PRESS RELEASE

FOR IMMEDIATE RELEASE
August 6, 2019

MARTINREA INTERNATIONAL INC. REPORTS SECOND QUARTER RESULTS AND DECLARES DIVIDEND

Toronto, Ontario – Martinrea International Inc. (TSX : MRE), a diversified and global automotive supplier engaged in the design, development and manufacturing of highly engineered, value-added Lightweight Structures and Propulsion Systems, today announced the release of its financial results for the second quarter ended June 30, 2019 and that it has declared a quarterly cash dividend of $0.045 per share.

HIGHLIGHTS

- Total sales of $949 million; production sales of $898 million, both up year-over-year
- Quarterly diluted net earnings per share of $0.34
- Record second quarter adjusted diluted net earnings per share(1) of $0.66
- Quarterly adjusted operating income(1) margin of 8.9%
- Record second quarter adjusted EBITDA(1)
- Quarterly free cash flow(1) of $57 million
- Strengthened balance sheet with reduced debt (excluding impact of IFRS 16); net debt:adjusted EBITDA(1) down to 1.48x
- New business awards of approximately $50 million in annualized sales at peak volumes
- Quarterly cash dividend of $0.045 per share declared

OVERVIEW

Pat D'Eramo, President and Chief Executive Officer, stated: "I am very pleased with our second quarter results. We had a great quarter, with solid financial and operating performance. In a year when the overall market is seeing some volume headwinds, and a number of suppliers have seen reduced margins and earnings, our margins and earnings have remained very solid and our adjusted earnings per share, ebitda, and free cash flow are all up year over year. We are in the midst of a very heavy launch cycle, but launches are proceeding well. In the past few weeks we have won approximately $50 million in annualized sales at peak volumes, including Lightweighting Structures for Honda and Nissan starting in 2021 and powerpact module assemblies for Ford starting in 2023. Our people are performing well, and we thank them for their efforts."

Fred Di Tosto, Chief Financial Officer, stated: "Sales for the second quarter, excluding tooling sales of approximately $50 million, were $898 million, within the range of our previously announced sales guidance. In the quarter, our adjusted net earnings per share, on a basic and diluted basis, was $0.66 per share, also within the range of our quarterly guidance and a record second quarter. Adjusted operating income margin for the quarter was 8.9%. I'm also happy to report that we were free cash flow positive for the second quarter. We have said, for quite some time, that you would start seeing our free cash flow profile turn positive in 2019, and our second quarter results clearly reflect that. The year

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

continues to trend as planned. Third quarter sales, excluding tooling sales, should be in the range of $820 million to $860 million, and adjusted net earnings per share in the range of $0.53 to $0.57 per share. This would be the best third quarter in our history."

Rob Wildeboer, Executive Chairman, stated: "We believe 2019 will be another record year for Martinrea. Our North American segment has done extremely well year to date despite some reduction in overall market volumes. The North American economy continues to perform positively, and the trade and tariff issues for North America are moving in the right direction; the progress on the USMCA is a net positive for us, we believe. Our European segment is performing well despite some overall softness there. We have made very good moves in Brazil and China to right-size our operations, as discussed last quarter. Overall, our financial metrics are improving on an absolute and relative basis compared to most of our peers. With our solid financial performance and cash flow, we will continue to invest in our business, make strategic investments where appropriate, and pay down debt to maintain a strong balance sheet. We also intend to renew our normal course issuer bid when the current one expires. We are very well-positioned for a great future."

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, 2019 ("MD&A"), the Company's interim condensed consolidated financial statements for the second quarter ended June 30, 2019 (the "interim consolidated financial statements") and the Company's Annual Information Form for the year ended December 31, 2018, 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 key financial metrics underlying the Company's performance for the three and six months ended June 30, 2019 and 2018. Refer to the Company's financial statements for the three and six months ended June 30, 2019 for a detailed account of the Company's performance for the periods presented in the tables below.

	Three months ended June 30, 2019	Three months ended June 30, 2018	$ Change	% Change
Sales	$ 948,533	$ 921,710	26,823	2.9%
Gross Margin	154,778	150,035	4,743	3.2%
Operating Income	57,302	81,675	(24,373)	(29.8%)
Net Income for the period	28,122	55,727	(27,605)	(49.5%)
Net Earnings per Share - Basic and Diluted	$ 0.34	$ 0.64	(0.30)	(46.9%)
Non-IFRS Measures(1)				
Adjusted Operating Income	$ 83,969	$ 81,675	2,294	2.8%
% of Sales	*8.9%*	*8.9%*		
Adjusted EBITDA	137,709	125,732	11,977	9.5%
% of Sales	*14.5%*	*13.6%*		
Adjusted Net Income	54,570	55,527	(957)	(1.7%)
Adjusted Net Earnings per Share - Basic and Diluted	$ 0.66	$ 0.64	0.02	3.1%

		Six months ended June 30, 2019		Six months ended June 30, 2018	$ Change	% Change
Sales	$	1,971,694	$	1,885,610	86,084	4.6%
Gross Margin		312,279		294,464	17,815	6.0%
Operating Income		140,765		160,116	(19,351)	(12.1%)
Net Income for the period		83,390		111,686	(28,296)	(25.3%)
Net Earnings per Share - Basic	$	1.00	$	1.29	(0.29)	(22.5%)
Net Earnings per Share - Diluted	$	1.00	$	1.28	(0.28)	(21.9%)
Non-IFRS Measures(1)						
Adjusted Operating Income	$	167,432	$	160,116	7,316	4.6%
% of Sales		*8.5%*		*8.5%*		
Adjusted EBITDA		271,620		245,694	25,926	10.6%
% of Sales		*13.8%*		*13.0%*		
Adjusted Net Income		110,346		112,157	(1,811)	(1.6%)
Adjusted Net Earnings per Share - Basic	$	1.33	$	1.29	0.04	3.1%
Adjusted Net Earnings per Share - Diluted	$	1.33	$	1.28	0.05	3.9%

Impact of the Adoption of IFRS 16, Leases

Effective January 1, 2019, the Company adopted the new accounting standard, IFRS 16, Leases (“IFRS 16”). In adopting the new standard, the Company used the modified retrospective approach which involves recognizing transitional adjustments in opening retained earnings, if any, on the date of initial application without restating comparative prior periods. As such, 2018 prior year comparatives have not been restated.

The adoption of the new standard resulted in the recognition of lease liabilities of $228.6 million and right-of-use assets of $223.8 million, net of accrued liabilities related to the leases of $4.8 million, recognized as at January 1, 2019 in the interim condensed consolidated balance sheet. From an earnings perspective, while timing differences may exist, the new standard results in a decrease in operating rent expense essentially replaced by increases in finance and depreciation expenses as recognized in the interim condensed consolidated statement of operations. As such, the adoption of IFRS 16 did not have a significant impact on the Company’s operating results and the financial metrics for the three and six months ended June 30, 2019 outlined above other than “Adjusted EBITDA”. The adoption of IFRS 16 contributed approximately 7% of the year-over-year growth in Adjusted EBITDA due to the recognition of depreciation expense on right-of-use assets, in lieu of operating rent expense, as required by the new standard. The adoption of the new standard is further explained in “Recently adopted and applicable accounting standards and policies” in the MD&A and note 1(d)(i) of the financial statements for the three and six months ended June 30, 2019.

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, 2019	Three months ended June 30, 2018
Net Income	$ 28,122	$ 55,727
Unusual and Other Items (after-tax)*	26,448	(200)
Adjusted Net Income	$ 54,570	$ 55,527

	Six months ended June 30, 2019	Six months ended June 30, 2018
Net Income	$ 83,390	$ 111,686
Unusual and Other Items (after-tax)*	26,956	471
Adjusted Net Income	$ 110,346	$ 112,157

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

	Three months ended June 30, 2019	Three months ended June 30, 2018
Net Income	$ 28,122	$ 55,727
Income tax expense	17,642	18,065
Other finance expense - excluding Unusual and Other Items*	853	1,205
Share of loss of an associate	512	-
Finance expense	9,944	6,907
Unusual and Other Items (before-tax)*	26,896	(229)
Adjusted Operating Income	$ 83,969	$ 81,675
Depreciation of property, plant and equipment	49,837	40,500
Amortization of intangible assets	4,051	3,333
Loss (gain) on disposal of property, plant and equipment	(148)	224
Adjusted EBITDA	$ 137,709	$ 125,732

		Six months ended June 30, 2019		Six months ended June 30, 2018
Net Income	$	83,390	$	111,686
Income tax expense		36,027		36,018
Other finance expense (income) - excluding Unusual and Other Items*		286		(1,534)
Share of loss of an associate		512		-
Finance expense		19,740		13,408
Unusual and Other Items (before-tax)*		27,477		538
Adjusted Operating Income	$	167,432	$	160,116
Depreciation of property, plant and equipment		96,731		78,558
Amortization of intangible assets		7,716		6,810
Loss (gain) on disposal of property, plant and equipment		(259)		210
Adjusted EBITDA	$	271,620	$	245,694

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

SALES

Three months ended June 30, 2019 to three months ended June 30, 2018 comparison

		Three months ended June 30, 2019		Three months ended June 30, 2018	$ Change	% Change
North America	$	754,041	$	701,847	52,194	7.4%
Europe		165,611		188,703	(23,092)	(12.2%)
Rest of the World		30,467		33,828	(3,361)	(9.9%)
Eliminations		(1,586)		(2,668)	1,082	40.6%
Total Sales	$	948,533	$	921,710	26,823	2.9%

The Company’s consolidated sales for the second quarter of 2019 increased by $26.8 million or 2.9% to $948.5 million as compared to $921.7 million for the second quarter of 2018. The total increase in sales was driven by a year-over-year increase in the North America operating segment, partially offset by decreases in Europe and the Rest of the World.

Sales for the second quarter of 2019 in the Company’s North America operating segment increased by $52.2 million or 7.4% to $754.0 million from $701.8 million for the second quarter of 2018. The increase was due to the launch of new programs during or subsequent to the second quarter of 2018, including the next generation GM Silverado/Sierra, RAM pick-up trucks and the new Chevrolet Blazer; 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 2019 of approximately $24.9 million as compared to the second quarter of 2018. These positive factors were partially offset by lower year-over-year OEM production volumes on certain light-vehicle platforms, in particular the Ford Escape, and including programs that ended production during or subsequent to the second quarter of 2018; and a decrease in tooling sales of $7.9 million, which are typically dependant on the timing of tooling construction and final acceptance by the customer.

Sales for the second quarter of 2019 in the Company's Europe operating segment decreased by $23.1 million or 12.2% to $165.6 million from $188.7 million for the second quarter of 2018. The decrease can be attributed to lower year-over-year production volumes on certain light-vehicle platforms, in particular with Jaguar Land Rover, and including programs that ended production during or subsequent to the second quarter of 2018; a $6.1 million decrease in tooling sales; and a $5.3 million negative foreign exchange impact from the translation of Euro denominated production sales as compared to the second quarter of 2018. These negative factors were partially offset by the launch of new programs during or subsequent to the second quarter of 2018, including a 2.0L aluminum engine block for Ford.

Sales for the second quarter of 2019 in the Company's Rest of the World operating segment decreased by $3.4 million or 9.9% to $30.5 million from $33.8 million in the second quarter of 2018. The decrease was due to lower year-over-year production volumes on the Ford Mondeo vehicle platform in China; a $1.4 million negative foreign exchange impact from the translation of foreign denominated production sales as compared to the second quarter of 2018; lower year-over-year production sales in the Company's operating facility in Brazil; and a $0.3 million decrease in tooling sales. These negative factors were partially offset by the ramp up of new aluminum structural components work for Jaguar Land Rover in China, which began to ramp up in the first quarter of 2018 but at significantly lower-than-expected volumes.

Overall tooling sales decreased by $14.3 million to $50.4 million for the second quarter of 2019 from $64.8 million for the second quarter of 2018.

Six months ended June 30, 2019 to six months ended June 30, 2018 comparison

		Six months ended June 30, 2019		Six months ended June 30, 2018	$ Change	% Change
North America	$	1,565,178	$	1,443,002	122,176	8.5%
Europe		356,006		374,426	(18,420)	(4.9%)
Rest of the World		53,799		74,209	(20,410)	(27.5%)
Eliminations		(3,289)		(6,027)	2,738	45.4%
Total Sales	$	1,971,694	$	1,885,610	86,084	4.6%

The Company's consolidated sales for the six months ended June 30, 2019 increased by $86.1 million or 4.6% to $1,971.7 million as compared to $1,885.6 million for the six months ended June 30, 2018. The total increase in sales was driven by an increase in the North America operating segment, partially offset by year-over-year decreases in sales in Europe and the Rest of the World.

Sales for the six months ended June 30, 2019 in the Company's North America operating segment increased by $122.2 million or 8.5% to $1,565.2 million from $1,443.0 million for the six months ended June 30, 2018. The increase was due to the launch of new programs during or subsequent to the six months ended June 30, 2018, including the next generation GM Silverado/Sierra, RAM pick-up trucks, and the new Chevrolet Blazer; 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, 2019 of approximately $59.8 million as compared to the corresponding period of 2018; and an increase in tooling sales of $12.8 million, which are typically dependant on the timing of tooling construction and final acceptance by the customer. These positive factors were partially offset by lower year-over-year OEM production volumes on certain light-vehicle platforms, including the Ford Escape and Jeep Wrangler, and programs that ended production during or subsequent to the six months ended June 30, 2018.

Sales for the six months ended June 30, 2019 in the Company's Europe operating segment decreased by $18.4 million or 4.9% to $356.0 million from $374.4 million for the six months ended June 30, 2018. The decrease can be attributed to lower year-over-year production volumes on certain light-vehicle platforms, in particular with Jaguar Land Rover, and including programs that ended production during or subsequent to the six months ended June 30, 2018; and the impact of foreign exchange on the translation of Euro denominated production sales, which had a negative impact on overall sales for the six months ended June 30, 2019 of $6.9 million as compared to the corresponding period of 2018. These negative factors were partially offset by the launch of new programs during or subsequent to the six months ended June 30, 2018, including a 2.0L aluminum engine block for Ford; and a $3.3 million increase in tooling sales.

Sales for the six months ended June 30, 2019 in the Company's Rest of the World operating segment decreased by $20.4 million or 27.5% to $53.8 million from $74.2 million for the six months ended June 30, 2018. The decrease was due to lower year-over-year OEM production volumes on the Ford Mondeo and Cadillac CT6 vehicle platforms in China; a $5.7 million decrease in tooling sales; a $2.3 million negative foreign exchange impact from the translation of foreign denominated production sales as compared to the corresponding period of 2018; and lower year-over-year production sales in the Company's operating facility in Brazil. These negative factors were partially offset by the ramp up of new aluminum structural components work for Jaguar Land Rover in China, which began to ramp up in the first quarter of 2018 but at significantly lower-than-expected volumes.

Overall tooling sales increased by $10.4 million to $146.4 million for the six months ended June 30, 2019 from $136.0 million for the six months ended June 30, 2018.

GROSS MARGIN

Three months ended June 30, 2019 to three months ended June 30, 2018 comparison

	Three months ended June 30, 2019	Three months ended June 30, 2018	$ Change	% Change
Gross margin	$ 154,778	$ 150,035	4,743	3.2%
% of Sales	16.3%	16.3%		

The gross margin percentage for the second quarter of 2019 of 16.3% was consistent with the gross margin percentage for the second quarter of 2018. Gross margin as a percentage of sales was positively impacted by:

- 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 second quarter of 2018; and
- a decrease in tooling sales which typically earn low margins for the Company.

These positive factors were 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.

Six months ended June 30, 2019 to six months ended June 30, 2018 comparison

	Six months ended June 30, 2019	Six months ended June 30, 2018	$ Change	% Change
Gross margin	$ 312,279	$ 294,464	17,815	6.0%
% of Sales	15.8%	15.6%		

The gross margin percentage for the six months ended June 30, 2019 of 15.8% increased as a percentage of sales by 0.2% as compared to the gross margin percentage for the six months ended June 30, 2018 of 15.6%. 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 six months ended June 30, 2018.

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

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, 2019 to three months ended June 30, 2018 comparison

	For the three months ended June 30, 2019 (a)	For the three months ended June 30, 2018 (b)	(a)-(b) Change
NET INCOME (A)	**$28,122**	**$55,727**	**($27,605)**
Add Back - Unusual and Other Items:			
Impairment of assets (1)	18,502	-	18,502
Restructuring costs (2)	8,165	-	8,165
Unrealized loss (gain) on derivative instruments (3)	229	(229)	458
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**$26,896**	**($229)**	**$27,125**
Tax impact of above items	(448)	29	(477)
TOTAL UNUSUAL AND OTHER ITEMS - AFTER TAX (B)	**$26,448**	**($200)**	**$26,648**
ADJUSTED NET INCOME (A + B)	**$54,570**	**$55,527**	**($957)**
Number of Shares Outstanding - Basic ('000)	82,747	86,814	
Adjusted Basic Net Earnings Per Share	$0.66	$0.64	
Number of Shares Outstanding - Diluted ('000)	82,922	87,426	
Adjusted Diluted Net Earnings Per Share	$0.66	$0.64	

TABLE B

Six months ended June 30, 2019 to six months ended June 30, 2018 comparison

	For the six months ended June 30, 2019 (a)	For the six months ended June 30, 2018 (b)	(a)-(b) Change
NET INCOME (A)	**$83,390**	**$111,686**	**($28,296)**
Add Back - Unusual and Other Items:			
Impairment of assets (1)	18,502	-	18,502
Restructuring costs (2)	8,165	-	8,165
Unrealized loss on derivative instruments (3)	810	538	272
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**$27,477**	**$538**	**$26,939**
Tax impact of above items	(521)	(67)	(454)
TOTAL UNUSUAL AND OTHER ITEMS - AFTER TAX (B)	**$26,956**	**$471**	**$26,485**
ADJUSTED NET INCOME (A + B)	**$110,346**	**$112,157**	**($1,811)**
Number of Shares Outstanding - Basic (‘000)	83,052	86,780	
Adjusted Basic Net Earnings Per Share	$1.33	$1.29	
Number of Shares Outstanding - Diluted (‘000)	83,246	87,364	
Adjusted Diluted Net Earnings Per Share	$1.33	$1.28	

(1) Impairment of assets

During the second quarter of 2019, the Company recorded impairment charges on property, plant, equipment, right-of-use assets, intangible assets and inventories totaling $18.5 million related to an operating facility in China included in the Rest of the World operating segment. The impairment charges resulted from lower OEM production volumes on certain light vehicle platforms being serviced by the facility, representing a significant portion of the business, causing the Company to complete an analysis of strategic alternatives during the quarter. The impairment charges were recorded where the carrying amount of the assets exceeded their estimated recoverable amounts, including consideration for where specific assets can be transferred to other facilities.

(2) Restructuring costs

Additions to the restructuring accrual during the second quarter of 2019 totaled $8.2 million and represent employee-related severance resulting from the right-sizing of operating facilities in Brazil ($6.2 million), Canada ($1.7 million) and China ($0.3 million).

(3) Unrealized loss on derivative instruments

As further described in note 7 of the financial statements and later on in the MD&A under “Investments”, Martinrea holds 2,955,900 warrants in NanoXplore Inc., a publicly listed graphene company on the TSX Venture Exchange under the ticker symbol GRA. The warrants represent derivative instruments and are fair valued at the end of each reporting period using the Black-Scholes-Merton valuation model, with the change in fair value recorded through profit or loss. As at June 30, 2019, the warrants had a fair value of $1.4 million. Based on the fair value of the warrants as at June 30, 2019, an unrealized loss of $0.2 million was recognized for the three months ended June 30, 2019 (2018 - unrealized gain $0.2 million) and an unrealized loss of $0.8 million was recognized for the six months ended June 30, 2019 (2018 - unrealized loss of $0.5 million), recorded in other finance income (expense) and added back to Adjusted Net Income.

NET INCOME

Three months ended June 30, 2019 to three months ended June 30, 2018 comparison

	Three months ended June 30, 2019		Three months ended June 30, 2018		$ Change	% Change
Net Income	$	28,122	$	55,727	(27,605)	(49.5%)
Adjusted Net Income	$	54,570	$	55,527	(957)	(1.7%)
Net Earnings per Share						
Basic and Diluted	$	0.34	$	0.64		
Adjusted Net Earnings per Share						
Basic and Diluted	$	0.66	$	0.64		

Net income, before adjustments, for the second quarter of 2019 decreased by $27.6 million to $28.1 million from $55.7 million for the second quarter of 2018 due largely to the unusual and other items incurred as explained in Table A under “Adjustments to Net Income”. Excluding these unusual and other items, net income for the second quarter decreased by $1.0 million to $54.6 million or $0.66 per share, on a basic and diluted basis, from $55.5 million or $0.64 per share, on a basic and diluted basis, for the second quarter of 2018. Despite the year-over-year decrease in Adjusted Net Income, Adjusted Net Earnings per share is up year-over-year due to the lower outstanding Martinrea share count as a result of the recent share repurchases the Company completed under a normal course issuer bid, as further explained in note 13 of the financial statements and later on in the MD&A under “Disclosure of Outstanding Share Data”.

Adjusted Net Income for the second quarter of 2019, as compared to the second quarter of 2018, was negatively impacted by the following:

- operational inefficiencies and other costs at certain facilities including upfront costs incurred in preparation of upcoming new programs and related to new business in the process of being launched;
- a year-over-year increase in research and development costs due to increased new product and process research and development activity and an increase in program-related development cost amortization;
- a year-over-year increase in depreciation expense due to the adoption of IFRS 16;
- a year-over-year increase in finance expense on the Company’s revolving bank debt and equipment loans as a result of increased debt levels and borrowing rates, and interest on lease liabilities as a result of the adoption of IFRS 16; and
- the Company’s share of loss of an associate in the amount of $0.5 million.

These factors were partially offset by the following:

- higher gross profit on increased 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 second quarter of 2018;
- lower operating rent expense due to the adoption of IFRS 16, generally replaced by increases in finance and depreciation expenses; and
- a year-over-year decrease in SG&A expense as previously discussed.

Six months ended June 30, 2019 to six months ended June 30, 2018 comparison

	Six months ended June 30, 2019	Six months ended June 30, 2018	$ Change	% Change
Net Income	$ 83,390	$ 111,686	(28,296)	(25.3%)
Adjusted Net Income	$ 110,346	$ 112,157	(1,811)	(1.6%)
Net Earnings per Share				
Basic	$ 1.00	$ 1.29		
Diluted	$ 1.00	$ 1.28		
Adjusted Net Earnings per Share				
Basic	$ 1.33	$ 1.29		
Diluted	$ 1.33	$ 1.28		

Net Income, before adjustments, for the six months ended June 30, 2019 decreased by $28.3 million to $83.4 million from $111.7 million for the six months ended June 30, 2018 due largely to the unusual and other items incurred 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, 2019 decreased to $110.3 million or $1.33 per share, on a basic and diluted basis, from $112.2 million or $1.29 per share, on a basic basis, and $1.28 per share, on a diluted basis, for the six months ended June 30, 2018. Despite the year-over-year decrease in Adjusted Net Income, Adjusted Net Earnings per share is up year-over-year due to the lower outstanding Martinrea share count as a result of the recent share repurchases the Company completed under a normal course issuer bid, as further explained in note 13 of the financial statements and later on in the MD&A under “Disclosure of Outstanding Share Data”.

Adjusted Net Income for the six months ended June 30, 2019, as compared to the six months ended June 30, 2018, was negatively impacted by the following:

- operational inefficiencies and other costs at certain facilities including upfront costs incurred in preparation of upcoming new programs and related to new business in the process of being launched;
- a year-over-year increase in research and development costs due to increased new product and process research and development activity and an increase in program-related development cost amortization;
- a year-over-year increase in depreciation expense due to the adoption of IFRS 16;
- a year-over-year increase in SG&A expense as previously discussed;
- a year-over-year increase in finance expense on the Company’s revolving bank debt and equipment loans as a result of increased debt levels and borrowing rates, and interest on lease liabilities as a result of the adoption of IFRS 16;
- the Company’s share of loss of an associate in the amount of $0.5 million; and
- a net foreign exchange loss of $0.4 million for the six months ended June 30, 2019 compared to a net foreign exchange gain of $1.4 million for the six months ended June 30, 2018.

These factors were offset by the following:

- higher gross profit on increased 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, 2018; and
- lower operating rent expense due to the adoption of IFRS 16, generally replaced by increases in finance and depreciation expenses.

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, 2019, on or about October 15, 2019.

ABOUT MARTINREA

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 currently employs approximately 15,000 skilled and motivated people in 47 operating divisions in Canada, the United States, Mexico, Brazil, Germany, Slovakia, Spain and China.

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. The Company's mission is to make people's lives better by: delivering outstanding quality products and services to our customers; providing meaningful opportunity, job satisfaction, and job security for our people; providing superior long-term investment returns to our stakeholders; and being positive contributors to our communities.

CONFERENCE CALL DETAILS

A conference call to discuss the financial results will be held on Tuesday, August 6, 2019 at 11:00 a.m. (Toronto time) which can be accessed by dialing 416-340-2218 (international: 001-416-340-2218) 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 Ganesh Iyer at 416-749-0314.

There will also be a rebroadcast of the call available by dialing 905-694-9451 (international: 001-905-694-9451) or toll free 800-408-3053 (conference id – 9612791#). The rebroadcast will be available until August 25, 2019.

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 or belief in, expansion of and/or guidance or outlook as to future revenue, sales, gross margin, earnings, (adjusted) earnings per share, (adjusted) net earnings per share, operating income margins, expected results for the third quarter, 2019 and for the 2019 financial year, strength of the Company, the intention to pay down debt and maintain a strong balance sheet, program wins, the ramping up and launching of new programs and the financial impact of launches, pursuit of its strategies, the payment of dividends, the impact of trade issues and the performance of the economy, continued investments in the business, including strategic 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 and commodities;
- 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;
- the risks associated with joint ventures;
- costs associated with rationalization of production facilities;
- launch and operational costs;
- labour disputes;
- changes in governmental regulations or laws including any changes to trade;
- litigation and regulatory compliance and investigations;
- 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 markets;
- potential tax exposures;
- a change in the Company's mix of earnings between jurisdictions with lower tax rates and those with higher tax rates, as well as the Company's ability to fully benefit from tax losses;
- under-funding of pension plans;
- the cost of post-employment benefits;
- impairment charges;
- cybersecurity threats;
- the potential volatility of the Company's share price; 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".

For further information, please contact:

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