

Fourth Quarter and Full Year 2017 Financial Results

January 26, 2018



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 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, 2016 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.

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Matt Simoncini
President and CEO

2017 Financial Results
and 2018 Outlook

Jeff Vanneste
SVP and CFO

Proven Track Record
of Execution

Matt Simoncini
President and CEO

Focus on Value
Creation Continues

Ray Scott
***EVP and President,
Seating***

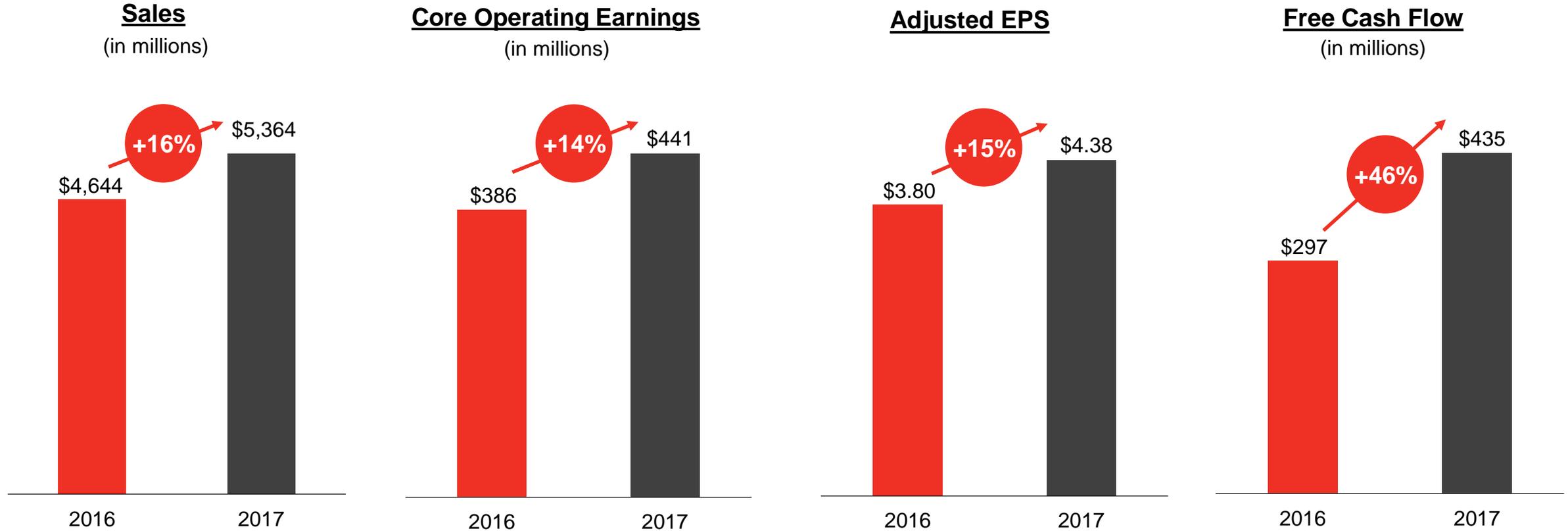
2017 Highlights

- Record financial results in fourth quarter and full year
- Record cash generation with an 11% cash flow yield in 2017
- Market share gains in both product segments driving record backlog
- Continued investment to improve product capabilities and cost structure
- Strategic acquisitions strengthened core businesses
 - EXO Technologies global vehicle positioning
 - Grupo Antolin's seating business
- Delivered superior value to shareholders
 - Increased dividend by 67%
 - Repurchased 3.0 million shares
 - Returned over \$4 billion to shareholders since 2011
 - Total shareholder return of 35% and 297% over the last 5 years

A blurred image of a car in motion, likely a sports car, with a red light streak across the middle. The background is a dark, hazy landscape.

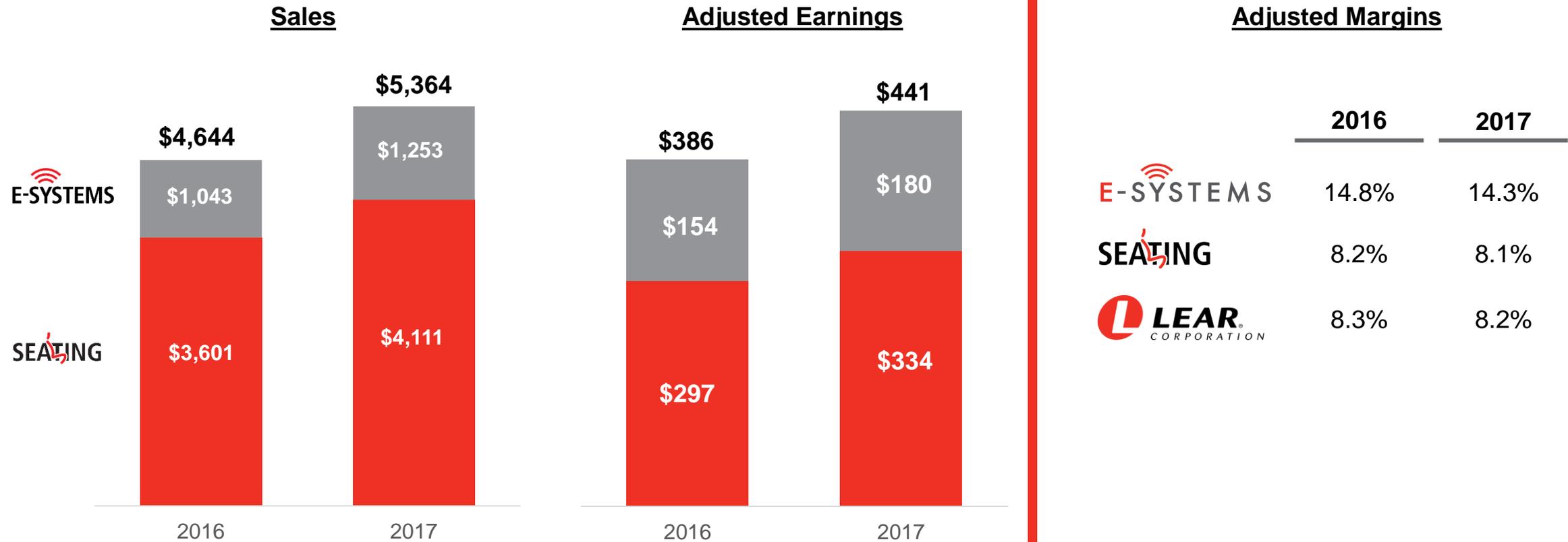
| 2017 Financial Results

Fourth Quarter 2017 Highlights



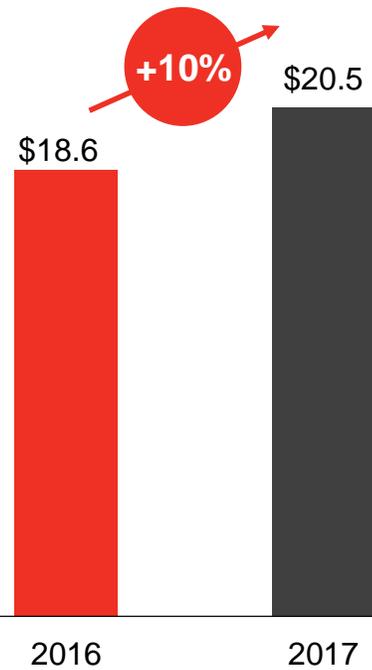
Fourth Quarter 2017 Segment Results

(in millions)

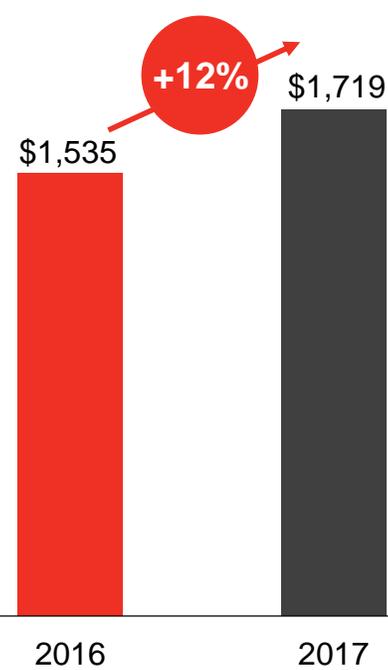


Full Year 2017 Highlights

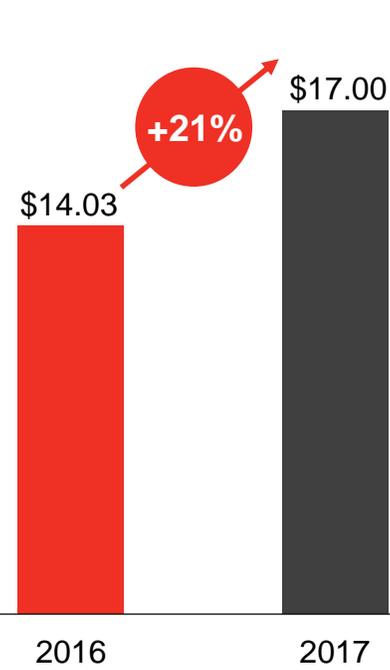
Sales
(in billions)



Core Operating Earnings
(in millions)



Adjusted EPS

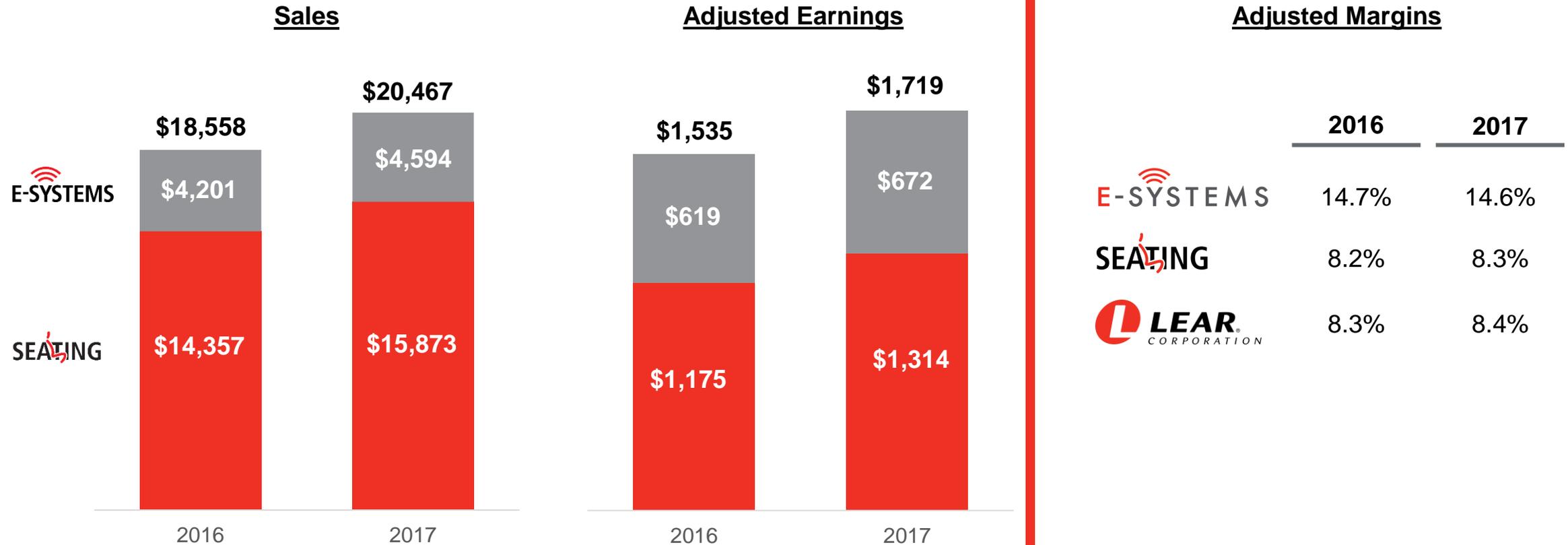


Free Cash Flow
(in millions)



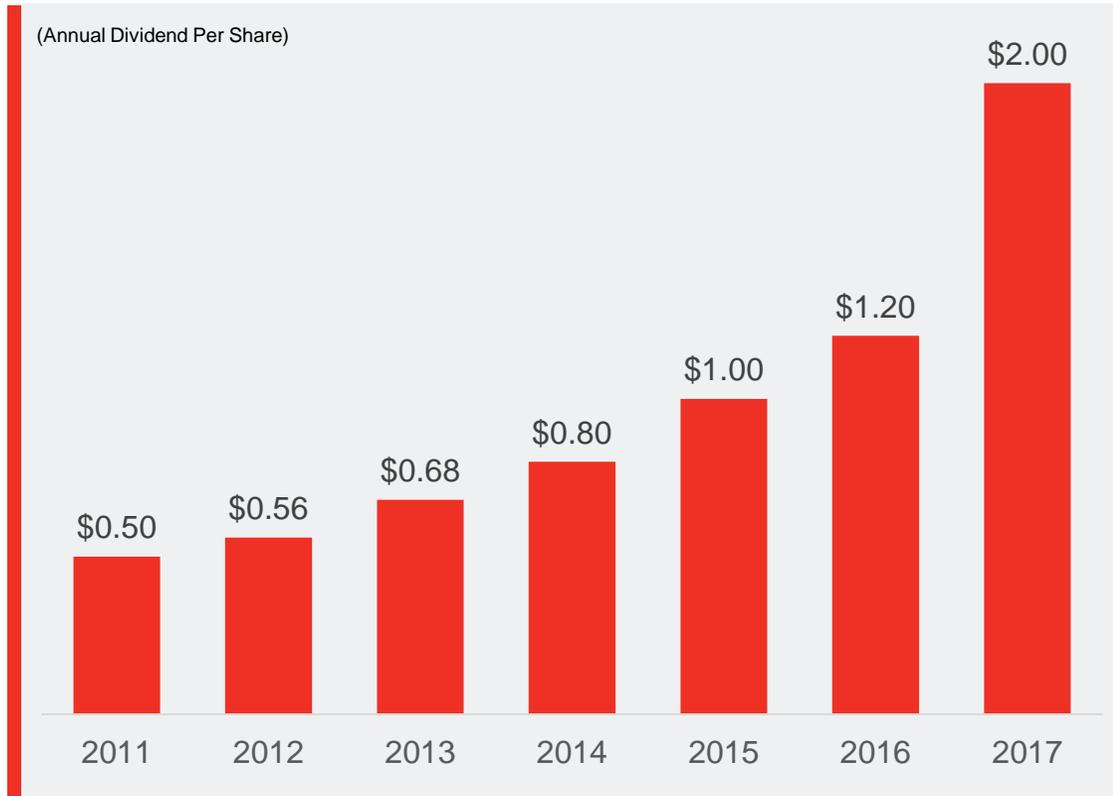
Full Year 2017 Segment Results

(in millions)

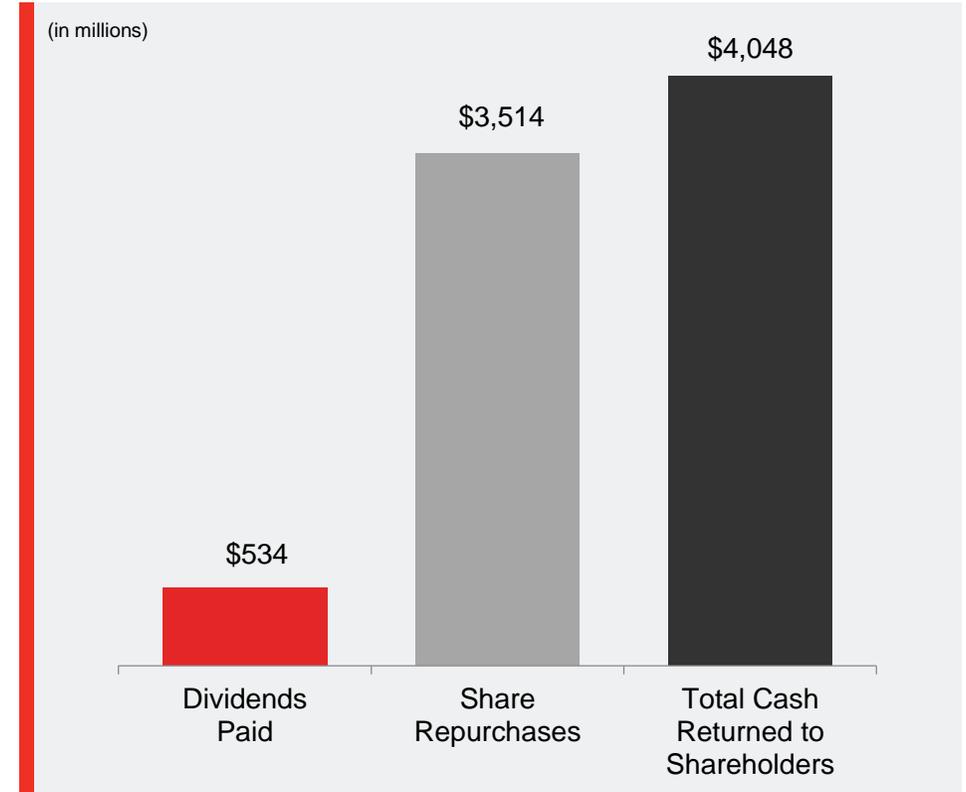


Share Repurchase and Dividend Summary

Track Record of Increasing Dividend



Cash Returned to Shareholders Since 2011



**Since 2011, Lear Has Returned \$4+ Billion To Our Shareholders
And Repurchased 42% Of Outstanding Shares**



| 2018 Outlook

2018 Outlook Global Vehicle Production and Currency

(Units in millions)

	2017 Actual	2018 Outlook	YOY Change
China	26.3	26.5	Up 1%
Europe and Africa	22.9	23.4	Up 2%
North America	17.1	17.4	Up 2%
India	4.4	4.7	Up 7%
Brazil	2.6	3.0	Up 12%
Global	93.3	95.1	Up 2%
Key Currencies			
Euro	\$1.13 / €	\$1.18 / €	Up 5%
Chinese RMB	6.76 / \$	6.60 / \$	Up 3%

2018 Outlook Financial Summary

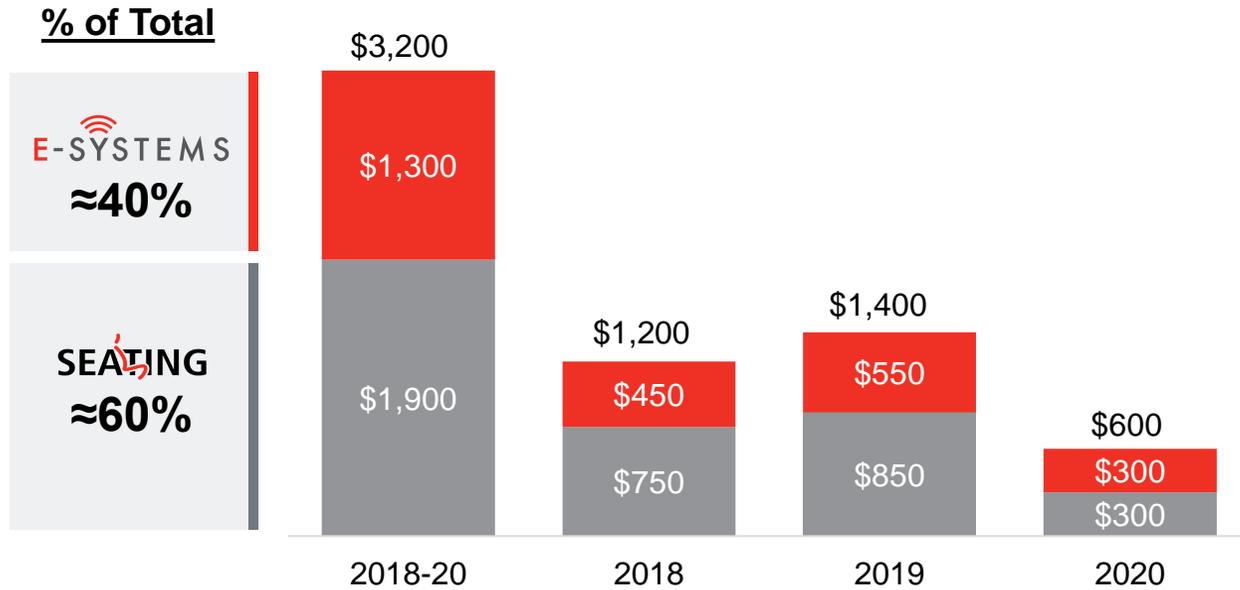
Net Sales	\$21.4 - \$21.6 billion	Interest Expense	≈\$80 million	Restructuring Costs	≈\$65 million
Core Operating Earnings	\$1,750 - \$1,775 million	Effective Tax Rate	≈22%	Capital Spending	≈\$630 million
Adjusted EBITDA	\$2,230 - \$2,255 million	Adjusted Net Income	\$1,230 - \$1,250 million	Free Cash Flow	\$1,200+ million

Record 2018-2020 Sales Backlog

(in millions, Euro at \$1.18)

\$3.2 Billion Consolidated Sales Backlog

Nearly \$4 Billion Total Backlog Including Non-Consolidated



\$400 million Of E-Systems Backlog In Electrification And Connectivity Programs

Proven Track Record of Execution

Investment to Strengthen Global Capabilities and Improve Cost Structure

Strong Global Capabilities

5,500

Total engineers globally with 40% in low-cost countries

600+

Software engineers

20

Engineering centers globally, including 8 advanced product technical centers

Low-Cost Footprint

≈\$1.0 B

Invested to restructure global operations over last 10 years

≈\$1.2 B

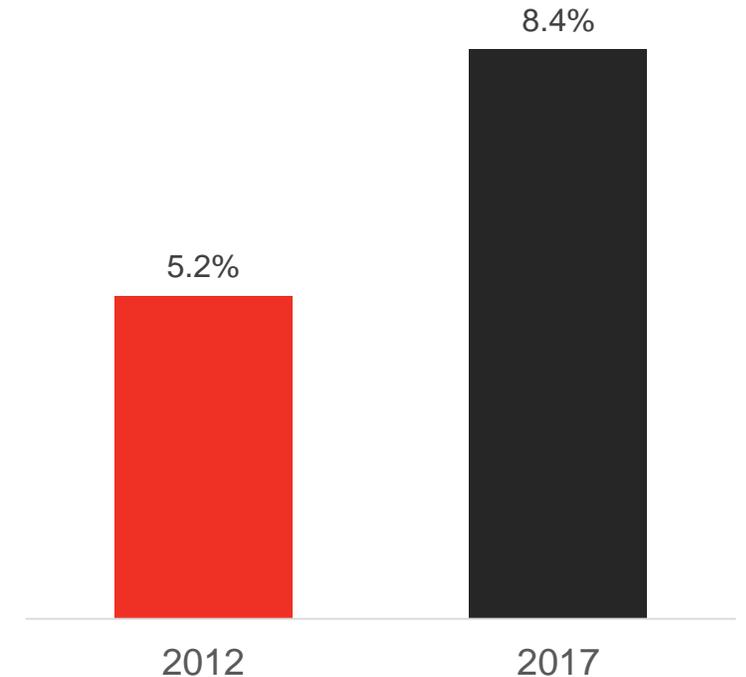
Capital invested in low-cost country component facilities over last 5 years

80% of component facilities

95% of related employees

based in low-cost countries

Improving Adjusted Margins



\$5.5 Billion Invested In The Business, Including Acquisitions, Since 2011

Strategic Acquisitions Have Strengthened Core Businesses and Added Product Capabilities

SEATING

E-SYSTEMS

2017



Grupo Antolin Seating

- Innovative reconfigurable seat structures
- Sales growth and diversification



EXO Technologies

- Industry-leading vehicle positioning – instant, accurate, anywhere

2012
to
2016



Eagle Ottawa

- World's leader in automotive leather
- Seat cover design expertise
- Premium leather
- Sales growth and diversification



Guilford Mills

- Performance textiles
- Sales growth and diversification



Arada Systems

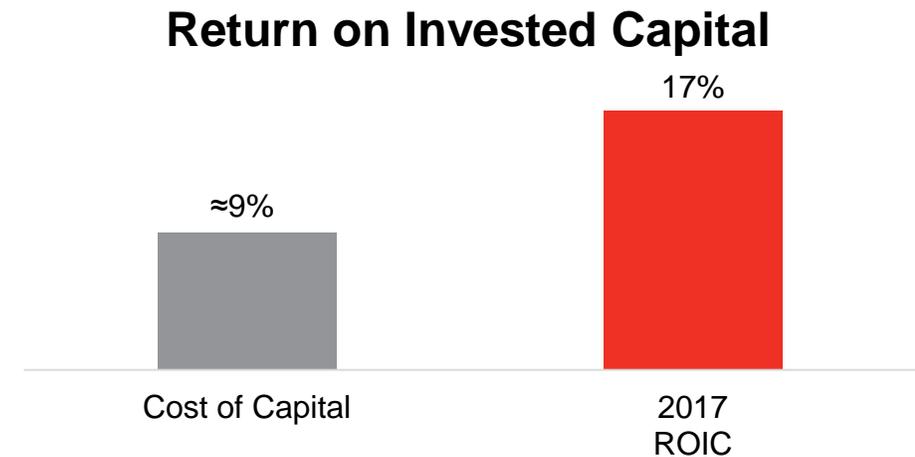
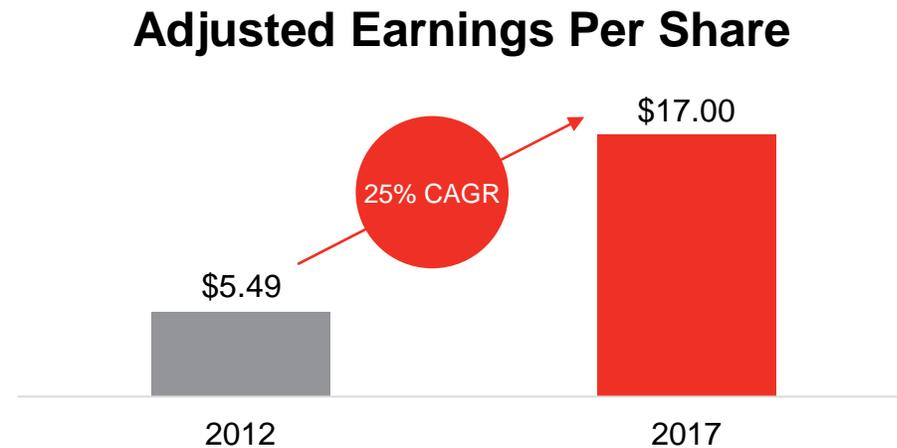
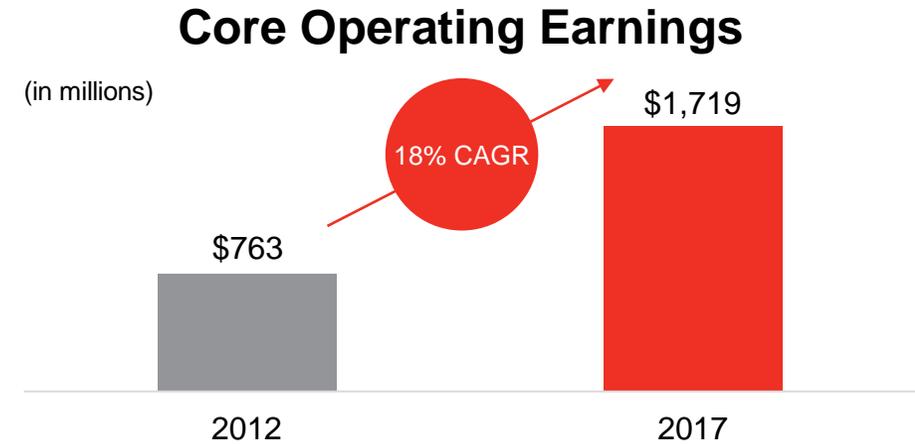
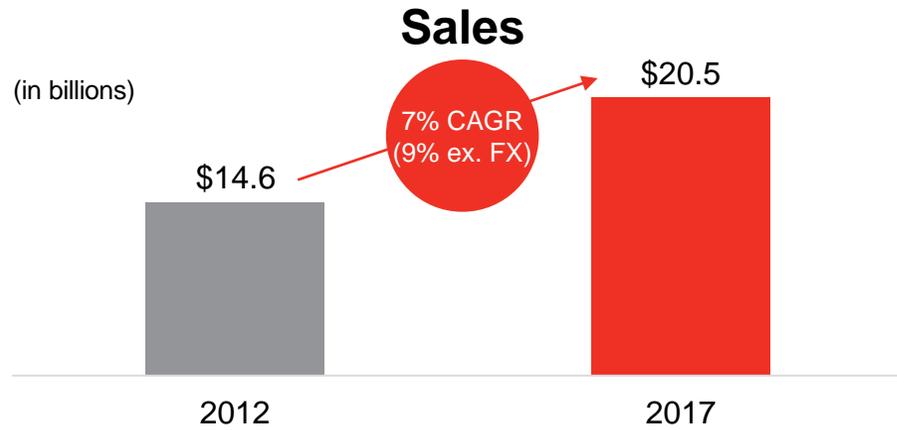
- Connectivity software engineers
- Connectivity hardware and software
- Cyber security software
- Industry-leading V2X infrastructure



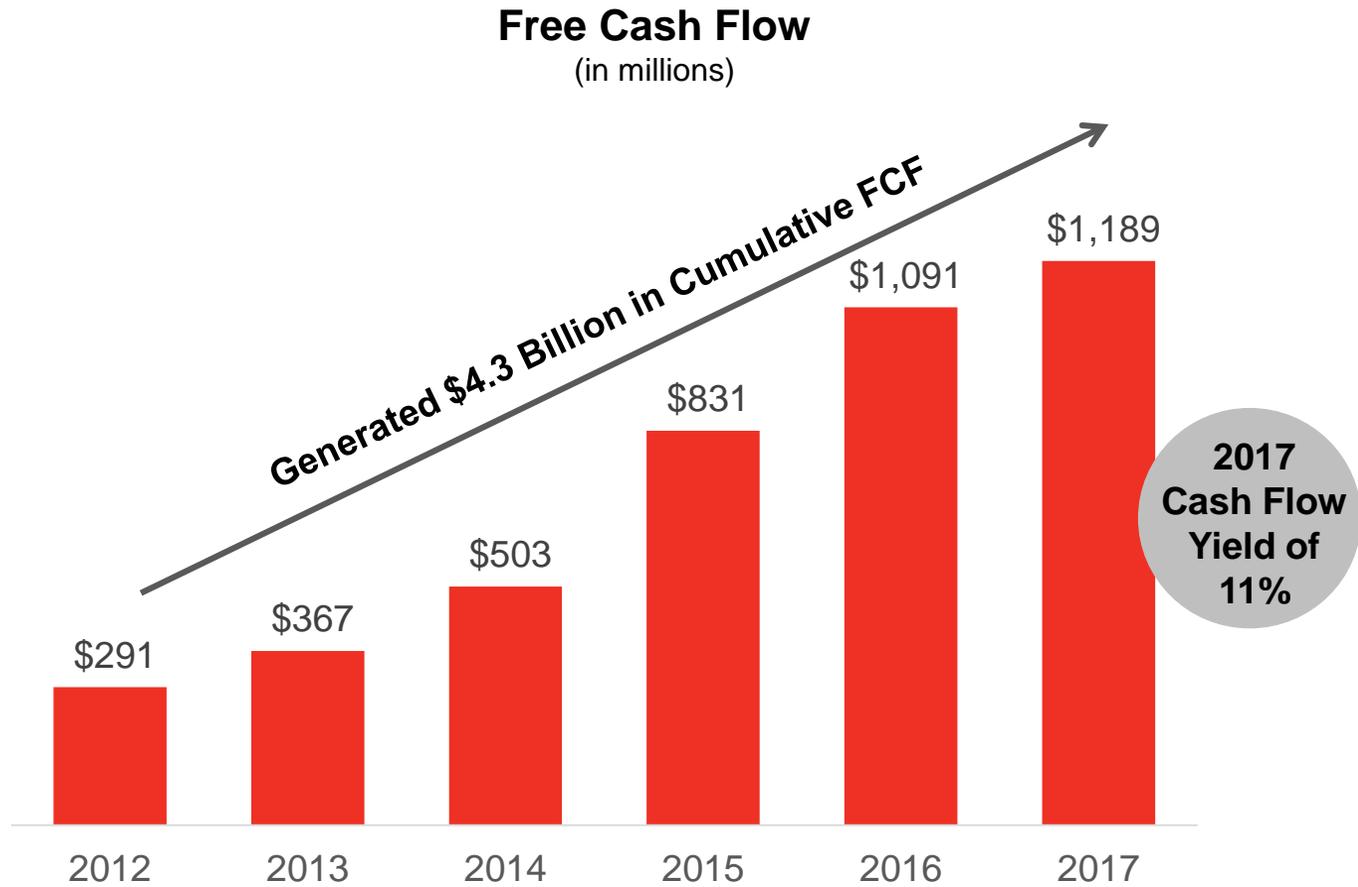
Autonet Mobile

- Connectivity software and devices
- Wireless connectivity expertise
- Over-the-air software reprogramming
- Cyber security architecture

Superior Financial Performance With Returns Well in Excess of Our Cost of Capital



Record Cash Generation and Superior Shareholder Returns





Focus on Value Creation Continues

Focus on Value Creation Continues

- Financial discipline and focus on profitable growth
- Unrelenting customer service, operational excellence and innovation
- Unique product capabilities and industry-leading cost structure
- Investment in the business to strengthen global capabilities
- Further strengthen the best team in the industry
- Strong cash generation and financial flexibility
- Superior returns to shareholders

Well Positioned For Profitable Growth In Both Product Segments



| Appendix

Fourth Quarter and Full Year 2017 Global Vehicle Production and Currency

(Units in millions)

	<u>Fourth Quarter 2017</u>		<u>Full Year 2017</u>	
	Actual	Change From Prior Year	Actual	Change From Prior Year
China	7.9	down 1%	26.3	up 2%
Europe and Africa	5.9	up 6%	22.9	up 3%
North America	4.2	down 4%	17.1	down 4%
India	1.1	up 7%	4.4	up 7%
Brazil	0.7	up 19%	2.6	up 26%
Global	24.7	flat	93.3	up 2%
<u>Key Currencies</u>				
Euro	\$ 1.18 / €	up 9%	\$ 1.13 / €	up 2%
Chinese RMB	6.61 / \$	up 3%	6.76 / \$	down 2%

Non-GAAP 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 earnings), “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 and gains and losses on the disposal of fixed assets. 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 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

Impact of Restructuring and Special Items

(in millions, except per share amounts)

	Fourth Quarter 2017			Adjusted	Memo:
	Reported	Restructuring Costs	Other Special Items		Q4 2016 Adjusted
Pretax Income Before Equity Income, Interest and Other (Income) Expense	\$ 397.3	\$ 24.8 *	\$ 19.0 *	\$ 441.1	\$ 385.6
Equity Income	(10.4)		2.6	(13.0)	(23.2)
Pretax Income Before Interest and Other (Income) Expense	\$ 407.7			\$ 454.1	\$ 408.8
Interest Expense	21.8		(1.5)	20.3	20.5
Other (Income) Expense, Net	8.2	0.2	(1.8)	9.8	7.7
Income Before Taxes	\$ 377.7			\$ 424.0	\$ 380.6
Income Taxes	(42.7)	(8.2)	(138.2)	103.7	91.9
Net Income	\$ 420.4			\$ 320.3	\$ 288.7
Noncontrolling Interests	19.9			19.9	18.6
Net Income Attributable to Lear	\$ 400.5			\$ 300.4	\$ 270.1
Diluted Earnings per Share	\$ 5.80			\$ 4.38	\$ 3.80

Non-GAAP Financial Information

Core Operating Earnings and Adjusted Margins (in millions)	Fourth Quarter		Full Year		
	2016	2017	2012	2016	2017
Net sales	\$ 4,643.5	\$ 5,363.8	\$ 14,567.0	\$ 18,557.6	\$ 20,467.0
Net income attributable to Lear	\$ 229.9	\$ 400.5	\$ 1,282.8	\$ 975.1	\$ 1,313.4
Interest expense	20.5	21.8	49.9	82.5	85.7
Other (income) expense, net	7.2	8.2	6.4	6.4	(4.1)
Income taxes	82.8	(42.7)	(638.0)	370.2	197.5
Equity in net income of affiliates	(23.2)	(10.4)	(30.3)	(72.4)	(51.7)
Net income attributable to noncontrolling interests	18.6	19.9	34.4	65.4	67.5
Pretax income before equity income, interest and other (income) expense	\$ 335.8	\$ 397.3	\$ 705.2	\$ 1,427.2	\$ 1,608.3
Costs related to restructuring actions	13.5	24.8	55.7	69.9	75.4
Pension settlement charge	34.2	-	-	34.2	-
Acquisition and other related costs	1.3	0.3	6.2	1.3	3.8
Acquisition-related inventory fair value adjustment	-	-	-	-	5.0
Litigation	-	13.9	-	-	13.9
Insurance recoveries, net related to the destruction of assets	-	-	(14.6)	-	-
Other	0.8	4.8	10.1	2.2	12.6
Core operating earnings	\$ 385.6	\$ 441.1	\$ 762.6	\$ 1,534.8	\$ 1,719.0
Adjusted margins	8.3%	8.2%	5.2%	8.3%	8.4%

Non-GAAP Financial Information

Adjusted Earnings and Margins

(in millions)

	Fourth Quarter				Full Year			
	2016		2017		2016		2017	
	<u>E-Systems</u>	<u>Seating</u>	<u>E-Systems</u>	<u>Seating</u>	<u>E-Systems</u>	<u>Seating</u>	<u>E-Systems</u>	<u>Seating</u>
Net sales	\$ 1,042.5	\$3,601.0	\$ 1,252.8	\$4,111.0	\$ 4,200.9	\$14,356.7	\$ 4,594.0	\$15,873.0
Segment earnings	\$ 149.8	\$ 287.2	\$ 164.9	\$ 309.0	\$ 591.3	\$ 1,136.0	\$ 641.6	\$ 1,250.8
Costs related to restructuring actions	3.3	10.2	10.2	12.4	23.1	43.9	21.3	46.2
Acquisition and other related costs	-	-	-	-	-	-	-	0.3
Acquisition-related inventory fair value adjustment	-	-	-	-	-	-	0.7	4.3
Litigation	-	-	3.3	10.6	-	-	3.3	10.6
Other	1.3	(0.7)	1.2	1.9	4.9	(4.7)	4.8	1.9
Adjusted earnings	\$ 154.4	\$ 296.7	\$ 179.6	\$ 333.9	\$ 619.3	\$ 1,175.2	\$ 671.7	\$ 1,314.1
Adjusted margins	14.8%	8.2%	14.3%	8.1%	14.7%	8.2%	14.6%	8.3%

Non-GAAP Financial Information

Adjusted Earnings Per Share (In millions, except per share amounts)	Fourth Quarter		Full Year		
	2016	2017	2012	2016	2017
Net income available to Lear common stockholders	\$ 229.9	\$ 397.7	\$ 1,282.8	\$ 975.1	\$ 1,287.9
Redeemable noncontrolling interest	-	2.8	-	-	25.5
Net income attributable to Lear	229.9	400.5	1,282.8	975.1	1,313.4
Costs related to restructuring actions	13.2	25.0	55.6	69.6	74.5
Pension settlement charge	34.2	-	-	34.2	-
Acquisition and other related costs	1.3	0.3	6.2	1.3	3.8
Acquisition-related inventory fair value adjustments	-	-	-	-	5.0
Litigation	-	15.4	-	-	15.4
Insurance recoveries, net related to the destruction of assets	-	-	(41.1)	-	-
Loss on extinguishment of debt	-	-	3.7	-	21.2
Gain related to affiliate	-	-	(5.1)	(30.3)	(54.2)
Other	0.6	5.6	10.1	-	13.5
U.S. transition tax on accumulated foreign earnings	-	131.0	-	-	131.0
Deferred tax impact of U.S. corporate tax reform	-	42.5	-	-	42.5
Foreign tax credits on repatriated earnings	-	(289.7)	-	-	(289.7)
Tax impact of special items and other net tax adjustments ¹	(9.1)	(30.2)	(764.4)	(23.6)	(98.6)
Adjusted net income attributable to Lear	\$ 270.1	\$ 300.4	\$ 547.8	\$ 1,026.3	\$ 1,177.8
Weighted average number of diluted shares outstanding	71.1	68.5	99.8	73.1	69.3
Diluted net income per share available to Lear common stockholders	\$ 3.24	\$ 5.80	\$ 12.85	\$ 13.33	\$ 18.59
Adjusted earnings per share	\$ 3.80	\$ 4.38	\$ 5.49	\$ 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 deferred tax assets in the United States in 2012, \$14.3 million related to an incentive tax credit in a foreign subsidiary in the fourth quarter and full year 2017, \$29.9 million related to the reversal of valuation allowances on the deferred tax assets of certain foreign subsidiaries in the full year 2017 and \$17.3 million related to the change in the accounting for share-based compensation in the full year 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)	Fourth Quarter		Full Year					
	2016	2017	2012	2013	2014	2015	2016	2017
Net cash provided by operating activities	\$ 525.4	\$ 598.8	\$ 729.8	\$ 820.1	\$ 927.8	\$ 1,271.1	\$ 1,619.3	\$ 1,783.1
Settlement of accounts payable in conjunction with acquisition of Eagle Ottawa	-	-	-	-	-	45.7	-	-
Adjusted capital expenditures ¹	(228.0)	(164.3)	(439.1)	(453.5)	(424.7)	(485.8)	(528.3)	(594.5)
Free cash flow	\$ 297.4	\$ 434.5	\$ 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.