

Fourth Quarter and Full Year 2019 Financial Results

January 28, 2020

Ray Scott, President and CEO

Jason Cardew, Senior Vice President and CFO



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, 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



Ray Scott, President and CEO

Full Year 2019 Financial Overview

Sales

\$19.8B

Core Operating Earnings

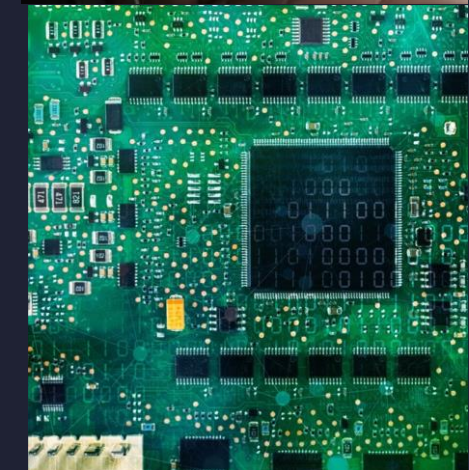
\$1,309M

Adjusted Earnings per Share

\$13.99

Adjusted Operating Margin

6.6%



2019 Business Highlights

OPERATIONAL EXCELLENCE

- Delivered strong results in Seating segment, despite significant reduction in global vehicle production
- Accelerated restructuring efforts and further streamlined cost structure
- Received GM Supplier of the Year and Overdrive Awards
- Captured four J.D. Power Seat Quality Awards
- Won 2019 Automotive News Pace Award for ConfigurE+
- Named 2020 Automotive News Pace Award Finalist for Xevo Market

STRATEGY

- Strengthened E-Systems team and embarked on comprehensive strategic portfolio review
- Increased business awards in electrification and connectivity
- Acquired Xevo in April and grew vehicle penetration from 25 million to 37 million units
- Further strengthened capital structure and enhanced financial flexibility
- Increased dividend for the eighth straight year; returned over \$550 million to shareholders through share repurchases and dividends

2020: The Road Ahead



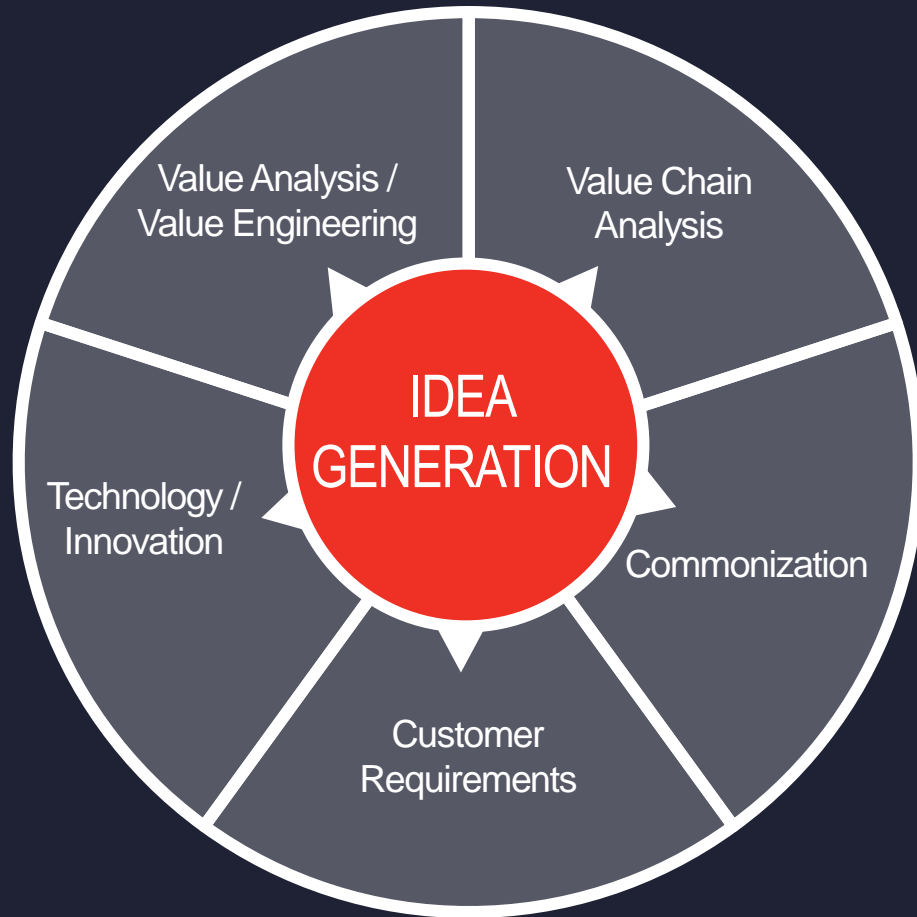
Well positioned to withstand industry headwinds

Continued focus on sustainable, profitable growth

Strategy that builds on competitive advantages

June Investor Day

Differentiation via Cost Technology Optimization




Enablers

- Seven global centers of excellence
- Over 200 events annually
- Average of 100 ideas per event
- Part of Lear's DNA

Results

- Lower product costs while meeting or exceeding customer requirements
- Win-win solutions for customers and Lear

Seating – Key Product Launches

 = Hybrid / Electric Vehicle



Jeep Compass
JIT
Europe



Chevrolet Corvette
JIT, Trim, Leather
North America



GM Yukon / Tahoe / Suburban / Escalade
JIT, Trim, Leather, Fabric, Structures
North America



BMW 4 Series
JIT
Europe



Hyundai Elantra
JIT, Trim, Foam,
Structures
North America



Mercedes C-Class / E-Class
Structures
Europe



Q1 2020

Q2 2020

Q3 2020

Q4 2020



Ford Explorer / Aviator
Structures
Asia



JLR Defender
JIT, Trim, Foam
Europe



Mercedes GLS AMG
JIT, Trim, Structures
North America



Mercedes GLS Maybach
JIT, Trim
North America



Hyundai Tucson
JIT
Asia



Chery Tiggo 8
JIT, Trim, Foam,
Armrests, Headrests
Asia



New Small Ford SUV
JIT, Leather, Foam,
Structures
North America




VW Tarek
JIT, Trim, Foam,
Headrests
North America



Audi E-Tron GT
JIT
Europe

JIT – Just in Time Seat Assembly

E-Systems – Key Product Launches

 = Hybrid / Electric Vehicle



Ford Kuga
Wiring, PDB
Europe



JLR Defender
Wiring, T&C,
BCM, PDB, Audio,
Passive Entry/Start
Europe



JLR I-PACE
11 kW OBC
Europe



Nissan Note
Wiring
Asia



Volvo XC40
Wiring, VCU
Europe



**Ford Mustang
Mach -E**
Wiring, PDB
North America



BMW 5-Series
Lighting
Europe



Geely Lynk & Co 01/05
Wiring
Asia

Q1 2020

Q2 2020

Q3 2020

Q4 2020



**Geely Lynk & Co
Boyue / D-SUV**
Wiring
Asia



Volvo Polestar 2
11kW OBC, BMS,
Battery Disconnect
Lighting, VCU
Europe



Mazda MX-30
7 kW OBC
Asia



**Daimler
E-Class / S-Class**
Lighting, Audio
(E-class only)
Europe



Ford F-150
Battery Cables
North America



Volvo XC40
11kW OBC, BMS,
Battery Disconnect
Asia



New Small Ford SUV
Wiring, PDB
North America



Great Wall T5
Connectivity
Asia

BCM – Body Control Module
BMS – Battery Monitoring System
OBC – On-Board Charger
PDB – Power Distribution Box
VCU – Vehicle Computational Unit

Financial Review



Jason Cardew, Senior Vice President and CFO

Full Year 2019 Global Vehicle Production and Currency

(Units in millions)

	2018 Actual	2019 Actual	vs. Prior Year
China	25.3	23.1	Down 9%
Europe and Africa	22.6	21.7	Down 4%
North America	17.0	16.3	Down 4%
India	4.7	4.2	Down 11%
Brazil	2.8	2.8	Up 1%
Global	92.5	87.1	Down 6%

Source: IHS Markit as of January 2020

Key Currencies

Euro	\$1.18 / €	\$1.12 / €	(5)%
Chinese RMB	6.61 / \$	6.90 / \$	(4)%

Key Financials

(\$ in millions, except per share amounts)

	Fourth Quarter			Full Year		
	2018	2019	B/(W)	2018	2019	B/(W)
Net Sales	\$ 4,942	\$ 4,818	(3)%	\$ 21,149	\$ 19,810	(6)%
Core Operating Earnings	\$ 389	\$ 241	(38)%	\$ 1,749	\$ 1,309	(25)%
Operating Margin %	7.9%	5.0%		8.3%	6.6%	
Adjusted Net Income	\$ 261	\$ 161	(38)%	\$ 1,205	\$ 866	(28)%
Adjusted Earnings per Share	\$ 4.05	\$ 2.64	(35)%	\$ 18.22	\$ 13.99	(23)%
Memo:						
Other Expense, Net*	\$ 3	\$ 5	\$ (2)	\$ 22	\$ 28	\$ (6)
Equity Income	\$ (4)	\$ (7)	\$ 4	\$ (20)	\$ (23)	\$ 3
Noncontrolling Interest	\$ 31	\$ 18	\$ 13	\$ 97	\$ 77	\$ 20
Free Cash Flow	\$ 574	\$ 291	\$ (283)	\$ 1,103	\$ 680	\$ (422)

* Excludes impact of restructuring and other special items

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.



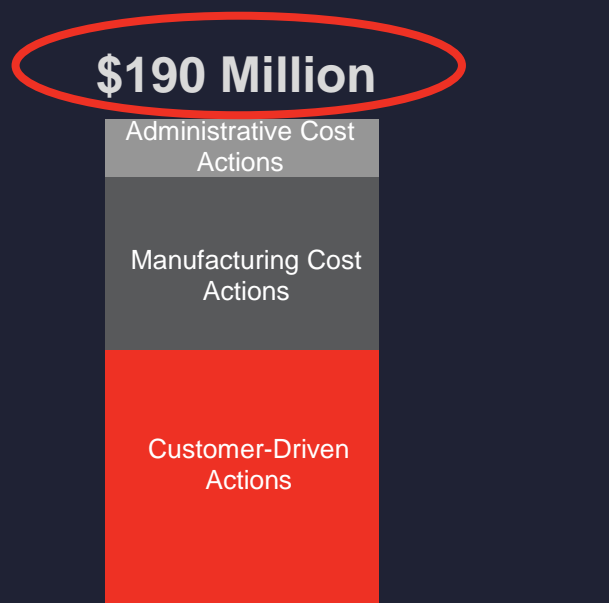
Fourth Quarter and Full Year 2019 Segment Results

(\$ in millions)

	Fourth Quarter			Full Year		
	2018	2019	B/(W)	2018	2019	B/(W)
Sales						
Seating	\$ 3,734	\$ 3,629	(3)%	\$ 16,022	\$ 15,097	(6)%
E-Systems	1,208	1,189	(2)%	5,127	4,713	(8)%
Total Lear Sales	\$ 4,942	\$ 4,818	(3)%	\$ 21,149	\$ 19,810	(6)%
Adjusted Operating Margin %						
Seating	8.0%	5.9%	(210) bps	8.3%	7.5%	(80) bps
E-Systems	11.3%	7.7%	(360) bps	12.9%	8.7%	(420) bps
Total Lear Adjusted Operating Margin %	7.9%	5.0%	(290) bps	8.3%	6.6%	(170) bps
Adjusted for GM Strike						
Seating	8.0%	7.7%	(30) bps	8.3%	8.0%	(30) bps
E-Systems	11.3%	8.5%	(280) bps	12.9%	9.0%	(390) bps
Total Lear Adjusted Operating Margin %	7.9%	6.6%	(130) bps	8.3%	7.1%	(120) bps

2019 Restructuring Costs and Estimated Savings

Costs



Anticipated Savings

(\$ in millions)		
	2020	2021
Seating	\$40	\$45
E-Systems	\$20	\$25
Headquarters	-	\$5
Total	\$60	\$75

- Administrative Cost Actions
 • ≈2 year payback
- Manufacturing Cost Actions
 • ≈2 to 3 year payback
- Customer-Driven Actions
 • Largely cost avoidance

2020 Full Year Outlook

Global Vehicle Production and Currency

(Units in millions)		Lear 2020 Outlook (midpoint)	
	FY 2019 Actual	Vehicle Production	Lear Platforms
China	23.1	Down 2%	Down 12%
Europe and Africa	21.7	Down 7%	Down 7%
North America	16.3	Flat	Up 4%
Global	87.1	Down ≈ 2-3%	

Source: IHS Markit as of January 2020

Source: Lear estimates

Key Currencies	FY 2019 Actual	FY 2020 Outlook	vs. Prior Year
Euro	\$1.12 / €	\$1.11 / €	(1)%
Chinese RMB	6.90 / \$	7.00 / \$	(1)%

Source: Lear estimates



2020 Full Year Outlook

Net Sales	\$19.4 - \$20.2 billion	Interest Expense	≈\$100 million	Restructuring Costs	≈\$100 million
Core Operating Earnings	\$1,210 - \$1,340 million	Effective Tax Rate	≈22%	Capital Spending	≈\$600 million
Adjusted EBITDA	\$1,740 - \$1,870 million	Adjusted Net Income	\$780 - \$880 million	Free Cash Flow	\$600 - \$700 million

Note: 2020 Outlook assumes an average Euro of \$1.11 and an average Chinese RMB of 7.00/\$

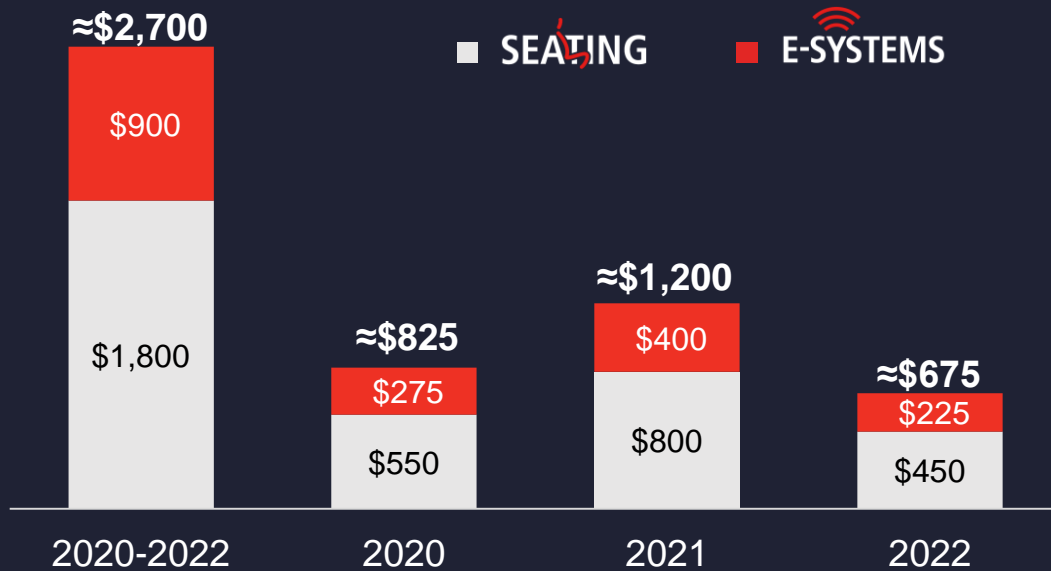


Certain of the forward-looking financial measures are provided on a non-GAAP basis. A reconciliation of forward-looking financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP is potentially misleading and not practical given the difficulty of projecting event driven transactional and other non-core operating items in any future period. The magnitude of these items, however, may be significant.

Sales Backlog (Net New Awarded Business)

2020–2022: Consolidated Sales Backlog

(\$ in millions)



Consolidated Backlog By Region

(\$ in millions)



2020–2022 sales backlog of approximately \$2.7 billion



Note: Backlog assumes an average Euro of \$1.11 and an average Chinese RMB of 7.00/\$

Concluding Remarks



Ray Scott, President and CEO

Concluding Remarks



Resilient business model,
strong balance sheet and
free cash flow generation



Industry-leading talent and
value-enhancing operational
and organizational plan



Two high-performing
product segments with
powerful growth drivers



Strategically positioned in autonomy,
connectivity, electrification and
shared mobility



Accelerating innovation, including
in software and data



Capital allocation strategy
designed to maximize long-term
shareholder value

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 (income) expense, restructuring costs and other special items” (core operating earnings or adjusted segment earnings), “pretax income before equity income, interest, other (income) expense, restructuring costs, the General Motors (“GM”) strike and other special items” (core operating earnings excluding the GM strike or adjusted segment earnings excluding the GM strike), “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, 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 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 less adjusted 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, core operating earnings excluding the GM strike, 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, core operating earnings excluding the GM strike, 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 2019			Adjusted	Memo:
	Reported	Restructuring Costs	Other Special Items		Q4 2018 Adjusted
*Pretax Income Before Equity Income, Interest and Other Expense	\$ 152.1	\$ 72.7	\$ 16.3	\$ 241.1	\$ 389.1
Equity Income	(7.4)			(7.4)	(3.6)
Pretax Income Before Interest and Other Expense	\$ 159.5			\$ 248.5	\$ 392.7
Interest Expense	22.6		(0.1)	22.7	21.3
Other Expense, Net	(3.3)	(10.6)	2.7	4.6	3.1
Income Before Taxes	\$ 140.2			\$ 221.2	\$ 368.3
Income Taxes	(3.8)	(17.7)	(28.6)	42.5	76.4
Net Income	\$ 144.0			\$ 178.7	\$ 291.9
Noncontrolling Interests	18.0			18.0	30.6
Net Income Attributable to Lear	\$ 126.0			\$ 160.7	\$ 261.3
Diluted Earnings per Share	\$ 2.50			\$ 2.64	\$ 4.05

*Restructuring costs include \$66.4 million in cost of sales and \$6.3 million in SG&A. Other special items include \$11.4 million in cost of sales and \$4.9 million in SG&A.

Non-GAAP Financial Information

Core Operating Earnings and Adjusted Margins (\$ in millions)	Fourth Quarter		Full Year	
	2018	2019	2018	2019
Net sales	\$ 4,942.4	\$ 4,817.6	\$ 21,148.5	\$ 19,810.3
GM strike	-	233.0	-	327.0
Net sales excluding GM strike	\$ 4,942.4	\$ 5,050.6	\$ 21,148.5	\$ 20,137.3
Net income attributable to Lear	\$ 212.2	\$ 126.0	\$ 1,149.8	\$ 753.6
Interest expense	21.3	22.6	84.1	92.0
Other (income) expense, net	20.3	(3.3)	31.6	24.6
Income taxes	78.9	(3.8)	311.9	146.1
Equity in net income of affiliates	(3.6)	(7.4)	(20.2)	(23.2)
Net income attributable to noncontrolling interests	30.6	18.0	96.9	77.1
Restructuring costs and other special items -				
Costs related to restructuring actions	44.3	72.7	104.0	196.3
Acquisition costs	0.1	-	0.5	1.6
Litigation	-	-	(16.8)	1.1
Favorable tax ruling in a foreign jurisdiction	(15.8)	0.1	(15.8)	(0.9)
Loss related to affiliate	-	-	1.2	-
Other	0.8	16.2	22.1	40.8
Core operating earnings	\$ 389.1	\$ 241.1	\$ 1,749.3	\$ 1,309.1
Adjusted margins	7.9%	5.0%	8.3%	6.6%
GM strike	-	93.0	-	117.2
Core operating earnings excluding GM strike	\$ 389.1	\$ 334.1	\$ 1,749.3	\$ 1,426.3
Adjusted margins excluding GM strike	7.9%	6.6%	8.3%	7.1%

Non-GAAP Financial Information

Adjusted Segment Earnings and Margins

(\$ in millions)	Fourth Quarter			
	2018		2019	
	Seating	E-Systems	Seating	E-Systems
Net sales	\$ 3,734.3	\$ 1,208.1	\$ 3,629.1	\$ 1,188.5
GM strike	-	-	212.4	20.6
Net sales excluding GM strike	\$ 3,734.3	\$ 1,208.1	\$ 3,841.5	\$ 1,209.1
Segment earnings	\$ 281.8	\$ 124.2	\$ 144.2	\$ 79.0
Restructuring costs and other special items -				
Costs related to restructuring actions	26.8	15.4	59.0	12.6
Favorable tax ruling in a foreign jurisdiction	(11.5)	(4.3)	-	0.1
Other	2.3	0.7	9.5	0.2
Adjusted segment earnings	\$ 299.4	\$ 136.0	\$ 212.7	\$ 91.9
Adjusted margins	8.0%	11.3%	5.9%	7.7%
GM strike	-	-	81.6	11.4
Adjusted segment earnings excluding GM strike	\$ 299.4	\$ 136.0	\$ 294.3	\$ 103.3
Adjusted margins excluding GM strike	8.0%	11.3%	7.7%	8.5%

Non-GAAP Financial Information

Adjusted Segment Earnings and Margins	Full Year			
	2018		2019	
	Seating	E-Systems	Seating	E-Systems
(\$ in millions)				
Net sales	\$ 16,021.9	\$ 5,126.6	\$ 15,097.2	\$ 4,713.1
GM strike	-	-	295.4	31.6
Net sales excluding GM strike	\$ 16,021.9	\$ 5,126.6	\$ 15,392.6	\$ 4,744.7
Segment earnings	\$ 1,263.6	\$ 628.5	\$ 961.2	\$ 366.3
Restructuring costs and other special items -				
Costs related to restructuring actions	73.2	26.0	153.6	40.6
Litigation	(3.5)	(1.1)	1.1	-
Favorable tax ruling in a foreign jurisdiction	(11.5)	(4.3)	(1.1)	0.2
Loss related to affiliate	-	1.2	-	-
Other	6.2	12.1	13.2	3.7
Adjusted segment earnings	\$ 1,328.0	\$ 662.4	\$ 1,128.0	\$ 410.8
Adjusted margins	8.3%	12.9%	7.5%	8.7%
GM strike	-	-	102.7	14.5
Adjusted segment earnings excluding GM strike	\$ 1,328.0	\$ 662.4	\$ 1,230.7	\$ 425.3
Adjusted margins excluding GM strike	8.3%	12.9%	8.0%	9.0%

Non-GAAP Financial Information

Adjusted Earnings Per Share

(In millions, except per share amounts)

	Fourth Quarter		Full Year	
	2018	2019	2018	2019
Net income available to Lear common stockholders	\$ 218.7	\$ 152.5	\$ 1,139.4	\$ 789.5
Redeemable noncontrolling interest	(6.5)	(26.5)	10.4	(35.9)
Net income attributable to Lear	212.2	126.0	1,149.8	753.6
Costs related to restructuring actions	44.6	62.1	104.3	189.7
Acquisition costs	0.1	-	0.5	1.6
Pension settlement loss	5.4	-	5.4	-
Litigation	-	-	(17.1)	1.1
Favorable tax ruling in a foreign jurisdiction	(15.8)	-	(15.8)	(1.6)
Loss on extinguishment of debt	-	-	-	10.6
(Gain) loss related to affiliate	6.0	5.0	(1.1)	(0.6)
Other	6.3	13.9	28.5	33.7
Tax impact of special items and other net tax adjustments ¹	2.5	(46.3)	(49.1)	(121.7)
Adjusted net income attributable to Lear	\$ 261.3	\$ 160.7	\$ 1,205.4	\$ 866.4
Weighted average number of diluted shares outstanding	64.6	60.9	66.2	61.9
Diluted net income per share available to Lear common stockholders	\$ 3.39	\$ 2.50	\$ 17.22	\$ 12.75
Adjusted earnings per share	\$ 4.05	\$ 2.64	\$ 18.22	\$ 13.99

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

(\$ in millions)	Fourth Quarter		Full Year	
	2018	2019	2018	2019
Other (income) expense, net	\$ 20.3	\$ (3.3)	\$ 31.6	\$ 24.6
Costs related to restructuring actions	(0.3)	10.6	(0.3)	6.6
Pension settlement loss	(5.4)	-	(5.4)	-
Loss on extinguishment of debt	-	-	-	(10.6)
Gain (loss) related to affiliate	(6.0)	(5.0)	2.3	0.6
Other	(5.5)	2.3	(5.9)	7.1
Adjusted other expense, net	\$ 3.1	\$ 4.6	\$ 22.3	\$ 28.3

Non-GAAP Financial Information

Free Cash Flow

(\$ in millions)

Net cash provided by operating activities

Capital expenditures

Free cash flow

	Fourth Quarter		Full Year	
	2018	2019	2018	2019
Net cash provided by operating activities	\$ 758.2	\$ 485.0	\$ 1,779.8	\$ 1,284.3
Capital expenditures	(184.3)	(193.8)	(677.0)	(603.9)
Free cash flow	<u>\$ 573.9</u>	<u>\$ 291.2</u>	<u>\$ 1,102.8</u>	<u>\$ 680.4</u>