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A large, light gray world map composed of small dots, centered on the page. The map shows the continents of North America, South America, Europe, Africa, Asia, and Australia.

# Fourth Quarter and Full Year 2014 Financial Results

# Investor Information

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## 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; 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; the impact of new regulations related to conflict minerals; 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, 2013, its Quarterly Report on Form 10-Q for the quarter ended June 28, 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 8 and 9 and the slides titled “Non-GAAP Financial Information” at the end of this presentation.



# Agenda

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- 2014 Financial Results and 2015 Outlook
  - *Jeff Vanneste, SVP and CFO*
- Closing Comments
  - *Matt Simoncini, President and CEO*
- Q and A Session

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# 2014 Financial Results



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# Fourth Quarter and Full Year 2014 Highlights

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## Fourth Quarter 2014

- Sales of \$4.5 billion, up 7% versus global industry production growth of 1%
- Core operating earnings of \$280 million, up 35%
- Higher margins in both business segments
- Refinanced debt to increase liquidity, improve financial flexibility and reduce borrowing costs

## Full Year 2014

- Sales of \$17.7 billion, up 9% and core operating earnings of \$1.05 billion, up 25%, well in excess of the 3% increase in global industry production
- Total Company adjusted operating margin of 5.9%, up by 70 basis points
- Adjusted EPS of \$8.15, up 38%
- Generated \$503 million in free cash flow and returned \$477 million to shareholders

# Fourth Quarter and Full Year 2014 Global Vehicle Production

Units (in millions)	Fourth Quarter 2014		Full Year 2014	
	Actual	Change From Prior Year	Actual	Change From Prior Year
	China	5.9	up 7%	21.3
Europe and Africa	5.1	flat	20.5	up 3%
North America	4.2	up 4%	17.0	up 5%
India	0.9	up 2%	3.6	down 1%
Brazil	0.7	down 10%	3.0	down 14%
<b>Global</b>	<b>21.8</b>	<b>up 1%</b>	<b>85.6</b>	<b>up 3%</b>

Source: IHS Automotive January 2015

# Fourth Quarter and Full Year 2014 Reported Financials

(\$ in millions, except per share amounts)	<i>Fourth Quarter</i>		<i>Full Year</i>	
	<i>2013</i>	<i>2014</i>	<i>2013</i>	<i>2014</i>
<b>Net Sales</b>				
Europe and Africa	\$ 1,665.3	\$ 1,769.3	\$ 6,248.6	\$ 7,004.6
North America	1,543.2	1,752.2	6,106.7	6,769.8
Asia	819.7	839.3	2,887.9	3,101.8
South America	227.9	188.9	990.8	851.1
<b>Global</b>	<b>\$ 4,256.1</b>	<b>\$ 4,549.7</b>	<b>\$ 16,234.0</b>	<b>\$ 17,727.3</b>
<b>Pretax Income Before Equity Income, Interest and Other Expense</b>	\$ 168.2	\$ 256.6	\$ 736.6	\$ 929.2
<b>Pretax Income Before Equity Income</b>	\$ 131.1	\$ 219.0	\$ 610.1	\$ 787.4
<b>Net Income Attributable to Lear</b>	\$ 72.8	\$ 261.8	\$ 431.4	\$ 672.4
<b>Diluted Earnings per Share Attributable to Lear</b>	\$ 0.88	\$ 3.24	\$ 4.99	\$ 8.23
<b>SG&amp;A % of Net Sales</b>	3.4%	2.8%	3.3%	3.0%
<b>Equity Income</b>	\$ (11.3)	\$ (7.3)	\$ (38.4)	\$ (36.3)
<b>Interest Expense</b>	\$ 16.8	\$ 20.4	\$ 68.4	\$ 67.5
<b>Other Expense, Net</b>	\$ 20.3	\$ 17.2	\$ 58.1	\$ 74.3
<b>Depreciation / Amortization</b>	\$ 77.2	\$ 78.3	\$ 285.5	\$ 310.9

# Fourth Quarter 2014

## Impact of Restructuring and Other Special Items

(\$ in millions, except per share amounts)

	Fourth Quarter 2014			Adjusted	Memo:
	Reported	Restructuring Costs	Other Special Items		FY 2014 Adjusted
Pretax Income Before Equity Income, Interest and Other Expense	\$ 256.6	\$ 24.3*	\$ (0.6)*	\$ 280.3	\$ 1,049.6
Equity Income	(7.3)		(4.9)	(12.2)	(41.2)
Pretax Income Before Interest and Other Expense	\$ 263.9			\$ 292.5	\$ 1,090.8
Interest Expense	20.4			20.4	66.5
Other Expense, Net	17.2		(1.9)	15.3	58.0
Income Before Taxes	\$ 226.3			\$ 256.8	\$ 966.3
Income Taxes	(41.7)	11.1	97.8	67.2	270.5
Net Income	\$ 268.0			\$ 189.6	\$ 695.8
Noncontrolling Interests	6.2			6.2	29.9
Net Income Attributable to Lear	\$ 261.8			\$ 183.4	\$ 665.9
Diluted Earnings per Share	\$ 3.24			\$ 2.27	\$ 8.15

\* Restructuring costs include \$19.3 million in COGS and \$5.0 million in SG&A. Other special items include \$0.1 million in COGS and (\$0.7) million in SG&A.

# Fourth Quarter and Full Year 2014 Free Cash Flow

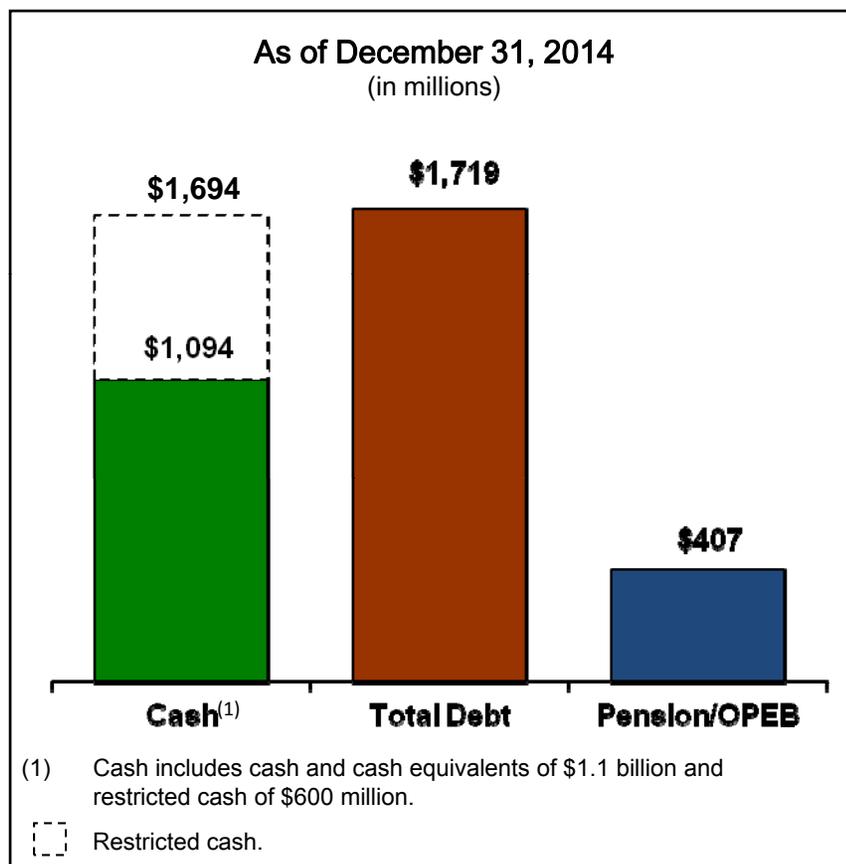
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(\$ in millions)

	<b>Fourth Quarter 2014</b>	<b>Full Year 2014</b>
	<u>          </u>	<u>          </u>
Net Income Attributable to Lear	\$ 261.8	\$ 672.4
Depreciation / Amortization	78.3	310.9
Working Capital and Other	<u>176.0</u>	<u>(55.5)</u>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 516.1</b>	<b>\$ 927.8</b>
Capital Expenditures	<u>(143.9)</u>	<u>(424.7)</u>
<b>Free Cash Flow</b>	<b><u><u>\$ 372.2</u></u></b>	<b><u><u>\$ 503.1</u></u></b>

# Strong Capital Structure and Liquidity

## Cash and Debt Balances



- One of the strongest balance sheets in the industry
- Strong credit metrics in line with investment grade peers
- Covenants and capital structure provide flexibility to invest in our business and execute our strategic objectives going forward
- Modest pension and OPEB liability
  - Substantially all U.S. plans are frozen or relate to closed locations with no future benefit accruals
- Balanced and flexible shareholder distribution policy

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# 2015 Outlook

# 2015 Outlook

## Vehicle Production and Currency

Units (in millions)

	<u>2014</u>	<u>2015 Outlook</u>	<u>YOY Change</u>
China	21.3	22.9	up 8%
Europe and Africa	20.5	20.5	flat
North America	17.0	17.4	up 3%
India	3.6	3.8	up 6%
Brazil	3.0	3.0	up 2%
<b>Global</b>	<b>85.6</b>	<b>87.6</b>	<b>up 2%</b>

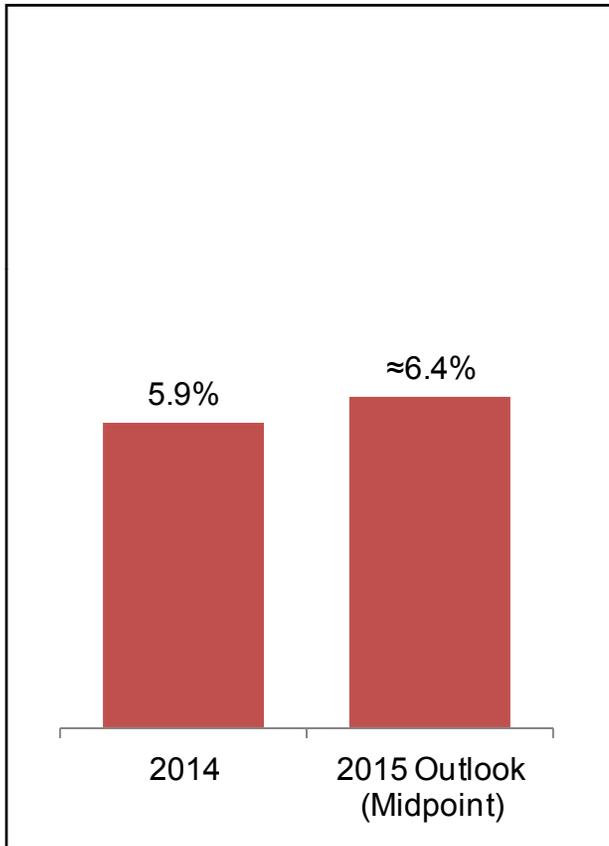
### Key Currency

Euro	\$ 1.33 / €	\$ 1.15 / €	down 14%
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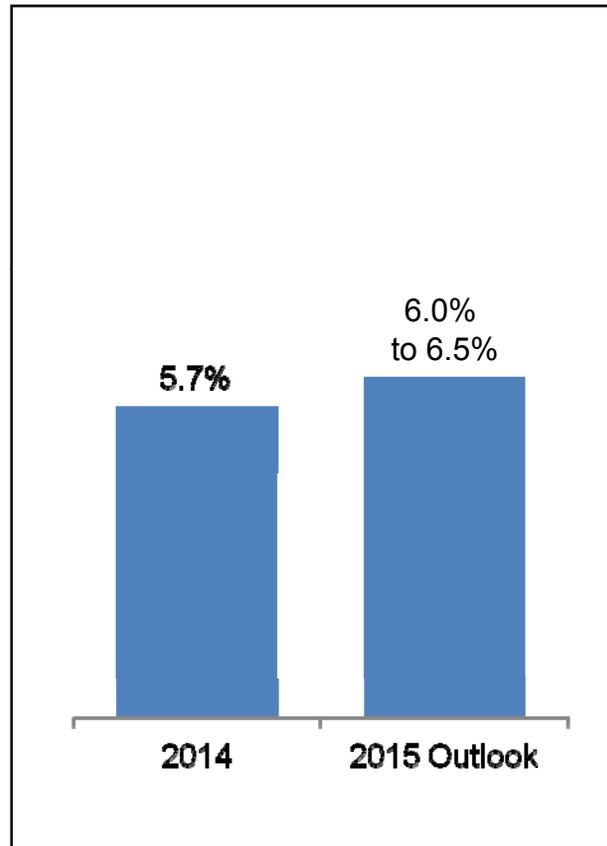
Vehicle production outlook based on IHS Automotive January 2015 production forecast

# 2015 Outlook Adjusted Margins\*

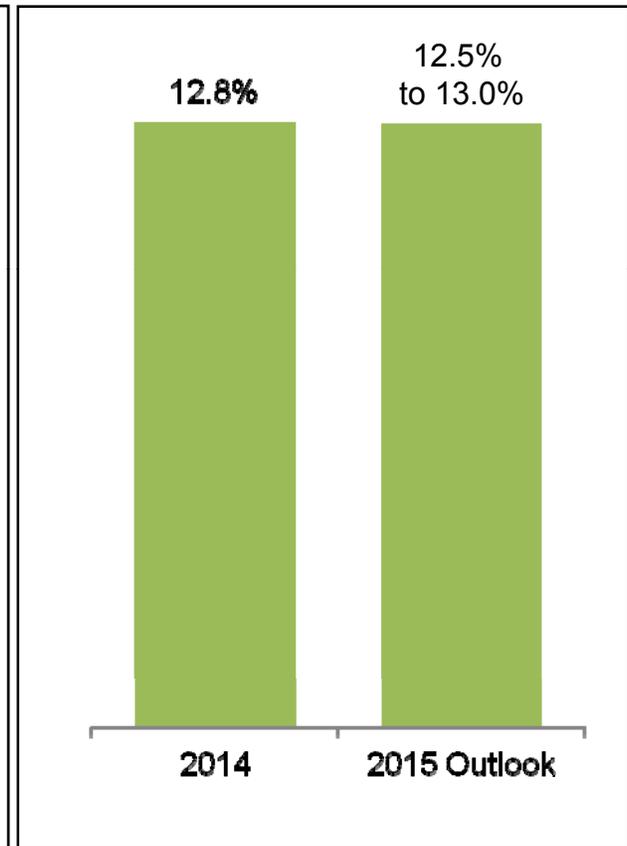
## Total Company



## Seating



## Electrical



\* Based on core operating earnings (total Company) and adjusted segment earnings (Seating and Electrical). Adjusted segment earnings represents reported segment earnings adjusted for restructuring costs and other special items.

# 2015 Outlook

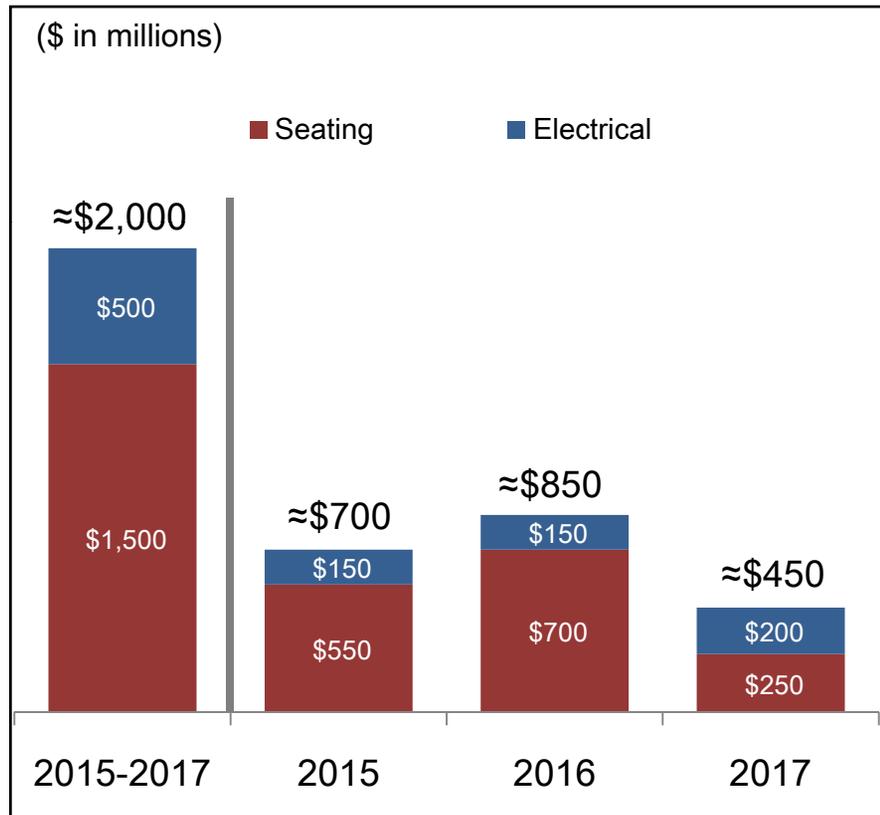
## Financial Summary

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	<b>2015</b>
	<b>Financial Outlook</b>
<b>Net Sales</b>	\$18.5 to \$19.0 billion
<b>Core Operating Earnings</b>	\$1.175 to \$1.225 billion
<b>Depreciation and Amortization</b>	≈ \$385 million
<b>Interest Expense</b>	≈ \$90 million
<b>Pretax Income</b>	\$1.08 to \$1.13 billion
<b>before restructuring costs and other special items</b>	
<b>Effective Tax Rate</b>	≈ 30%
<b>excluding restructuring costs and other special items</b>	
<b>Adjusted Net Income Attributable to Lear</b>	\$720 to \$755 million
<b>Restructuring Costs</b>	≈ \$80 million
<b>Capital Spending</b>	≈ \$500 million
<b>Free Cash Flow</b>	≈ \$575 million

# Sales Backlog Supports Continued Sales Growth

## 2015 to 2017 Sales Backlog



## Composition of Sales Backlog

- By Product:
  - Seating ≈75%
  - Electrical ≈25%
- By Region:
  - Europe ≈\$1,050M
  - North America ≈\$350M
  - Asia ≈\$675M
  - South America ≈(\$75)M

Backlog reflects awarded net new business and excludes pursued business and non-consolidated joint ventures.

Volumes based on IHS Automotive December 2014 production forecast and Company estimates and a Euro exchange rate of \$1.20 / Euro.

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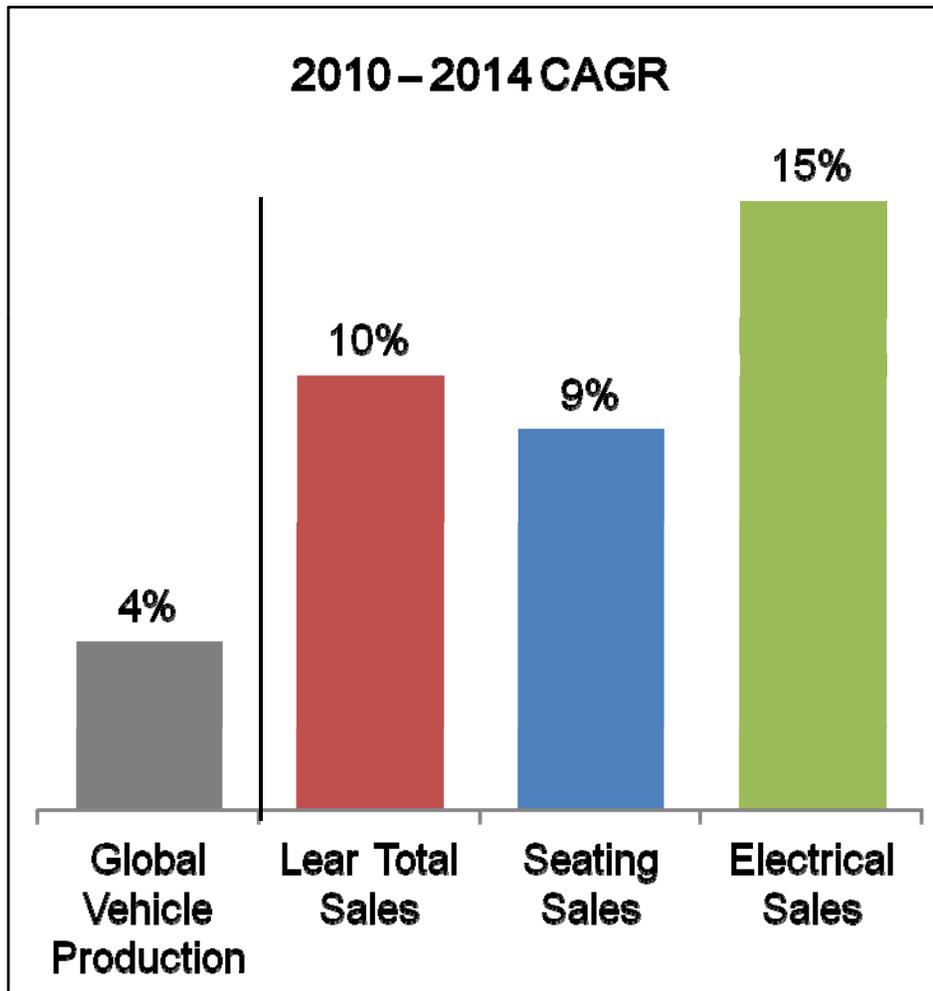
# Closing Comments

# Company Update

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- Balanced strategy is delivering consistently improving results
  - 2014 represented 5<sup>th</sup> consecutive year of higher sales, adjusted EPS
  - Projecting 6th consecutive year of improving financial results in 2015
  - Strong cash generation
- Seating sales and margins improving
  - 2014 sales and segment earnings increased by 11% and 15%, respectively
  - Eagle Ottawa will strengthen global capabilities and performance
  - Expect further sales and margin growth in 2015
- Uniquely positioned in Electrical to take advantage of increasing demand for features and connectivity
  - Reported record sales, segment earnings and margins in 2014
  - Industry leading low-cost manufacturing and engineering footprint

# Lear Sales Growing Faster than Industry Production



- Strong global market position in both product segments
- Diversified sales and customer base, serving all of the world's major automakers
- Low-cost footprint with more than 80% of component facilities and more than 90% of related employment in low-cost countries
- Full component capability in both product segments
- Strong customer relationships
- Operational excellence
- Innovative products with first to market technologies in both business segments

# Major Customer and Industry Trends

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- Increasing utilization of global platforms and direct component sourcing by customers
- Increasing consumer demand for higher vehicle content, including additional comfort, convenience and connectivity features
- Increasing demand for safety features and systems
- Stricter fuel economy and CO<sub>2</sub> emissions standards
- China is the largest and fastest growing major automotive market in the world

# Trends Driving Increased Electrical Content

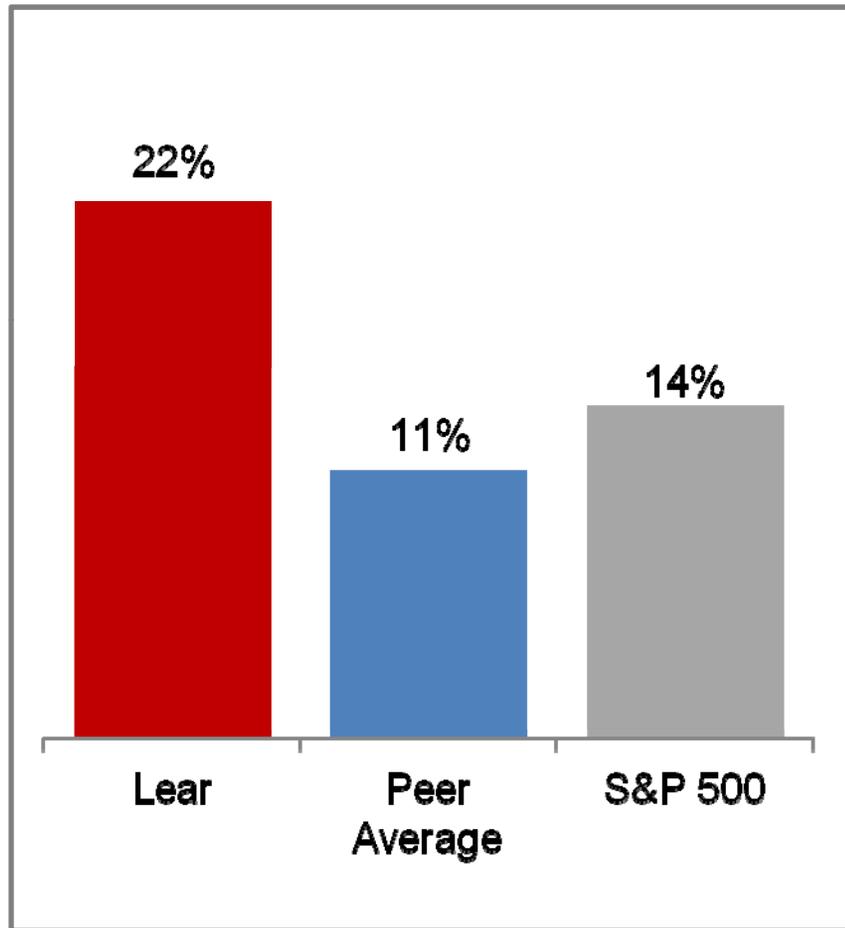
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- Transformation in Electrical segment driven by increasing demand for added features to support industry trends in fuel efficiency, safety and connectivity
  - More signals required
    - Number of signals in a vehicle expected to increase by approximately 3 times from  $\approx 3,500$  in 2012 to over 10,000 in 2020
  - Additional software required
    - Lines of software code in a vehicle expected to double from 15 million lines in 2012 to 30 million lines in 2020
    - Software is expected to represent 15% of vehicle cost and control over 75% of all mechanical / electronic functionality in 2015
  - More vehicle connectivity
    - IHS forecasts 80% of all global vehicle production will have some form of connectivity by 2020 (e.g., Bluetooth, GPS, cellular)
  - Increasing penetration of electric and alternative energy vehicles

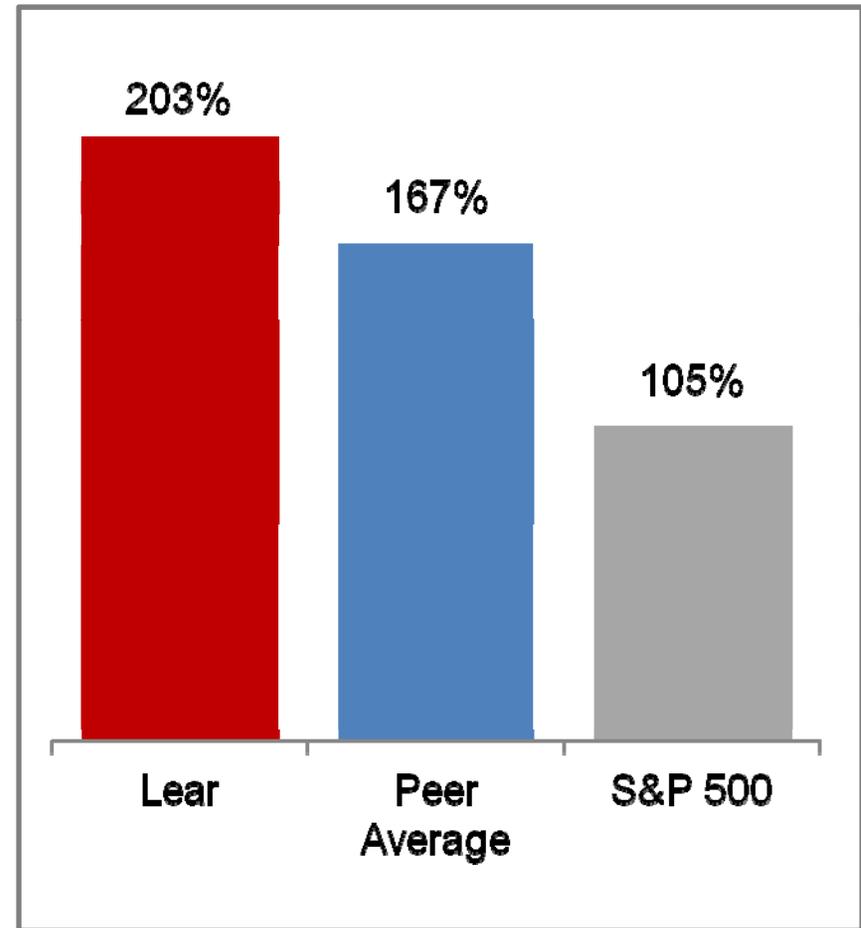
Source: W Research

# Lear Total Shareholder Return Outpacing the Market

2014



2010 – 2014



\* Includes reinvested dividends. Peers include American Axle, BorgWarner, Dana, Delphi, Federal-Mogul, Gentex, Johnson Controls, Magna International, Superior Industries, Tenneco, TRW Automotive and Visteon.

# Non-GAAP Financial Information

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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 or adjusted segment earnings), “pretax income before restructuring costs and other special items,” “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 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 pretax income before equity income, interest and other expense, core operating earnings, pretax income before restructuring costs and other special items, 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, pretax income before restructuring costs and other special items, 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	
	2013	2014	2013	2014
<b>Pretax income before equity income</b>	<b>\$ 131.1</b>	<b>\$ 219.0</b>	<b>\$ 610.1</b>	<b>\$ 787.4</b>
Interest expense	16.8	20.4	68.4	67.5
Other expense, net	20.3	17.2	58.1	74.3
<b>Pretax income before equity income, interest and other expense</b>	<b>\$ 168.2</b>	<b>\$ 256.6</b>	<b>\$ 736.6</b>	<b>\$ 929.2</b>

# Non-GAAP Financial Information

## Core Operating Earnings and Adjusted Margins

(\$ in millions)	2014		
	Total	Seating	Electrical
<b>Net sales</b>	<b>\$ 17,727.3</b>	<b>\$ 13,310.6</b>	<b>\$ 4,416.7</b>
Pretax income before equity income, interest and other expense / segment earnings	\$ 929.2	\$ 655.2	\$ 556.6
Costs related to restructuring actions	114.3	92.4	10.1
Acquisition and other related costs	5.3	2.5	-
Other	0.8	2.3	0.4
<b>Core operating earnings / adjusted segment earnings</b>	<b>\$ 1,049.6</b>	<b>\$ 752.4</b>	<b>\$ 567.1</b>
<b>Adjusted margins</b>	<b>5.9%</b>	<b>5.7%</b>	<b>12.8%</b>

# Non-GAAP Financial Information

## Adjusted Net Income and Adjusted EPS

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(\$ and shares in millions)	<u>2014</u>
<b>Net income attributable to Lear</b>	<b>\$ 672.4</b>
Costs related to restructuring actions	115.3
Acquisition and other related costs	5.3
Loss on extinguishment of debt	17.9
Loss related to affiliates, net	0.8
Other	3.3
Tax impact of special items and other net tax adjustments <sup>1</sup>	<u>(149.1)</u>
<b>Adjusted net income attributable to Lear</b>	<b><u>\$ 665.9</u></b>
Weighted average number of diluted shares outstanding	<u>81.7</u>
<b>Adjusted earnings per share</b>	<b><u>\$ 8.15</u></b>

<sup>1</sup> Represents the tax effect of restructuring costs and other special items, as well as several discrete tax items including changes in valuation allowances in several foreign and domestic subsidiaries. The identification of these tax items is judgmental in nature, and their calculation is based on various assumptions and estimates.