



## MARTINREA INTERNATIONAL INC.

### Releases Third Quarter Results and Announces Dividend, Record Quarterly Revenues, Solid Profits

November 10, 2014 – For Immediate Release

Toronto, Ontario – Martinrea International Inc. (TSX : MRE), a leader in the production of quality metal parts, assemblies and modules and fluid management systems focused primarily on the automotive sector, announced today the release of its financial results for the third quarter ended September 30, 2014, which include record quarterly revenues and solid profits and a quarterly dividend.

#### **HIGHLIGHTS**

- Record Third Quarter Revenues
- Solid profitability at \$0.23 per share for the third quarter
- Continuing Operational Improvements
- Dividend of \$0.03 per share announced

#### **OVERVIEW**

Pat D'Eramo, Martinrea's President and Chief Executive Officer, stated: "We had a solid third quarter from a financial point of view. Although I have just recently joined the company, I can assure you we are very focused on our operations, and we are seeing progress in many areas. We will continue to emphasize operational discipline and training on the shop floor, as well as every aspect of our business. Our people are our most valuable asset, and are critical to our success. I look forward to getting to know them very well. In terms of new business, we are busy with quoting activity, and have won approximately \$30 million in incremental annualized business including \$25 million of aluminum business with Daimler in Germany on the C-Class platform starting in 2016 and \$5 million of fluid handling product on Chrysler's minivan line starting in 2016. In order to launch our backlog, we are busy building new operating facilities in Spain, Mexico, China and Missouri, all which will contribute to the long term success of the organization."

Fred Di Tosto, Martinrea's Chief Financial Officer, stated: "Revenues for the third quarter, excluding tooling revenues, were approximately \$785 million, at the low end of the sales guidance range as previously announced. While still a record third quarter for us, revenues were impacted by lower production volumes on certain key vehicle platforms for the Company in North America due to unplanned customer downtime. In the third quarter, our earnings per share, on a basic and diluted basis, was \$0.23, with no unusual items to adjust, and within our quarterly guidance, although at the low end mainly because of the revenues coming in at the low end of our guidance. Now that Martinrea Honsel is wholly owned, the full earnings of that division will now be reflected in our earnings numbers. This is expected to contribute to our overall business, although Martinrea Honsel is presently adding three new plants to its footprint; as a result, pre-operating costs are expected to impact short term profitability."

Rob Wildeboer, Martinrea's Executive Chairman, stated: "Our fourth quarter is shaping up to be a decent quarter for us, and we believe will be the best fourth quarter in our history. Revenues for the quarter, excluding tooling revenues, should be in the range of \$825 million to \$845 million, and we believe our adjusted earnings per share will be in the range of 24 to 28 cents per share. Sales mix and some pre-operating costs from our expansion programs are expected to affect the fourth quarter. The expansions add to our global footprint and represent an investment in our future. Meanwhile, we are focused as a team on building a better company day by day, to provide great quality products for our customers."

Mr. Wildeboer added: "In terms of looking at our future, we have just completed our annual three year budget process. Our future is bright, with opportunities arising in all of our businesses, and improved profitability. Operational improvements will occur over that timeframe that will drive improved operating results. The roll off of some existing work, and the addition of new work, will also improve results. Year to date, our operating income margin, across all plants and divisions, has approximated 4.2%. Based on our current assumptions, operating income margins will grow by 50% by 2017, with steady improvement over the next three year period. In terms of revenue growth in that time frame, we foresee that there will be a lower rate of revenue growth for us than in the past several years. North American production volumes of our largest customers we anticipate will stabilize, and European volumes are anticipated to grow slightly if at all. Our Martinrea Honsel revenues are anticipated to grow overall, as we launch product wins in many plants, but there will be some roll off reductions in Germany. Our fluids group will see growth from present levels in Europe and China. Our metallic group, with operations based only in North America, is anticipated to have relatively stable revenues over that time frame. Overall, we will focus on prudent, profitable growth in key areas, with margin expansion over time. Specifically for 2015, we estimate total revenues will be between \$3.4 billion and \$3.6 billion with production revenues expected to increase year-over-year but tooling revenues expected to decrease. We estimate overall operating income margins will improve in 2015 despite expected pre-operating costs at four new facilities in China, Mexico, Spain and Riverside, Missouri. This outlook excludes any unusual items and assumes no material acquisitions or divestitures, as well as no significant foreign exchange rate fluctuation from present rates. In summary, the future looks good."

## **RESULTS OF OPERATIONS**

Martinrea currently employs over 14,000 skilled and motivated people in 40 operating divisions in Canada, the United States, Mexico, Brazil, Germany, Slovakia, Spain and China. Martinrea's objective is to develop a state-of-the-art international metal forming and fluid systems business that will continue to be and further become a key supplier in the automotive industry. Growth will be prudent, profitable and based on innovation. The backbone of future growth is the development of talented people. The significant development of the Company since 2002 has reflected this business strategy and contributed to the growing success of the Company.

Results of operations include certain unusual items which have been separately disclosed, where appropriate, in order to provide a clear assessment of the underlying Company results. This has required the use of non-IFRS measures in the Company's disclosures that management believes provides the most appropriate basis on which to evaluate the Company's results.

## **OVERALL RESULTS**

	<b>Three months ended September 30, 2014</b>		<b>Three months ended September 30, 2013</b>		<b>\$ Change</b>	<b>% Change</b>
Sales	\$	859,456	\$	767,861	91,595	11.9%
Gross Margin		78,076		83,663	(5,587)	(6.7%)
Operating Income		31,555		39,574	(8,019)	(20.3%)
Net Earnings for the period		21,205		26,387	(5,182)	(19.6%)
Net Earnings Attributable to Equity Holders of the Company	\$	19,384	\$	20,973	(1,589)	(7.6%)
Net Earnings per Share – Basic	\$	0.23	\$	0.25	(0.02)	(8.0%)
Net Earnings per Share – Diluted	\$	0.23	\$	0.25	(0.02)	(8.0%)
Unusual Items*	\$	-	\$	-	-	-
Adjusted Net Earnings Attributable to Equity Holders of the Company*		19,384	\$	20,973	(1,589)	(7.6%)
Adjusted Net Earnings per share* - Basic and Diluted	\$	0.23	\$	0.25	(0.02)	(8.0%)

	<b>Nine months ended September 30, 2014</b>		<b>Nine months ended September 30, 2013</b>		<b>\$ Change</b>	<b>% Change</b>
Sales	\$	2,654,864	\$	2,363,257	291,607	12.3%
Gross Margin		261,418		250,561	10,857	4.3%
Operating Income		112,243		121,189	(8,946)	(7.4%)
Net Earnings for the period		77,490		82,003	(4,513)	(5.5%)
Net Earnings Attributable to Equity Holders of the Company	\$	59,383	\$	68,375	(8,992)	(13.2%)
Net Earnings per Share – Basic	\$	0.70	\$	0.81	(0.11)	(13.6%)
Net Earnings per share – Diluted	\$	0.69	\$	0.81	(0.12)	(14.8%)
Unusual Items*	\$	1,171	\$	-	1,171	0.0%
Adjusted Net Earnings Attributable to Equity Holders of the Company*		60,554		68,375	(7,821)	(11.4%)
Adjusted Net Earnings per share* - Basic	\$	0.72	\$	0.81	(0.09)	(11.1%)
Adjusted Net Earnings per share* - Diluted	\$	0.71	\$	0.81	(0.10)	(12.3%)

### **\*Non-IFRS Measures**

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). However, the Company has included certain non-IFRS financial measures and ratios in this Press Release that the Company believes provides useful information in measuring the financial performance and financial condition of the Company. These measures do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to the other financial measures determined in accordance with IFRS. Non-IFRS measures referred to in the analysis include "adjusted net earnings" and "adjusted net earnings per share on a basic and diluted basis" and are defined in the "Adjustments to Net Earnings" section of this Press Release.

## SALES

### *Three months ended September 30, 2014 to three months ended September 30, 2013 comparison*

	Three months ended September 30, 2014	Three months ended September 30, 2013	\$ Change	% Change
North America	\$ 685,686	\$ 590,827	94,859	16.1%
Europe	159,373	155,994	3,379	2.2%
Rest of World	14,397	21,040	(6,643)	(31.6%)
Total Sales	\$ 859,456	\$ 767,861	91,595	11.9%

The Company's consolidated sales for the third quarter of 2014 increased by \$91.6 million or 11.9% to \$859.5 million as compared to \$767.9 million for the third quarter of 2013. The total overall increase in sales was driven by increases in the Company's North America and Europe operating segments, partially offset by a year-over-year decrease in sales in the Rest of the World.

Sales for the third quarter of 2014 in the Company's North America operating segment increased by \$94.9 million or 16.1% to \$685.7 million from \$590.8 million for the third quarter of 2013. The increase was due to an overall increase in North American OEM light vehicle production, in particular year-over-year increased production volumes on the Ford Escape/Lincoln MKC platform, one of the Company's largest platforms; the launch of new programs during or subsequent to the third quarter of 2013, including GM's full size pick-up trucks and SUVs, BMW X5, Ford Transit and the new Chrysler 200; a \$43.1 million increase in tooling sales, which are typically dependent on the timing of tooling construction and final acceptance by the customer; and the impact of foreign exchange on the translation of U.S. denominated production sales, which had a positive impact on overall sales for the third quarter of 2014 of \$21.9 million as compared to the third quarter of 2013.

Sales for the third quarter of 2014 in the Company's Europe operating segment increased by \$3.4 million or 2.2% to \$159.4 million from \$156.0 million for the third quarter of 2013. The increase was predominantly due to a benefit from the impact of foreign exchange on the translation of Euro denominated production sales of \$9.0 million, partially offset by a slight year-over-year decrease in production volumes in the Company's European operations. Tooling sales in Europe remained relatively flat year-over-year.

Sales for the third quarter of 2014 in the Company's Rest of World operating segment decreased by \$6.6 million or 31.6% to \$14.4 million from \$21.0 million in the third quarter of 2013. The decrease can be attributed to a year-over-year decrease in overall OEM light and medium-heavy vehicle production in Brazil and a \$3.4 million decrease in tooling sales, which are typically dependent on the timing of tooling construction and final acceptance by the customer, partially offset by increasing production sales in the Company's new fluids systems plant in China, which began operations in 2013 and continues to ramp up its backlog of business, and a positive impact from the translation of foreign denominated production sales of \$0.6 million as compared to the third quarter of 2013.

Overall tooling sales increased by \$39.8 million from \$35.0 million for the third quarter of 2013 to \$74.8 million for the third quarter of 2014.

### *Nine months ended September 30, 2014 to nine months ended September 30, 2013 comparison*

	Nine months ended September 30, 2014	Nine months ended September 30, 2013	\$ Change	% Change
North America	\$ 2,094,654	\$ 1,853,157	241,497	13.0%
Europe	516,063	457,764	58,299	12.7%
Rest of World	44,147	52,336	(8,189)	(15.6%)
Total Sales	\$ 2,654,864	\$ 2,363,257	291,607	12.3%

The Company's consolidated sales for the nine months ended September 30, 2014 increased by \$291.6 million or 12.3% to \$2,654.9 million as compared to \$2,363.3 million for the nine months ended September 30, 2013. The total overall increase in sales was driven by increases in the Company's North America and Europe operating segments, partially offset by a year-over-year decrease in sales in the Rest of the World.

Sales for the nine months ended September 30, 2014 in the Company's North America operating segment increased by \$241.5 million or 13.0% to \$2,094.7 million from \$1,853.2 million for the nine months ended September 30, 2013. The increase was due to an overall increase in North American OEM light vehicle production, in particular year-over-year increased production volumes on the Ford Escape/Lincoln MKC and GM Equinox/Terrain, two of the Company's largest platforms; the launch of new programs during 2013, including GM's full size pick-up trucks and SUVs, BMW X5, Ford Transit and the new Chrysler 200; a year-over-year increase in tooling

sales of \$34.2 million; and the impact of foreign exchange on the translation of U.S. denominated production sales, which had a positive impact on overall sales for the nine months ended September 30, 2014 of \$107.4 million as compared to the comparative period of 2013.

Sales for the nine months ended September 30, 2014 in the Company's Europe operating segment increased by \$58.3 million or 12.7% to \$516.1 million from \$457.8 million for the nine months ended September 30, 2013. The increase was due to the launch of new incremental aluminum business with Jaguar Land Rover including the sub-frame and shock towers for the new Range Rover Sport; a \$2.3 million increase in tooling sales; a \$47.5 million benefit from the impact of foreign exchange on the translation of Euro denominated production sales; and year-over-year increased production sales in the Company's plant in Slovakia, which continues to ramp up and launch its backlog of business.

Sales for the nine months ended September 30, 2014 in the Company's Rest of World operating segment decreased by \$8.2 million or 15.6% to \$44.1 million from \$52.3 million for the nine months ended September 30, 2013. The decrease can be attributed to a year-over-year decrease in overall OEM light and medium-heavy vehicle production in Brazil; the translation of foreign denominated production sales which had a negative impact on overall sales for the nine months ended September 30, 2014 of \$0.6 million; and a \$3.6 million decrease in tooling sales, which are typically dependent on the timing of tooling construction and final acceptance by the customer; partially offset by increasing production sales in the Company's new fluids systems plant in China, which began operations in 2013 and continues to ramp up its backlog of business.

Overall tooling sales increased \$32.9 million from \$130.1 million for the nine months ended September 30, 2013 to \$163.0 million for the nine months ended September 30, 2014.

## **GROSS MARGIN**

### ***Three months ended September 30, 2014 to three months ended September 30, 2013 comparison***

	<b>Three months ended September 30, 2014</b>	<b>Three months ended September 30, 2013</b>	<b>\$ Change</b>	<b>% Change</b>
Gross margin	\$ 78,076	\$ 83,663	(5,587)	(6.7%)
% of sales	9.1%	10.9%		

The gross margin percentage for the third quarter of 2014 of 9.1% decreased as a percentage of sales by 1.8% as compared to the gross margin percentage for the third quarter of 2013 of 10.9%. The decrease in gross margin as a percentage of sales was generally due to:

- an increase in tooling sales which typically earn low or no margins for the Company;
- production sales mix – production volumes on certain key vehicle platforms for the Company in North America were down year-over-year and negatively impacted operating margins for the quarter;
- pre-operating costs at new facilities in Spain, Mexico and China as these plants prepare for upcoming new program launches;
- an increase in integrator or assembly work which typically generates lower margins as a percentage of sales, although return on capital tends to be higher;
- program specific launch costs related to new programs that recently launched or are set to launch or ramp up over the next six months including the Ford Transit, Ford 2.3L aluminum engine block, Chrysler 200 and Ford Edge; and
- operational inefficiencies at certain operating facilities, in particular, Hopkinsville, Kentucky (see below).

These factors were partially offset by:

- higher capacity utilization from an overall increase in year-over-year production sales including the launch of new programs subsequent to or during the third quarter of 2013 (as noted above under "Sales");
- productivity and efficiency improvements at certain operating facilities; and
- improved pricing on certain long-term customer contracts in the Company's European operations.

The performance of the Company's operating facility in Hopkinsville, Kentucky continued to be impacted in 2014 to date and in the third quarter of 2014 by operational expenses stemming from issues experienced by the facility at the end of 2013. The issues were rooted in serious equipment failures on two of the plant's large tonnage presses which resulted in incremental premium costs as the facility was dealing with new programs, customer-requested engineering changes, which have impacted productivity, and the overall ramp-up in production volumes being experienced in the automotive industry. Since the equipment failures at the end of 2013, the presses have been operational but have not been performing at optimal levels. Upgrades to the presses were successfully completed during the July 2014 summer shutdown in order to reduce the risk of any further failures and improve the performance of the presses. Further less

substantial improvements are planned for the December holiday shutdown. Progress is being made at improving efficiencies, costs have subsided, costs are expected to subside further, and margins improve at this facility as well as others, as operational improvements continue to be made.

***Nine months ended September 30, 2014 to nine months ended September 30, 2013 comparison***

	<b>Nine months ended September 30, 2014</b>	<b>Nine months ended September 30, 2013</b>	<b>\$ Change</b>	<b>% Change</b>
Gross margin	\$ 261,418	\$ 250,561	10,857	4.3%
% of sales	9.8%	10.6%		

The gross margin percentage for the nine months ended September 30, 2014 of 9.8% decreased as a percentage of sales by 0.8% as compared to the gross margin percentage for the nine months ended September 30, 2013 of 10.6%. The decrease in gross margin as a percentage of sales was generally due to:

- an increase in tooling sales which typically earn low or no margins for the Company;
- production sales mix – production volumes on certain key vehicle platforms for the Company in North America are down year-over-year and negatively impacted operating margins for the period;
- pre-operating costs at new operating facilities in Spain, Mexico, and China as these plants prepare for upcoming new program launches;
- an increase in integrator or assembly work which typically generates lower margins as a percentage of sales, although return on capital tends to be higher;
- program specific launch costs related to new programs that recently launched or are set to launch or ramp up over the next six months including the BMW X5, Ford Transit, Ford 2.3L aluminum engine block, Chrysler 200 and Ford Edge; and
- operational inefficiencies at certain operating facilities, in particular, Hopkinsville, Kentucky (see above).

These factors were partially offset by:

- higher capacity utilization from an overall increase in year-over-year production sales including the launch of new programs subsequent to or during 2013 (as noted above under “Sales”);
- productivity and efficiency improvements at certain operating facilities; and
- improved pricing on certain long-term customer contracts in the Company’s European operations.

**ADJUSTMENTS TO NET EARNINGS**  
**(ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY)**

Adjusted net earnings exclude certain unusual items, as set out in the following tables and described in the notes thereto. Management uses adjusted net earnings as a measurement of operating performance of the Company and believes that, in conjunction with IFRS measures, it provides useful information about the financial performance and condition of the Company.

***Three months ended September 30, 2014 to three months ended September 30, 2013 comparison***

There were no unusual items during the third quarters of 2014 and 2013.

*Nine months ended September 30, 2014 to nine months ended September 30, 2013 comparison*

	Nine months ended September 30, 2014	Nine months ended September 30, 2013	(a-b) Change
	(a)	(b)	
<b>NET EARNINGS (A)</b>	<b>\$59,383</b>	<b>\$68,375</b>	<b>\$(8,992)</b>
<b>Add back - Unusual Items:</b>			
External legal and forensic accounting costs related to litigation (1)	1,561	-	1,561
<b>TOTAL UNUSUAL ITEMS BEFORE TAX</b>	<b>\$1,561</b>	<b>-</b>	<b>\$1,561</b>
Tax impact of above items	(390)	-	(390)
<b>TOTAL UNUSUAL ITEMS AFTER TAX (B)</b>	<b>\$1,171</b>	<b>-</b>	<b>\$1,171</b>
<b>ADJUSTED NET EARNINGS (A + B)</b>	<b>\$60,554</b>	<b>\$68,375</b>	<b>\$(7,821)</b>
Number of Shares Outstanding – Basic ('000)	84,526	83,977	
Adjusted Basic Net Earnings Per Share	\$0.72	\$0.81	
Number of Shares Outstanding – Diluted ('000)	85,549	84,841	
Adjusted Diluted Net Earnings Per Share	\$0.71	\$0.81	

**(1) External Legal and Forensic Accounting Costs Related to Litigation**

The costs added back for adjusted net earnings purposes reflects the legal and forensic accounting costs not covered by insurance (recorded as SG&A expense) incurred by the Company in relation to specific litigation matters out of the ordinary course of business as outlined in the Company's MD&A and Annual Information Form for the year ended December 31, 2013. Further amounts related to the costs expensed to date may be recovered from the Company's insurance providers upon completion of their review of the costs incurred.

**NET EARNINGS  
(ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY)**

*Three months ended September 30, 2014 to three months ended September 30, 2013 comparison*

	Three months ended September 30, 2014	Three months ended September 30, 2013	\$ Change	% Change
Net Earnings	\$ 19,384	\$ 20,973	(1,589)	(7.6%)
Adjusted Net Earnings	\$ 19,384	\$ 20,973	(1,589)	(7.6%)
Net Earnings per common share				
Basic	\$ 0.23	\$ 0.25		
Diluted	\$ 0.23	\$ 0.25		
Adjusted Net Earnings per common share				
Basic	\$ 0.23	\$ 0.25		
Diluted	\$ 0.23	\$ 0.25		

Net earnings for the third quarter of 2014 decreased by \$1.6 million to \$19.4 million from \$21.0 million for the third quarter of 2013. The net earnings per common share for the third quarter of 2014 decreased to \$0.23 per share, on a basic and diluted basis, in comparison to \$0.25 per share, on a basic and diluted basis, for the third quarter of 2013.

The net earnings for the third quarter of 2014, as compared to the third quarter of 2013, were negatively impacted by the following:

- production sales mix – production volumes on certain key vehicle platforms for the Company in North America were down year-over-year and negatively impacted operating margins for the quarter;

- pre-operating costs at new operating facilities in Spain, Mexico and China as these plants prepare for upcoming new program launches;
- program specific launch costs related to new programs that recently launched or are set to launch or ramp up over the next six months including the Ford Transit, Ford 2.3L aluminum engine block, Chrysler 200 and Ford Edge;
- lower operating margins as a result of operational inefficiencies at certain operating facilities, in particular, Hopkinsville, Kentucky (as discussed above); and
- year-over-year increases in research and development expense, due mainly to increased amortization of development costs and research and development activity, and finance expense related to increased levels of debt primarily used to sustain the increased level of capital expenditures related to new program launches and fund the purchase of the 45% non-controlling interest of Martinrea Honsel on August 7, 2014 (see “Acquisition” section of the Company’s management discussion and analysis for the third quarter ended September 30, 2014 (the “MD&A”) for further details on the transaction).

These factors were partially offset by the following:

- higher margins from an overall increase in year-over-year production sales including the launch of new programs subsequent to or during the third quarter 2013;
- productivity and efficiency improvements at certain operating facilities;
- improved pricing on certain long-term customer contracts in the Company’s European operations;
- a lower effective tax rate due generally to the mix of earnings and the utilization of tax losses in Martinrea Honsel not previously benefitted; and
- the inclusion of 100% of the net earnings from Martinrea Honsel after the Company purchased the 45% non-controlling interest of the group on August 7, 2014 (see “Acquisition” section of the MD&A for further details on the transaction).

***Nine months ended September 30, 2014 to nine months ended September 30, 2013 comparison***

	Nine months ended September 30, 2014		Nine months ended September 30, 2013		\$ Change	% Change
Net Earnings	\$	59,383	\$	68,375	(8,992)	(13.2%)
Adjusted Net Earnings	\$	60,554	\$	68,375	(7,821)	(11.4%)
Net Earnings per common share						
Basic	\$	0.70	\$	0.81		
Diluted	\$	0.69	\$	0.81		
Adjusted Net Earnings per common share						
Basic	\$	0.72	\$	0.81		
Diluted	\$	0.71	\$	0.81		

Net earnings, before adjustments, for the nine months ended September 30, 2014 decreased by \$9.0 million to \$59.4 million from \$68.4 million for the nine months ended September 30, 2013. Excluding \$1.6 million in external legal and forensic accounting costs related to litigation incurred during the nine months ended September 30, 2014, as explained under “Adjustments to Net Earnings”, the net earnings for the nine months ended September 30, 2014 decreased to \$60.6 million or \$0.72 per share, on a basic basis, and \$0.71 per share on diluted basis, from \$68.4 million or \$0.81 per share, on a basic and diluted basis, for the nine months ended September 30, 2013.

The net earnings for the nine months ended September 30, 2014, as compared to the nine months ended September 30, 2013, were negatively impacted by the following:

- production sales mix – production volumes on certain key vehicle platforms for the Company in North America are down year-over-year and negatively impacted operating margins for the period;
- pre-operating costs at new operating facilities in Spain, Mexico and China as these plants prepare for upcoming new program launches;
- program specific launch costs related to new programs that recently launched or are set to launch or ramp up over the next six months including the BMW X5, Ford Transit, Ford 2.3L aluminum engine block, Chrysler 200 and Ford Edge;
- lower operating margins as a result of operational inefficiencies at certain operating facilities, in particular, Hopkinsville, Kentucky (as discussed above); and
- year-over-year increases in SG&A expense as previously discussed, research and development expenses, due mainly to increased amortization of development costs and research and development activity, and finance expense related to increased levels of debt primarily used to sustain the increased level of capital expenditures related to new program launches

and to fund the purchase of the 45% non-controlling interest of Martinrea Honsel on August 7, 2014 (see “Acquisition” section of the MD&A for further details on the transaction).

These factors were partially offset by the following:

- higher margins from an overall increase in year-over-year production sales including the launch of new programs subsequent to or during 2013;
- productivity and efficiency improvements at certain operating facilities;
- improved pricing on certain long-term customer contracts in the Company’s European operations;
- a lower effective tax rate due generally to the mix of earnings and the utilization of tax losses in Martinrea Honsel not previously benefitted; and
- the inclusion of 100% of the net earnings from Martinrea Honsel after the Company purchased the 45% non-controlling interest of the group on August 7, 2014 (see “Acquisition” section of the MD&A for further details on the transaction).

## **ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT**

### ***Three months ended September 30, 2014 to three months ended September 30, 2013 comparison***

	<b>Three months ended September 30, 2014</b>	<b>Three months ended September 30, 2013</b>	<b>\$ Change</b>	<b>% Change</b>
Additions to Property, Plant and Equipment	\$ 52,015	\$ 46,023	5,992	13.0%

Additions to property, plant and equipment increased by \$6.0 million to \$52.0 million in the third quarter of 2014 from \$46.0 million in the third quarter of 2013. Additions as a percentage of sales remained relatively consistent year-over-year at 6.0% for both the third quarters of 2014 and 2013. While capital expenditures are made to refurbish or replace assets consumed in the normal course of business and for productivity improvements, a large portion of the investment in the third quarter of 2014 continued to be for manufacturing equipment for programs that recently launched or will be launching over the next 24 months.

### ***Nine months ended September 30, 2014 to nine months ended September 30, 2013 comparison***

	<b>Nine months ended September 30, 2014</b>	<b>Nine months ended September 30, 2013</b>	<b>\$ Change</b>	<b>% Change</b>
Additions to Property, Plant and Equipment	\$ 136,377	\$ 142,519	(6,142)	(4.3%)

Additions to property, plant and equipment decreased by \$6.1 million to \$136.4 million for the nine months ended September 30, 2014 from \$142.5 million for the nine months ended September 30, 2013. Additions as a percentage of sales decreased year-over-year to 5.1% for the nine months ended September 30, 2014 compared to 6.0% for the comparative period of 2013. Despite the decrease, while capital expenditures are made to refurbish or replace assets consumed in the normal course of business and for productivity improvements, a large portion of the investment in the first nine months of 2014 continued to be for manufacturing equipment for programs that recently launched or will be launching over the next 24 months.

## **DIVIDEND**

A cash dividend of \$0.03 per share has been declared by the Board of Directors payable to shareholders of record on December 31, 2014 on or about January 15, 2015.

## **CONFERENCE CALL DETAILS**

A conference call to discuss these results will be held on Tuesday, November 11, 2014 at 8:00 a.m. (Toronto time) which can be accessed by dialing (416) 340-8410 or toll free (866) 225-2055. Please call 10 minutes prior to the start of the conference call.

If you have any teleconferencing questions, please call Andre La Rosa at (416) 749-0314.

There will also be a rebroadcast of the call available by dialing (905) 694-9451 or toll free (800) 408-3053 (conference id – 8328475#). The rebroadcast will be available until November 25, 2014.



## **FORWARD-LOOKING INFORMATION**

### **Special Note Regarding Forward-Looking Statements**

This Press Release contains forward-looking statements within the meaning of applicable Canadian securities laws including related to the expectations and guidance as to revenues, gross margin percentage and earnings per share, statements as to the expansion of or improvements in gross margin, including due to positive impact from launches, improvements in profitability, statements as to the growth of the Company, new and replacement businesses, opening of facilities and pursuit of its strategies, the launching of new metal forming and fluid systems programs including expectations as to the financial impact of launches, the Company's expectations as to the contribution of Martinrea Honsel to the Company's business, statements as to the progress and expectations of operational and productivity improvements and operational and productivity efficiencies, the Company's expectations regarding the future amount and type of restructuring expenses to be expensed, statements as to the reduction of costs, including the expectation of a reduction in costs and inefficiencies and stabilization of and operational improvements at the Hopkinsville plant and expectations as to the continued operation of and successful upgrades to the presses, the Company's views on the long term outlook of the automotive industry and economic recovery, expectations as to volumes in North America and Europe, the Company's ability to capitalize on opportunities in the automotive industry and the successful integration of acquisitions, statements as to the recovery of litigation related expenses from insurance providers, and as well as other forward-looking statements. The words "continue", "expect", "anticipate", "estimate", "may", "will", "should", "views", "intend", "believe", "plan" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate in the circumstances. Many factors could cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, some of which are discussed in detail in the Company's Annual Information Form and other public filings which can be found at [www.sedar.com](http://www.sedar.com):

- North American and global economic and political conditions;
- the highly cyclical nature of the automotive industry and the industry's dependence on consumer spending and general economic conditions;
- the Company's dependence on a limited number of significant customers;
- financial viability of suppliers;
- the Company's reliance on critical suppliers and on suppliers for components and the risk that suppliers will not be able to supply components on a timely basis or in sufficient quantities;
- competition;
- the increasing pressure on the Company to absorb costs related to product design and development, engineering, program management, prototypes, validation and tooling;
- increased pricing of raw materials;
- outsourcing and insourcing trends;
- the risk of increased costs associated with product warranty and recalls together with the associated liability;
- the Company's ability to enhance operations and manufacturing techniques;
- dependence on key personnel;
- limited financial resources;
- risks associated with the integration of acquisitions;
- costs associated with rationalization of production facilities;
- launch costs;
- the potential volatility of the Company's share price;
- changes in governmental regulations or laws including any changes to the North American Free Trade Agreement;
- labour disputes;
- litigation;
- currency risk;
- fluctuations in operating results;
- internal controls over financial reporting and disclosure controls and procedures;
- environmental regulation;
- a shift away from technologies in which the Company is investing;
- competition with low cost countries;
- the Company's ability to shift its manufacturing footprint to take advantage of opportunities in emerging markets;
- risks of conducting business in foreign countries, including China, Brazil and other growing markets;
- potential tax exposure;
- a change in the Company's mix of earnings between jurisdictions with lower tax rates and those with higher tax rates, as well as the Company's ability to fully benefit from tax losses;
- under-funding of pension plans; and
- the cost of post-employment benefits.

These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

The common shares of Martinrea trade on The Toronto Stock Exchange under the symbol "MRE".

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