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Southfield supplier Lear Corp. posts 9% revenue boost

BY LAUREN ABDEL-RAZZAQ

Southfield-based automotive supplier Lear Corp. reported on Friday a 9 percent increase in revenue during Fiscal Year 2014, buoyed by North American sales.

The seat and electrical power system supplier reported \$261.8 million in net income, or \$3.24 per share during the year, up from \$72.8 million, or 88 cents per share from a year earlier. Sales for the year were \$17.7 billion, up from \$16.2 billion the previous year.

After adjustments, the company reported earnings per share of \$2.27, up 46 percent over last year.

“(This year) marked our fifth consecutive year of higher sales, earnings per share and strong free cash flow,” Matt Simoncini, Lear's president and chief executive officer, said in a statement.

Results for the fourth quarter outpaced analyst expectations. The company reported sales of \$4.5 billion and net income of \$262 million, or \$2.27 per share. This is compared with sales of \$4.3 billion and a net income of \$73 million, or \$1.55 per share for the fourth quarter of 2013.

The company saw the biggest gains last year in the seating segment, where net sales increased 11 percent to \$13.3 billion. Lear Corp., which supplies

to Ford Motor Co., General Motors Co. and BMW AG, among others, saw seating sales increase 10 percent to \$3.5 billion in the fourth quarter alone.

The electrical segment accounted for \$4.4 billion, or an increase of 5 percent over FY 2013. The fourth quarter saw a decrease in this segment, with sales down 1 percent to \$1.1 billion.

During the fourth quarter, Lear Corp. refinanced some of its debt, increasing its revolving credit facility to \$1.25 billion and extending the maturity to 2019. At the same time, the company also issued \$1.15 billion in new debt to fund the acquisition of Eagle Ottawa, which supplies automotive leather. The company was officially acquired by Lear Corp. on Jan. 5.

“Lear benefited from this year's high demand in vehicles, with the overall auto industry reporting its strongest U.S. sales since 2006,” said David Kudla, CEO and chief investment strategist of Mainstay Capital Management, LLC. “More specifically, Lear's premium seating line, which is also its highest contributor to revenue, saw robust growth as crucial markets in the luxury vehicle segment outpaced the industry on average.”

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