



MARTINREA INTERNATIONAL INC.

Releases First Quarter Results and Announces Dividend

May 3, 2016 – For Immediate Release

Toronto, Ontario – Martinrea International Inc. (TSX : MRE), a leader in the development and production of quality metal parts, assemblies and modules and fluid management systems and complex aluminum products focused primarily on the automotive sector, announced today the release of its financial results for the first quarter ended March 31, 2016 and a quarterly dividend.

All amounts in this press release are in Canadian dollars, unless otherwise stated; and all tabular amounts are in thousands of Canadian dollars, except earnings per share and number of shares.

Additional information about the Company, including the Company's Management Discussion and Analysis of Operating Results and Financial Position for the first quarter ended March 31, 2016 ("MD&A"), the Company's unaudited interim condensed consolidated financial statements for the first quarter ended March 31, 2016 (the "unaudited interim consolidated financial statements") and the Company's Annual Information Form for the financial year ended December 31, 2015, can be found at www.sedar.com.

HIGHLIGHTS

- Record first quarter sales and net earnings
- First quarter operating income and adjusted EBITDA margins improved year over year and quarter over quarter
- Record EBITDA of \$89 million
- Renewed credit facility in place
- Dividend of \$0.03 per share announced

OVERVIEW

Pat D'Eramo, Martinrea's President and Chief Executive Officer, stated: "We had a very strong first quarter, with record first quarter financial results in terms of sales and earnings. Our emphasis on operational excellence is taking hold in a number of plants, resulting in improved financial performance in those plants and overall. Our launch schedule in the past several months has been significant, especially in opening four new plants, and I am very pleased with the performance of the launch teams in Spain, Mexico, Riverside, US and China thus far. Our team is working hard on our strategy as we focus on customer satisfaction, a high performance culture, and superior financial performance along with operational excellence."

Fred Di Tosto, Martinrea's Chief Financial Officer, stated: "Sales for the first quarter, excluding tooling sales, were \$1.004 billion, in line with our previously announced sales guidance, and a record quarter. In our first quarter, our earnings per share, on a basic and diluted basis, was \$0.38, with no adjustments for restructuring or other costs, at the high end of our quarterly guidance despite a \$2.1 million foreign exchange loss for the quarter, and a record first quarter. First quarter operating income and EBITDA margins improved year over year and quarter-over-quarter to 4.9% and 8.6%, respectively, even with some pre-operating and normal course launch related costs at some new plants, customer shutdowns for re-tooling, including a slowdown of our Martinrea Honsel Mexico facility as Chrysler moved to the next generation Pentastar engine block, and lower volumes on the Chrysler 200 because of unplanned customer shutdowns in the quarter. A lot of progress is being made in many plants across the organization and we are seeing the benefits of those efforts in our margins. We continue to expect overall operating income margins to improve to over 6% by 2017. Our net debt:EBITDA ratio at the end of the quarter was 2.18:1, an improvement from last year and essentially consistent with year-end. We continue to look to a ratio of 1.5:1 by the end of 2017. All in all, we had a very solid quarter from a financial perspective."

Rob Wildeboer, Martinrea's Executive Chairman, stated: "Our industry is and remains healthy, in North America but also in Europe and China, and we are well positioned, especially with our strong North American footprint, as well as our product offerings, to benefit. We see continued growth over time in our revenues, margins and earnings, and with this quarter we believe we have put a few more pucks in the net. We are pleased to announce that we have renewed, expanded and extended our credit facility with our lending syndicate, comprised of nine leading Canadian and international institutions, illustrating the strong relationship we have with them and their confidence in our Company. We have always treated our creditors as partners in the enterprise, and they have greatly helped us grow our business over time. We believe 2016 will be a very good year for us, and we are off to a very solid start. Our second quarter sales, excluding tooling sales, will range from \$960 million to \$1

billion, reflective of the more recent strengthening of the Canadian dollar, and some customer shutdowns including the Chrysler 200 and some previously unplanned shutdowns from GM of four assembly plants for two weeks because of an earthquake in Japan disrupting the supply chain. We anticipate our adjusted net earnings per share, on a basic and diluted basis, in the range of \$0.43 to \$0.47 per share, which would be a quarterly record for us.”

RESULTS OF OPERATIONS

Results of operations may include certain unusual and other items which have been separately disclosed, where appropriate, in order to provide a clear assessment of the underlying Company results. In addition to IFRS measures, management uses non-IFRS measures in the Company’s disclosures that it believes 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 three months ended March 31, 2016 and 2015. Refer to the Company’s unaudited interim consolidated financial statements for the three months ended March 31, 2016 for a detailed account of the Company’s performance for the periods presented in the table below.

| | Three months ended March 31, 2016 | | Three months ended March 31, 2015 | | \$ Change | % Change |
|---|--|-----------|--|---------|------------------|-----------------|
| Sales | \$ | 1,039,450 | \$ | 917,531 | 121,919 | 13.3% |
| Gross Margin | | 111,818 | | 95,639 | 16,179 | 16.9% |
| Operating Income | | 51,345 | | 43,710 | 7,635 | 17.5% |
| Net Income for the period | | 32,531 | | 30,508 | 2,023 | 6.6% |
| Net Income Attributable to Equity Holders of the Company | \$ | 32,571 | \$ | 30,419 | 2,152 | 7.1% |
| Net Earnings per Share - Basic and Diluted | \$ | 0.38 | \$ | 0.36 | 0.02 | 5.6% |
| <u>Non-IFRS Measures*</u> | | | | | | |
| Adjusted Operating Income | \$ | 51,345 | \$ | 43,710 | 7,635 | 17.5% |
| <i>as a % of Sales</i> | | 4.9% | | 4.8% | | |
| Adjusted EBITDA | | 89,022 | | 74,923 | 14,099 | 18.8% |
| <i>as a % of Sales</i> | | 8.6% | | 8.2% | | |
| Adjusted Net Income Attributable to Equity Holders of the Company | | 32,571 | | 30,419 | 2,152 | 7.1% |
| Adjusted Net Earnings per share - Basic and Diluted | \$ | 0.38 | \$ | 0.36 | 0.02 | 5.6% |

***Non-IFRS Measures**

The Company prepares its financial statements in accordance with International Financial Reporting Standards (“IFRS”). However, the Company considers certain non-IFRS financial measures as useful additional information in measuring the financial performance and condition of the Company. These measures, which the Company believes are widely used by investors, securities analysts and other interested parties in evaluating the Company’s performance, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by

other publicly traded companies, nor should they be construed as an alternative to financial measures determined in accordance with IFRS. Non-IFRS measures include “Adjusted Net Income”, “Adjusted Net Earnings per Share (on a basic and diluted basis)”, “Adjusted Operating Income” and “Adjusted EBITDA”.

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

| | Three months ended March 31, 2016 | Three months ended March 31, 2015 |
|---|--|--|
| Net Income Attributable to Equity Holders of the Company | \$ 32,571 | \$ 30,419 |
| Unusual and Other Items (after-tax)* | - | - |
| Adjusted Net Income Attributable to Equity Holders of the Company | \$ 32,571 | \$ 30,419 |

**No unusual and other items for the three months ended March 31, 2016 and 2015 were noted*

| | Three months ended March 31, 2016 | Three months ended March 31, 2015 |
|--|--|--|
| Net Income Attributable to Equity Holders of the Company | \$ 32,571 | \$ 30,419 |
| Non-controlling interest | (40) | 89 |
| Income tax expense | 10,499 | 9,249 |
| Other finance expense (income) | 2,121 | (2,602) |
| Finance costs | 6,194 | 6,555 |
| Unusual and Other Items (before tax)* | - | - |
| Adjusted Operating Income | \$ 51,345 | \$ 43,710 |
| Depreciation of property, plant and equipment | 33,622 | 28,582 |
| Amortization of intangible assets | 4,004 | 3,201 |
| Loss/(gain) on disposal of property, plant and equipment | 51 | (570) |
| Adjusted EBITDA | \$ 89,022 | \$ 74,923 |

**No unusual and other items for the three months ended March 31, 2016 and 2015 were noted*

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

SALES

Three months ended March 31, 2016 to three months ended March 31, 2015 comparison

| | Three months ended March 31, 2016 | | Three months ended March 31, 2015 | | \$ Change | % Change |
|-------------------|--|-----------|--|---------|------------------|-----------------|
| North America | \$ | 839,989 | \$ | 713,119 | 126,870 | 17.8% |
| Europe | | 164,669 | | 187,401 | (22,732) | (12.1%) |
| Rest of the World | | 34,792 | | 17,011 | 17,781 | 104.5% |
| Total Sales | \$ | 1,039,450 | \$ | 917,531 | 121,919 | 13.3% |

The Company's consolidated sales for the first quarter of 2016 increased by \$121.9 million or 13.3% to \$1,039.4 million as compared to \$917.5 million for the first quarter of 2015. The total 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 first quarter of 2016 in the Company's North America operating segment increased by \$126.9 million or 17.8% to \$840.0 million from \$713.1 million for the first quarter of 2015. The increase was due to the impact of foreign exchange on the translation of U.S. denominated production sales, which had a positive impact on overall sales for the first quarter of 2016 of approximately \$95.6 million as compared to the first quarter of 2015; the launch of new programs during or subsequent to the first quarter of 2015, including the Ford Edge and GM Malibu; an increase in year-over-year production volumes on the Chrysler minivan platform, which was down for thirteen weeks in 2015 for re-tooling; and a \$13.0 million increase in tooling sales, which are typically dependent on the timing of tooling construction and final acceptance by the customer. These positive factors were offset by lower year-over-year OEM production volumes on certain light-vehicle platforms including the Chrysler 200 and other platforms late in their product life cycle such as the GM Camaro and Equinox. The planned shutdown of Chrysler's V6 Pentastar engine block program for re-tooling, which commenced during the fourth quarter of 2015, also negatively impacted production sales in North America during the quarter as compared to the comparative period of 2015. The re-tooling was completed near the end of the first quarter of 2016 after which volumes have started to ramp back up. Production volumes of the engine block are expected to be back to levels experienced prior to the re-tooling by the end of June 2016.

Sales for the first quarter of 2016 in the Company's Europe operating segment decreased by \$22.7 million or 12.1% to \$164.7 million from \$187.4 million for the first quarter of 2015. The decrease can be attributed to 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 and a \$14.0 million decrease in tooling sales; partially offset by an \$11.2 million positive foreign exchange impact from the translation of Euro denominated production sales as compared to the first quarter of 2015 and increased production sales in the Company's new operating facilities in Spain and Slovakia, which continue to ramp up and launch their backlogs of business.

Sales for the first quarter of 2016 in the Company's Rest of the World operating segment increased by \$17.8 million or 104.5% to \$34.8 million from \$17.0 million in the first quarter of 2015. 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, a \$5.8 million increase in tooling sales, and a \$0.4 million positive foreign exchange impact from the translation of foreign denominated production sales as compared to the first quarter of 2015. Production sales for the first quarter of 2016 in the Company's operating facility in Brazil were down year-over-year as OEM light vehicle production volumes in Brazil continue to trend at low levels.

Overall tooling sales increased by \$4.8 million to \$35.3 million for the first quarter of 2016 from \$30.5 million for the first quarter of 2015.

GROSS MARGIN

Three months ended March 31, 2016 to three months ended March 31, 2015 comparison

| | Three months ended March 31, 2016 | Three months ended March 31, 2015 | \$ Change | % Change |
|--------------|--|--|------------------|-----------------|
| Gross margin | \$ 111,818 | \$ 95,639 | 16,179 | 16.9% |
| % of sales | 10.8% | 10.4% | | |

The gross margin percentage for the first quarter of 2016 of 10.8% increased as a percentage of sales by 0.4% as compared to the gross margin percentage for the first quarter of 2015 of 10.4%. The increase in gross margin as a percentage of sales was generally due to:

- productivity and efficiency improvements at certain operating facilities; and
- new fluids systems plants in Slovakia and China which continue to ramp up and launch their backlogs of business.

These factors were partially offset by the following:

- increased pre-operating and launch costs, in particular at new operating facilities in Mexico, Spain, China and Riverside, Missouri as these new plants execute on their backlogs of new business;
- lower recoveries from scrap steel;
- operational inefficiencies and other costs at certain other facilities; and
- general sales mix including lower production volumes on the Chrysler 200 and certain other programs.

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

Three months ended March 31, 2016 to three months ended March 31, 2015 comparison

| | Three months ended March 31, 2016 | Three months ended March 31, 2015 | \$ Change | % Change |
|-----------------------------------|--|--|------------------|-----------------|
| Selling, general & administrative | \$ 51,454 | \$ 44,677 | 6,777 | 15.2% |
| % of sales | 5.0% | 4.9% | | |

SG&A expense for the first quarter of 2016 increased by \$6.8 million to \$51.5 million as compared to \$44.7 million for the first quarter of 2015. 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. SG&A expense as a percentage of sales remained relatively consistent year-over-year at 5.0% for the first quarter of 2016 compared to 4.9% for the comparative period of 2015.

NET INCOME

(ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY)

Three months ended March 31, 2016 to three months ended March 31, 2015 comparison

| | Three months ended March 31, 2016 | | Three months ended March 31, 2015 | | \$ Change | % Change |
|------------------------|--|--------|--|--------|------------------|-----------------|
| Net Income | \$ | 32,571 | \$ | 30,419 | 2,152 | 7.1% |
| Net Earnings per share | | | | | | |
| Basic | \$ | 0.38 | \$ | 0.36 | | |
| Diluted | \$ | 0.38 | \$ | 0.36 | | |

Net Income for the first quarter of 2016 increased to \$32.6 million or \$0.38 per share, on a basic and diluted basis, from \$30.4 million or \$0.36 per share, on a basic and diluted basis, for the first quarter of 2015.

Net Income for the first quarter of 2016, as compared to the first quarter of 2015, was positively impacted by the following:

- higher gross profit from an overall increase in year-over-year production sales;
- productivity and efficiency improvements at certain operating facilities; and
- new fluids systems plants in Slovakia and China, which continue to ramp up and launch their backlogs of new business.

These factors were partially offset by the following:

- increased pre-operating and launch costs, in particular at new operating facilities in Mexico, Spain, China, and Riverside, Missouri as these new plants execute on their backlogs of new business;
- lower recoveries from scrap steel;
- operational inefficiencies and other costs at certain other facilities;
- general sales mix including lower production volumes on the Chrysler 200 and certain other programs;
- a year-over-year increase in SG&A expense as previously discussed;
- a net foreign exchange loss of \$2.1 million in the first quarter of 2016 compared to a net foreign exchange gain of \$2.6 million in the first quarter of 2015; and
- a higher effective tax rate on pre-tax income due generally to the mix of earnings (24.4% for the first quarter of 2016 compared to 23.3% for the first quarter of 2015).

Three months ended March 31, 2016 actual to guidance comparison:

On March 3, 2016, the Company provided the following guidance for the first quarter of 2016

| | Guidance | Actual |
|--------------------------------|----------------------|---------------|
| Production sales (in millions) | Greater than \$1,000 | \$1,004 |
| Net Earnings per Share | | |
| Basic & Diluted | \$0.35 - \$0.39 | \$0.38 |

For the first quarter of 2016, production sales of \$1,004 and net earnings per share of \$0.38 were within the range of published guidance.

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT***Three months ended March 31, 2016 to three months ended March 31, 2015 comparison***

| | Three months ended March 31, 2016 | Three months ended March 31, 2015 | \$ Change | % Change |
|-------------------|--|--|------------------|-----------------|
| Additions to PP&E | \$ 42,833 | \$ 47,337 | (4,504) | (9.5%) |

Additions to PP&E decreased by \$4.5 million to \$42.8 million in the first quarter of 2016 from \$47.3 million in the first quarter of 2015 due generally to the timing of expenditures. Additions as a percentage of sales decreased year-over-year to 4.1% for the first quarter of 2016 from 5.2% for the first quarter of 2015. While capital expenditures are made to refurbish or replace assets consumed in the normal course of business and for productivity improvements, a large portion of the investment in the first quarter of 2016 continued to be for manufacturing equipment and multiple expansions for programs that recently launched or will be launching over the next 24 months.

DIVIDEND

A cash dividend of \$0.03 per share has been declared by the Board of Directors payable to shareholders of record on June 30, 2016 on or about July 15, 2016.

ABOUT MARTINREA

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.

CONFERENCE CALL DETAILS

A conference call to discuss the financial results will be held on Wednesday, May 4, 2016 at 8:00 a.m. (Toronto time) which can be accessed by dialing 416-340-2219 or toll free 866-225-2055. Please call 10 minutes prior to the start of the conference call.

If you have any teleconferencing questions, please call Andre La Rosa at (416) 749-0314.

There will also be a rebroadcast of the call available by dialing 905-694-9451 or toll free 800-408-3053 (conference id – 6777544#). The rebroadcast will be available until May 18, 2016.

FORWARD-LOOKING INFORMATION

Special Note Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of applicable Canadian securities laws including statements related to the growth or expectations of, improvements in, expansion of and/or guidance or outlook as to future revenue, sales, gross margin, earnings, and earnings per share and net debt:EBITDA ratios for the 2016 and 2017 year and beyond, production volumes, the growth and strengthening of and the competitiveness of the Company, the opening of facilities and pursuit of its strategies, the launching of new programs and the financial impact of launches, the progress, and expectations, of operational and productivity improvements and efficiencies and the lean manufacturing culture, the reduction of costs and expenses, the opportunity to increase sales and ability to capitalize on opportunities in the automotive industry, customer working relationships, the payment of dividends and as well as other forward-looking statements. The words “continue”, “expect”, “anticipate”, “estimate”, “may”, “will”, “should”, “views”, “intend”, “believe”, “plan” and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate in the circumstances. Many factors could cause the Company’s actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, some of which are discussed in detail in the Company’s Annual Information Form and other public filings which can found at www.sedar.com:

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

- risks of conducting business in foreign countries, including China, Brazil and other growing markets;
- potential tax exposure;
- a change in the Company's mix of earnings between jurisdictions with lower tax rates and those with higher tax rates, as well as under-funding of pensions plans;
- the cost of post-employment benefits;
- impairment charges; and
- cybersecurity threats.

These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

The common shares of Martinrea trade on The Toronto Stock Exchange under the symbol "MRE".

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