



## **Magna International Inc.**

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

**for the three months  
ended March 31, 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 months ended March 31, 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 audited consolidated financial statements for the three months ended March 31, 2019.

This MD&A contains 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 May 8, 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 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 and Adjusted diluted earnings per share 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

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- Total sales decreased 2% to \$10.6 billion in the first quarter of 2019, compared to \$10.8 billion in the first quarter of 2018, primarily as a result of the weakening of a number of foreign currencies against the U.S. dollar, together with a 7% decline in global vehicle production. These were partially offset by the launch of new programs, in particular in our Complete Vehicles segment, as well as acquisitions, net of divestitures. Excluding the impact of foreign exchange and acquisitions, net of divestitures, each of our operating segments outpaced global vehicle production in the first quarter of 2019.
- Diluted earnings per share and adjusted diluted earnings per share were \$3.39 and \$1.63, respectively. Adjusted diluted earnings per share declined 11% from the first quarter of 2018, largely reflecting increased engineering and other costs in our Electronics business, substantially associated with certain ADAS programs that are utilizing new technologies, lower equity income and reduced earnings from lower sales. These were partially offset by lower launch costs, productivity and efficiency improvements at certain Body & Structures facilities and the impact of a lower share count.
- Included in Other (income) expense, net in the first quarter of 2019 were a \$516 million gain on the sale of our Fluid Pressure & Controls ["FP&C"] business, a \$177 million unrealized gain on our investment in Lyft, Inc. ["Lyft"] and restructuring costs of \$14 million.
- Cash from operating activities was \$594 million in the first quarter of 2019, an increase of 3% over the first quarter of 2018.
- We returned \$403 million to shareholders in the first quarter of 2019 through \$284 million in share repurchases and \$119 million in dividends.

### OVERVIEW

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#### OUR BUSINESS<sup>(1)</sup>

We are a mobility technology company. We have more than 169,000 entrepreneurial-minded employees and 338 manufacturing operations and 89 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, mirrors & lighting, mechatronics 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).

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<sup>1</sup> Manufacturing operations, product development, engineering and sales centres and employee figures include certain operations accounted for under the equity method

## INDUSTRY TRENDS AND RISKS

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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. Those industry trends and risk factors remain substantially unchanged in respect of the first quarter ended March 31, 2019, except that:

- Industry timeframes for commercial deployment of autonomous driving are being delayed, including as a result of the complexity involved in this product area. Some market participants are experiencing technical and other challenges in achieving their "driverless ready" milestones. Market participants generally appear to be experiencing higher than anticipated costs for advanced driver assistance systems ["ADAS"] technologies. In the first quarter of 2019, our Magna Electronics business incurred higher development, testing and validation costs on leading-edge technologies, which are expected to persist at levels that are significantly higher than previously expected for 2019 and 2020.
- Data from third party sources of vehicle production volumes, such as IHS Markit, indicates deteriorating production volumes in each of our three key markets, compared to our January 2019 Outlook.
- In addition to the deteriorating production volumes in China, shifting OEM and consumer preferences for certain types of transmissions, OEM pricing pressures and other factors are collectively impacting the performance of our equity-accounted transmission joint ventures in China. Joint venture management is engaged in ongoing discussions with OEM customers on a range of potential solutions.

## RESULTS OF OPERATIONS

### AVERAGE FOREIGN EXCHANGE

	For the three months ended March 31,		
	2019	2018	Change
1 Canadian dollar equals U.S. dollars	<b>0.752</b>	0.790	- 5%
1 euro equals U.S. dollars	<b>1.135</b>	1.229	- 8%
1 Chinese renminbi equals U.S. dollars	<b>0.148</b>	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 March 31, 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

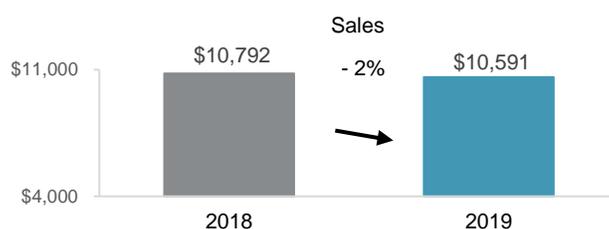
Our operating results are mostly dependent on light vehicle production in the regions reflected in the table below:

#### Light Vehicle Production Volumes *(thousands of units)*

	For the three months ended March 31,		Change
	2019	2018	
North America	<b>4,273</b>	4,414	- 3%
Europe	<b>5,733</b>	5,918	- 3%
China	<b>5,550</b>	6,659	- 17%

## RESULTS OF OPERATIONS – FOR THE MONTH ENDED MARCH 31, 2019

### SALES



Sales decreased 2% or \$201 million to \$10.59 billion for the first quarter of 2019 compared to \$10.79 billion for the first quarter of 2018, primarily as a result of a \$553 million decrease in reported U.S. dollar sales due to the weakening of the euro, Canadian dollar, Turkish lira, and Chinese renminbi, each against the U.S. dollar.

Excluding the impact of foreign exchange, sales increased \$352 million primarily as a result of the launch of new programs during or subsequent to the first quarter of 2018, in particular in our Complete Vehicles business, and acquisitions, net of divestitures, subsequent to the first quarter of 2019 which positively impacted sales by \$74 million.

These factors were partially offset by lower global light vehicle production and net customer price concessions subsequent to the first 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 March 31,		Change
	2019	2018	
Material	\$ 6,706	\$ 6,785	\$ (79)
Direct labour	747	778	(31)
Overhead	1,711	1,730	(19)
Cost of goods sold	\$ 9,164	\$ 9,293	\$ (129)

Cost of goods sold decreased \$129 million to \$9.16 billion for the first quarter of 2019 compared to \$9.29 billion for the first quarter of 2018 primarily as a result of a \$486 million net decrease in reported U.S. dollar cost of goods sold primarily due to the weakening of the euro, Canadian dollar, Turkish lira and Chinese renminbi, each against the U.S. dollar.

Excluding the impact of foreign exchange, cost of goods sold increased \$357 million primarily as a result of higher material, direct labour and overhead costs associated with the increase in sales, excluding foreign exchange. The additional increase in cost of goods sold, excluding foreign exchange, was due to:

- acquisitions, net of divestitures, subsequent to the first quarter of 2018 which increased cost of sales by \$66 million; and
- higher engineering and other costs in our Electronics business, substantially associated with certain ADAS programs that are utilizing new technologies, including an \$11 million write-down of engineering costs that were previously capitalized on our balance sheet.

These factors were partially offset by lower launch costs and productivity and efficiency improvements at certain Body Exteriors & Structures facilities.

### DEPRECIATION AND AMORTIZATION

Depreciation and amortization costs increased \$6 million to \$321 million for the first quarter of 2019 compared to \$315 million for the first 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 first quarter of 2018. These factors were partially offset by lower depreciation on our FP&C assets formerly classified as held for sale which, as of September 2018, were no longer being amortized and a \$16 million net decrease in reported U.S. dollar depreciation and amortization mainly due to the weakening of the euro and Canadian dollar, each against the U.S. dollar.

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

SG&A expense as a percentage of sales was 4.0% for the first quarter of 2019 compared to 3.7% for the first quarter of 2018. SG&A expense increased \$25 million to \$421 million for the first quarter of 2019 compared to \$396 million for the first quarter of 2018, primarily as a result of:

- a favourable settlement reported during the first quarter of 2018 relating to the acquisition of Getrag;
- higher labour and benefit costs;
- acquisitions, net of divestitures, subsequent to the first quarter of 2018 which increased SG&A by \$17 million;
- a \$16 million write-down in our Electronics business of fixed assets associated with certain ADAS programs that are utilizing new technologies; and
- an \$8 million unfavourable impact of lower foreign exchange gains in the first quarter of 2019 compared to the first quarter of 2018 related to the re-measurement of net deferred tax assets that are maintained in a currency other than their functional currency.

These factors were partially offset by:

- a \$20 million net decrease in the reported U.S. dollar SG&A expense primarily due to the weakening of the euro and Canadian dollar, each against the U.S. dollar;
- gains on the sale of assets in our Seating Systems and Corporate segments during the first quarter of 2019;
- foreign exchange gains in the first quarter of 2019 compared to foreign exchange losses in the first quarter of 2018; and
- lower incentive compensation.

## INTEREST EXPENSE, NET

During the first quarter of 2019, we recorded net interest expense of \$31 million compared to \$21 million for the first quarter of 2018. The \$10 million increase is primarily the result of higher interest expense due to the increase in borrowings and higher average interest rates.

## EQUITY INCOME

Equity income decreased \$52 million to \$35 million for the first quarter of 2019 compared to \$87 million for the first quarter of 2018, primarily due to lower sales in our Power & Vision segment in China.

## OTHER (INCOME) EXPENSE, NET

	For the three months ended March 31,	
	2019	2018
Gain on sale of FP&C <sup>(1)</sup>	\$ (516)	\$ —
Unrealized gain on investment revaluation <sup>(2)</sup>	(177)	—
Restructuring <sup>(3)</sup>	14	3
	<b>\$ (679)</b>	<b>\$ 3</b>

### (1) Gain on sale of FP&C

During the first quarter of 2019, we recorded a gain on the sale of FP&C of \$516 million [\$438 million after tax].

### (2) Unrealized gain on investment revaluation

During the first quarter of 2019, we recorded unrealized gains of \$177 million [\$151 million after tax], substantially relating to the initial public offering for Lyft. As a result of the initial public offering, our private equity investment in Lyft was converted to publicly traded equity securities.

### (3) Restructuring

During the first quarter of 2019, we recorded net restructuring charges of \$14 million [\$14 million after tax] in our Body Exteriors & Structures operations.

During the first quarter of 2018, we recorded net restructuring charges of \$3 million [\$3 million after tax], in our Power & Vision operations.

## INCOME FROM OPERATIONS BEFORE INCOME TAXES

Income from operations before income taxes increased \$517 million to \$1.37 billion for the first quarter of 2019 compared to \$851 million for the first quarter of 2018. This increase is the result of a \$682 increase in other (income) expense, net and a \$129 million decrease in cost of goods sold, partially offset by a \$201 million decrease in sales, a \$52 million decrease in equity income, a \$25 million increase in SG&A, a \$10 million increase in interest expense, net and a \$6 million increase in depreciation and amortization, each as discussed above.

## INCOME TAXES

	For the three months ended March 31,			
	2019		2018	
Income Taxes as reported	\$ 267	19.5%	\$ 182	21.4%
Tax effect on Other (income) expense, net	(104)	4.2	—	(0.1)
	\$ 163	23.7%	\$ 182	21.3%

Excluding Other (income) expense, net, after tax, the effective income tax rate increased to 23.7% for 2019 compared to 21.3% for 2018, primarily as a result of:

- a decrease in equity income;
- a change in mix of earnings resulting in proportionally lower income earned in jurisdictions with lower income tax rates; and
- an increase in losses not benefited in Asia and South America, as well as a decrease in utilization of losses previously not benefited in Europe.

These factors were partially offset by a reduction in our reserves for uncertain tax positions.

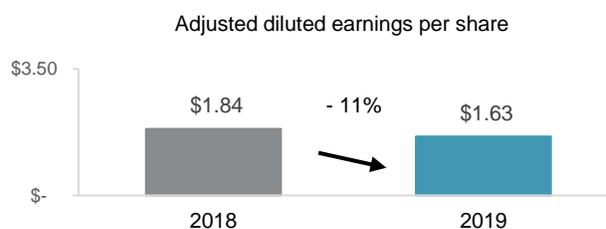
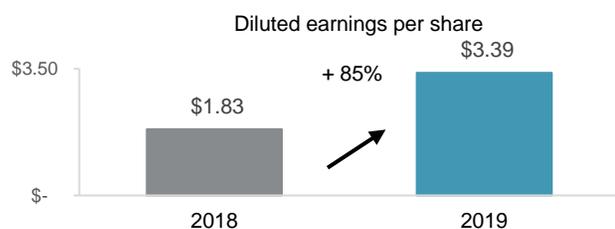
## LOSS (INCOME) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

Loss attributable to non-controlling interests was \$5 million for the first quarter of 2019 compared to income attributable to non-controlling interests of \$9 million for the first quarter of 2018. The change was primarily due to decreased profits at certain Power & Vision and Body Exteriors & Structures operations.

## NET INCOME ATTRIBUTABLE TO MAGNA INTERNATIONAL INC.

Net income attributable to Magna International Inc. increased \$446 million to \$1.11 billion for the first quarter of 2019 compared to \$660 million for the first quarter of 2018, as a result of an increase in income from operations before income taxes of \$517 million and a decrease in loss (income) attributable to non-controlling interests of \$14 million partially offset by an increase in income taxes of \$85 million.

## EARNINGS PER SHARE



	<b>For the three months ended March 31,</b>		Change
	2019	2018	
Earnings per Common Share			
Basic	\$ 3.40	\$ 1.84	+ 85%
Diluted	\$ 3.39	\$ 1.83	+ 85%
Weighted average number of Common Shares outstanding (millions)			
Basic	325.1	357.7	- 9%
Diluted	326.3	359.9	- 9%
Adjusted diluted earnings per share	\$ 1.63	\$ 1.84	- 11%

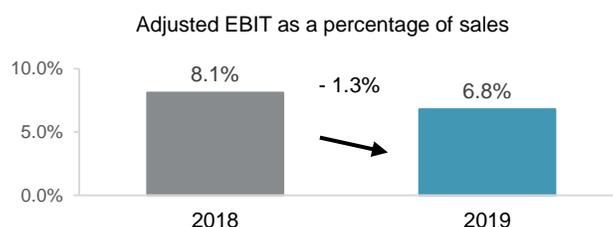
Diluted earnings per share increased \$1.56 to \$3.39 for the first quarter of 2019 compared to \$1.83 for the first quarter of 2018 as a result of the increase in net income attributable to Magna International Inc., as discussed above, and a decrease in the weighted average number of diluted shares outstanding during the first 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 first quarter of 2018, pursuant to our normal course issuer bids.

Other (income) expense, net, after tax, positively impacted diluted earnings per share by \$1.76 in the first quarter of 2019 and negatively impacted diluted earnings per share by \$0.01 in the first quarter of 2018, as discussed in the "Other (income) expense, net" and "Income Taxes" sections.

Adjusted diluted earnings per share, as reconciled in the "Non-GAAP Financial Measures Reconciliation" section, decreased \$0.21 to \$1.63 for the first quarter of 2019 compared to \$1.84 for the first quarter of 2018.

## NON-GAAP PERFORMANCE MEASURES - FOR THE THREE MONTHS ENDED MARCH 31, 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 first quarter of 2019 compared to the first quarter of 2018:

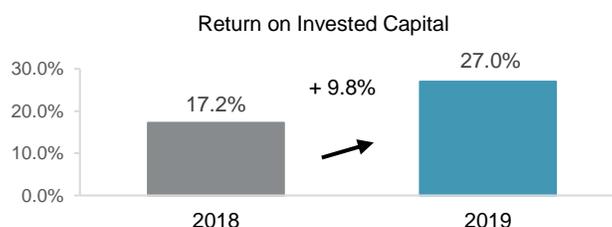
	Sales	Adjusted EBIT	Adjusted EBIT as a percentage of sales
First quarter of 2018	\$ 10,792	\$ 875	8.1%
Increase (Decrease) related to:			
Body Exteriors & Structures	(311)	20	+ 0.4%
Power & Vision	(107)	(143)	- 1.3%
Seating Systems	(37)	(36)	- 0.3%
Complete Vehicles	268	9	- 0.1%
Corporate and Other	(14)	(5)	—
<b>First quarter of 2019</b>	<b>\$ 10,591</b>	<b>\$ 720</b>	<b>6.8%</b>

Adjusted EBIT as a percentage of sales decreased 1.3% to 6.8% for the first quarter of 2019 compared to 8.1% for the first quarter of 2018 primarily due to:

- higher engineering and other costs in our Electronics business, substantially associated with certain ADAS programs that are utilizing new technologies, including a \$27 million write-down of amounts that were previously capitalized on our balance sheet;
- lower equity income;
- a favourable settlement reported during the first quarter of 2018 relating to the acquisition of Getrag;
- reduced earnings due to lower sales;
- acquisitions, net of divestitures, subsequent to the first quarter of 2018; and
- 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.

These factors were partially offset by lower launch costs and productivity and efficiency improvements at certain Body Exteriors & Structures facilities.

## RETURN ON INVESTED CAPITAL



Return on Invested Capital increased 9.8% to 27.0% for the first quarter of 2019 compared to 17.2% for the first quarter of 2018, primarily as a result of an increase in After-tax operating profits partially offset by higher Average Invested Capital. The gain on sale of FP&C and the unrealized gain on investment revaluation, as described in the "Other (income) expense, net" section, favourably impacted Return on Invested Capital by 14.0%.

Average Invested Capital increased \$783 million to \$16.70 billion for the first quarter of 2019 compared to \$15.92 billion for the first quarter of 2018, primarily due to:

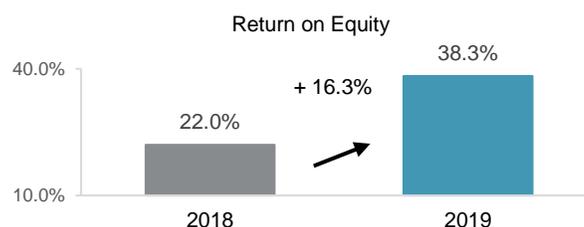
- the recognition of operating lease right-of-use assets during the first quarter of 2019 in accordance with the adoption of the accounting standard Accounting Standards Codification 842 – *Leases*;
- an increase in our investment in fixed assets to refurbish or replace assets consumed in the normal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

These factors were partially offset by:

- the net weakening of foreign currencies against the U.S. dollar; and
- 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.

After-tax operating profits increased primarily as a result of higher other (income) expense, net and lower cost of goods sold partially offset by lower sales, higher income taxes, lower equity income, higher SG&A, and higher depreciation and amortization.

## RETURN ON EQUITY



Return on Equity increased 16.3% to 38.3% for the first quarter of 2019 compared to 22.0% for the first quarter of 2018 due to higher net income attributable to Magna and lower Average Shareholders' Equity. The gain on sale of FP&C and the unrealized gain on investment revaluation, as described in the "Other (income) expense, net" section, favourably impacted Return on Equity by 20.2%.

## SEGMENT ANALYSIS

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

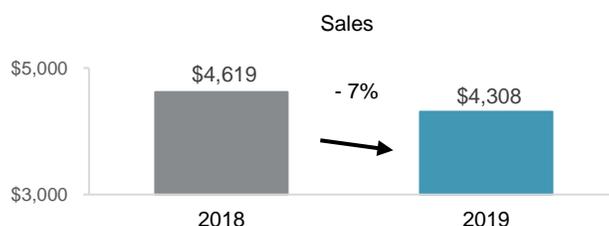
Our business is managed under operating segments which have been determined on the basis of technological opportunities, product similarities, as well as market and operating factors. Our internal financial reporting is aligned with the way our business is managed. Accordingly, we report key internal 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 March 31,					
	Sales			Adjusted EBIT		
	2019	2018	Change	2019	2018	Change
Body Exteriors & Structures	\$ 4,308	\$ 4,619	\$ (311)	\$ 363	\$ 343	\$ 20
Power & Vision	3,083	3,190	(107)	216	359	(143)
Seating Systems	1,433	1,470	(37)	94	130	(36)
Complete Vehicles	1,928	1,660	268	28	19	9
Corporate and Other	(161)	(147)	(14)	19	24	(5)
Total reportable segments	\$ 10,591	\$ 10,792	\$ (201)	\$ 720	\$ 875	\$ (155)

### BODY EXTERIORS & STRUCTURES

	For the three months ended March 31,		
	2019	2018	Change
<b>Sales</b>	\$ 4,308	\$ 4,619	\$ (311) - 7%
<b>Adjusted EBIT</b>	\$ 363	\$ 343	\$ 20 + 6%
<b>Adjusted EBIT as a percentage of sales</b>	8.4%	7.4%	+ 1.0%



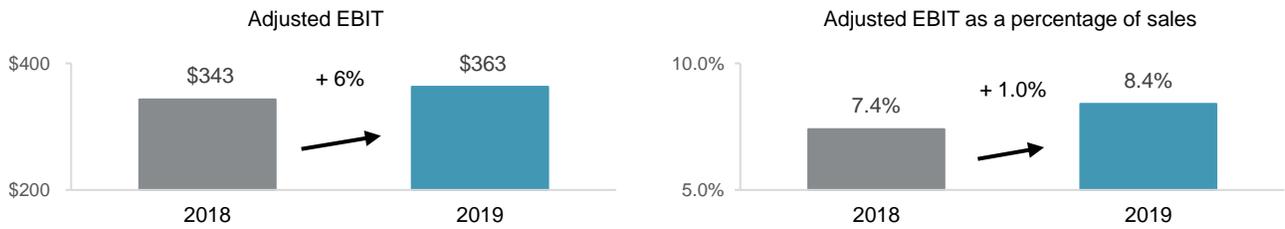
#### Sales – Body Exteriors & Structures

Sales for Body Exteriors & Structures decreased 7% or \$311 million to \$4.31 billion for the first quarter of 2019 compared to \$4.62 billion for the first quarter of 2018, primarily as a result of:

- lower global light vehicle production;
- a \$177 million decrease in reported U.S. dollar sales primarily as a result of the weakening of the euro, Canadian dollar, Russian ruble and Chinese renminbi, each against the U.S. dollar; and
- net customer price concessions subsequent to the first quarter of 2018.

These factors were partially offset by:

- the launch of new programs during or subsequent to the first quarter of 2019, including the:
  - GMC Sierra and Chevrolet Silverado;
  - BMW X3;
  - Mercedes-Benz G-Class; and
  - Ford Ranger.



### Adjusted EBIT – Body Exteriors & Structures

Adjusted EBIT for Body Exteriors & Structures increased \$20 million to \$363 million for the first quarter of 2019 compared to \$343 million for the first quarter of 2018, primarily as a result of:

- lower launch costs;
- productivity and efficiency improvements, including at certain previously underperforming facilities;
- favourable customer pricing resolutions and commercial settlements in the first quarter of 2019; and
- foreign exchange gains in 2019 compared to foreign exchange losses in 2018.

These factors were partially offset by:

- a \$15 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 Russian ruble;
- higher depreciation and amortization;
- reduced earnings due to lower sales;
- inefficiencies at plants we are closing; and
- net customer price concessions subsequent to the first quarter of 2018.

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

Adjusted EBIT as a percentage of sales for Body Exteriors & Structures increased 1.0% to 8.4% for the first quarter of 2019 compared to 7.4% for the first quarter of 2018, primarily as a result of:

- lower launch costs;
- productivity and efficiency improvements, including at certain previously underperforming facilities;
- favourable customer pricing resolutions and commercial settlements in the first quarter of 2019; and
- foreign exchange gains in 2019 compared to foreign exchange losses in 2018.

These factors were partially offset by higher depreciation and amortization and inefficiencies at plants we are closing.

## POWER & VISION

	For the three months ended March 31,		Change	
	2019	2018		
<b>Sales</b>	\$ 3,083	\$ 3,190	\$ (107)	- 3%
<b>Adjusted EBIT</b>	\$ 216	\$ 359	\$ (143)	- 40%
<b>Adjusted EBIT as a percentage of sales</b>	7.0%	11.3%		- 4.3%



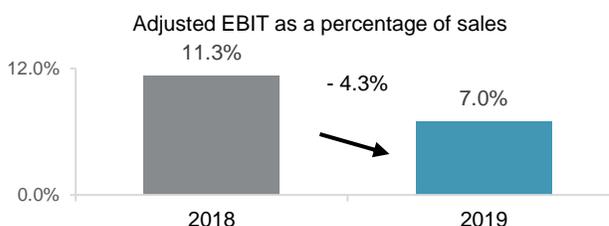
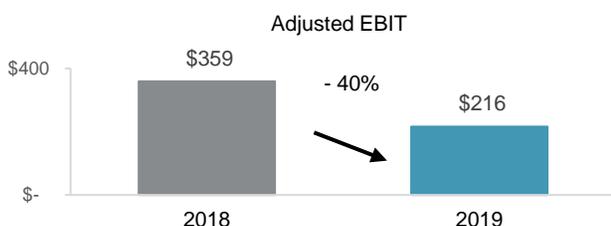
### Sales – Power & Vision

Sales for Power & Vision decreased 3% or \$107 million to \$3.08 billion for the first quarter of 2019 compared to \$3.19 billion for the first quarter of 2018, primarily as a result of:

- a \$160 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;
- lower global light vehicle production; and
- net customer price concessions subsequent to the first quarter of 2018.

These factors were partially offset by:

- acquisitions, net of divestitures, subsequent to the first quarter of 2019 which positively impacted sales by \$72 million; and
- the launch of new programs during or subsequent to the first quarter of 2019, including the;
  - BMW X5;
  - Chevrolet Blazer;
  - Audi A6;
  - RAM 1500 pickup; and
  - dual-clutch transmissions on various Daimler vehicles.



### Adjusted EBIT – Power & Vision

Adjusted EBIT for Power & Vision decreased \$143 million to \$216 million for the first quarter of 2019 compared to \$359 million for the first quarter of 2018, primarily as a result of:

- higher engineering and other costs in our Electronics business, substantially associated with certain ADAS programs that are utilizing new technologies, including a \$27 million write-down of amounts that were previously capitalized on our balance sheet;
- lower equity income, excluding the impact of foreign exchange, of \$45 million;
- a favourable settlement reported during the first quarter of 2018 relating to the acquisition of Getrag;
- acquisitions, net of divestitures, subsequent to the first quarter of 2018; and
- an \$11 million decrease in reported U.S. dollar Adjusted EBIT, primarily due to the weakening of the euro and Canadian dollar, each against the U.S. dollar.

These factors were partially offset by lower depreciation on our FP&C assets formerly classified as held for sale which, as of September 2018, were no longer being amortized and lower warranty costs of \$9 million.

Equity income, excluding the impact of foreign exchange, was \$45 million lower, primarily due to lower sales at our Power & Vision business in China.

### Adjusted EBIT as a percentage of sales – Power & Vision

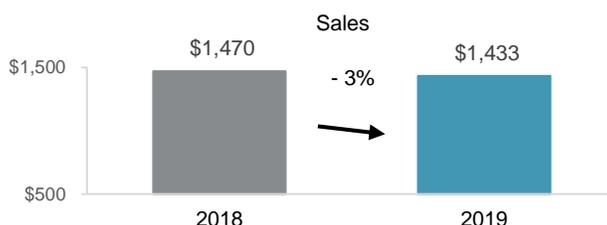
Adjusted EBIT as a percentage of sales for Power & Vision decreased 4.3% to 7.0% for the first quarter of 2019 compared to 11.3% for the first quarter of 2018, primarily as a result of:

- higher engineering and other costs in our Electronics business, substantially associated with certain ADAS programs that are utilizing new technologies, including a \$27 million write-down of amounts that were previously capitalized on our balance sheet;
- lower equity income;
- a favourable settlement reported during the first quarter of 2018 relating to the acquisition of Getrag; and
- acquisitions, net of divestitures, subsequent to the first quarter of 2018.

These factors were partially offset by lower depreciation on our FP&C assets formerly classified as held for sale which, as of September 2018, were no longer being amortized and lower warranty costs.

### SEATING SYSTEMS

	For the three months ended March 31,		Change	
	2019	2018		
<b>Sales</b>	\$ 1,433	\$ 1,470	\$ (37)	- 3%
<b>Adjusted EBIT</b>	\$ 94	\$ 130	\$ (36)	- 28%
<b>Adjusted EBIT as a percentage of sales</b>	<b>6.6%</b>	<b>8.8%</b>		<b>- 2.2%</b>



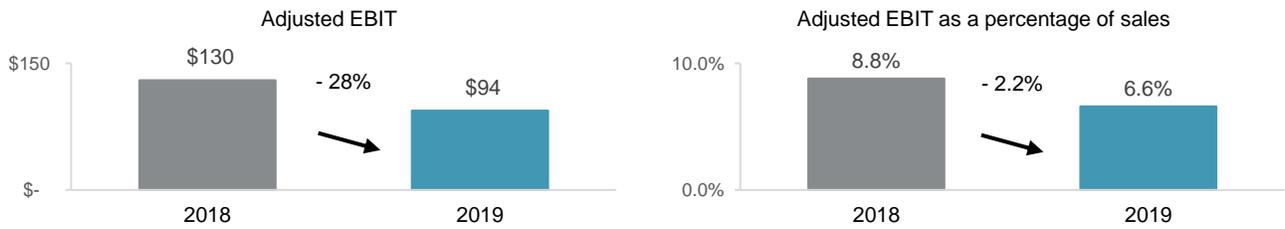
### Sales – Seating Systems

Sales in Seating Systems decreased 3% or \$37 million to \$1.43 billion for the first quarter of 2019 compared to \$1.47 billion for the first quarter of 2018, primarily as a result of:

- a \$67 million decrease in reported U.S. dollar sales, primarily as a result of the weakening of the Turkish lira, Canadian dollar, euro and Brazilian real, each against the U.S. dollar;
- lower global light vehicle production;
- the end of production of certain programs; and
- net customer price concessions subsequent to the first quarter of 2018.

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

- BMW X5;
- Geely Bin Yue;
- Skoda Kodiaq; and
- BMW X7.



### Adjusted EBIT – Seating Systems

Adjusted EBIT for Seating Systems decreased \$36 million to \$94 million for the first quarter of 2019 compared to \$130 million for the first quarter of 2018, primarily as a result of:

- reduced earnings due to lower sales;
- higher commodity costs;
- a \$4 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
- lower equity income, excluding the impact of foreign exchange, of \$3 million.

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

### Adjusted EBIT as a percentage of sales – Seating Systems

Adjusted EBIT as a percentage of sales for Seating Systems decreased 2.2% to 6.6% for the first quarter of 2019 compared to 8.8% for the first quarter of 2018, primarily as a result of:

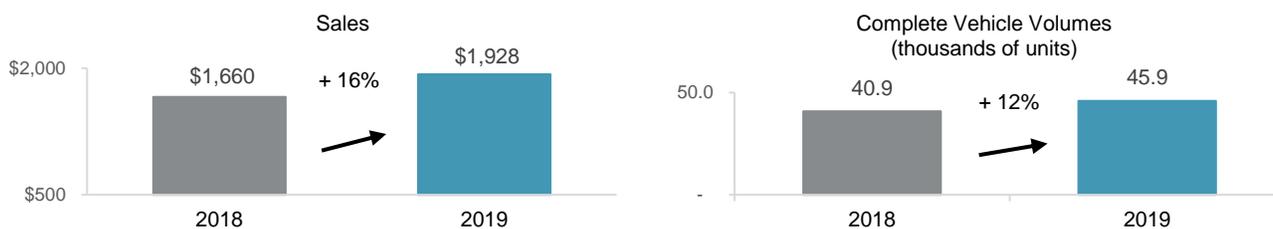
- higher launch costs incurred at new facilities;
- reduced earnings due to lower sales;
- higher commodity costs; and
- lower equity income.

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

## COMPLETE VEHICLES

	For the three months ended March 31,		Change	
	2019	2018		
<b>Complete Vehicle Assembly Volumes</b> (thousands of units) <sup>(i)</sup>	<b>45.9</b>	40.9	5.0	+ 12%
<b>Sales</b>	<b>\$ 1,928</b>	\$ 1,660	\$ 268	+ 16%
<b>Adjusted EBIT</b>	<b>\$ 28</b>	\$ 19	\$ 9	+ 47%
<b>Adjusted EBIT as a percentage of sales</b>	<b>1.5%</b>	1.1%		+ 0.4%

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



### Sales – Complete Vehicles

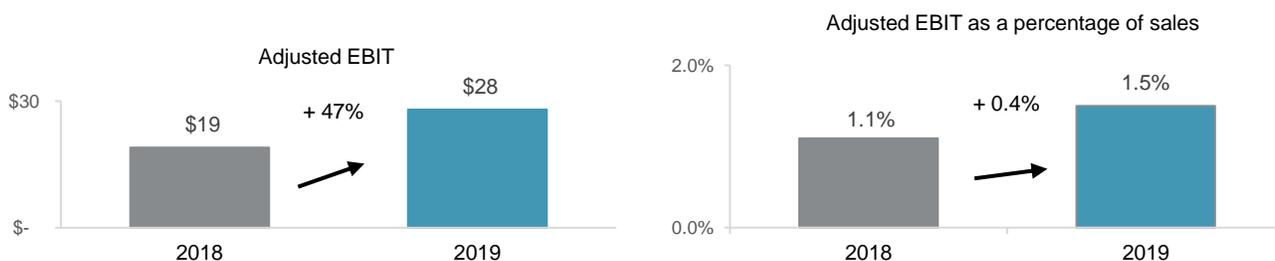
Sales increased 16% or \$268 million to \$1.93 billion for the first quarter of 2019 compared to \$1.66 billion for the first quarter of 2018 and assembly volumes increased 12% or five thousand units.

The increase in Complete Vehicle sales is primarily due to:

- the launch of the Jaguar I-Pace program which started production during the first quarter of 2018;
- the launch of the BMW Z4 program which started production during the fourth quarter of 2018; and
- the launch of the new Mercedes-Benz G-Class program which started production during the second quarter of 2018.

These factors were partially offset by:

- the impact of lower assembly volumes on the BMW 5-Series and Jaguar E-Pace; and
- a \$160 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 \$9 million to \$28 million for the first quarter of 2019 compared to \$19 million for the first quarter of 2018, primarily as a result of lower launch and other costs and earnings on higher sales.

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

### Adjusted EBIT as a percentage of sales – Complete Vehicles

Adjusted EBIT as a percentage of sales for Complete Vehicles increased 0.4% to 1.5% for the first quarter of 2019 compared to 1.1% for the first quarter of 2018, primarily as a result of lower launch and other costs.

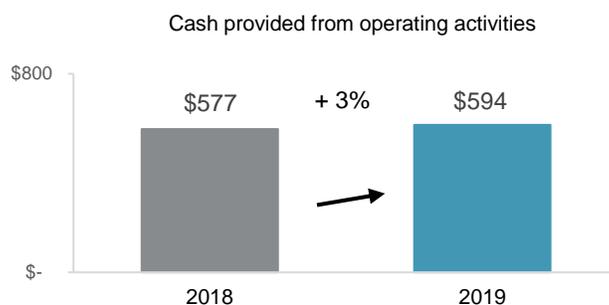
These factors were partially offset by higher depreciation and amortization relating to programs that launched subsequent to the first quarter of 2018.

### CORPORATE AND OTHER

Adjusted EBIT in Corporate and Other decreased \$5 million to \$19 million for the first quarter of 2019 compared to \$24 million for the first quarter of 2018, primarily due to an \$8 million unfavourable impact of lower foreign exchange gains in the first quarter of 2019 compared to the first quarter of 2018 related to the re-measurement of net deferred tax assets that are maintained in a currency other than their functional currency and spending associated with corporate research & development partially offset by a gain on the sale of assets in the first quarter of 2019.

## FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

### CASH FLOW FROM OPERATIONS



	<b>For the three months ended March 31,</b>		Change
	<b>2019</b>	2018	
Net income	\$ 1,101	\$ 669	
Items not involving current cash flows	(213)	363	
Changes in operating assets and liabilities	888	1,032	\$ (144)
	(294)	(455)	161
Cash provided from operating activities	<b>\$ 594</b>	<b>\$ 577</b>	<b>\$ 17</b>

#### Cash provided from operating activities

Cash provided from operating activities increased \$17 million for the first quarter of 2019 compared to the first quarter of 2018, primarily as a result of:

- a \$178 million increase in cash received from customers; and
- a \$13 million decrease in cash paid for labour.

These factors were partially offset by:

- a \$69 million increase in cash paid for material and overhead;
- lower dividends received from equity method investments of \$55 million;
- a \$43 million increase in cash paid for taxes; and
- higher net interest expense of \$7 million as discussed in the Interest Expense, net section above.

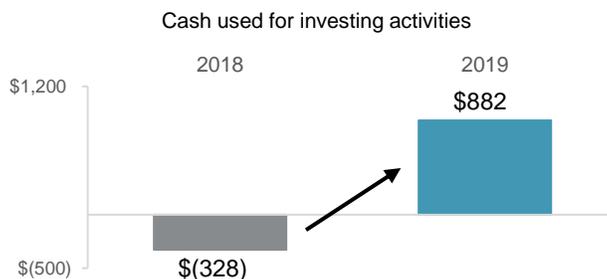
#### Changes in operating assets and liabilities

Cash used in operating assets and liabilities amounted to \$294 million in the first quarter of 2019. The net use of cash was primarily as a result of a \$946 million increase in accounts receivable, primarily due to increased sales compared to the fourth quarter of 2018.

These factors were partially offset by:

- a \$400 million increase in accounts payable, primarily due to increased sales compared to the fourth quarter of 2018 and timing of payments; and
- a \$271 million increase in other accrued liabilities mainly related to an increase in accrued taxes and higher tooling and engineering deferred revenue.

## CAPITAL AND INVESTING SPENDING



	For the three months ended March 31,		Change
	2019	2018	
Fixed asset additions	\$ (251)	\$ (243)	
Investments, other assets and intangible assets	(82)	(114)	
Fixed assets, investments, other assets and intangible assets additions	(333)	(357)	
Proceeds from disposition	86	29	
Proceeds on sale of FP&C	1,129	—	
Cash provided from (used for) investing activities	\$ 882	\$ (328)	\$ 1,210

### Fixed assets, investments, other assets and intangible assets additions

In 2019, we invested \$251 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 first quarter of 2019 was for manufacturing equipment and buildings for programs that launched during the first quarter of 2019, or that will be launching subsequent to the first quarter of 2019. In addition, we invested \$77 million in other assets related primarily to fully reimbursable tooling, planning, and engineering costs for programs that launched during the first quarter of 2019 or will be launching subsequent to the first quarter of 2019, and we invested a further \$5 million in investments, primarily related to equity method investments.

### Proceeds from disposition

In the first quarter of 2019, the \$86 million of proceeds related to normal course fixed and other asset disposals.

### Proceeds on sale of FP&C

The \$1.13 billion of proceeds relate to the sale of our FP&C business during the first quarter of 2019.

## FINANCING

	For the three months ended March 31,		Change
	2019	2018	
Issues of debt	\$ 5	\$ 15	
(Decrease) Increase in short-term borrowings	(774)	1	
Repayments of debt	(86)	(13)	
Contributions to subsidiaries by non-controlling interests	2	—	
Issue of Common Shares on exercise of stock options	8	5	
Shares repurchased for tax withholdings on vesting of equity awards	(3)	—	
Repurchase of Common Shares	(284)	(103)	
Dividends	(119)	(118)	
Cash used for financing activities	\$ (1,251)	\$ (213)	\$ (1,038)

The decrease in short-term borrowings relates primarily to a \$593 million decrease in U.S. commercial paper [the "U.S. Program"] and a \$160 million decrease in euro-commercial paper [the "Euro Program"] during the first quarter of 2019.

Repurchases of Common Shares during the first quarter of 2019 are related to 5.6 million Common Shares repurchased for aggregate cash consideration of \$284 million.

Cash dividends paid per Common Share were \$0.365 for the first quarter of 2019, for a total of \$119 million compared to cash dividends paid per Common Share of \$0.330 for the first quarter of 2018, for a total of \$118 million.

## FINANCING RESOURCES

	As at March 31, 2019	As at December 31, 2018	Change
Liabilities			
Short-term borrowings	\$ 335	\$ 1,098	
Long-term debt due within one year	122	201	
Current portion of operating lease liabilities	176	—	
Long-term debt	3,062	3,084	
	<b>3,695</b>	4,383	\$ (688)
Non-controlling interests	467	458	9
Shareholders' equity	11,480	10,701	779
Total capitalization	<b>\$ 15,642</b>	\$ 15,542	\$ 100

Total capitalization increased by \$100 million to \$15.64 billion as at March 31, 2019 compared to \$15.54 billion at December 31, 2018, primarily as a result of a \$779 million increase in shareholders' equity and a \$9 million increase in non-controlling interests, partially offset by a \$688 million decrease in liabilities.

The increase in shareholders' equity was primarily as a result of \$1.10 billion of net income earned in the first quarter of 2019, a \$37 million net unrealized gain on cash flow hedges and a \$27 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 the \$284 million repurchase and cancellation of 5.6 million Common Shares during the first quarter of 2019 and the \$119 million of dividends paid during the first quarter of 2019.

The increase in non-controlling interest was primarily as a result of dividends paid during the first quarter of 2019 partially offset by loss (income) attributable to non-controlling interests in the first quarter of 2019.

The decrease in liabilities relates primarily to a \$593 million decrease in the U.S. Program and a \$160 million decrease in the Euro Program during the first quarter of 2019, partially offset by the recognition of \$176 million of current operating lease liabilities during the first quarter of 2019 in accordance with the adoption of the accounting standard Accounting Standards Codification 842 – Leases.

## CASH RESOURCES

During the first quarter of 2019, our cash resources including restricted cash equivalents increased by \$239 million to \$1.04 billion, 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 March 31, 2019, we had term and operating lines of credit totalling \$3.3 billion, of which \$2.7 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.

## 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 May 8, 2019 were exercised:

Common Shares	319,969,867
Stock options <sup>(i)</sup>	9,271,596
	<b>329,241,463</b>

(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 first quarter of 2019 that are outside the ordinary course of our business. Refer to our MD&A included in our 2018 Annual Report.

## 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 March 31,	
	2019	2018
Net Income	\$ 1,101	\$ 669
Add:		
Interest expense, net	31	21
Other (income) expense, net	(679)	3
Income taxes	267	182
Adjusted EBIT	\$ 720	\$ 875

### 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 March 31,	
	2019	2018
Sales	\$ 10,591	\$ 10,792
Adjusted EBIT	\$ 720	\$ 875
Adjusted EBIT as a percentage of sales	6.8%	8.1%

### 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 March 31,	
	2019	2018
Net income attributable to Magna International Inc.	\$ 1,106	\$ 660
Add:		
Other (income) expense, net	(679)	3
Tax effect on Other (income) expense, net	104	—
Adjusted net income attributable to Magna International Inc.	531	663
Diluted weighted average number of Common Shares outstanding during the period (millions)	326.3	359.9
Adjusted diluted earnings per share	\$ 1.63	\$ 1.84

## RETURN ON INVESTED CAPITAL

Return on Invested Capital is 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.

After-tax operating profits is calculated in the table below:

	<b>For the three months ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Net Income	<b>\$ 1,101</b>	\$ 669
Add:		
Interest expense, net	<b>31</b>	21
Income taxes on Interest expense, net at Magna's effective income tax rate:	<b>(6)</b>	(5)
<b>After-tax operating profits</b>	<b>\$ 1,126</b>	<b>\$ 685</b>

Invested Capital is calculated in the table below:

	<b>As at March 31,</b>	
	<b>2019</b>	<b>2018</b>
Total Assets	<b>\$ 27,980</b>	\$ 27,089
Excluding:		
Cash and cash equivalents	<b>(925)</b>	(769)
Deferred tax assets	<b>(264)</b>	(260)
Less Current Liabilities	<b>(9,980)</b>	(10,231)
Excluding:		
Short-term borrowings	<b>335</b>	262
Long-term debt due within one year	<b>122</b>	114
Current portion of operating lease liabilities	<b>176</b>	—
<b>Invested Capital</b>	<b>\$ 17,444</b>	<b>\$ 16,205</b>

Return on Invested Capital is calculated in the table below:

	<b>For the three months ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
After-tax operating profits	<b>\$ 1,126</b>	\$ 685
Average Invested Capital	<b>\$ 16,700</b>	\$ 15,917
Return on Invested Capital	<b>27.0%</b>	17.2%

## RETURN ON EQUITY

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

	<b>For the three months ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Net income attributable to Magna International Inc.	<b>\$ 1,106</b>	\$ 660
Average Shareholders' Equity	<b>\$ 11,553</b>	\$ 12,003
Return on Equity	<b>38.3%</b>	22.0%

## **SUBSEQUENT EVENT**

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### ***CREDIT FACILITY AMENDMENT***

On April 26, 2019, we amended our \$2.75 billion revolving credit facility, including an extension of the maturity date from June 22, 2023 to June 24, 2024.

### ***ACQUISITION OF VIZA GECA SL***

In the fourth quarter of 2018, we signed an agreement to acquire 100% of the common shares and voting interest of VIZA Geca SL ["VIZA"], a Spain-based supplier of seat structures and related systems. The transaction was completed on April 29, 2019.

The total consideration transferred by us was approximately \$100 million [€89 million] in cash, net of cash acquired, and is subject to working capital and other customary purchase price adjustments. The acquisition of VIZA will be accounted for as a business combination under the acquisition method of accounting. We will record the assets acquired and liabilities assumed at their fair values as of the acquisition date. Due to the limited amount of time since the acquisition date, the preliminary acquisition valuation for the business combination is incomplete at this time. As a result, we are unable to provide the amounts recognized as of the acquisition date for the major classes of assets acquired and liabilities assumed, including the information required for valuation of intangible assets and goodwill.

## **FUTURE CHANGES IN ACCOUNTING POLICIES**

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Refer to Note 1 - Significant Accounting Policies included in our unaudited interim consolidated financial statements for the three months ended March 31, 2019 included in this Quarterly Report for the impact of recently issued accounting pronouncements.

## **COMMITMENTS AND CONTINGENCIES**

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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, 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**

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During the three months ended March 31, 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 March 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## FORWARD-LOOKING STATEMENTS

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Certain statements in this MD&A constitute "forward-looking information" or "forward-looking statements" (collectively, "forward-looking statements") and are intended to provide information about management's current expectations and plans. Such forward-looking statements may not be appropriate for other purposes. Forward-looking statements may include financial and other projections, as well as statements regarding our future plans, 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 in this MD&A include, but are not limited to, statements relating to:

- industry timeframes for deployment of autonomous driving;
- our expectations for development, validation, testing and other costs related to our advanced driver assistance systems;
- vehicle production volume trends in our key markets;
- factors impacting the performance of our equity-accounted joint ventures in China.

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

### Risks Related to the Automotive Industry

- economic cyclicality;
- 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.