

Fourth Quarter and Full Year 2020 Financial Results

February 4, 2021

Ray Scott, President and CEO

Jason Cardew, Senior Vice President and CFO



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, 2019, Quarterly Reports on Form 10-Q for the quarters ended April 4, 2020, July 4, 2020, and October 3, 2020, and its other Securities and Exchange Commission filings. Future operating results will be based on various factors, including the impact of COVID-19 on our business and the global economy, actual industry production volumes, commodity prices, 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

- **Business Update**
Ray Scott, President and CEO
- **Financial Review**
Jason Cardew, Senior Vice President and CFO
- **Concluding Remarks**
Ray Scott, President and CEO

Business Update

Fourth Quarter 2020 Financial Overview

Sales

\$5.2B

\$17.0B Full Year 2020

Core Operating Earnings

\$330M

\$614M Full Year 2020



Adjusted Earnings per Share

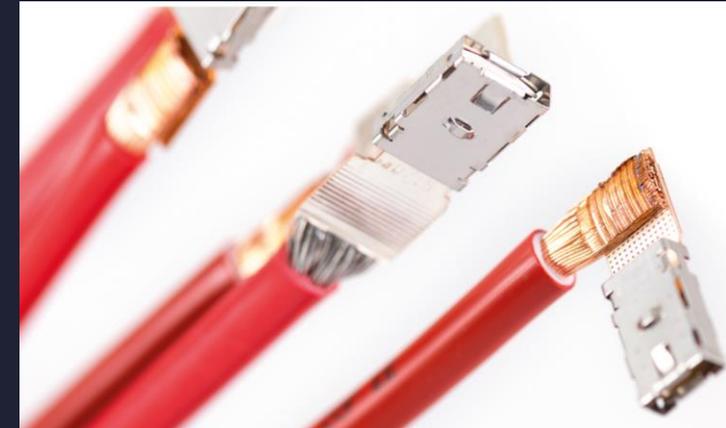
\$3.66

\$5.33 Full Year 2020

Adjusted Operating Margin

6.3%

3.6% Full Year 2020



2020 Business Highlights

Executed highly effective response to COVID-19 pandemic, prioritizing employee health and safety and preserving liquidity

Grew sales 6 percentage points faster than the market (10 points in E-Systems and 4 points in Seating)

\$2.8 billion sales backlog for 2021-2023 supports continued growth over market in Seating and E-Systems, driven by both new conquest awards and the benefits of our growing electrification business

Awarded new business on significant electrification programs, including GMC Hummer Battery Disconnect Unit and Plugboard Connector on VW's modular electric vehicle platform

Received over 60 awards from global customers, industry organizations and publications for ESG initiatives, operational excellence, innovation, quality and safety

Seating – Key Product Launches

 = Electric Vehicle



Porsche Taycan Cross Turismo
JIT and Components Europe 



Nissan Qashqai
JIT and Components Europe



BMW 2-Series
JIT and Components North America



Mercedes EQS
JIT and Components Europe 



Land Rover Range Rover
JIT and Components Europe



Ferrari
JIT and Components Europe



Maserati Grecale
JIT and Components Europe



Alfa Romeo Tonale
JIT and Components Europe

Q1 2021

Q1 2022



Jeep Wagoneer
Leather North America



Hyundai Tucson
JIT and Components North America



Ford Bronco
JIT and Components North America



BMW iX
JIT and Components Europe 



VW Commercial Van
ConfigurE+ Europe



Renault Zoe
JIT and Components Europe



Lynk & Co E-SUV
JIT Asia 



GMC Hummer EV
JIT and Components North America 



Toyota Aygo
JIT and Components Europe



Jeep Grand Cherokee
Fabric, Structures North America



Mercedes C-Class
JIT and Components Europe and Asia



Ford New Vehicle
JIT and Components North America



Land Rover Range Rover Sport
JIT and Components Europe

JIT – Just in Time Seat Assembly

E-Systems – Key Product Launches

 = Electric Vehicle

							
Great Wall T5 SUV Connectivity Asia	JLR (Various) OBC, DC/DC BISG Inverter Asia 	Geely D-SUV Wiring Asia	NEV OEM Small CUV HV/LV Wiring North America 	Jaguar I-Pace HV/LV Wiring Europe 	Volvo S60/S90, Lynk & Co EX11 PHEVs BMS Asia 	GMC Hummer BDU North America 	NEV OEM Small CUV HV/LV Wiring Europe 
Q1 2021				Q1 2022			

					
JLR (Various) Remote Function Actuator Europe	Volvo XC40 BMS, BDU, OBC Asia 	VW (Various) HV Battery Plug Board Europe, Asia 	Daimler (Various) EV Cordset Europe 	Audi (Various) Connectivity China	Land Rover Range Rover Wiring Europe

BDU – Battery Disconnect Unit
 BISG – Belt Integrated Starter Generator
 BMS – Battery Management System
 OBC – On-Board Charger

Electrification Product Portfolio Built on Long History

2010

2021



DAIMLER



RENAULT



Initial Market Entry



HV Wire

Charging Systems

HV Connection Systems

9 Models

5 Customers



90+ Models

17 Customers



DAIMLER



MAZDA



SAIC-GM



TESLA



GEELY



LEVC



RENAULT



FAW Hongqi



POLESTAR



NISSAN



STELLANTIS

Power Electronics



On-Board Chargers

DC-DC Converters

Battery Disconnect Units

Battery Management Systems



Battery Management Units

Battery Sensor Units

Battery Management Software

HV Wire Harness and Connection Systems



HV Wire Harnesses

Battery Connections

Electronic Connections

E-Systems – High Voltage Electrical Architecture

In Lear's Portfolio

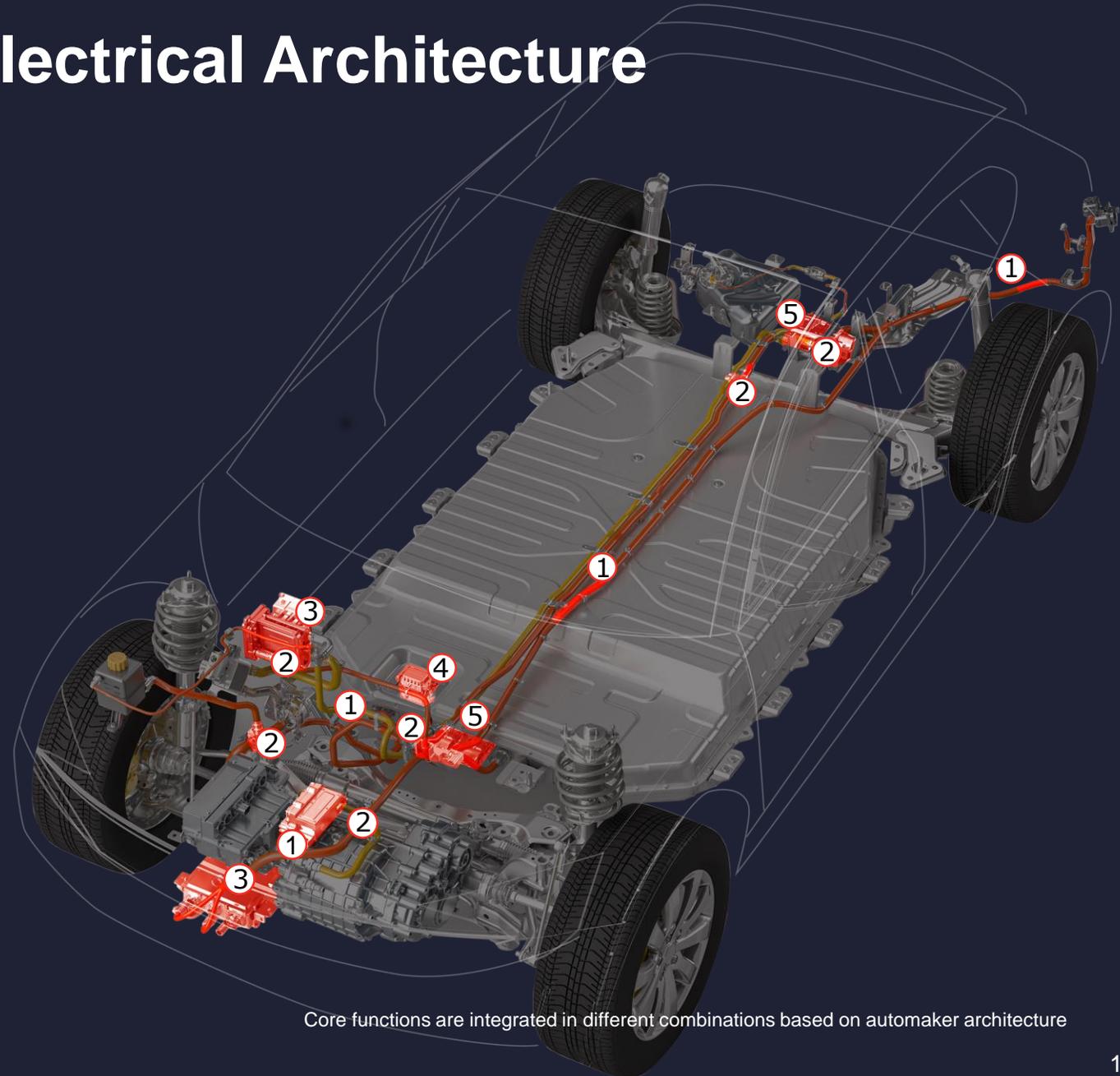
- 1. HV Wire Harness
- 2. HV Connection Systems
- 3. Integrated Power Modules: On-Board Chargers & DC/DC Converters
- 4. Battery Management Systems
- 5. HV Power Distribution Box / Battery Disconnect Unit

Deemphasizing

- Off-Board Charging Equipment
- Traction Inverter

Outside Lear's Portfolio

- Electric Motor
- Electric Gear Box
- Electric Air Conditioner
- PTC Heater
- Power Battery
- Battery Pack Environmental Control
- Other High Voltage Components

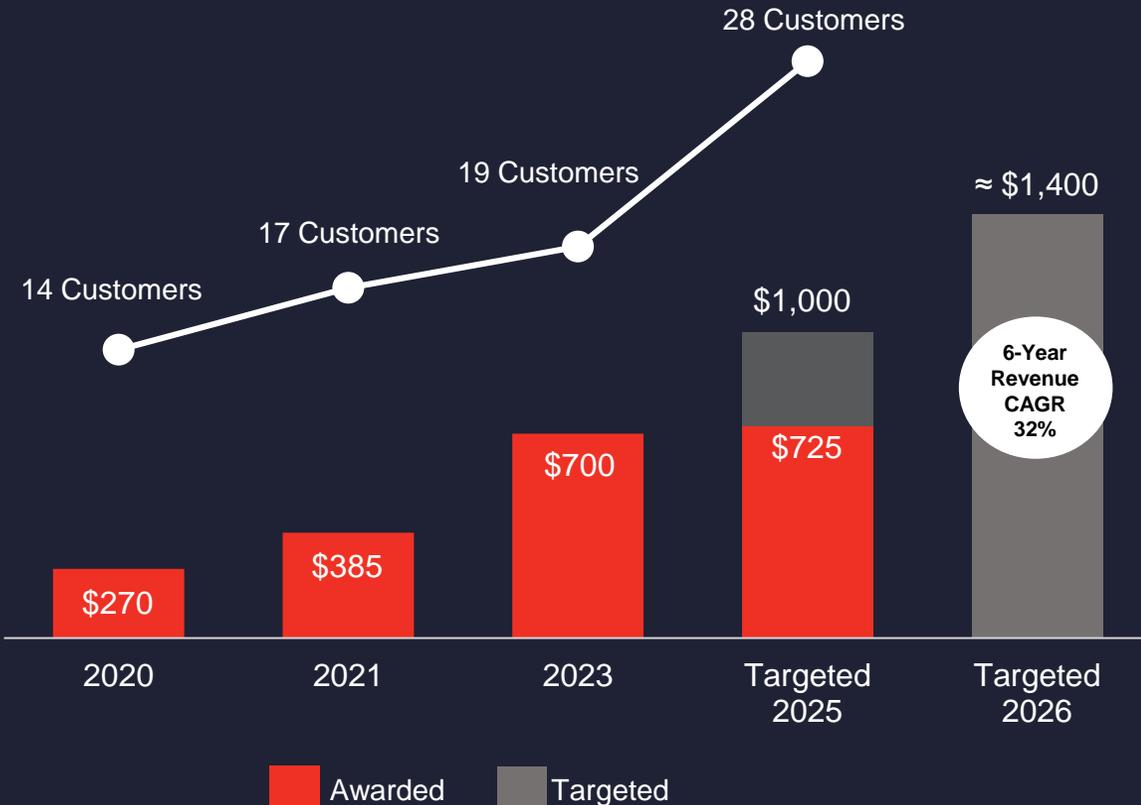


Core functions are integrated in different combinations based on automaker architecture

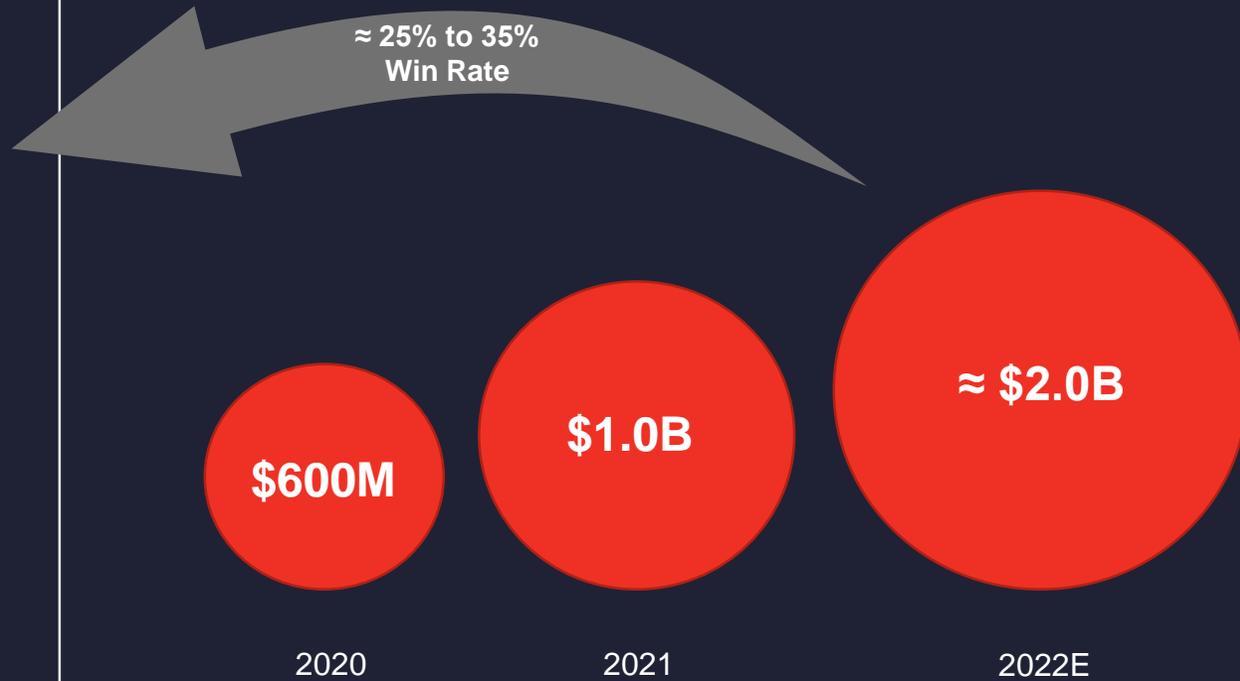
Growing Electrification Business

(\$ in millions)

Electrification Sales Outlook



New Business Annual Quote Pipeline



Quote pipeline is as of the beginning of the year

Financial Review

Fourth Quarter and Full Year 2020 Results



Making every drive better™

Jason Cardew, Senior Vice President and CFO

Fourth Quarter 2020 Global Vehicle Production and Currency

Industry Production

(units in millions)

Global	North America	Europe and Africa	China
Q4 2019	Q4 2019	Q4 2019	Q4 2019
22.3	3.8	5.3	6.9
Q4 2020	Q4 2020	Q4 2020	Q4 2020
22.9	3.9	5.4	7.3
vs Prior Year Up 2%	vs Prior Year Flat	vs Prior Year Up 1%	vs Prior Year Up 5%

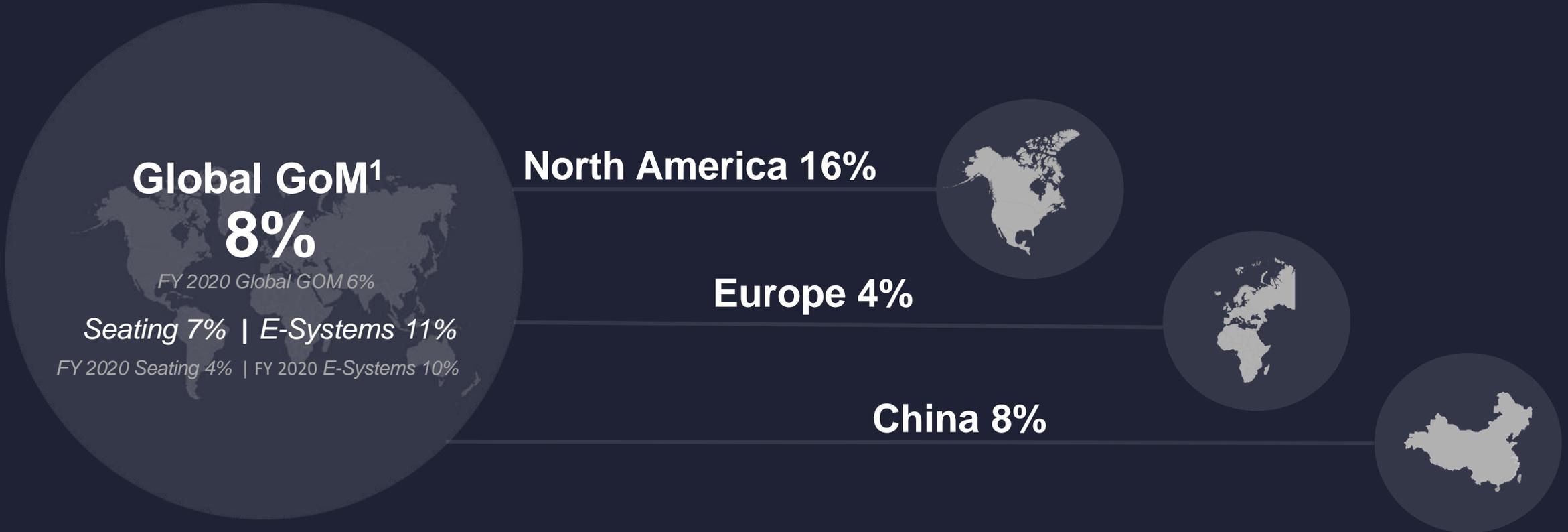
Source: IHS Markit as of January 18, 2021

Key Currencies

	2019	2020	
Euro	\$1.11 / €	\$1.19 / €	Up 8%
Chinese RMB	7.05 / \$	6.62 / \$	Up 6%

Fourth Quarter 2020

Strong Growth Over Market in All Regions



Key Financials

(\$ in millions, except per share amounts)

	Fourth Quarter		<u>Comments</u>
	2019	2020	
Net Sales	\$ 4,818	\$ 5,243	<ul style="list-style-type: none"> Primarily reflects new business backlog of \$357M
Core Operating Earnings <i>Operating Margin %</i>	\$ 241 5.0%	\$ 330 6.3%	<ul style="list-style-type: none"> Primarily reflects margin accretive backlog and net performance
Adjusted Earnings per Share	\$ 2.64	\$ 3.66	<ul style="list-style-type: none"> Reflects higher earnings
Free Cash Flow	\$ 291	\$ 234	<ul style="list-style-type: none"> Reflects reversal of austerity measures in 4Q 2020

Key Financials

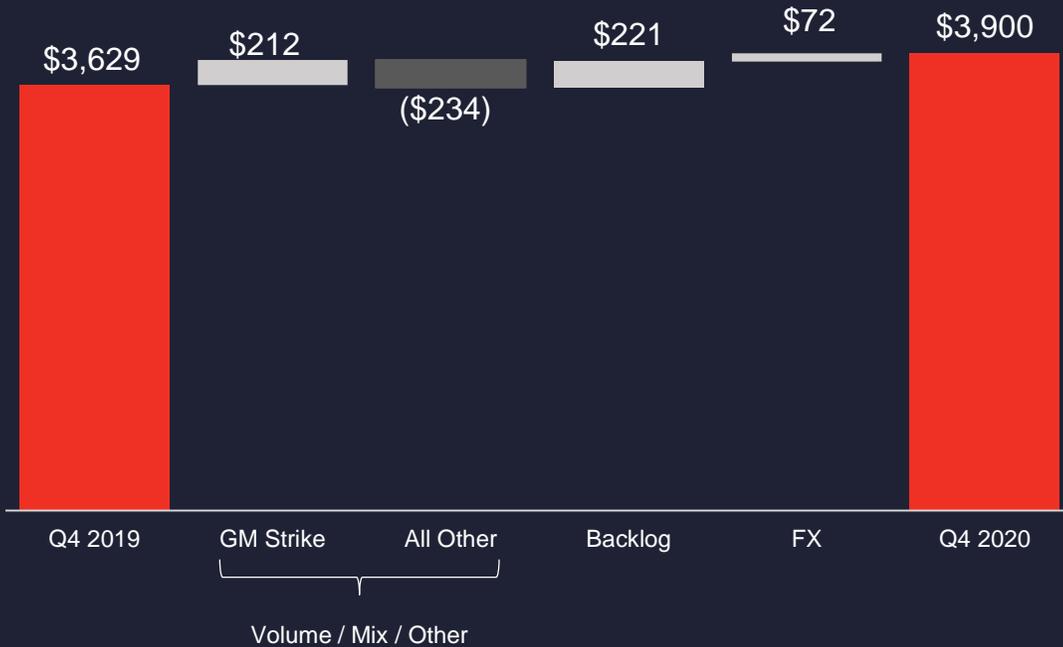
(\$ in millions, except per share amounts)

	Full Year		<u>Comments</u>
	2019	2020	
Net Sales	\$ 19,810	\$ 17,046	<ul style="list-style-type: none"> Reflects pandemic-related volume reductions, partially offset by backlog
Core Operating Earnings <i>Operating Margin %</i>	\$ 1,309 6.6%	\$ 614 3.6%	<ul style="list-style-type: none"> Reflects lower volumes and premium costs related to COVID, partially offset by operating performance
Adjusted Earnings per Share	\$ 13.99	\$ 5.33	<ul style="list-style-type: none"> Reflects lower earnings
Free Cash Flow	\$ 680	\$ 211	<ul style="list-style-type: none"> Reflects lower earnings and higher working capital, partially offset by lower capital spending and cash taxes

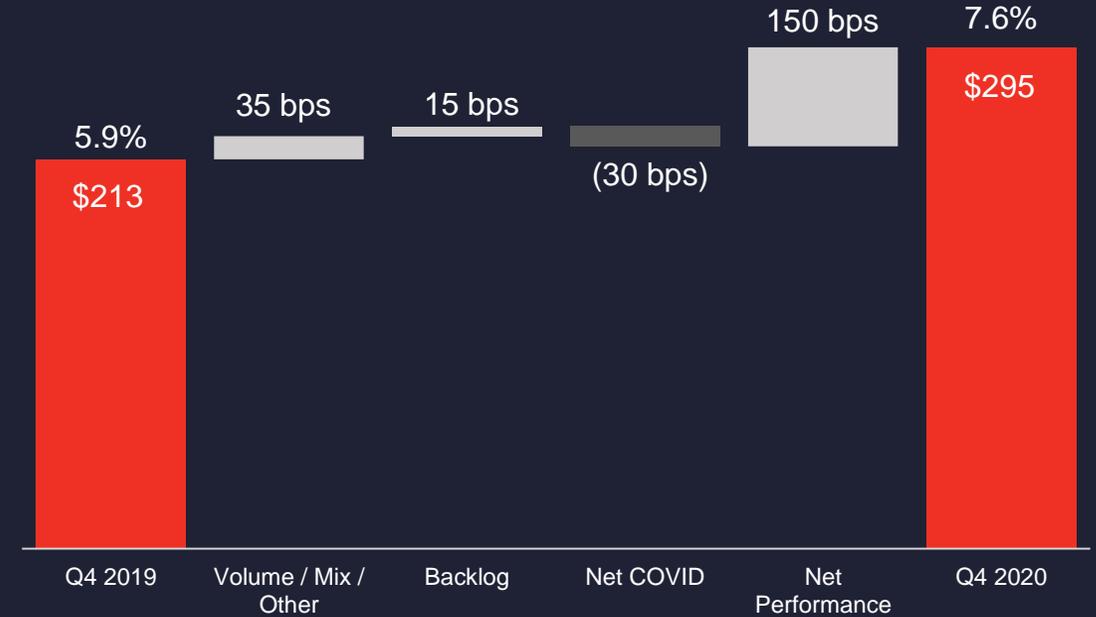
Seating Sales and Margin Drivers Fourth Quarter

(\$ in millions)

Sales



Adjusted Earnings and Margin



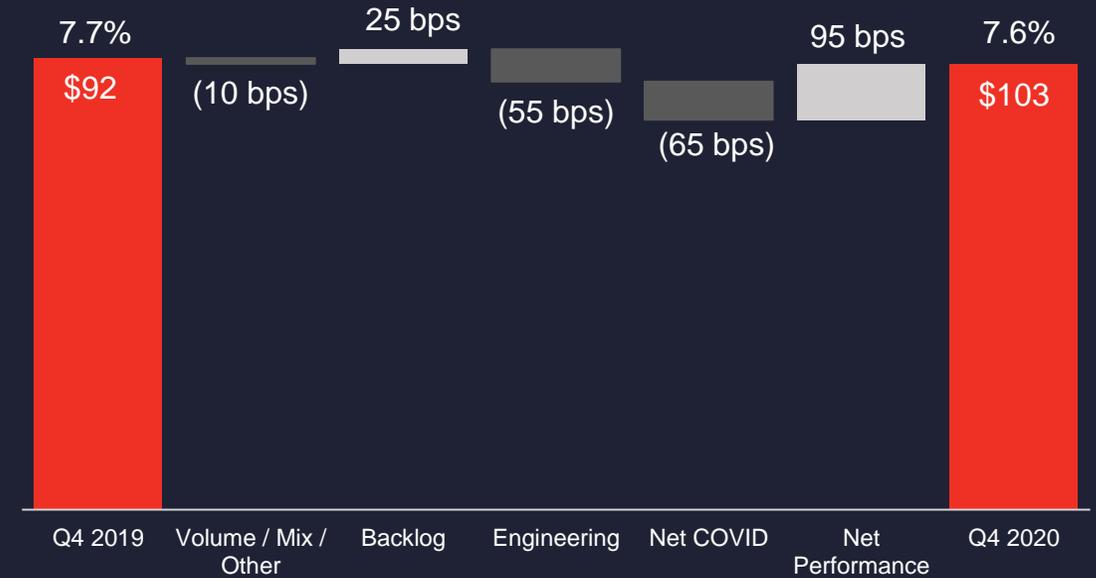
E-Systems Sales and Margin Drivers Fourth Quarter

(\$ in millions)

Sales



Adjusted Earnings and Margin



2021 Full Year Outlook

Global Vehicle Production and Currency

Industry Production

(units in millions)

								
	Global	North America	Europe and Africa	China				
Actual	FY 2020	72.6	FY 2020	13.0	FY 2020	16.9	FY 2020	21.9
Outlook	FY 2021	79.1	FY 2021	15.6	FY 2021	18.5	FY 2021	22.6
High End	FY 2021	81.3						

vs Prior Year
Up 9%

vs Prior Year
Up 20%

vs Prior Year
Up 10%

vs Prior Year
Up 3%

High End Up 12%

Source: IHS Markit as of January 18, 2021, and company estimates for outlook

Key Currencies

	2020	2021	
Euro	\$1.14 / €	\$1.18 / €	Up 4%
Chinese RMB	6.90 / \$	6.65 / \$	Up 4%

2021 Full Year Outlook

Net Sales	\$19.8 - \$20.8 billion	Interest Expense	≈\$90 million	Restructuring Costs	≈\$100 million
Core Operating Earnings	\$1,130 - \$1,300 million	Effective Tax Rate	≈22%	Capital Spending	≈\$600 million
Adjusted EBITDA	\$1,690 - \$1,860 million	Adjusted Net Income	\$725 - \$855 million	Free Cash Flow	\$550 - \$700 million

Note: 2021 Outlook assumes an average Euro of \$1.18 and an average Chinese RMB of 6.65/\$



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.

Sales Backlog (Net New Awarded Business)

2021–2023: Consolidated Sales Backlog

(\$ in millions)



Consolidated Backlog By Region

(\$ in millions)

North America ≈\$1,275

Europe ≈\$1,025

Asia ≈\$525



2021–2023 sales backlog of approximately \$2.8 billion



Note: Backlog assumes an average Euro of \$1.18 and an average Chinese RMB of 6.65/\$

Concluding Remarks

2021: The Road Ahead



Well positioned to benefit from industry recovery

Strong momentum in both business segments

Targeting strategic investments to enhance competitive position

Investor Day

Appendix

Non-GAAP Financial Information

In addition to the results reported in accordance with GAAP included throughout this presentation, the Company has provided information regarding “pretax income before equity income, interest, other (income) expense, restructuring costs and other special items” (core operating earnings or adjusted segment earnings), “pretax income before equity income, interest, other (income) expense, depreciation expense, amortization of intangible assets, restructuring costs and other special items” (adjusted EBITDA), “adjusted net income attributable to Lear” (adjusted net income), adjusted diluted net income per share available to Lear common stockholders (adjusted earnings per share), “tax expense excluding the impact of restructuring costs and other special items” and “free cash flow” (each, a non-GAAP financial measure). Other (income) expense includes, among other things, non-income related taxes, foreign exchange gains and losses, gains and losses related to certain derivative instruments and hedging activities, losses on the extinguishment of debt, gains and losses on the disposal of fixed assets, gains and losses on the consolidation and deconsolidation of affiliates and the non-service cost components of net periodic benefit cost. Adjusted net income represents net income attributable to Lear adjusted for restructuring costs and other special items, including the tax effect thereon. Adjusted earnings per share represents diluted net income per share available to Lear common stockholders adjusted for the redeemable noncontrolling interest adjustment, restructuring costs and other special items, including the tax effect thereon. Free cash flow represents net cash provided by operating activities less adjusted capital expenditures.

Management believes the non-GAAP financial measures used in this presentation are useful to both management and investors in their analysis of the Company’s financial position and results of operations. In particular, management believes that core operating earnings, adjusted EBITDA, adjusted net income, adjusted earnings per share and tax expense excluding the impact of restructuring costs and other special items are useful measures in assessing the Company’s financial performance by excluding certain items that are not indicative of the Company’s core operating performance or that may obscure trends useful in evaluating the Company’s continuing operating activities. Management also believes that these measures are useful to both management and investors in their analysis of the Company’s results of operations and provide improved comparability between fiscal periods. Management believes that free cash flow is useful to both management and investors in their analysis of the Company’s ability to service and repay its debt. Further, management uses these non-GAAP financial measures for planning and forecasting future periods.

Core operating earnings, adjusted EBITDA, adjusted net income, adjusted earnings per share, tax expense excluding the impact of restructuring costs and other special items and free cash flow should not be considered in isolation or as a substitute for net income attributable to Lear, diluted net income per share available to Lear common stockholders, cash provided by operating activities or other income statement or cash flow statement data prepared in accordance with GAAP or as a measure of profitability or liquidity. In addition, the calculation of free cash flow does not reflect cash used to service debt and, therefore, does not reflect funds available for investment or other discretionary uses. Also, these non-GAAP financial measures, as determined and presented by the Company, may not be comparable to related or similarly titled measures reported by other companies.

Set forth on the following slides are reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

Non-GAAP Financial Information

Core Operating Earnings and Adjusted Margins (\$ in millions)	Fourth Quarter		Full Year	
	2019	2020	2019	2020
Net sales	\$ 4,817.6	\$ 5,243.2	\$ 19,810.3	\$ 17,045.5
Net income attributable to Lear	\$ 126.0	\$ 201.6	\$ 753.6	\$ 158.5
Interest expense	22.6	21.5	92.0	99.6
Other (income) expense, net	(3.3)	0.8	24.6	55.2
Income taxes	(3.8)	63.8	146.1	93.9
Equity in net income of affiliates	(7.4)	(12.6)	(23.2)	(28.5)
Net income attributable to noncontrolling interests	18.0	21.1	77.1	75.4
Restructuring costs and other special items -				
Costs related to restructuring actions	72.7	33.4	196.3	143.7
Acquisition costs	-	-	1.6	-
Litigation	-	-	1.1	-
Favorable tax ruling in a foreign jurisdiction	0.1	-	(0.9)	-
Other	16.2	0.1	40.8	15.7
Core operating earnings	\$ 241.1	\$ 329.7	\$ 1,309.1	\$ 613.5
Adjusted margins	5.0%	6.3%	6.6%	3.6%

Non-GAAP Financial Information

Adjusted Earnings Per Share

(In millions, except per share amounts)

Net income available to Lear common stockholders

Redeemable noncontrolling interest

Net income attributable to Lear

Costs related to restructuring actions

Acquisition costs

Litigation

Favorable tax ruling in a foreign jurisdiction

Loss on extinguishment of debt

(Gain) loss related to affiliate, net

Other

Tax impact of special items and other net tax adjustments ¹

Adjusted net income attributable to Lear

Weighted average number of diluted shares outstanding

Diluted net income per share available to Lear common stockholders

Adjusted earnings per share

	Fourth Quarter		Full Year	
	2019	2020	2019	2020
Net income available to Lear common stockholders	\$ 152.5	\$ 201.6	\$ 789.5	\$ 158.5
Redeemable noncontrolling interest	(26.5)	-	(35.9)	-
Net income attributable to Lear	126.0	201.6	753.6	158.5
Costs related to restructuring actions	62.1	26.7	189.7	149.9
Acquisition costs	-	-	1.6	-
Litigation	-	-	1.1	-
Favorable tax ruling in a foreign jurisdiction	-	-	(1.6)	-
Loss on extinguishment of debt	-	-	10.6	21.1
(Gain) loss related to affiliate, net	5.0	4.0	(0.6)	4.0
Other	13.9	(4.1)	33.7	8.9
Tax impact of special items and other net tax adjustments ¹	(46.3)	(6.9)	(121.7)	(20.4)
Adjusted net income attributable to Lear	\$ 160.7	\$ 221.3	\$ 866.4	\$ 322.0
Weighted average number of diluted shares outstanding	60.9	60.5	61.9	60.4
Diluted net income per share available to Lear common stockholders	\$ 2.50	\$ 3.33	\$ 12.75	\$ 2.62
Adjusted earnings per share	\$ 2.64	\$ 3.66	\$ 13.99	\$ 5.33

¹ Reflects the tax effect of restructuring costs and other special items, as well as several discrete tax items. The identification of these tax items is judgmental in nature, and their calculation is based on various assumptions and estimates.

Non-GAAP Financial Information

Free Cash Flow (\$ in millions)	Fourth Quarter		Full Year	
	2019	2020	2019	2020
Net cash provided by operating activities	\$ 485.0	\$ 400.8	\$ 1,284.3	\$ 663.1
Capital expenditures	(193.8)	(167.0)	(603.9)	(452.3)
Free cash flow	<u>\$ 291.2</u>	<u>\$ 233.8</u>	<u>\$ 680.4</u>	<u>\$ 210.8</u>

Non-GAAP Financial Information

Adjusted Segment Earnings and Margins

(\$ in millions)

	Fourth Quarter			
	Seating		E-Systems	
	2019	2020	2019	2020
Net sales	\$ 3,629.1	\$ 3,899.6	\$ 1,188.5	\$ 1,343.6
Segment earnings	\$ 144.2	\$ 270.1	\$ 79.0	\$ 93.1
Restructuring costs and other special items -				
Costs related to restructuring actions	59.0	24.2	12.6	9.0
Favorable tax ruling in a foreign jurisdiction	-	-	0.1	-
Other	9.5	0.9	0.2	0.5
Adjusted segment earnings	\$ 212.7	\$ 295.2	\$ 91.9	\$ 102.6
Adjusted margins	5.9%	7.6%	7.7%	7.6%