PRESS RELEASE

FOR IMMEDIATE RELEASE
August 10, 2021

MARTINREA INTERNATIONAL INC. REPORTS SECOND-QUARTER RESULTS, DECLARES DIVIDEND, AND REITERATES POSITIVE LONG-TERM OUTLOOK

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 second quarter ended June 30, 2021 and declared a quarterly cash dividend of $0.05 per share.

HIGHLIGHTS

- Total sales of $884.9 million, up 92.1% year-over-year; production sales of $838.9 million
- Second quarter diluted net earnings per share of $0.30
- Second quarter Adjusted Net Earnings per Share(1) of $0.34
- Second quarter results impacted by the ongoing global semiconductor shortage
- Longer term outlook remains positive
- Balance sheet remains strong, with a net-debt-to-Adjusted EBITDA(1) ratio of approximately 1.8x
- New business awards of approximately $40 million in annualized sales at mature volumes; year-to-date awards now total approximately $170 million
- Quarterly cash dividend of $0.05 declared

OVERVIEW

Pat D'Eramo, President and Chief Executive Officer, stated: "We continued to experience short-term headwinds in the second quarter, as customer releases have fluctuated due to the shortage of semiconductors and other supply constraints. In addition, we are progressing through a heavy new business launch cycle which is having a greater impact on margins than what is normal in a typical year. Labour availability has also been challenging in certain regions, and we have had to adjust wages in select locations as a result. On a positive note, vehicle demand remains very strong, and vehicle inventories are at record lows. Our current launch activity is expected to generate future sales growth as well as strong margins once supply bottlenecks are removed, and production normalizes. Our future remains bright, and our team continues to manage well under challenging circumstances. I would like to thank our global team 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 and six months ended June 30, 2021 and in this press release.

He added: "I am also pleased to announce new business wins since we reported last quarter totaling $40 million in annualized sales at mature volumes, including approximately $30 million in our Lightweight Structures commercial group with various customers, including General Motors, Ford and Toyota, and approximately $10 million in our Propulsion Systems commercial group with Volkswagen and Ford. Year to date, new business wins now total approximately $170 million."

Fred Di Tosto, Chief Financial Officer, stated: "Sales for the second quarter, excluding tooling sales of $45.9 million, were $838.9 million, and our Adjusted Net Earnings per Share was $0.34, both below the range of our previously-disclosed guidance, reflecting the impact the industry-wide shortage of semiconductor chips had on OEM light vehicle production. Our expectation is that supply-driven challenges will persist, in some form, through at least the third quarter and quite possibly the fourth quarter. Given the elevated uncertainty and volatility our Company and our industry is facing in the short term, we have opted not to provide guidance for the third quarter at this time. Current challenges notwithstanding, we remain confident in the longer-term outlook for our business given strong customer demand for vehicles, rock-bottom vehicle inventory levels, and our healthy order book. Our strong balance sheet leaves us well-positioned to navigate through any near-term challenges we face, with a net-debt-to-Adjusted EBITDA ratio well within our comfort range."

Rob Wildeboer, Executive Chairman, stated: "Our conviction in the longer-term prospects for our business and our Company has never been better. The demand picture is as good as it has been in years. We see evidence of this at the dealership level, where customers are having to wait months to take delivery of popular models, and in some cases paying thousands of dollars over the manufacturer's suggested retail price. We also see it in used vehicle prices, which are currently near all-time highs. Anecdotally, we also hear stories of people putting off vehicle purchase decisions given limited model options, which suggests that pent-up demand exists. We don't know when the semiconductor shortage will work itself out – quite frankly, no one does. However, few, if any expect the situation to drag on beyond 2022. And as we look into 2023, our outlook calling for total sales of between $4.6 and $4.8 billion, an adjusted operating income margin exceeding 8%, and Free Cash Flow in excess of $200 million, we continue to be confident that we will achieve such goals. Our track record of delivering on our financial targets speaks for itself, and we are confident this will continue to be the case as we deliver on our 2023 outlook."

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 and six months ended June 30, 2021 ("MD&A"), the Company's interim condensed consolidated financial statements for the second quarter ended June 30, 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 and six months ended June 30, 2021 and 2020. Refer to the Company's interim financial statements for the three and six months ended June 30, 2021 for a detailed account of the Company's performance for the periods presented in the table below.

	Three months ended June 30, 2021	Three months ended June 30, 2020	$ Change	% Change
Sales	$ 884,866	$ 460,564	424,302	92.1%
Gross Margin	111,728	(12,459)	124,187	996.8%
Operating Income (Loss)	34,621	(163,365)	197,986	121.2%
Net Income (Loss) for the period	23,952	(146,886)	170,838	116.3%
Net Earnings (Loss) per Share - Basic and Diluted	$ 0.30	$ (1.84)	2.14	116.3%
Non-IFRS Measures*				
Adjusted Operating Income (Loss)	$ 39,065	$ (68,470)	107,535	157.1%
% of Sales	*4.4%*	*(14.9%)*		
Adjusted EBITDA	99,618	(8,177)	107,795	1,318.3%
% of Sales	*11.3%*	*(1.8%)*		
Adjusted Net Income (Loss)	27,026	(73,115)	100,141	137.0%
Adjusted Net Earnings (Loss) per Share - Basic and Diluted	$ 0.34	$ (0.91)	1.25	137.4%

	Six months ended June 30, 2021	Six months ended June 30, 2020	$ Change	% Change
Sales	$ 1,882,016	$ 1,333,270	548,746	41.2%
Gross Margin	232,585	107,778	124,807	115.8%
Operating Income (Loss)	82,051	(114,160)	196,211	171.9%
Net Income (Loss) for the period	62,653	(117,923)	180,576	153.1%
Net Earnings (Loss) per Share - Basic and Diluted	$ 0.78	$ (1.47)	2.25	153.1%
Non-IFRS Measures*				
Adjusted Operating Income (Loss)	$ 87,524	$ (17,718)	105,242	594.0%
% of Sales	*4.7%*	*(1.3%)*		
Adjusted EBITDA	209,433	99,547	109,886	110.4%
% of Sales	*11.1%*	*7.5%*		
Adjusted Net Income (Loss)	59,657	(42,992)	102,649	238.8%
Adjusted Net Earnings (Loss) per Share - Basic and Diluted	$ 0.74	$ (0.54)	1.28	237.0%

***Non-IFRS Measures**

The Company prepares its interim 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".

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, 2021	Three months ended June 30, 2020
Net Income (Loss)	$ 23,952	$ (146,886)
Unusual and Other Items (after-tax)*	3,074	73,771
Adjusted Net Income (Loss)	$ 27,026	$ (73,115)

	Six months ended June 30, 2021	Six months ended June 30, 2020
Net Income (Loss)	$ 62,653	$ (117,923)
Unusual and Other Items (after-tax)*	(2,996)	74,931
Adjusted Net Income (Loss)	$ 59,657	$ (42,992)

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

	Three months ended June 30, 2021	Three months ended June 30, 2020
Net Income (Loss)	$ 23,952	$ (146,886)
Income tax expense (benefit)	7,378	(29,932)
Other finance (income) expense	(5,588)	4,286
Share of loss of equity investments	983	881
Finance expense	7,896	8,286
Unusual and Other Items (before-tax)*	4,444	94,895
Adjusted Operating Income (Loss)	$ 39,065	$ (68,470)
Depreciation of property, plant and equipment and right-of-use assets	57,219	56,953
Amortization of intangible assets	3,268	3,340
Loss on disposal of property, plant and equipment	66	-
Adjusted EBITDA	$ 99,618	$ (8,177)

	Six months ended June 30, 2021	Six months ended June 30, 2020
Net Income (Loss)	$ 62,653	$ (117,923)
Income tax expense (benefit)	20,332	(18,722)
Other finance (income) expense	(11,350)	3,156
Share of loss of equity investments	1,909	1,581
Finance expense	16,307	17,748
Unusual and Other Items (before-tax)*	(2,327)	96,442
Adjusted Operating Income (Loss)	$ 87,524	$ (17,718)
Depreciation of property, plant and equipment and right-of-use assets	115,277	110,807
Amortization of intangible assets	6,566	6,458
Loss on disposal of property, plant and equipment	66	-
Adjusted EBITDA	$ 209,433	$ 99,547

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

SALES

Three months ended June 30, 2021 to three months ended June 30, 2020 comparison

	Three months ended June 30, 2021	Three months ended June 30, 2020	$ Change	% Change
North America	$ 635,823	$ 318,134	317,689	99.9%
Europe	210,976	99,988	110,988	111.0%
Rest of the World	44,556	45,807	(1,251)	(2.7%)
Eliminations	(6,489)	(3,365)	(3,124)	(92.8%)
Total Sales	$ 884,866	$ 460,564	424,302	92.1%

The Company's consolidated sales for the second quarter of 2021 increased by $424.3 million or 92.1% to $884.9 million as compared to $460.6 million for the second quarter of 2020. The total increase in sales was driven by year-over-year increases in the North America and Europe operating segments, partially offset by a slight year-over-year decrease in the Rest of the World.

Sales for the second quarter of 2021 in the Company's North America operating segment increased by $317.7 million or 99.9% to $635.8 million from $318.1 million for the second quarter of 2020. The increase was due generally to the post-COVID recovery of overall light vehicle production volumes, tempered by the impact the industry-wide shortage of semiconductor chips has had on OEM production of certain vehicle platforms; the launch of new programs during or subsequent to the second quarter of 2020 including the new Ford Mach E Mustang, Nissan Rogue, and a six cylinder aluminum engine block for Ford; and an increase in tooling sales of $10.8 million, which are typically dependent on the timing of tooling construction and final acceptance by the customer. These positive factors were partially offset by the impact of foreign exchange on the translation of U.S. denominated production sales, which had a negative impact on overall sales for the second quarter of 2021 of $65.7 million as compared to the second quarter of 2020.

Sales for the second quarter of 2021 in the Company's Europe operating segment increased by $111.0 million or 111.0% to $211.0 million from $100.0 million for the second quarter of 2020. The increase can be attributed to the post-COVID recovery of overall light vehicle production volumes, tempered by the impact the industry-wide shortage of semiconductor chips has had on OEM production of certain vehicle platforms; and the launch of new programs during or subsequent to the second quarter of 2020, mainly with Volvo. These positive factors were partially offset by the impact of foreign exchange on the translation of Euro denominated production sales, which had a negative impact on overall sales for the second quarter of 2021 of $4.3 million as compared to the second quarter of 2020, and a $3.8 million decrease in tooling sales.

Sales for the second quarter of 2021 in the Company's Rest of the World operating segment decreased by $1.3 million or 2.7% to $44.6 million from $45.8 million in the second quarter of 2020. The decrease can be attributed to a $2.9 million decrease in tooling sales; a $2.6 million negative foreign exchange impact from the translation of foreign denominated production sales as compared to the second quarter of 2020; lower year-over-year production volumes on the Cadillac CT6 vehicle platform in China; and a program with Ford in China that ended production during or subsequent to the second quarter of 2020. These negative factors were largely offset by a post-COVID recovery of production volumes in Brazil.

Overall tooling sales increased by $4.1 million to $45.9 million for the second quarter of 2021 from $41.8 million for the second quarter of 2020.

Six months ended June 30, 2021 to six months ended June 30, 2020 comparison

	Six months ended June 30, 2021	Six months ended June 30, 2020	$ Change	% Change
North America	$ 1,339,953	$ 1,005,662	334,291	33.2%
Europe	465,045	259,885	205,160	78.9%
Rest of the World	91,069	73,666	17,403	23.6%
Eliminations	(14,051)	(5,943)	(8,108)	(136.4%)
Total Sales	$ 1,882,016	$ 1,333,270	548,746	41.2%

The Company's consolidated sales for the six months ended June 30, 2021 increased by $548.7 million or 41.2% to $1,882.0 million as compared to $1,333.3 million for the six months ended June 30, 2020. Sales for the six months ended June 30, 2021 increased across all operating segments.

Sales for the six months ended June 30, 2021 in the Company's North America operating segment increased by $334.3 million or 33.2% to $1,340.0 million from $1,005.7 million for the six months ended June 30, 2020. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, accounted for $35.0 million of the year-over-year increase in sales (including a $1.7 million increase in tooling sales). Excluding the acquired operations, sales for the six months ended June 30, 2021 in North America increased year-over-year by $299.3 million or 30.3%. The increase was due generally to the post-COVID recovery of overall light vehicle production volumes, tempered by the impact the industry-wide shortage of semiconductor chips has had on OEM production of certain vehicle platforms; 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 six months ended June 30, 2020, including the new Ford Mach E Mustang, Nissan Rogue, and a six cylinder aluminum engine block for Ford; and a $30.1 million increase in tooling sales. These positive factors were partially offset by the impact of foreign exchange on the translation of U.S. denominated production sales, which had a negative impact on overall sales for the six months ended June 30, 2021 of approximately $86.3 million as compared to the corresponding period of 2020.

Sales for the six months ended June 30, 2021 in the Company's Europe operating segment increased by $205.2 million or 78.9% to $465.0 million from $259.9 million for the six months ended June 30, 2020. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, accounted for $68.5 million of the year-over-year increase in sales (including a $3.0 million increase in tooling sales). Excluding the acquired operations, sales for the six months ended June 30, 2021 in Europe increased year-over-year by $136.7 million or 63.7%. The increase can be attributed to the post-COVID recovery of overall light vehicle production volumes, tempered by the impact the industry-wide shortage of semiconductor chips has had on OEM production of certain vehicle platforms; the launch of new programs during or subsequent to the six months ended June 30, 2020, mainly with Volvo and Ford; and the impact of foreign exchange on the translation of Euro denominated production sales, which had a positive impact on overall sales for the six months ended June 30, 2021 of $8.2 million as compared to the corresponding period of 2020. These positive factors were partially offset by a $2.2 million decrease in tooling sales.

Sales for the six months ended June 30, 2021 in the Company's Rest of the World operating segment increased by $17.4 million or 23.6% to $91.1 million from $73.7 million for the six months ended June 30, 2020. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, accounted for $13.7 million of the year-over-year increase in sales. Excluding the acquired operations, sales for the six months ended June 30, 2021 in the Rest of the World increased year-over-year by $3.7 million or 7.9%. The increase can be attributed to the post-COVID recovery of production volumes; partly offset by a $5.6 million decrease in tooling sales, a $4.0 million negative foreign exchange impact from the translation of foreign denominated production sales as compared to the corresponding period of 2020, lower year-over-year production volumes on the Cadillac CT6 vehicle platform in China, and a program with Ford in China that ended production during or subsequent to the six months ended June 30, 2020.

Overall tooling sales increased by $27.0 million to $119.0 million for the six months ended June 30, 2021 from $92.0 million for the six months ended June 30, 2020.

GROSS MARGIN

Three months ended June 30, 2021 to three months ended June 30, 2020 comparison

	Three months ended June 30, 2021	Three months ended June 30, 2020	$ Change	% Change
Gross margin	$ 111,728	$ (12,459)	124,187	996.8%
% of Sales	12.6%	(2.7%)		

The gross margin percentage for the second quarter of 2021 improved to 12.6% as compared to a negative gross margin percentage of (2.7%) for the second quarter of 2020. The increase in gross margin as a percentage of sales was generally due to:

- higher sales volume and corresponding higher utilization of assets, driven primarily by the post-COVID recovery of overall production volumes; and
- productivity and efficiency improvements at certain operating facilities.

These factors were partially offset by:

- operational inefficiencies at certain operating facilities including launch related costs and upfront costs incurred in preparation of upcoming new programs;
- higher labour and material costs driven largely by shortages of both across the industry;
- a negative sales mix; and
- a decrease in COVID-related government subsidies.

Six months ended June 30, 2021 to six months ended June 30, 2020 comparison

	Six months ended June 30, 2021	Six months ended June 30, 2020	$ Change	% Change
Gross margin	$ 232,585	$ 107,778	124,807	115.8%
% of Sales	12.4%	8.1%		

The gross margin percentage for the six months ended June 30, 2021 of 12.4% increased as a percentage of sales by 4.3% as compared to the gross margin percentage for the six months ended June 30, 2020 of 8.1%. The increase in gross margin as a percentage of sales was generally due to:

- higher sales volume and corresponding higher utilization of assets, driven primarily by the post-COVID recovery of overall production volumes; and
- productivity and efficiency improvements at certain operating facilities.

These factors were partially offset by:

- 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, largely in the first quarter of 2021;
- higher labour and other material costs driven largely by shortages of both across the industry;
- a negative sales mix; and
- a decrease in COVID-related government subsidies.

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, 2021 to three months ended June 30, 2020 comparison

	Three months ended June 30, 2021 (a)	Three months ended June 30, 2020 (b)	(a)-(b) Change
NET INCOME (LOSS) (A)	**$23,952**	**($146,886)**	**$170,838**
Add Back - Unusual and Other Items:			
Restructuring costs (1)	4,444	8,170	(3,726)
Impairment of assets (3)	-	85,783	(85,783)
Transaction costs associated with operations acquired from Metalsa (recorded as SG&A) (4)	-	942	(942)
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**$4,444**	**$94,895**	**($90,451)**
Tax impact of above items	(1,370)	(21,124)	19,754
TOTAL UNUSUAL AND OTHER ITEMS - AFTER TAX (B)	**$3,074**	**$73,771**	**($70,697)**
ADJUSTED NET INCOME (LOSS) (A + B)	**$27,026**	**($73,115)**	**$100,141**
Number of Shares Outstanding – Basic (‘000)	80,329	79,961	
Adjusted Basic Net Earnings (Loss) Per Share	$0.34	($0.91)	
Number of Shares Outstanding – Diluted (‘000)	80,458	79,961	
Adjusted Diluted Net Earnings (Loss) Per Share	$0.34	($0.91)	

TABLE B

Six months ended June 30, 2021 to six months ended June 30, 2020 comparison

	Six months ended June 30, 2021 (a)	Six months ended June 30, 2020 (b)	(a)-(b) Change
NET INCOME (LOSS) (A)	**$62,653**	**($117,923)**	**$180,576**
Add Back - Unusual and Other Items:			
Restructuring costs (1)	5,473	8,170	(2,697)
Gain on dilution of equity investments (2)	(7,800)	-	(7,800)
Impairment of assets (3)	-	85,783	(85,783)
Transaction costs associated with operations acquired from Metalsa (recorded as SG&A) (4)	-	2,489	(2,489)
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**($2,327)**	**$96,442**	**($98,769)**
Tax impact of above items	(669)	(21,511)	20,842
TOTAL UNUSUAL AND OTHER ITEMS - AFTER TAX (B)	**($2,996)**	**$74,931**	**($77,927)**
ADJUSTED NET INCOME (LOSS) (A + B)	**$59,657**	**($42,992)**	**$102,649**
Number of Shares Outstanding – Basic (‘000)	80,312	80,041	
Adjusted Basic Net Earnings (Loss) Per Share	$0.74	($0.54)	
Number of Shares Outstanding – Diluted (‘000)	80,487	80,041	
Adjusted Diluted Net Earnings (Loss) Per Share	$0.74	($0.54)	

1) **Restructuring costs**

Additions to the restructuring provision during the three and six months ended June 30, 2021 totaled $4.4 million and $5.5 million, respectively, and represent employee-related severance resulting from the rightsizing of an operating facility in Germany.

Additions to the restructuring provision recognized 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.

2) **Gain on dilution of equity investments**

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 first quarter of 2021.

3) Impairment of assets

The significant reduction in volumes and industry production projections as a result of the COVID-19 global pandemic negatively impacted the recoverable amount of certain of the Company's production-related assets and also changed the expected usage of certain other assets. As a result, during the second quarter of 2020, the Company completed an analysis of its asset base and concluded there existed certain indicators of impairment for specific assets and cash-generating units ("CGU"). Accordingly, the Company tested these assets and CGUs for recoverability using projected sales and cash flows modelled from industry production projections. Based on the results of this testing, during the second quarter of 2020, 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, 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.

4) 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.

NET INCOME

Three months ended June 30, 2021 to three months ended June 30, 2020 comparison

		Three months ended June 30, 2021		Three months ended June 30, 2020	$ Change	% Change
Net Income (Loss)	$	23,952	$	(146,886)	170,838	116.3%
Adjusted Net Income (Loss)	$	27,026	$	(73,115)	100,141	137.0%
Net Earnings (Loss) per Share						
Basic and Diluted	$	0.30	$	(1.84)		
Adjusted Net Earnings (Loss) per Share						
Basic and Diluted	$	0.34	$	(0.91)		

Net Income, before adjustments, for the second quarter of 2021 increased by $170.8 million to $24.0 million from a Net Loss of $146.9 million for the second quarter of 2020. Excluding the unusual and other items explained in Table A under "Adjustments to Net Income (Loss)", Adjusted Net Income for the second quarter of 2021 increased to $27.0 million or $0.34 per share, on a basic and diluted basis, from an Adjusted Net Loss of $73.1 million or ($0.91) per share, on a basic and diluted basis, for the second quarter of 2020.

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

- higher gross profit on higher year-over-year sales volume, as previously explained, due primarily to the post-COVID recovery of overall production volumes; and
- a net foreign exchange gain of $5.2 million for the second quarter of 2021 compared to a net foreign exchange loss of $4.3 million for the second quarter of 2020.

These factors were partially offset by the following:

- a year-over-year increase in SG&A expense as previously discussed;
- a year-over-year increase in research and development costs; and

- a higher effective tax rate on adjusted Net Income (Loss) (24.5% for the second quarter of 2021 compared to 10.8% for the second quarter of 2020).

Six months ended June 30, 2021 to six months ended June 30, 2020 comparison

		Six months ended June 30, 2021		Six months ended June 30, 2020	$ Change	% Change
Net Income (Loss)	$	62,653	$	(117,923)	180,576	153.1%
Adjusted Net Income (Loss)	$	59,657	$	(42,992)	102,649	238.8%
Net Earnings (Loss) per Share						
Basic and Diluted	$	0.78	$	(1.47)		
Adjusted Net Earnings (Loss) per Share						
Basic and Diluted	$	0.74	$	(0.54)		

Net Income, before adjustments, for the six months ended June 30, 2021 increased by $180.6 million to $62.7 million from a Net Loss of $117.9 million for the six months ended June 30, 2020. Excluding the unusual and other items explained in Table B under "Adjustments to Net Income (Loss)", Adjusted Net Income for the six months ended June 30, 2021 increased to $59.7 million or $0.74 per share, on a basic and diluted basis, from an Adjusted Net Loss of $43.0 million or ($0.54) per share, on a basic and diluted basis, for the six months ended June 30, 2020.

Adjusted Net Income for the six months ended June 30, 2021, as compared to the six months ended June 30, 2020, was positively impacted by the following:

- Higher gross profit on higher year-over-year sales volume, as previously explained, due primarily to the post-COVID recovery of overall production volumes; and
- a net foreign exchange gain of $10.5 million for the six months ended June 30, 2021 compared to a net foreign exchange loss of $3.3 million for the six months ended June 30, 2020.

These factors were partially offset by the following:

- a year-over-year increase in SG&A expense as previously discussed;
- a year-over-year increase in research and development costs; and
- a higher effective tax rate on adjusted Net Income (Loss) (26.0% for the six months ended June 30, 2021 compared to (6.9%) for the six months ended June 30, 2020).

DIVIDEND

A cash dividend of $0.05 per share has been declared by the Board of Directors payable to shareholders of record on September 30, 2021, on or about October 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 Tuesday, August 10, 2021 at 5:30 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 September 8, 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 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, including expectations challenges will persist possibly into the fourth quarter; the Company's current and future strategy; 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 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; the Company's views on its ability to deal with present or future economic conditions; and the payment of dividends as well as other forward-looking statements. The words "continue", "expect", "anticipate", "estimate", "may", "will", "should", "views", "intend", "believe", "plan" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate in the circumstances, 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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Chief Financial Officer
Martinrea International Inc.
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Vaughan, Ontario L4K 5B2
Tel: 416-749-0314
Fax: 289-982-3001

Martinrea International Inc.

Interim Condensed Consolidated Balance Sheets

(in thousands of Canadian dollars) (unaudited)

	Note	June 30, 2021	December 31, 2020
ASSETS			
Cash and cash equivalents		$ 127,664	$ 152,786
Trade and other receivables	3	684,934	589,315
Inventories	4	599,619	492,659
Prepaid expenses and deposits		27,265	23,550
Income taxes recoverable		15,329	13,527
TOTAL CURRENT ASSETS		1,454,811	1,271,837
Property, plant and equipment	5	1,628,486	1,615,197
Right-of-use assets	6	178,268	192,630
Deferred tax assets		177,531	195,538
Intangible assets	7	48,524	52,644
Investments	8	54,559	40,557
TOTAL NON-CURRENT ASSETS		2,087,368	2,096,566
TOTAL ASSETS		$ 3,542,179	$ 3,368,403
LIABILITIES			
Trade and other payables		$ 1,087,490	$ 967,952
Provisions	9	8,049	4,258
Income taxes payable		15,637	13,230
Current portion of long-term debt	11	15,571	19,492
Current portion of lease liabilities	12	31,667	34,064
TOTAL CURRENT LIABILITIES		1,158,414	1,038,996
Long-term debt	11	905,506	815,730
Lease liabilities	12	163,783	177,749
Pension and other post-retirement benefits		61,402	74,030
Deferred tax liabilities		73,799	86,174
TOTAL NON-CURRENT LIABILITIES		1,204,490	1,153,683
TOTAL LIABILITIES		2,362,904	2,192,679
EQUITY			
Capital stock	14	663,259	662,427
Contributed surplus		44,270	43,860
Accumulated other comprehensive income		32,192	96,645
Retained earnings		439,554	372,792
TOTAL EQUITY		1,179,275	1,175,724
TOTAL LIABILITIES AND EQUITY		$ 3,542,179	$ 3,368,403

Contingencies (note 20)

Subsequent event (note 5)

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 June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
SALES		$ 884,866	$ 460,564	$ 1,882,016	$ 1,333,270
Cost of sales (excluding depreciation of property, plant and equipment and right-of-use assets)		(719,835)	(419,914)	(1,541,909)	(1,122,400)
Depreciation of property, plant and equipment and right-of-use assets (production)		(53,303)	(53,109)	(107,522)	(103,092)
Total cost of sales		(773,138)	(473,023)	(1,649,431)	(1,225,492)
GROSS MARGIN		111,728	(12,459)	232,585	107,778
Research and development costs		(8,187)	(5,234)	(15,996)	(14,687)
Selling, general and administrative		(60,494)	(47,534)	(121,244)	(104,942)
Depreciation of property, plant and equipment and right-of-use assets (non-production)		(3,916)	(3,844)	(7,755)	(7,715)
Restructuring costs	9	(4,444)	(8,170)	(5,473)	(8,170)
Loss on disposal of property, plant and equipment		(66)	-	(66)	-
Amortization of customer contracts and relationships		-	(341)	-	(641)
Impairment of assets	10	-	(85,783)	-	(85,783)
OPERATING INCOME (LOSS)		34,621	(163,365)	82,051	(114,160)
Share of loss of equity investments	8	(983)	(881)	(1,909)	(1,581)
Gain on dilution of equity investments	8	-	-	7,800	-
Finance expense	16	(7,896)	(8,286)	(16,307)	(17,748)
Other finance income (expense)	16	5,588	(4,286)	11,350	(3,156)
INCOME (LOSS) BEFORE INCOME TAXES		31,330	(176,818)	82,985	(136,645)
Income tax (expense) benefit	13	(7,378)	29,932	(20,332)	18,722
NET INCOME (LOSS) FOR THE PERIOD		$ 23,952	$ (146,886)	$ 62,653	$ (117,923)

Basic earnings (loss) per share	15	$ 0.30	$ (1.84)	$ 0.78	$ (1.47)
Diluted earnings (loss) per share	15	$ 0.30	$ (1.84)	$ 0.78	$ (1.47)

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 June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
NET INCOME (LOSS) FOR THE PERIOD	$ 23,952	$ (146,886)	$ 62,653	$ (117,923)
Other comprehensive income (loss), net of tax:				
Items that may be reclassified to net income				
Foreign currency translation differences for foreign operations	(26,009)	(33,963)	(62,366)	73,923
Cash flow hedging derivative and non-derivative financial instruments:				
Unrealized gain (loss) in fair value of financial instruments	-	2,515	892	(3,244)
Reclassification of loss (gain) to net income	(2,785)	312	(3,054)	507
Items that will not be reclassified to net income				
Share of other comprehensive income of equity investments (note 8)	67	45	75	71
Remeasurement of defined benefit plans	3,586	(4,547)	12,142	(10,296)
Other comprehensive income (loss), net of tax	(25,141)	(35,638)	(52,311)	60,961
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ (1,189)	$ (182,524)	$ 10,342	$ (56,962)

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 loss for the period	-	-	-	(117,923)	(117,923)
Compensation expense related to stock options	-	1,208	-	-	1,208
Dividends ($0.10 per share)	-	-	-	(8,002)	(8,002)
Exercise of employee stock options	1,203	(347)	-	-	856
Repurchase of common shares	(2,474)	-	-	(893)	(3,367)
Other comprehensive income (loss) net of tax					
Remeasurement of defined benefit plans	-	-	-	(10,296)	(10,296)
Foreign currency translation differences	-	-	73,923	-	73,923
Share of other comprehensive income of equity investments	-	-	71	-	71
Cash flow hedging derivative and non-derivative financial instruments:					
Unrealized loss in fair value of financial instruments	-	-	(3,244)	-	(3,244)
Reclassification of loss to net income	-	-	507	-	507
BALANCE AT JUNE 30, 2020	660,151	43,310	160,364	288,331	1,152,156
Net income for the period	-	-	-	90,606	90,606
Compensation expense related to stock options	-	1,208	-	-	1,208
Dividends ($0.10 per share)	-	-	-	(8,028)	(8,028)
Exercise of employee stock options	2,276	(658)	-	-	1,618
Other comprehensive income (loss) net of tax					
Remeasurement of defined benefit plans	-	-	-	1,883	1,883
Foreign currency translation differences	-	-	(70,023)	-	(70,023)
Share of other comprehensive loss of equity investments	-	-	(150)	-	(150)
Cash flow hedging derivative and non-derivative financial instruments:					
Unrealized gain in fair value of financial instruments	-	-	5,959	-	5,959
Reclassification of loss to net income	-	-	495	-	495
BALANCE AT DECEMBER 31, 2020	662,427	43,860	96,645	372,792	1,175,724
Net income for the period	-	-	-	62,653	62,653
Compensation expense related to stock options	-	606	-	-	606
Dividends ($0.10 per share)	-	-	-	(8,033)	(8,033)
Exercise of employee stock options	832	(196)	-	-	636
Other comprehensive income (loss) net of tax					
Remeasurement of defined benefit plans	-	-	-	12,142	12,142
Foreign currency translation differences	-	-	(62,366)	-	(62,366)
Share of other comprehensive income of equity investments	-	-	75	-	75
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	-	-	(3,054)	-	(3,054)
BALANCE AT JUNE 30, 2021	$ 663,259 $	44,270 $	32,192 $	439,554 $	1,179,275

See accompanying notes to the interim condensed consolidated financial statements.

Martinrea International Inc.

Interim Condensed Consolidated Statements of Cash Flows

(in thousands of Canadian dollars) (unaudited)

	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES:				
Net income (loss) for the period	$ 23,952	$ (146,886)	$ 62,653	$ (117,923)
Adjustments for:				
Depreciation of property, plant and equipment and right-of-use assets	57,219	56,953	115,277	110,807
Amortization of customer contracts and relationships	-	341	-	641
Amortization of development costs	3,268	2,999	6,566	5,817
Impairment of assets (note 10)	-	85,783	-	85,783
Unrealized (gain) loss on foreign exchange forward contracts	(1,440)	211	(2,184)	319
Finance expense	7,896	8,286	16,307	17,748
Income tax expense (benefit)	7,378	(29,932)	20,332	(18,722)
Loss on disposal of property, plant and equipment	66	-	66	-
Deferred and restricted share units expense (benefit)	1,232	4,642	(475)	462
Stock options expense	266	604	606	1,208
Share of loss of equity investments	983	881	1,909	1,581
Gain on dilution of equity investments	-	-	(7,800)	-
Pension and other post-retirement benefits expense	1,000	1,284	2,015	2,534
Contributions made to pension and other post-retirement benefits	(939)	(2,524)	(1,877)	(3,336)
	100,881	(17,358)	213,395	86,919
Changes in non-cash working capital items:				
Trade and other receivables	(30,487)	143,119	(115,288)	141,582
Inventories	(79,943)	21,553	(127,939)	(22,707)
Prepaid expenses and deposits	(2,010)	8,305	(4,349)	6,414
Trade, other payables and provisions	44,542	(156,454)	144,401	(109,847)
	32,983	(835)	110,220	102,361
Interest paid	(8,247)	(8,559)	(17,423)	(18,480)
Income taxes paid	(9,438)	(2,468)	(20,084)	(14,211)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 15,298	$ (11,862)	$ 72,713	$ 69,670
FINANCING ACTIVITIES:				
Increase in long-term debt (net of deferred financing fees)	62,551	46,868	113,527	103,296
Repayment of long-term debt	(4,171)	(4,125)	(8,711)	(8,215)
Principal payments of lease liabilities	(8,409)	(7,914)	(17,002)	(15,279)
Dividends paid	(4,018)	(3,998)	(8,033)	(7,610)
Exercise of employee stock options	562	856	636	856
Repurchase of common shares	-	-	-	(3,367)
NET CASH PROVIDED BY FINANCING ACTIVITIES	$ 46,515	$ 31,687	$ 80,417	$ 69,681
INVESTING ACTIVITIES:				
Purchase of property, plant and equipment (excluding capitalized interest)*	(74,990)	(41,832)	(165,801)	(115,886)
Business acquisition (note 2)	-	-	-	(10,503)
Capitalized development costs	(1,611)	(2,872)	(4,168)	(4,655)
Equity investments (note 8)	(4,036)	(5,000)	(8,036)	(5,000)
Proceeds on disposal of property, plant and equipment	139	-	139	266
NET CASH USED IN INVESTING ACTIVITIES	$ (80,498)	$ (49,704)	$ (177,866)	$ (135,778)
Effect of foreign exchange rate changes on cash and cash equivalents	1,001	(802)	(386)	3,288
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(17,684)	(30,681)	(25,122)	6,861
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	145,348	156,515	152,786	118,973
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 127,664	$ 125,834	$ 127,664	$ 125,834

*As at June 30, 2021, $63,648 (December 31, 2020 - $61,207) of purchases of property, plant and equipment remain unpaid and are recorded in trade and other payables.

See accompanying notes to the interim condensed consolidated financial statements.