MARTINREA INTERNATIONAL INC.

Releases Second Quarter Results and Announces Dividend

August 2, 2016 – For Immediate Release

Toronto, Ontario – Martinrea International Inc. (TSX : MRE), a leader in the development and production of quality metal parts, assemblies and modules, fluid management systems and complex aluminum products focused primarily on the automotive sector, announced today the release of its financial results for the second quarter ended June 30, 2016 and a quarterly dividend.

All amounts in this press release are in Canadian dollars, unless otherwise stated; and all tabular amounts are in thousands of Canadian dollars, except earnings per share and number of shares.

Additional information about the Company, including the Company's Management Discussion and Analysis of Operating Results and Financial Position for the second quarter ended June 30, 2016 ("MD&A"), the Company's unaudited interim condensed consolidated financial statements for the second quarter ended June 30, 2016 (the "unaudited interim consolidated financial statements") and the Company's Annual Information Form for the financial year ended December 31, 2015, can be found at www.sedar.com.

HIGHLIGHTS FOR THE QUARTER

- Record second quarter sales
- Reported net income flat in the quarter due to non-cash impairment charge and restructuring costs
- Record quarterly adjusted net income
- Second quarter adjusted operating income and EBITDA margins improved quarter-over-quarter and year-over-year
- Record quarterly adjusted EBITDA of $94.6 million, trailing twelve months adjusted EBITDA increased to $342.7 million
- Operating margin improvement plan on track
- Net debt to trailing twelve months adjusted EBITDA ratio decreased nicely to 2.00x
- Closure of Detroit Hot Stamping facility announced
- Dividend of $0.03 per share announced

OVERVIEW

Pat D'Eramo, Martinrea's President and Chief Executive Officer, stated: "We continued to make good progress in our operations during our second quarter, and we are pleased to announce record adjusted earnings and improved financial performance. Our operations continue to improve overall, and that is being reflected in our safety numbers, our quality performance and our financial numbers and key ratios. Previously, we announced that we were looking into the future of our Detroit Hot Stamping facility in light of our customer's decision to cancel a specific light vehicle platform. The majority of the work in that facility is related to this platform. After detailed review and consideration, we decided that the correct decision for our company was to close the facility, which we are in the process of doing, rather than continue to absorb unacceptable losses. The result is a non-cash impairment charge as well as some restructuring charges to take care of our people, good employees committed to our Company. It is never an easy decision to close a facility, but we have to make tough choices from time to time. Meanwhile, we remain committed to the hot stamping process, as part of our lightweighting product portfolio, and we will move the remaining hot stamping production to other facilities. I am pleased to report that we have won some new business totalling approximately $100 million in annual sales, all starting in 2018, as follows: $10 million in fluids systems work for FCA on the Dodge Ram and Jeep Wrangler; $30 million in metal forming work for Daimler on a compact sedan in Mexico; $25 million in incremental metal forming and fluid systems content on GM's pick-up and SUV platform; $10 million in metal forming work for BMW on its 3 and 4 series platform; and $25 million of fluids systems work for GM on certain engine and transmission programs."

Fred Di Tosto, Martinrea's Chief Financial Officer, stated: "Sales in our second quarter, excluding tooling sales, were $952 million, slightly below our previously announced sales guidance range, given lower than anticipated sales volume on the Chrysler 200 platform and the Ford Mondeo platform in China. Our adjusted net earnings per share, on a basic and diluted basis, was $0.44, in line with previous guidance, and a record quarter for us. Our adjusted operating income margin improved in the quarter to 5.6%, a healthy improvement quarter-over-quarter and year-over-year, as we move towards our interim target of at least 6% by the end of 2017. We experienced unusual and other items totalling $38.3 million in the quarter given the non-cash impairment charge and restructuring costs associated with the closure of Detroit Hot Stampings, an unfortunate set of circumstances but something that had to be done, and a restructuring charge for the final step of our restructuring activities in Germany, which we believe is now properly right-sized. Our net debt to adjusted EBITDA ratio at quarter end was 2.00x, a nice improvement from last year-end and from the end of the previous quarter, as we continue to progress to our target ratio of 1.50x by the end of 2017. Once again, we had another solid quarter from a financial perspective."

Rob Wildeboer, Martinrea's Executive Chairman, stated: "The last quarter has been an eventful one for our Company and for our industry. While our operational footprint remains in place, we are making adjustments to reflect customer demand. Our closing announcement in Detroit reflects that. At the same time, we are moving our Chinese fluid business into a larger and more modern facility, as we grow our business there. We are in the process of expanding several facilities as we follow our customers, particularly in Mexico, where we are expanding our facilities in Estampados, MJ Mexico and Silao and we are building a new metallic facility in San Luis Potosi. These expansions are in addition to the four plants we added last year in Madrid Spain, Queretaro Mexico, Riverside Missouri and Yuyao China. This will position us well for the future and all these actions will be accretive to our earnings and profitability. At the industry macro level, despite concerns in the markets about the impacts of Brexit, trade policies, geopolitical issues and other matters, the automotive industry remains healthy, especially in North America. We see continued strong volumes going forward, as we have in the first half of the year, although we note that the second half of the year generally has seasonally lower volumes than the first half. Our third quarter sales, excluding tooling sales, will range from $880 million to $920 million, reflecting the usual lower volumes experienced by the industry in the third quarter because of plant shutdowns. We anticipate our adjusted net earnings per share, on a basic and diluted basis, will be in the range of $0.33 to $0.37 per share, which would be a record third quarter for us."

RESULTS OF OPERATIONS

The following tables set out certain highlights of the Company's performance for the three and six months ended June 30, 2016 and 2015. Refer to the Company's interim condensed consolidated financial statements for the three and six months ended June 30, 2016 for a detailed account of the Company's performance for the periods presented in the tables below.

		Three months ended June 30, 2016		Three months ended June 30, 2015	$ Change	% Change
Sales	$	1,023,825	$	984,046	39,779	4.0%
Gross Margin		116,222		106,379	9,843	9.3%
Operating Income		18,729		50,238	(31,509)	(62.7%)
Net Income (loss) for the period		(27)		33,607	(33,634)	(100.1%)
Net Income (loss) Attributable to Equity Holders of the Company	$	(42)	$	33,411	(33,453)	(100.1%)
Net Earnings per Share – Basic and Diluted	$	-	$	0.39	(0.39)	(100.0%)
Non-IFRS Measures*						
Adjusted Operating Income	$	56,992	$	50,238	6,754	13.4%
as a % of Sales		*5.6%*		*5.1%*		
Adjusted EBITDA		94,649		83,793	10,856	13.0%
as a % of Sales		*9.2%*		*8.5%*		
Adjusted Net Income Attributable to Equity Holders of the Company		37,663		33,411	4,252	12.7%
Adjusted Net Earnings per Share - Basic and Diluted	$	0.44	$	0.39	0.05	12.8%

	Six months ended June 30, 2016	Six months ended June 30, 2015	$ Change	% Change
Sales	$ 2,063,275	$ 1,901,577	161,698	8.5%
Gross Margin	228,040	202,018	26,022	12.9%
Operating Income	70,074	93,948	(23,874)	(25.4%)
Net Income for the period	32,504	64,115	(31,611)	(49.3%)
Net Income Attributable to Equity Holders of the Company	$ 32,529	$ 63,830	(31,301)	(49.0%)
Net Earnings per Share – Basic	$ 0.38	$ 0.75	(0.37)	(49.3%)
Net Earnings per Share – Diluted	$ 0.38	$ 0.74	(0.36)	(48.6%)
Non-IFRS Measures*				
Adjusted Operating Income	$ 108,337	$ 93,948	14,389	15.3%
as a % of Sales	*5.3%*	*4.9%*		
Adjusted EBITDA	183,671	158,716	24,955	15.7%
as a % of Sales	*8.9%*	*8.3%*		
Adjusted Net Income Attributable to Equity Holders of the Company	70,234	63,830	6,404	10.0%
Adjusted Net Earnings per Share - Basic	$ 0.81	$ 0.75	0.06	8.0%
Adjusted Net Earnings per Share - Diluted	$ 0.81	$ 0.74	0.07	9.5%

***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".

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 June 30, 2016	Three months ended June 30, 2015
Net Income (loss) Attributable to Equity Holders of the Company	$ (42)	$ 33,411
Unusual and Other Items (after-tax)*	37,705	-
Adjusted Net Income Attributable to Equity Holders of the Company	$ 37,663	$ 33,411

	Six months ended June 30, 2016	Six months ended June 30, 2015
Net Income Attributable to Equity Holders of the Company	$ 32,529	$ 63,830
Unusual and Other Items (after-tax)*	37,705	-
Adjusted Net Income Attributable to Equity Holders of the Company	$ 70,234	$ 63,830

**Unusual and other items for the three and six months ended June 30, 2016 are explained in the "Adjustments to Net Income" section of the MD&A*

		Three months ended June 30, 2016		Three months ended June 30, 2015
Net Income (loss) Attributable to Equity Holders of the Company	$	(42)	$	33,411
Non-controlling interest		15		196
Income tax expense		11,637		10,732
Other finance expense (income)		1,219		(650)
Finance expense		5,900		6,549
Unusual and Other Items (before-tax)*		38,263		-
Adjusted Operating Income	$	56,992	$	50,238
Depreciation of property, plant and equipment		33,601		30,135
Amortization of intangible assets		4,078		3,595
Loss/(gain) on disposal of property, plant and equipment		(22)		(175)
Adjusted EBITDA	$	94,649	$	83,793

		Six months ended June 30, 2016		Six months ended June 30, 2015
Net Income Attributable to Equity Holders of the Company	$	32,529	$	63,830
Non-controlling interest		(25)		285
Income tax expense		22,136		19,981
Other finance expense (income)		3,340		(3,252)
Finance expense		12,094		13,104
Unusual and Other Items (before-tax)*		38,263		-
Adjusted Operating Income	$	108,337	$	93,948
Depreciation of property, plant and equipment		67,223		58,717
Amortization of intangible assets		8,082		6,796
Loss/(gain) on disposal of property, plant and equipment		29		(745)
Adjusted EBITDA	$	183,671	$	158,716

**Unusual and other items for the three and six months ended June 30, 2016 are explained in the "Adjustments to Net Income" section of the MD&A*

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

SALES

Three months ended June 30, 2016 to three months ended June 30, 2015 comparison

		Three months ended June 30, 2016		Three months ended June 30, 2015	$ Change	% Change
North America	$	833,950	$	798,705	35,245	4.4%
Europe		167,564		165,962	1,602	1.0%
Rest of the World		22,311		19,379	2,932	15.1%
Total Sales	$	1,023,825	$	984,046	39,779	4.0%

The Company’s consolidated sales for the second quarter of 2016 increased by $39.8 million or 4.0% to $1,023.8 million as compared to $984.0 million for the second quarter of 2015. Sales increased year-over-year across all operating segments.

Sales for the second quarter of 2016 in the Company’s North America operating segment increased by $35.2 million or 4.4% to $833.9 million from $798.7 million for the second quarter of 2015. The increase was due to the impact of foreign exchange on the translation of U.S. denominated production sales, which had a positive impact on overall sales for the second quarter of 2016 of approximately $33.3 million as compared to the second quarter of 2015; a $29.0 million increase in tooling sales, which are typically dependent on the timing of tooling construction and final acceptance by the customer; and the launch of new programs during or subsequent to the second quarter of 2015, including the Chevrolet Malibu, Cadillac CT6, and higher volumes on the Chrysler mini-van platform. These positive factors were offset by lower year-over-year OEM production volumes on certain light-vehicle platforms including the Chrysler 200 and other platforms late in their product life cycle such as the GM Equinox, and programs that ended production during or subsequent to the second quarter of 2015; and some previously unplanned shutdowns from GM of four assembly plants for two weeks because of an earthquake in Japan disrupting the supply chain. The planned shutdown of Chrysler's V6 Pentastar engine block program for re-tooling, which commenced during the fourth quarter of 2015, also negatively impacted production sales in North America during the three months ended June 30, 2016 as compared to the comparative period of 2015. The re-tooling was completed near the end of the first quarter of 2016. Volumes on the program ramped up during the second quarter but did not return to historical levels until the end of the quarter.

Sales for the second quarter of 2016 in the Company's Europe operating segment increased by $1.6 million or 1.0% to $167.6 million from $166.0 million for the second quarter of 2015. The increase can be attributed to increased production sales in the Company's new operating facilities in Spain and Slovakia, which continue to ramp up and launch their backlogs of new business, an $11.7 million positive foreign exchange impact from the translation of Euro denominated production sales as compared to the second quarter of 2015, and a $5.5 million increase in tooling sales; partially offset by 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 second quarter of 2016 in the Company's Rest of the World operating segment increased by $2.9 million or 15.1% to $22.3 million from $19.4 million in the second quarter of 2015. The increase was mainly due to a year-over-year increase in production sales in the Company's two new operating facilities in China, which continue to ramp up and execute on their backlogs of new business, and a $0.2 million increase in tooling sales; partially offset by a $0.6 million negative foreign exchange impact from the translation of foreign denominated production sales as compared to the second quarter of 2015 and lower year-over-year production sales in the Company's operating facility in Brazil where OEM light vehicle production volumes continue to trend at low levels. The year-over-year increase in sales in the Company's operations in China was tempered by an unplanned OEM shutdown of one of its key light vehicle platforms during the quarter. The program was down for seven weeks during the second quarter and came back online in July subsequent to the quarter-end.

Overall tooling sales increased by $34.7 million to $72.2 million for the second quarter of 2016 from $37.5 million for the second quarter of 2015.

Six months ended June 30, 2016 to six months ended June 30, 2015 comparison

		Six months ended June 30, 2016		Six months ended June 30, 2015	$ Change	% Change
North America	$	1,673,939	$	1,511,821	162,118	10.7%
Europe		332,233		353,364	(21,131)	(6.0%)
Rest of the World		57,103		36,392	20,711	56.9%
Total Sales	$	2,063,275	$	1,901,577	161,698	8.5%

The Company's consolidated sales for the six months ended June 30, 2016 increased by $161.7 million or 8.5% to $2,063.3 million as compared to $1,901.6 million for the six months ended June 30, 2015. The total increase in sales was driven by increases in the Company's North America and Rest of the World operating segments, partially offset by a year-over-year decrease in sales in Europe.

Sales for the six months ended June 30, 2016 in the Company's North America operating segment increased by $162.1 million or 10.7% to $1,673.9 million from $1,511.8 million for the six months ended June 30, 2015. The increase was due to the impact of foreign exchange on the translation of U.S. denominated production sales, which had a positive impact on overall sales for the six months ended June 30, 2016 of approximately $129.2 million as compared to the comparative period of 2015; the launch of new programs during or subsequent to the six months ended June 30, 2015, including the Chevrolet Malibu, Ford Edge, Cadillac CT6, higher volumes on the Chrysler mini-van platform; and a year-over-year increase in tooling sales of $41.9 million. These positive variances were partially offset by lower year-over-year OEM production volumes on certain light-vehicle platforms including the Chrysler 200 and other platforms late in their product life cycle such as the GM Equinox, and programs that ended production during or subsequent to the six months ended June 30, 2015; and some previously unplanned shutdowns from GM of four assembly plants for two weeks because of an earthquake in Japan disrupting the supply chain. The planned shutdown of Chrysler's V6 Pentastar engine block program for re-tooling, which commenced during the fourth quarter of 2015, also negatively impacted production sales in North America during the six months ended June 30, 2016 as compared to the comparative period of 2015. The re-tooling was completed near the end of the first quarter of 2016. Volumes on the program ramped up during the second quarter but did not return to historical levels until the end of the quarter.

Sales for the six months ended June 30, 2016 in the Company's Europe operating segment decreased by $21.1 million or 6.0% to $332.2 million from $353.4 million for the six months ended June 30, 2015. The decrease can be attributed to an $8.4 million decrease in tooling sales 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; partially offset by increased production sales in the Company's operating facilities in Spain and Slovakia, which continue to ramp up and launch their backlogs of new business, and the impact of foreign exchange on the translation of Euro denominated production sales, which had a positive impact on overall sales for the six months ended June 30, 2016 of approximately $22.9 million as compared to the comparable period of 2015.

Sales for the six months ended June 30, 2016 in the Company's Rest of the World operating segment increased by $20.7 million or 56.9% to $57.1 million from $36.4 million for the six months ended June 30, 2015. The increase can be attributed to an increase in production sales in the Company's two new operating facilities in China, which continue to ramp up and execute on their backlogs of new business, and a $6.0 million increase in tooling sales; partially offset by the translation of foreign denominated production sales, which had a negative impact on overall sales for the six months ended June 30, 2016 of $0.5 million as compared to the comparative period of 2015, and lower year-over-year production sales in the Company's operating facility in Brazil where OEM light vehicle production volumes continue to trend at low levels. The year-over-year increase in sales in the Company's operations in China was tempered by an unplanned OEM shutdown of one of its key light vehicle platforms during the second quarter. The program was down for seven weeks during the second quarter and came back online in July subsequent to the quarter-end.

Overall tooling sales increased by $39.5 million to $107.5 million for the six months ended June 30, 2016 from $68.0 million for the six months ended June 30, 2015.

GROSS MARGIN

Three months ended June 30, 2016 to three months ended June 30, 2015 comparison

	Three months ended June 30, 2016	Three months ended June 30, 2015	$ Change	% Change
Gross margin	$ 116,222	$ 106,379	9,843	9.3%
% of sales	11.4%	10.8%		

The gross margin percentage for the second quarter of 2016 of 11.4% increased as a percentage of sales by 0.6% as compared to the gross margin percentage for the second quarter of 2015 of 10.8%. The increase in gross margin as a percentage of sales was generally due to:

- productivity and efficiency improvements at certain operating facilities; and
- recently added new greenfield operating facilities which continue to ramp up and launch their backlogs of business.

These factors were partially offset by the following:

- operational inefficiencies and other costs at certain other facilities; and
- general sales mix including lower production volumes on the Chrysler 200 and certain other programs.

Six months ended June 30, 2016 to six months ended June 30, 2015 comparison

	Six months ended June 30, 2016	Six months ended June 30, 2015	$ Change	% Change
Gross margin	$ 228,040	$ 202,018	26,022	12.9%
% of sales	11.1%	10.6%		

The gross margin percentage for the six months ended June 30, 2016 of 11.1% increased as a percentage of sales by 0.5% as compared to the gross margin percentage for the six months ended June 30, 2015 of 10.6%. The increase in gross margin as a percentage of sales was generally due to:

- productivity and efficiency improvements at certain operating facilities; and
- recently added new greenfield operating facilities which continue to ramp up and launch their backlogs of business.

These factors were partially offset by the following:

- operational inefficiencies and other costs at certain other facilities;
- lower recoveries from scrap steel; and
- general sales mix including lower production volumes on the Chrysler 200 and certain other programs.

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

Three months ended June 30, 2016 to three months ended June 30, 2015 comparison

	Three months ended June 30, 2016	Three months ended June 30, 2015	$ Change	% Change
Selling, general & administrative	$ 50,661	$ 48,606	2,055	4.2%
% of sales	4.9%	4.9%		

SG&A expense for the second quarter of 2016 increased by $2.1 million to $50.7 million as compared to $48.6 million for the second quarter of 2015. The increase is predominantly due to foreign exchange translation and costs incurred at new and/or expanded facilities, including incremental employment levels to support the business. SG&A expenses are being monitored and managed on a continuous basis in order to optimize costs. SG&A expense as a percentage of sales remained consistent year-over-year at 4.9% for the second quarter of 2016 and the comparative period of 2015.

Six months ended June 30, 2016 to six months ended June 30, 2015 comparison

	Six months ended June 30, 2016	Six months ended June 30, 2015	$ Change	% Change
Selling, general & administrative	$ 102,115	$ 93,283	8,832	9.5%
% of sales	4.9%	4.9%		

SG&A expense for the six months ended June 30, 2016 increased by $8.8 million to $102.1 million as compared to $93.3 million for the six months ended June 30, 2015. The increase is predominantly due to foreign exchange translation and costs incurred at new and/or expanded facilities, including incremental employment levels to support the business. SG&A expense as a percentage of sales remained consistent year-over-year at 4.9% for the six months ended June 30, 2016 and the comparative period 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.

TABLE A

Three months ended June 30, 2016 to three months ended June 30, 2015 comparison

	For the three months ended June 30, 2016 (a)	For the three months ended June 30, 2015 (b)	(a)-(b) Change
NET INCOME (LOSS) (A)	**($42)**	**$33,411**	**($33,453)**
Add back - Unusual and Other Items:			
Impairment of Assets (1)	34,579	-	34,579
Restructuring Costs (2)	3,684	-	3,684
TOTAL UNUSUAL AND OTHER ITEMS - BEFORE TAX	**$38,263**	-	**$38,263**
Tax impact of above items (3)	(558)	-	(558)
TOTAL UNUSUAL AND OTHER ITEMS - AFTER TAX (B)	**$37,705**	-	**$37,705**
ADJUSTED NET INCOME (A + B)	**$37,663**	**$33,411**	**$4,252**
Number of Shares Outstanding – Basic (‘000)	86,385	85,800	
Adjusted Basic Net Earnings Per Share	$0.44	$0.39	
Number of Shares Outstanding – Diluted (‘000)	86,578	86,608	
Adjusted Diluted Net Earnings Per Share	$0.44	$0.39	

TABLE B

Six months ended June 30, 2016 to six months ended June 30, 2015 comparison

	For the six months ended June 30, 2016 (a)	For the six months ended June 30, 2015 (b)	(a)-(b) Change
NET INCOME (A)	**$32,529**	**$63,830**	**($31,301)**
Add back - Unusual and Other Items:			
Impairment of Assets (1)	34,579	-	34,579
Restructuring Costs (2)	3,684	-	3,684
TOTAL UNUSUAL AND OTHER ITEMS - BEFORE TAX	**$38,263**	-	**$38,263**
Tax impact of above items (3)	(558)	-	(558)
TOTAL UNUSUAL AND OTHER ITEMS - AFTER TAX (B)	**$37,705**	-	**$37,705**
ADJUSTED NET INCOME (A + B)	**$70,234**	**$63,830**	**$6,404**
Number of Shares Outstanding – Basic (‘000)	86,385	85,444	
Adjusted Basic Net Earnings Per Share	$0.81	$0.75	
Number of Shares Outstanding – Diluted (‘000)	86,603	86,099	
Adjusted Diluted Net Earnings Per Share	$0.81	$0.74	

(1) Impairment of Assets

During the second quarter of 2016, the Company recorded impairment charges on PP&E, intangible assets and inventories totaling $34,579 (US $26,599) related to an operating facility in Detroit, Michigan included in the North America operating segment. The impairment charges resulted from the cancellation of the main OEM light vehicle platform being serviced by the facility, representing the majority of the business, well before the end of its expected life cycle. This has led to a decision to close the facility. The impairment charges were recorded where the carrying amount of the assets exceeded their estimated recoverable amounts.

(2) Restructuring Costs

As part of the acquisition of Honsel in 2011, a certain level of restructuring was contemplated, in particular, at the Company's German operating facility in Meschede. Additional restructuring costs in Meschede, Germany in the form of employee related severance of $1,810 (€1,238) were incurred during the second quarter of 2016. No further costs related to this restructuring are expected to be incurred.

Other additions to the restructuring accrual during the second quarter of 2016 totaled $1,874 (US$1,441) and represent expected employee related payouts resulting from the closure of the operating facility in Detroit, Michigan as described above.

(3) Tax Impact of Above Items

The tax impact of the adjustments to income of $558 represents solely the corresponding tax effect on the $1,810 in restructuring costs incurred in Meschede, Germany. The $34,579 in impairment charges and $1,874 in restructuring costs related to the closure of the operating facility in Detroit, Michigan, as described above, resulted in tax losses that were not benefitted and, as a result, not recognized as a deferred tax asset. This created a higher unadjusted tax rate for the quarter of 100.2% compared to 24.4% in Q1 2016. In assessing the realization of deferred tax assets, the Company considers whether it is more likely than not that some portion of its deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income and the reversal of taxable temporary differences; however, forming a conclusion on the realization of deferred tax assets requires judgment when there are recent tax losses.

NET INCOME
(ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY)

Three months ended June 30, 2016 to three months ended June 30, 2015 comparison

		Three months ended June 30, 2016		Three months ended June 30, 2015	$ Change	% Change
Net Income (loss)	$	(42)	$	33,411	(33,453)	(100.1%)
Adjusted Net Income	$	37,663	$	33,411	4,252	12.7%
Net Earnings per Share						
Basic	$	-	$	0.39		
Diluted	$	-	$	0.39		
Adjusted Net Earnings per Share						
Basic	$	0.44	$	0.39		
Diluted	$	0.44	$	0.39		

Net Income, before adjustments, for the second quarter of 2016 decreased by $33.5 million to a net loss of ($0.04) million from $33.4 million for the second quarter of 2015 as a result of the impairment charges and restructuring costs incurred during the quarter as explained in Table A under "Adjustments to Net Income". Excluding these impairment charges and restructuring costs, net income for the second quarter of 2016 increased to $37.7 million or $0.44 per share, on a basic and diluted basis, from $33.4 million or $0.39 per share, on a basic and diluted basis, for the second quarter of 2015.

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

- higher gross profit from an overall increase in year-over-year sales as previously explained;
- productivity and efficiency improvements at certain operating facilities;
- recently added new greenfield operating facilities which continue to ramp up and launch their backlogs of business; and
- a slight year-over-year decrease in finance expense on the Company's bank debt.

These factors were partially offset by the following:

- operational inefficiencies and other costs at certain other facilities;
- general sales mix including lower production volumes on the Chrysler 200 and certain other programs;
- a year-over-year increase in SG&A as previously discussed;
- a net foreign exchange loss of $1.3 million in the second quarter of 2016 compared to a net foreign exchange gain of $0.6 million in the second quarter of 2015;
- a slight year-over-year increase in research and development expenses, due predominantly to increased amortization of development costs; and
- a slightly higher effective tax rate on adjusted income due generally to the mix of earnings (24.5% for the second quarter of 2016 compared to 24.2% for the second quarter of 2015).

Three months ended June 30, 2016 actual to guidance comparison:

On May 3, 2016, the Company provided the following guidance for the second quarter of 2016:

		Guidance		Actual
Production sales (in millions)	$	$960 - 1,000	$	952
Adjusted Net Earnings per Share				
Basic & Diluted	$	0.43 - 0.47	$	0.44

For the second quarter of 2016, while Adjusted Net Earnings per Share of $0.44 was within the range of published guidance, production sales of $952 million came in slightly below the published sales guidance range due to lower than expected production volumes on the Chrysler 200 platform and unplanned customer shutdown weeks on one of the Company's key OEM light vehicle platforms in its China operations not reflected in the production sales guidance range provided for the second quarter.

Six months ended June 30, 2016 to six months ended June 30, 2015 comparison

		Six months ended June 30, 2016		Six months ended June 30, 2015	$ Change	% Change
Net Income	$	32,529	$	63,830	(31,301)	(49.0%)
Adjusted Net Income	$	70,234	$	63,830	6,404	10.0%
Net Earnings per Share						
Basic	$	0.38	$	0.75		
Diluted	$	0.38	$	0.74		
Adjusted Net Earnings per Share						
Basic	$	0.81	$	0.75		
Diluted	$	0.81	$	0.74		

Net Income, before adjustments, for the six months ended June 30, 2016 decreased by $31.3 million to $32.5 million from $63.8 million for the six months ended June 30, 2015 as a result of the impairment charges and restructuring costs incurred during the second quarter as explained in Table B under "Adjustments to Net Income". Excluding these impairment charges and restructuring costs, net income for the six months ended June 30, 2016 increased to $70.2 million or $0.81 per share, on a basic and diluted basis, from $63.8 million or $0.75 per share, on a basic basis, and $0.74 per share, on a diluted basis, for the six months ended June 30, 2015.

Adjusted Net Income for the six months ended June 30, 2016, as compared to the six months ended June 30, 2015, was positively impacted by the following:

- higher gross profit from an overall increase in year-over-year sales as previously explained;
- productivity and efficiency improvements at certain operating facilities;
- recently added new greenfield operating facilities which continue to ramp up and launch their backlogs of business; and
- a slight year-over-year decrease in finance expense on the Company's bank debt.

These factors were partially offset by the following:

- operational inefficiencies and other costs at certain other facilities;
- lower recoveries from scrap steel;
- general sales mix including lower production volumes on the Chrysler 200 and certain other programs;
- a year-over-year increase in SG&A as previously discussed;
- a net foreign exchange loss of $3.4 million for the six months ended June 30, 2016 compared to a net foreign exchange gain of $3.2 million for the comparative period of 2015;
- a slight year-over-year increase in research and development expenses, due predominantly to increased amortization of development costs; and
- a slightly higher effective tax rate on adjusted income due generally to the mix of earnings (24.5% for the six months ended June 30, 2016 compared to 23.8% for the comparative period of 2015).

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

Three months ended June 30, 2016 to three months ended June 30, 2015 comparison

	Three months ended June 30, 2016	Three months ended June 30, 2015	$ Change	% Change
Additions to PP&E	$ 50,161	$ 37,398	12,763	34.1%

Additions to PP&E increased by $12.8 million to $50.2 million in the second quarter of 2016 from $37.4 million in the second quarter of 2015 due generally to the timing of expenditures and the impact of foreign exchange on the translation of foreign denominated purchases. Additions as a percentage of sales increased year-over-year to 4.9% for the second quarter of 2016 from 3.8% for the second quarter of 2015. While capital expenditures are made to refurbish or replace assets consumed in the normal course of business and for productivity improvements, a large portion of the investment in the second quarter of 2016 continued to be for manufacturing equipment and multiple expansions/new operating facilities for programs that recently launched or will be launching over the next 24 months.

Six months ended June 30, 2016 to six months ended June 30, 2015 comparison

	Six months ended June 30, 2016	Six months ended June 30, 2015	$ Change	% Change
Additions to PP&E	$ 92,994	$ 84,735	8,259	9.7%

Additions to PP&E increased by $8.3 million year-over-year to $93.0 million for the six months ended June 30, 2016 compared to $84.7 million for the six months ended June 30, 2015 due generally to the timing of expenditures and the impact of foreign exchange on the translation of foreign denominated purchases. Additions as a percentage of sales remained consistent year-over-year at 4.5% for the six months ended June 30, 2016 and the comparative period of 2015. The Company continues to make investments in the business in particular at new greenfield operating facilities as these new plants execute on their backlogs of new business.

DIVIDEND

A cash dividend of $0.03 per share has been declared by the Board of Directors payable to shareholders of record on September 30, 2016 on or about October 17, 2016.

ABOUT MARTINREA

Martinrea currently employs over 14,000 skilled and motivated people in 44 operating divisions in Canada, the United States, Mexico, Brazil, Germany, Slovakia, Spain and China.

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

CONFERENCE CALL DETAILS

A conference call to discuss the financial results will be held on Wednesday, August 3, 2016 at 8:00 a.m. (Toronto time) which can be accessed by dialing 416-340-2216 or toll free 866-223-7781. Please call 10 minutes prior to the start of the conference call.

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

There will also be a rebroadcast of the call available by dialing 905-694-9451 or toll free 800-408-3053 (conference id – 9502952#). The rebroadcast will be available until August 17, 2016.

FORWARD-LOOKING INFORMATION

Special Note Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of applicable Canadian securities laws including statements related to the growth or expectations of, improvements in, expansion of and/or guidance or outlook as to future revenue, sales, gross margin, earnings, earnings per share, adjusted net earnings per share, and net debt:EBITDA ratios for the 2016 and 2017 year and beyond, customer volumes, the growth and strengthening of and the competitiveness of the Company, the opening or closing 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, the strength of the automotive industry, customer working relationships, the payment of dividends and as well as other forward-looking statements. The words “continue”, “expect”, “anticipate”, “estimate”, “may”, “will”, “should”, “views”, “intend”, “believe”, “plan” and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate in the circumstances. Many factors could cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, some of which are discussed in detail in the Company's Annual Information Form and other public filings which can found at www.sedar.com:

- North American and global economic and political conditions;
- the highly cyclical nature of the automotive industry and the industry's dependence on consumer spending and general economic conditions;
- the Company's dependence on a limited number of significant customers;
- financial viability of suppliers;
- the Company's reliance on critical suppliers and on suppliers for components and the risk that suppliers will not be able to supply components on a timely basis or in sufficient quantities;
- Competition;
- the increasing pressure on the Company to absorb costs related to product design and development, engineering, program management, prototypes, validation and tooling;
- increased pricing of raw materials;
- outsourcing and insourcing trends;
- the risk of increased costs associated with product warranty and recalls together with the associated liability;

- the Company's ability to enhance operations and manufacturing techniques;
- dependence on key personnel;
- limited financial resources;
- risks associated with the integration of acquisitions;
- costs associated with rationalization of production facilities;
- launch costs;
- the potential volatility of the Company's share price;
- changes in governmental regulations or laws including any changes to the North American Free Trade Agreement;
- labour disputes;
  litigation;
- currency risk;
- fluctuations in operating results;
- internal controls over financial reporting and disclosure controls and procedures;
- environmental regulation;
- a shift away from technologies in which the Company is investing;
- competition with low cost countries;
- the Company's ability to shift its manufacturing footprint to take advantage of opportunities in emerging markets;
- risks of conducting business in foreign countries, including China, Brazil and other growing markets;
- potential tax exposure;
- a change in the Company's mix of earnings between jurisdictions with lower tax rates and those with higher tax rates, as well as under-funding of pensions plans;
- the cost of post-employment benefits;
- impairment charges; and
- cybersecurity threats.

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

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

For further information, please contact:

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Vaughan, Ontario L4K 5B2

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Fax: (289) 982-3001

Martinrea International Inc.
Interim Condensed Consolidated Balance Sheets
(in thousands of Canadian dollars) (unaudited)

	Note		June 30, 2016		December 31, 2015
ASSETS					
Cash and cash equivalents		$	64,837	$	28,899
Trade and other receivables	2		619,149		586,024
Inventories	3		321,094		356,969
Prepaid expenses and deposits			14,191		13,651
Income taxes recoverable			11,351		10,401
TOTAL CURRENT ASSETS			1,030,622		995,944
Property, plant and equipment	4		1,143,557		1,202,162
Deferred income tax assets			165,633		182,232
Intangible assets	5		72,939		83,590
TOTAL NON-CURRENT ASSETS			1,382,129		1,467,984
TOTAL ASSETS		$	2,412,751	$	2,463,928
LIABILITIES					
Trade and other payables	7	$	708,247	$	743,096
Provisions	8		13,595		15,598
Income taxes payable			20,089		29,873
Current portion of long term debt	9		34,826		43,399
TOTAL CURRENT LIABILITIES			776,757		831,966
Long term debt	9		714,801		673,613
Pension and other post-retirement benefits			72,481		67,552
Deferred income tax liabilities			101,271		114,571
TOTAL NON-CURRENT LIABILITIES			888,553		855,736
TOTAL LIABILITIES			1,665,310		1,687,702
EQUITY					
Capital Stock	11		709,497		709,396
Contributed surplus			42,785		42,648
Accumulated other comprehensive income			96,518		147,442
Accumulated deficit			(101,231)		(123,157)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			747,569		776,329
Non-controlling interest			(128)		(103)
TOTAL EQUITY			747,441		776,226
TOTAL LIABILITIES AND EQUITY		$	2,412,751	$	2,463,928

Contingencies (note 16)

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 June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
SALES		$ 1,023,825	$ 984,046	$ 2,063,275	$ 1,901,577
Cost of sales (excluding depreciation of property, plant and equipment)		(876,102)	(849,387)	(1,772,316)	(1,644,384)
Depreciation of property, plant and equipment (production)		(31,501)	(28,280)	(62,919)	(55,175)
Total cost of sales		(907,603)	(877,667)	(1,835,235)	(1,699,559)
GROSS MARGIN		116,222	106,379	228,040	202,018
Research and development costs		(5,903)	(5,278)	(12,132)	(10,874)
Selling, general and administrative		(50,661)	(48,606)	(102,115)	(93,283)
Depreciation of property, plant and equipment (non-production)		(2,100)	(1,855)	(4,304)	(3,542)
Amortization of customer contracts and relationships		(588)	(577)	(1,123)	(1,116)
Impairment of assets	6	(34,579)	-	(34,579)	-
Restructuring costs	8	(3,684)	-	(3,684)	-
Gain/(loss) on disposal of property, plant and equipment		22	175	(29)	745
OPERATING INCOME		18,729	50,238	70,074	93,948
Finance expense		(5,900)	(6,549)	(12,094)	(13,104)
Other finance income (expense)	13	(1,219)	650	(3,340)	3,252
INCOME BEFORE INCOME TAXES		11,610	44,339	54,640	84,096
Income tax expense	10	(11,637)	(10,732)	(22,136)	(19,981)
NET INCOME (LOSS) FOR THE PERIOD		$ (27)	$ 33,607	$ 32,504	$ 64,115
Non-controlling interest		(15)	(196)	25	(285)
NET INCOME (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		$ (42)	$ 33,411	$ 32,529	$ 63,830
Basic earnings per share	12	$ -	$ 0.39	$ 0.38	$ 0.75
Diluted earnings per share	12	$ -	$ 0.39	$ 0.38	$ 0.74

See accompanying notes to the interim condensed consolidated financial statements.

Martinrea International Inc.

Interim Condensed Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars) (unaudited)

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
NET INCOME (LOSS) FOR THE PERIOD	$ (27)	$ 33,607	$ 32,504	$ 64,115
Other comprehensive income (loss), net of tax:				
Items that may be reclassified to net income				
Foreign currency translation differences for foreign operations	(9,493)	(324)	(50,924)	26,740
Items that will not be reclassified to net income				
Actuarial gains (losses) from the remeasurement of defined benefit plans	(935)	4,430	(5,420)	1,240
Other comprehensive income (loss), net of tax	(10,428)	4,106	(56,344)	27,980
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ (10,455)	$ 37,713	$ (23,840)	$ 92,095
Attributable to:				
Equity holders of the Company	(10,470)	37,517	(23,815)	91,810
Non-controlling interest	15	196	(25)	285
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ (10,455)	$ 37,713	$ (23,840)	$ 92,095

See accompanying notes to the interim condensed consolidated financial statements.

Martinrea International Inc.

Interim Condensed Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars) (unaudited)

	Equity attributable to equity holders of the Company						
	Capital stock	Contributed surplus	Cumulative translation account	Accumulated deficit	Total	Non-controlling interest	Total equity
Balance at December 31, 2014	$ 694,198	$ 45,347	$ 55,927	$ (219,480)	$ 575,992	$ (246)	$ 575,746
Net income for the period	-	-	-	63,830	63,830	285	64,115
Compensation expense related to stock options	-	978	-	-	978	-	978
Dividends ($0.06 per share)	-	-	-	(5,155)	(5,155)	-	(5,155)
Exercise of employee stock options	11,932	(3,143)	-	-	8,789	-	8,789
Other comprehensive income, net of tax							
Actuarial gains from the remeasurement of defined benefit plans	-	-	-	1,240	1,240	-	1,240
Foreign currency translation differences	-	-	26,740	-	26,740	-	26,740
Balance at June 30, 2015	706,130	43,182	82,667	(159,565)	672,414	39	672,453
Net income for the period	-	-	-	43,200	43,200	(142)	43,058
Compensation expense related to stock options	-	406	-	-	406	-	406
Dividends ($0.06 per share)	-	-	-	(5,181)	(5,181)	-	(5,181)
Exercise of employee stock options	3,266	(940)	-	-	2,326	-	2,326
Other comprehensive income, net of tax							
Actuarial losses from the remeasurement of defined benefit plans	-	-	-	(1,611)	(1,611)	-	(1,611)
Foreign currency translation differences	-	-	64,775	-	64,775	-	64,775
Balance at December 31, 2015	709,396	42,648	147,442	(123,157)	776,329	(103)	776,226
Net income for the period	-	-	-	32,529	32,529	(25)	32,504
Compensation expense related to stock options	-	166	-	-	166	-	166
Dividends ($0.06 per share)	-	-	-	(5,183)	(5,183)	-	(5,183)
Exercise of employee stock options	101	(29)	-	-	72	-	72
Other comprehensive loss, net of tax							
Actuarial losses from the remeasurement of defined benefit plans	-	-	-	(5,420)	(5,420)	-	(5,420)
Foreign currency translation differences	-	-	(50,924)	-	(50,924)	-	(50,924)
Balance at June 30, 2016	$ 709,497	$ 42,785	$ 96,518	$ (101,231)	$ 747,569	$ (128)	$ 747,441

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 June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES:				
Net Income (loss) for the period	$ (27)	$ 33,607	$ 32,504	$ 64,115
Adjustments for:				
Depreciation of property, plant and equipment	33,601	30,135	67,223	58,717
Amortization of customer contracts and relationships	588	577	1,123	1,116
Amortization of development costs	3,490	3,018	6,959	5,680
Impairment of assets (note 6)	34,579	-	34,579	-
Unrealized (gains) losses on foreign exchange forward contracts	1,619	(183)	916	817
Finance costs	5,900	6,549	12,094	13,104
Income tax expense	11,637	10,732	22,136	19,981
(Gain)/loss on disposal of property, plant and equipment	(22)	(175)	29	(745)
Stock based compensation	83	779	166	978
Pension and other post-retirement benefits expense	1,158	1,119	2,267	2,216
Contributions made to pension and other post-retirement benefits	(707)	(160)	(1,039)	(1,628)
	91,899	85,998	178,957	164,351
Changes in non-cash working capital items:				
Trade and other receivables	(15,032)	34,523	(66,146)	(40,897)
Inventories	27,528	3,955	8,328	4,380
Prepaid expenses and deposits	(1,355)	(2,437)	(820)	(5,382)
Trade, other payables and provisions	4,472	(4,616)	8,642	26,660
	107,512	117,423	128,961	149,112
Interest paid (excluding capitalized interest)	(5,112)	(5,926)	(10,000)	(11,114)
Income taxes paid	(18,222)	(22,129)	(31,268)	(44,557)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 84,178	$ 89,368	$ 87,693	$ 93,441
FINANCING ACTIVITIES:				
Increase in long term debt	19,086	-	88,810	19,029
Repayment of long term debt	(9,533)	(41,819)	(22,520)	(51,416)
Dividends paid	(2,592)	(2,573)	(5,183)	(5,121)
Exercise of employee stock options	-	2,562	72	8,789
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	$ 6,961	$ (41,830)	$ 61,179	$ (28,719)
INVESTING ACTIVITIES:				
Purchase of property, plant and equipment*	(43,706)	(45,204)	(102,961)	(91,705)
Capitalized development costs	(3,245)	(3,549)	(6,311)	(7,571)
Proceeds on disposal of property, plant and equipment	56	537	245	2,382
NET CASH USED IN INVESTING ACTIVITIES	$ (46,895)	$ (48,216)	$ (109,027)	$ (96,894)
Effect of foreign exchange rate changes on cash and cash equivalents	(1,790)	1,032	(3,907)	799
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	42,454	354	35,938	(31,373)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	22,383	20,674	28,899	52,401
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 64,837	$ 21,028	$ 64,837	$ 21,028

*As at June 30, 2016, $39,046 (December 31, 2015 - $49,013) of purchases of property, plant and equipment remain unpaid.

See accompanying notes to the interim condensed consolidated financial statements.