders of record on August 24, 2018.

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; 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; 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 2018 Conference Call Information

Linamar will hold a webcast call on August 7, 2018 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 8482418, with a call-in required 10 minutes prior to the start of the conference call. The URL for the webcast is https://www.icastpro.ca/lin180807. 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 7, 2018 and at www.sedar.com by the start of business on August 8, 2018. A taped replay of the conference call will also be made available starting at 8:00 p.m. on August 7, 2018 for ten days. The number for replay is (855) 859-2056, Conference ID 8482418.

Q3 2018 Conference Call Information

Linamar will hold a webcast call on November 7, 2018 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 6058968, with a call-in required 10 minutes prior to the start of the conference call. The URL for the webcast is https://www.icastpro.ca/lin181107. The conference call will be chaired by Linda Hasenfratz, Linamar's Chief Executive Officer. A copy of the Company's quarterly/year-end financial statements, including the Management's Discussion & Analysis will be available on the Company's website after 4 p.m. EST on November 7, 2018 and at www.sedar.com by the start of business on November 8, 2018. A taped replay of the conference call will also be made available starting at 8:00 p.m. on November 7, 2018 for ten days. The number for replay is (855) 859-2056, Conference ID 6058968.

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 Transportation 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 powertrain, driveline and body systems designed for global electrified and traditionally powered vehicle and industrial markets. The Company's Skyjack and MacDon companies are noted for their innovative, high quality mobile industrial and harvesting equipment, notably class-leading aerial work platforms, telehandlers, draper headers and self-propelled windrowers. Linamar has more than 28,700 employees in 60 manufacturing locations, 8 R&D centers and 25 sales offices in 17 countries in North and South America, Europe and Asia which generated sales of $6.5 billion in 2017. 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 7, 2018

LINAMAR CORPORATION
Management's Discussion and Analysis
For the Quarter Ended June 30, 2018

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, 2018. This MD&A has been prepared as at August 7, 2018. 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 Transportation 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 powertrain, driveline and body systems designed for global electrified and traditionally powered vehicle and industrial markets. The Company's Skyjack and MacDon companies are noted for their innovative, high quality mobile industrial and harvesting equipment, notably class-leading aerial work platforms, telehandlers, draper headers and self-propelled windrowers. Linamar has more than 28,700 employees in 60 manufacturing locations, 8 R&D centers and 25 sales offices in 17 countries in North and South America, Europe and Asia which generated sales of $6.5 billion in 2017. 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 2018 ("Q2 2018") and 2017 ("Q2 2017"):

				Three Months Ended June 30				Six Months Ended June 30
(in millions of dollars, except content per vehicle figures)	2018 $	2017 $	+/- $	+/- %	2018 $	2017 $	+/- $	+/- %
Sales	2,157.4	1,766.2	391.2	22.1%	4,051.4	3,422.2	629.2	18.4%
Gross Margin	385.6	312.8	72.8	23.3%	701.6	596.8	104.8	17.6%
Operating Earnings (Loss)[1]	272.3	215.6	56.7	26.3%	487.3	407.8	79.5	19.5%
Attributable to Shareholders of the Company:								
Net Earnings (Loss)	197.1	161.9	35.2	21.7%	353.8	307.0	46.8	15.2%
Net Earnings (Loss) per Share – Diluted	2.98	2.45	0.53	21.6%	5.35	4.65	0.70	15.1%
Earnings before interest, taxes and amortization ("EBITDA")[1]	368.2	297.0	71.2	24.0%	674.3	576.7	97.6	16.9%
Operating Earnings (Loss) – Adjusted[1]	276.6	215.6	61.0	28.3%	491.6	407.8	83.8	20.5%
Net Earnings (Loss) – Adjusted[1]	200.3	161.9	38.4	23.7%	357.0	307.0	50.0	16.3%
Net Earnings (Loss) per Share – Diluted – Adjusted[1]	3.03	2.45	0.58	23.7%	5.40	4.65	0.75	16.1%
EBITDA – Adjusted[1]	372.5	297.0	75.5	25.4%	678.6	576.7	101.9	17.7%
Content per Vehicle – North America	165.44	160.71	4.73	2.9%	167.03	158.25	8.78	5.5%
Content per Vehicle – Europe	80.02	69.48	10.54	15.2%	79.06	67.75	11.31	16.7%
Content per Vehicle – Asia Pacific	9.11	10.72	(1.61)	(15.0%)	9.30	9.88	(0.58)	(5.9%)

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: Transportation 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, 2018.

			Three Months Ended June 30 2018			Three Months Ended June 30 2017
	Transportation	Industrial	Linamar	Transportation	Industrial	Linamar
(in millions of dollars)	$	$	$	$	$	$
Sales	1,506.8	650.6	2,157.4	1,405.1	361.1	1,766.2
Operating Earnings (Loss)	138.8	133.5	272.3	161.5	54.1	215.6
EBITDA	220.5	147.7	368.2	237.6	59.4	297.0
Operating Earnings (Loss) – Adjusted	141.9	134.7	276.6	161.5	54.1	215.6
EBITDA – Adjusted	223.6	148.9	372.5	237.6	59.4	297.0

			Six Months Ended June 30 2018			Six Months Ended June 30 2017
	Transportation	Industrial	Linamar	Transportation	Industrial	Linamar
(in millions of dollars)	$	$	$	$	$	$
Sales	3,003.3	1,048.1	4,051.4	2,774.2	648.0	3,422.2
Operating Earnings (Loss)	279.1	208.2	487.3	307.9	99.9	407.8
EBITDA	441.0	233.3	674.3	466.4	110.3	576.7
Operating Earnings (Loss) – Adjusted	282.2	209.4	491.6	307.9	99.9	407.8
EBITDA – Adjusted	444.1	234.5	678.6	466.4	110.3	576.7

Transportation Highlights

				Three Months Ended June 30				Six Months Ended June 30
	2018	2017	+/-	+/-	2018	2017	+/-	+/-
(in millions of dollars)	$	$	$	%	$	$	$	%
Sales	1,506.8	1,405.1	101.7	7.2%	3,003.3	2,774.2	229.1	8.3%
Operating Earnings (Loss)	138.8	161.5	(22.7)	(14.1%)	279.1	307.9	(28.8)	(9.4%)
EBITDA	220.5	237.6	(17.1)	(7.2%)	441.0	466.4	(25.4)	(5.4%)
Operating Earnings (Loss) – Adjusted	141.9	161.5	(19.6)	(12.1%)	282.2	307.9	(25.7)	(8.3%)
EBITDA – Adjusted	223.6	237.6	(14.0)	(5.9%)	444.1	466.4	(22.3)	(4.8%)

Sales for the Transportation segment ("Transportation") increased by $101.7 million, or 7.2% in Q2 2018 compared with Q2 2017. The sales in Q2 2018 were impacted by:

- additional sales from launching programs in North America and Europe;
- increased volumes from our light vehicle automotive customers in Europe; and
- additional sales from our medium and heavy duty truck and off-highway vehicle customers; offset by the following issues that had an impact on mature program volumes:
  - lower production volumes on programs in North America with key customers; and
  - lower volumes on programs due to a customer's disruption of production caused by a fire at one of their suppliers.

Year to date ("YTD") sales for Transportation increased by $229.1 million, or 8.3% compared to YTD Q2 2017. The factors that impacted Q2 2018 similarly impacted the YTD results with the addition of higher YTD sales resulting from favourable changes in foreign exchange rates since Q2 2017.

Q2 2018 operating earnings for Transportation were lower by $22.7 million, or 14.1% over Q2 2017. The Transportation segment's earnings were impacted by the following:

- increased volumes from our light vehicle automotive customers in Europe;
- production volumes increasing on launching programs in North America and Europe;
- volume increase from our medium and heavy duty truck and off-highway vehicle customers;
- a favourable foreign exchange impact from the revaluation of the operating balances on the balance sheet from Q1 2018; offset by
- sales declines on mature higher margin programs, as detailed above, insufficiently offset by lower margins on programs in the early stages of launch;
- increased management, R&D, and sales costs supporting growth;

- one-time restructuring costs incurred in Q2 2018; and
- an unfavorable impact on operating earnings from the changes in foreign exchange rates from Q2 2017.

The YTD operating earnings decreased by $28.8 million, or 9.4% compared with YTD Q2 2017. The factors that impacted Q2 2018 similarly impacted the YTD results.

Industrial Highlights

				Three Months Ended June 30				Six Months Ended June 30
	2018	2017	+/-	+/-	2018	2017	+/-	+/-
(in millions of dollars)	$	$	$	%	$	$	$	%
Sales	650.6	361.1	289.5	80.2%	1,048.1	648.0	400.1	61.7%
Operating Earnings (Loss)	133.5	54.1	79.4	146.8%	208.2	99.9	108.3	108.4%
EBITDA	147.7	59.4	88.3	148.7%	233.3	110.3	123.0	111.5%
Operating Earnings (Loss) – Adjusted	134.7	54.1	80.6	149.0%	209.4	99.9	109.5	109.6%
EBITDA – Adjusted	148.9	59.4	89.5	150.7%	234.5	110.3	124.2	112.6%

The Industrial segment ("Industrial") product sales increased 80.2%, or $289.5 million, to $650.6 million in Q2 2018 from Q2 2017. The sales increase was due to:

- increased sales related to the acquisition of Moray Marketing Ltd., parent company of MacDon and its Group of Companies ("MacDon");
- strong market share gains and increased volumes for telehandlers in North America;
- strong market share gains and increased volumes for booms in North America and Europe; and
- strong market share gains for scissors in Europe and increased volumes in North America; partially offset by
- an unfavourable impact on sales from the changes in foreign exchange rates from Q2 2017.

YTD sales for Industrial increased by $400.1 million, or 61.7% compared with YTD Q2 2017. The factors that impacted Q2 2018 similarly impacted the YTD results.

Industrial segment operating earnings in Q2 2018 increased $79.4 million, or 146.8% from Q2 2017. The Industrial operating earnings results were predominantly driven by:

- increased earnings related to the acquisition of MacDon;
- net increase in access equipment volumes; and
- a favourable foreign exchange impact from the revaluation of the operating balances on the balance sheet from Q1 2018; partially offset by
- an unfavourable impact on operating earnings from the changes in foreign exchange rates from Q2 2017; and
- increased management, R&D, and sales costs supporting growth.

The YTD operating earnings for Industrial increased by $108.3 million, or 108.4% compared with YTD Q2 2017. The factors that impacted Q2 2018 similarly 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	2018	2017	+/-	%	2018	2017	+/-	%
Vehicle Production Units [2]	4.53	4.58	(0.05)	(1.1%)	9.04	9.21	(0.17)	(1.8%)
Automotive Sales [1]	$ 748.7	$ 735.3	$ 13.4	1.8%	$ 1,510.3	$ 1,457.6	$ 52.7	3.6%
Content Per Vehicle [1]	$ 165.44	$ 160.71	$ 4.73	2.9%	$ 167.03	$ 158.25	$ 8.78	5.5%
Europe								
Vehicle Production Units	6.01	5.72	0.29	5.1%	11.88	11.57	0.31	2.7%
Automotive Sales	$ 480.8	$ 397.2	$ 83.6	21.0%	$ 939.3	$ 784.0	$ 155.3	19.8%
Content Per Vehicle	$ 80.02	$ 69.48	$ 10.54	15.2%	$ 79.06	$ 67.75	$ 11.31	16.7%
Asia Pacific								
Vehicle Production Units	12.14	11.48	0.66	5.7%	24.61	24.05	0.56	2.3%
Automotive Sales	$ 110.7	$ 123.1	$ (12.4)	(10.1%)	$ 228.9	$ 237.6	$ (8.7)	(3.7%)
Content Per Vehicle	$ 9.11	$ 10.72	$ (1.61)	(15.0%)	$ 9.30	$ 9.88	$ (0.58)	(5.9%)

North American automotive sales for Q2 2018 increased 1.8% from Q2 2017 in a market that saw a decrease of 1.1% in production volumes for the same period. As a result, content per vehicle in Q2 2018 increased 2.9% from $160.71 to $165.44. The increase in North American content per vehicle was a result of increases on launching programs and increases in volumes over market production from certain light vehicle customers partially offset by the issue impacting mature volumes noted above in the Transportation Highlights.

European automotive sales for Q2 2018 increased 21.0% from Q2 2017 in a market that saw an increase of 5.1% in production volumes for the same period. As a result, content per vehicle in Q2 2018 increased 15.2% from $69.48 to a new record of $80.02. The increase in European content per vehicle was a result of increases in volumes over market production from certain light vehicle customers and increases on launching programs.

Asia Pacific automotive sales for Q2 2018 decreased 10.1% from Q2 2017 in a market that saw an increase of 5.7% in production volumes for the same period. As a result, content per vehicle in Q2 2018 decreased 15.0% from $10.72 to $9.11. The decrease in Asian CPV was a result of lower mature volumes for certain customer platforms that the company has significant business with.

[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 2018	Three Months Ended June 30 2017	Six Months Ended June 30 2018	Six Months Ended June 30 2017
Sales	$ 2,157.4	$ 1,766.2	$ 4,051.4	$ 3,422.2
Cost of Sales before Amortization	1,680.8	1,373.1	3,170.0	2,663.7
Amortization	91.0	80.3	179.8	161.7
Cost of Sales	1,771.8	1,453.4	3,349.8	2,825.4
Gross Margin	$ 385.6	$ 312.8	$ 701.6	$ 596.8
Gross Margin Percentage	17.9%	17.7%	17.3%	17.4%

Gross margin percentage increased to 17.9% in Q2 2018 from 17.7% in Q2 2017. Cost of sales before amortization as a percentage of sales increased in Q2 2018 to 77.9% compared to 77.7% for the same quarter of last year. The improved gross margin between Q2 2018 and Q2 2017 is a result of the items discussed earlier in this analysis such as:

- Increased margins related to the acquisition of MacDon;
- increased earnings as a result of increased volumes in both segments; partially offset by
- sales declines on mature higher margin programs, as detailed above, insufficiently offset by lower margins on programs in the early stages of launch; and
- an unfavourable foreign exchange impact from the changes in foreign exchange rates.

Q2 2018 amortization increased to $91.0 million from $80.3 million in Q2 2017 due to the additional expenses from the acquisition of MacDon and increased expenses related to launching programs. Amortization as a percentage of sales decreased to 4.2% of sales as compared to 4.5% in Q2 2017.

YTD Q2 2018 gross margin decreased to 17.3% from 17.4% in the same period of 2017. The decrease 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 2018	Three Months Ended June 30 2017	Six Months Ended June 30 2018	Six Months Ended June 30 2017
Selling, general and administrative	$ 122.7	$ 90.0	$ 229.2	$ 181.1
SG&A Percentage	5.7%	5.1%	5.7%	5.3%

Selling, general and administrative ("SG&A") costs increased in Q2 2018 to $122.7 million from $90.0 million and increased as a percentage of sales to 5.7% from 5.1% when compared to Q2 2017 due to additional expenses from the acquisition of MacDon, additional management, R&D, and sales costs supporting growth, and one-time restructuring costs incurred in Q2 2018.

On a 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, increasing as a percentage of sales to 5.7% from 5.3% when compared to YTD Q2 2017.

Finance Expense and Income Taxes

(in millions of dollars)	Three Months Ended June 30 2018 $	Three Months Ended June 30 2017 $	Six Months Ended June 30 2018 $	Six Months Ended June 30 2017 $
Operating Earnings (Loss)	272.3	215.6	487.3	407.8
Share of Net Earnings (Loss) of Investments Accounted for Using the Equity Method	(2.8)	(1.4)	(5.6)	(2.6)
Finance Income and (Expenses)	(12.6)	(2.9)	(21.9)	(5.8)
Provision for (Recovery of) Income Taxes	59.8	49.4	106.0	92.4
Net Earnings (Loss)	197.1	161.9	353.8	307.0

Finance Expenses

Finance expenses increased $9.7 million in Q2 2018 from $2.9 million in Q2 2017 to $12.6 million due to:

- an increase in Canadian debt levels due to the acquisition of MacDon in Q1 2018;
- a higher borrowing spread due to the change in the covenant ratio after the MacDon acquisition;
- higher interest rates due to the Bank of Canada rate hikes in Q3 2017 and Q1 2018; partially offset by
- higher interest earned on the investment of excess cash and long-term receivable balances; and

- repayment of private placement debt which has been replaced with floating debt with lower interest rates.

YTD Q2 2018 finance expenses increased $16.1 million compared to YTD Q2 2017 to $21.9 million and was a result of the same factors as described above for Q2 2018.

The consolidated effective interest rate for Q2 2018 increased to 2.8% compared to 2.2% in Q2 2017. The increase in the effective interest rate was driven by the change in the borrowing spread due to the MacDon acquisition, coupled with recent Bank of Canada interest rate hikes.

The increase in effective interest rate of 2.7% YTD Q2 2018 versus 2.1% YTD Q2 2017 is due to the same factors listed above.

Income Taxes

The effective tax rate for Q2 2018 was 23.3%, a slight decrease from the 23.4% rate in the same quarter of 2017. The effective tax rate in Q2 2018 was:

- reduced due to decreasing tax rates in foreign jurisdictions; offset by
- an increase due to the higher effective tax rate on income from our acquisition of MacDon.

The Q2 2018 YTD effective tax rate is 23.1%, the same as for Q2 2017 YTD. The Q2 2018 YTD effective tax rate was impacted by the same factors as described for Q2 2018.

TOTAL EQUITY

Book value per share[1] increased to $53.71 per share at June 30, 2018 as compared to $47.63 per share at December 31, 2017.

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

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares, of which 65,354,495 common shares were outstanding as of August 7, 2018. The Company's common shares constitute its only class of voting securities. As of August 7, 2018, there were 1,591,876 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, 2016 through June 30, 2018. 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.

	June 30 2018	Mar 31 2018	Dec 31 2017	Sep 30 2017	Jun 30 2017	Mar 31 2017	Dec 31 2016	Sep 30 2016
(in millions of dollars, except per share figures)	$	$	$	$	$	$	$	$
Sales	2,157.4	1,893.9	1,574.5	1,549.7	1,766.2	1,656.0	1,374.8	1,455.5
Net Earnings (Loss) Attributable to Shareholders of the Company	197.1	156.6	135.1	107.3	161.9	145.1	116.1	122.2
Net Earnings (Loss) per Share Attributable to Shareholders of the Company:								
Basic	3.02	2.40	2.07	1.64	2.48	2.22	1.78	1.88
Diluted	2.98	2.37	2.04	1.62	2.45	2.20	1.76	1.86

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 Transportation segment, vehicle production is typically at its lowest level during the third and fourth quarters due to lower OEM production schedules resulting from shutdowns related to summer and winter maintenance, and model changeovers. The Company takes advantage of summer and winter shutdowns for maintenance activities that would otherwise disrupt normal production schedules.

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

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

	Three Months Ended June 30		Six Months Ended June 30	
	2018	2017	2018	2017
(in millions of dollars)	$	$	$	$
Cash generated from (used in):				
Operating Activities	171.0	211.9	206.8	270.4
Financing Activities	(67.5)	(31.5)	1,180.5	25.6
Investing Activities	(124.9)	(104.4)	(1,419.6)	(200.0)
Effect of translation adjustment on cash	(16.8)	(3.6)	10.3	9.6
Net Increase (Decrease) in Cash Position	(38.2)	72.4	(22.0)	105.6
Cash and Cash Equivalents – Beginning of Period	455.3	438.2	439.1	405.0
Cash and Cash Equivalents – End of Period	417.1	510.6	417.1	510.6
Comprised of:				
Cash in bank	298.0	314.7	298.0	314.7
Short-term deposits	144.9	200.8	144.9	200.8
Unpresented Cheques	(25.8)	(4.9)	(25.8)	(4.9)
	417.1	510.6	417.1	510.6

The Company's cash and cash equivalents (net of unpresented cheques) at June 30, 2018 were $417.1 million, a decrease of $93.5 million compared to June 30, 2017.

Cash generated from operating activities was $171.0 million, a decrease of $40.9 million from Q2 2017 due to more cash being used to fund the net change in operating assets, partially offset by increased earnings. YTD cash generated from operating activities was $206.8 million, $63.6 million less than was provided in YTD Q2 2017, primarily due to more cash being used to fund the net change in operating assets, partially offset by an increase in net earnings over YTD Q2 2017.

During the quarter, financing activities used $67.5 million of cash compared to $31.5 million in Q2 2017. YTD financing activities provided $1,180.5 million compared to $25.6 million YTD Q2 2017, which was primarily used in Q1 2018 to fund the purchase of MacDon.

Investing activities used $124.9 million in Q2 2018 compared to $104.4 million used in Q2 2017 mainly for the purchase of property, plant and equipment. Investing activities used $1,419.6 million in YTD Q2 2018 mainly for the acquisition of MacDon and the purchase of property, plant and equipment.

Operating Activities

	Three Months Ended June 30		Six Months Ended June 30	
	2018	2017	2018	2017
(in millions of dollars)	$	$	$	$
Net earnings (loss) for the Period Attributable to Shareholders of the Company	197.1	161.9	353.8	307.0
Adjustments to earnings	107.7	86.1	212.0	174.3
	304.8	248.0	565.8	481.3
Changes in operating assets and liabilities	(133.8)	(36.1)	(359.0)	(210.9)
Cash generated from (used in) operating activities	171.0	211.9	206.8	270.4

Cash generated by operations before the effect of changes in operating assets and liabilities increased $56.8 million in Q2 2018 to $304.8 million, compared to $248.0 million in Q2 2017. YTD cash generated from operations before the effect of changes in non-cash working capital increased $84.5 million to $565.8 million from $481.3 million in YTD Q2 2017.

Changes in operating assets and liabilities for Q2 2018 increased $133.8 million and YTD increased $359.0 primarily due to increases in accounts receivable resulting from the seasonally high period for sales and sizeable sales growth occurring in both Q2 2018 and YTD Q2 2018.

Financing Activities

(in millions of dollars)	Three Months Ended June 30 2018 $	2017 $	Six Months Ended June 30 2018 $	2017 $
Proceeds from (repayments of) short-term borrowings	(0.5)	(4.0)	3.9	(2.7)
Proceeds from (repayments of) long-term debt	(13.8)	(15.3)	1,237.2	48.3
Proceeds from exercise of stock options	-	0.2	-	0.4
Dividends	(15.7)	(15.7)	(15.7)	(15.7)
Interest received (paid)	(37.5)	3.3	(44.9)	(4.7)
Cash generated from (used in) financing activities	(67.5)	(31.5)	1,180.5	25.6

Financing activities for Q2 2018 used $67.5 million of cash compared to $31.5 million used in Q2 2017. Financing activities for YTD Q2 2018 provided $1,180.5 million of cash compared to $25.6 million provided in YTD Q2 2017 due to the proceeds from long-term debt used to fund the purchase of MacDon in Q1 2018.

Investing Activities

(in millions of dollars)	Three Months Ended June 30 2018 $	2017 $	Six Months Ended June 30 2018 $	2017 $
Payments for purchase of property, plant and equipment	(119.7)	(100.8)	(237.3)	(194.3)
Proceeds on disposal of property, plant and equipment	3.0	4.6	5.1	6.8
Payments for purchase of intangible assets	(8.2)	(4.4)	(12.0)	(7.6)
Business acquisitions, net of cash acquired	-	-	(1,175.4)	(1.1)
Other	-	(3.8)	-	(3.8)
Cash generated from (used in) investing activities	(124.9)	(104.4)	(1,419.6)	(200.0)

Cash used for investing activities for Q2 2018 was $124.9 million compared to Q2 2017 at $104.4 million primarily due the purchase of property, plant and equipment. YTD Q2 2018 cash spent on investing activities increased to $1,419.6 million compared to YTD Q2 2017 at $200.0 million which was primarily related to the acquisition of MacDon in Q1 2018.

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, 2018, cash including short-term deposits (net of unpresented cheques) was $417.1 million and the Company's credit facilities had available credit of $595.3 million.

Commitments and Contingencies

Please see the Company's December 31, 2017 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, 2017.

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 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 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.

A portion of the Company's Euro denominated debt 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, 2017.

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, 2017. Such obligations have not changed significantly during 2018.

CURRENT AND PROPOSED TRANSACTIONS

On February 1, 2018, the Company completed its acquisition of 100% of the outstanding equity interest of MacDon for a preliminary purchase price of $1,298.9 million comprised of $1,223.9 million in cash consideration and an assumed liability of $75.0 million. The liability was immediately extinguished using a portion of the acquired cash of MacDon. The preliminary purchase price of $1,298.9 million includes cash acquired for a net acquisition cash impact of $1,175.4 million. Headquartered in Winnipeg, Manitoba, Canada, MacDon is a global innovative market leader in the design and manufacturing of specialized agriculture harvesting equipment such as drapers and self-propelled windrowers.

Due to the timing of the close and complexities associated with the 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 $450.7 million to goodwill as the current unallocated portion of the purchase price. The Company will update this balance and disclose the full purchase price allocation when the determination of the fair value is complete.

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; 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, 2018. These risk factors, as well as the other information contained in this MD&A, the Company's December 31, 2017 annual MD&A, and the Company's December 31, 2017 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, 2018, which have materially affected, or are 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 MacDon business, which the Company acquired 100% of the then outstanding shares on February 1, 2018. The chart below presents the summary financial information of MacDon:

(in millions of dollars)	Three Months Ended June 30, 2018 $	Six Months Ended June 30, 2018 $
Sales	201.7	283.3
Net Earnings (Loss)	46.1	60.9
Current Assets	420.6	420.6
Non-Current Assets	1,133.5	1,133.5
Current Liabilities	152.7	152.7
Non-Current Liabilities	116.9	116.9

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, 2017 consolidated annual financial statements and June 30, 2018 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, 2017, and the consolidated interim financial statements for the quarter ended June 30, 2018 for information regarding the accounting changes effective January 1, 2018.

NON-GAAP AND ADDITIONAL GAAP MEASURES

Non-GAAP Measures

The Company uses certain non-GAAP financial measures including operating earnings (loss) – adjusted, net earnings (loss) – adjusted, net earnings (loss) per share – diluted – 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 unusual 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.

Unusual Items

During Q2 2018, an unusual item related to restructuring has adjusted both the Transportation and Industrial segment's earnings as reflected in the tables below:

				Three Months Ended June 30				Six Months Ended June 30
	2018	2017	+/-	+/-	2018	2017	+/-	+/-
(in millions of dollars)	$	$	$	%	$	$	$	%
Operating Earnings (Loss)	272.3	215.6	56.7	26.3%	487.3	407.8	79.5	19.5%
Unusual Item	4.3	-	4.3	100.0%	4.3	-	4.3	100.0%
Operating Earnings (Loss) – Adjusted	276.6	215.6	61.0	28.3%	491.6	407.8	83.8	20.5%
Net Earnings (Loss)	197.1	161.9	35.2	21.7%	353.8	307.0	46.8	15.2%
Unusual Item	4.3	-	4.3	100.0%	4.3	-	4.3	100.0%
Tax impact	(1.1)	-	(1.1)	100.0%	(1.1)	-	(1.1)	100.0%
Net Earnings (Loss) – Adjusted	200.3	161.9	38.4	23.7%	357.0	307.0	50.0	16.3%
Net Earnings (Loss) per share – Diluted	2.98	2.45	0.53	21.6%	5.35	4.65	0.70	15.1%
Unusual Item	0.07	-	0.07	100.0%	0.07	-	0.07	100.0%
Tax impact	(0.02)	-	(0.02)	100.0%	(0.02)	-	(0.02)	100.0%
Net Earnings (Loss) per share – Diluted – Adjusted	3.03	2.45	0.58	23.7%	5.40	4.65	0.75	16.1%
EBITDA	368.2	297.0	71.2	24.0%	674.3	576.7	97.6	16.9%
Unusual Item	4.3	-	4.3	100.0%	4.3	-	4.3	100.0%
EBITDA – Adjusted	372.5	297.0	75.5	25.4%	678.6	576.7	101.9	17.7%

			Three Months Ended June 30, 2018			Six Months Ended June 30, 2018
	Transportation	Industrial	Linamar	Transportation	Industrial	Linamar
(in millions of dollars)	$	$	$	$	$	$
Operating Earnings (Loss)	138.8	133.5	272.3	279.1	208.2	487.3
EBITDA	220.5	147.7	368.2	441.0	233.3	674.3
Unusual Item	3.1	1.2	4.3	3.1	1.2	4.3
Operating Earnings (Loss) – Adjusted	141.9	134.7	276.6	282.2	209.4	491.6
EBITDA – Adjusted	223.6	148.9	372.5	444.1	234.5	678.6

Operating Earnings (Loss) – Adjusted

The Company believes operating earnings (loss) – adjusted is useful in assessing the Company's underlying operational performance and in making decisions regarding the ongoing operations of the business. Operating earnings (loss) – adjusted is calculated as operating 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 "Unusual Items" section above for a description of the unusual items impacting the operational performance discussed in this MD&A and a reconciliation of GAAP operating earnings (loss) to operating earnings (loss) – adjusted.

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 "Unusual Items" section above for a description of the unusual items impacting the operational performance discussed in this MD&A and a reconciliation of GAAP net earnings (loss) to net earnings (loss) – adjusted.

Net Earnings (Loss) per Share – Diluted – Adjusted

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

EBITDA – Adjusted

The Company believes EBITDA – adjusted is useful in assessing the Company's underlying operational performance and in making decisions regarding the ongoing operations of the business. EBITDA – adjusted is calculated as EBITDA, as defined in "Additional GAAP Measures" below, and 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 "Unusual Items" section above for a description of the unusual items impacting the operational performance discussed in this MD&A and a reconciliation of GAAP EBITDA to EBITDA – adjusted.

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 2018	December 31 2017
Total equity	$ 3,510.2	$ 3,112.8
Shares outstanding at the end of the period	65,354,495	65,354,495
Book value per share	$ 53.71	$ 47.63

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.

EBITDA
EBITDA is calculated as net earnings (loss) before interest, income taxes, and amortization. Please see the notes to the consolidated interim financial statements for the quarter ended June 30, 2018 for the calculation. 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, 2018	Three Months Ended		Year to Date	
	Mar 31	Jun 30	Mar 31	Jun 30
North America	2018	2018	2018	2018
Vehicle Production Units	4.52	4.53	4.52	9.04
Automotive Sales	$ 761.6	$ 748.7	$ 761.6	$ 1,510.3
Content Per Vehicle	$ 168.61	$ 165.44	$ 168.61	$ 167.03
Europe				
Vehicle Production Units	5.87	6.01	5.87	11.88
Automotive Sales	$ 458.5	$ 480.8	$ 458.5	$ 939.3
Content Per Vehicle	$ 78.08	$ 80.02	$ 78.08	$ 79.06
Asia Pacific				
Vehicle Production Units	12.47	12.14	12.47	24.61
Automotive Sales	$ 118.3	$ 110.7	$ 118.3	$ 228.9
Content Per Vehicle	$ 9.49	$ 9.11	$ 9.49	$ 9.30

Estimates as of March 31, 2018	Three Months Ended	Year to Date
	Mar 31	Mar 31
North America	2018	2018
Vehicle Production Units	4.54	4.54
Automotive Sales	$ 772.0	$ 772.0
Content Per Vehicle	$ 170.02	$ 170.02
Europe		
Vehicle Production Units	5.91	5.91
Automotive Sales	$ 453.2	$ 453.2
Content Per Vehicle	$ 76.66	$ 76.66
Asia Pacific		
Vehicle Production Units	12.37	12.37
Automotive Sales	$ 121.2	$ 121.2
Content Per Vehicle	$ 9.80	$ 9.80

Change in Estimates from Prior Quarter	Three Months Ended	Year to Date
	Mar 31	Mar 31
	2018	2018
North America	+/-	+/-
Vehicle Production Units	(0.02)	(0.02)
Automotive Sales	$ (10.4)	$ (10.4)
Content Per Vehicle	$ (1.41)	$ (1.41)
Europe		
Vehicle Production Units	(0.04)	(0.04)
Automotive Sales	$ 5.3	$ 5.3
Content Per Vehicle	$ 1.42	$ 1.42
Asia Pacific		
Vehicle Production Units	0.10	0.10
Automotive Sales	$ (2.9)	$ (2.9)
Content Per Vehicle	$ (0.31)	$ (0.31)

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; 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; 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, 2018 with comparatives as at December 31, 2017 (Unaudited)
(in thousands of Canadian dollars)

	June 30 2018 $	December 31 2017 $
ASSETS		
Cash and cash equivalents	417,053	439,064
Accounts and other receivables	1,610,750	1,083,322
Inventories	1,050,528	791,670
Income taxes recoverable	48,923	33,145
Current portion of long-term receivables (Note 6)	137,490	103,276
Current portion of derivative financial instruments (Note 6)	1,706	1,333
Other current assets	25,205	25,387
Current Assets	3,291,655	2,477,197
Long-term receivables (Note 6)	399,136	304,514
Property, plant and equipment	2,462,175	2,209,884
Investments accounted for using the equity method	4,637	9,263
Intangible assets	864,077	287,827
Goodwill	944,951	485,610
Derivative financial instruments (Note 6)	31,839	25,854
Deferred tax assets	50,437	51,074
Assets	8,048,907	5,851,223
LIABILITIES		
Short-term borrowings	12,855	8,836
Accounts payable and accrued liabilities	1,595,388	1,215,803
Provisions	38,944	31,486
Income taxes payable	58,634	33,446
Current portion of long-term debt (Notes 6, 7)	9,567	6,399
Current Liabilities	1,715,388	1,295,970
Long-term debt (Notes 6, 7)	2,551,147	1,288,826
Deferred tax liabilities	272,175	153,589
Liabilities	4,538,710	2,738,385
EQUITY		
Capital stock	122,393	122,393
Retained earnings	3,237,800	2,904,552
Contributed surplus	26,622	25,027
Accumulated other comprehensive earnings (loss)	123,382	60,866
Equity	3,510,197	3,112,838
Liabilities and Equity	8,048,907	5,851,223

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

On behalf of the Board of Directors:

(Signed) "Frank Hasenfratz"

Frank Hasenfratz
Director

(Signed) "Linda Hasenfratz"

Linda Hasenfratz
Director

LINAMAR CORPORATION

Consolidated Interim Statements of Earnings

For the six months ended June 30, 2018 and June 30, 2017 (Unaudited)
(in thousands of Canadian dollars, except per share figures)

	Three Months Ended June 30		Six Months Ended June 30	
	2018	2017	2018	2017
	$	$	$	$
Sales	2,157,437	1,766,244	4,051,359	3,422,232
Cost of sales	1,771,873	1,453,410	3,349,722	2,825,447
Gross Margin	385,564	312,834	701,637	596,785
Selling, general and administrative	122,622	90,044	229,223	181,141
Other income and (expenses) (Note 8)	9,405	(7,188)	14,878	(7,881)
Operating Earnings (Loss)	272,347	215,602	487,292	407,763
Share of net earnings (loss) of investments accounted for using the equity method	(2,843)	(1,390)	(5,564)	(2,623)
Finance income and (expenses) (Note 9)	(12,568)	(2,876)	(21,889)	(5,761)
Net Earnings (Loss) before Income Taxes	256,936	211,336	459,839	399,379
Provision for (recovery of) income taxes	59,816	49,410	106,084	92,342
Net Earnings (Loss) for the Period	197,120	161,926	353,755	307,037
Net Earnings (Loss) Per Share:				
Basic	3.02	2.48	5.41	4.70
Diluted	2.98	2.45	5.35	4.65

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, 2018 and June 30, 2017 (Unaudited)
(in thousands of Canadian dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2018 $	2017 $	2018 $	2017 $
Net Earnings (Loss) for the Period	197,120	161,926	353,755	307,037
Items that may be reclassified subsequently to net income				
Unrealized gains (losses) on translating financial statements of foreign operations	(97,408)	50,241	81,468	75,676
Change in foreign exchange gains (losses) on long-term debt designated as a net investment hedge	31,304	(38,314)	(17,896)	(41,328)
Change in unrealized gains (losses) on derivative instruments designated as cash flow hedges	3,301	(7,646)	6,613	(11,799)
Tax impact of change in unrealized gains (losses) on derivative instruments designated as cash flow hedges	(825)	1,912	(1,653)	2,950
Reclassification to earnings of gains (losses) on cash flow hedges	(3,419)	9,100	(8,021)	12,246
Tax impact of reclassification to earnings of gains (losses) on cash flow hedges	855	(2,276)	2,005	(3,062)
Other Comprehensive Earnings (Loss)	(66,192)	13,017	62,516	34,683
Comprehensive Earnings (Loss) for the Period	130,928	174,943	416,271	341,720

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, 2018 and June 30, 2017 (Unaudited)
(in thousands of Canadian dollars)

	Capital stock $	Retained earnings $	Contributed surplus $	Cumulative translation adjustment $	Hedging reserves $	Total Equity $
Balance at December 31, 2017	122,393	2,904,552	25,027	61,564	(698)	3,112,838
Adjustment on adoption of IFRS 9 (Note 3)	-	(4,822)	-	-	-	(4,822)
Balance at January 1, 2018	122,393	2,899,730	25,027	61,564	(698)	3,108,016
Net Earnings (Loss)	-	353,755	-	-	-	353,755
Other comprehensive earnings (loss)	-	-	-	63,572	(1,056)	62,516
Comprehensive Earnings (Loss)	-	353,755	-	63,572	(1,056)	416,271
Share-based compensation	-	-	1,595	-	-	1,595
Dividends	-	(15,685)	-	-	-	(15,685)
Balance at June 30, 2018	122,393	3,237,800	26,622	125,136	(1,754)	3,510,197

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

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, 2018 and June 30, 2017 (Unaudited)
(in thousands of Canadian dollars)

	Three Months Ended	June 30	Six Months Ended	June 30
	2018	2017	2018	2017
	$	$	$	$
Cash generated from (used in)				
Operating Activities				
Net Earnings (Loss) for the Period Attributable to Shareholders of the Company	197,120	161,926	353,755	307,037
Adjustments for:				
Amortization of property, plant and equipment	83,370	74,196	165,398	150,263
Amortization of other intangible assets	9,650	6,902	18,052	13,192
Deferred income taxes	1,238	2,518	1,927	2,818
Property, plant and equipment impairment provision, net of reversals	(386)	(3,030)	(1,224)	(3,030)
Share-based compensation	797	573	1,595	1,145
Finance (income) and expenses	12,568	2,876	21,889	5,761
Other	483	2,038	4,412	4,133
	304,840	247,999	565,804	481,319
Changes in operating assets and liabilities:				
(Increase) decrease in accounts and other receivables	(149,292)	(46,707)	(352,353)	(285,859)
(Increase) decrease in inventories	11,924	34,979	(78,754)	21,822
(Increase) decrease in other current assets	237	1,031	3,234	2,652
(Increase) decrease in long-term receivables	(50,543)	(64,628)	(114,911)	(116,008)
Increase (decrease) in income taxes	15,381	6,973	5,360	(23,832)
Increase (decrease) in accounts payable and accrued liabilities	38,939	29,705	178,326	186,514
Increase (decrease) in provisions	(536)	2,518	61	3,833
	(133,890)	(36,129)	(359,037)	(210,878)
Cash generated from (used in) operating activities	170,950	211,870	206,767	270,441
Financing Activities				
Proceeds from (repayments of) short-term borrowings	(528)	(4,045)	3,948	(2,698)
Proceeds from (repayments of) long-term debt	(13,838)	(15,320)	1,237,153	48,268
Proceeds from exercise of stock options	-	160	-	413
Dividends	(15,685)	(15,666)	(15,685)	(15,666)
Interest received (paid)	(37,464)	3,342	(44,876)	(4,783)
Cash generated from (used in) financing activities	(67,515)	(31,529)	1,180,540	25,534
Investing Activities				
Payments for purchase of property, plant and equipment	(119,717)	(100,823)	(237,303)	(194,273)
Proceeds on disposal of property, plant and equipment	3,004	4,637	5,103	6,794
Payments for purchase of intangible assets	(8,141)	(4,387)	(12,042)	(7,619)
Business acquisitions, net of cash acquired (Note 12)	-	-	(1,175,356)	(1,060)
Other	-	(3,834)	-	(3,834)
Cash generated from (used in) investing activities	(124,854)	(104,407)	(1,419,598)	(199,992)
	(21,419)	75,934	(32,291)	95,983
Effect of translation adjustment on cash	(16,793)	(3,541)	10,280	9,628
Increase (decrease) in cash and cash equivalents	(38,212)	72,393	(22,011)	105,611
Cash and cash equivalents - Beginning of Period	455,265	438,184	439,064	404,966
Cash and cash equivalents - End of Period	417,053	510,577	417,053	510,577
Comprised of:				
Cash in bank	297,976	314,738	297,976	314,738
Short-term deposits	144,894	200,807	144,894	200,807
Unpresented cheques	(25,817)	(4,968)	(25,817)	(4,968)
	417,053	510,577	417,053	510,577

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

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, 2018 were authorized for issue in accordance with a resolution of the Company's Board of Directors on August 7, 2018.

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, 2017, except as described in Note 3. These policies have been consistently applied to all periods presented, unless otherwise stated.

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

These interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting. Accordingly, certain information and footnotes as required in the annual financial statements have been omitted or condensed and as such these interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2017. These interim financial statements and the notes thereto have not been reviewed by the Company's external auditors pursuant to a review engagement applying review standards set out in the Canadian Chartered Professional Accountants handbook.

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

3 Changes in Accounting Policies

New Standards and Amendments Adopted
Certain new standards and amendments became effective during the current fiscal year. The impact from the adoption of these new standards and amendments are reflected below.

IFRS 15 Revenue from Contracts with Customers
The Company has adopted IFRS 15 Revenue from Contracts with Customers ("new revenue standard") as issued in May 2014. In accordance with the transition provisions in IFRS 15 the new rules have been adopted using the modified retrospective method to those contracts which were not completed as of January 1, 2018. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The new revenue standard establishes a framework for determining the nature, amount, and timing of revenue recognition, which the Company has incorporated into its accounting policies. For its significant revenue streams including sale of products and equipment, sale of customer owned assets, and engineering services, the Company identified the impact of each of the five steps of the revenue standard compared to prior policies, concluding there were no significant differences. The Company did not record an adjustment to opening retained earnings as the impact was insignificant. The Company expects the impact of the adoption of the new revenue standard to be insignificant to net earnings for the current year.

IFRS 9 Financial Instruments
The Company has adopted IFRS 9 Financial Instruments as issued in July 2014. In accordance with the transitional provisions in the standard, comparative figures have not been restated. The adopted standard resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements.

IFRS 9 replaces the provisions of IAS 39 and introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and an updated approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

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

On January 1, 2018, the Company assessed which business models apply to the financial assets held and has classified its financial instruments into the appropriate IFRS 9 categories. These reclassifications did not have an impact on the measurement categories. On the date of adoption, the Company applied the simplified approach, as defined in IFRS 9, to provide for expected credit losses for accounts and other receivables and long-term receivables which resulted in a $4,822 decrease to opening retained earnings (Note 6). Upon transition the Company's derivatives continue to meet the hedging criteria, therefore the fair values flow through other comprehensive income under both IAS 39 and IFRS 9.

New Standards and Interpretations Not Yet Adopted
At the date of authorization of these interim financial statements, there were no new standards, amendments and interpretations to existing standards that were relevant to the Company.

4 Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions or conditions. Management's most critical estimates and assumptions in determining the value of assets and liabilities and most critical judgements in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year have been set out in Note 5 of the Company's annual financial statements for the year ended December 31, 2017.

5 Seasonality

Historically, earnings in the second quarter, for the Industrial segment, are positively impacted by the high selling season for both the access equipment and agricultural businesses. For the Transportation segment, vehicle production is typically at its lowest level during the third and fourth quarters due to lower original equipment manufacturers production schedules resulting from shutdowns related to summer and winter maintenance, and model changeovers. The Company takes advantage of summer and winter shutdowns for maintenance activities that would otherwise disrupt normal production schedules.

6 Fair Value of Financial Instruments

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

			June 30, 2018		December 31, 2017
	Subsequent Measurement	Carrying Value Asset (Liability) $	Fair Value $	Carrying Value Asset (Liability) $	Fair Value $
Long-term receivables	Amortized cost (Level 2)	536,626	535,563	407,790	413,064
Derivative financial instruments					
US dollar interest payment forward contracts	Fair value (Level 2)	5,592	5,592	5,077	5,077
US dollar debt principal forward contracts	Fair value (Level 2)	27,953	27,953	22,110	22,110
Long-term debt designated as net investment hedge	Amortized cost (Level 2)	(943,779)	(868,747)	(925,883)	(847,296)
Long-term debt, other	Amortized cost (Level 2)	(1,616,935)	(1,608,910)	(369,342)	(357,801)

With the adoption of IFRS 9 on January 1, 2018, the Company applied the simplified approach, as defined in IFRS, to providing for expected credit losses for accounts and other receivables and long-term receivables which resulted in a decrease in the carrying value of these financial assets by $759 and $4,063 respectively, which are carried net of their respective loss allowances.

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

7 Long-Term Debt

	June 30 2018 $	December 31 2017 $
Senior unsecured notes	170,900	162,868
Bank borrowings	2,311,122	1,053,956
Obligations under finance leases	11,148	13,216
Government borrowings	67,544	65,185
	2,560,714	1,295,225
Less: current portion	9,567	6,399
	2,551,147	1,288,826

As of June 30, 2018, $595,271 was available under the various credit facilities.

8 Other Income and (Expenses)

	Three Months Ended	June 30	Six Months Ended	June 30
	2018 $	2017 $	2018 $	2017 $
Foreign exchange gain (loss)	9,150	(7,295)	14,540	(8,338)
Other income (expense)	255	107	338	457
	9,405	(7,188)	14,878	(7,881)

9 Finance Income and (Expenses)

	Three Months Ended	June 30	Six Months Ended	June 30
	2018 $	2017 $	2018 $	2017 $
Interest on long-term debt	(18,417)	(7,495)	(32,006)	(16,613)
Foreign exchange gain (loss) on debt and derivatives	(312)	(875)	(1,476)	807
Interest earned	7,905	6,792	14,801	12,504
Other	(1,744)	(1,298)	(3,208)	(2,459)
	(12,568)	(2,876)	(21,889)	(5,761)

10 Commitments

As at June 30, 2018, outstanding commitments for capital expenditures under purchase orders and contracts amounted to $344,666 (June 30, 2017 - $185,935). Of this amount, $339,911 (June 30, 2017 - $180,596) relates to the purchase of manufacturing equipment and $4,755 (June 30, 2017 - $5,339) relates to general contracting and construction costs in respect of plant construction. The majority of these commitments are due within the next twelve months.

11 Segmented Information

Management has determined the operating segments based on the reports reviewed by the Senior Executive Group that are used to make strategic decisions.

Transportation: The Transportation segment derives revenues primarily from the collaborative design, development and manufacture of precision metallic components, modules and systems for global vehicle markets.

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

The segments are differentiated by the products that each produces and reflects how the Senior Executive Group manages the business. Corporate headquarters and other small operating entities are allocated to the Transportation and Industrial operating segments accordingly.

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

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

The Company derives revenue from the transfer of goods and services at a point in time and over time in the following operating segments. These segments best depict how economic factors affect the nature, amount, timing and uncertainty of revenue and cash flows.

	Three Months Ended June 30, 2018				Six Months Ended June 30, 2018				
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	EBITDA	Sales to external customers	Inter-segment sales	Operating earnings (loss)	EBITDA	Total identifiable assets
	$	$	$	$	$	$	$	$	$
Transportation	1,506,845	12,891	138,784	220,465	3,003,271	23,967	279,070	440,988	5,261,419
Industrial	650,592	1,158	133,563	147,704	1,048,088	1,798	208,222	233,279	2,787,488
Total	2,157,437	14,049	272,347	368,169	4,051,359	25,765	487,292	674,267	8,048,907

	Three Months Ended June 30, 2017				Six Months Ended June 30, 2017				
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	EBITDA	Sales to external customers	Inter-segment sales	Operating earnings (loss)	EBITDA	Total identifiable assets
	$	$	$	$	$	$	$	$	$
Transportation	1,405,161	15,115	161,546	237,658	2,774,253	26,806	307,908	466,446	5,017,732
Industrial	361,083	427	54,056	59,386	647,979	642	99,855	110,266	852,597
Total	1,766,244	15,542	215,602	297,044	3,422,232	27,448	407,763	576,712	5,870,329

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

	Three Months Ended June 30		Six Months Ended June 30	
	2018	2017	2018	2017
	$	$	$	$
Net earnings (loss) before income taxes	256,936	211,336	459,839	399,379
Amortization of property, plant and equipment	83,370	74,196	165,398	150,263
Amortization of other intangible assets	9,650	6,902	18,052	13,192
Property, plant and equipment impairment provision, net of reversals	(386)	(3,030)	(1,224)	(3,030)
Interest on long-term debt	18,417	7,495	32,006	16,613
Other interest	182	145	196	295
EBITDA	368,169	297,044	674,267	576,712

12 Business Acquisition

MacDon Group of Companies

On February 1, 2018, the Company completed its acquisition of 100% of the outstanding equity interest of Moray Marketing Ltd., parent company of MacDon and its Group of Companies ("MacDon") for a preliminary purchase price of $1,298,893 comprised of $1,223,893 in cash consideration and an assumed liability of $75,000. The liability was immediately extinguished using a portion of the acquired cash of MacDon. The preliminary purchase price of $1,298,893 includes cash acquired for a net acquisition cash impact of $1,175,356. Headquartered in Winnipeg, Manitoba, Canada, MacDon is a global innovative market leader in the design and manufacturing of specialized agriculture harvesting equipment such as drapers and self-propelled windrowers.

Due to the timing of the close and complexities associated with the 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 $450,729 to goodwill as the current unallocated portion of the purchase price. The Company will update this balance and disclose the full purchase price allocation when the determination of the fair value is complete. The following table summarizes the $1,298,893 consideration paid for MacDon's acquired net assets, recognized at the acquisition date, which has been accounted for as a business combination.

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

Preliminary summary of identifiable assets acquired and liabilities assumed after acquisition completed on February 1, 2018:

	$
Current assets	411,856
Non-current assets	692,900
Goodwill	450,729
Total assets acquired	1,555,485
Current liabilities	138,676
Non-current liabilities	117,916
Total liabilities assumed	256,592
Preliminary net identifiable assets acquired	1,298,893

The sales included in the consolidated statement of earnings from February 2, 2018 to June 30, 2018 contributed by MacDon were $283,272. MacDon also contributed net earnings of $60,935 over the same period. If the acquisition had occurred on January 1, 2018, consolidated pro-forma sales and net earnings for the period ended June 30, 2018 would have been $4,108,808 and $361,271 respectively. These amounts have been calculated using MacDon'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, 2018, together with the consequential tax effects.

13 Comparative Figures

On January 1, 2018, the Company adopted a change in the presentation and classification with respect to cash flow impacts from long-term receivables in the Statement of Cash Flows to include effects within operating activities rather than the financing activities. The Company has determined that such a change in presentation results in the Statement of Cash Flows providing more relevant and appropriate information to its business.