

March 12, 2021

Adient announces strategic transformation in China

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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.

Agenda

- Transactions overview
- Rationale
- Use of proceeds & pro forma Adient
- Q & A

Douglas Del Grosso

President and CEO

Jeffrey Stafeil

Executive VP and CFO

Overview of transactions

YFAS transactions¹

- Adient and Yanfeng Automotive Trim Systems Company Ltd. (YF) will end their Yanfeng Adient Seating Co., Ltd. (YFAS) JV in China.
 - Adient will sell its 49.99 % interest in YFAS to YF for ~\$1.2B.
 - Adient will acquire certain assets of YFAS – its 50 % ownership of Chongqing Yanfeng Adient Automotive Components Co., Ltd. (CQYFAS), bringing Adient's ownership stake to 75 %, and its subsidiary Yanfeng Adient (Langfang) Seating Co., Ltd. (YFAS-LF).
 - YF will operate remainder of YFAS as a wholly owned enterprise.
 - Adient is also selling its minority interests in certain other JVs with YFAS to YF.
- Cash received by Adient: ~\$1.5B before tax, or ~\$1.4B after tax, after acquisition of CQYFAS and YFAS-LF.
- ~\$800M of cash to be received by Adient on or before closing (including dividends); ~\$700M of cash to be received by calendar year end.
- Upon closing, CQYFAS and YFAS-LF will be consolidated/controlled by Adient:
 - Sales of ~\$700M - \$800M with EBITDA margins historically over 10 %.
- The transactions, which are subject to customary government and regulatory approvals, and certain PRC state-owned asset required approvals and processes, are expected to be completed in the second half of calendar year 2021.
- In conjunction with the YFAS transaction, Adient has signed an agreement with Chongqing Boxun Industrial Co., Ltd. (Boxun), its joint venture partner in CQYFAS. The agreement provides Boxun with a put right to sell; and, if exercised, requires Adient to buy Boxun's 25 % interest in CQYFAS. The put right (valued at ~\$125M) is contingent upon the closing of the YFAS transaction.
 - After closing, if Adient buys Boxun's 25 % interest, Adient would own 100 % of CQYFAS.

SJA transaction

- Separately, Adient previously agreed to sell its 50 % equity interest in Shenyang Jinbei Adient Automotive Components Co., Ltd. (SJA), to Shenyang Jinchun Automobile Technology Development Co. Ltd. (Jinchen), an entity 100 % beneficially owned by Jinbei Automotive Company Limited (Jinbei), for \$58M.
 - Closing expected in the first half of calendar year 2021.

¹ - Cash proceeds from YFAS transactions based on current USD to RMB exchange rate

Post transactions, Adient China business projected to have ~\$4.5B in sales and extensive customer and geographic coverage

- Upon closing of the YFAS, CQYFAS and SJA transactions, Adient China will have **9 major entities with ~12,000 employees & projected sales of ~\$4.5B in FY21**, covering high-growing segments, incl. Premium, Japanese & EV
- Adient China will have **3 Global Tech Centers with over 800 engineers**, and complete in-house engineering capabilities
- **Approximately one-fourth of business in China would be consolidated**
- Positions Adient as **Top 3 complete seat players in China market (~12% share in rapidly growing NEV market)**
- **Sales content improved by ~10%**

The map illustrates Adient's regional divisions in China. The **North** region includes cities like Beijing, Tianjin, and Shanghai. The **West & Central** region includes cities like Chengdu, Wuhan, and Nanchang. The **South** region includes cities like Guangzhou and Foshan. Major cities are marked with red stars.

Region	Operations	OEM Customers	Main growth engines
North	CFAA BJA ¹	FAW-VW, Audi, FAW- Toyota Hyundai, Daimler	Premium Audi Daimler Japanese Toyota Int'l VW
South	GAAS ¹ CAA	GAC-Honda, GAC-Toyota, GAC-Mitsu,	Japanese Honda, Toyota, Mitsubishi
West & Central	CQYFAS ¹	Ford Volvo NIO Xpeng	Premium Lincoln Volvo EV , NIO, Xpeng
Components	Keiper (mechs.) FAA (mechs) YFAT (trim) Langfang ¹ (metal)	All OEMs Exporting Dai/Hyundai	

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1. Post closing (incl. majority owned JVs and wholly owned entities)

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YFAS transaction

- Aligns with China auto industry trend in post-JV era
 - Global manufacturers such as Tesla, VW, BMW have moved towards majority-owned business model and away from JV model after China abolished its JV requirements in 2018 with OEMs
 - Similar trend taking place with leading Chinese manufacturers
- Enables Adient to drive strategy in China independently and opportunity to capture growth in profitable and expanding segments (Japanese manufacturers, luxury, EVs, etc.)
- Improves integration of Adient China operation – potential to achieve significant synergies across multiple locations
- Will provide more certain value realization relative to status quo where cash and value is generated from dividends at entities not in Adient's control
- Monetizes significant value that has accumulated at the JV without jeopardizing future opportunities for growth

SJA transaction

- The transaction is consistent with other strategic actions the company has completed recently to further its portfolio optimization strategy, which includes focusing on Adient's profitable, large-volume core seating business



➤ Use of proceeds / pro forma Adient



Use of proceeds

- Adient intends to use the anticipated after-tax proceeds of ~\$1.4B for:
 - Debt repayment (consistent with the company's near-term capital allocation plans),
 - Ability to fund Boxun's put right, if exercised (~\$125M), and other corporate purposes



Pro forma Adient

(post closings, compared to the company's current FY21 outlook) ¹

- Consolidated sales expected to increase annually by ~\$700M - \$800M
 - Unconsolidated sales expected to decline annually by ~\$3.5B - \$4.0B
- Consolidated EBITDA expected to increase annually by ~\$90M - \$100M
- Equity income expected to decline annually by ~\$155M
- Net leverage target between 1.5x – 2.0x (dependent on level of debt repayment and other uses of proceeds)

Transformational change in Adient's future earnings profile and balance sheet

Net income and EPS accretive ², driven by significantly lower debt levels and the corresponding benefit of lower financing costs

¹ – FY21 outlook provided with Adient's Q1FY21 earnings results released on Feb. 5, 2021

² – Post closing and assuming approximately \$2B of debt paydown by December 2021, annual interest expense estimated at ~\$100M (vs. guidance of \$235M in FY21) and cash taxes increasing by ~\$10M₇

Cash proceeds from YFAS transactions based on current USD to RMB exchange rate

Q & A

Improving the experience of a world in motion

