



Second Quarter 2022 Financial Results

August 2, 2022

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, 2021, its Quarterly Report on Form 10-Q for the quarter ended April 2, 2022, and its other Securities and Exchange Commission filings. Future operating results will be based on various factors, including actual industry production volumes, the impact of the ongoing COVID-19 pandemic and the Ukraine war on the Company’s business and the global economy, supply chain disruptions, 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

01

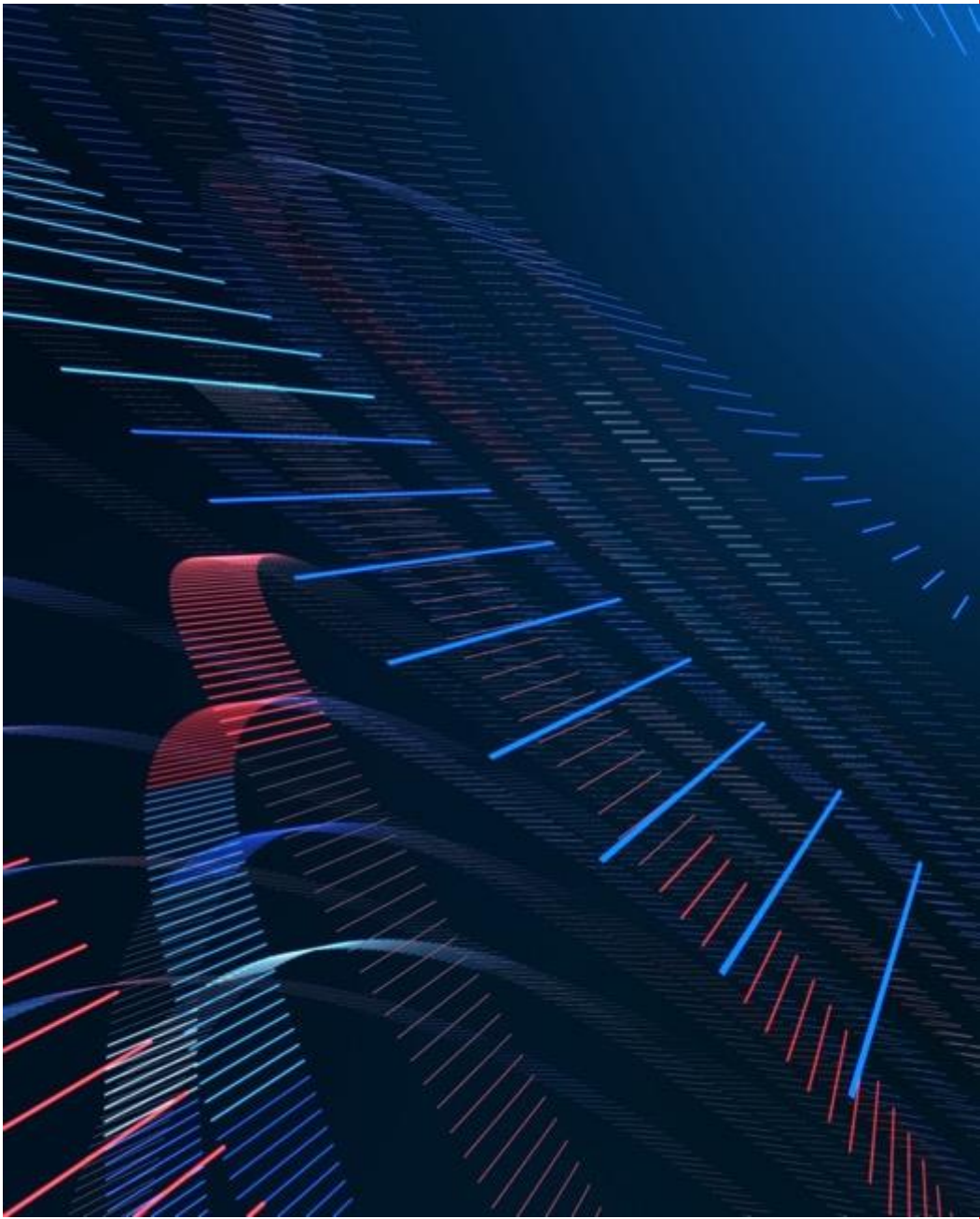
FINANCIAL REVIEW

Jason Cardew, Senior Vice President and CFO

02

BUSINESS UPDATE

Ray Scott, President and CEO



Financial Review

Jason Cardew,
Senior Vice President and CFO

Financial Overview

Second Quarter 2022

\$5.1B

SALES

Q2 2021 \$4.8B

\$187M

**CORE OPERATING
EARNINGS**

Q2 2021 \$233M

\$1.79

**ADJUSTED
EARNINGS PER SHARE**

Q2 2021 \$2.45

\$11M

**OPERATING
CASH FLOW**

Q2 2021 \$260M

Second Quarter 2022

Global Vehicle Production and Currency

INDUSTRY PRODUCTION

(units in millions)

GLOBAL		NORTH AMERICA		EUROPE AND AFRICA		CHINA	
Q2 2021	18.2	Q2 2021	3.2	Q2 2021	4.3	Q2 2021	5.3
Q2 2022	18.4	Q2 2022	3.6	Q2 2022	4.0	Q2 2022	5.2
UP 1% YOY		UP 12% YOY		DOWN 5% YOY		DOWN 3% YOY	

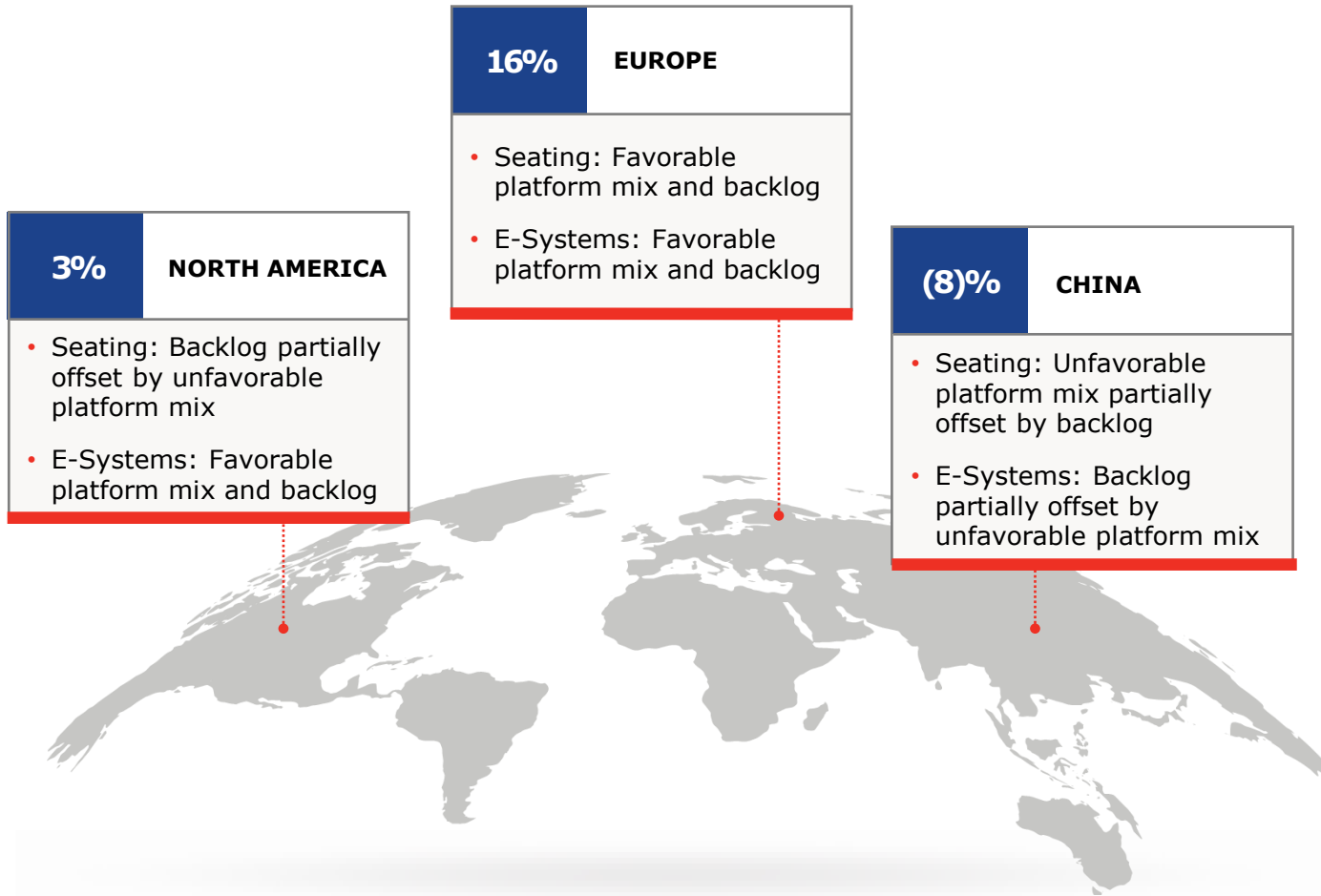
KEY CURRENCIES

	2021	2022	
EURO	\$1.21 / €	\$1.07 / €	DOWN 12%
CHINESE RMB	6.46 / \$	6.60 / \$	DOWN 2%

Source: S&P Global Mobility (formerly IHS Markit) as of July 15, 2022

Growth Over Market

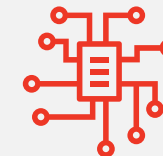
Second Quarter 2022



**6% Q2 2022
Global GoM**



**6% Q2 2022
Seating GoM**

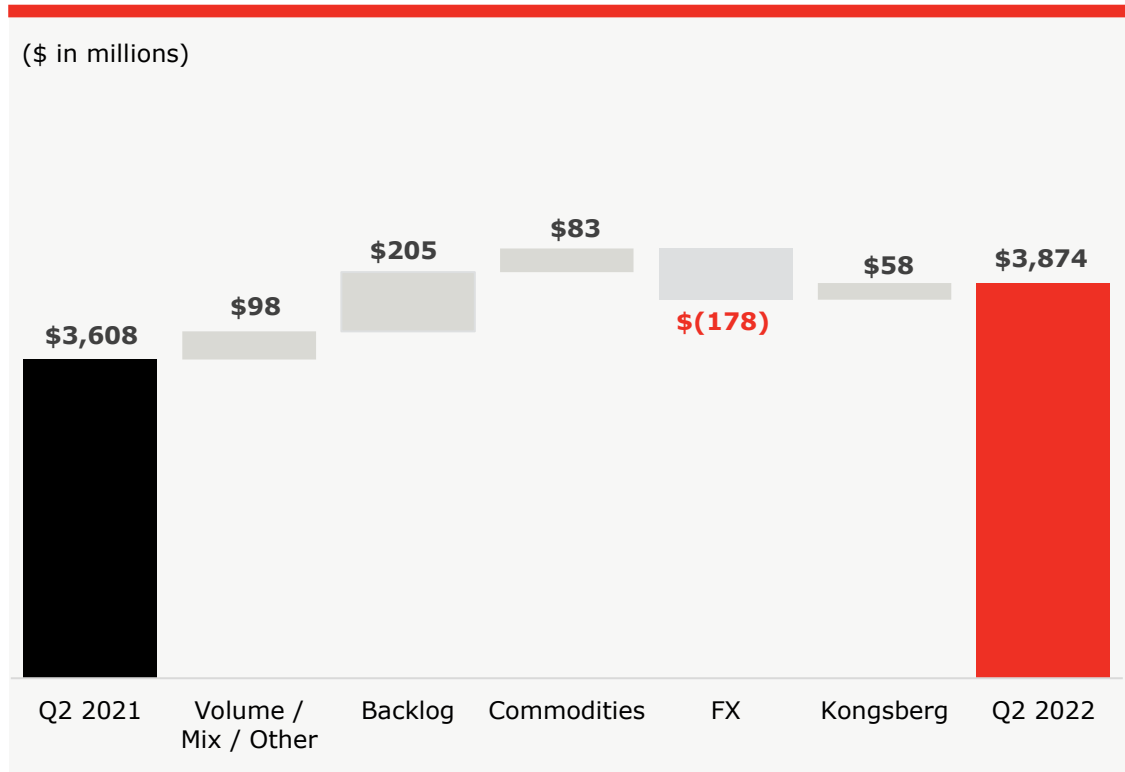


**5% Q2 2022
E-Systems GoM**

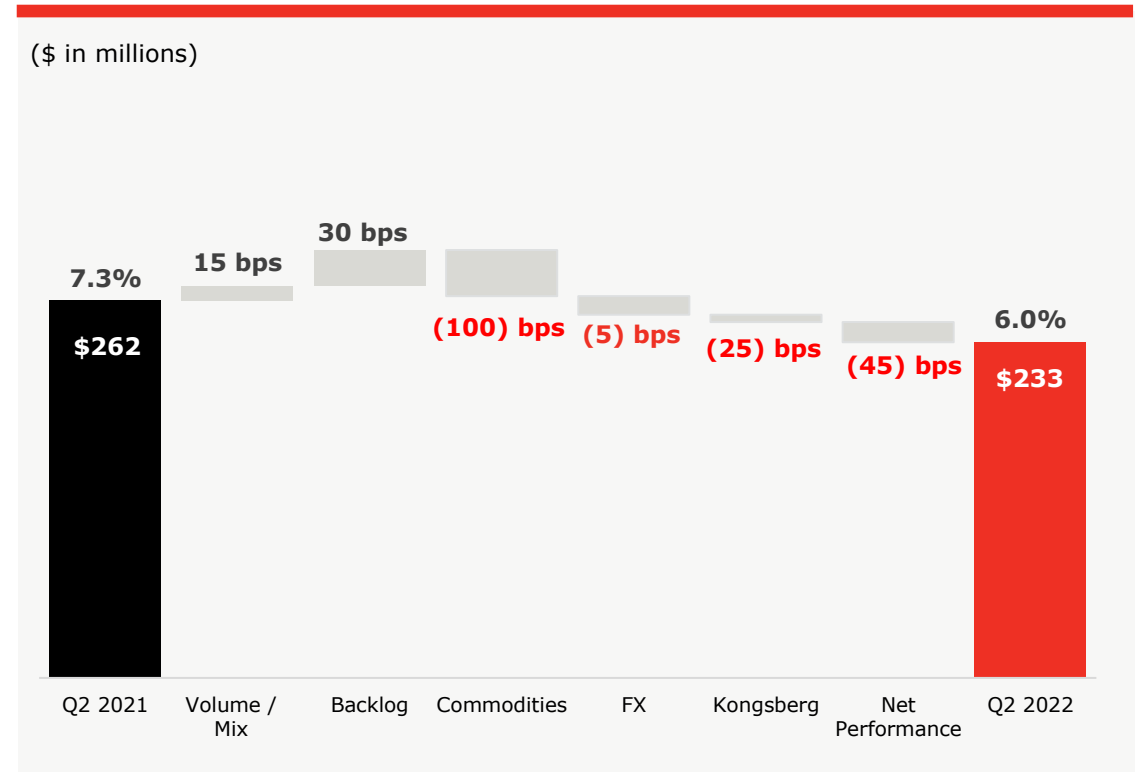
Seating Sales and Margin Drivers

Second Quarter 2022

SALES



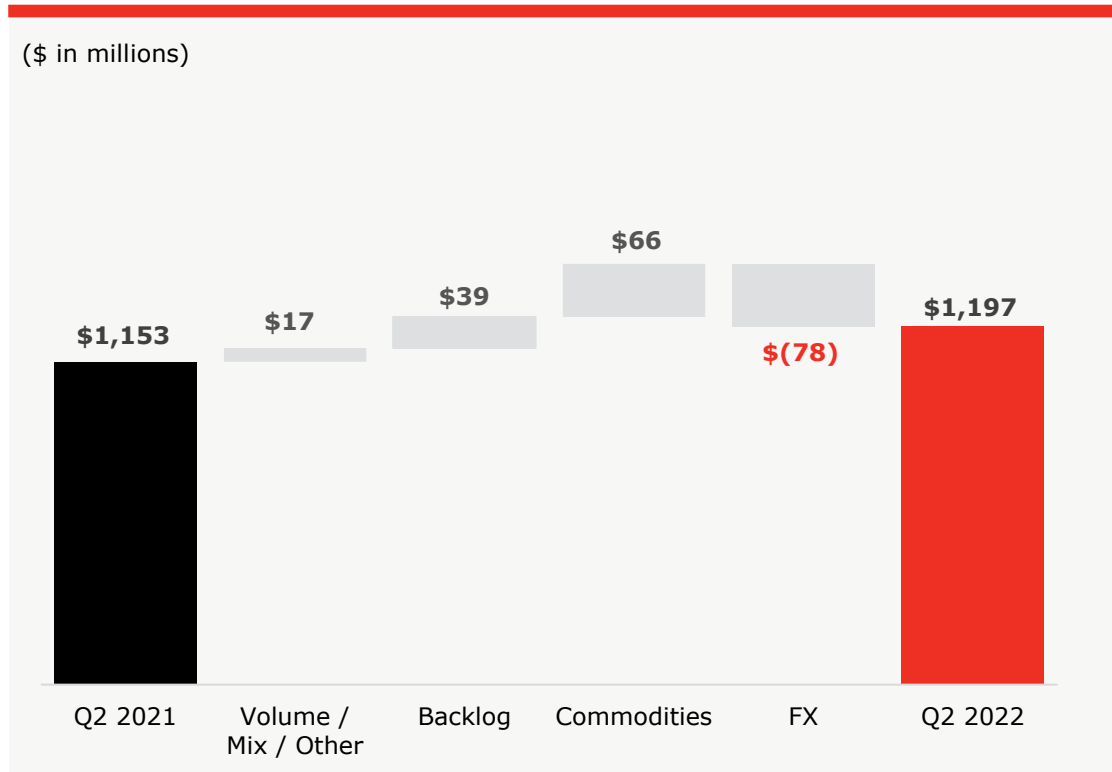
ADJUSTED EARNINGS AND MARGIN



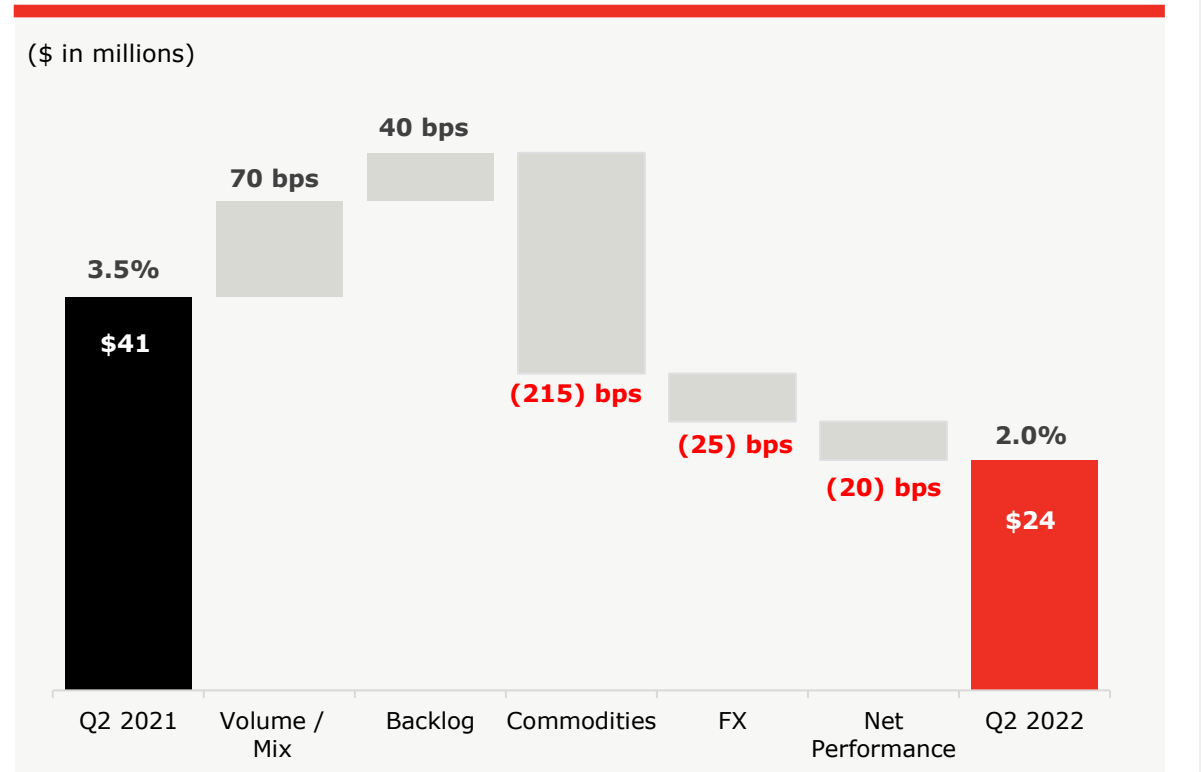
E-Systems Sales and Margin Drivers

Second Quarter 2022

SALES



ADJUSTED EARNINGS AND MARGIN



Focusing on Operating Efficiencies and Cash Flow Generation

Optimize Capacity

- ✓ Existing capacity supports current backlog and industry recovery
- ✓ Manufacturing footprint and labor flexibility

Cash Flow Focused

- ✓ Strengthen core product lines
- ✓ Reduce working capital requirements and capital expenditures
- ✓ Improve free cash flow conversion

Return Capital to Shareholders

- ✓ ≈380,000 shares (≈\$50 million) repurchased during Q2
- ✓ Continuing repurchases into Q3
- ✓ Annualized dividend of \$3.08 per share

2022 Outlook – Global Vehicle Production and Currency

INDUSTRY PRODUCTION

(units in millions)

GLOBAL		NORTH AMERICA		EUROPE AND AFRICA		CHINA	
FY 2021	75.3	FY 2021	13.0	FY 2021	16.3	FY 2021	23.0
FY 2022	77.7	FY 2022	14.6	FY 2022	16.4	FY 2022	23.1
<i>High End</i>	<i>79.3</i>						
vs Prior Year UP 3% <i>High End Up 5%</i>		vs Prior Year UP 12%		vs Prior Year FLAT		vs Prior Year UP 1%	
<i>May Outlook Up 3%</i>		<i>May Outlook Up 13%</i>		<i>May Outlook Up 3%</i>		<i>May Outlook Down 4%</i>	

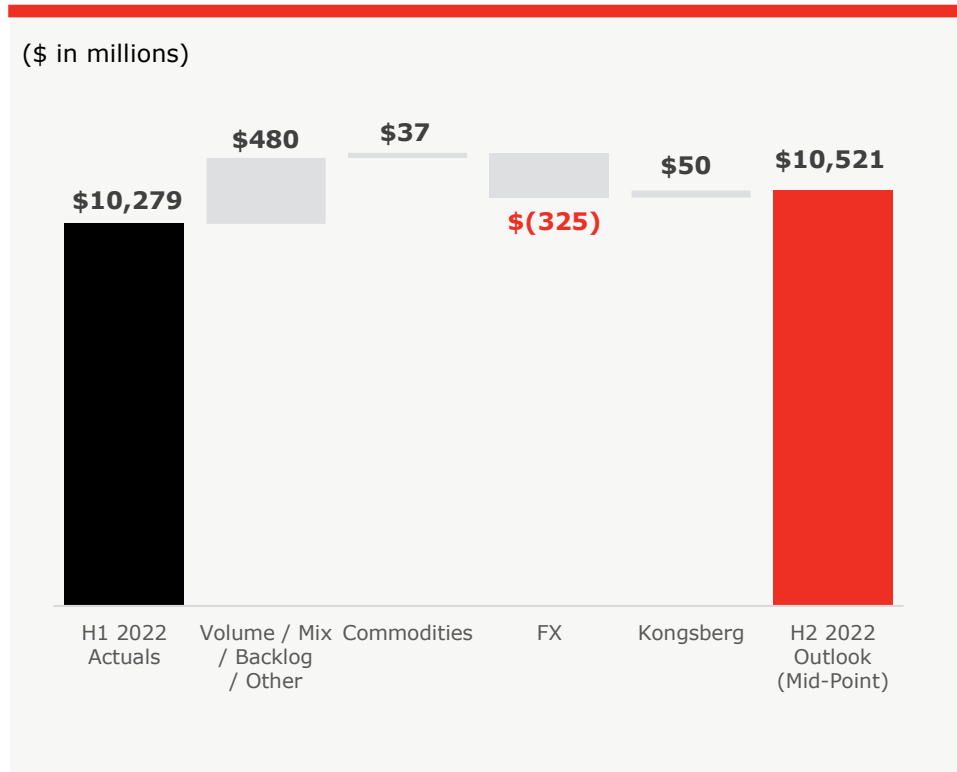
KEY CURRENCIES

	2021	2022	
EURO	\$1.18 / €	\$1.06 / €	DOWN 10%
CHINESE RMB	6.45 / \$	6.60 / \$	DOWN 2%

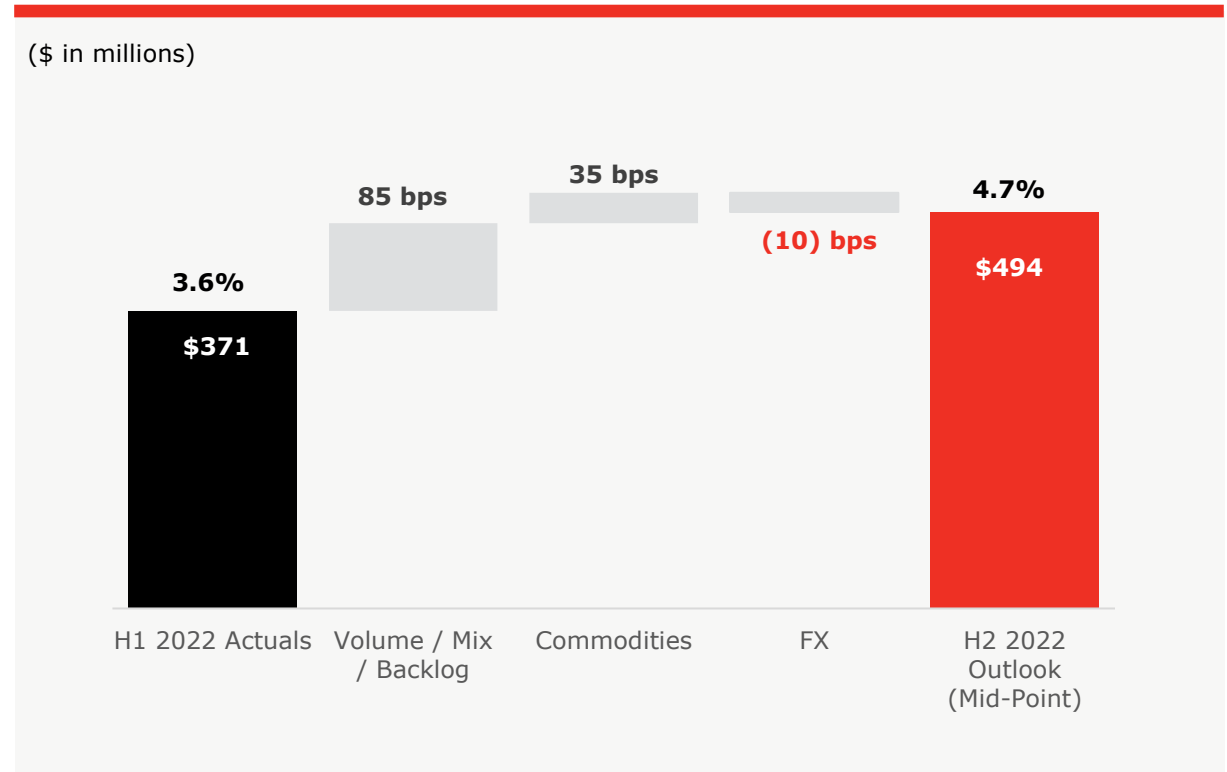
Source: S&P Global Mobility (formerly IHS Markit) as of July 15, 2022, and Company estimates for outlook

H1 2022 to H2 2022 Outlook – at Mid-Point

SALES



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.

2022 Full Year Outlook

Net Sales

\$20,550 - \$21,050 million

May Outlook \$20,400 - \$21,200 million

Core Operating Earnings

\$815 - \$915 million

May Outlook \$765 - \$965 million

Adjusted EBITDA

\$1,405 - \$1,505 million

May Outlook \$1,365 - \$1,565 million

Interest Expense

≈\$105 million

Effective Tax Rate

≈21%

Adjusted Net Income

\$465 - \$545 million

May Outlook \$425 - \$585 million

Restructuring Costs

≈\$150 million

Operating Cash Flow

\$950 - \$1,075 million

May Outlook \$875 - \$1,125 million

Capital Spending

\$675 - \$700 million

May Outlook \$650 - \$700 million

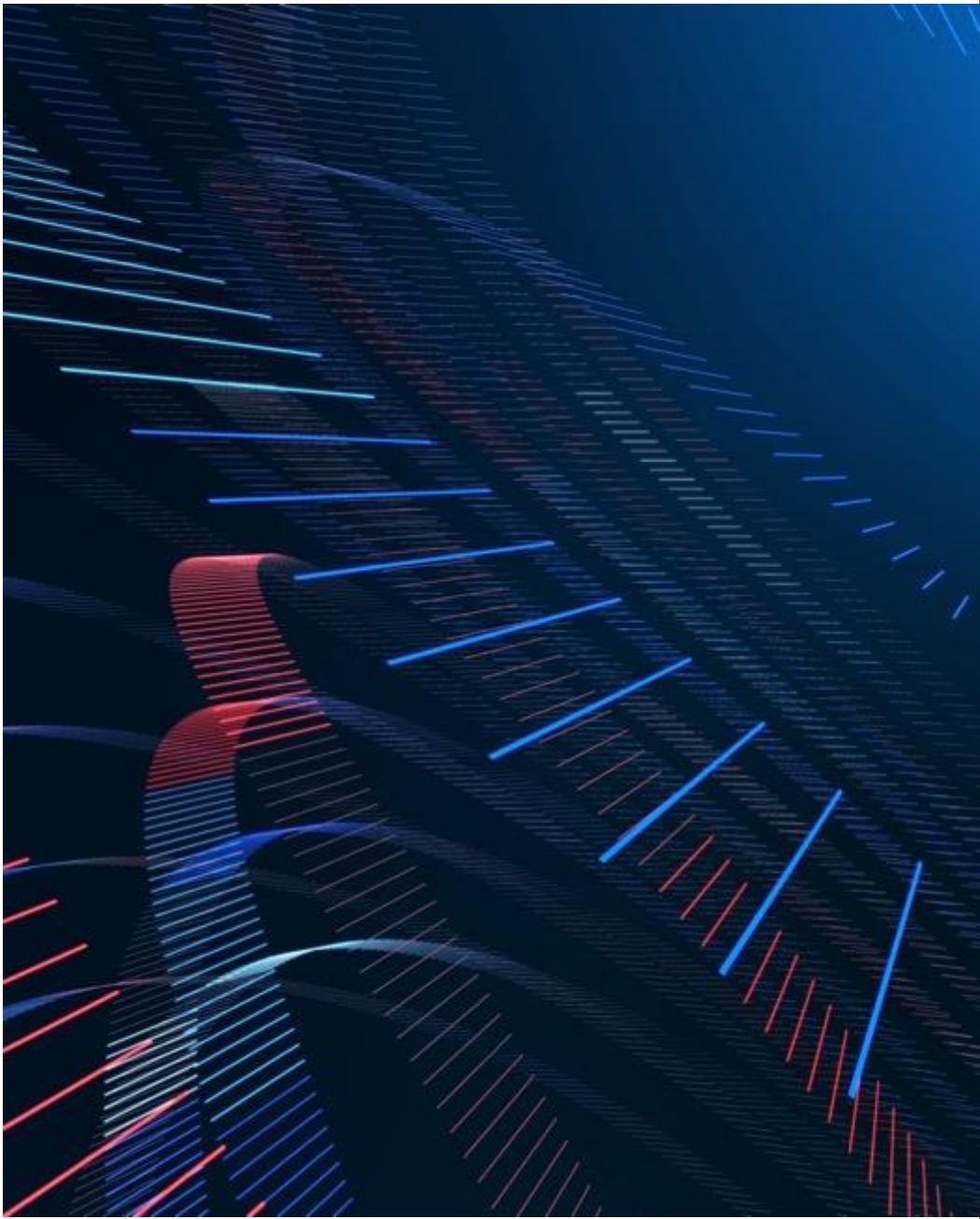
Free Cash Flow

\$275 - \$375 million

May Outlook \$225 - \$425 million

Note: 2022 Outlook assumes an average Euro of \$1.06 and an average Chinese RMB of 6.60 / \$

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Business Update

Ray Scott,
President and CEO

Positioning Business for Multiple Macro and Auto Industry Scenarios

INDUSTRY FACTORS	MILD GLOBAL / REGIONAL RECESSION	SOFT LANDING	GLOBAL GROWTH
Industry Volume	Varies by region	Gradual growth	Robust growth
Commodity Costs	Lower	Flat	Flat to higher
Supply Constraints	Easing	Gradual easing	Gradual easing
Production Schedules	More consistent & stable	More consistent	More consistent

AUTO INDUSTRY CONDITIONS

- Robust auto demand
- Strong product mix
- Aging fleet
- Historically low inventory
- Low incentives

MACRO CONDITIONS

- Rising interest rates
- Slowing housing starts
- Increasing consumer credit delinquencies
- High gas prices
- Ukraine / Russia conflict

Near-Term Strategic Focus Driving Improved Performance

PRODUCT STRATEGY

- Streamline portfolio to align with core strengths
- Leveraging thermal comfort capabilities to expand competitive moat in Seating
- Connection systems, BDUs and wiring will drive E-Systems growth and margin expansion

OPERATIONAL EXCELLENCE

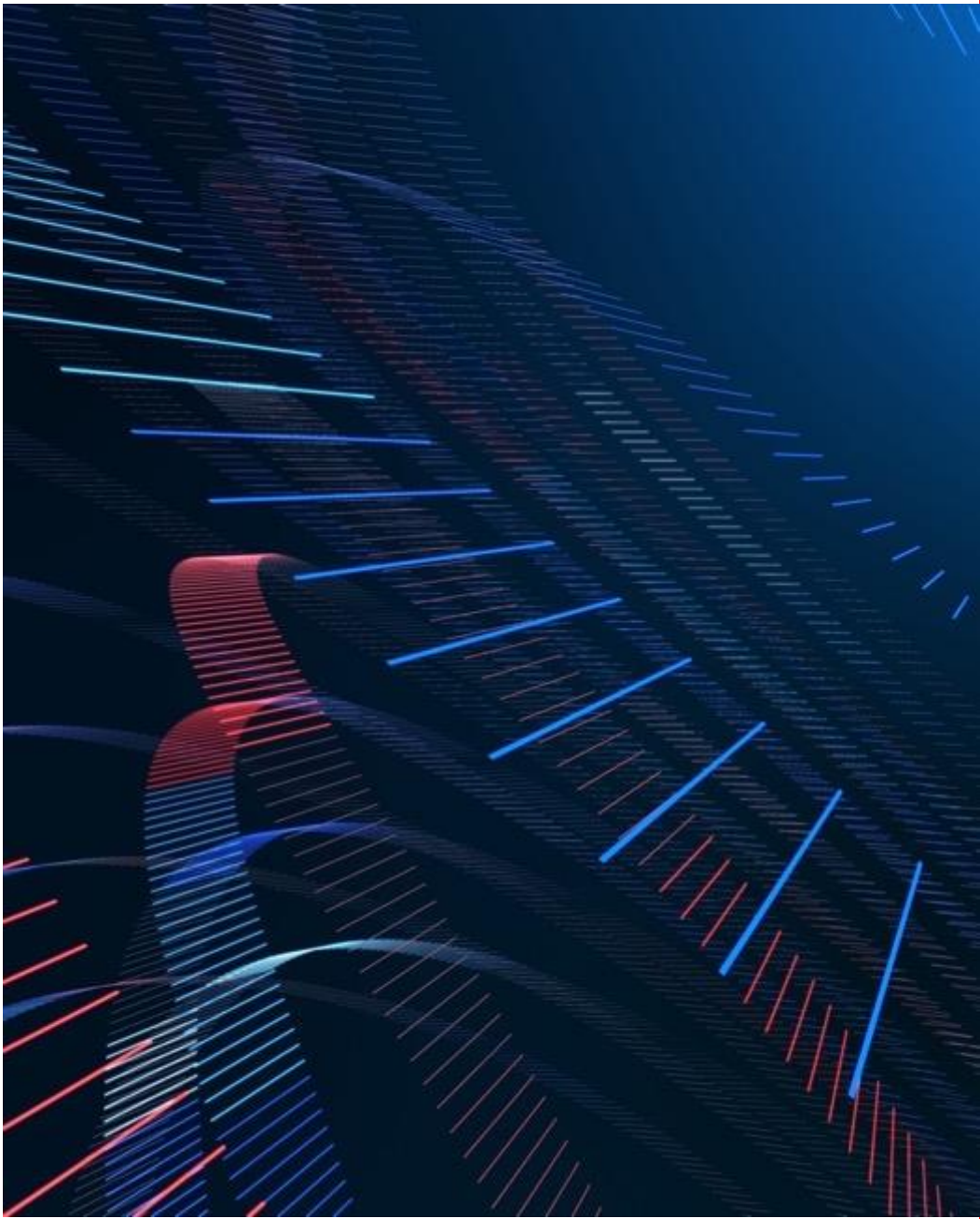
- Realize overhead and SG&A synergies between segments
- Improve capacity utilization and flexibility in manufacturing plants
- Optimize working capital

CAPITAL ALLOCATION

- Return cash to shareholders through share repurchases and dividends
- No significant near-term acquisitions

Expected Results

- **Higher Operating Margins**
- **Higher ROIC**
- **Improved Free Cash Flow**
- **Reduced Risk**



Appendix

Key Financials

Second Quarter 2022

(\$ in millions, except per share amounts)

	2021	2022	YEAR-OVER-YEAR DRIVERS
Net Sales	\$4,761	\$5,071	Strong backlog, commodity pass-through and increased volume, partially offset by foreign exchange
Core Operating Earnings Operating Margin %	\$233 4.9%	\$187 3.7%	Higher commodity costs and impact from foreign exchange, partially offset by increased sales
Adjusted Earnings Per Share	\$2.45	\$1.79	Lower core earnings
Operating Cash Flow	\$260	\$11	Increased working capital and lower core earnings

Non-GAAP

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 attributable to 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 (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 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 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

Core Operating Earnings and Adjusted Margins (\$ in millions)	Second Quarter	
	2021	2022
Net sales	\$ 4,760.7	\$ 5,071.0
Net income (loss) attributable to Lear	\$ 175.2	\$ 68.5
Interest expense	22.3	24.9
Other (income) expense, net	(46.1)	14.4
Income taxes	39.3	23.5
Equity in net income of affiliates	(4.9)	(4.3)
Net income attributable to noncontrolling interests	19.7	17.1
Restructuring costs and other special items -		
Costs related to restructuring actions	14.8	42.6
Acquisition costs	-	(0.7)
Acquisition-related inventory fair value adjustment	-	1.1
Intangible asset impairment	8.5	8.9
Insurance recoveries related to typhoon in the Philippines, net of costs	-	(6.3)
Other	4.4	(2.3)
Core operating earnings	\$ 233.2	\$ 187.4
Adjusted margins	4.9%	3.7%

Non-GAAP

Adjusted Net Income and Adjusted Earnings Per Share

(In millions, except per share amounts)

	Second Quarter	
	2021	2022
Net income attributable to Lear	\$ 175.2	\$ 68.5
Restructuring costs and other special items -		
Costs related to restructuring actions	14.8	42.6
Acquisition costs	-	(0.7)
Acquisition-related inventory fair value adjustment	-	1.1
Intangible asset impairment	8.5	8.9
Insurance recoveries related to typhoon in the Philippines, net of costs	-	(6.3)
Foreign exchange losses due to foreign exchange rate volatility in Russia	-	2.3
Favorable tax ruling in a foreign jurisdiction	(47.0)	-
Loss related to affiliate	1.0	-
Other	0.9	4.4
Tax impact of special items and other net tax adjustments ¹	(5.1)	(13.4)
Adjusted net income	\$ 148.3	\$ 107.4
Weighted average number of diluted shares outstanding	60.6	60.1
Diluted net income per share attributable to Lear	\$ 2.89	\$ 1.14
Adjusted earnings per share	\$ 2.45	\$ 1.79

¹ 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 Adjusted Margins

(\$ in millions)

	Second Quarter			
	Seating		E-Systems	
	2021	2022	2021	2022
Net sales	\$ 3,608.2	\$ 3,874.1	\$ 1,152.5	\$ 1,196.9
Segment earnings	\$ 252.2	\$ 213.9	\$ 26.6	\$ 2.0
Restructuring costs and other special items -				
Costs related to restructuring actions	9.7	18.2	5.1	19.4
Acquisition-related inventory fair value adjustment	-	1.1	-	-
Intangible asset impairment			8.5	8.9
Insurance recoveries related to typhoon in the Philippines, net of costs	-	-	-	(6.5)
Other	0.3	0.2	0.3	0.5
Adjusted segment earnings	\$ 262.2	\$ 233.4	\$ 40.5	\$ 24.3
Adjusted margins	7.3%	6.0%	3.5%	2.0%

Non-GAAP

(in millions, except per share amounts)

	Second Quarter 2022			<u>Adjusted</u>
	<u>Reported</u>	<u>Restructuring Costs</u>	<u>Other Special Items</u>	
Pretax Income Before Equity Income, Interest and Other Expense	\$ 144.1	\$ 42.6*	\$ 0.7*	\$ 187.4
Equity Income	<u>(4.3)</u>			<u>(4.3)</u>
Pretax Income Before Interest and Other Expense	\$ 148.4			\$ 191.7
Interest Expense	24.9			24.9
Other Expense, Net	<u>14.4</u>	-	9.0	<u>5.4</u>
Income Before Taxes	\$ 109.1			\$ 161.4
Income Taxes	<u>23.5</u>	(9.4)	(4.0)	<u>36.9</u>
Net Income	\$ 85.6			\$ 124.5
Noncontrolling Interests	<u>17.1</u>			<u>17.1</u>
Net Income Attributable to Lear	<u>\$ 68.5</u>			<u>\$ 107.4</u>
Diluted Earnings per Share	<u>\$ 1.14</u>			<u>\$ 1.79</u>

* Restructuring costs include \$25.7 million in cost of sales and \$16.9 million in SG&A. Other special items include (\$8.9) million in cost of sales, \$0.7 million in SG&A and \$8.9 million in amortization of intangible assets.