

# Martinrea International Inc.

## Consolidated Statements of Operations

(in thousands of Canadian dollars, except per share amounts)

	Note	Year ended December 31, 2014	Year ended December 31, 2013
<b>SALES</b>		\$ 3,598,645	\$ 3,221,881
Cost of sales (excluding depreciation of property, plant and equipment)		(3,146,756)	(2,805,165)
Depreciation of property, plant and equipment (production)		(103,997)	(92,680)
Total cost of sales		(3,250,753)	(2,897,845)
<b>GROSS MARGIN</b>		<b>347,892</b>	<b>324,036</b>
Research and development costs	16	(18,359)	(16,811)
Selling, general and administrative		(184,499)	(163,984)
Depreciation of property, plant and equipment (non-production)		(6,786)	(6,578)
Amortization of customer contracts and relationships		(2,485)	(1,972)
Impairment of property, plant, and equipment and intangible assets	8	-	(29,078)
Restructuring costs	10	(3,542)	-
Loss on disposal of property, plant and equipment		(321)	(376)
<b>OPERATING INCOME</b>		<b>131,900</b>	<b>105,237</b>
Finance costs	18	(22,798)	(18,868)
Other finance income	18	2,137	2,916
<b>INCOME BEFORE INCOME TAXES</b>		<b>111,239</b>	<b>89,285</b>
Income tax expense	13	(21,823)	(51,356)
<b>NET INCOME FOR THE PERIOD</b>		<b>\$ 89,416</b>	<b>\$ 37,929</b>
Non-controlling interest	3	(18,112)	(20,979)
<b>NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		<b>\$ 71,304</b>	<b>\$ 16,950</b>
Basic earnings per share	15	\$ 0.84	\$ 0.20
Diluted earnings per share	15	\$ 0.83	\$ 0.20

See accompanying notes to the consolidated financial statements.

**Martinrea International Inc.**  
**Consolidated Statements of Comprehensive Income**  
*(in thousands of Canadian dollars)*

	Year ended December 31, 2014	Year ended December 31, 2013
<b>NET INCOME FOR THE PERIOD</b>	\$ 89,416	\$ 37,929
<b>Other comprehensive income, net of tax:</b>		
<b>Items that may be reclassified to net income</b>		
Foreign currency translation differences for foreign operations	30,240	52,508
<b>Items that will not be reclassified to net income</b>		
Actuarial gains/(losses) from the remeasurement of defined benefit plans	(11,051)	6,863
<b>Other comprehensive income, net of tax</b>	19,189	59,371
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	\$ 108,605	\$ 97,300
<b>Attributable to:</b>		
Equity holders of the Company	90,095	71,899
Non-controlling interest	18,510	25,401
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	\$ 108,605	\$ 97,300

See accompanying notes to the consolidated financial statements.

# Martinrea International Inc.

## Consolidated Balance Sheets

(in thousands of Canadian dollars)

	Note	December 31, 2014	December 31, 2013
<b>ASSETS</b>			
Cash and cash equivalents		\$ 52,401	\$ 56,224
Trade and other receivables	4	520,844	541,598
Inventories	5	313,436	302,810
Prepaid expenses and deposits		10,039	13,128
Income taxes recoverable		8,321	3,727
<b>TOTAL CURRENT ASSETS</b>		<b>905,041</b>	<b>917,487</b>
Property, plant and equipment	6	984,681	847,548
Deferred income tax assets	13	153,367	100,156
Intangible assets	7	71,806	59,640
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,209,854</b>	<b>1,007,344</b>
<b>TOTAL ASSETS</b>		<b>\$ 2,114,895</b>	<b>\$ 1,924,831</b>
<b>LIABILITIES</b>			
Trade and other payables	9	\$ 645,862	\$ 597,591
Provisions	10	5,504	6,362
Income taxes payable		31,140	22,530
Current portion of long-term debt	11	37,526	37,276
<b>TOTAL CURRENT LIABILITIES</b>		<b>720,032</b>	<b>663,759</b>
Long-term debt	11	654,916	434,501
Pension and other post-retirement benefits	12	62,557	45,270
Deferred income tax liabilities	13	101,644	73,051
Other financial liability	3	-	154,239
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>819,117</b>	<b>707,061</b>
<b>TOTAL LIABILITIES</b>		<b>1,539,149</b>	<b>1,370,820</b>
<b>EQUITY</b>			
Capital stock	14	694,198	689,975
Contributed surplus		45,347	44,853
Other equity	3	-	(154,239)
Accumulated other comprehensive income		55,927	26,085
Accumulated deficit		(219,480)	(142,376)
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		<b>575,992</b>	<b>464,298</b>
Non-controlling interest	3	(246)	89,713
<b>TOTAL EQUITY</b>		<b>575,746</b>	<b>554,011</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 2,114,895</b>	<b>\$ 1,924,831</b>

### Commitment and Contingencies (note 21)

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

"Robert Wildeboer" Director

"Scott Balfour" Director

# Martinrea International Inc.

## Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

	Year ended December 31, 2014	Year ended December 31, 2013
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES:</b>		
Net Income for the period	\$ 89,416	\$ 37,929
Adjustments for:		
Depreciation of property, plant and equipment	110,783	99,258
Amortization of customer contracts and relationships	2,485	1,972
Amortization of development costs	9,033	6,899
Unrealized losses on foreign exchange forward contracts	9	370
Finance costs	22,798	18,868
Income tax expense	21,823	51,356
Loss on disposal of property, plant and equipment	321	376
Stock-based compensation	1,699	1,612
Pension and other post-retirement benefits expense	4,068	1,713
Contributions made to pension and other post-retirement benefits	(3,898)	(12,399)
Impairment of property, plant and equipment and intangible assets	-	29,078
Accretion of interest on promissory note	-	(122)
	258,537	236,910
Changes in non-cash working capital items:		
Trade and other receivables	42,962	(84,929)
Inventories	1,374	911
Prepaid expenses and deposits	3,542	513
Trade, other payables and provisions	18,083	25,211
	324,498	178,616
Interest paid (excluding capitalized interest)	(21,429)	(18,833)
Income taxes paid	(38,715)	(23,984)
<b>NET CASH PROVIDED IN OPERATING ACTIVITIES</b>	<b>\$ 264,354</b>	<b>\$ 135,799</b>
<b>FINANCING ACTIVITIES:</b>		
Increase in long-term debt	297,077	133,166
Repayment of long-term debt	(100,908)	(57,161)
Dividends paid	(10,145)	(5,053)
Exercise of employee stock options	3,018	10,713
<b>NET CASH PROVIDED IN FINANCING ACTIVITIES</b>	<b>\$ 189,042</b>	<b>\$ 81,665</b>
<b>INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment*	(203,645)	(180,330)
Capitalized development costs	(20,476)	(14,638)
Proceeds on disposal of property, plant and equipment	1,647	4,066
Purchase of non-controlling interest (note 3)	(235,667)	(4,808)
Promissory note receipts	-	2,500
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>\$ (458,141)</b>	<b>\$ (193,210)</b>
Effect of foreign exchange rate changes on cash and cash equivalents	922	2,548
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(3,823)</b>	<b>26,802</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>56,224</b>	<b>29,422</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 52,401</b>	<b>\$ 56,224</b>

\* As at December 31, 2014, \$13,372 (December 31, 2013, \$13,216) of purchases of property, plant and equipment remain unpaid.

See accompanying notes to the consolidated financial statements.

# Martinrea International Inc.

## Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars)

	Equity attributable to equity holders of the Company							
	Capital stock	Contributed surplus	Other equity	Cumulative translation account	Accumulated deficit	Total	Non-controlling interest	Total equity
Balance at December 31, 2012	\$ 675,606	\$ 46,897	\$ (87,100)	\$ (22,001)	\$ (155,721)	\$ 457,681	\$ 66,240	\$ 523,921
Net income for the period	-	-	-	-	16,950	16,950	20,979	37,929
Compensation expense related to stock options	-	1,612	-	-	-	1,612	-	1,612
Purchase of non-controlling interest (note 3)	-	-	-	-	(2,880)	(2,880)	(1,928)	(4,808)
Dividends (\$0.09 per share)	-	-	-	-	(7,588)	(7,588)	-	(7,588)
Change in fair value of put option granted to non-controlling interest	-	-	(67,139)	-	-	(67,139)	-	(67,139)
Exercise of employee stock options	14,369	(3,656)	-	-	-	10,713	-	10,713
<u>Other comprehensive income, net of tax</u>								
Actuarial gains from the remeasurement of defined benefit plans	-	-	-	-	6,863	6,863	-	6,863
Foreign currency translation differences	-	-	-	48,086	-	48,086	4,422	52,508
Balance at December 31, 2013	689,975	44,853	(154,239)	26,085	(142,376)	464,298	89,713	554,011
Net income for the period	-	-	-	-	71,304	71,304	18,112	89,416
Compensation expense related to stock options	-	1,699	-	-	-	1,699	-	1,699
Change in fair value of put option granted to non-controlling interest	-	-	(81,428)	-	-	(81,428)	-	(81,428)
Purchase of non-controlling interest (note 3)	-	-	235,667	-	(127,198)	108,469	(108,469)	-
Dividends (\$0.12 per share)	-	-	-	-	(10,159)	(10,159)	-	(10,159)
Exercise of employee stock options	4,223	(1,205)	-	-	-	3,018	-	3,018
<u>Other comprehensive income, net of tax</u>								
Actuarial losses from the remeasurement of defined benefit plans	-	-	-	-	(11,051)	(11,051)	-	(11,051)
Foreign currency translation differences	-	-	-	29,842	-	29,842	398	30,240
Balance at December 31, 2014	\$ 694,198	\$ 45,347	\$ -	\$ 55,927	\$ (219,480)	\$ 575,992	\$ (246)	\$ 575,746

See accompanying notes to the consolidated financial statements.