



PRESS RELEASE

FOR IMMEDIATE RELEASE

December 19, 2019

MARTINREA INTERNATIONAL INC. ANNOUNCES AGREEMENT TO PURCHASE STRUCTURAL COMPONENTS FOR PASSENGER CARS DIVISION OF METALSA S.A. de C.V.

Toronto, Ontario – Martinrea International Inc., a diversified and global automotive supplier engaged in the design, development and manufacturing of highly engineered, value-added Lightweight Structures and Propulsion Systems, today announced it reached an agreement to acquire the Structural Components for Passenger Cars operations of Metalsa S.A. de C.V. The purchase price for the transaction is expected to be approximately USD \$19.5 million in cash, inclusive of working capital and on a debt free basis. Completion of the transaction is subject to several closing conditions including regulatory approval from merger authorities and is expected to occur at or about the end of January 2020. The parties will work together and make every effort to provide a smooth and efficient transition.

The Structural Components for Passenger Cars operations to be acquired by Martinrea specialize in a wide variety of metal forming technologies, including chassis components such as cradles, control arms, and trailing arms; body components such as side rails, A and B pillars, door beams, wheel housings and bumpers; and several other components such as fuel tanks. The operations to be acquired cover six plants in Germany, the United States, Mexico, South Africa and two in China, with approximately 2,000 employees, as well as a leading edge technical and engineering centre in Germany. Martinrea indicated the assets to be acquired are expected to generate sales in 2020 of approximately CDN \$400 million. The assets to be acquired are not generating positive cash flow at the present time, but adjusted EBITDA⁽¹⁾ for the business to be acquired is expected to be approximately break even in 2020 after closing and have a positive adjusted EBITDA⁽¹⁾ of approximately CDN \$30 million in 2021 and to be accretive to earnings. The Company further indicated the largest customers of the business are Daimler, BMW and Volkswagen.

The assets to be acquired will include a large facility in Bergneustadt Germany, with a technical centre which is the base for European production and engineering for the group, producing body, safety and suspension structures; this facility is approximately 70 kilometres from Martinrea's aluminum operations in Meschede Germany, creating some opportunity for synergies; a plant in San Luis Potosi,

¹ 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", "Adjusted EBITDA" and "Free Cash Flow".

Mexico, producing body, chassis and suspension structures, as well as door beams and steel fuel tanks; a relatively new start-up facility in Tuscaloosa, Alabama, which produces safety structures, front ends and some service parts and contract services; two facilities in China, one near Beijing and one in Shenyang, that presently produce body, safety and suspension structures for Daimler and BMW, respectively; and a facility in South Africa that produces body structures for Daimler. Martinrea's present modern stamping and welding business is located in North America, and this acquisition will give the Company a broader footprint in Europe, Africa and China, as well as an increased presence in the Lightweight Structures area with European-based customers such as Daimler and BMW.

Pat D'Eramo, Martinrea's President and CEO, stated: "We are very pleased to announce the pending acquisition to our company and to our Lightweight Structures commercial group. These locations align with our current base and will give us a broader global footprint expanding our product offerings and manufacturing capabilities. We will continue to increase our collaborative efforts with key customers such as Daimler and BMW. This acquisition will strengthen our engineering presence in Europe. This acquisition will also give us a very strong engineering presence in Germany for European based customers, which can be combined with our aluminum expertise in Meschede to provide more advanced lightweight solutions to our global customers. The Metalsa locations have some great processes and leading edge technologies in joining multi-materials further promoting our lightweighting strategy, including hot stamping and paint, as well as composite capabilities. We are excited to welcome a new group of creative and motivated team members into the Martinrea family to continue to build a great future together."

Fred Di Tosto, Martinrea's CFO, stated: "Not only does this enhance our footprint and capability, but we believe the acquisition will be accretive to our earnings and other metrics over time. The assets to be acquired require some restructuring, but that has been factored into the purchase price. Obviously, our sales will be increased in 2020 and beyond, so we anticipate having total sales in excess of \$4 billion in 2020. While the assets to be acquired are not expected to generate positive adjusted operating income⁽¹⁾ in 2020 after closing, we don't expect it to be negative either. We will improve the operations over time, and we believe that we will see good cash flow and earnings from the assets commencing in 2021. On the Capex front, much of the capital expenditures in the Metalsa assets are for program capital. Even with the acquisition, Capex for Martinrea is expected to be generally flat for next year compared to 2019, and we continue to see 2020 to be a good year from a cash flow and free cash flow⁽¹⁾ perspective."

Rob Wildeboer, Martinrea's Executive Chairman, stated: "We have had very good discussions with the Metalsa team, who we have always respected as competitors in this space. Now that they are exiting the Structural Components for Passenger Cars business to focus on frames, we look forward to them being a good customer of ours going forward. They have sought to bring a vibrant corporate culture to their workplace, and we believe our approaches align nicely. The synergy between our two companies is very good from our approaches to culture and sustainability. We will take very good care of their people. That fit was critical to negotiating this deal. For our shareholders, we aim to be the leading lightweighting company in this business, and this transaction strengthens us in this respect."

About Martinrea International Inc.

Martinrea International Inc. (TSX: MRE) 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 approximately 15,000 talented and motivated people in 52 operating divisions in Canada, the United States, Mexico, Brazil, Germany,

Slovakia, Spain, China and Japan. Martinrea's vision is making lives better by being the best supplier we can be in the products we make and the services we provide. For more information on Martinrea, please visit www.martinrea.com. Follow Martinrea on [Twitter](#) and [Facebook](#).

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 or belief in, expansion of and/or guidance or outlook (including of the business to be acquired and/or resulting impact on Martinrea's business) as to future revenue, sales (production or tooling), margin, gross margin, earnings, operating earnings, (adjusted) earnings per share, (adjusted) net earnings per share, (adjusted) operating income, operating income margins, (adjusted) EBITDA, cash flow, free cash flow, expected capital expenditures, results and targets for the 2020 and/or 2021 and/or future financial years, the benefit of the intended acquisition, continuing improvement in operations, the expected purchase price and closing of the transaction, the strength and growth of the Company, expectations of customer relationships, pursuit of its strategies, continued investments in the business, as well as other forward-looking statements. The words "continue", "expect", "anticipate", "estimate", "may", "will", "should", "views", "intend", "believe", "plan", "outlook" 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 (FX), timing of product launches and operational improvements during the period and current Board approved budgets. Certain forward-looking financial assumptions are presented as non-IFRS information, and we do not provide reconciliation to IFRS for such assumptions. 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 and commodities;
- 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;
- the risks associated with joint ventures;
- costs associated with rationalization of production facilities;

- launch and operational costs;
- labour disputes;
- changes in governmental regulations or laws including any changes to trade;
- litigation and regulatory compliance and investigations;
- 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 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;
- the cost of post-employment benefits;
- impairment charges;
- cybersecurity threats;
- the potential volatility of the Company's share price; and
- dividends.

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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