



# Second Quarter 2023 Financial Results

August 1, 2023

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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, 2022, and its other Securities and Exchange Commission filings. Future operating results will be based on various factors, including actual industry production volumes, supply chain disruptions, labor disruptions, commodity prices, changes in foreign exchange rates, the impact of 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

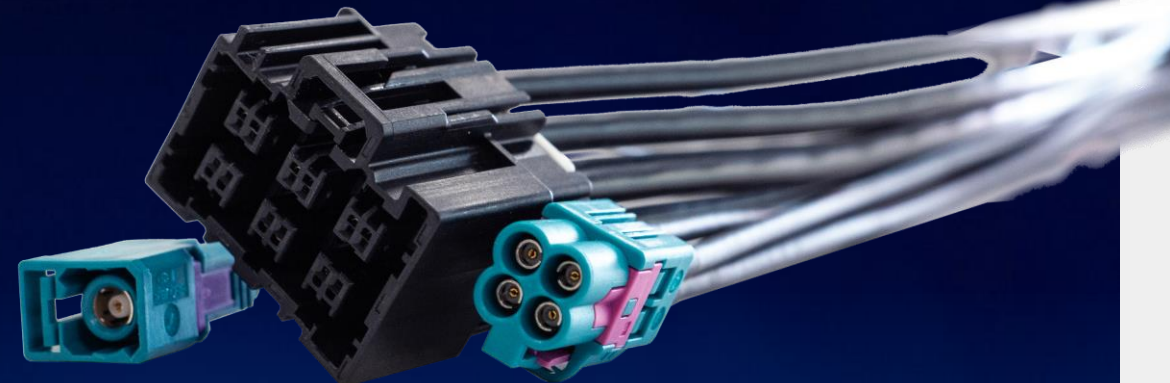


# Business Update

Ray Scott  
President and CEO

# Financial Overview

Second Quarter 2023



	SALES	CORE OPERATING EARNINGS	ADJUSTED EARNINGS PER SHARE	OPERATING CASH FLOW
Q2 2023	<b>\$6.0B</b> UP 18% YOY	<b>\$302M</b> UP 61% YOY	<b>\$3.33</b> UP 86% YOY	<b>\$311M</b> UP \$300M YOY
Q2 2022	<b>\$5.1B</b>	<b>\$187M</b>	<b>\$1.79</b>	<b>\$11M</b>

# Q2 2023 Highlights

- ✔ Positive momentum accelerated with record sales and improved operating results in both business segments
- ✔ Sales outperformed global industry production, driven by growth over market in E-Systems of 11 percentage points
- ✔ Year-to-date E-Systems awards are more than 50% higher than in 2022
- ✔ Agreed with Valeo to explore proprietary solutions that integrate Valeo HVAC and radiant panel technologies with Lear thermal comfort systems technologies to optimize occupant comfort and extend EV range
- ✔ Awarded first-to-market contract to supply INTU™ comfort and wellness products on several future vehicle models with an ultra-luxury European automaker
- ✔ Share repurchases and dividends totaled \$83 million
- ✔ Released 2022 Sustainability Report, which highlights progress on climate goals, sustainable product development, and diversity, equity and inclusion (DEI) initiatives
- ✔ One of 200 companies named to U.S. News & World Report's 2023-2024 "Best Companies to Work For" list
- ✔ Seating Product Day highlighted the latest technologies and new business awards that will support market share gains and earnings growth

# Seating Product Day Major Announcements

- Increased 2023 outlook for net sales, core operating earnings and free cash flow
- Increased JIT seating market share target to 29% (from 28%) by 2027 and introduced overall Seating market share target of 32% by 2027
- Increased Seating target margin range to 8.5% to 9.0% (from 7.5% to 8.5%)
- Seating adjusted earnings expected to increase by ≈\$700 million from 2023 to 2027
- 2023 Thermal Comfort Systems awards are more than 40% ahead of last year
- Targeting #1 or #2 market positions for key Thermal Comfort Systems product categories by 2027
- Lear controls 259 patent assets on FlexAir™ and modularity
- Increased expected Thermal Comfort Systems addressable market industry outgrowth to 4 percentage points (from 2 percentage points) annually through 2027
- Increased Thermal Comfort Systems 2027 revenue target to ≈\$1 billion (from \$800 million) by 2027
- Awarded first-to-market contract to supply INTU™ products on several future vehicle models with an ultra-luxury European automaker
- Awarded first FlexAir™ production contract on a crossover vehicle launching in 2024 with an Asian automaker
- Announced exclusive automotive license for FlexAir™ technology
- 16 development projects on over 41 platforms for FlexAir™ and modularity

Financial targets assume an average Euro of \$1.07, an average Chinese RMB of 6.96 / \$, S&P Global Mobility production forecast as of May 15, 2023 and Company estimates

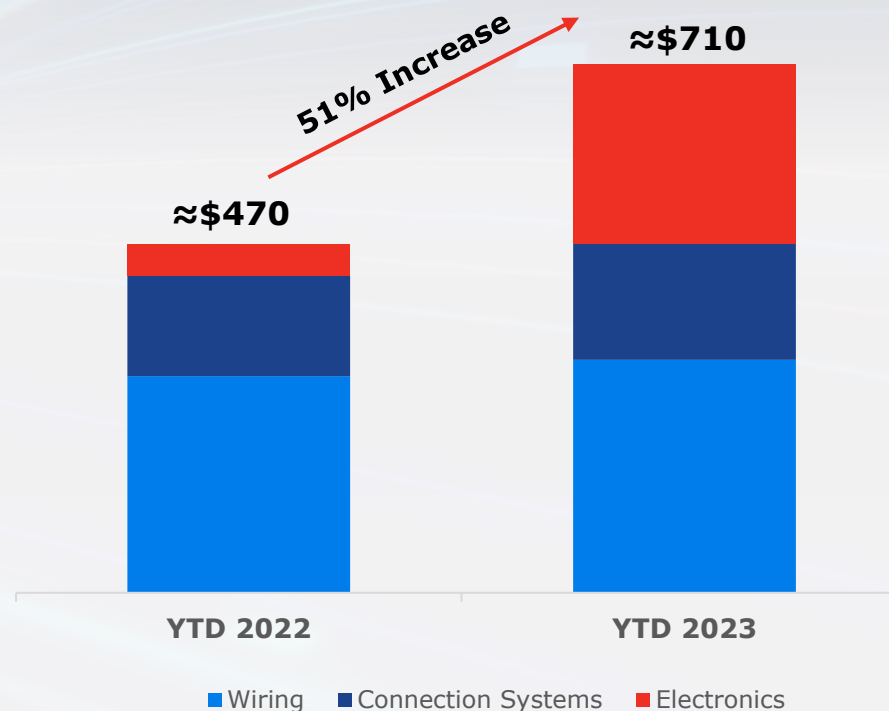
Please see appendix for discussion of non-GAAP financial measures, as well as reconciliations of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

# E-Systems Update

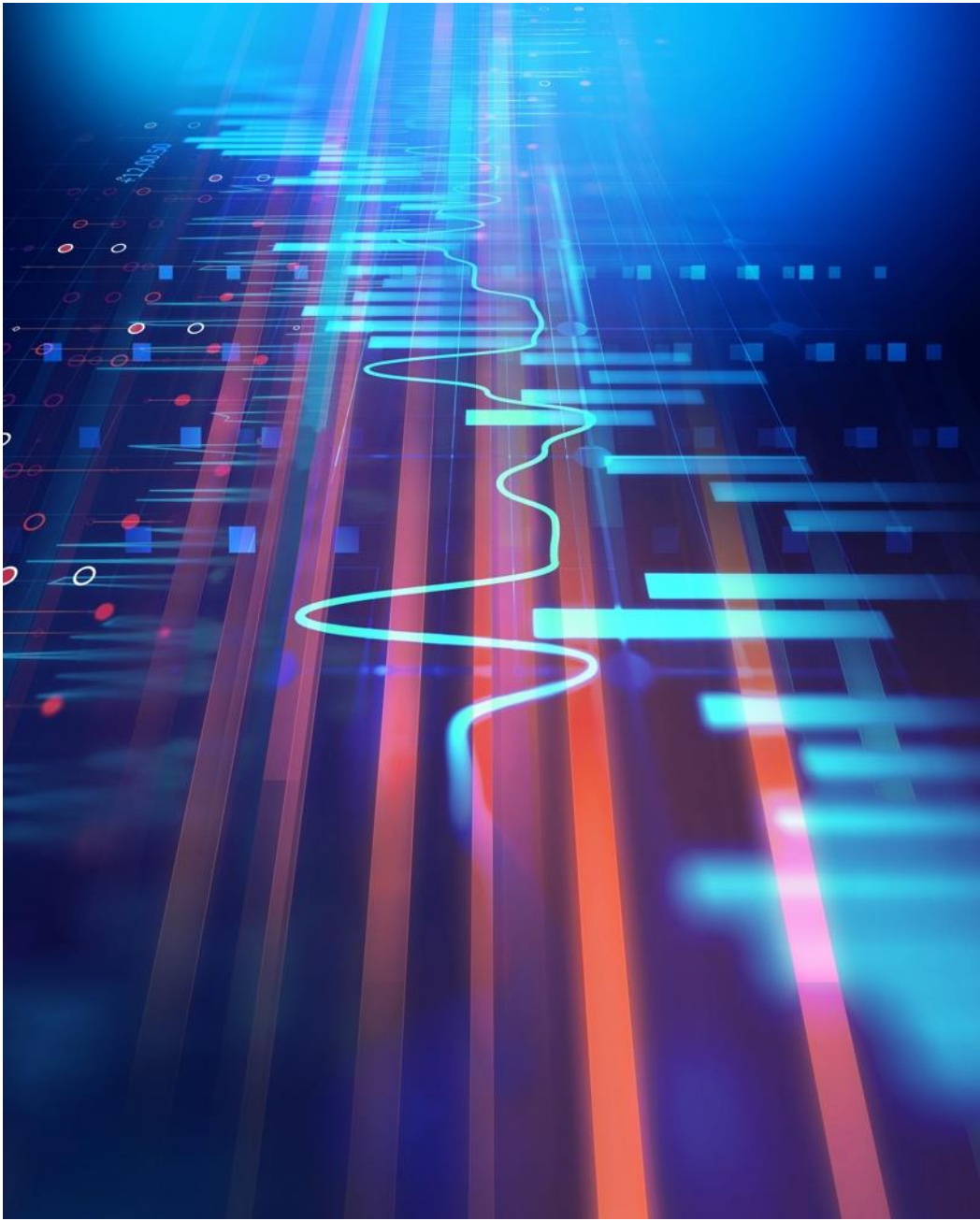
- Fourth consecutive quarter of year-over-year margin improvement
- Year-to-date awards more than 50% higher than in 2022
  - High voltage and low voltage wiring awards for multiple EV platforms, including our first wiring award with BMW
  - Awarded BDU for new Stellantis electric vehicle
  - Began shipping pre-production parts for the ICB to support multiple models on GM's Ultium battery platform
  - 57% of awards for electrification products
- On track for third consecutive year of \$1 billion 3-year sales backlog
- Newly opened connection systems plant in Morocco to manufacture engineered components starting later this year
- Increasing engineered component capabilities and capacity in China

## YEAR-TO-DATE AWARDS

(\$ in millions)







# Financial Review

Jason Cardew

Senior Vice President and CFO

# Second Quarter 2023

## Global Vehicle Production and Currency

### INDUSTRY PRODUCTION

(units in millions)

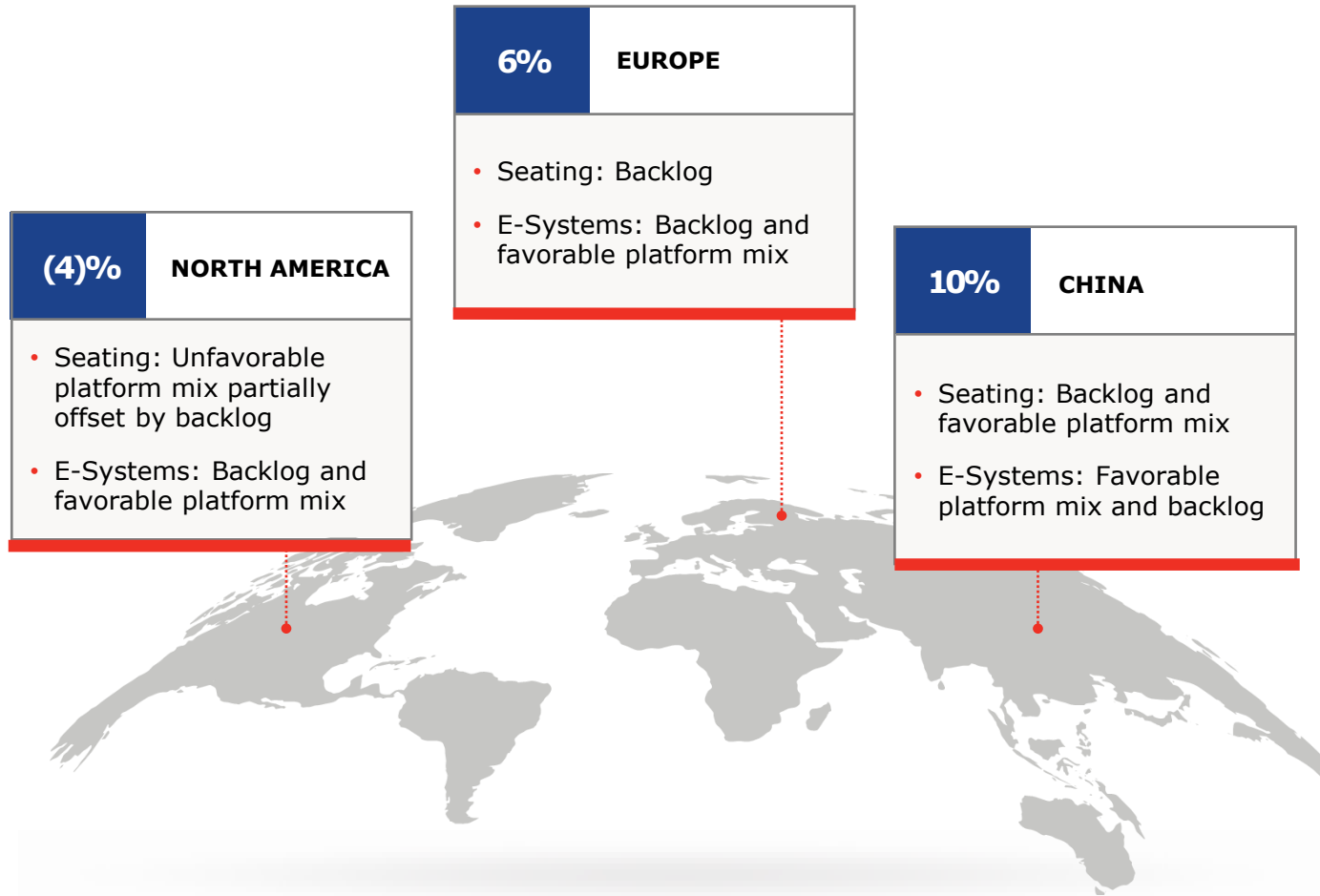
GLOBAL		NORTH AMERICA		EUROPE AND AFRICA		CHINA	
Q2 2022	<b>18.7</b>	Q2 2022	<b>3.5</b>	Q2 2022	<b>4.1</b>	Q2 2022	<b>5.2</b>
Q2 2023	<b>21.5</b>	Q2 2023	<b>4.1</b>	Q2 2023	<b>4.6</b>	Q2 2023	<b>6.2</b>
<b>UP 15% YOY</b>		<b>UP 15% YOY</b>		<b>UP 15% YOY</b>		<b>UP 19% YOY</b>	

### KEY CURRENCIES

	<b>2022</b>	<b>2023</b>	
<b>EURO</b>	\$1.07 / €	\$1.09 / €	<b>UP 2%</b>
<b>CHINESE RMB</b>	6.60 / \$	6.99 / \$	<b>DOWN 6%</b>

# Growth Over Market

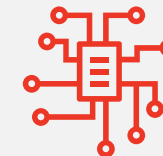
## Second Quarter 2023



**2% Q2 2023**  
**Global GoM**  
*3% H1 2023*



**(1)% Q2 2023**  
**Seating GoM**  
*3% H1 2023*



**11% Q2 2023**  
**E-Systems GoM**  
*6% H1 2023*

# Key Financials

## Second Quarter 2023

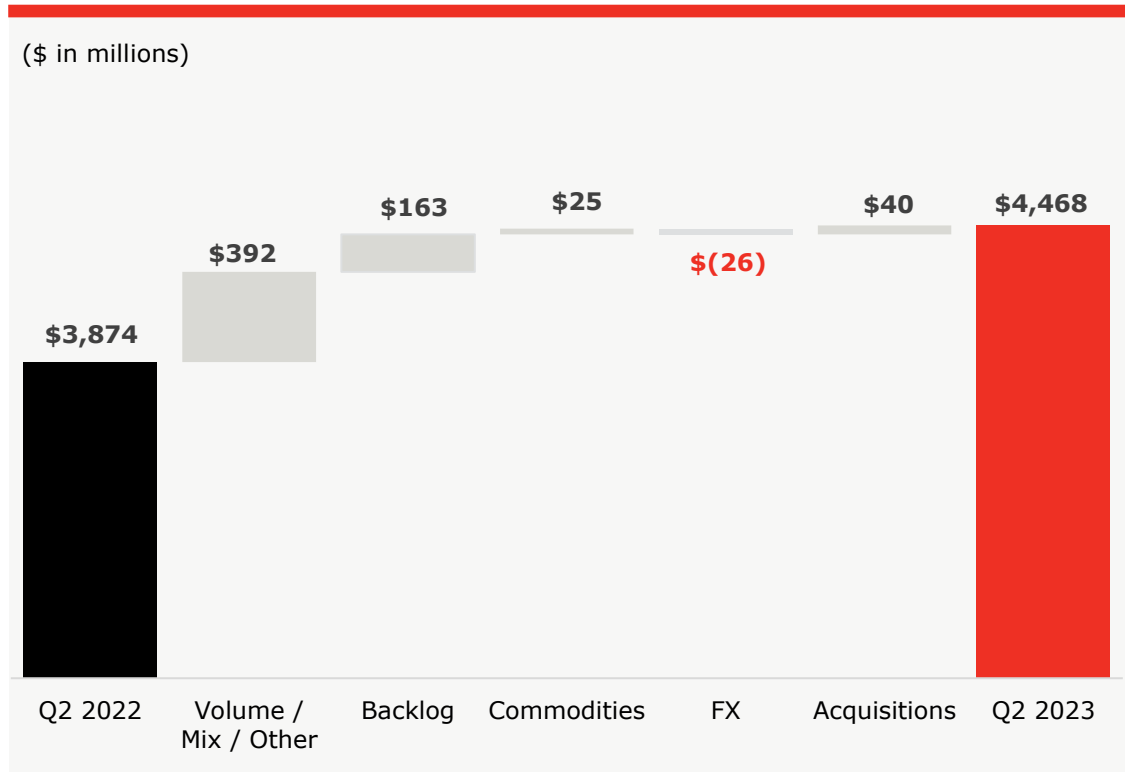
(\$ in millions, except per share amounts)

	2022	2023	YEAR-OVER-YEAR DRIVERS
<b>Net Sales</b>	\$5,071	\$5,999	Increased volume, strong backlog, commodities, and acquisitions, partially offset by the impact of foreign exchange
<b>Core Operating Earnings</b> Operating Margin %	\$187 3.7%	\$302 5.0%	Increased sales, including accretive backlog
<b>Adjusted Earnings Per Share</b>	\$1.79	\$3.33	Higher core operating earnings
<b>Operating Cash Flow</b>	\$11	\$311	Improved working capital and higher earnings

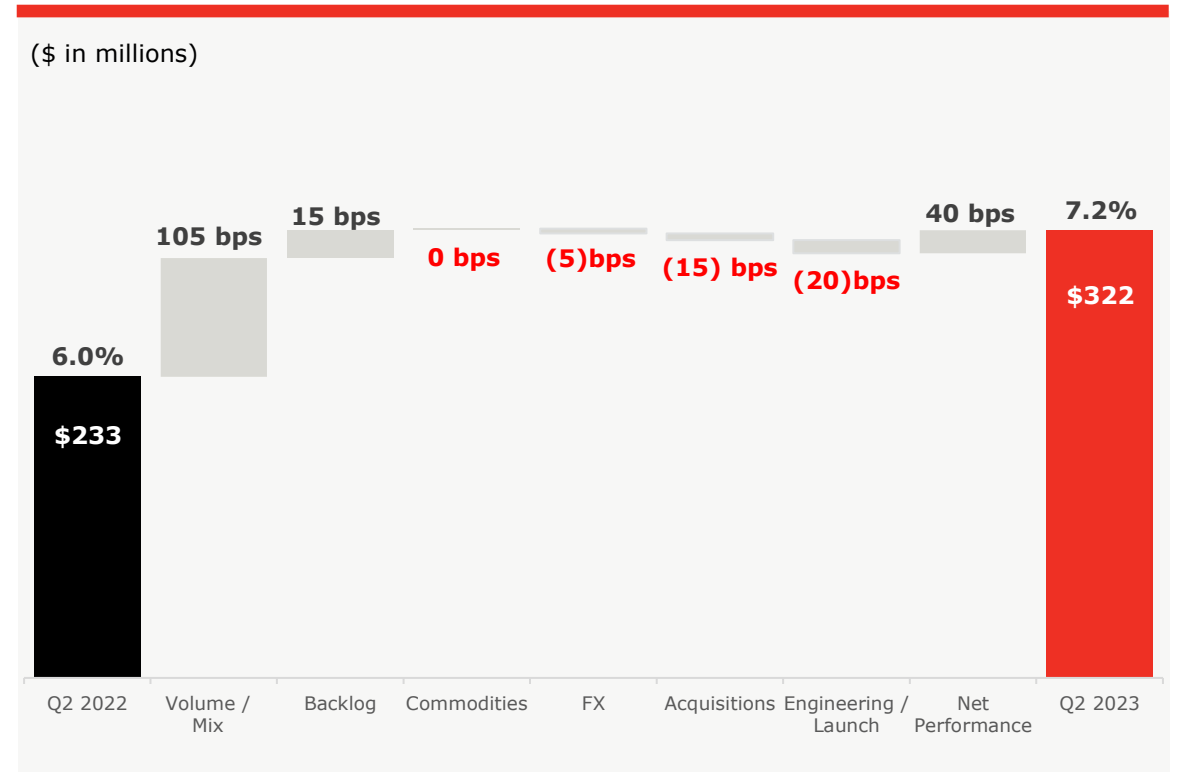
# Seating Sales and Margin Drivers

## Second Quarter 2023

### SALES



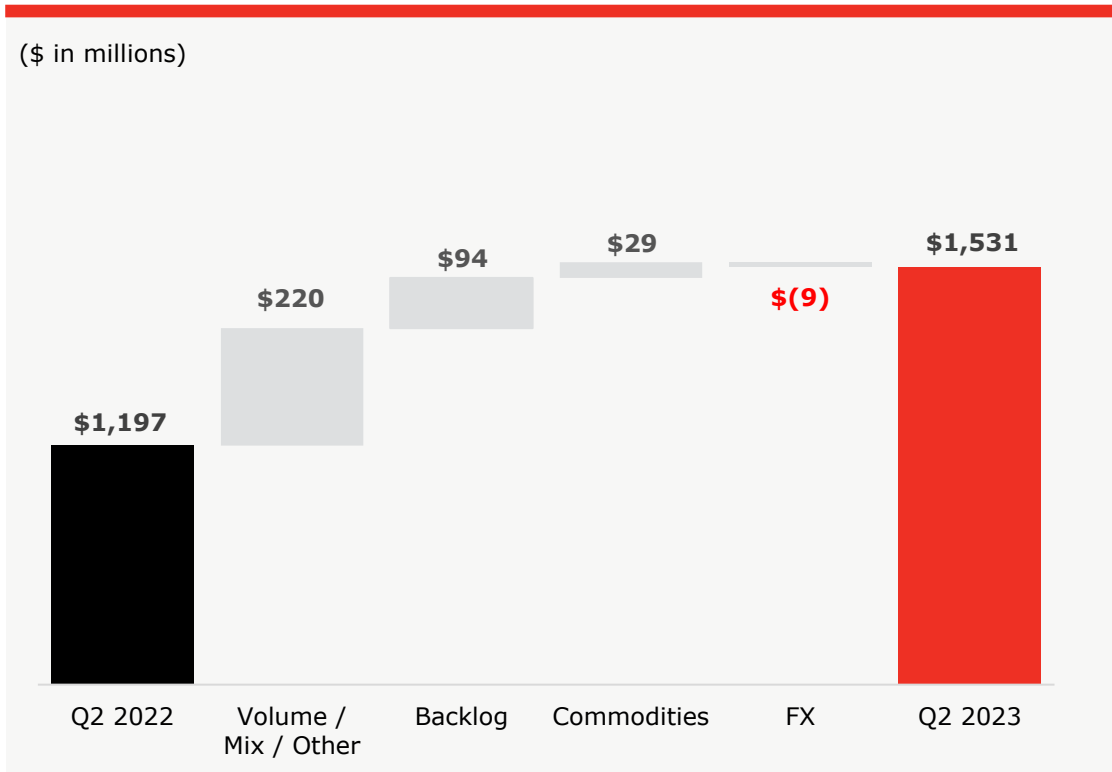
### ADJUSTED EARNINGS AND MARGIN



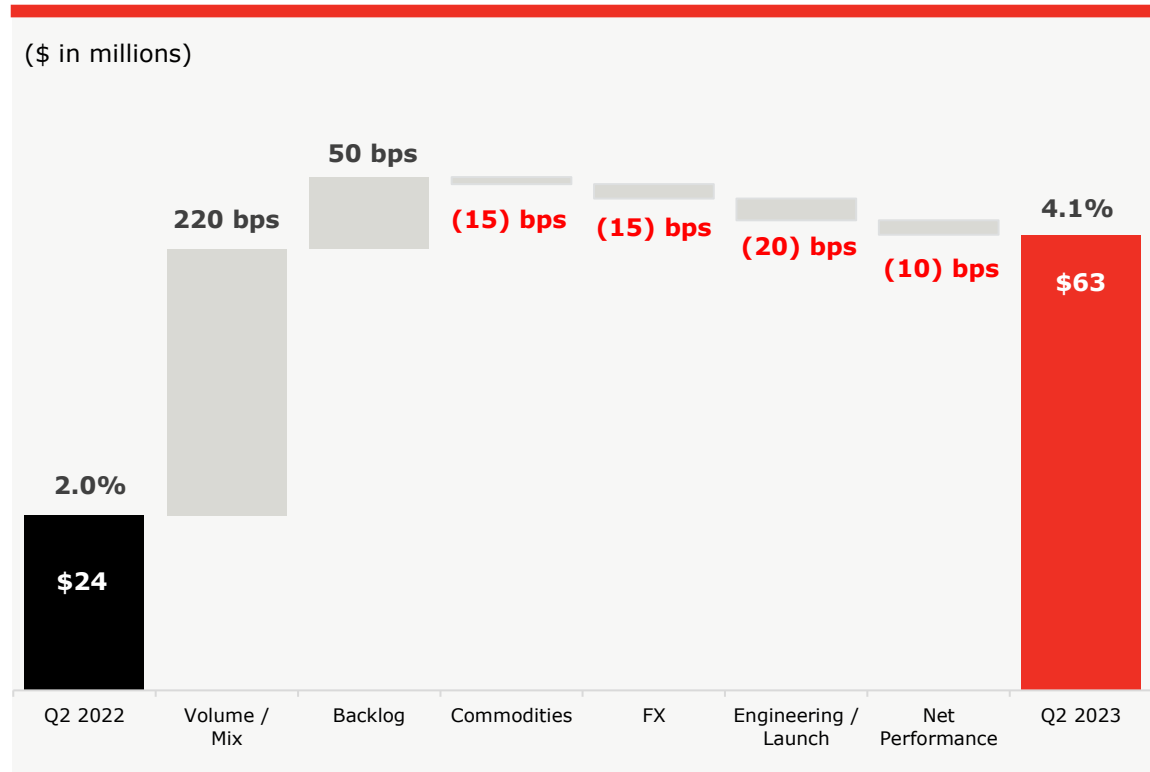
# E-Systems Sales and Margin Drivers

## Second Quarter 2023

### SALES



### ADJUSTED EARNINGS AND MARGIN



# 2023 Outlook – Global Vehicle Production and Currency

## Global Vehicle Production and Currency

### INDUSTRY PRODUCTION

(units in millions)

GLOBAL		NORTH AMERICA		EUROPE AND AFRICA		CHINA	
FY 2022	<b>80.9</b>	FY 2022	<b>14.3</b>	FY 2022	<b>16.2</b>	FY 2022	<b>25.1</b>
FY 2023	<b>84.0</b>	FY 2023	<b>15.0</b>	FY 2023	<b>17.5</b>	FY 2023	<b>24.8</b>
vs Prior Year <b>UP 4%</b> <i>S&amp;P Global Up 5%</i>		vs Prior Year <b>UP 5%</b>		vs Prior Year <b>UP 8%</b>		vs Prior Year <b>DOWN 1%</b>	

### KEY CURRENCIES

<b>EURO</b>	<b>2022</b> \$1.05 / €	<b>2023</b> \$1.07 / €	<b>UP 2%</b>
<b>CHINESE RMB</b>	6.73 / \$	6.96 / \$	<b>DOWN 3%</b>

# 2023 Full Year Outlook

Net Sales

**\$22,350 - \$23,050 million**

*April Outlook \$21,200 - \$22,200 million*

Core Operating Earnings

**\$1,010 - \$1,140 million**

*April Outlook \$875 - \$1,075 million*

Adjusted EBITDA

**\$1,610 - \$1,740 million**

*April Outlook \$1,475 - \$1,675 million*

Interest Expense

**≈\$105 million**

*No Change*

Effective Tax Rate

**21% to 22%**

*No Change*

Adjusted Net Income

**\$620 - \$720 million**

*April Outlook \$510 - \$670 million*

Restructuring Costs

**≈\$100 million**

*No Change*

Operating Cash Flow

**\$1,180 - \$1,280 million**

*April Outlook \$1,075 - \$1,225 million*

Capital Expenditures

**≈\$700 million**

*No Change*

Free Cash Flow

**\$480 - \$580 million**

*April Outlook \$375 - \$525 million*

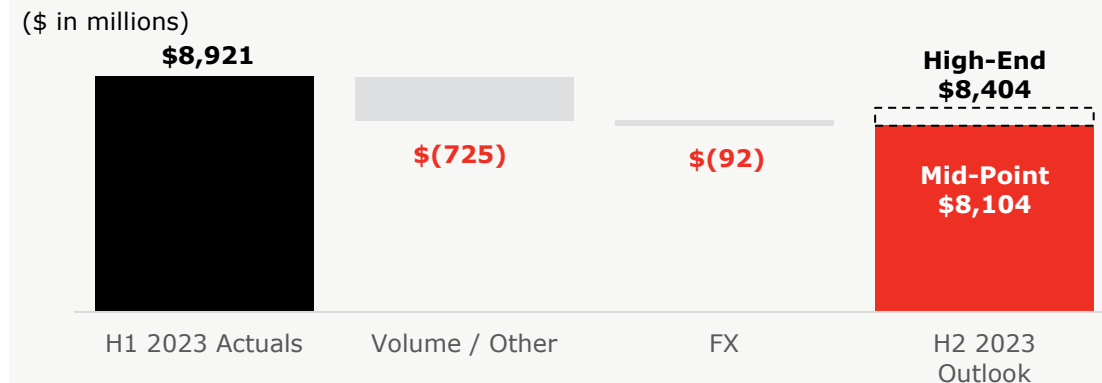
2023 Full Year Outlook assumes an average Euro of \$1.07 and an average Chinese RMB of 6.96 / \$, S&P Global Mobility production forecast as of July 14, 2023 and Company estimates

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.



# Seating H1 2023 to H2 2023 Outlook

## SALES

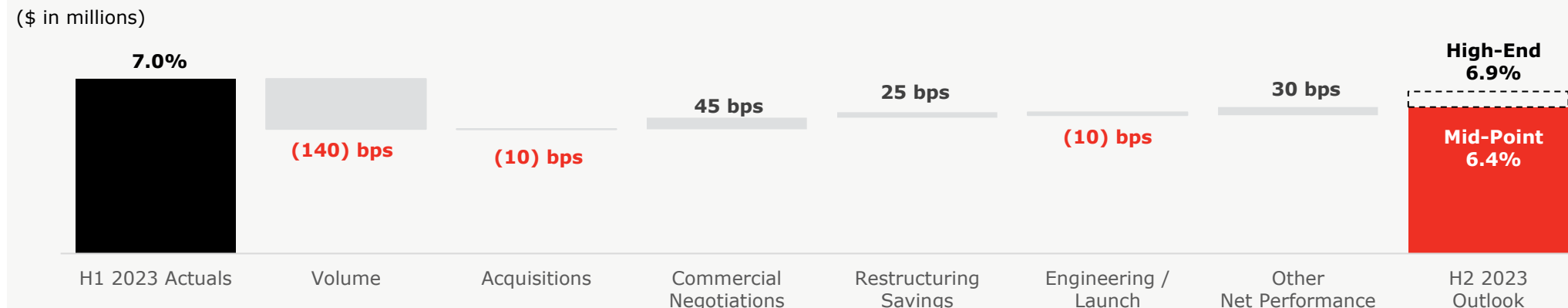


## MID-POINT TO HIGH-END SWING FACTORS

### Sales and Earnings Impacts

- Potential labor strike at OEMs
- Consumer demand
- Commercial negotiations

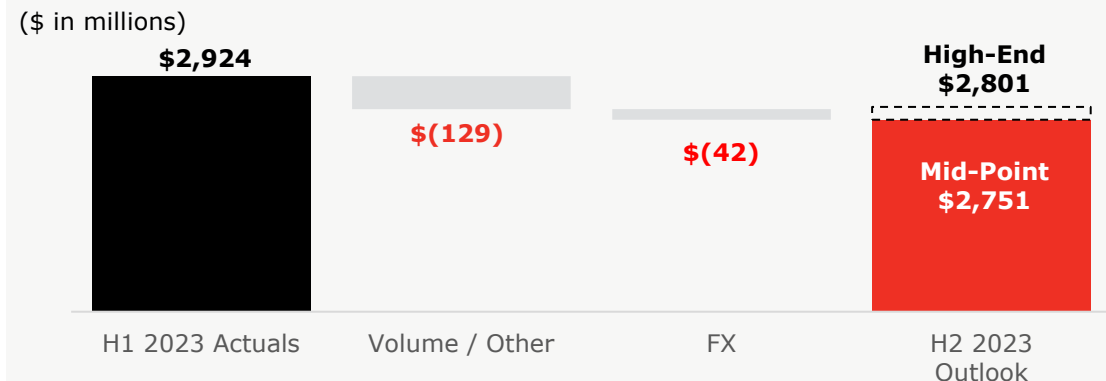
## ADJUSTED EARNINGS AND MARGIN



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# E-Systems H1 2023 to H2 2023 Outlook

## SALES

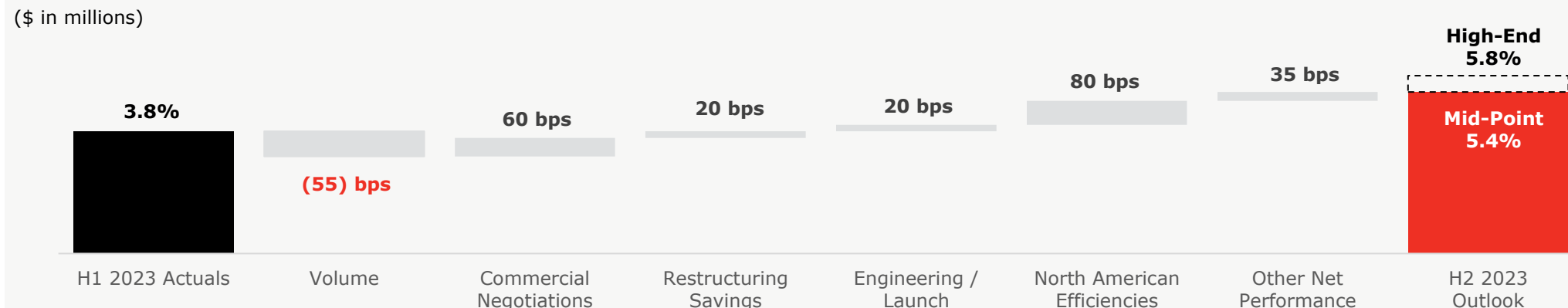


## MID-POINT TO HIGH-END SWING FACTORS

### Sales and Earnings Impacts

- Potential labor strike at OEMs
- Consumer demand
- Commercial negotiations
- Labor and manufacturing efficiencies in North America

## 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.

# Debt Structure and Capital Allocation

## Strong Balance Sheet

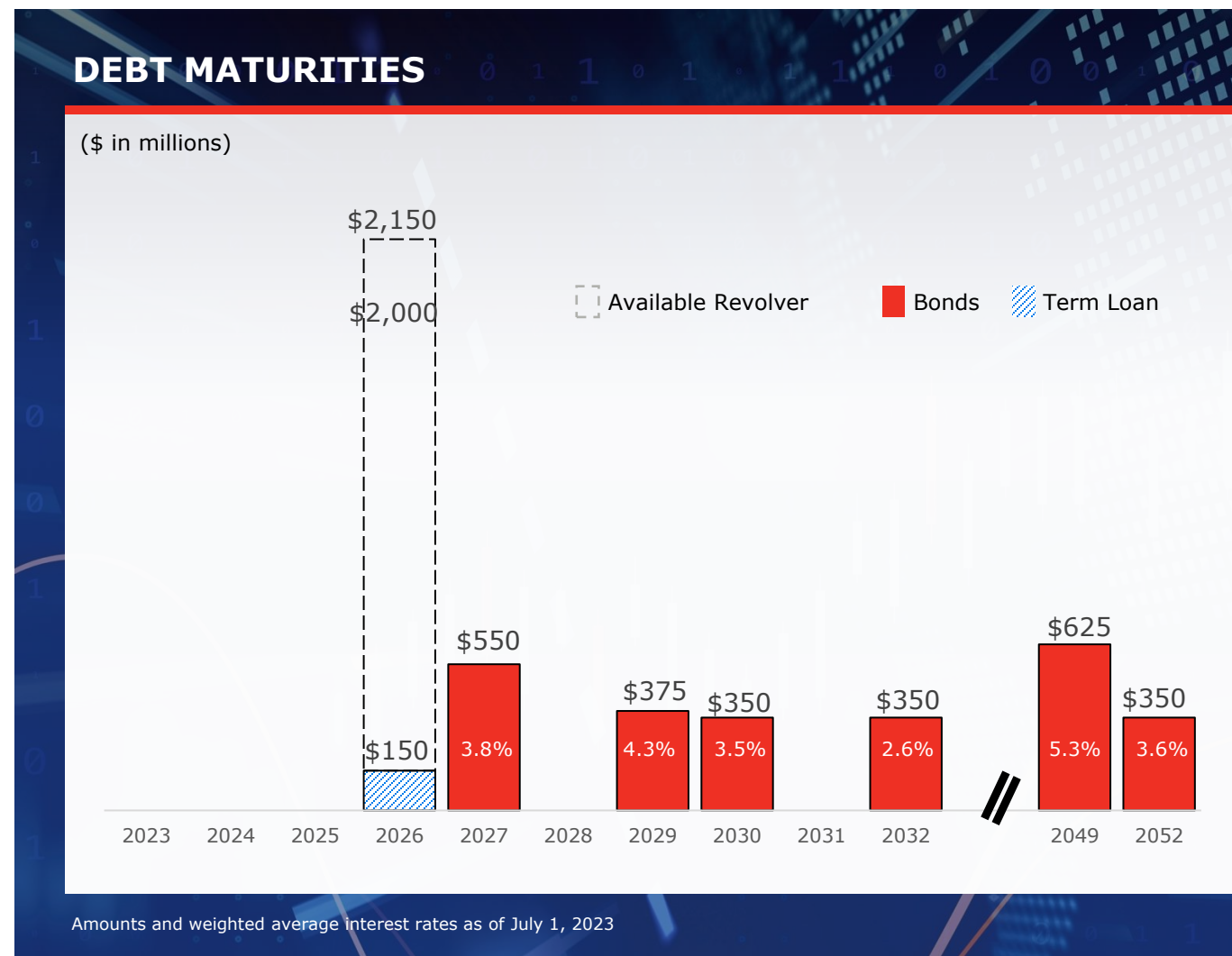
- IGB acquisition largely financed with new \$150 million three-year term loan
  - Floating interest rate; fully prepayable with no penalty
- No meaningful debt maturities until 2027
- Low cost of bonds averaging less than 4% with a weighted average life of  $\approx 14$  years
- Total available liquidity of \$2.9 billion

## Improving Cash Generation

- Executing Lear Forward Plan
- Targeting 80% free cash flow conversion

## Returning Excess Cash to Shareholders

- Quarterly dividend of \$0.77 per share
- Repurchased 286,630 shares ( $\approx$ \$38 million) in the second quarter





# Concluding Remarks

Ray Scott  
President and CEO

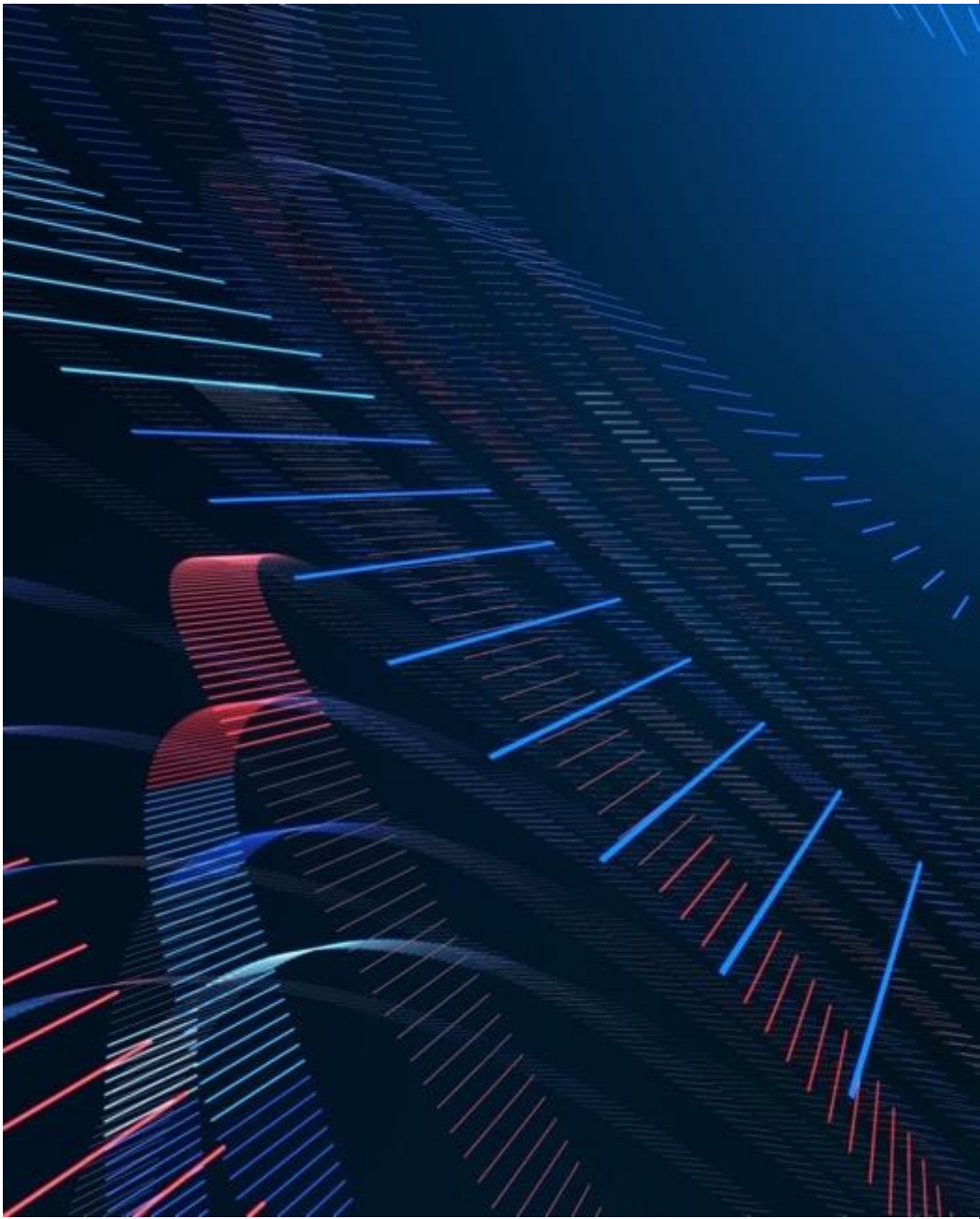
# Strategic Business Priorities

Expanding Competitive Advantage  
in Seating with Thermal Comfort  
Systems Innovations

Focused Product Portfolio in  
E-Systems Driving Growth

Improving Cost  
Competitiveness through  
Operational Excellence

Generating Cash and Driving  
Long-Term Shareholder Value



# Appendix

# Non-GAAP

In addition to the results reported in accordance with GAAP included throughout the 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 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, excluding the settlement of accounts payable in conjunction with the acquisition of IGB, 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>Second Quarter</b>	
	<b>2022</b>	<b>2023</b>
<b>Net sales</b>	<b>\$5,071.0</b>	<b>\$5,999.2</b>
<b>Net income attributable to Lear</b>	<b>\$ 68.5</b>	<b>\$ 168.7</b>
Interest expense	24.9	26.2
Other expense, net	14.4	19.5
Income taxes	23.5	41.5
Equity in net income of affiliates	(4.3)	(16.2)
Net income attributable to noncontrolling interests	17.1	18.5
Restructuring costs and other special items -		
Costs related to restructuring actions	42.6	34.3
Acquisition costs	(0.7)	0.2
Acquisition-related inventory fair value adjustment	1.1	1.8
Intangible asset impairment	8.9	1.0
Insurance recoveries related to typhoon in the Philippines, net of costs	(6.3)	(0.3)
Other	(2.3)	6.6
<b>Core operating earnings</b>	<b>\$ 187.4</b>	<b>\$ 301.8</b>
<b>Adjusted margins</b>	<b>3.7%</b>	<b>5.0%</b>



# Non-GAAP

## Adjusted Net Income and Adjusted Earnings Per Share

(In millions, except per share amounts)

### Net income attributable to Lear

Restructuring costs and other special items -

Costs related to restructuring actions

Acquisition costs

Acquisition-related inventory fair value adjustment

Intangible asset impairment

Insurance recoveries related to typhoon in the Philippines, net of costs

Foreign exchange (gains) losses due to foreign exchange rate

volatility related to Russia

Other

Tax impact of special items and other net tax adjustments <sup>1</sup>

### Adjusted net income

Weighted average number of diluted shares outstanding

### Diluted net income per share attributable to Lear

### Adjusted earnings per share

	Second Quarter	
	2022	2023
<b>Net income attributable to Lear</b>	<b>\$ 68.5</b>	<b>\$ 168.7</b>
Restructuring costs and other special items -		
Costs related to restructuring actions	42.6	34.3
Acquisition costs	(0.7)	0.2
Acquisition-related inventory fair value adjustment	1.1	1.8
Intangible asset impairment	8.9	1.0
Insurance recoveries related to typhoon in the Philippines, net of costs	(6.3)	(0.3)
Foreign exchange (gains) losses due to foreign exchange rate volatility related to Russia	2.3	(1.0)
Other	4.4	7.2
Tax impact of special items and other net tax adjustments <sup>1</sup>	(13.4)	(14.0)
<b>Adjusted net income</b>	<b>\$ 107.4</b>	<b>\$ 197.9</b>
Weighted average number of diluted shares outstanding	60.1	59.4
<b>Diluted net income per share attributable to Lear</b>	<b>\$ 1.14</b>	<b>\$ 2.84</b>
<b>Adjusted earnings per share</b>	<b>\$ 1.79</b>	<b>\$ 3.33</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 Margins

(\$ in millions)

	Second Quarter			
	Seating		E-Systems	
	2022	2023	2022	2023
<b>Net sales</b>	<b>\$ 3,874.1</b>	<b>\$ 4,468.1</b>	<b>\$ 1,196.9</b>	<b>\$ 1,531.1</b>
<b>Segment earnings</b>	<b>\$ 213.9</b>	<b>\$ 292.9</b>	<b>\$ 2.0</b>	<b>\$ 52.9</b>
Restructuring costs and other special items -				
Costs related to restructuring actions	18.2	25.3	19.4	8.1
Acquisition-related inventory fair value	1.1	1.8	-	-
Intangible asset impairment			8.9	1.0
Insurance recoveries related to typhoon in the Philippines, net of costs	-	-	(6.5)	(0.5)
Other	0.2	2.1	0.5	1.8
<b>Adjusted segment earnings</b>	<b>\$ 233.4</b>	<b>\$ 322.1</b>	<b>\$ 24.3</b>	<b>\$ 63.3</b>
<b>Segment margins</b>	<b>5.5%</b>	<b>6.6%</b>	<b>0.2%</b>	<b>3.5%</b>
<b>Adjusted segment margins</b>	<b>6.0%</b>	<b>7.2%</b>	<b>2.0%</b>	<b>4.1%</b>

# Non-GAAP

(in millions, except per share amounts)

	Second Quarter 2023			
	<u>Reported</u>	<u>Restructuring Costs</u>	<u>Other Special Items</u>	<u>Adjusted</u>
<b>Pretax Income Before Equity Income, Interest and Other Expense</b>	\$ 258.2	\$ 34.3*	\$ 9.3*	\$ 301.8
<b>Equity Income</b>	<u>(16.2)</u>			<u>(16.2)</u>
<b>Pretax Income Before Interest and Other Expense</b>	\$ 274.4			\$ 318.0
<b>Interest Expense</b>	26.2			26.2
<b>Other Expense, Net</b>	<u>19.5</u>	-	(0.4)	<u>19.9</u>
<b>Income Before Taxes</b>	\$ 228.7			\$ 271.9
<b>Income Taxes</b>	<u>41.5</u>	(5.1)	(8.9)	<u>55.5</u>
<b>Net Income</b>	\$ 187.2			\$ 216.4
<b>Noncontrolling Interests</b>	<u>18.5</u>			<u>18.5</u>
<b>Net Income Attributable to Lear</b>	<u>\$ 168.7</u>			<u>\$ 197.9</u>
<b>Diluted Earnings per Share</b>	<u>\$ 2.84</u>			<u>\$ 3.33</u>

\* Restructuring costs include \$29.1 million in cost of sales and \$5.2 million in SG&A. Other special items include \$6.6 million in cost of sales, \$1.7 million in SG&A and \$1.0 million in amortization of intangible assets.