PRESS RELEASE

FOR IMMEDIATE RELEASE
February 28, 2019

MARTINREA INTERNATIONAL INC. REPORTS RECORD QUARTERLY AND ANNUAL EARNINGS AND DECLARES DIVIDEND

Toronto, Ontario – Martinrea International Inc. (TSX : MRE), a leader in the development and production of quality metal parts, assemblies and modules and fluid management systems and complex aluminum products focused primarily on the automotive sector, announced today the release of its financial results for the year and fourth quarter ended December 31, 2018 and that it has declared a quarterly cash dividend of $0.045 per share.

HIGHLIGHTS

Fourth Quarter 2018

- Seventeenth consecutive quarter with record year-over-year adjusted earnings; best fourth quarter earnings to date
- Total sales of $926.2 million; production sales of $841 million
- Record fourth quarter net income of $37.8 million, or $0.44 per share (diluted)
- Record fourth quarter adjusted net income(1) of $43.8 million, or $0.51 per share (diluted)
- Record fourth quarter adjusted EBITDA(1) of $111.8 million
- Quarterly adjusted operating income(1) (7.1%) and adjusted EBITDA(1) (12.1%) margins increase year-over-year
- Balance sheet continues to be strong; year end net debt:adjusted EBITDA(1) ratio at 1.45:1
- New business awards of approximately $230 million in annualized sales at peak volumes
- Quarterly cash dividend of $0.045 declared
- $16.6 million in share repurchases in the quarter

Full Year 2018

- Ninth consecutive year with year-over-year adjusted increased earnings; best annual earnings performance in history
- Total sales of $3,662.9 million; production sales of $3,393.7 million
- Record annual net income of $185.9 million, or $2.14 per share (diluted)
- Record annual adjusted net income(1) of $193.2 million, or $2.22 per share (diluted)
- Record Adjusted EBITDA(1) of $461.2 million
- Adjusted operating income(1) (7.8%) and adjusted EBITDA(1) (12.6%) margins increase substantially year-over-year
- Continued strong margin growth expected over the next two years
- New business awards over the past four quarters of approximately $800 million in annualized sales at peak volumes
- Multiple customer quality awards received
- Improved safety performance
- $25.5 million in share repurchases under normal course issuer bid in 2018; 2,150,400 shares repurchased

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

OVERVIEW

Pat D'Eramo, President and Chief Executive Officer, stated: "2018 was a terrific year for Martinrea and our people; we had a strong end to the year in the fourth quarter to finish another year of record earnings. The fourth quarter was our seventeenth consecutive quarter with record year-over-year adjusted earnings, and we expect the progress to continue in 2019. I am proud of the performance of our people as we continue to deliver on our commitments. We saw significant improvement not just in profitability, but in safety performance, where we are now an industry leader. Safety performance demonstrates that we are doing things right in our plants, and the quality and economic performance supports that. As we improve in all these areas, customers reward us with new work, and I am pleased to announce some significant new business wins in the past few months totalling $230 million in annualized sales at peak volumes, including $190 million in lightweight structures with FCA, BMW and Toyota starting in 2021 and 2022, and $40 million in propulsion systems, including fluid management and engine products, for Volvo, Ford, Geely, Scania and JLR starting mainly in 2020. These awards are from a variety of customers, and really demonstrate that we are in the right product space. Our lightweighting solutions in particular are attracting great interest. 2018 was our best year ever for winning new product mandates, with approximately $800 million in new organic business announcements in the past 12 months, giving us a solid pipeline of new business for the future."

Fred Di Tosto, Chief Financial Officer, stated: "Sales for the fourth quarter, excluding tooling sales of $85 million, were $841 million, in the mid range of our previously announced sales guidance. In the quarter, our adjusted net earnings per share, on a basic and diluted basis, was $0.51 per share, also in the mid range of our quarterly guidance and a record fourth quarter. Adjusted operating income and adjusted EBITDA margins for the full year 2018 increased significantly year-over-year, and our fourth quarter numbers improved as well. Adjusted operating income margin for the year hit 7.8%, well above the 2017 level of 6.4%, and our adjusted operating income margin for the fourth quarter was 7.1%, also ahead of last year's fourth quarter level of 7.0%. Our balance sheet remains strong, as we look to maintain a leverage ratio of about or under 1.5:1 net debt:adjusted EBITDA, even while paying increased dividends, repurchasing shares under our normal course issuer bid, making a strategic investment in NanoXplore, and investing in our operations to fund the growth we are starting to see based upon our product wins. The year 2019 is off to a solid start, and we expect first quarter sales, excluding tooling sales, to be in the range of $910 million to $950 million, and adjusted net earnings per share in the range of $0.65 to $0.69 per share."

Rob Wildeboer, Executive Chairman, stated: "In 2018, not only did we have a record year in terms of financial performance, but we did so in an automotive environment that was fairly flat in terms of production in our key markets while experiencing some real challenges in terms of trade negotiations and tariffs. The signing of the USMCA, and its ratification in some form, is positive for our industry and we believe for suppliers such as us. The impact of the steel and aluminum tariffs placed by the U.S. and Canada is not helpful to the industry but we believe the tariffs will be removed sometime this year. What was very special for us in the year was the progress we made in developing our culture. Our new vision: Making lives better by being the best we can be in the products we make and the services we provide, has been embraced by our people, as witnessed in day to day activity and employee feedback. Our culture of lean thinking, entrepreneurialism, and treating people the way they want to be treated is, we believe, helping to drive our financial performance and making us a go to employer and supplier. On this basis, we expect 2019 to be a record year for us in terms of financial performance, with adjusted operating income margins above 8%; and we anticipate continued operating income margin improvement to above 9% in 2020 and revenues next year to exceed $4 billion."

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, 2018 ("MD&A"), the Company's consolidated financial statements for the year ended December 31, 2018 (the "consolidated financial statements") and the Company's Annual Information Form for the year ended December 31, 2018, can be found at www.sedar.com.

Results of operations may include certain unusual and other items which have been separately disclosed, where appropriate, in order to provide a clear assessment of the underlying Company results. In addition to IFRS measures, management uses non-IFRS measures in the Company's disclosures that it believes provide the most appropriate basis on which to evaluate the Company's results.

OVERALL RESULTS

The following tables set out certain highlights of the Company's performance for the years ended December 31, 2018 and 2017. Refer to the Company's audited consolidated financial statements for the year ended December 31, 2018 for a detailed account of the Company's performance for the periods presented in the tables below.

	Year ended December 31, 2018	Year ended December 31, 2017	$ Change	% Change
Sales	$ 3,662,900	$ 3,690,499	(27,599)	(0.7%)
Gross Margin	556,161	484,601	71,560	14.8%
Operating Income	276,472	246,624	29,848	12.1%
Net Income for the period	185,883	159,266	26,617	16.7%
Net Income Attributable to Equity Holders of the Company	$ 185,883	$ 159,543	26,340	16.5%
Net Earnings per Share - Basic	$ 2.15	$ 1.84	0.31	16.8%
Net Earnings per Share - Diluted	$ 2.14	$ 1.84	0.30	16.3%
Non-IFRS Measures*				
Adjusted Operating Income	$ 283,981	$ 236,807	47,174	19.9%
% of Sales	*7.8%*	*6.4%*		
Adjusted EBITDA	461,223	401,493	59,730	14.9%
% of Sales	*12.6%*	*10.9%*		
Adjusted Net Income Attributable to Equity Holders of the Company	193,166	165,519	27,647	16.7%
Adjusted Net Earnings per Share - Basic	$ 2.23	$ 1.91	0.32	16.8%
Adjusted Net Earnings per Share - Diluted	$ 2.22	$ 1.91	0.31	16.2%

The following table sets out a detailed account of the Company's performance for the fourth quarters of 2018 and 2017 (unaudited).

		Three months ended December 31, 2018		Three months ended December 31, 2017	$ Change	% Change
Sales	$	926,154	$	878,642	47,512	5.4%
Cost of sales (excluding depreciation)		(751,605)		(716,927)	(34,678)	4.8%
Depreciation of property, plant and equipment (production)		(39,982)		(37,673)	(2,309)	6.1%
Gross Margin		134,567		124,042	10,525	8.5%
Research and development costs		(7,189)		(6,600)	(589)	8.9%
Selling, general and administrative		(58,363)		(52,531)	(5,832)	11.1%
Depreciation of property, plant and equipment (non-production)		(2,971)		(2,596)	(375)	14.4%
Amortization of customer contracts and relationships		(535)		(530)	(5)	0.9%
Loss on disposal of property, plant and equipment		(93)		(144)	51	(35.4%)
Impairment of assets		(5,436)		(7,488)	2,052	(27.4%)
Restructuring costs		(2,073)		-	(2,073)	(100.0%)
Gain on disposal of land and building		-		13,374	(13,374)	(100.0%)
Operating Income	$	57,907	$	67,527	(9,620)	(14.2%)
Finance expense		(7,013)		(5,735)	(1,278)	22.3%
Other finance income (expense)		(389)		2,681	(3,070)	(114.5%)
Income before taxes	$	50,505	$	64,473	(13,968)	(21.7%)
Income tax expense		(12,689)		(32,107)	19,418	(60.5%)
Net Income Attributable to Equity Holders of the Company	$	37,816	$	32,366	5,450	16.8%
Net Earnings per Share - Basic and Diluted	$	0.44	$	0.37	0.07	18.9%
Non-IFRS Measures*						
Adjusted Operating Income	$	65,416	$	61,641	3,775	6.1%
% of Sales		7.1%		7.0%		
Adjusted EBITDA		111,785		105,830	5,955	5.6%
% of Sales		12.1%		12.0%		
Adjusted Net Income Attributable to Equity Holders of the Company		43,840		43,179	661	1.5%
Adjusted Net Earnings per Share - Basic and Diluted	$	0.51	$	0.50	0.01	2.0%

***Non-IFRS Measures**

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

The following tables provide a reconciliation of IFRS "Net Income Attributable to Equity Holders of the Company" to Non-IFRS "Adjusted Net Income Attributable to Equity Holders of the Company", "Adjusted Operating Income" and "Adjusted EBITDA".

	Three months ended December 31, 2018	Three months ended December 31, 2017
Net Income Attributable to Equity Holders of the Company	$ 37,816	$ 32,366
Unusual and Other Items (after-tax)*	6,024	10,813
Adjusted Net Income Attributable to Equity Holders of the Company	$ 43,840	$ 43,179

	Year ended December 31, 2018	Year ended December 31, 2017
Net Income Attributable to Equity Holders of the Company	$ 185,883	$ 159,543
Unusual and Other Items (after-tax)*	7,283	5,976
Adjusted Net Income Attributable to Equity Holders of the Company	$ 193,166	$ 165,519

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

	Three months ended December 31, 2018	Three months ended December 31, 2017
Net Income Attributable to Equity Holders of the Company	$ 37,816	$ 32,366
Income tax expense	12,689	32,107
Other finance income - excluding Unusual and Other Items*	(59)	(359)
Finance expense	7,013	5,735
Unusual and Other Items (before-tax)*	7,957	(8,208)
Adjusted Operating Income	$ 65,416	$ 61,641
Depreciation of property, plant and equipment	42,953	40,269
Amortization of intangible assets	3,323	3,776
Loss on disposal of property, plant and equipment	93	144
Adjusted EBITDA	$ 111,785	$ 105,830

	Year ended December 31, 2018	Year ended December 31, 2017
Net Income Attributable to Equity Holders of the Company	$ 185,883	$ 159,543
Non-controlling interest	-	(277)
Income tax expense	60,943	69,970
Other finance expense (income) - excluding Unusual and Other Items*	401	(1,442)
Finance expense	27,358	22,527
Unusual and Other Items (before-tax)*	9,396	(13,514)
Adjusted Operating Income	$ 283,981	$ 236,807
Depreciation of property, plant and equipment	163,298	149,670
Amortization of intangible assets	13,482	15,399
Loss (gain) on disposal of property, plant and equipment	462	(383)
Adjusted EBITDA	$ 461,223	$ 401,493

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

The year-over-year changes in significant accounts and financial highlights are discussed in detail in the sections below.

<u>SALES</u>

Three months ended December 31, 2018 to three months ended December 31, 2017 comparison

	Three months ended December 31, 2018	Three months ended December 31, 2017	$ Change	% Change
North America	$ 735,876	$ 674,852	61,024	9.0%
Europe	167,533	163,949	3,584	2.2%
Rest of the World	27,571	41,904	(14,333)	(34.2%)
Eliminations	(4,826)	(2,063)	(2,763)	(133.9%)
Total Sales	$ 926,154	$ 878,642	47,512	5.4%

The Company's consolidated sales for the fourth quarter of 2018 increased by $47.6 million or 5.4% to $926.2 million as compared to $878.6 million for the fourth quarter of 2017. The total increase in sales was driven by year-over-year increases in the North America and Europe operating segments, partially offset by a decrease in the Rest of the World.

Sales for the fourth quarter of 2018 in the Company's North America operating segment increased by $61.0 million or 9.0% to $735.9 million from $674.9 million for the fourth quarter of 2017. The increase was due to the launch of new programs during or subsequent to the fourth quarter of 2017, including the next generation GM Silverado/Sierra and RAM pick-up trucks, and the new Chevrolet Blazer; 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 2018 of approximately $23.4 million as compared to the fourth quarter of 2017; and an increase in tooling sales of $18.0 million, which are typically dependant on the timing of tooling construction and final acceptance by the customer. These positive factors were partially offset by lower year-over-year production volumes on certain light-vehicle platforms including the Chevrolet Malibu, Ford Escape and Chrysler 300/Challenger/Charger, and programs that ended production during or subsequent to the fourth quarter of 2017.

Sales for the fourth quarter of 2018 in the Company's Europe operating segment increased by $3.6 million or 2.2% to $167.5 million from $164.0 million for the fourth quarter of 2017. The increase can be attributed to the launch of new programs during or subsequent to the fourth quarter of 2017, including a 2.0L aluminum engine block for Ford and the ramp up of new aluminum structural components work and the new V8 AMG engine block for Daimler; a $4.7 million increase in tooling sales; and a $2.1 million positive foreign exchange impact from the translation of Euro denominated production sales as compared to the fourth quarter of 2017. These positive factors were partially offset by lower year-over-year production volumes on certain Jaguar Land Rover platforms.

Sales for the fourth quarter of 2018 in the Company's Rest of the World operating segment decreased by $14.3 million or 34.2% to $27.6 million from $41.9 million in the fourth quarter of 2017. The decrease was due to lower year-over-year production volumes on the Ford Mondeo vehicle platform in China; a $6.3 million decrease in tooling sales; and a $1.8 million negative foreign exchange impact from the translation of foreign denominated production sales as compared to the fourth quarter of 2017. These negative factors were partially offset by the launch of new aluminum structural components work for Jaguar Land Rover in China, which began to ramp up in the first quarter of 2018.

Overall tooling sales increased by $16.4 million to $85.2 million for the fourth quarter of 2018 from $68.8 million for the fourth quarter of 2017.

Year ended December 31, 2018 to year ended December 31, 2017 comparison

	Year ended December 31, 2018	Year ended December 31, 2017	$ Change	% Change
North America	$ 2,827,527	$ 2,913,786	(86,259)	(3.0%)
Europe	713,861	657,029	56,832	8.6%
Rest of the World	135,322	132,067	3,255	2.5%
Eliminations	(13,810)	(12,383)	(1,427)	11.5%
Total Sales	$ 3,662,900	$ 3,690,499	(27,599)	(0.7%)

The Company's consolidated sales for the year ended December 31, 2018 decreased by $27.6 million or 0.7% to $3,662.9 million as compared to $3,690.5 million for the year ended December 31, 2017. The total decrease in sales was driven by a decrease in the North America operating segment, partially offset by year-over-year increases in sales in Europe and the Rest of the World.

Sales for the year ended December 31, 2018 in the Company's North America operating segment decreased by $86.3 million or 3.0% to $2,827.5 million from $2,913.8 million for the year ended December 31, 2017. The decrease was due to lower year-over-year production volumes on certain light-vehicle platforms including the Ford Escape, Ford Fusion, Chevrolet Malibu, Chrysler 300/Challenger/Charger, and programs that ended production during or subsequent to the year ended December 31, 2017 such as the previous version of the GM Equinox/Terrain; 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 year ended December 31, 2018 of approximately $21.1 million as compared to the corresponding period of 2017. These negative factors were partially offset by the launch of new programs during or subsequent to the year ended December 31, 2017, including the next generation GM Equinox/Terrain, GM Silverado/Sierra and RAM pick-up trucks, and the new Chevrolet Blazer; and an increase in tooling sales of $39.7 million, which are typically dependant on the timing of tooling construction and final acceptance by the customer.

Sales for the year ended December 31, 2018 in the Company's Europe operating segment increased by $56.9 million or 8.6% to $713.9 million from $657.0 million for the year ended December 31, 2017. The increase can be attributed to the launch of new programs during or subsequent to the year ended December 31, 2017, including a 2.0L aluminum engine block for Ford and the ramp up of new aluminum structural components work and the new V8 AMG engine block for Daimler; the impact of foreign exchange on the translation of Euro denominated production sales, which had a positive impact on overall sales for the year ended December 31, 2018 of approximately $30.1 million as compared to the corresponding period of 2017; and a $13.9 million increase in tooling sales. These factors were partially offset by lower year-over-year production volumes on certain Jaguar Land Rover platforms and the Ford Mondeo in Europe.

Sales for the year ended December 31, 2018 in the Company's Rest of the World operating segment increased by $3.2 million or 2.5% to $135.3 million from $132.1 million for the year ended December 31, 2017. The increase was due to the launch of new aluminum structural components work for Jaguar Land Rover in China, which began to ramp up in the first quarter of 2018; higher year-over-year production sales in the Company's operating facility in Brazil; and a $4.7 million increase in tooling sales. These negative factors were partially offset by lower year-over-year production volumes on the Ford Mondeo platform in China, and a $5.3 million negative foreign exchange impact from the translation of foreign denominated production sales as compared to corresponding period of 2017.

Overall tooling sales increased by $58.3 million to $269.2 million for the year ended December 31, 2018 from $210.9 million for the year ended December 31, 2017.

GROSS MARGIN

Three months ended December 31, 2018 to three months ended December 31, 2017 comparison

		Three months ended December 31, 2018		Three months ended December 31, 2017	$ Change	% Change
Gross margin	$	134,567	$	124,042	10,525	8.5%
% of Sales		14.5%		14.1%		

The gross margin percentage for the fourth quarter of 2018 of 14.5% increased as a percentage of sales by 0.4% as compared to the gross margin percentage for the fourth quarter of 2017 of 14.1%. The increase in gross margin as a percentage of sales was generally due to:

- productivity and efficiency improvements at certain operating facilities; and
- general sales mix including new and replacement programs that launched, and old programs that ended production, during or subsequent to the fourth quarter of 2017.

These positive factors were partially offset by operational inefficiencies and other costs at certain other facilities including upfront costs incurred in preparation of upcoming new programs and related new business in the process of being launched, higher tariffs on steel, and an increase in tooling sales which typically earn low margins for the Company.

Year ended December 31, 2018 to year ended December 31, 2017 comparison

		Year ended December 31, 2018		Year ended December 31, 2017	$ Change	% Change
Gross margin	$	556,161	$	484,601	71,560	14.8%
% of Sales		15.2%		13.1%		

The gross margin percentage for the year ended December 31, 2018 of 15.2% increased as a percentage of sales by 2.1% as compared to the gross margin percentage for the year ended December 31, 2017 of 13.1%. Consistent with the year-over-year increase in the fourth quarter of 2018 as explained above, the increase in gross margin for the year ended December 31, 2018, as a percentage of sales, was generally due to:

- productivity and efficiency improvements at certain operating facilities; and

- general sales mix including new and replacement programs that launched, and old programs that ended production, during or subsequent to the year ended December 31, 2017.

These positive factors were partially offset by operational inefficiencies and other costs at certain other facilities, including upfront costs incurred in preparation of upcoming new programs and related new business in the process of being launched, higher tariffs on steel, and an increase in tooling sales which typically earn low margins for the Company.

ADJUSTMENTS TO NET INCOME
(ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY)

Adjusted Net Income excludes certain unusual and other items, as set out in the following tables and described in the notes thereto. Management uses Adjusted Net Income 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, 2018 to three months ended December 31, 2017 comparison

	For the three months ended December 31, 2018 (a)	For the three months ended December 31, 2017 (b)	(a)-(b) Change
NET INCOME (A)	**$37,816**	**$32,366**	**$5,450**
Add Back - Unusual and Other Items:			
Unrealized loss (gain) on derivative instruments (1)	448	(2,322)	2,770
Impairment of assets (2)	5,436	7,488	(2,052)
Restructuring costs (3)	2,073	-	2,073
Gain on sale of land and building (4)	-	(13,374)	13,374
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**$7,957**	**($8,208)**	**$16,165**
Tax impact of above items	(1,933)	(292)	(1,641)
Impact of US tax reforms on deferred tax asset (6)	-	19,313	(19,313)
TOTAL UNUSUAL AND OTHER ITEMS - AFTER TAX (B)	**$6,024**	**$10,813**	**($4,789)**
ADJUSTED NET INCOME (A + B)	**$43,840**	**$43,179**	**$661**
Number of Shares Outstanding – Basic (‘000)	85,829	86,593	
Adjusted Basic Net Earnings Per Share	$0.51	$0.50	
Number of Shares Outstanding – Diluted (‘000)	86,032	87,101	
Adjusted Diluted Net Earnings Per Share	$0.51	$0.50	

TABLE B

Year ended December 31, 2018 to year ended December 31, 2017 comparison

	For the year ended December 31, 2018 (a)	For the year ended December 31, 2017 (b)	(a)-(b) Change
NET INCOME (A)	**$185,883**	**$159,543**	**$26,340**
Add Back - Unusual and Other Items:			
Unrealized loss (gain) on derivative instruments (1)	1,887	(3,697)	5,584
Impairment of assets (2)	5,436	7,488	(2,052)
Restructuring costs (3)	2,073	-	2,073
Gain on sale of land and building (4)	-	(19,072)	19,072
Executive separation agreement (5)	-	1,767	(1,767)
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**$9,396**	**($13,514)**	**$22,910**
Tax impact of above items	(2,113)	177	(2,290)
Impact of US tax reforms on deferred tax asset (6)	-	19,313	(19,313)
TOTAL UNUSUAL AND OTHER ITEMS - AFTER TAX (B)	**$7,283**	**$5,976**	**$1,307**
ADJUSTED NET INCOME (A + B)	**$193,166**	**$165,519**	**$27,647**
Number of Shares Outstanding – Basic ('000)	86,549	86,527	
Adjusted Basic Net Earnings Per Share	$2.23	$1.91	
Number of Shares Outstanding – Diluted ('000)	86,988	86,779	
Adjusted Diluted Net Earnings Per Share	$2.22	$1.91	

(1) Unrealized loss (gain) on derivative instruments

In the third quarter of 2017, the Company acquired 5,500,000 common shares in NanoXplore Inc. ("NanoXplore"), a publicly listed company on the TSX Venture Exchange trading under the ticker symbol GRA, for a total of $2.5 million through a private placement offering (the investment is further described in note 7 of the consolidated financial statements and later on in the MD&A under the section "Investments"). As part of the transaction to acquire the common shares, the Company also received warrants entitling the Company to acquire up to an additional 2,750,000 common shares in NanoXplore at a price of $0.70 per share for a period of up to two years after issuance.

During the first quarter of 2018, the Company acquired an additional 411,800 common shares in NanoXplore for a total of $0.7 million through another private placement offering. As part of the transaction to acquire the additional common shares, the Company also received warrants entitling the Company to acquire up to an additional 205,900 common shares in NanoXplore at a price of $2.30 per share for a period of up to two years after issuance.

The warrants in NanoXplore represent derivative instruments and are fair valued at the end of each reporting period with the change in fair value recorded through profit or loss.

As at December 31, 2018, the warrants had a fair value of $2.2 million. Based on the fair value of the warrants as at December 31, 2018, an unrealized loss of $1.9 million was recognized for the year ended December 31, 2018, of which $0.4 million was recognized in the fourth quarter in other finance income. This unrealized loss has been added back for Adjusted Net Income purposes.

As at December 31, 2017, the warrants had a fair value of $4.0 million. Based on the fair value of the warrants of December 31, 2017, an unrealized gain of $3.7 million was recognized for the year ended December 31, 2017, of which $2.3 million was recognized in the fourth quarter in other finance income. This unrealized gain has been added back for Adjusted Net Income purposes.

(2) Impairment of assets

During the fourth quarter of 2018, in conjunction with General Motors' ("GM") announcement that it will be closing its vehicle assembly facility in Oshawa, Ontario, the Company recorded an impairment charge on property, plant, equipment totaling $5.4 million related to a facility in Ajax, Ontario (included in the North America operating segment) that the Company will be forced to close because the operation is entirely dependent on GM's facility in Oshawa. The impairment charge was recorded where the carrying amount of the assets exceeded their estimated recoverable amounts.

During the fourth quarter of 2017, in conjunction with the Company's annual business planning cycle, the Company recorded an impairment charge on PP&E of $7.5 million. The impairment charge related to specific equipment at an operating facility in Canada included in the North America operating segment.

(3) Restructuring costs

Additions to the restructuring accrual during 2018 totaled $2.1 million and represent expected employee-related severance payouts and lease termination costs resulting from the planned closure of the facility in Ajax, Ontario, as described above.

(4) Gain on sale of land and building

During the fourth quarter of 2017, the Company finalized and closed a sale-leaseback arrangement involving the land and building of two of its operating facilities in the Greater Toronto Area. The assets were sold for net proceeds of $31.0 million (net of closing costs of $0.5 million) resulting in a pre-tax gain of $13.4 million. The corresponding leaseback of the assets is for a term of ten years at market rates.

During the first quarter of 2017, in connection with the relocation of an existing operation to another manufacturing facility, a building owned by the Company in Mississauga, Ontario was sold on an "as-is, where-is" basis. The building was sold for proceeds of $9.9 million (net of closing costs of $0.4 million) resulting in a pre-tax gain of $5.7 million.

(5) Executive separation agreement

During the third quarter of 2017, David Rashid ceased to be an Executive Vice President of Operations of the Company. The costs added back for Adjusted Net Income purposes represents Mr. Rashid's termination benefits (included in SG&A expense) as set out in his employment contract payable over a twelve-month period.

(6) Impact of US tax reforms on deferred tax asset

Extensive changes to the US tax system were enacted on December 22, 2017, which, among other changes, substantially reduced the US federal corporate tax rate from 35% to 21% with effect from January 1, 2018. As a result of this change, the Company's deferred tax asset in the US decreased as at December 31, 2017 with a corresponding one-time, non-cash increase in income tax expense of $19.3 million.

NET INCOME
(ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY)

Three months ended December 31, 2018 to three months ended December 31, 2017 comparison

		Three months ended December 31, 2018		Three months ended December 31, 2017	$ Change	% Change
Net Income	$	37,816	$	32,366	5,450	16.8%
Adjusted Net Income	$	43,840	$	43,179	661	1.5%
Net Earnings per Share						
Basic and Diluted	$	0.44	$	0.37		
Adjusted Net Earnings per Share						
Basic and Diluted	$	0.51	$	0.50		

Net income, before adjustments, for the fourth quarter of 2018 increased by $5.4 million to $37.8 million from $32.4 million for the fourth quarter of 2017 largely as a result of the increase in the Company's gross margin, as previously discussed, and the impact of the unusual and other items incurred during the three months ended December 31, 2018 and 2017 as explained in Table A under "Adjustments to Net Income". Excluding the unusual and other items recognized during the fourth quarter of 2018, as explained in Table A under "Adjustments to Net Income", net income for the fourth quarter of 2018 increased to $43.8 million or $0.51 per share, on a basic and diluted basis, from $43.2 million or $0.50 per share, on a basic and diluted basis, for the fourth quarter of 2017.

Adjusted Net Income for the fourth quarter of 2018, as compared to the fourth quarter of 2017, was positively impacted by the following:

- higher gross profit on increased year-over-year sales as previously explained;
- productivity and efficiency improvements at certain operating facilities; and
- general sales mix including new and replacement programs that launched, and old programs that ended production, during or subsequent to the fourth quarter of 2017.

These positive factors were partially offset by the following:

- operational inefficiencies and other costs at certain other facilities including higher tariffs on steel;
- a year-over-year increase in SG&A expense as previously discussed;
- a year-over-year increase in depreciation expense as previously discussed;
- a year-over-year increase in finance expense on the Company's revolving bank debt as a result of increased debt levels and borrowing rates;
- a net unrealized foreign exchange loss of $0.1 million for the fourth quarter of 2018 compared to a net unrealized foreign exchange gain of $0.3 million for the fourth quarter of 2017; and
- a higher effective tax rate on adjusted income due generally to the mix of earnings (25.0% for the fourth quarter of 2018 compared to 23.3% for the fourth quarter of 2017).

Year ended December 31, 2018 to year ended December 31, 2017 comparison

		Year ended December 31, 2018		Year ended December 31, 2017	$ Change	% Change
Net Income	$	185,883	$	159,543	26,340	16.5%
Adjusted Net Income	$	193,166	$	165,519	27,647	16.7%
Net Earnings per Share						
Basic	$	2.15	$	1.84		
Diluted	$	2.14	$	1.84		
Adjusted Net Earnings per Share						
Basic	$	2.23	$	1.91		
Diluted	$	2.22	$	1.91		

Net Income, before adjustments, for the year ended December 31, 2018 increased by $26.3 million to $185.8 million from $159.5 million for the year ended December 31, 2017 largely as a result of the increase in the Company's gross margin, as previously discussed, and the impact of the unusual and other items incurred during the years ended December 31, 2018 and 2017 as explained in Table B under "Adjustments to Net Income". Excluding these unusual and other items, net income for the year ended December 31, 2018 increased to $193.2 million or $2.23 per share, on a basic basis, and $2.22 per share on a diluted basis, from $165.5 million or $1.91 per share, on a basic and diluted basis, for the year ended December 31, 2017.

Adjusted Net Income for the year ended December 31, 2018, as compared to the year ended December 31, 2017, was positively impacted by the following:

- higher gross profit despite an overall decrease in year-over-year sales as previously explained;
- productivity and efficiency improvements at certain operating facilities; and
- general sales mix including new and replacement programs that launched, and old programs that ended production, during or subsequent to the year ended December 31, 2017.

These positive factors were partially offset by the following:

- operational inefficiencies and other costs at certain other facilities including higher tariffs on steel;
- a year-over-year increase in SG&A as previously discussed;
- a year-over-year increase in depreciation expense as previously discussed;
- a year-over-year increase in finance expense on the Company's revolving bank debt as a result of increased debt levels and borrowing rates;
- a net unrealized foreign exchange loss of $0.8 million for the year ended December 31, 2018 compared to a net unrealized foreign exchange gain of $1.2 million for the year ended December 31, 2017; and
- a higher effective tax rate on adjusted income due generally to the mix of earnings (24.6% for the year ended December 31, 2018 compared to 23.4% for the year ended December 31, 2017).

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

Three months ended December 31, 2018 to three months ended December 31, 2017 comparison

	Three months ended December 31, 2018	Three months ended December 31, 2017	$ Change	% Change
Additions to PP&E	$ 108,011	$ 83,815	24,196	28.9%

Additions to PP&E increased by $24.2 million year-over-year to $108.0 million or 11.7% of sales in the fourth quarter of 2018 from $83.8 million or 9.5% of sales in the fourth quarter of 2017 due in large part to the timing of expenditures and new incremental investment in various sales and margin growth projects. The Company continues to make investments in the business including both new and replacement business, as the Company's global footprint expands and as it executes on its growing backlog of new business in all its various product offerings.

DIVIDEND

A cash dividend of $0.045 per share has been declared by the Board of Directors payable to shareholders of record on March 31, 2018, on or about April 15, 2019.

ABOUT MARTINREA

Martinrea currently employs approximately 15,000 skilled and motivated people in 45 operating divisions in Canada, the United States, Mexico, Brazil, Germany, Slovakia, Spain and China.

Martinrea's vision is to make lives better by being the best supplier we can be in the products we make and the services we provide. The Company's mission is to make people's lives better by: delivering outstanding quality products and services to our customers; providing meaningful opportunity, job satisfaction and job security to our people through competitiveness and prudent growth; being positive contributors to our communities; and providing superior long term investment returns to our stakeholders.

CONFERENCE CALL DETAILS

A conference call to discuss the financial results will be held on Friday, March 1, 2019 at 8:00 a.m. (Toronto time) which can be accessed by dialing 416-340-2218 or toll free 800-377-0758. Please call 10 minutes prior to the start of the conference call.

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

There will also be a rebroadcast of the call available by dialing 905-694-9451 or toll free 800-408-3053 (conference id – 7108120#). The rebroadcast will be available until March 19, 2019.

FORWARD-LOOKING INFORMATION

Special Note Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of applicable Canadian securities laws including statements related to the growth or expectations of, improvements in, expansion of and/or guidance or outlook as to future revenue, sales, gross margin, earnings, and earnings per share (including as adjusted), or operating income margins, strength of the Company, the intention to maintain a strong balance sheet and pay down debt over time, program wins, expected volumes, the ramping up and launching of new programs and the financial impact of launches, pursuit of its strategies, the payment of dividends, statements regarding the USMCA and tariffs, as well as other forward-looking statements. The words "continue", "expect", "anticipate", "estimate", "may", "will", "should", "views", "intend", "believe", "plan", "outlook" 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 (FX), timing of product launches and operational improvements during the period and current Board approved budgets. Certain forward-looking financial assumptions are presented as non-IFRS information, and we do not provide reconciliation to IFRS for such assumptions. Many factors could cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, some of which are discussed in detail in the Company's Annual Information Form and other public filings which can found at www.sedar.com:

- North American and global economic and political conditions;
- the highly cyclical nature of the automotive industry and the industry's dependence on consumer spending and general economic conditions;
- the Company's dependence on a limited number of significant customers;
- financial viability of suppliers;
- the Company's reliance on critical suppliers and on suppliers for components and the risk that suppliers will not be able to supply components on a timely basis or in sufficient quantities;
- Competition;
- the increasing pressure on the Company to absorb costs related to product design and development, engineering, program management, prototypes, validation and tooling;
- increased pricing of raw materials;
- outsourcing and insourcing trends;
- the risk of increased costs associated with product warranty and recalls together with the associated liability;
- the Company's ability to enhance operations and manufacturing techniques;
- dependence on key personnel;
- limited financial resources;
- risks associated with the integration of acquisitions;
- costs associated with rationalization of production facilities;
- launch costs;
- changes in governmental regulations or laws including any changes to the North American Free Trade Agreement;
- labour disputes;
- litigation;
- currency risk;
- fluctuations in operating results;
- internal controls over financial reporting and disclosure controls and procedures;

- environmental regulation;
- a shift away from technologies in which the Company is investing;
- competition with low cost countries;
- the Company's ability to shift its manufacturing footprint to take advantage of opportunities in emerging markets;
- risks of conducting business in foreign countries, including China, Brazil and other growing markets;
- potential tax exposure;
- a change in the Company's mix of earnings between jurisdictions with lower tax rates and those with higher tax rates, as well as under-funding of pensions plans;
- the cost of post-employment benefits;
- impairment charges;
- cybersecurity threats;
- the potential volatility of the Company's share price; and
- dividends.

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".

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