



# Magna Investor Event

May 10, 2022

# Louis Tonelli

Vice-President, Investor Relations  
Magna International

# Forward Looking Statements



Certain statements in this document 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. The following table identifies the material forward-looking statements contained in this document, together with the material potential risks that we currently believe could cause actual results to differ materially from such forward-looking statements. Readers should also consider all of the risk factors which follow below the table:

Material Forward-Looking Statement	Material Potential Risks Related to Applicable Forward-Looking Statement
<p>Total Sales (Consolidated &amp; Unconsolidated)</p> <p>Weighted Sales Growth over Market</p>	<ul style="list-style-type: none"> <li>• Mandatory COVID-19 lockdowns/stay-at-home orders, including in certain parts of China, could impact vehicle sales, vehicle production and our own production</li> <li>• Economic impact of COVID-19 and/or Russia's invasion of Ukraine on consumer confidence</li> <li>• Supply disruptions, including as a result of a semiconductor chip shortage, COVID-19 related shutdowns, and/or Russia's invasion of Ukraine</li> <li>• Elevated levels of inflation</li> <li>• Regional energy shortages and price increases</li> <li>• Concentration of sales with six customers</li> <li>• Shifts in market shares among vehicles or vehicle segments</li> <li>• Shifts in consumer "take rates" for products we sell</li> </ul>
<p>2023, 2024 &amp; 2027:</p> <ul style="list-style-type: none"> <li>• Powertrain electrification Managed Sales</li> <li>• Battery Enclosures Sales</li> <li>• ADAS Sales</li> </ul>	<ul style="list-style-type: none"> <li>• Same risks as for Sales above</li> <li>• Consumer adoption of electrified vehicle offerings and ADAS features</li> <li>• Our ability to grow sales with new entrant electric vehicle OEMs</li> <li>• Our ability to consistently develop and commercialize innovative products or processes</li> <li>• Intellectual property risks</li> </ul>
<p>Adjusted EBIT Margin</p>	<ul style="list-style-type: none"> <li>• Same risks as for Sales above</li> <li>• Operational underperformance</li> <li>• Higher costs incurred to mitigate the risk of supply disruptions, including: materials price increases; higher-priced substitute supplies; premium freight costs to expedite shipments; production inefficiencies due to production lines being stopped/restarted unexpectedly based on customers' production schedules; and price increases from sub-suppliers that have been negatively impacted by production inefficiencies</li> <li>• Price concessions</li> <li>• Commodity cost volatility</li> <li>• Higher labour costs</li> <li>• Tax risks</li> </ul>
<p>Free Cash Flow</p>	<ul style="list-style-type: none"> <li>• Same risks as for Sales and Adjusted EBIT Margin above</li> </ul>

# Forward Looking Statements



Forward-looking statements are based on information currently available to us and are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. While we believe we have a reasonable basis for making any such forward-looking statements, they are not a guarantee of future performance or outcomes. In addition to the factors in the table above, 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;
- emergence of potentially disruptive Electric Vehicle OEMs, including risks related to limited revenues/operating history of new OEM entrants;
- OEM consolidation and cooperation;
- shifts in market shares among vehicles or vehicle segments;
- shifts in consumer "take rates" for products we sell;
- dependence on outsourcing;
- quarterly sales fluctuations;
- potential loss of any material purchase orders;
- a deterioration in the financial condition of our supply base;

## Manufacturing/Operational Risks

- risks arising from Russia's invasion of Ukraine and compliance with the sanctions the regime imposed in response;
- impact of the semiconductor chip shortages on OEM production volumes and on the efficiency of our operations;
- risks related to COVID-19;
- supply disruptions and higher costs to mitigate such disruptions;
- regional energy shortages and price increases;
- skilled labour attraction/retention;
- product and new facility launch risks;
- operational underperformance;
- restructuring costs;
- impairment charges;
- labour disruptions;
- climate change risks;

## IT Security/Cybersecurity Risk

- IT/Cybersecurity breach;
- Product Cybersecurity breach;

## Pricing Risks

- Inflationary pressures;
- pricing risks between time of quote and award of new business;
- price concessions;
- commodity cost volatility;
- declines in scrap steel/aluminum 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

- competition for strategic acquisition targets;
- 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;
- intellectual property risks;
- our changing business risk profile as a result of increased investment in electrification and autonomous/assisted 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 or made as a result of the COVID-19 pandemic.

# Swamy Kotagiri

Chief Executive Officer  
Magna International



**Forward.**  
**For all.**

# Our Foundational Strengths



Manufacturing  
Expertise



Decentralized  
Structure



Entrepreneurial  
Mindset



Ownership  
Mentality



Disciplined  
Profitable Growth

# ESG minded from the start...



Operate efficiently and responsibly



Fair treatment of employees



Contributing to communities in which we operate



# Creating a better world of mobility, responsibly



Net Carbon Neutral in Europe by 2025 and all operations by 2030



Technologies that reduce vehicle emissions and improve fuel economy



Strong, diverse, and inclusive teams

# Our Vision

---

Advancing mobility for  
everyone and everything.

# Go-Forward Strategy

**1.**

Accelerate  
deployment of  
capital towards  
high-growth  
areas

**2.**

Drive operational  
excellence

**3.**

Unlock new  
business models  
and markets

# Go-Forward Strategy

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Accelerate  
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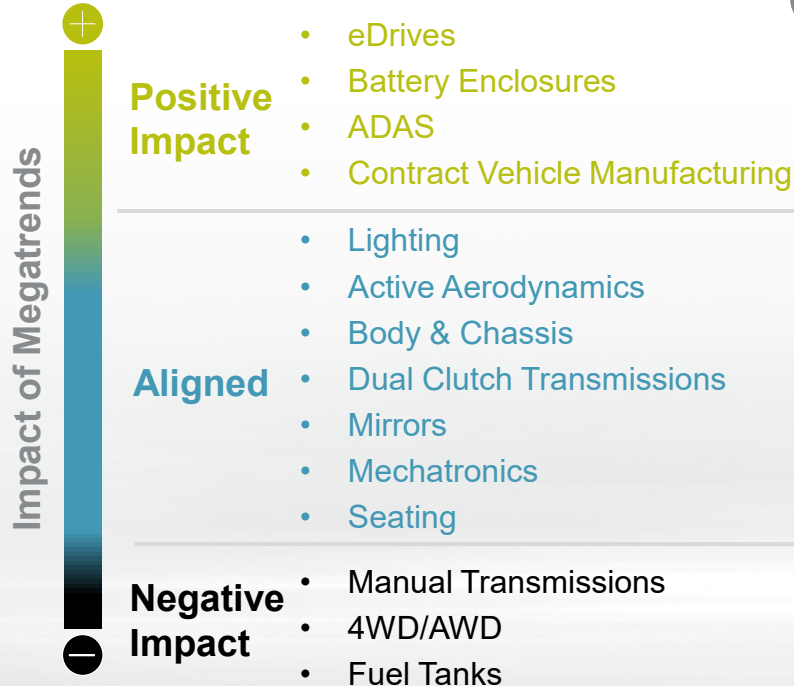
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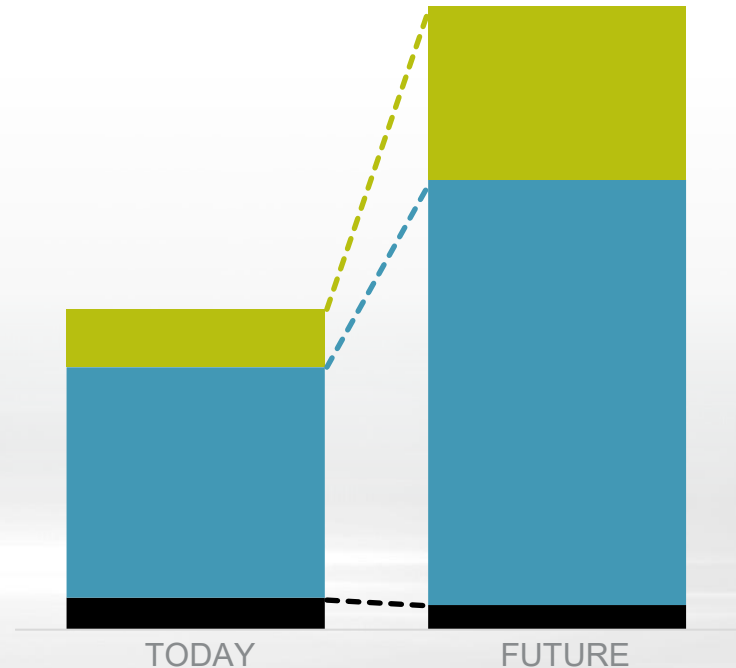
3.

Unlock new  
business models  
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# Portfolio Positively Impacted by Megatrends



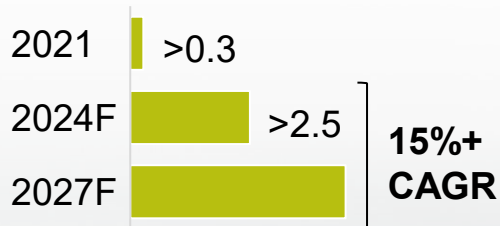
## Magna Sales over time



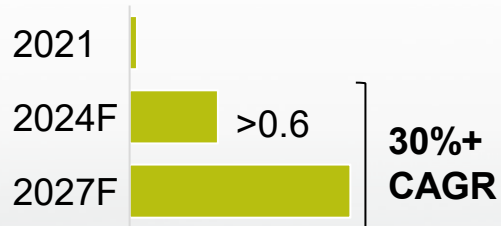
# Key Growth Contributors



## Powertrain Electrification<sup>1</sup>



## Battery Enclosures



## ADAS



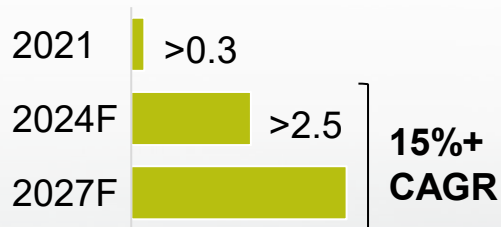
■ Sales in \$Billions

<sup>1</sup> Represents managed sales. Managed sales = consolidated sales + sales at 100% for unconsolidated entities.

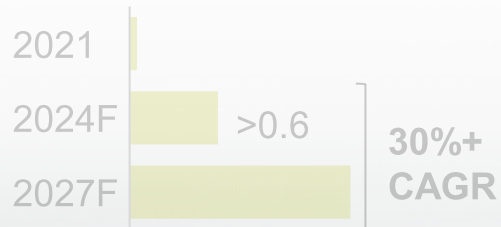
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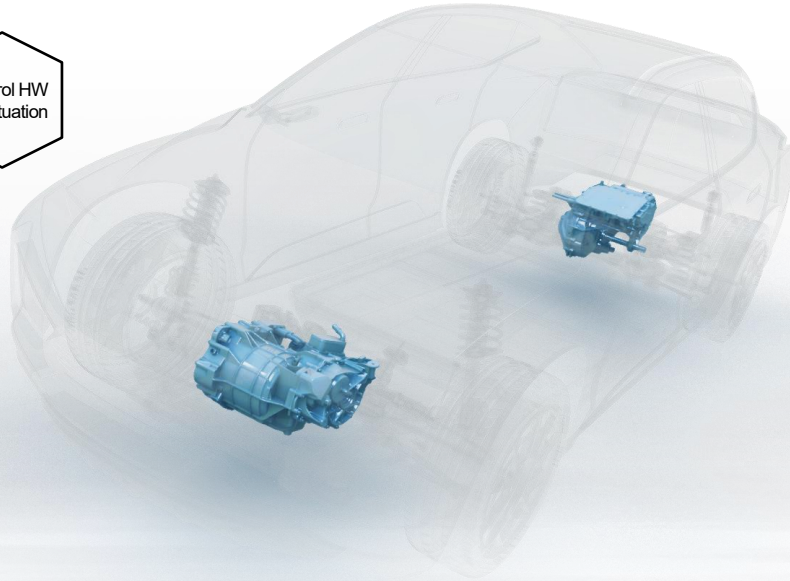
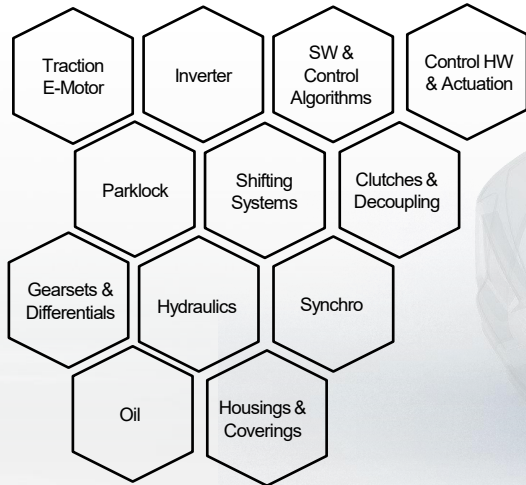
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# Bringing Power to the Wheels



## MODULAR & SCALABLE BUILDING BLOCKS



## MODULAR & SCALABLE PRODUCTS



Primary +  
Secondary eDrive



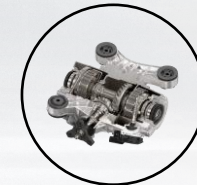
Dedicated  
Hybrid Drive



eBeam



Hybrid Dual-Clutch  
Transmission



4WD / AWD



Dual Clutch  
Transmission



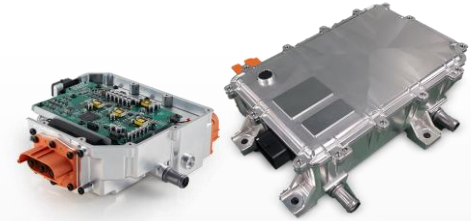
# Electrification Business Growing Rapidly



2 eDrive  
program launches

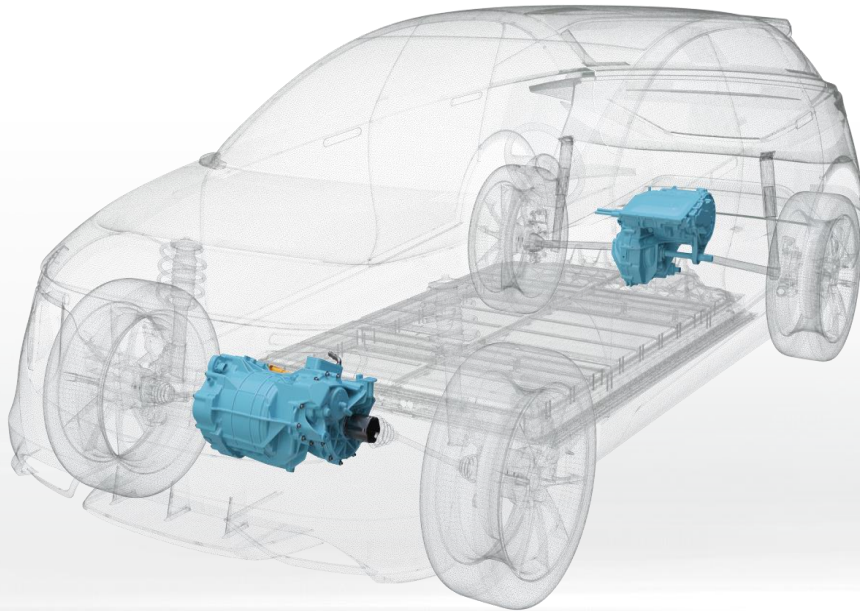


2 high-volume hybrid  
DCT program launches



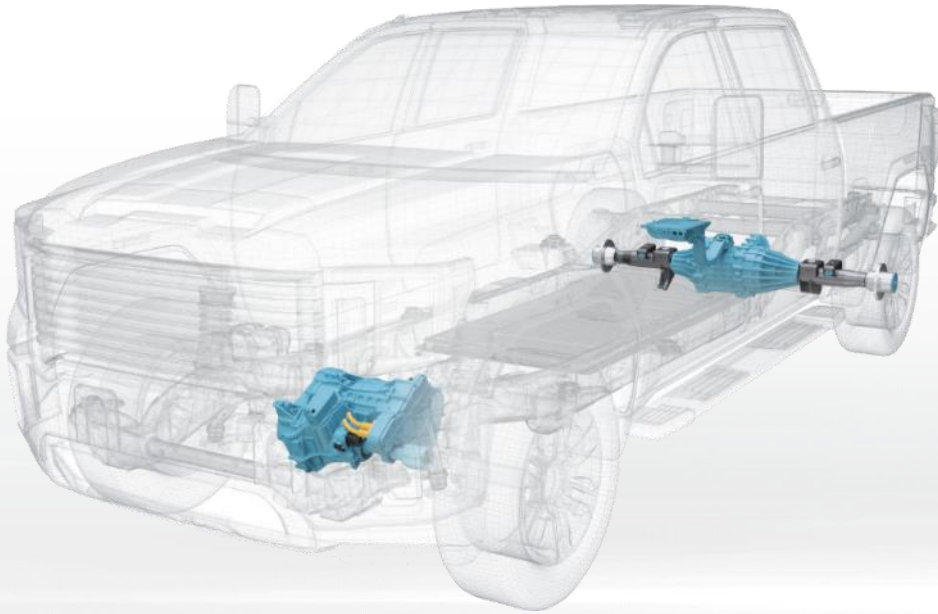
Sales growing at >50%  
CAGR over outlook period  
in LG-Magna JV

# Key Wins in Electrification



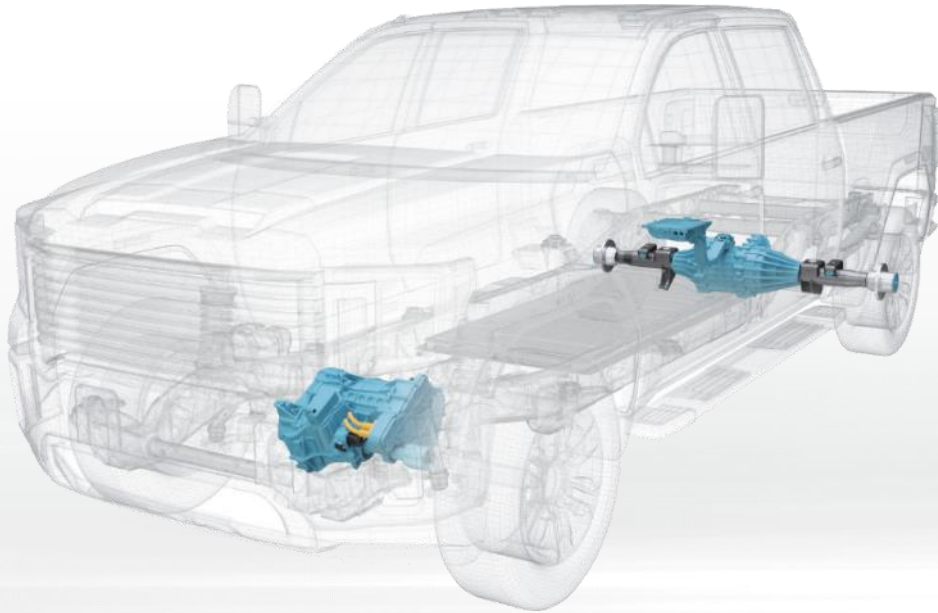
- Primary and secondary eDrives
  - New entrant OEM
  - European OEM
- DCT platform business including hybrid DCTs with Mercedes
- eDrive with China-based OEM

# Electrifying Trucks Without Compromise



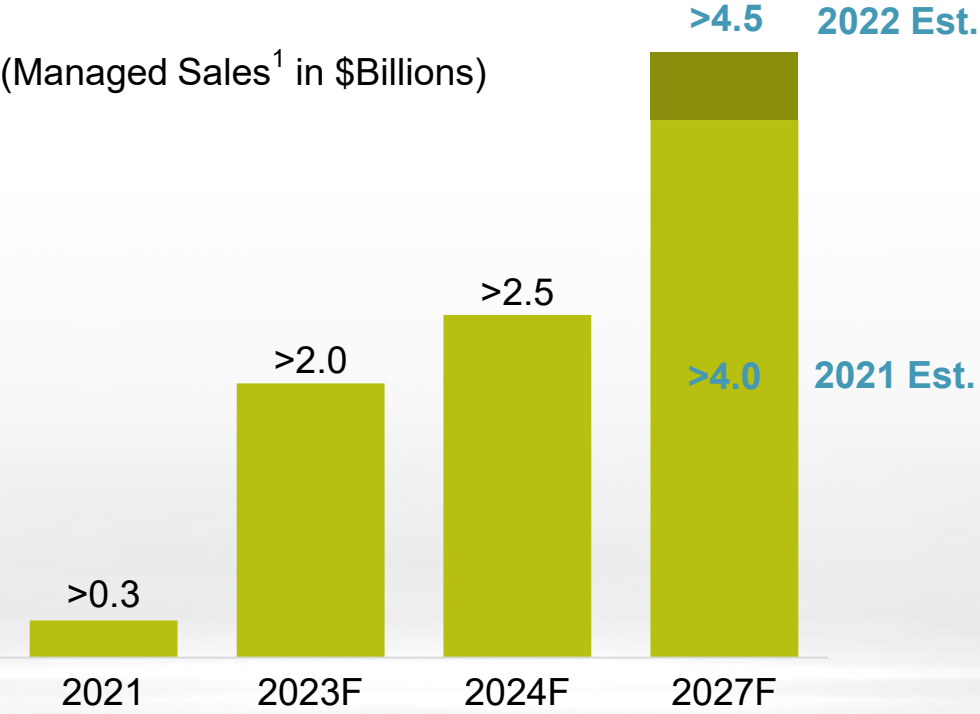
- Uncompromised towing and payload
- Minimal disruption to vehicle platform and OEM assembly
- Significant customer interest

# Electrifying Trucks Without Compromise



- 576 hp of total peak power
- 14,500 lb. towing capacity
- 0-60-mph in 4.6 seconds
- 13.7-second quarter mile at 99 mph

# Accelerating Powertrain Electrification Growth

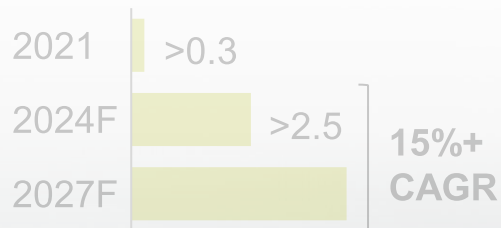


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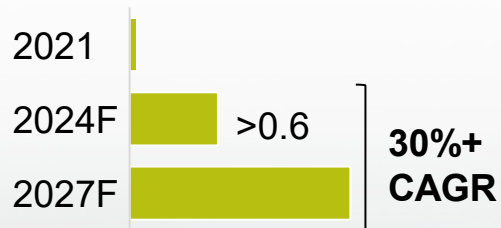
# Key Growth Contributors



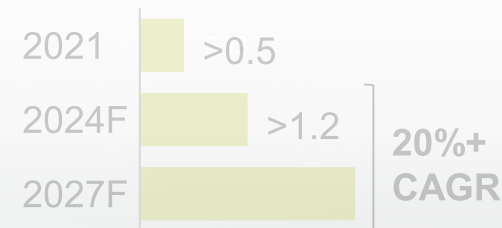
## Powertrain Electrification<sup>1</sup>



## Battery Enclosures



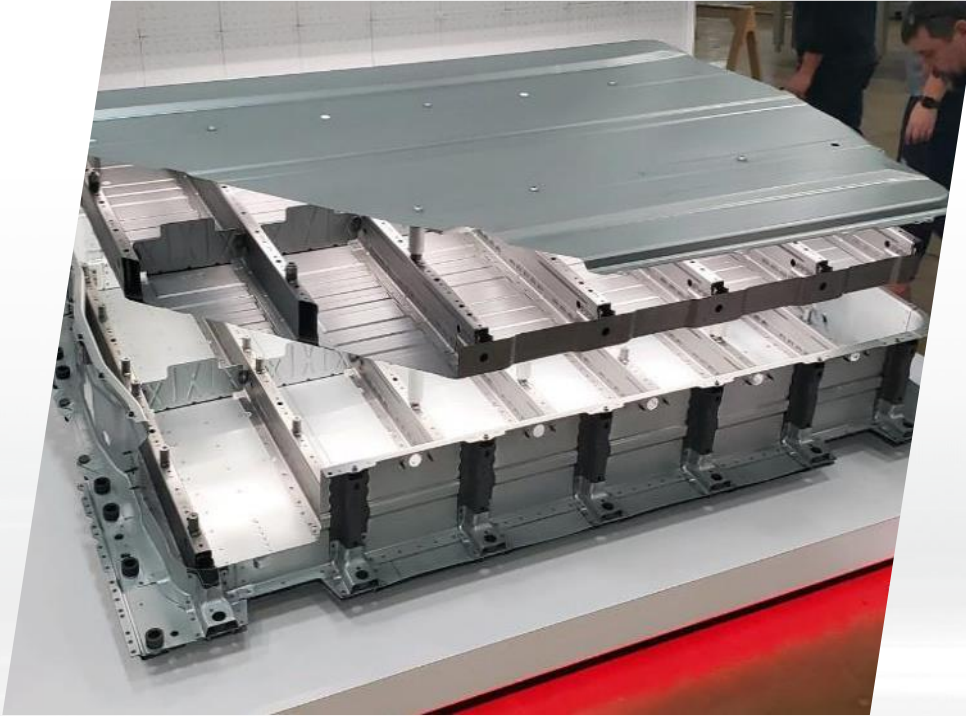
## ADAS



■ Sales in \$Billions

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# Battery Enclosures – Growing Addressable Market



- Large, high content, highly engineered product
- Multi-materials and processes
- Investing capital while leveraging existing know-how and installed capacity

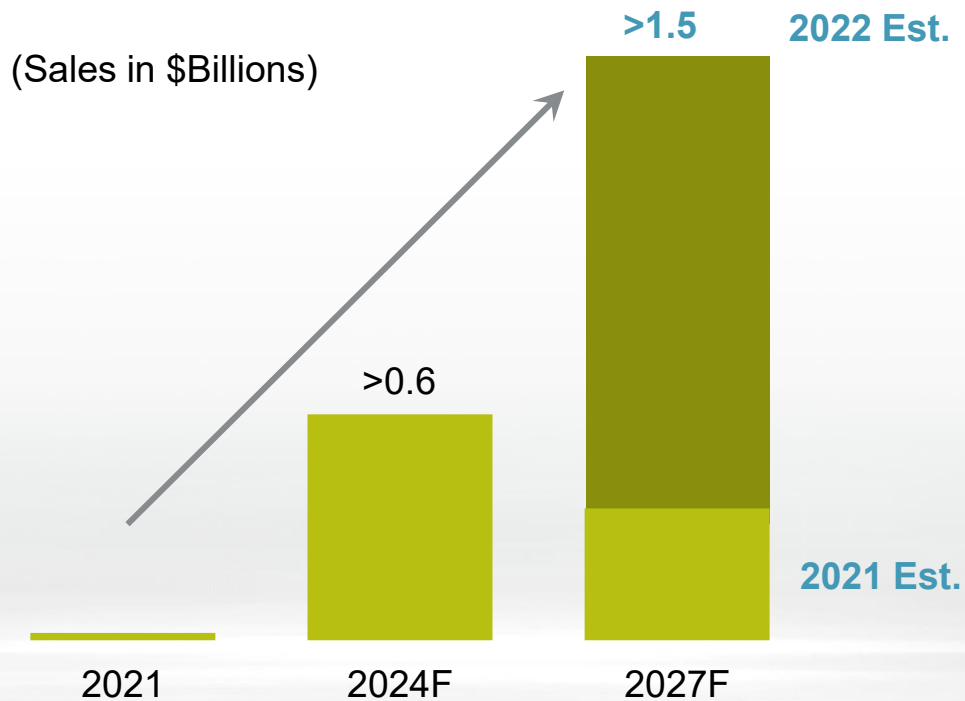
# Battery Enclosures – Growing Addressable Market



- Every EV will have a battery enclosure
- Investing and leveraging existing know-how and installed capacity
- Launching on the GMC Hummer EV and Ford F-150 Lightning



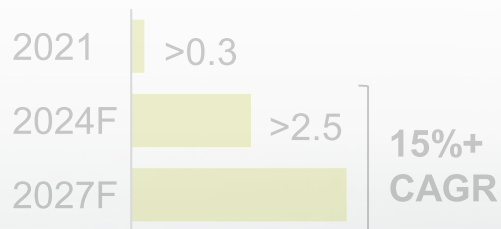
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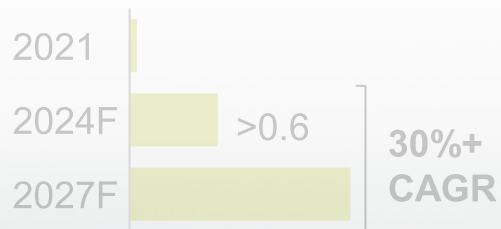
# Key Growth Contributors



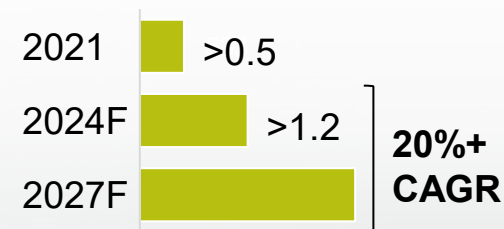
## Powertrain Electrification<sup>1</sup>



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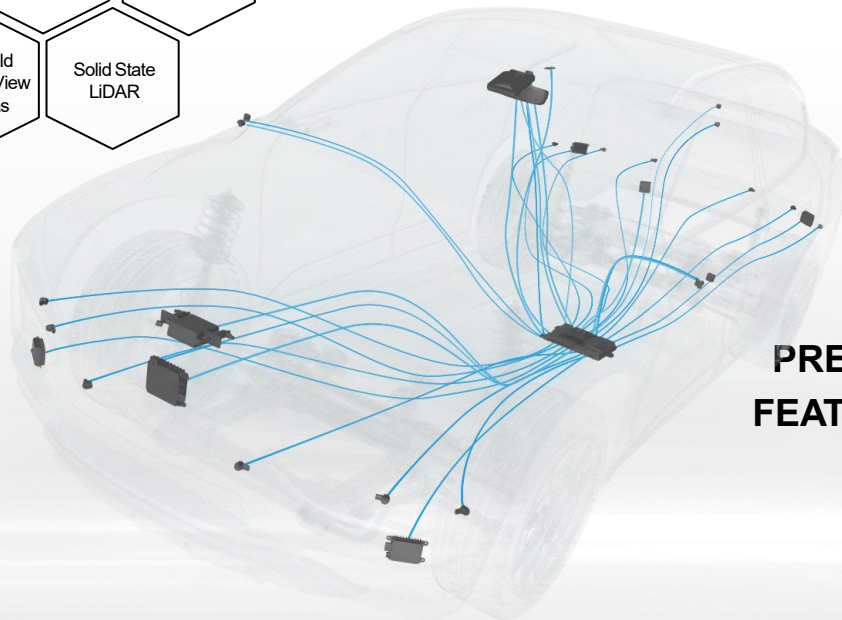
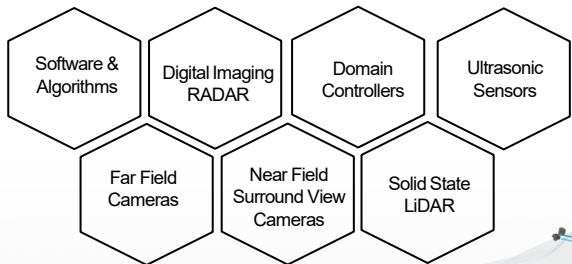
## ADAS



■ Sales in \$Billions

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# Complete System Integration and Fusion Capabilities



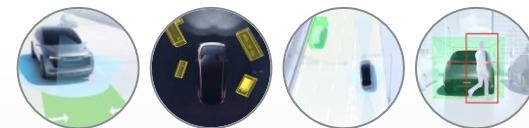
## SAFETY FEATURES (NCAP 5-STAR)



Lane Departure Warning

Automatic Emergency Braking

Lane Keep Assist



Lane Centering Control

Surround View

Adaptive Cruise Control

Rear Automatic Emergency Braking



Traffic Jam Assist

Advanced Trailering

Autonomous Emergency Steering

Autonomous Valet Park

## PREMIUM FEATURES



Highway Pilot

Connected Powertrain

Driver & Occupant Monitoring

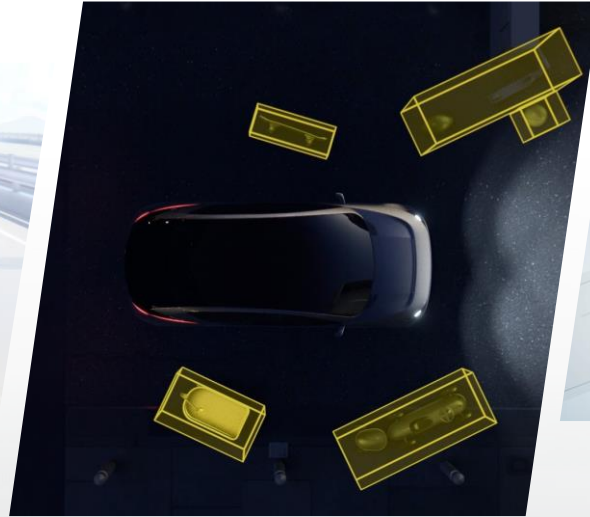
Intelligent Lighting

Advanced Mirror Systems

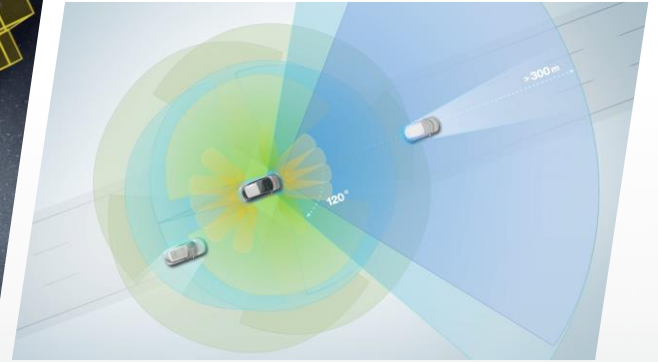
# ADAS Business – Launching



Front camera system and  
near-field perception software



Surround-view camera system



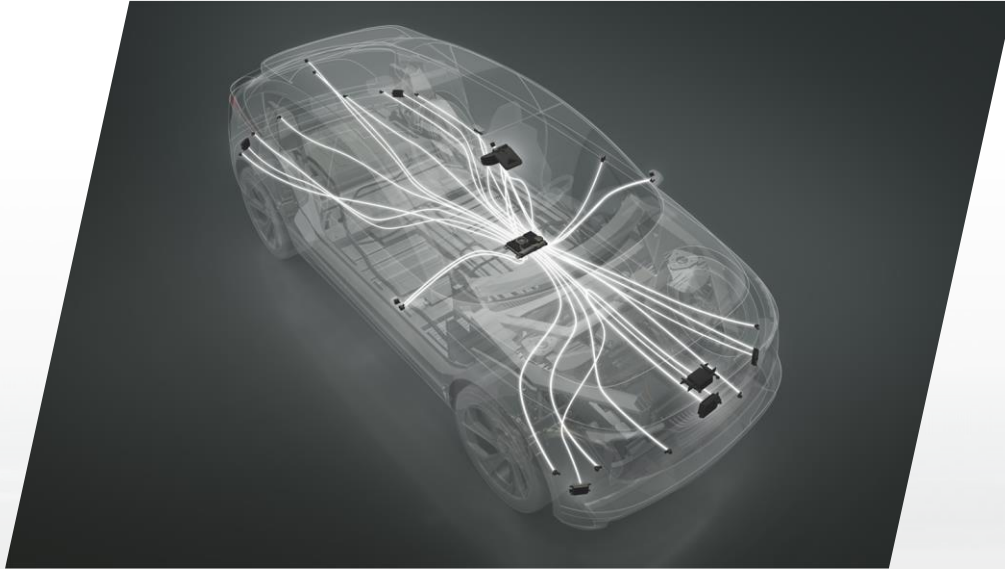
Complete ADAS system

# ADAS Business Growing – Key Wins



- Advanced front camera programs
- Surround View system on Toyota Tundra
- Two Driver Monitoring Systems (DMS)

# Full Systems Capability

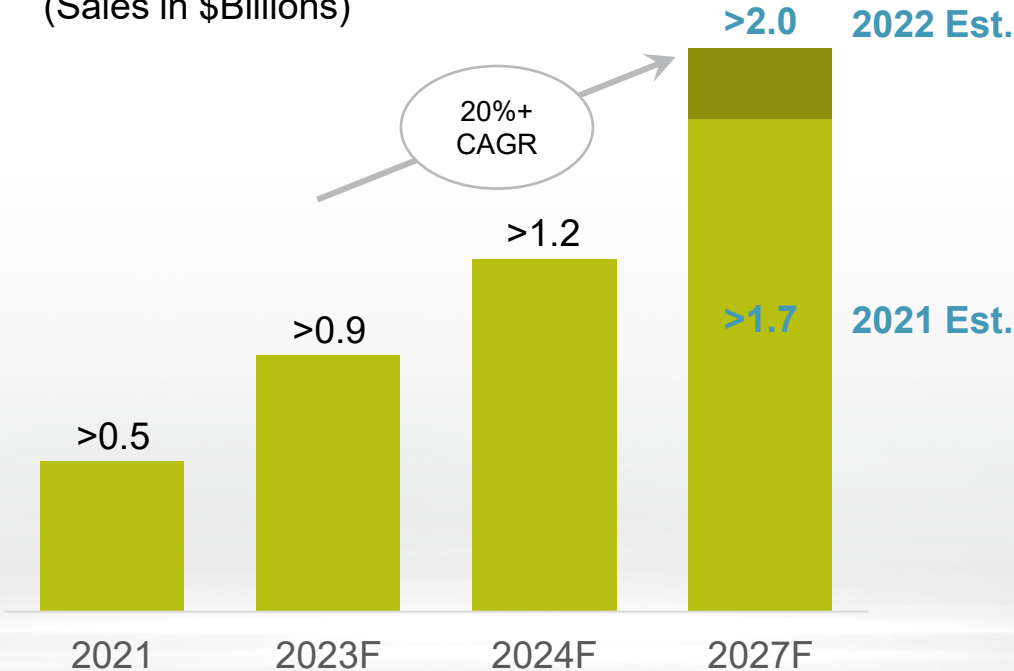


- Complete sensor suite, domain controller and software
- Scalable system approach enabling L2+ features
- Enhanced vehicle intelligence delivering a complete ADAS experience

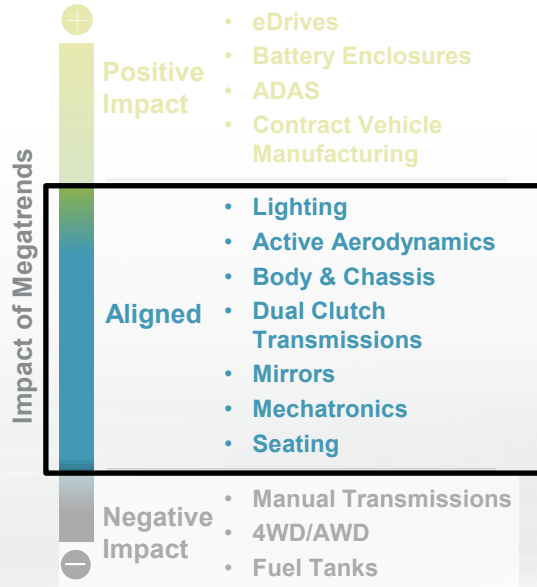
# Accelerating ADAS Growth



(Sales in \$Billions)



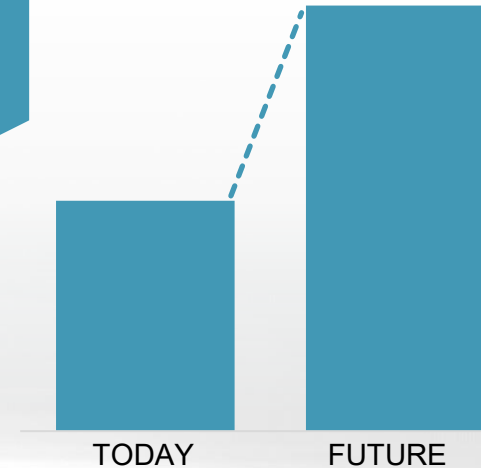
# Leading Market Positions in Aligned Product Areas



2021 Sales by Product Area  
(in Billions)



Magna Sales over time





# The Power of Magna

Deep product expertise

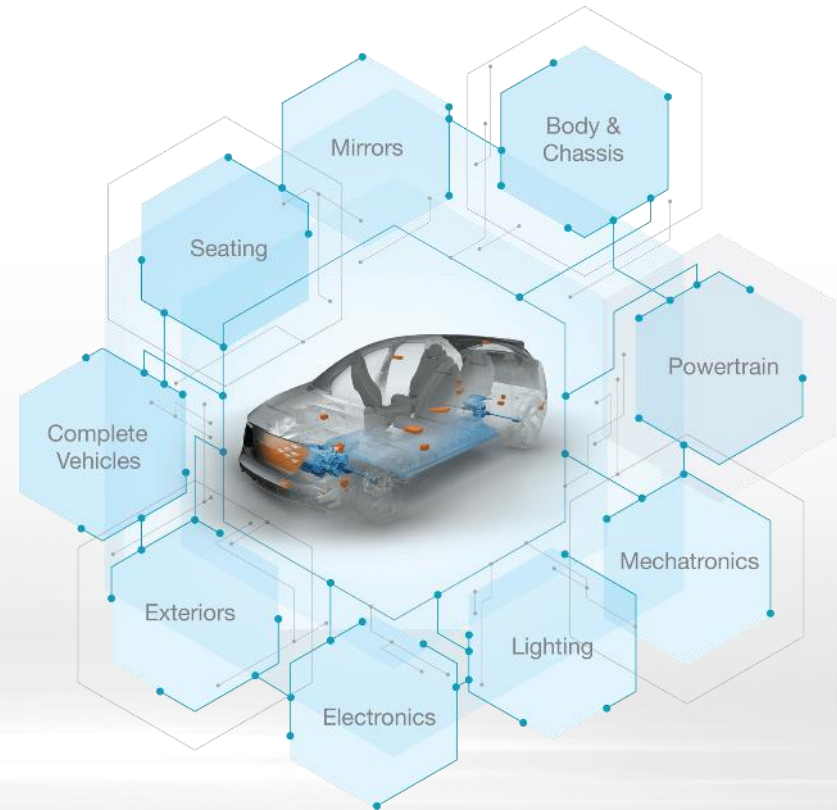
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Integrated systems approach

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Complete vehicle engineering and manufacturing

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# The Power of Magna

Bringing product lines together to develop features and functionality.



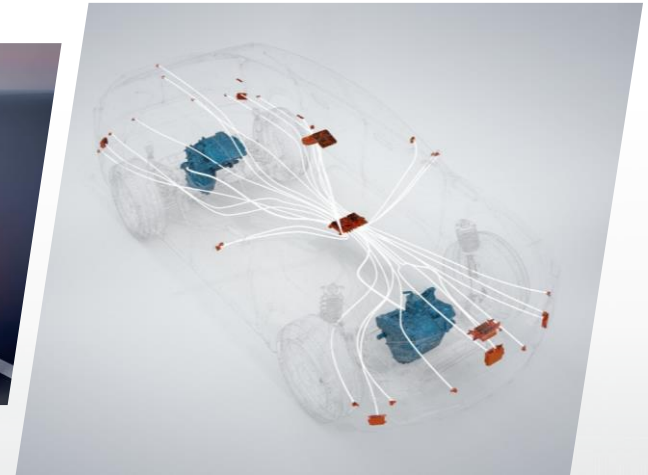
Driver Monitoring

ADAS + MIRRORS



Integrated Access Systems

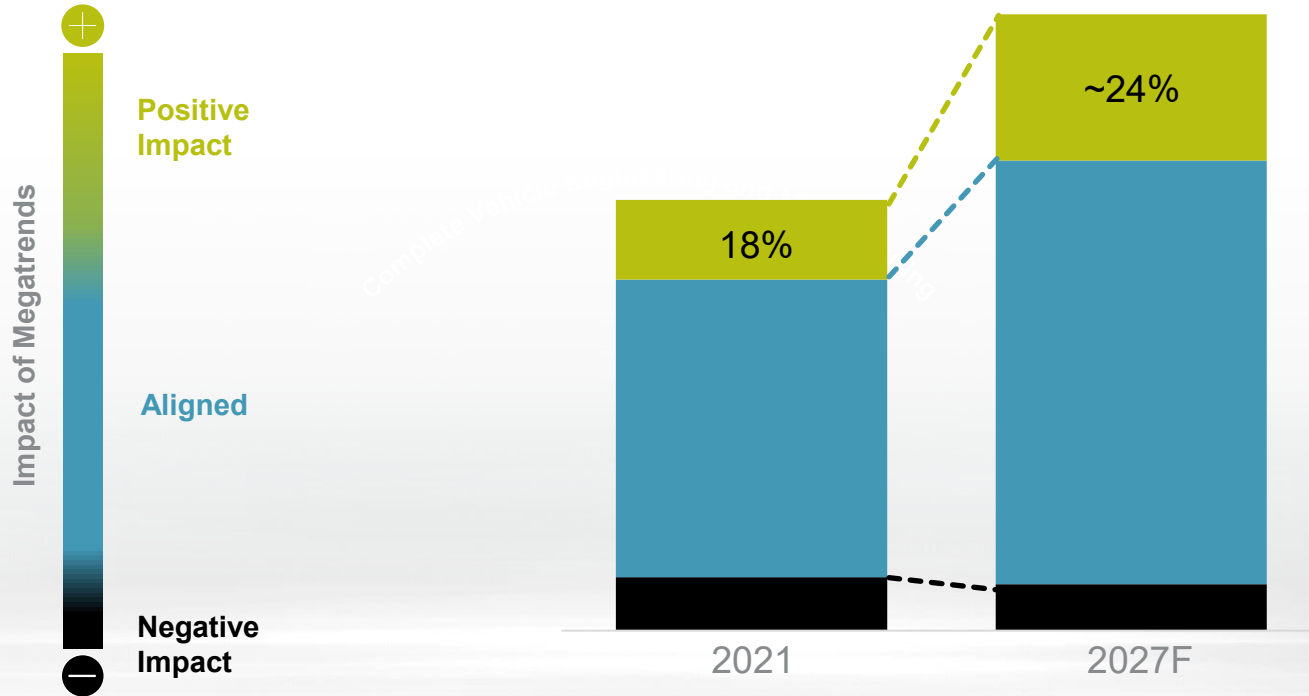
ADAS + MECHATRONICS  
LIGHTING + BODY EXTERIOR



Intelligent Powertrain Systems

POWERTRAIN + ADAS

# Expecting Growth and Meaningful Shift in Product Portfolio



# Go-Forward Strategy

1.

Accelerate  
deployment of  
capital towards  
high-growth  
areas

2.

Drive operational  
excellence

3.

Unlock new  
business models  
and markets

# Foundation of Operational Excellence



# Operational Excellence Driving Success

(2021)

~\$7B

average annual sales on  
vehicle launches

1.7B

parts shipped

40<sub>bps</sub>

improved quality  
costs/sales

\$9B+

average annual sales  
on new business  
awards

122

customer recognitions  
(record)

# Building the Factories of the Future



## Factory Digitalization



- Timely, data-driven decisions
- Rapid scaling
- Improve quality, reduce costs

## Data Analytics Drive Predictive Tool Maintenance



- Improves quality, lower scrap, eliminates other processes
- Maximizes tool utilization
- Scalable across multiple processes

## End of Line Quality Inspection Using Augmented Reality



- 40% reduction in inspection cycle time
- Improves quality control
- Easily scaled: 65 divisions in 6 months

# Improving Competitiveness

- Continue to win business
- Manage ongoing pricing pressure and cost inflation
- Contribute to margin expansion



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# Established Track Record



- Produced >3.7 million vehicles
- Scaling business
- Integrating new building blocks
- Speed to market
- Continuous improvement mindset

In production today



**Mercedes-Benz G-Class**  
since 1979



**BMW 5 series**  
since 2017



**Jaguar E-PACE**  
since 2017



**Jaguar I-PACE**  
since 2018



**BMW Z4**  
since 2018



**Toyota GR Supra**  
since 2019



**Arcfox αT**  
since 2020



**Arcfox αS**  
since 2021

# Expanding Ecosystem

beyond just cars



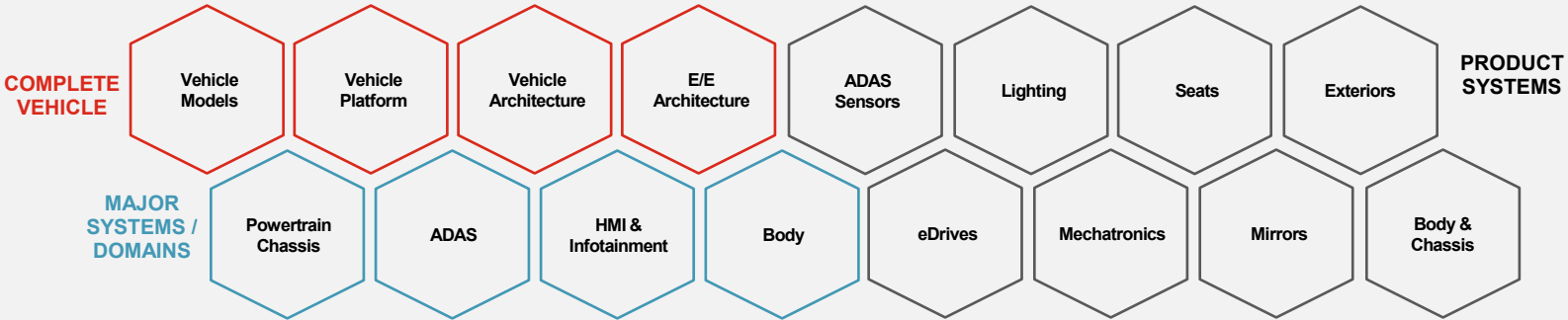
# Leveraging Core Building Blocks To Address New Markets



MICRO MOBILITY

MID-SIZE

URBAN TRANSPORTERS



# Expanding Opportunities



## Product Manufacturing

Manufacturing and assembly

## Lifecycle Services

Operational and consumer services connected to the product / vehicle

## Mobility Infrastructure

Offerings adjacent to vehicle service that enhance vehicle usage, efficiency, or adoption



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Unlock new  
business  
models and  
markets

Growing addressable markets  
Strong execution of strategy  
Optimistic for our future

# Pat McCann

Executive Vice-President  
and Chief Financial Officer  
Magna International

# Capital Allocation Principles

## Maintain Strong Balance Sheet

- Preserve liquidity and high investment grade credit ratings
    - Adj. debt to Adj. EBITDA ratio between 1.0-1.5x
  - Maintain investment flexibility
- 

## Invest for Growth

- Organic and inorganic opportunities
  - Innovation
- 

## Return Capital to Shareholders

- Continued dividend growth over time
- Repurchase shares with excess liquidity



# Strong 5 Year Performance



2017-2021

**Average Weighted Sales  
Growth Over Market (GoM)<sup>1</sup>**

**6%**

*Growth Over Market in Every Year*

**Investment in Business**

**\$10.8B**

**Return of Capital**

**\$7.4B**

**Total Shareholder Return (NYSE)**

**112%**

*Peer Average of 29%*

<sup>1</sup> Weighted Growth over Market (GoM) compares organic sales growth (%) to vehicle production change (%) after applying Magna geographic sales weighting, excluding Complete Vehicles, to regional production

# Outlook 2022 - 2024<sup>1</sup>



## Continued Sales Growth

Consolidated sales	\$44.6B-\$47.1B in 2024	Weighted GoM <sup>2</sup> of 1-3% <sup>3</sup> ('21-'24)
Unconsolidated sales	\$4.5B-\$4.7B in 2024	24-26% CAGR ('21-'24)

## Further Growth Investments

Average annual engineering spend in megatrend areas	~\$900M
Increased capital spending to support growth	~\$1.8B per year in 2022-2024

## Margin Expansion

Driving EBIT margins to 8+% by 2024

## Strong Free Cash Flow

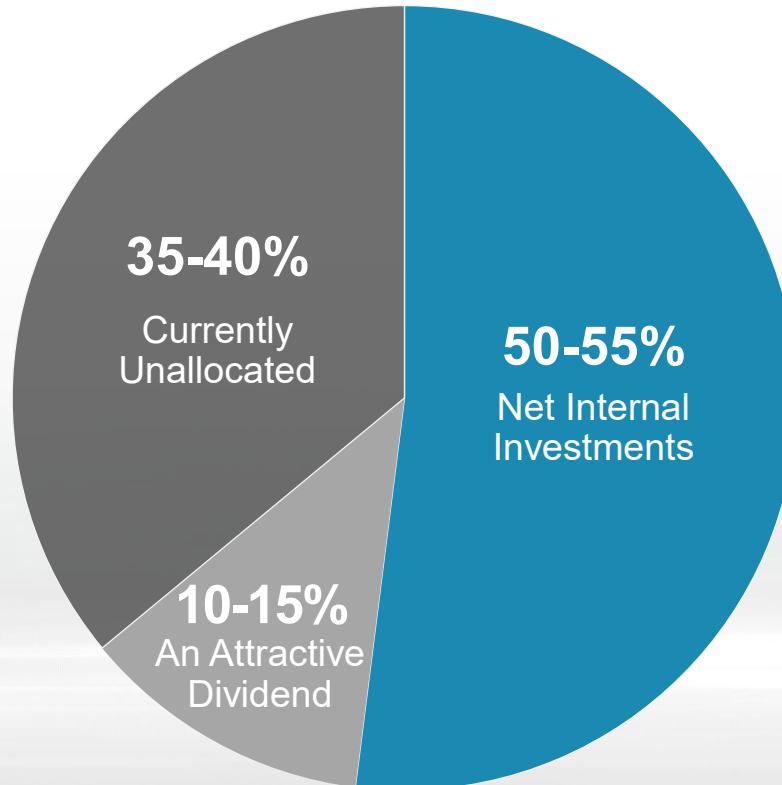
Expect to generate \$5.75B-\$6.25B over '22-'24

<sup>1</sup> Forward-looking financial information beyond 2022 is based on outlook information and assumptions provided in our press release dated February 11, 2022, and has not been updated

<sup>2</sup> Weighted Growth over Market (GoM) compares organic sales growth (%) to vehicle production change (%) after applying Magna geographic sales weighting, excluding Complete Vehicles, to regional production.

<sup>3</sup> Excluding Complete Vehicles

# Projected Operating Cash Flow Uses 2022-2024



Plus: debt capacity  
increases as  
EBITDA grows

# Executing Our Disciplined Profitable Growth Strategy

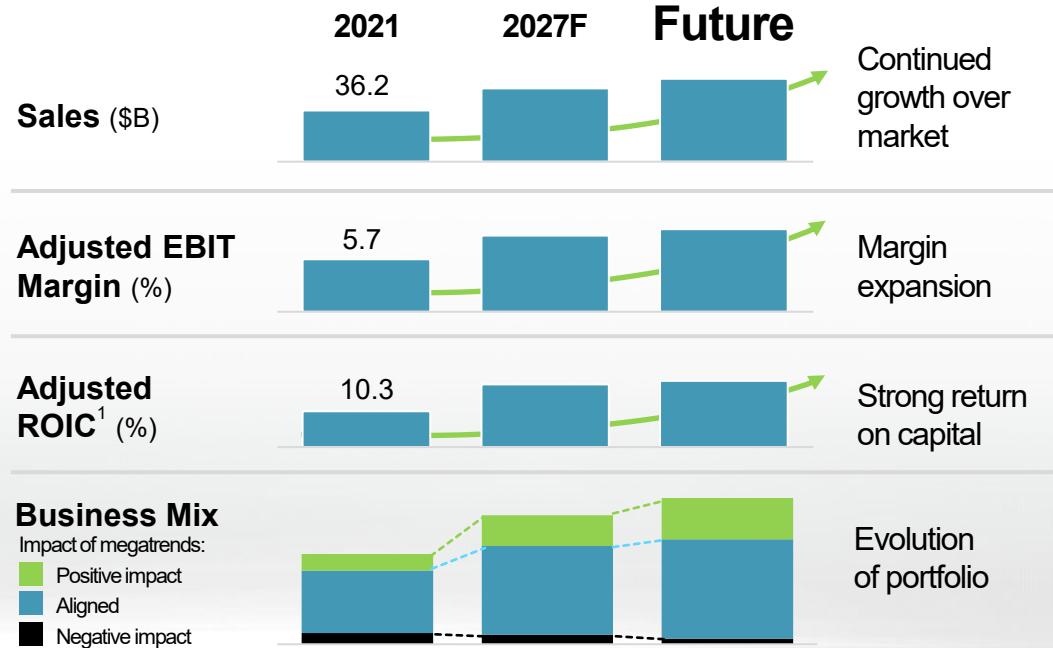


## Strategy

Accelerate deployment of capital towards high-growth areas

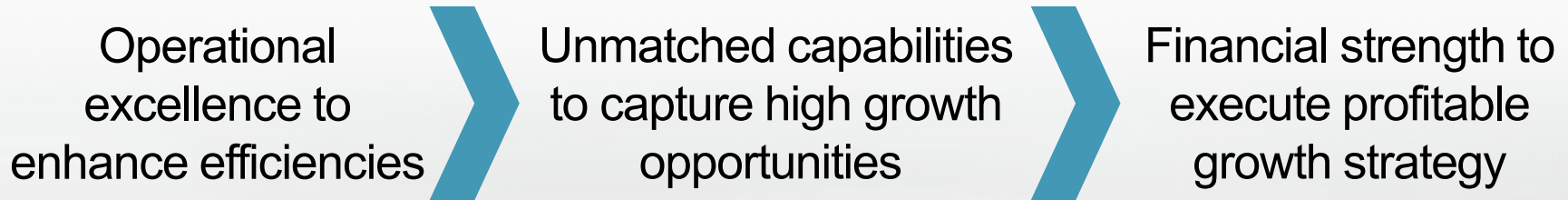
Drive operational excellence

Unlock new business models and markets



<sup>1</sup> Adjusted Return on Invested Capital (Adjusted ROIC) is calculated as Adjusted After-tax operating profits divided by Average Invested Capital for the period. Please see Magna's 2021 Annual Report for detailed calculation.

# Building Value for our Shareholders



**Building Value  
for our Shareholders**



Forward. For all.