PRESS RELEASE

FOR IMMEDIATE RELEASE
November 4, 2021

MARTINREA INTERNATIONAL INC. REPORTS THIRD-QUARTER RESULTS, DECLARES DIVIDEND, AND EXPRESSES CONFIDENCE IN 2023 OUTLOOK

Toronto, Ontario – Martinrea International Inc. (TSX : MRE), a diversified and global automotive supplier engaged in the design, development and manufacturing of highly engineered, value-added Lightweight Structures and Propulsion Systems, today announced the release of its financial results for the third quarter ended September 30, 2021 and declared a quarterly cash dividend of $0.05 per share.

HIGHLIGHTS

- Total sales of $848.5 million, down 12.6% year-over-year; production sales of $797.2 million
- Third quarter diluted net loss per share and Adjusted Net Loss per Share(1) of $0.21
- Third quarter Adjusted EBITDA(1) of $44.9 million
- Third quarter results impacted by the global semiconductor shortage and other supply chain issues, sales mix, cost inflation in materials, labour and energy, and costs related to a heavy new business launch cycle
- We remain confident in our longer-term outlook, including our expectation of over $200 million in Free Cash Flow(1) in 2023
- Net-debt-to-Adjusted EBITDA(1) ratio increased to 2.5x, up from approximately 1.8x last quarter
- New business awards of approximately $40 million in annualized sales at mature volumes during the quarter; year-to-date awards now total approximately $210 million
- Quarterly cash dividend of $0.05 declared

OVERVIEW

Pat D'Eramo, President and Chief Executive Officer, stated: "The third quarter was challenging for us, as supply chain issues and cost inflation of labour, materials and energy, are currently wreaking havoc on the automotive supply base. At the same time, our sales mix, a heavy new business launch cycle, and an inability to fully flex costs in this environment are compounding these challenges and weighing on our near-term financial performance. Visibility remains low, as quite often we receive only short notice from our customers who "call off" production at the last minute based on their own diminished line of sight on supply chain issues. This makes it difficult to adjust labour costs given the low lead times on production stoppages, particularly in the context of the current hot labour markets, where if you lay people off, even short term, there is a good chance they will not return. These challenges are amplified in plants that are undergoing new program launches. On a positive note, vehicle demand remains strong, and vehicle inventories

[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, included anywhere in this press release, include "Adjusted Net Income (Loss)", "Adjusted Net Earnings (Loss) per Share (on a basic and diluted basis)", "Adjusted Operating Income (Loss)", "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 three and nine months ended September 30, 2021 and in this press release.

are at record lows, so the longer-term outlook is very good. As we move into 2022 and into 2023, our plant launch activity, and the costs that go along with it, are expected to normalize. These launches are expected to generate future sales growth outpacing industry production growth over a multi-year period, as well as strong margins once supply bottlenecks are removed, and production normalizes. Our future is bright, and our team continues to manage well under challenging circumstances. I would like to thank our global team for their continued dedication and commitment to our organization."

He added: "I am also pleased to announce new business wins since we reported last quarter totaling $40 million in annualized sales at mature volumes, including approximately $30 million with the ZF Group and $10 million with General Motors, both in our Propulsion Systems commercial group. Year to date, new business wins now total approximately $210 million."

Fred Di Tosto, Chief Financial Officer, stated: "Sales for the third quarter, excluding tooling sales of $51.3 million, were $797.2 million. Our Adjusted Operating Loss(1) was $16 million, while Adjusted Net Loss per Share(1) was $0.21. While we did not provide guidance for the third quarter, given the uncertainty in our industry, results ended up being lower than what we contemplated at the time of our last quarterly conference call given the challenges we faced. To provide more colour, in addition to the typical decremental margin from lower sales, a negative sales mix combined with weaker labour cost absorption given a diminished ability to fully flex costs in this current volatile environment, resulted in a $25 million unfavourable impact to Adjusted Operating Income (Loss)(1) over second-quarter 2021 levels. Meanwhile, new program launch activity remains high and the inflationary pressures Pat mentioned are currently costing us approximately $40 million on an annualized basis. We are engaging with essentially all our customers commercially on how to address these excess costs."

Rob Wildeboer, Executive Chairman, stated: "Despite the current volatility and short-term challenges, we remain very positive about the longer term outlook for our business and the industry. As supply challenges subside, we anticipate production volumes to improve in 2022 leading to a robust 2023 and beyond. We remain confident in meeting our 2023 objectives, which call for total sales, including tooling sales, of $4.6 to $4.8 billion, an Adjusted Operating Income Margin(1) north of 8%, and more than $200 million in Free Cash Flow(1), consistent with our just-completed, board-approved budgets. As Pat mentioned, demand is as good as it has been in years, and vehicle inventories are at an all-time low. We believe it will take the industry several years running at or near full capacity to meet pent-up demand and rebuild depleted inventory levels once semiconductor and other supply shortages abate. As such we believe we are at the beginning of a multi-year cycle of rising production volumes, sales, Adjusted Operating Income Margins(1), and Free Cash Flow(1). Our track record of delivering on our financial targets speaks for itself, and we are confident this will continue to be the case as we deliver on our 2023 outlook."

RESULTS OF OPERATIONS

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

Additional information about the Company, including the Company's Management Discussion and Analysis of Operating Results and Financial Position for the three and nine months ended September 30, 2021 ("MD&A"), the Company's interim condensed consolidated financial statements for the third quarter ended September 30, 2021 (the "interim financial statements") and the Company's Annual Information Form for the year ended December 31, 2020 can be found at www.sedar.com.

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 International Financial Reporting Standards ("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, 2021 and 2020. Refer to the Company's interim financial statements for the three and nine months ended September 30, 2021 for a detailed account of the Company's performance for the periods presented in the tables below.

		Three months ended September 30, 2021		Three months ended September 30, 2020	$ Change	% Change
Sales	$	848,497	$	971,060	(122,563)	(12.6%)
Gross Margin		50,007		151,478	(101,471)	(67.0%)
Operating Income (Loss)		(16,234)		75,562	(91,796)	(121.5%)
Net Income (Loss) for the period		(17,120)		45,636	(62,756)	(137.5%)
Net Earnings (Loss) per Share - Basic and Diluted	$	(0.21)	$	0.57	(0.78)	(136.8%)
Non-IFRS Measures*						
Adjusted Operating Income (Loss)	$	(16,234)	$	75,562	(91,796)	(121.5%)
% of Sales		*(1.9%)*		*7.8%*		
Adjusted EBITDA		44,898		134,232	(89,334)	(66.6%)
% of Sales		*5.3%*		*13.8%*		
Adjusted Net Income (Loss)		(17,120)		45,636	(62,756)	(137.5%)
Adjusted Net Earnings (Loss) per Share - Basic and Diluted	$	(0.21)	$	0.57	(0.78)	(136.8%)

		Nine months ended September 30, 2021		Nine months ended September 30, 2020	$ Change	% Change
Sales	$	2,730,513	$	2,304,330	426,183	18.5%
Gross Margin		282,592		259,256	23,336	9.0%
Operating Income (Loss)		65,817		(38,598)	104,415	270.5%
Net Income (Loss) for the period		45,533		(72,287)	117,820	163.0%
Net Earnings (Loss) per Share - Basic and Diluted	$	0.57	$	(0.90)	1.47	163.3%
Non-IFRS Measures*						
Adjusted Operating Income	$	71,290	$	57,844	13,446	23.2%
% of Sales		*2.6%*		*2.5%*		
Adjusted EBITDA		254,331		233,779	20,552	8.8%
% of Sales		*9.3%*		*10.1%*		
Adjusted Net Income		42,537		2,644	39,893	1,508.8%
Adjusted Net Earnings per Share - Basic and Diluted	$	0.53	$	0.03	0.50	1,666.7%

Non-IFRS Measures

The Company prepares its interim financial statements in accordance with 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 (Loss)", "Adjusted Net Earnings (Loss) per Share - on a basic and diluted basis", "Adjusted Operating Income (Loss)", "Adjusted EBITDA", "Free Cash Flow" and "Net Debt".

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

	Three months ended September 30, 2021	Three months ended September 30, 2020
Net Income (Loss)	$ (17,120)	$ 45,636
Unusual and Other Items (after-tax)*	-	-
Adjusted Net Income (Loss)	$ (17,120)	$ 45,636

	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Net Income (Loss)	$ 45,533	$ (72,287)
Unusual and Other Items (after-tax)*	(2,996)	74,931
Adjusted Net Income	$ 42,537	$ 2,644

**Unusual and Other Items, if any, are explained in the "Adjustments to Net Income (Loss)" section of this press release.*

	Three months ended September 30, 2021	Three months ended September 30, 2020
Net Income (Loss)	$ (17,120)	$ 45,636
Income tax expense (benefit)	(5,541)	18,636
Other finance (income) expense	(2,341)	1,852
Share of loss of equity investments	871	300
Finance expense	7,897	9,138
Unusual and Other Items (before-tax)*	-	-
Adjusted Operating Income (Loss)	$ (16,234)	$ 75,562
Depreciation of property, plant and equipment and right-of-use assets	58,023	55,237
Amortization of intangible assets	3,011	3,196
Loss on disposal of property, plant and equipment	98	237
Adjusted EBITDA	$ 44,898	$ 134,232

	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Net Income (Loss)	$ 45,533	$ (72,287)
Income tax expense (benefit)	14,791	(86)
Other finance (income) expense	(13,691)	5,008
Share of loss of equity investments	2,780	1,881
Finance expense	24,204	26,886
Unusual and Other Items (before-tax)*	(2,327)	96,442
Adjusted Operating Income	$ 71,290	$ 57,844
Depreciation of property, plant and equipment and right-of-use assets	173,300	166,044
Amortization of intangible assets	9,577	9,654
Loss on disposal of property, plant and equipment	164	237
Adjusted EBITDA	$ 254,331	$ 233,779

**Unusual and Other Items, if any, are explained in the "Adjustments to Net Income (Loss)" section of this press release.*

SALES

Three months ended September 30, 2021 to three months ended September 30, 2020 comparison

	Three months ended September 30, 2021	Three months ended September 30, 2020	$ Change	% Change
North America	$ 625,339	$ 739,489	(114,150)	(15.4%)
Europe	195,786	189,366	6,420	3.4%
Rest of the World	34,697	46,999	(12,302)	(26.2%)
Eliminations	(7,325)	(4,794)	(2,531)	(52.8%)
Total Sales	$ 848,497	$ 971,060	(122,563)	(12.6%)

The Company's consolidated sales for the third quarter of 2021 decreased by $122.6 million or 12.6% to $848.5 million as compared to $971.1 million for the third quarter of 2020. The total decrease in sales was driven by year-over-year decrease in the North America and Rest of the World operating segments, partially offset by a year-over-year increase in the Europe operating segment.

Sales for the third quarter of 2021 in the Company's North America operating segment decreased by $114.2 million or 15.4% to $625.3 million from $739.5 million for the third quarter of 2020. The decrease was due to overall lower industry volumes, primarily as a result of the impact the industry-wide shortage of semiconductor chips resulting from the COVID-19 pandemic has had on OEM production of certain light vehicle platforms; and the impact of foreign exchange on the translation of U.S. denominated production sales, which had a negative impact on overall sales for the third quarter of 2021 of $42.6 million as compared to the third quarter of 2020. These negative factors were partially offset by the launch of new programs during or subsequent to the third quarter of 2020 including the new Grand Cherokee and Wagoneer, Ford Mach E Mustang, Nissan Rogue and Pathfinder, and a six cylinder aluminum engine block for Ford; and an increase in tooling sales of $17.1 million, which are typically dependent on the timing of tooling construction and final acceptance by the customer.

Sales for the third quarter of 2021 in the Company's Europe operating segment increased by $6.4 million or 3.4% to $195.8 million from $189.4 million for the third quarter of 2020. The increase can be attributed to the launch of new programs during or subsequent to the third quarter of 2020, mainly with Daimler, Ford, and Volvo; partially offset by overall lower industry volumes, primarily as a result of the impact the industry-wide shortage of semiconductor chips has had on OEM production of certain light vehicle platforms; the impact of foreign exchange on the translation of Euro denominated production sales, which had a negative impact on overall sales for the third quarter of 2021 of $7.9 million as compared to the third quarter of 2020; and a $3.4 million decrease in tooling sales.

Sales for the third quarter of 2021 in the Company's Rest of the World operating segment decreased by $12.3 million or 26.2% to $34.7 million from $47.0 million in the third quarter of 2020. The decrease was due to overall lower industry volumes, primarily as a result of the impact the industry-wide shortage of semiconductor chips has had on OEM production of certain vehicle platforms; a $0.5 million negative foreign exchange impact from the translation of foreign denominated production sales as compared to the third quarter of 2020; and $0.2 million decrease in tooling sales.

Overall tooling sales increased by $13.5 million to $51.3 million for the third quarter of 2021 from $37.8 million for the third quarter of 2020.

Nine months ended September 30, 2021 to nine months ended September 30, 2020 comparison

	Nine months ended September 30, 2021	Nine months ended September 30, 2020	$ Change	% Change
North America	$ 1,965,292	$ 1,745,151	220,141	12.6%
Europe	660,831	449,251	211,580	47.1%
Rest of the World	125,766	120,665	5,101	4.2%
Eliminations	(21,376)	(10,737)	(10,639)	(99.1%)
Total Sales	$ 2,730,513	$ 2,304,330	426,183	18.5%

The Company's consolidated sales for the nine months ended September 30, 2021 increased by $426.2 million or 18.5% to $2,730.5 million as compared to $2,304.3 million for the nine months ended September 30, 2020. Sales for the nine months ended September 30, 2021 increased across all operating segments.

Sales for the nine months ended September 30, 2021 in the Company's North America operating segment increased by $220.1 million or 12.6% to $1,965.3 million from $1,745.2 million for the nine months ended September 30, 2020. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, accounted for $31.4 million of the year-over-year increase in sales (including a $2.4 million increase in tooling sales). Excluding the acquired operations, sales for the nine months ended September 30, 2021 in North America increased year-over-year by $188.7 million or 11.1%. The increase was due generally to the post-COVID recovery of overall light vehicle production volumes, tempered by the impact the industry-wide shortage of semiconductor chips has had on OEM production of certain vehicle platforms; the launch of new programs during or subsequent to the nine months ended September 30, 2020, including the new Grand Cherokee and Wagoneer, Ford Mach E Mustang, Nissan Rogue and Pathfinder, and a six cylinder aluminum engine block for Ford; and a $46.5 million increase in tooling sales. These positive factors were partially offset by the impact of foreign exchange on the translation of U.S. denominated production sales, which had a negative impact on overall sales for the nine months ended September 30, 2021 of approximately $129.3 million as compared to the corresponding period of 2020; and lower production volumes on specific light vehicle platforms including the GM Equinox / Terrain.

Sales for the nine months ended September 30, 2021 in the Company's Europe operating segment increased by $211.6 million or 47.1% to $660.8 million from $449.3 million for the nine months ended September 30, 2020. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, accounted for $65.4 million of the year-over-year increase in sales (including a $4.9 million increase in tooling sales). Excluding the acquired operations, sales for the nine months ended September 30, 2021 in Europe increased year-over-year by $146.2 million or 41.7%. The increase can be attributed to the post-COVID recovery of overall light vehicle production volumes, tempered by the impact the industry-wide shortage of semiconductor chips has had on OEM production of certain vehicle platforms; and the launch of new programs during or subsequent to the nine months ended September 30, 2020, mainly with Daimler, Ford, and Volvo. These positive factors were partially offset by a $7.5 million decrease in tooling sales; and the impact of foreign exchange on the translation of Euro denominated production sales, which had a negative impact on overall sales for the nine months ended September 30, 2021 of $1.1 million as compared to the corresponding period of 2020.

Sales for the nine months ended September 30, 2021 in the Company's Rest of the World operating segment increased by $5.1 million or 4.2% to $125.8 million from $120.7 million for the nine months ended September 30, 2020. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, accounted for $3.0 million of the year-over-year increase in sales. Excluding the acquired operations, sales for the nine months ended September 30, 2021 in the Rest of the World increased year-over-year by $2.1 million or 2.9%. The increase can be attributed to the post-COVID recovery of production volumes, tempered by the impact the industry-wide shortage of semiconductor chips has had on OEM production of certain vehicle platforms; partly offset by a $5.8 million decrease in tooling sales; a $4.6 million negative foreign exchange impact from the translation of foreign denominated production sales as compared to the corresponding period of 2020; and lower year-over-year production volumes on the Cadillac CT6 vehicle platform in China.

Overall tooling sales increased by $40.5 million to $170.3 million for the nine months ended September 30, 2021 from $129.8 million for the nine months ended September 30, 2020.

GROSS MARGIN

Three months ended September 30, 2021 to three months ended September 30, 2020 comparison

	Three months ended September 30, 2021	Three months ended September 30, 2020	$ Change	% Change
Gross margin	$ 50,007	$ 151,478	(101,471)	(67.0%)
% of Sales	5.9%	15.6%		

The gross margin percentage for the third quarter of 2021 of 5.9% decreased as a percentage of sales by 9.7% as compared to the gross margin percentage for the third quarter of 2020 of 15.6%. 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 industry-wide shortage of semiconductor chips;
- a negative sales mix;
- production inefficiencies related to the semiconductor chip shortage driven by production lines being stopped / restarted unexpectedly based on OEM's production priorities;
- generally higher labour, material and energy costs;
- other operational inefficiencies at certain operating facilities including launch related costs and upfront costs incurred in preparation of upcoming new programs;
- an increase in tooling sales which typically earn low margins for the Company; and
- a decrease in COVID-related government subsidies.

These factors were partially offset by productivity and efficiency improvements at certain operating facilities.

Nine months ended September 30, 2021 to nine months ended September 30, 2020 comparison

	Nine months ended September 30, 2021	Nine months ended September 30, 2020	$ Change	% Change
Gross margin	$ 282,592	$ 259,256	23,336	9.0%
% of Sales	10.3%	11.3%		

The gross margin percentage for the nine months ended September 30, 2021 of 10.3% decreased as a percentage of sales by 1.0% as compared to the gross margin percentage for the nine months ended September 30, 2020 of 11.3%. The decrease in gross margin as a percentage of sales was generally due to:

- a negative sales mix;
- production inefficiencies related to the semiconductor chip shortage driven by production lines being stopped / restarted unexpectedly based on OEM's production priorities;
- generally higher labour, material and energy costs;
- other operational inefficiencies at certain operating facilities including launch related costs and upfront costs incurred in preparation of upcoming new programs;
- an increase in the cost of aluminum raw material in conjunction with a temporary lag in the offsetting contractual increase in selling prices to the Company's customers, largely in the first quarter of 2021;
- an increase in tooling sales which typically earn low margins for the Company; and
- a decrease in COVID-related government subsidies.

These factors were partially offset by:

- higher sales volume and corresponding higher utilization of assets, driven primarily by the post COVID recovery of overall production volumes, tempered by the impact the industry-wide shortage of semiconductor chips has had on OEM production of certain vehicle platforms; and
- productivity and efficiency improvements at certain operating facilities.

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, 2021 to three months ended September 30, 2020 comparison

No unusual or other items were noted during the three months ended September 30, 2021 and 2020.

TABLE B

Nine months ended September 30, 2021 to nine months ended September 30, 2020 comparison

	Nine months ended September 30, 2021 (a)	Nine months ended September 30, 2020 (b)	(a)-(b) Change
NET INCOME (LOSS) (A)	**$45,533**	**($72,287)**	**$117,820**
Add Back - Unusual and Other Items:			
Restructuring costs (1)	5,473	8,170	(2,697)
Gain on dilution of equity investments (2)	(7,800)	-	(7,800)
Impairment of assets (3)	-	85,783	(85,783)
Transaction costs associated with operations acquired from Metalsa (recorded as SG&A) (4)	-	2,489	(2,489)
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**($2,327)**	**$96,442**	**($98,769)**
Tax impact of above items	(669)	(21,511)	20,842
TOTAL UNUSUAL AND OTHER ITEMS - AFTER TAX (B)	**($2,996)**	**$74,931**	**($77,927)**
ADJUSTED NET INCOME (A + B)	**$42,537**	**$2,644**	**$39,893**
Number of Shares Outstanding – Basic (‘000)	80,327	80,090	
Adjusted Basic Net Earnings Per Share	$0.53	$0.03	
Number of Shares Outstanding – Diluted (‘000)	80,434	80,090	
Adjusted Diluted Net Earnings Per Share	$0.53	$0.03	

1) Restructuring costs

Additions to the restructuring provision during the nine months ended September 30, 2021 totaled $5.5 million and represent employee-related severance resulting from the rightsizing of an operating facility in Germany.

Additions to the restructuring provision for the nine months ended September 30, 2020, 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.

2) Gain on dilution of equity investments

As at December 31, 2020, the Company held 34,045,954 common shares of NanoXplore Inc. (“NanoXplore”) representing a 23.3% equity interest in NanoXplore (on a non-diluted basis). On February 12, 2021, NanoXplore completed a public offering of 11,500,000 common shares for gross proceeds of $46.0 million. In a separate transaction on February 12, 2021, the Company purchased 1,000,000 common shares from NanoXplore’s President and Chief Executive Officer for consideration of $4.0 million. Subsequent to these transactions, the Company’s net ownership interest decreased to 22.2% from 23.3%. This dilution resulted in a deemed disposition of a portion of the Company’s ownership interest in NanoXplore, resulting in a gain on dilution of $7.8 million for the first quarter of 2021.

3) Impairment of assets

The significant reduction in volumes and industry production projections as a result of the COVID-19 global pandemic negatively impacted the recoverable amount of certain of the Company's production-related assets and 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 ("CGU"). 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.

4) 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 $2.5 million for the nine months ended September 30, 2020.

NET INCOME (LOSS)

Three months ended September 30, 2021 to three months ended September 30, 2020 comparison

		Three months ended September 30, 2021		Three months ended September 30, 2020	$ Change	% Change
Net Income (Loss)	$	(17,120)	$	45,636	(62,756)	(137.5%)
Net Earnings (Loss) per Share						
Basic and Diluted	$	(0.21)	$	0.57		

Net Income (Loss) for the third quarter of 2021 decreased by $62.8 million to a Net Loss of $17.1 million or ($0.21) per share, on a basic and diluted basis, from Net Income of $45.6 million or $0.57 per share, on a basic and diluted basis, for the third quarter of 2020.

The Net Loss for the third quarter of 2021, as compared to Net Income for the third quarter of 2020, was negatively impacted by the following:

- lower gross profit on lower year-over-year sales volume, as previously explained;
- a year-over-year increase in research and development costs; and
- a lower effective tax rate on the Net Loss for the quarter (24.5% for the third quarter of 2021 compared to 29.0% for the third quarter of 2020).

These factors were partially offset by the following:

- a year-over-year decrease in SG&A expense as previously explained;
- a net foreign exchange gain of $2.4 million for the third quarter of 2021 compared to a net foreign exchange loss of $1.9 million for the third quarter of 2020; and
- a year-over-year decrease in finance expense.

Nine months ended September 30, 2021 to nine months ended September 30, 2020 comparison

		Nine months ended September 30, 2021		Nine months ended September 30, 2020	$ Change	% Change
Net Income (Loss)	$	45,533	$	(72,287)	117,820	163.0%
Adjusted Net Income	$	42,537	$	2,644	39,893	1,508.8%
Net Earnings (Loss) per Share						
Basic and Diluted	$	0.57	$	(0.90)		
Adjusted Net Earnings per Share						
Basic and Diluted	$	0.53	$	0.03		

Net Income, before adjustments, for the nine months ended September 30, 2021 increased by $117.8 million to $45.5 million from a Net Loss of $72.3 million for the nine months ended September 30, 2020. Excluding the unusual and other items explained in Table B under “Adjustments to Net Income (Loss),” Adjusted Net Income for the nine months ended September 30, 2021 increased to $42.5 million or $0.53 per share, on a basic and diluted basis, from $2.6 million or $0.03 per share, on a basic and diluted basis, for the nine months ended September 30, 2020.

Adjusted Net Income for the nine months ended September 30, 2021, as compared to the nine months ended September 30, 2020, was positively impacted by the following:

- higher gross profit on higher year-over-year sales volume, as previously explained;
- a net foreign exchange gain of $12.9 million for the nine months ended September 30, 2021 compared to a net foreign exchange loss of $5.2 million for the nine months ended September 30, 2020;
- a year-over-year decrease in finance expense; and
- a lower effective tax rate on Adjusted Net Income (26.7% for the nine months ended September 30, 2021 compared to 89.0% for the nine months ended September 30, 2020).

These factors were partially offset by the following:

- a year-over-year increase in SG&A expense as previously explained;
- a year-over-year increase in research and development costs; and
- an increase in the Company’s share of loss of equity investments.

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, 2021, on or about January 15, 2022.

ABOUT MARTINREA INTERNATIONAL INC.

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 Thursday, November 4, 2021 at 5:30 p.m. Eastern Time. To participate, please dial 416-641-6104 (Toronto area) or 800-952-5114 (toll free Canada and US) and enter participant code 4636275#. Please call 10 minutes prior to the start of the conference call.

The conference call will also be webcast live in listen-only mode and archived for twelve months. The webcast and accompanying presentation can be accessed online at https://www.martinrea.com/investor-relations/events-presentations/.

There will also be a rebroadcast of the call available by dialing 905-694-9451 or toll free 800-408-3053 (Conference ID – 4851137#). The rebroadcast will be available until December 4, 2021.

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

FORWARD-LOOKING INFORMATION

Special Note Regarding Forward-Looking Statements

This press release and the documents incorporated by reference therein contains forward-looking statements within the meaning of applicable Canadian securities laws Including statements related to the Company's beliefs or views or expectations of, improvements in, expansion of and/or guidance or outlook as to future revenue, sales, production sales or volumes, margin, gross margin, earnings, earnings per share, adjusted earnings per share, adjusted net earnings per share, operating income margins, operating margins, adjusted operating income margins, cash flow, free cash flow, including longer term outlook for 2022, 2023 and beyond; the expected impact of or duration of the COVID-19 pandemic, including 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 Company's current and future strategy; the growth of the Company and pursuit of, and belief in, its strategies; the impact of or the expected duration of the semiconductor shortage as well as other supply chain issues and challenges and the ability to address costs; the Company's views of longer term outlook of the business or industry, including pent up demand; the ramping up and launching of new business; expectations of normalizing launch activity, margins and production; continued investments and expected benefit of those investments in its business and technologies; the opportunity to increase sales; the Company's views on its ability to deal with present or future economic conditions; 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, such as expected sales and industry production estimates, current foreign exchange rates, timing of product launches and operational improvement during the period, and current Board approved budgets. Certain forward-looking financial assumptions are presented as non-IFRS information and we do not provide reconciliation to IFRS for such assumptions. Many factors could cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, some of which are discussed in detail in the Company's Annual Information Form for the year ended December 31, 2020 and other public filings which can be found at www.sedar.com:

- North American and Global Economic and Political Conditions and Consumer Confidence;
- The highly cyclical nature of the automotive industry and the industry's dependence on consumer spending and general economic conditions;
- Pandemics and Epidemics (including the ongoing COVID-19 Pandemic), Force Majeure Events, Natural Disasters, Terrorist Activities, Political Unrest, and Other Outbreaks
- The Company's dependence on key customers
- Financial Viability of Suppliers;
- 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 liability and recalls together with the associated liability;
- Product Development and Technological Change;
- Dependence on Key Personnel;
- Availability of Consumer Credit or Cost of Borrowing;
- Limited Financial Resources/Uncertainty of Future Financing/Banking;
- Risks associated with the integration of acquisitions;
- Potential Tax Exposures;
- Cybersecurity Threats;

- Costs associated with rationalization of production facilities;
- Launch and Operational Cost Structure;
- Labour Relations Matters;
- Trade Restrictions;
- Changes in Governmental Regulations;
- Litigation and Regulatory Compliance and Investigations;
- Quote/Pricing Assumptions;
- Currency Risk - Hedging;
- Currency Risk – Competitiveness in Certain Jurisdictions;
- Fluctuations in Operating Results;
- Internal Controls Over Financial Reporting and Disclosure Controls and Procedures;
- Environmental Regulation and Climate Change;
- Loss of Use of Key Manufacturing Facilities;
- A Shift Away from Technologies in Which the Company is Investing;
- Intellectual Property;
- Competition with Low Cost Countries;
- The Company's ability to shift its manufacturing footprint to take advantage of opportunities in growing markets;
- Risks of conducting business in foreign countries, including China, Brazil and other markets;
- Change in the Company's mix of earnings between jurisdictions with lower tax rates and those with higher tax rates;
- The risks associated with Pension Plan and Other Post-Employment Benefits
- Impairment Charges;
- Potential Volatility of Share Prices;
- Dividends;
- Risks associated with private or public investment in technology companies;
- Risks associated with joint ventures;
- Lease Obligations.

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

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

For further information, please contact:

Fred Di Tosto
Chief Financial Officer
Martinrea International Inc.
3210 Langstaff Road
Vaughan, Ontario L4K 5B2
Tel: 416-749-0314
Fax: 289-982-3001

Martinrea International Inc.

Interim Condensed Consolidated Balance Sheets

(in thousands of Canadian dollars) (unaudited)

	Note		September 30, 2021		December 31, 2020
ASSETS					
Cash and cash equivalents		$	157,324	$	152,786
Trade and other receivables	3		680,332		589,315
Inventories	4		673,841		492,659
Prepaid expenses and deposits			29,972		23,550
Income taxes recoverable			21,004		13,527
TOTAL CURRENT ASSETS			1,562,473		1,271,837
Property, plant and equipment	5		1,669,208		1,615,197
Right-of-use assets	6		170,334		192,630
Deferred tax assets			190,667		195,538
Intangible assets	7		48,628		52,644
Investments	8		53,796		40,557
TOTAL NON-CURRENT ASSETS			2,132,633		2,096,566
TOTAL ASSETS		$	3,695,106	$	3,368,403
LIABILITIES					
Trade and other payables	9	$	1,155,897	$	967,952
Provisions	10		6,820		4,258
Income taxes payable			10,084		13,230
Current portion of long-term debt	12		21,176		19,492
Current portion of lease liabilities	13		31,785		34,064
TOTAL CURRENT LIABILITIES			1,225,762		1,038,996
Long-term debt	12		995,714		815,730
Lease liabilities	13		155,799		177,749
Pension and other post-retirement benefits			56,461		74,030
Deferred tax liabilities			78,073		86,174
TOTAL NON-CURRENT LIABILITIES			1,286,047		1,153,683
TOTAL LIABILITIES			2,511,809		2,192,679
EQUITY					
Capital stock	15		663,415		662,427
Contributed surplus			44,555		43,860
Accumulated other comprehensive income			56,237		96,645
Retained earnings			419,090		372,792
TOTAL EQUITY			1,183,297		1,175,724
TOTAL LIABILITIES AND EQUITY		$	3,695,106	$	3,368,403

Contingencies (note 21)

See accompanying notes to the interim condensed consolidated financial statements.

On behalf of the Board:

“Robert Wildeboer” Director

“Terry Lyons” Director

Martinrea International Inc.

Interim Condensed Consolidated Statements of Operations

(in thousands of Canadian dollars, except per share amounts) (unaudited)

	Note	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
SALES		$ 848,497	$ 971,060	$ 2,730,513	$ 2,304,330
Cost of sales (excluding depreciation of property, plant and equipment and right-of-use assets)		(744,245)	(768,280)	(2,286,154)	(1,890,680)
Depreciation of property, plant and equipment and right-of-use assets (production)		(54,245)	(51,302)	(161,767)	(154,394)
Total cost of sales		(798,490)	(819,582)	(2,447,921)	(2,045,074)
GROSS MARGIN		50,007	151,478	282,592	259,256
Research and development costs		(8,376)	(6,884)	(24,372)	(21,571)
Selling, general and administrative		(53,989)	(64,537)	(175,233)	(169,479)
Depreciation of property, plant and equipment and right-of-use assets (non-production)		(3,778)	(3,935)	(11,533)	(11,650)
Loss on disposal of property, plant and equipment		(98)	(237)	(164)	(237)
Amortization of customer contracts and relationships		-	(323)	-	(964)
Restructuring costs	10	-	-	(5,473)	(8,170)
Impairment of assets	11	-	-	-	(85,783)
OPERATING INCOME (LOSS)		(16,234)	75,562	65,817	(38,598)
Share of loss of equity investments	8	(871)	(300)	(2,780)	(1,881)
Gain on dilution of equity investments	8	-	-	7,800	-
Finance expense	17	(7,897)	(9,138)	(24,204)	(26,886)
Other finance income (expense)	17	2,341	(1,852)	13,691	(5,008)
INCOME (LOSS) BEFORE INCOME TAXES		(22,661)	64,272	60,324	(72,373)
Income tax benefit (expense)	14	5,541	(18,636)	(14,791)	86
NET INCOME (LOSS) FOR THE PERIOD		$ (17,120)	$ 45,636	$ 45,533	$ (72,287)
Basic earnings (loss) per share	16	$ (0.21)	$ 0.57	$ 0.57	$ (0.90)
Diluted earnings (loss) per share	16	$ (0.21)	$ 0.57	$ 0.57	$ (0.90)

See accompanying notes to the interim condensed consolidated financial statements.

Martinrea International Inc.

Interim Condensed Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars, except per share amounts) (unaudited)

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
NET INCOME (LOSS) FOR THE PERIOD	$ (17,120)	$ 45,636	$ 45,533	$ (72,287)
Other comprehensive income (loss), net of tax:				
Items that may be reclassified to net income				
Foreign currency translation differences for foreign operations	24,897	(14,770)	(37,469)	59,153
Cash flow hedging derivative and non-derivative financial instruments:				
Unrealized gain (loss) in fair value of financial instruments	-	1,977	892	(1,267)
Reclassification of loss (gain) to net income	(960)	324	(4,014)	831
Items that will not be reclassified to net income				
Share of other comprehensive income (loss) of equity investments (note 8)	108	(82)	183	(11)
Remeasurement of defined benefit plans	674	2,051	12,816	(8,245)
Other comprehensive income (loss), net of tax	24,719	(10,500)	(27,592)	50,461
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ 7,599	$ 35,136	$ 17,941	$ (21,826)

See accompanying notes to the interim condensed consolidated financial statements.

Martinrea International Inc.

Interim Condensed Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars) (unaudited)

	Capital stock	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total equity
BALANCE AT DECEMBER 31, 2019	$ 661,422	42,449 $	89,107 $	425,445 $	1,218,423
Net loss for the period	-	-	-	(72,287)	(72,287)
Compensation expense related to stock options	-	1,812	-	-	1,812
Dividends ($0.15 per share)	-	-	-	(12,017)	(12,017)
Exercise of employee stock options	3,479	(1,005)	-	-	2,474
Repurchase of common shares	(2,474)	-	-	(893)	(3,367)
Other comprehensive income (loss) net of tax					
Remeasurement of defined benefit plans	-	-	-	(8,245)	(8,245)
Foreign currency translation differences	-	-	59,153	-	59,153
Share of other comprehensive loss of equity investments	-	-	(11)	-	(11)
Cash flow hedging derivative and non-derivative financial instruments:					
Unrealized loss in fair value of financial instruments	-	-	(1,267)	-	(1,267)
Reclassification of loss to net income	-	-	831	-	831
BALANCE AT SEPTEMBER 30, 2020	662,427	43,256	147,813	332,003	1,185,499
Net income for the period	-	-	-	44,970	44,970
Compensation expense related to stock options	-	604	-	-	604
Dividends ($0.05 per share)	-	-	-	(4,013)	(4,013)
Other comprehensive income (loss) net of tax					
Remeasurement of defined benefit plans	-	-	-	(168)	(168)
Foreign currency translation differences	-	-	(55,253)	-	(55,253)
Share of other comprehensive loss of equity investments	-	-	(68)	-	(68)
Cash flow hedging derivative and non-derivative financial instruments:					
Unrealized gain in fair value of financial instruments	-	-	3,982	-	3,982
Reclassification of loss to net income	-	-	171	-	171
BALANCE AT DECEMBER 31, 2020	662,427	43,860	96,645	372,792	1,175,724
Net income for the period	-	-	-	45,533	45,533
Compensation expense related to stock options	-	934	-	-	934
Dividends ($0.15 per share)	-	-	-	(12,051)	(12,051)
Exercise of employee stock options	988	(239)	-	-	749
Other comprehensive income (loss) net of tax					
Remeasurement of defined benefit plans	-	-	-	12,816	12,816
Foreign currency translation differences	-	-	(37,469)	-	(37,469)
Share of other comprehensive income of equity investments	-	-	183	-	183
Cash flow hedging derivative and non-derivative financial instruments:					
Unrealized gain in fair value of financial instruments	-	-	892	-	892
Reclassification of gain to net income	-	-	(4,014)	-	(4,014)
BALANCE AT SEPTEMBER 30, 2021	$ 663,415 $	44,555 $	56,237 $	419,090 $	1,183,297

See accompanying notes to the interim condensed consolidated financial statements.

Martinrea International Inc.

Interim Condensed Consolidated Statements of Cash Flows

(in thousands of Canadian dollars) (unaudited)

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES:				
Net income (loss) for the period	$ (17,120)	$ 45,636	$ 45,533	$ (72,287)
Adjustments for:				
Depreciation of property, plant and equipment and right-of-use assets	58,023	55,237	173,300	166,044
Amortization of customer contracts and relationships	-	323	-	964
Amortization of development costs	3,011	2,873	9,577	8,690
Impairment of assets (note 11)	-	-	-	85,783
Unrealized loss on foreign exchange forward contracts	3,043	2,214	859	2,533
Finance expense	7,897	9,138	24,204	26,886
Income tax expense (benefit)	(5,541)	18,636	14,791	(86)
Loss on disposal of property, plant and equipment	98	237	164	237
Deferred and restricted share units expense (benefit)	(809)	(236)	(1,284)	226
Stock options expense	328	604	934	1,812
Share of loss of equity investments	871	300	2,780	1,881
Gain on dilution of equity investments	-	-	(7,800)	-
Pension and other post-retirement benefits expense	991	1,036	3,006	3,570
Contributions made to pension and other post-retirement benefits	(861)	(1,992)	(2,738)	(5,328)
	49,931	134,006	263,326	220,925
Changes in non-cash working capital items:				
Trade and other receivables	12,110	(143,374)	(103,178)	(1,792)
Inventories	(62,603)	(62,073)	(190,542)	(84,780)
Prepaid expenses and deposits	(2,271)	316	(6,620)	6,730
Trade, other payables and provisions	33,406	268,806	177,807	158,959
	30,573	197,681	140,793	300,042
Interest paid	(7,732)	(8,895)	(25,155)	(27,375)
Income taxes paid	(12,984)	(10,262)	(33,068)	(24,473)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 9,857	$ 178,524	$ 82,570	$ 248,194
FINANCING ACTIVITIES:				
Increase in long-term debt (net of deferred financing fees)	84,763	265	198,290	103,561
Repayment of long-term debt	(4,207)	(4,481)	(12,918)	(12,696)
Principal payments of lease liabilities	(8,303)	(8,606)	(25,305)	(23,885)
Dividends paid	(4,015)	(4,004)	(12,048)	(11,614)
Exercise of employee stock options	113	1,618	749	2,474
Repurchase of common shares	-	-	-	(3,367)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	$ 68,351	$ (15,208)	$ 148,768	$ 54,473
INVESTING ACTIVITIES:				
Purchase of property, plant and equipment (excluding capitalized interest)*	(45,153)	(72,347)	(210,954)	(188,233)
Capitalized development costs	(2,010)	(3,902)	(6,178)	(8,557)
Equity investments (note 8)	-	-	(8,036)	(5,000)
Proceeds on disposal of property, plant and equipment	707	42	846	308
Business acquisition (note 2)	-	-	-	(10,503)
NET CASH USED IN INVESTING ACTIVITIES	$ (46,456)	$ (76,207)	$ (224,322)	$ (211,985)
Effect of foreign exchange rate changes on cash and cash equivalents	(2,092)	1,106	(2,478)	4,394
INCREASE IN CASH AND CASH EQUIVALENTS	29,660	88,215	4,538	95,076
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	127,664	125,834	152,786	118,973
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 157,324	$ 214,049	$ 157,324	$ 214,049

*As at September 30, 2021, $76,747 (December 31, 2020 - $61,207) of purchases of property, plant and equipment remain unpaid and are recorded in trade and other payables.

See accompanying notes to the interim condensed consolidated financial statements.