

First Quarter 2019 Financial Results

April 26, 2019



Ray Scott, President and CEO

John Absmeier, Vice President and CTO

Jeff Vanneste, 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 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
- **Xevo Acquisition**
John Absmeier, Vice President and CTO
- **Financial Review**
Jeff Vanneste, Senior Vice President and CFO
- **Concluding Remarks**
Ray Scott, President and CEO

Business Update



Ray Scott, President and CEO

Business Highlights

Delivered solid financial results in first quarter 2019 in challenging macroeconomic environment

Increased electrification and connectivity backlog and quoting activity

Replenished share repurchase authorization to \$1.5 billion and increased quarterly dividend to \$0.75 per share

Upgraded to Baa2 by Moody's

Received continued customer recognition for operational excellence

Won 2019 Automotive News PACE Award for ConfigurE+, a powered, adaptable seat rail system

Acquired Xevo, a leader in connected car software and data-driven user experiences

First Quarter 2019 Financial Overview

Sales

\$5.2B

Core Operating Earnings

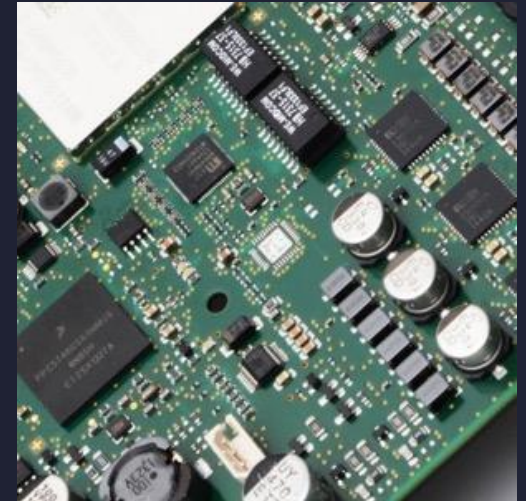
\$378M

Adjusted Earnings per Share


\$4.00

Adjusted Operating Margins

7.3%



Key Seating and E-Systems Launches

 = Hybrid / Electric Vehicle



Ford Escape
Wire Harness, Electronics
North America
August 2019



Ford F250/350/450 Super Duty
Wire Harness
North America
November 2019



Chevrolet Corvette
Wire Harness, Electronics
North America
January 2020



Volvo Polestar 2
11kW OBC, BMS,
Battery Disconnect
Asia
February 2020



Buick Encore
Wire Harness, Electronics
Asia
August 2019



Land Rover Defender
Wire Harness, Electronics, T&C
Europe
September 2019



Land Rover Evoque
Belt Integrated Starter Generator
Inverter; HV JB with DC/DC converter
Asia
December 2019



JLR I-PACE / I-TYPE
11kW On-board Charger (OBC)
Europe
February 2020

E-SYSTEMS

Q2 2019

Q3 2019

Q4 2019

Q1 2020

SEATING



Ford Explorer / Lincoln Aviator
JIT, Trim, Fabric, Structures
North America
May 2019



Porsche Taycan
JIT, Trim
Europe
June 2019



Cadillac XT6
JIT, Leather
Asia
July 2019



Opel Corsa
JIT
Europe
October 2019



Chevrolet Corvette
JIT, Trim, Leather
North America
January 2020



GM Yukon / Tahoe / Suburban / Escalade
JIT, Trim, Leather, Fabric, Foam, Structures
North America
March 2020



GMC Sierra / Chevy Silverado
JIT, Trim, Leather, Fabric,
Foam, Structures
Flint, MI
June 2019



Audi Q4
JIT, Trim
Europe
July 2019



Land Rover Defender
JIT, Trim, Foam
Europe
September 2019



Audi e-Tron
JIT, Trim
Europe
December 2019

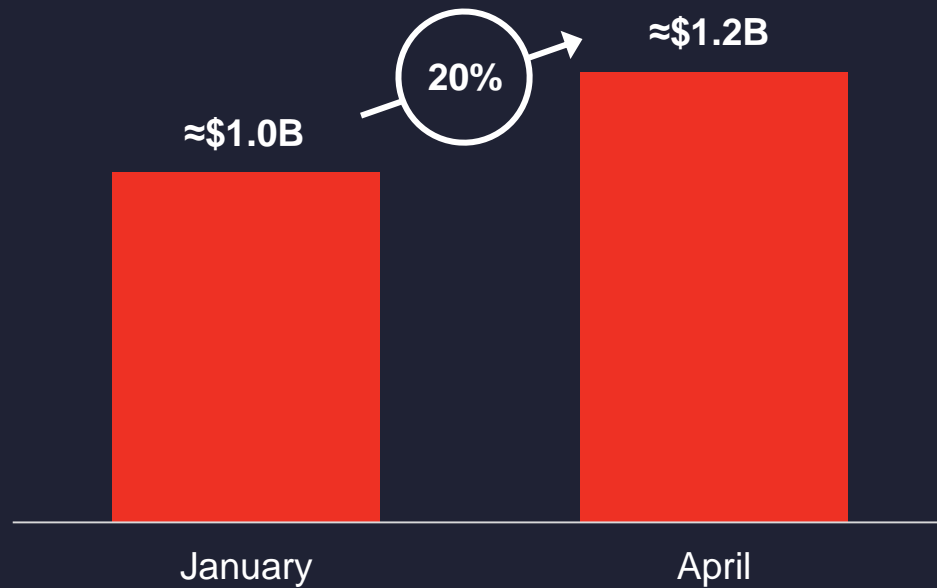


Jeep Compass
JIT
Europe
February 2020

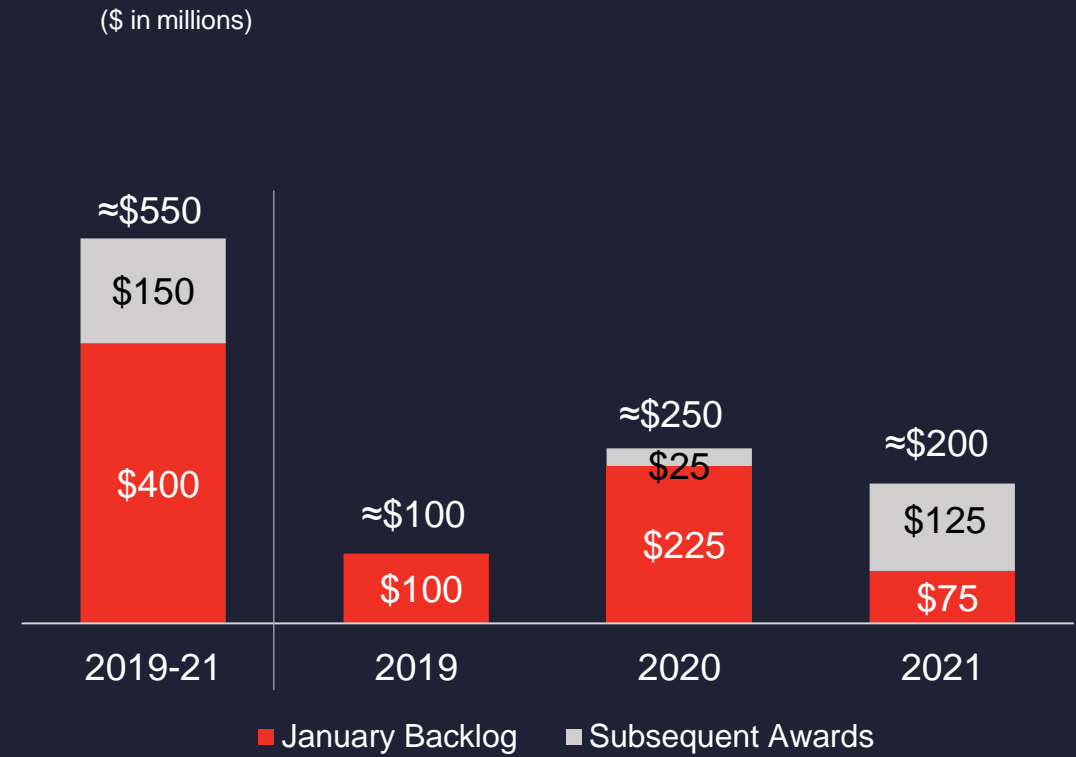


Electrification & Connectivity

Current 2019 Quoting Activity



January Backlog with Subsequent Awards



Xevo Acquisition



John Absmeier, Vice President and CTO

COMPANY OVERVIEW

- **Tier 1 automotive supplier of software solutions** for cloud, car and mobile devices
- **≈\$75 million** in 2018 sales
- **≈\$5 billion** total addressable market by 2025
- **≈300** employees
- Headquartered in **Seattle**
- Deployed on **≈25 million vehicles**, primarily in the U.S.

PRODUCTS



Journeyware: Flexible platform that delivers infotainment customization and insights from AI analytics

Revenue Model: Recurring Software Licensing Revenue

Xevo Market: Automotive commerce and services platform that connects consumers with their favorite brands



Revenue Model: Recurring Payments from Merchants

Financial Review



Jeff Vanneste, Senior Vice President and CFO

First Quarter 2019

Global Vehicle Production and Currency

(Units in millions)

	Q1 2018 Actual	Q1 2019 Actual	vs. Prior Year	vs. January Outlook
China	6.4	5.5	Down 14%	Down 6%
Europe and Africa	6.1	5.8	Down 5%	Down 1%
North America	4.4	4.3	Down 2%	Down 3%
India	1.2	1.2	Down 3%	Down 3%
Brazil	0.7	0.7	Down 1%	Down 2%
Global	23.9	22.3	Down 7%	Down 3%

Key Currencies

Euro	\$1.23 / €	\$1.14 / €	Down 7%	Up 1%
Chinese RMB	6.37 / \$	6.76 / \$	Down 6%	Up 3%

Source: IHS Markit as of April 2019

Key Financials

(\$ in millions, except per share amounts)

	First Quarter		
	2018	2019	B/(W)
Net Sales	\$ 5,734	\$ 5,160	(10)%
Core Operating Earnings	\$ 491	\$ 378	(23)%
Operating Margin %	8.6%	7.3%	
Adjusted Net Income	\$ 345	\$ 253	(27)%
Adjusted Earnings per Share	\$ 5.10	\$ 4.00	(22)%
Memo:			
Other Expense, Net*	\$ 4	\$ 9	\$ (5)
Equity Income	\$ (4)	\$ (2)	\$ (2)
Noncontrolling Interest	\$ 21	\$ 17	\$ 3
Free Cash Flow	\$ 74	\$ (71)	\$ (145)

* Excludes impact of restructuring and other special items

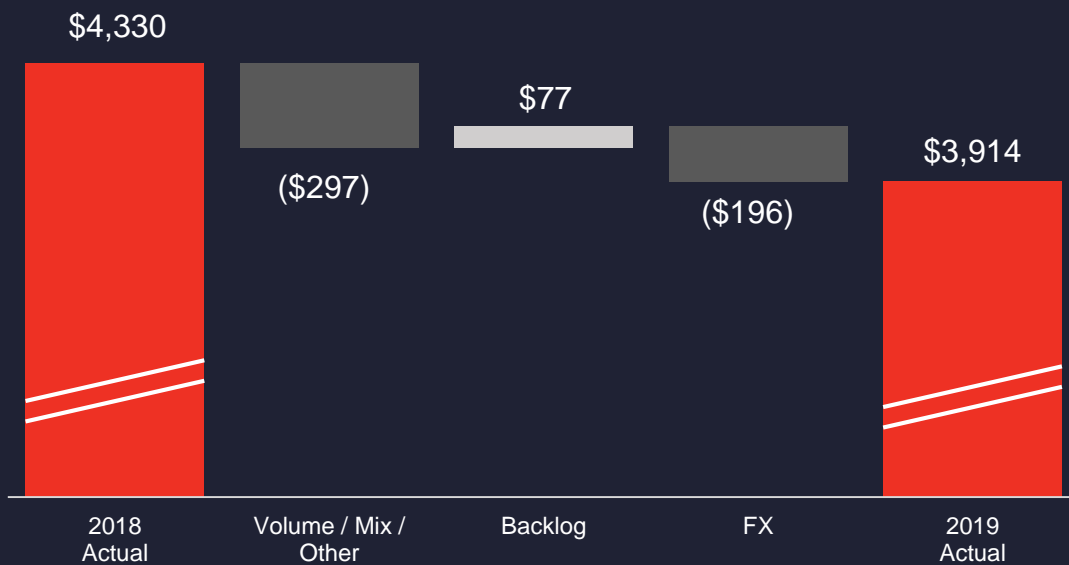
Please see appendix for discussion of non-GAAP financial measures, as well as reconciliations of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.



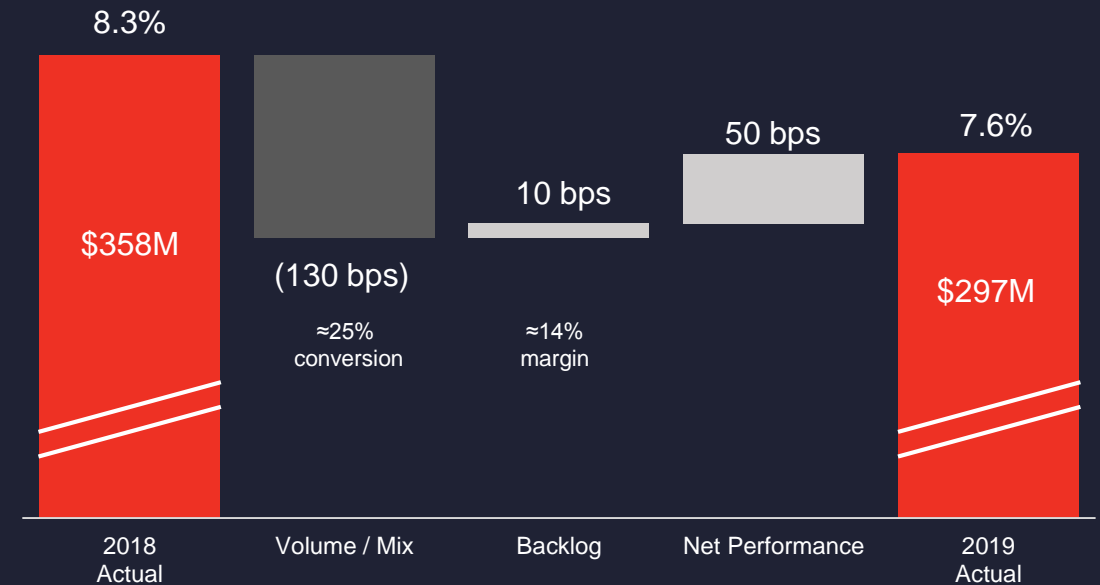
Seating First Quarter Sales and Margin Drivers

(\$ in millions)

Sales



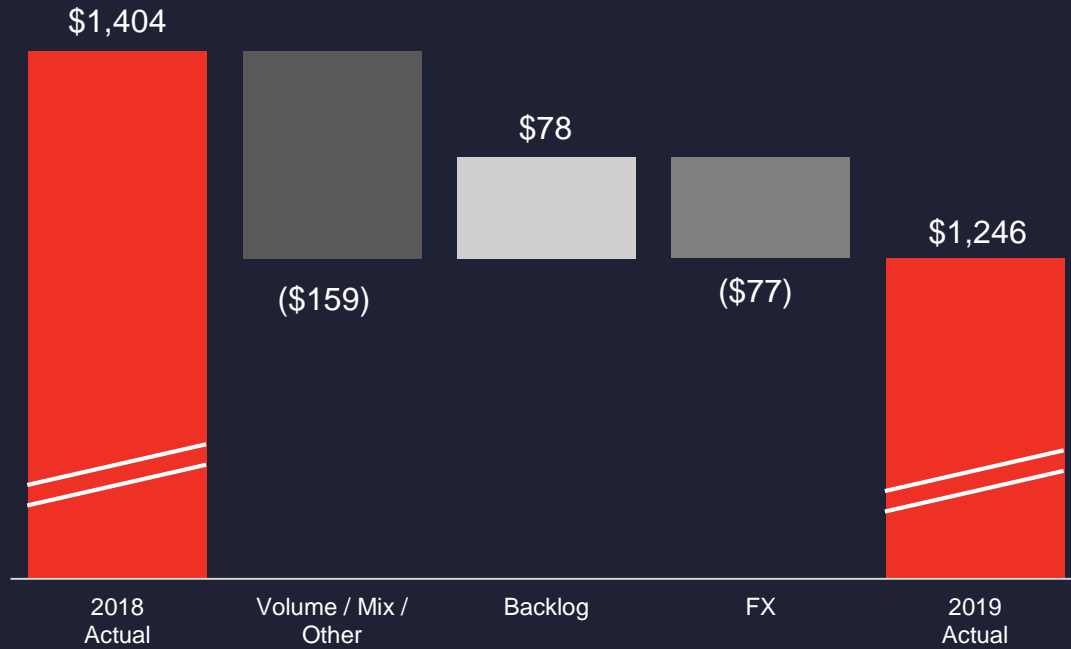
Adjusted Earnings and Margin



E-Systems First Quarter Sales and Margin Drivers

(\$ in millions)

Sales



Adjusted Earnings and Margin



2019 Full Year Outlook

Global Vehicle Production and Currency

(Units in millions)

	FY 2018 Actual	FY 2019 Outlook	vs. Prior Year	vs. January Outlook
China	25.3	25.3	Flat	Down 2%
Europe and Africa	22.7	22.2	Down 2%	Down 2%
North America	17.0	16.7	Down 2%	Down 1%
India	4.7	4.8	Up 3%	Down 3%
Brazil	2.8	3.0	Up 7%	Up 1%
Global	92.5	91.6	Down 1%	Down 2%

Key Currencies

	<u>Full Year</u>	<u>Full Year</u>	<u>Full Year</u>	<u>Full Year</u>
Euro	\$1.18 / €	\$1.13 / €	Down 4%	Flat
Chinese RMB	6.61 / \$	6.75 / \$	Down 2%	Up 3%

Source: IHS Markit as of April 2019; Lear estimates

2019 Full Year Outlook

Net Sales	\$20.9 - \$21.7 billion	Interest Expense	≈\$100 million	Restructuring Costs	≈\$140 million
Core Operating Earnings	\$1,600 - \$1,700 million	Effective Tax Rate	22% - 23%	Capital Spending	≈\$700 million
Adjusted EBITDA	\$2,120 - \$2,220 million	Adjusted Net Income	\$1,080 - \$1,170 million	Free Cash Flow	\$850 - \$950 million

Note: 2019 Outlook assumes an average Euro of \$1.13 and an average Chinese RMB of 6.75/\$



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.

Capital Allocation

PRIORITIES

- Organic investment in profitable growth
- Strategic M&A to build capabilities and strengthen customer / regional market share
- Maintain investment grade credit metrics
- Continue to return excess cash to shareholders

RECENT HIGHLIGHTS

- Investment grade credit ratings with both major rating agencies
- Extended the maturity date of \$1.75 billion revolving credit facility to August 2023
- Acquired Xevo for \$320 million; intend to finance acquisition
- Increased quarterly dividend to \$0.75 per share
- Replenished share repurchase authorization to \$1.5 billion through December 31, 2021

Concluding Remarks



Ray Scott, President and CEO

Concluding Remarks



Resilient business model and strong balance sheet



Industry leading talent and a track record of operational excellence



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, 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 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 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 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)

	<i>First Quarter 2019</i>			<i>Adjusted</i>	<i>Memo: Q1 2018 Adjusted</i>
	<i>Reported</i>	<i>Restructuring Costs</i>	<i>Other Special Items</i>		
Pretax Income Before Equity Income, Interest and Other Expense	\$ 312.2	\$ 55.9	\$ 10.1	\$ 378.2	\$ 490.5
Equity Income	(2.3)			(2.3)	(4.1)
Pretax Income Before Interest and Other Expense	\$ 314.5			\$ 380.5	\$ 494.6
Interest Expense	20.9		(0.5)	21.4	20.4
Other Expense, Net	4.4		(4.5)	8.9	4.2
Income Before Taxes	\$ 289.2			\$ 350.2	\$ 470.0
Income Taxes	43.1	(13.5)	(23.7)	80.3	105.0
Net Income	\$ 246.1			\$ 269.9	\$ 365.0
Noncontrolling Interests	17.2			17.2	20.5
Net Income Attributable to Lear	\$ 228.9			\$ 252.7	\$ 344.5
Diluted Earnings per Share	\$ 3.73			\$ 4.00	\$ 5.10

* Restructuring costs include \$50.2 million in cost of sales and \$5.7 million in SG&A. Other special items include \$4.5 million in cost of sales and \$5.6 million in SG&A.

Non-GAAP Financial Information

Core Operating Earnings and Adjusted Margins (\$ in millions)	First Quarter	
	2018	2019
Net sales	\$ 5,733.7	\$ 5,160.1
Net income attributable to Lear	\$ 353.7	\$ 228.9
Interest expense	20.7	20.9
Other (income) expense, net	(5.6)	4.4
Income taxes	77.7	43.1
Equity in net income of affiliates	(4.1)	(2.3)
Net income attributable to noncontrolling interests	20.5	17.2
Restructuring costs and other special items -		
Costs related to restructuring actions	24.0	55.9
Acquisition costs	0.4	1.0
Favorable tax ruling in a foreign jurisdiction	-	(1.5)
Other	3.2	10.6
Core operating earnings	\$ 490.5	\$ 378.2
Adjusted margins	8.6%	7.3%

Non-GAAP Financial Information

	First Quarter	
	2018	2019
Adjusted Earnings Per Share		
(In millions, except per share amounts)		
Net income available to Lear common stockholders	\$ 348.3	\$ 235.6
Redeemable noncontrolling interest	5.4	(6.7)
Net income attributable to Lear	353.7	228.9
Costs related to restructuring actions	24.0	55.9
Acquisition costs	0.4	1.0
Litigation	0.3	-
Gain related to affiliate	(10.0)	-
Favorable tax ruling in a foreign jurisdiction	-	(2.0)
Other	3.4	6.1
Tax impact of special items and other net tax adjustments ¹	(27.3)	(37.2)
Adjusted net income attributable to Lear	\$ 344.5	\$ 252.7
Weighted average number of diluted shares outstanding	67.6	63.1
Diluted net income per share available to Lear common stockholders	\$ 5.16	\$ 3.73
Adjusted earnings per share	\$ 5.10	\$ 4.00

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

Non-GAAP Financial Information

(\$ in millions)	First Quarter	
	2018	2019
Other (income) expense, net	\$ (5.6)	\$ 4.4
Gain related to affiliate	10.0	-
Other	(0.2)	4.5
Adjusted other expense, net	\$ 4.2	\$ 8.9

Non-GAAP Financial Information

Free Cash Flow (\$ in millions)	First Quarter	
	2018	2019
Net cash provided by operating activities	\$ 236.8	\$ 51.6
Capital expenditures	(162.8)	(122.8)
Free cash flow	<u>\$ 74.0</u>	<u>\$ (71.2)</u>

Non-GAAP Financial Information

Adjusted Segment Earnings and Margins	Seating		E-Systems	
	First Quarter		First Quarter	
	2018	2019	2018	2019
(\$ in millions)				
Net sales	\$ 4,329.9	\$ 3,913.7	\$ 1,403.8	\$ 1,246.4
Segment earnings	\$ 339.5	\$ 252.3	\$ 190.8	\$ 128.3
Restructuring costs and other special items -				
Costs related to restructuring actions	19.2	46.2	2.7	9.5
Favorable tax ruling in a foreign jurisdiction	-	(1.5)	-	-
Other	(0.5)	0.3	3.9	2.5
Core operating earnings	\$ 358.2	\$ 297.3	\$ 197.4	\$ 140.3
Adjusted margins	8.3%	7.6%	14.1%	11.3%