

Wolfe Research Global Auto Industry Conference **Investor Presentation**

January 15, 2019



Ray Scott, President and CEO

Jeff Vanneste, SVP 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, 2017, 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 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.

Business Overview



Lear is a Global Automotive Technology Leader

Two
High-Performing
Segments

E-SYSTEMS & SEATING

≈\$21.1B

2018 Sales¹

≈\$9.4B

Market Capitalization²



169,000
employees



39 countries

89%

5-Year Total
Shareholder Return²

41% for S&P 500 and 3%
for Auto Supplier Group³ Avg.



≈2%

Dividend Yield

≈\$1B 2018 Free
Cash Flow¹

11% 2018 FCF
Yield^{1, 2}

2018 FCF
Conversion¹ ➡ 83%

0.9x Gross
Leverage
Ratio¹

0.3x Net
Leverage
Ratio¹



1. Based on midpoint of 2018 Outlook provided on October 25, 2018, and balance sheet as of September 29, 2018. FCF conversion defined as free cash flow divided by adjusted net income
2. As of January 11, 2019
3. Auto supplier group includes American Axle, Aptiv, Autoliv, BorgWarner, Dana, Gentex, Magna, Superior, Tenneco and Visteon

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.

Formula for Success



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

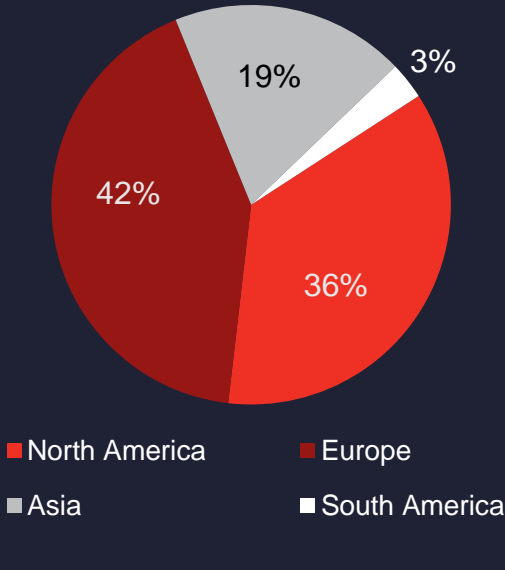


Capital allocation strategy designed to maximize long-term shareholder value

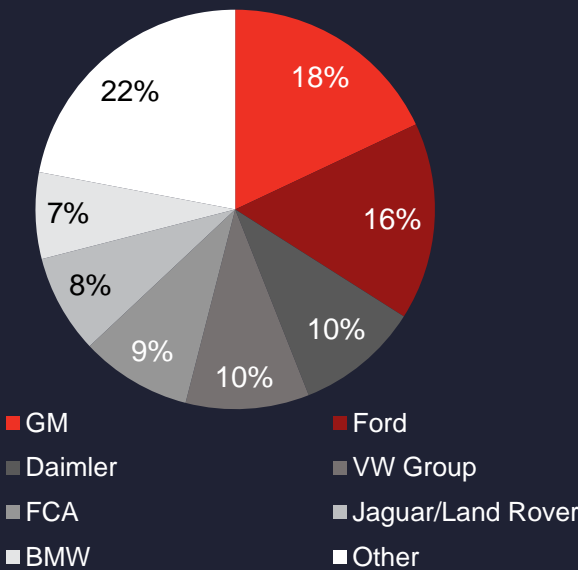
Well Diversified with \$21+ Billion Revenue



By Region



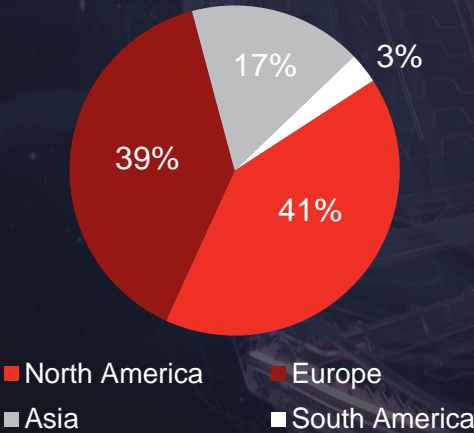
By Customer



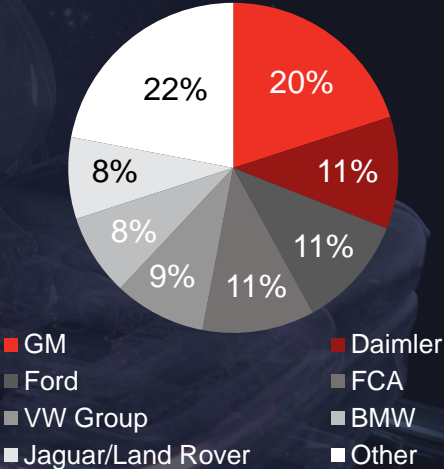
Note: Based on midpoint of 2018 Outlook provided on October 25, 2018

SEATING

By Region

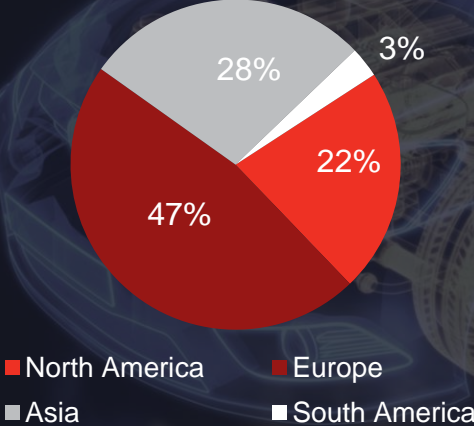


By Customer

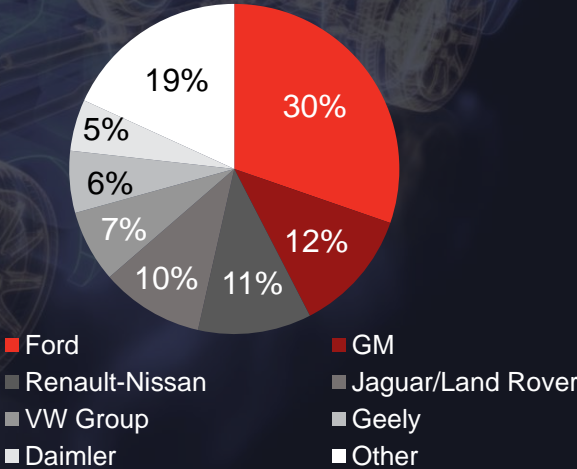


E-SYSTEMS

By Region



By Customer



Key Seating Launches



Mercedes GLS
JIT, Trim
North America
March 2019



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



Porsche Taycan
JIT, Trim
Europe
June 2019



Cadillac XT6
JIT, Leather
Asia
July 2019



Audi e-Tron
JIT
Europe
December 2019



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

Q1 2019

Q2 2019

Q3 2019

Q4 2019

Q1 2020



GMC Sierra / Chevy Silverado
JIT, Trim, Leather, Fabric,
Foam, Structures
Silao, MX
January 2019



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



Land Rover Defender
JIT, Trim
Europe
June 2019



Audi Q4
JIT, Trim
Europe
July 2019



Opel Corsa
JIT
Europe
October 2019



Chevrolet Corvette
JIT, Trim, Leather
North America
December 2019



Jeep Compass
JIT
Europe
February 2020

Key E-Systems Launches



BMW (various models)
Battery Monitoring System (BMS)
Europe
January 2019



Nissan DAYZ / ROOX
Wire Harness
Asia
January 2019



Ford Escape
Wire Harness, Electronics
North America
June 2019



Ford F250/350/450 Super Duty
Wire Harness
North America
August 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

Q1 2019

Q2 2019

Q3 2019

Q4 2019

Q1 2020



Renault Clio / Nissan Captur
Wire Harness
Europe
January 2019



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



Buick Encore
Wire Harness, Electronics
Asia
August 2019



Chevrolet Corvette
Wire Harness, Electronics
North America
December 2019

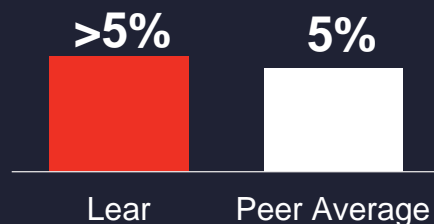


Volvo Polestar 2
11kW OBC, BMS,
Battery Disconnect
Asia
February 2020

Outperforming the Peer Group

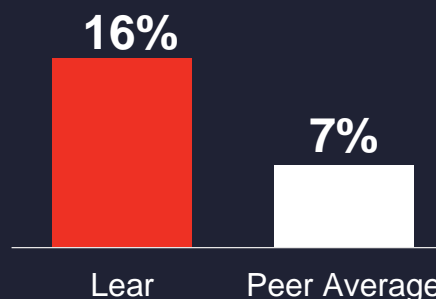
Sales Growth

(2013 – 2018 CAGR)



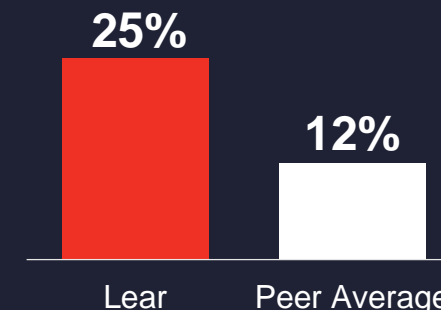
Core Operating Earnings Growth

(2013 – 2018 CAGR)



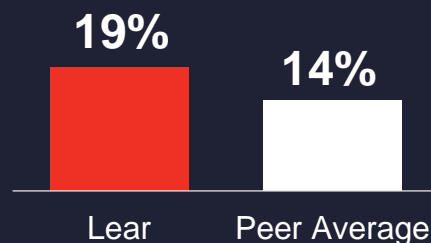
Adjusted EPS Growth

(2013 – 2018 CAGR)



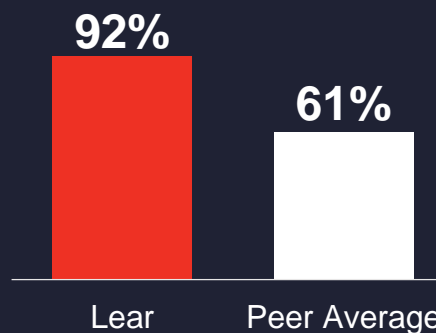
ROIC

(2017)



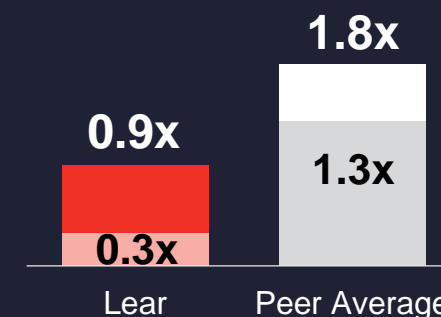
FCF Conversion

(2013 – 2018 Cumulative)



Gross/Net Leverage

(LTM Q3 2018)



Source: Factset; Lear based on midpoint of 2018 Outlook provided on October 25, 2018. FCF conversion defined as free cash flow divided by adjusted net income. Peers include: Adient, American Axle, Aptiv, Autoliv, BorgWarner, Dana, Delphi Technologies, Gentex, Gentherm, Magna, Superior Industries, Tenneco and Visteon.

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Lear's Products are Aligned with Industry Mega Trends



Autonomy



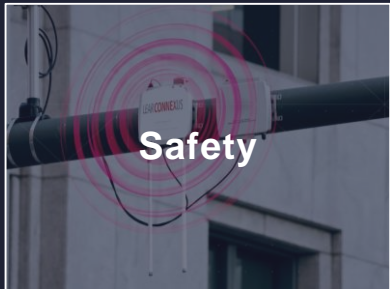
Connectivity



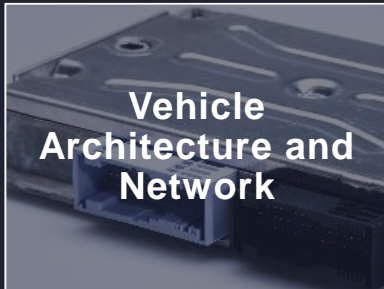
Electrification



Shared Mobility



Safety



Vehicle
Architecture and
Network



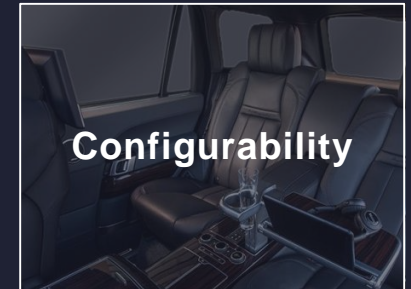
Wired / **W**ireless
Network



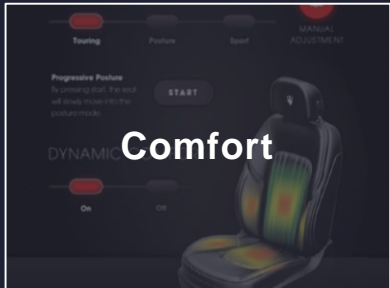
Alternative
Materials



Sustainability



Configurability



Comfort



Localization and
Sensor Fusion



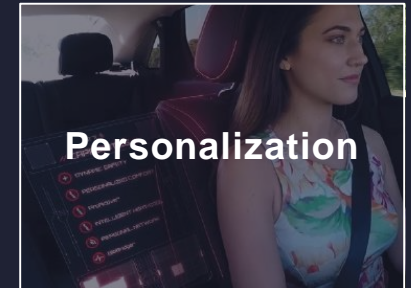
Health and
Wellness



Efficient Power



Electrification



Personalization

Accelerating Growth Through Innovation



2019

PARTNERSHIP



EXO TECHNOLOGY
DEVELOPMENT PARTNER



JOINT DEVELOPMENT
PARTNER



2018

CREATION OF NEW
PRODUCT TEAMS



CONNECTIVITY



ELECTRIFICATION

LEAR INNOVATION
VENTURES



ACQUISITION



2017

PARTNERSHIP



2016

ACQUISITION



LICENSE AGREEMENT



PARTNERSHIP



2015

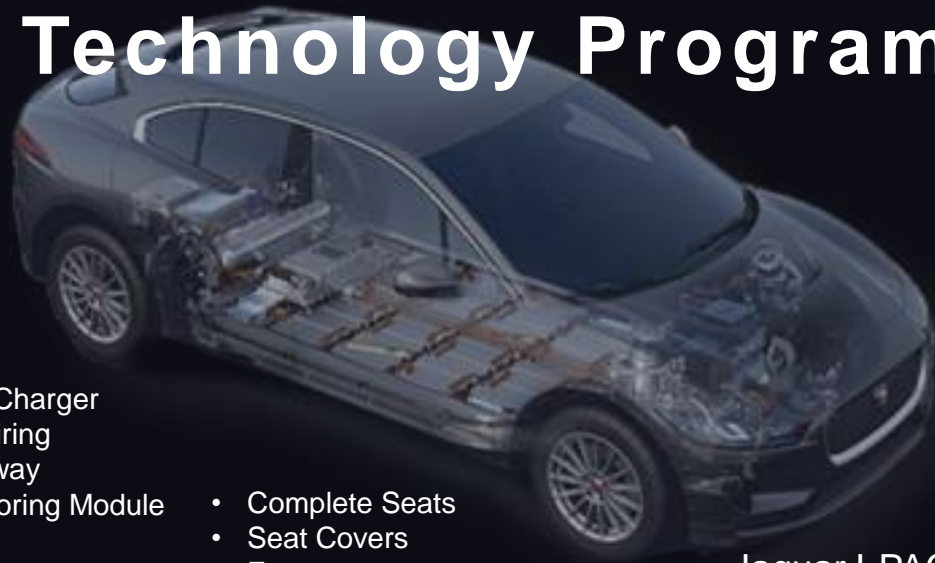
ACQUISITION



ACQUISITION



Key Technology Programs



Jaguar I-PACE

- 7kW On-Board Charger
- High Voltage Wiring
- BCM with Gateway
- Occupant Monitoring Module
- Audio Amplifier
- Wireless Vehicle Access
- Complete Seats
- Seat Covers
- Foam



Major European OEM

- configureE+**
Lear's adaptive seating system
- First-To-Market Electrified Rail System

Audi A4, A7, A8, Q5, Q7, Q8
Porsche 911, Cayenne, Panamera
Bentley Bentayga, Continental, Flying Spur
Lamborghini Urus



LEAR CONNEXUS™

- Advanced Gateway Module
- First-To-Market 4.5G Communication Module



Rinspeed
MicroSnap



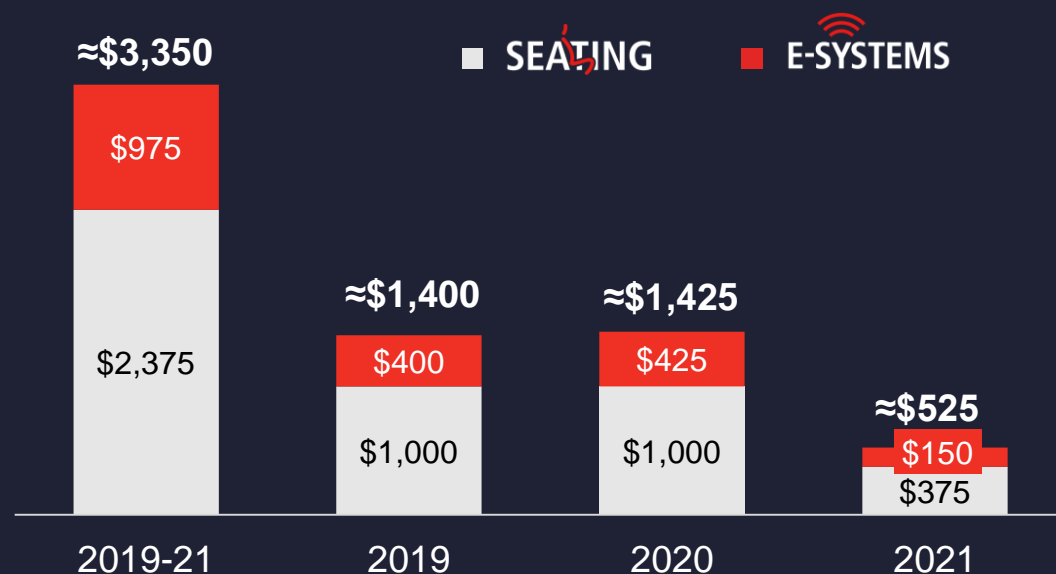
- IntU™**
- BioBridge™
 - ProActive™

Financial Outlook

Strong Sales Backlog (Net New Awarded Business)

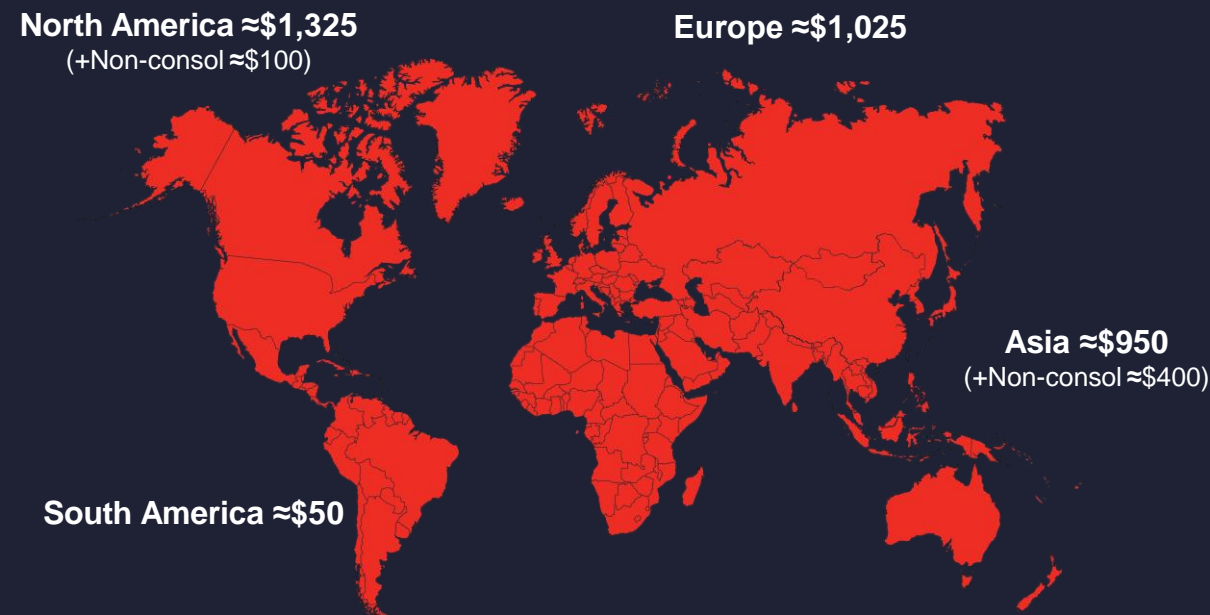
2019–2021: Consolidated Sales Backlog

(\$ in millions)



Consolidated Backlog By Region

(\$ in millions)



**2019–2021 sales backlog of \$3.9 billion,
including non-consolidated business**

2019 Outlook – Financial Summary

Net Sales	\$20.9 - \$21.7 billion	Interest Expense	≈\$85 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

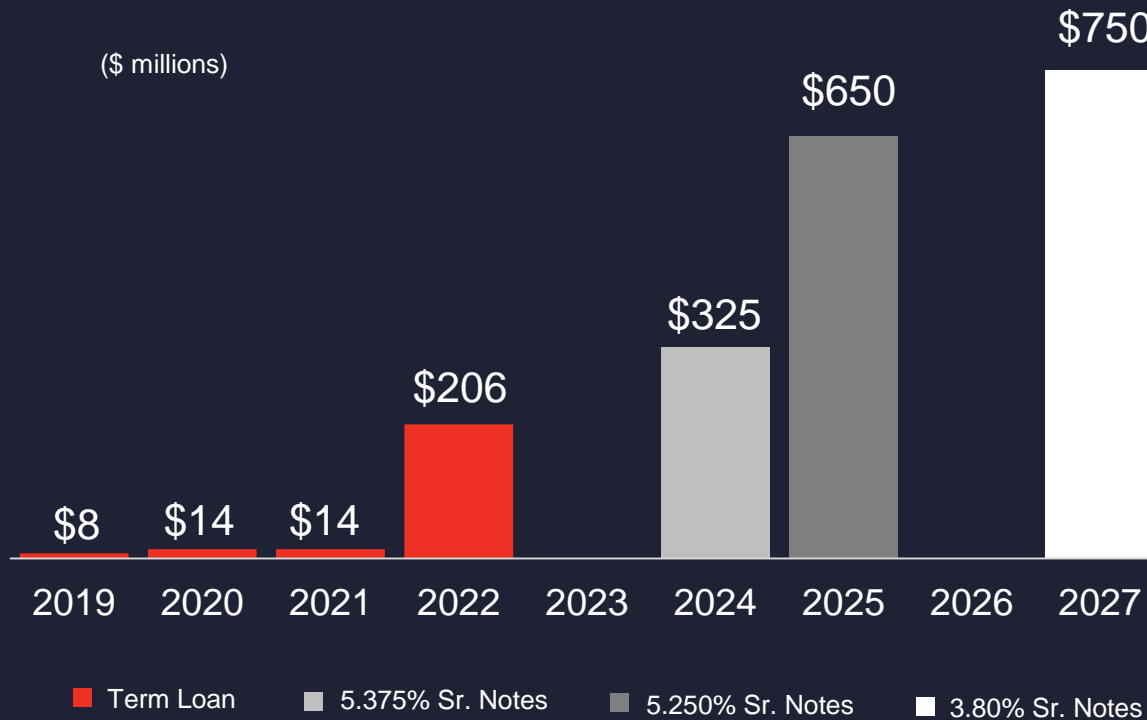


Note: 2019 Outlook assumes an average Euro of \$1.13 and an average Chinese RMB of 6.95/\$

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.

Strong and Flexible Financial Position

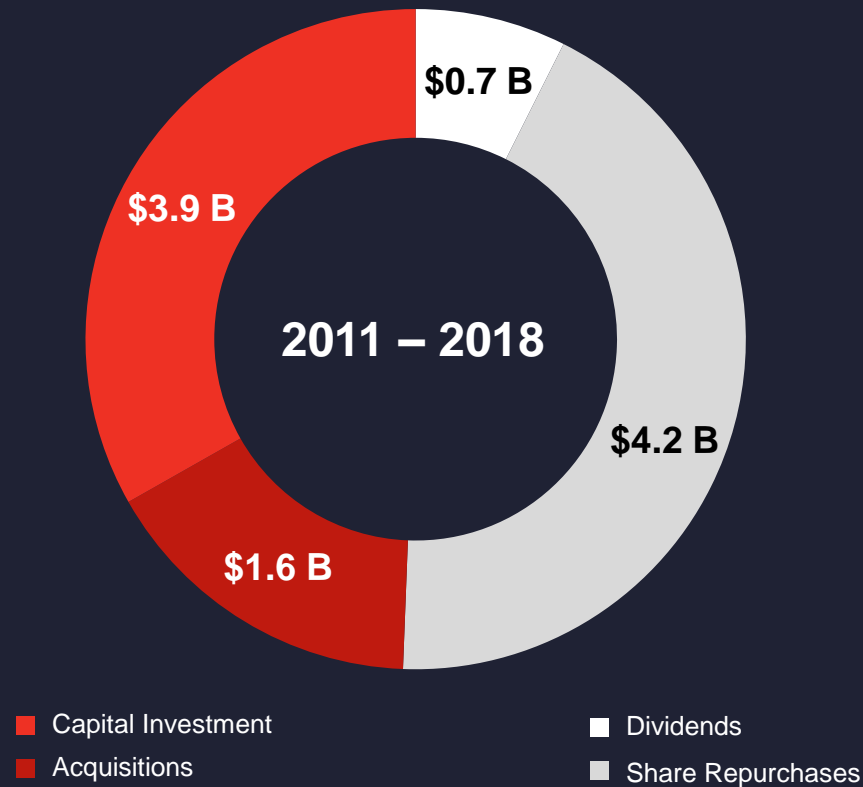
Debt Maturity Schedule



- Strong balance sheet
 - Gross debt of \$2.0 billion and net debt of \$0.8 billion
 - Gross leverage ratio of 0.9x* and net leverage ratio of 0.3x*
- \$1.75 billion undrawn revolver
- Flexible investment grade debt structure
- No bond maturities until 2024

Capital Allocation Priorities

Historic Capital Allocation



- Continue to invest 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

Summary

Summary



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), “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, excluding the settlement of accounts payable in conjunction with the acquisition of Eagle Ottawa, less adjusted capital expenditures. Adjusted capital expenditures represent capital expenditures, net of related insurance proceeds.

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

Core Operating Earnings and Adjusted Margins

(\$ in millions)

	2013	2014	2015	2016	2017
Net sales	\$ 16,234.0	\$ 17,727.3	\$ 18,211.4	\$ 18,557.6	\$ 20,467.0
Net income attributable to Lear	\$ 431.4	\$ 672.4	\$ 745.5	\$ 975.1	\$ 1,313.4
Interest expense	68.4	67.5	86.7	82.5	85.7
Other (income) expense, net	58.1	74.3	68.6	6.4	(4.1)
Income taxes	192.7	121.4	285.5	370.2	197.5
Equity in net income of affiliates	(38.4)	(36.3)	(49.8)	(72.4)	(51.7)
Net income attributable to noncontrolling interests	24.4	29.9	50.3	65.4	67.5
Restructuring costs and other special items -					
Costs related to restructuring actions	83.8	114.3	95.2	69.9	75.4
Costs related to proxy contest	3.0	-	-	-	-
Pension settlement charge	-	-	-	34.2	-
Acquisition and other related costs	-	5.3	10.9	1.3	3.8
Acquisition-related inventory fair value adjustment	-	-	15.8	-	5.0
Litigation	7.3	-	-	-	13.9
(Insurance recoveries) losses and incremental costs, net related to the destruction of assets	7.3	-	-	-	-
Other	1.4	0.8	1.5	2.2	12.6
Core operating earnings	\$ 839.4	\$ 1,049.6	\$ 1,310.2	\$ 1,534.8	\$ 1,719.0
Adjusted margins	5.2%	5.9%	7.2%	8.3%	8.4%

Non-GAAP Financial Information

Adjusted Earnings Per Share

(In millions, except per share amounts)

Net income available to Lear common stockholders

Redeemable noncontrolling interest

Net income attributable to Lear

Costs related to restructuring actions

Costs related to proxy contest

Pension settlement charge

Acquisition and other related costs

Acquisition-related inventory fair value adjustments

(Insurance recoveries) losses and incremental

costs, net related to the destruction of assets

Litigation

Loss on extinguishment of debt

(Gain) loss related to affiliate

Other

U.S. transition tax on accumulated foreign earnings

Deferred tax impact of U.S. corporate tax reform

Foreign tax credits on repatriated earnings

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

	2013	2014	2015	2016	2017
Net income available to Lear common stockholders	\$ 431.4	\$ 672.4	\$ 745.5	\$ 975.1	\$ 1,287.9
Redeemable noncontrolling interest	-	-	-	-	25.5
Net income attributable to Lear	431.4	672.4	745.5	975.1	1,313.4
Costs related to restructuring actions	83.8	115.3	97.2	69.6	74.5
Costs related to proxy contest	3.0	-	-	-	-
Pension settlement charge	-	-	-	34.2	-
Acquisition and other related costs	-	5.3	10.9	1.3	3.8
Acquisition-related inventory fair value adjustments	-	-	15.8	-	5.0
(Insurance recoveries) losses and incremental costs, net related to the destruction of assets	7.3	-	-	-	-
Litigation	7.3	-	-	-	15.4
Loss on extinguishment of debt	3.6	17.9	14.3	-	21.2
(Gain) loss related to affiliate	-	0.8	1.8	(30.3)	(54.2)
Other	1.4	3.3	1.5	-	13.5
U.S. transition tax on accumulated foreign earnings	-	-	-	-	131.0
Deferred tax impact of U.S. corporate tax reform	-	-	-	-	42.5
Foreign tax credits on repatriated earnings	-	-	-	-	(289.7)
Tax impact of special items and other net tax adjustments ¹	(27.8)	(149.1)	(43.1)	(23.6)	(98.6)
Adjusted net income attributable to Lear	\$ 510.0	\$ 665.9	\$ 843.9	\$ 1,026.3	\$ 1,177.8
Weighted average number of diluted shares outstanding	86.4	81.7	77.8	73.1	69.3
Diluted net income per share available to Lear common stockholders	\$ 4.99	\$ 8.23	\$ 9.59	\$ 13.33	\$ 18.59
Adjusted earnings per share	\$ 5.90	\$ 8.15	\$ 10.85	\$ 14.03	\$ 17.00

¹ Reflects the tax effect of restructuring costs and other special items and several discrete tax items, including \$14.3 million related to an incentive tax credit in a foreign subsidiary, \$29.9 million related to the reversal of valuation allowances on the deferred tax assets of certain foreign subsidiaries and \$17.3 million related to the change in the accounting for share-based compensation in 2017. The identification of these tax items is judgmental in nature, and their calculation is based on various assumptions and estimates.

Non-GAAP Financial Information

Free Cash Flow

(\$ in millions)

	2013	2014	2015	2016	2017
Net cash provided by operating activities	\$ 820.1	\$ 927.8	\$ 1,271.1	\$ 1,619.3	\$ 1,783.1
Settlement of accounts payable in conjunction with the acquisition of Eagle Ottawa	-	-	45.7	-	-
Adjusted capital expenditures ¹	(453.5)	(424.7)	(485.8)	(528.3)	(594.5)
Free cash flow	\$ 366.6	\$ 503.1	\$ 831.0	\$ 1,091.0	\$ 1,188.6

¹ Reflected net of related insurance proceeds of \$7.1 million in 2013.