



# First Quarter 2022 Financial Results

May 3, 2022

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Ray Scott, President and CEO  
Jason Cardew, Senior Vice President and CFO

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**Making every drive better™**

# 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, 2021, and its other Securities and Exchange Commission filings. Future operating results will be based on various factors, including the impact of the ongoing COVID-19 pandemic on the Company’s business and the global economy, supply chain disruptions, actual industry production volumes, commodity prices, the impact of strategic transactions and restructuring actions, 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 Company enters into contracts with its customers to provide production parts generally at the beginning of a vehicle’s life cycle. Typically, these contracts do not provide for a specified quantity of production, and many of these contracts may be terminated by the Company’s customers at any time. Therefore, these contracts do not represent firm orders. Further, 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.

# Agenda

01

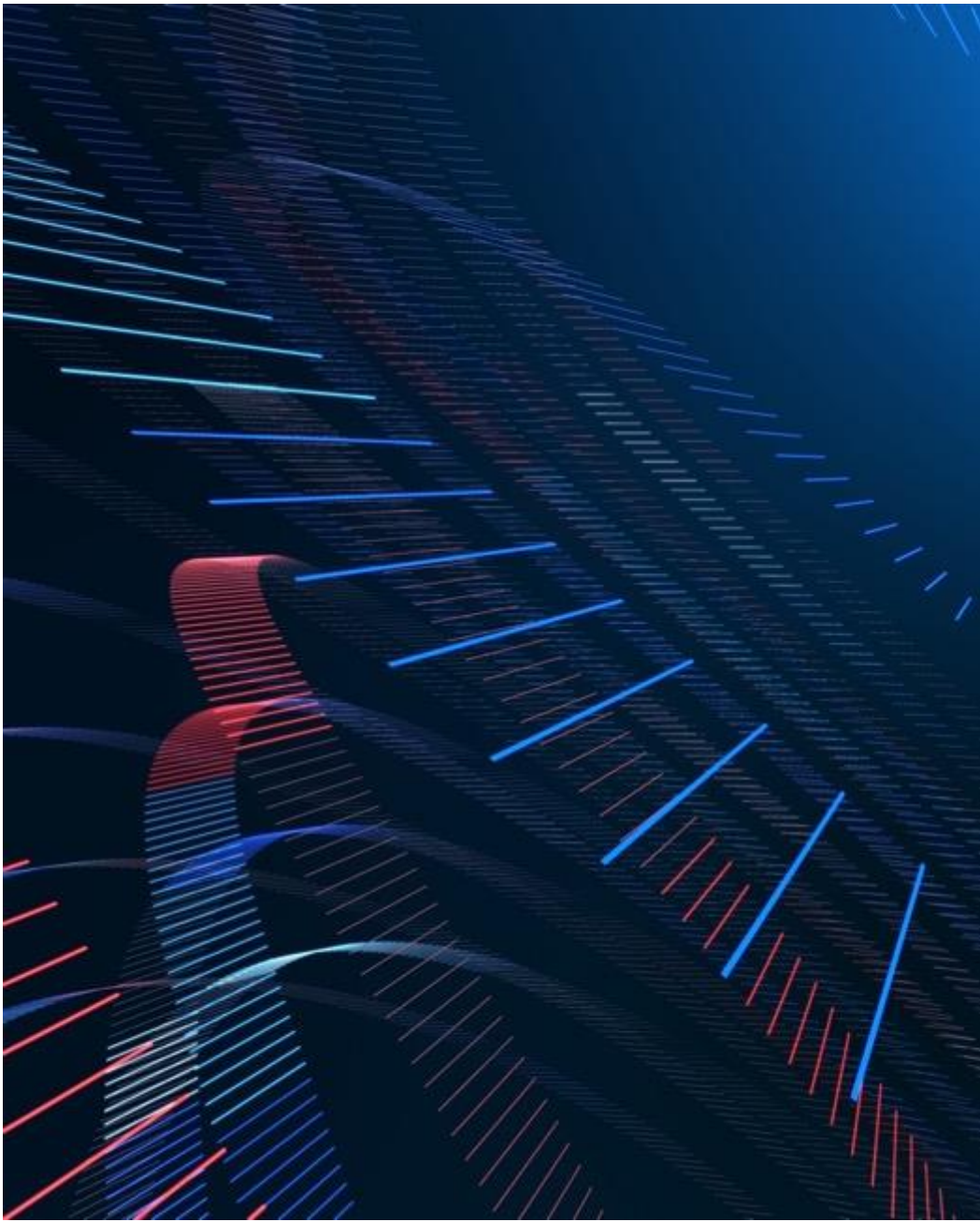
**BUSINESS UPDATE**  
Ray Scott, President and CEO

02

**FINANCIAL REVIEW**  
Jason Cardew, Senior Vice President and CFO

03

**CONCLUDING REMARKS**  
Ray Scott, President and CEO



# Business Update

Ray Scott,  
President and CEO

# Financial Overview

First Quarter 2022

**\$5.2B**

SALES

Q1 2021 \$5.4B

**\$184M**

CORE OPERATING  
EARNINGS

Q1 2021 \$336M

**\$1.80**

ADJUSTED  
EARNINGS PER SHARE

Q1 2021 \$3.73

**\$221M**

OPERATING CASH  
FLOW

Q1 2021 \$248M

**\$90M**

FREE CASH FLOW

Q1 2021 \$135M

# Q1 2022 Business Highlights

- ✔ Sales outperformed global industry production by 4 percentage points with above market growth in both Seating and E-Systems
- ✔ Total business wins of more than \$1.2 billion in both business segments including another significant conquest award in Seating and a major new electrification award in connection systems
- ✔ Completed Kongsberg Interior Comfort acquisition which will expand product offerings in the growing thermal comfort solutions market
- ✔ Recognized as a GM Supplier of the Year for the 5<sup>th</sup> consecutive year and for the 21<sup>st</sup> time overall
- ✔ Named to FORTUNE magazine's "World's Most Admired Companies" list for the 6<sup>th</sup> consecutive year

# Lear Actions to Mitigate Impact from Macro Headwinds

## VOLUME HEADWINDS

Ukraine war reduced Q1 European production by  $\approx 180,000$  units (*see Appendix for Lear direct exposure*)

Semiconductor disruptions reduced Q1 global production by  $\approx 1.2$  million units

COVID closures reduced Q1 Asian production by  $\approx 330,000$  units

Anticipate challenging volume environment to continue

## OTHER HEADWINDS

Key commodity costs remain elevated

Rising freight, labor and utility costs

Strengthening U.S. dollar

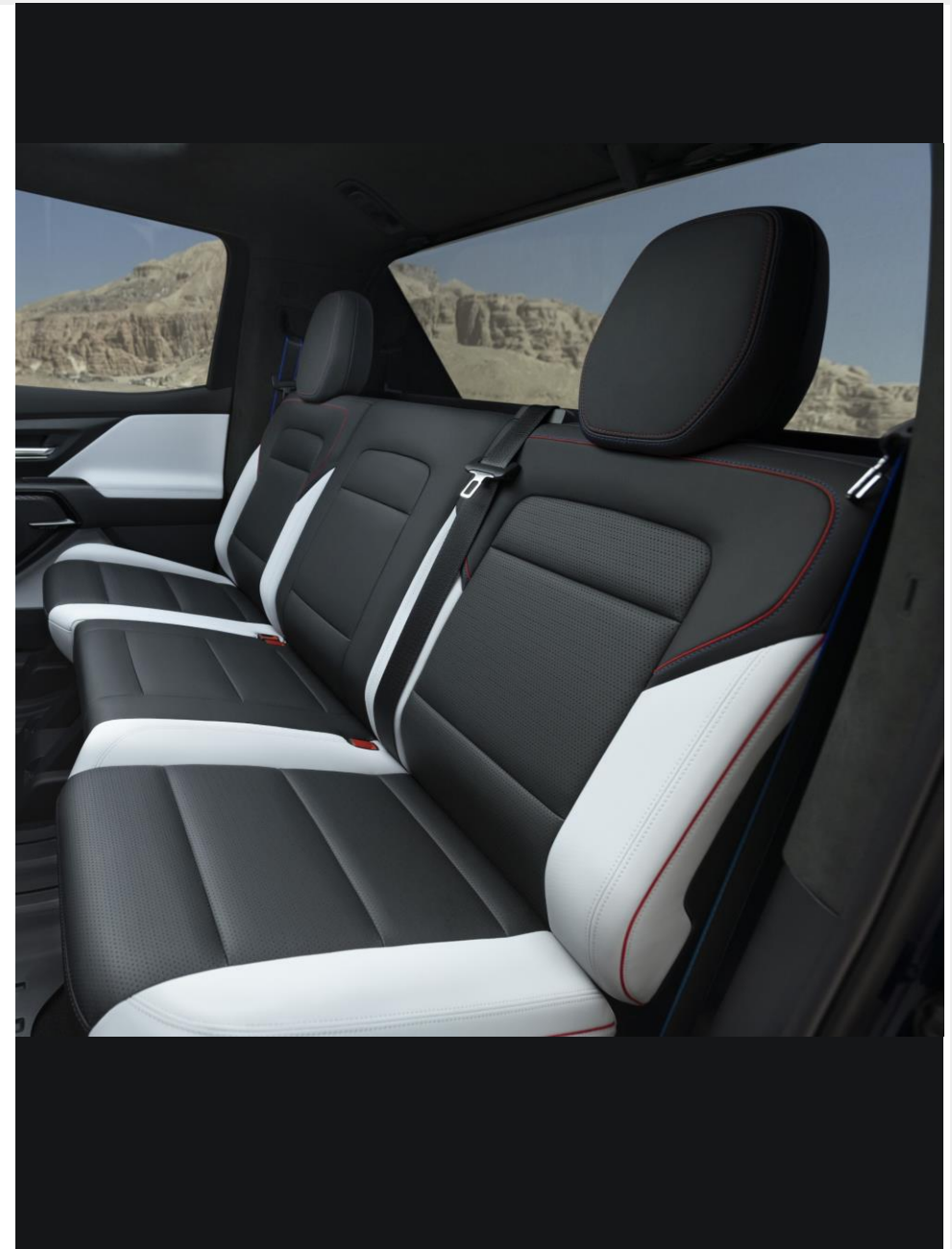
## LEAR ACTIONS

- ✓ Aggressive cash management focused on improving inventory levels and working capital
- ✓ Working collaboratively with customers to offset inflationary pressures through a combination of price increases and product efficiencies (e.g., cost technology optimization and VAVE)
- ✓ Executing restructuring initiatives and identifying administrative synergies across businesses
- ✓ Consolidating certain wire and JIT seating facilities to streamline footprint and flex labor
- ✓ Reduced total headcount by  $\approx 7,700$  since early 2021
- ✓ Exiting low-return product lines

Source: S&P Global Mobility (formerly IHS Markit) as of April 22, 2022

# Seating Update

- Strong momentum driving recent business wins
  - Significant new conquest award in North America
  - Multiple China EV program awards
- Key launches on track
  - Mercedes-Benz EQE in Europe & China; EQS SUV in U.S.
  - Range Rover Sport in U.K.
  - BMW X5 in China and 7-Series in Europe
- Named as an Automotive News Pace Pilot finalist for Distributed Occupant Safety System
- Recognized as a GM Supplier of the Year for the 5<sup>th</sup> consecutive year and for the 21<sup>st</sup> time overall
- Lear's vertical integration capabilities offer a unique value proposition for our customers





# Kongsberg Business Update

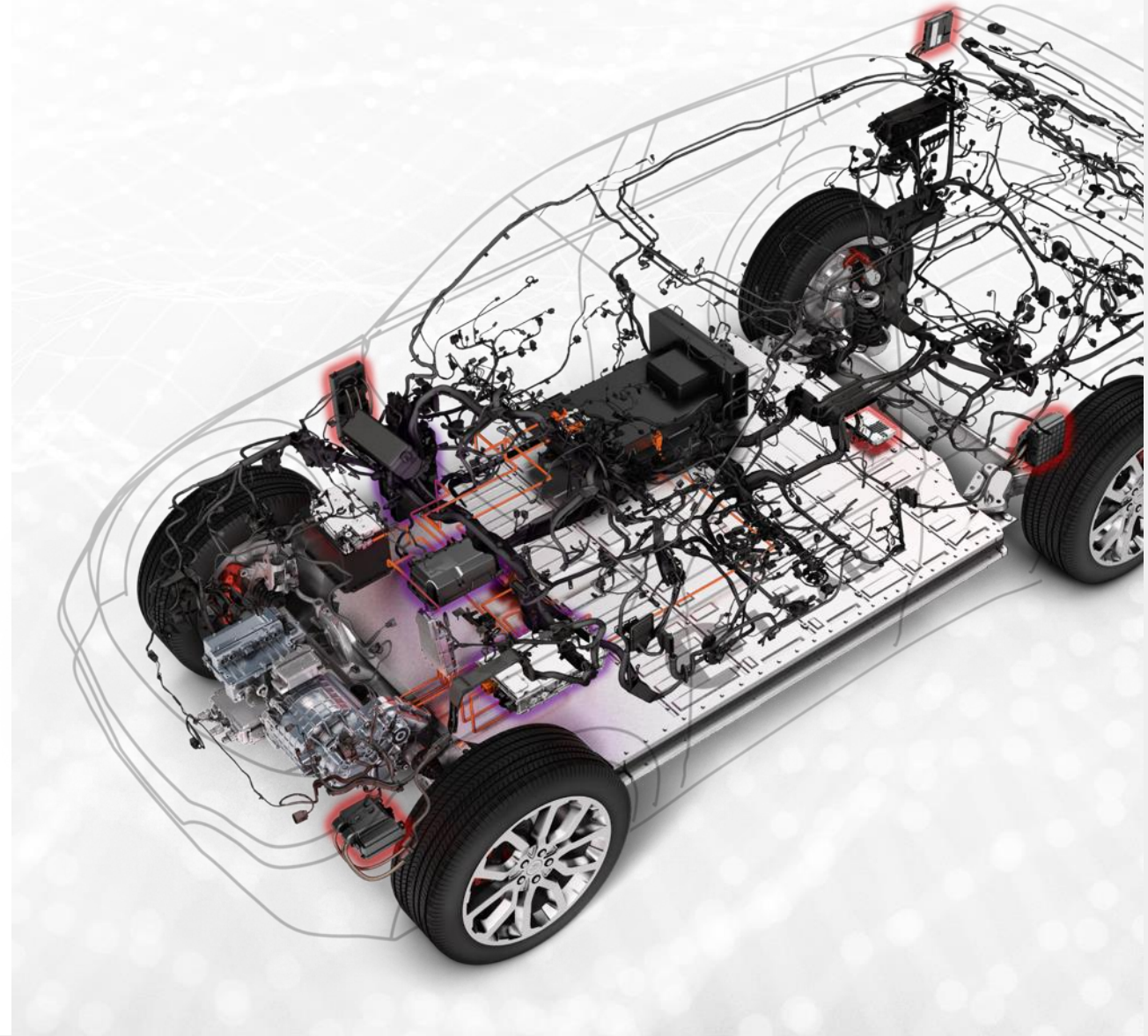
- Acquisition completed on February 28th
- Integration on track to protect and expand JIT market share and drive profitable growth
  - New thermal comfort awards with global EV OEM in U.S. and China
  - Tracking above 2022 commercial sales estimate of \$200 million
- Combining massage, lumbar, heat and ventilation components with cushioning and trim covers to create a modular thermal comfort solution
- Growing customer acceptance of modular solutions reflects improvements in complexity, quality and performance
  - Reduces part complexity by up to 50%



Concept not currently  
in production

# E-Systems Update

- Scaling volume of battery disconnect unit for GM
- M&N acquisition integration ahead of plan
- Lear/Hu Lane JV accelerating connection systems strategy
  - Multiple vertical integration sourcing awards
  - High-speed data wire harness subassembly award with Geely in China
- Key launches on track
  - High-voltage and low-voltage wire with global EV OEM in U.S. and Europe
  - Low-voltage wire for the Range Rover Sport
  - Onboard charger for the Mazda MX-30
- Industry trends support future content growth
  - Electrification, safety and autonomous
  - High-speed data requirements



# E-Systems – Electrification Key Products and Launches

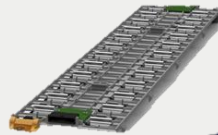
## HIGH VOLTAGE WIRING



Typical CPV \$200 - \$400

## HIGH VOLTAGE CONNECTION SYSTEMS

Battery Module Connector



Battery Plug Board



## POWER ELECTRONICS

Integrated Power Module

Onboard Charger | DC/DC Converter | HV Power Distribution



Typical CPV \$600 - \$800+

Battery Disconnect Unit



Typical CPV \$600 - \$800+

## KEY 2022 LAUNCHES

GMC Hummer Pickup



Battery Disconnect Unit

Global EV OEM



High and Low Voltage Wiring

Volvo XC90

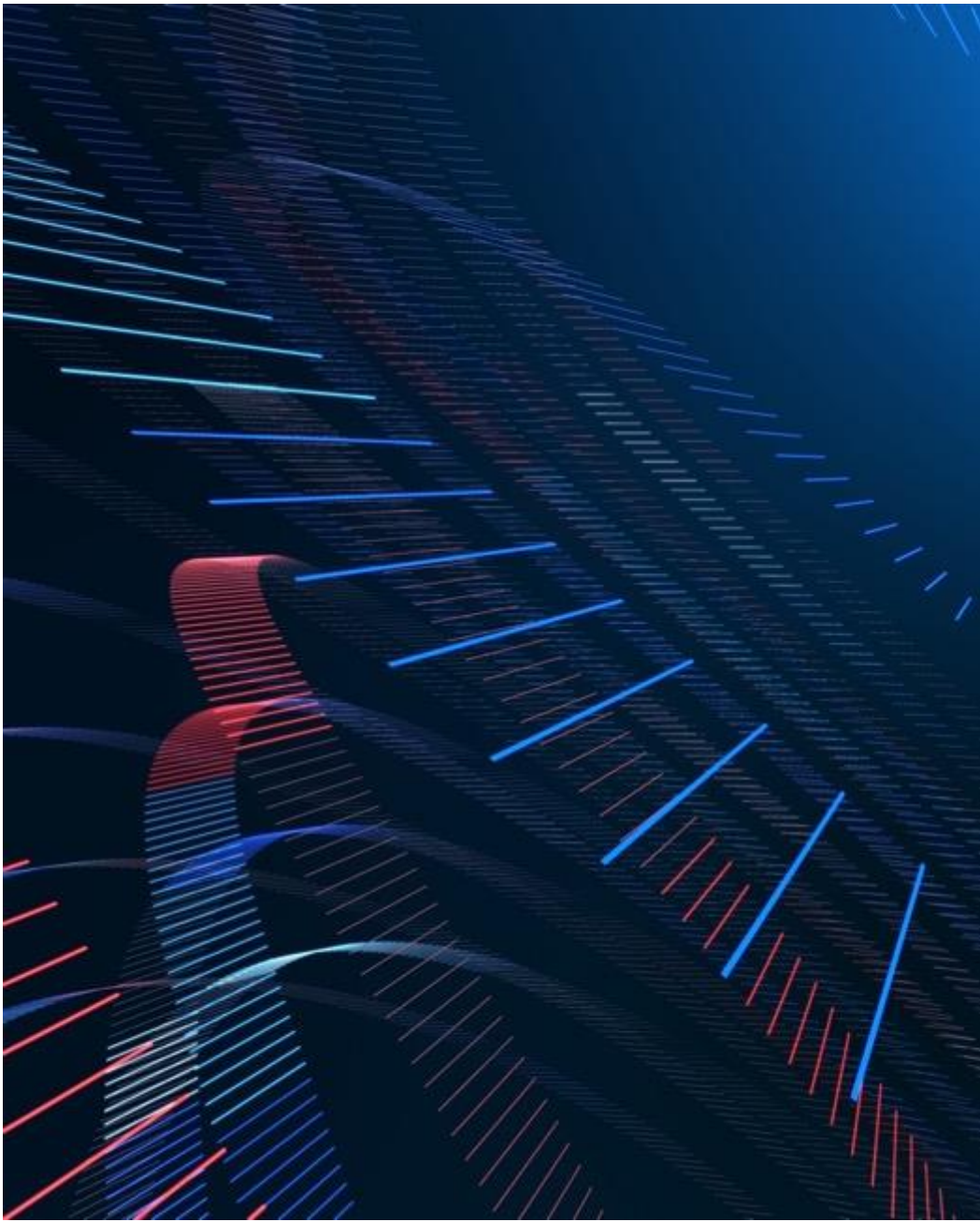


DC/DC Converter & BMS

Mazda MX-30



Onboard Charger



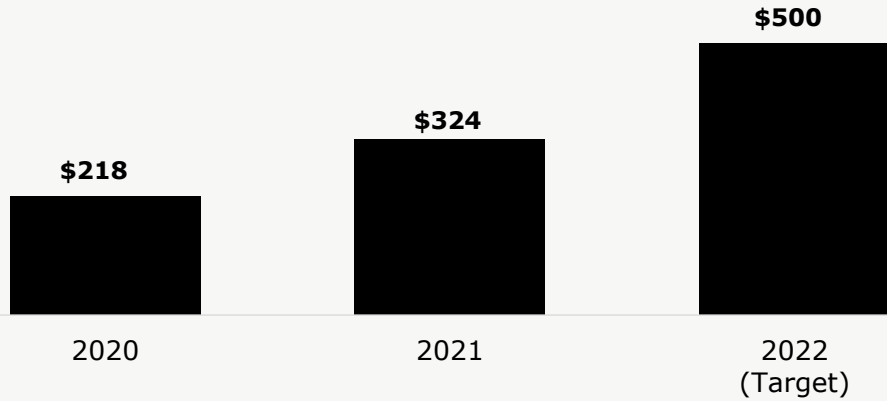
# Financial Review

Jason Cardew,  
Senior Vice President and CFO

# E-Systems – Electrification Update

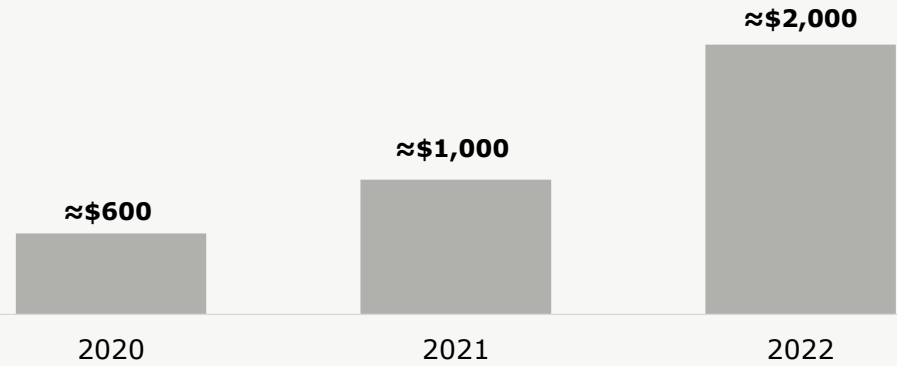
## NEW BUSINESS AWARDS

(\$ in millions)



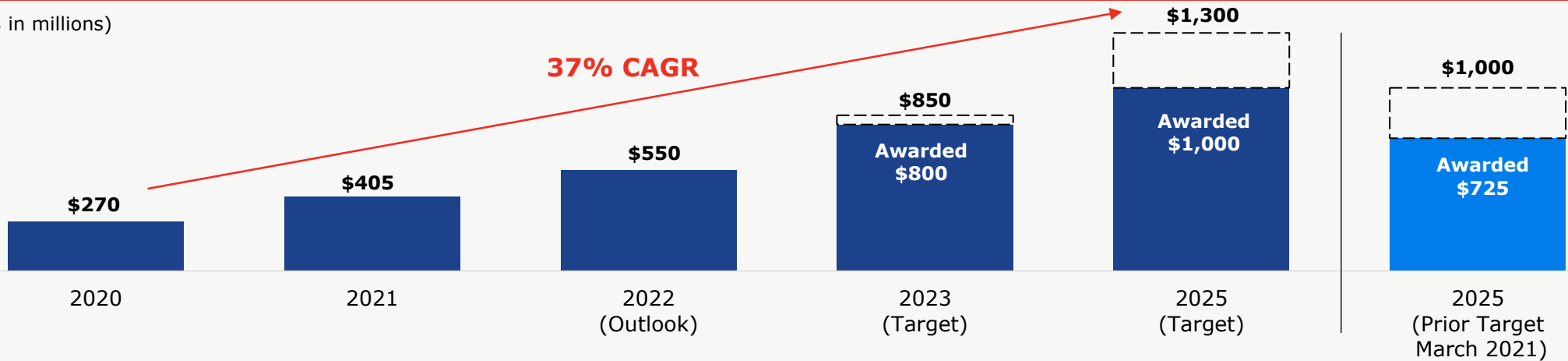
## QUOTE PIPELINE

(\$ in millions)



## REVENUE OUTLOOK

(\$ in millions)



# First Quarter 2022

## Global Vehicle Production and Currency

### INDUSTRY PRODUCTION

(units in millions)

GLOBAL		NORTH AMERICA		EUROPE AND AFRICA		CHINA	
Q1 2021	<b>20.1</b>	Q1 2021	<b>3.6</b>	Q1 2021	<b>4.9</b>	Q1 2021	<b>5.4</b>
Q1 2022	<b>19.3</b>	Q1 2022	<b>3.6</b>	Q1 2022	<b>4.0</b>	Q1 2022	<b>5.8</b>
DOWN 4% YOY		DOWN 2% YOY		DOWN 18% YOY		UP 8% YOY	

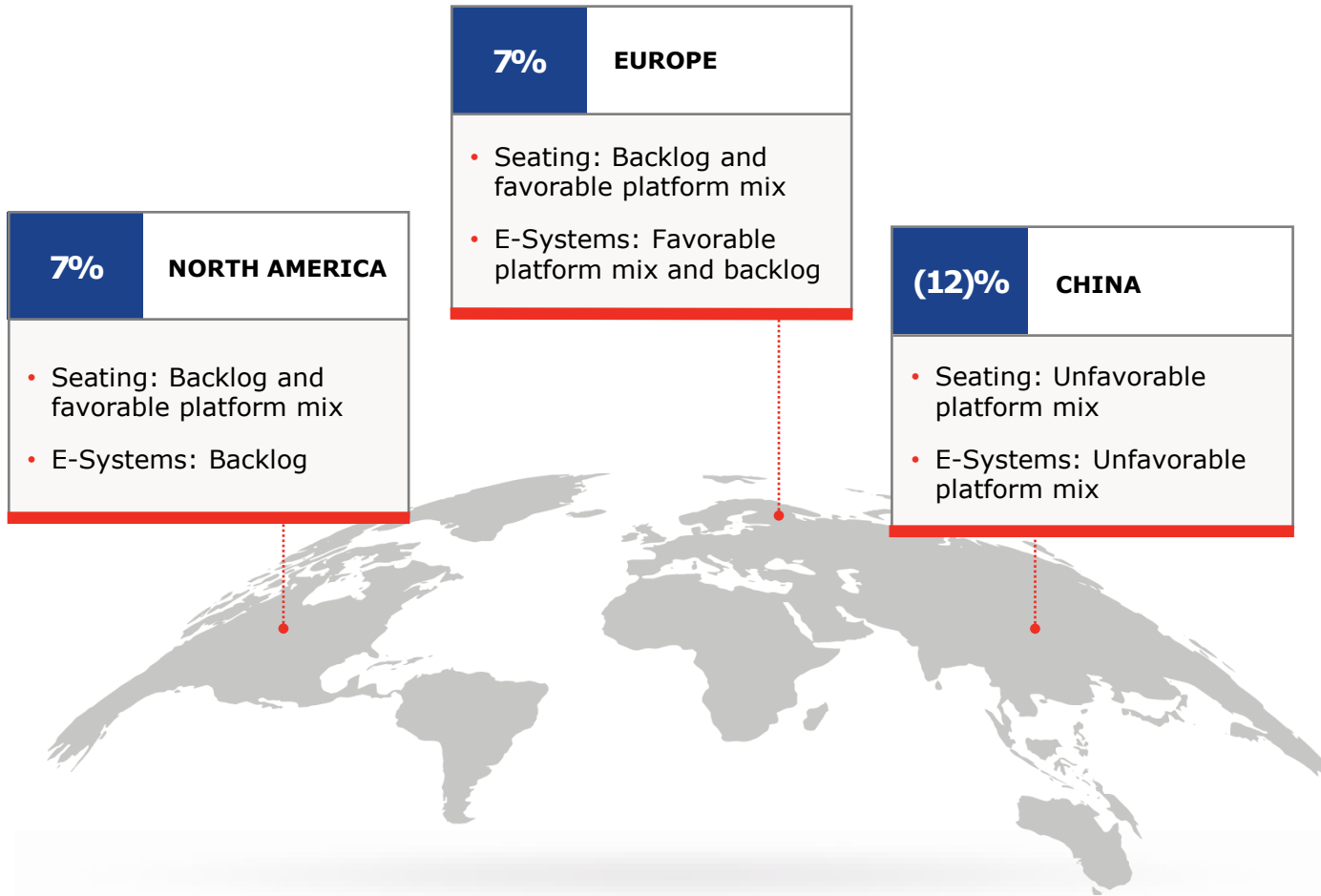
### KEY CURRENCIES

	<b>2021</b>	<b>2022</b>	
<b>EURO</b>	\$1.21 / €	\$1.12 / €	<b>DOWN 7%</b>
<b>CHINESE RMB</b>	6.48 / \$	6.35 / \$	<b>UP 2%</b>

Source: S&P Global Mobility (formerly IHS Markit) as of April 19, 2022

# Growth Over Market

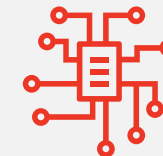
## First Quarter 2022



**4% Q1 2022  
Global GoM**



**5% Q1 2022  
Seating GoM**



**1% Q1 2022  
E-Systems GoM**

# Key Financials

## First Quarter 2022

(\$ in millions, except per share amounts)

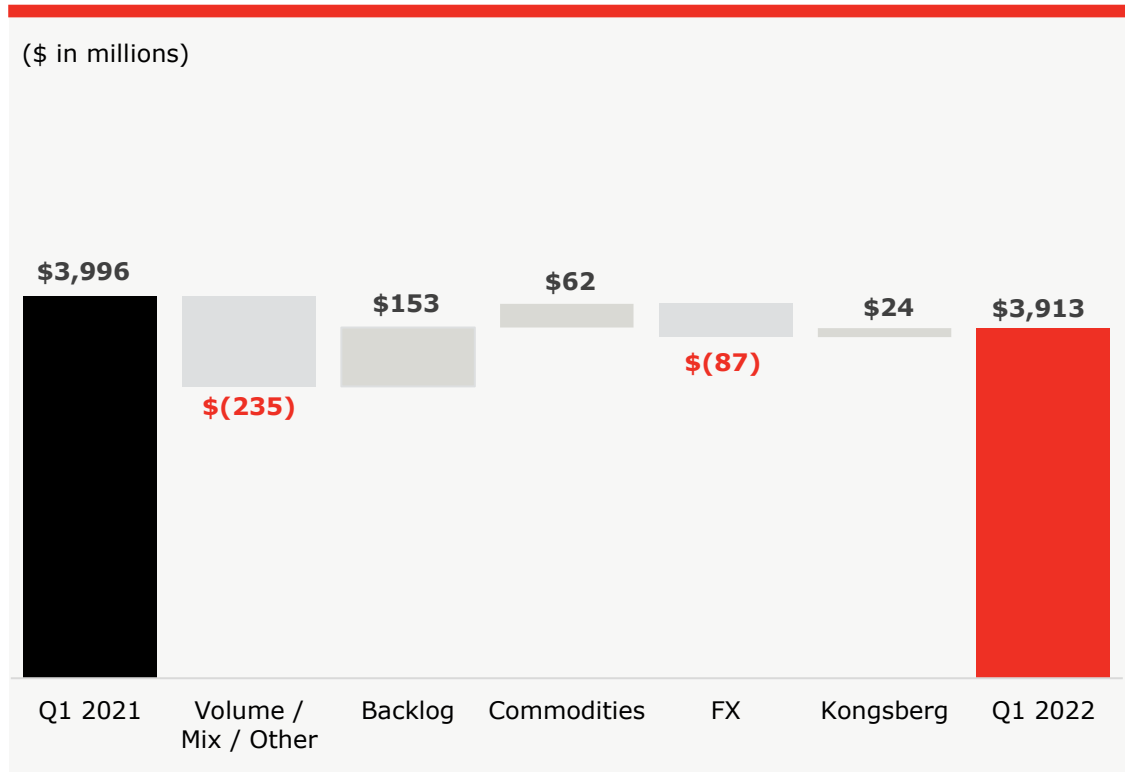
	2021	2022	YEAR-OVER-YEAR DRIVERS
<b>Net Sales</b>	\$5,354	\$5,208	Lower volume and foreign exchange, partially offset by backlog and commodity passthrough
<b>Core Operating Earnings</b> Operating Margin %	\$336 6.3%	\$184 3.5%	Lower volume and higher commodity costs, partially offset by operating performance and backlog
<b>Adjusted Earnings Per Share</b>	\$3.73	\$1.80	Lower core earnings
<b>Operating Cash Flow</b>	\$248	\$221	Lower earnings, partially offset by decreased working capital
<b>Free Cash Flow</b>	\$135	\$90	Lower operating cash flow and increased capital expenditures



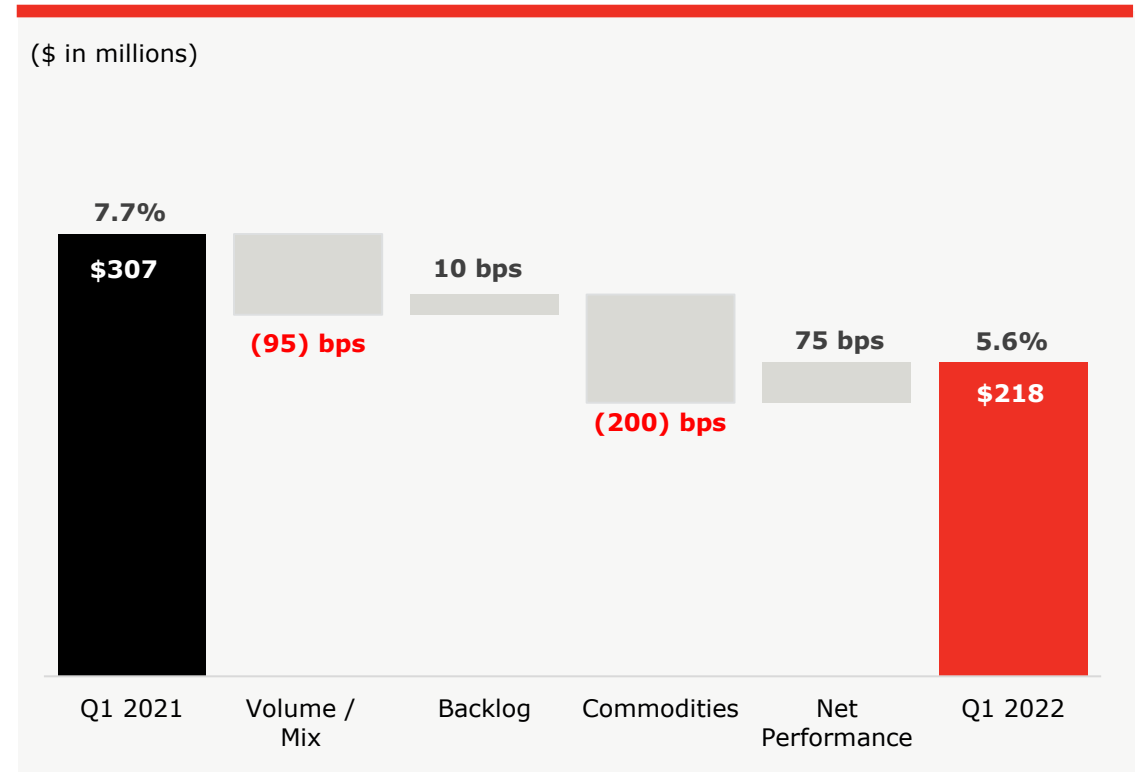
# Seating Sales and Margin Drivers

## First Quarter 2022

### SALES



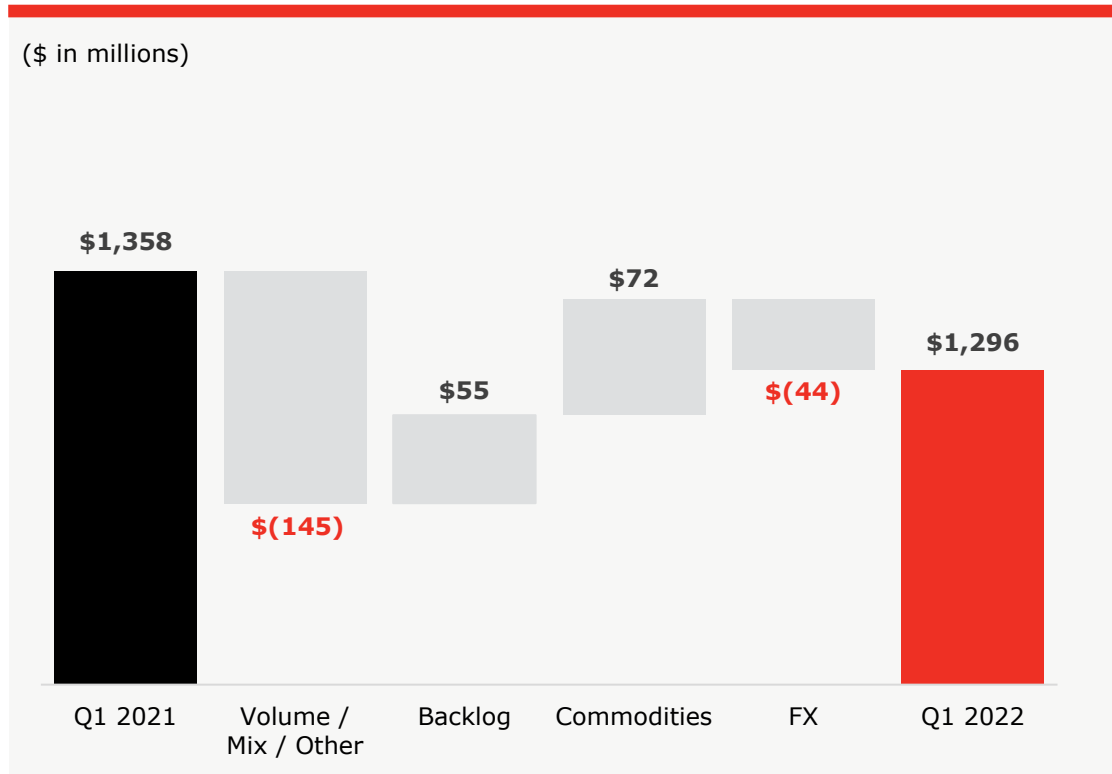
### ADJUSTED EARNINGS AND MARGIN



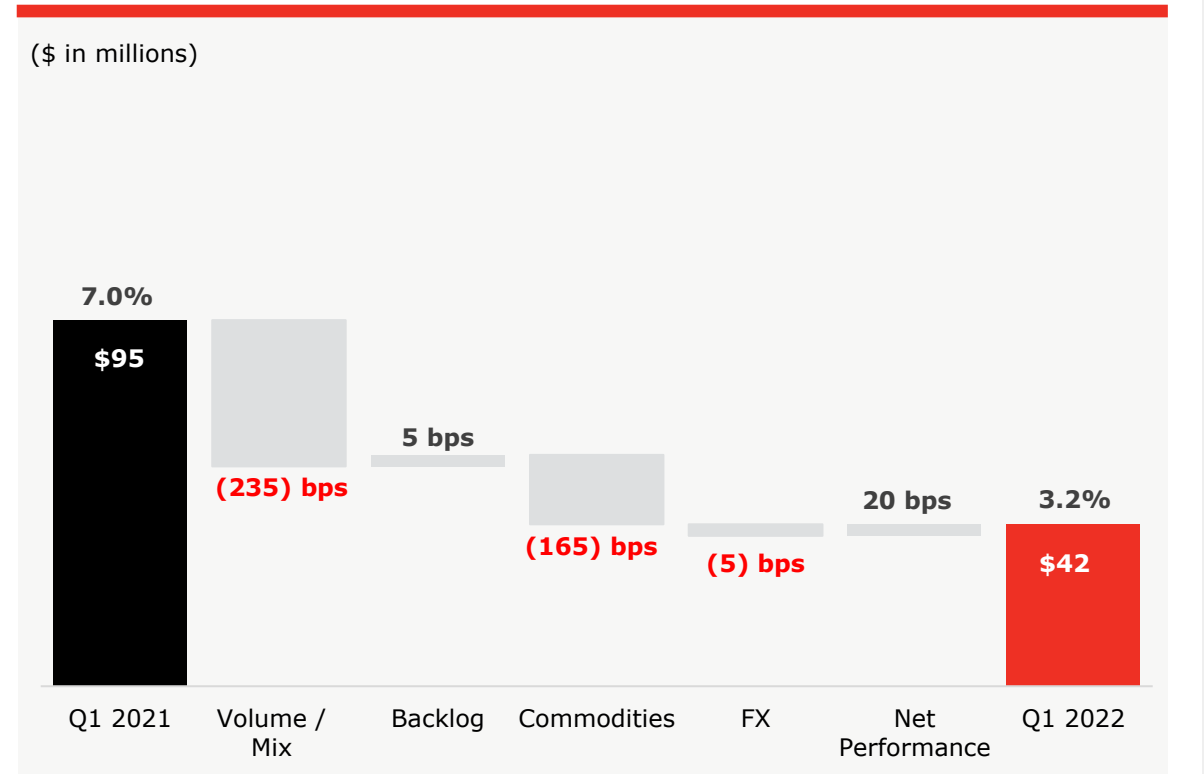
# E-Systems Sales and Margin Drivers

First Quarter 2022

## SALES



## ADJUSTED EARNINGS AND MARGIN



# 2022 Outlook – Global Vehicle Production and Currency

## INDUSTRY PRODUCTION

(units in millions)

GLOBAL		NORTH AMERICA		EUROPE AND AFRICA		CHINA	
FY 2021	<b>75.3</b>	FY 2021	<b>13.0</b>	FY 2021	<b>16.3</b>	FY 2021	<b>23.0</b>
FY 2022	<b>77.5</b>	FY 2022	<b>14.7</b>	FY 2022	<b>16.7</b>	FY 2022	<b>22.2</b>
<i>High End</i>	<i>78.9</i>						
vs Prior Year <b>UP 3%</b> <i>High End Up 5%</i>		vs Prior Year <b>UP 13%</b>		vs Prior Year <b>UP 3%</b>		vs Prior Year <b>DOWN 4%</b>	
<i>February Outlook Up 6%</i>		<i>February Outlook Up 13%</i>		<i>February Outlook Up 12%</i>		<i>February Outlook Flat</i>	

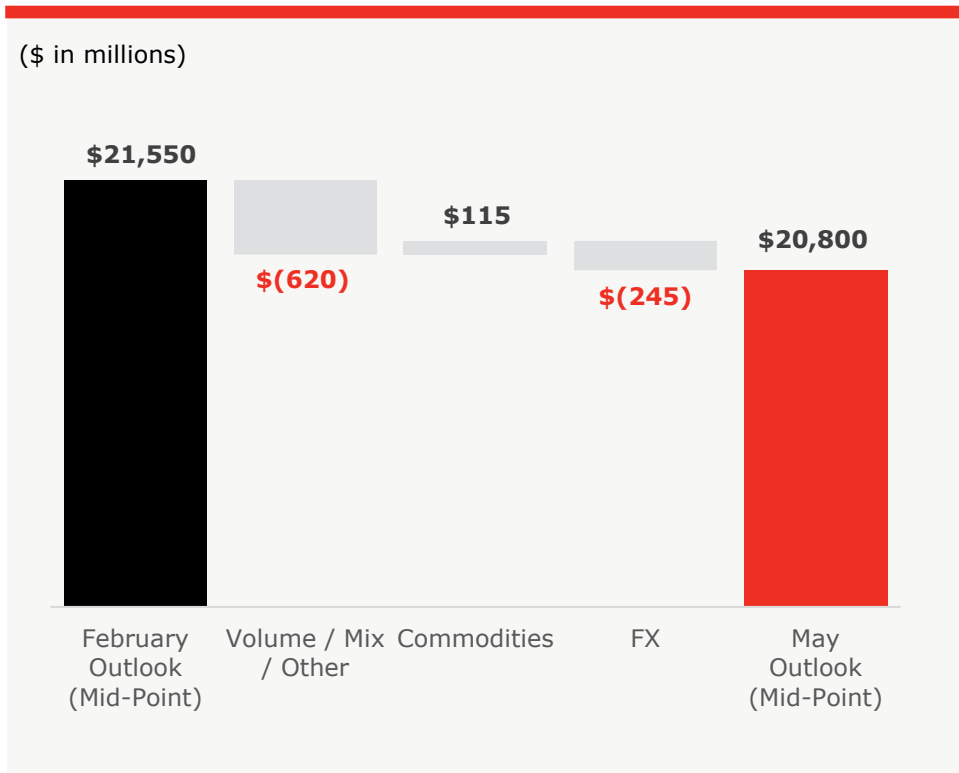
## KEY CURRENCIES

	2021	2022	
<b>EURO</b>	\$1.18 / €	\$1.09 / €	DOWN 8%
<b>CHINESE RMB</b>	6.45 / \$	6.45 / \$	FLAT

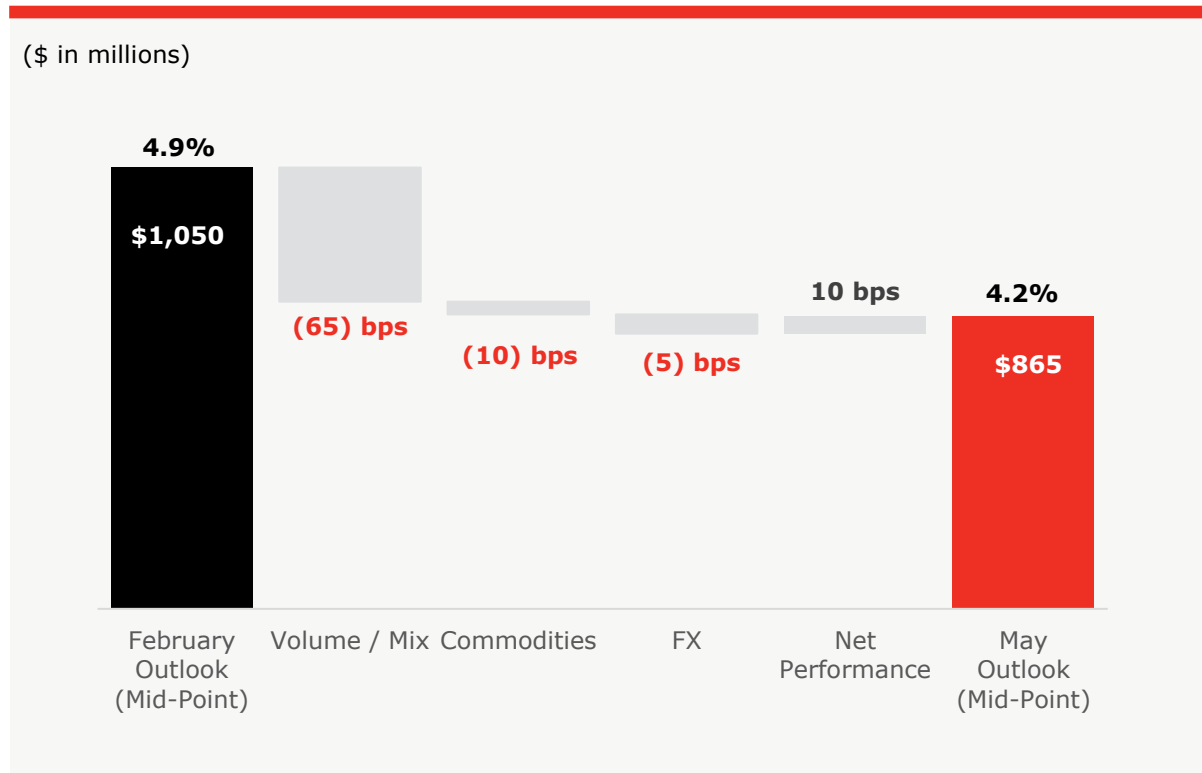
Source: S&P Global Mobility (formerly IHS Markit) as of April 19, 2022, and company estimates for outlook

# February Outlook to May Outlook – at Mid-Point

## SALES



## ADJUSTED EARNINGS AND MARGIN



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.

# 2022 Full Year Outlook

Net Sales

**\$20,400 - \$21,200 million**

*February Outlook \$20,800 - \$22,300 million*

Core Operating Earnings

**\$765 - \$965 million**

*February Outlook \$900 - \$1,200 million*

Adjusted EBITDA

**\$1,365 - \$1,565 million**

*February Outlook \$1,500 - \$1,800 million*

Interest Expense

**≈\$105 million**

Effective Tax Rate

**≈21%**

Adjusted Net Income

**\$425 - \$585 million**

*February Outlook \$525 - \$755 million*

Restructuring Costs

**≈\$150 million**

*February Outlook ≈\$125 million*

Operating Cash Flow

**\$875 - \$1,125 million**

*February Outlook \$950 - \$1,300 million*

Capital Spending

**\$650 - \$700 million**

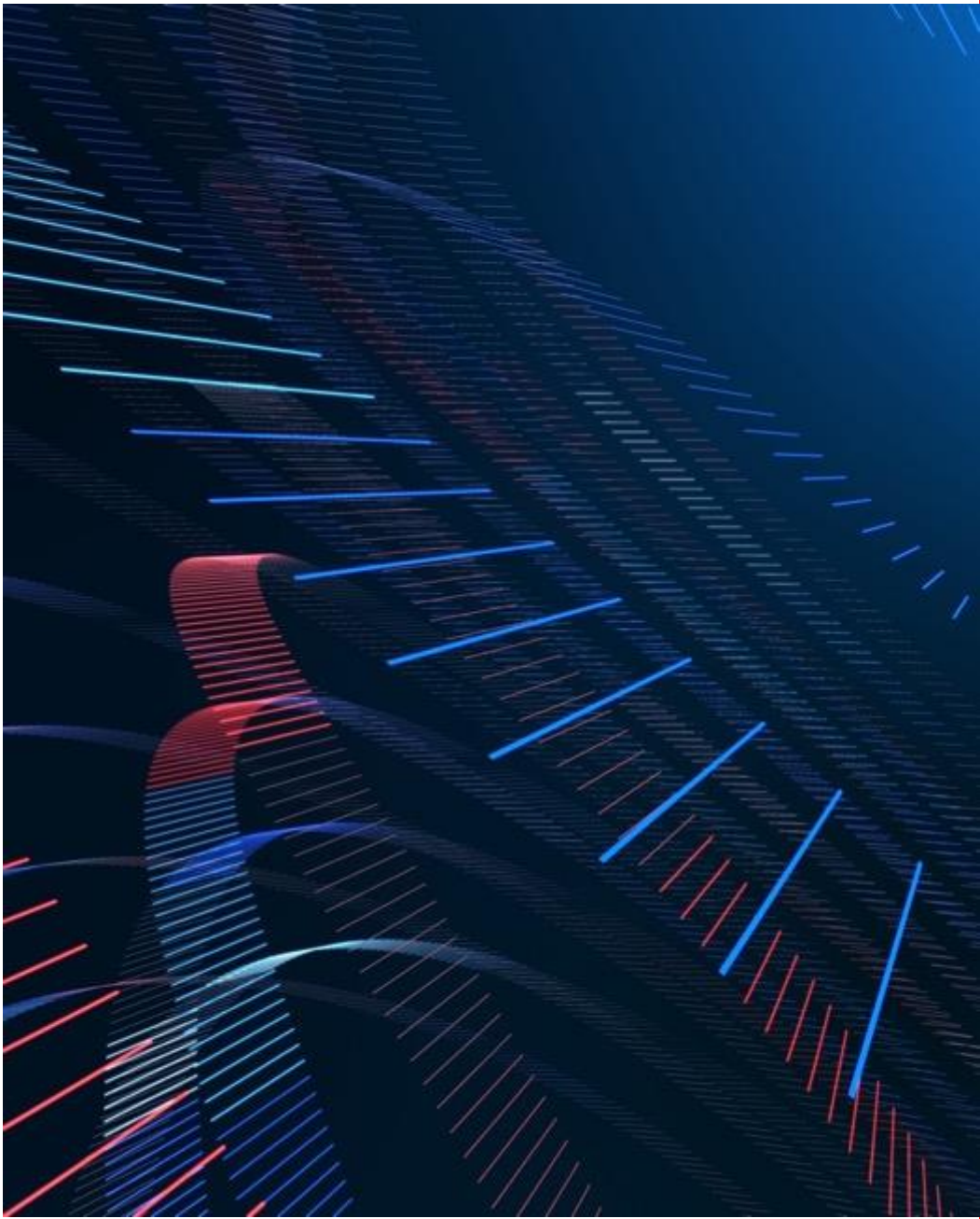
Free Cash Flow

**\$225 - \$425 million**

*February Outlook \$300 - \$600 million*

Note: 2022 Outlook assumes an average Euro of \$1.09 and an average Chinese RMB of 6.45/\$

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# Concluding Remarks

Ray Scott,  
President and CEO



Operational Excellence



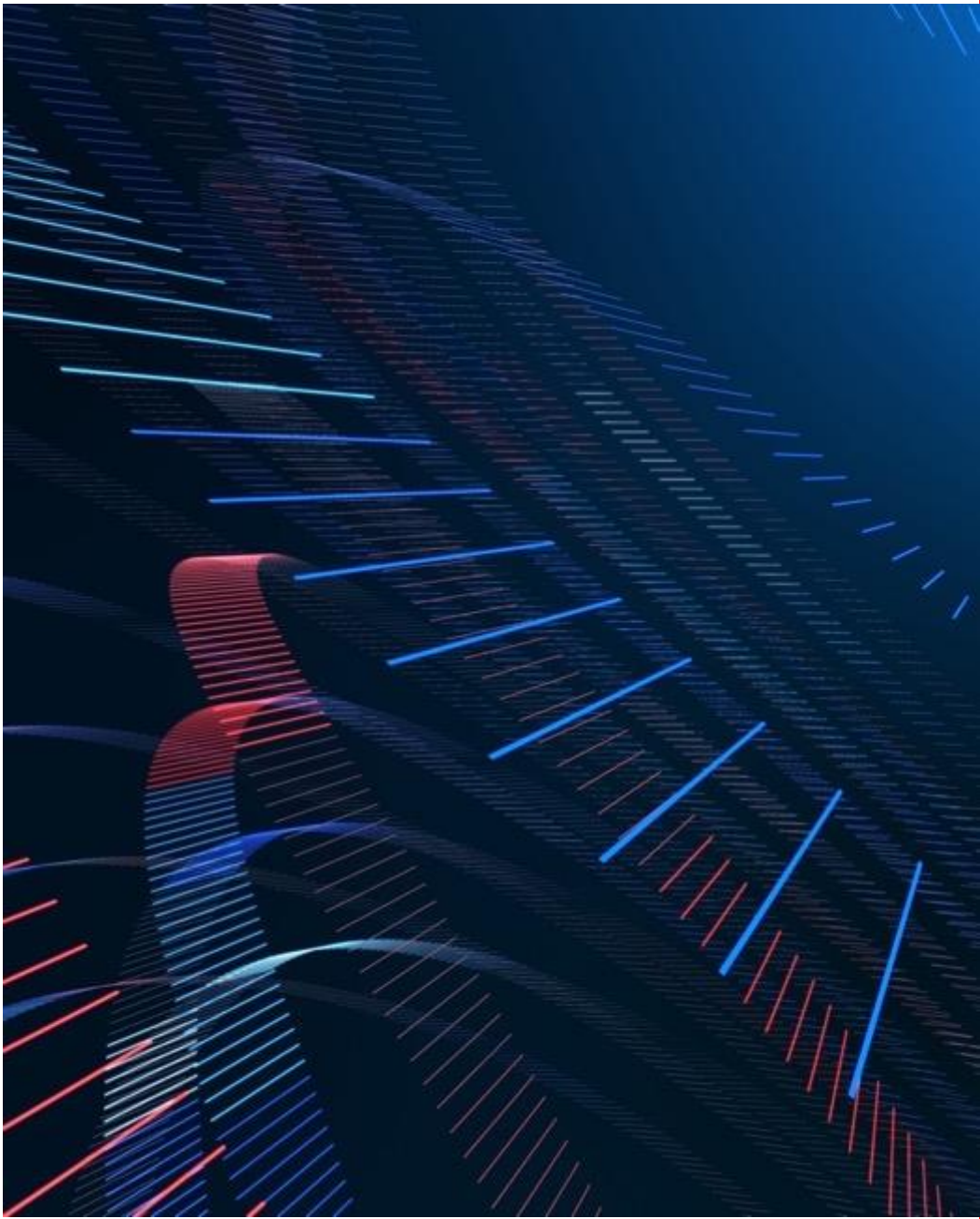
Execute key strategic initiatives



Aggressively manage cash flow



Profitable growth



# Appendix



# Ukraine / Russia Exposure

- No facilities in Ukraine
- Two JIT seating facilities in Russia
  - Kaluga
  - Nizhny Novgorod
  - ≈650 employees
- 2021 sales of \$139 million (less than 1% of Lear's consolidated net sales)
  - Largest customers – Volkswagen, Mitsubishi and PSA
- \$21 million in net assets
- \$25 million in cumulative translation losses



# Non-GAAP

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 segment 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 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 disposal of fixed assets and the non-service cost components of net periodic benefit cost. Adjusted net income 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 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 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

<b>Core Operating Earnings and Adjusted Margins</b> (\$ in millions)	<b>First Quarter</b>	
	<b>2021</b>	<b>2022</b>
<b>Net sales</b>	<b>\$ 5,354.4</b>	<b>\$ 5,208.4</b>
<b>Net income attributable to Lear</b>	<b>\$ 203.7</b>	<b>\$ 49.4</b>
Interest expense	22.3	24.9
Other expense, net	6.3	27.3
Income taxes	58.9	20.4
Equity in net income of affiliates	(5.9)	(10.7)
Net income attributable to noncontrolling interests	22.1	17.2
Restructuring costs and other special items -		
Costs related to restructuring actions	24.4	32.3
Acquisition costs	-	10.0
Typhoon in the Philippines	-	10.8
Other	4.4	2.1
<b>Core operating earnings</b>	<b>\$ 336.2</b>	<b>\$ 183.7</b>
<b>Adjusted margins</b>	<b>6.3%</b>	<b>3.5%</b>

# Non-GAAP

## Adjusted Net Income and Adjusted Earnings Per Share

(In millions, except per share amounts)

	First Quarter	
	2021	2022
<b>Net income attributable to Lear</b>	<b>\$ 203.7</b>	<b>\$ 49.4</b>
Restructuring costs and other special items -		
Costs related to restructuring actions	24.4	32.3
Acquisition costs	-	10.0
Typhoon in the Philippines	-	10.8
Foreign exchange losses due to foreign exchange rate volatility in Russia	-	11.4
Other	3.3	6.2
Tax impact of special items and other net tax adjustments <sup>1</sup>	(5.5)	(12.0)
<b>Adjusted net income</b>	<b>\$ 225.9</b>	<b>\$ 108.1</b>
Weighted average number of diluted shares outstanding	60.6	60.2
<b>Diluted net income per share attributable to Lear</b>	<b>\$ 3.36</b>	<b>\$ 0.82</b>
<b>Adjusted earnings per share</b>	<b>\$ 3.73</b>	<b>\$ 1.80</b>

<sup>1</sup> 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.

# Non-GAAP

## Adjusted Segment Earnings and Adjusted Margins

(\$ in millions)

	First Quarter			
	Seating		E-Systems	
	2021	2022	2021	2022
<b>Net sales</b>	<b>\$ 3,996.0</b>	<b>\$ 3,912.5</b>	<b>\$ 1,358.4</b>	<b>\$ 1,295.9</b>
<b>Segment earnings</b>	<b>\$ 292.0</b>	<b>\$ 200.1</b>	<b>\$ 89.3</b>	<b>\$ 15.9</b>
Restructuring costs and other special items -				
Costs related to restructuring actions	14.7	17.3	5.5	15.0
Acquisition costs	-	0.1	-	-
Typhoon in the Philippines	-	0.1	-	10.5
Other	0.4	0.1	0.5	0.5
<b>Adjusted segment earnings</b>	<b>\$ 307.1</b>	<b>\$ 217.7</b>	<b>\$ 95.3</b>	<b>\$ 41.9</b>
<b>Adjusted margins</b>	<b>7.7%</b>	<b>5.6%</b>	<b>7.0%</b>	<b>3.2%</b>

# Non-GAAP

<b>Free Cash Flow</b> (\$ in millions)	<b>First Quarter</b>	
	<b>2021</b>	<b>2022</b>
<b>Net cash provided by operating activities</b>	<b>\$ 247.5</b>	<b>\$ 220.7</b>
Capital expenditures	(112.9)	(130.3)
<b>Free cash flow</b>	<b>\$ 134.6</b>	<b>\$ 90.4</b>