20th YEARS ANNIVERSARY

INVESTOR NEWSLETTER

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20 Years Young... Reflecting on Our History, Taking Stock of the Present, and Looking at What Lies Ahead

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MARTINREA

20 YEARS YOUNG...REFLECTING ON OUR HISTORY, TAKING STOCK OF THE PRESENT, AND LOOKING AT WHAT LIES AHEAD

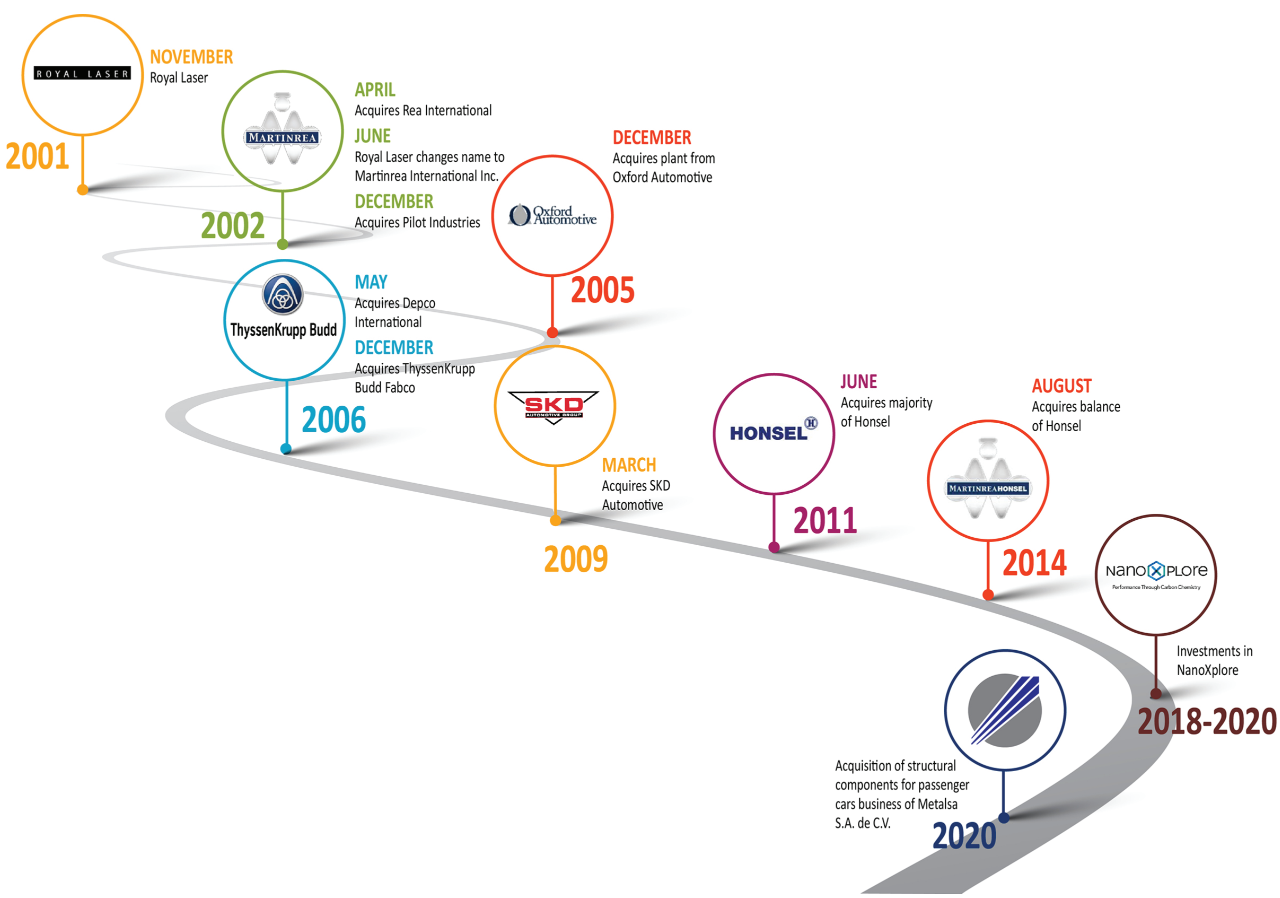
With Martinrea recently celebrating its 20th anniversary in the auto parts business (on September 10, 2021), we thought it would be a good time to reflect on our history, take stock of the present, and provide our vision and outlook for the future of our Company. As always, we want you to see how we see the world.

When looking at our history, there are two distinct phases, which we call Martinrea 1.0 and Martinrea 2.0. We describe each of these below:

THE BEGINNING: MARTINREA 1.0 – BUILDING THE FOOTPRINT

Martinrea entered the automotive parts business on September 10, 2001. The next day marked the tragic events of 9/11, and the world changed. Indeed, our Company was born during an economic downturn in a period of great uncertainty, which we were forced to navigate right out of the gate. Through this experience, we developed a skill set and resolve that would serve us well during future crises, including the 2008-2009 downturn, the COVID-19 related industry shutdown, and the current environment of semiconductor shortages and other supply chain issues.

2001-2014 was a period marked by substantial growth, both organic and inorganic. During this time, we grew revenues from $26.5 million in 2001 to $3.6 billion in 2014 and made several notable acquisitions that allowed us to establish a global footprint, strengthen our core product offerings, enhance our technological capabilities, and diversify our customer base.



Some notable acquisitions we made during this period included:

- 2002: Rea International Inc. – marked the Company's entrance into the fluids systems business
- 2002: Pilot Industries – fluids systems
- 2006: Depco International – manufacturer of roll-formed metal products; renamed Rollstar Metal Forming following the acquisition
- 2006: Thyssen Krupp Budd Fabco – North American body and chassis operations of Thyssen Krupp Budd Company; significantly expanded North American footprint, and added Nissan as a material customer
- 2009: SKD Automotive Group – metal forming and fluids systems business; added Honda as a customer
- 2011: Majority stake in Honsel AG – acquired majority stake in Honsel (55%), with partner Anchorage Capital Group acquiring the remainder (45%); marked the Company's foray into the aluminum die casting business
- 2014: Remainder of Martinrea Honsel – acquired the remainder of Martinrea Honsel the Company did not already own from Anchorage Capital

During this period, we demonstrated our ability to acquire assets at a low price (often, these were distressed situations or assets purchased out of bankruptcy), enhance the operations, and turn them into profitable bottom-line contributors to our business. It wasn't always easy, and we did have some hiccups along the way. However, in most of these years (apart from the 2008-2009 recession) we generated record revenues and profits, while continuing to implement the Company's strategy, decentralized management system, and entrepreneurial approach on a larger scale as we expanded into new geographies. We also experienced increased success with, and recognition from, our largest customers in terms of business wins and takeover work, as well as customer awards.

By the end of 2014, Martinrea's footprint was in place.

MARTINREA 2.0 – ENHANCING THE OPERATIONS AND DRIVING THE CULTURE

In late 2014, Pat D'Eramo was appointed President and Chief Executive Officer of Martinrea, and together with Rob Wildeboer, Executive Chairman, developed the One Martinrea concept, based on a four-pillar strategy of driving a high-performance culture, operational excellence, superior financial management, and customer satisfaction.

While we continued to explore opportunities to grow the business, the primary focus was on improving profitability through a broad set of initiatives falling under two main categories:

1. Operational Excellence, achieved through Lean manufacturing principles, innovative, flexible manufacturing, effective program management, purchasing, and other intiatives. These principles were based on the Toyota Production System (TPS), which D'Eramo was well-versed in, having spent nearly a decade with Toyota in several roles, including Vice President of Manufacturing, where he ran Toyota's Georgetown, Kentucky assembly plant, Toyota's now-largest facility globally.
2. Evolution of Our Book of Business. This involved changing our go-to-market approach and adhering to strict return on investment hurdle rates when quoting new business. Under this approach, business units compete for capital, and capital is allocated to projects with the highest return potential.

Our track record during this period speaks for itself. Over a five-year period from 2014 to 2019, the Company doubled adjusted operating income margins – from 4% to 8% (excluding the impact of the GM-UAW strike - see Exhibit A), achieved a 72% improvement in safety and 34% improvement in quality, improved the balance sheet, with net debt to adjusted EBITDA falling from approximately 2.6x to our target range of approximately 1.5x (see Exhibit B), and bought back approximately 10% of our outstanding stock.

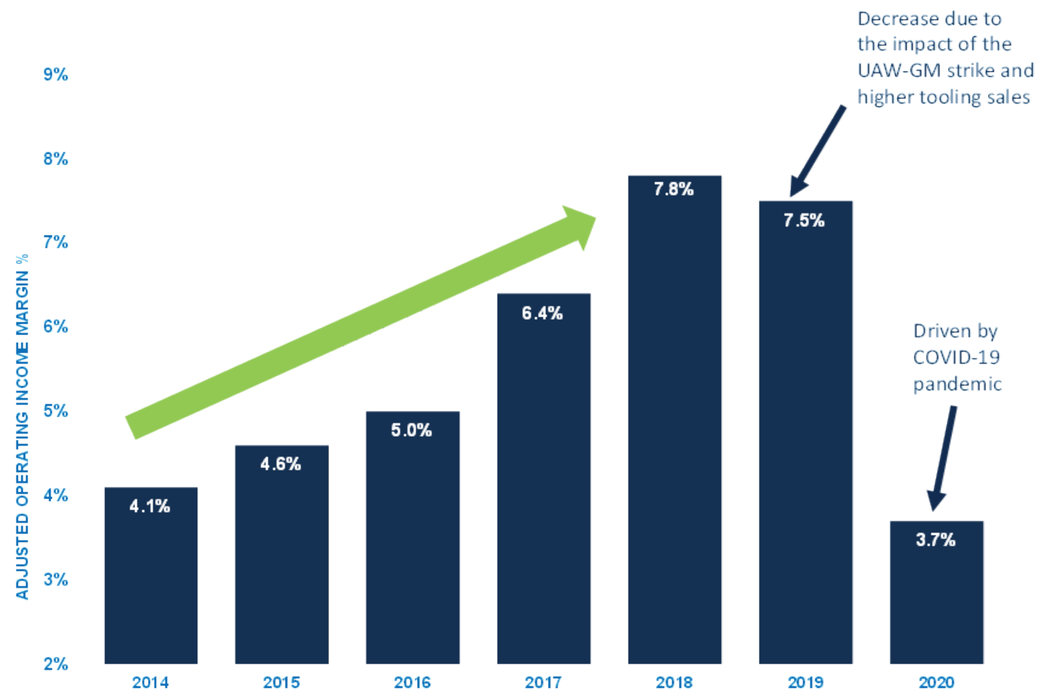


Exhibit A: Adjusted Operating Income Margin

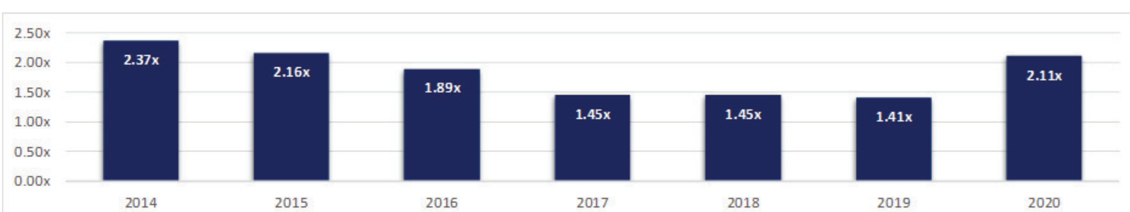
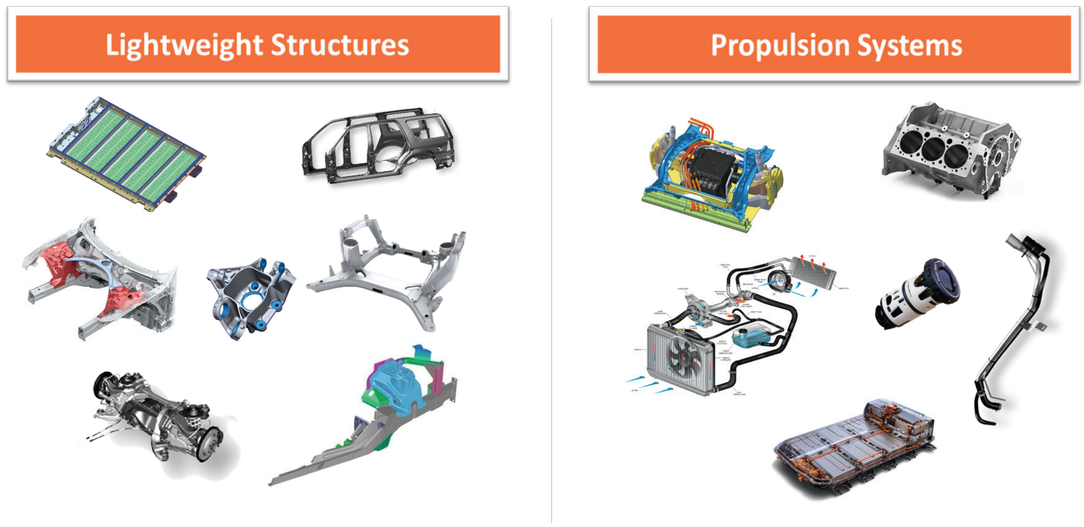


Exhibit B: Net Debt to Adjusted EBITDA

During the 2014-2019 period, we won a lot of new business and launched on a large number of new programs. At the same time, we were more selective in how we deployed capital, including for programs where we were the incumbent. As such, top-line growth was fairly flat during this period. However, adjusted operating income and adjusted operating income margin increased rapidly, as lower-margin work rolled off, and was replaced with higher-margin business.

Another key initiative we embarked on during this period was a new commercial strategy called Project BreakThrough. Launched externally in 2019, this strategy consists of the Company marketing itself through two major product categories, namely, Lightweight Structures and Propulsion Systems. The primary goal of this strategy is to draw on the capabilities of our individual business units working together to design and manufacture systems solutions for our customers. These solutions typically involve multi-material joining techniques (both steel and aluminum) and are more value-added (and therefore higher margin) than our standard offerings. Project Breakthrough is a key part of our organic growth strategy.



Meanwhile, we continued to advance our lightweighting strategy, and positioned our business for the global transition to electric vehicles by developing new products. Lightweighting vehicles is one of the hottest trends in the transportation field today, and all vehicles benefit – internal combustion engine (ICE) vehicles go further on a tank of gas, and electric vehicles go further on a charge the lighter they get. While approximately 80% of our business is related to structural components and is therefore agnostic to propulsion type (vehicles need structures regardless of how they are propelled), the remaining 20% of our business will transition to new products as the market evolves. These products include battery trays, electric motor housings, and thermal management solutions.

Our investment in NanoXplore was another important undertaking that we began in 2017. NanoXplore is the world's largest producer of graphene, accounting for approximately 40% of global capacity. Today, we own 22.2% of the Company.

Our relationship with NanoXplore is strategic – we have been a partner in helping them build and scale their flagship 4,000 ton per year plant in Montreal, Quebec, we have launched a graphene-coated brake line product, thereby validating the use of the material for automotive applications, and more recently, we entered into a 50/50 joint venture with the Company to develop graphene-enhanced lithium-ion battery cells for electric vehicles. Clearly, it is more than just a passive investment.

In late 2019, we acquired the structural components for passenger cars division of Metalsa S.A. de C.V. (the "Metalsa Acquisition") for US$19.5 million in cash, inclusive of working capital, and on a debt-free basis. The transaction was completed on March 2, 2020. In addition to adding approximately $400 million in expected sales at normalized volumes, the acquisition carried several strategic benefits, as described below:



- It helped diversify our customer base, adding significant revenues with Daimler and BMW.
- It established a metallics footprint in Europe, transforming our steel metal forming group from a North American player to a global player. This helped to advance our Project Breakthrough Commercial Strategy.
- It added strong, reputable engineering capabilities in the heart of Germany to support both European and North American customers.
- It established capacity in needed areas.

We accomplished a lot during this five-year period, made possible by the hard work and dedication of our people, and our unique culture. We talk about culture a lot at Martinrea. Because it matters a lot. Our culture has a profound impact on our company and our people. So, we take it very seriously. Peter Drucker once said, "culture eats strategy for breakfast." And we think he is right, especially in challenging times. Sustainability is at the core of our culture.

Our vision for the future is: Making lives better by being the best supplier we can be in the products we make and the services we provide. Our people need a why, and that's a "why" vision. There's a proverb that says, "where there is no vision the people perish." Very true and very appropriate. The Company's mission is Making People's Lives Better by: (i) delivering outstanding quality products and services to our customers; (ii) providing meaningful opportunity, job satisfaction and job security for our people; (iii) providing superior long-term investment returns to our stakeholders; and (iv) being positive contributors to our communities. The Company's vision and mission is supported by its four-pillar strategy and Martinrea 2.0: framework.

In pursuing our vision and mission, we developed a set of 10 Guiding Principles. Our success will be based on the execution of our guiding principles, applied with integrity, in all that we do. These principles consist of:

1. The Golden Rule – Treat everyone with dignity and respect
2. We make great, high quality products
3. Every location must be a centre of excellence
4. Discipline and ownership are key
5. We strive for greatness
6. We are a diverse and inclusive team
7. Challenges make us better
8. Think different
9. Work hard, play hard
10. Leave it better

THE MARTINREA CULTURE

The Company believes a great culture is core to a sustainable business and successful company. The Company's culture is founded upon principles that are core to its beliefs for a sustainable business, and are reinforced continuously. We articulate our company culture, comprised of entrepreneurship, lean manufacturing principles, and the Golden Rule philosophy core to our 10 Guiding Principles, as demonstrated in the following picture:

The Company has been entrepreneurial in nature since the beginning; a company embracing characteristics of encouraging executives, general managers, and all employees to act and think like an owner with a stake in the enterprise, supporting a can-do attitude, promoting an ability and willingness to urgently get things done, acting to avoid unnecessary bureaucracy, and developing an ability to learn from challenges openly and constructively with the trust of working in a team. As a Company, we embrace new initiatives, and we focus on developing new products, new technologies, and new ways of doing things consistently.

The Company embraces Lean thinking as part of its culture too. Simply stated, the Lean thinking way emphasizes eliminating waste in all aspects of the Company's business and operations. The elimination of waste allows us to take out unnecessary cost, thereby making us competitive. It enables us to see problems we can fix in our operations more easily. It allows us to simplify processes to have safer, cleaner, more efficient, and more sustainable workplaces. It is a culture of continuous improvement in whatever we do.

At the core of our One Martinrea culture is a Golden Rule philosophy, based on treating others the way we want to be treated, with dignity and respect, but more also. It means following our 10 Guiding Principles in our business and operations, and in how we deal with our customers, suppliers, stakeholders (lenders and shareholders) and our communities. Being lean or being entrepreneurial is not enough. These cultural elements overlap but are tied together with our Golden Rule/dignity and respect approach. We make people's lives better in what we do, and we can only do that with a service-oriented approach to our work and our colleagues at work, and all those who we deal with in our work. At Martinrea, we believe our culture is and will be a sustainable competitive advantage for the Company over the long term, and we know it has driven the improving financial, safety, and quality performance over the past several years.

From where we sat in early 2020, we appeared to have the wind at our sails. We had just delivered on our promises of doubling margins over a five-year period, the industry outlook was positive, and we were executing well. However, another major global event was about to take place that would once again test our resolve.

RECENT PAST TO THE PRESENT: COVID-19 AND THE AFTERMATH

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic, and days later, our industry shut down, and remained closed for two and a half months. During this period, our Company had essentially no sales. We responded swiftly and decisively, by implementing cost reductions across the organization, including temporary layoffs and salary rollbacks, eliminating discretionary costs, and reducing or deferring capital spending. We also secured our balance sheet and liquidity position through access to additional financing, and an agreement with our banks on covenant relief. We also developed industry-leading safety protocols, worked with government to ensure a safe return to work for our employees, and partnered with OEMs and other suppliers in community outreach initiatives, including the production of components for ventilator stands and other personal protection equipment, such as face masks.

Our Company has become stronger as a result of the pandemic thanks in large part to the dedication and determination of, our team. Our unique culture served us well during this crisis, and our vision of making lives better, mission, and 10 Guiding Principles helped us navigate through this challenging time. We talk a lot about sustainability at Martinrea, and this was sustainability in action.

Despite the pandemic, Q3 2020 and Q4 2020 were record quarters for the company, and we won approximately $300 million in new business in 2020. Clearly, our Company and industry bounced back quickly. But we were not quite out of the woods yet.

2021 has been impacted by a global shortage of semiconductors and other supply chain issues that are inhibiting industry production volumes, as well as cost inflation in labour, materials, energy, and other inputs. Mix has also been an issue, as a number of our higher-volume programs have been impacted more than others. At the same time, we are launching a significant amount of new business, which when combined with volatility in production schedules as a result of supply chain issues, and a diminished ability to flex our cost structure in the current environment, is hampering near-term margin performance. So once again, we are navigating through a challenging period. However, we know we will get through it, like we have gotten though all other challenges over the course of our history.

LOOKING AHEAD: WHERE WE GO FROM HERE

In the moment, we are focused on navigating through this period of chip shortages and other supply chain challenges. We are doing everything we can to manage costs, protect the balance sheet, and ensure the sustainability of our business well into the future. Looking further out, our 2023 outlook calls for total sales, including tooling sales, of $4.6-$4.8 billion, an adjusted operating income margin north of 8%, and Free Cash Flow in excess of $200 million. We are confident that we will reach these targets, as the outlook for our industry is positive, given strong demand for vehicles and record-low inventories.

Once industry conditions stabilize, we believe we will be in a position to turn our attention back on how to grow the enterprise (profitably, of course). As always, we will seek opportunities that help us to strengthen our product offering, enhance our technological capabilities, and diversify our customer base – organically or though acquisition. Our Martinrea Innovation Development (MiND) initiative is a key part of this strategy that is aimed at incubating, developing, and funding innovative technologies that can be applied or supported by our own operations.

Of course, we continue to be guided by our capital allocation priorities, which consist of investing for growth, maintaining a strong balance sheet, and returning capital to shareholders through share repurchases where it makes sense, and/or dividend growth over time. As mentioned earlier, our capital allocation priorities are dictated by a return-on-investment mindset – we allocate capital where we think we can generate the greatest returns.

In summary, our future looks bright. We are proud of our achievements over the last two decades. Once near-term supply chain challenges are sorted out we are looking forward to a multi-year period of rising vehicle production volumes, sales, margins and Free Cash Flow. We are excited about the long-term prospects for for our business and look forward to writing the next chapter in our story.

For more information:
Neil Forster, Director, Investor Relations and Corporate Development
neil.forster@martinrea.com | Office: 289.982.3020 | Mobile: 647.210.2385

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