

# Investor Presentation

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April 2018



# 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.

# | Overview



# Two High-Performing Business Segments

## SEATING

\$15.9 billion sales

Fastest-growing and most profitable automotive seating supplier



Quality leader



Product and process innovation



Global capabilities and low-cost provider



Segment leading margins and strong cash generation



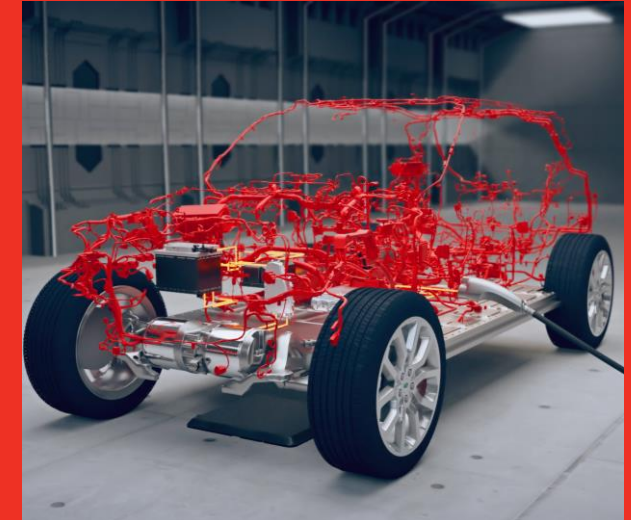
Return on invested capital well above cost of capital



## E-SYSTEMS

\$4.6 billion sales

Global leader in electrical architecture including high-power with wireless connectivity expertise



# Strategic Acquisitions Have Strengthened Core Businesses and Added Product Capabilities

## SEATING

2017



### Grupo Antolin Seating

- Innovative reconfigurable seat structures
- Sales growth and diversification

2012  
to  
2016



### Eagle Ottawa

- World's leader in automotive leather
- Seat cover design expertise
- Premium leather
- Sales growth and diversification



### Guilford Mills

- Performance textiles
- Sales growth and diversification

## E-SYSTEMS



### EXO Technologies

- Industry-leading vehicle positioning – instant, accurate, anywhere



### Arada Systems

- Connectivity software engineers
- Connectivity hardware and software
- Cyber security software
- Industry-leading V2X infrastructure



### Autonet Mobile

- Connectivity software and devices
- Wireless connectivity expertise
- Over-the-air software reprogramming
- Cyber security architecture



# Significant Profitable Growth Opportunities in Both Business Segments

## SEATING

Fastest-growing and most profitable automotive seating supplier with the highest level of vertical integration, including unique leather, electronics and software capabilities

### Growth Opportunities

- Increasing mix of high-content crossover, SUV and luxury vehicles
- Crafted by Lear™
- INTU™ Intelligent Seat
- Drop & Go™ seat reconfigurability
- Growth in China
- Lear market share gains

**Continued Growth**  
**Mid Single Digit % Above Market**

## E-SYSTEMS

Global leader in electrical architecture technology, including high-power capabilities with wireless connectivity and cyber security expertise

### Growth Opportunities

- Increasing consumer demand for vehicle content requiring signal, data and power management
- Electrification
- Connectivity
- Growth in China
- Lear market share gains

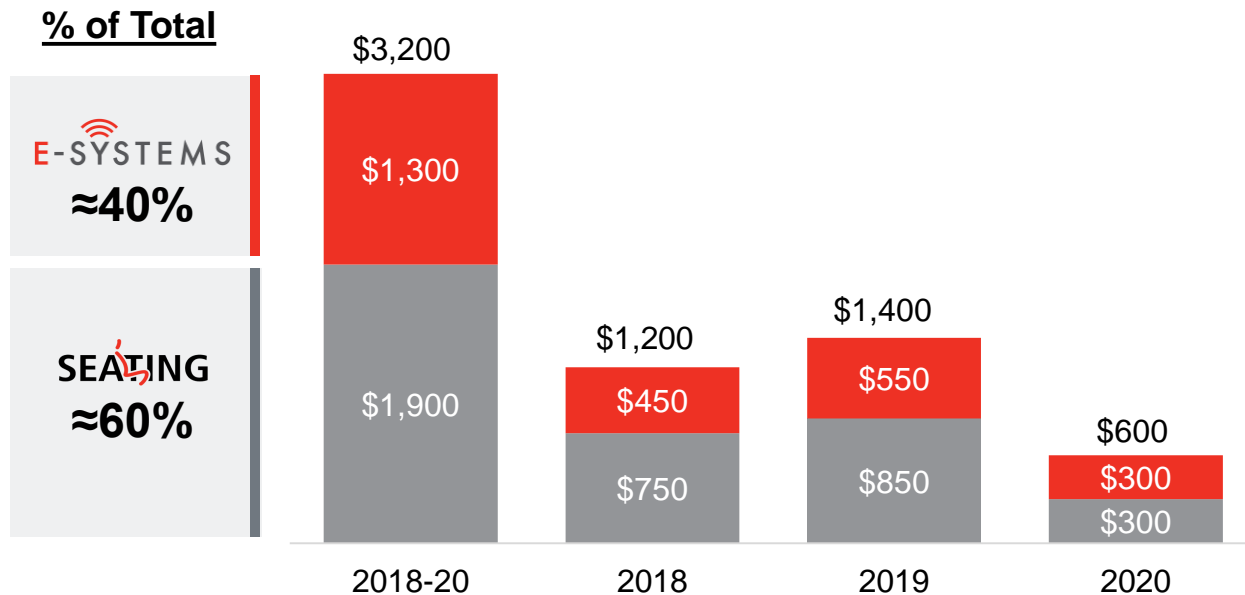
**Accelerating Growth**  
**High Single Digit % Above Market**

# Record 2018–2020 Sales Backlog

(in millions, Euro at \$1.18)

\$3.2 Billion Consolidated Sales Backlog

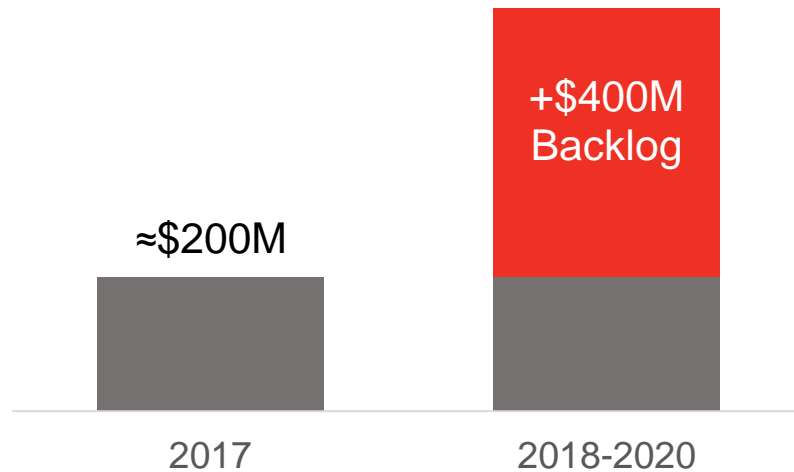
**Nearly \$4 Billion Total Backlog  
Including Non-Consolidated**



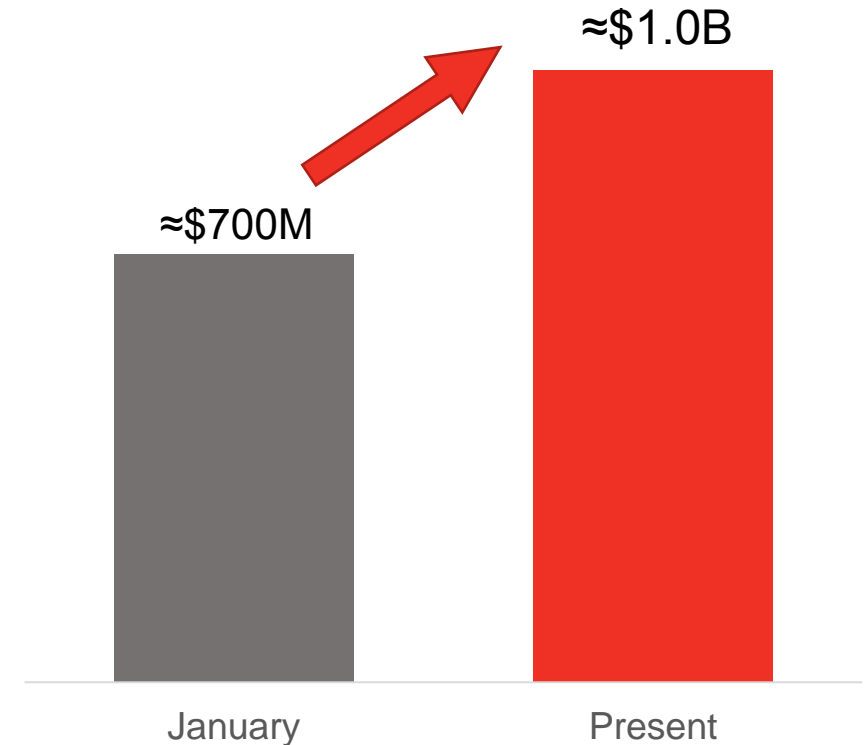
**\$400 Million Of E-Systems Backlog In Electrification And Connectivity Programs  
And 90% Of Seating Backlog On Crossover And SUV Programs**

# Increasing Quoting Activity in Electrification and Connectivity

Awarded Business



Incremental 2018 Quoting Activity





# Key 2018 Launches

## SEATING

55 Key Launches

Including 43 on Crossovers, SUVs and Pickups



### Mercedes GLE

JIT, Trim  
North America



### BMW X3

JIT, Structures, Trim, Foam  
Asia



### GMC Sierra / Chevy Silverado

JIT, Trim, Leather, Fabric, Foam,  
Recliners, Front Tracks  
North America



### Audi Q3

JIT, Fabric  
Europe

## E-SYSTEMS

160 Total Launches

Including Industry's Most Sophisticated Connected Gateway Module



### Ford Focus

Wire, Power Distribution, T&C  
Europe, Asia



### Audi (various models)

Gateway / Connectivity Box  
Europe



### FCA Ram / Wrangler

High Voltage Wire  
North America



### Land Rover Range Rover / Sport

Wire  
Europe



# | Seating



# Seating Core Product Portfolio

**Complete  
Seats**



**Seat  
Covers**



**Leather &  
Fabric**



**Structures &  
Mechanisms**



**Foam**



**Integrated  
Features &  
Technology**



2018 Range Rover Autobiography  
Executive Class Rear Seating

# Future of Seating – Market Trends and Lear Innovation

Craftsmanship and Design

Sustainability

Connectivity

Autonomy and Safety

Mobility

Configurability

**crafted**<sup>TM</sup>  
by **LEAR**  
CORPORATION

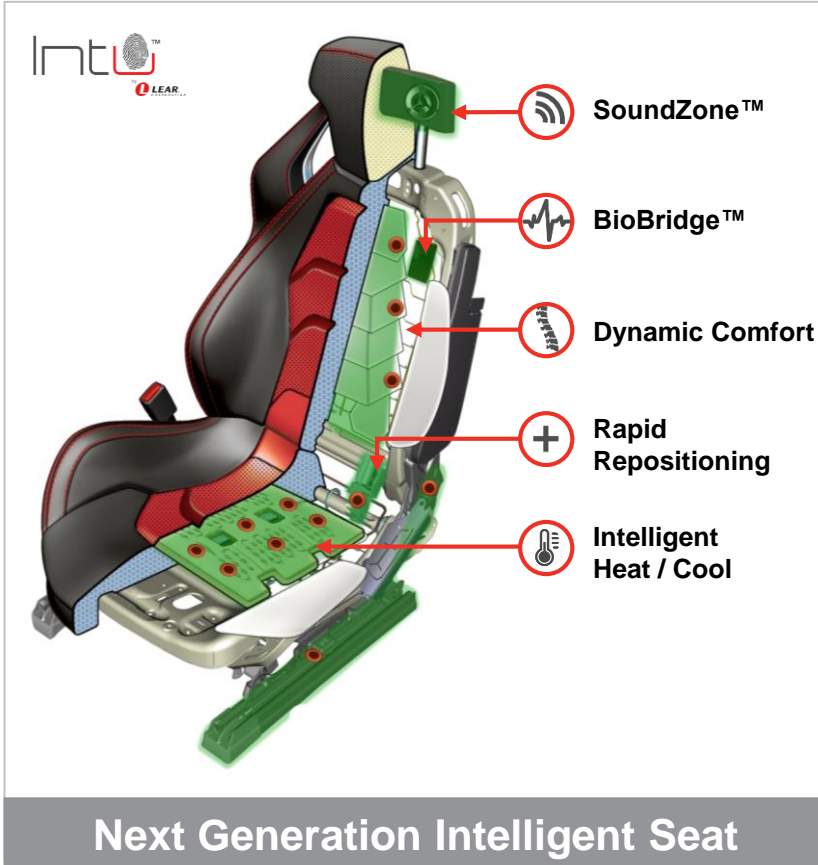
**IntU**<sup>TM</sup>  
by **LEAR**  
CORPORATION

**Drop & Go**<sup>TM</sup>





# Intu™ Seat Delivers Increased Content Opportunities



## SoundZone™

- Headrest with integrated speakers and microphone
- Haptic speaker in seat back
- Signal / electrical distribution system
- Proprietary SoundZone™ software
- Audio Domain Controller (ADC) with Bluetooth®

## BioBridge™ – Heart Rate & Respiratory Monitoring

- Sensor unit
- Signal / electrical distribution system
- Biometric software with deterministic algorithms

## Dynamic Comfort

- Pneumatic bladder array
- Pulse with Modulation (PWM) controlled pump
- Signal / electrical distribution system
- Proprietary ProActive™ algorithms and software
- Intelligent pneumatic control module

## Rapid Repositioning

- Intelligent electromechanical mechanism
- High-precision recliner
- Signal / electrical distribution system
- Proprietary algorithms and software
- Smart signal control module

## Intelligent Heat / Cool

- Climate ribbon with thermoelectric devices
- Surface sensors
- Signal / electrical distribution system
- Proprietary thermogenic algorithms and software

SEATING

E-SYSTEMS

Potential CPV Opportunity ≈\$250 – \$750



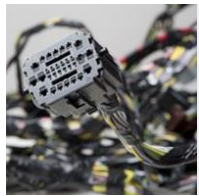
# | E-Systems





# E-Systems Core Product Portfolio

## ELECTRICAL DISTRIBUTION



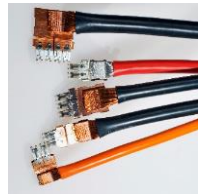
Wire  
Harnesses



Terminals &  
Connectors



48V & HV Wire  
Harnesses



48V & HV  
Terminals  
& Connectors



Circuit  
Protection



Power  
Distribution  
Boxes



Electrical  
Centers



HV Power  
Distribution

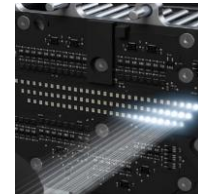
## ELECTRONICS



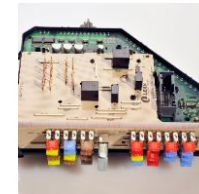
Body Domain  
Controllers



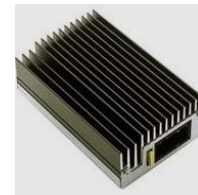
Wireless  
Vehicle  
Access



Exterior Lighting  
Control



Smart Junction  
Boxes



Audio Domain  
Controllers



Vehicle Network  
Controllers



Connectivity  
Modules



HV Power &  
Control Modules

# Emerging Trends Offer Significant E-Systems Value Creation

## Electrification



2027 Addressable Market:

**≈\$44 Billion**

Feature	Incremental CPV
<b>Plug-in Hybrid / Battery Electric</b> HV EDS, T&Cs, traction inverter, DC/DC converter, battery monitoring system plus on-board charger, wireless charging systems	≈\$2,000
<b>48V Mild Hybrid</b> 48V electrical distribution, inverter, DC/DC converter, smart junction box	≈\$300

**CPV opportunity of \$300 to \$2,000**

## Connectivity



2027 Addressable Market:

**≈\$9 Billion**

Feature	Incremental CPV
<b>Communication Module with V2X</b> V2X hardware / software, safety algorithms	≈\$200
<b>Communication Module</b> Cellular, WiFi, OTA, car sharing, eCall	≈\$125

**CPV opportunity of \$125 to \$200**

## Autonomous



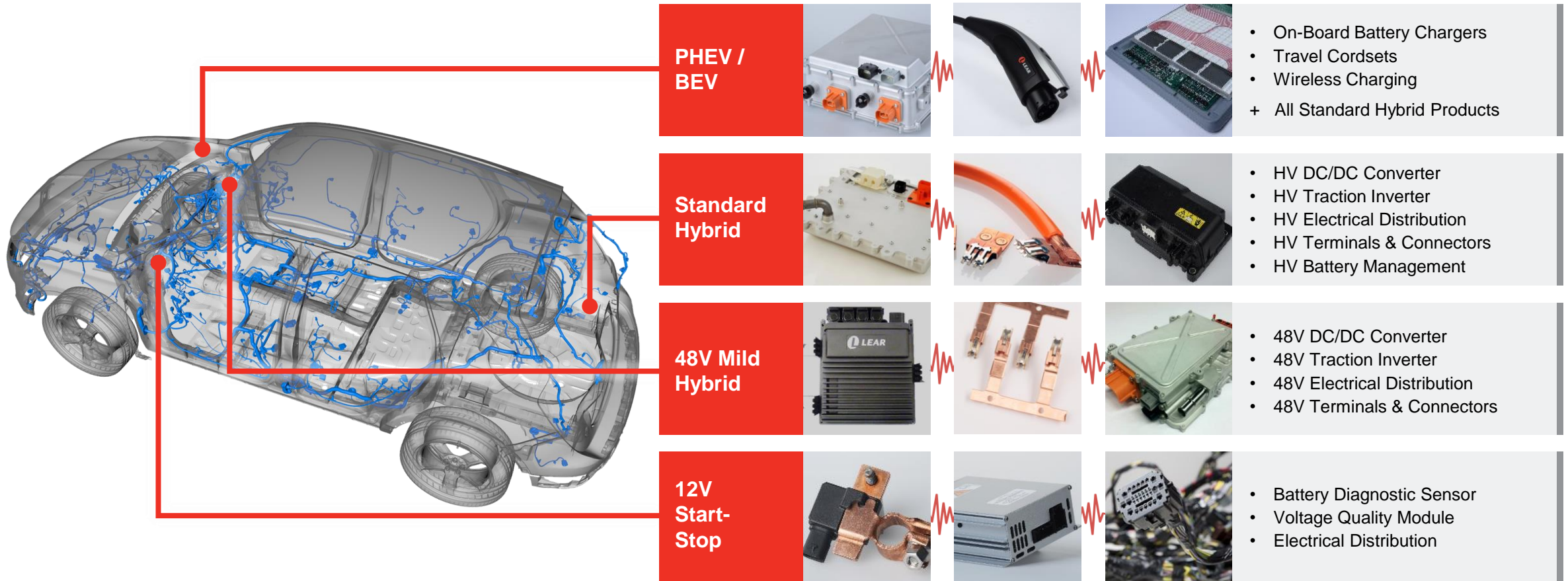
2035 Addressable Market:

**≈\$50 Billion**

Feature	Incremental CPV
<b>Connectivity / Autonomous</b> Data management / analytics, high precision positioning, advanced cybersecurity, AI / neural network	≈\$500 - \$1,000
<b>Seat Automation / Personalization</b> Driver and passenger state monitoring	≈\$500 - \$1,000

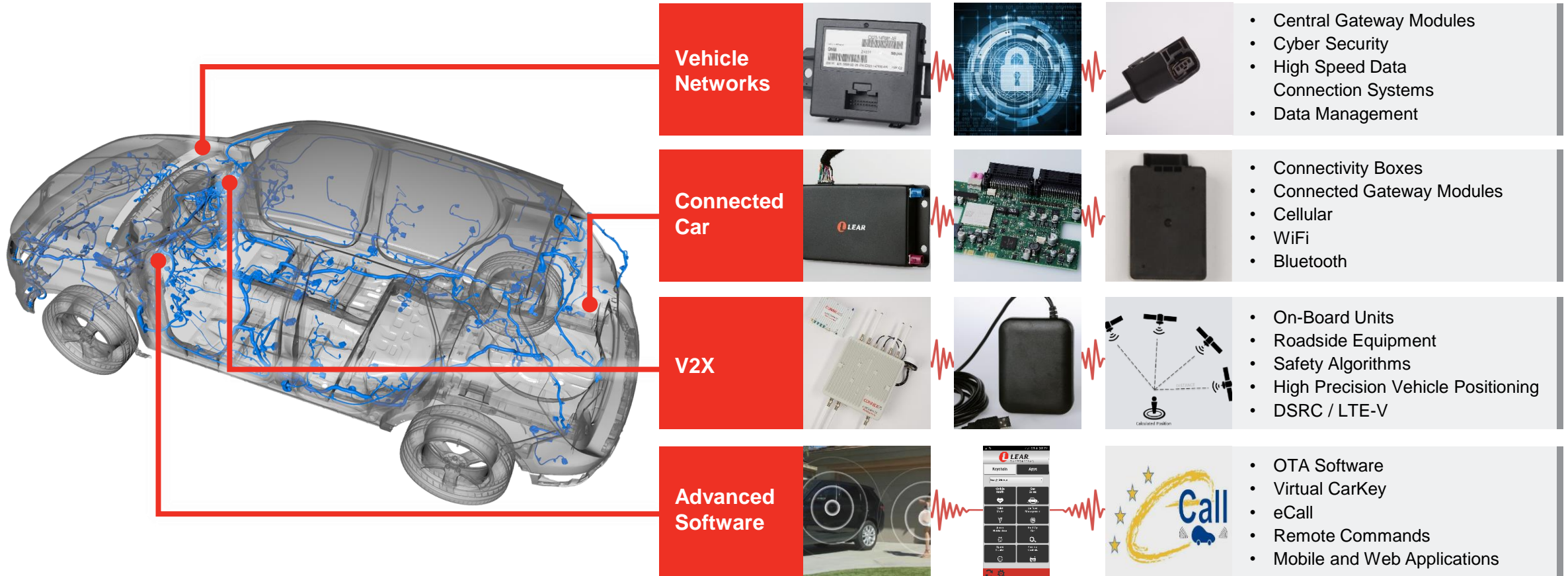
**CPV opportunity of \$500 to \$2,000**

# Electrification – Lear Product Capabilities





# Connectivity – Lear Product Capabilities

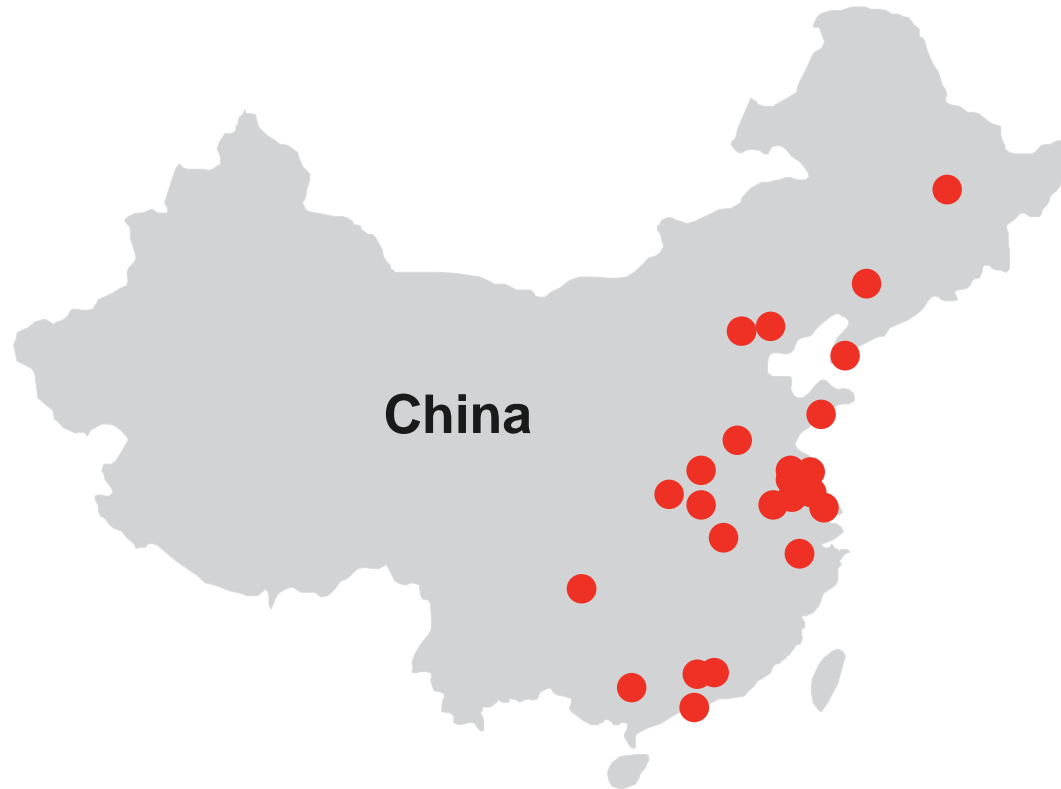




# | China Opportunity



# Lear Has Complete Seating and E-Systems Engineering and Manufacturing Capabilities in China



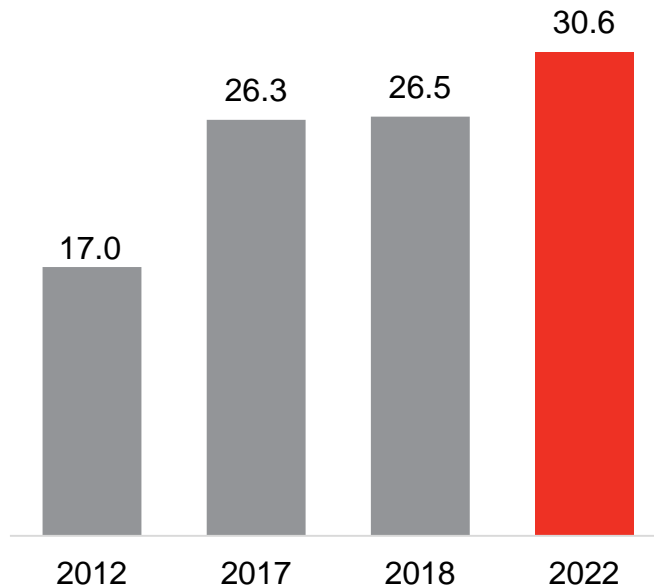
## Lear Capabilities

26K	Employees
45	Manufacturing facilities
5	Engineering and tech centers
13	Joint ventures (6 non-consolidated)
23	Cities

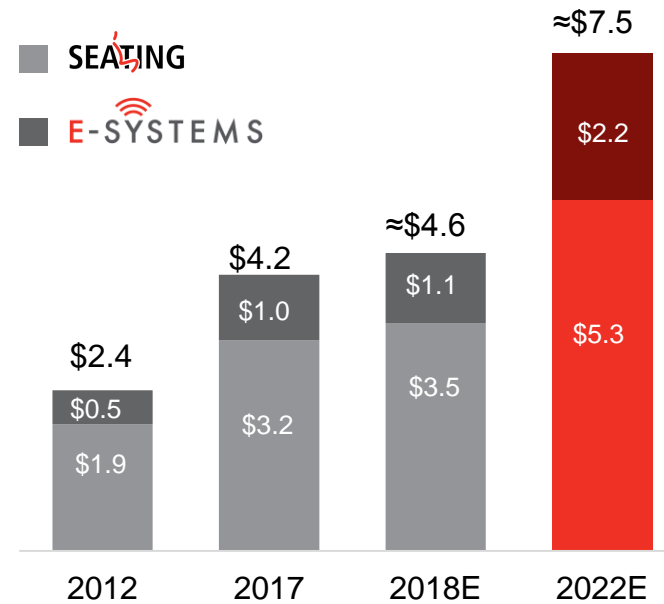


# China Will Continue to Be a Significant Growth Opportunity For Both Segments

China Vehicle Production Forecast  
(units in millions)



Lear Revenue Forecast  
(in billions – includes non consolidated sales)



## Growth Drivers

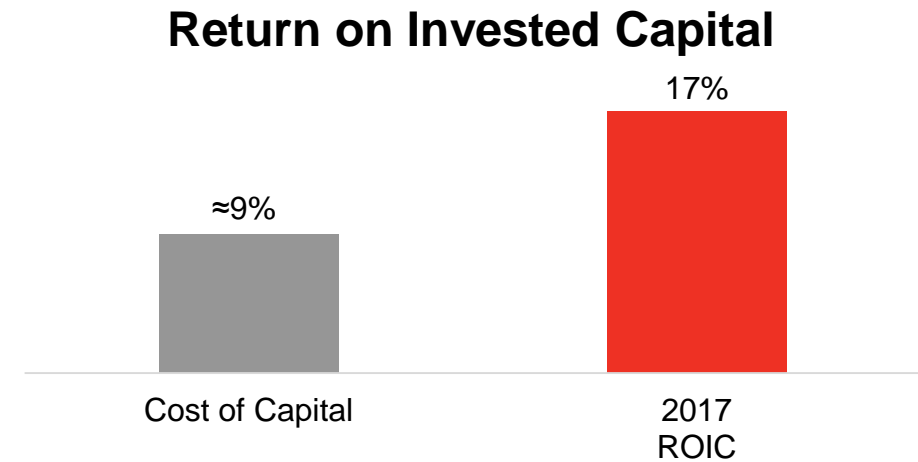
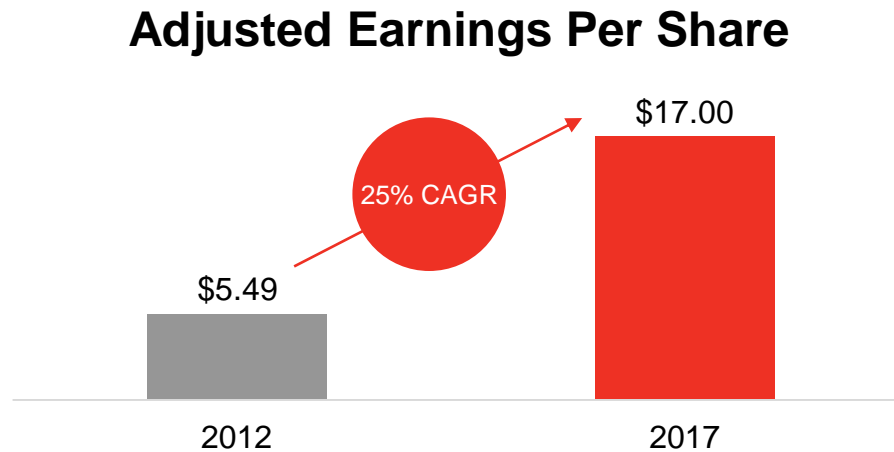
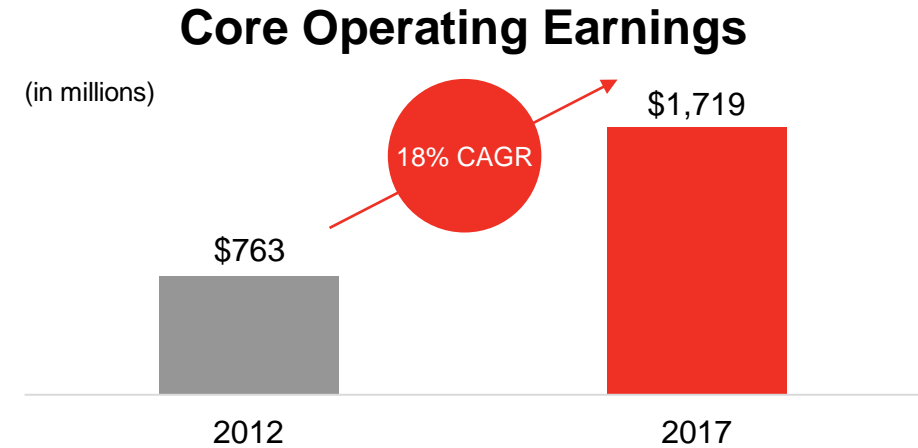
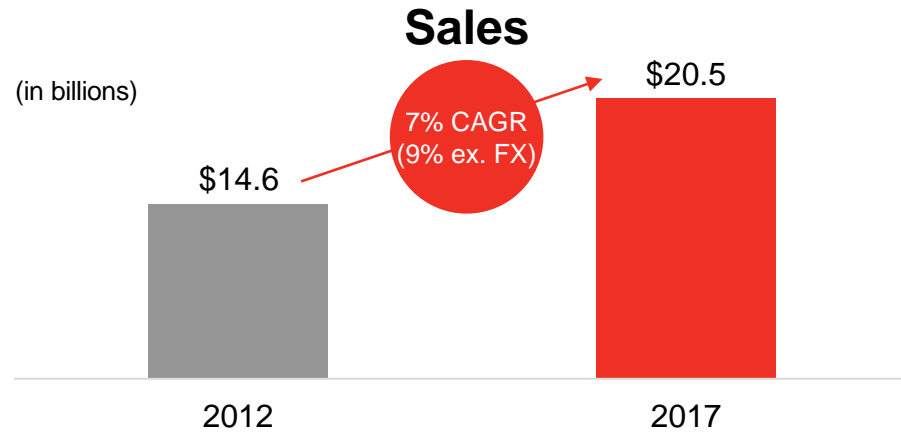
- World's largest automotive market
- Increasing population and vehicle density
- China OEMs seeking supplier expertise
- Increasing demand for luxury, crossovers and SUVs
- Consumer demand for added features
- Potential to become largest EV / Plug-in Hybrid market
- Continued Lear market share gains



# | Financial Review



# Superior Financial Performance with Returns Well in Excess of Our Cost of Capital



# Investment to Strengthen Global Capabilities and Improve Cost Structure

## Strong Global Capabilities

**5,500**

Total engineers globally with  
40% in low-cost countries

**600+**

Software engineers

**20**

Engineering centers globally, including  
8 advanced product technical centers

## Low-Cost Footprint

**≈\$1.0 B**

Invested to restructure global  
operations over last 10 years

**≈\$1.2 B**

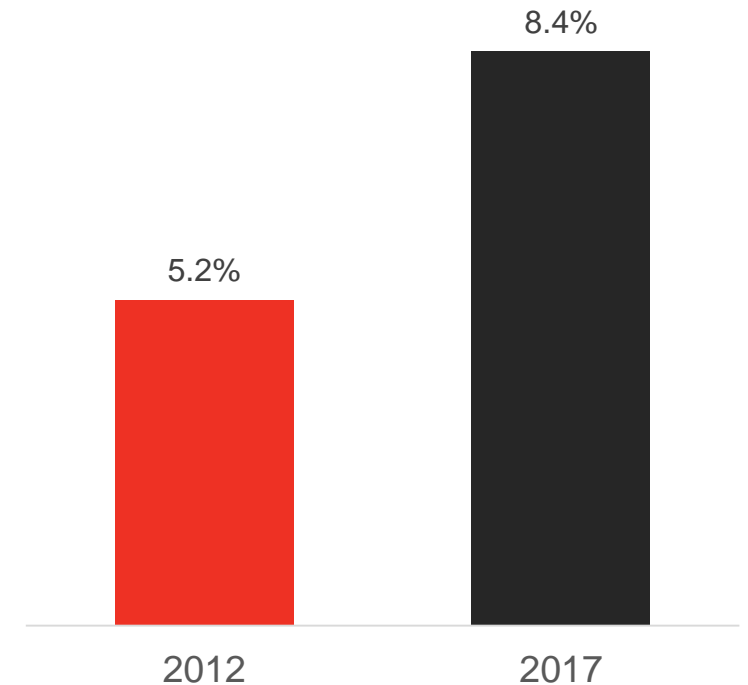
Capital invested in low-cost country  
component facilities over last 5 years

**80%** of component  
facilities

**95%** of related  
employees

based in  
low-cost  
countries

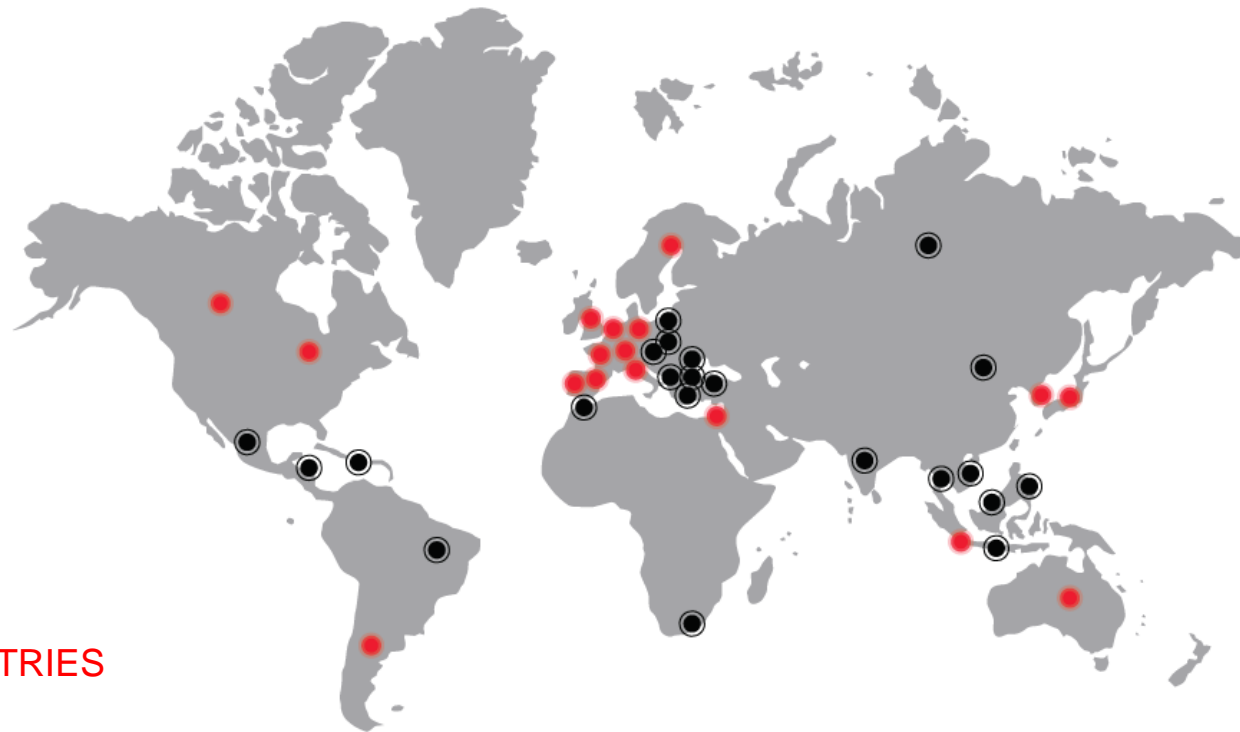
## Improving Adjusted Margins



# Global Capabilities with Low-Cost Footprint

**165,000**  
EMPLOYEES

**257** IN **39**  
FACILITIES COUNTRIES



LOW-COST  
FOOTPRINT  
**22**  
COUNTRIES

ARGENTINA  
AUSTRALIA  
BELGIUM  
CANADA  
FRANCE  
GERMANY  
ISRAEL  
ITALY  
JAPAN  
NETHERLANDS  
PORTUGAL  
SINGAPORE  
SOUTH KOREA  
SPAIN  
SWEDEN  
UNITED KINGDOM  
UNITED STATES

BRAZIL  
CHINA  
CZECH REPUBLIC  
DOMINICAN REPUBLIC  
HONDURAS  
HUNGARY  
INDIA  
INDONESIA  
MACEDONIA  
MALAYSIA  
MEXICO  
MOLDOVA  
MOROCCO  
PHILIPPINES  
POLAND  
ROMANIA  
RUSSIA  
SERBIA  
SLOVAK REPUBLIC  
SOUTH AFRICA  
THAILAND  
VIETNAM

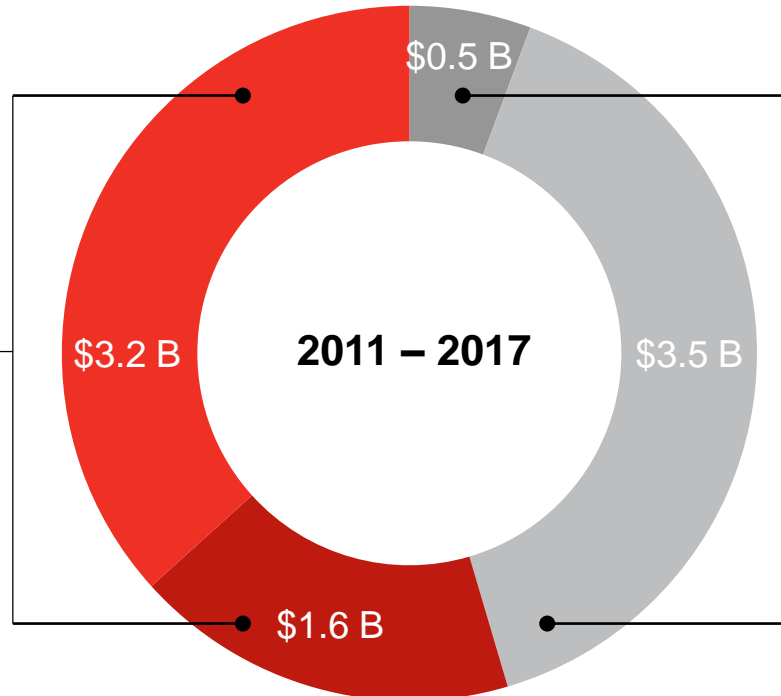
**More Than 80% Of Component Facilities And More Than 95% Of Related Employment Located In Low-Cost Countries**

# Balanced Capital Allocation Strategy

**\$4.8 B**

invested in the business  
including seven completed  
acquisitions

- Capital Investment
- Acquisitions



**\$4.0 B**

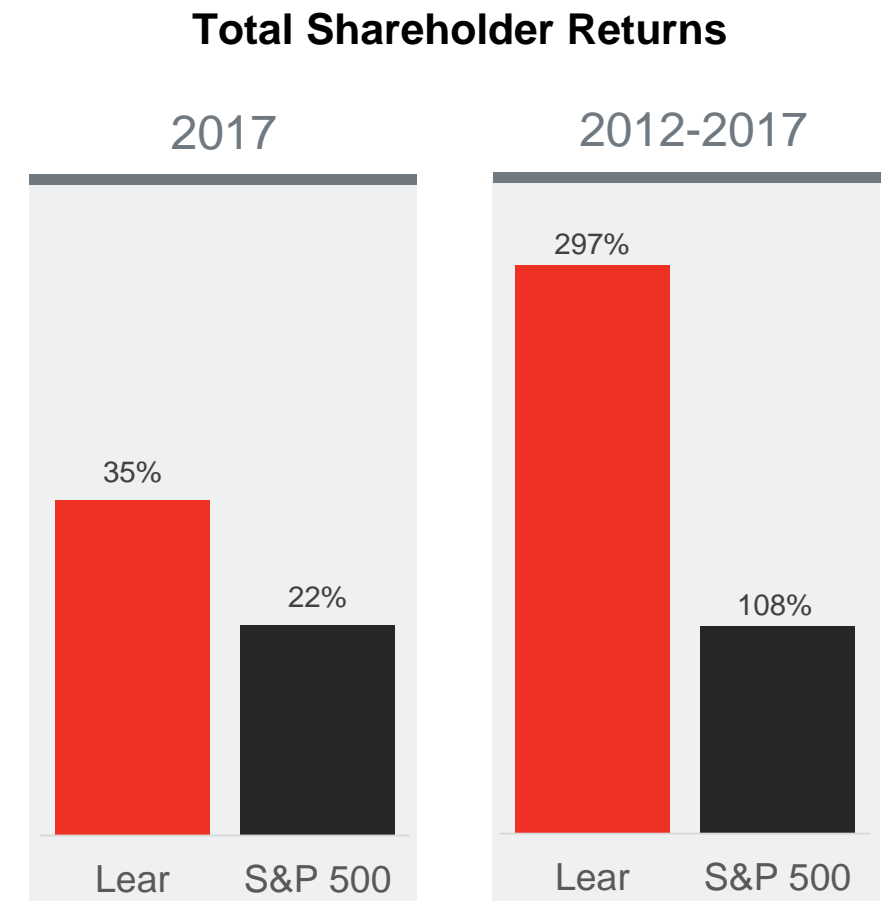
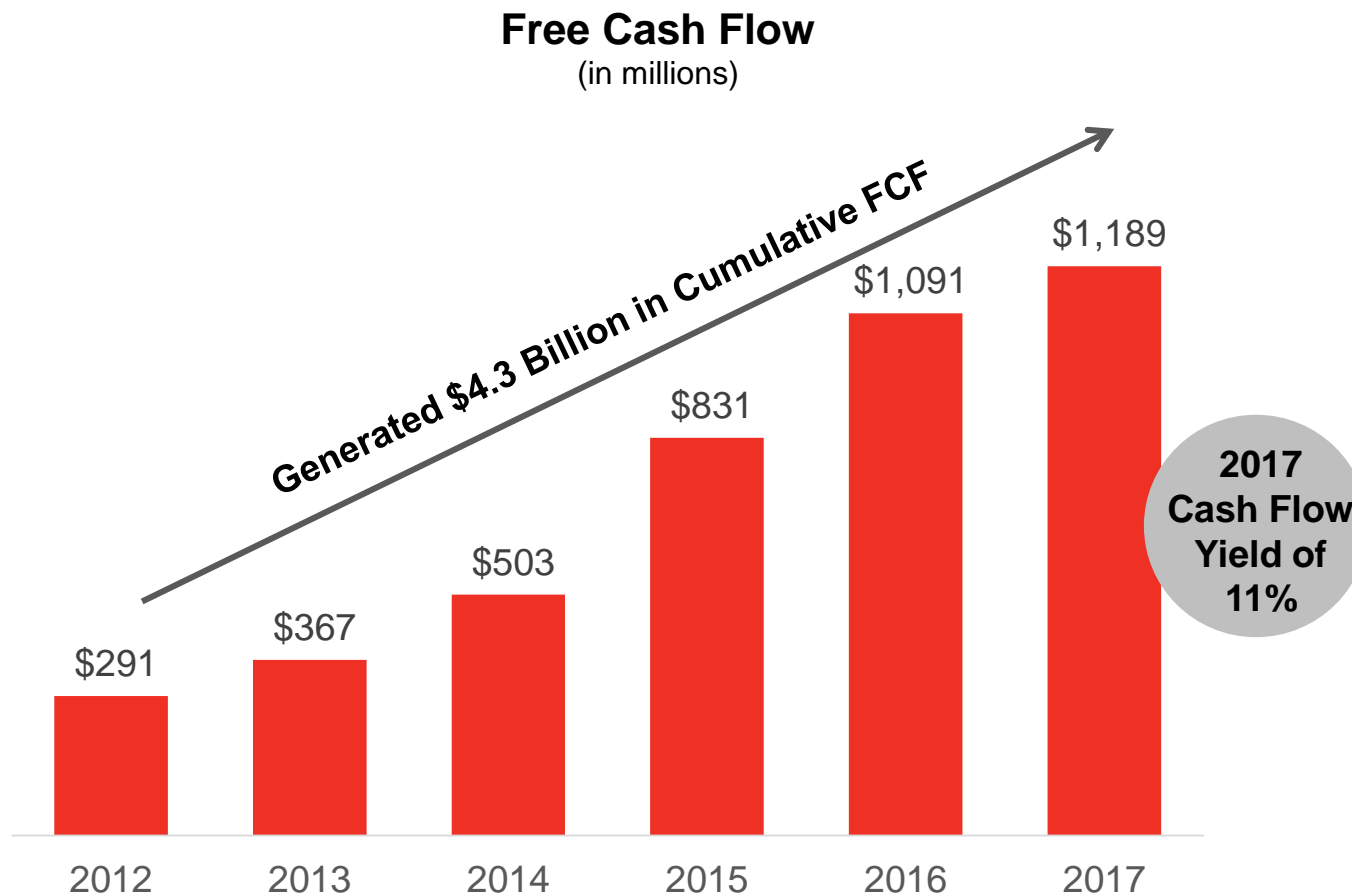
returned to  
shareholders

- Dividends
- Share Repurchases

- Expanded product capabilities through capital investments and acquisitions
- Repurchased 42% of shares outstanding
- Increased dividend each year
- 68.1 million diluted shares outstanding at 12/31/2017



# Record Cash Generation and Superior Shareholder Returns



# | Appendix



# Non-GAAP Information

In addition to the results reported in accordance with GAAP included throughout this presentation, the Company has provided information regarding “pretax income before equity income, interest, other (income) expense, restructuring costs and other special items” (core operating earnings or adjusted earnings), “adjusted net income attributable to Lear” (adjusted net income), adjusted diluted net income per share available to Lear common stockholders (adjusted earnings per share) 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, 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 net income and adjusted earnings per share 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 net income, adjusted earnings per share 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 (income) expense, net

Income taxes

Equity in net income of affiliates

Net income attributable to noncontrolling interests

### Pretax income before equity income, interest and other (income) expense

Costs related to restructuring actions

Acquisition and other related costs

Acquisition-related inventory fair value adjustment

Litigation

Insurance recoveries, net related to the destruction of assets

Other

### Core operating earnings

### Adjusted margins

Full Year	
2012	2017
<b>\$ 14,567.0</b>	<b>\$ 20,467.0</b>
<b>\$ 1,282.8</b>	<b>\$ 1,313.4</b>
49.9	85.7
6.4	(4.1)
(638.0)	197.5
(30.3)	(51.7)
34.4	67.5
<b>\$ 705.2</b>	<b>\$ 1,608.3</b>
55.7	75.4
6.2	3.8
-	5.0
-	13.9
(14.6)	-
10.1	12.6
<b>\$ 762.6</b>	<b>\$ 1,719.0</b>
<b>5.2%</b>	<b>8.4%</b>

# 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

Acquisition and other related costs

Acquisition-related inventory fair value adjustments

Litigation

Insurance recoveries, net related to the destruction of assets

Loss on extinguishment of debt

Gain 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 <sup>1</sup>

### 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

	Full Year	
	2012	2017
<b>\$ 1,282.8</b>	<b>\$ 1,287.9</b>	
-	25.5	
<b>1,282.8</b>	<b>1,313.4</b>	
55.6	74.5	
6.2	3.8	
-	5.0	
-	15.4	
(41.1)		
3.7	21.2	
(5.1)	(54.2)	
10.1	13.5	
-	131.0	
-	42.5	
-	(289.7)	
(764.4)	(98.6)	
<b>\$ 547.8</b>	<b>\$ 1,177.8</b>	
99.8	69.3	
<b>\$ 12.85</b>	<b>\$ 18.59</b>	
<b>\$ 5.49</b>	<b>\$ 17.00</b>	

<sup>1</sup> Reflects the tax effect of restructuring costs and other special items and several discrete tax items, including \$739.3 million related to the reversal of a valuation allowance on our deferred tax assets in the United States in 2012 and \$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)	Full Year					
	2012	2013	2014	2015	2016	2017
<b>Net cash provided by operating activities</b>	<b>\$ 729.8</b>	<b>\$ 820.1</b>	<b>\$ 927.8</b>	<b>\$ 1,271.1</b>	<b>\$ 1,619.3</b>	<b>\$ 1,783.1</b>
Settlement of accounts payable in conjunction with acquisition of Eagle Ottawa	-	-	-	45.7	-	-
Adjusted capital expenditures <sup>1</sup>	(439.1)	(453.5)	(424.7)	(485.8)	(528.3)	(594.5)
<b>Free cash flow</b>	<b>\$ 290.7</b>	<b>\$ 366.6</b>	<b>\$ 503.1</b>	<b>\$ 831.0</b>	<b>\$ 1,091.0</b>	<b>\$ 1,188.6</b>

<sup>1</sup> Reflected net of related insurance proceeds of \$19.2 million in 2012 and \$7.1 million in 2013.