LINAMAR

Annual Report 2020

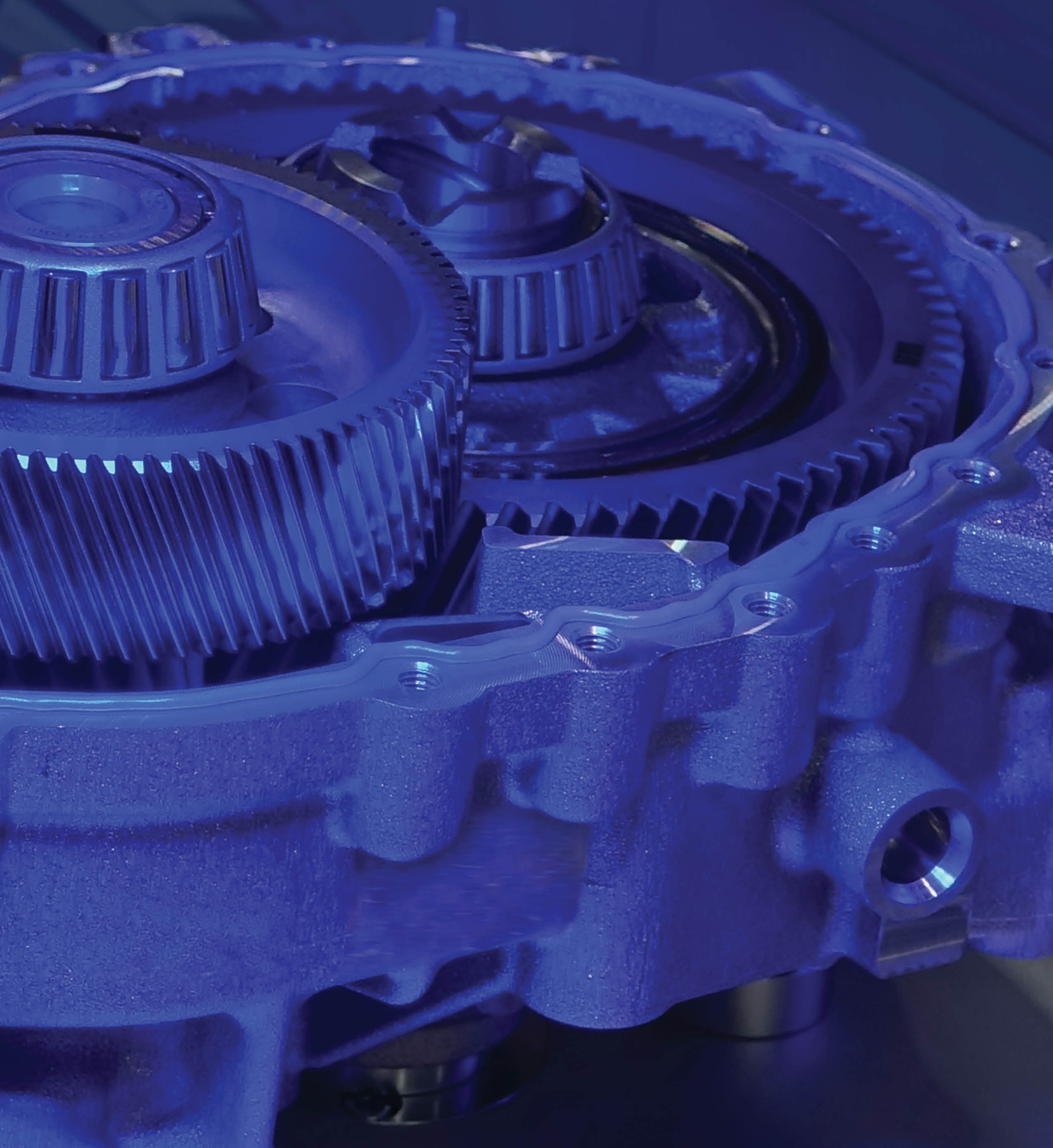


TABLE OF CONTENTS

Letter to Our Shareholders

2020 has been a year none of us would have predicted and none of us wish to relive. The enormous global impact of the COVID-19 pandemic to human life, business, economies and day to day interactions has been profound, and in some cases leaving long-lasting impacts.

How companies approached and dealt with the situation revealed much about company cultures and resiliency.

We are very proud of the response of the Linamar Team. We reacted quickly, created a COVID-19 Task Force to lead our decisions in an effective way, gathered data to inform our decisions, put an Action Plan in place and relentlessly executed on such. We focused heavily on communicating with employees, shareholders and customers constantly.

The **Linamar Health First Action Plan** focused on the health of our employees of course, but also the health of our business, our communities and our customers.

We pivoted rapidly to launch projects to manufacture ventilator parts and full ventilation and life support systems to support local communities. Our people around the world rallied in a myriad of ways to support local communities with needed PPE, food deliveries and many other support programs.

We created effective protocols to ensure the safety of our people when we came back to work, protocols that have been very effective at ensuring no transmission of the virus in our facilities is occurring.

We safely shut almost all our facilities for 2 long months globally in the spring to halt the spread of the virus and then safely and rapidly relaunched them mid-year.

We became heavily engaged in testing to help reduce community spread and vaccination programs to advance the move towards herd immunity and a return to a more normal life; these efforts are ongoing.

And despite a very tough second quarter, thanks to the global lockdown, we resiliently bounced back in the back half of the year into profitability and throughout the year generated significant levels of free cash flow. In fact, free cash flow in 2020 was a record at almost $1.2 billion, an incredible accomplishment given the challenges of 2020.

At Linamar we have a history of effectively managing crisis situations. We also have a rich history of long-term success. Our 30-year and our 10 year growth rates for sales and earnings are at double-digit levels, a fact we are incredibly proud of. Short term, medium term and long term success is what you will see with Linamar.

How did we achieve that? A few thoughts we have reflected on – be fact based and really understand all sides of an issue before acting, don't just follow the lead of others, be flexible, be responsive and opportunistic.

From a business perspective we believe 3 key things are needed for long term success:
1. A strong, effective **Culture**,
2. To always seek out and create **Opportunity** out of any situation, and
3. To always be **Competitive** by virtue of a devotion to innovation and to efficiency.

We have spent a lot of time thinking about what has made us successful in managing highly uncertain times, in a crisis and in a rapidly changing industry and environment. The conclusion is that our culture has absolutely been key in ensuring our success. We are:

1. Strong Communicators
   - We consistently keep employees, shareholders and customers informed regardless of the challenges being faced

2. Balanced
   - We have always run our business as a balance of customer, employee and financial satisfaction. Long before this was a trendy thing to do or anyone had thought about sustainable businesses, we were doing that
   - Our Linamar Health First Action Plan, developed at the outset of the pandemic, focused on employees as well as financial health, the health of customers and our community, and is a great example of real time living that balance

3. Responsive & Fast Moving, Focused on Execution
   - We have always been incredibly entrepreneurial and quick to jump on an opportunity. We are not bureaucratic, meaning we make quick, insightful decisions and get things done
   - We quickly created and implemented cost teams, flexible financial models and highest-level cash controls to manage the crisis
   - We saw an opportunity to help with ventilators, went after it and made it happen

4. De-centralized with autonomous profit centres run by full teams
   - We don't rely on centralized groups to launch or run business, we rely on our entrepreneurs and full management teams in every plant that are autonomous and run as profit centres
   - Other businesses have struggled on launch and oversight as central staff do this work
   - Plants and groups are self-contained, capable and accountable

5. Flexible
   - Flexible equipment means we can quickly reallocate equipment to scale lines and tool new jobs up
   - Flexible workforce accustomed to change quickly adapted to a new reality

These are key elements in our culture and are responsible for our success in good times and in tough ones, as we have just seen.

But culture is just one piece of long-term success.

Culture needs to be coupled with a strong strategy to create and capture Opportunity and a constant push for Competitiveness, driving from a devotion to innovation and efficiency. All three are what is needed for sustainable business growth.

Culture

Culture, Opportunity and Competitiveness are the key ingredients to any company's success.
We have already talked about the nature and importance of our culture; another area we want to highlight is the long-time commitment of Linamar towards **Sustainability**.

As noted, we have long held the belief that we need to run our business as a balance between the needs of our employees, customers and shareholders, a balance we symbolize by a three legged "stepping stool" of success. This philosophy runs through every aspect of our business, from how we articulate strategy and goals to how we measure plant, group and overall performance every month, to how we reward our people, to how we make decisions every single day, and has for more than 20 years. It is a big part of why we are successful.

Environmental, Social and Governance issues have also always been top of mind for us in running our business.

We hit the highlights of such here, but for a more fulsome review please reference the first edition of our Annual Sustainability Report recently published.

Working towards a sustainable future for our **Environment** is not only an aspirational goal for us, but a key element in our growth strategy as detailed below and has been for more than 20 years.

Our focus on the environment also dictates how we run our facilities as we strive to continually reduce energy and water consumption. Energy consumption in KWH per dollar of sales continued their three year downward trend in 2020. We see a similarly positive trend in M^3 of water per dollar of sales. Tracking metrics of performance is a key element in helping us achieve our Sustainability goals. We are establishing such under the framework of SASB to allow us to report regularly to our shareholders in this regard.

Rooftop solar on 40% of global facilities and co-generation off grid investments all help as well in better managing energy usage and reducing our Carbon footprint.

Establishing long term Goals and a Roadmap for Sustainability is a major project our team has undertaken for 2021; we will report back to you on this plan in the coming months.

Dedication to **Social** Initiatives is inherent within our overall commitment to supporting our Communities and includes an increasing focus on the importance of **Diversity & Inclusion**.

A few years ago, we launched our “Diversity Drives Results” initiative.

Our decision to embark on this journey was focused in three areas:

1. Diversity maximizes access to talent and talent drives results. Hence Diversity Drives Results
   - Everyone, regardless of race, gender or ethnic origin, will be given opportunity for advancement in our Company through unbiased development and recruitment.

2. Our leadership should reflect the demographics of our workforce which should ultimately reflect the demographics of the communities that we live in
   - Leadership should reflect the principle of proportionate representation; proportionate first to the composition of the Company’s current overall workforce and, secondly, aspirationally, proportionate to the composition of the communities it operates within, recognizing the latter is a long-term evolution.

3. Diversity of opinion and thought drives better decision making

Again, metrics are a key element in achieving our goals. From a gender perspective, our female leadership at Linamar, depending on the level, ranges from 21% to 33%, with an overall female population of ~19%, so, in line, in fact slightly over represented. From a racial perspective, close to 20% of our top 200 leaders globally at Linamar would identify as Black, Indigenous or People of Colour (BIPOC).

We have many initiatives in place at Linamar to encourage more diversity in more disciplines and at more levels in our company, as well as more broadly in our community. To meet our aspirational goals of our demographics and leadership mirroring our community we must support initiatives that bring more diversity to areas we actively recruit in, such as Science, Technology, Trades, Engineering and Math. Fantastic progress is being made out there in that regard, but of course more work needs to be done and Linamar is enthusiastically engaged in such.

We are particularly focused on increasing women in STEM and Trades and launched an initiative a few years ago called SBS for that purpose. SBS is short for See It Be IT STEM It, which is an initiative designed to inspire more young women to enter into the many exciting fields of STEM through the use of role models. We have a website, https://www.seeitbeitstemit.com/get-inspired, where we have featured >235 role models in different areas of STEM. We are trying to reach students in grades 7-12 in a variety of ways with our role models. We have done some on line events where role models are interviewed, and we also create a calendar each year featuring 12 of our role models in a variety of fields to keep the inspiration going all year long (check out the calendars at https://www.seeitbeitstemit.com/the-calendars). The idea is to bust myths about who studies STEM; answer, everybody! We let the role models inspire with their own words, and the girls reading about them to find their own connections – whether it be through a common hobby or just that they identify with them in some other way. If you See it you can Be it!

We have continued to focus on honing our Governance practices and ensuring they align both with company values and the needs of our shareholders.

We increased the diversity of our board from a gender perspective, we are now 33% women, a fact we are very proud of!

We have also taken several steps to increase engagement of our Independent Directors with our shareholders through an online portal and in person meetings with our largest shareholders. It is important for our Board members to hear directly from our shareholders with respect to their concerns and ideas.

We are listening to shareholders' thoughts around compensation and adjusting our 2021 packages accordingly. We are also launching more long-term incentive programs for leadership more broadly in the company to ensure alignment of management with long term shareholder goals.

Employee Focus

Culture in many ways is all about our employees and our focus on such as a key stakeholder; it is about what we need to do to ensure we are meeting and exceeding our employee's needs.

Last year we talked to you about a focus in 2020 for our employees on **Entrepreneurship and Skills to Drive our Growth.**

What an incredible lesson in entrepreneurship we all had last year. To balance the needs of our people, finances, and customers in a challenging environment and to find ways to grow in a shrinking economy. To find creative ways to support our communities in managing the pandemic. We all grew as a team in that regard.

We learned new skills and built new relationships in the medical device field through our ventilator business. We had already identified medical devices as an interesting growth market for us. Our ventilator experience has helped us better understand the market, players and technologies as we develop our strategies for growth.

More formally, we found new ways to develop and identify talent. We launched a new program to help identify top talent globally and track their ongoing progress. This is another piece in our overall Talent Process to create a deep pool of talent and track their potential in order to meet the needs of our growing business.

In 2021 we will focus on Talent to Drive Growth.

This means continuing to hone our **Talent Process**, refine it and communicate such. And it will mean a continued focus on Diversity and Inclusion, including the establishment of a Diversity Council to develop ideas around achieving our goals and help track our progress towards such. We will also focus on deepening our technical bench and strengthening systems to track and motivate talent – both in terms of on boarding and generally in terms of managing our human capital. Lastly, as noted, we will develop our Sustainability Roadmap for the future.

Opportunity

Opportunity is created by entrepreneurs boldly chasing ideas to create growth. It is about a great strategy and an opportunistic approach to finding avenues to growth regardless of the situation.

Strategy

The overarching principle in strategy development at Linamar is to develop a strategy that will drive success in a variety of outcomes; a strategy based on optionality. That means identifying long-term markets of opportunity, reviewing technology challenges and opportunities in each, and assessing the likelihood of a variety of scenarios. We then endeavour to develop a strategy that is not betting on success in a particular market, technology or outcome but can in fact have great success regardless of outcomes. We can't predict technology changes – what we know is that change will come. We need to be ready to supply a variety of industries with a variety of products to ensure long-term success.

We believe the flexibility of our strategy should be directly correlated to the level of uncertainty, and given uncertainties out there today, our strategy is very flexible!!

Our enterprise strategy is to focus on "Diversified Manufactured Products to Power Vehicles, Motion, Work and Lives".

This scope gives us a wide range of markets we can focus on. As we look to the future, we see a variety of interesting markets that will be significant over the next 100 years. Markets we are already well entrenched in like Transportation, Infrastructure and Agriculture will absolutely continue to be key markets and we will continue to build a broad portfolio of business for these markets. Other interesting markets include Energy, Water, and Age Management, some of which we have some exposure to but not a significant level.

Our Synaptive agreement to manufacture MRI units and robotic digital microscopes for surgical applications is an example of an early investment in the Age/Medical space. The robotic microscopes launched in late 2020 and we are excited about ramping up this program this year, as well as launching the MRI program later this year.

We are interested in developing strategies for these markets to give Linamar added opportunities for growth in the long term and intend to make continued progress on enhancing those strategies in 2020.

These markets are hugely opportunistic.

Linamar's strategy for growth is clear. Focus on Green Markets and Technologies, Globalize and Diversify. Each one of our businesses is pursuing growth opportunities in this regard.

Linamar Transportation/Automotive Business

Linamar's automotive business is focused on all aspects and avenues of mobility. On highway, off highway, passenger car, commercial vehicle, Battery Electric, Fuel Cell Electric, Hybrid and Internal Combustion Engine driven vehicles. Not surprisingly, we have a broad, flexible and multi-faceted strategy designed to optimize opportunities for growth.

The core focus for this business is "Propulsion of the Future". Clearly, this strategy is heavily grounded in Green Technologies, but of course broadly is also about diversifying our product portfolio and continuing to grow our global footprint.

We have worked hard to establish a strong product portfolio for each type of vehicle propulsion. **We are pleased to say that our potential sales for any one vehicle, whether it be BEV, FCEV, Hybrid or ICE, is now equivalent to ~$3,500 per vehicle potential!** This is great news as it means we are fully flexible to grow in any direction the market takes us. It also means a global market north of $300 billion, regardless of propulsion technologies used, which is very exciting!

Electrification is without doubt the single biggest opportunity for growth ever seen in the automotive market. The kind of technology evolution we will see over the next 15 -20 years will drive enormous opportunity and we are very excited to tap into it.

Our electrification strategy is multi layered as well, again to drive optimal flexibility and the most avenues of opportunity.

We are focused on a variety of vehicle types -- passenger car, delivery vehicles, medium duty truck, heavy duty truck and off highway vehicles.

We are focused on a variety of customers -- traditional OEM's, as well as exciting new entrants to electrified vehicles and mobility solutions. 2020 was a year that saw exciting business wins for many customers in both categories for our electrified products.

We are focused on a variety of electric solutions i.e. BEV, HEV, FCEV. We believe different solutions will be right for different applications, so important to be well represented in each.

We think the FCEV is a particularly interesting technology thanks to the high energy density of hydrogen as a fuel, better range, quick refuel time, raw material availability and better environmental impact of the production of hydrogen fuel compared to electricity, which in many cases is still coming from highly emittive carbon based energy plants. We have some very interesting projects we are working on for products specifically for fuel cell vehicles, such as a highly innovative hydrogen storage tank technology we have acquired and are in current development on.

We have also been involved in various **commercial delivery vehicle** development programs using both BEV and FCEV technologies which we think have a lot of potential. The massive increase in online shopping during the pandemic, sure to continue post pandemic, means home delivery is a booming market and one well suited to electrification. We plan to be at the forefront of such.

We are focused on a variety of products for all ie gear boxes, battery tray modules, chassis components, body components to name a few.

Finally, we are flexible with our customers around whether we supply components, sub-assemblies or full systems – we offer scalable solutions. This is key as customer strategies around outsourcing are actively evolving. Rigidity in terms of what we want to supply only limits our ability to be placed on a platform, which is key to achieve. The incumbents have the power going forward as platforms evolve and supply opportunities shift. You must be at the table; we target getting sourced on as many platforms as possible in the early stages of this market evolution to better position us for future opportunities.

What this all means is we have lots of different avenues for success with innumerable combinations of these above areas giving us many avenues to grow our electrification business.

A key focus in the past several years for our automotive clients has been developing an integrated offering of casting or forging with machining and assembly. We made further advancements in such in 2020 by streamlining operations and aligning the vertical integration under one brand and one organization, Linamar. This has facilitated collaboration between these areas of processing to create better designs and improve cost.

The auto market bounced back quickly from the shutdown last spring and is continuing to perform strongly. We believe we will see meaningful growth in our auto business in 2021.

Skyjack

In our access business the key focus is Diversification and Globalization. The market is $10 billion globally but the number of players in this business is small, meaning the potential for a much larger slice of the market is very real.

We are seeing the market in Asia building, primarily in scissor products at the moment, which is very exciting. We believe the market in Asia will be quite significant as momentum builds in using access equipment for more efficient and safer building sites. This has been a key area of focus for us over the past 18 months as we hone our strategy for the region.

We have been growing market share in Europe, which we see as a very opportunistic growth area. We are continuing to launch localized production in Europe for some of our Skyjack products, made viable by our great growth in the region. Strategizing around product scope in Europe is another key area of study for us at the moment.

Exciting too is the exceptional continual market share growth we are seeing with our popular boom and telehandler products to offset market softness.

The market was very tough for Skyjack in 2020 but indicators are that we will see meaningful improvement to that in 2021. We look forward to seeing this business starting to ramp back up this year.

MacDon

In our Agriculture/Food business the key focus is also Diversification and Globalization.

Great opportunities exist for us to build market share in both Eastern and Western Europe and South America, as well with new product designs tailored to the heavier, denser crops in Europe for instance. Each of these markets is similarly sized to the NA market, where MacDon primarily sells today, meaning we could, with the right products and distribution channels, quadruple the business over time.

Product expansion will be a key area of strategic focus for MacDon in 2021.

2020 was a tougher year for the agricultural market, not because of COVID-19 interestingly, but more related to trade and harvest issues.

2021 is shaping up to be a significantly better year, with the order book at this time running well ahead of last year. It is great to see such a strong rebound in this important market.

Customer Focus

Opportunity in many ways is all about our customers and our focus on such as a key stakeholder; it is about what we need to do to ensure we are meeting and exceeding our customer's needs.

Last year we talked to you about a focus in 2020 for our customers on **Relationships to Drive our Growth.**

Despite the challenges of 2020, this focus did see us realize important objectives last year. We saw strategic business wins in targeted growth areas on the auto side. We saw great market share growth of MacDon internationally and continued market share gains at Skyjack as noted.

We also saw our excellent performance continuing to get the attention of our customers, with several important Supplier Awards seen in 2020.

In 2021 we will focus on Creativity to Drive Growth.

We will explore organic and acquisitive growth opportunities as we continue to build our **Propulsion of the Future Strategy, our Skyjack China and Europe Strategies and our MacDon Product Expansion Strategies.** We will hone our CRM systems to better manage important customer relationships. We will continue to strongly pursue business wins to secure our future growth. And we will optimize our vertical integration systems to drive more value for our customers.

Competitiveness

Competitiveness drives from a devotion to Innovation and a passion for Efficiency. This is how we run our business every day.

Innovation

Innovation continues to play a key role in driving our competitiveness by meeting customer/consumer needs and enabling our growth. Our innovation agenda has three key paths; product innovation to develop products our customers need, process innovation to find ways to produce those products as cost effectively as possible, and material development to continue to innovate lighter, stronger materials to improve product efficiency.

Tough times are not the time to stop innovating. In fact, it can be a time to double down and get ready with a solid suite of products for when the market comes back.

Not surprisingly, each of our businesses adopted this mantra and continued to focus on innovation in 2020.

MacDon

At MacDon, innovation has long been the driver of our business resulting in market leading products in all key categories. **MacDon boasts more than 100 unique patents and continues to drive the next generation of harvesting technology with their development team.** The inventor of the rigid and then flex draper, MacDon drove a harvesting transformation to dramatically improve yield, which they continue to evolve to stay a step ahead of the competition.

Innovation continues to fuel our development, underpinning our products' market leading positions in all key categories. Focusing on customer needs, MacDon released the TM100 Tractor Mount for our SP Drapers. Offering a cost-effective windrowing solution, the TM100 was built focused on the European market, where changes to agronomic practices are increasing the need for alternative solutions like windrowing. We see this as a big area of opportunity.

Adding a sunflower attachment to MacDon's combine draper headers increases those header's multi-crop capabilities. This attachment provides increased value to customers by reducing the need for sunflower growers to invest in two different machines.

The introduction of header trailers to deliver a complete MacDon header/trailer package expands our attachment offering for customers in areas of the world where transport width is of greater concern. The trailer product offering also demonstrates synergies within Linamar as it is a collaborative effort utilizing design and manufacturing capabilities of our Hungarian fabrication team along with MacDon distribution channels.

As technological change continues to shape the future of agriculture, MacDon is well positioned to offer products that make our customers more efficient and profitable. Through strategic partnerships and internal initiatives, our product development teams are incorporating innovative technologies into a range of products to enhance performance and usability – while keeping customer needs, simplicity and reliability front of mind.

Skyjack

At Skyjack, innovation continues to focus on simple, high quality designs that our customers can rely on. Our rental house customers love the simple designs that keep our products in the field delivering revenue. This is a big part of the reason why we are the number one scissor lift manufacturer globally! Of course, we cannot stand still, our devotion to innovation and technology is how we defend that leading market share.

Despite a trying year, Skyjack continued to develop and deliver new and enhanced products. From a product offering our team developed our largest Vertical Mast machine to date with a new SJ20, not only featuring an increased working height but also incorporating full electric drive with a multistage cylinder for lifting vs the current cable and pulley system.

On a similar theme of larger and higher – our team worked to further enhance our Rough Terrain (RT) line by adding a 9664 machine – this machine is capable of 64-foot platform height making it our largest RT machine in our portfolio.

This year we also have developed and are bringing into the market our first Micro class machines with a 3013 (13 ft. platform height – with wind rating) model for NA ANSI markets and a 3014 (14 ft. platform height – not wind rated) model for EU and CE markets. Both of these machines feature electric drive as well as a total machine weight less than 2,000 lbs of weight.

On our current boom product, an initiative for 2020 was to re-visualize and repower the machines. Using the telematics and data gathered from Elevate in cooperation with our customers we looked at machine power requirements and were able to reduce engine HP, reduce machine weights, reduce maintenance requirements and increase customer returns. This work offered solid energy savings supporting our Green Technology focus, as well as optimizing our customers business model.

Our telematics technology, Elevate, continues to garner attention in the market with several awards recognizing its excellent functionality and use to customers. We see this as a key advantage in the market.

Lastly, with the pandemic disrupting the traditional tradeshows and customer interactions we needed to pivot to a virtual world. We created Skyworld, a virtual experience which created the ability for our customers to walk thru our equipment virtually.

Linamar Transportation/Automotive Business

Within Transportation, clearly, our product innovation agenda on the vehicle side is about electrification, light weighting, fuel efficiency and noise reduction regardless of the type of vehicle.

During 2020 there was a lot of effort focused on electrification. We completed the build of three development commercial vehicles including full vehicle integration to transition from an internal combustion powertrain to an electric powertrain featuring our e axle. The vehicles will be delivered to UPS in early 2021 for testing followed by three more vehicles in 2021.

We received production approval from both of our customers for the high-volume passenger vehicle e axle programs that have been tooled up in Hungary and China. Production will begin in Q2 of 2021.

We continue to develop and enhance our e axle designs to drive out cost and provide more capabilities. Two key developments were an ELSD (Electronic Limited Slip Differential) and an open differential. The ELSD provides enhanced driving capabilities for larger vehicles while the open differential provides weight and cost reduction to our designs.

Linamar's innovation group continues to explore and partner with startup companies that have interesting technology. One such company has developed an innovative two speed gear box for the electric vehicle market. Linamar will provide the sales and marketing to the automotive customers and be the manufacture of the gear box.

We continued to develop our unique low profile designed carbon fibre hydrogen fuel tank "Flex Form" and achieved several milestones in 2020 on our way to achieving certification. Customer interest continues to grow with the increased focus from OEM's on fuel cell powered vehicles.

Our Innovation Group continues to scout interesting technologies the world over, seeking out companies who are looking for manufacturing partners to help take their ideas to global markets. Our approach is flexible - become a manufacturing partner alone, make an equity investment for a deeper relationship, and even potentially acquiring the business when we see significant market leverage possibilities.

Much of our future focused innovation work is housed in our new iHub in Guelph, a leading-edge facility where we can incubate new products, markets and ideas and hone our Factory of the Future development work.

Efficiency is the important partner of Innovation in driving Competitiveness.

Efficiency

At Linamar we pride ourselves on our ability to reduce costs and drive better efficiency every day.

We have developed a suite of tools to use to drive efficiency at Linamar; Cost Attack Teams, Paper Audit Trails, Top 50 Reviews and many others. Efficiency and improvement are hard wired into the DNA of who we are at Linamar. Our tools are effective and drive improvement in the moment – cost efficiencies are literally realized and implemented during the review process in many cases.

Process innovation is a key driver of efficiency and happens every day in every plant and office as we continually challenge ourselves to find a better, quicker, more reliable, less costly way to do the work we do.

A key enabler in this regard is the whole field of Artificial Intelligence and Machine Learning.

Southern Ontario is the leading global hub for research and development in this field and Linamar's proximity to such is giving us a key advantage in terms of access to the latest thinking and technology in this field. Today we have more than 3,400 advanced robots, over 1,100 vision systems and more than 2,300 traceability Read/Write systems in our global facilities. Nearly 4,000 of our machines are connected into our global digital production tracking system, LMMS (an increase of 25% over last year), and more are being added every day in a major global initiative around continued digitization. LMMS is an internally developed monitoring system from which we can remotely track performance on every machine in our global facilities from any mobile device.

This digitization capability is helping us to develop our **Factory of the Future.**

We have several projects underway, including:

- **Development of advanced collaborative robots to drive more efficient and safer automation;**
- **Creation of data collection and analysis systems to identify ways to improve equipment uptime, improve tool life and reduce cycle times;**
- **Utilizing sensors within products to drive product design improvements or enable product operational**

improvements through telematics;

- **Exploring additive technologies in areas applicable today, such as tooling and prototyping and evolving technologies to play a more mainstream role in the future;**
- **Evolving vision systems to more accurately gauge and inspect products for better product integrity; and**
- **Assessing other processes of analysis and prediction that can be more efficiently and accurately done by machine**

Shareholder Focus

Competitiveness in many ways is all about our shareholders and our focus on such as a key stakeholder; it is about what we need to do to ensure we are meeting and exceeding our shareholder's needs.

Last year we talked to you about a focus in 2020 for our shareholders on **Competition and Creativity to Drive our Growth.**

This competitive spirit and creative approach led to many successes in 2020.

We did an outstanding job navigating the shutdown and restart of our global operations. We are so proud of our global team for so capably managing through an incredibly difficult time.

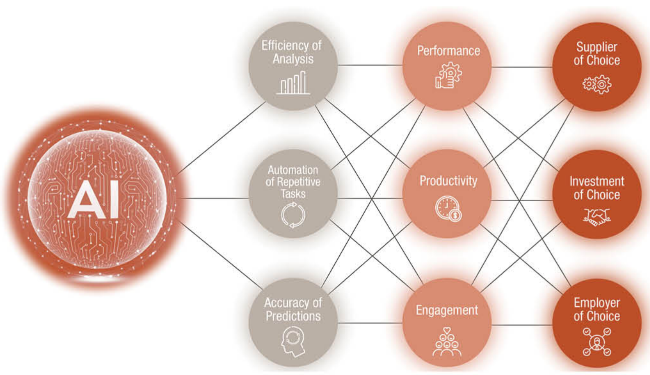
In response to the pandemic, we created an excellent system for weekly sales, earnings, cash flow and liquidity updates looking 3 quarters out, to allow us to effectively stress test what the future might hold. That kind of visibility in terms of performance was invaluable in managing the crisis from a financial perspective and allowing us to so effectively manage cash flow.

And of course, we managed to deliver strong free cash flow every quarter as well as some impressive cost savings, some of which will continue to be recognized into the future.

In 2021 we will focus on Efficiency to Drive Growth.

That will mean a continued focus on **Cost and Cash** in an evolving economic environment.

We will focus on continued digitization and the global rollout of our LMMS system as well as ensuring our systems are giving us the very latest information to help us optimize equipment utilization.
We will also focus on laying the groundwork for our **AI Roadmap** and the tools needed to enable swift execution on



efficiency improvement projects for our global operations in coming years. We believe AI can deliver us improved efficiency of analysis, an ability to automate repetitive tasks, and a way to improve the accuracy of our predictions. Ultimately this helps us drive improved productivity, better performance and better engagement of our people.
At Linamar we are very excited about our future growth plans. We have the business in hand to drive meaningful growth in the next several years and a market focus and strategy in massive growing markets to drive substantial opportunities for the longer term, the perfect combination for meeting both short and long-term shareholder growth goals. We have a 1-year plan, a 5-year plan and a 100-year plan all centred on success, growth and balance.

2020 was a tough year well navigated. As we have said again and again, tough times don't last but tough teams do, and Linamar is one tough team.

2021 will be a year of recovery as sales and earnings growth resume on markets rebounding as we get through the final stages of the pandemic. In the last decade, Linamar has delivered top and bottom line growth in 8 out of the 10 years; we look forward to being back in that club in 2021.

We have the business, we have the markets, we have the innovation, we have a talented and growing group of people, and we will continue to turn that into consistent sustainable growth for you our shareholders.

Sincerely,

(Signed) "Linda Hasenfratz"

Linda Hasenfratz
Chief Executive Officer

(Signed) "Jim Jarrell"

Jim Jarrell
President and Chief Operating Officer

MANAGEMENT DISCUSSION & ANALYSIS

Linamar Corporation

December 31, 2020 and December 31, 2019
(in millions of dollars)

LINAMAR CORPORATION
Management's Discussion and Analysis
For the Quarter Ended December 31, 2020

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 quarter and year ended December 31, 2020. This MD&A has been prepared as at March 10, 2021. 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 an advanced manufacturing company where the intersection of leading edge technology and deep manufacturing expertise is creating solutions that power vehicles, motion, work and lives for the future. The Company is made up of two operating segments – the Industrial segment and the Transportation segment, both global leaders in manufacturing solutions and world-class developers of highly engineered products. The Industrial segment is comprised of Skyjack and MacDon. Skyjack manufactures scissor, boom and telehandler lifts for the aerial work platform industry. MacDon manufactures combine draper headers and self-propelled windrowers for the agricultural harvesting industry. The Transportation segment is subdivided into three regional groups; North America, Europe and Asia Pacific. Within the Transportation segment, the regional groups are vertically integrated operations combining expertise in light metal casting, forging, machining and assembly for both the global electrified and traditionally powered vehicle markets. The Transportation segment products are focused on both components and systems for new energy powertrains, body and chassis, driveline, engine and transmission systems of these vehicles. McLaren Engineering provides design, development, and testing services for the Transportation segment. Linamar has 26,000 employees in 61 manufacturing locations, 12 R&D centres and 25 sales offices in 17 countries in North and South America, Europe and Asia which generated sales of $5.8 billion in 2020. For more information about Linamar Corporation and its industry leading products and services, visit www.linamar.com or follow us on Twitter at @LinamarCorp.

Overall Corporate Results
The following table sets out certain highlights of the Company's performance in the fourth quarter of 2020 ("Q4 2020") and 2019 ("Q4 2019") and year ended December 31, 2020:

(in millions of dollars, except per share figures)	Three Months Ended December 31 2020 $	2019 $	+/- $	+/- %	Twelve Months Ended December 31 2020 $	2019 $	+/- $	+/- %
Sales	1,704.8	1,616.1	88.7	5.5%	5,815.6	7,416.6	(1,601.0)	(21.6%)
Gross Margin	273.5	197.5	76.0	38.5%	788.4	1,065.8	(277.4)	(26.0%)
Operating Earnings (Loss)[1]	155.4	79.3	76.1	96.0%	424.2	624.5	(200.3)	(32.1%)
Net Earnings (Loss)	113.1	49.7	63.4	127.6%	279.1	430.4	(151.3)	(35.2%)
Net Earnings (Loss) per Share - Diluted	1.73	0.76	0.97	127.6%	4.27	6.56	(2.29)	(34.9%)
Earnings before interest, taxes and amortization ("EBITDA")[1]	283.5	189.1	94.4	49.9%	893.1	1,038.0	(144.9)	(14.0%)
Operating Earnings (Loss) - Normalized[1]	176.4	112.6	63.8	56.7%	458.0	668.6	(210.6)	(31.5%)
Net Earnings (Loss) - Normalized[1]	129.1	75.4	53.7	71.2%	314.6	464.4	(149.8)	(32.3%)
Net Earnings (Loss) per Share - Diluted - Normalized[1]	1.97	1.15	0.82	71.3%	4.81	7.08	(2.27)	(32.1%)
EBITDA - Normalized[1]	304.5	222.4	82.1	36.9%	919.8	1,082.3	(162.5)	(15.0%)

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.

IMPACT ON LINAMAR'S RESULTS AND BUSINESS RELATED TO COVID-19

In early 2020, COVID-19 quickly spread in multiple countries and was declared a pandemic by the World Health Organization in mid-March. The pandemic and resulting economic contraction has had, and is expected to continue to have, a negative impact on the demand for the Company's products. A number of the Company's key end markets witnessed a significant reduction in volume in and around April, mostly due to production shut downs, shelter-in-place orders, and general effects on economies impacting customer demand.

Despite these impacts, the Company has maintained sufficient liquidity to satisfy its financial obligations during 2020 and liquidity, measured as cash and cash equivalents and available credit, at December 31, 2020 remains strong and has increased to $1.6 billion from $1.1 billion at December 31, 2019. The Company's free cash flow[2] was $422.3 million for Q4 2020 and is $1,185.0 million for 2020.

Since resuming production in mid-May, the Company's focus has been on Recovery, Restarting and Rejuvenation. Ensuring the safety of our workforce to return to work has been a top priority and we have seen excellent results with extremely low incidence of on-site transmission and employees surveyed feeling safe and supportive of protocols. There has been a strengthening return in volumes as automotive production in North America and Europe restarted in May which has materially improved the results. Despite these positive signs the Company continues to be cautious around costs and capital spending given uncertainties.

Linamar continues to support our local and global communities during this crisis including donating, procuring and managing PPE for local healthcare providers and manufacturing ventilators and parts thereof for a variety of customers. The ability of Linamar to pivot from manufacturing auto assemblies to different products such as ventilators is evidence of the company's agility, flexibility, technical depth and the ability to respond quickly. These traits are, and have always been, the core of Linamar's strength.

In Q4 2020, the regional COVID-19 restrictions have not had a significant impact on Linamar's sales or expenses as Linamar has been subject to 'essential business' exemptions in the various jurisdictions in which we operate. Consequently, volumes have not been adversely affected by such restrictions. Given the currently available information, these restrictions are not expected to have a significant impact to the Company's performance. However, the length and extent of the COVID-19 pandemic and current and potential future governmental and other responses to it, such as regional business shut-downs, stay-at-home orders, business, border, travel and other restrictions and their impacts on the overall global economy are not known. Accordingly, there is material uncertainty as to the overall impact relating to the Company's future operations due to the ongoing pandemic. The Company is unable to quantify the overall impact of COVID-19 on Linamar's financial results including net of any mitigating factors.

In light of these events, the Company continues to update its disclosures including: commentary in the "Financial Condition, Liquidity and Capital Resources" section, risk factors in the "Risk Management" section, commentary related to COVID-19 in the "Disclosure Controls and Procedures and Internal Controls Over Financial Reporting" section, and its discussion of critical accounting estimates in the "Critical Accounting Estimates and Judgements" section of this MD&A.

2 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: Industrial and Transportation. 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 quarter ended December 31, 2020.

			Three Months Ended December 31 2020			Three Months Ended December 31 2019
	Industrial	Transportation	Linamar	Industrial	Transportation	Linamar
(in millions of dollars)	$	$	$	$	$	$
Sales	315.6	1,389.2	1,704.8	335.9	1,280.2	1,616.1
Operating Earnings (Loss)	32.6	122.8	155.4	26.6	52.7	79.3
EBITDA	49.4	234.1	283.5	41.3	147.8	189.1
Operating Earnings (Loss) – Normalized	39.9	136.5	176.4	39.4	73.2	112.6
EBITDA – Normalized	56.7	247.8	304.5	54.2	168.2	222.4

			Twelve Months Ended December 31 2020			Twelve Months Ended December 31 2019
	Industrial	Transportation	Linamar	Industrial	Transportation	Linamar
(in millions of dollars)	$	$	$	$	$	$
Sales	1,172.2	4,643.4	5,815.6	1,780.6	5,636.0	7,416.6
Operating Earnings (Loss)	141.2	283.0	424.2	236.3	388.2	624.5
EBITDA	206.6	686.5	893.1	298.2	739.8	1,038.0
Operating Earnings (Loss) – Normalized	156.5	301.5	458.0	257.8	410.8	668.6
EBITDA – Normalized	221.9	697.9	919.8	319.8	762.5	1,082.3

Industrial Highlights

				Three Months Ended December 31				Twelve Months Ended December 31
	2020	2019	+/-	+/-	2020	2019	+/-	+/-
(in millions of dollars)	$	$	$	%	$	$	$	%
Sales	315.6	335.9	(20.3)	(6.0%)	1,172.2	1,780.6	(608.4)	(34.2%)
Operating Earnings (Loss)	32.6	26.6	6.0	22.6%	141.2	236.3	(95.1)	(40.2%)
EBITDA	49.4	41.3	8.1	19.6%	206.6	298.2	(91.6)	(30.7%)
Operating Earnings (Loss) – Normalized	39.9	39.4	0.5	1.3%	156.5	257.8	(101.3)	(39.3%)
EBITDA – Normalized	56.7	54.2	2.5	4.6%	221.9	319.8	(97.9)	(30.6%)

The Industrial segment ("Industrial") product sales decreased 6.0%, or $20.3 million, to $315.6 million in Q4 2020 from Q4 2019. The sales decrease was due to:

- access equipment sales declines primarily attributed to adverse conditions associated with the COVID-19 pandemic in North America and Europe; partially offset by
- increased market share in North America for telehandlers, scissors and booms.

The 2020 sales for Industrial decreased by $608.4 million, or 34.2% compared with 2019. Access equipment sales declines primarily attributed to adverse conditions associated with the COVID-19 pandemic in North America and Europe similarly impacted the full year results.

Industrial segment normalized operating earnings in Q4 2020 increased $0.5 million, or 1.3% from Q4 2019. The Industrial normalized operating earnings results were predominantly driven by:

- continued focus on cost reductions;
- the utilization of government support programs related to the global COVID-19 pandemic; partially offset by
- additional provisions for receivables related to current conditions in industrial markets primarily related to COVID-19; and
- access equipment net sales declines primarily attributed to adverse conditions associated with the global COVID-19 pandemic in North America and Europe.

The 2020 normalized operating earnings for Industrial decreased by $101.3 million, or 39.3% compared with 2019. The factors that impacted Q4 2020 similarly impacted the full year results.

Transportation Highlights

			Three Months Ended December 31				Twelve Months Ended December 31	
	2020	2019	+/-	+/-	2020	2019	+/-	+/-
(in millions of dollars)	$	$	$	%	$	$	$	%
Sales	1,389.2	1,280.2	109.0	8.5%	4,643.4	5,636.0	(992.6)	(17.6%)
Operating Earnings (Loss)	122.8	52.7	70.1	133.0%	283.0	388.2	(105.2)	(27.1%)
EBITDA	234.1	147.8	86.3	58.4%	686.5	739.8	(53.3)	(7.2%)
Operating Earnings (Loss) – Normalized	136.5	73.2	63.3	86.5%	301.5	410.8	(109.3)	(26.6%)
EBITDA – Normalized	247.8	168.2	79.6	47.3%	697.9	762.5	(64.6)	(8.5%)

Sales for the Transportation segment ("Transportation") increased by $109.0 million, or 8.5% in Q4 2020 compared with Q4 2019. The sales in Q4 2020 were impacted by:

- increased sales related to launching programs and increased volumes for certain programs that the Company has significant business with;
- an increase in sales as a result of the labour disruptions at a key US customer that occurred in Q4 2019; and
- a favourable impact on sales from the changes in foreign exchange rates from Q4 2019; partially offset by
- European sales declines primarily attributed to adverse conditions associated with the global COVID-19 pandemic.

The 2020 sales for Transportation decreased by $992.6 million, or 17.6% compared with 2019. The factors that impacted Q4 2020 similarly impacted the full year results with the exception that the impacts of COVID-19 had a more significant negative impact on the full year in comparison to Q4 2020.

Q4 2020 normalized operating earnings for Transportation were higher by $63.3 million, or 86.5% compared to Q4 2019. The Transportation segment's earnings were impacted by the following:

- the margin improvement from launching programs that continue to build in volume and for certain programs that the Company has significant business with;
- an increase in sales as a result of the labour disruptions at a key US customer that occurred in Q4 2019;
- the utilization of government support programs related to the global COVID-19 pandemic;
- a favourable impact on sales and expenses from the changes in foreign exchange rates from Q4 2019; and
- continued focus on cost reductions; partially offset by
- European sales declines primarily attributed to adverse conditions associated with the global COVID-19 pandemic.

The 2020 normalized operating earnings decreased by $109.3 million, or 26.6% compared with 2019. The factors that impacted Q4 2020 similarly impacted the full year results in addition to COVID-19 impacts including the plant shutdowns in Asia during Q1 and in North America and Europe during Q1 and Q2 2020.

AUTOMOTIVE SALES AND CONTENT PER VEHICLE[3]

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 vehicle production units[4] 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

[3] 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.

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

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	2020	2019	+/-	%	2020	2019	+/-	%
Vehicle Production Units	3.97	3.94	0.03	0.8%	13.43	16.88	(3.45)	(20.4%)
Automotive Sales	$ 680.3	$ 617.4	$ 62.9	10.2%	$ 2,364.3	$ 2,805.3	$ (441.0)	(15.7%)
Content Per Vehicle	$ 171.57	$ 156.80	$ 14.77	9.4%	$ 176.00	$ 166.17	$ 9.83	5.9%
Europe								
Vehicle Production Units	5.25	5.12	0.13	2.5%	16.58	21.06	(4.48)	(21.3%)
Automotive Sales	$ 371.1	$ 394.6	$ (23.5)	(6.0%)	$ 1,288.9	$ 1,717.9	$ (429.0)	(25.0%)
Content Per Vehicle	$ 70.65	$ 77.01	$ (6.36)	(8.3%)	$ 77.73	$ 81.58	$ (3.85)	(4.7%)
Asia Pacific								
Vehicle Production Units	13.18	12.36	0.82	6.6%	40.98	46.11	(5.13)	(11.1%)
Automotive Sales	$ 178.7	$ 122.6	$ 56.1	45.8%	$ 524.7	$ 448.3	$ 76.4	17.0%
Content Per Vehicle	$ 13.55	$ 9.92	$ 3.63	36.6%	$ 12.81	$ 9.72	$ 3.09	31.8%

North American automotive sales for Q4 2020 increased 10.2% from Q4 2019 in a market that saw an increase of 0.8% in production volumes for the same period. As a result, content per vehicle in Q4 2020 increased 9.4% from $156.80 to $171.57. The increase in North American content per vehicle was mainly impacted by increased volumes for certain programs that the Company has significant business with.

European automotive sales for Q4 2020 decreased 6.0% from Q4 2019 in a market that saw an increase of 2.5% in production volumes for the same period. As a result, content per vehicle in Q4 2020 decreased 8.3% from $77.01 to $70.65. The decrease in European content per vehicle was mainly impacted by decreased volumes for certain programs that the Company has significant business with which continue to be impacted by COVID-19 related issues.

Asia Pacific automotive sales for Q4 2020 increased 45.8% from Q4 2019 in a market that saw an increase of 6.6% in production volumes for the same period. As a result, content per vehicle in Q4 2020 increased 36.6% from $9.92 to $13.55. The increase in Asian content per vehicle was mainly impacted by increased volumes for certain programs that the Company has significant business with and launching programs.

RESULTS OF OPERATIONS

Gross Margin

	Three Months Ended December 31		Twelve Months Ended December 31	
(in millions of dollars)	2020	2019	2020	2019
Sales	$ 1,704.8	$ 1,616.1	$ 5,815.6	$ 7,416.6
Cost of Sales before amortization	1,308.2	1,312.3	4,577.0	5,953.7
Amortization	123.1	106.3	450.2	397.1
Cost of Sales	1,431.3	1,418.6	5,027.2	6,350.8
Gross Margin	$ 273.5	$ 197.5	$ 788.4	$ 1,065.8
Gross Margin percentage	16.0%	12.2%	13.6%	14.4%

Gross margin percentage increased in Q4 2020 to 16.0% compared to 12.2% in Q4 2019. Cost of sales before amortization as a percentage of sales decreased in Q4 2020 to 76.7% compared to 81.2% for the same quarter of last year. In dollar terms, gross margin increased $76.0 million in Q4 2020 compared with Q4 2019 as a result of the items discussed earlier in this analysis such as:

- the margin improvement from launching programs that continue to build in volume and for certain programs that the Company has significant business within the Transportation segment;
- an increase in sales as a result of the labour disruptions at a key US customer that occurred in Q4 2019;
- the utilization of government support programs related to the global COVID-19 pandemic;
- a favourable impact on sales and expenses from the changes in foreign exchange rates from Q4 2019; and
- continued focus on cost reductions; partially offset by

- the lower sales volumes in both segments primarily attributed to the adverse conditions associated with the COVID-19 pandemic in North America and Europe.

Q4 2020 amortization increased to $123.1 million from $106.3 million in Q4 2019 primarily due to additional amortization from launching programs and products. Amortization as a percentage of sales increased to 7.2% of sales compared to 6.6% in Q4 2019. The factors that impacted Q4 2020 similarly impacted the full year results.

2020 gross margin decreased to 13.6% from 14.4% in 2019. The factors that impacted Q4 2020 gross margin similarly impacted the full year results with the exception that the impacts of COVID-19 had a more significant negative impact on the full year in comparison to Q4 2020.

Selling, General and Administration

	Three Months Ended December 31		Twelve Months Ended December 31	
(in millions of dollars)	2020	2019	2020	2019
Selling, general and administrative	$ 106.0	$ 98.9	$ 353.6	$ 414.4
SG&A percentage	6.2%	6.1%	6.1%	5.6%

Selling, general and administrative ("SG&A") costs increased in Q4 2020 to $106.0 million from $98.9 million and increased as a percentage of sales to 6.2% from 6.1% when compared to Q4 2019. This increase is primarily due to:

- additional provisions for receivables related to current conditions in industrial markets primarily related to COVID-19; partially offset by
- continued focus on cost reductions.

The factors that impacted Q4 2020 similarly impacted the full year results with two additional impacts, increasing as a percentage of sales to 6.1% from 5.6% when compared to 2019. The full year results were further impacted by the utilization of government support programs earlier in 2020 and the percentage of sales where more significantly impacted than Q4 due to the impacts of COVID-19 on sales due to the plant shutdowns in Q1 and Q2 of 2020.

Finance Expense and Income Taxes

	Three Months Ended December 31		Twelve Months Ended December 31	
	2020	2019	2020	2019
(in millions of dollars)	$	$	$	$
Operating Earnings (Loss)	155.4	79.3	424.2	624.5
Share of Net Earnings (Loss) of Investments Accounted for Using the Equity Method	(6.9)	(3.1)	(22.9)	(11.0)
Finance Income and (Expenses)	(0.2)	(12.0)	(26.9)	(49.1)
Provision for (Recovery of) Income Taxes	35.2	14.5	95.3	134.0
Net Earnings (Loss)	113.1	49.7	279.1	430.4

Finance Expenses

Finance expenses decreased $11.8 million in Q4 2020 from $12.0 million in Q4 2019 to $0.2 million primarily due to:

- lower interest expense as a result of reducing average daily debt balances for Q4 2020 by $830 million in comparison to Q4 2019; and
- lower effective interest rates which improved by 110 bps or 40% which primarily related to the Bank of Canada reducing interest rates in response to managing the economic impacts of the COVID-19 pandemic since March 2020.

The 2020 finance expenses decreased $22.2 million compared to 2019. The full year finance expenses were impacted by the same factors as described for Q4 2020, in addition to the make-whole amount paid related to the prepayment of the Senior unsecured notes of U.S. $130 million ("2021 Notes") in Q2 2020.

The consolidated effective interest rate for Q4 2020 decreased to 1.7% compared to 2.8% in Q4 2019. The decrease in the effective rate was primarily driven by the lower debt levels and the Bank of Canada cutting interest rates. The decrease in the effective interest rate to 2.0% in 2020 versus 2.8% in 2019 is due to the same factors as Q4 2020.

Income Taxes

The effective tax rate for Q4 2020 was 23.7%, an increase from the 22.6% rate in the same quarter of 2019. The effective tax rate in Q4 2020 increased due to adjustments recognized in Q4 2019 regarding tax recoveries from prior years which did not recur in Q4 2020, partially offset by a reduction due to a more favourable mix of foreign tax rates in Q4 2020 compared to Q4 2019.

The effective tax rate for 2020 was 25.4%, an increase from the 23.7% rate in 2019 and was in line with the expected annual tax rate. The 2020 effective tax rate increased due to a proportional increase in non-deductible expenses and losses not benefited in the year.

TOTAL EQUITY

During the quarter no options expired unexercised, no options were forfeited, no options were exercised, and 150,000 options were issued.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares, of which 65,450,697 common shares were outstanding as of March 10, 2021. The Company's common shares constitute its only class of voting securities. As of March 10, 2021, there were 900,000 options to acquire common shares outstanding and 3,750,000 options still available to be granted under the Company's share option plan.

In March 2020, the Company announced that the Toronto Stock Exchange ("TSX") had accepted a notice filed by the Company of its intention to renew its normal course issuer bid ("NCIB" or "Bid"). Under the NCIB, Linamar had the ability to purchase for cancellation up to a maximum of 4,396,427 common shares from March 20, 2020 until March 19, 2021, representing approximately 10% of the public float of 43,964,265 that were issued and outstanding as of March 6, 2020. No shares were purchased and cancelled from March 20, 2020 to March 10, 2021 due to the COVID-19 pandemic.

SELECTED FINANCIAL INFORMATION

Annual Results

The following table sets out selected financial data relating to the Company's years ended December 31, 2020, 2019 and 2018. 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)	2020 $	2019 $	2018 $
Sales	5,815.6	7,416.6	7,620.6
Net Earnings (Loss)	279.1	430.4	591.5
Normalizing Items	35.5	34.0	(7.7)
Net Earnings (Loss) - Normalized	314.6	464.4	583.8
Total Assets	7,556.7	7,578.8	8,133.4
Total Long-term Liabilities	1,006.0	2,181.9	2,747.9
Cash Dividends declared per share	0.36	0.48	0.48
Net Earnings (Loss) per Share			
Basic	4.27	6.59	9.05
Diluted	4.27	6.56	8.94
Diluted - Normalized	4.81	7.08	8.82

The 2020 normalizing items include foreign exchange gain (loss), foreign exchange gain (loss) on debt and derivatives, and unusual items. The 2020 unusual items related to restructuring costs, a facility closure and make-whole interest for the early prepayment of the 2021 Notes. For more information refer to the "Non-GAAP and Additional GAAP Measures" section of this MD&A. The most significant impact on 2020 sales and earnings was a result of COVID-19 on the Company as discussed throughout this MD&A. In addition, the Company repaid a portion of its long-term debt primarily on its credit facilities as well as its 2021 Notes.

The 2019 normalizing items include foreign exchange gain (loss), foreign exchange gain (loss) on debt and derivatives, and unusual items. The 2019 unusual items relate to restructuring costs and a supplier quality issue.

On February 1, 2018, the Company completed its acquisition of 100% of the outstanding equity interest of MacDon for a purchase price of $1,299.5 million comprised of $1,224.5 million in cash consideration and an assumed liability of $75.0 million. As a result there is a significant increase in sales, net earnings, total assets, and total long-term liabilities between 2017 and 2018.

The 2018 normalizing items include foreign exchange gain (loss), foreign exchange gain (loss) on debt and derivatives, and an unusual item. The 2018 unusual item relates to restructuring costs.

Quarterly Results

The following table sets forth unaudited information for each of the eight quarters ended March 31, 2019 through December 31, 2020. 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 2020 $	Sep 30 2020 $	Jun 30 2020 $	Mar 31 2020 $	Dec 31 2019 $	Sep 30 2019 $	Jun 30 2019 $	Mar 31 2019 $
Sales	1,704.8	1,637.4	923.6	1,549.8	1,616.1	1,740.0	2,086.1	1,974.5
Net Earnings (Loss)	113.1	125.5	(37.9)	78.5	49.7	98.2	150.2	132.3
Net Earnings (Loss) per Share								
Basic	1.73	1.92	(0.58)	1.21	0.76	1.51	2.30	2.02
Diluted	1.73	1.92	(0.58)	1.20	0.76	1.50	2.28	2.00

The quarterly results of the Company are impacted by the seasonality of certain operational units. Historically, earnings in the second quarter for the Industrial segment are positively impacted by the high selling season for both the access equipment and agricultural businesses. For the Transportation segment, vehicle production is typically at its lowest level during the third and fourth quarters due to lower OEM production schedules resulting from shutdowns related to summer and winter maintenance and model changeovers. The Company takes advantage of summer and winter shutdowns for maintenance activities that would otherwise disrupt normal production schedules. Additionally, COVID-19 had adverse impacts on each quarter of 2020. Plant shutdowns began mainly in March and April with the automotive OEM's restarting production in May 2020 resulting in volumes growing over the remainder of the year.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

	Three Months Ended December 31		Twelve Months Ended December 31	
(in millions of dollars)	2020 $	2019 $	2020 $	2019 $
Cash generated from (used in):				
Operating Activities	489.6	502.7	1,434.1	1,167.7
Financing Activities	(114.1)	(433.7)	(616.4)	(724.1)
Investing Activities	(81.1)	(129.6)	(290.3)	(547.2)
Effect of translation adjustment on cash	(3.4)	4.0	(4.5)	(30.2)
Increase (decrease) in cash and cash equivalents	291.0	(56.6)	522.9	(133.8)
Cash and cash equivalents – Beginning of Period	570.1	394.8	338.2	472.0
Cash and cash equivalents – End of Period	861.1	338.2	861.1	338.2
Comprised of:				
Cash in bank	628.5	285.9	628.5	285.9
Short-term deposits	236.3	59.0	236.3	59.0
Unpresented cheques	(3.7)	(6.7)	(3.7)	(6.7)
	861.1	338.2	861.1	338.2

The Company's cash and cash equivalents (net of unpresented cheques) at December 31, 2020 were $861.1 million, an increase of $522.9 million compared to December 31, 2019.

Cash generated from operating activities was $489.6 million, a decrease of $13.1 million from Q4 2019. Cash generated from operating activities in 2020 was $1,434.1 million, $266.4 million more than was provided in 2019, due to an increase in cash being generated by changes in operating assets and liabilities.

During the quarter, financing activities used $114.1 million of cash compared to $433.7 million used in Q4 2019 and for the full year financing activities used $616.4 million compared to $724.1 million. Both periods saw decreased use of cash primarily due to a lower level of repayment of the Company's long-term debt in comparison to the same periods of 2019.

Subsequent to year end, effective January 2021, the Company received funding through a note purchase agreement with certain institutional investors for a private placement of Euro ("EUR") 320 million aggregate principal amount, issued at an annual rate of 1.37%, coming due January 2031 and paying interest semi-annually. The EUR denominated notes have been designated as a net investment hedge for the net investments in EUR foreign operations. Along with available cash and proceeds drawn from the revolving credit facility the Company applied the proceeds of the notes towards the repayment of a non-revolving term credit facility maturing in January 2021 under its bank credit facility.

Investing activities used $81.1 million in Q4 2020 compared to $129.6 million used in Q4 2019 and full year investing activities used $290.3 million compared to $547.2 million in 2019. The decrease for the quarter and full year was due to a significant reduction in purchases of property, plant and equipment resulting from efforts to conserve cash due to the COVID-19 pandemic.

Operating Activities

	Three Months Ended December 31		Twelve Months Ended December 31	
	2020	2019	2020	2019
(in millions of dollars)	$	$	$	$
Net Earnings (Loss) for the period	113.1	49.7	279.1	430.4
Adjustments to earnings	125.6	133.7	492.5	467.0
	238.7	183.4	771.6	897.4
Changes in operating assets and liabilities	250.9	319.3	662.5	270.3
Cash generated from (used in) operating activities	489.6	502.7	1,434.1	1,167.7

Cash generated by operations before the effect of changes in operating assets and liabilities increased $55.3 million in Q4 2020 to $238.7 million, compared to $183.4 million in Q4 2019 primarily due to higher net earnings. Cash generated from operations before the effect of changes in operating assets and liabilities decreased $125.8 million in 2020 to $771.6 million, compared to $897.4 million in 2019 primarily due to lower net earnings due to shutdowns related to the COVID-19 pandemic that occurred in Q1 and Q2 2020.

Changes in operating assets and liabilities for Q4 2020 provided cash of $250.9 million primarily due to lower collections of receivables partially offset by decreases in payments for accounts payable. For the full year changes in operating assets and liabilities provided cash of $662.5 million driven by decreases in payments for accounts payable, increased collections of long-term receivables partially offset by decreased collections of accounts receivables.

In response to COVID-19, many governments around the world have provided various subsidy programs to assist companies during the crisis. The Company received government assistance in certain regions where such assistance was available and where the Company was eligible for the subsidy programs. The Company has recognized these subsidy programs as a reduction to the related expenses. A significant benefit to Linamar was from a subsidy program in Canada. The Canada Emergency Wage Subsidy (“CEWS”) program was announced in March 2020. CEWS provides a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including a demonstration of revenue declines. The direct benefit of CEWS and other COVID-19 related programs recorded in the consolidated statement of earnings was $21.9 million for the three month period and $130.0 million for the full year. However, the Company is unable to quantify the overall impact of COVID-19 on Linamar’s financial results net of any mitigating factors such as government assistance programs.

Although Linamar has received COVID-19-related assistance from various governments, including Canada’s CEWS program, as of the date of this MD&A it remains unknown if these or any other COVID-19-related government assistance will be available in the future.

Financing Activities

	Three Months Ended December 31		Twelve Months Ended December 31	
	2020	2019	2020	2019
(in millions of dollars)	$	$	$	$
Proceeds from (repayments of) short-term borrowings	-	(4.6)	(6.4)	(10.2)
Proceeds from (repayments of) long-term debt	(106.0)	(413.5)	(601.2)	(618.2)
Proceeds from exercise of stock options	-	-	9.5	7.7
Repurchase of shares	-	-	(13.3)	(29.7)
Dividends	(7.8)	(7.9)	(23.4)	(31.4)
Finance income received (expenses paid)	(0.3)	(7.7)	(23.0)	(42.3)
Settlement of forward contracts	-	-	41.4	-
Cash generated from (used in) financing activities	(114.1)	(433.7)	(616.4)	(724.1)

Financing activities for Q4 2020 used $114.1 million of cash compared to $433.7 million used in Q4 2019 primarily driven by the Company’s repayment of long-term debt. Financing activities for 2020 used $616.4 million compared to $724.1 million used in 2019. The decrease in cash used for financing activities for the full year was due to a lower repayment level of long-term debt combined with cash generated from the settlement of forward contracts related to the Company’s prepayment of its 2021 Notes.

Investing Activities

(in millions of dollars)	Three Months Ended December 31 2020 $	2019 $	Twelve Months Ended December 31 2020 $	2019 $
Payments for purchase of property, plant and equipment	(75.8)	(120.1)	(264.3)	(525.4)
Proceeds on disposal of property, plant and equipment	8.5	6.5	15.2	25.2
Payments for purchase of intangible assets	(7.3)	(8.1)	(27.3)	(33.6)
Other	(6.5)	(7.9)	(13.9)	(13.4)
Cash generated from (used in) investing activities	(81.1)	(129.6)	(290.3)	(547.2)

Cash used for investing activities for Q4 2020 was $81.1 million compared to Q4 2019 at $129.6 million. Cash used on investing activities for the full year was $290.3 million compared to 2019 at $547.2 million. The focus on the conservation of cash by the Company during the quarter and full year related to COVID-19 resulted in a large reduction in purchases of property, plant and equipment.

Liquidity and 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 operating capital expenditures will be financed by cash flow from operations or utilization of existing financing facilities.

At December 31, 2020, cash and cash equivalents, including short-term deposits was $861.1 million and the Company's credit facilities had available credit of $773.4 million. Combined, the Company believes this liquidity of $1.6 billion at December 31, 2020 is sufficient to meet cash flow needs and has increased from the $1.1 billion at December 31, 2019. In addition, free cash flow was $422.3 million for Q4 2020 bringing the full year to $1,185.0 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 Lease Liabilities	1,241.1	558.7	627.7	54.7
Lease Liabilities[5]	75.5	20.8	37.2	17.5
Purchase Commitments	113.3	113.3	-	-
Total Contractual Obligations	1,429.9	692.8	664.9	72.2

The Company occasionally provides guarantees to third parties who, in turn, provide financing to certain Linamar customers for industrial products. In addition, the Company has provided limited guarantees within the purchase agreements of derecognized receivables as discussed in the notes to the Company's consolidated financial statements for the year ended December 31, 2020.

From time to time, the Company may be contingently liable for litigation, legal and/or regulatory actions and proceedings and other claims. These claims, and other details surrounding its financial liabilities, are described in the notes to Company's consolidated financial statements for the year ended December 31, 2020.

Financial Instruments

The Company uses derivatives as a part of its risk management program to mitigate variability associated with changing market values related to recognized liabilities and highly probable forecasted transactions.

The Company pursues a strategy of optimizing its operating and financing foreign currency cash flows in each region in which it operates. In key foreign exchange markets, the Company's foreign currency outflows for the purchases of materials and capital equipment are offset through the sale of products denominated in the same foreign currencies, creating a natural hedge. In markets where a natural currency hedge cannot be achieved, and a material foreign exchange exposure arises, the Company actively manages the risk through the execution of foreign exchange forward contracts and other derivatives. Despite actively managing the residual foreign exchange exposure, significant

[5] Lease Liabilities includes the interest component in accordance with the definition of minimum lease payments under IFRS.

long-term movements in relative currency values may affect the Company's operational results. The Company does not actively hedge all the cash flow activities of its foreign subsidiaries and, accordingly operational results may be further affected by a significant change in the relative value of domestic currencies.

The amount and timing of executed derivatives is dependent upon a number of factors, including estimated production delivery schedules, forecasted customer payments, and the anticipated future direction of foreign currency and interest rates. The Company is exposed to counterparty credit risk when executing derivatives with financial institutions, and in order to mitigate this risk the Company limits derivative trading to counterparties within the credit facility that maintain investment grade credit ratings.

The Company's strategy, risks and presentation of its financial instruments remain substantially unchanged during the year ended December 31, 2020 except for the early repayment of its 2021 Notes, in order to improve its financial flexibility to manage in this uncertain environment, that resulted in an additional $9.1 million of interest expense recognized during the second quarter. The hedge interest payment and debt principal forward contracts used to convert the United States stated coupon rate to a Canadian interest rate, and to lock in the exchange rate on the principal repayment component, were terminated at the same time. For more information, please see the Company's consolidated financial statements for the year ended December 31, 2020.

As at December 31, 2020, the Company holds floating USD denominated debt along with two cross currency interest rate swaps which converts this floating rate debt into fixed rate debt, and hedges the effective change in exchange rates on both its USD debt and its net investment in Euro foreign operations. The cross currency interest rate swap related to the USD debt qualified as a cash flow hedge for accounting purposes, and the cross currency interest rate swap related to the Euro foreign operations qualified as a net investment hedge. Any fair value unrealized gains and losses for both hedges are included in other comprehensive earnings, with reclassifications to net earnings for the effective portion to match the net earnings impact of the hedged items.

Subsequent to year end, effective January 2021, the Company received funding through a note purchase agreement with certain institutional investors for a private placement of EUR 320 million aggregate principal amount issued at an annual rate of 1.37%, coming due January 2031 and paying interest semi-annually. The EUR denominated notes have been designated as a net investment hedge for the net investments in EUR foreign operations. The Company applied the proceeds of these notes, as well as a portion of available surplus cash, and proceeds drawn from the revolving credit facility towards the repayment of the USD denominated debt, a portion of which under a non-revolving credit facility, matured in January 2021. The USD cross currency interest rate swap contract associated with the USD denominated debt matured and settled at the same time. The EUR cross currency interest rate swap contract matured and also settled in January 2021, ending that first net investment hedge. For more information, please see the Company's consolidated financial statements for the year ended December 31, 2020.

The company is exposed to foreign exchange fluctuations due to foreign operating transactions and to manage this the Company enters into forward exchange contracts to hedge a portion of the ultimate cash flows arising from highly probable forecasted consolidated foreign sales and purchases. Any fair value unrealized gains and losses for the hedges are included in other comprehensive earnings, with reclassifications to net earnings for the effective portion to match the net earnings impact of the hedged items.

For more information, please see the notes to the Company's consolidated financial statements for the year ended December 31, 2020.

A portion of the Company's financial instruments are held as long-term receivables totalling $376.4 million at December 31, 2020 compared to $521.9 million at December 31, 2019. Long-term receivables are primarily made up of financing loans for the sale of industrial access equipment which decreased by $127.8 million to $234.5 million, financing loans for equity method investments which increased by $16.2 million to $111.2 million, and receivables for government assistance which decreased by $34.2 million to $28.0 million.

Due to COVID-19 and underlying business operation issues at certain customers, there is uncertainty in the future repayment of certain of Linamar's long-term accounts receivable, as indicated by credit rating downgrades of certain customers, and a reduction in the value of related collateral securing certain long-term receivables. A similar review and adjustment for an increase in economic credit risk due to COVID-19 was also completed on the Company's accounts and other receivables.

Off Balance Sheet Arrangements

On January 1, 2019, the Company adopted IFRS 16 Leases. Significant changes to lessee accounting were introduced, with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The resulting change was an increase to right-of-use assets within property, plant and equipment and lease liabilities within long-term debt. The right-of-use assets and lease liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or the lessee's incremental borrowing rate if the implicit rate could not be readily determined. In accordance with the transition provisions, the standard has been adopted without restating comparative figures.

CURRENT AND PROPOSED TRANSACTIONS

There are no current and proposed transactions for the quarter ended December 31, 2020.

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, 2020 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.

Public Health Threats

In early 2020, COVID-19 quickly spread in multiple countries and was declared a pandemic by the World Health Organization in mid-March. As the COVID-19 pandemic and resulting economic contraction has significantly impacted the health and economic wellbeing of our employees, customers, suppliers, global and local communities, the Company took quick action with our COVID-19 Global Task Force and Action Response Plan.

Public and private sector regulations, policies, and other measures aimed at reducing the transmission of COVID-19 included the imposition of business closures, travel restrictions, the promotion of social distancing and the adoption of work-from-home and online continuity plans by companies and various institutions. Globally, various governments have provided assistance to those affected including individuals and businesses through a number of taxation deferral, subsidy, and other relief programs. The Company has reopened its manufacturing facilities, while ensuring back-to-work health and safety protocols that were implemented across all of our facilities, is maintained.

The full extent and impact of the ongoing COVID-19 pandemic, including current and potential future responses to it, are unknown. At this stage it is very difficult, and in some cases impossible, to predict what will occur. Potential future adverse impacts of the pandemic include, but are not limited to the risks of:

- governmental and other responses to the COVID-19 pandemic, such as regional business shut-downs, stay-at-home orders, business, border, travel and other restrictions;
- the health, availability for work and productivity of our workforce;
- material reduction in demand for our products due to significant reduction in volume from our automotive and industrial products customers;
- a delay in collection of accounts and long-term receivables which may lead to increased allowance provisions;
- suppliers and/or customers having financial difficulties up to and including entering restructuring proceedings, insolvency proceedings and/or ceasing operations;
- difficulties in delivering products to customers due to supply chain disruptions;
- resultant higher operating costs; and
- higher capital costs for servicing or paying debt as it comes due.

As at December 31, 2020, the Company is well within covenant compliance. The Company's scenario planning, which includes stress testing our forecasts currently demonstrate that the Company will remain within covenant compliance for the foreseeable future. However, should the economic uncertainty extend out for significantly longer periods than is currently generally believed, the Company may have to re-negotiate terms with its existing lenders and/or seek additional financing. The availability and terms of any such amended or new financing would depend on, among other things, the economic conditions and outlook for the Company and the economy as a whole in existence at that time.

Any future epidemic, pandemic, or other public health crisis that occurs in the future may pose similar risks to the Company.

Competition, Outsourcing and Insourcing

The Company faces numerous sources of competition in its Transportation 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 and harvesting equipment 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, entrenched capital assets, 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 Company's precision machining, access equipment and harvesting equipment operations are iron castings, aluminum castings, raw aluminum (ingot), forgings, raw steel, steel fabrications, powertrain assemblies, powder metal, bearings, seals and fasteners, which are readily obtained from a variety of suppliers globally that support the Company's operations. The Company is not substantially 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 Transportation 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 Transportation sales.

Typically, sales are similarly concentrated for the Industrial segment as product distribution is largely through major access equipment rental companies and agricultural dealerships. Through its Skyjack subsidiary, the Company engages in the production and sale of access equipment including scissor lifts, booms and telehandlers. Through its MacDon subsidiary, the Company engages in the production and sale of harvesting equipment including draper headers and self-propelled windrowers. There is a relatively defined sales cycle in these industries, as it is closely related to, and affected by, the product life cycle of these construction and agricultural sectors. Therefore, the risks and fluctuations in the construction and agricultural industries in the countries that Skyjack and MacDon operate in also affect the Company's Industrial 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, as well as the access equipment and harvesting equipment 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 Transportation 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 Americas, 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 any epidemic, pandemic or other public health threats such as COVID-19, 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, the Company's 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.

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

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. These legal proceedings could include securities, environmental or occupational health and safety regulatory proceedings, as well as product liability claims, general liability, 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 type of insurance could be expensive and may not be available on acceptable terms, or at all. Any uninsured or underinsured product liability claims, general liability, 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 with investment grade ratings. A substantial portion of the Company's receivables are with large customers in the automotive, truck, commercial, and industrial sectors which gives rise to concentration risk within those industries. The Company cannot guarantee that its customers will not experience financial difficulties in the future, making it unable to collect all of its receivables.

Weather

Weather such as drought and flooding can have an adverse effect on crop quality and yields and therefore net farm income and new equipment orders.

Emission Standards

Emissions and Corporate Average Fuel Economy (CAFÉ) regulations continue to be a major influence on technology within the auto industry. These regulations could potentially impact the sales of certain products the Company manufactures; in particular components for internal combustion engines could be negatively impacted by increased penetration of electric or fuel cell vehicles. In recent years, the Company has made strides however, in mitigating this risk by increasing its portfolio of Hybrid, Electric and Fuel Cell Electric Vehicle component offerings. The Company's strategy is to target content in each technology (or propulsion system) to ensure it is well prepared for whichever technology becomes the most dominant in the market.

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 facility and the private placement 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. Additionally the Company, if required, cannot guarantee access to additional equity or capital given current or future economic market events related to changes in the Company's segments.

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, some 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, 2020, 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, 2020, 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

In response to the COVID-19 pandemic, certain physical distancing measures taken by the Company, customers, suppliers and governments had the potential to impact the design and performance of internal controls over financial reporting for the Company. There were no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2020, which have materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company will continue to monitor any risk associated with a change to its control environment in response to the pandemic.

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.

Impact of COVID-19 on Results and Risk Management Practices

During 2020, the outbreak of the novel strain of coronavirus, specifically identified as COVID-19, spread across the globe impacting worldwide economic activity. The extent to which the financial results and condition of the Company in future periods may be affected by COVID-19 depends on future developments and cannot be reliably determined at the date of this MD&A. The Company has not changed its fundamental risk management practices. However, in order to improve its financial flexibility to manage in this uncertain environment, the Company prepaid its Senior unsecured notes of U.S. $130 million in June 2020. The Company will continue to evaluate the situation and monitor any impacts or potential impacts to its business.

Impact of COVID-19 on Receivables

With regard to the Company's receivables, the recognition and measurement of the expected credit loss rate involves a provision matrix incorporating historical experiences adjusted for current and future conditions expected for the life of the balance. No significant changes were made to the methodology during the year, except for enhancements made to assess the economic impacts of COVID-19. The level of estimation uncertainty and judgement has increased as a result of the economic effects of the COVID-19 pandemic, particularly as the length and extent of the pandemic and its impact on the overall global economy are not known. Modelled assumptions and linkages between economic factors and credit losses may underestimate or overestimate expected credit losses.

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 assess at the end of each reporting period whether there is any indication that an asset may be impaired and to make significant forward-looking assumptions. In assessing whether there is an indication that an asset may be impaired, there are a number of external and internal sources of information which require a high degree of judgement. 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 with the exception of the length and extent of the COVID-19 pandemic and its impact on the overall global economy which is not known.

During the fourth quarter ended December 2020, management carried out its annual impairment tests on goodwill and certain other non-financial assets and no impairment resulted. Currently, based on the limited reliable information and current assessments regarding COVID-19, management doesn't believe that there would be a significant continuing adverse long-term impact to the business as a result of COVID-

19. For example in our Transportation business at the time of the assessment, there was no expectation of a long-term change in the global demand for automobiles. As required, management will continue to assess assumptions as this evolving COVID-19 situation changes.

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 assets' 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.

RECENT ACCOUNTING CHANGES AND EFFECTIVE DATES

For information pertaining to accounting changes effective in 2020 and for future fiscal years please see the Company's consolidated financial statements for the year ended December 31, 2020.

NON-GAAP AND ADDITIONAL GAAP MEASURES

Non-GAAP Measures

The Company uses certain non-GAAP financial measures including Operating Earnings (Loss) – Normalized, Net Earnings (Loss) – Normalized, Net Earnings (Loss) per Share – Diluted – Normalized, EBITDA – Normalized, and Free Cash Flow. The Company believes these non-GAAP financial measures provide useful information to both management and investors in assessing the financial performance and financial condition of the Company.

Certain expenses and income that must be recognized under GAAP are not necessarily reflective of the Company's underlying operational performance. For this reason, management uses certain non-GAAP financial measures to exclude foreign exchange impacts, and the impact of unusual items when analyzing consolidated and segment underlying operational performance, on a consistent basis. The exclusion of certain items does not imply that they are non-recurring.

These Non-GAAP financial measures do not have a standardized meaning prescribed by GAAP and therefore they are unlikely to be comparable to similarly titled measures presented by other publicly traded companies, and they should not be construed as an alternative to other financial measures determined in accordance with GAAP.

Normalizing Items

During Q4 2020, an unusual item related to "restructuring" adjusted the Transportation segment by $8.6 million. The restructuring was to improve operational efficiencies, primarily in Europe, and not in response to COVID-19. During Q4 2019, an unusual item related to restructuring adjusted the Transportation segment for $3.3 million and Industrial segment for $1.1 million.

During Q3 2020, an unusual item of $13.8 million related to the closing of a facility ("facility closure") impacted the Transportation segment's earnings. The closure of this North American facility was due to operational issues and was not in response to COVID-19. For EBITDA the non-cash impairment of assets is already excluded in its definition and therefore the unusual item is the remaining portion for the closure of the facility.

During Q2 2020, an unusual item of $9.1 million related to "make-whole interest" for the early prepayment of the 2021 Notes impacted net earnings. This was to improve the Company's financial flexibility in an uncertain environment.

During Q4 2019, as part of the Company's annual inventory cost review a year-to-date adjustment ("inventory adjustment") was booked at our European Industrial Fabrication facility. There is no impact to the full year 2019 results as Q4 expenses were overstated and prior quarters of 2019 were understated. The adjustment is not material to the Company's overall financial results for either 2019 or for any of the prior quarters of 2019. The adjustment relates to a new product launch. This represented a unique circumstance for the facility, which previously had rarely launched a new line of product.

Linamar recognized an expense in Q4 2019 related to a "supplier quality issue" in the Transportation segment. Normally, any supplier quality issues would be fully reimbursed to Linamar from the supplier. In this case, Linamar was not able to receive full reimbursement for the costs incurred.

All normalizing items are reflected in the tables below:

	Three Months Ended December 31		Twelve Months Ended December 31	
	2020	2019	2020	2019
(in millions of dollars)	$	$	$	$
Restructuring	8.6	4.4	8.6	13.4
Facility closure	-	-	13.8	-
Inventory adjustment	-	6.2	-	-
Supplier quality issue	-	3.1	-	3.1
Unusual items impacting operating earnings (loss)	8.6	13.7	22.4	16.5
Make-whole interest	-	-	9.1	-
Unusual items impacting net earnings (loss) before income taxes	8.6	13.7	31.5	16.5
Restructuring	8.6	4.4	8.6	13.4
Facility closure	-	-	2.1	-
Inventory adjustment	-	6.2	-	-
Supplier quality issue	-	3.1	-	3.1
Unusual items impacting EBITDA	8.6	13.7	10.7	16.5

			Three Months Ended December 31				Twelve Months Ended December 31	
	2020	2019	+/-	+/-	2020	2019	+/-	+/-
(in millions of dollars)	$	$	$	%	$	$	$	%
Operating Earnings (Loss)	155.4	79.3	76.1	96.0%	424.2	624.5	(200.3)	(32.1%)
Foreign exchange (gain) loss	12.4	19.6	(7.2)		11.4	27.6	(16.2)	
Unusual items	8.6	13.7	(5.1)		22.4	16.5	5.9	
Operating Earnings (Loss) – Normalized	176.4	112.6	63.8	56.7%	458.0	668.6	(210.6)	(31.5%)
Net Earnings (Loss)	113.1	49.7	63.4	127.6%	279.1	430.4	(151.3)	(35.2%)
Foreign exchange (gain) loss	12.4	19.6	(7.2)		11.4	27.6	(16.2)	
Foreign exchange (gain) loss on debt and derivatives	-	-	-		4.6	0.2	4.4	
Unusual items	8.6	13.7	(5.1)		31.5	16.5	15.0	
Tax impact	(5.0)	(7.6)	2.6		(12.0)	(10.3)	(1.7)	
Net Earnings (Loss) – Normalized	129.1	75.4	53.7	71.2%	314.6	464.4	(149.8)	(32.3%)
Net Earnings (Loss) per Share – Diluted	1.73	0.76	0.97	127.6%	4.27	6.56	(2.29)	(34.9%)
Foreign exchange (gain) loss	0.19	0.30	(0.11)		0.17	0.42	(0.25)	
Foreign exchange (gain) loss on debt and derivatives	-	-	-		0.07	-	0.07	
Unusual items	0.13	0.21	(0.08)		0.48	0.25	0.23	
Tax impact	(0.08)	(0.12)	0.04		(0.18)	(0.15)	(0.03)	
Net Earnings (Loss) per Share – Diluted – Normalized	1.97	1.15	0.82	71.3%	4.81	7.08	(2.27)	(32.1%)
EBITDA	283.5	189.1	94.4	49.9%	893.1	1,038.0	(144.9)	(14.0%)
Foreign exchange (gain) loss	12.4	19.6	(7.2)		11.4	27.6	(16.2)	
Foreign exchange (gain) loss on debt and derivatives	-	-	-		4.6	0.2	4.4	
Unusual items	8.6	13.7	(5.1)		10.7	16.5	(5.8)	
EBITDA – Normalized	304.5	222.4	82.1	36.9%	919.8	1,082.3	(162.5)	(15.0%)

(in millions of dollars)	Industrial $	Transportation $	Three Months Ended December 31 2020 Linamar $	Industrial $	Transportation $	Twelve Months Ended December 31 2020 Linamar $
Operating Earnings (Loss)	32.6	122.8	155.4	141.2	283.0	424.2
EBITDA	49.4	234.1	283.5	206.6	686.5	893.1
Foreign exchange (gain) loss	7.3	5.1	12.4	15.3	(3.9)	11.4
Unusual items	-	8.6	8.6	-	22.4	22.4
Operating Earnings (Loss) – Normalized	39.9	136.5	176.4	156.5	301.5	458.0
Impairment of assets within Unusual Item	-	-	-	-	(11.7)	(11.7)
Foreign exchange (gain) loss on debt and derivatives	-	-	-	-	4.6	4.6
EBITDA – Normalized	56.7	247.8	304.5	221.9	697.9	919.8

(in millions of dollars)	Industrial $	Transportation $	Three Months Ended December 31 2019 Linamar $	Industrial $	Transportation $	Twelve Months Ended December 31 2019 Linamar $
Operating Earnings (Loss)	26.6	52.7	79.3	236.3	388.2	624.5
EBITDA	41.3	147.8	189.1	298.2	739.8	1,038.0
Foreign exchange (gain) loss	5.5	14.1	19.6	18.6	9.0	27.6
Unusual items	7.3	6.4	13.7	2.9	13.6	16.5
Operating Earnings (Loss) – Normalized	39.4	73.2	112.6	257.8	410.8	668.6
Foreign exchange (gain) loss on debt and derivatives	0.1	(0.1)	-	0.1	0.1	0.2
EBITDA – Normalized	54.2	168.2	222.4	319.8	762.5	1,082.3

Operating Earnings (Loss) – Normalized

The Company believes Operating Earnings (Loss) – Normalized is useful in assessing the Company's underlying operational performance and in making decisions regarding the ongoing operations of the business. Operating Earnings (Loss) – Normalized is calculated as Operating Earnings (Loss), as defined in "Additional GAAP Measures" below, and as presented in the Company's consolidated financial statements, adjusted for foreign exchange gain (loss), and any unusual items, if applicable, that are considered not to be indicative of underlying operational performance. See the "Normalizing Items" section above for a description of the unusual items impacting the operational performance discussed in this MD&A and a reconciliation of GAAP Operating Earnings (Loss) to Operating Earnings (Loss) – Normalized.

Net Earnings (Loss) – Normalized

The Company believes Net Earnings (Loss) – Normalized is useful in assessing the Company's underlying operational performance and in making decisions regarding the ongoing operations of the business. Net Earnings (Loss) – Normalized is calculated as Net Earnings (Loss) as presented in the Company's consolidated financial statements adjusted for foreign exchange gain (loss), foreign exchange gain (loss) on debt and derivatives, and any unusual items, if applicable, that are considered not to be indicative of underlying operational performance. See the "Normalizing Items" section above for a description of the unusual items impacting the operational performance discussed in this MD&A and a reconciliation of GAAP Net Earnings (Loss) to Net Earnings (Loss) – Normalized.

Net Earnings (Loss) per Share – Diluted – Normalized

The Company believes Net Earnings (Loss) per Share – Diluted – Normalized is useful in assessing the Company's underlying operational performance and in making decisions regarding the ongoing operations of the business. Net Earnings (Loss) per Share – Diluted – Normalized is calculated as Net Earnings (Loss) – Normalized (as defined above) divided by the fully diluted number of shares outstanding as at the period end date. See the "Normalizing Items" section above for a description of the unusual items, if applicable, impacting the operational performance discussed in this MD&A and a reconciliation of GAAP Net Earnings (Loss) per Share – Diluted to Net Earnings (Loss) per Share – Diluted – Normalized.

EBITDA – Normalized

The Company believes EBITDA – Normalized is useful in assessing the Company's underlying operational performance of cash flow and profitability, and in making decisions regarding the ongoing operations of the business. EBITDA – Normalized is calculated as EBITDA, as defined in "Additional GAAP Measures" below, and as presented in the Company's consolidated financial statements, adjusted for foreign exchange gain (loss), foreign exchange gain (loss) on debt and derivatives, and any unusual items, if applicable, that are considered not to be indicative of underlying operational performance. See the “Normalizing Items” section above for a description of the unusual items impacting the operational performance discussed in this MD&A and a reconciliation of GAAP EBITDA to EBITDA – Normalized.

Free Cash Flow

The Company believes Free Cash Flow is useful in assessing the Company’s ability to generate cash. Free Cash Flow is calculated as cash from operating activities less payments for purchase of property, plant and equipment plus proceeds on disposal of property, plant and equipment.

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 (Loss)

Operating Earnings (Loss) is calculated as Net Earnings (Loss) before income taxes, finance income and (expenses) and share of net earnings (loss) of investments accounted for using the equity method, as presented on the Company’s consolidated interim statements of earnings. This measure, along with other GAAP and non-GAAP measures are used by the chief operating decision makers and management to assess operating performance and the effective use and allocation of resources and to provide more meaningful comparisons of operating results.

EBITDA

EBITDA is calculated as Net Earnings (Loss) before interest, income taxes, and amortization. Please see the notes to the consolidated interim financial statements for the calculation. This measure, along with other GAAP and non-GAAP measures are used by the chief operating decision makers and management to assess operating performance of cash flow and profitability, 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, 2020	Three Months Ended				Year to Date			
	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31
North America	2020	2020	2020	2020	2020	2020	2020	2020
Vehicle Production Units	3.89	1.44	4.13	3.97	3.89	5.33	9.47	13.43
Automotive Sales	$ 666.5	$ 267.1	$ 750.3	$ 680.3	$ 666.5	$ 933.6	$ 1,684.0	$ 2,364.3
Content Per Vehicle	$ 171.12	$ 185.56	$ 181.50	$ 171.57	$ 171.12	$ 175.02	$ 177.85	$ 176.00
Europe								
Vehicle Production Units	4.71	2.25	4.37	5.25	4.71	6.96	11.33	16.58
Automotive Sales	$ 399.6	$ 183.0	$ 335.2	$ 371.1	$ 399.6	$ 582.7	$ 917.9	$ 1,288.9
Content Per Vehicle	$ 84.87	$ 81.27	$ 76.71	$ 70.65	$ 84.87	$ 83.70	$ 81.01	$ 77.73
Asia Pacific								
Vehicle Production Units	8.23	8.55	11.02	13.18	8.23	16.78	27.79	40.98
Automotive Sales	$ 88.6	$ 118.9	$ 138.5	$ 178.7	$ 88.6	$ 207.5	$ 346.0	$ 524.7
Content Per Vehicle	$ 10.77	$ 13.92	$ 12.57	$ 13.55	$ 10.77	$ 12.37	$ 12.45	$ 12.81

Estimates as of September 30, 2020	Three Months Ended			Year to Date		
	Mar 31	Jun 30	Sep 30	Mar 31	Jun 30	Sep 30
North America	2020	2020	2020	2020	2020	2020
Vehicle Production Units	3.90	1.42	4.11	3.90	5.31	9.42
Automotive Sales	$ 666.5	$ 267.1	$ 750.3	$ 666.5	$ 933.6	$ 1,684.0
Content Per Vehicle	$ 170.96	$ 188.58	$ 182.76	$ 170.96	$ 175.66	$ 178.75
Europe						
Vehicle Production Units	4.70	2.24	4.31	4.70	6.94	11.26
Automotive Sales	$ 399.7	$ 183.1	$ 335.3	$ 399.7	$ 582.8	$ 918.1
Content Per Vehicle	$ 85.01	$ 81.70	$ 77.72	$ 85.01	$ 83.94	$ 81.56
Asia Pacific						
Vehicle Production Units	8.22	8.57	10.87	8.22	16.78	27.65
Automotive Sales	$ 88.6	$ 118.9	$ 138.5	$ 88.6	$ 207.5	$ 346.0
Content Per Vehicle	$ 10.79	$ 13.88	$ 12.74	$ 10.79	$ 12.37	$ 12.51

Change in Estimates from Prior Quarter	Three Months Ended			Year to Date		
	Mar 31	Jun 30	Sep 30	Mar 31	Jun 30	Sep 30
	2020	2020	2020	2020	2020	2020
North America	+/-	+/-	+/-	+/-	+/-	+/-
Vehicle Production Units	(0.01)	0.02	0.02	(0.01)	0.02	0.05
Automotive Sales	$ -	$ -	$ -	$ -	$ -	$ -
Content Per Vehicle	$ 0.16	$ (3.02)	$ (1.26)	$ 0.16	$ (0.64)	$ (0.90)
Europe						
Vehicle Production Units	0.01	0.01	0.06	0.01	0.02	0.07
Automotive Sales	$ (0.1)	$ (0.1)	$ (0.1)	$ (0.1)	$ (0.1)	$ (0.2)
Content Per Vehicle	$ (0.14)	$ (0.43)	$ (1.01)	$ (0.14)	$ (0.24)	$ (0.55)
Asia Pacific						
Vehicle Production Units	0.01	(0.02)	0.15	0.01	-	0.14
Automotive Sales	$ -	$ -	$ -	$ -	$ -	$ -
Content Per Vehicle	$ (0.02)	$ 0.04	$ (0.17)	$ (0.02)	$ -	$ (0.06)

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; public health threats; cyclicality and seasonality; legal proceedings and insurance coverage; credit risk; weather; emission standards; capital and liquidity risk; 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 forward-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.

CONSOLIDATED FINANCIAL STATEMENTS

Linamar Corporation

December 31, 2020 and December 31, 2019
(in thousands of dollars)

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The management of Linamar Corporation (the "Company") is responsible for the preparation of all information included in this annual report. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, and necessarily include some amounts that are based on management's best estimates and judgements. Financial information included elsewhere in this annual report is consistent with that in the consolidated financial statements.

Management maintains a system of internal accounting controls to provide reasonable assurance that the consolidated financial statements are accurate and reliable and that the assets are safeguarded from loss or unauthorized use.

The Company's independent auditor, appointed by the shareholders, has prepared their report, which outlines the scope of their examination and expresses their opinion on the consolidated financial statements.

The Board of Directors, through its Audit Committee, is responsible for assuring that management fulfills its financial reporting responsibilities. The Audit Committee is composed of independent directors who are not employees of the Company.

The Audit Committee meets periodically with management and with the auditors to review and to discuss accounting policy, auditing and financial reporting matters. The Committee reports its findings to the Board of Directors for their consideration in reviewing and approving the consolidated financial statement for issuance to the shareholders.

(Signed) "Linda Hasenfratz"

Linda Hasenfratz
Chief Executive Officer

(Signed) "Dale Schneider"

Dale Schneider
Chief Financial Officer

March 10, 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Linamar Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Linamar Corporation and its subsidiaries (together, the Company) as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of earnings for the years then ended;
- the consolidated statements of comprehensive earnings for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Goodwill impairment assessment for MacDon Group of Companies and Montupet Group of Companies cash generating units (CGUs)
Refer to Note 3 - Significant accounting policies and Note 11 - Goodwill to the consolidated financial statements.
Management performs an impairment assessment annually for goodwill, or more frequently when there is an indication of impairment. An impairment loss is recognized if the carrying value of a CGU or grouped CGUs to which the goodwill relates exceeds its recoverable amount. The carrying values of goodwill for the MacDon Group of Companies and Montupet Group of Companies CGUs are $388.8 million and $470.9 million respectively. The recoverable amounts of those CGUs were determined on a value in use calculation (the method) using discounted future operating cash flows (the models) covering a five-year period. The key assumptions used in the models included forecast growth rates, discount rates, forecasted operating costs and capital expenditures. No impairment loss was recognized as a result of the current year impairment assessment.
</td><td>
Our approach to addressing the matter involved the following procedures, amongst others:
Evaluated how management determined the recoverable amounts of the MacDon Group of Companies and Montupet Group of Companies CGUs, which included the following:

Evaluated the appropriateness of the method used and the mathematical accuracy of the models for the five year period.
Evaluated the reasonableness of the forecast growth rates, and forecasted operating costs and capital expenditures applied by management in the models by (i) comparing to the approved budget, (ii) comparing to current and past performance of the CGUs, (iii) assessing consistency with available third party published industry data, (iv) evaluating whether these assumptions were consistent with management's strategic plans.
Professionals with specialized skill and knowledge in the field of valuation assisted in testing the reasonableness of the discount rates applied by management based on available data of comparable companies.
Tested the underlying data used in the models.

</td></tr>
</table>

We considered this a key audit matter due to the judgement made by management in determining the recoverable amounts of the CGUs, including the use of key assumptions. This has resulted in a high degree of subjectivity and audit effort in performing audit procedures to test the key assumptions. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures.	◆ Tested the disclosures made in the consolidated financial statements related to goodwill.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our

opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michael Eric Clarke.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario
March 10, 2021

LINAMAR CORPORATION
Consolidated Statements of Financial Position
(in thousands of Canadian dollars)

	December 31 2020 $	December 31 2019 $
ASSETS		
Cash and cash equivalents	861,100	338,226
Accounts and other receivables (Note 26)	888,206	988,245
Inventories (Note 7)	864,155	991,759
Income taxes recoverable (Note 8)	8,961	47,216
Current portion of long-term receivables (Note 26)	66,135	118,095
Current portion of derivative financial instruments (Note 26)	26,398	6,415
Other current assets	34,847	40,879
Current Assets	2,749,802	2,530,835
Long-term receivables (Note 26)	310,315	403,811
Derivative financial instruments (Note 26)	5,073	84,758
Property, plant and equipment (Note 9)	2,624,004	2,758,764
Investments	6,579	6,642
Deferred tax assets (Note 8)	106,358	61,840
Intangible assets (Note 10)	864,478	873,616
Goodwill (Note 11)	890,081	858,541
Assets	7,556,690	7,578,807
LIABILITIES		
Short-term borrowings	-	5,561
Accounts payable and accrued liabilities (Note 26)	1,452,323	1,271,856
Provisions (Note 12)	38,441	40,358
Income taxes payable (Note 8)	83,882	23,188
Current portion of long-term debt (Note 13)	577,335	26,186
Current portion of derivative financial instruments (Note 26)	45,236	-
Current Liabilities	2,197,217	1,367,149
Long-term debt (Note 13)	725,879	1,865,942
Derivative financial instruments (Note 26)	363	20,153
Deferred tax liabilities (Note 8)	279,733	295,808
Liabilities	3,203,192	3,549,052
EQUITY		
Capital stock (Note 14)	146,204	132,356
Retained earnings	4,073,591	3,830,666
Contributed surplus	25,546	27,578
Accumulated other comprehensive earnings (loss)	108,157	39,155
Equity	4,353,498	4,029,755
Liabilities and Equity	7,556,690	7,578,807

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

On behalf of the Board of Directors:

(Signed) "Frank Hasenfratz"

Frank Hasenfratz

Director

(Signed) "Linda Hasenfratz"

Linda Hasenfratz

Director

LINAMAR CORPORATION
Consolidated Statements of Earnings
For the years ended December 31, 2020 and December 31, 2019
(in thousands of Canadian dollars, except per share figures)

	2020 $	2019 $
Sales (Note 15)	5,815,573	7,416,624
Cost of sales (Note 16)	5,027,150	6,350,782
Gross Margin	788,423	1,065,842
Selling, general and administrative (Note 16)	353,628	414,449
Other income and (expenses) (Note 19)	(10,603)	(26,892)
Operating Earnings (Loss)	424,192	624,501
Share of net earnings (loss) of investments accounted for using the equity method	(22,899)	(10,984)
Finance income and (expenses) (Note 20)	(26,909)	(49,110)
Net Earnings (Loss) before Income Taxes	374,384	564,407
Provision for (recovery of) income taxes (Note 8)	95,251	133,966
Net Earnings (Loss) for the Year	279,133	430,441
Net Earnings (Loss) per Share: (Note 21)		
Basic	4.27	6.59
Diluted	4.27	6.56

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

LINAMAR CORPORATION
Consolidated Statements of Comprehensive Earnings
For the years ended December 31, 2020 and December 31, 2019
(in thousands of Canadian dollars)

	2020 $	2019 $
Net Earnings (Loss) for the Year	279,133	430,441
Items that may be reclassified subsequently to net income		
Unrealized gains (losses) on translating financial statements of foreign operations	100,700	(209,644)
Change in unrealized gains (losses) on net investment hedges (Note 26)	(59,811)	63,442
Change in unrealized gains (losses) on cash flow hedges (Note 26)	(12,368)	(52,911)
Change in cost of hedging (Note 26)	2,177	9,494
Reclassification to earnings of gains (losses) on cash flow hedges (Note 26)	27,738	55,109
Tax impact of above (Note 8)	10,566	(18,784)
Other Comprehensive Earnings (Loss)	69,002	(153,294)
Comprehensive Earnings (Loss) for the Year	348,135	277,147

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

LINAMAR CORPORATION
Consolidated Statements of Changes in Equity
For the years ended December 31, 2020 and December 31, 2019
(in thousands of Canadian dollars)

	Capital stock $	Retained earnings $	Contributed surplus $	Cumulative translation adjustment $	Hedging reserves $	Total Equity $
Balance at January 1, 2019	122,393	3,459,841	28,449	197,221	(4,772)	3,803,132
Net Earnings (Loss)	-	430,441	-	-	-	430,441
Other comprehensive earnings (loss)	-	-	-	(160,752)	7,458	(153,294)
Comprehensive Earnings (Loss)	-	430,441	-	(160,752)	7,458	277,147
Share-based compensation	-	-	2,777	-	-	2,777
Shares issued on exercise of options	11,382	-	(3,648)	-	-	7,734
Common shares repurchased and cancelled (Note 14)	(1,419)	(28,285)	-	-	-	(29,704)
Dividends	-	(31,331)	-	-	-	(31,331)
Balance at December 31, 2019	132,356	3,830,666	27,578	36,469	2,686	4,029,755
Net Earnings (Loss)	-	279,133	-	-	-	279,133
Other comprehensive earnings (loss)	-	-	-	55,129	13,873	69,002
Comprehensive Earnings (Loss)	-	279,133	-	55,129	13,873	348,135
Share-based compensation	-	-	2,882	-	-	2,882
Shares issued on exercise of options	14,417	-	(4,914)	-	-	9,503
Common shares repurchased and cancelled (Note 14)	(569)	(12,711)	-	-	-	(13,280)
Dividends	-	(23,497)	-	-	-	(23,497)
Balance at December 31, 2020	146,204	4,073,591	25,546	91,598	16,559	4,353,498

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

LINAMAR CORPORATION
Consolidated Statements of Cash Flows
For the years ended December 31, 2020 and December 31, 2019
(in thousands of Canadian dollars)

	2020 $	2019 $
Cash generated from (used in)		
Operating Activities		
Net earnings (loss)	279,133	430,441
Adjustments for:		
Amortization of property, plant and equipment	406,222	360,658
Amortization of other intangible assets	48,403	41,864
Deferred income taxes	(44,737)	2,407
Asset impairment provision, net of reversals	16,143	-
Share-based compensation	2,882	2,777
Equity investment (earnings) loss	22,899	10,984
Finance (income) and expenses	26,910	49,110
Other	13,745	(820)
	771,600	897,421
Changes in operating assets and liabilities		
(Increase) decrease in accounts and other receivables	95,427	255,909
(Increase) decrease in inventories	139,514	192,148
(Increase) decrease in other current assets	6,490	(10,386)
(Increase) decrease in long-term receivables	130,237	(26,078)
Increase (decrease) in income taxes	89,050	(44,206)
Increase (decrease) in accounts payable and accrued liabilities	203,964	(105,652)
Increase (decrease) in provisions	(2,196)	8,525
	662,486	270,260
Cash generated from (used in) operating activities	1,434,086	1,167,681
Financing Activities		
Proceeds from (repayments of) short-term borrowings	(6,370)	(10,192)
Proceeds from (repayments of) long-term debt	(601,192)	(618,242)
Proceeds from exercise of stock options	9,503	7,734
Repurchase of shares	(13,280)	(29,704)
Dividends	(23,497)	(31,331)
Finance income received (expenses paid)	(23,004)	(42,344)
Settlement of forward contracts	41,428	-
Cash generated from (used in) financing activities	(616,412)	(724,079)
Investing Activities		
Payments for purchase of property, plant and equipment	(264,312)	(525,404)
Proceeds on disposal of property, plant and equipment	15,188	25,159
Payments for purchase of intangible assets	(27,335)	(33,570)
Other	(13,854)	(13,382)
Cash generated from (used in) investing activities	(290,313)	(547,197)
	527,361	(103,595)
Effect of translation adjustment on cash	(4,487)	(30,154)
Increase (decrease) in cash and cash equivalents	522,874	(133,749)
Cash and cash equivalents - Beginning of Year	338,226	471,975
Cash and cash equivalents - End of Year	861,100	338,226
Comprised of:		
Cash in bank	628,537	285,884
Short-term deposits	236,340	59,019
Unpresented cheques	(3,777)	(6,677)
	861,100	338,226

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

LINAMAR CORPORATION
Notes to Consolidated Financial Statements
For the years ended December 31, 2020 and December 31, 2019
(in thousands of Canadian dollars, except where otherwise noted)

1 General Information

Linamar Corporation and its subsidiaries, including jointly controlled entities, (together, the "Company") is a diversified global manufacturing company of highly engineered products. The Company is incorporated in Ontario, Canada with common shares listed on the Toronto Stock Exchange ("TSX"). The Company is domiciled in Canada and its registered office is 287 Speedvale Avenue West, Guelph, Ontario, Canada.

The consolidated annual financial statements of the Company for the year ended December 31, 2020 were authorized for issue in accordance with a resolution of the Company's Board of Directors on March 10, 2021.

2 Basis of Preparation

The Company has prepared its consolidated annual 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.

3 Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of Measurement

These consolidated 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.

Basis of Consolidation

Subsidiaries are all entities over which the Company has control and all subsidiaries are wholly owned. These consolidated financial statements include the accounts of the Company and its subsidiaries. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are deconsolidated from the date that control ceases. All significant inter-company transactions are eliminated on consolidation.

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair value (at the date of exchange) of the assets acquired, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. Any excess of the acquisition cost over the fair value of the net assets acquired and liabilities and contingent liabilities recognized, is recorded in assets as goodwill. If this consideration is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the acquirer is recognized and estimated at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with the applicable standard either in net earnings or as a change to other comprehensive earnings. If the contingent consideration is classified as equity, it shall not be re-measured and shall be accounted for within equity.

The Company has partial ownership in joint ventures over whose activities the Company has joint control, established by contractual agreements and requiring unanimous consent for strategic, financial and operating decisions. The Company accounts for the jointly controlled entities using the equity method whereby the Company's investment is originally recognized at cost. The consolidated financial statements include the Company's share of the income and expenses and equity movements of the jointly controlled entity, after adjustments to align the accounting policies with those of the Company, from the date that the significant influence of joint control commences until the date that significant influence or joint control ceases. Dividends are recognized as a reduction in the carrying amount of the investment.

Unrealized gains on transactions between the Company and the jointly controlled entities are eliminated to the extent of the Company's interest in the joint venture. Unrealized losses are eliminated unless the transaction provides evidence of impairment.

Foreign Currency Translation

Functional and presentation currency

The Company's consolidated financial statements are presented in Canadian dollars ("dollars"), which is also the Company's functional currency. Each entity in the Company maintains its accounting records in its functional currency. An entity's functional currency is the currency of the principal economic environment in which it operates.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the average exchange rate of the reporting period. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are re-translated at period end exchange rates. Non-monetary assets and liabilities, which are measured in terms of historical cost in a foreign currency, are not re-translated. Foreign exchange gains and losses arising from borrowings are presented in the statement of earnings within finance expenses and all other foreign exchange gains and losses are presented within operating earnings except for those which relate to qualifying cash flow hedges or are attributable to part of the net investment in a foreign operation, which are presented in other comprehensive earnings within accumulated other comprehensive earnings until realized.

Foreign Operations

For the purposes of presenting consolidated financial statements, the results and financial position of all entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities are translated at the closing rate at the reporting period end date;

(b) Income and expenses are translated at average exchange rates for the reporting period; and

(c) All resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to equity. When a foreign operation is sold, or there is a disposal involving a loss of control, exchange differences that were recorded in equity are recognized in the statement of earnings as part of the gain or loss on sale or disposal.

Cash and Cash Equivalents

Cash and cash equivalents include cash in bank and short-term deposits. Cash equivalents are short-term, highly liquid investments, that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Investments normally qualify as cash equivalents if they have a term to maturity at the date of purchase of three months or less.

Receivables

Current

Receivables are amounts due from customers for products sold or services performed in the ordinary course of business.

The Company applies the simplified approach, as defined in IFRS, to measure expected credit losses, which requires the use of the lifetime expected credit loss provision for all trade receivables. To measure lifetime expected credit losses, trade receivables are first categorized by groups with shared credit characteristics and the age of past due receivables followed by an assessment of the Company's historical experience of bad debts including customers' ability to pay and the current and future economic conditions which are expected during the life of the balance. The loss allowance is determined according to a provision matrix incorporating historical experiences adjusted for current and future conditions expected for the life of the balance.

Long-term

The Company provides financing to certain customers through direct financing loans for the sale of industrial access equipment.

The Company applies the simplified approach, as defined in IFRS, to measure expected credit losses for receivables that contain a significant financing component (long-term receivables) and applies this approach consistently for all such receivables. To measure lifetime expected credit losses, long-term receivables are first categorized by groups with shared credit characteristics and the age of past due receivables followed by an assessment of the Company's historical experience of bad debts including customers' ability to pay and the current and future economic conditions which are expected during the life of the balance. The loss allowance is determined according to the provision matrix incorporating historical experience by credit risk rating as well as current conditions and forward looking information. These may include internal credit ratings, external credit ratings (as available), actual or expected significant adverse changes in business, financial or economic conditions, changes in the value of collateral and macroeconomic information such as market interest rates.

Impairment

The Company defines default of a financial asset when the Company is no longer reasonably assured of the timely collection of the full amount of principal and interest. The Company writes off its receivables when there is no realistic prospect of recovery. This is generally when a debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write off or fails to engage in a repayment plan with the Company. Where receivables have been written off, the Company continues to engage in enforcement activities to attempt to recover the receivable due. Losses are reversed when recoveries are made or the future economic conditions have improved.

Leases

An agreement is a lease if the agreement conveys the right to obtain substantially all of the economic benefit from the use of the identified asset and the right to direct the use of the identified asset.

Company as a lessee

The Company leases certain property, plant and equipment as right-of-use assets. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Assets and liabilities arising from a lease are initially measured on a present value basis, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease liabilities include the present value of fixed and variable payments, residual value guarantees, exercise of purchase options if reasonably certain to be exercised and any penalties for terminating the lease if reasonably certain to terminate. Right-of-use assets are measured at cost comprised of the amount of the initial measurement of the lease liability plus any lease payments made before the lease commencement date, any initial direct costs and restoration costs. Lease payments are allocated between finance charges and a reduction of the outstanding lease obligation. Finance charges are recognized in net earnings, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. If the underlying right-of-use asset transfers to the lessee at the end of the lease term or the lessee is reasonably certain to exercise a purchase option, the depreciation shall be the useful life of the right-of-use asset in accordance with the Company's depreciation methods and rates based on the class of the right-of-use asset. Otherwise, the right-of-use assets are depreciated over the shorter of the useful life of the asset and the lease term on a straight-line basis. The Company is exposed to potential future increases in variable lease payments based on an index or rate which are not included in the lease liability until they take effect. When the adjustments for variable payments take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

For any contracts with a short-term or if the present value of the right-of-use asset has a low-value, the Company will expense the lease payments as incurred and no right-of-use asset will be recorded.

Company as a lessor

The Company leases certain industrial access products to customers. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership. All other leases are classified as operating leases. Amounts due from lessees under operating lease arrangements are recognized as revenue over the course of the lease arrangement. Contingent rents are recognized as revenue in the period in which they are earned. Amounts due from lessees under finance lease arrangements are recognized as receivables at the amount of the Company's net investments in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant rate of return on the Company's net investment outstanding.

Sale of Receivables

The sale of receivables is recognized when the Company transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a borrowing for the proceeds received. For some transfers, the Company may provide security in the form of a limited guarantee in regards to the risk of default.

Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of finished goods and work-in-process is comprised of material costs, direct labour costs and other direct costs and related production overheads (based on normal operating capacity). Costs are allocated to inventory on the basis of weighted average costs. Net realizable value for finished goods and work-in-process is the estimated selling price in the ordinary course of business, less estimated costs of completion and applicable variable selling expenses. For raw materials and general stores inventories the replacement cost is considered to be the best available measure of net realizable value.

The amount of inventories recognized as an expense during the period is shown in cost of sales. Write-downs for inventories are recorded when the net realizable value is lower than cost. The write-downs may be reversed if the circumstances which caused them no longer exist.

Taxation

Income taxes recoverable and payable

The taxes currently payable are based on taxable earnings for the reporting period. Taxable earnings differs from earnings as reported in the consolidated statement of earnings because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period, in each jurisdiction that the Company operates in.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable earnings will be available against which those deductible temporary differences can be utilized. Deferred tax liabilities are generally recognized for all taxable temporary differences. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill.

Deferred tax assets and liabilities are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable earnings against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The ability to realize the tax benefits for tax loss carry-forwards is dependent upon a number of factors, including the future profitability of operations in the jurisdictions in which the tax losses arose.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Provision for current and deferred income taxes

Income tax expense represents the sum of the current and deferred income taxes for the period.

Current and deferred tax are recognized as an expense or income in net earnings, except when they relate to items that are recognized outside net earnings (whether in other comprehensive earnings or directly in equity), in which case the tax is also recognized outside net earnings, or where they arise from the initial accounting for a business acquisition. In the case of a business acquisition, the tax effect is included in the accounting for the business acquisition.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated amortization and impairment. Amortization of property, plant and equipment commences when they are ready for their intended use. Amortization is charged to earnings in amounts sufficient to depreciate the cost of property, plant and equipment over their estimated useful lives using the diminishing balance and straight-line methods as follows:

Land-use rights	Straight-line over the life of the contract
Buildings	5% diminishing balance
Machinery	Straight-line over 5 - 20 years or 15% - 20% diminishing balance

Office equipment	Straight-line over 2 - 3 years or 20% diminishing balance
Transportation equipment	10% - 30% diminishing balance
Tooling	Straight-line over 1 – 5 years

Where components of more substantial assets have differing useful lives, these are depreciated separately. Subsequent costs are capitalized in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The assets' residual values, useful lives and amortization methods are reviewed, and adjusted if appropriate, at the end of each reporting period. Repair and maintenance costs are expensed as incurred, except where they serve to increase productivity or to prolong the useful life of an asset, in which case they are capitalized.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualified assets are capitalized as part of the acquisition costs of the qualified asset. All other borrowing costs are recognized in net earnings.

Intangibles

Intangible assets acquired through purchase are initially measured at cost. Intangible assets acquired through business combinations are initially measured at fair value at the date of acquisition. Amortization is charged to earnings in amounts sufficient to depreciate the cost of intangible assets over their estimated useful lives using the straight-line method or a unit of production basis as follows:

Trade names	Straight-line over 20 years or indefinite life
Customer relationships	Straight-line over 12 - 25 years
Technology	Straight-line over 10 - 15 years
Product development costs	Unit of production basis or straight-line over 5 – 15 years
Software	Straight-line over 3 – 5 years

The assets' residual values, useful lives and amortization methods are reviewed, and adjusted if appropriate, at the end of each reporting period. Intangible assets with indefinite useful lives are not amortized but are reviewed for impairment annually, or more frequently when there is an indication of impairment.

Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is not amortized but is reviewed for impairment annually, or more frequently when there is an indication of impairment.

Impairment of Non-Financial Assets

At the end of each reporting period, or more frequently based on specific events or changes in circumstances, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the assets are grouped at the lowest level for which there are separately identifiable cash inflows and the Company estimates the recoverable amount at the cash-generating or grouped cash-generating units ("CGU") level. The Company has determined a CGU to be an individual entity or group of entities with separately identifiable cash inflows. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

For the purpose of impairment testing, goodwill is allocated to each of the Company's CGUs expected to benefit from the synergies of the combination.

The recoverable amount is the higher of the fair value less costs of disposal or value in use. Value in use calculations utilize discounted future operating cash flows. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the full impairment loss is charged against earnings and the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the unit on a pro-rata basis to the carrying amount of each asset in the unit.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but not in excess of the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in net earnings. Any impairment loss recognized for goodwill is not reversed in a subsequent period.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligations, its carrying amount is the present value of those cash flows. The increase in the provision due to passage of time is recognized as interest expense.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Financial Instruments

A financial instrument is any contract that at the same time gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized as soon as the Company becomes a contracting party to the financial instrument.

The classification for some financial assets depends on the entity's business model for managing its financial assets and the contractual terms of the cash flows. Debt instruments are assets that are held for collection of contractual cash flows where those cash flows represent payments of principal and interest or are assets that are held for sale. These are classified as either amortized cost, fair value through other comprehensive income or at fair value through profit or loss. Investments in equity instruments are classified at fair value through profit or loss unless an election is applied to classify the investments through other comprehensive income. Financial liabilities are classified as amortized cost. Derivatives are classified as fair value through profit or loss.

Classification and measurement of financial instruments

At initial recognition for financial assets or liabilities, the Company measures a financial instrument at its fair value including debt issue and other transaction costs that are directly attributable to the acquisition or issuance of the financial instrument. Where a portion of a financial instrument is expected to be realized within 12 months of the end of the reporting period, that portion is included in current assets or liabilities, the remainder is classified as non-current.

(a) Amortized cost: Assets that are held for the collection of contractual cash flows are measured at amortized cost using the effective interest method. Cash and cash equivalents, accounts and other receivables and the portfolios of long-term receivables are included in this classification. Short-term bank borrowings, accounts payable and accrued liabilities and long-term debt are financial liabilities included in this classification.

(b) Fair value through other comprehensive income: Occasionally, a portion of the Company's portfolio of long-term receivables may be determined to be held for collection of contractual cash flows and for selling the financial assets. The recognition of impairment losses or impairment reversals, interest revenue and foreign exchange gains and losses are recognized in profit or loss similar to assets classified at amortized cost; however movements in the carrying value are taken through other comprehensive income until the asset is de-recognized. At that time the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. Investments in equity instruments that are strategic in nature and therefore are not held for trading may be classified at fair value through other comprehensive income after an irrevocable election at recognition is completed. The fair value gains and losses on the investments remain in other comprehensive income with no subsequent reclassification of those fair value gains and losses to profit or loss on derecognition of the investment. Dividends from such investments are recognized in profit or loss as finance income when the Company's right to receive payments is established.

(c) Fair value through profit or loss: Derivatives outside of a hedging relationship and investments in equity instruments held for trading have movements in carrying value taken through profit or loss.

Fair value hierarchy
The Company estimates fair values related to financial instruments and classifies these measurements using a fair value hierarchy that reflects the significance of their respective inputs. The Level 1, 2 and 3 classifications utilized by the Company are defined as follows:

Level 1 - Fair values are determined using inputs from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Fair values are determined using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly. Derivative financial instruments are valued based on observable market data.

Level 3 - Fair values are determined based on inputs which are not based on observable market data.

The fair value hierarchy is used for all fair value measurement requirements. The Company recognizes transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Derivative financial instruments including hedge accounting
Risk management is predominantly controlled by the corporate treasury department. The corporate treasury department identifies, evaluates and hedges financial risks in close co-operation with the Company's operating entities.

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company uses derivatives as part of its risk management program to mitigate variability associated with changing market values related to the hedged item. Some of the derivatives used meet hedge effectiveness criteria and are designated in a hedge accounting relationship. There are controls in place to detect the holding or issuance of derivative financial instruments for trading or speculative purposes.

The Company applies hedge accounting for certain foreign exchange forward contracts and cross currency interest rate swap contracts as cash flow hedges. The Company uses cash flow hedges for certain risks associated with the cash flows of recognized liabilities and highly probable forecasted transactions. Amounts accumulated in the hedge reserve within other comprehensive earnings are reclassified to net earnings in the period in which the hedged transaction occurs. If the hedged transaction subsequently results in the recognition of a non-financial item, the amounts accumulated in the hedge reserve within other comprehensive earnings are included in the initial cost or other carrying amount of the non-financial item. The deferred amounts are ultimately recognized in net earnings as the non-financial item impacts net earnings. In some hedge relationships the Company excludes from the designation the forward element of hedging instruments. The changes in the forward element of the contract that relate to the hedged item are recognized within other comprehensive earnings in the cost of hedging reserve within equity and if the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the cost of hedging reserve and included in the initial cost or other carrying amount of the non-financial item. The deferred amounts are ultimately recognized in net earnings as the non-financial item impacts net earnings. For any other cash flow hedges, the amount accumulated in the cost of hedging reserve is reclassified to net earnings as a reclassification adjustment in the same period or periods during which the hedged cash flows affect net earnings.

The Company may designate certain portions of its foreign denominated long-term debt or the spot component of a cross currency interest rate swaps 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. When only the spot component of a financial instrument is designated in the net investment hedge, the change in the forward element of the hedging instrument that relates to the hedged item is recognized within other comprehensive earnings in the cost of hedging reserve within equity. Because the net investment is considered a time period related item, the deferred amounts are recognized in net earnings on a rational basis over the time period during which the hedge adjustment for the included spot component would affect net earnings.

The fair values are determined based on observable market data.

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Effectiveness is achieved when the hedging relationships meet all of the following hedge effectiveness requirements:

(a) There is an economic relationship that exists between the hedged item and hedging instrument;

(b) The effect of credit risk does not dominate the value changes that result from that economic relationship; and

(c) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in accumulated other comprehensive earnings at that time remains in accumulated other comprehensive earnings until the forecasted transaction is eventually recognized in net earnings. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in accumulated other comprehensive earnings is immediately transferred to net earnings.

Share-based Compensation

Under the Company's share-based compensation plan, the Company with the approval of the Board of Directors may grant equity-settled stock options and, if they so choose, tandem share appreciation rights ("SARs") to its key employees and directors.

The Company recognizes a compensation expense for stock options granted and measures the compensation expense at fair value calculated on the grant date using the Black-Scholes option pricing model. The expense is recognized on a graded-vesting basis in which the fair value of each tranche is recognized over its respective vesting period when all of the specified vesting conditions are satisfied. Contributed surplus consists of accumulated share-based compensation expense less the fair value of options at the grant date that have been exercised and credited to common shares.

Accumulated Other Comprehensive Earnings Reserves

Hedging reserves

The cash flow hedge reserve contains both the effective portion of the cash flow hedge relationships incurred as at the reporting date and the excluded component in the hedging designation which is considered a cost of hedging.

Cumulative translation adjustment

The cumulative translation adjustment reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries along with the effective portion of the net investment hedge relationship incurred as at the reporting date.

Revenue Recognition

Sale of products

The Company enters into contracts with customers to manufacture and sell a range of precision metallic components, modules and systems for powertrain, driveline and body systems designed for global electrified and traditionally powered vehicle and industrial markets for the Transportation segment. These contracts are entered into with a customer when the Company can identify each party's rights and the contract has commercial substance, which generally is when the customer has made a firm volume commitment. In addition, the Company manufactures and sells a range of industrial equipment such as aerial work platforms, telehandlers and agricultural equipment. Revenue is recognized when control of the products and equipment has transferred to the customer, generally being when the products and equipment are shipped. This represents the point in time the customer obtains significant risk and rewards of ownership and the Company has the right to payment for the products or equipment.

A receivable is recognized when control of goods transfers to the customer, as indicated above, and consideration is unconditional. Payment terms are generally based on the customers' payment schedules, which typically range from 30 to 90 days from the invoice date. Certain industrial equipment and parts sales have significant financing components and have an average term of 3 to 5 years.

Revenue from these sales is recognized based on the transaction price specified in the purchase order and corresponds to the invoice amount. Sales that include significant financing components are measured and recognized at the purchase order price adjusted for the time value of money. Transportation product sales are recognized net of expected productivity charges. Industrial equipment and part sales are recognized net of the expected discounts, rebates and similar obligations. Contract assets are recognized for incremental costs to obtain or fulfil a contract with a customer when those costs are expected to be recoverable, unless accounted for within another policy. The assets recognized are amortized on a straight-line basis over the term of the specific contract they relate to. Certain costs incurred to obtain a contract relate to consideration paid or payable to the customer, in which case, if not in exchange for distinct goods or services at their fair values, are recorded as a reduction in the transaction price. A contract liability is recognized for the expected amount payable to customers due to these productivity charges, discounts, rebates and similar obligations. Productivity charges, rebates, and other similar obligations are classified as a variable consideration and measured using historical experience and forecasts of expected sales. The Company's obligation to provide a refund or replacement for products built-to-print and equipment not in accordance with design specification is considered a standard warranty and recognized as a provision. It is unlikely that a significant reversal in the amount of cumulative revenue recognized will occur given the consistent level of variable consideration. Occasionally for Transportation product sales, the Company recognizes retrospective price amendments as a cumulative catch-up adjustment when the contract modification is approved. When applicable, the revenue from services related to the sale of products is recognized when the services are rendered.

Sale of customer owned assets
The Company enters into contracts with customers to develop, manufacture, and fabricate customer owned assets used for the purposes of parts production. Revenue is recognized when control of the asset has transferred to the customer, which occurs when the asset is substantially complete and the customer approves the initial production sample. This represents the point in time the customer has accepted the asset, significant risk and rewards of ownership have transferred and the Company has the present right to payment.

A receivable is recognized when control of the asset transfers to the customer, as indicated above, and consideration is unconditional. Payment terms are generally based on the customers' payment schedules, which typically range from 30 to 90 days from the invoice date. Payment is typically made through a lump-sum payment, however, milestone payments throughout the asset fabrication process or amortization over parts production are sometimes agreed to. Payments made in advance of transfer of control are recorded as a contract liability and recognized as revenue once control has transferred.

Revenue from these sales is recognized based on the lower of transaction price specified in the purchase order or actual price invoiced by the Company to fabricate the asset. This amount corresponds to the amount invoiced to the customer by the Company. Receivables collected through production parts are adjusted for the time value of money when a significant financing component is present. The invoice amount represents the standalone selling price of the asset, which is consistent with industry practice.

Engineering services
The Company enters into contracts with customers to design and develop a product or process using advanced engineering. Revenue is recognized, for contracts that qualify as a sale of service, as or when the service is being rendered. Revenue recognized over time is generally determined based on the proportion of accumulated expenditures to date as compared to total anticipated expenditures as this depicts the progress towards completion of the service. Revenue is recognized over time for contracts where the Company creates an asset without an alternative use and has the contractual right to payment for performance completed to date. For those contracts where the Company does not have a contractual right to payment for performance completed to date, revenue is recognized at a point in time when the customer approves the product or process.

A receivable is recognized as or when the service is rendered based on stages of completion or at completion as indicated above. This is the point in time that consideration is unconditional. Payment terms are generally based on the customers' payment schedules, which typically range from 30 to 90 days from the invoice date. Certain contracts have significant financing components as payment is amortized over parts production which is collected over the life of the program and are adjusted for the time value of money. Payments made in advance of the service being rendered are recorded as a contract liability and recognized as revenue as the service is performed.

Revenue from these sales is recognized based on the transaction price specified in the purchase order and corresponds to the invoice amount. The invoice amount represents the standalone selling price of engineering services, which is consistent with industry practice.

Practical expedients
The Company has elected to use the practical expedient for significant financing components expected to be collected in one year or less and for incremental costs to obtain a contract that the Company would have recognized in one year or less therefore the Company does not adjust the transaction price for the time value of money and expenses incremental costs when incurred, respectively. No information is provided regarding any remaining performance obligations at the end of the period for a contract that has an original expected duration of one year or less or for which revenue is recognized based on the right to invoice, as allowed by IFRS 15.

Segment Reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers for the Company who are responsible for allocating resources and assessing performance of the operating segments have been identified as the Senior Executive Group that makes strategic decisions.

Research and Development
Research costs are expensed as incurred. When certain criteria are met, development costs are accounted for as intangible assets and capitalized and amortized. Tax credits related to research and development are credited against the related qualifying expense or against the carrying amount of the related asset.

Government Grants
Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all required conditions.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants relating to costs are deferred and recognized in net earnings over the period necessary to match them with the costs that they are intended to compensate and these are presented as a reduction of the related expense. Government grants relating to property, plant and equipment are recognized as a reduction in the carrying amount of the related asset.

Pension Costs
The Company has various contributory and non-contributory defined contribution pension plans which cover most employees. The Company pays these contributions to a privately administered pension insurance plan after which the Company incurs no further payment obligations. The contributions are accrued and recognized as employee benefit expense when they are due.

4 Changes in Accounting Policies

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

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures
The Company has adopted the Phase 1 amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures as issued in September 2019. A hedging relationship is affected by interest rate benchmark reform if it gives rise to uncertainties about (a) the interest rate benchmark (contractually or non-contractually specified) designated as a hedged risk; and/or (b) the timing or the amount of interest rate benchmark-based cashflows of the hedged item or of the hedging instrument. The Phase 1 amendments provide relief for hedge accounting requirements to address uncertainties in the period before the interest rate benchmark reform. The amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present.

The Company currently applies hedge accounting for hedges of interest rate risk utilizing cross currency interest rate swaps. The particular underlying interest rate benchmark reform impacting these hedges is expected to take place at the end of 2021. As these hedges mature in January 2021, there is currently no impact to the Company in the current nor subsequent year and therefore no relief provided under the amendments is necessary. The balance of the Company's hedges are outside of the scope for the relief and therefore no relief provided under the amendments is necessary.

New Standards and Interpretations Not Yet Adopted
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 to existing standards may have been issued but are not expected to have a material impact to the Company's financial statements.

IFRS 9 Financial Instruments, IFRS 7 Financial Instruments: Disclosures and IFRS 16 Leases
Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2021, the IASB issued Phase 2 amendments to IFRS 9 Financial Instruments, IFRS 7 Financial Instruments: Disclosures and IFRS 16 Leases as issued in August 2020. The Phase 2 amendments address issues affecting financial reporting when changes are made to contractual cash flows of financial instruments or hedging relationships as a result of interest rate benchmark reform. In addition, the amendments to IFRS 7 require additional disclosures related to the interest rate benchmark reform. Management is currently assessing the impact that these amendments will have on the financial statements of the Company.

5 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.

Impact of COVID-19 on Results and Risk Management Practices

During 2020, the outbreak of the novel strain of coronavirus, specifically identified as COVID-19, spread across the globe impacting worldwide economic activity. The extent to which the financial results and condition of the Company in future periods may be affected by COVID-19 depends on future developments and cannot be reliably determined at the date of these financial statements. The Company has not changed its fundamental risk management practices. However, in order to improve its financial flexibility to manage in this uncertain environment, the Company prepaid its Senior unsecured notes of U.S. $130 million in June 2020. The Company will continue to evaluate the situation and monitor any impacts or potential impacts to its business.

Impact of COVID-19 on Receivables

With regard to the Company's receivables, the recognition and measurement of the expected credit loss rate involves a provision matrix incorporating historical experiences adjusted for current and future conditions expected for the life of the balance. No significant changes were made to the methodology during the year, except for enhancements made to assess the economic impacts of COVID-19. The level of estimation uncertainty and judgement has increased as a result of the economic effects of the COVID-19 pandemic, particularly as the length and extent of the pandemic and its impact on the overall global economy are not known. Modelled assumptions and linkages between economic factors and credit losses may underestimate or overestimate expected credit losses.

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 assess at the end of each reporting period whether there is any indication that an asset may be impaired and to make significant forward looking assumptions. In assessing whether there is an indication that an asset may be impaired, there are a number of external and internal sources of information which require a high degree of judgement. The recoverable amounts of CGUs 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 with the exception of the length and extent of the COVID-19 pandemic and its impact on the overall global economy which is not known.

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 assets' 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.

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

6 Sale of Receivables

The Company sells a portion of its receivables through various purchase agreements. Under the agreements, the receivables are mostly sold on a fully serviced basis, so that the Company continues to administer the collection of such receivables. The Company receives no fee for administration of the collection of such receivables. The Company has derecognized the receivables as substantially all of the risks and rewards of ownership of the assets have been transferred. Although the receivables have been derecognized, the Company has provided limited guarantees within the purchase agreements in regards to the risk of default. At December 31, 2020, the maximum exposure to loss is $26,427 (2019 – $18,109).

7 Inventories

	December 31 2020 $	December 31 2019 $
General stores	142,011	144,455
Raw materials	291,705	314,403
Work-in-process	183,767	221,570
Finished goods	246,672	311,331
	864,155	991,759

The cost of inventories recognized as an expense during the year ended December 31, 2020 was $4,317,877 (2019 – $5,584,415).

A provision for obsolescence for slow moving inventory items is estimated by management based on historical and expected future sales and is included in cost of sales. In the year ended December 31, 2020 the Company recognized a charge to cost of sales for the write-down of slow moving and obsolete inventory, and adjustments to net realizable value aggregating $41,129 (2019 – $37,826). In the year ended December 31, 2020 the Company recognized a gain to cost of sales for reversal of inventory provisions with a value of $1,671 (2019 – $796). The inventory balance has been reduced by a provision of $103,080 as at December 31, 2020 (2019 – $99,868).

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

8 Income Taxes

(i) Income Tax Recognized in Net Earnings

	December 31 2020 $	December 31 2020 %	December 31 2019 $	December 31 2019 %
Earnings before taxes	374,384		564,407	
Combined basic Canadian Federal and Ontario Provincial income taxes, including manufacturing and processing reduction	93,596	25.00%	141,102	25.00%
Increase (decrease) in income taxes resulting from:				
Effect of expenses that are not deductible in determining taxable earnings	8,306	2.22%	10,116	1.79%
Effect of unused tax losses not recognized as deferred tax assets	2,437	0.65%	2,424	0.43%
Effect of previously unrecognized deferred tax assets and unrecognized unused tax losses	-	-	(1,132)	-0.20%
Effect of different tax rates of subsidiaries operating in other jurisdictions	(7,993)	-2.13%	(13,758)	-2.44%
Adjustments recognized in the current year in relation to the current tax of prior years	(5,988)	-1.60%	(7,447)	-1.32%
Other	4,893	1.31%	2,661	0.47%
Income tax expense and effective income tax rate	95,251	25.44%	133,966	23.74%
Current tax	139,988		131,559	
Deferred tax	(44,737)		2,407	
Income tax expense	95,251		133,966	

The tax rate used in the reconciliation above is the Canadian corporate tax rate of 25.0% (2019 – 25.0%). Deferred income tax expense (recovery) directly recognized in equity for the year was $(10,566) (2019 – expense of $18,784).

(ii) Deferred Tax Balances

	December 31 2020 $	December 31 2019 $
Tax benefit of tax credits and loss carry forwards	103,860	45,260
Tax benefit (liability) of derivative financial instruments	(2,314)	(12,880)
Other assets - tax value in excess of book value	85,596	87,942
Cumulative tax amortization in excess of book amortization	(212,679)	(181,990)
Other liabilities - book value in excess of tax value	(147,838)	(172,300)
Deferred tax net position	(173,375)	(233,968)

Reconciliation of deferred tax net balance:

	2020 $	2019 $
At January 1	(233,968)	(215,669)
Tax recovery (expense) during the period recognized in earnings	44,737	(2,407)
Tax recovery (expense) during the period recognized in other comprehensive earnings	10,566	(18,784)
Impact of foreign currency translation adjustment	4,374	2,897
Other	916	(5)
At December 31	(173,375)	(233,968)

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

Net deferred tax balances in the statement of financial position are comprised of the following:

	December 31 2020 $	December 31 2019 $
Deferred tax assets to be recovered after more than 12 months	191,708	130,990
Deferred tax assets to be recovered within 12 months	6,876	8,328
Total deferred tax assets	198,584	139,318
Deferred tax liabilities to be utilized after more than 12 months	(362,826)	(358,927)
Deferred tax liabilities to be utilized within 12 months	(9,133)	(14,359)
Total deferred tax liabilities	(371,959)	(373,286)
Deferred tax balances (net)	(173,375)	(233,968)

Unrecognized deferred tax assets were as follows:

	December 31 2020 $	December 31 2019 $
Tax losses	30,159	27,898
Temporary differences	-	461
Total deferred tax assets not recognized	30,159	28,359

The temporary difference, for which no deferred tax amounts have been recognized, in respect of the amount of undistributed earnings of foreign operations for December 31, 2020 was $1,918,075 (2019 – $1,785,184).

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

9 Property, Plant and Equipment

	Land	Land use rights	Buildings	Machinery	Office equipment	Transportation equipment	Tooling	Total
	$	$	$	$	$	$	$	$
Cost	101,094	8,764	709,003	3,987,851	31,070	52,681	14,744	4,905,207
Accumulated amortization	-	(684)	(209,512)	(1,921,960)	(19,000)	(12,074)	(8,726)	(2,171,956)
Book value at January 1, 2019	101,094	8,080	499,491	2,065,891	12,070	40,607	6,018	2,733,251
Effect of cumulative translation adjustment	(2,565)	(472)	(19,758)	(80,118)	(379)	(773)	(176)	(104,241)
Additions, net of government grants	11,875	-	71,714	408,990	8,107	10,104	7,475	518,265
Disposals	(234)	-	(3,772)	(22,341)	(194)	(1,312)	-	(27,853)
Amortization	-	(170)	(35,511)	(303,073)	(5,988)	(12,165)	(3,751)	(360,658)
Book value at December 31, 2019	110,170	7,438	512,164	2,069,349	13,616	36,461	9,566	2,758,764
Cost	110,170	8,246	748,964	4,065,562	29,765	58,360	17,963	5,039,030
Accumulated amortization	-	(808)	(236,800)	(1,996,213)	(16,149)	(21,899)	(8,397)	(2,280,266)
Book value at December 31, 2019	110,170	7,438	512,164	2,069,349	13,616	36,461	9,566	2,758,764
Effect of cumulative translation adjustment	695	334	8,232	31,921	134	239	(30)	41,525
Additions, net of government grants	1,660	(1,059)	25,904	221,885	2,031	6,568	8,670	265,659
Impairment provision, net of reversals	-	-	(619)	(14,136)	-	-	-	(14,755)
Disposals	(515)	-	(3,829)	(15,212)	(94)	(1,011)	(306)	(20,967)
Amortization	-	(164)	(37,745)	(343,571)	(5,044)	(11,461)	(8,237)	(406,222)
Book value at December 31, 2020	112,010	6,549	504,107	1,950,236	10,643	30,796	9,663	2,624,004
Cost	112,010	7,560	772,256	4,100,327	28,716	61,241	23,235	5,105,345
Accumulated amortization	-	(1,011)	(268,149)	(2,150,091)	(18,073)	(30,445)	(13,572)	(2,481,341)
Book value at December 31, 2020	112,010	6,549	504,107	1,950,236	10,643	30,796	9,663	2,624,004

Amortization expense of $401,749 (2019 – $355,215) has been charged in cost of sales and $4,473 (2019 – $5,443) in selling, general and administration.

During 2020, a net impairment loss of $14,136 was recorded in cost of sales for machinery in the Transportation segment primarily related to the closing of a North American facility due to operational issues.

Government grants recognized as a reduction in the carrying amount of the assets during the year was $16,508 (2019 – $31,827). See Note 16 for more details regarding government grants.

As of December 31, 2020, property, plant and equipment includes $326,201 (2019 – $419,159) of assets in the course of construction for production purposes.

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

The following amounts are included in property, plant and equipment where the Company is a lessee under lease contracts:

		December 31 2020		December 31 2019
	Amortization Year Ended	Book value	Amortization Year Ended	Book value
	$	$	$	$
Buildings	10,328	44,703	10,579	44,577
Machinery	2,428	4,934	3,380	6,349
Office equipment	571	2,475	545	2,972
Transportation equipment	9,077	17,228	9,287	20,967
Tooling	74	231	56	287
	22,478	69,571	23,847	75,152

	December 31 2020	December 31 2019
	$	$
Additions to right-of-use assets	18,827	18,175
Lease interest expense	2,482	2,404
Expenses relating to short-term leases	4,636	4,814
Expenses relating to low-value leases	741	714
Total cash outflow for leases	23,384	25,230

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Some leases contain variable payment terms and future changes under the variable payments terms will not have a material impact on future cash flows. There are no significant extension, termination or residual value guarantees that have not already been accounted for within the value of the right-of-use asset or lease liability.

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

10 Intangible Assets

	Trade names $	Customer relationships $	Technology $	Product development costs $	Software $	Total $
Cost or valuation	228,800	433,656	219,226	118,855	6,432	1,006,969
Accumulated amortization	(787)	(54,572)	(29,160)	(21,461)	(418)	(106,398)
Book value at January 1, 2019	228,013	379,084	190,066	97,394	6,014	900,571
Effect of cumulative translation adjustment	-	(10,343)	(5,455)	(2,842)	(21)	(18,661)
Additions	-	-	-	29,762	3,808	33,570
Amortization	(70)	(21,029)	(13,918)	(6,631)	(216)	(41,864)
Book value at December 31, 2019	227,943	347,712	170,693	117,683	9,585	873,616
Cost or valuation	228,800	418,301	211,855	138,200	10,219	1,007,375
Accumulated amortization	(857)	(70,589)	(41,162)	(20,517)	(634)	(133,759)
Book value at December 31, 2019	227,943	347,712	170,693	117,683	9,585	873,616
Effect of cumulative translation adjustment	-	8,820	4,661	(163)	-	13,318
Additions	-	-	-	22,772	4,563	27,335
Impairment provision	-	-	-	(1,388)	-	(1,388)
Amortization	(70)	(22,940)	(15,116)	(9,562)	(715)	(48,403)
Book value at December 31, 2020	227,873	333,592	160,238	129,342	13,433	864,478
Cost or valuation	228,800	430,451	218,445	157,092	15,204	1,049,992
Accumulated amortization	(927)	(96,859)	(58,207)	(27,750)	(1,771)	(185,514)
Book value at December 31, 2020	227,873	333,592	160,238	129,342	13,433	864,478

Amortization of intangible assets is included in cost of sales. Product development costs and software are internally generated intangible assets except for those acquired through a business acquisition or separately acquired. During 2020, $6,720 of product development costs were separately acquired (2019 - $2,672).

Trade names include the MacDon trade name of $227,400. The useful life has been deemed to be indefinite because there are no legal, regulatory, contractual, competitive, economic, or other factors that limit the useful life of this asset.

Customer relationships includes assets from the MacDon and Montupet business acquisitions with current carrying amounts of $203,873 and $128,919 respectively and remaining amortization periods of 22 and 10 years respectively.

Technology includes proprietary MacDon and Montupet technology assets acquired through business acquisitions with current carrying amounts of $92,414 and $66,499 respectively and remaining amortization periods of 12 and 10 years respectively.

11 Goodwill

	2020 $	2019 $
Cost, being book value at January 1	858,541	891,818
Effect of cumulative translation adjustment	31,540	(33,277)
Cost, being book value at December 31	890,081	858,541

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

Goodwill has been allocated for impairment testing purposes to the following CGUs:

	December 31 2020 $	December 31 2019 $
MacDon Group of Companies	388,806	388,806
Montupet Group of Companies	470,881	440,447
Skyjack Group of Companies	12,983	12,983
Linamar Antriebstechnik GmbH	12,292	11,511
Seissenschmidt Group of Companies	5,119	4,794
	890,081	858,541

Impairment of assets

Management performed the annual goodwill and indefinite intangible asset impairment analysis during the fourth quarters of 2020 and 2019 and found that there were no impairments. The recoverable amounts of the CGUs were determined on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by the Board of Directors, covering a five-year period.

Key assumptions used in the determination of the recoverable amount include:

(a) Operating costs and capital expenditures are based on internal management forecasts. Cost assumptions incorporate the Company's experience and expertise, current operating costs, the nature and location of each CGU and the risk associated with each CGU. All committed and anticipated capital expenditures adjusted for future cost estimates have been included in the projected cash flows.

(b) Forecast growth rates are principally based on the Company's expectations for future performance. For the purpose of the impairment test, the Company adjusted the terminal value to reflect a zero growth rate for the present value calculation.

(c) Discount rates used reflect specific risks relating to the relevant segments and the countries in which they operate. The pre-tax discount rates used range from 6.4% to 9.5% (2019 – 7.7% to 9.0%).

A sensitivity of impairment tests relating to discount rates was performed. A 1% increase in the discount rate would have no impact on the results of impairment tests in the year ended December 31, 2020.

12 Provisions

	Claims and litigation (a) $	Product warranties and product defects (b) $	Other (c) $	Total $
At January 1, 2019	11,258	20,498	778	32,534
Charged (credited) to earnings:				
Additional provisions	8,913	23,351	55	32,319
Unused amounts reversed	(2,778)	(1,938)	-	(4,716)
Used during year	(2,051)	(16,688)	(26)	(18,765)
Effect of cumulative translation adjustment	(532)	(467)	(15)	(1,014)
At December 31, 2019	14,810	24,756	792	40,358
Charged (credited) to earnings:				
Additional provisions	4,715	15,225	684	20,624
Unused amounts reversed	(2,554)	(2,411)	(5)	(4,970)
Used during year	(1,566)	(16,211)	-	(17,777)
Effect of cumulative translation adjustment	209	30	(33)	206
At December 31, 2020	15,614	21,389	1,438	38,441

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

(a) **Claims and litigation**: Claims and litigation provision relate to certain legal and commercial claims brought against the Company by stakeholders and potential repayment of government assistance in various jurisdictions. In management's opinion, after taking appropriate legal advice, the outcome of these claims will not give rise to any significant loss beyond the amounts provided at December 31, 2020.

(b) **Product warranties and product defects**: Product warranties and product defects represent the legal or constructive responsibility of the Company for the proper function of products sold and the obligation arising from the use of products sold.

(c) **Other**: Includes onerous contracts and decommissioning provision which relates to the legal or constructive obligations for removing leased equipment at the completion of the lease arrangement. The provision charge is recognized in earnings within cost of sales.

13 Long-Term Debt

The following amounts represent the Company's long-term debt obligations:

	Note	December 31 2020 $	December 31 2019 $
Senior unsecured notes	(i)	-	168,778
Bank borrowings	(ii)	1,158,184	1,570,791
Lease liabilities	(iii)	65,799	72,539
Government borrowings	(iv)	79,231	80,020
		1,303,214	1,892,128
Less: current portion		577,335	26,186
		725,879	1,865,942

Principal payments required to meet the long-term obligations were as follows:

	December 31 2020 $	December 31 2019 $
Not later than 1 year	577,335	26,186
Later than 1 year and not later than 5 years	659,919	1,798,474
Later than 5 years	69,627	72,651
Total principal payments	1,306,881	1,897,311
Less: debt issue costs	3,667	5,183
	1,303,214	1,892,128

(i) Senior unsecured notes

The Senior unsecured notes consisted of:
U.S. $130 million (the "2021 Notes") effective September 2011, coming due September 2021 and paying interest at 4.84%.

In June 2020, the 2021 Notes were fully repaid. The senior unsecured notes are guaranteed by material subsidiaries of the Company as defined in the bank credit agreement. The senior unsecured notes require the Company to maintain certain financial ratios and impose limitations on specific activities. The Company was in compliance with all financial covenants. The Company entered into long-dated forward exchange contracts to lock in the exchange rate on the principal repayment component upon maturity of the 2021 Notes. The unrealized foreign exchange loss determined at inception of the principal swaps is accrued over the term of the forward contracts and is treated as additional costs of the notes recorded through interest. The Company also entered into a series of forward exchange contracts to lock in the exchange rate on the semi-annual coupon payments of the 2021 Notes and to hedge the effective changes in exchange rates. The hedge has the effect of converting the United States stated coupon rate of 4.84% to a Canadian interest rate of 5.00% for the 2021 Notes. The long-dated forward exchange contracts to lock in the exchange rate on the principal repayment component and the series of forward exchange contracts to lock in the exchange rate on the semi-annual coupon payments were terminated at the same time that the 2021 Notes were fully repaid (Note 26(iii)).

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

Subsequent to year end, effective January 2021, the Company received funding through a note purchase agreement with certain institutional investors for a private placement of Euro ("EUR") 320 million aggregate principal amount issued at an annual rate of 1.37%, coming due January 2031 and paying interest semi-annually. The senior unsecured notes are guaranteed by material subsidiaries of the Company as defined in the agreement. The senior unsecured notes require the Company to maintain certain financial ratios and impose limitations on specific activities. The EUR denominated notes have been designated as a net investment hedge for the net investments in EUR foreign operations. The Company applied the proceeds of the notes towards the repayment of a non-revolving term credit facility maturing in January 2021 under the bank credit facility (see (ii) below).

(ii) Bank borrowings

The Company's credit facility was last amended and restated in February 2018. Borrowings are subject to short-term market rates, plus applicable margin. The facilities are unsecured and are guaranteed by material subsidiaries of the Company as defined in the credit agreement. The bank borrowings require the Company to maintain certain financial ratios and impose limitations on specified activities. The Company is in compliance with all financial covenants.

The facilities include a non-revolving term credit facility in the original aggregate principal amount of up to $572 million which expired in January 2021, a revolving credit facility to the aggregate principal amount of up to $1.15 billion and a second non-revolving term credit facility to the original aggregate principal amount of up to $1.2 billion, both of which expire in 2023.

The first non-revolving term credit facility that expired in January 2021 was repaid with the proceeds of the note purchase agreement described above along with available cash and proceeds drawn from the revolving credit facility. During 2020, repayments of $400 million (2019 - $550 million) were made on the second non-revolving term credit facility of $1.2 billion reducing it to $250 million (2019 - $650 million).

As of December 31, 2020, $774,131 was available under the revolving credit facility.

(iii) Lease liabilities

The Company has various leases which are included in property, plant and equipment. The Company's obligations under the leases are secured by the Lessors' title to the assets.

	Minimum lease payments		Present value of minimum lease payments	
	December 31 2020	December 31 2019	December 31 2020	December 31 2019
	$	$	$	$
Not later than 1 year	20,762	23,516	18,602	21,171
Later than 1 year and not later than 5 years	37,204	42,425	32,262	36,960
Later than 5 years	17,538	16,828	14,935	14,408
	75,504	82,769	65,799	72,539
Less: future finance charges	9,705	10,230	-	-
Present value of minimum lease payments	65,799	72,539	65,799	72,539

(iv) Government borrowings

Government borrowings are comprised of three non-revolving interest free term loans:

(a) The Technology Partnerships Canada is a program provided by the Ministry of Industry by the Federal Canadian Government. The cumulative net amount received at the end of fiscal 2020 was $2,691 (2019 – $2,691). The discounted value of the debt recognized amounted to $2,530 at the end of fiscal 2020 (2019 – $2,474). The loan is due in ten equal annual payments from 2013 to 2023.

(b) The Automotive Innovation Fund is a program provided by the Ministry of Industry by the Federal Canadian Government. There are two non-revolving interest free loans under this program. The cumulative gross amount of both loans received at the end of fiscal 2020 was $88,245 (2019 – $90,237). The discounted value of the total debt recognized at the end of fiscal 2020 was $76,701 (2019 – $77,546). The loans are both due in ten annual payments, starting in 2019 for the first loan and 2025 for the second loan with final amounts due in 2028 and 2034 respectively.

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

14 Capital Stock

The Company is incorporated under the Ontario Business Corporations Act in Canada and is authorized to issue an unlimited number of common and special shares.

	Common Shares Issued/(Cancelled) #	Stated capital $
At January 1, 2019	65,354,495	122,393
Stock options exercised	600,000	11,382
Repurchase of shares under normal course issuer bid	(715,000)	(1,419)
At December 31, 2019	65,239,495	132,356
Stock options exercised	491,876	14,417
Repurchase of shares under normal course issuer bid	(280,674)	(569)
At December 31, 2020	65,450,697	146,204

In January 2019, the Company announced the TSX approval to commence a normal course issuer bid. The bid permitted the Company to acquire up to 4,506,324 of its common shares between January 29, 2019 and January 28, 2020 and any common shares repurchased by the Company under the bid were cancelled. In March 2020, the Company announced TSX approval to commence a new normal course issuer bid. This bid permits the Company to acquire for cancellation up to 4,396,427 common shares between March 20, 2020 and March 19, 2021. No shares were purchased and cancelled from March 20, 2020 to March 10, 2021 due to the COVID-19 pandemic.

15 Revenue from Contracts with Customers

The disaggregated revenue from contracts with customers aligns with the revenue information as disclosed for each reportable segment in Note 24.

Revenue-related receivables, contract assets and liabilities

The Company has recognized revenue-related receivables, contract assets and liabilities in its consolidated statement of financial position. Accounts and other receivables and long-term receivables include $800,104 and $234,481, respectively, of receivables from contracts with customers (2019 - $896,708 and $362,307, respectively). Contract assets are insignificant to be disclosed separately. Accounts payable and accrued liabilities and provisions include $255,797 of liabilities from contracts with customers (2019 - $147,587).

(i) Significant changes in contract liabilities

The significant increase in the contract liabilities during the year resulted from customer advances received in the latter part of the current year from customers primarily in the Industrial segment.

(ii) Revenue recognized in relation to contract liabilities

Revenue recognized during the year that was included in the contract liability balance at the beginning of the period included $51,691 (2019 - $76,204).

(iii) Remaining performance obligations

The aggregate amount of the transaction price allocated to remaining performance obligations as of the end of the year amounted to $122,111, of which $89,736 was attributable to customer owned asset contracts, $30,273 to engineering services contracts and $2,102 to other (2019 - $164,541, of which $115,866 was attributable to customer owned asset contracts, $45,902 to engineering services contracts and $2,773 to other).

Management expects that $44,070 of the transaction price allocated to remaining performance obligations will be recognized during the next year, $49,777 in 2022, $13,906 in 2023 and the remaining balance in 2024 and beyond. Remaining performance obligations do not include variable consideration which is constrained.

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

16 Expenses by Nature

	2020 $	2019 $
Cost of materials	2,964,744	3,895,478
Employee benefits (Note 17)	1,312,366	1,675,264
Amortization (Notes 9, 10)	454,625	402,522
Other	649,043	791,967
	5,380,778	6,765,231

In response to COVID-19, many governments around the world have provided various subsidy programs to assist companies during the crisis. The Company received government assistance in certain regions where such assistance was available and where the Company was eligible for the subsidy programs. The Company has recognized these subsidy programs as a reduction to the related expenses. A significant benefit to Linamar was from a subsidy program in Canada. The Canada Emergency Wage Subsidy ("CEWS") program was announced in March 2020. CEWS provides a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including a demonstration of revenue declines. The direct benefit of CEWS and other COVID-19 related programs recorded in the consolidated statement of earnings was $130,002. There are no repayment requirements of this assistance contingent on employment related measures, investment related measures or both.

During 2020, the balance of the benefits of government grants recorded in the statements of earnings was $13,229 (2019 - $26,783). In all cases, repayment of government grants is contingent on employment related measures, investment related measures or both.

17 Employee Benefits

	2020 $	2019 $
Wages, salaries and commissions	977,380	1,297,335
Social charges and other personnel expenses	281,688	329,797
Termination benefits	21,958	16,459
Share-based compensation (Note 18)	2,882	2,777
Pension expenses under defined contribution plans	28,458	28,896
	1,312,366	1,675,264

18 Share-Based Compensation

The Company is authorized to grant options for common stock to its key employees and directors. The exercise price of each option equals the average of the high and low market price of the Company's stock for the five trading days prior to the date of grant. An option's maximum term is 10 years and vesting is determined by the Board of Directors. The Company issues new common shares to satisfy stock options exercised. Options are forfeited when the option holder ceases to be an employee or director of the Company.

	Number of options	2020 Weighted average exercise price $	Number of options	2019 Weighted average exercise price $
At January 1	1,241,876	40.46	1,691,876	30.34
Granted	150,000	65.42	150,000	44.30
Exercised	(491,876)	19.32	(600,000)	12.89
At December 31	900,000	56.18	1,241,876	40.46
Vested at December 31	370,000	54.30	771,876	31.79

In 2020, the average share price, during the period the share options were exercised, was $34.88 (2019 – $40.41).

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

The following table is a summary of information about the stock options outstanding at December 31, 2020:

Year of Grant	Exercise Price	Number of options outstanding	Weighted average remaining life in years
2012	$21.59	50,000	2.0
2013	$41.11	50,000	3.0
2014	$66.63	100,000	3.9
2015	$73.52	100,000	4.9
2016	$50.14	100,000	5.9
2018	$73.96	100,000	7.0
2018	$45.40	100,000	8.0
2019	$44.30	150,000	8.9
2020	$65.42	150,000	9.9
		900,000	6.7

For all grants, the weighted average fair value of share options granted, and weighted average assumptions used in the fair value estimation at the time of grant, using the Black-Scholes model, are as follows:

	Granted in 2020	Granted in 2019
Share option fair value (per share)	$26.29	$16.19
Risk free interest rate	0.75%	1.53%
Expected life (years)	10	10
Expected volatility	33.42%	31.40%
Dividend yield	0.86%	1.05%

The expected life used in the Black-Scholes model is the same as the contractual term of the options. The risk free interest rate used in determining the fair value of the options granted is based on a Government of Canada zero coupon yield that was current at the time of grant and has a term corresponding to the contractual term of the options. The expected volatility considers the historical volatility of the Company's shares for the 10 year period preceding the share option grant date. The dividend yield is the annualized dividend at the date of grant divided by the average exercise price.

There were no tandem share appreciation rights ("SARs") outstanding at the end of either period.

19 Other Income and (Expenses)

	2020 $	2019 $
Foreign exchange gain (loss)	(11,421)	(27,621)
Other income (expense)	818	729
	(10,603)	(26,892)

20 Finance Income and (Expenses)

	2020 $	2019 $
Finance costs	(44,143)	(68,721)
Foreign exchange gain (loss) on debt and derivatives	(4,652)	(179)
Interest earned	29,369	29,171
Other	(7,483)	(9,381)
	(26,909)	(49,110)

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

21 Earnings per Share

Basic earnings per share are calculated by dividing the net earnings attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding throughout the year. Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding during the year to assume conversion of all dilutive potential shares.

	2020 $	2019 $
Net earnings (loss)	279,133	430,441
Weighted average common shares	65,307,617	65,282,783
Incremental shares from assumed conversion of stock options	23,834	310,453
Adjusted weighted average common shares for diluted earnings per share	65,331,451	65,593,236
Net earnings (loss) per share:		
Basic	4.27	6.59
Diluted	4.27	6.56

22 Commitments

As at December 31, 2020, outstanding commitments for capital expenditures under purchase orders and contracts amounted to $113,262 (December 31, 2019 - $101,352). Of this amount $109,568 (December 31, 2019 - $98,962) relates to the purchase of manufacturing equipment and $3,694 (December 31, 2019 - $2,390) relates to general contracting and construction costs in respect of plant construction. The majority of these commitments are due within the next twelve months.

23 Related Party Transactions

Details of the transactions between the Company and related parties are disclosed below:

(i) Key Management Personnel

The Company's key management includes members of the Senior Executive Group and Board of Directors. The compensation paid, or payable, to key management for employee services during the year was as follows:

	2020 $	2019 $
Compensation and short-term benefits	29,233	32,975
Share-based compensation (Notes 17, 18)	2,882	2,777
Total compensation	32,115	35,752

(i) Other Related Party Transactions

Related party transactions include long-term receivables to an investee accounted for using the equity method at December 31, 2020 of $111,242 (December 31, 2019 - $95,017). Included in the cost of sales are material purchases from the same related party of $24,549 for the year ended December 31, 2020 (December 31, 2019 - $8,707), with amounts owed at December 31, 2020 of $5,526 (December 31, 2019 - $6,877).

24 Segmented Information

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

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

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

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

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

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.

The Company's three largest customers are in the Transportation segment and account for 23.6%, 17.5% and 5.8% of total revenue (2019 – 23.6%, 12.8% and 6.6%).

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

Operational Segments	Transportation $	Industrial $	2020 $
Total revenue	4,665,405	1,183,579	
Inter-segment sales	(22,017)	(11,394)	
Sales to external customers	4,643,388	1,172,185	5,815,573
Cost of sales before amortization	3,737,370	839,628	4,576,998
Amortization	403,224	46,928	450,152
Selling, general and administration	224,458	129,170	353,628
Other income (expense)	4,645	(15,248)	(10,603)
Operating earnings (loss)	282,981	141,211	424,192
Share of net earnings (loss) of investments accounted for using the equity method			(22,899)
Finance income and (expenses)			(26,909)
Income taxes			95,251
Net earnings (loss)			279,133
Payments for property, plant and equipment	251,061	13,251	264,312
Total assets	5,146,074	2,410,616	7,556,690

Operational Segments	Transportation $	Industrial $	2019 $
Total revenue	5,671,332	1,791,937	
Inter-segment sales	(35,353)	(11,292)	
Sales to external customers	5,635,979	1,780,645	7,416,624
Cost of sales before amortization	4,624,183	1,329,520	5,953,703
Amortization	353,506	43,573	397,079
Selling, general and administration	261,415	153,034	414,449
Other income (expense)	(8,671)	(18,221)	(26,892)
Operating earnings (loss)	388,204	236,297	624,501
Share of net earnings (loss) of investments accounted for using the equity method			(10,984)
Finance income and (expenses)			(49,110)
Income taxes			133,966
Net earnings (loss)			430,441
Payments for property, plant and equipment	489,648	35,756	525,404
Total assets	4,698,722	2,880,085	7,578,807

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

The Company operates in four geographic segments – Canada, Rest of North America, Asia Pacific and Europe.

Geographic Segments	Canada $	Rest of North America $	Asia Pacific $	Europe $	2020 $
Total sales	3,047,420	936,206	565,252	1,801,863	
Inter-segment sales	(235,087)	(180,417)	(7,131)	(112,533)	
Sales to external customers	2,812,333	755,789	558,121	1,689,330	5,815,573
Goodwill	401,789	-	-	488,292	890,081
Intangible assets	589,777	52,856	-	221,845	864,478
Property, plant and equipment	933,842	449,216	278,972	961,974	2,624,004

Geographic Segments	Canada $	Rest of North America $	Asia Pacific $	Europe $	2019 $
Total sales	4,176,526	925,650	469,342	2,377,376	
Inter-segment sales	(293,681)	(154,050)	(15,647)	(68,892)	
Sales to external customers	3,882,845	771,600	453,695	2,308,484	7,416,624
Goodwill	401,789	-	-	456,752	858,541
Intangible assets	601,459	38,788	-	233,369	873,616
Property, plant and equipment	969,957	490,015	299,711	999,081	2,758,764

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

	2020 $	2019 $
Net earnings (loss) before income taxes	374,384	564,407
Amortization of property, plant and equipment	406,222	360,658
Amortization of other intangible assets	48,403	41,864
Asset impairment provision, net of reversals	16,143	-
Finance costs	44,143	68,721
Other interest	3,827	2,377
EBITDA	893,122	1,038,027
Transportation	686,531	739,815
Industrial	206,591	298,212
	893,122	1,038,027

25 Supplemental Cash Flow Information

	2020 $	2019 $
Interest paid	75,983	96,315
Interest received	29,243	29,885
Finance income received	23,736	24,086
Taxes paid	41,274	175,770

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

Net Debt Reconciliation of Liabilities Arising from Financing Activities

	Cash and cash equivalents	Short-term borrowings and Long-term debt	Net debt	Derivative financial instruments Asset (Liability)	Total
	$	$	$	$	$
At January 1, 2019	471,975	(2,567,203)	(2,095,228)	55,395	(2,039,833)
Cash flow activity	(103,595)	628,434	524,839	-	524,839
Additions, net of disposals - leases	-	(12,995)	(12,995)	-	(12,995)
Effect of cumulative translation adjustment	(30,154)	4,177	(25,977)	-	(25,977)
Effect of foreign exchange adjustments	-	55,037	55,037	(58,219)	(3,182)
Amount recognized in other comprehensive earnings	-	-	-	69,247	69,247
Other changes	-	(5,139)	(5,139)	(1,290)	(6,429)
At December 31, 2019	338,226	(1,897,689)	(1,559,463)	65,133	(1,494,330)
Cash flow activity	527,361	607,562	1,134,923	(41,428)	1,093,495
Additions, net of disposals - leases	-	(15,936)	(15,936)	-	(15,936)
Effect of cumulative translation adjustment	(4,487)	(1,661)	(6,148)	-	(6,148)
Effect of foreign exchange adjustments	-	7,423	7,423	(7,459)	(36)
Amount recognized in other comprehensive earnings	-	-	-	(58,708)	(58,708)
Other changes	-	(2,913)	(2,913)	(2,142)	(5,055)
At December 31, 2020	861,100	(1,303,214)	(442,114)	(44,604)	(486,718)

The table above details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's consolidated statement of cash flows as cash flows from financing activities. This also applies to derivative financial instruments held to hedge liabilities arising from financing activities. The Company is also presenting cash and cash equivalents to reflect net debt.

26 Financial Instruments

(i) Accounts Payable and Accrued Liabilities

	December 31 2020	December 31 2019
	$	$
Accounts payable	865,502	772,314
Accrued liabilities	586,821	499,542
	1,452,323	1,271,856

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

(ii) Composition 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, 2020		December 31, 2019	
	Subsequent Measurement	Carrying Value Asset (Liability) $	Fair Value $	Carrying Value Asset (Liability) $	Fair Value $
Long-term receivables	Amortized cost (Level 2)	376,450	413,177	521,906	529,685
Derivative financial instruments (iii):					
USD interest payment forward contracts	Fair value (Level 2)	-	-	3,230	3,230
USD debt principal forward contracts	Fair value (Level 2)	-	-	29,838	29,838
USD cross currency interest rate swaps	Fair value (Level 2)	(33,772)	(33,772)	(20,153)	(20,153)
EUR cross currency interest rate swaps	Fair value (Level 2)	(10,832)	(10,832)	52,218	52,218
USD sales forwards – CAD functional entities	Fair value (Level 2)	13,664	13,664	5,887	5,887
USD sales forwards – MXN functional entities	Fair value (Level 2)	15,467	15,467	-	-
USD sales forwards – CNY functional entities	Fair value (Level 2)	2,340	2,340	-	-
CAD purchase forwards – GBP functional entities	Fair value (Level 2)	(995)	(995)	-	-
Investment designated at fair value through other comprehensive income	Fair value (Level 3)	6,579	6,579	6,642	6,642
Long-term debt, excluding lease liabilities (Note 13)	Amortized cost (Level 2)	(1,237,415)	(1,211,770)	(1,819,589)	(1,807,840)

The fair value of the long-term receivables, derivative financial instruments, and long-term debt are determined by using valuation techniques based on observable market data other than quoted prices. The Company determined that the fair value of its investment, based on the most recent financing at the same price, is equal to its carrying value. The fair value of other financial instruments such as cash and cash equivalents, accounts and other receivables, short-term bank borrowings and accounts payable and accrued liabilities approximate their carrying values due to the short-term maturities of these instruments. There were no transfers in the fair value hierarchy between Levels 1, 2 and 3 during the year.

Specific valuation techniques used to value financial instruments include:

(a) Quoted market prices for similar instruments;

(b) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date; or

(c) Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

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

(iii) Derivative Financial Instruments Including Hedge Accounting

The summary of the Company's derivative financial instruments and hedge accounting is as follows:

	Hedging reserves				Other comprehensive earnings		
	Carrying value $	Cost of hedging reserve $	Total $	Notional Hedge Value	Unrealized gain/(loss) recognized $	Gain/(loss) reclassified to finance expense $	Change in cost of hedging $
a) USD interest payment forward contracts	-	-	-	-	3	(2,750)	-
b) USD debt principal forward contracts	-	-	-	-	11,216	(9,127)	(17)
c) USD cross currency interest rate swap contract	(811)	(3)	(814)	716,044 USD	(13,959)	17,794	1,080
d) EUR cross currency interest rate swap contract	(17)	642	625	615,000 EUR	(59,811)	-	(3,136)
e) USD sales forward contracts	14,488	3,000	17,488	431,375 USD	(8,665)	21,821	4,274
f) CAD purchase forward contracts	(722)	(18)	(740)	76,225 CAD	(963)	-	(24)
December 31, 2020, gross	12,938	3,621	16,559		(72,179)	27,738	2,177
Deferred tax					18,430	(7,320)	(544)
December 31, 2020, net					(53,749)	20,418	1,633

	Hedging reserve				Other comprehensive earnings		
	Carrying value $	Cost of hedging reserve $	Total $	Notional Hedge Value	Unrealized gain/(loss) recognized $	Gain/(loss) reclassified to finance expense $	Change in cost of hedging $
a) USD interest payment forward contracts	2,060	-	2,060	12,584 USD	(2,321)	-	-
b) USD debt principal forward contracts	(882)	(671)	(1,553)	130,000 USD	(7,363)	8,450	3,203
c) USD cross currency interest rate swap contract	(3,687)	(813)	(4,500)	716,044 USD	(49,388)	46,659	1,990
d) EUR cross currency interest rate swap contract	(729)	2,993	2,264	615,000 EUR	63,443	-	4,574
e) USD sales forward contracts	4,620	(205)	4,415	206,675 USD	6,160	-	(273)
December 31, 2019, gross	1,382	1,304	2,686		10,531	55,109	9,494
Deferred tax					(2,633)	(13,777)	(2,374)
December 31, 2019, net					7,898	41,332	7,120

Early in the COVID-19 pandemic forecasted consolidated USD sales did not occur. Therefore, the forward exchange contracts in place to hedge a portion of the ultimate cash flows arising from the expected highly probable forecasted USD sales were ineffective. Of the total $21,821 gain reclassified from other comprehensive earnings to finance expenses for the USD sales forward contracts in the current year, included was a gain of $4,582 of recognized ineffectiveness. There was no ineffectiveness in any of the hedge relationships in 2019.

a) USD Interest Payment Forward Contracts

In 2012, the Company entered into a series of forward exchange contracts to lock in the exchange rate on the semi-annual coupon payments on the USD $130 million of senior unsecured Notes due 2021. The forward exchange contracts have been designated as cash flow hedges for accounting purposes. The derivatives are denominated in the same currency and notional amount as the coupon components of the Notes, therefore, the hedge ratio is on a one to one basis. As all critical terms matched during the period, the economic relationship was 100% effective. In June 2020, the USD $130,000 senior unsecured notes, due in September 2021, were fully repaid (Note 13). As the hedged item ceased to exist, the USD interest payment forward contracts were terminated at the same time. Of the total $2,750 loss reclassified from other comprehensive earnings to finance expenses in the current year, included a deferred loss of $2,527 related to the end of the hedge relationship.

Further terms of the forward exchange contracts are disclosed in Note 13(i).

b) USD Debt Principal Forward Contracts

In 2011, the Company completed the placement of USD $130 million of senior unsecured Notes due 2021. In 2012, the Company entered into a long-dated forward exchange contract to lock in the exchange rate on the principal repayment component upon maturity of the Notes and to hedge the effective changes in exchange rates. The long-dated forward exchange contracts have been designated as cash flow hedges for accounting purposes. As the contract has been designated as a cash flow hedge for accounting purposes for the spot component only, the change in the forward element (the excluded component) of the contract is recognized within other comprehensive earnings in the cost of hedging reserve within equity and is amortized to net earnings in finance costs as an additional cost on a systematic basis.

The derivatives are denominated in the same currency and notional amount as the principal repayment of the Notes, therefore, the hedge ratio is on a one to one basis. As all critical terms matched during the period, the economic relationship was 100% effective. In June 2020, the USD $130,000 senior unsecured notes, due in September 2021, were fully repaid (Note 13). As the hedged item ceased to exist, the USD debt principal forward contracts were terminated at the same time. Of the total $9,127 loss reclassified from other comprehensive earnings to finance expenses in the current year, included a deferred gain of $3,465 related to the end of the hedge relationship.

Further terms of the long-dated foreign exchange forward contracts are disclosed in Note 13(i).

c) USD Cross Currency Interest Rate Swap Contracts

In 2018, the Company converted EUR 615 million of borrowings to USD $716 million borrowings under the credit facility. The USD borrowings are under a non-revolving facility due in 2021 and a revolving facility due in 2023 (Note 13(ii)). Simultaneously, the Company entered into cross currency interest rate swap contracts to buy Canadian dollar ("CAD") interest and principal amounts in exchange for USD interest and principal amounts. The contracts effectively lock in the exchange rate on the interest and principal repayments of the USD borrowings and hedge the effective changes in exchange rates. The contracts also lock in the interest payments on the USD borrowings from monthly LIBOR floating interest rates to a CAD fixed interest rate. The maturity of the swap contracts corresponds to the due date of the non-revolving portion of the USD borrowings; however both the revolving and non-revolving portions of the USD $716 million borrowings are part of the hedging strategy. The swap contracts have been designated as cash flow hedges for accounting purposes. The derivatives are denominated in the same currency as the principal repayment of the USD $716 million borrowings; therefore, the hedge ratio is on a one to one basis. As all critical terms matched during the period, the economic relationship was 100% effective. The USD $716 million borrowings under the non-revolving term facility and the revolving facility was repaid in January 2021 (Note 13). The USD cross currency interest rate swaps contracts matured and were settled at the same time.

d) EUR Cross Currency Interest Rate Swap Contracts

In 2018, the Company entered into cross currency interest rate swap contracts to buy EUR interest and principal amounts in exchange for CAD interest and principal amounts. The contracts will hedge the effective change in exchange rates on net investments in EUR foreign operations. The changes in the forward element (the excluded component) of the swap contracts are recognized within other comprehensive earnings in the cost of hedging reserve within equity and are amortized to net earnings in finance costs as an additional cost on a systematic basis. The swap contracts have been designated as a net investment hedge for accounting purposes for the spot component only. The Company entered into these swap contracts having similar critical terms as the EUR net investment hedged item, such as currency and notional amount, therefore, the hedge ratio is on a one to one basis. As all critical terms matched during the period, the economic relationship was 100% effective. The EUR cross currency interest rate swaps contracts matured and were settled in January 2021, ending that net investment hedge.

e) USD Sales Forward Contracts

Beginning in the fourth quarter of 2019, the Company entered into a series of forward exchange contracts to hedge a portion of the ultimate cash flows arising from highly probable forecasted consolidated USD sales. The Company's program hedges a portion of USD sales contracts entered into by entities with various functional currencies. Every quarter, additional contracts will be initiated in order to maintain a proportional coverage for up to 18 months of forecasted USD sales.

All the contracts are designated as cash flow hedges for accounting purposes for the spot component only, up until the month of the sales activity. The change in the forward element (the excluded component) of the contracts are recognized within other comprehensive earnings in the cost of hedging reserve within equity and is reclassified to net earnings in sales when the hedging relationship ends. The derivatives are in the same currency and notional amounts as a portion of the anticipated USD sales, therefore the hedge ratio is on a one to one basis. It is anticipated that all critical terms will match during the period they are outstanding, therefore the economic relationship will remain 100% effective. After the month the sales activity occurs, the net fair value on the derivatives outstanding until maturity is recognized in other income and (expenses). For the current year, this was a gain of $2,580 (2019 – nil).

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

The summary of contracts in place with USD notional hedge values and average forward rates back to the respective functional currencies is as follows:

	December 31, 2020		December 31, 2019	
	Notional Hedge Value USD $	Average Forward Rate	Notional Hedge Value USD $	Average Forward Rate
USD sales forwards – CAD functional entities	264,950	1.3307	206,675	1.3271
USD sales forwards – MXN functional entities	138,100	22.1420	-	-
USD sales forwards – CNY functional entities	28,325	7.0025	-	-
	431,375		206,675	

f) CAD Purchase Forward Contracts

Beginning in the fourth quarter of 2020, the Company entered into a series of forward exchange contracts to hedge a portion of the ultimate cash flows arising from highly probable forecasted consolidated CAD purchases. The Company's program hedges a portion of CAD purchase contracts entered into by entities with various functional currencies. Every quarter, additional contracts will be initiated in order to maintain a proportional coverage for up to 18 months of forecasted CAD purchases.

All the contracts are designated as cash flow hedges for accounting purposes for the spot component only, up until the month of the purchase activity when the change in the spot component of the contracts in the hedges reserve within equity is reclassified to inventory recognized with the hedging transaction. The change in the forward element (the excluded component) of the contracts are recognized within other comprehensive earnings in the cost of hedging reserve within equity and is reclassified to inventory recognized with the hedging transaction, when the hedging relationship ends. The deferred amounts carried in inventory are recognized in net earnings as the inventory impacts net earnings approximately 90 days later. The derivatives are in the same currency and notional amounts as a portion of the anticipated CAD purchases, therefore the hedge ratio is on a one to one basis. It is anticipated that all critical terms will match during the period they are outstanding, therefore the economic relationship will remain 100% effective.

The contracts in place have notional hedge values of CAD $76,225 at an average forward rate of 1.7236 back to the GBP functional currency.

(iv) Financial Risk Management

The Company is primarily exposed to market risk, liquidity risk, credit risk and capital risk as a result of holding financial instruments.

Market Risk – Foreign Exchange Risk

The Company operates in several different geographical regions in the world and has many business arrangements with customers and suppliers also based in different geographical regions. The Company therefore is impacted by changes in foreign exchange rates. These foreign exchange rate changes affect net sales and expenses based in foreign currencies and the translation of monetary balances in relation to functional currencies. In order to minimize the adverse effects on the financial performance of the Company, foreign exchange forward contracts and certain portions of its foreign denominated long-term debt may be used to hedge certain foreign currency risk exposures to reduce the uncertainty from foreign currency transactions and functional currency translations.

Approximate Foreign Exchange Exposure as related to the following currencies:

	December 31 2020 %	December 31 2019 %
USD activity	77.8	84.5
EUR activity	18.0	8.5
British pound activity	2.6	3.6
Mexican peso activity	0.8	0.9

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

The Company has foreign operations with the following functional currencies that differ from the parent: Hungarian forint, Mexican peso, USD, Euro, British pound, Korean won, Chinese renminbi, Japanese yen, Australian dollar, Swedish krona, Brazilian real, Indian rupee and Bulgarian lev.

Assuming all other variables are constant a 5% strengthening of the following currencies against the functional currency of the Company and its foreign subsidiaries would result in gains/(losses) by the amounts shown below:

	Impact on net earnings gain/(loss)		Impact on hedging reserve gain/(loss)	
	December 31 2020 $	December 31 2019 $	December 31 2020 $	December 31 2019 $
USD	9,037	10,186	(11,366)	(9,452)
EUR	2,387	1,023	(45)	(452)
British pound	301	(433)	2,722	-
Mexican peso	(272)	110	(5,445)	-

A weakening of the same above currencies at December 31 would have had the equal but opposite effect, on the basis that all other variables remain constant.

Market Risk – Interest Rate Risk

Due to the Company's capital structure, there is some degree of exposure to changes in the Canadian, US, European and Asian money market rates of interest. The Company does invest excess funds at times to maximize interest income earned. The investment quality must meet internal standards for ratings and liquidity to safeguard the Company's cash and cash equivalents. Interest rate or cross currency interest rate swap agreements are used by the Company from time to time to manage the fixed and floating interest rate mix of the Company's total debt portfolio and related overall cost of borrowing.

The interest rate swap agreements involve the periodic exchange of interest payments with or without the exchange of the notional principal amount upon which the payments are based. Interest expense on the debt is then adjusted to include the payments made or received under the interest rate swaps.

As at December 31, 2020, an interest rate change of 50 basis points (all other variables held constant) would have an impact on net earnings for the year of $1,480 (2019 - $2,975).

Liquidity Risk

Liquidity risk is the Company's ability to meet its financial obligations when they come due. The Company manages the liquidity risk of forecasted cash flows from operations, by ensuring that there are cash resources available to meet these needs. As at December 31, 2020, the Company's revolving bank facility had available credit of $774,131. The revolving facility matures in 2023.

The amount of financial resources available to invest in a Company's growth is dependent upon its size and willingness to utilize debt and issue equity. If the Company deviates from its growth expectations, it may require additional debt or equity financing. There is no assurance that the Company will be able to obtain additional financial resources that may be required to successfully compete in its markets on favourable commercial terms. Failure to obtain such financing could result in the delay or abandonment of certain strategic plans for product manufacturing or development.

The undiscounted contractual maturities of the Company's financial liabilities are as follows:

December 31, 2020	Current year $	Maturing in 1 to 2 years $	Maturing after 2 years $	Total $
Accounts payable and accrued liabilities	1,452,323	-	-	1,452,323
Long-term debt and contractual interest payments, derivative financial instruments, and financial guarantees	1,059,532	19,463	371,751	1,450,746
	2,511,855	19,463	371,751	2,903,069

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

December 31, 2019	Current year $	Maturing in 1 to 2 years $	Maturing after 2 years $	Total $
Accounts payable and accrued liabilities	1,271,856	-	-	1,271,856
Long-term debt and contractual interest payments, derivative financial instruments, and financial guarantees	74,190	1,063,372	776,471	1,914,033
	1,346,046	1,063,372	776,471	3,185,889

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meets its contractual obligations. The maximum exposure to credit risk at the reporting date is represented by the net carrying amount of the Company's cash and cash equivalents, accounts and other receivables, long-term receivables, derivative financial instruments and financial guarantees. The Company is exposed to credit risk from potential default by counterparties that carry the Company's cash and cash equivalents and derivative financial instruments. The Company attempts to mitigate this risk by dealing only with large financial institutions with investment grade credit ratings. All of the financial institutions within the bank syndicate providing the Company's credit facility meet these qualifications.

A substantial portion of the Company's receivables are with large customers in the automotive, truck and industrial sectors and are subject to normal industry credit risks. At December 31, 2020, the receivables from the Company's three largest customers amounted to 11.9%, 11.8% and 9.4% (December 31, 2019 – 10.8%, 10.2%, and 9.8%) of customer receivables.

The following represents the weighted-average expected credit loss rate of the Company's accounts and other receivables and long-term receivables. For credit risk management, the Company assesses the age of past due receivables to determine if credit risk has increased significantly. Due to COVID-19 and underlying business operation issues at certain customers, there is uncertainty in the future repayment of certain of the Company's long-term accounts receivable, as indicated by credit rating downgrades of certain customers, and a reduction in the value of related collateral securing certain long-term receivables. A similar review and adjustment for an increase in economic credit risk due to COVID-19 was also completed on the Company's accounts and other receivables. The aging of receivables is as follows:

		December 31 2020		December 31 2019
	Accounts and other receivables $	Long-term receivables $	Accounts and other receivables $	Long-term receivables $
Current	703,175	386,374	696,336	523,956
Past due 1-30 days	124,495	670	175,713	589
Past due 31-60 days	10,049	221	33,972	87
Past due 61-90 days	10,987	192	26,216	74
Past due >91 days	48,144	2,132	62,316	157
Gross carrying amount	896,850	389,589	994,553	524,863
Loss allowance provision	8,644	13,139	6,308	2,957
	888,206	376,450	988,245	521,906
Expected loss rate	1.0%	3.4%	0.6%	0.6%

The above gross carrying amounts represent the maximum exposure to credit risk without taking into consideration any collateral held or other credit enhancements. This is mitigated as the Company may hold a security interest in the underlying asset until the balance is fully settled by the customer resulting in a reduced actual exposure. Due to current conditions in industrial markets, the value of certain collateral held has deteriorated as evidenced by changes in selling prices of used equipment.

Capital Risk Management

The Company's capital management objectives are to ensure the stability of its capital so as to support continued operations, provide an adequate return to shareholders and generate benefits for other stakeholders. The Company's capital is composed of shareholders' equity, and is not subject to any capital requirements imposed by a regulator.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue or re-acquire shares, acquire or dispose of assets, and adjust the amount of cash and cash equivalents. There were no changes in the Company's capital risk management strategy during the year.

ANNUAL MEETING OF SHAREHOLDERS

The Company's Annual Meeting of Shareholders will take place in May 2021:

Date:	May 27, 2021
Time:	10:00 a.m. (EST)
Location:	Meeting to Be Conducted Virtually at: https://web.lumiagm.com/219923174

Officers:

Frank Hasenfratz
Executive Chairman of the Board

Linda Hasenfratz
Chief Executive Officer

Jim Jarrell
President & Chief Operating Officer

Roger Fulton
Executive Vice President – Human Resources, General Counsel & Corporate Secretary

Mark Stoddart
Chief Technology Officer & Executive Vice President - Marketing

Dale Schneider
Chief Financial Officer

Henry Huang
Group President, Linamar Manufacturing Asia Pacific

Ken McDougall
President, Skyjack Inc.

Sam Cocca
Group President, Linamar Manufacturing Europe

Directors:

Frank Hasenfratz
Chairman of the Board

Linda Hasenfratz
Director

Mark Stoddart
Director

Dennis Grimm
Director
Chair, Audit Committee
Member of the Human Resources & Corporate Governance Committee

Lisa Forwell
Director
Member of the Human Resources & Corporate Governance Committee and Audit Committee

Terry Reidel
Director
Chair, Human Resources & Corporate Governance Committee
Member of Audit Committee

Auditors, Transfer Agent & Registrar

PricewaterhouseCoopers LLP, Chartered Accountants, Kitchener, Ontario are the auditors of Linamar Corporation.

The transfer agent and registrar for the common shares of the Company is Computershare Investor Services Inc. at its principal offices in Toronto.

Linamar Shares are listed on the Toronto Stock Exchange, trading under LNR.

Linamar Corporation

287 Speedvale Avenue West
Guelph, Ontario, Canada
N1H 1C5

www.linamar.com