

Second Quarter 2020 Financial Results

August 4, 2020

Ray Scott, President and CEO

Jason Cardew, Senior Vice President and CFO



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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, 2019, Quarterly Report on Form 10-Q for the quarter ended April 4, 2020, and its other Securities and Exchange Commission filings. Future operating results will be based on various factors, including the impact of COVID-19 on our business and the global economy, actual industry production volumes, commodity prices, the impact of restructuring actions 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 Company enters into contracts with its customers to provide production parts generally at the beginning of a vehicle’s life cycle. Typically, these contracts do not provide for a specified quantity of production, and many of these contracts may be terminated by the Company’s customers at any time. Therefore, these contracts do not represent firm orders. Further, 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.

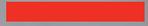
Non-GAAP Financial Information

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

- **Business Update**
Ray Scott, President and CEO
- **Financial Review**
Jason Cardew, Senior Vice President and CFO
- **Concluding Remarks**
Ray Scott, President and CEO

Business Update



Business Highlights

Demonstrated resilience of business; maintained strong balance sheet and ample liquidity

Executed efficient ramp up of production following extended shutdown

Awarded significant new business, including conquest awards

Won 2020 Pace Award for Xevo Market; Lear's second consecutive win

Named 2019 Supplier of the Year by General Motors; Lear's 19th win

Published Safe Work Playbook on Lear's website to share with organizations impacted by COVID-19

Demonstrated commitment to helping end racial injustice and fostering diversity, equity and inclusion through creation of *Drive, Educate, Fund* initiative

Revenue as Percentage of Pre-COVID Expectations

	April 2020	May 2020	June 2020	2Q 2020	Forecast July 2020
Global 	20%	40%	85%	50%	90%
North America 	5%	20%	85%	40%	95%
Europe 	5%	40%	75%	45%	85%
China 	100%	100%	100%	100%	100%

Business Update – Seating

- Global weighted-average growth over market of 3%¹
 - High-content GM trucks, Mercedes and Ford SUVs
 - Strong presence with luxury brands in China
- Resilient business model
 - Able to flex cost structure in reduced volume environment
 - Second quarter decremental margins of 20%, despite significant incremental costs
- Excluding COVID-19 impact, operating margin above 8%
- Continuing to leverage advanced technology to extend industry leadership position
- Significant new business awards, including additional conquest wins



¹ Year-over-year sales growth excludes the impact of FX and acquisitions. The year-over-year change in production on a Lear sales-weighted basis for Seating of (56%) is calculated using Lear's prior year regional sales mix. IHS production has been adjusted to match Lear's fiscal calendar

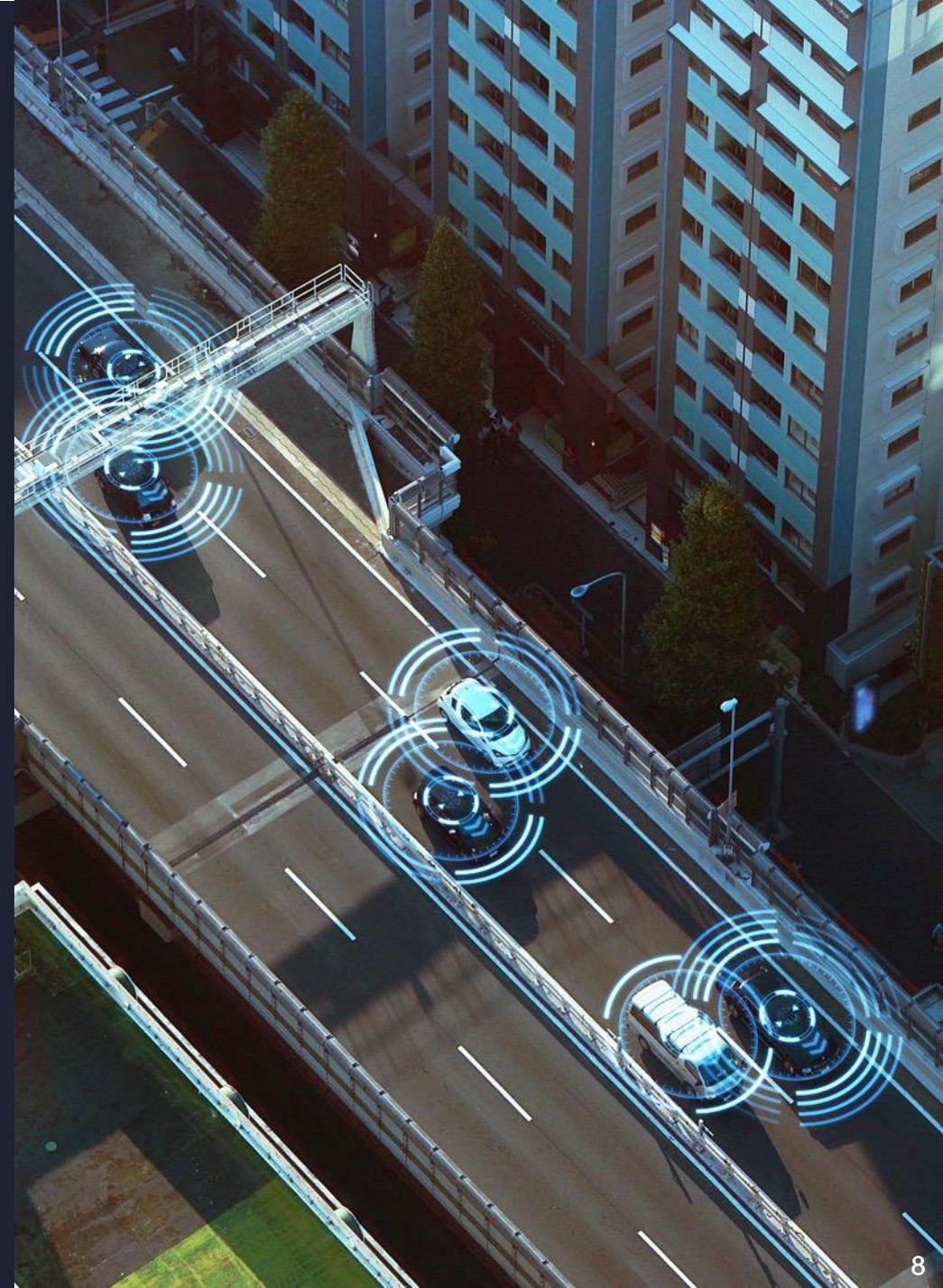


Business Update – E-Systems

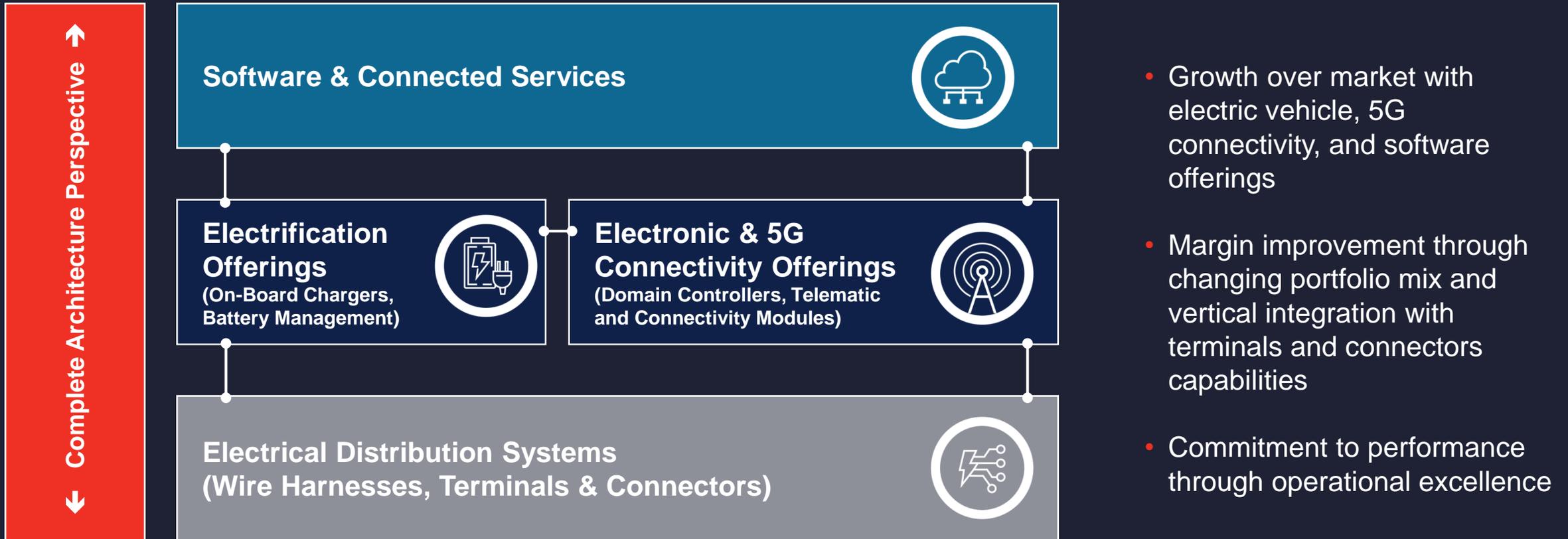
- Global weighted-average growth over market of 11%¹
 - Electric vehicle program launches, including JLR, Mazda, Volvo
 - Strong volume on Ford F-Series Super Duty wire harness program
 - Growing presence with luxury brands in China
- Accelerated restructuring actions and adjusted cost structure to better align with production environment
- Excluding COVID-19 impact, operating margin above 8%
- Strong growth in electrification and connectivity and increased vertical integration
 - ≈40% of 2020 business wins in high-growth electrification and connectivity areas
 - Vertical integration of approximately \$50M of external purchases, with 80% launching by 2021



¹ Year-over-year sales growth excludes the impact of FX and acquisitions. The year-over-year change in production on a Lear sales-weighted basis for E-Systems of (51%) is calculated using Lear's prior year regional sales mix. IHS production has been adjusted to match Lear's fiscal calendar



E-Systems Strategy Update – Portfolio Management



Financial Review

Second Quarter 2020 Results



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Jason Cardew, Senior Vice President and CFO

Second Quarter 2020 Global Vehicle Production and Currency

Industry Production

(units in millions)

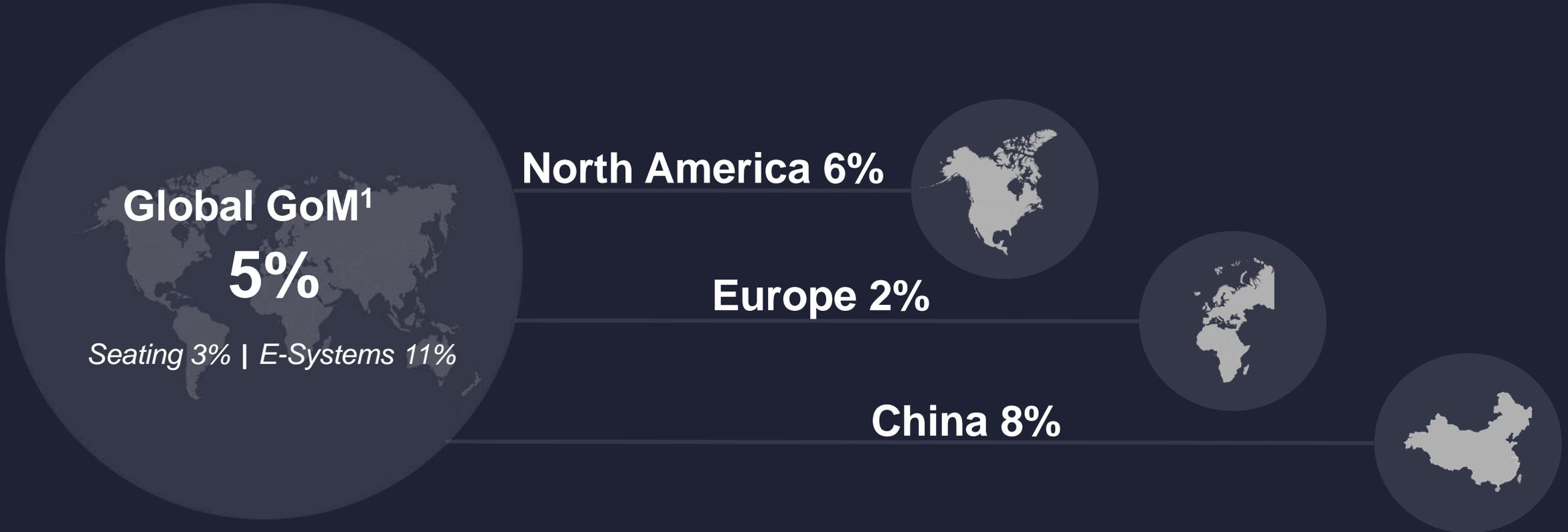
				
	Global	North America	Europe and Africa	China
	(Actual)	(Actual)	(Actual)	(Actual)
Q2 2019	21.7	4.2	5.8	5.1
Q2 2020	11.8	1.3	2.1	5.5
	vs Prior Year Down 46%	vs Prior Year Down 69%	vs Prior Year Down 63%	vs Prior Year Up 7%

Source: IHS Markit as of July 16, 2020

Key Currencies

	2019	2020	
Euro	\$1.12 / €	\$1.10 / €	Down 2%
Chinese RMB	6.80 / \$	7.09 / \$	Down 4%

Strong Growth Over Market in All Regions



¹ Year-over-year sales growth excludes the impact of FX and acquisitions. The year-over-year change in production on a Lear sales-weighted basis is calculated using Lear's prior year regional sales mix and is (55%) globally, (56%) for Seating and (51%) for E-Systems. IHS production has been adjusted to match Lear's fiscal calendar

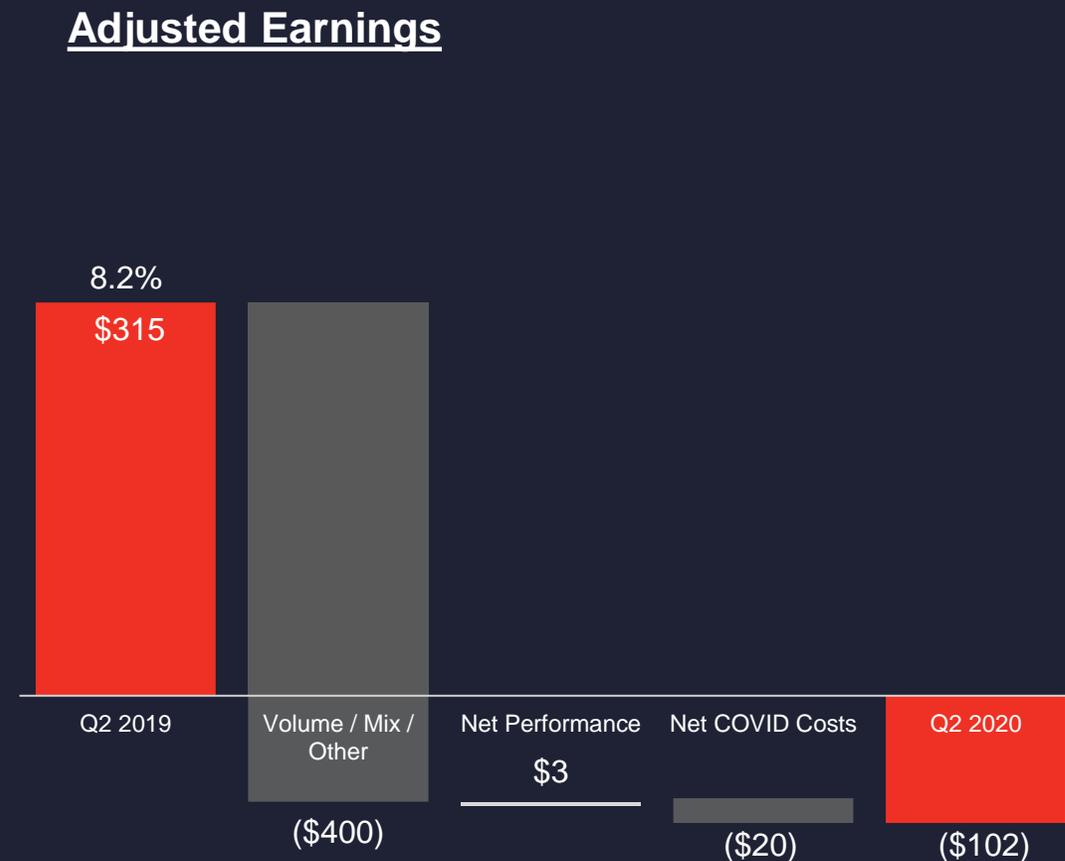
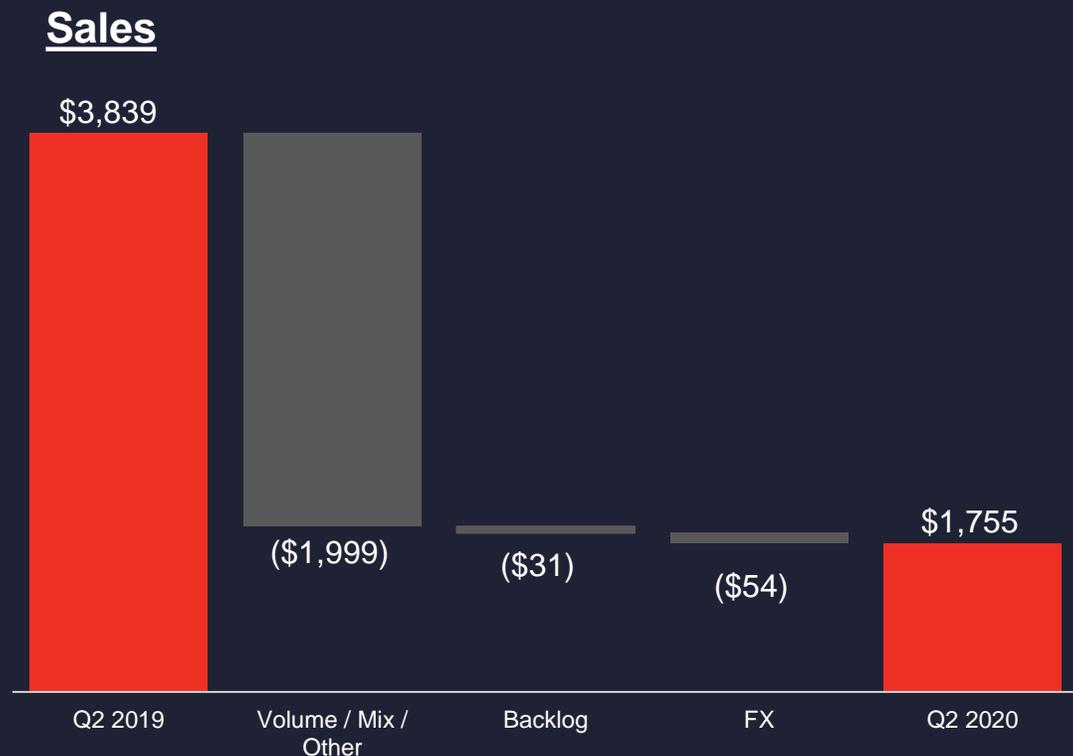
Key Financials

(\$ in millions, except per share amounts)

	Second Quarter		<u>Comments</u>
	2019	2020	
Net Sales	\$ 5,008	\$ 2,445	<ul style="list-style-type: none"> Vehicle production down 69% in NA and 63% in Europe
Core Operating Earnings <i>Operating Margin %</i>	\$ 352 7.0%	\$ (248) (10.2%)	<ul style="list-style-type: none"> Decremental margins of 23% Net labor inefficiencies and incremental costs of ≈\$125M partially offset by cost saving actions of ≈\$95M
Adjusted Earnings per Share	\$ 3.78	\$ (4.14)	<ul style="list-style-type: none"> Reflects lower earnings partially offset by lower share count
Free Cash Flow	\$ 268	\$ (611)	<ul style="list-style-type: none"> Reflects lower earnings and impact of working capital

Seating Sales and Adjusted Earnings Second Quarter

(\$ in millions)

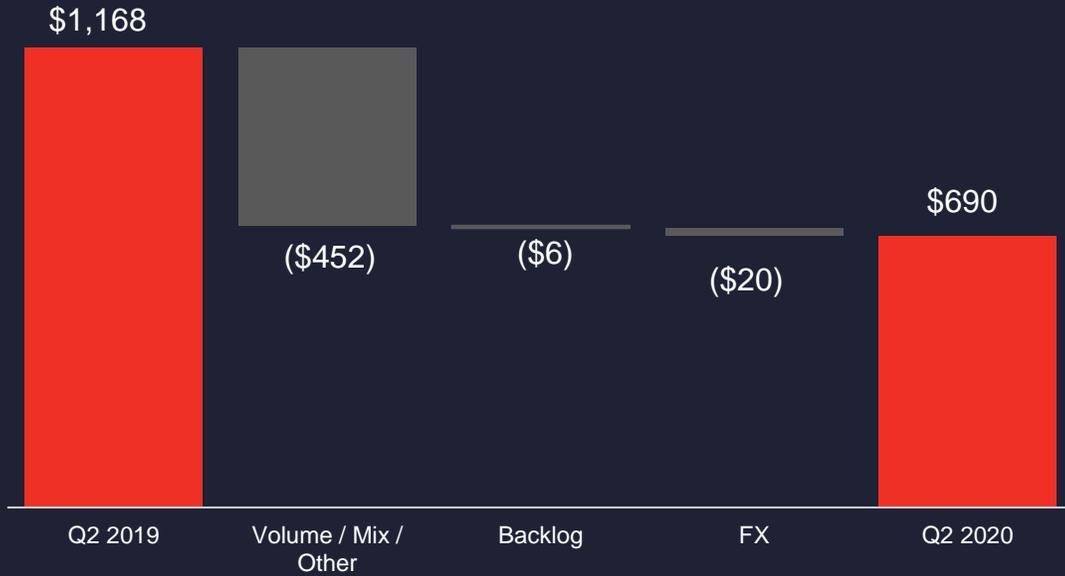


Please see appendix for discussion of non-GAAP financial measures, as well as reconciliations of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP

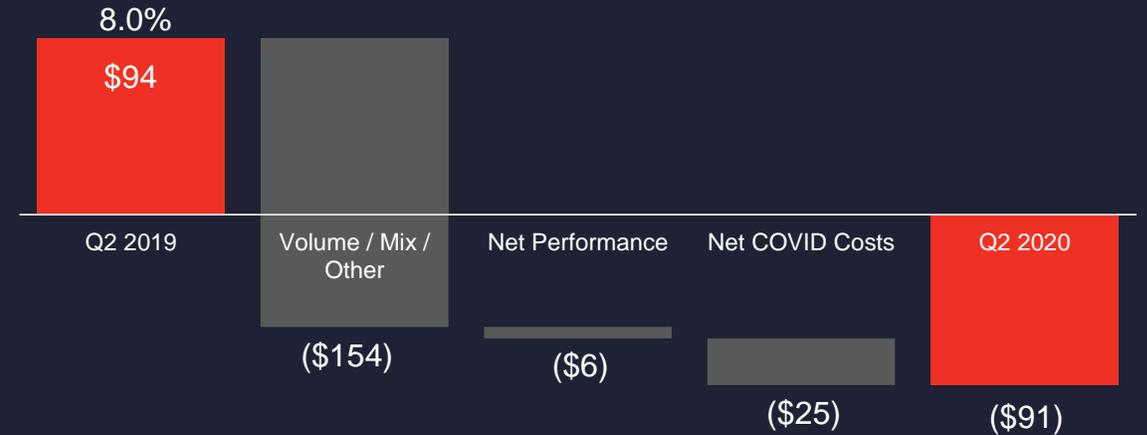
E-Systems Sales and Adjusted Earnings Second Quarter

(\$ in millions)

Sales



Adjusted Earnings



COVID-19 Pandemic Business Impact

INCREMENTAL COST DRIVERS

Nonrecurring

- Semi-fixed labor (net of government support)
- Plant inefficiencies during restart
- Premium freight
- Other incremental costs

Ongoing

- Personal protective equipment
- Reduced plant efficiencies

COST REDUCTION ACTIONS

Nonrecurring

- Salary deferrals and pay cuts
- Lower incentive compensation
- Reduced R&D and other discretionary spending
- Lower program engineering expense

Ongoing

- Restructuring
 - Improve capacity utilization
 - Reduce SG&A
- Lower T&E cost

**First Half
Impact**

≈\$150M

(Net of Commercial Recovery)

≈\$130M

Key Factors Expected to Impact Second Half 2020

Second half production outlook

- Lear expects global production to be down 10% to 15% (IHS down approximately 11%)
- Reflects uncertainty around COVID-19 pandemic and consumer demand

Decremental margins expected to improve from $\approx 24\%$ in the first half to $\approx 20\%$ in the second half¹

- Incremental margins expected to be above 20%, sequentially, in the third quarter
- COVID-19 costs expected to moderate in the second half of the year

Restructuring costs expected to continue at first half run rate

Free Cash Flow

- Positive free cash flow expected in the third quarter, with further improvements in the fourth quarter
- Second quarter use of working capital expected to meaningfully unwind in the second half
- Higher capital expenditures anticipated in the second half of the year to support strong backlog

Strong Balance Sheet and Ample Liquidity

Liquidity

- \$2.5 billion in total liquidity, including \$750 million available under revolver
- No significant near-term debt maturities
- Flexible debt structure

Investment Grade Credit Ratings

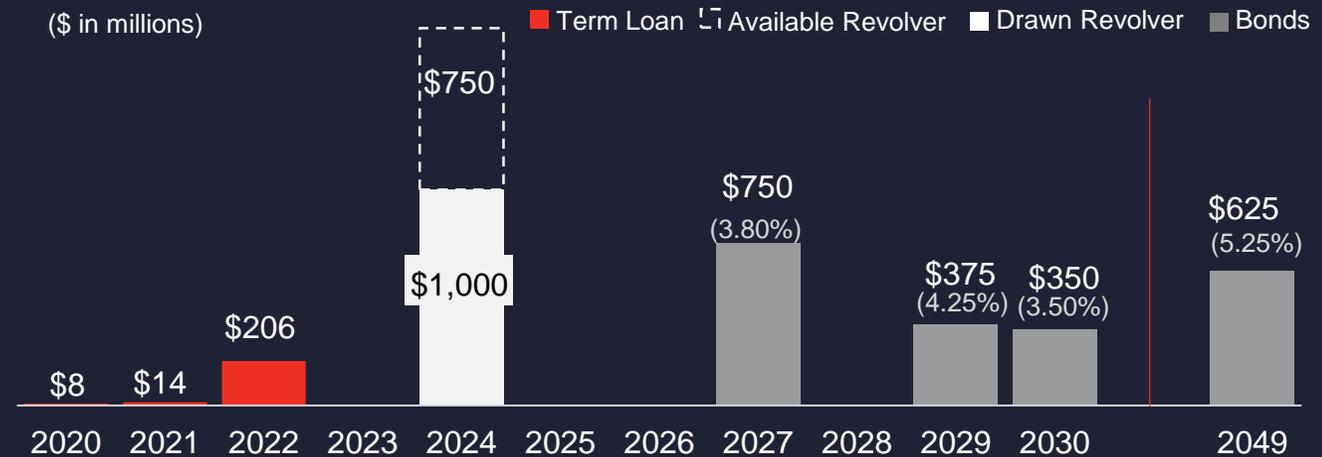
- Fitch:¹ BBB (*initiated in July 2020*)
- Moody's:¹ Baa2 (*affirmed in June 2020*)
- S&P:¹ BBB-

¹ Ratings outlook negative



Debt Maturities

(\$ in millions)



*As of July 4, 2020

Capital Allocation

- Our priorities remain unchanged
 - Invest in core business through capital expenditures and bolt-on acquisitions
 - Maintain an investment grade balance sheet
 - Return excess cash to shareholders as business conditions warrant

Concluding Remarks

Concluding Remarks



Strong balance sheet
and liquidity



Experienced, industry-leading
management team



Long history of
operational excellence



Strong strategic position



Trusted relationships with
key stakeholders

Appendix



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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 (loss) before equity income, interest, other (income) expense, restructuring costs and other special items” (core operating earnings or adjusted segment earnings), adjusted diluted net income (loss) per share available to Lear common stockholders (adjusted earnings per share) 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, gains and losses on the consolidation and deconsolidation of affiliates 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 (loss) 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 (used in) 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 core operating earnings and adjusted earnings per share 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 earnings per share 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 (used in) 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

Impact of Restructuring and Special Items

(in millions, except per share amounts)

	Second Quarter 2020			Adjusted	Memo:
	Reported	Restructuring Costs	Other Special Items		Q2 2019 Adjusted
¹ Pretax Income (Loss) Before Equity Income, Interest and Other (Income) Expense	\$ (294.3)	\$ 36.2	\$ 9.8	\$ (248.3)	\$ 351.6
Equity Income	(7.8)			(7.8)	(8.4)
Pretax Income (Loss) Before Interest and Other (Income) Expense	\$ (286.5)			\$ (240.5)	\$ 360.0
Interest Expense	27.2			27.2	24.4
Other (Income) Expense, Net	(3.2)	2.7	(5.1)	(0.8)	6.8
Income Before Taxes	\$ (310.5)			\$ (266.9)	\$ 328.8
Income Taxes	(41.0)	(11.1)	12.8	(42.7)	73.8
Net Income (Loss)	\$ (269.5)			\$ (224.2)	\$ 255.0
Noncontrolling Interests	24.4			24.4	19.2
Net Income (Loss) Attributable to Lear	\$ (293.9)			\$ (248.6)	\$ 235.8
Diluted Earnings per Share	\$ (4.89)			\$ (4.14)	\$ 3.78

¹ Restructuring costs include \$22.6 million in cost of sales and \$13.6 million in SG&A. Other special items include \$5.0 million in cost of sales and \$4.8 million in SG&A.



Non-GAAP Financial Information

Core Operating Earnings and Adjusted Margins (\$ in millions)

	Second Quarter	
	2019	2020
Net sales	\$ 5,007.6	\$ 2,444.5
Net income (loss) attributable to Lear	\$ 182.8	\$ (293.9)
Interest expense	24.5	27.2
Other (income) expense, net	13.8	(3.2)
Income taxes	73.3	(41.0)
Equity in net income of affiliates	(8.4)	(7.8)
Net income attributable to noncontrolling interests	19.2	24.4
Restructuring costs and other special items -		
Costs related to restructuring actions	38.3	36.2
Acquisition costs	0.5	-
Litigation	1.1	-
Favorable tax ruling in a foreign jurisdiction	0.5	-
Other	6.0	9.8
Core operating earnings	\$ 351.6	\$ (248.3)
Adjusted margins	7.0%	(10.2%)

Non-GAAP Financial Information

Adjusted Segment Earnings and Margins

(\$ in millions)	Second Quarter			
	2019		2020	
	Seating	E-Systems	Seating	E-Systems
Net sales	\$ 3,839.4	\$ 1,168.2	\$ 1,754.9	\$ 689.6
Segment earnings	\$ 283.2	\$ 84.7	\$ (116.4)	\$ (113.4)
Restructuring costs and other special items -				
Costs related to restructuring actions	29.5	8.7	14.4	21.2
Litigation	1.1	-	-	-
Favorable tax ruling in a foreign jurisdiction	0.4	0.1	-	-
Other	0.3	0.4	(0.1)	1.2
Adjusted segment earnings	\$ 314.5	\$ 93.9	\$ (102.1)	\$ (91.0)
Adjusted margins	8.2%	8.0%	(5.8%)	(13.2%)

Non-GAAP Financial Information

	Second Quarter	
	2019	2020
Adjusted Earnings Per Share		
(In millions, except per share amounts)		
Net income (loss) available to Lear common stockholders	\$ 181.9	\$ (293.9)
Redeemable noncontrolling interest	0.9	-
Net income (loss) attributable to Lear	182.8	(293.9)
Costs related to restructuring actions	38.3	38.9
Acquisition costs	0.5	-
Litigation	1.1	-
Favorable tax ruling in a foreign jurisdiction	0.6	-
Loss on extinguishment of debt	10.6	-
Gain related to affiliate	(1.6)	-
Other	4.0	4.7
Tax impact of special items and other net tax adjustments ¹	(0.5)	1.7
Adjusted net income (loss) attributable to Lear	\$ 235.8	\$ (248.6)
Weighted average number of diluted shares outstanding	62.4	60.1
Diluted net income (loss) per share available to Lear common stockholders	\$ 2.92	\$ (4.89)
Adjusted earnings per share	\$ 3.78	\$ (4.14)

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)	Second Quarter	
	2019	2020
Net cash provided by (used in) operating activities	\$ 404.3	\$ (524.5)
Capital expenditures	(136.5)	(86.1)
Free cash flow	\$ 267.8	\$ (610.6)