LINAMAR CORPORATION
Management's Discussion and Analysis
For the Quarter Ended September 30, 2018

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Linamar Corporation ("Linamar" or the "Company") should be read in conjunction with its consolidated interim financial statements for the quarter ended September 30, 2018. This MD&A has been prepared as at November 7, 2018. The financial information presented herein has been prepared on the basis of International Financial Reporting Standards ("IFRS"). References to the term generally accepted accounting principles ("GAAP") refer to information contained herein being prepared under IFRS as adopted. All amounts in this MD&A are in millions of Canadian dollars, unless otherwise noted.

Additional information regarding Linamar, including copies of its continuous disclosure materials such as its annual information form, is available on its website at www.linamar.com or through the SEDAR website at www.sedar.com.

OVERALL CORPORATE PERFORMANCE

Overview of the Business

Linamar Corporation (TSX:LNR) is a diversified global manufacturing company of highly engineered products powering vehicles, motion, work and lives. The Company is made up of 2 operating segments – the Transportation segment and the Industrial segment, which are further divided into 5 operating groups – Machining & Assembly, Light Metal Casting, Forging, Skyjack and Agriculture, all world leaders in the design, development and production of highly engineered products. The Company's Machining & Assembly, Light Metal Casting and Forging operating groups focus on precision metallic components, modules and systems for powertrain, driveline and body systems designed for global electrified and traditionally powered vehicle and industrial markets. The Company's Skyjack and 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. Linamar has more than 29,000 employees in 60 manufacturing locations, 8 R&D centers and 25 sales offices in 17 countries in North and South America, Europe and Asia which generated sales of $6.5 billion in 2017. For more information about Linamar Corporation and its industry leading products and services, visit www.linamar.com or follow us on Twitter at @LinamarCorp.

Overall Corporate Results

The following table sets out certain highlights of the Company's performance in the third quarter of 2018 ("Q3 2018") and 2017 ("Q3 2017"):

	Three Months Ended September 30				Nine Months Ended September 30			
(in millions of dollars, except content per vehicle figures)	2018 $	2017 $	+/- $	+/- %	2018 $	2017 $	+/- $	+/- %
Sales	1,837.3	1,549.7	287.6	18.6%	5,888.6	4,971.9	916.7	18.4%
Gross Margin	274.5	230.8	43.7	18.9%	976.1	827.6	148.5	17.9%
Operating Earnings (Loss)[1]	161.4	141.9	19.5	13.7%	648.7	549.6	99.1	18.0%
Net Earnings (Loss)	113.2	107.3	5.9	5.5%	467.0	414.3	52.7	12.7%
Net Earnings (Loss) per Share - Diluted	1.71	1.62	0.09	5.6%	7.05	6.27	0.78	12.4%
Earnings before interest, taxes and amortization ("EBITDA")[1]	253.7	221.9	31.8	14.3%	928.0	798.6	129.4	16.2%
Operating Earnings (Loss) - Adjusted[1]	161.4	141.9	19.5	13.7%	653.0	549.6	103.4	18.8%
Net Earnings (Loss) - Adjusted[1]	113.2	107.3	5.9	5.5%	470.2	414.3	55.9	13.5%
Net Earnings (Loss) per Share - Diluted - Adjusted[1]	1.71	1.62	0.09	5.6%	7.09	6.27	0.82	13.1%
EBITDA - Adjusted[1]	253.7	221.9	31.8	14.3%	932.3	798.6	133.7	16.7%
Content per Vehicle - North America	169.52	162.49	7.03	4.3%	168.24	159.55	8.69	5.4%
Content per Vehicle - Europe	78.44	73.60	4.84	6.6%	78.83	69.50	9.33	13.4%
Content per Vehicle - Asia Pacific	9.13	9.44	(0.31)	(3.3%)	9.23	9.73	(0.50)	(5.1%)

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 Measures" section of this MD&A.

BUSINESS SEGMENT REVIEW

The Company reports its results of operations in two business segments: Transportation and Industrial. The segments are differentiated by the products that each produces and reflects how the chief operating decision makers of the Company manage the business. The following should be read in conjunction with the Company's consolidated interim financial statements for the quarter ended September 30, 2018.

			Three Months Ended September 30 2018			Three Months Ended September 30 2017
	Transportation	Industrial	Linamar	Transportation	Industrial	Linamar
(in millions of dollars)	$	$	$	$	$	$
Sales	1,352.5	484.8	1,837.3	1,289.4	260.3	1,549.7
Operating Earnings (Loss)	86.6	74.8	161.4	108.1	33.8	141.9
EBITDA	164.8	88.9	253.7	183.0	38.9	221.9

			Nine Months Ended September 30 2018			Nine Months Ended September 30 2017
	Transportation	Industrial	Linamar	Transportation	Industrial	Linamar
(in millions of dollars)	$	$	$	$	$	$
Sales	4,355.7	1,532.9	5,888.6	4,063.6	908.3	4,971.9
Operating Earnings (Loss)	365.6	283.1	648.7	416.0	133.6	549.6
EBITDA	605.8	322.2	928.0	649.4	149.2	798.6
Operating Earnings (Loss) – Adjusted	368.7	284.3	653.0	416.0	133.6	549.6
EBITDA – Adjusted	608.9	323.4	932.3	649.4	149.2	798.6

Transportation Highlights

				Three Months Ended September 30				Nine Months Ended September 30
	2018	2017	+/-	+/-	2018	2017	+/-	+/-
(in millions of dollars)	$	$	$	%	$	$	$	%
Sales	1,352.5	1,289.4	63.1	4.9%	4,355.7	4,063.6	292.1	7.2%
Operating Earnings (Loss)	86.6	108.1	(21.5)	(19.9%)	365.6	416.0	(50.4)	(12.1%)
EBITDA	164.8	183.0	(18.2)	(9.9%)	605.8	649.4	(43.6)	(6.7%)
Operating Earnings (Loss) – Adjusted	86.6	108.1	(21.5)	(19.9%)	368.7	416.0	(47.3)	(11.4%)
EBITDA – Adjusted	164.8	183.0	(18.2)	(9.9%)	608.9	649.4	(40.5)	(6.2%)

Sales for the Transportation segment ("Transportation") increased by $63.1 million, or 4.9% in Q3 2018 compared with Q3 2017. The sales in Q3 2018 were impacted by:

- increased volumes from our light vehicle automotive customers in North America and Asia;
- a favourable impact on sales from the changes in foreign exchange rates from Q3 2017; and
- additional sales from launching programs in North America; partially offset by
- sales declines on mature programs primarily in Europe largely due to the new Worldwide Harmonized Light Vehicles Test Procedure ("WLTP").

Year to date ("YTD") sales for Transportation increased by $292.1 million, or 7.2% compared to YTD Q3 2017. The factors that impacted Q3 2018 similarly impacted the YTD results.

Q3 2018 operating earnings for Transportation were lower by $21.5 million, or 19.9% over Q3 2017. The Transportation segment's earnings were impacted by the following:

- sales declines on mature higher margin programs primarily in Europe largely due to WLTP, partly offset by programs in the early stages of launch with lower margins;
- additional costs related to heavy launch activity globally; and
- increased management, R&D, and sales costs supporting growth; partially offset by
- increased volumes from our light vehicle automotive customers in North America and Asia;
- a favourable impact on sales and expenses from the changes in foreign exchange rates from Q3 2017; and
- a minimal foreign exchange impact from the revaluation of the operating balances on the balance sheet in Q3 2018 in comparison to a more significant unfavorable impact in Q3 2017.

The YTD operating earnings decreased by $50.4 million, or 12.1% compared with YTD Q3 2017. The factors that impacted Q3 2018 similarly impacted the YTD results with the exception of an unfavourable impact on operating earnings from the changes in foreign exchange rates.

Industrial Highlights

				Three Months Ended September 30				Nine Months Ended September 30
	2018	2017	+/-	+/-	2018	2017	+/-	+/-
(in millions of dollars)	$	$	$	%	$	$	$	%
Sales	484.8	260.3	224.5	86.2%	1,532.9	908.3	624.6	68.8%
Operating Earnings (Loss)	74.8	33.8	41.0	121.3%	283.1	133.6	149.5	111.9%
EBITDA	88.9	38.9	50.0	128.5%	322.2	149.2	173.0	116.0%
Operating Earnings (Loss) – Adjusted	74.8	33.8	41.0	121.3%	284.3	133.6	150.7	112.8%
EBITDA – Adjusted	88.9	38.9	50.0	128.5%	323.4	149.2	174.2	116.8%

The Industrial segment ("Industrial") product sales increased 86.2%, or $224.5 million, to $484.8 million in Q3 2018 from Q3 2017. 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");
- strong market share gains and increased volumes for booms in Europe and North America;
- strong market share gains and increased volumes for telehandlers in North America;
- strong market share gains for scissors in Europe and increased volumes in North America; and
- a favourable impact on sales from the changes in foreign exchange rates from Q3 2017.

YTD sales for Industrial increased by $624.6 million, or 68.8% compared with YTD Q3 2017. The factors that impacted Q3 2018 similarly impacted the YTD results with the exception of an unfavourable impact on sales from the changes in foreign exchange rates.

Industrial segment operating earnings in Q3 2018 increased $41.0 million, or 121.3% from Q3 2017. The Industrial operating earnings results were predominantly driven by:

- increased earnings related to the acquisition of MacDon;
- net increase in access equipment volumes; and
- a favourable impact on sales and expenses from the changes in foreign exchange rates from Q3 2017; partially offset by
- increased material costs as a result of rising commodity prices;
- lower margins as a result of changes in customer and product mix favouring new launching products with lower margins;
- an unfavourable foreign exchange impact from the revaluation of the operating balances on the balance sheet in Q3 2018; and
- increased management and sales costs supporting growth.

The YTD operating earnings for Industrial increased by $149.5 million, or 111.9% compared with YTD Q3 2017. The factors that impacted Q3 2018 similarly impacted the YTD results with the exception of an unfavourable impact on sales and expenses from the changes in foreign exchange rates.

AUTOMOTIVE SALES AND CONTENT PER VEHICLE[1]

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

In addition to automotive Original Equipment Manufacturers ("OEMs"), the Company sells powertrain parts to a mix of automotive and non-automotive manufacturers that service various industries such as power generation, construction equipment, marine and automotive. The final application of some parts sold to these manufacturers is not always clear; however the Company estimates the automotive portion of the sales for inclusion in its content per vehicle ("CPV") calculations. The allocation of sales to regions is based on vehicle production

[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.

volume estimates from industry sources, published closest to the quarter end date. As these estimates are updated, the Company's sales classifications can be impacted.

				Three Months Ended September 30				Nine Months Ended September 30
North America	2018	2017	+/-	%	2018	2017	+/-	%
Vehicle Production Units[1]	4.24	4.09	0.15	3.7%	13.25	13.30	(0.05)	(0.4%)
Automotive Sales[1]	$ 718.4	$ 664.5	$ 53.9	8.1%	$ 2,228.7	$ 2,122.1	$ 106.6	5.0%
Content Per Vehicle[1]	$ 169.52	$ 162.49	$ 7.03	4.3%	$ 168.24	$ 159.55	$ 8.69	5.4%
Europe								
Vehicle Production Units	4.79	4.96	(0.17)	(3.4%)	16.69	16.53	0.16	1.0%
Automotive Sales	$ 376.1	$ 365.1	$ 11.0	3.0%	$ 1,315.5	$ 1,149.1	$ 166.4	14.5%
Content Per Vehicle	$ 78.44	$ 73.60	$ 4.84	6.6%	$ 78.83	$ 69.50	$ 9.33	13.4%
Asia Pacific								
Vehicle Production Units	11.87	12.08	(0.21)	(1.7%)	36.55	36.13	0.42	1.2%
Automotive Sales	$ 108.4	$ 114.0	$ (5.6)	(4.9%)	$ 337.3	$ 351.6	$ (14.3)	(4.1%)
Content Per Vehicle	$ 9.13	$ 9.44	$ (0.31)	(3.3%)	$ 9.23	$ 9.73	$ (0.50)	(5.1%)

North American automotive sales for Q3 2018 increased 8.1% from Q3 2017 in a market that saw an increase of 3.7% in production volumes for the same period. As a result, content per vehicle in Q3 2018 increased 4.3% from $162.49 to $169.52. The increase in North American content per vehicle was a result of our customers outperforming the market in production volumes and increases on launching programs.

European automotive sales for Q3 2018 increased 3.0% from Q3 2017 in a market that saw a decrease of 3.4% in production volumes for the same period. As a result, content per vehicle in Q3 2018 increased 6.6% from $73.60 to $78.44. The increase in European content per vehicle was a result of increases on launching programs partially offset by our customers underperforming the market in production volumes.

Asia Pacific automotive sales for Q3 2018 decreased 4.9% from Q3 2017 in a market that saw a decrease of 1.7% in production volumes for the same period. As a result, content per vehicle in Q3 2018 decreased 3.3% from $9.44 to $9.13. The decrease in Asian CPV was a result of decreased volumes for certain programs that the company has significant business on.

RESULTS OF OPERATIONS

Gross Margin

		Three Months Ended September 30		Nine Months Ended September 30
(in millions of dollars)	2018	2017	2018	2017
Sales	$ 1,837.3	$ 1,549.7	$ 5,888.6	$ 4,971.9
Cost of Sales before Amortization	1,474.5	1,239.5	4,644.4	3,903.2
Amortization	88.3	79.4	268.1	241.1
Cost of Sales	1,562.8	1,318.9	4,912.5	4,144.3
Gross Margin	$ 274.5	$ 230.8	$ 976.1	$ 827.6
Gross Margin Percentage	14.9%	14.9%	16.6%	16.6%

Gross margin percentage stayed flat at 14.9% in both Q3 2018 and Q3 2017. Cost of sales before amortization as a percentage of sales increased in Q3 2018 to 80.3% compared to 80.0% for the same quarter of last year. Gross margin increased $43.7 million between Q3 2018 and Q3 2017 as a result of the items discussed earlier in this analysis such as:

- increased margins related to the acquisition of MacDon;
- increased earnings as a result of increased volumes in both segments; and
- a favourable foreign exchange impact from the changes in foreign exchange rates; partially offset by
- sales declines on mature higher margin programs primarily in Europe largely due to WLTP, partly offset by programs in the early stages of launch with lower margins;

[1] 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.

- additional costs related to heavy launch activity globally within the Transportation segment; and
- increased material costs in the Industrial segment as a result of rising commodity prices.

Q3 2018 amortization increased to $88.3 million from $79.4 million in Q3 2017 due to the additional expenses from the acquisition of MacDon and increased expenses related to launching programs. Amortization as a percentage of sales decreased to 4.8% of sales as compared to 5.1% in Q3 2017.

YTD Q3 2018 gross margin remained flat at 16.6% compared to the same period of 2017. The increase, on a dollar basis, in the YTD gross margin was a result of the same factors that impacted Q3 2018.

Selling, General and Administration

	Three Months Ended September 30		Nine Months Ended September 30	
(in millions of dollars)	2018	2017	2018	2017
Selling, general and administrative	$ 103.0	$ 79.4	$ 332.2	$ 260.6
SG&A Percentage	5.6%	5.1%	5.6%	5.2%

Selling, general and administrative ("SG&A") costs increased in Q3 2018 to $103.0 million from $79.4 million and increased as a percentage of sales to 5.6% from 5.1% when compared to Q3 2017 due to additional expenses from the acquisition of MacDon, additional management, R&D, and sales costs supporting growth in Q3 2018.

On a YTD basis, SG&A costs reflected a similar pattern of higher dollar costs due to similar issues as seen in the quarter which increased SG&A as a percentage of sales to 5.6% from 5.2% when compared to YTD Q3 2017.

Finance Expense and Income Taxes

	Three Months Ended September 30		Nine Months Ended September 30	
	2018	2017	2018	2017
(in millions of dollars)	$	$	$	$
Operating Earnings (Loss)	161.4	141.9	648.7	549.6
Share of Net Earnings (Loss) of Investments Accounted for Using the Equity Method	(3.9)	(1.5)	(9.5)	(4.1)
Finance Income and (Expenses)	(11.9)	(0.8)	(33.8)	(6.6)
Provision for (Recovery of) Income Taxes	32.4	32.3	138.4	124.6
Net Earnings (Loss)	113.2	107.3	467.0	414.3

Finance Expenses

Finance expenses increased $11.1 million in Q3 2018 from $0.8 million in Q3 2017 to $11.9 million due to:

- an increase in Canadian debt levels due to the acquisition of MacDon in Q1 2018;
- a higher borrowing spread due to the change in the covenant ratio after the MacDon acquisition; and
- higher interest rates due to the Bank of Canada rate hikes in Q1 2018 and Q3 2018; partially offset by
- higher interest earned on the investment of excess cash and long-term receivable balances; and
- Q3 2017 repayment of private placement debt which was replaced with floating debt with lower interest rates.

YTD Q3 2018 finance expenses increased $27.2 million compared to YTD Q3 2017 as a result of the same factors as described above for Q3 2018.

The consolidated effective interest rate for Q3 2018 increased to 2.9% compared to 1.9% in Q3 2017. The increase in the effective interest rate was driven by the change in the borrowing spread due to the MacDon acquisition, coupled with the recent Bank of Canada interest rate hikes.

The YTD Q3 2018 effective interest rate increased to 2.8% versus 2.0% YTD Q3 2017 due to the same factors that impacted the Q3 effective interest rate.

Income Taxes

The effective tax rate for Q3 2018 was 22.2%, a decrease from the 23.1% rate in the same quarter of 2017. The effective tax rate in Q3 2018 was:

- reduced based on a more favourable mix of foreign tax rates in Q3 2018 compared to Q3 2017; and
- reduced due to the one-time impact of a future tax rate on deferred tax assets in Q3 2017 that did not reoccur in Q3 2018; partially offset by
- an increase due to the higher effective tax rate on income from MacDon.

The YTD Q3 2018 effective tax rate is 22.9%, a slight decrease from the 23.1% rate for YTD Q3 2017. The YTD Q3 2018effective tax rate was impacted primarily by the same factors as described for Q3 2018, but not to the same magnitude.

TOTAL EQUITY

Book value per share[1] increased to $54.42 per share at September 30, 2018 as compared to $47.63 per share at December 31, 2017.

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 65,354,495 common shares were outstanding as of November 7, 2018. The Company's common shares constitute its only class of voting securities. As of November 7, 2018, there were 1,591,876 options to acquire common shares outstanding and 4,250,000 options still available to be granted under the Company's share option plan.

SELECTED FINANCIAL INFORMATION

Quarterly Results

The following table sets forth unaudited information for each of the eight quarters ended December 30, 2016 through September 30, 2018. 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, expect per share figures)	Sep 30 2018 $	Jun 30 2018 $	Mar 31 2018 $	Dec 31 2017 $	Sep 30 2017 $	Jun 30 2017 $	Mar 31 2017 $	Dec 31 2016 $
Sales	1,837.3	2,157.4	1,893.9	1,574.5	1,549.7	1,766.2	1,656.0	1,374.8
Net Earnings (Loss)	113.2	197.1	156.6	135.1	107.3	161.9	145.1	116.1
Net Earnings (Loss) per Share								
Basic	1.73	3.02	2.40	2.07	1.64	2.48	2.22	1.78
Diluted	1.71	2.98	2.37	2.04	1.62	2.45	2.20	1.76

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.

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

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

	Three Months Ended	September 30	Nine Months Ended	September 30
	2018	2017	2018	2017
(in millions of dollars)	$	$	$	$
Cash generated from (used in):				
Operating Activities	251.7	140.3	431.6	410.8
Financing Activities	(75.1)	3.1	1,132.3	28.6
Investing Activities	(159.6)	(115.4)	(1,579.2)	(315.4)
Effect of translation adjustment on cash	(9.5)	(13.7)	0.8	(4.1)
Net Increase (Decrease) in Cash Position	7.5	14.3	(14.5)	119.9
Cash and Cash Equivalents – Beginning of Period	417.1	510.6	439.1	405.0
Cash and Cash Equivalents – End of Period	424.6	524.9	424.6	524.9
Comprised of:				
Cash in bank	262.0	339.1	262.0	339.1
Short-term deposits	170.6	197.6	170.6	197.6
Unpresented Cheques	(8.0)	(11.8)	(8.0)	(11.8)
	424.6	524.9	424.6	524.9

The Company's cash and cash equivalents (net of unpresented cheques) at September 30, 2018 were $424.6 million, a decrease of $100.3 million compared to September 30, 2017.

Cash generated from operating activities was $251.7 million, an increase of $111.4 million from Q3 2017 due to more cash being generated from the net change in operating assets and by increased earnings. YTD cash generated from operating activities was $431.6 million, $20.8 million more than was provided in YTD Q3 2017, primarily due to an increase in net earnings over YTD Q3 2017.

During the quarter, financing activities used $75.1 million of cash compared to Q3 2017 generating $3.1 million, primarily due to repayments of long-term debt made in Q3 2018. YTD financing activities provided $1,132.3 million compared to $28.6 million YTD Q3 2017, which was primarily used in Q1 2018 to fund the purchase of MacDon.

Investing activities used $159.6 million in Q3 2018 compared to $115.4 million used in Q3 2017 mainly for the purchase of property, plant and equipment. Investing activities used $1,579.2 million in YTD Q3 2018 mainly for the acquisition of MacDon and the purchase of property, plant and equipment.

Operating Activities

	Three Months Ended	September 30	Nine Months Ended	September 30
	2018	2017	2018	2017
(in millions of dollars)	$	$	$	$
Net earnings (loss) for the period	113.2	107.3	467.0	414.3
Adjustments to earnings	95.8	78.4	307.8	252.7
	209.0	185.7	774.8	667.0
Changes in operating assets and liabilities	42.7	(45.4)	(343.2)	(256.2)
Cash generated from (used in) operating activities	251.7	140.3	431.6	410.8

Cash generated by operations before the effect of changes in operating assets and liabilities increased $23.3 million in Q3 2018 to $209.0 million, compared to $185.7 million in Q3 2017. YTD cash generated from operations before the effect of changes in non-cash working capital increased $107.8 million to $774.8 million from $667.0 million in YTD Q3 2017.

Changes in operating assets and liabilities for Q3 2018 decreased $42.7 million. Changes in operating assets and liabilities for YTD Q3 2018 increased $343.2 million primarily due to increases in accounts receivables resulting from the YTD sales growth.

Financing Activities

(in millions of dollars)	Three Months Ended September 30 2018 $	Three Months Ended September 30 2017 $	Nine Months Ended September 30 2018 $	Nine Months Ended September 30 2017 $
Proceeds from (repayments of) short-term borrowings	3.3	4.5	7.2	1.8
Proceeds from (repayments of) long-term debt	(76.3)	1.6	1,160.9	49.9
Proceeds from government borrowings	16.3	8.1	16.4	8.1
Proceeds from exercise of stock options	-	0.7	-	1.0
Dividends	(7.8)	(7.8)	(23.5)	(23.5)
Finance income received (expenses paid)	(10.6)	(4.0)	(28.7)	(8.7)
Cash generated from (used in) financing activities	(75.1)	3.1	1,132.3	28.6

Financing activities for Q3 2018 used $75.1 million of cash compared to $3.1 million generated in Q3 2017 primarily due to the repayment of long-term debt. Financing activities for YTD Q3 2018 provided $1,132.3 million of cash compared to $28.6 million provided in YTD Q3 2017 due to the proceeds from long-term debt used to fund the purchase of MacDon in Q1 2018.

Investing Activities

(in millions of dollars)	Three Months Ended September 30 2018 $	Three Months Ended September 30 2017 $	Nine Months Ended September 30 2018 $	Nine Months Ended September 30 2017 $
Payments for purchase of property, plant and equipment	(155.4)	(114.9)	(392.7)	(309.2)
Proceeds on disposal of property, plant and equipment	6.5	2.8	11.5	9.5
Payments for purchase of intangible assets	(6.1)	(3.3)	(18.1)	(10.9)
Business acquisitions, net of cash acquired	0.5	-	(1,174.8)	(1.1)
Other	(5.1)	-	(5.1)	(3.7)
Cash generated from (used in) investing activities	(159.6)	(115.4)	(1,579.2)	(315.4)

Cash used for investing activities for Q3 2018 was $159.6 million compared to Q3 2017 at $115.4 million primarily due the purchase of property, plant and equipment. YTD Q3 2018 cash spent on investing activities increased to $1,579.2 million compared to YTD Q3 2017 at $315.4 million which was primarily related to the acquisition of MacDon in Q1 2018.

Capital Resources

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

At September 30, 2018, cash and cash equivalents, including short-term deposits (net of unpresented cheques) was $424.6 million and the Company's credit facilities had available credit of $679.7 million.

Commitments and Contingencies

Please see the Company's December 31, 2017 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, 2017.

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 forecast 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 long-term movements in relative currency values may affect the Company's operational results. The Company does not currently hedge all the cash flow activities of its foreign subsidiaries and, accordingly 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 which all have investment grade credit ratings.

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

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

For more information, please see the notes to the Company's consolidated financial statements for the year ended December 31, 2017.

The Company's floating Euro denominated debt was repaid in September 2018 and exchanged for floating USD denominated debt and the existing net investment hedge was discontinued. Upon the conversion of the debt, the Company simultaneously entered into two cross-currency interest rate swaps to convert the floating rate debt into fixed rate debt, and hedge 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.

For more information, please see the notes to the Company's interim consolidated financial statements for the quarter ended September 30, 2018.

Off Balance Sheet Arrangements

The Company leases various land and buildings under cancellable and non-cancellable operating lease arrangements. The lease terms are between 1 and 13 years, and the majority of lease arrangements are renewable at the end of the lease period at market rates. The Company also leases various machinery and transportation equipment under non-cancellable operating lease arrangements. The lease terms are between 1 and 8 years and require notice for termination of the agreements. The Company expects that existing leases will either be renewed or replaced, or alternatively, capital expenditures will be incurred to acquire equivalent capacity.

For a summary of these lease commitments please see the notes to the Company's consolidated financial statements for the year ended December 31, 2017. Such obligations have not changed significantly during 2018.

CURRENT AND PROPOSED TRANSACTIONS

On February 1, 2018, the Company completed its acquisition of 100% of the outstanding equity interest of MacDon for a preliminary purchase price of $1,298.4 million comprised of $1,223.4 million in cash consideration and an assumed liability of $75.0 million. The liability was immediately extinguished using a portion of the acquired cash of MacDon. The preliminary purchase price of $1,298.4 million includes cash acquired for a net acquisition cash impact of $1,174.8 million. Headquartered in Winnipeg, Manitoba, Canada, MacDon is a global innovative market leader in the design and manufacturing of specialized agriculture harvesting equipment such as drapers and self-propelled windrowers.

Due to the timing of the close and complexities associated with the transaction, the determination of the fair value of consideration, assets acquired and liabilities assumed is not yet complete and are subject to further adjustments. The Company has recorded a provisional amount of $387.7 million to goodwill as the current unallocated portion of the purchase price. The Company will update this balance and disclose the full purchase price allocation when the determination of the fair value is complete.

RISK MANAGEMENT

The Company is exposed to a number of risks in the normal course of business that have the potential to affect its operating results. These include, but are not limited to Competition, Outsourcing and Insourcing; Sources and Availability of Raw Materials; Labour Markets and Dependence on Key Personnel; Dependence on Certain Customers; Technological Change and Product Launches; Foreign Currency Risk; Long-term Contracts; Acquisition and Expansion Risk; Foreign Business Risk; Cyclicality and Seasonality; Capital and Liquidity Risk; Legal Proceedings and Insurance Coverage; Credit Risk; Emission Standards; Tax Laws; Securities Laws Compliance and Corporate Governance Standards; and Environmental Matters. These risk factors remain substantially unchanged during the quarter ended September 30, 2018. These risk factors, as well as the other information contained in this MD&A, the Company's December 31, 2017 annual MD&A, and the Company's December 31, 2017 Annual Information Form or otherwise, should be considered carefully. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements related to the Company.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

There were no changes in the Company's internal control over financial reporting during the quarter ended September 30, 2018, which have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting, except as outlined below.

Limitation of Scope of Design

The Company has limited the scope of design of our internal controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of the MacDon business, which the Company acquired 100% of the then outstanding shares on February 1, 2018. The chart below presents the summary financial information of MacDon:

(in millions of dollars)	Three Months Ended September 30, 2018 $	Nine Months Ended September 30, 2018 $
Sales	172.8	456.1
Net Earnings (Loss)	33.3	94.2
Current Assets	445.5	445.5
Non-Current Assets	1,133.0	1,133.0
Current Liabilities	141.0	141.0
Non-Current Liabilities	120.5	120.5

The scope limitation is in accordance with section 3.3(1)(b) of National Instrument 52-109 to which this MD&A relates, which allows an issuer to limit its design of disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of a business that the issuer acquired not more than 365 days prior to the end of the fiscal period.

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, 2017 consolidated annual financial statements and September 30, 2018 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, 2017, and the consolidated interim financial statements for the quarter ended September 30, 2018 for information regarding the accounting changes effective January 1, 2018.

NON-GAAP AND ADDITIONAL GAAP MEASURES

Non-GAAP Measures

The Company uses certain non-GAAP financial measures including operating earnings (loss) – adjusted, net earnings (loss) – adjusted, net earnings (loss) per share – diluted – adjusted and book value per share. 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 the impact of these 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.

Unusual Items

During Q2 2018, an unusual item related to restructuring has adjusted both the Transportation and Industrial segment's earnings as reflected in the tables below:

			Three Months Ended September 30				Nine Months Ended September 30	
	2018	2017	+/-	+/-	2018	2017	+/-	+/-
(in millions of dollars)	$	$	$	%	$	$	$	%
Operating Earnings (Loss)	161.4	141.9	19.5	13.7%	648.7	549.6	99.1	18.0%
Unusual Item	-	-	-	-	4.3	-	4.3	100.0%
Operating Earnings (Loss) – Adjusted	161.4	141.9	19.5	13.7%	653.0	549.6	103.4	18.8%
Net Earnings (Loss)	113.2	107.3	5.9	5.5%	467.0	414.3	52.7	12.7%
Unusual Item	-	-	-	-	4.3	-	4.3	100.0%
Tax impact	-	-	-	-	(1.1)	-	(1.1)	100.0%
Net Earnings (Loss) – Adjusted	113.2	107.3	5.9	5.5%	470.2	414.3	55.9	13.5%
Net Earnings (Loss) per share – Diluted	1.71	1.62	0.09	5.6%	7.05	6.27	0.78	12.4%
Unusual Item	-	-	-	-	0.06	-	0.06	100.0%
Tax impact	-	-	-	-	(0.02)	-	(0.02)	100.0%
Net Earnings (Loss) per share – Diluted – Adjusted	1.71	1.62	0.09	5.6%	7.09	6.27	0.82	13.1%
EBITDA	253.7	221.9	31.8	14.3%	928.0	798.6	129.4	16.2%
Unusual Item	-	-	-	-	4.3	-	4.3	100.0%
EBITDA – Adjusted	253.7	221.9	31.8	14.3%	932.3	798.6	133.7	16.7%

			Three Months Ended September 30 2018			Nine Months Ended September 30 2018
	Transportation	Industrial	Linamar	Transportation	Industrial	Linamar
(in millions of dollars)	$	$	$	$	$	$
Operating Earnings (Loss)	86.6	74.8	161.4	365.6	283.1	648.7
EBITDA	164.8	88.9	253.7	605.8	322.2	928.0
Unusual Item	-	-	-	3.1	1.2	4.3
Operating Earnings (Loss) – Adjusted	86.6	74.8	161.4	368.7	284.3	653.0
EBITDA – Adjusted	164.8	88.9	253.7	608.9	323.4	932.3

Operating Earnings (Loss) – Adjusted

The Company believes operating earnings (loss) – adjusted is useful in assessing the Company's underlying operational performance and in making decisions regarding the ongoing operations of the business. Operating earnings (loss) – adjusted is calculated as operating earnings (loss) as presented in the Company's consolidated financial statements less any unusual items that are considered not to be indicative of underlying operational performance. See the "Unusual 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) – adjusted.

Net Earnings (Loss) – Adjusted

The Company believes net earnings (loss) – adjusted is useful in assessing the Company's underlying operational performance and in making decisions regarding the ongoing operations of the business. Net earnings (loss) – adjusted is calculated as net earnings (loss) as presented in the Company's consolidated financial statements less any unusual items that are considered not to be indicative of underlying operational performance. See the "Unusual 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) – adjusted.

Net Earnings (Loss) per Share – Diluted – Adjusted

The Company believes net earnings (loss) per share – diluted – adjusted 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 – adjusted is calculated as net earnings (loss) - adjusted (as defined above) divided by the fully diluted number of shares outstanding as at the period end date. See the "Unusual 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) per share – diluted to net earnings (loss) per share – diluted – adjusted.

EBITDA – Adjusted

The Company believes EBITDA – adjusted is useful in assessing the Company's underlying operational performance and in making decisions regarding the ongoing operations of the business. EBITDA – adjusted is calculated as EBITDA, as defined in "Additional GAAP Measures" below, and as presented in the Company's consolidated financial statements less any unusual items that are considered not to be indicative of underlying operational performance. See the “Unusual 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 – adjusted.

Book Value per Share

This measure, as used by the chief operating decision makers and management, indicates the value of the Company based on the carrying value of the Company’s net assets. Book value per share is calculated by the Company as total equity divided by shares outstanding at the end of the period.

(in millions of dollars except share and per share figures)	September 30 2018	December 31 2017
Total equity	$ 3,556.8	$ 3,112.8
Shares outstanding at the end of the period	65,354,495	65,354,495
Book value per share	$ 54.42	$ 47.63

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 September 30, 2018 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 and the effective use and allocation of resources and to provide more meaningful comparisons of operating results.

SUMMARY OF CONTENT PER VEHICLE BY QUARTER

Estimates as of September 30, 2018	Three Months Ended			Year to Date		
	Mar 31	Jun 30	Sep 30	Mar 31	Jun 30	Sep 30
North America	2018	2018	2018	2018	2018	2018
Vehicle Production Units	4.51	4.50	4.24	4.51	9.01	13.25
Automotive Sales	$ 761.6	$ 748.7	$ 718.4	$ 761.6	$ 1,510.3	$ 2,228.7
Content Per Vehicle	$ 168.91	$ 166.36	$ 169.52	$ 168.91	$ 167.64	$ 168.24
Europe						
Vehicle Production Units	5.88	6.01	4.79	5.88	11.89	16.69
Automotive Sales	$ 458.6	$ 480.8	$ 376.1	$ 458.6	$ 939.4	$ 1,315.5
Content Per Vehicle	$ 77.97	$ 79.98	$ 78.44	$ 77.97	$ 78.98	$ 78.83
Asia Pacific						
Vehicle Production Units	12.48	12.20	11.87	12.48	24.68	36.55
Automotive Sales	$ 118.3	$ 110.7	$ 108.4	$ 118.3	$ 228.9	$ 337.3
Content Per Vehicle	$ 9.48	$ 9.07	$ 9.13	$ 9.48	$ 9.28	$ 9.23

Estimates as of June 30, 2018	Three Months Ended		Year to Date	
	Mar 31	Jun 30	Mar 31	Jun 30
North America	2018	2018	2018	2018
Vehicle Production Units	4.52	4.53	4.52	9.04
Automotive Sales	$ 761.6	$ 748.7	$ 761.6	$ 1,510.3
Content Per Vehicle	$ 168.61	$ 165.44	$ 168.61	$ 167.03
Europe				
Vehicle Production Units	5.87	6.01	5.87	11.88
Automotive Sales	$ 458.5	$ 480.8	$ 458.5	$ 939.3
Content Per Vehicle	$ 78.08	$ 80.02	$ 78.08	$ 79.06
Asia Pacific				
Vehicle Production Units	12.47	12.14	12.47	24.61
Automotive Sales	$ 118.3	$ 110.7	$ 118.3	$ 228.9
Content Per Vehicle	$ 9.49	$ 9.11	$ 9.49	$ 9.30

Change in Estimates from Prior Quarter	Three Months Ended		Year to Date	
	Mar 31	Jun 30	Mar 31	Jun 30
	2018	2018	2018	2018
North America	+/-	+/-	+/-	+/-
Vehicle Production Units	(0.01)	(0.03)	(0.01)	(0.03)
Automotive Sales	$ -	$ -	$ -	$ -
Content Per Vehicle	$ 0.30	$ 0.92	$ 0.30	$ 0.61
Europe				
Vehicle Production Units	0.01	-	0.01	0.01
Automotive Sales	$ 0.1	$ -	$ 0.1	$ 0.1
Content Per Vehicle	$ (0.11)	$ (0.04)	$ (0.11)	$ (0.08)
Asia Pacific				
Vehicle Production Units	0.01	0.06	0.01	0.07
Automotive Sales	$ -	$ -	$ -	$ -
Content Per Vehicle	$ (0.01)	$ (0.04)	$ (0.01)	$ (0.02)

FORWARD LOOKING INFORMATION

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

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

The foregoing is not an exhaustive list of the factors that may affect Linamar's forwarding looking statements. These and other factors should be considered carefully and readers should not place undue reliance on Linamar's forward-looking statements. Linamar assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements.