PRESS RELEASE

FOR IMMEDIATE RELEASE
August 8, 2018

MARTINREA INTERNATIONAL INC. REPORTS RECORD SECOND QUARTER RESULTS, NEW PRODUCT AWARDS AND ANNOUNCES DIVIDEND

Toronto, Ontario – Martinrea International Inc. (TSX : MRE), a leader in the development and production of quality metal parts, assemblies and modules and fluid management systems and complex aluminum products focused primarily on the automotive sector, announced today the release of its financial results for the second quarter ended June 30, 2018 and a quarterly dividend.

HIGHLIGHTS

- Fifteenth consecutive quarter with record year-over-year adjusted earnings
- Total sales of $922 million; production sales of $857 million
- Record second quarter net income of $55.7 million, or $0.64 per share
- Record second quarter adjusted net income of $55.5 million, or $0.64 per share
- Record quarterly adjusted EBITDA of $125.7 million
- Quarterly adjusted operating income (8.9%) and adjusted EBITDA (13.6%) margins increase substantially year-over-year
- Balance sheet continues to strengthen; quarter end net debt:adjusted EBITDA ratio very strong improving to1.36:1
- New business awards of approximately $240 million in annualized sales
- Quarterly cash dividend of $0.045 declared

OVERVIEW

Pat D'Eramo, President and Chief Executive Officer, stated: "Our second quarter results and performance were outstanding, and I am very pleased with our progress and the efforts from our people. Our metrics in the quarter and year to date continue to improve, with record earnings and significantly higher year-over-year operating margins. Productivity improvements and better product mix are helping drive the margin expansion. Our metrics in quality and safety are becoming a source of real strength for us, and our people are embracing the acceleration of our Martinrea 2.0 strategy. One of the best indicators of the progress we are making of course is new business wins. In addition to the $300 million of new business announced last quarter, I am pleased to announce new business wins for the second quarter totalling another $240 million in annualized sales at peak volume, as follows: new fluids business with Ford and GM starting in 2021 ($35 million sales at peak volume); new steel metal forming business on the Nissan Pathfinder starting in 2020 ($50 million sales at peak volume) to be produced at two of our southern US plants; new steel metal forming work for FCA on the Grand Cherokee starting in 2021 ($140 million sales at peak volume) to be produced in Michigan; and new aluminum work for JLR starting in 2021 ($15 million sales at peak volume) to be produced in Spain. That's over half a billion dollars in new business announced in the past three months. Most of these awards reflect a strong customer response to our lightweighting solutions over a broad range of vehicles using steel or aluminum, or both, and illustrate that our strategy of providing leading edge, high quality lightweighting solutions at a competitive price is bearing fruit, with a variety of customers in many countries. We thank our customers for their support."

Fred Di Tosto, Chief Financial Officer, stated: “Sales for the second quarter, excluding tooling sales of $65 million, were $857 million, slightly below our previously announced sales guidance range, as certain platforms had lower than expected volumes and a fire at another supplier’s magnesium plant disrupted vehicle production of various customers resulting in lower sales for the quarter. In the quarter, our adjusted net earnings per share, on a basic and diluted basis, was $0.64 per share, a record second quarter and at the mid point of our quarterly guidance range, despite the lower sales. Quarterly adjusted operating income and adjusted EBITDA margins increased significantly year-over-year and quarter-over-quarter. Operating income margin for the quarter hit 8.9%. Our balance sheet continues to strengthen as well ending the quarter at a net debt to adjusted EBITDA ratio of 1.36:1. We intend to maintain a strong balance sheet over time, and will pay down debt as appropriate, although, as previously stated, we do not have specific targets. I am also pleased to report that we extended and expanded our credit facilities with our banking syndicate, closing just a few weeks ago. We have extended our maturity date to July 2022, we enhanced certain provisions of our facility, including larger lines of credit to fund our growth if needed, improved financial covenants, and increased flexibility on asset based financing, all at market pricing consistent with the previous facility. In addition, we moved to an unsecured credit structure. We have long viewed and treated our lending syndicate as partners, and we have a great relationship with them. We thank them for their continued support.”

Rob Wildeboer, Executive Chairman, stated: “We believe our One Martinrea Culture, expressed through our Vision, Mission and Ten Principles, is and will be a source of sustainable competitive advantage for us, and we believe that the financial results of this quarter, our strengthened lending relationships, and the tremendous support of our customers evidenced by a high volume of product wins, including some so called conquest business, bears that out. As we generate positive financial performance and cash flow in future, we will have the funds to invest in our business to support organic growth, and that is and will remain our top priority in terms of capital allocation. While we have made a number of acquisitions in the past, some very significant, and while the M&A market seems very active these days, our intention is not to pay above value prices for assets, and we see little need to do so given organic growth existing and prospective. I note that we believe in the future value of our shares over time, and in that regard we intend to announce a normal course issuer bid shortly, as a potential source of returning capital to our shareholders, in the context of funding our own business growth and maintaining a strong balance sheet first. The year 2018 has had a great start. Building on that, we anticipate a strong third quarter, with production sales in the range of $790 to $830 million and adjusted net earnings per share in the range of $0.43 to $0.47, reflecting year over year improvements. The seasonality of our business in our third quarter is typically our lowest production sales quarter given planned customer summer shutdowns. 2018 is expected to be a record year for us, and the future looks terrific.”

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 second quarter ended June 30, 2018 (“MD&A”), the Company’s interim condensed consolidated financial statements for the second quarter ended June 30, 2018 (the “interim consolidated financial statements”) and the Company’s Annual Information Form for the year ended December 31, 2017, can be found at www.sedar.com.

Results of operations may include certain unusual and other items which have been separately disclosed, where appropriate, in order to provide a clear assessment of the underlying Company results. In addition to IFRS measures, management uses non-IFRS measures in the Company’s disclosures that it believes provide the most appropriate basis on which to evaluate the Company’s results.

OVERALL RESULTS

The following tables set out certain highlights of the Company’s performance for the three and six months ended June 30, 2018 and 2017. Refer to the Company’s interim consolidated financial statements for the three and six months ended June 30, 2018 for a detailed account of the Company’s performance for the periods presented in the tables below.

	Three months ended June 30, 2018	Three months ended June 30, 2017	$ Change	% Change
Sales	$ 921,710	$ 972,772	(51,062)	(5.2%)
Gross Margin	150,035	128,926	21,109	16.4%
Operating Income	81,675	66,958	14,717	22.0%
Net Income for the period	55,727	47,411	8,316	17.5%
Net Income Attributable to Equity Holders of the Company	$ 55,727	$ 47,346	8,381	17.7%
Net Earnings per Share – Basic and Diluted	$ 0.64	$ 0.55	0.09	16.4%
Non-IFRS Measures*				
Adjusted Operating Income	$ 81,675	$ 66,958	14,717	22.0%
% of Sales	*8.9%*	*6.9%*		
Adjusted EBITDA	125,732	108,707	17,025	15.7%
% of Sales	*13.6%*	*11.2%*		
Adjusted Net Income Attributable to Equity Holders of the Company	55,527	47,346	8,181	17.3%
Adjusted Net Earnings per Share – Basic and Diluted	$ 0.64	$ 0.55	0.09	16.4%

	Six months ended June 30, 2018	Six months ended June 30, 2017	$ Change	% Change
Sales	$ 1,885,610	$ 1,973,322	(87,712)	(4.4%)
Gross Margin	294,464	247,141	47,323	19.1%
Operating Income	160,116	128,991	31,125	24.1%
Net Income for the period	111,686	90,878	20,808	22.9%
Net Income Attributable to Equity Holders of the Company	$ 111,686	$ 90,948	20,738	22.8%
Net Earnings per Share – Basic	$ 1.29	$ 1.05	0.24	22.9%
Net Earnings per Share – Diluted	$ 1.28	$ 1.05	0.23	21.9%
Non-IFRS Measures*				
Adjusted Operating Income	$ 160,116	$ 123,293	36,823	29.9%
% of Sales	*8.5%*	*6.2%*		
Adjusted EBITDA	245,694	203,254	42,440	20.9%
% of Sales	*13.0%*	*10.3%*		
Adjusted Net Income Attributable to Equity Holders of the Company	112,157	86,077	26,080	30.3%
Adjusted Net Earnings per Share – Basic	$ 1.29	$ 1.00	0.29	29.0%
Adjusted Net Earnings per Share – Diluted	$ 1.28	$ 0.99	0.29	29.3%

***Non-IFRS Measures**

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

The following tables provide a reconciliation of IFRS "Net Income Attributable to Equity Holders of the Company" to Non-IFRS "Adjusted Net Income Attributable to Equity Holders of the Company", "Adjusted Operating Income" and "Adjusted EBITDA".

		Three months ended June 30, 2018		Three months ended June 30, 2017
Net Income Attributable to Equity Holders of the Company	$	55,727	$	47,346
Unusual and Other Items (after-tax)*		(200)		–
Adjusted Net Income Attributable to Equity Holders of the Company	$	55,527	$	47,346

		Six months ended June 30, 2018		Six months ended June 30, 2017
Net Income Attributable to Equity Holders of the Company	$	111,686	$	90,948
Unusual and Other Items (after-tax)*		471		(4,871)
Adjusted Net Income Attributable to Equity Holders of the Company	$	112,157	$	86,077

**Unusual and other items are explained in the "Adjustments to Net Income" section of this press release*

		Three months ended June 30, 2018		Three months ended June 30, 2017
Net Income Attributable to Equity Holders of the Company	$	55,727	$	47,346
Non-controlling interest		–		65
Income tax expense		18,065		14,162
Other finance expense (income) - excluding Unusual and Other Items*		1,205		(112)
Finance expense		6,907		5,497
Unusual and Other Items (before-tax)*		(229)		–
Adjusted Operating Income	$	81,675	$	66,958
Depreciation of property, plant and equipment		40,500		37,719
Amortization of intangible assets		3,333		3,990
Loss on disposal of property, plant and equipment		224		40
Adjusted EBITDA	$	125,732	$	108,707

		Six months ended June 30, 2018		Six months ended June 30, 2017
Net Income Attributable to Equity Holders of the Company	$	111,686	$	90,948
Non-controlling interest		–		(70)
Income tax expense		36,018		27,515
Other finance income - excluding Unusual and Other Items*		(1,534)		(743)
Finance expense		13,408		11,341
Unusual and Other Items (before-tax)*		538		(5,698)
Adjusted Operating Income	$	160,116	$	123,293
Depreciation of property, plant and equipment		78,558		72,528
Amortization of intangible assets		6,810		7,726
Loss (gain) on disposal of property, plant and equipment		210		(293)
Adjusted EBITDA	$	245,694	$	203,254

**Unusual and other items are explained in the "Adjustments to Net Income" section of this press release*

<u>SALES</u>

Three months ended June 30, 2018 to three months ended June 30, 2017 comparison

		Three months ended June 30, 2018		Three months ended June 30, 2017	$ Change	% Change
North America	$	701,847	$	789,055	(87,208)	(11.1%)
Europe		188,703		155,620	33,083	21.3%
Rest of the World		33,828		32,767	1,061	3.2%
Eliminations		(2,668)		(4,670)	2,002	(42.9%)
Total Sales	$	921,710	$	972,772	(51,062)	(5.2%)

The Company's consolidated sales for the second quarter of 2018 decreased by $51.1 million or 5.2% to $921.7 million as compared to $972.8 million for the second quarter of 2017. The total decrease in sales was driven by a decrease in the North America operating segment, partially offset by year-over-year increases in sales in Europe and the Rest of the World.

Sales for the second quarter of 2018 in the Company's North America operating segment decreased by $87.2 million or 11.1% to $701.8 million from $789.1 million for the second quarter of 2017. The decrease was due to the impact of foreign exchange on the translation of U.S. denominated production sales, which had a negative impact on overall sales for the second quarter of 2018 of approximately $27.7 million as compared to the second quarter of 2017; lower year-over-year production volumes on certain light-vehicle platforms including the Ford Escape, Ford Fusion, GM pick-up truck line-up, and programs that ended production during or subsequent to the second quarter of 2017 such as the previous version of the GM Equinox/Terrain; and overall lower year-over-year production volumes resulting from unplanned OEM shutdowns during the second quarter of 2018 because of a fire at an industry-wide supplier of magnesium components which disrupted the automotive supply chain and, as a result, production levels of various vehicle platforms at Ford, FCA, GM, Daimler and BMW for a period of time during the month of May. These negative factors were partially offset by the launch of new programs during or subsequent to the second quarter of 2017, including the next generation GM Equinox/Terrain, and an increase in tooling sales of $9.1 million, which are typically dependent on the timing of tooling construction and final acceptance by the customer.

Sales for the second quarter of 2018 in the Company's Europe operating segment increased by $33.1 million or 21.3% to $188.7 million from $155.6 million for the second quarter of 2017. The increase can be attributed to a $13.0 million increase in tooling sales; a $10.1 million positive foreign exchange impact from the translation of Euro denominated production sales as compared to the second quarter of 2017; and higher overall production volumes in the Company's Martinrea Honsel German operations including the ramp up of new aluminum structural components work and the new V8 AMG engine block for Daimler.

Sales for the second quarter of 2018 in the Company's Rest of the World operating segment increased by $1.1 million or 3.2% to $33.8 million from $32.8 million in the second quarter of 2017. The increase was due to a $1.6 million increase in tooling sales, higher year-over-year production sales in the Company's operating facility in Brazil, and the launch of new aluminum structural components work for Jaguar Landrover in China, which began to ramp up in the first quarter of 2018; partially offset by a $1.3 million negative foreign exchange impact from the translation of foreign denominated production sales as compared to the second quarter of 2017 and lower year-over-year OEM production volumes on the Ford Mondeo vehicle platform in China.

Overall tooling sales increased by $25.5 million to $64.8 million for the second quarter of 2018 from $39.3 million for the second quarter of 2017.

Six months ended June 30, 2018 to six months ended June 30, 2017 comparison

		Six months ended June 30, 2018		Six months ended June 30, 2017	$ Change	% Change
North America	$	1,443,002	$	1,592,039	(149,037)	(9.4%)
Europe		374,426		327,940	46,486	14.2%
Rest of the World		74,209		59,844	14,365	24.0%
Eliminations		(6,027)		(6,501)	474	(7.3%)
Total Sales	$	1,885,610	$	1,973,322	(87,712)	(4.4%)

The Company's consolidated sales for the six months ended June 30, 2018 decreased by $87.7 million or 4.4% to $1,885.6 million as compared to $1,973.3 million for the six months ended June 30, 2017. The total decrease in sales was driven by a decrease in the North America operating segment, partially offset by year-over-year increases in sales in Europe and the Rest of the World.

Sales for the six months ended June 30, 2018 in the Company's North America operating segment decreased by $149.0 million or 9.4% to $1,443.0 million from $1,592.0 million for the six months ended June 30, 2017. The decrease was due to the impact of foreign exchange on the translation of U.S. denominated production sales, which had a negative impact on overall sales for the six months ended June 30, 2018 of approximately $57.0 million as compared to the corresponding period of 2017; lower year-over-year production volumes on certain light-vehicle platforms including the Ford Escape, Ford Fusion, Chevrolet Malibu, GM pick-up truck line-up, and programs that ended production during or subsequent to the six months ended June 30, 2017 such as the previous version of the GM Equinox/Terrain; and overall lower year-over-year production volumes resulting from unplanned OEM shutdowns during the second quarter of 2018 because of a fire at an industry-wide supplier of magnesium components which disrupted the automotive supply chain and, as a result, production levels of various vehicle platforms at Ford, FCA, GM, Daimler and BMW for a period of time during the month of May. These negative factors were partially offset by the launch of new programs during or subsequent to the six months ended June 30, 2017, including the next generation GM Equinox/Terrain, and an increase in tooling sales of $14.5 million, which are typically dependant on the timing of tooling construction and final acceptance by the customer.

Sales for the six months ended June 30, 2018 in the Company's Europe operating segment increased by $46.5 million or 14.2% to $374.4 million from $327.9 million for the six months ended June 30, 2017. The increase can be attributed to 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, 2018 of $24.7 million as compared to the corresponding period of 2017; a $7.8 million increase in tooling sales; and higher overall production volumes in the Company's Martinrea Honsel German operations including the ramp up of new aluminum structural components work and the new V8 AMG engine block for Daimler.

Sales for the six months ended June 30, 2018 in the Company's Rest of the World operating segment increased by $14.4 million or 24.0% to $74.2 million from $59.8 million for the six months ended June 30, 2017. The increase was due to a $9.0 million increase in tooling sales, higher year-over-year production sales in the Company's operating facility in Brazil, and the launch of new aluminum structural components work of Jaguar Landrover in China, which began to ramp up in the first quarter of 2018; partially offset by a $1.6 million negative foreign exchange impact from the translation of foreign denominated production sales as compared to the corresponding period of 2017 and lower year-over-year OEM production volumes on the Ford Mondeo vehicle platform in China.

Overall tooling sales increased by $32.5 million to $136.0 million for the six months ended June 30, 2018 from $103.5 million for the six months ended June 30, 2017.

GROSS MARGIN

Three months ended June 30, 2018 to three months ended June 30, 2017 comparison

	Three months ended June 30, 2018	Three months ended June 30, 2017	$ Change	% Change
Gross margin	$ 150,035	$ 128,926	21,109	16.4%
% of Sales	16.3%	13.3%		

The gross margin percentage for the second quarter of 2018 of 16.3% increased as a percentage of sales by 3.0% as compared to the gross margin percentage for the second quarter of 2017 of 13.3%. The increase in gross margin as a percentage of sales was generally due to:

- productivity and efficiency improvements at certain operating facilities; and
- general sales mix including new and replacement programs that launched, and old programs that ended production, during or subsequent to the second quarter of 2017.

These positive factors were partially offset by operational inefficiencies and other costs at certain other facilities, including upfront costs incurred in preparation of upcoming new programs and related to new business in the process of being launched; and an increase in tooling sales which typically earn low margins for the Company.

Six months ended June 30, 2018 to six months ended June 30, 2017 comparison

	Six months ended June 30, 2018	Six months ended June 30, 2017	$ Change	% Change
Gross margin	$ 294,464	$ 247,141	47,323	19.1%
% of Sales	15.6%	12.5%		

The gross margin percentage for the six months ended June 30, 2018 of 15.6% increased as a percentage of sales by 3.1% as compared to the gross margin percentage for the six months ended June 30, 2017 of 12.5%. Consistent with the year-over-year increase in the second quarter of 2018 as explained above, the increase in gross margin for the six months ended June 30, 2018, as a percentage of sales, was generally due to:

- productivity and efficiency improvements at certain operating facilities; and
- general sales mix including new and replacement programs that launched, and old programs that ended production, during or subsequent to the six months ended June 30, 2017.

These positive factors were partially offset by operational inefficiencies and other costs at certain other facilities, including upfront costs incurred in preparation of upcoming new programs and related to new business in the process of being launched; and an increase in tooling sales which typically earn low margins for the Company.

ADJUSTMENTS TO NET INCOME
(ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY)

Adjusted Net Income excludes certain unusual and other 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, 2018 to three months ended June 30, 2017 comparison

	For the three months ended June 30, 2018 (a)	For the three months ended June 30, 2017 (b)	(a)–(b) Change
NET INCOME (A)	**$55,727**	**$47,346**	**$8,381**
Add Back – Unusual and Other Items:			
Unrealized gain on derivative instruments (2)	(229)	–	(229)
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**($229)**	**–**	**($229)**
Tax impact of above items	29	–	29
TOTAL UNUSUAL AND OTHER ITEMS – AFTER TAX (B)	**($200)**	**–**	**($200)**
ADJUSTED NET INCOME (A + B)	**$55,527**	**$47,346**	**$8,181**
Number of Shares Outstanding – Basic (‘000)	86,814	86,512	
Adjusted Basic Net Earnings Per Share	$0.64	$0.55	
Number of Shares Outstanding – Diluted (‘000)	87,426	86,786	
Adjusted Diluted Net Earnings Per Share	$0.64	$0.55	

TABLE B

Six months ended June 30, 2018 to six months ended June 30, 2017 comparison

	For the six months ended June 30, 2018 (a)	For the six months ended June 30, 2017 (b)	(a)–(b) Change
NET INCOME (A)	**$111,686**	**$90,948**	**$20,738**
Add Back – Unusual and Other Items:			
Gain on sale of land and building (1)	–	(5,698)	5,698
Unrealized loss on derivative instruments (2)	538	–	538
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**$538**	**($5,698)**	**$6,236**
Tax impact of above items	(67)	827	(894)
TOTAL UNUSUAL AND OTHER ITEMS – AFTER TAX (B)	**$471**	**($4,871)**	**$5,342**
ADJUSTED NET INCOME (A + B)	**$112,157**	**$86,077**	**$26,080**
Number of Shares Outstanding – Basic (‘000)	86,780	86,502	
Adjusted Basic Net Earnings Per Share	$1.29	$1.00	
Number of Shares Outstanding – Diluted (‘000)	87,364	86,714	
Adjusted Diluted Net Earnings Per Share	$1.28	$0.99	

(1) Gain on sale of land and building

During the first quarter of 2017, in connection with the relocation of an existing operation to another manufacturing facility, a building owned by the Company in Mississauga, Ontario was sold on an “as-is, where-is” basis. The building was sold for proceeds of $9.9 million (net of closing costs of $0.4 million) resulting in a pre-tax gain of $5.7 million.

(2) Unrealized gain on derivative instruments

In the third quarter of 2017, the Company acquired 5,500,000 common shares in NanoXplore Inc. (“NanoXplore”), a publicly listed company on the TSX Venture Exchange trading under the ticker symbol GRA, for a total of $2.5 million through a private placement offering (the investment is further described in note 6 of the interim consolidated financial statements and later on in the MD&A under the section “Investments”). As part of the transaction to acquire the common shares, the Company also received warrants entitling the Company to acquire up to an additional 2,750,000 common shares in NanoXplore at a price of $0.70 per share for a period of up to two years after issuance.

During the first quarter of 2018, the Company acquired an additional 411,800 common shares in NanoXplore for a total of $0.7 million through another private placement offering. As part of the transaction to acquire the additional common shares, the Company also received warrants entitling the Company to acquire up to an additional 205,900 common shares in NanoXplore at a price of $2.30 per share for a period of up to two years after issuance.

The warrants in NanoXplore represent derivative instruments and are fair valued at the end of each reporting period with the change in fair value recorded through profit or loss. As at June 30, 2018, the warrants had a fair value of $3.6 million. Based on the fair value of the warrants as at June 30, 2018, an unrealized gain of $0.2 million was recognized in the second quarter of 2018 and an unrealized loss of $0.5 million was recognized for the six months ended June 30, 2018, recorded in other finance income (expense) and added back for Adjusted Net Income purposes.

NET INCOME
(ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY)

Three months ended June 30, 2018 to three months ended June 30, 2017 comparison

	Three months ended June 30, 2018	Three months ended June 30, 2017	$ Change	% Change
Net Income	$ 55,727	$ 47,346	8,381	17.7%
Adjusted Net Income	$ 55,527	$ 47,346	8,181	17.3%
Net Earnings per Share				
Basic and Diluted	$ 0.64	$ 0.55		
Adjusted Net Earnings per Share				
Basic and Diluted	$ 0.64	$ 0.55		

Net Income, before adjustments, for the second quarter of 2018 increased by $8.4 million to $55.7 million from $47.3 million for the second quarter of 2017 largely as a result of the year-over-year increase in the Company's gross margin as previously discussed. Excluding the unusual and other item recognized during the second quarter of 2018 as explained in Table A under "Adjustments to Net Income", net income for the second quarter of 2018 increased to $55.5 million or $0.64 per share, on a basic and diluted basis, from $47.3 million or $0.55 per share, on a basic and diluted basis, for the second quarter of 2017.

Adjusted Net Income for the second quarter of 2018, as compared to the second quarter of 2017, was positively impacted by the following:

- higher gross profit despite an overall decrease in year-over-year sales as previously explained;
- productivity and efficiency improvements at certain operating facilities; and
- general sales mix including new and replacement programs that launched, and old programs that ended production, during or a subsequent to the second quarter of 2017.

These factors were partially offset by the following:

- operational inefficiencies and other costs at certain other facilities;
- a year-over-year increase in SG&A expense as previously discussed;
- a year-over-year increase in depreciation expense as previously discussed;
- a year-over-year increase in finance expense on the Company's bank debt and equipment loans as a result of increased borrowing rates;
- a net foreign exchange loss of $1.3 million for the second quarter of 2018; and
- a higher effective tax rate on adjusted income due generally to the mix of earnings (24.5% for the second quarter of 2018 compared to 23.0% for the second quarter of 2017).

Six months ended June 30, 2018 to six months ended June 30, 2017 comparison

	Six months ended June 30, 2018	Six months ended June 30, 2017	$ Change	% Change
Net Income	$ 111,686	$ 90,948	20,738	22.8%
Adjusted Net Income	$ 112,157	$ 86,077	26,080	30.3%
Net Earnings per Share				
Basic	$ 1.29	$ 1.05		
Diluted	$ 1.28	$ 1.05		
Adjusted Net Earnings per Share				
Basic	$ 1.29	$ 1.00		
Diluted	$ 1.28	$ 0.99		

Net Income, before adjustments, for the six months ended June 30, 2018 increased by $20.7 million to $111.7 million from $90.9 million for the six months ended June 30, 2017 largely as a result of the year-over-year increase in the Company's gross margin, as previously discussed, and the impact of the unusual and other items incurred during the six months ended June 30, 2018 and 2017 as explained in Table B under "Adjustments to Net Income". Excluding these unusual and other items, net income for the six months ended June 30, 2018 increased to $112.2 million or $1.29 per share, on a basic basis, and $1.28 on a diluted basis, from $86.1 million or $1.00 per share, on a basic basis, and $0.99 per share, on a diluted basis, for the six months ended June 30, 2017.

Adjusted Net Income for the six months ended June 30, 2018, as compared to the six months ended June 30, 2017, was positively impacted by the following:

- higher gross profit despite an overall decrease in year-over-year sales as previously explained;
- productivity and efficiency improvements at certain operating facilities;
- general sales mix including new and replacement programs that launched, and old programs that ended production, during or subsequent to the six months ended June 30, 2017; and
- a net foreign exchange gain of $1.4 million for the six months ended June 30, 2018 compared to a net foreign exchange gain of $0.6 million for the six months ended June 30, 2017.

These factors were partially offset by the following:

- operational inefficiencies and other costs at certain other facilities;
- a year-over-year increase in SG&A as previously discussed;
- a year-over-year increase in depreciation expense as previously discussed;
- a year-over-year increase in finance expense on the Company's bank debt and equipment loans as a result of increased borrowing rates; and
- a higher effective tax rate on adjusted income due generally to the mix of earnings (24.3% for the six months ended June 30, 2018 compared to 23.7% for the six months ended June 30, 2017).

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

Three months ended June 30, 2018 to three months ended June 30, 2017 comparison

	Three months ended June 30, 2018	Three months ended June 30, 2017	$ Change	% Change
Additions to PP&E	$ 69,574	$ 45,091	24,483	54.3%

Additions to PP&E increased by $24.5 million to $69.6 million or 7.5% of sales in the second quarter of 2018 from $45.1 million or 4.6% of sales in the second quarter of 2017 due in large part to the timing of expenditures. The Company continues to make investments in the business, including in both new and replacement business, as the Company's global footprint expands and as it executes on its growing backlog of new business in all its various product offerings.

Six months ended June 30, 2018 to six months ended June 30, 2017 comparison

	Six months ended June 30, 2018	Six months ended June 30, 2017	$ Change	% Change
Additions to PP&E	$ 119,911	$ 111,732	8,179	7.3%

Additions to PP&E increased by $8.2 million year-over-year to $119.9 million or 6.4% of sales for the six months ended June 30, 2018 compared to $111.7 million or 5.7% of sales for the six months ended June 30, 2017 due generally to the timing of expenditures. As explained above, the Company continues to make investments in the business, including in both new and replacement business, as the Company's global footprint expands and as it executes on its growing backlog of new business in all its various product offerings.

DIVIDEND

A cash dividend of $0.045 per share has been declared by the Board of Directors payable to shareholders of record on September 30, 2018, on or about October 15, 2018.

ABOUT MARTINREA

Martinrea currently employs approximately 15,000 skilled and motivated people in 44 operating divisions in Canada, the United States, Mexico, Brazil, Germany, Slovakia, Spain and China.

Martinrea's vision: making lives better by being the best supplier we can be in the products we make and the services we provide. The Company's mission is to make people's lives better by delivering: outstanding quality products and services to our customers; meaningful opportunity, job satisfaction and job security to our people through competitiveness and prudent growth; superior long term investment returns to our stakeholders; and positive contributions to our communities as good corporate citizens.

CONFERENCE CALL DETAILS

A conference call to discuss those results will be held on Thursday, August 9, 2018 at 8:30am. (Toronto time) which can be accessed by dialing (416) 340-2218 or toll free (800) 377-0758. Please call 10 minutes prior to the start of the conference call.

If you have any teleconferencing questions, please call Andre La Rosa at (416) 749-0314.

There will also be a rebroadcast of the call available by dialing (905) 694-9451 or toll free (800) 408-3053 (conference id - 1498875#). The rebroadcast will be available until August 27, 2018.

FORWARD-LOOKING INFORMATION

Special Note Regarding Forward-Looking Statements

This press release 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 as to future revenue, sales, gross margin, earnings, and earnings per share (including as adjusted), or operating income margins, improvements in the Company's metrics including quality and safety, the intention to maintain a strong balance sheet and pay down debt over time, program wins, expected volumes, the ramping up and launching of new programs and the financial impact of launches, statements relating to investments in the business, pursuit of its strategies, the intention to commence an NCIB, the payment of dividends, as well as other forward-looking statements. The words "continue", "expect", "anticipate", "estimate", "may", "will", "should", "views", "intend", "believe", "plan", "outlook" 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 (FX), timing of product launches and operational improvements during the period and current Board approved budgets. Certain forward-looking financial assumptions are presented as non-IFRS information, and we do not provide reconciliation to IFRS for such assumptions. Many factors could cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, some of which are discussed in detail in the Company's Annual Information Form and other public filings which can found at www.sedar.com:

- North American and global economic and political conditions;
- the highly cyclical nature of the automotive industry and the industry's dependence on consumer spending and general economic conditions;
- the Company's dependence on a limited number of significant customers;
- financial viability of suppliers;
- the Company's reliance on critical suppliers and on suppliers for components and the risk that suppliers will not be able to supply components on a timely basis or in sufficient quantities;
- Competition;
- the increasing pressure on the Company to absorb costs related to product design and development, engineering, program management, prototypes, validation and tooling;
- increased pricing of raw materials;
- outsourcing and insourcing trends;
- the risk of increased costs associated with product warranty and recalls together with the associated liability;

- the Company's ability to enhance operations and manufacturing techniques;
- dependence on key personnel;
- limited financial resources;
- risks associated with the integration of acquisitions;
- costs associated with rationalization of production facilities;
- launch costs;
- the potential volatility of the Company's share price;
- changes in governmental regulations or laws including any changes to the North American Free Trade Agreement;
- labour disputes;
- litigation;
- currency risk;
- fluctuations in operating results;
- internal controls over financial reporting and disclosure controls and procedures;
- environmental regulation;
- a shift away from technologies in which the Company is investing;
- competition with low cost countries;
- the Company's ability to shift its manufacturing footprint to take advantage of opportunities in emerging markets;
- risks of conducting business in foreign countries, including China, Brazil and other growing markets;
- potential tax exposure;
- a change in the Company's mix of earnings between jurisdictions with lower tax rates and those with higher tax rates, as well as under-funding of pensions plans;
- the cost of post-employment benefits;
- impairment charges;
- cybersecurity threats; and
- dividends.

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

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

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