

Second Quarter 2018 Earnings Call

July 26, 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.

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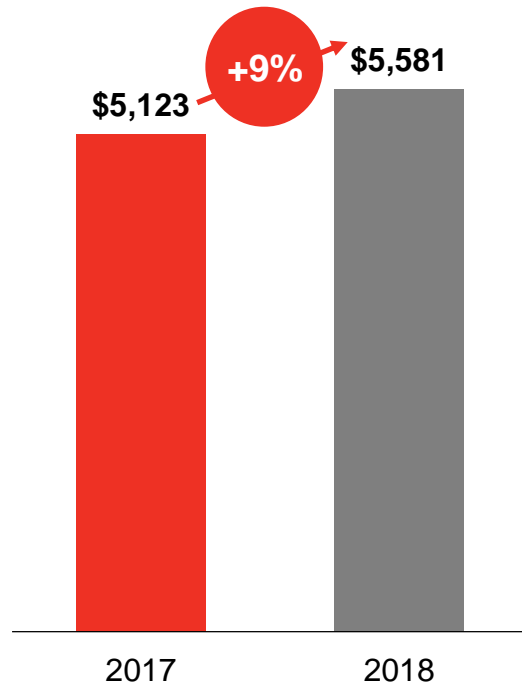
Second Quarter Financial Results and 2018 Outlook



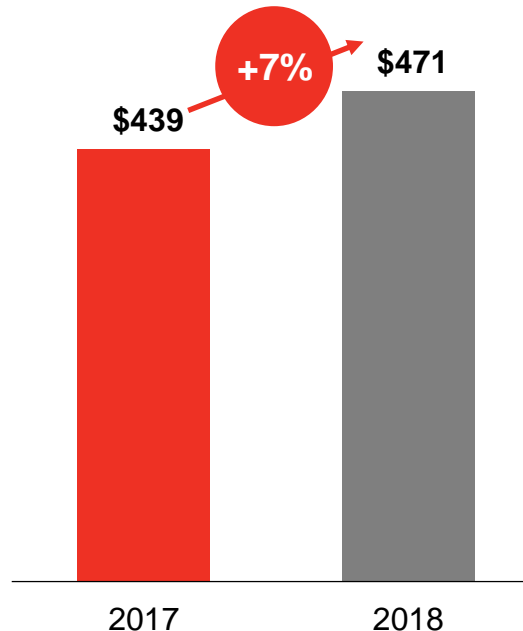
Jeff Vanneste, SVP and CFO

Record Second Quarter 2018 Results

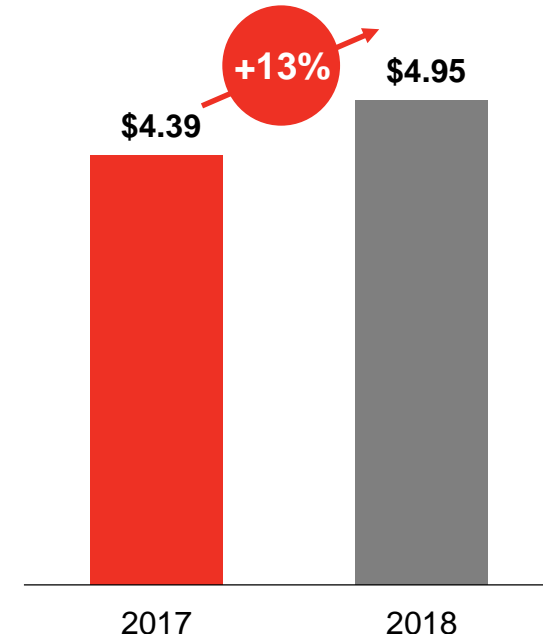
Sales
(in millions)



Core Operating Earnings
(in millions)



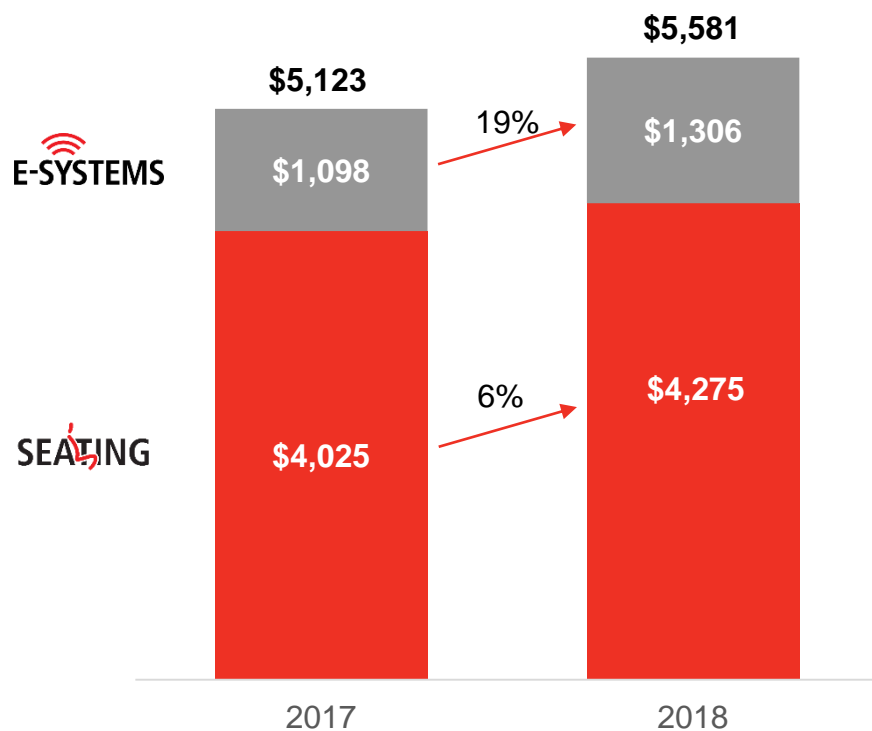
Adjusted EPS



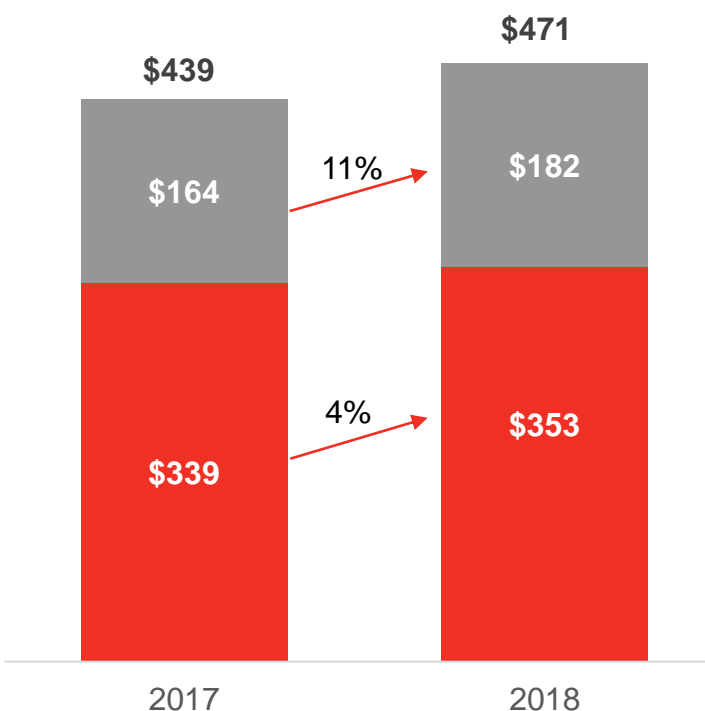
Second Quarter 2018 Segment Results

(in millions)

Sales



Adjusted Earnings



Adjusted Margins

	2017	2018
E-SYSTEMS	14.9%	14.0%
SEATING	8.4%	8.3%
LEAR CORPORATION	8.6%	8.4%

2018 Outlook – Global Vehicle Production and Currency

(Units in millions)

	2017 Actual	2018 Outlook	YOY Change
China	26.4	26.9	Up 2%
Europe and Africa	23.0	23.3	Up 2%
North America	17.1	17.2	Up 1%
India	4.4	4.8	Up 8%
Brazil	2.6	2.9	Up 10%
Global	93.4	95.4	Up 2%

Key Currencies

		2018 Outlook	<u>Second Half</u>	YOY Change
Euro	\$1.13 / €	\$1.20 / €	\$1.18 / €	Up 6%
Chinese RMB	6.76 / \$	6.50 / \$	6.63 / \$	Up 4%

2018 Financial Outlook Remains Unchanged

Net Sales	\$21.8 - \$22.0 billion	Interest Expense	≈\$80 million	Restructuring Costs	≈\$70 million
Core Operating Earnings	\$1,790 - \$1,810 million	Effective Tax Rate	≈22%	Capital Spending	≈\$660 million
Adjusted EBITDA	\$2,290 - \$2,310 million	Adjusted Net Income	\$1,250 - \$1,270 million	Free Cash Flow	\$1,200+ million



| Business Overview



Ray Scott, President and CEO

Company Update

- Continued to deliver record sales and earnings in the second quarter
- Launching several new programs including key program changeovers
- Continuing to invest in product and process improvements
- Maintaining outlook for 2018 despite more challenging industry conditions
- Hired a CTO to support our focus on technology and alignment with industry growth trends
- Provided longer-term financial outlook at our Investor Day on June 27
- Despite strong performance and positive outlook, Lear shares remain undervalued relative to peer group

Key 2018 Launches

SEATING



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



Ford Ranger
JIT, Trim, Foam, Structures
North America



Chevy Blazer
JIT, Trim
North America

E-SYSTEMS



Ford Focus
Wire Harness, Power Distribution, T&C
Europe, Asia



Audi (various models)
Gateway / Connectivity Box
Europe

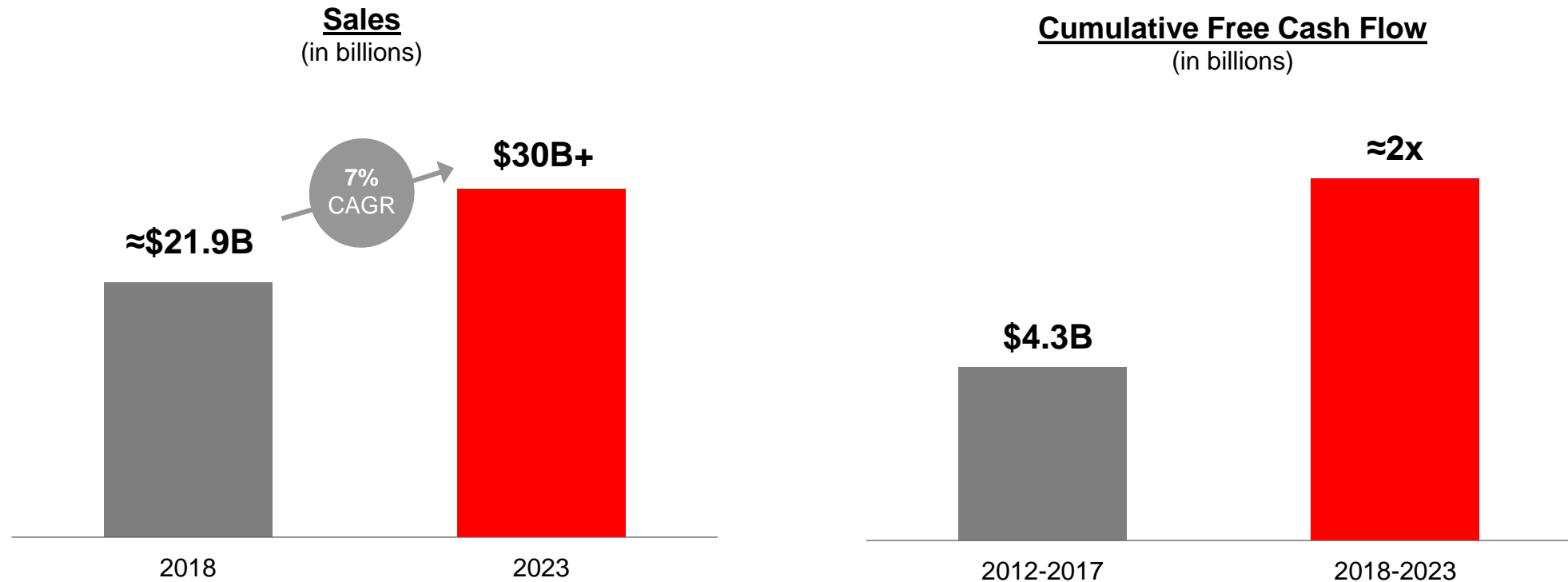


FCA Ram / Wrangler
High Voltage Wire Harness
North America



Land Rover Range Rover / Sport
Wire Harness
Europe

2023 Outlook for Sales and Free Cash Flow



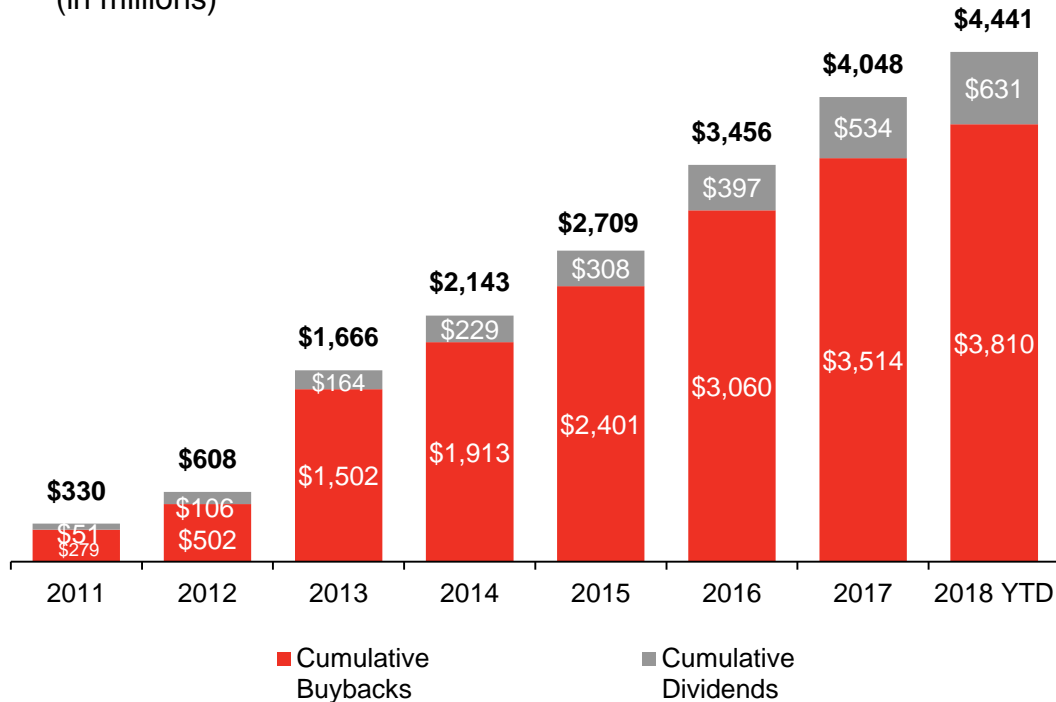
Consistent Approach to Capital Allocation

- Invest in the business to drive profitable growth
- Pursue strategic, niche M&A to enhance our capabilities, diversify our sales and increase regional market share
- Maintain investment grade credit metrics
- Return excess cash to shareholders

Consistent Record of Share Repurchases and Dividend Increases

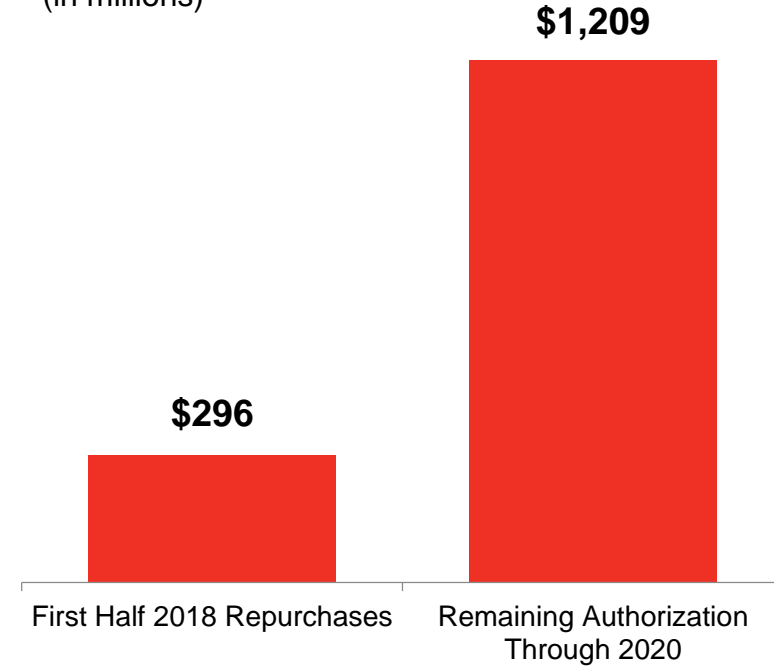
Cash Returned to Shareholders Since 2011

(in millions)



First Half 2018 Repurchases and Remaining Authorization

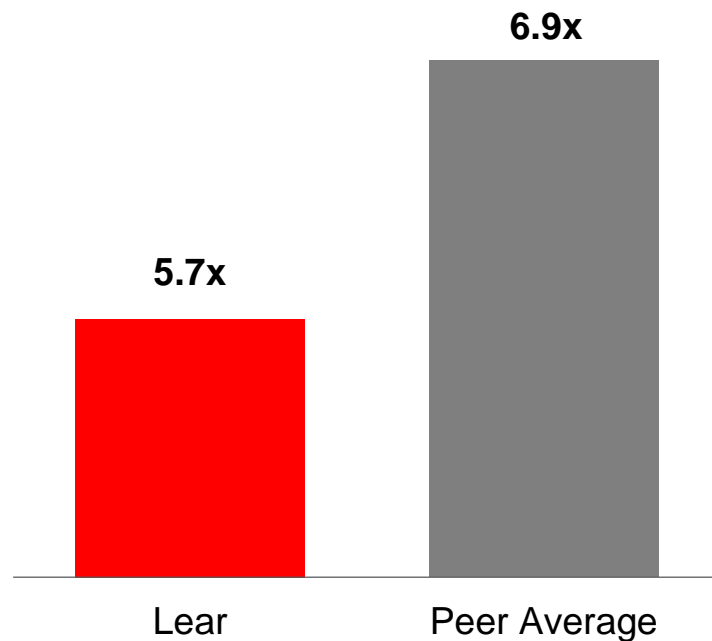
(in millions)



**Since 2011, Lear Has Returned \$4.4 Billion To Our Shareholders
And Repurchased 43% Of Outstanding Shares**

Despite Favorable Outlook, Lear Shares Remain Undervalued

2018 EV / EBITDA



- Valuation has improved with consistent, superior performance and favorable outlook
- Lear continues to trade at a valuation discount to our peer group
- Opportunity for valuation improvement driven by continued growth and performance

Source: Factset as of July 25, 2018

Peers include: Adient, American Axle, Aptiv, Autoliv, BorgWarner, Dana, Delphi Technologies, Gentex, Gentherm, Magna, Superior Industries, Tenneco and Visteon; Adient adjusted to include proportionate JV EBITDA

A blurred image of a silver car driving on a road, with a red light streak visible on the side. The background is a hazy, overcast sky.

| Appendix



Second Quarter 2018

Global Vehicle Production and Currency

(Units in millions)

	Q2 2017 Actual	Q2 2018 Actual	YOY Change
China	5.7	6.2	Up 9%
Europe and Africa	5.9	6.2	Up 4%
North America	4.5	4.3	Down 3%
India	1.0	1.2	Up 14%
Brazil	0.6	0.7	Up 11%
Global	22.6	23.5	Up 4%
Key Currencies			
Euro	\$1.10 / €	\$1.20 / €	Up 9%
Chinese RMB	6.87 / \$	6.37 / \$	Up 8%

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 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, 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 net change in sold accounts receivable and 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

Impact of Restructuring and Special Items

(in millions, except per share amounts)

	Second Quarter 2018			Adjusted	Memo:
	Reported	Restructuring Costs	Other Special Items		Q2 2017 Adjusted
Pretax Income Before Equity Income, Interest and Other (Income) Expense	\$ 468.2	\$ 13.4	\$ (11.1)	\$ 470.5	\$ 438.9
Equity Income	(9.1)			(9.1)	(18.4)
Pretax Income Before Interest and Other (Income) Expense	\$ 477.3			\$ 479.6	\$ 457.3
Interest Expense	20.9		(0.1)	21.0	21.4
Other (Income) Expense, Net	3.7		(0.7)	4.4	7.3
Income Before Taxes	\$ 452.7			\$ 454.2	\$ 428.6
Income Taxes	97.7	(3.0)	0.3	100.4	108.6
Net Income	\$ 355.0			\$ 353.8	\$ 320.0
Noncontrolling Interests	23.6			23.6	15.1
Net Income Attributable to Lear	\$ 331.4			\$ 330.2	\$ 304.9
Diluted Earnings per Share	\$ 4.83			\$ 4.95	\$ 4.39

Non-GAAP Financial Information

Core Operating Earnings and Margins

(\$ in millions)	Second Quarter	
	2017	2018
Net sales	\$ 5,123.2	\$ 5,580.8
Net income attributable to Lear	\$ 311.9	\$ 331.4
Interest expense	21.4	20.9
Other (income) expense, net	5.8	3.7
Income taxes	73.3	97.7
Equity in net income of affiliates	(18.4)	(9.1)
Net income attributable to noncontrolling interests	15.1	23.6
Restructuring costs and other special items -		
Costs related to restructuring actions	23.7	13.4
Acquisition costs	1.1	-
Acquisition-related inventory fair value adjustment	2.6	-
Litigation	-	(16.8)
Other	2.4	5.7
Core operating earnings	\$ 438.9	\$ 470.5
Adjusted margins	8.6%	8.4%

Non-GAAP Financial Information

Adjusted Net Income and EPS

	Second Quarter	
	2017	2018
Net income available to Lear common stockholders	\$ 311.9	\$ 322.2
Redeemable noncontrolling interest	-	9.2
Net income attributable to Lear	311.9	331.4
Costs related to restructuring actions	23.4	13.4
Acquisition costs	1.1	-
Acquisition-related inventory fair value adjustment	2.6	-
Litigation	-	(17.4)
Other	1.2	5.5
Tax impact of special items and other net tax adjustments	(35.3)	(2.7)
Adjusted net income attributable to Lear	\$ 304.9	\$ 330.2
Weighted average number of diluted shares outstanding	69.4	66.7
Diluted net income per share available to Lear common stockholders	\$ 4.49	\$ 4.83
Adjusted earnings per share	\$ 4.39	\$ 4.95

Non-GAAP Financial Information

Adjusted Earnings and Margins

	Second Quarter			
	2017		2018	
	E-Systems	Seating	E-Systems	Seating
Net sales	\$ 1,098.1	\$ 4,025.1	\$ 1,306.1	\$ 4,274.7
Segment earnings	\$ 156.3	\$ 322.7	\$ 175.1	\$ 348.3
Costs related to restructuring actions	6.1	13.0	4.5	8.4
Acquisition costs	-	0.2	-	-
Acquisition-related inventory fair value adjustments	-	2.6	-	-
Litigation	-	-	(1.1)	(3.6)
Other	1.2	-	3.9	0.1
Adjusted earnings	\$ 163.6	\$ 338.5	\$ 182.4	\$ 353.2
Adjusted margins	14.9%	8.4%	14.0%	8.3%

Non-GAAP Financial Information

Free Cash Flow

Free Cash Flow

(\$ in millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net cash provided by operating activities	\$ 729.8	\$ 820.1	\$ 927.8	\$ 1,271.1	\$ 1,619.3	\$ 1,783.1
Net change in sold accounts receivable	-	-	-	-	-	-
Settlement of accounts payable in conjunction with acquisition of Eagle Ottawa	-	-	-	45.7	-	-
Adjusted capital expenditures ¹	(439.1)	(453.5)	(424.7)	(485.8)	(528.3)	(594.5)
Free cash flow	\$ 290.7	\$ 366.6	\$ 503.1	\$ 831.0	\$ 1,091.0	\$ 1,188.6

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