MARTINREA INTERNATIONAL INC.

FIRST QUARTER REPORT

MARCH 31, 2016

FIRST QUARTER REPORT

March 31, 2016

MESSAGE TO SHAREHOLDERS

The Company experienced a good first quarter, with record net earnings and improved operating income and EBITDA margins. Our operations continue to improve. Our financial position remains strong and our future has never looked better.

We thank you for your ongoing support as we work hard to build our company and your company.

(Signed) *"Rob Wildeboer"*

Rob Wildeboer
Executive Chairman

MARTINREA INTERNATIONAL INC.

Releases First Quarter Results and Announces Dividend

May 3, 2016 – For Immediate Release

Toronto, Ontario – Martinrea International Inc. (TSX : MRE), a leader in the development and production of quality metal parts, assemblies and modules and fluid management systems and complex aluminum products focused primarily on the automotive sector, announced today the release of its financial results for the first quarter ended March 31, 2016 and a quarterly dividend.

All amounts in this press release 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 Management Discussion and Analysis of Operating Results and Financial Position for the first quarter ended March 31, 2016 ("MD&A"), the Company's unaudited interim condensed consolidated financial statements for the first quarter ended March 31, 2016 (the "unaudited interim consolidated financial statements") and the Company's Annual Information Form for the financial year ended December 31, 2015, can be found at www.sedar.com.

HIGHLIGHTS

- Record first quarter sales and net earnings
- First quarter operating income and adjusted EBITDA margins improved year over year and quarter over quarter
- Record EBITDA of $89 million
- Renewed credit facility in place
- Dividend of $0.03 per share announced

OVERVIEW

Pat D'Eramo, Martinrea's President and Chief Executive Officer, stated: "We had a very strong first quarter, with record first quarter financial results in terms of sales and earnings. Our emphasis on operational excellence is taking hold in a number of plants, resulting in improved financial performance in those plants and overall. Our launch schedule in the past several months has been significant, especially in opening four new plants, and I am very pleased with the performance of the launch teams in Spain, Mexico, Riverside, US and China thus far. Our team is working hard on our strategy as we focus on customer satisfaction, a high performance culture, and superior financial performance along with operational excellence. "

Fred Di Tosto, Martinrea's Chief Financial Officer, stated: "Sales for the first quarter, excluding tooling sales, were $1.004 billion, in line with our previously announced sales guidance, and a record quarter. In our first quarter, our earnings per share, on a basic and diluted basis, was $0.38, with no adjustments for restructuring or other costs, at the high end of our quarterly guidance despite a $2.1 million foreign exchange loss for the quarter, and a record first quarter. First quarter operating income and EBITDA margins improved year over year and quarter-over-quarter to 4.9% and 8.6%, respectively, even with some pre-operating and normal course launch related costs at some new plants, customer shutdowns for re-tooling, including a slowdown of our Martinrea Honsel Mexico facility as Chrysler moved to the next generation Pentastar engine block, and lower volumes on the Chrysler 200 because of unplanned customer shutdowns in the quarter. A lot of progress is being made in many plants across the organization and we are seeing the benefits of those efforts in our margins. We continue to expect overall operating income margins to improve to over 6% by 2017. Our net debt:EBITDA ratio at the end of the quarter was 2.18:1, an improvement from last year and essentially consistent with year-end. We continue to look to a ratio of 1.5:1 by the end of 2017. All in all, we had a very solid quarter from a financial perspective."

Rob Wildeboer, Martinrea's Executive Chairman, stated: "Our industry is and remains healthy, in North America but also in Europe and China, and we are well positioned, especially with our strong North American footprint, as well as our product offerings, to benefit. We see continued growth over time in our revenues, margins and earnings, and with this quarter we believe we have put a few more pucks in the net. We are pleased to announce that we have renewed, expanded and extended our credit facility with our lending syndicate, comprised of nine leading Canadian and international institutions, illustrating the strong relationship we have with them and their confidence in our Company. We have always treated our creditors as partners in the enterprise, and they have greatly helped us grow our business over time. We believe 2016 will be a very good year for us, and we are off to a very solid start. Our second quarter sales, excluding tooling sales, will range from $960 million to $1

billion, reflective of the more recent strengthening of the Canadian dollar, and some customer shutdowns including the Chrysler 200 and some previously unplanned shutdowns from GM of four assembly plants for two weeks because of an earthquake in Japan disrupting the supply chain. We anticipate our adjusted net earnings per share, on a basic and diluted basis, in the range of $0.43 to $0.47 per share, which would be a quarterly record for us."

RESULTS OF OPERATIONS

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 unaudited 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.

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.

DIVIDEND

A cash dividend of $0.03 per share has been declared by the Board of Directors payable to shareholders of record on June 30, 2016 on or about July 15, 2016.

ABOUT MARTINREA

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.

CONFERENCE CALL DETAILS

A conference call to discuss the financial results will be held on Wednesday, May 4, 2016 at 8:00 a.m. (Toronto time) which can be accessed by dialing 416-340-2219 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 – 6777544#). The rebroadcast will be available until May 18, 2016.

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 statements related to the growth or expectations of, improvements in, expansion of and/or guidance or outlook as to future revenue, sales, gross margin, earnings, and earnings per share and net debt:EBITDA ratios for the 2016 and 2017 year and beyond, production volumes, the growth and strengthening of and the competitiveness of the Company, the opening of facilities and pursuit of its strategies, the launching of new programs and the financial impact of launches, the progress, and expectations, of operational and productivity improvements and efficiencies and the lean manufacturing culture, the reduction of costs and expenses, the opportunity to increase sales and ability to capitalize on opportunities in the automotive industry, customer working relationships, the payment of dividends 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 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 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 under-funding of pensions 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.

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

For further information, please contact:

Fred Di Tosto
Chief Financial Officer
Martinrea International Inc.
3210 Langstaff Road
Vaughan, Ontario L4K 5B2

Tel: (416) 749-0314
Fax: (289) 982-3001

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.

MARTINREA INTERNATIONAL INC.
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2016

Martinrea International Inc.

Table of Contents

	Page
Interim Condensed Consolidated Balance Sheets	1
Interim Condensed Consolidated Statements of Operations	2
Interim Condensed Consolidated Statements of Comprehensive Income	3
Interim Condensed Consolidated Statements of Changes in Equity	4
Interim Condensed Consolidated Statements of Cash Flows	5
Notes to the Interim Condensed Consolidated Financial Statements	
1. Basis of preparation	6
2. Trade and other receivables	6
3. Inventories	7
4. Property, plant and equipment	7
5. Intangible assets	8
6. Trade and other payables	8
7. Provisions	8
8. Long term debt	9
9. Income taxes	10
10. Capital stock	10
11. Earnings per share	11
12. Other finance income	11
13. Operating segments	12
14. Financial instruments	12
15. Contingencies	16
16. Guarantees	17

Martinrea International Inc.

Interim Condensed Consolidated Balance Sheets

(in thousands of Canadian dollars) (unaudited)

	Note		March 31, 2016		December 31, 2015
ASSETS					
Cash and cash equivalents		$	22,383	$	28,899
Trade and other receivables	2		609,342		586,024
Inventories	3		360,228		356,969
Prepaid expenses and deposits			12,682		13,651
Income taxes recoverable			8,688		10,401
TOTAL CURRENT ASSETS			1,013,323		995,944
Property, plant and equipment	4		1,156,820		1,202,162
Deferred income tax assets			176,630		182,232
Intangible assets	5		78,653		83,590
TOTAL NON-CURRENT ASSETS			1,412,103		1,467,984
TOTAL ASSETS		$	2,425,426	$	2,463,928
LIABILITIES					
Trade and other payables	6	$	701,698	$	743,096
Provisions	7		12,763		15,598
Income taxes payable			26,593		29,873
Current portion of long term debt	8		37,186		43,399
TOTAL CURRENT LIABILITIES			778,240		831,966
Long term debt	8		708,226		673,613
Pension and other post-retirement benefits			71,250		67,552
Deferred income tax liabilities			107,306		114,571
TOTAL NON-CURRENT LIABILITIES			886,782		855,736
TOTAL LIABILITIES			1,665,022		1,687,702
EQUITY					
Capital Stock	10		709,497		709,396
Contributed surplus			42,702		42,648
Accumulated other comprehensive income			106,011		147,442
Accumulated deficit			(97,663)		(123,157)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			760,547		776,329
Non-controlling interest			(143)		(103)
TOTAL EQUITY			760,404		776,226
TOTAL LIABILITIES AND EQUITY		$	2,425,426	$	2,463,928

Subsequent event and contingencies (notes 8 and 15)

See accompanying notes to the interim condensed consolidated financial statements.

On behalf of the Board:

"Robert Wildeboer" Director

"Scott Balfour" Director

Martinrea International Inc.

Interim Condensed Consolidated Statements of Operations

(in thousands of Canadian dollars, except per share amounts) (unaudited)

	Note	Three months ended March 31, 2016	Three months ended March 31, 2015
SALES		$ 1,039,450	$ 917,531
Cost of sales (excluding depreciation of property, plant and equipment)		(896,214)	(794,997)
Depreciation of property, plant and equipment (production)		(31,418)	(26,895)
Total cost of sales		(927,632)	(821,892)
GROSS PROFIT		111,818	95,639
Research and development costs		(6,229)	(5,596)
Selling, general and administrative		(51,454)	(44,677)
Depreciation of property, plant and equipment (non-production)		(2,204)	(1,687)
Amortization of customer contracts and relationships		(535)	(539)
Gain/(loss) on disposal of property, plant and equipment		(51)	570
OPERATING INCOME		51,345	43,710
Finance expense		(6,194)	(6,555)
Other finance income (expense)	12	(2,121)	2,602
INCOME BEFORE INCOME TAXES		43,030	39,757
Income tax expense	9	(10,499)	(9,249)
NET INCOME FOR THE PERIOD		$ 32,531	$ 30,508
Non-controlling interest		40	(89)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		$ 32,571	$ 30,419
Basic earnings per share	11	$ 0.38	$ 0.36
Diluted earnings per share	11	$ 0.38	$ 0.36

See accompanying notes to the interim condensed consolidated financial statements.

Martinrea International Inc.

Interim Condensed Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars) (unaudited)

		Three months ended March 31, 2016		Three months ended March 31, 2015
NET INCOME FOR THE PERIOD	$	32,531	$	30,508
Other comprehensive income (loss), net of tax:				
Items that may be reclassified to net income				
Foreign currency translation differences for foreign operations		(41,431)		27,064
Items that will not be reclassified to net income				
Actuarial losses from the remeasurement of defined benefit plans		(4,485)		(3,190)
Other comprehensive income (loss), net of tax		(45,916)		23,874
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$	(13,385)	$	54,382
Attributable to:				
Equity holders of the Company		(13,345)		54,293
Non-controlling interest		(40)		89
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$	(13,385)	$	54,382

See accompanying notes to the interim condensed consolidated financial statements.

Martinrea International Inc.

Interim Condensed Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars) (unaudited)

	Equity attributable to equity holders of the Company						
	Capital stock	Contributed surplus	Cumulative translation account	Accumulated deficit	Total	Non-controlling interest	Total equity
Balance at December 31, 2014	$ 694,198	$ 45,347	$ 55,927	$ (219,480)	$ 575,992	$ (246)	$ 575,746
Net income for the period	-	-	-	30,419	30,419	89	30,508
Compensation expense related to stock options	-	199	-	-	199	-	199
Dividends ($0.03 per share)	-	-	-	(2,573)	(2,573)	-	(2,573)
Exercise of employee stock options	8,475	(2,248)	-	-	6,227	-	6,227
Other comprehensive income, net of tax							
Actuarial losses from the remeasurement of defined benefit plans	-	-	-	(3,190)	(3,190)	-	(3,190)
Foreign currency translation differences	-	-	27,064	-	27,064	-	27,064
Balance at March 31, 2015	702,673	43,298	82,991	(194,824)	634,138	(157)	633,981
Net income for the period	-	-	-	76,611	76,611	54	76,665
Compensation expense related to stock options	-	1,185	-	-	1,185	-	1,185
Dividends ($0.09 per share)	-	-	-	(7,763)	(7,763)	-	(7,763)
Exercise of employee stock options	6,723	(1,835)	-	-	4,888	-	4,888
Other comprehensive loss, net of tax							
Actuarial gains from the remeasurement of defined benefit plans	-	-	-	2,819	2,819	-	2,819
Foreign currency translation differences	-	-	64,451	-	64,451	-	64,451
Balance at December 31, 2015	709,396	42,648	147,442	(123,157)	776,329	(103)	776,226
Net income for the period	-	-	-	32,571	32,571	(40)	32,531
Compensation expense related to stock options	-	83	-	-	83	-	83
Dividends ($0.03 per share)	-	-	-	(2,592)	(2,592)	-	(2,592)
Exercise of employee stock options	101	(29)	-	-	72	-	72
Other comprehensive income, net of tax							
Actuarial losses from the remeasurement of defined benefit plans	-	-	-	(4,485)	(4,485)	-	(4,485)
Foreign currency translation differences	-	-	(41,431)	-	(41,431)	-	(41,431)
Balance at March 31, 2016	$ 709,497	$ 42,702	$ 106,011	$ (97,663)	$ 760,547	$ (143)	$ 760,404

See accompanying notes to the interim condensed consolidated financial statements.

Martinrea International Inc.

Interim Condensed Consolidated Statements of Cash Flows

(in thousands of Canadian dollars) (unaudited)

	Three months ended March 31, 2016	Three months ended March 31, 2015
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES:		
Net Income for the period	$ 32,531	$ 30,508
Adjustments for:		
Depreciation of property, plant and equipment	33,622	28,582
Amortization of customer contracts and relationships	535	539
Amortization of development costs	3,469	2,662
Unrealized (gains) losses on foreign exchange forward contracts	(703)	1,000
Finance costs	6,194	6,555
Income tax expense	10,499	9,249
(Gain)/loss on disposal of property, plant and equipment	51	(570)
Stock based compensation	83	199
Pension and other post-retirement benefits expense	1,109	1,097
Contributions made to pension and other post-retirement benefits	(332)	(1,468)
	87,058	78,353
Changes in non-cash working capital items:		
Trade and other receivables	(51,114)	(75,420)
Inventories	(19,200)	425
Prepaid expenses and deposits	535	(2,945)
Trade, other payables and provisions	4,170	31,276
	21,449	31,689
Interest paid (excluding capitalized interest)	(4,888)	(5,188)
Income taxes paid	(13,046)	(22,428)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 3,515	$ 4,073
FINANCING ACTIVITIES:		
Increase in long term debt	69,724	19,029
Repayment of long term debt	(12,987)	(9,597)
Dividends paid	(2,591)	(2,548)
Exercise of employee stock options	72	6,227
NET CASH PROVIDED BY FINANCING ACTIVITIES	$ 54,218	$ 13,111
INVESTING ACTIVITIES:		
Purchase of property, plant and equipment*	(59,255)	(46,501)
Capitalized development costs	(3,066)	(4,022)
Proceeds on disposal of property, plant and equipment	189	1,845
NET CASH USED IN INVESTING ACTIVITIES	$ (62,132)	$ (48,678)
Effect of foreign exchange rate changes on cash and cash equivalents	(2,117)	(233)
DECREASE IN CASH AND CASH EQUIVALENTS	(6,516)	(31,727)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	28,899	52,401
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 22,383	$ 20,674

*As at March 31, 2016, $32,591 (December 31, 2015 - $ 49,013) of purchases of property, plant and equipment remain unpaid.

See accompanying notes to the interim condensed consolidated financial statements.

Martinrea International Inc. (the "Company") was formed by the amalgamation under the Ontario Business Corporations Act of several predecessor Corporations by articles of amalgamation dated May 1, 1998. The Company is a leader in the development and production of quality metal parts and assemblies and modules, fluid management systems and complex aluminum products focused primarily on the automotive sector.

1. BASIS OF PREPARATION

(a) Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' ("IAS" 34) as issued by the International Accounting Standards Board ("IASB"), and on a basis consistent with the accounting policies disclosed in the Company's annual audited consolidated financial statements for the year ended December 31, 2015, except as outlined in note 1(d).

(b) Basis of presentation

These interim condensed consolidated financial statements include the accounts of Martinrea International Inc. and its subsidiaries. The notes presented in these interim condensed consolidated financial statements include in general only significant changes and transactions occurring since the Company's last year end, and are not fully inclusive of all disclosures required by IFRS for annual financial statements. These interim condensed consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements, including the notes thereto, for the year ended December 31, 2015.

(a) Functional and presentation currency

These interim condensed consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand, except per share amounts and where otherwise indicated.

(d) Recently adopted accounting standards

The Company has adopted the new and amended IFRS pronouncements listed below as at January 1, 2016, in accordance with the transitional provisions outlined in the respective standards.

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.

2. TRADE AND OTHER RECEIVABLES

		March 31, 2016		December 31, 2015
Trade receivables	$	592,619	$	567,704
VAT and other receivables		16,020		18,320
Foreign exchange forward contracts (note 14(d))		703		-
	$	609,342	$	586,024

The Company's exposures to credit and currency risks, and impairment losses related to trade and other receivables, are disclosed in note 14.

3. INVENTORIES

	March 31, 2016	December 31, 2015
Raw materials	$ 157,860	$ 168,246
Work in progress	46,938	44,346
Finished goods	45,135	45,898
Tooling work in progress and other inventory	110,295	98,479
	$ 360,228	$ 356,969

4. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2016			December 31, 2015		
	Cost	Accumulated amortization and impairment losses	Net book value	Cost	Accumulated amortization and impairment losses	Net book value
Land and buildings	$ 149,544	$ (37,434)	$ 112,110	$ 151,354	$ (38,031)	$ 113,323
Leasehold improvements	53,589	(30,479)	23,110	54,861	(30,257)	24,604
Manufacturing equipment	1,563,354	(760,034)	803,320	1,552,322	(771,572)	780,750
Tooling and fixtures	37,381	(32,177)	5,204	39,286	(33,543)	5,743
Other assets	37,048	(19,660)	17,388	37,262	(19,326)	17,936
Construction in progress and spare parts	195,688	-	195,688	259,806	-	259,806
	$ 2,036,604	$ (879,784)	$ 1,156,820	$ 2,094,891	$ (892,729)	$ 1,202,162

Movement in property, plant and equipment is summarized as follows:

	Land and buildings	Leasehold improvements	Manufacturing equipment	Tooling and fixtures	Other assets	Construction in progress and spare parts	Total
Net as of December 31, 2014	$ 105,417	$ 20,558	$ 663,467	$ 6,313	$ 13,824	$ 175,102	$ 984,681
Additions	-	563	5,837	-	1,019	207,800	215,219
Sale of assets held for sale	(1,165)	-	(3,552)	(955)	(183)	-	(5,855)
Disposals	-	-	(1,604)	(157)	(29)	(657)	(2,447)
Depreciation	(3,782)	(3,894)	(111,482)	(2,120)	(3,594)	-	(124,872)
Transfers from construction in progress and spare parts	307	5,060	137,712	1,866	5,242	(150,187)	-
Foreign currency translation adjustment	12,546	2,317	90,372	796	1,657	27,748	135,436
Net as of December 31, 2015	$ 113,323	$ 24,604	$ 780,750	$ 5,743	$ 17,936	$ 259,806	$ 1,202,162
Additions	-	124	1,514	14	68	41,113	42,833
Disposals	-	-	(36)	-	(10)	(194)	(240)
Depreciation	(1,000)	(1,190)	(30,003)	(417)	(1,012)	-	(33,622)
Transfers from construction in progress and spare parts	4,851	429	89,395	148	1,136	(95,959)	-
Foreign currency translation adjustment	(5,064)	(857)	(38,300)	(284)	(730)	(9,078)	(54,313)
Net as of March 31, 2016	$ 112,110	$ 23,110	$ 803,320	$ 5,204	$ 17,388	$ 195,688	$ 1,156,820

The Company has entered into certain asset-backed financing arrangements that were structured as sales-and-leaseback transactions. At March 31, 2016, the carrying value of property, plant and equipment under such arrangements was $30,041 (December 31, 2015 – $32,834). The corresponding amounts owing are reflected within long term debt (note 8).

5. INTANGIBLE ASSETS

	March 31, 2016			December 31, 2015		
	Cost	Accumulated amortization and impairment losses	Net book value	Cost	Accumulated amortization and impairment losses	Net book value
Customer contracts and relationships	$ 61,713	$ (51,834)	$ 9,879	$ 62,556	$ (51,783)	$ 10,773
Development costs	125,930	(57,156)	68,774	129,906	(57,089)	72,817
	$ 187,643	$ (108,990)	$ 78,653	$ 192,462	$ (108,872)	$ 83,590

Movement in intangible assets is summarized as follows:

	Customer contracts and relationships	Development costs	Total
Net balance as at December 31, 2014	$ 11,796	$ 60,010	$ 71,806
Additions	-	15,193	15,193
Amortization	(2,134)	(12,104)	(14,238)
Foreign currency translation adjustment	1,111	9,718	10,829
Net balance at December 31, 2015	$ 10,773	$ 72,817	$ 83,590
Additions	-	3,066	3,066
Amortization	(535)	(3,469)	(4,004)
Foreign currency translation adjustment	(359)	(3,640)	(3,999)
Net balance at March 31, 2016	$ 9,879	$ 68,774	$ 78,653

6. TRADE AND OTHER PAYABLES

	March 31, 2016	December 31, 2015
Trade accounts payable and accrued liabilities	$ 701,698	$ 742,962
Foreign exchange forward contracts (note 14(d))	-	134
	$ 701,698	$ 743,096

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 14.

7. PROVISIONS

	Restructuring (a)	Claims and Litigations (b)	Total
Net as of December 31, 2014	$ 3,752	$ 1,752	$ 5,504
Net additions	15,337	1,412	16,749
Amounts used during the period	(5,633)	(1,339)	(6,972)
Foreign currency translation adjustment	570	(253)	317
Net as of December 31, 2015	$ 14,026	$ 1,572	$ 15,598
Net additions	-	89	89
Amounts used during the period	(2,692)	(135)	(2,827)
Foreign currency translation adjustment	(142)	45	(97)
Net as of March 31, 2016	$ 11,192	$ 1,571	$ 12,763

Based on estimated cash outflows, all provisions as at March 31, 2016 and December 31, 2015 are presented on the consolidated balance sheet as current.

(a) Restructuring

As part of the acquisition of Honsel in 2011, a certain level of restructuring was contemplated, in particular, at the Company's German facility in Meschede. The restructuring accrual as at December 31, 2015 and March 31, 2016 relates to restructuring activities undertaken in Martinrea Honsel for employee related severance. No such costs were incurred during the three months ended March 31, 2016.

(b) Claims and litigation

In the normal course of business, the Company may be involved in disputes with its suppliers, former employees or other third parties. Where the Company has determined that there is a probable loss that is expected from claims or litigation related to past events, a provision is recorded to cover the related risks associated with these disputes. To the best of the Company's knowledge, there are no claims or litigation in progress or pending that are likely to have a material impact on the Company's consolidated financial position.

8. LONG TERM DEBT

The Company's interest-bearing loans and borrowings are measured at amortized cost. For more information about the Company's exposure to interest rate, foreign currency and liquidity risk, see note 14.

	March 31, 2016	December 31, 2015
Banking facility	$ 621,238	$ 574,818
Equipment loans	124,174	142,194
	745,412	717,012
Current portion	(37,186)	(43,399)
	$ 708,226	$ 673,613

Terms and conditions of outstanding loans, as at March 31, 2016, in Canadian dollar equivalents, are as follows:

	Currency	Nominal interest rate	Year of maturity	March 31, 2016 Carrying amount	December 31, 2015 Carrying amount
Banking facility	USD	LIBOR+2.0%	2018	$ 350,649	$ 304,480
	CAD	BA+2.0%	2018	270,589	270,338
Equipment loans	USD	4.25%	2018	37,098	42,926
	EUR	2.54%	2025	15,276	15,537
	EUR	3.06%	2024	15,995	16,267
	EUR	4.93%	2023	15,117	15,509
	USD	4.25%	2017	10,535	14,100
	USD	7.36%	2017	10,205	12,319
	EUR	3.37%	2017	6,148	7,988
	EUR	3.35%	2019	4,974	5,419
	EUR	4.34%	2025	3,171	3,225
	USD	3.99%	2017	1,727	2,642
	USD	3.89%	2016	1,497	3,136
	EUR	1.36%	2021	887	902
	USD	3.65%	2016	542	1,032
	USD	4.69%	2017	438	619
	EUR	0.26%	2025	346	352
	BRL	5.00%	2020	218	221
				$ 745,412	$ 717,012

As at March 31, 2016, the Company has drawn US$270,000 (December 31, 2015 - US$220,000) on the U.S. revolving credit line and drawn $273,000 (December 31, 2015 - $273,000) on the Canadian revolving credit line. At March 31, 2016, the weighted average effective rate of the banking facility credit lines was 2.7% (December 31, 2015 - 2.9%). The facility requires the maintenance of certain financial ratios with which the Company was in compliance as at March 31, 2016.

Deferred financing fees of $2,715 (December 31, 2015 - $2,994) have been netted against the carrying value of the long term debt.

Future annual minimum principal repayments as at March 31, 2016 are as follows:

Within one year	$	37,186
One to two years		24,581
Two to three years		638,097
Three to four years		3,724
Thereafter		41,824
	$	745,412

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 US $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.

9. INCOME TAXES

The components of income tax expense are as follows:

		Three months ended March 31, 2016		Three months ended March 31, 2015
Current income tax expense	$	14,263	$	14,625
Deferred income tax recovery		(3,764)		(5,376)
Total income tax expense	$	10,499	$	9,249

10. CAPITAL STOCK

	Number		Amount
Common shares outstanding:			
Balance, December 31, 2014	84,925,083	$	694,198
Exercise of stock options	831,200		8,475
Balance, March 31, 2015	85,756,283	$	702,673
Exercise of stock options	618,384		6,723
Balance, December 31, 2015	86,374,667	$	709,396
Exercise of stock options	10,000		101
Balance, March 31, 2016	86,384,667	$	709,497

The Company is authorized to issue an unlimited number of common shares. The Company's shares have no par value.

Stock options:

The Company has one stock option plan for key employees. Under the plan the Company may grant options to its key employees for up to 9,000,000 shares of common stock with option room available calculated in accordance with the terms of the stock option plan. Under the plan, the exercise price of each option equals the market price of the Company's stock on the date of grant or such other date as determined in accordance with stock option plan and the policies of the Company, and the options have a maximum term of 10 years. Options are granted throughout the year and vest between zero and four years.

The following is a summary of the activity of the outstanding share purchase options:

	Three months ended March 31, 2016			Three months ended March 31, 2015		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Balance, beginning of period	4,340,617	$	12.38	5,645,202	$	11.13
Exercised during the period	(10,000)		7.20	(831,200)		7.49
Cancelled during the period	(1,000,000)		16.15	-		-
Balance, end of period	3,330,617	$	11.26	4,814,002	$	11.76
Options exercisable, end of period	3,080,617	$	11.21	4,414,002	$	11.76

The following is a summary of the issued and outstanding common share purchase options as at March 31, 2016:

Range of exercise price per share	Number outstanding	Date of grant	Expiry
$6.00 - 8.99	1,139,868	2008 - 2012	2018 - 2022
$9.00 - 9.99	100,000	2008	2018
$10.00 - 15.99	1,300,749	2006 - 2015	2016 - 2025
$16.00 - 17.75	790,000	2007	2017
Total share purchase options	3,330,617		

For the three months ended March 31, 2016, the Company expensed $83 (three months ended March 31, 2015 - $199) to reflect stock-based compensation expense, as derived using the Black-Scholes option valuation model.

11. EARNINGS PER SHARE

Details of the calculations of earnings per share are set out below:

	Three months ended March 31, 2016			Three months ended March 31, 2015		
	Weighted average number of shares		Per common share amount	Weighted average number of shares		Per common share amount
Basic	86,384,334	$	0.38	85,080,044	$	0.36
Effect of dilutive securities:						
Stock options	243,560		-	605,481		-
Diluted	86,627,894	$	0.38	85,685,525	$	0.36

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

For the three months ended March 31, 2016, 2,090,749 options (three months ended March 31, 2015 - 2,417,000) were excluded from the diluted weighted average per share calculation as they were anti-dilutive.

12. OTHER FINANCE INCOME (EXPENSE)

		Three months ended March 31, 2016		Three months ended March 31, 2015
Net foreign exchange gain (loss)	$	(2,123)	$	2,592
Other income, net		2		10
Other finance income (expense)	$	(2,121)	$	2,602

13. OPERATING SEGMENTS

The Company designs, engineers, manufactures, and sells quality metal parts, assemblies, and fluid management systems primarily serving the global automotive industry. It conducts its operations through divisions, which function as autonomous business units, following a corporate policy of functional and operational decentralization. The Company's products include a wide array of products, assemblies and systems for small and large cars, crossovers, pickups and sport utility vehicles.

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

The accounting policies of the segments are the same as those described in the Company's annual audited consolidated financial statements for the year ended December 31, 2015. The Company uses segment operating income as the basis for the CODM to evaluate the performance of each of the Company's reportable segments.

The following is a summary of selected data for each of the Company's segments:

	Three months ended March 31, 2016		Three months ended March 31, 2015	
	Sales	**Operating Income**	**Sales**	**Operating Income**
North America				
Canada	$ 216,499		$ 199,843	
USA	420,009		335,849	
Mexico	203,481		177,427	
	$ 839,989	$ 43,604	$ 713,119	$ 37,527
Europe				
Germany	109,128		142,805	
Spain	40,686		33,218	
Slovakia	14,855		11,378	
	164,669	8,875	187,401	8,368
Rest of World	34,792	(1,134)	17,011	(2,185)
	$ 1,039,450	$ 51,345	$ 917,531	$ 43,710

Inter-segment sales are not significant for any period presented.

14. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables, long term debt, and foreign exchange forward contracts.

Fair Value

IFRS 13 "*Fair Value Measurement*" provides guidance about fair value measurements. Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value are required to maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs. The first two levels are considered observable and the last unobservable. These levels are used to measure fair values as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities, either directly or indirectly.
- Level 2 – Inputs, other than Level 1 inputs that are observable for assets and liabilities, either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table summarizes the fair value hierarchy under which the Company's applicable financial instruments are valued:

	March 31, 2016			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 22,383	$ 22,383	$ -	$ -
Foreign exchange forward contracts (note 2)	$ 703	$ -	$ 703	$ -
	December 31, 2015			
	Total	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	$ 28,899	$ 28,899	$ -	$ -
Foreign exchange forward contracts (note 6)	$ (134)	$ -	$ (134)	$ -

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

March 31, 2016	Fair value through profit or loss	Loans and receivables	Amortized cost	Carrying amount	Fair value
FINANCIAL ASSETS:					
Trade and other receivables	$ -	$ 608,639	$ -	$ 608,639	$ 608,639
Foreign exchange forward contracts	703	-	-	703	703
	703	608,639	-	609,342	609,342
FINANCIAL LIABILITIES:					
Trade and other payables	-	-	701,698	701,698	701,698
Long term debt	-	-	745,412	745,412	745,412
Foreign exchange forward contracts	-	-	-	-	-
	-	-	1,447,110	1,447,110	1,447,110
Net financial assets (liabilities)	$ 703	$ 608,639	$ (1,447,110)	$ (837,768)	$ (837,768)

December 31, 2015	Fair value through profit or loss	Loans and receivables	Amortized cost	Carrying amount	Fair value
FINANCIAL ASSETS:					
Trade and other receivables	$ -	$ 586,024	$ -	$ 586,024	$ 586,024
	-	586,024	-	586,024	586,024
FINANCIAL LIABILITIES:					
Trade and other payables	-	-	(742,962)	(742,962)	(742,962)
Long term debt	-	-	(717,012)	(717,012)	(717,012)
Foreign exchange forward contracts	(134)	-	-	(134)	(134)
	(134)	-	(1,459,974)	(1,460,108)	(1,460,108)
Net financial assets (liabilities)	$ (134)	$ 586,024	$ (1,459,974)	$ (874,084)	$ (874,084)

The fair value of trade and other receivables and trade and other payables approximates their carrying amounts due to the short-term maturities of these instruments. The estimated fair value of long term debt approximates its carrying value since debt is subject to terms and conditions similar to those available to the Company for instruments with comparable terms, and the interest rates are market-based.

Risk Management

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk and currency risk. These risks arise from exposures that occur in the normal course of business and are managed on a consolidated Company basis.

(a) Credit risk

Credit risk refers to the risk of losses due to failure of the Company's customers or other counterparties to meet their payment obligations. Financial instruments that subject the Company to credit risk consist primarily of cash and cash equivalents, trade and other receivables, and foreign exchange forward contracts.

Credit risk associated with cash and short-term deposits is minimized by ensuring these financial assets are placed with financial institutions with high credit ratings.

The credit risk associated with foreign exchange forward contracts arises from the possibility that the counterparty to one of these contracts fails to perform according to the terms of the contract. Credit risk associated with foreign exchange forward contracts is minimized by entering into such transactions with major Canadian and U.S. financial institutions.

In the normal course of business, the Company is exposed to credit risk from its customers. Approximately 88% (December 31, 2015 – 85%) of the Company's production sales are derived from seven customers. A substantial portion of the Company's accounts receivables are with large customers in the automotive, truck and industrial sectors and are subject to normal industry credit risks. The level of accounts receivable that was past due as at March 31, 2016 are part of the normal payment pattern within the industry and the allowance for doubtful accounts is less than 0.50% of total trade receivables for all periods and movements in the current year are minimal.

The aging of trade receivables at the reporting date was as follows:

		March 31, 2016		December 31, 2015
0-60 days	$	543,577	$	515,741
61-90 days		26,824		22,729
Greater than 90 days		22,218		29,234
	$	592,619	$	567,704

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company manages liquidity risk by monitoring sales volumes and collection efforts to ensure sufficient cash flows are generated from operations to meet its liabilities when they become due. Management monitors consolidated cash flows on a weekly basis covering a rolling 12 week period, quarterly through forecasting and annually through the Company's budget process. At March 31, 2016, the Company had cash of $22,383 and banking facilities available as discussed in note 8. All the Company's financial liabilities other than long term debt have maturities of approximately 60 days.

A summary of contractual maturities of long term debt is provided in note 8.

(c) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in the market interest rates. The Company is exposed to interest rate risk as a significant portion of the Company's long term debt bears interest at rates linked to the US prime, Canadian prime, one month LIBOR or the Banker's Acceptance rates. The interest on the bank facility fluctuates depending on the achievement of certain financial debt ratios, and may cause the interest rate to increase by a maximum of 1.75%.

The interest rate profile of the Company's long term debt was as follows:

		Carrying amount		
		March 31, 2016		December 31, 2015
Variable rate instruments	$	621,238	$	574,818
Fixed rate instruments		124,174		142,194
	$	745,412	$	717,012

Sensitivity analysis

An increase or decrease of 1.0% in all variable interest rate debt would, all else being equal, have an effect of $1,501 (three months ended March 31, 2015 - $1,431) on the Company's interim consolidated financial results for the three months ended March 31, 2016.

(d) Currency risk

Currency risk refers to the risk that the value of the financial instruments or cash flows associated with the instruments will fluctuate due to changes in the foreign exchange rates. The Company undertakes revenue and purchase transactions in foreign currencies, and therefore is subject to gains and losses due to fluctuations in foreign currency exchange rates. The Company's foreign exchange risk management includes the use of foreign currency forward contracts to fix the exchange rates on certain foreign currency exposures.

At March 31, 2016, the Company had committed to the following foreign exchange contracts:

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 pre-tax gain of $703 and was recorded in trade and other receivables (December 31, 2015 - loss of $134 and was recorded in trade and other payables).

The Company's exposure to foreign currency risk reported in the foreign currency was as follows:

March 31, 2016		USD		EURO		PESO		BRL		CNY
Trade and other receivables	$	319,275	€	66,850	$	38,549	R$	13,266	¥	118,387
Trade and other payables		(330,796)		(88,806)		(134,422)		(16,884)		(87,792)
Long term debt		(318,007)		(41,900)		-		(597)		-
	$	(329,528)	€	(63,856)	$	(95,873)	R$	(4,215)	¥	30,595

December 31, 2015		USD		EURO		PESO		BRL		CNY
Trade and other receivables	$	298,727	€	60,643	$	29,467	R$	10,964	¥	133,003
Trade and other payables		(341,419)		(83,303)		(168,509)		(17,890)		(90,216)
Long term debt		(275,714)		(43,381)		-		(633)		-
	$	(318,406)	€	(66,041)	$	(139,042)	R$	(7,559)	¥	42,787

The following summary illustrates the fluctuations in the exchange rates applied during the three months ended March 31, 2016 and 2015:

	Average rate		Closing rate	
	Three months ended March 31, 2016	Three months ended March 31, 2015	March 31, 2016	December 31, 2015
USD	1.3897	1.2053	1.2987	1.3840
EURO	1.5207	1.4157	1.4777	1.5029
PESO	0.0780	0.0819	0.0752	0.0805
BRL	0.3507	0.4468	0.3654	0.3494
CNY	0.2130	0.1937	0.2011	0.2131

Sensitivity analysis

The Company does not have significant foreign currency exposure based on each subsidiary's functional currency. However a 10% strengthening of the Canadian dollar against the following currencies at March 31, would give rise to a translation risk on net income and would have increased (decreased) equity, profit or loss and comprehensive income for the three months ended March 31, 2016 by the amounts shown below, assuming all other variables remain constant:

	Three months ended March 31, 2016	Three months ended March 31, 2015
USD	$ (2,478)	$ (1,775)
EURO	(768)	(697)
BRL	189	104
CNY	51	130
	$ (3,006)	$ (2,238)

A weakening of the Canadian dollar against the above currencies at March 31 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(e) Capital risk management

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth combined with complementary acquisitions and to provide returns to its shareholders. The Company defines capital that it manages as the aggregate of its equity, which is comprised of issued capital, contributed surplus, accumulated other comprehensive loss and accumulated deficit, and debt.

The Company manages its capital structure and makes adjustments in light of general economic conditions, the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may issue or repay long term debt, issue shares, repurchase shares, or undertake other activities as deemed appropriate under the specific circumstances. The Board of Directors reviews and approves any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestitures, as well as annual capital and operating budgets.

In addition to debt and equity the Company may use operating leases as additional sources of financing. The Company monitors debt leverage ratios as part of the management of liquidity and shareholders' return and to sustain future development of the business. The Company is not subject to externally imposed capital requirements and its overall strategy with respect to capital risk management remains unchanged from the prior year.

15. CONTINGENCIES

Contingencies

The Company has contingent liabilities relating to legal and tax proceedings arising in the normal course of its business. Known claims and litigation involving the Company or its subsidiaries were reviewed at the end of the reporting period. Based on the advice of legal counsel, all necessary provisions have been made to cover the related risks. Although the outcome of the proceedings in progress cannot be predicted, the Company does not believe they will have a material impact on the Company's consolidated financial position. However, new proceedings may be initiated against the Company as a result of facts or circumstances unknown at the date of this report or for which the risk cannot yet be determined or quantified. Such proceedings could have a significant adverse impact on the Company's financial results.

Tax contingency

The Company's subsidiary in Brazil, Martinrea Honsel Brazil Fundicao e comercio de Pecas em Alumino Ltda., is currently being assessed by the State of Sao Paulo's tax authorities for certain historical value added tax ("VAT") credits claimed on aluminum purchases from certain local suppliers that occurred prior to the acquisition of the Brazil subsidiary in 2011. The taxation system and regulatory environment in Brazil is characterized by numerous indirect taxes and frequently changing legislation subject to various interpretations by the various Brazilian regulatory authorities who are empowered to impose significant fines, penalties and interest charges. The basis for the assessments stems from the classification of aluminum purchases, the registration status of the aluminum suppliers in question and the differing treatments between manufactured and unmanufactured aluminum for VAT purposes. The potential exposure under these assessments, based on the notices issued by the tax authorities, is approximately $67,007 (BRL $183,379) including interest and penalties to March 31, 2016 (December 31, 2015 - $62,157 or BRL $177,898). The Company has sought external legal advice and believes that it has complied, in all material respects, with the relevant legislation and will vigorously defend against the assessments. The Company may be required to present guarantees totaling $45,455 at some point through a pledge of assets, bank letter of credits or cash deposit. No provision has been recorded by the Company in connection with this contingency as at this stage the Company has concluded that it is not probable that a liability will result from the matter.

16. GUARANTEES

The Company is a guarantor under a tooling financing program. The tooling 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 the tooling suppliers through this financing arrangement do not appear on the Company's consolidated balance sheet. At March 31, 2016, the amount of program financing was $80,236 (December 31, 2015 - $85,514) 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 obligations 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 the tooling supplier default as remote. No such defaults occurred during 2016 year-to-date or 2015. Moreover, if such an instance were to occur, the Company would obtain the tooling inventory as collateral. The term of the guarantee will vary from program to program, but typically ranges from six to eighteen months.

MARTINREA INTERNATIONAL INC.

Website: www.martinrea.com
Investor Information: investor@martinrea.com