

Fourth Quarter and Full Year 2018 Financial Results

January 25, 2019



Ray Scott, President and CEO

Jeff Vanneste, SVP and CFO

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.

Agenda

- **2018 Highlights**
Ray Scott, President and CEO
- **Financial Review**
Jeff Vanneste, SVP and CFO
- **Business Update and Concluding Remarks**
Ray Scott, President and CEO
- **Q&A**

2018 Highlights



Ray Scott, President and CEO

2018 Full Year Highlights



Record sales and core operating earnings



Market share gains driving record three-year backlog of approximately \$3.4 billion



Continued investment in product capabilities and cost structure improvement



Accelerating investment in technology and innovation



Continued strong free cash flow generation and conversion



Increased share repurchases and dividend growth

Financial Review



Jeff Vanneste, SVP and CFO

Key Financials

(\$ in millions, except per share amounts)

| | Fourth Quarter | | | Full Year | | |
|-----------------------------|----------------|----------|--------|-----------|-----------|---------|
| | 2017 | 2018 | B/(W) | 2017 | 2018 | B/(W) |
| Net Sales | \$ 5,364 | \$ 4,942 | (8)% | \$ 20,467 | \$ 21,149 | 3 % |
| Core Operating Earnings | \$ 441 | \$ 389 | (12)% | \$ 1,719 | \$ 1,749 | 2 % |
| <i>Operating Margin %</i> | 8.2% | 7.9% | | 8.4% | 8.3% | |
| Adjusted Net Income | \$ 300 | \$ 261 | (13)% | \$ 1,178 | \$ 1,205 | 2 % |
| Adjusted Earnings per Share | \$ 4.38 | \$ 4.05 | (8)% | \$ 17.00 | \$ 18.22 | 7 % |
| Memo: | | | | | | |
| Other Expense, Net* | \$ 10 | \$ 3 | \$ 7 | \$ 36 | \$ 22 | \$ 13 |
| Equity Income* | \$ (13) | \$ (4) | \$ (9) | \$ (59) | \$ (20) | \$ (38) |
| Free Cash Flow | \$ 435 | \$ 574 | \$ 139 | \$ 1,189 | \$ 1,103 | \$ (86) |

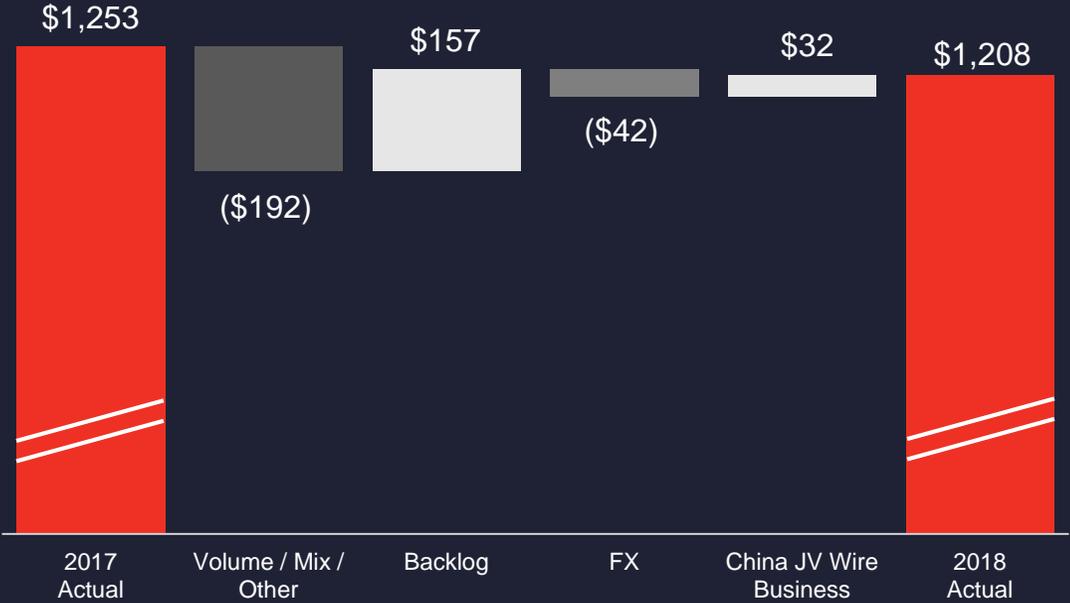
* Excludes impact of restructuring and other special items

Please see appendix for discussion of non-GAAP financial measures, as well as reconciliations of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

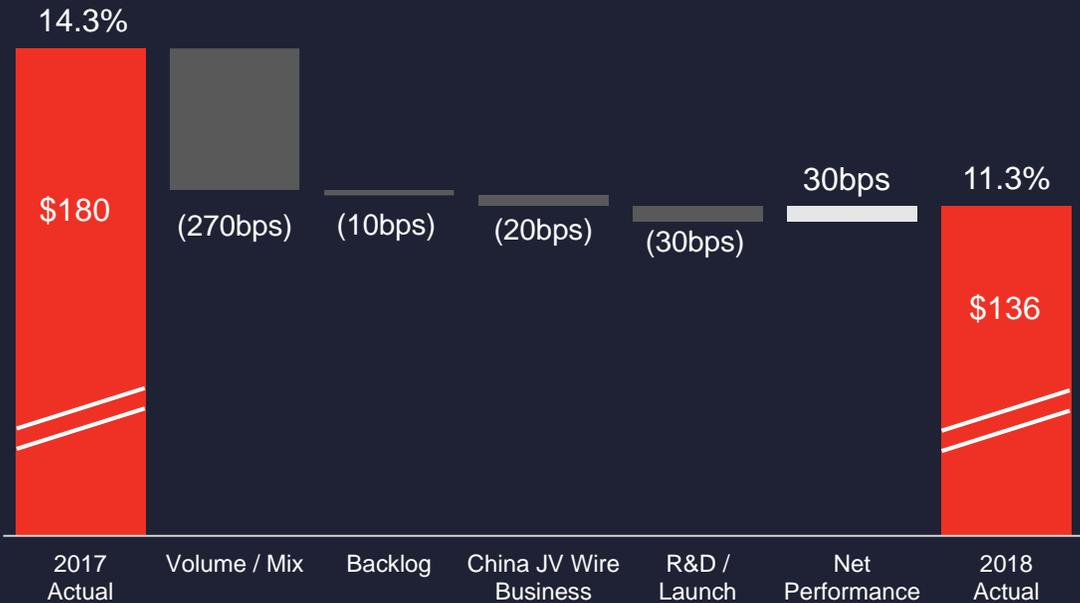
E-Systems Fourth Quarter Sales and Margin Drivers

(\$ in millions)

Sales



Adjusted Earnings and Margin

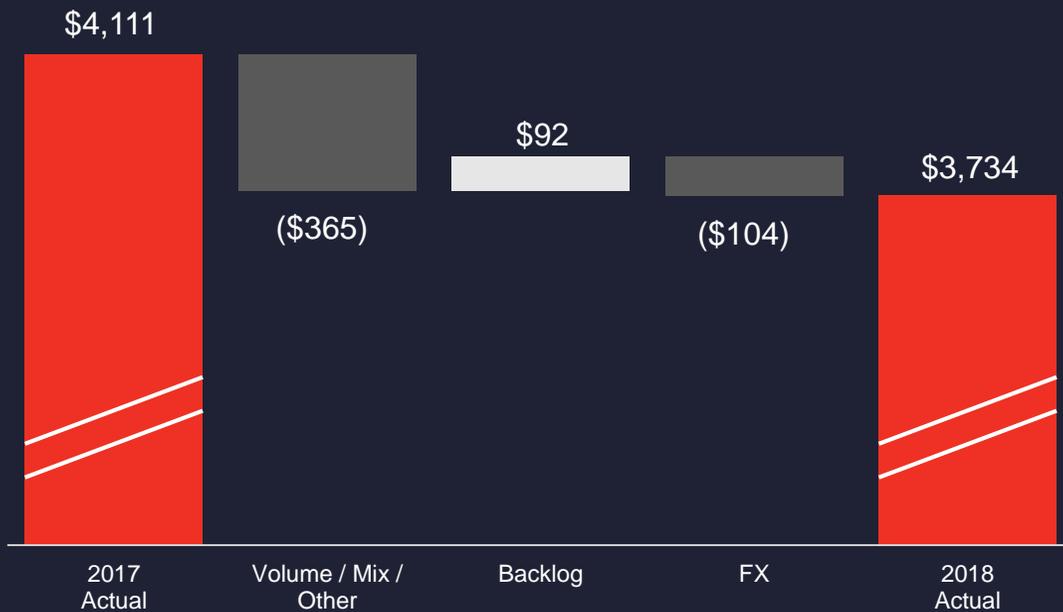


Please see appendix for discussion of non-GAAP financial measures, as well as reconciliations of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

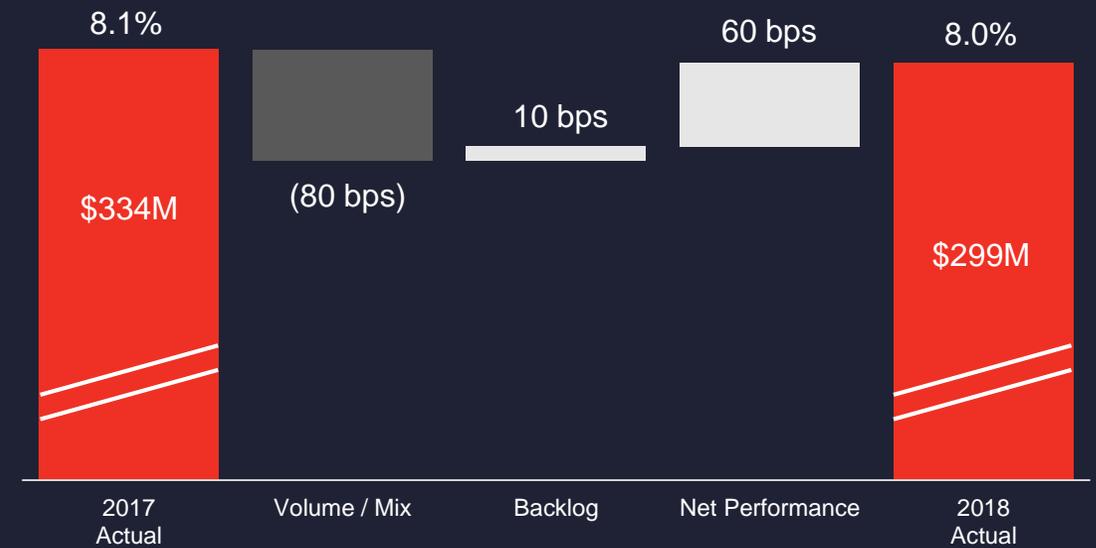
Seating Fourth Quarter Sales and Margin Drivers

(\$ in millions)

Sales

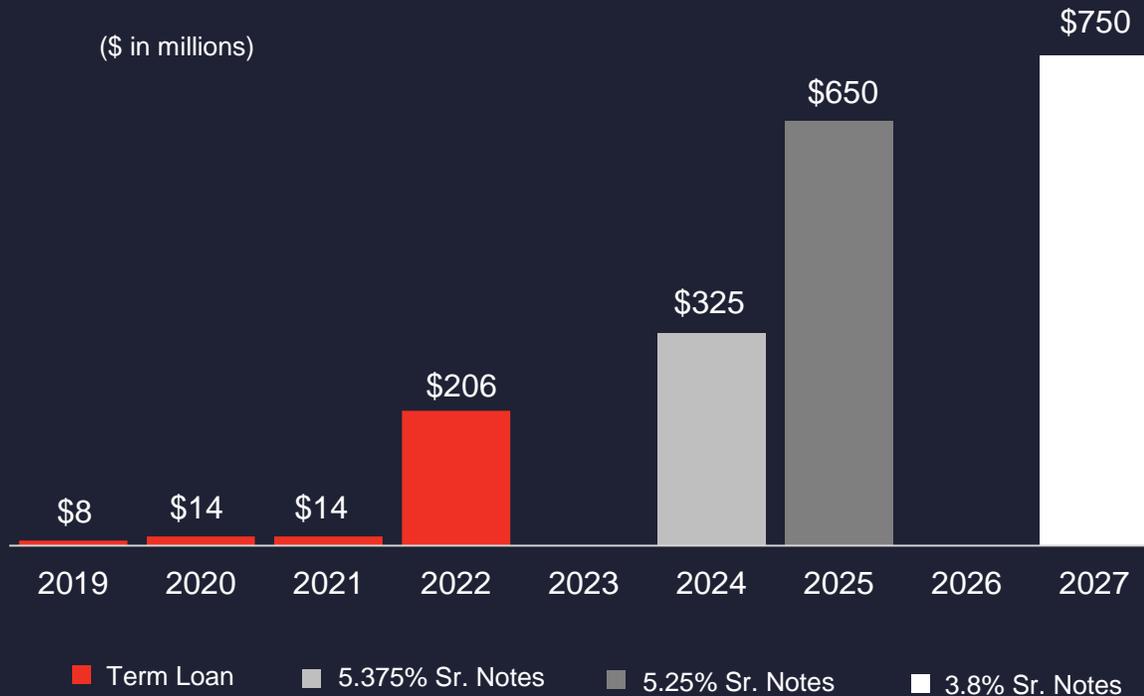


Adjusted Earnings and Margin



Strong and Flexible Financial Position

Debt Maturity Schedule



- Strong balance sheet
 - Gross debt of \$2.0 billion and net debt of \$0.5 billion
 - Gross leverage ratio of 0.9x* and net leverage ratio of 0.2x*
- \$1.75 billion undrawn revolver
- Flexible investment grade debt structure
- No bond maturities until 2024

2019 Outlook

| | | | | | |
|--------------------------------|---------------------------|----------------------------|---------------------------|----------------------------|-----------------------|
| Net Sales | \$20.9 - \$21.7 billion | Interest Expense | ≈\$85 million | Restructuring Costs | ≈\$140 million |
| Core Operating Earnings | \$1,600 - \$1,700 million | Effective Tax Rate | 22% - 23% | Capital Spending | ≈\$700 million |
| Adjusted EBITDA | \$2,120 - \$2,220 million | Adjusted Net Income | \$1,080 - \$1,170 million | Free Cash Flow | \$850 - \$950 million |

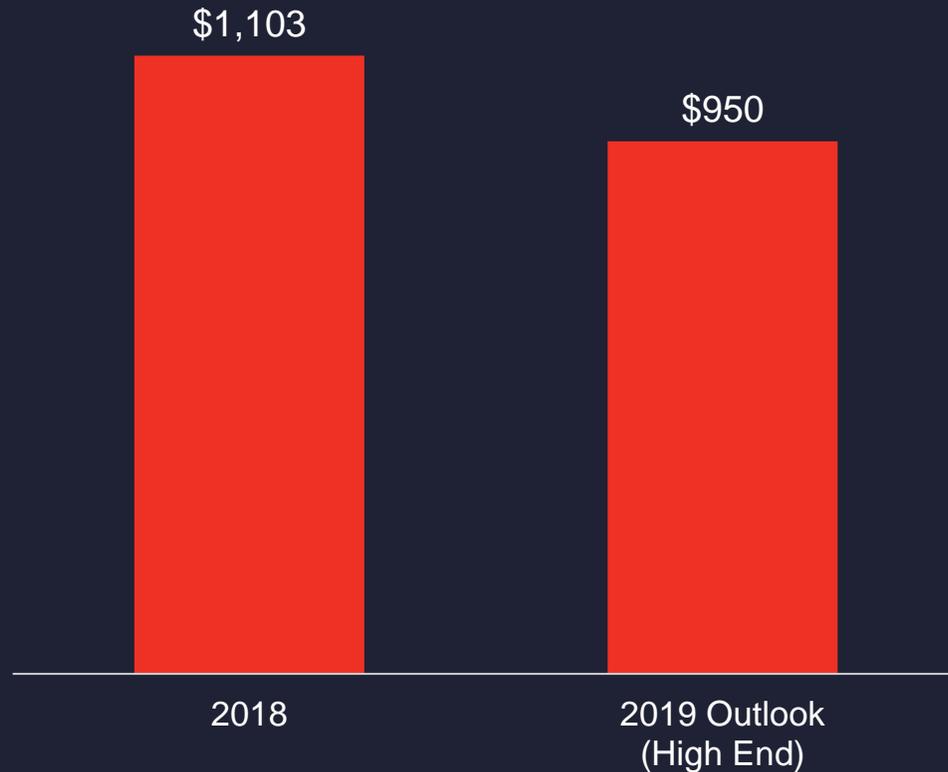


Note: 2019 Outlook assumes an average Euro of \$1.13 and an average Chinese RMB of 6.95/\$

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.

Free Cash Flow: 2018 vs. 2019 Outlook

(\$ in millions)



- Lower projected earnings
- Higher capex to support backlog and changeover
- Increased restructuring given current industry environment
- Increased working capital supporting second half sales growth

Strong Sales Backlog (Net New Awarded Business)

2019–2021: Consolidated Sales Backlog

(\$ in millions)



Consolidated Backlog By Region

(\$ in millions)



2019–2021 sales backlog of approximately \$3.9 billion, including non-consolidated business



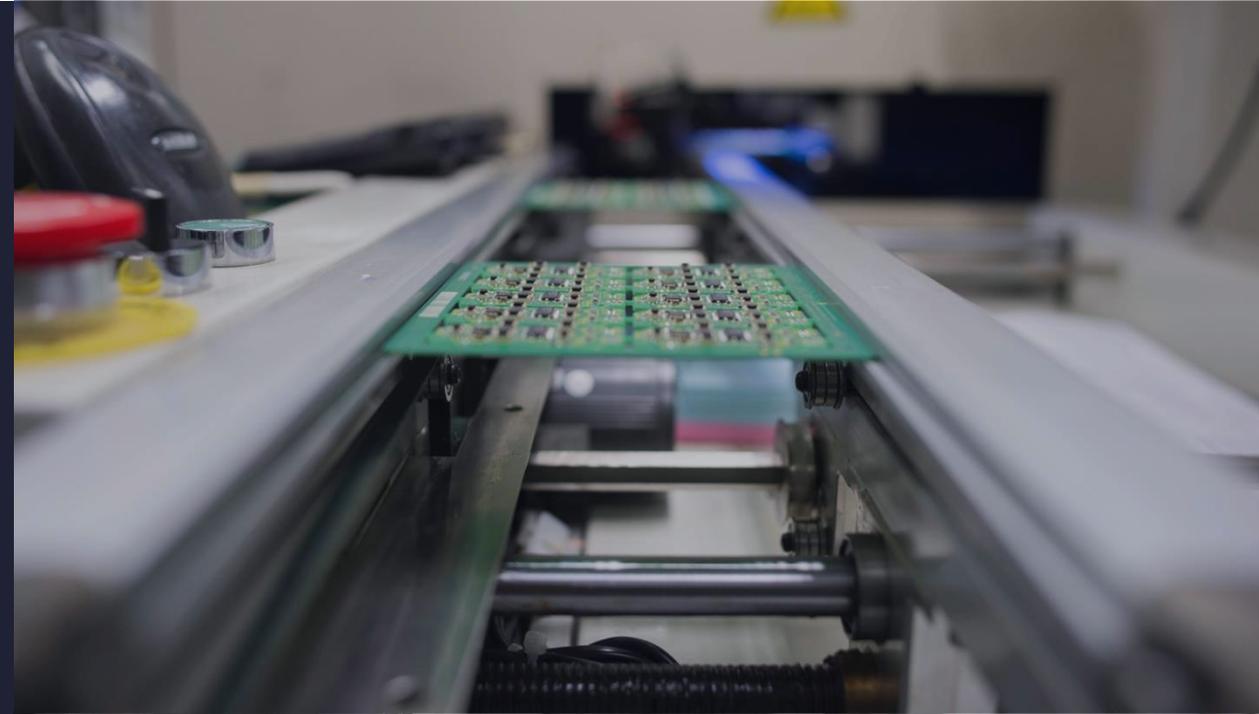
Note: Backlog assumes an average Euro of \$1.13 and an average Chinese RMB of 6.95/\$

Business Update



Ray Scott, President and CEO

Operational Excellence



Lear's Products are Aligned with Industry Mega Trends



Autonomy



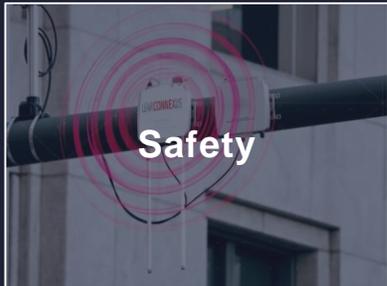
Connectivity



Electrification



Shared Mobility



Safety



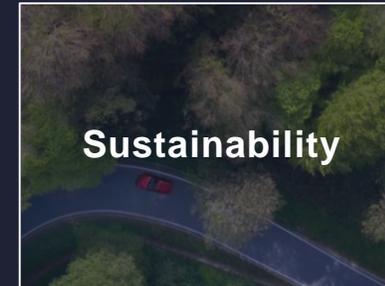
Vehicle
Architecture and
Network



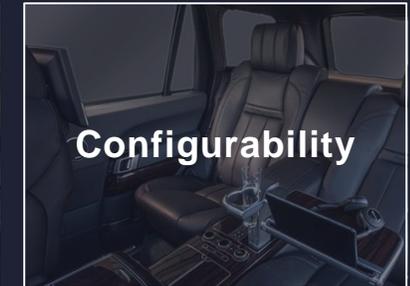
Wired / **W**ireless
Network



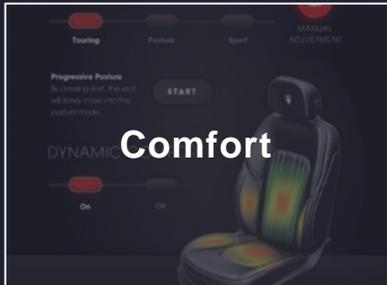
Alternative
Materials



Sustainability



Configurability



Comfort



Localization and
Sensor Fusion



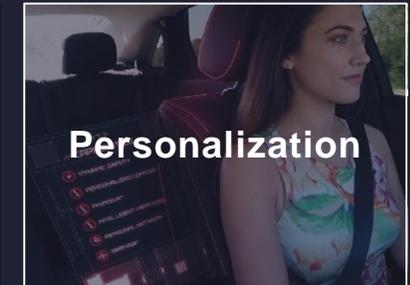
Health and
Wellness



Efficient Power



Electrification



Personalization

Accelerating Growth Through Innovation



| | | | |
|--------------------|--|--|--|
| <p>2019</p> | <p>PARTNERSHIP</p>  | <p>EXO TECHNOLOGY DEVELOPMENT PARTNER</p>  | <p>JOINT DEVELOPMENT PARTNER</p>  |
| <p>2018</p> | <p>CREATION OF NEW PRODUCT TEAMS</p>  <p>CONNECTIVITY</p>  <p>ELECTRIFICATION</p> | <p>LEAR INNOVATION VENTURES</p>  | <p>ACQUISITION</p>  <p>REDEFINING ACCURACY</p> |
| <p>2017</p> | <p>PARTNERSHIP</p>  | | |
| <p>2016</p> | <p>ACQUISITION</p>  | <p>LICENSE AGREEMENT</p> <p>Qualcomm</p> | <p>PARTNERSHIP</p>  |
| <p>2015</p> | <p>ACQUISITION</p>  | <p>ACQUISITION</p>  | |

Concluding Remarks



Resilient business model and strong balance sheet



Industry leading talent and a track record of operational excellence



Two high-performing product segments with powerful growth drivers



Strategically positioned in autonomy, connectivity, electrification and shared mobility



Accelerating innovation, including in software and data



Capital allocation strategy designed to maximize long-term shareholder value

Appendix



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 (income) expense, restructuring costs and other special items” (core operating earnings or adjusted segment earnings), “pretax income before equity income, interest, other (income) expense, depreciation expense, amortization of intangible assets, restructuring costs and other special items” (adjusted EBITDA), “other (income) expense, net before restructuring costs and other special items” (adjusted other (income) expense, net), “equity income before restructuring costs and other special items” (adjusted equity income), “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, 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 less adjusted 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 other (income) expense, net, adjusted equity income, 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 other (income) expense, net, adjusted equity income, 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

| Core Operating Earnings and Adjusted Margins (\$ in millions) | Fourth Quarter | | Full Year | |
|--|-------------------|-------------------|--------------------|--------------------|
| | 2017 | 2018 | 2017 | 2018 |
| Net sales | \$ 5,363.8 | \$ 4,942.4 | \$ 20,467.0 | \$ 21,148.5 |
| Net income attributable to Lear | \$ 400.5 | \$ 212.2 | \$ 1,313.4 | \$ 1,149.8 |
| Interest expense | 21.8 | 21.3 | 85.7 | 84.1 |
| Other (income) expense, net | 8.2 | 20.3 | (4.1) | 31.6 |
| Income taxes | (42.7) | 78.9 | 197.5 | 311.9 |
| Equity in net income of affiliates | (10.4) | (3.6) | (51.7) | (20.2) |
| Net income attributable to noncontrolling interests | 19.9 | 30.6 | 67.5 | 96.9 |
| Restructuring costs and other special items - | | | | |
| Costs related to restructuring actions | 24.8 | 44.3 | 75.4 | 104.0 |
| Acquisition and other related costs | 0.3 | 0.1 | 3.8 | 0.5 |
| Acquisition-related inventory fair value adjustment | - | - | 5.0 | - |
| Litigation | 13.9 | - | 13.9 | (16.8) |
| Loss related to affiliate | - | - | - | 1.2 |
| Favorable tax ruling in a foreign jurisdiction | - | (15.8) | - | (15.8) |
| Other | 4.8 | 0.8 | 12.6 | 22.1 |
| Core operating earnings | \$ 441.1 | \$ 389.1 | \$ 1,719.0 | \$ 1,749.3 |
| Adjusted margins | 8.2% | 7.9% | 8.4% | 8.3% |

Non-GAAP Financial Information

| Adjusted Earnings Per Share (In millions, except per share amounts) | Fourth Quarter | | Full Year | |
|---|-----------------|-----------------|-------------------|-------------------|
| | 2017 | 2018 | 2017 | 2018 |
| Net income available to Lear common stockholders | \$ 397.7 | \$ 218.7 | \$ 1,287.9 | \$ 1,139.4 |
| Redeemable noncontrolling interest | 2.8 | (6.5) | 25.5 | 10.4 |
| Net income attributable to Lear | 400.5 | 212.2 | 1,313.4 | 1,149.8 |
| Costs related to restructuring actions | 25.0 | 44.6 | 74.5 | 104.3 |
| Acquisition and other related costs | 0.3 | 0.1 | 3.8 | 0.5 |
| Acquisition-related inventory fair value adjustments | - | - | 5.0 | - |
| Pension settlement loss | - | 5.4 | - | 5.4 |
| Litigation | 15.4 | - | 15.4 | (17.1) |
| Loss on extinguishment of debt | - | - | 21.2 | - |
| (Gain) loss related to affiliate | - | 6.0 | (54.2) | (1.1) |
| Favorable tax ruling in a foreign jurisdiction | - | (15.8) | - | (15.8) |
| Other | 5.6 | 6.3 | 13.5 | 28.5 |
| U.S. transition tax on accumulated foreign earnings | 131.0 | - | 131.0 | - |
| Deferred tax impact of U.S. corporate tax reform | 42.5 | - | 42.5 | - |
| Foreign tax credits on repatriated earnings | (289.7) | - | (289.7) | - |
| Tax impact of special items and other net tax adjustments ¹ | (30.2) | 2.5 | (98.6) | (49.1) |
| Adjusted net income attributable to Lear | \$ 300.4 | \$ 261.3 | \$ 1,177.8 | \$ 1,205.4 |
| Weighted average number of diluted shares outstanding | 68.5 | 64.6 | 69.3 | 66.2 |
| Diluted net income per share available to Lear common stockholders | \$ 5.80 | \$ 3.39 | \$ 18.59 | \$ 17.22 |
| Adjusted earnings per share | \$ 4.38 | \$ 4.05 | \$ 17.00 | \$ 18.22 |

¹ Reflects 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 Financial Information

| (\$ in millions) | Fourth Quarter | | Full Year | |
|--|------------------|-----------------|------------------|------------------|
| | 2017 | 2018 | 2017 | 2018 |
| Other (income) expense, net | \$ 8.2 | \$ 20.3 | \$ (4.1) | \$ 31.6 |
| Costs related to restructuring actions | (0.2) | (0.3) | 0.9 | (0.3) |
| Pension settlement loss | - | (5.4) | - | (5.4) |
| Loss on extinguishment of debt | - | - | (21.2) | - |
| Gain (loss) related to affiliate | - | (6.0) | 54.2 | 2.3 |
| Other | 1.8 | (5.5) | 5.9 | (5.9) |
| Adjusted other expense, net | \$ 9.8 | \$ 3.1 | \$ 35.7 | \$ 22.3 |
| Equity in net income of affiliates | \$ (10.4) | \$ (3.6) | \$ (51.7) | \$ (20.2) |
| Other | (2.6) | - | (6.8) | - |
| Adjusted equity in net income of affiliates | \$ (13.0) | \$ (3.6) | \$ (58.5) | \$ (20.2) |

Non-GAAP Financial Information

| Free Cash Flow (\$ in millions) | Fourth Quarter | | Full Year | |
|---|-----------------|-----------------|-------------------|-------------------|
| | 2017 | 2018 | 2017 | 2018 |
| Net cash provided by operating activities | \$ 598.8 | \$ 758.2 | \$ 1,783.1 | \$ 1,779.8 |
| Capital expenditures | (164.3) | (184.3) | (594.5) | (677.0) |
| Free cash flow | \$ 434.5 | \$ 573.9 | \$ 1,188.6 | \$ 1,102.8 |

Non-GAAP Financial Information

| Adjusted Segment Earnings and Margins | Fourth Quarter | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2017 | | 2018 | |
| | E-Systems | Seating | E-Systems | Seating |
| (\$ in millions) | | | | |
| Net sales | \$ 1,252.8 | \$ 4,111.0 | \$ 1,208.1 | \$ 3,734.3 |
| Segment earnings | \$ 164.9 | \$ 309.0 | \$ 124.2 | \$ 281.8 |
| Restructuring costs and other special items - | | | | |
| Costs related to restructuring actions | 10.2 | 12.4 | 15.4 | 26.8 |
| Litigation | 3.3 | 10.6 | - | - |
| Favorable tax ruling in a foreign jurisdiction | - | - | (4.3) | (11.5) |
| Other | 1.2 | 1.9 | 0.7 | 2.3 |
| Core operating earnings | \$ 179.6 | \$ 333.9 | \$ 136.0 | \$ 299.4 |
| Adjusted margins | 14.3% | 8.1% | 11.3% | 8.0% |