MARTINREA INTERNATIONAL INC.

THIRD QUARTER REPORT

SEPTEMBER 30, 2015

THIRD QUARTER REPORT

for the quarter ended September 30, 2015

MESSAGE TO SHAREHOLDERS

The Company experienced a record quarter, with record sales and adjusted net income. 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 Third Quarter Results and Announces Dividend

November 5, 2015 – 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 third quarter ended September 30, 2015 and a quarterly dividend.

HIGHLIGHTS

- Record third quarter sales
- Record third quarter adjusted net income
- Successful sale of Soest facility
- $100 million in new business awards
- Dividend of $0.03 per share

OVERVIEW

Pat D'Eramo, Martinrea's President and Chief Executive Officer, stated: "I am really pleased with the team's performance this quarter and year to date, as we continue to drive a lean manufacturing culture and improve our operations. We had our best third quarter ever from an earnings point of view, after some restructuring costs incurred in rationalizing our workforce, making us more competitive for the future. Overall, 2015 has been a very good year. We continue to work well with our customers, and I am happy to announce new product awards totaling approximately $100 million on an annual basis when launched. New product wins included a fuel filler for GM starting in 2018 ($10 million); an engine block for GM in Brazil starting in 2018 ($10 million); some additional aluminum components for Jaguar LandRover starting in 2016 ($10 million); and approximately $70 million in incremental metallic and fluid work on the new generation of GM trucks starting in 2018, in addition to the replacement work on the same platform. Overall, year to date we have announced over $500 million in new business awards, as well as significant replacement business we do not announce separately. This business is a testament to the hard work of our people and the support we have from our customers, in all our product groups, all of which have been winning work."

Fred Di Tosto, Martinrea's Chief Financial Officer, stated: "Sales in our third quarter, excluding tooling sales, were $899 million, in line with the previously announced sales guidance. In the third quarter, our adjusted net earnings per share, on a basic and diluted basis, was $0.30, within our quarterly guidance and a third quarter record for us. Third quarter adjusted operating income and EBITDA margins improved year-over-year, despite continuing pre-operating costs at new plants currently preparing for upcoming launches. Our adjusted EBITDA for the quarter was $75.8 million, or 8.1% of total sales, representing a strong 21.6% year-over-year increase. We experienced some unusual and other items totalling $15.4 million in the quarter, the bulk of which related to rationalizing our work force in Meschede, streamlining our plant for the future. Future restructuring costs in Meschede are now anticipated to be lower given the higher than expected cuts achieved in the third quarter."

Rob Wildeboer, Martinrea's Executive Chairman, stated: "We are confident in a great future, and we continue to take steps that support a better company every day. In the quarter, we completed the sale of our Soest facility, a non-strategic asset for us that had an uncertain future, at a price approximating book value. While this removes approximately $80 million in annualized revenue from our future projections, the move is not expected to hurt margins as the future Soest business was low margin work. We continued to ramp up our new facilities, and both our new Spanish plant and our Riverside facility are in the process of launching new work at this time. Our 2015 year should finish on a positive note, and we expect to have a solid fourth quarter, with sales for the quarter, excluding tooling sales, in the range of $930 to $970 million, and net earnings per share in the range of $0.30 to $0.34 per share. Earnings guidance for the fourth quarter reflects continued start-up costs, a slightly higher tax rate than previous quarters, and customer shutdowns for re-tooling, in and above the typical December shutdown, including a slowdown of our Martinrea Honsel Mexico facility as Chrysler moves to the next generation Pentastar engine block. We expect the engine program to start ramping back up in February and be back at full volume by the second quarter of next year. In sum, we anticipate 2015 will be our best year ever from a financial point of view, and we are budgeting for improvement in 2016. In addition, on the litigation front, I note that the plaintiffs in the Rea litigation have discontinued their suit against the Company and the other defendants."

RESULTS OF OPERATIONS

Results of operations 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.

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 (the "MD&A") for the three and nine months ended September 30, 2015 dated as of November 5, 2015, the Company's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2015 (the "unaudited consolidated financial statements"), the Company's audited consolidated financial statements and MD&A for the year ended December 31, 2014 together with the notes thereto and the Company's Annual Information Form for the financial year ended December 31, 2014 can be found at www.sedar.com.

OVERALL RESULTS

The following tables set out certain highlights of the Company's performance for the three and nine months ended September 30, 2015 and 2014. Refer to the Company's interim condensed consolidated financial statements for the three and nine months ended September 30, 2015 for a detailed account of the Company's performance for the periods presented in the tables below.

		Three months ended September 30, 2015		Three months ended September 30, 2014	$ Change	% Change
Sales	$	929,880	$	859,456	70,424	8.2%
Gross Margin		96,385		78,076	18,309	23.5%
Operating Income		24,837		31,555	(6,718)	(21.3%)
Net Income for the period		15,232		21,205	(5,973)	(28.2%)
Net Income Attributable to Equity Holders of the Company	$	15,469	$	19,384	(3,915)	(20.2%)
Net Earnings per Share – Basic and Diluted	$	0.18	$	0.23	(0.05)	(21.7%)
Non-IFRS Measures*						
Adjusted Operating Income	$	40,228	$	31,555	8,673	27.5%
as a % of Sales		*4.3%*		*3.7%*		
Adjusted EBITDA		75,773		62,291	13,482	21.6%
as a % of Sales		*8.1%*		*7.2%*		
Adjusted Net Income Attributable to Equity Holders of the Company		25,899		19,384	6,515	33.6%
Adjusted Net Earnings per Share - Basic and Diluted	$	0.30	$	0.23	0.07	30.4%

		Nine months ended September 30, 2015		Nine months ended September 30, 2014	$ Change	% Change
Sales	$	2,831,457	$	2,654,864	176,593	6.7%
Gross Margin		298,403		261,418	36,985	14.1%
Operating Income		118,785		112,243	6,542	5.8%
Net Income for the period		79,347		77,490	1,857	2.4%
Net Income Attributable to Equity Holders of the Company	$	79,299	$	59,383	19,916	33.5%
Net Earnings per Share – Basic	$	0.93	$	0.70	0.23	32.9%
Net Earnings per Share – Diluted	$	0.92	$	0.69	0.23	33.3%
Non-IFRS Measures*						
Adjusted Operating Income	$	134,176	$	113,804	20,372	17.9%
as a % of Sales		*4.7%*		*4.3%*		
Adjusted EBITDA		234,489		202,435	32,054	15.8%
as a % of Sales		*8.3%*		*7.6%*		
Adjusted Net Income Attributable to Equity Holders of the Company		89,729		60,554	29,175	48.2%
Adjusted Net Earnings per Share - Basic	$	1.05	$	0.72	0.33	45.8%
Adjusted Net Earnings per Share - Diluted	$	1.04	$	0.71	0.33	46.5%

***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". Unusual and other items are explained in the "Adjustments to Net Income" section of this Press Release.

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 September 30, 2015		Three months ended September 30, 2014
Net Income Attributable to Equity Holders of the Company	$	15,469	$	19,384
Unusual and Other Items (after-tax)*		10,430		-
Adjusted Net Income Attributable to Equity Holders of the Company	$	25,899	$	19,384

		Nine months ended September 30, 2015		Nine months ended September 30, 2014
Net Income Attributable to Equity Holders of the Company	$	79,299	$	59,383
Unusual and Other Items (after-tax)*		10,430		1,171
Adjusted Net Income Attributable to Equity Holders of the Company	$	89,729	$	60,554

**Unusual and other items are explained in the "Adjustments to Net Income" section of this Press Release*

		Three months ended September 30, 2015		Three months ended September 30, 2014
Net Income Attributable to Equity Holders of the Company	$	15,469	$	19,384
Non-controlling interest		(237)		1,821
Income tax expense		4,087		5,322
Other finance income		(807)		(882)
Finance costs		6,325		5,910
Unusual and Other Items (before-tax)*		15,391		-
Adjusted Operating Income	$	40,228	$	31,555
Depreciation of property, plant and equipment		31,879		27,735
Amortization of intangible assets		3,674		3,037
Loss/(gain) on disposal of property, plant and equipment		(8)		(36)
Adjusted EBITDA	$	75,773	$	62,291

		Nine months ended September 30, 2015		Nine months ended September 30, 2014
Net Income Attributable to Equity Holders of the Company	$	79,299	$	59,383
Non-controlling interest		48		18,107
Income tax expense		24,068		19,225
Other finance income		(4,059)		(891)
Finance costs		19,429		16,419
Unusual and Other Items (before-tax)*		15,391		1,561
Adjusted Operating Income	$	134,176	$	113,804
Depreciation of property, plant and equipment		90,596		80,330
Amortization of intangible assets		10,470		8,214
Loss/(gain) on disposal of property, plant and equipment		(753)		87
Adjusted EBITDA	$	234,489	$	202,435

**Unusual and other items are explained in the "Adjustments to Net Income" section of this Press Release*

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

SALES

Three months ended September 30, 2015 to three months ended September 30, 2014 comparison

		Three months ended September 30, 2015		Three months ended September 30, 2014	$ Change	% Change
North America	$	745,034	$	685,686	59,348	8.7%
Europe		163,982		159,373	4,609	2.9%
Rest of the World		20,864		14,397	6,467	44.9%
Total Sales	$	929,880	$	859,456	70,424	8.2%

The Company's consolidated sales for the third quarter of 2015 increased by $70.4 million or 8.2% to $929.9 million as compared to $859.5 million for the third quarter of 2014. Sales increased year-over-year across all operating segments.

Sales for the third quarter of 2015 in the Company's North America operating segment increased by $59.3 million or 8.7% to $745.0 million from $685.7 million for the third quarter of 2014. The increase was due to the launch of new programs during or subsequent to the third quarter of 2014, including the BMW X6, Ford Edge and Ford Transit, and the impact of foreign exchange on the translation of U.S. denominated production sales, which had a positive impact on overall sales for the third quarter of 2015 of approximately $94.9 million as compared to the third quarter of 2014. These positive factors were partially offset by a $41.7 million decrease in tooling sales, which are typically dependent on the timing of tooling construction and final acceptance by the customer, and lower year-over-year OEM production volumes on certain light-vehicle platforms late in their product life cycle such as the current GM Malibu, Cruze and Camaro.

Sales for the third quarter of 2015 in the Company's Europe operating segment increased by $4.6 million or 2.9% to $164.0 million from $159.4 million for the third quarter of 2014. The increase can be attributed to increased production sales in the Company's operating facilities in Spain and Slovakia, which continue to ramp up and launch their backlog of business; partially offset by a $2.3 million decrease in tooling sales, a $4.1 million negative foreign exchange impact from the translation of Euro denominated production sales as compared to the third quarter of 2014, and 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.

Sales for the third quarter of 2015 in the Company's Rest of the World operating segment increased by $6.5 million or 44.9% to $20.9 million from $14.4 million in the third quarter of 2014. 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, and a $0.3 million increase in tooling sales; partially offset by the impact of foreign exchange on the translation of foreign denominated production sales, which had a negative impact on overall sales for the third quarter of 2015 of approximately $0.2 million as compared to the third quarter of 2014. OEM light vehicle production volumes in Brazil continue to trend at low levels, although production sales for the third quarter of 2015 in the Company's operating facility in Brazil were stable year-over-year generally due to sales mix.

Overall tooling sales decreased by $43.7 million to $31.1 million for the third quarter of 2015 from $74.8 million for the third quarter of 2014.

Nine months ended September 30, 2015 to nine months ended September 30, 2014 comparison

	Nine months ended September 30, 2015	Nine months ended September 30, 2014	$ Change	% Change
North America	$ 2,256,856	$ 2,094,654	162,202	7.7%
Europe	517,345	516,063	1,282	0.2%
Rest of the World	57,256	44,147	13,109	29.7%
Total Sales	$ 2,831,457	$ 2,654,864	176,593	6.7%

The Company's consolidated sales for the nine months ended September 30, 2015 increased by $176.6 million or 6.7% to $2,831.5 million as compared to $2,654.9 million for the nine months ended September 30, 2014. Sales increased year-over-year across all operating segments.

Sales for the nine months ended September 30, 2015 in the Company's North America operating segment increased by $162.2 million or 7.7% to $2,256.9 million from $2,094.7 million for the nine months ended September 30, 2014. The increase was due to the launch of new programs during or subsequent to the nine months ended September 30, 2014, including the new Chrysler 200, BMW X6, Ford Edge and Ford Transit, and the impact of foreign exchange on the translation of U.S. denominated production sales, which had a positive impact on overall sales for the nine months ended September 30, 2015 of approximately $226.8 million as compared to the comparative period of 2014. These positive variances were partially offset by a year-over-year decrease in tooling sales of $59.2 million and lower year-over-year OEM production volumes on certain light-vehicle platforms including the Chrysler Minivan platform, which was down for thirteen weeks during the first half of 2015 for re-tooling, and platforms late in their product life cycle.

Sales for the nine months ended September 30, 2015 in the Company's Europe operating segment increased by $1.3 million or 0.2% to $517.3 million from $516.1 million for the nine months ended September 30, 2014. The increase can be attributed to increased production sales in the Company's operating facilities in Spain and Slovakia, which continue to ramp up and launch their backlog of business; partially offset by a $6.3 million decrease in tooling sales, the impact of foreign exchange on the translation of Euro denominated production sales, which had a negative impact on overall sales for the nine months ended September 30, 2015 of approximately $31.3 million as compared to the comparable period of 2014, and 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.

Sales for the nine months ended September 30, 2015 in the Company's Rest of the World operating segment increased by $13.1 million or 29.7% to $57.3 million from $44.1 million for the nine months ended September 30, 2014. The increase can be attributed to an 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, and a $1.7 million increase in tooling sales; partially offset by lower year-over-year production sales in the Company's operating facility in Brazil and the translation of foreign denominated production sales, which had a negative impact on overall sales for the nine months ended September 30, 2015 of $0.8 million as compared to the comparative period of 2014.

Overall tooling sales decreased by $63.8 million to $99.2 million for the nine months ended September 30, 2015 from $163.0 million for the nine months ended September 30, 2014.

GROSS MARGIN

Three months ended September 30, 2015 to three months ended September 30, 2014 comparison

	Three months ended September 30, 2015	Three months ended September 30, 2014	$ Change	% Change
Gross margin	$ 96,385	$ 78,076	18,309	23.5%
% of sales	10.4%	9.1%		

The gross margin percentage for the third quarter of 2015 of 10.4% increased as a percentage of sales by 1.3% as compared to the gross margin percentage for the third quarter of 2014 of 9.1%. The increase in gross margin as a percentage of sales was generally due to productivity and efficiency improvements at certain operating facilities, in particular in the Company's U.S. metallic operations, and a decrease in tooling sales which typically earn low or no margins for the Company; partially offset by the following:

- increased pre-operating and launch costs, in particular at new operating facilities in Spain, Mexico, China and Riverside, Missouri as these new plants prepare for upcoming new program launches;
- lower recoveries from scrap steel;
- operational inefficiencies and other costs at certain other facilities; and
- lower production volumes in the Company's Martinrea Honsel operating facility in Meschede, Germany.

Nine months ended September 30, 2015 to nine months ended September 30, 2014 comparison

	Nine months ended September 30, 2015	Nine months ended September 30, 2014	$ Change	% Change
Gross margin	$ 298,403	$ 261,418	36,985	14.1%
% of sales	10.5%	9.8%		

The gross margin percentage for the nine months ended September 30, 2015 of 10.5% increased as a percentage of sales by 0.7% as compared to the gross margin percentage for the nine months ended September 30, 2014 of 9.8%. The increase in gross margin as a percentage of sales was generally due to productivity and efficiency improvements at certain operating facilities, in particular in the Company's U.S. metallic operations, and a decrease in tooling sales which typically earn low or no margins for the Company; partially offset by the following:

- increased pre-operating and launch costs, in particular at new operating facilities in Spain, Mexico, China and Riverside, Missouri as these new plants prepare for upcoming new program launches;
- lower recoveries from scrap steel;
- operational inefficiencies and other costs at certain other facilities;
- lower production volumes in the Company's Martinrea Honsel operating facility in Meschede, Germany; and
- the resolution of certain commercial disputes in the Company's European operations which positively impacted the first quarter of 2014 as compared to the first quarter of 2015.

ADJUSTMENTS TO NET INCOME
(ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY)

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

<u>TABLE A</u> - *Three months ended September 30, 2015 to three months ended September 30, 2014 comparison*

	Three months ended September 30, 2015 (a)	Three months ended September 30, 2014 (b)	(a)-(b) Change
NET INCOME (A)	**$15,469**	**$19,384**	**($3,915)**
Add back - Unusual and Other Items:			
Restructuring costs (1)	13,619	-	13,619
Executive separation agreement (2)	1,402	-	1,402
Loss on sale of assets and liabilities held for sale (3)	370	-	370
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**$15,391**	-	**$15,391**
Tax impact of above items	(4,961)	-	(4,961)
TOTAL UNUSUAL AND OTHER ITEMS AFTER TAX (B)	**$10,430**	-	**$10,430**
ADJUSTED NET INCOME (A + B)	**$25,899**	**$19,384**	**$6,515**
Number of Shares Outstanding – Basic ('000)	86,203	84,600	
Adjusted Basic Net Income Per Share	$0.30	$0.23	
Number of Shares Outstanding – Diluted ('000)	86,768	86,013	
Adjusted Diluted Net Income Per Share	$0.30	$0.23	

<u>TABLE B</u> ***- Nine months ended September 30, 2015 to nine months ended September 30, 2014 comparison***

	Nine months ended September 30, 2015 (a)	Nine months ended September 30, 2014 (b)	(a)-(b) Change
NET INCOME (A)	**$79,299**	**$59,383**	**$19,916**
Add back - Unusual and Other Items:			
Restructuring costs (1)	13,619	-	13,619
Executive separation agreement (2)	1,402	-	1,402
Loss on sale of assets and liabilities held for sale (3)	370	-	370
External legal and forensic accounting costs related to litigation (4)	-	1,561	(1,561)
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**$15,391**	**$1,561**	**$13,830**
Tax impact of above items	(4,961)	(390)	(4,571)
TOTAL UNUSUAL AND OTHER ITEMS AFTER TAX (B)	**$10,430**	**$1,171**	**$9,259**
ADJUSTED NET INCOME (A + B)	**$89,729**	**$60,554**	**$29,175**
Number of Shares Outstanding – Basic (‘000)	85,700	84,526	
Adjusted Basic Net Income Per Share	$1.05	$0.72	
Number of Shares Outstanding – Diluted (‘000)	86,265	85,549	
Adjusted Diluted Net Income Per Share	$1.04	$0.71	

(1) Restructuring costs

As part of the acquisition of Honsel (as described in the “Acquisitions” section of the MD&A), a certain level of restructuring was planned in order to be cost competitive over the long term, in particular at the Company’s operating facility in Meschede, Germany. In connection with these restructuring activities, $13.6 million (€9.7 million) of employee related severance was recognized during the third quarter of 2015. No such restructuring costs were incurred during 2014. Additional employee related severance associated with the Martinrea Honsel operations, may be incurred in the future.

(2) Executive separation agreement

On July 14, 2015, Danny Infusino stepped down as the Company’s Executive Vice President of Business Development and Engineering and Vice President of Operations. The costs added back for Adjusted Net Income purposes represents Mr. Infusino’s termination benefits (included in SG&A expense) as set out in his employment contract payable over an eighteen month period.

(3) Loss on sale of assets and liabilities held for sale

During the second quarter of 2015, certain assets and liabilities of the Company's operating facility in Soest, Germany 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 were sold for proceeds of $20.6 million (€14.6 million) resulting in a pre-tax loss on sale of $0.4 million (€0.3 million).

(4) External legal and forensic accounting costs related to litigation

The costs added back for Adjusted Net Income purposes for the nine months ended September 30, 2014 reflects the legal and forensic accounting costs not covered by insurance (recorded as SG&A expense) incurred by the Company in relation to specific litigation matters outside the ordinary course of business as outlined in the Company's Annual Information Form for the year ended December 31, 2014.

NET INCOME

(ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY)

Three months ended September 30, 2015 to three months ended September 30, 2014 comparison

		Three months ended September 30, 2015		Three months ended September 30, 2014	$ Change	% Change
Net Income	$	15,469	$	19,384	(3,915)	(20.2%)
Adjusted Net Income	$	25,899	$	19,384	6,515	33.6%
Net Earnings per Share						
Basic	$	0.18	$	0.23		
Diluted	$	0.18	$	0.23		
Adjusted Net Earnings per Share						
Basic	$	0.30	$	0.23		
Diluted	$	0.30	$	0.23		

Net income, before adjustments, for the third quarter of 2015 decreased to $15.5 million from $19.4 million for the third quarter of 2014. Excluding the unusual and other items incurred during the third quarter of 2015 as explained in Table A under "Adjustments to Net Income", net income for the third quarter of 2015 increased to $25.9 million or $0.30 per share, on a basic and diluted basis, from $19.4 million or $0.23 per share, on a basic and diluted basis, for the third quarter of 2014.

Adjusted Net Income for the third quarter of 2015, as compared to the third quarter of 2014, was positively impacted by the following:

- higher gross profit from an overall increase in year-over-year production sales as previously explained;
- productivity and efficiency improvements at certain operating facilities in particular in the Company's U.S. metallic operations; and
- the inclusion of 100% of the net earnings from the Martinrea Honsel group after the Company purchased the 45% non-controlling interest on August 7, 2014 (see "Acquisitions" section of the MD&A for further details on the transaction).

These factors were partially offset by the following:

- increased pre-operating and launch costs, in particular at new operating facilities in Spain, Mexico, China, and Riverside, Missouri as these new plants prepare for upcoming new program launches;
- lower recoveries from scrap steel;
- operational inefficiencies and other costs at certain other facilities;
- lower production volumes in the Company's Martinrea Honsel operating facility in Meschede, Germany;
- a higher effective tax rate on adjusted pre-tax income due generally to the mix of earnings (26.1% for the third quarter of 2015 compared to 20.1% for the third quarter of 2014); and

- year-over-year increases in SG&A expense as previously discussed, research and development expenses, due in large part to increased amortization of development costs, and finance expense related to increased levels of debt primarily used to sustain the increased level of capital expenditures related to new program launches and fund the purchase of the 45% non-controlling interest of the Martinrea Honsel group on August 7, 2014 (see "Acquisitions" section of the MD&A for further details on the transaction).

Three months ended September 30, 2015 actual to guidance comparison:

On August 6, 2015, the Company provided the following guidance for the third quarter of 2015:

		Guidance		Actual
Production sales (in millions)	$	865 - 905	$	899
Adjusted Net Earnings per Share				
Basic & Diluted	$	0.27 - 0.31	$	0.30

For the third quarter of 2015, production sales of $899 million and Adjusted Net Income per share of $0.30 were within the range of published guidance.

Nine months ended September 30, 2015 to nine months ended September 30, 2014 comparison

		Nine months ended September 30, 2015		Nine months ended September 30, 2014	$ Change	% Change
Net Income	$	79,299	$	59,383	19,916	33.5%
Adjusted Net Income	$	89,729	$	60,554	29,175	48.2%
Net Earnings per Share						
Basic	$	0.93	$	0.70		
Diluted	$	0.92	$	0.69		
Adjusted Net Earnings per Share						
Basic	$	1.05	$	0.72		
Diluted	$	1.04	$	0.71		

Net income, before adjustments, for the nine months ended September 30, 2015 increased by $19.9 million to $79.3 million from $59.4 million for the nine months ended September 30, 2014. Excluding the unusual and other items incurred during the nine months ended September 30, 2015 and 2014 as explained in Table B under "Adjustments to Net Income", Net Income for the nine months ended September 30, 2015 increased to $89.7 million or $1.05 per share, on a basic basis, and $1.04 per share on a diluted basis, from $60.6 million or $0.72 per share, on a basic basis, and $0.71 per share, on a diluted basis, for the nine months ended September 30, 2014.

Adjusted Net Income for the nine months ended September 30, 2015, as compared to the nine months ended September 30, 2014, was positively impacted by the following:

- higher gross profit from an overall increase in year-over-year production sales as previously explained;
- productivity and efficiency improvements at certain operating facilities in particular in the Company's U.S. metallic operations;
- the inclusion of 100% of the net earnings from the Martinrea Honsel group after the Company purchased the 45% non-controlling interest on August 7, 2014 (see "Acquisitions" section of the MD&A for further details on the transaction); and
- a net foreign exchange gain of $4.0 million for the nine months ended September 30, 2015 compared to a net foreign exchange gain of $0.7 million for the comparative period of 2014.

These factors were partially offset by the following:

- increased pre-operating and launch costs, in particular at new operating facilities in Spain, Mexico, China, and Riverside, Missouri as these new plants prepare for upcoming new program launches;
- lower recoveries from scrap steel;
- operational inefficiencies and other costs at certain other facilities;
- lower production volumes in the Company's Martinrea Honsel operating facility in Meschede, Germany;
- the resolution of certain commercial disputes in the Company's European operations which positively impacted the first quarter of 2014 as compared to the first quarter of 2015;
- a higher effective tax rate on adjusted pre-tax income due generally to the mix of earnings (24.4% for the nine months ended September 30, 2015 compared to 20.0% for the comparative period of 2014); and
- year-over-year increases in SG&A expense as previously discussed, research and development expenses, due predominantly to increased amortization of development costs, and finance expense related to increased levels of debt primarily used to sustain the increased level of capital expenditures related to new program launches and to fund the purchase of the 45% non-controlling interest of the Martinrea Honsel group on August 7, 2014 (see "Acquisitions" section of the MD&A for further details on the transaction).

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

Three months ended September 30, 2015 to three months ended September 30, 2014 comparison

	Three months ended September 30, 2015	Three months ended September 30, 2014	$ Change	% Change
Additions to PP&E	$ 44,801	$ 52,015	(7,214)	(13.9%)

Additions to PP&E decreased by $7.2 million to $44.8 million in the third quarter of 2015 from $52.0 million in the third quarter of 2014 due generally to the timing of expenditures. Additions as a percentage of sales decreased year-over-year to 4.8% for the third quarter of 2015 from 6.1% for the third quarter of 2014. While capital expenditures are made to refurbish or replace assets consumed in the normal course of business and for productivity improvements, a large portion of the investment in the third quarter of 2015 continued to be for manufacturing equipment and multiple expansions for programs that recently launched or will be launching over the next 24 months.

Nine months ended September 30, 2015 to nine months ended September 30, 2014 comparison

	Nine months ended September 30, 2015	Nine months ended September 30, 2014	$ Change	% Change
Additions to PP&E	$ 129,536	$ 136,377	(6,841)	(5.0%)

Additions to PP&E decreased year-over-year to $129.5 million for the nine months ended September 30, 2015 compared to $136.4 million for the nine months ended September 30, 2014 generally due to the timing of expenditures. Additions as a percentage of sales decreased year-over-year to 4.6% for the nine months ended September 30, 2015 from 5.1% for the comparative period of 2014. Despite the decrease as a percentage of sales, the Company continues to make investments in the business in particular at new operating facilities in Spain, Mexico, China, and Riverside, Missouri as these new plants prepare for upcoming new program launches.

DIVIDEND

A cash dividend of $0.03 per share has been declared by the Board of Directors payable to shareholders of record on December 31, 2015 on or about January 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 Friday, November 6, 2015 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 be a rebroadcast of the call available by dialing 905-694-9451 or toll free 800-408-3053 (conference id – 9688571#). The rebroadcast will be available until November 20, 2015.

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 expectations of, improvements in, expansion of and/or guidance as to future revenue, sales, gross margin, earnings, and earnings per share, 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 expense, including expectations of future restructuring costs, the opportunity to increase sales and ability to capitalize on opportunities in the automotive industry, customer working relationships, expectations as to margins as a result of the sale of the Soest assets, 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; and
- the cost of post-employment benefits.

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

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

For further information, please contact:

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MANAGEMENT DISCUSSION AND ANALYSIS

OF OPERATING RESULTS AND FINANCIAL POSITION

For the three and nine months ended September 30, 2015

The following management discussion and analysis ("MD&A") was prepared as of November 5, 2015 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2015 ("interim consolidated financial statements"), as well as the Company's audited consolidated financial statements and MD&A for the year ended December 31, 2014 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, 2014, 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 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 tables set out certain highlights of the Company's performance for the three and nine months ended September 30, 2015 and 2014. Refer to the Company's interim condensed consolidated financial statements for the three and nine months ended September 30, 2015 for a detailed account of the Company's performance for the periods presented in the tables below.

	Three months ended September 30, 2015	Three months ended September 30, 2014	$ Change	% Change
Sales	$ 929,880	$ 859,456	70,424	8.2%
Gross Margin	96,385	78,076	18,309	23.5%
Operating Income	24,837	31,555	(6,718)	(21.3%)
Net Income for the period	15,232	21,205	(5,973)	(28.2%)
Net Income Attributable to Equity Holders of the Company	$ 15,469	$ 19,384	(3,915)	(20.2%)
Net Earnings per Share – Basic and Diluted	$ 0.18	$ 0.23	(0.05)	(21.7%)
Non-IFRS Measures*				
Adjusted Operating Income	$ 40,228	$ 31,555	8,673	27.5%
as a % of Sales	*4.3%*	*3.7%*		
Adjusted EBITDA	75,773	62,291	13,482	21.6%
as a % of Sales	*8.1%*	*7.2%*		
Adjusted Net Income Attributable to Equity Holders of the Company	25,899	19,384	6,515	33.6%
Adjusted Net Earnings per Share - Basic and Diluted	$ 0.30	$ 0.23	0.07	30.4%

		Nine months ended September 30, 2015		Nine months ended September 30, 2014	$ Change	% Change
Sales	$	2,831,457	$	2,654,864	176,593	6.7%
Gross Margin		298,403		261,418	36,985	14.1%
Operating Income		118,785		112,243	6,542	5.8%
Net Income for the period		79,347		77,490	1,857	2.4%
Net Income Attributable to Equity Holders of the Company	$	79,299	$	59,383	19,916	33.5%
Net Earnings per Share – Basic	$	0.93	$	0.70	0.23	32.9%
Net Earnings per Share – Diluted	$	0.92	$	0.69	0.23	33.3%
Non-IFRS Measures*						
Adjusted Operating Income	$	134,176	$	113,804	20,372	17.9%
as a % of Sales		*4.7%*		*4.3%*		
Adjusted EBITDA		234,489		202,435	32,054	15.8%
as a % of Sales		*8.3%*		*7.6%*		
Adjusted Net Income Attributable to Equity Holders of the Company		89,729		60,554	29,175	48.2%
Adjusted Net Earnings per Share - Basic	$	1.05	$	0.72	0.33	45.8%
Adjusted Net Earnings per Share - Diluted	$	1.04	$	0.71	0.33	46.5%

***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". Unusual and other items are explained in the "Adjustments to Net Income" section of this MD&A.

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 September 30, 2015		Three months ended September 30, 2014
Net Income Attributable to Equity Holders of the Company	$	15,469	$	19,384
Unusual and Other Items (after-tax)*		10,430		-
Adjusted Net Income Attributable to Equity Holders of the Company	$	25,899	$	19,384

		Nine months ended September 30, 2015		Nine months ended September 30, 2014
Net Income Attributable to Equity Holders of the Company	$	79,299	$	59,383
Unusual and Other Items (after-tax)*		10,430		1,171
Adjusted Net Income Attributable to Equity Holders of the Company	$	89,729	$	60,554

**Unusual and other items are explained in the "Adjustments to Net Income" section of this MD&A*

	Three months ended September 30, 2015	Three months ended September 30, 2014
Net Income Attributable to Equity Holders of the Company	$ 15,469	$ 19,384
Non-controlling interest	(237)	1,821
Income tax expense	4,087	5,322
Other finance income	(807)	(882)
Finance costs	6,325	5,910
Unusual and Other Items (before-tax)*	15,391	-
Adjusted Operating Income	$ 40,228	$ 31,555
Depreciation of property, plant and equipment	31,879	27,735
Amortization of intangible assets	3,674	3,037
Loss/(gain) on disposal of property, plant and equipment	(8)	(36)
Adjusted EBITDA	$ 75,773	$ 62,291

	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Net Income Attributable to Equity Holders of the Company	$ 79,299	$ 59,383
Non-controlling interest	48	18,107
Income tax expense	24,068	19,225
Other finance income	(4,059)	(891)
Finance costs	19,429	16,419
Unusual and Other Items (before-tax)*	15,391	1,561
Adjusted Operating Income	$ 134,176	$ 113,804
Depreciation of property, plant and equipment	90,596	80,330
Amortization of intangible assets	10,470	8,214
Loss/(gain) on disposal of property, plant and equipment	(753)	87
Adjusted EBITDA	$ 234,489	$ 202,435

**Unusual and other items are explained in the "Adjustments to Net Income" section of this MD&A*

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

<u>SALES</u>

Three months ended September 30, 2015 to three months ended September 30, 2014 comparison

	Three months ended September 30, 2015	Three months ended September 30, 2014	$ Change	% Change
North America	$ 745,034	$ 685,686	59,348	8.7%
Europe	163,982	159,373	4,609	2.9%
Rest of the World	20,864	14,397	6,467	44.9%
Total Sales	$ 929,880	$ 859,456	70,424	8.2%

The Company's consolidated sales for the third quarter of 2015 increased by $70.4 million or 8.2% to $929.9 million as compared to $859.5 million for the third quarter of 2014. Sales increased year-over-year across all operating segments.

Sales for the third quarter of 2015 in the Company's North America operating segment increased by $59.3 million or 8.7% to $745.0 million from $685.7 million for the third quarter of 2014. The increase was due to the launch of new programs during or subsequent to the third quarter of 2014, including the BMW X6, Ford Edge and Ford Transit, and the impact of foreign exchange on the translation of U.S. denominated production sales, which had a positive impact on overall sales for the third quarter of 2015 of approximately $94.9 million as compared to the third quarter of 2014. These positive factors were partially offset by a $41.7 million decrease in tooling sales, which are typically dependent on the timing of tooling construction and final acceptance by the customer, and lower year-over-year OEM production volumes on certain light-vehicle platforms late in their product life cycle such as the current GM Malibu, Cruze and Camaro.

Sales for the third quarter of 2015 in the Company's Europe operating segment increased by $4.6 million or 2.9% to $164.0 million from $159.4 million for the third quarter of 2014. The increase can be attributed to increased production sales in the Company's operating facilities in Spain and Slovakia, which continue to ramp up and launch their backlog of business; partially offset by a $2.3 million decrease in tooling sales, a $4.1 million negative foreign exchange impact from the translation of Euro denominated production sales as compared to the third quarter of 2014, and 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.

Sales for the third quarter of 2015 in the Company's Rest of the World operating segment increased by $6.5 million or 44.9% to $20.9 million from $14.4 million in the third quarter of 2014. 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, and a $0.3 million increase in tooling sales; partially offset by the impact of foreign exchange on the translation of foreign denominated production sales, which had a negative impact on overall sales for the third quarter of 2015 of approximately $0.2 million as compared to the third quarter of 2014. OEM light vehicle production volumes in Brazil continue to trend at low levels, although production sales for the third quarter of 2015 in the Company's operating facility in Brazil were stable year-over-year generally due to sales mix.

Overall tooling sales decreased by $43.7 million to $31.1 million for the third quarter of 2015 from $74.8 million for the third quarter of 2014.

Nine months ended September 30, 2015 to nine months ended September 30, 2014 comparison

		Nine months ended September 30, 2015		Nine months ended September 30, 2014	$ Change	% Change
North America	$	2,256,856	$	2,094,654	162,202	7.7%
Europe		517,345		516,063	1,282	0.2%
Rest of the World		57,256		44,147	13,109	29.7%
Total Sales	$	2,831,457	$	2,654,864	176,593	6.7%

The Company's consolidated sales for the nine months ended September 30, 2015 increased by $176.6 million or 6.7% to $2,831.5 million as compared to $2,654.9 million for the nine months ended September 30, 2014. Sales increased year-over-year across all operating segments.

Sales for the nine months ended September 30, 2015 in the Company's North America operating segment increased by $162.2 million or 7.7% to $2,256.9 million from $2,094.7 million for the nine months ended September 30, 2014. The increase was due to the launch of new programs during or subsequent to the nine months ended September 30, 2014, including the new Chrysler 200, BMW X6, Ford Edge and Ford Transit, and the impact of foreign exchange on the translation of U.S. denominated production sales, which had a positive impact on overall sales for the nine months ended September 30, 2015 of approximately $226.8 million as compared to the comparative period of 2014. These positive variances were partially offset by a year-over-year decrease in tooling sales of $59.2 million and lower year-over-year OEM production volumes on certain light-vehicle platforms including the Chrysler Minivan platform, which was down for thirteen weeks during the first half of 2015 for re-tooling, and platforms late in their product life cycle.

Sales for the nine months ended September 30, 2015 in the Company's Europe operating segment increased by $1.3 million or 0.2% to $517.3 million from $516.1 million for the nine months ended September 30, 2014. The increase can be attributed to increased production sales in the Company's operating facilities in Spain and Slovakia, which continue to ramp up and launch their backlog of business; partially offset by a $6.3 million decrease in tooling sales, the impact of foreign exchange on the translation of Euro denominated production sales, which had a negative impact on overall sales for the nine months ended September 30, 2015 of approximately $31.3 million as compared to the comparable period of 2014, and 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.

Sales for the nine months ended September 30, 2015 in the Company's Rest of the World operating segment increased by $13.1 million or 29.7% to $57.3 million from $44.1 million for the nine months ended September 30, 2014. The increase can be attributed to an 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, and a $1.7 million increase in tooling sales; partially offset by lower year-over-year production sales in the Company's operating facility in Brazil and the translation of foreign denominated production sales, which had a negative impact on overall sales for the nine months ended September 30, 2015 of $0.8 million as compared to the comparative period of 2014.

Overall tooling sales decreased by $63.8 million to $99.2 million for the nine months ended September 30, 2015 from $163.0 million for the nine months ended September 30, 2014.

GROSS MARGIN

Three months ended September 30, 2015 to three months ended September 30, 2014 comparison

	Three months ended September 30, 2015	Three months ended September 30, 2014	$ Change	% Change
Gross margin	$ 96,385	$ 78,076	18,309	23.5%
% of sales	10.4%	9.1%		

The gross margin percentage for the third quarter of 2015 of 10.4% increased as a percentage of sales by 1.3% as compared to the gross margin percentage for the third quarter of 2014 of 9.1%. The increase in gross margin as a percentage of sales was generally due to productivity and efficiency improvements at certain operating facilities, in particular in the Company's U.S. metallic operations, and a decrease in tooling sales which typically earn low or no margins for the Company; partially offset by the following:

- increased pre-operating and launch costs, in particular at new operating facilities in Spain, Mexico, China and Riverside, Missouri as these new plants prepare for upcoming new program launches;
- lower recoveries from scrap steel;
- operational inefficiencies and other costs at certain other facilities; and
- lower production volumes in the Company's Martinrea Honsel operating facility in Meschede, Germany.

Nine months ended September 30, 2015 to nine months ended September 30, 2014 comparison

	Nine months ended September 30, 2015	Nine months ended September 30, 2014	$ Change	% Change
Gross margin	$ 298,403	$ 261,418	36,985	14.1%
% of sales	10.5%	9.8%		

The gross margin percentage for the nine months ended September 30, 2015 of 10.5% increased as a percentage of sales by 0.7% as compared to the gross margin percentage for the nine months ended September 30, 2014 of 9.8%. The increase in gross margin as a percentage of sales was generally due to productivity and efficiency improvements at certain operating facilities, in particular in the Company's U.S. metallic operations, and a decrease in tooling sales which typically earn low or no margins for the Company; partially offset by the following:

- increased pre-operating and launch costs, in particular at new operating facilities in Spain, Mexico, China and Riverside, Missouri as these new plants prepare for upcoming new program launches;
- lower recoveries from scrap steel;
- operational inefficiencies and other costs at certain other facilities;
- lower production volumes in the Company's Martinrea Honsel operating facility in Meschede, Germany; and
- the resolution of certain commercial disputes in the Company's European operations which positively impacted the first quarter of 2014 as compared to the first quarter of 2015.

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

Three months ended September 30, 2015 to three months ended September 30, 2014 comparison

	Three months ended September 30, 2015	Three months ended September 30, 2014	$ Change	% Change
Selling, general & administrative	$ 49,300	$ 39,462	9,838	24.9%
% of sales	5.3%	4.6%		

SG&A expense, before adjustments, for the third quarter of 2015 increased by $9.8 million to $49.3 million as compared to $39.5 million for the third quarter of 2014. Excluding the unusual and other items recorded in SG&A expense incurred during the third quarter of 2015 as explained in Table A under "Adjustments to Net Income", SG&A expense for the third quarter of 2015 increased by $8.4 million to $47.9 million from $39.5 million for the comparative period. 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.

Excluding the unusual and other items recorded in SG&A expense incurred during the third quarter of 2015 as explained in Table A under "Adjustments to Net Income", SG&A expense as a percentage of sales increased year-over-year to 5.2% from 4.6% for the third quarter of 2014 due to pre-operating costs incurred at new and/or expanded facilities with currently no production sales.

Nine months ended September 30, 2015 to nine months ended September 30, 2014 comparison

	Nine months ended September 30, 2015	Nine months ended September 30, 2014	$ Change	% Change
Selling, general & administrative	$ 142,583	$ 128,387	14,196	11.1%
% of sales	5.0%	4.8%		

SG&A expense, before adjustments, for the nine months ended September 30, 2015 increased by $14.2 million to $142.6 million as compared to $128.4 million for the nine months ended September 30, 2014. Excluding the unusual and other items recorded in SG&A expense incurred during the nine months ended September 30, 2015 and 2014 as explained in Table B under "Adjustments to Net Income", SG&A expense for the nine months ended September 30, 2015 increased by $14.4 million to $141.2 million from $126.8 million for the comparative period of 2014. The increase is predominantly due to pre-operating costs incurred at new and/or expanded facilities, including incremental employment levels to support the business.

Excluding the unusual and other items recorded in SG&A expense incurred during the nine months ended September 30, 2015 and 2014 as explained in Table B under "Adjustments to Net Income", SG&A expense as a percentage of sales increased year-over-year to 5.0% from 4.8% for the nine months ended September 30, 2014 due to pre-operating costs incurred at new and/or expanded facilities with currently no production sales.

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

Three months ended September 30, 2015 to three months ended September 30, 2014 comparison

	Three months ended September 30, 2015	Three months ended September 30, 2014	$ Change	% Change
Depreciation of PP&E (production)	$ 30,018	$ 25,971	4,047	15.6%
Depreciation of PP&E (non-production)	1,861	1,764	97	5.5%
Amortization of customer contracts and relationships	495	904	(409)	(45.2%)
Amortization of development costs	3,179	2,133	1,046	49.0%
Total depreciation and amortization	$ 35,553	$ 30,772	4,781	15.5%

Total depreciation and amortization expense for the third quarter of 2015 increased by $4.8 million to $35.6 million as compared to $30.8 million for the third quarter of 2014. 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 third quarter of 2014 as the Company has continued to work through its launch backlog. 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 3.2% for the third quarter of 2015 from 3.0% for the third quarter of 2014 as recent investments in equipment are put to use.

Nine months ended September 30, 2015 to nine months ended September 30, 2014 comparison

		Nine months ended September 30, 2015		Nine months ended September 30, 2014	$ Change	% Change
Depreciation of PP&E (production)	$	85,193	$	75,388	9,805	13.0%
Depreciation of PP&E (non-production)		5,403		4,942	461	9.3%
Amortization of customer contracts and relationships		1,611		1,815	(204)	(11.2%)
Amortization of development costs		8,859		6,399	2,460	38.4%
Total depreciation and amortization	$	101,066	$	88,544	12,522	14.1%

Total depreciation and amortization expense for the nine months ended September 30, 2015 increased by $12.5 million to $101.1 million as compared to $88.5 million for the nine months ended September 30, 2014. Similar to the year-over-year quarterly trend noted above, the increase in total depreciation and amortization expense was primarily due to increases in depreciation expense on a larger PP&E base resulting from growth in the Company's book of business and amortization of development costs as new and replacement programs, for which development costs were incurred, started production and reach peak volumes.

Depreciation of PP&E (production) expense as a percentage of sales increased slightly year-over-year to 3.1% for the nine months ended September 30, 2015 compared to 2.8% for the nine months ended September 30, 2014 as recent investments in equipment are put to use.

ADJUSTMENTS TO NET INCOME
(ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY)

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

TABLE A ***- Three months ended September 30, 2015 to three months ended September 30, 2014 comparison***

	Three months ended September 30, 2015 (a)	Three months ended September 30, 2014 (b)	(a)-(b) Change
NET INCOME (A)	**$15,469**	**$19,384**	**($3,915)**
Add back - Unusual and Other Items:			
Restructuring costs (1)	13,619	-	13,619
Executive separation agreement (2)	1,402	-	1,402
Loss on sale of assets and liabilities held for sale (3)	370	-	370
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**$15,391**	-	**$15,391**
Tax impact of above items	(4,961)	-	(4,961)
TOTAL UNUSUAL AND OTHER ITEMS AFTER TAX (B)	**$10,430**	-	**$10,430**
ADJUSTED NET INCOME (A + B)	**$25,899**	**$19,384**	**$6,515**
Number of Shares Outstanding – Basic ('000)	86,203	84,600	
Adjusted Basic Net Earnings Per Share	$0.30	$0.23	
Number of Shares Outstanding – Diluted ('000)	86,768	86,013	
Adjusted Diluted Net Earnings Per Share	$0.30	$0.23	

TABLE B ***- Nine months ended September 30, 2015 to nine months ended September 30, 2014 comparison***

	Nine months ended September 30, 2015 (a)	Nine months ended September 30, 2014 (b)	(a)-(b) Change
NET INCOME (A)	**$79,299**	**$59,383**	**$19,916**
Add back - Unusual and Other Items:			
Restructuring costs (1)	13,619	-	13,619
Executive separation agreement (2)	1,402	-	1,402
Loss on sale of assets and liabilities held for sale (3)	370	-	370
External legal and forensic accounting costs related to litigation (4)	-	1,561	(1,561)
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**$15,391**	**$1,561**	**$13,830**
Tax impact of above items	(4,961)	(390)	(4,571)
TOTAL UNUSUAL AND OTHER ITEMS AFTER TAX (B)	**$10,430**	**$1,171**	**$9,259**
ADJUSTED NET INCOME (A + B)	**$89,729**	**$60,554**	**$29,175**
Number of Shares Outstanding – Basic (‘000)	85,700	84,526	
Adjusted Basic Net Earnings Per Share	$1.05	$0.72	
Number of Shares Outstanding – Diluted (‘000)	86,265	85,549	
Adjusted Diluted Net Earnings Per Share	$1.04	$0.71	

(1) Restructuring costs

As part of the acquisition of Honsel (as described in the “Acquisitions” section of this MD&A), a certain level of restructuring was planned in order to be cost competitive over the long term, in particular at the Company’s operating facility in Meschede, Germany. In connection with these restructuring activities, $13.6 million (€9.7 million) of employee related severance was recognized during the third quarter of 2015. No such restructuring costs were incurred during 2014. Additional employee related severance associated with the Martinrea Honsel operations, may be incurred in the future.

(2) Executive separation agreement

On July 14, 2015, Danny Infusino stepped down as the Company’s Executive Vice President of Business Development and Engineering and Vice President of Operations. The costs added back for Adjusted Net Income purposes represents Mr. Infusino’s termination benefits (included in SG&A expense) as set out in his employment contract payable over an eighteen month period.

(3) Loss on sale of assets and liabilities held for sale

During the second quarter of 2015, certain assets and liabilities of the Company’s operating facility in Soest, Germany 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 were sold for proceeds of $20.6 million (€14.6 million) resulting in a pre-tax loss on sale of $0.4 million (€0.3 million).

(4) External legal and forensic accounting costs related to litigation

The costs added back for Adjusted Net Income purposes for the nine months ended September 30, 2014 reflects the legal and forensic accounting costs not covered by insurance (recorded as SG&A expense) incurred by the Company in relation to specific litigation matters outside the ordinary course of business as outlined in the Company’s Annual Information Form for the year ended December 31, 2014.

NET INCOME
(ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY)

Three months ended September 30, 2015 to three months ended September 30, 2014 comparison

		Three months ended September 30, 2015		Three months ended September 30, 2014	$ Change	% Change
Net Income	$	15,469	$	19,384	(3,915)	(20.2%)
Adjusted Net Income	$	25,899	$	19,384	6,515	33.6%
Net Earnings per Share						
Basic	$	0.18	$	0.23		
Diluted	$	0.18	$	0.23		
Adjusted Net Earnings per Share						
Basic	$	0.30	$	0.23		
Diluted	$	0.30	$	0.23		

Net income, before adjustments, for the third quarter of 2015 decreased to $15.5 million from $19.4 million for the third quarter of 2014. Excluding the unusual and other items incurred during the third quarter of 2015 as explained in Table A under "Adjustments to Net Income", net income for the third quarter of 2015 increased to $25.9 million or $0.30 per share, on a basic and diluted basis, from $19.4 million or $0.23 per share, on a basic and diluted basis, for the third quarter of 2014.

Adjusted Net Income for the third quarter of 2015, as compared to the third quarter of 2014, was positively impacted by the following:

- higher gross profit from an overall increase in year-over-year production sales as previously explained;
- productivity and efficiency improvements at certain operating facilities in particular in the Company's U.S. metallic operations; and
- the inclusion of 100% of the net earnings from the Martinrea Honsel group after the Company purchased the 45% non-controlling interest on August 7, 2014 (see "Acquisitions" section of this MD&A for further details on the transaction).

These factors were partially offset by the following:

- increased pre-operating and launch costs, in particular at new operating facilities in Spain, Mexico, China, and Riverside, Missouri as these new plants prepare for upcoming new program launches;
- lower recoveries from scrap steel;
- operational inefficiencies and other costs at certain other facilities;
- lower production volumes in the Company's Martinrea Honsel operating facility in Meschede, Germany;
- a higher effective tax rate on adjusted pre-tax income due generally to the mix of earnings (26.1% for the third quarter of 2015 compared to 20.1% for the third quarter of 2014); and
- year-over-year increases in SG&A expense as previously discussed, research and development expenses, due in large part to increased amortization of development costs, and finance expense related to increased levels of debt primarily used to sustain the increased level of capital expenditures related to new program launches and fund the purchase of the 45% non-controlling interest of the Martinrea Honsel group on August 7, 2014 (see "Acquisitions" section of this MD&A for further details on the transaction).

Three months ended September 30, 2015 actual to guidance comparison:

On August 6, 2015, the Company provided the following guidance for the third quarter of 2015:

		Guidance		Actual
Production sales (in millions)	$	865 - 905	$	899
Adjusted Net Earnings per Share				
Basic & Diluted	$	0.27 - 0.31	$	0.30

For the third quarter of 2015, production sales of $899 million and Adjusted Net Earnings per Share of $0.30 were within the range of published guidance.

Nine months ended September 30, 2015 to nine months ended September 30, 2014 comparison

		Nine months ended September 30, 2015		Nine months ended September 30, 2014	$ Change	% Change
Net Income	$	79,299	$	59,383	19,916	33.5%
Adjusted Net Income	$	89,729	$	60,554	29,175	48.2%
Net Earnings per Share						
Basic	$	0.93	$	0.70		
Diluted	$	0.92	$	0.69		
Adjusted Net Earnings per Share						
Basic	$	1.05	$	0.72		
Diluted	$	1.04	$	0.71		

Net income, before adjustments, for the nine months ended September 30, 2015 increased by $19.9 million to $79.3 million from $59.4 million for the nine months ended September 30, 2014. Excluding the unusual and other items incurred during the nine months ended September 30, 2015 and 2014 as explained in Table B under "Adjustments to Net Income", Net Income for the nine months ended September 30, 2015 increased to $89.7 million or $1.05 per share, on a basic basis, and $1.04 per share on a diluted basis, from $60.6 million or $0.72 per share, on a basic basis, and $0.71 per share, on a diluted basis, for the nine months ended September 30, 2014.

Adjusted Net Income for the nine months ended September 30, 2015, as compared to the nine months ended September 30, 2014, was positively impacted by the following:

- higher gross profit from an overall increase in year-over-year production sales as previously explained;
- productivity and efficiency improvements at certain operating facilities in particular in the Company's U.S. metallic operations;
- the inclusion of 100% of the net earnings from the Martinrea Honsel group after the Company purchased the 45% non-controlling interest on August 7, 2014 (see "Acquisitions" section of this MD&A for further details on the transaction); and
- a net foreign exchange gain of $4.0 million for the nine months ended September 30, 2015 compared to a net foreign exchange gain of $0.7 million for the comparative period of 2014.

These factors were partially offset by the following:

- increased pre-operating and launch costs, in particular at new operating facilities in Spain, Mexico, China, and Riverside, Missouri as these new plants prepare for upcoming new program launches;
- lower recoveries from scrap steel;
- operational inefficiencies and other costs at certain other facilities;
- lower production volumes in the Company's Martinrea Honsel operating facility in Meschede, Germany;
- the resolution of certain commercial disputes in the Company's European operations which positively impacted the first quarter of 2014 as compared to the first quarter of 2015;
- a higher effective tax rate on adjusted pre-tax income due generally to the mix of earnings (24.4% for the nine months ended September 30, 2015 compared to 20.0% for the comparative period of 2014); and
- year-over-year increases in SG&A expense as previously discussed, research and development expenses, due predominantly to increased amortization of development costs, and finance expense related to increased levels of debt primarily used to sustain the increased level of capital expenditures related to new program launches and to fund the purchase of the 45% non-controlling interest of the Martinrea Honsel group on August 7, 2014 (see "Acquisitions" section of this MD&A for further details on the transaction).

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

Three months ended September 30, 2015 to three months ended September 30, 2014 comparison

		Three months ended September 30, 2015		Three months ended September 30, 2014	$ Change	% Change
Additions to PP&E	$	44,801	$	52,015	(7,214)	(13.9%)

Additions to PP&E decreased by $7.2 million to $44.8 million in the third quarter of 2015 from $52.0 million in the third quarter of 2014 due generally to the timing of expenditures. Additions as a percentage of sales decreased year-over-year to 4.8% for the third quarter of 2015 from 6.1% for the third quarter of 2014. While capital expenditures are made to refurbish or replace assets consumed in the normal course of business and for productivity improvements, a large portion of the investment in the third quarter of 2015 continued to be for manufacturing equipment and multiple expansions for programs that recently launched or will be launching over the next 24 months.

Nine months ended September 30, 2015 to nine months ended September 30, 2014 comparison

	Nine months ended September 30, 2015	Nine months ended September 30, 2014	$ Change	% Change
Additions to PP&E	$ 129,536	$ 136,377	(6,841)	(5.0%)

Additions to PP&E decreased year-over-year to $129.5 million for the nine months ended September 30, 2015 compared to $136.4 million for the nine months ended September 30, 2014 generally due to the timing of expenditures. Additions as a percentage of sales decreased year-over-year to 4.6% for the nine months ended September 30, 2015 from 5.1% for the comparative period of 2014. Despite the decrease as a percentage of sales, the Company continues to make investments in the business in particular at new operating facilities in Spain, Mexico, China, and Riverside, Missouri as these new plants prepare for upcoming new program launches.

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 September 30, 2015 to three months ended September 30, 2014 comparison

	SALES		OPERATING INCOME (LOSS)*	
	Three months ended September 30, 2015	Three months ended September 30, 2014	Three months ended September 30, 2015	Three months ended September 30, 2014
North America	$ 745,034	$ 685,686	$ 38,117	$ 24,112
Europe	163,982	159,373	5,401	10,254
Rest of the World	20,864	14,397	(3,290)	(2,811)
Adjusted Operating Income	-	-	$ 40,228	$ -
Unusual and Other Items*	-	-	(15,391)	-
Total	$ 929,880	$ 859,456	$ 24,837	$ 31,555

**Operating income for the operating segments has been adjusted for unusual and other items. Of the $15.4 million of unusual and other items incurred during the third quarter of 2015, $14.0 million was incurred in Europe and the remaining $1.4 million in North America. The unusual and other items noted above are fully explained under "Adjustments to Net Income" in this MD&A.*

North America

Adjusted Operating Income in North America increased by $14.0 million to $38.1 million for the third quarter of 2015 from $24.1 million for the third quarter of 2014. Adjusted Operating Income in North America was positively impacted by:

- higher gross profit from an overall increase in year-over-year production sales as previously explained; and
- productivity and efficiency improvements at certain operating facilities in particular in the Company's U.S. metallic operations.

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 prepare for upcoming new program launches;
- lower recoveries from scrap steel; and
- operational inefficiencies and other costs at certain other facilities.

Europe

Adjusted Operating Income in Europe decreased by $4.9 million to $5.4 million for the third quarter of 2015 from $10.3 million for the third quarter of 2014. The operating results in Europe were negatively impacted by program specific launch costs and pre-operating costs at a new operating facility in Spain, as the plant prepares for a significant upcoming new program launch, and in Slovakia, as the plant continues to ramp up its book of business; and lower production volumes in the Company's Martinrea Honsel operating facility in Meschede, Germany.

Rest of the World

The operating results for the Rest of the World operating segment decreased slightly year-over-year. The decrease in operating results was primarily due to pre-operating costs at a new aluminum operating facility in China as the plant prepares for its inaugural new program launch in 2016, partially offset by 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.

Nine months ended September 30, 2015 to nine months ended September 30, 2014 comparison

	SALES		OPERATING INCOME (LOSS)*	
	Nine months ended September 30, 2015	**Nine months ended September 30, 2014**	**Nine months ended September 30, 2015**	**Nine months ended September 30, 2014**
North America	$ 2,256,856	$ 2,094,654	$ 120,401	$ 80,695
Europe	517,345	516,063	21,450	40,326
Rest of the World	57,256	44,147	(7,675)	(7,217)
Adjusted Operating Income	-	-	$ 134,176	$ 113,804
Unusual and Other Items*	-	-	(15,391)	(1,561)
Total	$ 2,831,457	$ 2,654,864	$ 118,785	$ 112,243

**Operating income for the operating segments has been adjusted for unusual and other items. Of the $15.4 million of unusual and other items incurred during the nine months ended September 30, 2015, $14.0 million was incurred in Europe and the remaining $1.4 million in North America. The $1.6 million in unusual and other items incurred during the nine months ended September 30, 2014 was all incurred in North America. The unusual and other items noted above are fully explained under "Adjustments to Net Income" in this MD&A.*

North America

Adjusted Operating Income in North America increased by $39.7 million to $120.4 million for the nine months ended September 30, 2015 from $80.7 million for the nine months ended September 30, 2014. Adjusted Operating Income in North America was positively impacted by:

- higher gross profit from an overall increase in year-over-year production sales as previously explained; and
- productivity and efficiency improvements at certain operating facilities in particular in the Company's U.S. metallic operations.

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 prepare for upcoming new program launches;
- lower recoveries from scrap steel; and
- operational inefficiencies and other costs at certain other facilities.

Europe

Adjusted Operating Income in Europe decreased by $18.9 million to $21.5 million for the nine months ended September 30, 2015 from $40.3 million for the nine months ended September 30, 2014. Adjusted Operating Income in Europe was negatively impacted by program specific launch costs and pre-operating costs at a new operating facility in Spain, as the plant prepares for a significant upcoming new program launch, and in Slovakia, as the plant continues to ramp up its book of business; lower production volumes in the Company's Martinrea Honsel operating facility in Meschede, Germany; and the resolution of certain commercial disputes in the Company's European operations which positively impacted the first quarter of 2014 as compared to the first quarter of 2015.

Rest of the World

The operating results for the Rest of the World operating segment remained relatively flat year-over-year. The benefit of 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, was essentially offset by negative impacts from lower year-over-year production volumes in Brazil and pre-operating costs at a new aluminum operating facility in China, as the plant prepares for its inaugural new program launch in 2016.

SUMMARY OF QUARTERLY RESULTS

	2015			2014				2013
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Sales	929,880	984,046	917,531	943,781	859,456	930,915	864,493	858,624
Gross margin	96,385	106,379	95,639	86,474	78,076	95,863	87,479	73,475
Net income for the period	15,232	33,607	30,508	11,926	21,205	29,626	26,659	(44,074)
Net income attributable to equity holders of the Company	15,469	33,411	30,419	11,921	19,384	23,308	16,691	(51,425)
Basic Net Earnings per Share	0.18	0.39	0.36	0.14	0.23	0.28	0.20	(0.61)
Diluted Net Earnings per Share	0.18	0.39	0.36	0.14	0.23	0.27	0.20	(0.60)
Adjusted Basic Net Earnings per Share	0.30	0.39	0.36	0.27	0.23	0.28	0.21	0.17
Adjusted Diluted Net Earnings per Share	0.30	0.39	0.36	0.27	0.23	0.28	0.21	0.17

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 September 30, 2015, the Company had total equity attributable to equity holders of the Company of $730.0 million. As at September 30, 2015, the Company's ratio of current assets to current liabilities was 1.24:1, consistent with the previous quarter (1.25:1). The Company's current working capital level of $198.3 million and existing financing facilities (discussed below) are 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 existing financing facilities or asset backed financing.

CASH FLOWS

	Three months ended September 30, 2015	Three months ended September 30, 2014	$ Change	% Change
Cash provided by operations before changes in non-cash working capital items	$ 62,114	$ 64,264	(2,150)	(3.3%)
Change in non-cash working capital items	(38,458)	7,888	(46,346)	(587.6%)
	23,656	72,152	(48,496)	(67.2%)
Interest paid	(6,320)	(5,738)	(582)	10.1%
Income taxes paid	(4,528)	(16,522)	11,994	(72.6%)
Cash provided by operating activities	12,808	49,892	(37,084)	(74.3%)
Cash provided by financing activities	2,076	222,333	(220,257)	(99.1%)
Cash used in investing activities	(28,649)	(290,838)	262,189	(90.1%)
Effect of foreign exchange rate changes on cash and cash equivalents	633	5,438	(4,805)	(88.4%)
Decrease in cash and cash equivalents	$ (13,132)	$ (13,175)	43	(0.3%)

Cash provided by operating activities during the third quarter of 2015 was $12.8 million, compared to cash provided by operating activities of $49.9 million in the corresponding period of 2014. The components for the third quarter of 2015 primarily include the following:

- cash provided by operations before changes in non-cash working capital items of $62.1 million;
- working capital items use of cash of $38.5 million comprised of an increase in trade and other receivables of $21.0 million, an increase in inventories of $21.3 million and an increase in prepaid expenses and deposits of $4.9 million, partially offset by an increase in trade, other payables and provisions of $8.7 million;
- interest paid (excluding capitalized interest) of $6.3 million; and
- income taxes paid of $4.5 million.

Cash provided by financing activities during the third quarter of 2015 was $2.1 million, compared to $222.3 million in the corresponding period in 2014, as a result of a $2.8 million increase in long term debt (net of repayments on the Company's revolving banking facility and asset backed financing arrangements) and $1.9 million in proceeds from the exercise of employee stock options; partially offset by $2.6 million in dividends paid. The $222.3 million in cash provided by financing activities during the third quarter of 2014 was primarily the result of an increase in debt to fund the purchase of the 45% non-controlling interest of the Martinrea Honsel group on August 7, 2014 (see "Acquisitions" section of this MD&A for further details on the transaction).

Cash used in investing activities during the third quarter of 2015 was $28.6 million, compared to $290.8 million in the corresponding period in 2014. The components for the third quarter of 2015 primarily include the following:

- cash additions to PP&E of $45.4 million;
- capitalized development costs relating to upcoming new program launches of $4.0 million; partially offset by
- proceeds from the sale of assets and liabilities held for sale of $20.6 million; and
- proceeds from the disposal of PP&E of $0.1 million.

The cash used in investing activities of $290.8 million in the third quarter of 2014 included $48.9 million in cash additions to PP&E, $6.8 million in capitalized development costs relating to upcoming new program launches and the $235.7 million purchase of the 45% non-controlling interest of the Martinrea Honsel group on August 7, 2014 (see "Acquisitions" section of this MD&A for further details on the transaction); partially offset by $0.5 million in proceeds from the disposal of PP&E.

Taking into account the opening cash balance of $21.0 million at the beginning of the third quarter of 2015, and the activities described above, the cash and cash equivalents balance at September 30, 2015 was $7.9 million.

CASH FLOWS

	Nine months ended September 30, 2015	Nine months ended September 30, 2014	$ Change	% Change
Cash provided by operations before changes in non-cash working capital items	$ 226,465	$ 205,352	21,113	10.3%
Change in non-cash working capital items	(53,697)	6,018	(59,715)	(992.3%)
	172,768	211,370	(38,602)	(18.3%)
Interest paid	(17,434)	(15,323)	(2,111)	13.8%
Income taxes paid	(49,085)	(31,551)	(17,534)	55.6%
Cash provided by operating activities	106,249	164,496	(58,247)	(35.4%)
Cash provided (used) in financing activities	(26,643)	195,683	(222,326)	(113.6%)
Cash used in investing activities	(125,543)	(393,668)	268,125	(68.1%)
Effect of foreign exchange rate changes on cash and cash equivalents	1,432	2,550	(1,118)	(43.8%)
Decrease in cash and cash equivalents	$ (44,505)	$ (30,939)	(13,566)	43.8%

Cash provided by operating activities during the nine months ended September 30, 2015 was $106.2 million, compared to cash provided by operating activities of $164.5 million in the corresponding period of 2014. The components for the first nine months of 2015 primarily include the following:

- cash provided by operations before changes in non-cash working capital items of $226.5 million;
- working capital items use of cash of $53.7 million comprised of an increase in trade and other receivables of $61.9 million; an increase in inventories of $17.0 million and an increase in prepaid expenses and deposits of $10.2 million; partially offset by an increase in trade, other payables and provisions of $35.4 million;
- interest paid (excluding capitalized interest) of $17.4 million; and
- income taxes paid of $49.1 million due to the timing of final income tax payments for 2014 and cash instalments for 2015.

Cash used in financing activities during the nine months ended September 30, 2015 was $26.6 million, compared to cash provided of $195.7 million in the corresponding period in 2014, as a result of $61.7 million in long term debt repayments on the Company's revolving credit facility and asset based financing arrangements, and $7.7 million in dividends paid; partially offset by $10.7 million in proceeds from the exercise of employee stock options during the period and $32.1 million drawn on the Company's revolving banking facility.

Cash used in investing activities during the nine months ended September 30, 2015 was $125.5 million, compared to $393.7 million in the corresponding period in 2014. The components for the first nine months of 2015 primarily include the following:

- cash additions to PP&E of $137.1 million;
- capitalized development costs relating to upcoming new program launches of $11.6 million; partially offset by
- proceeds from the sale of assets and liabilities held for sale of $20.6 million; and
- proceeds from the disposal of PP&E of $2.5 million.

The cash used in investing activities of $393.7 million during the nine months ended September 30, 2014 included $143.2 million in cash additions to PP&E, $16.1 million in capitalized development costs relating to upcoming new program launches and the $235.7 million purchase of the 45% non-controlling interest of the Martinrea Honsel group on August 7, 2014 (see "Acquisitions" section of this MD&A for further details on the transaction); partially offset by $1.3 million in proceeds from the disposal of PP&E.

Taking into account the opening cash balance of $52.4 million at the beginning of 2015, and the activities described above, the cash and cash equivalents balance at September 30, 2015 was $7.9 million.

Financing

On August 6, 2014, the Company's banking facility was amended to increase the total available revolving credit lines under the facility and add two new banks to the lending syndicate. The increase in credit lines facilitated the purchase of the 45% non-controlling interest in Martinrea Honsel as further described below. The primary terms of the amended banking facility, with a syndicate of nine banks, are as follows:

- available revolving credit lines of $300 million and US $350 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 $100 million;
- pricing terms at market rates; and
- a maturity date of August 2018.

As at September 30, 2015, the Company had drawn $273.0 million on the Canadian revolving credit line and US$240.0 million on the U.S. revolving credit line.

During the third quarter, net debt (i.e. long term debt less cash on hand) increased by $45.1 million from $667.6 million at June 30, 2015 to $712.7 million at September 30, 2015, due primarily to the impact of foreign exchange translation on U.S. denominated debt of $25.7 million and a quarter-over-quarter increase in working capital (due in large part to increased levels of tooling receivables and inventories) which was financed through drawdowns on the Company's banking facility and cash on hand.

The Company was in compliance with its debt covenants as at September 30, 2015.

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 October 15, 2015. 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 2015 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 September 30, 2015 the amount of off-balance sheet program financing was $72.9 million (December 31, 2014 - $17.2 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 and sand casting as well as extruding 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. The transaction resulted in the carrying value of the put option liability on the date of the transaction being reversed out of other equity and the carrying amount of Anchorage's share of equity in Martinrea Honsel being reversed from non-controlling interest. The $127,198 difference of the consideration paid and the carrying amount of the non-controlling interest at the date of the transaction was recognized in accumulated deficit.

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 19, 2015 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 November 5, 2015, the Company had 86,326,333 common shares outstanding. The Company's common shares constitute its only class of voting securities. As at November 5, 2015, options to acquire 4,388,952 common shares were outstanding.

CONTRACTUAL OBLIGATIONS AND OFF BALANCE SHEET FINANCING

During the three months ended September 30, 2015, 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, 2014.

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 September 30, 2015, the amount of the off balance sheet program financing was $72.9 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 September 30, 2015, 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 Canadian Dollars	$ 17,474	$ 1.2416	3
Buy Euro	2,026	0.8885	1
Buy Mexican Peso	706	17.0010	1

The aggregate value of these forward contracts as at September 30, 2015 was a loss of $1,641 and was recorded in trade and other payables (December 31, 2014 - loss of $9 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 disclosure controls and procedures and internal controls over financial reporting during the most recent interim period that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

CRITICAL ACCOUNTING ESTIMATES

Included in the Company's 2014 annual consolidated financial statements, as well as in the Company's 2014 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 September 30, 2015 there were no changes to the critical accounting policies and estimates of the Company from those found in the 2014 annual MD&A, except for the following new accounting standards recently adopted.

IFRS 38, Intangible Assets and IAS 16, Property, Plant and Equipment

Effective January 1, 2015, the Company adopted amendments made to IAS 38, Intangible Assets and IAS 16, Property, Plant and Equipment. The amendments to these standards introduced a rebuttable presumption that the use of revenue-based amortization methods is inappropriate.

The adoption of these amended standards 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 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, including the recent acquisition of the assets of Martinrea Honsel to broaden its product offerings and customer base, 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 related to the Company's expectations as to revenue and gross margin percentage (and earnings per share), statements to the growth of the Company and pursuit of its strategies, the ramping up and launching of new programs, investments in its business, continued consolidation of automotive suppliers and opportunity for growth of individual suppliers, the opportunity to increase sales. The Company's expectations regarding the future amount and type of restructuring expenses to be expensed, the financing of future capital expenditures, the Company's views of 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, 2014 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; and
- the cost of post-employment benefits.

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

MARTINREA INTERNATIONAL INC.
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015

Martinrea International Inc.

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Martinrea International Inc.

Interim Condensed Consolidated Balance Sheets

(in thousands of Canadian dollars) (unaudited)

	Note		September 30, 2015		December 31, 2014
ASSETS					
Cash and cash equivalents		$	7,896	$	52,401
Trade and other receivables	3		628,332		520,844
Inventories	4		350,574		313,436
Prepaid expenses and deposits			21,662		10,039
Income taxes recoverable			10,990		8,321
TOTAL CURRENT ASSETS			1,019,454		905,041
Property, plant and equipment	6		1,119,359		984,681
Deferred income tax assets			179,678		153,367
Intangible assets	7		81,337		71,806
TOTAL NON-CURRENT ASSETS			1,380,374		1,209,854
TOTAL ASSETS		$	2,399,828	$	2,114,895
LIABILITIES					
Trade and other payables	8	$	730,929	$	645,862
Provisions	9		16,761		5,504
Income taxes payable			30,373		31,140
Current portion of long-term debt	10		43,103		37,526
TOTAL CURRENT LIABILITIES			821,166		720,032
Long-term debt	10		677,516		654,916
Pension and other post-retirement benefits			67,248		62,557
Deferred income tax liabilities			104,078		101,644
TOTAL NON-CURRENT LIABILITIES			848,842		819,117
TOTAL LIABILITIES		$	1,670,008	$	1,539,149
EQUITY					
Capital stock	12	$	708,762	$	694,198
Contributed surplus			42,621		45,347
Accumulated other comprehensive income			126,425		55,927
Accumulated deficit			(147,790)		(219,480)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			730,018		575,992
Non-controlling interest			(198)		(246)
TOTAL EQUITY			729,820		575,746
TOTAL LIABILITIES AND EQUITY		$	2,399,828	$	2,114,895

Contingencies (note 17)

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 September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
SALES		$ 929,880	$ 859,456	$ 2,831,457	$ 2,654,864
Cost of sales (excluding depreciation of property, plant and equipment)		(803,477)	(755,409)	(2,447,861)	(2,318,058)
Depreciation of property, plant and equipment (production)		(30,018)	(25,971)	(85,193)	(75,388)
Total cost of sales		(833,495)	(781,380)	(2,533,054)	(2,393,446)
GROSS MARGIN		96,385	78,076	298,403	261,418
Research and development costs		(5,911)	(4,427)	(16,785)	(13,944)
Selling, general and administrative		(49,300)	(39,462)	(142,583)	(128,387)
Depreciation of property, plant and equipment (non-production)		(1,861)	(1,764)	(5,403)	(4,942)
Amortization of customer contracts and relationships		(495)	(904)	(1,611)	(1,815)
Restructuring costs	9	(13,619)	-	(13,619)	-
Loss on sale of assets and liabilities held for sale	5	(370)	-	(370)	-
Gain/(loss) on disposal of property, plant and equipment		8	36	753	(87)
OPERATING INCOME		24,837	31,555	118,785	112,243
Finance costs		(6,325)	(5,910)	(19,429)	(16,419)
Other finance income	14	807	882	4,059	891
INCOME BEFORE INCOME TAXES		19,319	26,527	103,415	96,715
Income tax expense	11	(4,087)	(5,322)	(24,068)	(19,225)
NET INCOME FOR THE PERIOD		$ 15,232	$ 21,205	$ 79,347	$ 77,490
Non-controlling interest		237	(1,821)	(48)	(18,107)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		$ 15,469	$ 19,384	$ 79,299	$ 59,383

	Note				
Basic earnings per share	13	$ 0.18	$ 0.23	$ 0.93	$ 0.70
Diluted earnings per share	13	$ 0.18	$ 0.23	$ 0.92	$ 0.69

Martinrea International Inc.

Interim Condensed Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars) (unaudited)

		Three months ended September 30, 2015		Three months ended September 30, 2014		Nine months ended September 30, 2015		Nine months ended September 30, 2014
NET INCOME FOR THE PERIOD	$	15,232	$	21,205	$	79,347	$	77,490
Other comprehensive income, net of tax:								
Items that may be reclassified to net income								
Foreign currency translation differences for foreign operations		43,758		22,467		70,498		18,579
Items that will not be reclassified to net income								
Actuarial gains (losses) from the remeasurement of defined benefit plans		(1,104)		(1,630)		136		(5,560)
Other comprehensive income, net of tax		42,654		20,837		70,634		13,019
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$	57,886	$	42,042	$	149,981	$	90,509
Attributable to:								
Equity holders of the Company		58,123		38,789		149,933		72,004
Non-controlling interest		(237)		3,253		48		18,505
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$	57,886	$	42,042	$	149,981	$	90,509

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	Other equity	Cumulative translation account	Accumulated deficit	Total	Non-controlling interest	Total equity
Balance at December 31, 2013	$ 689,975	$ 44,853	$ (154,239)	$ 26,085	$ (142,376)	$ 464,298	$ 89,713	$ 554,011
Net income for the period	-	-	-	-	59,383	59,383	18,107	77,490
Compensation expense related to stock options	-	894	-	-	-	894	-	894
Change in fair value of put option granted to non-controlling interest	-	-	(81,428)	-	-	(81,428)	-	(81,428)
Purchase of non-controlling interest (note 2)			235,667		(127,198)	108,469	(108,469)	-
Dividends ($0.09 per share)	-	-	-	-	(7,611)	(7,611)	-	(7,611)
Exercise of employee stock options	2,607	(781)	-	-	-	1,826	-	1,826
Other comprehensive income, net of tax								
Actuarial losses from the remeasurement of defined benefit plans	-	-	-	-	(5,560)	(5,560)	-	(5,560)
Foreign currency translation differences	-	-	-	18,181	-	18,181	398	18,579
Balance at September 30, 2014	692,582	44,966	-	44,266	(223,362)	558,452	(251)	558,201
Net income for the period	-	-	-	-	11,921	11,921	5	11,926
Compensation expense related to stock options	-	805	-	-	-	805	-	805
Dividends ($0.03 per share)	-	-	-	-	(2,548)	(2,548)	-	(2,548)
Exercise of employee stock options	1,616	(424)	-	-	-	1,192	-	1,192
Other comprehensive income, net of tax								
Actuarial losses from the remeasurement of defined benefit plans	-	-	-	-	(5,491)	(5,491)	-	(5,491)
Foreign currency translation differences	-	-	-	11,661	-	11,661	-	11,661
Balance at December 31, 2014	694,198	45,347	-	55,927	(219,480)	575,992	(246)	575,746
Net income for the period	-	-	-	-	79,299	79,299	48	79,347
Compensation expense related to stock options	-	1,180	-	-	-	1,180	-	1,180
Dividends ($0.09 per share)	-	-	-	-	(7,745)	(7,745)	-	(7,745)
Exercise of employee stock options	14,564	(3,906)	-	-	-	10,658	-	10,658
Other comprehensive income, net of tax								
Actuarial gains from the remeasurement of defined benefit plans	-	-	-	-	136	136	-	136
Foreign currency translation differences	-	-	-	70,498	-	70,498	-	70,498
Balance at September 30, 2015	$ 708,762	$ 42,621	$ -	$ 126,425	$ (147,790)	$ 730,018	$ (198)	$ 729,820

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 September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES:				
Net Income for the period	$ 15,232	$ 21,205	$ 79,347	$ 77,490
Adjustments for:				
Depreciation of property, plant and equipment	31,879	27,735	90,596	80,330
Amortization of customer contracts and relationships	495	904	1,611	1,815
Amortization of development costs	3,179	2,133	8,859	6,399
Unrealized losses on foreign exchange forward contracts	824	1,229	1,641	2,420
Finance costs	6,325	5,910	19,429	16,419
Income tax expense	4,087	5,322	24,068	19,225
Loss on sale of assets and liabilities held for sale (note 5)	370	-	370	-
(Gain)/loss on disposal of property, plant and equipment	(8)	(36)	(753)	87
Stock-based compensation	202	229	1,180	894
Pension and other post-retirement benefits expense	861	1,207	3,077	3,639
Contributions made to pension and other post-retirement benefits	(1,332)	(1,574)	(2,960)	(3,366)
	62,114	64,264	226,465	205,352
Changes in non-cash working capital items:				
Trade and other receivables	(20,978)	27,795	(61,875)	(34,859)
Inventories	(21,349)	(4,642)	(16,969)	(27,108)
Prepaid expenses and deposits	(4,857)	(2,833)	(10,239)	(10,012)
Trade, other payables and provisions	8,726	(12,432)	35,386	77,997
	23,656	72,152	172,768	211,370
Interest paid (excluding capitalized interest)	(6,320)	(5,738)	(17,434)	(15,323)
Income taxes paid	(4,528)	(16,522)	(49,085)	(31,551)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 12,808	$ 49,892	$ 106,249	$ 164,496
FINANCING ACTIVITIES:				
Increase in long-term debt	13,116	245,313	32,145	282,266
Repayment of long-term debt	(10,327)	(21,913)	(61,743)	(80,804)
Dividends paid	(2,582)	(2,534)	(7,703)	(7,605)
Exercise of employee stock options	1,869	1,467	10,658	1,826
NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	$ 2,076	$ 222,333	$ (26,643)	$ 195,683
INVESTING ACTIVITIES:				
Purchase of property, plant and equipment*	(45,404)	(48,871)	(137,109)	(143,169)
Capitalized development costs	(3,999)	(6,771)	(11,570)	(16,147)
Proceeds on sale of assets and liabilities held for sale (note 5)	20,638	-	20,638	-
Proceeds on disposal of property, plant and equipment	116	471	2,498	1,315
Purchase of non-controlling interest (note 2)	-	(235,667)	-	(235,667)
NET CASH USED IN INVESTING ACTIVITIES	$ (28,649)	$ (290,838)	$ (125,543)	$ (393,668)
Effect of foreign exchange rate changes on cash and cash equivalents	633	5,438	1,432	2,550
DECREASE IN CASH AND CASH EQUIVALENTS	(13,132)	(13,175)	(44,505)	(30,939)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	21,028	38,460	52,401	56,224
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 7,896	$ 25,285	$ 7,896	$ 25,285

*As at September 30, 2015, $5,799 (December 31, 2014 - $13,372) 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. It designs, engineers, manufactures and sells quality metal parts, assemblies and fluid management systems and is focused 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, 2014, 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, 2014.

(c) 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, 2015, in accordance with the transitional provisions outlined in the respective standards.

IAS 38, Intangible Assets and IAS 16, Property, Plant and Equipment

Effective January 1, 2015, the Company adopted amendments made to IAS 38, Intangible Assets and IAS 16, Property, Plant and Equipment. The amendments to these standards introduce a rebuttable presumption that the use of revenue-based amortization methods is inappropriate.

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

2. CHANGES IN OWNERSHIP INTEREST

On July 29, 2011, the Company purchased a controlling interest in the assets of Honsel AG, 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 acquiring the remaining 45%.

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. 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 became wholly owned by Martinrea. The transaction resulted in the carrying value of the put option liability on the date of the transaction being reversed out of other equity and the carrying amount of Anchorage's share of equity in Martinrea Honsel being reversed from non-controlling interest. The $127,198 difference of the consideration paid and the carrying amount of the non-controlling interest at the date of the transaction was recognized in accumulated deficit.

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

3. TRADE AND OTHER RECEIVABLES

	September 30, 2015	December 31, 2014
Trade receivables	$ 611,139	$ 501,962
VAT and other receivables	17,193	18,882
	$ 628,332	$ 520,844

The Company's exposures to credit and currency risks, and impairment losses related to trade and other receivables, are disclosed in note 16.

4. INVENTORIES

	September 30, 2015	December 31, 2014
Raw materials	$ 167,187	$ 145,817
Work in progress	48,221	43,895
Finished goods	44,086	55,173
Tooling work in progress and other inventory	91,080	68,551
	$ 350,574	$ 313,436

5. SALE OF ASSETS AND LIABILITIES HELD FOR SALE

During the second quarter ended June 30, 2015, certain assets and liabilities of the Company's operating facility in Soest, Germany 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).

6. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2015			December 31, 2014		
	Cost	Accumulated amortization and impairment losses	Net book value	Cost	Accumulated amortization and impairment losses	Net book value
Land and buildings	$ 147,286	$ (36,103)	$ 111,183	$ 135,782	$ (30,365)	$ 105,417
Leasehold improvements	51,523	(28,685)	22,838	44,756	(24,198)	20,558
Manufacturing equipment	1,476,726	(720,233)	756,493	1,252,106	(588,639)	663,467
Tooling and fixtures	38,032	(32,075)	5,957	35,977	(29,664)	6,313
Other assets	34,232	(17,984)	16,248	28,349	(14,525)	13,824
Construction in progress and spare parts	206,640	-	206,640	175,102	-	175,102
	$ 1,954,439	$ (835,080)	$ 1,119,359	$ 1,672,072	$ (687,391)	$ 984,681

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

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, 2013	$ 99,865	$ 20,134	$ 593,480	$ 5,333	$ 13,650	$ 115,086	$ 847,548
Additions	1,436	156	3,957	-	321	197,931	203,801
Disposals	(828)	-	(697)	(284)	(84)	(75)	(1,968)
Depreciation	(4,142)	(3,290)	(96,511)	(3,343)	(3,497)	-	(110,783)
Transfers from construction in progress and spare parts	3,814	2,505	128,252	4,314	3,022	(141,907)	-
Foreign currency translation adjustment	5,272	1,053	34,986	293	412	4,067	46,083
Net as of December 31, 2014	$ 105,417	$ 20,558	$ 663,467	$ 6,313	$ 13,824	$ 175,102	$ 984,681
Additions	-	457	4,643	-	901	123,535	129,536
Sale of assets held for sale (note 5)	(1,165)	-	(3,552)	(955)	(183)	-	(5,855)
Disposals	-	-	(1,486)	(157)	(23)	(79)	(1,745)
Depreciation	(2,791)	(2,835)	(80,682)	(1,715)	(2,573)	-	(90,596)
Transfers from construction in progress and spare parts	194	2,836	104,157	1,863	3,059	(112,109)	-
Foreign currency translation adjustment	9,528	1,822	69,946	608	1,243	20,191	103,338
Net as of September 30, 2015	$ 111,183	$ 22,838	$ 756,493	$ 5,957	$ 16,248	$ 206,640	$ 1,119,359

The Company has entered into certain asset-backed financing arrangements that were structured as sales-and-leaseback transactions. At September 30, 2015, the carrying value of property, plant and equipment under such arrangements was $33,810 (December 31, 2014 – $35,736). The corresponding amounts owing are reflected within long-term debt (note 10).

7. INTANGIBLE ASSETS

	September 30, 2015			December 31, 2014		
	Cost	Accumulated amortization and impairment losses	Net book value	Cost	Accumulated amortization and impairment losses	Net book value
Customer contracts and relationships	$ 62,019	$ (50,961)	$ 11,058	$ 60,644	$ (48,848)	$ 11,796
Development costs	122,240	(51,961)	70,279	97,261	(37,251)	60,010
	$ 184,259	$ (102,922)	$ 81,337	$ 157,905	$ (86,099)	$ 71,806

Movement in intangible assets is summarized as follows:

	Customer contracts and relationships	Development costs	Total
Net balance at December 31, 2013	$ 13,988	$ 45,652	$ 59,640
Additions	-	20,476	20,476
Amortization	(2,485)	(9,033)	(11,518)
Foreign currency translation adjustment	293	2,915	3,208
Net balance at December 31, 2014	$ 11,796	$ 60,010	$ 71,806
Additions	-	11,570	11,570
Amortization	(1,611)	(8,859)	(10,470)
Foreign currency translation adjustment	873	7,558	8,431
Net balance at September 30, 2015	$ 11,058	$ 70,279	$ 81,337

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

8. TRADE AND OTHER PAYABLES

	September 30, 2015	December 31, 2014
Trade accounts payable and accrued liabilities	$ 729,288	$ 645,853
Foreign exchange forward contracts (note 16(d))	1,641	9
	$ 730,929	$ 645,862

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 16.

9. PROVISIONS

	Restructuring (a)	Claims and Litigations (b)	Onerous Contracts (c)	Total
Net as of December 31, 2013	$ 3,348	$ 1,707	$ 1,307	$ 6,362
Net additions	3,542	546	-	4,088
Amounts used during the period	(3,102)	(450)	(1,291)	(4,843)
Foreign currency translation adjustment	(36)	(51)	(16)	(103)
Net as of December 31, 2014	$ 3,752	$ 1,752	$ -	$ 5,504
Net additions	13,619	1,246	-	14,865
Amounts used during the period	(2,807)	(1,048)	-	(3,855)
Foreign currency translation adjustment	533	(286)	-	247
Net as of September 30, 2015	$ 15,097	$ 1,664	$ -	$ 16,761

Based on estimated cash outflows, all provisions as at September 30, 2015 and December 31, 2014 are presented on the condensed consolidated balance sheet as current.

(a) Restructuring

As part of the acquisition of Honsel in 2011 as described in note 2, a certain level of restructuring was contemplated, in particular, at the Company's German facility in Meschede. The restructuring accrual as at December 31, 2013 and $1,054 of the accrual as at December 31, 2014 relates to restructuring activities undertaken in Honsel primarily for employee related severance. Additional restructuring costs in Meschede, Germany in the form of employee related severance of $13,619 (€9,674) were incurred during the third quarter of 2015.

Additions to the restructuring accrual in 2014 of $3,542 represent employee related severance relating to the rightsizing of two manufacturing facilities in Ontario.

(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.

(c) Onerous contracts

An onerous contract is a contract in which the unavoidable costs to meet the obligation exceed the future economic benefits expected to be earned under it. As part of the valuation of the assets and liabilities assumed in the acquisition of Honsel, certain sales contracts were determined to be onerous. As such, the present value of the future net obligation of these contracts was recorded as a provision and has been recognized over time as the contracts were fulfilled or when the contracts were no longer considered onerous.

10. 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 16.

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

		September 30, 2015		December 31, 2014
Banking facility	$	590,370	$	547,090
Equipment loans		130,249		145,109
Other bank loans		-		243
		720,619		692,442
Current portion		(43,103)		(37,526)
	$	677,516	$	654,916

Terms and conditions of outstanding loans as at September 30, 2015, in Canadian dollar equivalents, are as follows:

	Currency	Nominal interest rate	Year of maturity		September 30, 2015 Carrying amount		December 31, 2014 Carrying amount
Banking facility	CAD	BA+1.5%	2018	$	270,090	$	274,466
	USD	LIBOR+1.5%	2018		320,280		272,624
Equipment loans	USD	4.25%	2018		44,590		46,742
	EUR	3.06%	2024		16,143		15,195
	USD	4.25%	2017		15,649		18,846
	EUR	4.93%	2023		15,390		14,735
	USD	7.36%	2017		13,244		14,948
	EUR	3.37%	2017		9,633		13,806
	EUR	3.35%	2019		5,718		5,615
	USD	3.89%	2016		4,125		6,405
	USD	3.99%	2017		3,120		4,176
	USD	3.65%	2016		1,321		1,982
	USD	4.69%	2017		741		1,013
	EUR	0.26%	2025		349		-
	BRL	5.00%	2020		226		336
	BRL	11.88%	2015		-		1,310
Other bank loans	BRL	14.00%	2015		-		243
				$	720,619	$	692,442

On August 6, 2014, the Company's banking facility was amended to increase the total available revolving credit lines under the facility and add two new banks to the lending syndicate. The increase in credit lines facilitated the purchase of the 45% minority interest in Martinrea Honsel as described in note 2. The primary terms of the amended banking facility, with a syndicate of nine banks, are as follows:

- available revolving credit lines of $300 million and US $350 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 $100 million;
- pricing terms at market rates; and
- a maturity date of August 2018.

As at September 30, 2015, the Company has drawn US$240,000 (December 31, 2014 - US$235,000) on the U.S. revolving credit line and drawn $273,000 (December 31, 2014 - $278,000) on the Canadian revolving credit line. At September 30, 2015, the weighted average effective rate of the banking facility credit lines was 2.9% (December 31, 2014 - 3.3%). The facility requires the maintenance of certain financial ratios with which the Company was in compliance as at September 30, 2015.

Deferred financing fees of $3,275 (December 31, 2014 - $4,155) have been netted against the carrying amount of the long-term debt.

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

Future annual minimum principal repayments are as follows:

Within one year	$	43,103
One to two years		32,214
Two to three years		611,995
Three to four years		9,641
Thereafter		23,666
	$	720,619

11. INCOME TAXES

The components of income tax expense are as follows:

		Three months ended September 30, 2015		Three months ended September 30, 2014		Nine months ended September 30, 2015		Nine months ended September 30, 2014
Current income tax expense	$	(8,944)	$	(12,361)	$	(40,315)	$	(33,068)
Deferred income tax recovery		4,857		7,039		16,247		13,843
Total income tax expense	$	(4,087)	$	(5,322)	$	(24,068)	$	(19,225)

12. CAPITAL STOCK

Common shares outstanding:	**Number**		**Amount**
Balance, December 31, 2013	84,479,704	$	689,975
Exercise of stock options	244,079		2,607
Balance, September 30, 2014	84,723,783	$	692,582
Exercise of stock options	201,300		1,616
Balance, December 31, 2014	84,925,083	$	694,198
Exercise of stock options	1,401,250		14,564
Balance, September 30, 2015	86,326,333	$	708,762

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:

	Nine months ended September 30, 2015			Nine months ended September 30, 2014		
	Number of options		**Weighted average exercise price**	**Number of options**		**Weighted average exercise price**
Balance, beginning of period	5,645,202	$	11.13	5,521,915	$	10.68
Granted during the period	150,000		13.87	192,000		11.92
Exercised during the period	(1,401,250)		7.61	(244,079)		7.51
Cancelled during the period	-		-	(123,334)		11.25
Balance, end of period	4,393,952	$	12.35	5,346,502	$	10.86
Options exercisable, end of period	4,018,952	$	12.38	4,944,002	$	11.07

The following is a summary of the issued and outstanding common share purchase options as at September 30, 2015:

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

Range of exercise price per share	Number outstanding	Date of grant	Expiry
$6.00 - 8.99	1,168,202	2008 - 2012	2018 - 2022
$9.00 - 9.99	100,000	2008	2018
$10.00 - 15.99	1,335,750	2006 - 2015	2016 - 2025
$16.00 - 17.75	1,790,000	2007	2017
Total share purchase options	4,393,952		

The table below summarizes the assumptions on a weighted average basis used in determining stock-based compensation expense under the Black-Scholes option pricing model. The Black-Scholes option valuation model used by the Company to determine fair values was developed for use in estimating the fair value of freely traded options, which are fully transferable and have no vesting restrictions. The Company's stock options are not transferable, cannot be traded, are subject to vesting restrictions and exercise restrictions under the Company's black-out policy which would tend to reduce the fair value of the Company's stock options. Changes to subjective input assumptions used in the model can cause a significant variation in the estimate of the fair value of the options.

	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Expected volatility	36.87%	39.41%
Risk free interest rate	0.87%	1.47%
Expected life (years)	4	4
Dividend yield	0.87%	1.11%
Weighted average fair value of options granted	$ 3.80	$ 3.55

For the three and nine months ended September 30, 2015, the Company expensed $202 (three months ended September 30, 2014 - $229) and $1,180 (nine months ended September 30, 2014 - $894), respectively, to reflect stock-based compensation expense, as derived using the Black-Scholes option valuation model.

13. EARNINGS PER SHARE

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

	Three months ended September 30, 2015		Three months ended September 30, 2014	
	Weighted average number of shares	Per common share amount	Weighted average number of shares	Per common share amount
Basic	86,202,806	$ 0.18	84,600,067	$ 0.23
Effect of dilutive securities:				
Stock options	564,701	-	1,412,536	-
Diluted	86,767,507	$ 0.18	86,012,603	$ 0.23

	Nine months ended September 30, 2015		Nine months ended September 30, 2014	
	Weighted average number of shares	Per common share amount	Weighted average number of shares	Per common share amount
Basic	85,700,123	$ 0.93	84,526,093	$ 0.70
Effect of dilutive securities:				
Stock options	564,869	(0.01)	1,022,545	(0.01)
Diluted	86,264,992	$ 0.92	85,548,638	$ 0.69

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.

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

For the three months ended September 30, 2015, 1,940,000 options (three months ended September 30, 2014, – 1,790,000) and for the nine months ended September 30, 2015, 2,057,000 options (nine months ended September 30, 2014, – 1,907,000) were excluded from the diluted weighted average per share calculation as they were anti-dilutive.

14. OTHER FINANCE INCOME

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Net foreign exchange gain	$ 777	$ 828	$ 3,999	$ 723
Other income, net	30	54	60	168
Other finance income	$ 807	$ 882	$ 4,059	$ 891

15. 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 the 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, 2014. 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 September 30, 2015		Three months ended September 30, 2014	
	Sales	Operating Income	Sales	Operating Income
North America				
Canada	$ 195,572		$ 204,713	$
USA	368,066		332,051	
Mexico	181,396		148,922	
	$ 745,034	$ 36,715	$ 685,686	$ 24,112
Europe				
Germany	118,580		132,204	
Spain	34,162		21,662	
Slovakia	11,240		5,507	
	$ 163,982	$ (8,588)	$ 159,373	10,254
Rest of the World	$ 20,864	$ (3,290)	$ 14,397	(2,811)
	$ 929,880	$ 24,837	$ 859,456	$ 31,555

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

	Nine months ended September 30, 2015		Nine months ended September 30, 2014	
	Sales	Operating Income	Sales	Operating Income
North America				
Canada	$ 607,063		$ 607,927	$
USA	1,086,773		1,004,140	
Mexico	563,020		482,587	
	$ 2,256,856	$ 118,999	$ 2,094,654	$ 79,134
Europe				
Germany	385,196		429,866	
Spain	97,629		68,657	
Slovakia	34,520		17,540	
	$ 517,345	$ 7,461	$ 516,063	40,326
Rest of the World	$ 57,256	$ (7,675)	$ 44,147	(7,217)
	$ 2,831,457	$ 118,785	$ 2,654,864	$ 112,243

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

16. 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:

	September 30, 2015			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 7,896	$ 7,896	$ -	$ -
Foreign exchange forward contracts	$ (1,641)	$ -	$ (1,641)	$ -

	December 31, 2014			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 52,401	$ 52,401	$ -	$ -
Foreign exchange forward contracts	$ (9)	$ -	$ (9)	$ -

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:

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

September 30, 2015	Fair value through profit or loss	Loans and receivables	Amortized cost	Carrying amount	Fair value
FINANCIAL ASSETS:					
Trade and other receivables	$ -	$ 628,332	$ -	$ 628,332	$ 628,332
	-	628,332	-	628,332	628,332
FINANCIAL LIABILITIES:					
Trade and other payables	-	-	(729,288)	(729,288)	(729,288)
Long-term debt	-	-	(720,619)	(720,619)	(720,619)
Foreign exchange forward contracts	(1,641)	-	-	(1,641)	(1,641)
	(1,641)	-	(1,449,907)	(1,451,548)	(1,451,548)
Net financial assets (liabilities)	$ (1,641)	$ 628,332	$ (1,449,907)	$ (823,216)	$ (823,216)

December 31, 2014	Fair value through profit or loss	Loans and receivables	Amortized cost	Carrying amount	Fair value
FINANCIAL ASSETS:					
Trade and other receivables	$ -	$ 520,844	$ -	$ 520,844	$ 520,844
	-	520,844	-	520,844	520,844
FINANCIAL LIABILITIES:					
Trade and other payables	-	-	(645,853)	(645,853)	(645,853)
Long-term debt	-	-	(692,442)	(692,442)	(692,442)
Foreign exchange forward contracts	(9)	-	-	(9)	(9)
	(9)	-	(1,338,295)	(1,338,304)	(1,338,304)
Net financial assets (liabilities)	$ (9)	$ 520,844	$ (1,338,295)	$ (817,460)	$ (817,460)

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 risks 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 85% (December 31, 2014 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 were past due as at September 30, 2015 are part of normal payment patterns 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:

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

	September 30, 2015	December 31, 2014
0-60 days	$ 569,951	$ 473,337
61-90 days	18,367	15,982
Greater than 90 days	22,821	12,643
	$ 611,139	$ 501,962

(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 September 30, 2015, the Company had cash of $7,896 and banking facilities available as discussed in note 10. 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 10.

(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	
	September 30, 2015	December 31, 2014
Variable rate instruments	$ 590,370	$ 547,090
Fixed rate instruments	130,249	145,352
	$ 720,619	$ 692,442

Sensitivity analysis

An increase or decrease of 1.0% in all variable interest rate debt would, all else being equal, have an effect of $1,442 (three months ended September 30, 2014 - $1,377) on the Company's interim consolidated financial results for the three months ended September 30, 2015 and $4,316 for the nine months ended September 30, 2015 (nine months ended September 30, 2014 - $3,003).

(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 September 30, 2015, 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 Canadian Dollars	$ 17,474	$ 1.2416	3
Buy Euro	2,026	0.8885	1
Buy Mexican Peso	706	17.0010	1

The aggregate value of these forward contracts as at September 30, 2015 was a loss of $1,641 and was recorded in trade and other payables (December 31, 2014 - loss of $9 and was recorded in trade and other payables).

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

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

September 30, 2015		USD		EURO		PESO		BRL		CNY
Trade and other receivables	$	328,562	€	64,733	$	27,366	R$	17,256	¥	81,249
Trade and other payables		(358,693)		(81,808)		(99,898)		(21,682)		(59,555)
Long-term debt		(302,314)		(31,670)		-		(668)		-
	$	(332,445)	€	(48,745)	$	(72,532)	R$	(5,094)	¥	21,694

December 31, 2014		USD		EURO		PESO		BRL		CNY
Trade and other receivables	$	295,319	€	65,084	$	17,654	R$	15,171	¥	47,449
Trade and other payables		(357,294)		(88,788)		(60,722)		(16,376)		(24,372)
Long-term debt		(316,658)		(35,156)		-		(4,325)		-
	$	(378,633)	€	(58,860)	$	(43,068)	R$	(5,530)	¥	23,077

The following summary illustrates the fluctuations in the exchange rates applied during the three and nine months ended September 30, 2015 and 2014:

	Average rate		Average rate		Closing rate	
	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014	September 30, 2015	December 31, 2014
USD	1.2785	1.0834	1.2404	1.0903	1.3345	1.1601
EURO	1.4224	1.4602	1.3967	1.4875	1.4914	1.4038
PESO	0.0800	0.0831	0.0810	0.0832	0.0789	0.0787
BRL	0.3902	0.4829	0.4131	0.4762	0.3385	0.4365
CNY	0.2046	0.1749	0.1991	0.1771	0.2107	0.1869

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 September 30, 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 and nine months ended September 30, 2015 by the amounts shown below, assuming all other variables remain constant:

		Three months ended September 30, 2015		Three months ended September 30, 2014		Nine months ended September 30, 2015		Nine months ended September 30, 2014
USD	$	(1,640)	$	(257)	$	(5,346)	$	(2,267)
EURO		177		(1,837)		(1,391)		(4,725)
BRL		167		191		361		586
CNY		296		75		632		203
	$	(1,000)	$	(1,828)	$	(5,744)	$	(6,203)

A weakening of the Canadian dollar against the above currencies at September 30 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 income 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.

17. 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 $58,395 (BRL $172,510) including interest and penalties to September 30, 2015 (December 31, 2014 - $69,067 or BRL $158,230). 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 $40,035 at some point in 2016 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.

18. 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 September 30, 2015, the amount of the program financing was $72,946 (December 31, 2014 - $17,229) 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 2015 to date or 2014. 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.

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