



Second Quarter 2021 Financial Results

August 6, 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, 2020, its Quarterly Report on Form 10 Q for the quarter ended April 3, 2021, and its other Securities and Exchange Commission filings. Future operating results will be based on various factors, including the impact of the ongoing COVID-19 pandemic on the Company’s business and the global economy, 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



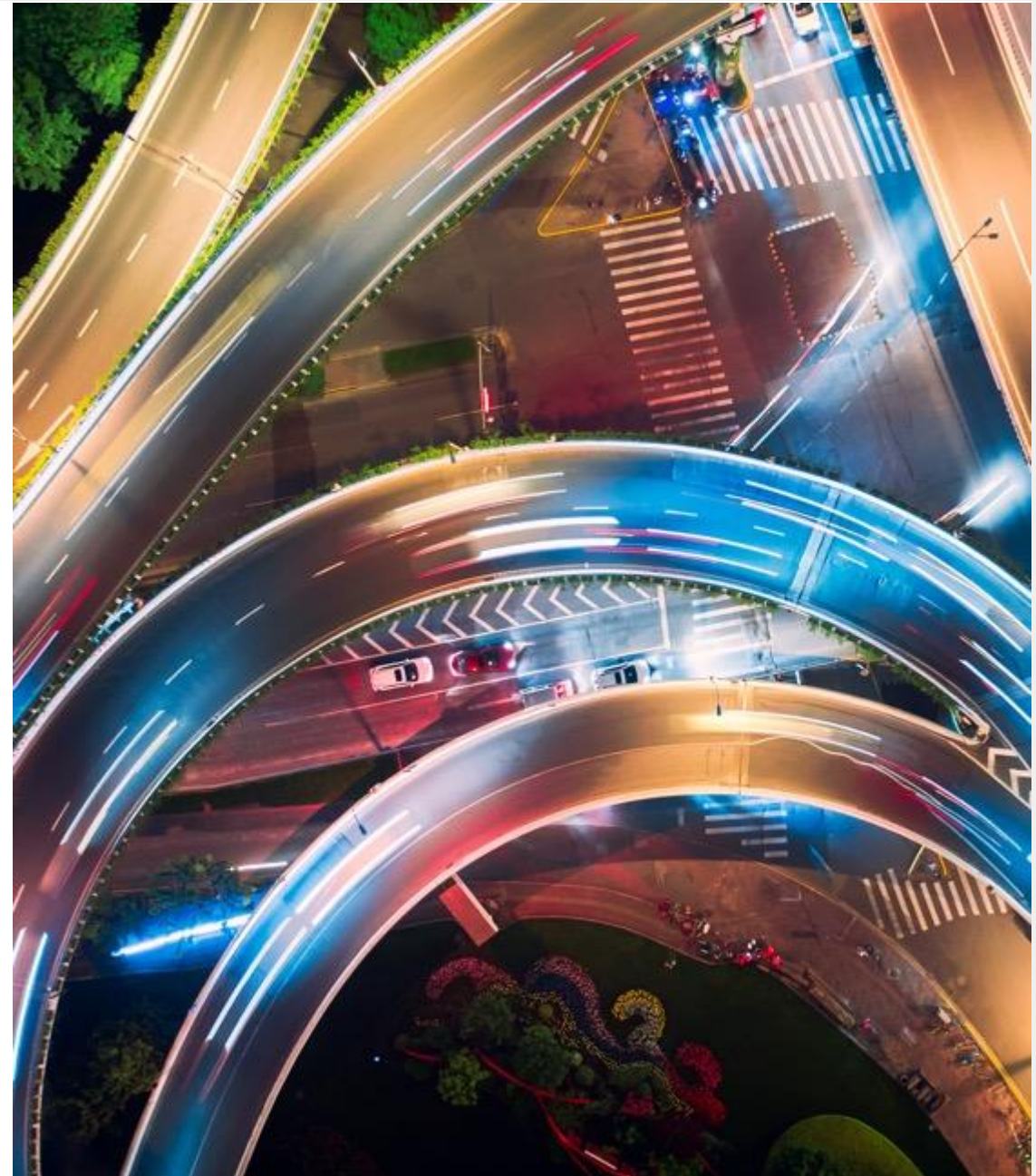
FINANCIAL REVIEW

Jason Cardew, Senior Vice President and CFO



CONCLUDING REMARKS

Ray Scott, President and CEO





Business Update

Ray Scott, President and CEO

Financial Overview

Second Quarter 2021

\$4.8B

SALES

Q2 2020 \$2.4B

\$233M

CORE OPERATING
EARNINGS

Q2 2020 \$(248M)

\$2.45

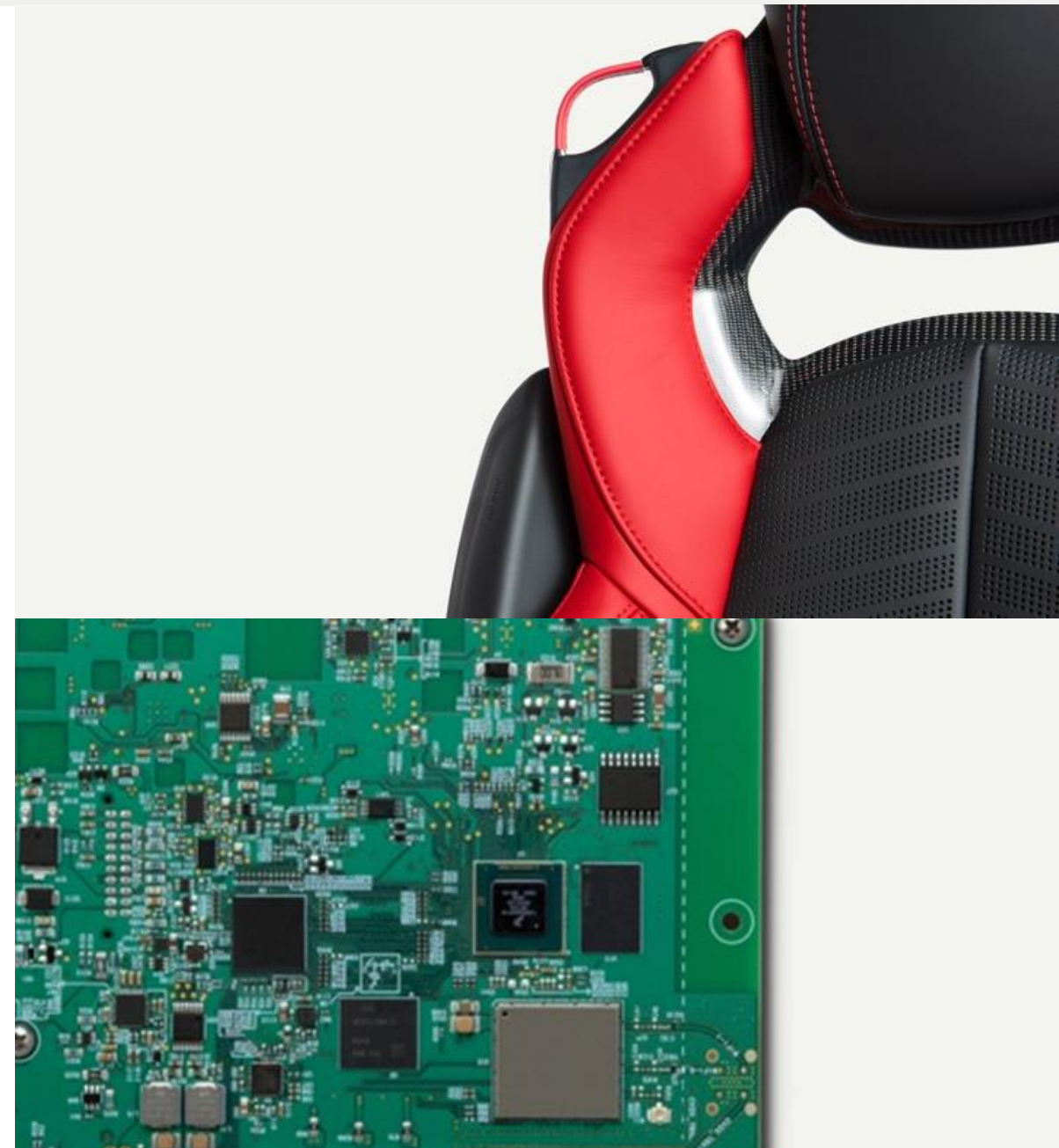
ADJUSTED EARNINGS
PER SHARE

Q2 2020 \$(4.14)

4.9%

ADJUSTED OPERATING
MARGIN

Q2 2020 (10.2%)



Second Quarter Business Highlights



Delivered solid financial results despite very challenging industry conditions



Continuing to win business on new electrification programs in Seating and E-Systems



Received General Motors' Supplier of the Year and Overdrive Awards



Released 2020 Sustainability Report, highlighting Lear's innovations and providing a roadmap for a sustainable future



Reinstated share repurchases; repurchased \approx 170,000 shares for a total of \$31 million



Lear credit rating outlook upgraded by Moody's and Fitch



Seating Update

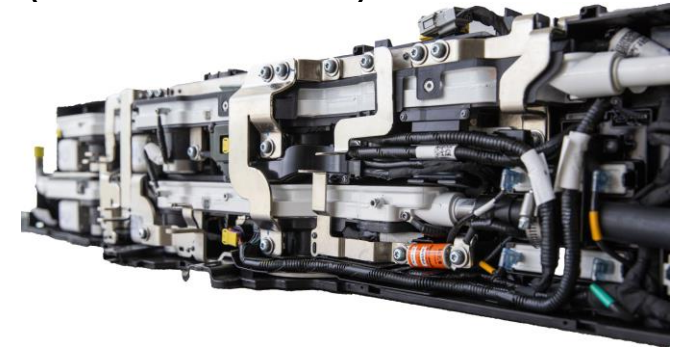
- Strong second quarter financial performance despite industry supply constraints
 - 19 percentage points of growth over market
 - 7.3% adjusted operating margin
- Executing key launches – Ford Bronco, Mercedes C-Class and EQS sedan, BMW iX, and Nissan Qashqai
- Building new energy efficient JIT facility in Detroit to support Battery Electric Truck (BET) programs at Factory Zero, GM's first fully dedicated EV assembly plant
 - 100% renewable energy sourced
 - Utilizing intelligent building features, including energy management software and demand-controlled ventilation
- Recognized by GM as a Supplier of the Year for the fourth straight year
- Received a GM Overdrive award recognizing innovation in Seating and for sharing the Safe Work Playbook with the industry

Year-over-year sales growth over market (GoM) excludes the impact of FX, commodities and acquisitions. The year-over-year change in production on a Lear sales-weighted basis is calculated using Lear's prior year regional sales mix. IHS Markit production has been adjusted to match Lear's fiscal calendar.



E-Systems Update

- Innovation and technology driving new business awards and opportunities
 - Lear Engineered Battery Disconnect Unit (BDU); PACE Award Finalist
 - Supporting multiple GM BET programs, including Hummer EV SUV and Chevrolet EV Silverado
 - Integrated 5G Telecommunications Unit; PACE Pilot Award Finalist
 - Designing and developing autonomous vehicle electrical architectures for two major OEMS
- Strong pipeline of quoting activity in wiring, connection systems and electronics
 - Business wins and quoting opportunities in low voltage wiring accelerating to support active safety and other features
 - Circuit counts projected to grow significantly even with architecture optimization (zonal controllers)
 - Pace of new business awards expected to increase backlog
- Connection systems growth plan on track
 - Year-to-date new awards of ≈\$45 million (including vertical integration)
 - Integration of M&N Plastics ahead of plan
 - New IMS partnership will increase capabilities in specialty high speed data connectors



Battery Disconnect Unit





Financial Review

Jason Cardew, Senior Vice President and CFO

Second Quarter 2021

Global Vehicle Production and Currency

INDUSTRY PRODUCTION

(units in millions)

GLOBAL		NORTH AMERICA		EUROPE AND AFRICA		CHINA	
Q2 2020	12.2	Q2 2020	1.4	Q2 2020	2.2	Q2 2020	5.6
Q2 2021	18.3	Q2 2021	3.2	Q2 2021	4.3	Q2 2021	5.4
UP 51% YOY		UP 132% YOY		UP 93% YOY		DOWN 3% YOY	

KEY CURRENCIES

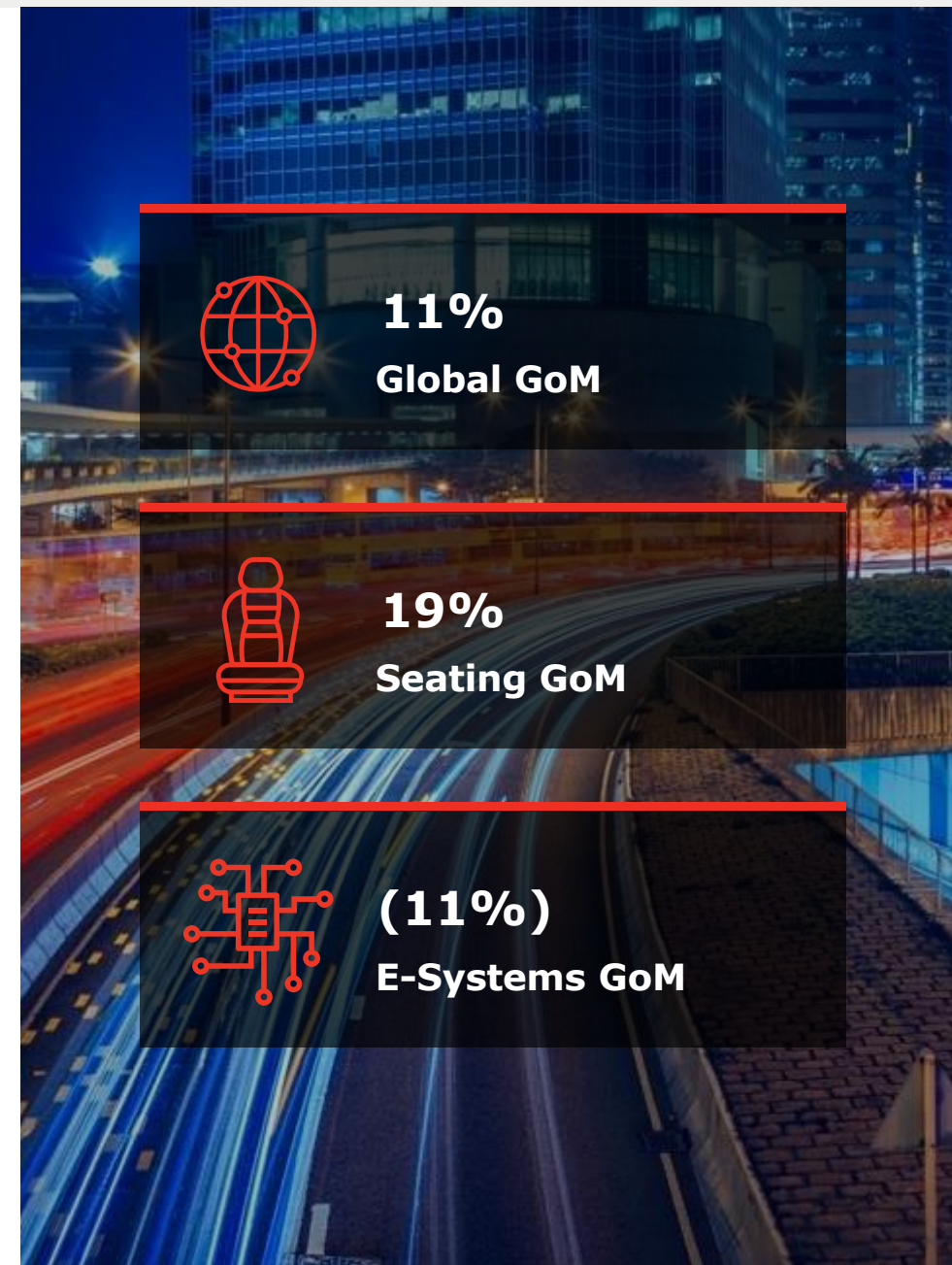
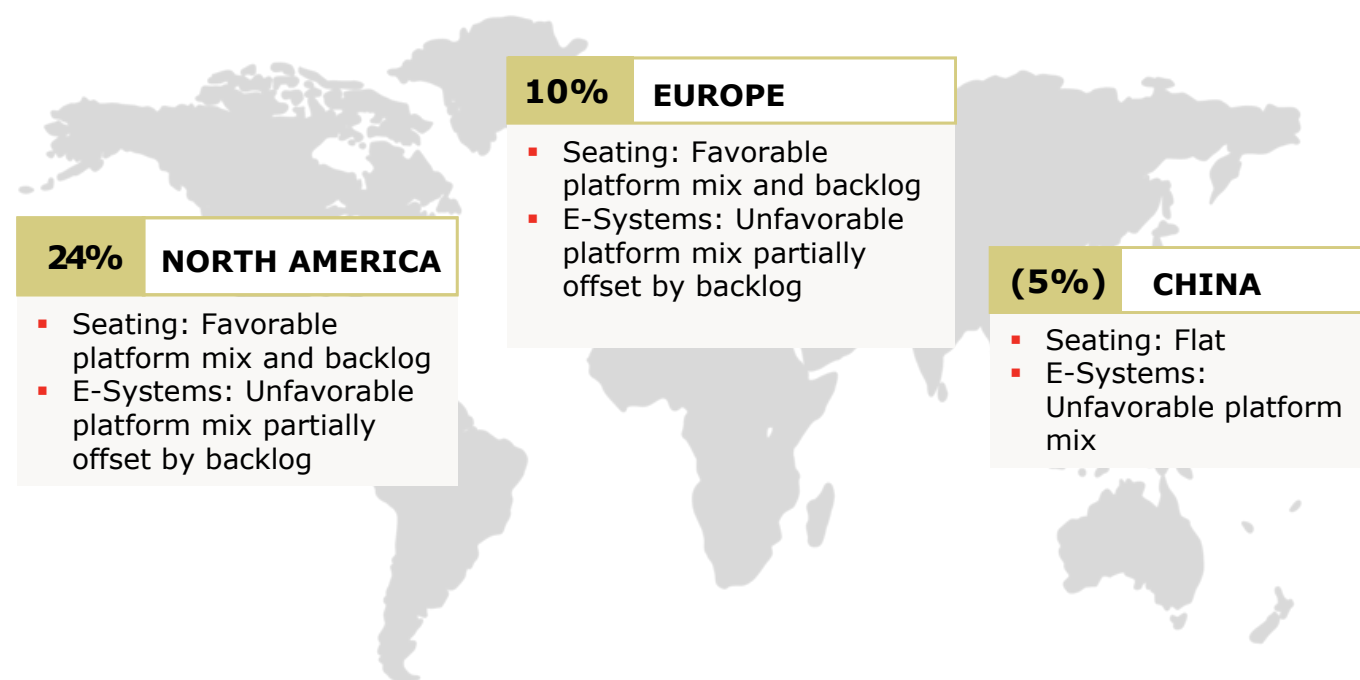
	2020	2021	
Euro	\$1.10 / €	\$1.21 / €	Up 10%
Chinese RMB	7.09 / \$	6.46 / \$	Up 10%



Source: IHS Markit as of July 16, 2021

Growth Over Market

Second Quarter 2021



Year-over-year sales growth over market (GoM) excludes the impact of FX, commodities and acquisitions. The year-over-year change in production on a Lear sales-weighted basis is calculated using Lear's prior year regional sales mix. IHS Markit production has been adjusted to match Lear's fiscal calendar.

Key Financials

Second Quarter

(\$ in millions, except per share amounts)

	2020	2021	YEAR-OVER-YEAR DRIVERS
Net Sales	\$2,445	\$4,761	Higher volume, favorable platform mix, backlog, foreign exchange, and commodity passthrough
Core Operating Earnings Operating Margin %	\$(248) (10.2%)	\$233 4.9%	Operating performance, higher volume, favorable platform mix, and backlog, partially offset by higher commodity costs
Adjusted Earnings Per Share	\$(4.14)	\$2.45	Higher core earnings
Free Cash Flow	\$(611)	\$120	Higher earnings and more normalized working capital, partially offset by increased capital expenditures

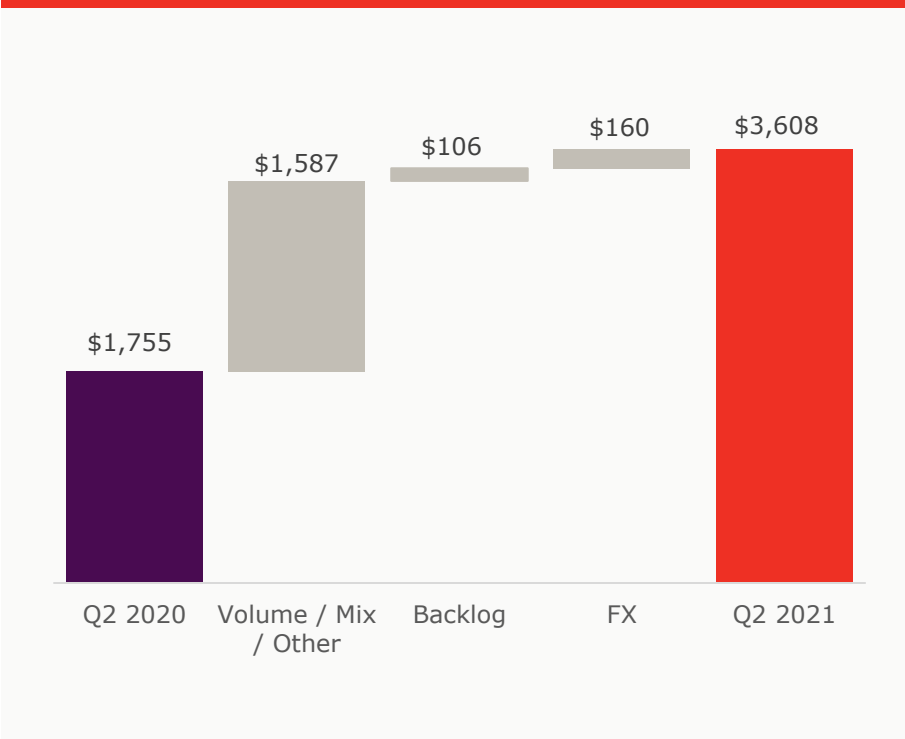


Seating Sales and Margin Drivers

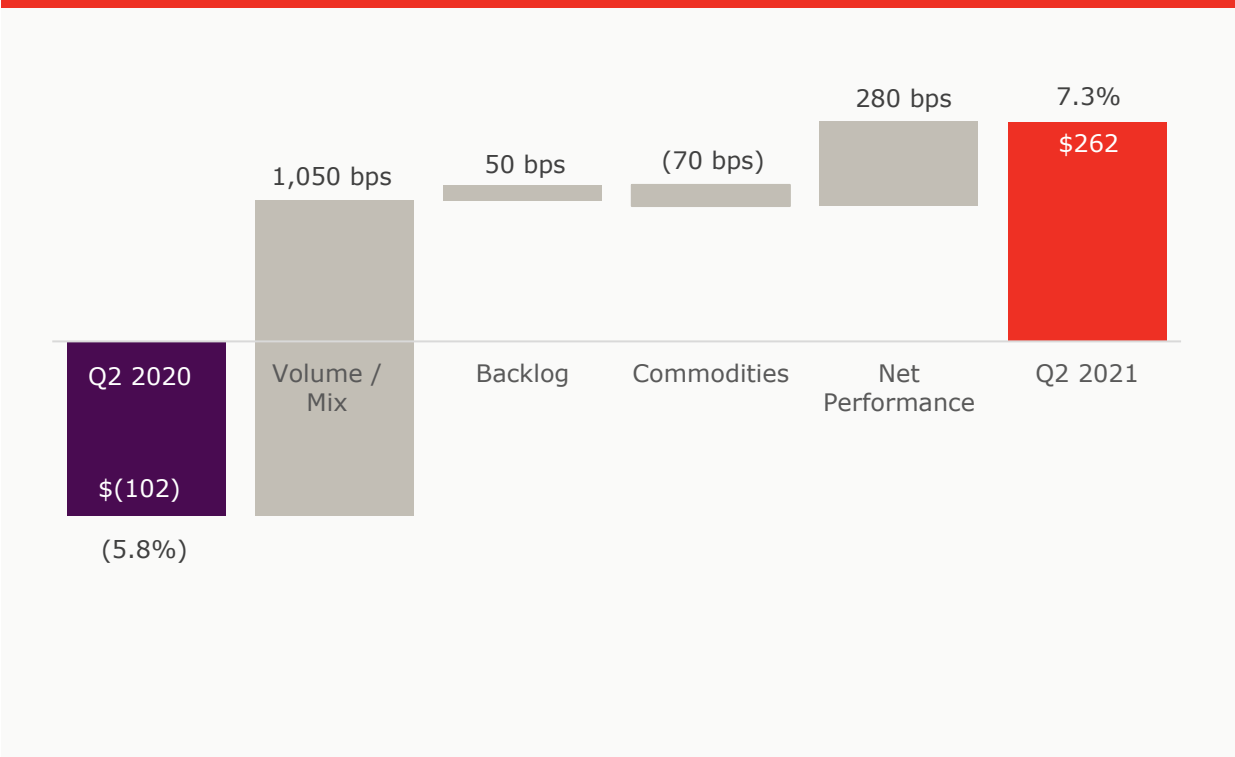
Second Quarter

(\$ in millions)

SALES



ADJUSTED EARNINGS AND MARGIN



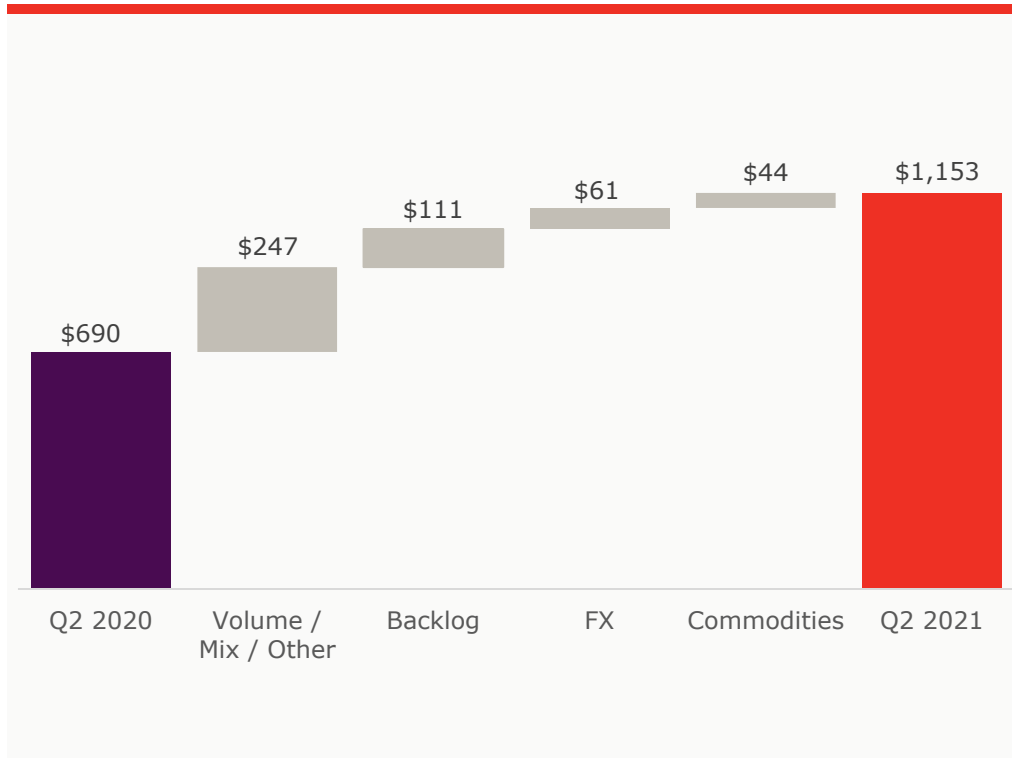
Please see appendix for discussion of non-GAAP financial measures, as well as reconciliations of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP

E-Systems Sales and Margin Drivers

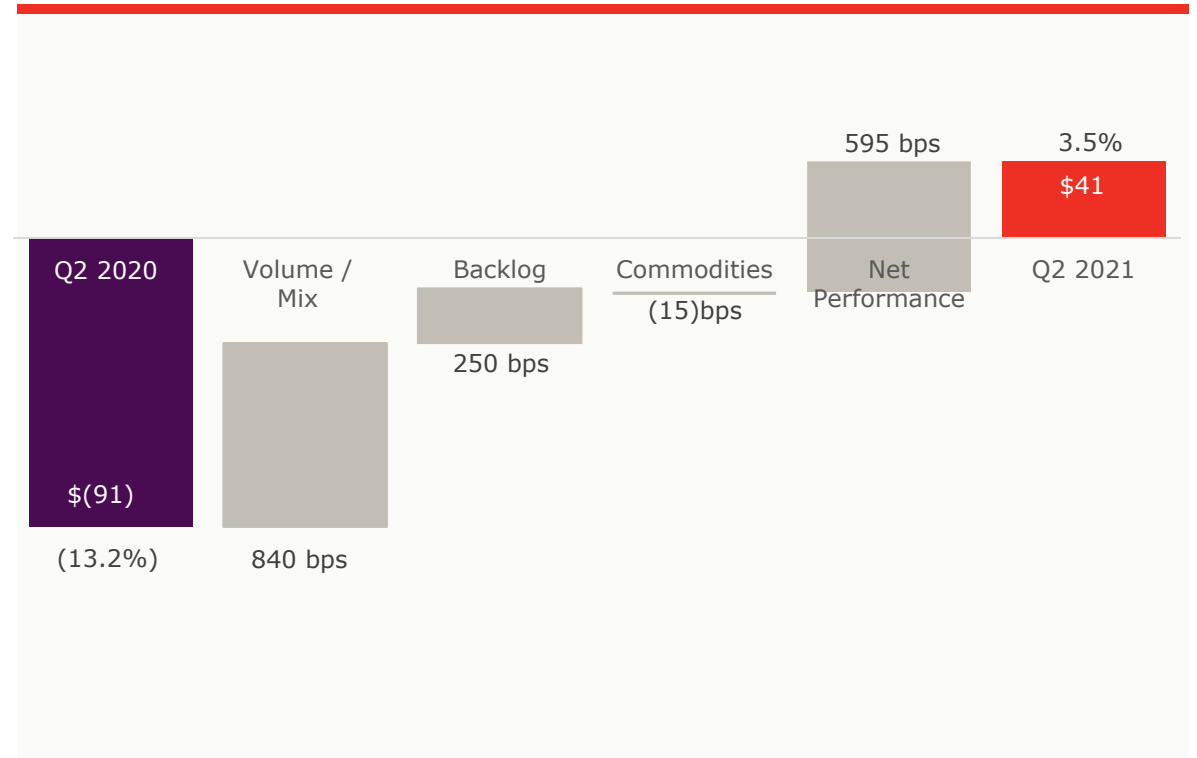
Second Quarter

(\$ in millions)

SALES



ADJUSTED EARNINGS AND MARGIN

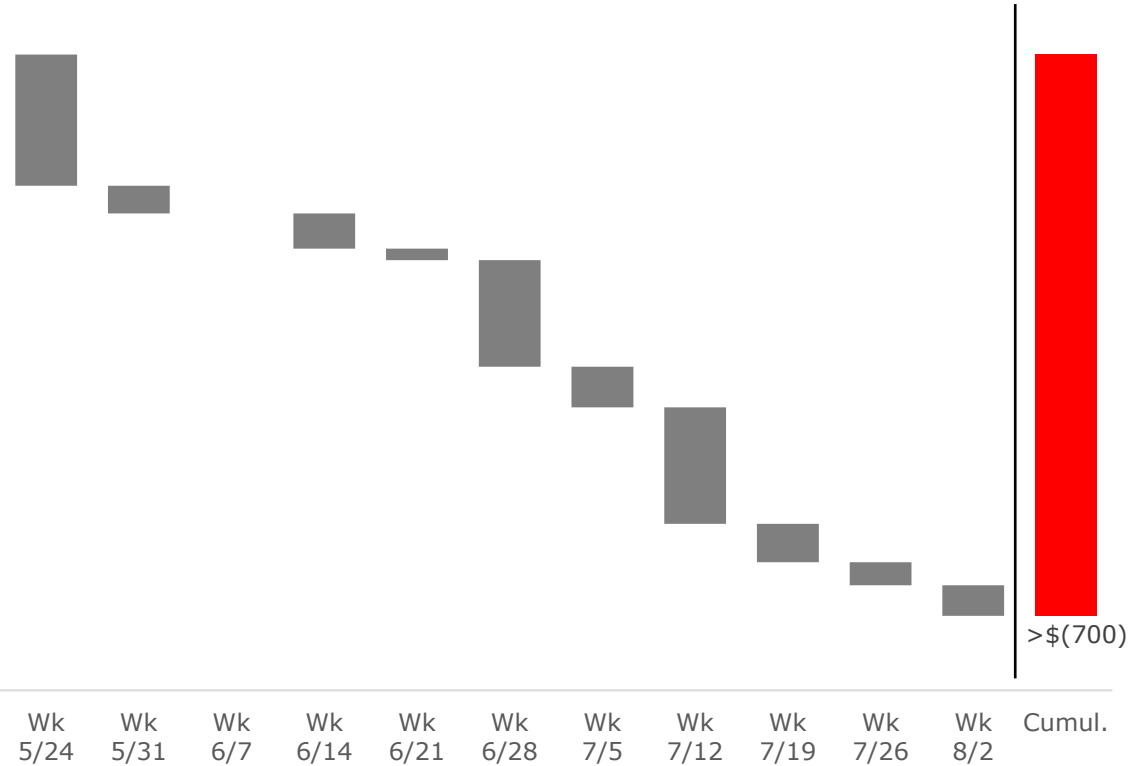


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2021 Outlook – Downtime Impact

ADVERSE IMPACT OF DOWNTIME ANNOUNCEMENTS

(\$ in millions)



Sales Impact

- Semiconductor shortages driving additional customer downtime
 - COVID outbreaks in Malaysia and Thailand delaying recovery
- Over \$700 million in lost sales since providing our May outlook
- Short notice production changes driving plant inefficiencies
- Acceleration of new downtime announcements



2021 Outlook – Commodity Impact

US HRC Price – HOT ROLLED STEEL 1980-2021

(\$ per sT)



Source: CRU Index provided by CRU

*Section 232 of The Trade Expansion Act imposed an additional 25% import tariff on steel imports from almost all countries which later excluded Canada and Mexico



2021 Outlook – Production

LEAR GLOBAL INDUSTRY PRODUCTION OUTLOOK

(units in millions)

	First Half Actual	Second Half Outlook	2021 Outlook	Memo: Second Half Change from May Outlook	
High-End	38.5	40.5	79.0	(1.8)	Reflects all customer announced downtime
vs. 2020	30%	(6%)	8%		
Mid-Point	38.5	39.0	77.4	(2.2)	≈6% lower than second half IHS volumes
vs. 2020	30%	(10%)	6%		
Low-End	38.5	37.4	75.9	(2.7)	
vs. 2020	30%	(13%)	4%		



2021 Outlook – Range

(\$ in millions)

SALES OUTLOOK

CORE OPERATING EARNINGS

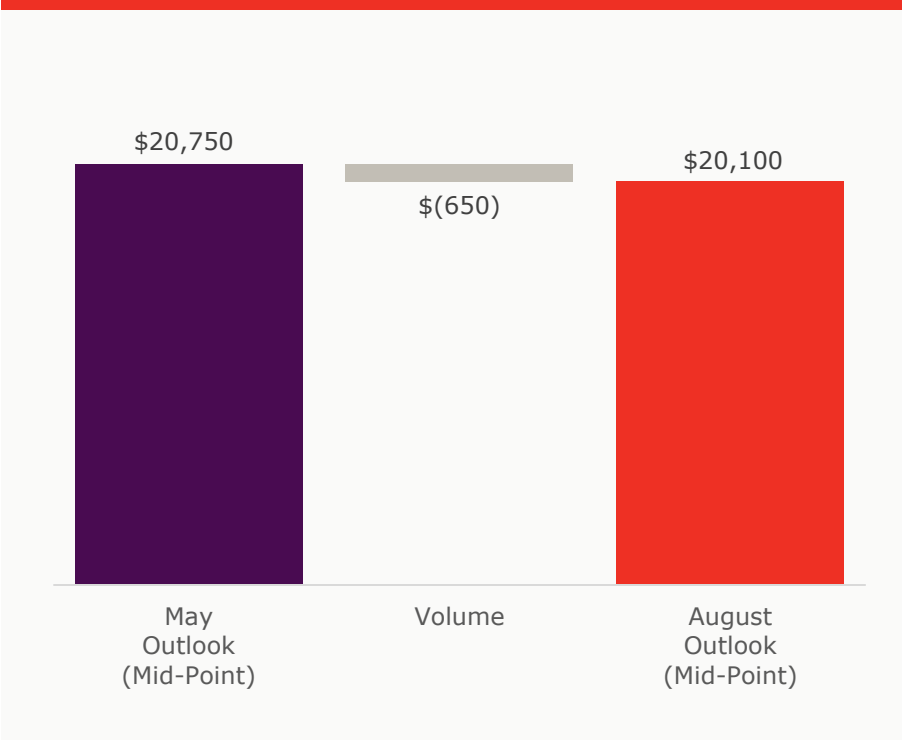
High-End	<ul style="list-style-type: none"> No/limited incremental customer downtime 	\$20,500	<ul style="list-style-type: none"> No/limited incremental customer downtime 	\$1,110
Mid-Point	<ul style="list-style-type: none"> 4% incremental second half downtime 	\$20,100	<ul style="list-style-type: none"> 4% incremental second half downtime Downtime weighted more heavily to highly vertically integrated programs 	\$1,015
Low-End	<ul style="list-style-type: none"> 8% incremental second half downtime 	\$19,700	<ul style="list-style-type: none"> 8% incremental second half downtime Commodity recovery timing 	\$920
Q3 Mid-Point	<ul style="list-style-type: none"> Reflects chip related program disruptions and seasonal downtime 	\$4,660	<ul style="list-style-type: none"> Reflects sequentially higher commodity costs and unfavorable program mix 	\$150



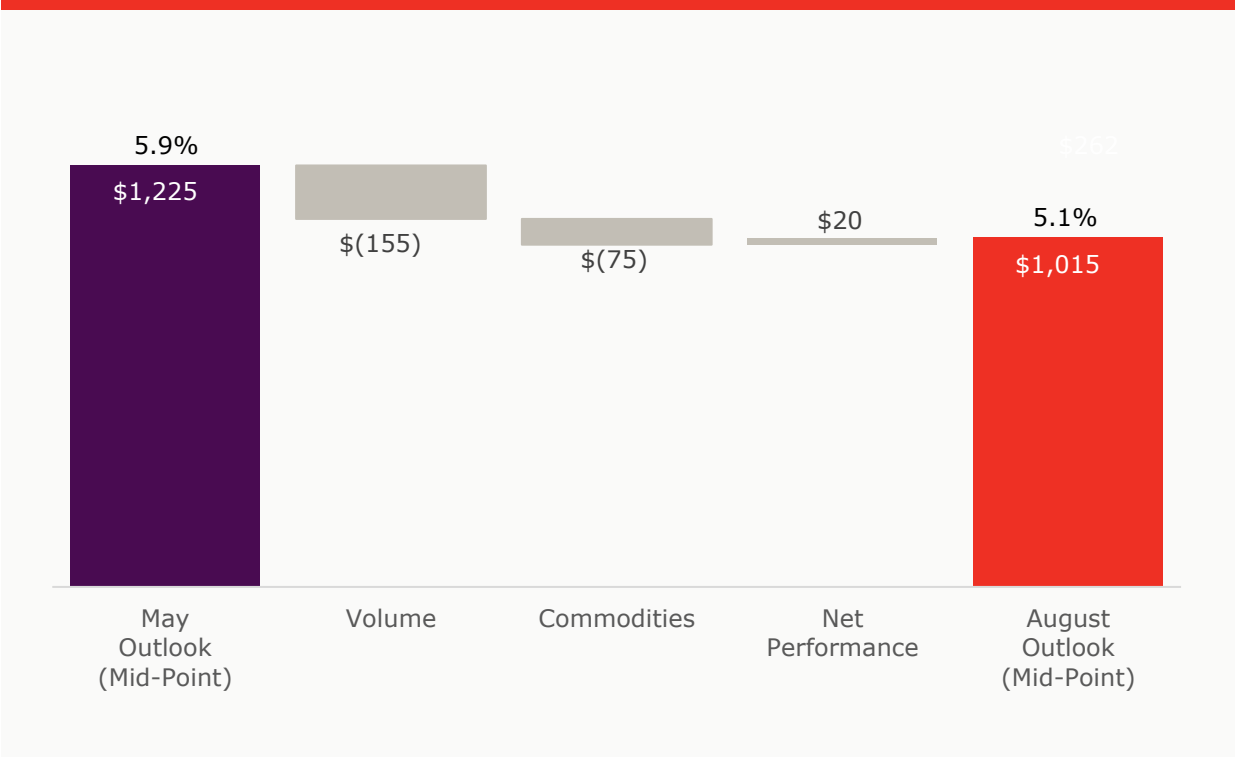
May Outlook to August Outlook – Mid-Point

(\$ in millions)

SALES



ADJUSTED EARNINGS AND MARGIN



Long-Term Outlook – Key Drivers

INDUSTRY DRIVERS

	<u>2021 vs. May Outlook</u>	<u>2022 Outlook</u>	<u>2023 Outlook</u>
Industry Volume	--	+	++
Commodities	--	+ / -	+
Covid Premiums	Neutral	+	Neutral
Semi-conductor Supply Constraints	--	+	++
Electrification Penetration Rates	Neutral	+	++

LEAR DRIVERS

Backlog	Neutral	+	+
Vertical Integration	Neutral	+	++
Margin Enhancement Plans	Neutral	+	++



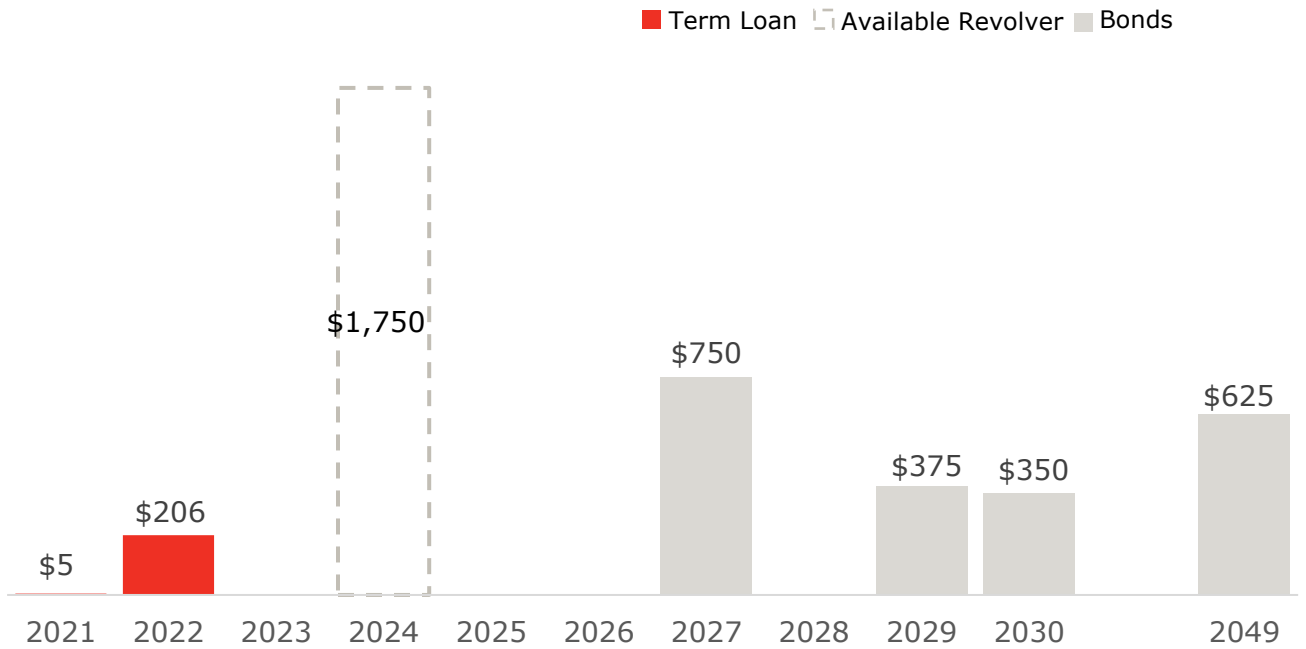
Strong Balance Sheet and Ample Liquidity to Invest for Growth

LIQUIDITY AND CAPITAL ALLOCATION

- \$3.2 billion in total liquidity, including \$1.75 billion available under revolving line of credit
- Moody’s and Fitch upgraded rating outlook
- Investment grade across all ratings agencies
- Long history of positive free cash flow generation
 - Primary focus is investing in organic and inorganic profitable growth
 - Actively targeting niche acquisitions to increase vertical integration capabilities in both businesses
 - Returning excess cash to shareholders
- Returned \$46 million to shareholders in the second quarter through dividends and share repurchases

DEBT MATURITIES

(\$ in millions)



As of July 3, 2021





Concluding Remarks

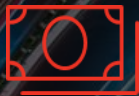
Ray Scott, President and CEO



Strong execution in second quarter despite a challenging environment



Supply chain volatility driving uncertainty in the second half



Strong liquidity position and free cash flow generation will enable organic and inorganic investments



Strategy will drive profitable growth and sustained shareholder returns





Appendix

2021 Outlook – Global Vehicle Production and Currency

INDUSTRY PRODUCTION

(units in millions)

GLOBAL		NORTH AMERICA		EUROPE AND AFRICA		CHINA	
FY 2020	72.8	FY 2020	13.0	FY 2020	16.9	FY 2020	21.9
FY 2021	77.4	FY 2021	14.0	FY 2021	17.8	FY 2021	22.6
vs Prior Year UP 6%		vs Prior Year UP 8%		vs Prior Year UP 6%		vs Prior Year UP 3%	
<i>May Outlook Up 9%</i>		<i>May Outlook Up 16%</i>		<i>May Outlook Up 10%</i>		<i>May Outlook Up 5%</i>	

KEY CURRENCIES

	2020	2021	
Euro	\$1.14 / €	\$1.20 / €	Up 5%
Chinese RMB	6.90 / \$	6.45 / \$	Up 7%

Source: IHS Markit as of July 16, 2021, and company estimates for outlook



2021 Full Year Outlook

Net Sales

\$19,700 - \$20,500 million

May Outlook \$20,350 - \$21,150 million

Core Operating Earnings

\$920 - \$1,110 million

May Outlook \$1,140 - \$1,310 million

Adjusted EBITDA

\$1,480 - \$1,670 million

May Outlook \$1,700 - \$1,870 million

Interest Expense

≈\$90 million

Effective Tax Rate

≈21%

Adjusted Net Income

\$565 - \$715 million

May Outlook \$740 - \$870 million

Restructuring Costs

≈\$100 million

Capital Spending

≈\$625 million

Free Cash Flow

\$350 - \$500 million

May Outlook \$550 - \$700 million

Note: 2021 Outlook assumes an average Euro of \$1.20 and an average Chinese RMB of 6.45/\$



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.

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 (loss) before equity income, interest, other (income) expense, restructuring costs and other special items" (core operating earnings or adjusted segment earnings), "pretax income (loss) before equity income, interest, other (income) expense, depreciation expense, amortization of intangible assets, restructuring costs and other special items" (adjusted EBITDA), "adjusted net income (loss) attributable to Lear" (adjusted net income (loss)), adjusted diluted net income (loss) 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 (loss) and adjusted earnings per share represent net income (loss) attributable to Lear and diluted net income (loss) per share available to Lear common stockholders, respectively, adjusted for restructuring costs and other special items, including the tax effect thereon. Free cash flow represents net cash provided by (used in) operating activities less capital expenditures.

Management believes the non-GAAP financial measures used in this presentation are useful to both management and investors in their analysis of the Company's financial position and results of operations. In particular, management believes that core operating earnings, adjusted EBITDA, adjusted net income (loss), 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 (loss), 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 (loss) attributable to Lear, diluted net income (loss) per share available to Lear common stockholders, cash provided by (used in) 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)	Second Quarter	
	2020	2021
Net sales	\$ 2,444.5	\$ 4,760.7
Net income (loss) attributable to Lear	\$ (293.9)	\$ 175.2
Interest expense	27.2	22.3
Other income, net	(3.2)	(46.1)
Income taxes	(41.0)	39.3
Equity in net income of affiliates	(7.8)	(4.9)
Net income attributable to noncontrolling interests	24.4	19.7
Restructuring costs and other special items -		
Costs related to restructuring actions	36.2	14.8
Intangible asset impairment	-	8.5
Other	9.8	4.4
Core operating earnings	\$ (248.3)	\$ 233.2
Adjusted margins	(10.2%)	4.9%



Non-GAAP Financial Information

Adjusted Earnings Per Share

(In millions, except per share amounts)

	Second Quarter	
	2020	2021
Net income (loss) attributable to Lear	\$ (293.9)	\$ 175.2
Costs related to restructuring actions	38.9	14.8
Intangible asset impairment	-	8.5
Favorable indirect tax ruling in a foreign jurisdiction	-	(47.0)
Loss related to affiliate	-	1.0
Other	4.7	0.9
Tax impact of special items and other net tax adjustments ¹	1.7	(5.1)
Adjusted net income (loss) attributable to Lear	<u><u>\$ (248.6)</u></u>	<u><u>\$ 148.3</u></u>
Weighted average number of diluted shares outstanding	60.1	60.6
Diluted net income (loss) per share available to Lear common stockholders	<u><u>\$ (4.89)</u></u>	<u><u>\$ 2.89</u></u>
Adjusted earnings per share	<u><u>\$ (4.14)</u></u>	<u><u>\$ 2.45</u></u>

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

Adjusted Segment Earnings and Margins

(\$ in millions)

	Second Quarter			
	Seating		E-Systems	
	2020	2021	2020	2021
Net sales	<u>\$ 1,754.9</u>	<u>\$ 3,608.2</u>	<u>\$ 689.6</u>	<u>\$ 1,152.5</u>
Segment earnings	<u>\$ (116.4)</u>	<u>\$ 252.2</u>	<u>\$ (113.4)</u>	<u>\$ 26.6</u>
Restructuring costs and other special items -				
Costs related to restructuring actions	14.4	9.7	21.2	5.1
Intangible asset impairment	-	-	-	8.5
Other	(0.1)	0.3	1.2	0.3
Adjusted segment earnings	<u>\$ (102.1)</u>	<u>\$ 262.2</u>	<u>\$ (91.0)</u>	<u>\$ 40.5</u>
Adjusted margins	<u>(5.8%)</u>	<u>7.3%</u>	<u>(13.2%)</u>	<u>3.5%</u>



Non-GAAP Financial Information

Free Cash Flow

(\$ in millions)

Net cash provided by (used in) operating activities

Capital expenditures

Free cash flow

Second Quarter

2020

2021

\$ (524.5)

\$ 260.1

(86.1)

(140.0)

\$ (610.6)

\$ 120.1



Non-GAAP Financial Information

(in millions, except per share amounts)

	Second Quarter 2021			
	<u>Reported</u>	<u>Restructuring Costs</u>	<u>Other Special Items</u>	<u>Adjusted</u>
Pretax Income Before Equity Income, Interest and Other (Income) Expense	\$ 205.5	\$ 14.8*	\$ 12.9*	\$ 233.2
Equity Income	<u>(4.9)</u>			<u>(4.9)</u>
Pretax Income Before Interest and Other (Income) Expense	\$ 210.4			\$ 238.1
Interest Expense	22.3			22.3
Other (Income) Expense, Net	<u>(46.1)</u>		(49.5)	<u>3.4</u>
Income Before Taxes	\$ 234.2			\$ 212.4
Income Taxes	<u>39.3</u>	(6.4)	1.3	<u>44.4</u>
Net Income	\$ 194.9			\$ 168.0
Noncontrolling Interests	<u>19.7</u>			<u>19.7</u>
Net Income Attributable to Lear	<u>\$ 175.2</u>			<u>\$ 148.3</u>
Diluted Earnings per Share	<u>\$ 2.89</u>			<u>\$ 2.45</u>

*Restructuring costs include \$13.7 million in cost of sales and \$1.1 million in SG&A. Other special items include \$2.4 million in cost of sales, \$2.0 million in SG&A and \$8.5 million in amortization of intangible assets.

