

Barclays Industrial Select Conference **Investor Presentation**

February 21, 2019



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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, 2018, 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.

Lear is a Global Automotive Technology Leader

\$21.1B

2018 Sales

\$9.8B

Market Capitalization²

Two
High-Performing
Segments
E-SYSTEMS & SEATING

\$5.1B

2018 Sales

\$16.0B

2018 Sales



169,000
employees



39 countries

115%
5-Year Total
Shareholder Return²

51% for S&P 500 and 10%
for Auto Supplier Group³ Avg.



≈2%

Dividend Yield²

\$1.1B 2018 Free
Cash Flow

11% 2018 FCF
Yield^{1, 2}

2018 FCF
Conversion¹ ➡ **91%**

0.9x Gross
Leverage
Ratio¹

0.2x Net
Leverage
Ratio¹

1. Based on 2018 adjusted EBITDA and balance sheet as of December 31, 2018. FCF conversion defined as free cash flow divided by adjusted net income

2. As of February 15, 2019

3. Auto supplier group for 5-Year Total Shareholder Return includes American Axle, Aptiv, BorgWarner, Dana, Gentex, Magna, Superior, Tenneco and Visteon

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.

Lear's Products are Aligned with Industry Mega Trends



Autonomy



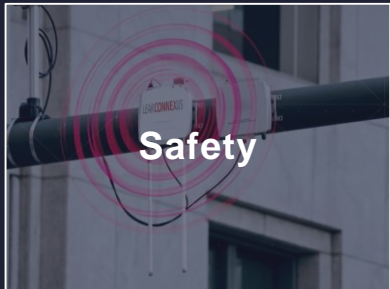
Connectivity



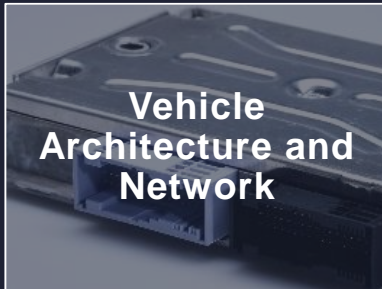
Electrification



Shared Mobility



Safety



Vehicle
Architecture and
Network



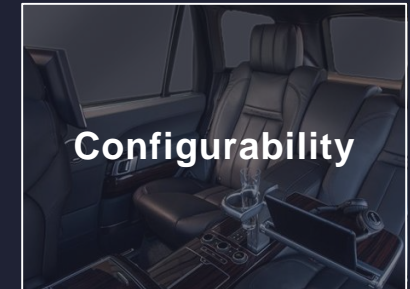
Wired / **W**ireless
Network



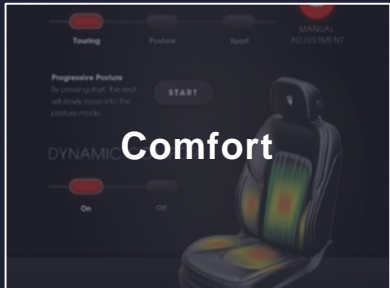
Alternative
Materials



Sustainability



Configurability



Comfort



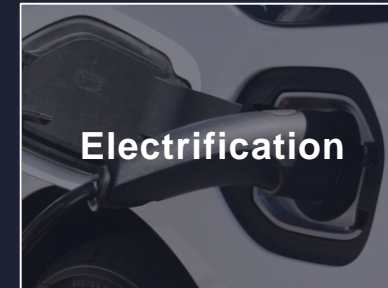
Localization and
Sensor Fusion



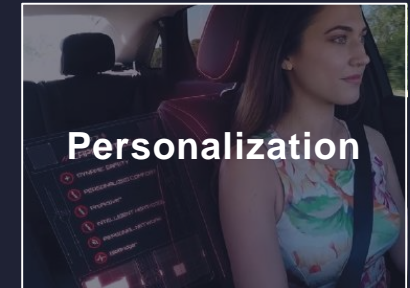
Health and
Wellness



Efficient Power

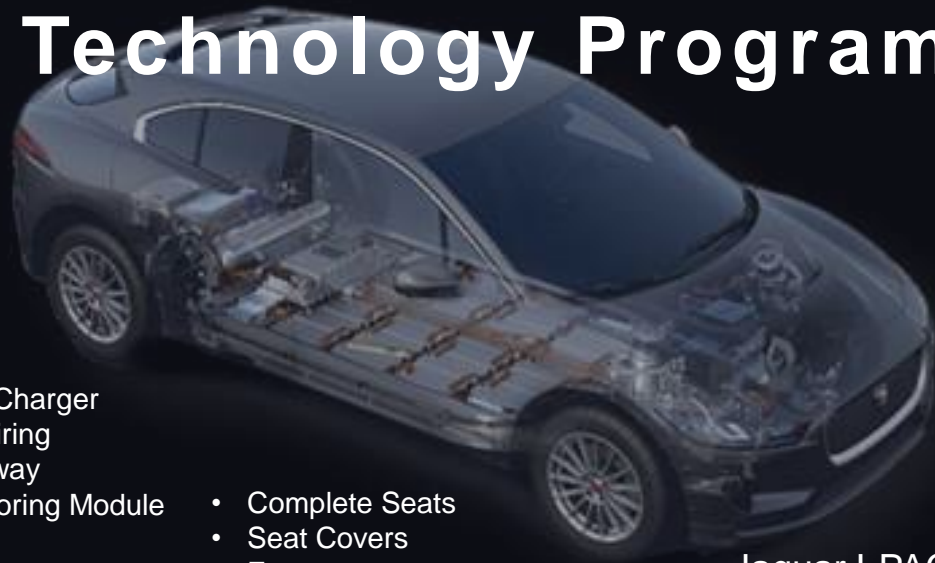


Electrification



Personalization

Key Technology Programs



Jaguar I-PACE

- 7kW On-Board Charger
- High Voltage Wiring
- BCM with Gateway
- Occupant Monitoring Module
- Audio Amplifier
- Wireless Vehicle Access
- Complete Seats
- Seat Covers
- Foam



Major European OEM

- First-To-Market Electrified Rail System

Audi A4, A7, A8, Q5, Q7, Q8
Porsche 911, Cayenne, Panamera
Bentley Bentayga, Continental, Flying Spur
Lamborghini Urus



LEAR **CONNEXUS**™

- Advanced Gateway Module
- First-To-Market 4.5G Communication Module



Hyundai – First EXO Technology
Development Partner



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 expense, depreciation expense, amortization of intangible assets, restructuring costs and other special items” (adjusted EBITDA), “adjusted net income attributable to Lear” (adjusted net income) and “free cash flow” (each, a non-GAAP financial measure). Other 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. Free cash flow represents net cash provided by operating activities less capital expenditures.

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 adjusted EBITDA and adjusted net income 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.

Adjusted EBITDA, adjusted net income and free cash flow should not be considered in isolation or as a substitute for net income attributable to Lear, 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

Adjusted EBITDA

(\$ in millions)

	2018
Net income attributable to Lear	\$ 1,149.8
Depreciation expense	433.0
Amortization of intangible assets	51.4
Interest expense	84.1
Other expense, net	31.6
Income taxes	311.9
Equity in net income of affiliates	(20.2)
Net income attributable to noncontrolling interests	96.9
Restructuring costs and other special items -	
Costs related to restructuring actions	104.0
Acquisition and other related costs	0.5
Litigation	(16.8)
Loss related to affiliate	1.2
Favorable tax ruling in a foreign jurisdiction	(15.8)
Other	22.1
Adjusted EBITDA	<u>\$ 2,233.7</u>

Non-GAAP Financial Information

Adjusted Net Income (\$ in millions)	2018
Net income available to Lear common stockholders	\$ 1,139.4
Redeemable noncontrolling interest	10.4
Net income attributable to Lear	1,149.8
Costs related to restructuring actions	104.3
Acquisition and other related costs	0.5
Pension settlement loss	5.4
Litigation	(17.1)
(Gain) loss related to affiliate	(1.1)
Favorable tax ruling in a foreign jurisdiction	(15.8)
Other	28.5
Tax impact of special items and other net tax adjustments ¹	(49.1)
Adjusted net income	\$ 1,205.4

¹ Reflects the tax effect of restructuring costs and other special items, as well as several discrete tax items. 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)

Net cash provided by operating activities

2018

\$ 1,779.8

Capital expenditures

(677.0)

Free cash flow

\$ 1,102.8