

MAGNA INTERNATIONAL INC MG.

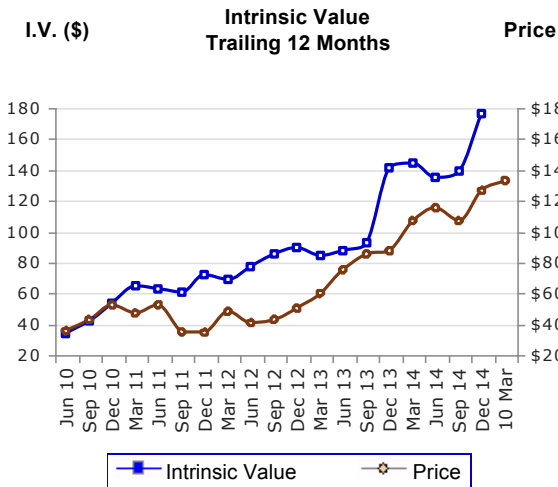
Report Date : 10Mar15 Price : \$ 132.56

Address: 337 Magna Drive
Aurora, Ontario CANADA L4G 7K1
Telephone: 905-726-2462
Stock Exchange: TSE
Web Site: www.magna.com
Fiscal Year: December
Economic Sector: Consumer Discretionary
SIC: 3714
Price / Earning Ratio: 13.0
Price / Book Value Ratio: 2.50
Currency: CND \$ in Millions

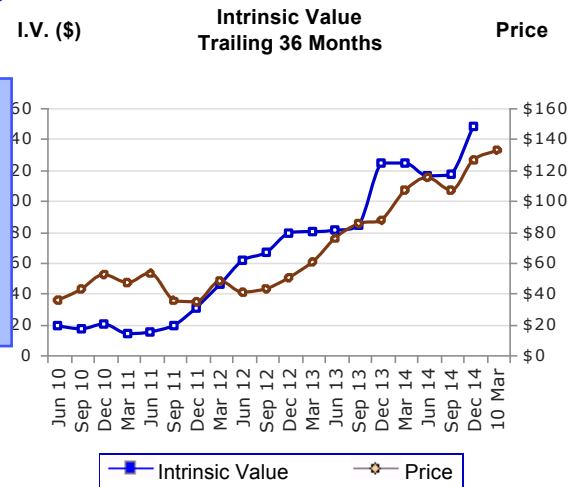
Intrinsic Value	IV	Price / IV
Trailing 12 Months :	\$ 176.03	0.75
Trailing 36 Months :	\$ 147.51	0.90
Market Value Added (MVA)	\$	%
Market Value of Total Capital :	30,548.287	100.0%
- Invested Capital :	14,296.907	46.8%
= Market Value Added :	16,251.380	53.2%
Future Growth Value (FGV)	\$	%
Market Value of Total Capital :	30,548.287	100.0%
- Current Operating Value :	28,954.149	94.8%
= Future Growth Value :	1,594.138	5.2%

Peers US: ALV BWA CTTAY DAN FDML FUJHY GT HOG JCI LEA MGA TEN TRW TTM VC
Peers CND: AM. LNR. MRE. PIH.

INTRINSIC VALUE



Intrinsic Value jumped from \$138.30 to \$176.03, improving the Price/IV ratio to 0.75, which now offers favorable growth potential.



Trailing 12 Months					Trailing 36 Months				
Dec10	Dec11	Dec12	Dec13	Dec14	Dec10	Dec11	Dec12	Dec13	Dec14

PERFORMANCE										
1,045.561	1,216.783	1,467.334	1,854.736	2,371.671	NOPAT	393.086	654.909	1,243.226	1,512.951	1,897.914
8,829.157	9,195.362	10,152.848	11,423.617	12,643.260	÷ Capital	8,829.157	9,195.362	10,152.848	11,423.617	12,643.260
11.8%	13.2%	14.5%	16.2%	18.8%	= Return / Capital	3.9%	6.5%	13.2%	14.8%	16.6%
8.2%	7.8%	8.2%	7.3%	8.2%	- Cost of Capital	8.2%	7.8%	8.2%	7.3%	8.2%
3.6%	5.4%	6.2%	8.9%	10.6%	= Performance Spread	-4.3%	-1.3%	5.0%	7.4%	8.4%

VALUATION										
4,049.672	7,948.951	10,838.237	20,428.866	25,098.691	Future EVA	(4,125.965)	(1,774.778)	8,506.893	16,512.887	19,217.788
9,184.807	9,547.054	10,562.059	11,833.517	13,150.882	+ Capital (Adj. Mid-Year)	9,184.807	9,547.054	10,562.059	11,833.517	13,150.882
13,234.479	17,496.006	21,400.296	32,262.383	38,249.574	= Total IV	5,058.842	7,772.276	19,068.952	28,346.403	32,368.670
46.041	46.773	111.530	108.497	940.841	- Long Term Debt	46.041	46.773	111.530	108.497	940.841
382.342	636.516	711.001	787.139	1,011.608	- Other Liabilities	382.342	636.516	711.001	787.139	1,011.608
12,806.096	16,812.717	20,577.765	31,366.747	36,297.125	= IV of Equity	4,630.459	7,088.987	18,246.421	27,450.768	30,416.221
241.100	234.500	232.000	222.100	206.200	+ Shares Outstanding	241.100	234.500	232.000	222.100	206.200
\$ 53.12	\$ 71.70	\$ 88.70	\$ 141.23	\$ 176.03	= IV of a Share	\$ 19.21	\$ 30.23	\$ 78.65	\$ 123.60	\$ 147.51
\$ 51.91	\$ 34.00	\$ 49.68	\$ 87.10	\$ 125.89	Share Price	\$ 51.91	\$ 34.00	\$ 49.68	\$ 87.10	\$ 125.89
0.98	0.47	0.56	0.62	0.72	Price / Intrin. Value	2.70	1.12	0.63	0.70	0.85

The company finished the year strong in its 4th quarter, producing its highest return on capital in five years.

This improvement in return on capital (from 16.2% in 2013, to 18.8% in 2014), was largely driven by a 28% one-year increase in NOPAT (net operating profit after tax).

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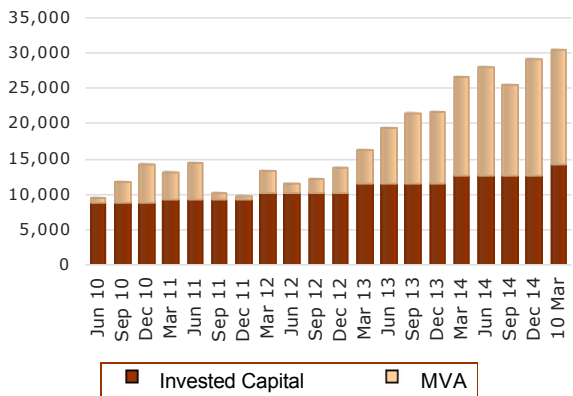
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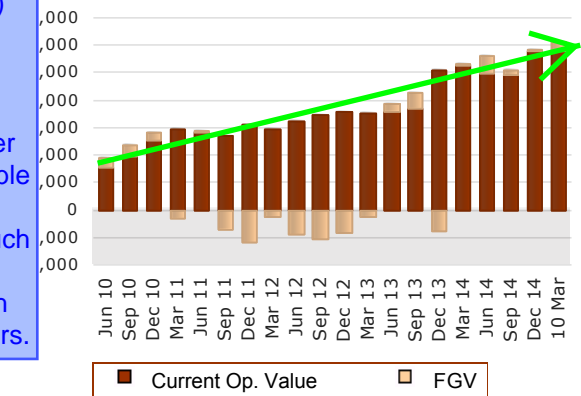
Peers CND: AM. LNR. MRE. PIH.

MARKET PERFORMANCE

(M\$) **Market Value Added (MVA)**



(M\$) **Future Growth Value (FGV)**



Magna's future growth value (FGV) increased to "only" 5.2% (as of March 10th, 2015), a multiple we consider to be very reasonable given a company having achieved such current operating value (COV) growth over the past 5 years.

Trailing 12 Months					Quarterly					
Dec10	Dec11	Dec12	Dec13	Dec14	Price	Dec13	Mar14	Jun14	Sep14	Dec14
\$ 51.91	\$ 34.00	\$ 49.68	\$ 87.10	\$ 125.89		\$ 87.10	\$ 106.28	\$ 114.86	\$ 106.30	\$ 125.89
Market Value Added (MVA)										
14,145.228	9,793.546	13,773.405	21,593.928	29,179.850	Total Market Value	21,593.928	26,642.929	27,903.090	25,492.575	29,179.850
8,829.157	9,195.362	10,152.848	11,423.617	12,643.260	- Invested Capital	11,423.617	12,643.260	12,643.260	12,643.260	12,643.260
5,316.070	598.184	3,620.557	10,170.311	16,536.590	= MVA	10,170.311	13,999.669	15,259.830	12,849.315	16,536.590
38%	6%	26%	47%	57%	% Market Value	47%	53%	55%	50%	57%
Current Operating Value (COV)										
1,045.561	1,216.783	1,467.334	1,854.736	2,371.671	NOPAT	1,854.736	1,873.164	1,996.359	2,175.976	2,371.671
8.2%	7.8%	8.2%	7.3%	8.2%	÷ Cost of Capital	7.3%	7.1%	8.0%	8.9%	8.2%
12,722.019	15,608.528	17,843.276	25,389.546	28,954.149	= COV	25,389.546	26,381.334	24,848.737	24,586.019	28,954.149
90%	159%	130%	118%	99%	% Market Value	118%	99%	89%	96%	99%
Future Growth Value (FGV)										
14,145.228	9,793.546	13,773.405	21,593.928	29,179.850	Total Market Value	21,593.928	26,642.929	27,903.090	25,492.575	29,179.850
12,722.019	15,608.528	17,843.276	25,389.546	28,954.149	- COV	25,389.546	26,381.334	24,848.737	24,586.019	28,954.149
1,423.208	(5,814.982)	(4,069.871)	(3,795.618)	225.701	= FGV	(3,795.618)	261.595	3,054.353	906.556	225.701
10%	-59%	-30%	-18%	1%	% Market Value	-18%	1%	11%	4%	1%

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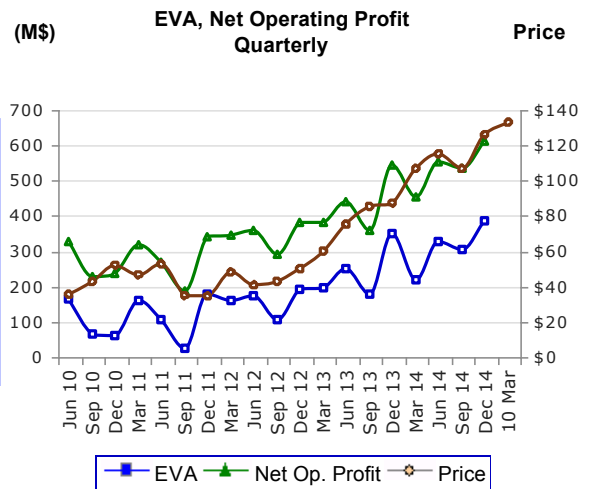
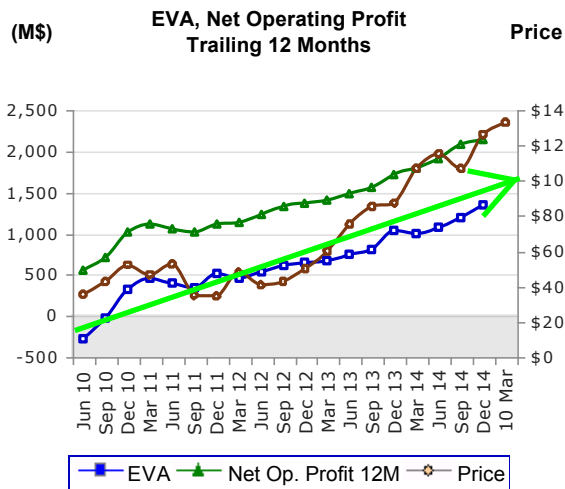
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ECONOMIC PERFORMANCE



Trailing 12 Months

Quarterly

Dec10	Dec11	Dec12	Dec13	Dec14		Dec13	Mar14	Jun14	Sep14	Dec14
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Net Operating Profit After Tax (NOPAT)

1,163.045	1,266.933	1,500.671	1,979.546	2,808.602	Operating Profit	589.290	615.653	697.143	619.747	763.346
172.239	273.350	319.558	393.228	449.487	+ Adjustments	92.457	99.444	107.243	104.666	109.035
289.723	323.500	352.895	518.038	886.418	- Income Tax	125.138	241.624	222.122	160.783	228.994
1,045.561	1,216.783	1,467.334	1,854.736	2,371.671	= NOPAT	556.609	473.473	582.264	563.630	643.387

Economic Value Added (EVA)

1,045.561	1,216.783	1,467.334	1,854.736	2,371.671	NOPAT	556.609	473.473	582.264	563.630	643.387
725.626	716.836	834.915	834.509	1,035.626	- Capital Charge	208.627	258.906	258.906	258.906	258.906
319.936	499.947	632.419	1,020.228	1,336.046	= EVA	347.982	214.567	323.357	304.724	384.480
1,676.839	180.011	132.473	387.808	315.818	Change in EVA	172.597	(133.416)	108.791	(18.633)	79.756

Analysis

8,829.157	9,195.362	10,152.848	11,423.617	12,643.260	Capital	11,423.617	12,643.260	12,643.260	12,643.260	12,643.260
11.8%	13.2%	14.5%	16.2%	18.8%	Return / Capital	4.9%	3.7%	4.6%	4.5%	5.1%
1.44	1.70	1.76	2.22	2.29	Performance Index	0.67	0.53	0.57	0.50	0.62
0.03	0.05	0.06	0.08	0.09	EVA / Capital	0.03	0.02	0.02	0.02	0.03
\$ 1.33	\$ 2.13	\$ 2.73	\$ 4.59	\$ 6.48	EVA / Share	\$ 1.57	\$ 0.97	\$ 1.49	\$ 1.44	\$ 1.86
\$ 7.40	\$ 0.80	\$ 0.59	\$ 1.87	\$ 1.89	Change in EVA / Share	\$ 0.79	\$ (0.59)	\$ 0.52	\$ (0.05)	\$ 0.42

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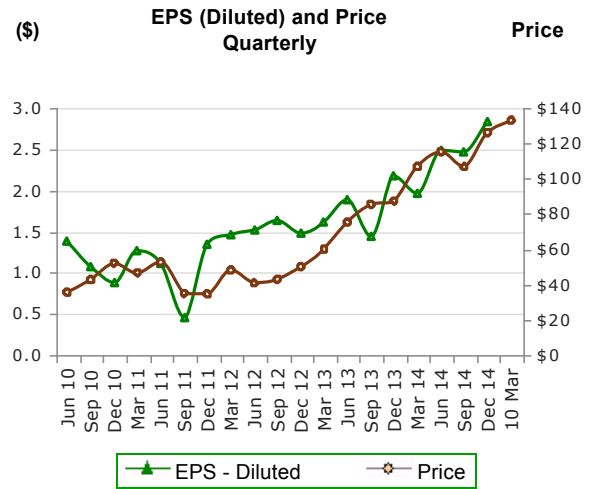
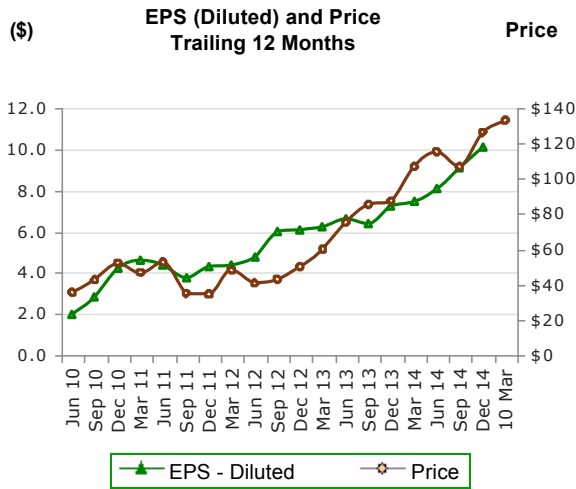
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ACCOUNTING PERFORMANCE



Trailing 12 Months

Quarterly

Dec10	Dec11	Dec12	Dec13	Dec14	Dec13	Mar14	Jun14	Sep14	Dec14
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Selected Income Statement Items

24,123.691	29,230.967	30,707.484	37,053.988	42,507.223	Sales	9,758.383	9,904.594	10,103.766	9,884.574	10,900.297
20,946.836	25,827.736	26,896.559	32,216.281	36,685.844	Cost of Goods Sold	8,406.418	8,579.336	8,706.277	8,557.664	9,362.004
@NA	@NA	@NA	@NA	@NA	R + D	@NA	@NA	@NA	@NA	@NA
1,163.045	1,266.933	1,500.671	1,979.546	2,808.602	Operating Profit	589.290	615.653	697.143	619.747	763.346
973.876	1,035.102	1,426.981	1,660.436	2,183.308	Net Income	487.175	434.383	544.476	526.729	590.491
\$ 0.44	\$ 0.99	\$ 1.10	\$ 1.33	\$ 1.68	Dividends	\$ 0.34	\$ 0.42	\$ 0.41	\$ 0.41	\$ 0.43
\$ 4.23	\$ 4.33	\$ 6.14	\$ 7.29	\$ 10.22	EPS	\$ 2.19	\$ 1.97	\$ 2.52	\$ 2.49	\$ 2.87
\$ 4.18	\$ 4.27	\$ 6.06	\$ 7.19	\$ 10.08	EPS - Diluted	\$ 2.16	\$ 1.95	\$ 2.48	\$ 2.45	\$ 2.83
241.100	234.500	232.000	222.100	206.200	Common Shares	222.100	220.300	216.600	211.200	206.200

Selected Balance Sheet and CashFlow Items

7,821.031	8,282.852	9,096.633	10,555.094	11,609.121	Current Assets	10,555.094	11,662.020	11,810.859	11,663.125	11,609.121
2,196.975	2,335.589	2,689.656	2,793.277	2,863.127	Other Assets	2,793.277	2,883.728	2,855.830	2,919.423	2,863.127
5,204.680	5,820.160	6,655.926	7,774.582	8,829.520	Current Liabilities	7,774.582	8,674.391	8,389.199	8,554.301	8,829.520
5,764.180	6,585.813	7,618.863	8,882.957	10,981.504	Total Liabilities	8,882.957	9,883.590	10,337.570	10,512.164	10,981.504
8,072.258	8,312.340	9,389.398	10,235.984	10,045.305	Common Equity	10,235.984	10,600.930	10,276.715	10,121.039	10,045.305
988.890	(266.401)	677.144	1,184.961	1,032.489	Free CashFlow	778.742	192.321	139.703	380.741	319.724

Free cash flow has stayed positive since 2012 and was at over a billion dollars in 2014, which should allow the company to continue its share buy-backs and also support the dividend increase announced February 25th. Note as well that the company recently approved a 2-for-1 stock split.

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