MANAGEMENT DISCUSSION AND ANALYSIS

OF OPERATING RESULTS AND FINANCIAL POSITION

For the three months ended March 31, 2024

The following management discussion and analysis (“MD&A”) was prepared as of May 2, 2024 and should be read in conjunction with the Company’s unaudited interim condensed consolidated financial statements for the three months ended March 31, 2024 ("interim financial statements") as well as the Company's audited consolidated financial statements and MD&A for the year ended December 31, 2023 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 ("AIF") dated February 29, 2024 for the year ended December 31, 2023, can be found at www.sedarplus.ca.

OVERVIEW

Martinrea International Inc. (TSX: MRE) (“Martinrea” or the “Company”) is a diversified and global automotive supplier engaged in the design, development and manufacturing of highly engineered, value-added Lightweight Structures and Propulsion Systems. Martinrea currently employs approximately 19,000 skilled and motivated people in 56 locations (including sales and engineering centres) in Canada, the United States, Mexico, Brazil, Germany, Spain, South Africa, Slovakia, China, and Japan.

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

OVERALL RESULTS

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

The following table sets out certain highlights of the Company’s performance for the three months ended March 31, 2024 and 2023. Refer to the Company’s interim financial statements for the three months ended March 31, 2024 for a detailed account of the Company’s performance for the periods presented in the table below.

	Three months ended March 31, 2024	Three months ended March 31, 2023	$ Change	% Change
Sales	$ 1,323,913	$ 1,303,889	20,024	1.5%
Gross Margin	172,537	167,386	5,151	3.1%
Operating Income	72,932	75,177	(2,245)	(3.0%)
Net Income for the period	43,650	48,171	(4,521)	(9.4%)
Net Earnings per Share - Basic and Diluted	$ 0.56	$ 0.60	(0.04)	(6.7%)
Non-IFRS Measures*				
Adjusted Operating Income	$ 79,187	$ 75,177	4,010	5.3%
% of Sales	*6.0 %*	*5.8 %*		
Adjusted EBITDA	162,830	152,504	10,326	6.8%
% of Sales	*12.3 %*	*11.7 %*		
Adjusted Net Income	48,097	43,597	4,500	10.3%
Adjusted Net Earnings per Share - Basic and Diluted	$ 0.62	$ 0.54	0.08	14.8%

*Non-IFRS Measures

The Company prepares its interim financial statements in accordance with IFRS Accounting Standards. 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", "Adjusted EBITDA", "Free Cash Flow", "Free Cash Flow (after IFRS 16 lease payments)", and "Net Debt".

The following tables provide a reconciliation of IFRS "Net Income" to Non-IFRS "Adjusted Net Income", "Adjusted Operating Income" and "Adjusted EBITDA":

	Three months ended March 31, 2024	Three months ended March 31, 2023
Net Income	$ 43,650	$ 48,171
Adjustments, after tax*	4,447	(4,574)
Adjusted Net Income	$ 48,097	$ 43,597

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

	Three months ended March 31, 2024	Three months ended March 31, 2023
Net Income	$ 43,650	$ 48,171
Income tax expense	13,918	12,079
Other finance income	(5,443)	(224)
Share of loss of equity investments	634	1,378
Finance expense	20,173	19,046
Adjustments, before tax*	6,255	(5,273)
Adjusted Operating Income	$ 79,187	$ 75,177
Depreciation of property, plant and equipment and right-of-use assets	81,037	74,672
Amortization of development costs	2,494	2,613
Loss on disposal of property, plant and equipment	112	42
Adjusted EBITDA	$ 162,830	$ 152,504

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

SALES

Three months ended March 31, 2024 to three months ended March 31, 2023 comparison

	Three months ended March 31, 2024	Three months ended March 31, 2023	$ Change	% Change
North America	$ 963,943	$ 973,992	(10,049)	(1.0%)
Europe	334,010	303,470	30,540	10.1%
Rest of the World	31,762	33,882	(2,120)	(6.3%)
Eliminations	(5,802)	(7,455)	1,653	22.2%
Total Sales	$ 1,323,913	$ 1,303,889	20,024	1.5%

The Company's consolidated sales for the first quarter of 2024 increased by $20.0 million or 1.5% to $1,323.9 million as compared to $1,303.9 million for the first quarter of 2023. The total increase in sales was driven by a year-over-year increase in the Europe operating segment, partially offset by year-over-year decreases in North America and the Rest of the World.

Sales for the first quarter of 2024 in the Company's North America operating segment decreased by $10.0 million or 1.0% to $963.9 million from $974.0 million for the first quarter of 2023. The decrease was due to lower year-over-year OEM production volumes on certain light vehicle platforms, including the Ford Mustang Mach E, General Motors' Equinox/Terrain, and Mercedes' new electric vehicle platform (EVA2); programs that ended production during or subsequent to the first quarter of 2023, specifically the Dodge Charger/Challenger and Chevrolet Bolt; and a decrease in tooling sales of $33.0 million, which are typically dependent of the timing of tooling construction and final acceptance by the customer. These negative factors were partially offset by the launch and ramp up of new programs during or subsequent to the first quarter of 2023, including General Motors' new electric vehicle platform (BEV3), a Toyota/Lexus SUV, and a transmission for the ZF Group; and higher year-over-year OEM production volumes on certain other light vehicle platforms, including the Ford Escape and General Motors' large pick-up truck and SUV platform. Overall first quarter industry-wide OEM light vehicle production volumes in North America increased by approximately 1% year-over-year.

Sales for the first quarter of 2024 in the Company's Europe operating segment increased by $30.5 million or 10.1% to $334.0 million from $303.5 million for the first quarter of 2023. The increase was due to an increase in tooling sales of $30.8 million, which are typically dependent of the timing of tooling construction and final acceptance by the customer; higher year-over-year OEM production volumes on certain platforms, including aluminum engine blocks for Jaguar Land Rover, Mercedes and Ford; and the impact of foreign exchange on the translation of Euro denominated production sales, which had a positive impact on overall sales for the first quarter of 2024 of $5.0 million. These positive factors were partially offset by lower year-over-year production volumes of certain other light vehicle platforms, including the Mercedes' new electric vehicle platform (EVA2) and Lucid Air. Overall industry-wide first quarter OEM light vehicle production volumes in Europe decreased by approximately 3% year-over-year.

Sales for the first quarter of 2024 in the Company's Rest of the World operating segment decreased by $2.1 million or 6.3% to $31.8 million from $33.9 million for the first quarter of 2023. The decrease was largely driven by programs that came with the operations acquired from Metalsa in China that ended production during or subsequent to the first quarter of 2023; partially offset by the launch and ramp up of new programs during or subsequent to the first quarter of 2023, specifically the BMW 5-series in China, and an increase in tooling sales of $4.2 million.

Overall tooling sales increased by $2.1 million (including outside segment sales eliminations) to $66.4 million for the first quarter of 2024 from $64.3 million for the first quarter of 2023.

GROSS MARGIN

Three months ended March 31, 2024 to three months ended March 31, 2023 comparison

	Three months ended March 31, 2024	Three months ended March 31, 2023	$ Change	% Change
Gross margin	$ 172,537	$ 167,386	5,151	3.1%
% of Sales	13.0%	12.8%		

The gross margin percentage for the first quarter of 2024 of 13.0% increased as a percentage of sales by 0.2% as compared to the gross margin percentage for the first quarter of 2023 of 12.8%. The increase in gross margin as a percentage of sales was generally due to:

- productivity and efficiency improvements at certain operating facilities and other improvements; and
- contribution from overall higher production sales volume.

These factors were partially offset by:

- a negative sales mix, including additional depreciation expense from recent new program investments;
- an unfavourable impact from a year-over-year change in foreign exchange rates in Mexico; and
- operational inefficiencies at certain operating facilities.

Overall market related inflationary pressures on labour, material and energy costs, along with offsetting commercial settlements, were generally stable for the quarter on a year-over-year basis.

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

Three months ended March 31, 2024 to three months ended March 31, 2023 comparison

	Three months ended March 31, 2024	Three months ended March 31, 2023	$ Change	% Change
Selling, general & administrative	$ 78,191	$ 78,523	(332)	(0.4%)
% of Sales	5.9%	6.0%		

SG&A expense for the first quarter of 2024 decreased slightly by $0.3 million to $78.2 million as compared to SG&A expense for the first quarter of 2023 of $78.5 million. The decrease in SG&A expense can largely be attributed to a decrease in the fair value of equity-based compensation expense related to deferred, restricted, and performance share units; offset by overall higher employee levels and related costs as compared to the first quarter of 2023 driven by growth in the business.

SG&A expense as a percentage of sales decreased to 5.9% for the first quarter of 2024 compared to 6.0% for the first quarter of 2023.

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

Three months ended March 31, 2024 to three months ended March 31, 2023 comparison

	Three months ended March 31, 2024	Three months ended March 31, 2023	$ Change	% Change
Depreciation of PP&E and right-of-use assets (production)	$ 76,967	$ 70,306	6,661	9.5%
Depreciation of PP&E and right-of-use assets (non-production)	4,070	4,366	(296)	(6.8%)
Amortization of development costs	2,494	2,613	(119)	(4.6%)
Total depreciation and amortization	$ 83,531	$ 77,285	6,246	8.1%

Total depreciation and amortization expense for the first quarter of 2024 increased by $6.2 million to $83.5 million as compared to $77.3 million for the first quarter of 2023. The increase in depreciation and amortization expense was primarily due to additional depreciation on a larger PP&E asset base relating to new and replacement business that commenced during or subsequent to the first quarter of 2023.

A significant portion of the Company’s recent investments relates to various new programs that commenced during or subsequent to the first quarter of 2023 and new and replacement programs scheduled to launch over the next two to three years in all of the Company’s various product offerings. The Company continues to make significant investments in its operations in light of its backlog of business and global footprint.

Total depreciation and amortization expense as a percentage of sales increased year-over-year to 6.3% for the first quarter of 2024 from 5.9% for the first quarter of 2023 due mainly to the increased asset base, as noted above.

ADJUSTMENTS TO NET INCOME

Adjusted Net Income excludes certain items as set out in the following table 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 March 31, 2024 to three months ended March 31, 2023 comparison

	Three months ended March 31, 2024		Three months ended March 31, 2023		$ Change
NET INCOME	**$**	**43,650**	**$**	**48,171**	**$**	**(4,521)**
Adjustments:						
Restructuring costs (1)		6,255		-		6,255
Net gain on disposal of equity investments (2)		-		(5,273)		5,273
ADJUSTMENTS, BEFORE TAX	**$**	**6,255**	**$**	**(5,273)**	**$**	**11,528**
Tax impact of adjustments		(1,808)		699		(2,507)
ADJUSTMENTS, AFTER TAX	**$**	**4,447**	**$**	**(4,574)**	**$**	**9,021**
ADJUSTED NET INCOME	**$**	**48,097**	**$**	**43,597**	**$**	**4,500**
Number of Shares Outstanding – Basic (‘000)		77,900		80,387		
Adjusted Basic Net Earnings Per Share	$	0.62	$	0.54		
Number of Shares Outstanding – Diluted (‘000)		77,960		80,445		
Adjusted Diluted Net Earnings Per Share	$	0.62	$	0.54		

(1) Restructuring costs

Additions to the restructuring provision during the first quarter of 2024 totaled $6.3 million, and represent employee-related severance resulting from the rightsizing of certain operations in Mexico ($2.8 million), Germany ($1.7 million), Canada ($1.2 million), and the United States ($0.6 million).

(2) Net gain on disposal of equity investments

On March 24, 2023, Martinrea sold its equity interest in VoltaXplore Inc. ("VoltaXplore) to NanoXplore Inc. ("NanoXplore") for 3,420,406 common shares of NanoXplore at $2.92 per share representing an aggregate consideration of $10.0 million. The sale transaction resulted in a gain on disposal of equity investments during the first quarter of 2023 as follows:

Gross gain (Total consideration of $10.0 million less book value of investment)	$	6,821
Less: gain attributable to indirect retained interest		(1,548)
Net gain on disposal of equity investments	$	5,273

Subsequent to this transaction, the Company no longer holds a direct equity interest in VoltaXplore while its equity ownership interest in NanoXplore increased from 21.1% to 22.7%.

NET INCOME

Three months ended March 31, 2024 to three months ended March 31, 2023 comparison

		Three months ended March 31, 2024		Three months ended March 31, 2023	$ Change	% Change
Net Income	$	43,650	$	48,171	(4,521)	(9.4%)
Adjusted Net Income		48,097		43,597	4,500	10.3%
Net Earnings per Share						
Basic and Diluted	$	0.56	$	0.60		
Adjusted Net Earnings per Share						
Basic and Diluted	$	0.62	$	0.54		

Net Income, before adjustments, for the first quarter of 2024 decreased by $4.5 million to $43.7 million or $0.56 per share, on a basic and diluted basis, from Net Income of $48.2 million or $0.60 per share, on a basic and diluted basis, for the first quarter of 2023. Excluding the adjustments explained in Table A under "Adjustments to Net Income", Adjusted Net Income for the first quarter of 2024 increased by $4.5 million to $48.1 million or $0.62 per share on a basic and diluted basis, from $43.6 million or $0.54 per share, on a basic and diluted basis, for the first quarter of 2023.

Adjusted Net Income for the first quarter of 2024, as compared to the first quarter of 2023, was positively impacted by the following:

- higher gross margin as previously explained; and
- a net foreign exchange gain of $4.9 million for the first quarter of 2024 compared to a gain of $0.1 million for the first quarter of 2023.

These factors were partially offset by the following:

- a $1.7 million year-over-year increase in research and development costs driven generally by increased new product and process development activity;
- a $1.1 million year-over-year increase in finance expense as a result of increased borrowing rates on the Company's revolving bank debt; and
- a higher effective tax rate (24.6% for the first quarter of 2024 compared to 20.7% for the first quarter of 2023).

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

Three months ended March 31, 2024 to three months ended March 31, 2023 comparison

	Three months ended March 31, 2024	Three months ended March 31, 2023	$ Change	% Change
Additions to PP&E	$ 39,172	$ 63,290	(24,118)	(38.1%)

Additions to PP&E decreased by $24.1 million to $39.2 million or 3.0% of sales for the first quarter of 2024 compared to $63.3 million or 4.9% of sales for the first quarter of 2023. General timing of expenditures makes quarterly additions to PP&E quite volatile by nature. Capital additions for the three months ended March 31, 2024 and 2023 include new program capital and incremental investments required in equipment related to customer-driven engineering changes on new program launches. The Company continues to make investments in the business including in various sales and margin growth projects and in new and replacement business in all its various product offerings, while continuing to apply a measured and prudent approach to capital investment.

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 among North America, Europe and the Rest of the World. The Company measures segment operating performance based on operating income (loss).

Three months ended March 31, 2024 to three months ended March 31, 2023 comparison

	SALES		OPERATING INCOME (LOSS)*	
	Three months ended March 31, 2024	**Three months ended March 31, 2023**	**Three months ended March 31, 2024**	**Three months ended March 31, 2023**
North America	$ 963,943	$ 973,992	$ 67,151	$ 74,246
Europe	334,010	303,470	14,678	(989)
Rest of the World	31,762	33,882	(2,642)	1,920
Eliminations	(5,802)	(7,455)	-	-
Adjusted Operating Income			$ 79,187	$ 75,177
Adjustments*			(6,255)	-
Total	$ 1,323,913	$ 1,303,889	$ 72,932	$ 75,177

** Operating Income (Loss) for the operating segments has been adjusted for certain items as explained in Table A under "Adjustments to Net Income". Of the $6.3 million adjustment for the first quarter of 2024, $4.6 million was recognized in North America and $1.7 million in Europe.*

North America

Adjusted Operating Income in North America decreased by $7.1 million to $67.2 million or 7.0% of sales for the first quarter of 2024 from $74.2 million or 7.6% of sales for the first quarter of 2023. The decrease in Adjusted Operating Income as a percentage of sales was generally due to a negative sales mix, including additional depreciation expense from recent new program investments; an unfavourable impact from a year-over-year change in foreign exchange rates in Mexico; operational inefficiencies at certain operating facilities; and lower year-over-year favourable commercial settlements. These negative factors were partially offset by productivity and efficiency improvements at certain operating facilities and contribution from higher production sales volume.

Europe

Adjusted Operating Income in Europe increased by $15.7 million to income of $14.7 million or 4.4% of sales for the first quarter of 2024 from a loss of $1.0 million or (0.3%) of sales for the first quarter of 2023. The increase in Adjusted Operating Income was generally due to incremental contribution from the higher year-over-year sales, including from certain tooling sales; higher year-over-year favourable commercial settlements; and productivity and efficiency improvements at certain operating facilities.

Rest of the World

Adjusted Operating Income (Loss) in the Rest of the World decreased by $4.6 million to loss of $2.6 million or (8.3)% of sales for the first quarter of 2024 from an income of $1.9 million or 5.7% of sales for the first quarter of 2023, due to the negative impact on margins from lower year-over-year production sales; costs related to the ramp-up of new business with BMW; and favourable settlements on indirect tax matters which positively impacted prior year operating income.

SUMMARY OF QUARTERLY RESULTS
(unaudited)

	2024	2023				2022		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales	$1,323,913	$1,296,121	$1,378,938	$1,361,055	$1,303,889	$1,294,592	$1,194,083	$1,113,875
Gross Margin	172,537	153,228	181,194	173,589	167,386	158,504	152,534	125,789
Operating Income	72,932	28,486	83,015	82,436	75,177	70,560	61,627	45,543
Adjusted Operating Income	79,187	56,647	83,015	82,436	75,177	70,560	69,730	45,543
Net Income for the period	43,650	1,850	53,744	49,900	48,171	46,227	35,932	25,471
Adjusted Net Income	48,097	29,251	53,744	49,900	43,597	46,227	45,072	25,471
Basic and Diluted Net Earnings per Share	0.56	0.02	0.68	0.62	0.60	0.58	0.45	0.32
Adjusted Basic and Diluted Net Earnings per Share	0.62	0.37	0.68	0.62	0.54	0.58	0.56	0.32

LIQUIDITY AND CAPITAL RESOURCES

On February 23, 2024, the Company’s banking facility was amended to extend its maturity and enhance certain provisions of the facility. The primary terms of the amended banking facility, with now a syndicate of ten banks (down from eleven), include the following:

- an unaltered unsecured credit structure, with a $100 million increase in total borrowing capacity;
- unchanged financial covenants, including a maximum net debt to trailing twelve months EBITDA ratio of 3.0x (excluding the impact of IFRS 16, Leases);
- a new non-amortizing term loan of $250 million at variable interest rates;
- available revolving credit lines of $350 million (down from $500 million) and US $520 million (similar to the previous facility);
- available asset based financing capacity of $300 million, similar to the previous facility;
- accordion feature which provides the Company with the ability to increase the revolving credit facility by up to US $300 million, similar to the previous facility;
- pricing terms at market rates including transitioning the interest rate benchmark of the Canadian revolving credit line from Bankers' Acceptance (“BA”) to the Canadian Overnight Repo Rate Average (“CORRA”);
- a maturity date extended to February 2027 (from April 2025); and
- no mandatory principal repayment provisions for the revolving credit lines, including the new non-amortizing term loan, similar to the previous facility.

On March 27, 2024, Martinrea entered into an accounts receivable program agreement to sell up to $100 million in trade receivables without recourse and on an uncommitted basis, subject to predetermined limits for certain customers. Under the agreement, the receivables are sold on a fully serviced basis, so that the Company continues to administer the collection of such receivables. As at March 31, 2024, no receivables were sold under the program.

As at March 31, 2024, the Company had drawn US $441 million (December 31, 2023 - US $401 million) on the U.S. revolving credit line and $160 million (December 31, 2023 - $410 million) on the Canadian revolving credit line, and $250 million (December 31, 2023 - $nil) on the Canadian non-amortizing term loan. As at March 31, 2024, the Company had total liquidity of $465 million, including cash and cash equivalents and availability under the Company's banking facility. In addition, the Company's credit facility includes a $300 million allowance for asset based financing that the Company can use for additional financing, of which approximately $273 million was available as at March 31, 2024. At March 31, 2024, the weighted average effective interest rate of the banking facility was 7.1%

(December 31, 2023 - 7.1%). The facility requires the maintenance of certain financial ratios with which the Company was in compliance as at March 31, 2024.

The principal sources of liquidity available for the Company's future cash requirements are expected to be cash flow from operations, cash and cash equivalents, borrowings from its revolving credit lines, and asset based financing. Management believes that the Company's overall liquidity and operating cash flow will be sufficient to meet the Company's anticipated cash requirements for capital expenditures, working capital, debt obligations and other commitments. The Company's ability to fund its anticipated cash requirements, and to comply with financial covenants under the Company's banking facility, depend on the Company's future operating performance and cash flows and many factors outside of its control, including the cost of material, energy and other input costs, the state of the overall automotive industry and financial and economic conditions, including the impact of supply chain disruptions, and other factors.

Debt leverage ratios:

Excluding the impact of IFRS 16:		**March 31, 2024**		**December 31, 2023**		**September 30, 2023**		**June 30, 2023**		**March 31, 2023**
Long-term debt	$	1,030,194	$	969,236	$	1,067,973	$	1,083,161	$	1,112,455
Less: Cash and cash equivalents		(173,694)		(186,804)		(178,725)		(145,755)		(156,585)
Net Debt	$	856,500	$	782,432	$	889,248	$	937,406	$	955,870
Trailing 12-month Adjusted EBITDA	$	567,250	$	558,224	$	569,709	$	548,420	$	502,724
Net Debt to Adjusted EBITDA ratio		1.51x		1.40x		1.56x		1.71x		1.90x

Including the impact of IFRS 16:		**March 31, 2024**		**December 31, 2023**		**September 30, 2023**		**June 30, 2023**		**March 31, 2023**
Long-term debt	$	1,030,194	$	969,236	$	1,067,973	$	1,083,161	$	1,112,455
Lease liabilities		252,485		258,976		267,530		262,049		266,969
		1,282,679		1,228,212		1,335,503		1,345,210		1,379,424
Less: Cash and cash equivalents		(173,694)		(186,804)		(178,725)		(145,755)		(156,585)
Net Debt	$	1,108,985	$	1,041,408	$	1,156,778	$	1,199,455	$	1,222,839
Trailing 12-month Adjusted EBITDA	$	627,004	$	616,678	$	625,588	$	602,333	$	556,013
Net Debt to Adjusted EBITDA ratio		1.77x		1.69x		1.85x		1.99x		2.20x

The following table provides a reconciliation of Trailing 12-month Adjusted EBITDA including the impact of IFRS 16 to Trailing 12-month Adjusted EBITDA excluding the impact of IFRS 16.

		March 31, 2024		**December 31, 2023**		**September 30, 2023**		**June 30, 2023**		**March 31, 2023**
Trailing 12-month Adjusted EBITDA - including the impact of IFRS 16	$	627,004	$	616,678	$	625,588	$	602,333	$	556,013
Principal payments of lease liabilities		(48,574)		(47,204)		(45,095)		(43,738)		(43,634)
Interest on lease liabilities		(11,180)		(11,250)		(10,784)		(10,175)		(9,655)
Trailing 12-month Adjusted EBITDA - excluding the impact of IFRS 16	$	567,250	$	558,224	$	569,709	$	548,420	$	502,724

The Company's Net Debt (excluding the impact of IFRS 16) increased by $74.1 million during the first quarter of 2024 to $856.5 million from $782.4 million at the end of the fourth quarter of 2023 due largely to negative Free Cash Flow (after IFRS 16 lease payments) during the quarter, foreign exchange translation, cash restructuring costs of $22.5 million, $15.9 million in share repurchases, an $8.0 million investment in Equispheres Inc. ("Equispheres"), and $3.9 million in dividends paid during the quarter. As a result, the Company's Net Debt to Adjusted EBITDA ratio (excluding the impact of IFRS 16) increased to 1.51x from 1.40x at the end of the fourth quarter of 2023.

The Company was in compliance with its debt covenants as at March 31, 2024. The Company's debt covenants are based on leverage ratios excluding the impact of IFRS 16.

Dividends

In the second quarter of 2013, Martinrea's Board of Directors (the "Board") approved, for the first time, a dividend to be paid to all holders of Martinrea common shares. Annual dividends were $0.12 per share, 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.

In 2018, in view of the Company's financial performance, and its future outlook and cash needs at the time, the Board decided to increase the annual dividends by 50% to $0.18 per share, to be paid in four quarterly payments of $0.045 per share, commencing with the release of the first quarter results of 2018. The first such increased dividend was paid on July 15, 2018.

On March 5, 2020, in view of the Company's financial performance, and its future outlook and cash needs at that time, the Board decided to increase the annual dividends by another 11% to $0.20 per share, to be paid in four quarterly payments of $0.05 per share commencing at the beginning of 2020. The first such increased dividend was paid on April 14, 2020. The Company has maintained its dividend throughout the COVID-19 pandemic, semiconductor chip shortage, and other supply chain disruptions. The Board will assess future dividend payment levels from time to time, in light of market conditions, the current supply chain situation, the Company's financial performance and anticipated needs at that time.

Cash flow

	Three months ended March 31, 2024	Three months ended March 31, 2023	$ Change	% Change
Cash provided by operations before changes in non-cash working capital items	$ 161,076	$ 153,561	7,515	4.9%
Change in non-cash working capital items	(76,226)	(43,158)	(33,068)	(76.6%)
	84,850	110,403	(25,553)	(23.1%)
Interest paid	(20,678)	(23,299)	2,621	11.2%
Income taxes paid	(25,118)	(32,577)	7,459	22.9%
Cash provided by operating activities	39,054	54,527	(15,473)	(28.4%)
Cash provided by financing activities	14,613	27,881	(13,268)	(47.6%)
Cash used in investing activities	(66,470)	(85,050)	18,580	21.8%
Effect of foreign exchange rate changes on cash and cash equivalents	(307)	(2,428)	2,121	87.4%
Decrease in cash and cash equivalents	$ (13,110)	$ (5,070)	(8,040)	(158.6%)

Cash provided by operating activities during the first quarter of 2024 was $39.1 million, compared to $54.5 million in the corresponding period of 2023. The components for the first quarter of 2024 primarily include the following:

- cash provided by operations before changes in non-cash working capital items of $161.1 million;
- working capital use of cash of $76.2 million comprised of an increase in trade and other receivables of $118.2 million; partially offset by an increase in trade, other payables and provisions of $21.4 million, a decrease in inventories of $18.6 million, and a decrease in prepaid expenses and deposits of $2.0 million;
- income taxes paid of $25.1 million; and
- interest paid of $20.7 million.

Cash provided by financing activities during the first quarter of 2024 was $14.6 million, compared to $27.9 million in the corresponding period of 2023. The components for the first quarter of 2024 primarily include the following:

- a $46.8 million net increase in long-term debt; partially offset by
- repurchases of common shares under the normal course issuer bid (as described in note 11 of the interim financial statements) of $15.9 million;
- principal payments of lease liabilities of $12.3 million; and
- $3.9 million in dividends paid.

Cash used in investing activities during the first quarter of 2024 was $66.5 million, compared to $85.1 million in the corresponding period of 2023. The components for the first quarter of 2024 primarily include the following:

- cash additions to PP&E of $58.3 million;
- an additional investment in Equispheres of $8.0 million;
- capitalized development costs relating to upcoming new program launches of $1.0 million; partially offset by
- proceeds from the disposal of PP&E of $1.0 million.

Taking into account the opening cash balance of $186.8 million at the beginning of the first quarter of 2024, and the activities described above, the cash and cash equivalents balance at March 31, 2024 was $173.7 million.

Free Cash Flow

	Three months ended March 31, 2024	Three months ended March 31, 2023	$ Change
Adjusted EBITDA	$ 162,830	$ 152,504	10,326
Add (deduct):			
Change in non-cash working capital items	(76,226)	(43,158)	(33,068)
Remove impact of restructuring provision*	16,179	120	16,059
Purchase of property, plant and equipment (excluding capitalized interest)	(58,273)	(83,416)	25,143
Cash proceeds on disposal of property, plant and equipment	978	131	847
Capitalized development costs	(1,045)	(1,765)	720
Interest paid	(20,678)	(23,299)	2,621
Income taxes paid	(25,118)	(32,577)	7,459
Free Cash Flow*	$ (1,353)	$ (31,460)	30,107
Principal payments of IFRS 16 lease liabilities	(12,324)	(10,954)	(1,370)
Free Cash Flow (after IFRS 16 lease payments)	$ (13,677)	$ (42,414)	28,737

**Note: Prior year comparative figures were revised to exclude the change in the restructuring provision.*

Free Cash Flow for the first quarter of 2024 increased year-over-year due largely to a decrease in cash purchases of property, plant and equipment, higher Adjusted EBITDA, lower income taxes paid, and lower interest paid on long-term debt; partially offset by an increase in cash used in non-cash working capital, net of the change in the restructuring provision which is included in working capital.

Tooling-related working capital accounts, including inventory, trade and other receivables, and trade and other payables on a net basis, amounted to ($20.5) million as at March 31, 2024, an increase from ($47.0) million as at December 31, 2023 and a decrease from $3.7 million as at March 31, 2023.

Reconciliation of IFRS “Cash provided by operating activities” to Non-IFRS “Free Cash Flow”, and "Free Cash Flow (after IFRS 16 lease payments)” for the three months ended March 31, 2024 and 2023:

	Three months ended March 31, 2024	Three months ended March 31, 2023
Cash provided by operating activities	$ 39,054	$ 54,527
Add (deduct):		
Purchase of property, plant and equipment (excluding capitalized interest)	(58,273)	(83,416)
Cash proceeds on disposal of property, plant and equipment	978	131
Capitalized development costs	(1,045)	(1,765)
Restructuring costs	6,255	-
Remove impact of restructuring provision*	16,179	120
Unrealized gain on foreign exchange contracts	796	4,784
Deferred and restricted share units benefit (expense)	184	(5,436)
Stock options expense	(42)	(110)
Pension and other post-employment benefit expense	(564)	(694)
Contributions made to pension and other post-retirement benefits	568	623
Net unrealized foreign exchange gain and other income	(5,443)	(224)
Free Cash Flow*	$ (1,353)	$ (31,460)
Principal payments of IFRS 16 lease liabilities	(12,324)	(10,954)
Free Cash Flow (after IFRS 16 lease payments)	$ (13,677)	$ (42,414)

**Note: Prior year comparative figures were revised to exclude the change in the restructuring provision.*

RISKS AND UNCERTAINTIES

The reader is referred to the detailed discussion on "Automotive Industry Highlights and Trends" and "Risk Factors" as outlined in the AIF available through SEDAR+ at www.sedarplus.ca which are incorporated herein by reference. The disclosure in this MD&A and, in particular under “Recent Developments" supplements those risk factors described in the AIF.

RECENT DEVELOPMENTS

Inflation and interest rates

The Company continues to experience higher material, energy, and other input costs, in some areas of the business, which are expected to persist in 2024. Additionally, the Company may continue to experience price increases or surcharges from sub-suppliers in connection with the inflationary pressures they face. The inability to offset inflationary price increases through continuous improvement actions, price increases to customers, modifications to products, or otherwise, could have an adverse effect on earnings.

Increased global inflation rates have spurred a cycle of monetary policy tightening through aggressive interest rate increases by central banks, which has significantly increased the interest paid on the debt of the Company. Further, both the availability and cost of credit are factors affecting consumer confidence, which is a critical driver of vehicle sales and thus automotive production. A material, sustained decrease in consumer demand for vehicles could result in reductions to vehicle production, which could have an adverse effect on earnings.

Supply chain issues

Industry-wide supply chain disruptions continue to have a negative impact on the automotive supply chain and OEM light vehicle production globally. Although improved, OEM customers continue to take action in response to these supply chain disruptions, including, unplanned shutdowns of production lines and/or plants, reductions in their vehicle production plans, and changes to their product mix. In addition to having to address its own Tier 2 and 3 supply chain issues, which can result in the incurrence of premium costs at times, such OEM responses have resulted in a number of consequences for Tier 1 suppliers like Martinrea, including lower sales, production inefficiencies due to production lines being stopped/restarted unexpectedly based on OEMs’ production priorities, and premium costs to expedite shipments. While the Company has experienced a recovery in overall production volumes and an improvement in the stability of production, it remains unclear when supply and demand for automotive components will fully rebalance.

Russia-Ukraine and Israel-Hamas conflicts

Although the Company does not have any operations in Russia, Ukraine or in the Middle East, these ongoing conflicts create or exacerbate a broad range of risks, including with respect to global economic growth, global vehicle production volumes, inflationary pressures, including in energy, commodities and transportation/logistics, energy security, and supply chain fragility.

Any of the foregoing could have an adverse effect on the Company's business and results of operations.

Significant industry trends, the Company's business strategy and all other major risks the Company faces are discussed further in "Description of the Business and Trends" and "Risk Factors" in the Company's AIF available through SEDAR+ at www.sedarplus.ca.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at May 2, 2024, the Company had 76,740,240 common shares outstanding. The Company's common shares constitute its only class of voting securities. As at May 2, 2024, options to acquire 2,328,500 common shares were outstanding.

On March 29, 2023, the Toronto Stock Exchange ("TSX") accepted a notice of intention of the Company to make a normal course issuer bid ("NCIB") permitting the Company to purchase for cancellation up to 5 million common shares over a 12-month period ending on or about April 3, 2024.

During 2023, after the commencement of the NCIB, the Company purchased for cancellation an aggregate of 2,270,655 common shares for an aggregate purchase price of $29.1 million resulting in a reduction to stated capital of $18.7 million and a decrease to retained earnings of $10.3 million. The shares were purchased and cancelled directly under the NCIB.

During the first quarter of 2024, the Company purchased for cancellation an aggregate of 1,353,500 common shares for an aggregate purchase price of $15.9 million resulting in a reduction to stated capital of $11.2 million and a decrease to retained earnings of $4.7 million. The shares were purchased and cancelled directly under the NCIB.

On April 29, 2024, the Company renewed the NCIB receiving approval from the TSX to acquire for cancellation up to an additional 6,435,000 common shares of the Company. The renewed bid commences on May 2, 2024 and spans a 12-month period.

CONTRACTUAL OBLIGATIONS AND OFF BALANCE SHEET FINANCING

During the three months ended March 31, 2024, 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, 2023.

Guarantees

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 unless the sale on the corresponding tooling project has been recognized, at which point a tooling trade payable on the project is recorded. At March 31, 2024, the amount of the off-balance sheet program financing was $21.4 million (December 31, 2023 - $16.5 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 up to twenty-four months.

Financial Instruments

The Company's foreign exchange risk management includes the use of foreign currency forward contracts to fix the exchange rates on certain foreign currency exposures. It is the Company's policy to not utilize financial instruments for trading or speculative purposes.

At March 31, 2024, the Company had committed to the following foreign exchange contracts:

Foreign exchange forward contracts not accounted for as hedges and fair valued through profit or loss

Currency		Amount of U.S. dollars		Weighted average exchange rate of U.S. dollars	Maximum period in months
Buy Mexican Peso	$	62,806	$	16.7979	1

The aggregate value of these forward contracts as at March 31, 2024 was a pre-tax gain of $0.8 million and was recorded in trade and other receivables (December 31, 2023 - pre-tax gain of $3.9 million recorded in trade and other receivables).

INVESTMENTS

		March 31, 2024		December 31, 2023
Investment in common shares of NanoXplore Inc.	$	53,738	$	54,384
Investment in common shares and convertible debentures of AlumaPower Corp.		4,036		4,036
Investment in common shares of and convertible debentures of Equispheres Inc.		9,030		1,000
Other		850		750
	$	67,654	$	60,170

As at March 31, 2024, the Company held 38,466,360 common shares of NanoXplore representing a 22.7% equity interest in NanoXplore (on a non-diluted basis). NanoXplore is a publicly listed company on the Toronto Stock Exchange trading under the ticker symbol GRA. It is a manufacturer and supplier of high-volume graphene powder for use in industrial markets providing customers with a range of graphene-based solutions.

As at March 31, 2024, the Company held 14,952 class A shares, 14,952 class C shares, and 17,010 series A preferred shares of AlumaPower Corporation (“AlumaPower”), including 11,120 series A preferred shares resulting from the conversion of $1.4 million (US $1.1 million) convertible debentures on January 12, 2024, representing a 13.1% equity interest in AlumaPower (on a non-diluted basis). AlumaPower is a private company developing aluminum air battery technology for a variety of end markets, including automotive.

As at March 31, 2024, the Company held 1,120,591 series B-3 preferred shares and 7,116,594 series B-4 preferred shares of Equispheres, including the acquisition of 7,116,594 series B-4 preferred shares pursuant to a private placement offering on March 1, 2024 for an aggregate purchase price of $8.0 million and the conversion of $1.0 million convertible debentures into 1,120,591 series B-3 preferred shares on the same date, representing a 6.8% equity interest in Equispheres. Equispheres is a private company developing technologies for the production and use of advanced materials in additive manufacturing.

The Company applies equity accounting to its equity investments in NanoXplore based on NanoXplore's most recently available financial statements, adjusted for any significant transactions that occur thereafter and up to the Company’s reporting date, which represents a reasonable estimate of the change in the Company’s interest. The shares in AlumaPower and Equispheres are classified as fair value through other comprehensive income. Accordingly, the common shares are recorded at their fair value at the end of each reporting period, with the change in fair value recorded in other comprehensive income (loss).

Movement in equity-accounted investments is summarized as follows:

		Investment in common shares of NanoXplore
Net as of December 31, 2022	$	48,749
Additions		8,452
Share of loss for the period		(2,799)
Share of other comprehensive loss for the period		(18)
Net as of December 31, 2023	$	54,384
Share of loss for the period		(634)
Share of other comprehensive loss for the period		(12)
Net as of March 31, 2024	$	53,738

As at March 31, 2024, the market value of the shares held in NanoXplore by the Company was $98.1 million.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

FORWARD-LOOKING INFORMATION

Special Note Regarding Forward-Looking Statements

This MD&A and the documents incorporated by reference therein contains forward-looking statements within the meaning of applicable Canadian securities laws, including, but not limited to, statements related to the outlook and growth of the automotive industry, including increasing sales and revenues, production levels, the impact and duration of supply chain issues, inflation, war, the execution of the Company's strategy and the payment of dividends. 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, such as expected sales and industry production estimates, current foreign exchange rates, timing of product launches and operational improvement during the period, and current Board approved budgets. 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 AIF and MD&A for the year ended December 31, 2023 and other public filings which can be found at www.sedarplus.ca:

- North American and Global Economic and Political Conditions (including war) and Consumer Confidence
- Automotive Industry Risks
- Pandemics and Epidemics, Force Majeure Events, Natural Disasters, Terrorist Activities, Political and Civil Unrest or War, and Other Outbreaks
- Russia and Ukraine War and Hamas-Israel War
- Semiconductor Chip Shortages and Price Increases
- Inflationary Pressures
- Regional Energy Shortages
- Dependence Upon Key Customers
- Customer Consolidation and Cooperation
- Emergence of Potentially Disruptive EV OEMs
- Outsourcing and Insourcing Trends
- Financial Viability of Suppliers and Key Suppliers and Supply Disruptions
- Competition
- Customer Pricing Pressures, Contractual Arrangements, Cost and Risk Absorption and Purchase Orders
- Material and Commodity Prices and Volatility

- Scrap Steel/Aluminum Price Volatility
- Quote/Pricing Assumptions
- Launch and Operational Costs and Cost Structure
- Fluctuations in Operating Results
- Product Warranty, Repair/Replacement Costs, Recall, Product Liability and Liability Risk
- Product Development and Technological Change
- A Shift Away from Technologies in Which the Company is Investing
- Dependence Upon Key Personnel
- Limited Financial Resources/Uncertainty of Future Financing/Banking
- Cybersecurity Threats
- Acquisitions
- Joint Ventures
- Private or Public Equity Investments in Technology Companies
- Potential Tax Exposures
- Potential Rationalization Costs, Turnaround Costs and Impairment Charges
- Labour Relations Matters
- Trade Restrictions or Disputes
- Changes in Laws and Governmental Regulations
- Environmental Regulation and Climate Change
- Litigation and Regulatory Compliance and Investigations
- Risks of Conducting Business in Foreign Countries, Including China, Brazil and Other Growing Markets
- Currency Risk
- Internal Controls Over Financial Reporting and Disclosure Controls and Procedures
- Loss of Use of Key Manufacturing Facilities
- Intellectual Property
- Availability of Consumer Credit or Cost of Borrowing
- Evolving Business Risk Profile
- Competition with Low Cost Countries
- The Company’s Ability to Shift its Manufacturing Footprint to Take Advantage of Opportunities in Growing Markets
- Change in the Company’s Mix of Earnings Between Jurisdictions with Lower Tax Rates and Those with Higher Tax Rates
- Pension Plans and Other Post-Employment Benefits
- Potential Volatility of Share Prices
- Dividends
- Lease Obligations

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.