



## MARTINREA INTERNATIONAL INC.

### Releases Second Quarter Results and Announces Dividend, Record Quarterly Revenues, Improved Profits

August 14, 2014 – For Immediate Release

Toronto, Ontario – Martinrea International Inc. (TSX : MRE), a leader in the production of quality metal parts, assemblies and modules and fluid management systems focused primarily on the automotive sector, announced today the release of its financial results for the second quarter ended June 30, 2014, which include record quarterly revenues and improving operations and a quarterly dividend.

#### **HIGHLIGHTS**

- Record Quarterly Revenues
- Quarter-over-Quarter Operational and Margin Improvement
- Solid Quarter for Martinrea Honsel
- Good Prospects
- Dividend of \$0.03 per share announced

#### **OVERVIEW**

Nick Orlando, Martinrea's President and Chief Executive Officer, stated: "We had a solid quarter, with increasing profits, as we continue to focus on our operations. We are making progress everywhere. In our second quarter we saw operational and financial improvements from the previous quarter. Most of our businesses are doing well—our aluminum and fluids businesses had strong quarters; our assembly operations are doing well; and many of our metallic plants are meeting or exceeding budget. Certain U.S. metallic plants are making the necessary improvements to operations that will improve margin and did so in the second quarter. In terms of new business won since our last release, we have won approximately \$20 million in incremental annualized business including \$15 million of incremental metallic business with Chrysler on its minivan line starting in 2016 and \$5 million in fluid management product with General Motors on the Camaro and certain Cadillac platforms starting in 2016. We also continue to invest in the future. Our launch backlog currently sits at over \$500 million and will entail new operating facilities in Spain for the Jaguar-Land Rover aluminum swivel bearing launching in 2015, China and Mexico for an aluminum engine cradle for GM on its Omega platform starting in 2015 and Riverside, Missouri for new modular assembly business for the GM Malibu starting in 2015."

Fred Di Tosto, Martinrea's Chief Financial Officer, stated: "Revenues for our second quarter, excluding tooling revenues, were approximately \$870 million, within the range of our previously announced sales guidance, and a record quarter for us. In the second quarter, our adjusted earnings per share, on a basic and diluted basis, was \$0.28, after adjusting for relatively low unusual items comprised of non-insured litigation costs, and within our quarterly guidance. The Martinrea Honsel operations contributed \$0.08 per share to our second quarter results, a solid contribution. With Martinrea Honsel now wholly-owned, this division is expected to continue to contribute strongly to our overall business."

Rob Wildeboer, Martinrea's Executive Chairman, stated: "2014 is coming along nicely. Our third quarter is expected to generate revenues for the quarter, excluding tooling revenues, in the range of \$780 to \$810 million and we believe our earnings per share will be in the range of 23 to 27 cents per share, one of the best third quarters in our history from a financial point of view. Our fourth quarter should be very good for us. We will see some benefits of the acquisition of the minority interest of Martinrea Honsel in the third quarter, but more so in the fourth quarter and beyond. Today we are one Martinrea, with a fully-owned Martinrea Honsel, which will allow us to maximize our opportunities in lightweighting, both in aluminum and metals. We are financially and operationally strong, with great prospects. In summary, the future looks good."

#### **RESULTS OF OPERATIONS**

Martinrea currently employs over 13,000 skilled and motivated people in 38 operating plants in Canada, the United States, Mexico, Brazil, Germany, Slovakia, Spain and China. Martinrea's objective is to develop a state-of-the-art international metal forming and fluid systems business that will continue to be and further become a key supplier in the automotive industry. Growth will be prudent, profitable and based on innovation. The backbone of future growth is the development of talented people. The significant development of the Company since 2002 has reflected this business strategy and contributed to the growing profitability of the Company.

Results of operations include certain unusual items which have been separately disclosed, where appropriate, in order to provide a clear assessment of the underlying Company results. This has required the use of non-IFRS measures in the Company's disclosures that management believes provides the most appropriate basis on which to evaluate the Company's results.

## OVERALL RESULTS

	Three months ended June 30, 2014	Three months ended June 30, 2013	\$ Change	% Change
Revenue	\$ 930,915	\$ 826,274	104,641	12.7%
Gross Margin	95,863	91,183	4,680	5.1%
Operating Income	43,129	46,942	(3,813)	(8.1%)
Net Earnings for the period	29,626	32,111	(2,485)	(7.7%)
Net Earnings Attributable to Equity Holders of the Company	\$ 23,308	\$ 27,514	(4,206)	(15.3%)
Net Earnings per Share – Basic	\$ 0.28	\$ 0.33	(0.05)	(15.2%)
Net Earnings per share – Diluted	\$ 0.27	\$ 0.33	(0.06)	(18.2%)
Unusual Items*	\$ 306	\$ -	306	0.0%
Adjusted Net Earnings Attributable to Equity Holders of the Company*	23,614	27,514	(3,900)	(14.2%)
Adjusted Net Earnings per share* - Basic and Diluted	\$ 0.28	\$ 0.33	(0.05)	(15.2%)

	Six months ended June 30, 2014	Six months ended June 30, 2013	\$ Change	% Change
Revenue	\$ 1,795,408	\$ 1,595,396	200,012	12.5%
Gross Margin	183,342	166,898	16,444	9.9%
Operating Income	80,688	81,615	(927)	(1.1%)
Net Earnings for the period	56,285	55,616	669	1.2%
Net Earnings Attributable to Equity Holders of the Company	\$ 39,999	\$ 47,402	(7,403)	(15.6%)
Net Earnings per Share – Basic	\$ 0.47	\$ 0.57	(0.10)	(17.5%)
Net Earnings per share – Diluted	\$ 0.47	\$ 0.56	(0.09)	(16.1%)
Unusual Items*	\$ 1,171	\$ -	1,171	0.0%
Adjusted Net Earnings Attributable to Equity Holders of the Company*	41,170	47,402	(6,232)	(13.1%)
Adjusted Net Earnings per share* - Basic	\$ 0.49	\$ 0.57	(0.08)	(14.0%)
Adjusted Net Earnings per share* - Diluted	\$ 0.48	\$ 0.56	(0.08)	(14.3%)

### \*Non-IFRS Measures

The Company prepares its financial statements in accordance with International Financial Reporting Standards (“IFRS”). However, the Company has included certain non-IFRS financial measures and ratios in this Press Release that the Company believes provides useful information in measuring the financial performance and financial condition of the Company. These measures 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 the other financial measures determined in accordance with IFRS. Non-IFRS measures referred to in the analysis include “adjusted net earnings” and “adjusted net earnings per share on a basic and diluted basis” and are defined in the Tables A and B under “Adjustments to Net Earnings” of this Press Release.

## REVENUE

### *Three months ended June 30, 2014 to three months ended June 30, 2013 comparison*

	Three months ended June 30, 2014	Three months ended June 30, 2013	\$ Change	% Change
North America	\$ 745,304	\$ 651,799	93,505	14.3%
Europe	173,037	159,959	13,078	8.2%
Rest of World	12,574	14,516	(1,942)	(13.4%)
Revenue	\$ 930,915	\$ 826,274	104,641	12.7%

The Company’s consolidated revenues for the second quarter of 2014 increased by \$104.6 million or 12.7% to \$930.9 million as compared to \$826.3 million for the second quarter of 2013. The total overall increase in revenues was driven by increases in the Company’s North America and Europe operating segments, partially offset by a year-over-year decrease in revenues in the Rest of the World.

Revenues for the second quarter of 2014 in the Company's North America operating segment increased by \$93.5 million or 14.3% to \$745.3 million from \$651.8 million for the second quarter of 2013. The increase was due to an overall increase in North American OEM light vehicle production, in particular year-over-year increased production volumes on the GM Equinox/Terrain and Ford Escape, two of the Company's largest platforms; the launch of new programs during or subsequent to the second quarter of 2013, including GM's full size pick-up trucks, BMW X5, Ford Transit and the Chrysler 200; a \$20.2 million increase in tooling revenues, which are typically dependent on the timing of tooling construction and final acceptance by the customer; and the impact of foreign exchange on the translation of U.S. denominated production revenue, which had a positive impact on revenue for the second quarter of 2014 of \$40.8 million.

Revenues for the second quarter of 2014 in the Company's Europe operating segment, comprised predominantly of the European operations of Martinrea Honsel, increased by \$13.1 million or 8.2% to \$173.0 million from \$160.0 million for the second quarter of 2013. The increase was predominantly due to a benefit from the impact of foreign exchange on the translation of Euro denominated production revenue, partially offset by a \$4.1 million decrease in tooling revenues. OEM light vehicle and engine production volumes in Europe were generally flat year-over-year.

Revenues for the second quarter of 2014 in the Company's Rest of World operating segment, currently comprised of the Brazilian operations of Martinrea Honsel and a facility in China in its early stages, decreased by \$1.9 million or 13.4% to \$12.6 million from \$14.5 million in the second quarter of 2013. The decrease can be attributed to a year-over-year decrease in overall OEM light and medium-heavy vehicle production in Brazil and the translation of Brazilian Real denominated production revenue, which had a negative impact on revenue for the second quarter of 2014 of \$0.4 million as compared to the second quarter of 2013, partially offset by the launch of the Company's first product in China for the Ford CD4 program, which began to ramp up at the end of the second quarter of 2013, and a \$0.6 million year-over-year increase in tooling revenues.

Overall tooling revenues increased by \$16.7 million from \$44.5 million for the second quarter of 2013 to \$61.2 million for the second quarter of 2014.

**Six months ended June 30, 2014 to six months ended June 30, 2013 comparison**

		<b>Six months ended June 30, 2014</b>		<b>Six months ended June 30, 2013</b>	<b>\$ Change</b>	<b>% Change</b>
North America	\$	1,408,968	\$	1,262,330	146,638	11.6%
Europe		356,690		301,770	54,920	18.2%
Rest of World		29,750		31,296	(1,546)	(4.9%)
Revenue	\$	1,795,408	\$	1,595,396	200,012	12.5%

The Company's consolidated revenues for the six months ended June 30, 2014 increased by \$200.0 million or 12.5% to \$1,795.4 million as compared to \$1,595.4 million for the six months ended June 30, 2013. The total overall increase in revenues was driven by increases in the Company's North America and Europe operating segments, partially offset by a year-over-year decrease in revenues in the Rest of the World.

Revenues for the six months ended June 30, 2014 in the Company's North America operating segment increased by \$146.6 million or 11.6% to \$1,409.0 million from \$1,262.3 million for the six months ended June 30, 2013. Revenues in North America for the six months ended June 30, 2014 were negatively impacted by an \$8.9 million year-over-year decrease in tooling revenues, which are typically dependent on the timing of tooling construction and final inspection and acceptance by the customer. Excluding the decrease in tooling revenues, revenues in the North America operating segment increased by \$155.5 million or 12.3%. The increase was generally due to overall improved North American OEM light vehicle production, in particular year-over-year increased production volumes on the GM Equinox/Terrain and Ford Escape, two of the Company's largest platforms, the launch of new programs during 2013, including GM's full size pick-up trucks, BMW X5, Chevrolet Impala, Ford Transit and the Chrysler 200, and an \$86.3 million benefit from the impact of foreign exchange on the translation of U.S. dollar denominated revenue.

Revenues for the six months ended June 30, 2014 in the Company's Europe operating segment, comprised predominately of the European operations of Martinrea Honsel, increased by \$54.9 million or 18.2% to \$356.7 million from \$301.8 million for the six months ended June 30, 2013. The increase was due to the launch of new incremental aluminum business with Jaguar Land Rover including the sub-frame and shock towers for the new Range Rover Sport; an overall year-over-year increase in European OEM production volumes; a \$2.1 million increase in tooling revenues; a \$38.9 million benefit from the impact of foreign exchange on the translation of Euro denominated production revenue; and year-over-year increased production revenues in the Company's plant in Slovakia, which continues to ramp up and launch its backlog of business.

Revenues for the six months ended June 30, 2014 in the Company's Rest of World operating segment, currently comprised of the Brazilian operations of Martinrea Honsel and a facility in China in its early stages, decreased by \$1.5 million or 4.9% to \$29.8 million from \$31.3 million for the six months ended June 30, 2013. The decrease can be attributed to a year-over-year decrease in OEM light and medium-heavy vehicle production in Brazil, a \$0.2 million decrease in tooling revenues and the translation of Brazilian Real denominated production revenue which had a negative impact on revenue for the six months ended June 30, 2014 of \$1.0 million as compared to the same period of 2013, partially offset by the launch of the Company's first product in China for the Ford CD4 program, which began to ramp up at the end of the second quarter of 2013.

Overall tooling revenues decreased by \$7.0 million from \$95.1 million for the first six months of 2013 to \$88.1 million for the first six months of 2014.

## **GROSS MARGIN**

### *Three months ended June 30, 2014 to three months ended June 30, 2013 comparison*

	Three months ended June 30, 2014	Three months ended June 30, 2013	\$ Change	% Change
Gross margin	\$ 95,863	\$ 91,183	4,680	5.1%
% of revenue	10.3%	11.0%		

The gross margin percentage for the second quarter of 2014 of 10.3% decreased as a percentage of revenue by 0.7% as compared to the gross margin percentage for the second quarter of 2013 of 11.0%. The decrease in gross margin as a percentage of revenue was generally due to:

- an increase in tooling revenues which typically earn low or no margins for the Company;
- an increase in integrator or assembly work which typically generates lower margins as a percentage of revenue, although return on capital tends to be higher;
- program specific launch costs related to new programs that recently launched or are set to launch and ramp up over the next six months including the Ford Transit, Ford 2.3L aluminum engine block, Chrysler 200 and Lincoln MKC; and
- operational inefficiencies at certain operating facilities, in particular, Hopkinsville, Kentucky (see below).

These factors were partially offset by:

- higher capacity utilization from an overall increase in year-over-year production revenues including the launch of new programs subsequent to or during the second quarter 2013 (as noted above under "Revenue");
- productivity and efficiency improvements at certain operating facilities, in particular, the Martinrea Honsel operations in Germany; and
- improved pricing on certain long-term customer contracts in the operations of Martinrea Honsel.

The performance of the Company's operating facility in Hopkinsville, Kentucky continued to be impacted by launch costs and other operational expenses stemming from the issues experienced by the facility during the fourth quarter of 2013. The issues were rooted in serious equipment failures on two of the plant's large tonnage presses which has resulted in incremental premium costs as the facility deals with new programs, customer-requested engineering changes, which have impacted productivity, and the overall ramp-up in production volumes being experienced in the automotive industry. Since the equipment failures at the end of 2013, the presses have been operational but have not been performing at optimal levels. Upgrades to the presses were successfully completed during the July 2014 summer shutdown in order to reduce the risk of any further failures and improve the performance of the presses. Further less substantial improvements are planned for the December holiday shutdown. Progress is being made at improving efficiencies at this facility and costs are expected to subside, and margins improve, as operational improvements continue to be made.

In addition to the expected productivity and efficiency improvements at certain operating facilities, in particular in Hopkinsville, Kentucky (as noted above), gross margin is expected to be positively impacted by incremental new business as the Company continues to work through the launch of a significant backlog of new business over the next 36 months including the following awarded programs in addition to the programs referred to above: the next wave of Ford CD4 in Europe and North America (Mondeo and Edge), GM Omega aluminum engine cradle (Cadillac), GM 31XX (Traverse, SRX), Jaguar LandRover aluminum swivel bearing, Nissan aluminum I4 engine block, Daimler aluminum transmission casing and incremental volume on Daimler's V8 AMG aluminum engine block.

**Six months ended June 30, 2014 to six months ended June 30, 2013 comparison**

	Six months ended June 30, 2014	Six months ended June 30, 2013	\$ Change	% Change
Gross margin	\$ 183,342	\$ 166,898	16,444	9.9%
% of revenue	10.2%	10.5%		

The gross margin percentage for the six months ended June 30, 2014 of 10.2% decreased as a percentage of revenue by 0.3% as compared to the gross margin percentage for the six months ended June 30, 2013 of 10.5%. The decrease in gross margin as a percentage of revenue was generally due to:

- an increase in integrator or assembly work which typically generates lower margins as a percentage of revenue, although return on capital tends to be higher;
- program specific launch costs related to new programs that recently launched or are set to launch and ramp up over the next six months including the BMW X5, Ford Transit, Ford 2.3L aluminum engine block, Chrysler 200 and Lincoln MKC; and
- operational inefficiencies at certain operating facilities, in particular, Hopkinsville, Kentucky (see above).

These factors were partially offset by:

- higher capacity utilization from an overall increase in year-over-year production revenues including the launch of new programs subsequent to or during the first half of 2013 (as noted above under "Revenue");
- productivity and efficiency improvements at certain operating facilities, in particular the Martinrea Honsel operations in Germany;
- improved pricing on certain long-term customer contracts in the operations of Martinrea Honsel; and
- a decrease in tooling revenues which typically earn low or no margins for the Company.

**ADJUSTMENTS TO NET EARNINGS**  
**(ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY)**

Adjusted net earnings exclude certain unusual items, as set out in the following tables and described in the notes thereto. Management uses adjusted net earnings 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 June 30, 2014 (a)	Three months ended June 30, 2013 (b)	(a)-(b) Change
<b>NET EARNINGS (A)</b>	<b>\$23,308</b>	<b>\$27,514</b>	<b>\$(4,206)</b>
<b>Add back - Unusual Items:</b>			
External legal and forensic accounting costs related to litigation (1)	408	-	408
<b>TOTAL UNUSUAL ITEMS BEFORE TAX</b>	<b>\$408</b>	<b>-</b>	<b>\$408</b>
Tax impact of above item	(102)	-	(102)
<b>TOTAL UNUSUAL ITEMS AFTER TAX (B)</b>	<b>\$306</b>	<b>-</b>	<b>\$306</b>
<b>ADJUSTED NET EARNINGS (A + B)</b>	<b>\$23,614</b>	<b>\$27,514</b>	<b>\$(3,900)</b>
Number of Shares Outstanding – Basic ('000)	84,498	83,984	
Adjusted Basic Net Earnings Per Share	\$0.28	\$0.33	
Number of Shares Outstanding – Diluted ('000)	85,609	84,591	
Adjusted Diluted Net Earnings Per Share	\$0.28	\$0.33	

**TABLE B**

	Six months ended June 30, 2014 (a)	Six months ended June 30, 2013 (b)	(a-b) Change
<b>NET EARNINGS (A)</b>	<b>\$39,999</b>	<b>\$47,402</b>	<b>\$(7,403)</b>
<b>Add back - Unusual Items:</b>			
External legal and forensic accounting costs related to litigation (1)	1,561	-	1,561
<b>TOTAL UNUSUAL ITEMS BEFORE TAX</b>	<b>\$1,561</b>	<b>-</b>	<b>\$1,561</b>
Tax impact of above items	(390)	-	(390)
<b>TOTAL UNUSUAL ITEMS AFTER TAX (B)</b>	<b>\$1,171</b>	<b>-</b>	<b>\$1,171</b>
<b>ADJUSTED NET EARNINGS (A + B)</b>	<b>\$41,170</b>	<b>\$47,402</b>	<b>\$(6,232)</b>
Number of Shares Outstanding – Basic ('000)	84,489	83,876	
Adjusted Basic Net Earnings Per Share	\$0.49	\$0.57	
Number of Shares Outstanding – Diluted ('000)	85,317	84,514	
Adjusted Diluted Net Earnings Per Share	\$0.48	\$0.56	

**(1) External Legal and Forensic Accounting Costs Related to Litigation**

The costs added back for adjusted net earnings purposes reflects the legal and forensic accounting costs not covered by insurance (recorded as SG&A expense) incurred by the Company in relation to specific litigation matters out of the ordinary course of business as outlined in the Company's MD&A and Annual Information Form for the year ended December 31, 2013. Further amounts related to the costs expensed to date may be recovered from the Company's insurance providers upon completion of their review of the costs incurred.

**NET EARNINGS  
(ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY)****Three months ended June 30, 2014 to three months ended June 30, 2013 comparison**

	Three months ended June 30, 2014	Three months ended June 30, 2013	\$ Change	% Change
Net Earnings	\$ 23,308	\$ 27,514	(4,206)	(15.3%)
Adjusted Net Earnings	\$ 23,614	\$ 27,514	(3,900)	(14.2%)
Net Earnings per common share				
Basic	\$ 0.28	\$ 0.33		
Diluted	\$ 0.27	\$ 0.33		
Adjusted Net Earnings per common share				
Basic	\$ 0.28	\$ 0.33		
Diluted	\$ 0.28	\$ 0.33		

Net earnings, before adjustments, for the second quarter of 2014 decreased by \$4.2 million to \$23.3 million from \$27.5 million for the second quarter of 2013. Excluding \$0.4 million in external legal and forensic accounting costs related to litigation incurred during the second quarter of 2014, as explained in Table A under "Adjustments to Net Earnings", the net earnings for the second quarter of 2014 decreased to \$23.6 million or \$0.28 per share, on a basic and diluted basis, in comparison to adjusted net earnings of \$27.5 million or \$0.33 per share, on a basic and diluted basis, for the second quarter of 2013.

The net earnings for the second quarter of 2014, as compared to the second quarter of 2013, were negatively impacted by the following:

- program specific launch costs related to new programs that recently launched or are set to launch and ramp up over the next six months including the Ford Transit, Ford 2.3 L aluminum engine block, Chrysler 200 and the Lincoln MKC;

- lower margins as a result of operational inefficiencies at certain operating facilities, in particular, Hopkinsville, Kentucky (as discussed above); and
- year-over-year increases in SG&A expense as previously discussed, research and development expense predominantly as a result of increased amortization of development costs, and finance expense related to increased levels of debt primarily used to sustain the increased level of capital expenditures related to new program launches.

These factors were partially offset by the following:

- higher margins from an overall increase in year-over-year production revenues including the launch of new programs subsequent to or during the second quarter 2013;
- productivity and efficiency improvements at certain operating facilities, in particular the Martinrea Honsel operations in Germany;
- improved pricing on certain long-term customer contracts in Martinrea Honsel; and
- a lower effective tax rate due generally to the mix of earnings and the utilization of tax losses in Martinrea Honsel not previously benefitted.

The contribution of Martinrea Honsel to net earnings for the second quarter of 2014, after factoring in the interest costs incurred by Martinrea International on the debt issued to finance the acquisition and operations of Martinrea Honsel, increased to \$0.08 per share from \$0.06 per share for the second quarter of 2013. The increase was generally due to ongoing productivity, efficiency improvements at certain facilities, in particular in Germany, improved pricing on certain long term customer contracts and a lower effective tax rate resulting from the utilization of tax losses not previously benefitted, partially offset by program specific launch costs for upcoming new programs and a lower contribution from the Brazilian operations as a result of overall lower production volumes.

**Six months ended June 30, 2014 to six months ended June 30, 2013 comparison**

		<b>Six months ended June 30, 2014</b>		<b>Six months ended June 30, 2013</b>	<b>\$ Change</b>	<b>% Change</b>
Net Earnings	\$	39,999	\$	47,402	(7,403)	(15.6%)
Adjusted Net Earnings	\$	41,170	\$	47,402	(6,232)	(13.1%)
Net Earnings per common share						
Basic	\$	0.47	\$	0.57		
Diluted	\$	0.47	\$	0.56		
Adjusted Net Earnings per common share						
Basic	\$	0.49	\$	0.57		
Diluted	\$	0.48	\$	0.56		

Net earnings, before adjustments, for the six months ended June 30, 2014 decreased by \$7.4 million to \$40.0 million from \$47.4 million for the six months ended June 30, 2013. Excluding \$1.6 million in external legal and forensic accounting costs related to litigation incurred during the six months ended June 30, 2014, as explained in Table B under "Adjustments to Net Income", the net earnings for the six months ended June 30, 2014 decreased to \$41.2 million or \$0.49 per share, on a basic basis, and \$0.48 per share on a diluted basis, from \$47.4 million or \$0.57 per share, on a basic basis, and \$0.56 on a diluted basis, for the six months ended June 30, 2013.

The net earnings for the six months ended June 30, 2014, as compared to the six months ended June 30, 2013, were negatively impacted by the following:

- program specific launch costs related to new programs that recently launched or are set to launch and ramp up over the next six months including the Ford Transit, Ford 2.3 L aluminum engine block, Chrysler 200 and the Lincoln MKC;
- lower margins as a result of operational inefficiencies at certain operating facilities, in particular, Hopkinsville, Kentucky (as discussed above); and
- year-over-year increases in SG&A expense as previously discussed, research and development expenses predominantly as a result of increased amortization of development costs, finance expense related to increased levels of debt primarily used to sustain the increased level of capital expenditures related to new program launches and a decrease in other financial income predominantly resulting from foreign exchange fluctuations.

These factors were partially offset by the following:

- higher margins from an overall increase in year-over-year production revenues including the launch of new programs subsequent to or during the first half of 2013;

- productivity and efficiency improvements at certain operating facilities, in particular the Martinrea Honsel operations in Germany;
- improved pricing on certain long-term customer contracts in Martinrea Honsel; and
- a lower effective tax rate due generally to the mix of earnings and the utilization of tax losses in Martinrea Honsel not previously benefitted.

The contribution of Martinrea Honsel to net earnings for the six months ended June 30, 2014, after factoring in the interest costs incurred by Martinrea International on the debt issued to finance the acquisition and operations of Martinrea Honsel, increased to \$0.20 per share from \$0.10 per share for the six months ended June 30, 2013. The increase was generally due to the addition of new incremental aluminum business with Jaguar LandRover, generally higher production volumes in Europe, ongoing productivity, and efficiency improvements at certain facilities, in particular in Germany, improved pricing on certain long term customer contracts and a lower effective tax rate resulting from the utilization of tax losses not previously benefitted, partially offset by program specific launch costs for upcoming new programs and a lower contribution from the Brazilian operations as a result of lower production volumes.

#### **ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT**

##### ***Three months ended June 30, 2014 to three months ended June 30, 2013 comparison***

	<b>Three months ended June 30, 2014</b>	<b>Three months ended June 30, 2013</b>	<b>\$ Change</b>	<b>% Change</b>
Additions to Property, Plant and Equipment	\$ 47,311	\$ 39,791	7,520	18.9%

Additions to property, plant and equipment increased by \$7.5 million to \$47.3 million in the second quarter of 2014 from \$39.8 million in the second quarter of 2013. Additions as a percentage of revenues remained relatively consistent year-over-year at 5.1% for the second quarter of 2014 compared to 4.8% for the comparative period of 2013. While capital expenditures are made to refurbish or replace assets consumed in the normal course of business and for productivity improvements, a large portion of the investment in the second quarter of 2014 continued to be for manufacturing equipment for programs that recently launched or will be launching over the next 24 months.

##### ***Six months ended June 30, 2014 to six months ended June 30, 2013 comparison***

	<b>Six months ended June 30, 2014</b>	<b>Six months ended June 30, 2013</b>	<b>Change</b>	<b>% Change</b>
Additions to Property, Plant and Equipment	\$ 84,362	\$ 96,496	(12,134)	(12.6%)

Additions to property, plant and equipment decreased by \$12.1 million to \$84.4 million for the six months ended June 30, 2014 from \$96.5 million for the six months ended June 30, 2013. Additions as a percentage of revenues decreased year-over-year to 4.7% for the six months ended June 30, 2014 compared to 6.0% for the comparative period of 2013. Despite the decrease, while capital expenditures are made to refurbish or replace assets consumed in the normal course of business and for productivity improvements, a large portion of the investment in the first half of 2014 continued to be for manufacturing equipment for programs that recently launched or will be launching over the next 24 months.

#### **DIVIDEND**

A cash dividend of \$0.03 per share has been declared by the Board of Directors payable to shareholders of record on September 30, 2014 on or about October 15, 2014.

#### **CONFERENCE CALL DETAILS**

A conference call to discuss those results will be held on Friday, August 15, 2014 at 8:00 a.m. (Toronto time) which can be accessed by dialing (416) 340-8410 or toll free (866) 225-2055. Please call 10 minutes prior to the start of the conference call.

If you have any teleconferencing questions, please call Andre La Rosa 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 – 4771486#). The rebroadcast will be available until August 29, 2014.



## **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 related to the expectations and guidance as to revenue and gross margin percentage (and earnings per share), expansion of or improvements in gross margin, including due to positive impact from launches, statements as to the growth of the Company, opening of facilities and pursuit of its strategies, the launching of new metal forming and fluid systems programs including expectations as to the financial impact of launches, the Company's expectations as to the contribution of Martinrea Honsel to the Company's business, statements as to the progress and expectations of operational and productivity improvements and operational and productivity efficiencies, the Company's expectations regarding the future amount and type of restructuring expenses to be expensed, statements as to the reduction of costs, including the expectation of a reduction in costs and inefficiencies and stabilization of and operational improvements at the Hopkinsville plant and expectations as to the continued operation of and successful upgrades to the presses, the Company's views on the long term outlook of the automotive industry and economic recovery, the Company's ability to capitalize on opportunities in the automotive industry and the successful integration of acquisitions, statements as to the recovery of litigation related expenses from insurance providers, and 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. 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 be found at [www.sedar.com](http://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;
- the potential volatility of the Company's share price;
- 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 the Company's ability to fully benefit from tax losses;
- under-funding of pension plans; and
- the cost of post-employment benefits.

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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