MANAGEMENT DISCUSSION AND ANALYSIS

OF OPERATING RESULTS AND FINANCIAL POSITION

For the Year ended December 31, 2014

The following management discussion and analysis ("MD&A") was prepared as of March 19, 2015 and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2014 together with the notes thereto. All amounts in this MD&A 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 Annual Information Form for the year ended December 31, 2014, can be found at www.sedar.com.

OVERVIEW

Martinrea International Inc. (TSX:MRE) ("Martinrea" or the "Company") is a leader in the production and development of quality metal parts, assemblies and modules, fluid management systems and complex aluminum products focused primarily on the automotive sector. Martinrea currently employs over 14,000 skilled and motivated people in 44 operating divisions in Canada, the United States, Mexico, Brazil, Germany, Slovakia, Spain and China.

Martinrea's vision for the future is to be the best, preferred and most valued automotive parts supplier in the world in the products and services we provide our customers. The Company's mission is to deliver: outstanding quality products and services to our customers; meaningful opportunity, job satisfaction and job security to our people through competitiveness and prudent growth; superior long term investment returns to our stakeholders; and positive contributions to our communities as good corporate citizens.

Results of operations 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. 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

The following table sets out certain highlights of the Company's performance for the years ended December 31, 2014 and 2013. Refer to the Company's audited consolidated financial statements for the year ended December 31, 2014 for a detailed account of the Company's performance for both years presented in the table below.

		Year ended December 31, 2014		Year ended December 31, 2013	$ Change	% Change
Sales	$	3,598,645	$	3,221,881	376,764	11.7%
Gross Margin		347,892		324,036	23,856	7.4%
Operating Income		131,900		105,237	26,663	25.3%
Net Income for the period		89,416		37,929	51,487	135.7%
Net Income Attributable to Equity Holders of the Company	$	71,304	$	16,950	54,354	320.7%
Net Income per Share – Basic	$	0.84	$	0.20	0.64	320.0%
Net Income per Share – Diluted	$	0.83	$	0.20	0.63	315.0%
Non-IFRS Measures*						
Adjusted Operating Income	$	147,748	$	147,384	364	0.2%
as a % of Sales		*4.1%*		*4.6%*		
Adjusted EBITDA		270,370		255,889	14,481	5.7%
as a % of Sales		*7.5%*		*7.9%*		
Adjusted Net Income Attributable to Equity Holders of the Company		83,386		82,442	944	1.1%
Adjusted Net Income per Share – Basic	$	0.99	$	0.98	0.01	1.0%
Adjusted Net Income per Share – Diluted	$	0.98	$	0.97	0.01	1.0%

The following table sets out a detailed account of the Company's performance for the fourth quarters of 2014 and 2013.

		Three months ended December 31, 2014		Three months ended December 31, 2013	$ Change	% Change
Sales	$	943,781	$	858,624	85,157	9.9%
Cost of sales (excluding depreciation)		(828,698)		(759,262)	(69,436)	9.1%
Depreciation of property, plant and equipment (production)		(28,609)		(25,887)	(2,722)	10.5%
Gross Margin		86,474		73,475	12,999	17.7%
Research and development costs		(4,415)		(6,089)	1,674	(27.5%)
Selling, general and administrative expense		(56,112)		(51,434)	(4,678)	9.1%
Depreciation of property, plant and equipment (non-production)		(1,844)		(1,838)	(6)	0.3%
Amortization of customer contracts and relationships		(670)		(497)	(173)	34.8%
Impairment charges		-		(29,078)	29,078	100.0%
Restructuring costs		(3,542)		-	(3,542)	-
Loss on disposal of property, plant and equipment		(234)		(491)	257	(52.3%)
Operating Income(loss)	$	19,657	$	(15,952)	35,609	223.2%
Finance costs		(6,379)		(4,182)	(2,197)	52.5%
Other finance income		1,246		1,957	(711)	(36.3%)
Income(loss) before income taxes	$	14,524	$	(18,177)	32,701	179.9%
Income tax expense		(2,598)		(25,897)	23,299	90.0%
Net Income(loss) for the period		11,926		(44,074)	56,000	127.1%
Net Income(loss) Attributable to Equity Holders of the Company	$	11,921	$	(51,425)	63,346	123.2%
Net Income(loss) per Share – Basic	$	0.14	$	(0.61)	0.75	123.0%
Net Income(loss) per Share – Diluted	$	0.14	$	(0.61)	0.75	123.0%
Non-IFRS Measures*						
Adjusted Operating Income	$	33,944	$	26,195	7,749	29.6%
as a % of Sales		*3.6%*		*3.1%*		
Adjusted EBITDA		67,935		56,962	10,973	19.3%
as a % of Sales		*7.2%*		*6.6%*		
Adjusted Net Income Attributable to Equity Holders of the Company		22,832		14,067	8,765	62.3%
Adjusted Net Income per Share - Basic and Diluted	$	0.27	$	0.17	0.10	58.8%

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 information in measuring the financial performance and financial 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 Income per Share (on a basic and diluted basis)", "Adjusted Operating Income" and "Adjusted EBITDA". Unusual and other items are explained in the "Adjustments to Net Income" section of this MD&A.

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, 2014	Three months ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
Net Income(loss) Attributable to Equity Holders of the Company	$ 11,921	$ (51,425)	$ 71,304	$ 16,950
Unusual and Other Items(after-tax)*	10,911	65,492	12,082	65,492
Adjusted Net Income Attributable to Equity Holders of the Company	$ 22,832	$ 14,067	$ 83,386	$ 82,442

** Unusual and other items are explained in the "Adjustments to Net Income" section of this MD&A*

	Three months ended December 31, 2014	Three months ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
Net Income(loss) Attributable to Equity Holders of the Company	$ 11,921	$ (51,425)	$ 71,304	$ 16,950
Non-controlling interest	5	7,351	18,112	20,979
Income tax expense	2,598	25,897	21,823	51,356
Other finance income	(1,246)	(1,957)	(2,137)	(2,916)
Finance costs	6,379	4,182	22,798	18,868
Unusual and Other Items(before-tax)*	14,287	42,147	15,848	42,147
Adjusted Operating Income	$ 33,944	$ 26,195	$ 147,748	$ 147,384
Depreciation of property, plant and equipment	30,453	27,725	110,783	99,258
Amortization of intangible assets	3,304	2,551	11,518	8,871
Loss on disposal of property, plant and equipment	234	491	321	376
Adjusted EBITDA	$ 67,935	$ 56,962	$ 270,370	$ 255,889

** Unusual and other items are explained in the "Adjustments to Net Income" section of this MD&A*

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

SALES

Three months ended December 31, 2014 to three months ended December 31, 2013 comparison

	Three months ended December 31, 2014	Three months ended December 31, 2013	$ Change	% Change
North America	$ 756,716	$ 670,540	86,176	12.9%
Europe	171,503	173,420	(1,917)	(1.1%)
Rest of the World	15,562	14,664	898	6.1%
Total Sales	$ 943,781	$ 858,624	85,157	9.9%

The Company's consolidated sales for the fourth quarter of 2014 increased by $85.2 million or 9.9% to $943.8 million as compared to $858.6 million for the fourth quarter of 2013. The total overall increase in sales was driven by increases in the Company's North America and Rest of the World operating segments, partially offset by a year-over-year decrease in sales in Europe.

Sales for the fourth quarter of 2014 in the Company's North America operating segment increased by $86.2 million or 12.9% to $756.7 million from $670.5 million for the fourth quarter of 2013. The increase was due to an overall increase in North American OEM light vehicle production, including year-over-year increased production volumes on the Ford Escape/Lincoln MKC and GM Equinox/Terrain, two of the Company's largest platforms; the launch of new programs during or subsequent to the fourth quarter of 2013, including GM's full size pick-up trucks and SUVs, BMW X5, Ford Transit and the new Chrysler 200; a $21.3 million increase in tooling sales, 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 sales, which had a positive impact on overall sales for the fourth quarter of 2014 of $40.1 million as compared to the fourth quarter of 2013.

Sales for the fourth quarter of 2014 in the Company's Europe operating segment decreased by $1.9 million or 1.1% to $171.5 million from $173.4 million for the fourth quarter of 2013. The decrease can be attributed to a $13.1 million decrease in tooling sales, which are typically dependent on the timing of tooling construction and final acceptance by the customer, partially offset by a year-over-year increase in overall production volumes due generally to Company specific platform mix and a benefit from the impact of foreign exchange on the translation of Euro denominated production sales, which had a positive impact on overall sales for the fourth quarter of 2014 of $1.6 million as compared to the fourth quarter of 2013.

Sales for the fourth quarter of 2014 in the Company's Rest of the World operating segment increased by $0.9 million or 6.1% to $15.6 million from $14.7 million in the fourth quarter of 2013. The increase can be attributed to a $1.1 million increase in tooling sales and an increase in production sales in the Company's new fluids systems plant in China, which began operations in 2013 and continues to ramp up its backlog of business, partially offset by a year-over-year decrease in overall OEM light and medium-heavy vehicle production in Brazil.

Overall tooling sales increased by $9.3 million from $72.4 million for the fourth quarter of 2013 to $81.7 million for the fourth quarter of 2014.

Year ended December 31, 2014 to year ended December 31, 2013 comparison

	Year ended December 31, 2014	Year ended December 31, 2013	$ Change	% Change
North America	$ 2,851,370	$ 2,523,697	327,673	13.0%
Europe	687,566	631,184	56,382	8.9%
Rest of the World	59,709	67,000	(7,291)	(10.9%)
Total Sales	$ 3,598,645	$ 3,221,881	376,764	11.7%

The Company's consolidated sales for the year ended December 31, 2014 increased by $376.8 million or 11.7% to $3,598.6 million as compared to $3,221.9 million for the year ended December 31, 2013. The total overall increase in sales was driven by increases in the Company's North America and Europe operating segments, partially offset by a year-over-year decrease in sales in the Rest of the World.

Sales for the year ended December 31, 2014 in the Company's North America operating segment increased by $327.7 million or 13.0% to $2,851.4 million from $2,523.7 million for the year ended December 31, 2013. The increase was due to an overall increase in North American OEM light vehicle production, including year-over-year increased production volumes on the Ford Escape/Lincoln MKC and GM Equinox/Terrain, two of the Company's largest platforms; the launch of new programs during 2013, including GM's full size pick-up trucks and SUVs, BMW X5, Ford Transit and the new Chrysler 200; a year-over-year increase in tooling sales of $55.6 million; 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, 2014 of $147.5 million as compared to the comparative period of 2013.

Sales for the year ended December 31, 2014 in the Company's Europe operating segment increased by $56.4 million or 8.9% to $687.6 million from $631.2 million for the year ended December 31, 2013. The increase was due to the ramp up of new incremental aluminum business with Jaguar Land Rover including the sub-frame and shock towers for the new Range Rover Sport; a $49.5 million benefit from the impact of foreign exchange on the translation of Euro denominated production sales; and year-over-year increased production sales in the Company's plant in Slovakia, which continues to ramp up and launch its backlog of business; partially offset by a $10.8 million decrease in tooling sales, which is typically dependent on the timing of tooling construction and final acceptance by the customer.

Sales for the year ended December 31, 2014 in the Company's Rest of the World operating segment decreased by $7.3 million or 10.9% to $59.7 million from $67.0 million for the year ended December 31, 2013. The decrease can be attributed to a year-over-year decrease in overall OEM light and medium-heavy vehicle production in Brazil and a $2.5 million decrease in tooling sales, which are typically dependent on the timing of tooling construction and final acceptance by the customer; partially offset by an increase in production sales in the Company's new fluids systems plant in China, which began operations in 2013 and continues to ramp up its backlog of business, and the translation of foreign denominated production sales which had a positive impact on overall sales for the year ended December 31, 2014 of $0.6 million.

Overall tooling sales increased $42.3 million from $202.7 million for the year ended December 31, 2013 to $245.0 million for the year ended December 31, 2014.

GROSS MARGIN

Three months ended December 31, 2014 to three months ended December 31, 2013 comparison

	Three months ended December 31, 2014	Three months ended December 31, 2013	$ Change	% Change
Gross margin	$ 86,474	$ 73,475	12,999	17.7%
% of sales	9.2%	8.6%		

The gross margin percentage for the fourth quarter of 2014 of 9.2% increased as a percentage of sales by 0.6% as compared to the gross margin percentage for the fourth quarter of 2013 of 8.6%. Excluding the impact of the unusual and other items recorded as cost of sales for the fourth quarter of 2013 as explained in Table A under "Adjustments to Net Income", the Company's gross margin percentage for the fourth quarter of 2014 increased as a percentage of sales by 0.2% to 9.2% from 9.0% in the fourth quarter of 2013. The increase in gross margin as a percentage of sales was generally due to:

- higher capacity utilization from an overall increase in year-over-year production sales including the launch of new programs subsequent to or during the fourth quarter of 2013 (as noted above under "Sales"); and
- productivity and efficiency improvements at certain operating facilities, in particular in the Company's U.S. Metallic operations.

These factors were partially offset by:

- increased pre-operating costs at new operating facilities, in particular in Spain, Mexico, China and Riverside, Missouri as these new plants prepare for upcoming new program launches;
- operational inefficiencies and other costs at certain other facilities;
- the resolution of commercial disputes in the Company's European operations;
- an overall increase in tooling sales which typically earn low or no margins for the Company; and
- an increase in integrator or assembly work which typically generates lower margins as a percentage of sales, although return on capital tends to be higher.

Year ended December 31, 2014 to year ended December 31, 2013 comparison

	Year ended December 31, 2014	Year ended December 31, 2013	$ Change	% Change
Gross margin	$ 347,892	$ 324,036	23,856	7.4%
% of sales	9.7%	10.1%		

The gross margin percentage for the year ended December 31, 2014 of 9.7% decreased as a percentage of sales by 0.4% as compared to the gross margin percentage for the year ended December 31, 2013 of 10.1%. Excluding the unusual and other items recorded as cost of sales during the year ended December 31, 2013 as explained in Table B under "Adjustments to Net Income", the gross margin percentage for the year ended December 31, 2014 decreased as a percentage of revenue by 0.5% to 9.7% from 10.2% for the year ended December 31, 2013. The decrease in gross margin as a percentage of sales was generally due to:

- an increase in tooling sales which typically earn low or no margins for the Company;
- operational inefficiencies and other costs at certain operating facilities in the United States, in particular, in Hopkinsville, Kentucky during the first half of the year (see below);
- increased pre-operating costs at new operating facilities, in particular in Spain, Mexico, China and Riverside, Missouri as these new plants prepare for upcoming new program launches;
- program specific launch costs related to new programs that recently launched or are set to launch and/or ramp up over the next while including the BMW X5, Ford Transit, Ford 2.3L aluminum engine block, Chrysler 200 and Ford Edge; and
- an increase in integrator or assembly work which typically generates lower margins as a percentage of sales, although return on capital tends to be higher.

These factors were partially offset by:

- higher capacity utilization from an overall increase in year-over-year production sales including the launch of new programs subsequent to or during 2013 (as noted above under "Sales");
- productivity and efficiency improvements at certain operating facilities; and
- improved pricing on certain long-term customer contracts in the Company's European operations.

The performance of the Company's operating facility in Hopkinsville, Kentucky continued to be impacted in 2014 by operational expenses stemming from issues experienced by the facility at the end of 2013. The issues were rooted in serious equipment failures on two of the plant's large tonnage presses which resulted in incremental premium costs as the facility was dealing 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 were not performing at optimal levels during 2014. Upgrades to the presses were successfully completed during the 2014 summer and December holiday shutdowns in order to reduce the risk of any further failures and improve the performance of the presses. Progress was made throughout the year and continues to be made at improving efficiencies. Costs have subsided, costs are expected to subside further, and margins are expected to improve at this facility as well as others, as operational improvements continue to be made.

SELLING, GENERAL & ADMINISTRATIVE ("SG&A")

Three months ended December 31, 2014 to three months ended December 31, 2013 comparison

	Three months ended December 31, 2014	Three months ended December 31, 2013	$ Change	% Change
Selling, general & administrative	$ 56,112	$ 51,434	4,678	9.1%
% of sales	5.9%	6.0%		

SG&A expense, before adjustments, for the fourth quarter of 2014 increased by $4.7 million to $56.1 million as compared to $51.4 million for the fourth quarter of 2013. Excluding the unusual and other items recorded in SG&A expense incurred in both these quarters as explained in Table A under "Adjustments to Net Income", SG&A expense for the fourth quarter of 2014 increased by $2.9 million to $45.4 million from $42.5 million for the comparative period of 2013. The increase is predominantly due to costs incurred at new and/or expanded facilities, including incremental employment levels to support the growth in the business, and an increase in travel related costs. SG&A expenses are being monitored and managed on a continuous basis in order to optimize costs.

Excluding the unusual and other items recorded in SG&A expense incurred in both the fourth quarters of 2014 and 2013 as explained in Table A under "Adjustments to Net Earnings", SG&A expense as a percentage of sales decreased slightly year-over-year to 4.8% for the fourth quarter of 2014 from 4.9% for the fourth quarter of 2013.

Year ended December 31, 2014 to year ended December 31, 2013 comparison

	Year ended December 31, 2014	Year ended December 31, 2013	$ Change	% Change
Selling, general & administrative	$ 184,499	$ 163,984	20,515	12.5%
% of sales	5.1%	5.1%		

SG&A expense, before adjustments, for the year ended December 31, 2014 increased by $20.5 million to $184.5 million as compared to $164.0 million for the year ended December 31, 2013. Excluding the unusual and other items recorded in SG&A expense incurred during both these years explained in Table B under "Adjustments to Net Income", SG&A expense for the year ended December 31, 2014 increased by $17.1 million to $172.2 million from $155.1 million for the comparative period of 2013. The increase is predominantly due to costs incurred at new and/or expanded facilities, including incremental employment levels to support the growth in the business, and an increase in travel related costs.

Excluding the unusual and other items recorded in SG&A expense incurred in during both the years ended December 31, 2014 and 2013 as explained in Table B under "Adjustments to Net Income", SG&A expense as a percentage of sales remained consistent year-over-year at 4.8%.

DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT ("PP&E") AND AMORTIZATION OF INTANGIBLE ASSETS

Three months ended December 31, 2014 to three months ended December 31, 2013 comparison

	Three months ended December 31, 2014	Three months ended December 31, 2013	$ Change	% Change
Depreciation of PP&E (production)	$ 28,609	$ 25,887	2,722	10.5%
Depreciation of PP&E (non-production)	1,844	1,838	6	0.3%
Amortization of customer contracts and relationships	670	497	173	34.8%
Amortization of development costs	2,634	2,054	580	28.2%
Total depreciation and amortization	$ 33,757	$ 30,276	3,481	11.5%

Total depreciation and amortization expense for the fourth quarter of 2014 increased by $3.5 million to $33.8 million as compared to $30.3 million for the fourth quarter of 2013. The increase in total depreciation and amortization expense was primarily due to increases in depreciation expense on a larger PP&E base resulting from a growing book of business and amortization of development costs as new programs, specifically for which development costs were incurred, start production and reach peak volumes. A significant portion of the Company's recent investments relates to various new program launches put to use during or subsequent to the fourth quarter of 2013 as the Company has continued to work through a robust launch schedule. The Company continues to make significant investments in the business in light of a large backlog of business and a growing global footprint.

Depreciation of PP&E (production) expense as a percentage of sales remained relatively consistent year-over-over at 3.0%.

Year ended December 31, 2014 to year ended December 31, 2013 comparison

	Year ended December 31, 2014	Year ended December 31, 2013	$ Change	% Change
Depreciation of PP&E (production)	$ 103,997	$ 92,680	11,317	12.2%
Depreciation of PP&E (non-production)	6,786	6,578	208	3.2%
Amortization of customer contracts and relationships	2,485	1,972	513	26.0%
Amortization of development costs	9,033	6,899	2,134	30.9%
Total depreciation and amortization	$ 122,301	$ 108,129	14,172	13.1%

Total depreciation and amortization expense for the year ended December 31, 2014 increased by $14.2 million to $122.3 million as compared to $108.1 million for the year ended December 31, 2013. Similar to the year-over-year quarterly trend, the increase in total depreciation and amortization expense was primarily due to increases in depreciation expense on a larger PP&E base resulting from a growing book of business and amortization of development costs as new programs, specifically for which development costs were incurred, start production and reach peak volumes.

Depreciation of PP&E (production) expense as a percentage of sales remained consistent year-over-over at 2.9%.

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

Adjusted net income exclude 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

	For the three months ended December 31, 2014 (a)	For the three months ended December 31, 2013 (b)	(a)-(b) Change
NET INCOME (A)	**$11,921**	**$(51,425)**	**$63,346**
Add back - Unusual Items:			
Change in Chief Executive Officer (1)	10,745	-	10,745
Restructuring Costs (2)	3,542	-	3,542
2013 Write-down of assets at the Company's operating facility in Hopkinsville, Kentucky (4)	-	29,931	(29,931)
2013 Other Impairment of property, plant and equipment(5)	-	1,366	(1,366)
Add back - Other Items:			
2013 Premium external costs related to the Company's operating facility in Hopkinsville, Kentucky (4)	-	10,519	(10,519)
External legal and forensic accounting costs related to litigation (3)	-	331	(331)
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**$14,287**	**$42,147**	**$(27,860)**
2013 Write-down of deferred tax asset and tax impact of above items (6)	(3,376)	23,345	(26,721)
TOTAL UNUSUAL AND OTHER ITEMS AFTER TAX (B)	**$10,911**	**$65,492**	**$(54,581)**
ADJUSTED NET INCOME (A + B)	**$22,832**	**$14,067**	**$8,765**
Number of Shares Outstanding – Basic (‘000)	84,878	84,437	
Adjusted Basic Net Income Per Share	$0.27	$0.17	
Number of Shares Outstanding – Diluted (‘000)	85,697	85,181	
Adjusted Diluted Net Income Per Share	$0.27	$0.17	

TABLE B

	For the year ended December 31, 2014 (a)	For the year ended December 31, 2013 (b)	(a)-(b) Change
NET INCOME (A)	**$71,304**	**$16,950**	**$54,354**
Add back - Unusual Items:			
Change in Chief Executive Officer (1)	10,745	-	10,745
Restructuring Costs (2)	3,542	-	3,542
2013 Write-down of assets at the Company's operating facility in Hopkinsville, Kentucky (4)	-	29,931	(29,931)
2013 Other Impairment of property, plant and equipment(5)	-	1,366	(1,366)
Add back - Other Items:			
2013 Premium external costs related to the Company's operating facility in Hopkinsville, Kentucky (4)	-	10,519	(10,519)
External legal and forensic accounting costs related to litigation (3)	1,561	331	1,230
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**$15,848**	**$42,147**	**$(26,299)**
2013 Write-down of deferred tax asset and tax impact of above items (6)	(3,766)	23,345	(27,111)
TOTAL UNUSUAL AND OTHER ITEMS AFTER TAX (B)	**$12,082**	**$65,492**	**$(53,410)**
ADJUSTED NET INCOME (A + B)	**$83,386**	**$82,442**	**$944**
Number of Shares Outstanding – Basic (‘000)	84,615	84,093	
Adjusted Basic Net Income Per Share	$0.99	$0.98	
Number of Shares Outstanding – Diluted (‘000)	85,515	84,985	
Adjusted Diluted Net Income Per Share	$0.98	$0.97	

(1) Change in Chief Executive Officer

On November 1, 2014, Nick Orlando stepped down as Martinrea’s President and Chief Executive Officer and Pat D’Eramo was appointed as the Company’s President and Chief Executive Officer following a comprehensive search process conducted by the Company’s Board of Directors, which appointed a search committee of its members to oversee the process and to work with an outside executive search firm to make assessments and recommendations. The costs added back for adjusted net income purposes include $8.4 million in termination benefits for Nick Orlando as set out in his employment contract payable over a two year period, $0.9 million in fees paid to an outside executive search firm, a $0.9 million signing bonus paid to Pat D’Eramo upon his arrival to the Company and $0.5 million in stock based compensation expense related to certain stock options granted to Pat D’Eramo upon his arrival which had no vesting requirements.

(2) Restructuring Costs

During the fourth quarter of 2014, the Company right sized the workforce at two operating facilities in Canada resulting in $3.5 million in employee related severance costs.

(3) External Legal and Forensic Accounting Costs Related to Litigation

The costs added back for adjusted net income 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 Annual Information Form for the year ended December 31, 2014.

(4) 2013 Impact of Operational Issues at the Company's Operating Facility in Hopkinsville, Kentucky

During the fourth quarter of 2013, the Company experienced some operational issues at its facility in Hopkinsville, Kentucky, as the facility was dealing with new program launches, customer-requested engineering changes which impacted productivity and the overall ramp-up in production volumes being experienced in the automotive industry. The issues were rooted in serious equipment failures on two of the plant's large tonnage presses which resulted in incremental premium costs in the form of expedited freight, outsourcing costs, overtime, increased manpower, higher scrap levels, sorting and rework costs, launch related inefficiencies and other costs, all of which negatively impacted the performance of the plant. Since the equipment failures at the end of 2013, the presses have been operational but were not performing at optimal levels during 2014. Upgrades to the presses were completed during the 2014 summer and December holiday shutdowns in order to eliminate the risk of any further failures and improve the performance of the presses.

In light of these operational issues and in conjunction with the Company's 2013 annual business planning cycle, the Company recorded a year-end partial write-down of the assets for the Hopkinsville, Kentucky facility for the year ended December 31, 2013. No impairment charges were recorded in 2014. The 2013 year-end write-down includes an impairment of PP&E and intangible assets of $27.7 million and a write-down of inventories to net realizable value (recorded in cost of sales) of $2.2 million. Under IFRS, the impairment of PP&E and intangible assets could reverse in the future when the profitability of the Hopkinsville facility improves. The add-back of $10.5 million of premium external costs for purposes of adjusted net income for the fourth quarter of 2013 was limited to costs that had been eliminated by the end of the fourth quarter of 2013 or shortly thereafter and includes $8.6 million in customer charged premium expedited freight (recorded in SG&A expense) and $1.9 million of incremental inbound freight and premium charges from third party suppliers for temporarily outsourced stampings (recorded in cost of sales).

Other premium costs and inefficiencies (including the impact of outsourced stampings not included in the $1.9 million above) resulting from the operational issues were not added back for purposes of adjusted net income. Progress was made throughout 2014 and continues to be made at reducing these costs and improving efficiencies. Costs have subsided, costs are expected to subside further, and margins are expected to improve at this facility, as operational improvements continue to be made.

(5) 2013 Other Impairment of Property, Plant and Equipment

In conjunction with its 2013 annual business planning cycle, the Company recorded additional impairment charges on PP&E of $1.4 million for the year ended December 31, 2013 related to specific manufacturing equipment in North America no longer in use.

(6) 2013 Write-down of Deferred Tax Asset

As at December 31, 2013, the Company recorded a $38.8 million partial write-down of deferred tax assets in the Company's U.S. operations generated predominantly from tax losses. $33.7 million of the 2013 year-end partial write-down relates to 2013 tax losses not benefitted (but which were being benefitted throughout 2013) and the remainder represents the write-down of previously recognized deferred tax assets. For purposes of adjusted net income, the 2013 year-end partial write-down of the deferred tax assets has been netted against the tax impacts of the unusual and other items described above (determined before any consideration of the year-end write-down), which amounted to $15.5 million.

In assessing the realization of deferred tax assets, the Company considers whether it is more likely than not that some portion of its deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income; however, forming a conclusion on the realization of deferred tax assets is difficult when there is negative evidence, such as cumulative losses in recent years, in the jurisdictions to which the deferred tax assets relate. As at December 31, 2013, the Company concluded that given recent historical tax losses in the U.S., in particular more recently in Hopkinsville, Kentucky, and uncertainty as to the timing of when the Company would be able to generate the necessary level of earnings to recover these deferred tax assets, it was appropriate to record a partial write-down of the deferred tax assets in the U.S. in 2013. The partial write-down could reverse once the profitability of the U.S. operations improves.

NET INCOME
(ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY)

Three months ended December 31, 2014 to three months ended December 31, 2013 comparison

		Three months ended December 31, 2014		Three months ended December 31, 2013	$ Change	% Change
Net Income	$	11,921	$	(51,425)	63,346	123.2%
Adjusted Net Income	$	22,832	$	14,067	8,765	62.3%
Net Income per Share						
Basic	$	0.14	$	(0.61)		
Diluted	$	0.14	$	(0.61)		
Adjusted Net Income per Share						
Basic	$	0.27	$	0.17		
Diluted	$	0.27	$	0.17		

Net income, before adjustments, for the fourth quarter of 2014 increased by $63.3 million to $11.9 million from a net loss of $51.4 million for the fourth quarter of 2013. Excluding the unusual and other items incurred during these two quarters as explained in Table A under “Adjustments to Net Income”, net income for the fourth quarter of 2014 increased to $22.8 million or $0.27 per share, on a basic and diluted basis, from $14.1 million or $0.17 per share, on a basic and diluted basis, for the fourth quarter of 2013.

Adjusted net income for the fourth quarter of 2014, as compared to the fourth quarter of 2013, was positively impacted by the following:

- higher gross profit from an overall increase in year-over-year production sales including the launch of new programs subsequent to or during the fourth quarter of 2013;
- productivity and efficiency improvements at certain operating facilities in particular in the Company’s U.S. Metallic operations;
- a year-over-year decrease in research and development expense due generally to the timing of expenditures, partially offset by an increase in the amortization of development costs (which is included in total research and development expense) as previously noted; and
- the inclusion of 100% of the net earnings from Martinrea Honsel after the Company purchased the 45% non-controlling interest of the group on August 7, 2014 (see “Acquisition” section of this MD&A for further details on the transaction).

These factors were partially offset by the following:

- increased pre-operating costs at new operating facilities, in particular in Spain, Mexico, China, and Riverside, Missouri as these new plants prepare for upcoming new program launches;
- a higher effective tax rate on adjusted earnings due generally to the mix of earnings (20.7% for the fourth quarter of 2014 compared to 10.6% for the fourth quarter of 2013); and
- a year-over-year increase in net finance costs related predominantly to increased levels of debt primarily used to sustain the increased level of capital expenditures related to new program launches and fund the purchase of the 45% non-controlling interest of Martinrea Honsel on August 7, 2014 (see “Acquisition” section of this MD&A for further details on the transaction) and a decrease in unrealized net foreign exchange gains.

Year ended December 31, 2014 to year ended December 31, 2013 comparison

		Year ended December 31, 2014		Year ended December 31, 2013	$ Change	% Change
Net Income	$	71,304	$	16,950	54,354	320.7%
Adjusted Net Income	$	83,386	$	82,442	944	1.1%
Net Income per Share						
Basic	$	0.84	$	0.20		
Diluted	$	0.83	$	0.20		
Adjusted Net Income per Share						
Basic	$	0.99	$	0.98		
Diluted	$	0.98	$	0.97		

Net income, before adjustments, for the year ended December 31, 2014 increased by $54.4 million to $71.3 million from $17.0 million for the year ended December 31, 2013. Excluding the unusual and other items incurred during these two years as explained in Table B under “Adjustments to Net Income”, net income for the year ended December 31, 2014 increased to $83.4 million or $0.99 per share, on a basic basis, and $0.98 per share on diluted basis, from $82.4 million or $0.98 per share, on a basic basis, and $0.97 on a diluted basis, for the year ended December 31, 2013.

Adjusted net income for the year ended December 31, 2014, as compared to the year ended December 31, 2013, was positively impacted by the following:

- higher gross profit from an overall increase in year-over-year production sales including the launch of new programs subsequent to or during 2013;
- productivity and efficiency improvements at certain operating facilities;
- improved pricing on certain long-term customer contracts in the Company’s European operations; and
- the inclusion of 100% of the net earnings from Martinrea Honsel after the Company purchased the 45% non-controlling interest of the group on August 7, 2014 (see “Acquisition” section of this MD&A for further details on the transaction).

These factors were partially offset by the following:

- operational inefficiencies and other costs at certain operating facilities in the United States, in particular, in Hopkinsville Kentucky during the first half of the year (see above);
- pre-operating costs at new operating facilities, in particular in Spain, Mexico, China and Riverside, Missouri as these new plants prepare for upcoming new program launches;
- program specific launch costs related to new programs that recently launched or are set to launch or ramp up over the next while including the BMW X5, Ford Transit, Ford 2.3L aluminum engine block, Chrysler 200 and Ford Edge; and
- year-over-year increases in SG&A expense as previously discussed, research and development expenses, due mainly to 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 and to fund the purchase of the 45% non-controlling interest of Martinrea Honsel on August 7, 2014 (see “Acquisition” section of this MD&A for further details on the transaction).

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

Three months ended December 31, 2014 to three months ended December 31, 2013 comparison

	Three months ended December 31, 2014	Three months ended December 31, 2013	$ Change	% Change
Additions to Property, Plant and Equipment	$ 67,424	$ 46,546	20,878	44.9%

Additions to property, plant and equipment increased by $20.9 million to $67.4 million in the fourth quarter of 2014 from $46.5 million in the fourth quarter of 2013. Additions as a percentage of sales increased year-over-year to 7.1% for the fourth quarter of 2014 compared to 6.0% for the fourth quarter 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 fourth quarter of 2014 continued to be for manufacturing equipment and multiple expansions for programs that recently launched or will be launching over the next 24 months.

Year ended December 31, 2014 to year ended December 31, 2013 comparison

	Year ended December 31, 2014	Year ended December 31, 2013	$ Change	% Change
Additions to Property, Plant and Equipment	$ 203,801	$ 189,065	14,736	7.8%

Additions to property, plant and equipment increased by $14.7 million to $203.8 million for the year ended December 31, 2014 from $189.1 million for the year ended December 31, 2013. Additions as a percentage of sales decreased year-over-year to 5.7% for the year ended December 31, 2014 compared to 5.9% for the comparative period of 2013. Despite the decrease as a percentage of sales, 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 2014 continued to be for manufacturing equipment and multiple expansions for programs that recently launched or will be launching over the next 24 months.

SEGMENT ANALYSIS

The Company defines its operating segments as components of its business where separate financial information is available and routinely evaluated by the Company's chief operating decision maker which is the Chief Executive Officer. Given the differences between the regions in which the Company operates, the Martinrea's operations are segmented on a geographic basis between North America, Europe and Rest of the World. The Company measures segment operating performance based on operating income.

Three months ended December 31, 2014 to three months ended December 31, 2013 comparison

	SALES		OPERATING INCOME (LOSS)*	
	Three months ended December 31, 2014	**Three months ended December 31, 2013**	**Three months ended December 31, 2014**	**Three months ended December 31, 2013**
North America	$ 756,716	$ 670,540	$ 24,569	$ 9,467
Europe	171,503	173,420	12,834	16,960
Rest of the World	15,562	14,664	(3,459)	(232)
Adjusted Operating Income			$ 33,944	$ 26,195
Unusual and Other Items*			(14,287)	(42,147)
Total	$ 943,781	$ 858,624	$ 19,657	$ (15,952)

** Operating income for the operating segments has been adjusted for unusual and other items. The unusual and other items for both periods presented above were all incurred within the North America operating segment and are fully explained under "Adjustments to Net Income" in this MD&A.*

North America

Adjusted operating income in North America increased by $15.1 million to $24.6 million for the fourth quarter of 2014 from $9.5 million for the fourth quarter of 2013. Operating income in North America was positively impacted by:

- higher gross profit from an overall increase in year-over-year production sales including the launch of new programs subsequent to or during the fourth quarter of 2013 (as noted above under "Sales"); and
- productivity and efficiency improvements at certain operating facilities in particular in the Company's U.S. Metallic operations.

These factors were partially offset by the following:

- pre-operating costs at two new operating facilities in Mexico and Riverside, Missouri as the new plants prepare for upcoming new program launches; and
- operational inefficiencies and other costs at certain other facilities.

Europe

Operating income in Europe decreased by $4.2 million to $12.8 million for the fourth quarter of 2014 from $17.0 million for the fourth quarter of 2013. The decrease in operating income in Europe was predominantly due to program specific launch costs and pre-operating costs at a new operating facility in Spain, as the plant prepares for a significant upcoming new program launch, and the impact of the year-over-year resolution of commercial disputes.

Rest of the World

The operating results for the Rest of the World operating segment decreased year-over-year. The decrease in operating results was primarily due to lower production volumes in Brazil and pre-operating costs at a new aluminum operating facility in China as the plant prepares for its inaugural new program launch in 2016.

Year ended December 31, 2014 to year ended December 31, 2013 comparison

	SALES		OPERATING INCOME (LOSS)*	
	Year ended December 31, 2014	**Year ended December 31, 2013**	**Year ended December 31, 2014**	**Year ended December 31, 2013**
North America	$ 2,851,370	$ 2,523,697	$ 105,264	$ 113,264
Europe	687,566	631,184	53,160	36,143
Rest of the World	59,709	67,000	(10,676)	(2,023)
Adjusted Operating Income			$ 147,748	$ 147,384
Unusual and Other Items*			(15,848)	(42,147)
Total	$ 3,598,645	$ 3,221,881	$ 131,900	$ 105,237

** Operating income for the operating segments has been adjusted for unusual and other items. The unusual and other items for both periods presented above were all incurred within the North America operating segment and are fully explained under "Adjustments to Net Income" in this MD&A.*

North America

Adjusted operating income in North America decreased by $8.0 million to $105.3 million for the year ended December 31, 2014 from $113.3 million for the year ended December 31, 2013. Operating income in North America was negatively impacted by:

- operational inefficiencies and other costs at certain operating facilities in the United States, in particular, in Hopkinsville Kentucky during the first half of the year (see above);
- increased pre-operating costs at new operating facilities, in particular in Mexico and Riverside, Missouri as these new plants prepare for upcoming new program launches;
- program specific launch costs related to new programs that recently launched or are set to launch and/or ramp up over the next while including the BMW X5, Ford Transit, Ford 2.3L aluminum engine block, Chrysler 200 and Ford Edge; and
- year-over-year increases in SG&A expense, as previously discussed, and research and development expenses, due mainly to increased amortization of development costs.

These factors were partially offset by the following:

- higher gross profit from an overall increase in year-over-year production sales including the launch of new programs subsequent to or during 2013; and
- productivity and efficiency improvements at certain operating facilities.

Europe

Operating income in Europe increased by $17.1 million to $53.2 million for the year ended December 31, 2014 from $36.1 million for the year ended December 31, 2013. Operating income in Europe was positively impacted by a year-over-year increase in sales including the ramp up of new incremental business with Jaguar LandRover and a positive foreign exchange impact on the translation of Euro denominated sales, ongoing productivity and efficiency improvements at certain operating facilities, in particular in Germany, and improved pricing on certain long term customer contracts, partially offset by program specific launch costs and pre-operating costs at a new operating facility in Spain as the plant prepares for a significant upcoming new program launch.

Rest of the World

The operating results for the Rest of the World operating segment decreased year-over-year. The decrease in operating results was primarily due to lower production volumes in Brazil and pre-operating costs at a new aluminum operating facility in China as the plant prepares for its inaugural new program launch in 2016.

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SUMMARY OF QUARTERLY RESULTS

	2014				2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales	943,781	859,456	930,915	864,493	858,624	767,861	826,274	769,122
Gross margin	86,474	78,076	95,863	87,479	73,475	83,663	91,183	75,715
Net income for the period	11,926	21,205	29,626	26,659	(44,074)	26,387	32,111	23,505
Net income attributable to equity holders of the Company	11,921	19,384	23,308	16,691	(51,425)	20,973	27,514	19,888
Basic Net Earnings (loss) per Share	0.14	0.23	0.28	0.20	(0.61)	0.25	0.33	0.24
Diluted Net Earnings (loss) per Share	0.14	0.23	0.27	0.20	(0.60)	0.25	0.33	0.24
Adjusted Basic Net Earnings per Share	0.27	0.23	0.28	0.21	0.17	0.25	0.33	0.24
Adjusted Diluted Net Earnings per Share	0.27	0.23	0.28	0.21	0.17	0.25	0.33	0.24

LIQUIDITY AND CAPITAL RESOURCES

The Company's financial condition remains solid, which can be attributed to the Company's low cost structure, reasonable level of debt, prospects for growth and significant new program launches. As at December 31, 2014, the Company had total equity attributable to equity holders of the Company of $576.0 million. As at December 31, 2014, the Company's ratio of current assets to current liabilities was 1.26:1, generally consistent with recent quarters. The Company's current working capital level of $185.0 million and existing financing facilities (discussed below) are sufficient to cover the anticipated working capital needs of the Company. Management expects that all future capital expenditures will be financed by cash flow from operations, utilization of existing financing facilities or asset backed financing.

CASH FLOWS

Three months ended December 31, 2014 to three months ended December 31, 2013 comparison

	Three months ended December 31, 2014	Three months ended December 31, 2013	$ Change	% Change
Cash provided by operations before changes in non-cash working capital items	$ 53,185	$ 39,657	13,528	34.1%
Change in non-cash working capital items	59,943	23,335	36,608	156.9%
	113,128	62,992	50,136	79.6%
Interest paid	(6,106)	(4,090)	(2,016)	49.3%
Income taxes paid	(7,164)	(6,338)	(826)	13.0%
Cash provided by operating activities	99,858	52,564	47,294	90.0%
			-	
Cash provided by (used in) financing activities	(6,641)	21,787	(28,428)	(130.5%)
			-	
Cash used in investing activities	(64,473)	(39,175)	(25,298)	64.6%
			-	
Effect of foreign exchange rate changes	(1,628)	4,416	(6,044)	(136.9%)
Increase (decrease) in cash and cash equivalents	$ 27,116	$ 39,592	(12,476)	(31.5%)

Cash provided by operating activities during the fourth quarter of 2014 was $99.9 million, compared to cash provided by operating activities of $52.6 million in the corresponding period of 2013. The components for the fourth quarter of 2014 primarily include the following:

- cash provided by operations before changes in non-cash working capital items of $53.2 million;
- working capital items source of cash of $59.9 million comprised of a decrease in trade and other receivables of $77.8 million, a decrease in inventories of $28.5 million and a decrease in prepaid expenses and deposits of $13.6 million; partially offset by a decrease in trade, other payables and provisions of $59.9 million;
- interest paid (excluding capitalized interest) of $6.1 million; and
- income taxes paid of $7.2 million due to the timing of income tax instalments and withholding and tax credits.

Cash used in financing activities during the fourth quarter of 2014 was $6.6 million, compared to a source of $21.8 million in the corresponding period in 2013, as a result of $20.1 million of scheduled debt repayments on asset based financing arrangements and $2.5 million in dividends paid; partially offset by proceeds of $14.8 million from an equipment loan in the Company's Spanish operations and $1.2 million in proceeds from the exercise of employee stock options during the quarter.

Cash used in investing activities during the fourth quarter of 2014 was $64.5 million, compared to $39.2 million in the corresponding period in 2013. The components for the fourth quarter primarily include the following:

- cash additions to PP&E of $60.5 million;
- capitalized development costs relating to upcoming new program launches of $4.3 million; partially offset by
- proceeds from the disposal of property, plant and equipment of $0.3 million.

Taking into account the opening cash balance of $25.3 million at the beginning of the fourth quarter of 2014, and the activities described above, the cash and cash equivalents balance at December 31, 2014 was $52.4 million.

Year ended December 31, 2014 to Year ended December 31, 2013 comparison

		Year ended December 31, 2014		Year ended December 31, 2013	$ Change	% Change
Cash provided by operations before changes in non-cash working capital items	$	258,537	$	236,910	21,627	9.1%
Change in non-cash working capital items		65,961		(58,294)	124,255	213.2%
		324,498		178,616	145,882	81.7%
Interest paid		(21,429)		(18,833)	(2,596)	13.8%
Income taxes paid		(38,715)		(23,984)	(14,731)	61.4%
Cash provided by operating activities		264,354		135,799	128,555	94.7%
Cash provided by financing activities		189,042		81,665	107,377	131.5%
Cash used in investing activities		(458,141)		(193,210)	(264,931)	137.1%
Effect of foreign exchange rate changes		922		2,548	(1,626)	(63.8%)
Increase (decrease) in cash and cash equivalents	$	(3,823)	$	26,802	(30,625)	(114.3%)

Cash provided by operating activities during the year ended December 31, 2014 was $264.4 million, compared to cash provided by operating activities of $135.8 million for the year ended December 31, 2013. The components for the year ended December 31, 2014 primarily include the following:

- cash provided by operations before changes in non-cash working capital items of $258.5 million;
- working capital items source of cash of $66.0 million comprised of a decrease in trade and other receivables of $43.0 million, an increase in trade, other payables and provisions of $18.1 million, a decrease in inventories of $1.4 million and a decrease in prepaid expenses and deposits of $3.5 million;
- interest paid (excluding capitalized interest) of $21.4 million; and
- income taxes paid of $38.7 million due to the timing of income tax instalments and withholding and tax credits.

Cash provided by financing activities during the year ended December 31, 2014 was $189.0 million, compared to $81.7 million for the year ended December 31, 2013, as a result of $217.8 million net drawn on the Company's amended banking facility (see below under "Financing") primarily to fund the purchase of the 45% non-controlling interest in Martinrea Honsel on August 7, 2014 (see below under "Acquisitions"), proceeds from equipment loans of $29.2 million and $3.0 million in proceeds from the exercise of employee stock options during the year; partially offset by the repayment of the shareholder loan held by the non-controlling shareholder in Martinrea Honsel of $13.1 million, $37.8 million of scheduled debt repayments on asset based financing arrangements and $10.2 million in dividends paid.

Cash used in investing activities during the year ended December 31, 2014 was $458.1 million, compared to $193.2 million for the year ended December 31, 2013. The components for the fourth primarily include the following:

- the purchase of the 45% non-controlling interest of Martinrea Honsel on August 7, 2014 (see below under "Acquisitions");
- cash additions to PP&E of $203.6 million;
- capitalized development costs relating to upcoming new program launches of $20.5 million; partially offset by
- proceeds from the disposal of property, plant and equipment of $1.6 million.

Taking into account the opening cash balance of $56.2 million at the beginning of the year, and the activities described above, the cash and cash equivalents balance at December 31, 2014 was $52.4 million.

Financing

On August 6, 2014, the Company's banking facility was amended to increase the total available revolving credit lines under the facility and add two new banks to the lending syndicate. The increase in credit lines facilitated the purchase of the 45% non-controlling interest in Martinrea Honsel as further described below. The primary terms of the amended banking facility, with a syndicate of nine banks, are as follows:

- available revolving credit lines of $300 million and US $350 million;
- available asset based financing capacity of $205 million;
- no mandatory principal repayment provisions;
- an accordion feature which provides the Company with the ability to increase the revolving credit facility by up to $100 million;
- pricing terms at market rates; and
- a maturity date of August 2018.

As at December 31, 2014, the Company had drawn $278.0 million on the Canadian revolving credit line and US$235.0 million on the U.S. revolving credit line.

Net debt (i.e. long term debt less cash on hand) increased by approximately $224.4 million from $415.6 million at December 31, 2013 to $640.0 million at December 31, 2014, due primarily to the $235.6 million purchase of the 45% non-controlling interest in Martinrea Honsel, partially offset by net repayments of debt during the course of the year.

The Company was in compliance with its debt covenants as at December 31, 2014.

Dividends

In the second quarter of 2013, Martinrea's Board of Directors approved, for the first time, a dividend to be paid to all holders of Martinrea common shares. Annual dividends are to be $0.12 per share, to be paid in four quarterly payments of $0.03 per share. The first quarterly dividend payment of $0.03 per share was paid on July 11, 2013; with successive quarterly dividends paid thereafter, the most recent quarterly dividend being paid on January 15, 2015. The declaration and payment of future dividends will be subject to the Company's cash requirements as well as satisfaction of statutory tests. In addition, the Board will assess future dividend payment levels from time to time, in light of the Company's financial performance and then current and anticipated needs at that time.

Guarantees

The Company is a guarantor under certain tooling finance programs negotiated originally in 2004 and amended in 2013 that provide direct financing for the tooling on specific programs. The tooling finance program involves a third party that provides tooling suppliers with financing subject to a Company guarantee for a period of six to eighteen months depending upon the duration of the tooling program and the subsequent customer tooling payment. The amounts loaned to tooling suppliers through this financing arrangement do not appear on the Company's balance sheet. At December 31, 2014 the amount of off-balance sheet program financing was $17.2 million (December 31, 2013 - $57.6 million). As is customary in the automotive industry, tooling costs are ultimately paid for by customers of the Company generally upon acceptance of the final prototypes and commencement of commercial production.

ACQUISITIONS

On July 29, 2011, the Company closed an agreement to purchase a controlling interest in the assets of Honsel, a German-based leading supplier of aluminum components for the automotive and industrial sectors forming the Martinrea Honsel group. The Company partnered with Anchorage Capital Group L.L.C. ("Anchorage") in the transaction, acquiring 55%, with Anchorage owning the remaining 45%.

Martinrea Honsel develops and manufactures complex aluminum products using state-of-the-art production technologies including high pressure die-casting, permanent mold and sand casting as well as extruding and rolling. Martinrea Honsel produces four major product lines: engine products such as engine blocks, cylinder heads and oil pans; transmission products, such as housings and control parts; suspension products, such as engine cradles; and body parts, such as front boards and extrusion profiles.

The Martinrea Honsel Group provides the Company with a significant presence in the aluminum automotive parts market, and broadens the Company's metal forming capabilities and offerings. It also creates a more significant geographic presence outside North America, which the Company intends to grow over time. The Company's customer base was further expanded with the acquisition, with many of the larger European based OEMs being significant customers of Martinrea Honsel.

Initially, the 2011 purchase transaction envisaged the purchase of all of Honsel's operations, which included plants in Germany located in Meschede, Nuremburg, Soest, and Nuttlar, as well as Madrid, Spain, Queretaro, Mexico, and Monte Mor, Brazil. The Nuremburg facility was subsequently sold to ZF Friedrichshafen AG ("ZF"), the primary customer of the facility, immediately after the closing of the purchase transaction. After factoring in the sale of the Nuremburg facility to ZF, the net cash consideration for the acquisition was €62,125 ($85,272), of which Martinrea's 55% portion was €34,169 ($46,900).

As part of the transaction, the Company granted Anchorage a put option which, if exercised, would have required the Company to purchase Anchorage's 45% interest in Martinrea Honsel Holdings B.V. The put option would have become effective on April 1, 2015 with an expiry date of October 1, 2017. The put option provided a formula for determining the purchase price of the shares, designed to estimate the fair value of the non-controlling interest at the time the option is exercised. The put option provided an arbitration mechanism in the event that the two parties were unable to agree on the ultimate price.

On August 7, 2014, prior to the put option becoming exercisable, Martinrea acquired from Anchorage the remaining 45% equity interest in the Martinrea Honsel Group for a negotiated purchase price of €160,000 ($235,667 Canadian). Effective August 7, 2014, the Martinrea Honsel Group is wholly owned by Martinrea. The transaction resulted in the carrying value of the put option liability on the date of the transaction being reversed out of other equity and the carrying amount of Anchorage's share of equity in Martinrea Honsel being reversed from non-controlling interest. The $127,198 difference of the consideration paid and the carrying amount of the non-controlling interest at the date of the transaction was recognized in accumulated deficit.

The acquisition while bringing many benefits to Martinrea also provides some risks for the Company. Both the initial 2011 purchase of the 55% controlling interest and subsequent purchase of the remaining 45% equity interest in Martinrea Honsel were financed by the Company using available credit lines, which has increased the Company's debt levels. See also "Risks and Uncertainties".

RISKS AND UNCERTAINTIES

The following risk factors, as well as the other information contained in this MD&A, the Company's Annual Information Form for the year ended December 31, 2014 or otherwise incorporated herein by reference, should be considered carefully. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

The Company's success is primarily dependent upon the levels of car and light truck production by its customers and the relative amount of content the Company has on their various vehicle programs. OEM production volumes may be impacted by many factors including general economic and political conditions, interest rates, credit availability, energy and fuel prices, international conflicts, labour relations issues, regulatory requirements, trade agreements, infrastructure considerations, legislative changes, and environmental emissions standards and safety issues.

North American and Global Economic and Political Conditions

The automotive industry is global, cyclical and sensitive to changes in economic and political conditions, including interest rates, currency issues, energy prices and international or domestic conflicts or political crises.

The Company operates in the midst of a volatile industry, which in the past decade has experienced a significant recession, particularly severe in North America and more recently Europe. Although there has been stabilization or growth in North America, current conditions continue to cause economic uncertainty about the future in different regions. It is uncertain what the Company's prospects will be in the future. While the Company believes it has sufficient liquidity and a strong balance sheet to deal with present economic conditions, lower sales and production volumes in certain areas may occur.

Automotive Industry Risks

The automotive industry is highly cyclical and dependent on, among other factors, consumer spending and general economic conditions in North America and elsewhere. Future sales and production volumes are anticipated to grow in North America over the next several years, and have grown in the past several years but growth rates are uncertain, and volume levels can decrease at any time. In Europe, the automotive industry has significant overcapacity as well as reduced sales and production levels, which can lead to downsizing and restructuring costs, or costs associated with overcapacity. Increased emphasis on the reduction of fuel consumption, fuel emissions and greenhouse gas emissions could also reduce demand for automobiles overall or specific platforms on which the Company has product, especially in the light truck segment. There can be no assurance that North American or European automotive production overall or on specific platforms will not decline in the future or that the Company will be able to utilize any existing unused capacity or any additional capacity it adds in the future. A continued or a substantial additional decline in the production of new automobiles overall or by customer or by customer platform may have a material adverse effect on the Company's financial condition and results of operations and ability to meet existing financial covenants.

Dependence Upon Key Customers

Due to the nature of the Company's business, it is dependent upon several large customers such that cancellation of a significant order by any of these customers, the loss of any such customers for any reason or the insolvency of any such customers, or reduced sales of automotive platforms of such customers, could significantly reduce the Company's ongoing revenue and/or profitability, and could materially and adversely affect the Company's financial condition. In addition, a work disruption at one or more of the Company's customers resulting from labour stoppages at or insolvencies of key suppliers to such customers or an extended customer shutdown could have a significant impact on the Company's revenue and/or profits.

Financial Viability of Suppliers

The Company relies on a number of suppliers to supply a wide range of products and components required in connection with the business. Economic conditions, production volume cuts, intense pricing pressures, increased commodity prices and a number of other factors including acts of God (fires, hurricanes, and earthquakes) can result in many automotive suppliers experiencing varying degrees of financial distress. The continued financial distress or the insolvency or bankruptcy of any such supplier could disrupt the supply of products, materials or components to Martinrea or to customers, potentially causing the temporary shut-down of the Company's or

customers' production lines. Martinrea has experienced supply disruptions of varying natures in the past, including in cases where an equipment supplier has gone out of business, or an act of God resulted in the shortage of a key commodity. Some suppliers had to restructure severely in the past recession, and may have reduced capacity. There is a risk some suppliers may not have adequate capacity to timely accommodate increases in demand for their products which could lead to production disruption for the customer. Any prolonged disruption in the supply of critical components, the inability to re-source production of a critical component from a distressed automotive components sub-supplier, or any temporary shut-down of production lines or the production lines of a customer, could have a material adverse effect on profitability. Additionally, the insolvency, bankruptcy, financial restructuring or force majeure event of any critical suppliers could result in the Company incurring unrecoverable costs related to the financial work-out or resourcing costs of such suppliers and/or increased exposure for product liability, warranty or recall costs relating to the components supplied by such suppliers to the extent such supplier is not able to assume responsibility for such amounts, each of which could have an adverse effect on the Company's profitability. Also see "*Dependence Upon Key Customers*".

Competition

The markets for fluid handling systems, cast aluminum products and fabricated metal products and assemblies for automotive and industrial customers are highly competitive. Some of the Company's competitors have substantially greater financial, marketing and other resources than the Company. As the markets for the Company's products and other services expand, additional competition may emerge and competitors may commit more resources to products which directly compete with the Company's products. There can be no assurance that the Company will be able to compete successfully with existing competitors or that its business will not be adversely affected by increased competition or by new competitors.

Cost Absorption and Purchase Orders

Given the current trends in the automotive industry, the Company is under continuing pressure to absorb costs related to product design and development, engineering, program management, prototypes, validation and tooling in addition to items previously paid for directly by OEMs. In particular, OEMs are requesting that suppliers pay for the above costs and recover these costs through the piece price of the applicable component. Contract volumes for customer programs not yet in production are based on the Company's customers' estimates of their own future production levels. However, actual production volumes may vary significantly from these estimates due to a reduction in consumer demand or new product launch delays, often without any compensation to the supplier by its OEM customer. Purchase orders issued by customers typically do not require they purchase a minimum number of the Company's products. For programs currently under production, the Company is generally unable to request price changes when volumes differ significantly from production estimates used during the quotation stage. If estimated production volumes are not achieved, the product development, design, engineering, prototype and validation costs incurred by the Company may not be fully recovered. Similarly, future pricing pressure or volume reductions by the Company's customers may also reduce the amount of amortized costs otherwise recoverable in the piece price of the Company's products. Either of these factors could have an adverse effect on the Company's profitability. While it is generally the case that once the Company receives a purchase order for products of a particular vehicle program it would continue to supply those products until the end of such program, customers could cease to source their production requirements from the Company for a variety of reasons, including the Company's refusal to accept demands for price reductions or other concessions.

Material Prices

Prices for key raw materials and commodities used in parts production, particularly aluminum, steel, resin, paints, chemicals and other raw materials, as well as energy prices, have proven to be volatile at certain times. Martinrea has attempted to mitigate its exposure to price increases of key commodities, particularly steel (through participation in steel resale programs or price adjustment mechanisms) and aluminum (through price adjustment mechanisms); however, to the extent the Company is unable to fully do so through engineering products with reduced commodity content, by passing commodity price increases to customers or otherwise, such additional commodity costs could have a material adverse effect on profitability. Increased energy prices also impact on production or transportation costs which in turn could affect competitiveness.

Outsourcing and Insourcing Trends

The Company is dependent on the outsourcing of components, modules and assemblies by OEMs. The extent of OEM outsourcing is influenced by a number of factors, including relative cost, quality and timeliness of production by suppliers as compared to OEMs, capacity utilization, and labour relations among OEMs, their employees and unions. As a result of any favourable terms in collective bargaining agreements which may lower cost structures, the Detroit 3 OEMs may insource some production which had previously been outsourced, or not outsource production which may otherwise be outsourced at some point. Outsourcing of some assembly is

particularly dependent on the degree of unutilized capacity at the OEMs' own assembly facilities, in addition to the foregoing factors. A reduction in outsourcing by OEMs, or the loss of any material production or assembly programs coupled with the failure to secure alternative programs with sufficient volumes and margins, could have a material adverse effect on profitability.

Product Warranty, Recall and Liability Risk

Automobile manufacturers are increasingly requesting that each of their suppliers bear the costs of the repair and replacement of defective products which are either covered under an automobile manufacturer's warranty or are the subject of a recall by the automobile manufacturer and which were improperly designed, manufactured or assembled by their suppliers. The obligation to repair or replace such parts, or a requirement to participate in a product recall, could have an adverse effect on the Company's operations and financial condition.

Product Development and Technological Change

The automotive industry is characterized by rapid technological change and frequent new product introductions. Price pressure downward by customers and unavoidable price increases from suppliers can have an adverse effect on the Company's profitability. Accordingly, the Company believes that its future success depends upon its ability to enhance manufacturing techniques offering enhanced performance and functionality at competitive prices. The Company's inability, for technological or other reasons, to enhance operations in a timely manner in response to changing market conditions or customer requirements could have a material adverse effect on the Company's results of operations. The ability of the Company to compete successfully will depend in large measure on its ability to maintain a technically competent workforce and to adapt to technological changes and advances in the industry, including providing for the continued compatibility of its products with evolving industry standards and protocols. There can be no assurance that the Company will be successful in its efforts in these respects.

Dependence Upon Key Personnel

The success of the Company is dependent on the services of a number of the members of its senior management. The experience and talents of these individuals will be a significant factor in the Company's continued success and growth. The loss of one or more of these individuals without adequate replacement measures could have a material adverse effect on the Company's operations and business prospects. The Company does not currently maintain key man insurance.

Limited Financial Resources/Uncertainty of Future Financing/Banking

The Company is engaged in a capital-intensive business and its financial resources are less than the financial resources of some of its competitors. There can be no assurance that, if, as and when the Company seeks additional equity or debt financing, the Company will be able to obtain the additional financial resources required to successfully compete in its markets on favourable commercial terms or at all. Additional equity financings may result in substantial dilution to existing shareholders.

Acquisitions

The Company has acquired and anticipates that it will continue to acquire complementary businesses, assets, technologies, services or products. The completion of such transactions poses additional risks to the Company's business. The benefit to the Company of previous and future acquisitions is highly dependent on the Company's ability to integrate the acquired businesses and their technologies, employees and products into the Company, and the Company may incur costs associated with integrating and rationalizing the facilities (some of which may need to be closed in the future). The Company cannot be certain that it will successfully integrate acquired businesses or that acquisitions will ultimately benefit the Company. Any failure to successfully integrate businesses or failure of the businesses to benefit the Company could have a material adverse effect on its business and results of operations. Such transactions may also result in additional dilution to the Company's shareholders or increased debt. Such transactions may involve partners, and the formula for determining contractual sale provisions may be subject to a variety of factors that may not be easily quantified or estimated until the time of sale (such as market conditions and determining fair market value).

Potential Rationalization Costs and Turnaround Costs

The Company has incurred restructuring costs over the past several years. In response to the increasingly competitive automotive industry conditions, it is likely that the Company will continue to rationalize some production facilities. In the course of such rationalization, restructuring costs related to plant closings or alterations, relocations and employee severance costs will be incurred. Such costs could have an adverse effect on short-term profitability. In addition, while the Company's goal is for every plant to be profitable, there is no assurance this will occur, which will likely result in a rationalizing or closing of the plant. Martinrea is working to

turn around any financially underperforming divisions; however, there is no guarantee that it will be successful in doing so with respect to some or all such divisions. The continued underperformance of one or more operating divisions could have a material adverse effect on the Company's profitability and operations.

Launch and Operational Costs

The launch of new business, in an existing or new facility, is a complex process, the success of which depends on a wide range of factors, including the production readiness of the Company and its suppliers, as well as factors related to tooling, equipment, employees, initial product quality and other factors. A failure to successfully launch material new or takeover business could have an adverse effect on profitability. Significant launch costs were incurred by the Company in recent years.

The Company's manufacturing processes are vulnerable to operational problems that can impair its ability to manufacture its products in a timely manner. The Company's facilities contain complex and sophisticated machines that are used in its manufacturing processes. The Company has in the past experienced equipment failure and could experience equipment failure in the futures due to wear and tear, design error or operator error, among other things, which could have an adverse effect on profitability.

Potential Volatility of Share Prices

The market price of the Company's common shares has been, and will likely continue to be, subject to significant fluctuations in response to a variety of factors, many of which are beyond the Company's control. These fluctuations may be exaggerated if the trading volume of the common shares is low. In addition, due to the evolving nature of its business, the market price of the common shares may fall dramatically in response to a variety of factors, including quarter-to-quarter variations in operating results, the gain or loss of significant contracts, announcements of technological or competitive developments by the Company or its competitors, acquisitions or entry into strategic alliances by the Company or its competitors, the gain or loss of a significant customer or strategic relationship, changes in estimates of the Company's financial performance, changes in recommendations from securities analysts regarding the Company, the industry or its customers' industries, litigation involving the Company or its officers and general market or economic conditions.

Changes in Laws and Governmental Regulations

A significant change in the regulatory environment in which the Company currently carries on business could adversely affect the Company's operations. The Company's operations could be adversely impacted by significant changes in tariffs and duties imposed on its products, particularly significant changes to the North American Free Trade Agreement or the adoption of domestic preferential purchasing policies in other jurisdictions, particularly the United States.

Labour Relations Matters

The Company has a significant number of its employees subject to collective bargaining agreements. To date, the Company has had no material labour relations disputes. However, production may be affected by work stoppages and labour-related disputes, whether in the context of potential restructuring or in connection with negotiations undertaken to ensure a division's competitiveness, or otherwise, which may not be resolved in the Company's favour and which may have a material adverse effect on the Company's operations.

Litigation

The Company has been and is involved in litigation from time to time and has received, in the past, letters from third parties alleging claims and claims have been made against it including those described below. Although litigation claims may ultimately prove to be without merit, they can be time-consuming and expensive to defend. There can be no assurance that third parties will not assert claims against the Company in the future or that any such assertion will not result in costly litigation, or a requirement that the Company enter into costly settlement arrangements. There can be no assurance that such arrangements will be available on reasonable terms, or at all. Due to the inherent uncertainties of litigation, it is not possible to predict the outcome or determine the amount of any potential losses of the law suits referenced below or of any other claims to which the Company may be subject. In addition, there is no assurance that the Company will be successful in a litigation matter. Any of these events may have a material adverse effect on the Company's business, financial condition and results of operations.

As previously disclosed, the Company and certain of its directors and officers have been served with a statement of claim that was filed originally on September 26, 2013 in the Ontario Superior Court of Justice by Nat Rea, Rea Holdings Inc. and one other person which made certain allegations against the Company, certain directors and officers and two suppliers of the Company. The claim seeks, among other things, that a declaration that certain directors and the officers have breached their fiduciary duties in participating or

approving certain transactions, the repayment to the Company of certain amounts as a result of such transaction, a declaration that the financial statements do not accurately reflect the Company's position and an order removing certain directors of the Company. The Company and the other defendants have filed a statement of defence and counterclaim against Mr. Rea and his holding company seeking damages for abuse of process. The pleadings have been completed in this matter. The Company maintains its position that the claims made by Rea are without merit, improperly motivated and should be dismissed.

The Company and certain of its officers and directors have been served with a Notice of Action and Statement of Claim that was filed in Windsor, Ontario by an alleged shareholder (the "Statement of Claim"). In the Statement of Claim, the plaintiff seeks, among other things: an order certifying the proceeding as a class proceeding; a declaration that the defendants made negligent misrepresentations in the time period from March 6, 2006 to December 18, 2013 by representing that the Company's financial statements were prepared in accordance with GAAP and/or IFRS; an order granting leave to amend the claim to assert causes of action under the secondary market liability provisions of the Securities Act (Ontario); and special and general damages and costs of notice in the class action in the sum of $100 million. The Company believes that the Statement of Claim is without merit.

Currency Risk - Hedging

A substantial portion of the Company's revenues are now, and are expected to continue to be, realized in currencies other than Canadian dollars, primarily the U.S. dollar and Euro. Fluctuations in the exchange rate between the Canadian dollar and such other currencies may have a material effect on the Company's results of operations. To date, the Company has engaged in some hedging activities to mitigate the risk of identified exchange rate exposures. To the extent the Company may seek to implement more substantial hedging techniques in the future with respect to its foreign currency transactions, there can be no assurance that the Company will be successful in such hedging activities.

Currency Risk – Competitiveness in Certain Jurisdictions

The appreciation of the Canadian dollar against the U.S. dollar (and other currencies) over the past several years has negatively affected the competitiveness of the Company's Canadian operations in this respect against the operations in the U.S. and Mexico, as well as other jurisdictions, of competitors and the operations of the Company in those jurisdictions. More recently, the Canadian dollar has depreciated against the U.S. dollar, but still retains a higher value against the U.S. dollar than a decade ago. One result of the general Canadian dollar appreciation over the last decade affecting the Company has been that some existing work has been moved to the U.S. or Mexico, or work has been sourced to U.S. or Mexican divisions as opposed to Canadian divisions, in order for the Company to remain or become competitive. These work shifts may entail significant restructuring and other costs as work is shifted, as Canadian plants are consolidated, downsized or closed, or as plants in the U.S. or Mexico are expanded.

Fluctuations in Operating Results

The Company's operating results have been and are expected to continue to be subject to quarterly and other fluctuations due to a variety of factors including changes in purchasing patterns, production schedules of customers (which tend to include a shutdown period in each of July and December), pricing policies, launch costs, or operational (or equipment or systems) failures, or product introductions by competitors. This could affect the Company's ability to finance future activities. Operations could also be adversely affected by general economic downturns or limitations on spending.

Internal Controls Over Financial Reporting and Disclosure Controls and Procedures

Inadequate disclosure controls or ineffective internal controls over financial reporting could result in an increased risk of material misstatements in the financial reporting and public disclosure record of the Company. Inadequate controls could also result in system downtime; give rise to litigation or regulatory investigation, fraud or the inability of the Company to continue its business as presently constituted. The Company has designed and implemented a system of internal controls and a variety of policies and procedures to provide reasonable assurance that material misstatements in the financial reporting and public disclosures are prevented and detected on a timely basis and other business risks are mitigated. In accordance with the guidelines adopted in Canada, the Company assesses the effectiveness of its internal and disclosure controls using a top-down, risk-based approach in which both qualitative and quantitative measures are considered. An internal control system, no matter how well conceived and operated, can provide only reasonable – not absolute – assurance to management and the Board regarding achievement of intended results. The Company's current system of internal and disclosure controls also places reliance on key personnel across the Company to perform a variety of control functions including key reviews, analysis, reconciliations and monitoring. The failure of individuals to perform such functions or properly implement the controls as designed could adversely impact results.

Environmental Regulation

The Company is subject to a variety of environmental regulations by the federal, provincial and municipal authorities in Canada, the United States, Mexico, South America, Europe and China that govern, among other things, soil, surface water and groundwater contamination; the generation, storage, handling, use, disposal and transportation of hazardous materials; the emission and discharge of materials, including greenhouse gases, into the environment; and health and safety. If the Company fails to comply with these laws, regulations or permits, the Company could be fined or otherwise sanctioned by regulators or become subject to litigation. Environmental and pollution control laws, regulations and permits, and the enforcement thereof, change frequently, have tended to become more stringent over time and may necessitate substantial capital expenditures or operating costs.

Under certain environmental requirements, the Company could be responsible for costs relating to any contamination at the Company's or a predecessor entity's current or former owned or operated properties or third-party waste-disposal sites, even if the Company was not at fault. In addition to potentially significant investigation and cleanup costs, contamination can give rise to third-party claims for fines or penalties, natural resource damages, personal injury or property damage.

The Company's customers are also under pressure to meet tighter emissions regulations, reduce fuel consumption and act with more environmental responsibility.

The Company cannot provide assurances that the Company's costs, liabilities and obligations relating to environmental matters (or any issues that may arise as a result of its customers' own environmental compliance) will not have a material adverse effect on the Company's business, financial condition, results of operations and cash flow.

A Shift Away from Technologies in Which the Company is Investing

The Company continues to invest in technology and innovation which the Company believes will be critical to its long-term growth. The Company's ability to anticipate changes in technology and to successfully develop and introduce new and enhanced products and/or manufacturing processes on a timely basis will be a significant factor in its ability to remain competitive. If there is a shift away from the use of technologies in which the Company is investing, its costs may not be fully recovered. In addition, the Company may be placed at a competitive disadvantage if other technologies in which the investment is not as great, or the Company's expertise is not as developed, emerge as the industry-leading technologies. This could have a material adverse effect on the Company's profitability and financial condition.

Competition with Low Cost Countries

The competitive environment in the automotive industry has intensified as customers seek to take advantage of low wage costs in China, Korea, Thailand, India, Brazil and other low cost countries. As a result, there is potentially increased competition from suppliers that have manufacturing operations in low cost countries. The loss of any significant production contract to a competitor in low cost countries or significant costs and risks incurred to enter and carry on business in these countries could have an adverse effect on profitability.

The Company's ability to shift its manufacturing footprint to take advantage of opportunities in growing markets

Many of the Company's customers have sought, and will likely continue to seek to take advantage of lower operating costs and/or other advantages in China, India, Brazil, Russia and other growing markets. While the Company continues to expand its manufacturing footprint with a view to taking advantage of manufacturing opportunities in some of these markets, the Company cannot guarantee that it will be able to fully realize such opportunities. The inability to quickly adjust its manufacturing footprint to take advantage of manufacturing opportunities in these markets could harm its ability to compete with other suppliers operating in or from such markets, which could have an adverse effect on its profitability.

Risks of conducting business in foreign countries, including China, Brazil and other growing markets

The Company has or may establish foreign manufacturing, assembly, product development, engineering and research and development operations in foreign countries, including in Europe, China and Brazil. International operations are subject to certain risks inherent in doing business abroad, including:

- political and economic instability;
- corruption risks;
- trade, customs and tax risks;

- currency exchange rates and currency controls;
- limitations on the repatriation of funds;
- insufficient infrastructure;
- restrictions on exports, imports and foreign investment;
- increases in working capital requirements related to long supply chains; and
- difficulty in protecting intellectual property rights.

Expanding the Company's business in growing markets is an important element of its strategy and, as a result, the Company's exposure to the risks described above may be greater in the future. The likelihood of such occurrences and their potential effect on the Company vary from country to country and are unpredictable, however any such occurrences could have an adverse effect on the Company's profitability.

Potential Tax Exposures

The Company may incur losses in some countries which we may not be able to fully or partially offset against income the Company has earned in those countries. In some cases, the Company may not be able to utilize these losses at all if the Company cannot generate profits in those countries and/or if the Company has ceased conducting business in those countries altogether. The Company's inability to utilize material tax losses could materially adversely affect its profitability. At any given time, the Company may face other tax exposures arising out of changes in tax laws, tax reassessments or otherwise. The taxation system and regulatory environment in some of the jurisdictions in which the Company operates are characterized by numerous indirect taxes and frequently changing legislation subject to various interpretations by the various regulatory authorities and jurisdictions are empowered to impose significant fines, penalties and interest charges. The Company's subsidiary in Brazil is currently being assessed by the State of Sao Paulo tax authorities for certain value added tax credits claimed. Although the Company believes that it has complied in all material respects with the legislation in Brazil and has obtained legal advice to such effect there is no assurance that the Company will be successful with respect to such assessment (see Note 21 to the Company's consolidated financial statements for the year ended December 31, 2014). To the extent the Company cannot implement measures to offset this and other tax exposures; it may have a material adverse effect on the Company's profitability.

Change in the Company's mix of earnings between jurisdictions with lower tax rates and those with higher tax rates, as well as its ability to fully benefit from tax losses

The Company's effective tax rate varies in each country in which it conducts business. Changes in its mix of earnings between jurisdictions with lower tax rates and those with higher tax rates could have a material adverse effect on the Company's profitability.

Pension Plans and other post employment benefits

The Company's pension plans acquired as a result of the acquisition of the North American body and chassis business of ThyssenKrupp Budd in 2006 (the "TKB Acquisition") had an aggregate funding deficiency as at the latest measurement date of December 31, 2014, based on an actuarial estimate for financial reporting. The unfunded liability at December 31, 2014, on a solvency basis which currently represents the basis for annual pension funding, is significant. Based on current interest rates, benefits and projected investment returns, the Company is obligated to fund some amounts in 2015 and beyond. A significant portion of the estimated funding is expected to be a payment towards the reduction of the unfunded liabilities. The unfunded liability could increase due to a decline in interest rates, investment returns at less than the actuarial assumptions, or changes to the governmental regulations governing funding and other factors. The Company could be adversely affected by the resulting increases in annual funding obligations**.** See also Note 12 ("Pension and Other Post Retirement Benefits") to the Company's annual consolidated financial statements for the year ended December 31, 2014, which reflects the financial position of the Company's defined benefit pension plan and other post-employment benefit plans at December 31, 2014.

The Company provides certain post-employment benefits to certain of its retirees acquired as a result of the TKB Acquisition. These benefits include drug and hospitalization coverage. The Company does not pre-fund these obligations. At December 31, 2014, the unfunded actuarial liability for these obligations was significant. Expected benefit payments for 2015 and beyond are significant. The Company's obligation for these benefits could increase in the future due to a number of factors including changes in interest rates, changes to the collective bargaining agreements, increasing costs for these benefits, particularly drugs, and any transfer of costs currently borne by government to the Company. The Company has in the past negotiated changes to its post-employment benefits package in several of its facilities with its employees, in conjunction with the applicable union for the facility, setting maximum limits on future post-employment benefits payments. The Company may negotiate similar arrangements in future in respect of such benefits at other facilities, as applicable. See also Note 12 ("Pension and Other Post Retirement Benefits") to the Company's annual consolidated

financial statements for the year ended December 31, 2014, which reflect the financial position of the Company's post-employment benefits other than pension plans at December 31, 2014.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at March 19, 2015, the Company had 85,408,783 common shares outstanding. The Company's common shares constitute its only class of voting securities. As at March 19, 2015, options to acquire 5,161,502 common shares were outstanding.

CONTRACTUAL OBLIGATIONS AND OFF BALANCE SHEET FINANCING

At December 31, 2014, the Company had contractual obligations requiring annual payments as follows (all figures in thousands):

	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Thereafter	Total
Purchase obligations (i)	$533,147	$0	$0	$0	$0	$0	$533,147
Long-term debt	$37,526	$37,144	$25,499	$568,254	$5,066	$18,953	$692,442
Rent Commitments	$16,147	$13,718	$10,012	$7,826	$6,629	$26,602	$80,934
Operating leases with third parties	$5,720	$3,653	$2,385	$1,143	$559	$308	$13,768
Pension funding & post-employment benefit payments	$4,139	$0	$0	$0	$0	$0	$4,139
Total contractual obligations	$596,679	$54,515	$37,896	$577,223	$12,254	$45,863	$1,324,430

(i) Purchase obligations consist of those related to inventory, services, tooling and fixed assets in the ordinary course of business.

The Company has negotiated tool financing facilities that will provide direct financing for specific programs. The tool financing program involves a third party that provides tooling suppliers with financing subject to a Company guarantee. Payments from the third party to the tooling supplier are approved by the Company prior to the funds being advanced. The amounts loaned to tooling suppliers through this financing arrangement do not appear on the Company's balance sheet. At December 31, 2014, the amount of the off balance sheet program financing was $17.2 million representing the maximum amount of undiscounted future payments the Company could be required to make under the guarantee. The Company would be required to perform under the guarantee in cases where a tooling supplier could not meet its obligation to the third party. Since the amount advanced to the tooling supplier is required to be repaid generally when the Company receives reimbursement from the final customer, and at this point the Company will in turn repay the tooling supplier, the Company views the likelihood of a tooling supplier default as remote. Moreover, if such an instance were to occur, the Company would obtain the tool inventory as collateral. The term of the guarantee will vary from program to program, but typically ranges between 6-18 months.

The Company periodically utilizes certain financial instruments, principally forward currency exchange contracts to manage the risk associated with fluctuations in currency exchange rates. It is the Company's policy to not utilize financial instruments for trading or speculative purposes. Forward currency exchange contracts are used to reduce the impact of fluctuating exchange rates on the Company's foreign denominated revenue and the Company's purchases of materials and equipment. Gains and losses on forward foreign exchange contracts are reflected in the consolidated financial statements in the same period as the hedged item. In the event that a hedged item is sold or cancelled prior to the termination of the related hedging item, any unrealized gain or loss on the hedging item is immediately recognized in income.

At December 31, 2014, the Company had committed to trade U.S. dollars in exchange for the following:

Currency		Amount of U.S. dollars	Weighted average exchange rate of U.S. dollars	Maximum period in months
Buy Canadian Dollars	$	10,000	1.1696	12
Buy Euro	$	694	0.8131	1
Buy Mexican Pesos	$	1,703	14.6785	1

The aggregate value of these forward contracts as at December 31, 2014 was a loss of $9 and was recorded in trade and other payables (December 31, 2013 - loss of $370 recorded in trade and other payables).

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures are designed to provide reasonable assurance that material information required to be publicly disclosed by a public company is gathered and reported to senior management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), on a timely basis so that appropriate decisions can be made regarding public disclosure. An evaluation of the effectiveness of the Company's disclosure controls and procedures was conducted as of December 31, 2014, based on the criteria set forth in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") by and under the supervision of the Company's management, including the CEO and the CFO. Based on this evaluation, the CEO and the CFO have concluded that the Company's disclosure controls and procedures (as defined in National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings of the Canadian Securities Administrators) are effective in providing reasonable assurance that material information relating to the Company is made known to them and information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified in such legislation.

Under the supervision of the CEO and CFO, the Company has designed internal controls over financial reporting (as defined in National Instrument 52-109) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's management team used COSO to design the Company's internal controls over financial reporting.

The CEO and CFO have caused an evaluation of the effectiveness of the Company's internal controls over financial reporting as of December 31, 2014. This evaluation included documentation activities, management inquiries and other reviews as deemed appropriate by management in consideration of the size and nature of the Company's business including those matters described above. Based on that evaluation the CEO and the CFO concluded that the design and operating effectiveness of internal controls over financial reporting was effective as at December 31, 2014 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

It is important to understand that there are inherent limitations of internal controls as stated within COSO. Internal controls no matter how well designed and operated can only provide reasonable assurance to management and the Board of Directors regarding achievement of an entity's objectives. A system of controls, no matter how well designed, has inherent limitations, including the possibility of human error and the circumvention or overriding of the controls or procedures. As a result, there is no certainty that an organization's disclosure controls and procedures or internal control over financial reporting will prevent all errors or all fraud. Even disclosure controls and procedures and internal control over financial reporting determined to be effective can only provide reasonable assurance of achieving their control objectives.

The Company has and will continue to implement enhancements to its internal controls. The Company is committed to the highest standards of integrity and diligence in its business dealings and to the ethical and legally compliant business conduct of its employees. The Company reviews its compliance programs on a regular basis to assess and align them with emerging trends and business practices.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in the Company's internal controls over financial reporting during the year ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

CRITICAL ACCOUNTING ESTIMATES

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the related disclosure of contingent assets and liabilities. The discussion below describes the Company's significant policies and procedures.

The Company's management bases its estimates on historical experience and various other assumptions that are believed to be reasonable in the circumstances, the results of which form the basis for making judgments about the reported amounts of assets, liabilities, revenue and expenses that are not readily apparent from other sources. On an ongoing basis, management evaluates these estimates. However, actual results may differ from these estimates under different assumptions or conditions. In making and evaluating its estimates, management also considers economic conditions generally and in the automotive industry in particular, which have more recently been very different from historical patterns, as well as industry trends and the risks and uncertainties involved in its business

that could materially affect the reported amounts of assets, liabilities, revenue and expenses that are not readily apparent from other sources. See “Automotive Industry Highlights and Trends” in the Company’s Annual Information Form and “Risks and Uncertainties” above.

Management believes that the accounting estimates discussed below are critical to the Company’s business operations and an understanding of its results of operations or may involve additional management judgment due to the sensitivity of the methods and assumptions necessary in determining the related asset, liability, revenue and expense amounts. Management has discussed the development and selection of the following critical accounting estimates with the Audit Committee of the Board of Directors and the Audit Committee has reviewed its disclosure relating to critical accounting estimates in this MD&A.

Revenue Recognition on Separately Priced Tooling Contracts

Revenue from tooling contracts is recognized at the date on which the Company transfers substantially all the risks and rewards of ownership to the buyer and retains neither continuing managerial involvement nor effective control over the goods sold. This generally corresponds to when the tool is inspected and accepted by the Customer, which is typically defined as the PPAP (production part approval process or customer acceptance) date. Under tooling contracts, the related sale could be paid in full upon completion of the contract, or in installments.

Revenue and cost of sales from tooling contracts are presented on a gross basis in the consolidated statements of operations.

Tooling contract prices are generally fixed; however, price changes, change orders and program cancellations may affect the ultimate amount of revenue recorded with respect to a contract. Contract costs are estimated at the time of signing the contract and are reviewed at each reporting date. Adjustments to the original estimates of total contract costs are often required as work progresses under the contract and as experience is gained, even though the scope of the work under the contract may not change. When the current estimates of total contract revenue and total contract costs indicate a loss, a provision for the entire loss on the contract is made. Factors that are considered in arriving at the forecasted loss on a contract include, amongst others, cost over-runs, non-reimbursable costs, change orders and potential price changes.

Intangible Assets

The Company’s intangible assets are comprised of customer contracts and relationships acquired in acquisitions and development costs.

Customer contracts and relationships are amortized over their estimated economic life of up to 10 years on a straight line basis which approximates a basis consistent with the contract value initially established upon acquisition.

Development costs are capitalized when the Company can demonstrate:

- that it has the intention and the technical and financial resources to complete the development;
- that the intangible asset will generate future economic benefits; and
- that the cost of the intangible asset can be measured reliably.

Capitalized development costs correspond to projects for specific customer applications that draw on approved generic standards or technologies already applied in production. These projects are analyzed on a case-by-case basis to ensure they meet the criteria for capitalization as described above. Development costs are subsequently amortized over the life of the program from the start of production. Amortization of development costs is recognized in Research and Development costs in the statements of operations.

Research costs, including costs of market research and new product prototyping during the marketing stage, are expensed in the period in which they are incurred.

Impairment of Non-financial Assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "CGUs").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units).

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Management believes that accounting estimates related to the impairment of non-financial assets and potential reversal are critical accounting estimates because: (i) they are subject to significant measurement uncertainty and are susceptible to change as management is required to make forward-looking assumptions regarding the impact of improvement plans on current operations, in-sourcing and other new business opportunities, program price and cost assumptions on current and future business, the timing of new program launches and future forecasted production volumes; and (ii) any resulting impairment loss could have a material impact on consolidated net income and on the amount of assets reported on the Company's consolidated balance sheet.

Income Tax Estimates

At December 31, 2014, the Company had recorded a net deferred income tax asset in respect of pensions and other post retirement benefits, loss carry-forwards and other temporary differences of $51.7 million. Deferred tax assets in respect of loss carry-forwards relate to legal entities in Canada, the United States, Mexico, Brazil and Europe. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The Company considers this determination a critical accounting estimate as highly uncertain assumptions are made at the time of estimation and differing estimates may result due to changes in the assumptions from period to period and may have a material impact on the Company's consolidated financial statements. The factors used to assess the probability of realization are the Company's forecast of future taxable income and available tax planning strategies that could be implemented to realize the deferred tax assets. The Company has and continues to use tax planning strategies to realize deferred tax assets in order to avoid the potential loss of benefits. Unknown future events and circumstances, such as changes in tax rates and laws, may materially affect the assumptions and estimates made from one period to the next. Any significant change in events, tax laws, and tax rates beyond the control of the Company may materially affect the consolidated financial statements.

Employee Future Benefits

The Company provides pensions and other post-employment benefits including health care, dental care and life insurance to certain employees. The determination of the obligation and expense for defined benefit pension plans and post-employment benefits is dependent on the selection of certain assumptions used by the Company's actuaries in calculating such amounts. Those assumptions are disclosed in Note 12 to the Company's annual consolidated financial statements for the year ended December 31, 2014 the most significant of which are the discount rate, and the rate of increase in the cost of health care. The assumptions are reviewed annually and the impact of any changes in the assumptions is reflected in actuarial gains or losses which are recognized in other comprehensive income as they arise. The significant actuarial assumptions adopted are internally consistent and reflect the long-term nature of

employee future benefits. Significant changes in assumptions could materially affect the Company's employee benefit obligations and future expense.

Recently issued accounting standards not yet adopted

The IASB issued the following new standards and amendments to existing standards, which have not yet been adopted by the Company:

IFRS 15, Revenue from Contracts with Customer (IFRS 15) - In May 2014, the IASB issued IFRS 15 which introduces a single model for recognizing revenue from contracts with customers except leases, financial instruments and insurance contracts. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. The standard is effective for annual periods beginning on or after January 1, 2017.

IFRS 9, Financial Instruments (IFRS 9) - In July 2014, the IASB issued the final publication of the IFRS 9 standard, superseding the current IAS 39 Financial Instruments standard. This standard establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard also includes a new general hedge accounting standard which will align hedge accounting more closely with risk management. It does not fully change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. The standard has a mandatorily effective date for annual periods beginning on or after January 1, 2018 with early adoption permitted

Amendments to IFRS 11, Joint Arrangements - In May 2014, the IASB issued an amendment to this standard requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business.

Amendments to IAS 38, Intangible Assets and IAS 16, Property, Plant and Equipment - In May 2014, the IASB issued amendments to these standards to introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. The amendment is effective for annual periods beginning on or after January 1, 2016 with early adoption permitted.

The Company is assessing the impact, if any, of these standards and amendments on the consolidated financial statements.

Selected Annual Information

The following table sets forth selected information from the Company's consolidated financial statements for the years ended December 31, 2014, December 31, 2013 and December 31, 2012.

Fiscal Year Ended		2014		2013		2012
Sales	$	3,598,645	$	3,221,881	$	2,901,004
Gross margin		347,892		324,036		273,634
Net income		71,304		16,950		37,075
Adjusted net income		83,386		82,442		73,492
Net income per share						
Basic		0.84		0.20		0.45
Diluted		0.83		0.20		0.44
Adjusted net income per share						
Basic		0.99		0.98		0.89
Diluted		0.98		0.97		0.88
Total assets	$	2,114,895	$	1,924,831	$	1,664,332
Total interest bearing debt	$	692,442	$	471,777	$	384,164
Dividends declared	$	10,159	$	7,588	$	Nil

The year-over-year trends in the selected information above have been discussed previously in this MD&A, including the unusual items in Table B under "Adjustments to Net Income".

Outlook

The automotive industry is traditionally an extremely challenging business, characterized at the OEM level by intense competition for market share, rebates to consumers and drives for quality and profits and characterized at the supplier level by price reductions, increasing quality standards, higher input prices and a declining number of qualified suppliers in the normal course or as a result of insolvencies and consolidation. The challenges of the industry were exacerbated by the 2008-2009 economic recession and the financial distress in the industry involving both OEMs and suppliers particularly evidenced by the bankruptcy filings of Chrysler and General Motors in the United States in 2009. The Company believes that the long term outlook of the automotive industry overall remains challenging but much improved from 2008 - 2010. In 2010, the North American automotive industry experienced a recovery in volume and revenues, as sales and production volumes increased from 2009 levels, although not to pre-recession levels. Production in 2011, 2012, 2013 and 2014 improved substantially. This has resulted in increasing revenues for most automotive OEMs and for suppliers who survived the automotive crisis of 2008 and 2009, including Martinrea.

There are many challenges, but opportunities will exist for innovative and cost effective suppliers who build great products in the short, medium and longer term, and who have survived automotive and economic crises. It is expected that growth in business for individual suppliers will occur as OEMs reduce the number of Tier 1 suppliers, continue to outsource product, and provide opportunities for new work and takeover business. The Company believes that an industry slow-down or consolidation can be viewed as a strategic opportunity to win additional business from competitors producing fluid management systems or metal formed products. The Company also believes that its capabilities provide it with the ability to capitalize on a broad range of opportunities. In 2003, the Company streamlined operations, managed the integration of acquisitions to create efficiencies, strengthened product offerings, took advantage of technological capabilities and created more profitability. The Company built on this in 2004 and in 2005, building a base for the future. In 2006, the Company again pursued this strategy, and added a major complementary acquisition to broaden its base. In 2007 and 2008, the Company focused on integrating its acquisitions and continued with its traditional strategic focus. The Company continued to pursue its strategies in 2009 despite the automotive and economic crisis, and acquired assets, customers and new work. The Company’s perseverance and focus continued throughout 2010, as the Company continued to build for the future. The Company continued to pursue its strategies since then, including the acquisition of the assets of Martinrea Honsel to broaden its product offerings and customer base, and will continue to do so in the future with a view to increasing revenue and profits over the longer term.

Forward-Looking Information

Special Note Regarding Forward-Looking Statements

This MD&A and the documents incorporated by reference therein contains forward-looking statements within the meaning of applicable Canadian securities laws including, but not limited to, statements related to the Company's expectations as to revenue and gross margin percentage (and earnings per share), expansion of and improvements in gross margin, including due to positive impact from launches, statements as to the growth of the Company and pursuit of its strategies, the launching of new programs including expectations as to the financial impact of launches, statements as to the progress of operational improvements and operational efficiencies, pricing pressures placed by OEMs on suppliers, continued consolidation of automotive suppliers, the increased reliance on outsourcing by foreign-owned OEMs, anticipated growth in the automotive industry in emerging markets, the increased reliance on forming technologies, future investments in leading edge technology, equipment and processes, the opportunity to increase sales, broad geographic penetration, and the nature and duration of the economic recession to the continuation of monitoring, managing and rationalization of expenses, the Company's expectations regarding the future amount and type of restructuring expenses to be expensed, statements as to the reduction of costs and inefficiencies (including due to operational improvements at, and stabilization of, the Company's Hopkinsville plant and expectations as to the continued operation of the presses), the Company's expectation regarding the financing of future capital expenditures, the Company's views of the likelihood of tooling and component part supplier default, the Company's view on the financial viability of its customers, the impact of environmental regulation on the demand for automobiles, the Company's views on the long term outlook of the automotive industry and economic recovery, and corresponding increased sales and production, the Company's expectations as to new plant openings, statements as to the benefits of the Honsel acquisition, the Company's ability to capitalize on opportunities in the automotive industry, the successful integration of acquisitions, the potential to reverse writedowns, the Company's views on its liquidity and ability to deal with present economic conditions, the Company's views as to the Rea litigation and class action and the Brazil tax assessment, the Company's statement as to Internal Controls and the payment of dividends 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 for the year ended December 31, 2014 and other public filings which can be 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 in-sourcing 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 and operational 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 exposures;
- 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.