



Transcript

Lear Corporation (LEA)

Q1 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning, everyone, and welcome to the Lear Corporation First Quarter 2026 Earnings Conference Call. All participants will be in a listen-only mode. [Operator Instructions] After today's presentation, there will be an opportunity to ask questions. Please also note today's event is being recorded.

At this time, I'd like to turn the floor over to Tim Brumbaugh, Vice President, Investor Relations. Please go ahead.

Timothy Brumbaugh

Vice President-Investor Relations, Lear Corp.

Thanks, Jamie. Good morning, everyone, and thank you for joining us for Lear's first quarter 2026 earnings call. Presenting today are Ray Scott, Lear President and CEO; and Jason Cardew, Senior Vice President and CFO. Other members of Lear's senior management team have also joined us on the call. Following prepared remarks, we will open the call for Q&A. You can find a copy of the presentation that accompanies these remarks at ir.lear.com.

Before Ray begins, I'd like to take this opportunity to remind you that as we conduct this call, we will be making forward-looking statements to assist you in understanding Lear's expectations for the future. As detailed in our Safe Harbor statement on slide 2, our actual results could differ materially from these forward-looking statements due to many factors discussed in our latest 10-K and other periodic reports.

I also want to remind you that during today's presentation, we will refer to non-GAAP financial metrics. You are directed to the slides in the appendix of our presentation for the reconciliation of non-GAAP items to the most directly comparable GAAP measures.

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The agenda for today's call is on slide 3. First, Ray will review highlights from the quarter and provide a business update. Jason will then review our first quarter results and provide an update on the full year. Finally, Ray will offer some concluding remarks. Following the formal presentation, we would be happy to take your questions.

Now, I'd like to invite Ray to begin.

Raymond Scott

President, Chief Executive Officer & Director, Lear Corp.

Thanks, Tim. Please turn to slide 5, which highlights key financial metrics for the first quarter. Lear started the year strong, delivering significant increases in both revenue and earnings in the first quarter, compared to last year.

Sales increased 5% to \$5.8 billion, and core operating earnings grew by 10% to \$297 million. Adjusted earnings per share was \$3.87, a 24% increase from the first quarter of 2025, and our highest quarterly EPS since Q1 2019. Operating cash flow improved significantly to \$98 million for the first quarter.

Slide 6 summarizes some of the key business and financial highlights from the first quarter. Our strategic priorities remain focused on four key areas: extending our global leadership in Seating, expanding E-Systems margins, growing our competitive advantage in operational excellence through IDEA by Lear, and supporting sustainable value creation with disciplined capital allocation.

During the quarter, we continued our momentum of winning key awards in both Seating and E-Systems. Our most significant E-Systems award, which we announced in March, was with General Motors where we will supply wire harnesses for the full-size SUV program starting late 2027. This is a major new win for Lear on a key GM platform.

Our execution track record and automation capabilities gave GM the confidence to award a portion of this program mid-cycle. This award positions Lear to win additional content on subsequent generations of GM's full-size SUV platform.

During the quarter, our E-Systems team was also awarded the power distribution module for the next-generation electrical architecture with a key North American automaker. Our power distribution module proactively detects electrical issues to help ensure critical systems continue to operate. This capability is essential across all powertrains, particularly as new vehicles adopt software-defined architectures, electrification, and advanced driver assistance technologies. This award leverages our PACE Award winning technology and establishes Lear as an industry benchmark and trusted leader in this fast-growing strategic segment.

Another key award in the quarter was for a high-voltage power distribution unit with Audi for a new program in North America, continuing our momentum in power electronics.

These awards build on the reputation that we have been developing across our customer base. As these new programs launch, our E-Systems revenue will improve customer diversification.

We are accelerating our growth with Chinese automakers in both segments. In E-Systems, our collaboration with Seating to leverage key relationships as well as investments designed to strengthen our local engineering capabilities enabled us to secure wire harness awards that will generate consolidated average annual revenue of \$140 million, surpassing our new business awards with Chinese automakers for all of 2025 in just the first quarter.

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Key wins include conquest awards with Dongfeng and SAIC, as well as new business with Geely. These programs launch as early as mid-2026 and are accretive to our two-year backlog we announced in February.

In Seating, we secured complete seat awards with BAIC, Dongfeng, and Geely in China that will also generate average annual revenue of approximately \$140 million, a portion of which is in our non-consolidated joint ventures. In addition, we are in a strong position to secure business with two Chinese automakers expanding their production in Brazil.

We also continue to see additional opportunities with Japanese automakers. In the first quarter, we were awarded a new program to supply complete seats for FAW Toyota in China through one of our non-consolidated joint ventures.

In Seating more broadly, the pace of awards for our thermal comfort modularity is accelerating. In the quarter, we won four new awards for ComfortFlex and ComfortMax Seat solutions, bringing the total to 38 for these innovative products. Two awards are with BMW in Asia, one combining lumbar and massage and another combining heat, ventilation, and seat belt reminders.

We also won our first module awards with Audi in Europe combining lumbar and massage and our ComfortMax Seat solution with Geely in Asia. Two programs launched during the quarter with 12 additional programs launching through the rest of this year. These awards extend our leadership in Seating and also customer adoption of these modular solutions.

We expect adoption rates will continue to accelerate as these solutions become more pervasive. Many of these new business awards launched this year and next, particularly those in China where the time from sourcing to launch has significantly accelerated. This increase in our 2026 and 2027 two-year backlog is approximately \$250 million, improving our near-term growth outlook in both business segments.

We're accelerating the capabilities we are developing under our IDEA by Lear framework, particularly in automation and the use of digital tools. Progress is being made at our Rochester Hills advanced manufacturing integration center where we will showcase some of our key product and process innovations, and we continue to implement these capabilities into our current manufacturing processes.

The Orion facility supporting GM's expanded full-size SUV and pickup truck production is utilizing IDEA from Lear (sic) [IDEA by Lear] (00:08:35) from the start. Leveraging our process-related acquisitions, approximately 80% of our capital is being developed and deployed in-house, including 100% of our advanced robotics and vision systems. This demonstrates how we are using IDEA to reduce manufacturing costs and improve profitability from day one rather than implementing cost savings initiatives over the life of the program.

In E-Systems, we validated and launched two differentiated wire automation solutions internally developed by our most recent acquisition, StoneShield. These solutions deliver Lear-specific competitive advantages by improving cycle time and productivity in seal insertion and heavy-gauge crimping.

It was a strong quarter both commercially and financially. Revenue in the quarter increased 5% year-over-year with growth in both segments even after the reduction in revenue resulting from changes in tariff policy, as well as the impact from the end of production of the Ford Escape, Focus, and Lincoln Corsair. Stronger conversion on higher volume and continued momentum in our underlying net performance drove improved margins in both segments and for the total company.

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Free cash flow improved by \$205 million in the quarter, allowing us to take advantage of the attractive stock price and accelerate our share repurchase program. In the first quarter, we repurchased \$75 million of shares and continued to repurchase shares throughout the quiet period, putting us on pace to buy back over \$300 million in the year.

This combination of strong financial results and our disciplined capital allocation plan has driven consistent earnings per share growth. Our first quarter EPS increased by 24% year-over-year. A truly remarkable accomplishment by the team and a clear indicator of the value we are generating for our shareholders.

Slide 7 provides an update on key metrics to track our progress on expanding margins and generating long-term revenue growth. The pace of awards is normalizing after several years of delays as customers adjusted their production portfolio strategies. This gives us a much better visibility into our pipeline of future opportunities.

In the quarter, we secured several conquest awards for seat components such as surface materials. The pipeline for complete seats awards is concentrated in the back half of the year, very similar to the pattern we saw in 2025.

For E-Systems, we're seeing increased conquest opportunities in wire harnesses, particularly as competitive landscapes have shifted significantly due to strategic actions and operational performance of key competitors.

In the quarter, we won three conquest awards for wire programs, two in Asia and one in North America. Two of these awards were for wire harnesses previously supplied by a key competitor. We also won a small conquest award in electronics for a second North American automaker. These wins will generate approximately \$200 million in average annual revenue and represent about a third of our increased two-year backlog. We see additional conquest opportunities expected to be sourced throughout the remainder of the year.

Awards for our thermal comfort/modular solutions are accelerating. New wins with Audi and Geely bring us to 17 unique customers for ComfortFlex and ComfortMax Seat solutions. Notably, approximately half of the revenue from this quarter's thermal comfort awards will come from modular solutions.

The collaboration between Seating and E-Systems, combined with the strength of our local teams, continues to drive new business with Chinese automakers. In the quarter, we won new business in both segments with the same customers like Dongfeng and Geely, clearly illustrating the synergies between our two business units.

Our continued investments in IDEA and automation are expected to generate an additional \$75 million in savings this year. The first quarter delivered approximately \$17 million in savings, putting us well on track to achieve our target with savings expected to build throughout the year.

Our teams continue developing innovative methods to drive efficiency. For example, our Seating team held a global inventory workshop during the quarter to leverage digital tools that will improve supply chain and inventory efficiencies, ultimately enhancing future free cash flow generation.

We also held our Lear AI Olympics in North America. Over 400 hourly and salaried operation employees participated, generating more than 100 AI projects with solutions throughout our manufacturing value stream. This grassroots event exemplifies Lear's innovative culture, empowering employees to identify and drive the efficiency improvements in all facets of the business. As IDEA continues to mature, we see our employees developing and participating in new and innovative future events.

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Restructuring savings from last year's investments, combined with actions planned for this year, are expected to total \$80 million. In the first quarter, we generated \$26 million in savings, giving us a strong start towards our full-year target.

Our first quarter net performance puts us on track to achieve our full-year margin expansion targets, 40 basis points for Seating and 80 basis points for E-Systems. Despite higher engineering and launch costs to support our growing backlog and a challenging year-over-year comparison, our Q1 net performance exceeded expectations.

Slide 8 illustrates the significant shift in our customer mix in China. In the first quarter, we secured \$280 million in business awards with Chinese automakers across both Seating and E-Systems, ranging from complete seats and thermal comfort solutions to wire harnesses.

The speed to market with the Chinese automakers is significantly faster than in other regions. We are seeing requests for quote to sourcing to launch cycles completed within the same calendar year. This accelerated pace drove a portion of our \$250 million increase in our 2026 and 2027 backlog from recent business wins.

Strategically, these wins validate the organizational changes we made in 2023 to bring Seating and E-Systems under the same leadership and better align how we serve Chinese automakers. The collaboration between our Seating and E-Systems teams in that region, combined with strengthening our local engineering capabilities, is helping us win across both segments, often with the same customer.

Our ongoing rigorous review of the Chinese automakers' competitive positions and product strategies, both inside and outside the country, is a cornerstone of our strategy. We are focusing our resources on the customers that have the greatest long-term potential for market success and pursuing programs with the highest risk-adjusted returns and strongest margin potential.

As Chinese automakers expand both within China and globally, we believe this integrated leadership model positions Lear to capture a large share of that growth with a broader, more competitive product offering.

Chinese automakers continue to expand production outside of China, particularly into Europe and South America. We're in a strong position to secure business with two Chinese automakers expanding their production in Brazil, which we expect to be awarded within the next coming months.

We're actively pursuing additional opportunities globally with BYD, Leapmotor, among other Chinese automakers. While we maintain a strong profitable business with multinational customers in China, our new awards with Chinese automakers are aligning our customer revenue mix with the country's market share dynamics. We expect China automakers to represent more than half of our 2027 China revenue.

And with that, I'll turn the call over to Jason for a financial review.

Jason M. Cardew

Senior Vice President & Chief Financial Officer, Lear Corp.

Thanks, Ray. Slide 10 shows vehicle production and key exchange rates for the first quarter. Global production on a calendar basis decreased 3% compared to the same period last year. Lear's fiscal calendar resulted in four additional production days this quarter, compared to last year, which will be offset in the fourth quarter.

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On a Lear fiscal basis, production increased by 3% in North America and 4% in Europe, while China was down 5%. As a result, global vehicle production was up 3% on a Lear sales-weighted basis. The US dollar weakened against both the euro and the RMB.

Slide 12 summarizes the revenue impacts from recent changes to the US tariff policy. I'm sorry.

Turning to slide 11, I'll highlight our financial results for the first quarter of 2026. Our sales increased 5% year-over-year to \$5.8 billion. Organic sales were up 3%, reflecting higher volumes on Lear platforms and the addition of new business in Seating. Core operating earnings were \$297 million, compared to \$270 million last year, driven by higher volumes at Lear platforms and favorable foreign exchange.

Adjusted earnings per share were \$3.87, as compared to \$3.12 a year ago, reflecting higher earnings and the benefit of our accelerated share repurchase program. First quarter operating cash flow was \$98 million, compared to a use of \$128 million last year due to higher core operating earnings, an improvement in working capital, and payments related to commercial settlements for EV claims.

Now turning to slide 12. Slide 12 summarizes the revenue impacts from recent changes to the US tariff policy. Although there is no earnings impact, we felt that the complexity of changes in US tariff policy and significant impact on revenues warranted further explanation. There were two significant changes to the tariff regime that are expected to result in lower revenue both on a year-over-year basis and relative to our February outlook.

First, OEMs are now receiving import adjustment credits based on a percentage of MSRP for vehicles assembled in the US. These credits can be allocated down the supply chain, allowing suppliers to import components effectively tariff-free. As a result, we had lower pass-through revenue from tariff reimbursements in the quarter, which we expect to continue going forward, as well as from a one-time adjustment for credits applied retroactively. This will also improve cash flow by eliminating the timing lag between paying tariffs and receiving customer reimbursement.

Second, the Supreme Court struck down tariffs imposed under the International Emergency Economic Powers Act, or IEEPA. As those tariffs are refunded, we will return the proceeds to customers who had previously reimbursed us. In anticipation of those refunds, we recorded a one-time adjustment in the first quarter to reverse IEEPA-related recoveries that had previously been recognized as revenue.

In 2025, we recognized \$194 million in revenue, due to the recovery of tariffs we paid during the year. Our February full-year 2026 outlook included a \$100 million year-over-year revenue tailwind from tariff recoveries based on the assumption that there would be no changes to the tariffs in place at the time.

In the first quarter, the one-time reversal resulted in a \$175 million year-over-year revenue reduction, which, when combined with the application of customer credits, led to a \$243 million reduction in revenue from what was assumed in our February outlook.

For the full year, we now expect a \$285 million year-over-year revenue reduction driven by the one-time adjustment in the first quarter as well as tariff-free imports using customer-allocated credits throughout the remainder of the year. This represents a \$385 million revenue reduction from what was assumed in our February outlook.

The magnitude of these revenue impacts with no corresponding effect on earnings is a testament to the team's ability to achieve full recovery of tariffs in both 2025 and 2026. Our strong track record of navigating tariff policy

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changes and protecting earnings gives us confidence in our ability to continue to mitigate impacts regardless of the policy environment.

Slide 13 explains the variance in sales and adjusted operating margins for the first quarter in the Seating segment. Sales for the first quarter were \$4.4 billion, an increase of \$253 million, or 6%, from 2025. Organic sales were up 3%, reflecting higher volumes on Lear platforms such as the Jeep Grand Wagoneer and the Ford Explorer and Lincoln Aviator in North America, as well as the addition of new business including the Seres M7 in China, the BMW iX3 in Europe, and the Jeep Cherokee in North America.

Adjusted earnings were \$305 million, up \$25 million, or 9% compared to 2025, with adjusted operating margins of 6.9%.

Operating margins were higher compared to last year primarily due to higher volumes and the mix of production by program, a margin-accretive backlog, and net performance, partially offset by the impact of foreign exchange.

Slide 14 explains the variance in sales and adjusted operating margins for the first quarter in the E-Systems segment. Sales for the first quarter were \$1.4 billion, an increase of \$9 million, or 1%, from 2025.

Organic sales were flat as higher volumes on Lear platforms, including the Ford Expedition, Bronco Sport, and Lincoln Navigator in North America, were offset by the build-out of the Ford Escape, Focus, and Lincoln Corsair, reflected in our backlog.

Adjusted earnings were \$86 million, or 6.1% of sales, compared to \$74 million and 5.2% of sales in 2025. Higher operating margins were driven by increased volumes on Lear platforms, net performance, and the impact of foreign exchange, partially offset by the build-out of the programs reflected in our backlog.

Slide 15 provides global vehicle production volume and currency assumptions that form the basis of our 2026 full-year outlook. Our production assumptions are based on several sources, including internal estimates, customer production schedules, and S&P forecasts.

At the midpoint of our guidance range, we assume that global industry production will be down less than 2% on a Lear sales-weighted basis, driven by lower volumes in our largest markets: North America, Europe, and China.

From a currency perspective, our 2026 outlook assumes an average euro exchange rate of \$1.17 per euro and an average Chinese RMB exchange rate of RMB 6.91 to the dollar.

Slide 16 reaffirms our outlook for 2026. Our first quarter results were strong and the second quarter is trending favorably, putting us on a trajectory to deliver results between the midpoint and high-end of our guidance range.

However, given the uncertainty around the overall global macro environment and potential impacts from the conflict in the Middle East, we felt it was prudent to simply maintain our full-year outlook at this time, essentially protecting for the risk of these events impacting global industry production in the second half of the year.

Moving to slide 17, we highlight the value created through the execution of our disciplined capital allocation strategy. Over the past four years, we have returned more than \$1.8 billion to shareholders through share repurchases and dividends, consistently reducing our share count each year. From 2021 to 2025, cumulative revenue per diluted share grew 36%, while adjusted earnings per diluted share increased 61%, with steady

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growth in both metrics every year over this period. This performance significantly outpaced both the S&P 500 and the S&P 1500 auto components index.

Despite this consistent execution and outperformance, our valuation multiple significantly lags that of the S&P 500. We believe this disconnect reflects an underappreciation of our future earnings power, strong cash flow generation, and disciplined capital returns in an industry experiencing modest growth in production.

Given our current valuation and confidence in our ability to enhance long-term shareholder value, we believe the best near-term use of excess cash is to continue prioritizing share repurchases and our sustained dividend. We remain focused on generating strong cash flow, investing in the core business to drive profitable growth, and returning excess cash to shareholders.

In 2026, we're targeting free cash flow conversion of more than 80%, which will enable us to buy back at least \$300 million worth of stock with additional repurchases depending on free cash flow generation and tuck-in acquisition opportunities.

As we drive growth and margin expansion, the resulting strong cash flow and our disciplined capital allocation strategy will continue to generate shareholder value.

Now, I'll turn it back to Ray for some closing thoughts.

Raymond Scott

President, Chief Executive Officer & Director, Lear Corp.

Thanks, Jason. Please turn to slide 19. The first quarter was exceptional, demonstrating the strength of our strategy and our ability to execute. Our commercial success continues the momentum from 2025, including the major conquest truck program and the GM Orion plant awards in Seating and the \$1.4 billion of business awards in E-Systems. Our first quarter key business wins such as the major GM full-size SUV wire harness award, key power distribution module wins, and growth with Chinese automakers increases our two-year sales backlog.

More importantly, the near-term success winning new business awards, combined with significant opportunities to secure new business throughout the remainder of 2026, positions both businesses to generate sustainable revenue growth over the next several years.

IDEA by Lear continues to differentiate us. Our automation capabilities are key drivers of new business wins, enabling us to launch at speeds previously unprecedented in the industry. While our competitors are trying to catch up, we'll be creating the next generation of solutions, further widening our advantage.

Financially, first quarter results were strong across the board: revenue up 5%, core operating earnings up 10%, and adjusted EPS up 24% to \$3.87, the highest quarterly EPS since quarter 1, 2019. Free cash flow improved by \$205 million, enabling us to repurchase \$75 million in shares, putting us on pace for over \$300 million of buybacks in 2026.

We're on a track to deliver our full-year net performance targets: 40 basis points in Seating and 80 basis points in E-Systems. The pace of new wins and strong pipeline position us for long-term success.

And now, we'd be happy to take your questions.

QUESTION AND ANSWER SECTION

Operator: We will now begin the question-and-answer session. [Operator Instructions] And our first question today comes from Dan Levy from Barclays. Please go ahead with your question.

Dan Levy

Analyst, Barclays Capital, Inc.

Q

Hi, good morning. Thanks for taking the questions. Wanted to first start with a question on the revenue outlook. You're cutting – there's a negative impact from tariffs. There's a lower LDP outlook. There's a little bit positive offset from FX. I think you're talking about some positive backlog. Maybe [audio gap] through the moving pieces that allow you to maintain the outlook, and in fact I think you sort of gave some implied commentary that there's potentially even some upside on that piece if I interpreted that correctly. So, could you just walk us through the moving pieces on the revenue side? Thank you.

Jason M. Cardew

Senior Vice President & Chief Financial Officer, Lear Corp.

A

Sure, Dan. Just from a revenue perspective, you've highlighted the key drivers pretty well. So, we have the reduction in revenue due to the changes in tariff policy, which is \$385 million, and that's largely been offset by two things. One: foreign exchange, so the change in assumptions around the euro and the RMB amongst others and then also the impact of commodity and other pass-throughs to customers. And the most notable change there is around copper, but we've also seen commodity increases with foam chemicals, with steel. And so there's a pretty meaningful increase in revenue with no corresponding earnings impact as we pass through those adjustments, mostly on a one-quarter lag. So, there is a small leakage from an earnings perspective.

And then in terms of the industry volume assumptions, first of all, we recognize S&P adjusted the overall industry. But we obviously have – we don't sell to every program in the industry. If we look at our mix of programs, there are actually some programs that S&P increased their full-year outlook on. So, we have favorable mix that's offsetting a portion of that lower industry volume. And then we also have the benefit of the new business awards that launch starting in the second half of the year. So, there's a small incremental revenue from the backlog that also helps offset that industry volume.

Dan Levy

Analyst, Barclays Capital, Inc.

Q

Great. Thank you. Second, if we could just double-click on the margins, please. You just did your best quarterly margin I think in something like five years. I know that there's some nuances there that are going on with tariffs and all that's happening there. But the guidance does imply a decrease in margins for the subsequent quarters. Maybe you could just walk us through the margin dynamics. What would drive – is driving this implied decline in margins or is that some form of conservatism?

Raymond Scott

President, Chief Executive Officer & Director, Lear Corp.

A

Yeah. Well, why don't I go first here, Dan? Then Jason can talk a little bit about it. But I mean I think one is, Jason, in his narrative talked a little bit about it. I just think given the uncertainty around how we're looking at the second half of the year and that can go in a lot of different directions, were probably conservative if things play out differently.

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And I'll tell you right now, I talked about the momentum and how I felt about this year. Now, we have the actual facts in front of us as how we're performing. You think about E-Systems. E-Systems has done a great job. We had some operational issues. We had some issues relative to the decrease in volume here in North America around the EV market. I feel really good that that – the majority of that's behind us, the operations are running significantly better. So from a sustainability durability perspective, the margins in E-Systems are at a better place.

In Seating, we're doing a really good job of particularly in Europe around some of the other very similar situations around volume cleaning that up. And so we started the year off strong. I think we're just looking at the second half and I think it's, a lot of narrative around – and not just us but what's the second half bring with the situation that's going on with Iran and inflation and what demand is. But I feel really good about the things that we can control. And I think it would have been an absolute beat and raise. But I think we're just being a little bit cautious given some of the things that we're being faced with that are outside of our control. But the things we are controlling, man, I'll tell you, we crushed it. I talk about momentum now to be able to back it up.

What we did in Seating with the truck award, the conquest of wins validated our modularity and our technology around automation and the digital changes within our manufacturing plants. And then for E-Systems, we're right behind that with this major conquest win on a mid-cycle program, that's very rare, opening that door on the T1 platform mid-cycle, putting us in a great position for the next generation T2 platform on a very popular product line.

And the wins that we saw in China were exceptional. And so I feel the momentum. I feel really good operationally how we're performing in both segments. And the wins were exceptional. And so that's where my head's at. I think we're just being a little bit mindful of what we're being faced with outside of our control.

Jason M. Cardew

Senior Vice President & Chief Financial Officer, Lear Corp.

A

And Dan, I'll give you a couple of data points to help round that out as well. I think it's important to note that the first quarter margins benefited from this change in tariff policy. So that reduction in revenue creates a little bit of an artificial boost to the margins in the quarter. It was about 20 basis points in Seating and 40 basis points in E-Systems. We also had a little bit of a benefit from commodities in E-Systems in the first quarter, just the way we account for the copper revaluation as copper prices have come up and then that kind of unwinds itself through the balance of the year. So, very strong first quarter but there are a couple of nuances there that I think are important to highlight.

Looking at the second quarter, we have a pretty good line of sight now on production schedules and our operating plans. And we feel like the second quarter is going to be strong as well. Expect revenue sort of \$6.1 billion to \$6.2 billion in the second quarter. As I look at that year-over-year, we'd be up about 2%, so roughly a \$100 million year-over-year in the second quarter.

Looking at each of the business segments, we expect Seating margins to be sort of in the mid-6s and E-Systems to be in the low-5s. E-Systems would be up a little bit from last year and Seating would be down to flat compared to last year. And we also see strong net performance in both business segments in the second quarter, 40 and 80 basis points is our full-year guidance; that's similar to how we see the second quarter playing out.

And we also expect very strong free cash flow in the second quarter, likely \$150 million or maybe a bit more than that. And so the second quarter set up pretty nicely. So, then that leads to the obvious question, why aren't you

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raising full-year guidance? And Ray, I think, explained it pretty effectively. It's really a bit of conservatism on our part.

You may recall from the fourth quarter earnings call what we talked about. When we talked about the full year, we said that our – the high end of our guidance range effectively represents what our customers' production schedules are and how we see the year playing out. And then at the midpoint, we had \$400 million of revenue protection. And then another \$400 million at the low end of the guidance range for the unexpected or deterioration in the market that we're not currently seeing, but we protected for that nonetheless.

We haven't used really any of that protection through the first half of the year. So, if things hold together, we're tracking between the midpoint and the high end of the guidance range for the full year. And I think that would help sort of smooth out the progression of operating margins throughout the balance of the year and would make a little bit more sense overall.

And I just want to reinforce one point that Ray made around execution. I've been here for 34 years. I've seen good performance and bad performance over that time period. And I would say right now what we're seeing in both Seating and E-Systems is the best execution operationally probably in 10 years. And I think it's not just in the segments overall but it's in every region and every sub-segment and we haven't had that in quite some time.

Now, we're not happy with where operating margins are today; there's lots of room for improvement, particularly on the E-Systems side. But that consistent execution, operational discipline really is a key enabler to achieving not just the 40 and 80 basis points in net performance that we see this year in Seating and E-Systems, respectively, but into 2027 and beyond.

And I think it's just important to highlight that the performance of the team is at another level today than where it was a year ago, two years ago, five years ago. It's really a strong performance across the board. So that's what really gave us mixed feelings about whether to adjust the full-year outlook.

We have so much confidence and so much momentum, we really wanted to raise – sort of take the low end of that guidance range out. But with all that's happening with the uncertainty around Iran, as Ray mentioned, we thought it was prudent just to hold serve for now and provide an update. We'll have a chance at the end of the second quarter, a couple of public investor events, to provide an update on how Q2 is playing out. And we hope to provide a little more color again on the full year at that point.

Dan Levy

Analyst, Barclays Capital, Inc.

Great. Thanks, guys. That's very helpful.



Operator: And our next question comes from Colin Langan from Wells Fargo. Please go ahead with your question.

Colin M. Langan

Analyst, Wells Fargo Securities LLC

Oh, great. Thanks for taking my questions. Just wanted to follow up on the comments just so I understand, you mentioned that tariffs helped margins in Q1. Is that just because the accounting is more skewed on the sales impact in Q1 versus the rest of the year?



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And then also you mentioned that copper actually helped margins on E-Systems in Q1. That kind of surprised me a bit because I thought copper prices were kind of all over the place, it might actually have been a headwind. So why would copper have actually helped in Q1?

Jason M. Cardew

Senior Vice President & Chief Financial Officer, Lear Corp.

A

Yeah. So, I'll start with that and then move back to tariffs, Colin. So, the way we account for copper and value our inventory, if there's a large change in the copper price, we revalue our inventory. So, that led to a step-up of the inventory and a benefit to cost of sales in the quarter. That was partially offset by the higher copper prices and the lag of recovery, but it was a tailwind in the quarter.

In terms of the – in regards to the tariffs, so we had the full value of this refund for 2025 tariffs all recorded in the first quarter. So, we had \$175 million of refunds between the IEEPA tariffs and the use of credits that our customers have given us which apply retroactively to last year. It's about \$70 million or a little less in IEEPA tariffs and \$106 million in the 232 credits that we're able to apply for refunds. And so, that's the disproportionate impact on the first quarter revenue and margins as a result of that.

Colin M. Langan

Analyst, Wells Fargo Securities LLC

Q

Okay. That's helpful. And then just since we're talking about raw material, can you remind us what your hedging is on copper in particular and steel and other resins and other commodities and is there an impact in the guide for a little bit of a pinch on some of those?

Jason M. Cardew

Senior Vice President & Chief Financial Officer, Lear Corp.

A

Yeah. So, we don't hedge commodities, Colin, but we do have back-to-back indexing agreements in place pretty much across the board now. The vast majority of copper, steel, foam chemicals, leather are all on pass-through agreements. And in certain cases, with steel, for example, the customers are buying that steel for us, so we see no impact from that. In other cases, there is a one-quarter lag or two-quarter lag.

And so, we are seeing across the board increases in commodity costs, but the end results in terms of the earnings impact is pretty negligible. It's about \$10 million worse than where we were sitting here on the fourth quarter earnings, Colin, for the year. But it's a pretty modest impact.

Colin M. Langan

Analyst, Wells Fargo Securities LLC

Q

Got it. All right. Thanks for taking my questions.

Jason M. Cardew

Senior Vice President & Chief Financial Officer, Lear Corp.

A

You're welcome.

Raymond Scott

President, Chief Executive Officer & Director, Lear Corp.

A

Thanks.

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Operator: Our next question comes from Joe Spak from UBS. Please go ahead with your question.

Joseph Spak

Analyst, UBS Securities LLC

Q

Thanks. Good morning, everyone. Ray, I wanted to go back to some of your comments. You talked about some changing competitive dynamics in wiring, and I was wondering if you could spend a minute talking about how you're positioning Lear to take advantage of that.

And I know you mentioned some conquest wins which sounds pretty exciting. But like, from your perspective, is it better to win conquest business or sort of really go after some of these new architectures, like do you have a preference there? And maybe I have a follow-up, but I'll pause there.

Raymond Scott

President, Chief Executive Officer & Director, Lear Corp.

A

Well, I think it's a combination of both really. I think the conquest opportunities have presented themselves over the last really six months, and I think I've been hinting at this or talking about it, the amount of requests we've got for quote mid-cycle or next generation. And so, that is something that's relatively new. I think it's a combination of maybe strategic directions with other companies or performance. Quite candidly, I think we've gotten a lot of requests for quotes because of the lack of performance.

And again, I've always said that the entry – the ticket to get into quote is you have to perform every day around quality, delivery, you have to meet the customer's expectations. And so those are more of a recent anomaly that I'll say that continue to persist that we still have a significant amount of opportunities.

The electrical opportunities when we think about the newer platforms is part of what we just announced, too. Some of these new electronic awards are very strategic. They're placed right where we have really good capabilities and competencies where the customers spend a lot of time with us and our capabilities. And the electronic wins, too, come in at a higher margin than what we'd be looking at as far as an overall target margin, too. So they're coming on at a very good accretive level as we start to launch them. And so, it's a combination.

The third element I'll say is this new ability to gain access to the domestic Chinese. I was just in China last week. It's really amazing to me the amount of opportunities we're seeing not just in Seating, I mentioned Seating, but in E-Systems. We had a dinner with a key customer, and we expanded the relationship to include commercial trucks both in Seating and E-Systems. And so that door is more of a recent area, too. We've had more wins in this quarter. Hopefully, we have the same success we had at the last call. Right when we got off, we had two significant awards in China right after the call. But I see that as a really nice opportunity for us to continue to grow, and I think it's been the combination of what we've done from a leadership organizational perspective. But that door is open, and we're seeing significant opportunities.

So, I am excited. It is very rare. When we get these conquest wins that are mid-cycle, they don't do that because they're happy and content. They're doing it very strategically, it's very intentful. And our job on that T1 is to deliver. And I think when that door is open, I hope we can take advantage of it post-delivery and continue to expand our position on the next generation of that platform. But that was very strategic.

And what's good about all this is that we have target margins. We're competitive. We're hitting it at what we believe is absolutely acceptable return for our company. So, it shows that the automation, the digital changes we're making in our manufacturing plant both across electronics and wiring is very competitive. Our reputation is

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as a leader for quality and delivery. And so, I'm excited where we're at in E-Systems, but it is across a lot of different areas, not just the conquest wins that are current, but also the new generation of electrical architecture.

Joseph Spak

Analyst, UBS Securities LLC

Q

Great. Thanks for that. And then Jason, maybe if I could just two quick I guess housekeeping. One, like I appreciate all your comments sort of like margin expansion sort of cadence throughout the year. But like just help me think about in the quarter because I know you sort of mentioned extra days, extra volume. Did that also help the margin like you got little bit more sort of fixed cost leverage or is it really just a dollar thing?

And the second question is just with the metals Section 232 tariff change, like I don't think there's any change there, but it's a little confusing because when you start looking into some of the parts, like there's definitely elements of wiring that are sort of listed in there. So, maybe you could just sort of confirm that auto wire harness aren't really impacted from the change or if they are, that'd be good to know as well.

Jason M. Cardew

Senior Vice President & Chief Financial Officer, Lear Corp.

A

Yeah, Joe. So there's – there really is no new tariffs that are impacting us other than you have the Section 122 tariffs replacing the IEEPA tariffs and that has a little bit of a wash. Maybe it's a little bit lower overall. But that has been factored into the updated commentary around the impact of revenue for the full year due to tariffs.

In regards to your question about the additional work days, yes, that would benefit the quarter on a year-over-year basis. It really shows up kind of on the volume line. Volume overall I think was about \$190 million and roughly two-thirds of that is a result of the additional work days with the balance being higher volumes on a normalized basis. And I think it's important to point out that that was a positive development for us. And that's – we've [audio gap] again full-year negative volume mix factored into the initial guidance and the first quarter was off to a positive start relative to that. So even normalizing for the workday difference, it's still a positive trajectory relative to what we had anticipated when we issued our initial guidance.

Joseph Spak

Analyst, UBS Securities LLC

Q

So just on the shape of the year-end margins, I mean if I'm following right, like you've got to have greater expansion in the – over the next two quarters because I'm assuming there's a give back in the fourth quarter just on the calendar? Is that the right shape of the year?

Jason M. Cardew

Senior Vice President & Chief Financial Officer, Lear Corp.

A

Yeah, that's exactly right. And I think – so you have – if you think about first-half, second-half, you have your normal kind of seasonality in the third quarter where you're going to have downtime in Europe, and then you have typically a strong fourth quarter, particularly in China, that historically is very strong in the fourth quarter. And so that may be a little more tempered for us on a year-over-year basis as a result of the change in the calendar and the impact on the number of work days in each quarter relative to the prior year.

Joseph Spak

Analyst, UBS Securities LLC

Q

Thank you.

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Jason M. Cardew

Senior Vice President & Chief Financial Officer, Lear Corp.

Yeah.

Raymond Scott

President, Chief Executive Officer & Director, Lear Corp.

Thanks.

Operator: Our next question comes from Mark Delaney from Goldman Sachs. Please go ahead with your question.

Mark Delaney

Analyst, Goldman Sachs & Co. LLC

Yes. Good morning. Thanks for taking the questions. I think the two-year net back – good morning, I think the two-year net backlog was \$1.325 billion at the end of last year, and you spoke about the new awards adding \$250 million. I believe that is all scheduled to ship for 2027, but maybe you could share more on where the backlog now stands. Was there any other puts and takes to it besides the \$250 million and just in terms of the linearity if you can confirm that the incremental does all ship in 2027?

Jason M. Cardew

Senior Vice President & Chief Financial Officer, Lear Corp.

Yeah, so there is a little bit of that \$250 million that will hit in 2026 and given the volatility of customer plans I didn't want to put a pinpoint number to it, but it is positive within 2026 as well, and that is sort of a comprehensive look is – at the overall change in the 2026 backlog and 2027 backlog. So, it includes some timing changes and other assumption changes are embedded in that.

And if we look at it on a three-year basis, if you were to include 2028 where some of these awards show themselves more fully, it's about a \$400 million increase in our three-year backlog. We didn't provide a starting point for 2028. But overall over that three-year period, the awards received in the first quarter increased the backlog over that time period by \$400 million. So it was an incredibly strong start to the year.

And as Ray pointed out, the sort of new development, particularly in China, is just how short the development windows are and that the gap in time between award and launch is much shorter than what we're historically accustomed to seeing. And so we're excited about the opportunity to continue increasing the 2027 and 2028 backlog with awards that happen throughout the remainder of this year.

Mark Delaney

Analyst, Goldman Sachs & Co. LLC

Thanks for that color, Jason. And then I wanted to also talk about the competitive landscape. You already mentioned the momentum that Lear's seeing with conquest opportunities in wiring and E-Systems, but if you could give an update on Seating. And I ask because last quarter you announced the largest conquest award in the company's history in the Seating side and I think that was driven in part by the automation capabilities that Lear has.

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So with that award on the Seating side now in place and maybe what it shows for the industry more generally with what Lear can deliver, I am hoping if you can give an update about whether or not it's generating additional interest from other auto OEMs that they may also want to take advantage of what Lear can provide? Thanks.

Raymond Scott

President, Chief Executive Officer & Director, Lear Corp.

A

Yeah, we'll extend the call. There's a lot going on and particularly in Seating. And I think it's important and why – and how we're communicating this. Yes. The award you mentioned was very important on that truck platform because it did validate the work we've been doing for 10 years.

I think the way we've differentiated ourselves, and if you can think through all the different acquisitions, what's important, we talk about manufacturing our own capital, how we have a modular system, how we're looking at automation and digital changes on the plant floor is very attractive to all of our customers. And that win was a significant win because it was based on everything I just mentioned.

And you think back through IGB, Kongsberg, InTouch, WIP Automation, the most recent acquisition in E-Systems, ASI, M&N, I mean the list has been – we've been doing these great acquisitions for over 10 years to really build the competencies and capabilities that we have. And now in a world where automation and digital are the buzzwords, we've been building on that for over 10 years and we're really putting it in place.

And so I think what's important in how we track ourselves, before we really started communicating this externally, is we had to have contracts, proof points that this is real. The 38 contract wins are because we are vertically integrated and we manufacture the module itself down to the lumbar. We're not partnering or we don't have supply agreements. The customers see the real value in that, and that helps us expand our margins and helps our customers with efficiencies and purpose and use within the vehicle.

So when I was in China, like I said, last week, it was amazing that the content that's going in the vehicles and the need for speed to accelerate technology within the seats. And when you have the vertical capabilities like we have, we can meet their timing. We can meet their specifications and the requirements that they're looking for, for adaptability and customer preferences.

And so I think through everything that we've done and we built this innovation center around really to showcase it to our analysts and our investors, the customers have seen it. You're seeing in production use automation of a modular system that's in production. And so it's amazing how that is adapting because right now the timing couldn't have been better really. We thought about this 10 years ago, but every one of our customers, the domestic Chinese are accelerating speed to market and really wanting to make sure that they're driving a competitive seat system. The traditionals are really trying to understand how they can get to that, and we're showing them what we're doing. We're doing it both with the domestic Chinese and here at home with North Americans and Europeans.

And so, we're being very selective, too. The Orion was a very targeted approach that we will have all of our best capabilities in that facility for automation and digital tools. What we're doing with the innovation centers, again, to replicate and to speed to market within our production facilities. And so it is picking up momentum.

I was hesitant when we talked about all this. We have 38 contracts within the modular arena. We're the only ones doing a modular system where we vertically integrate our own components. And so it's a differentiator for sure, like I just mentioned Frank has done a great job now in Audi in Europe. Obviously, we're in North America. So as this becomes more prevalent, our customers have some and were somewhat concerned around I want to see it in

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production first. Now that it's in production, we can take production parts and show them and then walk them through a line. And that's what they did with the truck business we got. They went through an audit, they saw our facilities.

And every one of our customers are coming back, and this is no joke, they're telling us, I've never seen this. We just had a major OEM come through our facility in Rochester and they said, there's no seat company doing what you're doing. And again, think about the time that we've been doing this. It's over 10 years. We've acquired specific skill sets that have been integrated. Just that integration takes time. And now we're, I think, at full momentum of what we're seeing.

And so, we're going to be selective. I think the Orion – and that was a conquest win, too, because we had a competitor that had a plant sitting right there, and we won that business. We're going to be selective on customers, how we position ourselves, how we invest in them in a particular platform, but we're definitely differentiating ourselves. And that's one thing we have to do a better job of. We talk about here is how we explain that because it is not a fancy marketing slogan with a bunch of words on a piece of paper explaining I do modularity. But, this is real. We're in production, we vertically integrate, we have the components. And the automation side in our manufacturing plants is incredible. And so, it really is taking off, and I'm excited.

I think, like I said, particularly with the domestic Chinese, they're pushing the market to think differently. And so, the timing couldn't be better for what we've been kind of really putting in place over 10 years.

Mark Delaney

Analyst, Goldman Sachs & Co. LLC

Thank you.

Q

Raymond Scott

President, Chief Executive Officer & Director, Lear Corp.

Again, we can extend the meeting. I can keep talking on this. I'd love to have everyone out to Rochester Hills. You have to see what it is. And that's in production. And that's not theory. That's production parts that are built in an automation facility around digital tools that are 100% going into production.

A

Operator: Our next question comes from James Picariello from BNP Paribas. Please go ahead with your question.

James Picariello

Analyst, BNP Paribas Securities Corp.

Hi. Good morning, everybody. Can you speak to the content and margin opportunity for E-Systems as we think about OEMs transitioning to domain-centralized architectures? I assume a portion of, if not all, the wiring awards you called out this morning are on this type of platform. Like for many folks on the outside looking in, the headline features of these next-gen electrical systems call for dramatic reductions in copper and overall wiring content. It's a much more simplified design. And I know it's not – at face value, I know it's a lot more complicated than that. So, can you speak to the positive features of these next-gen electrical systems as it pertains to your E-Systems business? Thank you.

Q

Raymond Scott

President, Chief Executive Officer & Director, Lear Corp.

A

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Well, yeah, I think a couple things. One, we mentioned these electronic modules that we won. They're smart. They're specifically used on these new architectures. And we've really set, I think – or put ourselves in a leadership position. We'll be able to announce a little bit more about the platforms and what we won as we work with our customers. But those are really the leading-edge type systems, electronic systems for this architecture you're referring to. And so we're in a very good position there.

I think the continuation of what we're doing with wiring, we do get asked, we have not seen significant changes in wiring by the way. I mean, I think there's different alternative materials, things that they're trying to do. I think design upfront. We work closely with BMW and when I talked about the wins that we got were around early development of the harness upfront, and that's a big key ingredient into how you can really save and really look at cost savings within the harness program because it's usually the after-design that gets put into the vehicle. But we work with BMW upfront. We put our automation tools in place so we could actually get at a more efficient design. But the changes to the wiring, we're seeing more and more content add. We were just in China last week. It's amazing with LiDAR and what they're doing with their architectures that are becoming very complex around features.

And so it's a balance. We are working with alternative materials, what we're doing with alternative designs. We see it's a combination of those type of applications. But when we think about the next level of our architecture where we've really done a nice job is on the electronics capabilities that we have, and we keep announcing these new programs. They're very unique to our capabilities, and it put us in a good position, I think, to be a leader in that area within the new architecture.

James Picariello

Analyst, BNP Paribas Securities Corp.

Q

Got it. No, that's super helpful. I really appreciate that color. And then just to clarify on the tariff recovery reversal, the February outlook embedded a full-year revenue reduction of \$385 million and now it's less – now, it's better by \$100 million. It's only \$285 million. Oh, no that's first the outlook, okay, no, my question is on a year-over-year basis it's a \$285 million reduction but you're keeping your revenue range intact, is that just better FX predominantly that's positive offset to that year-over-year hit?

Jason M. Cardew

Senior Vice President & Chief Financial Officer, Lear Corp.

A

Yeah, James, it's primarily FX and the pass through on commodities, particularly copper. That's where the biggest impact is in terms of the copper price change from our original guidance and the pass-through mechanisms that we have in place. And then to a lesser extent, steel, foam chemicals and other commodities that are on these pass-through mechanisms. So that in addition to FX is largely offsetting the impact of the reduction in revenue due to the tariff accounting.

James Picariello

Analyst, BNP Paribas Securities Corp.

Q

Great. Thank you very much.

Jason M. Cardew

Senior Vice President & Chief Financial Officer, Lear Corp.

A

You're welcome.

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Operator: And our final question today comes from Emmanuel Rosner from Wolfe Research. Please go ahead with your question.

Raymond Scott

President, Chief Executive Officer & Director, Lear Corp.

Hi, Emmanuel.

Emmanuel Rosner

Analyst, Wolfe Research LLC

Great. Thank you. Hi there. So question on the longer-term potential for E-Systems and in particular margin. So one of your larger competitors just became an independent company as opposed to being part of a larger one. And that has put a pretty big spotlight on the fact that they're very profitable, very solid margins and with a goal to improve those by another like 200 basis points over the next three years.

To what extent is there similar opportunity for Lear? Is there a different business mix or reasons why you basically couldn't get there? Like what are some of the structural differences and what is the potential for Lear?

Raymond Scott

President, Chief Executive Officer & Director, Lear Corp.

[audio gap] saying that we just took that – took business from that big competitor and won it at a competitive price that we get and are going to make fair returns, when we look at returns. So, we can compete with anyone and we can generate very similar returns.

Like I've mentioned before, we've had some, I'll say, operational things, challenges that we've been working on, particularly down in Mexico. Particularly around the EV, we did a great job of winning significant business in EV and we've been working through the volume reductions both commercially and operationally. The operation turnaround led by Nick and the team down in in Mexico have done a great job.

So we have really good business within E-Systems. We had some pockets that we have to clean up that were – are within our control. The business we're winning is accretive and we believe it's on pace to continue to get us good returns in E-Systems. So we don't see anything that's going to be inhibiting us to grow our margins and that's why we put net performance on there. We're confident that we'll continue to expand our margins in E-Systems.

There's a pace to it because we have some programs that are lower from an assumption standpoint with volume or inflationary costs that we didn't completely catch up with commercial negotiations. But I've never – Jason said it, I never – I haven't felt this good about E-Systems and the operational performance and what we're doing until really this last quarter.

And so I feel good where we're at with E-Systems, Emmanuel. And we can compete against anyone out there and we've proven it and I think at or – had a good return. And so there's nothing that prohibits us except for some of the operational things I touched on that we got it. We got to stay focused on and continue to clean up. We – Jason mentioned that we're operating at a much better level. We still have room to continue to improve. We're not there. That's going to continue to improve our margins.

And so I think another thing that I think was maybe Achilles' heels was our ability to grow. Well, we're growing. I mean, we had \$1.4 billion of awards last year in E-Systems after we pivoted away from what was the North

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American EV decline. That was a great year. And then out of the shoot, man, we crushed it. More Chinese awards than we had all last year in E-Systems. And we got a great pipeline right now. And so, I'll kind of turn it over to you, Jason. You want to talk a little bit more...

Jason M. Cardew

Senior Vice President & Chief Financial Officer, Lear Corp.

A

Yeah, I think the only thing I would add to that, I think that they do have a scale advantage. I think you have to also look at the portfolio of programs. You may recall when our E-Systems business was at its peak performance, we had a large program, 2 million unit program globally that allowed for a unique scale advantage and higher margins.

I think they may enjoy a similar phenomenon that's skews the margin profile a little bit. But as Ray mentioned, we're super excited about the combination of continued net performance of 80 basis points a year and then getting back to growing the top line after digesting what happened with EVs particularly in North America and the decision that we made to exit certain products.

And as you get into 2027 and 2028, you start to see that positive inflection from these new business awards starting to exceed the impact of the wind-down of the products we exited. And so then you get that, the combination of net performance plus the effect of volume mix backlog wind-down as a positive number. And when you take those two together, I think that's when you see the meaningful move higher in E-Systems margins.

Emmanuel Rosner

Analyst, Wolfe Research LLC

Q

No, that's great color. One quick follow up on growth over market. I know a lot of different puts and takes in there in general, not just the backlog but obviously mix and geographies and stuff. What would be – with the backlog sort of improving and some of these new things launching even later this year, what would be your best guess on when growth over market could turn more positive for Lear timeline?

Jason M. Cardew

Senior Vice President & Chief Financial Officer, Lear Corp.

A

Yeah, I think if we look at the full year for Seating, we're expecting positive growth over market this year and E-Systems is negative primarily because of the build out of the Escape, Corsair, and Focus weighing on the top line. And so I think as the year progresses our growth profile improves. Particularly in China, we had negative growth over market in the first quarter in China which was largely driven by Seating. E-Systems actually had positive growth over market in the first quarter in China.

As we look at the balance of the year, the first quarter for our China growth over market is the trough and it does improve based on our volume assumptions and the backlog improvements that we highlighted that improves throughout the year. So we're – we feel really good about how that market is playing out for us, and for the full year we think we're pretty close to neutral in China on a growth over market basis.

So after last year being negative, certainly the way we exited last year, that's a positive development, and the momentum is even more important because it's not just this year, as you look out to next year and beyond, we see an opportunity to grow in line with that market and to have a revenue base that more closely resembles the underlying market share of the customers in that market.

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Emmanuel Rosner

Analyst, Wolfe Research LLC

Great. Thanks again.

Q

Raymond Scott

President, Chief Executive Officer & Director, Lear Corp.

Thanks, Emmanuel. You're welcome.

A

Raymond Scott

President, Chief Executive Officer & Director, Lear Corp.

Okay, I think Tim, that's it.

Timothy Brumbaugh

Vice President-Investor Relations, Lear Corp.

Yeah.

Raymond Scott

President, Chief Executive Officer & Director, Lear Corp.

Okay. Just for the team, again, thank you. We talked about coming out this year with momentum and we definitely have it. You guys, all your hard work, you keep reinforcing what that momentum looks like in a quarter. I mean, it was a great quarter, great performance. Thanks to the team around the world, the growth opportunities, the contract wins were incredible.

And so, I appreciate all the hard work. We got a lot of work to do. We got a lot of things that we're focused on that we can control, as you know, but man, we got some great momentum, you guys. And so let's keep it, keep the focus, keep the momentum going. Thank you for a great quarter.

Operator: And with that, ladies and gentlemen, the conference call has concluded. We thank you for attending today's presentation. You may now disconnect your lines.
