MANAGEMENT DISCUSSION AND ANALYSIS

OF OPERATING RESULTS AND FINANCIAL POSITION

For the three and nine months ended September 30, 2020

The following management discussion and analysis ("MD&A") was prepared as of November 11, 2020 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2020 ("interim financial statements"), as well as the Company's audited consolidated financial statements and MD&A for the year ended December 31, 2019 together with the notes thereto. All amounts in this MD&A 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 Annual Information Form for the year ended December 31, 2019, can be found at www.sedar.com.

OVERVIEW

Martinrea International Inc. (TSX:MRE) ("Martinrea" or the "Company") 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 57 locations (including sales and engineering centres) in Canada, the United States, Mexico, Brazil, Germany, Spain, Slovakia, China, Japan and South Africa.

Martinrea's vision is to make people's 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.

RECENT DEVELOPMENTS

COVID-19 PANDEMIC AND IMPACT ON OUR BUSINESS

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic and recommended various containment and mitigation measures. Since then, extraordinary actions have been taken by public health and governmental authorities across the globe to contain the spread of COVID-19, including travel bans, social distancing, quarantines, stay-at-home orders and similar mandates for many businesses to curtail or cease normal operations.

As a result of the COVID-19 global pandemic, in the middle of March, the Company's OEM customers essentially idled their manufacturing operations in regions around the world, other than China, where manufacturing operations were suspended in January and February, but resumed in March. Martinrea, similar to others in the automotive supply chain, followed its customers and also temporarily idled most of its manufacturing operations outside of China in March. This suspension of manufacturing operations and rapid dissipation of customer demand had a negative impact on the Company's business, results of operations, cash flows and financial position during the second half of March 2020 and for the second quarter ended June 30, 2020. Although the ultimate magnitude and duration of the business and economic impacts of COVID-19 are uncertain, a phased restart of the Company's manufacturing facilities and dependent functions commenced in May and June 2020, and continued into the third quarter as OEMs began producing vehicles again.

The Company's response to the COVID-19 pandemic has been measured, prudent and decisive with an emphasis on safety, cash conservation and enhancing liquidity. The health and safety of our employees, their families, our customers and our communities is, and will continue to be, our top priority. The Company has implemented various protocols throughout its global footprint to ensure a safe work environment, including: the use of personal protection equipment; reworking processes to provide social distancing; restricting access to facilities; enhancing cleaning and disinfecting protocols; using rotational remote work schedules, where possible; and restricting travel.

The Company also took aggressive actions in March and during the second quarter to conserve cash in response to the COVID-19 related shutdowns and lower volumes. These actions included a significant number of temporary hourly and salaried employee layoffs, temporary reductions of salaried employee base wages of 20% (50% in the case of the Company's Executive Chairman, President and

Chief Executive Officer, and Chief Financial Officer), the curtailment of non-production spending and the delay of capital and tooling spending where and when appropriate. The Company also suspended the repurchase of common stock under its normal course issuer bid, which expired in August 2020.

During the second quarter, the Company also enhanced its liquidity position by exercising the accordion feature incorporated in its banking facility. The exercise was completed on April 17, 2020, and increased the revolving credit lines available to the Company by another US $200 million ($280 million). As at September 30, 2020, the Company had total liquidity of approximately $580 million, including cash and cash equivalents and availability under the Company's revolving credit lines. In addition, the Company's banking facility includes a $300 million allowance for asset based financing that the Company can use for additional financing if required, of which approximately $230 million was available as at September 30, 2020.

Further, on June 24, 2020, the Company amended its lending agreements with its banking syndicate to provide enhanced financial flexibility on a present and go forward basis. The amendment in essence provides that the Company's calculation of its most basic financial covenant, the net debt to trailing twelve months EBITDA ratio, for the next four quarterly calculations, would exclude EBITDA from the second quarter of 2020 and instead will be based on the annualized total of the remaining three quarters (i.e. the sum of the three quarters divided by three fourths). As a result, the impact of the COVID-19 related shutdown of the industry, and most of the Company's operations, occurring during the second quarter of 2020, would be ignored for the purpose of financial covenant calculations under the Company's lending arrangements.

As a result of the uncertain economic and business impacts of the COVID-19 pandemic, management has reviewed the estimates, judgements and assumptions used in the preparation of the interim financial statements, including the determination of whether indications of any asset impairment exist. As a result of this review, asset impairment charges and restructuring costs were recognized during the second quarter of 2020 as further explained in notes 9 and 11 of the interim financial statements and under the "Adjustments to Net Income (Loss)" section of this MD&A. No such charges were recognized during the third quarter of 2020. Further revisions may be required in future periods depending on the extent of the negative impacts on the business arising from the COVID-19 pandemic, as it continues to evolve.

The Company will continue to respond to the COVID-19 pandemic in a measured, prudent and decisive manner with continued emphasis on health and safety, cash conservation and the maintenance of its liquidity position.

The Company continues to work with all its stakeholders to address the challenges, including:

- our supply base to deal with their challenges, including maintaining production and safety protocols;
- our customers to assist with meeting production requirements, as well as the development of new programs and products;
- our governmental and regulatory authorities to ensure safety and the economic well-being of our industry;
- our capital providers to ensure liquidity; and
- our employees to minimize the impacts of the pandemic, including a safe and healthy work environment.

The COVID-19 pandemic has had and may continue to have an adverse effect on our business, results of operations, cash flows and financial position. The ultimate extent of the impact will depend on various factors, including the possibility of future shutdowns, impact on customers and suppliers, the rate at which economic conditions, operations and demand for vehicles return to pre-COVID levels, any continued or future governmental orders or lockdowns due to any wave of COVID-19 and the potential for a recession in key markets due to the effect of the pandemic.

Since the pandemic and public response to it continue to evolve, it is difficult to accurately assess COVID-19's continued magnitude, outcome and duration. A prolonged pandemic would likely:

- deteriorate economic conditions, resulting in lower consumer confidence, which typically translates into lower vehicle sales and production levels;
- reduce our customers' production volume levels, including as a result of intermittent facility shutdowns;
- elevate the financial pressure on our customers, which could lead to an OEM insolvency, and would likely increase pricing pressure on the Company; and
- reduce our production levels, including as a result of intermittent shutdowns of our manufacturing facilities.

Additionally, a prolonged pandemic could:

- cause potential shortages of employees to staff our facilities, or the facilities of our customers or suppliers;

- lead to prolonged disruptions of critical components, including as a result of the bankruptcy/insolvency of one or more suppliers due to worsening economic conditions; or
- result in governmental regulation adversely impacting our business.

Any or all of the above impacts of a prolonged pandemic could have a rapid, unexpected and material adverse effect on our business, financial condition and results of operations.

Irrespective of whether the pandemic is prolonged, the significant global economic impact and job losses to date are likely to affect household income and wealth beyond 2020, which would likely directly affect vehicle sales and thus production.

ACQUISITION

On March 2, 2020, the Company completed the acquisition of the structural components for passenger car operations of Metalsa S.A, de C.V. ("Metalsa"). The Company acquired certain assets and liabilities in Mexico and 100% of the outstanding shares of entities in four other jurisdictions. The operations acquired by the Company specialize in a wide variety of metal forming technologies, including chassis components such as cradles, control arms, and trailing arms; body components such as side rails, A and B pillars, door beams, wheel housings and bumpers; and several other components such as fuel tanks. The operations also have some leading edge technologies in multi-material joining further promoting Martinrea's lightweighting strategies. The acquisition adds six manufacturing facilities to the Martinrea footprint, including facilities in Germany, the United States, Mexico, South Africa, and two in China. The largest customers of the acquired business are Daimler, BMW, Volkswagen and Audi.

The purchase price for the transaction was US $19.9 million ($26.5 million), inclusive of working capital less cash on hand, and on a debt free basis. The purchase price was subject to certain adjustments post-closing, finalized in a settlement agreement executed subsequent to the quarter-end on October 8, 2020.

The acquisition was accounted for using the acquisition method in accordance with IFRS 3, Business Combinations, with the results of operations consolidated with those of the Company effective March 2, 2020. The acquired operations contributed incremental sales of $104.9 million and $195.3 million, and operating losses of $3.3 million and $17.4 million, for the three and nine months ended September 30, 2020, respectively. As a result of the acquisition, year-over-year financial results may not be directly comparable.

OVERALL RESULTS

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.

The following tables set out certain highlights of the Company's performance for the three and nine months ended September 30, 2020 and 2019. Refer to the Company's interim financial statements for the three and nine months ended September 30, 2020 for a detailed account of the Company's performance for the periods presented in the tables below.

	Three months ended September 30, 2020	Three months ended September 30, 2019	$ Change	% Change
Sales	$ 971,060	$ 974,384	(3,324)	(0.3%)
Gross Margin	151,478	143,901	7,577	5.3%
Operating Income	75,562	73,243	2,319	3.2%
Net Income for the period	45,636	46,678	(1,042)	(2.2%)
Net Earnings per Share - Basic	$ 0.57	$ 0.57	-	-
Net Earnings per Share - Diluted	$ 0.57	$ 0.56	0.01	1.8%
Non-IFRS Measures*				
Adjusted Operating Income	$ 75,562	$ 69,044	6,518	9.4%
% of Sales	*7.8%*	*7.1%*		
Adjusted EBITDA	134,232	122,401	11,831	9.7%
% of Sales	*13.8%*	*12.6%*		
Adjusted Net Income	45,636	43,507	2,129	4.9%
Adjusted Net Earnings per Share - Basic and Diluted	$ 0.57	$ 0.53	0.04	7.5%

		Nine months ended September 30, 2020		Nine months ended September 30, 2019	$ Change	% Change
Sales	$	2,304,330	$	2,946,078	(641,748)	(21.8%)
Gross Margin		259,256		456,180	(196,924)	(43.2%)
Operating Income (Loss)		(38,598)		214,008	(252,606)	(118.0%)
Net Income (Loss) for the period		(72,287)		130,068	(202,355)	(155.6%)
Net Earnings (Loss) per Share - Basic	$	(0.90)	$	1.57	(2.47)	(157.3%)
Net Earnings (Loss) per Share - Diluted	$	(0.90)	$	1.56	(2.46)	(157.7%)
Non-IFRS Measures*						
Adjusted Operating Income	$	57,844	$	236,476	(178,632)	(75.5%)
% of Sales		*2.5%*		*8.0%*		
Adjusted EBITDA		233,779		394,021	(160,242)	(40.7%)
% of Sales		*10.1%*		*13.4%*		
Adjusted Net Income		2,644		153,853	(151,209)	(98.3%)
Adjusted Net Earnings per Share - Basic	$	0.03	$	1.86	(1.83)	(98.4%)
Adjusted Net Earnings per Share - Diluted	$	0.03	$	1.85	(1.82)	(98.4%)

*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", "Adjusted EBITDA", "Free Cash Flow" and "Net Debt". Please refer to the Company's previously filed annual and interim MD&A of operating results and financial position for the fiscal years 2019 and 2018 for a full reconciliation of IFRS to non-IFRS measures.

The following tables provide a reconciliation of IFRS "Net Income (Loss)" to Non-IFRS "Adjusted Net Income", "Adjusted Operating Income" and "Adjusted EBITDA".

		Three months ended September 30, 2020		Three months ended September 30, 2019
Net Income	$	45,636	$	46,678
Unusual and Other Items (after-tax)*		-		(3,171)
Adjusted Net Income	$	45,636	$	43,507

		Nine months ended September 30, 2020		Nine months ended September 30, 2019
Net Income (Loss)	$	(72,287)	$	130,068
Unusual and Other Items (after-tax)*		74,931		23,785
Adjusted Net Income	$	2,644	$	153,853

**Unusual and other items are explained in the "Adjustments to Net Income" section of this MD&A*

	Three months ended September 30, 2020	Three months ended September 30, 2019
Net Income	$ 45,636	$ 46,678
Income tax expense	18,636	16,129
Other finance expense - excluding Unusual and Other Items*	1,852	844
Share of loss of an associate	300	818
Finance expense	9,138	9,345
Unusual and Other Items (before-tax)*	-	(4,770)
Adjusted Operating Income	$ 75,562	$ 69,044
Depreciation of property, plant and equipment and right-of-use assets	55,237	50,200
Amortization of intangible assets	3,196	4,104
Loss (gain) on disposal of property, plant and equipment	237	(947)
Adjusted EBITDA	$ 134,232	$ 122,401

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Net Income (Loss)	$ (72,287)	$ 130,068
Income tax expense (benefit)	(86)	52,156
Other finance expense - excluding Unusual and Other Items*	5,008	1,130
Share of loss of an associate	1,881	1,330
Finance expense	26,886	29,085
Unusual and Other Items (before-tax)*	96,442	22,707
Adjusted Operating Income	$ 57,844	$ 236,476
Depreciation of property, plant and equipment and right-of-use assets	166,044	146,931
Amortization of intangible assets	9,654	11,820
Loss (gain) on disposal of property, plant and equipment	237	(1,206)
Adjusted EBITDA	$ 233,779	$ 394,021

**Unusual and other items are explained in the "Adjustments to Net Income" section of this MD&A*

SALES

Three months ended September 30, 2020 to three months ended September 30, 2019 comparison

	Three months ended September 30, 2020	Three months ended September 30, 2019	$ Change	% Change
North America	$ 739,489	$ 780,989	(41,500)	(5.3%)
Europe	189,366	157,736	31,630	20.1%
Rest of the World	46,999	37,727	9,272	24.6%
Eliminations	(4,794)	(2,068)	(2,726)	131.8%
Total Sales	$ 971,060	$ 974,384	(3,324)	(0.3%)

The Company's consolidated sales for the third quarter of 2020 decreased by $3.3 million or 0.3% to $971.1 million as compared to $974.4 million for the third quarter of 2019. The total decrease in sales was driven by a year-over-year decrease in North America, partially offset by increases in the Europe and Rest of the World operating segments.

Sales for the third quarter of 2020 in the Company's North America operating segment decreased by $41.5 million or 5.3% to $739.5 million from $781.0 million for the third quarter of 2019. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, contributed $29.7 million of year-over-year sales (including $0.4 million in tooling sales) to the North America operating segment. Excluding the acquired operations, third quarter sales in North America decreased year-over-year by $71.2 million or 9.1%. This decrease was due to a decrease in tooling sales of $100.3 million, which are typically dependent on the timing of tooling construction and final acceptance by the customer; partially offset by higher production volumes on General Motors pick-up truck and large SUV platform, which was negatively impacted by the United Auto Workers strike at General Motors during the third quarter of 2019, the continued production of ventilator stands for General Motors, 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 third quarter of 2020 of approximately $11.8 million as compared to the third quarter of 2019. Overall third quarter OEM light vehicle production in North America was essentially flat year-over-year, despite the COVID-19 global pandemic.

Sales for the third quarter of 2020 in the Company's Europe operating segment increased by $31.6 million or 20.1% to $189.4 million from $157.7 million for the third quarter of 2019. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, contributed $53.5 million of year-over-year sales (including $5.8 million in tooling sales) to the Europe operating segment. Excluding the acquired operations, third quarter sales in Europe decreased year-over-year by $21.9 million or 13.9%. This decrease was due to overall lower industry volumes, primarily as a result of the COVID-19 pandemic; partially offset by an $8.4 million increase in tooling sales, and a $4.9 million positive foreign exchange impact from the translation of Euro-denominated production sales as compared to the third quarter of 2019.

Sales for the third quarter of 2020 in the Company's Rest of the World operating segment increased by $9.3 million or 24.6% to $47.0 million from $37.7 million for the third quarter of 2019. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, contributed $21.7 million of year-over-year sales to the Rest of the World operating segment. Excluding the acquired operations, third quarter sales in the Rest of the World decreased year-over-year by $12.4 million or 32.9%. This decrease was largely driven by lower year-over-year production volumes on the Cadillac CT6 vehicle platform in China, a $4.3 million decrease in tooling sales, and a $1.8 million negative foreign exchange impact from the translation of foreign-denominated production sales as compared to the third quarter of 2019.

Overall tooling sales, inclusive of the operations acquired from Metalsa, decreased by $90.0 million to $37.8 million for the third quarter of 2020 from $127.8 million for the third quarter of 2019.

Nine months ended September 30, 2020 to nine months ended September 30, 2019 comparison

		Nine months ended September 30, 2020		Nine months ended September 30, 2019	$ Change	% Change
North America	$	1,745,151	$	2,346,167	(601,016)	(25.6%)
Europe		449,251		513,742	(64,491)	(12.6%)
Rest of the World		120,665		91,526	29,139	31.8%
Eliminations		(10,737)		(5,357)	(5,380)	100.4%
Total Sales	$	2,304,330	$	2,946,078	(641,748)	(21.8%)

The Company's consolidated sales for the nine months ended September 30, 2020 decreased by $641.7 million or 21.8% to $2,304.3 million as compared to $2,946.1 million for the nine months ended September 30, 2019. The total decrease in sales was driven by decreases in the North America and Europe operating segments, partially offset by an increase in sales in the Rest of the World.

Sales for the nine months ended September 30, 2020 in the Company's North America operating segment decreased by $601.1 million or 25.6% to $1,745.2 million from $2,346.2 million for the nine months ended September 30, 2019. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, contributed $47.7 million of year-over-year sales (including $1.7 million in tooling sales) to the North America operating segment. Excluding the acquired operations, sales for the nine months ended September 30, 2020 in North America decreased year-over-year by $648.8 million or 27.7%. This decrease was due to overall lower industry volumes, primarily as a result of the impact of the COVID-19 pandemic, and a decrease in tooling sales of $152.6 million, which are typically dependent on the timing of tooling construction and final acceptance by the customer. These negative factors were partially offset by the impact of foreign exchange on the translation of U.S.-denominated production sales, which had a positive impact on overall sales for the nine months ended September 30, 2020 of approximately $23.0 million as compared to the corresponding period of 2019, and the launch of new programs during or subsequent to the nine months ended September 30, 2019, including the General Motors heavy duty truck, and the production of ventilator stands for General Motors.

Sales for the nine months ended September 30, 2020 in the Company's Europe operating segment decreased by $64.5 million or 12.6% to $449.3 million from $513.7 million for the nine months ended September 30, 2019. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, contributed $98.8 million of year-over-year sales (including $9.7 million in tooling sales) to the Europe operating segment. Excluding the acquired operations, sales for the nine months ended September 30, 2020 in Europe decreased year-over-year by $163.3 million or 31.8%. This decrease can be attributed to overall lower industry volumes, primarily as a result of the impact of the COVID-19 pandemic; lower pre-COVID year-over-year production related to certain light vehicle platforms, in particular with Daimler and Jaguar Land Rover; and a $2.8 million decrease in tooling sales. These negative factors were partially offset by the launch of new programs during or subsequent to the nine months ended September 30, 2019, namely an aluminum transmission for Volkswagen; and a $1.3 million positive foreign exchange impact from the translation of Euro-denominated production sales as compared to the corresponding period of 2019.

Sales for the nine months ended September 30, 2020 in the Company's Rest of the World operating segment increased by $29.1 million or 31.8% to $120.7 million from $91.5 million for the nine months ended September 30, 2019. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, contributed $48.8 million of year-over-year sales to the Rest of the World operating segment. Excluding the acquired operations, sales for the nine months ended September 30, 2020 in the Rest of the World decreased year-over-year by $19.7 million or 21.5%. This decrease was largely driven by COVID-19 related disruption, lower year-over-year production volumes on the Cadillac CT6 vehicle platform in China, a $3.9 million negative foreign exchange impact from the translation of foreign-denominated production sales as compared to the corresponding period of 2019, and a $0.4 million decrease in tooling sales.

Overall tooling sales, inclusive of the operations acquired from Metalsa, decreased by $144.4 million to $129.8 million for the nine months ended September 30, 2020 from $274.2 million for the nine months ended September 30, 2019.

GROSS MARGIN

Three months ended September 30, 2020 to three months ended September 30, 2019 comparison

	Three months ended September 30, 2020	Three months ended September 30, 2019	$ Change	% Change
Gross margin	$ 151,478	$ 143,901	7,577	5.3%
% of Sales	15.6%	14.8%		

The gross margin percentage for the third quarter of 2020 of 15.6% increased as a percentage of sales by 0.8% as compared to the gross margin percentage for the third quarter of 2019 of 14.8%. The increase in gross margin as a percentage of sales was generally due to a decrease in tooling sales which typically earn low margins for the Company; a positive sales mix; productivity and efficiency improvements at certain operating facilities; and the receipt of certain COVID-related government wage subsidies. These positive factors were partially offset by a negative impact on overall margin percentage from the operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, and operational inefficiencies and other costs at certain facilities including upfront costs incurred in preparation of upcoming new programs.

Nine months ended September 30, 2020 to nine months ended September 30, 2019 comparison

	Nine months ended September 30, 2020	Nine months ended September 30, 2019	$ Change	% Change
Gross margin	$ 259,256	$ 456,180	(196,924)	(43.2%)
% of Sales	11.3%	15.5%		

The gross margin percentage for the nine months ended September 30, 2020 of 11.3% decreased as a percentage of sales by 4.2% as compared to the gross margin percentage for the nine months ended September 30, 2019 of 15.5%. The decrease in gross margin as a percentage of sales was generally due to overall lower sales volume and corresponding lower utilization of assets, driven primarily by the impact of the COVID19 pandemic; a negative impact on overall margin percentage from the operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020; and operational inefficiencies and other costs at certain facilities including upfront costs incurred in preparation of upcoming new programs. These negative factors were partially offset by productivity and efficiency improvements at certain operating facilities; the receipt of certain COVID-related government wage subsidies; and a decrease in tooling sales, which typically earn low margins for the Company. The sharp sales decline in April and May, as a result of the COVID-19 related shutdowns, coupled with a volatile restart and ramp-up of production in May and June with limited predictability had a significant impact on gross margin during the second quarter of 2020, despite major reductions in costs.

SELLING, GENERAL & ADMINISTRATIVE ("SG&A")

Three months ended September 30, 2020 to three months ended September 30, 2019 comparison

		Three months ended September 30, 2020		Three months ended September 30, 2019	$ Change	% Change
Selling, general & administrative	$	64,537	$	57,381	7,156	12.5%
% of Sales		6.6%		5.9%		

SG&A expense, before adjustments, for the third quarter of 2020 increased by $7.2 million to $64.5 million as compared to $57.4 million for the third quarter of 2019. Excluding the unusual and other items recognized during the third quarter of 2019 relating to the Company's operating facility in Brazil, as explained in Table A under "Adjustments to Net Income (Loss)", SG&A expense for the third quarter of 2020 increased by $2.9 million to $64.5 million from $61.6 million for the comparative period in 2019. The increase in SG&A expense can be attributed to the addition of the operations acquired from Metalsa, partially offset by a reduction in travel related expenses and other costs as a result of the COVID-19 pandemic.

Excluding adjustments, SG&A expense as a percentage of sales increased to 6.6% for the third quarter of 2020 compared to 6.3% for the third quarter of 2019.

Nine months ended September 30, 2020 to nine months ended September 30, 2019 comparison

		Nine months ended September 30, 2020		Nine months ended September 30, 2019	$ Change	% Change
Selling, general & administrative	$	169,479	$	176,024	(6,545)	(3.7%)
% of Sales		7.4%		6.0%		

SG&A expense, before adjustments, for the nine months ended September 30, 2020 decreased by $6.5 million to $169.5 million as compared to $176.0 million, for the nine months ended September 30, 2019. Excluding the unusual and other items as explained in Table B under "Adjustments to Net Income (Loss)", SG&A expense for the nine months ended September 30, 2020 decreased by $13.2 million to $167.0 million from $180.2 million for the comparative period in 2019. The decrease can be attributed to the actions taken by the Company during the second quarter of 2020 to reduce its costs and curtail discretionary and non-production spending in response to the COVID-19 related shutdowns, and lower year-over-year compensation expense related to deferred/restricted share units; partially offset by the addition of the operations acquired from Metalsa.

Excluding adjustments, SG&A expense as a percentage of sales increased to 7.2% for the nine months ended September 30, 2020 compared to 6.1% for the comparative period of 2019, due mainly to overall lower sales volumes, driven primarily by the impact of the COVID-19 pandemic.

DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT ("PP&E"), RIGHT-OF-USE ASSETS AND AMORTIZATION OF INTANGIBLE ASSETS

Three months ended September 30, 2020 to three months ended September 30, 2019 comparison

		Three months ended September 30, 2020		Three months ended September 30, 2019	$ Change	% Change
Depreciation of PP&E and right-of-use assets (production)	$	51,302	$	46,598	4,704	10.1%
Depreciation of PP&E and right-of-use assets (non-production)		3,935		3,602	333	9.2%
Amortization of customer contracts and relationships		323		536	(213)	(39.7%)
Amortization of development costs		2,873		3,568	(695)	(19.5%)
Total depreciation and amortization	$	58,433	$	54,304	4,129	7.6%

Total depreciation and amortization expense for the third quarter of 2020 increased by $4.1 million to $58.4 million as compared to $54.3 million for the third quarter of 2019. The increase in total depreciation and amortization expense was due mainly to additional depreciation on a larger PP&E asset base relating to new and replacement business that commenced during or subsequent to the third quarter of 2019, partially offset by a decrease in depreciation and amortization expense resulting from the impairment charges recorded in the second quarter of 2020 as explained in Table B under “Adjustments to Net Income (Loss)”.

A significant portion of the Company’s recent investments relates to various new programs that commenced during or subsequent to the third quarter of 2019 and new and replacement programs scheduled to launch over the next two to three years in all of the Company’s various product offerings. The Company continues to make significant investments in the operations of the Company in light of its growing backlog of business and growing global footprint.

Depreciation of PP&E and right-of-use assets (production) expense as a percentage of sales increased year-over-over to 5.3% for the third quarter of 2020 from 4.8% for the third quarter of 2019 due mainly to the increased asset base.

Nine months ended September 30, 2020 to nine months ended September 30, 2019 comparison

		Nine months ended September 30, 2020		Nine months ended September 30, 2019	$ Change	% Change
Depreciation of PP&E and right-of-use assets (production)	$	154,394	$	135,972	18,422	13.5%
Depreciation of PP&E and right-of-use assets (non-production)		11,650		10,959	691	6.3%
Amortization of customer contracts and relationships		964		1,569	(605)	(38.6%)
Amortization of development costs		8,690		10,251	(1,561)	(15.2%)
Total depreciation and amortization	$	175,698	$	158,751	16,947	10.7%

Total depreciation and amortization expense for the nine months ended September 30, 2020 increased by $16.9 million to $175.7 million as compared to $158.8 million for the nine months ended September 30, 2019. Consistent with the year-over-year increase in the third quarter of 2020 as explained above, the increase in total depreciation and amortization expense for the nine months ended September 30, 2020 was primarily due to additional depreciation on a larger PP&E asset base relating to new and replacement business that commenced during or subsequent to the nine months ended September 30, 2019.

Depreciation of PP&E and right-of-use assets (production) expense as a percentage of sales increased year-over-year to 6.7% for the nine months ended September 30, 2020 from 4.6% for the nine months ended September 30, 2019 due mainly to overall lower sales volume, driven primarily by the impact of the COVID-19 pandemic.

ADJUSTMENTS TO NET INCOME (LOSS)

Adjusted Net Income (Loss) excludes certain unusual and other items, as set out in the following tables and described in the notes thereto. Management uses Adjusted Net Income (Loss) 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 September 30, 2020 to three months ended September 30, 2019 comparison

	Three months ended September 30, 2020 (a)	Three months ended September 30, 2019 (b)	(a)-(b) Change
NET INCOME (A)	**$45,636**	**$46,678**	**($1,042)**
Add Back - Unusual and Other Items:			
Gain on derivative instruments (4)	-	(571)	571
Net gain in the Company's operating facility in Brazil (5)	-	(4,199)	4,199
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**-**	**($4,770)**	**$4,770**
Tax impact of above items	-	1,599	(1,599)
TOTAL UNUSUAL AND OTHER ITEMS - AFTER TAX (B)	**-**	**($3,171)**	**$3,171**
ADJUSTED NET INCOME (A + B)	**$45,636**	**$43,507**	**$2,129**
Number of Shares Outstanding – Basic (‘000)	80,189	82,593	
Adjusted Basic Net Earnings Per Share	$0.57	$0.53	
Number of Shares Outstanding – Diluted (‘000)	80,200	82,713	
Adjusted Diluted Net Earnings Per Share	$0.57	$0.53	

TABLE B

Nine months ended September 30, 2020 to nine months ended September 30, 2019

	Nine months ended September 30, 2020 (a)	Nine months ended September 30, 2019 (b)	(a)-(b) Change
NET INCOME (LOSS) (A)	**($72,287)**	**$130,068**	**($202,355)**
Add Back - Unusual and Other Items:			
Transaction costs associated with the business acquired from Metalsa (recorded as SG&A) (1)	2,489	-	2,489
Impairment of assets (2)	85,783	18,502	67,281
Restructuring costs (3)	8,170	8,165	5
Loss on derivative instruments (4)	-	239	(239)
Net gain in the Company's operating facility in Brazil (5)	-	(4,199)	4,199
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**$96,442**	**$22,707**	**$73,735**
Tax impact of above items	(21,511)	1,078	(22,589)
TOTAL UNUSUAL AND OTHER ITEMS - AFTER TAX (B)	**$74,931**	**$23,785**	**$51,146**
ADJUSTED NET INCOME (A + B)	**$2,644**	**$153,853**	**($151,209)**
Number of Shares Outstanding – Basic ('000)	80,090	82,897	
Adjusted Basic Net Earnings Per Share	$0.03	$1.86	
Number of Shares Outstanding – Diluted ('000)	80,090	83,054	
Adjusted Diluted Net Earnings Per Share	$0.03	$1.85	

(1) Transaction costs associated with the operations acquired from Metalsa (recorded as SG&A)

On March 2, 2020, the Company completed the acquisition of the structural components for passenger car operations of Metalsa S.A, de C.V. Included in SG&A expense are transaction costs related to the acquisition totaling $nil and $2.5 million for the three and nine months ended September 30, 2020, respectively.

(2) Impairment of assets

The significant reduction in volumes and industry production projections as a result of the COVID-19 global pandemic has negatively impacted the recoverable amount of certain of the Company's production-related assets and has also changed the expected usage of certain other assets. As a result, during the second quarter of 2020, the Company completed an analysis of its asset base and concluded there existed certain indicators of impairment for specific assets and cash generating units (CGUs). Accordingly, the Company tested these assets and CGUs for recoverability using projected sales and cash flows modelled from industry production projections. Based on the results of this testing, during the second quarter of 2020, the Company recorded impairment charges on property, plant and equipment, right-of-use assets, intangible assets and inventories across its three operating segments totaling $85.8 million, including specific assets that are no longer expected to be redeployed or transferred to other facilities. The charges related to assets and CGUs across various jurisdictions in the Company's segments, including the United States, Slovakia, China and Brazil. Of the total impairment charge, $72.2 million was recognized in North America, $1.3 million in Europe, and $12.3 million in the Rest of the World. For the specific assets that are no longer expected to be redeployed or transferred, the impairment charges are based on the estimated salvage value of the assets. For the CGUs, the impairment charges were recorded where the carrying amount of the CGUs exceeded their estimated recoverable amounts.

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. 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.

(3) Restructuring costs

Additions to the restructuring provision, recognized during the second quarter of 2020, totaled $8.2 million and represent employee-related severance resulting from a reduction in the Company's workforce globally in response to the COVID-19 global pandemic. Of the total addition to the restructuring provision, $6.6 million relates to North America, $1.0 million to Europe and $0.6 million to the Rest of the World.

Additions to the restructuring provision, recognized during the second quarter of 2019, totaled $8.2 million and represent employee-related severance resulting from the right-sizing of operating facilities in the North America ($1.7 million) and Rest of the World ($6.5 million) operating segments.

(4) Loss (gain) on derivative instruments

Martinrea held warrants in NanoXplore Inc., a publicly listed graphene company on the TSX Venture Exchange under the ticker symbol GRA. The warrants represented derivative instruments and were 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. Based on the fair value of the outstanding warrants as at September 30, 2019, a gain of $0.6 million was recognized for the three months ended September 30, 2019 and a loss of $0.2 million was recognized for the nine months ended September 30, 2019. All outstanding remaining warrants in NanoXplore expired in March 2020 unexercised.

(5) Net gain in the Company's operating facility in Brazil

Included in income for the three months ended September 30, 2019 is a non-recurring benefit recognized in the Company's operating facility in Brazil, included in the Rest of World operating segment. The benefit represents a $6.5 million recovery of previously paid local social security taxes, partially offset by a $2.3 million true-up of the facility's claims and litigation provision related to certain employee-related matters. The benefit was recorded against selling, general and administrative expense.

NET INCOME (LOSS)

Three months ended September 30, 2020 to three months ended September 30, 2019 comparison

		Three months ended September 30, 2020		Three months ended September 30, 2019	$ Change	% Change
Net Income	$	45,636	$	46,678	(1,042)	(2.2%)
Adjusted Net Income	$	45,636	$	43,507	2,129	4.9%
Net Earnings per Share						
Basic	$	0.57	$	0.57		
Diluted	$	0.57	$	0.56		
Adjusted Net Earnings per Share						
Basic and Diluted	$	0.57	$	0.53		

Net income, before adjustments, for the third quarter of 2020 decreased by $1.0 million to $45.6 million from $46.7 million for the third quarter of 2019. The slight decrease was due largely to the unusual and other items recognized during the third quarter of 2019 as explained in Table A under "Adjustments to Net Income (Loss)". Excluding these unusual and other items, adjusted net income for the third quarter of 2020 increased by $2.1 million to $45.6 million or $0.57 per share, on a basic and diluted basis, from $43.5 million or $0.53 per share, on a basic and diluted basis, for the third quarter of 2019.

Adjusted Net Income for the third quarter of 2020, as compared to the third quarter of 2019, was positively impacted by the following:

- higher gross profit on essentially flat year-over-year sales as previously explained; and
- a year-over-year decrease in research and development costs due primarily to a decrease in new product and process research and development activity in light of the COVID-19 pandemic.

These factors were partially offset by the following:

- negative third quarter results from the operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020;
- a year-over-year increase in SG&A expense, excluding adjustments, as previously explained; and
- a higher effective tax rate on adjusted income due generally to the mix of earnings stemming from the addition of the assets acquired from Metalsa (29.0% for the third quarter of 2020 compared to 25.0% for the third quarter of 2019).

Three months ended September 30, 2020 actual to guidance comparison:

On August 10, 2020, the Company provided the following guidance for the third quarter of 2020:

		Guidance		Actual
Production sales (in millions)	$	850 - 950	$	933
Adjusted Net Earnings per Share				
Basic & Diluted	$	0.40 - 0.50	$	0.57

For the third quarter of 2020, production sales of $933 million were within the published sales guidance range. Adjusted Net Earnings per Share of $0.57 exceeded the published earnings guidance range due to a positive sales mix and better than expected operational performance at certain facilities, driven by reduced operating costs and productivity improvements.

Nine months ended September 30, 2020 to nine months ended September 30, 2019 comparison

		Nine months ended September 30, 2020		Nine months ended September 30, 2019	$ Change	% Change
Net Income (Loss)	$	(72,287)	$	130,068	(202,355)	(155.6%)
Adjusted Net Income	$	2,644	$	153,853	(151,209)	(98.3%)
Net Earnings (Loss) per Share						
Basic	$	(0.90)	$	1.57		
Diluted	$	(0.90)	$	1.56		
Adjusted Net Earnings per Share						
Basic	$	0.03	$	1.86		
Diluted	$	0.03	$	1.85		

Net Income (Loss), before adjustments, for the nine months ended September 30, 2020 decreased by $202.4 million to a net loss of $72.3 million from net income of $130.1 million for the nine months ended September 30, 2019 due to the lower year-over-year sales volume, due primarily to the impact of the COVID-19 pandemic, and certain unusual and other items incurred during the nine months ended September 30, 2020 and 2019 as explained in Table B under "Adjustments to Net Income (Loss)". Excluding these unusual and other items, adjusted net income for the nine months ended September 30, 2020 decreased to $2.6 million or $0.03 per share, on a basic and diluted basis, from $153.9 or $1.86, on a basic basis, and $1.85 on a diluted basis, for the nine months ended September 30, 2019.

Adjusted Net Income for the nine months ended September 30, 2020, as compared to the nine months ended September 30, 2019, was negatively impacted by the following:

- lower gross profit on lower year-over-year sales volume, as previously explained, due primarily to the impact of the COVID-19 pandemic;
- negative year-to-date results from the operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020;
- a net unrealized foreign exchange loss of $5.2 million for the nine months ended September 30, 2020 compared to a loss of $1.5 million for the nine months ended September 30, 2019; and

- a higher effective tax rate on adjusted income due generally to the mix of earnings and tax impacts of the unusual and other items explained in Table B under "Adjustments to Net Income (Loss)" (89.0% for the nine months ended September 30, 2020 compared to 24.9% for the nine months ended September 30, 2019).

These factors were partially offset by the following:

- a year-over-year decrease in SG&A expense, as previously discussed;
- a year-over-year decrease in research and development costs due primarily to a decrease in new product and process research and development activity in light of the COVID-19 pandemic; and
- a year-over-year decrease in finance expense on the Company's long-term debt primarily as a result of lower borrowing rates.

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

Three months ended September 30, 2020 to three months ended September 30, 2019 comparison

	Three months ended September 30, 2020	Three months ended September 30, 2019	$ Change	% Change
Additions to PP&E	$ 73,166	$ 75,748	(2,582)	(3.4%)

Additions to PP&E remained relatively consistent year-over-year decreasing slightly to $73.2 or 7.5% of sales in the third quarter of 2020 from $75.7 million or 7.8% of sales in the third quarter of 2019. General timing of expenditures makes quarterly additions to PP&E quite volatile in nature. Certain new program capital additions, previously delayed during the second quarter COVID-related shutdowns, moved into the third quarter as preparations for upcoming new program launches resumed. The Company continues to make investments in the business including in various sales and margin growth projects and in both new and replacement business in all its various product offerings, while continuing to apply a measured and prudent approach to capital investment during the COVID-19 pandemic.

Nine months ended September 30, 2020 to nine months ended September 30, 2019 comparison

	Nine months ended September 30, 2020	Nine months ended September 30, 2019	$ Change	% Change
Additions to PP&E	$ 181,453	$ 209,629	(28,176)	(13.4%)

Additions to PP&E decreased by $28.1 million year-over-year to $181.5 million for the nine months ended September 30, 2020 compared to $209.6 million for the nine months ended September 30, 2019. The decrease reflects the Company's efforts to reduce capital expenditures to support cash flow in light of the COVID-19 pandemic.

SEGMENT ANALYSIS

The Company defines its operating segments as components of its business where separate financial information is available and routinely evaluated by the Company's chief operating decision maker, which is the Chief Executive Officer. Given the differences between the regions in which the Company operates, Martinrea's operations are segmented and aggregated on a geographic basis among North America, Europe and Rest of the World. The Company measures segment operating performance based on operating income (loss).

Three months ended September 30, 2020 to three months ended September 30, 2019 comparison

	SALES		OPERATING INCOME (LOSS)	
	Three months ended September 30, 2020	**Three months ended September 30, 2019**	**Three months ended September 30, 2020**	**Three months ended September 30, 2019**
North America	$ 739,489	$ 780,989	$ 76,290	$ 48,405
Europe	189,366	157,736	(6,478)	13,927
Rest of the World	46,999	37,727	5,750	6,712
Eliminations	(4,794)	(2,068)	-	-
Adjusted Operating Income	-	-	$ 75,562	$ 69,044
Unusual and Other Items*	-	-	-	4,199
Total	$ 971,060	$ 974,384	$ 75,562	$ 73,243

** Operating income for the operating segments has been adjusted for unusual and other items. The $4.2 million of unusual and other items for the third quarter of 2019 was recognized in the Rest of the World. The unusual and other items noted are all fully explained under "Adjustments to Net Income" in this MD&A.*

North America

Adjusted Operating Income in North America increased by $27.9 million to $76.3 million or 10.3% of sales for the third quarter of 2020 from $48.4 million or 6.2% for the third quarter of 2019. The increase in adjusted operating income as a percentage of sales was generally due to a significant decrease in tooling sales, which typically earn low margins for the Company; a positive sales mix; productivity and efficiency improvements at certain operating facilities; the receipt of certain COVID-related government wage subsidies; and lower research and development expenses as previously explained. These positive factors were partially offset by operational inefficiencies and other costs at certain facilities including upfront costs incurred in preparation of upcoming new programs.

Europe

Adjusted Operating Income (Loss) in Europe decreased by $20.4 million to an operating loss of $6.5 million or (3.4%) of sales for the third quarter of 2020 from operating income of $13.9 million or 8.8% of sales for the third quarter of 2019. The decrease in adjusted operating income (loss) as a percentage of sales was generally due to a negative impact on overall margin from the operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, and overall lower sales volume and corresponding lower utilization of assets, excluding the acquired business, primarily as a result of the COVID-19 pandemic.

Rest of the World

Adjusted Operating Income in the Rest of the World decreased slightly by $1.0 million to $5.8 million or 12.2% of sales for the third quarter of 2020 from $6.7 million or 17.8% of sales for the third quarter of 2019. The decrease in adjusted operating income as a percentage of sales was generally due to a negative sales mix.

Nine months ended September 30, 2020 to nine months ended September 30, 2019 comparison

	SALES		OPERATING INCOME (LOSS)*	
	Nine months ended September 30, 2020	**Nine months ended September 30, 2019**	**Nine months ended September 30, 2020**	**Nine months ended September 30, 2019**
North America	$ 1,745,151	$ 2,346,167	$ 86,088	$ 191,207
Europe	449,251	513,742	(40,420)	39,926
Rest of the World	120,665	91,526	12,176	5,343
Eliminations	(10,737)	(5,357)	-	-
Adjusted Operating Income	-	-	$ 57,844	$ 236,476
Unusual and Other Items*	-	-	(96,442)	(22,468)
Total	$ 2,304,330	$ 2,946,078	$ (38,598)	$ 214,008

** Operating income (loss) for the operating segments has been adjusted for unusual and other items. Of the $96.4 million of usual and other items for the nine months ended September 30, 2020, $81.2 million was incurred in North America, $2.3 million in Europe and $12.9 million in the Rest of the World. Of the $22.5 million of unusual and other items for the nine months ended September 30, 2019, $1.7 million was incurred in North America and $20.8 million in the Rest of the World. The unusual and other items noted are all fully explained under "Adjustments to Net Income" in this MD&A.*

North America

Adjusted Operating Income in North America decreased by $105.1 million to $86.1 million or 4.9% of sales for the nine months ended September 30, 2020 from $191.2 million or 8.1% of sales for the nine months ended September 30, 2019. The decrease in adjusted operating income as a percentage of sales was generally due to overall lower sales volume and corresponding lower utilization of assets, as a result of the impact of the COVID-19 pandemic, and operational inefficiencies and other costs at certain other facilities including upfront costs incurred in preparation of upcoming new programs; partially offset by a decrease in tooling sales, which typically earn low margins for the Company; lower SG&A and research and development expenses as previously explained; productivity and efficiency improvements at certain operating facilities; and the receipt of certain COVID-related government wage subsidies.

Europe

Adjusted Operating Income (Loss) in Europe decreased by $80.3 million to an adjusted operating loss of $40.4 million or (9.0%) of sales for the nine months ended September 30, 2020 from adjusted operating income of $39.9 million or 7.8% for the nine months ended September 30, 2019. The decrease in adjusted operating income (loss) as a percentage of sales was generally due to overall lower sales volume and corresponding lower utilization of assets, primarily as a result of the impact of the COVID-19 pandemic and lower pre-COVID production related to certain light vehicle platforms, in particular with Daimler and Jaguar Land Rover; and negative operating results from the business acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020. These negative factors were partially offset by lower SG&A expenses as previously explained.

Rest of the World

Adjusted Operating Income in the Rest of the World increased by $6.8 million to $12.2 million or 10.1% of sales for the nine months ended September 30, 2020 from $5.3 million or 5.8% of sales for the nine months ended September 30, 2020 due generally to higher year-over-year sales.

SUMMARY OF QUARTERLY RESULTS
(unaudited)

	2020			2019				2018
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Sales	$ 971,060	$ 460,564	$ 872,706	$ 917,581	$ 974,384	$ 948,533	$ 1,023,161	$ 926,154
Gross Margin	$ 151,478	$ (12,459)	$ 120,237	$ 129,921	$ 143,901	$ 154,778	$ 157,501	$ 134,567
Net Income (Loss) for the period	$ 45,636	$ (146,886)	$ 28,963	$ 51,153	$ 46,678	$ 28,122	$ 55,268	$ 37,816
Adjusted Net Income (Loss)	$ 45,636	$ (73,115)	$ 30,123	$ 33,834	$ 43,507	$ 54,570	$ 55,776	$ 43,840
Basic Net Earnings (Loss) per Share	$ 0.57	$ (1.84)	$ 0.36	$ 0.63	$ 0.57	$ 0.34	$ 0.66	$ 0.44
Diluted Net Earnings (Loss) per Share	$ 0.57	$ (1.84)	$ 0.36	$ 0.63	$ 0.56	$ 0.34	$ 0.66	$ 0.44
Adjusted Basic and Diluted Net Earnings (Loss) per Share	$ 0.57	$ (0.91)	$ 0.38	$ 0.42	$ 0.53	$ 0.66	$ 0.67	$ 0.51

LIQUIDITY AND CAPITAL RESOURCES

On July 23, 2018, the Company's banking facility was amended to extend its maturity date and enhance certain provisions of the facility.

The primary terms of the amended banking facility, with a syndicate of ten banks, include the following:

- a move to an unsecured credit structure;
- improved financial covenants, including a maximum net debt to trailing twelve months EBITDA ratio of 3.0x;
- available revolving credit lines of $370 million and US $420 million;
- available asset based financing capacity of $300 million;
- an accordion feature which provides the Company with the ability to increase the revolving credit facility by up to US $200 million;
- pricing terms at market rates and consistent with the previous facility;
- a maturity date of July 2022; and
- no mandatory principal repayment provisions.

Throughout the COVID-19 pandemic, the Company has taken controlled and measured actions to preserve liquidity, including aggressively flexing and reducing its cost base, eliminating discretionary spending across its global footprint and delaying capital and tooling spending where and when appropriate. The Company also suspended the repurchase of common stock under its normal course issuer bid, which expired in August 2020, to preserve cash. In addition, the Company enhanced its liquidity position by exercising the accordion feature incorporated in its banking facility, as noted above, and amended such facility. The exercise was completed on April 17, 2020, and increased the revolving credit lines available to the Company by another US $200 million ($280 million).

As at September 30, 2020, the Company had total liquidity of approximately $580 million, including cash and cash equivalents and availability under the Company's revolving credit lines. In addition, the Company's banking facility includes a $300 million allowance for asset based financing that the Company can use for additional financing if required, of which $234 million was available as at September 30, 2020.

Further, on June 24, 2020, the Company amended its lending agreements with its banking syndicate to provide enhanced financial covenant flexibility on a present and go-forward basis. The amendment in essence provides that the Company's calculation of its most basic financial covenant, the net debt to trailing twelve months EBITDA ratio, for the next four quarterly calculations, would exclude EBITDA from the second quarter of 2020 and instead will be based on the annualized total of the remaining three quarters (i.e. the sum of the three quarters divided by three fourths). As a result, the impact of the COVID-19 related shutdown of the industry, and most of the Company's operations, occurring during the second quarter of 2020, would be ignored for the purpose of financial covenant calculations under the Company's lending arrangements.

As at September 30, 2020, the Company had drawn US$356.0 million (December 31, 2019 - US$301.0 million) on the U.S. revolving credit line and $348.0 million (December 31, 2019 - $328.0 million) on the Canadian revolving credit line. At September 30, 2020, the weighted average effective interest rate of the banking facility credit lines was 2.8% (December 31, 2019 - 3.9%). The facility requires the maintenance of certain financial ratios with which the Company was in compliance as at September 30, 2020.

On July 2, 2020, the Company finalized an eight year equipment loan in the amount of € 1.0 million ($1.5 million) repayable in bi-annual installments commencing in 2024 at a fixed annual interest rate of 0.0%.

On April 30, 2020, the Company finalized a three year equipment loan in the amount of € 6.6 million ($10.0 million) repayable in monthly installments commencing in 2021 at a fixed annual interest rate of 2.0%.

The principal sources of liquidity available for the Company's future cash requirements are expected to be cash flow from operations, cash and cash equivalents, borrowings from its revolving credit lines, and asset based financing. Management believes that the Company's overall liquidity and operating cash flow will be sufficient to meet the Company's anticipated cash requirements for capital expenditures, working capital, debt obligations and other commitments.

Debt leverage ratios:

Excluding the impact of IFRS 16:	**September 30, 2020**	**June 30, 2020**	**March 31, 2020**	**December 31, 2019**	**September 30, 2019**
Long-term debt	$ 888,365	$ 902,205	$ 871,207	$ 781,573	$ 793,246
Less: Cash and cash equivalents	(214,049)	(125,834)	(156,515)	(118,973)	(101,409)
Net Debt	$ 674,316	$ 776,371	$ 714,692	$ 662,600	$ 691,837
Trailing 12-month Adjusted EBITDA	$ 304,716	$ 294,634	$ 441,517	$ 468,355	$ 478,692
Net Debt to Adjusted EBITDA ratio	2.21x	2.64x	1.62x	1.41x	1.45x

Including the impact of IFRS 16:	**September 30, 2020**	**June 30, 2020**	**March 31, 2020**	**December 31, 2019**	**September 30, 2019**
Long-term debt	$ 888,365	$ 902,205	$ 871,207	$ 781,573	$ 793,246
Lease liabilities	224,405	219,130	220,525	202,352	210,991
	1,112,770	1,121,335	1,091,732	983,925	1,004,237
Less: Cash and cash equivalents	(214,049)	(125,834)	(156,515)	(118,973)	(101,409)
Net Debt	$ 898,721	$ 995,501	$ 935,217	$ 864,952	$ 902,828
Trailing 12-month Adjusted EBITDA	$ 344,313	$ 332,482	$ 478,368	$ 504,555	$ 513,813
Net Debt to Adjusted EBITDA ratio	2.61x	2.99x	1.96x	1.71x	1.76x

The Company's net debt (excluding the impact of adopting IFRS 16 and as outlined above) decreased by $102.1 million during the third quarter of 2020 to $674.3 million from $776.4 million at the end of the second quarter of 2020, due largely to cash generated from operations, including $63.7 million of cash provided by non-cash working capital items, some of which relates to timing and will likely reverse over subsequent quarters. As a result, coupled with a quarter-over-quarter increase in trailing 12-month adjusted EBITDA, the Company's net debt to Adjusted EBITDA ratio (excluding the impact of adopting IFRS 16 and as outlined above) decreased during the quarter to 2.21x from 2.64x at the end of the second quarter of 2020.

The Company was in compliance with its debt covenants as at September 30, 2020. The Company's debt covenants are based on leverage ratios excluding the impact of IFRS 16 and excludes EBITDA from the second quarter of 2020, as described above.

Dividends

In the second quarter of 2013, Martinrea's Board of Directors approved, for the first time, a dividend to be paid to all holders of Martinrea common shares. Annual dividends were to be $0.12 per share, to be paid in four quarterly payments of $0.03 per share. The first quarterly dividend payment of $0.03 per share was paid on July 11, 2013; with successive quarterly dividends paid thereafter.

In 2018, in view of the Company's financial performance, and its future outlook and cash needs at that time, the Board decided to increase the annual dividends by 50% to $0.18 per share, to be paid in four quarterly installments of $0.045 per share, commencing with the release of the first quarter results of 2018. The first such increased dividend was paid on July 15, 2018.

On March 5, 2020, in view of the Company's financial performance, and its future outlook and cash needs at that time, the Board decided to increase the annual dividends by another 11% to $0.20 per share, to be paid in four quarterly installments of $0.05 per share, commencing at the beginning of 2020. The first three such dividends were paid on April 14, 2020, July 23, 2020, and October 13, 2020. The Board will assess future dividend payment levels from time to time, in light of market conditions, the current COVID-19 situation, the Company's financial performance, and then current anticipated needs at that time.

Cash flow

	Three months ended September 30, 2020	Three months ended September 30, 2019	$ Change	% Change
Cash provided by operations before changes in non-cash working capital items	$ 134,006	$ 128,041	5,965	4.7%
Change in non-cash working capital items	63,675	(9,843)	73,518	(746.9%)
	197,681	118,198	79,483	67.2%
Interest paid	(8,895)	(9,243)	348	(3.8%)
Income taxes paid	(10,262)	(11,885)	1,623	(13.7%)
Cash provided by operating activities	178,524	97,070	81,454	83.9%
Cash used in financing activities	(15,208)	(18,023)	2,815	(15.6%)
Cash used in investing activities	(76,207)	(68,992)	(7,215)	10.5%
Effect of foreign exchange rate changes on cash and cash equivalents	1,106	1,214	(108)	(8.9%)
Increase in cash and cash equivalents	$ 88,215	$ 11,269	76,946	682.8%

Cash provided by operating activities during the third quarter of 2020 was $178.5 million, compared to $97.1 million in the corresponding period of 2019. The components for the third quarter of 2020 primarily include the following:

- cash provided by operations before changes in non-cash working capital items of $134.0 million;
- working capital items source of cash of $63.7 million comprised of an increase in trade, other payables and provisions of $268.8 million, and a decrease in prepaid expenses and deposits of $0.3 million; partially offset by an increase in trade and other receivables of $143.4 million, and an increase in inventories of $62.1 million;
- income taxes paid of $10.3 million; and
- interest paid of $8.9 million.

Cash used in financing activities during the third quarter of 2020 was $15.2 million, compared to cash used in financing activities of $18.0 million in the corresponding period in 2019, as a result of a $4.2 million net decrease in long-term debt (reflecting repayments on equipment loans of $4.5 million, partially offset by drawdowns on the Company's revolving banking facility of $0.3 million), repayment of lease liabilities of $8.6 million, and $4.0 million in dividends paid; partially offset by proceeds from the exercise of employee stock options of $1.6 million.

Cash used in investing activities during the third quarter of 2020 was $76.2 million, compared to $69.0 million in the corresponding period in 2019. The components for the third quarter of 2020 primarily include the following:

- cash additions to PP&E of $72.3 million; and
- capitalized development costs relating to upcoming new program launches of $3.9 million.

Taking into account the opening cash balance of $125.8 million at the beginning of the third quarter of 2020, and the activities described above, the cash and cash equivalents balance at September 30, 2020 was $214.0 million.

	Nine months ended September 30, 2020	Nine months ended September 30, 2019	$ Change	% Change
Cash provided by operations before changes in non-cash working capital items	$ 220,925	$ 393,083	(172,158)	(43.8%)
Change in non-cash working capital items	79,117	(23,763)	102,880	(432.9%)
	300,042	369,320	(69,278)	(18.8%)
Interest paid	(27,375)	(31,412)	4,037	(12.9%)
Income taxes paid	(24,473)	(52,172)	27,699	(53.1%)
Cash provided by operating activities	248,194	285,736	(37,542)	(13.1%)
Cash provided by (used in) financing activities	54,473	(3,743)	58,216	(1,555.3%)
Cash used in investing activities	(211,985)	(249,154)	37,169	(14.9%)
Effect of foreign exchange rate changes on cash and cash equivalents	4,394	(1,592)	5,986	(376.0%)
Increase in cash and cash equivalents	$ 95,076	$ 31,247	63,829	204.3%

Cash provided by operating activities during the nine months ended September 30, 2020 was $248.2 million, compared to cash provided by operating activities of $285.7 million in the corresponding period of 2019. The components for the nine months ended September 30, 2020 primarily include the following:

- cash provided by operations before changes in non-cash working capital items of $220.9 million;
- working capital items source of cash of $79.1 million comprised of an increase in trade, other payables and provisions of $159.0 million, and a decrease in prepaid expenses and deposits of $6.7 million; partially offset by an increase in inventories of $84.8 million, and an increase in trade and other receivables of $1.8 million;
- interest paid of $27.4 million; and
- income taxes paid of $24.5 million.

Cash provided by financing activities during the nine months ended September 30, 2020 was $54.5 million, compared to cash used in financing activities of $3.7 million in the corresponding period in 2019, as a result of a $90.9 million net increase in long-term debt (reflecting drawdowns on the Company's revolving banking facility and proceeds from additional equipment loans of $103.6 million, partially offset by the repayments made on equipment loans of $12.7 million), repayment of lease liabilities of $23.9 million, $11.6 million in dividends paid, and the repurchase of common shares by way of the normal course issuer bid of $3.4 million; partially offset by proceeds from the exercise of employee stock options of $2.5 million.

Cash used in investing activities during the nine months ended September 30, 2020 was $212.0 million, compared to $249.2 million in the corresponding period in 2019. The components for the nine months ended September 30, 2020 primarily include the following:

- cash additions to PP&E of $188.2 million;
- net preliminary cash consideration paid for the operations acquired from Metalsa of $10.5 million;
- capitalized development costs relating to upcoming new program launches of $8.6 million;
- an investment in NanoXplore Inc. of $5.0 million (as described in note 8 of the interim financial statements for the three and nine months ended September 30, 2020); partially offset by
- proceeds from the disposal of PP&E of $0.3 million.

Taking into account the opening cash balance of $119.0 million at the beginning of 2020, and the activities described above, the cash and cash equivalents balance at September 30, 2020 was $214.0 million.

Free Cash Flow

	Three months ended September 30, 2020	Three months ended September 30, 2019	$ Change
Adjusted EBITDA	$ 134,232	$ 122,401	11,831
Add (deduct):			
Change in non-cash working capital items	63,675	(9,843)	73,518
Cash purchase of property, plant and equipment	(72,347)	(57,431)	(14,916)
Cash proceeds on disposal of property, plant and equipment	42	4,774	(4,732)
Capitalized development costs	(3,902)	(2,624)	(1,278)
Upfront recovery of capitalized development costs	-	767	(767)
Interest paid*	(8,895)	(9,243)	348
Cash income taxes	(10,262)	(11,885)	1,623
Free cash flow*	102,543	36,916	65,627

**Note: Prior year comparative figures were revised to include interest on lease liabilities and reflect interest paid.*

Free cash flow increased this quarter due largely to an increase in cash provided by non-cash working capital, and higher year-over-year Adjusted EBITDA, driven largely by an increase in operating margins. These factors were partially offset by an increase in cash purchases of property, plant and equipment and lower proceeds on disposal of property plant and equipment.

All tooling-related working capital accounts, including inventory, trade and other receivables, and trade and other payables on a net basis, decreased to $36.8 million as at September 30, 2020, from $44.8 million as at June 30, 2020 and $94.9 million as at September 2019. Tooling related working capital related to the operations acquired from Metalsa added $14.6 million to the balance as at September 30, 2020.

Reconciliation of IFRS “Net cash provided by operating activities” to Non-IFRS “Free Cash Flow” for three months ended September 30, 2020 and 2019:

	Three months ended September 30, 2020	Three months ended September 30, 2019
Cash provided by operating activities	$ 178,524	$ 97,070
Add (deduct):		
Cash purchases of property, plant and equipment	(72,347)	(57,431)
Cash proceeds on disposal of property, plant and equipment	42	4,774
Capitalized development costs	(3,902)	(2,624)
Upfront recovery of capitalized development costs	-	767
Unrealized loss on foreign exchange contracts	(2,214)	(627)
Deferred and restricted share units benefit (expense)	236	(1,833)
Stock options expense	(604)	(264)
Unusual and other items - Gain in the Company's operating facility in Brazil (included in SG&A expense)	-	(4,199)
Pension and other post-employment benefits expense	(1,036)	(1,177)
Contributions made to pension and other post-retirement benefits expense	1,992	1,616
Net unrealized foreign exchange loss and other income	1,852	844
Free cash flow	$ 102,543	$ 36,916

		Nine months ended September 30, 2020		Nine months ended September 30, 2019	$ Change
Adjusted EBITDA	$	233,779	$	394,021	(160,242)
Add (deduct):					
Change in non-cash working capital items		79,117		(23,763)	102,880
Cash purchase of property, plant and equipment		(188,233)		(217,877)	29,644
Cash proceeds on disposal of property, plant and equipment		308		5,489	(5,181)
Capitalized development costs		(8,557)		(8,056)	(501)
Upfront recovery of capitalized development costs		-		767	(767)
Interest paid*		(27,375)		(31,412)	4,037
Cash income taxes		(24,473)		(52,172)	27,699
Free cash flow*		64,566		66,997	(2,431)

**Note: Prior year comparative figures were revised to include interest on lease liabilities and reflect interest paid.*

Free cash flow for the nine months ended September 30, 2020 remained relatively consistent year-over-year decreasing only slightly by $2.4 million due to lower year-over-year Adjusted EBITDA, driven largely by lower sales volumes from the impact of the COVID-19 pandemic, and lower cash proceeds from the disposal of property, plant and equipment; partially offset by an increase in cash provided by non-cash working capital and decreases in cash purchases of property, plant and equipment, cash taxes, and interest paid.

Reconciliation of IFRS “Net cash provided by operating activities” to Non-IFRS “Free Cash Flow” for nine months ended September 30, 2020 and 2019:

		Nine months ended September 30, 2020		Nine months ended September 30, 2019
Cash provided by operating activities	$	248,194	$	285,736
Add (deduct):				
Cash purchases of property, plant and equipment		(188,233)		(217,877)
Transaction costs associated with the acquisition of Metalsa		2,489		-
Cash proceeds on disposal of property, plant and equipment		308		5,489
Capitalized development costs		(8,557)		(8,056)
Upfront recovery of capitalized development costs		-		767
Restructuring costs		8,170		8,165
Unrealized loss on foreign exchange contracts		(2,533)		(368)
Deferred and restricted share units expense		(226)		(3,761)
Stock options expense		(1,812)		(892)
Unusual and other items – Gain in the Company's operating facility in Brazil (included in SG&A expense)		-		(4,199)
Pension and other post-employment benefits expense		(3,570)		(3,386)
Contributions made to pension and other post-retirement benefits expense		5,328		4,249
Net unrealized foreign exchange loss and other income		5,008		1,130
Free cash flow	$	64,566	$	66,997

RISKS AND UNCERTAINTIES

The reader is referred to the detailed discussion on Industry Highlights and Trends and Risks and Uncertainties as outlined in the Company's Annual Information Form ("AIF") dated March 5, 2020 and previously filed 2020 interim MD&A available through SEDAR at www.sedar.com which are incorporated herein by reference. The disclosure in this MD&A and, in particular under "Recent Developments: COVID-19 Pandemic and Impact on our Business", supplements those risk factors described in the AIF and previously filed interim MD&A.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at November 11, 2020, the Company had 80,294,095 common shares outstanding. The Company's common shares constitute its only class of voting securities. As at November 11, 2020, options to acquire 2,777,500 common shares were outstanding.

During the first quarter of 2020, the Company purchased for cancellation an aggregate of 300,185 common shares for an aggregate purchase price of $3.4 million, resulting in a decrease to stated capital of $2.5 million and a decrease to retained earnings of $0.9 million. The shares were purchased for cancellation directly under the Company's normal course issuer bid ("NCIB").

In light of the COVID-19 pandemic, the Company suspended the repurchase of common stock under the NCIB, which expired at the end of August 2020, to be reassessed at a later date.

CONTRACTUAL OBLIGATIONS AND OFF BALANCE SHEET FINANCING

During the three months ended September 30, 2020, there has been no material change in the table of contractual obligations specified in the Company's MD&A for the fiscal year ended December 31, 2019.

Guarantees

The Company has negotiated tool financing facilities that provide direct financing for specific programs. The tool financing program involves a third party that provides tooling suppliers with financing subject to a Company guarantee. Payments from the third party to the tooling supplier are approved by the Company prior to the funds being advanced. The amounts loaned to tooling suppliers through this financing arrangement do not appear on the Company's balance sheet. At September 30, 2020, the amount of the off balance sheet program financing was $41.1 million representing the maximum amount of undiscounted future payments the Company could be required to make under the guarantee. The Company would be required to perform under the guarantee in cases where a tooling supplier could not meet its obligation to the third party. Since the amount advanced to the tooling supplier is required to be repaid generally when the Company receives reimbursement from the final customer, and at this point the Company will in turn repay the tooling supplier, the Company views the likelihood of a tooling supplier default as remote. Moreover, if such an instance were to occur, the Company would obtain the tool inventory as collateral. The term of the guarantee will vary from program to program, but typically ranges between six to eighteen months.

Financial Instruments

The Company's foreign exchange risk management includes the use of foreign currency forward contracts to fix the exchange rates on certain foreign currency exposures. It is the Company's policy to not utilize financial instruments for trading or speculative purposes.

At September 30, 2020, the Company had committed to the following foreign exchange contracts

Foreign exchange forward contracts not accounted for as hedges and fair valued through profit or loss

Currency		Amount of U.S. dollars	Weighted average exchange rate of U.S. dollars	Maximum period in months
Sell Canadian Dollars	$	10,000	1.3179	1
Buy Mexican Peso	$	33,294	21.0250	1

The aggregate value of these forward contracts as at September 30, 2020 was a pre-tax loss of $2.5 million and was recorded in trade and other payables (December 31, 2019 – gain of $0.4 million and was recorded in trade and other receivables).

Foreign exchange forward contracts accounted for as hedges and fair valued through other comprehensive income

Currency		Amount of U.S. dollars	Weighted average exchange rate of U.S. dollars	Maximum period in months
Buy Canadian Dollars	$	43,565	1.3183	39

The aggregate value of these forward contracts as at September 30, 2020 was a pre-tax loss of $1.0 million and was recorded in trade and other payables (December 31, 2019 – loss of $0.8 million and was recorded in trade and other payables).

INVESTMENTS

As at September 30, 2020, the Company held 34,045,954 common shares of NanoXplore Inc. ("NanoXplore") representing an approximate 24% equity interest in NanoXplore (on a non-diluted basis). NanoXplore Inc. is a publicly listed company on the TSX Venture Exchange trading under the ticker symbol GRA. It is a manufacturer and supplier of high volume graphene powder for use in industrial markets providing customers with a range of graphene-based solutions.

The Company applies equity accounting to its investment based on NanoXplore's most recent publicly filed financial statements, adjusted for any significant transactions that occur thereafter and up to the Company's reporting date, which represents a reasonable estimate of the change in the Company's interest.

On April 2, 2020, the Company acquired an additional 3,846,200 common shares in NanoXplore pursuant to a private placement offering at a price of $1.30 per common share for an aggregate purchase price of $5.0 million.

		Investment in common shares of NanoXplore
Net balance as of December 31, 2019	$	37,080
Additions to investment		5,000
Share of loss for the period		(1,881)
Share of other comprehensive loss for the period		(11)
Net balance as of September 30, 2020	$	40,188

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Subject to the limitation in the following paragraph, there have been no changes in the Company's internal controls over financial reporting during the most recent interim period that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

On March 2, 2020, the Company completed the acquisition of the structural components for passenger car operations of Metalsa. The operations acquired by the Company specialize in a wide variety of metal forming technologies, including chassis components such as cradles, control arms, and trailing arms; body components such as side rails, A and B pillars, door beams, wheel housings and bumpers; and several other components such as fuel tanks. The operations also have some leading edge technologies in multi-material joining further promoting Martinrea's lightweighting strategies. The acquisition added six manufacturing facilities to the Martinrea footprint, including facilities in Germany, the United States, Mexico, South Africa, and two in China. The largest customers of the acquired business are Daimler, BMW, Volkswagen and Audi.

In accordance with National Instrument 52-109 3.3(1)(b), management has limited its design of its disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of the acquired operations from Metalsa, which was acquired within 365 days before the end of the recent financial report. The acquired operations contributed incremental sales of $104.9 million and $195.3 million, and operating losses of $3.3 million and $17.4 million, for the three and nine months ended September 30, 2020, respectively. In addition, the acquired business constitutes $46.4 million, $44.8 million and $2.2 million of the Company's working capital (including cash), non-current assets and non-current liabilities as at September 30, 2020, respectively.

FORWARD-LOOKING INFORMATION

This MD&A 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 expected impact of or duration of the COVID-19 pandemic, or as a result of any current or future government actions or regulations, on the Company's financial position, its business and operations, on its employees, on the automotive industry, or on the business of any OEM or suppliers; the timing of and the expected restart of operations, including OEM and supplier preparations to resume production; the Company's current and future strategy, priorities and response related to COVID-19, and the status of implementation; the expected economic impact resulting from COVID-19, the type of factors affecting the economic impact; the potential effects or issues relating to a prolonged pandemic or lockdown(s), including the financial impact on the Company, its business or operations and global impact, demand for vehicles, the growth of the Company and pursuit of, and belief in, its strategies, the ramping up and launching of new business, continued investments in its business and technologies, its ability to finance future capital expenditures, and ability to fund anticipated working capital needs, debt obligations and other commitments, the Company's views on its liquidity and operating cash flow and ability to deal with present or future economic conditions, the potential for fluctuation of operating results, the likelihood of tooling supplier default under tooling guarantee programs and using the tools as collateral, and the payment of dividends as well as other forward-looking statements. The words "continue", "expect", "anticipate", "estimate", "may", "will", "should", "views", "intend", "believe", "plan" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate in the circumstances. Many factors could cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, some of which are discussed in detail in the Company's Annual Information Form for the year ended December 31, 2019 and other public filings which can be found at www.sedar.com:

- North American and global economic and political conditions and epidemics or pandemics;
- 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/uncertainty of future financing/banking;
- risks associated with the integration of acquisitions;
- risks associated with private or public investment in technology companies
- the risks associated with joint ventures;
- costs associated with rationalization of production facilities;
- launch and operational costs;
- labour relations matters;
- trade restrictions;
- changes in governmental regulations or laws including any changes to trade;
- litigation and regulatory compliance and investigations;
- quote and pricing assumptions;
- currency risk;
- fluctuations in operating results;
- internal controls over financial reporting and disclosure controls and procedures;
- environmental regulation and climate change;
- the impact of climate, political, social and economic risks, natural disasters and pandemics in the countries in which we operate or sell to, or from which we source production;

- 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.