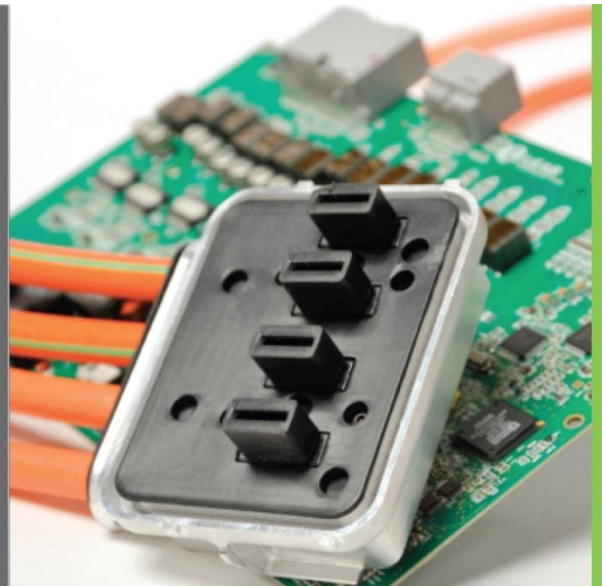


# Second Quarter 2013 Financial Results



SEATING

ELECTRICAL POWER MANAGEMENT SYSTEMS

**July 26, 2013**

# Investor Information



## 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 such forward-looking statements contained or incorporated in this presentation or in any other public statements which address operating performance, events or developments that the Company expects or anticipates may occur in the future, including, without limitation, statements related to business opportunities, awarded sales contracts, sales backlog and ongoing commercial arrangements, or statements expressing views about future operating results, are forward-looking statements. Actual results may differ materially from any or all forward-looking statements made by the Company. Important factors, risks and uncertainties that may cause actual results to differ materially from anticipated results include, but are not limited to, general economic conditions in the markets in which the Company operates, including changes in interest rates or currency exchange rates; the financial condition and restructuring actions of the Company’s customers and suppliers; changes in actual industry vehicle production levels from the Company’s current estimates; fluctuations in the production of vehicles or the loss of business with respect to, or the lack of commercial success of, a vehicle model for which the Company is a significant supplier; disruptions in the relationships with the Company’s suppliers; labor disputes involving the Company or its significant customers or suppliers or that otherwise affect the Company; the outcome of customer negotiations and the impact of customer-imposed price reductions; the impact and timing of program launch costs and the Company’s management of new program launches; the costs, timing and success of restructuring actions; increases in the Company’s warranty, product liability or recall costs; risks associated with conducting business in foreign countries; the impact of regulations on the Company’s foreign operations; the operational and financial success of the Company’s joint ventures; competitive conditions impacting the Company and its key customers and suppliers; disruptions to the Company’s information technology systems; the cost and availability of raw materials, energy, commodities and product components and the Company’s ability to mitigate such costs; the outcome of legal or regulatory proceedings to which the Company is or may become a party; the impact of pending legislation and regulations or changes in existing federal, state, local or foreign laws or regulations; unanticipated changes in cash flow, including the Company’s ability to align its vendor payment terms with those of its customers; limitations imposed by the Company’s existing indebtedness and the Company’s ability to access capital markets on commercially reasonable terms; impairment charges initiated by adverse industry or market developments; the Company’s ability to execute its strategic objectives; changes in discount rates and the actual return on pension assets; costs associated with compliance with environmental laws and regulations; developments or assertions by or against the Company relating to intellectual property rights; the Company’s ability to utilize its net operating loss, capital loss and tax credit carryforwards; global sovereign fiscal matters and creditworthiness, including potential defaults and the related impacts on economic activity, including the possible effects on credit markets, currency values, monetary unions, international treaties and fiscal policies; and other risks described from time to time in the Company’s 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 10 and 12 and the slides titled “Non-GAAP Financial Information” at the end of this presentation.



- **Company Update**
  - *Matt Simoncini, President and CEO*
- **Second Quarter 2013 Financial Results and 2013 Outlook**
  - *Jeff Vanneste, SVP and CFO*
- **Summary**
  - *Matt Simoncini, President and CEO*
- **Q and A Session**

# Second Quarter 2013

## Highlights



- Solid operating performance with sales and earnings growing faster than industry production
  - Global industry production increased by 3%
  - Sales increased 12% to \$4.1 billion
  - Core operating earnings increased 13% to \$224 million
  - Adjusted earnings per share increased 20% to \$1.62
- Record quarterly sales and earnings in EPMS; 15<sup>th</sup> consecutive quarter of year-over-year margin improvement
- Executed \$800 million Accelerated Share Repurchase program and retired 11.9 million shares
- Increasing full year outlook for sales, core operating earnings and free cash flow



# Second Quarter 2013

## Lear's Regional Performance



- North America and Asia are performing well
- Europe remains solidly profitable
- South America is currently unprofitable, reflecting inefficiencies and higher costs associated with rapid expansion



# Strategic Direction Remains Unchanged



## Operational

- Profitable growth balancing risk and returns
- Continue to expand component capability in emerging and low-cost markets
- Pursue complementary acquisitions to strengthen and grow both business segments

## Capital Structure

- Maintain strong balance sheet with investment grade credit metrics
- Consistently return excess cash to shareholders

***Balanced Strategy to Create Shareholder Value***



# **Second Quarter 2013 Financial Results and 2013 Outlook**

# Second Quarter 2013 Global Vehicle Production



Units (in millions)

	<u>Second Quarter 2013</u>	
	<u>Actual</u>	<u>Change From Prior Year</u>
Europe and Africa	5.2	up 2%
China	4.6	up 11%
North America	4.2	up 6%
Japan	2.1	down 10%
Brazil	1.0	up 23%
India	0.9	down 6%
<b>Global</b>	<b>20.8</b>	<b>up 3%</b>

Source: IHS Automotive July 2013





# Second Quarter 2013 Reported Financials



(\$ in millions, except per share amounts)

	<i>Second Quarter</i>		<i>2013 B/(W)</i>
	<i>2012</i>	<i>2013</i>	<i>2012</i>
<b>Net Sales</b>			
Europe and Africa	\$ 1,401.1	\$ 1,584.6	13 %
North America	1,466.5	1,549.8	6 %
Asia	614.6	704.9	15 %
South America	182.8	273.8	50 %
<b>Global</b>	<b>\$ 3,665.0</b>	<b>\$ 4,113.1</b>	12 %
<b>Pretax Income Before Equity Income, Interest and Other Expense</b>	\$ 190.0	\$ 201.2	6 %
<b>Pretax Income Before Equity Income</b>	\$ 165.8	\$ 173.5	5 %
<b>Net Income Attributable to Lear</b>	\$ 145.4	\$ 137.3	(6)%
<b>Diluted Earnings per Share Attributable to Lear</b>	\$ 1.45	\$ 1.60	10 %
<b>SG&amp;A % of Net Sales</b>	3.2%	3.1%	
<b>Equity Income</b>	\$ (20.6)	\$ (9.9)	\$ (10.7)
<b>Interest Expense</b>	\$ 14.0	\$ 17.4	\$ (3.4)
<b>Other Expense, Net</b>	\$ 10.2	\$ 10.3	\$ (0.1)
<b>Depreciation / Amortization</b>	\$ 56.6	\$ 69.0	\$ (12.4)



# Second Quarter 2013

## Impact of Restructuring and Other Special Items



(\$ in millions, except per share amounts)

	Second Quarter 2013			Adjusted
	Reported	Restructuring Costs	Other Special Items	
<b>Pretax Income Before Equity Income, Interest and Other Expense</b>	\$ 201.2	\$ 15.7*	\$ 6.8*	\$ 223.7
<b>Equity Income</b>	(9.9)			(9.9)
<b>Pretax Income Before Interest and Other Expense</b>	\$ 211.1			\$ 233.6
<b>Interest Expense</b>	17.4			17.4
<b>Other Expense, Net</b>	10.3			10.3
<b>Income Before Taxes</b>	\$ 183.4			\$ 205.9
<b>Income Taxes</b>	41.1	5.2	16.3	62.6
<b>Net Income</b>	\$ 142.3			\$ 143.3
<b>Noncontrolling Interests</b>	5.0			5.0
<b>Net Income Attributable to Lear</b>	\$ 137.3			\$ 138.3
<b>Diluted Earnings per Share</b>	\$ 1.60			\$ 1.62

\* Restructuring costs include \$11.3 million in COGS and \$4.4 million in SG&A. Other special items include \$6.4 million in COGS and \$0.4 million in SG&A.

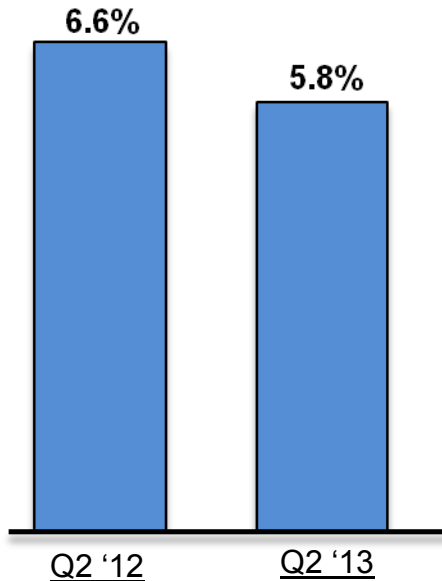


# Second Quarter 2013

## Adjusted Segment Margins



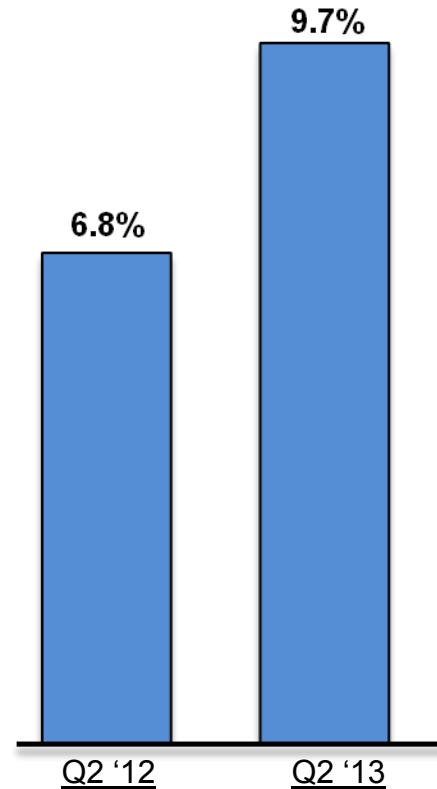
### Seating



(\$ in millions)

Sales	\$ 2,793.4	\$ 3,069.2
Earnings	\$ 183.6	\$ 166.5
Adj. Earnings	\$ 184.6	\$ 178.0

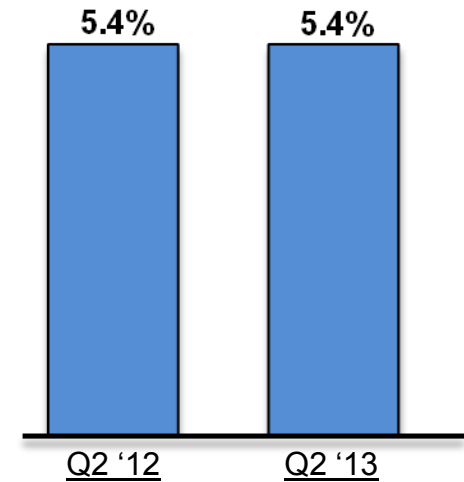
### EPMS



(\$ in millions)

Sales	\$ 871.6	\$ 1,043.9
Earnings	\$ 58.6	\$ 94.9
Adj. Earnings	\$ 59.1	\$ 101.4

### Total Company



(\$ in millions)

Sales	\$ 3,665.0	\$ 4,113.1
Earnings	\$ 190.0	\$ 201.2
Adj. Earnings	\$ 197.2	\$ 223.7

Reported segment earnings represents pretax income before equity income, interest and other expense. Adjusted segment earnings represents reported segment earnings adjusted for restructuring costs and other special items.



# Second Quarter 2013

## Free Cash Flow



(\$ in millions)

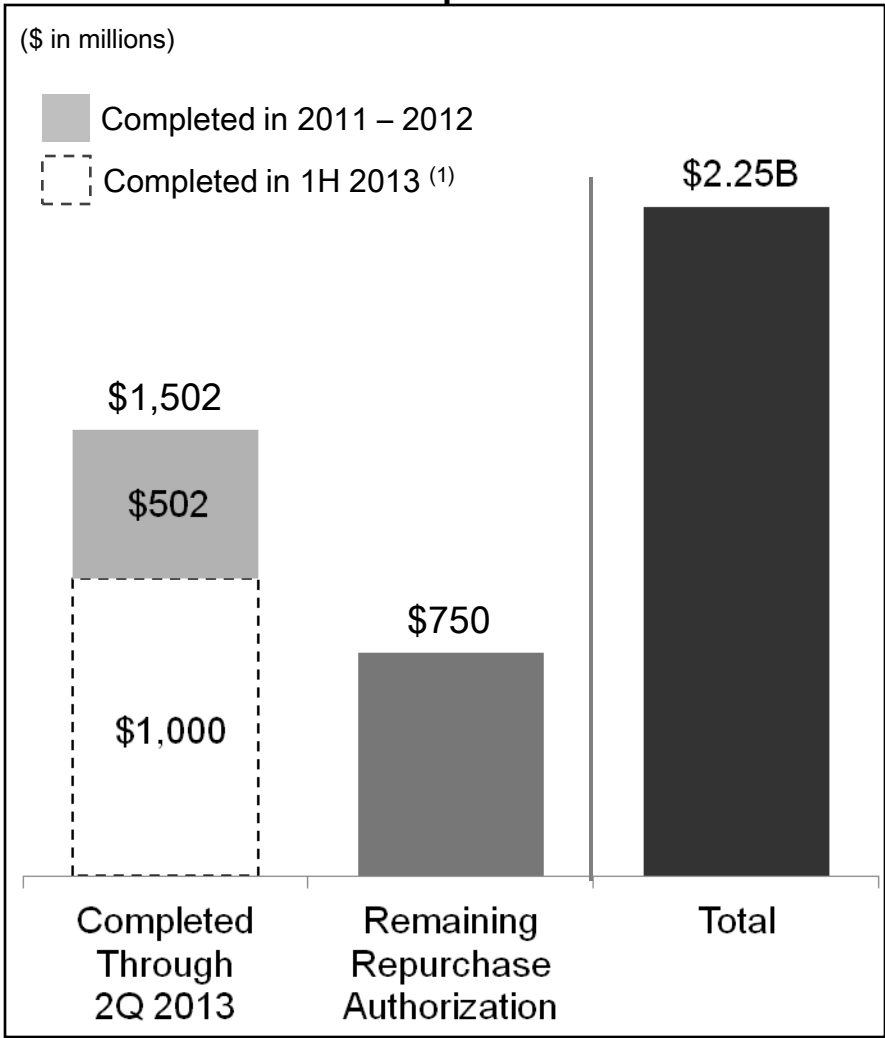
	<b>Second Quarter 2013</b>
Net Income Attributable to Lear	\$ 137
Depreciation / Amortization	69
Working Capital and Other	<u>(4)</u>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 202</b>
Capital Expenditures	<u>(128)</u>
<b>Free Cash Flow</b>	<b><u><u>\$ 74</u></u></b>



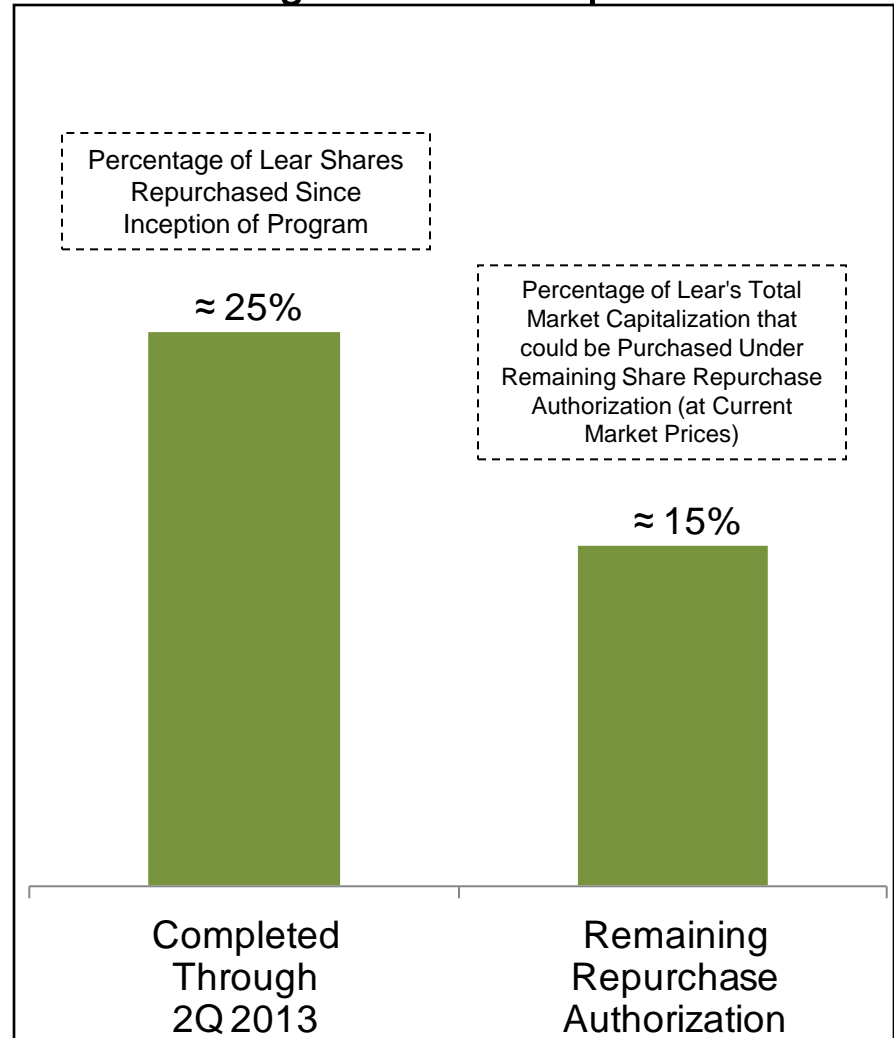
# Share Repurchase Summary



## Share Repurchases



## Percentage of Shares Repurchased



<sup>(1)</sup> Amount includes the \$800 million paid under the ASR program. The ultimate number of shares to be repurchased under the ASR program will be based on the daily volume weighted average price of Lear's common stock during the term of the program.



# 2013 Outlook

# Full Year 2013

## Global Vehicle Production and Currency Outlook



Units (in millions)				
	<u>2012</u> Actual	<u>2013</u> Outlook	<u>YOY</u> Change	<u>Change</u> From Prior Outlook
Europe and Africa	19.6	19.2	down 2%	up 1%
China	16.9	18.7	up 11%	down slightly
North America	15.4	16.2	up 5%	up 1%
India	3.8	3.6	down 3%	down 10%
Brazil	3.2	3.4	up 6%	up 2%
<b>Global</b>	<b>79.7</b>	<b>81.3</b>	<b>up 2%</b>	<b>down slightly</b>
<b>Key Currency</b>				
Euro	\$ 1.29 / €	\$ 1.31 / €	up 2%	up 1%
Vehicle production estimates based on IHS Automotive production forecast and Company estimates.				



# Full Year 2013 Financial Outlook



	<u>Full Year 2013 Financial Outlook</u>
<b>Net Sales</b>	≈ \$15,800 million
<b>Core Operating Earnings</b>	\$750 to \$800 million
<b>Depreciation and Amortization</b>	≈ \$285 million
<b>Interest Expense</b>	≈ \$80 million
<b>Pretax Income before restructuring costs and other special items</b>	\$675 to \$725 million
<b>Tax Expense excluding restructuring costs and other special items</b>	\$200 to \$215 million
<b>Adjusted Net Income Attributable to Lear</b>	\$440 to \$475 million
<b>Restructuring Costs</b>	≈ \$50 million
<b>Capital Spending</b>	≈ \$450 million
<b>Free Cash Flow</b>	≈ \$300 million





# Summary

# Summary



- Another strong quarter with sales and earnings growing faster than the overall industry
- Increasing full year outlook for sales, core operating earnings and free cash flow
- Following a balanced strategy of investing in our business, maintaining a strong and flexible financial position and returning excess cash to shareholders
  - Continuing to invest in core businesses to grow, defend and improve our competitive position
  - Maintaining a strong and flexible balance sheet with ample liquidity to support continued growth
  - Since 2011, we have retired approximately 25% of our outstanding shares

***Lear's Balanced Strategy is  
Delivering Superior Shareholder Value***



# 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 and other expense,” “pretax income before equity income, interest, other expense, restructuring costs and other special items” (core operating earnings or adjusted segment earnings), “pretax income before restructuring costs and other special items,” “adjusted net income attributable to Lear,” “adjusted diluted net income per share attributable to Lear” (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, gains and losses on the extinguishment of debt and gains and losses on the disposal of fixed assets. Adjusted net income attributable to Lear and adjusted earnings per share represent net income attributable to Lear and diluted net income per share attributable to Lear, 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 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 pretax income before equity income, interest and other expense, core operating earnings, pretax income before restructuring costs and other special items, adjusted net income attributable to Lear, 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.

Pretax income before equity income, interest and other expense, core operating earnings, pretax income before restructuring costs and other special items, adjusted net income attributable to Lear, 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 pretax income before equity income, 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 slides 10 and 12, as well as 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. Given the inherent uncertainty regarding special items and other expense in any future period, a reconciliation of forward-looking financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP is not feasible. The magnitude of these items, however, may be significant.



# Non-GAAP Financial Information

## Pretax Income before Equity Income, Interest and Other Expense



(\$ in millions)	Three Months	
	Q2 2012	Q2 2013
<b>Pretax income before equity income</b>	<b>\$ 165.8</b>	<b>\$ 173.5</b>
Interest expense	14.0	17.4
Other expense, net	10.2	10.3
<b>Pretax income before equity income, interest and other expense</b>	<b>\$ 190.0</b>	<b>\$ 201.2</b>



# Non-GAAP Financial Information

## Adjusted Segment Earnings



(\$ in millions)

	Three Months Q2 2012				Six Months Q2 2012			
	Seating	EPMS	HQ	Total	Seating	EPMS	HQ	Total
<b>Sales</b>	\$ 2,793.4	\$ 871.6	\$ -	\$ 3,665.0	\$ 5,607.2	\$ 1,701.8	\$ -	\$ 7,309.0
<b>Segment earnings</b>	\$ 183.6	\$ 58.6	\$ (52.2)	\$ 190.0	\$ 369.4	\$ 111.2	\$ (103.8)	\$ 376.8
Costs related to restructuring actions	3.3	0.5	-	3.8	6.0	1.7	0.2	7.9
Acquisition and other related costs	0.8	-	3.3	4.1	0.8	-	4.5	5.3
Losses and incremental costs (insurance recoveries), net related to the destruction of assets	(3.1)	-	-	(3.1)	(2.8)	-	0.3	(2.5)
Other	-	-	2.4	2.4	-	-	5.0	5.0
<b>Adjusted segment earnings</b>	<b>\$ 184.6</b>	<b>\$ 59.1</b>	<b>\$ (46.5)</b>	<b>\$ 197.2</b>	<b>\$ 373.4</b>	<b>\$ 112.9</b>	<b>\$ (93.8)</b>	<b>\$ 392.5</b>
	Three Months Q2 2013				Six Months Q2 2013			
	Seating	EPMS	HQ	Total	Seating	EPMS	HQ	Total
<b>Sales</b>	\$ 3,069.2	\$ 1,043.9	\$ -	\$ 4,113.1	\$ 5,980.9	\$ 2,079.3	\$ -	\$ 8,060.2
<b>Segment earnings</b>	\$ 166.5	\$ 94.9	\$ (60.2)	\$ 201.2	\$ 307.9	\$ 183.9	\$ (116.4)	\$ 375.4
Costs related to restructuring actions	5.1	6.5	4.1	15.7	21.7	7.2	5.2	34.1
Costs related to proxy contest	-	-	0.4	0.4	-	-	3.0	3.0
Losses and incremental costs related to the destruction of assets	1.5	-	-	1.5	7.3	-	-	7.3
Labor-related litigation claims	4.9	-	-	4.9	4.9	-	-	4.9
<b>Adjusted segment earnings</b>	<b>\$ 178.0</b>	<b>\$ 101.4</b>	<b>\$ (55.7)</b>	<b>\$ 223.7</b>	<b>\$ 341.8</b>	<b>\$ 191.1</b>	<b>\$ (108.2)</b>	<b>\$ 424.7</b>

