MANAGEMENT DISCUSSION AND ANALYSIS

OF OPERATING RESULTS AND FINANCIAL POSITION

For the three and six months ended June 30, 2020

The following management discussion and analysis ("MD&A") was prepared as of August 10, 2020 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2020 ("interim financial statements"), as well as the Company's audited consolidated financial statements and MD&A for the year ended December 31, 2019 together with the notes thereto. All amounts in this MD&A are in Canadian dollars, unless otherwise stated; and all tabular amounts are in thousands of Canadian dollars, except earnings per share and number of shares. Additional information about the Company, including the Company's Annual Information Form for the year ended December 31, 2019, can be found at www.sedar.com.

OVERVIEW

Martinrea International Inc. (TSX:MRE) ("Martinrea" or the "Company") 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 (including sales and engineering centers) in Canada, the United States, Mexico, Brazil, Germany, Spain, Slovakia, China, Japan, and South Africa.

Martinrea's vision is to make people's lives better by being the best supplier we can be in the products we make and the services we provide. The Company's mission is to make people's lives better by: delivering outstanding quality products and services to our customers; providing meaningful opportunity, job satisfaction, and job security for our people; providing superior long-term investment returns to our stakeholders; and being positive contributors to our communities.

RECENT DEVELOPMENTS

COVID-19 PANDEMIC AND IMPACT ON OUR BUSINESS

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic and recommended various containment and mitigation measures. Since then, extraordinary actions have been taken by public health and governmental authorities across the globe to contain the spread of COVID-19, including travel bans, social distancing, quarantines, stay-at-home orders and similar mandates for many businesses to curtail or cease normal operations.

As a result of the COVID-19 global pandemic, in the middle of March, the Company's OEM customers essentially idled their manufacturing operations in regions around the world, other than China, where manufacturing operations were suspended in January and February, but resumed in March. Martinrea, similar to others in the automotive supply chain, followed its customers and also temporarily idled most of its manufacturing operations outside of China in March. This suspension of manufacturing operations and rapid dissipation of customer demand had a negative impact on the Company's financial results during the second half of March 2020 and for the second quarter ended June 30, 2020. Although the ultimate magnitude and duration of the business and economic impacts of COVID-19 are uncertain, a phased restart of the Company's manufacturing facilities and dependent functions commenced in May and June 2020, and continued into the third quarter as OEMs began producing vehicles again.

The Company's response to the COVID-19 pandemic has been measured, prudent and decisive with an emphasis on safety, cash conservation and enhancing liquidity. The health and safety of our employees, their families, our customers and our communities is, and will continue to be, our top priority. The Company has implemented various protocols throughout its global footprint to ensure a safe work environment, including: the use of personal protection equipment; reworking processes to provide social distancing; restricting access to facilities; enhancing cleaning and disinfecting protocols; using rotational remote work schedules, where possible; and restricting travel.

The Company also took aggressive actions in March and during the second quarter to conserve cash in response to the COVID-19 related shutdowns and lower volumes. These actions included a significant number of temporary hourly and salaried employee layoffs, temporary reductions of salaried employee base wages of 20% (50% in the case of the Company's Executive Chairman, President and Chief Executive Officer, and Chief Financial Officer), the curtailment of non-production spending and the delay of capital and tooling spending where and when appropriate. The Company also suspended the repurchase of common stock under its normal course issuer bid, which expires in August 2020.

The Company also enhanced its liquidity position by exercising the accordion feature incorporated in its banking facility. The exercise was completed on April 17, 2020, and increased the revolving credit lines available to the Company by another US $200 million ($280 million). As at June 30, 2020, the Company had total liquidity of over $500 million, including cash and cash equivalents and availability under the Company's revolving credit lines. In addition, the Company's banking facility includes a $300 million allowance for asset based financing that the Company can use for additional financing if required, of which $230 million was available as at June 30, 2020.

On June 24, 2020, the Company amended its lending agreements with its banking syndicate to provide enhanced financial flexibility on a present and go forward basis. The amendment in essence provides that the Company's calculation of its most basic financial covenant, the net debt to trailing twelve months EBITDA ratio, for the next four quarterly calculations, would exclude EBITDA from the second quarter of 2020 and instead will be based on the annualized total of the remaining three quarters (i.e. the sum of the three quarters divided by three fourths). As a result, the impact of the COVID-19 related shutdown of the industry, and most of the Company's operations, occurring during the second quarter of 2020, would be ignored for the purpose of financial covenant calculations under the Company's lending arrangements.

As a result of the continued and uncertain economic and business impact of the COVID-19 pandemic, management has reviewed the estimates, judgements and assumptions used in the preparation of the interim financial statements, including the determination of whether indications of any asset impairment exist. As a result of this review and based on a significant reduction in volumes and current lower industry production projections due to the pandemic, asset impairment charges and restructuring costs were recognized during the second quarter of 2020 as further explained in notes 9 and 11 of the interim financial statements and under the "Adjustments to Net Income (Loss)" section of this MD&A. Further revisions may be required in future periods to the extent that the negative impacts on the business arising from COVID-19 continue or worsen.

As the COVID-19 pandemic and its economic impact continue to evolve, the Company will continue to respond in a measured, prudent and decisive manner with continued emphasis on health and safety, cash conservation and the maintenance of its liquidity position.

The Company will continue to work with all its stakeholders to address the challenges, including:

- our supply base to deal with their challenges, including the resumption of production and safety protocols;
- our customers to assist with the resumption of production, as well as the development of new programs and products;
- our governmental and regulatory authorities to ensure safety and the economic well-being of our industry;
- our capital providers to ensure liquidity; and
- our employees to minimize the impacts of the pandemic, including a safe and healthy work environment.

The COVID-19 pandemic has had and is expected to continue to have an adverse effect on our business, results of operations, cash flows and financial position; however, the full impact cannot be determined at this time. The extent of the impact will depend on various factors, including the possibility of future shutdowns, impact on customers, the rate at which economic conditions, operations and demand for vehicles return to pre-COVID levels, any continued or future governmental orders or lockdowns due to this wave of COVID-19, or any future wave, and the potential for a recession in key markets due to the effect of the pandemic.

Since the pandemic and public response to it continue to evolve, it is difficult to accurately assess its continued magnitude, outcome and duration. A prolonged pandemic would likely:

- deteriorate economic conditions, resulting in lower consumer confidence, which typically translates into lower vehicle sales and production levels;
- reduce our customers' production volume levels, including as a result of intermittent facility shutdowns;
- elevate the financial pressure on our customers, which could lead to an OEM insolvency, and would likely increase pricing pressure on the Company; and
- reduce our production levels, including as a result of intermittent shutdowns of our manufacturing facilities.

Additionally, a prolonged pandemic could:

- cause potential shortages of employees to staff our facilities, or the facilities of our customers or suppliers;
- lead to prolonged disruptions of critical components, including as a result of the bankruptcy/insolvency of one or more suppliers due to worsening economic conditions; or
- result in governmental regulation adversely impacting our business.

Any or all of the above impacts of a prolonged pandemic could have a rapid, unexpected and material adverse effect on our business, financial condition and results of operations.

Irrespective of whether the pandemic is prolonged, the significant global economic impact and job losses to date are likely to affect household income and wealth beyond 2020, which would likely directly affect vehicle sales and thus production as well.

ACQUISITION

On March 2, 2020, the Company completed the acquisition of the structural components for passenger car operations of Metalsa S.A, de C.V. ("Metalsa"). The Company acquired certain assets and liabilities in Mexico and 100% of the outstanding shares of entities in four other jurisdictions. The operations acquired by the Company specialize in a wide variety of metal forming technologies, including chassis components such as cradles, control arms, and trailing arms; body components such as side rails, A and B pillars, door beams, wheel housings and bumpers; and several other components such as fuel tanks. The operations also have some leading edge technologies in multi-material joining further promoting Martinrea's lightweighting strategies. The acquisition added six manufacturing facilities to the Martinrea footprint, including facilities in Germany, the United States, Mexico, South Africa, and two in China. The largest customers of the acquired business are Daimler, BMW, Volkswagen and Audi.

The preliminary purchase price for the transaction was US $19.5 million ($26.0 million), inclusive of working capital less cash on hand, and on a debt free basis. The preliminary purchase price is subject to certain adjustments post-closing to be finalized over the coming months.

The acquisition was accounted for using the acquisition method in accordance with IFRS 3, Business Combinations, with the results of operations consolidated with those of the Company effective March 2, 2020. The acquired operations have contributed incremental sales of $61.8 million and $90.5 million, and operating losses of $12.8 million and $14.1 million, for the three and six months ended June 30, 2020, respectively. As a result of the acquisition, year-over-year financial results may not be directly comparable.

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 tables set out certain highlights of the Company's performance for the three and six months ended June 30, 2020 and 2019. Refer to the Company's interim financial statements for the three and six months ended June 30, 2020 for a detailed account of the Company's performance for the periods presented in the tables below.

		Three months ended June 30, 2020		Three months ended June 30, 2019	$ Change	% Change
Sales	$	460,564	$	948,533	(487,969)	(51.4%)
Gross Margin		(12,459)		154,778	(167,237)	(108.0%)
Operating Income (Loss)		(163,365)		57,302	(220,667)	(385.1%)
Net Income (Loss) for the period		(146,886)		28,122	(175,008)	(622.3%)
Net Earnings (Loss) per Share - Basic and Diluted	$	(1.84)	$	0.34	(2.18)	(641.2%)
Non-IFRS Measures*						
Adjusted Operating Income (Loss)	$	(68,470)	$	83,969	(152,439)	(181.5%)
% of Sales		*(14.9%)*		*8.9%*		
Adjusted EBITDA		(8,177)		137,709	(145,886)	(105.9%)
% of Sales		*(1.8%)*		*14.5%*		
Adjusted Net Income (Loss)		(73,115)		54,570	(127,685)	(234.0%)
Adjusted Net Earnings (Loss) per Share - Basic and Diluted	$	(0.91)	$	0.66	(1.57)	(237.9%)

	Six months ended June 30, 2020	Six months ended June 30, 2019	$ Change	% Change
Sales	$ 1,333,270	$ 1,971,694	(638,424)	(32.4%)
Gross Margin	107,778	312,279	(204,501)	(65.5%)
Operating Income (Loss)	(114,160)	140,765	(254,925)	(181.1%)
Net Income (Loss) for the period	(117,923)	83,390	(201,313)	(241.4%)
Net Earnings (Loss) per Share - Basic and Diluted	$ (1.47)	$ 1.00	(2.47)	(247.0%)
Non-IFRS Measures*				
Adjusted Operating Income (Loss)	$ (17,718)	$ 167,432	(185,150)	(110.6%)
% of Sales	*(1.3%)*	*8.5%*		
Adjusted EBITDA	99,547	271,620	(172,073)	(63.4%)
% of Sales	*7.5%*	*13.8%*		
Adjusted Net Income (Loss)	(42,992)	110,346	(153,338)	(139.0%)
Adjusted Net Earnings (Loss) per Share - Basic and Diluted	$ (0.54)	$ 1.33	(1.87)	(140.6%)

***Non-IFRS Measures**

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). However, the Company considers certain non-IFRS financial measures as useful additional information in measuring the financial performance and condition of the Company. These measures, which the Company believes are widely used by investors, securities analysts and other interested parties in evaluating the Company's performance, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to financial measures determined in accordance with IFRS. Non-IFRS measures include "Adjusted Net Income (Loss)", "Adjusted Net Earnings (Loss) per Share (on a basic and diluted basis)", "Adjusted Operating Income (Loss)", "Adjusted EBITDA", "Free Cash Flow" and "Net Debt".

The following tables provide a reconciliation of IFRS "Net Income (Loss)" to Non-IFRS "Adjusted Net Income (Loss)", "Adjusted Operating Income (Loss)" and "Adjusted EBITDA".

	Three months ended June 30, 2020	Three months ended June 30, 2019
Net Income (Loss)	$ (146,886)	$ 28,122
Unusual and Other Items (after-tax)*	73,771	26,448
Adjusted Net Income (Loss)	$ (73,115)	$ 54,570

	Six months ended June 30, 2020	Six months ended June 30, 2019
Net Income (Loss)	$ (117,923)	$ 83,390
Unusual and Other Items (after-tax)*	74,931	26,956
Adjusted Net Income (Loss)	$ (42,992)	$ 110,346

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

	Three months ended June 30, 2020	Three months ended June 30, 2019
Net Income (Loss)	$ (146,886)	$ 28,122
Income tax expense (benefit)	(29,932)	17,642
Other finance expense - excluding Unusual and Other Items*	4,286	853
Share of loss in associate	881	512
Finance expense	8,286	9,944
Unusual and Other Items (before-tax)*	94,895	26,896
Adjusted Operating Income (Loss)	$ (68,470)	$ 83,969
Depreciation of property, plant and equipment and right-of-use assets	56,953	49,837
Amortization of intangible assets	3,340	4,051
Gain on disposal of property, plant and equipment	-	(148)
Adjusted EBITDA	$ (8,177)	$ 137,709

	Six months ended June 30, 2020	Six months ended June 30, 2019
Net Income (Loss)	$ (117,923)	$ 83,390
Income tax expense (benefit)	(18,722)	36,027
Other finance expense - excluding Unusual and Other Items*	3,156	286
Share of loss in associate	1,581	512
Finance expense	17,748	19,740
Unusual and Other Items (before-tax)*	96,442	27,477
Adjusted Operating Income (Loss)	$ (17,718)	$ 167,432
Depreciation of property, plant and equipment and right-of-use assets	110,807	96,731
Amortization of intangible assets	6,458	7,716
Gain on disposal of property, plant and equipment	-	(259)
Adjusted EBITDA	$ 99,547	$ 271,620

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

SALES

Three months ended June 30, 2020 to three months ended June 30, 2019 comparison

	Three months ended June 30, 2020	Three months ended June 30, 2019	$ Change	% Change
North America	$ 318,134	$ 754,041	(435,907)	(57.8%)
Europe	99,988	165,611	(65,623)	(39.6%)
Rest of the World	45,807	30,467	15,340	50.3%
Eliminations	(3,365)	(1,586)	(1,779)	112.2%
Total Sales	$ 460,564	$ 948,533	(487,969)	(51.4%)

The Company’s consolidated sales for the second quarter of 2020 decreased by $488.0 million or 51.4% to $460.6 million as compared to $948.5 million for the second quarter of 2019. The total decrease in sales was driven by year-over-year decreases in the North America and Europe operating segments, partially offset by an increase in the Rest of the World.

Sales for the second quarter of 2020 in the Company’s North America operating segment decreased by $435.9 million or 57.8% to $318.1 million from $754.0 million for the second quarter of 2019. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, contributed $10.7 million of year-over-year sales (including $0.7 million in tooling sales) to the North America operating segment. Excluding the acquired operations, second quarter sales in North America decreased year-over-year by $446.6 million or 59.2%. This decrease was due to overall lower industry volumes, primarily as a result of the impact of the COVID-19 pandemic, and a decrease in tooling sales of $12.1 million, which are typically dependant on the timing of tooling construction and final acceptance by the customer. These negative factors were partially offset by 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 2020 of approximately $9.3 million as compared to the second quarter of 2019, and the launch of new programs during the quarter, primarily the production of ventilator stands for General Motors.

Sales for the second quarter of 2020 in the Company's Europe operating segment decreased by $65.6 million or 39.6% to $100.0 million from $165.6 million for the second quarter of 2019. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, contributed $30.0 million of year-over-year sales (including $2.8 million in tooling sales) to the Europe operating segment. Excluding the acquired operations, second quarter sales in Europe decreased year-over-year by $95.6 million or 57.7%. This decrease was due to overall lower industry volumes, primarily as a result of the impact of the COVID-19 pandemic, and a $1.9 million decrease in tooling sales; partially offset by the launch of new programs during or subsequent to the second quarter of 2019, including a new aluminum engine block for Volvo and an aluminum transmission for Volkswagen, and a $0.6 million positive foreign exchange impact from the translation of Euro-denominated production sales as compared to the second quarter of 2019.

Sales for the second quarter of 2020 in the Company's Rest of the World operating segment increased by $15.3 million or 50.3% to $45.8 million from $30.5 million for the second quarter of 2019. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, contributed $21.1 million of year-over-year sales to the Rest of the World operating segment. Excluding the acquired operations, second quarter sales in the Rest of the World decreased year-over-year by $5.8 million or 19.0%. This decrease was largely driven by COVID-19 related disruption and a $0.6 million negative foreign exchange impact from the translation of foreign-denominated production sales as compared to the second quarter of 2019. These negative factors were partially offset by higher year-over-year production volumes on the Cadillac CT6 vehicle platform in China, and a $1.9 million increase in tooling sales.

Overall tooling sales decreased by $8.6 million to $41.8 million for the second quarter of 2020 from $50.4 million for the second quarter of 2019.

Six months ended June 30, 2020 to six months ended June 30, 2019 comparison

	Six months ended June 30, 2020	Six months ended June 30, 2019	$ Change	% Change
North America	$ 1,005,662	$ 1,565,178	(559,516)	(35.7%)
Europe	259,885	356,006	(96,121)	(27.0%)
Rest of the World	73,666	53,799	19,867	36.9%
Eliminations	(5,943)	(3,289)	(2,654)	80.7%
Total Sales	$ 1,333,270	$ 1,971,694	(638,424)	(32.4%)

The Company's consolidated sales for the six months ended June 30, 2020 decreased by $638.4 million or 32.4% to $1,333.3 million as compared to $1,971.7 million for the six months ended June 30, 2019. The total decrease in sales was driven by decreases in the North America and Europe operating segments, partially offset by an increase in sales in the Rest of the World.

Sales for the six months ended June 30, 2020 in the Company's North America operating segment decreased by $559.5 million or 35.7% to $1,005.7 million from $1,565.2 million for the six months ended June 30, 2019. The operations acquired from Metalsa, the results for which were consolidated with those of the Company effective March 2, 2020, contributed $18.0 million of year-over-year sales (including $1.3 million in tooling sales) to the North America operating segment. Excluding the acquired operations, sales for the six months ended June 30, 2020 in North America decreased year-over-year by $577.5 million or 36.9%. This decrease was due to overall lower industry volumes, primarily as a result of the impact of the COVID-19 pandemic, and a decrease in tooling sales of $52.2 million, which are typically dependant on the timing of tooling construction and final acceptance by the customer. These negative factors were partially offset by the launch of new programs during or subsequent to the six months ended June 30, 2019, including the GM heavy duty truck and the production of ventilator stands for General Motors, and the impact of foreign exchange on the translation of U.S.-denominated production sales, which had a positive impact on overall sales for the six months ended June 30, 2020 of approximately $11.9 million as compared to the corresponding period of 2019.

Sales for the six months ended June 30, 2020 in the Company's Europe operating segment decreased by $96.1 million or 27.0% to $259.9 million from $356.0 million for the six months ended June 30, 2019. The operations acquired from Metalsa, the results for which were consolidated with those of the Company effective March 2, 2020, contributed $45.3 million of year-over-year sales (including $3.9 million in tooling sales) to the Europe operating segment. Excluding the acquired operations, sales for the six months ended June 30, 2020 in Europe decreased year-over-year by $141.4 million or 39.7%. This decrease can be attributed to overall lower industry volumes, primarily as a result of the impact of the COVID-19 pandemic; lower year-over-year production related to certain light vehicle platforms, in particular with Daimler and Jaguar Land Rover; an $11.2 million decrease in tooling sales; and a $2.6 million negative foreign exchange impact from the translation of Euro-denominated production sales as compared to the corresponding period of 2019. These negative factors were partially offset by the launch of new programs during or subsequent to the six months ended June 30, 2019, including new aluminum engine blocks for Ford and Volvo, and an aluminum transmission for Volkswagen.

Sales for the six months ended June 30, 2020 in the Company's Rest of the World operating segment increased by $19.9 million or 36.9% to $73.7 million from $53.8 million for the six months ended June 30, 2019. The operations acquired from Metalsa, the results for which were consolidated with those of the Company effective March 2, 2020, contributed $27.1 million of year-over-year sales to the Rest of the World operating segment. Excluding the acquired operations, sales for the six months ended June 30, 2020 in the Rest of the World decreased year-over-year by $7.2 million or 13.4%. This decrease was largely driven by COVID-19 related disruption, and a $2.2 million negative foreign exchange impact from the translation of foreign-denominated production sales as compared to the corresponding period of 2019. These negative factors were partially offset by higher year-over-year production volumes on the Cadillac CT6 vehicle platform in China, and a $3.8 million increase in tooling sales.

Overall tooling sales decreased by $54.4 million to $92.0 million for the six months ended June 30, 2020 from $146.4 million for the six months ended June 30, 2019.

GROSS MARGIN

Three months ended June 30, 2020 to three months ended June 30, 2019 comparison

		Three months ended June 30, 2020		Three months ended June 30, 2019	$ Change	% Change
Gross margin	$	(12,459)	$	154,778	(167,237)	(108.0%)
% of Sales		(2.7%)		16.3%		

The gross margin percentage for the second quarter of 2020 decreased to a negative level from a positive gross margin percentage of 16.3% for the second quarter of 2019. The decrease in gross margin as a percentage of sales was generally due to overall lower sales volume and corresponding lower utilization of assets, driven essentially by the impact of the COVID-19 pandemic, and a negative impact on overall margin from the operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020. The sharp sales decline in April and May coupled with a volatile restart and ramp-up of production in May and June with limited predictability had a significant impact on gross margin for the second quarter of 2020, despite major reductions in costs.

Six months ended June 30, 2020 to six months ended June 30, 2019 comparison

		Six months ended June 30, 2020		Six months ended June 30, 2019	$ Change	% Change
Gross margin	$	107,778	$	312,279	(204,501)	(65.5%)
% of Sales		8.1%		15.8%		

The gross margin percentage for the six months ended June 30, 2020 of 8.1% decreased as a percentage of sales by 7.7% as compared to the gross margin percentage for the six months ended June 30, 2019 of 15.8%. The decrease in gross margin as a percentage of sales was generally due to overall lower sales volume and corresponding lower utilization of assets, driven primarily by the impact of the COVID-19 pandemic; operational inefficiencies and other costs at certain facilities including upfront costs incurred in preparation of upcoming new programs and related to new business in the process of being launched; and a negative impact on overall margin from the operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020. These negative factors were partially offset by productivity and efficiency improvements at certain operating facilities; and a decrease in tooling sales which typically earn low margins for the Company. The sharp sales decline in April and May coupled with a volatile restart and ramp-up of production in May and June with limited predictability had a significant impact on gross margin for the six months ended June 30, 2020, despite major reductions in costs.

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

Three months ended June 30, 2020 to three months ended June 30, 2019 comparison

		Three months ended June 30, 2020		Three months ended June 30, 2019	$ Change	% Change
Selling, general & administrative	$	47,534	$	57,785	(10,251)	(17.7%)
% of Sales		10.3%		6.1%		

SG&A expense for the second quarter of 2020 decreased by $10.3 million to $47.5 million as compared to $57.8 million for the second quarter of 2019. Excluding transaction costs related to the operations acquired from Metalsa expensed as SG&A as explained in Table A under "Adjustments to Net Income (Loss)", SG&A expense for the second quarter of 2020 decreased by $11.2 million to $46.6 million from $57.8 million for the comparative period in 2019. The decrease can be attributed to the actions taken by the Company during the second quarter of 2020 to reduce its costs and curtail discretionary and non-production spending in response to the COVID-19 pandemic, partially offset by higher year-over-year compensation expense related to the change in fair value of deferred/restricted share units of $4.8 million and the addition of the operations acquired from Metalsa.

Excluding adjustments, SG&A expense as a percentage of sales increased to 10.1% for the second quarter of 2020 compared to 6.1% for the second quarter of 2019 due mainly to overall lower sales volume, driven primarily by the impact of the COVID-19 pandemic.

Six months ended June 30, 2020 to six months ended June 30, 2019 comparison

	Six months ended June 30, 2020	Six months ended June 30, 2019	$ Change	% Change
Selling, general & administrative	$ 104,942	$ 118,643	(13,701)	(11.5%)
% of Sales	7.9%	6.0%		

SG&A expense for the six months ended June 30, 2020 decreased by $13.7 million to $104.9 million as compared to $118.6 million for the six months ended June 30, 2019. Excluding transaction costs related to the operations acquired from Metalsa expensed as SG&A as explained in Table B under “Adjustments to Net Income (Loss)”, SG&A expense for the six months ended June 30, 2020 decreased by $16.2 million to $102.4 million from $118.6 million for the comparative period in 2019. The decrease can be attributed to the actions taken by the Company during the second quarter of 2020 to reduce its costs and curtail discretionary and non-production spending in response to the COVID-19 pandemic, and lower year-over-year compensation expense related to deferred/restricted share units of $1.5 million; partially offset by the addition of the operations acquired from Metalsa.

Excluding adjustments, SG&A expense as a percentage of sales increased to 7.7% for the six months ended June 30, 2020 compared to 6.0% for the comparative period of 2019 due mainly to overall lower sales volume, driven primarily by the impact of the COVID-19 pandemic.

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

Three months ended June 30, 2020 to three months ended June 30, 2019 comparison

	Three months ended June 30, 2020	Three months ended June 30, 2019	$ Change	% Change
Depreciation of PP&E and right-of-use assets (production)	$ 53,109	$ 45,945	7,164	15.6%
Depreciation of PP&E and right-of-use assets (non-production)	3,844	3,892	(48)	(1.2%)
Amortization of customer contracts and relationships	341	496	(155)	(31.3%)
Amortization of development costs	2,999	3,555	(556)	(15.6%)
Total depreciation and amortization	$ 60,293	$ 53,888	6,405	11.9%

Total depreciation and amortization expense for the second quarter of 2020 increased by $6.4 million to $60.3 million as compared to $53.9 million for the second quarter of 2019. The increase in total depreciation and amortization expense was due mainly to an increase in depreciation expense on a larger PP&E asset base connected to new and replacement business that commenced during or subsequent to the second quarter of 2019.

A significant portion of the Company’s recent investments relates to various new programs that commenced during or subsequent to the second quarter of 2019 and new and replacement programs scheduled to launch over the next two to three years in all of the Company’s various product offerings. The Company continues to make significant investments in the operations of the Company in light of its growing backlog of business and growing global footprint.

Depreciation of PP&E and right-of-use assets (production) expense as a percentage of sales increased year-over-over to 11.5% for the second quarter of 2020 from 4.8% for the second quarter of 2019 due mainly to overall lower sales volume, driven primarily by the impact of the COVID-19 pandemic.

Six months ended June 30, 2020 to six months ended June 30, 2019 comparison

	Six months ended June 30, 2020	Six months ended June 30, 2019	$ Change	% Change
Depreciation of PP&E and right-of-use assets (production)	$ 103,092	$ 89,374	13,718	15.3%
Depreciation of PP&E and right-of-use assets (non-production)	7,715	7,357	358	4.9%
Amortization of customer contracts and relationships	641	1,033	(392)	(37.9%)
Amortization of development costs	5,817	6,683	(866)	(13.0%)
Total depreciation and amortization	$ 117,265	$ 104,447	12,818	12.3%

Total depreciation and amortization expense for the six months ended June 30, 2020 increased by $12.8 million to $117.3 million as compared to $104.4 million for the six months ended June 30, 2019. Consistent with the year-over-year increase in the second quarter of 2020 as explained above, the increase in total depreciation and amortization expense for the six months ended June 30, 2020 was primarily due to an increase in depreciation expense on a larger PP&E base connected to new and replacement business that commenced during or subsequent to the six months ended June 30, 2019.

Depreciation of PP&E and right-of-use assets (production) expense as a percentage of sales increased year-over-year to 7.7% for the six months ended June 30, 2020 from 4.5% for the six months ended June 30, 2019 due mainly to overall lower sales volume, driven primarily by the impact of the COVID-19 pandemic.

ADJUSTMENTS TO NET INCOME (LOSS)

Adjusted Net Income (Loss) excludes certain unusual and other items, as set out in the following tables and described in the notes thereto. Management uses Adjusted Net Income (Loss) 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, 2020 to three months ended June 30, 2019 comparison

	Three months ended June 30, 2020 (a)	Three months ended June 30, 2019 (b)	(a)-(b) Change
NET INCOME (LOSS) (A)	**($146,886)**	**$28,122**	**($175,008)**
Add Back - Unusual and Other Items:			
Transaction costs associated with the operations acquired from Metalsa (recorded as SG&A) (1)	942	-	942
Impairment of assets (2)	85,783	18,502	67,281
Restructuring costs (3)	8,170	8,165	5
Unrealized loss on derivative instruments (4)	-	229	(229)
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**$94,895**	**$26,896**	**$67,999**
Tax impact of above items	(21,124)	(448)	(20,676)
TOTAL UNUSUAL AND OTHER ITEMS - AFTER TAX (B)	**$73,771**	**$26,448**	**$47,323**
ADJUSTED NET INCOME (LOSS) (A + B)	**($73,115)**	**$54,570**	**($127,685)**
Number of Shares Outstanding - Basic ('000)	79,961	82,747	
Adjusted Basic Net Earnings (Loss) Per Share	($0.91)	$0.66	
Number of Shares Outstanding - Diluted ('000)	79,961	82,922	
Adjusted Diluted Net Earnings (Loss) Per Share	($0.91)	$0.66	

TABLE B

Six months ended June 30, 2020 to six months ended June 30, 2019 comparison

	Six months ended June 30, 2020 (a)	Six months ended June 30, 2019 (b)	(a)-(b) Change
NET INCOME (LOSS) (A)	**($117,923)**	**$83,390**	**($201,313)**
Add Back - Unusual and Other Items:			
Transaction costs associated with the operations acquired from Metalsa (recorded as SG&A) (1)	2,489	-	2,489
Impairment of assets (2)	85,783	18,502	67,281
Restructuring costs (3)	8,170	8,165	5
Unrealized loss on derivative instruments (4)	-	810	(810)
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**$96,442**	**$27,477**	**$68,965**
Tax impact of above items	(21,511)	(521)	(20,990)
TOTAL UNUSUAL AND OTHER ITEMS - AFTER TAX (B)	**$74,931**	**$26,956**	**$47,975**
ADJUSTED NET INCOME (LOSS) (A + B)	**($42,992)**	**$110,346**	**($153,338)**
Number of Shares Outstanding - Basic (‘000)	80,041	83,052	
Adjusted Basic Net Earnings (Loss) Per Share	($0.54)	$1.33	
Number of Shares Outstanding - Diluted (‘000)	80,041	83,246	
Adjusted Diluted Net Earnings (Loss) Per Share	($0.54)	$1.33	

(1) 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 $0.9 million and $2.5 million for the three and six months ended June 30, 2020, respectively.

(2) Impairment of assets

The significant reduction in volumes and current industry production projections as a result of the COVID-19 global pandemic has negatively impacted the recoverable amount of certain of the Company’s production-related assets and has also changed the expected usage of certain other assets. As a result, the Company completed an analysis of its asset base and concluded there existed certain indicators of impairment for specific assets and cash generating units (CGUs). Accordingly, the Company tested these assets and CGUs for recoverability using projected sales and cash flows modelled from current industry production projections. Based on the results of this testing, the Company recorded impairment charges on property, plant and equipment, right-of-use assets, intangible assets and inventories across its three operating segments totaling $85.8 million for the three months ended June 30, 2020, including specific assets that are no longer expected to be redeployed or transferred to other facilities. The charges related to assets and CGUs across various jurisdictions in the Company’s segments, including the United States, Slovakia, China and Brazil. Of the total impairment charge, $72.2 million was recognized in North America, $1.3 million in Europe, and $12.3 million in the Rest of the World. For the specific assets that are no longer expected to be redeployed or transferred, the impairment charges are based on the estimated salvage value of the assets. For the CGUs, the impairment charges were recorded where the carrying amount of the CGUs exceeded their estimated recoverable amounts.

During the second quarter of 2019, the Company recorded impairment charges on property, plant, equipment, right-of-use assets, intangible assets and inventories totaling $18.5 million related to an operating facility in China included in the Rest of the World operating segment. The impairment charges resulted from lower OEM production volumes on certain light vehicle platforms being serviced by the facility, representing a significant portion of the business, causing the Company to complete an analysis of strategic alternatives. The impairment charges were recorded where the carrying amount of the assets exceeded their estimated recoverable amounts, including consideration for where specific assets can be transferred to other facilities.

(3) Restructuring costs

Additions to the restructuring provision during the second quarter of 2020 totaled $8.2 million and represent employee-related severance resulting from a reduction in the Company's workforce globally in response to the COVID-19 global pandemic. Of the total addition to the restructuring provision, $6.6 million relates to North America, $1.0 million to Europe and $0.6 million to the Rest of the World.

Additions to the restructuring provision during the second quarter of 2019 totaled $8.2 million and represent employee-related severance resulting from the right-sizing of operating facilities in the North America ($1.7 million) and Rest of the World ($6.5 million) operating segments.

(4) Unrealized loss on derivative instruments

Martinrea held warrants in NanoXplore Inc., a publicly listed graphene company on the TSX Venture Exchange under the ticker symbol GRA. The warrants represented derivative instruments and were fair valued at the end of each reporting period using the Black-Scholes-Merton valuation model, with the change in fair value recorded through profit or loss. Based on the fair value of the outstanding warrants as at June 30, 2019, an unrealized loss of $0.2 million was recognized for the three months ended June 30, 2019 and an unrealized loss of $0.8 million was recognized for the six months ended June 30, 2019. All outstanding remaining warrants in NanoXplore expired in March 2020 unexercised.

NET INCOME (LOSS)

Three months ended June 30, 2020 to three months ended June 30, 2019 comparison

		Three months ended June 30, 2020		Three months ended June 30, 2019	$ Change	% Change
Net Income (Loss)	$	(146,886)	$	28,122	(175,008)	(622.3%)
Adjusted Net Income (Loss)	$	(73,115)	$	54,570	(127,685)	(234.0%)
Net Earnings (Loss) per Share						
Basic and Diluted	$	(1.84)	$	0.34		
Adjusted Net Earnings (Loss) per Share						
Basic and Diluted	$	(0.91)	$	0.66		

Net income (loss), before adjustments, for the second quarter of 2020 decreased by $175.0 million to a net loss of $146.9 million from net income of $28.1 million for the second quarter of 2019. Excluding unusual and other items as explained in Table A under "Adjustments to Net Income (Loss)", adjusted net income (loss) for the second quarter of 2020 decreased to a net loss of $73.1 million or ($0.91) per share, on a basic and diluted basis, from net income of $54.6 million or $0.66 per share, on a basic and diluted basis, for the second quarter of 2019.

Adjusted Net Income (Loss) for the second quarter of 2020, as compared to the second quarter of 2019, was negatively impacted by the following:

- lower gross profit on lower year-over-year sales volume, as previously explained, due primarily to the impact of the COVID-19 pandemic;
- negative second quarter results from the operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020;
- a year-over-year increase in depreciation expense as previously discussed;
- a net foreign exchange loss of $4.3 million for the second quarter of 2020 compared to a net foreign exchange loss of $0.9 million for the second quarter of 2019; and
- a lower effective tax rate on adjusted net income (loss) (10.8% for the second quarter of 2020 compared to 24.9% for the second quarter of 2019).

These negative factors were partially offset by the following:

- a year-over-year decrease in SG&A expense as previously discussed;
- a year-over-year decrease in research and development costs due primarily to a decrease in new product and process research and development activity in light of the COVID-19 pandemic; and
- a year-over-year decrease in finance expense on the Company's long-term debt primarily as a result of lower borrowing rates.

Six months ended June 30, 2020 to six months ended June 30, 2019 comparison

		Six months ended June 30, 2020		Six months ended June 30, 2019	$ Change	% Change
Net Income (Loss)	$	(117,923)	$	83,390	(201,313)	(241.4%)
Adjusted Net Income (Loss)	$	(42,992)	$	110,346	(153,338)	(139.0%)
Net Earnings (Loss) per Share						
Basic and Diluted	$	(1.47)	$	1.00		
Adjusted Net Earnings (Loss) per Share						
Basic and Diluted	$	(0.54)	$	1.33		

Net Income (Loss), before adjustments, for the six months ended June 30, 2020 decreased by $201.3 million to a net loss of $117.9 million from net income of $83.4 million for the six months ended June 30, 2019. Excluding unusual and other items as explained in Table B under "Adjustments to Net Income (Loss)", adjusted net income (loss) for the six months ended June 30, 2020 decreased to a net loss of $43.0 million or ($0.54) per share, on a basic and diluted basis, from net income of $110.3 million or $1.33 per share, on a basic and diluted basis, for the six months ended June 30, 2019.

Adjusted Net Income (Loss) for the six months ended June 30, 2020, as compared to the six months ended June 30, 2019, was negatively impacted by the following:

- lower gross profit on lower year-over-year sales volume, as previously explained, due primarily to the impact of the COVID-19 pandemic;
- negative year-to-date results from the operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020;
- a year-over-year increase in depreciation expense as previously discussed;
- an increase in the Company's share of loss of an associate of $1.1 million;
- a net foreign exchange loss of $3.3 million for the six months ended June 30, 2020 compared to a loss of $0.4 million for the six months ended June 30, 2019; and
- a lower effective tax rate on adjusted net income (loss) (6.9% for the six months ended June 30, 2020 compared to 24.9% for the six months ended June 30, 2019).

These factors were partially offset by the following:

- a year-over-year decrease in SG&A expense as previously discussed;
- a year-over-year decrease in research and development costs due primarily to a decrease in new product and process research and development activity in light of the COVID-19 pandemic, and
- a year-over-year decrease in finance expense on the Company's long-term debt primarily as a result of lower borrowing rates.

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

Three months ended June 30, 2020 to three months ended June 30, 2019 comparison

		Three months ended June 30, 2020		Three months ended June 30, 2019	$ Change	% Change
Additions to PP&E	$	44,323	$	65,568	(21,245)	(32.4%)

Additions to PP&E decreased by $21.2 million year-over-year to $44.3 or 9.6% of sales in the second quarter of 2020 from $65.6 million or 6.9% in the second quarter of 2019. The decrease reflects the Company's efforts to reduce capital expenditures to support cash flow in light of the COVID-19 pandemic.

Six months ended June 30, 2020 to six months ended June 30, 2019 comparison

	Six months ended June 30, 2020	Six months ended June 30, 2019	$ Change	% Change
Additions to PP&E	$ 108,287	$ 133,881	(25,594)	(19.1%)

Additions to PP&E decreased by $25.6 million year-over-year to $108.3 million for the six months ended June 30, 2020 compared to $133.9 million for the six months ended June 30, 2019. Consistent with the year-over-year decrease in the second quarter of 2020 as noted above, the decrease reflects the Company's efforts to reduce capital expenditures to support cash flow in light of the COVID-19 pandemic.

SEGMENT ANALYSIS

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

Three months ended June 30, 2020 to three months ended June 30, 2019 comparison

	SALES		OPERATING INCOME (LOSS)*	
	Three months ended June 30, 2020	Three months ended June 30, 2019	Three months ended June 30, 2020	Three months ended June 30, 2019
North America	$ 318,134	$ 754,041	$ (40,381)	$ 71,677
Europe	99,988	165,611	(33,979)	10,712
Rest of the World	45,807	30,467	5,890	1,580
Eliminations	(3,365)	(1,586)	-	-
Adjusted Operating Income (Loss)	-	-	$ (68,470)	$ 83,969
Unusual and Other Items*	-	-	(94,895)	(26,667)
Total	$ 460,564	$ 948,533	$ (163,365)	$ 57,302

** Operating income (loss) for the operating segments has been adjusted for unusual and other items. Of the $94.9 million of unusual and other items for the second quarter of 2020, $79.7 million was incurred in North America, $2.3 million in Europe and $12.9 million in the Rest of the World. Of the $26.7 million of unusual and other items for the second quarter of 2019, $1.7 million was incurred in North America and $25.0 million in the Rest of the World. The unusual and other items noted are all fully explained under "Adjustments to Net Income (Loss)" in this MD&A.*

North America

Adjusted Operating Income (Loss) in North America decreased by $112.1 million to an adjusted operating loss of $40.4 million or (12.7%) of sales for the second quarter of 2020 from adjusted operating income of $71.7 million or 9.5% of sales for the second quarter of 2019 due to overall lower sales volume, primarily as a result of the impact of the COVID-19 pandemic, and negative operating results from the business acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020; partially offset by lower SG&A and research and development expenses as previously explained.

Europe

Adjusted Operating Income (Loss) in Europe decreased by $44.7 million to an adjusted operating loss of $34.0 million or (34.0%) of sales for the second quarter of 2020 from adjusted operating income of $10.7 million or 6.5% of sales for the second quarter of 2019 due to overall lower sales volume, primarily as a result of the impact of the COVID-19 pandemic, and negative operating results from the business acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020; partially offset by lower SG&A expenses as previously explained.

Rest of the World

Adjusted Operating Income in the Rest of the World increased by $4.3 million to $5.9 million or 12.9% of sales for the second quarter of 2020 from $1.6 million or 5.2% of sales for the second quarter of 2019 due generally to higher year-over-year sales, including the business acquired from Metalsa, and a positive sales mix.

Six months ended June 30, 2020 to six months ended June 30, 2019 comparison

	SALES		OPERATING INCOME (LOSS)*	
	Six months ended June 30, 2020	**Six months ended June 30, 2019**	**Six months ended June 30, 2020**	**Six months ended June 30, 2019**
North America	$ 1,005,662	$ 1,565,178	$ 9,798	$ 142,802
Europe	259,885	356,006	(33,942)	25,999
Rest of the World	73,666	53,799	6,426	(1,369)
Eliminations	(5,943)	(3,289)	-	-
Adjusted Operating Income (Loss)	-	-	$ (17,718)	$ 167,432
Unusual and Other Items*	-	-	(96,442)	(26,667)
Total	$ 1,333,270	$ 1,971,694	$ (114,160)	$ 140,765

** Operating income (loss) for the operating segments has been adjusted for unusual and other items. Of the $96.4 million of unusual and other items for the six months ended June 30, 2020, $81.2 million was incurred in North America, $2.3 million in Europe and $12.9 million in the Rest of the World. Of the $26.7 million of unusual and other items for the six months ended June 30, 2019, $1.7 million was incurred in North America and $25.0 million in the Rest of the World. The unusual and other items noted are all fully explained under "Adjustments to Net Income (Loss)" in this MD&A.*

North America

Adjusted Operating Income in North America decreased by $133.0 million to $9.8 million or 1.0% of sales for the six months ended June 30, 2020 from $142.8 million or 9.1% of sales for the six months ended June 30, 2019 due to overall lower sales volume, as a result of the impact of the COVID-19 pandemic; operational inefficiencies and other costs at certain other facilities including upfront costs incurred in preparation of upcoming new programs and related to new business in the process of being launched; and negative results from the business acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020. These negative factors were partially offset by lower SG&A and research and development expenses as previously explained, and productivity and efficiency improvements at certain operating facilities.

Europe

Adjusted Operating Income (Loss) in Europe decreased by $59.9 million to a loss of $33.9 million or (13.1%) of sales for the six months ended June 30, 2020 from adjusted operating income of $26.0 million or 7.3% for the six months ended June 30, 2019 due to overall lower sales volume, primarily as a result of the impact of the COVID-19 pandemic; lower production related to certain light vehicle platforms, in particular with Daimler and Jaguar Land Rover; and negative operating results from the business acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020. These negative factors were partially offset by lower SG&A expenses as previously explained.

Rest of the World

Adjusted Operating Income (Loss) in the Rest of the World increased by $7.8 million to adjusted operating income of $6.4 million or 8.7% of sales for the six months ended June 30, 2020 from an adjusted operating loss of $1.4 million or (2.5%) of sales for the six months ended June 30, 2019 due generally to higher year-over-year sales, including the business acquired from Metalsa, and a positive sales mix.

SUMMARY OF QUARTERLY RESULTS
(unaudited)

	2020		2019				2018	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Sales	460,564	872,706	917,581	974,384	948,533	1,023,161	926,154	851,136
Gross Margin	(12,459)	120,237	129,921	143,901	154,778	157,501	134,567	127,130
Net Income (Loss) for the period	(146,886)	28,963	51,153	46,678	28,122	55,268	37,816	36,381
Adjusted Net Income (Loss)*	(73,115)	30,123	33,834	43,507	54,570	55,776	43,840	37,169
Basic Net Earnings (Loss) per Share	(1.84)	0.36	0.63	0.57	0.34	0.66	0.44	0.42
Diluted Net Earnings (Loss) per Share	(1.84)	0.36	0.63	0.56	0.34	0.66	0.44	0.42
Adjusted Basic and Diluted Net Earnings (Loss) per Share *	(0.91)	0.38	0.42	0.53	0.66	0.67	0.51	0.43

***Non-IFRS Measures**

The Company prepares its financial statements in accordance with 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 (Loss)", "Adjusted Net Earnings (Loss) per Share (on a basic and diluted basis)", "Adjusted Operating Income (Loss)", "Adjusted EBITDA", "Free Cash Flow" and "Net Debt". Please refer to the Company's previously filed annual and interim MD&A of operating results and financial position for the fiscal years 2019 and 2018 for a full reconciliation of IFRS to non-IFRS measures.

LIQUIDITY AND CAPITAL RESOURCES

On July 23, 2018, the Company's banking facility was amended to extend its maturity date and enhance certain provisions of the facility.

The primary terms of the amended banking facility, with a syndicate of ten banks, include the following:

- a move to an unsecured credit structure;
- improved financial covenants, including a maximum net debt to trailing twelve months EBITDA ratio of 3.0x;
- available revolving credit lines of $370 million and US $420 million;
- available asset based financing capacity of $300 million;
- an accordion feature which provides the Company with the ability to increase the revolving credit facility by up to US $200 million;
- pricing terms at market rates and consistent with the previous facility;
- a maturity date of July 2022; and
- no mandatory principal repayment provisions.

In response to the COVID-19 pandemic, the Company has taken controlled and measured actions to preserve liquidity including aggressively flexing and reducing its cost base, eliminating discretionary spending across its global footprint and delaying capital and tooling spending where and when appropriate. The Company has also temporarily suspended the repurchase of common stock under its normal course issuer bid to preserve cash. In addition, the Company enhanced its liquidity position by exercising the accordion feature incorporated in its banking facility, as noted above, and amended such facility. The exercise was completed on April 17, 2020, and increased the revolving credit lines available to the Company by another US $200 million ($280 million).

As at June 30, 2020, the Company had total liquidity of over $500 million, including cash and cash equivalents and availability under the Company's revolving credit lines. In addition, the Company's banking facility includes a $300 million allowance for asset based financing that the Company can use for additional financing if required, of which $230 million was available as at June 30, 2020.

On June 24, 2020, the Company amended its lending agreements with its banking syndicate to provide enhanced financial covenant flexibility on a present and go forward basis. The amendment in essence provides that the Company's calculation of its most basic financial covenant, the net debt to trailing twelve months EBITDA ratio, for the next four quarterly calculations, would exclude EBITDA from the second quarter of 2020 and instead will be based on the annualized total of the remaining three quarters (i.e. the sum of the three quarters divided by three fourths). As a result, the impact of the COVID-19 related shutdown of the industry, and most of the Company's operations, occurring during the second quarter of 2020, would be ignored for the purpose of financial covenant calculations under the Company's lending arrangements.

As at June 30, 2020, the Company had drawn US $364 million (December 31, 2019 - US $301 million) on the U.S. revolving credit line and $338 million (December 31, 2019 - $328 million) on the Canadian revolving credit line. At June 30, 2020, the weighted average effective interest rate of the banking facility credit lines was 2.9% (December 31, 2019 - 3.9%). The facility requires the maintenance of certain financial ratios as noted above, with which the Company was in compliance as at June 30, 2020.

On April 30, 2020, the Company finalized a three year equipment loan in the amount of € 6,6 million ($10.0 million) repayable in monthly installments commencing in 2021 at a fixed annual interest rate of 2%.

The principal sources of liquidity available for the Company's future cash requirements are expected to be cash flow from operations, cash and cash equivalents, borrowings from its revolving credit lines, and asset based financing. Management believes that the Company's overall liquidity and operating cash flow will be sufficient to meet the Company's anticipated cash requirements for capital expenditures, working capital, debt obligations and other commitments.

Debt leverage ratios:

Excluding the impact of IFRS 16:	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Long-term debt	$ 902,205	$ 871,207	$ 781,573	$ 793,246	$ 785,843
Less: Cash and cash equivalents	(125,834)	(156,515)	(118,973)	(101,409)	(90,140)
Net Debt	$ 776,371	$ 714,692	$ 662,600	$ 691,837	$ 695,703
Trailing 12-month Adjusted EBITDA	$ 294,636	$ 441,517	$ 468,355	$ 478,692	$ 469,140
Net Debt to Adjusted EBITDA ratio	2.64x	1.62x	1.41x	1.45x	1.48x

Including the impact of IFRS 16:	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Long-term debt	$ 902,205	$ 871,207	$ 781,573	$ 793,246	$ 785,843
Lease liabilities	219,130	220,525	202,352	210,991	217,654
	1,121,335	1,091,732	983,925	1,004,237	1,003,497
Less: Cash and cash equivalents	(125,834)	(156,515)	(118,973)	(101,409)	(90,140)
Net Debt	$ 995,501	$ 935,217	$ 864,952	$ 902,828	$ 913,357
Trailing 12-month Adjusted EBITDA	$ 332,482	$ 478,368	$ 504,555	$ 513,813	$ 503,162
Net Debt to Adjusted EBITDA ratio	2.99x	1.96x	1.71x	1.76x	1.82x

The Company's net debt (excluding the impact of adopting IFRS 16 and as outlined above) increased by $61.7 million during the second quarter of 2020 to $776.4 million from $714.7 million at the end of the first quarter of 2020, due largely to lower operating results as a result of the impact of the COVID-19 pandemic, and necessary capital expenditures in the second quarter of 2020. As a result, coupled with lower Adjusted EBITDA in the current period compared to a year earlier, the Company's net debt to Adjusted EBITDA ratio (excluding the impact of adopting IFRS 16 and as outlined above) increased to 2.64x from 1.62x at the end of the first quarter of 2020.

The Company was in compliance with its debt covenants as at June 30, 2020. The Company's debt covenants are based on leverage ratios excluding the impact of IFRS 16 and excludes EBITDA from the second quarter of 2020, as described above.

Dividends

In the second quarter of 2013, Martinrea's Board of Directors approved, for the first time, a dividend to be paid to all holders of Martinrea common shares. Annual dividends were to be $0.12 per share, to be paid in four quarterly payments of $0.03 per share. The first quarterly dividend payment of $0.03 per share was paid on July 11, 2013; with successive quarterly dividends paid thereafter.

In 2018, in view of the Company's financial performance, and its future outlook and cash needs, the Board decided to increase the annual dividends by 50% to $0.18 per share, to be paid in four quarterly installments of $0.045 per share, commencing with the release of the first quarter results of 2018. The first such increased dividend was paid on July 15, 2018.

On March 5, 2020, in view of the Company's financial performance, and its future outlook and cash needs at that time, the Board decided to increase the annual dividends by another 11% to $0.20 per share, to be paid in four quarterly installments of $0.05 per share, commencing at the beginning of 2020. The first two such dividends were paid on April 14, 2020, and July 23, 2020. The Board will assess future dividend payment levels from time to time, in light of market conditions, the current COVID-19 situation, the Company's financial performance, and then current anticipated needs at that time.

Cash flow

	Three months ended June 30, 2020	Three months ended June 30, 2019	$ Change	% Change
Cash provided by (used in) operations before changes in non-cash working capital items	$ (17,358)	$ 127,770	(145,128)	(113.6%)
Change in non-cash working capital items	16,523	24,177	(7,654)	(31.7%)
	(835)	151,947	(152,782)	(100.5%)
Interest paid	(8,559)	(11,585)	3,026	(26.1%)
Income taxes paid	(2,468)	(11,822)	9,354	(79.1%)
Cash provided by (used in) operating activities	(11,862)	128,540	(140,402)	(109.2%)
Cash provided by (used in) financing activities	31,687	(26,554)	58,241	(219.3%)
Cash used in investing activities	(49,704)	(85,912)	36,208	(42.1%)
Effect of foreign exchange rate changes on cash and cash equivalents	(802)	(2,381)	1,579	(66.3%)
Increase (decrease) in cash and cash equivalents	$ (30,681)	$ 13,693	(44,374)	(324.1%)

Cash used in operating activities during the second quarter of 2020 was $11.9 million, compared to cash provided by operating activities of $128.5 million in the corresponding period of 2019. The components for the second quarter of 2020 primarily include the following:

- cash used in operations before changes in non-cash working capital items of $17.4 million;
- working capital items source of cash of $16.5 million comprised of a decrease in trade and other receivables of $143.1 million, a decrease in inventories of $21.6 million, and a decrease in prepaid expenses and deposits of $8.3 million; partially offset by a decrease in trade, other payables and provisions of $156.5 million;
- interest paid of $8.6 million; and
- income taxes paid of $2.5 million.

Cash provided by financing activities during the second quarter of 2020 was $31.7 million, compared to cash used in financing activities of $26.6 million in the corresponding period in 2019, as a result of a $42.7 million net increase in long-term debt (reflecting drawdowns on the Company's revolving banking facility of $46.8 million, partially offset by repayments on equipment loans of $4.1 million), and proceeds from the exercise of employee stock options of $0.9 million; partially offset by the repayment of lease liabilities of $7.9 million, and $4.0 million in dividends paid.

Cash used in investing activities during the second quarter of 2020 was $49.7 million, compared to $85.9 million in the corresponding period in 2019. The components for the second quarter of 2020 primarily include the following:

- cash additions to PP&E of $41.8 million;
- capitalized development costs relating to upcoming new program launches of $2.9 million; and
- an investment in NanoXplore Inc. of $5.0 million (as described in note 8 of the interim financial statements for the three and six months ended June 30, 2020).

Taking into account the opening cash balance of $156.5 million at the beginning of the second quarter of 2020, and the activities described above, the cash and cash equivalents balance at June 30, 2020 was $125.8 million.

	Six months ended June 30, 2020	Six months ended June 30, 2019	$ Change	% Change
Cash provided by operations before changes in non-cash working capital items	$ 86,919	$ 265,042	(178,123)	(67.2%)
Change in non-cash working capital items	15,442	(13,920)	29,362	(210.9%)
	102,361	251,122	(148,761)	(59.2%)
Interest paid	(18,480)	(22,169)	3,689	(16.6%)
Income taxes paid	(14,211)	(40,287)	26,076	(64.7%)
Cash provided by operating activities	69,670	188,666	(118,996)	(63.1%)
Cash provided by financing activities	69,681	14,280	55,401	388.0%
Cash used in investing activities	(135,778)	(180,162)	44,384	(24.6%)
Effect of foreign exchange rate changes on cash and cash equivalents	3,288	(2,806)	6,094	(217.2%)
Increase in cash and cash equivalents	$ 6,861	$ 19,978	(13,117)	(65.7%)

Cash provided by operating activities during the six months ended June 30, 2020 was $69.7 million, compared to $188.7 million in the corresponding period of 2019. The components for the six months ended June 30, 2020 primarily include the following:

- cash provided by operations before changes in non-cash working capital items of $86.9 million;
- working capital items source of cash of $15.4 million comprised of a decrease in trade and other receivables of $141.6 million, and a decrease in prepaid expenses and deposits of $6.4 million; partially offset by an increase in inventories of $22.7 million, and a decrease in trade, other payables and provisions of $109.9 million;
- interest paid of $18.5 million; and
- income taxes paid of $14.2 million.

Cash provided by financing activities during the six months ended June 30, 2020 was $69.7 million, compared to $14.3 million in the corresponding period in 2019, as a result of a $95.1 million net increase in long-term debt (reflecting drawdowns on the Company's revolving banking facility of $103.3 million, partially offset by repayments made on equipment loans of $8.2 million), and proceeds from the exercise of employee stock options of $0.9 million; partially offset by the repayment of lease liabilities of $15.3 million, $7.6 million in dividends paid, and the repurchase of common shares by way of the normal course issuer bid of $3.4 million.

Cash used in investing activities during the six months ended June 30, 2020 was $135.8 million, compared to $180.2 million in the corresponding period in 2019. The components for the six months ended June 30, 2020 include the following:

- cash additions to PP&E of $115.9 million;
- net preliminary cash consideration paid for the operations acquired from Metalsa of $10.5 million;
- an investment in NanoXplore Inc. of $5.0 million (as described in note 8 of the interim financial statements for the three and six months ended June 30, 2020);
- capitalized development costs relating to upcoming new program launches of $4.7 million; partially offset by
- proceeds from the disposal of PP&E of $0.3 million.

Taking into account the opening cash balance of $119.0 million at the beginning of 2020, and the activities described above, the cash and cash equivalents balance at June 30, 2020 was $125.8 million.

Free Cash Flow

		Three months ended June 30, 2020	Three months ended June 30, 2019	$ Change
Adjusted EBITDA	$	(8,177) $	137,709	(145,886)
Add (deduct):				
Change in non-cash working capital items		16,523	24,177	(7,654)
Cash purchase of property, plant and equipment		(41,832)	(83,028)	41,196
Cash proceeds on disposal of property, plant and equipment		-	232	(232)
Capitalized development costs		(2,872)	(3,116)	244
Interest paid*		(8,559)	(11,585)	3,026
Cash income taxes		(2,468)	(11,822)	9,354
Free cash flow*		(47,385)	52,567	(99,952)

**Note: Prior year comparative figures were revised to include interest on lease liabilities and reflect interest paid.*

Free cash flow decreased this quarter due to lower year-over-year Adjusted EBITDA, driven largely by lower sales volumes from the impact of the COVID-19 pandemic, and a decrease in cash provided by non-cash working capital. These factors were partially offset by decreases in cash purchases of property, plant and equipment, cash taxes and interest paid.

All tooling-related working capital accounts, including inventory, trade receivables and trade payables on a net basis, decreased to $44.8 million as at June 30, 2020, from $100.0 million as at March 31, 2020 and $94.3 million as at June 30, 2019. Tooling related working capital related to the operations acquired from Metalsa added $8.2 million to the balance as at June 30, 2020.

Reconciliation of IFRS “Net cash provided by operating activities” to Non-IFRS “Free Cash Flow” for the three months ended June 30, 2020 and 2019:

		Three months ended June 30, 2020	Three months ended June 30, 2019
Cash provided by (used in) operating activities	$	(11,862) $	128,540
Add (deduct):			
Cash purchases of property, plant and equipment		(41,832)	(83,028)
Transaction costs associated with the acquisition of Metalsa		942	-
Cash proceeds on disposal of property, plant and equipment		-	232
Capitalized development costs		(2,872)	(3,116)
Restructuring costs		8,170	8,165
Unrealized gain (loss) on foreign exchange contracts		(211)	842
Deferred and restricted share units benefit (expense)		(4,642)	204
Stock options expense		(604)	(314)
Pension and other post-employment benefits expense		(1,284)	(1,186)
Contributions made to pension and other post-retirement benefits expense		2,524	1,375
Net unrealized foreign exchange loss and other income / expense		4,286	853
Free cash flow	$	(47,385) $	52,567

	Six months ended June 30, 2020	Six months ended June 30, 2019	$ Change
Adjusted EBITDA	$ 99,547	$ 271,620	(172,073)
Add (deduct):			
Change in non-cash working capital items	15,442	(13,920)	29,362
Cash purchase of property, plant and equipment	(115,886)	(160,446)	44,560
Cash proceeds on disposal of property, plant and equipment	266	715	(449)
Capitalized development costs	(4,655)	(5,432)	777
Interest paid*	(18,480)	(22,169)	3,689
Cash income taxes	(14,211)	(40,287)	26,076
Free cash flow*	(37,977)	30,081	(68,058)

**Note: Prior year comparative figures were revised to include interest on lease liabilities and reflect interest paid.*

Free cash flow decreased this quarter due to lower year-over-year Adjusted EBITDA, driven largely by lower sales volumes from the impact of the COVID-19 pandemic; partially offset by an increase in cash derived from changes in working capital and decreases in cash purchases of property, plant and equipment, cash taxes, and interest paid.

Reconciliation of IFRS "Net cash provided by operating activities" to Non-IFRS "Free Cash Flow" for the six months ended June 30, 2020 and 2019:

	Six months ended June 30, 2020	Six months ended June 30, 2019
Cash provided by operating activities	$ 69,670	$ 188,666
Add (deduct):		
Cash purchases of property, plant and equipment	(115,886)	(160,446)
Transaction costs associated with the acquisition of Metalsa	2,489	-
Cash proceeds on disposal of property, plant and equipment	266	715
Capitalized development costs	(4,655)	(5,432)
Restructuring costs	8,170	8,165
Unrealized gain (loss) on foreign exchange contracts	(319)	259
Deferred and restricted share units expense	(462)	(1,928)
Stock options expense	(1,208)	(628)
Pension and other post-employment benefits expense	(2,534)	(2,209)
Contributions made to pension and other post-retirement benefits expense	3,336	2,633
Net unrealized foreign exchange loss and other income	3,156	286
Free cash flow	$ (37,977)	$ 30,081

RISKS AND UNCERTAINTIES

The reader is referred to the detailed discussion on Industry Highlights and Trends and Risks and Uncertainties as outlined in the Company's Annual Information Form ("AIF") dated March 5, 2020 and previously filed 2020 interim MD&A available through SEDAR at www.sedar.com which are incorporated herein by reference. The disclosure in this MD&A and, in particular under "Recent Developments: COVID-19 Pandemic and Impact on our Business", supplements those risk factors described in the AIF and previously filed interim MD&A.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at August 10, 2020, the Company had 80,090,795. The Company's common shares constitute its only class of voting securities. As at August 10, 2020, options to acquire 2,980,800 common shares were outstanding.

During the first quarter of 2020, the Company purchased for cancellation an aggregate of 300,185 common shares for an aggregate purchase price of $3.4 million, resulting in a decrease to stated capital of $2.5 million and a decrease to retained earnings of $0.9 million. The shares were purchased for cancellation directly under the Company's normal course issuer bid ("NCIB").

In light of the COVID-19 pandemic, the Company has suspended the repurchase of common stock under the NCIB, which expires at the end of August 2020, to be reassessed at a later date.

CONTRACTUAL OBLIGATIONS AND OFF BALANCE SHEET FINANCING

During the three months ended June 30, 2020, there has been no material change in the table of contractual obligations specified in the Company's MD&A for the fiscal year ended December 31, 2019.

Guarantees

The Company has negotiated tool financing facilities that provide direct financing for specific programs. The tool financing program involves a third party that provides tooling suppliers with financing subject to a Company guarantee. Payments from the third party to the tooling supplier are approved by the Company prior to the funds being advanced. The amounts loaned to tooling suppliers through this financing arrangement do not appear on the Company's balance sheet. At June 30, 2020, the amount of the off balance sheet program financing was $42.7 million representing the maximum amount of undiscounted future payments the Company could be required to make under the guarantee. The Company would be required to perform under the guarantee in cases where a tooling supplier could not meet its obligation to the third party. Since the amount advanced to the tooling supplier is required to be repaid generally when the Company receives reimbursement from the final customer, and at this point the Company will in turn repay the tooling supplier, the Company views the likelihood of a tooling supplier default as remote. Moreover, if such an instance were to occur, the Company would obtain the tool inventory as collateral. The term of the guarantee will vary from program to program, but typically ranges between six to eighteen months.

Financial Instruments

The Company's foreign exchange risk management includes the use of foreign currency forward contracts to fix the exchange rates on certain foreign currency exposures. It is the Company's policy to not utilize financial instruments for trading or speculative purposes.

At June 30, 2020, the Company had committed to the following foreign exchange contracts:

Foreign exchange forward contracts not accounted for as hedges and fair valued through profit or loss

Currency		Amount of U.S. dollars	Weighted average exchange rate of U.S. dollars	Maximum period in months
Buy Mexican Peso	$	13,257	22.6300	1

The aggregate value of these forward contracts as at June 30, 2020 was a pre-tax loss of $0.3 million and was recorded in trade and other payables (December 31, 2019 - gain of $0.4 million and was recorded in trade and other receivables).

Foreign exchange forward contracts accounted for as hedges and fair valued through other comprehensive income

Currency		Amount of U.S. dollars	Weighted average exchange rate of U.S. dollars	Maximum period in months
Buy Canadian Dollars	$	48,480	1.3161	42

The aggregate value of these forward contracts as at June 30, 2020 was a pre-tax loss of $2.5 million and was recorded in trade and other payables (December 31, 2019 - loss of $0.8 million and was recorded in trade and other payables).

INVESTMENTS

As at June 30, 2020, the Company held 34,045,954 common shares of NanoXplore Inc. ("NanoXplore") representing an approximate 24% equity interest in NanoXplore (on a non-diluted basis). NanoXplore Inc. is a publicly listed company on the TSX Venture Exchange trading under the ticker symbol GRA. It is a manufacturer and supplier of high volume graphene powder for use in industrial markets providing customers with a range of graphene-based solutions.

The Company applies equity accounting to its investment based on NanoXplore's most recent publicly filed financial statements, adjusted for any significant transactions that occur thereafter and up to the Company's reporting date, which represents a reasonable estimate of the change in the Company's interest.

On April 2, 2020, the Company acquired an additional 3,846,200 common shares in NanoXplore pursuant to a private placement offering at a price of $1.30 per common share for an aggregate purchase price of $5.0 million.

		Investment in common shares of NanoXplore
Net balance as of December 31, 2019	$	37,080
Additions to investment		5,000
Share of loss for the period		(1,581)
Share of other comprehensive income for the period		71
Net balance as of June 30, 2020	$	40,570

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

On March 2, 2020, the Company completed the acquisition of the structural components for passenger car operations of Metalsa. The operations acquired by the Company specialize in a wide variety of metal forming technologies, including chassis components such as cradles, control arms, and trailing arms; body components such as side rails, A and B pillars, door beams, wheel housings and bumpers; and several other components such as fuel tanks. The operations also have some leading edge technologies in multi-material joining further promoting Martinrea's lightweighting strategies. The acquisition added six manufacturing facilities to the Martinrea footprint, including facilities in Germany, the United States, Mexico, South Africa, and two in China. The largest customers of the acquired business are Daimler, BMW, Volkswagen and Audi.

In accordance with National Instrument 52-109 3.3(1)(b), management has limited its design of its disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of the acquired operations from Metalsa, which was acquired within 365 days before the end of the recent financial report. The acquired operations contributed incremental sales of $61.8 million and $90.4 million, and operating losses of $12.8 million and $14.1 million, for the three and six months ended June 30, 2020, respectively. In addition, the acquired business constitutes $44.6 million, $26.2 million and $9.0 million of the Company's working capital (including cash), non-current assets and non-current liabilities as at June 30, 2020, respectively.

FORWARD-LOOKING INFORMATION

This MD&A and the documents incorporated by reference therein contains forward-looking statements within the meaning of applicable Canadian securities laws including those related to the Company's expectations as to, or its views, or beliefs in or on, the expected impact of or duration of the COVID-19 pandemic, or as a result of any current or future government actions or regulations, 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 timing of and the expected restart of operations, including OEM and supplier preparations to resume production; 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 type of factors affecting the economic impact; the potential effects or issues relating to a prolonged pandemic or lockdown(s), including the financial impact on the Company, its business or operations and global impact, demand for vehicles, the growth of the Company and pursuit of, and belief in, its strategies, the ramping up and launching of new business, continued investments in its business and technologies, 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 likelihood of tooling supplier default under tooling guarantee programs and using the tools as collateral, the finalization of the Metalsa purchase price, and the payment of dividends as well as other forward-looking statements. The words "continue", "expect", "anticipate", "estimate", "may", "will", "should", "views", "intend", "believe", "plan" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate in the circumstances. Many factors could cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, some of which are discussed in detail in the Company's Annual Information Form for the year ended December 31, 2019 and other public filings which can be found at www.sedar.com:

- North American and global economic and political conditions and epidemics or pandemics;
- 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 and commodities;
- outsourcing and insourcing trends;
- the risk of increased costs associated with product warranty and recalls together with the associated liability;
- product development and technological change;
- the Company's ability to enhance operations and manufacturing techniques;
- dependence on key personnel;
- limited financial resources/uncertainty of future financing/banking;
- risks associated with the integration of acquisitions;
- risks associated with private or public investment in technology companies;
- the risks associated with joint ventures;
- costs associated with rationalization of production facilities;
- launch and operational costs;
- labour relations matters;
- trade restrictions;
- changes in governmental regulations or laws including any changes to trade;
- litigation and regulatory compliance and investigations;
- quote and pricing assumptions;
- currency risk;
- fluctuations in operating results;
- internal controls over financial reporting and disclosure controls and procedures;
- environmental regulation and climate change;
- the impact of climate, political, social and economic risks, natural disasters and pandemics in the countries in which we operate or sell to, or from which we source production;
- 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 markets;
- potential tax exposures;
- a change in the Company's mix of earnings between jurisdictions with lower tax rates and those with higher tax rates, as well as the Company's ability to fully benefit from tax losses;
- under-funding of pension plans;
- the cost of post-employment benefits;
- impairment charges;
- cybersecurity threats;
- the potential volatility of the Company's share price; and
- dividends.

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.