MANAGEMENT DISCUSSION AND ANALYSIS

OF OPERATING RESULTS AND FINANCIAL POSITION

For the three and nine months ended September 30, 2015

The following management discussion and analysis ("MD&A") was prepared as of November 5, 2015 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2015 ("interim consolidated financial statements"), as well as the Company's audited consolidated financial statements and MD&A 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 development and production of quality metal parts, assemblies and modules, fluid management systems and complex aluminum products focused primarily on the automotive sector. Martinrea currently 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. In addition to IFRS measures, management uses non-IFRS measures in the Company's disclosures that it believes provides the most appropriate basis on which to evaluate the Company's results.

OVERALL RESULTS

The following tables set out certain highlights of the Company's performance for the three and nine months ended September 30, 2015 and 2014. Refer to the Company's interim condensed consolidated financial statements for the three and nine months ended September 30, 2015 for a detailed account of the Company's performance for the periods presented in the tables below.

	Three months ended September 30, 2015	Three months ended September 30, 2014	$ Change	% Change
Sales	$ 929,880	$ 859,456	70,424	8.2%
Gross Margin	96,385	78,076	18,309	23.5%
Operating Income	24,837	31,555	(6,718)	(21.3%)
Net Income for the period	15,232	21,205	(5,973)	(28.2%)
Net Income Attributable to Equity Holders of the Company	$ 15,469	$ 19,384	(3,915)	(20.2%)
Net Earnings per Share – Basic and Diluted	$ 0.18	$ 0.23	(0.05)	(21.7%)
Non-IFRS Measures*				
Adjusted Operating Income	$ 40,228	$ 31,555	8,673	27.5%
as a % of Sales	*4.3%*	*3.7%*		
Adjusted EBITDA	75,773	62,291	13,482	21.6%
as a % of Sales	*8.1%*	*7.2%*		
Adjusted Net Income Attributable to Equity Holders of the Company	25,899	19,384	6,515	33.6%
Adjusted Net Earnings per Share - Basic and Diluted	$ 0.30	$ 0.23	0.07	30.4%

		Nine months ended September 30, 2015		Nine months ended September 30, 2014	$ Change	% Change
Sales	$	2,831,457	$	2,654,864	176,593	6.7%
Gross Margin		298,403		261,418	36,985	14.1%
Operating Income		118,785		112,243	6,542	5.8%
Net Income for the period		79,347		77,490	1,857	2.4%
Net Income Attributable to Equity Holders of the Company	$	79,299	$	59,383	19,916	33.5%
Net Earnings per Share – Basic	$	0.93	$	0.70	0.23	32.9%
Net Earnings per Share – Diluted	$	0.92	$	0.69	0.23	33.3%
Non-IFRS Measures*						
Adjusted Operating Income	$	134,176	$	113,804	20,372	17.9%
as a % of Sales		*4.7%*		*4.3%*		
Adjusted EBITDA		234,489		202,435	32,054	15.8%
as a % of Sales		*8.3%*		*7.6%*		
Adjusted Net Income Attributable to Equity Holders of the Company		89,729		60,554	29,175	48.2%
Adjusted Net Earnings per Share - Basic	$	1.05	$	0.72	0.33	45.8%
Adjusted Net Earnings per Share - Diluted	$	1.04	$	0.71	0.33	46.5%

***Non-IFRS Measures**

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). However, the Company considers certain non-IFRS financial measures as useful additional information in measuring the financial performance and condition of the Company. These measures, which the Company believes are widely used by investors, securities analysts and other interested parties in evaluating the Company's performance, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to financial measures determined in accordance with IFRS. Non-IFRS measures include "Adjusted Net Income", "Adjusted Net Earnings per Share (on a basic and diluted basis)", "Adjusted Operating Income" and "Adjusted EBITDA". 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 September 30, 2015		Three months ended September 30, 2014
Net Income Attributable to Equity Holders of the Company	$	15,469	$	19,384
Unusual and Other Items (after-tax)*		10,430		-
Adjusted Net Income Attributable to Equity Holders of the Company	$	25,899	$	19,384

		Nine months ended September 30, 2015		Nine months ended September 30, 2014
Net Income Attributable to Equity Holders of the Company	$	79,299	$	59,383
Unusual and Other Items (after-tax)*		10,430		1,171
Adjusted Net Income Attributable to Equity Holders of the Company	$	89,729	$	60,554

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

	Three months ended September 30, 2015		Three months ended September 30, 2014
Net Income Attributable to Equity Holders of the Company	$ 15,469	$	19,384
Non-controlling interest	(237)		1,821
Income tax expense	4,087		5,322
Other finance income	(807)		(882)
Finance costs	6,325		5,910
Unusual and Other Items (before-tax)*	15,391		-
Adjusted Operating Income	$ 40,228	$	31,555
Depreciation of property, plant and equipment	31,879		27,735
Amortization of intangible assets	3,674		3,037
Loss/(gain) on disposal of property, plant and equipment	(8)		(36)
Adjusted EBITDA	$ 75,773	$	62,291

	Nine months ended September 30, 2015		Nine months ended September 30, 2014
Net Income Attributable to Equity Holders of the Company	$ 79,299	$	59,383
Non-controlling interest	48		18,107
Income tax expense	24,068		19,225
Other finance income	(4,059)		(891)
Finance costs	19,429		16,419
Unusual and Other Items (before-tax)*	15,391		1,561
Adjusted Operating Income	$ 134,176	$	113,804
Depreciation of property, plant and equipment	90,596		80,330
Amortization of intangible assets	10,470		8,214
Loss/(gain) on disposal of property, plant and equipment	(753)		87
Adjusted EBITDA	$ 234,489	$	202,435

**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 September 30, 2015 to three months ended September 30, 2014 comparison

	Three months ended September 30, 2015	Three months ended September 30, 2014	$ Change	% Change
North America	$ 745,034	$ 685,686	59,348	8.7%
Europe	163,982	159,373	4,609	2.9%
Rest of the World	20,864	14,397	6,467	44.9%
Total Sales	$ 929,880	$ 859,456	70,424	8.2%

The Company's consolidated sales for the third quarter of 2015 increased by $70.4 million or 8.2% to $929.9 million as compared to $859.5 million for the third quarter of 2014. Sales increased year-over-year across all operating segments.

Sales for the third quarter of 2015 in the Company's North America operating segment increased by $59.3 million or 8.7% to $745.0 million from $685.7 million for the third quarter of 2014. The increase was due to the launch of new programs during or subsequent to the third quarter of 2014, including the BMW X6, Ford Edge and Ford Transit, 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 third quarter of 2015 of approximately $94.9 million as compared to the third quarter of 2014. These positive factors were partially offset by a $41.7 million decrease in tooling sales, which are typically dependent on the timing of tooling construction and final acceptance by the customer, and lower year-over-year OEM production volumes on certain light-vehicle platforms late in their product life cycle such as the current GM Malibu, Cruze and Camaro.

Sales for the third quarter of 2015 in the Company's Europe operating segment increased by $4.6 million or 2.9% to $164.0 million from $159.4 million for the third quarter of 2014. The increase can be attributed to increased production sales in the Company's operating facilities in Spain and Slovakia, which continue to ramp up and launch their backlog of business; partially offset by a $2.3 million decrease in tooling sales, a $4.1 million negative foreign exchange impact from the translation of Euro denominated production sales as compared to the third quarter of 2014, and lower overall production volumes in the Company's Martinrea Honsel German operations including the impact from the sale of the Company's operating facility in Soest, Germany on August 31, 2015.

Sales for the third quarter of 2015 in the Company's Rest of the World operating segment increased by $6.5 million or 44.9% to $20.9 million from $14.4 million in the third quarter of 2014. The increase was mainly due to a year-over-year 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 a $0.3 million increase in tooling sales; partially offset by the impact of foreign exchange on the translation of foreign denominated production sales, which had a negative impact on overall sales for the third quarter of 2015 of approximately $0.2 million as compared to the third quarter of 2014. OEM light vehicle production volumes in Brazil continue to trend at low levels, although production sales for the third quarter of 2015 in the Company's operating facility in Brazil were stable year-over-year generally due to sales mix.

Overall tooling sales decreased by $43.7 million to $31.1 million for the third quarter of 2015 from $74.8 million for the third quarter of 2014.

Nine months ended September 30, 2015 to nine months ended September 30, 2014 comparison

		Nine months ended September 30, 2015		Nine months ended September 30, 2014	$ Change	% Change
North America	$	2,256,856	$	2,094,654	162,202	7.7%
Europe		517,345		516,063	1,282	0.2%
Rest of the World		57,256		44,147	13,109	29.7%
Total Sales	$	2,831,457	$	2,654,864	176,593	6.7%

The Company's consolidated sales for the nine months ended September 30, 2015 increased by $176.6 million or 6.7% to $2,831.5 million as compared to $2,654.9 million for the nine months ended September 30, 2014. Sales increased year-over-year across all operating segments.

Sales for the nine months ended September 30, 2015 in the Company's North America operating segment increased by $162.2 million or 7.7% to $2,256.9 million from $2,094.7 million for the nine months ended September 30, 2014. The increase was due to the launch of new programs during or subsequent to the nine months ended September 30, 2014, including the new Chrysler 200, BMW X6, Ford Edge and Ford Transit, 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 nine months ended September 30, 2015 of approximately $226.8 million as compared to the comparative period of 2014. These positive variances were partially offset by a year-over-year decrease in tooling sales of $59.2 million and lower year-over-year OEM production volumes on certain light-vehicle platforms including the Chrysler Minivan platform, which was down for thirteen weeks during the first half of 2015 for re-tooling, and platforms late in their product life cycle.

Sales for the nine months ended September 30, 2015 in the Company's Europe operating segment increased by $1.3 million or 0.2% to $517.3 million from $516.1 million for the nine months ended September 30, 2014. The increase can be attributed to increased production sales in the Company's operating facilities in Spain and Slovakia, which continue to ramp up and launch their backlog of business; partially offset by a $6.3 million decrease in tooling sales, the impact of foreign exchange on the translation of Euro denominated production sales, which had a negative impact on overall sales for the nine months ended September 30, 2015 of approximately $31.3 million as compared to the comparable period of 2014, and lower overall production volumes in the Company's Martinrea Honsel German operations including the impact from the sale of the Company's operating facility in Soest, Germany on August 31, 2015.

Sales for the nine months ended September 30, 2015 in the Company's Rest of the World operating segment increased by $13.1 million or 29.7% to $57.3 million from $44.1 million for the nine months ended September 30, 2014. The increase can be attributed to 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 a $1.7 million increase in tooling sales; partially offset by lower year-over-year production sales in the Company's operating facility in Brazil and the translation of foreign denominated production sales, which had a negative impact on overall sales for the nine months ended September 30, 2015 of $0.8 million as compared to the comparative period of 2014.

Overall tooling sales decreased by $63.8 million to $99.2 million for the nine months ended September 30, 2015 from $163.0 million for the nine months ended September 30, 2014.

GROSS MARGIN

Three months ended September 30, 2015 to three months ended September 30, 2014 comparison

	Three months ended September 30, 2015	Three months ended September 30, 2014	$ Change	% Change
Gross margin	$ 96,385	$ 78,076	18,309	23.5%
% of sales	10.4%	9.1%		

The gross margin percentage for the third quarter of 2015 of 10.4% increased as a percentage of sales by 1.3% as compared to the gross margin percentage for the third quarter of 2014 of 9.1%. The increase in gross margin as a percentage of sales was generally due to productivity and efficiency improvements at certain operating facilities, in particular in the Company's U.S. metallic operations, and a decrease in tooling sales which typically earn low or no margins for the Company; partially offset by the following:

- increased pre-operating and launch costs, in particular at new operating facilities in Spain, Mexico, China and Riverside, Missouri as these new plants prepare for upcoming new program launches;
- lower recoveries from scrap steel;
- operational inefficiencies and other costs at certain other facilities; and
- lower production volumes in the Company's Martinrea Honsel operating facility in Meschede, Germany.

Nine months ended September 30, 2015 to nine months ended September 30, 2014 comparison

	Nine months ended September 30, 2015	Nine months ended September 30, 2014	$ Change	% Change
Gross margin	$ 298,403	$ 261,418	36,985	14.1%
% of sales	10.5%	9.8%		

The gross margin percentage for the nine months ended September 30, 2015 of 10.5% increased as a percentage of sales by 0.7% as compared to the gross margin percentage for the nine months ended September 30, 2014 of 9.8%. The increase in gross margin as a percentage of sales was generally due to productivity and efficiency improvements at certain operating facilities, in particular in the Company's U.S. metallic operations, and a decrease in tooling sales which typically earn low or no margins for the Company; partially offset by the following:

- increased pre-operating and launch costs, in particular at new operating facilities in Spain, Mexico, China and Riverside, Missouri as these new plants prepare for upcoming new program launches;
- lower recoveries from scrap steel;
- operational inefficiencies and other costs at certain other facilities;
- lower production volumes in the Company's Martinrea Honsel operating facility in Meschede, Germany; and
- the resolution of certain commercial disputes in the Company's European operations which positively impacted the first quarter of 2014 as compared to the first quarter of 2015.

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

Three months ended September 30, 2015 to three months ended September 30, 2014 comparison

	Three months ended September 30, 2015	Three months ended September 30, 2014	$ Change	% Change
Selling, general & administrative	$ 49,300	$ 39,462	9,838	24.9%
% of sales	5.3%	4.6%		

SG&A expense, before adjustments, for the third quarter of 2015 increased by $9.8 million to $49.3 million as compared to $39.5 million for the third quarter of 2014. Excluding the unusual and other items recorded in SG&A expense incurred during the third quarter of 2015 as explained in Table A under "Adjustments to Net Income", SG&A expense for the third quarter of 2015 increased by $8.4 million to $47.9 million from $39.5 million for the comparative period. The increase is predominantly due to pre-operating costs incurred at new and/or expanded facilities, including incremental employment levels to support the business. 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 during the third quarter of 2015 as explained in Table A under "Adjustments to Net Income", SG&A expense as a percentage of sales increased year-over-year to 5.2% from 4.6% for the third quarter of 2014 due to pre-operating costs incurred at new and/or expanded facilities with currently no production sales.

Nine months ended September 30, 2015 to nine months ended September 30, 2014 comparison

		Nine months ended September 30, 2015		Nine months ended September 30, 2014	$ Change	% Change
Selling, general & administrative	$	142,583	$	128,387	14,196	11.1%
% of sales		5.0%		4.8%		

SG&A expense, before adjustments, for the nine months ended September 30, 2015 increased by $14.2 million to $142.6 million as compared to $128.4 million for the nine months ended September 30, 2014. Excluding the unusual and other items recorded in SG&A expense incurred during the nine months ended September 30, 2015 and 2014 as explained in Table B under "Adjustments to Net Income", SG&A expense for the nine months ended September 30, 2015 increased by $14.4 million to $141.2 million from $126.8 million for the comparative period of 2014. The increase is predominantly due to pre-operating costs incurred at new and/or expanded facilities, including incremental employment levels to support the business.

Excluding the unusual and other items recorded in SG&A expense incurred during the nine months ended September 30, 2015 and 2014 as explained in Table B under "Adjustments to Net Income", SG&A expense as a percentage of sales increased year-over-year to 5.0% from 4.8% for the nine months ended September 30, 2014 due to pre-operating costs incurred at new and/or expanded facilities with currently no production sales.

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

Three months ended September 30, 2015 to three months ended September 30, 2014 comparison

		Three months ended September 30, 2015		Three months ended September 30, 2014	$ Change	% Change
Depreciation of PP&E (production)	$	30,018	$	25,971	4,047	15.6%
Depreciation of PP&E (non-production)		1,861		1,764	97	5.5%
Amortization of customer contracts and relationships		495		904	(409)	(45.2%)
Amortization of development costs		3,179		2,133	1,046	49.0%
Total depreciation and amortization	$	35,553	$	30,772	4,781	15.5%

Total depreciation and amortization expense for the third quarter of 2015 increased by $4.8 million to $35.6 million as compared to $30.8 million for the third quarter of 2014. The increase in total depreciation and amortization expense was primarily due to increases in depreciation expense on a larger PP&E base resulting from the growth in the Company's book of business and amortization of development costs as new and replacement programs, 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 third quarter of 2014 as the Company has continued to work through its launch backlog. 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 increased slightly year-over-over to 3.2% for the third quarter of 2015 from 3.0% for the third quarter of 2014 as recent investments in equipment are put to use.

Nine months ended September 30, 2015 to nine months ended September 30, 2014 comparison

	Nine months ended September 30, 2015	Nine months ended September 30, 2014	$ Change	% Change
Depreciation of PP&E (production)	$ 85,193	$ 75,388	9,805	13.0%
Depreciation of PP&E (non-production)	5,403	4,942	461	9.3%
Amortization of customer contracts and relationships	1,611	1,815	(204)	(11.2%)
Amortization of development costs	8,859	6,399	2,460	38.4%
Total depreciation and amortization	$ 101,066	$ 88,544	12,522	14.1%

Total depreciation and amortization expense for the nine months ended September 30, 2015 increased by $12.5 million to $101.1 million as compared to $88.5 million for the nine months ended September 30, 2014. Similar to the year-over-year quarterly trend noted above, the increase in total depreciation and amortization expense was primarily due to increases in depreciation expense on a larger PP&E base resulting from growth in the Company's book of business and amortization of development costs as new and replacement programs, for which development costs were incurred, started production and reach peak volumes.

Depreciation of PP&E (production) expense as a percentage of sales increased slightly year-over-year to 3.1% for the nine months ended September 30, 2015 compared to 2.8% for the nine months ended September 30, 2014 as recent investments in equipment are put to use.

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

Adjusted Net Income excludes certain unusual and other items, as set out in the following tables and described in the notes thereto. Management uses Adjusted Net Income as a measurement of operating performance of the Company and believes that, in conjunction with IFRS measures, it provides useful information about the financial performance and condition of the Company.

TABLE A ***- Three months ended September 30, 2015 to three months ended September 30, 2014 comparison***

	Three months ended September 30, 2015 (a)	Three months ended September 30, 2014 (b)	(a)-(b) Change
NET INCOME (A)	**$15,469**	**$19,384**	**($3,915)**
Add back - Unusual and Other Items:			
Restructuring costs (1)	13,619	-	13,619
Executive separation agreement (2)	1,402	-	1,402
Loss on sale of assets and liabilities held for sale (3)	370	-	370
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**$15,391**	-	**$15,391**
Tax impact of above items	(4,961)	-	(4,961)
TOTAL UNUSUAL AND OTHER ITEMS AFTER TAX (B)	**$10,430**	-	**$10,430**
ADJUSTED NET INCOME (A + B)	**$25,899**	**$19,384**	**$6,515**
Number of Shares Outstanding – Basic ('000)	86,203	84,600	
Adjusted Basic Net Earnings Per Share	$0.30	$0.23	
Number of Shares Outstanding – Diluted ('000)	86,768	86,013	
Adjusted Diluted Net Earnings Per Share	$0.30	$0.23	

TABLE B ***- Nine months ended September 30, 2015 to nine months ended September 30, 2014 comparison***

	Nine months ended September 30, 2015 (a)	Nine months ended September 30, 2014 (b)	(a)-(b) Change
NET INCOME (A)	**$79,299**	**$59,383**	**$19,916**
Add back - Unusual and Other Items:			
Restructuring costs (1)	13,619	-	13,619
Executive separation agreement (2)	1,402	-	1,402
Loss on sale of assets and liabilities held for sale (3)	370	-	370
External legal and forensic accounting costs related to litigation (4)	-	1,561	(1,561)
TOTAL UNUSUAL AND OTHER ITEMS BEFORE TAX	**$15,391**	**$1,561**	**$13,830**
Tax impact of above items	(4,961)	(390)	(4,571)
TOTAL UNUSUAL AND OTHER ITEMS AFTER TAX (B)	**$10,430**	**$1,171**	**$9,259**
ADJUSTED NET INCOME (A + B)	**$89,729**	**$60,554**	**$29,175**
Number of Shares Outstanding – Basic ('000)	85,700	84,526	
Adjusted Basic Net Earnings Per Share	$1.05	$0.72	
Number of Shares Outstanding – Diluted ('000)	86,265	85,549	
Adjusted Diluted Net Earnings Per Share	$1.04	$0.71	

(1) Restructuring costs

As part of the acquisition of Honsel (as described in the "Acquisitions" section of this MD&A), a certain level of restructuring was planned in order to be cost competitive over the long term, in particular at the Company's operating facility in Meschede, Germany. In connection with these restructuring activities, $13.6 million (€9.7 million) of employee related severance was recognized during the third quarter of 2015. No such restructuring costs were incurred during 2014. Additional employee related severance associated with the Martinrea Honsel operations, may be incurred in the future.

(2) Executive separation agreement

On July 14, 2015, Danny Infusino stepped down as the Company's Executive Vice President of Business Development and Engineering and Vice President of Operations. The costs added back for Adjusted Net Income purposes represents Mr. Infusino's termination benefits (included in SG&A expense) as set out in his employment contract payable over an eighteen month period.

(3) Loss on sale of assets and liabilities held for sale

During the second quarter of 2015, certain assets and liabilities of the Company's operating facility in Soest, Germany were transferred to assets held for sale. The Soest facility specializes in aluminum extrusions which the Company determined was not core to the strategy of the overall business going forward. The agreement to sell the Soest facility was closed on August 31, 2015. The net assets were sold for proceeds of $20.6 million (€14.6 million) resulting in a pre-tax loss on sale of $0.4 million (€0.3 million).

(4) External legal and forensic accounting costs related to litigation

The costs added back for Adjusted Net Income purposes for the nine months ended September 30, 2014 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 outside the ordinary course of business as outlined in the Company's Annual Information Form for the year ended December 31, 2014.

NET INCOME
(ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY)

Three months ended September 30, 2015 to three months ended September 30, 2014 comparison

	Three months ended September 30, 2015	Three months ended September 30, 2014	$ Change	% Change
Net Income	$ 15,469	$ 19,384	(3,915)	(20.2%)
Adjusted Net Income	$ 25,899	$ 19,384	6,515	33.6%
Net Earnings per Share				
Basic	$ 0.18	$ 0.23		
Diluted	$ 0.18	$ 0.23		
Adjusted Net Earnings per Share				
Basic	$ 0.30	$ 0.23		
Diluted	$ 0.30	$ 0.23		

Net income, before adjustments, for the third quarter of 2015 decreased to $15.5 million from $19.4 million for the third quarter of 2014. Excluding the unusual and other items incurred during the third quarter of 2015 as explained in Table A under "Adjustments to Net Income", net income for the third quarter of 2015 increased to $25.9 million or $0.30 per share, on a basic and diluted basis, from $19.4 million or $0.23 per share, on a basic and diluted basis, for the third quarter of 2014.

Adjusted Net Income for the third quarter of 2015, as compared to the third quarter of 2014, was positively impacted by the following:

- higher gross profit from an overall increase in year-over-year production sales as previously explained;
- productivity and efficiency improvements at certain operating facilities in particular in the Company's U.S. metallic operations; and
- the inclusion of 100% of the net earnings from the Martinrea Honsel group after the Company purchased the 45% non-controlling interest on August 7, 2014 (see "Acquisitions" section of this MD&A for further details on the transaction).

These factors were partially offset by the following:

- increased pre-operating and launch costs, in particular at new operating facilities in Spain, Mexico, China, and Riverside, Missouri as these new plants prepare for upcoming new program launches;
- lower recoveries from scrap steel;
- operational inefficiencies and other costs at certain other facilities;
- lower production volumes in the Company's Martinrea Honsel operating facility in Meschede, Germany;
- a higher effective tax rate on adjusted pre-tax income due generally to the mix of earnings (26.1% for the third quarter of 2015 compared to 20.1% for the third quarter of 2014); and
- year-over-year increases in SG&A expense as previously discussed, research and development expenses, due in large part 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 fund the purchase of the 45% non-controlling interest of the Martinrea Honsel group on August 7, 2014 (see "Acquisitions" section of this MD&A for further details on the transaction).

Three months ended September 30, 2015 actual to guidance comparison:

On August 6, 2015, the Company provided the following guidance for the third quarter of 2015:

	Guidance	Actual
Production sales (in millions)	$ 865 - 905	$ 899
Adjusted Net Earnings per Share		
Basic & Diluted	$ 0.27 - 0.31	$ 0.30

For the third quarter of 2015, production sales of $899 million and Adjusted Net Earnings per Share of $0.30 were within the range of published guidance.

Nine months ended September 30, 2015 to nine months ended September 30, 2014 comparison

	Nine months ended September 30, 2015	Nine months ended September 30, 2014	$ Change	% Change
Net Income	$ 79,299	$ 59,383	19,916	33.5%
Adjusted Net Income	$ 89,729	$ 60,554	29,175	48.2%
Net Earnings per Share				
Basic	$ 0.93	$ 0.70		
Diluted	$ 0.92	$ 0.69		
Adjusted Net Earnings per Share				
Basic	$ 1.05	$ 0.72		
Diluted	$ 1.04	$ 0.71		

Net income, before adjustments, for the nine months ended September 30, 2015 increased by $19.9 million to $79.3 million from $59.4 million for the nine months ended September 30, 2014. Excluding the unusual and other items incurred during the nine months ended September 30, 2015 and 2014 as explained in Table B under “Adjustments to Net Income”, Net Income for the nine months ended September 30, 2015 increased to $89.7 million or $1.05 per share, on a basic basis, and $1.04 per share on a diluted basis, from $60.6 million or $0.72 per share, on a basic basis, and $0.71 per share, on a diluted basis, for the nine months ended September 30, 2014.

Adjusted Net Income for the nine months ended September 30, 2015, as compared to the nine months ended September 30, 2014, was positively impacted by the following:

- higher gross profit from an overall increase in year-over-year production sales as previously explained;
- productivity and efficiency improvements at certain operating facilities in particular in the Company’s U.S. metallic operations;
- the inclusion of 100% of the net earnings from the Martinrea Honsel group after the Company purchased the 45% non-controlling interest on August 7, 2014 (see “Acquisitions” section of this MD&A for further details on the transaction); and
- a net foreign exchange gain of $4.0 million for the nine months ended September 30, 2015 compared to a net foreign exchange gain of $0.7 million for the comparative period of 2014.

These factors were partially offset by the following:

- increased pre-operating and launch costs, in particular at new operating facilities in Spain, Mexico, China, and Riverside, Missouri as these new plants prepare for upcoming new program launches;
- lower recoveries from scrap steel;
- operational inefficiencies and other costs at certain other facilities;
- lower production volumes in the Company’s Martinrea Honsel operating facility in Meschede, Germany;
- the resolution of certain commercial disputes in the Company’s European operations which positively impacted the first quarter of 2014 as compared to the first quarter of 2015;
- a higher effective tax rate on adjusted pre-tax income due generally to the mix of earnings (24.4% for the nine months ended September 30, 2015 compared to 20.0% for the comparative period of 2014); and
- year-over-year increases in SG&A expense as previously discussed, research and development expenses, due predominantly 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 the Martinrea Honsel group on August 7, 2014 (see “Acquisitions” section of this MD&A for further details on the transaction).

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

Three months ended September 30, 2015 to three months ended September 30, 2014 comparison

	Three months ended September 30, 2015	Three months ended September 30, 2014	$ Change	% Change
Additions to PP&E	$ 44,801	$ 52,015	(7,214)	(13.9%)

Additions to PP&E decreased by $7.2 million to $44.8 million in the third quarter of 2015 from $52.0 million in the third quarter of 2014 due generally to the timing of expenditures. Additions as a percentage of sales decreased year-over-year to 4.8% for the third quarter of 2015 from 6.1% for the third quarter of 2014. 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 third quarter of 2015 continued to be for manufacturing equipment and multiple expansions for programs that recently launched or will be launching over the next 24 months.

Nine months ended September 30, 2015 to nine months ended September 30, 2014 comparison

	Nine months ended September 30, 2015	Nine months ended September 30, 2014	$ Change	% Change
Additions to PP&E	$ 129,536	$ 136,377	(6,841)	(5.0%)

Additions to PP&E decreased year-over-year to $129.5 million for the nine months ended September 30, 2015 compared to $136.4 million for the nine months ended September 30, 2014 generally due to the timing of expenditures. Additions as a percentage of sales decreased year-over-year to 4.6% for the nine months ended September 30, 2015 from 5.1% for the comparative period of 2014. Despite the decrease as a percentage of sales, the Company continues to make investments in the business in particular at new operating facilities in Spain, Mexico, China, and Riverside, Missouri as these new plants prepare for upcoming new program launches.

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, Martinrea's operations are segmented and aggregated 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 September 30, 2015 to three months ended September 30, 2014 comparison

	SALES		OPERATING INCOME (LOSS)*	
	Three months ended September 30, 2015	Three months ended September 30, 2014	Three months ended September 30, 2015	Three months ended September 30, 2014
North America	$ 745,034	$ 685,686	$ 38,117	$ 24,112
Europe	163,982	159,373	5,401	10,254
Rest of the World	20,864	14,397	(3,290)	(2,811)
Adjusted Operating Income	-	-	$ 40,228	$ -
Unusual and Other Items*	-	-	(15,391)	-
Total	$ 929,880	$ 859,456	$ 24,837	$ 31,555

**Operating income for the operating segments has been adjusted for unusual and other items. Of the $15.4 million of unusual and other items incurred during the third quarter of 2015, $14.0 million was incurred in Europe and the remaining $1.4 million in North America. The unusual and other items noted above are fully explained under "Adjustments to Net Income" in this MD&A.*

North America

Adjusted Operating Income in North America increased by $14.0 million to $38.1 million for the third quarter of 2015 from $24.1 million for the third quarter of 2014. Adjusted Operating Income in North America was positively impacted by:

- higher gross profit from an overall increase in year-over-year production sales as previously explained; 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:

- increased pre-operating and launch costs, in particular at two new operating facilities in Mexico and Riverside, Missouri as these new plants prepare for upcoming new program launches;
- lower recoveries from scrap steel; and
- operational inefficiencies and other costs at certain other facilities.

Europe

Adjusted Operating Income in Europe decreased by $4.9 million to $5.4 million for the third quarter of 2015 from $10.3 million for the third quarter of 2014. The operating results in Europe were negatively impacted 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, and in Slovakia, as the plant continues to ramp up its book of business; and lower production volumes in the Company's Martinrea Honsel operating facility in Meschede, Germany.

Rest of the World

The operating results for the Rest of the World operating segment decreased slightly year-over-year. The decrease in operating results was primarily due to pre-operating costs at a new aluminum operating facility in China as the plant prepares for its inaugural new program launch in 2016, partially offset by increased 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.

Nine months ended September 30, 2015 to nine months ended September 30, 2014 comparison

	SALES		OPERATING INCOME (LOSS)*	
	Nine months ended September 30, 2015	**Nine months ended September 30, 2014**	**Nine months ended September 30, 2015**	**Nine months ended September 30, 2014**
North America	$ 2,256,856	$ 2,094,654	$ 120,401	$ 80,695
Europe	517,345	516,063	21,450	40,326
Rest of the World	57,256	44,147	(7,675)	(7,217)
Adjusted Operating Income	-	-	$ 134,176	$ 113,804
Unusual and Other Items*	-	-	(15,391)	(1,561)
Total	$ 2,831,457	$ 2,654,864	$ 118,785	$ 112,243

**Operating income for the operating segments has been adjusted for unusual and other items. Of the $15.4 million of unusual and other items incurred during the nine months ended September 30, 2015, $14.0 million was incurred in Europe and the remaining $1.4 million in North America. The $1.6 million in unusual and other items incurred during the nine months ended September 30, 2014 was all incurred in North America. The unusual and other items noted above are fully explained under "Adjustments to Net Income" in this MD&A.*

North America

Adjusted Operating Income in North America increased by $39.7 million to $120.4 million for the nine months ended September 30, 2015 from $80.7 million for the nine months ended September 30, 2014. Adjusted Operating Income in North America was positively impacted by:

- higher gross profit from an overall increase in year-over-year production sales as previously explained; 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:

- increased pre-operating and launch costs, in particular at two new operating facilities in Mexico and Riverside, Missouri as these new plants prepare for upcoming new program launches;
- lower recoveries from scrap steel; and
- operational inefficiencies and other costs at certain other facilities.

Europe

Adjusted Operating Income in Europe decreased by $18.9 million to $21.5 million for the nine months ended September 30, 2015 from $40.3 million for the nine months ended September 30, 2014. Adjusted Operating Income in Europe was negatively impacted 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, and in Slovakia, as the plant continues to ramp up its book of business; lower production volumes in the Company's Martinrea Honsel operating facility in Meschede, Germany; and the resolution of certain commercial disputes in the Company's European operations which positively impacted the first quarter of 2014 as compared to the first quarter of 2015.

Rest of the World

The operating results for the Rest of the World operating segment remained relatively flat year-over-year. The benefit of increased 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, was essentially offset by negative impacts from lower year-over-year 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.

SUMMARY OF QUARTERLY RESULTS

	2015			2014				2013
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Sales	929,880	984,046	917,531	943,781	859,456	930,915	864,493	858,624
Gross margin	96,385	106,379	95,639	86,474	78,076	95,863	87,479	73,475
Net income for the period	15,232	33,607	30,508	11,926	21,205	29,626	26,659	(44,074)
Net income attributable to equity holders of the Company	15,469	33,411	30,419	11,921	19,384	23,308	16,691	(51,425)
Basic Net Earnings per Share	0.18	0.39	0.36	0.14	0.23	0.28	0.20	(0.61)
Diluted Net Earnings per Share	0.18	0.39	0.36	0.14	0.23	0.27	0.20	(0.60)
Adjusted Basic Net Earnings per Share	0.30	0.39	0.36	0.27	0.23	0.28	0.21	0.17
Adjusted Diluted Net Earnings per Share	0.30	0.39	0.36	0.27	0.23	0.28	0.21	0.17

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 and prospects for growth. As at September 30, 2015, the Company had total equity attributable to equity holders of the Company of $730.0 million. As at September 30, 2015, the Company's ratio of current assets to current liabilities was 1.24:1, consistent with the previous quarter (1.25:1). The Company's current working capital level of $198.3 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 September 30, 2015	Three months ended September 30, 2014	$ Change	% Change
Cash provided by operations before changes in non-cash working capital items	$ 62,114	$ 64,264	(2,150)	(3.3%)
Change in non-cash working capital items	(38,458)	7,888	(46,346)	(587.6%)
	23,656	72,152	(48,496)	(67.2%)
Interest paid	(6,320)	(5,738)	(582)	10.1%
Income taxes paid	(4,528)	(16,522)	11,994	(72.6%)
Cash provided by operating activities	12,808	49,892	(37,084)	(74.3%)
Cash provided by financing activities	2,076	222,333	(220,257)	(99.1%)
Cash used in investing activities	(28,649)	(290,838)	262,189	(90.1%)
Effect of foreign exchange rate changes on cash and cash equivalents	633	5,438	(4,805)	(88.4%)
Decrease in cash and cash equivalents	$ (13,132)	$ (13,175)	43	(0.3%)

Cash provided by operating activities during the third quarter of 2015 was $12.8 million, compared to cash provided by operating activities of $49.9 million in the corresponding period of 2014. The components for the third quarter of 2015 primarily include the following:

- cash provided by operations before changes in non-cash working capital items of $62.1 million;
- working capital items use of cash of $38.5 million comprised of an increase in trade and other receivables of $21.0 million, an increase in inventories of $21.3 million and an increase in prepaid expenses and deposits of $4.9 million, partially offset by an increase in trade, other payables and provisions of $8.7 million;
- interest paid (excluding capitalized interest) of $6.3 million; and
- income taxes paid of $4.5 million.

Cash provided by financing activities during the third quarter of 2015 was $2.1 million, compared to $222.3 million in the corresponding period in 2014, as a result of a $2.8 million increase in long term debt (net of repayments on the Company's revolving banking facility and asset backed financing arrangements) and $1.9 million in proceeds from the exercise of employee stock options; partially offset by $2.6 million in dividends paid. The $222.3 million in cash provided by financing activities during the third quarter of 2014 was primarily the result of an increase in debt to fund the purchase of the 45% non-controlling interest of the Martinrea Honsel group on August 7, 2014 (see "Acquisitions" section of this MD&A for further details on the transaction).

Cash used in investing activities during the third quarter of 2015 was $28.6 million, compared to $290.8 million in the corresponding period in 2014. The components for the third quarter of 2015 primarily include the following:

- cash additions to PP&E of $45.4 million;
- capitalized development costs relating to upcoming new program launches of $4.0 million; partially offset by
- proceeds from the sale of assets and liabilities held for sale of $20.6 million; and
- proceeds from the disposal of PP&E of $0.1 million.

The cash used in investing activities of $290.8 million in the third quarter of 2014 included $48.9 million in cash additions to PP&E, $6.8 million in capitalized development costs relating to upcoming new program launches and the $235.7 million purchase of the 45% non-controlling interest of the Martinrea Honsel group on August 7, 2014 (see "Acquisitions" section of this MD&A for further details on the transaction); partially offset by $0.5 million in proceeds from the disposal of PP&E.

Taking into account the opening cash balance of $21.0 million at the beginning of the third quarter of 2015, and the activities described above, the cash and cash equivalents balance at September 30, 2015 was $7.9 million.

CASH FLOWS

		Nine months ended September 30, 2015		Nine months ended September 30, 2014	$ Change	% Change
Cash provided by operations before changes in non-cash working capital items	$	226,465	$	205,352	21,113	10.3%
Change in non-cash working capital items		(53,697)		6,018	(59,715)	(992.3%)
		172,768		211,370	(38,602)	(18.3%)
Interest paid		(17,434)		(15,323)	(2,111)	13.8%
Income taxes paid		(49,085)		(31,551)	(17,534)	55.6%
Cash provided by operating activities		106,249		164,496	(58,247)	(35.4%)
Cash provided (used) in financing activities		(26,643)		195,683	(222,326)	(113.6%)
Cash used in investing activities		(125,543)		(393,668)	268,125	(68.1%)
Effect of foreign exchange rate changes on cash and cash equivalents		1,432		2,550	(1,118)	(43.8%)
Decrease in cash and cash equivalents	$	(44,505)	$	(30,939)	(13,566)	43.8%

Cash provided by operating activities during the nine months ended September 30, 2015 was $106.2 million, compared to cash provided by operating activities of $164.5 million in the corresponding period of 2014. The components for the first nine months of 2015 primarily include the following:

- cash provided by operations before changes in non-cash working capital items of $226.5 million;
- working capital items use of cash of $53.7 million comprised of an increase in trade and other receivables of $61.9 million; an increase in inventories of $17.0 million and an increase in prepaid expenses and deposits of $10.2 million; partially offset by an increase in trade, other payables and provisions of $35.4 million;
- interest paid (excluding capitalized interest) of $17.4 million; and
- income taxes paid of $49.1 million due to the timing of final income tax payments for 2014 and cash instalments for 2015.

Cash used in financing activities during the nine months ended September 30, 2015 was $26.6 million, compared to cash provided of $195.7 million in the corresponding period in 2014, as a result of $61.7 million in long term debt repayments on the Company's revolving credit facility and asset based financing arrangements, and $7.7 million in dividends paid; partially offset by $10.7 million in proceeds from the exercise of employee stock options during the period and $32.1 million drawn on the Company's revolving banking facility.

Cash used in investing activities during the nine months ended September 30, 2015 was $125.5 million, compared to $393.7 million in the corresponding period in 2014. The components for the first nine months of 2015 primarily include the following:

- cash additions to PP&E of $137.1 million;
- capitalized development costs relating to upcoming new program launches of $11.6 million; partially offset by
- proceeds from the sale of assets and liabilities held for sale of $20.6 million; and
- proceeds from the disposal of PP&E of $2.5 million.

The cash used in investing activities of $393.7 million during the nine months ended September 30, 2014 included $143.2 million in cash additions to PP&E, $16.1 million in capitalized development costs relating to upcoming new program launches and the $235.7 million purchase of the 45% non-controlling interest of the Martinrea Honsel group on August 7, 2014 (see "Acquisitions" section of this MD&A for further details on the transaction); partially offset by $1.3 million in proceeds from the disposal of PP&E.

Taking into account the opening cash balance of $52.4 million at the beginning of 2015, and the activities described above, the cash and cash equivalents balance at September 30, 2015 was $7.9 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 September 30, 2015, the Company had drawn $273.0 million on the Canadian revolving credit line and US$240.0 million on the U.S. revolving credit line.

During the third quarter, net debt (i.e. long term debt less cash on hand) increased by $45.1 million from $667.6 million at June 30, 2015 to $712.7 million at September 30, 2015, due primarily to the impact of foreign exchange translation on U.S. denominated debt of $25.7 million and a quarter-over-quarter increase in working capital (due in large part to increased levels of tooling receivables and inventories) which was financed through drawdowns on the Company's banking facility and cash on hand.

The Company was in compliance with its debt covenants as at September 30, 2015.

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 October 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 2015 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 September 30, 2015 the amount of off-balance sheet program financing was $72.9 million (December 31, 2014 - $17.2 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.

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.

During the second quarter ended June 30, 2015, certain assets and liabilities of the Company's operating facility in Soest, Germany, which formed part of the above described Martinrea Honsel group, were transferred to assets held for sale. The Soest facility specializes in aluminum extrusions which the Company determined was not core to the strategy of the overall business going forward.

The agreement to sell the Soest facility was closed on August 31, 2015. The net assets of the facility were sold for proceeds of $20,638 (€14,588) resulting in a pre-tax loss on sale of $370 (€257).

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 reader is referred to the detailed discussion on Industry Highlights and Trends and Risks and Uncertainties as outlined in the Company's Annual Information Form dated March 19, 2015 and available through SEDAR at www.sedar.com which are incorporated herein by reference. 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.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at November 5, 2015, the Company had 86,326,333 common shares outstanding. The Company's common shares constitute its only class of voting securities. As at November 5, 2015, options to acquire 4,388,952 common shares were outstanding.

CONTRACTUAL OBLIGATIONS AND OFF BALANCE SHEET FINANCING

During the three months ended September 30, 2015, there has been no material change in the table of contractual obligations specified in the Company's MD&A for the fiscal year ended December 31, 2014.

The Company has negotiated tool financing facilities that 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 September 30, 2015, the amount of the off balance sheet program financing was $72.9 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.

Financial Instruments

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 sales 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 September 30, 2015, 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	$ 17,474	$ 1.2416	3
Buy Euro	2,026	0.8885	1
Buy Mexican Peso	706	17.0010	1

The aggregate value of these forward contracts as at September 30, 2015 was a loss of $1,641 and was recorded in trade and other payables (December 31, 2014 - loss of $9 recorded in trade and other payables).

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in the Company's disclosure controls and procedures and internal controls over financial reporting during the most recent interim period that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

CRITICAL ACCOUNTING ESTIMATES

Included in the Company's 2014 annual consolidated financial statements, as well as in the Company's 2014 annual MD&A, are the accounting policies under IFRS and estimates that are critical to the understanding of the business and to the results of operations. For the three months ended September 30, 2015 there were no changes to the critical accounting policies and estimates of the Company from those found in the 2014 annual MD&A, except for the following new accounting standards recently adopted.

IFRS 38, Intangible Assets and IAS 16, Property, Plant and Equipment

Effective January 1, 2015, the Company adopted amendments made to IAS 38, Intangible Assets and IAS 16, Property, Plant and Equipment. The amendments to these standards introduced a rebuttable presumption that the use of revenue-based amortization methods is inappropriate.

The adoption of these amended standards did not have a significant impact on the interim condensed consolidated financial statements in the current or comparative periods.

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, while always challenging, is 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 through 2015 to date 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. 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 its capabilities provide it with the ability to capitalize on a broad range of opportunities. The Company has built its footprint and continues to pursue its strategies, including the recent 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 related to the Company's expectations as to revenue and gross margin percentage (and earnings per share), statements to the growth of the Company and pursuit of its strategies, the ramping up and launching of new programs, investments in its business, continued consolidation of automotive suppliers and opportunity for growth of individual suppliers, the opportunity to increase sales. The Company's expectations regarding the future amount and type of restructuring expenses to be expensed, the financing of future capital expenditures, the Company's views of the likelihood of tooling and component part supplier default, the Company's ability to capitalize on opportunities in the automotive industry, the Company's views on its liquidity and ability to deal with present economic conditions, 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 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.