FY 2019 First Quarter Earnings Call

February 7, 2019

Improving the experience of a world in motion

Important information

ADIENT

Adient has made statements in this document that are forward-looking and, therefore, are subject to risks and uncertainties. All statements in this document other than statements of historical fact are statements that are, or could be, deemed “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. In this document, statements regarding Adient’s future financial position, sales, costs, earnings, cash flows, other measures of results of operations, capital expenditures or debt levels and plans, objectives, outlook, targets, guidance or goals are forward-looking statements. Words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “should,” “forecast,” “project” or “plan” or terms of similar meaning are also generally intended to identify forward-looking statements. Adient cautions that these statements are subject to numerous important risks, uncertainties, assumptions and other factors, some of which are beyond Adient’s control, that could cause Adient’s actual results to differ materially from those expressed or implied by such forward-looking statements, including, among others, risks related to: the impact of tax reform legislation through the Tax Cuts and Jobs Act, uncertainties in U.S. administrative policy regarding trade agreements, tariffs and other international trade relations, the ability of Adient to execute its SS&M turnaround plan, the ability of Adient to identify, recruit and retain key leadership, the ability of Adient to meet debt service requirements, the ability and terms of financing, general economic and business conditions, the strength of the U.S. or other economies, automotive vehicle production levels, mix and schedules, energy and commodity prices, the availability of raw materials and component products, currency exchange rates, the ability of Adient to effectively integrate the Futuris business, and cancellation of or changes to commercial arrangements. A detailed discussion of risks related to Adient’s business is included in the section entitled “Risk Factors” in Adient’s Annual Report on Form 10-K for the fiscal year ended September 30, 2018 filed with the SEC on November 29, 2018 and quarterly reports on Form 10-Q filed with the SEC, available at www.sec.gov. Potential investors and others should consider these factors in evaluating the forward-looking statements and should not place undue reliance on such statements. The forward-looking statements included in this document are made only as of the date of this document, unless otherwise specified, and, except as required by law, Adient assumes no obligation, and disclaims any obligation, to update such statements to reflect events or circumstances occurring after the date of this document.

In addition, this document includes certain projections provided by Adient with respect to the anticipated future performance of Adient’s businesses. Such projections reflect various assumptions of Adient’s management concerning the future performance of Adient’s businesses, which may or may not prove to be correct. The actual results may vary from the anticipated results and such variations may be material. Adient does not undertake any obligation to update the projections to reflect events or circumstances or changes in expectations after the date of this document or to reflect the occurrence of subsequent events. No representations or warranties are made as to the accuracy or reasonableness of such assumptions or the projections based thereon.

This document also contains non-GAAP financial information because Adient’s management believes it may assist investors in evaluating Adient’s on-going operations. Adient believes these non-GAAP disclosures provide important supplemental information to management and investors regarding financial and business trends relating to Adient’s financial condition and results of operations. Investors should not consider these non-GAAP measures as alternatives to the related GAAP measures. A reconciliation of non-GAAP measures to their closest GAAP equivalent are included in the appendix. Reconciliations of non-GAAP measures related to FY2019 guidance have not been provided due to the unreasonable efforts it would take to provide such reconciliations.

Agenda

Introduction
Mark Oswald
Vice President, Global Investor Relations

Business update
Douglas Del Grosso
President and Chief Executive Officer

Financial review
Jeffrey Stafeil
Executive Vice President and Chief Financial Officer

Q&A

Recent developments

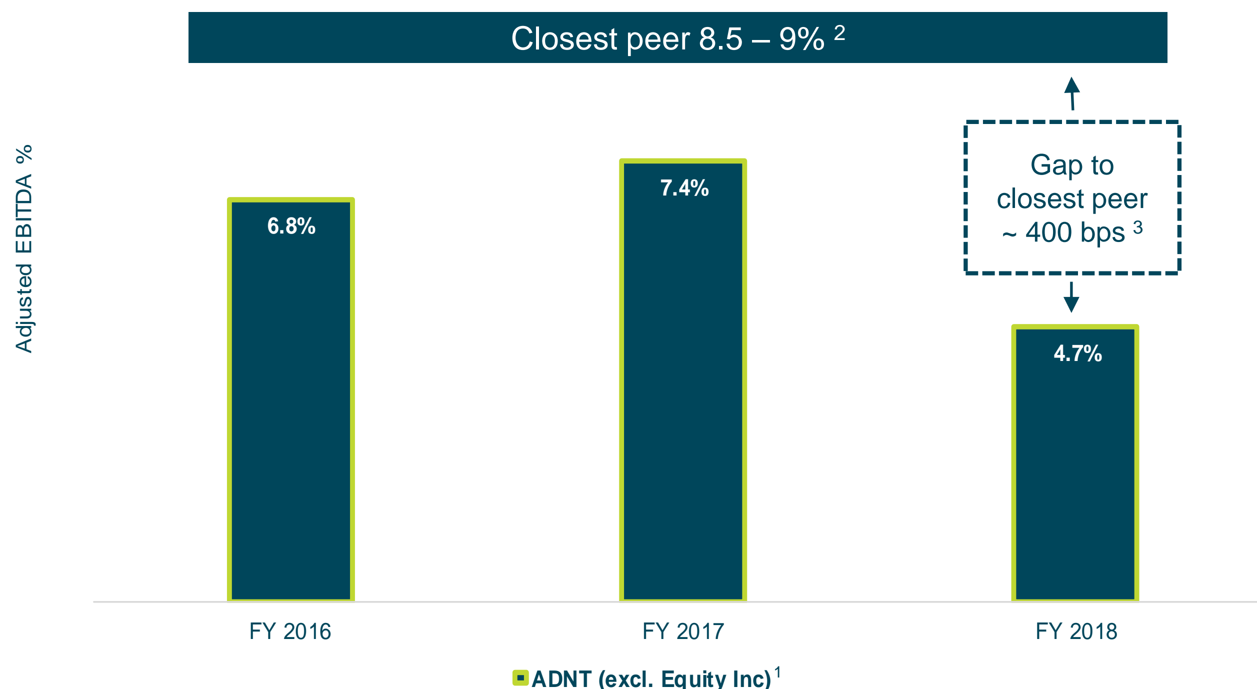
- Internal and external challenges faced in FY18 continued into Q1FY19; actions taken to improve ADNT's financial performance should become visible as we progress through FY19
  - Q1 revenue of $4.2B, down $46M y-o-y
  - Q1 Adjusted-EBITDA of $176M [1], down $90M y-o-y
  - Q1 Adjusted-EPS of $0.31 [1]
  - Cash and cash equivalents of $406M at Dec. 31, 2018
  - Gross and net debt totaled $3,409M and $3,003M, respectively, at Dec. 31, 2018 [1]

- Amended ADNT's credit facility, to move to a Net Secured Leverage covenant
  - The change from a Total Net Leverage covenant was well supported by the ADNT bank group
  - The amendment is expected to provide stability and flexibility as we evaluate refinancing options
- Customer and platform diversification continues to strengthen with new business wins and replacement business; recently secured complete seat business for the next generation Ford F-150, BMW 7-Series, a significant program with a Japanese manufacturer and various programs in China
- ADNT continues to receive accolades in the seat quality category, receiving 21 J.D. Power China Initial Quality Study awards in 2018

1 – For Non-GAAP and adjusted results, see appendix for detail and reconciliation to U.S. GAAP

Margin potential and CEO observations from first 100 days

Benchmarking our performance



1 - For Non-GAAP and adjusted results, see appendix for detail and reconciliation to U.S. GAAP
2 - Based on external reports revised to align with ADNT fiscal year and Adjusted EBITDA
3 – Components of margin gap include; ~ 200-250 bps SS&M recovery/downsize, ~ 100-150 bps core seating improvements, and ~ 50 bps China JV infrastructure,

CEO observations of 100-day assessment

> Leading customer position
  - Diversified revenue with #1 market share in largest markets (NA & China)
  - #1 or 2 position in most other markets

> Capability to selectively vertically integrate in major markets

> Extremely attractive JV mix in China with strong cash capitalization (monetize where possible)

> Structural ROIC disadvantage through higher complexity in SS&M business

> Significant operational challenges (i.e., launches & uncompetitive cost structure)

> Focus on growth has reduced focus on commercial recoveries from things like program scope changes and economic recoveries

There are no structural reasons ADNT's margins should not be comparable to its peers; however, it will take time to correct the past and close the gap

Key actions - transitioning from CEO 100-day plan

Focus on core "back-to-basics"

- Re-establish business mindset with clear accountability
- Reduce / eliminate non-essential spending
- Divest non-core businesses / assets
- Cut / downsize side investment

Fix and prevent operational / launch problems

- Problem plant focus
- Redirect resources to eliminate operational waste
- Tighter / true assessment of future launch risks
- Selective outsourcing

Commercial discipline

- Economics / surcharge / tariff / FX recoveries
- Re-establish VA/VE activities to drive material costs down
- Replace / exit bad customers / programs
- Focus on profitable growth / ROIC with product / customer / region strategy

Strengthen balance sheet

- Anticipated new credit agreement with flexibility and liquidity to manage through turnaround
- China JVs have over $1B in net cash – implement monetization ideas
- Focus on cash flow improvements across company (tooling, capex, working capital, etc.)

Downsize SS&M

- Focus on tier 1 business
- Downsize tier 2 business (today 55% - 60% tier 2)
- Achieve cash flow neutrality by 2021 at a minimum

First 180+ days

Day 181+

Operations update

ADIENT

Seating

- Q1FY19 results in-line with internal expectations
  - Volume and complexity of launches in North America weighing on results
- Operational and commercial actions expected to drive improved results in H2FY19
  - Back-to basics mindset
  - Redirected resources to focus on problem plants and eliminate operational waste
  - Eliminating distractions outside of core business

SS&M

- Demonstrated success at resolving complex issues; turnaround actions taking root (operational and commercial)
  - Clanton plant, Ramos plant, Gen 3000 recliner at Rockenhausen
- Increased common front seat architecture volume in Europe driving significant losses in Q1FY19
  - In addition to executing operational actions, working with customers on commercial terms and expect program to achieve marginal profitability during FY20
- Rightsizing SS&M necessary to drive segment cash flow neutrality by 2021 at a minimum

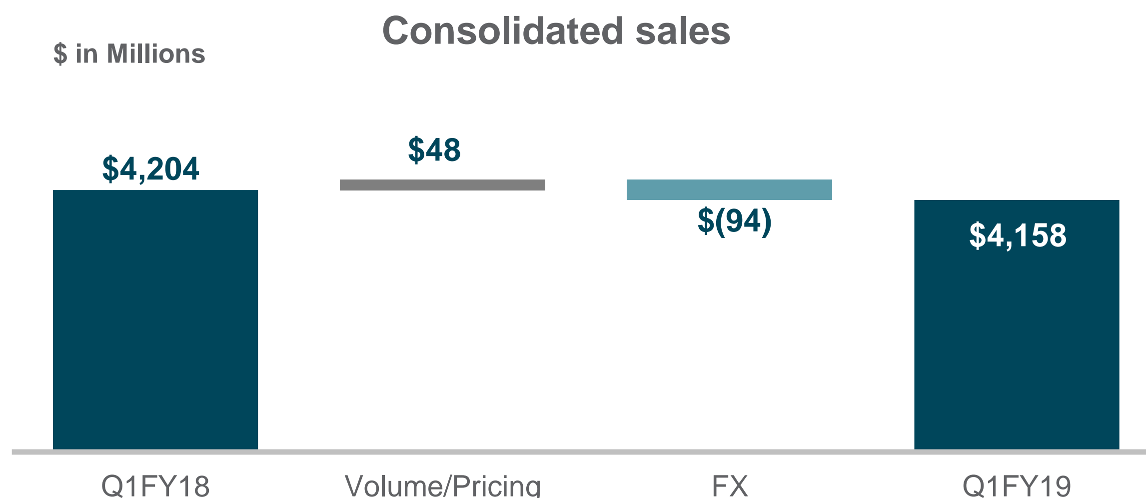
FY 2019 First Quarter

FY 2019 Q1 key financials

$ millions, except per share data	As Reported		As Adjusted [1]		
	FY19 Q1	FY18 Q1	FY19 Q1	FY18 Q1	B/(W)
Revenue	$ 4,158	$ 4,204	$ 4,158	$ 4,204	-1%
EBIT	$ 54	$ 101	$ 105	$ 162	-35%
Margin	*1.3%*	*2.4%*	*2.5%*	*3.9%*	
EBITDA	N/A	N/A	$ 176	$ 266	-34%
Margin			*4.2%*	*6.3%*	
Memo: Equity Income [2]	$ 83	$ 96	$ 83	$ 109	-24%
Tax Expense (Benefit)	$ 10	$ 265	$ 17	$ 11	
ETR	*47.6%*	*	*23.6%*	*8.5%*	
Net Income (Loss)	$ (17)	$ (216)	$ 29	$ 98	-70%
EPS Diluted	$ (0.18)	$ (2.32)	$ 0.31	$ 1.05	-70%

1 – On an adjusted basis, see appendix for detail and reconciliation to U.S. GAAP
2 – Equity income included in EBIT & EBITDA
* Measure not meaningful

Revenue – consolidated & unconsolidated



Regional Performance

(consolidated sales y-o-y growth by region)[1]

Americas	10%
Europe	(8)%
APAC	3%

1 – Growth rates at constant foreign exchange

Unconsolidated Seating and SS&M

Year-over-year growth

- 11%

Down 7% excluding FX

Unconsolidated Interiors

Year-over-year growth

-6%

Down 1% excluding FX

Q1 FY19 Adjusted-EBITDA

- Q1FY19 Adj. EBITDA of $176M, down $90M y-o-y
- Negative business performance within Seating (primarily launch related), temporary SG&A benefits recognized last year that did not repeat and a decline in equity income were the primary factors behind the y-o-y decline
- Macro factors, including the negative impact of foreign exchange and increased commodity costs, also weighed on the quarter
- Y-o-y improvement in SS&M and continued cost reductions within Corporate partially offset the negative headwinds

$ in millions

	Q1FY18	SS&M	Corporate	Seating	Interiors	Q1FY19
Value	$266	$10	$7	$(93)	$(14)	$176
Margin	6.3%					4.2%

Note: Corporate includes central costs that are not allocated back to the operations including executive offices, communications, finance, corporate development, legal and marketing

Q1 FY19 Adjusted-EBITDA: Seating

- Q1FY19 Seating Adj. EBITDA of $261M, down $93M y-o-y
- Negative business performance was the primary driver of the y-o-y decline:
  - Negative operating performance (cost of inefficient operations)
  - Increased freight and operational waste (i.e. scrap and cost of poor quality)
- Temporary SG&A benefits recognized last year that did not repeat in Q1FY19 and a decline in equity income impacted y-o-y results by approximately $16M
- Macro factors, including the negative impact of foreign exchange $(8)M and increased commodity costs $(2)M, also weighed on the quarter

$ in millions

Business performance:

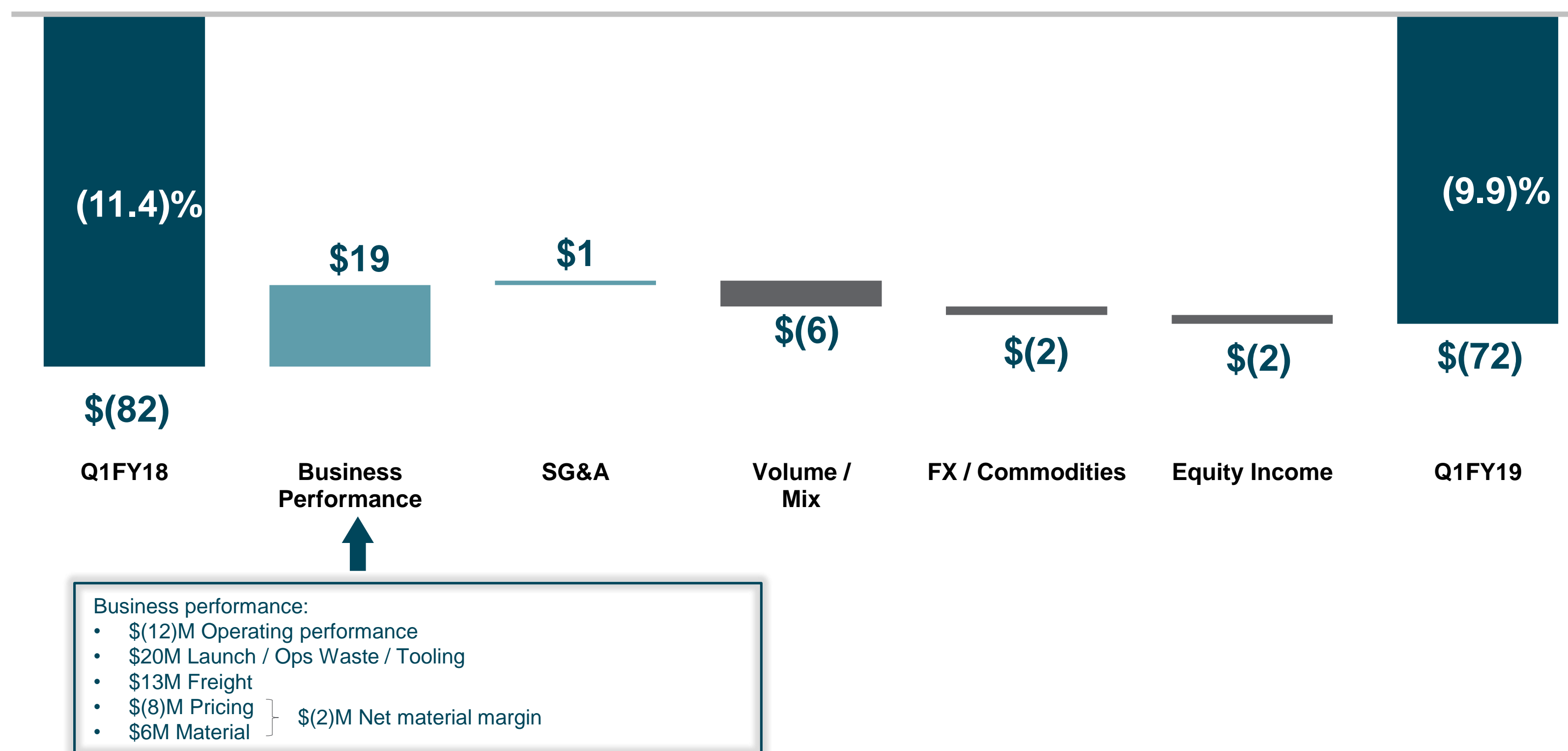
- $(38)M Operating performance
- $(22)M Launch / Ops Waste / Tooling
- $(12)M Freight
- $(14)M Pricing
- $16M Material

$(14)M Pricing and $16M Material: $2M Net material margin

Q1FY18	Volume / Mix	Business Performance	FX / Commodities	SG&A	Equity Income	Q1FY19
$354 (9.3%)	$3	$(70)	$(10)	$(10)	$(6)	$261 (7.0%)

Q1 FY19 Adjusted-EBITDA: SS&M

- Q1FY19 SS&M Adj. EBITDA of $(72)M, up $10M y-o-y
- Improved business performance (primarily lower launch related headwinds) was the primary driver of the y-o-y increase
  - Reduced freight and operational waste (i.e. scrap and cost of poor quality)
  - Negative operating performance (cost of inefficient operations) intensified with increased common front seat architecture volume in Europe
- Negative mix, driven by increased common front seat architecture volume in Europe, impacted the quarter by about $6M
- Partially offsetting the improved business performance was a modest decline in equity income and the negative impact of foreign exchange



Cash flow & debt [1]

Free Cash Flow (1)

(in $ millions)	Q1 FY19
Adjusted-EBITDA	$ 176
(-) Interest paid	(13)
(-) Taxes paid	(21)
(-) Restructuring (Cash)	(23)
(+/-) Change in Trade Working Capital	(128)
(+/-) Net Equity in Earnings	(82)
(+/-) Other	(37)
Operating Cash flow	$ (128)
(-) CapEx [2]	(144)
Free Cash flow	$ (272)

1 – See appendix for detail and reconciliation to U.S. GAAP
2 - Capex by segment for the quarter: SS&M $71M, Seating $73M

Debt (1)

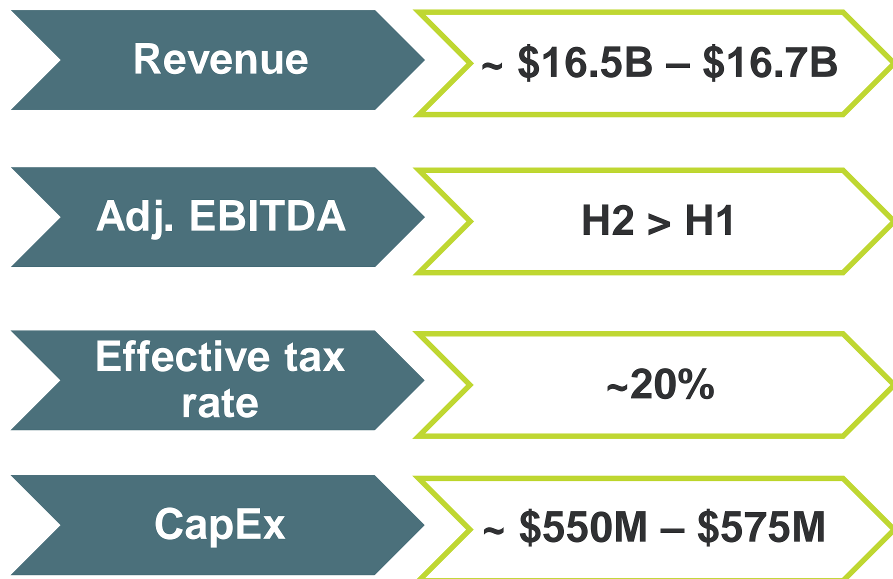
- Cash and cash equivalents of $406M at December 31, 2018
- Amended ADNT's credit facility to move to a Net Secured Leverage financial covenant
- Evaluating options to refinance ADNT's existing credit facilities to provide flexibility and liquidity to manage through the turnaround

Net Debt and Net Leverage

(in $ millions)	December 31 2018	September 30 2018
Cash	$ 406	$ 687
Total Debt	3,409	3,430
Net Debt	$ 3,003	$ 2,743
Adjusted-EBITDA (last twelve months)	$ 1,106	$ 1,196
Net Leverage	2.72x	2.29x

Fiscal 2019 outlook

ADIENT



- Expected y-o-y decline in revenue primarily driven by FX (~$500M), softer market conditions in China and a reduction in complete seat business in Europe
- First half FY19 expected to be trough Adj. EBITDA; expect to see improvement in second half results vs. first half results (FY19 < FY18)
- Outside of operational headwinds, FY19 is expected to be impacted by:
  - Temporary SG&A benefits not repeating in FY19
  - Weaker global currencies vs. USD
  - Elimination of “becoming Adient” adjustments
  - Increased Adient Aerospace spend vs. FY18
- FY19 effective tax rate reflects impact of valuation allowances in certain jurisdictions and expected lower y-o-y earnings
- Capital expenditures supporting customer launch plans; opportunity to reduce in out years
- Additional updates to be provided through the year as we gain clarity on key variables (E.g. pace of operational launch improvements, commercial discussions, tariffs, China volumes, etc.)

Visible signs of improvement in earnings are expected as we progress through the second half of FY19

APPENDIX AND FINANCIAL RECONCILIATIONS

FY 2019 First Quarter

Non-GAAP financial measurements

ADIENT

- Adjusted EBIT, Adjusted EBIT margin, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted net income attributable to Adient, Adjusted effective tax rate, Adjusted earnings per share, Adjusted equity income, Adjusted free cash flow, Net debt and Net leverage as well as other measures presented on an adjusted basis are not recognized terms under U.S. GAAP and do not purport to be alternatives to the most comparable U.S. GAAP amounts. Since all companies do not use identical calculations, our definition and presentation of these measures may not be comparable to similarly titled measures reported by other companies.
- Adjusted EBIT, Adjusted EBIT margin, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted net income attributable to Adient, Adjusted effective tax rate, Adjusted earnings per share, Adjusted equity income, Adjusted free cash flow, Net debt and Net leverage are measures used by management to evaluate the operating performance of the company and its business segments to forecast future periods.
  - Adjusted EBIT is defined as income before income taxes and noncontrolling interests excluding net financing charges, restructuring, impairment and related costs, purchase accounting amortization, transaction gains/losses, expenses associated with becoming an independent company, other significant non-recurring items, and net mark-to-market adjustments on pension and postretirement plans. Adjusted EBIT margin is adjusted EBIT as a percentage of net sales.
  - Adjusted EBITDA is defined as adjusted EBIT excluding depreciation and stock based compensation. Certain corporate-related costs are not allocated to the business segments in determining Adjusted EBITDA. Adjusted EBITDA margin is adjusted EBITDA as a percentage of net sales.
  - Adjusted net income attributable to Adient is defined as net income attributable to Adient excluding restructuring, impairment and related costs, purchase accounting amortization, transaction gains/losses, expenses associated with becoming an independent company, other significant non-recurring items, net mark-to-market adjustments on pension and postretirement plans, the tax impact of these items and other discrete tax charges/benefits.
  - Adjusted effective tax rate is defined as adjusted income tax provision as a percentage of adjusted income before income taxes.
  - Adjusted earnings per share is defined as Adjusted net income attributable to Adient divided by diluted weighted average shares.
  - Adjusted equity income is defined as equity income excluding amortization of Adient's intangible assets related to its non-consolidated joint ventures and other unusual or one-time items impacting equity income.
  - Free cash flow is defined as cash from operating activities less capital expenditures.
  - Adjusted free cash flow is defined as free cash flow adjusted for cash transferred from the former Parent post separation.
  - Management uses these measures to evaluate the performance of ongoing operations separate from items that may have a disproportionate impact on any particular period. These measures are also used by securities analysts, institutional investors and other interested parties in the evaluation of companies in our industry
- Net debt is calculated as gross debt less cash and cash equivalents.
- Net leverage is calculated as net debt divided by last twelve months (LTM) pro-forma adjusted-EBITDA.

Non-GAAP reconciliations - EBIT, Adjusted EBIT, Adjusted EBITDA

(in $ millions)	FY16 Actual Full FY16	FY17 Actual Full FY17	FY18 Actual Q1 FY18	FY18 Actual Q2 FY18	FY18 Actual Q3 FY18	FY18 Actual Q4 FY18	FY18 Actual Full FY18	FY19 Actual Q1 FY19	Last Twelve Months Ended Actual Dec ' 18
Net income attributable to Adient	$ (1,546)	$ 877	$ (216)	$ (168)	$ 54	$ (1,355)	$ (1,685)	$ (17)	$ (1,486)
Income attributable to noncontrolling interests	84	85	20	25	19	20	84	28	92
Income Tax Provision [1]	1,839	99	265	(28)	(13)	256	480	10	225
Financing Charges	22	132	33	37	39	35	144	35	146
Pension mark-to-market [7]	110	(45)	-	-	-	(24)	(24)	-	(24)
Other pension expense (income) [13]	(6)	(4)	(1)	(7)	(10)	(1)	(19)	(2)	(20)
Earnings before interest and income taxes	$ 503	$ 1,144	$ 101	$ (141)	$ 89	$ (1,069)	$ (1,020)	$ 54	$ (1,067)
Separation costs [1]	369	10	-	-	-	-	-	-	-
Becoming Adient [2]	-	95	19	19	12	12	62	-	43
Purchase accounting amortization [3]	37	43	17	18	17	17	69	10	62
Restructuring related charges [4]	14	37	11	12	20	18	61	9	59
Other items [5]	(79)	16	14	28	10	3	55	1	42
Restructuring and impariment costs [6]	332	46	-	315	57	809	1,181	31	1,212
Gain on previously held interest [11]	-	(151)	-	-	-	-	-	-	-
Impairment on YFAI investment [8]	-	-	-	-	-	358	358	-	358
Adjusted EBIT	$ 1,176	$ 1,240	$ 162	$ 251	$ 205	$ 148	$ 766	$ 105	$ 709
Pro-forma IT dis-synergies [12]	(26)	-	-	-	-	-	-	-	
Pro-forma Adjusted EBIT	$ 1,150	$ 1,240	$ 162	$ 251	$ 205	$ 148	$ 766	$ 105	
Stock based compensation [9]	28	29	10	12	12	3	37	6	33
Depreciation [10]	327	332	94	99	101	99	393	65	364
Adjusted EBITDA	$ 1,505	$ 1,601	$ 266	$ 362	$ 318	$ 250	$ 1,196	$ 176	$ 1,106

1. The income tax provision for the three and twelve months ended September 30, 2018 includes a non-cash tax charge of $439 million to establish valuation allowances against net deferred tax assets in certain jurisdictions because of the on-going performance issues and the associated decline in profits in those jurisdictions. Also included in the income tax provision for the three months ended September 30, 2018 is a non-cash tax benefit of $48 million related to the impact of US tax reform. The impact of US tax reform on the income tax provision for the twelve months ended September 30, 2018 is a non-cash tax charge of $210 million
2. Reflects incremental expenses associated with becoming an independent company and expenses associated with the separation from JCI.
3. Reflects amortization of intangible assets including those related to partially owned affiliates recorded within equity income.
4. Reflects non-qualified restructuring charges for costs that are directly attributable to restructuring activities, but do not meet the definition of restructuring under ASC 420 along with restructuring costs at partially owned affiliates recorded within equity income.
5. Fourth quarter of 2018 reflects $3 million of integration costs associated with the acquisition of Futuris, Third quarter of 2018 reflects $6 million of integration costs associated with the acquisition of Futuris, $9 million of OPEB income related to the termination of a retiree medical plan, and $4 million of non-recurring consulting fees related to SS&M. Second quarter of 2018 primarily reflects $7 million of integration costs associated with the acquisition of Futuris, $8 million of prior period adjustments, and $7 million of non-recurring consulting fees related to SS&M. First quarter of 2018 reflects $6 million of integration costs associated with the acquisition of Futuris and $8 million related to the impact of the U.S. tax reform legislation at YFAI.
6. Reflects qualified restructuring charges for costs that are directly attributable to restructuring activities and meet the definition of restructuring under ASC 420. Also incudes a non-cash pre-tax impairment charge of $787 million (post-tax charge of $718 million) during the three months ended September 30, 2018 related to SS&M long-lived assets that were in use as of September 30, 2018 in support of current programs. On-going performance issues on the current programs within the North American and European regions led to an impairment assessment of each region and resulted in the recognition of such impairment charge. The twelve months ended September 30, 2018 also includes a non-cash goodwill impairment charge of $299 million associated with SS&M and a $49 million non-cash impairment charge related to assets held for sale
7. Reflects net mark-to-market adjustments on pension and postretirement plans
8. During the three months ended September 30, 2018, the Company recorded a non-cash pre-tax impairment charge related to its YFAI investment balance of $358 million (post-tax charge of $322 million). On-going performance issues within the YFAI business led Adient to perform an impairment analysis of its YFAI investment and resulted in the recognition of such impairment charge, which has been recorded within equity income
9. Stock based compensation excludes $6 million, $2 million, $1 million and $1 million of expense in the first, second, third and fourth quarters of 2018, respectively, and $2 million, $5 million, $3 million and $6 million of expense in the first, second, third and fourth quarters of 2017, respectively. These costs are included in Becoming Adient costs discussed above.
10. Depreciation excludes $2 million, $2 million, $2 million and $1 million of expense in the first, second, third and fourth quarters of 2018, respectively, which is included in restructuring related charges discussed above. Depreciation excludes $3 million, $1 million and $1 million of expense in the second, third and fourth quarters of 2017, respectively. These costs are included in Becoming Adient costs discussed above.
11. Adient amended the agreement with a seating joint venture in China, giving Adient control of the previously non-consolidated JV. Adient began consolidating this JV in July 2017 and was required to apply purchase accounting, including recognizing a gain on our previously held interest, which has been recorded in equity income.
12. Pro-forma amounts include IT dis-synergies as a result of higher stand-alone IT costs as compared to allocated IT costs under JCI, interest expense that Adient would have incurred had it been a stand-alone company and the impact of the tax rate had Adient been operating as a stand-alone company domiciled in its current jurisdiction.
13. On October 1, 2018, Adient adopted ASU No. 2017-07, Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. ASU 2017-07 requires the service cost component of the net periodic costs for pension and postretirement plans to be presented in the same line item in the statement of income as other employee-related compensation costs. The non-service related costs are now required to be presented separately from the service cost component and outside of operating income/EBIT. This presentation change to the income statement has been reflected on a retrospective basis and had no effect on income (loss) before income taxes. For the three months ended, December 31, 2017, this change resulted in a $1 million increase to cost of sales, a $1 million decrease to gross profit, a $1 million decrease to earnings (loss) before interest and income taxes and a $1 million increase to other pension expense (income) line items in the condensed consolidated statements of income. As a result of presenting certain pension costs as non-operating items, consolidated adjusted EBITDA decreased by $1 million and $4 million in the Seating segment for the three months ended December 31, 2017 and twelve months ended September 30, 2018, respectively.

Non-GAAP reconciliations
Adjusted Net Income

Adjusted Net Income

(in $ millions)	Three Months Ended December 31 2018	Three Months Ended December 31 2017
Net income attributable to Adient	$ (17)	$ (216)
Becoming Adient [(1)]	-	19
Restructuring and impairment costs [(2)]	31	-
Purchase accounting amortization [(3)]	10	17
Restructuring related charges [(4)]	9	11
Other items [(5)]	1	14
Impact of adjustments on noncontrolling interests [(6)]	2	(1)
Tax impact of above adjustments and one time tax items [(7)]	(7)	254
Adjusted net income attributable to Adient	$ 29	$ 98

Adjusted Diluted EPS

	Three Months Ended December 31 2018	Three Months Ended December 31 2017
Diluted earnings per share as reported	$ (0.18)	$ (2.32)
Becoming Adient [(1)]	-	0.20
Restructuring and impairment costs [(2)]	0.33	-
Purchase accounting amortization [(3)]	0.11	0.19
Restructuring related charges [(4)]	0.09	0.12
Other items [(5)]	0.01	0.15
Impact of adjustments on noncontrolling interests [(6)]	0.02	(0.01)
Tax impact of above adjustments and one time tax items [(7)]	(0.07)	2.72
Adjusted diluted earnings per share	$ 0.31	$ 1.05

1. Becoming Adient costs reflect incremental expenses associated with becoming an independent company. Of the $19 million of Becoming Adient Costs in the three months ended December 31, 2017, $13 million is included within cost of sales and $6 million is included within selling, general and administrative expenses
2. Reflects qualified restructuring charges for costs that are directly attributable to restructuring activities and meet the definition of restructuring under ASC 420
3. Reflects amortization of intangible assets including those related to partially owned affiliates recorded within equity income. The $9 million in the three months ended December 31, 2018 is included within selling, general and administrative expenses. Of the $17 million in the three months ended December 31, 2017, $12 million is included within selling, general and administrative expenses and $5 million is included within equity income. As a result of the fiscal year 2018 YFAI impairment, amortization of intangible assets related to YFAI has ceased starting in the first quarter of fiscal 2019
4. Reflects non-qualified restructuring charges for costs that are directly attributable to restructuring activities, but do not meet the definition of restructuring under ASC 420 along with restructuring costs at partially owned affiliates recorded within equity income
5. The three months ended December 31, 2018 reflects $1 million of Futuris integration costs. The three months ended December 31, 2017 reflects $6 million of Futuris integration costs and $8 million related to the impact of the U.S. tax reform legislation at YFAI. Of these costs, $5 million is included within cost of sales and $1 million is included within selling, general and administrative expenses
6. Reflects the impact of adjustments, primarily purchase accounting amortization and changes in income tax rates, on noncontrolling interests.
7. The income tax provision for the three months ended December 31, 2017 includes a tax charge of $258 million, primarily non-cash, to recognize the impact of U.S. tax reform legislation

Non-GAAP reconciliations
Free Cash Flow

Free Cash Flow

(in $ millions)	Three Months Ended December 31 2018	2017
Operating cash flow	$ (128)	$ (127)
Less: Capital expenditures	(144)	(143)
Adjusted Free cash flow	$ (272)	$ (270)

Adjusted EBITDA to Free Cash Flow

(in $ millions)	Three Months Ended December 31 2018
Adjusted-EBITDA	$ 176
(-) Interest paid	(13)
(-) Taxes paid	(21)
(-) Restructuring (Cash)	(23)
(+/-) Change in Trade Working Capital	(128)
(+/-) Net Equity in Earnings	(82)
(+/-) Other	(37)
Operating cash flow	$ (128)
(-) CapEx	(144)
Adjusted Free cash flow	$ (272)

Non-GAAP reconciliations
Net Debt and Adjusted Equity Income

Net Debt and Net Leverage

(in $ millions)	December 31 2018	September 30 2018
Cash	$ 406	$ 687
Total Debt	3,409	3,430
Net Debt	$ 3,003	$ 2,743
Adjusted-EBITDA (last twelve months)	$ 1,106	$ 1,196
Net Leverage	2.72x	2.29x

Adjusted Equity Income

(in $ millions)	Three Months Ended December 31 2018	Three Months Ended December 31 2017
Equity income as reported	$ 83	$ 96
Purchase accounting amortization [(1)]	-	5
US tax reform legislation at YFAI	-	8
Adjusted equity income	$ 83	$ 109

1. Reflects amortization of intangible assets including those related to partially owned affiliates recorded within equity income. As a result of the fiscal year 2018 YFAI impairment, amortization of intangible assets related to YFAI has ceased starting in the first quarter of fiscal 2019

Non-GAAP reconciliations
Adjusted Income before Income Taxes

Adjusted Income before Income Taxes

(in $ millions)	Three Months Ended December 31					
	2018			2017		
	Income before Income Taxes	Tax impact	Effective tax rate	Income before Income Taxes	Tax impact	Effective tax rate
As reported	$ 21	$ 10	47.6%	$ 69	$ 265	*
Adjustments	51	7	13.7%	61	(254)	*
As adjusted	$ 72	$ 17	23.6%	$ 130	$ 11	8.5%

* Measure not meaningful

Segment Performance

(in $ millions)

Segment Performance

Q1 2018	Seating	SS&M	Interiors	Corporate / Recon Items	Consolidated
Net sales	$ 3,796	$ 718	$ -	$ (310)	$ 4,204
Adjusted EBITDA	354	(82)	25	(31)	266
Adjusted EBITDA margin	9.3%	-11.4%	N/A	N/A	6.3%
Adjusted Equity Income	72	12	25	-	109
Depreciation	52	41	-	3	96
Capex	72	71	-	-	143

Q1 2019	Seating	SS&M	Interiors	Corporate / Recon Items	Consolidated
Net sales	$ 3,739	$ 727	$ -	$ (308)	$ 4,158
Adjusted EBITDA	261	(72)	11	(24)	176
Adjusted EBITDA margin	7.0%	-9.9%	N/A	N/A	4.2%
Adjusted Equity Income	63	9	11	-	83
Depreciation	53	12	-	-	65
Capex	73	71	-	-	144

Q2 2018	Seating	SS&M	Interiors	Corporate / Recon Items	Consolidated
Net sales	$ 4,132	$ 797	$ -	$ (333)	$ 4,596
Adjusted EBITDA	410	(34)	12	(26)	362
Adjusted EBITDA margin	9.9%	-4.3%	N/A	N/A	7.9%
Adjusted Equity Income	72	9	12	-	93
Depreciation	53	45	-	3	101
Capex	58	65	-	-	123

Q3 2018	Seating	SS&M	Interiors	Corporate / Recon Items	Consolidated
Net sales	$ 4,027	$ 783	$ -	$ (316)	$ 4,494
Adjusted EBITDA	343	(18)	19	(26)	318
Adjusted EBITDA margin	8.5%	-2.3%	N/A	N/A	7.1%
Adjusted Equity Income	67	8	19	-	94
Depreciation	53	46	-	4	103
Capex	75	63	-	-	138

Q4 2018	Seating	SS&M	Interiors	Corporate / Recon Items	Consolidated
Net sales	$ 3,749	$ 705	$ -	$ (309)	$ 4,145
Adjusted EBITDA	300	(34)	6	(22)	250
Adjusted EBITDA margin	8.0%	-4.8%	N/A	N/A	6.0%
Adjusted Equity Income	68	15	6	-	89
Depreciation	52	47	-	1	100
Capex	76	56	-	-	132

Prior Period Results

	FY16 Actual	FY17 Actual	FY18 Actual					FY19 Actual
	Full FY16	Full FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	Full FY18	Q1 FY19
Sales ($Mils.)	$ 16,790	$ 16,213	$ 4,204	$ 4,596	$ 4,494	$ 4,145	$ 17,439	$ 4,158
Adjusted EBIT	1,150	1,240	162	251	205	148	766	105
% of Sales	6.85%	7.65%	3.85%	5.46%	4.56%	3.57%	4.39%	2.53%
Adjusted EBITDA	1,505	1,601	266	362	318	250	1,196	176
% of Sales	8.96%	9.87%	6.33%	7.88%	7.08%	6.03%	6.86%	4.23%
Adj Equity Income	364	394	109	93	94	89	385	83
Adj EBIT Excl Equity	786	846	53	158	111	59	381	22
% of Sales	4.68%	5.22%	1.26%	3.44%	2.47%	1.42%	2.18%	0.53%
Adj EBITDA Excl Equity	1,141	1,207	157	269	224	161	811	93
% of Sales	6.80%	7.44%	3.73%	5.85%	4.98%	3.88%	4.65%	2.24%