

LINAMAR CORPORATION

287 Speedvale Ave., W.,
Guelph, Ontario
Canada N1H 1C5

PRESS RELEASE

LINAMAR CORPORATION ANNOUNCES FIRST QUARTER EARNINGS

May 24, 2002, GUELPH, ONTARIO – Linamar Corporation (TSX: LNR) today reported sales and earnings per share for the first quarter ended March 31, 2002.

	Three Months Ended	
	March 31, 2002	March 31, 2001
Sales	312.3	296.9
Earnings From Continuing Operations	12.5	10.1
Diluted Earnings Per Share From Continuing Operations	0.18	0.15

Results in millions of CDN \$ except per share figures

Management's Discussion and Analysis For the Three Months Ended March 31, 2002

This discussion and analysis of financial condition and results of operations should be read in conjunction with the accompanying consolidated financial statements and with the Company's annual report for the year ended December 31, 2001 which includes the year end MD&A.

The company recorded sales of \$312.3 million for the first quarter ended March 31, 2002, an increase of 5.2% over the first quarter of 2001. During the quarter, North American vehicle production increased by 6.0% and Linamar's content per vehicle increased by 4.6% to \$65.08 compared to the first quarter 2001. European vehicle production decreased approximately 14.4% from the same period last year. Linamar European content was up by 10.4% to \$4.47. Overall, automotive sales increased by 10.8% compared to the same period last year.

In other areas, agricultural business volume in Hungary increased slightly while small engine production in North America was lower than the prior year.

Income before (provision for) income taxes, non controlling interests and discontinued operations was \$20.4 million, an increase of 47.4% from the same quarter last year. Earnings from continuing operations were \$12.5 million, an increase of 24.2%. Key factors in the improved results were higher sales volume, lower amortization and selling general and administrative costs which were partially offset by Skyjack losses. The equity loss reported includes Skyjack's fourth quarter results adjusted for Linamar's purchase accounting treatment. The higher effective tax rate was due to losses at certain entities in Hungary which are not subject to tax, as well as Mexico and Skyjack where no corresponding tax benefit has been recognized at this time.

Diluted earnings per share from continuing operations was \$0.18 for the first quarter of fiscal 2002 compared to \$0.15 for the same period last year.

During the first quarter cash generated from operations before non-cash working capital was \$36.1 million. Total investing activities was \$30.5 million primarily related to capital asset purchases for the new cylinder head machining facility in Windsor. Accounts receivable increased primarily due to higher volumes of business in the quarter.

Other Matters

The company announced that on May 2, 2002 the Board of Directors declared its regular quarterly dividend for the first quarter ended March 31, 2002 of \$0.04 per share payable on May 30, 2002 to shareholders of record on May 16, 2002.

The company is also pleased to report the recent award of a new cylinder head program for an existing customer. The program, which is expected to run for 10 years, will launch in 2005 with annual revenues of \$50 million. This award follows the previous announcement of the extension of the Renault engine program through 2004 at the company's Torr on manufacturing facility in Mexico.

In addition to these programs, new business won in the quarter totalled annualized revenue of \$51.4 million.

The Board of Linamar Corporation is also pleased to announce that in March of this year Mr. Keith Wettlaufer our Chief Financial Officer, Treasurer and Vice President of Strategic Development was also appointed to the position of Corporate Secretary.

Outlook


The company anticipates favourable levels of North American vehicle production through the second quarter of 2002. The company is cautious about North American vehicle production thereafter due to uncertainty concerning economic conditions and consumer confidence. In Europe, the company expects vehicle production to continue at similar lower levels as experienced in the first quarter.

Linamar designs, develops and manufactures precision machined components for brakes, engine, steering and suspension, and transmission applications (B.E.S.T.) for sale to original equipment manufacturers and Tier 1 customers for the North American and European car and light to heavy truck markets.

The company has approximately 8000 employees in 30 manufacturing operations in Canada, United States, Mexico and Hungary.

Linamar will hold a conference call to discuss this press release on Friday, May 24, 2002 at 4:00 p.m. EST. The number for this call is 416-641-6680 (local/overseas), with call-in required 10 minutes prior to the start of the conference call. The conference call will be chaired by Linda Hasenfratz, Linamar's President. This call will also be available via web cast at www.linamar.com. A taped replay of the conference call will also be made available from 6:00 p.m. on May 24, 2002 until midnight on May 31, 2002. The numbers for the replay are 416-626-4100, reference number 20617237 (local/overseas). For further information regarding this release please contact Linda Hasenfratz, President or Keith Wettlaufer, Chief Financial Officer at Linamar Corporation (519) 836-7550.

Certain information regarding Linamar set forth in this document, including management's assessment of the Company's future plans and operations, may constitute forward-looking statements. This information is based on current expectations that are subject to significant risks and uncertainties that are difficult to predict. Actual results may differ materially from those anticipated in the forward-looking statements due to factors such as customer demand and timing of buying decisions, product mix, competitive products and pricing pressure. In addition, uncertainties and difficulties in domestic and foreign financial markets and economies could adversely affect demand from customers. These factors, as well as general economic and political conditions, may in turn have a material adverse effect on the Company's financial results. The Company 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.


Frank Hasenfratz
**Chairman of the Board
& Chief Executive Officer**


Linda Hasenfratz
President

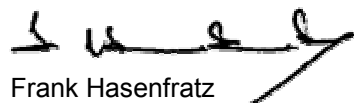
Guelph, Ontario
May 23, 2002

LINAMAR CORPORATION
CONSOLIDATED BALANCE SHEETS

As at March 31, 2002 (Unaudited) with comparatives as at December 31, 2001
(in thousands of dollars)

	March 31 2002	December 31 2001
	\$	\$
ASSETS		
Current Assets		
Cash and short-term investments	36,559	43,263
Accounts receivable	239,885	208,352
Inventories	100,174	99,718
Prepaid expenses	7,464	8,218
Income taxes recoverable	7,747	8,873
Current assets – discontinued operations	5,909	5,515
	<u>397,738</u>	<u>373,939</u>
Investments, at cost	1,369	1,421
Other Long-Term Assets	506	474
Investments in Companies subject to Significant Influence (note 6)	14,450	16,144
Loan Receivable from Skyjack, Inc.	11,102	11,353
Capital Assets	563,331	550,334
Capital Assets – Discontinued Operations	3,303	3,459
Future Income Taxes – Discontinued Operations	3,381	5,502
	<u>995,180</u>	<u>962,626</u>
LIABILITIES		
Current Liabilities		
Unpresented cheques	18,438	6,411
Short-term bank borrowings	30,974	45,239
Accounts payable and accrued liabilities	197,362	182,413
Advance payments from customers	1,933	3,833
Current portion of long-term debt	10,261	10,298
Current liabilities – discontinued operations	5,856	6,264
	<u>264,824</u>	<u>254,458</u>
Long-Term Debt	107,793	108,321
Future Income Taxes	20,969	20,811
Non-Controlling Interests	19,441	21,217
	<u>413,027</u>	<u>404,807</u>
SHAREHOLDERS' EQUITY		
Capital Stock (note 3)	102,918	88,385
Retained Earnings	479,298	469,639
Cumulative Translation Adjustment	(63)	(205)
	<u>582,153</u>	<u>557,819</u>
	<u>995,180</u>	<u>962,626</u>

On behalf of the Board of Directors:



Frank Hasenfratz
Director



Lirida Hasenfratz
Director

LINAMAR CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS

For the three months ended March 31, 2001 (Unaudited)
(in thousands of dollars, except per share figures)

	March 31	
	2002	2001
	\$	\$
Sales (note 5)	312,346	296,866
Cost of Sales and Operating Expenses Before the Following:	250,570	237,968
Amortization	21,900	24,261
Selling, general and administrative	16,114	19,118
Equity loss	1,950	403
	<u>290,534</u>	<u>281,750</u>
Operating Earnings	21,812	15,116
Other Income (Expense)		
Interest on long-term debt	(1,651)	(30)
Other interest expense	(489)	(2,447)
Interest earned	642	988
Other income	71	199
	<u>20,385</u>	<u>13,826</u>
Provision for (Recovery of) Income Taxes		
Current	7,953	3,472
Future	159	80
	<u>8,112</u>	<u>3,552</u>
	<u>12,273</u>	<u>10,274</u>
Non-Controlling Interests	<u>(210)</u>	<u>224</u>
Earnings from Continuing Operations (note 5)	12,483	10,050
Results of Discontinued Operations (note 7)	-	(1,816)
Net Earnings for the Period	<u>12,483</u>	<u>8,234</u>
Basic Earnings from continuing operations per share (note 7)	<u>0.18</u>	<u>0.15</u>
Diluted Earnings from continuing operations per Share (note 4 & 7)	<u>0.18</u>	<u>0.15</u>
Basic Earnings per share (note 7)	<u>0.18</u>	<u>0.12</u>
Diluted Earnings per share (notes 4 & 7)	<u>0.18</u>	<u>0.12</u>

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the three months ended March 31, 2001 (Unaudited)
(in thousands of dollars)

	March 31	
	2002	2001
	\$	\$
Balance - Beginning of Period	469,639	438,806
Net earnings for the period	12,483	8,234
Dividends	(2,824)	(2,769)
Balance - End of Period	<u>479,298</u>	<u>444,271</u>

LINAMAR CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended March 31, 2001 (Unaudited)
(in thousands of dollars)

	March 31	
Cash Provided By (Used in)	2002	2001
	\$	\$
Operating Activities		
Earnings from continuing operations	12,483	10,050
Non-cash charges (credits) to earnings:		
Amortization of Capital Assets	21,900	24,261
Equity loss after tax (note 6)	1,694	403
Future income taxes	159	80
Non-controlling interests	(210)	224
Deferred financing fees amortization	33	-
Loss (gain) on disposal of capital assets	12	(70)
	<u>36,071</u>	<u>34,948</u>
Changes in non-cash working capital:		
Increase in accounts receivable	(35,026)	(4,944)
Decrease (increase) in inventories	(402)	1,843
Decrease in prepaid expenses	790	600
Decrease (increase) in income taxes recoverable	3,042	(5,724)
Increase (decrease) in accounts payable and accrued liabilities	12,313	(5,003)
Decrease in advance payments from customers	(1,900)	(276)
Cash flow – continuing operations	<u>14,888</u>	<u>21,444</u>
Cash flow – discontinued operations (note 7)	<u>(282)</u>	<u>(2,543)</u>
	<u>14,606</u>	<u>18,901</u>
Financing Activities		
Proceeds from (repayment of) short-term bank borrowings	(14,265)	(14,751)
Proceeds from long-term debt	367	1,187
Repayment of long-term debt	(154)	(135)
Proceeds from common share issuance (note 3)	14,533	6,273
Dividends to shareholders	(2,824)	(2,769)
	<u>(2,343)</u>	<u>(10,195)</u>
Investing Activities		
Payments for purchase of capital assets	(30,883)	(29,039)
Proceeds from disposal of capital assets	286	90
Proceeds on redemption of preferred shares	57	-
Repayment of advance to Skyjack Inc.	251	-
Investments (note 6)	-	(188)
Other	(71)	-
Discontinued operations (note 7)	(101)	(244)
	<u>(30,461)</u>	<u>(29,381)</u>
	<u>(18,198)</u>	<u>(20,675)</u>
Effect of Translation Adjustment	<u>(533)</u>	<u>2,038</u>
Increase (Decrease) in Cash Position	<u>(18,731)</u>	<u>(18,637)</u>
Cash Position - Beginning of Period	<u>36,852</u>	<u>53,690</u>
Cash Position - End of Period	<u>18,121</u>	<u>35,053</u>
Comprised of:		
Cash & short-term investments	36,559	51,081
Unpresented cheques	(18,438)	(16,028)
	<u>18,121</u>	<u>35,053</u>

LINAMAR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2002 (Unaudited)

- Management prepared these interim financial statements in accordance with generally accepted accounting principles using the historical cost basis of accounting and approximation and estimates based on professional judgments. These interim financial statements contain all adjustments that management believes are necessary for a fair presentation of the Company's financial position, results of operations and changes in cash flows.
- The accounting policies used in preparing these interim financial statements are consistent with those used in preparing the annual financial statements. These statements should be used in conjunction with the Company's most recent annual financial statements.
- The number of issued common shares as at March 31, 2002 and as at May 2, 2002 was 70,603,476 (March 31, 2001 - 69,291,476). During the quarter, options for 1,301,000 common shares were exercised giving proceeds of \$14.5 million
- Earnings per Share**
At the beginning of 2001 the Company changed its method of determining diluted earnings per share to the treasury method.
- Segmented Sales and Earnings Information (Continuing Operations)**
(in thousands of dollars)

	For the three months ended March 31, 2002		
	Sales to Customers Outside the Company \$	Inter-Segment Sales \$	Earnings (Loss) \$
Canada	261,495	236	15,686
United States	10,535	89	386
Mexico	22,172	-	(664)
Europe	18,144	2,769	(2,924)
Total	312,346		12,483

	For the three months ended March 31, 2001		
	Sales to Customers Outside the Company \$	Inter-Segment Sales \$	Earnings (Loss) \$
Canada	246,056	30	5,684
United States	13,909	101	(418)
Mexico	25,217	4	5,332
Europe	11,684	1,458	(548)
Total	296,866		10,050

- Investments in Companies subject to Significant Influence**
On February 28, 2001, Linamar invested U.S. \$0.2 million and with its partner established a new U.S. minority company, Minsor Powertrain Systems LLC (based in Michigan), of which Linamar holds a 49% interest.

On June 4, 2001, Linamar acquired 4,018,757 common shares of Skyjack Inc., a Canadian company which manufactures self-propelled scissor-type elevating work platforms. This purchase which cost approximately \$22.1 million in total represents about 48.5% of the current outstanding common shares of Skyjack Inc.
- Discontinued Operations**
Effective September 28, 2001, Linamar adopted a formal plan to divest the company's wholly owned in-house casting operations, which management considers is subject to significantly different business risks than the precision machining segment. These businesses will continue to operate until the disposal plan is completed, which is expected to occur within one year from the effective date. Divestiture will be in the form of a sale as a going concern or alternatively, as an asset disposal. The results from discontinued operations have been reported separately within these interim financial statements. Prior year's comparative amounts have also been reclassified. Summarized financial information for the discontinued operations are as follows (in thousands of dollars):

	Three months ended March 31	
	2002 \$	2001 \$
Sales	5,087	5,378
Results of operations prior to September 28, 2001	-	(2,793)
Income tax recovery	-	977
	-	(1,816)
Net loss from discontinued operations **	-	-
Income tax recovery	-	-
	-	-
Results of discontinued operations	-	(1,816)

- Subsequent Event**
On February 4, 2002, Skyjack Inc. established a \$10 million bridge loan facility provided by Kensington Finance Inc. This loan had a term of 90 days and bore interest at prime plus 0.25% payable monthly in arrears, with principal due at maturity. Linamar provided security for the loan. As a result of security provided, all rights, obligations and benefits under the loan were assigned by Kensington Finance Inc. to Linamar Corporation as of April 30, 2002.