PRESS RELEASE

FOR IMMEDIATE RELEASE
August 9, 2023

MARTINREA INTERNATIONAL INC. REPORTS RECORD QUARTERLY 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, 2023 and declared a quarterly cash dividend of $0.05 per share.

SECOND-QUARTER HIGHLIGHTS

- Total sales of $1,361.1 million, up 22.2% year-over-year and a new quarterly record for the Company.
- Diluted net earnings per share of $0.62.
- Operating Income Margin of 6.1%.
- Adjusted EBITDA[(1)] of $160.6 million, a new quarterly record for the Company.
- Second quarter financial results were much improved compared to the second quarter of 2022, as semiconductor and other supply shortages had a more pronounced impact on prior-year volumes.
- Net debt-to-Adjusted EBITDA[(1)] ratio, excluding the impact of IFRS 16, continues to strengthen and ended the quarter at 1.71x.
- New business awards of approximately $150 million in annualized sales at mature volumes; year-to-date new business awards now total $220 million.
- Quarterly cash dividend of $0.05 declared.

OVERVIEW

Pat D'Eramo, President and Chief Executive Officer, stated: "Our second quarter financial performance was strong, and an improvement over the prior quarter, with Adjusted EBITDA[(1)] setting another quarterly record for the Company. While challenges from production volatility, supply chain bottlenecks, cost inflation, and tight labour market conditions are ongoing, the environment is better than it was last year, and we expect that it will continue to improve over time. At the same time, we are making progress on our commercial activity, working to offset inflationary costs and volume instability that we continue to face. We continue to expect 2023 to be better year over year, with higher production volumes, sales, margins and Free Cash Flow[(1)] compared to 2022. We are confirming our 2023 outlook, which calls for total sales (including tooling sales) of $4.8 to $5.0 billion, an Adjusted Operating Income Margin[(1)] of 6.0% to 7.0%, and Free Cash Flow[(1)] of $150 to $200 million."

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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, 2023 and in this press release.

He added: “I am pleased to announce that we have been awarded new business representing $150 million in annualized sales at mature volumes, consisting of $90 million in Propulsion Systems, including $65 million with General Motors as well as Daimler, Volvo, and others, and $60 million in Lightweight Structures with Mercedes-Benz and General Motors. Year to date, new business awards now total $220 million in annualized sales at mature volumes, which already exceeds the total amount of new wins in 2022.”

Fred Di Tosto, Chief Financial Officer, stated: “Sales for the second quarter, excluding tooling sales of $109.9 million, were $1,251.1 million, and Net Earnings per Share(1) was $0.62. Second quarter Operating Income of $82.4 million increased over the first quarter, and Adjusted EBITDA(1) of $160.6 million set a new quarterly record for the Company, as Pat noted. Second quarter Free Cash Flow(1) turned positive, coming in at $25.4 million, a nice improvement over ($31.6) million in the first quarter of 2023, driven by higher Adjusted EBITDA(1), lower capex, and the seasonal increase in working capital in the first quarter which did not repeat in the second quarter. We expect to generate an increasing amount of Free Cash Flow(1) in the back half of the year as our 2023 outlook implies, driven by higher Adjusted EBITDA(1), positive working capital flows, and significantly lower cash taxes compared to the first half.”

He continued: “Net Debt(1) declined by approximately $18 million quarter over quarter, to $937.4 million. Our Net Debt to Adjusted EBITDA(1) ratio (excluding the impact of IFRS 16) was 1.71x, down from 1.90x in the first quarter of 2023 and within striking distance of our long-term target of 1.5x or better. Our leverage ratio should naturally improve in the coming quarters as we generate an increasing amount of Free Cash Flow(1).”

Rob Wildeboer, Executive Chairman, stated: “We are pleased with our performance in the second quarter. Things are coming together. The overall environment continues to improve, we are making great progress operationally, our balance sheet is in good shape, and we are executing on our capital allocation priorities. We believe the industry is in the early stages of a period of stability and overall growth in volumes, especially in North America. The economy is in good shape, unemployment is low, household balance sheets are strong, and vehicle demand is robust while inventories remain low. Overall inflation is normalizing, which should bring with it some normalization in interest rates. I want to thank the Martinrea team for their dedication and hard work in delivering another strong quarterly performance.”

He added: “During the quarter, we repurchased just over 815,000 shares for cancellation under our normal course issuer bid for a total cost of $10.0 million. The average price paid per share repurchased in the quarter was approximately $12.30. We believe an investment in our own company is a good investment, particularly at the current low valuation. We intend to be active with our normal course issuer bid again this quarter, following the end of our blackout period. In addition to share buybacks, we paid down debt, and paid our usual $0.05 per share quarterly dividend to our shareholders. With our increasing Free Cash Flow(1) profile, we anticipate having an increasing amount of flexibility to allocate capital in the best interest of the Company.”

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, 2023 (“MD&A”), the Company’s interim condensed consolidated financial statements for the three and six months ended June 30, 2023 (the “interim financial statements”) and the Company’s Annual Information Form for the year ended December 31, 2022 can be found at www.sedarplus.ca.

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, 2023 and 2022. Refer to the Company’s interim financial statements for the three and six months ended June 30, 2023 for a detailed account of the Company’s performance for the periods presented in the tables below.

		Three months ended June 30, 2023		Three months ended June 30, 2022	$ Change	% Change
Sales	$	1,361,055	$	1,113,875	247,180	22.2%
Gross Margin		173,589		125,789	47,800	38.0%
Operating Income		82,436		45,543	36,893	81.0%
Net Income for the period		49,900		25,471	24,429	95.9%
Net Earnings per Share - Basic and Diluted	$	0.62	$	0.32	0.30	93.8%
Non-IFRS Measures*						
Adjusted Operating Income	$	82,436	$	45,543	36,893	81.0%
% of Sales		*6.1 %*		*4.1 %*		
Adjusted EBITDA		160,612		114,292	46,320	40.5%
% of Sales		*11.8 %*		*10.3 %*		
Adjusted Net Income		49,900		25,471	24,429	95.9%
Adjusted Net Earnings per Share - Basic and Diluted	$	0.62	$	0.32	0.30	93.8%

		Six months ended June 30, 2023		Six months ended June 30, 2022	$ Change	% Change
Sales	$	2,664,944	$	2,268,913	396,031	17.5%
Gross Margin		340,975		248,225	92,750	37.4%
Operating Income		157,613		85,592	72,021	84.1%
Net Income for the period		98,071		50,679	47,392	93.5%
Net Earnings per Share - Basic and Diluted	$	1.22	$	0.63	0.59	93.7%
Non-IFRS Measures*						
Adjusted Operating Income	$	157,613	$	89,829	67,784	75.5%
% of Sales		*5.9 %*		*4.0 %*		
Adjusted EBITDA		313,116		226,671	86,445	38.1%
% of Sales		*11.7 %*		*10.0 %*		
Adjusted Net Income		93,497		50,313	43,184	85.8%
Adjusted Net Earnings per Share - Basic	$	1.17	$	0.63	0.54	85.7%
Adjusted Net Earnings per Share - Diluted	$	1.16	$	0.63	0.53	84.1%

***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, 2023		Three months ended June 30, 2022
Net Income	$	49,900	$	25,471
Adjustments, after tax*		-		-
Adjusted Net Income	$	49,900	$	25,471

	Six months ended June 30, 2023	Six months ended June 30, 2022
Net Income	$ 98,071	$ 50,679
Adjustments, after tax*	(4,574)	(366)
Adjusted Net Income	$ 93,497	$ 50,313

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

	Three months ended June 30, 2023	Three months ended June 30, 2022
Net Income	$ 49,900	$ 25,471
Income tax expense	11,630	8,907
Other finance expense (income)	568	(1,446)
Share of loss of equity investments	652	1,265
Finance expense	19,686	11,346
Adjustments, before tax*	-	-
Adjusted Operating Income	$ 82,436	$ 45,543
Depreciation of property, plant and equipment and right-of-use assets	75,532	66,233
Amortization of development costs	2,670	2,598
Gain on disposal of property, plant and equipment	(26)	(82)
Adjusted EBITDA	$ 160,612	$ 114,292

	Six months ended June 30, 2023	Six months ended June 30, 2022
Net Income	$ 98,071	$ 50,679
Income tax expense	23,709	17,127
Other finance expense (income)	344	(1,130)
Share of loss of equity investments	2,030	2,366
Finance expense	38,732	20,600
Adjustments, before tax*	(5,273)	187
Adjusted Operating Income	$ 157,613	$ 89,829
Depreciation of property, plant and equipment and right-of-use assets	150,204	131,605
Amortization of development costs	5,283	5,319
Loss (gain) on disposal of property, plant and equipment	16	(82)
Adjusted EBITDA	$ 313,116	$ 226,671

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

SALES

Three months ended June 30, 2023 to three months ended June 30, 2022 comparison

	Three months ended June 30, 2023	Three months ended June 30, 2022	$ Change	% Change
North America	$ 1,047,067	$ 826,724	220,343	26.7%
Europe	288,023	255,832	32,191	12.6%
Rest of the World	36,566	38,673	(2,107)	(5.4%)
Eliminations	(10,601)	(7,354)	(3,247)	(44.2%)
Total Sales	$ 1,361,055	$ 1,113,875	247,180	22.2%

The Company’s consolidated sales for the second quarter of 2023 increased by $247.2 million or 22.2% to $1,361.1 million as compared to $1,113.9 million for the second quarter of 2022. 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 2023 in the Company's North America operating segment increased by $220.3 million or 26.7% to $1,047.1 million from $826.7 million for the second quarter of 2022. The increase was due generally to the launch and ramp up of new programs during or subsequent to the second quarter of 2022, including Mercedes' new electric vehicle platform (EVA2), General Motors' new electric vehicle platform (BEV3), and a Toyota/Lexus SUV; overall higher second quarter OEM light vehicle production volumes, which increased in North America by approximately 15% year-over-year, primarily as a result of the industry-wide supply chain disruptions which impacted 2022 to a greater degree compared to 2023; 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 2023 of $53.8 million as compared to the second quarter of 2022; the impact of commercial settlements (to partially offset inflationary cost increases) on customer pricing and sales; and an increase in tooling sales of $43.7 million, which are typically dependent on the timing of tooling construction and final acceptance by the customer. These positive factors were partially offset by lower year-over year-production volumes of certain light vehicle platforms including the GM Equinox/Terrain, Ford Mustang Mach E, and Lucid Air.

Sales for the second quarter of 2023 in the Company's Europe operating segment increased by $32.2 million or 12.6% to $288.0 million from $255.8 million for the second quarter of 2022. The increase was due generally to the launch and ramp up of new programs, including Mercedes' new electric vehicle platform (EVA2); overall higher second quarter OEM light vehicle production volumes, which increased in Europe by approximately 14% year-over-year, primarily as a result of the industry-wide supply chain disruptions which impacted 2022 to a greater degree compared to 2023; the impact of foreign exchange on the translation of Euro denominated production sales, which had a positive impact on overall sales for the second quarter of 2023 of $16.8 million as compared to the second quarter of 2022; the impact of commercial settlements (to partially offset inflationary cost increases) on customer pricing and sales; and a $4.9 million increase in tooling sales. These positive factors were partially offset by lower year-over year-production volumes of certain platforms, namely the Lucid Air and an engine block for Ford.

Sales for the second quarter of 2023 in the Company's Rest of the World operating segment decreased by $2.1 million or 5.4% to $36.6 million from $38.7 million in the second quarter of 2022. The decrease was largely driven by lower year-over-year production volumes on Geely's new electric vehicle platform (PMA); partially offset by higher production volumes with General Motors and Mercedes, and an increase in tooling sales of $1.0 million.

Overall tooling sales increased by $48.7 million (including outside segment sales eliminations) to $109.9 million for the second quarter of 2023 from $61.2 million for the second quarter of 2022.

Six months ended June 30, 2023 to six months ended June 30, 2022 comparison

	Six months ended June 30, 2023	Six months ended June 30, 2022	$ Change	% Change
North America	$ 2,021,059	$ 1,686,424	334,635	19.8%
Europe	591,493	517,294	74,199	14.3%
Rest of the World	70,448	78,426	(7,978)	(10.2%)
Eliminations	(18,056)	(13,231)	(4,825)	(36.5%)
Total Sales	$ 2,664,944	$ 2,268,913	396,031	17.5%

The Company's consolidated sales for the six months ended June 30, 2023 increased by $396.0 million or 17.5% to $2,664.9 million as compared to $2,268.9 million for the six months ended June 30, 2022. The total increase in sales was driven by year-over-year 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, 2023 in the Company's North America operating segment increased by $334.6 million or 19.8% to $2,021.1 million from $1,686.4 million for the six months ended June 30, 2022. The increase was due generally to the launch and ramp up of new programs, including Mercedes' new electric vehicle platform (EVA2), General Motors' new electric vehicle platform (BEV3), and a Toyota/Lexus SUV; overall higher OEM light vehicle production volumes during the first six months of the year, which increased in North America by approximately 12% year-over-year, primarily as a result of the industry-wide supply chain disruptions which impacted 2022 to a greater degree compared to 2023; 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, 2023 of $100.0 million as compared to the corresponding period of 2022; the impact of material passthrough and commercial settlements (to partially offset inflationary cost increases) on customer pricing and sales; and an increase in tooling sales of $59.9 million, which are typically dependent on the timing of tooling construction and final acceptance by the customer. These positive factors were partially offset by lower year-over-year production volumes of certain light vehicle platforms including the GM Equinox/Terrain, Ford Mustang Mach E and Lucid Air.

Sales for the six months ended June 30, 2023 in the Company’s Europe operating segment increased by $74.2 million or 14.3% to $591.5 million from $517.3 million for the six months ended June 30, 2022. The increase can be attributed to the launch and ramp up of new programs, including Mercedes' new electric vehicle platform (EVA2); overall higher OEM light vehicle production volumes during the first six months of the year, which increased in Europe by approximately 16% year-over-year, primarily as a result of the industry-wide supply chain disruptions which impacted 2022 to a greater degree compared to 2023; 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, 2023 of $18.2 million as compared to the corresponding period of 2022; and the impact of material passthrough and commercial settlements (to partially offset inflationary cost increases) on customer pricing and sales. These positive factors were partially offset by lower year-over year-production volumes of certain platforms, namely the Lucid Air and an engine block for Ford; and a $1.0 million decrease in tooling sales.

Sales for the six months ended June 30, 2023 in the Company’s Rest of the World operating segment decreased by $8.0 million or 10.2% to $70.4 million from $78.4 million for the six months ended June 30, 2022. The decrease was largely driven by lower year-over-year production volumes on Geely's new electric vehicle platform (PMA) and with Jaguar Land Rover; partially offset by an increase in tooling sales of $2.0 million.

Overall tooling sales increased by $60.4 million (including outside segment sales eliminations) to $174.3 million for the six months ended June 30, 2023 from $113.9 million for the six months ended June 30, 2022.

GROSS MARGIN

Three months ended June 30, 2023 to three months ended June 30, 2022 comparison

	Three months ended June 30, 2023	Three months ended June 30, 2022	$ Change	% Change
Gross margin	$ 173,589	$ 125,789	47,800	38.0 %
% of Sales	12.8 %	11.3 %		

The gross margin percentage for the second quarter of 2023 of 12.8% increased as a percentage of sales by 1.5% as compared to the gross margin percentage for the second quarter of 2022 of 11.3%. The increase in gross margin as a percentage of sales was generally due to overall higher production sales volume and corresponding higher utilization of assets, and productivity and efficiency improvements at certain operating facilities. These factors were partially offset by operational inefficiencies at certain operating facilities, and a negative sales mix. Overall market related inflationary pressures on labour, material and energy costs, along with offsetting commercial settlements, were generally stable for the quarter on a year-over-year basis.

Gross margin for the second quarter of 2023 continued to be impacted by production inefficiencies related to the industry-wide supply chain disruptions driven by the unpredictability of customer production schedules, although the stability of OEM production volumes has improved year-over-year.

Six months ended June 30, 2023 to six months ended June 30, 2022 comparison

	Six months ended June 30, 2023	Six months ended June 30, 2022	$ Change	% Change
Gross margin	$ 340,975	$ 248,225	92,750	37.4%
% of Sales	12.8%	10.9%		

The gross margin percentage for the six months ended June 30, 2023 of 12.8% increased as a percentage of sales by 1.9% as compared to the gross margin percentage for the six months ended June 30, 2022 of 10.9%. The increase in gross margin as a percentage of sales was generally due to:

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

These factors were partially offset by:

- higher labour, material and energy costs;
- operational inefficiencies at certain operating facilities;
- a negative sales mix; and
- the impact of material passthrough on customer pricing.

Gross margin for the six months ended June 30, 2023 continued to be impacted by production inefficiencies related to the industry-wide supply chain disruptions driven by the unpredictability of customer production schedules, although the stability of OEM production volumes has improved year-over-year.

ADJUSTMENTS TO NET INCOME

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

TABLE A

Three months ended June 30, 2023 to three months ended June 30, 2022 comparison

No adjustments were noted during the three months ended June 30, 2023 and 2022.

TABLE B

Six months ended June 30, 2023 to six months ended June 30, 2022 comparison

		Six months ended June 30, 2023		Six months ended June 30, 2022		$ Change
NET INCOME	**$**	**98,071**	**$**	**50,679**	**$**	**47,392**
Adjustments:						
Net gain on disposal of equity investments (1)		(5,273)		-		(5,273)
Gain on dilution of equity investments (2)		-		(4,050)		4,050
Restructuring costs (3)		-		4,237		(4,237)
ADJUSTMENTS, BEFORE TAX	**$**	**(5,273)**	**$**	**187**	**$**	**(5,460)**
Tax impact of adjustments		699		(553)		1,252
ADJUSTMENTS, AFTER TAX	**$**	**(4,574)**	**$**	**(366)**	**$**	**(4,208)**
ADJUSTED NET INCOME	**$**	**93,497**	**$**	**50,313**	**$**	**43,184**
Number of Shares Outstanding – Basic (‘000)		80,241		80,370		
Adjusted Basic Net Earnings Per Share	$	1.17	$	0.63		
Number of Shares Outstanding – Diluted (‘000)		80,293		80,370		
Adjusted Diluted Net Earnings Per Share	$	1.16	$	0.63		

(1) Net gain on disposal of equity investments

On March 24, 2023, Martinrea sold its equity interest in VoltaXplore Inc. ("VoltaXplore) to NanoXplore Inc. ("NanoXplore") for 3,420,406 common shares of NanoXplore at $2.92 per share representing an aggregate consideration of $10.0 million. The sale transaction resulted in a gain on disposal of equity investments during the first quarter of 2023 as follows:

Gross gain (Total consideration of $10.0 million less book value of investment)	$	6,821
Less: gain attributable to indirect retained interest		(1,548)
Net gain on disposal of equity investments	$	5,273

Subsequent to this transaction, the Company no longer holds a direct equity interest in VoltaXplore while its equity ownership interest in NanoXplore increased from 21.1% to 22.7%.

(2) Gain on dilution of equity investments

As at December 31, 2021, the Company held 35,045,954 common shares of 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.

(3) 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.

NET INCOME

Three months ended June 30, 2023 to three months ended June 30, 2022 comparison

		Three months ended June 30, 2023		Three months ended June 30, 2022	$ Change	% Change
Net Income	$	49,900	$	25,471	24,429	95.9%
Net Earnings per Share						
Basic and Diluted	$	0.62	$	0.32		

Net Income for the second quarter of 2023 increased by $24.4 million to $49.9 million or $0.62 per share, on a basic and diluted basis, from a Net Income of $25.5 million or $0.32 per share, on a basic and diluted basis, for the second quarter of 2022.

Net Income for the second quarter of 2023, as compared to the second quarter of 2022, was positively impacted by the following:

- higher gross margin on higher year-over-year sales volume as previously explained; and
- a lower effective tax rate (18.9% for the second quarter of 2023 compared to 25.9% for the second quarter of 2022).

These factors were partially offset by the following:

- a year-over-year increase in SG&A expense, as previously explained;
- an $8.3 million year-over-year increase in finance expense as a result of increased debt levels and borrowing rates on the Company's revolving bank debt; and
- a net foreign exchange loss of $0.7 million for the second quarter of 2023 compared to a gain of $1.2 million for the second quarter of 2022.

Six months ended June 30, 2023 to six months ended June 30, 2022 comparison

		Six months ended June 30, 2023		Six months ended June 30, 2022	$ Change	% Change
Net Income	$	98,071	$	50,679	47,392	93.5%
Adjusted Net Income		93,497		50,313	43,184	85.8%
Net Earnings per Share						
Basic and Diluted	$	1.22	$	0.63		
Adjusted Net Earnings per Share						
Basic	$	1.17	$	0.63		
Diluted	$	1.16	$	0.63		

Net Income, before adjustments, for the six months ended June 30, 2023 increased by $47.4 million to $98.1 million or $1.22 per share, on a basic and diluted basis, from a Net Income of $50.7 million or $0.63 per share, on a basic and diluted basis, for the six months ended June 30, 2022. Excluding the adjustments explained in Table B under "Adjustments to Net Income", Adjusted Net Income for the six months ended June 30, 2023 increased by $43.2 million to $93.5 million or $1.17 per share on a basic basis, and $1.16 on a diluted basis, from $50.3 million or $0.63 per share, on a basic and diluted basis, for the six months ended June 30, 2022.

Adjusted Net Income for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022, was positively impacted by the following:

- higher gross margin on higher year-over-year sales volume as previously explained; and
- a lower effective tax rate (19.8% for the six months ended June 30, 2023 compared to 26.0% for the six months ended June 30, 2022).

These factors were partially offset by the following:

- a year-over-year increase in SG&A expense, as previously explained;
- an $18.1 million year-over-year increase in finance expense as a result of increased debt levels and borrowing rates on the Company's revolving bank debt; and
- a net foreign exchange loss of $0.6 million for the six months ended June 30, 2023 compared to a gain of $0.9 million for the six months ended June 30, 2022.

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, 2023, on or about October 15, 2023.

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 58 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 Wednesday, August 9, 2023 at 6:00 p.m. Eastern Time. To participate, please dial 416-641-6104 (Toronto area) or 800-952-5114 (toll free Canada and US) and enter participant code 8029740#. 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 – 5701857#). The rebroadcast will be available until September 10, 2023.

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 those related to the Company's expectations as to, or its views or beliefs in or on, the impact of, or duration of, or factors affecting, or expected response to, or growth of, improvements in, expansion of and/or guidance or outlook (including for 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, net debt to adjusted EBITDA(1), debt repayment, Adjusted EBITDA(1), capex levels, working capital levels, cash tax levels, progress on commercial negotiations, 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 ongoing, or expectation for improvements in, supply chain issues or disruptions, inflation, labour market conditions, production volatility, the ramping up and launching of new business; the continued investments in its business and technologies; the opportunity to increase sales; the ability to finance future capital expenditures, working capital, debt obligations and other commitments; intentions to purchase under the normal course issuer bid; the Company's views on its liquidity, operating cash flow and leverage ratios and ability to deal with present or future economic conditions, the potential for fluctuation of operating results, 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 AIF and MD&A for the year ended December 31, 2022, and other public filings which can be found at www.sedarplus.ca:

- North American and Global Economic and Political Conditions and Consumer Confidence;
- 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;
- COVID-19 Pandemic;
- Russian Invasion of Ukraine;
- Semiconductor Chip Shortages and Price Increases;
- Inflationary Pressures;
- Regional Energy Shortages;
- Dependence Upon Key Customers;
- Customer Consolidation and Cooperation;
- Emergence of Potentially Disruptive EV OEMs;
- Outsourcing and Insourcing Trends;
- Financial Viability of Suppliers and Key Suppliers and Supply Disruptions;
- Competition;
- Customer Pricing Pressures, Contractual Arrangements, Cost and Risk Absorption and Purchase Orders;
- Material and Commodity Prices and Volatility;
- Scrap Steel/Aluminum Price Volatility;
- Quote/Pricing Assumptions;
- Launch and Operational Costs and Cost Structure;
- Fluctuations in Operating Results;
- Product Warranty, Repair/Replacement Costs, 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;
- Joint Ventures;
- Private or Public Equity Investments in Technology Companies;
- Potential Tax Exposures;
- Potential Rationalization Costs, Turnaround Costs and Impairment Charges;
- Labour Relations Matters;
- Trade Restrictions or Disputes;
- 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;
- 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;
- Evolving Business Risk Profile;
- 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; 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:

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