



First Quarter 2021 Financial Results

May 7, 2021

Ray Scott, President and CEO
Jason Cardew, Senior Vice President and CFO

Making every drive better™

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, 2020, 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



BUSINESS UPDATE

Ray Scott, President and CEO



FINANCIAL REVIEW

Jason Cardew, Senior Vice President and CFO



CONCLUDING REMARKS

Ray Scott, President and CEO





Business Update

Ray Scott, President and CEO

Financial Overview

First Quarter 2021

\$5.4B

SALES

UP 20% YOY
9 PPTS GoM

\$336M

CORE OPERATING
EARNINGS

UP 64% YOY

\$3.73

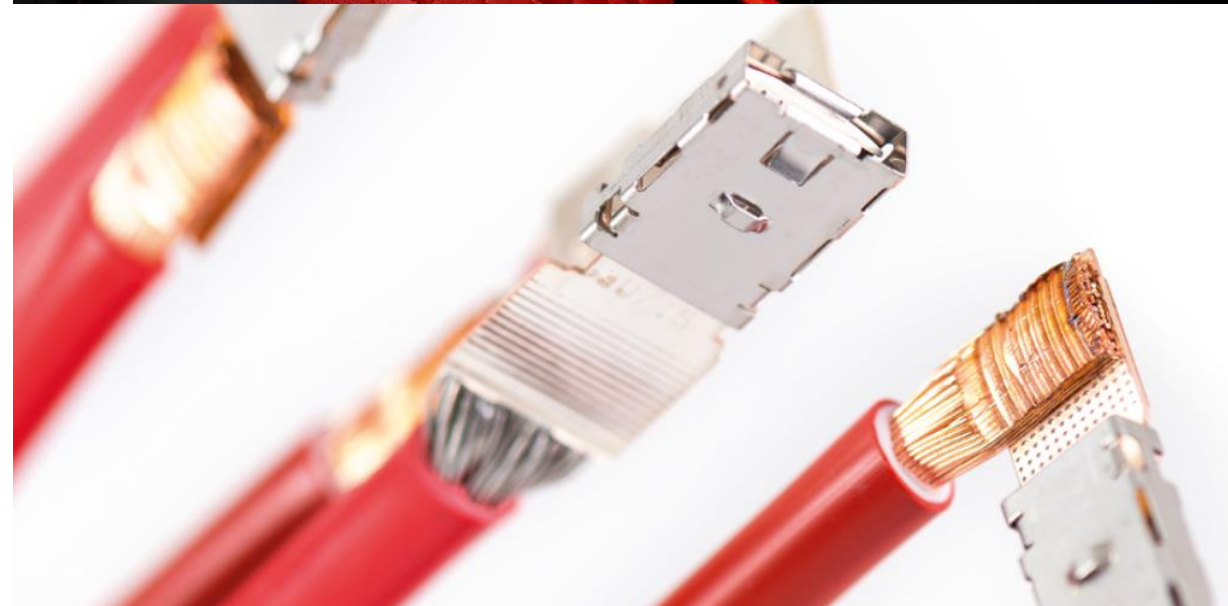
ADJUSTED EARNINGS
PER SHARE

UP 82% YOY

6.3%

ADJUSTED OPERATING
MARGIN

UP 1.7 PPTS YOY



Year-over-year sales growth over market (GoM) excludes the impact of FX, commodities and acquisitions. The year-over-year change in production on a Lear sales-weighted basis is calculated using Lear's prior year regional sales mix. IHS Markit production has been adjusted to match Lear's fiscal calendar.

First Quarter Business Highlights



Delivered strong financial results despite very challenging industry conditions



Successfully navigated supply chain shortages and intermittent OEM production disruptions



Continued to grow faster than the market in both business segments



Acquired M&N Plastics to expand vertical integration capabilities in E-Systems



Recognized as a finalist for an Automotive News PACE Award and two PACE Pilot Awards



Named as one of the most socially responsible companies by the city of Ciudad Juarez, Chihuahua



Focused Strategy in Place to Drive Growth and Profitability

EXECUTING EVERY DAY



SEATING

Extend market leadership with priceable content



E-SYSTEMS

Transform through accelerated growth in connection systems and electrification



OPERATIONAL EXCELLENCE

Lead in Industry 4.0 through digitalization and automation



ESG

Prioritize people and planet



Making every drive better™

Build on our Strong Position in Seating



SEATING

Extend market leadership with priceable content



Best-in-class operational performance driving market share gains and industry-leading financial returns



Additional organic and inorganic investments to extend leadership position as most vertically integrated seating supplier



Investments in innovation to further differentiate our seats with proprietary features and functionality



Proactively Positioning E-Systems for the Future



E-SYSTEMS

Transform through accelerated growth in connection systems and electrification



Target organic and inorganic investments to increase vertical integration capabilities in connection systems and other engineered components to strengthen electrical distribution business



Leverage industry leading domain expertise and capabilities within high voltage power management to grow in power electronics and capitalize on electrification trends



Continue to diversify customer base to accelerate growth



Drive Operational Excellence



OPERATIONAL EXCELLENCE

Lead in Industry 4.0 through digitalization and automation



Extend leadership position in operational excellence through increased use of advanced automation to reduce costs and improve quality



Leverage data analytics and artificial intelligence to optimize logistics and supply chains



Increase competitive advantage through focused investments and selective acquisitions

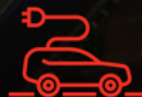


Integrate ESG Across the Enterprise



ESG

Prioritize
people and
planet



Develop green products, such as those that support electrification or are constructed of environmentally friendly materials



Enhance operations to utilize natural resources more efficiently



Embrace diversity, equity and inclusion throughout the organization to promote teamwork, creativity and innovation

**By 2030, targeting to cut carbon emissions by 50% and achieve 100% renewable energy in our manufacturing facilities;
By 2050, aspire to be carbon neutral with net zero emissions**





Financial Review

Jason Cardew, Senior Vice President and CFO

First Quarter 2021

Global Vehicle Production and Currency

INDUSTRY PRODUCTION

(units in millions)

GLOBAL		NORTH AMERICA		EUROPE AND AFRICA		CHINA	
Q1 2020	17.5	Q1 2020	3.8	Q1 2020	4.8	Q1 2020	3.0
Q1 2021	19.9	Q1 2021	3.6	Q1 2021	4.8	Q1 2021	5.4
UP 14% YOY		DOWN 4% YOY		FLAT YOY		UP 80% YOY	

KEY CURRENCIES

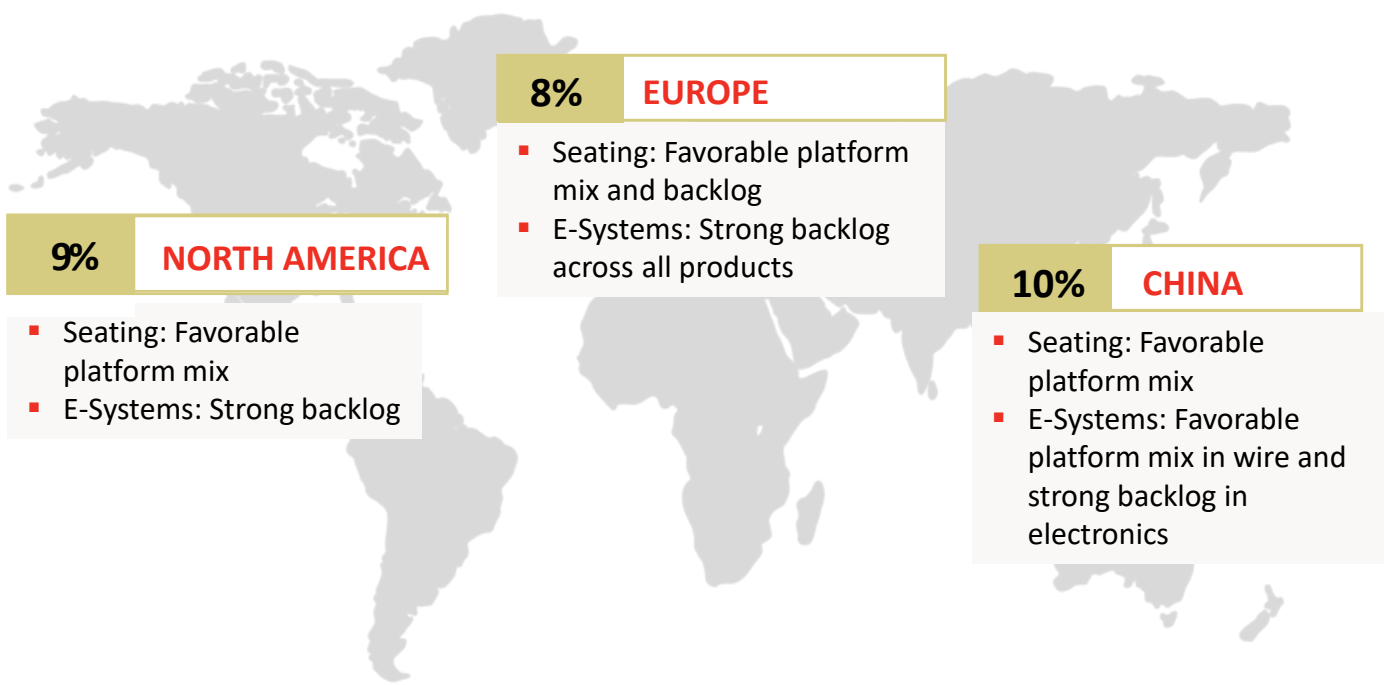
	2020	2021	
Euro	\$1.10 / €	\$1.21 / €	Up 10%
Chinese RMB	6.98 / \$	6.48 / \$	Up 8%




Source: IHS Markit as of April 16, 2021

Strong Growth Over Market in All Regions

First Quarter 2021



 Year-over-year sales growth over market (GoM) excludes the impact of FX, commodities and acquisitions. The year-over-year change in production on a Lear sales-weighted basis is calculated using Lear's prior year regional sales mix. IHS Markit production has been adjusted to match Lear's fiscal calendar.

Key Financials

First Quarter

(\$ in millions, except per share amounts)

2020

2021

YEAR-OVER-YEAR DRIVERS

Net Sales

\$4,458

\$5,354

Higher volume, favorable platform mix, impact of foreign exchange and strong backlog

Core Operating Earnings

\$205

\$336

Operating Margin %

4.6%

6.3%

Higher volume, favorable platform mix and operating performance, partially offset by higher commodity costs

**Adjusted Earnings
Per Share**

\$2.05

\$3.73

Higher core earnings

Free Cash Flow

\$113

\$135

Higher earnings, partially offset by increased working capital

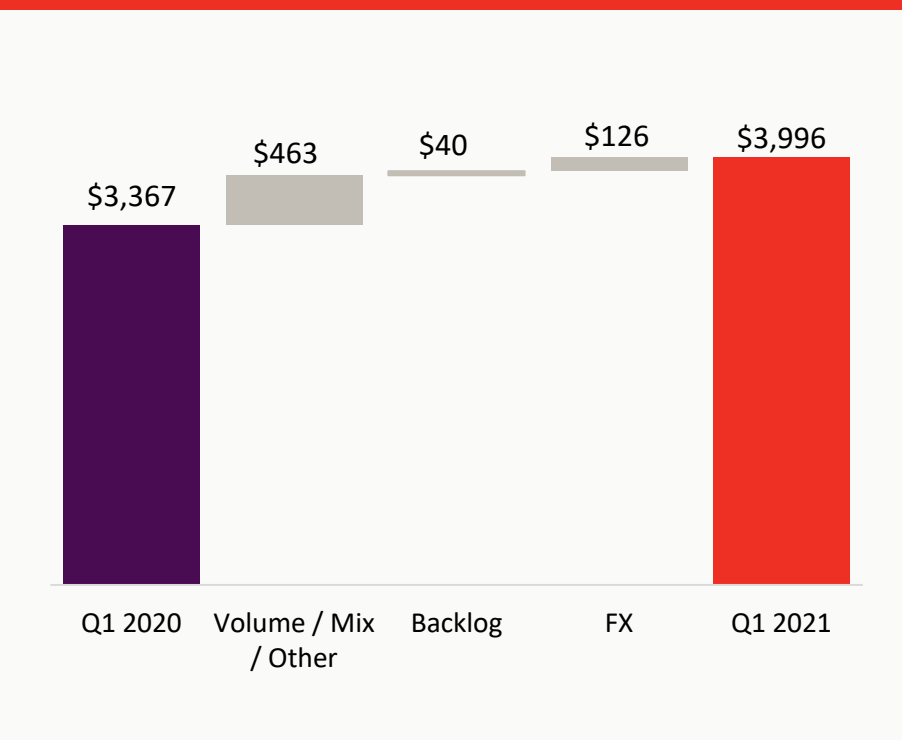


Seating Sales and Margin Drivers

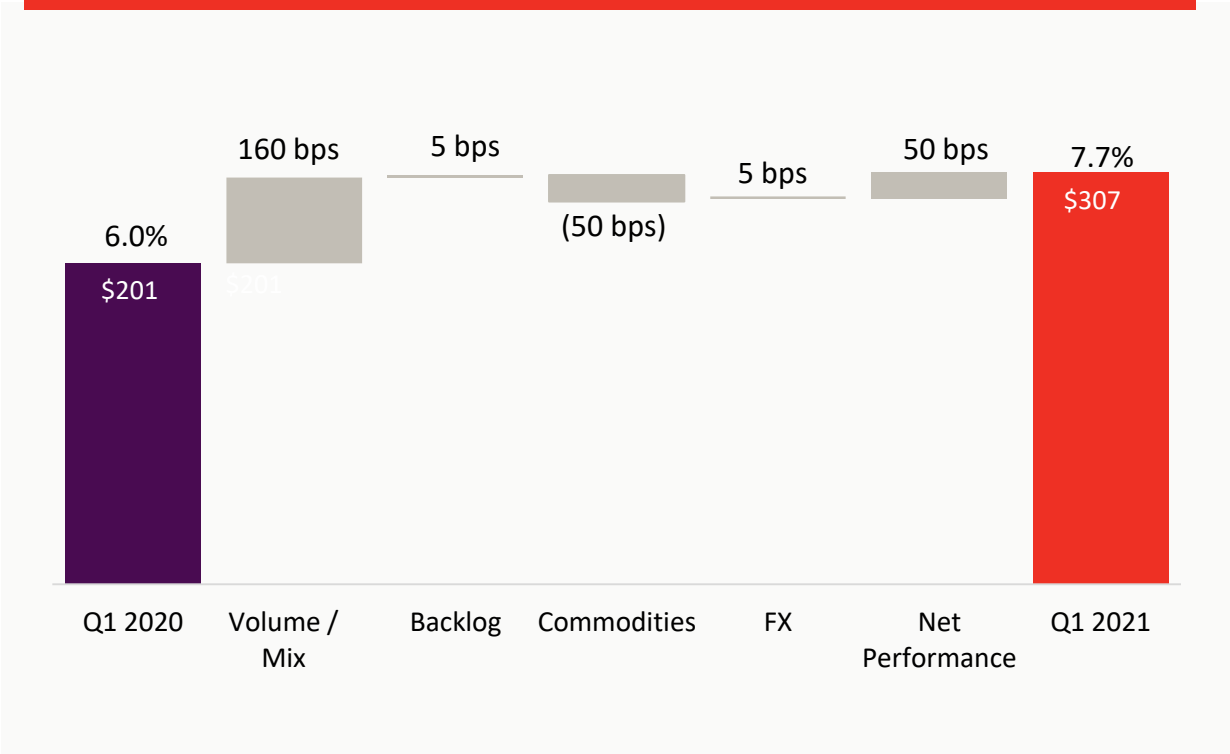
First Quarter

(\$ in millions)

SALES



ADJUSTED EARNINGS AND MARGIN



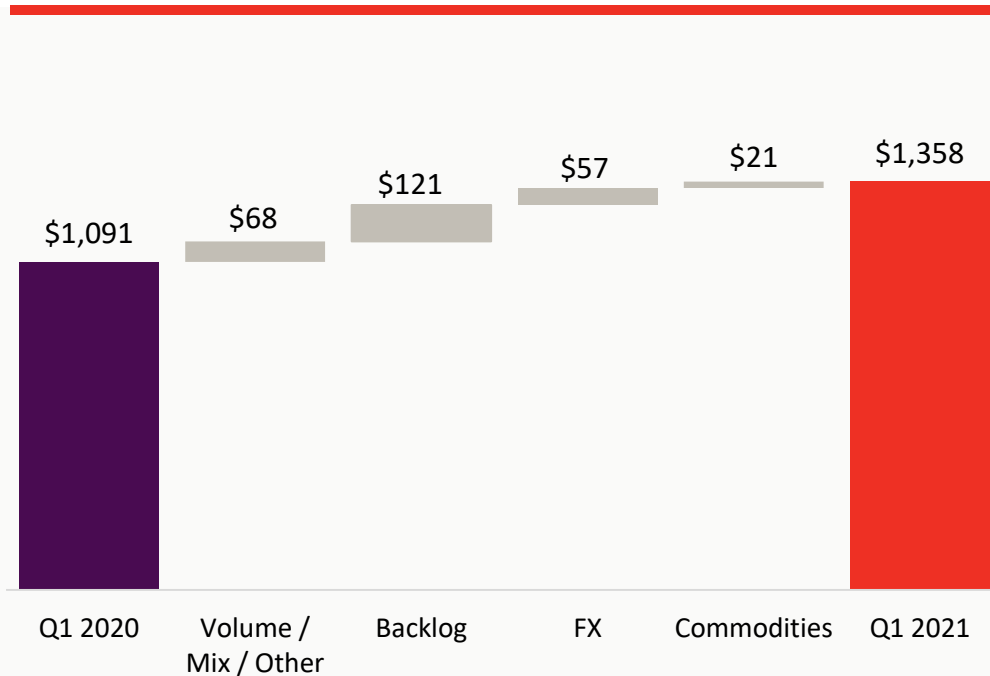
Please see appendix for discussion of non-GAAP financial measures, as well as reconciliations of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP

E-Systems Sales and Margin Drivers

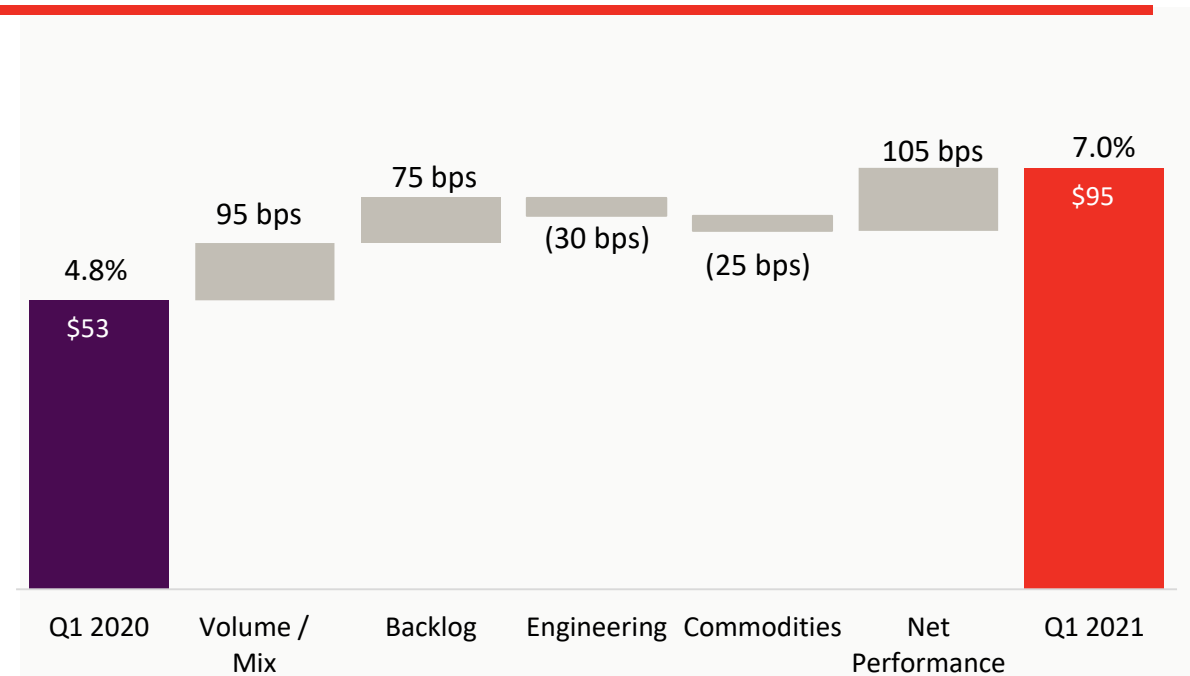
First Quarter

(\$ in millions)

SALES



ADJUSTED EARNINGS AND MARGIN



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

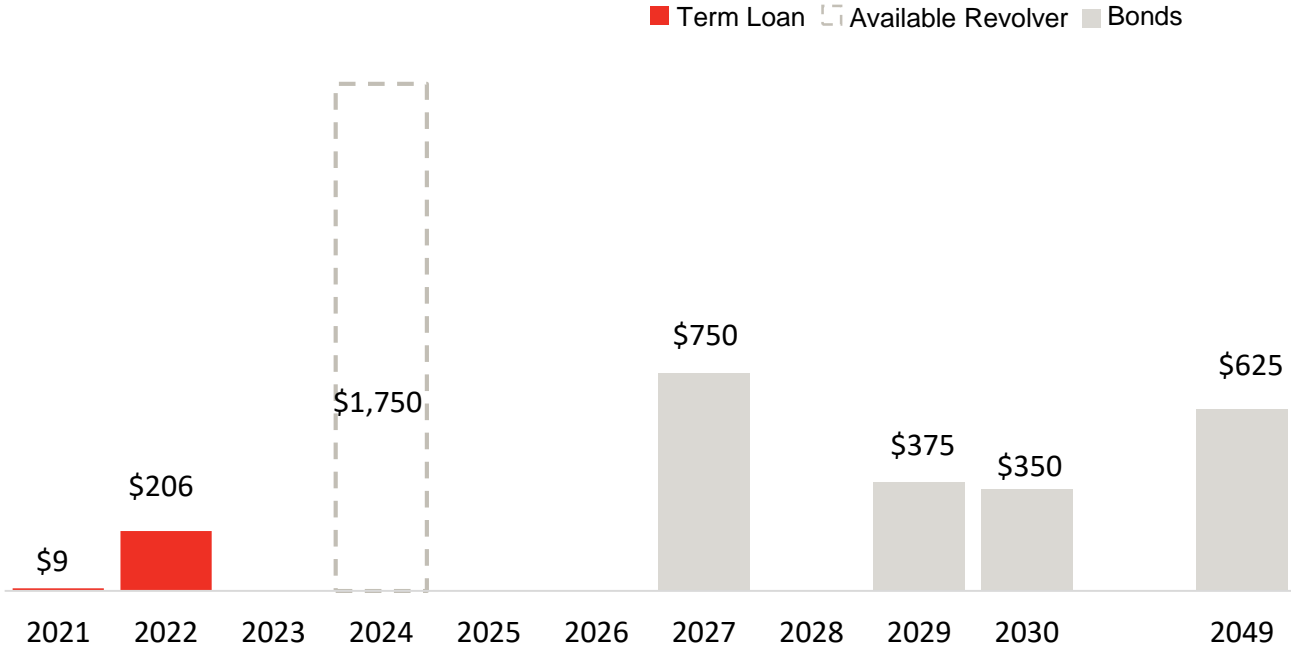
Strong Balance Sheet and Ample Liquidity to Invest for Growth

LIQUIDITY AND CAPITAL ALLOCATION

- \$3.1 billion in total liquidity, including \$1.75 billion available under revolving line of credit
- No significant near-term debt maturities
- Long history of positive free cash flow generation
 - Primary focus is investing in the business for profitable growth
 - Targeting niche acquisitions to increase vertical integration capabilities in both businesses
 - Returning excess cash to shareholders

DEBT MATURITIES

(\$ in millions)



As of April 3, 2021



2021 Financial Outlook Drivers

(\$ in millions)	<u>Seating</u>	<u>E-Systems</u>	<u>Lear</u>	
			<u>Sales</u>	<u>Core Operating Earnings</u>
			\$	\$
February Outlook (Mid-Point)			20,300	1,215
Platform Mix	++	+	+	+
Production Disruptions	-	--	-	-
Foreign Exchange Rates	+	+	+	+
Commodity Inflation and Other Premium Costs	-	-	+	-
Operating Performance	++	+	Neutral	+
May Outlook (Mid-Point)	+	-	\$ 20,750	\$ 1,225



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.

2021 Full Year Outlook

Net Sales

\$20,350 - \$21,150 million

February Outlook \$19,800 - \$20,800 million

Core Operating Earnings

\$1,140 - \$1,310 million

February Outlook \$1,130 - \$1,300 million

Adjusted EBITDA

\$1,700 - \$1,870 million

February Outlook \$1,690 - \$1,860 million

Interest Expense

≈\$90 million

Effective Tax Rate

≈21%

February Outlook ≈22%

Adjusted Net Income

\$740 - \$870 million

February Outlook \$725 - \$855 million

Restructuring Costs

≈\$100 million

Capital Spending

≈\$625 million

February Outlook ≈\$600 million

Free Cash Flow

\$550 - \$700 million

Note: 2021 Outlook assumes an average Euro of \$1.20 and an average Chinese RMB of 6.55/\$



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Concluding Remarks

Ray Scott, President and CEO



Strong execution in first quarter despite a challenging environment



Anticipate strong full year results despite continued headwinds



Strategy drives sustainable returns and profitable growth



Capital allocation plan in place to support strategy





Appendix

2021 Full Year Outlook

Global Vehicle Production and Currency

INDUSTRY PRODUCTION

(units in millions)

GLOBAL		NORTH AMERICA		EUROPE AND AFRICA		CHINA	
FY 2020	72.8	FY 2020	13.0	FY 2020	16.9	FY 2020	21.9
FY 2021	79.1	FY 2021	15.1	FY 2021	18.5	FY 2021	22.9
UP 9% YOY		UP 16% YOY		UP 10% YOY		UP 5% YOY	

KEY CURRENCIES

	2020	2021	
Euro	\$1.14 / €	\$1.20 / €	Up 5%
Chinese RMB	6.90 / \$	6.55 / \$	Up 5%



Source: IHS Markit as of April 16, 2021, and company estimates for outlook

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), “pretax income before equity income, interest, other 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 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 and adjusted earnings per share represent net income attributable to Lear and diluted net income per share available to Lear common stockholders, respectively, adjusted for 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 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

Core Operating Earnings and Adjusted Margins

(\$ in millions)

Net sales

Net income attributable to Lear

Interest expense

Other expense, net

Income taxes

Equity in net income of affiliates

Net income attributable to noncontrolling interests

Restructuring costs and other special items -

Costs related to restructuring actions

Other

Core operating earnings

Adjusted margins

	First Quarter	
	2020	2021
	\$ 4,457.7	\$ 5,354.4
	\$ 76.4	\$ 203.7
	24.4	22.3
	40.5	6.3
	26.5	58.9
	(1.6)	(5.9)
	7.2	22.1
	34.0	24.4
	(2.5)	4.4
	\$ 204.9	\$ 336.2
	4.6%	6.3%



Non-GAAP Financial Information

Adjusted Earnings Per Share

(In millions, except per share amounts)

Net income attributable to Lear

Costs related to restructuring actions

Loss on extinguishment of debt

Other

Tax impact of special items and other net tax adjustments ¹

Adjusted net income attributable to Lear

Weighted average number of diluted shares outstanding

Diluted net income per share available to Lear common stockholders

Adjusted earnings per share

	First Quarter	
	2020	2021
	\$ 76.4	\$ 203.7
	34.0	24.4
	21.1	-
	3.2	3.3
	(10.6)	(5.5)
	<u>\$ 124.1</u>	<u>\$ 225.9</u>
	<u>60.7</u>	<u>60.6</u>
	<u>\$ 1.26</u>	<u>\$ 3.36</u>
	<u>\$ 2.05</u>	<u>\$ 3.73</u>

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 Segment Earnings and Margins

(\$ in millions)

	First Quarter			
	Seating		E-Systems	
	2020	2021	2020	2021
Net sales	\$ 3,366.6	\$ 3,996.0	\$ 1,091.1	\$ 1,358.4
Segment earnings	\$ 186.1	\$ 292.0	\$ 32.4	\$ 89.3
Restructuring costs and other special items -				
Costs related to restructuring actions	13.3	14.7	20.7	5.5
Other	1.9	0.4	(0.4)	0.5
Adjusted segment earnings	\$ 201.3	\$ 307.1	\$ 52.7	\$ 95.3
Adjusted margins	6.0%	7.7%	4.8%	7.0%



Non-GAAP Financial Information

Free Cash Flow (\$ in millions)	First Quarter	
	2020	2021
Net cash provided by operating activities	\$ 222.3	\$ 247.5
Capital expenditures	(109.1)	(112.9)
Free cash flow	\$ 113.2	\$ 134.6



Non-GAAP Financial Information

(in millions, except per share amounts)

	First Quarter 2021			
	<u>Reported</u>	<u>Restructuring Costs</u>	<u>Other Special Items</u>	<u>Adjusted</u>
Pretax Income Before Equity Income, Interest and Other Expense	\$ 307.4	\$ 24.4 *	\$ 4.4 *	\$ 336.2
Equity Income	(5.9)			(5.9)
Pretax Income Before Interest and Other Expense	\$ 313.3			\$ 342.1
Interest Expense	22.3			22.3
Other Expense, Net	6.3		(1.1)	7.4
Income Before Taxes	\$ 284.7			\$ 312.4
Income Taxes	58.9	(3.1)	(2.4)	64.4
Net Income	\$ 225.8			\$ 248.0
Noncontrolling Interests	22.1			22.1
Net Income Attributable to Lear	\$ 203.7			\$ 225.9
Diluted Earnings per Share	\$ 3.36			\$ 3.73

*Restructuring costs include \$20.9 million in cost of sales and \$3.5 million in SG&A. Other special items include \$1.8 million in cost of sales and \$2.6 million in SG&A.

