PRESS RELEASE

FOR IMMEDIATE RELEASE
May 6, 2021

MARTINREA INTERNATIONAL INC. REPORTS FIRST-QUARTER RESULTS, PROVIDES LONG-TERM OUTLOOK, AND DECLARES DIVIDEND

Toronto, Ontario – Martinrea International Inc. (TSX : MRE), a diversified and global automotive supplier engaged in the design, development and manufacturing of highly engineered, value-added Lightweight Structures and Propulsion Systems, today announced the release of its financial results for the first quarter ended March 31, 2021 and that it has declared a quarterly cash dividend of $0.05 per share.

HIGHLIGHTS

- Total sales of $997.2 million, up 14.3% year-over-year; production sales of $924.1 million
- First quarter diluted net earnings per share of $0.48
- First quarter Adjusted Net Earnings per Share[1] of $0.41
- Balance sheet continues to be strong; Banking facility renewed
- New business awards of approximately $130 million in annualized sales at mature volumes
- First quarter results impacted by the global semiconductor shortage, which will continue in the second quarter; longer-term outlook remains positive
- Quarterly cash dividend of $0.05 declared

OVERVIEW

Pat D'Eramo, President and Chief Executive Officer, stated: "First quarter results were impacted by some short-term headwinds, including the industry-wide shortage of semiconductors, a temporary lag in the pricing pass-through of higher aluminum costs, and an emerging third wave of COVID-19 which is presenting additional short-term challenges in some locations. In addition, we are managing through a substantial amount of new business launches which of course is very good news for future sales and profitability. While the semiconductor shortage will continue to impact results in the near-term, the longer-term outlook is very solid. U.S. auto sales have been trending near record levels in recent months, and vehicle inventories are at their lowest levels in decades, particularly on truck, SUV and CUV models, where we have the majority of our platform exposure. We believe this sets the stage for a prolonged period of strong production growth once supply chain pressures ease. Our future is bright, and our team continues to manage well under challenging circumstances. I would like to thank the people of Martinrea for their continued dedication and commitment to our organization."

[1] 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, included anywhere in this press release, include "Adjusted Net Income", "Adjusted Net Earnings per Share (on a basic and diluted basis)", "Adjusted Operating Income", "Adjusted EBITDA", "Free Cash Flow" and "Net Debt". A reconciliation of certain non-IFRS financial measures to measures determined in accordance with IFRS are contained in the Company's Management Discussion and Analysis for the three months ended March 31, 2021 and in this press release.

He added: "I am also pleased to announce new business wins since we reported last quarter totaling $130 million in annualized sales at mature volumes, including approximately $90 million in our Lightweight Structures commercial group with various customers, including General Motors, Toyota and Tesla; $35 million in our Propulsion Systems commercial group with General Motors, Stellantis, and GAC; and our first contract with JLG in our Flexible Manufacturing Group. We are excited about our new EV battery joint venture with NanoXplore, named VoltaXplore, as we believe we have a differentiated technology that has the potential to provide a solution to produce EV batteries that will help governments and automotive OEMs meet ambitious targets for the production of electric vehicles."

Fred Di Tosto, Chief Financial Officer, stated: "Sales for the first quarter, excluding tooling sales of $73.1 million, were $924.1 million, and our Adjusted Net Earnings per Share was $0.41, both within the range of our previously-disclosed guidance. We continue to work through the many challenges the pandemic has put in front of us and the industry. While the temporary pricing lag in our aluminum business is largely behind us, the global semiconductor shortage is expected to continue to have an impact on production volumes in the second quarter before stabilizing later this year. Taking these headwinds into account, we expect second-quarter production sales to be in the range of $850 million to $950 million, and Adjusted Net Earnings per Share to be in the range of $0.36 to $0.46. On a full-year basis, we continue to expect 2021 Adjusted Net Earnings per Share to approach 2019 levels and Free Cash Flow to be approximately breakeven. These targets are dependent on a recovery in production volumes from an improving supply of semiconductors in the back half of the year. On the financing front, we are pleased to note we extended our credit facilities with our lending syndicate to 2025, on very favourable terms."

Rob Wildeboer, Executive Chairman, stated: "At Martinrea, we spend a lot of time thinking about capital allocation. Our overarching priority is quite simple – to generate long-term positive returns for our shareholders. While maintaining a strong balance sheet, we seek to invest in growth opportunities that have the potential to generate strong returns, be they organic capital investments, research and development initiatives, or acquisitions that make strategic and financial sense. We are driven by a strict hurdle rate mentality, which is evident by our return on invested capital profile, which is among the best in our space. Ultimately, companies that generate strong returns on invested capital tend to generate strong free cash flow over time. We are making investments in our business today that are expected to lead to sales growth in excess of market growth, and generate strong returns and Free Cash Flow. We have a high degree of confidence and conviction in our future and, given our confidence, we are rolling out our 2023 outlook, which calls for total sales, including tooling sales, of $4.6 billion to $4.8 billion, an Adjusted Operating Income Margin exceeding 8%, and Free Cash Flow in excess of $200 million. When we rolled out our Martinrea 2.0 strategy back in 2015, we said that we would double margins over a five-year period, and that is exactly what we did – to a level among the best in our industry. Simply put, we did what we said we would do, and we are very confident we will do so again in delivering on our 2023 outlook. We have a great future."

RESULTS OF OPERATIONS

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 three months ended March 31, 2021 ("MD&A"), the Company's interim condensed consolidated financial statements for the first quarter ended March 31, 2021 (the "interim financial statements") and the Company's Annual Information Form for the year ended December 31, 2020 can be found at www.sedar.com.

OVERALL RESULTS

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

The following table sets out certain highlights of the Company's performance for the three months ended March 31, 2021 and 2020. Refer to the Company's interim financial statements for the three months ended March 31, 2021 for a detailed account of the Company's performance for the periods presented in the table below.

	Three months ended March 31, 2021	Three months ended March 31, 2020	$ Change	% Change
Sales	$ 997,150	$ 872,706	124,444	14.3%
Gross Margin	120,857	120,237	620	0.5%
Operating Income	47,430	49,205	(1,775)	(3.6%)
Net Income for the period	38,701	28,963	9,738	33.6%
Net Earnings per Share - Basic and Diluted	$ 0.48	$ 0.36	0.12	33.3%
Non-IFRS Measures*				
Adjusted Operating Income	$ 48,459	$ 50,752	(2,293)	(4.5%)
% of Sales	*4.9%*	*5.8%*		
Adjusted EBITDA	109,815	107,724	2,091	1.9%
% of Sales	*11.0%*	*12.3%*		
Adjusted Net Income	32,631	30,123	2,508	8.3%
Adjusted Net Earnings per Share - Basic and Diluted	$ 0.41	$ 0.38	0.03	7.9%

***Non-IFRS Measures**

The Company prepares its interim 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”, "Adjusted EBITDA”, “Free Cash Flow” and “Net Debt”.

The following tables provide a reconciliation of IFRS “Net Income” to Non-IFRS “Adjusted Net Income”, “Adjusted Operating Income” and “Adjusted EBITDA”.

	Three months ended March 31, 2021	Three months ended March 31, 2020
Net Income	$ 38,701	$ 28,963
Unusual and Other Items (after-tax)*	(6,070)	1,160
Adjusted Net Income	$ 32,631	$ 30,123

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

	Three months ended March 31, 2021	Three months ended March 31, 2020
Net Income	$ 38,701	$ 28,963
Income tax expense	12,954	11,210
Other finance income	(5,762)	(1,130)
Share of loss of an associate	926	700
Finance expense	8,411	9,462
Unusual and Other Items (before-tax)*	(6,771)	1,547
Adjusted Operating Income	$ 48,459	$ 50,752
Depreciation of property, plant and equipment and right-of-use assets	58,058	53,854
Amortization of intangible assets	3,298	3,118
Adjusted EBITDA	$ 109,815	$ 107,724

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

SALES

Three months ended March 31, 2021 to three months ended March 31, 2020 comparison

	Three months ended March 31, 2021	Three months ended March 31, 2020	$ Change	% Change
North America	$ 704,130	$ 687,528	16,602	2.4%
Europe	254,069	159,897	94,172	58.9%
Rest of the World	46,513	27,859	18,654	67.0%
Eliminations	(7,562)	(2,578)	(4,984)	193.3%
Total Sales	$ 997,150	$ 872,706	124,444	14.3%

The Company's consolidated sales for the first quarter of 2021 increased by $124.4 million or 14.3% to $997.2 million as compared to $872.7 million for the first quarter of 2020. Sales increased year-over-year across all operating segments.

Sales for the first quarter of 2021 in the Company's North America operating segment increased by $16.6 million or 2.4% to $704.1 million from $687.5 million for the first quarter of 2020. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, accounted for $18.6 million of the year-over-year increase in sales (including a $0.6 million decrease in tooling sales). Excluding the acquired operations, first quarter sales in North America decreased year-over-year by $2.0 million or 0.3%. The decrease was due to lower year-over-year production sales from light vehicle programs impacted by the industry-wide shortage of semiconductor chips, and the impact of foreign exchange on the translation of U.S.-denominated production sales, which had a negative impact on overall sales for the first quarter of 2021 of $18.0 million as compared to the first quarter of 2020. These negative factors were partially offset by the higher year-over-year production volumes on General Motors' pick-up truck and large SUV platform; the launch of new programs during or subsequent to the first quarter of 2020 including the new Ford Mach E Mustang and a six cylinder aluminum engine block for Ford; and an increase in tooling sales of $21.6 million, which are typically dependant on the timing of tooling construction and final acceptance by the customer. Overall first quarter OEM light vehicle production volumes in North America decreased by approximately 5% year-over-year, with the industry-wide shortage of semiconductor chips negatively impacting current year volumes, and the onset of the COVID-19 global pandemic negatively impacting prior year volumes.

Sales for the first quarter of 2021 in the Company's Europe operating segment increased by $94.2 million or 58.9% to $254.1 million from $159.9 million for the first quarter of 2020. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, accounted for $43.3 million of the year-over-year increase in sales (including a $0.4 million increase in tooling sales). Excluding the acquired operations, first quarter sales in Europe increased year-over-year by $50.9 million or 35.2%. The increase can be attributed to the launch of new programs during or subsequent to the first quarter of 2020, mainly with Volvo and Ford; higher production volumes on specific platforms, with Daimler and Jaguar Land Rover; a $10.4 million positive foreign exchange impact from the translation of Euro denominated production sales as compared to the first quarter of 2020; and a $4.2 million increase in tooling sales.

Sales for the first quarter of 2021 in the Company's Rest of the World operating segment increased by $18.7 million or 67.0% to $46.5 million from $27.9 million in the first quarter of 2020. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, accounted for $16.0 million of the year-over-year increase in sales. Excluding the acquired operations, first quarter sales in the Rest of the World increased year-over-year by $2.7 million or 12.3%. The increase was due to a post-COVID recovery of overall production volumes; partly offset by a $2.7 million decrease in tooling sales, a $2.0 million negative foreign exchange impact from the translation of foreign denominated production sales as compared to the first quarter of 2020, and a program with Ford in China that ended production during or subsequent to the first quarter of 2020.

Overall tooling sales increased by $22.9 million to $73.1 million for the first quarter of 2021 from $50.2 million for the first quarter of 2020.

GROSS MARGIN

Three months ended March 31, 2021 to three months ended March 31, 2020 comparison

	Three months ended March 31, 2021	Three months ended March 31, 2020	$ Change	% Change
Gross margin	$ 120,857	$ 120,237	620	0.5%
% of Sales	12.1%	13.8%		

The gross margin percentage for the first quarter of 2021 of 12.1% decreased as a percentage of sales by 1.7% as compared to the gross margin percentage for the first quarter of 2020 of 13.8%. The decrease in gross margin as a percentage of sales was generally due to:

- operational inefficiencies at certain operating facilities including launch related costs and upfront costs incurred in preparation of upcoming new programs;
- an increase in the cost of aluminum raw material in conjunction with a temporary lag in the offsetting contractual increase in selling prices to the Company's customers;
- a negative sales mix; and
- an increase in tooling sales which typically earn low margins for the Company.

These factors were partially offset by:

- the receipt of certain COVID-related subsidies, namely wage subsidies related to active employees; and
- productivity and efficiency improvements at certain operating facilities.

ADJUSTMENTS TO NET INCOME

Adjusted Net Income excludes certain unusual and other items, as set out in the following table 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 March 31, 2021 to three months ended March 31, 2020 comparison

	Three months ended March 31, 2021 (a)	Three months ended March 31, 2020 (b)	(a)-(b) Change
NET INCOME (A)	**$38,701**	**$28,963**	**$9,738**
Add Back - Unusual and Other Items:			
Restructuring costs (1)	1,029	-	1,029
Gain on dilution of investment in associate (2)	(7,800)	-	(7,800)
Transaction costs associated with operations acquired from Metalsa (recorded as SG&A) (3)	-	1,547	(1,547)
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**($6,771)**	**$1,547**	**($8,318)**
Tax impact of above items	701	(387)	1,088
TOTAL UNUSUAL AND OTHER ITEMS - AFTER TAX (B)	**($6,070)**	**$1,160**	**($7,230)**
ADJUSTED NET INCOME (A + B)	**$32,631**	**$30,123**	**$2,508**
Number of Shares Outstanding – Basic ('000)	80,296	80,121	
Adjusted Basic Net Earnings Per Share	$0.41	$0.38	
Number of Shares Outstanding – Diluted ('000)	80,533	80,281	
Adjusted Diluted Net Earnings Per Share	$0.41	$0.38	

1) Restructuring costs

Additions to the restructuring provision during the first quarter of 2021 totaled $1.0 million and represent employee-related severance resulting from the rightsizing of an operating facility in Germany.

2) Gain on dilution of investment in associate

As at December 31, 2020, the Company held 34,045,954 common shares of NanoXplore Inc. ("NanoXplore") representing a 23.3% equity interest in NanoXplore (on a non-diluted basis). On February 12, 2021, NanoXplore completed a public offering of 11,500,000 common shares for gross proceeds of $46.0 million. In a separate transaction on February 12, 2021, the Company purchased 1,000,000 common shares from NanoXplore's President and Chief Executive Officer for consideration of $4.0 million. Subsequent to these transactions, the Company's net ownership interest decreased to 22.2% from 23.3%. This dilution resulted in a deemed disposition of a portion of the Company's ownership interest in NanoXplore, resulting in a gain on dilution of $7.8 million for the three months ended March 31, 2021.

3) Transaction costs associated with the operations acquired from Metalsa (recorded as SG&A)

On March 2, 2020, the Company completed the acquisition of the structural components for passenger car operations of Metalsa S.A, de C.V. Included in SG&A expense are transaction costs related to the acquisition totaling $1.5 million for the three months ended March 31, 2020.

NET INCOME

Three months ended March 31, 2021 to three months ended March 31, 2020 comparison

	Three months ended March 31, 2021	Three months ended March 31, 2020	$ Change	% Change
Net Income	$ 38,701	$ 28,963	9,738	33.6%
Adjusted Net Income	$ 32,631	$ 30,123	2,508	8.3%
Net Earnings per Share				
Basic and Diluted	$ 0.48	$ 0.36		
Adjusted Net Earnings per Share				
Basic and Diluted	$ 0.41	$ 0.38		

Net income, before adjustments, for the first quarter of 2021 increased by $9.7 million to $38.7 million from $29.0 million for the first quarter of 2020. Excluding the unusual and other items explained in Table A under “Adjustments to Net Income”, Adjusted Net Income for the first quarter of 2021 increased by $2.5 million to $32.6 million or $0.41 per share, on a basic and diluted basis, from $30.1 million or $0.38 per share, on a basic and diluted basis, for the first quarter of 2020.

Adjusted Net Income for the first quarter of 2021, as compared to the first quarter of 2020, was positively impacted by the following:

- a net foreign exchange gain of $5.3 million for the first quarter of 2021 compared to a gain of $1.0 million for the first quarter of 2020;
- a year-over-year decrease in research and development costs; and
- a year-over-year decrease in finance expense on the Company’s long-term debt as a result of lower borrowing rates;

These factors were partially offset by a year-over-year increase in SG&A expense as previously discussed. Gross margin was essentially flat year-over-year, on higher sales, as previously explained.

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

Three months ended March 31, 2021 to three months ended March 31, 2020 comparison

	Three months ended March 31, 2021	Three months ended March 31, 2020	$ Change	% Change
Additions to PP&E	$ 81,592	$ 63,964	17,628	27.6%

Additions to PP&E increased by $17.6 million to $81.6 million or 8.2% of sales in the first quarter of 2021 from $64.0 million or 7.3% of sales in the first quarter of 2020. General timing of expenditures makes quarterly additions to PP&E quite volatile in nature. Certain new program additions, previously delayed during the COVID-related shutdowns in the second quarter of 2020, moved in to the back half of 2020 and 2021 to date, as preparations for upcoming new program launches resumed. Capital additions also include incremental investments required in equipment related to several customer-driven engineering changes on upcoming new program launches. The Company continues to make investments in the business including in various sales and margin growth projects and in new and replacement business in all its various product offerings, while continuing to apply a measured and prudent approach to capital investment.

DIVIDEND

A cash dividend of $0.05 per share has been declared by the Board of Directors payable to shareholders of record on June 30, 2021, on or about July 15, 2021.

ABOUT MARTINREA INTERNATIONAL INC.

Martinrea is a diversified and global automotive supplier engaged in the design, development and manufacturing of highly engineered, value-added Lightweight Structures and Propulsion Systems. Martinrea operates in 57 locations in Canada, the United States, Mexico, Brazil, Germany, Slovakia, Spain, China, South Africa and Japan. Martinrea's vision is making lives better by being the best supplier we can be in the products we make and the services we provide. For more information on Martinrea, please visit www.martinrea.com. Follow Martinrea on Twitter and Facebook.

CONFERENCE CALL DETAILS

A conference call to discuss the financial results will be held on Thursday, May 6, 2021 at 6:00 p.m. Eastern Time. To participate, please dial 416-641-6104 (Toronto area) or 800-952-5114 (toll free Canada and US) and enter participant code 4636275#. Please call 10 minutes prior to the start of the conference call.

The conference call will also be webcast live in listen-only mode and archived for twelve months. The webcast and accompanying presentation can be accessed online at https://www.martinrea.com/investor-relations/events-presentations/.

There will also be a rebroadcast of the call available by dialing 905-694-9451 or toll free 800-408-3053 (Conference ID – 4851137#). The rebroadcast will be available until June 5, 2021.

If you have any teleconferencing questions, please call Ganesh Iyer at 416-749-0314.

FORWARD-LOOKING INFORMATION

Special Note Regarding Forward-Looking Statements

This Press Release and the documents incorporated by reference therein contains forward-looking statements within the meaning of applicable Canadian securities laws Including statements related to the Company's beliefs or views or expectations of, improvements in, expansion of and/or guidance or outlook as to future revenue, sales, production sales, margin, gross margin, earnings, earnings per share, adjusted earnings per share, adjusted net earnings per share, operating income margins, operating margins, adjusted operating income margins, cash flow, free cash flow, including outlook for 2021, 2022 and 2023; the expected impact of or duration of the COVID-19 pandemic; on the Company's financial position, its business and operations, on its employees, on the automotive industry, or on the business of any OEM or suppliers; the Company's current and future strategy, priorities and response related to COVID-19, and the status of implementation; the expected economic impact resulting from COVID-19; the potential effects or issues relating to a prolonged pandemic or lockdown(s), including its global impact, demand for vehicles; the growth of the Company and pursuit of, and belief in, its strategies; the impact of or the expected duration of the semiconductor shortage; the Company's views of longer term outlook or results of future increases or growth in production; the Company's views about VoltaXplore and EV batteries; the ramping up and launching of new business; continued investments and expected benefit of those investments in its business and technologies; the opportunity to increase sales; its ability to finance future capital expenditures, and ability to fund anticipated working capital needs, debt obligations and other commitments; the Company's views on its liquidity and operating cash flow and ability to deal with present or future economic conditions; the potential for fluctuation of operating results, the Company's expectations of future macroeconomic 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, such as expected sales and industry production estimates, current foreign exchange rates, timing of product launches and operational improvement during the period, and current Board approved budgets. Certain forward-looking financial assumptions are presented as non-IFRS information and we do not provide reconciliation to IFRS for such assumptions. 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, 2020 and other public filings which can be found at www.sedar.com:

- North American and Global Economic and Political Conditions and Consumer Confidence;
- The highly cyclical nature of the automotive industry and the industry's dependence on consumer spending and general economic conditions;
- Pandemics and Epidemics (including the ongoing COVID-19 Pandemic), Force Majeure Events, Natural Disasters, Terrorist Activities, Political Unrest, and Other Outbreaks
- The Company's dependence on key customers
- Financial Viability of Suppliers;
- 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 and commodities;
- Outsourcing and Insourcing Trends;
- The risk of increased costs associated with product warranty liability and recalls together with the associated liability;
- Product Development and Technological Change;
- Dependence on Key Personnel;
- Availability of Consumer Credit or Cost of Borrowing;
- Limited Financial Resources/Uncertainty of Future Financing/Banking;
- Risks associated with the integration of acquisitions;
- Potential Tax Exposures;
- Cybersecurity Threats;
- Costs associated with rationalization of production facilities;
- Launch and Operational Cost Structure;
- Labour Relations Matters;
- Trade Restrictions;
- Changes in Governmental Regulations;
- Litigation and Regulatory Compliance and Investigations;
- Quote/Pricing Assumptions;
- Currency Risk - Hedging;
- Currency Risk – Competitiveness in Certain Jurisdictions;
- Fluctuations in Operating Results;
- Internal Controls Over Financial Reporting and Disclosure Controls and Procedures;
- Environmental Regulation and Climate Change;
- Loss of Use of Key Manufacturing Facilities;
- A Shift Away from Technologies in Which the Company is Investing;
- Intellectual Property;
- Competition with Low Cost Countries;
- The Company's ability to shift its manufacturing footprint to take advantage of opportunities in growing markets;
- Risks of conducting business in foreign countries, including China, Brazil and other markets;
- Change in the Company's mix of earnings between jurisdictions with lower tax rates and those with higher tax rates;
- The risks associated with Pension Plan and Other Post-Employment Benefits
- Impairment Charges;
- Potential Volatility of Share Prices;
- Dividends;
- Risks associated with private or public investment in technology companies;
- Risks associated with joint ventures;
- Lease Obligations.

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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Martinrea International Inc.

Interim Condensed Consolidated Balance Sheets

(in thousands of Canadian dollars) (unaudited)

	Note	March 31, 2021	December 31, 2020
ASSETS			
Cash and cash equivalents		$ 145,348	$ 152,786
Trade and other receivables	3	660,236	589,315
Inventories	4	528,468	492,659
Prepaid expenses and deposits		25,450	23,550
Income taxes recoverable		12,919	13,527
TOTAL CURRENT ASSETS		1,372,421	1,271,837
Property, plant and equipment	5	1,613,680	1,615,197
Right-of-use assets	6	183,549	192,630
Deferred tax assets		189,594	195,538
Intangible assets	7	50,957	52,644
Investments	8	51,439	40,557
TOTAL NON-CURRENT ASSETS		2,089,219	2,096,566
TOTAL ASSETS		$ 3,461,640	$ 3,368,403
LIABILITIES			
Trade and other payables		$ 1,031,996	$ 967,952
Provisions	9	3,807	4,258
Income taxes payable		13,045	13,230
Current portion of long-term debt	10	20,326	19,492
Current portion of lease liabilities	11	33,079	34,064
TOTAL CURRENT LIABILITIES		1,102,253	1,038,996
Long-term debt	10	852,996	815,730
Lease liabilities	11	168,447	177,749
Pension and other post-retirement benefits		67,050	74,030
Deferred tax liabilities		87,240	86,174
TOTAL NON-CURRENT LIABILITIES		1,175,733	1,153,683
TOTAL LIABILITIES		2,277,986	2,192,679
EQUITY			
Capital stock	13	662,530	662,427
Contributed surplus		44,171	43,860
Accumulated other comprehensive income		60,919	96,645
Retained earnings		416,034	372,792
TOTAL EQUITY		1,183,654	1,175,724
TOTAL LIABILITIES AND EQUITY		$ 3,461,640	$ 3,368,403

Contingencies (note 19)

Subsequent Events (note 8, note 10)

See accompanying notes to the interim condensed consolidated financial statements.

On behalf of the Board:

“Robert Wildeboer” Director

“Terry Lyons” Director

Martinrea International Inc.

Interim Condensed Consolidated Statements of Operations

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

	Note	Three months ended March 31, 2021	Three months ended March 31, 2020
SALES		$ 997,150	$ 872,706
Cost of sales (excluding depreciation of property, plant and equipment and right-of-use assets)		(822,074)	(702,486)
Depreciation of property, plant and equipment and right-of-use assets (production)		(54,219)	(49,983)
Total cost of sales		(876,293)	(752,469)
GROSS MARGIN		120,857	120,237
Research and development costs		(7,809)	(9,453)
Selling, general and administrative		(60,750)	(57,408)
Depreciation of property, plant and equipment and right-of-use assets (non-production)		(3,839)	(3,871)
Restructuring costs	9	(1,029)	-
Amortization of customer contracts and relationships		-	(300)
OPERATING INCOME		47,430	49,205
Share of loss of an associate	8	(926)	(700)
Gain on dilution of investment in associate	8	7,800	-
Finance expense	15	(8,411)	(9,462)
Other finance income (expense)	15	5,762	1,130
INCOME BEFORE INCOME TAXES		51,655	40,173
Income tax expense	12	(12,954)	(11,210)
NET INCOME FOR THE PERIOD		$ 38,701	$ 28,963

Basic earnings per share	14	$ 0.48	$ 0.36
Diluted earnings per share	14	$ 0.48	$ 0.36

See accompanying notes to the interim condensed consolidated financial statements.

Martinrea International Inc.

Interim Condensed Consolidated Statements of Comprehensive Income

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

		Three months ended March 31, 2021		Three months ended March 31, 2020
NET INCOME FOR THE PERIOD	$	38,701	$	28,963
Other comprehensive income (loss), net of tax:				
Items that may be reclassified to net income				
Foreign currency translation differences for foreign operations		(36,357)		107,886
Cash flow hedging derivative and non-derivative financial instruments:				
Unrealized gain (loss) in fair value of financial instruments		892		(5,759)
Reclassification of loss (gain) to net income		(269)		195
Items that will not be reclassified to net income				
Share of other comprehensive income of an associate (note 8)		8		26
Remeasurement of defined benefit plans		8,556		(5,749)
Other comprehensive income (loss), net of tax		(27,170)		96,599
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$	11,531	$	125,562

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)

	Capital stock	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total equity
BALANCE AT DECEMBER 31, 2019	$ 661,422	$ 42,449	$ 89,107	$ 425,445	$ 1,218,423
Net income for the period	-	-	-	28,963	28,963
Compensation expense related to stock options	-	604	-	-	604
Dividends ($0.05 per share)	-	-	-	(3,998)	(3,998)
Repurchase of common shares	(2,474)	-	-	(893)	(3,367)
Other comprehensive income (loss) net of tax					
Remeasurement of defined benefit plans	-	-	-	(5,749)	(5,749)
Foreign currency translation differences	-	-	107,886	-	107,886
Share of other comprehensive income of an associate	-	-	26	-	26
Cash flow hedging derivative and non-derivative financial instruments:					
Unrealized loss in fair value of financial instruments	-	-	(5,759)	-	(5,759)
Reclassification of loss to net income	-	-	195	-	195
BALANCE AT MARCH 31, 2020	658,948	43,053	191,455	443,768	1,337,224
Net loss for the period	-	-	-	(56,280)	(56,280)
Compensation expense related to stock options	-	1,812	-	-	1,812
Dividends ($0.15 per share)	-	-	-	(12,032)	(12,032)
Exercise of employee stock options	3,479	(1,005)	-	-	2,474
Other comprehensive income (loss) net of tax					
Remeasurement of defined benefit plans	-	-	-	(2,664)	(2,664)
Foreign currency translation differences	-	-	(103,986)	-	(103,986)
Share of other comprehensive loss of an associate	-	-	(105)	-	(105)
Cash flow hedging derivative and non-derivative financial instruments:					
Unrealized gain in fair value of financial instruments	-	-	8,474	-	8,474
Reclassification of loss to net income	-	-	807	-	807
BALANCE AT DECEMBER 31, 2020	662,427	43,860	96,645	372,792	1,175,724
Net income for the period	-	-	-	38,701	38,701
Compensation expense related to stock options	-	340	-	-	340
Dividends ($0.05 per share)	-	-	-	(4,015)	(4,015)
Exercise of employee stock options	103	(29)	-	-	74
Other comprehensive income (loss) net of tax					
Remeasurement of defined benefit plans	-	-	-	8,556	8,556
Foreign currency translation differences	-	-	(36,357)	-	(36,357)
Share of other comprehensive income of an associate	-	-	8	-	8
Cash flow hedging derivative and non-derivative financial instruments:					
Unrealized gain in fair value of financial instruments	-	-	892	-	892
Reclassification of gain to net income	-	-	(269)	-	(269)
BALANCE AT MARCH 31, 2021	$ 662,530	$ 44,171	$ 60,919	$ 416,034	$ 1,183,654

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, except per share amounts) (unaudited)

	Three months ended March 31, 2021	Three months ended March 31, 2020
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES:		
Net Income for the period	$ 38,701	$ 28,963
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets	58,058	53,854
Amortization of customer contracts and relationships	-	300
Amortization of development costs	3,298	2,818
Unrealized loss (gain) on foreign exchange forward contracts	(744)	108
Finance expense	8,411	9,462
Income tax expense	12,954	11,210
Deferred and restricted share units benefit	(1,707)	(4,180)
Stock options expense	340	604
Share of loss of an associate	926	700
Gain on dilution of investment in associate	(7,800)	-
Pension and other post-retirement benefits expense	1,015	1,250
Contributions made to pension and other post-retirement benefits	(938)	(812)
	112,514	104,277
Changes in non-cash working capital items:		
Trade and other receivables	(84,801)	(1,537)
Inventories	(47,996)	(44,260)
Prepaid expenses and deposits	(2,339)	(1,891)
Trade, other payables and provisions	99,859	46,607
	77,237	103,196
Interest paid	(9,176)	(9,921)
Income taxes paid	(10,646)	(11,743)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 57,415	$ 81,532
FINANCING ACTIVITIES:		
Increase in long-term debt	50,976	56,428
Repayment of long-term debt	(4,540)	(4,090)
Principal payments of lease liabilities	(8,593)	(7,365)
Dividends paid	(4,015)	(3,612)
Exercise of employee stock options	74	-
Repurchase of common shares	-	(3,367)
NET CASH PROVIDED BY FINANCING ACTIVITIES	$ 33,902	$ 37,994
INVESTING ACTIVITIES:		
Purchase of property, plant and equipment (excluding capitalized interest)*	(90,811)	(74,054)
Business acquisition (note 2)	-	(10,503)
Capitalized development costs	(2,557)	(1,783)
Investment in NanoXplore Inc. (note 8)	(4,000)	-
Proceeds on disposal of property, plant and equipment	-	266
NET CASH USED IN INVESTING ACTIVITIES	$ (97,368)	$ (86,074)
Effect of foreign exchange rate changes on cash and cash equivalents	(1,387)	4,090
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,438)	37,542
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	152,786	118,973
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 145,348	$ 156,515

*As at March 31, 2021, $51,249 (December 31, 2020 - $61,207) of purchases of property, plant and equipment remain unpaid and are recorded in trade and other payables and provisions.

See accompanying notes to the interim condensed consolidated financial statements.