



Third Quarter 2017 Earnings Call



Presented by:
Matt Simoncini, President and CEO
Jeff Vanneste, SVP and CFO
Ray Scott, EVP and President, Seating
Frank Orsini, SVP and President, E-Systems

October 25, 2017

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, 2016 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.

- **Third Quarter 2017 Financial Review**
Jeff Vanneste, SVP and CFO

- **E-Systems Growth Drivers**
Frank Orsini, SVP and President, E-Systems

- **Seating Growth Drivers**
Ray Scott, EVP and President, Seating

- **Summary Comments**
Matt Simoncini, President and CEO

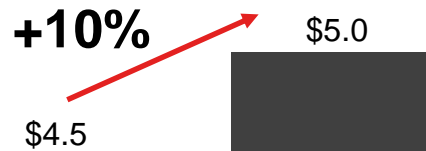
- **Q and A Session**

The background features a futuristic, wireframe car in motion, with a city skyline visible in the distance. The car is rendered in a glowing, grid-like pattern, and the city lights are blurred, suggesting speed. A prominent red banner is overlaid on the left side of the image, containing the title text.

Third Quarter 2017 Financial Review

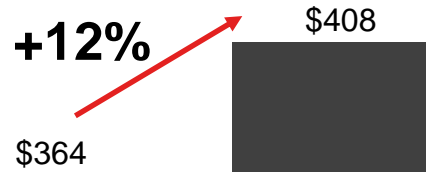
Sales

(in billions)

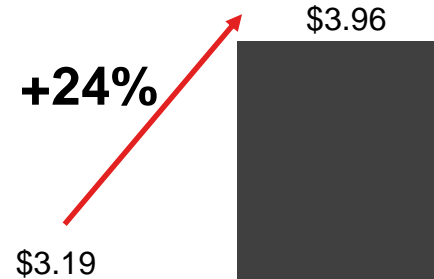


Core Operating Earnings

(in millions)

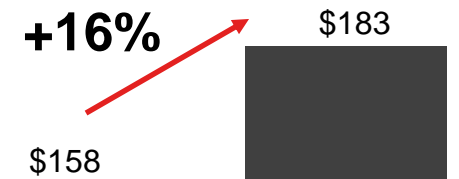


Adjusted EPS



Free Cash Flow

(in millions)



2016

2017

2016

2017

2016

2017

2016

2017

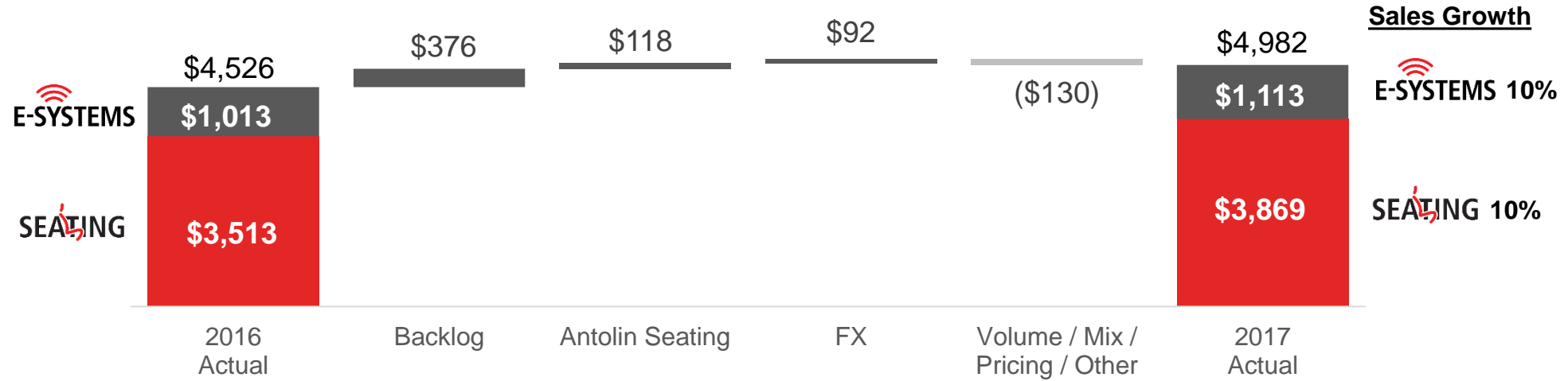
Record Third Quarter Results Driving Increased Full Year Outlook

In the third quarters of 2016 and 2017, net income was \$214 million and \$295 million, respectively, earnings per share was \$2.98 and \$3.96, respectively, and cash provided by operations was \$276 million and \$339 million, respectively.

Third Quarter 2017 Revenue Factors



(\$ in millions)



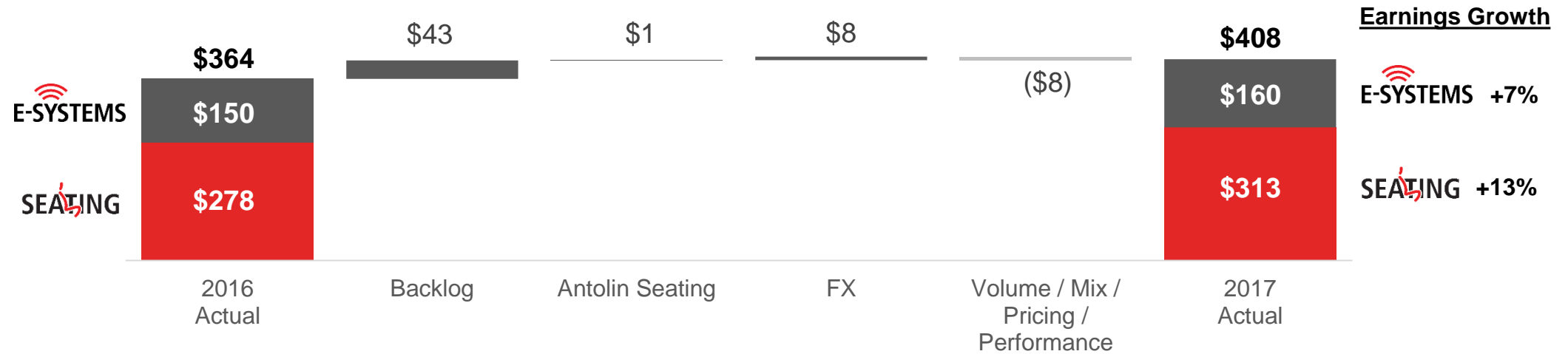
	<i>Third Quarter</i>		<i>2017 B/(W)</i>	<i>Production</i>
	<i>2016</i>	<i>2017</i>	<i>2016</i>	<i>vs. 2016</i>
Net Sales				
North America	\$ 1,859	\$ 1,821	(2)%	(10)%
Europe and Africa	1,625	2,024	25 %	5 %
Asia	888	939	6 %	4 %
South America	155	197	27 %	27 %
Global	\$ 4,526	\$ 4,982	10 %	2 %

Sales Growth Well In Excess Of Market

Third Quarter 2017 Core Operating Earnings Factors



(\$ in millions)



	2016 Actual			2017 Actual		
	Sales	Adjusted Earnings	% of Sales	Sales	Adjusted Earnings	% of Sales
Seating	\$ 3,513	\$ 278	7.9%	\$ 3,869	\$ 313	8.1%
E-Systems	1,013	150	14.8%	1,113	160	14.4%
HQ	-	(64)		-	(66)	
Lear	4,526	364	8.0%	4,982	408	8.2%

Record Third Quarter Core Operating Earnings And Margin

In the third quarters of 2016 and 2017, net income was \$214 million and \$295 million, respectively. In the third quarters of 2016 and 2017, Seating earnings were \$270 million and \$299 million, respectively, E-Systems earnings were \$140 and \$156 million, respectively, and HQ earnings were (\$65) million and (\$69) million, respectively.

	<u>Current Guidance</u>	<u>Change vs. Previous Guidance</u>
Net Sales	≈ \$20.4 billion	+ \$400 million
Core Operating Earnings	≈ \$1,700 million	+ \$50 million
Adjusted EBITDA	≈ \$2,120 million	+ \$65 million
Interest Expense	≈ \$85 million	No Change
Effective Tax Rate	≈ 25%	Down 1 ppt
Adjusted Net Income	≈ \$1,150 million	+ \$50 million
Restructuring Costs	≈ \$65 million	No Change
Capital Spending	≈ \$585 million	+ \$25 million
Free Cash Flow	≈ \$1,150 million	+ \$50 million

2017 Outlook Reflects 8th Consecutive Year Of Improving Financial Results

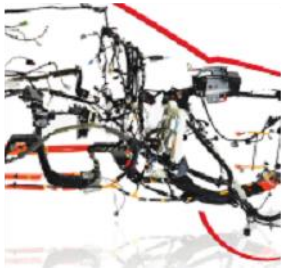
Certain of the forward-looking financial measures are provided on a non-GAAP basis. A reconciliation of forward-looking financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP is potentially misleading and not practical given the difficulty of projecting event driven transactional and other non-core operating items in any future period. The magnitude of these items, however, may be significant.



E-Systems Growth Drivers

Traditional Electrical Products

Wire Harnesses



Electrical Architecture
Wire Harnesses
Power Distribution

Terminals and Connectors



High Speed
Communications
High Density Connection
Systems

Electronics



Body Control Modules
Smart Junction Boxes
Wireless
Lighting & Audio Control

Emerging Industry Trends

High Power



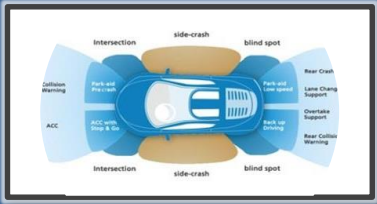
High Power Wire
Harness and T&Cs
Charging Systems
High Power Energy
Management

Connectivity



Cellular Connectivity
V2X Connectivity
Over-The-Air Software
Cyber Security

**Significant Near-Term Opportunities In Traditional Electrical Products And
Accelerated Long-Term Growth With Emerging Industry Trends**



AUTONOMOUS

20% Penetration by 2035
CPV opportunity of \$100 to \$1,500



CONNECTIVITY

75% Penetration by 2027
CPV opportunity of \$65 to \$450



ELECTRIFIED

40% Penetration by 2027
CPV opportunity of \$50 to \$2,000

ACE VEHICLES

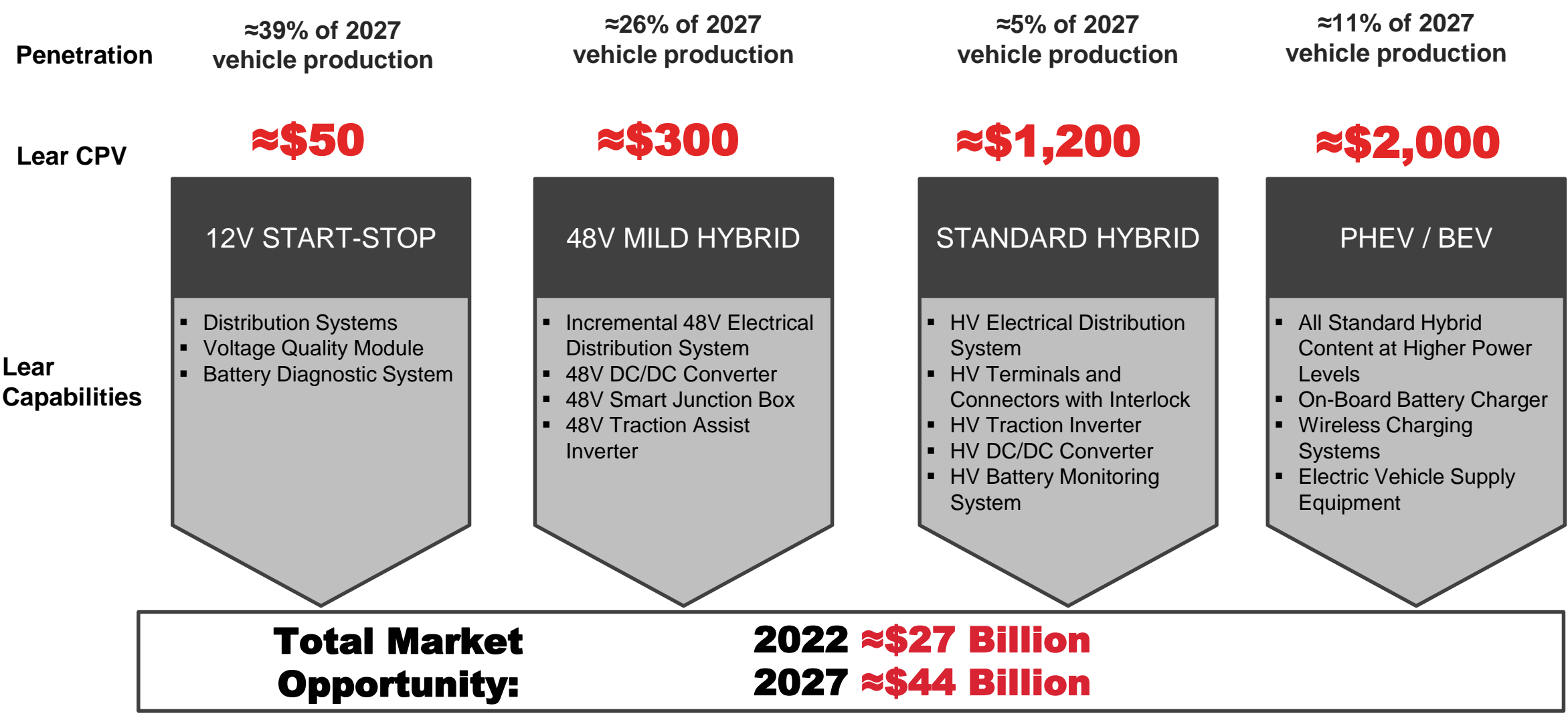


Autonomous, Connected, Electrified

Industry Trends Represent Significant Growth Opportunities For E-Systems

E-Systems

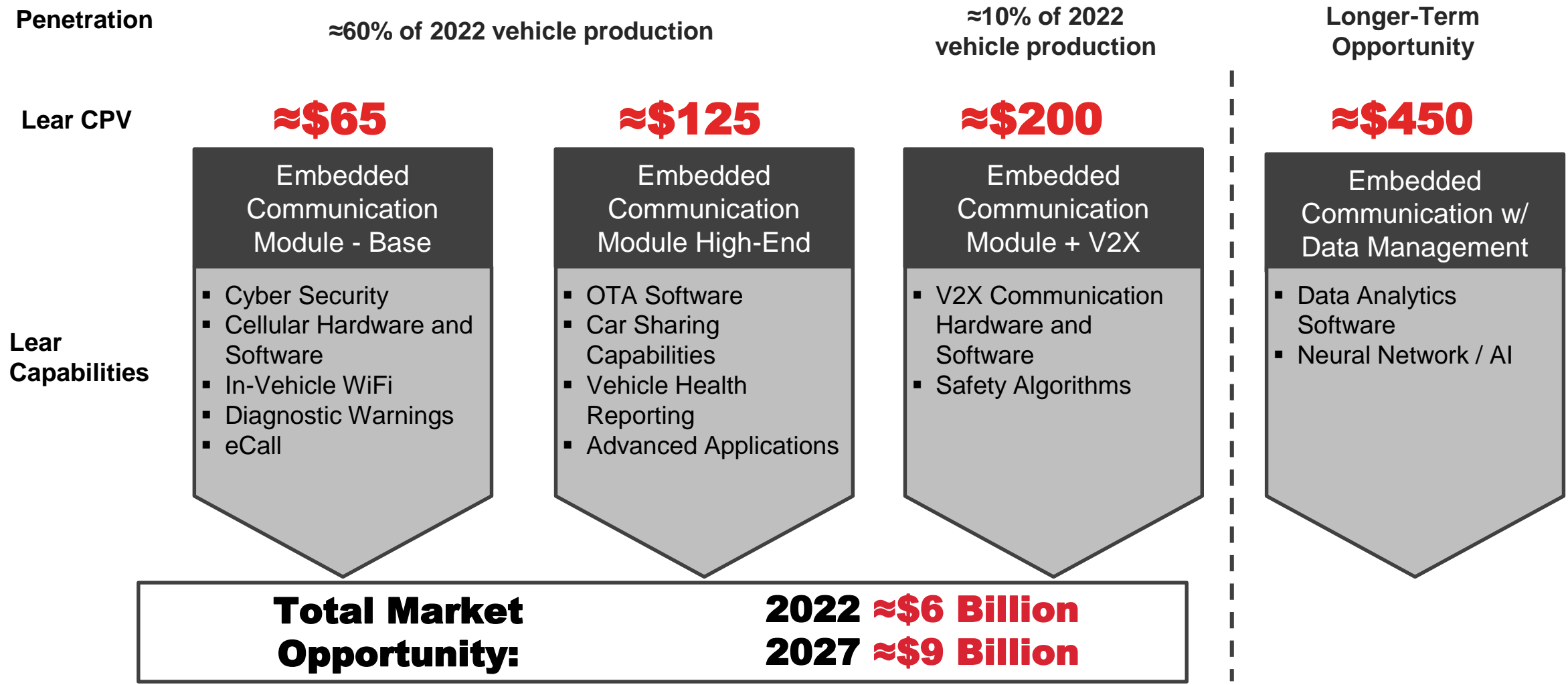
Content Opportunity: High Power



Source: IHS Automotive for industry production / penetration rates

E-Systems

Content Opportunity: Connectivity



Source: IHS Automotive for industry production / penetration rates

A futuristic, wireframe car is shown in motion, with a cityscape visible in the background. The car is rendered in a glowing, grid-like pattern. The background features a city skyline at night, with lights reflecting on a surface. The overall scene is dynamic and high-tech. A red banner is overlaid on the left side of the image, containing the text "Seating Growth Drivers".

Seating Growth Drivers

Seating Innovation and New Technology Trends

Seating Market Trends

- CUV/SUV and Luxury
- Emerging Market Growth
- Craftsmanship and Design
- Configurability
- Mobility
- Connectivity
- Autonomy and Safety
- Sustainability

Lear Unique Capabilities





Lear's **full capability** in seating systems includes the **most complete product and processing technology** portfolio in the segment



- **40% share** on luxury brands
- **27% share** on CUVs and SUVs
- **#1 share** in India and Brazil; #2 in China







Thoughtful design, engineering innovation and superior quality and execution from Lear's **Center for Craftsmanship** – Unmatched global capabilities differentiates Lear from our competition through early and upfront involvement with the OEM design teams





Drop & Go™ - **Next Generation Adaptive Rear Seating**
Rear seating that **adapts to everyday changing needs**, enabled by **innovative electronics module and electrified, long track rails**

Intelligent, intuitive, and technologically advanced seating systems with modules and features that take advantage of sensor fusion

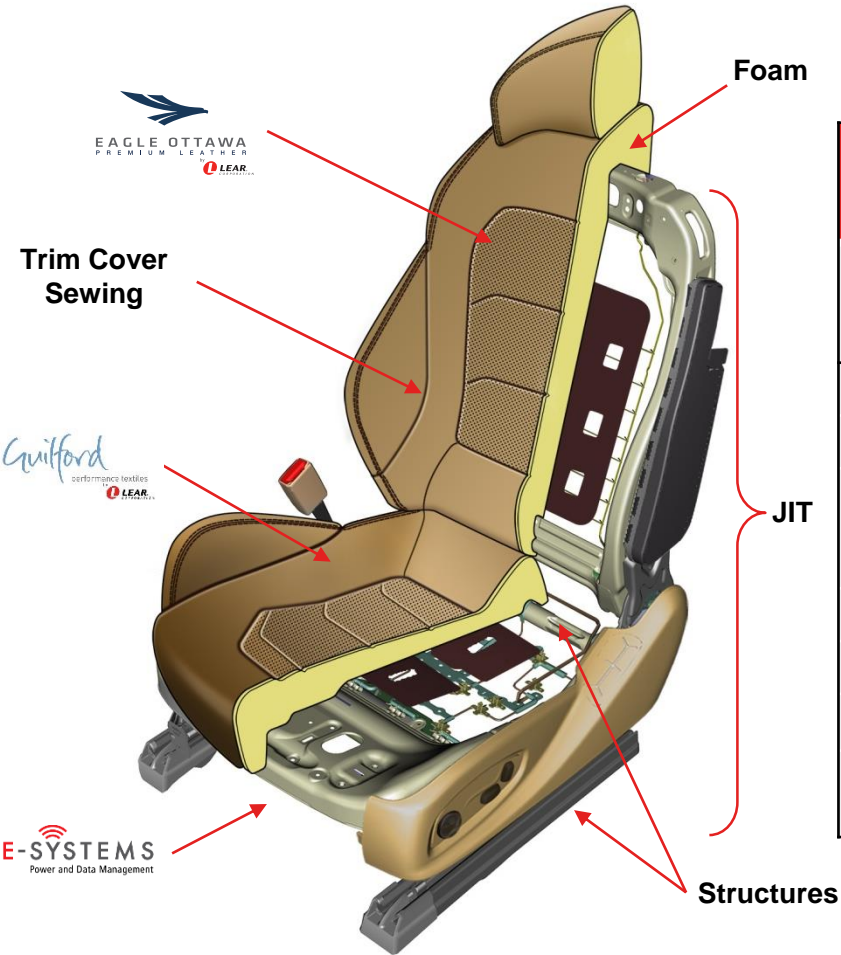
-  Dynamic Safety
-  Personal Network
-  Personalized Comfort
-  BioBridge™



Seating Capabilities And Innovation Are Aligned With Market Trends

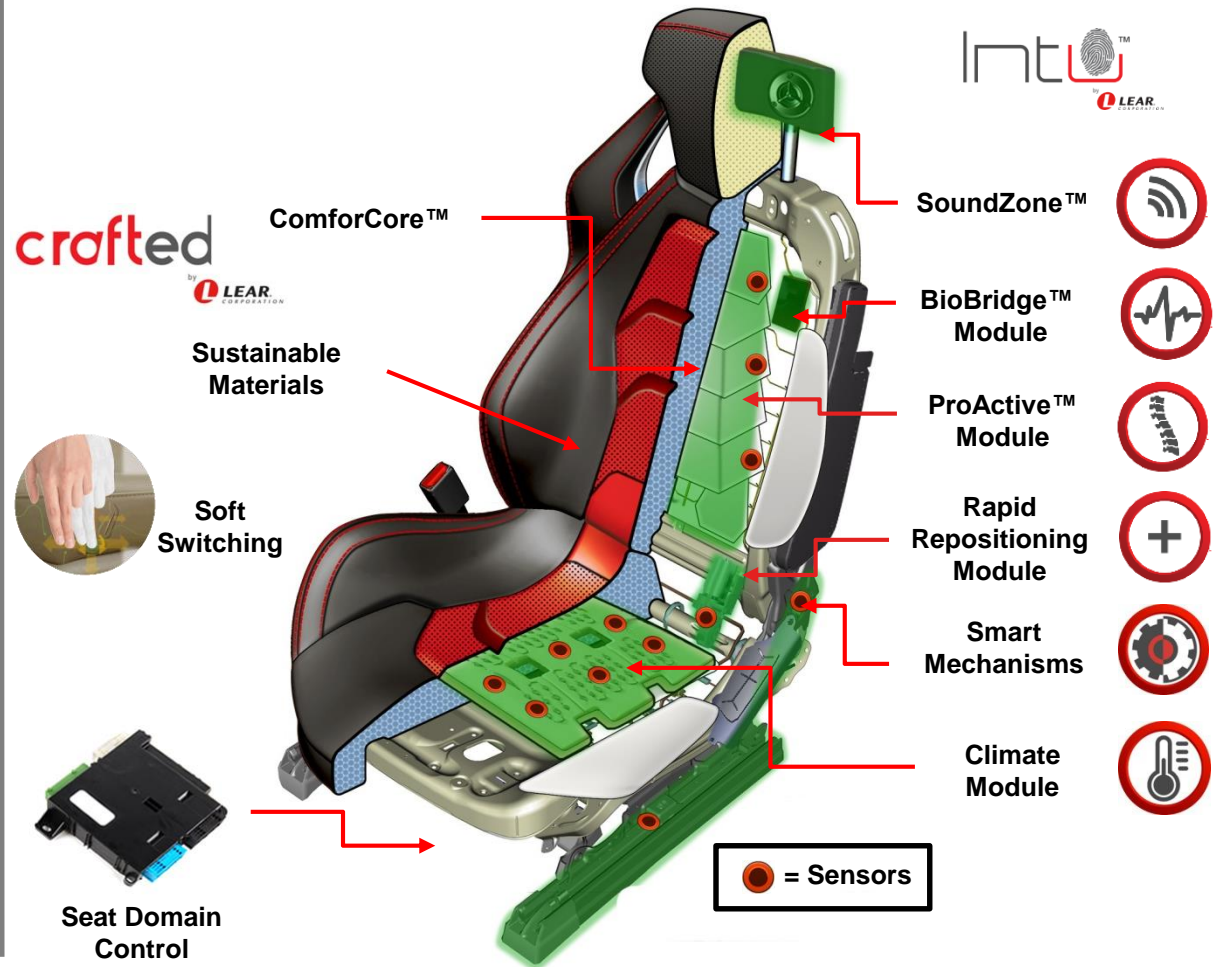
Seating Increasing Product Capabilities

Current Multi-Function Seat



Lear Product Capability	2012	2017
Vertically Integrated Content	~70%	~85%
Structures	✓	✓
Foam	✓	✓
Trim Covers Sewing	✓	✓
Fabric		✓
Leather		✓
Heat/Cool		✓
Electrical Content	✓	✓

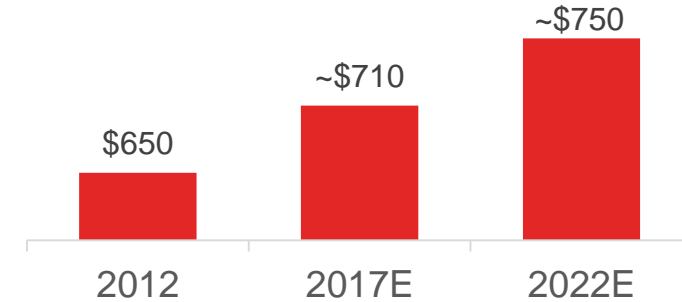
Next Generation Intelligent Seat



Next Generation Seat Includes Significant Lear Seat Components And E-Systems Content

- Fastest growing and most profitable global seat manufacturer
- Increase global market share to approximately 30%
 - Incremental, new business wins
 - Increased regional diversification of backlog (China)
 - Consolidation of regional participants
- Content Per Vehicle (CPV) increases
 - Growth in high-content CUV/SUV and Luxury segments
 - Content additions in fast-growing emerging markets
 - Penetration of new technology globally
 - Increasing electrical content in seats

Average CPV Growth Projection



Source: IHS and Lear Estimates

Feature	Incremental CPV
Seat Adjustability – Power vs. Manual	~\$150
Surface Materials – Leather vs. Cloth	~\$200
Heat and Cool Features	~\$100
Shift to Higher Content SUV/CUV	~\$500 – \$1,500
Innovation and New Technology	~\$250 – \$1,500

Lear’s Market Share Gains And Added Content Per Seat Will Drive Future Growth At 5 Percentage Points Above Industry

Summary Comments

The image features a futuristic, glowing wireframe car in motion, set against a dark night sky with a city skyline in the background. The car is rendered in a grid-like pattern of white lines, giving it a digital or virtual appearance. It is positioned on the right side of the frame, moving towards the left. The background shows a city with illuminated buildings and streets, suggesting a high-speed urban environment. A large, solid red banner is overlaid on the left side of the image, containing the text 'Summary Comments' in white, bold, sans-serif font.

High Performance Segments

Both of Lear's business segments are critical automotive systems with sales growing faster than industry production and segment leading margins



Complementary and a Competitive Advantage for Lear

Together, as part of Lear's portfolio, both segments benefit from Lear's scale, financial strength, common customers and shared infrastructure, and E-Systems provides a competitive advantage for Seating

High-Performing Business Segments Are Complementary

- Industry-leading cost structure and unique product capabilities are driving sales growth and record financial results
- Both segments delivering returns well above cost of capital
- Record free cash flow generation, with a 10%+ cash flow yield
- Increasing 2017 full year sales, earnings and free cash flow outlook
- History of returning cash to shareholders and the highest total shareholder returns among peer group
- Record 3-year backlog will drive future sales and earnings growth

Well Positioned For Profitable Growth In Both Business Segments

Appendix

The image features a futuristic, wireframe car in motion, driving at high speed at night. The car is rendered in a glowing, grid-like pattern, giving it a digital or virtual appearance. The background shows a city skyline with illuminated buildings, suggesting an urban environment. The overall scene is dynamic and high-tech. A large, solid red banner is overlaid on the left side of the image, containing the word "Appendix" in white, bold, sans-serif font.

2017 Outlook

Global Vehicle Production and Currency



(Units in millions)

	Third Quarter			Full Year		
	2016 Actual	2017 Actual	YOY Change	2016 Actual	2017 Outlook	YOY Change
China	6.0	6.1	up 1%	25.7	26.1	up 1%
Europe and Africa	4.9	5.2	up 5%	22.3	23.0	up 3%
North America	4.4	4.0	down 10%	17.8	17.2	down 4%
Japan	2.1	2.2	up 5%	8.5	9.1	up 6%
India	1.1	1.2	up 3%	4.1	4.4	up 6%
Brazil	0.5	0.7	up 33%	2.1	2.6	up 26%
Global	21.6	22.0	up 2%	91.4	93.4	up 2%

Key Currencies

Euro	\$ 1.12 / €	\$1.17 / €	up 5%	\$ 1.11 / €	\$1.12 / €	up 2%
Chinese RMB	6.67 / \$	6.69 / \$	flat	6.64 / \$	6.78 / \$	down 2%

In addition to the results reported in accordance with GAAP included throughout this presentation, the Company has provided information regarding “pretax income before equity income, interest, other (income) expense, restructuring costs and other special items” (core operating earnings or adjusted 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 and gains and losses on the disposal of fixed assets. Adjusted net income represents net income attributable to Lear adjusted for restructuring costs and other special items, including the tax effect thereon. Adjusted earnings per share represents diluted net income per share available to Lear common stockholders adjusted for the redeemable noncontrolling interest adjustment, restructuring costs and other special items, including the tax effect thereon. Free cash flow represents net cash provided by operating activities, less capital expenditures.

Management believes the non-GAAP financial measures used in this presentation are useful to both management and investors in their analysis of the Company’s financial position and results of operations. In particular, management believes that core operating earnings, adjusted EBITDA, adjusted net income, adjusted earnings per share and tax expense excluding the impact of restructuring costs and other special items are useful measures in assessing the Company’s financial performance by excluding certain items that are not indicative of the Company’s core operating performance or that may obscure trends useful in evaluating the Company’s continuing operating activities. Management also believes that these measures are useful to both management and investors in their analysis of the Company’s results of operations and provide improved comparability between fiscal periods. Management believes that free cash flow is useful to both management and investors in their analysis of the Company’s ability to service and repay its debt. Further, management uses these non-GAAP financial measures for planning and forecasting future periods.

Core operating earnings, adjusted EBITDA, adjusted net income, adjusted earnings per share, tax expense excluding the impact of restructuring costs and other special items and free cash flow should not be considered in isolation or as a substitute for net income attributable to Lear, diluted net income per share attributable to Lear, cash provided by operating activities or other income statement or cash flow statement data prepared in accordance with GAAP or as a measure of profitability or liquidity. In addition, the calculation of free cash flow does not reflect cash used to service debt and, therefore, does not reflect funds available for investment or other discretionary uses. Also, these non-GAAP financial measures, as determined and presented by the Company, may not be comparable to related or similarly titled measures reported by other companies.

Set forth on the following slides are reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

Non-GAAP Financial Information

Impact of Restructuring and Other Special Items



(\$ in millions, except per share amounts)

	Third Quarter 2017			Adjusted	Memo:
	Reported	Restructuring Costs	Other Special Items		Q3 2016 Adjusted
Pretax Income Before Equity Income, Interest and Other (Income) Expense	\$ 385.2	\$ 18.1*	\$ 4.2*	\$ 407.5	\$ 363.9
Equity Income	(7.5)		4.2	(11.7)	(12.9)
Pretax Income Before Interest and Other (Income) Expense	\$ 392.7			\$ 419.2	\$ 376.8
Interest Expense	21.7			21.7	20.6
Other (Income) Expense, Net	(21.8)	(0.8)	(34.5)	13.5	15.3
Income Before Taxes	\$ 392.8			\$ 384.0	\$ 340.9
Income Taxes	77.8	(4.6)	(9.4)	91.8	90.6
Net Income	\$ 315.0			\$ 292.2	\$ 250.3
Noncontrolling Interests	19.8			19.8	20.6
Net Income Attributable to Lear	\$ 295.2			\$ 272.4	\$ 229.7
Diluted Earnings per Share	\$ 3.96			\$ 3.96	\$ 3.19

* Restructuring costs include \$16.5 million in cost of sales and \$1.6 million in SG&A. Other special items include \$2.9 million in cost of sales and \$1.3 million in SG&A.

Non-GAAP Financial Information

Core Operating Earnings / Adjusted Margins



(\$ in millions)	Third Quarter	
	2016	2017
Net sales	\$ 4,526.4	\$ 4,981.5
Net income attributable to Lear	\$ 214.4	\$ 295.2
Interest expense	20.6	21.7
Other (income) expense, net	14.2	(21.8)
Income taxes	88.2	77.8
Equity in net income of affiliates	(12.9)	(7.5)
Net income attributable to noncontrolling interests	20.6	19.8
Pretax income before equity income, interest and other (income) expense	\$ 345.1	\$ 385.2
Costs related to restructuring actions	16.8	18.1
Acquisition costs	-	0.8
Acquisition-related inventory fair value adjustment	-	0.7
Other	2.0	2.7
Core operating earnings	\$ 363.9	\$ 407.5
Adjusted margins	8.0%	8.2%

Non-GAAP Financial Information

Adjusted Earnings And Margins



(\$ in millions)	Third Quarter 2016			Third Quarter 2017		
	Seating	E-Systems	HQ	Seating	E-Systems	HQ
Net sales	\$ 3,513.3	\$ 1,013.1	\$ -	\$ 3,868.9	\$ 1,112.6	\$ -
Earnings	\$ 269.5	\$ 140.3	\$ (64.7)	\$ 298.8	\$ 155.5	\$ (69.1)
Costs related to restructuring actions	8.0	8.6	0.2	14.1	3.0	1.0
Acquisition costs	-	-	-	0.1	-	0.7
Acquisition-related inventory fair value adjustment	-	-	-	-	0.7	-
Other	-	1.2	0.8	-	1.2	1.5
Adjusted earnings	\$ 277.5	\$ 150.1	\$ (63.7)	\$ 313.0	\$ 160.4	\$ (65.9)
Adjusted margins	7.9%	14.8%		8.1%	14.4%	

Non-GAAP Financial Information

Adjusted Earnings Per Share



(\$ in millions)	Third Quarter	
	2016	2017
Net sales	\$ 4,526.4	\$ 4,981.5
Net income available to Lear common stockholders	\$ 214.4	\$ 272.5
Redeemable noncontrolling interest	-	22.7
Net income attributable to Lear	214.4	295.2
Costs related to restructuring actions	16.8	17.3
Acquisition costs	-	0.8
Acquisition-related inventory fair value adjustment	-	0.7
Loss on extinguishment of debt	-	21.2
Gain related to affiliate	-	(54.2)
Other	0.9	5.4
Tax impact of special items and other net tax adjustments ¹	(2.4)	(14.0)
Adjusted net income attributable to Lear	\$ 229.7	\$ 272.4
Weighted average number of diluted shares outstanding	72.1	68.8
Adjusted earnings per share	\$ 3.19	\$ 3.96

¹ Represents 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.

	Third Quarter	
	2016	2017
(\$ in millions)		
Net cash provided by operating activities	\$ 276.3	\$ 339.0
Capital expenditures	(118.6)	(156.2)
Free cash flow	\$ 157.7	\$ 182.8