PRESS RELEASE

FOR IMMEDIATE RELEASE
MARCH 2, 2023

MARTINREA INTERNATIONAL INC. REPORTS RECORD QUARTERLY SALES, DECLARES DIVIDEND, 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 and year ended December 31, 2022 and declared a quarterly cash dividend of $0.05 per share.

HIGHLIGHTS

Fourth Quarter 2022

- Total sales of $1,294.6 million, up 22.9% year-over-year, a quarterly record for the Company.
- Diluted net earnings per share of $0.58.
- Operating Income Margin of 5.5%.
- Adjusted EBITDA(1) of $149.0 million, a quarterly record for the Company.
- Fourth quarter financial results were much improved compared to the fourth quarter of 2021, as semiconductor and other supply shortages had a pronounced impact on prior-year volumes.
- Fourth quarter financial results were generally consistent with the third quarter of 2022.
- 2023 outlook maintained, including significantly higher Free Cash Flow(1) compared to 2022.
- Net debt-to-Adjusted EBITDA(1) ratio, excluding the impact of IFRS 16, continues to strengthen and ended the year at 1.95x.
- New business awards of approximately $90 million in annualized sales at mature volumes.
- Quarterly cash dividend of $0.05 declared.

Full Year 2022

- Total sales of $4,757.6 million; production sales of $4,455.8 million, both yearly records for the Company.
- Diluted net earnings per share of $1.65; Adjusted Net Earnings per Share(1) of $1.76.
- Adjusted EBITDA(1) of $515.9 million, a yearly record for the Company.
- Free Cash Flow(1) of $50.2 million.
- New business awards of approximately $175 million in annualized sales at mature volumes; in addition, $250 million in replacement business secured.
- Improved safety performance with a Total Recordable Injury Frequency (TRIF) of 1.21x, a 12% improvement over 2021 and an 86% improvement since 2014.

[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, 2022 and in this press release.

OVERVIEW

Pat D'Eramo, President and Chief Executive Officer, stated: "Our fourth quarter financial performance was consistent with the third quarter, and a strong result considering the ongoing volatile environment. During the quarter, we continued to recover inflationary costs through our commercial activity and drive further operating improvements across the business. While the environment has improved, supply chain disruptions continue to impact the production schedules of several customers, inflationary headwinds persist in some areas, and labour conditions remain tight, particularly in the United States. The good news is we continue to expect 2023 to be a strong year for us with better production volumes, margins, and Free Cash Flow(1) compared to 2022, and what we expect will be the beginning of a strong cycle with most of our plants running at capacity. I am proud of the work our people have done, both operationally and commercially, and we can't thank them enough for their hard work and tenacity during these challenging times."

He added: "I am also pleased to announce new business wins secured over the last several months totalling approximately $90 million in annualized sales at mature volumes, including approximately $60 million in our Lightweight Structures group with General Motors, Lucid, Stellantis, Audi, Jaguar Land Rover, and Toyota; approximately $15 million in our Propulsion Systems group with Stellantis, Scania, and Nissan; and approximately $15 million in our Flexible Manufacturing group with Lucid. We continue to win meaningful work on electric vehicle platforms with key customers. We also continue to diversify our customer base. New business awards since the beginning of 2022 now total approximately $175 million in annualized sales at mature volumes. In addition, we also secured approximately $250 million in replacement business in 2022."

Fred Di Tosto, Chief Financial Officer, stated: "Sales for the fourth quarter, excluding tooling sales of $121.0 million, were $1,173.6 million, and Diluted Net Earnings per Share was $0.58. Fourth quarter Operating Income of $70.6 million was consistent with the third quarter, and Adjusted EBITDA(1) of $149.0 million set a new quarterly record for the Company. As we said, the back half of 2022 would be better than the front half, and that is essentially how the year unfolded for us. Fourth quarter Free Cash Flow(1) came in at $14.7 million, another positive quarter, but below third quarter levels reflecting the timing of capital expenditures. On a full-year basis, 2022 Free Cash Flow(1) was $50.2 million – a strong result considering the challenging environment. Free Cash Flow(1) is expected to improve significantly in 2023 reflecting higher Adjusted EBITDA(1) and lower capital expenditures."

He continued: "Net Debt(1) was approximately $20 million lower quarter over quarter, closing out the year at $908.7 million. Our Net Debt to Adjusted EBITDA(1) ratio (excluding the impact of IFRS 16) was 1.95x, in line with our expectation to be below 2.0x at year end. This represents a comfortable level for us and is well below our covenant maximum of 3.0x. Our leverage ratio should naturally improve in the coming quarters as we generate an increasing amount of Adjusted EBITDA(1) and Free Cash Flow(1), a portion of which we will use to pay down debt. We have strong relationships with our lenders, and we thank them for their continued support."

Rob Wildeboer, Executive Chairman, stated: "We posted another strong quarter with positive Free Cash Flow(1) and Adjusted EBITDA(1) hitting a new quarterly record. As we look to 2023 and beyond, we do so with renewed confidence. We have been through a tough three-year period. We believe we will see better industry sales and production growth, especially in North America where most of our operations are located. There is pent-up demand, vehicle inventories remain low, and while interest rates have risen, automotive financing is available at competitive rates, and consumers, especially in the United States, have strong household balance sheets and good jobs. As such, we have maintained our 2023 outlook, which calls for total sales (including tooling sales) of $4.8 to $5.0 billion, an Adjusted Operating Income Margin(1) of 6.0% to 7.0%, and Free Cash Flow(1) of $150 to $200 million."

He continued: "We also published our 2022 Sustainability Report today, which outlines the progress we have made on various Environmental, Social, and Governance issues throughout the year. There are several highlights, two of which I consider to be especially noteworthy. First, we continued to deliver industry-leading safety performance in 2022, with a Total Recordable Injury Frequency (TRIF) of 1.21, representing a 12% improvement over last year and an 86% improvement since 2014. Second, we increased our CDP (previously Climate Disclosure Project) score from 'C' to 'B', which is higher than the North American and sector averages of 'C'. These are significant achievements, and we are proud of the collective efforts of all our people in making this happen. We believe this demonstrates the commitment 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 – which also extends to the environment. One of our 10 Guiding Principles is "leave it better", and we believe our collective efforts try to make a better world."

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, 2022 ("MD&A"), the Company's audited consolidated financial statements for the year ended December 31, 2022 (the "audited consolidated financial statements") and the Company's Annual Information Form for the year ended December 31, 2022 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, 2022 and 2021. Refer to the Company's consolidated financial statements for the year ended December 31, 2022 for a detailed account of the Company's performance for the periods presented in the tables below.

		Year ended December 31, 2022		Year ended December 31, 2021	$ Change	% Change
Sales	$	4,757,588	$	3,783,953	973,635	25.7%
Gross Margin		559,263		345,624	213,639	61.8%
Operating Income		217,779		62,917	154,862	246.1%
Net Income for the period		132,838		35,880	96,958	270.2%
Net Earnings per Share - Basic and Diluted	$	1.65	$	0.45	1.20	266.7%
Non-IFRS Measures*						
Adjusted Operating Income	$	230,119	$	68,390	161,729	236.5%
% of Sales		*4.8 %*		*1.8 %*		
Adjusted EBITDA		515,888		317,570	198,318	62.4%
% of Sales		*10.8 %*		*8.4 %*		
Adjusted Net Income		141,612		32,884	108,728	330.6%
Adjusted Net Earnings per Share - Basic and Diluted	$	1.76	$	0.41	1.35	329.3%

	Three months ended December 31, 2022	Three months ended December 31, 2021	$ Change	% Change
Sales	$ 1,294,592	$ 1,053,440	241,152	22.9%
Cost of sales (excluding depreciation)	(1,065,948)	(932,049)	(133,899)	(14.4%)
Depreciation of property, plant and equipment and right-of-use assets (production)	(70,140)	(58,359)	(11,781)	(20.2%)
Gross Margin	158,504	63,032	95,472	151.5%
Research and development costs	(10,273)	(8,250)	(2,023)	(24.5%)
Selling, general and administrative	(72,174)	(53,113)	(19,061)	(35.9%)
Depreciation of property, plant and equipment and right-of-use assets (non-production)	(4,174)	(3,775)	(399)	(10.6%)
Loss on disposal of property, plant and equipment	(1,323)	(794)	(529)	(66.6%)
Operating Income (Loss)	$ 70,560	$ (2,900)	73,460	2,533.1%
Share of loss of equity investments	(1,665)	(1,144)	(521)	(45.5%)
Finance expense	(16,194)	(8,714)	(7,480)	(85.8%)
Other finance income (expense)	2,959	(305)	3,264	1,070.2%
Income (Loss) before taxes	$ 55,660	$ (13,063)	68,723	526.1%
Income tax recovery (expense)	(9,433)	3,410	(12,843)	(376.6%)
Net Income (Loss) for the period	46,227	(9,653)	55,880	578.9%
Net Earnings (Loss) per Share - Basic and Diluted	$ 0.58	$ (0.12)	0.70	583.3%
Non-IFRS Measures*				
Adjusted Operating Income (Loss)	$ 70,560	$ (2,900)	73,460	2,533.1%
% of Sales	5.5 %	(0.3)%		
Adjusted EBITDA	148,990	63,239	85,751	135.6%
% of Sales	11.5 %	6.0 %		
Adjusted Net Income (Loss)	46,227	(9,653)	55,880	578.9%
Adjusted Net Earnings (Loss) per Share - Basic and Diluted	$ 0.58	$ (0.12)	0.70	583.3%

***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, 2022	Three months ended December 31, 2021
Net Income (Loss)	$ 46,227	$ (9,653)
Adjustments, after tax*	-	-
Adjusted Net Income (Loss)	$ 46,227	$ (9,653)

	Year ended December 31, 2022	Year ended December 31, 2021
Net Income	$ 132,838	$ 35,880
Adjustments, after tax*	8,774	(2,996)
Adjusted Net Income	$ 141,612	$ 32,884

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

	Three months ended December 31, 2022	Three months ended December 31, 2021
Net Income (Loss)	$ 46,227	$ (9,653)
Income tax expense (recovery)	9,433	(3,410)
Other finance expense (income)	(2,959)	305
Share of loss of equity investments	1,665	1,144
Finance expense	16,194	8,714
Adjustments, before tax*	-	-
Adjusted Operating Income (Loss)	$ 70,560	$ (2,900)
Depreciation of property, plant and equipment and right-of-use assets	74,314	62,134
Amortization of development costs	2,793	3,211
Loss on disposal of property, plant and equipment	1,323	794
Adjusted EBITDA	$ 148,990	$ 63,239

	Year ended December 31, 2022	Year ended December 31, 2021
Net Income	$ 132,838	$ 35,880
Income tax expense	41,207	11,381
Other finance income	(9,127)	(13,386)
Share of loss of equity investments	5,074	3,924
Finance expense	51,837	32,918
Adjustments, before tax*	8,290	(2,327)
Adjusted Operating Income	$ 230,119	$ 68,390
Depreciation of property, plant and equipment and right-of-use assets	274,707	235,434
Amortization of development costs	10,929	12,788
Loss on disposal of property, plant and equipment	133	958
Adjusted EBITDA	$ 515,888	$ 317,570

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

SALES

Three months ended December 31, 2022 to three months ended December 31, 2021 comparison

	Three months ended December 31, 2022	Three months ended December 31, 2021	$ Change	% Change
North America	$ 984,588	$ 772,196	212,392	27.5%
Europe	273,642	239,141	34,501	14.4%
Rest of the World	47,575	47,149	426	0.9%
Eliminations	(11,213)	(5,046)	(6,167)	(122.2%)
Total Sales	$ 1,294,592	$ 1,053,440	241,152	22.9%

The Company’s consolidated sales for the fourth quarter of 2022 increased by $241.2 million or 22.9% to $1,294.6 million as compared to $1,053.4 million for the fourth quarter of 2021. The total increase in sales was driven by year-over-year increases across all operating segments.

Sales for the fourth quarter of 2022 in the Company's North America operating segment increased by $212.4 million or 27.5% to $984.6 million from $772.2 million for the fourth quarter of 2021. The increase was due generally to the recovery in production volumes of certain light vehicle platforms that were disproportionately impacted by the industry-wide shortage of semiconductor chips during 2021; the launch and ramp up of new programs, including the new Jeep Grand Cherokee and Wagoneer, Nissan Pathfinder, Ford Mustang Mach E, Lucid Air, Tesla Model Y, and Mercedes' new electric vehicle platform (EVA2); the impact of foreign exchange on the translation of U.S. denominated production sales, which had a positive impact on overall sales for the fourth quarter of 2022 of $49.5 million as compared to the fourth quarter of 2021; and the impact of material passthrough and commercial settlements (to partially offset inflationary cost increases) on customer pricing and sales. These positive factors were partially offset by a decrease in tooling sales of $75.6 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 increased by approximately 8% year-over-year, with the industry-wide shortage of semiconductor chips negatively impacting prior year volumes more so compared to 2022.

Sales for the fourth quarter of 2022 in the Company's Europe operating segment increased by $34.5 million or 14.4% to $273.6 million from $239.1 million for the fourth quarter of 2021. The increase was due generally to the launch and ramp up of new programs, including Mercedes' new electric vehicle platform (EVA2) and the Lucid Air; overall higher fourth quarter OEM light vehicle production volumes, which increased in Europe by approximately 4% year-over-year, primarily as a result of the industry-wide shortage of semiconductor chips which impacted 2021 to a greater degree compared to 2022; the impact of commercial settlements (to partially offset inflationary cost increases) on customer pricing and sales; and a $0.4 million increase in tooling sales. 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 2022 of $18.5 million as compared to the fourth quarter of 2021.

Sales for the fourth quarter of 2022 in the Company's Rest of the World operating segment increased by $0.4 million or 0.9% to $47.6 million from $47.1 million in the fourth quarter of 2021. The increase was largely due to the launch and ramp up of new programs, namely with Geely; partially offset by a $5.5 million decrease in tooling sales, and a $0.2 million negative foreign exchange impact from the translation of foreign denominated production sales as compared to the fourth quarter of 2021.

Overall tooling sales decreased by $82.6 million (including outside segment sales eliminations) to $121.0 million for the fourth quarter of 2022 from $203.6 million for the fourth quarter of 2021.

Year ended December 31, 2022 to year ended December 31, 2021 comparison

		Year ended December 31, 2022		Year ended December 31, 2021	$ Change	% Change
North America	$	3,558,384	$	2,737,488	820,896	30.0%
Europe		1,055,309		899,972	155,337	17.3%
Rest of the World		174,050		172,915	1,135	0.7%
Eliminations		(30,155)		(26,422)	(3,733)	(14.1%)
Total Sales	$	4,757,588	$	3,783,953	973,635	25.7%

The Company's consolidated sales for the year ended December 31, 2022 increased by $973.6 million or 25.7% to $4,757.6 million as compared to $3,784.0 million for the year ended December 31, 2021. Sales for the year ended December 31, 2022 increased across all operating segments.

Sales for the year ended December 31, 2022 in the Company's North America operating segment increased by $820.9 million or 30.0% to $3,558.4 million from $2,737.5 million for the year ended December 31, 2021. The increase was due generally to the recovery in production volumes of certain light vehicle platforms that were disproportionately impacted by the industry-wide shortage of semiconductor chips during 2021; the launch and ramp up of new programs, including the new Jeep Grand Cherokee and Wagoneer, Nissan Pathfinder, Ford Mustang Mach E, Lucid Air, Tesla Model Y, and Mercedes' new electric vehicle platform (EVA2); the impact of material passthrough and commercial settlements (to partially offset inflationary cost increases) on customer pricing and sales; and the impact of foreign exchange on the translation of U.S. denominated production sales, which had a positive impact on overall sales for the year ended December 31, 2022 of $89.5 million as compared to the corresponding period of 2021. These positive factors were partially offset by a decrease in tooling sales of $83.0 million, which are typically dependent on the timing of tooling construction and final acceptance by the customer.

Sales for the year ended December 31, 2022 in the Company's Europe operating segment increased by $155.3 million or 17.3% to $1,055.3 million from $900.0 million for the year ended December 31, 2021. The increase can be attributed to the recovery in production volumes of certain light vehicle platforms that were disproportionately impacted by the industry-wide shortage of semiconductor chips during 2021; the launch and ramp up of new programs including Mercedes' new electric vehicle platform (EVA2), and the Lucid Air; the impact of material passthrough and commercial settlements (to partially offset inflationary cost increases) on customer pricing and sales; and a $19.4 million increase in tooling sales. 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, 2022 of $83.4 million as compared to the corresponding period of 2021.

Sales for the year ended December 31, 2022 in the Company's Rest of the World operating segment increased by $1.1 million or 0.7% to $174.1 million from $172.9 million for the year ended December 31, 2021. The increase was largely driven by overall higher OEM light vehicle production volumes across several platforms; the launch and ramp up of new programs namely with Geely; and a $2.0 million positive foreign exchange impact from the translation of foreign denominated production sales as compared to the corresponding period of 2021. These positive factors were partially offset by a program that came with the operations acquired from Metalsa that ended production during or subsequent to the year ended December 31, 2021; and a decrease in tooling sales of $5.6 million.

Overall tooling sales decreased by $72.1 million (including outside segment sales eliminations) to $301.8 million for the year ended December 31, 2022 from $373.9 million for the year ended December 31, 2021.

GROSS MARGIN

Three months ended December 31, 2022 to three months ended December 31, 2021 comparison

	Three months ended December 31, 2022	Three months ended December 31, 2021	$ Change	% Change
Gross margin	$ 158,504	$ 63,032	95,472	151.5 %
% of Sales	12.2 %	6.0 %		

The gross margin percentage for the fourth quarter of 2022 of 12.2% increased as a percentage of sales by 6.2% as compared to the gross margin percentage for the fourth quarter of 2021 of 6.0%. The increase in gross margin as a percentage of sales was generally due to:

- overall higher production sales volume and corresponding higher utilization of assets;
- a positive sales mix;
- favourable commercial settlements;
- productivity and efficiency improvements at certain operating facilities; and
- a decrease in tooling sales which typically earns low margin for the Company.

These factors were partially offset by:

- higher labour, material and energy costs;
- operational inefficiencies at certain operating facilities including launch related costs and upfront costs incurred in preparation of upcoming new programs; and
- the impact of material passthrough on customer pricing.

Gross margin for the fourth quarter of 2022 continued to be impacted by production inefficiencies related to the semiconductor chip shortage and other supply chain disruptions driven by the unpredictability of customer production schedules, although the stability of OEM production did improve year-over-year.

Year ended December 31, 2022 to year ended December 31, 2021 comparison

	Year ended December 31, 2022	Year ended December 31, 2021	$ Change	% Change
Gross margin	$ 559,263	$ 345,624	213,639	61.8 %
% of Sales	11.8 %	9.1 %		

The gross margin percentage for the year ended December 31, 2022 of 11.8% increased as a percentage of sales by 2.7% as compared to the gross margin percentage for the year ended December 31, 2021 of 9.1%. The increase in gross margin as a percentage of sales was generally due to:

- overall higher production sales volume and corresponding higher utilization of assets;
- a positive sales mix;
- favourable commercial settlements;
- productivity and efficiency improvements at certain operating facilities; and
- a decrease in tooling sales which typically earns low margin for the Company.

These factors were partially offset by:

- higher labour, material and energy costs;
- operational inefficiencies at certain operating facilities including launch related costs and upfront costs incurred in preparation of upcoming new programs;
- the impact of material passthrough on customer pricing; and
- a decrease in COVID-related government subsidies.

Gross margin for the year ended December 31, 2022 continued to be impacted by production inefficiencies related to the semiconductor chip shortage and other supply chain disruptions driven by the unpredictability of customer production schedules, although the stability of OEM production did improve year-over-year.

ADJUSTMENTS TO NET INCOME (LOSS)

Adjusted Net Income (Loss) excludes certain items as set out in the following table 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, 2022 to three months ended December 31, 2021 comparison

No adjustments were noted during the three months ended December 31, 2022 and 2021.

TABLE B

Year ended December 31, 2022 to year ended December 31, 2021 comparison

		Year ended December 31, 2022		Year ended December 31, 2021		$ Change
NET INCOME	**$**	**132,838**	**$**	**35,880**	**$**	**96,958**
Adjustments:						
Impairment of assets (1)		4,494		-		4,494
Restructuring costs (2)		7,846		5,473		2,373
Gain on dilution of equity investments (3)		(4,050)		(7,800)		3,750
ADJUSTMENTS, BEFORE TAX	**$**	**8,290**	**$**	**(2,327)**	**$**	**10,617**
Tax impact of adjustments		(733)		(669)		(64)
Writedown of deferred tax asset (1)		1,217		-		1,217
ADJUSTMENTS, AFTER TAX	**$**	**8,774**	**$**	**(2,996)**	**$**	**11,770**
ADJUSTED NET INCOME	**$**	**141,612**	**$**	**32,884**	**$**	**108,728**
Number of Shares Outstanding – Basic (‘000)		80,378		80,337		
Adjusted Basic Net Earnings Per Share	$	1.76	$	0.41		
Number of Shares Outstanding – Diluted (‘000)		80,378		80,408		
Adjusted Diluted Net Earnings Per Share	$	1.76	$	0.41		

(1) Impairment of assets

During the third quarter of 2022, the Company recorded impairment charges on property, plant, equipment, right of use assets, and inventories totaling $4.5 million representing a writedown of the total assets of a Cash Generating Unit (“CGU”) in China, comprised of two operating facilities originally acquired from Metalsa S.A in 2020, included in the Rest of the World operating segment. The impairment charges resulted from the cancellation of the OEM light vehicle platforms being serviced by the CGU before the end of their expected life cycles. This has led to a decision to close the facilities. The impairment charges were recorded where the carrying amount of the assets exceeded their estimated recoverable amounts. The decision to close the facilities also resulted in a writedown of deferred tax assets of $1.2 million.

(2) Restructuring costs

Additions to the restructuring provision for the year ended December 31, 2022, recognised during the first and third quarters of 2022, totaled $7.8 million, and represent employee-related severance resulting from the rightsizing of operations in Canada and China related to the cancellation of certain OEM light vehicle platforms before the end of their expected life cycles.

Additions to the restructuring provision during 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.

(3) Gain on dilution of equity investments

As at December 31, 2021, the Company held 35,045,954 common shares of NanoXplore Inc. (“NanoXplore”) representing a 22.2% equity interest in NanoXplore (on a non-diluted basis). On February 24, 2022, NanoXplore closed a bought deal public offering of 6,522,000 common shares from treasury at a price of $4.60 per common share for aggregate gross proceeds of $30.0 million. Upon finalization of the transaction, the Company’s net ownership interest decreased to 21.2% from 22.2%. 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 $4.1 million during the first quarter of 2022.

As at December 31, 2020, the Company held 34,045,954 common shares of 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 during the first quarter of 2021.

NET INCOME (LOSS)

Three months ended December 31, 2022 to three months ended December 31, 2021 comparison

		Three months ended December 31, 2022		Three months ended December 31, 2021	$ Change	% Change
Net Income (Loss)	$	46,227	$	(9,653)	55,880	578.9%
Net Earnings (Loss) per Share						
Basic and Diluted	$	0.58	$	(0.12)		

Net Income for the fourth quarter of 2022 increased by $55.9 million to $46.2 million or $0.58 per share, on a basic and diluted basis, from a Net Loss of $9.7 million or $(0.12) per share, on a basic and diluted basis, for the fourth quarter of 2021.

Net Income for the fourth quarter of 2022, as compared to the fourth quarter of 2021, was positively impacted by the following:

- higher gross profit margin on higher year-over-year sales volume as previously explained;
- a net foreign exchange gain of $2.9 million for the fourth quarter of 2022 compared to a loss of $0.3 million for the fourth quarter of 2021; and
- a lower effective tax rate on net income (16.9% for the fourth quarter of 2022 compared to 26.1% for the fourth quarter of 2021).

These factors were partially offset by the following:

- a year-over-year increase in SG&A expense, as previously explained;
- a year over year increase in research and development costs; and
- a $7.5 million year-over-year increase in finance expense as a result of increased debt levels and borrowing rates on the Company's revolving bank debt.

Year ended December 31, 2022 to year ended December 31, 2021 comparison

		Year ended December 31, 2022		Year ended December 31, 2021	$ Change	% Change
Net Income	$	132,838	$	35,880	96,958	270.2%
Adjusted Net Income		141,612		32,884	108,728	330.6%
Net Earnings per Share						
Basic and Diluted	$	1.65	$	0.45		
Adjusted Net Earnings per Share						
Basic and Diluted	$	1.76	$	0.41		

Net Income, before adjustments, for the year ended December 31, 2022 increased by $97.0 million to $132.8 million or $1.65 per share, on a basic and diluted basis, from $35.9 million or $0.45 per share, on a basic and diluted basis, for the year ended December 31, 2021. Excluding the adjustments explained in Table B under “Adjustments to Net Income (Loss)”, Adjusted Net Income for the year ended December 31, 2022 increased by $108.7 million to $141.6 million or $1.76 per share, on a basic and diluted basis, from $32.9 million or $0.41 per share, on a basic and diluted basis, for the year ended December 31, 2021.

Adjusted Net Income for the year ended December 31, 2022, as compared to the year ended December 31, 2021, was positively impacted by the following:

- higher gross profit margin on higher year-over-year sales volume as previously explained; and
- a lower effective tax rate on adjusted income (22.3% for the year ended December 31, 2022 compared to 26.8% for the year ended December 31, 2021).

These factors were partially offset by the following:

- a year-over-year increase in SG&A expense, as previously explained;
- an $18.9 million year-over-year increase in finance expense as a result of increased debt levels and borrowing rates on the Company's revolving bank debt;
- a net foreign exchange gain of $8.7 million for the year ended December 31, 2022 compared to a gain of $12.6 million for the year ended December 31, 2021;
- a year-over-year increase in research and development costs; and
- a year-over-year increase in share of loss of equity investments.

DIVIDEND

A cash dividend of $0.05 per share has been declared by the Board of Directors payable to shareholders of record on March 31, 2023, on or about April 15, 2023.

ABOUT MARTINREA

Martinrea International Inc. is a leader in the development and production of quality metal parts, assemblies and modules, fluid management systems, and complex aluminum products focused primarily on the automotive sector. Martinrea currently operates in 58 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 2, 2023 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 8174433#. 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 – 8602412#). The rebroadcast will be available until April 3, 2023.

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, leverage ratios, production stability, expectations for growth in 2023, adjusted net earnings per share, operating income margins, operating margins, adjusted operating income margins, outlook for 2023, paying down debt; the Company's current and future strategy; the growth of the Company and pursuit of, and belief in, its strategies; new business and the ramping up and launching of new business and continued investments in its business and technologies, the opportunity to increase sales and diversify customers; the strength, recovery and growth of the automotive industry; expectations for operations running at capacity 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, 2022, the Company's MD&A for the year ended December 31, 2022 and other public filings which can be found at www.sedar.com:

- North American and Global Economic and Political Conditions and Consumer Confidence;
- 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;
- COVID-19 Pandemic;
- Russian Invasion of Ukraine;
- Semiconductor Chip Shortages and Price Increases;
- Inflationary Pressures;
- Regional Energy Shortages;
- Dependence Upon Key Customers;
- Customer Consolidation and Cooperation;
- Emergence of Potentially Disruptive EV OEMs;
- Outsourcing and Insourcing Trends;
- Financial Viability of Suppliers and Key Suppliers and Supply Disruptions;
- Competition;
- Customer Pricing Pressures, Contractual Arrangements, Cost and Risk Absorption and Purchase Orders;
- Material and Commodity Prices and Volatility;
- Scrap Steel/Aluminum Price Volatility;
- Quote/Pricing Assumptions;
- Launch and Operational Costs and Cost Structure;
- Fluctuations in Operating Results;
- Product Warranty, Repair/Replacement Costs, 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;
- Joint Ventures;
- Private or Public Equity Investments in Technology Companies;
- Potential Tax Exposures;
- Potential Rationalization Costs, Turnaround Costs and Impairment Charges;
- Labour Relations Matters;
- Trade Restrictions or Disputes;
- 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;
- 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;
- Evolving Business Risk Profile;
- 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; 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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Chief Financial Officer
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, 2022	December 31, 2021
ASSETS			
Cash and cash equivalents		$ 161,655	$ 153,291
Trade and other receivables	3	789,931	634,184
Inventories	4	665,316	590,784
Prepaid expenses and deposits		36,237	23,892
Income taxes recoverable		6,454	18,609
TOTAL CURRENT ASSETS		1,659,593	1,420,760
Property, plant and equipment	5	1,948,773	1,727,914
Right-of-use assets	6	254,065	222,934
Deferred tax assets	15	166,680	138,612
Intangible assets	7	45,916	47,809
Investments	8	55,858	55,215
Pension assets	14	12,234	8,107
TOTAL NON-CURRENT ASSETS		2,483,526	2,200,591
TOTAL ASSETS		4,143,119	3,621,351
LIABILITIES			
Trade and other payables	10	$ 1,315,380	$ 1,110,350
Provisions	11	7,906	6,272
Income taxes payable		39,216	11,955
Current portion of long-term debt	12	16,198	20,173
Current portion of lease liabilities	13	43,665	39,322
TOTAL CURRENT LIABILITIES		1,422,365	1,188,072
Long-term debt	12	1,054,170	990,817
Lease liabilities	13	229,455	200,455
Pension and other post-retirement benefits	14	41,912	57,637
Deferred tax liabilities	15	18,312	14,595
TOTAL NON-CURRENT LIABILITIES		1,343,849	1,263,504
TOTAL LIABILITIES		2,766,214	2,451,576
EQUITY			
Capital stock	16	663,646	663,415
Contributed surplus		45,558	44,845
Accumulated other comprehensive income		124,065	51,207
Retained earnings		543,636	410,308
TOTAL EQUITY		1,376,905	1,169,775
TOTAL LIABILITIES AND EQUITY		$ 4,143,119	$ 3,621,351

Commitments and contingencies (note 24)

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, 2022	Year ended December 31, 2021
SALES		$ 4,757,588	$ 3,783,953
Cost of sales (excluding depreciation of property, plant and equipment and right-of-use assets)		(3,939,565)	(3,218,203)
Depreciation of property, plant and equipment and right-of-use assets (production)		(258,760)	(220,126)
Total cost of sales		(4,198,325)	(3,438,329)
GROSS MARGIN		559,263	345,624
Research and development costs	18	(36,918)	(32,622)
Selling, general and administrative		(276,146)	(228,346)
Depreciation of property, plant and equipment and right-of-use assets (non-production)		(15,947)	(15,308)
Loss on disposal of property, plant and equipment		(133)	(958)
Restructuring costs	11	(7,846)	(5,473)
Impairment of assets	9	(4,494)	-
OPERATING INCOME		217,779	62,917
Share of loss of equity investments	8	(5,074)	(3,924)
Gain on dilution of equity investments	8	4,050	7,800
Finance expense	20	(51,837)	(32,918)
Other finance income	20	9,127	13,386
INCOME BEFORE INCOME TAXES		174,045	47,261
Income tax expense	15	(41,207)	(11,381)
NET INCOME FOR THE PERIOD		$ 132,838	$ 35,880
Basic earnings per share	17	$ 1.65	$ 0.45
Diluted earnings per share	17	$ 1.65	$ 0.45

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, 2022		Year ended December 31, 2021
NET INCOME FOR THE PERIOD	$	132,838	$	35,880
Other comprehensive income (loss), net of tax:				
Items that may be reclassified to net income				
Foreign currency translation differences for foreign operations		72,818		(42,520)
Cash flow hedging derivative and non-derivative financial instruments:				
Unrealized gain in fair value of financial instruments		-		892
Reclassification of gain to net income		-		(4,014)
Items that will not be reclassified to net income				
Share of other comprehensive income of equity investments (note 8)		40		204
Remeasurement of defined benefit plans		16,566		17,706
Other comprehensive income (loss), net of tax		89,424		(27,732)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$	222,262	$	8,148

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, 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	-	-	(4,014)	-	(4,014)
BALANCE AT DECEMBER 31, 2021	663,415	44,845	51,207	410,308	1,169,775
Net income for the period	-	-	-	132,838	132,838
Compensation expense related to stock options	-	773	-	-	773
Dividends ($0.20 per share)	-	-	-	(16,076)	(16,076)
Exercise of employee stock options	231	(60)	-	-	171
Other comprehensive income net of tax					
Remeasurement of defined benefit plans	-	-	-	16,566	16,566
Foreign currency translation differences	-	-	72,818	-	72,818
Share of other comprehensive income of equity investments	-	-	40	-	40
BALANCE AT DECEMBER 31, 2022	663,646	45,558	124,065	543,636	1,376,905

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, 2022	Year ended December 31, 2021
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES:		
Net income for the period	$ 132,838	$ 35,880
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets	274,707	235,434
Amortization of development costs	10,929	12,788
Impairment of assets (note 9)	4,494	-
Unrealized gain on foreign exchange forward contracts	(2,114)	(4,744)
Finance expense	51,837	32,918
Income tax expense	41,207	11,381
Loss on disposal of property, plant and equipment	133	958
Deferred and restricted share units expense (benefit) (note 16)	7,072	(1,172)
Stock options expense	773	1,224
Share of loss of equity investments (note 8)	5,074	3,924
Gain on dilution of equity investments (note 8)	(4,050)	(7,800)
Pension and other post-retirement benefits expense	3,452	3,993
Contributions made to pension and other post-retirement benefits	(2,633)	(3,353)
	523,719	321,431
Changes in non-cash working capital items:		
Trade and other receivables	(116,069)	(57,153)
Inventories	(45,009)	(109,526)
Prepaid expenses and deposits	(11,167)	(3,282)
Trade, other payables and provisions	172,100	100,232
	523,574	251,702
Interest paid	(63,327)	(35,042)
Income taxes paid	(22,468)	(36,628)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 437,779	$ 180,032
FINANCING ACTIVITIES:		
Increase in long-term debt (net of deferred financing fees)	37,493	197,294
Repayment of long-term debt	(22,137)	(18,296)
Principal payments of lease liabilities	(41,174)	(33,753)
Dividends paid	(16,075)	(16,066)
Exercise of employee stock options	171	749
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	$ (41,722)	$ 129,928
INVESTING ACTIVITIES:		
Purchase of property, plant and equipment (excluding capitalized interest)*	(376,439)	(290,230)
Capitalized development costs	(7,376)	(8,533)
Equity investments (note 8)	(1,500)	(8,036)
Proceeds on disposal of property, plant and equipment	3,364	944
Upfront recovery of development costs incurred	682	-
NET CASH USED IN INVESTING ACTIVITIES	$ (381,269)	$ (305,855)
Effect of foreign exchange rate changes on cash and cash equivalents	(6,424)	(3,600)
INCREASE IN CASH AND CASH EQUIVALENTS	8,364	505
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	153,291	152,786
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 161,655	$ 153,291

*As at December 31, 2022, $94,754 (December 31, 2021 - $113,233) of purchases of property, plant and equipment remain unpaid and are recorded in trade and other payables.

See accompanying notes to the consolidated financial statements.