



Magna International Inc.

**Interim Financial Statements for the three months
ended June 30, 2018**

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF INCOME

[Unaudited]

[U.S. dollars in millions, except per share figures]

	Note	Three months ended June 30,		Six months ended June 30,	
		2018	2017 [As Adjusted – Note 2]	2018	2017 [As Adjusted – Note 2]
Sales		\$ 10,280	\$ 9,140	\$ 21,072	\$ 18,040
Costs and expenses					
Cost of goods sold		8,795	7,745	18,088	15,202
Depreciation and amortization		320	282	635	558
Selling, general and administrative		434	409	830	825
Interest expense, net		23	11	44	30
Equity income		(72)	(54)	(159)	(121)
Other (income) expense, net	3	(39)	3	(36)	9
Income from operations before income taxes		819	744	1,670	1,537
Income taxes		183	183	365	389
Net income		636	561	1,305	1,148
Income attributable to non-controlling interests		(10)	(13)	(19)	(23)
Net income attributable to Magna International Inc.		\$ 626	\$ 548	\$ 1,286	\$ 1,125
Earnings per Common Share:	4				
Basic		\$ 1.78	\$ 1.45	\$ 3.63	\$ 2.96
Diluted		\$ 1.77	\$ 1.44	\$ 3.60	\$ 2.95
Cash dividends paid per Common Share		\$ 0.33	\$ 0.275	\$ 0.66	\$ 0.55
Weighted average number of Common Shares outstanding during the period [in millions]:	4				
Basic		351.4	377.9	354.6	379.7
Diluted		354.1	379.5	357.0	381.4

See accompanying notes

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[Unaudited]

[U.S. dollars in millions]

	Note	Three months ended June 30,		Six months ended June 30,	
		2018	2017	2018	2017
		[As Adjusted – Note 2]		[As Adjusted – Note 2]	
Net income		\$ 636	\$ 561	\$ 1,305	\$ 1,148
Other comprehensive (loss) income, net of tax:	14				
Net unrealized (loss) gain on translation of net investment in foreign operations		(417)	247	(283)	357
Net unrealized (loss) gain on cash flow hedges		(53)	40	(74)	72
Reclassification of net (gain) loss on cash flow hedges to net income		(1)	23	(2)	56
Reclassification of net loss on pensions to net income		—	1	2	2
Other comprehensive (loss) income		(471)	311	(357)	487
Comprehensive income		165	872	948	1,635
Comprehensive loss (income) attributable to non-controlling interests		14	(20)	(12)	(35)
Comprehensive income attributable to Magna International Inc.		\$ 179	\$ 852	\$ 936	\$ 1,600

See accompanying notes

MAGNA INTERNATIONAL INC.
CONSOLIDATED BALANCE SHEETS

[Unaudited]
[U.S. dollars in millions]

	Note	As at June 30, 2018	As at December 31, 2017 [As Adjusted – Note 2]
ASSETS			
Current assets			
Cash and cash equivalents	5	\$ 626	\$ 726
Accounts receivable	2	7,656	6,695
Inventories	6	3,600	3,542
Prepaid expenses and other		201	237
		12,083	11,200
Investments		2,320	2,079
Fixed assets, net		8,026	8,176
Intangible assets, net		597	650
Goodwill		2,063	2,099
Deferred tax assets		255	238
Other assets	8	1,024	1,026
		\$ 26,368	\$ 25,468
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	9	\$ 1,123	\$ 259
Accounts payable		6,300	6,283
Accrued salaries and wages		785	836
Other accrued liabilities	11	1,951	1,739
Income taxes payable	10	12	18
Long-term debt due within one year		120	108
		10,291	9,243
Long-term debt		3,115	3,195
Long-term employee benefit liabilities		659	670
Other long-term liabilities		314	326
Deferred tax liabilities		341	322
		14,720	13,756
Shareholders' equity			
Capital stock			
Common Shares			
[issued: 345,923,095; December 31, 2017 – 358,063,217]	13	3,547	3,617
Contributed surplus		123	119
Retained earnings		8,418	8,074
Accumulated other comprehensive loss	14	(938)	(600)
		11,150	11,210
Non-controlling interests		498	502
		11,648	11,712
		\$ 26,368	\$ 25,468

See accompanying notes

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

[Unaudited]
[U.S. dollars in millions]

	Note	Three months ended June 30,		Six months ended June 30,	
		2018	2017	2018	2017
		[As Adjusted – Note 2]		[As Adjusted – Note 2]	
Cash provided from (used for):					
OPERATING ACTIVITIES					
Net income		\$ 636	\$ 561	\$ 1,305	\$ 1,148
Items not involving current cash flows	5	303	373	666	647
Changes in operating assets and liabilities	1, 5	939 (472)	934 (376)	1,971 (927)	1,795 (780)
Cash provided from operating activities		467	558	1,044	1,015
INVESTMENT ACTIVITIES					
Fixed asset additions		(379)	(421)	(622)	(744)
Investment in Lyft, Inc.		(200)	—	(200)	—
Increase in investments, other assets and intangible assets		(103)	(143)	(217)	(226)
Proceeds from disposition		48	14	77	156
Acquisition		4	—	4	—
Cash used for investing activities		(630)	(550)	(958)	(814)
FINANCING ACTIVITIES					
Issues of debt		15	18	30	29
Increase in short-term borrowings		893	349	894	207
Repayments of debt		(22)	(54)	(35)	(68)
Issue of Common Shares on exercise of stock options		41	5	46	11
Shares repurchased for tax withholdings on vesting of equity awards		(2)	—	(2)	—
Repurchase of Common Shares	13	(729)	(383)	(832)	(483)
Contributions to subsidiaries by non-controlling interests		4	10	4	10
Dividends paid to non-controlling interests		(30)	(7)	(30)	(7)
Dividends paid		(115)	(101)	(233)	(206)
Cash provided by (used for) financing activities		55	(163)	(158)	(507)
Effect of exchange rate changes on cash, cash equivalents and restricted cash equivalents		(31)	3	(21)	14
Net decrease in cash, cash equivalents and restricted cash equivalents during the period		(139)	(152)	(93)	(292)
Cash, cash equivalents and restricted cash equivalents, beginning of period		885	1,028	839	1,168
Cash, cash equivalents and restricted cash equivalents, end of period	5	\$ 746	\$ 876	\$ 746	\$ 876

See accompanying notes

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

[Unaudited]

[U.S. dollars in millions]

	Note	<u>Common Shares</u> Number	<u>Stated</u> Value	<u>Contri- buted</u> Surplus	<u>Retained</u> Earnings	<u>AOCL</u> ⁽ⁱ⁾	<u>Non- controlling</u> Interest	<u>Total</u> Equity
		<i>[in millions]</i>						
Balance, December 31, 2017		358.1	\$ 3,617	\$ 119	\$ 8,074	\$ (600)	\$ 502	\$ 11,712
Adoption of ASU No. 2016-16	1				3			3
Balance, December 31, 2017, as adjusted		358.1	\$ 3,617	\$ 119	\$ 8,077	\$ (600)	\$ 502	\$ 11,715
Net income					1,286		19	1,305
Other comprehensive loss						(350)	(7)	(357)
Contributions by non-controlling interests							4	4
Shares issued on exercise of stock options		1.2	55	(9)				46
Release of stock and stock units			9	(9)				—
Shares repurchased for tax withholdings on vesting of equity rewards					(2)			(2)
Repurchase and cancellation under normal course issuer bid	13	(13.5)	(138)		(706)	12		(832)
Stock-based compensation expense				22				22
Acquisition							10	10
Dividends paid to non-controlling Interests							(30)	(30)
Dividends paid		0.1	4		(237)			(233)
Balance, June 30, 2018		345.9	\$ 3,547	\$ 123	\$ 8,418	\$ (938)	\$ 498	\$ 11,648

	Note	<u>Common Shares</u> Number	<u>Stated</u> Value	<u>Contri- buted</u> Surplus	<u>Retained</u> Earnings	<u>AOCL</u> ⁽ⁱ⁾	<u>Non- controlling</u> Interest	<u>Total</u> Equity
		<i>[in millions]</i>						
Balance, December 31, 2016		382.3	\$ 3,796	\$ 105	\$ 7,318	\$ (1,451)	\$ 451	\$ 10,219
Adoption of ASU No. 2014-09	2				(5)			(5)
Balance, December 31, 2016, as adjusted		382.3	\$ 3,796	\$ 105	\$ 7,313	\$ (1,451)	\$ 451	\$ 10,214
Net income					1,125		23	1,148
Other comprehensive income						475	12	487
Contributions by non-controlling interest							10	10
Shares issued on exercise of stock options		0.6	16	(4)				12
Release of stock and stock units			4	(4)				—
Repurchase and cancellation under normal course issuer bid	13	(10.8)	(108)		(388)	12		(484)
Stock-based compensation expense				27				27
Dividends paid to non-controlling Interests							(7)	(7)
Dividends paid			3		(209)			(206)
Balance, June 30, 2017		372.1	\$ 3,711	\$ 124	\$ 7,841	\$ (964)	\$ 489	\$ 11,201

(i) AOCL is Accumulated Other Comprehensive Loss.

See accompanying notes

MAGNA INTERNATIONAL INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[Unaudited]

[All amounts in U.S. dollars and all tabular amounts in millions unless otherwise noted]

1. SIGNIFICANT ACCOUNTING POLICIES

[a] Basis of presentation

The unaudited interim consolidated financial statements of Magna International Inc. and its subsidiaries [collectively "Magna" or the "Company"] have been prepared in U.S. dollars following accounting principles generally accepted in the United States of America ["GAAP"]. The unaudited interim consolidated financial statements do not conform in all respects to the requirements of GAAP for annual financial statements. Accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the December 31, 2017 audited consolidated financial statements and notes thereto included in the Company's 2017 Annual Report.

The unaudited interim consolidated financial statements reflect all adjustments, which consist only of normal and recurring adjustments, necessary to present fairly the financial position at June 30, 2018 and the results of operations, changes in equity and cash flows for the three and six months ended June 30, 2018 and 2017.

Certain amounts in prior periods have been reclassified to conform with current period presentation.

[b] New Segment Structure

The Company announced a realignment of its management structure along product lines in December 2017. As a result, effective January 1, 2018, the Company's results are reported through the following business segments: Body Exteriors & Structures, Power & Vision, Seating Systems and Complete Vehicles. Prior period amounts contained in these unaudited interim consolidated financial statements have been adjusted to conform to the new segment presentation. Refer to Note 17 for additional information.

[c] Recently adopted Accounting Standards

Revenue Recognition

In May 2014, the FASB issued ASU No. 2014-09 (Topic 606), "Revenue from Contracts with Customers". This ASU supersedes most of the existing guidance on revenue recognition in ASC Topic 605, Revenue Recognition and requires entities to recognize revenue when control of promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. On January 1, 2018, the Company adopted ASC 606, Revenue from Contracts with Customers and all of the related amendments ("new revenue standard") to all contracts using the full retrospective transition method [note 2].

Income Taxes

In October 2016, the FASB issued ASU No. 2016-16, "Accounting for Income Taxes: Intra-Entity Asset Transfers of Assets Other than Inventory". This guidance requires that the tax effects of all intra-entity sales of assets other than inventory be recognized in the period in which the transaction occurs. The Company adopted ASU No. 2016-16 in the first quarter of 2018 on a modified retrospective basis, through a cumulative-effect adjustment to retained earnings. The adoption of this guidance did not have a significant impact on the Company's consolidated financial statements.

MAGNA INTERNATIONAL INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[Unaudited]

[All amounts in U.S. dollars and all tabular amounts in millions unless otherwise noted]

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities (ASU 2016-01)", which addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. ASU 2016-01 requires the Company to measure its investments in private equity securities at fair value, with all gains and losses, realized and unrealized, recognized in the consolidated statement of income. The Company adopted ASU 2016-01 in the first quarter of fiscal 2018 on a prospective basis for its investments in private equity securities.

As of June 30, 2018, the Company's investment balance includes investments in private equity securities of \$306 million [\$50 million as of December 31, 2017]. The Company has elected to use the measurement alternative, defined as cost, less impairments, adjusted by observable price changes to measure its private equity investments. The Company's private equity securities are classified within Level 3 in the fair value hierarchy because the Company estimates the value based on valuation methods using the observable transaction price at the transaction date and other observable inputs including rights and obligations of the securities held by the Company. Net gains recognized for the three and six month period ending June 30, 2018 were recorded in other income (expense), net. Since the Company did not sell any of these private equity securities, no amounts were realized during the reporting period.

[d] Future Accounting Standards

Derivatives and Hedging

In August 2017, the FASB issued ASU No. 2017-12, "Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities (ASU 2017-12)" which amends and simplifies existing guidance in order to allow companies to more accurately present the economic effects of risk management activities in the financial statements. The amendments of this ASU are effective for reporting periods beginning after December 15, 2018, with early adoption permitted. The adoption of ASU 2017-12 is not expected to have a significant impact on the Company's consolidated financial statements.

Leases

In February 2016, the FASB issued ASU No. 2016-02, "Leases: Topic 842 (ASU 2016-02)", to supersede nearly all existing lease guidance under GAAP. The guidance would require lessees to recognize most leases on their balance sheets as lease liabilities with corresponding right-of-use assets. ASU 2016-02 is effective for the Company in the first quarter of fiscal 2019 using a modified retrospective approach with the option to elect certain practical expedients. A project team has been formed to evaluate and implement the new standard. The project team is working to gather the data required to account for leases under the new standard, and validating the functionality of third-party lease accounting software. In addition, the Company is in the process of identifying and implementing the appropriate changes to business processes and controls to support recognition and disclosure under the new standard. The Company plans to adopt the standard as of the first quarter of 2019. The Company is currently evaluating the impact of ASU 2016-02 on its consolidated financial statements.

[e] Seasonality

The Company's businesses are generally not seasonal. However, the Company's sales and profits are closely related to its automotive customers' vehicle production schedules. The Company's largest North American customers typically halt production for approximately two weeks in July and one week in December. Additionally, many of the Company's customers in Europe typically shutdown vehicle production during portions of August and one week in December.

MAGNA INTERNATIONAL INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[Unaudited]

[All amounts in U.S. dollars and all tabular amounts in millions unless otherwise noted]

2. REVENUE RECOGNITION

On January 1, 2018, the Company adopted ASC 606, Revenue from Contracts with Customers ["new revenue standard"] using the full retrospective transition method. The Company recognized a net reduction to opening retained earnings of \$5 million as of January 1, 2017 due to the cumulative impact of adopting the new revenue standard. The impact was primarily due to a change in the timing of recognition for customer reimbursements for tooling and pre-production engineering activities.

[a] Accounting Policies

Revenue Recognition

The Company enters into contracts with its customers to provide production parts or assembled vehicles. Contracts do not commit the customer to a specified quantity of products; however, the Company is generally required to fulfill its customers' purchasing requirements for the production life of the vehicle. Contracts do not typically become a performance obligation until the Company receives either a purchase order and/or a customer release for a specific number of parts or assembled vehicles at a specified price. While long-term supply agreements may range from five to seven years, contracts may be terminated by customers at any time. Historically, terminations have been minimal. Contracts may also provide for annual price reductions over the production life of the vehicle, and prices are adjusted on an ongoing basis to reflect changes in product content/cost and other commercial factors.

Revenue is recognized at a point in time when control of the parts produced or assembled vehicles are transferred to the customer according to the terms of the contract. The amount of revenue recognized reflects the consideration that the Company expects to be entitled to in exchange for those products based on purchase orders, annual price reductions and ongoing price adjustments [some of which is accounted for as variable consideration]. The Company uses the expected value method, taking into account historical data and the status of current negotiations, to estimate the amount to which it expects to be entitled. Significant changes to the Company's estimates of variable consideration are not expected.

The Company also performs tooling and engineering activities for its customers that are not part of a long-term production arrangements. Tooling and engineering revenue are recognized at a point in time or over time depending, among other considerations, on whether the Company has an enforceable right to payment plus a reasonable profit, for performance completed to date. Over-time recognition utilizes costs incurred to date relative to total estimated costs at completion, to measure progress toward satisfying performance obligations. Revenue is recognized as control is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods and services. Total tooling and other sales were \$224.0 million [2017 - \$136.6 million] and \$401.6 million [2017- \$311.6 million] for the three and six months ended June 30, 2018, respectively.

The Company's customers pay for products received in accordance with payment terms that are customary in the industry, typically 30 to 90 days. The Company's contracts with its customers do not have significant financing components.

Amounts billed to customers related to shipping and handling costs are included in Sales in the Consolidated Statements of Income. Shipping and handling costs are accounted for as fulfillment costs and are included in Cost of goods sold in the Consolidated Statements of Income.

Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction that are collected by the Company from a customer are excluded from revenue.

For revenues disaggregated by product group, refer to Segmented Information [note 17].

MAGNA INTERNATIONAL INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[Unaudited]

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2. REVENUE RECOGNITION (CONTINUED)

Tooling and Pre-Production Engineering Costs Related to Long-Term Supply Agreements

The Company incurs pre-production engineering and tooling costs related to the products produced for its customers under long-term supply agreements. Customer reimbursements for tooling and pre-production engineering activities that are part of a long-term supply arrangement, are accounted for as a reduction of cost. Pre-production costs related to long-term supply arrangements with a contractual guarantee for reimbursement are included in the Company's Other assets [note 8].

The Company expenses all pre-production engineering costs for which reimbursement is not contractually guaranteed by the customer. All pre-production tooling costs related to customer-owned tools for which reimbursement is not contractually guaranteed by the customer or for which the Company does not have a non-cancelable right to use the tooling is also expensed.

Contract Assets and Liabilities

The Company's contract assets include both billed and unbilled accounts receivable and are included in the Accounts Receivable balance. Unbilled amounts typically result from sales of standalone tooling and engineering activities where revenue recognized exceeds the amount billed to the customer. Amounts may not exceed their net realizable value. As at June 30, 2018, the Company's unbilled accounts receivable balance was \$136 million [2017 - \$81 million]. Accounts receivable related to production, tooling and engineering sales were \$5.8 billion as of June 30, 2018 [2017 - \$5.1 billion]. Contract assets do not include the costs of obtaining or fulfilling a contract with a customer, as these amounts are generally expensed as incurred.

Customer advances are recorded as deferred revenue [a contract liability]. There were no significant contract liabilities recorded or recognized in revenue for all periods presented.

Product Warranty

The Company has assurance warranties and records product warranty liabilities based on its individual customer agreements. The Company monitors warranty activity on an ongoing basis and adjusts reserve estimates when it is probable that future warranty costs will be different than those estimates. For further detail on the Company's warranty obligations see Contingencies [note 16].

Practical Expedients and Exemptions

The Company does not disclose the value of unsatisfied performance obligations for [i] contracts with an original expected length of one year or less and [ii] contracts for which it recognizes revenue at the amount to which it has the right to invoice for services performed.

MAGNA INTERNATIONAL INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[Unaudited]

[All amounts in U.S. dollars and all tabular amounts in millions unless otherwise noted]

2. REVENUE RECOGNITION (CONTINUED)

[b] Impact of Adopting ASC 606

The impact of adopting the new revenue standard affected certain balances in the Consolidated Statements of Income as follows:

	For the three months ended			
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
Decrease in sales	\$ (472)	\$ (544)	\$ (635)	\$ (707)
Decrease in cost of goods sold	(464)	(532)	(652)	(715)
Increase in depreciation and amortization	2	2	4	3
Decrease in equity Income	3	4	—	1
(Decrease) increase in income from operations before income taxes	(13)	(18)	13	4
(Decrease) increase in income taxes	(3)	(5)	4	1
(Decrease) increase in net income	(10)	(13)	9	3
Decrease in income attributable to non-controlling interests	1	—	—	—
(Decrease) increase in net income attributable to Magna International Inc.	\$ (9)	\$ (13)	\$ 9	\$ 3
Earnings per Common Share:				
Basic	\$ (0.03)	\$ (0.04)	\$ 0.02	\$ 0.01
Diluted	\$ (0.02)	\$ (0.04)	\$ 0.02	\$ 0.01

The decrease in Sales and Cost of goods sold for all periods was primarily a result of the change in the accounting for tooling and pre-production engineering activities as a cost recovery rather than as revenue, and also due to a change in the timing of recognition for customer reimbursements related to tooling and pre-production engineering activities.

The impact of adopting the new revenue standard affected certain balances in the Consolidated Balance Sheets as follows:

	For the three months ended			
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
ASSETS				
Decrease in accounts receivable	\$ (174)	\$ (162)	\$ (190)	\$ (183)
Increase in inventories	181	203	183	163
Decrease in investments	(3)	(7)	(8)	(9)
Increase in fixed assets, net	38	38	37	35
Increase in deferred tax assets	3	8	4	2
Increase in other assets	73	53	66	67
LIABILITIES AND SHAREHOLDERS' EQUITY				
Decrease in accounts payable	\$ (1)	\$ (1)	\$ (2)	\$ (3)
Increase in other accrued liabilities	126	140	93	77
Increase in other long-term liabilities	7	23	22	22
Decrease in deferred tax liabilities	—	—	(1)	(1)
Decrease in retained earnings	(14)	(27)	(18)	(15)
Decrease in accumulated other comprehensive income	—	(2)	(2)	(3)
Decrease in non-controlling interests	—	—	—	(2)

MAGNA INTERNATIONAL INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[Unaudited]

[All amounts in U.S. dollars and all tabular amounts in millions unless otherwise noted]

2. REVENUE RECOGNITION (CONTINUED)

The impact of adopting the new revenue standard affected certain balances in the Consolidated Statements of Cash Flows as follows:

	For the three months ended			
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
OPERATING ACTIVITIES				
(Decrease) increase in net income	\$ (10)	\$ (13)	\$ 9	\$ 3
Increase (decrease) in items not involving current cash flows	1	(1)	5	4
	(9)	(14)	14	7
Decrease (increase) in changes in operating assets and liabilities	23	15	(13)	(6)
Increase in cash provided from operating activities	14	1	1	1
INVESTING ACTIVITIES				
Increase in fixed asset additions	(14)	(1)	(1)	(1)
Increase in cash used for investing activities	(14)	(1)	(1)	(1)
Cash, cash equivalents and restricted cash equivalents beginning of period	1,168	1,028	876	895
Cash, cash equivalents and restricted cash equivalents, end of period	\$ 1,028	\$ 876	\$ 895	\$ 839

MAGNA INTERNATIONAL INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[Unaudited]

[All amounts in U.S. dollars and all tabular amounts in millions unless otherwise noted]

3. OTHER (INCOME) EXPENSE, NET

		Six months ended June 30,	
		2018	2017
Second Quarter			
Unrealized gain on investment revaluation	[a]	\$ (56)	\$ —
Restructuring	[b]	17	3
		(39)	3
First Quarter			
Restructuring	[b]	3	6
		\$ (36)	\$ 9

For the six months ended June 30, 2018:

[a] Unrealized gain on investment revaluation

During the second quarter of 2018, the Company recorded an unrealized gain of \$56 million [\$53 million after tax] on the revaluation of its private equity investments.

[b] Restructuring

During the first and second quarters of 2018, the Company recorded net restructuring charges of \$3 million and \$12 million [\$3 million and \$12 million after tax], respectively, for its Power & Vision operations.

During the second quarter of 2018, the Company recorded net restructuring charges of \$5 million [\$5 million after tax], for its Body Exteriors & Structures operations.

For the six months ended June 30, 2017:

[b] Restructuring

During the first and second quarters of 2017, the Company recorded net restructuring charges of \$6 million and \$3 million [\$6 million and \$3 million after tax], respectively, for its Power & Vision operations.

MAGNA INTERNATIONAL INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[Unaudited]

[All amounts in U.S. dollars and all tabular amounts in millions unless otherwise noted]

4. EARNINGS PER SHARE

	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
	[As Adjusted – Note 2]		[As Adjusted – Note 2]	
Basic earnings per Common Share:				
Net income attributable to Magna International Inc.	\$ 626	\$ 548	\$ 1,286	\$ 1,125
Weighted average number of Common Shares outstanding	351.4	377.9	354.6	379.7
Basic earnings per Common Share	\$ 1.78	\$ 1.45	\$ 3.63	\$ 2.96
Diluted earnings per Common Share [a]:				
Net income attributable to Magna International Inc.	\$ 626	\$ 548	\$ 1,286	\$ 1,125
Weighted average number of Common Shares outstanding	351.4	377.9	354.6	379.7
Adjustments				
Stock options and restricted stock	2.7	1.6	2.4	1.7
	354.1	379.5	357.0	381.4
Diluted earnings per Common Share	\$ 1.77	\$ 1.44	\$ 3.60	\$ 2.95

[a] For the three and six months ended June 30, 2017, diluted earnings per Common Share excluded 1.5 million and 1.5 million Common Shares issuable under the Company's Incentive Stock Option Plan because these options were not "in-the-money". The dilutive effect of participating securities using the two-class method was excluded from the calculation of earnings per share because the effect would be immaterial.

MAGNA INTERNATIONAL INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[Unaudited]

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5. DETAILS OF CASH FROM OPERATING ACTIVITIES

[a] Cash, cash equivalents and restricted cash equivalents:

	June 30, 2018	December 31, 2017
Bank term deposits and bankers' acceptances	\$ 275	\$ 234
Cash	351	492
Cash and cash equivalents	626	726
Restricted cash equivalents included in prepaid expenses [note 9]	120	113
	\$ 746	\$ 839

[b] Items not involving current cash flows:

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
	[As Adjusted – Note 2]		[As Adjusted – Note 2]	
Depreciation and amortization	\$ 320	\$ 282	\$ 635	\$ 558
Amortization of other assets included in cost of goods sold	38	27	74	52
Other, net	(7)	15	3	38
Deferred income taxes	43	(23)	31	(46)
Equity income in excess of dividends received	(35)	72	(21)	45
Non-cash portion of Other (income) expense, net [note 3]	(56)	—	(56)	—
	\$ 303	\$ 373	\$ 666	\$ 647

[c] Changes in operating assets and liabilities:

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
	[As Adjusted – Note 2]		[As Adjusted – Note 2]	
Accounts receivable	\$ 171	\$ 94	\$ (1,157)	\$ (641)
Inventories	(152)	(113)	(151)	(404)
Prepaid expenses and other	2	(6)	(13)	13
Accounts payable	(222)	(127)	182	106
Accrued salaries and wages	(138)	(155)	(25)	(62)
Other accrued liabilities	(51)	—	256	228
Income taxes payable	(82)	(69)	(19)	(20)
	\$ (472)	\$ (376)	\$ (927)	\$ (780)

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[Unaudited]

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6. INVENTORIES

Inventories consist of:

	June 30, 2018	December 31, 2017 [As Adjusted – Note 2]
Raw materials and supplies	\$ 1,250	\$ 1,254
Work-in-process	355	331
Finished goods	434	433
Tooling and engineering	1,561	1,524
	\$ 3,600	\$ 3,542

Tooling and engineering inventory represents costs incurred on tooling and engineering services contracts in excess of billed and unbilled amounts included in accounts receivable.

7. VARIABLE INTEREST ENTITIES

The Company has two investees that are variable interest entities ["VIEs"]. The Company has determined that it is the primary beneficiary and has the power to direct the activities that are considered most significant to these entities. As a result, the assets, liabilities, and results of operations of these variable interest entities are included in the Company's Consolidated Financial Statements. The Company's maximum exposure to any potential losses associated with these affiliated companies is limited to its investment, which was \$174 million at June 30, 2018, and \$137 million at December 31, 2017.

The carrying amounts and classification of assets and liabilities included in the Company's consolidated balance sheet related to the consolidated VIEs are as follows:

	June 30, 2018	December 31, 2017 [As Adjusted – Note 2]
Current assets	\$ 265	\$ 270
Noncurrent assets	127	134
Total assets	\$ 392	\$ 404
Current liabilities	\$ 213	\$ 263
Noncurrent liabilities	5	4
Total liabilities	\$ 218	\$ 267

Assets recognized as a result of consolidating these VIEs do not represent additional assets that could be used to satisfy claims against the Company's general assets. Conversely, liabilities recognized as a result of consolidating these VIEs do not represent additional claims on the Company's general assets; rather, they represent claims against the specific assets of the consolidated VIEs.

MAGNA INTERNATIONAL INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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8. OTHER ASSETS

Other assets consist of:

	June 30, 2018	December 31, 2017 [As Adjusted – Note 2]
Preproduction costs related to long-term supply agreements with contractual guarantee for reimbursement	\$ 766	\$ 732
Long-term receivables	207	204
Pension overfunded status	23	23
Unrealized gain on cash flow hedges	6	46
Other, net	22	21
	\$ 1,024	\$ 1,026

9. SHORT-TERM BORROWINGS

The Company's short-term borrowings consist of the following:

	June 30, 2018	December 31, 2017
Bank indebtedness [i]	\$ 73	\$ 9
Commercial paper [ii]	1,050	250
	\$ 1,123	\$ 259

[i] The Company has an agreement for a credit facility that is drawn in euros. The Company is required to secure any amounts drawn on the facility with a USD cash deposit of 105% of the outstanding euro balance. As at June 30, 2018, the gross amount outstanding under the credit facility was \$115 million [€98 million]. The credit agreement includes a netting arrangement with the bank that provides for the legal right of setoff. Accordingly, as at June 30, 2018, this liability balance was offset against the related restricted cash equivalent deposit of \$120 million. The remaining net deposit of \$5 million was included in the prepaid expenses and other balance, and is restricted under the terms of the loan. As at December 31, 2017 the gross amount outstanding under the credit facility was \$108 million [€90 million], and net deposit included in the prepaid expenses and other balance was \$5 million.

[ii] The Company has a U.S. commercial paper program [the "U.S. Program"] and a euro-commercial paper program [the "euro-Program"]. Under the U.S. Program, the Company may issue U.S. commercial paper notes [the "U.S. notes"] up to a maximum aggregate amount of U.S. \$1 billion. The U.S. Program is supported by the Company's existing global credit facility. As of June 30, 2018, \$840 million [2017 – \$70 million] of U.S notes were outstanding, with a weighted-average interest rate of 2.41% [2017 – 1.84%], and maturities less than three months.

Under the euro-Program, the Company may issue euro-commercial paper notes [the "euro notes"] up to a maximum aggregate amount of €500 million or its equivalent in alternative currencies. The euro notes issued are guaranteed by the Company's existing global credit facility. As of June 30, 2018, \$210 million or €180 million [2017 – \$180 million or €150 million] of euro notes were outstanding, with a negative weighted-average interest rate of 0.25% [2017 – negative 0.22%], and maturities less than three months.

10. INCOME TAXES

On December 22, 2017, the United States enacted the Tax Cuts and Jobs Act [the "US Tax Reform"], which reduces the U.S. federal corporate tax rate from 35% to 21% beginning in 2018, requires companies to pay a one-time transition tax on all offshore earnings that were previously tax deferred and creates new taxes on certain foreign sourced earnings, in addition to other changes. For the year ended December 31, 2017, in accordance with guidance provided by SEC Staff Accounting Bulletin No. 118 ["SAB 118"], the Company made a reasonable estimate of its effects and recognized a provisional \$23 million net reduction in income tax expense. The Company anticipates that additional analysis and regulatory guidance could impact the provisional amount recorded in respect of 2017, as well as the Company's estimated annual effective tax rate for the current period. The Company has not made any adjustments during the six months ended June 30, 2018, and expects to finalize its provisional amounts by the fourth quarter of 2018.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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11. WARRANTY

The following is a continuity of the Company's warranty accruals:

	2018	2017
Balance, beginning of period	\$ 255	\$ 270
Expense, net	32	11
Settlements	(17)	(16)
Foreign exchange and other	2	2
Balance, March 31	272	267
Expense, net	21	14
Settlements	(26)	(18)
Foreign exchange and other	(7)	7
Balance, June 30	\$ 260	\$ 270

12. LONG-TERM EMPLOYEE BENEFIT LIABILITIES

The Company recorded long-term employee benefit expenses as follows:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Defined benefit pension plan and other	\$ 2	\$ 2	\$ 4	\$ 5
Termination and long service arrangements	7	7	14	14
Retirement medical benefit plan	1	1	1	1
	\$ 10	\$ 10	\$ 19	\$ 20

13. CAPITAL STOCK

[a] During the second and first quarters of 2018, the Company repurchased 11,667,784 and 1,867,203 shares under a normal course issuer bid for cash consideration of \$729 million and \$103 million, respectively.

[b] The following table presents the maximum number of shares that would be outstanding if all the dilutive instruments outstanding at August 7, 2018 were exercised or converted:

Common Shares	341,966,176
Stock options ⁽ⁱ⁾	8,160,722
	350,126,898

(i) Options to purchase Common Shares are exercisable by the holder in accordance with the vesting provisions and upon payment of the exercise price as may be determined from time to time pursuant to the Company's stock option plans.

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[Unaudited]

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14. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following is a continuity schedule of accumulated other comprehensive loss:

	2018	2017
Accumulated net unrealized loss on translation of net investment in foreign Operations ⁽ⁱ⁾		
Balance, beginning of period	\$ (456)	\$ (1,131)
Net unrealized gain	117	105
Repurchase of shares under normal course issuer bid	2	2
Balance, March 31	(337)	(1,024)
Net unrealized (loss) gain	(393)	240
Repurchase of shares under normal course issuer bid	10	10
Balance, June 30	(720)	(774)
Accumulated net unrealized loss on cash flow hedges ⁽ⁱⁱ⁾		
Balance, beginning of period	39	(135)
Net unrealized (loss) gain	(21)	32
Reclassification of net (gain) loss to net income	(1)	33
Balance, March 31	17	(70)
Net unrealized (loss) gain	(53)	40
Reclassification of net (gain) loss to net income	(1)	23
Balance, June 30	(37)	(7)
Accumulated net unrealized loss on pensions ⁽ⁱⁱⁱ⁾		
Balance, beginning of period	(183)	(185)
Reclassification of net loss to net income	2	1
Balance, March 31	(181)	(184)
Reclassification of net loss to net income	—	1
Balance, June 30	(181)	(183)
Total accumulated other comprehensive loss	\$ (938)	\$ (964)

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[Unaudited]

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14. ACCUMULATED OTHER COMPREHENSIVE LOSS (CONTINUED)

- (i) *The amount of income tax benefit that has been netted in the accumulated net unrealized loss on translation of net investment in foreign operations is as follows:*

	2018	2017
Balance, beginning of period	\$ 7	\$ —
Net unrealized loss	—	—
Balance, March 31	7	—
Net unrealized loss	—	—
Balance, June 30	\$ 7	\$ —

- (ii) *The amount of income tax benefit that has been netted in the accumulated net unrealized gain on cash flow hedges is as follows:*

	2018	2017
Balance, beginning of period	\$ (12)	\$ 53
Net unrealized loss (gain)	5	(12)
Reclassifications of net loss to net income	—	(14)
Balance, March 31	(7)	27
Net unrealized loss (gain)	19	(15)
Reclassifications of net gain (loss) to net income	1	(9)
Balance, June 30	\$ 13	\$ 3

- (iii) *The amount of income tax benefit that has been netted in the accumulated net unrealized loss on pensions is as follows:*

	2018	2017
Balance, beginning of period	\$ 17	\$ 30
Net unrealized loss	—	—
Balance, March 31	17	30
Net unrealized loss	—	—
Balance, June 30	\$ 17	\$ 30

The amount of other comprehensive loss that is expected to be reclassified to net income over the next 12 months is \$25 million.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[Unaudited]

[All amounts in U.S. dollars and all tabular amounts in millions unless otherwise noted]

15. FINANCIAL INSTRUMENTS

[a] The Company's financial assets and financial liabilities consist of the following:

	June 30, 2018	December 31, 2017 [As Adjusted – Note 2]
Financial assets		
Cash and cash equivalents	\$ 626	\$ 726
Restricted cash equivalents	120	113
Accounts receivable	7,656	6,695
Severance investments	4	4
Long-term receivables included in other assets	207	204
	\$ 8,613	\$ 7,742
Financial liabilities		
Bank indebtedness	\$ 73	\$ 9
Commercial paper	1,050	250
Long-term debt (including portion due within one year)	3,235	3,303
Accounts payable	6,300	6,283
	\$ 10,658	\$ 9,845
Derivatives designated as effective hedges, measured at fair value		
Foreign currency contracts		
Prepaid expenses	\$ 20	\$ 55
Other assets	5	46
Other accrued liabilities	(40)	(32)
Other long-term liabilities	(22)	(17)
	\$ (37)	\$ 52

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15. FINANCIAL INSTRUMENTS (CONTINUED)

[b] Derivatives designated as effective hedges, measured at fair value

The Company presents derivatives that are designated as effective hedges at gross fair values in the consolidated balance sheets. However, master netting and other similar arrangements allow net settlements under certain conditions. The following table shows the Company's derivative foreign currency contracts at gross fair value as reflected in the consolidated balance sheets and the unrecognized impacts of master netting arrangements:

	Gross amounts presented in consolidated balance sheets	Gross amounts not offset in consolidated balance sheets	Net amounts
June 30, 2018			
Assets	\$ 25	\$ 25	\$ —
Liabilities	\$ (62)	\$ (25)	\$ (37)
December 31, 2017			
Assets	\$ 101	\$ 47	\$ 54
Liabilities	\$ (49)	\$ (47)	\$ (2)

[c] Fair value

The Company determined the estimated fair values of its financial instruments based on valuation methodologies it believes are appropriate; however, considerable judgment is required to develop these estimates. Accordingly, these estimated fair values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of financial instruments are described below:

Cash and cash equivalents, restricted cash equivalents, accounts receivable, short-term borrowings and accounts payable.

Due to the short period to maturity of the instruments, the carrying values as presented in the consolidated balance sheets are reasonable estimates of fair values.

Commercial Paper

Due to the short period to maturity of the commercial paper, the carrying value as presented in the consolidated balance sheet is a reasonable estimate of its fair value.

Term debt

The Company's term debt includes \$120 million due within one year. Due to the short period to maturity of this debt, the carrying value as presented in the consolidated balance sheets is a reasonable estimate of its fair value.

Senior Notes

The fair value of our senior notes are classified as Level 1 when we use quoted prices in active markets and Level 2 when the quoted prices are from less active markets or when other observable inputs are used to determine fair value. At June 30, 2018, the net book value of the Company's Senior Notes was \$3.07 billion and the estimated fair value was \$3.12 billion.

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15. FINANCIAL INSTRUMENTS (CONTINUED)

[d] Credit risk

The Company's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents, restricted cash equivalents, accounts receivable, and foreign exchange forward contracts with positive fair values.

Cash and cash equivalents and restricted cash equivalents which consists of short-term investments, are only invested in bank term deposits and bank commercial paper with an investment grade credit rating. Credit risk is further reduced by limiting the amount which is invested in certain major financial institutions.

The Company is also exposed to credit risk from the potential default by any of its counterparties on its foreign exchange forward contracts. The Company mitigates this credit risk by dealing with counterparties who are major financial institutions that the Company anticipates will satisfy their obligations under the contracts.

In the normal course of business, the Company is exposed to credit risk from its customers, substantially all of which are in the automotive industry and are subject to credit risks associated with the automotive industry. For the three and six month periods ended June 30, 2018, sales to the Company's six largest customers represented 76% of the Company's total sales, and substantially all of the Company's sales are to customers in which it has ongoing contractual relationships.

[e] Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities. In particular, the amount of interest income earned on the Company's cash and cash equivalents is impacted more by the investment decisions made and the demands to have available cash on hand, than by movements in the interest rates over a given period.

In addition, the Company is not exposed to interest rate risk on its term debt and Senior Notes as the interest rates on these instruments are fixed.

[f] Currency risk and foreign exchange contracts

The Company is exposed to fluctuations in foreign exchange rates when manufacturing facilities have committed to the delivery of products for which the selling price has been quoted in currencies other than the facilities' functional currency, and when materials and equipment are purchased in currencies other than the facilities' functional currency. In an effort to manage this net foreign exchange exposure, the Company employs hedging programs, primarily through the use of foreign exchange forward contracts.

At June 30, 2018, the Company had outstanding foreign exchange forward contracts representing commitments to buy and sell various foreign currencies. Significant commitments are as follows:

	Buys	Sells
For Canadian dollars		
U.S. amount	222	(1,812)
euro amount	29	(14)
Korean won amount	27,700	—
For U.S. dollars		
Peso amount	6,303	—
Korean won amount	9,581	(445)
For euros		
U.S. amount	130	(199)
GBP amount	24	(50)
Czech Koruna amount	7,497	(14)
Polish Zlotys amount	381	—

Forward contracts mature at various dates through 2022. Foreign currency exposures are reviewed quarterly.

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16. CONTINGENCIES

From time to time, the Company may become involved in regulatory proceedings, or become liable for legal, contractual and other claims by various parties, including customers, suppliers, former employees, class action plaintiffs and others. On an ongoing basis, the Company attempts to assess the likelihood of any adverse judgments or outcomes to these proceedings or claims, together with potential ranges of probable costs and losses. A determination of the provision required, if any, for these contingencies is made after analysis of each individual issue. The required provision may change in the future due to new developments in each matter or changes in approach such as a change in settlement strategy in dealing with these matters.

- [a] In September 2014, the Conselho Administrativo de Defesa Economica, Brazil's Federal competition authority, attended at one of the Company's operating divisions in Brazil to obtain information in connection with an ongoing antitrust investigation relating to suppliers of automotive door latches and related products. Proceedings of this nature can often continue for several years. At this time, management is unable to predict the duration or outcome of the Brazilian investigation.

The Company's policy is to comply with all applicable laws, including antitrust and competition laws. The Company has completed its previously announced global review focused on antitrust risk and does not currently anticipate any material liabilities in connection with the review.

In the event of an antitrust violation, Magna could be subject to fines, penalties, restitution settlements and civil, administrative or criminal legal proceedings and other consequences, including reputational damage.

- [b] In certain circumstances, the Company is at risk for warranty costs including product liability and recall costs. Due to the nature of the costs, the Company makes its best estimate of the expected future costs *[note 11]*; however, the ultimate amount of such costs could be materially different. The Company continues to experience increased customer pressure to assume greater warranty responsibility. Currently, under most customer agreements, the Company only accounts for existing or probable claims. Under certain complete vehicle engineering and assembly contracts, and with respect to our powertrain systems programs, the Company records an estimate of future warranty-related costs based on the terms of the specific customer agreements, and the specific customer's [or the Company's] warranty experience.

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17. SEGMENTED INFORMATION

Magna is a global automotive supplier which has complete vehicle engineering and contract manufacturing expertise, as well as product capabilities which include body, chassis, exterior, seating, powertrain, active driver assistance, electronics, vision, closure and roof systems. Magna also has electronic and software capabilities across many of these areas.

Previously, the Company organized its businesses into four reportable operating segments: North America, Europe, Asia and Rest of World. In December 2017, the Company announced a realignment of its management structure along product lines. As a result, beginning with the first quarter of 2018, the Company changed its segments to align with the way its business is now managed.

The Company is now organized under four operating segments which have been determined on the basis of technological opportunities, product similarities, and market and operating factors. These operating segments are also the Company's reportable segments:

- Body Exteriors & Structures includes our body and chassis business, exteriors, roof systems, sealing systems and fuel systems operations;
- Power & Vision includes our powertrain, electronics, mirrors, lighting and mechatronics operations;
- Seating Systems is comprised of our complete seat assembly facilities and our foam, trim, structures and mechanisms operations; and
- Complete Vehicles is comprised of our contract manufacturing operations as well as our complete vehicle engineering centers.

The results of each segment are regularly reviewed by the Company's chief operating decision maker to assess the performance of the segment and make decisions regarding the allocation of resources. The Company's chief operating decision maker uses Adjusted Earnings before Interest and Income Taxes ["Adjusted EBIT"] as the measure of segment profit or loss, since management believes Adjusted EBIT is the most appropriate measure of operational profitability or loss for its reporting segments. Adjusted EBIT is calculated by taking net income from operations and adding back income taxes, interest expense, net, and other (income) expense, net.

The accounting policies of each segment are the same as those found in the Company's 2017 Annual Report, in the Notes to the consolidated financial statements set out under "Significant Accounting Policies". The most recent updates to these policies can be found in "Recently adopted Accounting Standards" under Note 1 – Significant Accounting Policies. All intersegment sales and transfers are accounted for at fair market value.

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17. SEGMENTED INFORMATION (CONTINUED)

[a] The following tables show segment information for the Company's reporting segments and a reconciliation of Adjusted EBIT to the Company's consolidated income before income taxes:

Three months ended June 30, 2018						
	Total sales	External sales	Adjusted EBIT [ii]	Depreciation and amortization	Equity income	Fixed asset additions
Body Exteriors & Structures	\$ 4,551	\$ 4,448	\$ 385	\$ 171	\$ (3)	\$ 153
Power & Vision	3,197	3,142	299	111	(64)	144
Seating Systems	1,424	1,424	116	13	(5)	19
Complete Vehicles	1,280	1,265	1	18	—	58
Corporate & Other [i]	(172)	1	2	7	—	5
Total Reportable Segments	\$ 10,280	\$ 10,280	\$ 803	\$ 320	\$ (72)	\$ 379

Three months ended June 30, 2017 [As Adjusted – Note 2]						
	Total sales	External sales	Adjusted EBIT [ii]	Depreciation and amortization	Equity income	Fixed asset additions
Body Exteriors & Structures	\$ 4,109	\$ 4,090	\$ 337	\$ 154	\$ (3)	\$ 207
Power & Vision	2,892	2,818	266	97	(50)	129
Seating Systems	1,367	1,367	117	14	1	13
Complete Vehicles	869	863	15	11	—	46
Corporate & Other [i]	(97)	2	23	6	(2)	26
Total Reportable Segments	\$ 9,140	\$ 9,140	\$ 758	\$ 282	\$ (54)	\$ 421

Six months ended June 30, 2018						
	Total sales	External sales	Adjusted EBIT [ii]	Depreciation and amortization	Equity income	Fixed asset additions
Body Exteriors & Structures	\$ 9,170	\$ 9,003	\$ 725	\$ 341	\$ (6)	\$ 280
Power & Vision	6,387	6,262	657	222	(145)	226
Seating Systems	2,894	2,894	246	28	(8)	28
Complete Vehicles	2,940	2,911	20	31	—	81
Corporate & Other [i]	(319)	2	30	13	—	7
Total Reportable Segments	\$ 21,072	\$ 21,072	\$ 1,678	\$ 635	\$ (159)	\$ 622

Six months ended June 30, 2017 [As Adjusted – Note 2]						
	Total sales	External sales	Adjusted EBIT [ii]	Depreciation and amortization	Equity income	Fixed asset additions
Body Exteriors & Structures	\$ 8,276	\$ 8,238	\$ 686	\$ 305	\$ (5)	\$ 340
Power & Vision	5,855	5,713	594	189	(115)	251
Seating Systems	2,702	2,702	233	31	1	25
Complete Vehicles	1,396	1,385	21	21	—	93
Corporate & Other [i]	(189)	2	42	12	(2)	35
Total Reportable Segments	\$ 18,040	\$ 18,040	\$ 1,576	\$ 558	\$ (121)	\$ 744

[i] Included in Corporate and Other Adjusted EBIT are intercompany fees charged to the automotive segments.

[ii] The following table reconciles Net income to Adjusted EBIT:

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17. SEGMENTED INFORMATION (CONTINUED)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
	[As Adjusted – Note 2]		[As Adjusted – Note 2]	
Net income	\$ 636	\$ 561	\$ 1,305	\$ 1,148
Add:				
Interest expense, net	23	11	44	30
Other (income) expense, net	(39)	3	(36)	9
Income taxes	183	183	365	389
Adjusted EBIT	\$ 803	\$ 758	\$ 1,678	\$ 1,576

[b] The following table shows Goodwill for the Company's reporting segments:

	June 30, 2018	December 31, 2017
		[As Adjusted – Note 2]
Body Exteriors & Structures	\$ 468	\$ 463
Power & Vision	1,329	1,365
Seating Systems	151	153
Complete Vehicles	115	118
Total Reportable Segments	\$ 2,063	\$ 2,099

[c] The following table shows Net Assets for the Company's reporting segments:

	June 30, 2018	December 31, 2017
		[As Adjusted – Note 2]
Body Exteriors & Structures	\$ 7,497	\$ 7,243
Power & Vision	6,678	6,475
Seating Systems	812	804
Complete Vehicles	533	394
Corporate & Other	857	658
Total Reportable Segments	\$ 16,377	\$ 15,574

The following table reconciles Total Assets to Net Assets:

	June 30, 2018	December 31, 2017
		[As Adjusted – Note 2]
Total Assets	\$ 26,368	\$ 25,468
Deduct assets not included in segment net assets:		
Cash and cash equivalents	(626)	(726)
Deferred tax assets	(255)	(238)
Long-term receivables from joint venture partners	(74)	(72)
Deduct liabilities included in segment net assets:		
Accounts payable	(6,300)	(6,283)
Accrued salaries and wages	(785)	(836)
Other accrued liabilities	(1,951)	(1,739)
Segment Net Assets	\$ 16,377	\$ 15,574

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18. ACQUISITION

Acquisition of OLSA S.p.A.

On June 26, 2018, the Company signed a definitive agreement to acquire 100% of the equity interest in OLSA S.p.A., a global company which designs, engineers and manufactures tail lamps and other lighting products. The transaction has a value of approximately €230 million on a cash and debt free basis. The closing of the transaction is expected to occur before the end of 2018, and is subject to customary closing conditions including regulatory approval.

19. SUBSEQUENT EVENT

On July 27, 2018, the Company exercised its rights of first refusal to acquire two properties in the United States that it currently leases from Granite Real Estate Investment Trust. The properties represent approximately 1.6 million square feet with a total purchase price of approximately \$200 million plus adjustments. The closing of the transaction is expected to occur during the third quarter of 2018, and is subject to customary closing conditions.