



*Transcript*

# Lear Corporation

Q4 2025 Earnings Call

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## CORPORATE PARTICIPANTS

**Timothy Brumbaugh**

*Vice President, Investor Relations, Lear Corp.*

**Raymond Scott**

*President, Chief Executive Officer & Director, Lear Corp.*

**Jason M. Cardew**

*Senior Vice President & Chief Financial Officer, Lear Corp.*

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## OTHER PARTICIPANTS

**Dan Levy**

*Analyst, Barclays Capital, Inc.*

**Colin M. Langan**

*Analyst, Wells Fargo Securities LLC*

**Joseph Spak**

*Analyst, UBS Securities LLC*

**Emmanuel Rosner**

*Analyst, Wolfe Research LLC*

**Itay Michaeli**

*Analyst, TD Cowen*

**Mark Delaney**

*Analyst, Goldman Sachs & Co. LLC*

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Good morning, everyone, and welcome to the Lear Corporation Fourth Quarter and Full Year 2025 Earnings Conference Call. All participants will be in a listen-only mode. [Operator Instructions] After today's presentation, there will be an opportunity to ask questions. Please note that today's event is being recorded.

At this time, I'd like to turn the conference call over to Tim Brumbaugh, Vice President, Investor Relations. Please go ahead.

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**Timothy Brumbaugh**

*Vice President, Investor Relations, Lear Corp.*

Thanks, Jamie. Good morning, everyone, and thank you for joining us for Lear's fourth quarter and full year 2025 earnings call. Presenting today are Ray Scott, Lear President and CEO and Jason Cardew, Senior Vice President and CFO. Other members of Lear's senior management team have also joined us. Following prepared remarks, we will open the call for Q&A. You can find a copy of the presentation that accompanies these remarks at [ir.lear.com](http://ir.lear.com).

Before Ray begins, I'd like to take this opportunity to remind you that as we conduct this call, we will be making forward-looking statements to assist you in understanding Lear's expectations for the future. As detailed in our Safe Harbor statement on slide 2, our actual results could differ materially from these forward-looking statements due to many factors discussed in our latest 10-K and other periodic reports.

I also want to remind you that during today's presentation, we will refer to non-GAAP financial metrics. You are directed to the slides in the appendix of our presentation for the reconciliation of non-GAAP items to the most directly comparable GAAP measures.

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The agenda for today's call is on slide 3. First, Ray will review highlights from the year and provide a business update. Jason will then review our fourth quarter and full year financial results and provide our outlook for 2026. Finally, Ray will offer some concluding remarks. Following the formal presentation, we would be happy to take your questions.

Now, I'd like to invite Ray to begin.

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## **Raymond Scott**

*President, Chief Executive Officer & Director, Lear Corp.*

Thanks, Tim. Please turn to slide 5, which highlights our key financial metrics for the fourth quarter and full year 2025. Lear delivered a 5% increase in revenue in the fourth quarter, generating \$223.3 billion for the full year – sorry, \$23.3 billion in the full year. Core operating earnings were \$1.1 billion, or 4.6% of net sales for the full year. Adjusted earnings per share was \$12.80, a 1% increase from 2024. This is our fifth consecutive year-over-year increase. Operating cash flow was \$1.1 billion of free cash flow and free cash flow was \$527 million in 2025.

Slide 6 summarizes key financial and business highlights from the fourth quarter and full year. Our strategic priorities continue to drive execution across four key areas, extending our global leadership position in Seating, expanding margins in E-Systems, growing our competitive advantage and operational excellence through IDEA by Lear, and supporting our sustainable value creation with disciplined capital allocation.

We made progress towards our goals in both Seating and E-Systems by finishing the year with some of the most significant new business awards in Lear's history. In Seating, we were awarded the complete seats for a major truck program from an American-based automaker, the largest seating conquest award on record.

General Motors awarded Lear the complete seats for their large SUVs and full-size pickup trucks to be produced at Orion Assembly starting in 2027. This award continues Lear's long history as GM's seat supplier for full-size pickup trucks and SUVs, while supporting GM's expansion of their US manufacturing footprint.

Our China team continues to grow business with domestic automakers. In the fourth quarter, we secured several complete seat programs with Changan, Dongfeng and Leapmotor and a thermal comfort award with BYD. I couldn't be more proud of the team for securing these critical awards that demonstrate how we are extending our global leadership position.

In E-Systems, we continued our strong momentum with new business awards for nine wire harness programs and several electronics and connection system programs across all major regions, including the Volkswagen Group in Europe and South America and key Chinese automakers such as BAIC, Geely and SAIC.

For the full year, we secured over \$1.4 billion in E-Systems business awards, our strongest performance in over a decade and the second highest annual total in Lear's history. These awards will benefit from our operational improvements we have made, driving improved margins as it launches in future years.

Our strong operating performance continued to the fourth quarter, with both segments exceeding expectations. For the full year, we generated approximately \$195 million in net operating performance, translating to 60 basis points in Seating and 110 basis points in E-Systems, our best year of positive net performance. This is a testament to our commitment to operational excellence and the benefits we are capturing from our investments in digital tools, automation and restructuring. The capabilities we are developing through IDEA by Lear are a growing performance differentiator.

2025 marked a pivotal year in our digital transformation. We extended our partnership with Palantir and launched the inaugural Lear Fellowship, the first program of its kind in our industry. Our first cohort completed the intense – intensive 12-week training in the fourth quarter. In 2026, we are expanding the program with the second cohort focused on European operations and global – and globally thereafter.

Our operational excellence and quality leadership continue to earn recognition. Lear achieved more top four finishes than any other supplier in the J.D. Power 2025 U.S. Seat Quality and Satisfaction Study. In E-Systems, our multi-year quality improvement initiatives delivered results. Customers awarded us with a record 11 quality awards. Our foundation and operational excellence drives our quality and cost advantages, leading to new business and conquest wins while expanding margins in both segments.

Automotive News recognized our innovative Zone Control Module with a 2025 PACE award. This award-winning technology will launch on the BMW Neue Klasse architecture this year. In China, we took operating control of two joint ventures supporting several programs for BYD and Seres. These consolidations also allow us to leverage our full operating capabilities and will drive growth in 2026 and beyond.

Last February, we acquired StoneShield Engineering to enhance our wire harness automation capabilities. In just one year, we rapidly scaled StoneShield's technology from Europe to our operations in South America, Mexico and the US.

The combination of our profitable growth in Seating and E-Systems, supported by IDEA-driven productivity advances fuels efficient cash flow conversion. That cash supports our disciplined capital allocation and enables us to accelerate our share repurchase program. We repurchased \$325 million in shares during 2025, significantly exceeding our initial \$250 million target. Combined with our dividend, we returned almost \$500 million to shareholders.

Turning to slide 7. I'll provide more detail on our key onshoring and conquest awards and how they demonstrated our ability to extend our global leadership in Seating. Lear was awarded the contract to supply complete seats for General Motors full-size SUVs and pickup trucks at our Orion – at the Orion plant, projected to launch in 2027. Adding Orion extends Lear's strong partnership with General Motors, supporting their premier programs across the entire footprint. The largest seating conquest award in Lear's history is for a truck program with an American automaker, displacing the incumbent complete seat suppliers for multiple plants.

Our industry leading automation capabilities and superior quality performance were key factors that enabled us to win this business. We will share additional details for this award at the appropriate time.

Our strong customer relationships, proven execution, and extensive US manufacturing footprint give us a distinct competitive advantage. By investing in automation and designing capital specifically optimized for our manufacturing processes, rather than relying on off-the-shelf solutions, we have enhanced operational efficiency, reduced costs, and accelerated our speed to market.

We also continue to win conquest awards in other regions, including China. For BMW, we will supply seats for vehicles that were previously exported to Asia. We will also support future production on the C11 for Leapmotor. These onshoring and conquest awards will provide future growth while solidifying Lear's differentiation and leadership position in Seating.

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Slide 8 illustrates the significant progress and market leadership we have achieved in thermal comfort. Through our strategic acquisitions of Kongsberg and IGB, combined with our organic development work on modularity, Lear has become the only seat supplier with a complete portfolio of thermal comfort solutions, from individual components to fully integrated systems. This vertical integration capability enables us to deliver innovative solutions to meet the demands of each of our customers.

Our value proposition for our customers is driving growth. To date, we have secured 33 awards for innovative thermal comfort solutions, including our ComfortFlex modules, our ComfortMax Seat systems, FlexAir foam alternatives and INTU applications. These awards will generate combined average annual revenue of approximately \$170 million at peak production. This is not a proof of concept. Nine programs are already in production and generating revenue today, with 14 additional launches secured for 2026, an inflection point for thermal comfort.

Customers' acceptance is broad and diversified, spanning 15 automakers across all key regions: North America, Europe and Asia. We are the only seat supplier with the scale, technology and integration capability to meet the accelerating demand for thermal comfort innovation. We also recognize that some of our customers prefer to maintain their traditional sourcing strategies, purchasing individual components rather than integrated systems. Our complete suite of products allow us to serve these customers as well. Awards won in 2025 for core components will generate a combined average annual sales of \$80 million.

Our flexibility and vertical integration make Lear the only supplier capable of meeting customers' needs, whether they seek cutting-edge full modularity, innovative solutions or traditional individual components.

Turning to slide 9. We highlight our industry leading commitment to automation and digital transformation. Our industry first facility for fully automated assembly of ComfortFlex, ComfortMax and FlexAir products demonstrates more than a decade of strategic investment in automation through both acquisitions and organic development. We've built proprietary capabilities in vision systems, material handling and purpose-built capital that enable us to develop solutions our competitors cannot replicate by simply purchasing off-the-shelf robots and cobots.

Product innovation and process improvements have allowed us to reduce Seating costs for new programs by 200 basis points to over 500 basis points. This durable cost advantage will allow us to increase our industry leading seat margins and continue to separate ourselves from our competitors. You can see the advantage reflected in the awards we just discussed today.

Our digital transformation is accelerating as we enter into 2026. Last year, our Palantir Foundry platform reached over 17,000 new users and generated more than 300 custom applications. We are deepening our AI capabilities through our global Lear Fellowship program, with our second cohort of the 12-week program launching in Europe earlier this year. These digital tools are delivering measurable results, enabling us to transform operations and respond rapidly to industry volatility.

Let me share a couple examples with you. The first one is cycle time deviation. This tool provides real-time shop floor performance data, allowing us to make immediate adjustments. For instance, we can quickly identify bottlenecks like specific equipment failures and reallocate resources accordingly. We've developed this across 100% of our North American and European just-in-time facilities, achieving a 3% to 5% efficiency gain. This generated \$10 million in savings in 2025, and we expect \$15 million this year as we roll it out globally.

The second example is our tariff tracking solution. When tariffs were announced in early 2025, we had 150 trucks carrying thousands of parts crossing borders daily. We needed to identify each part's HTS code and USMCA

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certification status. A massive undertaking. Our team partnered with Palantir to build an enterprise-wide solution in just 10 days. This tool provides real-time tracking, automatically applies HTS codes, checks USMCA status, and categorizes tariff designations.

The result? We recovered nearly 100% of our tariff costs within the year and accelerated cash reimbursements from our customers. Our commitment to automation, AI and digital tools is driving tangible operating performance and positioning Lear years ahead of our competition.

Slide 10 demonstrates how we delivered on key commitments we made at the beginning of the year. In Seating, we secured multiple conquest awards through the year, including three significant wins I highlighted earlier. In E-Systems, we won significant conquest business in wiring with both American and key global automakers, as well as with Stellantis for the Jeep Cherokee and Wrangler platforms.

Our thermal comfort awards will help drive future growth in our Seating business, and our strong relationships with Chinese domestic automakers continue to deliver new business wins. Our IDEA by Lear initiatives and our investments in automation generated \$70 million in savings for the full year. Earlier in the year, we identified additional near-term opportunities by focusing on restructuring actions. As a result, we achieved \$85 million in restructuring savings for the full year, \$30 million more than our original target of \$55 million.

The consolidation of our two joint ventures as well as changes in production schedules led to slightly higher hourly head count than originally projected. However, we still reduced our global hourly head count by 7,000 this year and by 22,000 over the last two years. As a result of relentless focus across the entire company, our full year net performance savings was a record \$195 million, 56% above our original target of \$125 million. This contributed 60 basis points to net performance to Seating and 110 basis points to E-Systems.

As a reminder, our net performance figures are after absorbing costs primarily from contractual price reduction agreements with our customers and any changes in commodities, transactional FX and labor rates. Delivering this level of operational improvement in a year of significant industry volatility and production disruption is a remarkable accomplishment by the entire Lear team.

Now turning to slide 11. We continue our commitment to expanding margins and generating long-term revenue growth. As we begin 2026, we have a robust pipeline of conquest opportunities in both Seating and E-Systems, some of which resulted from a number of delayed sourcing decisions as our customers continue to adjust their footprint and product strategies.

For E-Systems, we have seen increased customer engagement in wire harness sourcing, and we have several key opportunities that we expect to be awarded in the first half of this year. We continue to see significant interest from our customers for our innovative modular seat products. These opportunities, along with our core thermal comfort products, will drive growth in our components business. The strong relationship with our local teams with our key domestic Chinese automakers are driving new business opportunities.

With our current backlog and additional sourcing wins, we expect more than 50% of our revenue in China to be from the Chinese domestic automakers next year. The continued investments we are making in IDEA and automation projects are expected to generate an additional \$75 million of savings this year.

We also see significant opportunities from our restructuring investments. The savings from the actions we put in place last year, combined with the actions planned for this year, are expected to total \$80 million.

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You will continue to see the benefits from these actions come through in the net performance we report on a quarterly basis. In 2026, we expect to deliver 40 basis points of net performance in Seating and 80 basis points in E-Systems. The introduction of these scorecard metrics in 2025 allowed our investors to hold us accountable and track our progress. We remain committed to once again delivering on these key metrics and drive sustainable growth and improve margins in both segments.

Please turn to slide 12, which shows our 2026 and 2027 sales backlog. As a reminder, our sales backlog includes awarded programs net of any lost business and programs rolling off. It excludes pursued business, net new business in a non-consolidated joint venture, and the roll off of the discontinued product lines in E-Systems.

In 2026, we expect approximately \$60 million of net new business. Seating is expected to deliver about \$740 million, driven primarily by the key launches listed on the slide. E-Systems is expected to experience a headwind of about \$140 million in 2026, primarily due to the roll off of the Ford Escape, the Corsair in North America, as well as the Focus in Europe. However, this is partially offset by key new launches. In 2027, we expect approximately \$725 million in net new business, with approximately \$465 million in Seating and \$260 million in E-Systems. The \$1.325 billion two-year backlog provides a solid foundation of growth. The makeup of our backlog is strengthening as approximately half of our revenue is from new programs driven by ICE vehicles.

Our China growth is led by domestic automakers, which represents approximately 85% of our consolidated backlog. Additionally, our non-consolidated joint ventures have approximately \$550 million of backlog, 55% of which is with Chinese domestic automakers. This two-year backlog provides a solid foundation for growth, and when combined with the expected new business awards in 2026, will allow us to accelerate growth into 2028, 2029 and beyond.

Now, I'd like to turn the call over to Jason for the financial review.

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### **Jason M. Cardew**

*Senior Vice President & Chief Financial Officer, Lear Corp.*

Thanks, Ray. Slide 14 shows key performance highlights from 2025 that position us to deliver profitable growth in 2026. We finished the year strong in Q4, supported by both revenue growth and operating execution. Total company sales increased 5% year-over-year, reflecting the addition of new business in both segments and the impact of commercial recoveries. Adjusted EPS grew by 16%, driven by our reduced share count due to our share repurchases, as well as a lower tax rate relative to last year.

Seating sales outgrew industry production by 2 percentage points, driven primarily by positive volume on Lear programs in North America and China, and despite a 1-percentage point drag due to reduced JLR volumes. E-Systems margins improved by 30 basis points as compared to 2024 due to our strong operating performance.

As a result, we met or exceeded our key 2025 initiatives. We delivered record net performance of \$195 million. We started the year with a target of \$125 million, increased it by \$25 million on our second quarter call, and outperformed the \$170 million target that we had established during our last earnings call. The strong operating performance contributed 60 basis points to Seating and 110 basis points to E-Systems margins, exceeding our targets of 40 basis points and 80 basis points, respectively. Strong free cash flow of \$527 million enabled us to repurchase \$325 million of shares, \$75 million above our initial \$250 million target.

The momentum generated in 2025 sets the foundation for continued execution in 2026. At the midpoint of our guidance, we expect year-over-year increases across the board for revenue, operating income, margins and free cash flow. Our two-year backlog now stands at \$1.325 billion, an increase of \$125 million from our initial estimate

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given last quarter, giving us confidence in our commitment to meet or exceed our key growth and margin improvement targets.

Given our strong cash generation profile, we expect free cash flow conversion above 80%, and as a result, we are targeting share repurchases of more than \$300 million in 2026. We remain focused on disciplined execution, margin expansion, cash generation, and delivering value to our shareholders.

Slide 15 shows vehicle production and key exchange rates for the fourth quarter. Global production increased 1% compared to the same period last year. Production volumes were flat in North America and declined by 2% in Europe, while volumes in China were up 3%. The US dollar weakened against both the euro and the RMB.

Turning to slide 16, I will highlight our financial results for the fourth quarter of 2025. Our sales increased 5% year-over-year to \$6 billion. Excluding the impact of foreign exchange, commodities, tariff recoveries, acquisitions and divestitures, sales were up 2%, reflecting the addition of new business in both of our business segments, partially offset by lower volumes on Lear platforms.

Core operating earnings were \$259 million compared to \$258 million last year, driven by positive net performance and our margin accretive backlog, partially offset by lower volumes on Lear platforms. Adjusted earnings per share were \$3.41 as compared to \$2.94 a year ago, reflecting the benefit of our share repurchase program and a lower tax rate relative to last year. Fourth quarter operating cash flow was \$476 million compared to \$681 million last year, due primarily to the timing of working capital.

Slide 17 explains the variance in sales and adjusted operating margins for the fourth quarter in the Seating segment. Sales for the fourth quarter were \$4.4 billion, an increase of \$222 million, or 5%, from 2024. Excluding the impact of foreign exchange, commodities, tariff recoveries, acquisitions and divestitures, sales were up 3% due to the addition of new business such as the Seres M7 in China and the Volkswagen Tera in South America, partially offset by lower volumes on Lear platforms, including several JLR programs.

Adjusted earnings were \$263 million, up 6% – up \$6 million or 2% compared to 2024, with adjusted operating margins of 6%. Operating margins were lower compared to last year, primarily due to lower volumes and the mix of production by program, partially offset by strong net performance in our margin accretive backlog.

Slide 18 explains the variance in sales and adjusted operating margins for the fourth quarter in the E-Systems segment. Sales for the fourth quarter were \$1.6 billion, an increase of \$51 million, or 3%, from 2024. Excluding the impact of foreign exchange, commodities, tariff recoveries, acquisitions and divestitures, sales were down 2%, driven by lower volumes on Lear platforms, including GM electric vehicle platforms and the Colorado and Canyon in North America, as well as several JLR programs in Europe, partially offset by the addition of new business such as the GM XT5 in Asia and the Volvo EX30 in Europe.

Adjusted earnings were \$84 million, or 5.3% of sales compared to \$77 million and 5% of sales in 2024. Higher operating margins were driven by strong net performance, our margin accretive backlog and the impact of foreign exchange, partially offset by the reduction of volumes on Lear platforms and the impact of acquisitions and divestitures.

Slide 19 explains the variance in sales and adjusted operating margins for the full year in the Seating segment. Sales for 2025 were \$17.3 billion, an increase of \$61 million, or 0.4%, from 2024. Excluding the impact of foreign exchange, commodities, tariff recoveries, acquisitions and divestitures, sales were down less than 1% due to lower volumes on Lear platforms, including several JLR programs in Europe and several Mercedes programs in

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North America and Asia, partially offset by the addition of new business such as the Seres M7 and Xiaomi SU7 in China, as well as the CUPRA Terramar in Europe.

Adjusted earnings were \$1.1 billion, down 1% compared to 2024, with adjusted operating margins of 6.4%. Operating margins were lower compared to last year, primarily due to lower volumes and the mix of production by program, partially offset by strong net performance in our margin accretive backlog.

Slide 20 explains the variance in sales and adjusted operating margins for the full year in the E-Systems segment. Sales for 2025 were \$6 billion, a decrease of \$108 million, or 2% from 2024. Excluding the impact of foreign exchange, commodities, tariff recoveries, acquisitions and divestitures, sales were down 5%. The decline in sales was driven by lower volumes on Lear platforms, including GM electric vehicle platforms and the Ford Escape in North America, and several JLR programs in Europe, as well as the wind down of discontinued product lines, partially offset by the addition of new business such as the Renault 4 and 5 and the Citroën C3 and C3 Aircross in Europe. Adjusted earnings were \$293 million, or 4.9% of sales compared to \$310 million and 5.1% of sales in 2024.

Lower operating margins were driven by the reduction of volumes on Lear platforms and the wind down of discontinued product lines, partially offset by strong net performance and our margin accretive backlog.

Slide 21 provides global vehicle production volume and currency assumptions that form the basis of our 2026 full year outlook. Our production assumptions are based on several sources, including internal estimates, customer production schedules, and S&P forecasts. At the midpoint of our guidance range, we assume that global industry production will be down 1% on a Lear sales-weighted basis, driven by lower volumes in our largest markets: North America, Europe and China. From a currency perspective, our 2026 outlook assumes an average euro exchange rate of \$1.16 per euro and an average Chinese RMB exchange rate of RMB 7.1 to the dollar.

Slide 22 provides detail on our outlook for 2026. Our revenue is expected to be in the range of \$23.2 billion to \$24 billion. At the midpoint, this would be an increase of \$351 million, or 2% compared to 2025. Excluding the impact of foreign exchange, commodities, tariff recoveries, acquisitions and divestitures, our revenue would be down 1%. Core operating earnings are expected to be in the range of \$1.03 billion to \$1.2 billion. At the midpoint, this implies an increase of 5% compared to 2025.

Adjusted net income is expected to be in the range of \$645 million to \$765 million. Restructuring costs are expected to be approximately \$175 million to support our footprint rationalization actions as we continue to reduce excess capacity and improve manufacturing costs through automation, and by shifting our footprint to lower cost regions. Capital spending is expected to be approximately \$660 million to fund our new vehicle launches and investments in automation.

Lear's strong focus on generating cash allows us to maintain a strong balance sheet while making organic and inorganic investments to strengthen our business, as well as to continue funding share repurchases. Our outlook for operating cash flow for the year is expected to be in the range of \$1.2 billion to \$1.3 billion, and our free cash flow is expected to be \$600 million, at the midpoint of our guidance. The midpoint of our outlook is consistent with our free cash flow conversion target of over 80%.

Slide 23 walks our 2025 actual results to the midpoint of our 2026 outlook. Year-over-year, revenue is expected to increase by \$351 million, driven by new business and the positive impact from foreign exchange as well as the recovery of tariff expenses. We expect overall company adjusted margins to improve by 10 basis points, driven by strong net performance and our margin accretive backlog. Positive net performance primarily reflects the benefits

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from our IDEA by Lear initiatives and savings from restructuring actions with wage inflation, customer contractual price reductions, and higher launch and engineering costs, largely offset by material cost reductions from our suppliers, cost technology optimization, commercial recoveries and normal plant efficiency programs.

Seating operating margins are expected to increase 10 basis points to 6.5%, reflecting strong net performance in our margin accretive backlog, partially offset by the impact of lower volumes on existing platforms. The E-Systems segment is expected to increase operating margins by 10 basis points to 5%, driven by continued performance improvements, partially offset by the impact of lower volumes on existing platforms, the wind down of discontinued product lines, and the build out of the Escape and Corsair in our backlog.

We have included detailed walks to the midpoint of our guidance for Seating and E-Systems in the appendix. We expect net performance to contribute 40 basis points of margin improvement in Seating and 80 basis points in E-Systems in 2026, reflecting the positive momentum in our automation and digital investments as well as our restructuring actions.

Moving to slide 24, we highlight our balanced capital allocation strategy. Our balance sheet and liquidity profile continues to be a significant competitive advantage for us. Our cost of debt is low, averaging less than 4%, and our debt structure has a weighted average life of approximately 11 years. In addition, we have \$3 billion of available liquidity.

Our capital allocation priorities remain consistent. We are focused on generating strong cash flow, investing in the core business to drive profitable growth, and returning excess cash to shareholders. Given our current valuation and confidence in our ability to enhance the long-term value of the business, we believe the best near-term use of excess cash is to prioritize share repurchases and our sustained dividend. At this time, we do not see a compelling, significant strategic acquisition opportunity in either segment that would deliver superior returns.

In 2026, we are targeting over 80% free cash flow conversion, which will enable us to buy back at least \$300 million worth of stock with additional repurchases depending on free cash flow generation and tuck-in acquisition opportunities.

Since initiating the share repurchase program in 2011, we have repurchased \$5.9 billion worth of shares and returned over 85% of free cash flow to shareholders through repurchases and dividends. Our current share repurchase authorization has approximately \$775 million remaining, which allows us to repurchase shares through December 31, 2026.

Now, I'll turn it back to Ray for some closing thoughts.

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## Raymond Scott

*President, Chief Executive Officer & Director, Lear Corp.*

Thanks, Jason. Please turn to slide 26. In closing, 2025 was a year where we delivered on our commitments and advanced our strategic priorities. We delivered solid financial results and secured critical new business awards despite persistent industry and macroeconomic volatility. This performance positions Lear for sustained growth and margin expansion going forward.

Our key wins underscore our competitive advantages. The Orion facility award with General Motors and the largest conquest win in Lear's history were driven by our leadership in quality and automation, capabilities that are very difficult to replicate and increasingly valued by our customers. We delivered on our key growth and margin

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improvement scorecard metrics for 2025, demonstrating our ability to execute on our commitments. This execution gives us confidence as we look ahead.

Looking to 2026 and beyond, we see measurable progress against each of our strategic pillars. Our pace of business wins will support our continued growing leadership in Seating. Our momentum in E-Systems demonstrates our progress to improve the profitability of that business. IDEA continues to expand and enhance our ability to deliver strong operating performance and serve our customers with innovative products and manufacturing solutions.

It is all resulting in strong cash flow generation that enables us to continue rewarding shareholders while supporting our strong balance sheet. 2025 was a year where we built credibility by consistently meeting or exceeding our commitments. This track record provides strong momentum as we enter 2026 and we are confident in our ability to grow revenue, operating income, margins and free cash flow to continue to drive value for our shareholders.

And now we'll be happy to take your questions.

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## QUESTION AND ANSWER SECTION

**Operator:** Ladies and gentlemen, at this time we'll begin the question-and-answer session. [Operator Instructions] And our first question today comes from Dan Levy from Barclays. Please go ahead with your question.

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**Dan Levy**

*Analyst, Barclays Capital, Inc.*

Hi. Good morning. Thanks for taking the questions.

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**Raymond Scott**

*President, Chief Executive Officer & Director, Lear Corp.*

Hi, Dan. Good morning.

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**Dan Levy**

*Analyst, Barclays Capital, Inc.*

Wanted to – hi, good morning. Wanted to start out first if you can just talk about the conquest win and more so in the context of your broader aspiration to get your Seating share up to, I think it's 29%. When you look at that alongside what you're doing with TCS, do you still have that line of sight? Is it further upside? And maybe what is it that's driving these incremental wins? Is it superior cost? Is it that maybe there's some weakness across some of your competitors? Maybe you could just unpack that a bit please.

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**Raymond Scott**

*President, Chief Executive Officer & Director, Lear Corp.*

Well, okay. First of all, that conquest win, I think, was significant, first of all; largest conquest win in our history and I'd argue Seating's history. But there's a lot of focus on innovation and technology. There was a specific – I think we strategically really focused that platform. And the OEM was really focused on technology, both on the product side and the manufacturing side. And I think it's important to note that.

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And so having the innovation center that we recently announced here, being able to take customers through that, demonstrating that this is – in theory, this is actually in use, in production in different manufacturing plants. Demonstrating our wins. I always talk about the strategy around modularity, and that we were really reluctant to really start talking about modularity until we had a contract, a production win. And when we got there, we started talking a lot more openly about what we were doing and changing the actual product itself that was designed more efficiently from a cost standpoint, from a customer perspective, but more equally as important from a manufacturing adjacency perspective around manufacturing integration with just in time.

And so what that win did, and I'd give you the feedback, the feedback I got from that particular OEM was you won across the board. Every functional group was unanimous in the decision for Lear. And that's rare. I mean, the decisions we get can be mixed. You could have certain groups that support, some that don't. But at the end of the day, to have a unanimous decision across every single functional group within a particular customer was very unique. And I think secondly, it validated at the right time what we've been talking about, and it was focused on innovation and technology at a manufacturing level with product design that was very unique.

And so we've acquired IGB, Kongsberg. It's been a great integration. We've been able to really take those products and integrate them into a modular solution. You have to have that engineering capability. You can't partner with anyone. We found that you have to have it.

The acquisitions we've been doing for 10 years along automation – I mean, we are a manufacturing integrator. We've actually brought that in-house. And so our ability to manufacture capital that has very unique capabilities. You can buy cobots and robots. Those are commodities and talk about that you're doing automation. But where you differentiate – and I'm even a little leery. We have a picture here of our innovation center. I don't want to show too much because it is really revolutionary in how we are getting at this from a manufacturing perspective.

So one, I think that win, yes, it's significant in the size of the win. It's, from a manufacturing perspective, two different manufacturing plants, significant. But it was more on the fact that our innovation and technology won it; not on the performance of the competitors that were in place. It was the OEM is really looking to change the supply chain around technology.

And so your second question, why we've been at this well over a decade on how we're going to look at innovation on the manufacturing and the product side being tied together was all a part of our growth strategy. And so having that validation. We're seeing a lot more, I'll say, openness with some of the domestic Chinese around innovation and technology. That's imperative. I think that's why we've been successful. So we still have a very aggressive target on growth. We believe that 29% is something that we – absolutely is reasonable and something we can achieve because of our technology innovation.

We believe we can continue to grow with the traditional OEMs, even if their market share might be shifting. We also believe we have great innovation technology to grow with the domestic Chinese, and you're seeing that. Year-over-year, it's been incredible. And we think there's significant opportunities with the Japanese. And we're starting those relationships and getting in around technology and innovation.

So we're not backing off our target. We think it's very reasonable. I'll tell you, that award was very satisfying. Not just from a growth perspective, but it validates our strategy in a number of different key ways. And so, we're keep pushing. I talked a little bit about how, I think, we did a great job in 2025. We are not where we need to be. We know we have a lot of work to do. We need to continue on E-Systems, we need to continue on Seating. But boy, we have some momentum. We really have momentum. And so we're not backing off that target of market share.

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**Dan Levy**

*Analyst, Barclays Capital, Inc.*

Q

Great. Thank you. As a follow up, wanted to ask about the net performance. And it seems like you're actually talking – you initially, I think, downplayed some of the expectations on the magnitude, net performance we could see in 2026 relative to 2025. It looks like it's going to be fairly comparable. Maybe you could just help us unpack what inning you're in on some of these automation savings, restructuring savings. I don't mean to – you just gave your 2026 outlook today, but how much more is there beyond what you've outlined for 2026?

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**Jason M. Cardew**

*Senior Vice President & Chief Financial Officer, Lear Corp.*

A

Yeah, I think as we look out to 2027, 2028 and beyond, we see a similar level of opportunity in terms of net performance. And we are committed to delivering that 40 basis points and 80 basis points, again, not just in 2026, but in 2027 and beyond. And the mix of what will drive that is likely to shift as we get into 2027 and 2028, where there may be a little bit less in terms of restructuring savings in 2027 than what we've enjoyed here in 2025 and in what we expect in 2026. But the level of savings we expect from the digital and automation side under the IDEA umbrella, we expect, will continue to grow.

And this fellowship program that we started last year, we reviewed the initial projects that came out of that, and it's remarkable. And so we see an opportunity to really build momentum after a strong 2025, a good start to 2026 and see that number and the benefit from IDEA-related projects really increasing further in 2027 and 2028. And that will provide the primary support for that kind of reoccurrence of that 40 basis points and 80 basis points of net performance growth year-over-year.

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**Dan Levy**

*Analyst, Barclays Capital, Inc.*

Q

Great. Thank you.

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**Jason M. Cardew**

*Senior Vice President & Chief Financial Officer, Lear Corp.*

A

You're welcome.

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**Operator:** Our next question comes from Colin Langan from Wells Fargo. Please go ahead with your question.

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**Colin M. Langan**

*Analyst, Wells Fargo Securities LLC*

Q

Oh, great. Thanks for taking my questions. Any color on how should we think about the cadence of earnings as we go through the year, particularly with some of the T1 downtime in Q1 and later in the year? Yeah.

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**Jason M. Cardew**

*Senior Vice President & Chief Financial Officer, Lear Corp.*

A

Yeah. Yeah, we – we're not providing pinpoint guidance for the first quarter. But we – we're a month into the quarter. We have a pretty good line of sight on customer production schedules. And the year is off to a, I would say, a fairly strong start. And we see the first quarter shaping up pretty similar to how we exited the fourth quarter. So revenues in that \$6 billion range, operating income around \$260 million.

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The mix between segments is likely to be a little bit different. We had a very strong fourth quarter in E-Systems. We do expect a modest step down there. You had the impact of the Escape, Corsair building out. We had a very strong quarter commercially in the fourth quarter. So in terms of the margin by segments, we would expect Seating to be in the low 6s and E-Systems right around 5%. So we expect the year to get off to a solid start and we don't expect or require sort of a hockey stick of improvement throughout the year to hit the full year guidance that we provided today. The first quarter is sort of in line with how we see – largely in line with how we see the year playing out.

Now as the year progresses, you mentioned some downtime on the T1. The first plant will be going through a changeover. That does weigh on volumes, particularly on the Seating side. So there'll be a little bit of choppiness from that. But we expect the year to get off to a good start in the first quarter. And as we normally do, Colin, we'll provide an update on a – at an investor conference later in the quarter on how things are progressing there.

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### Colin M. Langan

*Analyst, Wells Fargo Securities LLC*

Q

Got it. That's very helpful. Any color on – you mentioned on the slides onshoring. It sounds like the major – congrats on the big win, but it sounds like that was a conquest that was already here. How – any way to size the onshoring wins you have? And then what is the potential of when these can actually launch, how quickly can some of these onshore actually come in? Can they actually even help 2027 at this point, or is all kind of betting on 2028, 2029?

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### Jason M. Cardew

*Senior Vice President & Chief Financial Officer, Lear Corp.*

A

In terms of the onshoring, the Orion award will benefit 2027. And we're using S&P volumes to sort of model the backlog impact of that. And we're – we've included \$75 million in our Seating backlog in 2027 attributed to that. So there's some cannibalization of existing program volumes in other plants. But there is some upside there, we believe, as a result of that additional capacity GM is putting in place.

We don't see a lot of additional onshoring, sourcing activities that would benefit 2027. I think that's more likely 2028 and 2029 where you would see – the effects of that sourcing play out. We've talked in the past about, for example, Mercedes putting production of another program here in the US as one example. So those are going to happen a little bit later. And we're sort of taking these onshoring opportunities one at a time. It was very important to secure Orion, and we accomplished that in the fourth quarter. And now we'll move on to the next opportunity as the year progresses.

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### Raymond Scott

*President, Chief Executive Officer & Director, Lear Corp.*

A

Yeah, I think to talk about how we're looking at this is, one, what's come out early on between conquest and onshoring was absolutely targeted in something that we desired and we went after. And everything we focus on is getting good returns, and it has reliable history, good production volume, something that we want to put our capital dollars and invest in in a way that we get a good return. And so every single onshoring opportunity doesn't look the same to us. And there's some that will make sense to us where we think we can get and drive. Like for example, on this conquest win, new technology that is going to be introduced into the industry in a very selective, strategic way with a good history of volume that is a brand that's well recognized. Others, we may focus on the component part of the business and focus on other parts of onshoring that make more sense to us.

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And so I think you asked the timing. If I had to put it on an analogy of sports, we're probably in the fourth inning. I feel pretty good because I think we hit a couple of grand slams. Dingers out of the park. But we're going to be cautious and smart about how we look at this, but we're going to be focused on what is best for Lear. And we'll go at it every time we get an opportunity to look at the – what that business looks like. And so it's early, but I like the position we are in right now.

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## Colin M. Langan

*Analyst, Wells Fargo Securities LLC*

Q

Got it. All right. Thanks for taking my question.

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**Operator:** Our next question comes from Joe Spak from UBS. Please go ahead with your question.

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## Joseph Spak

*Analyst, UBS Securities LLC*

Q

Thanks. Good morning, everyone. On the large conquest win, I was just wondering if you can help us, like our back of the envelope math suggests that could be like \$400 million or \$500 million annual revenue. Just want to make sure we're in the right ballpark. And also that's not in that 2027 backlog, right? That program starts beyond that. I just want to confirm that and when do you think you might need to start spending some capital for that huge win?

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## Jason M. Cardew

*Senior Vice President & Chief Financial Officer, Lear Corp.*

A

Yeah, Joe, that program is outside of the backlog window. That would launch at the tail end of 2028 and really benefit 2029. And we don't want to speak specifically about any individual program, as we mentioned in the prepared remarks, until the appropriate time. But what we can say is that between Seating and E-Systems, we had about \$800 million of conquest awards in 2025. So a really strong year of taking share in both Seating and wire from competitors.

And as we look out to 2026, we have about \$1.5 billion of conquest pipeline opportunity in Seating and about \$600 million in E-Systems. So significantly more than what we've historically seen on the E- Systems side and maybe more of a typical year in terms of the Seating opportunity. But we do see opportunities to continue taking share in both the JIT business and in our wire business.

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## Raymond Scott

*President, Chief Executive Officer & Director, Lear Corp.*

A

And I think it's important, like I've mentioned earlier, is that we are being very strategic in how we're looking at the future growth opportunities. We learned quite a bit from the EV volume reductions here in North America, particular programs and the risk profile they may bring. The program that we're focused on are – have a long history, a great brand, great volume. And where we invest that type of innovation technology is going to get us nice returns.

And I think equally as important, I was excited with Seating. E-Systems, I'll tell you, \$1.4 billion; second to another year where we had a particular program. It was a large program in that year, a great year. And everything that we are targeting in E-Systems is at target or above margins. And so the backlog, as it comes in, should be healthy from a margin perspective. And what it did was why 2025 was so important, like I said, it gives us credibility. Our net performance and what we're doing operationally is outstanding. We got work to do. We're not where we need

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to be. I'll be very clear on that, and I tell the team that all the time. But I like the momentum we have on the net performance.

The growth equally is important because we're very – we're in a competitive position, but we're winning business at healthy margins. And that's what it's all about. We're not going to chase business, we're not going to chase programs that are risky, that don't have that history of longevity or volume. We are being very selective on what we go after. And that's what I keep mentioning is that it gives us an opportunity because of our innovation and technology, particularly in Seating, to really focus on what we think is important growth programs and platforms globally.

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### Joseph Spak

*Analyst, UBS Securities LLC*

Q

Right. Actually, Ray, you just touched on part of my second question, which is we've seen some meaningful amount of dollars from the OEMs for some canceled programs, mostly related to EVs. You've obviously invested some capital for those programs. Can you just help us understand, like, are those discussions done? Are they ongoing? Is there any payments towards you embedded in your 2026 outlook?

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### Jason M. Cardew

*Senior Vice President & Chief Financial Officer, Lear Corp.*

A

Yeah, I would say, Joe, that the major negotiations are largely complete and we do expect some cash benefit, and that's embedded in the guidance for this year as those agreements are finalized and paid out. And there was some benefit to our net performance in the fourth quarter. That was probably the biggest positive surprise from our mid-quarter update, was the magnitude of those settlements relative to what we had expected. They came in a little bit stronger than what we embedded in our guidance and what we provided to investors in terms of an update in December. But there aren't significant, additional opportunities that we see beyond that impacting 2026. I think we're largely complete on the most significant of those negotiations.

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### Joseph Spak

*Analyst, UBS Securities LLC*

Q

Just a quick follow-up. Is that – if – when if we look at your walk, is that in that other \$265 million? Is that where you're placing some of those recoveries?

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### Jason M. Cardew

*Senior Vice President & Chief Financial Officer, Lear Corp.*

A

Yeah, there is some deferred revenue associated with those agreements that shows up in that other, both in the fourth quarter and for 2026.

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### Joseph Spak

*Analyst, UBS Securities LLC*

Q

Okay. Thank you.

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### Jason M. Cardew

*Senior Vice President & Chief Financial Officer, Lear Corp.*

A

Yes.

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**Operator:** And our next question comes from Emmanuel Rosner from Wolfe Research. Please go ahead with your question.

**Emmanuel Rosner**

*Analyst, Wolfe Research LLC*

Q

Oh, great. Thank you so much. Just a couple of quick follow-ups to earlier questions. First on the cadence. It sounds like the first quarter is off to a pretty strong start. But then you also flagged that there may be some choppiness around some of the T1 downtime. Based on your schedule, are you seeing some of that downtime not in Q1 and sort of like in potentially future quarters?

**Jason M. Cardew**

*Senior Vice President & Chief Financial Officer, Lear Corp.*

A

Yeah, I think it's more in the third quarter in terms of the changeover that the first T1 facility, where we'll see the lower volumes more in the second half of the year than in the first half of the year.

**Emmanuel Rosner**

*Analyst, Wolfe Research LLC*

Q

Got it. And then my second follow-up was, there was not much mention at all of commodities and copper in particular. Can you just remind us how to think about potential impact? I know that, obviously, most of it is passed through, but just how should we think about impact on this year?

**Jason M. Cardew**

*Senior Vice President & Chief Financial Officer, Lear Corp.*

A

Yeah. I mean, we've worked hard over the last number of years to put indexing and pass-through agreements in place pretty much across the whole suite of commodities that impact our business. And so you're not going to see much impact in terms of earnings from changes in commodity prices, but you could see some choppiness in revenues.

We've assumed \$5.25 for copper for the year, which I know is a little bit lower than the current market price that – that's almost \$1 higher than last year. And it's slightly higher than what we experienced in the fourth quarter. So if it does remain at \$6, there would be some additional revenue, but very little change in earnings. Most of those indexed agreements are on a one-quarter lag. So you could have a blip in one quarter, but afterwards, that is passed through. Similar agreements in place for steel. Largely insulated from fluctuations in steel costs.

And overall, I think the commodity impact for the year, which is embedded in our net performance, is about – a headwind of about 6 basis points. So it's pretty nominal.

**Emmanuel Rosner**

*Analyst, Wolfe Research LLC*

Q

That's really helpful. Thank you.

**Jason M. Cardew**

*Senior Vice President & Chief Financial Officer, Lear Corp.*

A

You're welcome.

**Operator:** And our next question comes from Itay Michaeli from TD Cowen. Please go ahead with your question.

**Itay Michaeli**

*Analyst, TD Cowen*

Q

Great. Thanks. Good morning, everybody. Just had a follow-up...

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**Raymond Scott**

*President, Chief Executive Officer & Director, Lear Corp.*

A

Hi.

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**Itay Michaeli**

*Analyst, TD Cowen*

Q

A couple of follow-ups on page 20, slide. 23. On the roughly \$800 million drag from volume mix this year, hoping you can give a bit more color about the drivers there, and also whether that includes some JLR recoveries after the disruption last year.

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**Jason M. Cardew**

*Senior Vice President & Chief Financial Officer, Lear Corp.*

A

Yes. Itay, short answer is yes, it does include the recovery with JLR. We've largely aligned our guidance with the S&P forecast. And so there are several kind of drags on that volume line for us that I can highlight, provide a little bit more color. We talked about the changeover on the GM full-size pickup trucks, the first programs impacted by that. So that is one of the factors. We also see significantly lower volumes on the GM electric vehicle platforms, consistent with what they've announced.

I think also in Europe, while we do see the benefit of higher volumes with JLR, we do see lower volumes on a number of customers that we would attribute to a combination of share displacement, the Chinese taking share in that market, as well as maybe a little bit lower volume on exports to the US because of tariffs. So we see lower volumes, for example, with Porsche and Stellantis, Nissan as some examples of that.

And then in China, we do see lower volumes on some of our traditional customers with Audi and BMW, to a lesser extent GM and Ford. And that's partially offset by some growth with BYD and Geely. Now, that volume impact is largely offset by our strong backlog for the year.

And I would – at this stage of the year, I would characterize the volume assumptions as maybe shading towards the conservative end of the spectrum, particularly the way we're seeing the year start off here in the first quarter. I think that if you look at S&P's outlook, they may be underestimating how the European automakers respond to the Chinese threat in the European market and adjust prices. We've heard customers talk about that publicly.

We also think that the underlying strength in the US market may be not fully captured in the S&P outlook. And so you could see a little bit more improvement there. And what we try to do is have a wide enough range to capture those types of things at the high end of the guidance range, and then the low end of the range sort of captures the unknowns. Are there new trade and tariff-related disputes? Is there something that leads to structurally weaker demand than what we're anticipating?

And as we sit here today, I feel pretty good about the midpoint and above and – but it – just given what we've been through the last several years, just think it's appropriate to have some caution built in and protect for that at the low end of the guidance range.

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### Itay Michaeli

*Analyst, TD Cowen*

Q

No, absolutely, and I appreciate all that detail. Thank you.

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**Operator:** Our next question comes from Mark Delaney from Goldman Sachs. Please go ahead with your question.

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### Mark Delaney

*Analyst, Goldman Sachs & Co. LLC*

Q

Yes. Good morning and thank you very much for taking the questions. You mentioned a number of TCS programs and progress you're making there. I was hoping you can put that into context. And is TCS revenue still tracking to the \$1 billion 2027 target you previously had and with a 10% EBIT margin?

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### Jason M. Cardew

*Senior Vice President & Chief Financial Officer, Lear Corp.*

A

Yeah. We've – we're excited about the success and progress we're making with thermal comfort of the 33 awards that we've talked about, those programs beginning to launch last year and really inflecting even higher this year.

With all that being said, the \$1 billion target remains in place. We're pushing the timing of that out a little bit. And that business is impacted by the same factors that impacted the rest of the company, most notably the lack of demand for electric vehicle platforms and how all those programs that were in in the pipeline were canceled or launched at lower volumes. And so that will weigh on the 2027 number. But that business is growing. We still have confidence in achieving both the \$1 billion of revenue and the 10% margin target. But we are pushing that out a little bit at this stage, Mark.

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### Raymond Scott

*President, Chief Executive Officer & Director, Lear Corp.*

A

Yeah, I think the good news is, and we talked about was now that we have this in production and it's gaining traction, we're not quoting against. We don't – I don't – I haven't seen anyone reporting again. So we're the only ones that can produce, like we talked, a full modular assembly of comfort – thermal comfort products.

And so, I think as a read across goal and as they look across their own platforms, we're going to be able to accelerate our own awards. But it feels really good where we are at, 33 different awards. This new innovation center we put up, I think, is really the customers we are bringing through where they can actually touch and see and feel it, is really helping.

And like I said, it really helped us with this large conquest win we got. When we walked the customer through that facility and they got to understand what – what's in production, man, it really hits home. And so we're going to continue to push it. I feel really good where we are at. Jason mentioned some of the volume classes on the EVs where we had awarded programs and some of the delays, but still feel really good where we are at and what we're doing and how it's differentiating ourselves.

And it's interesting. We went back and kind of looked at the customers and where they are at. There's different customer strategies. And like I said, you have some that are still really focused on common architectures, single sourcing of components, and we can do a great job there. And then – but the bulk of them are in this hybrid between manufacturing and product design around innovation. And that's where our sweet spot is. And we can

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still – more of the – I'll call it innovative, kind of pushing the boundary of innovation. We can support those modular concepts. And so we can hit every one of our customers.

And in those two buckets I just talked about with hybrid and the further developed innovation customers, we are the only ones that were quoting those type of solutions. And so I feel really good where we are at.

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### Mark Delaney

*Analyst, Goldman Sachs & Co. LLC*

Q

That's all helpful. One other question for me was a follow up on the conquest business, and congrats on the award you were able to announce today. You previously talked about \$3 billion of conquest opportunity in Seating. I'm hoping you could put the progress you have now into context with what's been won and what might still be available as you think about the Seating conquest opportunity set specifically. Thanks.

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### Jason M. Cardew

*Senior Vice President & Chief Financial Officer, Lear Corp.*

A

Yeah, I think at the start of last year, there was a total opportunity of \$3 billion in that as we sit here today, we talked about \$800 million of net conquest awards in both Seating and wire together. That's now been completed. We have \$1.5 billion pipeline of Seating conquest opportunities for this year. So we've – we had a good year. We had a great year in 2025 and I see continued opportunity in 2026. And those two taken together put us on a – on track to achieve that 29% market share over time.

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### Raymond Scott

*President, Chief Executive Officer & Director, Lear Corp.*

A

Yeah, I think, again, last year we've talked up quite a bit the pipeline and what we're quoting and some of the canceled, delayed or pushed out programs. And a lot of that's resulted even into this early part of this year. I feel really good about E-Systems, where they're at. We've got some good conquest opportunities in front of us. Hopefully in the next call, we'll make some announcements. And Seating, I think, will be similar to this year where a lot of those will extend into the second half.

But again, the pipeline is rich. And like I said, we're being very selective and strategic on where we're placing our bets, and where we're going to invest our dollars. And so with this innovation in Seating and how we're differentiating ourselves, I think is going to continue to keep us in a good position.

But I think equally as important, E-Systems, we're seeing a lot of opportunities, like I talked about, in the wire business, and so – and a lot of that's conquest. And so I'll be – it's a first half, second half. First half, with E-Systems, I think we'll have some announcements. In second half, I think we'll continue to have good announcements in Seating.

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### Mark Delaney

*Analyst, Goldman Sachs & Co. LLC*

Q

Thank you.

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### Raymond Scott

*President, Chief Executive Officer & Director, Lear Corp.*

Okay. That's it for the Q&A. I just want to, again, talk to the team that's on the phone. Again, I've – you've heard me say this. Great 2025. Our net performance, almost \$200 million. The best performance in the history of Lear Corporation, all driven by your hard work. I know this year is going to be equally as tough, but I know – like I

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always say, we're built differently. We're built with that competitive attitude to continue to beat the numbers that we've put in place and exceed expectations.

New business wins. You guys know how happy I am about what you guys achieved. We're differentiating ourselves. We're doing it through innovation and technology. The business that we're going after is very selective, and it's going to get us good returns as we launch that business.

IDEA by Lear, we talked about it. Man, you guys continue to blow me away with the things that you're coming up with, with capital, non-production purchasing, purchasing components. It's across the board from free cash flow to inventory levels to OI. I think we're just scratching the surface. I know we got to connect the dots on a lot of different things, but man, you guys are doing a great job. And this value creation process that we're introducing is throughout the company and really focused longer term on strategic applications of good business, is going to be great, all making us a stronger company.

So thank you for everything you did in 2025. Little differently, I'm looking forward to a great year in 2026.

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**Operator:** The conference has now concluded. We thank you for attending today's presentation. You may now disconnect your lines.