



Magna International Inc.

**Interim Financial Statements for the three months
ended September 30, 2019**

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF (LOSS) INCOME

[Unaudited]

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

	Note	Three months ended		Nine months ended	
		September 30,		September 30,	
		2019	2018	2019	2018
Sales		\$ 9,319	\$ 9,618	\$ 30,036	\$ 30,690
Costs and expenses					
Cost of goods sold		8,063	8,253	25,937	26,341
Depreciation and amortization		335	325	990	960
Selling, general and administrative		400	403	1,274	1,233
Interest expense, net		18	23	63	67
Equity income		(37)	(62)	(120)	(221)
Other expense (income), net	4	859	2	248	(34)
(Loss) Income from operations before income taxes		(319)	674	1,644	2,344
Income taxes		45	114	457	479
Net (loss) income		(364)	560	1,187	1,865
Loss (Income) attributable to non-controlling interests	4	131	(6)	138	(25)
Net (loss) income attributable to Magna International Inc.		\$ (233)	\$ 554	\$ 1,325	\$ 1,840
(Loss) earnings per Common Share:	5				
Basic		\$ (0.75)	\$ 1.63	\$ 4.17	\$ 5.26
Diluted		\$ (0.75)	\$ 1.62	\$ 4.15	\$ 5.22
Cash dividends paid per Common Share		\$ 0.365	\$ 0.33	\$ 1.095	\$ 0.99
Weighted average number of Common Shares outstanding during the period [in millions]:	5				
Basic		310.7	341.0	318.0	350.1
Diluted		310.7	343.0	319.1	352.3

See accompanying notes

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

[Unaudited]

[U.S. dollars in millions]

	Note	Three months ended		Nine months ended	
		September 30,		September 30,	
		2019	2018	2019	2018
Net (loss) income		\$ (364)	\$ 560	\$ 1,187	\$ 1,865
Other comprehensive loss, net of tax:	15				
Net unrealized loss on translation of net investment in foreign operations		(259)	(128)	(213)	(411)
Net unrealized (loss) gain on cash flow hedges		(27)	43	59	(31)
Reclassification of net (gain) loss on cash flow hedges to net income		(11)	5	9	3
Reclassification of net loss on pensions to net income		1	1	4	3
Other comprehensive loss		(296)	(79)	(141)	(436)
Comprehensive (loss) income		(660)	481	1,046	1,429
Comprehensive loss (income) attributable to non-controlling interests		145	11	151	(1)
Comprehensive (loss) income attributable to Magna International Inc.		\$ (515)	\$ 492	\$ 1,197	\$ 1,428

See accompanying notes

MAGNA INTERNATIONAL INC.

CONSOLIDATED BALANCE SHEETS

[Unaudited]

[U.S. dollars in millions]

	Note	As at September 30, 2019	As at December 31, 2018
ASSETS			
Current assets			
Cash and cash equivalents	6	\$ 769	\$ 684
Accounts receivable	2	7,068	6,548
Inventories	7	3,457	3,403
Prepaid expenses and other	6,12	189	193
Income taxes receivable		22	57
Assets held for sale	3	—	949
		11,505	11,834
Investments	8	1,430	2,189
Fixed assets, net		7,943	8,095
Operating lease right-of-use assets	9	1,702	—
Intangible assets, net		542	560
Goodwill		1,942	1,979
Deferred tax assets	10	269	300
Other assets	11	977	988
		\$ 26,310	\$ 25,945
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	12	\$ 436	\$ 1,098
Accounts payable		5,966	6,094
Accrued salaries and wages		797	769
Other accrued liabilities	13	1,994	1,734
Long-term debt due within one year		104	201
Current portion of operating lease liabilities	9	218	—
Liabilities held for sale	3	—	408
		9,515	10,304
Long-term debt		3,021	3,084
Operating lease liabilities	9	1,527	—
Long-term employee benefit liabilities		584	597
Other long-term liabilities		388	400
Deferred tax liabilities		402	401
		15,437	14,786
Shareholders' equity			
Capital stock			
Common Shares			
[issued: 307,572,057; December 31, 2018 – 327,339,095]	14	3,221	3,380
Contributed surplus		143	120
Retained earnings		8,483	8,376
Accumulated other comprehensive loss	15	(1,272)	(1,175)
		10,575	10,701
Non-controlling interests		298	458
		10,873	11,159
		\$ 26,310	\$ 25,945

See accompanying notes

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

[Unaudited]

[U.S. dollars in millions]

	Note	Three months ended September 30,		Nine months ended September 30,	
		2019	2018	2019	2018
Cash provided from (used for):					
OPERATING ACTIVITIES					
Net (loss) income		\$ (364)	\$ 560	\$ 1,187	\$ 1,865
Items not involving current cash flows	6	1,210	339	1,467	1,005
		846	899	2,654	2,870
Changes in operating assets and liabilities	1, 6	(96)	177	(390)	(750)
Cash provided from operating activities		750	1,076	2,264	2,120
INVESTING ACTIVITIES					
Fixed asset additions		(349)	(381)	(928)	(1,003)
Proceeds from sale of (investment in) Lyft, Inc.	8	10	(20)	10	(220)
Increase in investments, other assets and intangible assets		(83)	(114)	(272)	(331)
Proceeds from disposition		57	76	169	153
Acquisitions		—	—	(152)	4
Proceeds on sale of business	3	3	—	1,132	—
Cash used for investing activities		(362)	(439)	(41)	(1,397)
FINANCING ACTIVITIES					
Issues of debt		21	119	36	149
Increase (decrease) in short-term borrowings		240	149	(688)	1,043
Repayments of debt		(10)	(6)	(139)	(41)
Issue of Common Shares on exercise of stock options		19	1	33	47
Shares repurchased for tax withholdings on vesting of equity awards		—	(4)	(5)	(6)
Repurchase of Common Shares	14	(342)	(520)	(1,035)	(1,352)
Contributions to subsidiaries by non-controlling interests		2	—	4	4
Dividends paid to non-controlling interests		—	—	(13)	(30)
Dividends paid		(109)	(109)	(338)	(342)
Cash used for financing activities		(179)	(370)	(2,145)	(528)
Effect of exchange rate changes on cash, cash equivalents and restricted cash equivalents		(9)	(10)	1	(31)
Net increase in cash, cash equivalents and restricted cash equivalents during the period		200	257	79	164
Cash, cash equivalents and restricted cash equivalents, beginning of period		681	746	802	839
Cash, cash equivalents and restricted cash equivalents, end of period	6	\$ 881	\$ 1,003	\$ 881	\$ 1,003

See accompanying notes

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

[Unaudited]

[U.S. dollars in millions]

Nine months ended September 30, 2019								
		Common Shares		Contri-	Retained	AOCL ⁽ⁱ⁾	Non-	Total
	Note	Number	Stated Value	buted Surplus	Earnings		controlling Interest	Equity
<i>[in millions]</i>								
Balance, December 31, 2018		327.3	\$ 3,380	\$ 120	\$ 8,376	\$ (1,175)	\$ 458	\$ 11,159
Adoption of ASU No. 2016-02	1				(25)			(25)
Balance, December 31, 2018, as adjusted		327.3	\$ 3,380	\$ 120	\$ 8,351	\$ (1,175)	\$ 458	\$ 11,134
Net income					1,325		(138)	1,187
Other comprehensive loss						(128)	(13)	(141)
Contributions by non-controlling interests							4	4
Sale of business	3					8		8
Shares issued on exercise of stock options		1.0	40	(7)				33
Release of stock and stock units		0.2	9	(9)				—
Shares repurchased for tax withholdings on vesting of equity rewards		(0.1)	(1)		(4)			(5)
Repurchase and cancellation under normal course issuer bid	14	(21.0)	(219)		(839)	23		(1,035)
Stock-based compensation expense				39				39
Dividends paid to non-controlling interests							(13)	(13)
Dividends paid		0.2	12		(350)			(338)
Balance, September 30, 2019		307.6	\$ 3,221	\$ 143	\$ 8,483	\$ (1,272)	\$ 298	\$ 10,873

Three months ended September 30, 2019								
		Common Shares		Contri-	Retained	AOCL ⁽ⁱ⁾	Non-	Total
	Note	Number	Stated Value	buted Surplus	Earnings		controlling Interest	Equity
<i>[in millions]</i>								
Balance, June 30, 2019		313.8	\$ 3,266	\$ 136	\$ 9,106	\$ (997)	\$ 441	\$ 11,952
Net loss					(233)		(131)	(364)
Other comprehensive loss						(282)	(14)	(296)
Contributions by non-controlling interests							2	2
Shares issued on exercise of stock options		0.6	23	(4)				19
Repurchase and cancellation under normal course issuer bid	14	(6.8)	(72)		(277)	7		(342)
Stock-based compensation expense				11				11
Dividends paid			4		(113)			(109)
Balance, September 30, 2019		307.6	\$ 3,221	\$ 143	\$ 8,483	\$ (1,272)	\$ 298	\$ 10,873

(i) AOCL is Accumulated Other Comprehensive Loss.

See accompanying notes

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

[Unaudited]

[U.S. dollars in millions]

Nine months ended September 30, 2018

	<u>Common Shares</u>		Contri- buted Surplus	Retained Earnings	AOCL ⁽ⁱⁱ⁾	Non- controlling Interest	Total Equity	
	Note	Number						Stated Value
	<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					3			3
Balance, December 31, 2017, as adjusted		358.1	\$ 3,617	\$ 119	\$ 8,077	\$ (600)	\$ 502	\$ 11,715
Net income					1,840		25	1,865
Other comprehensive loss						(412)	(24)	(436)
Contributions by non-controlling interests							4	4
Shares issued on exercise of stock options		1.1	56	(9)				47
Release of stock and stock units		0.3	13	(13)				—
Shares repurchased for tax withholdings on vesting of equity rewards		(0.1)	(1)		(5)			(6)
Repurchase and cancellation under normal course issuer bid	14	(22.7)	(232)		(1,139)	19		(1,352)
Stock-based compensation expense				30				30
Acquisition							10	10
Dividends paid to non-controlling interests							(30)	(30)
Dividends paid		0.1	7		(349)			(342)
Balance, September 30, 2018		336.8	\$ 3,460	\$ 127	\$ 8,424	\$ (993)	\$ 487	\$ 11,505

Three months ended September 30, 2018

	<u>Common Shares</u>		Contri- buted Surplus	Retained Earnings	AOCL ⁽ⁱⁱ⁾	Non- controlling Interest	Total Equity	
	Note	Number						Stated Value
	<i>[in millions]</i>							
Balance, June 30, 2018		345.9	\$ 3,547	\$ 123	\$ 8,418	\$ (938)	\$ 498	\$ 11,648
Net income					554		6	560
Other comprehensive loss						(62)	(17)	(79)
Shares issued on exercise of stock options		(0.1)	1					1
Release of stock and stock units		0.3	4	(4)				—
Shares repurchased for tax withholdings on vesting of equity rewards		(0.1)	(1)		(3)			(4)
Repurchase and cancellation under normal course issuer bid	14	(9.2)	(94)		(433)	7		(520)
Stock-based compensation expense				8				8
Dividends paid			3		(112)			(109)
Balance, September 30, 2018		336.8	\$ 3,460	\$ 127	\$ 8,424	\$ (993)	\$ 487	\$ 11,505

(ii) 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, 2018 audited consolidated financial statements and notes thereto included in the Company's 2018 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 September 30, 2019 and the results of operations, changes in equity and cash flows for the three and nine-month periods ended September 30, 2019 and 2018.

[b] Recently adopted Accounting Standards

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 Company adopted the standard on January 1, 2019 using a modified retrospective transition approach, without restatement of the comparative period's financial information, as permitted by the transition guidance. The adoption of the new standard resulted in a cumulative-effect adjustment to retained earnings of \$25 million. The Company elected certain practical expedients including not to reassess whether any expired or existing contract is or contains a lease, the lease classification of any expired or existing lease, and not to reassess any initial direct costs for any existing leases. In addition, the Company elected to use the hindsight, practical expedient.

The most significant impact on the Consolidated Financial Statements was the recognition of Right-of-use ["ROU"] assets and lease liabilities for operating leases, while the accounting for finance leases remained substantially unchanged. On January 1, 2019, the Company recognized operating lease liabilities of \$1.8 billion and right-of-use assets of \$1.8 billion based on the present value of the remaining lease payments over the lease term. The adoption of the new standard did not have a material impact on the Company's results of operations or cash flows.

[c] 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.

2. REVENUE RECOGNITION

[a] Disaggregation of Revenue

Total tooling and other sales were \$181.7 million [2018 – \$217.8 million] and \$524.8 million [2018 – \$619.4 million] for the three and nine months ended September 30, 2019 and 2018, respectively.

For revenues disaggregated by product group, refer to Segmented Information [note 18].

[b] Contract Assets and Liabilities

The Company's unbilled accounts receivable balance was \$330 million as at September 30, 2019, and \$293 million as at December 31, 2018. Accounts receivable related to production, tooling and engineering sales were \$5.2 billion as of September 30, 2019 and \$4.3 billion as at December 31, 2018.

Customer advances are recorded as deferred revenue [a contract liability]. The Company's contract liability balance was \$163 million as at September 30, 2019 and \$176 million as at December 31, 2018. The amount of revenue recognized for the nine-month period ended September 30, 2019 that was included in the deferred revenue balance at the beginning of the period was \$69 million.

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. SALE OF BUSINESS

On March 29, 2019, the Company completed the sale of its global Fluid Pressure & Controls ["FP&C"] business to Hanon Systems for total consideration of \$1.23 billion. The business was included in the Company's Power & Vision segment and did not meet the criteria to be classified as a discontinued operation.

The following table summarizes the carrying value of the major classes of assets and liabilities of the FP&C business which were reflected as held for sale in the consolidated balance sheets at December 31, 2018:

	December 31, 2018
Accounts receivable	\$ 258
Inventories	140
Prepaid expenses and other	4
Investments	4
Fixed assets, net	320
Goodwill	157
Deferred tax assets	17
Other assets	11
Intangibles	38
Assets held for sale	\$ 949
Accounts payable	\$ 226
Accrued salaries and wages	30
Other accrued liabilities	76
Income taxes payable	6
Long-term employee benefit liabilities	62
Other long-term liabilities	3
Deferred tax liabilities	5
Liabilities held for sale	\$ 408

The Company recognized a gain on the sale within other expense (income), net as follows:

	Nine months ended September 30, 2019
Proceeds on disposal, net of transaction costs	\$ 1,180
Net assets disposed	656
	524
Income taxes	77
Gain on divestiture, net of tax	\$ 447

During the third quarter of 2019, an increase in the gain on sale of \$2 million [\$2 million after tax] was recorded, as a result of post-closing adjustments [note 4].

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. OTHER EXPENSE (INCOME), NET

		Three months ended		Nine months ended	
		September 30,		September 30,	
		2019	2018	2019	2018
Impairment of assets	[a]	\$ 727	\$ —	\$ 727	\$ —
Restructuring	[b]	7	2	28	22
Net losses (gains) on investments	[c]	127	—	17	(56)
Gain on sale of Business [note 3]		(2)	—	(524)	—
Other expense (income), net		\$ 859	\$ 2	\$ 248	\$ (34)

[a] Impairment of assets

During the third quarter of fiscal 2019, the Company concluded that indicators of potential impairment were present within the Power & Vision segment related to its equity-accounted investments in Getrag (Jiangxi) Transmission Co., Ltd. and Dongfeng Getrag Transmission Co. Ltd. in China, which make both manual transmissions and dual-clutch transmissions ["DCTs"], and its equity-accounted investment Getrag Ford Transmission GmbH in Europe which makes manual transmissions. The conclusion was based on lower than expected sales, increased pricing pressure in the China market, declines in volume projections for the foreseeable future for manual transmissions and DCTs in China and manual transmissions in Europe, and in-sourcing of transmissions by certain Chinese OEMs. Accordingly, the Company deemed there to be an other-than-temporary decline, and undertook an impairment analysis to determine the fair value of the investments utilizing discounted cash flows to derive fair values. Based on the analyses, the carrying value of the Company's investments exceeded fair value by \$700 million. Including the \$36 million impact of income taxes and the \$127 million attributable to non-controlling interest, the non-cash impairment charge included in net (loss) income attributable to the Company was \$537 million.

The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consist of expected revenues and costs, estimated production volumes, future growth rates and the appropriate discount rates (based on weighted average cost of capital).

During the third quarter of 2019, the Company recorded asset impairment charges of \$27 million [\$20 million after tax] in its Electronics operations which are included in the Company's Power & Vision segment.

[b] Restructuring

For the three and nine months ended September 30, 2019, the Company recorded net restructuring charges of \$7 million and \$28 million [\$7 million and \$28 million after tax], respectively, for its Body Exteriors & Structures operations.

For the three and nine months ended September 30, 2018, the Company recorded net restructuring charges of \$2 million, and \$22 million [\$2 million and \$22 million after tax], respectively, for its Power & Vision and Body Exteriors & Structures operations.

[c] Net losses (gains) on investments

The Company recorded net losses of \$127 million and \$17 million [\$109 million and \$15 million after tax] during the three and nine months ended September 30, 2019, respectively, substantially related to the revaluation of its investment in Lyft, Inc ["Lyft"].

During the nine months ended September 30, 2018, the Company recorded an unrealized gain of \$56 million [\$53 million after tax] on the revaluation of its private equity investments, substantially related to its investment in Lyft.

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]

5. EARNINGS PER SHARE

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Basic (loss) earnings per Common Share:				
Net (loss) income attributable to Magna International Inc.	\$ (233)	\$ 554	\$ 1,325	\$ 1,840
Weighted average number of Common Shares outstanding	310.7	341.0	318.0	350.1
Basic (loss) earnings per Common Share	\$ (0.75)	\$ 1.63	\$ 4.17	\$ 5.26
Diluted (loss) earnings per Common Share [a]:				
Net (loss) income attributable to Magna International Inc.	\$ (233)	\$ 554	\$ 1,325	\$ 1,840
Weighted average number of Common Shares outstanding	310.7	341.0	318.0	350.1
Adjustments				
Stock options and restricted stock	—	2.0	1.1	2.2
	310.7	343.0	319.1	352.3
Diluted (loss) earnings per Common Share	\$ (0.75)	\$ 1.62	\$ 4.15	\$ 5.22

[a] For the three months ended September 30, 2019, diluted earnings per Common Share excluded 9.1 million Common Shares issuable under the Company's Incentive Stock Option Plan because the effect of including them would have been anti-dilutive.

For the nine months ended September 30, 2019, diluted earnings per Common Share excluded 4.2 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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6. DETAILS OF CASH FROM OPERATING ACTIVITIES

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

	September 30, 2019	December 31, 2018
Bank term deposits and bankers' acceptances	\$ 430	\$ 314
Cash	339	370
Cash and cash equivalents	769	684
Restricted cash equivalents included in prepaid expenses [note 12]	112	118
	\$ 881	\$ 802

[b] Items not involving current cash flows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Depreciation and amortization	\$ 335	\$ 325	\$ 990	\$ 960
Amortization of other assets included in cost of goods sold	62	34	175	108
Other non-cash charges	13	6	47	9
Deferred income taxes	(49)	8	17	39
Equity (income) loss in excess of dividends received	(3)	(34)	18	(55)
Non-cash portion of Other expense (income), net [note 4]	852	—	220	(56)
	\$ 1,210	\$ 339	\$ 1,467	\$ 1,005

[c] Changes in operating assets and liabilities:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Accounts receivable	\$ 109	\$ 171	\$ (508)	\$ (986)
Inventories	(9)	(143)	(105)	(294)
Prepaid expenses and other	9	25	5	12
Accounts payable	(183)	139	(79)	321
Accrued salaries and wages	58	59	31	34
Other accrued liabilities	(75)	(3)	210	253
Income taxes payable	(5)	(71)	56	(90)
	\$ (96)	\$ 177	\$ (390)	\$ (750)

7. INVENTORIES

Inventories consist of:

	September 30, 2019	December 31, 2018
Raw materials and supplies	\$ 1,284	\$ 1,282
Work-in-process	352	331
Finished goods	417	408
Tooling and engineering	1,404	1,382
	\$ 3,457	\$ 3,403

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

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]

8. INVESTMENTS

		September 30, 2019	December 31, 2018
Equity method investments	[a]	\$ 1,118	\$ 1,862
Publicly traded investments	[b]	214	—
Private equity investments		94	323
Other		4	4
		\$ 1,430	\$ 2,189

[a] 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 the Company's investment, which was \$92 million at September 30, 2019, and \$101 million at December 31, 2018.

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:

	September 30, 2019	December 31, 2018
Current assets	\$ 145	\$ 207
Noncurrent assets	110	118
Total assets	\$ 255	\$ 325
Current liabilities	\$ 157	\$ 218
Noncurrent liabilities	6	6
Total liabilities	\$ 163	\$ 224

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.

[b] The Company values its investments in publicly traded equity securities using the closing price on the measurement date, as reported on the stock exchange on which the securities are traded.

During the third quarter of 2019, the Company sold 215,616 shares of its publicly traded equity securities in Lyft for proceeds of \$10 million and realized a gain of \$2 million [\$2 million after tax] based on the difference between the sale proceeds and the initial purchase price.

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]

9. LEASES

The Company determines if an arrangement is a lease or contains a lease at inception. The Company has entered into leases primarily for real estate, manufacturing equipment and vehicles with terms that range from 1 year to 33 years, excluding land use rights which generally extend over 90 years. These leases often include options to extend the term of the lease for up to 12 years or to terminate the lease within 1 year. When it is reasonably certain that the option will be exercised, the impact of the option is included in the lease term for purposes of determining total future lease payments. Leases with an initial term of 12 months or less are considered short-term and are not recorded on the balance sheet. The Company recognizes operating lease expense for these leases on a straight-line basis over the lease term.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future lease payments over the lease term at the commencement date. As the rate implicit in the lease is not readily determinable for the Company's operating leases, an incremental borrowing rate is generally used based on information available at the lease commencement date to determine the present value of future lease payments. A majority of the Company's leases for manufacturing facilities are subject to variable lease-related payments, such as escalation clauses based on consumer price index rates or other similar indices. Variable payments that are based on an index or a rate are included in the recognition of the Company's right-of-use assets and lease liabilities using the index or rate at lease commencement. Subsequent changes to these lease payments due to rate or index updates are recorded as lease expense in the period incurred.

The Company's lease agreements generally exclude non-lease components. As a result, non-lease components are accounted for separately for all classes of assets and expensed as incurred. In addition, the Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Operating leases are included in operating lease right-of-use assets, current portion of operating lease liabilities and operating lease liabilities, and finance leases are included in fixed assets, net, long-term debt due within one year, and long-term debt on the Company's consolidated balance sheet. The Company's finance leases were not material for any of the periods presented.

Costs associated with the Company's operating lease expense were as follows:

	Three months ended September 30, 2019	Nine months ended September 30, 2019
Operating lease expense	\$ 80	\$ 233
Short-term lease expense	7	18
Variable lease expense	6	21
Total lease expense	\$ 93	\$ 272

Supplemental information related to the Company's operating leases was as follows:

	Three months ended September 30, 2019	Nine months ended September 30, 2019
Operating cash flows – cash paid relating to operating leases	\$ 89	\$ 258
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 41	\$ 62
Weighted-average remaining lease term – operating leases, in years		10 years
Weighted-average discount rate – operating leases		4.9%

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]

9. LEASES (CONTINUED)

At September 30, 2019, the Company had commitments under operating leases requiring annual payments as follows:

	Total
2019 (for the remaining three months)	\$ 77
2020	286
2021	259
2022	234
2023	208
2024 and thereafter	1,191
	<u>2,255</u>
Less: amount representing interest	510
	<u>\$ 1,745</u>
Current operating lease liabilities	\$ 218
Non-current operating lease liabilities	1,527
Total lease liabilities	<u>\$ 1,745</u>

As of September 30, 2019, the Company has additional operating leases, primarily for manufacturing facilities, that have not yet commenced of \$20 million. These operating leases will commence during 2019 and have lease terms of 1 to 10 years.

The Company's future minimum lease commitments, as of December 31, 2018, under Accounting Standard Codification Topic 840, the predecessor to Topic 842, were as follows:

	Total
2019	\$ 310
2020	283
2021	254
2022	230
2023	199
Thereafter	714
	<u>1,990</u>

For the year ended December 31, 2018, operating lease expense was \$330 million reflected in Cost of good sold and \$31 million in Selling, general and administrative expenses, respectively, in the consolidated statement of income.

10. INCOME TAXES

For the three and nine months ended September 30, 2018, the Company's effective tax rate was impacted by the expected sale of the FP&C business. The Company reassessed its positions in deferred taxes in anticipation of closing the FP&C transaction, recognizing a \$21 million net reduction in deferred tax expense.

For the three and nine months ended September 30, 2019, the Company's effective tax rate was impacted by the non-deductible impairment charge related to three of the Company's equity method investments included in the Company's Power & Vision segment [note 4].

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]

11. OTHER ASSETS

Other assets consist of:

	September 30, 2019	December 31, 2018
Preproduction costs related to long-term supply agreements with contractual guarantee for reimbursement	\$ 697	\$ 741
Long-term receivables	212	198
Pension overfunded status	18	18
Unrealized gain on cash flow hedges	16	9
Other	34	22
	\$ 977	\$ 988

12. SHORT-TERM BORROWINGS

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

	September 30, 2019	December 31, 2018
Bank indebtedness [i]	\$ 35	\$ 35
Commercial paper [ii]	401	1,063
	\$ 436	\$ 1,098

[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 September 30, 2019, the gross amount outstanding under the credit facility was \$107 million [€98 million] and the related restricted cash equivalent deposit was \$112 million. The credit agreement includes a netting arrangement with the bank that provides for the legal right of setoff. 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 [note 6]. As at December 31, 2018 the gross amount outstanding under the credit facility was \$112 million [€98 million], and the net deposit included in the prepaid expenses and other balance was \$6 million.

On May 24, 2019, the Company amended its \$300 million, 364 day syndicated revolving credit facility, including an extension of the maturity date to June 22, 2020. The facility can be drawn in U.S. dollars or Canadian dollars. As of September 30, 2019, the Company has not borrowed any funds under this credit facility.

[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 at September 30, 2019, \$270 million [2018 – \$903 million] of U.S. notes were outstanding, with a weighted-average interest rate of 2.26% [2018 – 3.00%], 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 at September 30, 2019, \$131 million or €120 million [2018 - \$160 million or €140 million] of euro notes were outstanding, with a negative weighted-average interest rate of 0.28% [2018 – negative 0.24%], and maturities less than three months.

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]

13. WARRANTY

The following is a continuity of the Company's warranty accruals, included in Other accrued liabilities:

	2019	2018
Balance, beginning of period	\$ 208	\$ 255
Expense, net	21	32
Settlements	(24)	(17)
Foreign exchange and other	4	2
Balance, March 31	209	272
Expense, net	25	21
Settlements	(14)	(26)
Foreign exchange and other	3	(7)
Balance, June 30	223	260
Expense, net	35	22
Settlements	(22)	(33)
Transfer to liabilities held for sale [note 3]	—	(16)
Foreign exchange and other	(4)	—
Balance, September 30	\$ 232	\$ 233

14. CAPITAL STOCK

[a] The Company repurchased shares under normal course issuer bids as follows:

	2019		2018	
	Number of shares	Cash consideration	Number of shares	Cash consideration
First Quarter	5,661,112	\$ 284	1,867,203	\$ 103
Second Quarter	8,535,533	409	11,667,784	729
Third Quarter	6,861,100	342	9,214,756	520
	21,057,745	\$ 1,035	22,749,743	\$ 1,352

[b] The following table presents the maximum number of shares that would be outstanding if all the dilutive instruments outstanding at November 7, 2019 were exercised or converted:

Common Shares	305,679,234
Stock options ⁽ⁱ⁾	8,601,630
	314,280,864

(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.

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]

15. ACCUMULATED OTHER COMPREHENSIVE LOSS

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

	2019	2018
Accumulated net unrealized loss on translation of net investment in foreign Operations ⁽ⁱ⁾		
Balance, beginning of period	\$ (917)	\$ (456)
Net unrealized gain	15	117
Repurchase of shares under normal course issuer bid	6	2
Balance, March 31	(896)	(337)
Net unrealized gain (loss)	30	(393)
Repurchase of shares under normal course issuer bid	10	10
Balance, June 30	(856)	(720)
Net unrealized loss	(245)	(111)
Repurchase of shares under normal course issuer bid	7	7
Balance, September 30	(1,094)	(824)
Accumulated net unrealized gain (loss) on cash flow hedges ⁽ⁱⁱ⁾		
Balance, beginning of period	(68)	39
Net unrealized gain (loss)	37	(21)
Reclassification of net loss (gain) to net income	18	(1)
Balance, March 31	(13)	17
Net unrealized gain (loss)	49	(53)
Reclassification of net loss (gain) to net income	2	(1)
Balance, June 30	38	(37)
Net unrealized (loss) gain	(27)	43
Reclassification of net (gain) loss to net (loss) income	(11)	5
Balance, September 30	—	11
Accumulated net unrealized loss on pensions ⁽ⁱⁱⁱ⁾		
Balance, beginning of period	(190)	(183)
Reclassification of net loss to net income	1	2
Sale of business	8	—
Balance, March 31	(181)	(181)
Reclassification of net loss to net income	2	—
Balance, June 30	(179)	(181)
Reclassification of net loss to net (loss) income	1	1
Balance, September 30	(178)	(180)
Total accumulated other comprehensive loss	\$ (1,272)	\$ (993)

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]

15. 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:*

	2019	2018
Balance, beginning of period	\$ 7	\$ 7
Net unrealized loss	—	—
Balance, March 31	7	7
Net unrealized loss	—	—
Balance, June 30	7	7
Net unrealized loss	—	—
Balance, September 30	\$ 7	\$ 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:*

	2019	2018
Balance, beginning of period	\$ 23	\$ (12)
Net unrealized (gain) loss	(13)	5
Reclassifications of net loss to net income	(6)	—
Balance, March 31	4	(7)
Net unrealized (gain) loss	(18)	19
Reclassifications of net (loss) gain to net income	(1)	1
Balance, June 30	(15)	13
Net unrealized loss (gain)	11	(15)
Reclassifications of net gain (loss) to net (loss) income	4	(2)
Balance, September 30	\$ —	\$ (4)

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

	2019	2018
Balance, beginning of period	\$ 21	\$ 17
Net unrealized loss	—	—
Balance, March 31	21	17
Net unrealized loss	—	—
Balance, June 30	21	17
Net unrealized loss	—	—
Balance, September 30	\$ 21	\$ 17

The amount of other comprehensive loss that is expected to be reclassified to net income over the next 12 months is \$6 million.

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]

16. FINANCIAL INSTRUMENTS

[a] Financial assets and liabilities

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

	September 30, 2019	December 31, 2018
Financial assets		
Cash and cash equivalents	\$ 769	\$ 684
Restricted cash equivalents	112	118
Accounts receivable	7,068	6,548
Publicly traded and private equity investments	308	323
Severance investments	1	3
Long-term receivables included in other assets	212	198
Financial assets held for sale [note 3]		
Accounts receivable held for sale	—	258
Severance investments held for sale	—	1
	\$ 8,470	\$ 8,133
Financial liabilities		
Bank indebtedness	\$ 35	\$ 35
Commercial paper	401	1,063
Long-term debt (including portion due within one year)	3,125	3,285
Accounts payable	5,966	6,094
Financial liabilities held for sale [note 3]		
Accounts payable held for sale	—	226
	\$ 9,527	\$ 10,703
Derivatives designated as effective hedges, measured at fair value		
Prepaid expenses	\$ 26	\$ 25
Other assets	16	9
Other accrued liabilities	(20)	(61)
Other long-term liabilities	(22)	(40)
	\$ —	\$ (67)

[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
September 30, 2019			
Assets	\$ 42	\$ 24	\$ 18
Liabilities	\$ (42)	\$ (24)	\$ (18)
December 31, 2018			
Assets	\$ 34	\$ 33	\$ 1
Liabilities	\$ (101)	\$ (33)	\$ (68)

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]

16. FINANCIAL INSTRUMENTS (CONTINUED)

[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.

Publicly traded and private equity securities

The fair value of the Company's investments in publicly traded equity securities is determined using the closing price on the measurement date, as reported on the stock exchange on which the securities are traded. [Level 1 input based on the GAAP fair value hierarchy.]

The Company estimates the value of its private equity securities 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. [Level 3 input based on the GAAP fair value hierarchy.]

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 \$104 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 September 30, 2019, the net book value of the Company's Senior Notes was \$2.98 billion and the estimated fair value was \$3.17 billion.

[d] Credit risk

The Company's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents, restricted cash equivalents [net of the euro drawn amount], 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.

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]

16. FINANCIAL INSTRUMENTS (CONTINUED)

[d] Credit risk (CONTINUED)

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 both the three and nine month periods ended September 30, 2019, sales to the Company's six largest customers represented 77% 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 September 30, 2019, 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	238	(1,599)
euro amount	6	(2)
For U.S. dollars		
Peso amount	8,473	(90)
euro amount	123	(289)
For euros		
U.S. amount	344	(144)
GBP amount	15	(27)
Czech Koruna amount	7,022	—
Polish Zlotys amount	466	(1)

Forward contracts mature at various dates through 2023. Foreign currency exposures are reviewed quarterly.

[g] Equity price risk

The Company holds certain public equity securities as part of its strategic investment in technology. These public equity securities are subject to price risk.

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]

17. 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 ["CADE"], 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 ["access mechanisms"].

In May 2019, CADE informed the Company that it completed its preliminary investigation and, based on a review of the evidence, has commenced a formal administrative proceeding into alleged anticompetitive behaviour relating to access mechanisms involving the Company.

Administrative 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 administrative proceeding, including whether any operating divisions of the Company will be found liable for any violation of law or the extent or magnitude of any liability, if any.

In the event that wrongful conduct is found, CADE may impose administrative penalties or fines taking into account several mitigating and aggravating factors. Administrative fines are tied to the sales in Brazil of the applicable Magna companies in the fiscal year prior to the commencement of the formal administrative proceeding. Magna could also be subject to restitution settlements, civil proceedings and other consequences, including reputational damage.

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.

- [b] The Company is at risk for product warranty costs, which include product liability and recall costs, and is currently experiencing increased customer pressure to assume greater warranty responsibility. For most types of products, the Company only accounts for existing or probable product warranty claims. However, for certain complete vehicle assembly and powertrain systems contracts, the Company records an estimate of future warranty-related costs based on the terms of the specific customer agreements and/or the Company's warranty experience. Product liability and recall provisions are established based on the Company's best estimate of the amounts necessary to settle existing claims, which typically take into account: the number of units that may be returned; the cost of the product being replaced; labour to remove and replace the defective part; and the customer's administrative costs relating to the recall. Where applicable, such provisions are booked on a net basis after insurance recoveries and recoveries from sub-suppliers. Due to the uncertain nature of the net costs, actual product liability costs could be materially different from the Company's best estimates of future costs [note 13].

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]

18. 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, mirrors & lighting, mechatronics and roof systems. Magna also has electronic and software capabilities across many of these areas.

The Company is organized under four operating segments: Body Exteriors & Structures, Power & Vision, Seating System and Complete Vehicles. These segments have been determined on the basis of technological opportunities, product similarities, and market and operating factors, and are also the Company's reportable segments.

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 (loss) income and adding back income taxes, interest expense, net, and other expense (income), net.

Certain amounts in the prior period comparatives have been restated to reflect the transfer of assets between the Company's segments to better reflect utilization of these assets and more accurately measure their operational profitability.

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]

18. 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 September 30, 2019						
	Total sales	External sales	Adjusted EBIT [ii]	Depreciation and amortization	Equity (income) loss	Fixed asset additions
Body Exteriors & Structures	\$ 3,984	\$ 3,906	\$ 306	\$ 178	\$ —	\$ 174
Power & Vision	2,696	2,645	167	113	(37)	138
Seating Systems	1,266	1,259	56	18	(1)	22
Complete Vehicles	1,516	1,506	29	20	—	12
Corporate & Other [i]	(143)	3	—	6	1	3
Total Reportable Segments	\$ 9,319	\$ 9,319	\$ 558	\$ 335	\$ (37)	\$ 349

Three months ended September 30, 2018						
	Total sales	External sales	Adjusted EBIT [ii]	Depreciation and amortization	Equity (income) loss	Fixed asset additions
Body Exteriors & Structures	\$ 4,180	\$ 4,122	\$ 326	\$ 181	\$ (3)	\$ 170
Power & Vision	2,947	2,893	259	111	(58)	136
Seating Systems	1,219	1,219	69	14	1	15
Complete Vehicles	1,391	1,380	24	15	—	52
Corporate & Other [i]	(119)	4	21	4	(2)	8
Total Reportable Segments	\$ 9,618	\$ 9,618	\$ 699	\$ 325	\$ (62)	\$ 381

Nine months ended September 30, 2019						
	Total sales	External sales	Adjusted EBIT [ii]	Depreciation and amortization	Equity (income) loss	Fixed asset additions
Body Exteriors & Structures	\$ 12,535	\$ 12,260	\$ 1,010	\$ 530	\$ (2)	\$ 450
Power & Vision	8,587	8,425	584	336	(119)	375
Seating Systems	4,151	4,128	233	48	1	45
Complete Vehicles	5,246	5,217	100	60	—	53
Corporate & Other [i]	(483)	6	28	16	—	5
Total Reportable Segments	\$ 30,036	\$ 30,036	\$ 1,955	\$ 990	\$ (120)	\$ 928

Nine months ended September 30, 2018						
	Total sales	External sales	Adjusted EBIT [ii]	Depreciation and amortization	Equity income	Fixed asset additions
Body Exteriors & Structures	\$ 13,350	\$ 13,125	\$ 1,057	\$ 524	\$ (9)	\$ 450
Power & Vision	9,334	9,155	917	333	(203)	362
Seating Systems	4,113	4,113	316	42	(7)	43
Complete Vehicles	4,331	4,291	44	46	—	133
Corporate & Other [i]	(438)	6	43	15	(2)	15
Total Reportable Segments	\$ 30,690	\$ 30,690	\$ 2,377	\$ 960	\$ (221)	\$ 1,003

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

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]

18. SEGMENTED INFORMATION (CONTINUED)

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Net (loss) income	\$ (364)	\$ 560	\$ 1,187	\$ 1,865
Add:				
Interest expense, net	18	23	63	67
Other expense (income), net	859	2	248	(34)
Income taxes	45	114	457	479
Adjusted EBIT	\$ 558	\$ 699	\$ 1,955	\$ 2,377

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

	September 30, 2019	December 31, 2018
Body Exteriors & Structures	\$ 450	\$ 459
Power & Vision	1,220	1,260
Seating Systems	164	147
Complete Vehicles	108	113
Total Reportable Segments	\$ 1,942	\$ 1,979

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

	September 30, 2019	December 31, 2018
Body Exteriors & Structures	\$ 8,148	\$ 7,142
Power & Vision	5,736	6,703
Seating Systems	1,169	815
Complete Vehicles	806	605
Corporate & Other	565	563
Total Reportable Segments	\$ 16,424	\$ 15,828

The following table reconciles Total Assets to Net Assets:

	September 30, 2019	December 31, 2018
Total Assets	\$ 26,310	\$ 25,945
Deduct assets not included in segment net assets:		
Cash and cash equivalents	(769)	(684)
Deferred tax assets	(269)	(300)
Long-term receivables from joint venture partners	(69)	(71)
Income taxes receivable	(22)	(57)
Deduct liabilities included in segment net assets:		
Accounts payable	(5,966)	(6,094)
Accrued salaries and wages	(797)	(769)
Other accrued liabilities	(1,994)	(1,734)
Liabilities held for sale	—	(408)
Segment Net Assets	\$ 16,424	\$ 15,828

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]

19. SUBSEQUENT EVENT

Normal Course Issuer Bid

Subsequent to September 30, 2019, the Company purchased for cancellation 1,909,460 Common Shares under an existing normal course issuer bid for cash consideration of \$100 million through a pre-defined automatic securities purchase plan with a designated broker.

Subject to approval by the Toronto Stock Exchange ["TSX"] and the New York Stock Exchange ["NYSE"], the Company's Board of Directors approved a new normal course issuer bid to purchase up to 30.3 million of the Company's Common Shares, representing approximately 10% of the Company's public float of Common Shares. The primary purposes of the normal course issuer bid are purchases for cancellation as well as purchases to fund our stock-based compensation awards or programs and/or its obligations to its deferred profit sharing plans. The normal course issuer bid is expected to commence on or about November 15, 2019 and will terminate one year later. All purchases of Common Shares will be made at the market price at the time of purchase in accordance with the rules and policies of the TSX or on the NYSE in compliance with Rule 10b-18 under the U.S. Securities Exchange Act of 1934.

Purchases may also be made through other published markets, or by such other means permitted by the TSX, including by private agreement or specific share repurchase program at a discount to the prevailing market price, pursuant to an issuer bid exemption order issued by a securities regulatory authority.