



# AANY Presentation 2005 Outlook



January 13, 2005



**Mark Hogan**  
President

# Investment Highlights



# Magna: On the Move



# Agenda

- Overview
- 2004 recap
- Strategy for continued growth
- 2005 outlook
- 2004-2007 content growth



# Magna Today

Auto supplier – ranking in world (sales)

#6

Sales growth – CAGR since 1994

22%

Content per vehicle – CAGR since 1994\*

18%

Market cap

~\$7.5B

\* European content excludes assembly sales

# A Global Presence for Global OEMs

## Magna Facilities

● 219 Production ● 49 Engineering, R&D

Canada ● 64 ● 8

USA ● 52 ● 15

Mexico ● 11

S. America ● 3

● 8 ● 3 Asia Pacific

● 81 ● 23 Europe





# Broadest Capabilities



Interiors



Plastic  
Exteriors



Metal



Powertrain/  
Drivetrain



Mirrors/  
Electronics



Dana



Visteon



Collins & Aikman



Faurecia



JCI



Lear





# Broadest Capabilities



Interiors



Plastic  
Exteriors



Metal



Powertrain/  
Drivetrain



Mirrors/  
Electronics



Delphi



Bosch



Denso



Aisin Seiki



Valeo



Thyssen Krupp



## Plus: Complete Vehicle Competence



# Privatization → Better Capitalize On Broadest Capabilities



## Today

Exteriors



• Decoma

Interiors



• Intier

Powertrain



• Tesma

Metalforming



• Cosma

Mirrors



• Magna Donnelly

Assembly



• Magna Steyr

Drivetrain



• Magna Drivetrain

## Future



Complete door

Complete rear tailgate

Larger Cross Group Modules

# Privatization → Fully Exploit Vast Competencies

## Vast Competencies

- Broad product portfolio
- Complete vehicle knowledge
- Magna-Steyr
  - engineering, design, testing, simulation, logistics, assembly expertise

## Leads To

- Better design, engineering, manufacturing and assembly of modules
- Reduced costs



# Magna's Driving Force Remains the Same

## Unique Entrepreneurial Culture

- Decentralized operating structure
- Corporate constitution directing
  - profit sharing
  - R&D
  - social responsibility
  - dividends
- Employee charter



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# 2004 Sales Growth – Exceeds Long Term Trend



# Key 2004 Programs – North America



Chevrolet Malibu



Cadillac SRX



Honda Pilot



Dodge Durango



Ford F-150



Chevrolet Equinox



# Key 2004 Programs – Europe



Volkswagen Golf



BMW 1-Series



Mercedes Benz A-Class



BMW X3



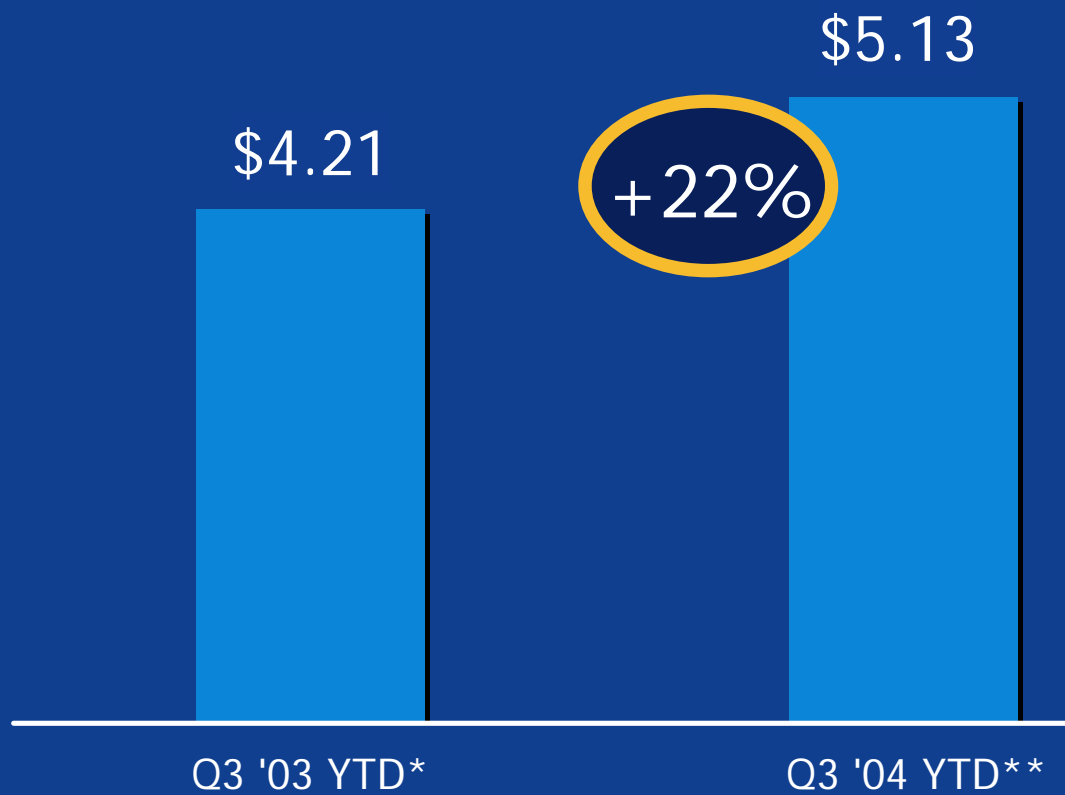
Saab 9<sup>3</sup> Convertible



BMW 5-Series

# YTD 2004 EPS Growth

## Diluted EPS



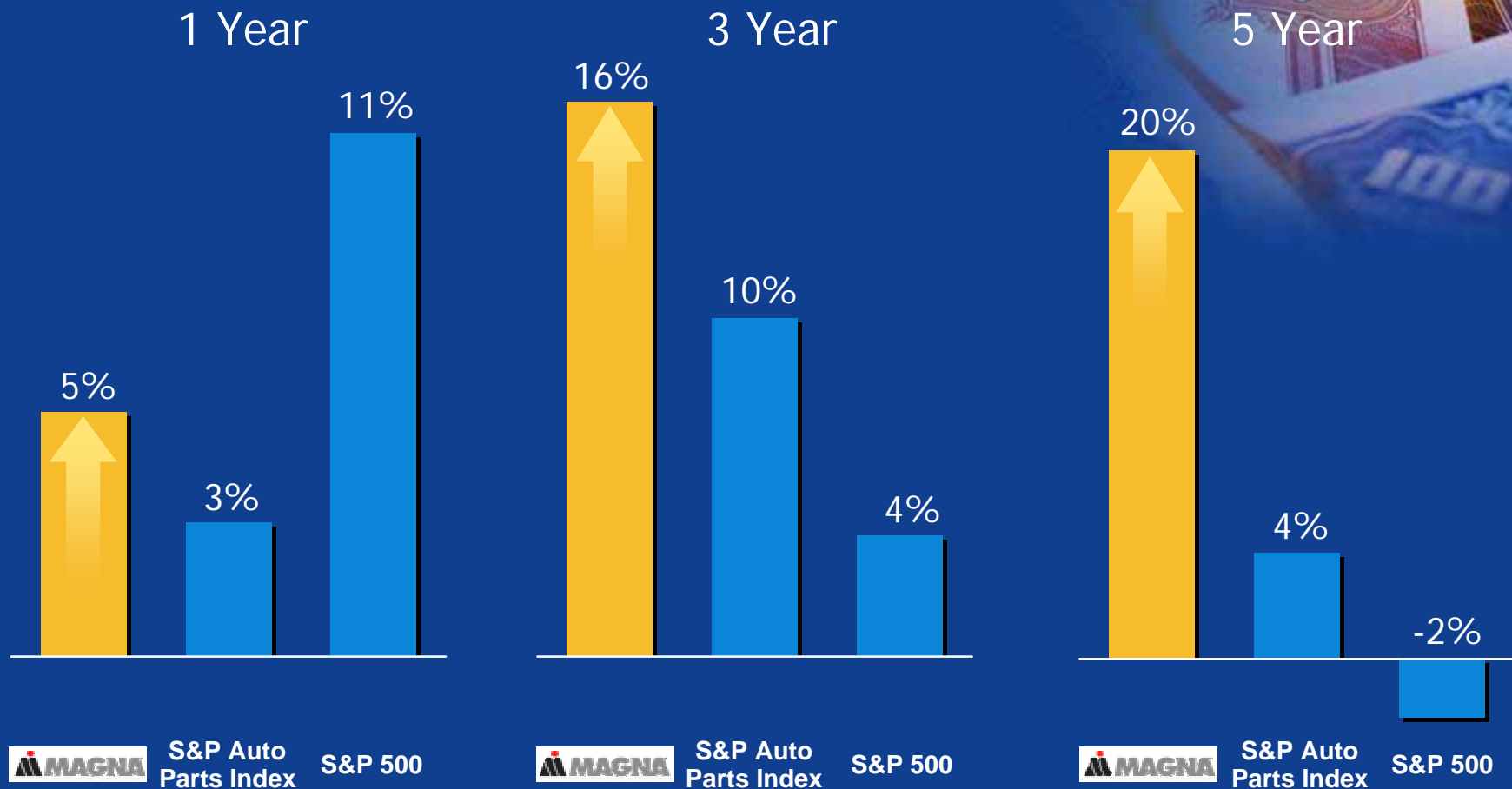
\* Pro-forma, reflecting distribution of MID

\*\* Excludes gain on redemption of preferred securities

# Solid Stock Performance

## Total Shareholder Return

(To December 31, 2004)



Source: BMO Nesbitt Burns



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# Strategy For Continued Growth

## 1 Broaden Customer Base



## 2 New Markets



## 3 Innovation & Technology



## 4 Continued Outsourcing



# 1. Broadening Customer Base

## 2004 North American Production Sales By Customer\*

	Magna	Auto Prod.	Overweight (Underweight)
GM	40%	33%	7%
Ford	29%	22%	7%
Chrysler	23%	16%	7%
Asian-based OEMs	6%	27%	(21%)
German-based OEMs	2%	2%	-

\*Q3 2004 YTD





# 1. Broadening Customer Base

## 2004 European Production Sales By Customer\*

(Excludes Complete Vehicle Assembly Sales)

	Magna	Auto Prod.	Overweight (Underweight)
German-based OEMs	68%	33%	35%
N.A.-based OEMs	19%	24%	(5%)
Asian-based OEMs	5%	7%	(2%)
French-based OEMs	3%	28%	(25%)
Other	5%	8%	(3%)

\*Q3 2004 YTD





# 1. Broadening Customer Base

## Recent Developments

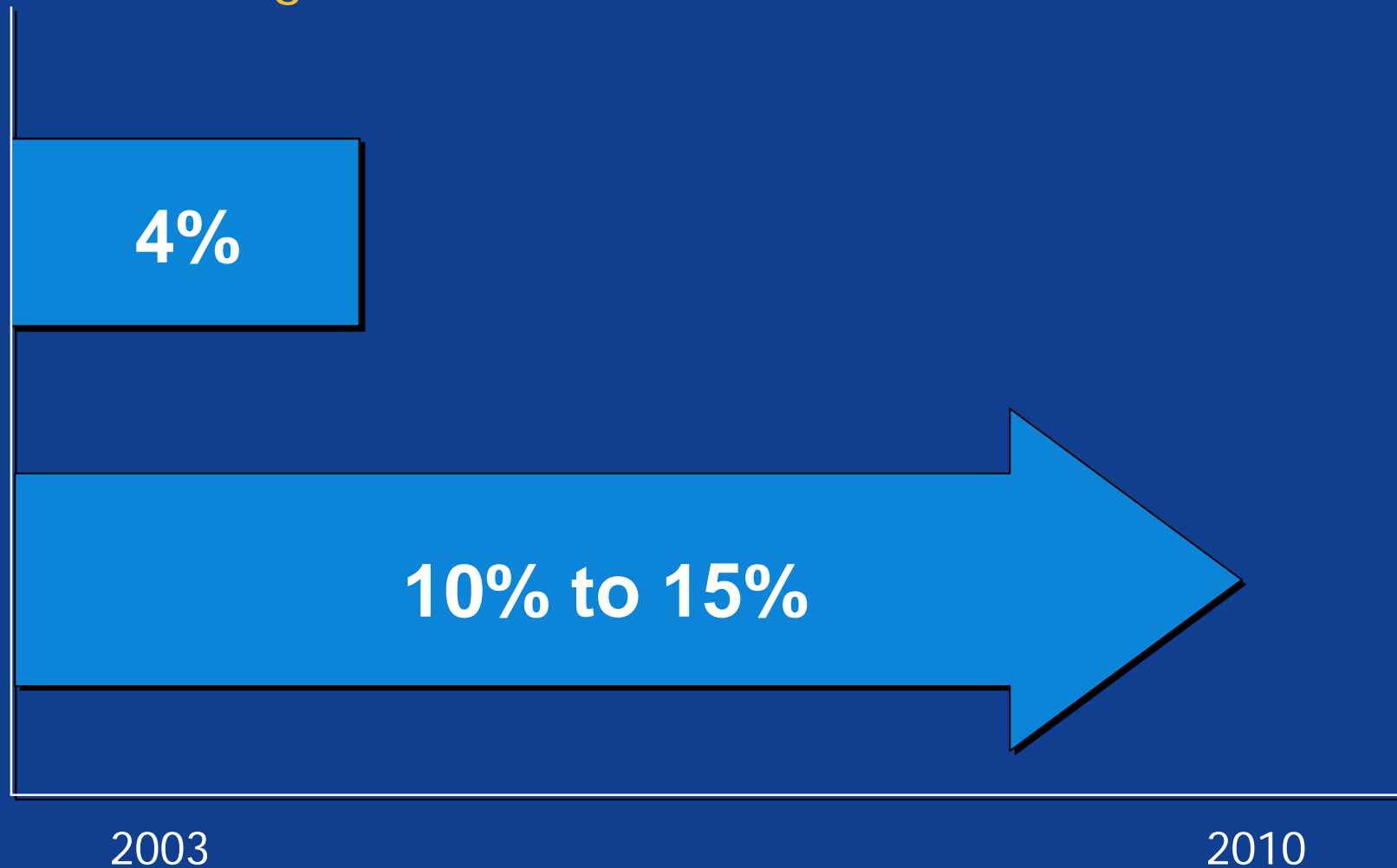
- New business awarded by Asian OEMs globally
- Enhanced high level relationships with Asian OEMs
- Significantly strengthened depth of Asian management team
- Duarte acquisition in France
- Contract awards from PSA and RenaultNissan

HONDA



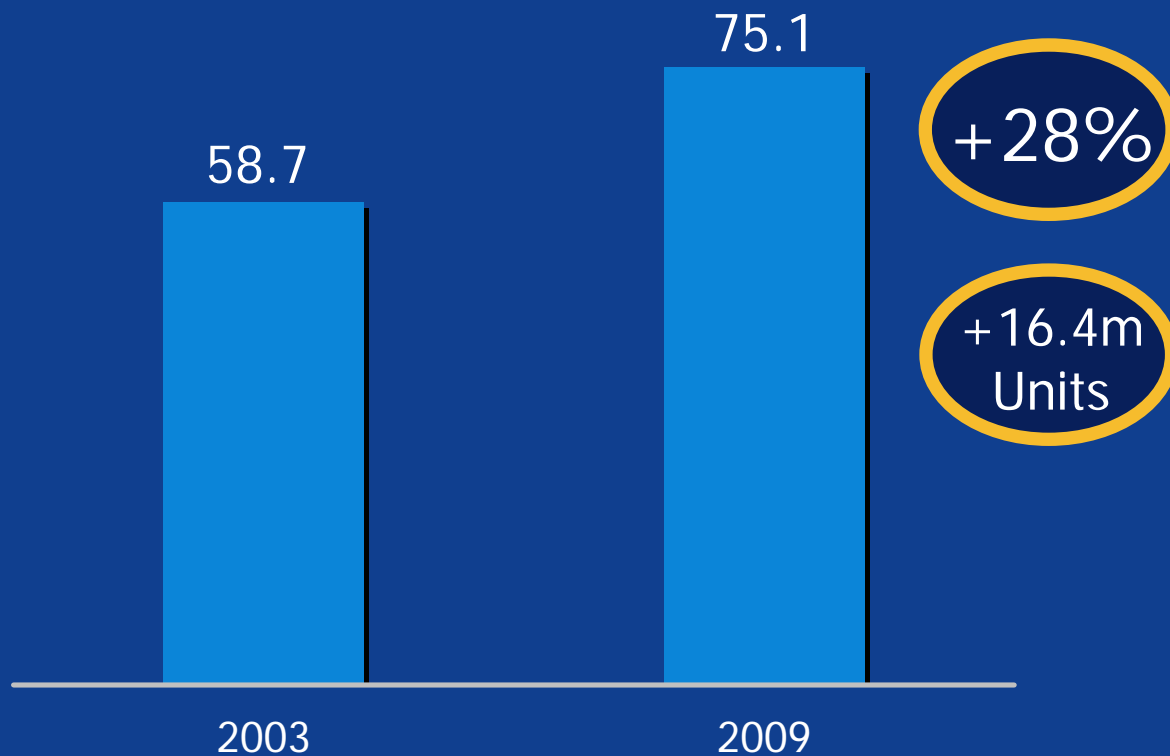
# 1. Broadening Customer Base

## Magna Sales to Asian New Domestics



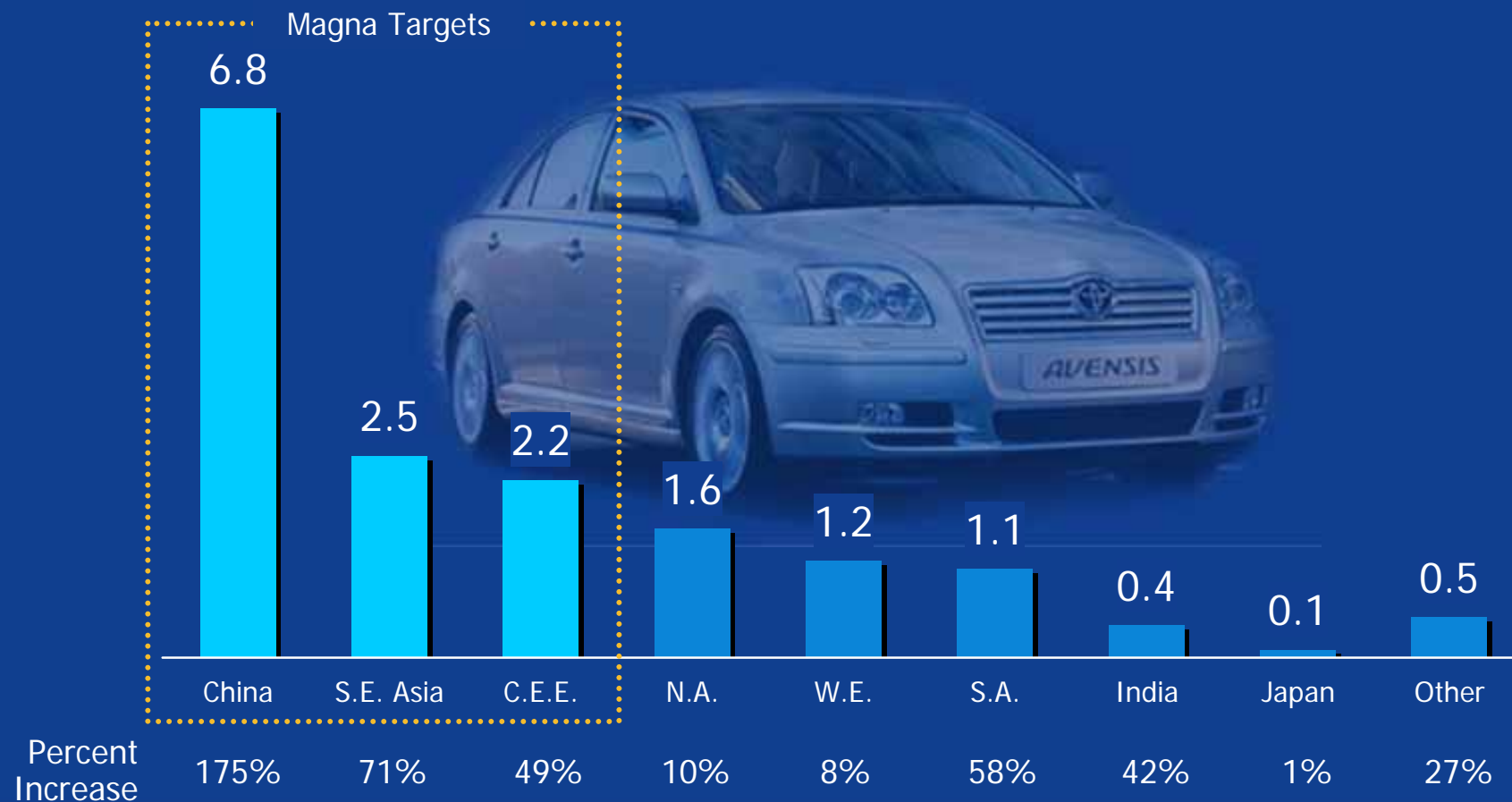
## 2. Targeting High Growth New Markets

### Global Vehicle Production 2003 to 2009 (Millions)



## 2. Targeting High Growth New Markets

### Increase in Units 2003 to 2009 (Millions)



## 2. New Markets: Asia



### Japan

- Significantly strengthened local management team
- Expanded customer support
- Engineering contracts



### Korea

- Two facilities
- Sales/engineering office added
- Contract awards



### China

- Significant growth
- New Magna plants
- New Magna sales/eng. office
- Dynamic market



## 2. New Markets: China



Product Category	Market Study	Entered Market	Established Position
Mirrors	✓	✓	✓
Interiors / Closures	✓	✓	✓
Powertrain	✓	✓	✓
Drivetrain	✓	✓	
Complete Vehicle	✓		
Metal	✓		
Exterior Plastics	In progress		

## 2. New Markets: Central / Eastern Europe

- Customers moving to Central/Eastern Europe
- Magna has 9 facilities
  - a good starting point

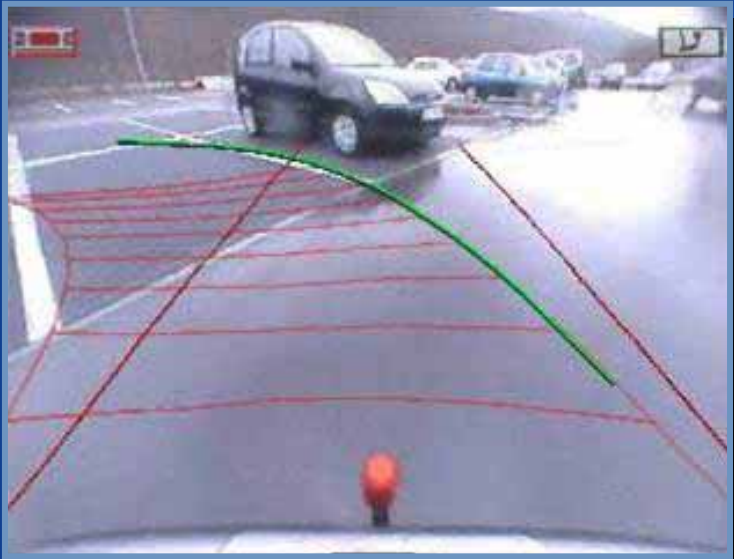






### 3. Innovation and Technology

#### ParkAssist



- Contracts awarded
- Key feature: Camera-based reversing system
- Potential market: \$100M+

#### Advanced High Strength Steel

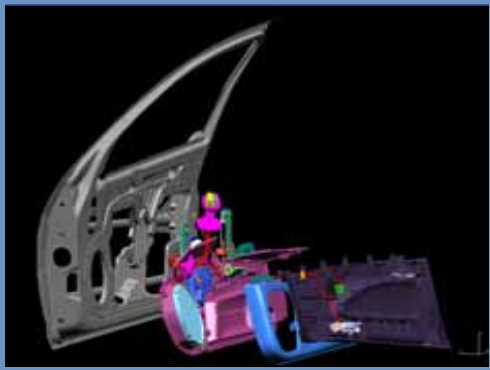


- Contracts awarded
- Key feature: Lighter/stronger
- Potential market: >\$2B

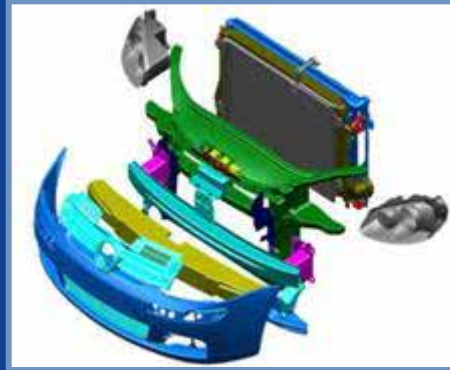
### 3. Innovation and Technology

#### Cross Group Module Development

Modular Door



Front End Module



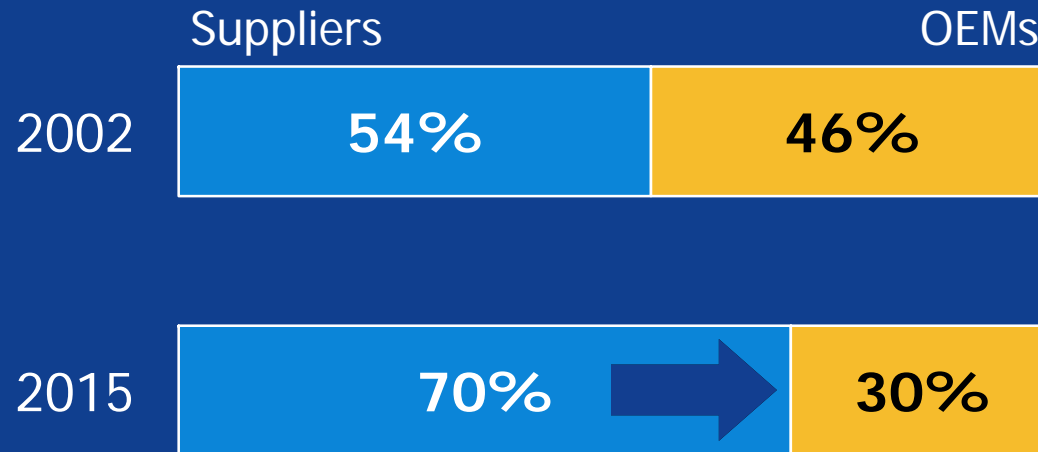
Roof Systems



## 4. Continued Outsourcing

### Powertrain / Drivetrain\*

#### Shares of Value Creation



\$200+ Billion Market

\*Mercer's Classifications Include Powertrain + Engine / Aux. Systems



## 4. Continued Outsourcing

### Complete Vehicle Assembly

#### Shares of Value Creation

	Supplier %	Implied # of Units (000's)
2002	1%	<500
2015	4%	>3,000





**Vincent J. Galifi**

Executive Vice-President and CFO

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# Challenges

- Commodity prices
- OEM pricing pressures
- Big 3 market share losses
- Economic growth
- Key platform sales mix



# Opportunities

- Many weak suppliers
- Takeover opportunities
- Manufacturing excellence
- Improving underperforming operations
- Key platform sales mix



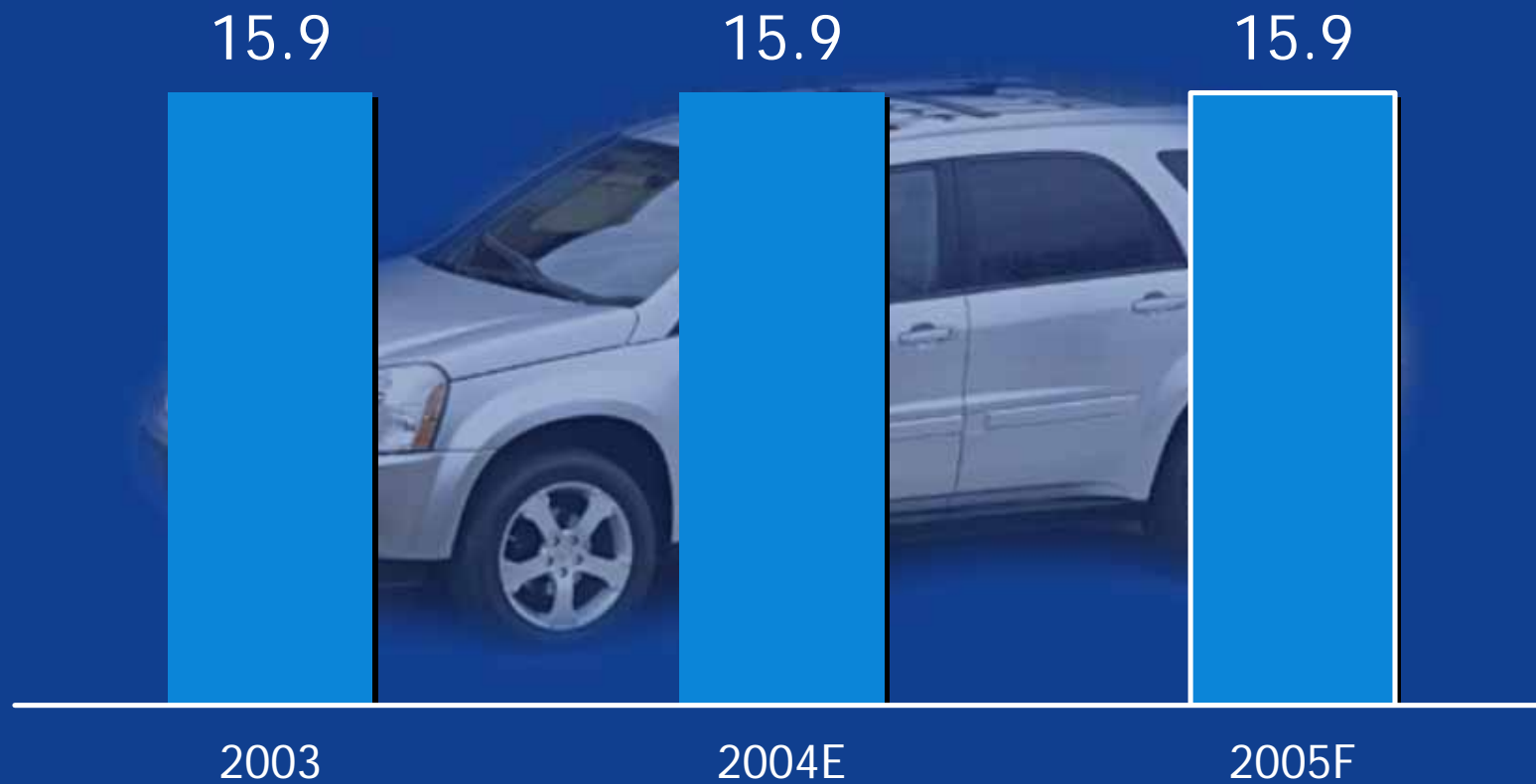
## 2005 Assumptions

- Status quo with respect to privatization
- Diluted shares outstanding of approx. 97.5 million
- No acquisitions/divestitures
- Key foreign exchange rates approximate current rates



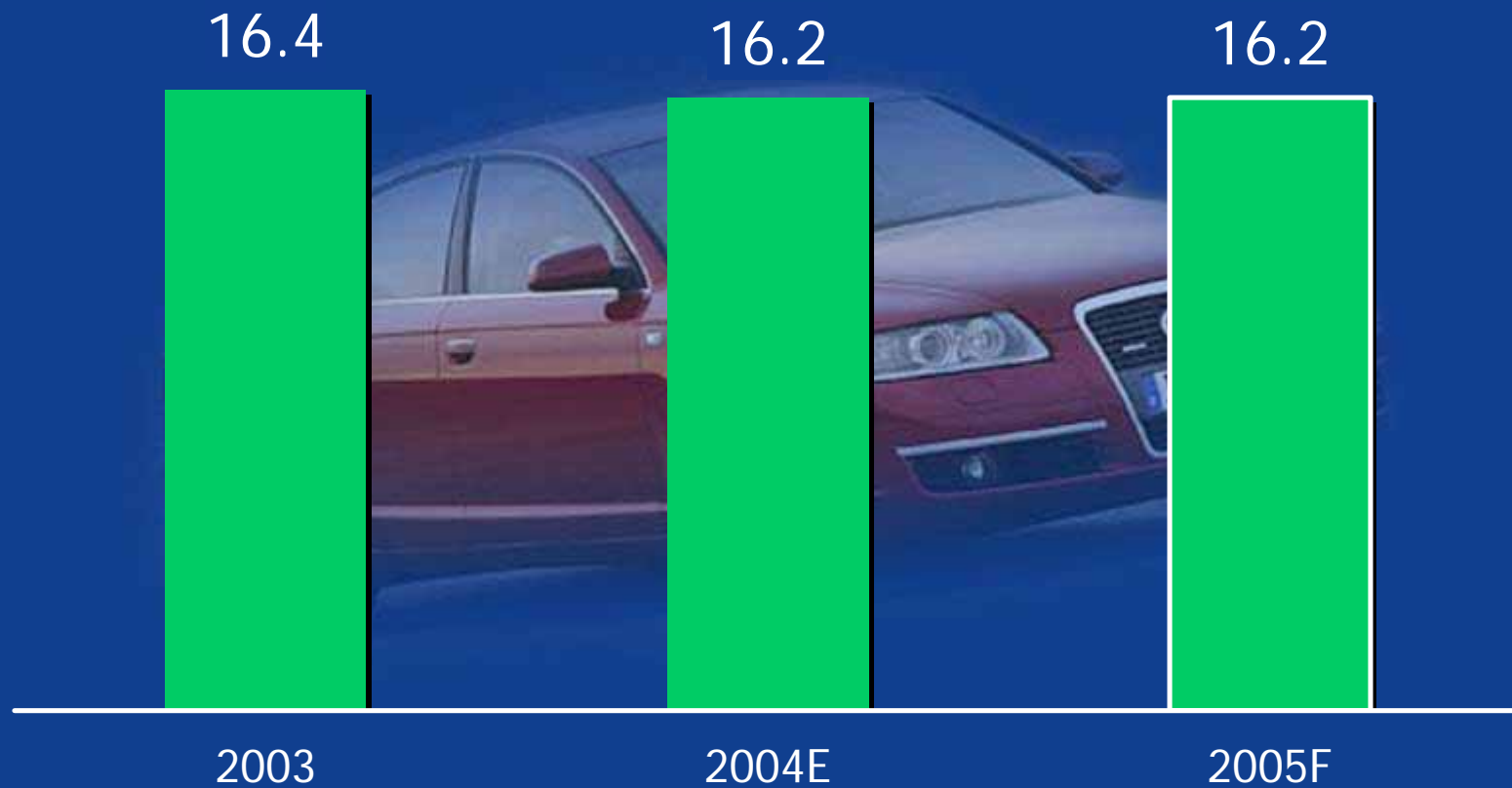
# 2005 Vehicle Production

## North America (Millions of Units)



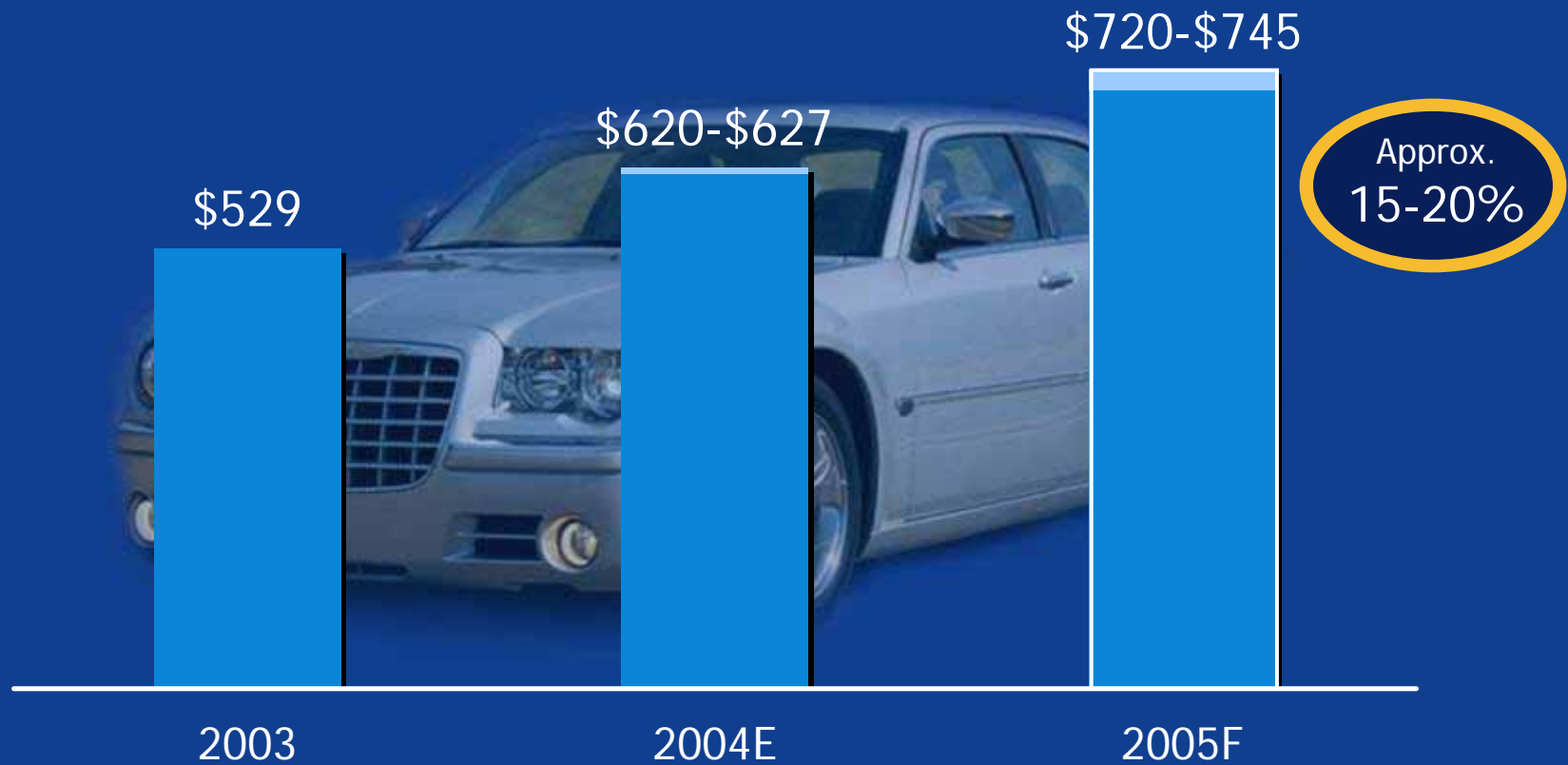
# 2005 Vehicle Production

Europe  
(Millions of Units)



# 2005 Content Per Vehicle

## North America (\$)





# New Launches Ramping Up

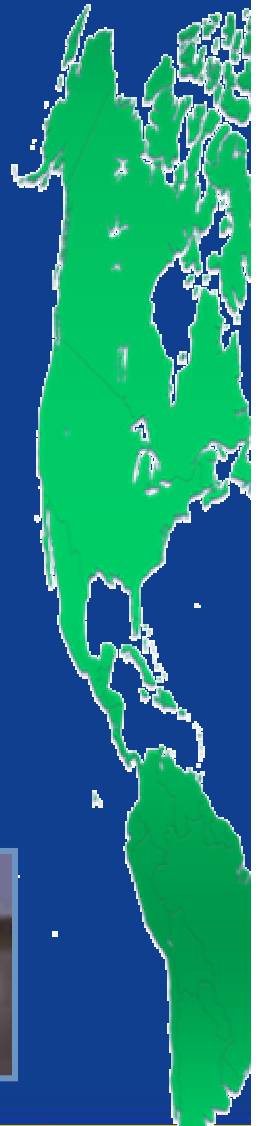
## North America

### H1

- Chevrolet Impala
- Mercedes M-Class
- Chevrolet HHR
- Dodge Charger

### H2

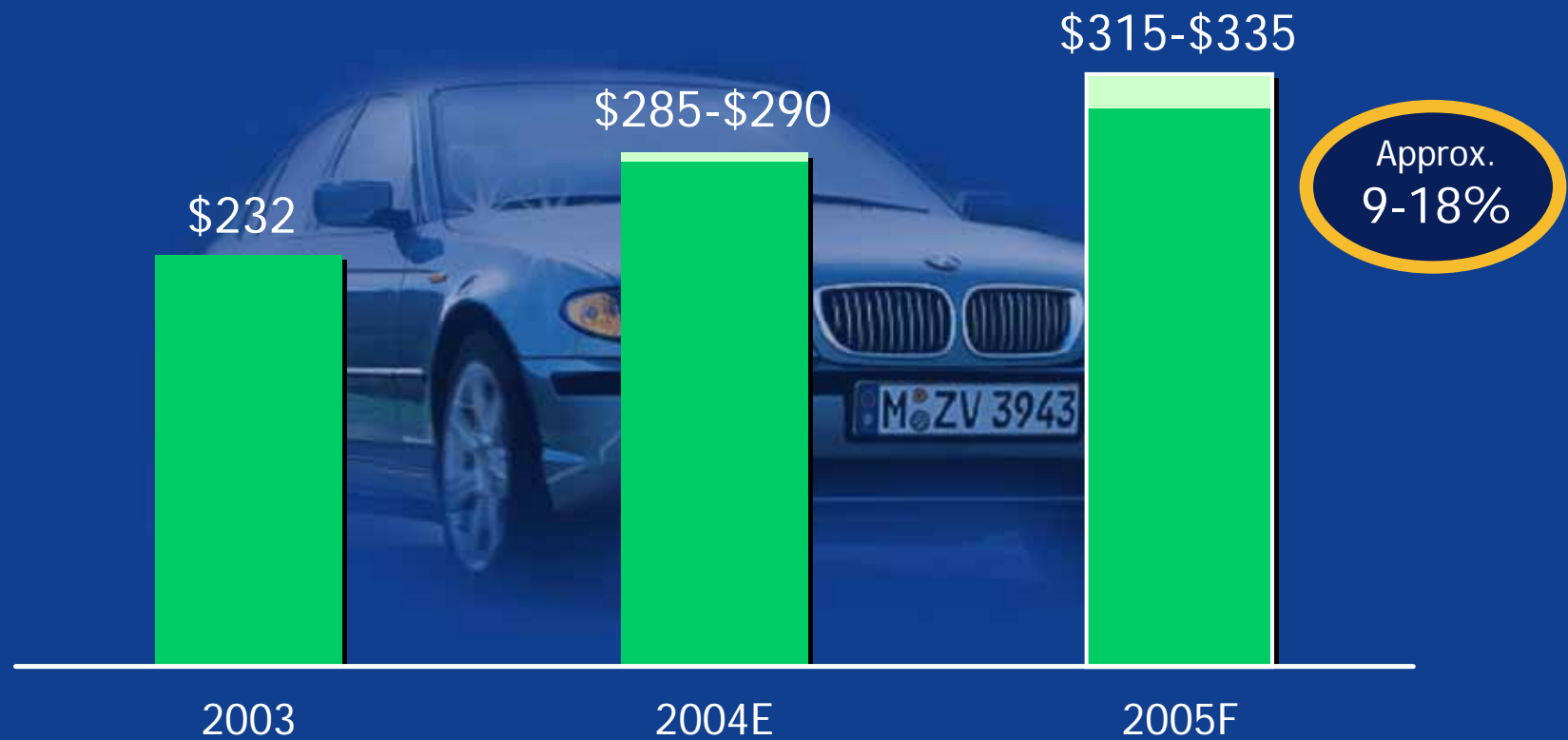
- Ford Explorer
- Hummer H3
- Ford Fusion
- Jeep Commander



# 2005 Content Per Vehicle

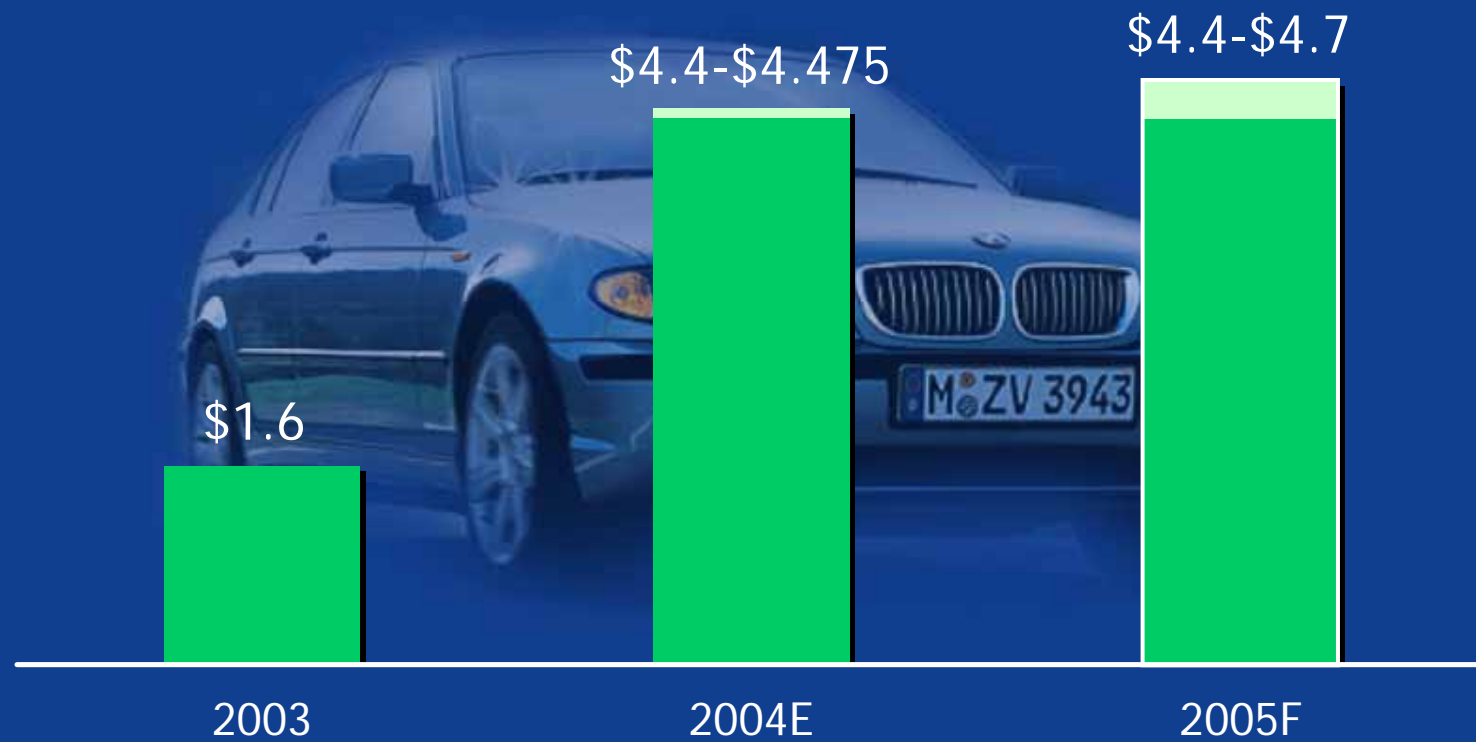
Excluding Assembly Sales

Europe  
(\$)



# 2005 Assembly Sales

(\$Billions)



# New Launches Ramping Up

## Europe

### H1

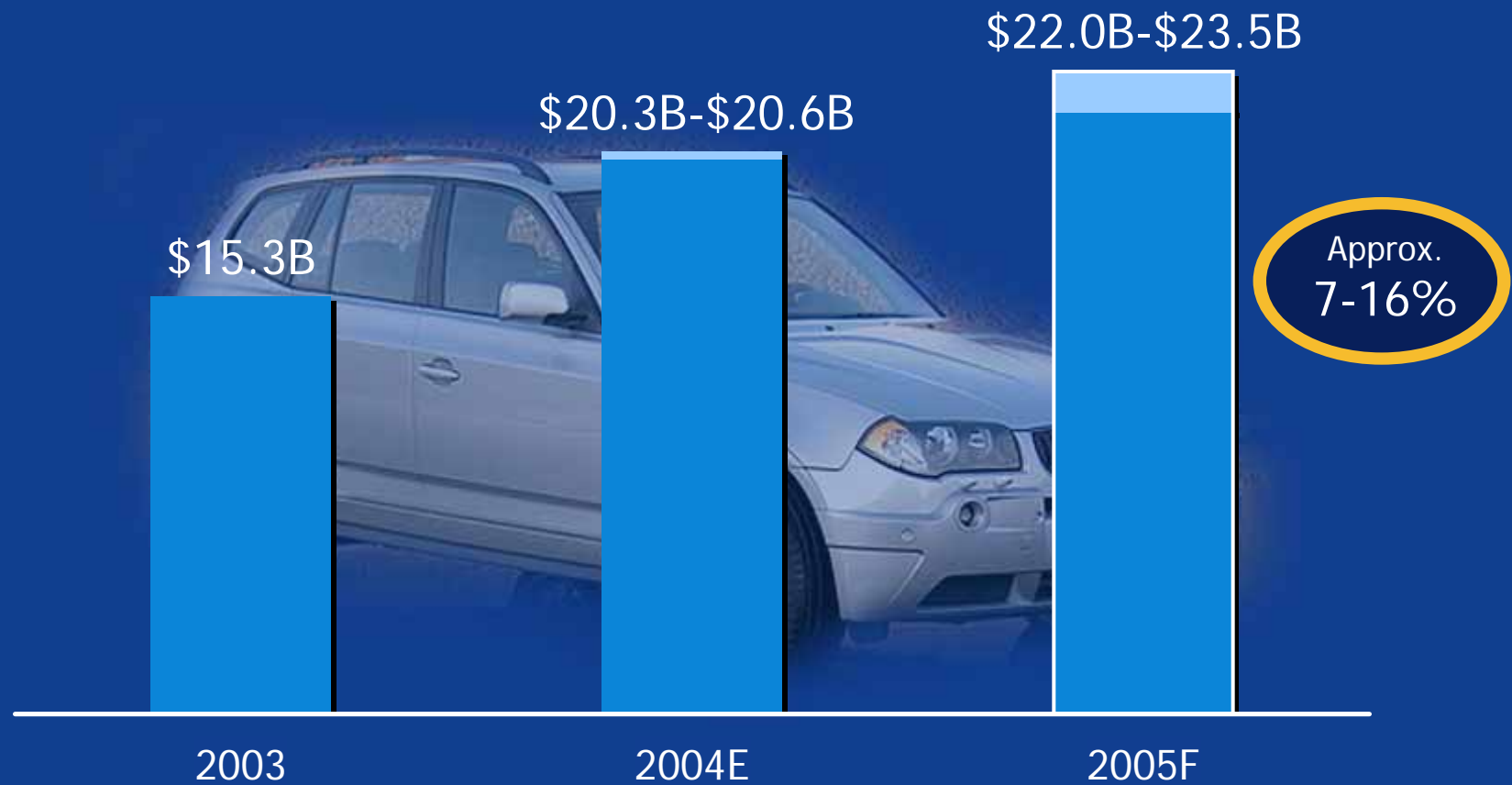
- Mercedes B-Class
- Jeep Grand Cherokee
- Chrysler 300 Assembly
- Porsche Boxster

### H2

- Honda Civic
- Peugeot 207
- VW Cabriolet
- Mitsubishi MPV



## 2005 Total Sales



# 2005 Outlook

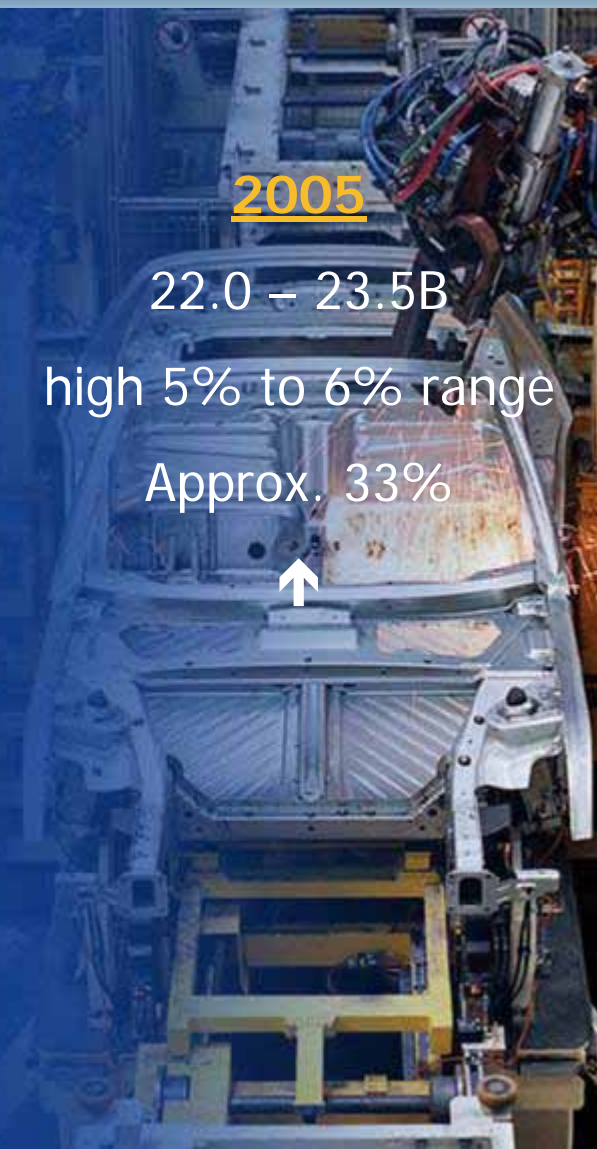


## 2004

Total Sales	20.3 – 20.6B
Operating Margin	high 5% to 6% range
Tax Rate	low 36% range
Diluted EPS from Operations	

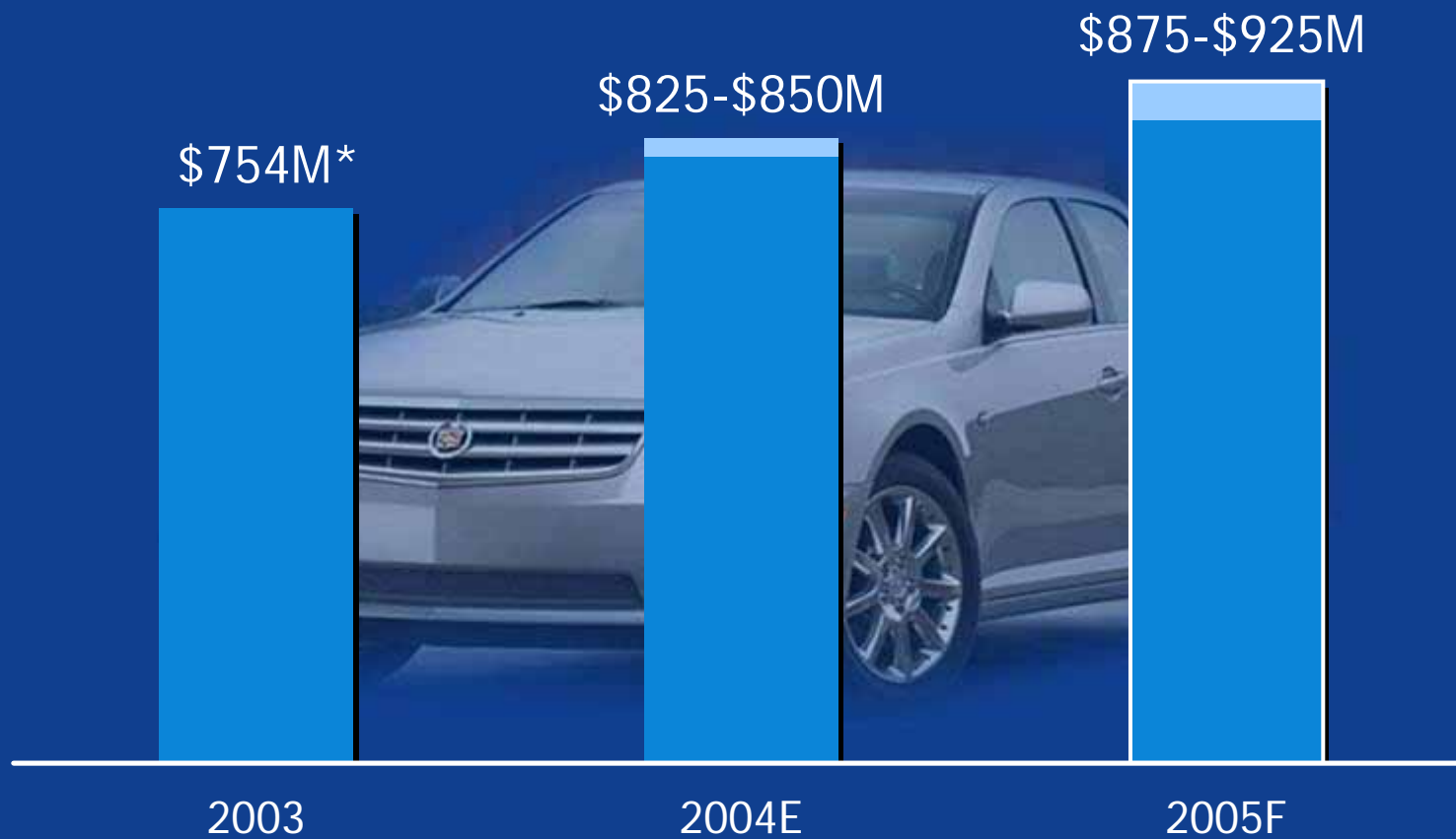
## 2005

22.0 – 23.5B
high 5% to 6% range
Approx. 33%





# 2005 Capital Spending



\* Reflects distribution of MID

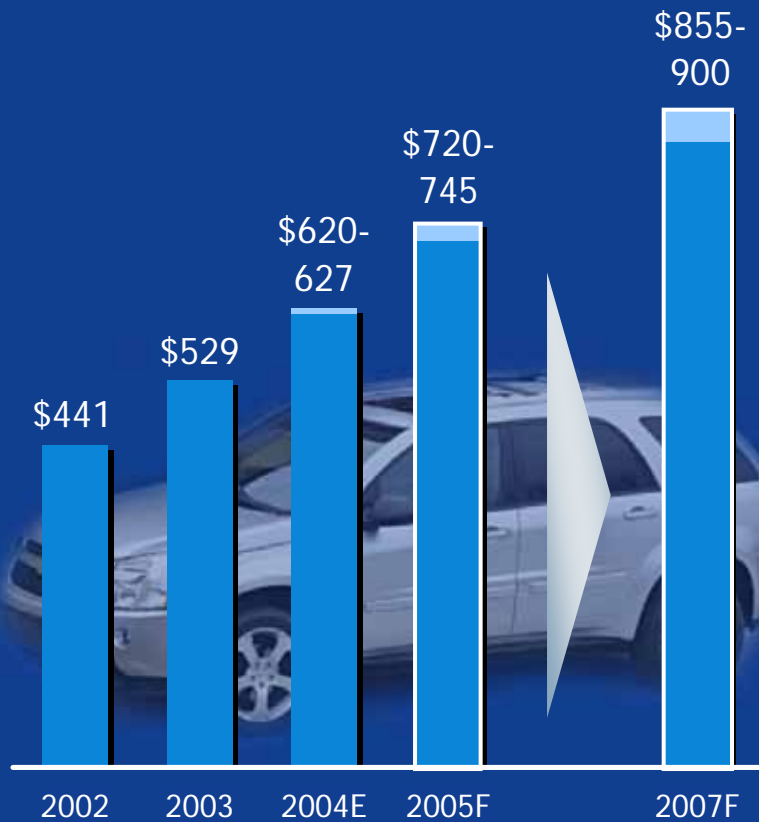
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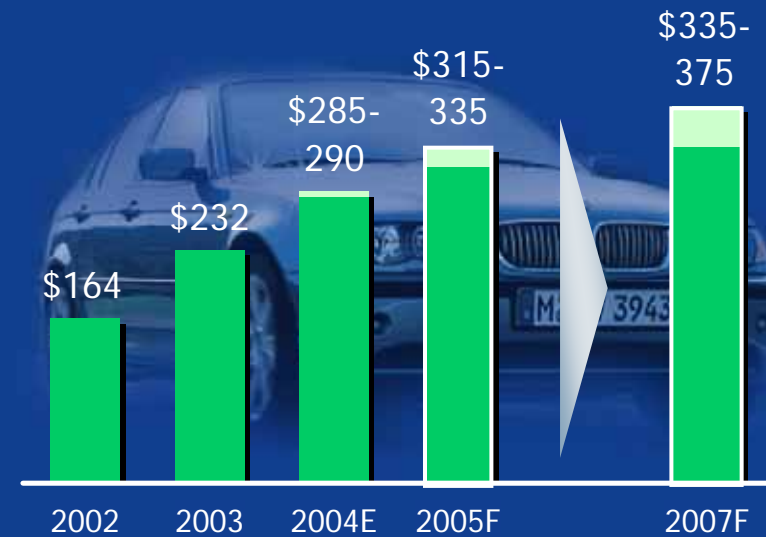


# Continued Growth in Content Per Vehicle

## North America



## Europe\*



N.A./Eur Combined 2004-2007 3-Year CAGR of 9-12%

\* Excluding vehicle assembly sales

# Strong Cash Flow and Balance Sheet

## Debt to Capitalization\*



Debt

\* As at September 30, 2004

# Investment Summary



- ✓ Global presence
- ✓ Unsurpassed capabilities
- ✓ Excellent technologies
- ✓ Unique entrepreneurial culture
- ✓ Strong balance sheet
- ✓ Attractive valuation



# Forward Looking Statements

This presentation may contain statements that, to the extent that they are not recitations of historical fact, constitute "forward-looking statements" within the meaning of applicable securities legislation. Forward-looking statements may include financial and other projections, as well as statements regarding our future plans, objectives or economic performance, or the assumptions underlying any of the foregoing. Any such forward-looking statements 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. However, whether actual results and developments will conform with our expectations and predictions is subject to a number of risks, assumptions and uncertainties. These risks, assumptions and uncertainties principally relate to the risks associated with the automotive industry. In addition, for a more detailed discussion, reference is made to the risks, assumptions, uncertainties and other factors set out in our Annual Information Form filed with the Canadian Securities Commissions and our annual report on Form 40-F filed with the United States Securities and Exchange Commission, and subsequent filings. In evaluating forward-looking statements, 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. Unless otherwise required by applicable securities laws, we do not intend, nor do we undertake any obligation, to update or revise any forward-looking statements to reflect subsequent information, events, results or circumstances or otherwise.





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