

Q2 2018 Results

CONFERENCE CALL

August 8, 2018

Today's Participants



- Don Walker Chief Executive Officer
- Vince Galifi Chief Financial Officer
- Swamy Kotagiri Chief Technology Officer
- Louis Tonelli Vice President, Investor Relations

Forward Looking Statements



We disclose "forward-looking information" or "forward-looking statements" (collectively, "forward-looking statements") to provide information about management's current expectations and plans. Such forward-looking statements may not be appropriate for other purposes.

Forward-looking statements may include financial and other projections, as well as statements regarding our future plans, objectives or economic performance, or the assumptions underlying any of the foregoing, and other statements that are not recitations of historical fact. We use words such as "may", "would", "could", "should", "will", "likely", "expect", "anticipate", "believe", "intend", "plan", "aim", "forecast", "outlook", "project", "estimate", "target" and similar expressions suggesting future outcomes or events to identify forward-looking statements.

Forward-looking statements in this press release include, but are not limited to, statements related to:

- Potential electric vehicle engineering and manufacturing opportunities through our new joint ventures with Beijing Electric Vehicle Co. Ltd.;
- The expected benefits of our acquisition of OLSA S.p.A.;
- The expected benefits of our multi-year collaboration with Lyft;
- Estimated annual tariff exposure;
- Magna's forecasts of light vehicle production in North America and Europe;
- Expected consolidated sales, based on such light vehicle production, including expected split by segment in our Body Exteriors & Structures; Power & Vision; Seating Systems; and Complete Vehicles segments;
- Consolidated Adjusted EBIT margin;
- Adjusted EBIT Margin by reporting segment;
- Consolidated equity income;
- Net interest expense;
- Effective income tax rate;
- Adjusted net income;
- Fixed asset expenditures;
- Free Cash Flow levels; and
- Future returns of capital to our shareholders, including through dividends or share repurchases.

Our forward-looking statements are based on information currently available to us, and are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances.

While we believe we have a reasonable basis for making such forward-looking statements, they are not a guarantee of future performance or outcomes. Whether actual results and developments conform to our expectations and predictions is subject to a number of risks, assumptions and uncertainties, many of which are beyond our control, and the effects of which can be difficult to predict, including, without limitation:

Risks Related to the Automotive Industry

- economic cyclicality;
- intense competition;
- potential restrictions on free trade, including new or higher tariffs on commodities and/or automobiles;
- escalation of international trade disputes;

Customer and Supplier Related Risks

- concentration of sales with six customers;
- shifts in market shares among vehicles or vehicle segments;
- shifts in "take rates" for products we sell;
- potential loss of a material purchase order;

Manufacturing / Operational Risks

- product launch risks;
- operational underperformance;
- restructuring costs;
- impairment charges;
- labour disruptions;
- supply disruptions;

IT Security Risk

- IT/Security breach;

Pricing Risks

- pricing risks between time of quote and start of production;
- price concessions;
- commodity costs;
- declines in scrap steel prices;

Warranty / Recall Risks

- costs to repair or replace defective products;
- warranty costs that exceed our warranty provision;
- costs related to a significant recall;

Acquisition Risks

- an increase in our risk profile as a result of completed acquisitions;
- acquisition integration risk;

Other Business Risks

- risks related to conducting business through joint ventures;
- our ability to consistently develop innovative products or processes;
- changing risk profile;
- risks of conducting business in foreign markets;
- fluctuations in relative currency values;
- tax reassessments and exposures related to changes in tax laws;
- changes in credit ratings assigned to us;
- the unpredictability of, and fluctuation in, the trading price of our Common Shares;

Legal, Regulatory and Other Risks

- antitrust and compliance risk;
- legal claims and/or regulatory actions against us; and
- changes in laws.

In evaluating forward-looking statements or forward-looking information, we caution readers not to place undue reliance on any forward-looking statement, and readers should specifically consider the various factors which could cause actual events or results to differ materially from those indicated by such forward-looking statements, including the risks, assumptions and uncertainties above which are discussed in greater detail in this document under the section titled "Industry Trends and Risks" and set out in our Annual Information Form filed with securities commissions in Canada and our annual report on Form 40-F filed with the United States Securities and Exchange Commission, and subsequent filings.

- All amounts are in U.S. Dollars (unless otherwise noted)
- Today's discussion excludes the impact of other expense, net
- Results for 2017 have been restated to reflect our adoption of a new revenue accounting standard related to tooling and pre-production engineering

Q2 Highlights

- Record second quarter results
- Agreement with BJEV to engineer and build electric vehicles in China
- Announcement to acquire European-based lighting supplier OLSA
- Lyft partnership update
- Estimated impact of tariffs

- Second quarter records for sales, Adjusted EBIT, Adjusted Diluted EPS
- Returned \$844 million to shareholders in the quarter and approximately \$1.1 billion YTD
- Body Exteriors & Structures and Seating performed in-line with our expectations, excluding impact of Meridian fire
- Complete Vehicles negatively impacted by G-Class launch
- Power & Vision:
 - Consolidated results in line
 - Equity income below our expectations due to Getrag joint ventures



The Zhenjiang facility where Magna and BJEV plan to engineer and build electric vehicles for the Chinese market

- Forming two joint ventures with Beijing Electric Vehicle Co. (BJEV)
- Magna to jointly engineer and build premium electric vehicles for customers in China with BJEV
- Facility can support up to 180,000 annual vehicle capacity
- JV is capable of supporting the needs of additional customers



Magna's industry-first D-Optic LED headlamp on the Chevrolet Traverse and OLSA's unique OLED tail lamp on the Audi TT

- Magna signed a deal to acquire OLSA, which will expand our lighting capabilities
- Pending regulatory approval and other closing conditions, deal is expected to be finalized before end of 2018
- OLSA supplies automakers with advanced exterior lighting products
- Deal expands footprint beyond North America
- Lighting is a growth area due to increasing levels of electronics and the ability to differentiate through styling

Lyft Partnership – Update



- Equity investment closed in Q2
- Very pleased with cooperation and communication from Lyft
- Actively recruiting on the west coast of U.S.
- Will provide future updates



- Beginning Q3, expect our earnings to be impacted by Section 232 and 301 tariffs
- Estimated annual exposure ~\$60 million, with ~\$30 million impact in the second half of 2018

Q2 2018 Financial Highlights

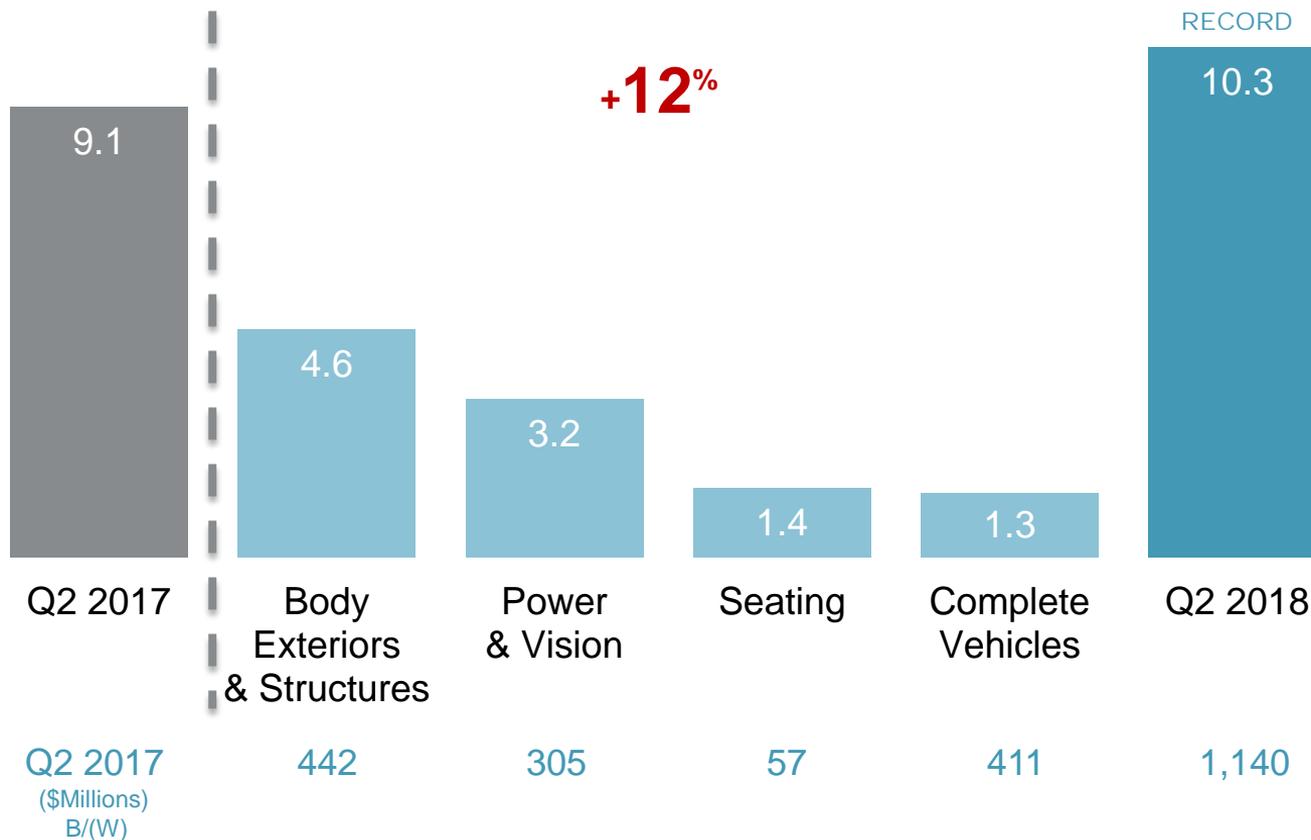


- Q2 records for:
 - Consolidated sales – up 12%
 - Consolidated Adjusted EBIT – up 6%
 - Net income attributable to Magna – up 7%
 - Adjusted Diluted EPS – up 15%
- Returned \$844M to shareholders
- Outlook reduced for sales, equity income, and net income

Q2 2018 Consolidated Sales Performance



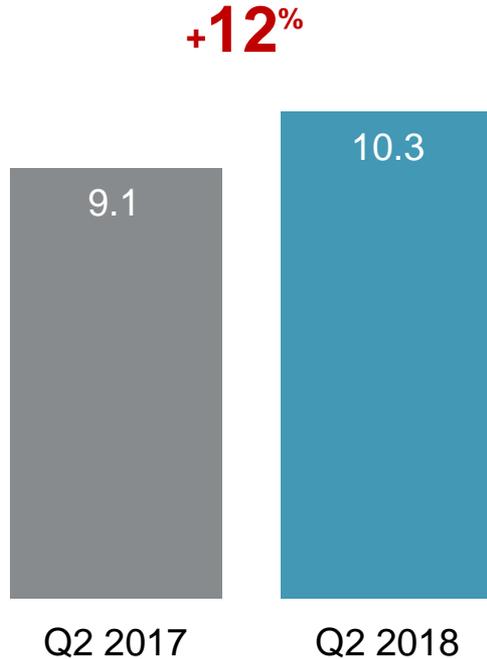
\$ BILLIONS



Q2 2018 Consolidated Sales Performance



\$ BILLIONS



Key Factors:

- Launch of new programs (+)
- Foreign exchange translation (+)

Q2 2018 Adjusted EBIT and Equity Income



ADJUSTED EBIT MARGIN %

-50^{BP}



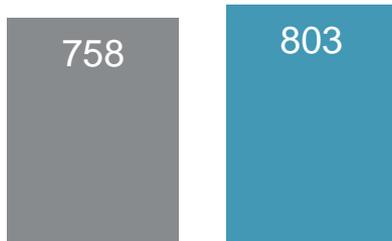
KEY FACTORS

- Complete Vehicles (-)
- FX translation of net deferred tax assets (-)
- Seating (-)
- Body Exteriors & Structures (+)
- Power & Vision (+)

ADJUSTED EBIT

(\$ Millions)

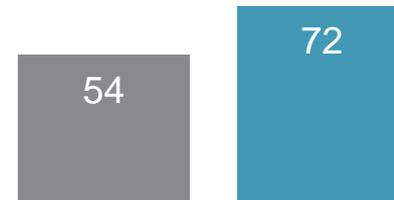
+6%



EQUITY INCOME

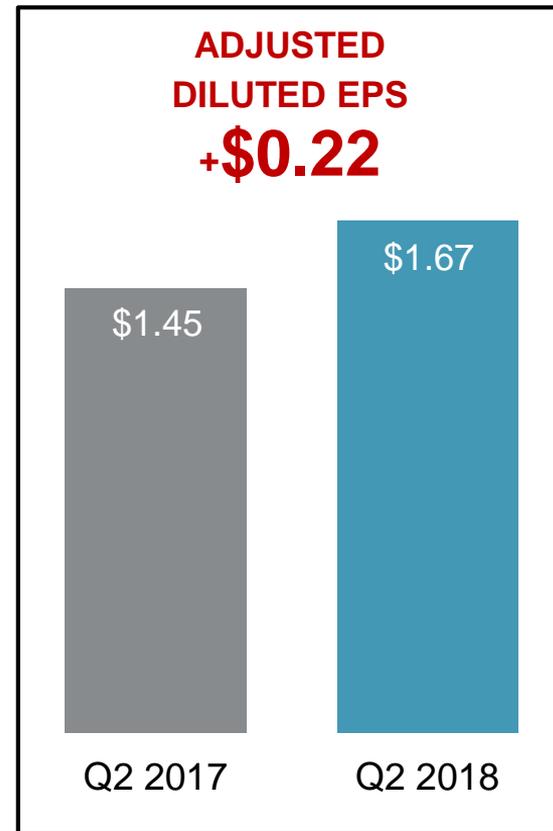
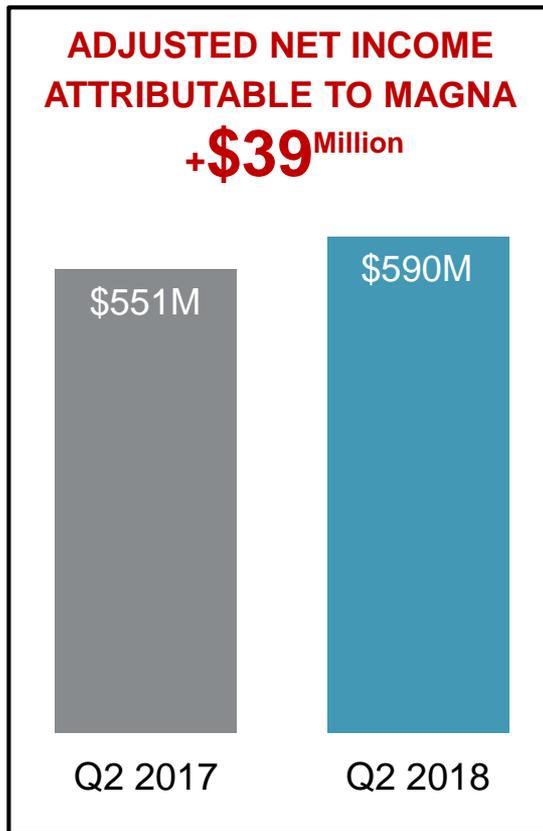
(\$ Millions)

+33%



■ Q2 2017 ■ Q2 2018

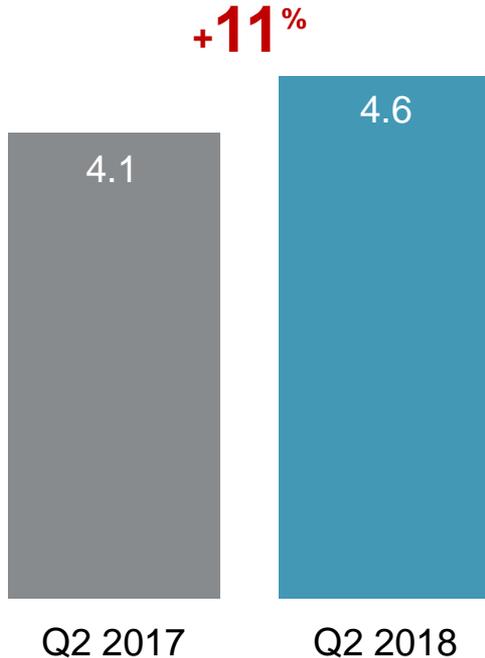
Q2 2018 Financial Highlights



Q2 2018 Segment Sales

BODY EXTERIORS & STRUCTURES

\$ BILLIONS



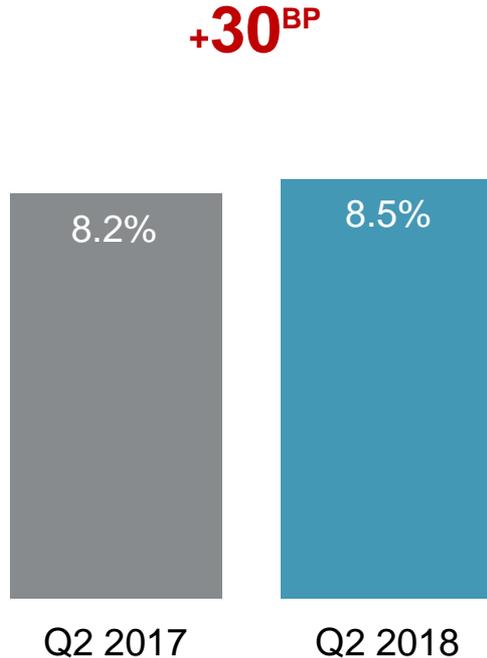
- New program launches (+)
- Foreign currency translation (+)
- Change in production volumes on other programs (-)
- Net customer price concessions (-)

Significant New Launches:

- Chevrolet Traverse and Buick Enclave
- GMC Terrain and Chevrolet Equinox
- Jeep Cherokee and Wrangler

Q2 2018 Segment Adjusted EBIT Margin %

BODY EXTERIORS & STRUCTURES

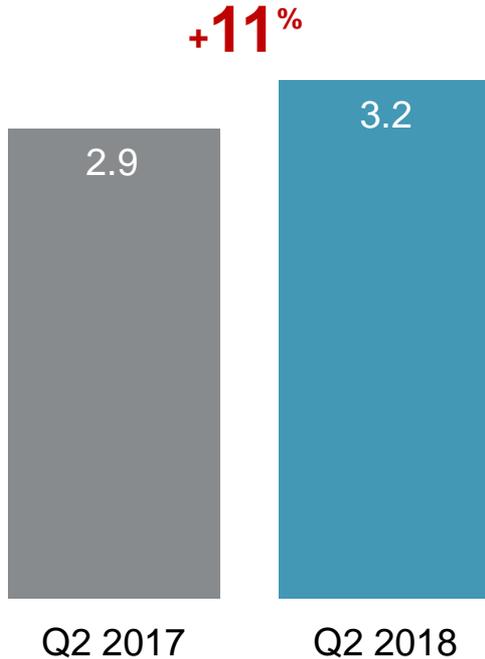


- Productivity and efficiency improvements (+)
- Higher foreign exchange gains (+)
- Higher scrap steel recoveries (+)
- Higher launch costs (-)
- Lost production due to fire at a Tier 1 supplier in North America (-)

Q2 2018 Segment Sales

POWER & VISION

\$ BILLIONS



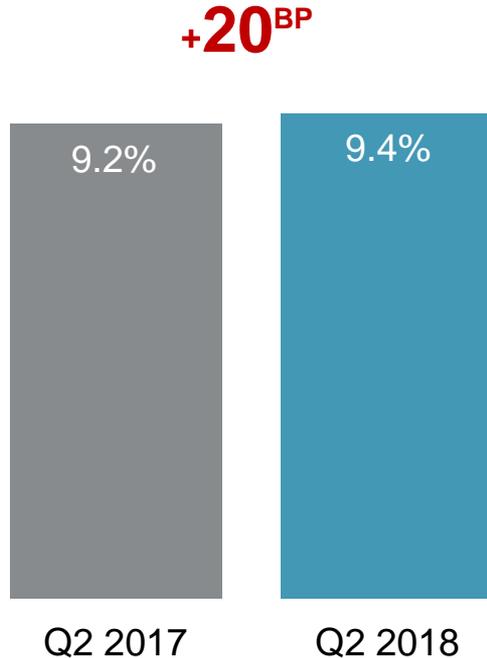
- New program launches (+)
- Foreign currency translation (+)
- Impact of divestiture (-)
- Net customer price concessions (-)

Significant New Launches:

- Audi A6
- Chevrolet Traverse and Buick Enclave
- Jeep Wrangler

Q2 2018 Segment Adjusted EBIT Margin %

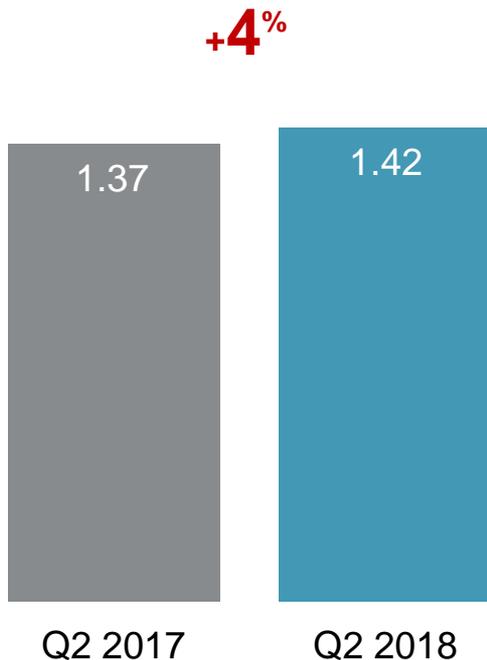
POWER & VISION



- Higher foreign exchange gains (+)
- Higher equity income (+)
- Spending associated with electrification and autonomy (-)
- Reduction in an indemnity receivable (-)
- Warranty costs (-)

Q2 2018 Segment Sales

SEATING
\$ BILLIONS



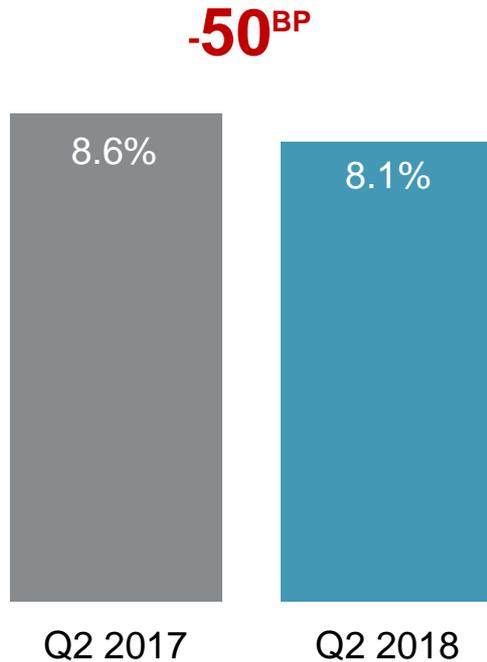
- New program launches (+)
- Foreign currency translation (+)
- End of production on certain programs (-)
- Change in production volumes on other programs (-)
- Impact of divestiture (-)
- Net customer price concessions (-)

Significant New Launches:

- Ford Expedition
- Lincoln Navigator
- Ford Fiesta
- Lynk and Co 01 and 02

Q2 2018 Segment Adjusted EBIT Margin %

SEATING



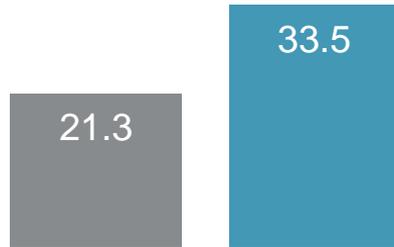
- New facility costs (-)
- Higher equity income (+)
- Higher foreign exchange gains (+)

Q2 2018 Complete Vehicles



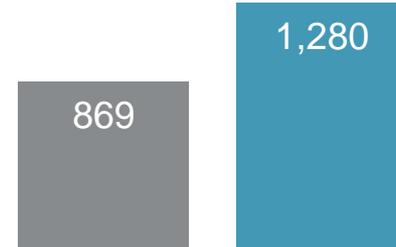
ASSEMBLY VOLUMES (Thousands of units)

+57%



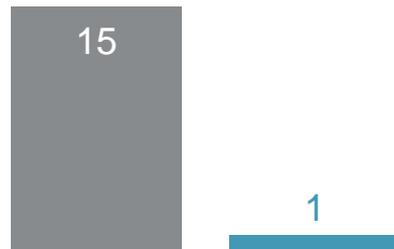
SALES (\$ Millions)

+47%



ADJUSTED EBIT (\$ Millions)

-14



ADJUSTED EBIT MARGIN %



■ Q2 2017 ■ Q2 2018

Q2 2018 Cash Flow

\$ MILLIONS



Cash from Operations

Net Income + Non-Cash Items	\$	939
Changes in Non-Cash Operating Assets & Liabilities	\$	(472)
	\$	467

Investment Activities

Fixed Assets	\$	379
Investments, Other Assets & Intangibles	\$	103
Lyft Investment	\$	200
	\$	682

Proceeds from Disposition and Other	\$	52
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Free Cash Flow	\$	(163)
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Free Cash Flow Excluding Lyft Investment	\$	37
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Return of Capital to Shareholders



Common Shares Repurchased in Q2 11.7M

\$ to Repurchase Shares in Q2 \$ 729M

Dividends Paid \$ 115M

Total Q2 Return to Shareholders \$ 844M

Common Shares Repurchased to date in Q3¹ 4.2M

\$ to Repurchase Shares in Q3¹ \$ ~250M

¹ As of August 3, 2018

	August	May
Vehicle Production:		
– North America	17.2M	17.3M
– Europe	22.6M	22.6M
Foreign Exchange Rates:		
– U.S. – Cdn	0.771	0.780
– U.S. – Euro	1.185	1.220

2018 Outlook¹

\$ BILLIONS UNLESS OTHERWISE NOTED



U.S. GAAP	August	May
Sales:		
• Body Exteriors & Structures	\$17.1 - \$17.9	\$17.3 - \$18.1
• Power & Vision	\$12.2 - \$12.8	\$12.3 - \$12.9
• Seating Systems	\$5.5 - \$5.9	\$5.5 - \$5.9
• Complete Vehicles	\$6.1 - \$6.5	\$6.4 - \$6.8
Total Sales	\$40.3 - \$42.5	\$40.9 - \$43.1
EBIT Margin %	7.7% - 7.9%	7.9% - 8.2%
Equity Income	\$270M - \$305M	\$335M - \$375M
Interest Expense	~\$90M	~\$90M
Tax Rate	22% - 23%	22% - 23%
Net Income Attributable to Magna	\$2.3 - \$2.5	\$2.4 - \$2.6
Capital Spending	~\$1.9 ²	~\$1.8

¹ Assumptions:

- Based on new revenue accounting standard for tooling and pre-production engineering
- Excludes the impact of any future material acquisitions or divestitures

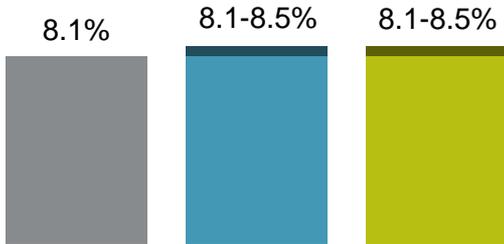
- ² Includes \$200 million acquisition price for two of our facilities in the southern U.S. that we plan to purchase from Granite

2018 Segment Adjusted EBIT Margin %

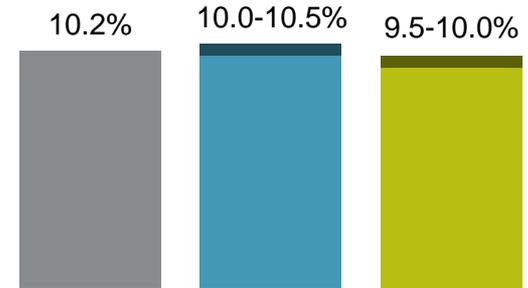
OUTLOOK vs PRIOR FORECAST



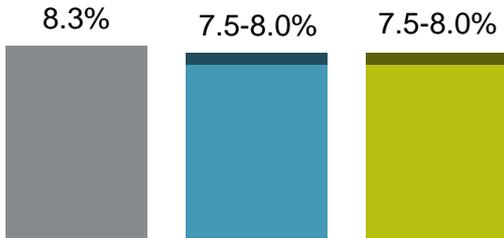
BODY EXTERIORS & STRUCTURES



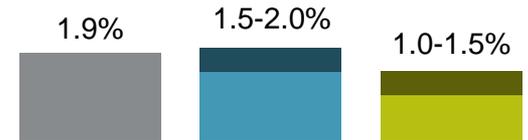
POWER & VISION



SEATING SYSTEMS



COMPLETE VEHICLES



■ 2017

■ Prior 2018

■ Current 2018

Revised 2020 Outlook^{1,2}



CONSOLIDATED	UPDATED	PREVIOUS
Equity Income	\$330M - \$380M	\$400M - \$450M
EBIT Margin %	8.3% - 8.7%	8.5% - 8.9%

POWER & VISION	UPDATED	PREVIOUS
Equity Income	\$295M - \$335M	\$365M - \$405M
EBIT Margin %	10.9% - 11.5%	11.4% - 12.0%

¹ Based on new revenue accounting standard for tooling and pre-production engineering

² We have updated our 2020 outlook **only for our transmission joint venture operations in China and Europe**, reflecting our current views on market developments and estimated production volumes on programs to supply transmissions. We now expect equity income in 2020 to be between \$330 million and \$380 million, compared to a range of between \$400 million and \$450 million previously, as set out in our outlook dated January 16, 2018. As a result of our reduced equity income outlook, we now expect our 2020 Adjusted EBIT margin percentage to be in the 8.3% to 8.7% range, compared to a previous range of 8.5% to 8.9%, as provided in January. We have made no other updates to our 2020 outlook from January, including updates in assumptions with respect to total light vehicle production volumes, material unannounced acquisitions and divestitures and foreign exchange rates.

- Second quarter records
 - Sales
 - Adjusted EBIT
 - Adjusted Net Income attributable to Magna
 - Adjusted Diluted EPS
- Returned \$844M to shareholders
- Reduced outlook for sales, equity income and net income for 2018
- Reduced 2020 outlook for equity income and Adjusted EBIT margin (Consolidated and Power & Vision) due to transmission joint ventures
- Anticipate free cash flow of approximately \$2 billion in 2018



Q2 2018 Conference Call

APPENDIX

August 8, 2018

Segment Performance vs Market

Q2, 2018 vs Q2, 2017



	Reported	Organic ¹	Unweighted Outperformance	Weighted Outperformance
Body Exteriors & Structures	11%	8%	0%	5%
Power & Vision	11%	6%	(2%)	3%
Seating	4%	5%	(3%)	2%
Complete Vehicles	47%	36%	28%	33%
TOTAL SALES	12%	9%	1%	6%

Unweighted Production Growth 8%

Weighted Production Growth² 3%

¹ Excluding net acquisitions and FX movements

² Calculated by applying Magna geographic sales weighting, excluding Complete Vehicle sales, to regional production

Q2 2018 Reconciliation of Reported Results



EXCLUDING OTHER EXPENSE (INCOME), NET
\$ MILLIONS – EXCEPT PER SHARE FIGURES

	Reported	Other Exp./Inc.	Excl. Other Exp./Inc.
Income Before Income Taxes	\$ 819	\$ 39	\$ 780
% of Sales	8.0%		7.6%
Income Taxes	\$ 183	\$ 3	\$ 180
% of Pretax	22.3%		23.1%
Income Attributable to Non-Controlling Interests	\$ (10)	\$ -	\$ (10)
Net Income Attributable to Magna	\$ 626	\$ 36	\$ 590
Earnings Per Share	\$ 1.77	\$ 0.10	\$ 1.67

Q2 2017 Reconciliation of Reported Results



EXCLUDING OTHER EXPENSE (INCOME), NET
\$ MILLIONS – EXCEPT PER SHARE FIGURES

	Reported	Restructuring	Excl. Other Exp./Inc.
Income Before Income Taxes	\$ 744	\$ (3)	\$ 747
% of Sales	8.1%		8.2%
Income Taxes	\$ 183	\$ -	\$ 183
% of Pretax	24.6%		24.5%
Income Attributable to Non-Controlling Interests	\$ (13)	\$ -	\$ (13)
Net Income Attributable to Magna	\$ 548	\$ (3)	\$ 551
Earnings Per Share	\$ 1.44	\$ (0.01)	\$ 1.45

Segment Impact on Adjusted EBIT % of Sales



Q2 2018 vs Q2 2017

\$ MILLIONS

	Sales	Adjusted EBIT	Adjusted EBIT as a Percentage of Sales
Second Quarter of 2017	\$ 9,140	\$ 758	8.3%
Increase (Decrease) related to:			
Body Exteriors & Structures	\$ 442	\$ 48	0.1%
Power & Vision	\$ 305	\$ 33	0.1%
Seating Systems	\$ 57	\$ (1)	(0.1%)
Complete Vehicles	\$ 411	\$ (14)	(0.5%)
Corporate and Other	\$ (75)	\$ (21)	(0.1%)
Second Quarter of 2018	\$ 10,280	\$ 803	7.8%

Geographic Sales

Q2 2018 vs Q2 2017



NORTH AMERICA

(\$Billions)

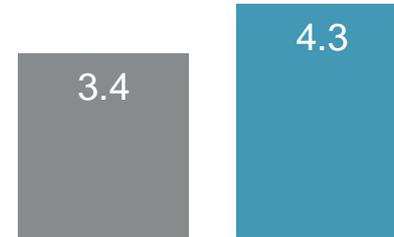
+3%



EUROPE

(\$Billions)

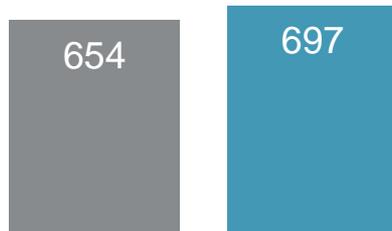
+28%



ASIA

(\$Millions)

+7%



REST OF WORLD

(\$Millions)

+5%



■ Q2 2017

■ Q2 2018

Adjusted Debt to Adjusted EBITDA Calculation



\$ MILLIONS

	Q2 2018
Unadjusted LTM EBITDA	\$ 4,457
Other Income (Expense) LTM	\$ 6
Other	\$ 391
Adjusted EBITDA	\$ 4,854
Debt per Balance Sheet	\$ 4,358
Operating Lease Adjustment	\$ 1,729
Other	\$ 267
Adjusted Debt	\$ 6,354
Adjusted Debt / Adjusted EBITDA	1.31x