

Adient reports third quarter 2018 financial results

July 26, 2018

- > Q3 GAAP net income and EPS diluted of \$54M and \$0.58, respectively; Q3 adjusted-EPS diluted of \$1.45
- > Q3 Adjusted-EBIT and Adjusted-EBITDA of \$206M and \$319M, respectively
- > Q3 free cash flow of \$252M; the launch and initial sale of an accounts receivable financing facility provided an approximate \$94M benefit to free cash flow
- > Gross debt and net debt totaled \$3,439M and \$3,061M, respectively, at June 30, 2018

“We are moving forward with great urgency to accelerate the pace of our operational improvements.”

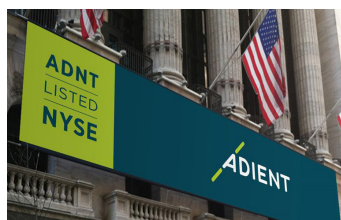
Fritz Henderson, Interim Chief Executive Officer

FY 2018 Q3 RESULTS OVERVIEW

| | REVENUE | EBIT | NET INCOME attributable to Adient | EPS DILUTED |
|-------------|-----------|-------------|---|------------------|
| AS REPORTED | \$4,494M | \$99M | \$54M | \$0.58 |
| vs. Q3 17 | +12% | -66% | -73% | -73% |
| | ADJ. EBIT | ADJ. EBITDA | ADJ. NET INCOME attributable to Adient | ADJ. EPS DILUTED |
| AS ADJUSTED | \$206M | \$319M | \$136M | \$1.45 |
| vs. Q3 17 | -38% | -25% | -42% | -42% |

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

RECENT DEVELOPMENTS



Executing plans to improve cash flow, including asset sales and prioritization of capital expenditures.



Unconsolidated Seating (incl. SS&M) revenue increased to \$2.4B in Q3; equity income of \$75M.



Adient’s aircraft seating concepts are generating strong customer interest, driving numerous RFIs and RFQs; the joint venture with Boeing is expected to begin operations once clearance from all anti-trust regulatory jurisdictions is secured.



Launched a €200M accounts receivable financing facility which provides a low-cost source of funds.

KEY OPERATING METRICS

| | SALES | | | | | |
|--------------|---|---|-----------------------------------|--|---|--|
| | CONSOLIDATED | UNCONSOL. SEATING (incl SS&M) | UNCONSOL. INTERIORS | ADJ. EQUITY INCOME ^a | INTEREST EXPENSE | ADJ. EFFECTIVE TAX RATE ^a |
| Q3 18 | \$4,494M | \$2,407M | \$2,358M | \$94M | \$39M | 6.0% |
| Q3 17 | \$4,007M | \$2,163M | \$2,224M | \$98M | \$31M | 15.2% |
| | Futuris acquisition, China JV consolidation, and FX drove the y-o-y improvement | Up 11% y-o-y; up 8% excluding FX and the impact of JV consolidation | Up 6% y-o-y; down 1% excluding FX | Down 4% y-o-y; flat y-o-y excluding the impact of JV consolidation | In line with company expectations given the company's debt and cash positions | Q318 adj. effective tax rate reflects lower y-o-y earnings, geographic composition of earnings and reduced US tax rate |

a/ - On an adjusted basis. For complete details and to see reconciliation of non-GAAP measures to their most directly comparable GAAP measures refer to the appendix.

SEGMENT RESULTS

| | SEATING | | SS&M | | INTERIORS | |
|---------------------------------|--|---------------|---|--------------|---|--------------|
| | Q3 18 | Q3 17 | Q3 18 | Q3 17 | Q3 18 | Q3 17 |
| ADJ. EBITDA ^a | \$344M | \$413M | \$(18)M | \$31M | \$19M | \$19M |
| | Launch inefficiencies in NA and a lower mix of higher margin component sales were the primary drivers of the y-o-y decline | | Segment results improved sequentially for the second consecutive quarter; launch inefficiencies and increased commodity costs were the primary drivers of the y-o-y decline | | Lower volumes in NA and negative operating performance in Europe continue to weigh on results | |

a/ - On an adjusted basis. For complete details and to see reconciliation of non-GAAP measures to their most directly comparable GAAP measures refer to the appendix. Segment Adjusted-EBITDA for Seating, SS&M, and Interiors do not contain central costs that are not allocated back to the operations. Prior period presentation of reportable segments has been recast to conform to current segment reporting structure

CASH FLOW & BALANCE SHEET

| | Q3 18 | Q3 17 | | 6/30/18 | 9/30/17 |
|-----------------------------|----------|----------|------------------------------------|----------|----------|
| OPERATING CASH FLOW | \$390M | \$157M | CASH & CASH EQUIVALENTS | \$378M | \$709M |
| CAPITAL EXPENDITURES | \$(138)M | \$(115)M | TOTAL DEBT | \$3,439M | \$3,478M |
| FREE CASH FLOW | \$252M | \$42M | NET DEBT | \$3,061M | \$2,769M |
| | | | NET LEVERAGE | 2.29x | 1.73x |

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

FY 2018 OUTLOOK

- > Revenue of ~\$17.5 billion
- > Adjusted-EBITDA of ~\$1,250 million
- > Adjusted-EBIT of ~\$810 million (includes equity income of ~\$380 million at current FX)
- > Interest expense of ~\$140 million
- > Tax rate between 5% and 7%
- > Adjusted net income between \$535 and \$555 million
- > Capital expenditures of ~\$575 million
- > Free cash flow between \$0 - \$(100) million, excluding the impact of the accounts receivable financing facility

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Adient is a global leader in automotive seating. With 85,000 employees operating in 238 manufacturing/assembly plants in 34 countries worldwide, we produce and deliver automotive seating for all vehicle classes and all major OEMs. From complete seating systems to individual components, our expertise spans every step of the automotive seat-making process. Our integrated, in-house skills allow us to take our products from research and design all the way to engineering and manufacturing – and into more than 25 million vehicles every year. For more information on Adient, please visit adient.com.

Cautionary Statement Regarding Forward-Looking Statements:

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, 2017 filed with the SEC on November 22, 2017 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.

Use of Non-GAAP Financial Information:

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 FY2018 guidance have not been provided due to the unreasonable efforts it would take to provide such reconciliations.

Adient plc
Condensed Consolidated Statements of Income
(Unaudited)

| <u>(in millions, except per share data)</u> | Three Months Ended June 30, | |
|---|--|---------------|
| | 2018 | 2017* |
| Net sales | \$ 4,494 | \$ 4,007 |
| Cost of sales | 4,248 | 3,636 |
| Gross profit | 246 | 371 |
| Selling, general and administrative expenses | 177 | 169 |
| Restructuring and impairment costs | 57 | — |
| Equity income | 87 | 91 |
| Earnings before interest and income taxes | 99 | 293 |
| Net financing charges | 39 | 31 |
| Income before income taxes | 60 | 262 |
| Income tax provision (benefit) | (13) | 39 |
| Net income | 73 | 223 |
| Income attributable to noncontrolling interests | 19 | 22 |
| Net income attributable to Adient | <u>\$ 54</u> | <u>\$ 201</u> |
| | | |
| Diluted earnings per share | \$ 0.58 | \$ 2.14 |
| | | |
| Shares outstanding at period end | 93.4 | 93.1 |
| Diluted weighted average shares | 93.7 | 93.9 |

* As disclosed at 2017 fiscal year end, prior period results have been revised to adjust equity income for inappropriately capitalized engineering costs at one of our non-consolidated joint ventures and to adjust net sales and cost of sales to present certain components of a contract on a net basis. See footnote 4 for more information on these revisions.

Adient plc
Condensed Consolidated Statements of Financial Position
(Unaudited)

| <u>(in millions)</u> | <u>June 30, 2018</u> | <u>September 30, 2017</u> |
|---|--------------------------|-------------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 378 | \$ 709 |
| Accounts receivable - net | 2,234 | 2,224 |
| Inventories | 774 | 735 |
| Other current assets | 786 | 831 |
| Current assets | <u>4,172</u> | <u>4,499</u> |
| Property, plant and equipment - net | 2,402 | 2,502 |
| Goodwill | 2,216 | 2,515 |
| Other intangible assets - net | 501 | 543 |
| Investments in partially-owned affiliates | 1,764 | 1,793 |
| Assets held for sale | 66 | — |
| Other noncurrent assets | 1,217 | 1,318 |
| Total assets | <u>\$ 12,338</u> | <u>\$ 13,170</u> |
| Liabilities and Shareholders' Equity | | |
| Short-term debt | \$ 17 | \$ 38 |
| Accounts payable and accrued expenses | 3,175 | 3,402 |
| Other current liabilities | 833 | 888 |
| Current liabilities | <u>4,025</u> | <u>4,328</u> |
| Long-term debt | 3,422 | 3,440 |
| Other noncurrent liabilities | 697 | 782 |
| Redeemable noncontrolling interests | 41 | 28 |
| Shareholders' equity attributable to Adient | 3,840 | 4,279 |
| Noncontrolling interests | 313 | 313 |
| Total liabilities and shareholders' equity | <u>\$ 12,338</u> | <u>\$ 13,170</u> |

Adient plc
Condensed Consolidated Statements of Cash Flows
(Unaudited)

| <u>(in millions)</u> | Three Months Ended June 30, | |
|---|--|----------------|
| | 2018 | 2017* |
| Operating Activities | | |
| Net income attributable to Adient | \$ 54 | \$ 201 |
| Income attributable to noncontrolling interests | 19 | 22 |
| Net income | <u>73</u> | <u>223</u> |
| Adjustments to reconcile net income (loss) to cash provided (used) by operating activities: | | |
| Depreciation | 103 | 84 |
| Amortization of intangibles | 12 | 4 |
| Pension and postretirement benefit expense (benefit) | (9) | 1 |
| Pension and postretirement contributions, net | (3) | (7) |
| Equity in earnings of partially-owned affiliates, net of dividends received | 113 | (81) |
| Deferred income taxes | 10 | (5) |
| Non-cash impairment charges | 52 | — |
| Equity-based compensation | 13 | 11 |
| Other | 1 | 2 |
| Changes in assets and liabilities: | | |
| Receivables | 246 | 235 |
| Inventories | (28) | 11 |
| Other assets | (29) | 55 |
| Restructuring reserves | (26) | (72) |
| Accounts payable and accrued liabilities | (59) | (298) |
| Accrued income taxes | (79) | (6) |
| Cash provided (used) by operating activities | <u>390</u> | <u>157</u> |
| Investing Activities | | |
| Capital expenditures | (138) | (115) |
| Sale of property, plant and equipment | 3 | 10 |
| Changes in long-term investments | 1 | — |
| Loans to affiliates | (11) | — |
| Cash provided (used) by investing activities | <u>(145)</u> | <u>(105)</u> |
| Financing Activities | | |
| (Decrease) in short-term debt | (158) | (13) |
| Increase in long-term debt | — | 183 |
| Repayment of long-term debt | (1) | (201) |
| Share repurchases | — | (40) |
| Cash dividends | (26) | (26) |
| Dividends paid to noncontrolling interests | (23) | (30) |
| Other | 1 | (1) |
| Cash provided (used) by financing activities | <u>(207)</u> | <u>(128)</u> |
| Effect of exchange rate changes on cash and cash equivalents | (13) | 16 |
| Increase (decrease) in cash and cash equivalents | <u>\$ 25</u> | <u>\$ (60)</u> |

* As disclosed at 2017 fiscal year end, prior period results have been revised to adjust equity income for inappropriately capitalized engineering costs at one of our non-consolidated joint ventures. See footnote 4 for more information on this revision.

Footnotes

1. Segment Results

During the second quarter of fiscal 2018, Adient restructured certain of its management organization resulting in a realignment of its reportable segments. Adient also began using adjusted EBITDA to assess the performance of its segments and ceased allocating certain corporate-related costs to its segments. Prior period segment information has been recast to align with this change in organizational structure, the use of a new performance metric and to reflect unallocated corporate-related costs. Pursuant to this change, Adient now operates in the following three reportable segments for financial reporting purposes:

- Seating: This segment produces complete seat systems for automotive and other mobility applications, as well as certain components of complete seat systems, such as foam, trim and fabric.
- Seat Structures & Mechanisms (SS&M): This segment produces seat structures and mechanisms for inclusion in complete seat systems that are produced by Adient or others.
- Interiors: This segment, derived from Adient's global automotive interiors joint ventures, produces instrument panels, floor consoles, door panels, overhead consoles, cockpit systems, decorative trim and other products.

Adient evaluates the performance of its reportable segments using an adjusted EBITDA metric defined as income before income taxes and noncontrolling interests, excluding net financing charges, qualified restructuring and impairment costs, restructuring related-costs, incremental "Becoming Adient" costs, separation costs, net mark-to-market adjustments on pension and postretirement plans, transaction gains/losses, purchase accounting amortization, depreciation, stock-based compensation and other non-recurring items ("Adjusted EBITDA"). Also, certain corporate-related costs are not allocated to the segments. The reportable segments are consistent with how management views the markets served by Adient and reflect the financial information that is reviewed by its chief operating decision maker.

Financial information relating to Adient's reportable segments is as follows:

| (in millions) | Three Months Ended June 30, | |
|----------------------|--|-------------|
| | 2018 | 2017 |
| Net Sales | | |
| Seating | \$ 4,027 | \$ 3,620 |
| SS&M | 783 | 713 |
| Eliminations | (316) | (326) |
| Total net sales | \$ 4,494 | \$ 4,007 |

| (in millions) | Three Months Ended June 30, | |
|---|--------------------------------|--------|
| | 2018 | 2017 |
| Adjusted EBITDA | | |
| Seating | \$ 344 | \$ 413 |
| SS&M | (18) | 31 |
| Interiors | 19 | 19 |
| Corporate-related costs ⁽¹⁾ | (26) | (39) |
| Becoming Adient ⁽²⁾ | (12) | (20) |
| Restructuring and impairment costs ⁽³⁾ | (57) | — |
| Purchase accounting amortization ⁽⁴⁾ | (17) | (10) |
| Restructuring related charges ⁽⁵⁾ | (20) | (10) |
| Depreciation ⁽⁶⁾ | (101) | (83) |
| Stock based compensation ⁽⁷⁾ | (12) | (8) |
| Other items ⁽⁸⁾ | (1) | — |
| Earnings before interest and income taxes | 99 | 293 |
| Net financing charges | (39) | (31) |
| Income before income taxes | \$ 60 | \$ 262 |

- (1) Corporate-related costs not allocated to the segments include executive office, communications, corporate development, legal, finance and marketing.
- (2) Reflects incremental expenses associated with becoming an independent company. Includes non-cash costs of \$1 million and \$4 million in the three months ended June 30, 2018 and 2017, respectively.
- (3) Reflects qualified restructuring charges for costs that are directly attributable to restructuring activities and meet the definition of restructuring under ASC 420 along with a \$52 million pre-tax asset impairment charge (\$37 million, net of tax) related to assets held for sale for the three months ended June 30, 2018.
- (4) Reflects amortization of intangible assets including those related to partially owned affiliates recorded within equity income.
- (5) Reflects restructuring related charges for costs that are directly attributable to restructuring activities, but do not meet the definition of restructuring under ASC 420.
- (6) For the three months ended June 30, 2018, depreciation excludes \$3 million, which is included in restructuring related charges discussed above. For the three months ended June 30, 2017, depreciation excludes \$1 million which is included in Becoming Adient costs discussed above.
- (7) Stock based compensation excludes \$1 million and \$3 million for the three months ended June 30, 2018 and 2017, respectively. These amounts are included in Becoming Adient costs discussed above.
- (8) The three months ended June 30, 2018 includes \$6 million of integration costs associated with the acquisition of Futuris and \$4 million of non-recurring consulting fees related to SS&M, partially offset by \$9 million of other post-employment benefit (OPEB) income related to the termination of a retiree medical plan.

2. Earnings Per Share

The following table reconciles the numerators and denominators used to calculate basic and diluted earnings per share:

| (in millions) | Three Months Ended June 30, | |
|--|--|---------------|
| | 2018 | 2017 |
| Income available to shareholders | | |
| Net income (loss) attributable to Adient | \$ 54 | \$ 201 |
| Basic and diluted income available to shareholders | <u>\$ 54</u> | <u>\$ 201</u> |
| Weighted average shares outstanding | | |
| Basic weighted average shares outstanding | 93.4 | 93.4 |
| Effect of dilutive securities: | | |
| Stock options, unvested restricted stock and unvested performance share awards | 0.3 | 0.5 |
| Diluted weighted average shares outstanding | <u>93.7</u> | <u>93.9</u> |

3. Non-GAAP Measures

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. Management uses the identified non-GAAP measures to evaluate the operating performance of the Company and its business segments and to forecast future periods. Management believes these non-GAAP measures may assist investors and other interested parties in evaluating Adient's on-going operations and 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. Reconciliations of non-GAAP measures to their closest U.S. GAAP equivalent are presented below. Reconciliations of non-GAAP measures related to FY 2018 guidance have not been provided due to the unreasonable efforts it would take to provide such reconciliations.

- 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, Becoming Adient/separation costs, 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 items impacting equity income.
- Free cash flow is defined as cash from operating activities less capital expenditures.
- Net debt is calculated as gross debt less cash and cash equivalents.
- Net leverage is calculated as net debt divided by the last twelve months of adjusted EBITDA.

| (in millions, except per share data) | Three Months Ended June 30, | | | |
|---|-----------------------------|-------------|-------------|-------------|
| | 2018 | | 2017 | |
| | As reported | As adjusted | As reported | As adjusted |
| Net sales | \$ 4,494 | \$ 4,494 | \$ 4,007 | \$ 4,007 |
| Equity income | 87 | 94 | 91 | 98 |
| Earnings before interest and income taxes | 99 | 206 | 293 | 333 |
| Earnings before interest, income taxes, depreciation and amortization | N/A | 319 | N/A | 424 |
| Net financing charges | 39 | 39 | 31 | 31 |
| Income before income taxes | 60 | 167 | 262 | 302 |
| Income tax provision | (13) | 10 | 39 | 46 |
| Net income (loss) attributable to Adient | 54 | 136 | 201 | 234 |
| Diluted earnings per share | 0.58 | 1.45 | 2.14 | \$ 2.49 |

The following table reconciles equity income to adjusted equity income:

| (in millions) | Three Months Ended June 30, | |
|---|-----------------------------|-------|
| | 2018 | 2017 |
| Equity income | \$ 87 | \$ 91 |
| Purchase accounting amortization ⁽³⁾ | 5 | 6 |
| Restructuring related charges ⁽⁴⁾ | 2 | 1 |
| Adjusted equity income | \$ 94 | \$ 98 |

The following table reconciles net income (loss) attributable to Adient to adjusted EBITDA:

| (in millions) | Three Months Ended June 30, | |
|---|--------------------------------|----------|
| | 2018 | 2017 |
| Net income (loss) attributable to Adient | \$ 54 | \$ 201 |
| Income attributable to noncontrolling interests | 19 | 22 |
| Income tax provision | (13) | 39 |
| Financing charges | 39 | 31 |
| Earnings before interest and income taxes | 99 | 293 |
| Becoming Adient ⁽¹⁾ | 12 | 20 |
| Restructuring and impairment costs ⁽²⁾ | 57 | — |
| Purchase accounting amortization ⁽³⁾ | 17 | 10 |
| Restructuring related charges ⁽⁴⁾ | 20 | 10 |
| Other items ⁽⁷⁾ | 1 | — |
| Adjusted EBIT | 206 | 333 |
| Stock based compensation ⁽⁹⁾ | 12 | 8 |
| Depreciation ⁽¹⁰⁾ | 101 | 83 |
| Adjusted EBITDA | \$ 319 | \$ 424 |
| Net sales | \$ 4,494 | \$ 4,007 |
| Adjusted EBIT | \$ 206 | \$ 333 |
| Adjusted EBIT margin | 4.6% | 8.3% |

Segment Performance:

| | Three months ended June 30, 2018 | | | | |
|------------------------|----------------------------------|---------|-----------|----------------------------|--------------|
| | Seating | SS&M | Interiors | Corporate/ Eliminations | Consolidated |
| Net sales | \$ 4,027 | \$ 783 | N/A | \$ (316) | \$ 4,494 |
| Adjusted EBITDA | \$ 344 | \$ (18) | \$ 19 | \$ (26) | \$ 319 |
| Adjusted EBITDA margin | 8.5% | -2.3% | N/A | N/A | 7.1% |

| | Three months ended June 30, 2017 | | | | |
|------------------------|----------------------------------|--------|-----------|----------------------------|--------------|
| | Seating | SS&M | Interiors | Corporate/ Eliminations | Consolidated |
| Net sales | \$ 3,620 | \$ 713 | N/A | \$ (326) | \$ 4,007 |
| Adjusted EBITDA | \$ 413 | \$ 31 | \$ 19 | \$ (39) | \$ 424 |
| Adjusted EBITDA margin | 11.4% | 4.3% | N/A | N/A | 10.6% |

The following table reconciles income (loss) before income taxes to adjusted income before income taxes and presents the related effective tax rate and adjusted effective tax rate:

| (in millions, except effective tax rate) | Three Months Ended June 30, | | | | | |
|--|-----------------------------------|------------|--------------------|----------------------------|------------|--------------------|
| | 2018 | | | 2017 | | |
| | Income (loss) before income taxes | Tax impact | Effective tax rate | Income before income taxes | Tax impact | Effective tax rate |
| As reported | \$ 60 | \$ (13) | -21.7% | \$ 262 | \$ 39 | 14.9% |
| Adjustments | 107 | 23 | 21.5% | 40 | 7 | 17.5% |
| As adjusted | \$ 167 | \$ 10 | 6.0% | \$ 302 | \$ 46 | 15.2% |

The following table reconciles net income (loss) attributable to Adient to adjusted net income attributable to Adient:

| (in millions) | Three Months Ended June 30, | |
|---|-----------------------------|--------|
| | 2018 | 2017 |
| Net income (loss) attributable to Adient | \$ 54 | \$ 201 |
| Becoming Adient ⁽¹⁾ | 12 | 20 |
| Restructuring and impairment costs ⁽²⁾ | 57 | — |
| Purchase accounting amortization ⁽³⁾ | 17 | 10 |
| Restructuring related charges ⁽⁴⁾ | 20 | 10 |
| Other items ⁽⁷⁾ | 1 | — |
| Impact of adjustments on noncontrolling interests | (2) | — |
| Tax impact of above adjustments and other tax items | (23) | (7) |
| Adjusted net income attributable to Adient | \$ 136 | \$ 234 |

The following table reconciles diluted earnings per share as reported to adjusted diluted earnings per share:

| | Three Months Ended June 30, | |
|---|-----------------------------|---------|
| | 2018 | 2017 |
| Diluted earnings per share as reported | \$ 0.58 | \$ 2.14 |
| Becoming Adient ⁽¹⁾ | 0.13 | 0.20 |
| Restructuring and impairment costs ⁽²⁾ | 0.61 | — |
| Purchase accounting amortization ⁽³⁾ | 0.18 | 0.11 |
| Restructuring related charges ⁽⁴⁾ | 0.21 | 0.11 |
| Other items ⁽⁷⁾ | 0.01 | — |
| Impact of adjustments on noncontrolling interests | (0.02) | — |
| Tax impact of above adjustments and other tax items | (0.25) | (0.07) |
| Adjusted diluted earnings per share | \$ 1.45 | \$ 2.49 |

The following table reconciles net income (loss) attributable to Adient to adjusted EBITDA:

| (in millions) | Twelve Months Ended | |
|---|----------------------------|-------------------------------|
| | June 30, 2018 | September 30, 2017 |
| Net income attributable to Adient | \$ 14 | \$ 877 |
| Income attributable to noncontrolling interests | 81 | 85 |
| Income tax provision | 219 | 99 |
| Net financing charges | 142 | 132 |
| Becoming Adient ⁽¹⁾ | 87 | 95 |
| Separation costs ⁽¹⁾ | — | 10 |
| Restructuring and impairment costs ⁽²⁾ | 412 | 46 |
| Purchase accounting amortization ⁽³⁾ | 66 | 43 |
| Restructuring related charges ⁽⁴⁾ | 52 | 37 |
| Pension mark-to-market ⁽⁵⁾ | (45) | (45) |
| Gain on previously held interest ⁽⁶⁾ | (151) | (151) |
| Other items ⁽⁸⁾ | 40 | 16 |
| Stock based compensation ⁽⁹⁾ | 40 | 29 |
| Depreciation ⁽¹⁰⁾ | 382 | 332 |
| Adjusted EBITDA | <u>\$ 1,339</u> | <u>\$ 1,605</u> |

The following table presents net debt and net leverage ratio calculations:

| (in millions, except net leverage) | June 30, 2018 | September 30, 2017 |
|---|--------------------------|-------------------------------|
| Cash | \$ 378 | \$ 709 |
| Total debt | 3,439 | 3,478 |
| Net debt | \$ 3,061 | \$ 2,769 |
| Adjusted EBITDA (last twelve months) | \$ 1,339 | \$ 1,605 |
| Net leverage: | 2.29 x | 1.73 x |

The following table reconciles cash from operating activities to free cash flow:

| (in millions) | Three Months Ended June 30, | |
|----------------------|--|--------------|
| | 2018 | 2017 |
| Operating cash flow | \$ 390 | \$ 157 |
| Capital expenditures | (138) | (115) |
| Free cash flow | <u>\$ 252</u> | <u>\$ 42</u> |

The following table reconciles adjusted EBITDA to Free cash flow:

| (in millions) | Three Months Ended June 30, 2018 |
|---------------------------------------|---|
| Adjusted EBITDA | \$ 319 |
| (-) Interest paid | (17) |
| (-) Taxes paid | (56) |
| (-) Restructuring (cash) | (39) |
| (+/-) Change in trade working capital | 119 |
| (+/-) Net equity in earnings | 106 |
| (+/-) Other | (42) |
| Operating cash flow | \$ 390 |
| Capital expenditures | (138) |
| Free cash flow | \$ 252 |

- (1) Becoming Adient costs reflect incremental expenses associated with becoming an independent company. Separation costs reflect expenses associated with, and incurred prior to, the separation from Johnson Controls International plc. Of the \$12 million of Becoming Adient costs in the three months ended June 30, 2018, \$9 million is included within cost of sales and \$3 million is included within selling, general and administrative expenses. Of the \$20 million of Becoming Adient costs in the three months ended June 30, 2017, \$14 million is included within cost of sales and \$6 million is included within selling, general and administrative expenses. Of the \$87 million of Becoming Adient costs in the twelve months ended June 30, 2018, \$56 million is included within cost of sales and \$31 million is included within selling, general and administrative expenses. Of the \$95 million of Becoming Adient costs in the twelve months ended September 30, 2017, \$55 million is included within cost of sales and \$40 million is included within selling, general and administrative expenses. The \$10 million of separation costs in the twelve months ended September 30, 2017 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. Also included in the three months ended June 30, 2018 is a \$52 million pretax asset impairment charge (\$37 million, net of tax) related to assets held for sale and included in the twelve months ended June 30, 2018 is a \$299 million pretax goodwill impairment charge (\$279 million, net of tax) related to SS&M.
- (3) Reflects amortization of intangible assets including those related to partially owned affiliates recorded within equity income. Of the \$17 million in the three months ended June 30, 2018, \$12 million is included within selling, general and administrative expenses, and \$5 million is included within equity income. Of the \$10 million in the three months ended June 30, 2017, \$1 million is included within cost of sales, \$3 million is included within selling, general and administrative expenses and \$6 million is included within equity income. Of the \$66 million in the twelve months ended June 30, 2018, \$1 million is included within cost of sales, \$43 million is included within selling, general and administrative expenses, and \$22 million is included within equity income. Of the \$43 million in the twelve months ended September 30, 2017, \$1 million is included within cost of sales, \$20 million is included within selling, general and administrative expenses, and \$22 million is included 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. Of the \$20 million in the three months ended June 30, 2018, \$18 million is included within cost of sales and \$2 million is included within equity income. Of the \$10 million in the three months ended June 30, 2017, \$9 million is included within cost of sales and \$1 million is included within equity income. Of the \$52 million in the twelve months ended June 30, 2018, \$45 million is included within cost of sales, \$3 million is included within selling, general and administrative expenses and \$4 million is included within equity income. Of the \$37 million in the twelve months ended September 30, 2017, \$34 million is included within cost of sales, \$2 million is included within selling, general and administrative expenses and \$1 million is included within equity income.
- (5) Reflects net mark-to-market adjustments on pension and postretirement plans. Of the \$45 million gain in the twelve months ended June 30, 2018 and September 30, 2017, \$4 million is included within cost of sales and \$41 million is included within selling, general and administrative expenses.

- (6) In 2017, an amendment to the rights agreement with a Seating affiliate in China was finalized, giving Adient control of the previously non-consolidated JV. Adient began consolidating the affiliate 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.
- (7) The three months ended June 30, 2018 includes \$6 million of integration costs associated with the acquisition of Futuris, of which \$5 million is included within cost of sales and \$1 million is included within selling, general and administrative expenses. Also included within selling, general and administrative expenses in the three months ended June 30, 2018 is \$4 million of nonrecurring consulting fees related to SS&M, partially offset by \$9 million of OPEB income related to the termination of a retiree medical plan.
- (8) The twelve months ended June 30, 2018 includes \$22 million of termination and integration costs associated with the acquisition of Futuris, of which \$15 million is included within cost of sales and \$7 million is included within selling, general and administrative expenses. Also included in the twelve months ended June 30, 2018 is a \$1 million credit related to prior period adjustments (\$11 million is included within cost of sales partially offset by \$12 million included within selling, general and administrative expenses), \$11 million of non-recurring consulting fees related to SS&M included within selling, general and administrative expenses and \$8 million related to the impact of the U.S. tax reform legislation at YFAI included within equity income. The twelve months ended September 30, 2017 primarily includes \$3 million of transaction costs associated with the acquisition of Futuris which is included within selling, general and administrative expenses and \$12 million of initial funding of the Adient foundation which is included within selling, general and administrative expenses.
- (9) Stock based compensation excludes \$1 million and \$3 million for the three months ended June 30, 2018 and 2017, respectively, and \$15 million and \$16 million are excluded for the twelve months ended June 30, 2018 and September 30, 2017, respectively. These amounts are included in Becoming Adient costs discussed above.
- (10) For the three months ended June 30, 2018, depreciation excludes \$2 million which is included in restructuring related charges discussed above. For the three months ended June 30, 2017, depreciation excludes \$1 million which is included in Becoming Adient costs discussed above. For the twelve months ended June 30, 2018, depreciation excludes \$6 million which is included in restructuring related charges discussed above and \$1 million which is included in Becoming Adient costs discussed above. For the twelve months ended September 30, 2017, depreciation excludes \$5 million which is included in Becoming Adient costs discussed above.

4. Revisions to Previously Reported Amounts

As disclosed at 2017 fiscal year end, Adient revised previously reported results to adjust equity income from a non-consolidated joint venture related to engineering costs that were inappropriately capitalized. Adient also revised previously reported net sales and cost of sales to present certain components of a contract on a net basis. The following tables disclose the quarterly impact for the three months ended June 30, 2017 of such previously disclosed revisions. Adient assessed the materiality of these misstatements on prior periods' financial statements in accordance with SEC Staff Accounting Bulletin ("SAB") No. 99, Materiality, codified in ASC 250 ("ASC 250"), Presentation of Financial Statements, and concluded that these misstatements were not material to any prior annual or interim periods. Accordingly, in accordance with ASC 250 (SAB No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements), the consolidated financial statements as of and for the three months ended June 30, 2017, which are presented herein, have been revised. The following table illustrates the effect of these revisions on impacted line items in Adient's consolidated financial statements.

| (in millions, except per share data) | Consolidated Statements of Income (Loss) | | |
|---|--|------------|------------|
| | Three Months Ended June 30, 2017 | | |
| | As Reported | Adjustment | As Revised |
| Net sales | \$ 4,017 | \$ (10) | \$ 4,007 |
| Cost of sales | 3,646 | (10) | 3,636 |
| Equity income | 94 | (3) | 91 |
| Earnings before interest and income taxes | 296 | (3) | 293 |
| Income before income taxes | 265 | (3) | 262 |
| Net income (loss) | 226 | (3) | 223 |
| Net income (loss) attributable to Adient | 204 | (3) | 201 |
| Earnings per share: | | | |
| Diluted | \$ 2.17 | \$ (0.03) | \$ 2.14 |

| (in millions) | Consolidated Statements of Cash Flows | | |
|---|---------------------------------------|------------|------------|
| | Three Months Ended June 30, 2017 | | |
| | As Reported | Adjustment | As Revised |
| Operating Activities | | | |
| Net income (loss) | \$ 226 | \$ (3) | \$ 223 |
| Equity in earnings of partially-owned affiliates, net of dividends received | (84) | 3 | (81) |

Adient has also revised its adjusted net income attributable to Adient and adjusted diluted EPS for the last three quarters as a result of adjusting income attributable to noncontrolling interests for intangible asset amortization at one of its affiliates. For the second quarter of fiscal 2018, this revision increased income attributable to noncontrolling interests by \$2 million and decreased adjusted net income attributable to Adient by the same amount, which also resulted in a decrease to adjusted diluted EPS of \$0.03. For the first quarter of fiscal 2018, this revision increased income attributable to noncontrolling interests by \$1 million and decreased adjusted net income attributable to Adient by the same amount, which also resulted in a decrease to adjusted diluted EPS of \$0.01. For the fourth quarter of fiscal 2017, this revision increased income attributable to noncontrolling interests by \$2 million and decreased adjusted net income attributable to Adient by the same amount, which also resulted in a decrease to adjusted diluted EPS of \$0.02.