Linamar Delivers Another Quarter of Double Digit Top and Bottom Line Growth For Q3 2023, Further Diversifies Portfolio

November 8, 2023, Guelph, Ontario, Canada (TSX: LNR)

Strong financial performance

- Sales up 16.0% to $2.43 billion;
- Normalized Operating Earnings[1] up 19.0%; and
- Normalized Earnings per Share[1] up 15.7%.

Diversified Strategy Success

- Diversified strategy validated with Industrial earnings up 64% over the prior year, anchoring solid overall performance; and
- Acquisition of Mobex chassis and suspension business closed and will drive strong propulsion-agnostic growth.

New Business

- New business wins take launch book to nearly $3.7 billion;
  - 74% of Mobility wins are for either propulsion agnostic components or electrified vehicles; and
  - 57% of Mobility wins for electrified vehicles.
- Propulsion agnostic and electrified vehicle sales at nearly 60% of booked light vehicle sales inside of next 4 years.

Double-Digit Sales Growth in Both Segments

- Sales up 26.8% for Industrial due to solid market share growth for certain targeted products and regions in both agricultural and access equipment;
- Sales up 12.3% for Mobility driven largely by launching programs and sales from our Dura-Shiloh battery enclosures business acquisition; and
- North American and European content per vehicle hit new record levels reflective of continued market share growth.

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
(in millions of dollars, except per share figures)	$	$	$	$
Sales	2,434.2	2,098.1	7,279.7	5,857.9
Operating Earnings (Loss)				
Industrial	130.4	84.7	375.1	145.9
Mobility	83.9	100.7	230.2	317.4
Operating Earnings (Loss)	214.3	185.4	605.3	463.3
Net Earnings (Loss)	146.7	133.2	398.7	334.0
Net Earnings (Loss) per Share – Diluted	2.38	2.10	6.47	5.17
Operating Earnings (Loss) – Normalized[1]				
Industrial	121.9	74.3	370.9	137.0
Mobility	78.5	94.1	236.1	287.2
Operating Earnings (Loss) – Normalized	200.4	168.4	607.0	424.2
Net Earnings (Loss) – Normalized[1]	136.3	121.0	418.8	301.2
Net Earnings (Loss) per Share – Diluted – Normalized[1]	2.21	1.91	6.80	4.66

"Q3 was another exceptional quarter of excellent double-digit earnings growth, double-digit sales growth and market share growth and we are well on track to achieve double-digit growth for the full year. Success in our core business is being enhanced with continued focus on acquisitions to diversify and expand our product portfolio, our Mobex deal being the latest example of that," said Linamar Executive Chair and CEO Linda Hasenfratz, "Mobex takes our newly formed Linamar Structures Group to more than $1 Billion in annual sales, providing excellent opportunities for further growth in propulsion agnostic and electrified vehicle programs, sales for which are now representing nearly 60% of booked light vehicle sales inside of the next 4 years."

DIVIDENDS

The Board of Directors today declared an eligible dividend in respect to the quarter ended September 30, 2023, of CDN$0.22 per share on the common shares of the company, payable on or after December 1, 2023, to shareholders of record on November 21, 2023.

1 Operating Earnings (Loss) – Normalized, Net Earnings (Loss) – Normalized, Net Earnings (Loss) per Share – Diluted – Normalized, and Free Cash Flow are non-GAAP financial measures. Please see "Non-GAAP and Other Financial Measures" section of this press release.

NON-GAAP AND OTHER FINANCIAL MEASURES

The Company uses certain non-GAAP and other financial measures to provide useful information to both management, investors, and other stakeholders 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 and other financial measures when analyzing operational performance on a consistent basis.

These Non-GAAP and other 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. Please see the "Non-GAAP and Other Financial Measures" section of the Company's MD&A for further information.

All these other items contained in these non-GAAP financial measures are summarized as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
(in millions of dollars)	$	$	$	$
Gain on sale of unused land	-	-	-	(22.1)
Adjustment for contingent consideration of Mills River earn-out	-	-	4.9	-
Other items impacting Operating Earnings (loss) – Normalized and Net Earnings (Loss) - Normalized	-	-	4.9	(22.1)

During Q1 2023, a normalizing item related to an "adjustment for contingent consideration on Mills River earn-out" impacted the Mobility segment by $4.9 million. Also, during Q1 2023 and Q2 2023 a normalizing item impacting the Company's income taxes related to withholding tax on repatriation of cash from China by $5.2 million and $13.4 million respectively.

During Q1 2022, a normalizing item related to a "gain on sale of unused land" impacted the Mobility segment by $22.1 million.

All normalized non-GAAP financial measures areas reconciled as follows:

	Three Months Ended September 30				Nine Months Ended September 30			
	2023	2022	+/-	+/-	2023	2022	+/-	+/-
(in millions of dollars, except per share figures)	$	$	$	%	$	$	$	%
Operating Earnings (Loss) – Normalized								
Operating Earnings (Loss)	214.3	185.4	28.9	15.6%	605.3	463.3	142.0	30.6%
Foreign exchange (gain) loss	(13.9)	(17.0)	3.1		(3.2)	(17.0)	13.8	
Other items	-	-	-		4.9	(22.1)	27.0	
Operating Earnings (Loss) – Normalized	200.4	168.4	32.0	19.0%	607.0	424.2	182.8	43.1%
Net Earnings (Loss) – Normalized								
Net Earnings (Loss)	146.7	133.2	13.5	10.1%	398.7	334.0	64.7	19.4%
Foreign exchange (gain) loss	(13.9)	(17.0)	3.1		(3.2)	(17.0)	13.8	
Foreign exchange (gain) loss on debt and derivatives	(0.1)	0.7	(0.8)		-	1.2	(1.2)	
Other items	-	-	-		4.9	(22.1)	27.0	
Tax impact including Other Items	3.6	4.1	(0.5)		18.4	5.1	13.3	
Net Earnings (Loss) – Normalized	136.3	121.0	15.3	12.6%	418.8	301.2	117.6	39.0%
Net Earnings (Loss) per Share – Diluted – Normalized								
Net Earnings (Loss) per Share – Diluted	2.38	2.10	0.28	13.3%	6.47	5.17	1.30	25.1%
Foreign exchange (gain) loss	(0.22)	(0.27)	0.05		(0.05)	(0.27)	0.22	
Foreign exchange (gain) loss on debt and derivatives	-	0.01	(0.01)		-	0.02	(0.02)	
Other items	-	-	-		0.08	(0.34)	0.42	
Tax impact including Other Items	0.05	0.07	(0.02)		0.30	0.08	0.22	
Net Earnings (Loss) per Share – Diluted – Normalized	2.21	1.91	0.30	15.7%	6.80	4.66	2.14	45.9%

All normalized non-GAAP financial measures areas impacting segments reconciled as follows:

			Three Months Ended September 30 2023			Nine Months Ended September 30 2023
(in millions of dollars)	Industrial $	Mobility $	Linamar $	Industrial $	Mobility $	Linamar $
Operating Earnings (Loss) – Normalized						
Operating Earnings (Loss)	130.4	83.9	214.3	375.1	230.2	605.3
Foreign exchange (gain) loss	(8.5)	(5.4)	(13.9)	(4.2)	1.0	(3.2)
Other items	-	-	-	-	4.9	4.9
Operating Earnings (Loss) – Normalized	121.9	78.5	200.4	370.9	236.1	607.0

			Three Months Ended September 30 2022			Nine Months Ended September 30 2022
(in millions of dollars)	Industrial $	Mobility $	Linamar $	Industrial $	Mobility $	Linamar $
Operating Earnings (Loss) – Normalized						
Operating Earnings (Loss)	84.7	100.7	185.4	145.9	317.4	463.3
Foreign exchange (gain) loss	(10.4)	(6.6)	(17.0)	(8.9)	(8.1)	(17.0)
Other items	-	-	-	-	(22.1)	(22.1)
Operating Earnings (Loss) – Normalized	74.3	94.1	168.4	137.0	287.2	424.2

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

Q3 2023 Release Information

Linamar will hold a webcast call on November 8, 2023, 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/event/q3-2023-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 (+1) 888 396-8049 (North America) or (+1) 416 764-8646 (International) Conference ID 20767152, 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 Executive Chair and 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 8, 2023, and at www.sedar.com by the start of business on November 9, 2023. The webcast replay will be available at https://www.linamar.com/event/q3-2023-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 8, 2023, for seven days. The number for the replay is (+1) (877) 674-7070 or (+1) (416) 764-8692, Passcode: 767152#. In addition, a recording of the call will be posted at https://www.linamar.com/event/q3-2023-earnings-call/.

Q4 2023 Release Information

Linamar will hold a webcast call on March 6, 2024, at 5:00 p.m. ET to discuss its third quarter results. The event will be simulcast and can be accessed at the following https://www.linamar.com/event/q4-2023-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 (+1) 888 259-6580 (North America) or (+1) 416 764-8624 (International) Conference ID 11859424, 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 Executive Chair and 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 March 6, 2024, and at www.sedar.com by the start of business on March 7, 2024. The webcast replay will be available at https://www.linamar.com/event/q4-2023-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 March 6, 2024, for seven days. The number for the replay is (+1) (877) 674-7070 or (+1) (416) 764-8692, Passcode: 859424 #. In addition, a recording of the call will be posted at https://www.linamar.com/event/q4-2023-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, MacDon and Salford. 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. Salford also supplies the agriculture market with farm tillage and crop fertilizer applicator equipment. The Mobility segment is focused on propulsion systems, structural and chassis systems, energy storage and power generation for both the global electrified and traditionally powered vehicle markets, and is subdivided into three regional groups and one global product group: North America, Europe, Asia Pacific and the newly formed Structures Group. The Regional Mobility groups are vertically integrated operations combining expertise in light metal casting, forging, machining and assembly. The Linamar Structures Group offers competitive lightweight innovations for safety-critical components and systems for the global mobility market. In addition, the eLIN Product Solutions Group focuses on Electrification and McLaren Engineering provides design, development, and testing services for the Mobility segment. Linamar's medical solutions group, Linamar MedTech, focuses on manufacturing solutions for medical devices and precision medical components. Linamar has over 31,000 employees in 70 manufacturing locations, 14 R&D centres and 28 sales offices in 19 countries in North and South America, Europe and Asia, which generated sales of more than $7.9 billion in 2022. For more information about Linamar Corporation and its industry-leading products and services, visit www.linamar.com or follow us on our social media channels.

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

Guelph, Ontario
November 8, 2023

LINAMAR CORPORATION

Management's Discussion and Analysis

For the Quarter Ended September 30, 2023

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Linamar Corporation ("Linamar" or the "Company") should be read in conjunction with its consolidated financial statements for the quarter ended September 30, 2023. This MD&A has been prepared as at November 8, 2023. 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, MacDon and Salford. 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. Salford also supplies the agriculture market with farm tillage and crop fertilizer applicator equipment. The Mobility segment is focused on propulsion systems, structural and chassis systems, energy storage and power generation for both the global electrified and traditionally powered vehicle markets, and is subdivided into three regional groups and one global product group: North America, Europe, Asia Pacific and the newly formed Structures Group. The Regional Mobility groups are vertically integrated operations combining expertise in light metal casting, forging, machining and assembly. The Linamar Structures Group offers competitive lightweight innovations for safety-critical components and systems for the global mobility market. In addition, the eLIN Product Solutions Group focuses on Electrification and McLaren Engineering provides design, development, and testing services for the Mobility segment. Linamar's medical solutions group, Linamar MedTech, focuses on manufacturing solutions for medical devices and precision medical components. Linamar has over 31,000 employees in 70 manufacturing locations, 14 R&D centres and 28 sales offices in 19 countries in North and South America, Europe and Asia, which generated sales of more than $7.9 billion in 2022. For more information about Linamar Corporation and its industry-leading products and services, visit www.linamar.com or follow us on our social media channels.

Overall Corporate Results

The following table sets out certain highlights of the Company's performance in the third quarter of 2023 ("Q3 2023") and 2022 ("Q3 2022"):

				Three Months Ended September 30				Nine Months Ended September 30
(in millions of dollars, except per share figures)	2023 $	2022 $	+/- $	+/- %	2023 $	2022 $	+/- $	+/- %
Sales	2,434.2	2,098.1	336.1	16.0%	7,279.7	5,857.9	1,421.8	24.3%
Gross Margin	340.3	277.9	62.4	22.5%	1,002.7	726.0	276.7	38.1%
Operating Earnings (Loss)	214.3	185.4	28.9	15.6%	605.3	463.3	142.0	30.6%
Net Earnings (Loss)	146.7	133.2	13.5	10.1%	398.7	334.0	64.7	19.4%
Net Earnings (Loss) per Share - Diluted	2.38	2.10	0.28	13.3%	6.47	5.17	1.30	25.1%
Earnings before interest, taxes and amortization ("EBITDA")[1]	344.4	298.8	45.6	15.3%	977.9	794.0	183.9	23.2%
Operating Earnings (Loss) - Normalized[1]	200.4	168.4	32.0	19.0%	607.0	424.2	182.8	43.1%
Net Earnings (Loss) - Normalized[1]	136.3	121.0	15.3	12.6%	418.8	301.2	117.6	39.0%
Net Earnings (Loss) per Share - Diluted - Normalized[1]	2.21	1.91	0.30	15.7%	6.80	4.66	2.14	45.9%
EBITDA – Normalized[1]	330.4	282.5	47.9	17.0%	979.6	756.2	223.4	29.5%

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

[1] Operating Earnings (Loss) – Normalized, Net Earnings (Loss) – Normalized, Net Earnings (Loss) per Share – Diluted – Normalized, EBITDA and EBITDA – Normalized are non-GAAP financial measures. Please see "Non-GAAP and Other Financial 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 September 30, 2023.

			Three Months Ended September 30 2023			Nine Months Ended September 30 2023
	Industrial	Mobility	Linamar	Industrial	Mobility	Linamar
(in millions of dollars)	$	$	$	$	$	$
Sales	676.6	1,757.6	2,434.2	2,038.9	5,240.8	7,279.7
Operating Earnings (Loss)	130.4	83.9	214.3	375.1	230.2	605.3
EBITDA	147.6	196.8	344.4	424.2	553.7	977.9
Operating Earnings (Loss) – Normalized	121.9	78.5	200.4	370.9	236.1	607.0
EBITDA – Normalized	139.0	191.4	330.4	420.0	559.6	979.6

			Three Months Ended September 30 2022			Nine Months Ended September 30 2022
	Industrial	Mobility	Linamar	Industrial	Mobility	Linamar
(in millions of dollars)	$	$	$	$	$	$
Sales	533.4	1,564.7	2,098.1	1,406.2	4,451.7	5,857.9
Operating Earnings (Loss)	84.7	100.7	185.4	145.9	317.4	463.3
EBITDA	100.2	198.6	298.8	187.4	606.6	794.0
Operating Earnings (Loss) – Normalized	74.3	94.1	168.4	137.0	287.2	424.2
EBITDA – Normalized	90.0	192.5	282.5	178.8	577.4	756.2

Industrial Highlights

				Three Months Ended September 30				Nine Months Ended September 30
	2023	2022	+/-	+/-	2023	2022	+/-	+/-
(in millions of dollars)	$	$	$	%	$	$	$	%
Sales	676.6	533.4	143.2	26.8%	2,038.9	1,406.2	632.7	45.0%
Operating Earnings (Loss)	130.4	84.7	45.7	54.0%	375.1	145.9	229.2	157.1%
EBITDA	147.6	100.2	47.4	47.3%	424.2	187.4	236.8	126.4%
Operating Earnings (Loss) – Normalized	121.9	74.3	47.6	64.1%	370.9	137.0	233.9	170.7%
EBITDA – Normalized	139.0	90.0	49.0	54.4%	420.0	178.8	241.2	134.9%

The Industrial segment ("Industrial") product sales increased 26.8%, or $143.2 million, to $676.6 million in Q3 2023 from Q3 2022. The sales increase was due to:

- additional access equipment sales primarily due to increased global market share growth for certain targeted products and regions;
- a favourable impact on sales from the changes in foreign exchange rates from Q3 2022; and
- an increase in agricultural sales primarily due to increased global market share growth for certain targeted products and regions.

Year to date ("YTD") sales for Industrial increased by $632.7 million, or 45.0%, compared with YTD 2022. The factors that impacted Q3 2023 similarly impacted the YTD results.

Industrial segment normalized operating earnings in Q3 2023 increased $47.6 million, or 64.1%, from Q3 2022. The Industrial normalized operating earnings results were predominantly driven by:

- an increase in access equipment sales;
- an increase in agricultural sales; and
- a favourable impact from the changes in foreign exchange rates from Q3 2022; partially offset by
- an increase in selling, general and administrative ("SG&A") costs supporting growth.

The YTD normalized operating earnings increased by $233.9 million, or 170.7%, compared with YTD 2022. The factors that impacted Q3 2023 similarly impacted the YTD results.

Mobility Highlights

(in millions of dollars)	2023 $	2022 $	+/- $	+/- %	2023 $	2022 $	+/- $	+/- %
	Three Months Ended September 30				Nine Months Ended September 30			
Sales	1,757.6	1,564.7	192.9	12.3%	5,240.8	4,451.7	789.1	17.7%
Operating Earnings (Loss)	83.9	100.7	(16.8)	(16.7%)	230.2	317.4	(87.2)	(27.5%)
EBITDA	196.8	198.6	(1.8)	(0.9%)	553.7	606.6	(52.9)	(8.7%)
Operating Earnings (Loss) – Normalized	78.5	94.1	(15.6)	(16.6%)	236.1	287.2	(51.1)	(17.8%)
EBITDA – Normalized	191.4	192.5	(1.1)	(0.6%)	559.6	577.4	(17.8)	(3.1%)

Sales for the Mobility segment ("Mobility") increased by $192.9 million, or 12.3%, in Q3 2023 compared with Q3 2022. The sales in Q3 2023 were impacted by:

- a favourable impact on sales from the changes in foreign exchange rates from Q3 2022;
- increased sales related to launching programs and increased volumes for certain programs that the Company has significant business with;
- increased sales related to the acquisition of the three battery enclosure facilities from Dura-Shiloh ("Battery Enclosures Business") in Q3 2023; and
- increased pricing related to cost recovery partially offsetting the associated labour, materials, and freight; partially offset by
- a sales decline primarily attributed to lower production for certain ending programs that the company has significant business with.

YTD sales for Mobility increased by $789.1 million, or 17.7%, compared to YTD 2022. The factors that impacted Q3 2023 similarly impacted the YTD results.

Q3 2023 normalized operating earnings for Mobility were lower by $15.6 million, or 16.6%, compared to Q3 2022. The Mobility segment's earnings were impacted by the following:

- increased sales related to launching programs and increased volumes for certain programs that the Company has significant business with; and
- increased sales related to the acquisition of the Battery Enclosures Business in Q3 2023; offset by
- a sales decline primarily attributed to lower production for certain ending programs that the company has significant business with;
- an unfavourable impact from the changes in foreign exchange rates from Q3 2022;
- an increase in SG&A costs supporting growth; and
- increased costs related to labour, materials, and freight partially offset by customer cost recovered in sales.

The YTD normalized operating earnings decreased by $51.1 million, or 17.8%, compared with YTD 2022. The factors that impacted Q3 2023 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.

1 Content per Vehicle is a supplementary financial measure. Please see "Non-GAAP and Other Financial Measures" section of this MD&A. 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.

North America		2023		2022		Three Months Ended September 30 +/-	%		2023		2022		Nine Months Ended September 30 +/-	%
Vehicle Production Units		4.14		3.80		0.34	8.9%		12.42		11.16		1.26	11.3%
Automotive Sales	$	1,011.2	$	912.6	$	98.6	10.8%	$	3,006.0	$	2,549.7	$	456.3	17.9%
Content Per Vehicle	$	244.54	$	240.24	$	4.30	1.8%	$	242.04	$	228.51	$	13.53	5.9%
Europe														
Vehicle Production Units		3.86		3.63		0.23	6.3%		13.13		11.51		1.62	14.1%
Automotive Sales	$	458.8	$	381.0	$	77.8	20.4%	$	1,374.9	$	1,165.5	$	209.4	18.0%
Content Per Vehicle	$	119.01	$	105.08	$	13.93	13.3%	$	104.73	$	101.25	$	3.48	3.4%
Asia Pacific														
Vehicle Production Units		12.99		12.78		0.21	1.6%		36.79		34.35		2.44	7.1%
Automotive Sales	$	138.7	$	149.5	$	(10.8)	(7.2%)	$	374.8	$	379.9	$	(5.1)	(1.3%)
Content Per Vehicle	$	10.68	$	11.69	$	(1.01)	(8.6%)	$	10.19	$	11.06	$	(0.87)	(7.9%)

North American automotive sales for Q3 2023 increased 10.8% from Q3 2022 in a market that saw an increase of 8.9% in production volumes for the same period. As a result, content per vehicle in Q3 2023 increased 1.8% from $240.24 to $244.54. The increase in North American content per vehicle was mainly driven by increased sales related to the acquisition in Q3 2023, launching programs, higher volumes on programs we have significant business with and to a lesser extent hardship cost recovery from key customers, partially offset by lower production for certain ending programs.

European automotive sales for Q3 2023 increased 20.4% from Q3 2022 in a market that saw an increase of 6.3% in production volumes for the same period. As a result, content per vehicle in Q3 2023 increased 13.3% from $105.08 to $119.01. The increase in European content per vehicle was a result of increased sales related to the acquisition in Q3 2023, launching programs, higher volumes on programs we have significant business with and to a lesser extent hardship cost recovery from key customers.

Asia Pacific automotive sales for Q3 2023 decreased 7.2% from Q3 2022 in a market that saw an increase of 1.6% in production volumes for the same period. As a result, content per vehicle in Q3 2023 decreased 8.6% from $11.69 to $10.68. The decrease in Asian content per vehicle was attributed to lower production for certain customers that the company has significant business, and by lower production for certain ending programs partially offset by increased sales for launching programs.

RESULTS OF OPERATIONS

Gross Margin

(in millions of dollars)		Three Months Ended September 30 2023		2022		Nine Months Ended September 30 2023		2022
Sales	$	2,434.2	$	2,098.1	$	7,279.7	$	5,857.9
Cost of Sales before amortization		1,972.6		1,710.2		5,923.7		4,806.3
Amortization		121.3		110.0		353.3		325.6
Cost of Sales		2,093.9		1,820.2		6,277.0		5,131.9
Gross Margin	$	340.3	$	277.9	$	1,002.7	$	726.0
Gross Margin percentage		14.0%		13.2%		13.8%		12.4%

Gross margin percentage increased in Q3 2023 to 14.0% compared to 13.2% in Q3 2022. Cost of sales before amortization as a percentage of sales decreased in Q3 2023 to 81.0% compared to 81.5% for the same quarter of last year. In dollar terms, gross margin increased $62.4 million in Q3 2023 compared with Q3 2022 as a result of the items discussed earlier in this analysis such as:

- an increase in access equipment sales;
- increased sales related to launching programs and increased volumes for certain programs that the Company has significant business with;
- increased sales related to the acquisition of the Battery Enclosures Business; and
- an increase in agricultural sales; partially offset by
- a sales decline primarily attributed to lower production for certain ending programs that the company has significant business with;
- an unfavourable impact from the changes in foreign exchange rates from Q3 2022; and
- increased costs related to labour, materials, and freight partially offset by customer cost recovered in sales.

Amortization as a percentage of sales decreased to 5.0% of sales compared to 5.2% in Q3 2022. In dollar terms, Q3 2023 amortization increased as a result of:

- additional amortization from launching programs; and
- additional amortization related to the acquisition of the Battery Enclosures Business in Q3 2023.

YTD amortization was higher at $353.3 million compared to $325.6 million in YTD 2022 reflecting similar factors that impacted Q3 2023. YTD amortization as a percentage of sales decreased to 4.9% of sales compared to 5.6% in YTD 2022.

YTD gross margin increased to 13.8% from 12.4% in the same period of 2022. The factors that impacted Q3 2023 similarly impacted the YTD results with the exception of the impact from the changes in foreign exchange rates which was a positive impact on a YTD basis.

Selling, General and Administration

	Three Months Ended September 30		Nine Months Ended September 30	
(in millions of dollars)	2023	2022	2023	2022
Selling, general and administrative	$ 139.4	$ 108.7	$ 395.2	$ 301.1
SG&A percentage	5.7%	5.2%	5.4%	5.1%

Selling, general and administrative ("SG&A") costs increased in Q3 2023 to $139.4 million from $108.7 million, or 5.7% in Q3 2023. This increase, in dollar terms, is primarily due to:

- an increase in management and sales costs supporting growth;
- additional expenses related to the acquisition of the Battery Enclosures Business in Q3 2023; and
- an increase in travel expenses supporting growth.

On a YTD basis, SG&A costs reflected similar factors that impacted Q3 2023 and increased as a percentage of sales to 5.4% from 5.1% when compared to YTD 2022.

Finance Expense and Income Taxes

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
(in millions of dollars)	$	$	$	$
Operating Earnings (Loss)	214.3	185.4	605.3	463.3
Share of Net Earnings (Loss) of Investments Accounted for Using the Equity Method	-	-	-	(6.0)
Finance Income and (Expenses)	(17.8)	(8.9)	(46.4)	(14.3)
Provision for (Recovery of) Income Taxes	49.8	43.3	160.2	109.0
Net Earnings (Loss)	146.7	133.2	398.7	334.0

Finance Expenses

Finance expenses increased $8.9 million in Q3 2023 from $8.9 million in Q3 2022 to $17.8 million due to:

- an increase in interest costs due to change in the Bank of Canada overnight rate and United States Federal Funds rate;
- increased borrowings to fund the 2022 business acquisitions and the 2022 share repurchase program;
- the issuance of $550 million private placement notes in June 2023 ("2033 Notes") used to fund the Q3 2023 acquisition; partially offset by
- increased interest earned due to the elevated interest rates.

YTD finance expenses increased $32.1 million from $14.3 million in YTD 2022 to $46.4 million primarily due to the same factors that impacted the quarter.

The consolidated effective interest rate for Q3 2023 increased to 4.6% compared to 2.8% in Q3 2022. The consolidated effective interest rate for YTD 2023 increased to 4.3% compared to 2.3% in YTD 2022. The changes in the effective interest rate for both Q3 2023 and YTD were driven by increases in the Bank of Canada overnight rate and United States Federal Funds rate.

Income Taxes

The effective tax rate for Q3 2023 was 25.3%, an increase from the 24.5% rate in the third quarter of 2022. The increase in the effective tax rate in Q3 2023 was primarily due to increases in non-deductible expenses.

The YTD 2023 effective tax rate was 28.7%, an increase from the 24.6% rate for YTD 2022. The YTD 2023 effective tax rate increase was primarily due to increases in non-deductible expenses and withholding tax on the repatriation of cash from China. If the withholding tax impact is excluded, then the effective tax rate for Q3 2023 would have been 25.0%.

TOTAL EQUITY AND OUTSTANDING SHARE DATA

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

The Company is authorized to issue an unlimited number of common shares, of which 61,528,157 common shares were outstanding as of November 8, 2023. The Company's common shares constitute its only class of voting securities. As of November 8, 2023, there were

1,150,000 options to acquire common shares outstanding and 3,450,000 options still available to be granted under the Company's share option plan.

SELECTED FINANCIAL INFORMATION

Quarterly Results

The following table sets forth unaudited information for each of the eight quarters ended December 31, 2021 through September 30, 2023. 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)	Sep 30 2023 $	Jun 30 2023 $	Mar 31 2023 $	Dec 31 2022 $	Sep 30 2022 $	Jun 30 2022 $	Mar 31 2022 $	Dec 31 2021 $
Sales	2,434.2	2,552.8	2,292.7	2,060.0	2,098.1	1,981.6	1,778.1	1,534.4
Net Earnings (Loss)	146.7	135.0	117.0	92.2	133.2	104.5	96.3	50.2
Net Earnings (Loss) per Share								
Basic	2.38	2.19	1.90	1.49	2.10	1.61	1.47	0.77
Diluted	2.38	2.19	1.90	1.49	2.10	1.61	1.47	0.77

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 2021 and 2022.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

	Three Months Ended September 30		Nine Months Ended September 30	
(in millions of dollars)	2023 $	2022 $	2023 $	2022 $
Cash generated from (used in):				
Operating Activities	74.6	118.3	517.1	247.1
Financing Activities	(242.4)	(76.4)	229.6	224.1
Investing Activities	(522.7)	(87.9)	(902.3)	(561.4)
Effect of translation adjustment on cash	9.3	24.5	(10.3)	17.8
Increase (decrease) in cash and cash equivalents	(681.2)	(21.5)	(165.9)	(72.4)
Cash and cash equivalents – Beginning of Period	1,375.8	877.5	860.5	928.4
Cash and cash equivalents – End of Period	694.6	856.0	694.6	856.0
Comprised of:				
Cash in bank	429.1	422.0	429.1	422.0
Short-term deposits	270.7	440.1	270.7	440.1
Unpresented cheques	(5.2)	(6.1)	(5.2)	(6.1)
	694.6	856.0	694.6	856.0

The Company's cash and cash equivalents (net of unpresented cheques) at September 30, 2023 were $694.6 million, a decrease of $161.4 million, or 18.9%, compared to September 30, 2022.

Cash generated from operating activities was $74.6 million, a decrease of $43.7 million from Q3 2022, due to the increased use of cash in operating assets and liabilities. YTD cash generated from operating activities was $517.1 million, $270.0 million more than was provided in YTD 2022, due primarily to increased earnings and a decreased use of cash in operating assets and liabilities.

Financing activities used $242.4 million of cash compared to $76.4 million used in Q3 2022. The increased use of cash for Q3 2023 was primarily due to repayment of long-term debt. For YTD 2023, cash generated from financing activities was due to the Company's new 2033 Notes issued in June 2023, partially offset by the repayment of long-term debt. For YTD 2022, cash generated from financing activities was used for the 2022 business acquisitions as well as $193.7 million used for the repurchase of shares under the Company's 2022 normal course issuer bid ("NCIB") program.

Investing activities used $522.7 million in Q3 2023 compared to $87.9 million used in Q3 2022 and YTD 2023 used $902.3 million compared to $561.4 million in YTD 2022. The use of cash was primarily for the purchases of property, plant, and equipment and for the 2023 and 2022 business acquisitions.

Operating Activities

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
(in millions of dollars)	$	$	$	$
Net Earnings (Loss) for the period	146.7	133.2	398.7	334.0
Adjustments to earnings	109.0	117.0	354.1	304.8
	255.7	250.2	752.8	638.8
Changes in operating assets and liabilities	(181.1)	(131.9)	(235.7)	(391.7)
Cash generated from (used in) operating activities	74.6	118.3	517.1	247.1

Cash generated by operations before the effect of changes in operating assets and liabilities increased $5.5 million, or 2.2%, in Q3 2023 to $255.7 million, compared to $250.2 million in Q3 2022 primarily due to higher net earnings. Similarly higher net earnings drove YTD cash generation from operations before the effect of changes in operating assets and liabilities to increase by $114.0 million in 2023 to $752.8 million.

Changes in operating assets and liabilities for Q3 2023 used cash of $181.1 million primarily due to increases in accounts receivables required to support sales in the quarter combined with a decrease in accounts payables. Changes in operating assets and liabilities YTD used cash of $235.7 million primarily due to increased accounts receivables and inventories partially offset by increased accounts payables.

Financing Activities

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
(in millions of dollars)	$	$	$	$
Proceeds from (repayments of) long-term debt	(217.8)	56.2	(242.1)	469.6
Proceeds from private placement notes	-	-	550.0	-
Repurchase of shares	-	(110.5)	-	(193.7)
Dividends	(13.5)	(12.7)	(40.6)	(38.8)
Finance income received (expenses paid)	(11.1)	(9.4)	(37.7)	(13.0)
Cash generated from (used in) financing activities	(242.4)	(76.4)	229.6	224.1

Cash used for financing activities for Q3 2023 was $242.4 million compared to $76.4 million used in Q3 2022 and YTD financing activities generated $229.6 million of cash compared to $224.1 million generated in YTD 2022. Financing activities in Q3 2023 were primarily driven by repayments of long-term debt compared to Q3 2022 proceeds of long-term debt primarily related to the Company's repurchase of shares under its 2022 NCIB program. In YTD 2023 the increase in cash generated was driven by the issuance of the Company's new 2033 Notes partially offset by its repayment of long-term debt. In YTD 2022, the Company's generation of cash was driven primarily by proceeds from borrowings related to the 2022 acquisitions partially offset by the use of $193.7 million for the repurchase of shares under its 2022 NCIB program.

Investing Activities

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
(in millions of dollars)	$	$	$	$
Payments for purchase of property, plant and equipment	(199.9)	(83.4)	(568.0)	(256.3)
Proceeds on disposal of property, plant and equipment	1.4	1.8	2.4	34.8
Payments for purchase of intangible assets	(5.9)	(4.4)	(17.9)	(8.8)
Business acquisitions, net of cash acquired	(318.3)	-	(318.3)	(328.4)
Other	-	(1.9)	(0.5)	(2.7)
Cash generated from (used in) investing activities	(522.7)	(87.9)	(902.3)	(561.4)

Cash used for investing activities for Q3 2023 was $522.7 million compared to Q3 2022 at $87.9 million. YTD cash used on investing activities was $902.3 million compared to YTD 2022 at $561.4 million. In addition to the Company's ongoing purchase of property, plant and equipment, the primary use of cash in Q3 2023 was for the acquisition of the Battery Enclosures Business and in Q2 2022 were for the acquisitions of LLM Mills River and Salford.

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, low level of debt, strong cash position, 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 September 30, 2023, cash and cash equivalents, including short-term deposits was $694.6 million and the Company's credit facilities had available credit of $675.1 million. Combined, the Company believes this liquidity[1] of $1.4 billion at September 30, 2023 is sufficient to meet cash flow needs. Free cash flow[1] was negative $123.9 million for Q3 2023 primarily due to cash used for the purchase of property, plant and equipment.

Commitments and Contingencies

Please see the Company's December 31, 2022 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, 2022.

Financial Instruments

In June 2023, the Company received funding through a note purchase agreement with certain institutional investors for a private placement of CAD $550.0 million aggregate principal amount, issued at an annual rate of 5.96%, coming due June 2033 and paying interest semi-annually. The new private placement notes have similar terms and conditions as the notes issued in 2021. The funds were used for general corporate purposes including the Battery Enclosures Business acquisition.

The Company's strategy, risks and presentation of its financial instruments remain substantially unchanged during the quarter ended September 30, 2023. For more information, please see the Company's December 31, 2022 annual MD&A and the Company's consolidated financial statements for the year ended December 31, 2022.

CURRENT AND PROPOSED TRANSACTIONS

On August 3, 2023, the Company acquired three battery enclosure facilities from Dura-Shiloh through the acquisition of certain assets and shares. The ownership will increase the Company's electrified product portfolio with increased future battery electric vehicle content. The preliminary purchase price is CAD $318.9 million.

On September 21, 2023, the Company announced a definitive agreement with Mobex Fourth and 1, LLC, and certain of its affiliates to acquire a substantial portion of its US-based assets for a total estimated USD $64.0 million cash consideration. The acquisition closed October 31, 2023. The acquisition will increase the Company's propulsion-agnostic solutions that can be supplied to BEV, hybrid, and internal combustion-powered vehicle applications.

Due to the timing of the close and complexities associated with these transactions, the determination of the fair value of consideration, including, assets acquired and liabilities assumed, is subject to further adjustments.

There are no other current and proposed transactions for the quarter ended September 30, 2023.

RISK MANAGEMENT

The Company is exposed to a number of risks in the normal course of business that have the potential to affect its operating results. These include, but are not limited to Competition, Outsourcing and Insourcing; Sources and Availability of Raw Materials; Labour Markets and Dependence on Key Personnel; Dependence on Certain Customers; Technological Change and Product Launches; Public Health Threats; Foreign Business Risk; Foreign Currency Risk; Long-term Contracts; Acquisition and Expansion 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 September 30, 2023. These risk factors, as well as the other information contained in this MD&A, the Company's December 31, 2022 annual MD&A, and the Company's December 31, 2022 Annual Information Form, should be considered carefully. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements related to the Company.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

There were no changes in the Company's internal control over financial reporting during the quarter ended September 30, 2023, which have materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting, except as outlined below in the Limitation of Scope of Design section.

[1] Liquidity and Free Cash Flow are non-GAAP financial measures. Please see "Non-GAAP and Other Financial Measures" section of this MD&A.

Limitation of Scope of Design

The Company has limited the scope of design of our internal controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures the Battery Enclosures Business, which the Company acquired on August 3, 2023. The chart below presents the summary financial information of the Battery Enclosures Business:

(in millions of dollars)	From the Date of Acquisition for the Period Ended September 30 2023 Battery Enclosures Business $
Sales	63.8
Net Earnings (Loss) for the Period	7.1
Current Assets	108.7
Non-Current Assets	409.1
Current Liabilities	55.5
Non-Current Liabilities	55.1

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on the historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions or conditions. Management's most critical estimates and assumptions in determining the value of assets and liabilities and most critical judgements in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year have been set out in the Company's consolidated financial statements for the year ended December 31, 2022.

RECENT ACCOUNTING CHANGES AND EFFECTIVE DATES

For information pertaining to accounting changes effective in 2022 and for future fiscal years please see the Company's consolidated financial statements for the year ended December 31, 2022 and the consolidated interim financial statements for the quarter ended September 30, 2023.

NON-GAAP AND OTHER FINANCIAL MEASURES

The Company uses certain non-GAAP and other financial measures to provide useful information to both management, investors, and other stakeholders 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 and other financial measures when analyzing operational performance on a consistent basis.

These Non-GAAP and other 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.

Normalized Non-GAAP Financial Measures and Ratios

All Non-GAAP financial measures denoted with 'Normalized' as presented by the Company are adjusted for foreign exchange gain (loss), foreign exchange gain (loss) on debt and derivatives, and other items.

Operating Earnings (Loss) – Normalized

Operating Earnings (Loss) – Normalized is a non-GAAP financial measure and the Company believes it 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), the most directly comparable measure as presented in the Company's consolidated statement of earnings, adjusted for foreign exchange gain (loss), and any other items, if applicable, that are considered not to be indicative of underlying operational performance.

Net Earnings (Loss) – Normalized

Net Earnings (Loss) – Normalized is a non-GAAP financial measure and the Company believes it 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), the most directly comparable measure as presented in the Company's consolidated statement of earnings, adjusted for foreign exchange gain (loss), foreign exchange gain (loss) on debt and derivatives, and any other items, if applicable, that are considered not to be indicative of underlying operational performance.

Net Earnings (Loss) per Share – Diluted – Normalized

Net Earnings (Loss) per Share – Diluted – Normalized is a non-GAAP financial ratio and the Company believes it 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.

EBITDA and EBITDA – Normalized

EBITDA is a non-GAAP financial measure and the Company believes it is useful in assessing the Company's underlying operational performance of cash flow and profitability, the effective use and allocation of resources, and to provide more meaningful comparisons of operating results. EBITDA is calculated as Net Earnings (Loss) before income taxes, the most directly comparable measure as presented in the Company's consolidated statement of earnings, adjusted for amortization of property, plant and equipment, amortization of other intangible assets, interest expense, and other interest.

EBITDA – Normalized is a non-GAAP financial measure and the Company believes EBITDA – Normalized is useful in assessing the Company's underlying operational performance of cash flow and profitability, the effective use and allocation of resources, and to provide more meaningful comparisons of operating results. EBITDA – Normalized is calculated as EBITDA (as defined above) adjusted for foreign exchange gain (loss), foreign exchange gain (loss) on debt and derivatives, non-cash asset impairments and any other items, if applicable, that are considered not to be indicative of underlying operational performance.

All these other items contained in these non-GAAP financial measures are summarized as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
(in millions of dollars)	$	$	$	$
Gain on sale of unused land	-	-	-	(22.1)
Adjustment for contingent consideration of Mills River earn-out	-	-	4.9	-
Other items impacting Operating Earnings (loss) – Normalized and Net Earnings (Loss) - Normalized	-	-	4.9	(22.1)
Gain on sale of unused land	-	-	-	(22.1)
Adjustment for contingent consideration of Mills River earn-out	-	-	4.9	-
Other items	-	-	4.9	(22.1)
Asset impairment provision, net of reversals	-	-	-	0.1
Other items and asset impairments impacting EBITDA – Normalized	-	-	4.9	(22.0)

Normalizing items for asset impairment provisions, net of reversals adjusted EBITDA and impacted the Mobility segment by $Nil for Q3 2023 and YTD 2023 ($Nil for Q3 2022 and $0.1 million loss YTD 2022).

During Q1 2023, a normalizing item related to an "adjustment for contingent consideration on Mills River earn-out" impacted the Mobility segment by $4.9 million. Also, during Q1 2023 and Q2 2023 a normalizing item impacting the Company's income taxes related to withholding tax on repatriation of cash from China by $5.2 million and $13.4 million respectively.

During Q1 2022, a normalizing item related to a "gain on sale of unused land" impacted the Mobility segment by $22.1 million.

All normalized non-GAAP financial measures areas reconciled as follows:

			Three Months Ended September 30				Nine Months Ended September 30	
	2023	2022	+/-	+/-	2023	2022	+/-	+/-
(in millions of dollars, except per share figures)	$	$	$	%	$	$	$	%
Operating Earnings (Loss) – Normalized								
Operating Earnings (Loss)	214.3	185.4	28.9	15.6%	605.3	463.3	142.0	30.6%
Foreign exchange (gain) loss	(13.9)	(17.0)	3.1		(3.2)	(17.0)	13.8	
Other items	-	-	-		4.9	(22.1)	27.0	
Operating Earnings (Loss) – Normalized	200.4	168.4	32.0	19.0%	607.0	424.2	182.8	43.1%
Net Earnings (Loss) – Normalized								
Net Earnings (Loss)	146.7	133.2	13.5	10.1%	398.7	334.0	64.7	19.4%
Foreign exchange (gain) loss	(13.9)	(17.0)	3.1		(3.2)	(17.0)	13.8	
Foreign exchange (gain) loss on debt and derivatives	(0.1)	0.7	(0.8)		-	1.2	(1.2)	
Other items	-	-	-		4.9	(22.1)	27.0	
Tax impact including Other Items	3.6	4.1	(0.5)		18.4	5.1	13.3	
Net Earnings (Loss) – Normalized	136.3	121.0	15.3	12.6%	418.8	301.2	117.6	39.0%
Net Earnings (Loss) per Share – Diluted – Normalized								
Net Earnings (Loss) per Share – Diluted	2.38	2.10	0.28	13.3%	6.47	5.17	1.30	25.1%
Foreign exchange (gain) loss	(0.22)	(0.27)	0.05		(0.05)	(0.27)	0.22	
Foreign exchange (gain) loss on debt and derivatives	-	0.01	(0.01)		-	0.02	(0.02)	
Other items	-	-	-		0.08	(0.34)	0.42	
Tax impact including Other Items	0.05	0.07	(0.02)		0.30	0.08	0.22	
Net Earnings (Loss) per Share – Diluted – Normalized	2.21	1.91	0.30	15.7%	6.80	4.66	2.14	45.9%
EBITDA and EBITDA – Normalized								
Net Earnings (Loss) before income taxes	196.5	176.5	20.0	11.3%	558.9	443.0	115.9	26.2%
Amortization of property, plant and equipment	106.4	95.7	10.7		308.2	285.2	23.0	
Amortization of other intangible assets	15.5	15.0	0.5		46.8	42.5	4.3	
Interest expense	20.7	8.7	12.0		48.6	17.4	31.2	
Other interest	5.3	2.9	2.4		15.4	5.9	9.5	
EBITDA	344.4	298.8	45.6	15.3%	977.9	794.0	183.9	23.2%
Foreign exchange (gain) loss	(13.9)	(17.0)	3.1		(3.2)	(17.0)	13.8	
Foreign exchange (gain) loss on debt and derivatives	(0.1)	0.7	(0.8)		-	1.2	(1.2)	
Asset impairment provision, net of reversals	-	-	-		-	0.1	(0.1)	
Other items	-	-	-		4.9	(22.1)	27.0	
EBITDA – Normalized	330.4	282.5	47.9	17.0%	979.6	756.2	223.4	29.5%

All normalized non-GAAP financial measures areas impacting segments reconciled as follows:

(in millions of dollars)	Industrial $	Mobility $	Three Months Ended September 30 2023 Linamar $	Industrial $	Mobility $	Nine Months Ended September 30 2023 Linamar $
Operating Earnings (Loss) – Normalized						
Operating Earnings (Loss)	130.4	83.9	214.3	375.1	230.2	605.3
Foreign exchange (gain) loss	(8.5)	(5.4)	(13.9)	(4.2)	1.0	(3.2)
Other items	-	-	-	-	4.9	4.9
Operating Earnings (Loss) – Normalized	121.9	78.5	200.4	370.9	236.1	607.0
EBITDA – Normalized						
EBITDA	147.6	196.8	344.4	424.2	553.7	977.9
Foreign exchange (gain) loss	(8.5)	(5.4)	(13.9)	(4.2)	1.0	(3.2)
Foreign exchange (gain) loss on debt and derivatives	(0.1)	-	(0.1)	-	-	-
Asset impairment provision, net of reversals	-	-	-	-	-	-
Other items	-	-	-	-	4.9	4.9
EBITDA – Normalized	139.0	191.4	330.4	420.0	559.6	979.6

(in millions of dollars)	Industrial $	Mobility $	Three Months Ended September 30 2022 Linamar $	Industrial $	Mobility $	Nine Months Ended September 30 2022 Linamar $
Operating Earnings (Loss) – Normalized						
Operating Earnings (Loss)	84.7	100.7	185.4	145.9	317.4	463.3
Foreign exchange (gain) loss	(10.4)	(6.6)	(17.0)	(8.9)	(8.1)	(17.0)
Other items	-	-	-	-	(22.1)	(22.1)
Operating Earnings (Loss) – Normalized	74.3	94.1	168.4	137.0	287.2	424.2
EBITDA – Normalized						
EBITDA	100.2	198.6	298.8	187.4	606.6	794.0
Foreign exchange (gain) loss	(10.4)	(6.6)	(17.0)	(8.9)	(8.1)	(17.0)
Foreign exchange (gain) loss on debt and derivatives	0.2	0.5	0.7	0.3	0.9	1.2
Asset impairment provision, net of reversals	-	-	-	-	0.1	0.1
Other items	-	-	-	-	(22.1)	(22.1)
EBITDA – Normalized	90.0	192.5	282.5	178.8	577.4	756.2

Other Non-GAAP Financial Measures

Free Cash Flow

Free Cash Flow is a non-GAAP financial measure and the Company believes it is useful in assessing the Company's ability to generate cash. Free Cash Flow is calculated as Cash from Operating Activities, the most directly comparable measure as presented in the Company's consolidated statements of cash flows, adjusted for payments for purchase of property, plant and equipment, and proceeds on disposal of property, plant and equipment.

Liquidity

Liquidity is a non-GAAP financial measure and the Company believes it is useful in assessing the Company's ability to satisfy its financial obligations as they come due. Liquidity is calculated as Cash, the most directly comparable measure as presented in the Company's consolidated statements of financial position, adjusted for the Company's available credit.

All other non-GAAP financial measures are reconciled as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
(in millions of dollars)	$	$	$	$
Free Cash Flow				
Cash generated from (used in) operating activities	74.6	118.3	517.1	247.1
Payments for purchase of property, plant and equipment	(199.9)	(83.4)	(568.0)	(256.3)
Proceeds on disposal of property, plant and equipment	1.4	1.8	2.4	34.8
Free Cash Flow	(123.9)	36.7	(48.5)	25.6
Liquidity				
Cash	694.6	856.0	694.6	856.0
Available credit	675.1	435.0	675.1	435.0
Liquidity	1,369.7	1,291.0	1,369.7	1,291.0

Supplementary Financial Measures

Content per Vehicle

Content per Vehicle is a supplementary financial measure and is calculated within the Mobility segment for the region indicated as automotive sales less tooling sales divided by vehicle production units.

Summary of Content per Vehicle by Quarter

The following table summarizes the updated CPV for the current year for changes in volumes as revised by industry sources:

Estimates as of September 30, 2023	Three Months Ended			Year to Date		
	Mar 31	Jun 30	Sep 30	Mar 31	Jun 30	Sep 30
North America	2023	2023	2023	2023	2023	2023
Vehicle Production Units	4.04	4.24	4.14	4.04	8.28	12.42
Automotive Sales	$ 983.3	$ 1,011.5	$ 1,011.2	$ 983.3	$ 1,994.8	$ 3,006.0
Content Per Vehicle	$ 243.22	$ 238.47	$ 244.54	$ 243.22	$ 240.79	$ 242.04
Europe						
Vehicle Production Units	4.62	4.65	3.86	4.62	9.27	13.13
Automotive Sales	$ 449.7	$ 466.4	$ 458.8	$ 449.7	$ 916.0	$ 1,374.9
Content Per Vehicle	$ 97.29	$ 100.30	$ 119.01	$ 97.29	$ 98.80	$ 104.73
Asia Pacific						
Vehicle Production Units	11.66	12.15	12.99	11.66	23.80	36.79
Automotive Sales	$ 110.8	$ 125.2	$ 138.7	$ 110.8	$ 236.1	$ 374.8
Content Per Vehicle	$ 9.51	$ 10.31	$ 10.68	$ 9.51	$ 9.92	$ 10.19

Estimates as of June 30, 2023	Three Months Ended		Year to Date	
	Mar 31	Jun 30	Mar 31	Jun 30
North America	2023	2023	2023	2023
Vehicle Production Units	4.05	4.24	4.05	8.29
Automotive Sales	$ 984.6	$ 993.0	$ 984.6	$ 1,977.6
Content Per Vehicle	$ 243.31	$ 234.25	$ 243.31	$ 238.67
Europe				
Vehicle Production Units	4.62	4.54	4.62	9.16
Automotive Sales	$ 441.2	$ 475.4	$ 441.2	$ 916.6
Content Per Vehicle	$ 95.52	$ 104.76	$ 95.52	$ 100.10
Asia Pacific				
Vehicle Production Units	11.65	12.02	11.65	23.66
Automotive Sales	$ 117.5	$ 139.6	$ 117.5	$ 257.1
Content Per Vehicle	$ 10.09	$ 11.62	$ 10.09	$ 10.86

Change in Estimates from Prior Quarter	Three Months Ended		Year to Date	
	Mar 31 2023	Jun 30 2023	Mar 31 2023	Jun 30 2023
North America	+/-	+/-	+/-	+/-
Vehicle Production Units	(0.01)	-	(0.01)	(0.01)
Automotive Sales	$ (1.3)	$ 18.5	$ (1.3)	$ 17.2
Content Per Vehicle	$ (0.09)	$ 4.22	$ (0.09)	$ 2.12
Europe				
Vehicle Production Units	-	0.11	-	0.11
Automotive Sales	$ 8.5	$ (9.0)	$ 8.5	$ (0.6)
Content Per Vehicle	$ 1.77	$ (4.46)	$ 1.77	$ (1.30)
Asia Pacific				
Vehicle Production Units	0.01	0.13	0.01	0.14
Automotive Sales	$ (6.7)	$ (14.4)	$ (6.7)	$ (21.0)
Content Per Vehicle	$ (0.58)	$ (1.31)	$ (0.58)	$ (0.94)

FORWARD LOOKING INFORMATION

Certain information provided by Linamar in this 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.

LINAMAR CORPORATION
Consolidated Interim Statements of Financial Position
As at September 30, 2023 with comparatives as at December 31, 2022 (Unaudited)
(in thousands of Canadian dollars)

	September 30 2023 $	December 31 2022 $
ASSETS		
Cash and cash equivalents	694,614	860,515
Accounts and other receivables	1,483,503	1,160,509
Inventories	1,675,457	1,509,302
Income taxes recoverable	43,377	76,733
Current portion of long-term receivables (Note 6)	32,326	24,754
Current portion of derivative financial instruments (Note 6)	19,323	14,160
Prepaid expenses and other current assets	54,757	47,313
Current Assets	4,003,357	3,693,286
Long-term receivables (Note 6)	33,850	47,630
Derivative financial instruments (Note 6)	1,862	2,247
Property, plant and equipment	3,372,075	2,793,091
Investments	17,546	18,185
Deferred tax assets	184,403	170,115
Intangible assets	933,981	902,918
Goodwill	1,024,525	948,919
Assets	9,571,599	8,576,391
LIABILITIES		
Accounts payable and accrued liabilities	2,245,646	2,011,694
Provisions	37,221	35,599
Income taxes payable	88,819	50,425
Current portion of long-term debt (Notes 6, 7)	34,215	26,733
Current portion of derivative financial instruments (Note 6)	15,831	31,974
Current Liabilities	2,421,732	2,156,425
Long-term debt (Notes 6, 7)	1,668,032	1,281,641
Derivative financial instruments (Note 6)	2,871	3,677
Deferred tax liabilities	300,886	322,937
Liabilities	4,393,521	3,764,680
EQUITY		
Capital stock	138,925	138,925
Retained earnings	4,955,601	4,597,513
Contributed surplus	34,126	31,359
Accumulated other comprehensive earnings (loss)	49,426	43,914
Equity	5,178,078	4,811,711
Liabilities and Equity	9,571,599	8,576,391

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

On behalf of the Board of Directors:

(Signed) “Linda Hasenfratz”

Linda Hasenfratz
Director

(Signed) “Jim Jarrell”

Jim Jarrell
Director

LINAMAR CORPORATION
Consolidated Interim Statements of Earnings
For the nine months ended September 30, 2023 and September 30, 2022 (Unaudited)
(in thousands of Canadian dollars, except per share figures)

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
	$	$	$	$
Sales	2,434,161	2,098,143	7,279,657	5,857,872
Cost of sales	2,093,868	1,820,236	6,276,988	5,131,907
Gross Margin	340,293	277,907	1,002,669	725,965
Selling, general and administrative	139,363	108,707	395,187	301,059
Other income and (expenses) (Note 8)	13,333	16,205	(2,211)	38,432
Operating Earnings (Loss)	214,263	185,405	605,271	463,338
Share of net earnings (loss) of investments accounted for using the equity method	-	-	-	(6,086)
Finance income and (expenses) (Note 9)	(17,806)	(8,900)	(46,375)	(14,295)
Net Earnings (Loss) before Income Taxes	196,457	176,505	558,896	442,957
Provision for (recovery of) income taxes	49,748	43,267	160,199	108,959
Net Earnings (Loss) for the Period	146,709	133,238	398,697	333,998
Net Earnings (Loss) per Share:				
Basic	2.38	2.10	6.48	5.17
Diluted	2.38	2.10	6.47	5.17

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

LINAMAR CORPORATION
Consolidated Interim Statements of Comprehensive Earnings
For the nine months ended September 30, 2023 and September 30, 2022 (Unaudited)
(in thousands of Canadian dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
	$	$	$	$
Net Earnings (Loss) for the Period	146,709	133,238	398,697	333,998
Items that may be reclassified subsequently to net income				
Unrealized gains (losses) on translating financial statements of foreign operations	(14,402)	61,791	(10,315)	(57,425)
Change in unrealized gains (losses) on net investment hedges	3,456	(1,408)	4,416	26,944
Change in unrealized gains (losses) on cash flow hedges	(22,802)	(48,624)	11,224	(50,344)
Change in cost of hedging	188	4,149	(3,072)	7,219
Reclassification to earnings of gains (losses) on cash flow hedges	(3,395)	8,829	5,145	11,935
Tax impact of above	6,229	9,664	(3,804)	9,298
Other Comprehensive Earnings (Loss)	(30,726)	34,401	3,594	(52,373)
Comprehensive Earnings (Loss) for the Period	115,983	167,639	402,291	281,625

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

LINAMAR CORPORATION
Consolidated Interim Statements of Changes in Equity
For the nine months ended September 30, 2023 and September 30, 2022 (Unaudited)
(in thousands of Canadian dollars)

	Capital stock $	Retained earnings $	Contributed surplus $	Cumulative translation adjustment $	Hedging reserves $	Total Equity $
Balance at January 1, 2023	138,925	4,597,513	31,359	59,764	(15,850)	4,811,711
Net Earnings (Loss)	-	398,697	-	-	-	398,697
Other comprehensive earnings (loss)	-	-	-	(5,900)	9,494	3,594
Comprehensive Earnings (Loss)	-	398,697	-	(5,900)	9,494	402,291
Hedging transferred to the carrying value of inventory	-	-	-	-	1,918	1,918
Share-based compensation	-	-	2,767	-	-	2,767
Dividends	-	(40,609)	-	-	-	(40,609)
Balance at September 30, 2023	138,925	4,955,601	34,126	53,864	(4,438)	5,178,078

	Capital stock $	Retained earnings $	Contributed surplus $	Cumulative translation adjustment $	Hedging reserves $	Total Equity $
Balance at January 1, 2022	146,204	4,449,643	28,816	(21,284)	(4,583)	4,598,796
Net Earnings (Loss)	-	333,998	-	-	-	333,998
Other comprehensive earnings (loss)	-	-	-	(30,481)	(21,892)	(52,373)
Comprehensive Earnings (Loss)	-	333,998	-	(30,481)	(21,892)	281,625
Hedging transferred to the carrying value of inventory	-	-	-	-	(6,002)	(6,002)
Share-based compensation	-	-	2,294	-	-	2,294
Common shares repurchased and cancelled	(7,368)	(186,327)	-	-	-	(193,695)
Dividends	-	(38,776)	-	-	-	(38,776)
Balance at September 30, 2022	138,836	4,558,538	31,110	(51,765)	(32,477)	4,644,242

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

LINAMAR CORPORATION

Consolidated Interim Statements of Cash Flows

For the nine months ended September 30, 2023 and September 30, 2022 (Unaudited)
(in thousands of Canadian dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
	$	$	$	$
Cash generated from (used in)				
Operating Activities				
Net Earnings (Loss) for the Period	146,709	133,238	398,697	333,998
Adjustments for:				
Amortization of property, plant and equipment	106,448	95,684	308,200	285,198
Amortization of other intangible assets	15,473	14,996	46,804	42,537
Deferred income taxes	(25,980)	(7,119)	(44,469)	(25,333)
Asset impairment provision, net of reversals	-	-	28	139
Share-based compensation	783	765	2,767	2,294
Equity investment (earnings) loss	-	-	-	6,086
Finance (income) and expenses	17,806	8,900	46,375	14,295
Other	(5,530)	3,718	(5,636)	(20,397)
	255,709	250,182	752,766	638,817
Changes in operating assets and liabilities:				
(Increase) decrease in accounts and other receivables	(57,333)	(164,263)	(287,909)	(389,506)
(Increase) decrease in inventories	(42,259)	(77,269)	(131,269)	(295,185)
(Increase) decrease in prepaid expenses and other current assets	(6,772)	(17,959)	710	(11,416)
(Increase) decrease in long-term receivables	4,843	3,918	8,254	14,583
Increase (decrease) in income taxes	32,035	8,677	65,678	(32,284)
Increase (decrease) in accounts payable and accrued liabilities	(108,992)	113,626	107,192	322,876
Increase (decrease) in provisions	(2,664)	1,349	1,716	(776)
	(181,142)	(131,921)	(235,628)	(391,708)
Cash generated from (used in) operating activities	74,567	118,261	517,138	247,109
Financing Activities				
Proceeds from (repayments of) long-term debt	(217,794)	56,250	(242,054)	469,583
Proceeds from private placement notes	-	-	550,000	-
Repurchase of shares	-	(110,525)	-	(193,695)
Dividends	(13,537)	(12,718)	(40,609)	(38,776)
Finance income received (expenses paid)	(11,064)	(9,410)	(37,712)	(13,036)
Cash generated from (used in) financing activities	(242,395)	(76,403)	229,625	224,076
Investing Activities				
Payments for purchase of property, plant and equipment	(199,882)	(83,430)	(568,049)	(256,280)
Proceeds on disposal of property, plant and equipment	1,367	1,777	2,434	34,765
Payments for purchase of intangible assets	(5,852)	(4,443)	(17,944)	(8,754)
Business acquisitions, net of cash acquired (Note 13)	(318,330)	-	(318,330)	(328,352)
Other	-	(1,841)	(425)	(2,744)
Cash generated from (used in) investing activities	(522,697)	(87,937)	(902,314)	(561,365)
	(690,525)	(46,079)	(155,551)	(90,180)
Effect of translation adjustment on cash	9,380	24,629	(10,350)	17,785
Increase (decrease) in cash and cash equivalents	(681,145)	(21,450)	(165,901)	(72,395)
Cash and cash equivalents - Beginning of Period	1,375,759	877,483	860,515	928,428
Cash and cash equivalents - End of Period	694,614	856,033	694,614	856,033
Comprised of:				
Cash in bank	429,033	422,010	429,033	422,010
Short-term deposits	270,739	440,076	270,739	440,076
Unpresented cheques	(5,158)	(6,053)	(5,158)	(6,053)
	694,614	856,033	694,614	856,033

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 September 30, 2023 were authorized for issue in accordance with a resolution of the Company's Board of Directors on November 8, 2023.

2 Basis of Preparation 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, 2022. 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, 2022. 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 period. The impact from the adoption of these new standards and amendments are discussed below.

IAS 12 Income Taxes

The Company has adopted amendments to IAS 12 Income Taxes as issued in May 2023 in regards to Pillar Two model rules. The Pillar Two model was published in December 2021 by the Organization for Economic Cooperation and Development (OECD) and it ensures that large multinational companies are subject to a minimum tax rate. The Pillar Two model rules are anticipated to be substantively enacted into tax law in Canada in 2024. Other jurisdictions within which the Company operates are being reviewed to understand which have enacted or substantively enacted Pillar Two rules already or when they plan to. Therefore, the IAS 12 amendments for a temporary exception to the accounting and disclosures for deferred taxes related to Pillar Two income taxes will be applied as applicable. The application of this exception will be disclosed in the audited consolidated annual financial statements for the year ended December 31, 2023. Until the Pillar Two rules are effective, the amendment also includes disclosures for known or reasonably estimable information regarding the Company's exposure to Pillar Two income taxes. Management is currently assessing the impact that these amendments will have on disclosures for the audited consolidated annual financial statements for the year ended December 31, 2023 (interim disclosures are not required in 2023).

New Standards and Interpretations Not Yet Adopted

All pronouncements will be adopted in the Company's accounting policies after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards, amendments and interpretations to existing standards were not relevant nor would significantly impact the Company's net earnings or financial position.

IAS 7 Statement of Cash Flows, IFRS 7 Financial Instruments: Disclosures

Effective for the interim and annual financial statements relating to fiscal years beginning on or after January 1, 2024, the IASB issued disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on the Company's liabilities, cash flows and exposure to liquidity risk. Management is currently assessing the impact that these amendments will have on disclosures.

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

4 Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions or conditions. Management's most critical estimates and assumptions in determining the value of assets and liabilities and most critical judgements in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year have been set out in the Company's annual financial statements for the year ended December 31, 2022.

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.

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:

		September 30, 2023		December 31, 2022	
	Subsequent Measurement	Carrying Value Asset (Liability) $	Fair Value $	Carrying Value Asset (Liability) $	Fair Value $
Long-term receivables	Amortized cost (Level 2)	66,176	64,588	72,384	71,305
Derivative financial instruments (hedge relationships)					
USD sales forwards – CAD functional entities	Fair value (Level 2)	(12,875)	(12,875)	(30,651)	(30,651)
USD sales forwards – MXN functional entities	Fair value (Level 2)	19,430	19,430	11,414	11,414
USD sales forwards – CNY functional entities	Fair value (Level 2)	(1,988)	(1,988)	392	392
CAD purchase forwards – GBP functional entities	Fair value (Level 2)	(2,084)	(2,084)	(399)	(399)
Investment designated at fair value through other comprehensive income	Fair value (Level 3)	8,385	8,385	7,952	7,952
Long-term debt, excluding lease liabilities	Amortized cost (Level 2)	(1,552,621)	(1,382,981)	(1,228,848)	(1,156,636)

7 Long-Term Debt

	September 30 2023 $	December 31 2022 $
Private placement notes	1,006,118	461,782
Bank borrowings	478,397	694,940
Lease liabilities	149,626	79,526
Government borrowings	68,106	72,126
	1,702,247	1,308,374
Less: current portion	34,215	26,733
	1,668,032	1,281,641

In June 2023, the Company received funding through a note purchase agreement with certain institutional investors for a private placement of CAD $550,000 aggregate principal amount, issued at an annual rate of 5.96%, coming due June 2033 and paying interest semi-annually. The new private placement notes have similar terms and conditions as the notes issued in 2021. The funds were used for general corporate purposes including the Battery Enclosures Business acquisition (Note 13).

As of September 30, 2023, $675,139 was available under the revolving credit facility.

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

8 Other Income and (Expenses)

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
	$	$	$	$
Foreign exchange gain (loss)	13,862	16,957	3,128	16,974
Gain on sale of unused land	-	-	-	22,157
Other income (expense)	(529)	(752)	(5,339)	(699)
	13,333	16,205	(2,211)	38,432

9 Finance Income and (Expenses)

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
	$	$	$	$
Interest expense	(20,688)	(8,614)	(48,625)	(17,449)
Foreign exchange gain (loss) on debt and derivatives	96	(699)	9	(1,266)
Interest earned	9,181	4,637	20,761	13,555
Other	(6,395)	(4,224)	(18,520)	(9,135)
	(17,806)	(8,900)	(46,375)	(14,295)

10 Commitments

As at September 30, 2023, outstanding commitments for capital expenditures under purchase orders and contracts amounted to $528,871 (September 30, 2022 - $362,563). Of this amount $445,421 (September 30, 2022 - $345,051) relates to the purchase of manufacturing equipment and $83,450 (September 30, 2022 - $17,512) relates to general contracting and construction costs in respect of plant construction. Of the commitments for plant construction, $67,569 (September 30, 2022 - $4,837) were commitments to a related party, a company owned by the spouse of an officer and director. The majority of these commitments are due within the next twelve months.

11 Related Party Transactions

Building additions made by a related party, a company owned by the spouse of an officer and director, were $16,504 for the three months ended September 30, 2023 and $35,340 for the nine months ended September 30, 2023 ($1,685 for the three months ended September 30, 2022 and $11,613 for the nine months ended September 30, 2022).

12 Segmented Information

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

Mobility: The Mobility segment derives revenues from the collaborative design, development and manufacture of both systems and components for new energy powertrains, body and chassis, driveline, engine, and transmission systems for both the global electrified and traditionally powered on and off highway 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, net earnings and assets.

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

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

	Three Months Ended September 30, 2023			Nine Months Ended September 30, 2023		
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Sales to external customers	Inter-segment sales	Operating earnings (loss)
	$	$	$	$	$	$
Mobility	1,757,606	12,786	83,853	5,240,796	39,875	230,206
Industrial	676,555	2,822	130,410	2,038,861	8,512	375,065
Total	2,434,161	15,608	214,263	7,279,657	48,387	605,271

	Three Months Ended September 30, 2022			Nine Months Ended September 30, 2022		
	Sales to external customers	Inter-segment sales	Operating earnings (loss)	Sales to external customers	Inter-segment sales	Operating earnings (loss)
	$	$	$	$	$	$
Mobility	1,564,687	8,602	100,705	4,451,652	27,465	317,431
Industrial	533,456	2,553	84,700	1,406,220	7,791	145,907
Total	2,098,143	11,155	185,405	5,857,872	35,256	463,338

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 September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
	$	$	$	$
Canada	1,322,927	1,124,491	4,014,722	3,053,891
Rest of North America	343,822	287,488	976,325	784,577
Asia Pacific	172,414	178,661	456,536	455,923
Europe	594,998	507,503	1,832,074	1,563,481
Total	2,434,161	2,098,143	7,279,657	5,857,872

13 Business Acquisitions

(i) Battery Enclosures Business

On August 3, 2023, the Company acquired three battery enclosure facilities from Dura-Shiloh ("Battery Enclosures Business") through the acquisition of certain assets and shares. The ownership will increase the Company's electrified product portfolio with increased future battery electric vehicle content. The preliminary purchase price is CAD $318,860.

Due to the timing of the close and complexities associated with these transactions, the determination of the fair value of the purchase price, assets acquired, and liabilities assumed, is not yet complete are subject to further adjustments. The Company has recorded a preliminary amount of $80,572 to goodwill as the current unallocated portion of the purchase price. The Company will update this balance and disclose the finalized purchase price allocation when the determination of the fair value is complete. The following table summarizes the consideration paid for the Battery Enclosures Business' acquired net assets, recognized at the acquisition date, which has been accounted for as a business combination.

Preliminary summary of identifiable assets acquired and liabilities assumed after acquisition completed on August 3, 2023:

	$
Current assets	71,299
Non-current assets	331,913
Goodwill	80,572
Total assets acquired	483,784
Current liabilities	108,931
Non-current liabilities	55,993
Total liabilities assumed	164,924
Preliminary net identifiable assets acquired	318,860

The goodwill is attributable to expanding the Company's capabilities and further diversifies the Company's end markets.

The sales included in the consolidated statement of earnings from August 3, 2023 to September 30, 2023 contributed by the Battery Enclosures Business was $63,833. The Battery Enclosures Business also contributed net earnings of $7,148 over the same period. The Battery Enclosures Business is included in the Mobility segment.

Consolidated Pro-forma Sales and Earnings
If the acquisition had occurred on January 1, 2023, the Company's consolidated pro-forma sales and net earnings for the period ended September 30, 2023 would have been $7,507,024 and $386,954 respectively. These amounts have been calculated using the Battery Enclosures Business' results adjusted for the additional depreciation and amortization that would have been charged assuming the preliminary fair value adjustments to property, plant and equipment and intangible assets had applied from January 1, 2023, together with the consequential tax effects.

(ii) GF Linamar LLC and Salford Group of Companies
The determination of the fair value of the purchase prices for the 2022 acquisitions have been completed and are unchanged from December 31, 2022.

(iii) Chassis and Suspension Business
On September 21, 2023, the Company announced a definitive agreement with Mobex Fourth and 1, LLC, and certain of its affiliates to acquire a substantial portion of its US-based assets for a total estimated USD $64,000 cash consideration. The acquisition closed October 31, 2023. The acquisition will increase the Company's propulsion-agnostic solutions that can be supplied to BEV, hybrid, and internal combustion-powered vehicle applications.