# Linamar Delivers Another Quarter of Solid Earnings, Cash Flow and New Business Wins

November 7, 2017, Guelph, Ontario, Canada (TSX: LNR)

- Sales increase 6.5% over the third quarter of 2016 ("Q3 2016") to reach $1.55 billion;
- Net Earnings before non-recurring items and foreign exchange impacts[1] increased 9.2% and Net Earnings per Share before non-recurring items and foreign exchange impacts[1] increased 9.4%;
- Continued business wins maintains strong launch book at nearly $4.7 billion;
- Powertrain/Driveline segment growth despite vehicle production declines in the North American Market driven by launches; and
- Industrial segment has another quarter of double digit sales growth that exceeded market growth through continued market share gains in booms and telehandlers.

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| (in millions of dollars, except earnings per share figures) | $ | $ | $ | $ |
| Sales | 1,549.7 | 1,455.5 | 4,971.9 | 4,630.8 |
| Operating Earnings (Loss)[2] | | | | |
| Powertrain/Driveline | 108.1 | 124.2 | 416.0 | 429.1 |
| Industrial | 33.8 | 39.7 | 133.6 | 120.6 |
| Operating Earnings (Loss) | 141.9 | 163.9 | 549.6 | 549.7 |
| Net Earnings (Loss) | 107.3 | 122.2 | 414.3 | 406.0 |
| Net Earnings (Loss) per Share – Diluted | 1.62 | 1.86 | 6.27 | 6.16 |

## Operating Highlights

Sales for the third quarter of 2017 ("Q3 2017") were $1,549.7 million, up $94.2 million from $1,455.5 million in Q3 2016.

Sales for the Powertrain/Driveline segment ("Powertrain/Driveline") increased by $62.0 million, or 5.1% in Q3 2017 compared with Q3 2016. The sales increase in Q3 2017 was impacted by:

- additional sales from launching programs in Europe, Asia and North America;
- increased volumes from our light vehicle automotive customers in Europe and on select programs in North America; and
- additional sales from our on- and off-highway vehicle customers; offset by
- lower volumes resulting from significant volume declines in the North American light vehicle market down 7.7%; and
- an unfavourable foreign exchange impact from the changes in foreign exchange rates.

The Industrial segment ("Industrial") product sales increased 14.1%, or $32.2 million, to $260.3 million in Q3 2017 from Q3 2016. The sales increase was due to:

- strong market share gains and increased volumes for booms in North America, Europe and Asia;
- strong market share gains and increased volumes for telehandlers in North America; and
- market share gains in scissors in Asia; offset by
- unfavourable changes in foreign exchange rates.

The Company's operating earnings for Q3 2017 were $141.9 million. This compares to $163.9 million in Q3 2016, a decrease of $22.0 million.

Q3 2017 operating earnings for Powertrain/Driveline were lower by $16.1 million, or 13.0% over Q3 2016. The Powertrain/Driveline segment's earnings were impacted by the following:

- production volumes increasing on launching programs in Europe, Asia and North America;
- increased volumes from our light vehicle automotive customers in Europe and on select programs in North America; and
- on- and off-highway vehicle volume increases; offset by
- the non-recurring net recovery related to the premature ending of customer contracts in Q3 2016;
- an unfavourable foreign exchange impact from the revaluation of the operating balances on the balance sheet in Q3 2017 in comparison to a favourable impact in Q3 2016;
- reduced earnings resulting from the foreign exchange impact from unfavourable changes in foreign exchange rates;
- unfavourable product mix resulting from the North American automotive market decline's impact on higher margin mature programs inadequately offset by the lower margins on programs in the early stages of launch; and
- increased management and sales costs supporting growth.

[1] Net Earnings (Loss) and Net Earnings (Loss) per Share before non-recurring items and foreign exchange impacts are Non-GAAP measures used to provide useful information to readers to asses the financial performance and financial condition of the Company. These 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 should not be construed as an alternative to other financial measures determined in accordance with GAAP. Net Earnings (Loss) and Net Earnings (Loss) per Share before non-recurring items and foreign exchange impacts have been adjusted from Net Earnings (Loss) and Net Earnings (Loss) per Share by the non-recurring net recovery related to the premature ending of customer contracts in Q3 2016, the non-recurring future tax rate reduction on deferred tax assets in Q3 2017, the foreign exchange impacts from the changes in foreign exchange rates, and the foreign exchange impact from the revaluation of the operating balances.
[2] For more information refer to the section entitled "Non-GAAP and Additional GAAP Measures" in the Company's separately released MD&A.

Industrial segment operating earnings in Q3 2017 decreased $5.9 million, or 14.9% from Q3 2016. The Industrial operating earnings results were predominantly driven by:

- net increase in volumes; offset by
- an unfavourable foreign exchange impact from the revaluation of the operating balances on the balance sheet in Q3 2017 in comparison to a favourable impact in Q3 2016;
- lower margins as a result of changes in customer and product mix favouring new launching products with lower margins;
- an unfavourable foreign exchange impact from the changes in foreign exchange rates; and
- increased management and sales costs supporting growth.

"We have had another strong quarter at Linamar despite soft North American vehicle markets," said Linamar CEO Linda Hasenfratz. "Launches are driving sales up in the Powertrain/Driveline segment to more than offset a down North American market and earnings will of course follow. Our Industrial segment continues to power along taking market share and is surpassing industry growth levels. We continue to generate cash to position ourselves positively for future growth and continue to see new business wins at a blistering pace."

## Dividends

The Board of Directors today declared an eligible dividend in respect to the quarter ended September 30, 2017 of CDN$0.12 per share on the common shares of the Company, payable on or after December 8, 2017 to shareholders of record on November 24, 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; 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

### 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.

### Q4 2017 Conference Call Information

Linamar will hold a conference call on March 7, 2018 at 5:00 p.m. EST to discuss its fourth quarter/year-end results. The numbers for this call are (647) 427-3383 (local/overseas) or (888) 424-9894 (North America) conference ID 7089827, 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/year-end financial statements, including the Management's Discussion & Analysis will be available on the Company's website after 4 p.m. EST on March 7, 2018 and at www.sedar.com by the start of business on March 8, 2018. A taped replay of the conference call will also be made available starting at 8:00 p.m. on March 7, 2018 for ten days. The number for replay is (855) 859-2056, Conference ID 7089827.

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 powertrain, driveline and body systems designed for global electrified and traditionally powered 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 25,700 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
November 7, 2017

# LINAMAR CORPORATION
## Management's Discussion and Analysis
For the Quarter Ended September 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 September 30, 2017. This MD&A has been prepared as at November 7, 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 powertrain, driveline and body systems designed for global electrified and traditionally powered 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 25,700 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 third quarter of 2017 ("Q3 2017") and 2016 ("Q3 2016"):

| | | | | Three Months Ended September 30 | | | | Nine Months Ended September 30 |
|---|---|---|---|---|---|---|---|---|
| (in millions of dollars, except content per vehicle figures) | 2017 $ | 2016 $ | +/- $ | +/- % | 2017 $ | 2016 $ | +/- $ | +/- % |
| Sales | 1,549.7 | 1,455.5 | 94.2 | 6.5% | 4,971.9 | 4,630.8 | 341.1 | 7.4% |
| Gross Margin | 230.8 | 234.4 | (3.6) | (1.5%) | 827.6 | 781.6 | 46.0 | 5.9% |
| Operating Earnings (Loss)[1] | 141.9 | 163.9 | (22.0) | (13.4%) | 549.6 | 549.7 | (0.1) | 0.0% |
| Attributable to Shareholders of the Company: | | | | | | | | |
| Net Earnings (Loss) | 107.3 | 122.2 | (14.9) | (12.2%) | 414.3 | 406.0 | 8.3 | 2.0% |
| Net Earnings (Loss) per Share – Diluted | 1.62 | 1.86 | (0.24) | (12.9%) | 6.27 | 6.16 | 0.11 | 1.8% |
| Content per Vehicle – North America | 158.28 | 148.02 | 10.26 | 6.9% | 157.73 | 157.26 | 0.47 | 0.3% |
| Content per Vehicle – Europe | 72.18 | 67.82 | 4.36 | 6.4% | 68.88 | 63.99 | 4.89 | 7.6% |
| Content per Vehicle – Asia Pacific | 10.41 | 8.45 | 1.96 | 23.2% | 10.36 | 8.23 | 2.13 | 25.9% |

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: 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 September 30, 2017.

| | | | Three Months Ended September 30 2017 | | | Three Months Ended September 30 2016 |
|---|---|---|---|---|---|---|
| (in millions of dollars) | Powertrain /Driveline $ | Industrial $ | Linamar $ | Powertrain /Driveline $ | Industrial $ | Linamar $ |
| Sales | 1,289.4 | 260.3 | 1,549.7 | 1,227.4 | 228.1 | 1,455.5 |
| Operating Earnings (Loss) | 108.1 | 33.8 | 141.9 | 124.2 | 39.7 | 163.9 |

| | | | Nine Months Ended September 30 2017 | | | Nine Months Ended September 30 2016 |
|---|---|---|---|---|---|---|
| (in millions of dollars) | Powertrain /Driveline $ | Industrial $ | Linamar $ | Powertrain /Driveline $ | Industrial $ | Linamar $ |
| Sales | 4,063.6 | 908.3 | 4,971.9 | 3,909.1 | 721.7 | 4,630.8 |
| Operating Earnings (Loss) | 416.0 | 133.6 | 549.6 | 429.1 | 120.6 | 549.7 |

### Powertrain/Driveline Highlights

| | | | | Three Months Ended September 30 | | | | Nine Months Ended September 30 |
|---|---|---|---|---|---|---|---|---|
| (in millions of dollars) | 2017 $ | 2016 $ | +/- $ | +/- % | 2017 $ | 2016 $ | +/- $ | +/- % |
| Sales | 1,289.4 | 1,227.4 | 62.0 | 5.1% | 4,063.6 | 3,909.1 | 154.5 | 4.0% |
| Operating Earnings (Loss) | 108.1 | 124.2 | (16.1) | (13.0%) | 416.0 | 429.1 | (13.1) | (3.1%) |

Sales for the Powertrain/Driveline segment ("Powertrain/Driveline") increased by $62.0 million, or 5.1% in Q3 2017 compared with Q3 2016. The sales increase in Q3 2017 was impacted by:

- additional sales from launching programs in Europe, Asia and North America;
- increased volumes from our light vehicle automotive customers in Europe and on select programs in North America; and
- additional sales from our on- and off-highway vehicle customers; offset by
- lower volumes resulting from significant volume declines in the North American light vehicle market down 7.7%; and
- an unfavourable foreign exchange impact from the changes in foreign exchange rates.

Year to date ("YTD") sales for Powertrain/Driveline increased by $154.5 million, or 4.0% compared with YTD Q3 2016. The factors that impacted Q3 2017 primarily impacted the YTD results.

Q3 2017 operating earnings for Powertrain/Driveline were lower by $16.1 million, or 13.0% over Q3 2016. The Powertrain/Driveline segment's earnings were impacted by the following:

- production volumes increasing on launching programs in Europe, Asia and North America;
- increased volumes from our light vehicle automotive customers in Europe and on select programs in North America; and
- on- and off-highway vehicle volume increases; offset by
- the non-recurring net recovery related to the premature ending of customer contracts in Q3 2016;
- an unfavourable foreign exchange impact from the revaluation of the operating balances on the balance sheet in Q3 2017 in comparison to a favourable impact in Q3 2016;
- reduced earnings resulting from the foreign exchange impact from unfavourable changes in foreign exchange rates;
- unfavourable product mix resulting from the North American automotive market decline's impact on higher margin mature programs inadequately offset by the lower margins on programs in the early stages of launch; and
- increased management and sales costs supporting growth.

The YTD operating earnings decreased by $13.1 million, or 3.1% compared with YTD Q3 2016. The factors that impacted Q3 2017 primarily impacted the YTD results.

## Industrial Highlights

| (in millions of dollars) | 2017 $ | 2016 $ | Three Months Ended September 30 +/- $ | +/- % | 2017 $ | 2016 $ | Nine Months Ended September 30 +/- $ | +/- % |
|---|---|---|---|---|---|---|---|---|
| Sales | 260.3 | 228.1 | 32.2 | 14.1% | 908.3 | 721.7 | 186.6 | 25.9% |
| Operating Earnings (Loss) | 33.8 | 39.7 | (5.9) | (14.9%) | 133.6 | 120.6 | 13.0 | 10.8% |

The Industrial segment ("Industrial") product sales increased 14.1%, or $32.2 million, to $260.3 million in Q3 2017 from Q3 2016. The sales increase was due to:

- strong market share gains and increased volumes for booms in North America, Europe and Asia;
- strong market share gains and increased volumes for telehandlers in North America; and
- market share gains in scissors in Asia; offset by
- unfavourable changes in foreign exchange rates.

YTD sales for Industrial increased by $186.6 million, or 25.9% compared with YTD Q3 2016. The factors that impacted Q3 2017 primarily impacted the YTD results.

Industrial segment operating earnings in Q3 2017 decreased $5.9 million, or 14.9% from Q3 2016. The Industrial operating earnings results were predominantly driven by:

- net increase in volumes; offset by
- an unfavourable foreign exchange impact from the revaluation of the operating balances on the balance sheet in Q3 2017 in comparison to a favourable impact in Q3 2016;
- lower margins as a result of changes in customer and product mix favouring new launching products with lower margins;
- an unfavourable foreign exchange impact from the changes in foreign exchange rates; and
- increased management and sales costs supporting growth.

The YTD operating earnings for Industrial increased by $13.0 million, or 10.8% compared with YTD Q3 2016. The factors that impacted Q3 2017 primarily 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 September 30 | | | | Nine Months Ended September 30 | | | |
|---|---|---|---|---|---|---|---|---|
| *North America* | 2017 | 2016 | +/- | % | 2017 | 2016 | +/- | % |
| Vehicle Production Units [2] | 4.18 | 4.53 | (0.35) | (7.7%) | 13.39 | 13.81 | (0.42) | (3.0%) |
| Automotive Sales [1] | $ 662.2 | $ 670.1 | $ (7.9) | (1.2%) | $ 2,112.6 | $ 2,171.4 | $ (58.8) | (2.7%) |
| Content Per Vehicle [1] | $ 158.28 | $ 148.02 | $ 10.26 | 6.9% | $ 157.73 | $ 157.26 | $ 0.47 | 0.3% |
| *Europe* | | | | | | | | |
| Vehicle Production Units | 5.00 | 4.74 | 0.26 | 5.5% | 16.58 | 16.16 | 0.42 | 2.6% |
| Automotive Sales | $ 361.1 | $ 321.7 | $ 39.4 | 12.2% | $ 1,142.3 | $ 1,033.9 | $ 108.4 | 10.5% |
| Content Per Vehicle | $ 72.18 | $ 67.82 | $ 4.36 | 6.4% | $ 68.88 | $ 63.99 | $ 4.89 | 7.6% |
| *Asia Pacific* | | | | | | | | |
| Vehicle Production Units | 11.90 | 11.50 | 0.40 | 3.5% | 35.93 | 34.68 | 1.25 | 3.6% |
| Automotive Sales | $ 123.9 | $ 97.2 | $ 26.7 | 27.5% | $ 372.3 | $ 285.3 | $ 87.0 | 30.5% |
| Content Per Vehicle | $ 10.41 | $ 8.45 | $ 1.96 | 23.2% | $ 10.36 | $ 8.23 | $ 2.13 | 25.9% |

North American automotive sales for Q3 2017 decreased 1.2% from Q3 2016 in a market that saw a decrease of 7.7% in production volumes for the same period. As a result, CPV in Q3 2017 increased 6.9% from $148.02 to $158.28. The increase in North American CPV was a result of automotive sales declining less than the market. This sales decline was partially offset by increases on launching programs, as well as increased volumes on select automotive programs.

European automotive sales for Q3 2017 increased 12.2% from Q3 2016 in a market that saw an increase of 5.5% in production volumes for the same period. As a result, CPV in Q3 2017 increased 6.4% from $67.82 to $72.18. The increase in European CPV was a result of increases in volumes over market production for OEM's that the company has significant business with.

Asia Pacific automotive sales for Q3 2017 increased 27.5% from Q3 2016 in a market that saw an increase of 3.5% in production volumes for the same period. As a result, CPV in Q3 2017 increased 23.2% from $8.45 to $10.41. The increase in Asian CPV was a result of increases on launching programs.

[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 September 30 2017 | Three Months Ended September 30 2016 | Nine Months Ended September 30 2017 | Nine Months Ended September 30 2016 |
|---|---|---|---|---|
| Sales | $ 1,549.7 | $ 1,455.5 | $ 4,971.9 | $ 4,630.8 |
| Cost of Sales before Amortization | 1,239.5 | 1,137.0 | 3,903.2 | 3,597.0 |
| Amortization | 79.4 | 84.1 | 241.1 | 252.2 |
| Cost of Sales | 1,318.9 | 1,221.1 | 4,144.3 | 3,849.2 |
| Gross Margin | $ 230.8 | $ 234.4 | $ 827.6 | $ 781.6 |
| Gross Margin Percentage | 14.9% | 16.1% | 16.6% | 16.9% |

Gross margin percentage decreased to 14.9% in Q3 2017 from 16.1% in Q3 2016. Cost of sales before amortization as a percentage of sales increased in Q3 2017 to 80.0% compared to 78.1% for the same quarter of last year. The reduction in gross margin between Q3 2017 and Q3 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; offset by
- an unfavourable foreign exchange impact from the changes in foreign exchange rates;
- the non-recurring net recovery related to the premature ending of customer contacts in Q3 2016;
- unfavourable product mix resulting from the North American automotive market decline's impact on higher margin mature programs inadequately offset by the lower margins on programs in the early stages of launch; and
- lower Industrial margins as a result of changes in customer and product mix favouring new launching products with lower margins.

Q3 2017 amortization decreased to $79.4 million from $84.1 million in Q3 2016 due to lower amortization as a result of redeployment of existing assets on launching programs. Amortization as a percentage of sales decreased to 5.1% of sales as compared to 5.8% in Q3 2016.

YTD Q3 2017 gross margin decreased to 16.6% from 16.9% in the same period of 2016. The decrease in the YTD gross margin was a result of the factors that primarily impacted Q3 2017. Amortization as a percentage of sales decreased to 4.8% of sales as compared to 5.4% in YTD Q3 2016.

## Selling, General and Administration

| (in millions of dollars) | Three Months Ended September 30 2017 | Three Months Ended September 30 2016 | Nine Months Ended September 30 2017 | Nine Months Ended September 30 2016 |
|---|---|---|---|---|
| Selling, general and administrative | $ 79.4 | $ 73.7 | $ 260.6 | $ 242.6 |
| SG&A Percentage | 5.1% | 5.1% | 5.2% | 5.2% |

Selling, general and administrative ("SG&A") costs increased to $79.4 million from $73.7 million in Q3 2016, but remained flat as a percentage of sales at 5.1% when compared to Q3 2016. The increase in SG&A costs was primarily driven by additional 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 5.2% when compared to Q3 2016.

## Finance Expense and Income Taxes

| (in millions of dollars) | Three Months Ended September 30 2017 $ | Three Months Ended September 30 2016 $ | Nine Months Ended September 30 2017 $ | Nine Months Ended September 30 2016 $ |
|---|---|---|---|---|
| Operating Earnings (Loss) | 141.9 | 163.9 | 549.6 | 549.7 |
| Share of Net Earnings (Loss) of Investments Accounted for Using the Equity Method | (1.5) | (1.1) | (4.1) | (1.6) |
| Finance Expenses | 0.8 | 5.2 | 6.6 | 17.1 |
| Provision for (Recovery of) Income Taxes | 32.3 | 35.4 | 124.6 | 124.6 |
| Net Earnings (Loss) | 107.3 | 122.2 | 414.3 | 406.4 |
| Net Earnings (Loss) Attributable to: | | | | |
| Shareholders of the Company | 107.3 | 122.2 | 414.3 | 406.0 |
| Non-Controlling Interests | - | - | - | 0.4 |

*Finance Expenses*
Finance expenses decreased $4.4 million in Q3 2017 from Q3 2016 to $0.8 million due to:

- higher interest earned on the investment of excess cash and long-term receivable balances;
- repayment of private placement debt which has been replaced with floating debt with lower interest rates;
- a lower borrowing spread due to an improvement in the covenant ratio; and
- the repayment of short term floating rate debt.

YTD Q3 2017 finance expenses decreased $10.5 million compared to YTD Q3 2016 at $6.6 million. YTD Q3 was impacted by similar factors to Q3 2017.

The consolidated effective interest rate for Q3 2017 decreased to 1.9% compared to 2.1% in Q3 2016. The change in Q3 2017 versus Q3 2016 is primarily driven by higher interest earned on excess cash and long term receivables and the repayment of a tranche of the U.S. $130 million Private Placement Notes which matured in Q3 2017 ("2017 Notes") and was replaced by lower rate floating debt.

The decrease in effective interest rate of 2.0% YTD Q3 2017 versus 2.1% YTD Q3 2016 is due to the Company's ability to access lower effective financing rates in the Euro market following the Q1 2016 acquisition of Montupet S.A.

*Provision for Income Taxes*
The effective tax rate for Q3 2017 was 23.1%, an increase from the 22.4% rate in the same quarter of 2016. The effective tax rate in Q3 2017 increased by the impact of a non-recurring future tax rate reduction on deferred tax assets.

The YTD effective tax rate is 23.1% as compared to 23.5% in 2016. The YTD Q3 2017 effective tax rate:

- decreased due to non-deductible business acquisition expenses incurred in Q1 2016 not recurring in 2017;
- reduced due to YTD adjustments in relation to the current tax of prior years; partially offset by
- an increase based on the impact of a future tax rate reduction on the deferred tax assets.

## TOTAL EQUITY

Book value per share[1] increased to $45.43 per share at September 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 44,569 options were exercised.

## OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares, of which 65,335,895 common shares were outstanding as of November 7, 2017. The Company's common shares constitute its only class of voting securities. As of November 7, 2017, there were 1,515,876 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 December 31, 2015 through September 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.

| (in millions of dollars, except per share figures) | Sep 30 2017 $ | Jun 30 2017 $ | Mar 31 2017 $ | Dec 31 2016 $ | Sep 30 2016 $ | Jun 30 2016 $ | Mar 31 2016 $ | Dec 31 2015 $ |
|---|---|---|---|---|---|---|---|---|
| Sales | 1,549.7 | 1,766.2 | 1,656.0 | 1,374.8 | 1,455.5 | 1,657.2 | 1,518.1 | 1,243.0 |
| Net Earnings (Loss) Attributable to Shareholders of the Company | 107.3 | 161.9 | 145.1 | 116.1 | 122.2 | 157.3 | 126.4 | 95.3 |
| Net Earnings (Loss) per Share Attributable to Shareholders of the Company: | | | | | | | | |
| Basic | 1.64 | 2.48 | 2.22 | 1.78 | 1.88 | 2.41 | 1.94 | 1.46 |
| Diluted | 1.62 | 2.45 | 2.20 | 1.76 | 1.86 | 2.39 | 1.92 | 1.45 |

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

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. 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 September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| (in millions of dollars) | $ | $ | $ | $ |
| Cash generated from (used in): | | | | |
| Operating Activities | 194.2 | 280.6 | 580.7 | 622.7 |
| Financing Activities | 3.1 | (128.9) | 28.6 | 1,006.3 |
| Investing Activities | (169.3) | (101.5) | (485.3) | (1,467.6) |
| Effect of translation adjustment on cash | (13.7) | (2.8) | (4.1) | (38.4) |
| Net Increase (Decrease) in Cash Position | 14.3 | 47.4 | 119.9 | 123.0 |
| Cash and Cash Equivalents – Beginning of Period | 510.6 | 414.7 | 405.0 | 339.1 |
| Cash and Cash Equivalents – End of Period | 524.9 | 462.1 | 524.9 | 462.1 |
| Comprised of: | | | | |
| Cash in bank | 339.1 | 315.9 | 339.1 | 315.9 |
| Short-term deposits | 197.6 | 155.8 | 197.6 | 155.8 |
| Unpresented Cheques | (11.8) | (9.6) | (11.8) | (9.6) |
| | 524.9 | 462.1 | 524.9 | 462.1 |

The Company's cash and cash equivalents (net of unpresented cheques) at September 30, 2017 were $524.9 million, an increase of $62.8 million compared to September 30, 2016.

Cash generated from operating activities was $194.2 million, a decrease of $86.4 million from Q3 2016 due to more cash being used to fund non-cash working capital. YTD cash generated from operating activities was $580.7 million, $42.0 million less than was provided YTD Q3 2016, primarily due to a Q3 2016 impairment loss related to customer contracts that prematurely ended.

During the quarter, financing activities provided $3.1 million of cash compared to $128.9 million used in Q3 2016. YTD financing activities provided $28.6 million compared to $1,006.3 million YTD Q3 2016 which were primarily used in Q1 2016 to fund the purchase of Montupet S.A.

Investing activities used $169.3 million in Q3 2017 and used $101.5 million in Q3 2016 mainly for the purchase of property, plant and equipment and an increase in long-term receivables. Investing activities used $1,467.6 million in YTD Q3 2016 mainly for the acquisition of Montupet S.A. partially offset by the purchase of property, plant and equipment and an increase in long-term receivables.

### Operating Activities

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| (in millions of dollars) | $ | $ | $ | $ |
| Net earnings (loss) for the Period Attributable to Shareholders of the Company | 107.3 | 122.2 | 414.3 | 406.0 |
| Adjustments to earnings | 78.4 | 105.8 | 252.7 | 291.2 |
| | 185.7 | 228.0 | 667.0 | 697.2 |
| Changes in non-cash working capital | 8.5 | 52.6 | (86.3) | (74.5) |
| Cash generated from (used in) operating activities | 194.2 | 280.6 | 580.7 | 622.7 |

Cash generated by operations before the effect of changes in non-cash working capital decreased $42.3 million in Q3 2017 to $185.7 million, compared to $228.0 million in Q3 2016. YTD cash generated from operations before the effect of changes in non-cash working capital decreased $30.2 million to $667.0 million from $697.2 million in YTD Q3 2016.

Non-cash working capital for Q3 2017 decreased $8.5 million. Non-cash working capital for YTD Q3 2017 increased $86.3 million primarily due to increases in accounts receivable resulting from the sales growth in YTD Q3 2017.

## Financing Activities

| (in millions of dollars) | Three Months Ended September 30 2017 $ | 2016 $ | Nine Months Ended September 30 2017 $ | 2016 $ |
|---|---|---|---|---|
| Proceeds from (repayments of) short-term borrowings | 4.5 | 5.1 | 1.8 | - |
| Proceeds from (repayments of) long-term debt | 1.6 | (126.8) | 49.9 | 1,036.3 |
| Proceeds from government borrowings | 8.1 | 11.9 | 8.1 | 11.9 |
| Proceeds from exercise of stock options | 0.7 | 0.1 | 1.0 | 0.3 |
| Dividends | (7.8) | (6.6) | (23.5) | (19.6) |
| Interest received (paid) | (4.0) | (12.6) | (8.7) | (22.6) |
| Cash generated from (used in) financing activities | 3.1 | (128.9) | 28.6 | 1,006.3 |

Financing activities for Q3 2017 generated $3.1 million of cash compared to $128.9 million used in Q3 2016. During the quarter a tranche of the 2017 Notes matured and was replaced by a draw on the revolving credit facility. Financing activities for YTD Q3 2017 provided $28.6 million of cash compared to $1,006.3 million provided in YTD Q3 2016. The $1,036.3 million in YTD Q3 2016 proceeds was from long-term debt primarily provided in Q1 2016 to fund the purchase of Montupet S.A.

## Investing Activities

| (in millions of dollars) | Three Months Ended September 30 2017 $ | 2016 $ | Nine Months Ended September 30 2017 $ | 2016 $ |
|---|---|---|---|---|
| Payments for purchase of property, plant and equipment | (114.9) | (85.4) | (309.2) | (253.5) |
| Proceeds on disposal of property, plant and equipment | 2.7 | 0.5 | 9.5 | 1.8 |
| Payments for purchase of intangible assets | (3.3) | (0.7) | (10.9) | (8.0) |
| Business acquisitions, net of cash acquired | - | - | (1.1) | (1,133.9) |
| (Increase) decrease in long-term receivables | (53.9) | (15.4) | (169.9) | (73.3) |
| Other | 0.1 | (0.5) | (3.7) | (0.7) |
| Cash generated from (used in) investing activities | (169.3) | (101.5) | (485.3) | (1,467.6) |

Cash spent on investing activities for Q3 2017 was $169.3 million compared to Q3 2016 at $101.5 million primarily due to the purchase of property, plant and equipment and an increase in long-term receivables. YTD Q3 2017 cash spent on investing activities was $485.3 million compared to YTD Q3 2016 at $1,467.6 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 September 30, 2017, cash including short-term deposits (net of unpresented cheques) was $524.9 million, and the Company's credit facilities had available credit of $518.7 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 U.S. $130 million Private Placement Notes due 2021 ("2021 Notes"). A tranche of the 2017 Notes matured and were repaid during the quarter ended September 30, 2017. 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.

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 $1.3 million at September 30, 2017 ($4.7 million at September 30, 2016). Related party transactions included in the cost of sales are expenses such as rent, maintenance and transportation costs of $0.2 million for Q3 2017 and $1.0 million for YTD Q3 2017 ($0.2 million for Q3 2016 and $1.2 million for YTD Q3 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 September 30, 2017 were $0.7 million ($0.5 million at September 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 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. As a result of further due diligence and discussion with various interested parties, on September 29, 2017, the Company announced that it is not in a position to file final, binding, unconditional offers and has decided not to pursue these acquisitions.

## 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 September 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 September 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 September 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, and Note 3 of the consolidated interim financial statements for the quarter ended September 30, 2017 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 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.

| (in millions of dollars except share and per share figures) | September 30 2017 | December 31 2016 |
|---|---|---|
| Total equity | $ 2,968.2 | $ 2,590.3 |
| Shares outstanding at the end of the period | 65,331,095 | 65,258,426 |
| Book value per share | $ 45.43 | $ 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 September 30, 2017 | Three Months Ended | | | Year to Date | | |
|---|---|---|---|---|---|---|
| | Mar 31 | Jun 30 | Sep 30 | Mar 31 | Jun 30 | Sep 30 |
| *North America* | 2017 | 2017 | 2017 | 2017 | 2017 | 2017 |
| Vehicle Production Units | 4.64 | 4.58 | 4.18 | 4.64 | 9.21 | 13.39 |
| Automotive Sales | $ 718.1 | $ 732.3 | $ 662.2 | $ 718.1 | $ 1,450.4 | $ 2,112.6 |
| Content Per Vehicle | $ 154.93 | $ 160.05 | $ 158.28 | $ 154.93 | $ 157.48 | $ 157.73 |
| *Europe* | | | | | | |
| Vehicle Production Units | 5.85 | 5.73 | 5.00 | 5.85 | 11.58 | 16.58 |
| Automotive Sales | $ 387.8 | $ 393.5 | $ 361.1 | $ 387.8 | $ 781.2 | $ 1,142.3 |
| Content Per Vehicle | $ 66.23 | $ 68.70 | $ 72.18 | $ 66.23 | $ 67.45 | $ 68.88 |
| *Asia Pacific* | | | | | | |
| Vehicle Production Units | 12.55 | 11.48 | 11.90 | 12.55 | 24.04 | 35.93 |
| Automotive Sales | $ 118.7 | $ 129.8 | $ 123.9 | $ 118.7 | $ 248.5 | $ 372.3 |
| Content Per Vehicle | $ 9.45 | $ 11.30 | $ 10.41 | $ 9.45 | $ 10.34 | $ 10.36 |

| Estimates as of June 30, 2017 | Three Months Ended | | Year to Date | |
|---|---|---|---|---|
| | Mar 31 | Jun 30 | Mar 31 | Jun 30 |
| *North America* | 2017 | 2017 | 2017 | 2017 |
| 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 |
| *Europe* | | | | |
| 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 |
| *Asia Pacific* | | | | |
| 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 |

| Change in Estimates from Prior Quarter | Three Months Ended | | Year to Date | |
|---|---|---|---|---|
| | Mar 31 | Jun 30 | Mar 31 | Jun 30 |
| | 2017 | 2017 | 2017 | 2017 |
| *North America* | +/- | +/- | +/- | +/- |
| Vehicle Production Units | - | (0.01) | - | (0.02) |
| Automotive Sales | $ (6.9) | $ (12.6) | $ (6.9) | $ (19.5) |
| Content Per Vehicle | $ (1.42) | $ (2.16) | $ (1.42) | $ (1.79) |
| *Europe* | | | | |
| Vehicle Production Units | - | 0.01 | - | 0.01 |
| Automotive Sales | $ 1.1 | $ 1.7 | $ 1.1 | $ 2.7 |
| Content Per Vehicle | $ 0.11 | $ 0.23 | $ 0.11 | $ 0.17 |
| *Asia Pacific* | | | | |
| Vehicle Production Units | (0.02) | 0.02 | (0.02) | 0.01 |
| Automotive Sales | $ 8.3 | $ 10.9 | $ 8.3 | $ 19.2 |
| Content Per Vehicle | $ 0.66 | $ 0.93 | $ 0.66 | $ 0.80 |

## 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.

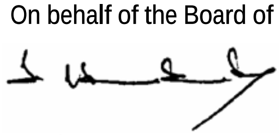
The foregoing is not an exhaustive list of the factors that may affect Linamar's forwarding looking statements. These and other factors should be considered carefully and readers should not place undue reliance on Linamar's forward-looking statements. Linamar assumes no obligation to update the forward-looking 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 September 30, 2017 with comparatives as at December 31, 2016 (Unaudited)
(in thousands of Canadian dollars)

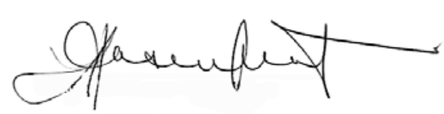
| | September 30 2017 $ | December 31 2016 $ |
|---|---|---|
| ASSETS | | |
| Cash and cash equivalents | 524,938 | 404,966 |
| Accounts and other receivables | 1,150,422 | 898,445 |
| Inventories | 713,721 | 691,385 |
| Income taxes recoverable | 33,059 | 11,466 |
| Current portion of long-term receivables (Note 6) | 110,526 | 74,557 |
| Current portion of derivative financial instruments (Note 6) | 1,289 | 44,904 |
| Other current assets | 21,242 | 17,177 |
| Current Assets | 2,555,197 | 2,142,900 |
| Long-term receivables (Note 6) | 312,923 | 199,369 |
| Property, plant and equipment | 2,153,676 | 2,052,055 |
| Investments accounted for using the equity method | 5,696 | 5,881 |
| Intangible assets | 281,838 | 279,587 |
| Goodwill | 475,533 | 456,791 |
| Derivative financial instruments (Note 6) | 25,861 | 37,134 |
| Deferred tax assets | 54,346 | 53,453 |
| Assets | 5,865,070 | 5,227,170 |
| LIABILITIES | | |
| Short-term borrowings | 10,254 | 7,972 |
| Accounts payable and accrued liabilities | 1,194,087 | 974,612 |
| Provisions | 34,412 | 31,713 |
| Income taxes payable | 46,795 | 54,836 |
| Current portion of long-term debt (Notes 6, 7) | 21,611 | 197,157 |
| Current Liabilities | 1,307,159 | 1,266,290 |
| Long-term debt (Notes 6, 7) | 1,440,787 | 1,228,035 |
| Deferred tax liabilities | 148,895 | 142,584 |
| Liabilities | 2,896,841 | 2,636,909 |
| EQUITY | | |
| Capital stock | 121,904 | 120,385 |
| Retained earnings | 2,777,312 | 2,386,524 |
| Contributed surplus | 24,599 | 23,332 |
| Accumulated other comprehensive earnings (loss) | 44,414 | 60,020 |
| Equity | 2,968,229 | 2,590,261 |
| Liabilities and Equity | 5,865,070 | 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 nine months ended September 30, 2017 and September 30, 2016 (Unaudited)
(in thousands of Canadian dollars, except per share figures)

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | $ | $ | $ | $ |
| Sales | 1,549,706 | 1,455,526 | 4,971,938 | 4,630,793 |
| Cost of sales | 1,318,871 | 1,221,144 | 4,144,318 | 3,849,240 |
| **Gross Margin** | 230,835 | 234,382 | 827,620 | 781,553 |
| | | | | |
| Selling, general and administrative | 79,455 | 73,669 | 260,596 | 242,570 |
| Other income and (expenses) | (9,514) | 3,201 | (17,395) | 10,761 |
| **Operating Earnings (Loss)** | 141,866 | 163,914 | 549,629 | 549,744 |
| | | | | |
| Share of net earnings (loss) of investments accounted for using the equity method | (1,517) | (1,127) | (4,140) | (1,605) |
| Finance expenses (Note 8) | 794 | 5,196 | 6,555 | 17,119 |
| **Net Earnings (Loss) before Income Taxes** | 139,555 | 157,591 | 538,934 | 531,020 |
| | | | | |
| Provision for (recovery of) income taxes | 32,303 | 35,353 | 124,645 | 124,593 |
| **Net Earnings (Loss) for the Period** | 107,252 | 122,238 | 414,289 | 406,427 |
| | | | | |
| **Net Earnings (Loss) Attributable to:** | | | | |
| Shareholders of the Company | 107,252 | 122,238 | 414,289 | 406,026 |
| Non-Controlling Interests | - | - | - | 401 |
| | 107,252 | 122,238 | 414,289 | 406,427 |
| | | | | |
| **Net Earnings (Loss) Per Share Attributable to Shareholders of the Company:** | | | | |
| Basic | 1.64 | 1.88 | 6.35 | 6.23 |
| Diluted | 1.62 | 1.86 | 6.27 | 6.16 |

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

LINAMAR CORPORATION

# Consolidated Interim Statements of Comprehensive Earnings

For the nine months ended September 30, 2017 and September 30, 2016 (Unaudited)
(in thousands of Canadian dollars)

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | $ | $ | $ | $ |
| Net Earnings (Loss) for the Period | 107,252 | 122,238 | 414,289 | 406,427 |
| | | | | |
| Items that may be reclassified subsequently to net income | | | | |
| Unrealized gains (losses) on translating financial statements of foreign operations | (55,757) | 40,055 | 19,919 | (156,895) |
| Change in foreign exchange gains (losses) on long-term debt designated as a net investment hedge | 4,613 | (27,928) | (36,715) | 23,403 |
| Change in unrealized gains (losses) on derivative instruments designated as cash flow hedges | (5,412) | 2,073 | (17,211) | (17,386) |
| Tax impact of change in unrealized gains (losses) on derivative instruments designated as cash flow hedges | 1,353 | (294) | 4,303 | 4,347 |
| Reclassification to earnings of gains (losses) on cash flow hedges | 6,552 | (3,692) | 18,798 | 18,798 |
| Tax impact of reclassification to earnings of gains (losses) on cash flow hedges | (1,638) | 699 | (4,700) | (4,700) |
| Other Comprehensive Earnings (Loss) | (50,289) | 10,913 | (15,606) | (132,433) |
| Comprehensive Earnings (Loss) for the Period | 56,963 | 133,151 | 398,683 | 273,994 |
| | | | | |
| Comprehensive Earnings (Loss) Attributable to: | | | | |
| Shareholders of the Company | 56,963 | 133,151 | 398,683 | 273,593 |
| Non-Controlling Interests | - | - | - | 401 |
| | 56,963 | 133,151 | 398,603 | 273,994 |

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

# LINAMAR CORPORATION

## Consolidated Interim Statements of Changes in Equity

For the nine months ended September 30, 2017 and September 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) | - | 414,289 | - | - | - | 414,289 | - | 414,289 |
| Other comprehensive earnings (loss) | - | - | - | (16,796) | 1,190 | (15,606) | - | (15,606) |
| Comprehensive Earnings (Loss) | - | 414,289 | - | (16,796) | 1,190 | 398,683 | - | 398,683 |
| Share-based compensation | - | - | 1,717 | - | - | 1,717 | - | 1,717 |
| Shares issued on exercise of options | 1,519 | - | (450) | - | - | 1,069 | - | 1,069 |
| Dividends | - | (23,501) | - | - | - | (23,501) | - | (23,501) |
| Balance at September 30, 2017 | 121,904 | 2,777,312 | 24,599 | 44,301 | 113 | 2,968,229 | - | 2,968,229 |

| | 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) | - | 406,026 | - | - | - | 406,026 | 401 | 406,427 |
| Other comprehensive earnings (loss) | - | - | - | (133,492) | 1,059 | (132,433) | - | (132,433) |
| Comprehensive Earnings (Loss) | - | 406,026 | - | (133,492) | 1,059 | 273,593 | 401 | 273,994 |
| Share-based compensation | - | - | 1,808 | - | - | 1,808 | - | 1,808 |
| Shares issued on exercise of options | 388 | - | (115) | - | - | 273 | - | 273 |
| Acquisition of non-controlling interests | - | - | - | - | - | - | (401) | (401) |
| Dividends | - | (19,556) | - | - | - | (19,556) | - | (19,556) |
| Balance at September 30, 2016 | 118,997 | 2,276,943 | 22,787 | 94,814 | 1,244 | 2,514,785 | - | 2,514,785 |

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

# LINAMAR CORPORATION
## Consolidated Interim Statements of Cash Flows
For the nine months ended September 30, 2017 and September 30, 2016 (Unaudited)
(in thousands of Canadian dollars)

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | $ | $ | $ | $ |
| Cash generated from (used in) | | | | |
| **Operating Activities** | | | | |
| Net Earnings (Loss) for the Period Attributable to Shareholders of the Company | 107,252 | 122,238 | 414,289 | 406,026 |
| Adjustments for: | | | | |
| Amortization of property, plant and equipment | 73,780 | 81,871 | 224,043 | 246,068 |
| Amortization of other intangible assets | 6,341 | 3,036 | 19,533 | 8,385 |
| Deferred income taxes | 836 | (16,422) | 3,654 | (13,061) |
| Asset impairment | - | 30,433 | - | 30,433 |
| Share-based compensation | 572 | 606 | 1,717 | 1,808 |
| Finance expense | 794 | 5,196 | 6,555 | 17,119 |
| Other | (3,884) | 1,001 | (2,781) | 446 |
| | 185,691 | 227,959 | 667,010 | 697,224 |
| **Changes in non-cash working capital** | | | | |
| (Increase) decrease in accounts and other receivables | 20,111 | 40,041 | (265,748) | (163,648) |
| (Increase) decrease in inventories | (39,819) | 13,467 | (17,997) | (21,930) |
| (Increase) decrease in other current assets | (6,624) | (5,210) | (3,972) | (4,854) |
| Increase (decrease) in income taxes | (6,035) | 27,290 | (29,867) | 2,245 |
| Increase (decrease) in accounts payable and accrued liabilities | 41,365 | (21,565) | 227,879 | 113,012 |
| Increase (decrease) in provisions | (476) | (1,385) | 3,357 | 717 |
| | 8,522 | 52,638 | (86,348) | (74,458) |
| Cash generated from (used in) operating activities | 194,213 | 280,597 | 580,662 | 622,766 |
| **Financing Activities** | | | | |
| Proceeds from (repayments of) short-term borrowings | 4,469 | 5,100 | 1,771 | (7) |
| Proceeds from (repayments of) long-term debt | 1,628 | (126,886) | 49,896 | 1,036,275 |
| Proceeds from government borrowings | 8,104 | 11,921 | 8,104 | 11,921 |
| Proceeds from exercise of stock options | 656 | 82 | 1,069 | 273 |
| Dividends | (7,835) | (6,519) | (23,501) | (19,556) |
| Interest received (paid) | (3,918) | (12,533) | (8,701) | (22,566) |
| Cash generated from (used in) financing activities | 3,104 | (128,835) | 28,638 | 1,006,340 |
| **Investing Activities** | | | | |
| Payments for purchase of property, plant and equipment | (114,892) | (85,381) | (309,165) | (253,522) |
| Proceeds on disposal of property, plant and equipment | 2,750 | 460 | 9,544 | 1,765 |
| Payments for purchase of intangible assets | (3,245) | (637) | (10,864) | (7,982) |
| Business acquisitions, net of cash acquired | - | - | (1,060) | (1,133,945) |
| (Increase) decrease in long-term receivables | (53,853) | (15,431) | (169,861) | (73,273) |
| Other | - | (478) | (3,834) | (656) |
| Cash generated from (used in) investing activities | (169,240) | (101,467) | (485,240) | (1,467,613) |
| | 28,077 | 50,295 | 124,060 | 161,493 |
| Effect of translation adjustment on cash | (13,716) | (2,888) | (4,088) | (38,426) |
| Increase (decrease) in cash and cash equivalents | 14,361 | 47,407 | 119,972 | 123,067 |
| Cash and cash equivalents - Beginning of Period | 510,577 | 414,739 | 404,966 | 339,079 |
| Cash and cash equivalents - End of Period | 524,938 | 462,146 | 524,938 | 462,146 |
| **Comprised of:** | | | | |
| Cash in bank | 339,107 | 315,909 | 339,107 | 315,909 |
| Short-term deposits | 197,633 | 155,821 | 197,633 | 155,821 |
| Unpresented cheques | (11,802) | (9,584) | (11,802) | (9,584) |
| | 524,938 | 462,146 | 524,938 | 462,146 |

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 September 30, 2017 were authorized for issue in accordance with a resolution of the Company's Board of Directors on November 7, 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 Changes in Accounting Policies

### New Standards and Interpretations Not Yet Adopted

At the date of authorization of these interim financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted by the Company.

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

*IFRS 15 Revenue from Contracts with Customers*

Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2018, the IASB issued this new standard to replace *IAS 18 Revenue* and *IAS 11 Construction Contracts*. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.

Management has evaluated each of the five steps in the new revenue recognition model for majority of the Company's revenue streams. Through its evaluation, management does not expect the new revenue guidance will have a significant impact to the Company's consolidated statement of financial position or the consolidated statement of earnings in comparison to the current revenue recognition guidance. The new standard will impact the nature and quantity of annual disclosures. Management is currently implementing the Company's revised revenue policies, reporting processes, and related controls.

The Company plans to adopt this guidance effective January 1, 2018 using the modified retrospective approach, resulting in an adjustment to opening retained earnings in the year of adoption, if applicable.

*IFRS 9 Financial Instruments*
Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2018, the final version of IFRS 9 was issued in July 2014 and will replace *IAS 39 Financial Instruments: Recognition and Measurement*. 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 standard 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*.

Management has evaluated all the changes introduced by IFRS 9. Through its evaluation, management does not expect the new financial instruments guidance will have a significant impact to the Company's consolidated statement of financial position or the consolidated statement of earnings in comparison to the current financial instruments guidance. The new standard will impact the nature and quantity of annual disclosures. Management is currently implementing the Company's revised policies, reporting processes and related controls.

The Company plans to adopt this guidance effective January 1, 2018, resulting in an adjustment to opening retained earnings in the year of adoption, if applicable.

## 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, 2016.

## 5 Seasonality

Historically, earnings in the second quarter, for the Industrial segment, are positively impacted by the high selling season for both the access equipment and agricultural businesses. For the Powertrain/Driveline segment, vehicle production is typically at its lowest level during the 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.

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

## 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:

| | | September 30, 2017 | | December 31, 2016 | |
|---|---|---|---|---|---|
| | Subsequent Measurement | Carrying Value Asset (Liability) $ | Fair Value $ | Carrying Value Asset (Liability) $ | Fair Value $ |
| Long-term receivables | Amortized cost (Level 2) | 423,449 | 426,784 | 273,926 | 280,265 |
| Derivative financial instruments | | | | | |
| US dollar interest payment forward contracts | Fair value (Level 2) | 4,992 | 4,992 | 10,952 | 10,952 |
| US dollar debt principal forward contracts | Fair value (Level 2) | 22,158 | 22,158 | 71,086 | 71,086 |
| Long-term debt designated as net investment hedge | Amortized cost (Level 2) | (906,141) | (829,525) | (927,529) | (848,309) |
| Long-term debt, other | Amortized cost (Level 2) | (556,257) | (527,556) | (497,663) | (508,018) |

## 7 Long-Term Debt

| | September 30 2017 $ | December 31 2016 $ |
|---|---|---|
| Senior unsecured notes | 161,939 | 349,244 |
| Bank borrowings | 1,220,425 | 998,527 |
| Obligations under finance leases | 14,271 | 18,074 |
| Government borrowings | 65,763 | 58,287 |
| Other financing | - | 1,060 |
| | 1,462,398 | 1,425,192 |
| Less: current portion | 21,611 | 197,157 |
| | 1,440,787 | 1,228,035 |

As of September 30, 2017, $518,670 was available under the credit facilities.

## 8 Finance Expenses

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2017 $ | 2016 $ | 2017 $ | 2016 $ |
| Interest on long-term debt | 4,700 | 10,413 | 21,313 | 28,488 |
| Other | (3,906) | (5,217) | (14,758) | (11,369) |
| | 794 | 5,196 | 6,555 | 17,119 |

## 9 Commitments

As at September 30, 2017, outstanding commitments for capital expenditures under purchase orders and contracts amounted to $202,843 (September 30, 2016 - $169,258). Of this amount, $200,135 (September 30, 2016 - $167,769) relates to the purchase of manufacturing equipment and $2,708 (September 30, 2016 - $1,489) 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 (September 30, 2016 - $976) committed to a related party.

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

## 10 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 $1,298 at September 30, 2017 (September 30, 2016 - $4,663). Related party transactions included in the cost of sales are expenses such as rent, maintenance and transportation costs of $178 for the three months ended September 30, 2017 and $1,005 for the nine months ended September 30, 2017 ($247 for three months ended September 30, 2016 and $1,158 for the nine months ended September 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 September 30, 2017 were $666 (September 30, 2016 - $491).

## 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.

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 September 30, 2017 | | | Nine Months Ended September 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 | 1,289,375 | 10,163 | 108,157 | 4,063,628 | 36,969 | 416,065 | 5,012,590 |
| Industrial | 260,331 | 665 | 33,709 | 908,310 | 1,307 | 133,564 | 852,480 |
| Total | 1,549,706 | 10,828 | 141,866 | 4,971,938 | 38,276 | 549,629 | 5,865,070 |

| | Three Months Ended September 30, 2016 | | | Nine Months Ended September 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 | 1,227,439 | 9,650 | 124,198 | 3,909,053 | 33,469 | 429,179 | 4,752,755 |
| Industrial | 228,087 | 141 | 39,716 | 721,740 | 336 | 120,565 | 706,286 |
| Total | 1,455,526 | 9,791 | 163,914 | 4,630,793 | 33,805 | 549,744 | 5,459,041 |

## 12 Business Acquisition Offers Withdrawn

On July 4, 2017, the Company announced that it 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. As a result of further due diligence and discussion with various interested parties, on September 29, 2017, the Company announced that it is not in a position to file final, binding, unconditional offers and has decided not to pursue these acquisitions.

## 13 Comparative Figures

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