

Fourth Quarter and Full Year 2015 Financial Results

Presented by:
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Jeff Vanneste, SVP and CFO

January 28, 2016



Investor Information

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 such forward-looking statements contained or incorporated in this presentation or in any other public statements which address operating performance, events or developments that the Company expects or anticipates may occur in the future, including, without limitation, statements related to business opportunities, awarded sales contracts, sales backlog and ongoing commercial arrangements, or statements expressing views about future operating results, are forward-looking statements. Actual results may differ materially from any or all forward-looking statements made by the Company. Important factors, risks and uncertainties that may cause actual results to differ materially from anticipated results include, but are not limited to, general economic conditions in the markets in which the Company operates, including changes in interest rates or currency exchange rates; currency controls and the ability to economically hedge currencies; the financial condition and restructuring actions of the Company's customers and suppliers; changes in actual industry vehicle production levels from the Company's current estimates; fluctuations in the production of vehicles or the loss of business with respect to, or the lack of commercial success of, a vehicle model for which the Company is a significant supplier; disruptions in the relationships with the Company's suppliers; labor disputes involving the Company or its significant customers or suppliers or that otherwise affect the Company; the outcome of customer negotiations and the impact of customer-imposed price reductions; the impact and timing of program launch costs and the Company's management of new program launches; the costs, timing and success of restructuring actions; increases in the Company's warranty, product liability or recall costs; risks associated with conducting business in foreign countries; the impact of regulations on the Company's foreign operations; the operational and financial success of the Company's joint ventures; competitive conditions impacting the Company and its key customers and suppliers; disruptions to the Company's information technology systems, including those related to cybersecurity; the cost and availability of raw materials, energy, commodities and product components and the Company's ability to mitigate such costs; the outcome of legal or regulatory proceedings to which the Company is or may become a party; the impact of pending legislation and regulations or changes in existing federal, state, local or foreign laws or regulations; unanticipated changes in cash flow, including the Company's ability to align its vendor payment terms with those of its customers; limitations imposed by the Company's existing indebtedness and the Company's ability to access capital markets on commercially reasonable terms; impairment charges initiated by adverse industry or market developments; the Company's ability to execute its strategic objectives; changes in discount rates and the actual return on pension assets; costs associated with compliance with environmental laws and regulations; developments or assertions by or against the Company relating to intellectual property rights; the Company's ability to utilize its net operating loss, capital loss and tax credit carryforwards; global sovereign fiscal matters and creditworthiness, including potential defaults and the related impacts on economic activity, including the possible effects on credit markets, currency values, monetary unions, international treaties and fiscal policies; and other risks described in the Company's Annual Report on Form 10-K for the year ended December 31, 2014, 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

- **Fourth Quarter and Full Year 2015 Financial Results and 2016 Outlook**
Jeff Vanneste, SVP and CFO
- **Summary Comments**
Matt Simoncini, President and CEO
- **Q and A Session**



Fourth Quarter and Full Year 2015 Financial Results

Fourth Quarter 2015

Highlights

- Sales of \$4.7 billion, up 11% excluding currency impact
- Record core operating earnings of \$359 million, up 28%
- Improved margins in both business segments
- Adjusted earnings per share of \$3.20, up 41%
- Returned \$123 million to shareholders through share repurchases and dividends

Full Year 2015 Highlights

- Record sales of \$18.2 billion, up 11% excluding currency impact
- Record core operating earnings of \$1.310 billion, up 25%
- Core operating margin of 7.2%, with improved margins in both business segments
- Record adjusted earnings per share of \$10.85, up 33%
- Record free cash flow of \$831 million
- Returned \$566 million to shareholders through share repurchases and dividends

Fourth Quarter and Full Year 2015 Global Vehicle Production

(Units in millions)

	<u>Fourth Quarter 2015</u>		<u>Full Year 2015</u>	
	<u>Actual</u>	<u>Change From Prior Year</u>	<u>Actual</u>	<u>Change From Prior Year</u>
China	6.7	up 14%	22.4	up 5%
Europe and Africa	5.3	up 4%	21.5	up 5%
North America	4.3	up 2%	17.5	up 3%
India	0.9	up 6%	3.8	up 6%
Brazil	0.5	down 30%	2.3	down 22%
Global	22.8	up 4%	86.9	up 2%

Source: IHS Automotive January 2016

Fourth Quarter and Full Year 2015 Reported Financials

(\$ in millions, except per share amounts)

	<i>Fourth Quarter</i>		<i>Full Year</i>	
	<i>2014</i>	<i>2015</i>	<i>2014</i>	<i>2015</i>
Net Sales				
North America	\$ 1,752.2	\$ 1,970.1	\$ 6,769.8	\$ 7,755.7
Europe and Africa	1,769.3	1,728.8	7,004.6	6,756.1
Asia	839.3	921.3	3,101.8	3,235.5
South America	188.9	104.4	851.1	464.1
Global	\$ 4,549.7	\$ 4,724.6	\$ 17,727.3	\$ 18,211.4
Pretax Income Before Equity Income, Interest and Other Expense	\$ 256.6	\$ 338.0	\$ 929.2	\$ 1,186.8
Pretax Income Before Equity Income	\$ 219.0	\$ 309.4	\$ 787.4	\$ 1,031.5
Net Income Attributable to Lear	\$ 261.8	\$ 235.3	\$ 672.4	\$ 745.5
Diluted Earnings per Share Attributable to Lear	\$ 3.24	\$ 3.07	\$ 8.23	\$ 9.59
SG&A % of Net Sales	2.8%	3.0%	3.0%	3.2%
Equity Income	\$ (7.3)	\$ (18.1)	\$ (36.3)	\$ (49.8)
Interest Expense	\$ 20.4	\$ 20.4	\$ 67.5	\$ 86.7
Other Expense, Net	\$ 17.2	\$ 8.2	\$ 74.3	\$ 68.6
Depreciation / Amortization	\$ 78.3	\$ 90.4	\$ 310.9	\$ 347.8

Fourth Quarter 2015

Impact of Restructuring and Other Special Items

(\$ in millions, except per share amounts)	Fourth Quarter 2015			Adjusted	Memo:
	Reported	Restructuring Costs	Other Special Items		FY 2015 Adjusted
Pretax Income Before Equity Income, Interest and Other Expense	\$ 338.0	\$ 20.2*	\$ 0.7*	\$ 358.9	\$ 1,310.2
Equity Income	(18.1)			(18.1)	(51.6)
Pretax Income Before Interest and Other Expense	\$ 356.1			\$ 377.0	\$ 1,361.8
Interest Expense	20.4			20.4	86.7
Other Expense, Net	8.2	(0.1)		8.1	52.3
Income Before Taxes	\$ 327.5			\$ 348.5	\$ 1,222.8
Income Taxes	74.6	5.3	5.8	85.7	328.6
Net Income	\$ 252.9			\$ 262.8	\$ 894.2
Noncontrolling Interests	17.6			17.6	50.3
Net Income Attributable to Lear	\$ 235.3			\$ 245.2	\$ 843.9
Diluted Earnings per Share	\$ 3.07			\$ 3.20	\$ 10.85

* Restructuring costs include \$18.7 million in COGS and \$1.5 million in SG&A. Other special items include \$0.7 million in SG&A.

Fourth Quarter and Full Year 2015

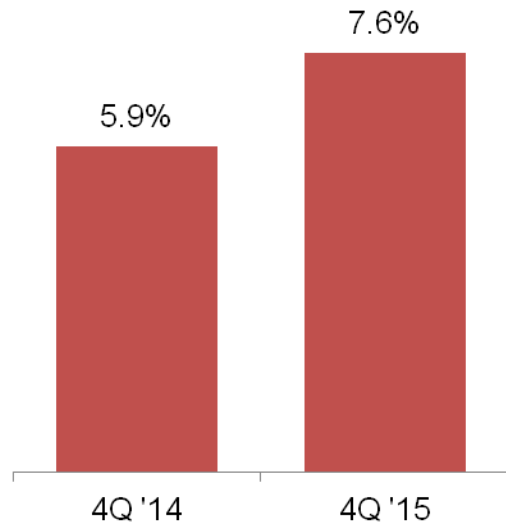
Free Cash Flow

(\$ in millions)

	Fourth Quarter 2015	Full Year 2015
	<u> </u>	<u> </u>
Net Income Attributable to Lear	\$ 235.3	\$ 745.5
Depreciation / Amortization	90.4	347.8
Working Capital and Other	259.4	223.5
Capital Expenditures	<u>(158.1)</u>	<u>(485.8)</u>
Free Cash Flow	<u><u>\$ 427.0</u></u>	<u><u>\$ 831.0</u></u>

Fourth Quarter 2015 Adjusted Margins

Seating



(\$ in millions)

Sales	\$ 3,452.7	\$ 3,678.7
Earnings	\$ 183.9	\$ 262.2
Adj. Earnings	\$ 203.1	\$ 278.7

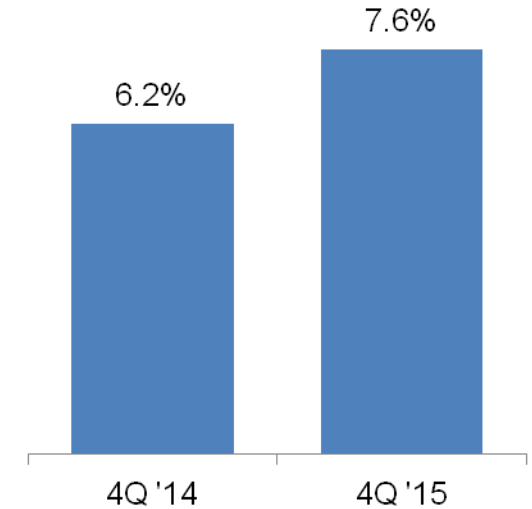
Electrical



(\$ in millions)

Sales	\$ 1,097.0	\$ 1,045.9
Earnings	\$ 143.3	\$ 142.9
Adj. Earnings	\$ 146.3	\$ 147.8

Total Company



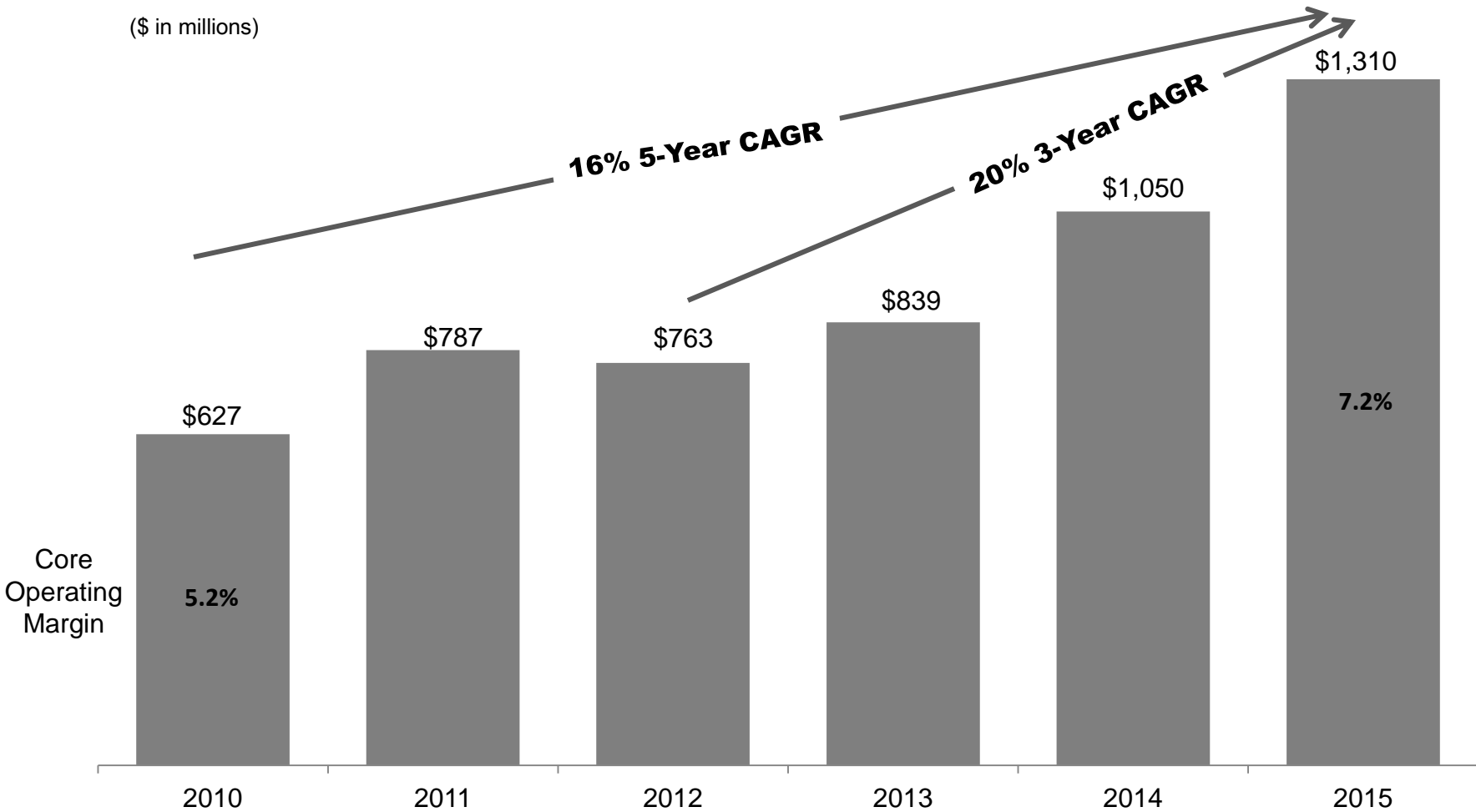
(\$ in millions)

Sales	\$ 4,549.7	\$ 4,724.6
Earnings	\$ 256.6	\$ 338.0
Adj. Earnings	\$ 280.3	\$ 358.9

Reported earnings represents pretax income before equity income, interest and other expense. Adjusted earnings represents reported earnings adjusted for restructuring costs and other special items.

Improving Core Operating Earnings Trend

(\$ in millions)



Core Operating Earnings Growing Faster Than The Automotive Peer Group Average

Non-Consolidated Joint Ventures

- 16 Non-Consolidated Operating JVs:

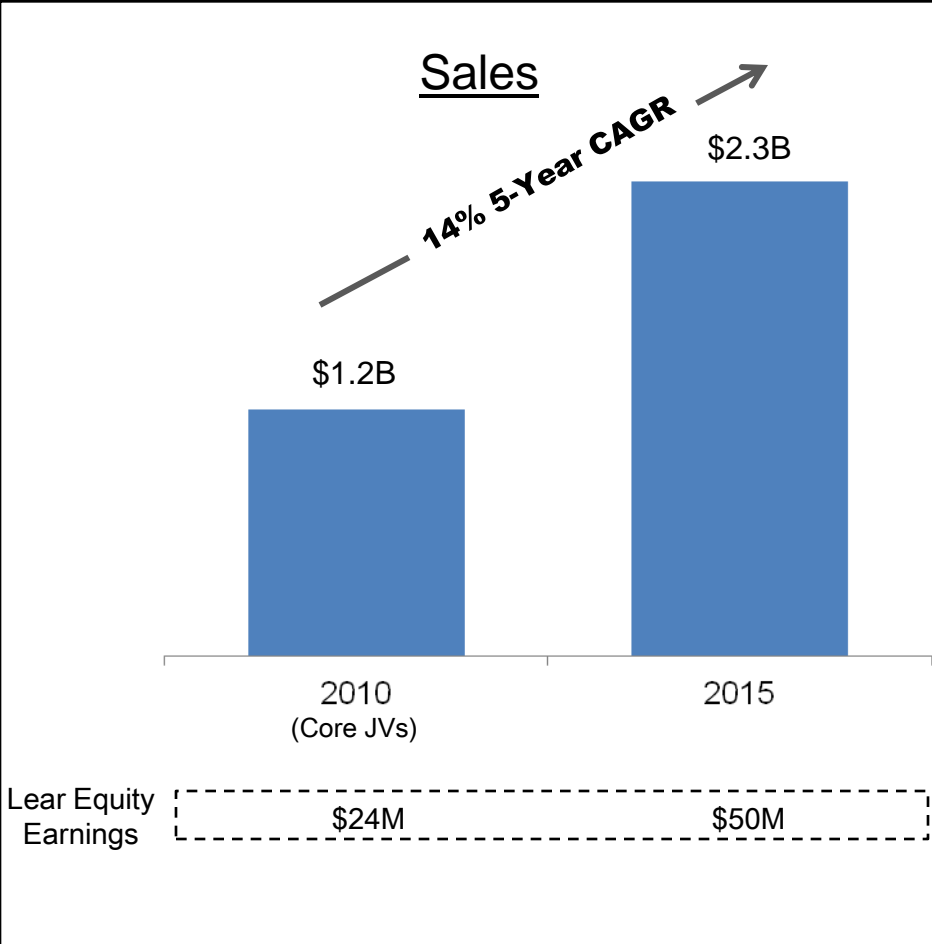
- 10 Seating
- 6 Electrical

- Location:

- 10 Asia
- 5 North America
- 1 Europe

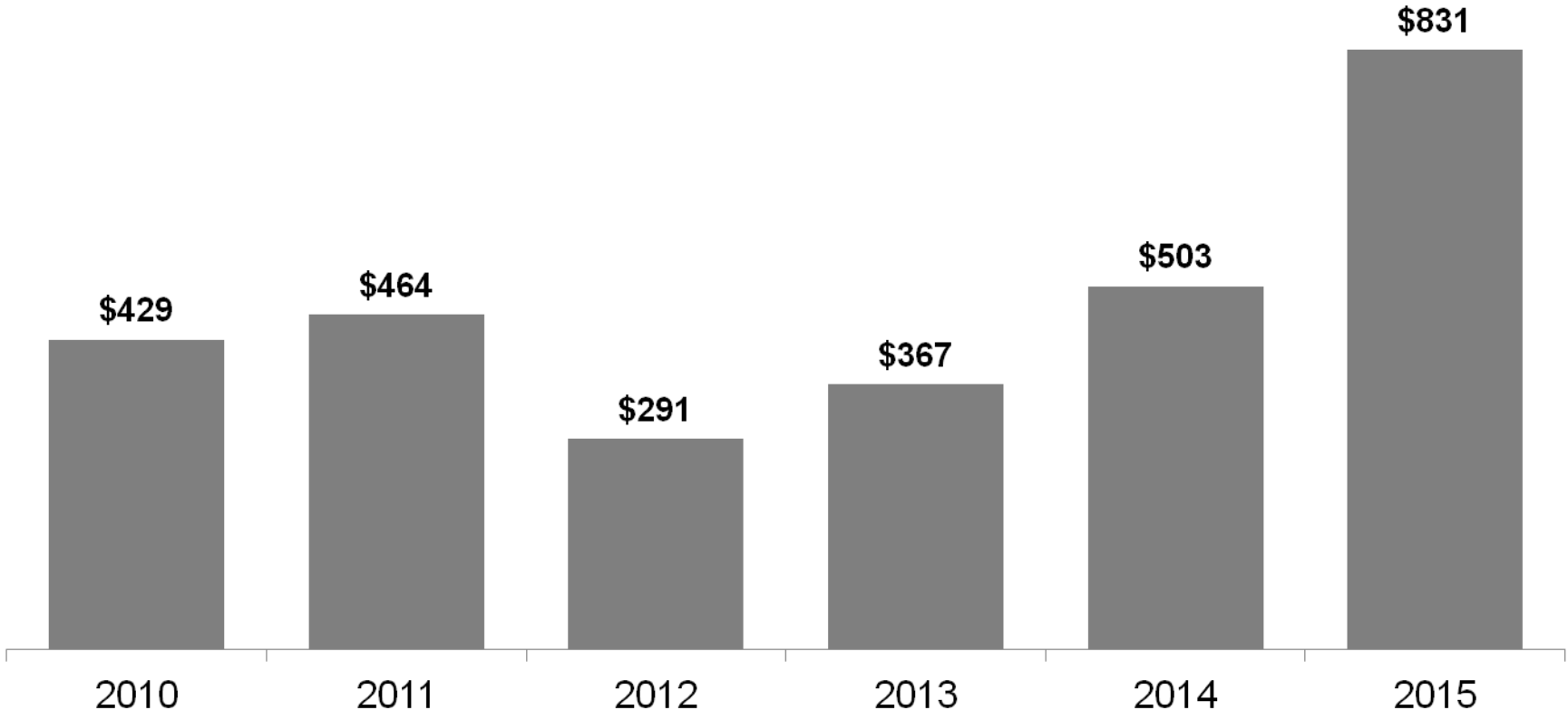
- Customers Served:

- BAIC
- Beijing Benz Auto
- Beijing Hyundai
- Dong Feng Motor
- DFM Nissan
- DPCA
- FAW
- FAW VW / Audi
- GM Daewoo
- Hyundai
- Jiangling
- Jiangling Ford
- Kia
- SAIC
- Shanghai GM
- Shanghai VW



Generating Strong Free Cash Flow

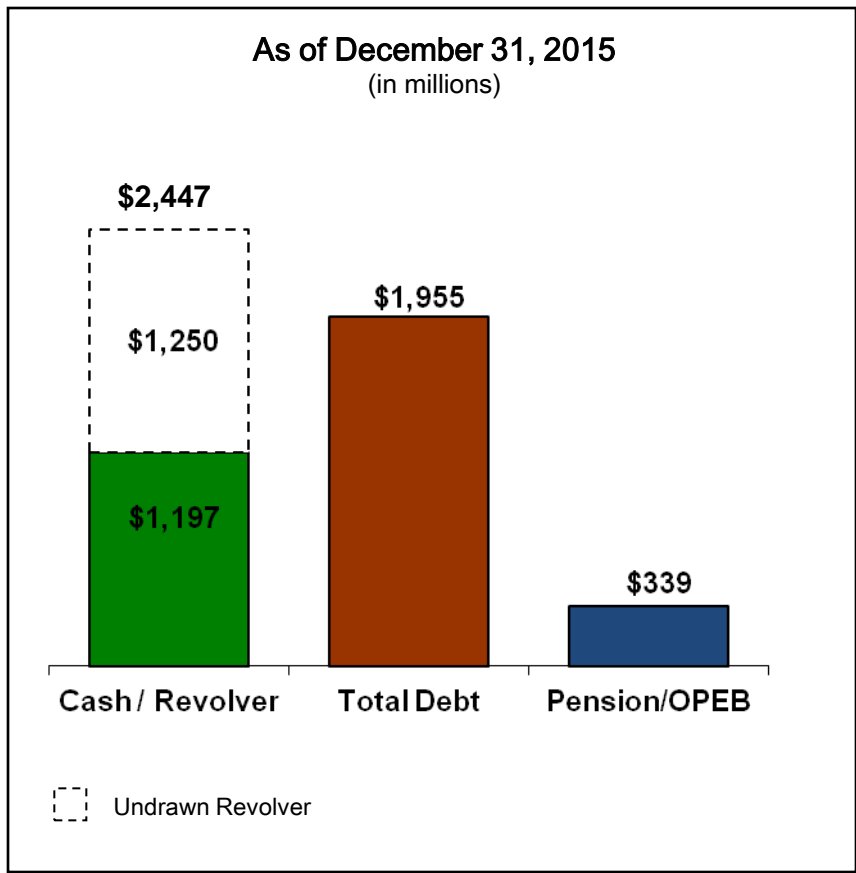
(\$ in millions)



Lear's Present Free Cash Flow Yield Of 11% Is Among The Highest In The Automotive Sector

Strong Capital Structure and Liquidity

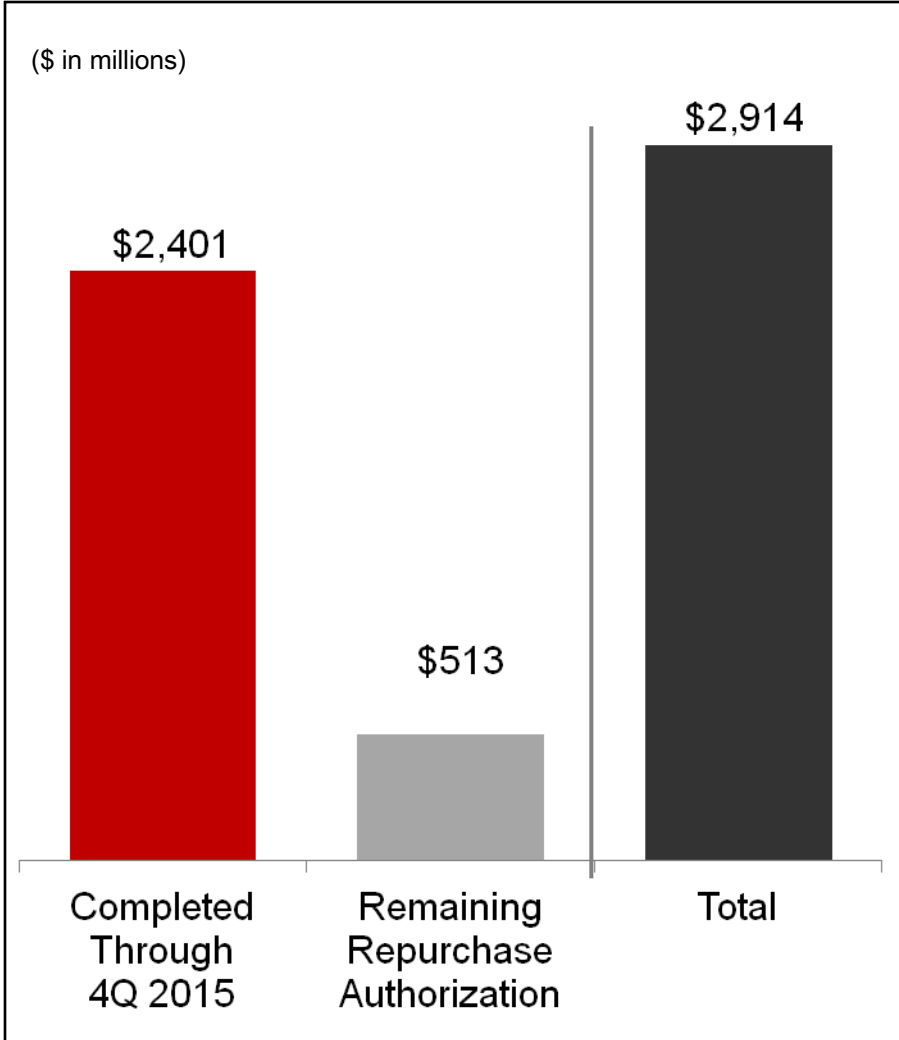
Liquidity and Debt Balances



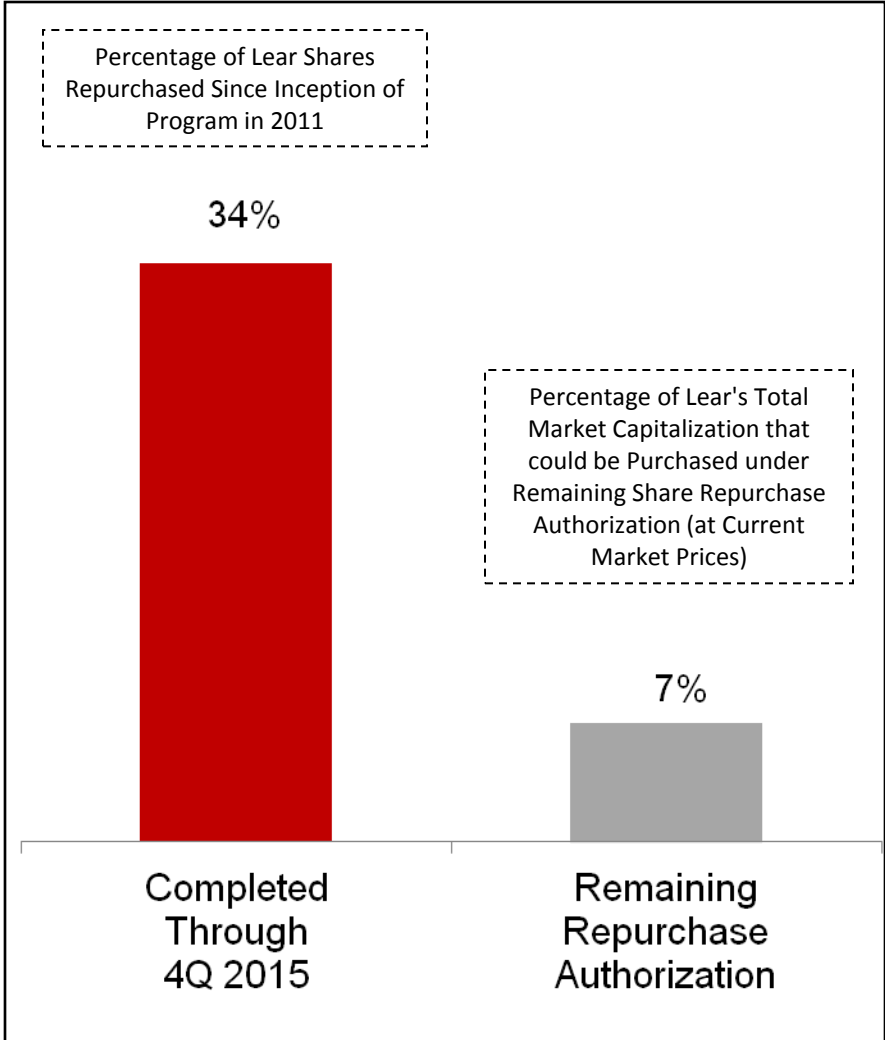
- One of the strongest balance sheets in the industry
- Strong credit metrics with investment grade rating
- No significant debt maturities until 2020
- Modest pension and OPEB liability
 - Substantially all U.S. plans are frozen or relate to closed locations with no future benefit accruals

Share Repurchase Summary

Share Repurchases



Percentage of Shares Repurchased





2016 Outlook

2016 Financial Highlights

- 2016 financial guidance unchanged from January 12th
- Sales in the range of \$18.5 billion to \$19.0 billion
- Core operating earnings in the range of \$1.35 billion to \$1.40 billion
- Free cash flow of approximately \$800 million
- Three-year consolidated sales backlog of \$2.0 billion
- 7th consecutive year of higher sales and adjusted EPS, and strong free cash flow

2016 Vehicle Production and Currency

(Units in millions)

	2015 Actual	2016 Outlook	YOY Change
China	22.4	23.6	up 6%
Europe and Africa	21.5	21.8	up 2%
North America	17.5	18.2	up 4%
India	3.8	4.1	up 9%
Brazil	2.3	2.0	down 12%
Global	86.9	89.7	up 3%

Key Currency

Euro	\$ 1.11 / €	\$ 1.10 / €	down 1%
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Source: IHS Automotive January 2016

2016 Financial Summary

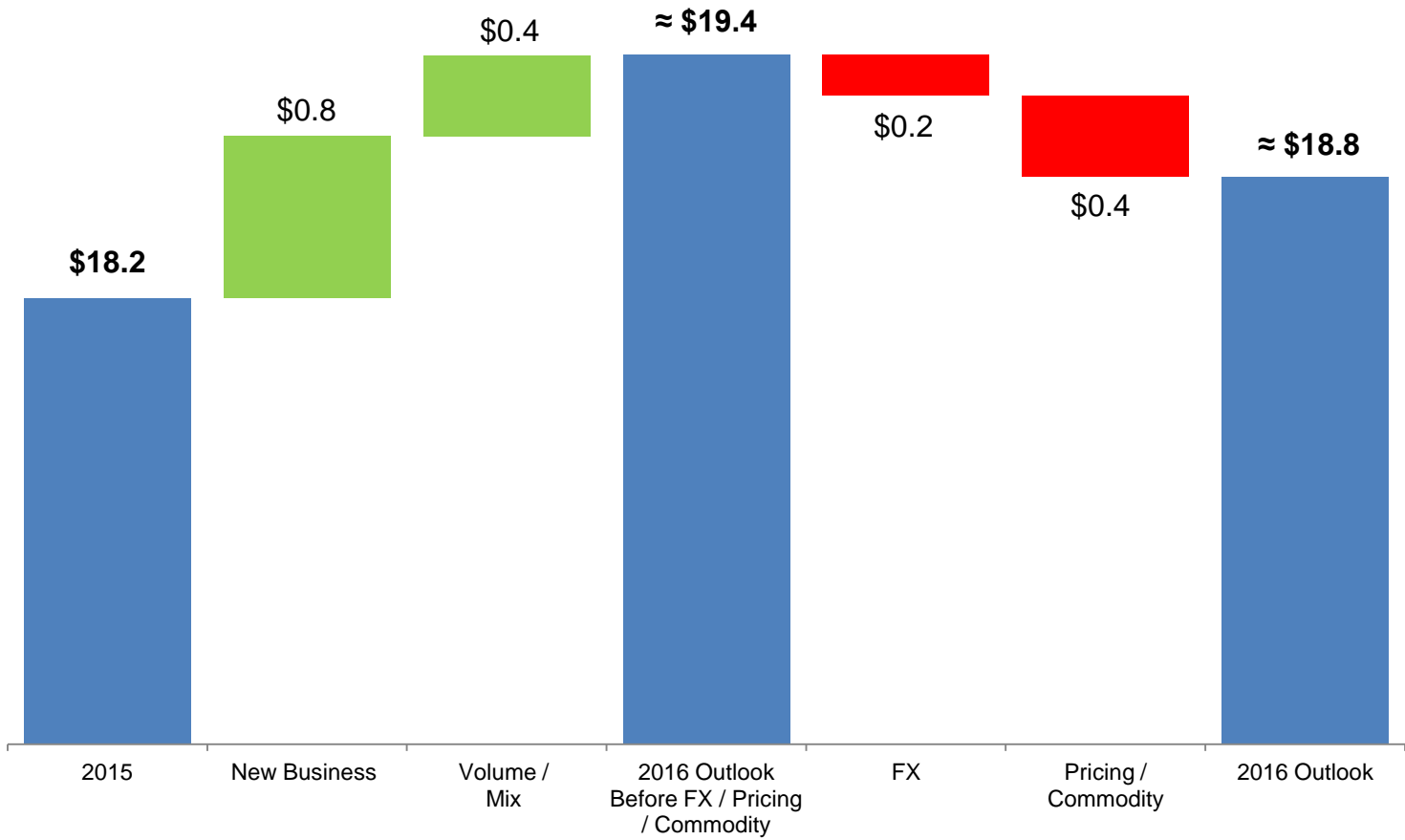
2016 Financial Outlook

\$18.5 to \$19.0 billion	Net Sales
\$1.35 to \$1.40 billion	Core Operating Earnings
≈ \$375 million	Depreciation and Amortization
≈ \$90 million	Interest Expense
≈ 28%	Effective Tax Rate excluding restructuring costs and other special items
\$855 to \$895 million	Adjusted Net Income Attributable to Lear
≈ \$70 million	Restructuring Costs
≈ \$525 million	Capital Spending
≈ \$800 million	Free Cash Flow

**2016 Outlook Represents 7th Consecutive
Year Of Higher Sales And Adjusted EPS**

2016 Revenue Walk

(\$ in billions)





Summary Comments

Summary Comments

- Investments in the business have strengthened our competitiveness, which is driving market share gains and record financial results
- Sales are well diversified and growing faster than industry production
- Uniquely positioned in both segments to take advantage of major industry trends with our industry-leading component capabilities
- Reaffirming 2016 guidance which reflects 7th consecutive year of higher sales and adjusted EPS, and strong free cash flow
- Lear is well positioned to take advantage of industry trends

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 and other expense,” “pretax income before equity income, interest, other expense, restructuring costs and other special items” (core operating earnings, adjusted earnings or adjusted segment earnings), “adjusted net income attributable to Lear,” “adjusted diluted net income per share attributable to Lear” (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 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, gains and losses on the extinguishment of debt and gains and losses on the disposal of fixed assets. Adjusted net income attributable to Lear and adjusted earnings per share represent net income attributable to Lear and diluted net income per share attributable to Lear, respectively, adjusted for restructuring costs and other special items, including the tax effect thereon. Free cash flow represents net cash used in operating activities, excluding 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 pretax income before equity income, interest and other expense, core operating earnings, adjusted net income attributable to Lear, 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.

Pretax income before equity income, interest and other expense, core operating earnings, adjusted net income attributable to Lear, 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 pretax income before equity income, net income attributable to Lear, diluted net income per share 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. Given the inherent uncertainty regarding special items and other expense in any future period, a reconciliation of forward-looking financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP is not feasible. The magnitude of these items, however, may be significant.

Non-GAAP Financial Information

Pretax income before equity income, interest and other expense

(\$ in millions)	Fourth Quarter		Full Year	
	2014	2015	2014	2015
Pretax income before equity income	\$ 219.0	\$ 309.4	\$ 787.4	\$ 1,031.5
Interest expense	20.4	20.4	67.5	86.7
Other expense, net	17.2	8.2	74.3	68.6
Pretax income before equity income, interest and other expense	\$ 256.6	\$ 338.0	\$ 929.2	\$ 1,186.8

Non-GAAP Financial Information

Core Operating Earnings and Adjusted Margins

(\$ in millions)	Fourth Quarter 2014		
	Seating	Electrical	Total
Net sales	\$ 3,452.7	\$ 1,097.0	\$ 4,549.7
Pretax income before equity income, interest and other expense / segment earnings	\$ 183.9	\$ 143.3	\$ 256.6
Costs related to restructuring actions	19.1	3.0	24.3
Acquisition and other related costs	0.1	-	-
Other	-	-	(0.6)
Core operating earnings / adjusted segment earnings	\$ 203.1	\$ 146.3	\$ 280.3
Adjusted margins	5.9%	13.3%	6.2%

(\$ in millions)	Fourth Quarter 2015		
	Seating	Electrical	Total
Net sales	\$ 3,678.7	\$ 1,045.9	\$ 4,724.6
Pretax income before equity income, interest and other expense / segment earnings	\$ 262.2	\$ 142.9	\$ 338.0
Costs related to restructuring actions	16.5	4.4	20.2
Other	-	0.5	0.7
Core operating earnings / adjusted segment earnings	\$ 278.7	\$ 147.8	\$ 358.9
Adjusted margins	7.6%	14.1%	7.6%

Non-GAAP Financial Information

Adjusted Net Income and Adjusted EPS

(\$ and shares in millions)	Fourth Quarter 2015	Full Year 2015
Net income attributable to Lear	\$ 235.3	\$ 745.5
Costs related to restructuring actions	20.3	97.2
Acquisition and other related costs	-	10.9
Acquisition-related inventory fair value adjustment	-	15.8
Loss on redemption of bonds	-	14.3
Loss related to affiliate, net	-	1.8
Other	0.7	1.5
Tax impact of special items and other net tax adjustments ¹	(11.1)	(43.1)
Adjusted net income attributable to Lear	\$ 245.2	\$ 843.9
Weighted average number of diluted shares outstanding	76.6	77.8
Adjusted earnings per share	\$ 3.20	\$ 10.85

¹ Represents 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

Core Operating Earnings

(\$ in millions)	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Pretax income before equity income	\$ 448.8	\$ 615.7	\$ 648.9	\$ 610.1	\$ 787.4	\$ 1,031.5
Interest expense	55.4	39.7	49.9	68.4	67.5	86.7
Other expense, net	34.2	24.2	6.4	58.1	74.3	68.6
Costs related to restructuring actions	69.0	71.5	55.7	83.8	114.3	95.2
Costs related to proxy contest	-	-	-	3.0	-	-
Acquisition and other related costs	-	-	6.2	-	5.3	10.9
Acquisition-related inventory fair value adjustment	-	-	-	-	-	15.8
Losses and incremental costs (insurance recoveries), net related to the destruction of assets	-	13.3	(14.6)	7.3	-	-
Labor-related litigation claims	-	-	-	7.3	-	-
Other	19.9	22.1	10.1	1.4	0.8	1.5
Pretax income before equity income, interest, other expense, restructuring costs and other special items (Core operating earnings)	<u>\$ 627.3</u>	<u>\$ 786.5</u>	<u>\$ 762.6</u>	<u>\$ 839.4</u>	<u>\$ 1,049.6</u>	<u>\$ 1,310.2</u>

Non-GAAP Financial Information

Free Cash Flow

(\$ in millions)	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Fourth Quarter 2015</u>
Net cash provided by operating activities	\$ 621.9	\$ 790.3	\$ 729.8	\$ 820.1	\$ 927.8	\$ 1,271.1	\$ 585.1
Settlement of accounts payable in conjunction with acquisition of Eagle Ottawa	-	-	-	-	-	45.7	-
Adjusted capital expenditures ¹	<u>(193.3)</u>	<u>(326.0)</u>	<u>(439.1)</u>	<u>(453.5)</u>	<u>(424.7)</u>	<u>(485.8)</u>	<u>(158.1)</u>
Free cash flow	<u>\$ 428.6</u>	<u>\$ 464.3</u>	<u>\$ 290.7</u>	<u>\$ 366.6</u>	<u>\$ 503.1</u>	<u>\$ 831.0</u>	<u>\$ 427.0</u>

¹ Adjusted capital expenditures represent capital expenditures of \$329.5 million, \$458.3 million and \$460.6 million in 2011, 2012 and 2013, respectively, net of related insurance proceeds of \$3.5 million, \$19.2 million and \$7.1 million in 2011, 2012 and 2013, respectively.