MANAGEMENT DISCUSSION AND ANALYSIS

OF OPERATING RESULTS AND FINANCIAL POSITION

For the three months ended March 31, 2016

The following management discussion and analysis ("MD&A") was prepared as of May 3, 2016 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2016 ("interim consolidated financial statements"), as well as the Company's audited consolidated financial statements and MD&A for the year ended December 31, 2015 together with the notes thereto. All amounts in this MD&A are in Canadian dollars, unless otherwise stated; and all tabular amounts are in thousands of Canadian dollars, except earnings per share and number of shares. Additional information about the Company, including the Company's Annual Information Form for the year ended December 31, 2015, can be found at www.sedar.com.

OVERVIEW

Martinrea International Inc. (TSX:MRE) ("Martinrea" or the "Company") is a leader in the development and production of quality metal parts, assemblies and modules, fluid management systems and complex aluminum products focused primarily on the automotive sector. Martinrea currently employs over 14,000 skilled and motivated people in 44 operating divisions in Canada, the United States, Mexico, Brazil, Germany, Slovakia, Spain and China.

Martinrea's vision for the future is to be the best, preferred and most valued automotive parts supplier in the world in the products and services we provide our customers. The Company's mission is to deliver: outstanding quality products and services to our customers; meaningful opportunity, job satisfaction and job security to our people through competitiveness and prudent growth; superior long term investment returns to our stakeholders; and positive contributions to our communities as good corporate citizens.

Results of operations may include certain unusual and other items which have been separately disclosed, where appropriate, in order to provide a clear assessment of the underlying Company results. In addition to IFRS measures, management uses non-IFRS measures in the Company's disclosures that it believes provides the most appropriate basis on which to evaluate the Company's results.

OVERALL RESULTS

The following table sets out certain highlights of the Company's performance for the three months ended March 31, 2016 and 2015. Refer to the Company's interim consolidated financial statements for the three months ended March 31, 2016 for a detailed account of the Company's performance for the periods presented in the table below.

		Three months ended March 31, 2016		Three months ended March 31, 2015	$ Change	% Change
Sales	$	1,039,450	$	917,531	121,919	13.3%
Gross Margin		111,818		95,639	16,179	16.9%
Operating Income		51,345		43,710	7,635	17.5%
Net Income for the period		32,531		30,508	2,023	6.6%
Net Income Attributable to Equity Holders of the Company	$	32,571	$	30,419	2,152	7.1%
Net Earnings per Share - Basic and Diluted	$	0.38	$	0.36	0.02	5.6%
Non-IFRS Measures*						
Adjusted Operating Income	$	51,345	$	43,710	7,635	17.5%
as a % of Sales		*4.9%*		*4.8%*		
Adjusted EBITDA		89,022		74,923	14,099	18.8%
as a % of Sales		*8.6%*		*8.2%*		
Adjusted Net Income Attributable to Equity Holders of the Company		32,571		30,419	2,152	7.1%
Adjusted Net Earnings per share - Basic and Diluted	$	0.38	$	0.36	0.02	5.6%

***Non-IFRS Measures**

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). However, the Company considers certain non-IFRS financial measures as useful additional information in measuring the financial performance and condition of the Company. These measures, which the Company believes are widely used by investors, securities analysts and other interested parties in evaluating the Company's performance, 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 financial measures determined in accordance with IFRS. Non-IFRS measures include "Adjusted Net Income", "Adjusted Net Earnings per Share (on a basic and diluted basis)", "Adjusted Operating Income" and "Adjusted EBITDA".

The following tables provide a reconciliation of IFRS "Net Income Attributable to Equity Holders of the Company" to Non-IFRS "Adjusted Net Income Attributable to Equity Holders of the Company", "Adjusted Operating Income" and "Adjusted EBITDA":

	Three months ended March 31, 2016	Three months ended March 31, 2015
Net Income Attributable to Equity Holders of the Company	$ 32,571	$ 30,419
Unusual and Other Items (after-tax)*	-	-
Adjusted Net Income Attributable to Equity Holders of the Company	$ 32,571	$ 30,419

**No unusual and other items for the three months ended March 31, 2016 and 2015 were noted*

	Three months ended March 31, 2016	Three months ended March 31, 2015
Net Income Attributable to Equity Holders of the Company	$ 32,571	$ 30,419
Non-controlling interest	(40)	89
Income tax expense	10,499	9,249
Other finance expense (income)	2,121	(2,602)
Finance costs	6,194	6,555
Unusual and Other Items (before tax)*	-	-
Adjusted Operating Income	$ 51,345	$ 43,710
Depreciation of property, plant and equipment	33,622	28,582
Amortization of intangible assets	4,004	3,201
Loss/(gain) on disposal of property, plant and equipment	51	(570)
Adjusted EBITDA	$ 89,022	$ 74,923

**No unusual and other items for the three months ended March 31, 2016 and 2015 were noted*

The year-over-year changes in significant accounts and financial highlights are discussed in detail in the sections below.

SALES

Three months ended March 31, 2016 to three months ended March 31, 2015 comparison

	Three months ended March 31, 2016	Three months ended March 31, 2015	$ Change	% Change
North America	$ 839,989	$ 713,119	126,870	17.8%
Europe	164,669	187,401	(22,732)	(12.1%)
Rest of the World	34,792	17,011	17,781	104.5%
Total Sales	$ 1,039,450	$ 917,531	121,919	13.3%

The Company's consolidated sales for the first quarter of 2016 increased by $121.9 million or 13.3% to $1,039.4 million as compared to $917.5 million for the first quarter of 2015. The total increase in sales was driven by increases in the Company's North America and Rest of the World operating segments, partially offset by a year-over-year decrease in sales in Europe.

Sales for the first quarter of 2016 in the Company's North America operating segment increased by $126.9 million or 17.8% to $840.0 million from $713.1 million for the first quarter of 2015. The increase was due to the impact of foreign exchange on the translation of

U.S. denominated production sales, which had a positive impact on overall sales for the first quarter of 2016 of approximately $95.6 million as compared to the first quarter of 2015; the launch of new programs during or subsequent to the first quarter of 2015, including the Ford Edge and GM Malibu; an increase in year-over-year production volumes on the Chrysler minivan platform, which was down for thirteen weeks in 2015 for re-tooling; and a $13.0 million increase in tooling sales, which are typically dependent on the timing of tooling construction and final acceptance by the customer. These positive factors were offset by lower year-over-year OEM production volumes on certain light-vehicle platforms including the Chrysler 200 and other platforms late in their product life cycle such as the GM Camaro and Equinox. The planned shutdown of Chrysler's V6 Pentastar engine block program for re-tooling, which commenced during the fourth quarter of 2015, also negatively impacted production sales in North America during the quarter as compared to the comparative period of 2015. The re-tooling was completed near the end of the first quarter of 2016 after which volumes have started to ramp back up. Production volumes of the engine block are expected to be back to levels experienced prior to the re-tooling by the end of June 2016.

Sales for the first quarter of 2016 in the Company's Europe operating segment decreased by $22.7 million or 12.1% to $164.7 million from $187.4 million for the first quarter of 2015. The decrease can be attributed to lower overall production volumes in the Company's Martinrea Honsel German operations including the impact from the sale of the Company's operating facility in Soest, Germany on August 31, 2015 and a $14.0 million decrease in tooling sales; partially offset by an $11.2 million positive foreign exchange impact from the translation of Euro denominated production sales as compared to the first quarter of 2015 and increased production sales in the Company's new operating facilities in Spain and Slovakia, which continue to ramp up and launch their backlogs of business.

Sales for the first quarter of 2016 in the Company's Rest of the World operating segment increased by $17.8 million or 104.5% to $34.8 million from $17.0 million in the first quarter of 2015. The increase was mainly due to a year-over-year increase in 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, a $5.8 million increase in tooling sales, and a $0.4 million positive foreign exchange impact from the translation of foreign denominated production sales as compared to the first quarter of 2015. Production sales for the first quarter of 2016 in the Company's operating facility in Brazil were down year-over-year as OEM light vehicle production volumes in Brazil continue to trend at low levels.

Overall tooling sales increased by $4.8 million to $35.3 million for the first quarter of 2016 from $30.5 million for the first quarter of 2015.

GROSS MARGIN

Three months ended March 31, 2016 to three months ended March 31, 2015 comparison

	Three months ended March 31, 2016	Three months ended March 31, 2015	$ Change	% Change
Gross margin	$ 111,818	$ 95,639	16,179	16.9%
% of sales	10.8%	10.4%		

The gross margin percentage for the first quarter of 2016 of 10.8% increased as a percentage of sales by 0.4% as compared to the gross margin percentage for the first quarter of 2015 of 10.4%. The increase in gross margin as a percentage of sales was generally due to:

- productivity and efficiency improvements at certain operating facilities; and
- new fluids systems plants in Slovakia and China which continue to ramp up and launch their backlogs of business.

These factors were partially offset by the following:

- increased pre-operating and launch costs, in particular at new operating facilities in Mexico, Spain, China and Riverside, Missouri as these new plants execute on their backlogs of new business;
- lower recoveries from scrap steel;
- operational inefficiencies and other costs at certain other facilities; and
- general sales mix including lower production volumes on the Chrysler 200 and certain other programs.

SELLING, GENERAL & ADMINISTRATIVE ("SG&A")

Three months ended March 31, 2016 to three months ended March 31, 2015 comparison

	Three months ended March 31, 2016	Three months ended March 31, 2015	$ Change	% Change
Selling, general & administrative	$ 51,454	$ 44,677	6,777	15.2%
% of sales	5.0%	4.9%		

SG&A expense for the first quarter of 2016 increased by $6.8 million to $51.5 million as compared to $44.7 million for the first quarter of 2015. The increase is predominantly due to pre-operating costs incurred at new and/or expanded facilities, including incremental employment levels to support the business. SG&A expenses are being monitored and managed on a continuous basis in order to optimize costs. SG&A expense as a percentage of sales remained relatively consistent year-over-year at 5.0% for the first quarter of 2016 compared to 4.9% for the comparative period of 2015.

DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT ("PP&E") AND AMORTIZATION OF INTANGIBLE ASSETS

Three months ended March 31, 2016 to three months ended March 31, 2015 comparison

	Three months ended March 31, 2016	Three months ended March 31, 2015	$ Change	% Change
Depreciation of PP&E (production)	$ 31,418	$ 26,895	4,523	16.8%
Depreciation of PP&E (non-production)	2,204	1,687	517	30.6%
Amortization of customer contracts and relationships	535	539	(4)	(0.7%)
Amortization of development costs	3,469	2,662	807	30.3%
Total depreciation and amortization	$ 37,626	$ 31,783	5,843	18.4%

Total depreciation and amortization expense for the first quarter of 2016 increased by $5.8 million to $37.6 million as compared to $31.8 million for the first quarter of 2015. The increase in total depreciation and amortization expense was primarily due to increases in depreciation expense on a larger PP&E base resulting from the growth in the Company's book of business and amortization of development costs as new and replacement programs, for which development costs were incurred, start production and reach peak volumes. A significant portion of the Company's recent investments relates to various new program launches put to use during or subsequent to the first quarter of 2015. The Company continues to make significant investments in the business in light of a large backlog of business and a growing global footprint.

Depreciation of PP&E (production) expense as a percentage of sales increased slightly year-over-over to 3.0% for the first quarter of 2016 from 2.9% for the first quarter of 2015 as recent investments in equipment are put to use.

NET INCOME
(ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY)

Three months ended March 31, 2016 to three months ended March 31, 2015 comparison

	Three months ended March 31, 2016	Three months ended March 31, 2015	$ Change	% Change
Net Income	$ 32,571	$ 30,419	2,152	7.1%
Net Earnings per share				
Basic	$ 0.38	$ 0.36		
Diluted	$ 0.38	$ 0.36		

Net Income for the first quarter of 2016 increased to $32.6 million or $0.38 per share, on a basic and diluted basis, from $30.4 million or $0.36 per share, on a basic and diluted basis, for the first quarter of 2015.

Net Income for the first quarter of 2016, as compared to the first quarter of 2015, was positively impacted by the following:

- higher gross profit from an overall increase in year-over-year production sales;
- productivity and efficiency improvements at certain operating facilities; and
- new fluids systems plants in Slovakia and China, which continue to ramp up and launch their backlogs of new business.

These factors were partially offset by the following:

- increased pre-operating and launch costs, in particular at new operating facilities in Mexico, Spain, China, and Riverside, Missouri as these new plants execute on their backlogs of new business;
- lower recoveries from scrap steel;
- operational inefficiencies and other costs at certain other facilities;
- general sales mix including lower production volumes on the Chrysler 200 and certain other programs;
- a year-over-year increase in SG&A expense as previously discussed;
- a net foreign exchange loss of $2.1 million in the first quarter of 2016 compared to a net foreign exchange gain of $2.6 million in the first quarter of 2015; and
- a higher effective tax rate on pre-tax income due generally to the mix of earnings (24.4% for the first quarter of 2016 compared to 23.3% for the first quarter of 2015).

Three months ended March 31, 2016 actual to guidance comparison:

On March 3, 2016, the Company provided the following guidance for the first quarter of 2016

	Guidance	Actual
Production sales (in millions)	Greater than $1,000	$1,004
Net Earnings per Share Basic & Diluted	$0.35 - $0.39	$0.38

For the first quarter of 2016, production sales of $1,004 and net earnings per share of $0.38 were within the range of published guidance.

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

Three months ended March 31, 2016 to three months ended March 31, 2015 comparison

	Three months ended March 31, 2016	Three months ended March 31, 2015	$ Change	% Change
Additions to PP&E	$ 42,833	$ 47,337	(4,504)	(9.5%)

Additions to PP&E decreased by $4.5 million to $42.8 million in the first quarter of 2016 from $47.3 million in the first quarter of 2015 due generally to the timing of expenditures. Additions as a percentage of sales decreased year-over-year to 4.1% for the first quarter of 2016 from 5.2% for the first quarter of 2015. 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 quarter of 2016 continued to be for manufacturing equipment and multiple expansions for programs that recently launched or will be launching over the next 24 months.

SEGMENT ANALYSIS

The Company defines its operating segments as components of its business where separate financial information is available and routinely evaluated by the Company's chief operating decision maker which is the Chief Executive Officer. Given the differences between the regions in which the Company operates, Martinrea's operations are segmented and aggregated on a geographic basis between North America, Europe and Rest of the World. The Company measures segment operating performance based on operating income.

Three months ended March 31, 2016 to three months ended March 31, 2015 comparison

	SALES		OPERATING INCOME (LOSS)*	
	Three months ended March 31, 2016	**Three months ended March 31, 2015**	**Three months ended March 31, 2016**	**Three months ended March 31, 2015**
North America	$ 839,989	$ 713,119	$ 43,604	$ 37,527
Europe	164,669	187,401	8,875	8,368
Rest of the World	34,792	17,011	(1,134)	(2,185)
Operating Income	-	-	$ 51,345	$ 43,710
Unusual and Other Items*	-	-	-	-
Total	$ 1,039,450	$ 917,531	$ 51,345	$ 43,710

**No unusual and other items for the three months ended March 31, 2016 and 2015 were noted.*

North America

Operating Income in North America increased by $6.1 million to $43.6 million for the first quarter of 2016 from $37.5 million for the first quarter of 2015. Operating Income in North America was positively impacted by:

- higher gross profit from an overall increase in year-over-year production sales; and
- productivity and efficiency improvements at certain operating facilities.

These factors were partially offset by the following:

- increased pre-operating and launch costs, in particular at two new operating facilities in Mexico and Riverside, Missouri as these new plants execute on their backlogs of business;
- lower recoveries from scrap steel;
- general sales mix including lower production volumes on the Chrysler 200 and certain other programs; and
- operational inefficiencies and other costs at certain other facilities.

Europe

Operating Income in Europe increased by $0.5 million to $8.9 million for the first quarter of 2016 from $8.4 million for the first quarter of 2015. The operating results in Europe were positively impacted by a new fluids systems plant in Slovakia, which continues to ramp up and launch its backlog of new business as launch costs subside. The positive impact from the Slovakia facility during the quarter was partially offset by launch costs at a new aluminum operating facility in Spain as production volumes at the facility ramp up. Operating income in the Company's Martinrea Honsel Germany operations remained consistent year-over-year despite lower production volumes including the impact from the sale of the Company's operating facility in Soest, Germany on August 31, 2015. The Company's operating facilities in Meschede, Germany have benefitted from the restructuring activities undertaken during 2015.

Rest of the World

The operating results for the Rest of the World operating segment improved year-over-year. The improved operating results were due to increased 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, partially offset by increased pre-operating costs at a new aluminum operating facility in China as the plant prepares for its inaugural new program launch in 2016. Operating results of the Company's operating facility in Brazil decreased year-over-year due to a decline in production sales as OEM light vehicle production volumes in Brazil continue to trend at low levels.

SUMMARY OF QUARTERLY RESULTS
(unaudited)

	2016	2015				2014		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales	1,039,450	1,035,314	929,880	984,046	917,531	943,781	859,456	930,915
Gross margin	111,818	103,829	96,385	106,379	95,639	86,474	78,076	95,863
Net Income for the period	32,531	27,826	15,232	33,607	30,508	11,926	21,205	29,626
Net Income Attributable to Equity Holders of the Company	32,571	27,731	15,469	33,411	30,419	11,921	19,384	23,308
Adjusted Net Income Attributable to Equity Holders of the Company	32,571	29,059	25,899	33,411	30,419	22,832	19,384	23,614
Basic Net Earnings per share	0.38	0.32	0.18	0.39	0.36	0.14	0.23	0.28
Diluted Net Earnings per share	0.38	0.32	0.18	0.39	0.36	0.14	0.23	0.27
Adjusted Basic Net Earnings per share	0.38	0.34	0.30	0.39	0.36	0.27	0.23	0.28
Adjusted Diluted Net Earnings per share	0.38	0.34	0.30	0.39	0.36	0.27	0.23	0.28

LIQUIDITY AND CAPITAL RESOURCES

The Company's financial condition remains solid, which can be attributed to the Company's low cost structure, reasonable level of debt and prospects for growth. As at March 31, 2016, the Company had total equity attributable to equity holders of the Company of $760.5 million. As at March 31, 2016, the Company's ratio of current assets to current liabilities was 1.3:1. The Company's current working capital level of $235.1 million and credit facilities (discussed below) are expected to be sufficient to cover the anticipated working capital needs of the Company. Management expects that all future capital expenditures will be financed by cash flow from operations, utilization of credit facilities or asset backed financing.

CASH FLOWS

Three months ended March 31, 2016 to three months ended March 31, 2015 comparison

	Three months ended March 31, 2016	Three months ended March 31, 2015	$ Change	% Change
Cash provided by operations before changes in non-cash working capital items	$ 87,058	$ 78,353	8,705	11.1%
Change in non-cash working capital items	(65,609)	(46,664)	(18,945)	40.6%
	21,449	31,689	(10,240)	(32.3%)
Interest paid	(4,888)	(5,188)	300	(5.8%)
Income taxes paid	(13,046)	(22,428)	9,382	(41.8%)
Cash provided by operating activities	3,515	4,073	(558)	(13.7%)
Cash provided by financing activities	54,218	13,111	41,107	313.5%
Cash used in investing activities	(62,132)	(48,678)	(13,454)	27.6%
Effect of foreign exchange rate changes on cash and cash equivalents	(2,117)	(233)	(1,884)	808.8%
Decrease in cash and cash equivalents	$ (6,516)	$ (31,727)	25,210	(79.5%)

Cash provided by operating activities during the first quarter of 2016 was $3.5 million, compared to cash provided by operating activities of $4.1 million in the corresponding period of 2015. The components for the first quarter of 2016 primarily include the following:

- cash provided by operations before changes in non-cash working capital items of $87.1 million;
- working capital items use of cash of $65.6 million comprised of an increase in trade and other receivables of $51.1 million and an increase in inventories of $19.2 million; partially offset by a decrease in prepaid expenses and deposits of $0.5 million and an increase in trade, other payables and provisions of $4.2 million;
- interest paid (excluding capitalized interest) of $4.9 million; and
- income taxes paid of $13.0 million.

Cash provided by financing activities during the first quarter of 2016 was $54.2 million, compared to $13.1 million provided in the corresponding period in 2015, as a result of a $56.7 million net increase in long term debt (including repayments on the Company's revolving banking facility and asset backed financing arrangements of $13.0 million) and $0.1 million in proceeds from the exercise of employee stock options; partially offset by $2.6 million in dividends paid.

Cash used in investing activities during the first quarter of 2016 was $62.1 million, compared to $48.7 million in the corresponding period in 2015. The components for the first quarter of 2016 primarily include the following:

- cash additions to PP&E of $59.3 million;
- capitalized development costs relating to upcoming new program launches of $3.1 million; partially offset by
- proceeds from the disposal of PP&E of $0.2 million.

Taking into account the opening cash balance of $28.9 million at the beginning of the first quarter of 2016, and the activities described above, the cash and cash equivalents balance at March 31, 2016 was $22.4 million.

Financing

Subsequent to March 31, 2016, on April 29, 2016, the Company's banking facility was amended to extend its maturity date and increase the total available revolving credit lines under the facility. The primary terms of the amended banking facility, with a syndicate of nine banks, are as follows:

- available revolving credit lines of $350 million and US $400 million;
- available asset based financing capacity of $205 million;
- no mandatory principal repayment provisions;
- an accordion feature which provides the Company with the ability to increase the revolving credit facility by up to $150 million;
- pricing terms at market rates; and
- a maturity date of April 2020.

There were no changes to pricing terms or financial covenants under the facility adverse to the Company.

As at March 31, 2016, the Company had drawn US$270 million (December 31, 2015 – US$220 million) on the U.S. revolving credit line and $273 million (December 31, 2015 - $273 million) on the Canadian revolving credit line.

Net debt (i.e. long term debt less cash on hand) increased by $34.9 million from $688.1 million at December 31, 2015 to $723.0 million at March 31, 2016 due predominantly to the seasonal increase in working capital during the first quarter of the year which was financed through drawdowns on the Company's banking facility; partially offset by the impact of foreign exchange translation on foreign denominated debt. Excluding the impact of foreign exchange translation, net debt increased by $61.1 million during the quarter ended March 31, 2016.

The Company was in compliance with its debt covenants as at March 31, 2016.

Dividends

In the second quarter of 2013, Martinrea's Board of Directors approved, for the first time, a dividend to be paid to all holders of Martinrea common shares. Annual dividends are to be $0.12 per share, to be paid in four quarterly payments of $0.03 per share. The first quarterly dividend payment of $0.03 per share was paid on July 11, 2013; with successive quarterly dividends paid thereafter, the most recent quarterly dividend being paid on April 15, 2016. The declaration and payment of future dividends will be subject to the Company's cash requirements as well as satisfaction of statutory tests. In addition, the Board will assess future dividend payment levels from time to time, in light of the Company's financial performance and then current and anticipated needs at that time.

Guarantees

The Company is a guarantor under certain tooling finance programs negotiated originally in 2004 and amended in 2013 that provide direct financing for the tooling on specific programs. The tooling finance program involves a third party that provides tooling suppliers with financing subject to a Company guarantee for a period of six to eighteen months depending upon the duration of the tooling program and the subsequent customer tooling payment. The amounts loaned to tooling suppliers through this financing arrangement do not appear on the Company's balance sheet. At March 31, 2016 the amount of off-balance sheet program financing was $80.2 million (December 31, 2015 - $85.5 million). As is customary in the automotive industry, tooling costs are ultimately paid for by customers of the Company generally upon acceptance of the final prototypes and commencement of commercial production.

ACQUISITIONS

On July 29, 2011, the Company closed an agreement to purchase a controlling interest in the assets of Honsel, a German-based leading supplier of aluminum components for the automotive and industrial sectors forming the Martinrea Honsel group. The Company partnered with Anchorage Capital Group L.L.C. ("Anchorage") in the transaction, acquiring 55%, with Anchorage owning the remaining 45%.

Martinrea Honsel develops and manufactures complex aluminum products using state-of-the-art production technologies including high pressure die-casting, permanent mold, sand casting and rolling.

The Martinrea Honsel group provides the Company with a significant presence in the aluminum automotive parts market, and broadens the Company's metal forming capabilities and offerings. It also creates a more significant geographic presence outside North America, which the Company intends to grow over time. The Company's customer base was further expanded with the acquisition, with many of the larger European based OEMs being significant customers of Martinrea Honsel.

Initially, the 2011 purchase transaction envisaged the purchase of all of Honsel's operations, which included plants in Germany located in Meschede, Nuremburg, Soest, and Nuttlar, as well as Madrid, Spain, Queretaro, Mexico, and Monte Mor, Brazil. The Nuremburg facility was subsequently sold to ZF Friedrichshafen AG ("ZF"), the primary customer of the facility, immediately after the closing of the purchase transaction. After factoring in the sale of the Nuremburg facility to ZF, the net cash consideration for the acquisition was €62,125 ($85,272), of which Martinrea's 55% portion was €34,169 ($46,900).

As part of the transaction, the Company granted Anchorage a put option which, if exercised, would have required the Company to purchase Anchorage's 45% interest in Martinrea Honsel Holdings B.V. The put option would have become effective on April 1, 2015 with an expiry date of October 1, 2017. The put option provided a formula for determining the purchase price of the shares, designed to estimate the fair value of the non-controlling interest at the time the option is exercised. The put option provided an arbitration mechanism in the event that the two parties were unable to agree on the ultimate price.

On August 7, 2014, prior to the put option becoming exercisable, Martinrea acquired from Anchorage the remaining 45% equity interest in the Martinrea Honsel group for a negotiated purchase price of €160,000 ($235,667 Canadian). Effective August 7, 2014, the Martinrea Honsel group is wholly owned by Martinrea.

During the second quarter ended June 30, 2015, certain assets and liabilities of the Company's operating facility in Soest, Germany, which formed part of the above described Martinrea Honsel group, were transferred to assets held for sale. The Soest facility specializes in aluminum extrusions which the Company determined was not core to the strategy of the overall business going forward. The agreement to sell the Soest facility was closed on August 31, 2015. The net assets of the facility were sold for proceeds of $20,638 (€14,588) resulting in a pre-tax loss on sale of $370 (€257).

The acquisition while bringing many benefits to Martinrea also provides some risks for the Company. Both the initial 2011 purchase of the 55% controlling interest and subsequent purchase of the remaining 45% equity interest in Martinrea Honsel were financed by the Company using available credit lines, which has increased the Company's debt levels. See also "Risks and Uncertainties".

RISKS AND UNCERTAINTIES

The reader is referred to the detailed discussion on Industry Highlights and Trends and Risks and Uncertainties as outlined in the Company's Annual Information Form dated March 3, 2016 and available through SEDAR at www.sedar.com which are incorporated herein by reference. 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 relating to the Company.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at May 3, 2016, the Company had 86,384,667 common shares outstanding. The Company's common shares constitute its only class of voting securities. As at May 3, 2016, options to acquire 3,330,617 common shares were outstanding.

CONTRACTUAL OBLIGATIONS AND OFF BALANCE SHEET FINANCING

During the three months ended March 31, 2016, there has been no material change in the table of contractual obligations specified in the Company's MD&A for the fiscal year ended December 31, 2015.

The Company has negotiated tool financing facilities that provide direct financing for specific programs. The tool financing program involves a third party that provides tooling suppliers with financing subject to a Company guarantee. Payments from the third party to the tooling supplier are approved by the Company prior to the funds being advanced. The amounts loaned to tooling suppliers through this financing arrangement do not appear on the Company's balance sheet. At March 31, 2016, the amount of the off balance sheet program financing was $80.2 million representing the maximum amount of undiscounted future payments the Company could be required to make under the guarantee. The Company would be required to perform under the guarantee in cases where a tooling supplier could not meet its obligation to the third party. Since the amount advanced to the tooling supplier is required to be repaid generally when the Company receives reimbursement from the final customer, and at this point the Company will in turn repay the tooling supplier, the Company views the likelihood of a tooling supplier default as remote. Moreover, if such an instance were to occur, the Company would obtain the tool inventory as collateral. The term of the guarantee will vary from program to program, but typically ranges between 6-18 months.

Financial Instruments

The Company periodically utilizes certain financial instruments, principally forward currency exchange contracts to manage the risk associated with fluctuations in currency exchange rates. It is the Company's policy to not utilize financial instruments for trading or speculative purposes. Forward currency exchange contracts are used to reduce the impact of fluctuating exchange rates on the Company's foreign denominated sales and the Company's purchases of materials and equipment. Gains and losses on forward foreign exchange contracts are reflected in the consolidated financial statements in the same period as the hedged item. In the event that a hedged item is sold or cancelled prior to the termination of the related hedging item, any unrealized gain or loss on the hedging item is immediately recognized in income.

At March 31, 2016, the Company had committed to trade U.S. dollars in exchange for the following:

Currency		Amount of U.S. dollars	Weighted average exchange rate of U.S. dollars	Maximum period in months
Buy Euro	$	8,906	0.8982	1
Buy Mexican Peso		8,301	18.0709	3

The aggregate value of these forward contracts as at March 31, 2016 was a gain of $703 and was recorded in trade and other receivables (December 31, 2015 - loss of $134 recorded in trade and other payables).

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in the Company's internal controls over financial reporting during the most recent interim period that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

CRITICAL ACCOUNTING ESTIMATES

Included in the Company's 2015 annual consolidated financial statements, as well as in the Company's 2015 annual MD&A, are the accounting policies under IFRS and estimates that are critical to the understanding of the business and to the results of operations. For the three months ended March 31, 2016 there were no changes to the critical accounting policies and estimates of the Company from those found in the 2015 annual MD&A, except for the following new accounting standards recently adopted.

IFRS 11, Joint Arrangements

Effective January 1, 2016, the Company adopted the amendment made to IFRS 11, Joint Arrangements. The amendment to this standard requires business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business.

The adoption of this amended standard did not have a significant impact on the interim condensed consolidated financial statements in the current or comparative periods.

OUTLOOK

The automotive industry is traditionally an extremely challenging business, characterized at the OEM level by intense competition for market share, rebates to consumers and drives for quality and profits and characterized at the supplier level by price reductions, increasing quality standards, higher input prices and a declining number of qualified suppliers in the normal course or as a result of insolvencies and consolidation. The challenges of the industry were exacerbated by the 2008-2009 economic recession and the financial distress in the industry involving both OEMs and suppliers particularly evidenced by the bankruptcy filings of Chrysler and General Motors in the United States in 2009. The Company believes that the long term outlook of the automotive industry overall, while always challenging, is much improved from 2008 - 2010. In 2010, the North American automotive industry experienced a recovery in volume and revenues, as sales and production volumes increased from 2009 levels, although not to pre-recession levels. Production in 2011 through 2015 and 2016 year-to-date improved substantially. This has resulted in increasing revenues for most automotive OEMs and for suppliers who survived the automotive crisis of 2008 and 2009, including Martinrea.

There are many challenges, but opportunities will exist for innovative and cost effective suppliers who build great products in the short, medium and longer term. It is expected that growth in business for individual suppliers will occur as OEMs reduce the number of Tier 1 suppliers, continue to outsource product, and provide opportunities for new work and takeover business. The Company believes that its capabilities provide it with the ability to capitalize on a broad range of opportunities. The Company has built its footprint and continues to pursue its strategies and will continue to do so in the future with a view to increasing revenue and profits over the longer term.

FORWARD-LOOKING INFORMATION

Special Note Regarding Forward-Looking Statements

This MD&A and the documents incorporated by reference therein contains forward-looking statements within the meaning of applicable Canadian securities laws including those related to the Company's expectations as to the growth of the Company and pursuit of its strategies, production volumes, the ramping up and/or launching of programs, and any associated costs, investments in its business, management and monitoring of SG&A expenses, continued consolidation of automotive suppliers and opportunity for growth of individual suppliers, the opportunity to increase sales. The financing of future capital expenditures, and ability to fund anticipated working capital needs, the likelihood of tooling and component part supplier default, the Company's ability to capitalize on opportunities in the automotive industry, the Company's views on its liquidity and ability to deal with present economic conditions, and the payment of dividends 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 for the year ended December 31, 2015 and other public filings which can be found at 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 in-sourcing 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 exposures;
- 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;
- the cost of post-employment benefits
- impairment charges; and
- cybersecurity threats.

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.