



PRESS RELEASE

FOR IMMEDIATE RELEASE

November 11, 2020

MARTINREA INTERNATIONAL INC. REPORTS RECORD THIRD QUARTER RESULTS AND DECLARES DIVIDEND

Toronto, Ontario, November 11, 2020 – 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 third quarter ended September 30, 2020 and that it has declared a quarterly cash dividend of \$0.05 per share.

HIGHLIGHTS

- Total sales of \$971 million; production sales of \$933 million
- Record third quarter fully diluted net earnings per share of \$0.57
- Quarterly adjusted operating income⁽¹⁾ margin of 7.8%, above year-ago levels
- Balance sheet ended the quarter strong, with a reduction in net debt during the quarter of over \$100 million
- Production volumes recovering more quickly than expected following the industry-wide COVID-19 shutdowns earlier this year
- Strong fourth quarter anticipated
- Dividend of \$0.05 per share declared

OVERVIEW

Pat D'Eramo, President and Chief Executive Officer, stated: "Our third quarter performance was a record for the Company, and much improved over the previous quarter, as industry production volumes recovered more quickly than previously expected following the COVID-19 shutdowns. Demand in our key North American market remains strong and vehicle inventories remain low, particularly on truck, SUV and CUV platforms, where we are more heavily weighted. Looking at other markets, demand in China remains strong, while Europe is recovering, albeit at a more gradual pace. Operationally, we continue to perform well, as evidenced by our strong operating income margin during the quarter, which came in at 7.8%, or over 9% excluding our recently-acquired Martinrea Metalsa Group. Our focus on lean and operational excellence paid off during the quarter and we thank the team for their efforts and dedication during these challenging times. We are looking forward to a strong fourth quarter, based on anticipated volumes as we see them today, as OEMs continue to replenish currently low vehicle inventory levels. We expect fourth quarter production sales in the range of \$900 million to \$1.0 billion, and adjusted net earnings per share ⁽¹⁾ in the range of \$0.46 to \$0.54, including the recently-acquired assets from Metalsa, which has been a drag on earnings as we drive efficiencies, in particular in our new German facility. The integration of the newly-acquired business is going well and we expect its

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", "Free Cash Flow" and "Net Debt". A reconciliation of certain non-IFRS financial measures to measures determined in accordance with IFRS are contained in the Company's Management Discussion and Analysis for the third quarter ended September 30, 2020.

performance to improve as we execute on the roadmap in front of us. We are also happy to announce new business wins totalling \$70 million in annualized sales, including \$45 million in propulsion systems for FCA and General Motors, \$10 million in Lightweight Structures for electric vehicle platforms with General Motors, and \$15 million for a battery box for Volvo's heavy-duty truck in our Industrial group. We are seeing the highest level of quoting activity in our Industrial Group since my time at Martinrea, and we see opportunities to grow this business. We also expect to see our first product with graphene in production in 2021, a graphene-enhanced brake line for one of our OEM customers. Our customer has tested and approved the product and is working with us to convert current production from standard brake lines to the more durable graphene-enhanced brake lines. We are big proponents of graphene and its potential applications, and we intend to capitalize on this potential through our investment in NanoXplore."

Fred Di Tosto, Chief Financial Officer, stated: "We experienced a sharp rebound in our financial results during the third quarter, as the Company and our industry recovered following the COVID-19 shutdowns. Volumes were strong during the quarter and operating margins were above year-ago levels, driven by strength in our North American operations, reflective of volume and a positive sales mix, operating cost reductions, lower tooling sales and some benefit from government wage subsidies. Third quarter production sales, excluding the newly-acquired Martinrea Metalsa operations, were approximately flat year-over-year, with adjusted operating income⁽¹⁾ coming in at \$75.6 million, up 9.4% year-over-year. We generated strong free cash flow⁽¹⁾ during the quarter, which resulted in a reduction in net debt of over \$100.0 million. Our net debt to adjusted EBITDA⁽¹⁾ ratio ended the quarter at 2.21x, and approximately 1.70x for bank covenant purposes, given the agreement we reached with our banking syndicate to eliminate Q2 adjusted EBITDA⁽¹⁾ from the covenant calculation. We believe we entered the COVID-19 driven downturn with a strong balance sheet which has ultimately allowed us to navigate our way through the COVID crisis with confidence. Our net debt at the end of the third quarter was essentially back to pre-COVID levels and we funded an acquisition during that time. A very good result from all accounts and reflective of the strength of the business. Overall, we are very pleased with our third quarter results. To be able to post year-over-year growth in adjusted operating income⁽¹⁾, adjusted net earnings per share⁽¹⁾, and free cash flow⁽¹⁾ in the middle of a pandemic is an achievement of which we are all proud."

Rob Wildeboer, Executive Chairman, stated: "From a macro perspective, our industry is recovering from the longest shutdown in its history at a pace few of us would have expected only a few short months ago. North American auto sales have now recovered close to pre-COVID volumes and are now at a sustainable level based on previous cycles. Strong demand, coupled with low inventories, sets the stage for a continued recovery in production in the months and years ahead. We believe some interesting trends are emerging that could support vehicle demand well into the future, including the perception of the vehicle as a safe, self-contained method of transportation, and an increase in demand for living space outside of large metropolitan areas. Overall, we think our future is bright, and not just from an industry recovery perspective. More importantly, we are an innovative company that invests in and develops leading-edge technology, as evidenced by our relationship with NanoXplore and development of new products, including graphene-enhanced brake lines. Our focus on innovation and our operational strength has enabled us to emerge from the COVID-19 crisis as a stronger and more competitive company. It's in times like these that our focus on culture and our vision of making people's lives better by being the best we can be in the products we make and the services we provide comes through for us. We want to thank our dedicated employees for their great service, as well as our shareholders, lenders, suppliers, customers and governments for their hard work and support."

RESULTS OF OPERATIONS

All amounts in this press release are in Canadian dollars, unless otherwise stated; and all tabular amounts are in thousands of Canadian dollars, except earnings per share and number of shares.

Additional information about the Company, including the Company's Management Discussion and Analysis of Operating Results and Financial Position for the third quarter ended September 30, 2020 ("MD&A"), the Company's interim condensed consolidated financial statements for the third quarter ended September 30, 2020 (the "interim financial statements") and the Company's Annual Information Form for the year ended December 31, 2019, can be found at www.sedar.com.

OVERALL RESULTS

Results of operations may include certain unusual and other items that 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%
<i>% of Sales</i>		7.8%		7.1%		
Adjusted EBITDA		134,232		122,401	11,831	9.7%
<i>% of Sales</i>		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%)
<i>% of Sales</i>		2.5%		8.0%		
Adjusted EBITDA		233,779		394,021	(160,242)	(40.7%)
<i>% of Sales</i>		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 year 2019 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 Press Release

	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 Press Release

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.

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).

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.

DIVIDEND

A cash dividend of \$0.05 per share has been declared by the Board of Directors payable to shareholders of record on December 31, 2020, on or about January 15, 2021.

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 operates in 57 locations in Canada, the United States, Mexico, Brazil, Germany, Slovakia, Spain, China, South Africa and Japan. Martinrea's vision is making lives better by being the best supplier we can be in the products we make and the services we provide. For more information on Martinrea, please visit www.martinrea.com. Follow Martinrea on [Twitter](#) and [Facebook](#).

CONFERENCE CALL DETAILS

A conference call to discuss the financial results will be held on Wednesday, November 11, 2020 at 5:30 p.m. (Toronto time) which can be accessed by dialing 416-641-6104 or toll free 800-952-5114 (participant code 4636275#). Please call 10 minutes prior to the start of the conference call.

A webcast of the Q3 slide presentation will be available in listen-only mode at the following link <https://bell.media-server.com/mmc/p/c5aq96dh> beginning at 5:30 p.m. (Toronto time). Please note that to participate in the question and answer session, the dial in numbers and participant code must be used.

There will also be a rebroadcast of the call available by dialing 905-694-9451 or toll free 800-408-3053 (conference id –4851137#). The rebroadcast will be available until December 5, 2020. The webcast presentation will be available for replay on the Martinrea website.

If you have any teleconferencing questions, please call Ganesh Iyer at 416-749-0314.

FORWARD-LOOKING INFORMATION

Special Note Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of applicable Canadian securities laws including statements related to the growth or expectations of, improvements in, expansion of and/or guidance or outlook as to future revenue, sales, margin, gross margin, earnings, and earnings per share, adjusted earnings per share, adjusted net earnings per share, operating income margins, operating margins, adjusted operating income margins, volumes, the strength of the fourth quarter 2020 and future growth; the recovery of the automotive industry and various markets, emerging trends that could support vehicle demand; the strength of the Company, including post-COVID-19; anticipated program wins, pursuit of its strategies (including investing in and growing the business, including the industrial business; expected production in 2021 of a product with graphene; the intention to capitalize on the NanoXplore investment); the integration and expected performance of the assets acquired from Metalsa; the payment of dividends as well as other forward-looking statements. The words "continue", "expect", "anticipate", "estimate", "may", "will", "should", "views", "intend", "believe", "plan", "outlook" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate in the circumstances, such as expected sales and industry production estimates, current foreign exchange rates (FX), timing of product launches and operational improvements during the period and current Board approved budgets. Certain forward-looking financial assumptions are presented as non-IFRS information, and we do not provide reconciliation to IFRS for such assumptions. Many factors could cause the Company's actual results, performance or achievements to differ materially from those

expressed or implied by the forward-looking statements, including, without limitation, the following factors, some of which are discussed in detail in the Company's most recent Management Discussion and Analysis and Annual Information Form and other public filings which can 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;
- product development and technological change;
- 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.

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

For further information, please contact:

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