Linamar Delivers Another Year of Record Results, Double Digit Growth and Excellent Cash Generation, Increases Dividend 20%

March 8, 2017, Guelph, Ontario, Canada (TSX: LNR)

- Sales increase 16% over 2015 to reach $6.0 billion;
- Operating earnings increase 17% over 2015 to reach $696.8 million;
- Net earnings up 20% and earnings per share, on a diluted basis, up 20% over 2015 reaching $522.1 million and $7.92 respectively;
- Continued business wins maintain strong launch book at nearly $4.8 billion;
- Powertrain/Driveline delivers excellent sales and operating earnings growth with operating earnings up 25% to $551.6 million from 2015 on a sales increase of 19%;
- Industrial segment delivers sales growth despite a soft market thanks to excellent continued market share increases notably in telehandlers; and
- Rapid debt reduction thanks to strong cash flow which makes Linamar's balance sheet one of the strongest in the industry.

	Three Months Ended December 31		Twelve Months Ended December 31	
	2016	2015	2016	2015
(in millions of dollars, except earnings per share figures)	$	$	$	$
Sales	1,374.8	1,243.0	6,005.6	5,162.4
Operating Earnings (Loss)[1]				
Powertrain/Driveline	122.4	111.1	551.6	440.8
Industrial	24.6	20.3	145.2	156.2
Operating Earnings (Loss)	147.0	131.4	696.8	597.0
Net Earnings (Loss)	116.1	95.3	522.1	436.7
Net Earnings (Loss) per Share – Diluted	1.76	1.45	7.92	6.63

Operating Highlights

Sales for the fourth quarter of 2016 ("Q4 2016") were $1,374.8 million, up $131.8 million from $1,243.0 million in the fourth quarter of 2015 ("Q4 2015").

Sales for the Powertrain/Driveline segment ("Powertrain/Driveline") increased by $129.6 million, or 11.8% in Q4 2016 compared with Q4 2015. The sales increase in Q4 2016 was impacted by:

- the acquisition of Montupet S.A. in Q1 2016; and
- launching programs mainly in Europe and Asia; partially offset by
- lower production volumes on certain automotive programs; and
- lower sales on commercial vehicles in North America and Europe.

The Industrial segment ("Industrial") product sales increased 1.5%, or $2.2 million, to $144.7 million in Q4 2016 from Q4 2015. The sales increase was due to:

- increased scissor sales due to market growth and favourable product mix in Europe and North America;
- strong scissor market share growth in Asia; and
- strong telehandler sales growth due to excellent market share growth despite a softer market in North America; partially offset by
- decreased booms sales due to very soft market conditions in North America and Europe.

The Company's operating earnings for Q4 2016 were $147.0 million. This compares to $131.4 million in Q4 2015, an increase of $15.6 million.

Q4 2016 operating earnings for Powertrain/Driveline were higher by $11.3 million, or 10.2% over Q4 2015. The Powertrain/Driveline segment experienced the following in Q4 2016:

- earnings related to the acquisition of the Montupet S.A.;
- improved earnings as production volumes increased on launching programs; and
- better margins as a result of productivity and efficiency improvements; partially offset by
- lower earnings related to lower production volumes on certain automotive programs; and
- lower earnings as production volumes decreased on commercial vehicles.

[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").

Industrial segment operating earnings in Q4 2016 increased $4.3 million or 21.2% over Q4 2015. The increase in Industrial operating earnings was predominantly driven by:

- improved margins as a result of the net increase in volumes; and
- better margins as a result of changes in product mix and productivity improvements.

"Q4 was another fantastic quarter for us, our 22nd consecutive quarter of double digit operating earnings growth, a record we are very proud of," said Linamar CEO Linda Hasenfratz. "Consistent sustainable growth is a key element of Linamar's story, as is the enormous markets we are focused on which just keep feeding our backlog to drive continued growth in the future."

Dividends

The Board of Directors today declared an eligible dividend in respect to the quarter ended December 31, 2016 of CDN$0.12 per share on the common shares of the Company, payable on or after April 17, 2017 to shareholders of record on April 3, 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

Q4 2016 Conference Call Information
Linamar will hold a conference call on March 8, 2017 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 3093797, 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 March 8, 2017 and at www.sedar.com by the start of business on March 9, 2017. A taped replay of the conference call will also be made available starting at 8:00 p.m. on March 8, 2017 for ten days. The number for replay is (855) 859-2056, Conference ID 3093797.

Q1 2017 Conference Call Information
Linamar will hold a conference call on May 10, 2017 at 5:00 p.m. EST to discuss its first quarter results. The numbers for this call are (647) 427-3383 (local/overseas) or (888) 424-9894 (North America) conference ID 74537341, 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 May 10, 2017 and at www.sedar.com by the start of business on May 11, 2017. A taped replay of the conference call will also be made available starting at 8:00 p.m. on May 10, 2017 for ten days. The number for replay is (855) 859-2056, Conference ID 74537341.

Linamar Corporation (TSX:LNR) is a diversified global manufacturing company of highly engineered products powering vehicles, motion, work and lives. The Company is made up of 2 operating segments – the Powertrain/Driveline segment and the Industrial segment, which are further divided into 4 operating groups – Machining & Assembly, Light Metal Casting, Forging and Skyjack, all world leaders in the design, development and production of highly engineered products. The Company's Machining and Assembly, Casting and Forging operating groups focus on precision metallic components, modules and systems for engine, transmission, driveline and body systems designed for global vehicle and industrial markets. The Company's Skyjack operating group is noted for its innovative, high quality mobile industrial equipment, notably its class-leading aerial work platforms and telehandlers. With more than 24,500 employees in 57 manufacturing locations, 6 R&D centers and 21 sales offices in 17 countries in North and South America, Europe and Asia, Linamar generated sales of $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
March 8, 2017

LINAMAR CORPORATION
Management's Discussion and Analysis
For the Quarter Ended December 31, 2016

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Linamar Corporation ("Linamar" or the "Company") should be read in conjunction with its consolidated financial statements for the year ended December 31, 2016. This MD&A has been prepared as at March 8, 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 4 operating groups – Machining & Assembly, Light Metal Casting, Forging and Skyjack, all world leaders in the design, development and production of highly engineered products. The Company's Machining and Assembly, Casting and Forging operating groups focus on precision metallic components, modules and systems for engine, transmission, driveline and body systems designed for global vehicle and industrial markets. The Company's Skyjack operating group is noted for its innovative, high quality mobile industrial equipment, notably its class-leading aerial work platforms and telehandlers. With more than 24,500 employees in 57 manufacturing locations, 6 R&D centers and 21 sales offices in 17 countries in North and South America, Europe and Asia, Linamar generated sales of $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 2016 and 2015:

(in millions of dollars, except content per vehicle figures)	Three Months Ended December 31 2016 $	2015 $	+/- $	+/- %	Twelve Months Ended December 31 2016 $	2015 $	+/- $	+/- %
Sales	1,374.8	1,243.0	131.8	10.6%	6,005.6	5,162.4	843.2	16.3%
Gross Margin	221.0	197.5	23.5	11.9%	1,002.6	852.7	149.9	17.6%
Operating Earnings (Loss)[1]	147.0	131.4	15.6	11.9%	696.8	597.0	99.8	16.7%
Attributable to Shareholders of the Company:								
Net Earnings (Loss)	116.1	95.3	20.8	21.8%	522.1	436.7	85.4	19.6%
Net Earnings (Loss) per Share – Diluted	1.76	1.45	0.31	21.4%	7.92	6.63	1.29	19.5%
Content per Vehicle – North America	143.26	155.08	(11.82)	(7.6%)	153.82	150.37	3.45	2.3%
Content per Vehicle – Europe	62.42	40.02	22.40	56.0%	63.60	39.47	24.13	61.1%
Content per Vehicle – Asia Pacific	8.56	6.75	1.81	26.8%	8.32	6.70	1.62	24.2%

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 financial statements for the year ended December 31, 2016.

			Three Months Ended December 31 2016			Three Months Ended December 31 2015
(in millions of dollars)	Powertrain /Driveline $	Industrial $	Linamar $	Powertrain /Driveline $	Industrial $	Linamar $
Sales	1,230.1	144.7	1,374.8	1,100.5	142.5	1,243.0
Operating Earnings (Loss)	122.4	24.6	147.0	111.1	20.3	131.4

			Twelve Months Ended December 31 2016			Twelve Months Ended December 31 2015
(in millions of dollars)	Powertrain /Driveline $	Industrial $	Linamar $	Powertrain /Driveline $	Industrial $	Linamar $
Sales	5,139.2	866.4	6,005.6	4,310.2	852.2	5,162.4
Operating Earnings (Loss)	551.6	145.2	696.8	440.8	156.2	597.0

Powertrain/Driveline Highlights

				Three Months Ended December 31				Twelve Months Ended December 31
(in millions of dollars)	2016 $	2015 $	+/- $	+/- %	2016 $	2015 $	+/- $	+/- %
Sales	1,230.1	1,100.5	129.6	11.8%	5,139.2	4,310.2	829.0	19.2%
Operating Earnings (Loss)	122.4	111.1	11.3	10.2%	551.6	440.8	110.8	25.1%

Sales for the Powertrain/Driveline segment ("Powertrain/Driveline") increased by $129.6 million, or 11.8% in the fourth quarter of 2016 ("Q4 2016") compared with the fourth quarter of 2015 ("Q4 2015"). The sales increase in Q4 2016 was impacted by:

- the acquisition of Montupet S.A. in Q1 2016; and
- launching programs mainly in Europe and Asia; partially offset by
- lower production volumes on certain automotive programs; and
- lower sales on commercial vehicles in North America and Europe.

The 2016 sales for Powertrain/Driveline increased by $829.0 million, or 19.2% compared with 2015. The same factors that impacted Q4 2016 were also the primary factors that impacted the full year results in addition to higher sales resulting from favourable changes in foreign exchange rates across multiple currencies for the first three quarters.

Q4 2016 operating earnings for Powertrain/Driveline were higher by $11.3 million, or 10.2% over Q4 2015. The Powertrain/Driveline segment experienced the following in Q4 2016:

- earnings related to the acquisition of the Montupet S.A.;
- improved earnings as production volumes increased on launching programs; and
- better margins as a result of productivity and efficiency improvements; partially offset by
- lower earnings related to lower production volumes on certain automotive programs; and
- lower earnings as production volumes decreased on commercial vehicles.

The 2016 operating earnings increased by $110.8 million or 25.1% compared with 2015. The same factors that impacted Q4 2016 were also the primary factors that impacted the 2016 results in addition to higher earnings resulting from favourable changes in foreign exchange rates across multiple currencies for the first three quarters.

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Industrial Highlights

(in millions of dollars)	2016 $	2015 $	+/- $	+/- %	2016 $	2015 $	+/- $	+/- %
	Three Months Ended December 31				Twelve Months Ended December 31			
Sales	144.7	142.5	2.2	1.5%	866.4	852.2	14.2	1.7%
Operating Earnings (Loss)	24.6	20.3	4.3	21.2%	145.2	156.2	(11.0)	(7.0%)

The Industrial segment ("Industrial") product sales increased 1.5%, or $2.2 million, to $144.7 million in Q4 2016 from Q4 2015. The sales increase was due to:

- increased scissor sales due to market growth and favourable product mix in Europe and North America;
- strong scissor market share growth in Asia; and
- strong telehandler sales growth due to excellent market share growth despite a softer market in North America; partially offset by
- decreased booms sales due to very soft market conditions for booms in North America and Europe.

The 2016 sales for Industrial increased by $14.2 million, or 1.7% compared with 2015. The sales increase was due to:

- very strong telehandler sales growth due to excellent market share growth despite a softer market; partially offset by
- softer scissor sales primarily the result of a soft North America market.

Industrial segment operating earnings in Q4 2016 increased $4.3 million or 21.2% over Q4 2015. The increase in Industrial operating earnings was predominantly driven by:

- improved margins as a result of the net increase in volumes; and
- better margins as a result of changes in product mix and productivity improvements.

The 2016 operating earnings for Industrial decreased by $11.0 million, or 7.0% compared with 2015. The same factors that impacted Q4 2016 were also the primary factors that impacted the 2016 results in addition to:

- lower margins in Q1 and Q2 2016 as a result of the spending delays of larger national customers; and
- the result of a bad debt provision in Q1 2016 related to a Canadian customer operating primarily in the oil & gas industry.

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 December 31				Twelve Months Ended December 31			
North America	2016	2015	+/-	%	2016	2015	+/-	%
Vehicle Production Units [2]	4.49	4.44	0.05	1.1%	18.30	18.01	0.29	1.6%
Automotive Sales [1]	$ 643.9	$ 688.1	$ (44.2)	(6.4%)	$ 2,815.3	$ 2,708.3	$ 107.0	4.0%
Content Per Vehicle [1]	$ 143.26	$ 155.08	$ (11.82)	(7.6%)	$ 153.82	$ 150.37	$ 3.45	2.3%
Europe								
Vehicle Production Units	5.33	5.11	0.22	4.3%	21.49	20.82	0.67	3.2%
Automotive Sales	$ 332.8	$ 204.4	$ 128.4	62.8%	$ 1,366.7	$ 821.8	$ 544.9	66.3%
Content Per Vehicle	$ 62.42	$ 40.02	$ 22.40	56.0%	$ 63.60	$ 39.47	$ 24.13	61.1%
Asia Pacific								
Vehicle Production Units	13.58	12.17	1.41	11.6%	48.26	44.85	3.41	7.6%
Automotive Sales	$ 116.2	$ 82.1	$ 34.1	41.5%	$ 401.5	$ 300.5	$ 101.0	33.6%
Content Per Vehicle	$ 8.56	$ 6.75	$ 1.81	26.8%	$ 8.32	$ 6.70	$ 1.62	24.2%

North American automotive sales for Q4 2016 decreased 6.4% from Q4 2015 in a market that saw an increase of 1.1% in production volumes for the same period. As a result, content per vehicle in Q4 2016 decreased 7.6% from $155.08 to $143.26. The decrease in North American content per vehicle was a result of lower production volumes on certain automotive programs with our North American OEM's, decreases in volumes from our on highway commercial vehicle customers, and an increase in market production for OEM's that the Company does not have significant business with. The decrease in content per vehicle was partially offset by added sales from the acquisition of our light metal castings business.

European automotive sales for Q4 2016 increased 62.8% from Q4 2015 in a market that saw an increase of 4.3% in production volumes for the same period. As a result, content per vehicle in Q4 2016 increased 56.0% from $40.02 to $62.42. The increase in content per vehicle was a result of added sales from the acquisition of our light metal castings business and increased program launches.

Asia Pacific automotive sales for Q4 2016 increased 41.5% from Q4 2015 in a market that saw an increase of 11.6% in production volumes for the same period. As a result, content per vehicle in Q4 2016 increased 26.8% from $6.75 to $8.56. The increase in content per vehicle was a result of added sales from the acquisition of our light metal castings business and increased program launches.

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

[2] Vehicle production units are derived from industry sources and are shown in millions of units. North American vehicle production units used by the Company for the determination of the Company's CPV include medium and heavy truck volumes. European and Asia Pacific vehicle production units exclude medium and heavy trucks and the off-road (heavy equipment) market. All vehicle production volume information is as regularly reported by industry sources. Industry sources release vehicle production volume estimates based on the latest information from the Automotive Manufacturers and update these estimates as more accurate information is obtained. The Company will, on a quarterly basis, update CPV for the current fiscal year in its MD&A as these volume estimates are revised by the industry sources. The CPV figures in this MD&A reflect the volume estimates that were published closest to the quarter end date by the industry sources. These updates to vehicle production units have no effect on the Company's financial statements for those periods.

RESULTS OF OPERATIONS

Gross Margin

(in millions of dollars)	Three Months Ended December 31 2016	2015	Twelve Months Ended December 31 2016	2015
Sales	$ 1,374.8	$ 1,243.0	$ 6,005.6	$ 5,162.4
Cost of Sales before Amortization	1,075.0	976.3	4,672.0	4,037.8
Amortization	78.8	69.2	331.0	271.9
Cost of Sales	1,153.8	1,045.5	5,003.0	4,309.7
Gross Margin	$ 221.0	$ 197.5	$ 1,002.6	$ 852.7
Gross Margin Percentage	16.1%	15.9%	16.7%	16.5%

Gross margin percentage increased to 16.1% in Q4 2016 from 15.9% in Q4 2015. Cost of sales before amortization as a percentage of sales decreased in Q4 2016 to 78.2% compared to 78.5% for the same quarter of last year.

The improved gross margin as a percentage of sales between Q4 2016 and Q4 2015 is a result of the items discussed earlier in this analysis such as:

- earnings related to the acquisition of Montupet S.A. in Q1 2016;
- better margins as a result of changes in product mix and productivity improvements;
- improved margins as production volumes increased on launching programs in the Powertrain/Driveline segment; and
- net increase in access equipment volumes; partially offset by
- lower earnings as production volumes decreased on automotive and commercial vehicles in the Powertrain/Driveline segment.

Q4 2016 amortization increased to $78.8 million from $69.2 million in Q4 2015 due to the acquisition of Montupet S.A. Amortization as a percentage of sales increased to 5.7% of sales as compared to 5.6% in Q4 2015.

2016 gross margin increased to 16.7% from 16.5% in 2015. The same factors that impacted Q4 2016 gross margin were also the primary factors that impacted the full year results.

Selling, General and Administration

(in millions of dollars)	Three Months Ended December 31 2016	2015	Twelve Months Ended December 31 2016	2015
Selling, general and administrative	$ 82.8	$ 72.4	$ 325.4	$ 266.0
SG&A Percentage	6.0%	5.8%	5.4%	5.2%

Selling, general and administrative ("SG&A") costs increased to $82.8 million from $72.4 million in Q4 2015, and increased as a percentage of sales to 6.0% from 5.8% when compared to Q4 2015 due to the acquisition of Montupet S.A.

On an annual basis, SG&A costs reflected a similar pattern of higher dollar costs due to the acquisition of Montupet S.A. and investments made to support launches, future growth and new facilities, driving slightly higher costs as a percentage of sales to 5.4% from 5.2% a year ago.

Finance Expense and Income Taxes

(in millions of dollars)	Three Months Ended December 31 2016 $	2015 $	Twelve Months Ended December 31 2016 $	2015 $
Operating Earnings (Loss)	147.0	131.4	696.8	597.0
Share of Net Earnings (Loss) of Investments Accounted for Using the Equity Method	(1.4)	-	(3.0)	-
Finance Expenses	3.9	2.8	21.1	16.2
Provision for (Recovery of) Income Taxes	25.6	33.3	150.2	144.1
Net Earnings (Loss)	116.1	95.3	522.5	436.7
Net Earnings (Loss) Attributable to:				
Shareholders of the Company	116.1	95.3	522.1	436.7
Non-Controlling Interests	-	-	0.4	-

Finance Expenses

Finance expenses increased $1.1 million in Q4 2016 from Q4 2015 to reach $3.9 million due to:

- increased Euro borrowings due to the acquisition of Montupet S.A. in Q1 2016; partially offset by
- higher interest earned on the investment of excess cash balances.

In 2016, finance expenses increased $4.9 million to $21.1 million due to:

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

The consolidated effective interest rate for Q4 2016 decreased to 2.0% (2.1% for the full year of 2016) compared to 4.4% in Q4 2015 (4.2% for the full year of 2015). The effective interest rate was lower in 2016 versus 2015 as the total debt in 2016 was heavily weighted to Euro denominated debt and the Euro borrowing rates are lower than both the Canadian dollar borrowing rates and U.S. Private Placement Note borrowing rates.

Provision for Income Taxes

The effective tax rate for Q4 2016 was 18.1%, a decrease from the 25.9% rate in the same quarter of 2015. The effective tax rate in Q4 2016 was:

- reduced due to a more favourable mix of foreign tax rates in Q4 2016 when compared to Q4 2015;
- reduced due to adjustments in the quarter regarding tax recoveries from prior years, primarily in Asia; partially offset by
- an increase of non-deductible expenses incurred in Q4 2016 relative to Q4 2015.

The effective tax rate for 2016 was 22.3%, a decrease from the 24.8% rate in 2015. The 2016 effective tax rate was impacted by the same factors that affected Q4 2016 and in addition an increase of non-deductible expenses incurred in Q1 2016 with respect to the business acquisition in that quarter.

TOTAL EQUITY

Book value per share[1] increased to $39.69 per share at December 31, 2016 as compared to $34.66 per share at December 31, 2015.

During the quarter no options expired unexercised, 600 were forfeited and 66,400 options were exercised.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares, of which 65,273,726 common shares were outstanding as of March 8, 2017. The Company's common shares constitute its only class of voting securities. As of March 8, 2017, there were 1,578,045 options to acquire common shares outstanding and 4,250,000 options still available to be granted under the Company's share option plan.

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

SELECTED FINANCIAL INFORMATION

ANNUAL RESULTS

The following table sets out selected financial data relating to the Company's years ended December 31, 2016, 2015 and 2014. This financial data should be read in conjunction with the Company's consolidated financial statements for these years:

(in millions of dollars, except per share figures)	2016 $	2015 $	2014 $
Sales	6,005.6	5,162.4	4,171.6
Net Earnings (Loss) Attributable to Shareholders of the Company	522.1	436.7	320.6
Total Assets	5,227.2	3,799.9	2,948.4
Total Long-term Liabilities	1,370.6	615.1	509.6
Cash Dividends declared per share	0.40	0.40	0.40
Net Earnings (Loss) per Share Attributable to Shareholders of the Company:			
Basic	8.01	6.71	4.95
Diluted	7.92	6.63	4.90

On February 25, 2016, the Company completed its acquisition of 100% of the shares of Montupet S.A. for a purchase price of $1,187.3 million which was funded by a draw on an amended and restated credit facility. Montupet S.A. is a global leader in the design and manufacture of complex aluminum castings for the global automotive industry with sales and production facilities diversified across several European countries, North America and Asia.

QUARTERLY RESULTS

The following table sets forth unaudited information for each of the eight quarters ended March 31, 2015 through December 31, 2016. This information has been derived from the Company's unaudited consolidated interim financial statements which, in the opinion of management, have been prepared on a basis consistent with the audited consolidated financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for fair presentation of the financial position and results of operations for those periods.

(in millions of dollars, except per share figures)	Dec 31 2016 $	Sep 30 2016 $	Jun 30 2016 $	Mar 31 2016 $	Dec 31 2015 $	Sep 30 2015 $	Jun 30 2015 $	Mar 31 2015 $
Sales	1,374.8	1,455.5	1,657.2	1,518.1	1,243.0	1,273.9	1,368.1	1,277.5
Net Earnings (Loss) Attributable to Shareholders of the Company	116.1	122.2	157.3	126.4	95.3	107.6	120.1	113.7
Net Earnings (Loss) per Share Attributable to Shareholders of the Company:								
Basic	1.78	1.88	2.41	1.94	1.46	1.65	1.84	1.75
Diluted	1.76	1.86	2.39	1.92	1.45	1.64	1.83	1.73

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 months of July and August due to model changeovers by the OEMs and in December for maintenance shut-down periods. 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

(in millions of dollars)	Three Months Ended December 31 2016 $	2015 $	Twelve Months Ended December 31 2016 $	2015 $
Cash generated from (used in):				
Operating Activities	275.3	266.2	898.1	691.9
Financing Activities	(216.4)	(40.7)	789.9	(71.8)
Investing Activities	(107.2)	(98.2)	(1,574.9)	(505.0)
Effect of Translation Adjustment	(8.8)	7.6	(47.2)	29.9
Net Increase/(Decrease) in Cash Position	(57.1)	134.9	65.9	145.0
Cash and Cash Equivalents – Beginning of Period	462.1	204.2	339.1	194.1
Cash and Cash Equivalents – End of Period	405.0	339.1	405.0	339.1
Comprised of:				
Cash in bank	233.0	319.8	233.0	319.8
Short-term deposits	192.9	29.9	192.9	29.9
Unpresented Cheques	(20.9)	(10.6)	(20.9)	(10.6)
	405.0	339.1	405.0	339.1

The Company's cash and cash equivalents (net of unpresented cheques) at December 31, 2016 were $405.0 million, an increase of $65.9 million compared to December 31, 2015.

Cash generated from operating activities was $275.3 million, an increase of $9.1 million from Q4 2015 due to an increase in earnings before amortization over Q4 2015 and less cash being used to fund non-cash working capital. Cash generated from operating activities was $898.1 million in 2016, $206.2 million more than was provided in 2015, due to an increase in earnings before amortization.

During the quarter, financing activities used $216.4 million of cash due to repayments on long-term debt compared to $40.7 million used in Q4 2015. Financing activities generated $789.9 million in 2016 primarily due to proceeds from long-term debt, which were used to fund the purchase of Montupet S.A.

Investing activities used $107.2 million compared to the $98.2 million used in Q4 2015 mainly for the purchase of property, plant and equipment. Investing activities used $1,574.9 million in 2016 mainly for the acquisition of Montupet S.A. and the purchase of property, plant and equipment.

Operating Activities

(in millions of dollars)	Three Months Ended December 31 2016 $	2015 $	Twelve Months Ended December 31 2016 $	2015 $
Net earnings (loss) for the period attributable to shareholders of the Company	116.1	95.3	522.1	436.7
Adjustments to earnings	86.8	77.9	378.0	295.4
	202.9	173.2	900.1	732.1
Changes in non-cash working capital	72.4	93.0	(2.0)	(40.2)
Cash generated from (used in) operating activities	275.3	266.2	898.1	691.9

Cash generated by operations before the effect of changes in non-cash working capital increased $29.7 million in Q4 2016 to $202.9 million, compared to $173.2 million in Q4 2015. Cash generated from operations before the effects of changes in non-cash working capital increased $168.0 million in 2016 to $900.1 million from $732.1 million in 2015.

Non-cash working capital decreased $72.4 million primarily due to decreases in accounts receivable during Q4 2016.

Financing Activities

	Three Months Ended December 31		Twelve Months Ended December 31	
	2016	2015	2016	2015
(in millions of dollars)	$	$	$	$
Proceeds from (repayments of) short term bank borrowings	(2.1)	(16.7)	(2.1)	(16.3)
Proceeds from (repayments of) long-term debt	(209.7)	(22.6)	826.6	(29.9)
Proceeds from government borrowings	(0.7)	1.4	11.2	13.5
Proceeds from exercise of stock options	0.9	0.8	1.2	1.3
Dividends	(6.5)	(6.5)	(26.1)	(26.0)
Interest received (paid)	1.7	2.9	(20.9)	(14.4)
Cash generated from (used in) financing activities	(216.4)	(40.7)	789.9	(71.8)

Financing activities for Q4 2016 used $216.4 million of cash compared to $40.7 million used in Q4 2015 primarily due to increased repayments of long-term debt. Financing activities in 2016 generated $789.9 million of cash compared to $71.8 million used in 2015 due to proceeds from long-term debt used to fund the purchase of Montupet S.A.

Investing Activities

	Three Months Ended December 31		Twelve Months Ended December 31	
	2016	2015	2016	2015
(in millions of dollars)	$	$	$	$
Payments for purchase of property, plant and equipment	(89.8)	(99.8)	(343.3)	(341.6)
Proceeds on disposal of property, plant and equipment	6.1	0.3	7.9	7.7
Payments for purchase of intangible assets	(2.5)	(1.4)	(10.6)	(3.2)
Business acquisitions, net of cash acquired	-	-	(1,133.9)	(109.0)
(Increase) decrease in long-term receivables	(20.8)	2.7	(94.1)	(58.9)
Other	(0.2)	-	(0.9)	-
Cash generated from (used in) investing activities	(107.2)	(98.2)	(1,574.9)	(505.0)

Cash spent on investing activities for Q4 2016 was $107.2 million compared to Q4 2015 levels of $98.2 million primarily due to the purchase of property, plant and equipment. Cash spent on investing activities in 2016 was $1,574.9 million, an increase of $1,069.9 million from 2015 levels of $505.0 million primarily due to the acquisition of Montupet S.A. and the purchase of property, plant and equipment.

Capital Resources

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

At December 31, 2016, cash including short-term deposits (net of unpresented cheques) was $405.0 million, and the Company's credit facilities had available credit of $733.8 million.

Commitments and Contingencies

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

(in millions of dollars)	Total $	1 year $	Later than 1 year and not later than 5 years $	Later than 5 years $
Long-Term Debt Principal, excluding Capital Leases	1,405.8	191.2	1,176.4	38.2
Capital Lease Obligations[1]	19.4	5.9	12.3	1.2
Operating Leases	35.1	10.5	18.0	6.6
Purchase Obligations[2]	220.9	220.9	-	-
Total Contractual Obligations	1,681.2	428.5	1,206.7	46.0

[1] Capital Lease Obligations includes the interest component in accordance with the definition of minimum lease payments under IFRS.
[2] Purchase Obligations means an agreement to purchase goods or services that is enforceable and legally binding that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

The Company occasionally provides guarantees to third parties who, in turn, provide financing to credit worthy Linamar customers under finance leases for certain industrial access products. In addition, the Company has provided limited guarantees within the purchase agreements of derecognized receivables as discussed in Notes 8 and 29 of the Company's consolidated financial statements for the year ended December 31, 2016.

From time to time, the Company may be contingently liable for litigation, legal and/or regulatory actions and proceedings and other claims. These claims are described in Note 15 of the Company's consolidated financial statements for the year ended December 31, 2016.

Foreign Currency Activities

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

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

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

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

During the first quarter of 2016, the Euro denominated debt used to purchase the net assets of Montupet S.A. was designated as a net investment hedge. Hedges of net investments are accounted for similarly to cash flow hedges with amounts accumulated in other comprehensive earnings. The amounts accumulated in other comprehensive earnings are reclassified to net earnings in the period in which the foreign operation is partially disposed of or sold. Please see Notes 16 and 27 of the Company's consolidated financial statements for the year ended December 31, 2016.

For a summary of the Company's forward contracts and risks related to the Company's financial instruments please see Note 29 of 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 11 years, and the majority of lease arrangements are renewable at the end of the lease period at market rates. The Company also leases various machinery and transportation equipment under non-cancellable operating lease arrangements. The lease terms are between 1 and 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 Note 24 of the Company's consolidated financial statements for the year ended December 31, 2016.

TRANSACTIONS WITH RELATED PARTIES

Included in the cost of property, plant and equipment is the construction of buildings, building additions and building improvements performed by related parties in the aggregate amount of $5.4 million at December 31, 2016 ($19.0 million for 2015). Related party transactions included in the cost of sales are expenses such as rent, maintenance and transportation costs of $1.6 million for 2016 ($2.3 million for 2015). The maintenance and construction costs represent general contracting and construction activities related to plant construction, improvements, additions and maintenance for a number of facilities. Amounts owed to related parties at December 31, 2016 were $1.0 million ($3.5 million at December 31, 2015).

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

CURRENT AND PROPOSED TRANSACTIONS

On October 15, 2015, the Company announced its intention to file a Tender Offer for 100% of the outstanding shares and voting rights of Montupet S.A. The filing of the Tender Offer with the Autorité des Marchés Financiers ("AMF"), the French Regulatory Authority, opened to the public in early December 2015 and closed January 21, 2016 (the "First Offer") and pursuant to article 232-4 of the AMF General Regulations, the Offer was reopened and closed on February 11, 2016 (the "Second Offer"). After the Second Offer, the Company owned 96.85% of the then outstanding shares and purchased the remaining shares to reach 100% for a purchase price of $1,187.3 million at February 25, 2016. Montupet S.A. is a global leader in the design and manufacture of complex aluminum castings for the global automotive industry with sales and production facilities diversified across several European countries, North America and Asia.

RISK MANAGEMENT

The following risk factors, as well as the other information contained in this MD&A, and the Company's Annual Information Form for the year ended December 31, 2016 or otherwise incorporated herein by reference, should be considered carefully. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements related to the Company.

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

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

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

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

Sources and Availability of Raw Materials
The primary raw materials utilized by the precision machining operations are iron and aluminum castings and forgings, which are readily obtained from a variety of suppliers globally that support the Company's operations. The Company is not dependent on any one supplier. A disruption in the supply of components could cause the temporary shut-down and a prolonged supply disruption, including the inability to re-source or in-source production of a critical component, could have a material adverse effect on the Company's business.

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

Labour Markets and Dependence on Key Personnel
For the development and production of products, the ability for the Company to compete successfully will depend on its ability to acquire and retain competent trades people, management, and product development staff that allow the Company to quickly adapt to technological change and advances in processes. Loss of certain members of the executive team or key technical leaders of the

Company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacement is found. Competition for personnel throughout the industry is intense. The Company may be unable to retain its key employees or attract, assimilate, train or retain other necessary qualified employees, which may restrict its growth potential.

Dependence on Certain Customers

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

Typically, sales are similarly concentrated for the Industrial segment as product distribution is largely through major rental companies. Through its Skyjack subsidiary, the Company engages in the production and sale of access equipment including scissor lifts, booms and telehandlers. There is a relatively defined sales cycle in this industry segment, as it is closely related to, and affected by, product life cycle and the construction sector. Therefore, the risks and fluctuations in the construction industry in the countries that Skyjack operates in also affect Skyjack's sales.

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

Technological Change and Product Launches

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

Foreign Currency Risk

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

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

Long-term Contracts

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

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

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

Acquisition and Expansion Risk

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

Foreign Business Risk

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

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

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

Cyclicality and Seasonality

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

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

Capital and Liquidity Risk

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

The Company's current credit facilities, the 2017 Notes and the 2021 Notes require the Company to comply with certain financial covenants. There can be no assurance of the Company's ability to continue to comply with its financial covenants, to appropriately service its debt or to obtain continued commitments from debt providers or additional equity capital given current or future conditions or events in the economy or markets in general or in the Company's Powertrain/Driveline and Industrial segments in particular.

Legal Proceedings and Insurance Coverage

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

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

Credit Risk

The Company's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents and receivables. The Company's credit risk for cash and cash equivalents is reduced as balances are held with major financial institutions. A substantial portion of the Company's receivables are with large customers in the automotive, truck and industrial sectors and are subject to credit risks normal to those industries. The Company cannot ensure that its customers will not experience financial difficulties in the future and therefore the Company may not be able to collect all of its receivables.

Emission Standards
Recent changes in emission standards in the United States and in certain states, such as California, may affect the future sale of certain automotive products. Even though the Company continues to implement changes to certain products via specifications from customers, there can be no assurance that the Company will be able to keep pace with these changes. The introduction of the experimental fuel cell automobile by some major automotive manufacturers may affect the products and processes the Company employs, the effect of which is currently undetermined.

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

Securities Laws Compliance and Corporate Governance Standards
The securities laws in Canada and abroad may change at any time. The impact of these changes on the Company cannot be predicted.

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

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

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

As of December 31, 2016, the Company's management evaluated the effectiveness of the Company's disclosure controls and procedures, as defined under rules adopted by the CSA. This evaluation was performed under the supervision of, and with the participation of, the CEO and the CFO.

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

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

Internal Control over Financial Reporting

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

As of December 31, 2016, the Company's management evaluated the effectiveness of the Company's internal control over financial reporting, as defined under rules adopted by the CSA. This evaluation was performed under the supervision of, and with the participation of, the CEO and the CFO.

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

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

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

Changes in Internal Controls over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2016, which have materially affected, or is 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. The following discussion sets forth management's most critical estimates and assumptions in determining the value of assets and liabilities and most critical judgements in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year.

Impairment of Non-Financial Assets

The Company believes that the estimate of impairment for goodwill and non-financial assets is a "critical accounting estimate" because management is required to make significant forward looking assumptions. The recoverable amounts of cash generating units have been determined based on the higher of fair value less costs of disposal or value in use calculations, which require the use of estimates. Uncertain changes in the discount rate used, and forward looking assumptions regarding improvement plans, costing assumptions, timing of program launches, and production volumes may affect the fair value of estimates used. No known trends, commitments, events or other uncertainties are currently believed to materially affect the assumptions used.

Current Income Taxes

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

Deferred Income Tax Assets and Liabilities

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

Useful Lives of Depreciable Assets

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

Purchase Price Allocations

The purchase price related to a business combination is allocated to the underlying acquired assets and liabilities based on their estimated fair values at the time of acquisition. The determination of fair value requires the Company to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amounts assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Company's reported assets and liabilities and future net earnings due to the impact on future depreciation and amortization expense and impairment tests.

RECENT ACCOUNTING CHANGES AND EFFECTIVE DATES

For information pertaining to accounting changes effective in 2016 and for future fiscal years please see Note 4 of the Company's consolidated financial statements for the year ended December 31, 2016.

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)	December 31 2016	December 31 2015
Total equity	$ 2,590.3	$ 2,258.7
Shares outstanding at the end of the period	65,258,426	65,173,426
Book value per share	$ 39.69	$ 34.66

Additional GAAP Measures

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

Operating Earnings

Operating earnings (loss) is calculated as net earnings (loss) before 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 December 31, 2016	Three Months Ended				Year to Date			
	Mar 31 2016	Jun 30 2016	Sep 30 2016	Dec 31 2016	Mar 31 2016	Jun 30 2016	Sep 30 2016	Dec 31 2016
North America								
Vehicle Production Units	4.56	4.72	4.53	4.49	4.56	9.28	13.81	18.30
Automotive Sales	$ 751.8	$ 749.5	$ 670.1	$ 643.9	$ 751.8	$ 1,501.3	$ 2,171.4	$ 2,815.3
Content Per Vehicle	$ 164.90	$ 158.75	$ 148.02	$ 143.26	$ 164.90	$ 161.77	$ 157.26	$ 153.82
Europe								
Vehicle Production Units	5.52	5.90	4.74	5.33	5.52	11.41	16.16	21.49
Automotive Sales	$ 335.8	$ 376.4	$ 321.7	$ 332.8	$ 335.8	$ 712.2	$ 1,033.9	$ 1,366.7
Content Per Vehicle	$ 60.86	$ 63.83	$ 67.82	$ 62.42	$ 60.86	$ 62.39	$ 63.99	$ 63.60
Asia Pacific								
Vehicle Production Units	11.90	11.27	11.51	13.58	11.90	23.17	34.68	48.26
Automotive Sales	$ 97.6	$ 90.5	$ 97.2	$ 116.2	$ 97.6	$ 188.1	$ 285.3	$ 401.5
Content Per Vehicle	$ 8.20	$ 8.03	$ 8.45	$ 8.56	$ 8.20	$ 8.12	$ 8.23	$ 8.32

Estimates as of September 30, 2016	Three Months Ended			Year to Date		
	Mar 31 2016	Jun 30 2016	Sep 30 2016	Mar 31 2016	Jun 30 2016	Sep 30 2016
North America						
Vehicle Production Units	4.56	4.73	4.56	4.56	9.29	13.86
Automotive Sales	$ 751.8	$ 749.5	$ 670.1	$ 751.8	$ 1,501.3	$ 2,171.4
Content Per Vehicle	$ 164.82	$ 158.40	$ 146.87	$ 164.82	$ 161.55	$ 156.72
Europe						
Vehicle Production Units	5.50	5.90	4.73	5.50	11.40	16.14
Automotive Sales	$ 335.8	$ 376.4	$ 315.3	$ 335.8	$ 712.2	$ 1,027.5
Content Per Vehicle	$ 61.01	$ 63.79	$ 66.64	$ 61.01	$ 62.45	$ 63.68
Asia Pacific						
Vehicle Production Units	11.90	11.28	11.15	11.90	23.19	34.34
Automotive Sales	$ 97.6	$ 90.5	$ 97.2	$ 97.6	$ 188.1	$ 285.3
Content Per Vehicle	$ 8.20	$ 8.02	$ 8.72	$ 8.20	$ 8.11	$ 8.31

Change in Estimates from Prior Quarter	Three Months Ended			Year to Date		
	Mar 31 2016 +/-	Jun 30 2016 +/-	Sep 30 2016 +/-	Mar 31 2016 +/-	Jun 30 2016 +/-	Sep 30 2016 +/-
North America						
Vehicle Production Units	-	(0.01)	(0.03)	-	(0.01)	(0.05)
Automotive Sales	$ -	$ -	$ -	$ -	$ -	$ -
Content Per Vehicle	$ 0.08	$ 0.35	$ 1.15	$ 0.08	$ 0.22	$ 0.54
Europe						
Vehicle Production Units	0.02	-	0.01	0.02	0.01	0.02
Automotive Sales	$ -	$ -	$ 6.4	$ -	$ -	$ 6.4
Content Per Vehicle	$ (0.15)	$ 0.04	$ 1.18	$ (0.15)	$ (0.06)	$ 0.31
Asia Pacific						
Vehicle Production Units	-	(0.01)	0.36	-	(0.02)	0.34
Automotive Sales	$ -	$ -	$ -	$ -	$ -	$ -
Content Per Vehicle	$ -	$ 0.01	$ (0.27)	$ -	$ 0.01	$ (0.08)

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 December 31, 2016 with comparatives as at December 31, 2015 (Unaudited)
(in thousands of Canadian dollars)

	December 31 2016 $	December 31 2015 $
ASSETS		
Cash and cash equivalents	404,966	339,079
Accounts and other receivables	898,445	790,534
Inventories	691,385	544,516
Income taxes recoverable	11,466	3,787
Current portion of long-term receivables (Note 6)	74,557	45,380
Current portion of derivative financial instruments (Note 6)	44,904	4,646
Other current assets	17,177	13,081
Current Assets	2,142,900	1,741,023
Long-term receivables (Note 6)	199,369	137,959
Property, plant and equipment	2,052,055	1,721,882
Investments accounted for using the equity method	5,881	-
Intangible assets	279,587	23,590
Goodwill (Note 8)	456,791	29,807
Derivative financial instruments (Note 6)	37,134	91,196
Deferred tax assets	53,453	54,447
Assets	5,227,170	3,799,904
LIABILITIES		
Short-term borrowings	7,972	-
Accounts payable and accrued liabilities	974,612	843,577
Provisions	31,713	26,198
Income taxes payable	54,836	45,477
Current portion of long-term debt (Notes 6, 9)	197,157	10,839
Current Liabilities	1,266,290	926,091
Long-term debt (Notes 6, 9)	1,228,035	537,410
Deferred tax liabilities	142,584	77,736
Liabilities	2,636,909	1,541,237
EQUITY		
Capital stock	120,385	118,609
Retained earnings	2,386,524	1,890,473
Contributed surplus	23,332	21,094
Accumulated other comprehensive earnings (loss)	60,020	228,491
Equity	2,590,261	2,258,667
Liabilities and Equity	5,227,170	3,799,904

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

On behalf of the Board of Directors:

Frank Hasenfratz
Director

Linda Hasenfratz
Director

LINAMAR CORPORATION
Consolidated Interim Statements of Earnings
For the twelve months ended December 31, 2016 and December 31, 2015 (Unaudited)
(in thousands of Canadian dollars, except per share figures)

	Three Months Ended December 31 2016 $	Three Months Ended December 31 2015 $	Twelve Months Ended December 31 2016 $	Twelve Months Ended December 31 2015 $
Sales	1,374,791	1,242,979	6,005,584	5,162,450
Cost of sales	1,153,794	1,045,475	5,003,034	4,309,732
Gross Margin	220,997	197,504	1,002,550	852,718
Selling, general and administrative	82,794	72,400	325,364	265,975
Other income and (expenses)	8,830	6,259	19,591	10,283
Operating Earnings (Loss)	147,033	131,363	696,777	597,026
Share of net earnings (loss) of investments accounted for using the equity method	(1,371)	-	(2,976)	-
Finance expenses (Note 10)	3,952	2,756	21,071	16,239
Net Earnings (Loss) before Income Taxes	141,710	128,607	672,730	580,787
Provision for (recovery of) income taxes	25,609	33,341	150,202	144,116
Net Earnings (Loss) for the Period	116,101	95,266	522,528	436,671
Net Earnings (Loss) Attributable to:				
Shareholders of the Company	116,101	95,266	522,127	436,671
Non-Controlling Interests (Note 14)	-	-	401	-
	116,101	95,266	522,528	436,671
Net Earnings (Loss) Per Share Attributable to Shareholders of the Company:				
Basic	1.78	1.46	8.01	6.71
Diluted	1.76	1.45	7.92	6.63

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

LINAMAR CORPORATION

Consolidated Interim Statements of Comprehensive Earnings

For the twelve months ended December 31, 2016 and December 31, 2015 (Unaudited)
(in thousands of Canadian dollars)

	Three Months Ended December 31		Twelve Months Ended December 31	
	2016	2015	2016	2015
	$	$	$	$
Net Earnings (Loss) for the Period	116,101	95,266	522,528	436,671
Items that may be reclassified subsequently to net income				
Unrealized gains (losses) on translating financial statements of foreign operations	(76,078)	31,340	(232,973)	172,694
Change in foreign exchange gains (losses) on long-term debt designated as a net investment hedge	42,361	-	65,764	-
Change in unrealized gains (losses) on derivative instruments designated as cash flow hedges	5,277	9,944	(12,109)	59,388
Tax impact of change in unrealized gains (losses) on derivative instruments designated as cash flow hedges	(1,320)	(2,486)	3,027	(15,020)
Reclassification to earnings of gains (losses) on cash flow hedges	(8,372)	(12,870)	10,426	(58,214)
Tax impact of reclassification to earnings of gains (losses) on cash flow hedges	2,094	3,218	(2,606)	14,727
Other Comprehensive Earnings (Loss)	(36,038)	29,146	(168,471)	173,575
Comprehensive Earnings (Loss) for the Period	80,063	124,412	354,057	610,246
Comprehensive Earnings (Loss) Attributable to:				
Shareholders of the Company	80,063	124,412	353,656	610,246
Non-Controlling Interests	-	-	401	-
	80,063	124,412	354,057	610,246

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

LINAMAR CORPORATION
Consolidated Interim Statements of Changes in Equity
For the twelve months ended December 31, 2016 and December 31, 2015 (Unaudited)
(in thousands of Canadian dollars)

	Capital stock $	Retained earnings $	Contributed surplus $	Cumulative translation adjustment $	Hedging reserves $	Equity Attributable to Shareholders $	Non-Controlling Interests $	Total Equity $
Balance at January 1, 2016	118,609	1,890,473	21,094	228,306	185	2,258,667	-	2,258,667
Net Earnings (Loss)	-	522,127	-	-	-	522,127	401	522,528
Other comprehensive earnings (loss)	-	-	-	(167,209)	(1,262)	(168,471)	-	(168,471)
Comprehensive Earnings (Loss)	-	522,127	-	(167,209)	(1,262)	353,656	401	354,057
Share-based compensation	-	-	2,765	-	-	2,765	-	2,765
Shares issued on exercise of options	1,776	-	(527)	-	-	1,249	-	1,249
Acquisition of non-controlling interests	-	-	-	-	-	-	(401)	(401)
Dividends	-	(26,076)	-	-	-	(26,076)	-	(26,076)
Balance at December 31, 2016	120,385	2,386,524	23,332	61,097	(1,077)	2,590,261	-	2,590,261

	Capital stock $	Retained earnings $	Contributed surplus $	Cumulative translation adjustment $	Hedging reserves $	Equity Attributable to Shareholders $	Non-Controlling Interests $	Total Equity $
Balance at January 1, 2015	116,701	1,479,848	19,187	55,612	(696)	1,670,652	-	1,670,652
Net Earnings (Loss)	-	436,671	-	-	-	436,671	-	436,671
Other comprehensive earnings (loss)	-	-	-	172,694	881	173,575	-	173,575
Comprehensive Earnings (Loss)	-	436,671	-	172,694	881	610,246	-	610,246
Share-based compensation	-	-	2,473	-	-	2,473	-	2,473
Shares issued on exercise of options	1,908	-	(566)	-	-	1,342	-	1,342
Dividends	-	(26,046)	-	-	-	(26,046)	-	(26,046)
Balance at December 31, 2015	118,609	1,890,473	21,094	228,306	185	2,258,667	-	2,258,667

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

LINAMAR CORPORATION

Consolidated Interim Statements of Cash Flows

For the twelve months ended December 31, 2016 and December 31, 2015 (Unaudited)
(in thousands of Canadian dollars)

	Three Months Ended December 31		Twelve Months Ended December 31	
	2016	2015	2016	2015
	$	$	$	$
Cash generated from (used in)				
Operating Activities				
Net Earnings (Loss) for the Period Attributable to Shareholders of the Company	116,101	95,266	522,127	436,671
Adjustments for:				
Amortization of property, plant and equipment	60,248	68,182	306,316	265,204
Amortization of other intangible assets	18,926	1,660	27,311	8,575
Deferred income taxes	869	3,889	(12,192)	8,509
Property, plant and equipment impairment provision	177	139	30,610	717
Share-based compensation	957	1,003	2,765	2,473
Finance expense	3,952	2,756	21,071	16,239
Other	1,651	273	2,097	(6,290)
	202,881	173,168	900,105	732,098
Changes in non-cash working capital				
(Increase) decrease in accounts and other receivables	72,262	174,579	(91,386)	30,044
(Increase) decrease in inventories	(59,374)	22,116	(81,304)	(9,721)
(Increase) decrease in other current assets	2,093	3,388	(2,761)	(1,019)
Increase (decrease) in income taxes	9,070	5,867	11,315	8,584
Increase (decrease) in accounts payable and accrued liabilities	43,741	(100,816)	156,753	(63,827)
Increase (decrease) in provisions	4,628	(12,190)	5,345	(4,302)
	72,420	92,944	(2,038)	(40,241)
Cash generated from (used in) operating activities	275,301	266,112	898,067	691,857
Financing Activities				
Proceeds from (repayments of) short-term borrowings	(2,080)	(16,739)	(2,087)	(16,313)
Proceeds from (repayments of) long-term debt	(209,719)	(22,522)	826,556	(29,864)
Proceeds from government borrowings	(728)	1,397	11,193	13,481
Proceeds from exercise of stock options	976	886	1,249	1,342
Dividends	(6,520)	(6,513)	(26,076)	(26,046)
Interest received (paid)	1,661	2,777	(20,905)	(14,417)
Cash generated from (used in) financing activities	(216,410)	(40,714)	789,930	(71,817)
Investing Activities				
Payments for purchase of property, plant and equipment	(89,751)	(99,794)	(343,273)	(341,643)
Proceeds on disposal of property, plant and equipment	6,174	314	7,939	7,730
Payments for purchase of intangible assets	(2,656)	(1,372)	(10,638)	(3,147)
Business acquisitions, net of cash acquired	-	-	(1,133,945)	(109,021)
(Increase) decrease in long-term receivables	(20,845)	2,720	(94,118)	(58,868)
Other	(227)	-	(883)	-
Cash generated from (used in) investing activities	(107,305)	(98,132)	(1,574,918)	(504,949)
	(48,414)	127,266	113,079	115,091
Effect of translation adjustment on cash	(8,766)	7,604	(47,192)	29,936
Increase (decrease) in cash and cash equivalents	(57,180)	134,870	65,887	145,027
Cash and cash equivalents - Beginning of Period	462,146	204,209	339,079	194,052
Cash and cash equivalents - End of Period	404,966	339,079	404,966	339,079
Comprised of:				
Cash in bank	233,002	319,844	233,002	319,844
Short-term deposits	192,922	29,845	192,922	29,845
Unpresented cheques	(20,958)	(10,610)	(20,958)	(10,610)
	404,966	339,079	404,966	339,079

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 December 31, 2016 were authorized for issue in accordance with a resolution of the Company's Board of Directors on March 8, 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 Amendments Adopted
Certain new standards and amendments became effective during the current period; however the adoption of these new standards and amendments did not significantly impact the Company's net earnings or financial position.

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

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.

IAS 7 Statement of Cash Flows
Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2017, the IASB amended this standard to help investors evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The Company does not anticipate a significant impact to the financial statements related to this amendment.

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

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 months of July and August due to model changeovers by the original equipment manufacturers and in December for maintenance shut-down periods. 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:

		December 31, 2016		December 31, 2015	
	Subsequent Measurement	Carrying Value Asset (Liability) $	Fair Value $	Carrying Value Asset (Liability) $	Fair Value $
Long-term receivables	Amortized cost (Level 2)	273,926	280,265	183,339	194,153
Derivative financial instruments					
US dollar interest payment forward contracts	Fair value (Level 2)	10,952	10,952	16,621	16,621
US dollar debt principal forward contracts	Fair value (Level 2)	71,086	71,086	79,221	79,221
Long-term debt designated as net investment hedge	Amortized cost (Level 2)	(927,529)	(848,309)	-	-
Long-term debt, other	Amortized cost (Level 2)	(497,663)	(508,018)	(548,249)	(580,997)

7 Property, Plant and Equipment Impairment Provision

During the period, an impairment loss of $30,501 was recorded in cost of sales for machinery included in property, plant and equipment in the Powertrain/Driveline segment primarily related to customer contracts that prematurely ended. These contracts mainly relate to off highway commercial vehicle programs.

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

8 Goodwill

	$
Cost	41,822
Accumulated impairment losses	(12,015)
Net book amount at January 1, 2016	29,807
Business acquisition (Note 14)	466,637
Effect of cumulative translation adjustment	(39,653)
Net book amount at December 31, 2016	456,791
Cost	468,457
Accumulated impairment losses	(11,666)
Net book amount at December 31, 2016	456,791

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

	December 31 2016 $	December 31 2015 $
Montupet S.A. (Note 14)	427,983	-
Skyjack	12,983	12,983
Linamar Antriebstechnik GmbH	11,172	11,877
Seissenschmidt	4,653	4,947
	456,791	29,807

9 Long-Term Debt

	December 31 2016 $	December 31 2015 $
Senior unsecured notes	349,244	359,545
Bank borrowings	998,527	110,769
Obligations under finance leases	18,074	27,390
Government borrowings	58,287	47,539
Other financing	1,060	3,006
	1,425,192	548,249
Less: current portion	197,157	10,839
	1,228,035	537,410

As of December 31, 2016, $733,838 was available under the credit facilities.

In January 2016, the Company amended and restated the credit facilities in connection with the acquisition of Montupet S.A. The amended and restated credit facilities include a non-revolving term credit facility in the aggregate principal amount of up to $600 million and the continuation and increase of the previously existing revolving credit facility to the aggregate principal amount of up to $950 million. Both the new term and revolving facilities expire in 2021 and are under terms and conditions largely consistent with Linamar's previous existing credit facility. The amended and restated credit facilities provide for Euro drawings. The Euro denominated debt used to purchase the net assets of Montupet S.A. has been designated as a net investment hedge. The acquisition of Montupet S.A. is disclosed in Note 14.

In January 2016, the Company assumed the credit facility agreement held by Montupet S.A. The credit facility matures December 2019 and includes a term and a revolving portion. The facility is unsecured and the bank borrowings require the Company to maintain certain financial ratios and impose limitations on specified activities.

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

10 Finance Expenses

	Three Months Ended December 31		Twelve Months Ended December 31	
	2016	2015	2016	2015
	$	$	$	$
Interest on long-term debt	7,461	5,657	35,949	26,120
Other	(3,509)	(2,901)	(14,878)	(9,881)
	3,952	2,756	21,071	16,239

11 Commitments

As at December 31, 2016, outstanding commitments for capital expenditures under purchase orders and contracts amounted to $220,940 (December 31, 2015 - $105,135). Of this amount, $211,748 (December 31, 2015 - $103,281) relates to the purchase of manufacturing equipment and $9,192 (December 31, 2015 - $1,854) relates to general contracting and construction costs in respect of plant construction. The majority of these commitments are due within the next twelve months. $586 of the outstanding construction commitments (December 31, 2015 - $3,309) represents amounts committed to a related party.

12 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 $5,371 at December 31, 2016 (December 31, 2015 - $18,953). Related party transactions included in the cost of sales are expenses such as rent, maintenance and transportation costs of $395 for the three months ended December 31, 2016 and $1,553 for the twelve months ended December 31, 2016 ($595 for three months ended December 31, 2015 and $2,281 for the twelve months ended December 31, 2015). The maintenance and construction costs represent general contracting and construction activities related to plant construction, improvements, additions and maintenance for a number of facilities. Amounts owed to related parties at December 31, 2016 were $984 (December 31, 2015 - $3,548).

13 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 and telehandlers.

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

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

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

	Three Months Ended December 31, 2016			Twelve Months Ended December 31, 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	1,230,086	9,284	122,390	5,139,139	42,753	551,569	4,599,923
Industrial	144,705	139	24,643	866,445	476	145,208	627,247
Total	1,374,791	9,423	147,033	6,005,584	43,229	696,777	5,227,170

	Three Months Ended December 31, 2015			Twelve Months Ended December 31, 2015			
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Total identifiable assets
	$	$	$	$	$	$	$
Powertrain/Driveline	1,100,437	3,191	111,061	4,310,193	33,972	440,837	3,250,678
Industrial	142,542	116	20,302	852,257	433	156,189	549,226
Total	1,242,979	3,307	131,363	5,162,450	34,405	597,026	3,799,904

14 Business Acquisitions

Montupet S.A.

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

Recognized fair value amounts of identifiable assets acquired and liabilities assumed:

	February 25 2016
	$
Cash and cash equivalents	55,205
Accounts receivable	159,913
Inventories	100,738
Income taxes recoverable	3,942
Other current assets	2,152
Long-term receivables	1,263
Property, plant and equipment	475,718
Investments accounted for using the equity method	8,674
Intangibles	297,086
Deferred tax assets	23,371
Goodwill	466,637
Total assets acquired	1,594,699
Short-term bank borrowings	11,591
Accounts payable and accrued liabilities	169,014
Provisions	1,012
Income taxes payable	125
Long-term debt	124,864
Deferred tax liabilities	100,821
Total liabilities assumed	407,427
Net identifiable assets acquired	1,187,272

The goodwill is attributable to expected synergies, following the integration of Montupet, related to improving competitive positioning by offering integrated complex aluminum casting solutions, and future growth by enabling the Company to address market trends. The goodwill arising from this acquisition is not deductible for tax purposes.

The sales included in the consolidated statement of earnings from January 29, 2016 to December 31, 2016 contributed by Montupet were $685,958. Montupet also contributed net earnings (loss) attributable to the shareholders of the Company of $49,950 over the same period. If the acquisition had occurred on January 1, 2016, the consolidated pro-forma sales and net earnings (loss) attributable to the shareholders of the Company for the period ended December 31, 2016 would have been $6,081,484 and $528,038 respectively. These amounts have been calculated using Montupet's results adjusted for the additional depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from January 1, 2016, together with the consequential tax effects.

15 Comparative Figures

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