

First Quarter 2018 Earnings Call

April 26, 2018



Safe Harbor Statement

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated financial results and liquidity. The words “will,” “may,” “designed to,” “outlook,” “believes,” “should,” “anticipates,” “plans,” “expects,” “intends,” “estimates,” “forecasts” and similar expressions identify certain of these forward-looking statements. The Company also may provide forward-looking statements in oral statements or other written materials released to the public. All statements contained or incorporated in this presentation or in any other public statements that address operating performance, events or developments that the Company expects or anticipates may occur in the future are forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements are discussed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017, and its other Securities and Exchange Commission filings. Future operating results will be based on various factors, including actual industry production volumes, commodity prices and the Company’s success in implementing its operating strategy.

Information in this presentation relies on assumptions in the Company’s sales backlog. The Company’s sales backlog reflects anticipated net sales from formally awarded new programs less lost and discontinued programs. The calculation of the sales backlog does not reflect customer price reductions on existing or newly awarded programs. The sales backlog may be impacted by various assumptions embedded in the calculation, including vehicle production levels on new programs, foreign exchange rates and the timing of major program launches.

The forward-looking statements in this presentation are made as of the date hereof, and the Company does not assume any obligation to update, amend or clarify them to reflect events, new information or circumstances occurring after the date hereof.

Non-GAAP Financial Information

This presentation also contains non-GAAP financial information. For additional information regarding the Company’s use of non-GAAP financial information, as well as reconciliations of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with accounting principles generally accepted in the United States (“GAAP”), please see slides titled “Non-GAAP Financial Information” at the end of this presentation.

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Business Overview



Ray Scott, President and CEO

Highlights

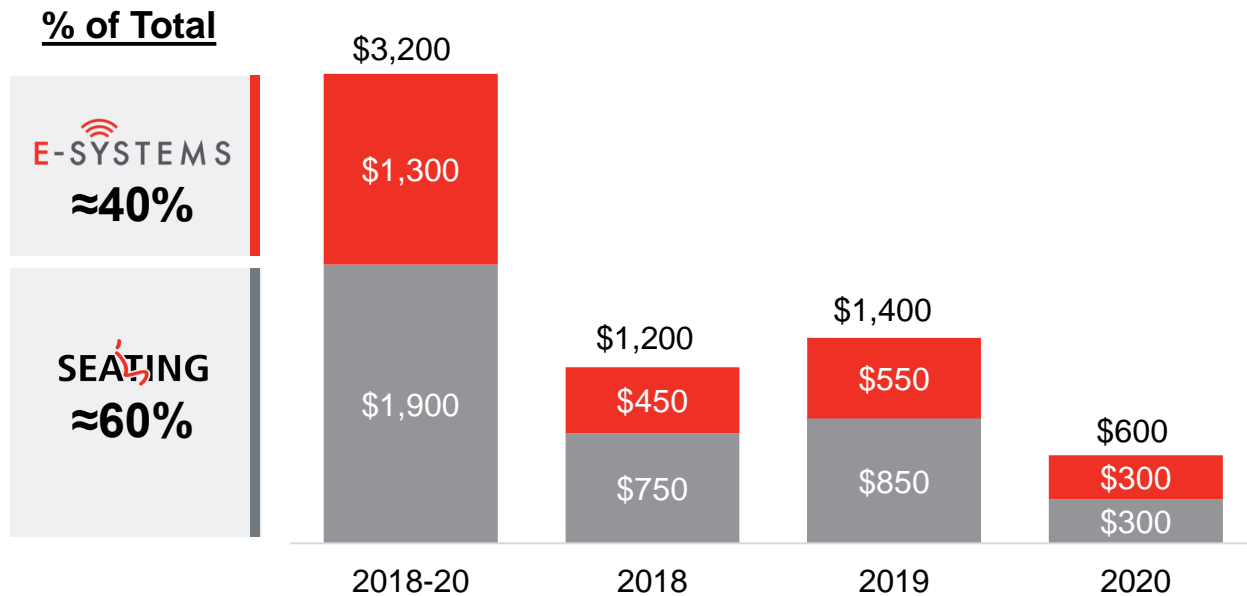
- Delivered record first quarter results and increased full year financial outlook
- Increased share repurchase authorization and raised quarterly cash dividend
- Record sales backlog of \$3.2 billion (\$4 billion including non-consolidated sales), with \$1.2 billion in 2018
- Investing to support key launches in both segments
- Opportunities for future sales growth remain strong, with quoting activity in electrification and connectivity accelerating

Record 2018–2020 Sales Backlog

(in millions, Euro at \$1.18)

\$3.2 Billion Consolidated Sales Backlog

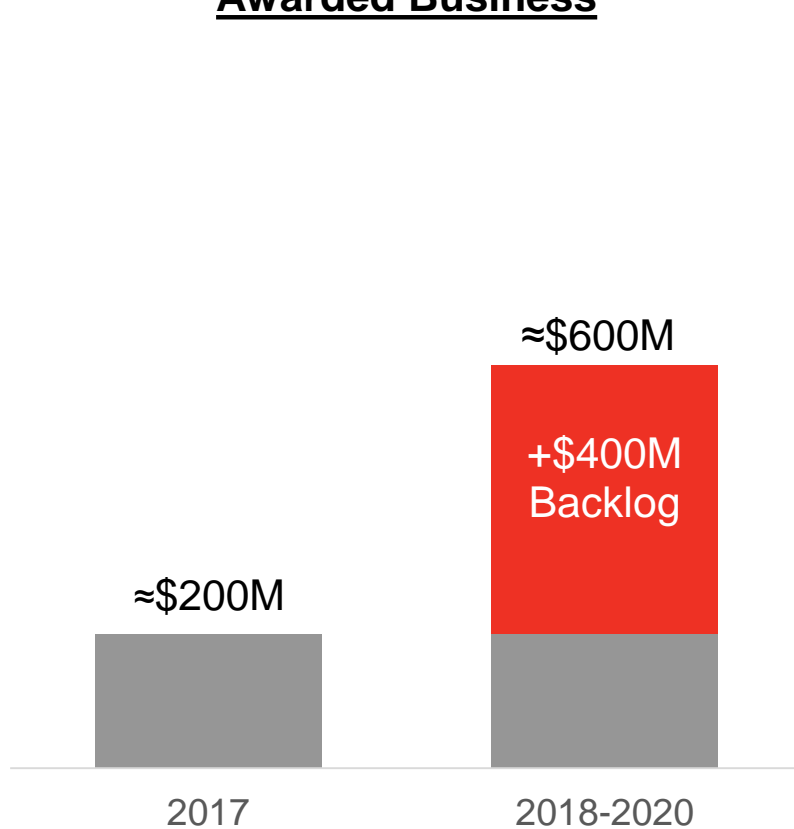
Nearly \$4 Billion Total Backlog Including Non-Consolidated



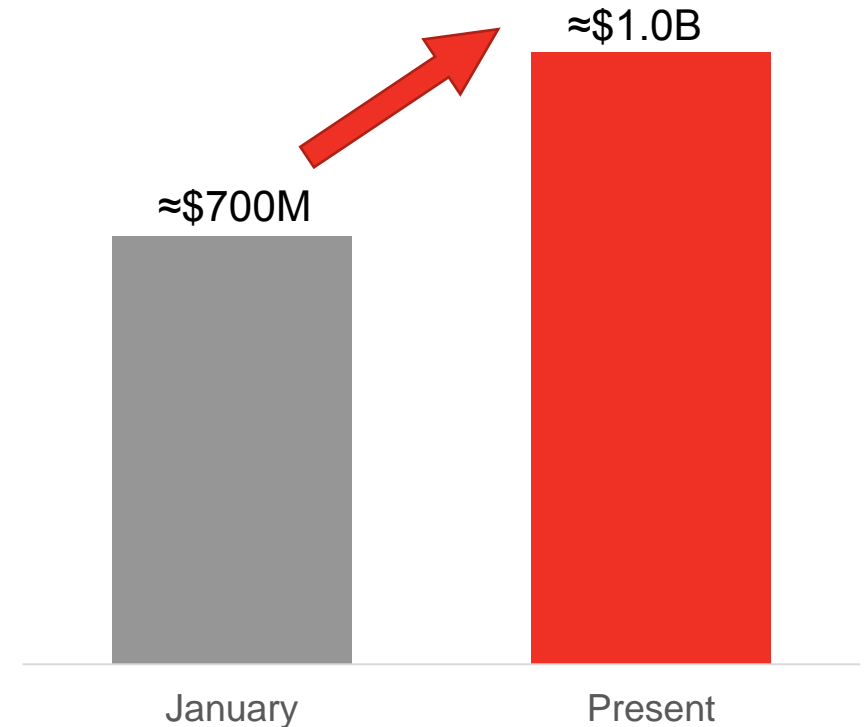
**\$400 Million Of E-Systems Backlog In Electrification And Connectivity Programs
And 90% Of Seating Backlog On Crossover And SUV Programs**

Increasing Quoting Activity in Electrification and Connectivity

Awarded Business



Incremental 2018 Quoting Activity



Key 2018 Launches

SEATING

145 Total Launches

Including 70% on Crossovers, SUVs and Pickups



Mercedes GLE

JIT, Trim
North America



BMW X3

JIT, Structures, Trim, Foam
Asia



GMC Sierra / Chevy Silverado

JIT, Trim, Leather, Fabric, Foam,
Recliners, Front Tracks
North America



Audi Q3

JIT, Fabric
Europe

E-SYSTEMS

160 Total Launches

Including Industry's Most Sophisticated Connected Gateway Module



Ford Focus

Wire Harness, Power Distribution, T&C
Europe, Asia



Audi (various models)

Gateway / Connectivity Box
Europe



FCA Ram / Wrangler

High Voltage Wire Harness
North America



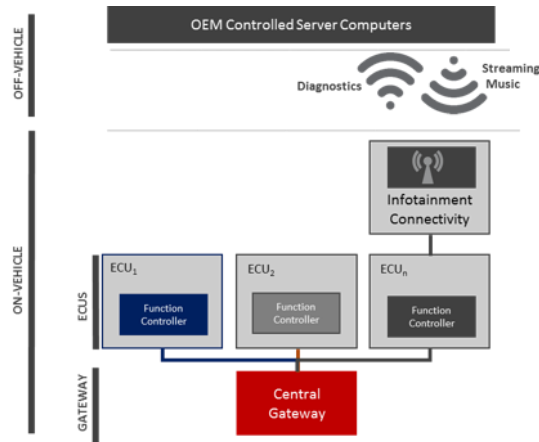
Land Rover Range Rover / Sport

Wire Harness
Europe

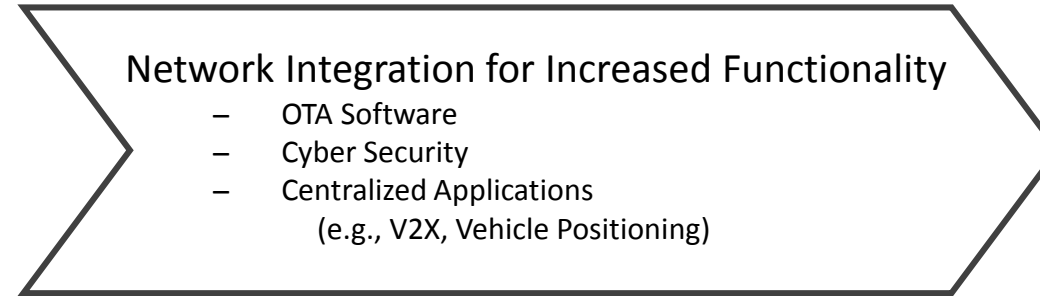
Connectivity Architecture

MARKET EVOLUTION

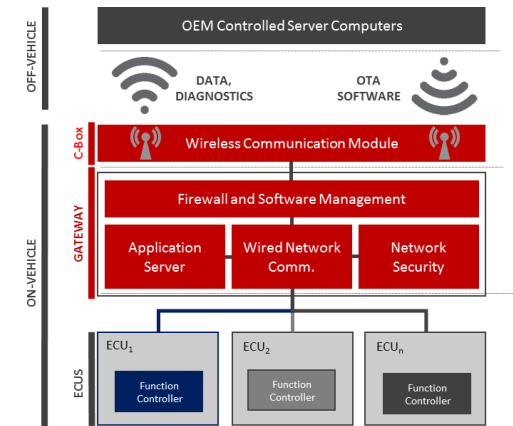
Current Architectures



Architecture Trend



Connectivity Architecture







LEAR POSITION

Gateway

- #2 global market position
 - Broad range of customers since 2001
- 
- Technology leader: first-to-market with Ethernet and multi-core processors

LEAR CONNEXUS Capabilities

-  : Cellular, Bluetooth, Wi-Fi, GPS
-  : V2X, GPS, safety algorithms
-  : High accuracy vehicle positioning
- **Cyber Security**  : Industry leader

LEAR CONNEXUS Products



Communications Module



Advanced Gateway

Lear's Connectivity Strength Is Built On An Industry Leadership Position In Central Gateway Modules Combined With Advanced Connectivity Technologies

Lear's Communication Module and Connected Gateway

Vehicle Platforms



Audi A4



Audi Q5



Audi A7



Audi Q7



Audi A8



Porsche 911



Porsche Cayenne



Porsche Panamera



Porsche Pajun

Key Product Features

Communication Module

- 4.5G cellular connectivity
- Gigabit Ethernet wired connectivity
- Full eCall system
- Multi-core architecture microprocessor
- Wi-Fi and Bluetooth

Connected Gateway

- Complete vehicle OTA software update manager
- 20 vehicle network connections
- 5 Ethernet, 4 FlexRay, 11 CAN / LIN networks
- Gigabit connectivity to communication module
- Additional memory for OTA software management

Highlights

- Launching across nine vehicle nameplates starting in Q2 2018
- Industry leading connectivity features (4.5G cellular, OTA software, eCall, gigabit Ethernet)
- Next generation vehicle network integration enabling centralized and abstracted applications
- Flexible and scalable modular software architecture able to integrate third party applications
- Positions Lear to deliver superior performance in China and all global markets

Lear's Drop & Go™ Adaptive Seating

Lear's adaptive seating is an adaptable length, electrified track system enabled by removable interface cassette modules

Customer Benefits

- Easy adjustment within the rails for entry, comfort positioning and removal
- Self-contained electrified system to add power features such as heat / cool, power recline and configuration
- Multi-cabin configurability modes:
 - Conference
 - Relaxation
 - Cargo
 - Entertainment



Highlights

- Gen II system in production on Peugeot Traveller



- Gen III award with European customer launching in 2020
- In discussion with 3 additional OEMs

Lear's Adaptive Seating Is The Ideal Solution To Address Customer Mobility Requirements

Significant Profitable Growth Opportunities in Both Business Segments

SEATING

Fastest-growing and most profitable automotive seating supplier with the highest level of vertical integration, including unique leather, electronics and software capabilities

Growth Opportunities

- Increasing mix of high-content crossover, SUV and luxury vehicles
- Crafted by Lear™
- INTU™ Intelligent Seat
- Drop & Go™ adaptive seating
- Growth in China
- Lear market share gains

Continued Growth
Mid Single Digit % Above Market

E-SYSTEMS

Global leader in electrical architecture technology, including high-power capabilities with wireless connectivity and cyber security expertise

Growth Opportunities

- Increasing consumer demand for vehicle content requiring signal, data and power management
- Electrification
- Connectivity
- Growth in China
- Lear market share gains

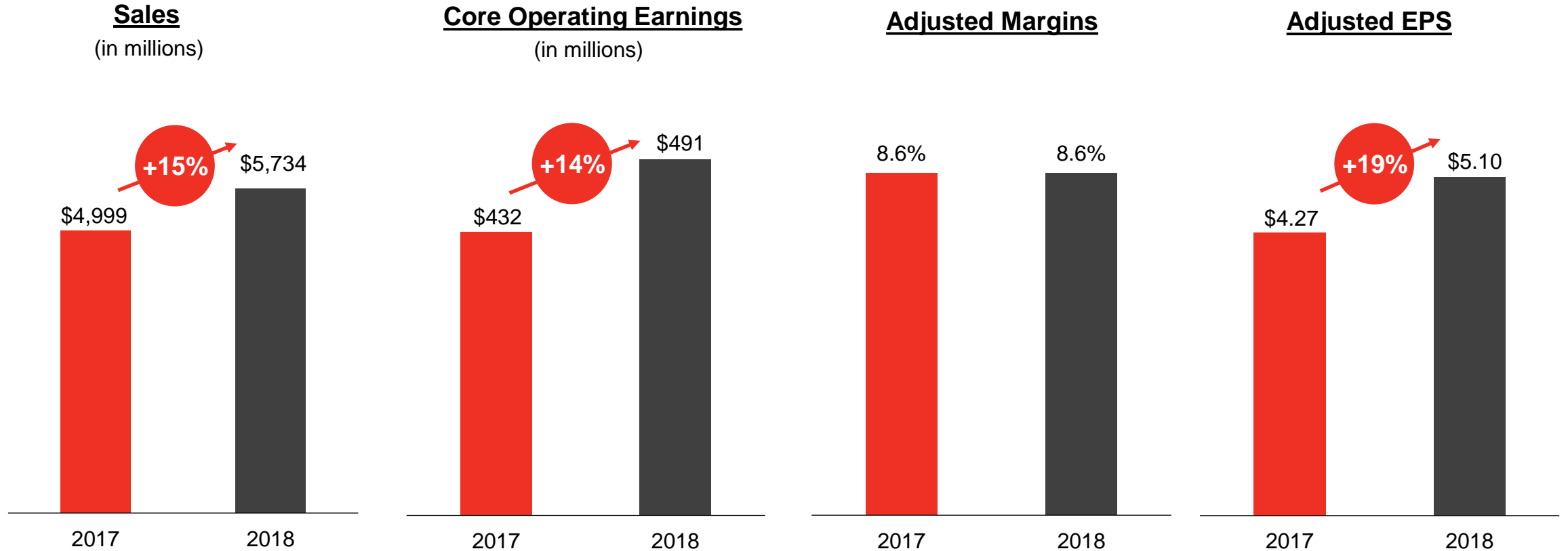
Accelerating Growth
High Single Digit % Above Market

First Quarter Financial Results and 2018 Outlook



Jeff Vanneste, SVP and CFO

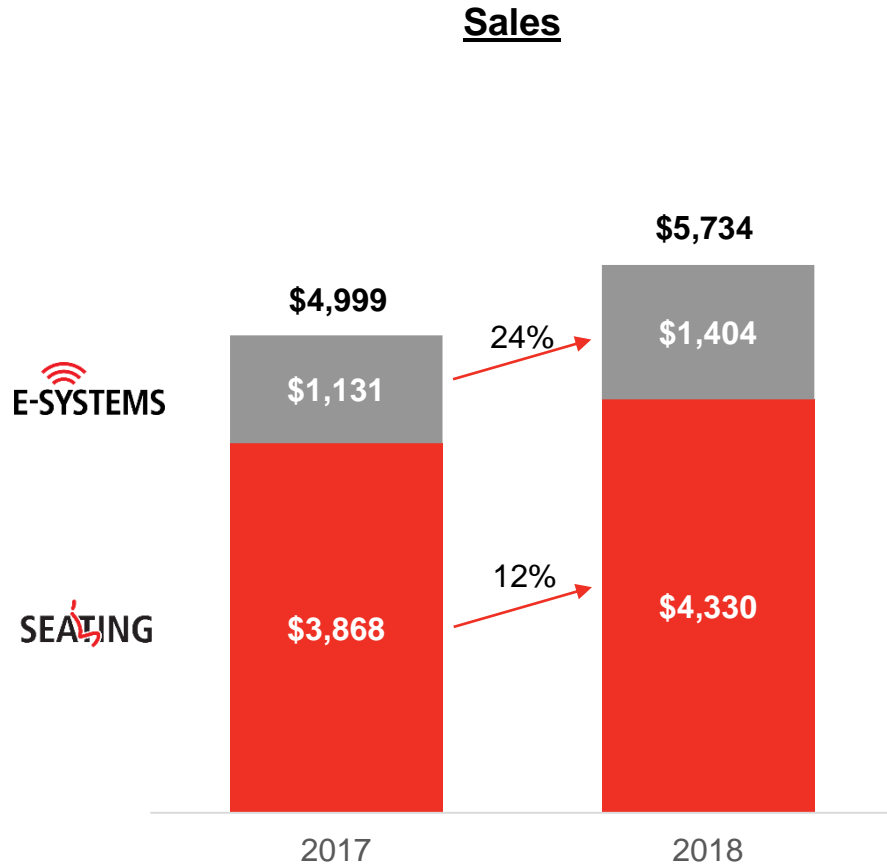
First Quarter 2018 Highlights



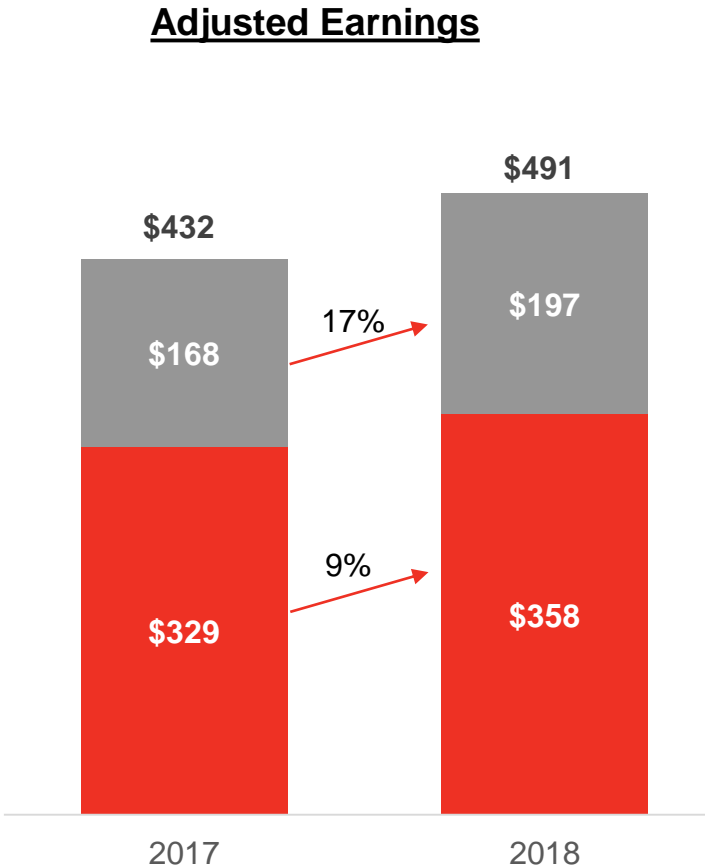
First Quarter 2018 Segment Results

(in millions)

Sales



Adjusted Earnings



Adjusted Margins

	2017	2018
E-SYSTEMS	14.9%	14.1%
SEATING	8.5%	8.3%
LEAR CORPORATION	8.6%	8.6%

2018 Outlook – Global Vehicle Production and Currency

(Units in millions)

	2017 Actual	2018 Outlook	YOY Change
China	26.4	27.0	Up 3%
Europe and Africa	23.0	23.4	Up 2%
North America	17.1	17.2	Up 1%
India	4.4	4.8	Up 8%
Brazil	2.6	3.0	Up 14%
Global	93.3	95.7	Up 3%
Key Currencies			
Euro	\$1.13 / €	\$1.21 / €	Up 7%
Chinese RMB	6.76 / \$	6.45 / \$	Up 5%

2018 Outlook – Financial Summary

Net Sales	\$21.8 - \$22.0 billion <i>Up ≈\$400m</i>	Interest Expense	≈\$80 million	Restructuring Costs	≈\$70 million <i>Up ≈\$5m</i>
Core Operating Earnings	\$1,790 - \$1,810 million <i>Up ≈\$40m</i>	Effective Tax Rate	≈22%	Capital Spending	≈\$660 million <i>Up ≈\$30m</i>
Adjusted EBITDA	\$2,290 - \$2,310 million <i>Up ≈\$60m</i>	Adjusted Net Income	\$1,250 - \$1,270 million <i>Up ≈\$20m</i>	Free Cash Flow	\$1,200+ million

Italicized numbers indicate change from prior outlook

A blurred, futuristic car is shown in motion against a dark, atmospheric background. The car is light-colored and has a sleek, aerodynamic design. A red light streak is visible along the side of the car, suggesting speed and advanced technology.

| Summary



Ray Scott, President and CEO

Summary

- Strong start to 2018 with record quarterly sales and earnings
- Raising our 2018 outlook based on our strong first quarter and outlook for the remainder of the year
- Making the necessary investments to support successful launches and deliver continued profitable growth
- Continued focus on operational excellence, driving best-in-class performance
- Developing innovative new products aligned with key industry growth trends
- Accelerating quoting activity related to electrification and connectivity

**Well Positioned For Continued Profitable Sales Growth In
Both Business Segments**

A blurred image of a silver car driving on a road, with a red light streak visible on the side. The background is a hazy, overcast sky.

| Appendix



First Quarter 2018 – Global Vehicle Production and Currency

(Units in millions)

	2017 Actual	2018 Actual	YOY Change
China	6.5	6.3	Down 2%
Europe and Africa	6.1	6.0	Down 1%
North America	4.5	4.4	Down 3%
India	1.1	1.2	Up 9%
Brazil	0.6	0.7	Up 11%
Global	23.9	23.8	Down 1%
Key Currencies			
Euro	\$1.06 / €	\$1.23 / €	Up 15%
Chinese RMB	6.89 / \$	6.37 / \$	Up 8%

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 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, gains and losses on the disposal of fixed assets and the non-service cost components of net periodic benefit cost. Adjusted net income represents net income attributable to Lear adjusted for restructuring costs and other special items, including the tax effect thereon. Adjusted earnings per share represents diluted net income per share available to Lear common stockholders adjusted for the redeemable noncontrolling interest adjustment, restructuring costs and other special items, including the tax effect thereon. Free cash flow represents net cash provided by operating activities less adjusted capital expenditures.

Management believes the non-GAAP financial measures used in this presentation are useful to both management and investors in their analysis of the Company’s financial position and results of operations. In particular, management believes that core operating earnings, adjusted EBITDA, adjusted 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

Impact of Restructuring and Special Items

(in millions, except per share amounts)

	<i>First Quarter 2018</i>			<i>Adjusted</i>	<i>Memo: Q1 2017 Adjusted</i>
	<i>Reported</i>	<i>Restructuring Costs</i>	<i>Other Special Items</i>		
Pretax Income Before Equity Income, Interest and Other (Income) Expense	\$ 462.9	\$ 24.0	\$ 3.6	\$ 490.5	\$ 431.5
Equity Income	(4.1)			(4.1)	(15.4)
Pretax Income Before Interest and Other (Income) Expense	\$ 467.0			\$ 494.6	\$ 446.9
Interest Expense	20.7		0.3	20.4	20.8
Other (Income) Expense, Net	(5.6)		(9.8)	4.2	5.1
Income Before Taxes	\$ 451.9			\$ 470.0	\$ 421.0
Income Taxes	77.7	(3.4)	(23.9)	105.0	108.2
Net Income	\$ 374.2			\$ 365.0	\$ 312.8
Noncontrolling Interests	20.5			20.5	12.7
Net Income Attributable to Lear	\$ 353.7			\$ 344.5	\$ 300.1
Diluted Earnings per Share	\$ 5.16			\$ 5.10	\$ 4.27

Non-GAAP Financial Information

Core Operating Earnings

	First Quarter	
	2017	2018
Net sales	\$ 4,998.5	\$ 5,733.7
Net income attributable to Lear	\$ 305.8	\$ 353.7
Interest expense	20.8	20.7
Other (income) expense, net	3.7	(5.6)
Income taxes	89.1	77.7
Equity in net income of affiliates	(15.4)	(4.1)
Net income attributable to noncontrolling interests	12.7	20.5
Pretax income before equity income, interest and other (income) expense	\$ 416.7	\$ 462.9
Costs related to restructuring actions	8.8	24.0
Acquisition costs	1.6	0.4
Acquisition-related inventory fair value adjustment	1.7	-
Other	2.7	3.2
Core operating earnings	\$ 431.5	\$ 490.5
Adjusted margins	8.6%	8.6%

Non-GAAP Financial Information

Adjusted Earnings Per Share

	First Quarter	
	2017	2018
Net income available to Lear common stockholders	\$ 305.8	\$ 348.3
Redeemable noncontrolling interest	-	5.4
Net income attributable to Lear	305.8	353.7
Costs related to restructuring actions	8.8	24.0
Acquisition costs	1.6	0.4
Acquisition-related inventory fair value adjustment	1.7	-
Litigation	-	0.3
Gain related to affiliate	-	(10.0)
Other	1.3	3.4
Tax impact of special items and other net tax adjustments	(19.1)	(27.3)
Adjusted net income attributable to Lear	\$ 300.1	\$ 344.5
Weighted average number of diluted shares outstanding	70.3	67.6
Diluted net income per share available to Lear common stockholders	\$ 4.35	\$ 5.16
Adjusted earnings per share	\$ 4.27	\$ 5.10

Non-GAAP Financial Information

Adjusted Earnings

	First Quarter			
	2017		2018	
	Seating	E-Systems	Seating	E-Systems
Net sales	<u>\$ 3,868.0</u>	<u>\$ 1,130.5</u>	<u>\$ 4,329.9</u>	<u>\$ 1,403.8</u>
Segment earnings	\$ 320.3	\$ 164.9	\$ 339.5	\$ 190.8
Costs related to restructuring actions	6.7	2.0	19.2	2.7
Other	1.7	1.2	(0.5)	3.9
Adjusted segment earnings	<u>\$ 328.7</u>	<u>\$ 168.1</u>	<u>\$ 358.2</u>	<u>\$ 197.4</u>
Adjusted segment margins	<u>8.5%</u>	<u>14.9%</u>	<u>8.3%</u>	<u>14.1%</u>