

First Quarter 2020 Financial Results

—
May 8, 2020

Ray Scott, President and CEO

Jason Cardew, Senior Vice President and CFO



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Safe Harbor Statement

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated financial results and liquidity. The words “will,” “may,” “designed to,” “outlook,” “believes,” “should,” “anticipates,” “plans,” “expects,” “intends,” “estimates,” “forecasts” and similar expressions identify certain of these forward-looking statements. The Company also may provide forward-looking statements in oral statements or other written materials released to the public. All statements contained or incorporated in this presentation or in any other public statements that address operating performance, events or developments that the Company expects or anticipates may occur in the future are forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements are discussed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019, and its other Securities and Exchange Commission filings. Future operating results will be based on various factors, including the impact of COVID-19 on our business and the global economy, actual industry production volumes, commodity prices, the impact of restructuring actions and the Company’s success in implementing its operating strategy.

Information in this presentation relies on assumptions in the Company’s sales backlog. The Company’s sales backlog reflects anticipated net sales from formally awarded new programs less lost and discontinued programs. The Company enters into contracts with its customers to provide production parts generally at the beginning of a vehicle’s life cycle. Typically, these contracts do not provide for a specified quantity of production, and many of these contracts may be terminated by the Company’s customers at any time. Therefore, these contracts do not represent firm orders. Further, the calculation of the sales backlog does not reflect customer price reductions on existing or newly awarded programs. The sales backlog may be impacted by various assumptions embedded in the calculation, including vehicle production levels on new programs, foreign exchange rates and the timing of major program launches.

The forward-looking statements in this presentation are made as of the date hereof, and the Company does not assume any obligation to update, amend or clarify them to reflect events, new information or circumstances occurring after the date hereof.

Non-GAAP Financial Information

This presentation also contains non-GAAP financial information. For additional information regarding the Company’s use of non-GAAP financial information, as well as reconciliations of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with accounting principles generally accepted in the United States (“GAAP”), please see slides titled “Non-GAAP Financial Information” at the end of this presentation.

Agenda

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

Quarter Overview

Key Messages

Quickly Mobilized Around
COVID-19 Crisis

Global Leader in
Operational Excellence

Near-Term Priorities

- Employee Safety
- Liquidity and Capital
- Strategy and Operations

Balancing Near-Term Priorities with
Advancing Long-Term Strategy

Strong Financial Position

Experienced Management Team Well
Equipped to Navigate through
Current Crisis and Recovery

First Quarter 2020 Overview

Sales

\$4.5B

≈\$0.9B impact from COVID-19⁽¹⁾

Core Operating Earnings

\$205M

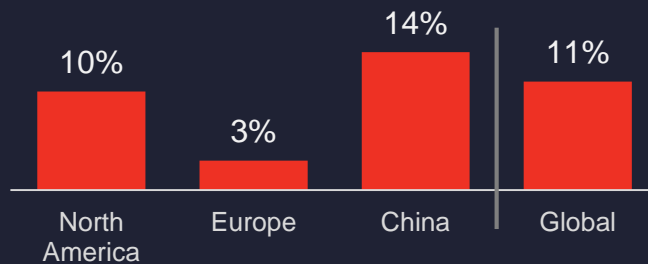
≈\$200M impact from COVID-19⁽¹⁾

Free Cash Flow

\$113M

(\$71M) in Q1 2019

Growth Over Market⁽²⁾



Cash Balance

\$2.45B

\$3.2B Total Liquidity



Financial Review

First Quarter 2020 Results



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Jason Cardew, Senior Vice President and CFO

First Quarter 2020 Global Vehicle Production and Currency

(Units in millions)

	Q1 2019 Actual	Q1 2020 Actual	vs. Prior Year
China	5.6	3.0	Down 47%
Europe and Africa	5.8	4.7	Down 19%
North America	4.2	3.8	Down 10%
Global	22.5	17.3	Down 23%

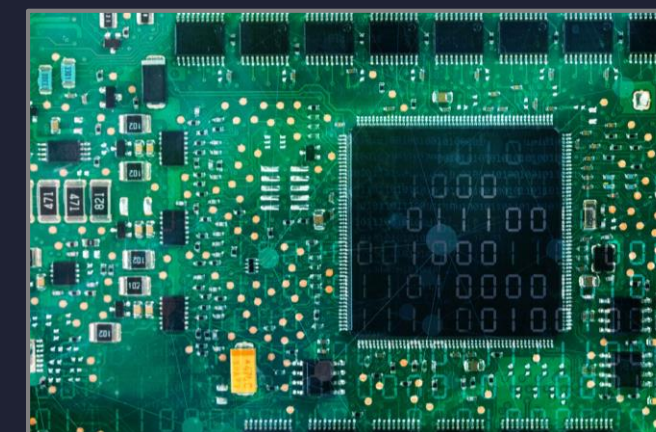
Source: IHS Markit as of April 27, 2020

Key Currencies

Euro	\$1.14 / €	\$1.10 / €	Down 3%
Chinese RMB	6.76 / \$	6.98 / \$	Down 3%

Key Financials

(\$ in millions, except per share amounts)	First Quarter		
	2019	2020	B/(W)
Net Sales	\$ 5,160	\$ 4,458	(14)%
Core Operating Earnings	\$ 378	\$ 205	(46)%
Operating Margin %	7.3%	4.6%	
Adjusted Net Income	\$ 253	\$ 124	(51)%
Adjusted Earnings per Share	\$ 4.00	\$ 2.05	(49)%
Memo:			
Other Expense, Net*	\$ 9	\$ 14	\$ (5)
Equity Income	\$ (2)	\$ (2)	\$ (1)
Noncontrolling Interest	\$ 17	\$ 7	\$ 10
Free Cash Flow	\$ (71)	\$ 113	\$ 184



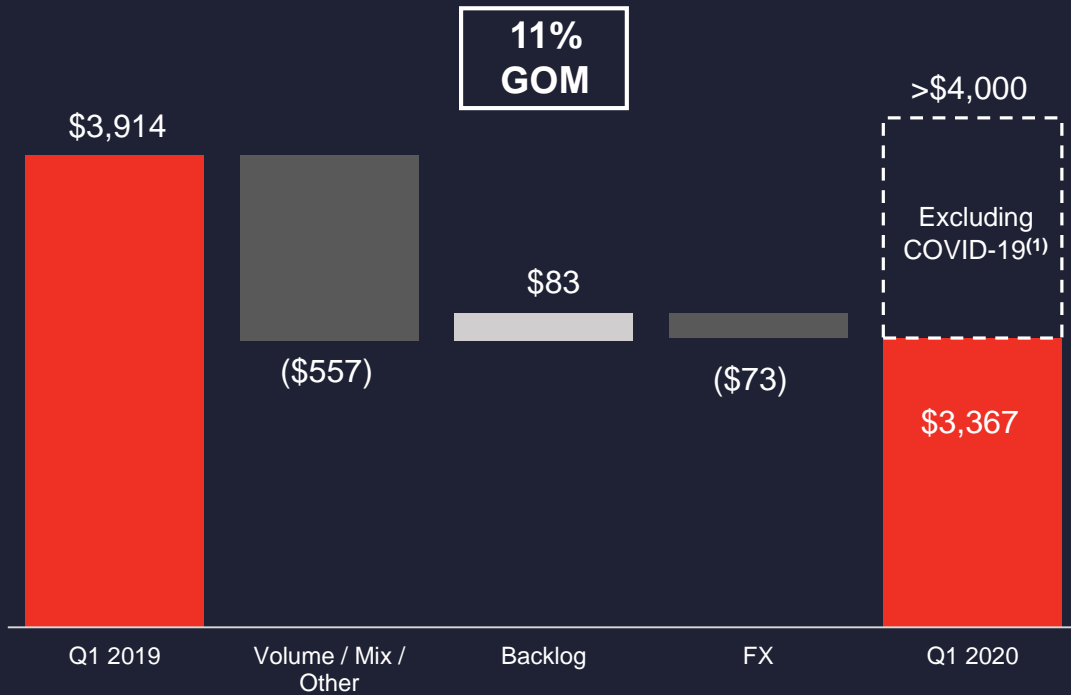
* Excludes impact of restructuring and other special items

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.

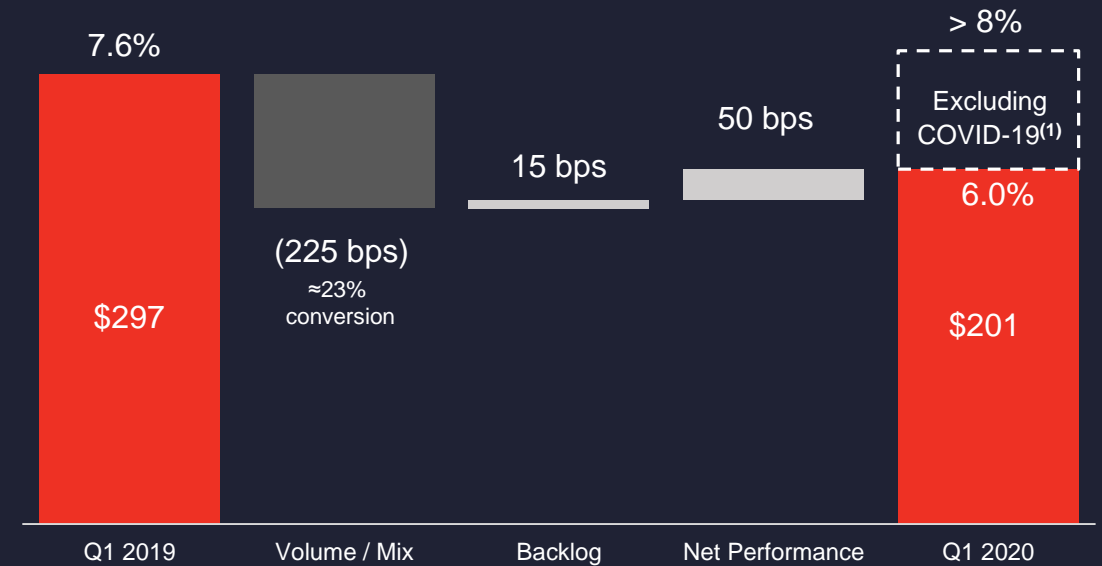
Seating First Quarter Sales and Margin Drivers

(\$ in millions)

Sales



Adjusted Earnings and Margin

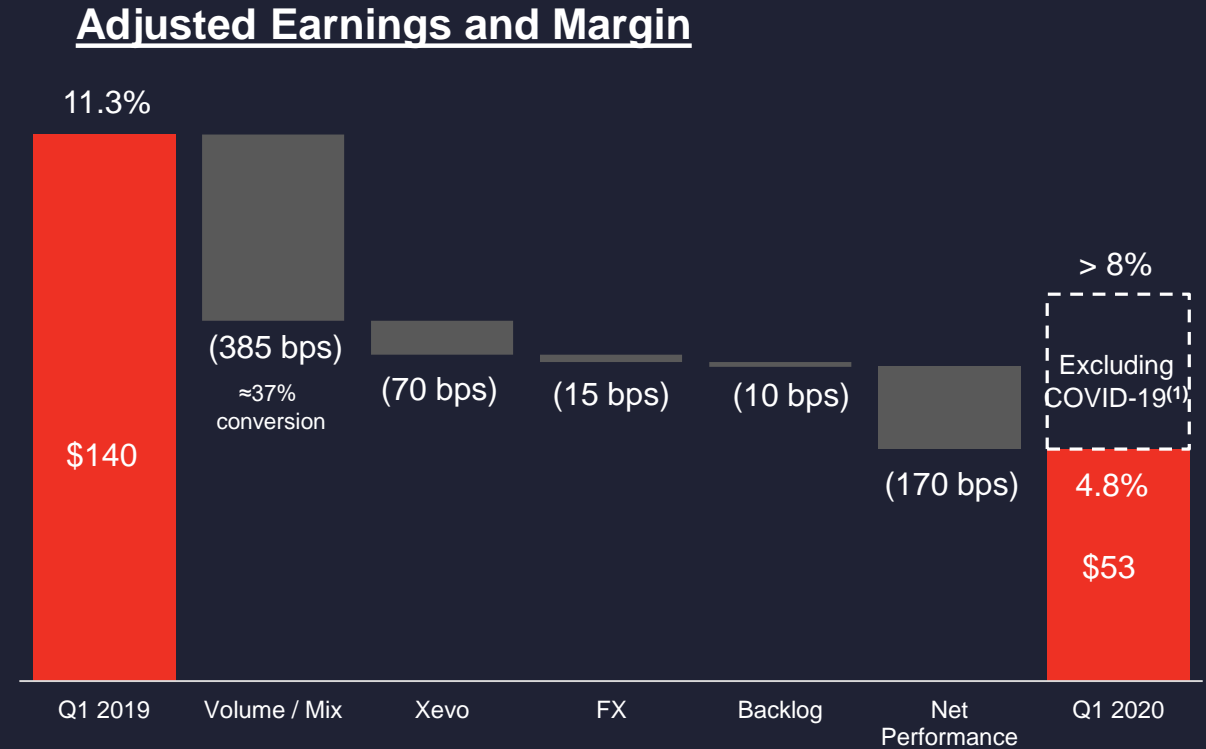
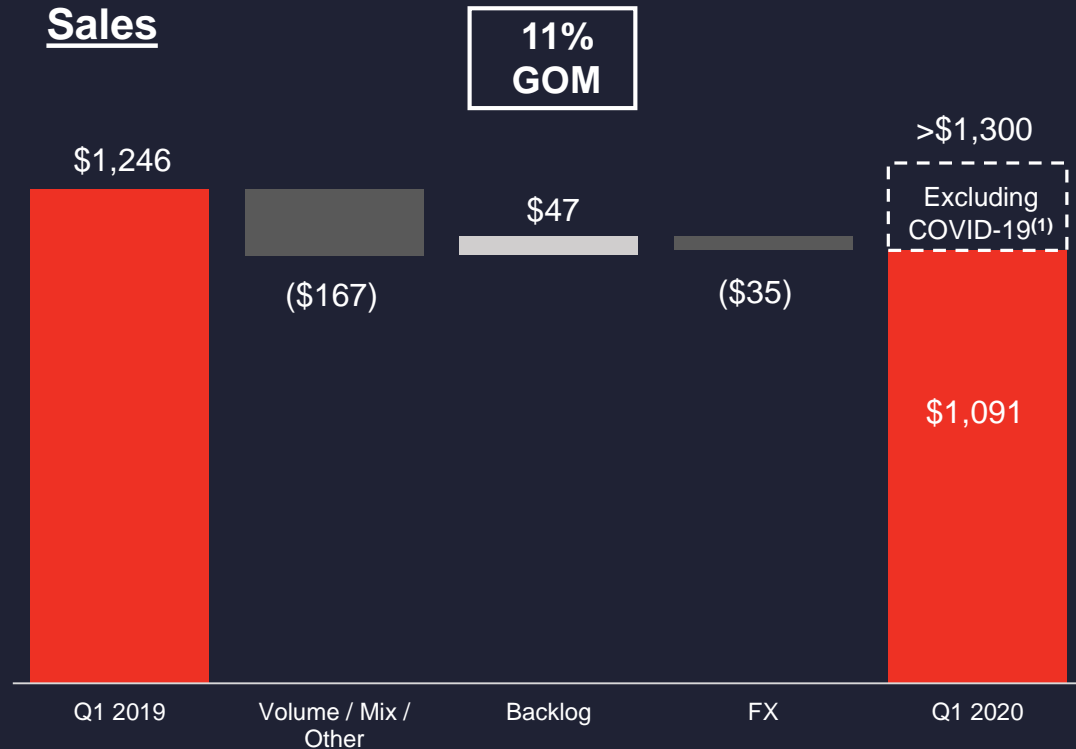


⁽¹⁾ Based on management estimates

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

E-Systems First Quarter Sales and Margin Drivers

(\$ in millions)



⁽¹⁾ Based on management estimates

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Strong Balance Sheet and Ample Liquidity

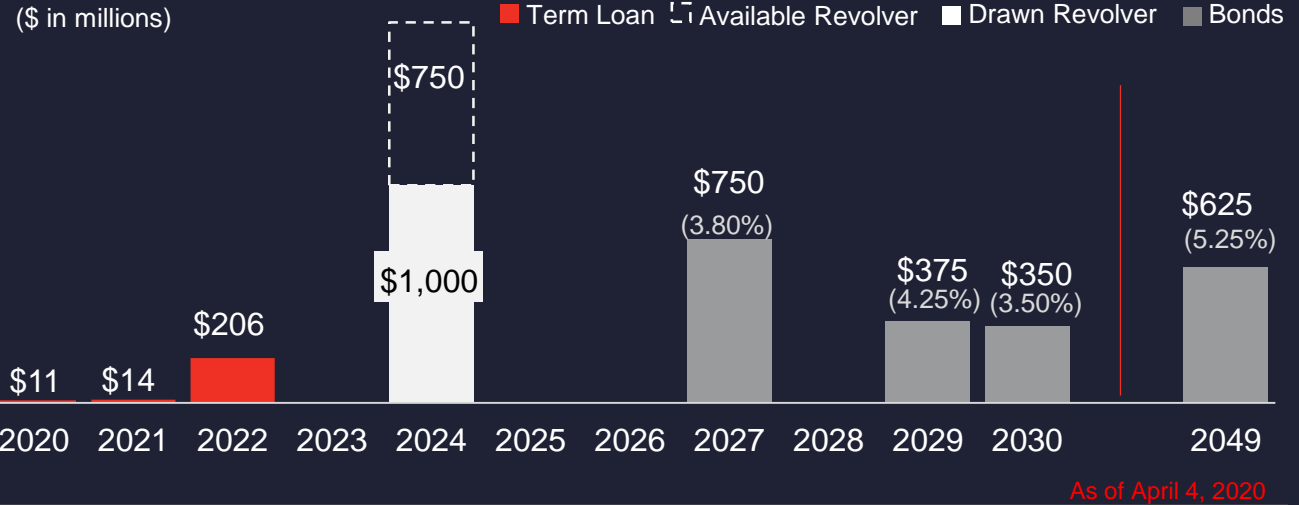
Capital Markets Activity

- Issued bonds due 2030 and 2049 and redeemed bonds due 2025
 - Extended weighted average maturity to over 14.5 years*
 - Reduced annual interest expense by ≈ \$7 million
- Extended revolver maturity to August 2024

Solid Cash Position

- Cash balance of \$2.45 billion (including recent \$1 billion revolver draw)
- Suspended share repurchases and cash dividend
- Generated \$113 million in free cash flow in the first quarter

Debt Maturities



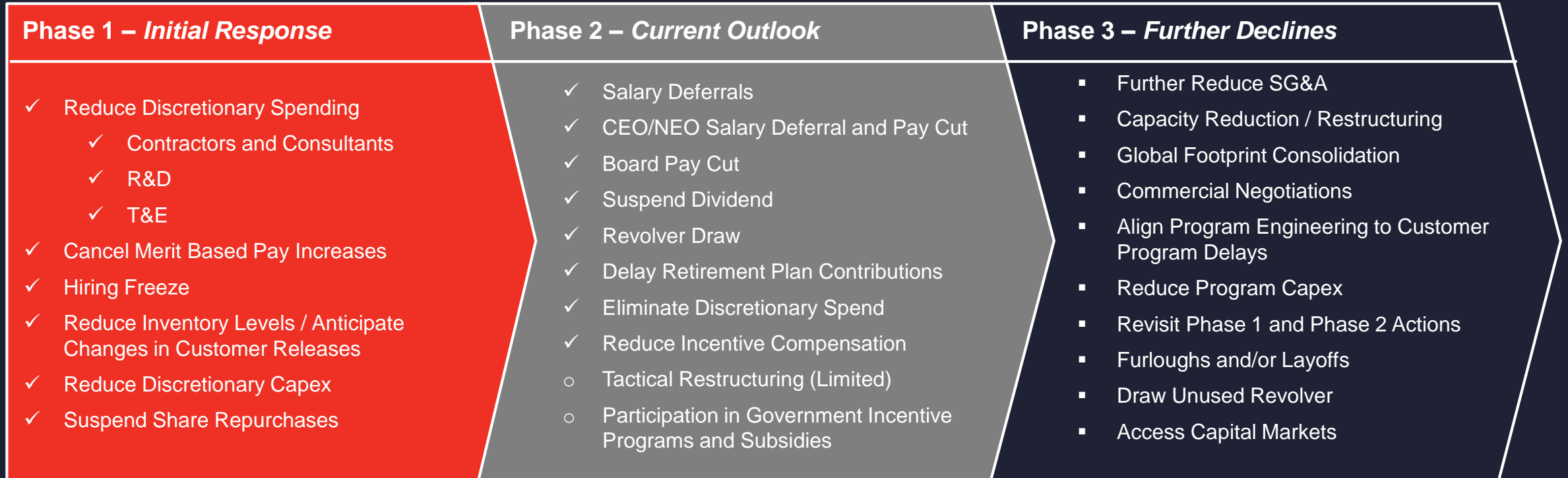
Liquidity

- \$3.2 billion in total liquidity, including \$750 million available under revolver
- No significant near-term debt maturities
- Flexible debt structure

Phased Approach to Managing Downturn

- Executing cost reduction and cash preservation actions while protecting longer-term value
 - Salary deferrals and executive pay cuts instead of mass layoffs
 - Temporarily reducing R&D spending and strategic investments
 - Reducing capital spending on discretionary projects and new capacity initiatives
- Selective restructuring actions to take cost out
 - Focused on shortest cash-payback and improving decremental margins
 - Further improve manufacturing and administrative cost structure
- Prepared to take decisive action in the event of a prolonged industry downturn
 - Deeper spending cuts to preserve cash and improve margins
 - Additional restructuring actions to fund future strategic product investments

Multiple Levers to Preserve Liquidity



- ✓ Completed
- Ongoing
- Additional Levers

Business Update

Near-term Priorities

Employee Safety

- Developed and publicly shared Safe Work Playbook
- Restricted travel
- Restricted visitor access
- Required remote work for non-essential workers
- Adjusted workspaces to ensure adherence to health and safety protocols

Liquidity and Capital

- Balance sheet actions
- Restructuring actions
- Compensation reductions and deferrals
- Working capital management
- Capital expenditure reductions

Operations and Strategy

- Production ramp up
- Supply chain preparedness and financial health
- Footprint optimization
- Emerging trends
- Evolving industry structure
- Consolidation opportunities

Safe Work Playbook

- Developed best practices guide to combine Company practices with guidelines issued by the WHO and CDC
- Detailed protocols to best protect employees in a safe work environment
 - Step-by-step guides for establishing a pandemic prevention team
 - Cleaning and disinfection procedures
 - Social distancing strategies such as staggering shifts and lunch breaks
 - On-site health screening
 - Protocols for isolating employees who become ill at work
- Living document which will be updated frequently based on lessons learned from Lear teams and external sources
- Posted publicly to share with other companies
 - Downloaded over 23,000 times by companies from multiple industries, civic organizations and non-governmental groups
 - Available for download at [lear.com's Safe Work Playbook webpage](https://lear.com/safe-work-playbook)

Safe Work Playbook – Table of Contents

Letter from the CEO	3
Plant Opening Protocols	6
Pandemic Response Team	9
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Inbound Parts/Materials/Packages	18
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SAFE WORK PLAYBOOK
An interactive guide for COVID-19 Pandemic Prevention and Response

COVID Playbook Site Pre-Startup Certification

LEARN
CORPORATION

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Safe Work Playbook – Pillars of Execution

Employee Outreach & Education

- Communicate with employees prior to their return to work
- Leverage mobile technology, video presentations, and social media to share facility updates, policies, and procedures
- Staying safe and healthy at home
- What to expect when they return to the workplace



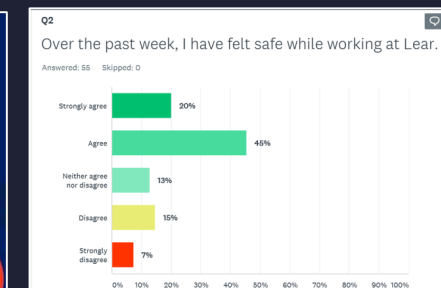
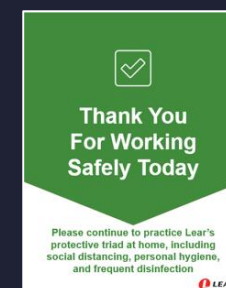
Training & Auditing/Certification

- All site leaders trained on the Safe Work Playbook
- Training modules and content delivered globally through recorded webcasts
- Certification requires labor unions or employee representatives to sign off before opening
- Process audits at all sites globally to drive standardization and accountability



Employee Surveys & Feedback Channels

- Provides insight into the sentiments and opinions of team members
- Results shared with employees and unions; reviewed at executive levels
- Analytics and reporting to track improvements and trends and identify locations that may need more support



Strategic Landscape

- Evaluation of strategic priorities in light of disruptive force of COVID-19
- Strategic alignment
 - Anticipate changes in societal norms and consumer preferences
 - Technology megatrend shifts
- Value capture from evolving industry structure
 - Changes in customer capital investment decisions
 - Reshaping of competitive landscape

Lear in the Community

- Adjusted capacity at certain plants in North America, Europe and Africa to produce masks and face shields
 - Began producing masks in February
 - On pace to manufacture over one million masks per week
- Provided over one million masks to employees and their families, hospitals and municipalities, supporting the communities where we live and work
- Lear employees globally are giving back to their local communities by making masks, providing essential supplies and supporting elderly residents in need



Concluding Remarks



Strong balance sheet
and liquidity



Experienced, industry-leading
management team



Long history of
operational excellence



Strong strategic position



Trusted relationships with
key stakeholders

Appendix



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Non-GAAP Financial Information

In addition to the results reported in accordance with GAAP included throughout this presentation, the Company has provided information regarding “pretax income before equity income, interest, other expense, restructuring costs and other special items” (core operating earnings or adjusted segment earnings), “adjusted net income attributable to Lear” (adjusted net income), adjusted diluted net income per share available to Lear common stockholders (adjusted earnings per share) 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, 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, adjusted net income and adjusted earnings per share are useful measures in assessing the Company’s financial performance by excluding certain items that are not indicative of the Company’s core operating performance or that may obscure trends useful in evaluating the Company’s continuing operating activities. Management also believes that these measures are useful to both management and investors in their analysis of the Company’s results of operations and provide improved comparability between fiscal periods. Management believes that free cash flow is useful to both management and investors in their analysis of the Company’s ability to service and repay its debt. Further, management uses these non-GAAP financial measures for planning and forecasting future periods.

Core operating earnings, adjusted net income, adjusted earnings per share and free cash flow should not be considered in isolation or as a substitute for net income attributable to Lear, diluted net income per share available to Lear common stockholders, cash provided by 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

Core Operating Earnings and Adjusted Margins

(\$ in millions)

	First Quarter	
	2019	2020
Net sales	\$ 5,160.1	\$ 4,457.7
Net income attributable to Lear	\$ 228.9	\$ 76.4
Interest expense	20.9	24.4
Other expense, net	4.4	40.5
Income taxes	43.1	26.5
Equity in net income of affiliates	(2.3)	(1.6)
Net income attributable to noncontrolling interests	17.2	7.2
Restructuring costs and other special items -		
Costs related to restructuring actions	55.9	34.0
Acquisition costs	1.0	-
Favorable tax ruling in a foreign jurisdiction	(1.5)	-
Other	10.6	(2.5)
Core operating earnings	\$ 378.2	\$ 204.9
Adjusted margins	7.3%	4.6%

Non-GAAP Financial Information

Adjusted Segment Earnings and Margins

(\$ in millions)

	First Quarter		First Quarter	
	2019		2020	
	Seating	E-Systems	Seating	E-Systems
Net sales	\$ 3,913.7	\$ 1,246.4	\$ 3,366.6	\$ 1,091.1
Segment earnings	\$ 252.3	\$ 128.3	\$ 186.1	\$ 32.4
Restructuring costs and other special items -				
Costs related to restructuring actions	46.2	9.5	13.3	20.7
Favorable tax ruling in a foreign jurisdiction	(1.5)	-	-	-
Other	0.3	2.5	1.9	(0.4)
Adjusted segment earnings	\$ 297.3	\$ 140.3	\$ 201.3	\$ 52.7
Adjusted margins	7.6%	11.3%	6.0%	4.8%

Non-GAAP Financial Information

Adjusted Net Income and Earnings Per Share

(In millions, except per share amounts)

	First Quarter	
	2019	2020
Net income available to Lear common stockholders	\$ 235.6	\$ 76.4
Redeemable noncontrolling interest	(6.7)	-
Net income attributable to Lear	228.9	76.4
Costs related to restructuring actions	55.9	34.0
Acquisition and other related costs	1.0	-
Favorable tax ruling in a foreign jurisdiction	(2.0)	-
Loss on extinguishment of debt	-	21.1
Other	6.1	3.2
Tax impact of special items and other net tax adjustments ¹	(37.2)	(10.6)
Adjusted net income attributable to Lear	\$ 252.7	\$ 124.1
Weighted average number of diluted shares outstanding	63.1	60.7
Diluted net income per share available to Lear common stockholders	\$ 3.73	\$ 1.26
Adjusted earnings per share	\$ 4.00	\$ 2.05

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

Adjusted other expense, net (\$ in millions)	First Quarter	
	2019	2020
Other expense, net	\$ 4.4	\$ 40.5
Loss on extinguishment of debt	-	(21.1)
Other	4.5	(5.7)
Adjusted other expense, net	\$ 8.9	\$ 13.7

Non-GAAP Financial Information

Free Cash Flow (\$ in millions)	First Quarter	
	2019	2020
Net cash provided by operating activities	\$ 51.6	\$ 222.3
Capital expenditures	(122.8)	(109.1)
Free cash flow	<u>\$ (71.2)</u>	<u>\$ 113.2</u>

Employee Outreach & Education

- Communicate with employees prior to their return to work
 - Provide peace of mind
 - Answer frequently asked questions
 - Ease the transition to the new workplace
- Leverage mobile technology, video presentations, and social media to share facility updates, policies, procedures and other educational documents
 - Staying safe and healthy at home
 - Symptoms of COVID-19 and when to seek medical attention
 - Preventative measures at home and in public
 - Managing stress working from home
 - What to expect when they return
 - Logistics for entering and exiting the site
 - Open houses will be held for select plants
 - Physical changes to the plant/site (layouts, signage)
 - New procedures and processes in place for protection



COVID-19 | FAST FACTS

Know how to keep yourself, your family and your coworkers safe.

DAILY SELF-SCREENING

Are you experiencing any of the following COVID-19 symptoms?

Temperature >38°C (100.4°F)+

Frequent unexplained Cough and/or difficulty breathing

Unexplained Tiredness

! If the answer is YES you may have symptoms of COVID-19.

We ask that you please seek medical attention, contact your HR representative and remain off company property for 14 days to self-quarantine.

PERSONAL HYGIENE

Wash your hands frequently with soap and water for at least 20 seconds

or

Use antibacterial gel with 70% alcohol if you're unable to wash your hands

When sneezing or coughing cover your nose and mouth with the inner angle of your arm or with disposable handkerchief

Don't touch your face including your mouth, ears, eyes and nose

Social Distancing Tips

Keep a distance of 6 feet between people

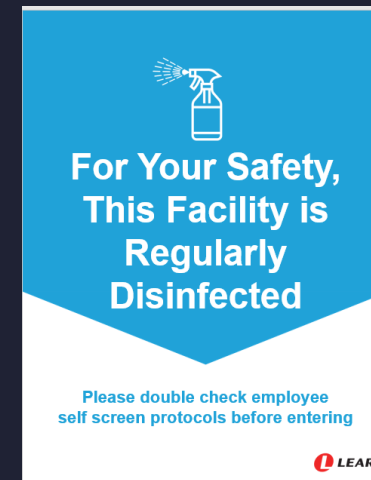
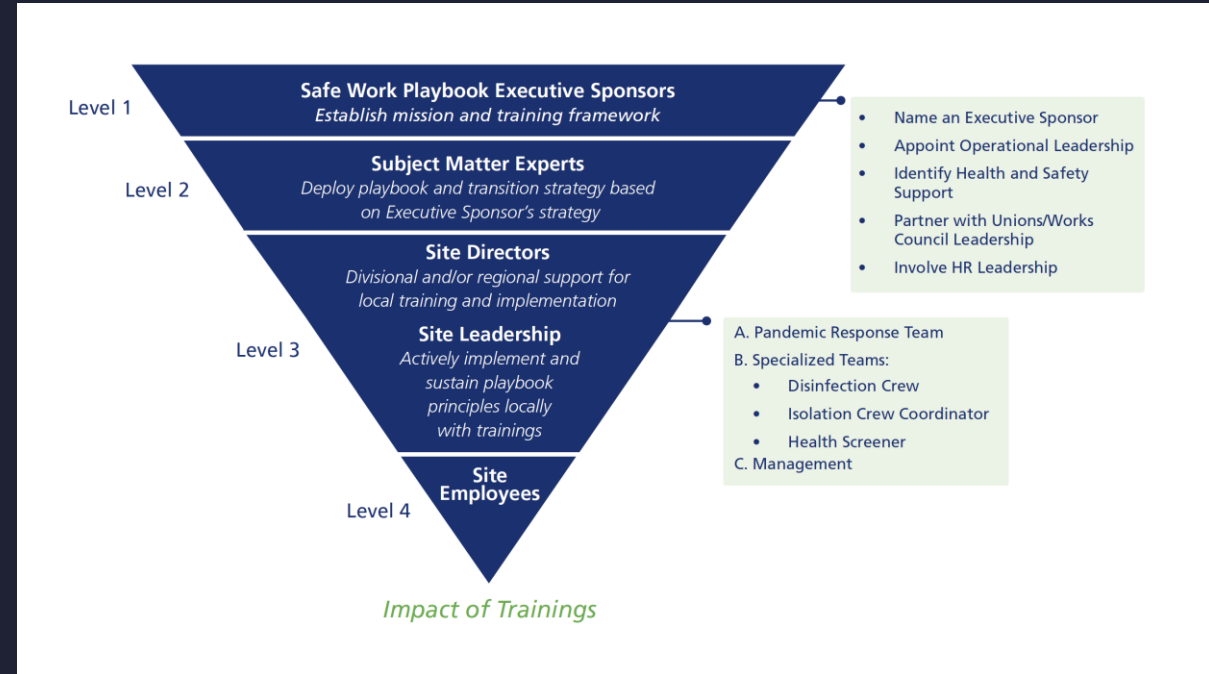
Avoid physical contacts such as hand greetings, kissing and hugging

Avoid going to crowded places, and if it's inevitable, don't take minors or older people with you

Avoid contact with anyone who is sick

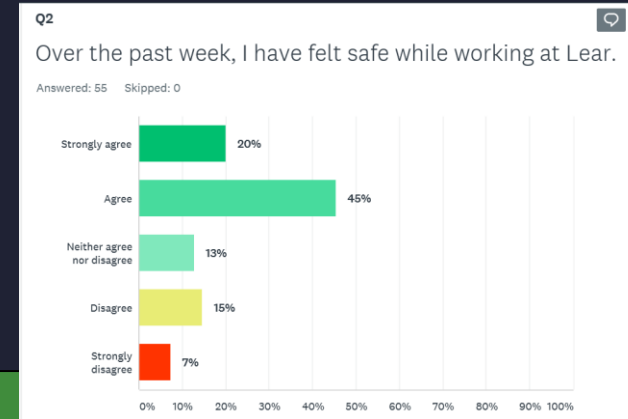
Training & Auditing/Certification

- All site leaders trained on the Safe Work Playbook
- Training modules and content delivered globally through recorded webcasts
- Visual aids and signage throughout sites to reinforce protocols and new behaviors
- All sites must be “Certified” before opening; must validate that they are prepared (18 deliverables)
- Certification requires labor unions or employee representatives to sign off before opening
- Process audits at all sites globally to drive standardization and accountability
- Ongoing training as the Playbook evolves
- Site specific training and visual aids for plant and office locations



Employee Surveys & Feedback Channels

- Captures "Voice of the Lear Employee"
- Provides insight into the sentiments and opinions of team members; holds leadership accountable
- Surveys lead to best practice solutions
 - Delivered to employees through mobile technology or emails; results are displayed in real-time
 - Conducted weekly after start-up to reinforce leadership's commitment to employee health and safety
 - 100% anonymous
- Results shared with employees and unions; reviewed at executive levels
- Analytics and reporting to track improvements and trends and identify locations that may need more support
- Regional teams to manage dedicated Lear Cares hotline for employees who may not feel comfortable coming forward at their location



Lear Cares

Your well-being is very important to us

As part of the Lear Family, your health and safety are vital.

We have made big changes to provide you with the safest possible work environment to protect you.

We want to hear from you because Lear Cares.

<p>IN-PERSON: Speak with your local HR or EHS representative, supervisor or plant management</p>	<p>REACH US BY PHONE: Reports can be made anonymously, toll-free, in your local language at XXX-XXX-XXXX</p>
<p>SEND AN E-MAIL: Contact Lear Compliance at Compliance@lear.com</p>	<p>DIGITALLY: Reports can be made anonymously, online, in your local language at Everyone.lear.com</p>

We encourage you to provide feedback through the avenues above, starting with the channels available in your facility.

CONSULTA, INFÓRMATE Y CONOCE

Nos preocupamos por tu bienestar y por eso ponemos a tu disposición la línea telefónica para empleados LEAR.

ASESORÍA MÉDICA E INFORMACIÓN GENERAL

De México marca: 011 52 55 56 68 90 0000

Thank You For Working Safely Today

Please continue to practice Lear's protective triad at home, including social distancing, personal hygiene, and frequent disinfection

