Linamar Q1 Sales and Market Share Up Despite Soft Markets

May 2, 2019, Guelph, Ontario, Canada (TSX: LNR)

- Sales increased 4.3% over the first quarter of 2018 ("Q1 2018") to reach $2.0 billion;
- Normalized EBITDA flat to last year at $297 million;
- Free cash flow continues to bring net debt levels down[1];
- Continued business wins maintains strong launch book at over $4.3 billion;
- Industrial segment sales up 17.0% and normalized operating earnings up 24.2%;
- Transportation segment sales up on strong launch activity despite key customer production cuts in Europe and Asia;
- Strong content per vehicle growth in North America and Europe; and
- NCWC as a % of sales down from Q4, poised to start generating cash flow this year.

	Three Months Ended	March 31
	2019	2018
(in millions of dollars, except earnings per share figures)	$	$
Sales	1,974.5	1,893.9
Operating Earnings (Loss)		
Industrial	73.1	74.7
Transportation	114.6	140.2
Operating Earnings (Loss)[2]	187.7	214.9
Net Earnings (Loss)	132.3	156.6
Net Earnings (Loss) per Share – Diluted	2.00	2.37
Earnings before interest, taxes and amortization ("EBITDA") [2]	287.7	306.1
Operating Earnings (Loss) – Normalized[2]		
Industrial	77.9	62.7
Transportation	119.8	146.8
Operating Earnings (Loss) – Normalized[2]	197.7	209.5
Net Earnings (Loss) – Normalized[2]	139.4	153.4
Net Earnings (Loss) per Share – Diluted – Normalized[2]	2.11	2.32
EBITDA – Normalized[2]	296.8	301.9

Operating Highlights

Sales for the first quarter of 2019 ("Q1 2019") were $1,974.5 million, up $80.6 million from $1,893.9 million in Q1 2018.

The Industrial segment ("Industrial") product sales increased 17.0%, or $67.6 million, to $465.1 million in Q1 2019 from Q1 2018. The sales increase was due to:

- increased sales related to the acquisition of MacDon;
- a favourable impact on sales from the changes in foreign exchange rates from Q1 2018; and
- increased volumes for scissors in Europe and Asia; partially offset by
- lower aerial platform sales in North America due to certain customers deferring purchases to later in the year.

Sales for the Transportation segment ("Transportation") increased by $13.0 million, or 0.9% in Q1 2019 compared with Q1 2018. The sales in Q1 2019 were impacted by:

- additional sales from programs that are currently launching;
- a favourable impact on sales from the changes in foreign exchange rates from Q1 2018; partially offset by
- market declines in Europe related to the Worldwide Harmonized Light Vehicles Test Procedure ("WLTP") issues in addition to the impact of consumer sentiment for diesel engines which is impacting volumes with key customers; and
- lower volumes related to market declines in Asia.

The Company's operating earnings for Q1 2019 were $187.7 million. This compares to $214.9 million in Q1 2018, a decrease of $27.2 million.

Industrial segment operating earnings in Q1 2019 decreased $1.6 million, or 2.1% from Q1 2018. The Industrial operating earnings results were predominantly driven by:

- an unfavourable foreign exchange impact from the revaluation of the operating balances on the balance sheet from Q4 2018;

[1] Net debt excluding the impacts to debt as a result of the adoption of IFRS 16.
[2] Management uses certain non-GAAP financial measures including normalized earnings which exclude foreign exchange impacts and the impact of unusual items when analyzing consolidated and segment underlying operational performance. For more information refer to the section entitled "Non-GAAP and Additional GAAP Measures" in the Company's separately released Management's Discussion and Analysis ("MD&A").

- increased material costs as a result of rising commodity prices; and
- lower aerial platform sales in North America due to certain customers deferring purchases to later in the year; partially offset by
- increased earnings from the inclusion of full quarter results related to the acquisition of MacDon;
- a favourable impact on sales and expenses from the changes in foreign exchange rates from Q1 2018; and
- increased volumes for scissors in Europe and Asia.

Q1 2019 operating earnings for Transportation were lower by $25.6 million, or 18.3% compared to Q1 2018. The Transportation segment's earnings were impacted by the following:

- lower volumes on programs with mature margins related to market declines in Europe and Asia;
- the margin impact from the transition of mature platforms ramping down and being replaced by launching programs that have not yet reached mature margins;
- additional costs related to heavy launch activity globally; and
- restructuring costs incurred in Q1 2019; partially offset by
- the impact of additional sales from launching programs;
- a favourable foreign exchange impact from the revaluation of the operating balances on the balance sheet from Q4 2018; and
- a favourable impact on sales and expenses from the changes in foreign exchange rates from Q1 2018.

"We are happy with our first quarter results in a tough market environment," said Linamar CEO Linda Hasenfratz. "Sales and market share are up despite market slowdowns in a few areas and EBITDA consistent to last year, not an easy accomplishment. We are laser focused on continuing to grow top and bottom line this year and expect to see significant free cash flow as evidenced already by our first quarter results."

Dividends

The Board of Directors today declared an eligible dividend in respect to the quarter ended March 31, 2019 of CDN$0.12 per share on the common shares of the company, payable on or after June 7, 2019 to shareholders of record on May 28, 2019.

Forward Looking Information, Risk and Uncertainties

Certain information provided by Linamar in this press release, MD&A, the consolidated financial statements and other documents published throughout the year which are not recitation of historical facts may constitute forward-looking statements. The words "may", "would", "could", "will", "likely", "estimate", "believe", "expect", "plan", "forecast" and similar expressions are intended to identify forward-looking statements. Readers are cautioned that such statements are only predictions and the actual events or results may differ materially. In evaluating such forward-looking statements, readers should specifically consider the various factors that could cause actual events or results to differ materially from those indicated by such forward-looking statements.

Such forward-looking information may involve important risks and uncertainties that could materially alter results in the future from those expressed or implied in any forward-looking statements made by, or on behalf of, Linamar. Some of the factors and risks and uncertainties that cause results to differ from current expectations include, but are not limited to, changes in the competitive environment in which Linamar operates, OEM outsourcing and insourcing; sources and availability of raw materials; labour markets and dependence on key personnel; dependence on certain customers and product programs; technological change in the sectors in which the Company operates and by Linamar's competitors; delays in or operational issues with product launches; foreign currency risk; long-term contracts that are not guaranteed; acquisition and expansion risk; foreign business risk; cyclicality and seasonality; weather; capital and liquidity risk; legal proceedings and insurance coverage; credit risk; emission standards; tax laws; securities laws compliance and corporate governance standards; fluctuations in interest rates; environmental emissions and safety regulations; trade and labour disruptions; world political events; pricing concessions to customers; and governmental, environmental and regulatory policies.

The foregoing is not an exhaustive list of the factors that may affect Linamar's 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.

Conference Call Information

Q1 2019 Conference Call Information

Linamar will hold a webcast call on May 2, 2019 at 5:00 p.m. EST to discuss its first quarter results. The numbers for this call are (647) 427-3383 (local/overseas) or (888) 424-9894 (North America) conference ID 5899778, with a call-in required 10 minutes prior to the start of the conference call.

The URL for the webcast is https://linamar2020.webex.com/linamar2020/j.php?MTID=m62ef8f5182ae716aa60ea993a1371526. The password for the meeting is 2019Q1. The conference call will be chaired by Linda Hasenfratz, Linamar's Chief Executive Officer. A copy of the Company's quarterly financial statements, including the Management's Discussion & Analysis will be available on the Company's website after 4 p.m. EST on May 2, 2019 and at www.sedar.com by the start of business on May 3, 2019. A taped replay of the conference call will also be made available starting at 8:00 p.m. on May 2, 2019 for ten days. The number for replay is (855) 859-2056, Conference ID 5899778. In addition a recording of the call will be posted on the company's website under Investor Relations.

Q2 2019 Conference Call Information

Linamar will hold a webcast call on August 8, 2019 at 5:00 p.m. EST to discuss its second quarter results. The numbers for this call are (647) 427-3383 (local/overseas) or (888) 424-9894 (North America) conference ID 9388922, with a call-in required 10 minutes prior to the start of the conference call.

The URL for the webcast is https://linamar2020.webex.com/linamar2020/j.php?MTID=macbd5a9aca0784ee88a658819c7eed89. The password for the meeting is 2019Q2. The conference call will be chaired by Linda Hasenfratz, Linamar's Chief Executive Officer. A copy of the Company's quarterly financial statements, including the Management's Discussion & Analysis will be available on the Company's website after 4 p.m. EST on August 8, 2019 and at www.sedar.com by the start of business on August 9, 2019. A taped replay of the conference call will also be made available starting at 8:00 p.m. on August 8, 2019 for ten days. The number for replay is (855) 859-2056, Conference ID 9388922. In addition a recording of the call will be posted on the company's website under Investor Relations.

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 2 operating segments – the Industrial segment and the Transportation segment, which are further divided into 5 operating groups – Skyjack, Agriculture, Machining & Assembly, Light Metal Casting and Forging, all world leaders in the design, development and production of highly engineered products. The Company's Skyjack and MacDon companies are noted for their innovative, high quality mobile industrial and harvesting equipment, notably class-leading aerial work platforms, telehandlers, draper headers and self-propelled windrowers. The Company's Machining & Assembly, Light Metal Casting and Forging operating groups focus on precision metallic components, modules and systems for powertrain, driveline and body systems designed for global electrified and traditionally powered vehicle and industrial markets. Linamar has more than 29,000 employees in 60 manufacturing locations, 8 R&D centres and 25 sales offices in 17 countries in North and South America, Europe and Asia which generated sales of $7.6 billion in 2018. For more information about Linamar Corporation and its industry leading products and services, visit www.linamar.com or follow us on Twitter at @LinamarCorp.

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For further information regarding this release please contact Linda Hasenfratz at (519) 836-7550.

Guelph, Ontario
May 2, 2019

LINAMAR CORPORATION

Management's Discussion and Analysis

For the Quarter Ended March 31, 2019

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Linamar Corporation ("Linamar" or the "Company") should be read in conjunction with its consolidated interim financial statements for the quarter ended March 31, 2019. This MD&A has been prepared as at May 2, 2019. 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 2 operating segments – the Industrial segment and the Transportation segment, which are further divided into 5 operating groups – Skyjack, Agriculture, Machining & Assembly, Light Metal Casting and Forging, all world leaders in the design, development and production of highly engineered products. The Company's Skyjack and MacDon companies are noted for their innovative, high quality mobile industrial and harvesting equipment, notably class-leading aerial work platforms, telehandlers, draper headers and self-propelled windrowers. The Company's Machining & Assembly, Light Metal Casting and Forging operating groups focus on precision metallic components, modules and systems for powertrain, driveline and body systems designed for global electrified and traditionally powered vehicle and industrial markets. Linamar has more than 29,000 employees in 60 manufacturing locations, 8 R&D centres and 25 sales offices in 17 countries in North and South America, Europe and Asia which generated sales of $7.6 billion in 2018. 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 first quarter of 2019 ("Q1 2019") and 2018 ("Q1 2018"):

			Three Months Ended March 31	
(in millions of dollars, except earnings per share)	2019 $	2018 $	+/- $	+/- %
Sales	1,974.5	1,893.9	80.6	4.3%
Gross Margin	303.9	316.1	(12.2)	(3.9%)
Operating Earnings (Loss)[1]	187.7	214.9	(27.2)	(12.7%)
Net Earnings (Loss)	132.3	156.6	(24.3)	(15.5%)
Net Earnings (Loss) per Share - Diluted	2.00	2.37	(0.37)	(15.6%)
Earnings before interest, taxes and amortization ("EBITDA")[1]	287.7	306.1	(18.4)	(6.0%)
Operating Earnings (Loss) - Normalized[1]	197.7	209.5	(11.8)	(5.6%)
Net Earnings (Loss) - Normalized[1]	139.4	153.4	(14.0)	(9.1%)
Net Earnings (Loss) per Share - Diluted - Normalized[1]	2.11	2.32	(0.21)	(9.1%)
EBITDA - Normalized[1]	296.8	301.9	(5.1)	(1.7%)

The changes in these financial highlights are discussed in detail in the following sections of this analysis.

[1] Management uses certain non-GAAP financial measures including normalized earnings which exclude foreign exchange impacts and the impact of unusual items when analyzing consolidated and segment underlying operational performance. 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 interim financial statements for the quarter ended March 31, 2019.

			Three Months Ended March 31 2019			Three Months Ended March 31 2018
	Industrial	Transportation	Linamar	Industrial	Transportation	Linamar
(in millions of dollars)	$	$	$	$	$	$
Sales	465.1	1,509.4	1,974.5	397.5	1,496.4	1,893.9
Operating Earnings (Loss)	73.1	114.6	187.7	74.7	140.2	214.9
EBITDA	88.5	199.2	287.7	85.6	220.5	306.1
Operating Earnings (Loss) – Normalized	77.9	119.8	197.7	62.7	146.8	209.5
EBITDA – Normalized	93.0	203.8	296.8	73.8	228.1	301.9

Industrial Highlights

				Three Months Ended March 31
	2019	2018	+/-	+/-
(in millions of dollars)	$	$	$	%
Sales	465.1	397.5	67.6	17.0%
Operating Earnings (Loss)	73.1	74.7	(1.6)	(2.1%)
EBITDA	88.5	85.6	2.9	3.4%
Operating Earnings (Loss) – Normalized	77.9	62.7	15.2	24.2%
EBITDA – Normalized	93.0	73.8	19.2	26.0%

The Industrial segment ("Industrial") product sales increased 17.0%, or $67.6 million, to $465.1 million in Q1 2019 from Q1 2018. The sales increase was due to:

- increased sales related to the acquisition of Moray Marketing Ltd., parent company of MacDon and its Group of Companies ("MacDon");
- a favourable impact on sales from the changes in foreign exchange rates from Q1 2018; and
- increased volumes for scissors in Europe and Asia; partially offset by
- lower aerial platform sales in North America due to certain customers deferring purchases to later in the year.

Industrial segment operating earnings in Q1 2019 decreased $1.6 million, or 2.1% from Q1 2018. The Industrial operating earnings results were predominantly driven by:

- an unfavourable foreign exchange impact from the revaluation of the operating balances on the balance sheet from Q4 2018;
- increased material costs as a result of rising commodity prices; and
- lower aerial platform sales in North America due to certain customers deferring purchases to later in the year; partially offset by
- increased earnings from the inclusion of full quarter results related to the acquisition of MacDon;
- a favourable impact on sales and expenses from the changes in foreign exchange rates from Q1 2018; and
- increased volumes for scissors in Europe and Asia.

Transportation Highlights

				Three Months Ended March 31
	2019	2018	+/-	+/-
(in millions of dollars)	$	$	$	%
Sales	1,509.4	1,496.4	13.0	0.9%
Operating Earnings (Loss)	114.6	140.2	(25.6)	(18.3%)
EBITDA	199.2	220.5	(21.3)	(9.7%)
Operating Earnings (Loss) – Normalized	119.8	146.8	(27.0)	(18.4%)
EBITDA – Normalized	203.8	228.1	(24.3)	(10.7%)

Sales for the Transportation segment ("Transportation") increased by $13.0 million, or 0.9% in Q1 2019 compared with Q1 2018. The sales in Q1 2019 were impacted by:

- additional sales from programs that are currently launching;
- a favourable impact on sales from the changes in foreign exchange rates from Q1 2018; partially offset by
- market declines in Europe related to the Worldwide Harmonized Light Vehicles Test Procedure ("WLTP") issues in addition to the impact of consumer sentiment for diesel engines which is impacting volumes with key customers; and
- lower volumes related to market declines in Asia.

Q1 2019 operating earnings for Transportation were lower by $25.6 million, or 18.3% compared to Q1 2018. The Transportation segment's earnings were impacted by the following:

- lower volumes on programs with mature margins related to market declines in Europe and Asia;
- the margin impact from the transition of mature platforms ramping down and being replaced by launching programs that have not yet reached mature margins;
- additional costs related to heavy launch activity globally; and
- restructuring costs incurred in Q1 2019; partially offset by
- the impact of additional sales from launching programs;
- a favourable foreign exchange impact from the revaluation of the operating balances on the balance sheet from Q4 2018; and
- a favourable impact on sales and expenses from the changes in foreign exchange rates from Q1 2018.

AUTOMOTIVE SALES AND CONTENT PER VEHICLE[1]

Automotive sales by region in the following discussion are determined by the final vehicle production location and, as such, there are differences between these figures and those reported under the geographic segment disclosure, which are based primarily on the Company's location of manufacturing and include both automotive and non-automotive sales. These differences are the result of products being sold directly to one continent, and the final vehicle being assembled on another continent. It is necessary to show the sales based on the vehicle build location to provide accurate comparisons to the vehicle production units[2] for each continent.

In addition to automotive Original Equipment Manufacturers ("OEMs"), the Company sells powertrain parts to a mix of automotive and non-automotive manufacturers that service various industries such as power generation, construction equipment, marine and automotive. The final application of some parts sold to these manufacturers is not always clear; however the Company estimates the automotive portion of the sales for inclusion in its content per vehicle ("CPV") calculations. The allocation of sales to regions is based on vehicle production volume estimates from industry sources, published closest to the quarter end date. As these estimates are updated, the Company's sales classifications can be impacted.

							Three Months Ended March 31
North America		2019		2018		+/-	%
Vehicle Production Units		4.50		4.51		(0.01)	(0.2%)
Automotive Sales	$	752.9	$	745.9	$	7.0	0.9%
Content Per Vehicle	$	167.37	$	165.43	$	1.94	1.2%
Europe							
Vehicle Production Units		5.58		5.89		(0.31)	(5.3%)
Automotive Sales	$	472.4	$	452.1	$	20.3	4.5%
Content Per Vehicle	$	84.62	$	76.74	$	7.88	10.3%
Asia Pacific							
Vehicle Production Units		11.68		12.50		(0.82)	(6.6%)
Automotive Sales	$	120.2	$	136.2	$	(16.0)	(11.7%)
Content Per Vehicle	$	10.29	$	10.90	$	(0.61)	(5.6%)

North American automotive sales for Q1 2019 increased 0.9% from Q1 2018 in a market that saw a decrease of 0.2% in production volumes for the same period. As a result, content per vehicle in Q1 2019 increased 1.2% from $165.43 to $167.37. The increase in North American

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

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

content per vehicle was mainly a result of increases on our launching programs and increases in volumes over market production from certain light vehicle customers.

European automotive sales for Q1 2019 increased 4.5% from Q1 2018 in a market that saw a decrease of 5.3% in production volumes for the same period. As a result, content per vehicle in Q1 2019 increased 10.3% from $76.74 to $84.62. The increase in European content per vehicle was a result of increases on our launching programs partially offset by impacts related to the WLTP issues in addition to the impact of consumer sentiment for diesel engines which is impacting volumes with key customers.

Asia Pacific automotive sales for Q1 2019 decreased 11.7% from Q1 2018 in a market that saw a decrease of 6.6% in production volumes for the same period. As a result, content per vehicle in Q1 2019 decreased 5.6% from $10.90 to $10.29. The decrease in Asian CPV was a result of decreased volumes for certain programs that the company has significant business with, partially offset by increases on our launching programs.

RESULTS OF OPERATIONS

Gross Margin

	Three Months Ended March 31	
(in millions of dollars)	2019	2018
Sales	$ 1,974.5	$ 1,893.9
Cost of Sales before amortization	1,575.8	1,489.0
Amortization	94.8	88.8
Cost of Sales	1,670.6	1,577.8
Gross Margin	$ 303.9	$ 316.1
Gross Margin percentage	15.4%	16.7%

Gross margin percentage decreased in Q1 2019 to 15.4% compared to 16.7% in Q1 2018. Cost of sales before amortization as a percentage of sales increased in Q1 2019 to 79.8% compared to 78.6% for the same quarter of last year. In dollar terms, gross margin decreased $12.2 million in Q1 2019 compared with Q1 2018 as a result of the items discussed earlier in this analysis such as:

- decreased earnings as a result of decreased volumes on mature programs in both segments;
- additional costs related to heavy launch activity globally;
- increased material costs in the Industrial segment as a result of rising commodity prices; and
- restructuring costs incurred in Q1 2019; partially offset by
- increased earnings related to the acquisition of MacDon;
- increased earnings as a result of sales from launching programs in both segments; and
- a favourable impact on sales and expenses from the changes in foreign exchange rates from Q1 2018.

Q1 2019 amortization increased to $94.8 million from $88.8 million in Q1 2018 due to the additional lease amortization as a result of adopting IFRS 16 and additional expenses from the acquisition of MacDon. Amortization as a percentage of sales remained relatively flat at 4.8% of sales.

Selling, General and Administration

	Three Months Ended March 31	
(in millions of dollars)	2019	2018
Selling, general and administrative	$ 110.2	$ 106.6
SG&A percentage	5.6%	5.6%

Selling, general and administrative ("SG&A") costs increased in Q1 2019 to $110.2 million from $106.6 million as Q1 2019 has a full quarter of expenses from the acquisition of MacDon but remained flat as a percentage of sales at 5.6% when compared to Q1 2018.

Finance Expense and Income Taxes

(in millions of dollars)	Three Months Ended March 31 2019 $	2018 $
Operating Earnings (Loss)	187.7	214.9
Share of Net Earnings (Loss) of Investments Accounted for Using the Equity Method	(2.7)	(2.7)
Finance Income and (Expenses)	(12.2)	(9.3)
Provision for (Recovery of) Income Taxes	40.5	46.3
Net Earnings (Loss)	132.3	156.6

Finance Expenses
Finance expenses increased $2.9 million in Q1 2019 from $9.3 million in Q1 2018 to $12.2 million due to:

- higher interest due to the rate increases by the Bank of Canada since Q1 2018;
- three months of interest in Q1 2019 compared to only two months in Q1 2018 due to the acquisition of MacDon; partially offset by
- reduced interest expense as a result of debt repayments that have occurred since Q1 2018; and
- higher interest earned on the investment of excess cash and long-term receivable balances.

The consolidated effective interest rate for Q1 2019 increased to 2.9% compared to 2.6% in Q1 2018. The increase in the effective interest rate in Q1 2019 versus Q1 2018 is primarily driven by the Bank of Canada interest rates.

Income Taxes
The effective tax rate for Q1 2019 increased to 23.4% from 22.8% in Q1 2018 primarily due to an increase in non-deductible expenses in the quarter.

TOTAL EQUITY

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

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares, of which 65,319,495 common shares were outstanding as of May 2, 2019. The Company's common shares constitute its only class of voting securities. As of May 2, 2019, there were 1,691,876 options to acquire common shares outstanding and 4,050,000 options still available to be granted under the Company's share option plan.

In January 2019, the Company announced that the Toronto Stock Exchange ("TSX") had accepted a notice filed by the Company of its intention to make a normal course issuer bid ("NCIB" or "Bid"). Under the NCIB, Linamar has the ability to purchase for cancellation up to a maximum of 4,506,324 common shares, representing approximately 10% of the public float of 45,063,240 that were issued and outstanding as of January 18, 2019. For the period ended March 31, 2019, the Company repurchased and cancelled 35,000 common shares under its bid for a total amount of $1.6 million.

Under the TSX rules, during the six months ended December 31, 2018, the average daily trading volume of the common shares on the TSX was 374,235 Common Shares and, accordingly, daily purchases on the TSX pursuant to the Bid will be limited to 93,558 common shares, other than purchases made pursuant to the block purchase exception. The actual number of common shares which may be purchased pursuant to the Bid and the timing of any such purchases will be determined by the management of the Company, subject to applicable law and the rules of the TSX.

Purchases are expected to be made through the facilities of the TSX, or such other permitted means (including through alternative trading systems in Canada), at prevailing market prices or as otherwise permitted. The Bid will be funded using existing cash resources, and any common shares repurchased by the Company under the Bid will be cancelled.

Linamar believes that there are times when the market price of Linamar common shares may not reflect their underlying value and that the purchase of shares by Linamar will both provide liquidity to existing shareholders and benefit remaining shareholders. The NCIB is viewed by Linamar management as one component of an overall capital structure strategy and complementary to its organic and acquisition growth plans.

Linamar security holders may obtain a copy of the notice, without charge, upon request from the Secretary of the Company.

SELECTED FINANCIAL INFORMATION

Quarterly Results

The following table sets forth unaudited information for each of the eight quarters ended June 30, 2017 through March 31, 2019. 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)	Mar 31 2019 $	Dec 31 2018 $	Sep 30 2018 $	Jun 30 2018 $	Mar 31 2018 $	Dec 31 2017 $	Sep 30 2017 $	Jun 30 2017 $
Sales	1,974.5	1,732.0	1,837.3	2,157.4	1,893.9	1,574.5	1,549.7	1,766.2
Net Earnings (Loss)	132.3	124.5	113.2	197.1	156.6	135.1	107.3	161.9
Net Earnings (Loss) per Share								
Basic	2.02	1.91	1.73	3.02	2.40	2.07	1.64	2.48
Diluted	2.00	1.88	1.71	2.98	2.37	2.04	1.62	2.45

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.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

(in millions of dollars)	Three Months Ended March 31 2019 $	2018 $
Cash generated from (used in):		
Operating Activities	130.3	35.8
Financing Activities	2.8	1,248.1
Investing Activities	(117.4)	(1,294.8)
Effect of translation adjustment on cash	(2.2)	27.1
Increase (decrease) in cash and cash equivalents	13.5	16.2
Cash and cash equivalents – Beginning of Period	472.0	439.1
Cash and cash equivalents – End of Period	485.5	455.3
Comprised of:		
Cash in bank	347.4	320.5
Short-term deposits	144.9	141.1
Unpresented cheques	(6.8)	(6.3)
	485.5	455.3

The Company's cash and cash equivalents (net of unpresented cheques) at March 31, 2019 were $485.5 million, an increase of $30.2 million compared to March 31, 2018.

Cash generated from operating activities was $130.3 million, an increase of $94.5 million from Q1 2018, due to cash being generated by earnings partially offset by cash used to fund changes in operating assets and liabilities.

During the quarter, financing activities provided $2.8 million of cash compared to $1,248.1 million provided in Q1 2018, which was primarily used to fund the acquisition of MacDon.

Investing activities used $117.4 million in Q1 2019 compared to $1,294.8 million used in Q1 2018 mainly for the acquisition of MacDon.

Operating Activities

	Three Months Ended March 31	
	2019	2018
(in millions of dollars)	$	$
Net Earnings (Loss) for the period	132.3	156.6
Adjustments to earnings	115.6	104.4
	247.9	261.0
Changes in operating assets and liabilities	(117.6)	(225.2)
Cash generated from (used in) operating activities	130.3	35.8

Cash generated by operations before the effect of changes in operating assets and liabilities decreased $13.1 million in Q1 2019 to $247.9 million, compared to $261.0 million in Q1 2018.

Changes in operating assets and liabilities for Q1 2019 increased $117.6 million primarily due to increases in accounts receivable.

Financing Activities

	Three Months Ended March 31	
	2019	2018
(in millions of dollars)	$	$
Proceeds from (repayments of) short-term borrowings	(0.2)	4.5
Proceeds from (repayments of) long-term debt	18.2	1,251.0
Repurchase of shares	(1.6)	-
Finance income received (expenses paid)	(13.6)	(7.4)
Cash generated from (used in) financing activities	2.8	1,248.1

Financing activities for Q1 2019 provided $2.8 million of cash compared to $1,248.1 million provided in Q1 2018 primarily due to proceeds from long-term debt used to fund the acquisition of MacDon.

Investing Activities

	Three Months Ended March 31	
	2019	2018
(in millions of dollars)	$	$
Payments for purchase of property, plant and equipment	(120.4)	(117.6)
Proceeds on disposal of property, plant and equipment	12.0	2.1
Payments for purchase of intangible assets	(3.2)	(3.9)
Business acquisitions, net of cash acquired	-	(1,175.4)
Other	(5.8)	-
Cash generated from (used in) investing activities	(117.4)	(1,294.8)

Cash used for investing activities for Q1 2019 was $117.4 million compared to Q1 2018 at $1,294.8 million primarily due the acquisition of MacDon and the purchase of property, plant and equipment.

Capital Resources

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

At March 31, 2019, cash and cash equivalents, including short-term deposits (net of unpresented cheques) was $485.5 million and the Company’s credit facilities had available credit of $691.6 million.

Commitments and Contingencies

Please see the Company’s December 31, 2018 annual MD&A for a table summarizing the contractual obligations by category. Also certain guarantees and legal claims are described in the notes to the Company’s consolidated financial statements for the year ended December 31, 2018.

Financial Instruments

The Company's strategy, risks and presentation of its financial instruments remain substantially unchanged during the quarter ended March 31, 2019. For more information, please see the Company's December 31, 2018 annual MD&A and the Company consolidated financial statements for the year ended December 31, 2018.

A portion of the Company's financial instruments are held as long-term receivables totalling $512.7 million at March 31, 2019 compared to $516.8 million at December 31, 2018. Of this amount, $378.0 million compared to December 31, 2018 at $404.3 million relates to financing loans for the sale of industrial access equipment, $69.0 million compared to December 31, 2018 at $60.2 million relates to financing loans for investments accounted for using the equity method, $53.7 million compared to December 31, 2018 at $38.9 million relates to receivables for government assistance, and $12.0 million compared to December 31, 2018 at $13.4 million relates to 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.

For more information, please see the notes to the Company's interim consolidated financial statements for the quarter ended March 31, 2019.

CURRENT AND PROPOSED TRANSACTIONS

There are no current and proposed transactions for the quarter ended March 31, 2019.

RISK MANAGEMENT

The Company is exposed to a number of risks in the normal course of business that have the potential to affect its operating results. These include, but are not limited to Competition, Outsourcing and Insourcing; Sources and Availability of Raw Materials; Labour Markets and Dependence on Key Personnel; Dependence on Certain Customers; Technological Change and Product Launches; Foreign Currency Risk; Long-term Contracts; Acquisition and Expansion Risk; Foreign Business Risk; Cyclicality and Seasonality; Weather; Capital and Liquidity Risk; Legal Proceedings and Insurance Coverage; Credit Risk; Emission Standards; Tax Laws; Securities Laws Compliance and Corporate Governance Standards; and Environmental Matters. These risk factors remain substantially unchanged during the quarter ended March 31, 2019. These risk factors, as well as the other information contained in this MD&A, the Company's December 31, 2018 annual MD&A, and the Company's December 31, 2018 Annual Information Form, should be considered carefully. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements related to the Company.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

There were no changes in the Company's internal control over financial reporting during the quarter ended March 31, 2019, which have materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on the historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions or conditions. Please refer to the "Critical Accounting Estimates and Judgements" section of the Company's December 31, 2018 consolidated annual financial statements and March 31, 2019 consolidated interim financial statements for additional information.

RECENT ACCOUNTING CHANGES AND EFFECTIVE DATES

Please see the notes to the Company's consolidated financial statements for the year ended December 31, 2018, and the consolidated interim financial statements for the quarter ended March 31, 2019 for information regarding accounting changes effective January 1, 2019.

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 and EBITDA - Normalized. 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 Q1 2019, an unusual item related to restructuring adjusted the Transportation segment's earnings.

All normalizing items are reflected in the tables below:

			Three Months Ended March 31	
	2019	2018	+/-	+/-
(in millions of dollars)	$	$	$	%
Operating Earnings (Loss)	187.7	214.9	(27.2)	(12.7%)
Foreign exchange (gain) loss	6.0	(5.4)	11.4	
Unusual Item	4.0	-	4.0	
Operating Earnings (Loss) – Normalized	197.7	209.5	(11.8)	(5.6%)
Net Earnings (Loss)	132.3	156.6	(24.3)	(15.5%)
Foreign exchange (gain) loss	6.0	(5.4)	11.4	
Foreign exchange (gain) loss on debt and derivatives	(0.9)	1.2	(2.1)	
Unusual Item	4.0	-	4.0	
Tax impact	(2.0)	1.0	(3.0)	
Net Earnings (Loss) – Normalized	139.4	153.4	(14.0)	(9.1%)
Net Earnings (Loss) per share – Diluted	2.00	2.37	(0.37)	(15.6%)
Foreign exchange (gain) loss	0.09	(0.08)	0.17	
Foreign exchange (gain) loss on debt and derivatives	(0.01)	0.02	(0.03)	
Unusual Item	0.06	-	0.06	
Tax impact	(0.03)	0.01	(0.04)	
Net Earnings (Loss) per share – Diluted – Normalized	2.11	2.32	(0.21)	(9.1%)
EBITDA	287.7	306.1	(18.4)	(6.0%)
Foreign exchange (gain) loss	6.0	(5.4)	11.4	
Foreign exchange (gain) loss on debt and derivatives	(0.9)	1.2	(2.1)	
Unusual Item	4.0	-	4.0	
EBITDA – Normalized	296.8	301.9	(5.1)	(1.7%)

(in millions of dollars)	Industrial $	Transportation $	Three Months Ended March 31 2019 Linamar $
Operating Earnings (Loss)	73.1	114.6	187.7
EBITDA	88.5	199.2	287.7
Foreign exchange (gain) loss	4.8	1.2	6.0
Unusual Item	-	4.0	4.0
Operating Earnings (Loss) – Normalized	77.9	119.8	197.7
Foreign exchange (gain) loss on debt and derivatives	(0.3)	(0.6)	(0.9)
EBITDA – Normalized	93.0	203.8	296.8

(in millions of dollars)	Industrial $	Transportation $	Three Months Ended March 31 2018 Linamar $
Operating Earnings (Loss)	74.7	140.2	214.9
EBITDA	85.6	220.5	306.1
Foreign exchange (gain) loss	(12.0)	6.6	(5.4)
Unusual Item	-	-	-
Operating Earnings (Loss) – Normalized	62.7	146.8	209.5
Foreign exchange (gain) loss on debt and derivatives	0.2	1.0	1.2
EBITDA – Normalized	73.8	228.1	301.9

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 presented in the Company's consolidated financial statements less 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 less 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 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, less 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.

Additional GAAP Measures

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

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

EBITDA
EBITDA is calculated as Net Earnings (Loss) before interest, income taxes, and amortization. Please see the notes to the consolidated interim financial statements for the quarter ended March 31, 2019 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, the effective use and allocation of resources, and to provide more meaningful comparisons of operating results.

FORWARD LOOKING INFORMATION

Certain information provided by Linamar in this MD&A, the Annual Report and other documents published throughout the year which are not recitation of historical facts may constitute forward-looking statements. The words "may", "would", "could", "will", "likely", "estimate", "believe", "expect", "plan", "forecast" and similar expressions are intended to identify forward-looking statements. Readers are cautioned that such statements are only predictions and the actual events or results may differ materially. In evaluating such forward-looking statements, readers should specifically consider the various factors that could cause actual events or results to differ materially from those indicated by such forward-looking statements.

Such forward-looking information may involve important risks and uncertainties that could materially alter results in the future from those expressed or implied in any forward-looking statements made by, or on behalf of, Linamar. Some of the factors and risks and uncertainties that cause results to differ from current expectations include, but are not limited to, changes in the competitive environment in which Linamar operates, OEM outsourcing and insourcing; sources and availability of raw materials; labour markets and dependence on key personnel; dependence on certain customers and product programs; technological change in the sectors in which the Company operates and by Linamar's competitors; delays in or operational issues with product launches; foreign currency risk; long-term contracts that are not guaranteed; acquisition and expansion risk; foreign business risk; cyclicality and seasonality; weather; capital and liquidity risk; legal proceedings and insurance coverage; credit risk; emission standards; tax laws; securities laws compliance and corporate governance standards; fluctuations in interest rates; environmental emissions and safety regulations; trade and labour disruptions; world political events; pricing concessions to customers; and governmental, environmental and regulatory policies.

The foregoing is not an exhaustive list of the factors that may affect Linamar's 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.

LINAMAR CORPORATION

Consolidated Interim Statements of Financial Position

As at March 31, 2019 with comparatives as at December 31, 2018 (Unaudited)
(in thousands of Canadian dollars)

	March 31 2019 $	December 31 2018 $
ASSETS		
Cash and cash equivalents	485,457	471,975
Accounts and other receivables	1,481,942	1,285,806
Inventories	1,222,236	1,218,956
Income taxes recoverable	36,746	32,509
Current portion of long-term receivables (Note 6)	131,596	134,402
Current portion of derivative financial instruments (Note 6)	1,804	5,229
Other current assets	29,091	31,439
Current Assets	3,388,872	3,180,316
Long-term receivables (Note 6)	381,103	382,384
Derivative financial instruments (Note 6)	65,888	66,048
Property, plant and equipment	2,707,185	2,654,536
Investments accounted for using the equity method	3,882	4,253
Deferred tax assets	59,059	53,495
Intangible assets	881,697	900,571
Goodwill	871,883	891,818
Assets	8,359,569	8,133,421
LIABILITIES		
Short-term borrowings	15,939	16,978
Accounts payable and accrued liabilities	1,569,582	1,471,447
Provisions	33,999	32,534
Income taxes payable	35,585	52,774
Current portion of long-term debt (Notes 6, 7)	29,112	8,722
Current Liabilities	1,684,217	1,582,455
Long-term debt (Notes 6, 7)	2,525,161	2,462,788
Derivative financial instruments (Note 6)	-	15,882
Deferred tax liabilities	280,538	269,164
Liabilities	4,489,916	4,330,289
EQUITY		
Capital stock	122,327	122,393
Retained earnings	3,590,565	3,459,841
Contributed surplus	29,079	28,449
Accumulated other comprehensive earnings (loss)	127,682	192,449
Equity	3,869,653	3,803,132
Liabilities and Equity	8,359,569	8,133,421

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

On behalf of the Board of Directors:

(Signed) “Frank Hasenfratz”

Frank Hasenfratz
Director

(Signed) “Linda Hasenfratz”

Linda Hasenfratz
Director

LINAMAR CORPORATION

Consolidated Interim Statements of Earnings

For the three months ended March 31, 2019 and March 31, 2018 (Unaudited)
(in thousands of Canadian dollars, except per share figures)

	Three Months Ended March 31 2019 $	2018 $
Sales	1,974,494	1,893,922
Cost of sales	1,670,638	1,577,849
Gross Margin	303,856	316,073
Selling, general and administrative	110,217	106,601
Other income and (expenses) (Note 9)	(5,909)	5,473
Operating Earnings (Loss)	187,730	214,945
Share of net earnings (loss) of investments accounted for using the equity method	(2,662)	(2,721)
Finance income and (expenses) (Note 10)	(12,263)	(9,321)
Net Earnings (Loss) before Income Taxes	172,805	202,903
Provision for (recovery of) income taxes	40,478	46,268
Net Earnings (Loss) for the Period	132,327	156,635
Net Earnings (Loss) Per Share:		
Basic	2.02	2.40
Diluted	2.00	2.37

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

LINAMAR CORPORATION

Consolidated Interim Statements of Comprehensive Earnings

For the three months ended March 31, 2019 and March 31, 2018 (Unaudited)
(in thousands of Canadian dollars)

	Three Months Ended March 31 2019 $	2018 $
Net Earnings (Loss) for the Period	132,327	156,635
Items that may be reclassified subsequently to net income		
Unrealized gains (losses) on translating financial statements of foreign operations	(94,356)	178,876
Change in unrealized gains (losses) on net investment hedges	37,530	(49,200)
Change in unrealized gains (losses) on cash flow hedges	(28,552)	4,706
Change in cost of hedging	7,303	(1,394)
Reclassification to earnings of gains (losses) on cash flow hedges	23,171	(4,602)
Tax impact of above	(9,863)	322
Other Comprehensive Earnings (Loss)	(64,767)	128,708
Comprehensive Earnings (Loss) for the Period	67,560	285,343

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

LINAMAR CORPORATION
Consolidated Interim Statements of Changes in Equity
For the three months ended March 31, 2019 and March 31, 2018 (Unaudited)
(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)	-	132,327	-	-	-	132,327
Other comprehensive earnings (loss)	-	-	-	(65,066)	299	(64,767)
Comprehensive Earnings (Loss)	-	132,327	-	(65,066)	299	67,560
Share-based compensation	-	-	630	-	-	630
Common shares repurchased and cancelled (Note 8)	(66)	(1,603)	-	-	-	(1,669)
Balance at March 31, 2019	122,327	3,590,565	29,079	132,155	(4,473)	3,869,653

	Capital stock $	Retained earnings $	Contributed surplus $	Cumulative translation adjustment $	Hedging reserves $	Total Equity $
Balance at January 1, 2018	122,393	2,899,730	25,027	61,564	(698)	3,108,016
Net Earnings (Loss)	-	156,635	-	-	-	156,635
Other comprehensive earnings (loss)	-	-	-	129,676	(968)	128,708
Comprehensive Earnings (Loss)	-	156,635	-	129,676	(968)	285,343
Share-based compensation	-	-	798	-	-	798
Balance at March 31, 2018	122,393	3,056,365	25,825	191,240	(1,666)	3,394,157

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

LINAMAR CORPORATION

Consolidated Interim Statements of Cash Flows

For the three months ended March 31, 2019 and March 31, 2018 (Unaudited)
(in thousands of Canadian dollars)

	Three Months Ended March 31 2019 $	2018 $
Cash generated from (used in)		
Operating Activities		
Net Earnings (Loss) for the Period	132,327	156,635
Adjustments for:		
Amortization of property, plant and equipment	85,723	82,028
Amortization of other intangible assets	10,407	8,402
Deferred income taxes	(1,770)	689
Property, plant and equipment impairment provision, net of reversals	-	(838)
Share-based compensation	630	798
Finance (income) and expenses	12,263	9,321
Other	8,365	3,929
	247,945	260,964
Changes in operating assets and liabilities:		
(Increase) decrease in accounts and other receivables	(212,949)	(203,061)
(Increase) decrease in inventories	(19,174)	(90,678)
(Increase) decrease in other current assets	1,721	2,997
(Increase) decrease in long-term receivables	(1,886)	(64,368)
Increase (decrease) in income taxes	(21,899)	(10,021)
Increase (decrease) in accounts payable and accrued liabilities	134,783	139,387
Increase (decrease) in provisions	1,719	597
	(117,685)	(225,147)
Cash generated from (used in) operating activities	130,260	35,817
Financing Activities		
Proceeds from (repayments of) short-term borrowings	(197)	4,476
Proceeds from (repayments of) long-term debt	18,246	1,250,991
Repurchase of shares (Note 8)	(1,669)	-
Finance income received (expenses paid)	(13,617)	(7,412)
Cash generated from (used in) financing activities	2,763	1,248,055
Investing Activities		
Payments for purchase of property, plant and equipment	(120,399)	(117,586)
Proceeds on disposal of property, plant and equipment	12,001	2,099
Payments for purchase of intangible assets	(3,150)	(3,901)
Business acquisitions, net of cash acquired	-	(1,175,356)
Other	(5,767)	-
Cash generated from (used in) investing activities	(117,315)	(1,294,744)
	15,708	(10,872)
Effect of translation adjustment on cash	(2,226)	27,073
Increase (decrease) in cash and cash equivalents	13,482	16,201
Cash and cash equivalents - Beginning of Period	471,975	439,064
Cash and cash equivalents - End of Period	485,457	455,265
Comprised of:		
Cash in bank	347,405	320,518
Short-term deposits	144,933	141,054
Unpresented cheques	(6,881)	(6,307)
	485,457	455,265

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

1 General Information

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

The consolidated interim financial statements of the Company for the period ended March 31, 2019 were authorized for issue in accordance with a resolution of the Company's Board of Directors on May 2, 2019.

2 Significant Accounting Policies

The Company has prepared these unaudited consolidated interim financial statements ("interim financial statements") using the same accounting policies and methods as those used in the Company's audited consolidated annual financial statements ("annual financial statements") for the year ended December 31, 2018, except as described in Note 3. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of Presentation

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

These interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting. Accordingly, certain information and footnotes as required in the annual financial statements have been omitted or condensed and as such these interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2018. These interim financial statements and the notes thereto have not been reviewed by the Company's external auditors pursuant to a review engagement applying review standards set out in the Canadian Chartered Professional Accountants handbook.

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

3 Changes in Accounting Policies

New Standards and Amendments Adopted

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

IFRS 16 Leases

The Company has adopted IFRS 16 Leases as issued in January 2016. In accordance with the transition provisions, the standard has been adopted without restating comparative figures. The new standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. 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).

Management has evaluated all the changes introduced by IFRS 16. The Company has adopted this guidance effective January 1, 2019, resulting in an increase to right-of-use assets within property, plant and equipment and lease liabilities within long-term debt of $78,715. The majority of the increases within property, plant and equipment relate to right-of-use buildings. 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. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 2.6%. There was no significant change in the total lease liability at January 1, 2019 as compared to the future aggregate minimum lease payments under operating leases and finance leases as disclosed in the annual financial statements for the year ended December 31, 2018.

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

New Standards and Interpretations Not Yet Adopted

At the date of authorization of these interim financial statements, there were no new standards, amendments and interpretations to existing standards that were relevant to the Company published since March 11, 2019, the date of the Company's last issuance of interim consolidated financial statements.

4 Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions or conditions. Management's most critical estimates and assumptions in determining the value of assets and liabilities and most critical judgements in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year have been set out in the Company's annual financial statements for the year ended December 31, 2018.

5 Seasonality

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

6 Fair Value of Financial Instruments

The comparison of fair values to carrying amounts of financial assets and financial liabilities along with their fair value hierarchy is as follows:

			March 31, 2019		December 31, 2018
	Subsequent Measurement	Carrying Value Asset (Liability) $	Fair Value $	Carrying Value Asset (Liability) $	Fair Value $
Long-term receivables	Amortized cost (Level 2)	512,699	520,708	516,786	522,372
Derivative financial instruments					
USD interest payment forward contracts	Fair value (Level 2)	4,338	4,338	5,724	5,724
USD debt principal forward contracts	Fair value (Level 2)	31,609	31,609	34,820	34,820
USD cross currency interest rate swap	Fair value (Level 2)	2,583	2,583	30,733	30,733
EUR cross currency interest rate swap	Fair value (Level 2)	29,162	29,162	(15,882)	(15,882)
Long-term debt, excluding 2019 lease liabilities	Amortized cost (Level 2)	(2,465,648)	(2,435,289)	(2,471,510)	(2,399,915)

7 Long-Term Debt

	March 31 2019 $	December 31 2018 $
Senior unsecured notes	173,648	177,204
Bank borrowings	2,212,281	2,202,263
Lease liabilities (Note 3)	88,625	8,620
Government borrowings	79,719	83,423
	2,554,273	2,471,510
Less: current portion	29,112	8,722
	2,525,161	2,462,788

Without restating comparative figures, effective January 1, 2019 the Company adopted IFRS 16 Leases thereby increasing property, plant and equipment and lease liabilities by $78,715.

As of March 31, 2019, $691,589 was available under the various credit facilities.

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

8 Capital Stock

On January 25, 2019, the Company announced the TSX approval to commence a normal course issuer bid. The bid permits 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 will be cancelled. For the period ended March 31, 2019, the Company repurchased and cancelled 35,000 common shares under its bid for a total amount of $1,669.

9 Other Income and (Expenses)

	Three Months Ended	
		March 31
	2019	2018
	$	$
Foreign exchange gain (loss)	(5,942)	5,391
Other income (expense)	33	82
	(5,909)	5,473

10 Finance Income and (Expenses)

	Three Months Ended	
		March 31
	2019	2018
	$	$
Finance costs	(18,423)	(13,589)
Foreign exchange gain (loss) on debt and derivatives	800	(1,164)
Interest earned	7,272	6,896
Other	(1,912)	(1,464)
	(12,263)	(9,321)

11 Commitments

As at March 31, 2019, outstanding commitments for capital expenditures under purchase orders and contracts amounted to $207,466 (March 31, 2018 - $354,401). Of this amount, $181,816 (March 31, 2018 - $347,940) relates to the purchase of manufacturing equipment and $25,650 (March 31, 2018 - $6,461) relates to general contracting and construction costs in respect of plant construction. The majority of these commitments are due within the next twelve months.

12 Segmented Information

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

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

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

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

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

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

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

	Three Months Ended March 31, 2019				
	Sales to external customers $	Inter-segment sales $	Operating earnings (loss) $	EBITDA $	Total identifiable assets $
Transportation	1,509,443	10,928	114,602	199,158	5,416,067
Industrial	465,051	2,497	73,128	88,502	2,943,502
Total	1,974,494	13,425	187,730	287,660	8,359,569

	Three Months Ended March 31, 2018				
	Sales to external customers $	Inter-segment sales $	Operating earnings (loss) $	EBITDA $	Total identifiable assets $
Transportation	1,496,426	11,076	140,286	220,523	5,338,762
Industrial	397,496	640	74,659	85,575	2,600,901
Total	1,893,922	11,716	214,945	306,098	7,939,663

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

	Three Months Ended March 31	
	2019 $	2018 $
Net earnings (loss) before income taxes	172,805	202,903
Amortization of property, plant and equipment	85,723	82,028
Amortization of other intangible assets	10,407	8,402
Property, plant and equipment impairment provision, net of reversals	-	(838)
Finance costs	18,423	13,589
Other interest	302	14
EBITDA	287,660	306,098