Market Recovery Drives Strong Linamar Second Quarter Results

August 11, 2021, Guelph, Ontario, Canada (TSX: LNR)

- During the second quarter of 2021 (“Q2 2021”), the Company experienced strong sales growth, up 71% versus the second quarter of 2020 (“Q2 2020”);
- Outstanding normalized net earnings growth of $129 million in comparison to last year;
- Strong normalized operating earnings in both segments, both up significantly over prior year;
- Industrial segment normalized operating earnings up 82% for Q2 2021 and Mobility segment normalized operating earnings up $142 million against Q2 2020, hard hit by the COVID-19 pandemic;
- Free cash flow[1] was $137.7 million for Q2 2021 continuing the company’s excellent balance sheet management;
- Liquidity, measured as cash and cash equivalents and available credit as at June 30, 2021, is $1.7 billion an increase from $1.1 billion at June 30, 2020;
- New business wins grow strong launch book to over $3.7 billion, nearly 25% of year to date new business wins for electrified vehicles;
- Strong agricultural sales from market growth amplified by global market share growth in all core products; and
- Continued recovery in access equipment sales and an increase in market share for booms in Europe and Asia.

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
(in millions of dollars, except per share figures)	$	$	$	$
Sales	**1,575.3**	**923.6**	**3,357.1**	**2,473.3**
Operating Earnings (Loss)				
Industrial	73.7	24.5	109.4	67.4
Mobility	80.0	(49.8)	265.5	25.3
Operating Earnings (Loss)[1]	153.7	(25.3)	374.9	92.7
Net Earnings (Loss)	108.0	(37.9)	261.5	40.6
Net Earnings (Loss) per Share – Diluted	1.65	(0.58)	3.99	0.62
Earnings before interest, taxes and amortization (“EBITDA”)[1]	261.2	81.1	594.0	309.0
Operating Earnings (Loss) – Normalized[1]				
Industrial	**66.3**	**36.5**	**112.2**	**67.9**
Mobility	**85.9**	**(55.9)**	**261.4**	**16.2**
Operating Earnings (Loss) – Normalized	**152.2**	**(19.4)**	**373.6**	**84.1**
Net Earnings (Loss) – Normalized[1]	**106.9**	**(22.0)**	**265.2**	**45.0**
Net Earnings (Loss) per Share – Diluted – Normalized[1]	**1.63**	**(0.34)**	**4.05**	**0.69**
EBITDA – Normalized[1]	**259.2**	**92.1**	**600.6**	**306.0**

Operating Highlights

Sales for Q2 2021 were $1,575.3 million, up $651.7 million from $923.6 million in Q2 2020.

The Industrial segment (“Industrial”) product sales increased 51.8%, or $134.3 million, to $393.5 million in Q2 2021 from Q2 2020. The sales increase was due to:

- additional access equipment sales primarily due to market recovery since Q2 2020 which was significantly impacted by the COVID 19 pandemic;
- an increase in agricultural sales from market growth amplified by global market share growth in all core products; and
- an increase in market share for booms in Europe and Asia; partially offset by
- an unfavourable impact on sales from the changes in foreign exchange rates from Q2 2020.

Sales for the Mobility segment (“Mobility”) increased by $517.4 million, or 77.9% in Q2 2021 compared with Q2 2020. The sales in Q2 2021 were impacted by:

- additional sales primarily due to market recovery since Q2 2020 which was significantly impacted by the COVID-19 pandemic; and
- an increase in sales related to launching programs; partially offset by
- a sales decline primarily attributed to adverse conditions associated with semi conductor supply related issues; and
- an unfavourable impact on sales from the changes in foreign exchange rates from Q2 2020.

[1] For more information refer to the section entitled “Non-GAAP and Additional GAAP Measures” in the Company’s separately released Management’s Discussion and Analysis (“MD&A”).

The Company's normalized operating earnings for Q2 2021 was $152.2 million. This compares to normalized operating loss of $19.4 million in Q2 2020, an increase of $171.6 million.

Industrial segment normalized operating earnings in Q2 2021 increased $29.8 million, or 81.6% from Q2 2020. The Industrial normalized operating earnings results were predominantly driven by:

- an increase in access equipment volumes;
- an increase in agricultural sales; and
- a reversal of provisions for receivables that were collected within the quarter; partially offset by
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic;
- an unfavourable impact on sales and expenses from the changes in foreign exchange rates from Q2 2020; and
- an increase in material and freight costs associated with ongoing supply chain issues.

Q2 2021 normalized operating earnings for Mobility were higher by $141.8 million, or 253.7% compared to Q2 2020. The Mobility segment's earnings were impacted by the following:

- additional sales primarily due to market recovery since Q2 2020 which was significantly impacted by the COVID-19 pandemic; and
- an increase in sales related to launching programs; partially offset by
- a sales decline primarily attributed to adverse conditions associated with semi conductor supply related issues;
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic; and
- an unfavourable impact on sales and expenses from the changes in foreign exchange rates from Q2 2020.

"Market demand is strong, helping to drive an excellent recovery for us at Linamar." said Linamar CEO Linda Hasenfratz, "Market pressures from supply chain shortages are creating challenges but we are managing them and at the same time growing market share and generating cash. We are confident in a sustained period of excellent market demand once the supply chain issues are resolved."

Dividends

The Board of Directors today declared an eligible dividend in respect to the quarter ended June 30, 2021 of CDN$0.16 per share on the common shares of the company, payable on or after September 10, 2021 to shareholders of record on August 23, 2021.

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; public health threats; cyclicality and seasonality; legal proceedings and insurance coverage; credit risk; weather; emission standards; capital and liquidity risk; tax laws; securities laws compliance and corporate governance standards; fluctuations in interest rates; environmental emissions and safety regulations; trade and labour disruptions; world political events; pricing concessions to customers; and governmental, environmental and regulatory policies.

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

Conference Call Information

Q2 2021 Release Information
Linamar will hold a webcast call on August 11, 2021, at 5:00 p.m. ET to discuss its second quarter results. The event will be simulcast and can be accessed at the following URL https://www.linamar.com/news-event/q2-2021-earnings-call and can also be navigated to on the company's website. For those who wish to listen to an audio only call-in option, the numbers for this call are (877) 668-0168 (North America) or (825) 312-2386 (International) Conference ID 1797109, with a call-in required 15 minutes prior to the start of the webcast. 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 4:00 p.m. ET on August 11, 2021, and at www.sedar.com by the start of business on August 12, 2021. The webcast replay will be available at https://www.linamar.com/news-event/q2-2021-earnings-call after the call. A taped replay of the conference call will also be made available starting at 8:00 p.m. ET on August 11, 2021, for seven days. The number for the replay is (800) 585-8367 or (416) 621-4642, Passcode: 1797109. In addition, a recording of the call will be posted at https://www.linamar.com/news-event/q2-2021-earnings-call.

Q3 2021 Release Information
Linamar will hold a webcast call on November 9, 2021, at 5:00 p.m. ET to discuss its third quarter results. The event will be simulcast and can be accessed at the following URL https://www.linamar.com/news-event/q3-2021-earnings-call and can also be navigated to on the company's website. For those who wish to listen to an audio only call-in option, the numbers for this call are (877) 668-0168 (North America) or (825) 312-2386 (International) Conference ID 3374269, with a call-in required 15 minutes prior to the start of the webcast. 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 4:00 p.m. ET on November 9, 2021, and at www.sedar.com by the start of business on November 10, 2021. The webcast replay will be available at https://www.linamar.com/news-event/q3-2021-earnings-call after the call. A taped replay of the conference call will also be made available starting at 8:00 p.m. ET on November 9, 2021, for seven days. The number for the replay is (800) 585-8367 or (416) 621-4642, Passcode: 3374269. In addition, a recording of the call will be posted at https://www.linamar.com/news-event/q3-2021-earnings-call.

Linamar Corporation (TSX:LNR) is an advanced manufacturing company where the intersection of leading-edge technology and deep manufacturing expertise is creating solutions that power vehicles, motion, work and lives for the future. The Company is made up of two operating segments – the Industrial segment and the Mobility segment, both global leaders in manufacturing solutions and world-class developers of highly engineered products. The Industrial segment is comprised of Skyjack and MacDon. Skyjack manufactures scissor, boom and telehandler lifts for the aerial work platform industry. MacDon manufactures combine draper headers and self-propelled windrowers for the agricultural harvesting industry. The Mobility segment is subdivided into three regional groups: North America, Europe and Asia Pacific. Within the Mobility segment, the regional groups are vertically integrated operations combining expertise in light metal casting, forging, machining and assembly for both the global electrified and traditionally powered vehicle markets. The Mobility segment products are focused on both components and systems for new energy powertrains, body and chassis, driveline, engine and transmission systems of these vehicles. McLaren Engineering provides design, development, and testing services for the Mobility segment. Linamar has 26,000 employees in 60 manufacturing locations, 12 R&D centres and 25 sales offices in 17 countries in North and South America, Europe and Asia which generated sales of $7.4 billion in 2019. 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
August 11, 2021

LINAMAR CORPORATION
Management's Discussion and Analysis
For the Quarter Ended June 30, 2021

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 June 30, 2021. This MD&A has been prepared as at August 11, 2021. The financial information presented herein has been prepared on the basis of International Financial Reporting Standards ("IFRS"). References to the term generally accepted accounting principles ("GAAP") refer to information contained herein being prepared under IFRS as adopted. All amounts in this MD&A are in millions of Canadian dollars, unless otherwise noted.

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

OVERALL CORPORATE PERFORMANCE

Overview of the Business

Linamar Corporation (TSX:LNR) is an advanced manufacturing company where the intersection of leading-edge technology and deep manufacturing expertise is creating solutions that power vehicles, motion, work and lives for the future. The Company is made up of two operating segments – the Industrial segment and the Mobility segment, both global leaders in manufacturing solutions and world-class developers of highly engineered products. The Industrial segment is comprised of Skyjack and MacDon. Skyjack manufactures scissor, boom and telehandler lifts for the aerial work platform industry. MacDon manufactures combine draper headers and self-propelled windrowers for the agricultural harvesting industry. The Mobility segment is subdivided into three regional groups: North America, Europe and Asia Pacific. Within the Mobility segment, the regional groups are vertically integrated operations combining expertise in light metal casting, forging, machining and assembly for both the global electrified and traditionally powered vehicle markets. The Mobility segment products are focused on both components and systems for new energy powertrains, body and chassis, driveline, engine and transmission systems of these vehicles. McLaren Engineering provides design, development, and testing services for the Mobility segment. Linamar has 26,000 employees in 60 manufacturing locations, 12 R&D centres and 25 sales offices in 17 countries in North and South America, Europe and Asia which generated sales of $7.4 billion in 2019. 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 second quarter of 2021 ("Q2 2021") and 2020 ("Q2 2020"):

				Three Months Ended June 30				Six Months Ended June 30
(in millions of dollars, except per share figures)	2021 $	2020 $	+/- $	+/- %	2021 $	2020 $	+/- $	+/- %
Sales	1,575.3	923.6	651.7	70.6%	3,357.1	2,473.3	883.8	35.7%
Gross Margin	228.5	41.0	187.5	457.3%	541.2	241.5	299.7	124.1%
Operating Earnings (Loss)[1]	153.7	(25.3)	179.0	707.5%	374.9	92.7	282.2	304.4%
Net Earnings (Loss)	108.0	(37.9)	145.9	385.0%	261.5	40.6	220.9	544.1%
Net Earnings (Loss) per Share - Diluted	1.65	(0.58)	2.23	384.5%	3.99	0.62	3.37	543.5%
Earnings before interest, taxes and amortization ("EBITDA")[1]	261.2	81.1	180.1	222.1%	594.0	309.0	285.0	92.2%
Operating Earnings (Loss) - Normalized[1]	152.2	(19.4)	171.6	884.5%	373.6	84.1	289.5	344.2%
Net Earnings (Loss) - Normalized[1]	106.9	(22.0)	128.9	585.9%	265.2	45.0	220.2	489.3%
Net Earnings (Loss) per Share - Diluted - Normalized[1]	1.63	(0.34)	1.97	579.4%	4.05	0.69	3.36	487.0%
EBITDA - Normalized[1]	259.2	92.1	167.1	181.4%	600.6	306.0	294.6	96.3%

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

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

In mid-March of 2020, COVID-19 quickly spread in multiple countries and was declared a pandemic by the World Health Organization. A number of the Company's key end markets witnessed a significant reduction in volume in and around April of 2020, mostly due to production shutdowns, shelter-in-place orders, and general effects on economies impacting customer demand. There has been a strengthening return in volumes as automotive production in North America and Europe restarted in May of 2020 which has materially improved the results. Despite these positive signs the Company continues to be cautious around costs and capital spending given uncertainties. The pandemic

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

and resulting economic contraction have had, and is expected to continue to have, a negative impact on the demand for the Company's products.

Since resuming production in mid-May 2020, the Company's focus has been on Recovery, Restarting and Rejuvenation. Ensuring the safety of our workforce to return to work has been a top priority and we have seen excellent results with extremely low incidence of on-site transmission and employees surveyed feeling safe and supportive of protocols.

Despite these continued impacts, the Company has maintained sufficient liquidity to satisfy its financial obligations during this period and liquidity, measured as cash and cash equivalents and available credit, at June 30, 2021 increased significantly to $1.7 billion compared with $1.1 billion at June 30, 2020. The Company's free cash flow[1] was $137.7 million for Q2 2021 compared to $170.5 million for the same period of 2020.

Throughout this crisis Linamar strongly supported our local and global communities by implementing regular testing regimes, establishing a vaccination clinic as well as donating, procuring, and managing PPE for local healthcare providers and manufacturing ventilators and parts thereof for a variety of customers. The ability of Linamar to pivot from manufacturing auto assemblies to different products such as ventilators is evidence of the company's agility, flexibility, technical depth and the ability to respond quickly. These traits are, and have always been, the core of Linamar's strength.

Demonstrating this commitment to the health of our communities, beginning in Q1 2021, Linamar began assisting our local community with vaccine rollout efforts. The Company partnered with local health authorities and transformed our Customer Access Centre at Skyjack in Guelph to a community vaccination site. Linamar loaned full-time staff to aid the local health professionals with planning, logistics and coordination. The Company remains focused on helping everyone moving toward a post COVID-19 world as quickly as possible.

Continuing with the second quarter of 2021, the regional COVID-19 restrictions have not had a significant impact on Linamar's sales or expenses as Linamar has been subject to 'essential business' exemptions in the various jurisdictions in which we operate. Consequently, volumes have not been adversely affected by such restrictions. Given the currently available information, these restrictions are not expected to have a significant impact to the Company's performance. However, the length and extent of the COVID-19 pandemic and current and potential future governmental and other responses to it, such as regional business shut-downs, stay-at-home orders, business, border, travel and other restrictions and their impacts on the overall global economy are not known. Accordingly, there is material uncertainty as to the overall impact relating to the Company's future operations due to the ongoing pandemic. The Company is unable to quantify the overall impact of COVID-19 on Linamar's financial results including net of any mitigating factors.

In light of these events, the Company if necessary will continue to update its disclosures including: commentary in the "Financial Condition, Liquidity and Capital Resources" section, risk factors in the "Risk Management" section, commentary related to COVID-19 in the "Disclosure Controls and Procedures and Internal Controls Over Financial Reporting" section, and its discussion of critical accounting estimates in the "Critical Accounting Estimates and Judgements" section of this MD&A. Please see the "Critical Accounting Estimates and Judgements" section of the December 31, 2020 MD&A.

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

BUSINESS SEGMENT REVIEW

The Company reports its results of operations in two business segments: Industrial and Mobility. The segments are differentiated by the products that each produces and reflects how the chief operating decision makers of the Company manage the business. The following should be read in conjunction with the Company's consolidated financial statements for the quarter ended June 30, 2021.

			Three Months Ended June 30 2021			Six Months Ended June 30 2021
	Industrial	Mobility	Linamar	Industrial	Mobility	Linamar
(in millions of dollars)	$	$	$	$	$	$
Sales	393.5	1,181.8	1,575.3	741.8	2,615.3	3,357.1
Operating Earnings (Loss)	73.7	80.0	153.7	109.4	265.5	374.9
EBITDA	88.0	173.2	261.2	137.8	456.2	594.0
Operating Earnings (Loss) – Normalized	66.3	85.9	152.2	112.2	261.4	373.6
EBITDA – Normalized	80.5	178.7	259.2	141.8	458.8	600.6

			Three Months Ended June 30 2020			Six Months Ended June 30 2020
	Industrial	Mobility	Linamar	Industrial	Mobility	Linamar
(in millions of dollars)	$	$	$	$	$	$
Sales	259.2	664.4	923.6	558.2	1,915.1	2,473.3
Operating Earnings (Loss)	24.5	(49.8)	(25.3)	67.4	25.3	92.7
EBITDA	40.5	40.6	81.1	100.0	209.0	309.0
Operating Earnings (Loss) – Normalized	36.5	(55.9)	(19.4)	67.9	16.2	84.1
EBITDA – Normalized	52.3	39.8	92.1	100.4	205.6	306.0

Industrial Highlights

				Three Months Ended June 30				Six Months Ended June 30
	2021	2020	+/-	+/-	2021	2020	+/-	+/-
(in millions of dollars)	$	$	$	%	$	$	$	%
Sales	393.5	259.2	134.3	51.8%	741.8	558.2	183.6	32.9%
Operating Earnings (Loss)	73.7	24.5	49.2	200.8%	109.4	67.4	42.0	62.3%
EBITDA	88.0	40.5	47.5	117.3%	137.8	100.0	37.8	37.8%
Operating Earnings (Loss) – Normalized	66.3	36.5	29.8	81.6%	112.2	67.9	44.3	65.2%
EBITDA – Normalized	80.5	52.3	28.2	53.9%	141.8	100.4	41.4	41.2%

The Industrial segment ("Industrial") product sales increased 51.8%, or $134.3 million, to $393.5 million in Q2 2021 from Q2 2020. The sales increase was due to:

- additional access equipment sales primarily due to market recovery since Q2 2020 which was significantly impacted by the COVID-19 pandemic;
- an increase in agricultural sales from market growth amplified by global market share growth in all core products; and
- an increase in market share for booms in Europe and Asia; partially offset by
- an unfavourable impact on sales from the changes in foreign exchange rates from Q2 2020.

Year to date ("YTD") sales for Industrial increased by $183.6 million, or 32.9% compared with YTD 2020. The factors that impacted Q2 2021 similarly impacted the YTD results.

Industrial segment normalized operating earnings in Q2 2021 increased $29.8 million, or 81.6% from Q2 2020. The Industrial normalized operating earnings results were predominantly driven by:

- an increase in access equipment volumes;
- an increase in agricultural sales; and
- a reversal of provisions for receivables that were collected within the quarter; partially offset by
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic;
- an unfavourable impact on sales and expenses from the changes in foreign exchange rates from Q2 2020; and
- an increase in material and freight costs associated with ongoing supply chain issues.

The YTD normalized operating earnings for Industrial increased by $44.3 million, or 65.2% compared with YTD 2020. The factors that impacted Q2 2021 similarly impacted the YTD results.

Mobility Highlights

				Three Months Ended June 30				Six Months Ended June 30
	2021	2020	+/-	+/-	2021	2020	+/-	+/-
(in millions of dollars)	$	$	$	%	$	$	$	%
Sales	1,181.8	664.4	517.4	77.9%	2,615.3	1,915.1	700.2	36.6%
Operating Earnings (Loss)	80.0	(49.8)	129.8	260.6%	265.5	25.3	240.2	949.4%
EBITDA	173.2	40.6	132.6	326.6%	456.2	209.0	247.2	118.3%
Operating Earnings (Loss) – Normalized	85.9	(55.9)	141.8	253.7%	261.4	16.2	245.2	1,513.6%
EBITDA – Normalized	178.7	39.8	138.9	349.0%	458.8	205.6	253.2	123.2%

Sales for the Mobility segment ("Mobility") increased by $517.4 million, or 77.9% in Q2 2021 compared with Q2 2020. The sales in Q2 2021 were impacted by:

- additional sales primarily due to market recovery since Q2 2020 which was significantly impacted by the COVID-19 pandemic; and
- an increase in sales related to launching programs; partially offset by
- a sales decline primarily attributed to adverse conditions associated with semi conductor supply related issues; and
- an unfavourable impact on sales from the changes in foreign exchange rates from Q2 2020.

YTD sales for Mobility increased by $700.2 million, or 36.6% compared to YTD 2020. The factors that impacted Q2 2021 similarly impacted the YTD results.

Q2 2021 normalized operating earnings for Mobility were higher by $141.8 million, or 253.7% compared to Q2 2020. The Mobility segment's earnings were impacted by the following:

- additional sales primarily due to market recovery since Q2 2020 which was significantly impacted by the COVID-19 pandemic; and
- an increase in sales related to launching programs; partially offset by
- a sales decline primarily attributed to adverse conditions associated with semi conductor supply related issues;
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic; and
- an unfavourable impact on sales and expenses from the changes in foreign exchange rates from Q2 2020.

The YTD normalized operating earnings increased by $245.2 million, or 1,513.6% compared with YTD 2020. The factors that impacted Q2 2021 similarly impacted the YTD results.

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 June 30				Six Months Ended June 30			
North America	2021	2020	+/-	%	2021	2020	+/-	%
Vehicle Production Units	3.33	1.44	1.89	131.3%	7.06	5.33	1.73	32.5%
Automotive Sales	$ 588.1	$ 267.1	$ 321.0	120.2%	$ 1,322.2	$ 933.6	$ 388.6	41.6%
Content Per Vehicle	$ 176.62	$ 185.56	$ (8.94)	(4.8%)	$ 187.22	$ 175.02	$ 12.20	7.0%
Europe								
Vehicle Production Units	4.20	2.25	1.95	86.7%	8.94	6.96	1.98	28.4%
Automotive Sales	$ 336.4	$ 183.0	$ 153.4	83.8%	$ 723.0	$ 582.7	$ 140.3	24.1%
Content Per Vehicle	$ 80.07	$ 81.27	$ (1.20)	(1.5%)	$ 80.86	$ 83.70	$ (2.84)	(3.4%)
Asia Pacific								
Vehicle Production Units	10.26	8.55	1.71	20.0%	21.33	16.78	4.55	27.1%
Automotive Sales	$ 128.3	$ 118.9	$ 9.4	7.9%	$ 275.7	$ 207.5	$ 68.2	32.9%
Content Per Vehicle	$ 12.51	$ 13.92	$ (1.41)	(10.1%)	$ 12.92	$ 12.37	$ 0.55	4.4%

North American automotive sales for Q2 2021 increased 120.2% from Q2 2020 in a market that saw an increase of 131.3% in production volumes for the same period. As a result, content per vehicle in Q2 2021 decreased 4.8% from $185.56 to $176.62. The decrease in North American content per vehicle was mainly driven by production disruptions related to semi conductor supply issues disproportionately impacting OEMs that the Company has significant business with.

European automotive sales for Q2 2021 increased 83.8% from Q2 2020 in a market that saw an increase of 86.7% in production volumes for the same period. As a result, content per vehicle in Q2 2021 decreased 1.5% from $81.27 to $80.07. The decrease in European content per vehicle was mainly driven by production disruptions related to semi conductor supply issues disproportionately impacting OEMs that the Company has significant business with. These sales declines were partially offset by increases in sales for launching programs.

Asia Pacific automotive sales for Q2 2021 increased 7.9% from Q2 2020 in a market that saw an increase of 20.0% in production volumes for the same period. As a result, content per vehicle in Q2 2021 decreased 10.1% from $13.92 to $12.51. The decrease in Asian content per vehicle was mainly driven by production disruptions related to semi conductor supply issues disproportionately impacting OEMs that the Company has significant business with. These sales declines were partially offset by increases in sales for launching programs.

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.

RESULTS OF OPERATIONS

Gross Margin

(in millions of dollars)	Three Months Ended June 30 2021	Three Months Ended June 30 2020	Six Months Ended June 30 2021	Six Months Ended June 30 2020
Sales	$ 1,575.3	$ 923.6	$ 3,357.1	$ 2,473.3
Cost of Sales before amortization	1,237.4	773.2	2,588.3	2,013.7
Amortization	109.4	109.4	227.6	218.1
Cost of Sales	1,346.8	882.6	2,815.9	2,231.8
Gross Margin	$ 228.5	$ 41.0	$ 541.2	$ 241.5
Gross Margin percentage	14.5%	4.4%	16.1%	9.8%

Gross margin percentage increased in Q2 2021 to 14.5% compared to 4.4% in Q2 2020. Cost of sales before amortization as a percentage of sales decreased in Q2 2021 to 78.6% compared to 83.7% for the same quarter of last year. In dollar terms, gross margin increased $187.5 million in Q2 2021 compared with Q2 2020 as a result of the items discussed earlier in this analysis such as:

- the margin improvement from certain programs that the Company has significant business and launching programs that continue to build in volume within the Mobility segment;
- an increase in access equipment volumes; and
- an increase in agricultural sales; partially offset by
- an unfavourable impact on sales and expenses from the changes in foreign exchange rates from Q2 2020;
- a reduction in the utilization of Government support programs related to the global COVID-19 pandemic; and
- an increase in material and freight costs associated with ongoing supply chain issues.

Q2 2021 amortization remained flat at $109.4 million compared to Q2 2020. Amortization as a percentage of sales decreased to 6.9% of sales compared to 11.8% in Q2 2020. The YTD increase is primarily due to additional amortization from launching programs and products.

YTD gross margin increased to 16.1% from 9.8% in the same period of 2020. The increase in the YTD gross margin was a result of the same factors that impacted Q2 2021.

Selling, General and Administration

(in millions of dollars)	Three Months Ended June 30 2021	Three Months Ended June 30 2020	Six Months Ended June 30 2021	Six Months Ended June 30 2020
Selling, general and administrative	$ 77.0	$ 60.4	$ 168.5	$ 157.9
SG&A percentage	4.9%	6.5%	5.0%	6.4%

Selling, general and administrative ("SG&A") costs increased in Q2 2021 to $77.0 million from $60.4 million and decreased as a percentage of sales to 4.9% from 6.5% when compared to Q2 2020. This increase, in dollar terms, is primarily due to:

- a reduction in the utilization of various government support programs mainly related to COVID-19 in comparison to Q2 2020; and
- an increase in management and sales costs supporting growth; partially offset by
- a reversal of provisions for receivables that were collected within the quarter.

On a YTD basis, SG&A costs reflected similar factors that impacted Q2 2021 and decreased as a percentage of sales to 5.0% from 6.4% when compared to YTD 2020.

Finance Expense and Income Taxes

(in millions of dollars)	Three Months Ended June 30 2021 $	Three Months Ended June 30 2020 $	Six Months Ended June 30 2021 $	Six Months Ended June 30 2020 $
Operating Earnings (Loss)	153.7	(25.3)	374.9	92.7
Share of Net Earnings (Loss) of Investments Accounted for Using the Equity Method	(7.3)	(5.2)	(13.5)	(11.6)
Finance Income and (Expenses)	(0.7)	(17.7)	(8.3)	(25.2)
Provision for (Recovery of) Income Taxes	37.7	(10.3)	91.6	15.3
Net Earnings (Loss)	108.0	(37.9)	261.5	40.6

Finance Expenses

Finance expenses decreased $17.0 million in Q2 2021 from $17.7 million in Q2 2020 to $0.7 million due to:

- a Q2 2020 one-time make-whole expense related to the prepayment of the Company's United States Dollar ("USD") $130 million Private Placement Notes ("2021 Notes") that did not recur; and
- lower interest expense due to decreasing debt balances; partially offset by

- lower interest earned on declining long-term receivable balances.

YTD finance expenses decreased $16.9 million compared to $25.2 million in YTD 2020. The YTD finance expenses were impacted by the same factors as described for Q2 2021.

The consolidated effective interest rate for Q2 2021 decreased to 1.98% compared to 2.01% in Q2 2020. The effective interest rate decreased to 1.9% YTD versus 2.3% YTD 2020. The changes in the effective interest rate for both Q2 2021 and YTD were driven by the same factors that impacted the financing expense for Q2 2021 with the exception of the Q2 2020 make-whole payment which is not included in the effective interest rate calculations for both periods.

Income Taxes

The effective tax rate for Q2 2021 was 25.9%, an increase from the 21.2% rate in the second quarter of 2020. The increase in the effective tax rate in Q2 2021 was due to a tax adjustment recognized in the second quarter of 2020 in relation to prior years, which did not recur during Q2 2021. Due to the net loss in the second quarter of 2020, the impact of the tax adjustment reduced the effective tax rate.

The YTD 2021 effective tax rate was 25.9%, a decrease from the 27.5% rate for YTD 2020. The YTD 2021 effective tax rate decreased for the same reason as described for Q2 2021. Due to the low net earnings in YTD 2020 from the net loss in Q2 2020 related to the COVID-19 impacts in the quarter, the impact increased the YTD 2020 effective tax rate.

TOTAL EQUITY

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

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares, of which 65,450,697 common shares were outstanding as of August 11, 2021. The Company's common shares constitute its only class of voting securities. As of August 11, 2021, there were 900,000 options to acquire common shares outstanding and 3,750,000 options still available to be granted under the Company's share option plan.

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

SELECTED FINANCIAL INFORMATION

Quarterly Results

The following table sets forth unaudited information for each of the eight quarters ended September 30, 2019 through June 30, 2021. 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)	Jun 30 2021 $	Mar 31 2021 $	Dec 31 2020 $	Sep 30 2020 $	Jun 30 2020 $	Mar 31 2020 $	Dec 31 2019 $	Sep 30 2019 $
Sales	1,575.3	1,781.9	1,704.8	1,637.4	923.6	1,549.8	1,616.1	1,740.0
Net Earnings (Loss)	108.0	153.5	113.1	125.5	(37.9)	78.5	49.7	98.2
Net Earnings (Loss) per Share								
Basic	1.65	2.35	1.73	1.92	(0.58)	1.21	0.76	1.51
Diluted	1.65	2.34	1.73	1.92	(0.58)	1.20	0.76	1.50

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 Mobility segment, vehicle production is typically at its lowest level during the third and fourth quarters due to lower OEM production schedules resulting from shutdowns related to summer and winter maintenance and model changeovers. The Company takes advantage of summer and winter shutdowns for maintenance activities that would otherwise disrupt normal production schedules. Additionally, COVID-19 had adverse impacts on each quarter of 2020 as well as Q1 and Q2 of 2021. Plant shutdowns began mainly in March 2020 and April 2020 with the automotive OEM's restarting production in May 2020 resulting in volumes growing over the remainder of the year.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

	Three Months Ended	June 30	Six Months Ended	June 30
	2021	2020	2021	2020
(in millions of dollars)	$	$	$	$
Cash generated from (used in):				
Operating Activities	186.0	193.5	409.9	426.1
Financing Activities	(72.9)	(190.9)	(411.0)	(258.1)
Investing Activities	(56.1)	(28.9)	(117.2)	(125.5)
Effect of translation adjustment on cash	2.7	(11.3)	(11.2)	(5.1)
Increase (decrease) in cash and cash equivalents	59.7	(37.6)	(129.5)	37.4
Cash and cash equivalents – Beginning of Period	671.9	413.2	861.1	338.2
Cash and cash equivalents – End of Period	731.6	375.6	731.6	375.6
Comprised of:				
Cash in bank	429.9	265.1	429.9	265.1
Short-term deposits	310.8	132.7	310.8	132.7
Unpresented cheques	(9.1)	(22.2)	(9.1)	(22.2)
	731.6	375.6	731.6	375.6

The Company's cash and cash equivalents (net of unpresented cheques) at June 30, 2021 were $731.6 million, an increase of $356.0 million compared to June 30, 2020.

Cash generated from operating activities was $186.0 million, a decrease of $7.5 million from Q2 2020, due to an increased use of cash in operating assets and liabilities partially offset by increased earnings for the period. YTD cash generated from operating activities was $409.9 million, $16.2 million less than was provided in YTD 2020, due to the same factors as described above.

During the quarter, financing activities used $72.9 million of cash compared to $190.9 million used in Q2 2020. The decrease in cash used was primarily due to the prepayment of the Company's 2021 Notes in Q2 2020. YTD cash used from financing activities was $411.0 million, $152.9 million more then was used in YTD 2020, primarily due to the Q1 2021 repayment of the Company's USD denominated bank borrowings a portion which came due in January 2021 partially offset by funding received through the Company's new 2031 Notes.

Investing activities used $56.1 million in Q2 2021 compared to $28.9 million used in Q2 2020 and YTD investing activities used $117.2 million compared to $125.5 million in YTD 2020. This use of cash was primarily due to the purchases of property, plant and equipment which continues to be an area of focus in conserving cash by the Company.

Operating Activities

	Three Months Ended	June 30	Six Months Ended	June 30
	2021	2020	2021	2020
(in millions of dollars)	$	$	$	$
Net Earnings (Loss) for the period	108.0	(37.9)	261.5	40.6
Adjustments to earnings	112.3	130.4	224.0	235.1
	220.3	92.5	485.5	275.7
Changes in operating assets and liabilities	(34.3)	101.0	(75.6)	150.4
Cash generated from (used in) operating activities	186.0	193.5	409.9	426.1

Cash generated by operations before the effect of changes in operating assets and liabilities increased $127.8 million in Q2 2021 to $220.3 million, compared to $92.5 million in Q2 2020. YTD cash generated from operations before the effect of changes in operating assets and liabilities increased $209.8 million in 2021 to $485.5 million, compared to $275.7 million YTD 2020.

Changes in operating assets and liabilities for Q2 2021 used cash of $34.3 million primarily due to an increase in inventories and a decrease in accounts payables partially offset by decreased long-term receivables. Changes in operating assets and liabilities YTD used cash of $75.6 million primarily due to increased accounts receivables and inventories partially offset by decreased long-term receivables.

In response to COVID-19, many governments around the world have provided various subsidy programs to assist companies during the crisis. The Company received government assistance in certain regions where such assistance was available and where the Company was eligible for the subsidy programs. The Company has recognized these subsidy programs as a reduction to the related expenses. A significant benefit to Linamar was from a subsidy program in Canada. The Canada Emergency Wage Subsidy ("CEWS") program was announced in March 2020. CEWS provides a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including a demonstration of revenue declines. The direct benefit of CEWS and other COVID-19 related programs recorded was $22.2 million for Q2 2021. However, the Company is unable to quantify the overall impact of COVID-19 on Linamar's financial results net of any mitigating factors such as government assistance programs.

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

Financing Activities

	Three Months Ended	June 30	Six Months Ended	June 30
	2021	2020	2021	2020
(in millions of dollars)	$	$	$	$
Proceeds from (repayments of) short-term borrowings	-	(13.6)	-	(5.7)
Proceeds from (repayments of) long-term debt	(53.7)	(187.9)	(845.7)	(241.4)
Proceeds from senior unsecured notes	-	-	494.0	-
Proceeds from exercise of stock options	-	9.5	-	9.5
Repurchase of shares	-	-	-	(13.3)
Dividends	(20.9)	(11.7)	(20.9)	(11.7)
Finance income received (expenses paid)	1.7	(12.5)	2.1	(20.8)
Settlement of derivative contracts	-	25.3	(40.5)	25.3
Cash generated from (used in) financing activities	(72.9)	(190.9)	(411.0)	(258.1)

Financing activities for Q2 2021 used $72.9 million of cash compared to $190.9 million used in Q2 2020. In Q2 2020, the Company prepaid its USD $130 million Private Placement Notes. YTD financing activities used $411.0 million compared to $258.1 million used in YTD 2020 primarily driven by the Company's repayment of long-term debt. In January 2021, the Company received EUR 320 million of its 2031 Notes, issued at an annual rate of 1.37%, coming due January 2031 and paying interest semi-annually. In January, the Company also repaid USD denominated bank borrowings a portion which came due in January 2021 that was maturing under its bank credit facility.

Investing Activities

	Three Months Ended	June 30	Six Months Ended	June 30
	2021	2020	2021	2020
(in millions of dollars)	$	$	$	$
Payments for purchase of property, plant and equipment	(50.8)	(24.0)	(110.3)	(114.7)
Proceeds on disposal of property, plant and equipment	2.5	0.9	4.4	6.1
Payments for purchase of intangible assets	(1.8)	(5.8)	(5.3)	(11.6)
Other	(6.0)	-	(6.0)	(5.3)
Cash generated from (used in) investing activities	(56.1)	(28.9)	(117.2)	(125.5)

Cash used for investing activities for Q2 2021 was $56.1 million compared to Q2 2020 at $28.9 million. YTD cash used on investing activities was $117.2 million compared to YTD 2020 at $125.5 million. The Company continues to focus on the conservation of cash resulting in lower payments for the purchase of property, plant and equipment when compared to periods prior to the COVID-19 pandemic.

Liquidity and Capital Resources

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

At June 30, 2021, cash and cash equivalents, including short-term deposits was $731.6 million and the Company's credit facilities had available credit of $957.6 million. Combined, the Company believes this liquidity of $1.7 billion at June 30, 2021 is sufficient to meet cash flow needs. In addition, free cash flow was $137.7 million for Q2 2021 compared to $170.5 million for the same period last year.

Commitments and Contingencies

Please see the Company's December 31, 2020 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, 2020.

Financial Instruments

In January 2021, the Company received EUR 320 million in funding through its 2031 Notes. These EUR denominated notes have been designated as a net investment hedge for the net investments in EUR foreign operations. The Company applied the proceeds of these notes, as well as a portion of available surplus cash, and proceeds drawn from the revolving credit facility towards the repayment of the USD denominated debt, a portion of which came due in January 2021. The USD cross currency interest rate swap contract associated with the USD denominated debt matured and settled at the same time. The EUR cross currency interest rate swap contract matured and also settled in January 2021, ending the associated net investment hedge. For more information, please see the Company's consolidated financial statements for the year ended December 31, 2020.

A portion of the Company's financial instruments are held as long-term receivables totalling $238.1 million at June 30, 2021 compared to $376.4 million at December 31, 2020. Long-term receivables are primarily made up of financing loans for the sale of industrial access equipment which decreased by $145.1 million to $89.4 million, financing loans for equity method investments which increased by $6.8 million to $118.0 million, and receivables for government assistance which decreased by $0.4 million to $27.6 million. During Q2 2021, the Company received payment of $132.6 million of long-term receivables from a customer.

The Company's strategy, risks and presentation of its financial instruments remain substantially unchanged during the quarter ended June 30, 2021. For more information, please see the Company's December 31, 2020 annual MD&A and the Company's consolidated financial statements for the year ended December 31, 2020.

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

Off Balance Sheet Arrangements

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

CURRENT AND PROPOSED TRANSACTIONS

There are no current and proposed transactions for the quarter ended June 30, 2021.

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 Public Health Threats; 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; Legal Proceedings and Insurance Coverage; Credit Risk; Weather; Emission Standards; Capital and Liquidity Risk; Tax Laws; Securities Laws Compliance and Corporate Governance Standards; and Environmental Matters. These risk factors remain substantially unchanged during the quarter ended June 30, 2021. These risk factors, as well as the other information contained in this MD&A, the Company's December 31, 2020 annual MD&A, and the Company's December 31, 2020 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

In response to the COVID-19 pandemic, certain physical distancing measures taken by the Company, customers, suppliers and governments had the potential to impact the design and performance of internal controls over financial reporting for the Company. Although our pre-existing controls were not specifically designed to operate in this current pandemic environment, we continue to believe that our established internal control over financial reporting addresses all identified risk areas. There were no changes in the Company's internal control over financial reporting during the quarter ended June 30, 2021, which have materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on the historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions or conditions.

The Company provided updates to its estimates and judgements during 2020 related to COVID-19 and in particular the 'Impact of COVID-19 on Results and Risk Management Practices', the 'Impact of COVID-19 on Receivables' and 'Impairment of Non-Financial Assets'. The following are these critical estimates and judgements the Company has disclosed again in its June 30, 2021 consolidated interim financial statements.

Impact of COVID-19 on Results and Risk Management Practices

During 2020, the outbreak of the novel strain of coronavirus, specifically identified as COVID-19, spread across the globe impacting worldwide economic activity. The extent to which the financial results and condition of the Company in future periods may be affected by COVID-19 depends on future developments and cannot be reliably determined at the date of these financial statements. The Company has not changed its fundamental risk management practices. The Company will continue to evaluate the situation and monitor any impacts or potential impacts to its business.

Impact of COVID-19 on Receivables

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

Impairment of Non-Financial Assets

The Company believes that the estimate of impairment for goodwill and non-financial assets is a "critical accounting estimate" because management is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired and to make significant forward looking assumptions. In assessing whether there is an indication that an asset may be impaired, there are a number of external and internal sources of information which require a high degree of judgement. The recoverable amounts of cash generating units have been determined based on the higher of fair value less costs of disposal or value in use calculations, which require the use of estimates. Uncertain changes in the discount rate used, and forward looking assumptions regarding improvement plans, costing assumptions, timing of program launches, and production volumes may affect the fair value of estimates used. No known trends, commitments, events or other uncertainties are currently believed to materially affect the assumptions used with the exception of the length and extent of the COVID-19 pandemic and its impact on the overall global economy which is not known.

Please refer to the "Critical Accounting Estimates and Judgements" section of the Company's December 31, 2020 consolidated annual financial statements and June 30, 2021 consolidated interim financial statements for additional information on its estimates and judgements.

RECENT ACCOUNTING CHANGES AND EFFECTIVE DATES

For information pertaining to accounting changes effective in 2021 and for future fiscal years please see the Company's consolidated financial statements for the year ended December 31, 2020 and the consolidated interim financial statements for the quarter ended June 30, 2021.

NON-GAAP AND ADDITIONAL GAAP MEASURES

Non-GAAP Measures

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

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

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

Normalizing Items

During Q2 2020, an unusual item of $9.1 million related to make-whole interest for the early prepayment of the 2021 Notes impacted net earnings.

(in millions of dollars)	2021 $	2020 $	Three Months Ended June 30 +/- $	+/- %	2021 $	2020 $	Six Months Ended June 30 +/- $	+/- %
Operating Earnings (Loss)	153.7	(25.3)	179.0	707.5%	374.9	92.7	282.2	304.4%
Foreign exchange (gain) loss	(1.5)	5.9	(7.4)		(1.3)	(8.6)	7.3	
Operating Earnings (Loss) – Normalized	152.2	(19.4)	171.6	884.5%	373.6	84.1	289.5	344.2%
Net Earnings (Loss)	108.0	(37.9)	145.9	385.0%	261.5	40.6	220.9	544.1%
Foreign exchange (gain) loss	(1.5)	5.9	(7.4)		(1.3)	(8.6)	7.3	
Foreign exchange (gain) loss on debt and derivatives	-	5.1	(5.1)		6.3	5.6	0.7	
Unusual items	-	9.1	(9.1)		-	9.1	(9.1)	
Tax impact	0.4	(4.2)	4.6		(1.3)	(1.7)	0.4	
Net Earnings (Loss) – Normalized	106.9	(22.0)	128.9	585.9%	265.2	45.0	220.2	489.3%
Net Earnings (Loss) per Share – Diluted	1.65	(0.58)	2.23	384.5%	3.99	0.62	3.37	543.5%
Foreign exchange (gain) loss	(0.02)	0.09	(0.11)		(0.02)	(0.13)	0.11	
Foreign exchange (gain) loss on debt and derivatives	-	0.08	(0.08)		0.10	0.09	0.01	
Unusual items	-	0.14	(0.14)		-	0.14	(0.14)	
Tax impact	-	(0.07)	0.07		(0.02)	(0.03)	0.01	
Net Earnings (Loss) per Share – Diluted – Normalized	1.63	(0.34)	1.97	579.4%	4.05	0.69	3.36	487.0%
EBITDA	261.2	81.1	180.1	222.1%	594.0	309.0	285.0	92.2%
Foreign exchange (gain) loss	(1.5)	5.9	(7.4)		(1.3)	(8.6)	7.3	
Foreign exchange (gain) loss on debt and derivatives	-	5.1	(5.1)		6.3	5.6	0.7	
Asset impairment provision, net of reversals	(0.5)	-	(0.5)		1.6	-	1.6	
EBITDA – Normalized	259.2	92.1	167.1	181.4%	600.6	306.0	294.6	96.3%

Normalizing Items by Segment

(in millions of dollars)	Industrial $	Mobility $	Three Months Ended June 30 2021 Linamar $	Industrial $	Mobility $	Six Months Ended June 30 2021 Linamar $
Operating Earnings (Loss)	73.7	80.0	153.7	109.4	265.5	374.9
EBITDA	88.0	173.2	261.2	137.8	456.2	594.0
Foreign exchange (gain) loss	(7.4)	5.9	(1.5)	2.8	(4.1)	(1.3)
Operating Earnings (Loss) – Normalized	66.3	85.9	152.2	112.2	261.4	373.6
Asset impairment provision, net of reversals	-	(0.5)	(0.5)	-	1.6	1.6
Foreign exchange (gain) loss on debt and derivatives	(0.1)	0.1	-	1.2	5.1	6.3
EBITDA – Normalized	80.5	178.7	259.2	141.8	458.8	600.6

(in millions of dollars)	Industrial $	Mobility $	Three Months Ended June 30 2020 Linamar $	Industrial $	Mobility $	Six Months Ended June 30 2020 Linamar $
Operating Earnings (Loss)	24.5	(49.8)	(25.3)	67.4	25.3	92.7
EBITDA	40.5	40.6	81.1	100.0	209.0	309.0
Foreign exchange (gain) loss	12.0	(6.1)	5.9	0.5	(9.1)	(8.6)
Operating Earnings (Loss) – Normalized	36.5	(55.9)	(19.4)	67.9	16.2	84.1
Foreign exchange (gain) loss on debt and derivatives	(0.2)	5.3	5.1	(0.1)	5.7	5.6
EBITDA – Normalized	52.3	39.8	92.1	100.4	205.6	306.0

Operating Earnings (Loss) – Normalized

The Company believes Operating Earnings (Loss) – Normalized is useful in assessing the Company's underlying operational performance and in making decisions regarding the ongoing operations of the business. Operating Earnings (Loss) – Normalized is calculated as

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

Net Earnings (Loss) – Normalized

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

Net Earnings (Loss) per Share – Diluted – Normalized

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

EBITDA – Normalized

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

Free Cash Flow

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

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
(in millions of dollars)	$	$	$	$
Cash generated from (used in) operating activities	186.0	193.5	409.9	426.1
Payments for purchase of property, plant and equipment	(50.8)	(24.0)	(110.3)	(114.7)
Proceeds on disposal of property, plant and equipment	2.5	1.0	4.4	6.2
Free Cash Flow	137.7	170.5	304.0	317.6

Additional GAAP Measures

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

Operating Earnings (Loss)

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

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
(in millions of dollars)	$	$	$	$
Net Earnings (Loss) before income taxes	145.7	(48.2)	353.1	55.9
Amortization of property, plant and equipment	97.9	99.6	205.1	199.1
Amortization of other intangible assets	12.2	10.9	24.1	21.5
Finance costs	4.7	18.7	10.1	30.4
Other interest	0.7	0.1	1.6	2.1
EBITDA	261.2	81.1	594.0	309.0

SUMMARY OF CONTENT PER VEHICLE BY QUARTER

Estimates as of June 30, 2021	Three Months Ended		Year to Date	
	Mar 31 2021	Jun 30 2021	Mar 31 2021	Jun 30 2021
North America				
Vehicle Production Units	3.73	3.33	3.73	7.06
Automotive Sales	$ 734.2	$ 588.1	$ 734.2	$ 1,322.2
Content Per Vehicle	$ 196.68	$ 176.62	$ 196.68	$ 187.22
Europe				
Vehicle Production Units	4.74	4.20	4.74	8.94
Automotive Sales	$ 386.6	$ 336.4	$ 386.6	$ 723.0
Content Per Vehicle	$ 81.55	$ 80.07	$ 81.55	$ 80.86
Asia Pacific				
Vehicle Production Units	11.08	10.26	11.08	21.33
Automotive Sales	$ 147.4	$ 128.3	$ 147.4	$ 275.7
Content Per Vehicle	$ 13.31	$ 12.51	$ 13.31	$ 12.92

Estimates as of March 31, 2021	Three Months Ended	Year to Date
	Mar 31 2021	Mar 31 2021
North America		
Vehicle Production Units	3.74	3.74
Automotive Sales	$ 734.2	$ 734.2
Content Per Vehicle	$ 196.05	$ 196.05
Europe		
Vehicle Production Units	4.67	4.67
Automotive Sales	$ 386.6	$ 386.6
Content Per Vehicle	$ 82.81	$ 82.81
Asia Pacific		
Vehicle Production Units	10.90	10.90
Automotive Sales	$ 147.4	$ 147.4
Content Per Vehicle	$ 13.51	$ 13.51

Change in Estimates from Prior Quarter	Three Months Ended	Year to Date
	Mar 31 2021	Mar 31 2021
North America	+/-	+/-
Vehicle Production Units	(0.01)	(0.01)
Automotive Sales	$ -	$ -
Content Per Vehicle	$ 0.63	$ 0.63
Europe		
Vehicle Production Units	0.07	0.07
Automotive Sales	$ -	$ -
Content Per Vehicle	$ (1.26)	$ (1.26)
Asia Pacific		
Vehicle Production Units	0.18	0.18
Automotive Sales	$ -	$ -
Content Per Vehicle	$ (0.20)	$ (0.20)

FORWARD LOOKING INFORMATION

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

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

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

LINAMAR CORPORATION
Consolidated Interim Statements of Financial Position
As at June 30, 2021 with comparatives as at December 31, 2020 (Unaudited)
(in thousands of Canadian dollars)

	June 30 2021 $	December 31 2020 $
ASSETS		
Cash and cash equivalents	731,571	861,100
Accounts and other receivables	979,536	888,206
Inventories	949,321	864,155
Income taxes recoverable	12,628	8,961
Current portion of long-term receivables (Note 6)	42,488	66,135
Current portion of derivative financial instruments (Note 6)	28,534	26,398
Other current assets	31,183	34,847
Current Assets	2,775,261	2,749,802
Long-term receivables (Note 6)	195,626	310,315
Derivative financial instruments (Note 6)	1,973	5,073
Property, plant and equipment	2,454,809	2,624,004
Investments	6,677	6,579
Deferred tax assets	112,786	106,358
Intangible assets	830,657	864,478
Goodwill	863,428	890,081
Assets	7,241,217	7,556,690
LIABILITIES		
Accounts payable and accrued liabilities	1,436,391	1,452,323
Provisions	36,003	38,441
Income taxes payable	70,596	83,882
Current portion of long-term debt (Notes 6, 7)	22,980	577,335
Current portion of derivative financial instruments (Note 6)	2,943	45,236
Current Liabilities	1,568,913	2,197,217
Long-term debt (Notes 6, 7)	907,261	725,879
Derivative financial instruments (Note 6)	1,319	363
Deferred tax liabilities	270,650	279,733
Liabilities	2,748,143	3,203,192
EQUITY		
Capital stock	146,204	146,204
Retained earnings	4,314,136	4,073,591
Contributed surplus	26,958	25,546
Accumulated other comprehensive earnings (loss)	5,776	108,157
Equity	4,493,074	4,353,498
Liabilities and Equity	7,241,217	7,556,690

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 six months ended June 30, 2021 and June 30, 2020 (Unaudited)
(in thousands of Canadian dollars, except per share figures)

	Three Months Ended June 30		Six Months Ended June 30	
	2021 $	2020 $	2021 $	2020 $
Sales	1,575,270	923,571	3,357,127	2,473,336
Cost of sales	1,346,739	882,591	2,815,889	2,231,883
Gross Margin	228,531	40,980	541,238	241,453
Selling, general and administrative	77,018	60,431	168,538	157,872
Other income and (expenses) (Note 9)	2,171	(5,813)	2,220	9,095
Operating Earnings (Loss)	153,684	(25,264)	374,920	92,676
Share of net earnings (loss) of investments accounted for using the equity method	(7,284)	(5,151)	(13,509)	(11,577)
Finance income and (expenses) (Note 10)	(716)	(17,736)	(8,336)	(25,176)
Net Earnings (Loss) before Income Taxes	145,684	(48,151)	353,075	55,923
Provision for (recovery of) income taxes	37,727	(10,232)	91,586	15,356
Net Earnings (Loss) for the Period	107,957	(37,919)	261,489	40,567
Net Earnings (Loss) Per Share:				
Basic	1.65	(0.58)	4.00	0.62
Diluted	1.65	(0.58)	3.99	0.62

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

LINAMAR CORPORATION
Consolidated Interim Statements of Comprehensive Earnings
For the six months ended June 30, 2021 and June 30, 2020 (Unaudited)
(in thousands of Canadian dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
	$	$	$	$
Net Earnings (Loss) for the Period	107,957	(37,919)	261,489	40,567
Items that may be reclassified subsequently to net income				
Unrealized gains (losses) on translating financial statements of foreign operations	1,109	(87,423)	(129,179)	78,911
Change in unrealized gains (losses) on net investment hedges	1,056	16,561	35,222	(41,637)
Change in unrealized gains (losses) on cash flow hedges	8,096	(61,805)	3,105	(40,119)
Change in cost of hedging	(764)	213	(2,385)	9,093
Reclassification to earnings of gains (losses) on cash flow hedges	(8,890)	90,707	(7,780)	2,888
Tax impact of above	448	(11,420)	(1,474)	17,443
Other Comprehensive Earnings (Loss)	1,055	(53,167)	(102,491)	26,579
Comprehensive Earnings (Loss) for the Period	109,012	(91,086)	158,998	67,146

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

LINAMAR CORPORATION
Consolidated Interim Statements of Changes in Equity
For the six months ended June 30, 2021 and June 30, 2020 (Unaudited)
(in thousands of Canadian dollars)

	Capital stock $	Retained earnings $	Contributed surplus $	Cumulative translation adjustment $	Hedging reserves $	Total Equity $
Balance at January 1, 2021	146,204	4,073,591	25,546	91,598	16,559	4,353,498
Net Earnings (Loss)	-	261,489	-	-	-	261,489
Other comprehensive earnings (loss)	-	-	-	(97,185)	(5,306)	(102,491)
Comprehensive Earnings (Loss)	-	261,489	-	(97,185)	(5,306)	158,998
Hedging transferred to the carrying value of inventory	-	-	-	-	110	110
Share-based compensation	-	-	1,412	-	-	1,412
Dividends	-	(20,944)	-	-	-	(20,944)
Balance at June 30, 2021	146,204	4,314,136	26,958	(5,587)	11,363	4,493,074

	Capital stock $	Retained earnings $	Contributed surplus $	Cumulative translation adjustment $	Hedging reserves $	Total Equity $
Balance at January 1, 2020	132,356	3,830,666	27,578	36,469	2,686	4,029,755
Net Earnings (Loss)	-	40,567	-	-	-	40,567
Other comprehensive earnings (loss)	-	-	-	46,946	(20,367)	26,579
Comprehensive Earnings (Loss)	-	40,567	-	46,946	(20,367)	67,146
Share-based compensation	-	-	1,221	-	-	1,221
Shares issued on exercise of options	14,417	-	(4,914)	-	-	9,503
Common shares repurchased and cancelled	(569)	(12,711)	-	-	-	(13,280)
Dividends	-	(11,716)	-	-	-	(11,716)
Balance at June 30, 2020	146,204	3,846,806	23,885	83,415	(17,681)	4,082,629

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

LINAMAR CORPORATION
Consolidated Interim Statements of Cash Flows
For the six months ended June 30, 2021 and June 30, 2020 (Unaudited)
(in thousands of Canadian dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
	$	$	$	$
Cash generated from (used in)				
Operating Activities				
Net Earnings (Loss) for the Period	107,957	(37,919)	261,489	40,567
Adjustments for:				
Amortization of property, plant and equipment	97,941	99,560	205,148	199,136
Amortization of other intangible assets	12,226	10,887	24,098	21,505
Deferred income taxes	(3,125)	(20,429)	(13,587)	(27,720)
Asset impairment provision, net of reversals	(511)	-	1,640	-
Share-based compensation	706	611	1,412	1,221
Equity investment (earnings) loss	7,284	5,151	13,509	11,577
Finance (income) and expenses	716	17,736	8,336	25,176
Other	(2,845)	16,925	(16,523)	4,240
	220,349	92,522	485,522	275,702
Changes in operating assets and liabilities:				
(Increase) decrease in accounts and other receivables	3,776	246,279	(100,608)	216,728
(Increase) decrease in inventories	(57,633)	151,295	(103,305)	68,620
(Increase) decrease in other current assets	2,832	4,515	2,756	9,253
(Increase) decrease in long-term receivables	132,458	28,393	123,606	41,077
Increase (decrease) in income taxes	997	8,610	(19,118)	25,291
Increase (decrease) in accounts payable and accrued liabilities	(117,456)	(338,173)	22,793	(207,401)
Increase (decrease) in provisions	656	103	(1,746)	(3,122)
	(34,370)	101,022	(75,622)	150,446
Cash generated from (used in) operating activities	185,979	193,544	409,900	426,148
Financing Activities				
Proceeds from (repayments of) short-term borrowings	-	(13,606)	-	(5,776)
Proceeds from (repayments of) long-term debt	(53,705)	(187,937)	(845,694)	(241,361)
Proceeds from senior unsecured notes	-	-	493,952	-
Proceeds from exercise of stock options	-	9,503	-	9,503
Repurchase of shares	-	-	-	(13,280)
Dividends	(20,944)	(11,716)	(20,944)	(11,716)
Finance income received (expenses paid)	1,753	(12,501)	2,120	(20,847)
Settlement of derivative contracts (Notes 6, 7)	-	25,335	(40,470)	25,335
Cash generated from (used in) financing activities	(72,896)	(190,922)	(411,036)	(258,142)
Investing Activities				
Payments for purchase of property, plant and equipment	(50,799)	(23,987)	(110,351)	(114,682)
Proceeds on disposal of property, plant and equipment	2,560	941	4,405	6,110
Payments for purchase of intangible assets	(1,871)	(5,834)	(5,271)	(11,616)
Other	(5,981)	-	(5,981)	(5,289)
Cash generated from (used in) investing activities	(56,091)	(28,880)	(117,198)	(125,477)
	56,992	(26,258)	(118,334)	42,529
Effect of translation adjustment on cash	2,677	(11,377)	(11,195)	(5,205)
Increase (decrease) in cash and cash equivalents	59,669	(37,635)	(129,529)	37,324
Cash and cash equivalents - Beginning of Period	671,902	413,185	861,100	338,226
Cash and cash equivalents - End of Period	731,571	375,550	731,571	375,550
Comprised of:				
Cash in bank	429,853	265,141	429,853	265,141
Short-term deposits	310,768	132,665	310,768	132,665
Unpresented cheques	(9,050)	(22,256)	(9,050)	(22,256)
	731,571	375,550	731,571	375,550

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 June 30, 2021 were authorized for issue in accordance with a resolution of the Company's Board of Directors on August 11, 2021.

2 Basis of Presentation and Significant Accounting Policies

The Company has prepared its consolidated 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, 2020. 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.

The Company has prepared these unaudited consolidated interim financial statements using the same accounting policies and methods as those used in the Company's audited consolidated annual financial statements for the year ended December 31, 2020. These policies have been consistently applied to all periods presented, unless otherwise stated.

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 9 Financial Instruments, IFRS 7 Financial Instruments: Disclosures and IFRS 16 Leases The Company has adopted the Phase 2 amendments to IFRS 9 Financial Instruments, IFRS 7 Financial Instruments: Disclosures and IFRS 16 Leases as issued in August 2020. The Phase 2 amendments address issues affecting financial reporting when changes are made to contractual cash flows of financial instruments or hedging relationships as a result of interest rate benchmark reform. In addition, the amendments to IFRS 7 require additional disclosures related to the interest rate benchmark reform. There have been no significant impacts to the Company for the six months ended June 30, 2021 for any financial instruments or other contracts linked to an underlying interest rate impacted by the reforms. The Company continues to assess the impacts of the benchmark reforms on our operations and continues to engage with industry associations on recent developments on the transition to risk-free rates. However, the Company does not currently anticipate future significant impacts to the financial statements.

New Standards and Interpretations Not Yet Adopted

All pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. 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.

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.

Due to the uncertainty of COVID-19, the following discussion sets forth an update to management's most critical estimates and assumptions in determining the value of assets and liabilities and most critical judgements in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year.

Impact of COVID-19 on Results and Risk Management Practices

During 2020, the outbreak of the novel strain of coronavirus, specifically identified as COVID-19, spread across the globe impacting worldwide economic activity. The extent to which the financial results and condition of the Company in future periods may be affected by COVID-19 depends on future developments and cannot be reliably determined at the date of these financial statements. The Company has not changed its fundamental risk management practices. The Company will continue to evaluate the situation and monitor any impacts or potential impacts to its business.

Impact of COVID-19 on Receivables

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

Impairment of Non-Financial Assets

The Company believes that the estimate of impairment for goodwill and non-financial assets is a "critical accounting estimate" because management is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired and to make significant forward looking assumptions. In assessing whether there is an indication that an asset may be impaired, there are a number of external and internal sources of information which require a high degree of judgement. The recoverable amounts of cash generating units have been determined based on the higher of fair value less costs of disposal or value in use calculations, which require the use of estimates. Uncertain changes in the discount rate used, and forward looking assumptions regarding improvement plans, costing assumptions, timing of program launches, and production volumes may affect the fair value of estimates used. No known trends, commitments, events or other uncertainties are currently believed to materially affect the assumptions used with the exception of the length and extent of the COVID-19 pandemic and its impact on the overall global economy which is not known.

Please refer to the "Critical Accounting Estimates and Judgements" section of the Company's December 31, 2020 consolidated annual financial statements for additional information.

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 Mobility 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.

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

6 Composition of Financial Instruments

The comparison of fair values to carrying amounts of financial assets and financial liabilities along with their fair value hierarchy for financial assets and financial liabilities carried at fair value on a recurring basis is as follows:

		June 30, 2021		December 31, 2020	
	Subsequent Measurement	Carrying Value Asset (Liability) $	Fair Value $	Carrying Value Asset (Liability) $	Fair Value $
Long-term receivables	Amortized cost (Level 2)	238,114	252,951	376,450	413,177
Derivative financial instruments					
USD cross currency interest rate swaps (Note 7)	Fair value (Level 2)	-	-	(33,772)	(33,772)
EUR cross currency interest rate swaps	Fair value (Level 2)	-	-	(10,832)	(10,832)
USD sales forwards – CAD functional entities	Fair value (Level 2)	11,979	11,979	13,664	13,664
USD sales forwards – MXN functional entities	Fair value (Level 2)	11,810	11,810	15,467	15,467
USD sales forwards – CNY functional entities	Fair value (Level 2)	1,415	1,415	2,340	2,340
CAD purchase forwards – GBP functional entities	Fair value (Level 2)	1,041	1,041	(995)	(995)
Investment designated at fair value through other comprehensive income	Fair value (Level 3)	6,677	6,677	6,579	6,579
Long-term debt, excluding lease liabilities	Amortized cost (Level 2)	(866,697)	(819,639)	(1,237,415)	(1,211,770)

As at December 31, 2020, the Company held Euro ("EUR") cross currency interest rate swap contracts to buy EUR interest and principal amounts in exchange for CAD interest and principal amounts. The contracts hedged the effective change in exchange rates on net investments in EUR foreign operations. The EUR cross currency interest rate swap contracts matured and were settled in January 2021, ending that net investment hedge.

7 Long-Term Debt

	June 30 2021 $	December 31 2020 $
Senior unsecured notes	468,762	-
Bank borrowings	322,059	1,158,184
Lease liabilities	63,544	65,799
Government borrowings	75,876	79,231
	930,241	1,303,214
Less: current portion	22,980	577,335
	907,261	725,879

In June 2020, the U.S. $130,000 Senior unsecured notes, due in September 2021, were fully repaid. The hedge interest payment and debt principal forward contracts used to convert the United States stated coupon rate to a Canadian interest rate, and to lock in the exchange rate on the principal repayment component, were terminated at the same time.

In January 2021, the Company received funding through a note purchase agreement with certain institutional investors for a private placement of EUR 320,000 aggregate principal amount, issued at an annual rate of 1.37%, coming due January 2031 and paying interest semi-annually. The EUR denominated senior unsecured notes have been designated as a net investment hedge for the net investments in EUR foreign operations.

As at December 31, 2020, the Company held floating USD $716,044 denominated bank borrowings, a portion of which came due in January 2021. The USD cross currency interest rate swap contracts effectively locked in the exchange rate on the interest and principal repayments of the USD borrowings and hedge the effective changes in exchange rates. The contracts also lock in the interest payments on the USD borrowings from monthly LIBOR floating interest rates to a CAD fixed interest rate. The USD borrowings were repaid in January 2021 and the USD cross currency interest rate swap contracts matured and were settled at the same time (Note 6). Along with available cash and proceeds drawn from the revolving credit facility the Company applied the proceeds of the EUR denominated notes towards the repayment of the USD denominated bank borrowings.

As of June 30, 2021, $957,632 was available under the revolving credit facility.

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

8 Capital Stock

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

9 Other Income and (Expenses)

	Three Months Ended		Six Months Ended	
		June 30		June 30
	2021	2020	2021	2020
	$	$	$	$
Foreign exchange gain (loss)	1,436	(5,887)	1,359	8,551
Other income (expense)	735	74	861	544
	2,171	(5,813)	2,220	9,095

10 Finance Income and (Expenses)

	Three Months Ended		Six Months Ended	
		June 30		June 30
	2021	2020	2021	2020
	$	$	$	$
Finance costs	(4,722)	(18,666)	(10,122)	(30,406)
Foreign exchange gain (loss) on debt and derivatives	-	(5,182)	(6,324)	(5,542)
Interest earned	5,603	7,344	11,768	15,000
Other	(1,597)	(1,232)	(3,658)	(4,228)
	(716)	(17,736)	(8,336)	(25,176)

11 Government Grants

In response to COVID-19, many governments around the world have provided various subsidy programs to assist companies during the crisis. The Company received government assistance in certain regions where such assistance was available and where the Company was eligible for the subsidy programs. The Company has recognized these subsidy programs as a reduction to the related expenses. A significant benefit to Linamar was from a subsidy program in Canada. The Canada Emergency Wage Subsidy ("CEWS") program was announced in March 2020. CEWS provides a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including a demonstration of revenue declines. The direct benefit of CEWS and other COVID-19 related programs recorded in the consolidated interim statement of earnings was $22,202 for the three months ended June 30, 2021 and $38,079 for the six months ended June 30, 2021 ($52,764 for the three months ended June 30, 2020 and $61,011 for the six months ended June 30, 2020).

12 Commitments

As at June 30, 2021, outstanding commitments for capital expenditures under purchase orders and contracts amounted to $167,935 (June 30, 2020 - $112,041). Of this amount $151,146 (June 30, 2020 - $110,499) relates to the purchase of manufacturing equipment and $16,789 (June 30, 2020 - $1,542) relates to general contracting and construction costs in respect of plant construction. The majority of these commitments are due within the next twelve months.

13 Related Party Transactions

Related party transactions include long-term receivables to an investee accounted for using the equity method at June 30, 2021 of $118,030 (June 30, 2020 - $106,790). Included in the cost of sales are material purchases from the same related party of $7,493 for the three months ended June 30,2021 and $10,803 for the six months ended June 30, 2021 ($3,009 for the three months ended June 30, 2020 and $9,722 for the six months ended June 30, 2020), with amounts payable at June 30, 2021 of $6,450 (June 30, 2020 - $9,432).

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

14 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.

Mobility: The Mobility 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 Mobility 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.

	Three Months Ended June 30, 2021			Six Months Ended June 30, 2021			
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Total identifiable assets
	$	$	$	$	$	$	$
Mobility	1,181,774	7,595	80,030	2,615,342	13,947	265,544	4,907,608
Industrial	393,496	2,213	73,654	741,785	4,448	109,376	2,333,609
Total	1,575,270	9,808	153,684	3,357,127	18,395	374,920	7,241,217

	Three Months Ended June 30, 2020			Six Months Ended June 30, 2020			
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Total identifiable assets
				$	$	$	$
Mobility	664,373	5,028	(49,766)	1,915,184	13,083	25,248	4,451,002
Industrial	259,198	2,997	24,502	558,152	6,238	67,428	2,780,754
Total	923,571	8,025	(25,264)	2,473,336	19,321	92,676	7,231,756

The Company operates in four geographic segments. The sales to external customers in Canada, Rest of North America, Asia Pacific and Europe are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
	$	$	$	$
Canada	777,789	443,689	1,662,632	1,198,991
Rest of North America	181,529	109,396	404,155	319,080
Asia Pacific	135,332	131,122	274,403	208,935
Europe	480,620	239,364	1,015,937	746,330
Total	1,575,270	923,571	3,357,127	2,473,336

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

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

	Three Months Ended		Six Months Ended	
		June 30		June 30
	2021	2020	2021	2020
	$	$	$	$
Net earnings (loss) before income taxes	145,684	(48,151)	353,075	55,923
Amortization of property, plant and equipment	97,941	99,560	205,148	199,136
Amortization of other intangible assets	12,226	10,887	24,098	21,505
Finance costs	4,722	18,666	10,122	30,406
Other interest	632	90	1,511	2,061
EBITDA	261,205	81,052	593,954	309,031
Mobility	173,233	40,599	456,186	209,079
Industrial	87,972	40,453	137,768	99,952
	261,205	81,052	593,954	309,031