PRESS RELEASE

FOR IMMEDIATE RELEASE
AUGUST 6, 2024

MARTINREA INTERNATIONAL INC. REPORTS STRONG 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, 2024, and declared a quarterly cash dividend of $0.05 per share.

SECOND-QUARTER HIGHLIGHTS

- Total sales of $1,301.8 million, production sales of $1,263.7 million.
- Diluted net earnings per share of $0.54 and Adjusted Net Earnings per Share(1) of $0.58.
- Adjusted Operating Income Margin(1) of 6.3%.
- Adjusted EBITDA(1) of $166.1 million, a new quarterly record for the Company.
- Free Cash Flow(1) (excluding principal payments of IFRS-16 lease liabilities) was $51.7 million, a notable improvement over $26.5 million generated in the second quarter of 2023.
- Net debt-to-Adjusted EBITDA(1) ratio, excluding the impact of IFRS 16, ended the quarter at 1.49x.
- New business awards of approximately $125 million in annualized sales at mature volumes.
- Quarterly cash dividend of $0.05 per share declared.

OVERVIEW

Pat D'Eramo, Chief Executive Officer, stated: "Our second quarter financial results were strong, with a continued improvement in most metrics quarter over quarter, and better Free Cash Flow(1). We continue to perform well operationally. Supply constraints, inflationary cost pressures, and tight labour markets are generally improving, and we are mitigating the impact of these issues, as well as the slower-than-expected ramp up in electric vehicle programs across our industry, through commercial negotiations. I am happy with the progress we are making on this front. Our business is well-positioned for the long term. Interest rates are already coming down in Canada and seem likely to come down in the United States. This should help to improve vehicle affordability, which bodes well for future production volumes and sales. Our business is largely agnostic to propulsion type, which enables us to adapt to any mix of vehicles over time, and our North American-centric orientation and limited footprint in China is a positive in the context of the current geopolitical environment."

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[1] The Company prepares its financial statements in accordance with IFRS Accounting 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", "Free Cash-Flow (after IFRS 16 lease payments)" 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, 2024 and in this press release.

He continued: "I am pleased to announce that we have been awarded new business representing $125 million in annualized sales at mature volumes, consisting of $75 million in Lightweight Structures with multiple customers including Volvo, Honda, Mercedes-Benz, General Motors and others, and $50 million in Propulsion Systems, with Ford."

Fred Di Tosto, President, stated: "Our financial metrics are among the best in our industry, with operating margins and Free Cash Flow(1) generation at the high end of our peer group. This is a notable achievement, and I am very proud of our team in delivering this performance. As previously announced, I have stepped away from the Chief Financial Officer role and I continue to serve the company as President, overseeing the operations and some of the more strategic aspects of the business. It has been an honour serving as Chief Financial Officer for the last 13 years, and it continues to be an honour to serve as President. I am confident that the finance function remains in strong hands under Peter Cirulis' leadership."

Peter Cirulis, Chief Financial Officer, stated: "We are pleased with our financial performance in the second quarter. We are driving a healthy level of Free Cash Flow(1) from the business , our balance sheet is in great shape, and we are executing on our capital allocation priorities. Second quarter Adjusted EBITDA(1) of $166.1 million set a new quarterly record for the Company, and Adjusted Operating Income Margin(1) increased quarter over quarter, coming in at 6.3%. Second quarter sales, excluding tooling sales of $38.1 million, were $1,263.7 million, and diluted net earnings per share and Adjusted Net Earnings per Share(1) were $0.54 and $0.58, respectively. Free Cash Flow(1) (excluding principal payments of IFRS-16 lease liabilities) of $51.7 million improved year over year, mainly reflecting a lower level of capital spending. We continue to expect a solid year of Free Cash Flow(1) in 2024, weighted to the back half of the year, similar to 2023."

He continued: "Net Debt(1) (excluding IFRS-16 lease liabilities) declined by approximately $4 million quarter over quarter, to $852.1 million, reflecting the strong Free Cash Flow(1), partially offset by some cash restructuring costs, our regular dividend payment, and significant share buyback activity during the quarter. Our Net Debt to Adjusted EBITDA(1) ratio (excluding the impact of IFRS 16) ended the quarter at 1.49x, inline with our long-term target range of 1.5x or better."

Rob Wildeboer, Executive Chairman, stated: "As my colleagues noted, we are executing well operationally and financially, and allocating capital with a view to maximizing returns for our stakeholders. We repurchased approximately 2.0 million shares for cancellation under our normal course issuer bid (NCIB) during the quarter, representing about 2.5% of the outstanding shares of the Company. Total cash spent on share repurchases in the quarter was approximately $24.0 million. We intend to continue to buy back some stock at these levels. In terms of allocating capital, we will consider anything that makes Martinrea better, but not at the expense of our strong financial status. We believe consistent Free Cash Flow(1) generation is the path to a higher valuation. On behalf of the executive management team, we would like to thank our people for their hard work in delivering a solid quarterly performance, as well as our shareholders and other stakeholders for their continued support."

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, 2024 ("MD&A"), the Company's interim condensed consolidated financial statements for the three and six months ended June 30, 2024 (the "interim financial statements") and the Company's Annual Information Form for the year ended December 31, 2023 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 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, 2024 and 2023. Refer to the Company's interim financial statements for the three and six months ended June 30, 2024 for a detailed account of the Company's performance for the periods presented in the tables below.

		Three months ended June 30, 2024		Three months ended June 30, 2023	$ Change	% Change
Sales	$	1,301,793	$	1,361,055	(59,262)	(4.4%)
Gross Margin		183,630		173,589	10,041	5.8%
Operating Income		76,208		82,436	(6,228)	(7.6%)
Net Income for the period		40,979		49,900	(8,921)	(17.9%)
Net Earnings per Share - Basic and Diluted	$	0.54	$	0.62	(0.08)	(12.9%)
Non-IFRS Measures*						
Adjusted Operating Income	$	81,563	$	82,436	(873)	(1.1%)
% of Sales		*6.3 %*		*6.1 %*		
Adjusted EBITDA		166,139		160,612	5,527	3.4%
% of Sales		*12.8 %*		*11.8 %*		
Adjusted Net Income		44,383		49,900	(5,517)	(11.1%)
Adjusted Net Earnings per Share - Basic and Diluted	$	0.58	$	0.62	(0.04)	(6.5%)

		Six months ended June 30, 2024		Six months ended June 30, 2023	$ Change	% Change
Sales	$	2,625,706	$	2,664,944	(39,238)	(1.5%)
Gross Margin		356,167		340,975	15,192	4.5%
Operating Income		149,140		157,613	(8,473)	(5.4%)
Net Income for the period		84,629		98,071	(13,442)	(13.7%)
Net Earnings per Share - Basic and Diluted	$	1.10	$	1.22	(0.12)	(9.8%)
Non-IFRS Measures*						
Adjusted Operating Income	$	160,750	$	157,613	3,137	2.0%
% of Sales		*6.1 %*		*5.9 %*		
Adjusted EBITDA		328,969		313,116	15,853	5.1%
% of Sales		*12.5 %*		*11.7 %*		
Adjusted Net Income		92,480		93,497	(1,017)	(1.1%)
Adjusted Net Earnings per Share - Basic	$	1.20	$	1.17	0.03	2.6%
Adjusted Net Earnings per Share - Diluted	$	1.20	$	1.16	0.04	3.4%

***Non-IFRS Measures**

The Company prepares its interim financial statements in accordance with IFRS Accounting Standards ("IFRS"). However, the Company considers certain non-IFRS financial measures as useful additional information in measuring the financial performance and condition of the Company. These measures, which the Company believes are widely used by investors, securities analysts and other interested parties in evaluating the Company's performance, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to financial measures determined in accordance with IFRS. Non-IFRS measures include "Adjusted Net Income", "Adjusted Net Earnings per Share (on a basic and diluted basis)", "Adjusted Operating Income", "Adjusted EBITDA", "Free Cash Flow", "Free Cash Flow (after IFRS 16 lease payments)", 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, 2024		Three months ended June 30, 2023
Net Income	$	40,979	$	49,900
Adjustments, after tax*		3,404		-
Adjusted Net Income	$	44,383	$	49,900

		Six months ended June 30, 2024		Six months ended June 30, 2023
Net Income	$	84,629	$	98,071
Adjustments, after tax*		7,851		(4,574)
Adjusted Net Income	$	92,480	$	93,497

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

		Three months ended June 30, 2024		Three months ended June 30, 2023
Net Income	$	40,979	$	49,900
Income tax expense		16,531		11,630
Other finance expense (income)		(1,613)		568
Share of loss of equity investments		823		652
Finance expense		19,488		19,686
Adjustments, before tax*		5,355		-
Adjusted Operating Income	$	81,563	$	82,436
Depreciation of property, plant and equipment and right-of-use assets		80,867		75,532
Amortization of development costs		2,594		2,670
Loss (gain) on disposal of property, plant and equipment		1,115		(26)
Adjusted EBITDA	$	166,139	$	160,612

		Six months ended June 30, 2024		Six months ended June 30, 2023
Net Income	$	84,629	$	98,071
Income tax expense		30,449		23,709
Other finance expense (income)		(7,056)		344
Share of loss of equity investments		1,457		2,030
Finance expense		39,661		38,732
Adjustments, before tax*		11,610		(5,273)
Adjusted Operating Income	$	160,750	$	157,613
Depreciation of property, plant and equipment and right-of-use assets		161,904		150,204
Amortization of development costs		5,088		5,283
Loss on disposal of property, plant and equipment		1,227		16
Adjusted EBITDA	$	328,969	$	313,116

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

SALES

Three months ended June 30, 2024 to three months ended June 30, 2023 comparison

		Three months ended June 30, 2024		Three months ended June 30, 2023	$ Change	% Change
North America	$	984,579	$	1,047,067	(62,488)	(6.0%)
Europe		286,960		288,023	(1,063)	(0.4%)
Rest of the World		37,200		36,566	634	1.7%
Eliminations		(6,946)		(10,601)	3,655	34.5%
Total Sales	$	1,301,793	$	1,361,055	(59,262)	(4.4%)

The Company’s consolidated sales for the second quarter of 2024 decreased by $59.3 million or 4.4% to $1,301.8 million as compared to $1,361.1 million for the second quarter of 2023. The total decrease in sales was driven by year-over-year decreases in the North America and Europe operating segments, partially offset by a year-over-year increase in the Rest of the World.

Sales for the second quarter of 2024 in the Company's North America operating segment decreased by $62.5 million or 6.0% to $984.6 million from $1,047.1 million for the second quarter of 2023. The decrease was due to a decrease in tooling sales of $73.7 million, which are typically dependent on the timing of tooling construction and final acceptance by the customer; programs that ended production during or subsequent to the second quarter of 2023, specifically the Dodge Charger/Challenger, Ford Edge, and Chevrolet Bolt; and lower year-over-year OEM production volumes on certain light vehicle platforms, including the Ford Mustang Mach E and Mercedes' new electric vehicle platform (EVA2). These negative factors were partially offset by the launch and ramp up of new programs during or subsequent to the second quarter of 2023, including General Motors' new electric vehicle platforms (BEV3/BET), and the Toyota Tacoma; higher year-over-year OEM production volumes on certain other light vehicle platforms, including the Ford Maverick and General Motors' large pick-up truck and SUV platform; 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 second quarter of 2024 of $4.6 million.

Sales for the second quarter of 2024 in the Company's Europe operating segment decreased by $1.1 million or 0.4% to $287.0 million from $288.0 million for the second quarter of 2023. The decrease was due to lower year-over-year OEM production volumes on certain platforms, including the Mercedes' new electric vehicle platform (EVA2) and an engine block for Ford; programs that ended production during or subsequent to the second quarter of 2023, specifically the BMW Mini; and a decrease in tooling sales of $1.0 million, which are typically dependent of the timing of tooling construction and final acceptance by the customer. These negative factors were partially offset by higher year-over-year OEM production volumes on certain platforms, including an aluminum engine block for Jaguar Land Rover.

Sales for the second quarter of 2024 in the Company's Rest of the World operating segment increased by $0.6 million or 1.7% to $37.2 million from $36.6 million in the second quarter of 2023. The increase was largely driven by the launch and ramp up of new programs during or subsequent to the second quarter of 2023, specifically the BMW 5-series in China, and an increase in tooling sales of $1.9 million; partially offset by programs that came with the operations acquired from Metalsa in China that ended production during or subsequent to the second quarter of 2023, and lower year-over-year production volumes on the Cadillac CT6 vehicle platform in China.

Overall tooling sales decreased by $71.8 million (including outside segment sales eliminations) to $38.1 million for the second quarter of 2024 from $109.9 million for the second quarter of 2023.

Six months ended June 30, 2024 to six months ended June 30, 2023 comparison

		Six months ended June 30, 2024		Six months ended June 30, 2023	$ Change	% Change
North America	$	1,948,522	$	2,021,059	(72,537)	(3.6%)
Europe		620,970		591,493	29,477	5.0%
Rest of the World		68,962		70,448	(1,486)	(2.1%)
Eliminations		(12,748)		(18,056)	5,308	29.4%
Total Sales	$	2,625,706	$	2,664,944	(39,238)	(1.5%)

The Company's consolidated sales for the six months ended June 30, 2024 decreased by $39.2 million or 1.5% to $2,625.7 million as compared to $2,664.9 million for the six months ended June 30, 2023. The total decrease in sales was driven by year-over-year decreases in the North America and Rest of the World operating segments, partially offset by an increase in sales in Europe.

Sales for the six months ended June 30, 2024 in the Company's North America operating segment decreased by $72.5 million or 3.6% to $1,948.5 million from $2,021.1 million for the six months ended June 30, 2023. The decrease was due generally to a decrease in tooling sales of $106.7 million which are typically dependent on the timing of tooling construction and final acceptance by the customer; programs that ended production during or subsequent to the second quarter of 2023, specifically the Dodge Charger/Challenger, Ford Edge, and Chevrolet Bolt; and lower year-over-year OEM production volumes on certain light vehicle platforms, including the Ford Mustang Mach E, Mercedes' new electric vehicle platform (EVA2), and General Motors' Equinox/Terrain. These negative factors were partially offset by the launch and ramp up of new programs, including

General Motors' new electric vehicle platforms (BEV3/BET), and the Toyota Tacoma; higher year-over-year production volumes of certain light vehicle platforms including the Ford Escape and Maverick, and General Motors' large pick-up truck and SUV platform; 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, 2024 of $4.3 million.

Sales for the six months ended June 30, 2024 in the Company's Europe operating segment increased by $29.5 million or 5.0% to $621.0 million from $591.5 million for the six months ended June 30, 2023. The increase was due to an increase in tooling sales of $29.8 million, which are typically dependent on the timing of tooling construction and final acceptance by the customer; higher year-over-year OEM production volumes on certain platforms, including aluminum engine blocks for Jaguar Land Rover and Mercedes; 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, 2024 of $4.7 million. These positive factors were partially offset by lower year-over-year production volumes of certain other light vehicle platforms, including the Mercedes' new electric vehicle platform (EVA2), and programs that ended production during or subsequent to the corresponding period of 2023, specifically the BMW Mini.

Sales for the six months ended June 30, 2024 in the Company's Rest of the World operating segment decreased by $1.5 million or 2.1% to $69.0 million from $70.4 million for the six months ended June 30, 2023. The decrease was largely driven by programs that came with the operations acquired from Metalsa in China that ended production during or subsequent to the six months ended June 30, 2023, and lower year-over-year production volumes on the Cadillac CT6 vehicle platform in China; partially offset by the launch and ramp up of new programs, specifically the BMW 5-series in China, and an increase in tooling sales of $6.1 million.

Overall tooling sales decreased by $69.8 million (including outside segment sales eliminations) to $104.5 million for the six months ended June 30, 2024 from $174.3 million for the six months ended June 30, 2023.

GROSS MARGIN

Three months ended June 30, 2024 to three months ended June 30, 2023 comparison

	Three months ended June 30, 2024	Three months ended June 30, 2023	$ Change	% Change
Gross margin	$ 183,630	$ 173,589	10,041	5.8 %
% of Sales	14.1 %	12.8 %		

The gross margin percentage for the second quarter of 2024 of 14.1% increased as a percentage of sales by 1.3% as compared to the gross margin percentage for the second quarter of 2023 of 12.8%. The increase in gross margin as a percentage of sales was generally due to:

- productivity and efficiency improvements at certain operating facilities and other improvements;
- contribution from overall higher production sales volume; and
- a decrease in tooling sales which typically earn low margin for the Company.

These factors were partially offset by operational inefficiencies at certain other operating facilities, and a negative sales mix, including additional depreciation expense from recent new program investments.

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.

Six months ended June 30, 2024 to six months ended June 30, 2023 comparison

	Six months ended June 30, 2024	Six months ended June 30, 2023	$ Change	% Change
Gross margin	$ 356,167	$ 340,975	15,192	4.5%
% of Sales	13.6%	12.8%		

The gross margin percentage for the six months ended June 30, 2024 of 13.6% increased as a percentage of sales by 0.8% as compared to the gross margin percentage for the six months ended June 30, 2023 of 12.8%. The increase in gross margin as a percentage of sales was generally due to:

- productivity and efficiency improvements at certain operating facilities and other improvements;
- contribution from higher production sales volume; and
- a decrease in tooling sales which typically earn low margin for the Company.

These factors were partially offset by:

- operational inefficiencies at certain other operating facilities;
- an unfavourable impact from a year-over-year change in foreign exchange rates in Mexico; and
- a negative sales mix, including additional depreciation expense from recent new program investments.

Overall market related inflationary pressures on labour, material and energy costs, along with offsetting commercial settlements, were generally stable year-over-year.

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, 2024 to three months ended June 30, 2023 comparison

		Three months ended June 30, 2024		Three months ended June 30, 2023		$ Change
NET INCOME	**$**	**40,979**	**$**	**49,900**	**$**	**(8,921)**
Adjustments:						
Restructuring costs (1)		5,355		-		5,355
ADJUSTMENTS, BEFORE TAX	**$**	**5,355**	**$**	**-**	**$**	**5,355**
Tax impact of adjustments		(1,951)		-		(1,951)
ADJUSTMENTS, AFTER TAX	**$**	**3,404**	**$**	**-**	**$**	**3,404**
ADJUSTED NET INCOME	**$**	**44,383**	**$**	**49,900**	**$**	**(5,517)**
Number of Shares Outstanding – Basic (‘000)		76,060		80,095		
Adjusted Basic Net Earnings Per Share	$	0.58	$	0.62		
Number of Shares Outstanding – Diluted (‘000)		76,062		80,148		
Adjusted Diluted Net Earnings Per Share	$	0.58	$	0.62		

TABLE B

Six months ended June 30, 2024 to six months ended June 30, 2023 comparison

		Six months ended June 30, 2024		Six months ended June 30, 2023		$ Change
NET INCOME	**$**	**84,629**	**$**	**98,071**	**$**	**(13,442)**
Adjustments:						
Restructuring costs (1)		11,610		-		11,610
Net gain on disposal of equity investments (2)		-		(5,273)		5,273
ADJUSTMENTS, BEFORE TAX	**$**	**11,610**	**$**	**(5,273)**	**$**	**16,883**
Tax impact of adjustments		(3,759)		699		(4,458)
ADJUSTMENTS, AFTER TAX	**$**	**7,851**	**$**	**(4,574)**	**$**	**12,425**
ADJUSTED NET INCOME	**$**	**92,480**	**$**	**93,497**	**$**	**(1,017)**
Number of Shares Outstanding – Basic (‘000)		76,984		80,241		
Adjusted Basic Net Earnings Per Share	$	1.20	$	1.17		
Number of Shares Outstanding – Diluted (‘000)		77,005		80,293		
Adjusted Diluted Net Earnings Per Share	$	1.20	$	1.16		

(1) Restructuring costs

Additions to the restructuring provision during the three and six months ended June 30, 2024 totaled $5.4 million and $11.6 million, respectively, and represent employee-related severance resulting from the rightsizing of certain operations in Germany, Mexico, Canada, and the United States.

(2) 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%.

NET INCOME

Three months ended June 30, 2024 to three months ended June 30, 2023 comparison

	Three months ended June 30, 2024	Three months ended June 30, 2023	$ Change	% Change
Net Income	$ 40,979	$ 49,900	(8,921)	(17.9%)
Adjusted Net Income	44,383	49,900	(5,517)	(11.1%)
Net Earnings per Share				
Basic and Diluted	$ 0.54	$ 0.62		
Adjusted Net Earnings per Share				
Basic and Diluted	$ 0.58	$ 0.62		

Net Income, before adjustments, for the second quarter of 2024 decreased by $8.9 million to $41.0 million or $0.54 per share, on a basic and diluted basis, from Net Income of $49.9 million or $0.62 per share, on a basic and diluted basis, for the second quarter of 2023. Excluding the adjustments explained in Table A under "Adjustments to Net Income", Adjusted Net Income for the second quarter of 2024 decreased by $5.5 million to $44.4 million or $0.58 per share, on a basic and diluted basis, from $49.9 million or $0.62 per share, on a basic and diluted basis, for the second quarter of 2024.

Adjusted Net Income for the second quarter of 2024, as compared to the second quarter of 2023, was negatively impacted by the following:

- a year-over-year increase in SG&A expense, as previously explained;
- a $1.1 million loss on the disposal of property, plant and equipment for the second quarter of 2024; and
- a higher effective tax rate (29.4% for the second quarter of 2024 compared to 18.9% for the second quarter of 2023).

These factors were partially offset by the following:

- higher gross margin as previously explained; and
- a net foreign exchange gain of $1.9 million for the second quarter of 2024 compared to a loss of $0.7 million for the second quarter of 2023.

Six months ended June 30, 2024 to six months ended June 30, 2023 comparison

	Six months ended June 30, 2024	Six months ended June 30, 2023	$ Change	% Change
Net Income	$ 84,629	$ 98,071	(13,442)	(13.7%)
Adjusted Net Income	92,480	93,497	(1,017)	(1.1%)
Net Earnings per Share				
Basic and Diluted	$ 1.10	$ 1.22		
Adjusted Net Earnings per Share				
Basic	$ 1.20	$ 1.17		
Diluted	$ 1.20	$ 1.16		

Net Income, before adjustments, for the six months ended June 30, 2024 decreased by $13.4 million to $84.6 million or $1.10 per share, on a basic and diluted basis, from Net Income of $98.1 million or $1.22 per share, on a basic and diluted basis, for the six months ended June 30, 2023. Excluding the adjustments explained in Table B under "Adjustments to Net Income", Adjusted Net Income for the six months ended June 30, 2024 decreased by $1.0 million to $92.5 million or $1.20 per share on a basic and diluted basis, from $93.5 million or $1.17 per share on a basic basis, and $1.16 on a diluted basis, for the six months ended June 30, 2023.

Adjusted Net Income for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023, was negatively impacted by the following:

- a year-over-year increase in SG&A expense, as previously explained;
- a $2.6 million year-over-year increase in research and development costs driven generally by increased new product and process development activity;
- a $1.2 million loss on the disposal of property, plant and equipment for the six months ended June 30, 2024; and
- a higher effective tax rate (27.0% for the six months ended June 30, 2024 compared to 19.8% for the six months ended June 30, 2023).

These factors were partially offset by the following:

- higher gross margin as previously explained; and
- a net foreign exchange gain of $6.8 million for the six months ended June 30, 2024 compared to a loss of $0.6 million for the six months ended June 30, 2023.

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, 2024, on or about October 15, 2024.

ABOUT MARTINREA

Martinrea International Inc. is a leader in the development and production of quality metal parts, assemblies and modules, fluid management systems, and complex aluminum products focused primarily on the automotive sector. Martinrea currently operates in 56 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 X and Facebook.

CONFERENCE CALL DETAILS

A conference call to discuss the financial results will be held on Tuesday, August 6, 2024 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 8636388#. 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 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 – 7572968#). The rebroadcast will be available until September 7, 2024 at 5:00 p.m.

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 2024) 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, improvements in interest rates, supply constraints, inflation and labour, the growth of the Company and pursuit of, and belief in, its strategies, the strength, recovery and growth of the automotive industry and continuing challenges, contemplated purchases under the NCIB, 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, 2023, and other public filings which can be found at www.sedarplus.ca:

- North American and Global Economic and Political Conditions (including war) and Consumer Confidence
- Automotive Industry Risks
- Pandemics and Epidemics, Force Majeure Events, Natural Disasters, Terrorist Activities, Political and Civil Unrest or War, and Other Outbreaks
- Russia and Ukraine War and Hamas-Israel War
- 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
- Lease Obligations

These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

The common shares of Martinrea trade on The Toronto Stock Exchange under the symbol "MRE".

For further information, please contact:

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Martinrea International Inc.
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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, 2024	December 31, 2023
ASSETS			
Cash and cash equivalents		$ 181,438	$ 186,804
Trade and other receivables	2	798,369	695,819
Inventories	3	576,446	568,274
Prepaid expenses and deposits		33,446	33,904
Income taxes recoverable		37,020	11,089
TOTAL CURRENT ASSETS		1,626,719	1,495,890
Property, plant and equipment	4	1,952,096	1,943,771
Right-of-use assets	5	232,001	238,552
Deferred tax assets		199,160	192,301
Intangible assets		41,936	42,743
Investments	6	66,798	60,170
Pension assets		15,136	16,303
TOTAL NON-CURRENT ASSETS		2,507,127	2,493,840
TOTAL ASSETS		$ 4,133,846	$ 3,989,730
LIABILITIES			
Trade and other payables	7	$ 1,196,186	$ 1,176,579
Provisions	8	11,545	29,892
Income taxes payable		28,905	25,017
Current portion of long-term debt	9	11,009	12,778
Current portion of lease liabilities	10	51,615	48,507
TOTAL CURRENT LIABILITIES		1,299,260	1,292,773
Long-term debt	9	1,022,577	956,458
Lease liabilities	10	200,596	210,469
Pension and other post-retirement benefits		38,334	37,261
Deferred tax liabilities		26,378	27,588
TOTAL NON-CURRENT LIABILITIES		1,287,885	1,231,776
TOTAL LIABILITIES		2,587,145	2,524,549
EQUITY			
Capital stock	12	617,922	645,256
Contributed surplus		45,907	45,903
Accumulated other comprehensive income		141,392	95,753
Retained earnings		741,480	678,269
TOTAL EQUITY		1,546,701	1,465,181
TOTAL LIABILITIES AND EQUITY		$ 4,133,846	$ 3,989,730

Contingencies (note 17)

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, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
SALES		$ 1,301,793	$ 1,361,055	$ 2,625,706	$ 2,664,944
Cost of sales (excluding depreciation of property, plant and equipment and right-of-use assets)		(1,041,483)	(1,116,313)	(2,115,892)	(2,182,510)
Depreciation of property, plant and equipment and right-of-use assets (production)		(76,680)	(71,153)	(153,647)	(141,459)
Total cost of sales		(1,118,163)	(1,187,466)	(2,269,539)	(2,323,969)
GROSS MARGIN		183,630	173,589	356,167	340,975
Research and development costs		(10,208)	(9,351)	(21,185)	(18,629)
Selling, general and administrative		(86,557)	(77,449)	(164,748)	(155,972)
Depreciation of property, plant and equipment and right-of-use assets (non-production)		(4,187)	(4,379)	(8,257)	(8,745)
Gain (loss) on disposal of property, plant and equipment		(1,115)	26	(1,227)	(16)
Restructuring costs	8	(5,355)	-	(11,610)	-
OPERATING INCOME		76,208	82,436	149,140	157,613
Share of loss of equity investments	6	(823)	(652)	(1,457)	(2,030)
Net gain on disposal of equity investments		-	-	-	5,273
Finance expense	14	(19,488)	(19,686)	(39,661)	(38,732)
Other finance income (expense)	14	1,613	(568)	7,056	(344)
INCOME BEFORE INCOME TAXES		57,510	61,530	115,078	121,780
Income tax expense	11	(16,531)	(11,630)	(30,449)	(23,709)
NET INCOME FOR THE PERIOD		$ 40,979	$ 49,900	$ 84,629	$ 98,071

	Note	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Basic earnings per share	13	$ 0.54	$ 0.62	$ 1.10	$ 1.22
Diluted earnings per share	13	$ 0.54	$ 0.62	$ 1.10	$ 1.22

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, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
NET INCOME FOR THE PERIOD	$ 40,979	$ 49,900	$ 84,629	$ 98,071
Other comprehensive income (loss), net of tax:				
Items that may be reclassified to net income				
Foreign currency translation differences for foreign operations	14,287	(33,648)	45,678	(31,027)
Items that will not be reclassified to net income				
Share of other comprehensive loss of equity investments (note 6)	(27)	(7)	(39)	(18)
Remeasurement of defined benefit plans	(108)	2,071	(1,136)	2,446
Other comprehensive income (loss), net of tax	14,152	(31,584)	44,503	(28,599)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 55,131	$ 18,316	$ 129,132	$ 69,472

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, 2022	$ 663,646	$ 45,558	$ 124,065	$ 543,636	$ 1,376,905
Net income for the period	-	-	-	98,071	98,071
Compensation expense related to stock options	-	221	-	-	221
Dividends ($0.10 per share)	-	-	-	(7,999)	(7,999)
Exercise of employee stock options	358	(97)	-	-	261
Repurchase of common shares (note 12)	(6,733)	-	-	(3,307)	(10,040)
Other comprehensive income (loss) net of tax					
Remeasurement of defined benefit plans	-	-	-	2,446	2,446
Foreign currency translation differences	-	-	(31,027)	-	(31,027)
Share of other comprehensive loss of equity investments	-	-	(18)	-	(18)
BALANCE AT JUNE 30, 2023	657,271	45,682	93,020	632,847	1,428,820
Net income for the period	-	-	-	55,594	55,594
Compensation expense related to stock options	-	221	-	-	221
Dividends ($0.10 per share)	-	-	-	(7,847)	(7,847)
Repurchase of common shares (note 12)	(12,015)	-	-	(7,014)	(19,029)
Other comprehensive income net of tax					
Remeasurement of defined benefit plans	-	-	-	4,689	4,689
Foreign currency translation differences	-	-	2,733	-	2,733
BALANCE AT DECEMBER 31, 2023	645,256	45,903	95,753	678,269	1,465,181
Net income for the period	-	-	-	84,629	84,629
Compensation expense related to stock options	-	84	-	-	84
Dividends ($0.10 per share)	-	-	-	(7,582)	(7,582)
Exercise of employee stock options	350	(80)	-	-	270
Repurchase of common shares (note 12)	(27,684)	-	-	(12,700)	(40,384)
Other comprehensive income (loss) net of tax					
Remeasurement of defined benefit plans	-	-	-	(1,136)	(1,136)
Foreign currency translation differences	-	-	45,678	-	45,678
Share of other comprehensive loss of equity investments	-	-	(39)	-	(39)
BALANCE AT JUNE 30, 2024	$ 617,922	$ 45,907	$ 141,392	$ 741,480	$ 1,546,701

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, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES:				
Net income for the period	$ 40,979	$ 49,900	$ 84,629	$ 98,071
Adjustments for:				
Depreciation of property, plant and equipment and right-of-use assets	80,867	75,532	161,904	150,204
Amortization of development costs	2,594	2,670	5,088	5,283
Unrealized loss (gain) on foreign exchange forward contracts	4,265	4,701	3,469	(83)
Finance expense	19,488	19,686	39,661	38,732
Income tax expense	16,531	11,630	30,449	23,709
Loss (gain) on disposal of property, plant and equipment	1,115	(26)	1,227	16
Deferred and restricted share units expense	3,552	1,775	3,368	7,211
Stock options expense	42	111	84	221
Share of loss of equity investments	823	652	1,457	2,030
Net gain on disposal of equity investments	-	-	-	(5,273)
Pension and other post-retirement benefits expense	567	700	1,131	1,394
Contributions made to pension and other post-retirement benefits	(600)	(597)	(1,168)	(1,220)
	170,223	166,734	331,299	320,295
Changes in non-cash working capital items:				
Trade and other receivables	33,376	4,872	(84,836)	(126,996)
Inventories	(14,869)	20,080	3,738	(1,895)
Prepaid expenses and deposits	(1,046)	2,190	937	5,449
Trade, other payables and provisions	(32,995)	(28,108)	(11,599)	79,318
	154,689	165,768	239,539	276,171
Interest paid	(22,789)	(24,464)	(43,467)	(47,763)
Income taxes paid	(23,566)	(31,206)	(48,684)	(63,783)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 108,334	$ 110,098	$ 147,388	$ 164,625
FINANCING ACTIVITIES:				
Increase (decrease) in long-term debt (net of deferred financing fees)	(1,523)	(11,763)	47,941	35,331
Equipment loan repayments	(1,860)	(4,336)	(4,570)	(8,576)
Principal payments of lease liabilities	(13,432)	(11,933)	(25,756)	(22,887)
Dividends paid	(3,839)	(4,019)	(7,746)	(8,038)
Exercise of employee stock options	270	261	270	261
Repurchase of common shares	(24,012)	(10,040)	(39,922)	(10,040)
NET CASH USED IN FINANCING ACTIVITIES	$ (44,396)	$ (41,830)	$ (29,783)	$ (13,949)
INVESTING ACTIVITIES:				
Purchase of property, plant and equipment (excluding capitalized interest)*	(52,594)	(76,440)	(110,867)	(159,856)
Capitalized development costs	(2,099)	(2,436)	(3,144)	(4,201)
Increase in investments (note 6)	-	(1,000)	(8,130)	(1,000)
Proceeds on disposal of property, plant and equipment	211	255	1,189	386
NET CASH USED IN INVESTING ACTIVITIES	$ (54,482)	$ (79,621)	$ (120,952)	$ (164,671)
Effect of foreign exchange rate changes on cash and cash equivalents	(1,712)	523	(2,019)	(1,905)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,744	(10,830)	(5,366)	(15,900)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	173,694	156,585	186,804	161,655
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 181,438	$ 145,755	$ 181,438	$ 145,755

*As at June 30, 2024, $56,992 (December 31, 2023 - $75,800) 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.