



# INVESTOR PRESENTATION

MAY 2020



# Forward Looking Statements



Certain statements in this presentation constitute "forward-looking information" or "forward-looking statements" (collectively, "forward-looking statements"). Any such forward-looking statements are intended to provide information about management's current expectations and plans and may not be appropriate for other purposes. Forward-looking statements may include financial and other projections, as well as statements regarding our future plans, strategic objectives or economic performance, or the assumptions underlying any of the foregoing, and other statements that are not recitations of historical fact. We use words such as "may", "would", "could", "should", "will", "likely", "expect", "anticipate", "believe", "intend", "plan", "aim", "forecast", "outlook", "project", "estimate", "target" and similar expressions suggesting future outcomes or events to identify forward-looking statements. Forward-looking statements in this presentation include, but are not limited to, statements relating to: the expected timing of the resumption and ramp up of production in various regions; our actions in response to the COVID-19 (Coronavirus) pandemic, including with respect to: resumption of production; employee health and safety; actions to maintain liquidity, including suspension of share repurchases for cancellation; reductions or freezing of capital and other expenditures; decremental margin expectations for the remainder of the year; Magna's ability to capitalize on growth opportunities in light-weighting, vehicle electrification, smart mobility solutions, autonomous driving and other automotive trends; the timing and success of program launches; the ability to successfully implement our product group strategic priorities; our ability to successfully implement our financial strategy, including future returns of capital to our shareholders through dividends and share repurchases; and expected free cash flow generation.

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

#### Risks Related to the Automotive Industry

- economic cyclicality;
- regional production volume declines, including as a result of the COVID-19 (coronavirus) pandemic;
- 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, including as a result of the COVID-19 (Coronavirus) pandemic;
- OEM consolidation;

#### Manufacturing Operational Risks

- product and new facility launch risks;
- operational underperformance;
- restructuring costs;
- impairment charges;
- labour disruptions;
- COVID-19 (Coronavirus) shutdowns;
- supply disruptions, including as a result of the COVID-19 (coronavirus) pandemic;
- climate change risks;
- attraction/retention of skilled labour;

#### IT Security/Cybersecurity Risk

- IT/Cybersecurity breach;
- Product 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 related to repair or replacement of defective products, including due to a recall;
- warranty or recall costs that exceed warranty provision or insurance coverage limits;
- product liability claims;

#### 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.

# Investment Profile



- World's 3rd largest automotive supplier by sales
- Strong capabilities in lightweighting, powertrain/electrification, ADAS, seating and mechatronics
- Complete vehicle operations are unique and positioned for smart mobility
- Track record of returning capital to shareholders
- Taking steps to address current environment
- Strong liquidity position



- Magna's Response to COVID-19
- Q1 2020 Update
- Financial Strategy
- Positioning for the Future

# MAGNA'S RESPONSE TO COVID-19



# Health and Safety of Employees is Our #1 Priority



- Developed protocols, assessment tools, and guidance documents
  - Disseminated health screening tools
  - Isolation and contact tracing guidelines
  - Decontamination procedures
- Installed PPE and supplied personal protective gear to employees
- Working with public health authorities
  - Sharing best practices
  - Established Smart Start Playbook



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# Health and Safety of Employees is Our #1 Priority



(cont.)

- Minimizing the impact on our employees
  - Maintaining benefits coverage throughout layoffs
  - Maximizing days at full compensation by utilizing vacation days
  - Engaging emergency wage protection programs and providing top-up payments
  - Providing regular communications with respect to company programs for physical and mental health



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## Experienced Senior Management Team



- Highly coordinated response
- Multiple workstreams formed across disciplines and geographies
- Entrepreneurial culture drives an ownership mentality
- Flexing our cost structure while continuing to support our customers
- Executive management able to focus on long-term vision for Magna

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## Restart of Production



- China
  - OEMs have restarted production
  - Vehicle sales continue to improve
  - We are now fully operational in our facilities
  - Lessons learned being shared globally
- Europe
  - OEMs in the process of restarting
- North America
  - Planning on restarts this month
  - Mexico could be a risk
- Expecting a slow ramp in production in Europe and North America
- Not seeing significant program delays



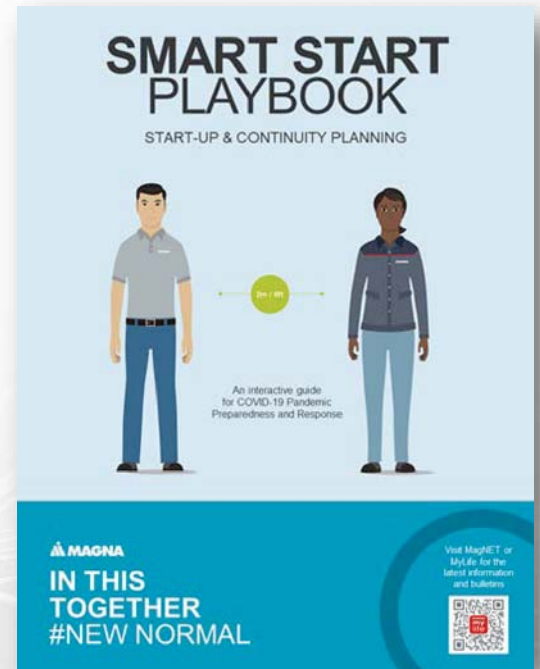
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## Restart of Production (cont.)



- Close cooperation with customers, suppliers, local governments, and our employees
- Smart Start Playbook provides a framework for restarting our facilities
- Working closely with our supply chain

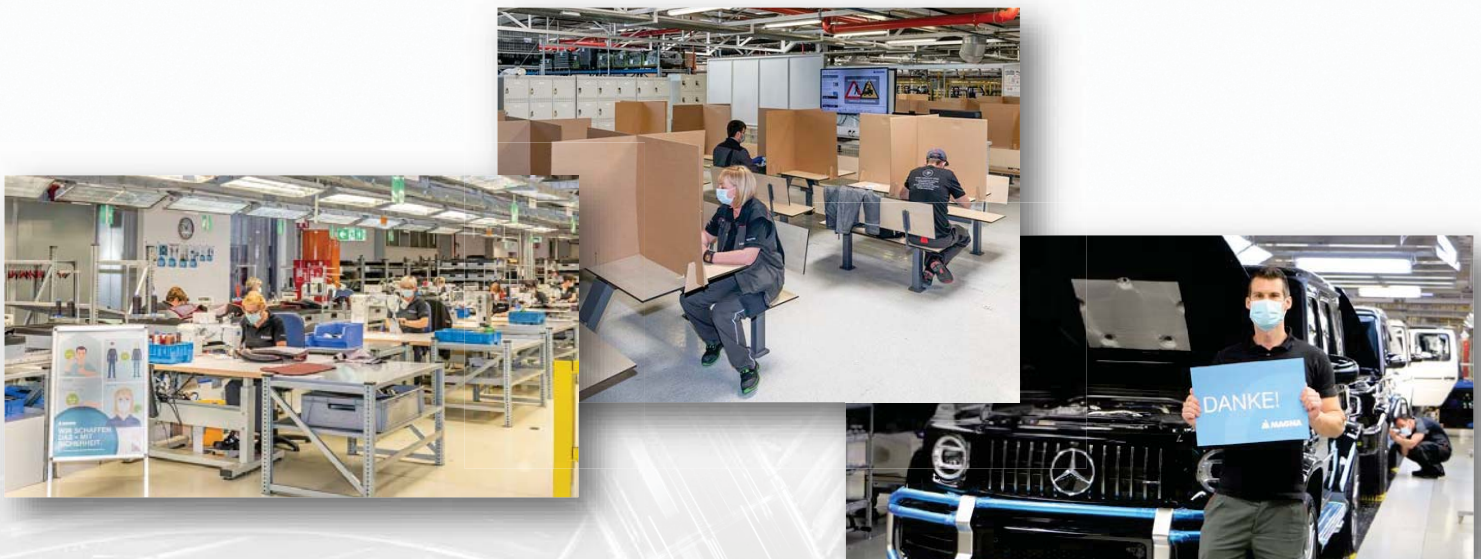


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## Restart of Production (cont.)



- Mercedes Benz G-Class assembly line in Graz, Austria among the first in Europe to successfully restart complete vehicle production



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# Confident in Long-Term Position



- Our value creation framework is intact
  - Entrepreneurial culture
  - Leading market positions
  - Global capabilities
- Continue to invest for the future
  - New program launches
  - R&D
- Industry trends largely unchanged
  - Magna well positioned as highlighted at Investor Day

**FORTUNE**  
WORLD'S MOST  
**ADMIRED**  
COMPANIES®  
2020



# Q1 2020 UPDATE

# Q1-2020 Vehicle Production (incl. impact of COVID-19)



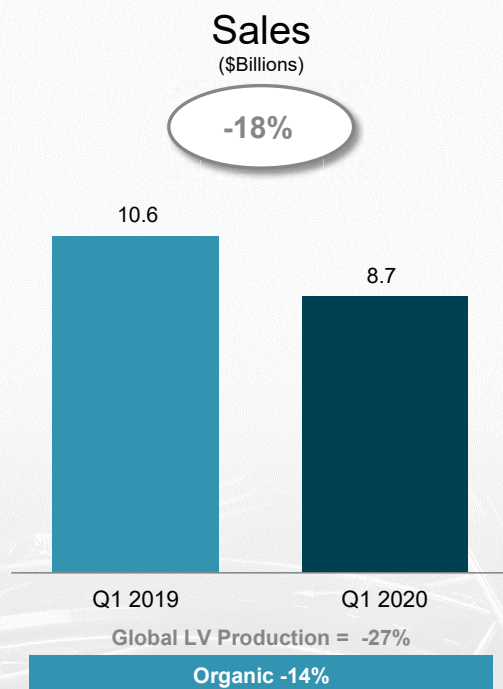
<u>Region</u>	<u>YOY Change in Production</u>
North America	-13%
Europe	-19%
China	-44%
Global	-27%

## Estimated COVID-19 Impact on Magna's Q1 2020 Results:

Total Sales	~\$1.1 billion
EBIT <sup>1</sup>	~\$250 million

<sup>1</sup> EBIT impact includes ~\$30 million mainly associated with top-up payments to employees

# Significant Volume Declines impact Q1 2020 Sales



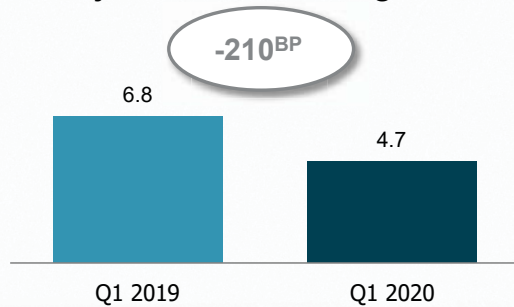
- COVID-19 (approx. -\$1,100M)
- Other production and assembly volumes (-)
- Divestitures, net of acquisitions (-\$325M)
- FX translation (-\$152M)
- End of production of certain programs (-)
- Net customers price concessions (-)
- Launch of new programs (+)



# Q1 2020 Adjusted EBIT % and Tax Rate



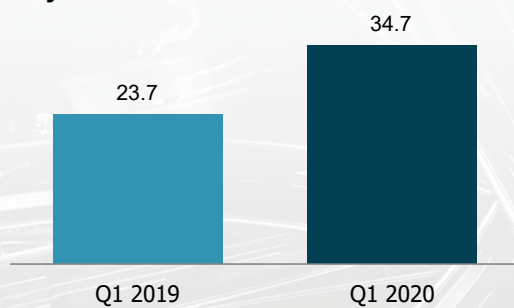
## Adjusted EBIT Margin %



## Key Factors

- COVID-19 ~200BP (-)
- Lower tooling contribution (-)
- Operational underperformance at a BES facility (-)
- Divestiture of FP&C (-)
- Lower incentive compensation and profit sharing (+)
- Favourable engineering resolution in CV (+)
- Favourable Mercedes Benz G-Class mix (+)

## Adjusted Effective Tax Rate %



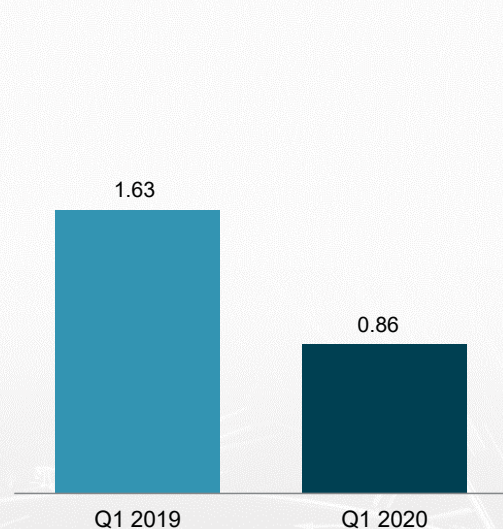
- Tax on foreign exchange gains reported for Mexican tax purposes but not for US GAAP 950 BP (-)

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# Sales Decline Impacts Q1 2020 Earnings



## Adjusted Diluted EPS (\$)



- Lower Adjusted EBIT due to significant decline in sales (-)
- Divestiture of FP&C (-)
- Higher income tax rate (-)
- Lower share count (+)

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# Q1 2020 Segment Results (incl. COVID-19 Impact)



(\$Millions, unless otherwise noted)

BODY EXT. & STRUCTURES	Q1 2019	Q1 2020	POWER & VISION	Q1 2019	Q1 2020
Sales	4,308	3,676	Sales	3,083	2,523
Adjusted EBIT	363	199	Adjusted EBIT	216	135
Adjusted EBIT %	8.4%	5.4%	Adjusted EBIT %	7.0%	5.4%
COVID-19 - Sales - EBIT margin		~425 ~200-250BP	COVID-19 - Sales - EBIT margin		~300 ~200-250BP

SEATING	Q1 2019	Q1 2020	COMPLETE VEHICLES	Q1 2019	Q1 2020
Sales	1,433	1,261	Sales	1,928	1,321
Adjusted EBIT	94	40	Adjusted EBIT	28	50
Adjusted EBIT %	6.6%	3.2%	Adjusted EBIT %	1.5%	3.8%
COVID-19 - Sales - EBIT margin		~150 ~200-250BP	COVID-19 - Sales - EBIT margin		~225 ~25-50BP

<sup>1</sup> It is difficult to determine with a high degree of accuracy the value of sales lost as well as the impact to EBIT specifically as a result of the temporary suspension of production at OEM plants brought on by COVID-19. However, based on our expectations prior to the production suspensions compared to final production levels for the first quarter, we estimate such lost sales to have been approximately \$1.1 billion and that Adjusted EBIT was negatively impacted by approximately \$250 million.

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## FINANCIAL STRATEGY

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# Capital Allocation Principles Unchanged



## 1 Maintain Strong Balance Sheet

- Preserve liquidity and high investment grade credit ratings
- Maintain flexibility to invest for growth

## 2 Invest for Growth

- Organic opportunities (disciplined capital spending)
- Innovation
- Acquisitions that fit product strategy

## 3 Return Capital to Shareholders

- Board approved Q1 2020 dividend
- Stopped share repurchases given ongoing uncertainty

Ongoing focus on Free Cash Flow Generation and ROIC

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# Strong Liquidity Position



(\$Millions, unless otherwise noted)

Available Operating & Term Lines of Credit <sup>1</sup>	\$3,072
Cash & Cash Equivalents	\$1,146
<b>Total Available Liquidity (3/31/20)</b>	<b>\$4,218</b>
Increase in Short Term Revolver (4/13/20) <sup>2</sup>	\$700
<b>Pro-forma Total Available Liquidity (3/31/20)</b>	<b>~\$4.9 Billion</b>

Also Recently Filed \$2B Shelf Prospectus

<sup>1</sup> Includes global credit facility of \$2.75 billion that expires in June 2024

<sup>2</sup> We amended our 364-day syndicated revolving credit facility, including to increase the size of the facility from US\$300 million to US\$1.0 billion and extend its maturity date to April 12, 2021, from June 2020

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# Conservative Adjusted Debt to Adjusted EBITDA



(\$Millions, unless otherwise noted)

	Q1 2020
LTM EBITDA	\$ 3,588
Lease Adjustment	\$ 316
Other	\$ (10)
<b>Adjusted EBITDA</b>	<b>\$ 3,894</b>
Debt per Balance Sheet	\$ 3,114
Lease Liability per Balance Sheet	\$ 1,804
Other	\$ 237
<b>Adjusted Debt</b>	<b>\$ 5,155</b>
<b>Adjusted Debt / Adjusted EBITDA</b>	<b>1.32x</b>

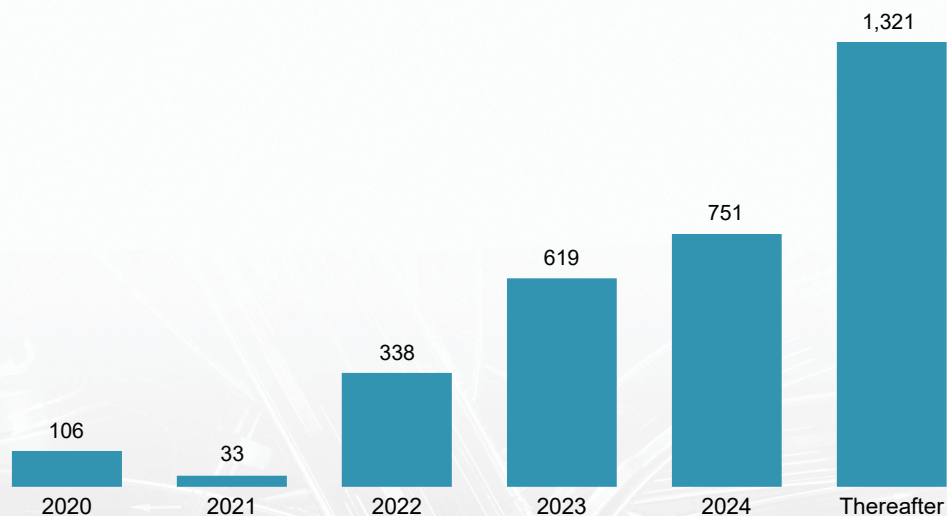
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# No Significant Debt Repayments Until 2022



## Estimated Future LTD Principal Repayments<sup>1</sup>

(\$Millions)



<sup>1</sup> Excludes operating leases

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# Proven Track Record of Returning Capital to Shareholders



2017-2019



Returned ~\$313M in Q1 2020

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## 2020 Considerations



- Withdrew our Outlook given business uncertainty
- Decremental margin in the low 20% range for balance of the year is reasonable
  - Various puts and takes can impact decrementals, including Q2 top-up payments
- Working capital expected to be a use of cash as sales increase sequentially
- Reasonable to assume we can reduce capital for 2020 by 10-15%

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# POSITIONING FOR THE FUTURE



Electrification



Lightweighting



Autonomy



Smart Mobility



# Select Technologies Supporting Trends

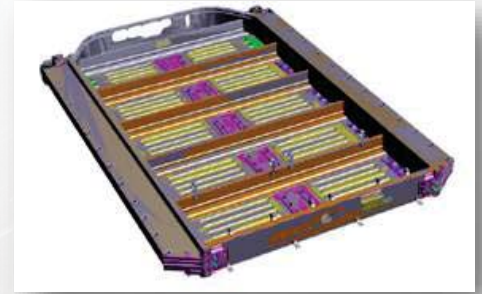
## Smart Access



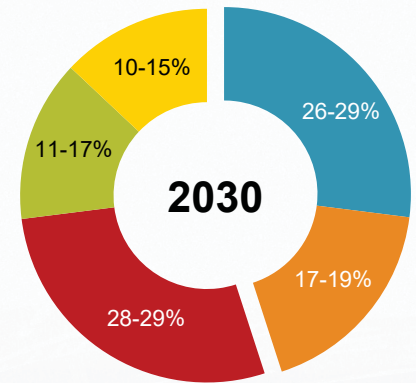
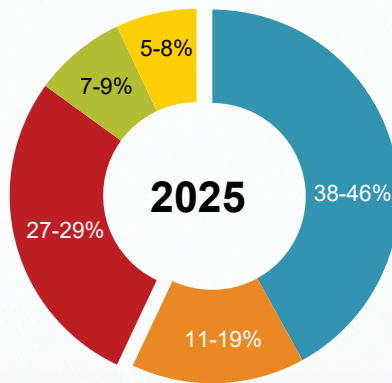
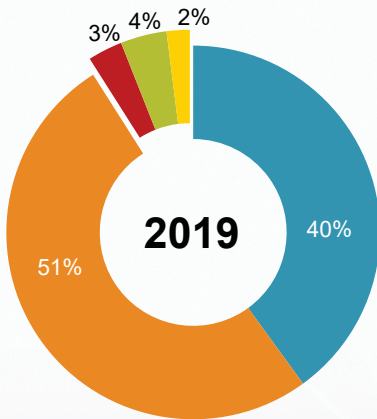
## Reconfigurable Seating



## Battery Frames



# Powertrain Electrification is Growing...



- eMobility Market
- Internal Combustion Engine (ICE)
  - Micro Hybrid: ICE with 12V start/stop functionality & regeneration capability
  - Mild Hybrid: ICE with 48V start/stop functionality, regeneration & boosting capability
  - PHEV/HEV: ICE with high voltage eMachine, full electric driving, external charging
  - EV: No ICE; battery or fuel cell electric vehicle





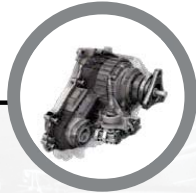
# Positioned for Powertrain Electrification



HIGH EFFICIENCY  
DUAL CLUTCH  
TRANSMISSIONS



ICE &  
STOP-START

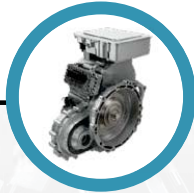


ECOMAX HIGH EFFICIENCY  
ACTIVE TRANSFER CASES

48V MILD HYBRID  
DUAL CLUTCH  
TRANSMISSIONS



HYBRID

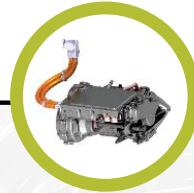


DEDICATED  
HYBRID  
TRANSMISSIONS

HIGHLY  
INTEGRATED  
eDRIVE SYSTEMS  
(Low Power)

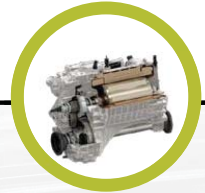
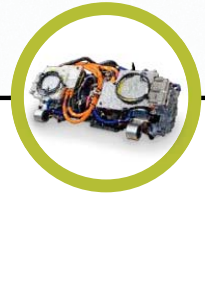


ELECTRIC



HIGHLY  
INTEGRATED  
eDRIVE SYSTEMS  
(Mid Power)

TWIN eDRIVE  
SYSTEM w/ TORQUE  
VECTORING



HIGHLY  
INTEGRATED  
eDRIVE SYSTEMS  
(High Power)

Significant Booked eMobility Contracts



# Positioned to Help Reduce Vehicle Weight



- Broadest offering of lightweight design and manufacturing solutions
- Ability to support OEMs with comprehensive engineering for product and process design
- Strong know-how in joining multi-materials
- Global footprint allows us to win, support and launch either regional or global programs

## Hot Stamping



## Casting

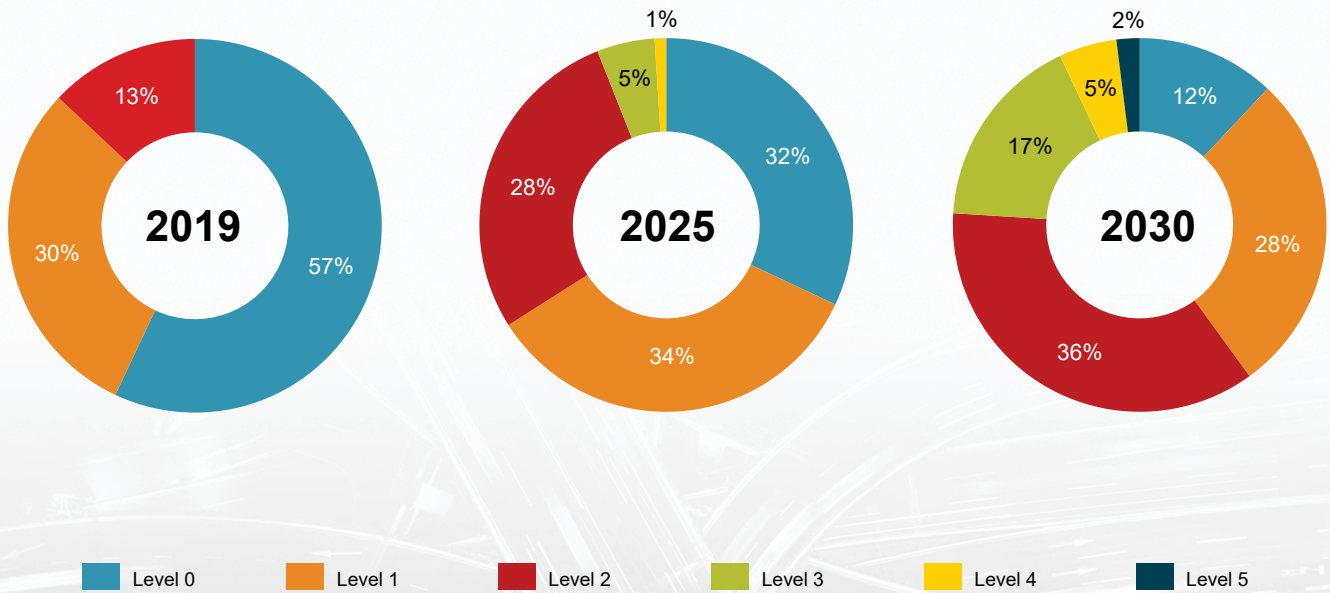


## Composite Liftgates





# Autonomy Will Continue to Proliferate



Source: Magna Internal ADAS market forecast December 2019



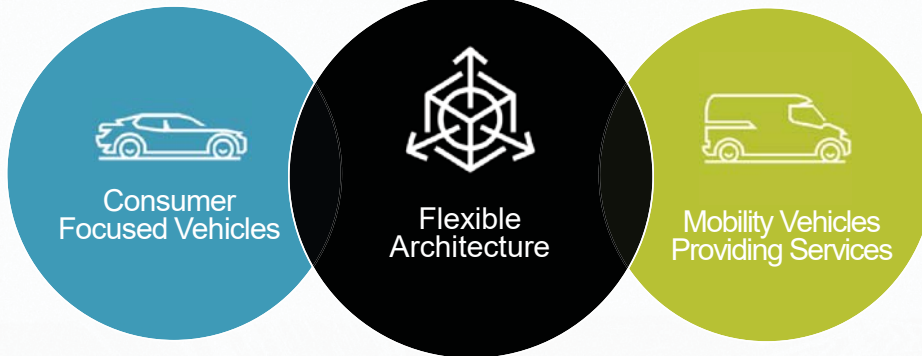
# Magna's ADAS Hardware Building Blocks







# Positioned for Smart Mobility



Body & Structure



Powertrain



Seating



ADAS/Electronics/  
Mechanics

Complete Vehicle Design, Engineering and Assembly

## In Summary



- Taking step to address current environment
- Strong liquidity position
- Preparing for restart of production
- Continuing to invest for the future
- Well positioned for future mobility





# APPENDIX

## Supporting Fight Against COVID-19

- A number of our facilities producing masks, face shields, gowns, and ventilator components
- Donating PPE to hospitals, meals to health care workers, and hygiene kits to shelters



# NORTH AMERICA New Launches Ramping Up



Ford Escape



Mercedes-Benz GLE Coupe



Ford Maverick



Cadillac Escalade



Ford Mustang Mach E



Jeep Grand Cherokee 3-Row

● Body ● Power & Vision ● Seating

# EUROPE New Launches Ramping Up



Volkswagen Caddy



BMW 2-Series



Porsche Taycan Cross Turismo



Nissan Qashqai



Mercedes-Benz GLA



Volkswagen ID.4

● Body ● Power & Vision ● Seating



# New Launches Ramping Up



Mercedes-Benz GLB



Ford Explorer



BMW X2



Cadillac CT4



Geely 05



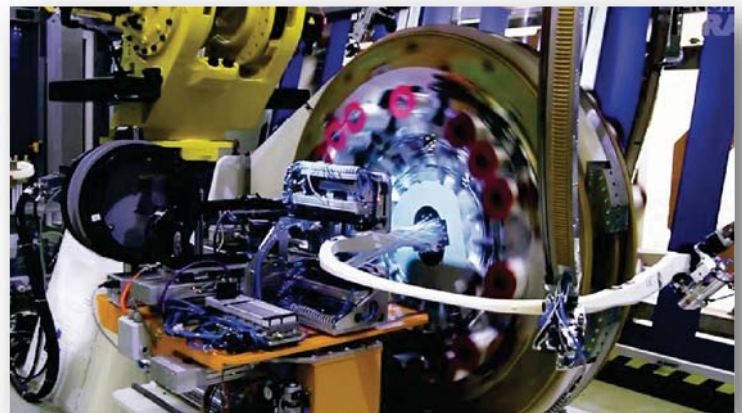
Chevy Blazer

● Body ● Power & Vision ● Seating

# PACE Award for Composite Liftgate



- Lightweight solution debuted on the 2020 Toyota Supra
- Space frame reinforcement solution enables 10% mass reduction and is first application in the automotive industry
- Expect significant growth in liftgates going forward





# Q1 2020 Sales Performance vs Market



Q1 2020 vs Q1 2019

	Reported	Organic <sup>1</sup>	Unweighted Performance vs Global Production	Weighted Performance vs Global Production
Body Exteriors & Structures	(15%)	(14%)	13%	2%
Power & Vision	(18%)	(5%)	22%	11%
Seating	(12%)	(13%)	14%	3%
Complete Vehicles	(31%)	(29%)	(2%)	(13%)
<b>TOTAL SALES</b>	<b>(18%)</b>	<b>(14%)</b>	<b>13%</b>	<b>2%</b>

Unweighted Production Growth (27%)

Weighted Production Growth<sup>2</sup> (16%)

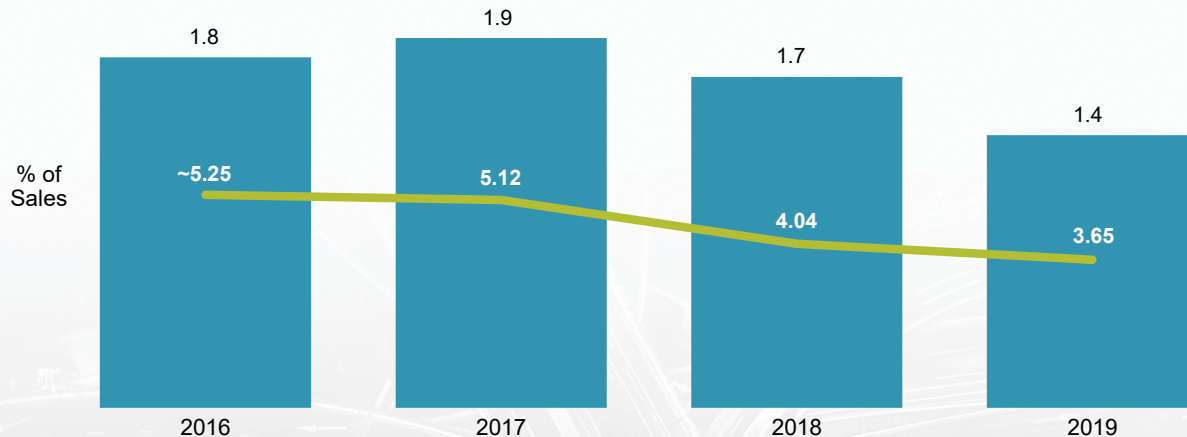
<sup>1</sup> Excluding acquisitions net of divestitures and FX movements

<sup>2</sup> Calculated by applying Magna geographic sales weighting, excluding Complete Vehicle sales, to regional production

# Disciplined Capital Spending Profile



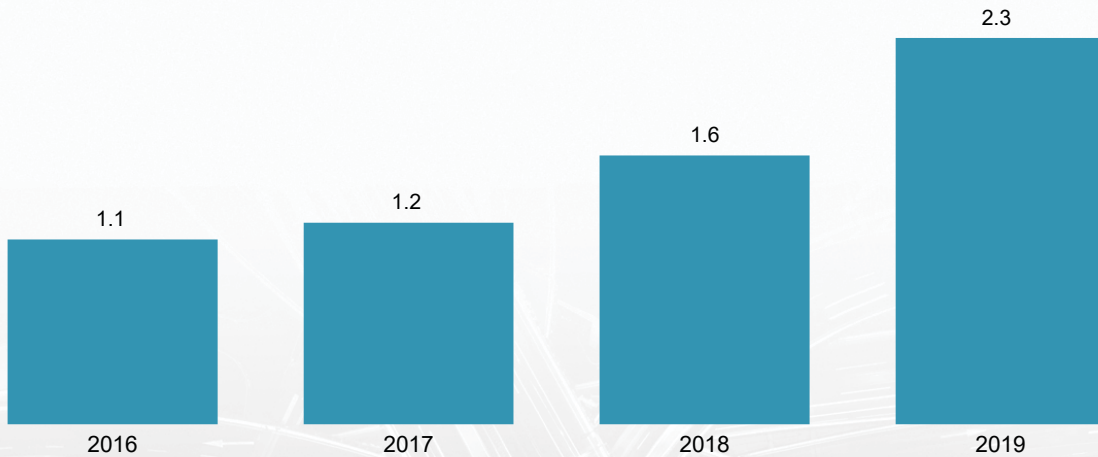
Capital Spending  
(\$Billions)



# Strong Free Cash Flow Generation



Free Cash Flow<sup>1</sup>  
(\$Billions)

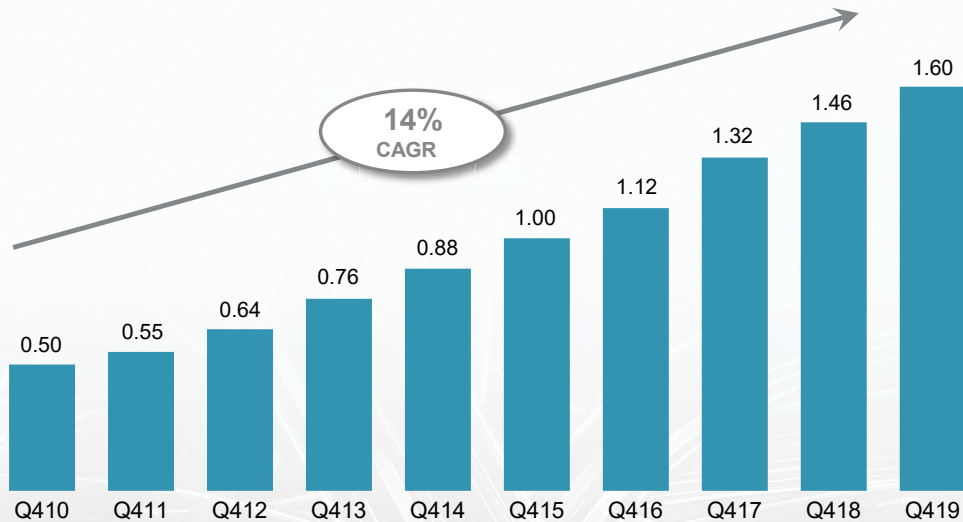


<sup>1</sup> Free Cash Flow is Cash from Operating Activities plus proceeds from normal course dispositions of fixed and other assets minus capital spending minus investment in other assets

# Long History of Increasing Dividend



Annualized Dividend<sup>1</sup>  
(\$ per share)



<sup>1</sup> Based on Q4 run rate