0001104659-25-0142546-K MAGNA INTERNATIONAL INC 2025021420250214165226165228165228 0 0001104659-25-014254 6-K 54 20250214 20250214 20250214 MAGNA INTERNATIONAL INC 0000749098 3714 000000000 1231 6-K 34 001-11444 25630347 337 MAGNA DRIVE N/A AURORA, ONTARIO, CAN A6 L4G 7K1 9057262462 337 MAGNA DRIVE N/A AURORA, ONTARIO, CAN A6 L4G 7K1 6-K 1 tm254585d3_6k.htm FORM 6-K Â Â Â UNITED STATES Â SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549 Â FORMÂ 6-K Â Report of Foreign Private Issuer Pursuant to RuleÂ 13a-16 or 15d-16 under the Securities Exchange Act of 1934 Â For the month of FebruaryÂ 2025 Â Commission File Number Â Â Â 001-11444 Â MAGNA INTERNATIONAL INC. (Exact Name of Registrant as specified in its Charter) Â 337 Magna Drive, Aurora, Ontario, Canada L4G 7K1 (Address of principal executive office) Â Indicate by check mark whether the registrant files or will file annual reports under cover FormÂ 20-F or FormÂ 40-F. FormÂ 20-F Â¨Â FormÂ 40-F x Â Â Â Â Â Â SIGNATURES Â Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. Â Â Â Â MAGNA INTERNATIONAL INC. Â Â Â Â Â Â Â Â Â (Registrant) Â Â Â Â Â Date: February 14, 2025 Â Â Â Â Â Â Â Â Â Â Â By: /s/ â€œBassem Shakeelâ€ Â Â Â Â Bassem A. Shakeel, Â Â Â Â Vice-President, Associate General Counsel and Corporate Secretary Â Â Â Â EXHIBITS Â ExhibitÂ 99.1 Q4Â & Full Year 2024 Results and 2025 Outlook Webcast Presentation slides (FebruaryÂ 14, 2025) Â ExhibitÂ 99.2 Q4Â & Full Year 2024 Results and 2025 Outlook Webcast transcript (FebruaryÂ 14, 2025) Â Â Â EX-99.1 2 tm254585d3_ex99-1.htm EXHIBIT 99.1 Â Exhibit 99.1 Â February 14, 2025 Q4 & Full Year 2024 + 2025 Outlook Q4 & FULL YEAR 2024 + 2025 OUTLOOK 1 Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 2 Vice President, Investor Relations Louis Tonelli Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 3 Forward Looking Statements Certain statements in this presentation and accompanying 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", "assume", "believe", "intend", "plan", "aim", "forecast", "outlook", "project", "potential", "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 presentation and accompanying 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 Potential Risks Related to Applicable Forward - Looking Statement Material Forward - Looking Statement Light vehicle sales levels Production disruptions, including as a result of labour strikes Supply disruptions Free trade arrangements and tariffs Relative currency values Commodities prices Availability and relative cost of skilled labour Light Vehicle Production Same risks as for Light Vehicle Production above North American electric vehicle program deferrals, cancellations and volume reductions The impact of elevated interest rates and availability of credit on consumer confidence and in turn vehicle sales and production The impact of deteriorating vehicle affordability on consumer demand, and in turn vehicle sales and production Alignment of our product mix with production demand Customer concentration Uncertain pace of EV adoption Shifts in market shares among vehicles or vehicle segments Shifts in consumer "take rates" for products we sell Consolidated/Total Sales Segment Sales Same risks as for Consolidated/Total Sales and Segment Sales above Successful execution of critical program launches Operational underperformance Product warranty/recall risks Restructuring costs Impairments Inflationary pressures Our ability to secure cost recoveries from customers and/or otherwise offset higher input costs Price concessions Risks of conducting business with newer EV - focused OEMs Commodity cost volatility Scrap steel price volatility Higher labour costs Tax risks Acquisition integration and synergies Adjusted EBIT Margin, Free Cash Flow, Interest Expense, net, CapEx / Sales, Adjusted Net Income Attributable to Magna, Target Leverage Ratio / Adj . Debt to Adj . EBITDA, Capital Allocation, Dividend Growth, Ability to Repurchase Shares and Relative Spending on Investment and Capital Return Same risks as Adjusted EBIT Margin, Free Cash Flow, Interest Expense, net, CapEx /Sales, Net Income Attributable to Magna, Target Leverage Ratio / Adj . Debt to Adj . EBITDA, Capital Allocation, Dividend Growth, Ability to Repurchase Shares and Relative Spending on Investment and Capital Return above Risks related to conducting business through joint ventures Risks of doing business in foreign markets Legal and regulatory proceedings Changes in laws Equity Income Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 4 Forward Looking Statements (cont.) 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 : IT Security/Cybersecurity Risks IT/cybersecurity breach; product cybersecurity; Acquisition Risks inherent merger and acquisition risks; acquisition integration and synergies; Other Business Risks joint ventures; intellectual property; risks of doing business in foreign markets; relative foreign exchange rates; returns on capital investments; financial flexibility; credit ratings changes; stock price fluctuation; Legal, Regulatory and Other Risks legal and regulatory proceedings; and changes in laws. Supply Chain Risks supplier claims; supply chain disruptions; regional energy supply and pricing; supply base condition; Manufacturing/Operational Risks product launch; operational underperformance; restructuring costs; impairments; skilled labour attraction/retention; leadership expertise and succession; Pricing Risks quote/pricing assumptions; customer pricing pressure/contractual arrangements; commodity cost volatility; scrap steel/aluminum price volatility; Warranty/Recall Risks repair/replace costs; warranty provisions; product liability; Climate Change Risks transition risks and physical risks; strategic and other risks; Macroeconomic, Geopolitical and Other Risks threats to free trade agreements; international trade disputes; interest rates; geopolitical risks; Risks Related to the Automotive Industry North American electric vehicle program deferrals cancellations and volume reductions; economic cyclicality; regional production volume declines; deteriorating vehicle affordability; uncertain pace of EV adoption intense competition; Strategic Risks evolution of the vehicle evolving business risk profile; technology and innovation; investments in mobility and technology companies; Customer - Related Risks customer concentration; market shifts; growth of EV - focused OEMs; risks of conducting business with newer EV - focused OEMs; dependence on outsourcing; customer cooperation and consolidation; consumer take rate shifts; customer purchase orders; potential OEM production - related disruptions; In evaluating forward - looking statements or forward - looking information, we caution readers not to place undue reliance on any f orward - looking statement. Additionally, 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 whi ch are: discussed under the "Industry Trends and Risks" heading of our Managementâ€™s Discussion and Analysis; and set out in our Annual Information Form filed with securities commissions in Canada, our annual report on Form 40 - F with the Unit ed States Securities and Exchange commission, and subsequent filings. Readers should also consider discussion of our risk mitigation activities with respect to certain risk factors, which can be als o found in our Annual Information Form. Additional information about Magna, including our Annual Information Form, is availab le through the System for Electronic Data Analysis and Retrieval + (SEDAR+) at www.sedarplus.ca , as well as on the United States Securities and Exchange Commissionâ€™s Electronic Data Gathering, Analysis and Retrieval Syst em (EDGAR), which can be accessed at www.sec.gov . Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 5 All amounts are in U.S. Dollars Today's discussion excludes the impact of other expense (income), net ("Unusual Items") and amortization of acquired intangible assets. Please refer to the reconciliation of Non - GAAP measures in our press release dated February 14, 2025 for further information. "Organic", in the context of sales movements, means "excluding the impact of foreign exchange, acquisitions and divestitures". Weighted Sales Growth over Market (GoM) compares organic sales growth (%) to vehicle production change (%) after applying Magna geographic sales weighting, excluding Complete Vehicles, to regional production. Reminders Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 6 Chief Executive Officer Swamy Kotagiri Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 7 2024 Highlights Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 8 Financial Results â€“ Q4 and Full Year 2024 FREE CASH FLOW ADJUSTED DILUTED EPS ADJUSTED EBIT CONSOLIDATED SALES $1,031M $1.69 $689M 6.50% $10.6B Q4 2024 â–² 118% â–² 27 % â–² 23% â–² 120 bps â–² 2 % YoY $1,058M $5.41 $2,329M 5.40% $42.8B FY 2024 â–² $849M â–¼ 1 % â–² 4 % â–² 20 bps - YoY Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 9 Financial Performance â€¢ Weighted Sales Growth over Market of 1% (2% excl. Complete Vehicles) â€¢ Grew sales by 15% in China ~60% of '24 sales to China - based OEMs â€¢ Improved Adj. EBIT margins in all Operating Segments â€¢ Returned $746 million to shareholders in the form of dividends and share repurchases Driving Innovation â€¢ Won new business in key areas Dedicated hybrid drives Advanced interior cabin sensing systems Hot stamping using advanced materials Reconfigurable seat systems â€¢ Selected for Automotive News PACE award for integrated driver & occupant monitor system PACEpilot Innovation to Watch recognitions in Exteriors and Seating Notable 2024 Accomplishments Driving Performance Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 10 Operational Excellence â€¢ Contributed ~40 bps to '24 margin improvement â€¢ 109 customer recognition awards â€¢ Implemented energy saving projects resulting in over $35M in cost savings People Focus â€¢ Graduated future leaders from inaugural Operational Management Accelerator Program â€¢ Named to Ethisphere's "World's Most Ethical Companies" list â€¢ Made Fortune's "World's Most Admired Companies" list (8th consecutive year) Notable 2024 Accomplishments Driving Performance Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 11 Executive Vice President & Chief Financial Officer Pat McCann Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 12 Q4 2024 Results Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 13 Q4 2024 Financial Results Adjusted EPS ($) $1.33 $1.69 0.0 0.1 0.1 0.1 0.1 0.1 0.1 0.1 $0.00 $0.20 $0.40 $0.60 $0.80 $1.00 $1.20 $1.40 $1.60 $1.80 Q4'23 Q4'24 +27% Consolidated Sales ($Billions) $10.5 $10.6 0.0 0.1 0.1 0.1 0.1 0.1 0.1 0.1 $0.0 $2.0 $4.0 $6.0 $8.0 $10.0 Q4'23 Q4'24 +2% Adjusted EBIT Margin (%) 5.3% 6.5% 0.0% 1.0% 2.0% 3.0% 4.0% 5.0% 6.0% 7.0% Q4'23 Q4'24 +120 bps +2% GoM Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 14 Q4 2024 Financial Results Weighted Sales GoM 1 2% (1% excl. Complete Vehicles) Q4 2024 LV Production 2% Global 2% North America - 6% Europe 10% China 0% Magna Weighted 1 Weighted Sales Growth over Market (GoM) compares organic sales growth (%) to vehicle production change (%) after applying Magna geographic sales weighting, excludi ng Complete Vehicles, to regional production 2 Includes customer price increases to recover certain higher production input costs, favourable commercial items and net customer price concessions 3 Substantially the divestiture of our controlling interest in metalforming operations in India Consolidated Sales ($Millions) 2% 10,454 74 205 - 43 - 62 10,628 Q4 2023 Volumes, Launches & Other Complete Vehicles excl. FX Foreign Exchange Divestitures, Net of Acquisitions Q4 2024 2 3 Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 15 Q4 2024 Financial Results 0.60% 0.40% 0.15% 0.05% 5.3% 6.5% Q4 2023 Discrete Items Equity Income Operational Volumes & Other Q4 2024 $689 $558 Adjusted EBIT & Margin ($Millions and %) Note: bps changes are approximate 1 â€¢ Discrete Items 1 Higher net favourable commercial items (+) Higher net warranty costs (-) Impacts of Chinese OEM insolvencies (-) Higher restructuring costs not included in Unusual Items (-) â€¢ Equity Income Higher net favourable commercial items (+) (with respect to certain equity - accounted entities) â€¢ Operational Operational excellence activities driving productivity and efficiency improvements (+) Higher net input costs (-) Lower tooling contribution (-) â€¢ Volumes & Other UAW labour strike in Q4 2023 (+) Recognition of previously deferred engineering revenue and costs on the cancellation of Complete Vehicle assembly program (+) Higher net transactional foreign exchange gains (+) Reduced earnings on lower sales (-) 1 Includes items from both Q4 2024 and Q4 2023. Represents the net change year over year. Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 16 Q4 2024 Cash Flow and Investment Activities Free Cash Flow 1 ($Millions) 472 1,031 0 200 400 600 800 1,000 1,200 Q4'23 Q4'24 1 Free Cash Flow (FCF) is Cash from Operations plus Proceeds from normal course Dispositions of fixed and other assets minus Fixed Asset Additions and Increase in Investment in other assets Key Sources (uses) of cash (513) (119) Net Repayment of Debt (202) (2) Repurchase of Common Shares (133) (133) Dividends paid Q4 2024 Q4 2023 ($Millions) 896 660 Cash from Operations Before Changes in Operating Assets & Liabilities 1,014 918 Changes in Operating Assets & Liabilities 1,910 1,578 Cash from Operations (709) (944) Fixed Asset Additions (207) (189) Increase in Investments, Other Assets and Intangible Assets 37 27 Proceeds from Dispositions (879) (1,106) Investment Activities 1,031 472 Free Cash Flow 1 Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 17 Maintaining Strong Balance Sheet Leverage Ratio (LTM, 31DEC24) ($millions) 7,193 Adjusted Debt 4,063 Adjusted EBITDA 1.77 Adjusted Debt / Adjusted EBITDA Total Liquidity (31DEC24) ($millions) 1,247 Cash 3,229 Available Term & Operating Lines of Credit 4,476 Total Liquidity Investment - grade ratings from Moody's, S&P, DBRS Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 18 Performance vs. Initial Outlook Expectations Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 19 Delivered on '24 Adj. EBIT Margin and Exceeded FCF Outlook Despite Sales Below Outlook Range â€¢ '24 sales shortfall mainly due to lower - than - expected industry production in key markets, negative customer and program mix â€¢ In response: negotiated commercial recoveries accelerated operational excellence and restructuring activities reduced capital spending â€¢ As a result, Adj. EBIT Margin within, FCF generation above initial Outlook ranges â€¢ Also delivered '23 results in line with initial expectations 2024 ACTUAL INITIAL FEBRUARY OUTLOOK ($Billions) 42.836 43.8 â€“ 45.4 Sales 5.4% 5.4% â€“ 6.0% Adjusted EBIT Margin 1.551 1.6 â€“ 1.8 Adjusted Net Income 2.178 ~2.5 Capital Spending 1.058 0.6 â€“ 0.8 Free Cash Flow Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 20 Lower Industry Production and Fisker Bankruptcy Impacted 2024 versus Initial Outlook 2024 LV Production vs. Initial 2024 Outlook +1% Global - 1% North America - 6% Detroit - based - 3% Europe +8% China - 1% Magna Weighted Consolidated Sales ($Billions) - 4% at midpoint - 1.0 - 0.4 - 0.7 0.1 0.2 42.8 Feb. 2024 Outlook Volumes, Launches & Other Fisker MB G - Class Pricing Complete Vehicles excl. MB G - Class Pricing and FX Foreign Exchange 2024 Actual 43.8 - 45.4 Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 21 Self - Help Activities Largely Offset Sales Headwinds - 0.25% 0.10% - 0.50% - 0.10% 0.40% 0.05% 5.40% Feb. 2024 Outlook Fisker MB G - Class Pricing Volumes & Other Equity Income Discerete Items, Mainly Commercial Operational 2024 Actual Adjusted EBIT & Margin (%) Note: bps changes are approximate 5.4 - 6.0% Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 22 Consolidated Outlook Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 23 Tailwinds â€¢ Further margin contribution from Operational Excellence activities Continuous improvement activities Optimizing current operations Factory of the Future initiatives â€¢ Benefits of restructuring actions â€¢ Insourcing business to optimize capacity â€¢ Lower net engineering spend â€¢ Return to normal cadence of CapEx /Sales â€¢ Significant EV investments behind us Overview of 2025 Outlook (relative to '24) Headwinds â€¢ Macro Challenges Continued weak LVP Strong USD â€¢ Additional net input cost increases predominantly labour â€¢ Lower expected net favourable commercial items Driven by less industry volatility from OEM program recalibration Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 24 Financial Outlook â€“ Key Assumptions Automotive Light Vehicle Production (millions of units) 2026 2025 2024 15.4 15.1 15.5 North America 17.0 16.6 16.9 Europe 30.8 29.7 30.7 China 0% '24 - '26 (2%) '24 - '25 Weighted GLVP CAGR U.S. Foreign Exchange Rates 2026 2025 2024 0.690 0.690 0.730 Cdn 1.030 1.030 1.082 Euro 0.137 0.137 0.139 RMB Acquisitions/Divestitures No material unannounced acquisitions/divestitures Impacts of potential tariffs not included in Outlook Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 25 Consolidated Sales â€¢ LVP down in North America and Europe in '25, flattish '24 - '26 â€¢ New and replacement program launches â€¢ Program EOPs in Complete Vehicles â€¢ Stronger US$ ($Billions) 42.8 42.8 2023 2024 Volumes, Launches & Other Complete Vehicles (CV) Foreign Currency Translation 2025F Volumes, Launches & Other Complete Vehicles (CV) 2026F 38.6 - 40.2 40.5 - 42.6 Organic Sales CAGR: - 1 to +2% (ex - CV: 0 to 3%) Note: represent midpoints Note: represent midpoints Â Â 5.2% 5.4% 2023 2024 Operational Lower Net Engineering Spend Volumes & Other Discrete Items 2025F 5.3 - 5.8% Equity Income ($M) 112 101 60 - 90 Q4 & FULL YEAR 2024 + 2025 OUTLOOK 26 Consolidated Adjusted EBIT Margin % â€¢ Operational Operational Excellence activities (+) Benefits of restructuring actions (+) Benefits of insourcing activities (+) Higher labour costs (-) Higher launch & new facility costs (-) â€¢ Lower net engineering spend (+) â€¢ Volumes & other Reduced earnings on lower sales (-) Incremental earnings on new program launches (+) â€¢ Discrete Items Lower net favourable commercial items (-) Lower warranty costs (+) Note: represent midpoints Â Â 2025F Volumes & Other Operational Lower Net Engineering Spend Discrete Items 2026F 5.3 - 5.8 % 6.5 - 7.2 % Equity Income ($M) 60 - 90 65 - 110 Q4 & FULL YEAR 2024 + 2025 OUTLOOK 27 Consolidated Adjusted EBIT Margin % â€¢ Volumes & other Contribution on higher sales, including due to new launches (+) â€¢ Operational Operational Excellence activities (+) Benefits of restructuring actions (+) Benefits of insourcing activities (+) Higher labour costs (-) â€¢ Lower Net Engineering Spend (+) â€¢ Discrete Items Lower net favourable commercial items (-) Note: represent midpoints Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 28 Segment Outlook Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 29 Segment Sales & Adjusted EBIT Margin % 2023 2024 2025F 2026F 7.4 7.5 7.2 - 7.8 8.0 - 8.7 2023 2024 2025F 2026F 3.6 3.8 3.0 - 3.6 3.4 - 4.1 2023 2024 2025F 2026F 4.7 5.3 5.0 - 5.6 6.7 - 7.4 2023 2024 2025F 2026F 2.2 2.5 1.7 - 2.3 2.0 - 2.7 Adjusted EBIT Margin % Body Exteriors & Structures 2023 2024 2025F

2026F 17.5 17.0 15.7 - 16.3 16.8 - 17.6 '24 - â€™26 - 1 to +2% CAGR Organic CAGR 1 to +3% Sales ($Billions) Power & Vision 2023 2024 2025F 2026F 14.3 14.1 - 14.5 15.2 - 15.7 15.4 Organic CAGR +1 to +3% '24 - â€™26 - 1 to +1% CAGR Seating Systems 2023 2024 2025F 2026F 6.0 5.8 5.3 - 5.6 5.3 - 5.7 Organic CAGR - 2 to +1% '24 - â€™26 - 4 to - 1% CAGR Complete Vehicles 2023 2024 2025F 2026F 5.5 5.2 4.0 - 4.3 3.7 - 4.1 Organic CAGR - 12 to - 7% '24 - â€™26 - 16 to - 11% CAGR Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 30 Magna Excluding Complete Vehicles Sales & Adjusted EBIT Margin % 2023 2024 2025F 2026F 5.7 5.8 7.0 - 7.7 5.7 - 6.2 EBIT Margin (%) 2023 2024 2025F 2026F 37.3 37.7 36.8 - 38.5 34.6 - 35.9 Sales ($Billions) '24 - â€™26 - 1 to +1% CAGR Organic CAGR 0 to +3% Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 31 Chief Executive Officer Swamy Kotagiri Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 32 Business Strategy Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 33 Guiding Principles â€¢ Culture of accountability with compensation aligned with short - term execution, long - term value creation â€¢ Solutions - oriented approach to building durable partnerships with OEMs â€¢ Investment decisions based on long - term ownership mindset Long - Term Ownership Mentality â€¢ Target meaningful or growing markets with stable or growing profit pools â€¢ Strong (or path towards) market positioning and profitable growth â€¢ Sustainable competitive advantage from differentiated technology and/or manufacturing capabilities â€¢ Exit businesses that do not align with portfolio criteria Portfolio Management â€¢ Maintain flexibility to navigate industry cyclicality and to invest for profitable growth â€¢ Preserve liquidity and solid investment grade credit ratings (Adj. Debt / Adj. EBITDA between 1.0 - 1.5x) Maintain Strong Balance Sheet â€¢ Disciplined approach to investments that support long - term free cash flow per share growth: 1. Invest for Profitable Growth: â€¢ Organic/inorganic investment in product capabilities, customer diversification, or geographic footprint 2. Return Capital to Shareholders: â€¢ Continued dividend growth over time â€¢ Repurchase shares with excess liquidity Capital Allocation Strategy Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 34 Invest for Profitable Growth Expect continued EBITDA growth and CapEx /Sales to normalize (2024 - 2026) 1 Percentage of cumulative spend on CapEx, Other Assets, Net M&A (including divestitures), Share Repurchases and Dividends 2 2025 to 2026 are based on mid - point of our sales outlook 2 2.1 2.5 3.0 3.5 3.3 4.0 4.3 4.4 3.9 3.0 3.6 3.1 3.7 3.8 4.3% 4.1% 3.4% 4.3% 5.0% 5.0% 5.1% 4.0% 3.7% 3.5% 3.8% 4.4% 5.8% 5.1% 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025F 2026F Adj. EBITDA CapEx % of Sales Mid 4% Low to Mid 4% ($ Billions) Capital Allocation (2011 â€“ 2024) 1 CapEx 48% Other Assets 11% Net M&A 5% Share Repurchases 23% Dividends 12% ~$47B Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 35 Return Capital to Shareholders Dividend: â”€ 15 th consecutive year of quarterly dividend increase â”€ Quarterly dividend increased to $0.485/share Share Repurchases (since 2011): â”€ Returned ~$10.8 billion to shareholders â”€ ~40% reduction of shares December 31, 2010 to December 31, 2024 2 Investment cycle normalizing â€“ planning to increase return of capital to shareholders ($ Millions) Capital Allocation (2011 â€“ 2024) 1 CapEx 48% Other Assets 11% Net M&A 5% Share Repurchases 23% Dividends 12% ~$47B 236 252 284 316 354 385 400 448 449 467 514 514 522 539 407 40 1,020 1,783 505 904 1,271 1,831 1,289 203 517 780 13 207 643 292 1,304 2,099 859 1,289 1,671 2,279 1,738 670 1,031 1,294 535 746 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 Dividends Repurchases 1 Percentage of cumulative spend on CapEx, Other Assets, Net M&A (including divestitures), Share Repurchases and Dividends. 2 Common Shares outstanding reduced from 485.1M (restated to account for March 2015 2:1 stock split, 242.6M pre - split) on Decembe r 31, 2010, to 282.9M on December 31, 2024. Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 36 Free Cash Flow ("FCF") Growth Per Share 1 1 FCF is Cash from Operating Activities plus proceeds from normal course dispositions of capital and other assets minus capital s pending minus investment in other assets. FCF per share is FCF/Average Diluted Shares Outstanding. 0.1 0.2 1.1 2022 2023 2024 2025F 2026F ($Billions) 0.8 - 1.0 ~$3.5 Billion 1.5+ FCF Generation 1 0.92 3.03 2.13 4.15 6.87 2.20 2.21 2011-2012 2013-2014 2015-2016 2017-2018 2019-2020 2021-2022 2023-2024 2026+ ($ per share) Average Annual FCF per Share (2011 â€“ 2024) 1 / / Industry Challenges & Elevated Investment Cycle Well - positioned for EV transition, cost structure aligned to current volumes Expect to generate ~$3.5 billion in free cash flow (2024 - 2026) Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 37 Outlook Summary FREE CASH FLOW CAP EX/SALES ADJUSTED EBIT MARGIN CONSOLIDATED SALES $0.8 - $1.0B Mid 4% 5.3% - 5.8% $38.6 - $40.2B 2025 $1.5B+ Low to Mid 4% 6.5% - 7.2% $40.5 - $42.6B 2026 Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 38 In Summary Strong Q4/24 results, including > $1 billion in FCF, despite continued challenging industry backdrop Operational excellence drives '24 margin performance, continued contributions in '25 and '26 Increased dividend for 15 th consecutive year, expect continued share repurchases during '25 Solid two - year Outlook , including strong margin expansion and FCF generation Remain Confident in Executing Plan and Driving FCF Growth Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 39 Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 40 Appendix â€“ Q4 2024 Results Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 41 Q4 2024 Reconciliation of Reported Results Adjusted (2) (1) Reported Excluding: (1) Other Expense (Income), Net and (2) Amortization of Acquired Intangible Assets $Millions, except for share figures $ 637 $ 28 $ 228 $ 381 Income Before Income Taxes 6.0% 3.6% % of Sales $ 124 $ 6 $ (29) $ 147 Income Tax Expense 19.5% 38.6% % of Pretax $ (31) $ - $ - $ (31) Income Attributable to Non - Controlling Interests $ 482 $ 22 $ 257 $ 203 Adjusted Net Income Attributable to Magna 1 $ 1.69 $ 0.08 $ 0.90 $ 0.71 Adjusted Diluted Earnings Per Share 1 Adjusted Net Income Attributable to Magna represents Net Income excluding Other expense (income), net and Amortization of Acquired Int ang ible Assets Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 42 Q4 2023 Reconciliation of Reported Results Adjusted (2) (1) Reported Excluding: (1) Other Expense (Income), Net and (2) Amortization of Acquired Intangible Assets $Millions, except for share figures $ 505 $ 31 $ 164 $ 310 Income Before Income Taxes 4.8% 3.0% % of Sales $ 95 $ 6 $ 77 $ 12 Income Tax Expense 18.8% 3.9% % of Pretax $ (27) $ - $ - $ (27) Income Attributable to Non - Controlling Interests $ 383 $ 25 $ 87 $ 271 Net Income Attributable to Magna $ 1.33 $ 0.09 $ 0.30 $ 0.94 Adjusted Diluted Earnings Per Share Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 43 Q4 2024 vs Q4 2023 Sales Performance vs Market Performance vs Weighted Global Production (Weighted GoM) Organic 1 Reported (1%) (1%) (3%) Body Exteriors & Structures 0% 0% 0% Power & Vision 6% 6% 6% Seating Systems 17% 17% 17% Complete Vehicles 2% 2% 2% TOTAL SALES 2% Unweighted Production Growth 0% Weighted Production Growth 2 1 Organic Sales represents sales excluding acquisitions net of divestitures and FX movements 2 Calculated by applying Magna geographic sales weighting, excluding Complete Vehicles, to regional production Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 44 2024 vs 2023 Sales Performance vs Market Performance vs Weighted Global Production (Weighted GoM) Organic 1 Reported 0% (2%) (3%) Body Exteriors & Structures 6% 4% 8% Power & Vision (2%) (4%) (4%) Seating Systems (5%) (7%) (6%) Complete Vehicles 1% (1%) 0% TOTAL SALES 0% Unweighted Production Growth (2%) Weighted Production Growth 2 1 Organic Sales represents sales excluding acquisitions net of divestitures and FX movements 2 Calculated by applying Magna geographic sales weighting, excluding Complete Vehicles, to regional production Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 45 Q4 2024 vs Q4 2023 Segment Impact on Adjusted EBIT % of Sales Adjusted EBIT as a Percentage of Sales Adjusted EBIT Sales ($Millions) 5.3% $ 558 $ 10,454 4 th Quarter of 2023 Increase (Decrease) Related to: 0.9% $ 91 $ (111) Body Exteriors & Structures 0.0% $ 4 $ 11 Power & Vision 0.2% $ 23 $ 82 Seating Systems 0.0% $ 13 $ 201 Complete Vehicles 0.1% $ 0 $ (9) Corporate and Other 6.5% $ 689 $ 10,628 4 th Quarter of 2024 Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 46 Q4 2024 vs Q4 2023 Geographic Sales Q4 2023 Q4 2024 Asia Asia Production 5% China Production 10% $1.7B $1.7B $0.00B $0.20B $0.40B $0.60B $0.80B $1.00B $1.20B $1.40B $1.60B $1.80B $2.00B $4.9B $4.9B $0.0B $1.0B $2.0B $3.0B $4.0B $5.0B $6.0B North America Production 2% $4.1B $4.1B $0.0B $0.5B $1.0B $1.5B $2.0B $2.5B $3.0B $3.5B $4.0B $4.5B Europe Production (6%) $141M $140M $0M $20M $40M $60M $80M $100M $120M $140M $160M ROW Production 0% South America Production 7% Rest of World Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 47 Q4 2024 Financial Results Change Q4 2024 Q4 2023 ($Millions, unless otherwise noted) 174 10,628 10,454 Sales 131 689 558 Adjusted EBIT 1 52 53 Interest Expense 132 637 505 Adjusted Pre - Tax Income (29) 124 95 Adjusted Income Taxes (4) 31 27 Income Attributable to Non - Controlling Interests 99 482 383 Adjusted Net Income Attributable to Magna 0.7 285.9 286.6 Diluted Shares Outstanding (millions of shares) 0.36 1.69 1.33 Adjusted Diluted EPS ($) 18.8% 19.5% 5.3% 6.5% Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 48 Leverage Ratio Q4 2024 ($Millions) $ 7,068 Debt per Balance Sheet 125 Credit Rating Agency Adjustments $ 7,193 Adjusted Debt $ 3,839 LTM EBITDA 224 Credit Rating Agency Adjustments $ 4,063 Adjusted EBITDA 1.77x Adjusted Debt / Adjusted EBITDA Ratio (Q4 2024) Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 49 Appendix - Outlook Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 50 Financial Outlook 2026 2025 ($Billions, unless otherwise noted) 16.8 â€“ 17.6 15.2 â€“ 15.7 5.3 â€“ 5.7 3.7 â€“ 4.1 15.7 â€“ 16.3 14.1 â€“ 14.5 5.3 â€“ 5.6 4.0 â€“ 4.3 Sales: â€¢ Body Exteriors & Structures â€¢ Power & Vision â€¢ Seating Systems â€¢ Complete Vehicles 40.5 â€“ 42.6 38.6 â€“ 40.2 Total Sales 6.5% â€“ 7.2% 5.3% â€“ 5.8% Adjusted EBIT Margin % 1 65M â€“ 110M 60M â€“ 90M Equity Income (included in EBIT) ~210M Interest Expense, net ~25% Income Tax Rate 2 1.3 â€“ 1.5 Adjusted Net Income attributable to Magna 3 ~1.8 Capital Spending 1 Adjusted EBIT Margin is the ratio of Adjusted EBIT to Total Sales 2 Income Tax Rate has been calculated using Adjusted EBIT and is based on current tax legislation 3 Adjusted Net Income attributable to Magna represents Net Income excluding Other expense (income), net, and amortization of ac qu ired intangible assets, net of tax Â Â Q4 & FULL YEAR 2024 + 2025 OUTLOOK 51 Â Â EX-99.2 3 tm254585d3_ex99-2.htm EXHIBIT 99.2 Â Exhibit 99.2 Â TRANSCRIPT Â 02 - 14 - 2025 Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â Â Â Â Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â DISCLAIMER: Â This transcript is derived from a recording of the webcast. While efforts have been made to transcribe accurately, the following transcription may still contain inaccuracies, errors, or omissions. Readers are advised to refer to the webcast itself together with additional information about Magna, including in our Annual Information Form filed with securities commissions in Canada, our annual report on Form 40-F with the United States Securities and Exchange Commission, and subsequent filings, available through the System for Electronic Data Analysis and Retrieval + (SEDAR+) at www.sedarplus.ca, as well as on the United States Securities and Exchange Commissionâ€™s Electronic Data Gathering, Analysis, and Retrieval System (EDGAR), which can be accessed at www.sec.gov. Â CORPORATE SPEAKERS: Â Louis TonelliÂ Magna International; Vice President of Investor RelationsÂ Swamy Kotagiri Magna International; Chief Executive Officer Patrick McCann Magna International; Executive Vice-President and Chief Financial Officer Â PARTICIPANTS: Â Tamy Chen BMO Capital Markets; Analyst Dan Levy Barclays; Analyst Chris McNally Evercore ISI; Analyst Joseph Spak UBS Securities; Analyst Gautam Narayan RBC Capital Markets; Analyst Brian Morrison TD Cowen; Analyst James Picariello BNP Paribas; Analyst Colin Langan Wells Fargo; Analyst Mark Delaney Goldman Sachs; Analyst Michael Glen Raymond James; Analyst Â Â Â Â Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â PRESENTATION: Â Operator^ Hello. And thank you for standing by. My name is Regina and I will be your conference operator today. At this time, I would like to welcome everyone to the Magna International Fourth Quarter and Year End 2024 Results and 2025 Outlook Webcast and Conference Call. (Operator Instructions) Â I would now like to turn the conference over to Louis Tonelli, Vice President of Investor Relations. Â Please go ahead. Â Louis Tonelli^ Thanks, Operator. Hello, everyone. And welcome to our conference call covering our 2024 results and our 2025 outlook. Â Joining me today are Swamy Kotagiri and Pat McCann. Â Yesterday, our Board of Directors met and approved our financial results for the fourth quarter of 2024 as well as our 2025 financial outlook. Â We issued a press release this morning outlining both of these. Â Youâ€™ll find the press release, todayâ€™s conference call webcast, the slide presentation to go along with the call and our updated quarterly financial review all in the Investor Relations section of our website at magna.com. Â Before we get started, just as a reminder, the discussion today may contain forward-looking information or forward-looking statements within the meaning of applicable securities legislation. Â Such statements involve certain risks, assumptions and uncertainties which may cause the companyâ€™s actual or future results and performance to be materially different from those expressed or implied in these statements. Â Please refer to todayâ€™s press release for a complete description of our safe harbor disclaimer. Â Please also refer to the reminder slide included in our presentation that relates to our commentary today. Â With that, Iâ€™ll pass it over to Swamy. Â Swamy Kotagiri^ Thank you, Louis. Good morning, everyone. I appreciate you joining our call today and letâ€™s jump right in. Â Â Â Â Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â Overall, I was pleased with our 2024 operating performance related to our initial 2024 expectations as we once again navigated a challenging industry production environment. Highlights include strong launch execution and continued traction on operational excellence activities, successful efforts across the company to secure commercial recoveries largely related to delays, lower-than-expected volumes and cancellations associated with EV programs. Â Ongoing restructuring actions to rightsize our business and lower our fixed cost structure has started to show results for margin expansion and are expected to further benefit future years. A disciplined effort resulting in reduced capital and discretionary costs compared to our expectation at the start of 2024. Â We ended 2024 with solid Q4 results, our best quarter of the year as we expected. Â As you can see from the slide, we performed well for the quarter and more importantly, for the full year. Â In the fourth quarter of 2024, our sales increased year-over-year to $10.6 billion for a 2% weighted growth over market. Â EBIT margin increased 120 basis points and adjusted EBIT increased 23%. EPS was up 27% year-over-year to $1.69, and we generated over $1 billion in free cash flow well ahead of 2023. Pat will take you through the specifics on the quarter. Â For the year, sales of $42.8 billion were essentially level with 2023 despite lower volumes in our two largest markets: North America and Europe. EBIT margin increased 20 basis points to 5.4% and EBIT increased 4% to over $2.3 billion. Â EPS for 2024 was down slightly versus â€˜23, while free cash flow increased $849 million in 2024. Â Our team achieved several noteworthy accomplishments in 2024. Â With respect to our financial performance, we outgrew weighted global vehicle production despite negative production mix as some of our largest customers. Â We grew our sales in China by 15%, well ahead of the China market, reflecting our approximately 60% exposure to fast-growing domestic OEMs in China. The improved margins year-over-year in each operating segment, reflecting our focus on cost controls and margin expansion. Â And we returned $746 million to shareholders through dividends and share repurchases. Â Other noteworthy accomplishments on the innovation front. Â We continue to win program awards across our business based on our pipeline of technologies. And over the last 10 years, they have won seven Automotive News PACE. Â Â Â Â Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â In 2024, specifically, we won both PACE and PACEpilot awards. Â We continue to execute on our operational excellence activities which contributed about 40 basis points to margin expansion this past year with a further 75 basis points combined expected over the next two years. Â Our efforts in operational excellence and innovation are recognized by our customers. Last year, we received 109 customer awards in recognition of quality and operational performance, one reason why we continue to win business. Â Our success is enabled by our ongoing focus on people development and in 2024 was the inaugural year of our Operational Management Accelerator Program aimed at identifying and cultivating future leaders from within Magna. The first group graduated and a second group started in the program late last year. Â And Magna is regularly recognized as one of the worldâ€™s most ethical and admired companies. Â As you can see, our team has a lot to be proud of from the efforts in 2024. Â With that, Iâ€™ll pass it over to Pat to cover our Q4 financials in more detail. Â Patrick McCann^ Thanks, Swamy. And good morning, everyone. Â Iâ€™ll start with a review of our Q4 results. Â For the fourth quarter, sales increased 2% to $10.6 billion, adjusted EBIT improved 120 basis points to 6.5% and adjusted EPS rose 27% to $1.69. Let me take you through some of the details. North America and China light vehicle production increased 2% and 10%, respectively, while production in Europe declined 6%, netting to a 2% increase in global production. Â On a sales-weighted basis, light vehicle production was level in Q4 with the prior year. Â Our consolidated sales were $10.6 billion compared to $10.5 billion in the fourth quarter of 2023. Â On an organic basis, our sales increased 2% year-over-year for a 2% growth over market in the quarter despite negative production mix from lower D3 production in North America. Â The launch of new programs, the recognition of previously deferred engineering revenue on the cancellation of a complete vehicle assembly program, the impact of the UAW strike in Q4 -2023 and higher commercial recoveries were partially offset by lower production and the end of production of certain programs, lower complete vehicle assembly volumes, the divestiture of a controlling interest in our metal forming operations in India, the impact of foreign exchange rates and normal course customer price givebacks. Â Â Â Â Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â Adjusted EBIT was $689 million, and adjusted EBIT margin was 6.5%, up 120 basis points from Q4 -2023. Â The increased EBIT percentage in the quarter reflects a positive 60 basis points of net discrete items due to higher favorable commercial items, partially offset by higher net warranty costs, higher restructuring costs not called out as unusuals and charges related to the insolvency of two Chinese OEMs. A positive 40 basis points related to higher equity income, mainly as a result of higher net favorable commercial items and a positive 15 basis points from operational items, reflecting operational excellence activities of about 50 basis points, largely offset by higher net input and lower tooling contribution. Volume and other items, which impacted us by positive 5 basis points, reflecting the impact of the UAW labor strike in the fourth quarter of 2023, earnings on previously deferred engineering revenue and cost due to the cancellation of a complete vehicle contract and higher net transactional foreign exchange gains, all partially offset by reduced earnings on lower sales. Â Turning to a review of our cash flows and investment activities. Â In the fourth quarter of 2024, we generated $896 million in cash from operations before changes in working capital and over $1 billion from working capital. Â Investment activities in the quarter included $709 million for fixed assets and a $207 million increase in investments and other assets and intangibles. Â

Overall, we generated free cash flow of $1.031 billion in Q4 compared to $472 million in the fourth quarter of 2023. And we continue to return capital to shareholders, paying $133 million in dividends, along with $202 million in share repurchases. Â Our balance sheet continues to be strong with investment-grade ratings from the major credit rating agencies. Â At the end of Q4, we had $4.5 billion in liquidity including over $1.2 billion in cash. Â Currently, our adjusted debt to adjusted EBITDA ratio is 1.77, better than we had anticipated previously. Â Before reviewing our 2025 outlook, I would like to recap how we performed against our initial outlook over the last couple of years. Â During 2024, we delivered an adjusted EBIT margin within the range we provided at the start of the year despite sales coming in meaningfully below our expected range. Â Â Â Â Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â We responded to the lower sales with a number of actions including negotiating commercial recoveries, accelerating operational excellence and restructuring activities and reducing capital spending. As a result, we exceeded our range for 2024 free cash flow generation. Â We also delivered solid 2023 results relative to our initial expectations in early 2023 with sales, adjusted EBIT margin, adjusted net income, capital spending and free cash flow all landing within or above our stated ranges. Let me take you through the details of 2024 sales and adjusted EBIT margin relative to the expectations we had to start the year. Â While global production came in slightly better than our expectations, production in both North America and Europe were down 1% and 3%, respectively, netting to a 1% reduction in weighted production for Magna. Notably, in North America, production by our Detroit-based customers declined 6% compared to what we expected in February 2024. Â In addition, the bankruptcy of Fisker cost us about $400 million in sales relative to our expectations at the start of 2024. Â These were the most significant elements that negatively impacted our results versus our initial outlook. Â Items that impacted sales but had a limited impact on adjusted EBIT margin included: updated information on the amount of directed content on the new Mercedes-Benz G-Class assembly programs, which lowered sales significantly but had no impact to EBIT; modestly higher-than-expected complete vehicle sales; and a positive impact from foreign exchange translation. Â We set aside the negative impact of Fisker and the positive impact from Mercedes-Benz G-Class pricing as they are out of our control. Lower-than-expected vehicle production, particularly on EVs and lower equity income, also mainly EV-related collectively impacted adjusted EBIT margin versus our expectations by about 60 basis points. Â We were able to largely offset the impact of these through self-help activities particularly commercial negotiations with our customers and operational initiatives. Â Commercial negotiations were mainly but not exclusively associated with EV delays, cancellations and lower volumes than previously communicated by OEMs. This performance should provide you with some confidence in our ability to execute and demonstrate our agility in the face of challenges and uncertainty in our industry, should also help reinforce that we are more focused on yearly rather than quarterly performance. Â Turning to our consolidated outlook. Â As always, our outlook reflects both tailwinds and headwinds relative to 2024. Â Â Â Â Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â In terms of tailwinds, we expect further margin contribution from operational excellence activities including from continuous improvement activities, optimizing current operations and Factory of the Future initiatives. Â We took further restructuring actions in â€˜24 that are expected to benefit the coming years. Â We have in-sourced business from Tier 2 suppliers to optimize capacity as a result of lower production volumes and we anticipate lower net engineering spend and a return to normal cadence of CapEx to sales, particularly as significant easy investments are behind us. Â In terms of headwinds included in our outlook, macro challenges persist including continued weak light vehicle production in our largest markets and a strong U.S. dollar, which reduces our reported sales and earnings. Although inflation is normalizing, we anticipate further net input cost increases, predominantly related to higher labor rates than long-term historical levels. Â And given the significant pullback in EVs relative to previous OEM expectations, particularly in North America, we negotiated an unusually high level of commercial settlements in 2024, which helped mitigate the impact of EV volume shortfalls. Â We anticipate less volatility from OEM program recalibrations in 2025. So while we expect to continue negotiations on commercial matters, we anticipate a lower level of net benefit from some such actions in both 2025 and 2026. Â In terms of key assumptions, our outlook reflects a 2% decline in weighted global vehicle production in 2025 and no growth over the 2024 to 2026 period. And we assume exchange rates and our outlook will approximate recent rates, reflecting a stronger U.S. dollar year-over-year relative to our most important currencies. Â Note that, given the current difficulty in determining the potential outcomes, we have not included any impacts of potential tariffs in this outlook. The industry has been experiencing a high degree of volatility related to a number of factors including EV penetration rates, government policies, market share shifts and the overall macro environment. These have made forecasting more difficult than it has been in the past. Â So today, we disclosed our outlook for 2025 and also updated our 2026 outlook since we had previously provided such detail. Â We expect organic sales growth over market, excluding complete vehicles, to be somewhere between flat and positive 3% over our outlook period. From 2024 to 2025, we expect a sales decline, largely reflecting the foreign translation impact of the stronger U.S. dollar, lower light vehicle production in North America and Europe and the end of production of JLR assembly programs and complete vehicles. Â Â Â Â Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â These are partially offset by the positive impact of new and replacement program launches. From 2025 to 2026, the most significant contributor to sales growth are the launch of new and replacement programs and modestly higher light vehicle production. Â These are partially offset by lower sales in complete vehicles as a result of lower expected volumes on the BMW Z4 and the Toyota Supra. Â We expect consolidated margins in 2025 to be in the range of 5.3% to 5.8%. Â We anticipate a significant positive contribution from operational items as well as benefits from reduced net engineering spend versus â€˜24 as certain nonprogram-related engineering is behind us. Â Offsetting these are: lower expected sales due to lower volumes, partially offset by incremental earnings on new program launches as well as lower anticipated net favorable commercial items partially offset by lower expected warranty costs. Â While we do not provide a quarterly outlook, similar to the last couple of years, we expect our 2025 earnings to be lowest in the first quarter of 2025 and improved meaningfully in the second quarter. Â In fact, Q1â€ˆ-2025 is expected to be lower than Q1â€ˆ-2024. Â We currently expect EBIT in the first half of â€˜25 to represent roughly 40% of the total year amount, which is more pronounced than we saw in â€˜23 and â€˜24. Remember, this cadence of stronger second half is what we experienced over the last couple of years, and we met or exceeded our initial EBIT margin range over both of those years. Â We expect a step-up in margins to the 6.5 to 7.2 range from 2025 to 2026. This is largely driven by contribution on higher expected sales including as a result of new launches, a further positive contribution from operational items including operational excellence activities, efficiency improvements and the benefit of restructuring actions partially offset by higher labor costs and a further reduction in net engineering spend. We expect these to be partially offset by lower anticipated net favorable commercial items. Â Many of the factors that are impacting consolidated sales and margins out to 2026 are also impacting our segments. In the interest of time, we will not run through the segment detail. However, we are happy to discuss any questions on them. Â Another way we look at our business is to distinguish our automotive parts and systems segments, namely BES, P&V and Seating from our Complete Vehicles segment including engineering which has a different business model and a sales and margin profile. Â Â Â Â Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â We expect the adjusted EBIT margin of Magna, excluding complete vehicles, to grow from about high 5s last year to approximately seven plus by 2026. Â Now, Iâ€™ll pass it back to Swamy to cover our business strategy. Â Swamy Kotagiri^ Thanks, Pat. Â Before I summarize the outlook for â€˜25 and â€˜26 that Pat just walked through, I would like to highlight the guiding principles that have been the cornerstone of Magna for many years. Â We have a long-term ownership mentality that starts with a culture of accountability and alignment of interest at all levels of the company. Â We manage our portfolio under a set of criteria and dispassionately assess our product lines in terms of their markets, market positions and returns. Â We maintain a strong balance sheet to have the financial flexibility to manage through the cyclicality of our industry and our capital allocation strategy entails a long-term balance of investing for profitable growth, together with returning capital to shareholders. Regardless of where we are in the cycle or challenges we are facing the overarching principles govern the way we manage Magna for long-term success. Â Over the past 14 years, of the $47 billion that weâ€™ve both invested in our business and returned to shareholders, about $30 billion or 65% of that was invested to support our continued growth in EBITDA. Â Over that period, our capital spending profile has oscillated around the low to mid-4% range. While there are some periods of higher investment, we typically normalize within two to three years. Â Following a recent period of elevated investment, particularly for battery enclosure assembly capacity to support future EBITDA growth through the ongoing transition of EVs, we are seeing capital spending and CapEx to sales levels normalize. Â For 2025, we expect capital spending to be approximately $1.8 billion and CapEx as a percent of sales to continue to decline to mid-4% and for 2026 to be in the low to mid-4% range, directionally in-line with what we have been indicating over the past couple of years. Â Over the same 14-year period, we have returned about 35% or over $16 billion to shareholders in the form of dividends and share repurchases. Â Â Â Â Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â Our fourth quarter dividend has risen for 15 consecutive years including todayâ€™s quarterly dividend increase to $0.485 per share. Â Over that time using our excess liquidity, we have also repurchased almost $11 billion of our shares. Â Looking forward, with the normalization of our capital profile and our leverage coming within our target ratio, we expect to increase capital returns through share repurchases. Ultimately, we are driving our business to generate long-term free cash flow per share growth. This allows us to continue to reinvest in the business and increase the return of capital to shareholders. Â In the last few years, through a combination of industry challenges including weak historical vehicle production levels in key markets, together with an elevated investment cycle to support the ongoing transition to EVs has impacted free cash flow. Â However with recent investments, we are well positioned for an EV transition. Â Our focus on continuous improvement, restructuring, commercial recoveries and other operational excellence activities, our cost structure is well aligned to the current vehicle production environment. Â As a result, we expect to generate about $3.5 billion in free cash flow over the 2024 to 2026 period. Leaving share buybacks aside, this represents strong free cash flow per share. Â However, we are planning to continue share repurchases with excess liquidity, which would further drive free cash flow per share. Â Now let me summarize our outlook. Â Consolidated sales are expected to decline in 2025, reflecting FX headwinds, end of production of Jaguar programs in complete vehicles, lower industry vehicle production and negative program mix. Â However we expect a rebound in sales growth in 2026 based on modestly improved vehicle production and the launch of new programs. Â We expect EBIT margin to expand to the 6.5% to 7.2% range by 2026, largely driven by continued operational excellence activities and lower engineering spend and despite very modest production environment. Capital spending is normalizing and CapEx to sales should be mid-4% in 2025 and low to mid 4% next year. And we expect another year of strong free cash flow generation in 2025 and further free cash flow growth in â€˜26 to about $1.5 billion. Â Â Â Â Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â In summary, we ended the year with a strong Q4 results including over $1 billion in free cash flow despite continued industry challenges. Â Operational excellence activities remain an important driver of 2024 margin performance, and we expect continued strong contributions in both â€˜25 and â€˜26. Â We increased our dividend for the 15th consecutive year and expect continued purchases during 2025. And we have a solid two-year outlook including strong margin expansion and free cash flow generation over that period. Â We remain confident in executing our plan and continuing to drive free cash flow per share growth going forward. Â Thanks for your attention, and weâ€™ll be happy to take your questions now. Â Operator^ (Operator Instructions) Weâ€™ll take our first question from the line of Tamy Chen with BMO Capital Markets. Â Tamy Chen^ I wanted to start with the controllables that youâ€™re doing in the face of all this uncertainty. So I see youâ€™ve talked about still expecting fairly sizable benefit this year to margins from your cost reduction plan, restructuring, I think also some rolling on of better contracts that youâ€™ve negotiated. But I see the lower end of your guidance this year has your margin down. Â So I just wanted to understand that better. I mean what are the assumptions for that low end that would essentially fully offset your controllable? Â Swamy Kotagiri^ Tamy, I think you remember, we discussed about 150 basis points from â€˜23 to â€˜25 approximately. 110 basis points is behind us, and we are on track for the remaining 40 for â€˜25. But in addition, we are looking at â€˜26 in this year on path of about 35 basis points. So to sum it up, another 75 basis points between â€˜25 and â€˜26. Â If you look at the last year, we were down in sales from the outlook by approximately $2 billion and our EBIT was down by about $200 million given some books and takes. Â So you can see that structurally, we have made a lot of changes to different activities inside our company, obviously from an overall discipline, youâ€™ve seen the capital lower, we have seen the engineering spend lower. We have done about 40 plants in terms of restructuring, consolidation or closure. Â Weâ€™ve also taken up a lot of â€” we called it operational excellence or Factory of the Future. Â We had over 300 implementation, a lot of devices connected, which is giving operational visibility, I would say, a lot of focus on automated material movement, smart automation, which is starting to yield results. We have seen that. And we see a lot of traction and a good path going forward. Â Â Â Â Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â In addition to that, in terms of commercial recoveries, tough discussions, but in terms of there were program cancellations, volume reductions, we have had a good success in 2024. Â We bid conversations with the OEMs. So thatâ€™s what gave us the confidence to structurally reduce the decrementals and we saw that result in â€˜24. And thatâ€™s the tailwind going into â€˜25. Â Even in â€˜25, when we say the revenue is down predominantly $2 billion of that is foreign exchange related and the end of JLR programs with minimal impact on margins, right? And the remaining $1 billion, I would say, is if you look at the North American production, we are saying itâ€™s down by about 2.5%. Â But the Detroit three and the German three customers are down 4% and 7%, respectively. So that mix of our customers and some program mix â€” and we have to look at the uncertainty thatâ€™s in the market right now. Â We feel pretty confident with what we are showing is an outlook for â€˜25 but more importantly, taking that into â€˜26. Â Tamy Chen^ Got it. And my follow-up is, well on â€˜26, your (inaudible) good revenue growth and pretty sizable margin expansion. Iâ€™m just wondering what gives you the confidence to assume that given just how uncertain and volatile everything is this year, I mean could things materially improve that much already through next year? Â And I noticed, in particular, the Power & Vision margins quite an expansion. And I think as youâ€™ve seen with the Power & Vision margin, even this yearâ€™s expectation if we were to rewind a year or two ago. So what could have happened this year, I think your guidance now for P&V margin this year might have been a bit lower than what was expected a couple of years stock. Â So I think if you can just give a bit more color as to the confidence you feel that now in â€˜26, weâ€™re really going to see that P&V margin in particular expand? Â Swamy Kotagiri^ Thanks, Tamy. Iâ€™ll give some points and Pat, maybe you can jump in. Â When we look at 2026, the volume assumptions that we are making are pretty modest increase from â€˜25 to â€˜26,right, and maybe a little bit and all the calls for us are internally developed through looking at specific programs and customer releases, inventories, run rates. Yes. There is a little bit you have to predict going into â€˜26. But we feel itâ€™s pretty modest as we see in the current conditions. Â Â Â Â Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â You talked specifically about P&V. I think we â€” if you look at the program mix and the launches that are coming in some of the programs with the core spending in terms of engineering behind us, we feel pretty confident even looking at the run rate that we saw this year. Â Add anything? Â Patrick McCann^ Yes. I think, Tamy, when I think of the change from â€˜25 to â€˜26 is similar to â€˜24 to â€˜25. Â So from â€˜24 to â€˜25 we have â€” and Iâ€™m talking just Magna broadly, and Iâ€™ll get to P&V in a second, but broadly, our sales at the midpoint are going to be down about $3 billion. And as Swamy said, $2 billion of that is basically margin neutral. So thatâ€™s going to be a positive impact on margin percent. Â You still have to remember everything Swamy is talking about is offsetting a remaining $1 billion sales decrease. And if you think about our normal decrementals in that 17.5% to 22.5%, thatâ€™s the math on â€˜24 to â€˜25. Â From â€˜25 to â€˜26, it flips on its head and you look at P&V specifically to your question, at the midpoint, weâ€™re expecting sales to be up about $1.5 billion, and thatâ€™s going to flow through a historical incremental. And then on top of it, we should continue to see benefits of the operational improvements that Swamy mentioned. Â Operator^ Weâ€™ll take our next question from the line of Dan Levy with Barclays. Â Dan Levy^ I think you may have just touched on it, but the outlook from â€˜24 to â€˜25 for power bidding sales, thatâ€™s down almost $1 billion. Sorry, can you just double-click on whatâ€™s going on there? And maybe decompose, are we seeing any improvements in sort of the core megatrend areas, whether itâ€™s ADAS, Veoneer or any of the hybrid opportunities there? Â Swamy Kotagiri^ Dan, I think one of the key things from a P&V perspective, especially powertrain, thereâ€™s a larger exposure in Europe. So if you look at going back to the FX with the dollar strengthening against the euro, thatâ€™s almost like $460 million to $500 million impact there of the $1 billion. Â I would say, we talked about ADAS being softer in China. We have talked about it in the last few calls, the OEMs looking at architectural decisions and pushing out some of the, call it, the RFQs or the awards, we see a little bit of softness there. Â The dichotomy of architectural discussions with our differentiation between how China is looking at it versus the Western OEMs. We are a little bit cautious on looking at programs in terms of the spend in platforms there. Â Â Â Â Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â I would say those are the key things for the $1 billion drop in revenues. And the [LTEs], right, which come into play, which is normal cadence, I would say, for the industry. Â Dan Levy^ Okay. Great. And then as a follow-up, I wanted to just unpack the free cash flow improvement. Maybe you could just talk about working capital dynamics and beyond â€" it seems like the rest of it is coming from EBIT. But maybe you can just talk about the CapEx as well. Â Just the broader line of sight that you have in the free cash flow improving into 2026 and maintaining currently flattish into â€˜25. Â Swamy Kotagiri^ Iâ€™ll talk about CapEx just briefly at a high level and Pat will give a little bit more detail. Â If you just look at CapEx then, the peak really about $1 billion approximately over in the last three years, was for the BAS segment for battery enclosures. So if you take that off, I would say, the curve looks pretty normalized. Okay, put that behind us. Â So weâ€™re talking about the $1.8 billion range in CapEx this year and indicating that towards the low 4s as a percent of sales next year. So that is a significant piece going to the free cash flow. Â The second part of it is the engineering spend. We typically talked about $1.2 billion gross spend, right? And that is down roughly about $100 million in â€˜24, so ended up about $1.1 billion plus or minus 10. And then weâ€™re talking about a $200 million or so reduction further this year, and that cadence continues into. Â So engineering spend capital reduction or, I would say, not capital reduction, itâ€™s capital normalization for our business. Thatâ€™s all adding obviously in addition to the EBIT growth, right? Â And Pat, maybe â€" Â Patrick McCann^ And I think the only thing Iâ€™d add. Dan, you asked about the working capital. Â So there was a bit of a pull ahead on working capital from â€˜25 to â€˜20 â€" sorry, from â€˜25 into â€˜24. So we did outperform on the working capital line in Q4. And itâ€™s really a reflection of the strong performance of our commercial teams that we talk a lot about these commercial recoveries, but turning into cash so quickly benefited us. Â And then as we move into â€˜25, what you notice is we â€" Swamy was also talking about these restructurings and some of the accruals have been made this year and the cash will start flowing out the door in â€˜25 through into â€˜26. So that will be a headwind into â€˜25, â€˜26. Â Operator^ The next question comes from the line of Chris McNally with Evercore ISI. Â Â Â Â Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â Chris McNally^ Just wanted to dig in, Swamy, to some of the comments you made over the last two questions. But it seems like of that $1 billion, the majority is your customer mix actually being down, I think you said D3, 4%; G3, 7%. I mean the two of them combined are like 75% of your revenue, it seems like your customers are down in that 5% plus the ADAS you mentioned on top. But these are some of your most profitable programs, particularly the trucks, is that the best way to phrase the sort of the revenue mix and you get some of that back in â€˜26? Â Swamy Kotagiri^ All right. Short answer, yes. Right. Â I think you summarized it pretty well. A large part â€" a significant part of our revenue comes from the D3 and G3 and we see, as I said, the disproportionate reduction compared to the overall North America and thatâ€™s having an impact. Â But â€" and thatâ€™s where we continue â€" part of it is EVs in the mix, volume reduction, and thatâ€™s where the commercial discussions come into play. But we also continue to look at, Chris, how do we get some of the work. Â We did a lot of in-sourcing as we flex our capacity of EVs, weâ€™re changing, working with customers, and thatâ€™s what really showed up in terms of the margin expansion of keeping the margin despite a revenue drop in â€˜24 and continuing into â€˜25. Â Chris McNally^ Super helpful. Â I think that leads to the margin question in â€˜26, and weâ€™re trying to see how realistic sort of 120, 140 basis points year-over-year. Itâ€™s like almost 30% incrementals would be some of that is because those profitable programs come back. Â But one of the ones â€" the segment I wanted to dive into was for Body, youâ€™re talking about an 8% to 8.7% margin. I mean essentially the highest margin you had ever had. Could you walk us through that because you already gave the Power & Vision comments? Â Patrick McCann^ Dan, so at the midpoint, yes, weâ€™re in the range of about 8.5% at the midpoint. Â So when you look at the delta, really, itâ€™s being driven almost entirely by a sales increase. So our sales are increasing about $1.3 billion. And just on the sales piece, that incremental, you work through the math, itâ€™s in the range of the low 20s, which we would have seen historically. Â But you have to remember what weâ€™re seeing as well is the continuous improvements that with all the blocking and tackling of the divisions, all the corporate initiatives and just driving it, whether itâ€™s purchasing or Factory of the Future, thatâ€™s adding to it as well. Â But the reality is, if the sales come, weâ€™re going to execute against those sales, thatâ€™s the biggest driver of the margin. Â Â Â Â Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â Operator^ Our next question will come from the line of Joe Spak with UBS Securities. Â Joseph Spak^ Pat, maybe just two quick housekeeping ones, and then I have a bigger picture question for Swamy. Â But on the â€˜25 free cash flow, I just want to make sure I have the pieces here, right? Because â€" the EBIT is down about $200 million year-over-year, sort of in line with, I guess, what youâ€™re guiding free cash flow down at the midpoint. CapEx is down more. So the delta is some of the cash restructuring you mentioned and working (technical difficulty) is that how we should think about it? Â Patrick McCann^ Exactly. And I think the other delta is we do have an increase in depreciation. So weâ€™re guiding at the EBIT level. So there is a depreciation increase as well. So our EBITDA deterioration is not as high as EBIT. Â But those are the (multiple speakers) â€" Â Joseph Spak^ The other just quick housekeeping one. Â I know you mentioned nothing on tariffs. Does that include some of the potential tariffs on metals like steel? And can you just remind us of your exposure there? Â Patrick McCann^ We have â€" no, our guidance that weâ€™re giving this morning has no reflection of contemplated tariffs whatsoever. Â As far as the steel and aluminum, to be honest with you, Joe, itâ€™s hard to figure out what theyâ€™re going to apply to at this point. Â So I think Iâ€™m going to give you an answer, you donâ€™t want to hear, which is weâ€™re going to have to wait and see how this plays out. Â Swamy Kotagiri^ And Joe, I think we have the team in place, right, that is working through every detail, and this is the same theme, I should say, that has gone through a similar exercise in 2017, â€˜18. So the playbook is in place. But until there is more details of how this is going to be implemented, we cannot act on it, but we are ready. Â Joseph Spak^ Okay. And then Swamy, just â€" as I review the guiding principles you laid out and in particular, the pillars of portfolio management and capital allocation. You mentioned targeting these growth markets and â€" but also you mentioned exiting business that donâ€™t align. And I guess Iâ€™m just curious, given all the volatility, the dynamic nature of this industry that weâ€™re going through right now. Do you see yourself more as a buyer or a seller of assets? Â Â Â Â Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â And when you broadly talk about exiting a business that donâ€™t align with the portfolio criteria, is that purely from a product perspective? Or are you also considering some of the customer exposure because to Chrisâ€™ question earlier, youâ€™re pretty overweight some customers? And Iâ€™m wondering whether youâ€™d consider exiting some businesses that might allow you to redeploy capital with other customers that might potentially be faster growing customers? Â Swamy Kotagiri^ Joe, itâ€™s a broad question, and Iâ€™ll try to pass it into pieces. Â The first part, I think when we say growth, what we mean by that is whatever the product we have, we should have a relevant market position like whether you look at our Cosma or Exteriors or any of these core businesses, we really have a great position in the market and call it capability and technology that is wanted by the customers and see that in terms of wins and so on. Â So the relevance of the market not being fragmented, having stable profit pools, I would say, is the important thing there. So thatâ€™s one piece. Â Your second part of the question, if you just look back in the history of Magna, over the period that I was showing data for the last 14 years, we have spent roughly $20 billion in investments to grow our business and about net of divestitures, $2 billion in M&A, right? So kind of it should give you a viewpoint there. Â So Iâ€™ve said this in the past, and Iâ€™m going to repeat, we did the Veoneer acquisition, we are digesting. We feel pretty comfortable with what we have. Â So I would say, except for any small tuck-ins that would make sense, we are really focused on everything we just talked about, right? Weâ€™re looking at every penny every dime. A lot of focus on taking our manufacturing expertise to the next level with some of the initiatives that I talked about, and we have started seeing that, and we see a lot more potential going forward. Â But we are not taking divestitures off the table, right? We have done interiors, which we felt was fragmented. We did FP&C. So we continue to look at that. So more importantly, divestitures are not off the table. Â In terms of the customer mix, I think we have been able to consistently grow the CPV, but we look at that more importantly, China, markets growing at roughly 5%, I would say, Louis, and weâ€™ve been growing at 15%. Â Also there, we see a mix change, right? When we started kind of material growth in China 15 years ago, it was primarily focused on international OEMs. Â Â Â Â Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â But now as we stand today, 60% of our business in China is with the OEMs, a handful, right, really five, six OEMs. And that is even, if you consider [Star], it might be even [1%] (inaudible) range. Â And in the next three, four years, we almost see our revenue in parity with the split as you see in the China market. Â So thatâ€™s kind of â€" itâ€™s a long answer, but thatâ€™s how we are looking at it overall from the business. Â Operator^ Our next question comes from the line of Tom Narayan with RBC Capital Markets. Â Gautam Narayan^ First one is just the one segment that I guess we havenâ€™t gone over, seeding 2025 outlook does seem to be some decrementals there. Iâ€™d just love to â€" maybe just double click on that. And then I have a follow-up. Â Swamy Kotagiri^ Yes. I think as we look at the seeding, we ended at [38]. And if you look at the high end of the range, itâ€™s pretty close for 2025 [now]. Â Operationally, itâ€™s in a very good and stable place. Some of it is because of the incremental input costs that donâ€™t add up on the EBIT side. Some of it is a program mix where the volumes are lower, thatâ€™s affecting us. Â But if you look at just the overall drop in revenue for seeding to the drop in EBIT, weâ€™ve been able to reduce the decrementals, right, compared to the historical. So itâ€™s really the input cost and the volume story there, operationally is in a very good place. Â Gautam Narayan^ Okay. And then my follow-up, itâ€™s really a follow-up to Joeâ€™s question. And in the past, yes, you have said all options on the table, not taking divestitures off the table. And it seems like that you were saying youâ€™re looking â€" to be in businesses you have strong market share. One thing maybe that many folks want to know better is the synergies between your business lines. Is that something you also take into account? Â And the reason why weâ€™re asking all this is weâ€™ve had a couple of Tier 1 suppliers announce sales or spins. And if you would look at your guys some of the parts, it would appear to a lot of us that itâ€™s trading a discount to where the some of the parts where your stock is. Â So just love to hear more maybe on how you think about divestitures and the synergies right now between Europe [these segments]? Â Swamy Kotagiri^ Yes. I think thereâ€™s a balance in trying to keep, call it, the operational agility at the divisional level. But whether itâ€™s purchasing, whether some of these initiatives that I talked about in purchasing, or if you look at the Factory of the Future and the operational initiatives, weâ€™re talking â€" when we talk about a unified name space or we are talking about standardizing the operational visibility getting automated material movement or getting smart automation, we end up, [Tom], doing it one place. Â Â Â Â Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â Letâ€™s say, you do a pick-and-place operation with inspection. We do on one use case, and then we have 80 or 90 of this across the company, which can be implemented and (inaudible) very quickly. So there is quite a bit of that. Â In addition to that, if you look at our group or corporate structure, right? We look at standardization and we look at bringing any of these initiatives and roll it across. So it doesnâ€™t have to be reengineered every time. Â So thereâ€™s a lot of synergies there. But that said, we are not going to let that determine whether a product line should be in Magna not, right? As we are running, we have to always look at the best possible way to get the synergies. But if there is a compelling case like we did in interiors, and we talked about FP&C as an example, weâ€™ll look at it. Â Patrick McCann^ And I think the other strategies you have to consider, [Tom], like when you start â€" Swamy is talking about the operations and the customers, this SG&A synergies are significant, like Swamy mentioned, purchasing, but thereâ€™s IT, public company costs, revenue opportunities. And then thereâ€™s the whole area of tax planning. So itâ€™s something thatâ€™s in the back of our mind, but that creates margin expansion opportunities that weâ€™ve seen over the past as well. So just consider that in your modeling. Â Operator^ Our next question comes from the line of Brian Morrison with TD Cowen. Â Brian Morrison^ Swamy, I know that it was difficult to answer the question with respect to tariffs on aluminum or steel. But just in terms of broad-based tariffs, I know theyâ€™re not factoring your guidance, and itâ€™s very difficult to answer. But (inaudible) has talked about potential to move production or flexibility in new production. What flexibility do you have with respect to addressing potential broad-based tariffs and/or what contingency you plans have you? Or could you put in place in order to mitigate the potential exposure? Â Swamy Kotagiri^ Yes. Brian, I think you said it right. Itâ€™s really an industry issue that you have to figure out how to solve holistically, not in isolation. Â What I mean by that is the policymakers, the OEMs, the supply base on the ecosystem have to figure out a solution together. We are having significant dialogue with all the constituents, obviously a lot more with our customers at the table. We started these discussions, letâ€™s say, in the December timeframe. Â We have a footprint in Canada, U.S. and Mexico to the extent we are able to work with the customers to see what they are thinking in terms of various levers, we are there. Â Â Â Â Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â But I can tell you one thing, for a supplier to absorb this magnitude that they are talking about is really unrealistic and untenable, right? So we have to have many discussions. We are having those discussions, but to the extent where the OEMs are going to look at shifting, managing in the short term yes, weâ€™ll do our best, right? We have the footprint in all three areas. We are looking at that, and weâ€™ll continue to look at that. Â But all said and done, you know the industry well enough. This is not a switch that can be turned on and off in a short term. Â So I believe this is going to be disruptive, right? Weâ€™re going to see a lot of start-stops and moving up and down on volumes and reach assembly plan does what â€" as an industry, we have dealt with this in terms of chip shortages in COVID and so on and so forth. Â We are not looking forward to that, but that muscle is there. And we have to work through this. But itâ€™s going to be disruptive for sure if the magnitude of tariffs theyâ€™re talking about is implemented for the industry overall. Â Operator^ Our next question will come from the line of James Picariello with BNP Paribas. Â James Picariello^ Just a question on the Seating business. If we look at the â€" if we exclude complete vehicles, we look at the midpoint of your 2026 targets relative to your 2024 results, right, the segment that does stand out is Seating. In that revenue and margins are just slightly lower than where you finished in â€˜24. So that is a business that stands out something is structurally less positive than your other two, the Power & Vision or Body Exterior. Â So can you just speak to what those net headwinds are comparatively? And is there any insourcing â€" is there in-sourcing? Are you seeing the in-sourcing by OEMs for seating in Europe in particular? Â Swamy Kotagiri^ James, yes, great question. Â I think I answered a couple of things related to Seating. One was really the input cost being higher coming in from â€˜24 to â€˜25 normal cadence. And then one on the two programs that are seeing the volume drop. Â The third point, I think with the business that is there, there is an EV mix platforms there, right? And as the volumes are not hitting the planned volumes, we are seeing the negative impact from Seating. Â Â Â Â Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â But I think in the past, weâ€™ve also talked about one program which was underperforming. And we also said that program ends towards the end of â€˜26 â€" replacement program is at the right metrics, and that starts flowing in end of â€˜26 to â€˜27 predominantly. That would be a step change that will impact the margins positively in Seating. Â To the last part, I donâ€™t see a structural deficiency. Operationally, itâ€™s a good business. The mix is pretty high in North America and pretty significant in China. Europe is a little bit weaker, but again, I donâ€™t think itâ€™s a structural issue in this business. Â James Picariello^ Got it. All right. And then â€" that was helpful. Â And then my on follow-up is just on complete vehicles. Whatâ€™s the future for this business in terms of quoting activity pipeline, potential Chinese domestic OEMs wanting a footprint in Europe? Just any color there? And then â€" just any feedback or color on the LG powertrain JV, how thatâ€™s faring and what the trajectory or what the outlook is there? Â Swamy Kotagiri^ Yes. From the question on CBA, I think the team has really done a good job in getting the cost structure to where it needs to be, right, given what the end of programs of the BMW last year, ending of the JLR this year, and we are looking at the Toyota Supra and Z4 next year. So the team has really been very agile and addressed the cost structure there. Â We continue to have conversations with various OEMs including the Chinese OEM both, call it, normal production, but also some CKD, SKD discussions that are on the table. Â So we â€" you know this business has been lumpy in the past, right? And with all the capacity and the transformation thatâ€™s happening in the industry, itâ€™s been a little bit more rocky, but we see a good half in the outer years from the Chinese OEMs, but also from, I would call it, the existing [norm] of OEMs with history, right? Â You had another question, James, Iâ€™m sorry. Â James Picariello^ (Inaudible). Â Swamy Kotagiri^ LG. I think from a cadence of the product and the business in LG JV is pretty good. The pressure that you see today is predominantly because of whatâ€™s happening in the EV market, right? From a product perspective, from customer interaction and visibility to programs and winning is as we had expected. Â Operator^ Our next question will come from the line of Colin Langan with Wells Fargo. Â Colin Langan^ I hate to ask a basic question, but a little surprised by how large the FX headwind is at $2 billion. Thatâ€™s like 4% to 5% of the sales decline. Actually, itâ€™s like majority of your headwind. What is really driving that? And any color maybe on the sensitivities if rates change to kind of what we should be tracking? Â Â Â Â Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â Patrick McCann^ I think just on the FX, itâ€™s primarily being driven by two currencies, itâ€™s devaluation. Itâ€™s really the U.S. dollar strengthened against the bucket of currencies. But itâ€™s relative to the euro, we see a significant decline from â€˜24 to current rates. The euro is down at about 103. And then the other area â€" so you see the numbers we have for sales. Â And then the other area we have a significant foreign currency devaluation in the Canadian dollar and the Canadian dollar is sitting just south of $0.70 right now. So again, significantly below. And those are two big revenue-generating regions for Magna. Â Colin Langan^ Okay. And then I just want to go through Slide 26 to make sure I understand the broader buckets of the walk. FX is about $2 billion. I guess that would convert at â€" I guess itâ€™s embedded in one of those lines about average margins. And then normal decrementals around 20 on the sort of core business thatâ€™s down roughly $1 billion outside FX. And then those headwinds are going to be offset by operational and engineering. Those are like $100 million each, something like that. Are those the right sort of buckets that we should be thinking about trying to size those bars in the [long]? Â Patrick McCann^ I think when you look at the FX, as we said, itâ€™s about $1.5 billion of a headwind. The pull-through on that number is not significant on the EBIT line because this is where you have our CBA operations and some of the lower-margin products. So I would say itâ€™s going to be below the corporate average. Â On the CBA business coming down because of the JLR and whatnot, again, you could see the margins at that level. Â So again, so when you back into whatâ€™s left of the, letâ€™s say, $1 billion of sales decline, I would say, our corporate average, it varies by segment, but youâ€™re probably in the range of [15 to 20], [20], [22]. Â Colin Langan^ Okay. And FX was 1.5 (multiple speakers) â€” Â Patrick McCann^ And then you â€” sorry, then Colin to [correct], and you offset it with operational performance, commercial and lower warranty and whatnot. Â Operator^ Our next question comes from the line of Mark Delaney with Goldman Sachs. Â Mark Delaney^ Starting with another one on the customer exposure. You spoke about the progress youâ€™ve seen in China and having 60% of your revenue in that region with the domestic. Maybe you could elaborate on what that might mean for how big China will be for Magna going forward? And as you think about the outlook you provided for â€˜25 and â€˜26 and some better growth in China, what percent of revenue would you expect to come from China in the future? Â Â Â Â Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â Patrick McCann^ Sorry, I think, Mark, weâ€™re just looking for the exact number. But our sales right now are just north of $5 billion in China, and weâ€™re expecting them to grow just in the $6 billion range. So itâ€™s $1 billion increase, but itâ€™s still strong growth at about 20%. $5.6 billion in â€˜24 â€” sorry, those are the exact numbers, and they were just growing north of $6 billion by â€˜26. Â Mark Delaney^ Okay. Yes. Helpful. And then I was also hoping you could elaborate on whatâ€™s contributing to the lower net engineering spend over the next few years? How much of that is adjusting for the timing of when megatrend opportunities may be larger? And reevaluating your spend to better time with those markets? How much might be from some of these other factors you were speaking about like restructuring? Â And I guess just on this topic of the net engineering spend, does this signal any potential change in how youâ€™re trying to run in product lines or businesses and youâ€™ve chosen to optimize more for margin than growth going forward? Â Patrick McCann^ So I think, Mark, I can â€” just on the number side of it, our view was we came out in â€” from our guidance last year, we expected to reduce engineering spend in the range of $500 million over the three-year period: â€˜24, â€˜25, â€˜26. Â We executed in the range of about $124 million, and the balance of the $400 million weâ€™re expecting and planning on executing in â€˜25 and â€˜26. Â As far as the change in approach, I think itâ€™s more clarity of where the products are going and where weâ€™re at in that spend. Â So itâ€™s similar to our battery trade engineering where we have a lot of our core spending behind us. And now weâ€™re into situations where the engineering is going to flex up or down more based on business awards. Â To your question, are we giving up growth because of this, thatâ€™s not the case. We have a good opportunity thatâ€™s going to meet our return thresholds for [quoting] new business weâ€™re going to quote it and will flex up as needed. And something else will give on the other side, thatâ€™s â€” itâ€™s basically balancing all portfolio within ME and then also within Magna as a whole. Â Louis Tonelli^ And I just want to point out the engineering spend has a gross number. So I mean if the engineering comes down, there may be some recoveries that also go down. So the net may not be as impactful in that, but we still have a net decline as well. Â Swamy Kotagiri^ Yes. The key point is we â€” again, I like to say that itâ€™s not a cut in capital or engineering. It is actually putting efficiencies in place. And with the operational excellence activities, weâ€™ve been able to make it more efficient. And when there is volume reductions coming with customers, weâ€™ve been able to take discretionary capital pullback. And with the expansions that are not coming because of the volumes are not there, we pulled back on that, right? So I donâ€™t think we are doing any of this at the expense of profitable growth. Â Â Â Â Magna International Inc Q4 & YEAR END 2024 RESULTS and 2025 OUTLOOK WEBCAST Â Â Operator^ Weâ€™ll take our final question from the line of Michael Glen with Raymond James. Â Michael Glen^ Just one for me. Pat, the other item on your cash flow statement, the increase in investments, other assets and intangible assets. Are you able to give us some guidance for that figure in 2025? And can you just remind us what some of the big buckets are in that line item as well? Â Patrick McCann^ Yes. The â€” Iâ€™ll give you the description of whatâ€™s in there first. The biggest bucket by far is customer dedicated assembly lines, where itâ€™s their â€” we donâ€™t treat it as capital because technically they own it. So itâ€™s effectively assembly lines that they own. We pay for it upfront, and we recover it through the [piece] price. Â Most of that is a quasi-guarantee number, Michael, so itâ€™s not treated the same as capital. Itâ€™s a lower risk item. And weâ€™ve been running at an elevated level. Traditionally, we would have seen that number in about 300 range. And I think weâ€™re expecting that to normalize back to 300 in 2025 as well and beyond. Â Michael Glen^ Okay. So that number is going to be down quite a bit next year as well? Â Patrick McCann^ Correct. Â Operator^ And that will conclude our question and answer session. And I will now turn the call back to Swamy Kotagiri for closing remarks. Â Swamy Kotagiri^ Thanks, everyone, for listening in today. Â As youâ€™ve seen in the data, we remain laser-focused on executing on our outlook including margin expansion, capital discipline, free cash flow generation and both getting back within our target leverage ratio and increasing returns of capital to shareholders. Â We remain highly confident in Magnaâ€™s future and being able to deliver to the outlook. Â Have a great day. Thank you. Â Operator^ This concludes todayâ€™s meeting. Thank you all for joining. You may now disconnect. 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M\PD#;<@K+FBVZ;H'Z6 M84D5K&]MTUUP58+4UT=[)9FKHA!-U(SFE,8N@- *S8HY*UY"8YVDI0;BZE@/ M,A*&O(*8E2P)M0[TNH=Z@ *>!BJ)**=LK#N.8[PI.K2.C^ M*EBW-PI*AM;
V2/<'F.Y266L857/P^??>)VSF_M6VL+9&AS3=I%P5FUCHG232@(+!!C(W/)3$60@(;!'5D\E,BZMBV(^K\DH9WJ5(MY0@S0.Y. N;(3VFSD ",J1HL$ @I1S0#K!%K(4C3DO1R]&A@6!T-'C?%$
M_36*O:)!@<,A;307Y"1S2#(X=H!#>S=2^C4Z-]-E[*0XGXY1-DQC%+LPCK6@ MFGIMVND;W.>;[_BCQ7W2O#5JN^6)ZZ=)6S2,%E3(N7H^8.-OH^^&G M%*CFJ,%H&9,QZQ+*O#&6A>?
[I#?2=^UMCXKR]XQ\%S30FGJ![<% M2RY@JH^Q\;K;C[1V@+WA7&^E1T?L-Z07"[$,)D@C&/4D;ZC"*PCVHIPTV;?\ M5_ND>(/,!>BG5<79['FJ45)76YXD6\$CFAP(.X*GQ"AJ,*KZBBJXG055/(Z*
M6)W-CVFQ!\B% %]%]SY[5C5<-S'B[7"Q6G8E MA[Z"$3N0I'R2CDA"T0+!%@A" +!(6[];H)%N>Z%&Z+]EDA8.Y+? MQ32[=0".9L4RP3R\$)B +!%@A"H"P18(2H!A8+Z4NMVH"7:W)-
L!R49+B.24&P4(/2:DE_%-NX]ED YSP$WK!WE M(YKCXJ-UP502]8.]-ZPWV4=TIY*"=T62'92]]#H*A M-NGE1JP$0A"R /),<; V3TA50$'((0A "8YQ!LGH4-)V&!YN$]"$&88YQ!3%
M,BUU1F(4*1T=ALF$6*&EJ(G,%SN@,(-R-D\$%0HF@=R-([DY. V0#0+I=*6V MZ55&6[#=*4"R7=+ISFJ8'H'-"$(/:+E/:!OMVJ.^PWW3V. '-:]*#=-U#O2AX* =8(
ML$TFZ34.]"6'V"+63=0:B]T%AQ2:DW4.](7@=J"PXFZ%$YUSL4E_%"DCW$63 M"24CBFW4N"360E:^ZBO9(Z3;9+@F,EBDZSR4'6%*'BR7*6&R]R<)+=JJB0?
MZE/:ZX2XL7&U%E()6D=BH72A^GM4!=0J@G*D94;;H0GZS0G,G-^:A#@_R06$ M'96Y+%P2 IKF7WNJI:YNZ>V8@;E46)7,('-1W*F;,'!+I:X'DA""Y2ZBGNAL M-
DPL([%I.P$N4NHI$*Y@.$A">)391(NJV1JY,UQ=S3E TD)Q<2B=SFU8D!]J MR?:R8UPVW3T9 M=!9MR*$MUE,# P=R70$J$N",QW[TTQ=RFM='5E$KF\Q7,- M^81U1"M"(IPC"N4)E,QE
:1_]BN]1;L2&(CP3*;3*[00!NGM;J-@INJ1U293 M.9$?5.[DX1\MU(QG9^M/$9OR3*3,1-BN5((B5((M^U3MCL-PF5ES(K"'DG=5 MYJQI'<@C4F4F8K]5YI0PC:RG#;F49
MBKU3NY)ZOX*V8]CNFZ4RL9C1VMN4[0?!#/>"D7([# +#W;E.TCN"W'V2>PK'EF^W)#8[;I:Y5)FY]7?O2]5X%8_ \1,[!!*?O@]TGM"S(C)"P[+ MH=LQ5#-T[JK]A5H1;[IW5
IE)G12ZGGL@1F_)7A$T!*8VDK*7JRK M?4A'4A7*QG13T>"71;L5PQ!(8-]E,A5-,IZ/ I+>"N=0>Y-ZH]Q4RES%6R0J
MT^+E<*,Q[]JEK%S(JEA"2UE:?'9I4+F7LEA$"0!5$LBR+!6*HG8IBE'1,N'U,S(01WN"?U*DL>_>2,L4V2LFX'@%&P1TN&44-'&T<@&,#?V+-JOA M]=%B=!35D#@^"HB;*QP-[M< 0?
D587RCZ0(0A "$(0'BYTY\FP9'Z3N<:>F8 M(Z:NE9B4;!L 9F![_P#'UK@H>!VKZ0](ICL&,]*?,3('!_J-/2TDA:?KB(.(M^&NR^:"[X+ZD&\]/G32NRP'
JIB%+'6T[HW>]]4]Q4@=MS0#LM7LK!3BS4.Y0I$YUTU2]4!XIIC-U2$0V*74GB)-TVV0HZ?I' M<@(+%+;P4Z1S3X?%:)X!WK\D%ND7[D,WL1AI[D:5/]/T'Q1H/BL M@C<2WM0TW">8[\P4".W(%
1E_)JFZK?DCJ[=GV(" MN@JQH/BEZC:]@@N56 MC<*1IM<6ONI.J\/L0(R.S[$ S5X%.3^K2B,7W0$=KIV@J4- [$JJ R.X4S7F M_@F)0+A6Q+EIEG#=*80?ZU78XML
I1(6GFA+CA$1W!*+L/@I&2!UKIY:U_(_ M! 1B0'M2[/"22*VP"B!I?4%:UD65AT8)V MV49CME#3?DGM9>_,+@>P:.2EL.Y)U2ET^" 8A M/ZLGP1U1VW5LP- -T[3?GMYI[66/-.TWYA+,7(A'?
N2]4I0T62V"MF+D3-43 MPYKM+@;@K;<)Q 5\ N?OC=G#]JU8M!4M).^CF;)&;$=G>IE8N;E8J1K+CFH* M.H96PMD8=CS'<5:#; !9*#18)P!)LE&R>TB^P5(,++T)A9;L60,& M_*Z:Z ':UE+