Magna International Inc.

Management's Discussion and Analysis of Results of Operations and Financial Position

for the three months ended June 30, 2019

MAGNA INTERNATIONAL INC.
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Unless otherwise noted, all amounts in this Management's Discussion and Analysis of Results of Operations and Financial Position ["MD&A"] are in U.S. dollars and all tabular amounts are in millions of U.S. dollars, except per share figures, which are in U.S. dollars. When we use the terms "we", "us", "our" or "Magna", we are referring to Magna International Inc. and its subsidiaries and jointly controlled entities, unless the context otherwise requires.

This MD&A should be read in conjunction with the unaudited interim consolidated financial statements for the three and six months ended June 30, 2019 included in this Quarterly Report, and the audited consolidated financial statements and MD&A for the year ended December 31, 2018 included in our 2018 Annual Report to Shareholders. The most recent updates to our accounting policies, including the impact of the adoption of Accounting Standards Codification 842 – *Leases*, can be found in Note 2 of our unaudited interim consolidated financial statements for the three months and six months ended June 30, 2019.

This MD&A may contain statements that are forward looking. Refer to the "Forward-Looking Statements" section in this MD&A for a more detailed discussion of our use of forward-looking statements.

This MD&A has been prepared as at August 7, 2019.

USE OF NON-GAAP FINANCIAL MEASURES

In addition to results presented in accordance with accounting principles generally accepted in the United States of America ["U.S. GAAP"], this report includes the use of Adjusted EBIT, Adjusted EBIT as a percentage of sales, Adjusted diluted earnings per share, Return on Invested Capital, Adjusted Return on Invested Capital and Return on Equity [collectively, the "Non-GAAP Measures"]. We believe these non-GAAP financial measures provide additional information that is useful to investors in understanding our underlying performance and trends through the same financial measures employed by our management for this purpose. Readers should be aware that Non-GAAP Measures have no standardized meaning under U.S. GAAP and accordingly may not be comparable to the calculation of similar measures by other companies. We believe that Return on Invested Capital and Return on Equity are useful to both management and investors in their analysis of our results of operations and reflect our ability to generate returns. Similarly, we believe that Adjusted EBIT, Adjusted EBIT as a percentage of sales, Adjusted diluted earnings per share and Adjusted Return on Invested Capital provide useful information to our investors for measuring our operational performance as they exclude certain items that are not reflective of ongoing operating profit or loss and facilitate a comparison of our performance with prior periods. The presentation of any Non-GAAP Measures should not be considered in isolation or as a substitute for our related financial results prepared in accordance with U.S. GAAP. Non-GAAP financial measures are presented together with the most directly comparable GAAP financial measure, and a reconciliation to the most directly comparable GAAP financial measure, can be found in the "Non-GAAP Financial Measures Reconciliation" section of this MD&A.

HIGHLIGHTS

- Total sales decreased 1% to $10.1 billion in the second quarter of 2019, compared to $10.3 billion in the second quarter of 2018. Excluding the impact of foreign currency translation and divestitures, net of acquisitions, sales increased 5%. This compares favourably to global vehicle production, which declined 6%. The sales increase was primarily as a result of the launch of new programs, in particular in our Complete Vehicle segment.
- Diluted earnings per share and adjusted diluted earnings per share were $1.42 and $1.59, respectively. Adjusted diluted earnings per share declined 5% from the second quarter of 2018, largely reflecting increased engineering and other costs in our active driver assistance systems ["ADAS"] business, the disposition of our FP&C business, lower equity income, lower earnings from the weakening of a number of currencies against the U.S. dollar and reduced earnings from lower sales. These were partially offset by margins earned on the launch of new business, lower launch costs and the impact of a lower share count.
- Included in Other expense (income), net in the second quarter was a net loss on revaluation of investments, substantially relating to our investment in Lyft, Inc. ["Lyft"], restructuring costs, and the finalization of the gain on the sale of our Fluid Pressure & Controls ["FP&C"] business.
- Cash from operating activities was $920 million in the second quarter of 2019, an increase of $453 million over the second quarter of 2018.
- We returned $519 million to shareholders in the second quarter of 2019 through $409 million in share repurchases and $110 million in dividends.

OVERVIEW

OUR BUSINESS[1]

We are a mobility technology company. We have more than 168,000 entrepreneurial-minded employees and 347 manufacturing operations and 92 product development, engineering and sales centres in 28 countries. We have complete vehicle engineering and contract manufacturing expertise, as well as product capabilities which include body, chassis, exterior, seating, powertrain, active driver assistance, electronics, mechatronics, mirrors, lighting and roof systems. Magna also has electronic and software capabilities across many of these areas. Our common shares trade on the Toronto Stock Exchange (MG) and the New York Stock Exchange (MGA).

[1] Manufacturing operations, product development, engineering and sales centres and employee figures include certain operations accounted for under the equity method

INDUSTRY TRENDS AND RISKS

Our operating results are primarily dependent on the levels of North American, European and Chinese car and light truck production by our customers. While we supply systems and components to every major original equipment manufacturer ["OEM"], we do not supply systems and components for every vehicle, nor is the value of our content consistent from one vehicle to the next. As a result, customer and program mix relative to market trends, as well as the value of our content on specific vehicle production programs, are important drivers of our results.

OEM production volumes are generally aligned with vehicle sales levels. Overall vehicle sales levels are significantly affected by changes in consumer confidence levels, which may in turn be impacted by consumer perceptions and general trends related to the job, housing and stock markets. Other factors impacting vehicle sales levels, and thus production volumes in North America, Europe and China, include: interest rates and/or availability of credit; fuel and energy prices; relative currency values; and other factors. Production volumes in different regions may also be impacted by a range of factors which vary from one region to the next, including: general economic and political conditions; free trade arrangements; tariffs; relative currency values; commodities prices; supply chains and infrastructure; availability and relative cost of skilled labour; and regulatory considerations, including those related to environmental emissions and safety standards; and other factors.

While the foregoing economic, political and other factors are part of the general context in which the global automotive industry operates, there have been a number of significant industry trends that are shaping the future of the industry and creating opportunities and risks for automotive suppliers. We have developed a business strategy intended to help us succeed in the short, medium and long-term; however, there are a number of factors which could affect our ability to do so. Significant industry trends, our business strategy and the major risks we face are discussed in our Annual Information Form ["AIF"] and Annual Report on Form 40-F ["Form 40-F"] in respect of the year ended December 31, 2018, together with subsequent filings. Those industry trends and risk factors remain substantially unchanged in respect of the second quarter ended June 30, 2019.

RESULTS OF OPERATIONS

AVERAGE FOREIGN EXCHANGE

	For the three months ended June 30,			For the six months ended June 30,		
	2019	2018	Change	**2019**	2018	Change
1 Canadian dollar equals U.S. dollars	**0.748**	0.775	- 4%	**0.750**	0.782	- 4%
1 euro equals U.S. dollars	**1.124**	1.193	- 6%	**1.130**	1.211	- 7%
1 Chinese renminbi equals U.S. dollars	**0.147**	0.157	- 6%	**0.147**	0.157	- 6%

The preceding table reflects the average foreign exchange rates between the most common currencies in which we conduct business and our U.S. dollar reporting currency. The changes in these foreign exchange rates for the three months ended June 30, 2019 and six months ended June 30, 2019 impacted the reported U.S. dollar amounts of our sales, expenses and income.

The results of operations for which the functional currency is not the U.S. dollar are translated into U.S. dollars using the average exchange rates in the table above for the relevant period. Throughout this MD&A, reference is made to the impact of translation of foreign operations on reported U.S. dollar amounts where relevant.

LIGHT VEHICLE PRODUCTION VOLUMES

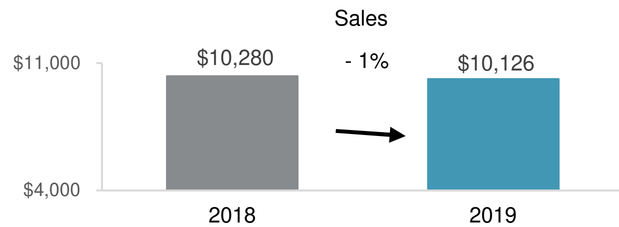
Our operating results are mostly dependent on light vehicle production in the regions reflected in the table below:

Light Vehicle Production Volumes *(thousands of units)*

	For the three months ended June 30,			For the six months ended June 30,		
	2019	2018	Change	**2019**	2018	Change
North America	**4,277**	4,369	- 2%	**8,527**	8,783	- 3%
Europe	**5,781**	6,075	- 5%	**11,543**	11,988	- 4%
China	**5,386**	6,641	- 19%	**11,505**	13,309	- 14%

RESULTS OF OPERATIONS – FOR THE THREE MONTHS ENDED JUNE 30, 2019

SALES



Sales decreased 1% or $154 million to $10.13 billion for the second quarter of 2019 compared to $10.28 billion for the second quarter of 2018. The weakening of foreign currencies against the U.S. dollar, including the euro, Canadian dollar, Chinese renminbi and Turkish lira decreased sales by $377 million. In addition, divestitures, net of acquisitions, subsequent to the second quarter of 2018 decreased sales by $286 million.

Excluding the impact of foreign currency translation and divestitures, net of acquisitions, sales increased $509 million due to the launch of new programs during or subsequent to the second quarter of 2018, in particular in our Complete Vehicle assembly business.

This was partially offset by:

- lower global light vehicle production;
- the impact of lower assembly volumes on the BMW 5-Series;
- the end of production of certain programs, including the Chevrolet Cruze; and
- net customer price concessions subsequent to the second quarter of 2019.

The changes in sales are discussed further in the "Segment Analysis" section of this MD&A.

COST OF GOODS SOLD

	For the three months ended June 30,		
	2019	2018	Change
Material	**$ 6,360**	$ 6,331	$ 29
Direct labour	**730**	766	(36)
Overhead	**1,620**	1,698	(78)
Cost of goods sold	**$ 8,710**	$ 8,795	$ (85)

Cost of goods sold decreased $85 million to $8.71 billion for the second quarter of 2019 compared to $8.80 billion for the second quarter of 2018. The weakening of foreign currencies against the U.S. dollar, including the euro, Canadian dollar, Chinese renminbi and Turkish lira decreased cost of goods sold by $333 million. In addition, divestitures, net of acquisitions, subsequent to the second quarter of 2018 decreased cost of goods sold by $234 million.

Excluding the impact of foreign currency translation and divestitures, net of acquisitions, cost of goods sold increased by $482 million primarily as a result of:

- higher material costs, primarily due to higher sales in our Complete Vehicles segment, which has a higher average material content compared to sales than our consolidated average; and
- higher engineering and other costs in our ADAS business, substantially associated with three programs that will be utilizing new technologies.

These factors were partially offset by:

- lower direct labour and overhead costs associated with the decrease in sales in all of our reporting segments except our Complete Vehicles segment; and
- lower launch costs and productivity and efficiency improvements at certain Body Exteriors & Structures facilities.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization costs increased $14 million to $334 million for the second quarter of 2019 compared to $320 million for the second quarter of 2018. The higher depreciation and amortization was primarily a result of:

- increased capital deployed at existing facilities and to support the launch of new programs during or subsequent to the second quarter of 2018; and
- higher amortization in our ADAS business as a result of amortizing 100% of capital spending associated with two programs that will be utilizing new technologies.

These factors were partially offset by a $12 million net decrease in reported U.S. dollar depreciation and amortization mainly due to the weakening of the euro, Chinese renminbi and Canadian dollar, each against the U.S. dollar and divestitures, net of acquisitions, subsequent to the second quarter of 2018 which decreased depreciation and amortization by $11 million.

SELLING, GENERAL AND ADMINISTRATIVE ["SG&A"]

SG&A expense as a percentage of sales was 4.5% for the second quarter of 2019 compared to 4.2% for the second quarter of 2018. SG&A expense increased $19 million to $453 million for the second quarter of 2019 compared to $434 million for the second quarter of 2018, primarily as a result of:

- higher labour and benefit costs;
- lower net gains on the sale of assets in the second quarter of 2019 compared to the second quarter of 2018; and
- spending associated with corporate research & development.

These factors were partially offset by:

- divestitures, net of acquisitions, subsequent to the second quarter of 2018 which decreased SG&A by $20 million; and
- a $14 million net decrease in the reported U.S. dollar SG&A expense primarily due to the weakening of the euro and Chinese renminbi, each against the U.S. dollar.

INTEREST EXPENSE, NET

During the second quarter of 2019, we recorded net interest expense of $14 million compared to $23 million for the second quarter of 2018. The $9 million decrease is primarily as a result of interest income earned on favourable tax settlements during the second quarter of 2019, lower interest expense due to the decrease in borrowings and higher interest income.

EQUITY INCOME

Equity income decreased $24 million to $48 million for the second quarter of 2019 compared to $72 million for the second quarter of 2018, primarily due to lower sales, primarily in our Power & Vision segment. These factors were partially offset by a write-down of inventory and receivables relating to one customer during the second quarter of 2018 at a certain Power & Vision facility and lower warranty costs.

OTHER EXPENSE (INCOME), NET

	For the three months ended June 30, 2019	2018
Gain on sale of FP&C [(1)]	**$ (6)**	$ —
Net unrealized loss (gain) on investment revaluations [(2)]	**67**	(56)
Restructuring [(3)]	**7**	17
	$ 68	$ (39)

(1) Gain on sale of FP&C

During the second quarter of 2019, we adjusted the gain on the sale of FP&C by $6 million [$7 million after tax] as a result of finalizing the proceeds relating to working capital.

(2) Net unrealized loss (gain) on investment revaluations

The Net unrealized loss (gain) on investment revaluations in both the second quarter of 2019 and 2018 were substantially related to the revaluation of our investment in Lyft. The after-tax unrealized loss for the second quarter of 2019 was $57 million while the after-tax unrealized gain for the second quarter of 2018 was $53 million.

(3) Restructuring

The restructuring charges recorded during the second quarter of 2019 related to certain European Body Exteriors & Structures operations while the restructuring charges recorded during the second quarter of 2018 were related to certain European operations in Power & Vision and Body Exteriors & Structures. There were no income taxes recorded on the restructuring charges.

INCOME FROM OPERATIONS BEFORE INCOME TAXES

Income from operations before income taxes decreased $224 million to $595 million for the second quarter of 2019 compared to $819 million for the second quarter of 2018. This decrease is a result of the following changes, each as discussed above:

	For the three months ended June 30, 2019	2018	Change
Sales	**$ 10,126**	$ 10,280	$ (154)
Costs and expenses			
Cost of goods sold	**8,710**	8,795	(85)
Depreciation and amortization	**334**	320	14
Selling, general & administrative	**453**	434	19
Interest expense, net	**14**	23	(9)
Equity income	**(48)**	(72)	24
Other expense (income), net	**68**	(39)	107
Income from operations before income taxes	**$ 595**	$ 819	$ (224)

INCOME TAXES

	For the three months ended June 30,					
	2019			2018		
Income Taxes as reported	**$**	**145**	**24.4%**	$	183	22.3%
Tax effect on Other expense (income), net		**11**	**(0.9)**		(3)	0.8
	$	**156**	**23.5%**	$	180	23.1%

Excluding Other expense (income), net, after tax, the effective income tax rate increased to 23.5% for the second quarter of 2019 compared to 23.1% for the second quarter of 2018, primarily as a result of:

- an increase in our reserves for uncertain tax positions;
- a change in mix of earnings resulting in proportionally lower income earned in jurisdictions with lower income tax rates;
- a higher accrued tax on undistributed foreign earnings; and
- a decrease in equity income.

These factors were partially offset by a decrease in non-deductible foreign exchange losses related to the re-measurement of financial statement balances of foreign subsidiaries that are maintained in a currency other than their functional currency.

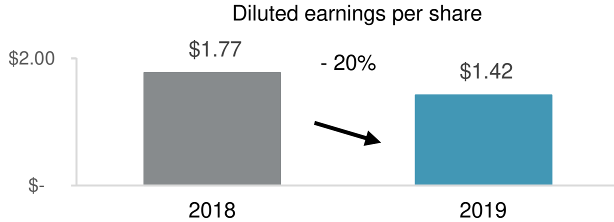
LOSS (INCOME) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

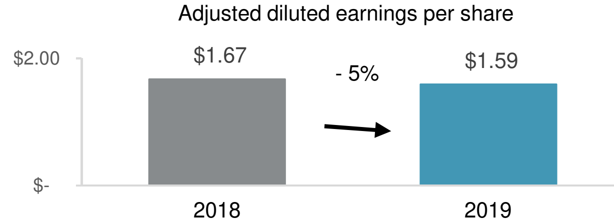
Loss attributable to non-controlling interests was $2 million for the second quarter of 2019 compared to income attributable to non-controlling interests of $10 million for the second quarter of 2018. The change was primarily due to decreased profits at certain Power & Vision and Body Exteriors & Structures operations in China.

NET INCOME ATTRIBUTABLE TO MAGNA INTERNATIONAL INC.

Net income attributable to Magna International Inc. decreased $174 million to $452 million for the second quarter of 2019 compared to $626 million for the second quarter of 2018, as a result of: a decrease in income from operations before income taxes of $224 million; partially offset by a decrease in income taxes of $38 million; and a loss attributable to non-controlling interests of $2 million in the second quarter of 2019 compared to income attributable to non-controlling interests of $10 million in the second quarter of 2018.

EARNINGS PER SHARE





	For the three months ended June 30, 2019	2018	Change
Earnings per Common Share			
Basic	**$ 1.42**	$ 1.78	- 20%
Diluted	**$ 1.42**	$ 1.77	- 20%
Weighted average number of Common Shares outstanding (millions)			
Basic	**318.4**	351.4	- 9%
Diluted	**319.5**	354.1	- 10%
Adjusted diluted earnings per share	**$ 1.59**	$ 1.67	- 5%

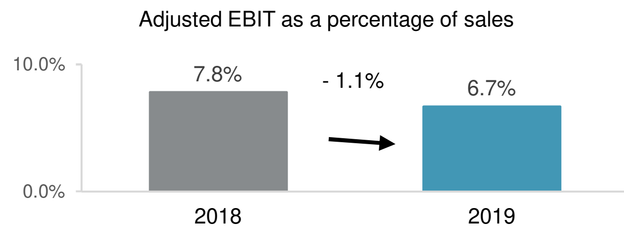
Diluted earnings per share decreased $0.35 to $1.42 for the second quarter of 2019 compared to $1.77 for the second quarter of 2018 as a result of the decrease in net income attributable to Magna International Inc., as discussed above, partially offset by a decrease in the weighted average number of diluted shares outstanding during the second quarter of 2019. The decrease in the weighted average number of diluted shares outstanding was primarily due to the purchase and cancellation of Common Shares, during or subsequent to the second quarter of 2018, pursuant to our normal course issuer bids.

Other expense (income), net, after tax, negatively impacted diluted earnings per share by $0.17 in the second quarter of 2019 and positively impacted diluted earnings per share by $0.10 in the second quarter of 2018, as discussed in the "Other expense (income), net" and "Income Taxes" sections.

Adjusted diluted earnings per share, as reconciled in the "Non-GAAP Financial Measures Reconciliation" section, decreased $0.08 to $1.59 for the second quarter of 2019 compared to $1.67 for the second quarter of 2018.

NON-GAAP PERFORMANCE MEASURES - FOR THE THREE MONTHS ENDED JUNE 30, 2019

ADJUSTED EBIT AS A PERCENTAGE OF SALES



The table below shows the change in Magna's Sales and Adjusted EBIT by segment and the impact each segment's changes have on Magna's Adjusted EBIT as a percentage of sales for the second quarter of 2019 compared to the second quarter of 2018:

	Sales	Adjusted EBIT	Adjusted EBIT as a percentage of sales
Second quarter of 2018	$ 10,280	$ 803	7.8%
Increase (Decrease) related to:			
Body Exteriors & Structures	(308)	(47)	- 0.2%
Power & Vision	(389)	(98)	- 0.7%
Seating Systems	28	(34)	- 0.3%
Complete Vehicles	522	42	—
Corporate and Other	(7)	11	+ 0.1%
Second quarter of 2019	**$ 10,126**	**$ 677**	**6.7%**

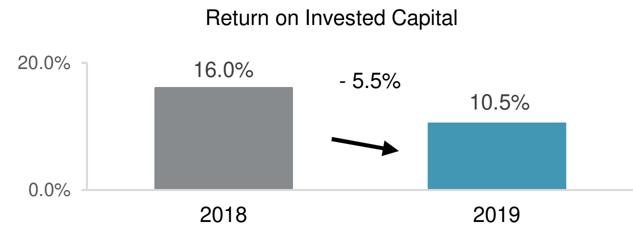
Adjusted EBIT as a percentage of sales decreased 1.1% to 6.7% for the second quarter of 2019 compared to 7.8% for the second quarter of 2018 primarily due to:

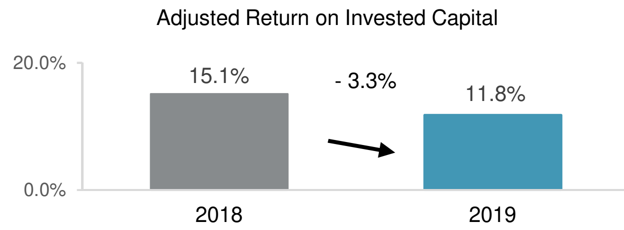
- higher engineering and other costs in our ADAS business, substantially associated with three programs that will be utilizing new technologies;
- an increase in depreciation and amortization primarily related to the launch of new programs;
- lower equity income;
- launch costs and operational inefficiencies at a new Seating facility;
- lower scrap steel recoveries and higher net commodity costs;
- higher spending associated with electrification, autonomy and research & development;
- higher SG&A, including lower net gains on the sale of assets in the second quarter of 2019 compared to the second quarter of 2018;
- an increase in the proportion of sales generated in our Complete Vehicles segment relative to total sales, which have a lower margin than our consolidated average; and
- acquisitions subsequent to the second quarter of 2018.

These factors were partially offset by:

- lower launch costs;
- productivity and efficiency improvements at certain Body Exteriors & Structures facilities;
- a fire at a Tier 1 supplier in North America during the second quarter of 2018 which disrupted vehicle production; and
- the divestiture of FP&C during the first quarter of 2019.

RETURN ON INVESTED CAPITAL





Return on Invested Capital decreased 5.5% to 10.5% for the second quarter of 2019 compared to 16.0% for the second quarter of 2018. The change in other expense (income), net, after tax negatively impacted Return on Invested Capital by 2.2%. Adjusted Return on Invested Capital decreased 3.3% to 11.8% for the second quarter of 2019 compared to 15.1% for the second quarter of 2018 as a result of a decrease in Adjusted After-tax operating profits and higher Average Invested Capital.

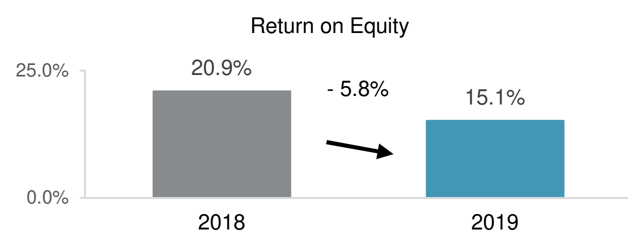
Average Invested Capital increased $1.27 billion to $17.59 billion for the second quarter of 2019 compared to $16.32 billion for the second quarter of 2018, primarily due to:

- the recognition of operating lease right-of-use assets during the first quarter of 2019 in accordance with the adoption of the accounting standard Accounting Standards Codification 842 – *Leases*;
- an increase in our investment in fixed assets to refurbish or replace assets consumed in the normal course of business and for manufacturing equipment for programs that will be launching subsequent to the second quarter of 2019; and
- an increase in investments, including our investment in Lyft during the second quarter of 2018.

These factors were partially offset by:

- the sale of our FP&C business during the first quarter of 2019, including the associated assets and liabilities formerly classified as held for sale; and
- the net weakening of foreign currencies against the U.S. dollar.

RETURN ON EQUITY



Return on Equity decreased 5.8% to 15.1% for the second quarter of 2019 compared to 20.9% for the second quarter of 2018 due to lower net income attributable to Magna. Other expense (income), net, after tax negatively impacted Return on Equity by 3.1%.

SEGMENT ANALYSIS

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

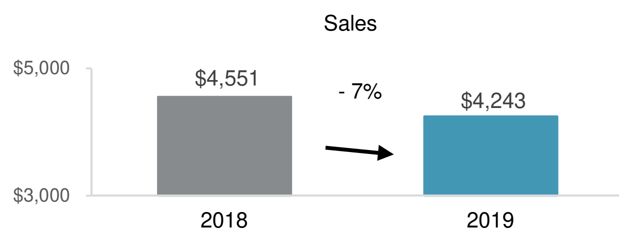
Our business is managed under operating segments which have been determined on the basis of technological opportunities, product similarities, as well as market and operating factors. Our internal financial reporting is aligned with the way our business is managed. Accordingly, we report key internal operating performance measures for Body Exteriors & Structures, Power & Vision, Seating Systems, and Complete Vehicles for presentation to the chief operating decision maker to use in the assessment of operating performance, allocation of resources, and to help plan our long-term strategic direction and future global growth.

Our chief operating decision maker uses Adjusted EBIT as the measure of segment profit or loss, since we believe Adjusted EBIT is the most appropriate measure of operational profitability or loss for our reportable segments. Adjusted EBIT has been reconciled in the "Non-GAAP Financial Measures Reconciliation" section included in this MD&A.

	For the three months ended June 30,					
	Sales			Adjusted EBIT		
	2019	2018	Change	**2019**	2018	Change
Body Exteriors & Structures	**$ 4,243**	$ 4,551	$ (308)	**$ 341**	$ 388	$ (47)
Power & Vision	**2,808**	3,197	(389)	**201**	299	(98)
Seating Systems	**1,452**	1,424	28	**83**	117	(34)
Complete Vehicles	**1,802**	1,280	522	**43**	1	42
Corporate and Other	**(179)**	(172)	(7)	**9**	(2)	11
Total reportable segments	**$ 10,126**	$ 10,280	$ (154)	**$ 677**	$ 803	$ (126)

BODY EXTERIORS & STRUCTURES

	For the three months ended June 30,		Change	
	2019	2018		
Sales	**$ 4,243**	$ 4,551	$ (308)	- 7%
Adjusted EBIT	**$ 341**	$ 388	$ (47)	- 12%
Adjusted EBIT as a percentage of sales	**8.0%**	8.5%		- 0.5%



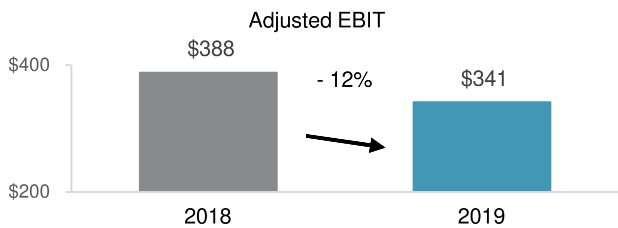
Sales – Body Exteriors & Structures

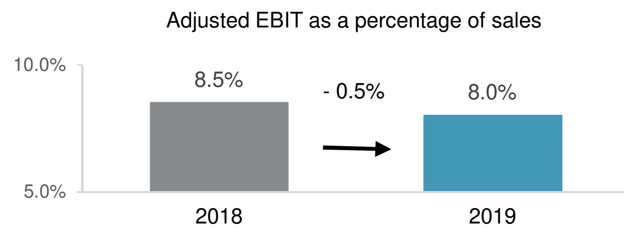
Sales for Body Exteriors & Structures decreased 7% or $308 million to $4.24 billion for the second quarter of 2019 compared to $4.55 billion for the second quarter of 2018, primarily as a result of:

- lower global light vehicle production;
- a $120 million decrease in reported U.S. dollar sales primarily as a result of the weakening of the euro, Canadian dollar and Chinese renminbi, each against the U.S. dollar;
- the end of production of certain programs, including the Chevrolet Cruze; and
- net customer price concessions subsequent to the second quarter of 2018.

These factors were partially offset by:

- the launch of new programs during or subsequent to the second quarter of 2019, including the:
  - Chevrolet Blazer;
  - Ford Ranger;
  - GMC Sierra and Chevrolet Silverado;
  - BMW X3; and
  - Jeep Gladiator.





Adjusted EBIT – Body Exteriors & Structures

Adjusted EBIT for Body Exteriors & Structures decreased $47 million to $341 million for the second quarter of 2019 compared to $388 million for the second quarter of 2018, primarily as a result of:

- reduced earnings due to lower sales;
- lower net gains on the sale of assets in the second quarter of 2019 compared to the second quarter of 2018;
- an increase in depreciation and amortization primarily related to the launch of new programs;
- inefficiencies at plants that are closing;
- foreign exchange losses in the second quarter of 2019 compared to foreign exchange gains in the second quarter of 2018;
- a $7 million decrease in reported U.S. dollar Adjusted EBIT as a result of the weakening of certain foreign currencies against the U.S. dollar including the euro, Canadian dollar and Chinese renminbi;
- higher warranty costs of $6 million;
- lower scrap steel recoveries and higher net commodity costs; and
- net customer price concessions subsequent to the second quarter of 2018.

These factors were partially offset by:

- productivity and efficiency improvements, including at certain previously underperforming facilities;
- lower launch costs;
- a fire at a Tier 1 supplier in North America during the second quarter of 2018 which disrupted vehicle production; and
- favourable customer pricing resolutions and commercial settlements in the second quarter of 2019.

Adjusted EBIT as a percentage of sales – Body Exteriors & Structures

Adjusted EBIT as a percentage of sales for Body Exteriors & Structures decreased 0.5% to 8.0% for the second quarter of 2019 compared to 8.5% for the second quarter of 2018, primarily as a result of:

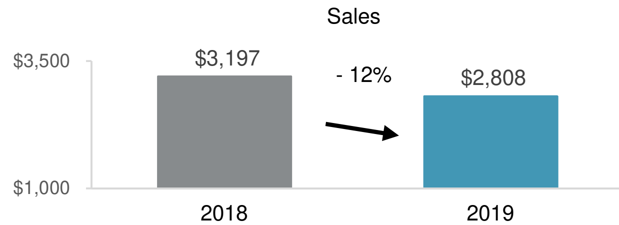
- reduced earnings due to lower sales;
- lower net gains on the sale of assets in the second quarter of 2019 compared to the second quarter of 2018;
- an increase in depreciation and amortization primarily related to the launch of new programs;
- foreign exchange losses in the second quarter of 2019 compared to foreign exchange gains in the second quarter of 2018;
- inefficiencies at plants that are closing;
- higher warranty costs; and
- lower scrap steel recoveries and higher net commodity costs.

These factors were partially offset by:

- productivity and efficiency improvements, including at certain previously underperforming facilities;
- lower launch costs;
- favourable customer pricing resolutions and commercial settlements in the second quarter of 2019; and
- a fire at a Tier 1 supplier in North America during the second quarter of 2018 which disrupted vehicle production.

POWER & VISION

	For the three months ended June 30, 2019	2018	Change	
Sales	**$ 2,808**	$ 3,197	$ (389)	- 12%
Adjusted EBIT	**$ 201**	$ 299	$ (98)	- 33%
Adjusted EBIT as a percentage of sales	**7.2%**	9.4%		- 2.2%



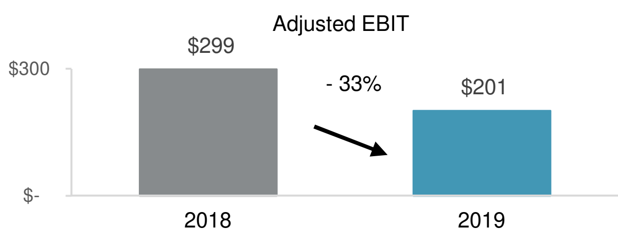
Sales – Power & Vision

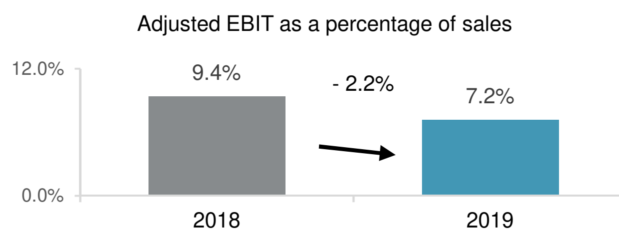
Sales for Power & Vision decreased 12% or $389 million to $2.81 billion for the second quarter of 2019 compared to $3.20 billion for the second quarter of 2018, primarily as a result of:

- divestitures, net of acquisitions, subsequent to the second quarter of 2018 which decreased sales by $318 million;
- lower global light vehicle production;
- a $107 million decrease in reported U.S. dollar sales primarily as a result of the weakening of the euro, Chinese renminbi and Canadian dollar, each against the U.S. dollar; and
- net customer price concessions subsequent to the second quarter of 2018.

These factors were partially offset by the launch of new programs during or subsequent to the second quarter of 2019, including the;

- BMW X5;
- Chevrolet Blazer;
- BMW X3; and
- BMW X7.





Adjusted EBIT – Power & Vision

Adjusted EBIT for Power & Vision decreased $98 million to $201 million for the second quarter of 2019 compared to $299 million for the second quarter of 2018, primarily as a result of:

- higher engineering and other costs in our ADAS business, substantially associated with three programs that will be utilizing new technologies;
- the divestiture of FP&C during the first quarter of 2019;
- higher depreciation and amortization;
- lower equity income, excluding the impact of foreign exchange, of $13 million;
- higher spending associated with electrification, autonomy and research & development;
- a $7 million decrease in reported U.S. dollar Adjusted EBIT, primarily due to the weakening of the euro, Canadian dollar and Chinese renminbi, each against the U.S. dollar;
- acquisitions subsequent to the second quarter of 2018; and
- net customer price concessions.

These factors were partially offset by a fire at a Tier 1 supplier in North America during the second quarter of 2018 which disrupted vehicle production.

Equity income, excluding the impact of foreign exchange, was $13 million lower, primarily due to lower sales. These factors were partially offset by a write-down of inventory and receivables relating to one customer during the second quarter of 2018 at a certain facility and lower warranty costs.

Adjusted EBIT as a percentage of sales – Power & Vision

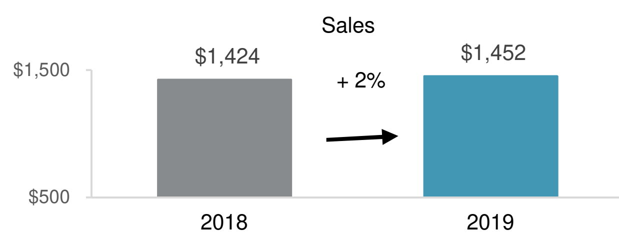
Adjusted EBIT as a percentage of sales for Power & Vision decreased 2.2% to 7.2% for the second quarter of 2019 compared to 9.4% for the second quarter of 2018, primarily as a result of:

- higher engineering and other costs in our ADAS business, substantially associated with three programs that will be utilizing new technologies;
- higher depreciation and amortization;
- lower equity income;
- acquisitions subsequent to the second quarter of 2018; and
- higher spending associated with electrification, autonomy and research & development.

These factors were partially offset by the divestiture of FP&C during the first quarter of 2019.

SEATING SYSTEMS

	For the three months ended June 30, 2019	2018	Change	
Sales	**$ 1,452**	$ 1,424	$ 28	+ 2%
Adjusted EBIT	**$ 83**	$ 117	$ (34)	- 29%
Adjusted EBIT as a percentage of sales	**5.7%**	8.2%		- 2.5%



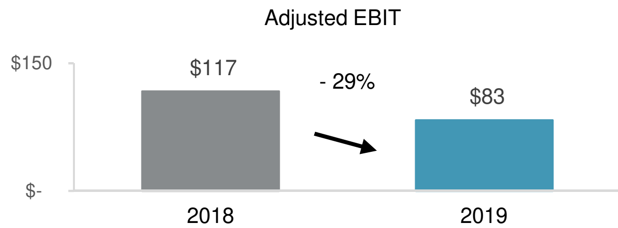
Sales – Seating Systems

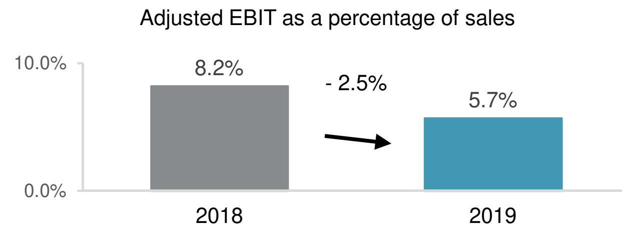
Sales for Seating Systems increased 2% or $28 million to $1.45 billion for the second quarter of 2019 compared to $1.42 billion for the second quarter of 2018, primarily as a result of:

- the launch of new programs during or subsequent to the second quarter of 2019, including the;
  - BMW X5;
  - BMW X7;
  - Geely Bin Yue; and
  - Skoda Kodiaq; and
- acquisitions subsequent to the second quarter of 2018 which increased sales by $30 million.

These factors were partially offset by:

- lower global light vehicle production;
- the end of production of certain programs, including the Chevrolet Cruze;
- a $49 million decrease in reported U.S. dollar sales, primarily as a result of the weakening of the euro, Turkish lira and Canadian dollar, each against the U.S. dollar; and
- net customer price concessions subsequent to the second quarter of 2018.





Adjusted EBIT – Seating Systems

Adjusted EBIT for Seating Systems decreased $34 million to $83 million for the second quarter of 2019 compared to $117 million for the second quarter of 2018, primarily as a result of:

- lower equity income, excluding the impact of foreign exchange, of $7 million;
- higher commodity costs;
- foreign exchange losses in the second quarter of 2019 compared to foreign exchange gains in the second quarter of 2018;
- higher labour and benefit costs;
- launch costs and operational inefficiencies at a new facility;
- reduced earnings due to lower sales;
- a $3 million decrease in reported U.S. dollar Adjusted EBIT, primarily due to the weakening of the Canadian dollar and Turkish lira, each against the U.S. dollar; and
- net customer price concessions subsequent to the second quarter of 2018.

These factors were partially offset by an acquisition subsequent to the second quarter of 2018 and a fire at a Tier 1 supplier in North America during the second quarter of 2018 which disrupted vehicle production.

Adjusted EBIT as a percentage of sales – Seating Systems

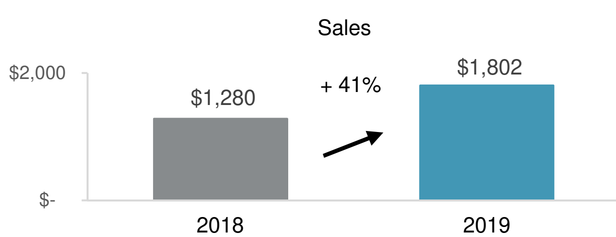
Adjusted EBIT as a percentage of sales for Seating Systems decreased 2.5% to 5.7% for the second quarter of 2019 compared to 8.2% for the second quarter of 2018, primarily as a result of:

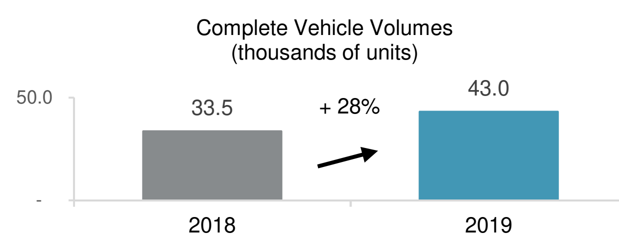
- launch costs and operational inefficiencies at a new facility;
- lower equity income;
- higher commodity costs;
- foreign exchange losses in the second quarter of 2019 compared to foreign exchange gains in the second quarter of 2018; and
- higher labour and benefit costs.

COMPLETE VEHICLES

	For the three months ended June 30,			
	2019	2018	Change	
Complete Vehicle Assembly Volumes *(thousands of units)*[(i)]	**43.0**	33.5	9.5	+ 28%
Sales	**$ 1,802**	$ 1,280	$ 522	+ 41%
Adjusted EBIT	**$ 43**	$ 1	$ 42	N/A
Adjusted EBIT as a percentage of sales	**2.4%**	0.1%		+ 2.3%

(i) Vehicles produced at our Complete Vehicle operations are included in Europe Light Vehicle Production volumes.





Sales – Complete Vehicles

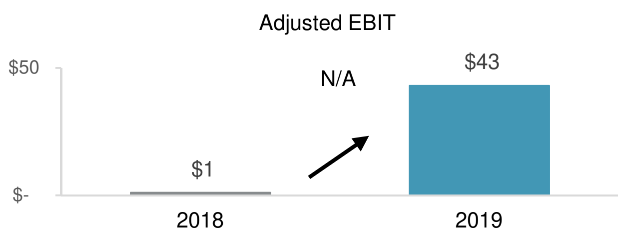
Sales increased 41% or $522 million to $1.80 billion for the second quarter of 2019 compared to $1.28 billion for the second quarter of 2018 and assembly volumes increased 28% or 9.5 thousand units.

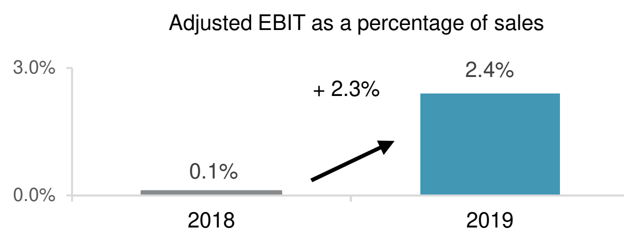
The increase in Complete Vehicle sales is primarily due to:

- the launch of:
  - the new Mercedes-Benz G-Class program during the second quarter of 2018;
  - the BMW Z4 program during the fourth quarter of 2018; and
  - the Toyota Supra program during the first quarter of 2019; and
- the impact of higher assembly volumes due to the extended launch of the Jaguar I-Pace program which started production during the first quarter of 2018.

These factors were partially offset by:

- the impact of lower assembly volumes on the BMW 5-Series; and
- a $111 million decrease in reported U.S. dollar sales as a result of the weakening of the euro against the U.S. dollar.





Adjusted EBIT – Complete Vehicles

Adjusted EBIT for Complete Vehicles increased $42 million to $43 million for the second quarter of 2019 compared to $1 million for the second quarter of 2018, primarily as a result of:

- earnings on higher sales;
- lower launch and other costs; and
- favourable supplier related commercial settlements during the second quarter of 2019.

These factors were partially offset by higher depreciation and amortization relating to programs that launched subsequent to the second quarter of 2018 and a $3 million decrease in reported U.S. dollar Adjusted EBIT due to the weakening of the euro against the U.S. dollar.

Adjusted EBIT as a percentage of sales – Complete Vehicles

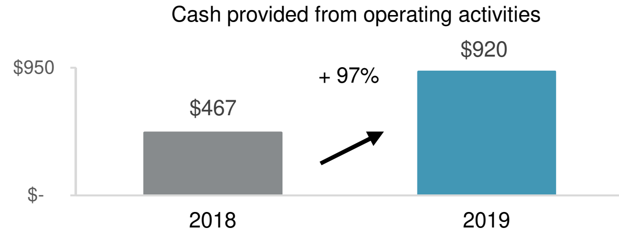
Adjusted EBIT as a percentage of sales for Complete Vehicles increased 2.3% to 2.4% for the second quarter of 2019 compared to 0.1% for the second quarter of 2018, primarily as a result of:

- earnings on higher sales;
- lower launch and other costs; and
- favourable supplier related commercial settlements during the second quarter of 2019.

CORPORATE AND OTHER

Adjusted EBIT in Corporate and Other was income of $9 million for the second quarter of 2019 compared to a loss of $2 million in the second quarter of 2018. The $11 million increase was substantially related to a $15 million favourable impact of foreign exchange losses in the second quarter of 2018 related to the re-measurement of net deferred tax assets that are maintained in a currency other than their functional currency partially offset by spending associated with corporate research & development.

CASH FLOW FROM OPERATIONS



	For the three months ended June 30, 2019	2018	Change
Net income	**$ 450**	$ 636	
Items not involving current cash flows	**470**	303	
	920	939	$ (19)
Changes in operating assets and liabilities	**—**	(472)	472
Cash provided from operating activities	**$ 920**	$ 467	$ 453

Cash provided from operating activities

Cash provided from operating activities increased $453 million for the second quarter of 2019 compared to the second quarter of 2018, primarily as a result of:

- a $218 million decrease in cash paid for material and overhead;
- a $111 million decrease in cash paid for taxes;
- a $94 million decrease in cash paid for labour;
- higher dividends received from equity method investments of $21 million; and
- lower net interest expense of $7 million as discussed in the Interest Expense, net section above.

Changes in operating assets and liabilities

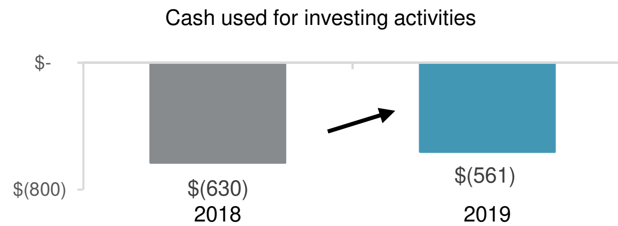
Cash used in operating assets and liabilities was unchanged for the second quarter of 2019. Net uses of cash were:

- a $296 million decrease in accounts payable, primarily due to decreased sales compared to the first quarter of 2019 and timing of payments; and
- a $114 million decrease in accrued salaries and wages mainly related to employee profit sharing payments.

These factors were offset by:

- a $329 million decrease in accounts receivable primarily due to decreased sales compared to the first quarter of 2019;
- a $28 million decrease in prepaid expense;
- a $28 million increase in income taxes payable;
- a $14 million increase in other accrued liabilities mainly related to higher tooling and engineering deferred revenue; and
- a $11 million decrease in inventories.

CAPITAL AND INVESTING SPENDING



	For the three months ended June 30, 2019	2018	Change
Fixed asset additions	**$ (328)**	$ (379)	
Investments, other assets and intangible assets	**(107)**	(103)	
Fixed assets, investments, other assets and intangible assets additions	**(435)**	(482)	
Investment in Lyft	**—**	(200)	
Acquisitions	**(152)**	4	
Proceeds from disposition	**26**	48	
Cash used for investing activities	**$ (561)**	$ (630)	$ 69

Fixed assets, investments, other assets and intangible assets additions

In the second quarter of 2019, we invested $328 million in fixed assets. While investments were made to refurbish or replace assets consumed in the normal course of business and for productivity improvements, a large portion of the investment in the second quarter of 2019 was for manufacturing equipment and buildings for programs that launched during the second quarter of 2019, or that will be launching subsequent to the second quarter of 2019. In addition, we invested $87 million in other assets related primarily to fully reimbursable tooling, planning, and engineering costs for programs that launched during the second quarter of 2019 or will be launching subsequent to the second quarter of 2019, and we invested a further $20 million in investments, primarily related to equity method investments.

Investment in Lyft

In the second quarter of 2018, we invested $200 million in Lyft as part of a multi-year collaboration to jointly fund, develop and manufacture self-driving systems with Lyft.

Acquisitions

Acquisitions in the second quarter of 2019 was primarily related to our acquisition of 100% of the equity interest in VIZA GECA, S.L. ["VIZA"], a Spain-based supplier of seat structures and related systems for consideration of $105 million.

Proceeds from disposition

In the second quarter of 2019, the $26 million of proceeds related to normal course fixed and other asset disposals.

FINANCING

	For the three months ended June 30,		
	2019	2018	Change
Issues of debt	**$ 10**	$ 15	
(Decrease) increase in short-term borrowings	**(154)**	893	
Repayments of debt	**(43)**	(22)	
Contributions to subsidiaries by non-controlling interests	**—**	4	
Issue of Common Shares on exercise of stock options	**6**	41	
Shares repurchased for tax withholdings on vesting of equity awards	**(2)**	(2)	
Repurchase of Common Shares	**(409)**	(729)	
Dividends paid to non-controlling interests	**(13)**	(30)	
Dividends paid	**(110)**	(115)	
Cash (used for) provided by financing activities	**$ (715)**	$ 55	$ (770)

The decrease in short-term borrowings relates primarily to a $210 million decrease in U.S. commercial paper [the "U.S. Program"] partially offset by a $45 million increase in euro-commercial paper [the "Euro Program"] during the second quarter of 2019.

Repurchases of Common Shares during the second quarter of 2019 are related to 8.6 million Common Shares repurchased for aggregate cash consideration of $409 million.

Cash dividends paid per Common Share were $0.365 for the second quarter of 2019, for a total of $110 million compared to cash dividends paid per Common Share of $0.330 for the second quarter of 2018, for a total of $115 million.

FINANCING RESOURCES

	As at June 30, 2019	As at December 31, 2018	Change
Liabilities			
Short-term borrowings	**$ 199**	$ 1,098	
Long-term debt due within one year	**112**	201	
Current portion of operating lease liabilities	**214**	—	
Long-term debt	**3,071**	3,084	
Operating lease liabilities	**1,544**	—	
	5,140	4,383	$ 757
Non-controlling interests	**441**	458	(17)
Shareholders' equity	**11,511**	10,701	810
Total capitalization	**$ 17,092**	$ 15,542	$ 1,550

Total capitalization increased by $1.55 billion to $17.09 billion as at June 30, 2019 compared to $15.54 billion at December 31, 2018, primarily as a result of a $810 million increase in shareholders' equity and a $757 million increase in liabilities partially offset by a $17 million decrease in non-controlling interest.

The increase in shareholder’s equity was primarily as a result of:
- a $1.55 billion of net income earned in the first six months of 2019;
- a $86 million net unrealized gain on cash flow hedges; and
- a $45 million net unrealized gain on translation of our net investment in foreign operations whose functional currency is not U.S. dollars.

These factors were partially offset by:

- $693 million repurchase and cancellation of 14.2 million Common Shares during the first six months of 2019; and
- $229 million of dividends paid during the first six months of 2019.

The increase in liabilities relates primarily to the recognition of $214 million of current operating lease liabilities and $1.54 billion of operating lease liabilities during the first six months of 2019 in accordance with the adoption of the accounting standard Accounting Standards Codification 842 – *Leases*, partially offset by a $803 million decrease in the U.S. Program and a $115 million decrease in the Euro Program during the first six months of 2019.

The decrease in non-controlling interest was primarily as a result of dividends paid during the first six months of 2019 partially offset by a loss attributable to non-controlling interests in the first six months of 2019.

CASH RESOURCES

During the second quarter of 2019, our cash resources including restricted cash equivalents decreased by $360 million to $681 million, primarily as a result of the cash used for investing and financing activities partially offset by the cash provided from operating activities, as discussed above. In addition to our cash resources at June 30, 2019, we had term and operating lines of credit totalling $3.3 billion, of which $2.9 billion was unused and available.

The Company maintains a revolving credit facility of $2.75 billion with a maturity date of June 22, 2024. The facility includes a $200 million Asian tranche, a $100 million Mexican tranche and a tranche for Canada, U.S. and Europe, which is fully transferable between jurisdictions and can be drawn in U.S. dollars, Canadian dollars or euros.

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.

MAXIMUM NUMBER OF SHARES ISSUABLE

The following table presents the maximum number of shares that would be outstanding if all of the outstanding options at August 7, 2019 were exercised:

Common Shares	312,101,419
Stock options (i)	9,195,609
	321,297,028

(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 our stock option plans.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET FINANCING

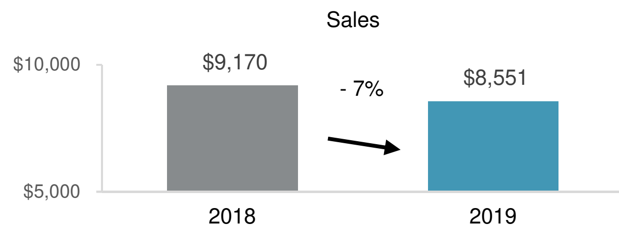
There have been no material changes with respect to the contractual obligations requiring annual payments during the second quarter of 2019 that are outside the ordinary course of our business. Refer to our MD&A included in our 2018 Annual Report.

RESULTS OF OPERATIONS – FOR THE SIX MONTHS ENDED JUNE 30, 2019

	For the six months ended June 30,					
	Sales			Adjusted EBIT		
	2019	2018	Change	**2019**	2018	Change
Body Exteriors & Structures	**$ 8,551**	$ 9,170	$ (619)	**$ 704**	$ 731	$ (27)
Power & Vision	**5,891**	6,387	(496)	**417**	658	(241)
Seating Systems	**2,885**	2,894	(9)	**177**	247	(70)
Complete Vehicles	**3,730**	2,940	790	**71**	20	51
Corporate and Other	**(340)**	(319)	(21)	**28**	22	6
Total reportable segments	**$ 20,717**	$ 21,072	$ (355)	**$ 1,397**	$ 1,678	$ (281)

BODY EXTERIORS & STRUCTURES

	For the six months ended June 30,			
	2019	2018	Change	
Sales	**$ 8,551**	$ 9,170	$ (619)	- 7%
Adjusted EBIT	**$ 704**	$ 731	$ (27)	- 4%
Adjusted EBIT as a percentage of sales	**8.2%**	8.0%		+ 0.2%



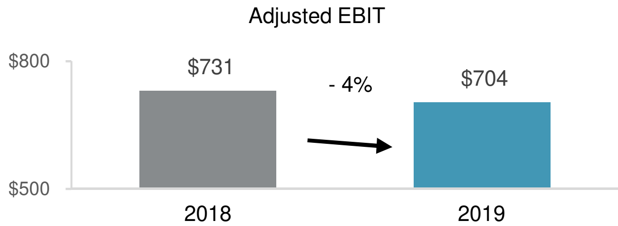
Sales – Body Exteriors & Structures

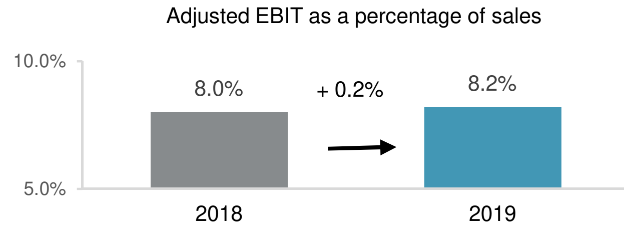
Sales for Body Exteriors & Structures decreased 7% or $619 million to $8.55 billion for the six months ended June 30, 2019 compared to $9.17 billion for the six months ended June 30, 2018, primarily as a result of:

- lower global light vehicle production;
- a $297 million decrease in reported U.S. dollar sales primarily as a result of the weakening of the euro, Canadian dollar, Chinese renminbi and Russian ruble, each against the U.S. dollar;
- the end of production of certain programs, including the Chevrolet Cruze; and
- net customer price concessions subsequent to the six months ended June 30, 2018.

These factors were partially offset by:

- the launch of new programs during or subsequent to the six months ended June 30, 2018 including the:
  - GMC Sierra and Chevrolet Silverado;
  - Ford Ranger;
  - BMW X3;
  - Chevrolet Blazer; and
  - Mercedes-Benz G-Class.





Adjusted EBIT – Body Exteriors & Structures

Adjusted EBIT for Body Exteriors & Structures decreased $27 million to $704 million for the six months ended June 30, 2019 compared to $731 million for the six months ended June 30, 2018 primarily as a result of:

- reduced earnings due to lower sales;
- a $22 million decrease in reported U.S. dollar Adjusted EBIT as a result of the weakening of certain foreign currencies against the U.S. dollar including the euro, Canadian dollar, Russian ruble and Chinese renminbi;
- an increase in depreciation and amortization primarily related to the launch of new programs;
- inefficiencies at plants that are closing;
- lower net gains on the sale of assets in the six months ended June 30, 2019 compared to the six months ended June 30, 2018;
- lower scrap steel recoveries partially offset by lower net commodity costs;
- higher labour and benefit costs; and
- net customer price concessions subsequent to the first six months of 2018.

These factors were partially offset by:

- lower launch costs;
- favourable customer pricing resolutions and commercial settlements in the first six months of 2019;
- productivity and efficiency improvements, including at certain previously underperforming facilities;
- lower employee profit sharing; and
- a fire at a Tier 1 supplier in North America during the second quarter of 2018 which disrupted vehicle production.

Adjusted EBIT as a percentage of sales – Body Exteriors & Structures

Adjusted EBIT as a percentage of sales for Body Exteriors & Structures increased 0.2% to 8.2% for the six months ended June 30, 2019 compared to 8.0% for the six months ended June 30, 2018 primarily as a result of:

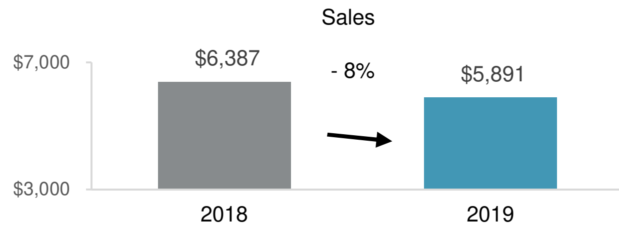
- lower launch costs;
- productivity and efficiency improvements, including at certain previously underperforming facilities; and
- favourable customer pricing resolutions and commercial settlements in the first six months of 2019.

These factors were partially offset by:

- reduced earnings due to lower sales;
- an increase in depreciation and amortization primarily related to the launch of new programs; and
- inefficiencies at plants that are closing.

POWER & VISION

	For the six months ended June 30, 2019	2018	Change	
Sales	**$ 5,891**	$ 6,387	$ (496)	- 8%
Adjusted EBIT	**$ 417**	$ 658	$ (241)	- 37%
Adjusted EBIT as a percentage of sales	**7.1%**	10.3%		- 3.2%



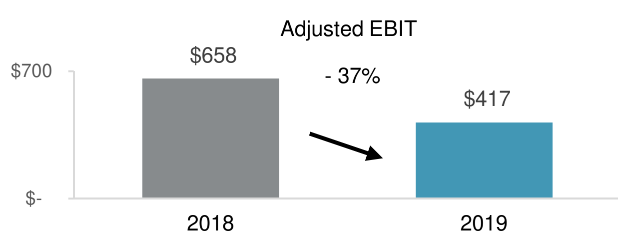
Sales – Power & Vision

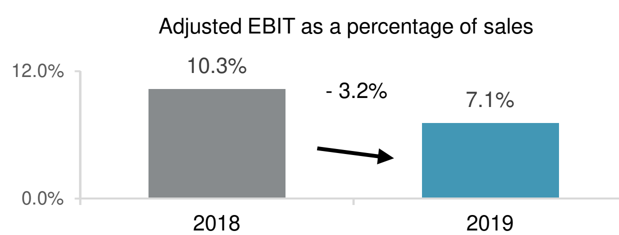
Sales for Power & Vision decreased 8% or $496 million to $5.89 billion for the six months ended June 30, 2019 compared to $6.39 billion for the six months ended June 30, 2018, primarily as a result of:

- lower global light vehicle production;
- a $267 million decrease in reported U.S. dollar sales primarily as a result of the weakening of the euro, Chinese renminbi and Canadian dollar, each against the U.S. dollar;
- divestitures, net of acquisitions, subsequent to the six months ended June 30, 2018 which decreased sales by $246 million; and
- net customer price concessions subsequent to six months ended June 30, 2018.

These factors were partially offset by:

- the launch of new programs during or subsequent to the six months ended June 30, 2018, including the;
  - BMW X5;
  - RAM 1500 pickup;
  - BMW X3;
  - Chevrolet Blazer;
  - BMW X7; and
  - dual-clutch transmissions on various Daimler vehicles.





Adjusted EBIT – Power & Vision

Adjusted EBIT for Power & Vision decreased $241 million to $417 million for the six months ended June 30, 2019 compared to $658 million for the six months ended June 30, 2018 primarily as a result of:

- higher engineering and other costs in our ADAS business, substantially associated with three programs that will be utilizing new technologies;
- lower equity income, excluding the impact of foreign exchange, of $59 million;
- a favourable settlement reported during the first quarter of 2018 relating to the acquisition of Getrag;
- the divestiture of FP&C during the first quarter of 2019;
- an $18 million decrease in reported U.S. dollar Adjusted EBIT, primarily due to the weakening of the euro, Canadian dollar and Chinese renminbi, each against the U.S. dollar;
- acquisitions subsequent to the first six months of 2018;
- $13 million related to tariffs, primarily on steel and aluminum; and
- net customer price concessions.

These factors were partially offset by a favourable customer commercial settlement in the second quarter of 2019 and lower warranty costs of $11 million.

Equity income, excluding the impact of foreign exchange, was $59 million lower, primarily due to lower sales. These factors were partially offset by a write-down of inventory and receivables relating to one customer during the second quarter of 2018 at a certain facility and lower warranty costs.

Adjusted EBIT as a percentage of sales – Power & Vision

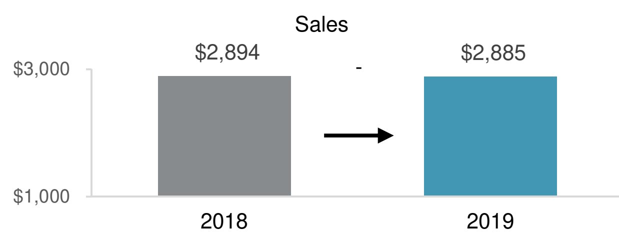
Adjusted EBIT as a percentage of sales for Power & Vision decreased 3.2% to 7.1% for the six months ended June 30, 2019 compared to 10.3% for the six months ended June 30, 2018 primarily as a result of:

- higher engineering and other costs in our ADAS business, substantially associated with three programs that will be utilizing new technologies;
- lower equity income;
- acquisitions subsequent to the first six months of 2018; and
- a favourable settlement reported during the first quarter of 2018 relating to the acquisition of Getrag.

These factors were partially offset by the divestiture of FP&C during the first quarter of 2019, a favourable customer commercial settlement in the second quarter of 2019 and lower warranty costs.

SEATING SYSTEMS

	For the six months ended June 30,			
	2019	2018	Change	
Sales	**$ 2,885**	$ 2,894	$ (9)	—
Adjusted EBIT	**$ 177**	$ 247	$ (70)	- 28%
Adjusted EBIT as a percentage of sales	**6.1%**	8.5%		- 2.4%

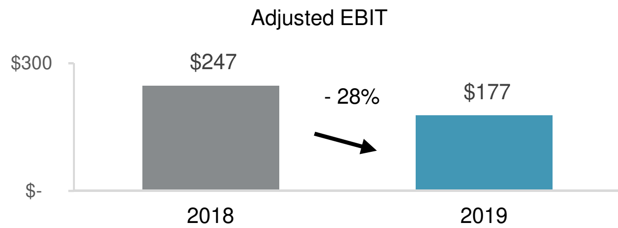


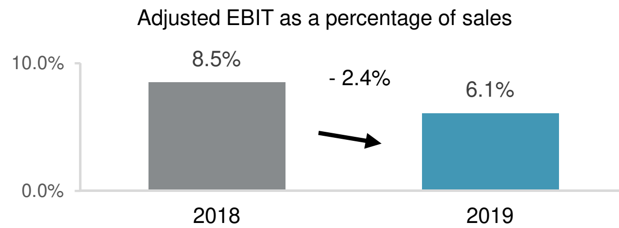
Sales – Seating Systems

Sales for Seating Systems decreased $9 million to $2.88 billion for the six months ended June 30, 2019 compared to $2.89 billion for the six months ended June 30, 2018, primarily as a result of:

- lower global light vehicle production;
- a $116 million decrease in reported U.S. dollar sales, primarily as a result of the weakening of the Turkish lira, euro and Canadian dollar, each against the U.S. dollar;
- the end of production of certain programs, including the Chevrolet Cruze; and
- net customer price concessions subsequent to the six months ended June 30, 2018.

These factors were partially offset by the launch of new programs during or subsequent to the six months ended June 30, 2018, including the;
  - BMW X5;
  - BMW X7;
  - Skoda Kodiaq; and
  - Geely Bin Yue; and
- an acquisition subsequent to the six months ended June 30, 2018 which increased sales by $30 million.





Adjusted EBIT – Seating Systems

Adjusted EBIT for Seating Systems decreased $70 million to $177 million for the six months ended June 30, 2019 compared to $247 million for the six months ended June 30, 2018 primarily as a result of:

- reduced earnings due to lower sales;
- higher commodity costs;
- lower equity income, excluding the impact of foreign exchange, of $10 million;
- launch costs and operational inefficiencies at a new facility;
- higher labour and benefits;
- foreign exchange losses in the first six months of 2019 compared to foreign exchange gains in the first six months of 2018; and
- a $7 million decrease in reported U.S. dollar Adjusted EBIT, primarily due to the weakening of the Canadian dollar and Turkish lira, each against the U.S. dollar.

These factors were partially offset by a gain on the sale of assets in the first quarter of 2019, lower pre-operating costs incurred at new facilities, and acquisitions subsequent to the first six months of 2018.

Adjusted EBIT as a percentage of sales – Seating Systems

Adjusted EBIT as a percentage of sales for Seating Systems decreased 2.4% to 6.1% for the six months ended June 30, 2019 compared to 8.5% for the six months ended June 30, 2018 primarily as a result of:

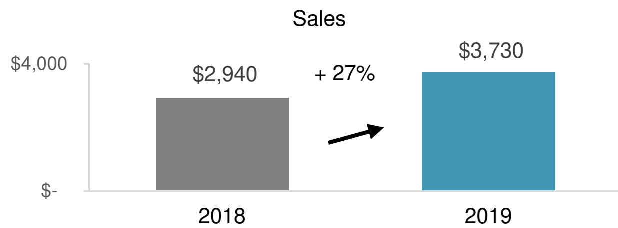
- launch costs and operational inefficiencies at a new facility;
- higher commodity costs;
- lower equity income;
- higher labour and benefits;
- reduced earnings due to lower sales; and
- foreign exchange losses in the first six months of 2019 compared to foreign exchange gains in the first six months of 2018.

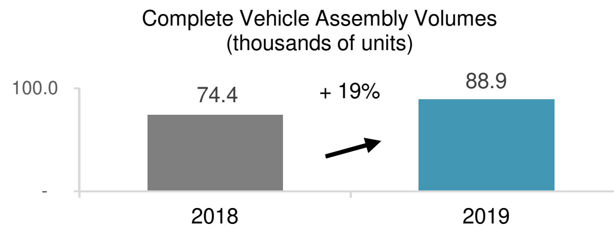
These factors were partially offset by a gain on the sale of assets in the first quarter of 2019.

COMPLETE VEHICLES

	For the six months ended June 30, 2019	2018	Change	
Complete Vehicle Assembly Volumes *(thousands of units)*[(i)]	**88.9**	74.4	14.5	+ 19%
Sales	**$ 3,730**	$ 2,940	$ 790	+ 27%
Adjusted EBIT	**$ 71**	$ 20	$ 51	+255%
Adjusted EBIT as a percentage of sales	**1.9%**	0.7%		+ 1.2%

(i) Vehicles produced at our Complete Vehicle operations are included in Europe Light Vehicle Production volumes.





Sales – Complete Vehicles

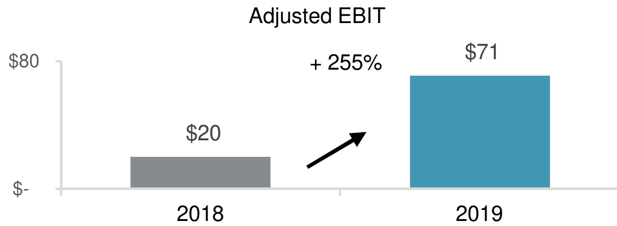
Sales increased 27% or $790 million to $3.73 billion for the six months ended June 30, 2019 compared to $2.94 billion for the six months ended June 30, 2018, and assembly volumes increased 19% or 15 thousand units.

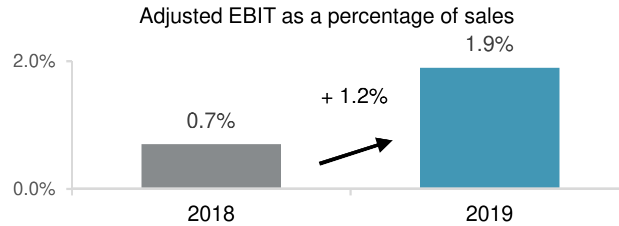
The increase in Complete Vehicle sales is primarily due to:

- the impact of higher assembly volumes due to the extended launch of the Jaguar I-Pace program which started production during the first quarter of 2018; and
- the launch of:
  - the new Mercedes-Benz G-Class program during the second quarter of 2018;
  - the BMW Z4 program during the fourth quarter of 2018; and
  - the Toyota Supra program during the first quarter of 2019.

These factors were partially offset by:

- the impact of lower assembly volumes on the BMW 5-Series and Jaguar E-Pace; and
- a $271 million decrease in reported U.S. dollar sales as a result of the weakening of the euro against the U.S. dollar.





Adjusted EBIT – Complete Vehicles

Adjusted EBIT for Complete Vehicles increased $51 million to $71 million for the six months ended June 30, 2019 compared to $20 million for the six months ended June 30, 2018 primarily as a result of:

- earnings on higher sales;
- lower launch and other costs; and
- favourable supplier related commercial settlements during the first six months of 2019.

These factors were partially offset by higher depreciation and amortization relating to programs that launched subsequent to the first six months of 2018 and a $5 million decrease in reported U.S. dollar Adjusted EBIT due to the weakening of the euro against the U.S. dollar.

Adjusted EBIT as a percentage of sales – Complete Vehicles

Adjusted EBIT as a percentage of sales for Complete Vehicles increased 1.2% to 1.9% for the six months ended June 30, 2019 compared to 0.7% for the six months ended June 30, 2018 primarily as a result of:

- earnings on higher sales;
- lower launch and other costs; and
- favourable supplier related commercial settlements during the first six months of 2019

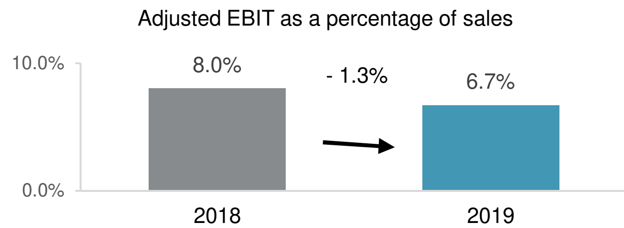
These factors were partially offset by higher depreciation and amortization relating to programs that launched subsequent to the first six months of 2018.

CORPORATE AND OTHER

Adjusted EBIT in Corporate and Other increased $6 million to $28 million for the six months ended June 30, 2019 compared to the $22 million for the six months ended June 30, 2018 primarily as a result of a gain on the sale of assets in the first quarter of 2019 and a $7 million favourable impact of foreign exchange gains in the first six months of 2019 compared to foreign exchange losses in the first six months of 2018 related to the re-measurement of net deferred tax assets that are maintained in a currency other than their functional currency partially offset by spending associated with corporate research & development.

NON-GAAP PERFORMANCE MEASURES - FOR THE SIX MONTHS ENDED JUNE 30, 2019

ADJUSTED EBIT AS A PERCENTAGE OF SALES



The table below shows the change in Magna's Sales and Adjusted EBIT by segment and the impact each segment's changes have on Magna's Adjusted EBIT as a percentage of sales for the six months ended June 30, 2019 compared to the six months ended June 30, 2018:

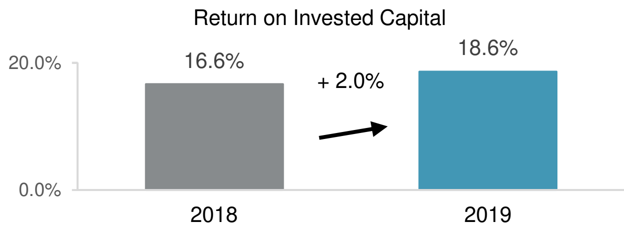
	Sales	Adjusted EBIT	Adjusted EBIT as a percentage of sales
Six months ended June 30, 2018	$ 21,072	$ 1,678	8.0%
Increase (Decrease) related to:			
Body Exteriors & Structures	(619)	(27)	+ 0.1%
Power & Vision	(496)	(241)	- 1.0%
Seating Systems	(9)	(70)	- 0.3%
Complete Vehicles	790	51	- 0.1%
Corporate and Other	(21)	6	—
Six months ended June 30, 2019	**$ 20,717**	**$ 1,397**	**6.7%**

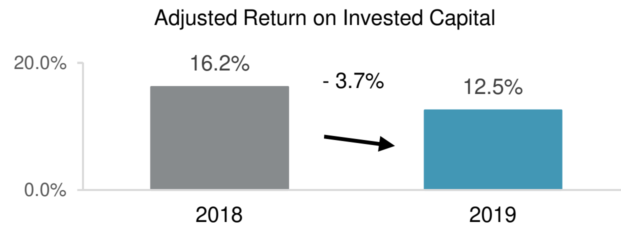
Adjusted EBIT as a percentage of sales decreased 1.3% to 6.7% for the six months ended June 30, 2019 compared to 8.0% for the six months ended June 30, 2018 primarily due to:

- higher engineering and other costs in our ADAS business, substantially associated with three programs that will be utilizing new technologies;
- lower equity income;
- an increase in the proportion of sales generated in our Complete Vehicles segment relative to total sales, which have a lower margin than our consolidated average;
- an increase in depreciation and amortization primarily related to the launch of new programs;
- launch costs and operational inefficiencies at a new Seating facility;
- acquisitions subsequent to the six months ended June 30, 2018; and
- lower scrap steel recoveries and higher net commodity costs.

These factors were partially offset by lower launch costs, productivity and efficiency improvements at certain Body Exteriors & Structures facilities, and the divestiture of FP&C during the first quarter of 2019.

RETURN ON INVESTED CAPITAL





Return on Invested Capital increased 2.0% to 18.6% for the six months ended June 30, 2019 compared to 16.6% for the six months ended June 30, 2018. The change in other expense (income), net, after tax favourably impacted Return on Invested Capital by 5.7%. Adjusted Return on Invested Capital decreased 3.7% to 12.5% for the six months ended June 30, 2019 compared to 16.2% for the six months ended June 30, 2018, as a result of a decrease in Adjusted After-tax operating profits and higher Average Invested Capital.

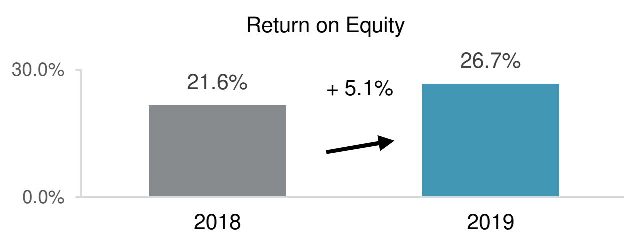
Average Invested Capital increased $954 million to $17.05 billion for the six months ended June 30, 2019 compared to $16.09 billion for the six months ended June 30, 2018, primarily due to:

- the recognition of operating lease right-of-use assets during the first quarter of 2019 in accordance with the adoption of the accounting standard Accounting Standards Codification 842 – *Leases*;
- an increase in our investment in fixed assets to refurbish or replace assets consumed in the normal course of business and for manufacturing equipment for programs that will be launching subsequent to the six months ended June 30, 2019;
- an increase in investments, including our investment in Lyft during the second quarter of 2018; and
- an increase in working capital.

These factors were partially offset by:

- the sale of our FP&C business during the first quarter of 2019, including the associated assets and liabilities formerly classified as held for sale; and
- the net weakening of foreign currencies against the U.S. dollar.

RETURN ON EQUITY



Return on Equity increased 5.1% to 26.7% for the six months ended June 30, 2019 compared to 21.6% for the six months ended June 30, 2018 due to higher net income attributable to Magna and lower Average Shareholders' Equity. Other expense (income), net, after tax favourably impacted Return on Equity by 8.4%.

NON-GAAP FINANCIAL MEASURES RECONCILIATION

ADJUSTED EBIT

Adjusted EBIT is discussed in the "Segment Analysis" section. The following table reconciles net income to Adjusted EBIT:

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	**2019**	2018
Net Income	**$ 450**	$ 636	**$ 1,551**	$ 1,305
Add :				
Interest Expense, net	**14**	23	**45**	44
Other Expense (Income), net	**68**	(39)	**(611)**	(36)
Income Taxes	**145**	183	**412**	365
Adjusted EBIT	**$ 677**	$ 803	**$ 1,397**	$ 1,678

ADJUSTED EBIT AS A PERCENTAGE OF SALES

Adjusted EBIT as a percentage of sales is discussed in the "Non-GAAP Performance Measures" section and is calculated in the table below:

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	**2019**	2018
Sales	**$ 10,126**	$ 10,280	**$ 20,717**	$ 21,072
Adjusted EBIT	**$ 677**	$ 803	**$ 1,397**	$ 1,678
Adjusted EBIT as a percentage of sales	**6.7%**	7.8%	**6.7%**	8.0%

ADJUSTED DILUTED EARNINGS PER SHARE

Adjusted diluted earnings per share has been discussed in the "Earnings per Share" section. The following table reconciles net income attributable to Magna International Inc. to Adjusted diluted earnings per share:

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	**2019**	2018
Net income attributable to Magna International Inc.	**$ 452**	$ 626	**$ 1,558**	$ 1,286
Add :				
Other Expense (Income), net	**68**	(39)	**(611)**	(36)
Tax effect on Other Expense (Income), net	**(11)**	3	**93**	3
Adjusted net income attributable to Magna International Inc.	**509**	590	**1,040**	1,253
Diluted weighted average number of Common Shares outstanding during the period (millions)	**319.5**	354.1	**322.9**	357.0
Adjusted diluted earnings per share	**$ 1.59**	$ 1.67	**$ 3.23**	$ 3.51

RETURN ON INVESTED CAPITAL AND ADJUSTED RETURN ON INVESTED CAPITAL

Return on Invested Capital and Adjusted Return on Invested Capital are discussed in the "Non-GAAP Performance Measures" section. Return on Invested Capital is calculated as After-tax operating profits divided by Average Invested Capital (Invested Capital is averaged on a five-fiscal quarter basis) for the period. Adjusted Return on Invested Capital is calculated as Adjusted After-tax operating profits divided by Average Invested Capital (Invested Capital is averaged on a five-fiscal quarter basis) for the period.

After-tax operating profits and Adjusted After-tax operating profits are calculated in the table below:

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	**2019**	2018
Net Income	**$ 450**	$ 636	**$ 1,551**	$ 1,305
Add :				
Interest Expense, net	**14**	23	**45**	44
Income taxes on Interest Expense, net at Magna's effective income tax rate:	**(3)**	(5)	**(9)**	(10)
After-tax operating profits	**461**	654	**1,587**	1,339
Other Expense (Income), net	**68**	(39)	**(611)**	(36)
Tax effect on Other Expense (Income), net	**(11)**	3	**93**	3
Adjusted After-tax operating profits	**$ 518**	$ 618	**$ 1,069**	$ 1,306

Invested Capital is calculated in the table below:

	As at June 30,	
	2019	2018
Total Assets	**$ 27,630**	$ 26,368
Excluding:		
Cash and cash equivalents	**(563)**	(626)
Deferred tax assets	**(284)**	(255)
Less Current Liabilities	**(9,573)**	(10,291)
Excluding:		
Short-term borrowings	**199**	1,123
Long-term debt due within one year	**112**	120
Current portion of operating lease liabilities	**214**	—
Invested Capital	**$ 17,735**	$16,439

Return on Invested Capital is calculated in the table below:

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	**2019**	2018
After-tax operating profits	**$ 461**	$ 654	**$ 1,587**	$ 1,339
Average Invested Capital	**$ 17,590**	$ 16,322	**$ 17,045**	$ 16,091
Return on Invested Capital	**10.5%**	16.0%	**18.6%**	16.6%

Adjusted Return on Invested Capital is calculated in the table below:

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	**2019**	2018
Adjusted After-tax operating profits	**$ 518**	$ 618	**$ 1,069**	$ 1,306
Average Invested Capital	**$ 17,590**	$ 16,322	**$ 17,045**	$ 16,091
Adjusted Return on Invested Capital	**11.8%**	15.1%	**12.5%**	16.2%

RETURN ON EQUITY

Return on Equity is discussed in the "Non-GAAP Performance Measures" section and is calculated in the table below:

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	**2019**	2018
Net income attributable to Magna International Inc.	**$ 452**	$ 626	**$ 1,558**	$ 1,286
Average Shareholders' Equity	**$ 11,950**	$ 11,970	**$ 11,686**	$ 11,884
Return on Equity	**15.1%**	20.9%	**26.7%**	21.6%

CHANGES IN ACCOUNTING POLICIES

Refer to Note 1 - Significant Accounting Policies included in our unaudited interim consolidated financial statements for the three and six months ended June 30, 2019 included in this Quarterly Report for the impact of recently adopted accounting pronouncements.

COMMITMENTS AND CONTINGENCIES

From time to time, we may be contingently liable for litigation, legal and/or regulatory actions and proceedings and other claims. Refer to note 23 of our audited consolidated financial statements for the year ended December 31, 2018 and note 17 of our unaudited interim consolidated financial statements for the three and six months ended June 30, 2019, which describes these claims.

For a discussion of risk factors relating to legal and other claims/actions against us, refer to "Item 5. Risk Factors" in our Annual Information Form and Annual Report on Form 40-F, each in respect of the year ended December 31, 2018.

CONTROLS AND PROCEDURES

During the first quarter of 2019, we implemented a new lease accounting system and process in response to the adoption of Accounting Standards Codification 842 – *Leases*, effective January 1, 2019. The operating effectiveness of these changes to our internal control over financial reporting will be evaluated as part of our 2019 annual assessment.

Other than as described above, there have been no changes in our internal controls over financial reporting that occurred during the three months ended June 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A may constitute "forward-looking information" or "forward-looking statements" (collectively, "forward-looking statements"). Any such forward-looking statements are intended to provide information about management's current expectations and plans and may not be appropriate for other purposes. Forward-looking statements may include financial and other projections, as well as statements regarding our future plans, strategic objectives or economic performance, or the assumptions underlying any of the foregoing, and other statements that are not recitations of historical fact. We use words such as "may", "would", "could", "should", "will", "likely", "expect", "anticipate", "believe", "intend", "plan", "aim", "forecast", "outlook", "project", "estimate", "target" and similar expressions suggesting future outcomes or events to identify forward-looking statements.

Forward-looking statements are based on information currently available to us, and are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. While we believe we have a reasonable basis for making any such forward-looking statements, they are not a guarantee of future performance or outcomes. Whether actual results and developments conform to our expectations and predictions is subject to a number of risks, assumptions and uncertainties, many of which are beyond our control, and the effects of which can be difficult to predict, including, without limitation:

Risks Related to the Automotive Industry

- economic cyclicality;
- regional production volume declines;
- intense competition;
- potential restrictions on free trade;
- trade disputes/tariffs;

Customer and Supplier Related Risks

- concentration of sales with six customers;
- shifts in market shares among vehicles or vehicle segments;
- shifts in consumer "take rates" for products we sell;
- quarterly sales fluctuations;
- potential loss of any material purchase orders;
- a deterioration in the financial condition of our supply base;

Manufacturing Operational Risks

- product and new facility launch risks;
- operational underperformance;
- restructuring costs;
- impairment charges;
- labour disruptions;
- supply disruptions;
- climate change risks;
- attraction/retention of skilled labour;

IT Security Risk

- IT/Cybersecurity breach;

Pricing Risks

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

Warranty / Recall Risks

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

Acquisition Risks

- inherent merger and acquisition risks;
- acquisition integration risk;

Other Business Risks

- risks related to conducting business through joint ventures;
- our ability to consistently develop and commercialize innovative products or processes;
- our changing business risk profile as a result of increased investment in electrification and autonomous driving, including: higher R&D and engineering costs, and challenges in quoting for profitable returns on products for which we may not have significant quoting experience;
- risks of conducting business in foreign markets;
- fluctuations in relative currency values;
- tax risks;
- reduced financial flexibility as a result of an economic shock;
- changes in credit ratings assigned to us;

Legal, Regulatory and Other Risks

- antitrust risk;
- legal claims and/or regulatory actions against us; and
- changes in laws and regulations, including those related to vehicle emissions.

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