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PRESENTATION

Operator

Good day ladies and gentlemen and thank you for standing by. Welcome to the Magna International fourth-quarter and year-end 2015 results.

(Operator Instructions)

As a reminder, this conference is being recorded today Friday, February 26, 2016. It is now my pleasure to turn the conference over to Don Walker, Chief Executive Officer of Magna. Please go ahead Mr. Walker.

Don Walker - Magna International Inc. - CEO

Thank you. Hello everybody and welcome to our fourth-quarter and year-end 2015 conference call. Joining me today is Vince Galifi, Chief Financial Officer, and Louis Tonelli, Vice President of Investor Relations.

Yesterday our Board of Directors met and approved our financial results for the fourth quarter ended December 31, 2015 and we issued a press release this morning for the quarter. You will find the press release, today's conference call webcast, our updated quarterly financial review and the slide presentation to go along with the call all in the investor relations section of our website at www.magna.com.

Before we get started just a reminder the discussion today may contain forward-looking information or forward-looking statements within the meaning of applicable securities legislation. Such statements involve certain risks, assumptions and uncertainties which may cause the Company's actual or future results and performance to be materially different from those expressed or implied in these statements. Please refer to today's press release for a complete description of our Safe Harbor disclaimer.



2015 was another successful year for Magna. We made important strides to reposition our product portfolio for the future and in particular entering into the transaction to acquire Getrag, which puts us in a great position to support automakers' needs for improved fuel efficiency, and disposing substantially all of our interiors business. This business was not core for us and expect future returns to not support remaining in this product area.

From an operations perspective excluding the negative translation impact from a strong US dollar on our reported results, I was satisfied with our performance. In North America segment -- our North American segment generated strong sales and EBIT despite the headwinds of lower scrap recoveries, higher launch costs, and underperformance in certain operations. We believe we will overcome the challenges in these operations as we work our way through 2016.

In Europe EBIT margins improved once again last year. And we see opportunities to make further improvements to returns over the next few years.

In Asia results by quarter were choppy in 2015 with a particularly soft third quarter. However, overall results were good and our operations have performed well there.

In the rest of world segment we managed to reduce losses again in 2015 despite a very difficult volume environment. All in all, a year of good operating results for Magna.

Looking forward we are launching a substantial amount of business over the next few years which should allow us to continue to outgrow industry production, a trend that stretches back a lot longer than the 28 years I've been at Magna. As importantly, we believe Magna's ability to generate our vast capabilities and technologies position us well to supply a growing portion of the car in the future which takes us well beyond our business planning horizon.

I'm going to have more to say about this at our Investor Day in Toronto on March 9. With that I will pass the call over to Vince.

Vince Galifi - *Magna International Inc. - EVP & CFO*

Thanks, Don, and good morning everyone. I would like to review our financial results for the fourth quarter ended December 31, 2015. All figures discussed today are in US dollars.

Please note that operating results for the interiors operations that we sold in 2015 are presented as discontinued operations. And this review of results will address continuing operations only.

The slide package accompanying our call today includes a reconciliation of certain key financial statement lines between reported results and results excluding unusual items. In the fourth quarter of 2015 we recorded restructuring charges related to our European exteriors and roof systems businesses. These reduced operating income and net income attributable to Magna each by \$15 million and EPS by \$0.03.

In the fourth quarter of 2014 we recorded restructuring charges entirely related to our European exteriors and interiors businesses. These reduced operating income by \$6 million, net income attributable to Magna by \$5 million and EPS by \$0.01.

The following quarterly earnings discussion excludes the impact of these unusual items. In the fourth quarter our consolidated sales declined 3% or \$222 million relative to the fourth quarter of 2014 to \$8.6 billion. The weakening of certain currencies against our US dollar reporting currency, in particular the euro and Canadian dollar, had a significant negative impact on our reported sales for the fourth quarter of 2015.

Foreign currency translation reduced our sales by about \$770 million as compared to the fourth quarter of 2014. Excluding the impact of foreign currency translation, our total sales increased 6% in the fourth quarter of 2015 compared to the fourth quarter of 2014.

Reported North American production sales increased 5% in the fourth quarter to \$4.7 billion. Excluding the impact of foreign currency translation, North American production sales increased 11% while North American vehicle production increased 4% to 4.5 million units. The North American

production sales increase is a result of the launch of new programs and higher production volumes in certain programs partially offset by net divestitures and net customer price concessions.

Reported European production sales declined 12% from the comparable quarter. Excluding the impact of foreign currency translation, European production sales increased 1% while European vehicle production increased 7% to 5.5 million units.

The increase was primarily the result of the launch of new programs and acquisitions completed subsequent to the fourth quarter of 2014. These were partially offset by lower production volumes in certain existing programs, programs that ended production and net customer price concessions.

Asian production sales increased 10% or \$42 million to \$473 million from the comparable quarter. This was primarily as a result of the launch of new programs, primarily in China and India, as well as acquisitions completed subsequent to the fourth quarter of 2014. These were partially offset by the weakening of the Chinese RMB against the US dollar and net customer price concessions.

Rest of world production sales declined 49%, or \$82 million, to \$87 million for the fourth quarter, primarily as a result of the weakening of the Brazilian real against the US dollar and lower production volumes on certain programs.

Complete vehicle assembly volumes declined 24% from the comparable quarter and assembly sales declined 50% to \$628 million. Excluding the impact of foreign currency translation, complete vehicle assembly sales declined 3% largely due to a decline in assembly volumes in the MINI Countrymen and Paceman as well as the end of production during the third quarter of 2015 of the Peugeot RCZ.

In summary, consolidated sales excluding tooling, engineering and other sales declined approximately 2% or \$195 million in the fourth quarter but increased 6% if you exclude approximately \$685 million associated with the impact of foreign currency translation. Tooling, engineering and other sales declined 3% or \$27 million from the comparable quarter to \$878 million. Excluding foreign currency translation tooling, engineering and other sales increased by approximately \$56 million.

Gross margin in the quarter declined to 14.4% from 14.8% in the comparable quarter. The gross margin percentage was negatively impacted by operational inefficiencies in certain facilities, in particular certain body and chassis operations in North America, lower recoveries associated with scraps deal and higher launch costs. These factors were partially offset by a decrease in the production of complete vehicle assembly sales relative to total sales which have a higher material content than our consolidated average, decreased commodity cost, decrease in the proportion of tooling, engineering and other sales relative to total sales that have lower margins, a decrease in the proportion of sales earned in Europe relative to total sales which have a lower margin than our consolidated average primarily due to the weakening of the euro against the US dollar and productivity and efficiency improvements in certain facilities.

Magna's consolidated SG&A as a percentage of sales was 4.8% in the fourth quarter of 2015 which is unchanged from Q4 2014. SG&A declined \$8 million to \$412 million in the fourth quarter of 2015 primarily due to the weakening of certain currencies against the US dollar and the elimination of Stronach [inco] fees at the end of 2014. These factors were partially offset by cost related to the investment in our IT infrastructure and higher professional and consulting costs.

Our EBIT margin percentage was 7.7% in the fourth quarter of 2015 compared to 8.1% in the fourth quarter of 2014. This decline substantially relates to the lower gross margin percentage of sales. Interest expense increased \$5 million to \$17 million in the fourth quarter of 2014 related to the increase in debt assumed to purchase Getrag.

In Q4 2015 our effective tax rate decreased to 22.2% from 25.8% in the fourth quarter of 2014. This was primarily the result of a benefit recorded on the write-off of historical tax basis in a South American subsidiary and a decrease in permanent items. These factors were partially offset by lower favorable audit settlements, a decrease in utilization of losses not previously benefited and an increase in non-credible withholding tax on repatriations in 2015.

Net income attributable to Magna from continuing operations declined \$23 million to \$498 million for the fourth quarter of 2015 compared to \$521 million in the comparable quarter. Diluted EPS from continuing operations was \$1.22 compared to \$1.24 in the fourth quarter of 2014. The

decline in diluted earnings per share was a result of a decrease in net income from continuing operations attributable to Magna, partially offset by a decrease in the weighted average number of diluted shares outstanding during the quarter.

The decrease in the weighted average number of diluted shares outstanding was due to the repurchase and cancellation of common shares pursuant to our normal course issuer bids.

Let me now quickly review our cash flows and investment activities. During the fourth quarter of 2015 we generated \$773 million of cash from operations prior to changes in non-cash operating assets and liabilities and \$243 million in non-cash operating assets and liabilities.

For the quarter, investment activities amounted to \$894 million including \$604 million in fixed assets, \$221 million for acquisitions and a \$69 million increase in investments in other assets. In the quarter we issued EUR550 million of eight-year 1.9% senior notes as well as CAD425 million of seven-year 3.1% senior notes. And we repurchased 3.5 million common shares for \$164 million pursuant to our normal course issuer bid.

Overall, reflecting all these cash flow activities our cash balance increased by over \$800 million in the fourth quarter. The cash resources built up over the third and fourth quarter were used to fund previously announced acquisitions.

Our balance sheet remains strong with \$2.9 billion in cash as of December 31, 2015, approximately \$840 million if you pro forma for the completion of the Getrag transaction. We also had additional \$2.25 billion in unused credit available to us.

Next, let me cover our outlook. The only change to our 2016 full-year outlook compared to that which we disclosed last month in Detroit was a modest increase in European light vehicle production. We expect 2016 European light vehicle production to be approximately 21 million units, up slightly from 20.9 million units in our January outlook.

We are assuming a slightly higher euro and a slightly lower Canadian dollar, each relative to the US dollar. Neither the currency movements nor the European volume increase were significant enough to change our previous outlook ranges. In addition, we have made no changes to our expected segment margin percentages of total sales.

This now concludes our formal remarks. Thanks for your attention this morning. We will be pleased to answer any questions you may have.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) John Murphy, Bank of America Merrill Lynch.

John Murphy - BofA Merrill Lynch - Analyst

Good morning guys. Just a first question on the two plants in North America that you're working through, sort of the high-class issue of not having enough capacity because volume was better than you were expecting.

I just wonder if you could give us an update on that specifically. But also more broadly as we think if there could be upside surprises to North American volumes through the course of 2016, how your capacity utilization more broadly sets up in North America and what kind of room you have to handle potential upside?

Don Walker - *Magna International Inc. - CEO*

Yes, there was more than just volume, we had a lot of different issues there. And actually no, let me finish here, just give a bit more color on it. We actually had three plants we talked about, one plant is performing quite well.

The big one down in the states was a combination of a lot of different things. We had some equipment breakdowns. We had volumes were up a little bit.

We had some problems in the tool room. We outsourced the dies. We had premium shipment.

But we also had a couple of very big launches there. We are spending a lot of money on launches.

So it wasn't all just because of volume. So the volumes go up, again it depends on what program but the bulk of the work there is on some new launches. So the launches will be the launches as we get through the ramp days.

Vince Galifi - *Magna International Inc. - EVP & CFO*

John, let me just add a little more color just from a numbers standpoint. As Don talked about there's actually there's three facilities that we've been highlighting in Q3. One actually turned the corner and there's a couple of more that we need to tend to focus on making some improvement.

When you look at what some of those inefficiencies were from a numbers standpoint it's pretty hard to precisely quantify what those were. But our best estimate is that the inefficiencies cost us between kind of \$50 million to \$55 million in 2015. And I'd say that they were more back-end loaded, and if I kind of look at Q3 and compare that to Q2 and Q1, they increased significantly in Q3 and Q3 and Q4 were roughly the same.

I would just say Q4 was probably a little higher from an inefficiency standpoint than Q3. As you kind of look at out to 2016, we do have plans in place to tackle those inefficiencies. I think when you get to kind of the end of the year -- sorry, let me back up.

When you look at the current run rate probably \$20 million, \$25 million a quarter kind of Q3 and Q4 in each one of those quarters. By the time we get to the end of the year we expect to eliminate half of that current run rate and dealing with the remaining part of those inefficiencies beyond 2016. As these plants continue to launch business and we see sales ramping up in particular in the fourth quarter of this year.

John Murphy - *BofA Merrill Lynch - Analyst*

Okay, but then more broadly, I mean capacity utilization levels in your plant base in North America and the potential to support upside particularly on trucks which are big for you at Ford and GM.

Don Walker - *Magna International Inc. - CEO*

I don't think there is an issue. It would have to go through product line by product line. We put a lot of content in the big trucks for GM and they've been raising their volumes, so in some of the areas we're running flat out but we've been putting -- and we've been exceeding the contracted volumes so we're supporting the customer.

I'm not aware of anything that if they go up where we're going to pull back production. I'd have to think about it from all the different product areas. But that will be a good problem to have.



John Murphy - BofA Merrill Lynch - Analyst

Okay, then just a second question, as we think about the Getrag acquisition I just wonder if you could give us an update there? But also given the cost of capital was so incredibly low to fund this, I'm just curious what your thoughts are on our acquisitions right now?

I mean obviously there is room on the balance sheet but there's also seem to be room in the capital markets to fund some deals at very low cost. Just curious what you are seeing there in Getrag right now as far as developments and what the opportunities are?

Don Walker - Magna International Inc. - CEO

Well we certainly have more time to get into the details now that the deal has closed. We're going to be giving in the March review with the investors March 9, I guess it is, we're going to be talking more about the Getrag products and why we think they are interesting. So we will give more detail then.

But overall it's pretty well what we expected in our due diligence, pleased with what we see so far. It's too early to make a lot of comments about the business plans and then there's joint ventures and everything else. But I guess as far as acquisitions are concerned we did -- Getrag was a big one, we made a couple of other smaller ones, but they were, we still have to absorbment in their Cosma operation we're continuing to look at things.

I guess from a cash standpoint we could -- we have the balance sheet, we could make more acquisitions. And it will be interesting to see what happens with the economy and what happens with valuations with public companies that translate into private companies as well. So we will continue to look and if we see something that we like and all the criteria we've talked about before we can make the acquisition and if not then we have more cash available for the buyback program.

Vince Galifi - Magna International Inc. - EVP & CFO

John, as you noted the cost of debt that we were able to achieve in Q4 was at a really good level. But as we're looking at opportunities whether that's acquisitions or whether it's capital spending we're not really looking at a hurdle rate that is the cost of debt. We're looking at of hurdle rate that is going to be equal to or greater than our cost of capital which is going to be more than the cost of debt.

John Murphy - BofA Merrill Lynch - Analyst

Got it. And then just lastly, I mean you mentioned steel recoveries being a little bit of a headwind but raws being a benefit that's offsetting. As we look at 2016 how should we think about raw materials? Because it seems like it should be probably somewhat of a net benefit, but just how are you thinking about that?

Vince Galifi - Magna International Inc. - EVP & CFO

There's actually two pieces to that, John, that you've got to keep in mind. I think when you back out steel which is a lot of it is under resale for us anyway, you look at resin there's probably going to be some tailwinds there. We may get some recovery.

But what swings us to I believe to the negative is scrap recovery. Scrap steel is still selling at pretty low levels and scrap pricing was coming off as we progressed through 2015. So you kind of calculate what the average scrap price was per ton in 2015 and where scrap steel is selling today we're still below that, so all in all when you take scrap into account we're going to have headwinds on commodity cost in 2016.



John Murphy - BofA Merrill Lynch - Analyst

Okay great. Thank you very much, guys.

Operator

Peter Sklar, BMO Capital Markets.

Peter Sklar - BMO Capital Markets - Analyst

Thanks. Don, you mentioned in your opening remarks that the Asian results have been pretty choppy through 2015 but in the fourth quarter your margin, I guess it's your operating profit margin, really rebounded from the levels that we saw in Q2 and particularly from Q3. So just wonder if you could give us a little more of an explanation of exactly what's going on in your Asian operations which I believe is China which is causing these quarterly results to be so volatile and what caused the improvement in Q4?

Don Walker - Magna International Inc. - CEO

Yes, maybe Vince, you've got the --

Vince Galifi - Magna International Inc. - EVP & CFO

Good morning, Peter. You know I think when you look at our sales outlook for Asia which a big part of that is China, which we gave not that long ago and where we ended up, we actually ended up on the sales side exceeding the top end of our range. So as you're doing that what you're seeing is some incremental margins pulling through which are impacting overall margins in a positive way.

And keep in mind that there is launch activities, new facilities going on in China. The base is still pretty small.

So a \$3 million or \$4 million or \$5 million business movement on higher or lower launch costs or higher or lower new facilities startups does have an overall pretty substantial impact on the reported number. Again as we look at longer term in Asia we continue to see margins expanding as we continue to ramp up the new programs as well as some of the new facilities.

Peter Sklar - BMO Capital Markets - Analyst

Okay. And in terms for your plans for India I take it you're going to be deploying further capital there and do you think that will be a drag on the overall result of your non-North American, non-European operations?

Don Walker - Magna International Inc. - CEO

We don't have a lot going on in India. I'm just trying to think we've got some launches going on. There's no substantial launches.

We've got the plants that we're launching. The big capital ones would be for Cosma. And the capital is already there so they are going through a launch.

The growth in China is way bigger than the growth in India. So I don't think India will have a substantial impact.



Peter Sklar - *BMO Capital Markets - Analyst*

Okay, and then just lastly I'm wondering if you could comment on your plans for Brazil and Argentina. There just doesn't seem to be any end to the political and economic issues in those regions. And I mean it seems like your plan thus far has been to minimize losses, which you've done a good job at, but I'm just wondering what the endgame is, is it just to wait it out or is there something you can do?

Don Walker - *Magna International Inc. - CEO*

There's not a lot we can do there. We are substantially three of our product areas down there stamping, we've got seating and we've also got some closures business a little bit of mirrors. Our strategy has been and that's one of the reasons we've made operational improvements.

We did have some launches, we made some acquisitions, so we're continuing to make improvements. But with the currencies, with the inflation we've had some pretty tough discussions with the customers. And I think every other supplier would have as well but they are losing money there.

So our strategy quite frankly is to continue to make operational improvements which I think we're doing a good job of, continue to talk to our customers about getting recoveries on what are reasonable. Some of the customers are more cooperative than others. And we're not courting new business down there unless our customers agree going forward that they will have a pricing formula.

It's hard to shut operations down there. We're not investing much capital. We're not winning much business other than replacing business where we think we would like to get it.

So we're basically going to wait it out and we've been able to cut our losses in about half the last couple of years. Who knows this year? I doubt we'll cut them in half again, depending on where we see the market going and the currencies and everything else.

But it's such a volatile place to do business that we're going to do very little and we'll just see what happens with the results. It's pretty small part of our business and will probably be smaller going forward.

Peter Sklar - *BMO Capital Markets - Analyst*

Okay, thanks very much.

Operator

Adam Jonas, Morgan Stanley.

Paresh Jain - *Morgan Stanley - Analyst*

Good morning, everyone. This is Paresh in for Adam.

A couple of questions on a more broader level, for complete vehicle assembly business can you guys tell me what kind of quoting environment you're seeing there? And are you still quoting for business that could start on or before 2018?

Don Walker - *Magna International Inc. - CEO*

A couple of years ago we talked about what we were doing in Steyr and it's a business where we need, for the most part we need to have quite a bit of lead time because of the nature of the business, depends with this new launch you're just excess capacity. We've been working hard and we have, we gave an outlook where the sales are going to be.



So we are in good shape there with the likelihood of us winning new business right now that will launch in 2017 fairly unlikely. Sometimes there's some short-term takeover work which we can get in there. But the operation we have in Steyr in Austria will be substantially full in the out years 2018, 2019.

And typically we can look at the loading out six, seven, eight, nine years out there. But there is a lot of interest from a lot of customers in smaller volumes and some new entrants are looking at doing things. So we like the business.

It's performing well. I was a bit concerned about it a couple of years ago. We have had to slow down until we launched this new business we've won.

But it's a good business and the engineering part of that operation that we get those contracts on an ongoing basis. So that's just regular business for us.

Paresh Jain - *Morgan Stanley - Analyst*

Understood. And just one follow-up on Asia. If you look at the last two years margins around 8%, if you were to hold those margins for 2016 as well, what kind of volumes would you need to see in Asia and particularly in China?

Vince Galifi - *Magna International Inc. - EVP & CFO*

If you kind of look at the guidance we gave in January for Asia we're guiding at 6% to 7% which is lower than what we actually recorded in 2015. And there's some one significant thing that impacts margins negatively in 2016 and that's the acquisition of Getrag.

As we talked about before, Getrag is launching quite a bit of business and just consolidating the Getrag results in 2016 for our Asia segment is going to on a year-over-year basis reduce margins by about 0.6%. So if you know you take what we've kind of ended up for the year of 7.5% and you take away the 0.6% your comparable number really is about 6.9%.

Now we've got a couple of other things that are going to impact margins in Asia and we do expect sales to grow between 2015 and 2016 but what's going to impact us is just higher launch costs. We are ramping up additional business.

You know, some of the things that are going to help a little bit is going to be the consolidation of the joint venture with our Cosma group. Internally we call that our [Star Q] joint venture.

There's some contribution from new programs that are also going to contribute to overall margins. But Getrag, and certainly when you look at the launch costs, all in all it is still going to be expected to be a little bit downward pressure compared to where we ended up in 2015.

Paresh Jain - *Morgan Stanley - Analyst*

Understood. Thanks for the color.

Operator

Rod Lache, Deutsche Bank.

Rod Lache - *Deutsche Bank Securities - Analyst*

Thanks. Just a couple of things. You're for North America guiding to 10% margin for this year.

You were at 9.8% already in the fourth quarter with that \$25 million headwind. I was wondering if you could just describe for us what some of the challenging factors might be as you look out to 2016 and how we should be thinking about the exit rate for the year and similarly as we think about Asia just given the volatility from quarter to quarter but you have a fair amount of growth there. So any thoughts on what we should be looking forward to kind of us an exit rate for 2016 margins?

Vince Galifi - *Magna International Inc. - EVP & CFO*

Rod, when you look at the benchmark, so 2015 if you run the numbers our EBIT margin was 10.2% in North America. Where we've been guiding to for 2016 in North America is approximately 10%. And what's impacting us there on the negative side is commodity costs which we have, I don't know if you listened to my earlier answer before, it's going to be essentially commodity ex-scrap recovery, less scrap recovery.

We actually do have increased launch and new facility activity in 2016 which is going to be a negative. Getrag is also in North America a negative on operating margin. A big part of that is purchase price amortization but it will impact reported operating margins.

We're going to see some contributions from new programs because we have been launching some programs kind of towards the end of 2015, they will continue to launch, that will give us some benefit. And in terms of operating performance, we should get some benefit. We specifically talked about some of those underperforming operations in our stamping group before and we've talked about inefficiencies being roughly kind of \$50 million to \$55 million for 2015.

We'll see some improvements sequentially kind of on an equal basis throughout 2016. So we don't completely eliminate some of those inefficiencies by the end of 2016, they will continue to improve as we move into 2017 as business ramps up.

So in terms of exit rate in the quarter I haven't really given specific color on the quarter. But we are guiding up in 2018 to around 10.5%. But I think it's going to mean that we're going to be exiting a little higher than we're coming into the year.

Rod Lache - *Deutsche Bank Securities - Analyst*

Okay. And Asia.

Vince Galifi - *Magna International Inc. - EVP & CFO*

You mean exit?

Rod Lache - *Deutsche Bank Securities - Analyst*

Yes, you've got growth and operating leverage there, so is there any -- is there a milestone that we should be looking forward to as we think about later in the year?

Vince Galifi - *Magna International Inc. - EVP & CFO*

Rod, you know what, I don't have that information in front of me. I can just tell you that we do have a ton of activity going on in Asia.

And as this business ramps up, as I look at it to the three-year business plan, margins are expected to get to kind of 9% to 10% over that three-year period. So I just don't recall what the cadences for the quarter in 2016.

Don Walker - *Magna International Inc. - CEO*

Overall in China and China is really is that segment just a little bit in India. But overall we do have some launches going on, no particular problems, knock on wood. And we do have the joint ventures from Getrag which are going to be growing.

So I think a lot of it will depend on does the market go up a little bit like we're anticipating, what's the split of the sales for the customers and how does that line up with us. But overall in China things seem to be going pretty well.

Rod Lache - *Deutsche Bank Securities - Analyst*

Great, thank you. Just lastly just a few housekeeping things.

You mentioned that raw material because of scrap would be a headwind and you've got some EBIT headwind as well from the Canadian dollar and the euro. Can you provide any quantification of what's the magnitude of that both from an EBIT perspective?

Vince Galifi - *Magna International Inc. - EVP & CFO*

Rod, we don't get into quantifying those elements so we can't help you there. Sorry.

Rod Lache - *Deutsche Bank Securities - Analyst*

Okay. How about the buyback pace lastly? Any thoughts on how we should be thinking about that?

Don Walker - *Magna International Inc. - CEO*

You know what, Rod, we're not happy with our valuation today. You kind of look at our performance in 2015, our outlook that we gave in January given the growth in our business in all our segments, the expansion of margins in essentially every segment and we're trading at I think, we don't think, at a deep discount.

We think the stock is undervalued. When you look at where we are from a target leverage ratio we ended up the year at about, and I think it was 1.23 and if you pro forma for Getrag we're about 1.22.

We certainly have the room available under the normal course issuer bid and room available under our target capital structure to be buying some stock. And given where the stock price is today we expect to be buying back some stock in 2016.

Rod Lache - *Deutsche Bank Securities - Analyst*

Great, thank you.

Operator

Brett Hoselton, KeyBanc.

Brett Hoselton - *KeyBanc Capital Markets - Analyst*

Gentlemen, how are you? Can you hear me?

Vince Galifi - *Magna International Inc. - EVP & CFO*

Yes, Brett, we're good. Hi there.

Brett Hoselton - *KeyBanc Capital Markets - Analyst*

Okay. So a couple of quick questions. First, following on that last question, share repurchase, I'm looking at your history here and it bounces around a bit.

So in the past 2013 and 2014 you had a 40,000 authorization and then you had another 40,000 in 2014, 2015, another 40,000 in 2015 and 2016. And if I understand the rules in Canada correctly, the idea of an authorization is not like it is in the US.

My understanding is in Canada you come out with an authorization you intend to complete that authorization to the best of your ability, it doesn't mean you're going to be perfect. In 2013 you did 35,000 out of 40,000 but then in 2014 and 2015 you did 12,000 out of 40,000 and you've done 3.6 out of 40,000 or at least that's what I'm looking at your auto show thing here.

So I guess what I'm wondering, and you did another 3.5 this quarter if I'm not mistaken, if I remember correctly which is not a pace of 10 million a quarter. So I guess what I'm kind of wondering how do I think about the pace here? Because it seems like it's bouncing around some and it's certainly not pacing at 10 million thus far this year, and so what do I think about the progression or how should I model I guess is my question?

Vince Galifi - *Magna International Inc. - EVP & CFO*

You know, Brett, you threw out a whole bunch of facts and I think you are accurate on all of those things. We actually did buy back just over 3.5 million shares in Q4.

Remember the new bid came into place I think it was in the middle of November. So we had just over a month to complete that share buyback.

If I look over history you know in some cases we bought or have been very close to the maximum that's been authorized and in other years we haven't. And if you think about what our capital strategy has all been about is we do generate quite a bit of cash from operations and our primary objective would be if we find the right opportunities whether it's an acquisition or capital expenditures to invest it in the business because we think we are really well-positioned to continue to generate some decent returns.

And to the extent that we after doing all that you still have excess liquidity from a target capital structure standpoint we will be buying back some stock. So in the years we haven't gone out and bought the maximum amount if you think about just even last year think about what we did. We went out and we bought Getrag or we bought it, it closed on January 4.

We ended up doing a transaction in the UK for Stadco and the Star Q joint venture that I talked about earlier, all are uses of cash. So to make a long story short as I look at where we stand today we have about 36.5 million shares that we're able to buy under our normal course issuer bid which expires in November 2016.

Depending on what stock price you are using, either \$35 or \$36 stock price or higher, you're running kind of \$1.2 billion, \$1.3 billion, \$1.4 billion, \$1.5 billion. And we have the capacity within our target capital structure to be able to do that.

Now whether we do all that is going to depend on the opportunities we see in the business. It's also going to depend on where we want to land in that target structure. We're looking at a number of things that we may not be able to talk about we may be at the lower end.

If we do some things we may be at the higher end. But given where we ended up at the end of the year you know we expect to be back in the market buying back some stock in 2016 as soon as we get out of blackout which (multiple speakers) results.

Brett Hoselton - *KeyBanc Capital Markets - Analyst*

Vince, I'm going to maybe press you on that just a little bit further by basically -- so your remaining authorization is 35.5 and if I divide that by three months or three quarters let's say then I get basically 11.8.

Now if I basically say well that's let's just divide it by four because we're kind of partway in so it's 8.8, so let's round that up to 9. So if I run it out over the next four quarters which obviously it expires in November I get 9 per quarter.

Would you model 9 per quarter, 9 million shares per quarter? And in addition to that your stock is really cheap, so wouldn't you do more now because it's really cheap if you really believe it's cheap?

Vince Galifi - *Magna International Inc. - EVP & CFO*

You know what, Brett, I do think the stock is really cheap. You heard my comments before. I'm not going to go out and talk to you about exactly what my strategy is but I can tell you my strategy is to go out and buy some stock.

Brett Hoselton - *KeyBanc Capital Markets - Analyst*

Yes, okay. I just think it would be a great signal for the market. Now Getrag, I just want to clarify the notes that I've had in the past says it's basically neutral to earnings including amortization in 2016 and it's accretive to earnings in 2017.

My question is including amortization is my understanding correct, has it been modified and maybe I missed it? Or is that still the same?

And then accretive to earnings in 2017 have you possibly given any indication of quantifying that? I mean, what does that mean \$0.01, \$1, any thoughts there?

Vince Galifi - *Magna International Inc. - EVP & CFO*

We have not updated the color we've given on Getrag. Brett, if you go back to kind of the detailed presentation we gave in Detroit that's on our website what we talked about is for 2016 including purchase price amortization that it was going to be fairly neutral to earnings per share in 2016, excluding the purchase price amortization. And we talked about EPS accretion of around \$0.11, and that is going to -- expected to grow in 2017 and 2018.

I think what we said was in 2017, even with purchase price amortization, we believed this transaction was going to be accretive. Now we haven't gone out and done more than that. Just remember, this is pretty early on for us. We just completed this transaction on January 4. We don't have yet, as you can imagine, first-quarter results. They're not even done yet. And we're digging into getting our own people involved in developing a bottoms-up business plan that's similar to what we do throughout the organization.

So give me some time and we will give you some more color. But just give us some time to just scrub the numbers a little more.

Brett Hoselton - *KeyBanc Capital Markets - Analyst*

Can I ask you this? In your initial presentation on Getrag, you said that the earnings were going to grow at a 15% rate. Would it be reasonable and even maybe conservative to take the \$0.11 accretion in 2016, ex-amortization, and just run it out at 15%? And I believe that would probably be conservative, it would seem to me, because you're probably going to do some restructuring and there's probably some cost synergies there and so forth. But if I just take the \$0.11 and multiply it by 1.15 is that maybe a reasonable and essentially conservative representation of the accretion in 2017?



Vince Galifi - *Magna International Inc. - EVP & CFO*

Brett, you know what, I think I've given enough color on Getrag. We just want to get more of our people involved and try to piece things together in the way we do things and we'll give some update a little later.

I don't really want to comment any more than that. At this point it's just hypothesis of what it would be per quarter for per year. Let's just get through the numbers.

Obviously we've done enough work to feel confident that it is going to be accretive ex-purchase price amortization in 2017. Obviously -- sorry, accretive with purchase price amortization in 2017. Certainly excluding PP&E it's more accretive in 2017 over 2016.

Brett Hoselton - *KeyBanc Capital Markets - Analyst*

Okay, that's very fair. I just figured I'd ask.

So thank you very much and very good quarter, gentlemen. Nice job.

Operator

Patrick Archambault, Goldman Sachs.

Patrick Archambault - *Goldman Sachs - Analyst*

Yes, thanks and good morning. I just wanted to follow up on I guess one kind of shorter-term question, one longer term.

You know so out of the three plants you have one that's actually sort of come in line a little more in Canada, you have another one in Canada. And then the big one in the US which I think is Kentucky if I remember, well you know can you just go over that one a little bit more?

It sounds like there's a big product launch coming there maybe in the first half. And is that an opportunity to really address that since you're going to have some downtime to find engineering solutions to some of these issues that have come about?

Don Walker - *Magna International Inc. - CEO*

The bigger plant, the losses are both in the one remaining plant in Canada and down there. The bigger plant, the more complex plant by far is the one in the states.

It has a lot of business running. It's not like the whole plant is turning over but we're launching two major programs.

One of them was a takeover job for a customer from a supplier that couldn't launch. So we took it over very late and we've had some, a lot of issues just because we took it over so late and the customer understands it but it's been a lot of inefficiencies.

So it's not like we're running the plant down and then ramping it back up again. We're running the plant pretty well full out and then we're launching the new business. We've got new equipment going in for that and the other business is ramping down and replacement is coming in.

So it's a combination of both. So we've got a lot of people down there. We know what the issues are.



We know what needs to get done but there's just a lot of work and there's issues in the tool room with capacity. We had a couple of equipment breakdowns last year which really threw us for a loop because we had to outsource a lot of different things. So it was a combination of a lot of things.

So if we don't have any major breakdowns and the launches go the way we expect and we can make the operational improvements we expect and we've got a lot of people there then we have a pretty good idea of what's going to happen. So we'll just have to work our way through it.

Patrick Archambault - *Goldman Sachs - Analyst*

Okay, got it. Appreciate the color there. I guess just another quick one on China.

No obviously you guys participated in what was the better quarter than most expected from a volume perspective, but can you just give us a sense like remind us what's your mix on under sort of 1.6 liter vehicles? Is that something which is obviously going to be the lion's share of the increase this year, can you just give us a sense of your positioning? And maybe your customer base would be helpful as well.

Vince Galifi - *Magna International Inc. - EVP & CFO*

Well I can't help you on our mix in that range, we just don't have that level of detail available to us. In terms of our customer base we are now this is excluding Getrag, it will be a little bit different with Getrag, but excluding Getrag in our business pre-Getrag we're about 85%, 90% international.

We have GM, Volkswagen in particular are big customers of ours. And we're growing some of the others as well.

Patrick Archambault - *Goldman Sachs - Analyst*

Got it. Understood. And then finally I mean I know you'll kind of address this during -- I'm sure you will go into more detail in your Analyst Day, but as we think about just the longer-term growth drivers of the Company, and maybe we just stick with North America just for simplicity's sake, I mean from a content perspective is it still like metalforming and Magna powertrain that are the biggest sources of content growth there?

I suppose there is an overlay of mix. One thing that is remarkable is you guys are one of the few companies that's actually consistently grown content over the last seven years. So just wanting to get a better sense of that going forward.

Don Walker - *Magna International Inc. - CEO*

Yes, our growth in North America I'd have to go through to give you a real detail, but we're launching a bunch of new plants. One's a new high-pressure aluminum die casting plant, it's within Cosma but it's a very sort of advanced technology. That's a new plant.

We've got a new lighting plant that's going up for a new business we got. We just launched (inaudible) plant. We're put in expansions, we're spending a lot of capital here.

So it's all over the map. It's not in any one or two areas. And we'll talk more at the Investor Day because Vince had mentioned earlier that we're not happy with our share price.

If you look at our multiple compared to our peers we're low. If anything I think we should be at least what our peers are and maybe higher. But that's our opinion obviously.

One of the things we're going to talk about is our product strategy, what do we see going on in the market about things like how fast electrification comes, what's going to happen with autonomous driving, where do we see the volumes going, what's happening with new legislation for fuel efficiency. I personally think people don't understand our expertise in the level of electronics we have within the Company.

I also don't think people appreciate the technology we've got in product and process. So we're going to try and give more color to that and try and get people to understand we're not a metal bashing low-tech Company. We've got a lot of technology here and we probably haven't done as good a job of explaining that to people and I think we've got lots of room to grow.

We're big but all the feedback from our customers are they want to continue to give us business if we're competitive because we execute well and we've got good technology. So we'll get a lot more color in the Investor Day.

Patrick Archambault - *Goldman Sachs - Analyst*

Okay, got it. Well it sounds like there's some good share opportunities in a lot of different areas for you. So look forward to the update.

Operator

Ryan Brinkman, JPMorgan.

Ryan Brinkman - *JPMorgan - Analyst*

Hi, congrats on the quarter. Thanks for taking my question.

You know firstly, just on a follow-up to the North America execution questions from early in the call, how that feeds into the total corporate guidance of 27% just kind of as the year progresses. So I think in an ordinary year maybe 3Q margin or 4Q margin might be softest given typically lower production in the US and Western Europe. Should we be thinking about this tracking any differently this year given that you expect to lessen the inefficiencies in the back half versus front half?

Don Walker - *Magna International Inc. - CEO*

I think we do have the differences by quarter and there's no reason to think they'd be any different. That's basically on holidays and shutdown and things like that.

And Vince just went through the loss we have in those divisions we've been talking about, \$20 million to \$25 million and that going to be going down. So if that goes down over the sort of in a straight line over the year who knows. I mean it will go up and down but I don't expect anything different really from what we've seen in the past as far as where the margins are by quarter.

Ryan Brinkman - *JPMorgan - Analyst*

Okay, that's helpful. Thanks.

And then I know you don't typically provide free cash flow guidance, you talk about CapEx, is there anything you can say directionally, though, to help us this year just given that it seems a little bit more challenging because we're less familiar with the underlying cash flow dynamics of Getrag, then there's the Getrag launches and then there's costs associated with the integration, some of which are cash, some of which are non-cash. Anything you can say there?



Vince Galifi - *Magna International Inc. - EVP & CFO*

I think, Ryan, if you look at the color we've given you I think you ought to be able to try to model something. We've given you operating margin, we've talked about D&A, we've talked about level of debt and interest expense and capital.

I think you can it's all kind of factored into our overall guidance. I think you can take a view on that.

Certainly as I look at cash flow there are very variabilities. There could be changes in working capital, delays in collecting, tooling or (inaudible) a little earlier than we anticipated. But all in all when I look at our overall business plan, principal generating cash, excess cash flow even after paying dividends.

Ryan Brinkman - *JPMorgan - Analyst*

Okay, thanks. Then just last question, as you do very good and outsize business with BMW and to a lesser extent German luxury generally, there's been some speculation that sales of luxury vehicles could slow.

There's been some noise about choppy commentary, choppy sales in the US commentary from like Jackson, etc. Just curious if you see anything different there and there's any particular strengths or softness in luxury demand baked into your 2016 guidance?

Don Walker - *Magna International Inc. - CEO*

It's interesting. Everybody has a different opinion. I think when we were down in Detroit for the first or second week in January there was seemed from the beginning of the week to the middle of the week people thought maybe we were going to see a big drop off.

We haven't seen it yet. I'm not that close to the releases but I haven't seen any drop off.

One of the things we'll be interested to see what happens is because of what's gone on in China there's probably going to be less luxury vehicles sold over there that could have an impact on various the high-end producers. I hadn't thought much about it but somebody made a speech and probably a lot of people heard it in Detroit when we think of luxury vehicles people are thinking of the higher-end European cars but I think there has been a little bit of a trend with the low gas price where people are now spending \$70,000, \$80,000, \$90,000 on fully loaded SUVs for GM and other customers.

So it may be a bit of a shift what people are looking to buy. I don't really have any more, IHS is coming out, I guess I will have better information, but we really aren't at this point in time seeing the slowdown that everybody is worried about but I guess we'll wait and see what happens in the market.

Ryan Brinkman - *JPMorgan - Analyst*

Yes, that's helpful. Thanks.

And nice to see the margin progression this quarter. Thank you.

Operator

Itay Michaeli, Citigroup.



Itay Michaeli - Citigroup - Analyst

Great, thanks. Good morning everybody.

Just go back to the cash flow discussion, Vince, I think if I look at working capital the last couple of years it has become a greater use of cash. So I was wondering how you're thinking about working capital in 2016 as you are growing the business?

And should we think about working capital maybe as a continued use of cash as you continue to grow revenue? And if so is there a rough or general rule of thumb that you might think we could model that on?

Vince Galifi - Magna International Inc. - EVP & CFO

I think when you look at working capital generally when I think about it I look at it as a percentage of sales. So if sales are growing you'd expect working capital plus or minus to grow, it could be lumpy quarter to quarter. But if you go back just two or three years or four years of analysis of the percentage it's probably not a bad way to think about it.

Itay Michaeli - Citigroup - Analyst

Okay, that's helpful. Then just a quick housekeeping, I think you gave us the pro forma cash post-Getrag. Could you also give us just the pro forma debt and EBITDA that you are using to get to I think the 1.2 times leverage?

I don't think you have to issue any additional debt essentially with the deal. But just want to make sure I have the correct numbers on the numerator and denominator for the leverage.

Vince Galifi - Magna International Inc. - EVP & CFO

I will get back to you on the details on that business as a schedule (multiple speakers) I can give you that information. On a pro forma basis, so this is as of January 4, and Louis can get back to you with all the adjustments are, but the adjusted debt which would include Getrag and leases and so on is about \$4.4 billion. And adjusted EBITDA is kind of in the 3.6 range.

Itay Michaeli - Citigroup - Analyst

That's very helpful. Thank you.

Then just lastly, I think at the auto show presentation for rest of world I think you were guiding for 2016 EBIT loss more or less in line with 2015. Just want to make sure that's still consistent with your view today. I know it's a very tough and volatile market, just curious to see an update on that outlook.

Vince Galifi - Magna International Inc. - EVP & CFO

You know what, we're just a month away from what we did in Detroit. We have no update at this point. So still our view that our January view holds consistent.

Itay Michaeli - Citigroup - Analyst

Okay great. That's great. Thanks so much.

Operator

Mark Neville, Scotia Capital.

Mark Neville - Scotiabank - Analyst

Hi, good morning everyone. Just a few follow-up questions.

Just first on the margin in Asia, you mentioned Getrag being a 60 basis point headwind in 2016. I appreciate the extra costs, the investments you're making but I guess our expectations were that the equity income would be accretive to margins in the region next year. Were we sort of wrong in thinking that?

Don Walker - Magna International Inc. - CEO

Yes, there's some investments that are going into any one of the joint ventures that really just starting, so there's investments in there. Eventually it will kick in and that's why we have a big improvement in margin, one of the reasons why we have a big improvement in margins in Asia going forward. But it's hampering us in 2016.

Vince Galifi - Magna International Inc. - EVP & CFO

The other thing you've got is when you look at the sales growth in Getrag there is substantial growth in sales they are on consolidated sales in Asia as the years sort of moves on. And as we start allocating purchase price amortization there's a big chunk of that that's going to be allocated to Asia. So what's hitting us in 2016 on the margin line there is also amortization of purchase price accounting in the segment.

Mark Neville - Scotiabank - Analyst

Okay, that helps.

Vince Galifi - Magna International Inc. - EVP & CFO

Because it's ramping up but you still have purchase price amortization that's hitting you in 2016.

Mark Neville - Scotiabank - Analyst

Okay, that helps. And I guess just high level in the region the other puts and takes, just sort of the launch cost easing into some of your incremental zone higher production volumes. Is that sort of a good way to think about?

Vince Galifi - Magna International Inc. - EVP & CFO

Launch costs, yes.

Mark Neville - Scotiabank - Analyst

Okay. Maybe just --



Vince Galifi - *Magna International Inc. - EVP & CFO*

And launch costs are more in 2016 versus 2015 in Asia. That's (multiple speakers) plus Getrag.

Mark Neville - *Scotiabank - Analyst*

Okay. And then maybe just follow up on the buyback. Looks like you've been quiet year to date, but it doesn't sound like anything to read to in there, just I guess as you would Getrag and stay in blackout, I mean no macro concerns I guess?

Vince Galifi - *Magna International Inc. - EVP & CFO*

We've been absolutely quiet from January 1 because we went into blackout on December 31. So we'll come out of blackout at the end of this week. (multiple speakers) I'm not sure whether it's Monday or Tuesday next week.

Mark Neville - *Scotiabank - Analyst*

Okay, thanks a lot.

Operator

Rich Kwas, Wells Fargo.

Rich Kwas - *Wells Fargo Securities, LLC - Analyst*

Hi, good morning everyone. Just two quick ones.

Don, how would you frame the preferences for M&A going forward post-Getrag? Is this powertrain still a focus?

I know you've also talked about seating in the past and metal components, etc. How would you rank order at this point?

Don Walker - *Magna International Inc. - CEO*

I still think our powertrain group is going to be quite good and I think there's a lot of changes in powertrain. But we also have to -- we've got a lot going on in our powertrain group and we're going to have to absorb the Getrag organization which is big.

So if something great came along we could do it but I think we've got our hands full right now. We made two acquisitions in Cosma and Cosma has got a lot of growth. So unless there's something where it sort of it naturally fits or gives us geographic or new customers, we're going to talk more about our electronic strategy when we have our Investor Day but that's an area where there's a lot of technology going on. Whether that's in driver assistance or other capabilities for electronic control modules, etc., that would be another area we're interested in.

So it really could be in any of our core products going forward. I think valuations are pretty low right now whether it's a public company or private company typically go hand-in-hand.

So we'd be looking for -- we've got an internal priority but if it's a growing product segment going forward we get good technology and we can handle it then we'll be interested. But we just completed a very big acquisition so we continue to look but we're not desperate to go out and buy something just for the sake of buying it.

Rich Kwas - Wells Fargo Securities, LLC - Analyst

Okay. And then Vince, on the headwinds for this year going from 20 to 25 down to 10 on a quarterly basis, do we think of that in terms of the exit rate, does that \$10 million if we multiply that by four for 2017 is that the right way to think about it or should we think of it by the end of 2017 everything is basically zero? So it goes from 10 or 12 at the end of the year and then over the course of 2017 it goes to zero, is that the right way to think about it?

Don Walker - Magna International Inc. - CEO

Yes, let me answer that. When Vince is talking about what we tried to do we've spent a lot of time in these divisions, I've been down there personally, met a lot of the management down there, so we've tried to understand where the losses were and there's a lot of different factors.

So what Vince has been talking about is the inefficiencies. So we have launch costs as well and we're going to get through the launch cost because we're launching all these products. So that's going to make improvements.

Vince is talking about taking the inefficiencies which we identified as premium freight, overtime, outsourcing equipment, on and on and on. So I would hope when we get into 2017 we're through them.

Now will we be 100% through them? Probably not, we don't even track it particularly. But the inefficiencies should continue to wind down.

And I don't want to see any inefficiencies there. So I don't know, I can't project, we haven't even got into 2017 yet. But those should eventually go away as the plants stabilize and they get their products launched and we're in normal mode.

Rich Kwas - Wells Fargo Securities, LLC - Analyst

Okay, yes, that's what I meant, inefficiencies. I apologize.

Thanks. That's all I had.

Operator

Colin Langan, UBS.

Colin Langan - UBS Securities - Analyst

Great, thanks for taking my question. Free cash flow came up a couple of times.

Any color on broadly why it's down year over year? It seems like it's down quite a bit. Any reasons that maybe pop back next year?

Vince Galifi - Magna International Inc. - EVP & CFO

Well, when you look at the amount of cash, the free cash flow in the year I guess one thing we've got is we've got a bigger investment in working capital in 2015 versus 2014, that's bringing that number down. Sorry, let's backtrack.

The biggest change I'd say to free cash flow 2015 to 2014 is foreign exchange translation. We just talked about how substantial that is on sales and obviously impacts operating income, obviously impacts cash flow.



So that I would say is sort of the biggest change. When you look at some of the other bigger items that are impacting free cash flow it's going to be investment of working capital and as sales ramp up we will make incremental investments in working capital.

And capital spending, when you look at where we ended up for 2015 we're almost at \$1.6 billion even with movement in exchange rates and we were under \$1.5 billion last year and we're looking at 2016. We're guiding capital including Getrag to be higher than where we are in 2015. That's all going to impact free cash flow.

The other thing that sort pops up in my mind when I look at free cash flow is investment in other assets which is really tied to new program launches and that's been growing. So that's been impacting negatively cash flow. But we'll recover that obviously as these programs launch in the other years.

Colin Langan - *UBS Securities - Analyst*

Got it. And just to clarify your comments on the inefficiencies, they are running \$20 million, \$25 million. That will massively improve by Q4 of this year.

Is the full year still going to be a headwind or is that net-net, because we only had \$20 million, \$25 million paced, you have \$50 million, \$55 million this year, does it cumulatively actually become a tailwind as it comes down into this year? Or is it still a net year-over-year headwind for the full year?

Vince Galifi - *Magna International Inc. - EVP & CFO*

I think when you all think about when I said \$50 million, \$55 million they were back ended to the last two quarters. You know we should be able to get that run rate down by the time we get to Q4 plus or minus half of where we are run rating at the end of Q4.

But I think when you look at two quarters in 2015 and you're looking at four quarters in 2016 at a reduced rate I haven't done the math but it's going to be probably pretty close in absolute terms for the full year. But to us more importantly is where were we in Q4, what's the run rate, are we bringing that down? And we're certainly with the plants in place expecting those operating inefficiencies to be reduced over time.

Colin Langan - *UBS Securities - Analyst*

Got it.

Don Walker - *Magna International Inc. - CEO*

Very complicated. I would hope year over year they are down slightly. But if we'll keep you updated if things change but -- I think that's the best color we can give.

Colin Langan - *UBS Securities - Analyst*

Got it. And just last question, you had a couple of divestitures this year.

How do you view the portfolio today? Are you kind of done or are you always going to be strategically looking at certain things?

Don Walker - Magna International Inc. - CEO

We're going to continue to look at. What we're doing for our product portfolio is we're looking at what we think the car of the future is going to be, where is the technology going.

My personal opinion is that everybody talks about autonomous driving vehicles and electrification. I think all these things come slower than not what the industry thinks but a lot of outside analysts think.

So we're trying to take a look at what's a car going to look like say in five years, 10 years, 15 years, 20 years given our products where are we making the best value from a return standpoint and on our invested capital. So we will -- it is an ongoing process and pretty happy with what we accomplished last year, especially our interiors business was quite challenging.

The Getrag really strengthens our position in powertrain, in their specific product lines just general expertise. But we are looking at other products, so we will continue to fine-tune. But overall you know it will be a work in process.

Colin Langan - UBS Securities - Analyst

Okay great. Thank you for taking my question.

Operator

With that, gentlemen, our next question will be our final question from the line of Richard Hilgert with Morningstar. Unfortunately Mr. Hilgert has disconnected, sir, so back to you with your closing remarks.

Don Walker - Magna International Inc. - CEO

Okay, it was a long call. Appreciate everybody dialing in and staying on. Overall 2015 was I think a good year.

We did have some operating challenges which we're not happy about. But we look forward to another successful year in 2016 and again appreciate you calling in.

Enjoy the rest of your day. Thank you.

Operator

Ladies and gentlemen, this does conclude our conference call for today. We thank you all for your participation. Have a great weekend, everyone.

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