



Magna International Inc.

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

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF INCOME

[Unaudited]

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

	Note	Three months ended June 30,		Six months ended June 30,	
		2019	2018	2019	2018
Sales		\$ 10,126	\$ 10,280	\$ 20,717	\$ 21,072
Costs and expenses					
Cost of goods sold		8,710	8,795	17,874	18,088
Depreciation and amortization		334	320	655	635
Selling, general and administrative		453	434	874	830
Interest expense, net		14	23	45	44
Equity income		(48)	(72)	(83)	(159)
Other expense (income), net	4	68	(39)	(611)	(36)
Income from operations before income taxes		595	819	1,963	1,670
Income taxes		145	183	412	365
Net income		450	636	1,551	1,305
Loss (Income) attributable to non-controlling interests		2	(10)	7	(19)
Net income attributable to Magna International Inc.		\$ 452	\$ 626	\$ 1,558	\$ 1,286
Earnings per Common Share:	5				
Basic		\$ 1.42	\$ 1.78	\$ 4.84	\$ 3.63
Diluted		\$ 1.42	\$ 1.77	\$ 4.83	\$ 3.60
Cash dividends paid per Common Share		\$ 0.365	\$ 0.33	\$ 0.730	\$ 0.66
Weighted average number of Common Shares outstanding during the period [in millions]:	5				
Basic		318.4	351.4	321.7	354.6
Diluted		319.5	354.1	322.9	357.0

See accompanying notes

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[Unaudited]

[U.S. dollars in millions]

	Note	Three months ended June 30,		Six months ended June 30,	
		2019	2018	2019	2018
Net income		\$ 450	\$ 636	\$ 1,551	\$ 1,305
Other comprehensive income (loss), net of tax:	15				
Net unrealized gain (loss) on translation of net investment in foreign operations		19	(417)	46	(283)
Net unrealized gain (loss) on cash flow hedges		49	(53)	86	(74)
Reclassification of net loss (gain) on cash flow hedges to net income		2	(1)	20	(2)
Reclassification of net loss on pensions to net income		2	—	3	2
Other comprehensive income (loss)		72	(471)	155	(357)
Comprehensive income		522	165	1,706	948
Comprehensive loss (income) attributable to non-controlling interests		13	14	6	(12)
Comprehensive income attributable to Magna International Inc.		\$ 535	\$ 179	\$ 1,712	\$ 936

See accompanying notes

MAGNA INTERNATIONAL INC.

CONSOLIDATED BALANCE SHEETS

[Unaudited]

[U.S. dollars in millions]

	Note	As at June 30, 2019	As at December 31, 2018
ASSETS			
Current assets			
Cash and cash equivalents	6	\$ 563	\$ 684
Accounts receivable	2	7,204	6,548
Inventories	8	3,521	3,403
Prepaid expenses and other	6,12	244	193
Income taxes receivable		34	57
Assets held for sale	3	—	949
		11,566	11,834
Investments	9	2,334	2,189
Fixed assets, net		8,109	8,095
Operating lease right-of-use assets	10	1,744	—
Intangible assets, net		573	560
Goodwill		1,996	1,979
Deferred tax assets		284	300
Other assets	11	1,024	988
		\$ 27,630	\$ 25,945
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	12	\$ 199	\$ 1,098
Accounts payable		6,272	6,094
Accrued salaries and wages		757	769
Other accrued liabilities	13	2,019	1,734
Long-term debt due within one year		112	201
Current portion of operating lease liabilities	10	214	—
Liabilities held for sale	3	—	408
		9,573	10,304
Long-term debt		3,071	3,084
Operating lease liabilities	10	1,544	—
Long-term employee benefit liabilities		606	597
Other long-term liabilities		404	400
Deferred tax liabilities		480	401
		15,678	14,786
Shareholders' equity			
Capital stock			
Common Shares			
[issued: 313,817,711; December 31, 2018 – 327,339,095]	14	3,266	3,380
Contributed surplus		136	120
Retained earnings		9,106	8,376
Accumulated other comprehensive loss	15	(997)	(1,175)
		11,511	10,701
Non-controlling interests		441	458
		11,952	11,159
		\$ 27,630	\$ 25,945

See accompanying notes

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

[Unaudited]

[U.S. dollars in millions]

	Note	Three months ended		Six months ended	
		June 30,		June 30,	
		2019	2018	2019	2018
Cash provided from (used for):					
OPERATING ACTIVITIES					
Net income		\$ 450	\$ 636	\$ 1,551	\$ 1,305
Items not involving current cash flows	6	470	303	257	666
		920	939	1,808	1,971
Changes in operating assets and liabilities	1, 6	—	(472)	(294)	(927)
Cash provided from operating activities		920	467	1,514	1,044
INVESTMENT ACTIVITIES					
Fixed asset additions		(328)	(379)	(579)	(622)
Investment in Lyft, Inc.		—	(200)	—	(200)
Increase in investments, other assets and intangible assets		(107)	(103)	(189)	(217)
Proceeds from disposition		26	48	112	77
Acquisitions	7	(152)	4	(152)	4
Proceeds on sale of business	3	—	—	1,129	—
Cash (used for) provided from investing activities		(561)	(630)	321	(958)
FINANCING ACTIVITIES					
Issues of debt		10	15	15	30
(Decrease) Increase in short-term borrowings		(154)	893	(928)	894
Repayments of debt		(43)	(22)	(129)	(35)
Issue of Common Shares on exercise of stock options		6	41	14	46
Shares repurchased for tax withholdings on vesting of equity awards		(2)	(2)	(5)	(2)
Repurchase of Common Shares	14	(409)	(729)	(693)	(832)
Contributions to subsidiaries by non-controlling interests		—	4	2	4
Dividends paid to non-controlling interests		(13)	(30)	(13)	(30)
Dividends paid		(110)	(115)	(229)	(233)
Cash (used for) provided from financing activities		(715)	55	(1,966)	(158)
Effect of exchange rate changes on cash, cash equivalents and restricted cash equivalents		(4)	(31)	10	(21)
Net decrease in cash, cash equivalents and restricted cash equivalents during the period		(360)	(139)	(121)	(93)
Cash, cash equivalents and restricted cash equivalents, beginning of period		1,041	885	802	839
Cash, cash equivalents and restricted cash equivalents, end of period	6	\$ 681	\$ 746	\$ 681	\$ 746

See accompanying notes

MAGNA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

Six months ended June 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					1,558		(7)	1,551
Other comprehensive loss						154	1	155
Contributions by non-controlling interests							2	2
Sale of business	3					8		8
Shares issued on exercise of stock options		0.4	17	(3)				14
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	(14.2)	(147)		(562)	16		(693)
Stock-based compensation expense				28				28
Dividends paid to non-controlling Interests							(13)	(13)
Dividends paid		0.2	8		(237)			(229)
Balance, June 30, 2019		313.8	\$ 3,266	\$ 136	\$ 9,106	\$ (997)	\$ 441	\$ 11,952

Three months ended June 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, March 31, 2019		322.1	\$ 3,340	\$ 129	\$ 9,101	\$ (1,090)	\$ 467	\$ 11,947
Net income					452		(2)	450
Other comprehensive loss						83	(11)	72
Shares issued on exercise of stock options		0.2	7	(1)				6
Release of stock and stock units		0.1	3	(3)				—
Shares repurchased for tax withholdings on vesting of equity rewards			(1)		(1)			(2)
Repurchase and cancellation under normal course issuer bid	14	(8.6)	(88)		(331)	10		(409)
Stock-based compensation expense				11				11
Dividends paid to non-controlling Interests							(13)	(13)
Dividends paid			5		(115)			(110)
Balance, June 30, 2019		313.8	\$ 3,266	\$ 136	\$ 9,106	\$ (997)	\$ 441	\$ 11,952

(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]

Six months ended June 30, 2018

	Note	Common Shares Number	Stated Value	Contri- buted Surplus	Retained Earnings	AOCL ⁽ⁱⁱ⁾	Non- controlling Interest	Total Equity
		<i>[in millions]</i>						
Balance, December 31, 2017		358.1	\$ 3,617	\$ 119	\$ 8,074	\$ (600)	\$ 502	\$ 11,712
Adoption of ASU No. 2016-16					3			3
Balance, December 31, 2017, as adjusted		358.1	\$ 3,617	\$ 119	\$ 8,077	\$ (600)	\$ 502	\$ 11,715
Net income					1,286		19	1,305
Other comprehensive loss						(350)	(7)	(357)
Contributions by non-controlling interests							4	4
Shares issued on exercise of stock options		1.2	55	(9)				46
Release of stock and stock units			9	(9)				—
Shares repurchased for tax withholdings on vesting of equity rewards					(2)			(2)
Repurchase and cancellation under normal course issuer bid	14	(13.5)	(138)		(706)	12		(832)
Stock-based compensation expense				22				22
Acquisition							10	10
Dividends paid to non-controlling Interests							(30)	(30)
Dividends paid		0.1	4		(237)			(233)
Balance, June 30, 2018		345.9	\$ 3,547	\$ 123	\$ 8,418	\$ (938)	\$ 498	\$ 11,648

Three months ended June 30, 2018

	Note	Common Shares Number	Stated Value	Contri- buted Surplus	Retained Earnings	AOCL ⁽ⁱⁱ⁾	Non- controlling Interest	Total Equity
		<i>[in millions]</i>						
Balance, March 31, 2018		356.4	\$ 3,609	\$ 126	\$ 8,531	\$ (501)	\$ 528	\$ 12,293
Net income					626		10	636
Other comprehensive loss						(447)	(24)	(471)
Contributions by non-controlling interests							4	4
Shares issued on exercise of stock options		1.1	49	(8)				41
Release of stock and stock units			6	(6)				—
Shares repurchased for tax withholdings on vesting of equity rewards					(2)			(2)
Repurchase and cancellation under normal course issuer bid	14	(11.6)	(119)		(620)	10		(729)
Stock-based compensation expense				11				11
Acquisition							10	10
Dividends paid to non-controlling Interests							(30)	(30)
Dividends paid			2		(117)			(115)
Balance, June 30, 2018		345.9	\$ 3,547	\$ 123	\$ 8,418	\$ (938)	\$ 498	\$ 11,648

(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 June 30, 2019 and the results of operations, changes in equity and cash flows for the three and six-month periods ended June 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 \$194.0 million [2018 – \$224.0 million] and \$343.1 million [2018 – \$401.6 million] for the three and six months ended June 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 \$345 million as at June 30, 2019, and \$293 million as at December 31, 2018. Accounts receivable related to production, tooling and engineering sales were \$5.5 billion as of June 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 \$194 million as at June 30, 2019 and \$176 million as at December 31, 2018. The amount of revenue recognized for the six-month period ended June 30, 2019 that was included in the deferred revenue balance at the beginning of the period was \$48 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:

	Six months ended June 30, 2019
Proceeds on disposal, net of transaction costs	\$ 1,177
Net assets disposed	655
	522
Income taxes	77
Gain on divestiture, net of tax	\$ 445

During the second quarter of 2019, an increase in the gain on sale of \$6 million [\$7 million after tax affect] was recorded, as a result of finalizing the proceeds relating to working capital.

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

		Six months ended June 30,	
		2019	2018
Second Quarter			
Gain on the sale of Business	[a]	\$ (6)	\$ —
Unrealized losses (gains) on investment revaluations	[b]	67	(56)
Restructuring	[c]	7	17
		68	(39)
First Quarter			
Gain on the sale of Business	[a]	\$ (516)	\$ —
Unrealized gains on investment revaluations	[b]	(177)	—
Restructuring	[c]	14	3
		\$ (611)	\$ (36)

[a] Gain on the sale of Business [note 3]

During the first quarter of 2019, the Company recorded a gain on the sale of the FP&C business of \$516 million [\$438 million after tax], for its Power & Vision operations. An increase in the gain on sale of \$6 million [\$7 million after tax affect], was recorded in the second quarter of 2019, as a result of finalizing the proceeds relating to working capital.

[b] Unrealized losses (gains) on investment revaluations

During the first and second quarters of 2019, the Company recorded unrealized gains of \$177 million and net unrealized losses of \$67 million [\$151 million after tax and \$57 million after tax], respectively, substantially related to its investment in Lyft, Inc.

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

[c] Restructuring

During the first and second quarters of 2019, the Company recorded net restructuring charges of \$14 million and \$7 million [\$14 million and \$7 million after tax], respectively, for its Body Exteriors & Structures operations.

During the first and second quarters of 2018, the Company recorded net restructuring charges of \$3 million and \$17 million [\$3 million and \$17 million after tax], respectively, for its Power & Vision and Body Exteriors & Structures operations.

MAGNA INTERNATIONAL INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[Unaudited]

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

5. EARNINGS PER SHARE

	Three months ended		Six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Basic earnings per Common Share:				
Net income attributable to Magna International Inc.	\$ 452	\$ 626	\$ 1,558	\$ 1,286
Weighted average number of Common Shares outstanding	318.4	351.4	321.7	354.6
Basic earnings per Common Share	\$ 1.42	\$ 1.78	\$ 4.84	\$ 3.63
Diluted earnings per Common Share [a]:				
Net income attributable to Magna International Inc.	\$ 452	\$ 626	\$ 1,558	\$ 1,286
Weighted average number of Common Shares outstanding	318.4	351.4	321.7	354.6
Adjustments				
Stock options and restricted stock	1.1	2.7	1.2	2.4
	319.5	354.1	322.9	357.0
Diluted earnings per Common Share	\$ 1.42	\$ 1.77	\$ 4.83	\$ 3.60

[a] For the three and six months ended June 30, 2019, diluted earnings per Common Share excluded 4.5 million and 4.0 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

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6. DETAILS OF CASH FROM OPERATING ACTIVITIES

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

	June 30, 2019	December 31, 2018
Bank term deposits and bankers' acceptances	\$ 286	\$ 314
Cash	277	370
Cash and cash equivalents	563	684
Restricted cash equivalents included in prepaid expenses [note 12]	118	118
	\$ 681	\$ 802

[b] Items not involving current cash flows:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Depreciation and amortization	\$ 334	\$ 320	\$ 655	\$ 635
Amortization of other assets included in cost of goods sold	54	38	113	74
Other non-cash charges	5	(7)	34	3
Deferred income taxes	6	43	66	31
Equity income in excess of dividends received	10	(35)	21	(21)
Gain on sale of business [note 3]	(6)	—	(522)	—
Non-cash portion of Other expense (income), net [note 4]	67	(56)	(110)	(56)
	\$ 470	\$ 303	\$ 257	\$ 666

[c] Changes in operating assets and liabilities:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Accounts receivable	\$ 329	\$ 171	\$ (617)	\$ (1,157)
Inventories	11	(152)	(96)	(151)
Prepaid expenses and other	28	2	(4)	(13)
Accounts payable	(296)	(222)	104	182
Accrued salaries and wages	(114)	(138)	(27)	(25)
Other accrued liabilities	14	(51)	285	256
Income taxes payable	28	(82)	61	(19)
	\$ —	\$ (472)	\$ (294)	\$ (927)

MAGNA INTERNATIONAL INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[Unaudited]

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7. ACQUISITION

On April 29, 2019, the Company completed the acquisition of 100% of the equity interest in VIZA GECA, S.L. ["VIZA"], a Spain-based supplier of seat structures and related systems. The purchase price was approximately \$105 million [net of \$10 million cash acquired], and is subject to working capital and other customary purchase price adjustments.

The acquisition of VIZA was accounted for as a business combination. The following table summarizes the provisional amounts recognized for assets acquired and liabilities assumed at their estimated fair values:

	Preliminary amounts recognized
Cash	\$ 10
Non-cash working capital	19
Fixed assets	47
Goodwill	21
Other assets	8
Intangibles	22
Deferred tax assets	3
Long-term debt	(8)
Other long-term liabilities	(1)
Deferred tax liabilities	(6)
Consideration paid	115
Less: Cash acquired	(10)
Net cash outflow	\$ 105

The preliminary purchase price allocations are subject to change and may be subsequently adjusted to reflect final valuation results and other adjustments.

Recognized goodwill is attributable to the assembled workforce, expected synergies and other intangible assets that do not qualify for separate recognition. All of the goodwill recognized was assigned to the Company's Seating segment.

Intangible assets consist primarily of amounts recognized for the fair value of customer contracts. These amortizable intangible assets are being amortized on a straight-line basis over an twelve year estimated useful life.

8. INVENTORIES

Inventories consist of:

	June 30, 2019	December 31, 2018
Raw materials and supplies	\$ 1,271	\$ 1,282
Work-in-process	351	331
Finished goods	446	408
Tooling and engineering	1,453	1,382
	\$ 3,521	\$ 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]

9. INVESTMENTS

	June 30, 2019	December 31, 2018
Equity method investments [a]	\$ 1,878	\$ 1,862
Publicly traded investments [b]	359	—
Private equity investments	93	323
Other	4	4
	\$ 2,334	\$ 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 Interim Consolidated Financial Statements. The Company's maximum exposure to any potential losses associated with these affiliated companies is limited to its investment, which was \$86 million at June 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:

	June 30, 2019	December 31, 2018
Current assets	\$ 155	\$ 207
Noncurrent assets	116	118
Total assets	\$ 271	\$ 325
Current liabilities	\$ 180	\$ 218
Noncurrent liabilities	5	6
Total liabilities	\$ 185	\$ 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.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[Unaudited]

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10. 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. The Company's leases have terms which 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 right-of-use ["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 ["CPI"] 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 June 30, 2019	Six months ended June 30, 2019
Operating lease expense	\$ 78	\$ 153
Short-term lease expense	6	12
Variable lease expense	6	15
Total lease expense	\$ 90	\$ 180

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

	Three months ended June 30, 2019	Six months ended June 30, 2019
Operating cash flows – cash paid relating to operating leases	\$ 84	\$ 169
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 4	\$ 21
Weighted-average remaining lease term – operating leases, in years		11 years
Weighted-average discount rate – operating leases		4.9%

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10. LEASES (CONTINUED)

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

	Total
2019	\$ 151
2020	278
2021	250
2022	222
2023	196
2024 and thereafter	1,133
	<u>2,330</u>
Less: amount representing interest	572
	<u>\$ 1,758</u>
Current operating lease liabilities	\$ 214
Non-current operating lease liabilities	1,544
Total lease liabilities	<u>\$ 1,758</u>

As of June 30, 2019, the Company has additional operating leases, primarily for manufacturing facilities, that have not yet commenced of \$23 million. These operating leases will commence during 2019 and have lease terms of 4 to 7 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.

11. OTHER ASSETS

Other assets consist of:

	June 30, 2019	December 31, 2018
Preproduction costs related to long-term supply agreements with contractual guarantee for reimbursement	\$ 727	\$ 741
Long-term receivables	212	198
Pension overfunded status	18	18
Unrealized gain on cash flow hedges	37	9
Other, net	30	22
	<u>\$ 1,024</u>	<u>\$ 988</u>

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12. SHORT-TERM BORROWINGS

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

	June 30, 2019	December 31, 2018
Bank indebtedness [i]	\$ 54	\$ 35
Commercial paper [ii]	145	1,063
	\$ 199	\$ 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 June 30, 2019, the gross amount outstanding under the credit facility was \$111 million [€98 million]. The credit agreement includes a netting arrangement with the bank that provides for the legal right of setoff. Accordingly, as at June 30, 2019, this liability balance was offset against the related restricted cash equivalent deposit of \$118 million. The remaining net deposit of \$7 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 June 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 June 30, 2019, \$100 million [2018 – \$903 million] of U.S notes were outstanding, with a weighted-average interest rate of 2.56% [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 June 30, 2019, \$45 million or €40 million [2018 - \$160 million or €140 million] of euro notes were outstanding, with a negative weighted-average interest rate of 0.25% [2018 – negative 0.24%], and maturities less than three months.

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

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14. CAPITAL STOCK

- [a] During the second and first quarters of 2019, the Company repurchased 8,535,533 and 5,661,112 shares under a normal course issuer bid for cash consideration of \$409 million and \$284 million, respectively.
- [b] The following table presents the maximum number of shares that would be outstanding if all the dilutive instruments outstanding at August 7, 2019 were exercised or converted:

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

(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.

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	<u>(896)</u>	<u>(337)</u>
Net unrealized gain (loss)	30	(393)
Repurchase of shares under normal course issuer bid	10	10
Balance, June 30	<u>(856)</u>	<u>(720)</u>
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	<u>(13)</u>	<u>17</u>
Net unrealized gain (loss)	49	(53)
Reclassification of net loss (gain) to net income	2	(1)
Balance, June 30	<u>38</u>	<u>(37)</u>
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	<u>(181)</u>	<u>(181)</u>
Reclassification of net loss to net income	2	—
Balance, June 30	<u>(179)</u>	<u>(181)</u>
Total accumulated other comprehensive loss	<u>\$ (997)</u>	<u>\$ (938)</u>

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[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
<i>Balance, beginning of period</i>	\$ —	\$ 7
<i>Net unrealized loss</i>	—	—
<i>Balance, March 31</i>	—	7
<i>Net unrealized loss</i>	—	—
<i>Balance, June 30</i>	\$ —	\$ 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
<i>Balance, beginning of period</i>	\$ 23	\$ (12)
<i>Net unrealized (gain) loss</i>	(13)	5
<i>Reclassifications of net loss to net income</i>	(6)	—
<i>Balance, March 31</i>	4	(7)
<i>Net unrealized (gain) loss</i>	(18)	19
<i>Reclassifications of net (loss) gain to net income</i>	(1)	1
<i>Balance, June 30</i>	\$ (15)	\$ 13

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

	2019	2018
<i>Balance, beginning of period</i>	\$ 21	\$ 17
<i>Net unrealized loss</i>	—	—
<i>Balance, March 31</i>	21	17
<i>Net unrealized loss</i>	—	—
<i>Balance, June 30</i>	\$ 21	\$ 17

The amount of other comprehensive loss that is expected to be reclassified to net income over the next 12 months is \$38 million.

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16. FINANCIAL INSTRUMENTS

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

	June 30, 2019	December 31, 2018
Financial assets		
Cash and cash equivalents	\$ 563	\$ 684
Restricted cash equivalents	118	118
Accounts receivable	7,204	6,548
Publicly traded and private equity investments	452	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
	\$ 8,550	\$ 8,133
Financial liabilities		
Bank indebtedness	\$ 54	\$ 35
Commercial paper	145	1,063
Long-term debt (including portion due within one year)	3,183	3,285
Accounts payable	6,272	6,094
Financial liabilities held for sale [note 3]		
Accounts payable held for sale	—	226
	\$ 9,654	\$ 10,703
Derivatives designated as effective hedges, measured at fair value		
Foreign currency contracts		
Prepaid expenses	\$ 67	\$ 25
Other assets	37	9
Other accrued liabilities	(29)	(61)
Other long-term liabilities	(23)	(40)
	\$ 52	\$ (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
June 30, 2019			
Assets	\$ 104	\$ 48	\$ 56
Liabilities	\$ (52)	\$ (48)	\$ (4)
December 31, 2018			
Assets	\$ 34	\$ 33	\$ 1
Liabilities	\$ (101)	\$ (33)	\$ (68)

MAGNA INTERNATIONAL INC.

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[Unaudited]

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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 \$112 million due within one year. Due to the short period to maturity of this debt, the carrying value as presented in the consolidated balance sheets is a reasonable estimate of its fair value.

Senior Notes

The fair value of our Senior Notes are classified as Level 1 when we use quoted prices in active markets and Level 2 when the quoted prices are from less active markets or when other observable inputs are used to determine fair value. At June 30, 2019, the net book value of the Company's Senior Notes was \$3.03 billion and the estimated fair value was \$3.20 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, accounts receivable, and foreign exchange forward contracts with positive fair values.

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

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

In the normal course of business, the Company is exposed to credit risk from its customers, substantially all of which are in the automotive industry and are subject to credit risks associated with the automotive industry. For the six month period ended June 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.

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16. FINANCIAL INSTRUMENTS (CONTINUED)

[e] Interest rate risk

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

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

[f] Currency risk and foreign exchange contracts

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

At June 30, 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	257	(1,495)
euro amount	8	(3)
For U.S. dollars		
Peso amount	9,119	(14)
euro amount	129	(337)
For euros		
U.S. amount	400	(153)
GBP amount	19	(31)
Czech Koruna amount	7,907	—
Polish Zlotys amount	538	(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.

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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] In certain circumstances, the Company is at risk for warranty costs including product liability and recall costs. Due to the nature of the costs, the Company makes its best estimate of the expected future costs *[note 13]*; however, the ultimate amount of such costs could be materially different. The Company continues to experience increased customer pressure to assume greater warranty responsibility. Currently, under most customer agreements, the Company only accounts for existing or probable claims. Under certain complete vehicle engineering and assembly contracts, and with respect to our powertrain systems programs, the Company records an estimate of future warranty-related costs based on the terms of the specific customer agreements, and the specific customer's [or the Company's] warranty experience.

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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 income from operations 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.

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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 June 30, 2019						
	Total sales	External sales	Adjusted EBIT [ii]	Depreciation and amortization	Equity (income) loss	Fixed asset additions
Body Exteriors & Structures	\$ 4,243	\$ 4,145	\$ 341	\$ 177	\$ (1)	\$ 165
Power & Vision	2,808	2,745	201	116	(48)	123
Seating Systems	1,452	1,442	83	15	3	14
Complete Vehicles	1,802	1,793	43	21	—	23
Corporate & Other [i]	(179)	1	9	5	(2)	3
Total Reportable Segments	\$ 10,126	\$ 10,126	\$ 677	\$ 334	\$ (48)	\$ 328

Three months ended June 30, 2018						
	Total sales	External sales	Adjusted EBIT [ii]	Depreciation and amortization	Equity (income) loss	Fixed asset additions
Body Exteriors & Structures	\$ 4,551	\$ 4,448	\$ 388	\$ 172	\$ (3)	\$ 153
Power & Vision	3,197	3,142	299	111	(64)	144
Seating Systems	1,424	1,424	117	13	(5)	19
Complete Vehicles	1,280	1,265	1	18	—	58
Corporate & Other [i]	(172)	1	(2)	6	—	5
Total Reportable Segments	\$ 10,280	\$ 10,280	\$ 803	\$ 320	\$ (72)	\$ 379

Six months ended June 30, 2019						
	Total sales	External sales	Adjusted EBIT [ii]	Depreciation and amortization	Equity (income) loss	Fixed asset additions
Body Exteriors & Structures	\$ 8,551	\$ 8,355	\$ 704	\$ 352	\$ (2)	\$ 276
Power & Vision	5,891	5,780	417	223	(82)	238
Seating Systems	2,885	2,869	177	30	2	23
Complete Vehicles	3,730	3,711	71	40	—	41
Corporate & Other [i]	(340)	2	28	10	(1)	1
Total Reportable Segments	\$ 20,717	\$ 20,717	\$ 1,397	\$ 655	\$ (83)	\$ 579

Six months ended June 30, 2018						
	Total sales	External sales	Adjusted EBIT [ii]	Depreciation and amortization	Equity (income) loss	Fixed asset additions
Body Exteriors & Structures	\$ 9,170	\$ 9,003	\$ 731	\$ 343	\$ (6)	\$ 280
Power & Vision	6,387	6,262	658	222	(145)	226
Seating Systems	2,894	2,894	247	28	(8)	28
Complete Vehicles	2,940	2,911	20	31	—	81
Corporate & Other [i]	(319)	2	22	11	—	7
Total Reportable Segments	\$ 21,072	\$ 21,072	\$ 1,678	\$ 635	\$ (159)	\$ 622

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

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18. SEGMENTED INFORMATION (CONTINUED)

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

	Three months ended		Six months ended	
	June 30,		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

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

	June 30, 2019	December 31, 2018
Body Exteriors & Structures	\$ 461	\$ 459
Power & Vision	1,255	1,260
Seating Systems	168	147
Complete Vehicles	112	113
Total Reportable Segments	\$ 1,996	\$ 1,979

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

	June 30, 2019	December 31, 2018
Body Exteriors & Structures	\$ 8,257	\$ 7,142
Power & Vision	6,692	6,703
Seating Systems	1,125	815
Complete Vehicles	795	605
Corporate & Other	762	563
Total Reportable Segments	\$ 17,631	\$ 15,828

The following table reconciles Total Assets to Net Assets:

	June 30, 2019	December 31, 2018
Total Assets	\$ 27,630	\$ 25,945
Deduct assets not included in segment net assets:		
Cash and cash equivalents	(563)	(684)
Deferred tax assets	(284)	(300)
Long-term receivables from joint venture partners	(70)	(71)
Income taxes receivable	(34)	(57)
Deduct liabilities included in segment net assets:		
Accounts payable	(6,272)	(6,094)
Accrued salaries and wages	(757)	(769)
Other accrued liabilities	(2,019)	(1,734)
Liabilities held for sale	—	(408)
Segment Net Assets	\$ 17,631	\$ 15,828