PRESS RELEASE

FOR IMMEDIATE RELEASE
March 4, 2021

MARTINREA INTERNATIONAL INC. REPORTS FULL-YEAR RESULTS AND RECORD FOURTH-QUARTER EARNINGS, AND DECLARES DIVIDEND

Toronto, Ontario – Martinrea International Inc. (TSX : MRE), a diversified and global automotive supplier engaged in the design, development and manufacturing of highly engineered, value-added Lightweight Structures and Propulsion Systems, today announced the release of its financial results for the year and fourth quarter ended December 31, 2020 and that it has declared a quarterly cash dividend of $0.05 per share.

HIGHLIGHTS

Fourth Quarter 2020

- Total sales of $1,071.0 million; production sales of $982.3 million
- Fourth quarter diluted net earnings per share of $0.56
- Record fourth quarter adjusted diluted net earnings per share(1) of $0.55
- Balance sheet continues to be strong; net debt(1):adjusted EBITDA(1) ratio (excluding impact of IFRS 16) of 2.11x and 1.6x for bank covenant purposes, excluding second quarter adjusted EBITDA(1)
- New business awards of approximately $115 million in annualized sales at mature volumes
- Quarterly cash dividend of $0.05 declared

Full Year 2020

- Total sales of $3,375.3 million; production sales of $3,156.9 million
- Diluted net loss per share of $0.34; adjusted diluted net earnings per share(1) of $0.58
- Sales rebounded to near pre-COVID-19 levels in the second-half of the year, with record adjusted diluted net earnings per share(1) in both the third and fourth quarters
- Free cash flow(1) of $62.0 million
- New business awards over the past four quarters of approximately $285 million in annualized sales at mature volumes
- Improved safety performance

OVERVIEW

Pat D'Eramo, President and Chief Executive Officer, stated: "While 2020 was a year full of challenges given the disruption caused by the COVID-19 pandemic, the hard work and dedication of our team allowed us to meet these challenges head on. As a result of the decisive actions we took to reduce costs, improve operations, and strengthen our balance sheet, our company is better positioned for long-term success today than it was prior to the pandemic. Looking at 2020, after a challenging second quarter where we generated minimal sales and an operating loss, our results rebounded sharply in the back half of the year, which saw us generate record adjusted diluted net earnings per share(1) in both the third and fourth quarters. Our fourth-quarter results were characterized by continued strong volumes

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[1] The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). However, the Company considers certain non-IFRS financial measures as useful additional information in measuring the financial performance and condition of the Company. These measures, which the Company believes are widely used by investors, securities analysts and other interested parties in evaluating the Company's performance, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to financial measures determined in accordance with IFRS. Non-IFRS measures include "Adjusted Net Income", "Adjusted Net Earnings per Share (on a basic and diluted basis)", "Adjusted Operating Income", "Adjusted EBITDA", "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 fiscal year ended December 31, 2020 and 2019.

and an adjusted operating income margin[(1)] above year-ago levels – a strong result despite renewed lockdowns and other public health restrictions in November and December as a result of the COVID-19 pandemic, which impeded some integration and launch activities. In addition to solid financial and operating performance, we continue to improve in our safety metrics; the progress over the past six years has been terrific, as we strive to be an industry leader. We are also pleased to announce new business wins this quarter totalling $115 million in annualized sales at mature volumes, including $75 million in our Lightweight Structures commercial group with various customers, including BMW, Volvo, General Motors, Audi and Toyota; $30 million in our Flexible Manufacturing Group with various customers including Volvo, John Deere and General Motors, and a $10 million brake line program with Tesla in our Propulsion Systems commercial group. Of the $115 million in total new business awarded during the quarter, $45 million relates to pure electric vehicle platforms including General Motors' new EV Hummer, the Tesla Model Y and the Audi E6. We see great opportunities for Martinrea as the industry progresses towards electrification."

Fred Di Tosto, Chief Financial Officer, stated: "Sales for the fourth quarter, excluding tooling sales of $89 million, were $982 million, within the range of our previously announced sales guidance. In the quarter, our adjusted diluted net earnings per share[(1)] was $0.55, just above the high end of the range of our quarterly guidance. A record fourth-quarter result, as volumes have recovered more quickly than expected following the rock-bottom levels hit during the second quarter. Our balance sheet remains strong, ending the year at a net debt:adjusted EBITDA[(1)] ratio of 2.11x, or approximately 1.6x for bank covenant purposes, given the agreement we reached with our banking syndicate to eliminate second-quarter adjusted EBITDA[(1)] from the covenant calculation. Supporting this was $62 million in free cash flow generated during the year. A very good result and reflective of the strength of the business. Looking forward, our business continues to face some challenges in the form of COVID-19 related restrictions which continue to impact launch and integration activities at certain facilities, higher raw material prices, which are having a temporary negative impact on our aluminum business, and the global semiconductor shortage, which is expected to impact production volumes through at least the first half of this year. Taking these headwinds into account, we expect first-quarter production sales to be in the range of $900 million to $1 billion, and adjusted diluted net earnings per share[(1)] to be in the range of $0.36 to $0.44. The good news is, industry demand remains strong. Since the second quarter, vehicle sales have been robust and vehicle inventories remain low in North America, particularly on truck, SUV and CUV platforms where we have the majority of our exposure. This bodes well for future sales. As such, subject to overall production volumes, we expect 2021 total sales to approximate 2019 levels and 2021 adjusted diluted net earnings per share[(1)] to approach 2019 levels, both inclusive of the acquired Martinrea Metalsa Group. Looking beyond 2021, we see continued growth. In 2022, we expect sales and earnings to exceed 2019 levels, with continued sales and earnings growth expected in 2023."

Rob Wildeboer, Executive Chairman, stated: "The past year saw challenges that were not foreseen a year ago, including an unprecedented shutdown of our industry and most of our customers worldwide for months, where our revenues dropped precipitously close to zero, and many were talking about the very survival of our industry. Some might argue there is not much good to say about such a stressful year. And yet, we believe that this may have been our finest hour to date as a company. We are very proud of how our people responded to the crisis, and the fact that we ended the year stronger and more focused than ever on our long-term success and future. We made progress in multiple areas and achieved a number of successes over the last year including much success in internal technology improvements and process innovations. We also introduced some great new products, including a graphene-enhanced brake line now approved for customer use in 2021 that we believe is leading-edge. Our partnership with NanoXplore, the world's leading producer of graphene, is also an important aspect of our technology strategy, and we deepened our relationship through further investment during the year. We also acquired the Structural Components for Passenger Cars Division of Metalsa S.A. de C.V. (our Martinrea Metalsa Group), allowing us to establish a steel metalforming footprint in Europe, thereby furthering our Project Breakthrough commercial strategy, diversifying our customer base, and establishing capacity in needed areas, among other benefits. We believe the value of these assets is significantly higher than the modest purchase price."

He added: "In allocating capital, we will seek opportunities to invest in our business, be it organically or through acquisitions where they make strategic and financial sense – like we did with the Metalsa acquisition. We will also look to return capital to shareholders through dividend growth over time as well as opportunistic share repurchases – all while maintaining a strong balance sheet. Our future is bright, and we believe our lean, entrepreneurial and Golden Rule culture has been and will be a competitive advantage for this company. We have great people here, and we congratulate and thank them as the foundation of our performance to date and in future."

RESULTS OF OPERATIONS

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

Additional information about the Company, including the Company's Management Discussion and Analysis of Operating Results and Financial Position for the year ended December 31, 2020 ("MD&A"), the Company's audited consolidated financial statements for the year ended December 31, 2020 (the "audited consolidated 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 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 months and years ended December 31, 2020 and 2019. Refer to the Company's consolidated financial statements for the year ended December 31, 2020 for a detailed account of the Company's performance for the periods presented in the tables below.

		Year ended December 31, 2020		Year ended December 31, 2019	$ Change	% Change
Sales	$	3,375,286	$	3,863,659	(488,373)	(12.6%)
Gross Margin		415,097		586,101	(171,004)	(29.2%)
Operating Income		27,538		265,837	(238,299)	(89.6%)
Net Income (Loss) for the year		(27,317)		181,221	(208,538)	(115.1%)
Net Earnings (Loss) per Share - Basic	$	(0.34)	$	2.20	(2.54)	(115.5%)
Net Earnings (Loss) per Share - Diluted	$	(0.34)	$	2.19	(2.53)	(115.5%)
Non-IFRS Measures*						
Adjusted Operating Income	$	123,980	$	288,305	(164,325)	(57.0%)
% of Sales		*3.7%*		*7.5%*		
Adjusted EBITDA		365,503		504,555	(139,052)	(27.6%)
% of Sales		*10.8%*		*13.1%*		
Adjusted Net Income		46,856		187,687	(140,831)	(75.0%)
Adjusted Net Earnings per Share - Basic	$	0.58	$	2.28	(1.70)	(74.6%)
Adjusted Net Earnings per Share - Diluted	$	0.58	$	2.27	(1.69)	(74.4%)

		Three months ended December 31, 2020		Three months ended December 31, 2019	$ Change	% Change
Sales	$	1,070,956	$	917,581	153,375	16.7%
Cost of sales (excluding depreciation)		(858,124)		(737,040)	(121,084)	16.4%
Depreciation of property, plant and equipment and right-of-use assets (production)		(56,991)		(50,620)	(6,371)	12.6%
Gross Margin		155,841		129,921	25,920	20.0%
Research and development costs		(7,340)		(9,876)	2,536	(25.7%)
Selling, general and administrative		(76,885)		(63,659)	(13,226)	20.8%
Depreciation of property, plant and equipment and right-of-use assets (non-production)		(4,303)		(3,770)	(533)	14.1%
Amortization of customer contracts and relationships		(871)		(513)	(358)	69.8%
Loss on disposal of property, plant and equipment		(306)		(274)	(32)	11.7%
Operating Income	$	66,136	$	51,829	14,307	27.6%
Share of loss of an associate		(429)		(679)	250	(36.8%)
Gain on dilution of investment in associate		866		-	866	100.0%
Finance expense		(8,885)		(8,912)	27	(0.3%)
Other finance income (expense)		(625)		583	(1,208)	(207.2%)
Income before taxes	$	57,063	$	42,821	14,242	33.3%
Income tax recovery (expense)		(12,093)		8,332	(20,425)	(245.1%)
Net Income for the period		44,970		51,153	(6,183)	(12.1%)
Net Earnings per Share - Basic and Diluted	$	0.56	$	0.63	(0.07)	(11.1%)
Non-IFRS Measures*						
Adjusted Operating Income	$	66,136	$	51,829	14,307	27.6%
% of Sales		6.2%		5.6%		
Adjusted EBITDA		131,724		110,534	21,190	19.2%
% of Sales		12.3%		12.0%		
Adjusted Net Income		44,212		33,834	10,378	30.7%
Adjusted Net Earnings per Share - Basic and Diluted	$	0.55	$	0.42	0.13	31.0%

Non-IFRS Measures

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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 December 31, 2020	Three months ended December 31, 2019
Net Income	$ 44,970	$ 51,153
Unusual and Other Items (after-tax)*	(758)	(17,319)
Adjusted Net Income	$ 44,212	$ 33,834

	Year ended December 31, 2020	Year ended December 31, 2019
Net Income (Loss)	$ (27,317)	$ 181,221
Unusual and Other Items (after-tax)*	74,173	6,466
Adjusted Net Income	$ 46,856	$ 187,687

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

	Three months ended December 31, 2020	Three months ended December 31, 2019
Net Income	$ 44,970	$ 51,153
Income tax expense (recovery)	12,093	(8,332)
Other finance expense (income) - excluding Unusual and Other Items*	625	(595)
Share of loss of an associate	429	679
Finance expense	8,885	8,912
Unusual and Other Items (before-tax)*	(866)	12
Adjusted Operating Income	$ 66,136	$ 51,829
Depreciation of property, plant and equipment and right-of-use assets	61,294	54,390
Amortization of intangible assets	3,988	4,041
Loss on disposal of property, plant and equipment	306	274
Adjusted EBITDA	$ 131,724	$ 110,534

		Year ended December 31, 2020		Year ended December 31, 2019
Net Income (Loss)	$	(27,317)	$	181,221
Income tax expense		12,007		43,824
Other finance expense - excluding Unusual and Other Items*		5,633		535
Share of loss of an associate		2,310		2,009
Finance expense		35,771		37,997
Unusual and Other Items (before-tax)*		95,576		22,719
Adjusted Operating Income	$	123,980	$	288,305
Depreciation of property, plant and equipment and right-of-use assets		227,338		201,321
Amortization of intangible assets		13,642		15,861
Loss (gain) on disposal of property, plant and equipment		543		(932)
Adjusted EBITDA	$	365,503	$	504,555

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

SALES

Three months ended December 31, 2020 to three months ended December 31, 2019 comparison

		Three months ended December 31, 2020		Three months ended December 31, 2019	$ Change	% Change
North America	$	792,069	$	720,185	71,884	10.0%
Europe		234,625		158,389	76,236	48.1%
Rest of the World		48,113		41,144	6,969	16.9%
Eliminations		(3,851)		(2,137)	(1,714)	80.2%
Total Sales	$	1,070,956	$	917,581	153,375	16.7%

The Company’s consolidated sales for the fourth quarter of 2020 increased by $153.4 million or 16.7% to $1,071.0 million as compared to $917.6 million for the fourth quarter of 2019. The total increase in sales was driven by year-over-year increases across all operating segments.

Sales for the fourth quarter of 2020 in the Company’s North America operating segment increased by $71.9 million or 10.0% to $792.1 million from $720.2 million for the fourth quarter of 2019. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, contributed $30.7 million of year-over-year sales to the North America operating segment. Excluding the acquired operations, fourth quarter sales in North America increased year-over-year by $41.2 million or 5.7%. This increase was due to higher production volumes with General Motors, in particular on their pick-up truck and large SUV platform (including the launch of the next generation heavy duty truck), which was negatively impacted by the United Auto Workers strike at General Motors during the fourth quarter of 2019; and the launch of new programs during or subsequent to the fourth quarter of 2019, including Ford’s new Mach E Mustang and a six cylinder aluminum engine block for Ford. These positive factors were partially offset by a decrease in tooling sales of $35.0 million, which are typically dependant on the timing of tooling construction and final acceptance by the customer; lower year-over-year OEM production volumes on certain light-vehicle platforms including the Ford Edge/Fusion program; 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 fourth quarter of 2020 of approximately $1.2 million as compared to the fourth quarter of 2019. Overall fourth quarter OEM light vehicle production in North America was generally flat year-over-year, despite the COVID-19 global pandemic.

Sales for the fourth quarter of 2020 in the Company's Europe operating segment increased by $76.2 million or 48.1% to $234.6 million from $158.4 million for the fourth quarter of 2019. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, contributed $55.8 million of year-over-year sales (including $0.7 million in tooling sales) to the Europe operating segment. Excluding the acquired operations, fourth quarter sales in Europe increased year-over-year by $20.4 million or 12.9%. This increase can be attributed to a $9.5 million positive foreign exchange impact from the translation of Euro denominated production sales as compared to the fourth quarter of 2019; the launch of new programs during or subsequent to the fourth quarter of 2019, namely with Volvo; and higher overall production volumes on specific platforms, namely with Daimler and Jaguar Land Rover. These factors were partially offset by a $3.7 million decrease in tooling sales.

Sales for the fourth quarter of 2020 in the Company's Rest of the World operating segment increased by $7.0 million or 16.9% to $48.1 million from $41.1 million in the fourth quarter of 2019. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, contributed $21.6 million of year-over-year sales to the Rest of the World operating segment. Excluding the acquired operations, fourth quarter sales in Rest of the World decreased year-over-year by $14.6 million or 35.5%. This decrease was largely driven by lower year-over-year production volumes on the Cadillac CT6 vehicle platform in China, a $4.0 million decrease in tooling sales, and a $1.6 million negative foreign exchange impact from the translation of foreign denominated production sales as compared to the fourth quarter of 2019.

Overall tooling sales, inclusive of the operations acquired from Metalsa, decreased by $42.0 million to $88.6 million for the fourth quarter of 2020 from $130.6 million for the fourth quarter of 2019.

Year ended December 31, 2020 to year ended December 31, 2019 comparison

	Year ended December 31, 2020	Year ended December 31, 2019	$ Change	% Change
North America	$ 2,537,220	$ 3,066,352	(529,132)	(17.3%)
Europe	683,876	672,131	11,745	1.7%
Rest of the World	168,778	132,670	36,108	27.2%
Eliminations	(14,588)	(7,494)	(7,094)	94.7%
Total Sales	$ 3,375,286	$ 3,863,659	(488,373)	(12.6%)

The Company's consolidated sales for the year ended December 31, 2020 decreased by $488.4 million or 12.6% to $3,375.3 million as compared to $3,863.7 million for the year ended December 31, 2019. The total decrease in sales was driven by a decrease in the North America operating segment, partially offset by increases in sales in Europe and the Rest of the World.

Sales for the year ended December 31, 2020 in the Company's North America operating segment decreased by $529.1 million or 17.3% to $2,537.2 million from $3,066.4 million for the year ended December 31, 2019. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, contributed $78.5 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 year ended December 31, 2020 in North America decreased by $607.6 million or 19.8%. 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 $187.6 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 year ended December 31, 2020 of approximately $24.0 million as compared to the corresponding period of 2019, and the launch of new programs during or subsequent to the year ended December 31, 2019, including the General Motors heavy duty truck, Ford's new Mach E Mustang, a six cylinder aluminum engine block for Ford, and the production of ventilator stands for General Motors.

Sales for the year ended December 31, 2020 in the Company's Europe operating segment increased by $11.7 million or 1.7% to $683.9 million from $672.1 million for the year ended December 31, 2019. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, contributed $154.5 million of year-over-year sales (including $10.4 million in tooling sales) to the Europe operating segment. Excluding the acquired operations, sales for the year ended December 31, 2020 in Europe decreased year-over-year by $142.8 million or 21.2%. 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 $6.5 million decrease in tooling sales. These negative factors were partially offset by the launch of new programs during or subsequent to the year ended December 31, 2019, namely with Volvo and Volkswagen; and an $8.8 million positive foreign exchange impact from the translation of Euro-denominated production sales as compared to the corresponding period of 2019.

Sales for the year ended December 31, 2020 in the Company's Rest of the World operating segment increased by $36.1 million or 27.2% to $168.8 million from $132.7 million for the year ended December 31, 2019. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, contributed $70.4 million of year-over-year sales to the Rest of the World operating segment. Excluding the acquired operations, sales for the year ended December 31, 2020 in the Rest of the World decreased year-over-year by $34.3 million or 25.9%. The decrease was largely driven by COVID-19 related disruption, lower year-over-year production volumes on the Cadillac CT6 vehicle platform in China, a $5.3 million negative foreign exchange impact from the translation of foreign-denominated production sales as compared to the corresponding period of 2019, and a $4.4 million decrease in tooling sales.

Overall tooling sales, inclusive of the operations acquired from Metalsa, decreased by $186.4 million to $218.4 million for the year ended December 31, 2020 from $404.8 million for the year ended December 31, 2019.

GROSS MARGIN

Three months ended December 31, 2020 to three months ended December 31, 2019 comparison

	Three months ended December 31, 2020	Three months ended December 31, 2019	$ Change	% Change
Gross margin	$ 155,841	$ 129,921	25,920	20.0%
% of Sales	14.6%	14.2%		

The gross margin percentage for the fourth quarter of 2020 of 14.6% increased as a percentage of sales by 0.4% as compared to the gross margin percentage for the fourth quarter of 2019 of 14.2%. 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 on higher year-over-year production sales (excluding the operations acquired from Metalsa) in part driven by the negative impact of the labour strike at General Motors in the fourth quarter of 2019; productivity and efficiency improvements at certain operating facilities; and the receipt of certain COVID-related government wage subsidies related to active employees ($2.1 million in total of which $1.9 million was included in gross margin). These positive factors were partially offset by operational inefficiencies at certain facilities including launch related costs and upfront cost incurred in preparation of upcoming new programs, and the 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.

Year ended December 31, 2020 to year ended December 31, 2019 comparison

	Year ended December 31, 2020	Year ended December 31, 2019	$ Change	% Change
Gross margin	$ 415,097	$ 586,101	(171,004)	(29.2%)
% of Sales	12.3%	15.2%		

The gross margin percentage for the year ended December 31, 2020 of 12.3% decreased as a percentage of sales by 2.9% as compared to the gross margin percentage for the year ended December 31, 2019 of 15.2%. 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 COVID-19 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 at certain facilities including launch related costs and upfront costs incurred in preparation of upcoming new programs. These negative factors were partially offset by productivity and efficiency improvements at certain facilities; the receipt of certain COVID-related government wage subsidies related to active employees ($19.5 million in total of which $16.7 million was included in gross margin); 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 reduction 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 December 31, 2020 to three months ended December 31, 2019 comparison

	Three months ended December 31, 2020 (a)	**Three months ended December 31, 2019 (b)**	**(a)-(b) Change**
NET INCOME (A)	**$44,970**	**$51,153**	**($6,183)**
Add Back - Unusual and Other Items:			
Gain on dilution of investment in associate (4)	(866)	-	(866)
Loss on derivative instruments (5)	-	12	(12)
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**($866)**	**$12**	**($878)**
Tax impact of above items	108	(2)	110
Adjustment to deferred tax asset in the United States (7)	-	(17,329)	17,329
TOTAL UNUSUAL AND OTHER ITEMS AFTER TAX (B)	**($758)**	**($17,319)**	**$16,561**
ADJUSTED NET INCOME (A + B)	**$44,212**	**$33,834**	**$10,378**
Number of Shares Outstanding – Basic ('000)	80,294	81,267	
Adjusted Basic Net Earnings Per Share	$0.55	$0.42	
Number of Shares Outstanding – Diluted ('000)	80,382	81,431	
Adjusted Diluted Net Earnings Per Share	$0.55	$0.42	

TABLE B

Year ended December 31, 2020 to year ended December 31, 2019 comparison

	Year ended December 31, 2020 (a)	Year ended December 31, 2019 (b)	(a)-(b) Change
NET INCOME (LOSS) (A)	**($27,317)**	**$181,221**	**($208,538)**
Add Back - Unusual and Other Items:			
Transaction costs associated with the operations 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
Gain on dilution of investment in associate (4)	(866)	-	(866)
Loss on derivative instruments (5)	-	251	(251)
Net gain in the Company's operating facility in Brazil (6)	-	(4,199)	4,199
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**$95,576**	**$22,719**	**$72,857**
Tax impact of above items	(21,403)	1,076	(22,479)
Adjustment to deferred tax asset in the United States (7)	-	(17,329)	17,329
TOTAL UNUSUAL AND OTHER ITEMS AFTER TAX (B)	**$74,173**	**$6,466**	**$67,707**
ADJUSTED NET INCOME (A + B)	**$46,856**	**$187,687**	**($140,831)**
Number of Shares Outstanding – Basic ('000)	80,142	82,487	
Adjusted Basic Net Earnings Per Share	$0.58	$2.28	
Number of Shares Outstanding – Diluted ('000)	80,142	82,639	
Adjusted Diluted Net Earnings Per Share	$0.58	$2.27	

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 months and year ended December 31, 2020, respectively.

2) 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 (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 the Rest of the World ($6.5 million).

4) Gain on dilution of investment in associate

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), a decrease from 24.3% after NanoXplore converted an aggregate principal amount of $10.0 million convertible unsecured subordinated debentures into common shares during the fourth quarter of 2020. This dilution resulted in a deemed disposition of the Company's ownership interest in NanoXplore, resulting in a gain on dilution of $0.9 million for the three months ended December 31, 2020.

5) Loss on derivative instruments

Martinrea held warrants in NanoXplore. 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 December 31, 2019, unrealized losses of $0.0 million and $0.3 million were recognized for the three months and year ended December 31, 2019, respectively. All outstanding remaining warrants in NanoXplore expired in March 2020, unexercised.

6) Net gain in the Company's operating facility in Brazil

Included in income for the year ended December 31, 2019 is a non-recurring benefit recognized in the Company's operating facility in Brazil, included in the Rest of the 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.

7) Adjustment to deferred tax asset in the United States

Based on previously updated Company-wide business plans approved by the Board of Directors, and in conjunction with the Company's financial performance, the Company recognized additional deferred tax assets related to operations in the U.S. as at December 31, 2019. The deferred tax assets recognized reflected the majority of the full value of the tax loss carryforwards available to the Company at that time, with a corresponding one-time, non-cash decrease in income tax expense of $17.3 million, as the Company believes it is more likely than not that these assets will be utilized before expiry.

NET INCOME (LOSS)

Three months ended December 31, 2020 to three months ended December 31, 2019 comparison

	Three months ended December 31, 2020	Three months ended December 31, 2019	$ Change	% Change
Net Income	$ 44,970	$ 51,153	(6,183)	(12.1%)
Adjusted Net Income	$ 44,212	$ 33,834	10,378	30.7%
Net Earnings per Share				
Basic and Diluted	$ 0.56	$ 0.63		
Adjusted Net Earnings per Share				
Basic and Diluted	$ 0.55	$ 0.42		

Net Income, before adjustments, for the fourth quarter of 2020 decreased by $6.2 million to $45.0 million from $51.2 million for the fourth quarter of 2019. Excluding the unusual and other items explained in Table A under "Adjustments to Net Income (Loss)", Adjusted Net Income for the fourth quarter of 2020 increased by $10.4 million to $44.2 million or $0.55 per share, on a basic and diluted basis, from $33.8 million or $0.42 per share, on a basic and diluted basis, for the fourth quarter of 2019.

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

- higher gross margin on higher 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:

- overall negative fourth 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, as previously discussed;
- a net foreign exchange loss of $0.9 million for the fourth quarter of 2020 compared to a net foreign exchange gain of $0.4 million for the fourth quarter of 2019; and
- a slightly higher effective tax rate on adjusted income due generally to the mix of earnings (21.3% for the fourth quarter of 2020 compared to 21.0% for the fourth quarter of 2019).

Year ended December 31, 2020 to year ended December 31, 2019 comparison

		Year ended December 31, 2020		Year ended December 31, 2019	$ Change	% Change
Net Income (Loss)	$	(27,317)	$	181,221	(208,538)	(115.1%)
Adjusted Net Income	$	46,856	$	187,687	(140,831)	(75.0%)
Net Earnings (Loss) per Share						
Basic	$	(0.34)	$	2.20		
Diluted	$	(0.34)	$	2.19		
Adjusted Net Earnings per Share						
Basic	$	0.58	$	2.28		
Diluted	$	0.58	$	2.27		

Net Income (Loss), before adjustments, for the year ended December 31, 2020 decreased by $208.5 million to a net loss of $27.3 million from net income of $181.2 million for the year ended December 31, 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 years ended December 31, 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 year ended December 31, 2020 decreased to $46.9 million or $0.58 per share, on a basic and diluted basis, from $187.7 million or $2.28 per share, on a basic basis, and $2.27 per share on a diluted basis, for the year ended December 31, 2019.

Adjusted Net Income for the year ended December 31, 2020, as compared to the year ended December 31, 2019, was negatively impacted by the following:

- lower gross margin on lower year-over-year sales volume, as previously explained, due primarily to the impact of the COVID-19 pandemic;
- overall negative results from the operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020;
- a $0.5 million loss on the disposal of property, plant and equipment for the year ended December 31, 2020 compared to a gain of $0.9 million for the comparative period of 2019;
- a net unrealized foreign exchange loss of $6.1 million for the year ended December 31, 2020 compared to a loss of $1.1 million for the year ended December 31, 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)" (41.6% for the year ended December 31, 2020 compared to 24.2% for the year ended December 31, 2019).

These factors were partially offset by the following:

- 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 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 March 31, 2021, on or about April 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 Thursday, March 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 April 3, 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 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, expectations for growth in 2021, 2022 and 2023, adjusted net earnings per share, operating income margins, operating margins, adjusted operating income margins, the expected impact of or duration of the COVID-19 pandemic, or as a result of any current or future government actions or regulations, on the Company's financial position, its business and operations, on its employees, on the automotive industry, or on the business of any OEM or suppliers; the impact of the semi-conductor chip shortage, the Company's current and future strategy, priorities and response related to COVID-19; the growth of the Company and pursuit of, and belief in, its strategies, the ramping up and launching of new business, continued investments in its business and technologies, the opportunity to increase sales, the expected benefit of electrification, the belief in graphene products, the belief in the value of the assets purchased from Metalsa, and the payment of dividends or potential share repurchases 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:

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Martinrea International Inc.
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Vaughan, Ontario L4K 5B2
Tel: 416-749-0314
Fax: 289-982-3001

Martinrea International Inc.

Consolidated Balance Sheets

(in thousands of Canadian dollars)

	Note	December 31, 2020	December 31, 2019
ASSETS			
Cash and cash equivalents		$ 152,786	$ 118,973
Trade and other receivables	4	589,315	560,976
Inventories	5	492,659	383,682
Prepaid expenses and deposits		23,550	25,846
Income taxes recoverable		13,527	16,783
TOTAL CURRENT ASSETS		1,271,837	1,106,260
Property, plant and equipment	6	1,615,197	1,541,895
Right-of-use assets	7	192,630	188,378
Deferred tax assets	16	195,538	165,890
Intangible assets	8	52,644	54,787
Investments	9	40,557	37,085
TOTAL NON-CURRENT ASSETS		2,096,566	1,988,035
TOTAL ASSETS		$ 3,368,403	$ 3,094,295
LIABILITIES			
Trade and other payables	11	$ 967,952	$ 728,787
Provisions	12	4,258	8,584
Income taxes payable		13,230	7,477
Current portion of long-term debt	13	19,492	15,651
Current portion of lease liabilities	14	34,064	28,247
TOTAL CURRENT LIABILITIES		1,038,996	788,746
Long-term debt	13	815,730	765,922
Lease liabilities	14	177,749	174,105
Pension and other post-retirement benefits	15	74,030	63,789
Deferred tax liabilities	16	86,174	83,310
TOTAL NON-CURRENT LIABILITIES		1,153,683	1,087,126
TOTAL LIABILITIES		2,192,679	1,875,872
EQUITY			
Capital stock	17	662,427	661,422
Contributed surplus		43,860	42,449
Accumulated other comprehensive income		96,645	89,107
Retained earnings		372,792	425,445
TOTAL EQUITY		1,175,724	1,218,423
TOTAL LIABILITIES AND EQUITY		$ 3,368,403	$ 3,094,295

Commitments and Contingencies (note 24)

Subsequent Event (note 9)

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

“Robert Wildeboer” Director

“Terry Lyons” Director

Martinrea International Inc.

Consolidated Statements of Operations

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

	Note	Year ended December 31, 2020	Year ended December 31, 2019
SALES		$ 3,375,286	$ 3,863,659
Cost of sales (excluding depreciation of property, plant and equipment and right-of-use assets)		(2,748,804)	(3,090,966)
Depreciation of property, plant and equipment and right-of-use assets (production)		(211,385)	(186,592)
Total cost of sales		(2,960,189)	(3,277,558)
GROSS MARGIN		415,097	586,101
Research and development costs	19	(28,911)	(38,035)
Selling, general and administrative		(246,364)	(239,683)
Depreciation of property, plant and equipment and right-of-use assets (non-production)		(15,953)	(14,729)
Amortization of customer contracts and relationships		(1,835)	(2,082)
Gain (loss) on disposal of property, plant and equipment		(543)	932
Impairment of assets	10	(85,783)	(18,502)
Restructuring costs	12	(8,170)	(8,165)
OPERATING INCOME		27,538	265,837
Share of loss of an associate	9	(2,310)	(2,009)
Gain on dilution of investment in associate	9	866	-
Finance expense (including interest on lease liabilities)	21	(35,771)	(37,997)
Other finance expense	21	(5,633)	(786)
INCOME (LOSS) BEFORE INCOME TAXES		(15,310)	225,045
Income tax expense	16	(12,007)	(43,824)
NET INCOME (LOSS) FOR THE PERIOD		$ (27,317)	$ 181,221

Basic earnings (loss) per share	18	$ (0.34)	$ 2.20
Diluted earnings (loss) per share	18	$ (0.34)	$ 2.19

See accompanying notes to the consolidated financial statements.

Martinrea International Inc.

Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars)

	Year ended December 31, 2020	Year ended December 31, 2019
NET INCOME (LOSS) FOR THE PERIOD	$ (27,317)	$ 181,221
Other comprehensive income (loss), net of tax:		
Items that may be reclassified to net income (loss)		
Foreign currency translation differences for foreign operations	3,900	(69,195)
Cash flow hedging derivative and non-derivative financial instruments:		
Unrealized gain in fair value of financial instruments	2,715	3,735
Reclassification of loss to net income	1,002	1,288
Items that will not be reclassified to net income (loss)		
Change in fair value of investments	-	(776)
Transfer of unrealized gain on investments to retained earnings on change in accounting method (note 9)	-	(4,314)
Share of other comprehensive loss of an associate (note 9)	(79)	(26)
Remeasurement of defined benefit plans	(8,413)	(3,781)
Other comprehensive loss, net of tax	(875)	(73,069)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ (28,192)	$ 108,152

See accompanying notes to the consolidated financial statements.

Martinrea International Inc.

Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars)

	Capital stock	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total equity
BALANCE AT DECEMBER 31, 2018	$ 680,157	$ 42,016	$ 158,395	$ 270,981	$ 1,151,549
Net income for the period	-	-	-	181,221	181,221
Compensation expense related to stock options	-	1,195	-	-	1,195
Dividends ($0.18 per share)	-	-	-	(14,738)	(14,738)
Exercise of employee stock options	2,681	(762)	-	-	1,919
Repurchase of common shares	(21,416)	-	-	(12,552)	(33,968)
Other comprehensive income (loss) net of tax					
Remeasurement of defined benefit plans	-	-	-	(3,781)	(3,781)
Foreign currency translation differences	-	-	(69,195)	-	(69,195)
Change in fair value of investments	-	-	(776)	-	(776)
Transfer of unrealized gain on investments to retained earnings on change in accounting method (note 9)	-	-	(4,314)	4,314	-
Share of other comprehensive loss of an associate	-	-	(26)	-	(26)
Cash flow hedging derivative and non-derivative financial instruments:					
Unrealized gain in fair value of financial instruments	-	-	3,735	-	3,735
Reclassification of loss to net income	-	-	1,288	-	1,288
BALANCE AT DECEMBER 31, 2019	661,422	42,449	89,107	425,445	1,218,423
Net loss for the period	-	-	-	(27,317)	(27,317)
Compensation expense related to stock options	-	2,416	-	-	2,416
Dividends ($0.20 per share)	-	-	-	(16,030)	(16,030)
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	-	-	-	(8,413)	(8,413)
Foreign currency translation differences	-	-	3,900	-	3,900
Share of other comprehensive loss of an associate	-	-	(79)	-	(79)
Cash flow hedging derivative and non-derivative financial instruments:					
Unrealized gain in fair value of financial instruments	-	-	2,715	-	2,715
Reclassification of loss to net income	-	-	1,002	-	1,002
BALANCE AT DECEMBER 31, 2020	$ 662,427	$ 43,860	$ 96,645	$ 372,792	$ 1,175,724

See accompanying notes to the consolidated financial statements.

Martinrea International Inc.

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

		Year ended December 31, 2020		Year ended December 31, 2019
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES:				
Net Income (loss) for the period	$	(27,317)	$	181,221
Adjustments for:				
Depreciation of property, plant and equipment and right-of-use assets		227,338		201,321
Amortization of customer contracts and relationships		1,835		2,082
Amortization of development costs		11,807		13,779
Impairment of assets (note 10)		85,783		18,502
Unrealized gain on foreign exchange forward contracts		(647)		(418)
Loss on warrants (note 9)		-		251
Finance expense (including interest on lease liabilities)		35,771		37,997
Income tax expense		12,007		43,824
Loss (gain) on disposal of property, plant and equipment		543		(932)
Deferred and restricted share units expense (note 17)		8,588		8,224
Stock options expense		2,416		1,195
Share of loss of an associate (note 9)		2,310		2,009
Gain on dilution of investment in associate (note 9)		(866)		-
Pension and other post-retirement benefits expense		4,132		4,140
Contributions made to pension and other post-retirement benefits		(5,602)		(4,751)
		358,098		508,444
Changes in non-cash working capital items:				
Trade and other receivables		26,605		12,824
Inventories		(50,686)		70,085
Prepaid expenses and deposits		4,349		(3,700)
Trade, other payables and provisions		91,780		(80,492)
		430,146		507,161
Interest paid		(36,851)		(41,916)
Income taxes paid		(38,273)		(63,698)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	355,022	$	401,547
FINANCING ACTIVITIES:				
Increase in long-term debt (net of additions to deferred financing fees)		103,509		91,449
Repayment of long-term debt		(43,462)		(30,575)
Principal payments of lease liabilities		(32,966)		(27,898)
Dividends paid		(15,628)		(14,943)
Exercise of employee stock options		2,474		1,919
Repurchase of common shares		(3,367)		(57,841)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	$	10,560	$	(37,889)
INVESTING ACTIVITIES:				
Purchase of property, plant and equipment (excluding capitalized interest)*		(288,590)		(284,011)
Business acquisition (note 3)		(26,531)		-
Capitalized development costs		(12,304)		(10,747)
Investment in NanoXplore Inc. (note 9)		(5,000)		(29,477)
Proceeds on disposal of property, plant and equipment		476		6,166
Upfront recovery of development costs incurred		-		5,563
NET CASH USED IN INVESTING ACTIVITIES	$	(331,949)	$	(312,506)
Effect of foreign exchange rate changes on cash and cash equivalents		180		(2,341)
INCREASE IN CASH AND CASH EQUIVALENTS		33,813		48,811
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		118,973		70,162
CASH AND CASH EQUIVALENTS, END OF PERIOD	$	152,786	$	118,973

*As at December 31, 2020, $61,207 (December 31, 2019 - $49,120) of purchases of property, plant and equipment remain unpaid and are recorded in trade and other payables and provisions.

See accompanying notes to the consolidated financial statements