PRESS RELEASE

FOR IMMEDIATE RELEASE
August 8, 2022

MARTINREA INTERNATIONAL INC. REPORTS SECOND-QUARTER RESULTS AND DECLARES DIVIDEND

Toronto, Ontario – Martinrea International Inc. (TSX : MRE), a diversified and global automotive supplier engaged in the design, development and manufacturing of highly engineered, value-added Lightweight Structures and Propulsion Systems, today announced the release of its financial results for the second quarter ended June 30, 2022 and that it has declared a quarterly cash dividend of $0.05 per share.

HIGHLIGHTS

- Total sales of $1,113.9 million, up 25.9% year-over-year.
- Second quarter diluted net earnings per share and Adjusted Net Earnings per Share(1) of $0.32.
- Second quarter Adjusted Operating Income(1) of $45.5 million, up 16.6% year-over-year.
- Second quarter results were generally consistent with the first quarter of 2022, as lower quarter-over-quarter production sales were offset by a higher Adjusted Operating Income Margin(1).
- Financial results were much improved in the first half of 2022 compared to second half of 2021.
- Financial results are expected to improve further in the third quarter of 2022 and beyond, as production disruptions subside, launch activity normalizes, and we drive further cost recoveries through commercial activity.
- 2023 outlook remains intact, including our expectation of over $200 million in Free Cash Flow(1).
- Our net-debt-to-Adjusted EBITDA(1) ratio was 3.21x. For bank covenant purposes, the net-debt-to-Adjusted EBITDA(1) ratio was 2.38x; this calculation excludes third and fourth quarter Adjusted EBITDA(1) with the remaining quarters pro-rated, as per our amended lending agreement with our banking syndicate.
- Quarterly cash dividend of $0.05 declared

OVERVIEW

Pat D'Eramo, President and Chief Executive Officer, stated: "Our second quarter financial results were generally consistent with our first quarter performance, as the impact of lower production sales was offset by a better Adjusted Operating Income Margin(1). While our performance year to date is much improved compared to the back half of last year, we continue to face a challenging environment on several fronts, including supply-related disruptions from our customers and inflationary cost pressures, with energy costs being a notable headwind in our European operations. At the same time, we have been successful in offsetting a portion of these costs through commercial activity. I am proud of the work our team has done here and we expect more positive results to come from this commercial activity in the weeks and months ahead. Overall, our second quarter results are where we expected them to be, and confirm our view that the worst of the customer production issues are likely behind us. We expect our results to improve in the third quarter and beyond,

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[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". The relevant IFRS financial measure, as applicable, and 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, 2022 and in this press release.

as supply chain bottlenecks improve, our launch activity normalizes, and we drive further cost recoveries through commercial activity. This should set the stage for a multi-year period of strong production volumes, margins, and Free Cash Flow(1), with the majority of our plants running at full capacity, as vehicle inventories remain historically low and industry demand is still high."

He added: "I am pleased to announce that we have been awarded $85 million in new business which consists of $70 million in Lightweight Structures, including additional volume on the Ford Mach-E, additional content on General Motors' BEV 3 electric vehicle program and $15 million in Propulsion Systems, including additional volume on the Samsung battery enclosure for Stellantis. We continue to win meaningful work on electric vehicle platforms with key customers."

Fred Di Tosto, Chief Financial Officer, stated: "Sales for the second quarter, excluding tooling sales of $61.2 million, were $1,052.6 million, and Adjusted Net Earnings per Share(1) was $0.32. Adjusted Operating Income(1) of $45.5 million and Adjusted EBITDA(1) of $114.3 million were generally consistent quarter-over-quarter, and up approximately 17% and 15% year-over-year, respectively; a good quarter overall considering the volatile environment. Free Cash Flow(1) was positive $23.5 million for the quarter compared to a negative level in the first quarter, mainly reflecting the timing of working capital flows. We expect Free Cash Flow(1) to be breakeven to slightly positive for the full year of 2022."

He continued: "Net Debt(1) was approximately flat quarter over quarter at $931 million. Recall that under our amended lending agreements with our banking syndicate announced earlier this year, Adjusted EBITDA(1) in the third and fourth quarters of 2021 are ignored, with the remaining quarters in the trailing twelve-month period pro-rated when calculating Net Debt to Adjusted EBITDA(1) for covenant purposes. Our leverage ratio is also subject to higher limits through the third quarter of 2022. On this basis, our calculated Net Debt to Adjusted EBITDA(1) ratio under the revised terms was 2.38x in the second quarter, down from 2.43x in the first quarter. A comfortable level, and well below the covenant maximum of 4.5x for the quarter. Our leverage ratio should continue to improve in the coming quarters as we generate an increasing amount of Adjusted EBITDA(1) and Free Cash Flow(1), a portion of which we will use to pay down some debt. We have strong relationships with our lenders, and we thank them for their ongoing support."

Rob Wildeboer, Executive Chairman, stated: "Better times are ahead for us and other automotive suppliers. Despite all you read about – war in Ukraine, interest rates, inflation, recession, house prices, supply chains, labour shortages, erratic production schedules - we had a good quarter, and our results should continue to improve moving forward. The fact is that automotive parts suppliers have technically been in a recession for over two years. We are hit when production volumes are down. We were hit badly in 2020 when the industry stopped for three months. We came back strong in the second half of 2020, but since that time we have been hit by supply-related production disruptions, inflationary cost pressures, and a heavy launch cycle. Things are looking up. There is a lot of pent-up demand for vehicles, given a persistent lack of supply and a need for OEMs to rebuild depleted inventory levels. This should help to offset the negative impacts from any potential economic slowdown. We are maintaining our 2023 outlook which calls for production sales (excluding tooling sales) of $4.6 to $4.8 billion, an Adjusted Operating Income Margin(1) exceeding 8%, and over $200 million in Free Cash Flow(1). I believe our Company has never been stronger and our future looks bright."

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, 2022 ("MD&A"), the Company's interim condensed consolidated financial statements for the three and six months ended June 30, 2022 (the "interim financial statements") and the Company's Annual Information Form for the year ended December 31, 2021 can be found at www.sedar.com.

OVERALL RESULTS

Results of operations may include certain items which have been separately disclosed, where appropriate, in order to provide a clear assessment of the underlying Company results. In addition to International Financial Reporting Standards ("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, 2022 and 2021. Refer to the Company's interim financial statements for the three and six months ended June 30, 2022 for a detailed account of the Company's performance for the periods presented in the tables below.

		Three months ended June 30, 2022		Three months ended June 30, 2021	$ Change	% Change
Sales	$	1,113,875	$	884,866	229,009	25.9%
Gross Margin		125,789		111,728	14,061	12.6%
Operating Income		45,543		34,621	10,922	31.5%
Net Income for the period		25,471		23,952	1,519	6.3%
Net Earnings per Share - Basic and Diluted	$	0.32	$	0.30	0.02	6.7%
Non-IFRS Measures*						
Adjusted Operating Income	$	45,543	$	39,065	6,478	16.6%
% of Sales		*4.1 %*		*4.4 %*		
Adjusted EBITDA		114,292		99,618	14,674	14.7%
% of Sales		*10.3 %*		*11.3 %*		
Adjusted Net Income		25,471		27,026	(1,555)	(5.8%)
Adjusted Net Earnings per Share - Basic and Diluted	$	0.32	$	0.34	(0.02)	(5.9%)

		Six months ended June 30, 2022		Six months ended June 30, 2021	$ Change	% Change
Sales	$	2,268,913	$	1,882,016	386,897	20.6%
Gross Margin		248,225		232,585	15,640	6.7%
Operating Income		85,592		82,051	3,541	4.3%
Net Income for the period		50,679		62,653	(11,974)	(19.1%)
Net Earnings per Share - Basic and Diluted	$	0.63	$	0.78	(0.15)	(19.2%)
Non-IFRS Measures*						
Adjusted Operating Income	$	89,829	$	87,524	2,305	2.6%
% of Sales		*4.0 %*		*4.7 %*		
Adjusted EBITDA		226,671		209,433	17,238	8.2%
% of Sales		*10.0 %*		*11.1 %*		
Adjusted Net Income		50,313		59,657	(9,344)	(15.7%)
Adjusted Net Earnings per Share - Basic and Diluted	$	0.63	$	0.74	(0.11)	(14.9%)

*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", "Adjusted Net Earnings per Share (on a basic and diluted basis)", "Adjusted Operating Income", "Adjusted EBITDA", "Free Cash Flow", and "Net Debt".

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

	Three months ended June 30, 2022	Three months ended June 30, 2021
Net Income	$ 25,471	$ 23,952
Adjustments, after tax*	—	3,074
Adjusted Net Income	$ 25,471	$ 27,026

	Six months ended June 30, 2022	Six months ended June 30, 2021
Net Income	$ 50,679	$ 62,653
Adjustments, after tax*	(366)	(2,996)
Adjusted Net Income	$ 50,313	$ 59,657

**Adjustments are explained in the "Adjustments to Net Income" section of this Press Release*

	Three months ended June 30, 2022	Three months ended June 30, 2021
Net Income	$ 25,471	$ 23,952
Income tax expense	8,907	7,378
Other finance income	(1,446)	(5,588)
Share of loss of equity investments	1,265	983
Finance expense	11,346	7,896
Adjustments, before tax*	—	4,444
Adjusted Operating Income	$ 45,543	$ 39,065
Depreciation of property, plant and equipment and right-of-use assets	66,233	57,219
Amortization of development costs	2,598	3,268
Loss (gain) on disposal of property, plant and equipment	(82)	66
Adjusted EBITDA	$ 114,292	$ 99,618

	Six months ended June 30, 2022	Six months ended June 30, 2021
Net Income	$ 50,679	$ 62,653
Income tax expense	17,127	20,332
Other finance income	(1,130)	(11,350)
Share of loss of equity investments	2,366	1,909
Finance expense	20,600	16,307
Adjustments, before tax*	187	(2,327)
Adjusted Operating Income	$ 89,829	$ 87,524
Depreciation of property, plant and equipment and right-of-use assets	131,605	115,277
Amortization of development costs	5,319	6,566
Loss (gain) on disposal of property, plant and equipment	(82)	66
Adjusted EBITDA	$ 226,671	$ 209,433

**Adjustments are explained in the "Adjustments to Net Income" section of this Press Release*

SALES

Three months ended June 30, 2022 to three months ended June 30, 2021 comparison

	Three months ended June 30, 2022	Three months ended June 30, 2021	$ Change	% Change
North America	$ 826,724	$ 635,823	190,901	30.0%
Europe	255,832	210,976	44,856	21.3%
Rest of the World	38,673	44,556	(5,883)	(13.2%)
Eliminations	(7,354)	(6,489)	(865)	(13.3%)
Total Sales	$ 1,113,875	$ 884,866	229,009	25.9%

The Company's consolidated sales for the second quarter of 2022 increased by $229.0 million or 25.9% to $1,113.9 million as compared to $884.9 million for the second quarter of 2021. The total increase in sales was driven by year-over-year increases in the North America and Europe operating segments, partially offset by a year-over-year decrease in the Rest of the World.

Sales for the second quarter of 2022 in the Company's North America operating segment increased by $190.9 million or 30.0% to $826.7 million from $635.8 million for the second quarter of 2021. The increase was due generally to the recovery in production volumes of certain light vehicle platforms that were disproportionately impacted by the industry-wide shortage of semiconductor chips during 2021; the launch and ramp up of new programs, including the new Jeep Grand Cherokee and Wagoneer, Nissan Pathfinder, Ford Mustang Mach E, Lucid Air, and Tesla Model Y; 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 2022 of $17.2 million as compared to the second quarter of 2021; and an increase in tooling sales of $10.3 million, which are typically dependent on the timing of tooling construction and final acceptance by the customer.

Sales for the second quarter of 2022 in the Company's Europe operating segment increased by $44.9 million or 21.3% to $255.8 million from $211.0 million for the second quarter of 2021. The increase can be attributed to the recovery in production volumes of certain light vehicle platforms that were disproportionately impacted by the industry-wide shortage of semiconductor chips during 2021; the launch and ramp up of new programs, including Mercedes' new electric vehicle platform and the Lucid Air; the impact of aluminum material passthrough on customer pricing; and a $7.2 million increase in tooling sales. 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 2022 of $19.7 million as compared to the second quarter of 2021.

Sales for the second quarter of 2022 in the Company's Rest of the World operating segment decreased by $5.9 million or 13.2% to $38.7 million from $44.6 million in the second quarter of 2021. The decrease was largely driven by lower year-over-year production volumes, including a program that came with the operations acquired from Metalsa that ended production during or subsequent to the second quarter of 2021; and a $0.6 million decrease in tooling sales. These negative factors were partially offset by the launch of new programs during or subsequent to the second quarter of 2021, namely with Geely; and a $2.1 million positive foreign exchange impact from the translation of foreign denominated production sales as compared to the second quarter of 2021.

Overall tooling sales increased by $15.3 million (including outside segment sales eliminations) to $61.2 million for the second quarter of 2022 from $45.9 million for the second quarter of 2021.

Six months ended June 30, 2022 to six months ended June 30, 2021 comparison

	Six months ended June 30, 2022	Six months ended June 30, 2021	$ Change	% Change
North America	$ 1,686,424	$ 1,339,953	346,471	25.9%
Europe	517,294	465,045	52,249	11.2%
Rest of the World	78,426	91,069	(12,643)	(13.9%)
Eliminations	(13,231)	(14,051)	820	5.8%
Total Sales	$ 2,268,913	$ 1,882,016	386,897	20.6%

The Company’s consolidated sales for the six months ended June 30, 2022 increased by $386.9 million or 20.6% to $2,268.9 million as compared to $1,882.0 million for the six months ended June 30, 2021. The total increase in sales was driven by increases in the North America and Europe operating segments, partially offset by a decrease in sales in the Rest of the World.

Sales for the six months ended June 30, 2022 in the Company’s North America operating segment increased by $346.5 million or 25.9% to $1,686.4 million from $1,340.0 million for the six months ended June 30, 2021. The increase was due generally to the recovery in production volumes of certain light vehicle platforms that were disproportionately impacted by the industry-wide shortage of semiconductor chips during 2021; the launch and ramp up of new programs, including the new Jeep Grand Cherokee and Wagoneer, Nissan Pathfinder, Ford Mustang Mach E, Lucid Air and Tesla Model Y; 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, 2022 of $14.0 million as compared to the corresponding period of 2021. These positive factors were partially offset by a decrease in tooling sales of $12.7 million, which are typically dependent on the timing of tooling construction and final acceptance by the customer.

Sales for the six months ended June 30, 2022 in the Company’s Europe operating segment increased by $52.2 million or 11.2% to $517.3 million from $465.0 million for the six months ended June 30, 2021. The increase can be attributed to the recovery in production volumes of certain light vehicle platforms that were disproportionately impacted by the industry-wide shortage of semiconductor chips during 2021; the launch and ramp up of new programs including Mercedes' new electric vehicle platform and the Lucid Air; the impact of aluminum material passthrough on customer pricing; and a $9.8 million increase in tooling sales. 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 six months ended June 30, 2022 of $38.3 million as compared to the corresponding period of 2021.

Sales for the six months ended June 30, 2022 in the Company’s Rest of the World operating segment decreased by $12.6 million or 13.9% to $78.4 million from $91.1 million for the six months ended June 30, 2021. The decrease was largely driven by lower year-over-year production volumes, including a program that came with the operations acquired from Metalsa that ended production during or subsequent to the six months ended June 30, 2021, and a $0.9 million decrease in tooling sales. These negative factors were partially offset by the launch of new programs during or subsequent to the six months ended June 30, 2021, namely with Geely; and a $1.9 million positive foreign exchange impact from the translation of foreign denominated production sales as compared to the corresponding period of 2021.

Overall tooling sales decreased by $5.1 million (including outside segment sales eliminations) to $113.9 million for the six months ended June 30, 2022 from $119.0 million for the six months ended June 30, 2021.

GROSS MARGIN

Three months ended June 30, 2022 to three months ended June 30, 2021 comparison

	Three months ended June 30, 2022	Three months ended June 30, 2021	$ Change	% Change
Gross margin	$ 125,789	$ 111,728	14,061	12.6 %
% of Sales	11.3 %	12.6 %		

The gross margin percentage for the second quarter of 2022 of 11.3% decreased as a percentage of sales by 1.3% as compared to the gross margin percentage for the second quarter of 2021 of 12.6%. The decrease in gross margin as a percentage of sales was generally due to:

- higher labour, material and energy costs;
- operational inefficiencies at certain operating facilities including launch related costs and upfront costs incurred in preparation of upcoming new programs; and
- a decrease in COVID-related government subsidies.

These factors were partially offset by:

- favourable commercial settlements;
- overall higher production sales volume and corresponding higher utilization of assets; and
- productivity and efficiency improvements at certain operating facilities.

Gross margin for the second quarter of 2022 continued to be impacted by production inefficiencies related to the semiconductor chip shortage and other supply chain disruptions driven by the unpredictability of customer production schedules.

Six months ended June 30, 2022 to six months ended June 30, 2021 comparison

	Six months ended June 30, 2022	Six months ended June 30, 2021	$ Change	% Change
Gross margin	$ 248,225	$ 232,585	15,640	6.7 %
% of Sales	10.9 %	12.4 %		

The gross margin percentage for the six months ended June 30, 2022 of 10.9% decreased as a percentage of sales by 1.5% as compared to the gross margin percentage for the six months ended June 30, 2021 of 12.4%. The decrease in gross margin as a percentage of sales was generally due to:

- higher labour, material and energy costs;
- operational inefficiencies at certain operating facilities including launch related costs and upfront costs incurred in preparation of upcoming new programs; and
- a decrease in COVID-related government subsidies.

These factors were partially offset by:

- favourable commercial settlements;
- overall higher production sales volume and corresponding higher utilization of assets; and
- productivity and efficiency improvements at certain operating facilities.

Gross margin for the six months ended June 30, 2022 continued to be impacted by production inefficiencies related to the semiconductor chip shortage and other supply chain disruptions driven by the unpredictability of customer production schedules.

ADJUSTMENTS TO NET INCOME

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

TABLE A

Three months ended June 30, 2022 to three months ended June 30, 2021 comparison

	Three months ended June 30, 2022	Three months ended June 30, 2021	$ Change
NET INCOME	**$ 25,471**	**$ 23,952**	**$ 1,519**
Adjustments:			
Restructuring costs (1)	—	4,444	(4,444)
ADJUSTMENTS, BEFORE TAX	**$ —**	**$ 4,444**	**$ (4,444)**
Tax impact of above items	—	(1,370)	1,370
ADJUSTMENTS, AFTER TAX	**$ —**	**$ 3,074**	**$ (3,074)**
ADJUSTED NET INCOME	**$ 25,471**	**$ 27,026**	**$ (1,555)**
Number of Shares Outstanding – Basic (‘000)	80,372	80,329	
Adjusted Basic Net Earnings Per Share	$ 0.32	$ 0.34	
Number of Shares Outstanding – Diluted (‘000)	80,372	80,458	
Adjusted Diluted Net Earnings Per Share	$ 0.32	$ 0.34	

TABLE B

Six months ended June 30, 2022 to six months ended June 30, 2021 comparison

		Six months ended June 30, 2022		Six months ended June 30, 2021		$ Change
NET INCOME	**$**	**50,679**	**$**	**62,653**	**$**	**(11,974)**
Adjustments:						
Restructuring costs (1)		4,237		5,473		(1,236)
Gain on dilution of equity investments (2)		(4,050)		(7,800)		3,750
ADJUSTMENTS, BEFORE TAX	**$**	**187**	**$**	**(2,327)**	**$**	**2,514**
Tax impact of above items		(553)		(669)		116
ADJUSTMENTS, AFTER TAX	**$**	**(366)**	**$**	**(2,996)**	**$**	**2,630**
ADJUSTED NET INCOME	**$**	**50,313**	**$**	**59,657**	**$**	**(9,344)**
Number of Shares Outstanding – Basic (‘000)		80,370		80,312		
Adjusted Basic Net Earnings Per Share	$	0.63	$	0.74		
Number of Shares Outstanding – Diluted (‘000)		80,370		80,487		
Adjusted Diluted Net Earnings Per Share	$	0.63	$	0.74		

(1) Restructuring costs

Additions to the restructuring provision during the six months ended June 30, 2022 totaled $4.2 million and represent employee-related severance resulting from the rightsizing of operations in Canada related to the cancellation of an OEM light vehicle platform well before the end of its expected life cycle.

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.

(2) Gain on dilution of equity investments

As at December 31, 2021, the Company held 35,045,954 common shares of NanoXplore Inc. (“NanoXplore”) representing a 22.2% equity interest in NanoXplore (on a non-diluted basis). On February 24, 2022, NanoXplore closed a bought deal public offering of 6,522,000 common shares from treasury at a price of $4.60 per common share for aggregate gross proceeds of $30.0 million. Upon finalization of the transaction, the Company’s net ownership interest decreased to 21.2% from 22.2%. 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 $4.1 million during the first quarter of 2022.

As at December 31, 2020, the Company held 34,045,954 common shares of 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 during the first quarter of 2021.

NET INCOME

Three months ended June 30, 2022 to three months ended June 30, 2021 comparison

	Three months ended June 30, 2022	Three months ended June 30, 2021	$ Change	% Change
Net Income	$ 25,471	$ 23,952	1,519	6.3%
Adjusted Net Income	25,471	$ 27,026	(1,555)	(5.8%)
Net Earnings per Share				
Basic and Diluted	$ 0.32	$ 0.30		
Adjusted Net Earnings per Share				
Basic and Diluted	$ 0.32	$ 0.34		

Net Income, before adjustments, for the second quarter of 2022 increased by $1.5 million to $25.5 million or $0.32 per share, on a basic and diluted basis, from Net Income of $24.0 million or $0.30 per share, on a basic and diluted basis, for the second quarter of 2021. Excluding the adjustments explained in Table A under "Adjustments to Net Income", Adjusted Net Income for the second quarter of 2022 decreased by $1.6 million to $25.5 million or $0.32 per share, on a basic and diluted basis, from $27.0 million or $0.34 per share, on a basic and diluted basis, for the second quarter of 2021.

Adjusted Net Income for the second quarter of 2022, as compared to the second quarter of 2021, was negatively impacted by the following:

- a year-over-year increase in SG&A expense, as previously discussed;
- a net foreign exchange gain of $1.2 million for the second quarter of 2022 compared to a gain of $5.2 million for the second quarter of 2021;
- a year-over-year increase in finance expense on the Company's revolving bank debt as a result of increased debt levels and borrowing rates; and
- a higher effective tax rate on adjusted income (25.9% for the second quarter of 2022 compared to 24.5% for the second quarter of 2021).

These factors were partially offset by higher gross margin (on an absolute basis) on higher year-over-year sales volume.

Six months ended June 30, 2022 to six months ended June 30, 2021 comparison

	Six months ended June 30, 2022	Six months ended June 30, 2021	$ Change	% Change
Net Income	$ 50,679	$ 62,653	(11,974)	(19.1%)
Adjusted Net Income	50,313	$ 59,657	(9,344)	(15.7%)
Net Earnings per Share				
Basic and Diluted	$ 0.63	$ 0.78		
Adjusted Net Earnings per Share				
Basic and Diluted	$ 0.63	$ 0.74		

Net Income, before adjustments, for the six months ended June 30, 2022 decreased by $12.0 million to $50.7 million or $0.63 per share, on a basic and diluted basis, from Net Income of $62.7 million or $0.78 per share, on a basic and diluted basis, for the six months ended June 30, 2021. Excluding the adjustments explained in Table B under "Adjustments to Net Income", Adjusted Net Income for the six months ended June 30, 2022 decreased by $9.3 million to $50.3 million or $0.63 per share, on a basic and diluted basis, from $59.7 million or $0.74 per share, on a basic and diluted basis, for the six months ended June 30, 2021.

Adjusted Net Income for the six months ended June 30, 2022, as compared to the six months ended June 30, 2021, was negatively impacted by the following:

- a year-over-year increase in SG&A expense, as previously discussed;
- a net foreign exchange gain of $0.9 million for the six months ended June 30, 2022 compared to a gain of $10.5 million for the six months ended June 30, 2021;
- a year-over-year increase in finance expense on the Company's revolving bank debt as a result of increased debt levels and borrowing rates; and
- a year-over-year increase in research and development costs.

These factors were partially offset by higher gross margin (on an absolute basis) on higher year-over-year sales volume.

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, 2022, on or about October 15, 2022.

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 Monday, August 8, 2022 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 8174433#. Please call 10 minutes prior to the start of the conference call.

The webcast and accompanying presentation can be accessed 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 – 8602412#). The rebroadcast will be available until September 8, 2022.

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 growth or expectations of, improvements in, expansion of and/or guidance or outlook (including for 2022 and 2023) as to future results, revenue, sales, margin, gross margin, earnings, and earnings per share, adjusted earnings per share, free cash flow, volumes, adjusted net earnings per share, operating income margins, operating margins, adjusted operating income margins, leverage ratios, debt repayment, belief in the strength of the Company and its future; the expected impact of or duration of the COVID-19 pandemic (including the related global semi-conductor chip shortage, supply chain issues, inflation), the growth of the Company and pursuit of, and belief in, its strategies, its near and long-term potential growth and continued improvement in results; the strength, recovery and growth of the automotive industry and continuing challenges (including supply chain, energy, inflation, erratic production schedules and expectations for improvement, including pent-up demand and OEM need to build up vehicle inventory to offset any economic slowdown), expectations for improvement in supply chain bottlenecks; 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. 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, 2021, the Company's MD&A for the year ended December 31, 2021 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;
- Automotive Industry Risks;
- Pandemics and Epidemics (including the ongoing COVID-19 Pandemic), Force Majeure Events, Natural Disasters, Terrorist Activities, Political and Civil Unrest, and Other Outbreaks;
- Dependence Upon Key Customers;
- Financial Viability of Suppliers and Key Suppliers and Supply Disruptions;
- Competition;
- Cost and Risk Absorption and Purchase Orders, including the increasing pressure on the Company to absorb costs related to product design and development, engineering, program management, prototypes, validation and tooling;
- Quote/Pricing Assumptions;
- Increased pricing of raw materials and commodities;
- Launch and Operational Costs and Cost Structure;
- Material Prices and Volatility;
- Fluctuations in Operating Results;
- Outsourcing and Insourcing Trends;
- Product Warranty, Recall, Product Liability and Liability Risk;
- Product Development and Technological Change;
- A Shift Away from Technologies in Which the Company is Investing;
- Dependence Upon Key Personnel;
- Limited Financial Resources/Uncertainty of Future Financing/Banking;
- Cybersecurity Threats;
- Acquisitions;
- Potential Tax Exposures;
- Potential Rationalization Costs, Turnaround Costs and Impairment Charges;
- Labour Relations Matters;
- Trade Restrictions;
- Changes in Laws and Governmental Regulations;
- Environmental Regulation and Climate Change;
- Litigation and Regulatory Compliance and Investigations;
- Risks of conducting business in foreign countries, including China, Brazil and other growing markets;
- Currency Risk – Hedging;
- Currency Risk - Competitiveness in Certain Jurisdictions;
- Internal Controls Over Financial Reporting and Disclosure Controls and Procedures;
- Loss of Use of Key Manufacturing Facilities;
- Intellectual Property;
- Availability of Consumer Credit or Cost of Borrowing;
- Competition with Low Cost Countries;
- The Company's ability to shift its manufacturing footprint to take advantage of opportunities in growing markets;
- Change in the Company's mix of earnings between jurisdictions with lower tax rates and those with higher tax rates;
- Pension Plans and other post employment benefits;
- Potential Volatility of Share Prices;

- Dividends;
- Private or Public Equity Investments in Technology Companies;
- Joint Ventures; and
- 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:

Fred Di Tosto
Chief Financial Officer
Martinrea International Inc.
3210 Langstaff Road
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, 2022		December 31, 2021
ASSETS					
Cash and cash equivalents		$	115,863	$	153,291
Trade and other receivables	2		833,749		634,184
Inventories	3		643,854		590,784
Prepaid expenses and deposits			29,750		23,892
Income taxes recoverable			5,265		18,609
TOTAL CURRENT ASSETS			1,628,481		1,420,760
Property, plant and equipment	4		1,774,340		1,727,914
Right-of-use assets	5		226,660		222,934
Deferred tax assets			151,810		138,612
Intangible assets			46,217		47,809
Investments	6		58,311		55,215
TOTAL NON-CURRENT ASSETS			2,257,338		2,192,484
TOTAL ASSETS		$	3,885,819	$	3,613,244
LIABILITIES					
Trade and other payables	7	$	1,302,481	$	1,110,350
Provisions	8		7,124		6,272
Income taxes payable			21,297		11,955
Current portion of long-term debt	9		18,165		20,173
Current portion of lease liabilities	10		40,059		39,322
TOTAL CURRENT LIABILITIES			1,389,126		1,188,072
Long-term debt	9		1,028,776		990,817
Lease liabilities	10		203,560		200,455
Pension and other post-retirement benefits			32,992		49,530
Deferred tax liabilities			15,578		14,595
TOTAL NON-CURRENT LIABILITIES			1,280,906		1,255,397
TOTAL LIABILITIES			2,670,032		2,443,469
EQUITY					
Capital stock	12		663,646		663,415
Contributed surplus			45,176		44,845
Accumulated other comprehensive income			41,953		51,207
Retained earnings			465,012		410,308
TOTAL EQUITY			1,215,787		1,169,775
TOTAL LIABILITIES AND EQUITY		$	3,885,819	$	3,613,244

Contingencies (note 18)

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, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
SALES		$ 1,113,875	$ 884,866	$ 2,268,913	$ 1,882,016
Cost of sales (excluding depreciation of property, plant and equipment and right-of-use assets)		(925,762)	(719,835)	(1,896,707)	(1,541,909)
Depreciation of property, plant and equipment and right-of-use assets (production)		(62,324)	(53,303)	(123,981)	(107,522)
Total cost of sales		(988,086)	(773,138)	(2,020,688)	(1,649,431)
GROSS MARGIN		125,789	111,728	248,225	232,585
Research and development costs		(8,289)	(8,187)	(17,401)	(15,996)
Selling, general and administrative		(68,130)	(60,494)	(133,453)	(121,244)
Depreciation of property, plant and equipment and right-of-use assets (non-production)		(3,909)	(3,916)	(7,624)	(7,755)
Gain (loss) on disposal of property, plant and equipment		82	(66)	82	(66)
Restructuring costs	8	—	(4,444)	(4,237)	(5,473)
OPERATING INCOME		45,543	34,621	85,592	82,051
Share of loss of equity investments	6	(1,265)	(983)	(2,366)	(1,909)
Gain on dilution of equity investments	6	—	—	4,050	7,800
Finance expense	14	(11,346)	(7,896)	(20,600)	(16,307)
Other finance income	14	1,446	5,588	1,130	11,350
INCOME BEFORE INCOME TAXES		34,378	31,330	67,806	82,985
Income tax expense	11	(8,907)	(7,378)	(17,127)	(20,332)
NET INCOME FOR THE PERIOD		$ 25,471	$ 23,952	$ 50,679	$ 62,653
Basic earnings per share	13	$ 0.32	$ 0.30	$ 0.63	$ 0.78
Diluted earnings per share	13	$ 0.32	$ 0.30	$ 0.63	$ 0.78

See accompanying notes to the interim condensed consolidated financial statements.

Martinrea International Inc.

Interim Condensed Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars) (unaudited)

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
NET INCOME FOR THE PERIOD	$ 25,471	$ 23,952	$ 50,679	$ 62,653
Other comprehensive income (loss), net of tax:				
Items that may be reclassified to net income				
Foreign currency translation differences for foreign operations	17,899	(26,009)	(9,539)	(62,366)
Cash flow hedging derivative and non-derivative financial instruments:				
Unrealized gain in fair value of financial instruments	—	—	—	892
Reclassification of gain to net income	—	(2,785)	—	(3,054)
Items that will not be reclassified to net income				
Share of other comprehensive income of equity investments (note 6)	306	67	285	75
Remeasurement of defined benefit plans	2,957	3,586	12,063	12,142
Other comprehensive income (loss), net of tax	21,162	(25,141)	2,809	(52,311)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ 46,633	$ (1,189)	$ 53,488	$ 10,342

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, 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
Net loss for the period	—	—	—	(26,773)	(26,773)
Compensation expense related to stock options	—	618	—	—	618
Dividends ($0.10 per share)	—	—	—	(8,037)	(8,037)
Exercise of employee stock options	156	(43)	—	—	113
Other comprehensive income (loss) net of tax					
Remeasurement of defined benefit plans	—	—	—	5,564	5,564
Foreign currency translation differences	—	—	19,846	—	19,846
Share of other comprehensive income of equity investments	—	—	129	—	129
Cash flow hedging derivative and non-derivative financial instruments:					
Reclassification of gain to net loss	—	—	(960)	—	(960)
BALANCE AT DECEMBER 31, 2021	663,415	44,845	51,207	410,308	1,169,775
Net income for the period	—	—	—	50,679	50,679
Compensation expense related to stock options	—	391	—	—	391
Dividends ($0.10 per share)	—	—	—	(8,038)	(8,038)
Exercise of employee stock options	231	(60)	—	—	171
Other comprehensive income (loss) net of tax					
Remeasurement of defined benefit plans	—	—	—	12,063	12,063
Foreign currency translation differences	—	—	(9,539)	—	(9,539)
Share of other comprehensive income of equity investments	—	—	285	—	285
BALANCE AT JUNE 30, 2022	$ 663,646	$ 45,176	$ 41,953	$ 465,012	$ 1,215,787

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, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES:				
Net income for the period	$ 25,471	$ 23,952	$ 50,679	$ 62,653
Adjustments for:				
Depreciation of property, plant and equipment and right-of-use assets	66,233	57,219	131,605	115,277
Amortization of development costs	2,598	3,268	5,319	6,566
Unrealized loss (gain) on foreign exchange forward contracts	2,593	(1,440)	1,756	(2,184)
Finance expense	11,346	7,896	20,600	16,307
Income tax expense	8,907	7,378	17,127	20,332
Loss (gain) on disposal of property, plant and equipment	(82)	66	(82)	66
Deferred and restricted share units expense (benefit)	1,632	1,232	545	(475)
Stock options expense	195	266	391	606
Share of loss of equity investments	1,265	983	2,366	1,909
Gain on dilution of equity investments	—	—	(4,050)	(7,800)
Pension and other post-retirement benefits expense	854	1,000	1,722	2,015
Contributions made to pension and other post-retirement benefits	(295)	(939)	(1,660)	(1,877)
	120,717	100,881	226,318	213,395
Changes in non-cash working capital items:				
Trade and other receivables	(12,287)	(30,487)	(202,699)	(115,288)
Inventories	(34,946)	(79,943)	(58,128)	(127,939)
Prepaid expenses and deposits	(2,201)	(2,010)	(5,850)	(4,349)
Trade, other payables and provisions	68,031	44,542	221,636	144,401
	139,314	32,983	181,277	110,220
Interest paid	(14,012)	(8,247)	(23,971)	(17,423)
Income taxes paid	(7,963)	(9,438)	(9,974)	(20,084)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 117,339	$ 15,298	$ 147,332	$ 72,713
FINANCING ACTIVITIES:				
Increase in long-term debt (net of deferred financing fees)	17,519	62,551	37,519	113,527
Repayment of long-term debt	(5,662)	(4,171)	(11,021)	(8,711)
Principal payments of lease liabilities	(11,829)	(8,409)	(20,323)	(17,002)
Dividends paid	(4,019)	(4,018)	(8,037)	(8,033)
Exercise of employee stock options	171	562	171	636
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	$ (3,820)	$ 46,515	$ (1,691)	$ 80,417
INVESTING ACTIVITIES:				
Purchase of property, plant and equipment (excluding capitalized interest)*	(85,570)	(74,990)	(173,114)	(165,801)
Capitalized development costs	(2,287)	(1,611)	(3,626)	(4,168)
Equity investments (note 6)	—	(4,036)	(1,000)	(8,036)
Proceeds on disposal of property, plant and equipment	416	139	416	139
NET CASH USED IN INVESTING ACTIVITIES	$ (87,441)	$ (80,498)	$ (177,324)	$ (177,866)
Effect of foreign exchange rate changes on cash and cash equivalents	(6,551)	1,001	(5,745)	(386)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,527	(17,684)	(37,428)	(25,122)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	96,336	145,348	153,291	152,786
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 115,863	$ 127,664	$ 115,863	$ 127,664

*As at June 30, 2022, $95,956 (December 31, 2021 - $113,233) 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.