

Investor Day 2018

June 27, 2018



Safe Harbor Statement

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated financial results and liquidity. The words “will,” “may,” “designed to,” “outlook,” “believes,” “should,” “anticipates,” “plans,” “expects,” “intends,” “estimates,” “forecasts” and similar expressions identify certain of these forward-looking statements. The Company also may provide forward-looking statements in oral statements or other written materials released to the public. All statements contained or incorporated in this presentation or in any other public statements that address operating performance, events or developments that the Company expects or anticipates may occur in the future are forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements are discussed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017, and its other Securities and Exchange Commission filings. Future operating results will be based on various factors, including actual industry production volumes, commodity prices and the Company’s success in implementing its operating strategy.

Information in this presentation relies on assumptions in the Company’s sales backlog. The Company’s sales backlog reflects anticipated net sales from formally awarded new programs less lost and discontinued programs. The calculation of the sales backlog does not reflect customer price reductions on existing or newly awarded programs. The sales backlog may be impacted by various assumptions embedded in the calculation, including vehicle production levels on new programs, foreign exchange rates and the timing of major program launches.

The forward-looking statements in this presentation are made as of the date hereof, and the Company does not assume any obligation to update, amend or clarify them to reflect events, new information or circumstances occurring after the date hereof.

Non-GAAP Financial Information

This presentation also contains non-GAAP financial information. For additional information regarding the Company’s use of non-GAAP financial information, as well as reconciliations of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with accounting principles generally accepted in the United States (“GAAP”), please see slides titled “Non-GAAP Financial Information” at the end of this presentation.



Agenda

- **Strategic Overview**

Ray Scott, President and Chief Executive Officer

- **Seating**

Frank Orsini, Executive Vice President and President, Seating

- **E-Systems**

Jeneanne Hanley, Senior Vice President and President, E-Systems

— *Break*

- **Convergence**

Mandy Rice, Vice President, Advanced Sales & Product Technology

- **Financial Overview and Outlook**

Jeff Vanneste, Senior Vice President and Chief Financial Officer

- **Wrap up / Q&A**

Lear Team



Strategic Overview

Ray Scott

President and Chief Executive Officer



Goals for Our Investor Day

- Provide access to key business leaders and technology experts
- Articulate the strategy and outlook for our business
- Highlight important industry trends driving growth
- Explain our competitive advantages in both business segments
- Showcase our product and technology capabilities
- Demonstrate our financial strength and diversification
- Provide longer term financial targets



Drivers of Profitable Growth



Industry Leading Talent with Culture of Operational Excellence



Focused Investment and Financial Discipline



Unique Product Capabilities Aligned to Industry Growth Trends

Drivers of Profitable Growth



Industry Leading Talent with Culture of Operational Excellence



Focused Investment and Financial Discipline



Unique Product Capabilities Aligned to Industry Growth Trends

Meet Lear's Experts, the Most Experienced Team in the Industry



Jeneanne Hanley
SVP and President, E-Systems



Frank Orsini
EVP and President, Seating



Jeff Vanneste
SVP and Chief Financial Officer



John Absmeier
VP and Chief Technology Officer



Steve Rober
VP, Electronics



Bill Presley
VP, Electrical Distribution Systems

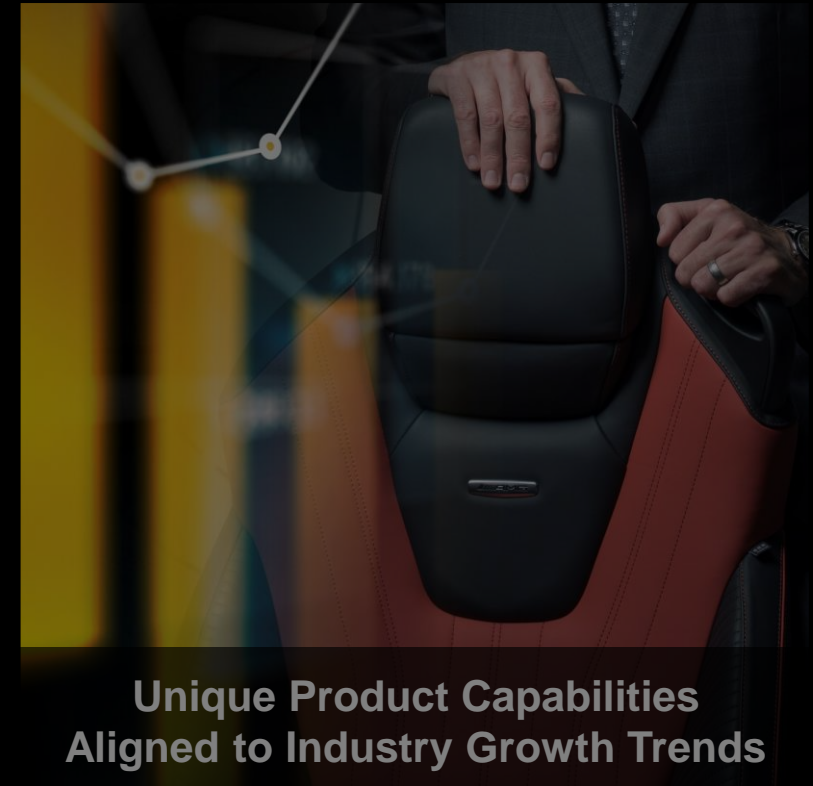


David Kazyak
VP, Global Seat Engineering



Mandy Rice
VP, Adv. Sales & Product Technology

Drivers of Profitable Growth



Lear's Value Creation Strategy



**Sales Growth Above Global
Automotive Production**



**Strong Cash Flow
Generation**



**Investment Grade
Credit Metrics**



**Earnings Growth
in Excess of Sales Growth**



**Continued Investment
in the Business**



**Excess Cash Returned
to Shareholders**

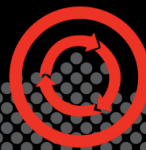
Industry Leading Competitiveness

**165,000**

Employees

**257**

Facilities

**39**

Countries

\$7 Billion**Invested in the Business
Over the Last Decade****≈\$22B**

Total sales (#148 on Fortune 500)

≈\$4B2018-20 sales backlog
Including non-consolidated**5,500**

Engineers globally

80%

of component facilities and

95%

of related employees located in

22

Low-cost countries

7

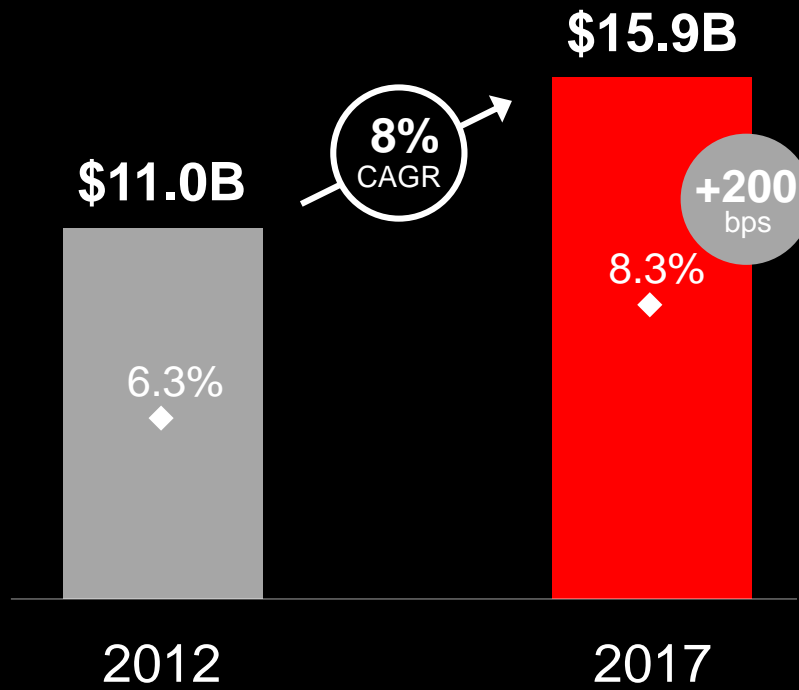
Strategic acquisitions since 2010

<1xGross leverage with
investment grade credit rating**Strongest Competitive Position in Our 100 Year History**

Two High-Performing Business Segments

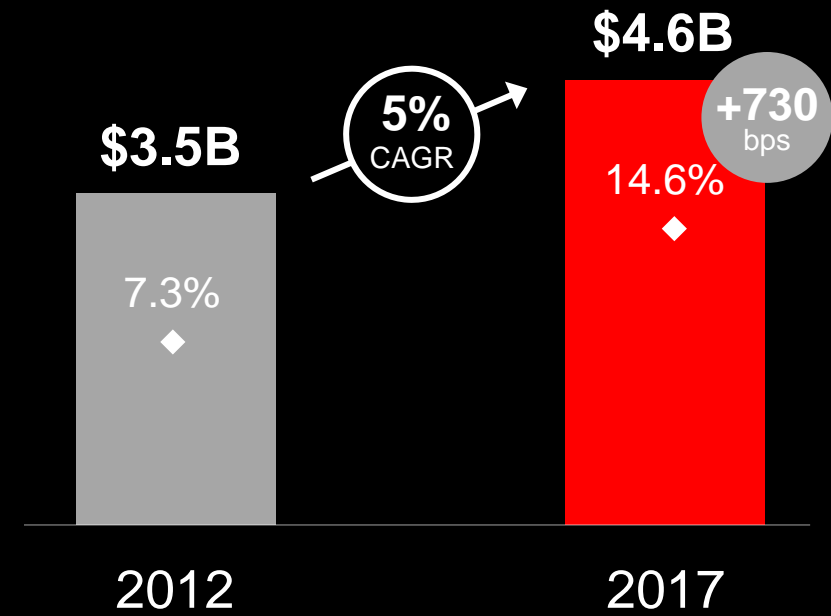
SEATING

Sales and Adjusted Segment Margins

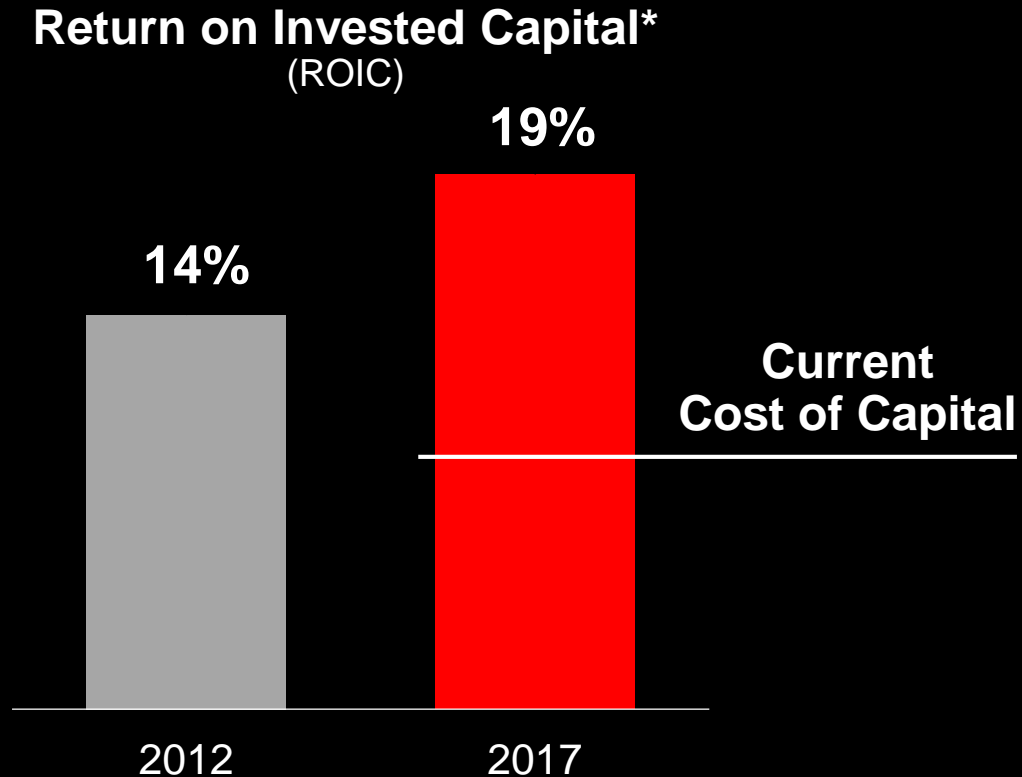


E-SYSTEMS

Sales and Adjusted Segment Margins



Superior Performance and Returns



- Record sales, earnings and free cash flow
- Unique product capabilities in each segment
- Global, low-cost engineering and manufacturing footprint
- Sales and earnings well balanced by region, customer, program and vehicle segment
- Incentive compensation aligned with ROIC and profitable growth

Lear's ROIC Among Highest in Automotive Sector

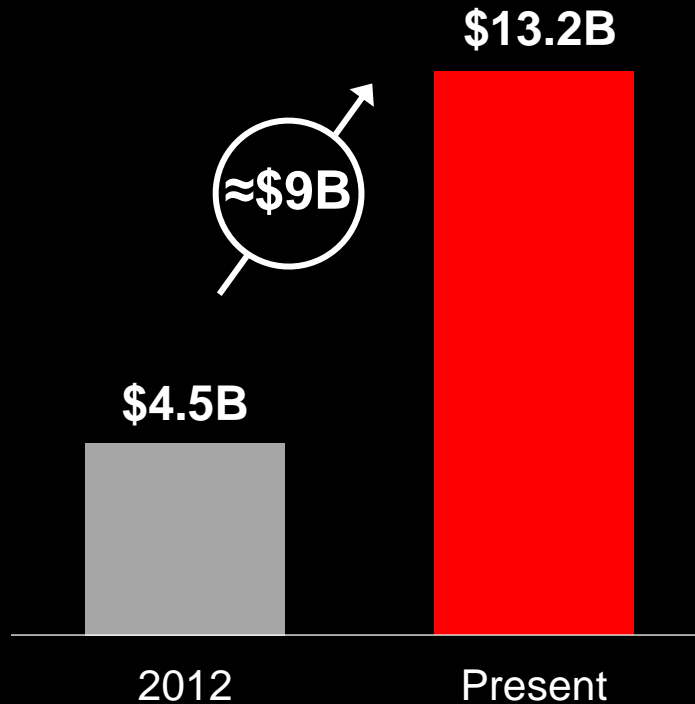
* ROIC calculated at effective tax rate

Please see appendix for discussion of non-GAAP financial measures, as well as reconciliations of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.



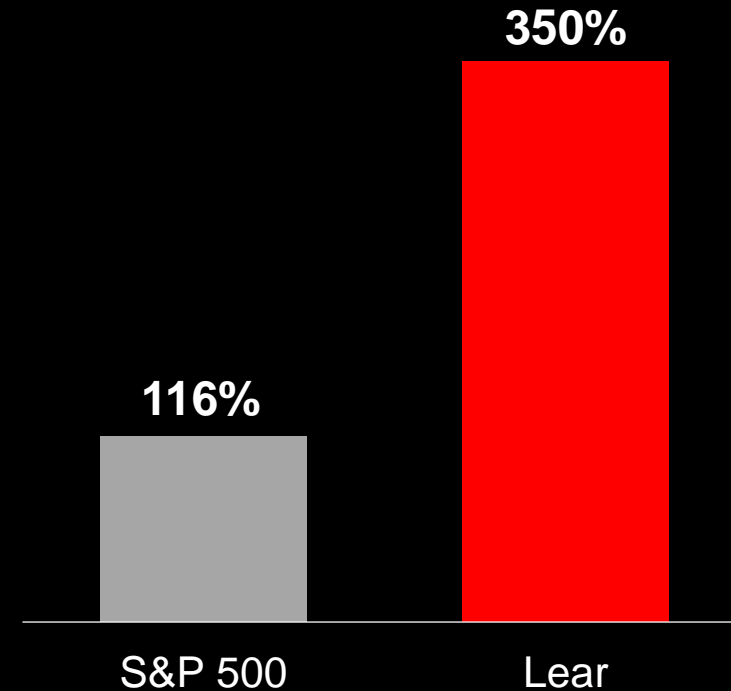
Delivering Significant Value Creation and Shareholder Returns

Lear Market Capitalization



Total Shareholder Returns

(2012 – Present)



Drivers of Profitable Growth



Fastest Growing and Most Profitable Automotive Seat Manufacturer

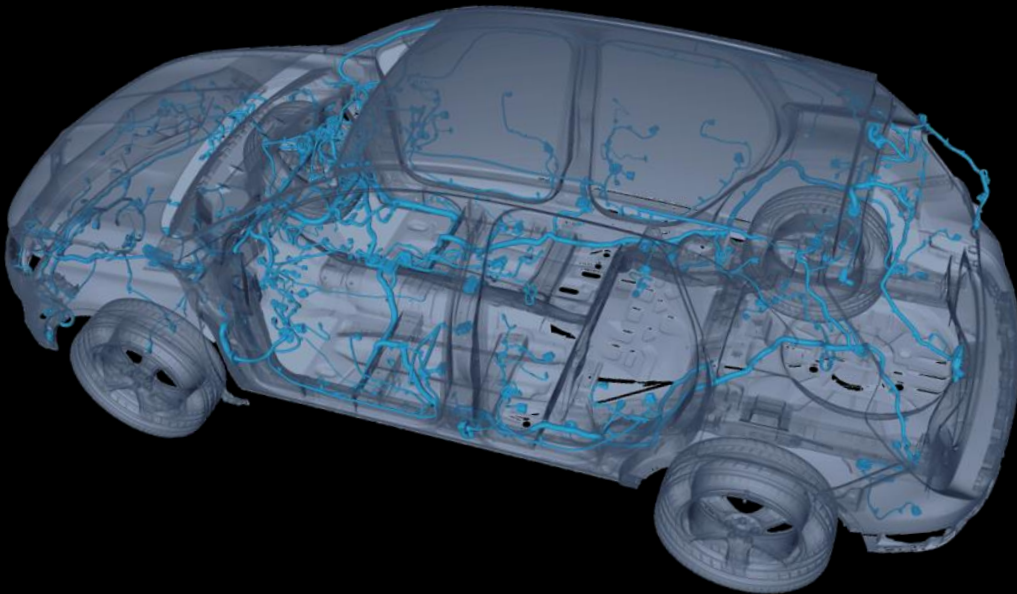
SEATING



- Most complete capabilities of any seat supplier
- Global engineering and manufacturing capabilities
- World's leader in seating for luxury brands
- Leader in crossovers and SUVs
- Uniquely positioned for innovation and growth with electronics and software expertise

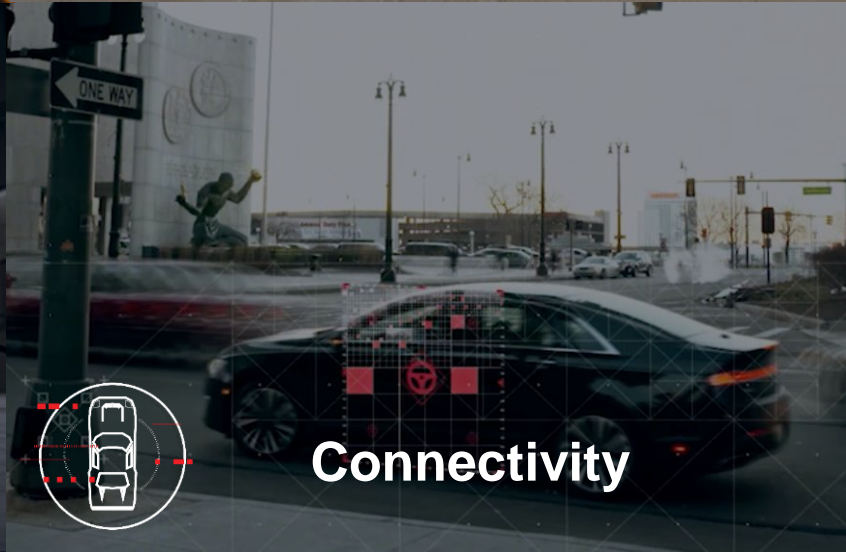
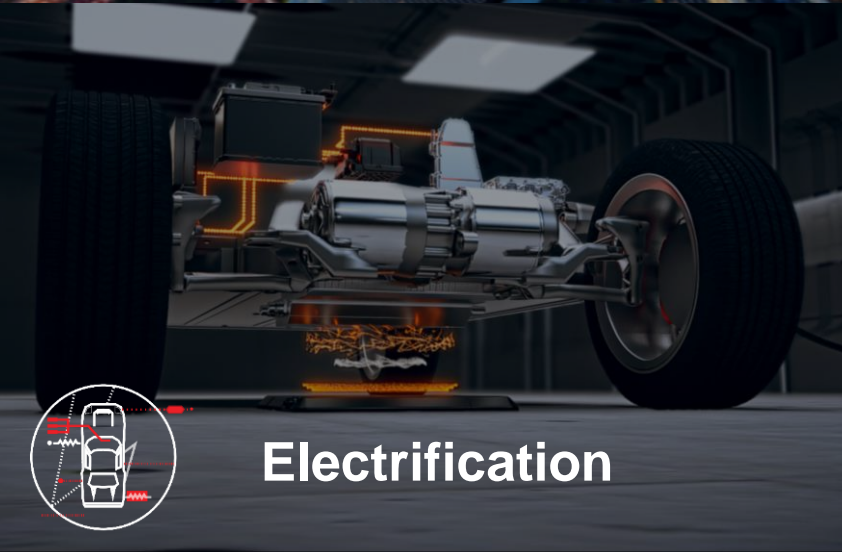
Global Leader in Vehicle Electrical and Electronic Architectures

**E-SYSTEMS**



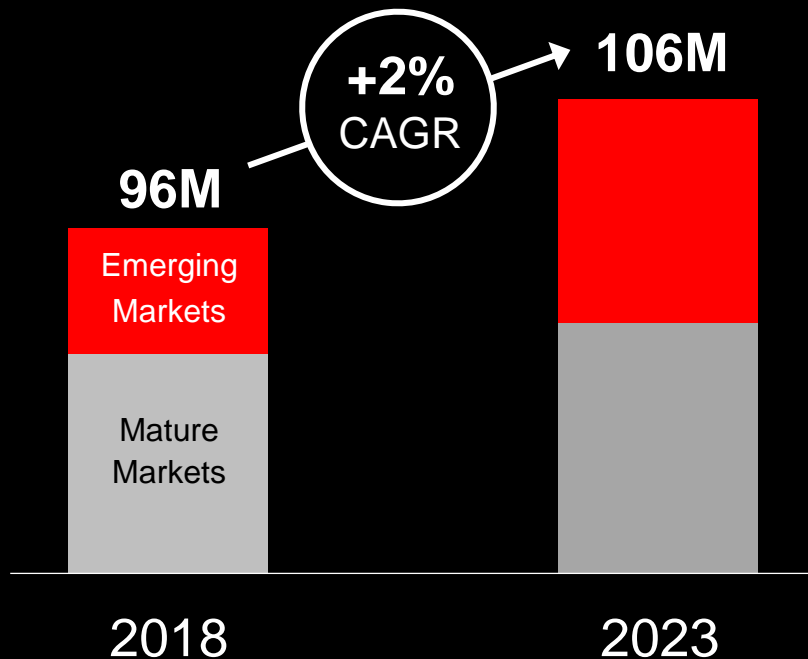
- Global leader in traditional electrical architectures
- Advanced capabilities in high-power electrical systems including power electronics
- Leader in gateway modules
- Industry's most sophisticated connected gateway and communication modules
- Advanced capabilities in vehicle cybersecurity
- Unique design and development capabilities with Lear's Virtual Proving Grounds

Lear's Products Are Aligned with Industry Trends

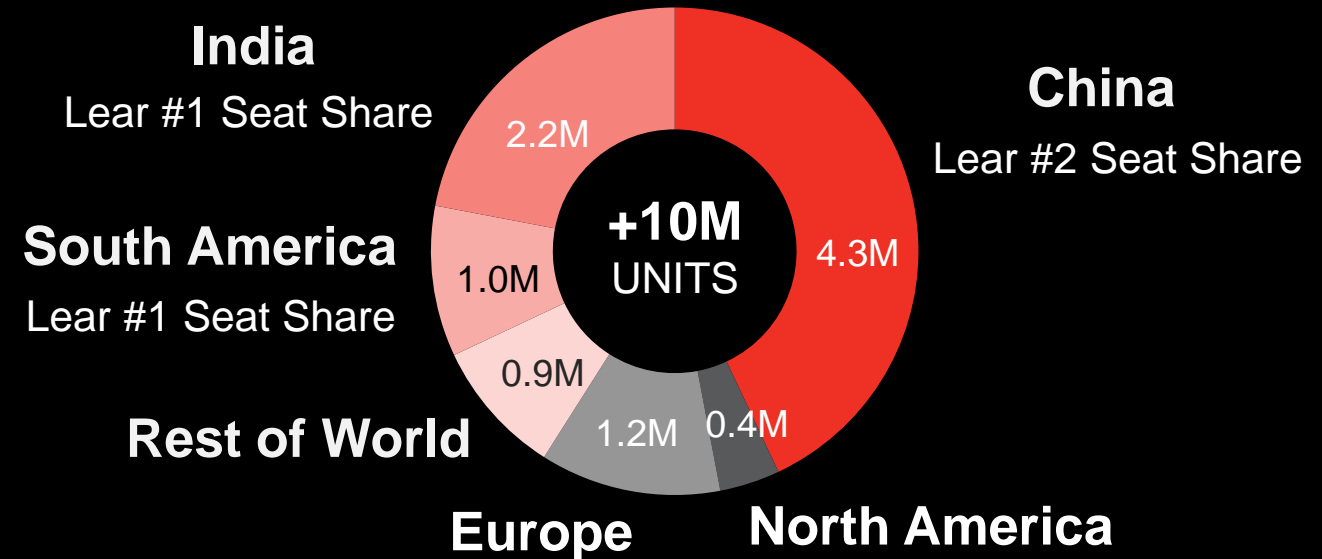


Industry Growth Will Be Driven by Emerging Markets

Global Industry Production



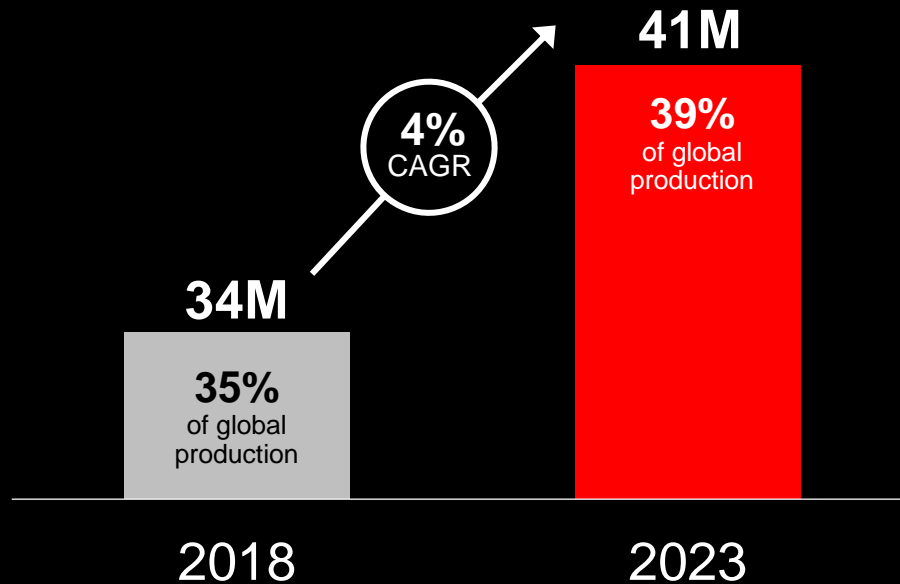
2018-23 Industry Production Growth by Region



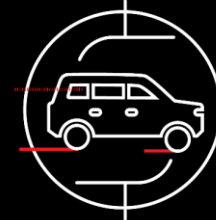
≈90% of Global Growth Over Next Five Years Expected to Come from Emerging Markets

Demand for Crossovers and SUVs Increasing in All Regions

Global Production of Crossovers and SUVs



Lear Product Alignment

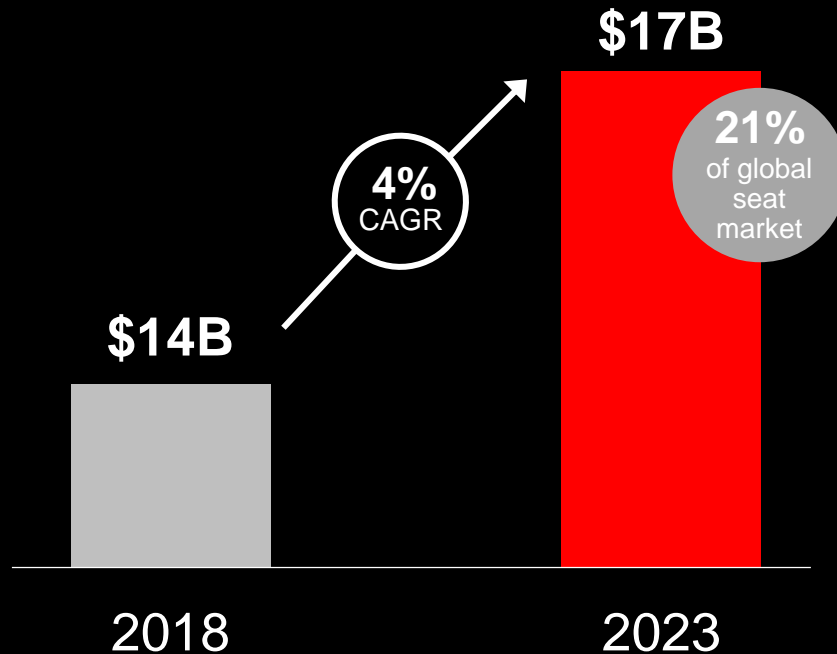


- Crossovers and SUVs gaining share in every region
- Increased features and functionality
 - More complex second row mechanisms
- Seat content 30-40% higher than global average
- Increased electrical content per vehicle compared to sedans

Mix Shift to Crossovers and SUVs Driving Seating Growth in All Regions

Luxury Market Outpacing Industry Growth in All Regions

Luxury Vehicle Seat Market



Lear Product Alignment



- Leader in luxury seating with more than 40% market share
- Crafted by Lear premium trim
- Product innovation and premium features introduced in luxury vehicles
- Luxury vehicles have the highest electrical and electronic content
- Luxury seat content more than double global average
- Lear INTU™ seat features could add \$250-\$750 of content per vehicle

Lear's Leadership Position with Luxury Automakers Fuels Product Innovation

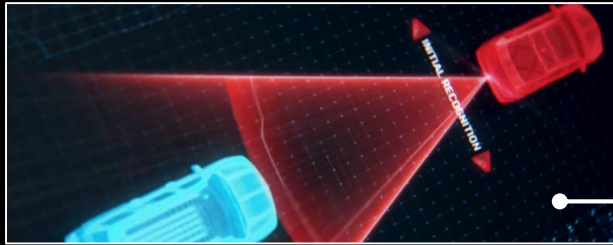
Convergence Makes Seating a Smart Device



BioBridge™



Dynamic Safety



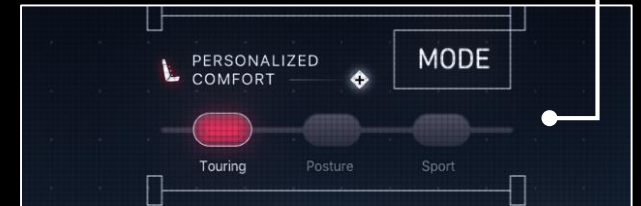
Modular Heat & Cool



SoundZone™

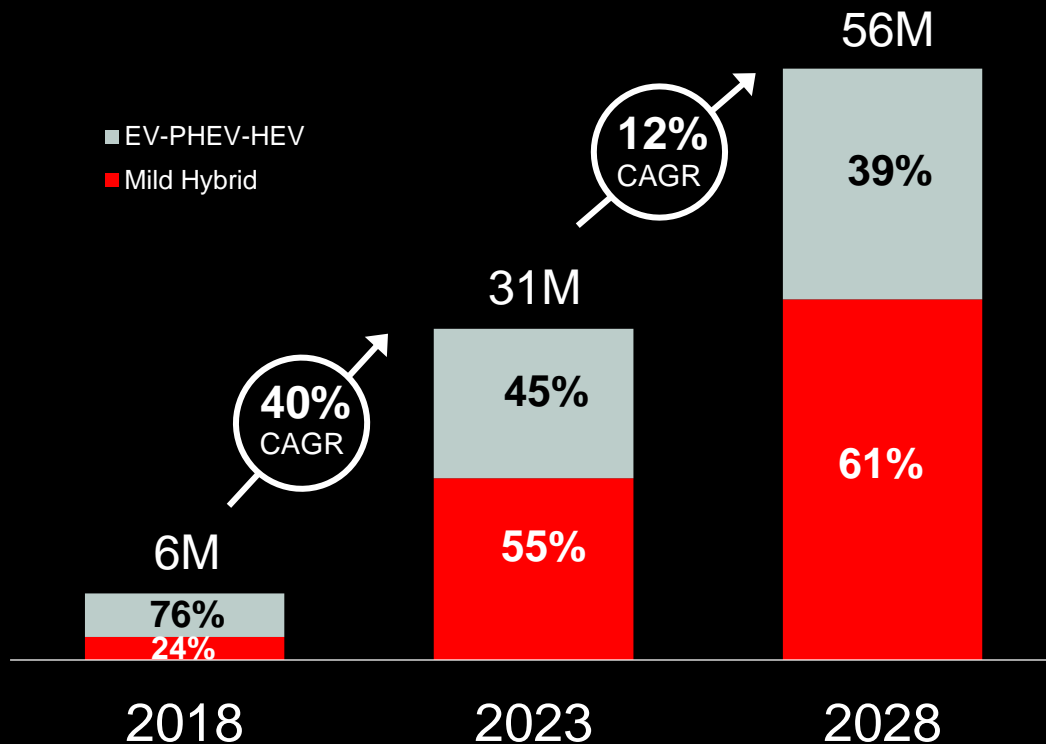


ProActive™ Seating



Increasing Penetration of Electrified Powertrains

Global Production of Hybrid and Electric Vehicles



Lear Product Alignment

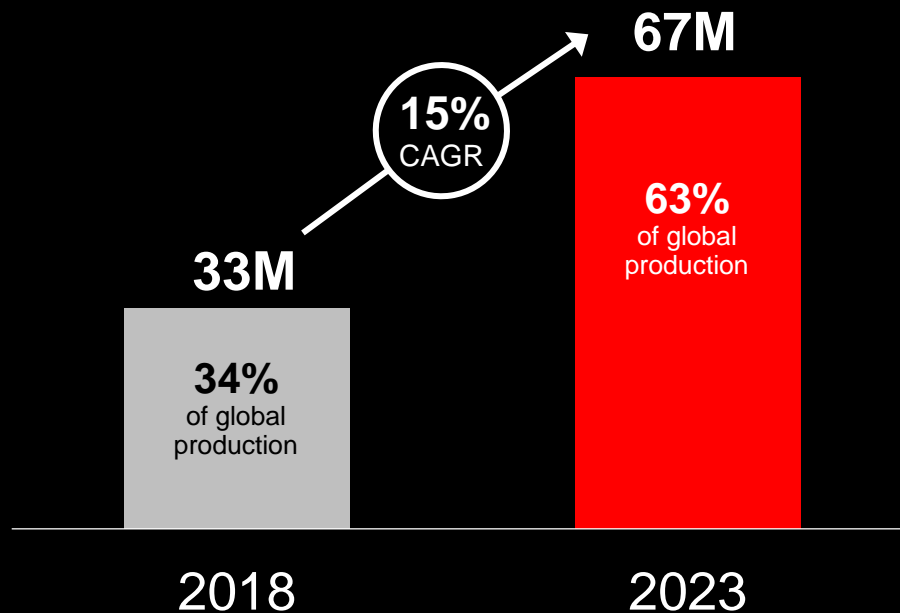


- Complete capabilities in wire, terminals and connectors and power electronics
- First to market with on-board charger for GM Volt
- Most efficient battery charging systems
- Highest power to size ratio terminals and connectors
- Incremental E-Systems content opportunity of \$300 to \$2,000 per vehicle

Nearly 50% of Vehicles Produced by 2028 Expected to Have Electrified Powertrains

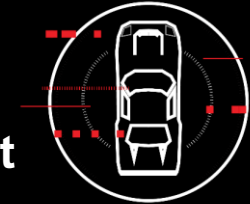
Increasing Demand for Connectivity

Embedded Vehicle Cellular Communication (% of new vehicle production)



Over 60% of Vehicles Produced in 2023 Expected to Be Connected

Lear Product Alignment



- Leader in V2X infrastructure installations
- Leader in central gateway modules
- First to market with Ethernet and multi-core processors
- Wireless capabilities to support all major communication protocols
- Cybersecurity expertise
- Incremental E-Systems content opportunity of \$125 to \$450 per vehicle

Lear Products Support Shared Mobility / Configurability



Lear Product Alignment

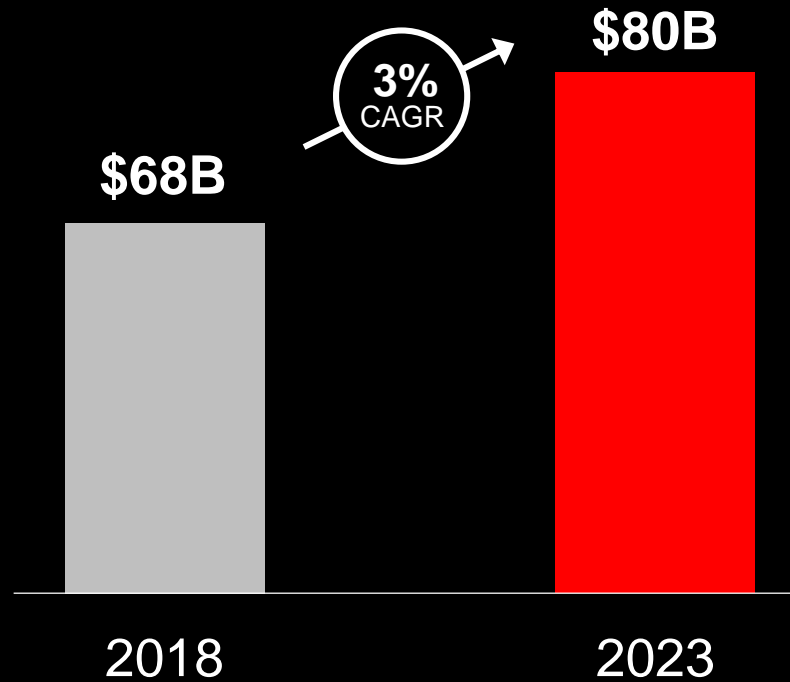


- Adaptive and reconfigurable seating systems provide maximum flexibility
- Intelligent seat functionality allows personalization, improving consumer comfort and convenience
- Electronics and software capabilities enable enhanced features

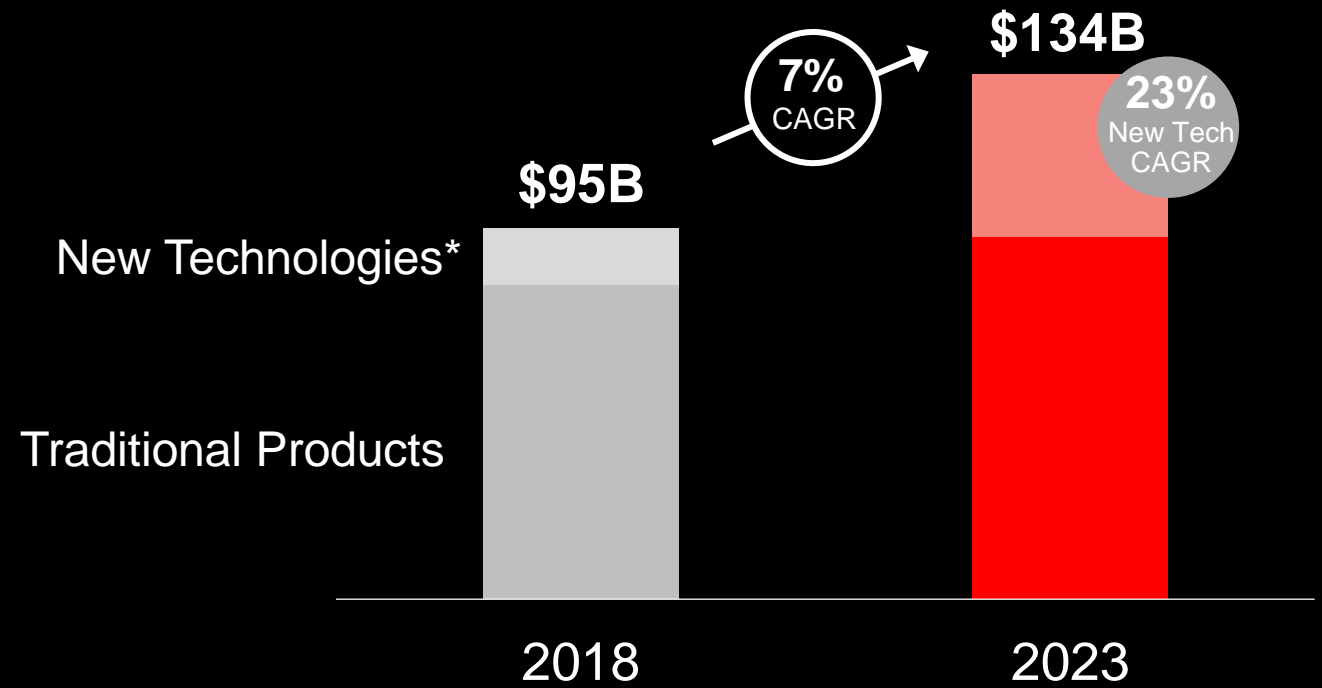
Electrification and Connectivity Product Solutions Enable Mobility Solutions

Core Markets Continue to Grow Faster than Industry Production

Seating Market Size

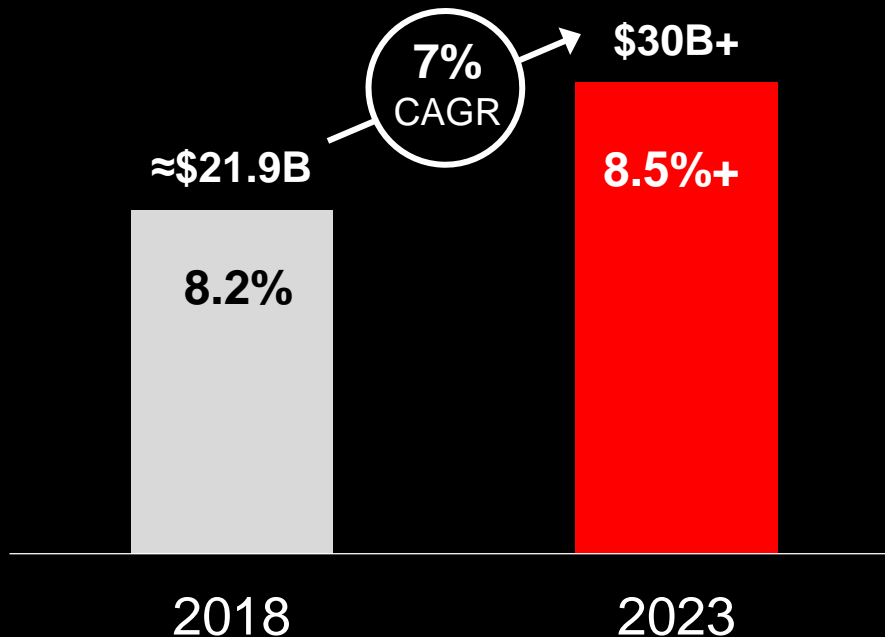


E-Systems Market Size



2023 Outlook for Sales and Company Margin

Sales and Adjusted Operating Margins (\$ billions)



Sales

- Industry production growth
- Record backlog
- Increased penetration of Crossovers, SUVs and luxury vehicles
- Industry trends of electrification and connectivity

Margins

- Focus on operational excellence
- Unique capabilities and competitive footprint
- E-Systems growing faster than Seating

Continued Performance Drives Increased Shareholder Value

Certain of the forward-looking financial measures are provided on a non-GAAP basis. A reconciliation of forward-looking financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP is potentially misleading and not practical given the difficulty of projecting event driven transactional and other non-core operating items in any future period. The magnitude of these items, however, may be significant.



Seating

Frank Orsini

Executive Vice President and President, Seating

Seating Agenda

- **The Lear Seating Advantage**
- **Growth Outlook**
- **Core Capabilities**

Frank Orsini

Executive Vice President and President, Seating

David Kazyak

Vice President, Global Seat Engineering

Mandy Rice

Vice President, Advanced Sales & Product Technology



The Lear Seating Advantage

The Lear Seating Advantage



2018 Audi RS3

- Most complete capabilities of any seat supplier, with global engineering and manufacturing capabilities
- Positioned to grow while maintaining margins
- Technology aligned with industry mega trends
- Technical capabilities that are superior to our competitors
- Only seating supplier with in-house electronic and software capabilities



Fastest Growing and Most Profitable Automotive Seating Supplier



25

Global Engineering
Centers



Low-Cost Footprint

19

Countries

≈\$16.5B

2018 Annual Sales

100

Years of Automotive
Manufacturing Experience



174

Seating and Component
Manufacturing Facilities

in **31** Countries



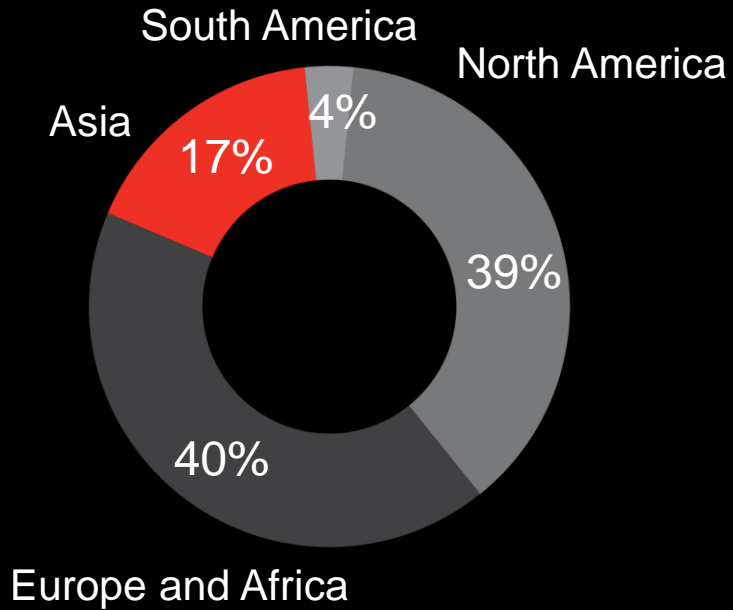
96,000

Seating Employees
Worldwide

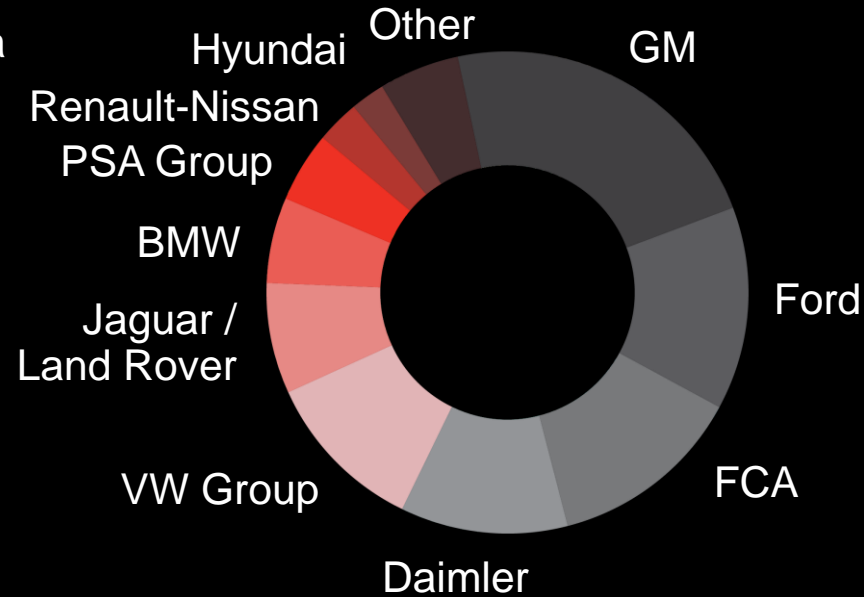


Well Diversified Global Automotive Seating Supplier

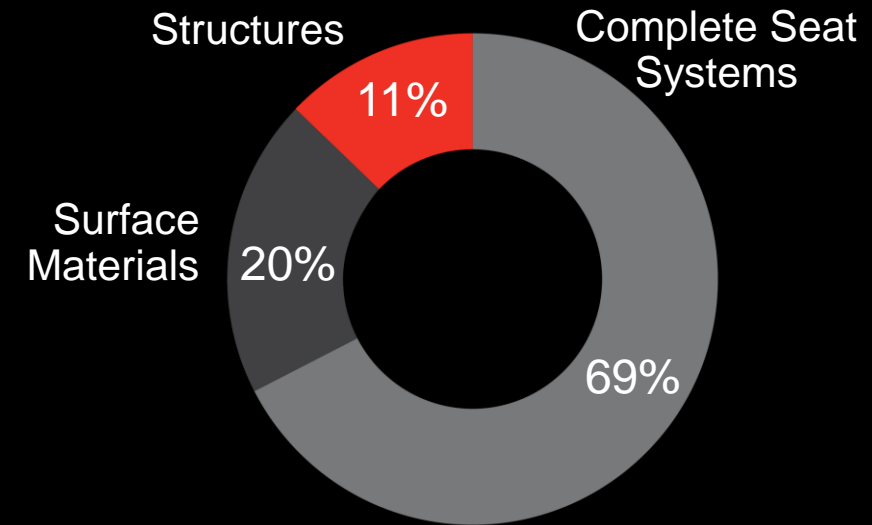
By Region



By Customer



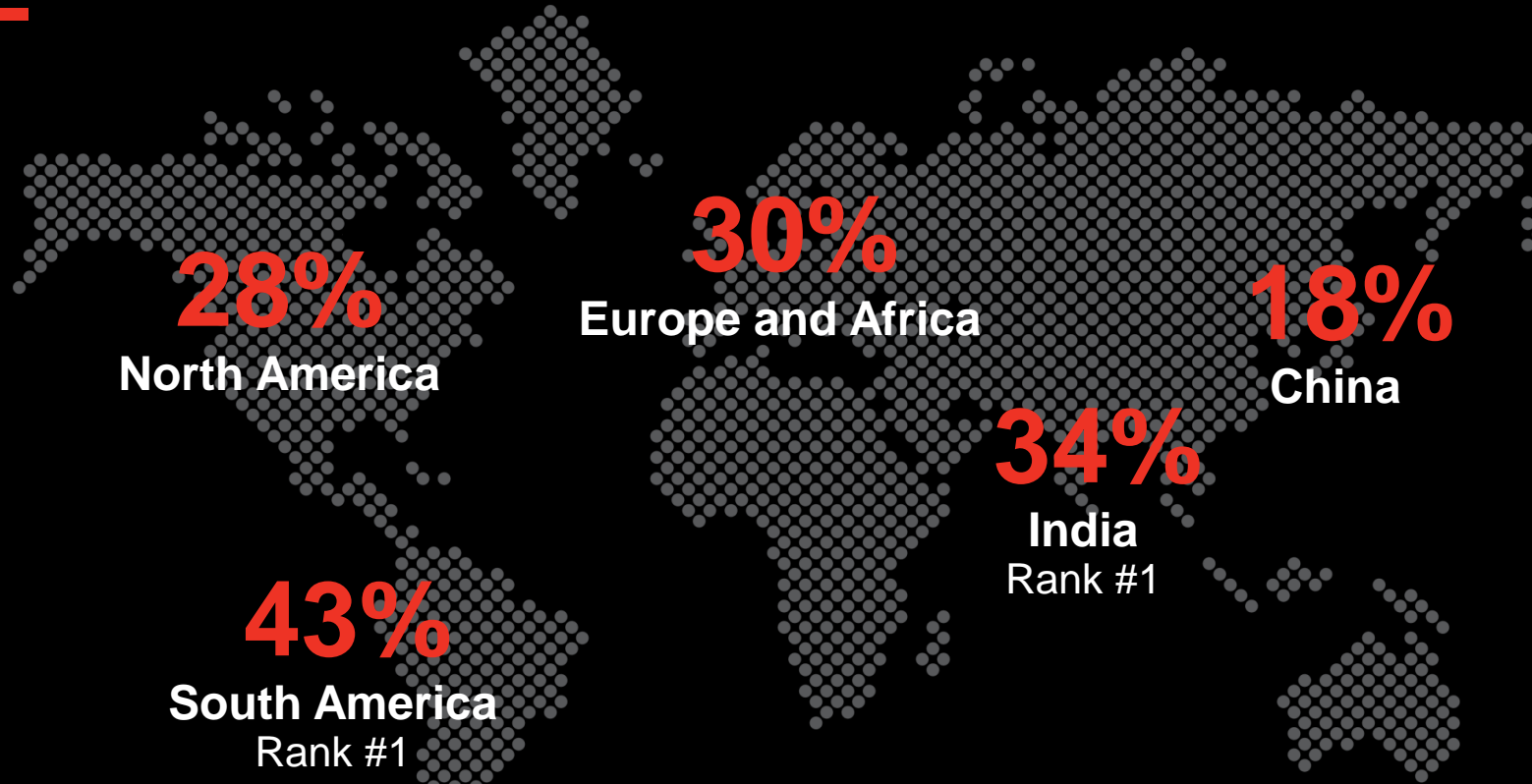
By Product*



* Includes intercompany sales



Global Seating Market Share



2018 Global Market ≈\$68B

Lear 23% Market Share Globally

Major Programs Around the World

North America



Chevrolet Equinox /
GMC Terrain



Chevy and GMC Full Size
Pickups & SUVs



Chrysler 300 /
Dodge Charger, Challenger



Audi Q5



Ford Explorer

Europe and Africa



Mercedes-Benz C-Class



Land Rover Range Rover /
Range Rover Sport



Nissan Qashqai



Mercedes-Benz GLC



Audi A6

Asia



Hyundai Tucson



Mercedes-Benz GLC



BMW X3



Ford Edge



Chery Tiggo 8

Strong Platform and Customer Diversification

Highly Engineered Seating System

- 85% vertically integrated
- Unique skill sets and capabilities
- Craftsmanship
- Leader in luxury and premium
- Intelligent seat systems

3,000+

Engineers

Access to

600

Software
Engineers

500+

Technical Specialists

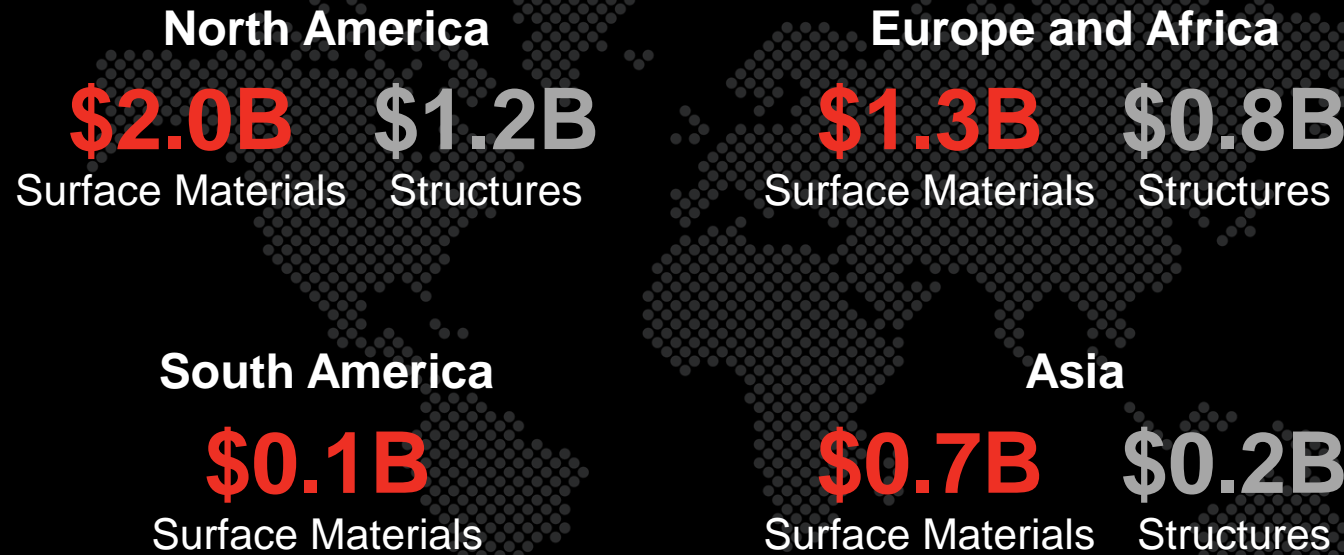
- CAD / Studio Designers
- Chemists
- Artisans
- Metallurgists
- Biomedical Engineers
- Craftsmen

Unique Set of Capabilities Creating Competitive Advantage



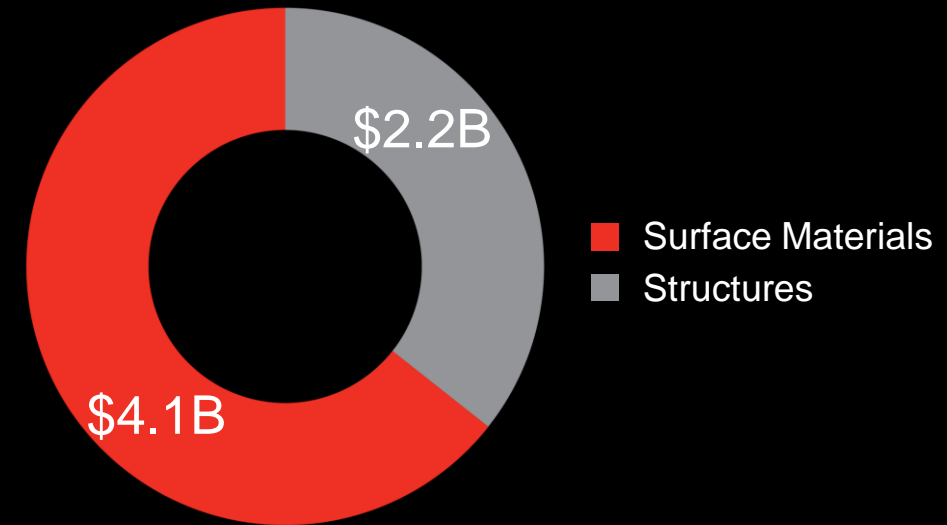
Seating Component Capabilities

2018 Estimated Revenue*



Global Component Sales ≈\$6.3B

2018 Estimated Revenue*



#1 in Leather and Cut & Sew

Strong Global Position in All Major Components

**Includes intercompany sales*

Seating Margin Sustainability

- A decade of investment resulting in industry leading cost competitiveness
- Lear's financial discipline driving sustainable performance
- Strong sales backlog
 - Every program and product is measured individually on an ROIC basis
- Business opportunities for margin expansion
 - Premium and CUV / SUV segment growth
 - Technology and modular strategy
 - South America and Structures
- Superior operational execution and new program launch performance



Structures Strategic Priorities

- Focused investment strategy targeting high value innovation, footprint leadership and engineering capability
- Disciplined commercial strategy centered around ROIC and sustainability
- Experienced global team with proven record of launch execution, innovation leadership and operating excellence
- Global product and customer diversification
- Strong product portfolio aligned with industry mega trends



Growth Outlook

Seating Sales Growth Drivers

\$12B+

Global seat market growth over the next 5 years

Industry growth drivers

- Continued global market shift to CUV / SUV and luxury vehicle segments
- Increased volume in emerging markets: China, India and South America



Growth through proprietary intelligent modular technologies



Continue to leverage strong competitive position to gain global market share

Asia growth

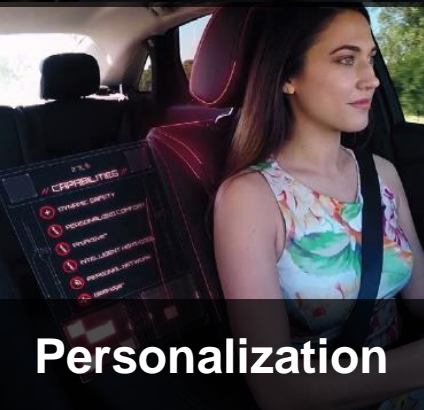
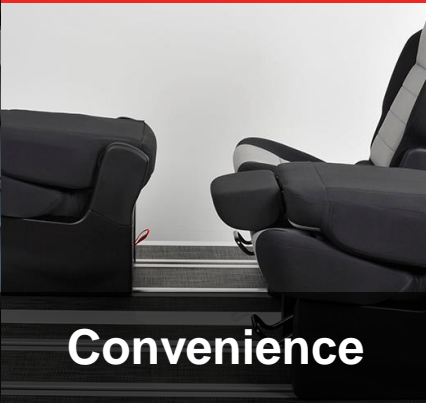
- CPV expansion for added content and technology
- Market shift to CUV / SUV and luxury vehicle segments

Organic growth supplemented with acquisitions consistent with recent history

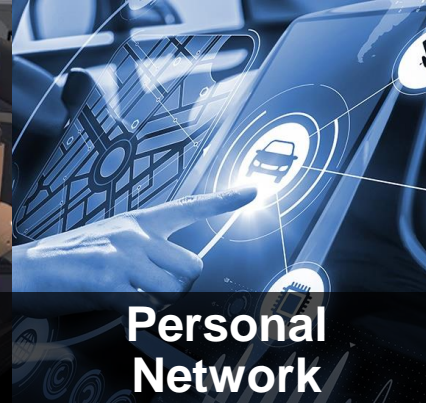
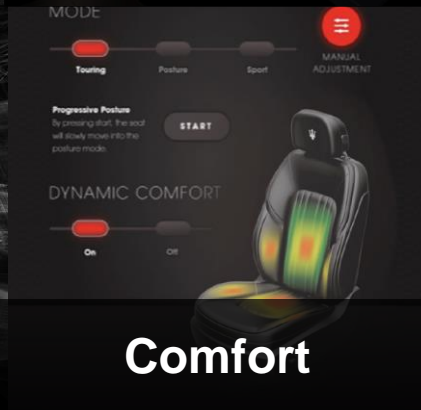
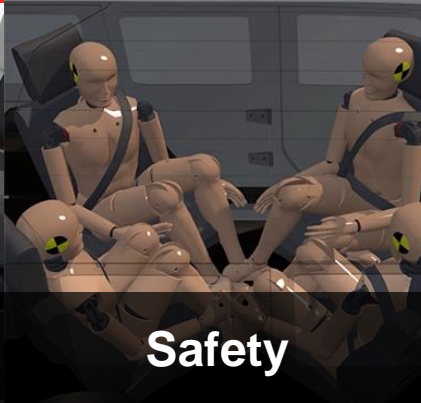


Lear's Products Are Aligned with Industry Mega Trends

Mobility



Connectivity



Electrification



Convergence

Core Capabilities

Core Capabilities Agenda



**Organization
and Footprint**



**Seating Products
and Components**



**System
Examples**

David Kazyak

Vice President, Global Seat Engineering

Global Engineering Development – Seating

Americas

3 Technical Centers of Excellence

Europe and Africa

14 Technical Centers of Excellence

Asia

8 Technical Centers of Excellence



Low-Cost Footprint

19

Countries

Seats are highly engineered systems

- Lear engineers 71% of product it manufactures
- ≈1,800 components per program, requiring more than 300 tests for product compliance

Uniquely positioned to develop complex seats and components

- 3,000+ global engineering professionals
 - Average 10+ years of experience totaling over 21,000 years of engineering practice
 - >30 different technical competencies (from mechanical, electrical, materials, chemical and other associated sciences)
 - ≈40% located in low cost country locations
 - Unique access to software engineers, electrical and electronic engineers
- Any point in time >200 seating programs in development

≈1,900 Seat Systems Engineers



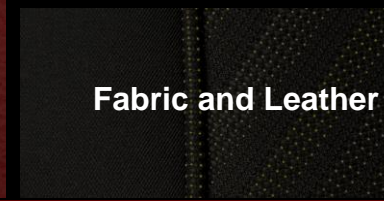
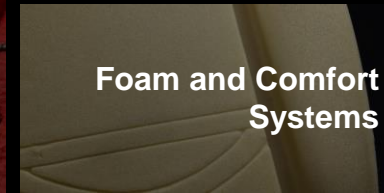
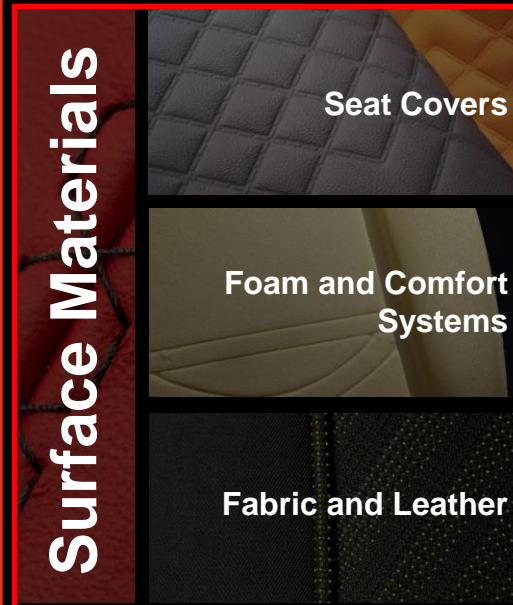
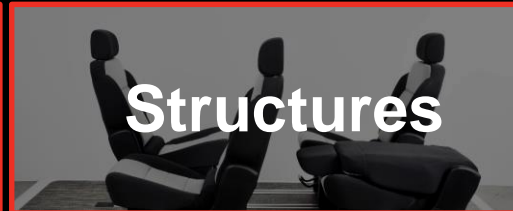
≈650 Structures Engineers



≈515 Surface Materials Engineers



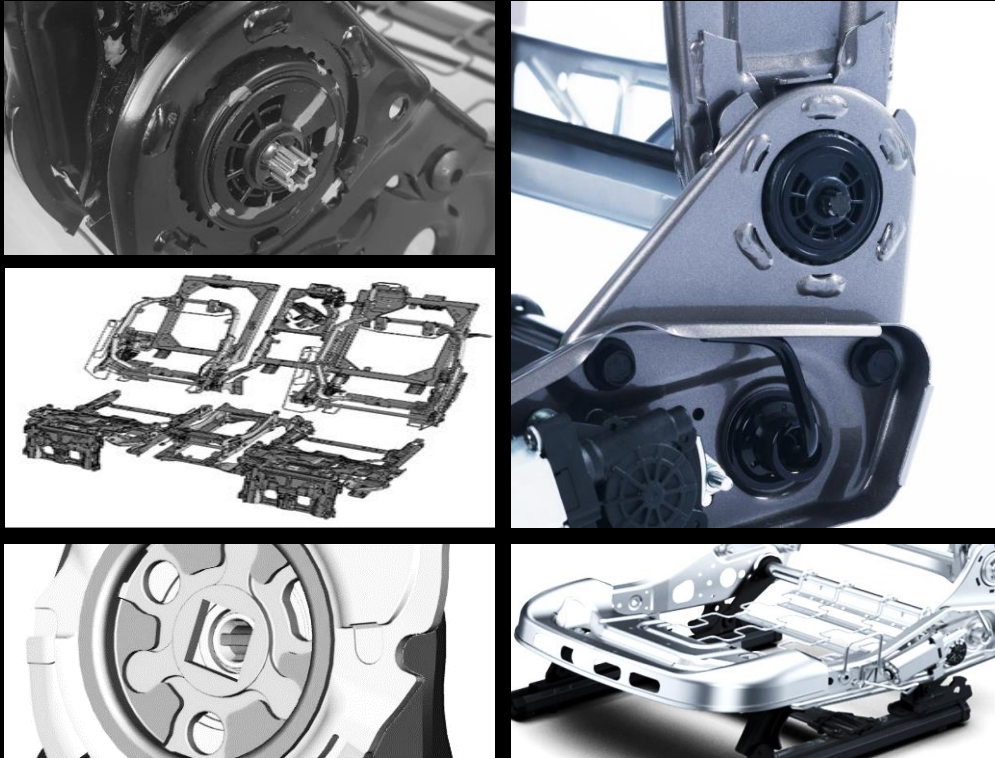
Seating Core Product Portfolio



Lear is the Most Vertically Integrated Seating Supplier in the Industry

Core – Structures

Structures



Products*

- **Manual and Power Recliners**
- High Mount Latches
- Floor Mount Latches
- Easy Entry Mechanisms with Memory
- **Manual and Power Tracks**
- **High Performance Cars Front Seat Structure**
- Emerging Markets Front Seat Structure
- Core and Modular Low Mass Front Seat Structure
- Highly Complex Rear Seat Systems
- **Executive Power Slouch Rear Structure**
- **ConfigurE+**
- **Magnesium, Aluminum and Composites Components**
- Ultrahigh Strength Nano Steel Components

Capabilities

Full Development



14 Unique
Technologies &
Development Tools

Strategic Global Structures Product and Process Capability

* On Product and Technology Tour



Core – Surface Materials

Seat Cover, Foam & Comfort, Fabric & Leather



Products*

- **SoyFoam™**
- ComforTune™
- **ComforCore**
- High Performance and Luxury Foam
- Armrest / Headrest Components
- **Custom Perforations**
- **TeXstyle™ Defense**
- TeXstyle™ Lite
- High-Definition Design
- **VentFlex Spacer**
- **Contour Connect**
- 3D Knit Trim
- Embossed Leather
- **Standard and Custom Grains**

Capabilities

Full Development



61 Unique
Technologies
and Development Tools

The Only Seating Supplier with Capabilities in Both Leather and Fabric

** On Product and Technology Tour*



Core – Complete Seat System

Complete Seat System



Products*

- **Luxury**
- High Performance
- **Truck and CUV / SUV**
- High Durability
- Emerging Market
- **Reconfigurable**
- Low Profile
- Ultimate Light Weight
- Shared Mobility

Capabilities

Full Development



24 Unique
Technologies
and Development Tools

Every Segment, Every Region, Every Customer

* On Product and Technology Tour



Complete Seat System Capability – Range Rover Autobiography



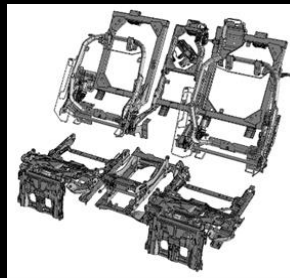
2018 Range Rover Autobiography



High Function
Seat System



Seat Covers
and Foam



Structures

The ULTIMATE Executive Rear Seat

Lear Land Rover development partnership

- Lear single sourced
- Full seat set and vertically integrated components
- Kickoff to production: 25 months

Most complex seat in the industry

- Intelligent articulation and cargo modes
- Quad-zone seating thermal control
- Premium hot stone massage and multi-contour comfort adjustment

Complete Seat System Capability – GM Full Size Truck



2019 Chevy Silverado



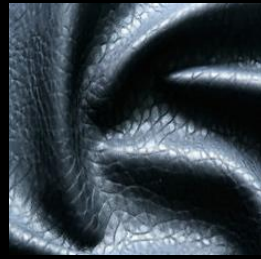
Seat Covers
Crafted by Lear



2nd Row Storage



Structures
Rear Seat System



High Performance
Leather

Uniquely Crafted Durability

Close customer collaboration

- System integrated for vehicle weight advantage
- Crafted by Lear process

Market connected innovation

- Unique storage system
- Patented system for vehicle integration

Lear components

- Significant use of Lear components

Industry Recognition

Advanced Seating Development Awards:

- **Autonomous vehicle** seating development with a major global OEM
- Multiple global **electric vehicle program** seating awards with premium luxury OEMs
- Over **20 INTU™ seating** advanced technology projects with 10 global OEMs
- **Full service supplier** development awards in all regions



2017 Quality Awards:

- GM Supplier of the Year Award Seat Complete
- J.D. Power Award for Seat Quality and Satisfaction Study (Ramos II)
- Shingo Award (Silao)
- GM Supplier Quality Excellence Award (Wentzville)
- GM Supplier Quality Excellence Award (Columbia City)
- Ford World Excellence Award
- Ford Q1 Award (Hammond)
- South America Hyundai CAO Quality Award
- GM Supplier Quality Excellence Award (Ramos II)
- GM Supplier Quality Excellence Award (Silao)
- Ford Q1 Award (Chennai)
- FCA Certificate of Appreciation for Launch of Jeep Compass Program
- World Class Manufacturing (WCM) Bronze-Level Award (Italy)
- VW India's Quality Performance Award (Chakan)

E-Systems

Jeneanne Hanley

Senior Vice President and President, E-Systems

E-Systems Agenda

- **The Lear E-Systems Advantage**
- **Growth Outlook**

Jeneanne Hanley

Senior Vice President and President, E-Systems

- **Electronics Technologies**

Stephen Rober

Vice President, Electronics

- **Electrical Architecture**

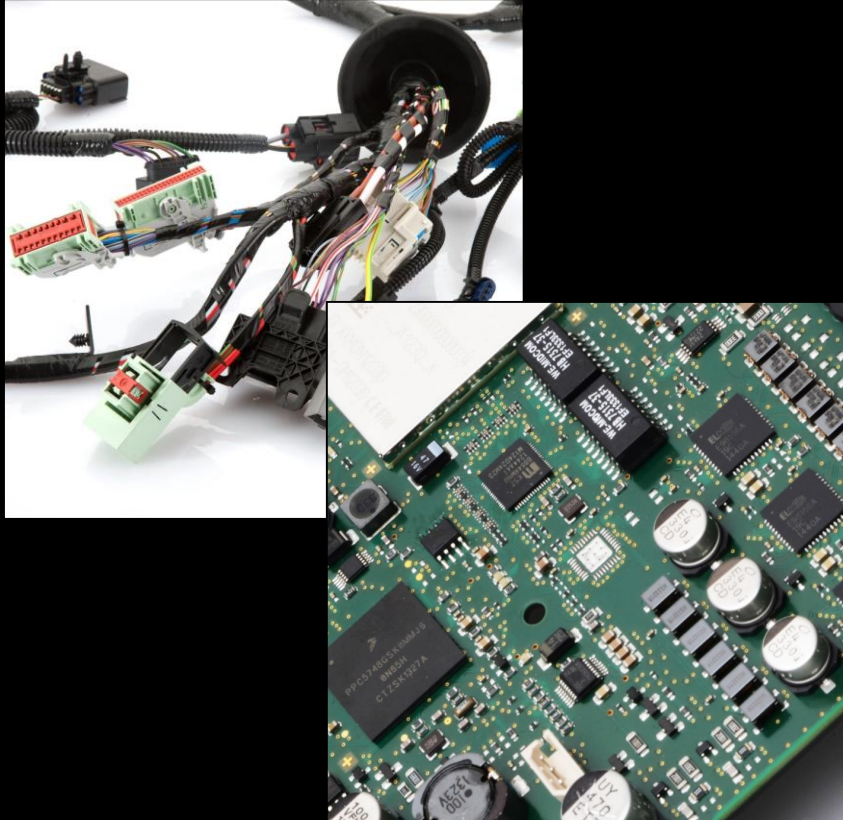
Bill Presley

Vice President, Electrical Distribution Systems



The Lear E-Systems Advantage

Introduction



- Strong E-Systems business with global presence
- Positioned for accelerated growth
- Technology aligned with industry mega trends
- Unique business model – flexible, targeted
- Class-defining systems expertise
- Only Tier-1 with complete electrical architecture capabilities

Most Complete Full Electrical Architecture Capability



30
Global Engineering
Centers



51
Manufacturing
Facilities

≈\$5.4B
2018 Annual Sales



72 Facilities
in **28** Countries



2,500+
Engineers

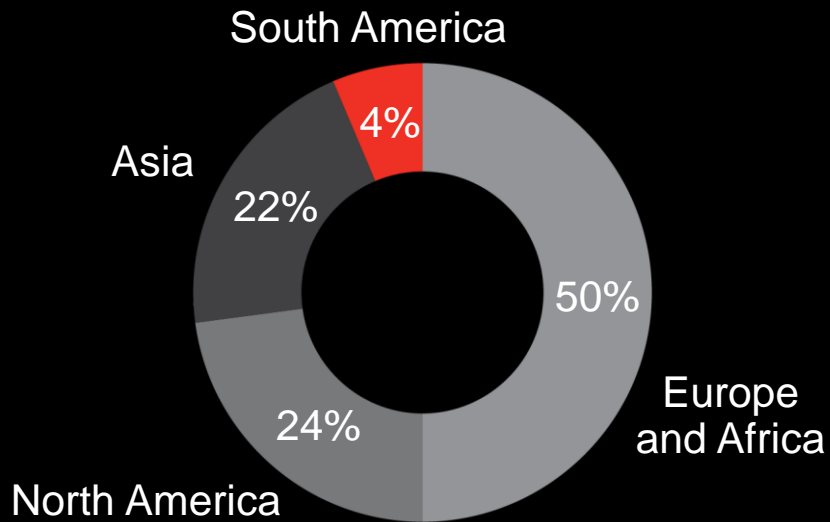


70,000+
Worldwide E-Systems
Employees

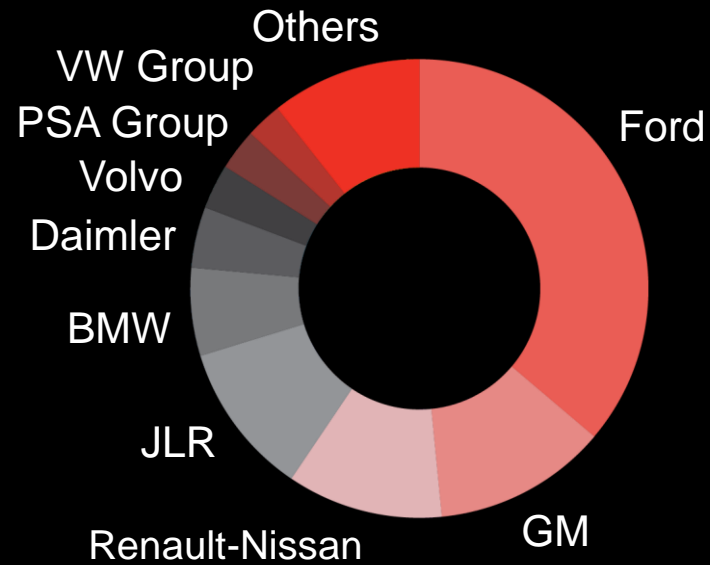


Well Diversified Global E-Systems Supplier

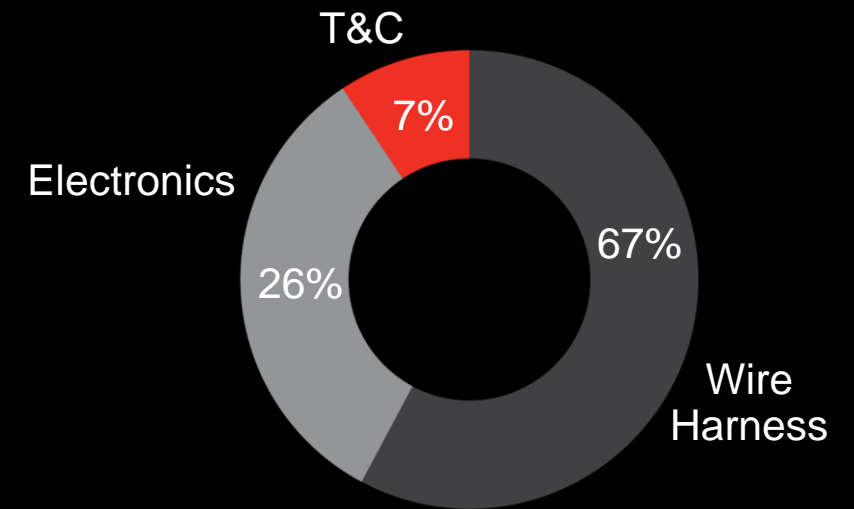
By Region



By Customer



By Product



Major Programs Around the World

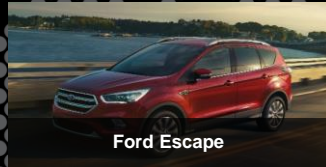
North America



Dodge Ram



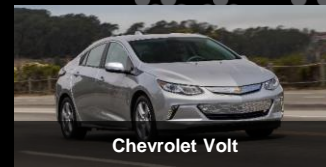
Chevrolet Colorado



Ford Escape



Ford F-Series



Chevrolet Volt

Europe and Africa



Ford Focus



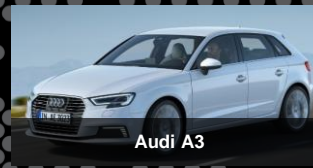
Volvo SPA



Mercedes E-Class



Land Rover Range Rover Sport



Audi A3



Ford Focus



Volkswagen Passat



Chevrolet Spin

Asia



Nissan Patrol



Land Rover Range Rover Sport

Strong Platform and Customer Diversification



E-Systems Technology Centers

30

Global E-Systems
Technology Centers

9



Connectivity
Centers

Southfield, MI
Ann Arbor, MI
Santa Rosa, CA
San Mateo, CA
Raleigh, NC
Remscheid, Germany
Tel Aviv, Israel
Pune, India
Kronach, Germany

6



Electrification
Centers

Southfield, MI
Rabat, Morocco
Valls, Spain
Remscheid, Germany
Shanghai, China
Beijing, China

6

Centers
Of Excellence

Southfield, MI
Valls, Spain
Kronach, Germany
Leuven, Belgium
Cebu, Philippines
Shanghai, China



TALENT

2,500+

Global Engineers

150+

New Technology
Engineers

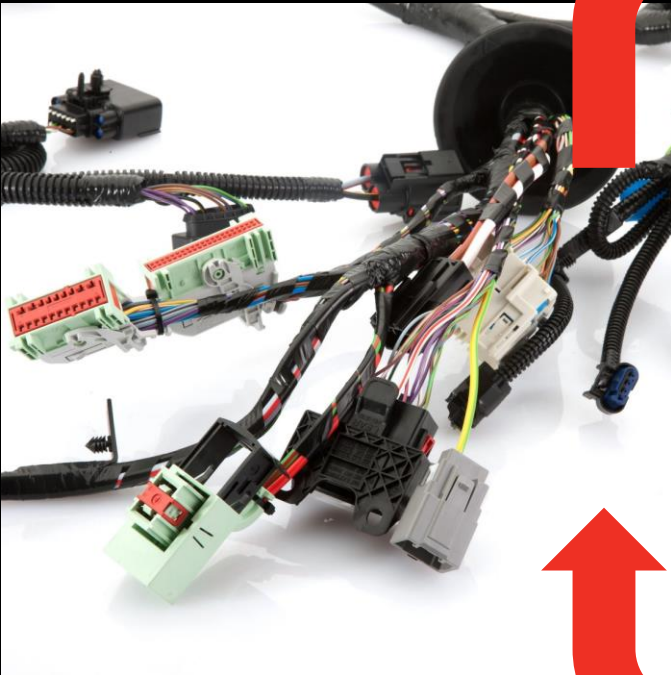
900+

Engineers in Asia

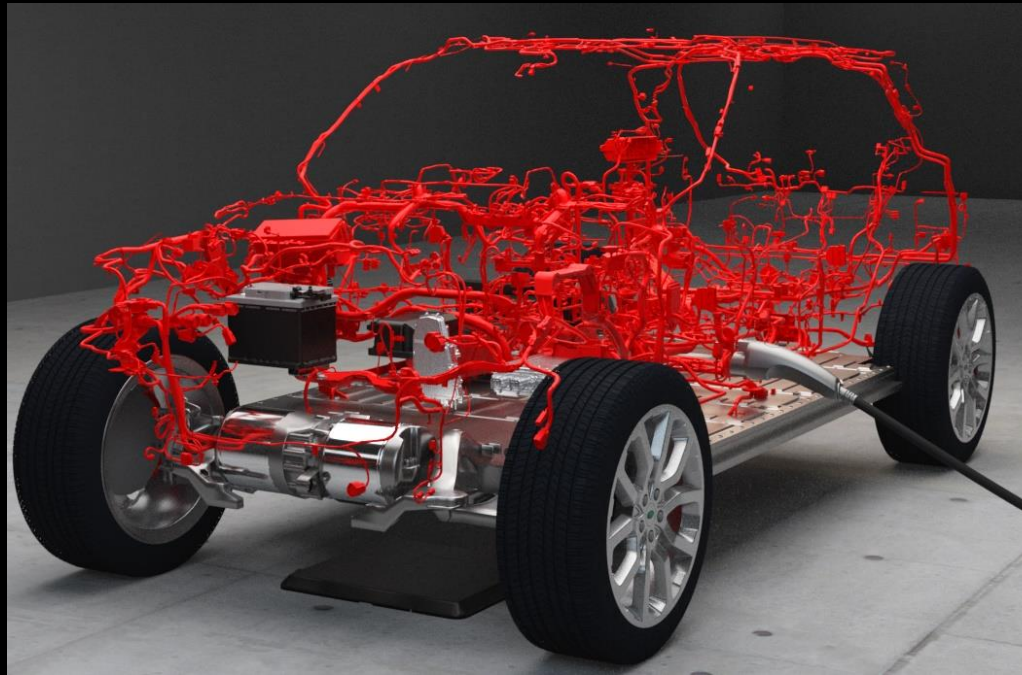


Complete Architecture Systems Capability

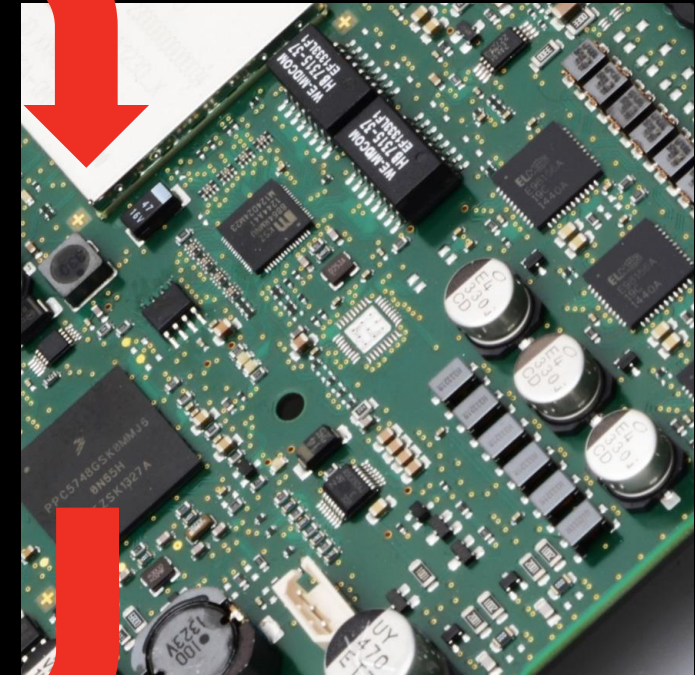
Electrical Distribution Systems



Electrical Architecture Optimization

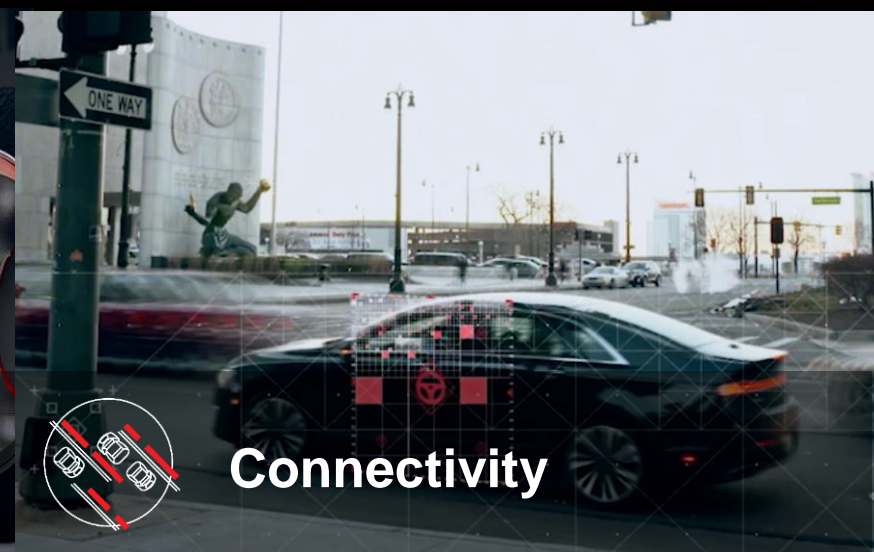
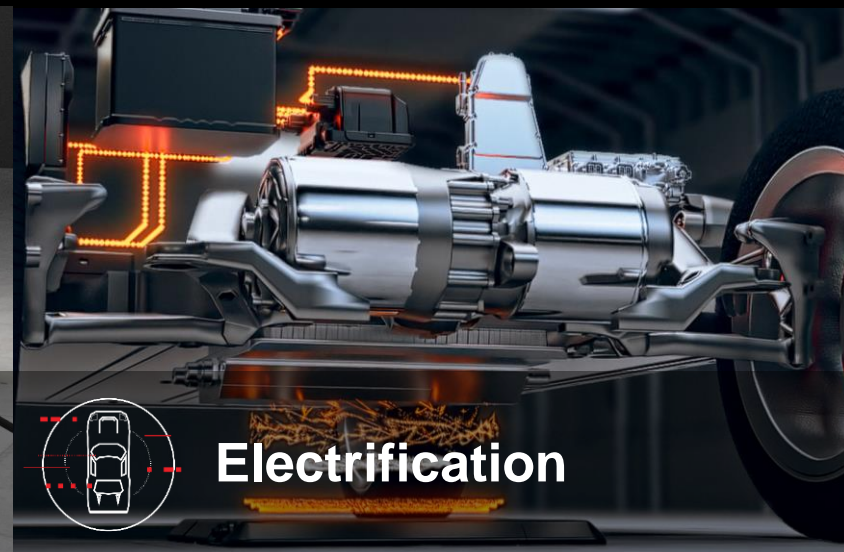
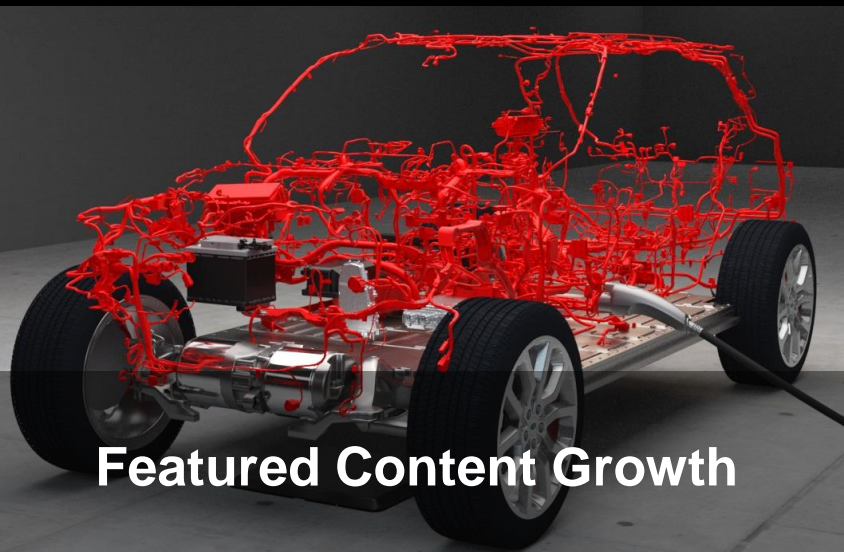


Electronics



Growth Outlook

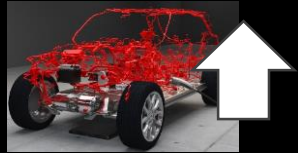
Lear's Products Are Aligned with Industry Mega Trends



Asia

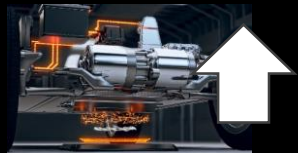
Market Trends

Featured Content Growth



Vehicle sophistication and electrical / electronic content

Electrification



Electrification accelerating, with 10 million incremental electrified vehicles in China by 2023

Connectivity



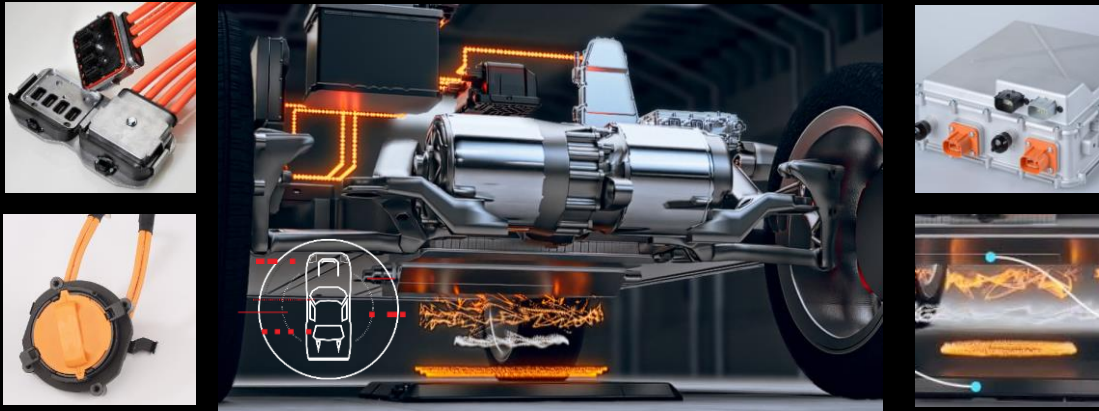
Leading adoption of wireless technologies

E-Systems Alignment

- Complete systems capability
- Well positioned with 15 manufacturing facilities and 9 technical centers in Asia
- 900+ engineers in Asia
- Only Tier-1 with complete electrical architecture capabilities
- Opening second Asian electrification center in Beijing
- Strong capabilities in DSRC, cellular-V2X and 5G
- Production experience with leading Chinese network access device supplier

Strong Position in Electrification and Connectivity

Electrification



The **only** global supplier with complete capability across electrified architectures

Connectivity



Industry first **4.5G** connectivity system combined with a leadership position in gateway modules

Proven Technology Leadership



Electronics Technologies

Electronics Technologies Agenda

- Electronics Profile
- Electronics Products
- Electrification
- Connectivity

Stephen Rober
Vice President, Electronics



Electronics Profile



1,200+ Engineers Globally



600+ Software Engineers



400+ Engineers in Asia

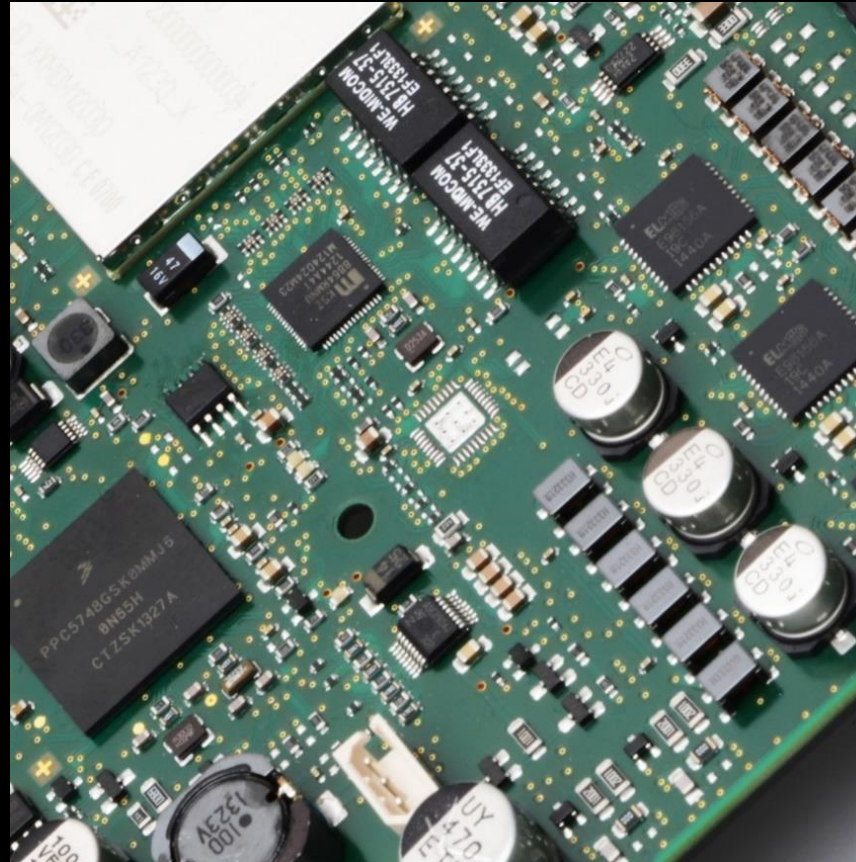


12 Development Centers



33 Product Launches in 2018

6 Electronics Manufacturing Facilities



E-Systems Core Electronics Product Portfolio

Electronics



**Body
Domain
Controllers**



**Wireless
Vehicle
Access**

1st UWB Passive Entry



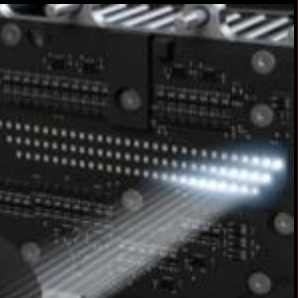
**Communication
Modules**

1st 4.5G Communication Module



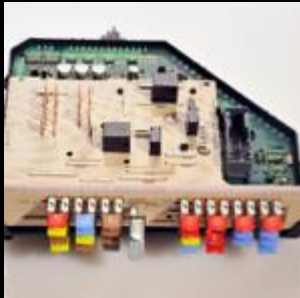
**Vehicle Network
Gateway
Modules**

1st Ethernet Capable Gateway



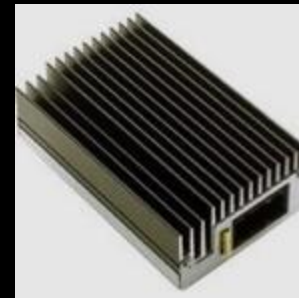
**Exterior
Lighting
Control**

1st LED Headlight Controller
1st Solid State Matrix Beam Headlight



**Smart
Junction
Boxes**

1st Solid State Smart Junction Box



**Audio
Domain
Controllers**

1st Ethernet Capable Audio Amplifier



**HV Power
& Control
Modules**

1st Mass Market Battery Charger

E-Systems Core Electronics Product Portfolio

■ Connectivity
■ Electrification

Electronics



**Body
Domain
Controllers**



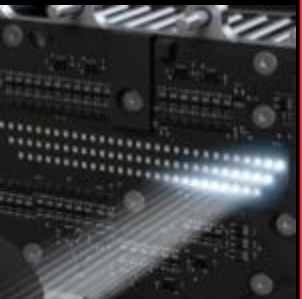
**Wireless
Vehicle
Access**



**Communication
Modules**



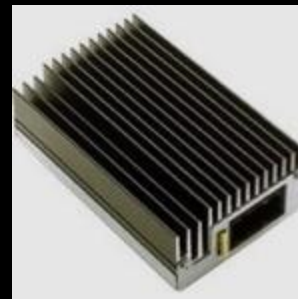
**Vehicle Network
Gateway
Modules**



**Exterior
Lighting
Control**



**Smart
Junction
Boxes**



**Audio
Domain
Controllers**



**HV Power
& Control
Modules**

Electrification



Complete Electrification Product Portfolio

On-Board Battery Charger



Traction Inverter



12V Battery



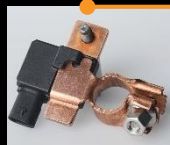
DC/DC Converter



Electric Motor



Wireless Charging



Battery Diagnostic Sensor



Travel Cord Set

HV Battery Electronics



HV Battery



HV Electrical Distribution



LEAR ELECTRIFICATION PRODUCTS

48V and HV Wire

48V and HV Terminals
and Connectors

DC/DC Converter

Traction Inverter

48V and HV Power
Distribution Boxes

Start-Stop, 48V and HV Battery
Electronics

On Board Battery Charger,
Fast Charging

Travel Cord Set





Industry Leader in Electrification Technology

Production Platforms

Terminal-Integrated Fusing

Integrated Battery Charger
and Power Distribution

European
Standard Travel
Cord Set

HV Power
Distribution

10
Awarded
Future
Launches

2008



2018

First Mass-Market On
Board Battery Charger

First Inverter-Integrated
Charging

HV Power
Distribution

7kW Battery Charger

Competitive Advantage

10+
Years of Production
Experience

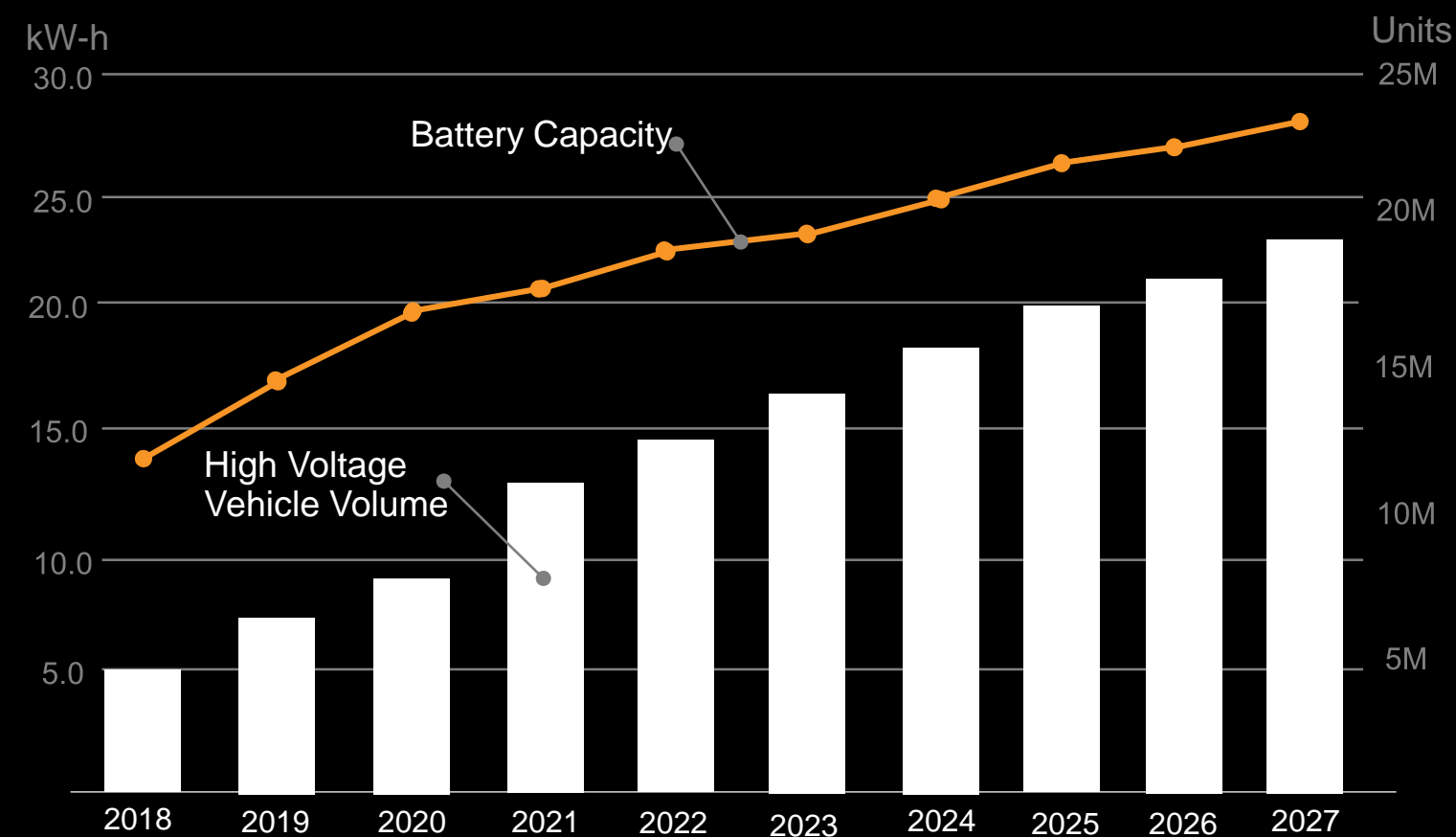
- Only Tier-1 with full electrification architecture portfolio
- Complete 48V product portfolio
- Scalable core technologies
- Highest efficiency battery charger in the industry





Electrification Technology Trends

Volume and Technology Increasing for High Voltage Vehicle Products



Source: IHS Markit

E-Systems Technology Roadmap

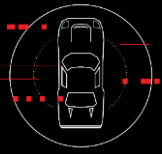
- Battery charger power levels:
 - 3kW → 7kW → 11kW → 22kW
- New content including fast charging capabilities and highly integrated electronic solutions
- Higher power, voltage and performance requirements
- Increased battery electronics
- Scalable core technologies required to accommodate across vehicle types and power levels



Electrification Innovation – Wireless Electric Vehicle Charging



Connectivity



Complete Connectivity Product Portfolio

Communications Module



Central Gateway Module



High Accuracy Vehicle Positioning



Virtual CarKey



Web / Mobile Apps



EXO Correction Engine

011000101
110101110
100100011
001011010

V2X Infrastructure



OFF VEHICLE

Cybersecurity



Central Application Server



V2X On-Board Unit



ADVANCED SOFTWARE

Cybersecurity

OTA Software

Cellular Communication

V2X Applications

eCall

High Accuracy Vehicle Positioning

Sensor Fusion

Message Translation and Routing

Mobile / Web Applications



Connectivity Leader

Porsche Panamera

Porsche
Cayenne, 911 and Panamera



The Industry's

Most Sophisticated

Connectivity System

Audi A8

Audi
A4, A7, A8, Q5 and Q7



Communication Module

- 4.5G cellular connectivity
- Gigabit Ethernet wire connectivity
- Full eCall system
- Multi-core architecture microprocessor
- WiFi and Bluetooth

LEAR **CONNEXUS**™



Communications
Module

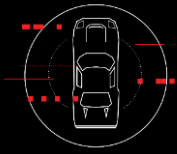


Advanced
Gateway

Connected Gateway

- Complete vehicle OTA software update manager
- 20 vehicle network connections
- 5 Ethernet, 4 FlexRay, 11 CAN / LIN networks
- Gigabit connectivity to communications module
- Additional memory for OTA software management

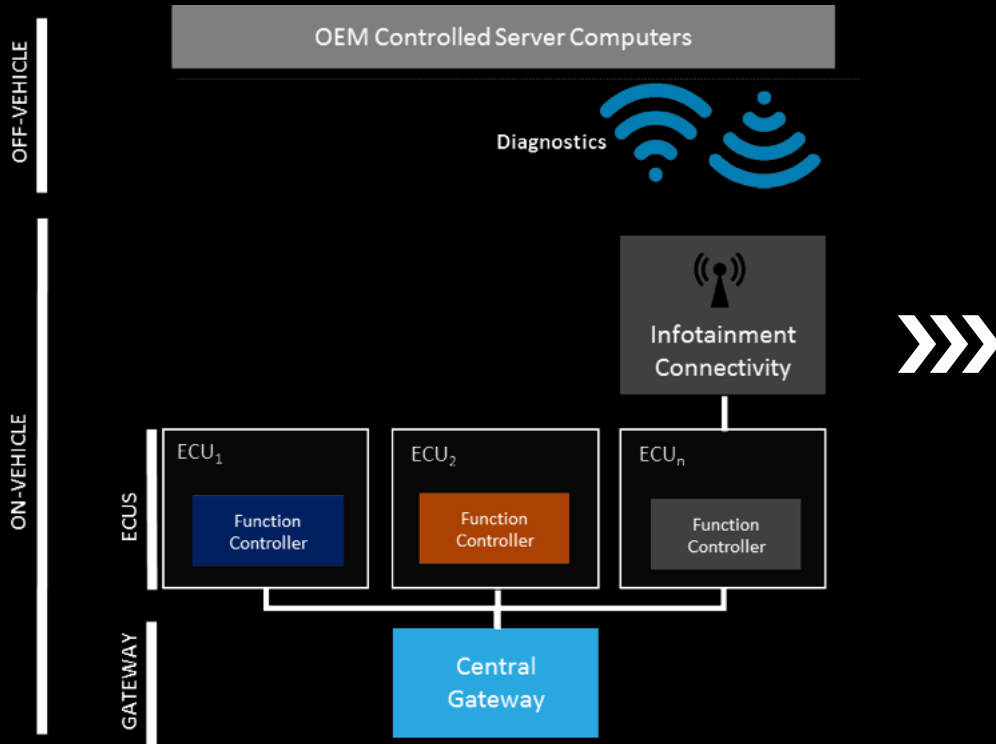




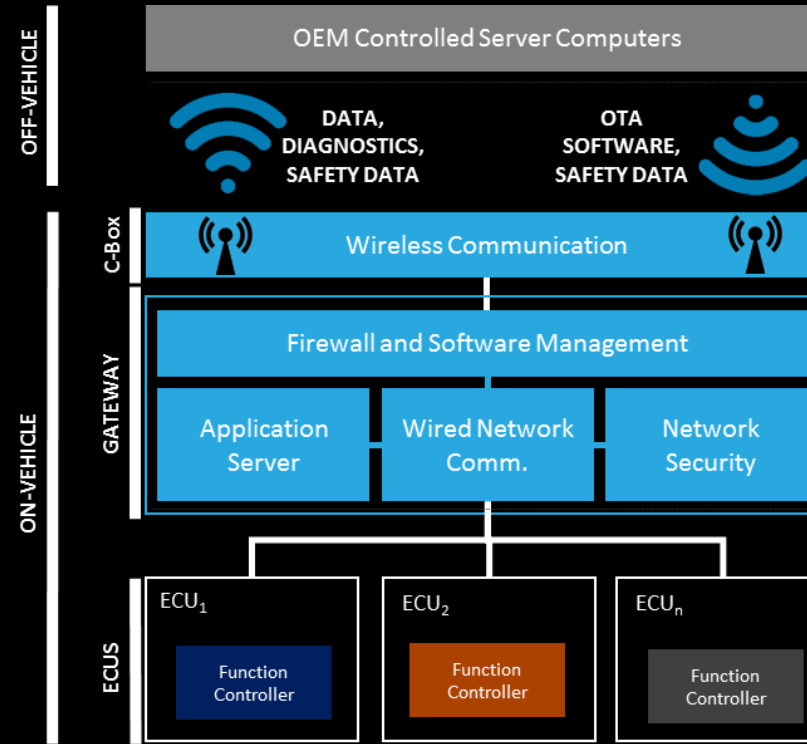
Connectivity Architecture Trends

Architecture Evolution

Current



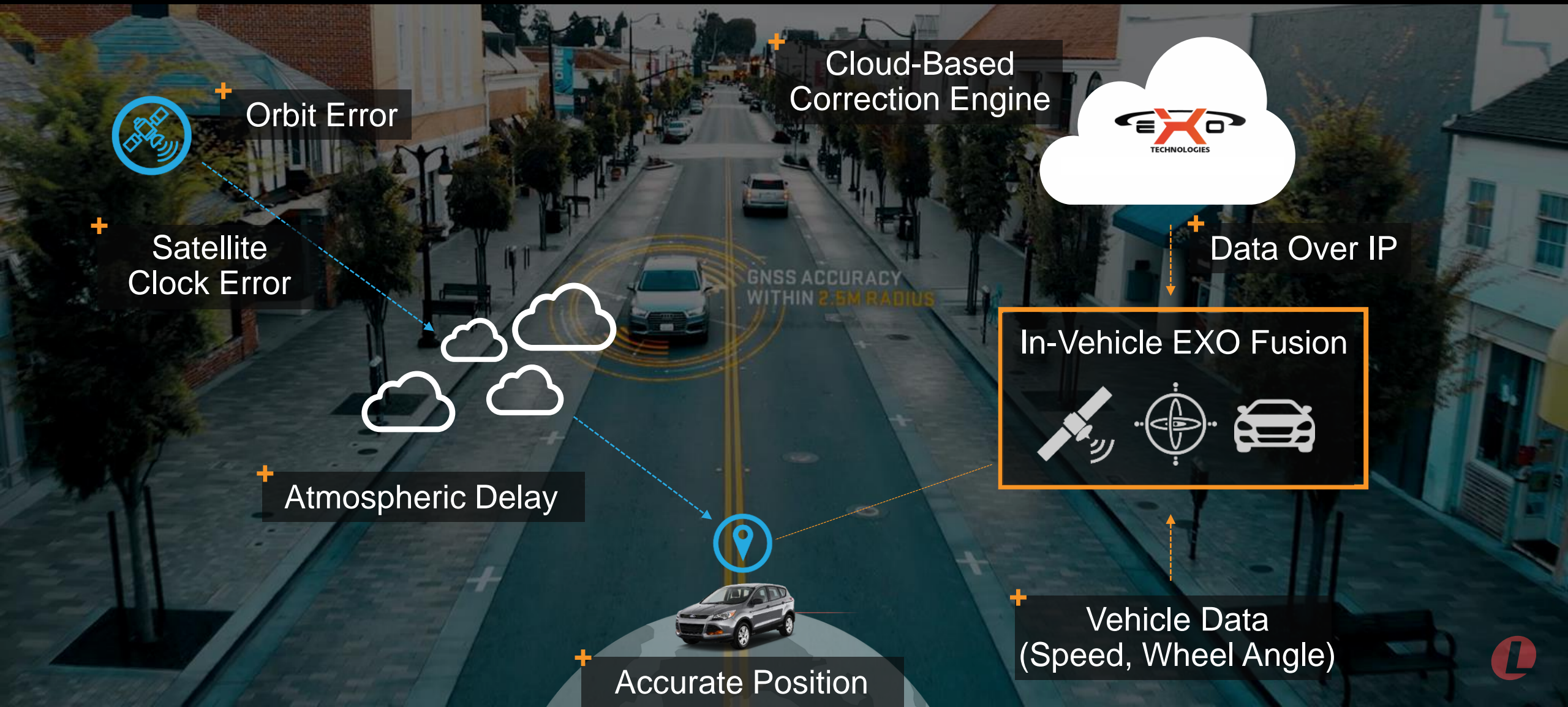
Connectivity



E-Systems Technology Roadmap

- Higher speed communications
 - 4G → 4.5G → 5G ^{1st}
 - Ethernet ^{1st}
- Advanced cybersecurity
- OTA software
- Data analytics
- V2X
- High accuracy vehicle positioning
- Advanced software architectures and content

Connectivity Innovation – EXO High Accuracy Vehicle Positioning



Electrical Architecture

Electrical Architecture Agenda

- Electrical Distribution Systems Profile
- Electrical Distribution Systems Product Portfolio
- Electrical Architecture Capabilities, Trends and Technology
- Electrification

Bill Presley

Vice President, Electrical Distribution Systems



Electrical Distribution Systems Profile



1,200+ Engineers Globally



500+ Engineers in Asia



21 Development Centers

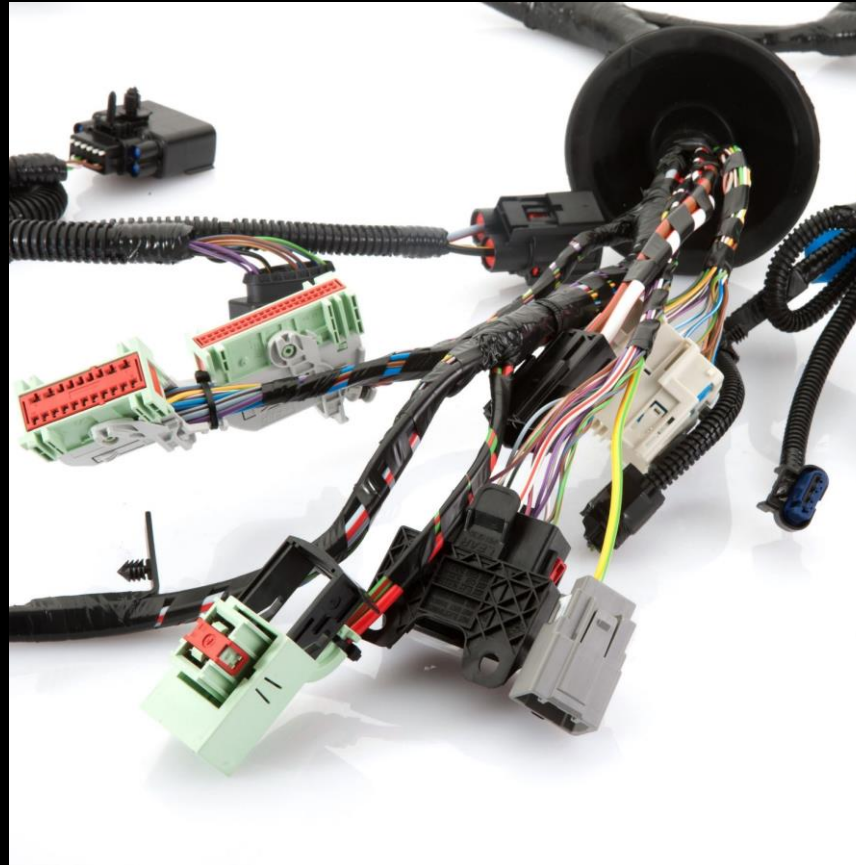


Manage \approx 40,000 Changes per year

Product on 277 Programs Globally

127 Launches in 2018

36 EDS Manufacturing Facilities



Core Electrical Distribution Product Portfolio

Electrical Distribution Systems



Wire Harnesses

1st Copper-Clad Steel



Terminals and Connectors

1st 0.13mm² Terminal Grip



Circuit Protection

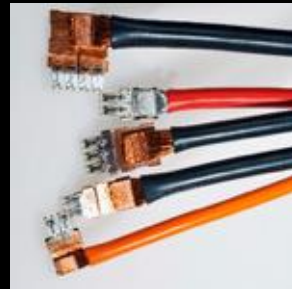


Power Distribution Boxes

1st Solid State Smart Junction Box



48V & HV Wire Harnesses



48V & HV Terminals and Connectors

1st Highest Power-to-Size Ratio Connection System



HV Power Distribution



Electrical Centers

Core Electrical Distribution Product Portfolio

Electrification

Electrical Distribution Systems



**Wire
Harnesses**



**Terminals and
Connectors**



**Circuit
Protection**



**Power
Distribution
Boxes**



**48V & HV
Wire
Harnesses**



**48V & HV
Terminals and
Connectors**



**HV Power
Distribution**



**Electrical
Centers**

Electrical Architecture Expertise

*1/1

Full architecture solutions providers



In-house capability in each building block of the core vehicle electrical system

Wire Harnesses



Power Distribution



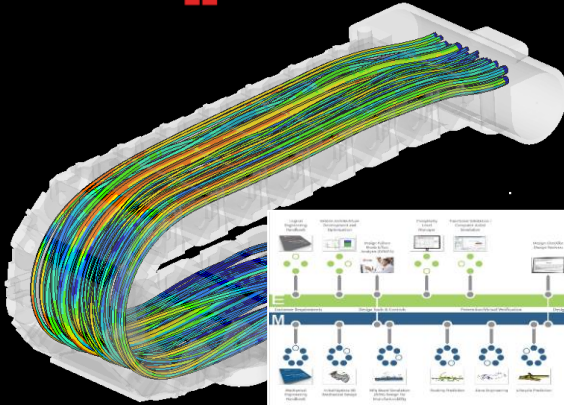
Terminals and Connectors



Controllers



Electrical Architecture Optimization



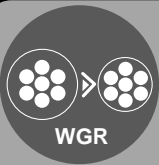
- Class-defining Lear's Virtual Proving Grounds
- Reduced time to market
- Designed right the first time
- Largest materials database in the industry
- Convergence synergy with Seating



Process



Vehicle Power
Distribution
Optimization



Wire Gauge
Reduction



Advanced
Technologies



System and
Feature
Optimization



Competitive Advantage

Typical optimizations achieved

- 10% Size
- 15% Mass
- 30% Cost

CPV continues to expand as new features and functions are added

Optimization enables the most efficient way to manage increased architecture complexity

Product Innovation Roadmap



Mega Trends



E-Systems
Technology Roadmap

Connectivity

Efficiency

Safety

Autonomy

Shared
Mobility

Miniaturization

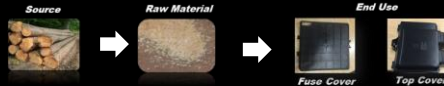
Modularity and Scalability

High Speed Signal Distribution

Heavy Duty Cycle

Sustainable

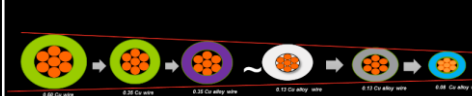
Sustainable Alternative Materials



Highest Power-to-Size Ratio



Miniaturization



Adaptable Power Scaling

Alternative Wire Technology

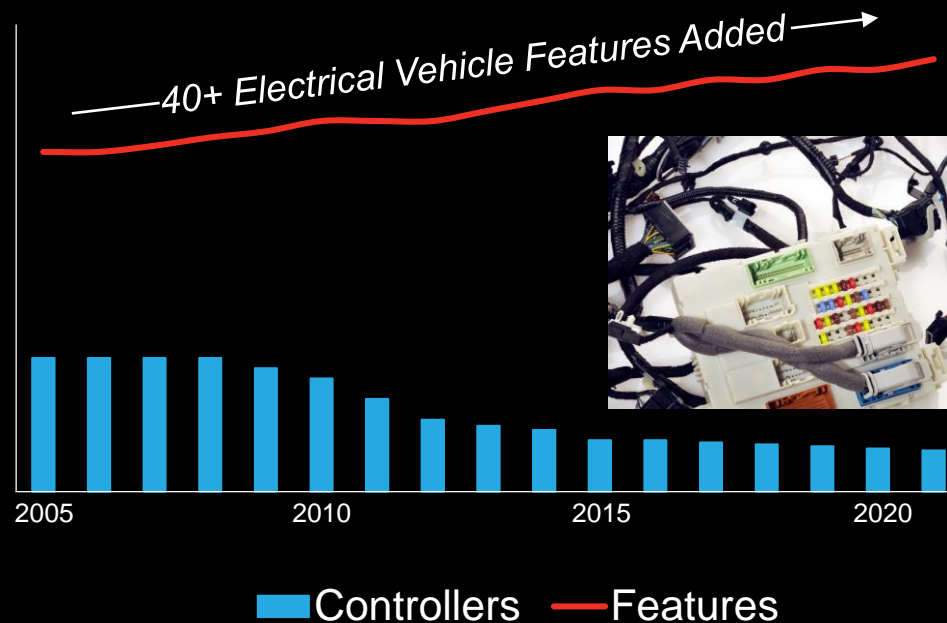
Alternative Materials
Routing Aids and Coverings

Scalable Connection
Systems

Lear's Virtual Proving
Grounds

Electrical Architecture Trends Aligned to Deliver Additional Feature Content

Electrical Architecture Content






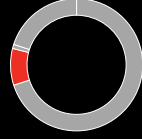
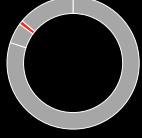
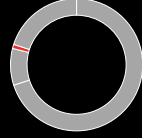


Electrical Architecture Trends

- Centralized computing enabled by high speed data transfer capabilities
- Zoned power distribution
- Autonomy will require redundant electrical architecture for reliability
- Electrification requires additional voltage layers

Wire and Data Bus Wire Assemblies are Dominant Conductors over Next 10+ Years

Conductor Type	Piece Cost	Speed of Change	Package Size
Wire	\$	+	+
Bus Bars	\$\$	-	++
Flex Circuits	\$\$\$	- -	+++
Data Bus Wire Assemblies	\$\$	+	+

Lear Experience	Enabling T&C Portfolio
40+ years	✓
35+ years	✓
20+ years	✓
30+ years	✓

Industry Share 2018	Industry Share 2028
	
	
	
	

Electrification – Power Distribution

Full Range of Electrification

12V



400V+

Engineering and Technology

- Proven track record on multiple global 48V and EV applications
- Aligned technology to market trends in high voltage technologies
- Synergies across power distribution and electronics teams create superior products
- Proprietary highest power-to-size ratio terminal in the industry
- Alternative materials expertise enables aluminum adoption in terminals and wiring
- Highly adaptive design enables multiple applications from common base design
- Scalable across the full range of electrified vehicles

Key Products



Convergence

Mandy Rice

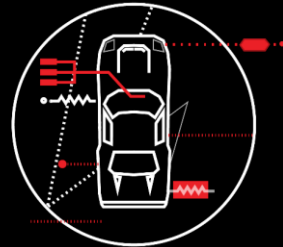
Vice President, Advanced Sales & Product Technology

Uniquely Positioned to Deliver Seating Systems of the Future

SEATING



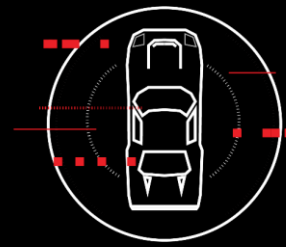
CONVERGENCE



Electrification

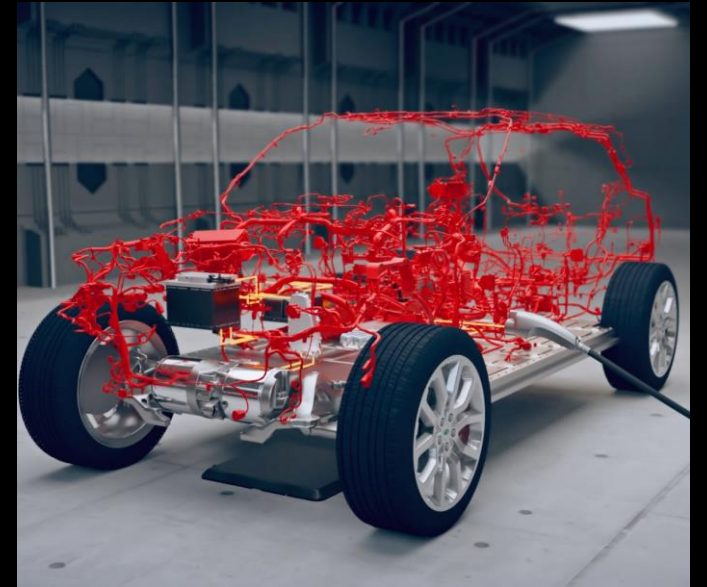


Mobility



Connectivity

E-SYSTEMS



SEATING + E-SYSTEMS = NEXT GENERATION INTELLIGENT SEAT



Seating of the Future

Audi



"We are thinking of **completely different configurations**... for a business journey, you can rent a business environment."
(Enzo Rothfuss, Audi head interior design)

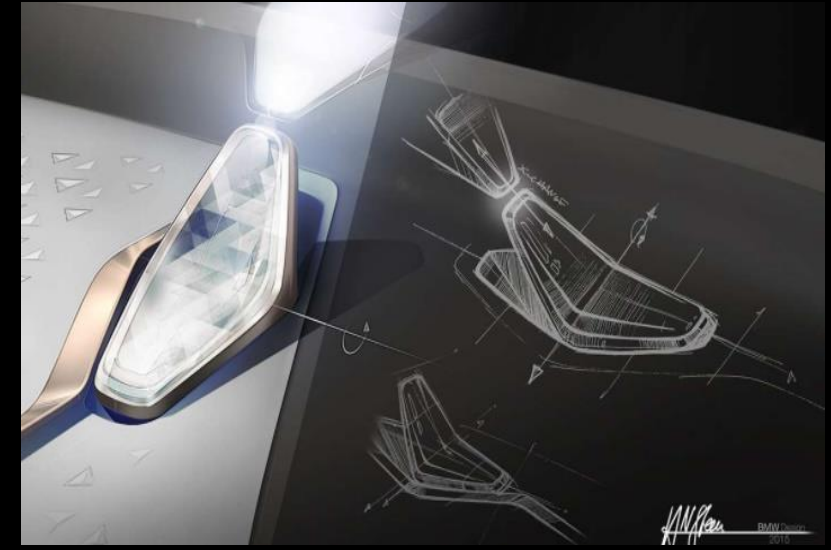
Nissan



Nissan Future EVs

- Interiors are becoming more important
- Delivering **intelligent mobility**

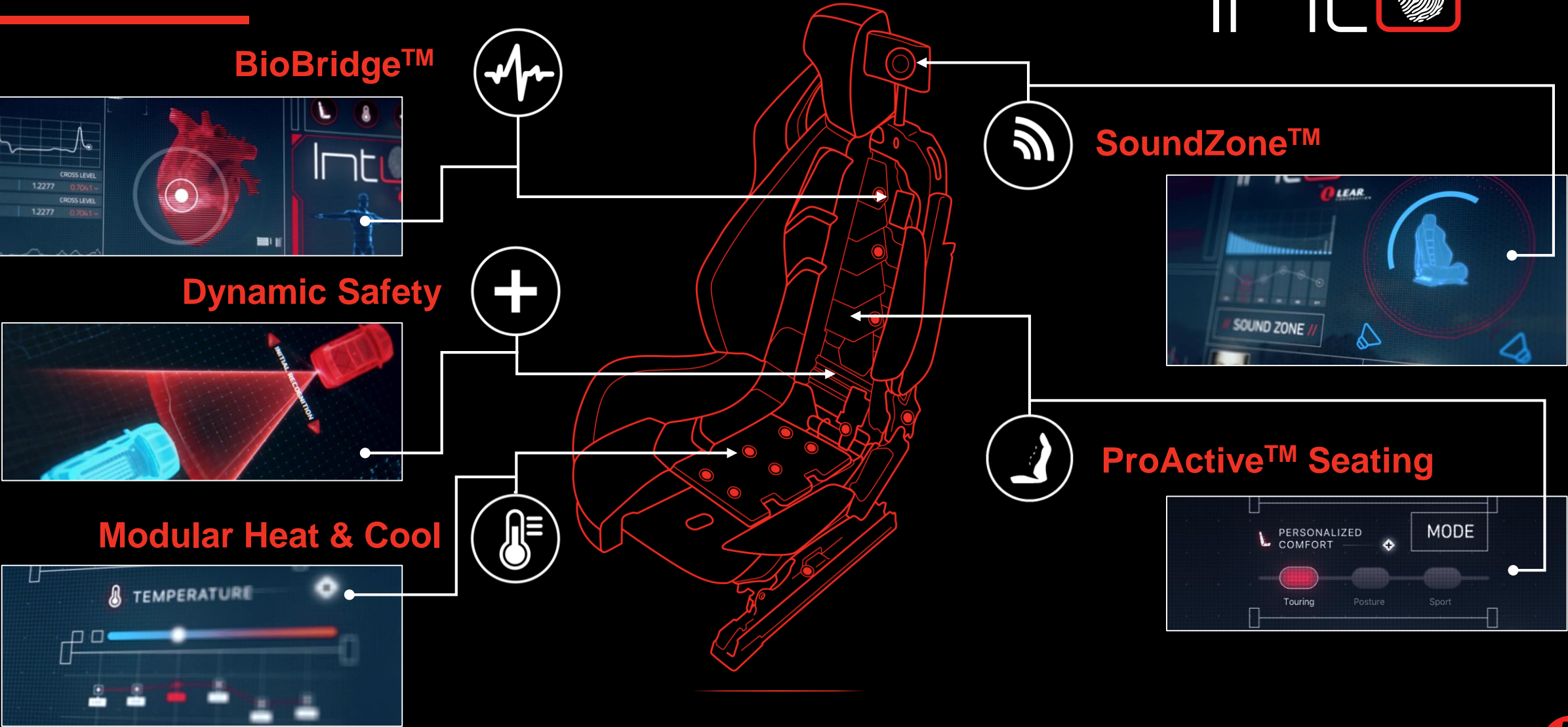
BMW



BMW Vision Next 100

- **Perfect connectivity** between the user and the surroundings
- Provide **personal mobility preferences**
- Interior is transformed into an **individual comfort zone**

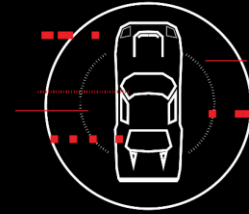
Convergence Makes Seating a Smart Device



Dynamic Safety



Mobility



Connectivity

Description:

Lear's Dynamic Safety system pre-positions the occupant for optimal safety in an impending collision

Unique features:

- Utilizes **Lear's intelligent mechanisms**, proprietary algorithms and existing onboard sensors for system activation
- Rapidly positions the seat to **optimal safety position** before an incident occurs
- Reduces intrusion of front seat back into rear seating area, improving rear occupant safety

Convergence:

Software, safety control module and connectivity



BioBridge™

Description:

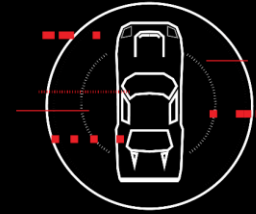
BioBridge™ is Lear's **biometric sensing technology** to detect key measurements like heart and respiratory rates

Unique features:

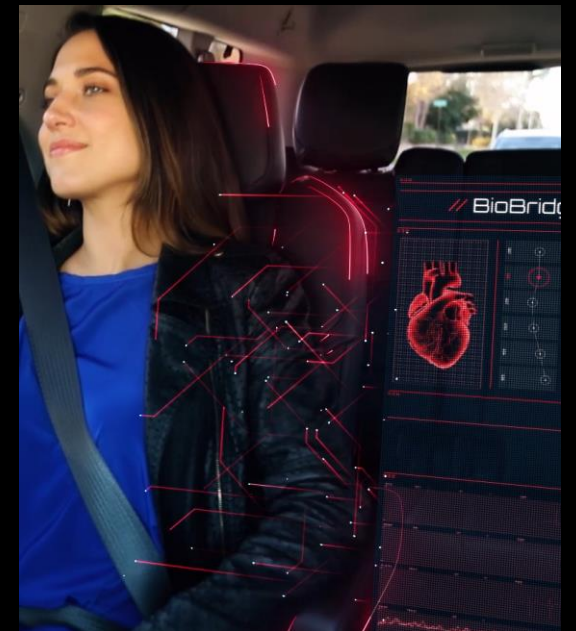
- Ability to detect **stress and drowsiness**
- Non-intrusive measurements using Doppler RF sensor technology
- **Intelligent response** (heat, cool, massage, haptic / audio feedback)
- Secure wireless communications through Lear ConnexUs™ gateway architecture

Convergence:

Doppler and RF sensing, software, hardware and connectivity



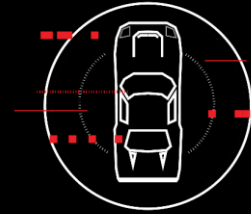
Connectivity



ProActive™ Seating



Mobility



Connectivity

Description:

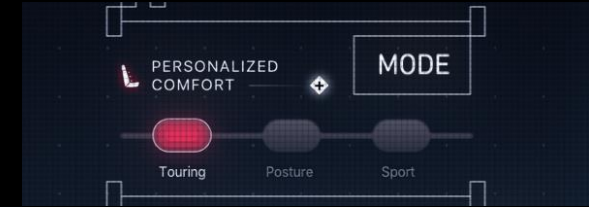
ProActive™ Seating is Lear's **intelligent seat adjustment technology**, which provides ultimate comfort to the occupant

Unique features:

- Customizable and selectable seating modes provide **individual comfort**
- **Intelligence detects** occupant anthropometry to adjust for optimal position

Convergence:

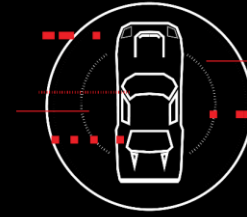
Software, hardware and connectivity



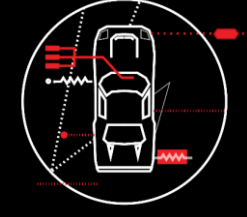
Modular Heat and Cool



Mobility



Connectivity



Electrification

Description:

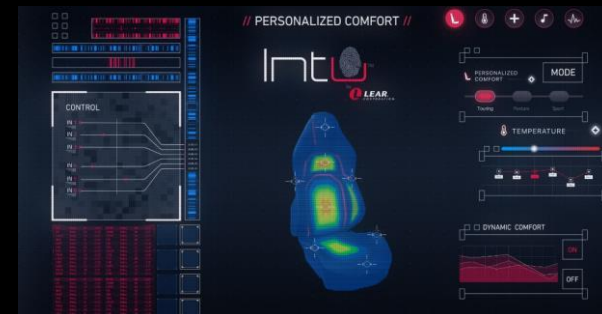
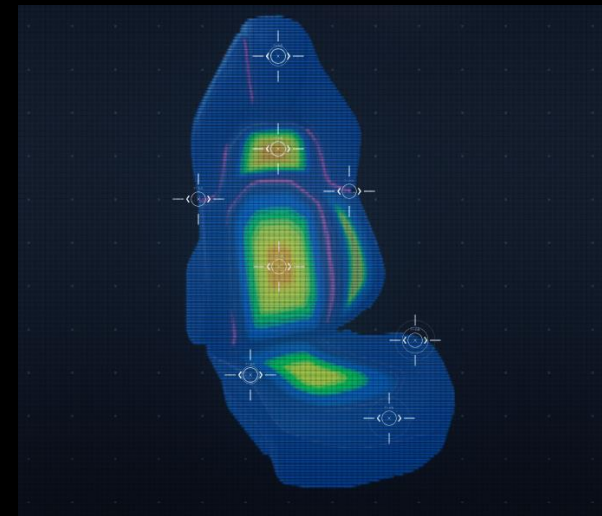
Lear's Modular Heat and Cool system provides a **personal climate environment** for ultimate thermal comfort, which allows for HVAC system optimization

Unique features:

- **Customizable personal climate** for each occupant
- Temperature automatically adjusts using **sensors and programmed intelligence** based on occupant and vehicle settings
- **Self-contained module** that is easily integrated into any full seat assembly for crafted appearance

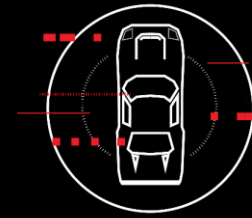
Convergence:

Software, thermal control module and connectivity





Mobility



Connectivity

Description:

ConfigurE+ Gen 3 Adaptive Rear Seating technology is an **adaptable length, electrified rail system** enabled by removable interface cassette modules

Unique features:

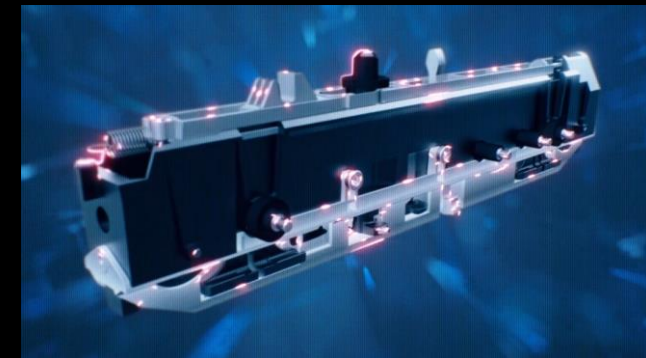
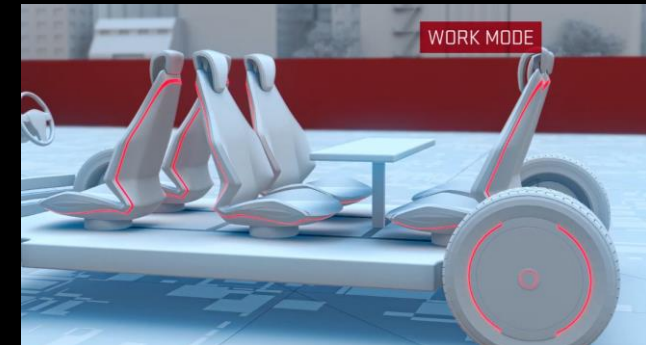
- **Easy adjustment** within the rails for entry, comfort positioning and removal
- **Self-contained electrified system** to add power features such as heat / cool, power recline and configuration
- Multi-cabin **configurability modes** including conference, cargo, relaxation and entertainment

Convergence:

Electrified system and connectivity



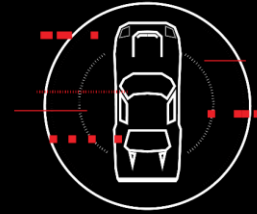
Peugeot Traveller



SoundZone™



Mobility



Connectivity

Description:

SoundZone™ is Lear's **personal audio technology**, which provides each occupant a secluded and connected environment in the vehicle

Unique features:

- Bluetooth enabled for **individual connectivity** to a personal device for audio and communication
- **Noise cancellation** enables individual media without headphones

Convergence:

Software, audio domain controller and connectivity



Convergence is NOW

- ConfigurE+ is in production today; electrified version launching in 2020
- We have an advanced development contract for BioBridge™ with a major OEM that will be first to market; 3 additional OEM vehicle evaluations in process
- Modular Heat and Cool has strong customer interest; working with 7 global OEMs
- Over 20 INTU™ seating advanced technology projects with 10 global OEMs

Seating and E-Systems... Better Together



Financial Overview and Outlook

Jeff Vanneste

Senior Vice President and Chief Financial Officer

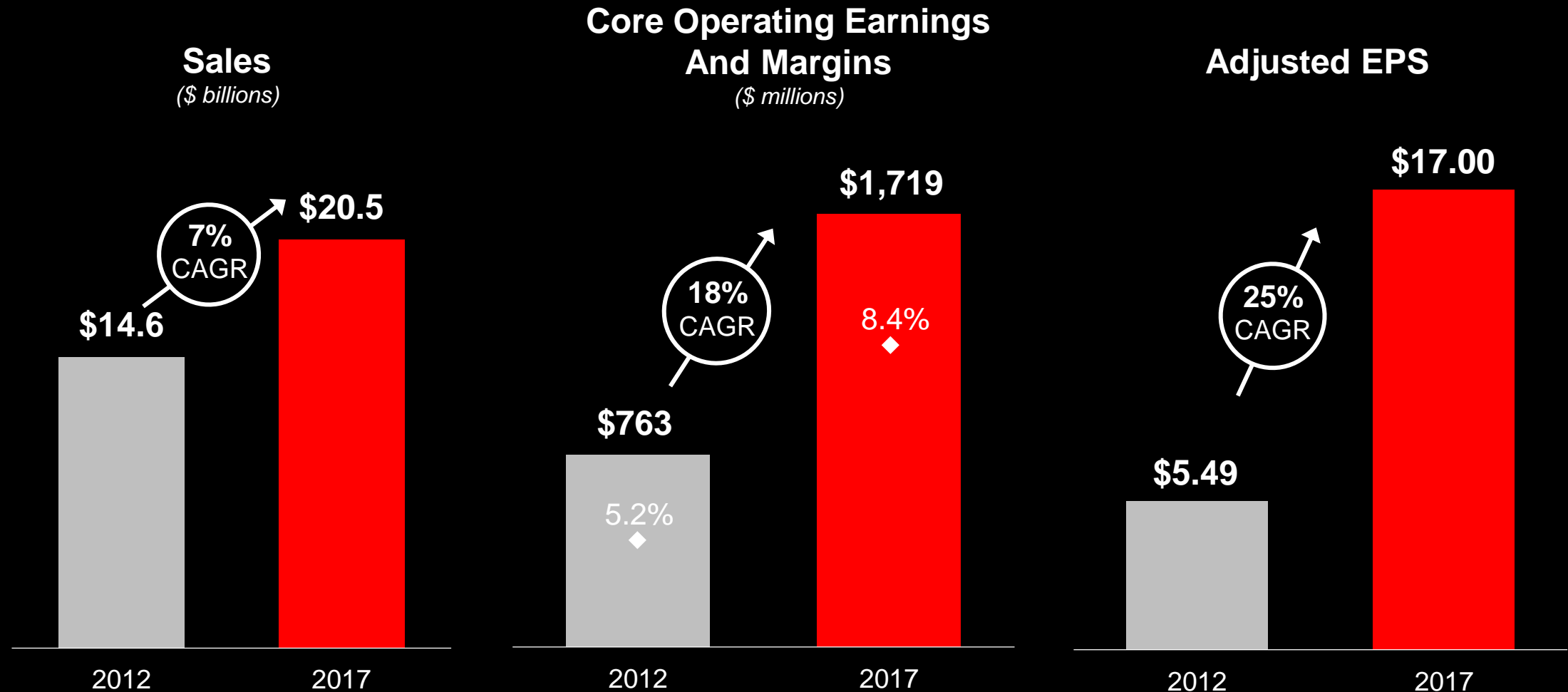
Key Messages

- Track record of superior performance
- Consistent outperformance of our peer group
- Strongest competitive position in our history
- Strong outlook for continued profitable growth

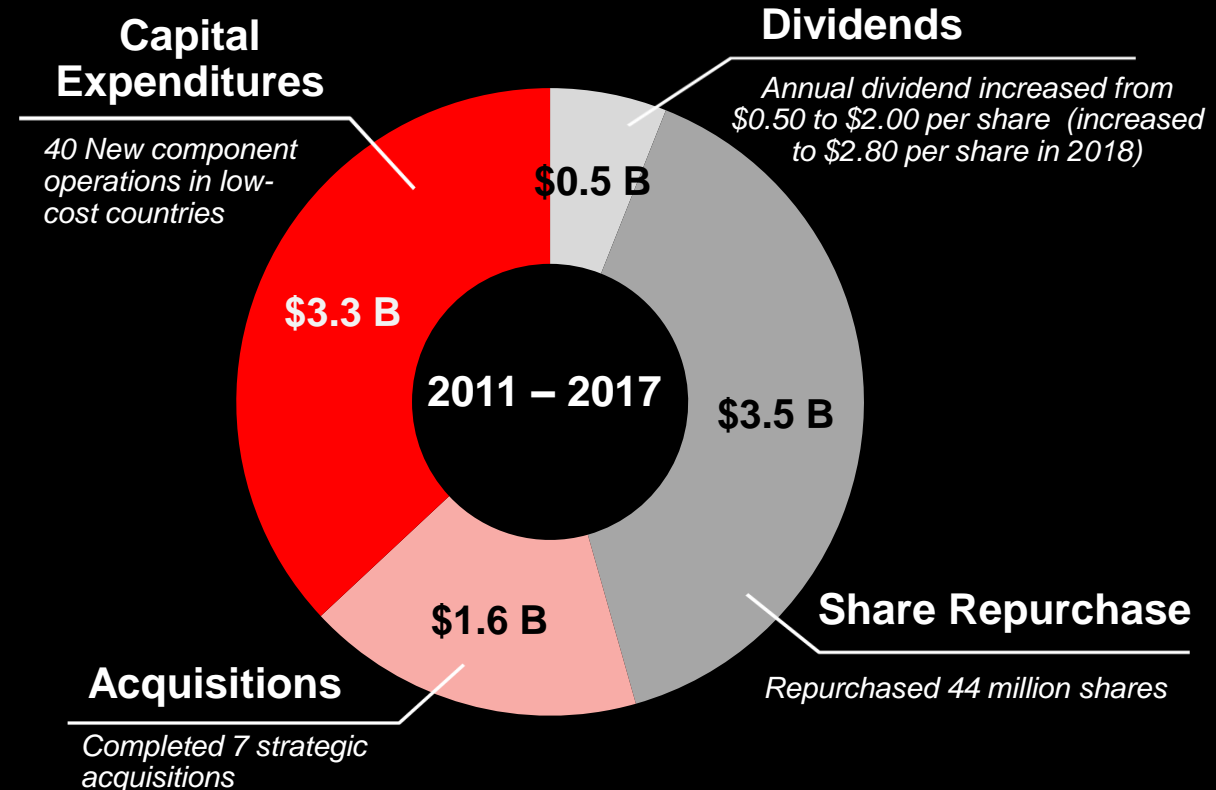
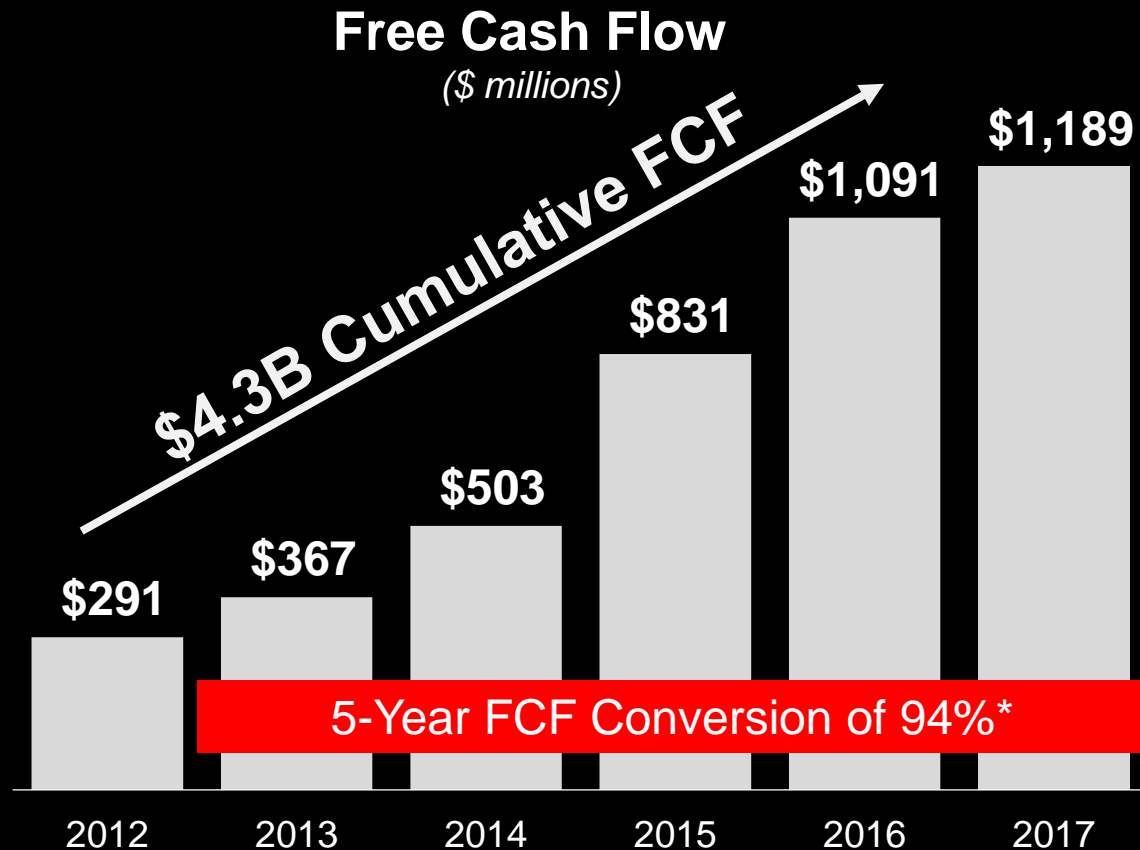


Track Record of Superior Performance

Track Record of Sales and Earnings Growth



Strong Conversion of Earnings to Cash



* FCF Conversion defined as Free Cash Flow / Adjusted Net Income

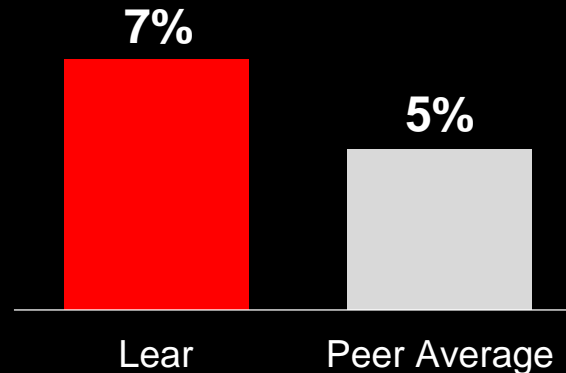
Please see appendix for discussion of non-GAAP financial measures, as well as reconciliations of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.



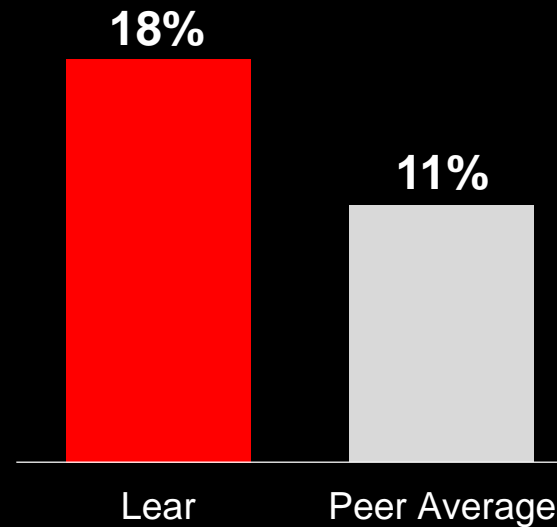
Consistent Outperformance of Our Peer Group

Sales and Earnings Growth Outperforming Peer Group

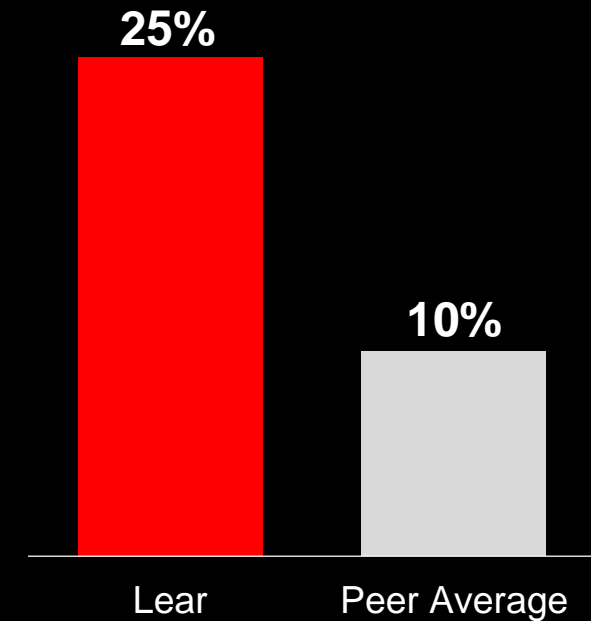
Sales Growth (2012-17 CAGR)



Core Operating Earnings Growth (2012-17 CAGR)

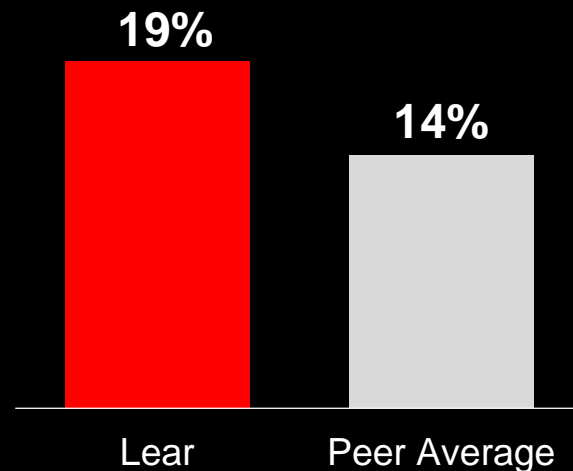


Adjusted EPS Growth (2012-17 CAGR)

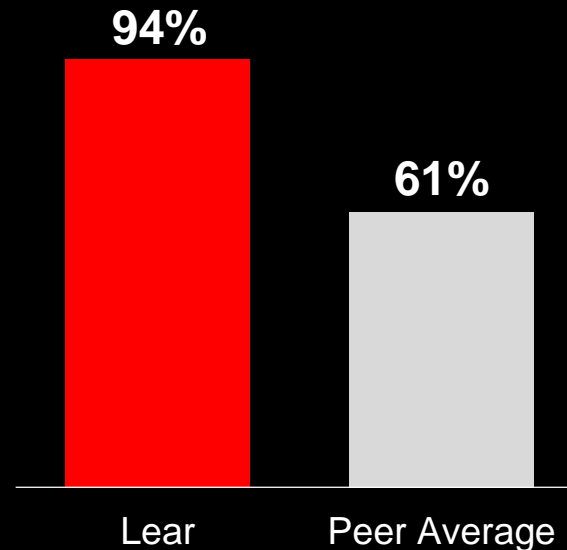


Strong ROIC, Cash Conversion and Cash Returned to Shareholders

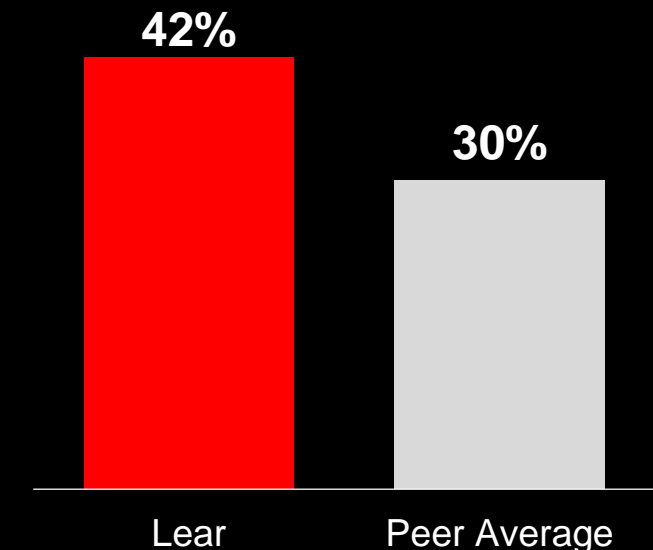
2017 ROIC*



FCF Conversion* (2013 – 2017 Cumulative)



Cash Returned to Shareholders (2013 – 2017 % of Avg. Mkt. Cap)



Peers include: Adient, American Axle, Aptiv, Autoliv, BorgWarner, Dana, Delphi Technologies, Gentex, Gentherm, Magna, Superior Industries, Tenneco and Visteon

Source: Factset

* ROIC calculated at effective tax rate; FCF Conversion defined as Free Cash Flow / Adjusted Net Income

Please see appendix for discussion of non-GAAP financial measures, as well as reconciliations of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.



Track Record of Superior
Performance

Consistent Outperformance of
Our Peer Group

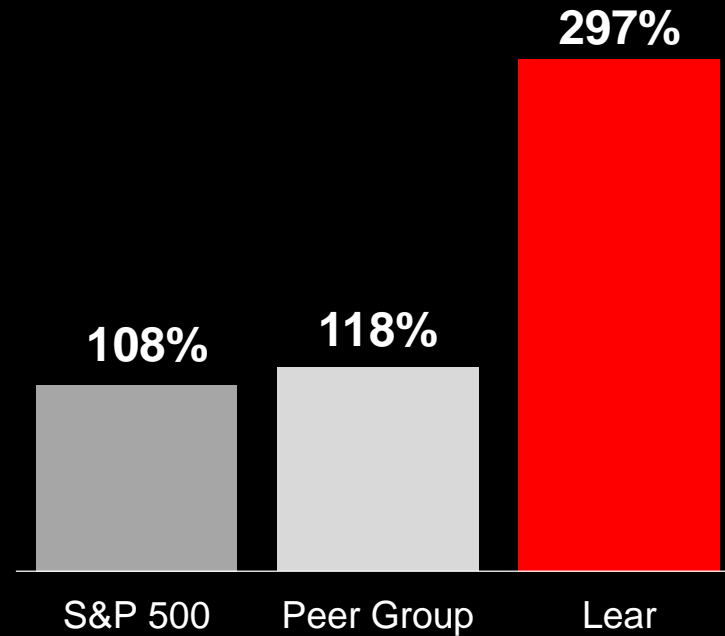
Strongest Competitive
Position in Our History

Strong Outlook for Continued
Profitable Growth

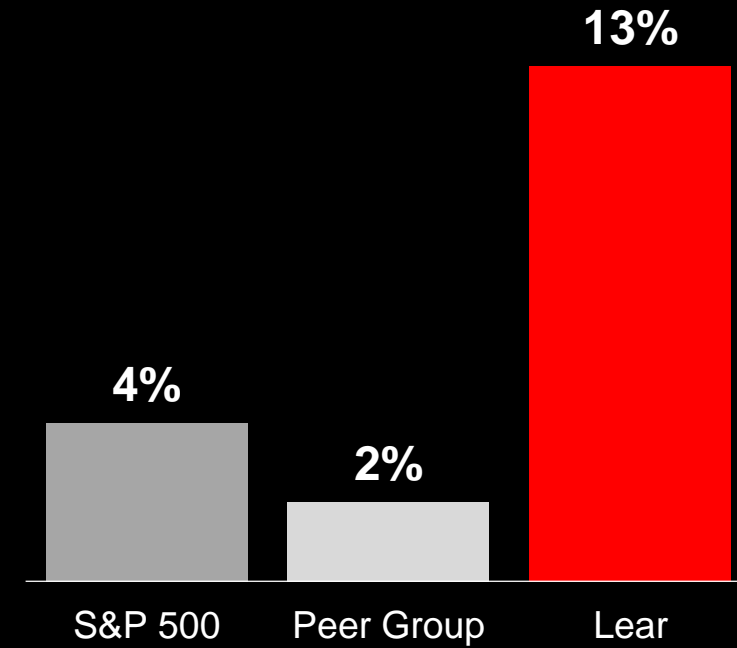
Delivering Superior Shareholder Returns

Total Shareholder Returns

2012-2017



2018 YTD

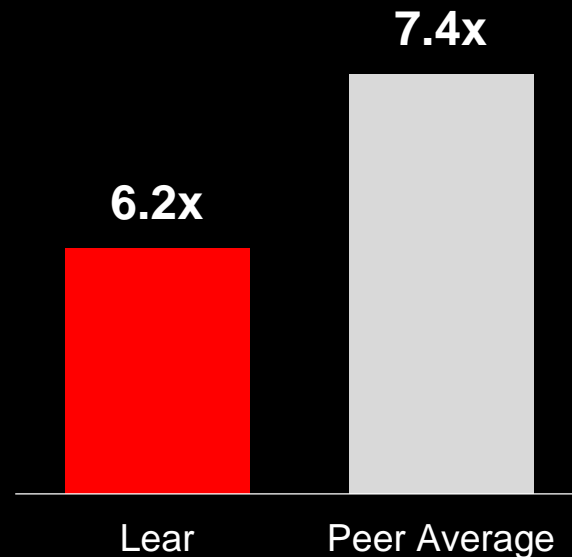


Peers include: Adient, American Axle, Aptiv, Autoliv, BorgWarner, Dana, Delphi Technologies, Gentex, Gentherm, Magna, Superior Industries, Tenneco and Visteon; 2012-17 excludes Adient and Delphi Technologies
Source: Bloomberg as of 12/31/2012, 12/31/2017 and 6/21/2018



Despite Outperformance, Lear Shares Remain Undervalued

2018 EV / EBITDA



- Valuation has improved with consistent, superior performance
- Continue to trade at a valuation discount to our peer group
- Continued opportunity for valuation improvement driven by growth and continued performance



**Strongest Competitive
Position in Our History**

Track Record of Superior
Performance

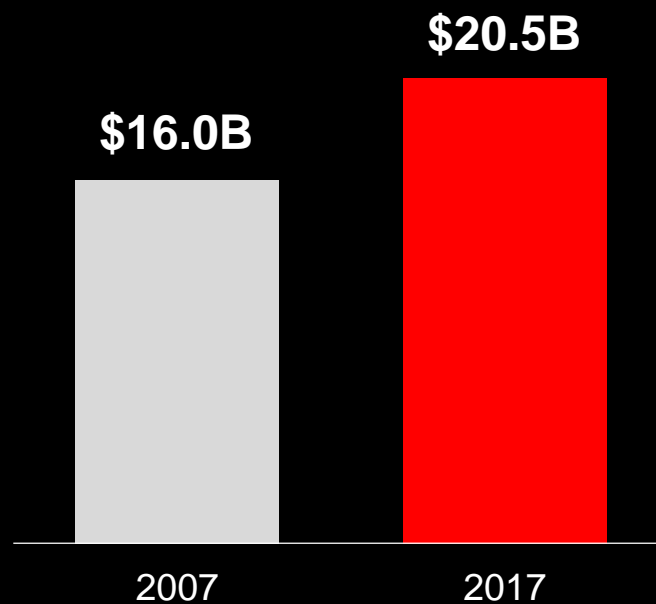
Consistent Outperformance of
Our Peer Group

Strongest Competitive
Position in Our History

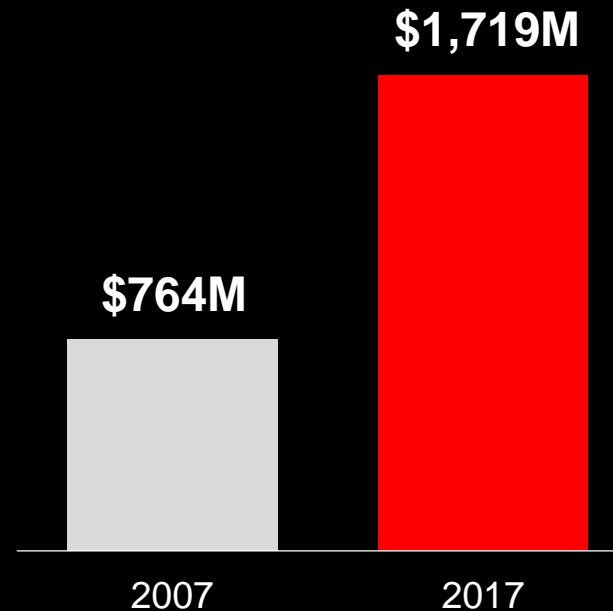
Strong Outlook for Continued
Profitable Growth

Delivering Record Sales, Earnings and Free Cash Flow

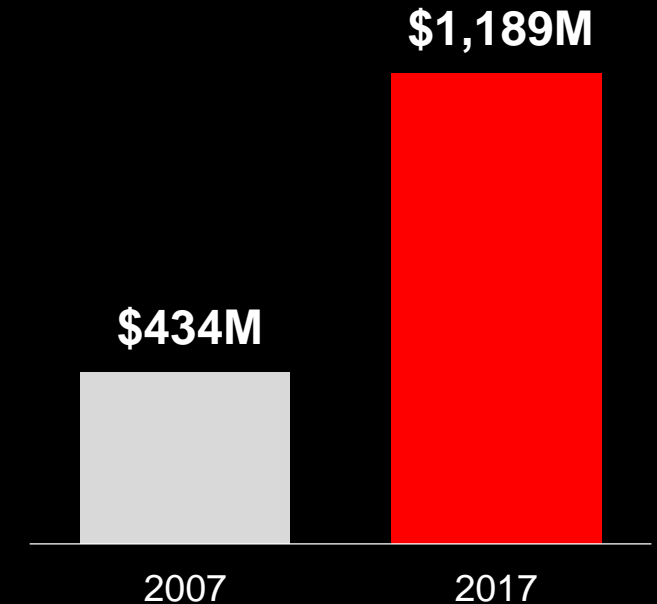
Sales



Core Operating Earnings



Free Cash Flow

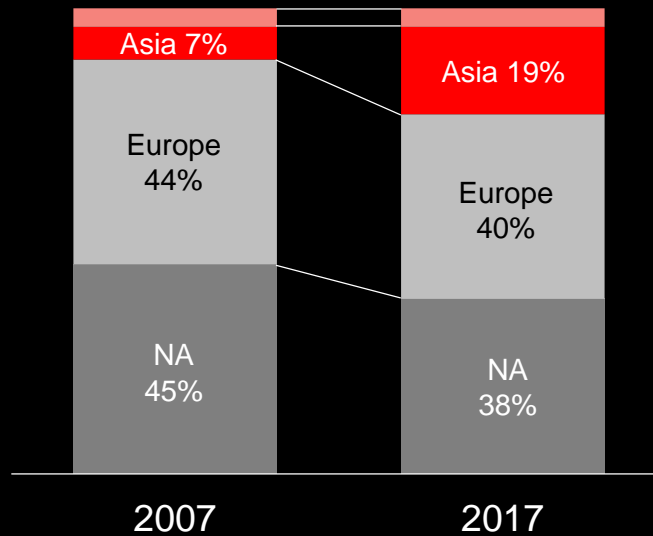


Please see appendix for discussion of non-GAAP financial measures, as well as reconciliations of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

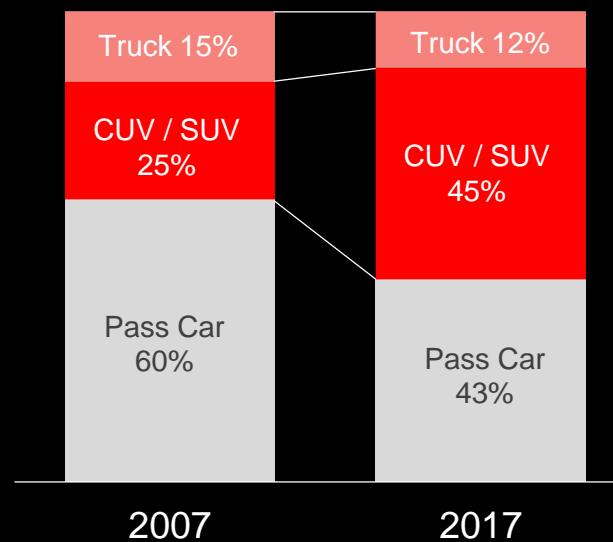


Sales are More Diversified by Region, Segment and Customer

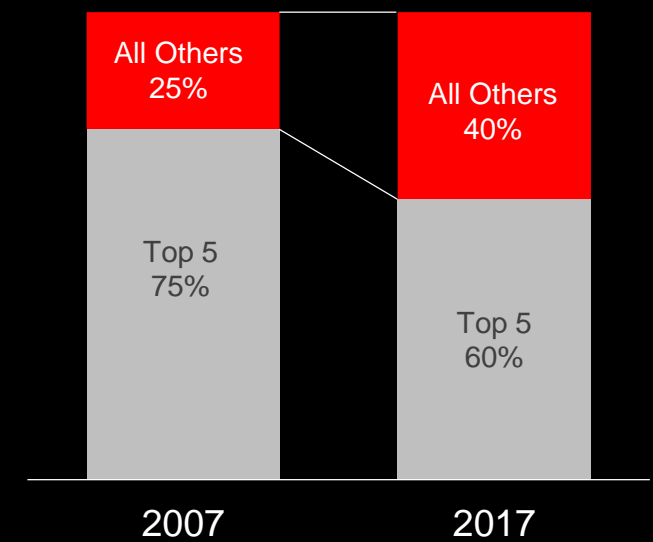
Sales by Region



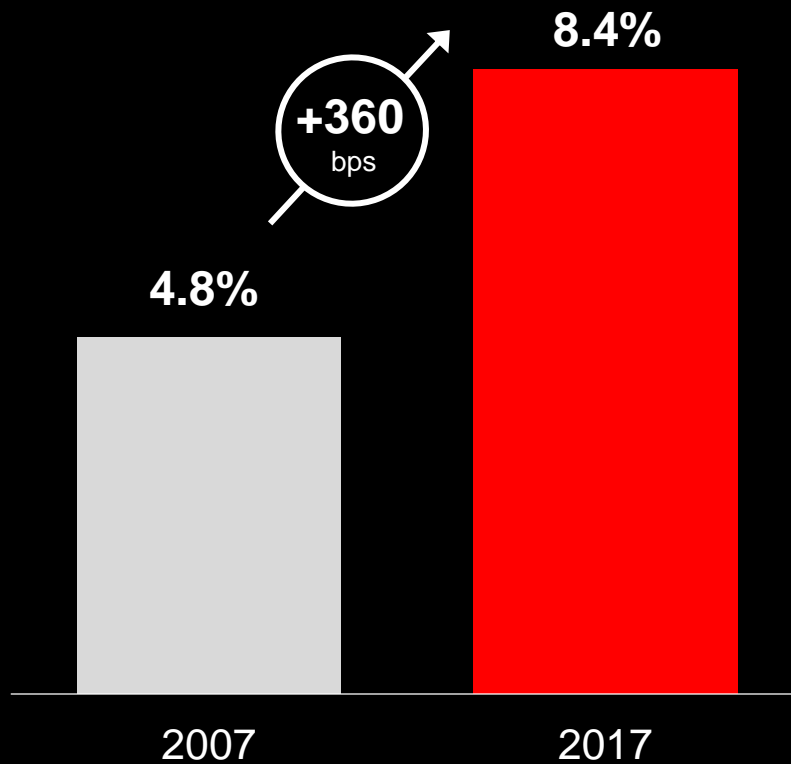
Sales by Segment



Sales by Customer



Core Operating Margins Have Improved to Record Levels

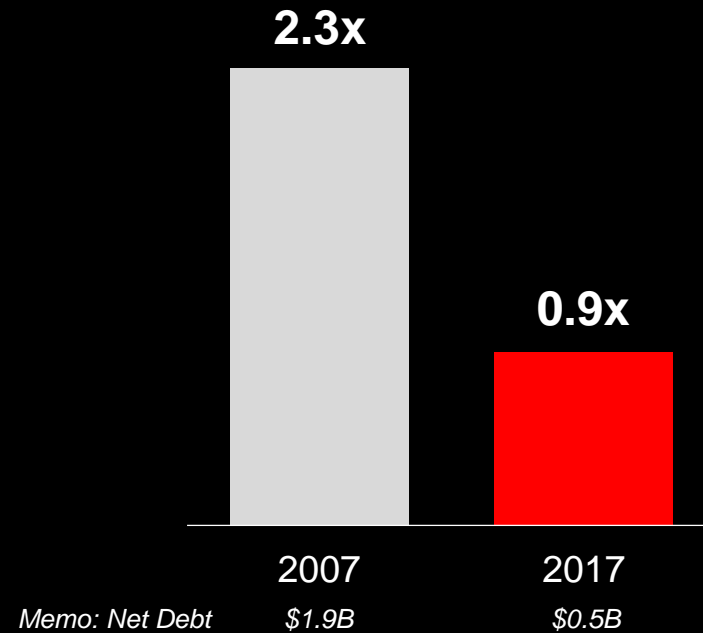


- Both segments operating at record levels
- Margins have expanded in all regions and are solidly profitable
- Profitability balanced by region and customer
- Opportunities exist for continued margin improvement
 - South America
 - Structures

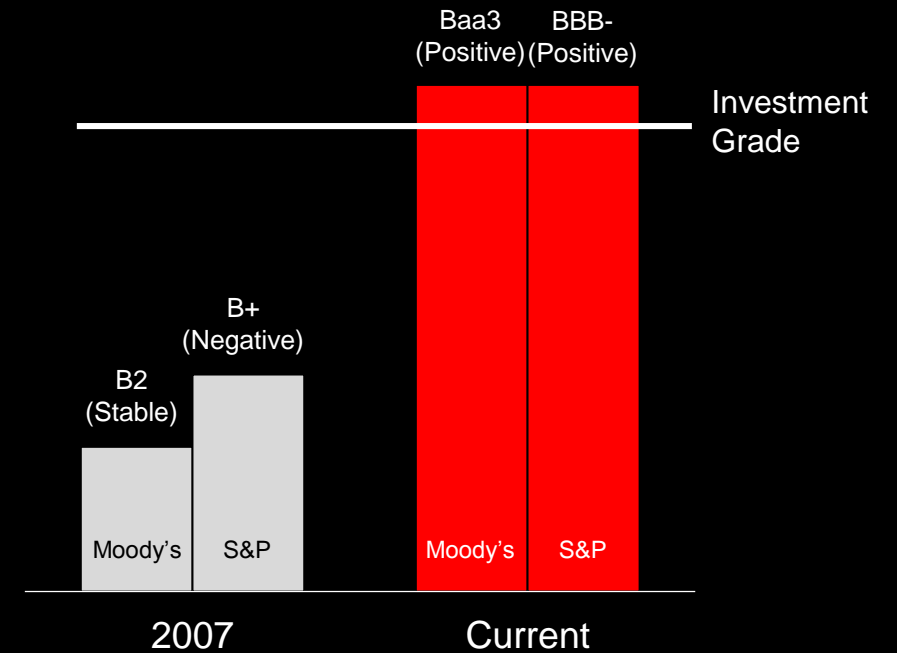
Strong Balance Sheet Provides Financial Flexibility

Leverage Ratio

(Gross Debt / Adjusted EBITDA)



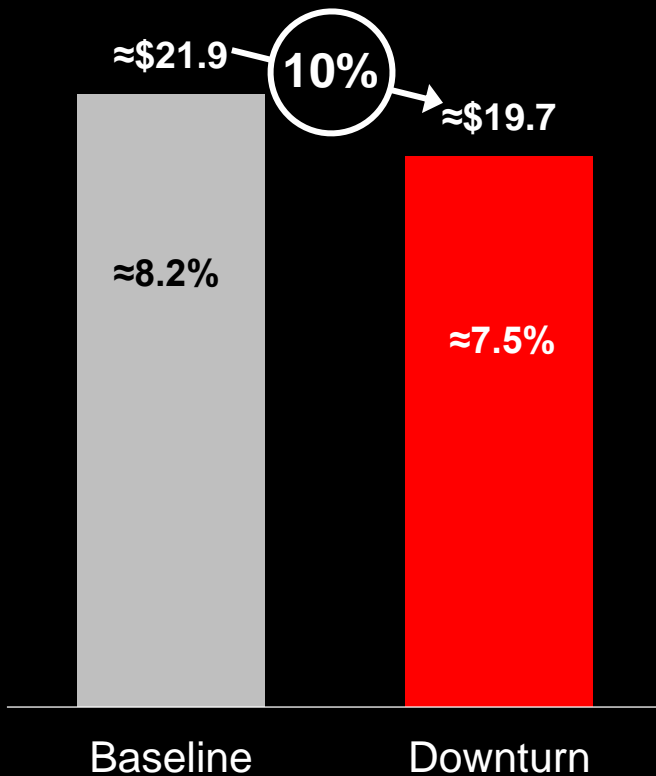
Corporate Credit Ratings



10% Downside Scenario

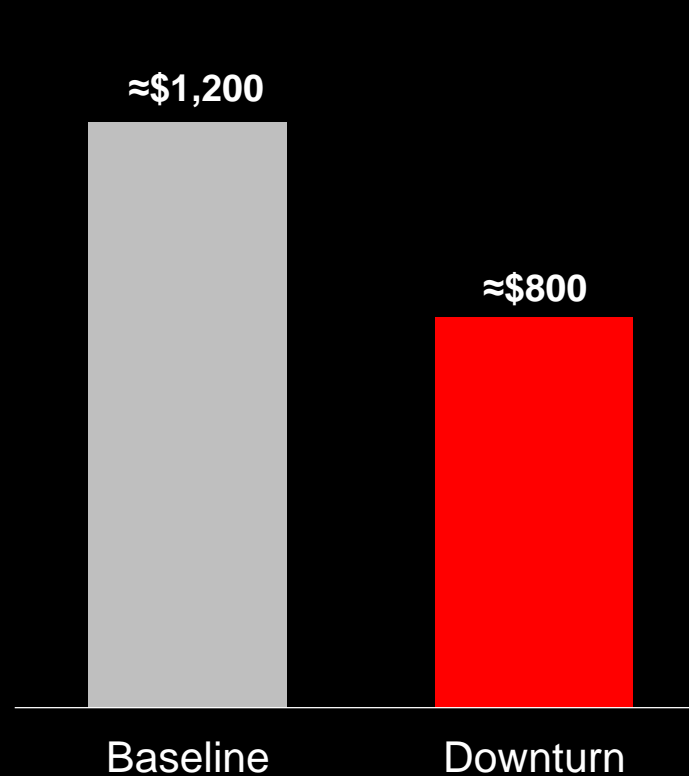
Sales / Core Operating Margins

(\$ billions)



Free Cash Flow

(\$ millions)



Assumptions

- 2018 Outlook = Baseline
- 10% lower industry production across all regions
- Variable margin impact ≈20% before mitigating actions
- Modest working capital deterioration
- Lower cash taxes

Mitigating Actions

- Moderation in customer givebacks (win-win approach)
- Reduce / delay discretionary spending
- Fixed cost reductions (including census & facilities)
- Reprioritize capital projects
- More than \$1 billion of annual backlog

Outcome / Impact

- Current liquidity maintained at over \$3 billion, before M&A or share buyback
- Maintain current dividend
- Financial flexibility to be opportunistic in M&A

**Strong Outlook for
Continued Profitable Growth**

Track Record of Superior
Performance

Consistent Outperformance of
Our Peer Group

Strongest Competitive
Position in Our History

Strong Outlook for Continued
Profitable Growth

2018 Outlook Financial Summary

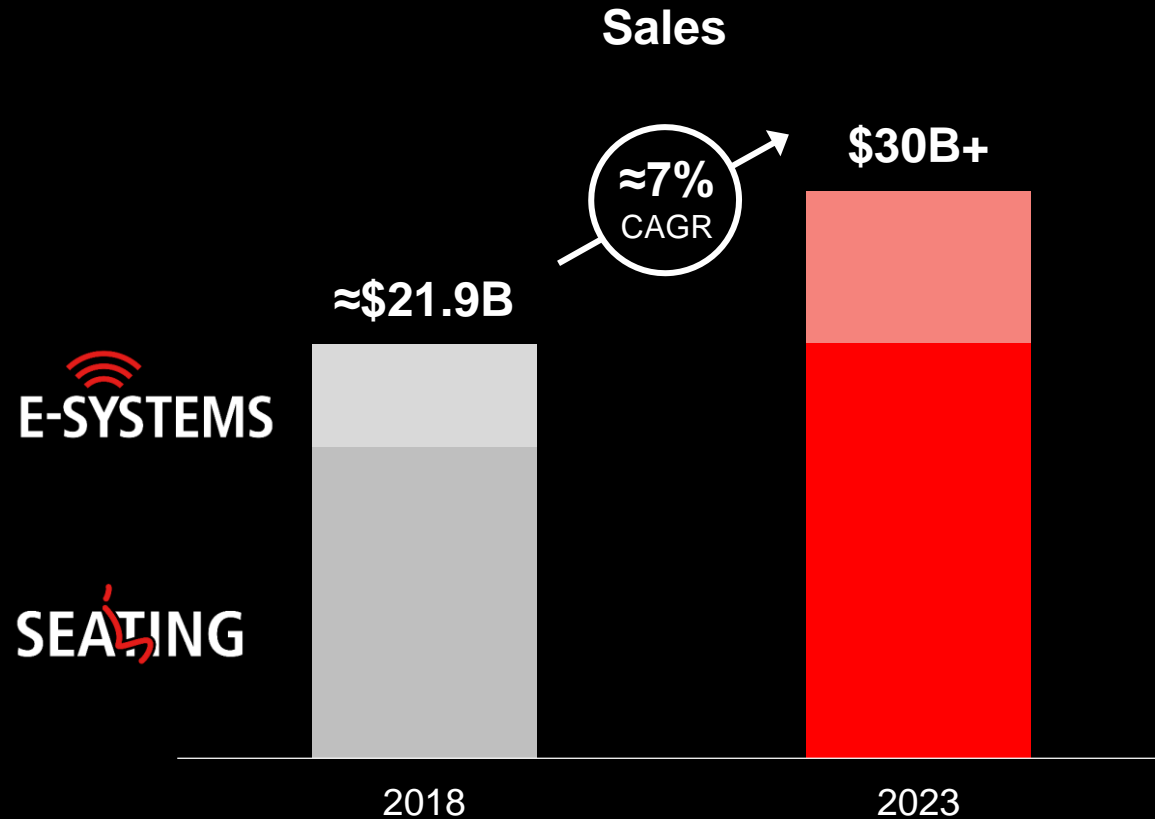
Net Sales	\$21.8 - \$22.0 billion	Interest Expense	≈\$80 million	Restructuring Costs	≈\$70 million
Core Operating Earnings	\$1,790 - \$1,810 million	Effective Tax Rate	≈22%	Capital Spending	≈\$660 million
Adjusted EBITDA	\$2,290 - \$2,310 million	Adjusted Net Income	\$1,250 - \$1,270 million	Free Cash Flow	\$1,200+ million
Other Expense	≈\$40 million	Equity Earnings	≈\$40 million	Noncontrolling Interest	≈\$85 million

2018 Outlook Remains Unchanged

Certain of the forward-looking financial measures are provided on a non-GAAP basis. A reconciliation of forward-looking financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP is potentially misleading and not practical given the difficulty of projecting event driven transactional and other non-core operating items in any future period. The magnitude of these items, however, may be significant.



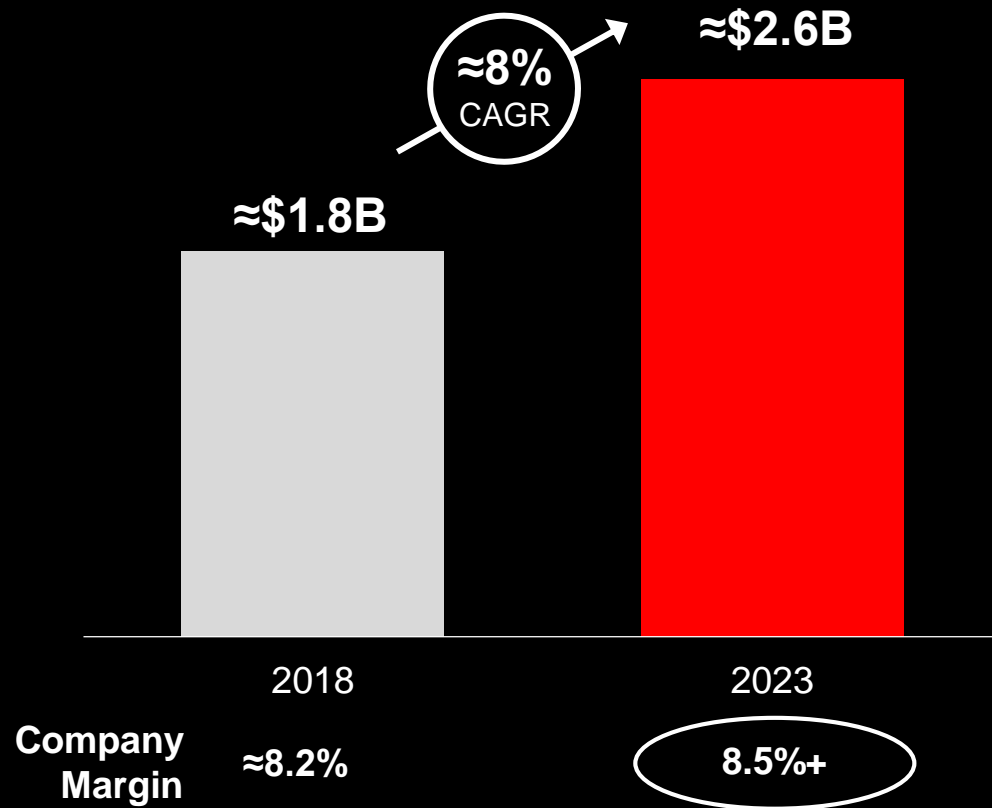
2023 Sales Outlook



- Continued content growth and market share gains in both segments
- Sales growth of 7% annually, or 5 ppts. above industry production
 - Seating at 4-5 ppts. growth above industry production
 - E-Systems 6-8 ppts. growth above industry production

2023 Core Operating Earnings Outlook

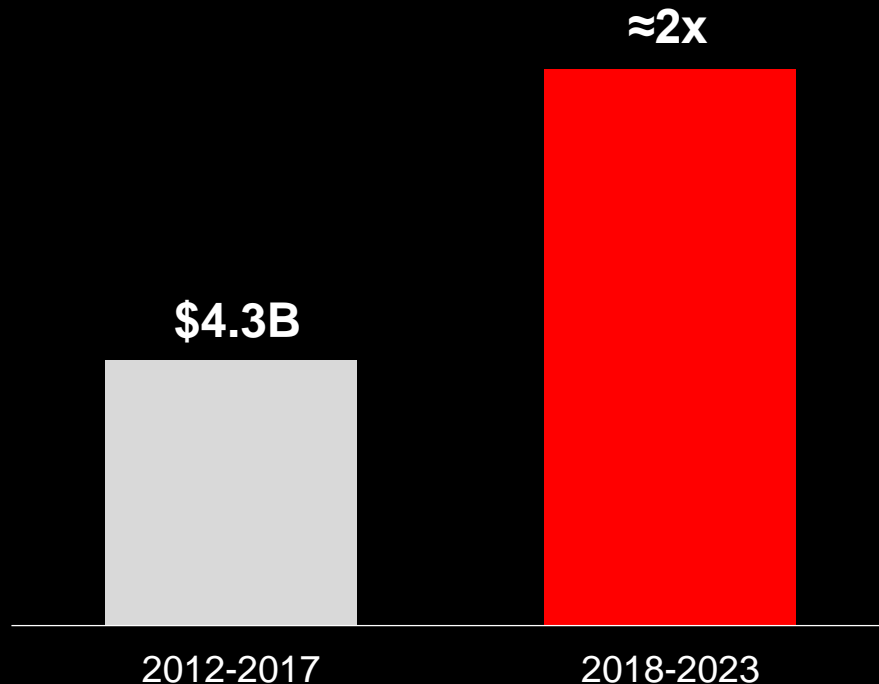
Core Operating Earnings



- Company margin expansion to 8.5%+
 - E-Systems grows at faster rate than Seating
 - HQ segment costs grow at slower rate than sales
- Segment margins maintained at present levels
 - E-Systems margins ≈14%
 - Seating margins ≈8%

Free Cash Flow and Capital Allocation Outlook

Cumulative Free Cash Flow



- Continue to deliver record free cash flow with segment leading free cash conversion
- Continue to invest in profitable growth
 - Capital expenditures at ≈3.0% of sales
- Strategic M&A to build capabilities and strengthen customer / regional market share
- Maintain investment grade credit metrics
- Maintain competitive dividend
- Continue to return excess cash to shareholders

Wrap up



Summary

- Industry-leading team with a culture of continuous improvement
- Two critical automotive systems that are high-performing and complementary
- Financial discipline and strong execution driving record earnings and free cash flow
- A decade of investing in the business provides leading cost structure and competitiveness
- Sales and profitability well balanced by geographic region, customer, vehicle platform and product segment
- Strategic acquisitions have strengthened core businesses and added unique capabilities
- Significant opportunities for growth in China
- Products aligned with trends of electrification, connectivity and mobility, and will continue to benefit from convergence

Well Positioned for Continued Superior Performance



Appendix

Non-GAAP Financial Information

In addition to the results reported in accordance with GAAP included throughout this presentation, the Company has provided information regarding “pretax income before equity income, interest, other (income) expense, restructuring costs and other special items” (core operating earnings or adjusted segment earnings and related margins), “pretax income before equity income, interest, other (income) expense, depreciation expense, amortization of intangible assets, restructuring costs and other special items” (adjusted EBITDA), “adjusted net income attributable to Lear” (adjusted net income), adjusted diluted net income per share available to Lear common stockholders (adjusted earnings per share), “tax expense excluding the impact of restructuring costs and other special items” and “free cash flow” (each, a non-GAAP financial measure). Other (income) expense includes, among other things, non-income related taxes, foreign exchange gains and losses, gains and losses related to certain derivative instruments and hedging activities, losses on the extinguishment of debt, gains and losses on the disposal of fixed assets and the non-service cost components of net periodic benefit cost. Adjusted net income represents net income attributable to Lear adjusted for restructuring costs and other special items, including the tax effect thereon. Adjusted earnings per share represents diluted net income per share available to Lear common stockholders adjusted for the redeemable noncontrolling interest adjustment, restructuring costs and other special items, including the tax effect thereon. Free cash flow represents net cash provided by operating activities, excluding the net change in sold accounts receivable and the settlement of accounts payable in conjunction with the acquisition of Eagle Ottawa, less adjusted capital expenditures. Adjusted capital expenditures represent capital expenditures, net of related insurance proceeds.

Management believes the non-GAAP financial measures used in this presentation are useful to both management and investors in their analysis of the Company’s financial position and results of operations. In particular, management believes that core operating earnings, adjusted EBITDA, adjusted net income, adjusted earnings per share and tax expense excluding the impact of restructuring costs and other special items are useful measures in assessing the Company’s financial performance by excluding certain items that are not indicative of the Company’s core operating performance or that may obscure trends useful in evaluating the Company’s continuing operating activities. Management also believes that these measures are useful to both management and investors in their analysis of the Company’s results of operations and provide improved comparability between fiscal periods. Management believes that free cash flow is useful to both management and investors in their analysis of the Company’s ability to service and repay its debt. Further, management uses these non-GAAP financial measures for planning and forecasting future periods.

Core operating earnings, adjusted EBITDA, adjusted net income, adjusted earnings per share, tax expense excluding the impact of restructuring costs and other special items and free cash flow should not be considered in isolation or as a substitute for net income attributable to Lear, diluted net income per share available to Lear common stockholders, cash provided by operating activities or other income statement or cash flow statement data prepared in accordance with GAAP or as a measure of profitability or liquidity. In addition, the calculation of free cash flow does not reflect cash used to service debt and, therefore, does not reflect funds available for investment or other discretionary uses. Also, these non-GAAP financial measures, as determined and presented by the Company, may not be comparable to related or similarly titled measures reported by other companies.

Set forth on the following slides are reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.



Non-GAAP Financial Information

Core Operating Earnings and Margins

(\$ in millions)

	2007	2012	2017
Net sales	\$15,995.0	\$ 14,567.0	\$ 20,467.0
Net income attributable to Lear	\$ 241.5	\$ 1,282.8	\$ 1,313.4
Interest expense	199.2	49.9	85.7
Other (income) expense, net	40.7	6.4	(4.1)
Income taxes	89.9	(638.0)	197.5
Equity in net income of affiliates	(33.8)	(30.3)	(51.7)
Net income attributable to noncontrolling interests	25.6	34.4	67.5
Restructuring costs and other special items -			
Costs related to divestiture of Interior business	20.7	-	-
Costs related to restructuring actions	181.8	55.7	75.4
U.S. salaried pension plan curtailment gain	(36.4)	-	-
Costs related to merger transaction	34.9	-	-
Acquisition and other related costs	-	6.2	3.8
Acquisition-related inventory fair value adjustment	-	-	5.0
Litigation	-	-	13.9
Insurance recoveries, net related to the destruction of assets	-	(14.6)	-
Other	-	10.1	12.6
Core operating earnings	\$ 764.1	\$ 762.6	\$ 1,719.0
Core Operating margins	4.8%	5.2%	8.4%



Non-GAAP Financial Information

Adjusted EBITDA

(\$ in millions)

	2007	2017
Net income attributable to Lear	\$ 241.5	\$ 1,313.4
Depreciation expense	291.7	380.1
Amortization of intangible assets	5.2	47.6
Interest expense	199.2	85.7
Other (income) expense, net	40.7	(4.1)
Income taxes	89.9	197.5
Equity in net income of affiliates	(33.8)	(51.7)
Net income attributable to noncontrolling interests	25.6	67.5
Restructuring costs and other special items -		
Costs related to divestiture of Interior business	20.7	-
Costs related to restructuring actions	181.8	75.4
U.S. salaried pension plan curtailment gain	(36.4)	-
Costs related to merger transaction	34.9	-
Acquisition and other related costs	-	3.8
Acquisition-related inventory fair value adjustment	-	5.0
Litigation	-	13.9
Other	-	12.6
Adjusted EBITDA	\$ 1,061.0	\$ 2,146.7



Non-GAAP Financial Information

Adjusted Earnings Per Share

(In millions, except per share amounts)

	2012	2013	2014	2015	2016	2017
Net income available to Lear common stockholders	\$ 1,282.8	\$ 431.4	\$ 672.4	\$ 745.5	\$ 975.1	\$ 1,287.9
Redeemable noncontrolling interest	-	-	-	-	-	25.5
Net income attributable to Lear	1,282.8	431.4	672.4	745.5	975.1	1,313.4
Costs related to restructuring actions	55.6	83.8	115.3	97.2	69.6	74.5
Costs related to proxy contest	-	3.0	-	-	-	-
Pension settlement charge	-	-	-	-	34.2	-
Acquisition and other related costs	6.2	-	5.3	10.9	1.3	3.8
Acquisition-related inventory fair value adjustments	-	-	-	15.8	-	5.0
Losses and incremental costs (insurance recoveries), net related to the destruction of assets	(41.1)	7.3	-	-	-	-
Litigation	-	7.3	-	-	-	15.4
Loss on extinguishment of debt	3.7	3.6	17.9	14.3	-	21.2
(Gain) loss related to affiliate	(5.1)	-	0.8	1.8	(30.3)	(54.2)
Other	10.1	1.4	3.3	1.5	-	13.5
U.S. transition tax on accumulated foreign earnings	-	-	-	-	-	131.0
Deferred tax impact of U.S. corporate tax reform	-	-	-	-	-	42.5
Foreign tax credits on repatriated earnings	-	-	-	-	-	(289.7)
Tax impact of special items and other net tax adjustments ¹	(764.4)	(27.8)	(149.1)	(43.1)	(23.6)	(98.6)
Adjusted net income attributable to Lear	\$ 547.8	\$ 510.0	\$ 665.9	\$ 843.9	\$ 1,026.3	\$ 1,177.8
Weighted average number of diluted shares outstanding	99.8	86.4	81.7	77.8	73.1	69.3
Diluted net income per share available to Lear common stockholders	\$ 12.85	\$ 4.99	\$ 8.23	\$ 9.59	\$ 13.33	\$ 18.59
Adjusted earnings per share	\$ 5.49	\$ 5.90	\$ 8.15	\$ 10.85	\$ 14.03	\$ 17.00

¹ Reflects the tax effect of restructuring costs and other special items and several discrete tax items, including \$739.3 million related to the reversal of a valuation allowance on our U.S. deferred tax assets in 2012 and \$14.3 million related to an incentive tax credit in a foreign subsidiary, \$29.9 million related to the reversal of valuation allowances on the deferred tax assets of certain foreign subsidiaries and \$17.3 million related to the change in the accounting for share-based compensation in 2017. The identification of these tax items is judgmental in nature, and their calculation is based on various assumptions and estimates.



Non-GAAP Financial Information

Free Cash Flow

(\$ in millions)

	2007	2012	2013	2014	2015	2016	2017
Net cash provided by operating activities	\$ 466.9	\$ 729.8	\$ 820.1	\$ 927.8	\$ 1,271.1	\$ 1,619.3	\$ 1,783.1
Net change in sold accounts receivable	168.9	-	-	-	-	-	-
Settlement of accounts payable in conjunction with acquisition of Eagle Ottawa	-	-	-	-	45.7	-	-
Adjusted capital expenditures ¹	(202.2)	(439.1)	(453.5)	(424.7)	(485.8)	(528.3)	(594.5)
Free cash flow	\$ 433.6	\$ 290.7	\$ 366.6	\$ 503.1	\$ 831.0	\$ 1,091.0	\$ 1,188.6

¹ Reflected net of related insurance proceeds of \$19.2 million in 2012 and \$7.1 million in 2013.



Non-GAAP Financial Information

Adjusted Segment Earnings and Margins

(\$ in millions)

Net sales

Segment earnings

Costs related to restructuring actions

Acquisition and other related costs

Acquisition-related inventory fair value adjustment

Litigation

Insurance recoveries, net related to the
destruction of assets

Other

Adjusted segment earnings

Adjusted segment margins

	2012		2017	
	Seating	E-Systems	Seating	E-Systems
Net sales	\$11,029.6	\$ 3,537.4	\$ 15,873.0	\$ 4,594.0
Segment earnings	\$ 661.7	\$ 254.9	\$ 1,250.8	\$ 641.6
Costs related to restructuring actions	48.1	4.3	46.2	21.3
Acquisition and other related costs	0.9	-	0.3	-
Acquisition-related inventory fair value adjustment	-	-	4.3	0.7
Litigation	-	-	10.6	3.3
Insurance recoveries, net related to the destruction of assets	(14.8)	-	-	-
Other	1.4	0.2	1.9	4.8
Adjusted segment earnings	\$ 697.3	\$ 259.4	\$ 1,314.1	\$ 671.7
Adjusted segment margins	6.3%	7.3%	8.3%	14.6%

