



Why Martinrea Shares Rallied Today

Description

Although we don't believe in timing the market or panicking over market movements, we do like to keep an eye on big changes — just in case they're material to our investing thesis.

What: Shares of auto parts manufacturer **Martinrea International** ([TSX: MRE](#)) soared 13% today after announcing that Nick Orlando will be stepping down as Martinrea's President and Chief Executive Officer.

So what: Martinrea shares have underperformed the market over the past few years, so investors are naturally interpreting today's news as a positive and highly significant catalyst going forward. So while the company implied that ongoing health issues — not outside investor pressure — were behind Orlando's decision, Bay Street is hoping that a change will be a positive factor.

Now what: Orlando will help Martinrea's board search for a new President and CEO, assist with the transition, and remain as a consultant to the company after that. "I am very grateful for the support that both we as a team and I personally have received over the years, from our people, our customers and our stakeholders," said Orlando. "I have always given my best for this company and will continue to support it going forward. My immediate focus is on improving our operations and processes in problem plants."

Of course, when you consider Martinrea's still-hefty debt load and worrisome operating issues (it lost \$54 million in Q4), shareholders might want to use today's double-digit pop as an attractive *exit* opportunity.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:MRE (Martinrea International Inc.)

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