PRESS RELEASE

FOR IMMEDIATE RELEASE
MARCH 3, 2022

MARTINREA INTERNATIONAL INC. REPORTS FOURTH-QUARTER RESULTS, DECLARES DIVIDEND, REITERATES 2023 OUTLOOK, AND PUBLISHES SUSTAINABILITY REPORT

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 fourth quarter ended December 31, 2021 and declared a quarterly cash dividend of $0.05 per share.

HIGHLIGHTS

Fourth Quarter 2021

- Total sales of $1,053.4 million, down 1.6% year-over-year; production sales of $849.9 million, down 13.5% year-over-year
- Diluted net loss per share and Adjusted Net Loss per Share(1) of $0.12
- Adjusted EBITDA(1) of $63.2 million
- Results continued to be impacted by the global semiconductor shortage and other supply issues, sales mix, cost inflation in materials, labour and energy, and costs related to heavy new business launch activity
- Results improved sequentially over the third quarter, and are expected to be notably better in the first quarter of 2022 as we are seeing higher volumes and a more stable production environment to start the year
- We remain confident in our 2023 outlook, including our expectation of over $200 million in Free Cash Flow(1)
- Our net-debt-to-Adjusted EBITDA(1) ratio was 3.11x. For bank covenant purposes, the net-debt-to-Adjusted EBITDA(1) ratio was 2.21x, which excluded third and fourth quarter Adjusted EBITDA(1) as per our amended lending agreement with our banking syndicate
- New business awards of approximately $100 million in annualized sales at mature volumes
- Quarterly cash dividend of $0.05 declared

Full Year 2021

- Total sales of $3,784.0 million; production sales of $3,410.1 million
- Diluted net earnings per share of $0.45; Adjusted Net Earnings per Share(1) of $0.41
- Adjusted EBITDA of $317.6 million
- New business awards of approximately $300 million in annualized sales at mature volumes
- Improved safety performance with a Total Recordable Injury Frequency (TRIF) of 1.37x, a 46% improvement over 2020

[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". The relevant IFRS financial measure, as applicable, and 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 year ended December 31, 2021 and in this press release.

OVERVIEW

Pat D'Eramo, President and Chief Executive Officer, stated: "We continued to face challenges during the fourth quarter from lower volumes due to the global semiconductor shortage and other supply chain issues that have significantly disrupted production, as well as a negative sales mix, cost inflation, operational inefficiencies impacted by customer production fluctuation, and higher than normal costs related to substantial new business launch activity. On a positive note, results improved sequentially over the third quarter, and we are off to a measurably better start in 2022, as we are seeing higher volumes and greater production stability with fewer customer production call-offs in the first quarter. While we are not out of the woods yet, and uncertainty remains, we expect our results will continue to improve throughout the year, as supply issues are resolved, and our cadence of launch activity normalizes. In addition, commercial negotiations aimed at recovering a portion of the inflationary costs that have weighed on our margins in recent quarters continue with our customers. We have had a number of positive outcomes on this front and expect that we will have more success moving forward."

He added: "I am also pleased to announce new business wins since we reported our last quarter totaling $100 million in annualized sales at mature volumes, including approximately $50 million in our Lightweight Structures Group with General Motors, $35 million of various Propulsion Systems work with General Motors, Ford, Daimler, and Tesla, and $15 million in our Flexible Manufacturing Group with Lucid, General Motors, John Deere, and Thermo-King. 70% of these new business wins are on pure electric vehicle platforms, as our product portfolio continues to evolve in lockstep with the overall electrification trend. New business awards since the beginning of 2021 now total approximately $300 million in annualized sales at mature volumes."

Fred Di Tosto, Chief Financial Officer, stated: "Sales for the fourth quarter, excluding tooling sales of $203.6 million, were $849.9 million. Our Adjusted Operating Loss(1) was $2.9 million, and Adjusted Net Loss per Share(1) was $0.12. While results continued to be impacted by volume, mix and cost headwinds on a year-over-year basis, they were sequentially higher, and broadly in line with our expectations. We also generated $21 million of positive Free Cash Flow(1), during the quarter, largely driven by a reduction in tooling-related working capital. While we would not extrapolate this amount going forward as tooling-related working capital flows can be lumpy and unpredictable, we do expect to generate positive Free Cash Flow(1) on a full-year basis in 2022."

He added: "Net debt(1) was essentially flat quarter-over-quarter, ending the year at $858 million. Our net debt to adjusted EBITDA(1) ratio was 3.11x, an increase from approximately 2.5x last quarter. During the quarter, and in light of the semiconductor shortage and other challenges, we proactively amended our lending agreements with our banking syndicate to provide increased financial covenant flexibility. The Company's calculation of its net debt to adjusted EBITDA(1) ratio for covenant purposes now excludes adjusted EBITDA(1) from the third and fourth quarters of 2021 and is based on the annualized total of the remaining quarters in the relevant trailing twelve-month period. In addition, the maximum net debt to adjusted EBITDA(1) covenant has been increased to 4.0x, 4.5x, and 3.75x for the first, second, and third quarters of 2022, respectively, returning to 3.0x thereafter. Our net debt to adjusted EBITDA(1) ratio for bank covenant purposes was 2.21x at the end of the quarter. We have strong relationships with our lenders, and we thank them for their continued support."

Rob Wildeboer, Executive Chairman, stated: "We continue to have a high degree of confidence in our ability to achieve the targets set out in our 2023 outlook, which calls for total sales (including tooling sales) of $4.6 to $4.8 billion, an adjusted operating income margin(1) exceeding 8%, and more than $200 million in Free Cash Flow(1). Demand for vehicles remains robust, and inventories continue to trend near all-time lows. We believe this sets the stage for a multi-year period of strong industry volume growth once supply chain conditions improve. We also expect our sales growth to outpace industry production growth given the substantial amount of new business that we have won in recent years that we continue to launch on. This, along with a recovery of material labour and energy costs, operational improvements, a reduction in the pace of new business launch activity, and a normalization of capital spending should enable us to achieve these targets."

He added: "We also published our 2021 Sustainability Report today, which outlines the progress we have made on various Environmental, Social, and Governance issues throughout the year. One particularly noteworthy highlight is that we continued to deliver industry-leading safety performance in 2021, with a Total Recordable Injury Frequency

(TRIF) of 1.37x, representing a 46% improvement over last year, and a 91% improvement since 2014. This is a significant achievement, and we are proud of the collective efforts of all our people in making this happen. We believe this demonstrates the commitment that our organization and its people have to our unique culture, based on our Golden Rule philosophy of treating people the way we want to be treated – with dignity and respect."

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, 2021 ("MD&A"), the Company's audited consolidated financial statements for the year ended December 31, 2021 (the "audited consolidated financial statements") and the Company's Annual Information Form for the year ended December 31, 2021 can be found at www.sedar.com.

OVERALL RESULTS

Results of operations may include certain 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 months and years ended December 31, 2021 and 2020. Refer to the Company's consolidated financial statements for the year ended December 31, 2021 for a detailed account of the Company's performance for the periods presented in the tables below.

	Year ended December 31, 2021	**Year ended December 31, 2020**	**$ Change**	**% Change**
Sales	$ 3,783,953	$ 3,375,286	408,667	12.1%
Gross Margin	345,624	415,097	(69,473)	(16.7%)
Operating Income	62,917	27,538	35,379	128.5%
Net Income (Loss) for the year	35,880	(27,317)	63,197	231.3%
Net Earnings (Loss) per Share - Basic and Diluted	$ 0.45	$ (0.34)	0.79	232.4%
Non-IFRS Measures*				
Adjusted Operating Income	$ 68,390	$ 123,980	(55,590)	(44.8%)
% of Sales	*1.8 %*	*3.7 %*		
Adjusted EBITDA	317,570	365,503	(47,933)	(13.1%)
% of Sales	*8.4 %*	*10.8 %*		
Adjusted Net Income	32,884	46,856	(13,972)	(29.8%)
Adjusted Net Earnings per Share - Basic and Diluted	$ 0.41	$ 0.58	(0.17)	(29.3%)

	Three months ended December 31, 2021	Three months ended December 31, 2020	$ Change	% Change
Sales	$ 1,053,440	$ 1,070,956	(17,516)	(1.6%)
Cost of sales (excluding depreciation)	(932,049)	(858,124)	(73,925)	(8.6%)
Depreciation of property, plant and equipment and right-of-use assets (production)	(58,359)	(56,991)	(1,368)	(2.4%)
Gross Margin	63,032	155,841	(92,809)	(59.6%)
Research and development costs	(8,250)	(7,340)	(910)	(12.4%)
Selling, general and administrative	(53,113)	(76,885)	23,772	30.9%
Depreciation of property, plant and equipment and right-of-use assets (non-production)	(3,775)	(4,303)	528	12.3%
Loss on disposal of property, plant and equipment	(794)	(306)	(488)	(159.5%)
Amortization of customer contracts and relationships	—	(871)	871	100.0%
Operating Income (Loss)	$ (2,900)	$ 66,136	(69,036)	(104.4%)
Share of loss of equity investments	(1,144)	(429)	(715)	(166.7%)
Gain on dilution of equity investments	—	866	(866)	(100.0%)
Finance expense	(8,714)	(8,885)	171	1.9%
Other finance income (expense)	(305)	(625)	320	51.2%
Income (Loss) before taxes	$ (13,063)	$ 57,063	(70,126)	(122.9%)
Income tax recovery (expense)	3,410	(12,093)	15,503	128.2%
Net Income (Loss) for the period	(9,653)	44,970	(54,623)	(121.5%)
Net Earnings (Loss) per Share - Basic and Diluted	$ (0.12)	$ 0.56	(0.68)	(121.4%)
Non-IFRS Measures*				
Adjusted Operating Income (Loss)	$ (2,900)	$ 66,136	(69,036)	(104.4%)
% of Sales	(0.3)%	6.2 %		
Adjusted EBITDA	63,239	131,724	(68,485)	(52.0%)
% of Sales	6.0 %	12.3 %		
Adjusted Net Income (Loss)	(9,653)	44,212	(53,865)	(121.8%)
Adjusted Net Earnings (Loss) per Share - Basic and Diluted	$ (0.12)	$ 0.55	(0.67)	(121.8%)

***Non-IFRS Measures**

The Company prepares its consolidated 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 December 31, 2021	Three months ended December 31, 2020
Net Income (Loss)	$ (9,653)	$ 44,970
Adjustments, after tax*	—	(758)
Adjusted Net Income (Loss)	$ (9,653)	$ 44,212

		Year ended December 31, 2021		Year ended December 31, 2020
Net Income (Loss)	$	35,880	$	(27,317)
Adjustments, after tax*		(2,996)		74,173
Adjusted Net Income	$	32,884	$	46,856

**Adjustments are explained in the "Adjustments to Net Income (Loss)" section of this Press Release*

		Three months ended December 31, 2021		Three months ended December 31, 2020
Net Income (Loss)	$	(9,653)	$	44,970
Income tax expense (recovery)		(3,410)		12,093
Other finance expense		305		625
Share of loss of equity investments		1,144		429
Finance expense		8,714		8,885
Adjustments, before tax*		—		(866)
Adjusted Operating Income (Loss)	$	(2,900)	$	66,136
Depreciation of property, plant and equipment and right-of-use assets		62,134		61,294
Amortization of intangible assets		3,211		3,988
Loss on disposal of property, plant and equipment		794		306
Adjusted EBITDA	$	63,239	$	131,724

		Year ended December 31, 2021		Year ended December 31, 2020
Net Income (Loss)	$	35,880	$	(27,317)
Income tax expense		11,381		12,007
Other finance expense (income)		(13,386)		5,633
Share of loss of equity investments		3,924		2,310
Finance expense		32,918		35,771
Adjustments, before tax*		(2,327)		95,576
Adjusted Operating Income	$	68,390	$	123,980
Depreciation of property, plant and equipment and right-of-use assets		235,434		227,338
Amortization of intangible assets		12,788		13,642
Loss on disposal of property, plant and equipment		958		543
Adjusted EBITDA	$	317,570	$	365,503

**Adjustments are explained in the "Adjustments to Net Income (Loss)" section of this Press Release*

SALES

Three months ended December 31, 2021 to three months ended December 31, 2020 comparison

		Three months ended December 31, 2021		Three months ended December 31, 2020	$ Change	% Change
North America	$	772,196	$	792,069	(19,873)	(2.5%)
Europe		239,141		234,625	4,516	1.9%
Rest of the World		47,149		48,113	(964)	(2.0%)
Eliminations		(5,046)		(3,851)	(1,195)	(31.0%)
Total Sales	$	1,053,440	$	1,070,956	(17,516)	(1.6%)

The Company's consolidated sales for the fourth quarter of 2021 decreased by $17.5 million or 1.6% to $1,053.4 million as compared to $1,071.0 million for the fourth quarter of 2020. The total decrease in sales was driven by year-over-year decreases in the North America and Rest of the World operating segments, partially offset by a year-over-year increase in Europe.

Sales for the fourth quarter of 2021 in the Company's North America operating segment decreased by $19.9 million or 2.5% to $772.2 million from $792.1 million for the fourth 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 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 fourth quarter of 2021 of $24.8 million as compared to the fourth quarter of 2020. These negative factors were partially offset by the launch of new programs during or subsequent to the fourth quarter of 2020, including the new Jeep Grand Cherokee and Wagoneer, Ford Mach E Mustang, and a six-cylinder aluminum engine block for Ford; and an increase in tooling sales of $89.0 million, which are typically dependent on the timing of tooling construction and final acceptance by the customer. Overall fourth quarter OEM light vehicle production volumes in North America decreased by approximately 17% year-over-year, with the industry-wide shortage of semiconductor chips negatively impacting current year volumes.

Sales for the fourth quarter of 2021 in the Company's Europe operating segment increased by $4.5 million or 1.9% to $239.1 million from $234.6 million for the fourth quarter of 2020. The increase can be attributed to a $20.4 million increase in tooling sales and the launch of new programs during or subsequent to the fourth quarter of 2020, mainly with Daimler, Ford, Volvo, and Lucid Motors. These positive factors were partially offset by the impact of foreign exchange on the translation of Euro denominated production sales, which had a negative impact on overall sales for the fourth quarter of 2021 of $13.4 million as compared to the fourth quarter of 2020; and overall lower OEM light vehicle production volumes, which decreased in Europe by approximately 27% year-over-year, primarily as a result of the industry-wide shortage of semiconductor chips.

Sales for the fourth quarter of 2021 in the Company's Rest of the World operating segment decreased by $1.0 million or 2.0% to $47.1 million from $48.1 million in the fourth quarter of 2020. The decrease was largely driven by lower year-over-year production volumes, including a program that came with from the operations acquired from Metalsa that ended production during or subsequent to the fourth quarter of 2020; and a $0.3 million negative foreign exchange impact from the translation of foreign denominated production sales as compared to the fourth quarter of 2020. These negative factors were partially offset by the launch of new programs during or subsequent to the fourth quarter of 2020, namely with Geely; and a $5.6 million increase in tooling sales.

Overall tooling sales increased by $115.0 million to $203.6 million for the fourth quarter of 2021 from $88.6 million for the fourth quarter of 2020.

Year ended December 31, 2021 to year ended December 31, 2020 comparison

	Year ended December 31, 2021	Year ended December 31, 2020	$ Change	% Change
North America	$ 2,737,488	$ 2,537,220	200,268	7.9%
Europe	899,972	683,876	216,096	31.6%
Rest of the World	172,915	168,778	4,137	2.5%
Eliminations	(26,422)	(14,588)	(11,834)	(81.1%)
Total Sales	$ 3,783,953	$ 3,375,286	408,667	12.1%

The Company's consolidated sales for the year ended December 31, 2021 increased by $408.7 million or 12.1% to $3,784.0 million as compared to $3,375.3 million for the year ended December 31, 2020. Sales for the year ended December 31, 2021 increased year-over-year across all operating segments.

Sales for the year ended December 31, 2021 in the Company's North America operating segment increased by $200.3 million or 7.9% to $2,737.5 million from $2,537.2 million for the year ended December 31, 2020. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, accounted for $27.2 million of the year-over-year increase in sales (including a $4.8 million increase in tooling sales). Excluding the acquired operations, sales for the year ended December 31, 2021 in North America increased year-over-year by $173.1 million or 7.0%. The increase was due generally to the launch of new programs during or subsequent to the year ended December 31, 2020, including the new Jeep 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 $133.1 million, which are typically dependent on the timing of tooling construction and final acceptance by the customer. 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 year ended December 31, 2021 of approximately $153.7 million as compared to the corresponding period of 2020; and lower OEM production volumes on specific light vehicle platforms as a result of the industry-wide shortage of semiconductor chips, including the GM Equinox / Terrain and Ford's Edge and Escape.

Sales for the year ended December 31, 2021 in the Company's Europe operating segment increased by $216.1 million or 31.6% to $900.0 million from $683.9 million for the year ended December 31, 2020. The operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, accounted for $87.2 million of the year-over-year increase in sales (including a $27.5 million increase in tooling sales). Excluding the acquired operations, sales for the year ended December 31, 2021 in Europe increased year-over-year by $128.9 million or 24.3%. The increase can be attributed to the launch of new programs during or subsequent to the year ended December 31, 2020, mainly with Daimler, Ford, Volvo, and Lucid Motors, and higher OEM production volumes on specific light vehicle and powertrain platforms, largely with Daimler. These positive factors were partially offset by the impact of foreign exchange on the translation of Euro denominated production sales, which had a negative impact on overall sales for the year ended December 31, 2021 of $14.2 million as compared to the corresponding period of 2020; and a $9.7 million decrease in tooling sales.

Sales for the year ended December 31, 2021 in the Company's Rest of the World operating segment increased by $4.1 million or 2.5% to $172.9 million from $168.8 million for the year ended December 31, 2020. Sales from the operations acquired from Metalsa, results for which were consolidated with those of the Company effective March 2, 2020, decreased by $6.5 million year-over-year due to a program that ended production during 2021. Excluding the acquired operations, sales for the year ended December 31, 2021 in the Rest of the World increased year-over-year by $10.6 million or 10.8%. The increase was largely driven by higher year-over-year OEM production volumes, mainly in Brazil; and the launch of new programs during or subsequent to the year ended December 31, 2020, namely with Geely. These positive factors were partially offset by a $4.9 million negative foreign exchange impact from the translation of foreign-denominated production sales as compared to the corresponding period of 2020 and a $0.2 million decrease in tooling sales.

Overall tooling sales, inclusive of the operations acquired from Metalsa, increased by $155.5 million to $373.9 million for the year ended December 31, 2021 from $218.4 million for the year ended December 31, 2020.

GROSS MARGIN

Three months ended December 31, 2021 to three months ended December 31, 2020 comparison

	Three months ended December 31, 2021	Three months ended December 31, 2020	$ Change	% Change
Gross margin	$ 63,032	$ 155,841	(92,809)	(59.6)%
% of Sales	6.0 %	14.6 %		

The gross margin percentage for the fourth quarter of 2021 of 6.0% decreased as a percentage of sales by 8.6% as compared to the gross margin percentage for the fourth quarter of 2020 of 14.6%. The decrease in gross margin as a percentage of sales was generally due to:

- overall lower production 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 OEMs' 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.

Year ended December 31, 2021 to year ended December 31, 2020 comparison

	Year ended December 31, 2021	Year ended December 31, 2020	$ Change	% Change
Gross margin	$ 345,624	$ 415,097	(69,473)	(16.7%)
% of Sales	9.1 %	12.3 %		

The gross margin percentage for the year ended December 31, 2021 of 9.1% decreased as a percentage of sales by 3.2% as compared to the gross margin percentage for the year ended December 31, 2020 of 12.3%. 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 OEMs' 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 contribution from higher sales volume, as previously explained, and productivity and efficiency improvements at certain operating facilities.

ADJUSTMENTS TO NET INCOME (LOSS)

Adjusted Net Income (Loss) excludes certain 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, 2021 to three months ended December 31, 2020 comparison

	Three months ended December 31, 2021	Three months ended December 31, 2020	$ Change
NET INCOME (LOSS)	**$ (9,653)**	**$ 44,970**	**$ (54,623)**
Adjustments:			
Gain on dilution of equity investments (2)	—	(866)	866
ADJUSTMENTS, BEFORE TAX	**$ —**	**$ (866)**	**$ 866**
Tax impact of above items	—	108	(108)
ADJUSTMENTS, AFTER TAX	**$ —**	**$ (758)**	**$ 758**
ADJUSTED NET INCOME (LOSS)	**$ (9,653)**	**$ 44,212**	**$ (53,865)**
Number of Shares Outstanding – Basic ('000)	80,367	80,294	
Adjusted Basic Net Earnings (Loss) Per Share	$ (0.12)	$ 0.55	
Number of Shares Outstanding – Diluted ('000)	80,367	80,382	
Adjusted Diluted Net Earnings (Loss) Per Share	$ (0.12)	$ 0.55	

TABLE B

Year ended December 31, 2021 to year ended December 31, 2020 comparison

	Year ended December 31, 2021	Year ended December 31, 2020	$ Change
NET INCOME (LOSS)	**$ 35,880**	**$ (27,317)**	**$ 63,197**
Adjustments:			
Restructuring costs (1)	5,473	8,170	(2,697)
Gain on dilution of equity investments (2)	(7,800)	(866)	(6,934)
Impairment of assets (3)	—	85,783	(85,783)
Transaction costs associated with the operations acquired from Metalsa (recorded as SG&A) (4)	—	2,489	(2,489)
ADJUSTMENTS, BEFORE TAX	**$ (2,327)**	**$ 95,576**	**$ (97,903)**
Tax impact of above items	(669)	(21,403)	20,734
ADJUSTMENTS, AFTER TAX	**$ (2,996)**	**$ 74,173**	**$ (77,169)**
ADJUSTED NET INCOME	**$ 32,884**	**$ 46,856**	**$ (13,972)**
Number of Shares Outstanding – Basic ('000)	80,337	80,142	
Adjusted Basic Net Earnings (Loss) Per Share	$ 0.41	$ 0.58	
Number of Shares Outstanding – Diluted ('000)	80,408	80,142	
Adjusted Diluted Net Earnings (Loss) Per Share	$ 0.41	$ 0.58	

(1) Restructuring costs

Additions to the restructuring provision for the year ended December 31, 2021, recognized during the first and second quarters of 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 year ended December 31, 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 in the first quarter of 2021.

During the fourth quarter of 2020, NanoXplore converted an aggregate principal amount of $10.0 million of convertible unsecured subordinated debentures into common shares. Consequently, the Company's net ownership interest decreased to 23.3% from 24.3%. 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 $0.9 million in the fourth quarter of 2020.

(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 in the first quarter of 2020.

NET INCOME (LOSS)

Three months ended December 31, 2021 to three months ended December 31, 2020 comparison

	Three months ended December 31, 2021	Three months ended December 31, 2020	$ Change	% Change
Net Income (Loss)	$ (9,653)	$ 44,970	(54,623)	(121.5%)
Adjusted Net Income (Loss)	$ (9,653)	$ 44,212	(53,865)	(121.8%)
Net Earnings (Loss) per Share				
Basic and Diluted	$ (0.12)	$ 0.56		
Adjusted Net Earnings (Loss) per Share				
Basic and Diluted	$ (0.12)	$ 0.55		

Net Income (Loss), before adjustments, for the fourth quarter of 2021 decreased by $54.6 million to a Net Loss of $9.7 million or ($0.12) per share, on a basic and diluted basis, from a Net Income of $45.0 million or $0.56 per share, on a basic and diluted basis, for the fourth quarter of 2020. Excluding the adjustments explained in Table A under "Adjustments to Net Income (Loss)", Adjusted Net Income (Loss) for the fourth quarter of 2021 decreased by $53.9 million to an Adjusted Net Loss of $9.7 million or ($0.12) per share, on a basic and diluted basis, from Adjusted Net Income of $44.2 million or $0.55 per share, on a basic and diluted basis, for the fourth quarter of 2020.

The Net Loss and Adjusted Net Loss for the fourth quarter of 2021, as compared to Net Income and Adjusted Net Income for the fourth quarter of 2020, were negatively impacted by lower gross margin on lower year-over-year sales volume; partially offset by a year-over-year decrease in SG&A expense, as previously explained.

Year ended December 31, 2021 to year ended December 31, 2020 comparison

	Year ended December 31, 2021	Year ended December 31, 2020	$ Change	% Change
Net Income (Loss)	$ 35,880	$ (27,317)	63,197	231.3%
Adjusted Net Income	32,884	$ 46,856	(13,972)	(29.8%)
Net Earnings (Loss) per Share				
Basic and Diluted	$ 0.45	$ (0.34)		
Adjusted Net Earnings per Share				
Basic and Diluted	$ 0.41	$ 0.58		

Net Income (Loss), before adjustments, for the year ended December 31, 2021 increased by $63.2 million to Net Income of $35.9 million from a Net Loss of $27.3 million for the year ended December 31, 2020 due largely to certain items incurred during the years ended December 31, 2021 and 2020 as explained in Table B under "Adjustments to Net Income (Loss)". Excluding these adjustments, Adjusted Net Income for the year ended December 31, 2021 decreased to $32.9 million or $0.41 per share, on a basic and diluted basis, from $46.9 million or $0.58 per share, on a basic and diluted basis, for the year ended December 31, 2020.

Adjusted Net Income for the year ended December 31, 2021, as compared to the year ended December 31, 2020, was negatively impacted by the following:

- lower gross margin on higher year-over-year sales volume, 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.

These factors were partially offset by the following:

- a net unrealized foreign exchange gain of $12.6 million for the year ended December 31, 2021 compared to a loss of $6.1 million for the year ended December 31, 2020;

- a year-over-year decrease in SG&A expense, as previously discussed;
- a year-over-year decrease in finance expense; and
- a lower effective tax rate on adjusted income (26.8% for the year ended December 31, 2021 compared to 41.6% for the year ended December 31, 2020).

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, 2022, on or about April 15, 2022.

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 3, 2022 at 5:30 p.m. Eastern Time. To participate, please dial 416-340-2217 (Toronto area) or 800-806-5484 (toll free Canada and US) and enter participant code 2424027#. 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 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 – 7624547#). The rebroadcast will be available until April 3, 2022.

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 results, revenue, sales, margin, gross margin, earnings, and earnings per share, adjusted earnings per share, free cash flow, volumes, production stability, successful customer negotiations, expectations for growth in 2022 and 2023, adjusted net earnings per share, operating income margins, operating margins, adjusted operating income margins, outlook for 2022 and 2023, the expected impact of or duration of the COVID-19 pandemic (including the related global semi-conductor chip shortage, and supply chain issues), 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, new business, the ramping up and launching of new business, continued investments in its business and technologies, the opportunity to increase sales, the strength, recovery and growth of the automotive industry, the expected benefit of electrification, the belief in graphene products, 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.

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, 2021, the Company's MD&A for the year ended December 31, 2021 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;
- Automotive Industry Risks;
- Pandemics and Epidemics (including the ongoing COVID-19 Pandemic), Force Majeure Events, Natural Disasters, Terrorist Activities, Political and Civil Unrest, and Other Outbreaks;
- Dependence Upon Key Customers;
- Financial Viability of Suppliers and Key Suppliers and Supply Disruptions;
- Competition;
- Cost and Risk Absorption and Purchase Orders, including the increasing pressure on the Company to absorb costs related to product design and development, engineering, program management, prototypes, validation and tooling;
- Quote/Pricing Assumptions;
- Increased pricing of raw materials and commodities;
- Launch and Operational Costs and Cost Structure;
- Material Prices and Volatility;
- Fluctuations in Operating Results;
- Outsourcing and Insourcing Trends;
- Product Warranty, Recall, Product Liability and Liability Risk;
- Product Development and Technological Change;
- A Shift Away from Technologies in Which the Company is Investing;
- Dependence Upon Key Personnel;
- Limited Financial Resources/Uncertainty of Future Financing/Banking;
- Cybersecurity Threats;
- Acquisitions;
- Potential Tax Exposures;
- Potential Rationalization Costs, Turnaround Costs and Impairment Charges;
- Labour Relations Matters;
- Trade Restrictions;
- Changes in Laws and Governmental Regulations;
- Environmental Regulation and Climate Change;
- Litigation and Regulatory Compliance and Investigations;
- Risks of conducting business in foreign countries, including China, Brazil and other growing markets;
- Currency Risk – Hedging;
- Currency Risk - Competitiveness in Certain Jurisdictions;
- Internal Controls Over Financial Reporting and Disclosure Controls and Procedures;
- Loss of Use of Key Manufacturing Facilities;
- Intellectual Property;
- Availability of Consumer Credit or Cost of Borrowing;
- Competition with Low Cost Countries;
- The Company's ability to shift its manufacturing footprint to take advantage of opportunities in growing markets;
- Change in the Company's mix of earnings between jurisdictions with lower tax rates and those with higher tax rates;
- Pension Plans and other post employment benefits;
- Potential Volatility of Share Prices;
- Dividends;
- Private or Public Equity Investments in Technology Companies;
- Joint Ventures; and

- 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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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, 2021	December 31, 2020
ASSETS			
Cash and cash equivalents		$ 153,291	$ 152,786
Trade and other receivables	4	634,184	589,315
Inventories	5	590,784	492,659
Prepaid expenses and deposits		23,892	23,550
Income taxes recoverable		18,609	13,527
TOTAL CURRENT ASSETS		1,420,760	1,271,837
Property, plant and equipment	6	1,727,914	1,615,197
Right-of-use assets	7	222,934	192,630
Deferred tax assets	16	138,612	195,538
Intangible assets	8	47,809	52,644
Investments	9	55,215	40,557
TOTAL NON-CURRENT ASSETS		2,192,484	2,096,566
TOTAL ASSETS		$ 3,613,244	$ 3,368,403
LIABILITIES			
Trade and other payables	10	$ 1,110,350	$ 967,952
Provisions	11	6,272	4,258
Income taxes payable		11,955	13,230
Current portion of long-term debt	13	20,173	19,492
Current portion of lease liabilities	14	39,322	34,064
TOTAL CURRENT LIABILITIES		1,188,072	1,038,996
Long-term debt	13	990,817	815,730
Lease liabilities	14	200,455	177,749
Pension and other post-retirement benefits	15	49,530	74,030
Deferred tax liabilities	16	14,595	86,174
TOTAL NON-CURRENT LIABILITIES		1,255,397	1,153,683
TOTAL LIABILITIES		2,443,469	2,192,679
EQUITY			
Capital stock	17	663,415	662,427
Contributed surplus		44,845	43,860
Accumulated other comprehensive income		51,207	96,645
Retained earnings		410,308	372,792
TOTAL EQUITY		1,169,775	1,175,724
TOTAL LIABILITIES AND EQUITY		$ 3,613,244	$ 3,368,403

Commitments and Contingencies (note 25)

Subsequent Events (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, 2021		Year ended December 31, 2020
SALES		$	3,783,953	$	3,375,286
Cost of sales (excluding depreciation of property, plant and equipment and right-of-use assets)			(3,218,203)		(2,748,804)
Depreciation of property, plant and equipment and right-of-use assets (production)			(220,126)		(211,385)
Total cost of sales			(3,438,329)		(2,960,189)
GROSS MARGIN			345,624		415,097
Research and development costs	19		(32,622)		(28,911)
Selling, general and administrative			(228,346)		(246,364)
Depreciation of property, plant and equipment and right-of-use assets (non-production)			(15,308)		(15,953)
Loss on disposal of property, plant and equipment			(958)		(543)
Restructuring costs	11		(5,473)		(8,170)
Amortization of customer contracts and relationships			—		(1,835)
Impairment of assets	12		—		(85,783)
OPERATING INCOME			62,917		27,538
Share of loss of equity investments	9		(3,924)		(2,310)
Gain on dilution of equity investments	9		7,800		866
Finance expense	21		(32,918)		(35,771)
Other finance income (expense)	21		13,386		(5,633)
INCOME (LOSS) BEFORE INCOME TAXES			47,261		(15,310)
Income tax expense	16		(11,381)		(12,007)
NET INCOME (LOSS) FOR THE PERIOD		$	35,880	$	(27,317)
Basic earnings (loss) per share	18	$	0.45	$	(0.34)
Diluted earnings (loss) per share	18	$	0.45	$	(0.34)

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, 2021	Year ended December 31, 2020
NET INCOME (LOSS) FOR THE PERIOD	$ 35,880	$ (27,317)
Other comprehensive income (loss), net of tax:		
Items that may be reclassified to net income (loss)		
Foreign currency translation differences for foreign operations	(42,520)	3,900
Cash flow hedging derivative and non-derivative financial instruments:		
Unrealized gain in fair value of financial instruments	892	2,715
Reclassification of loss (gain) to net income (loss)	(4,014)	1,002
Items that will not be reclassified to net income (loss)		
Share of other comprehensive income (loss) of equity investments (note 9)	204	(79)
Remeasurement of defined benefit plans	17,706	(8,413)
Other comprehensive loss, net of tax	(27,732)	(875)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ 8,148	$ (28,192)

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, 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 equity investments	—	—	(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 (loss)	—	—	1,002	—	1,002
BALANCE AT DECEMBER 31, 2020	662,427	43,860	96,645	372,792	1,175,724
Net income for the period	—	—	—	35,880	35,880
Compensation expense related to stock options	—	1,224	—	—	1,224
Dividends ($0.20 per share)	—	—	—	(16,070)	(16,070)
Exercise of employee stock options	988	(239)	—	—	749
Other comprehensive income (loss) net of tax					
Remeasurement of defined benefit plans	—	—	—	17,706	17,706
Foreign currency translation differences	—	—	(42,520)	—	(42,520)
Share of other comprehensive income of equity investments	—	—	204	—	204
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 (loss)	—	—	(4,014)	—	(4,014)
BALANCE AT DECEMBER 31, 2021	$ 663,415	$ 44,845	$ 51,207	$ 410,308	$ 1,169,775

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, 2021	Year ended December 31, 2020
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES:		
Net income (loss) for the period	$ 35,880	$ (27,317)
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets	235,434	227,338
Amortization of customer contracts and relationships	—	1,835
Amortization of development costs	12,788	11,807
Impairment of assets (note 12)	—	85,783
Unrealized gain on foreign exchange forward contracts	(4,744)	(647)
Finance expense	32,918	35,771
Income tax expense	11,381	12,007
Loss on disposal of property, plant and equipment	958	543
Deferred and restricted share units expense (benefit) (note 17)	(1,172)	8,588
Stock options expense	1,224	2,416
Share of loss of equity investments (note 9)	3,924	2,310
Gain on dilution of equity investments (note 9)	(7,800)	(866)
Pension and other post-retirement benefits expense	3,993	4,132
Contributions made to pension and other post-retirement benefits	(3,353)	(5,602)
	321,431	358,098
Changes in non-cash working capital items:		
Trade and other receivables	(57,153)	26,605
Inventories	(109,526)	(50,686)
Prepaid expenses and deposits	(3,282)	4,349
Trade, other payables and provisions	100,232	91,780
	251,702	430,146
Interest paid	(35,042)	(36,851)
Income taxes paid	(36,628)	(38,273)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 180,032	$ 355,022
FINANCING ACTIVITIES:		
Increase in long-term debt (net of deferred financing fees)	197,294	103,509
Repayment of long-term debt	(18,296)	(43,462)
Principal payments of lease liabilities	(33,753)	(32,966)
Dividends paid	(16,066)	(15,628)
Exercise of employee stock options	749	2,474
Repurchase of common shares	—	(3,367)
NET CASH PROVIDED BY FINANCING ACTIVITIES	$ 129,928	$ 10,560
INVESTING ACTIVITIES:		
Purchase of property, plant and equipment (excluding capitalized interest)*	(290,230)	(288,590)
Capitalized development costs	(8,533)	(12,304)
Equity investments (note 9)	(8,036)	(5,000)
Proceeds on disposal of property, plant and equipment	944	476
Business acquisition (note 3)	—	(26,531)
NET CASH USED IN INVESTING ACTIVITIES	$ (305,855)	$ (331,949)
Effect of foreign exchange rate changes on cash and cash equivalents	(3,600)	180
INCREASE IN CASH AND CASH EQUIVALENTS	505	33,813
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	152,786	118,973
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 153,291	$ 152,786

*As at December 31, 2021, $113,233 (December 31, 2020 - $61,207) 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.