



FY 2019 Second Quarter Earnings Call

May 7, 2019

Improving the experience of a world in motion

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, 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

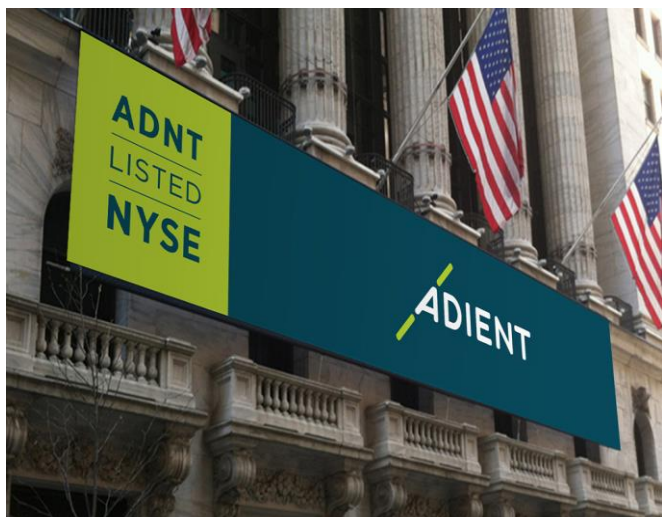
Jeffrey Stafeil

Executive Vice President and Chief Financial Officer

Q&A

Recent developments

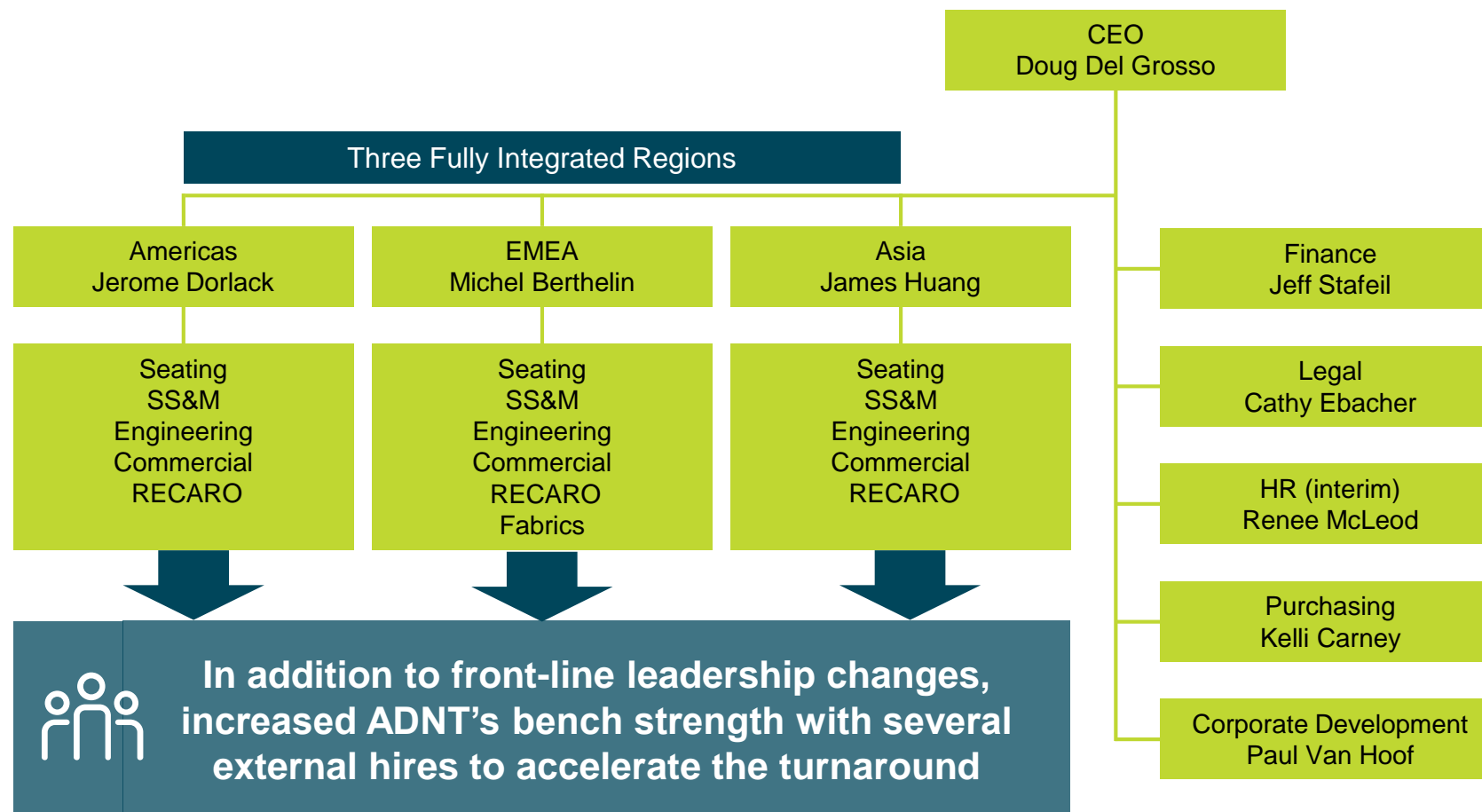
- > Despite being down y-o-y, the sequential improvement in Q2FY19 results compared with Q1FY19 demonstrates that the actions taken to improve ADNT's operating and financial performance are taking hold
 - Q2 revenue of \$4.2B, down \$368M y-o-y
 - Q2 Adjusted-EBITDA of \$191M ¹, down \$171M y-o-y
 - Q2 Adjusted-EPS of \$0.31 ¹
 - Q2 free cash flow (operating cash flow, less capital expenditures) of \$60M
 - Cash and cash equivalents of \$491M at March 31, 2019



- > Increased the flexibility of ADNT's capital structure with the successful execution of a senior secured notes offering, a new secured term loan credit agreement and a new asset-based revolving credit agreement
 - The debt refinancing provides strong liquidity (pro forma liquidity of about \$2.1B)
- > Adient Aerospace announced its Ascent Seating System will be debuted on Hawaiian Airlines' Dreamliner in 2021
- > Reorganized certain elements of ADNT's management structure, resulting in a realignment of the company's reportable segments (Americas, EMEA, and Asia)

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

New team / organizational structure to drive turnaround



Driving responsibility into the regions; pivoted to profitability & cash flow vs. backlog growth for incentive compensation structure

Benefits expected from new organizational direction



Organizational objectives

- > Drive accountability
- > Speed up decision-making
- > Reduce complexity and redundant costs

Organizational impact

- > Flatter organization
- > Fully integrated regional business covering entire portfolio
- > Condensed central functions group

Actions to date (~\$60M)

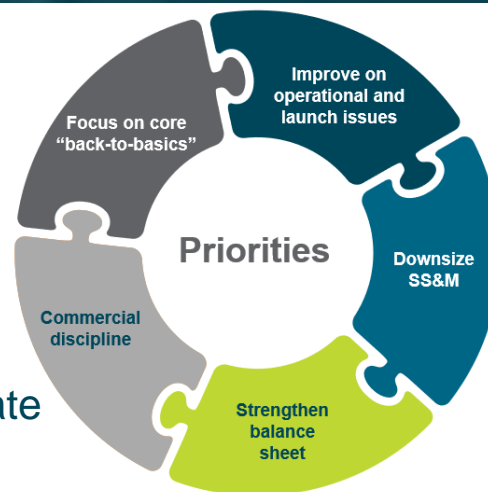
- > Integration of central groups (program mgt., AME, mfg. excellence, quality and CI)
- > Reductions in central costs (communications, finance, procurement, human resources)
- > Reductions in IT spend

Actions in progress / next steps (>\$30M)

- > Engineering rightsizing
- > Integrating operating groups into the regions (SS&M, commercial, RECARO, engineering)

Focused priorities expected to drive future success

- Increased focus on operational execution and commercial discipline
- Turn around troubled plants; continue to consolidate production facilities to improve cost structure
- Prioritize business targets to maximize return on CapEx and engineering development costs
- Renewed focus on change management and VA/VE to drive margin expansion
- Limit pursuit of low volume programs to improve profitability and reduce investment
- Revisit strategies for non-core business: grow, milk, exit, sell
- Flex headcount and costs to improve profitability



Main root causes impacting Americas, EMEA and Asia

Business profitability:

- > Launch challenges distracting business from continuous improvement
- > Poor commercial discipline on change management
- > Lower profitability of roll-on business

Customers:

- > Struggling customers
- > Unstable production schedules

Macroeconomics:

- > Softening end-markets
- > Labor economics
- > Tariff and trade discussions

Fiscal 2019 (stabilization)

- > Focused “back-to-basics” priorities are the building blocks to achieve peer margins while significantly improving cash generation (with a focus on deleveraging)
- > ADNT’s Q2 results demonstrate actions taken to improve the company’s operational and financial performance are taking hold
- > Adj. EBITDA and margin expected to improve in H2FY19 compared with H1FY19 as recently executed and additional actions gain traction. Key drivers include:
 - Further benefits associated with the new organization structure (engineering rightsizing and integrating operating groups into the regions)
 - Resolving backlog of open pricing issues
 - Operational focus continuing to drive down launch costs (reduction in containment costs, premium freight)
 - China vehicle production stabilization [exact timing uncertain]

Successful execution of the turnaround will be a multi-year journey

Fiscal 2020 - 2022 (improvement)

- > Continue operational execution
 - Improve utilization
 - Reduce scrap / waste / premium freight
- > Commercial discipline
 - Customer negotiations
 - Focus on returns throughout product lifecycle (bidding, change management, launch)
 - Re-establish focus on VA/VE
- > Reduced number of launches
 - Expected to drive down launch costs by ~50%
- > Rightsizing SS&M (expected to improve FCF >\$425M)

Significant improvement in free cash flow

Fiscal 2023 and beyond (optimization)

- > Continuation of SS&M rightsizing
- > Expanded focus on VA/VE
- > Roll on of new business developed under disciplined commercial approach
- > Roll off of underperforming product lines

Expected margin gap closure to peers, additional free cash flow generation



FINANCIAL REVIEW

FY 2019 Second Quarter



Prior Segment Structure

Seating segment

- Seating N. America
- Seating S. America
- Seating Europe
- Seating Asia
- Fabrics
- Recaro
- Commercial Vehicle
- Aerospace
- China Seating
- Corp. Allocation / BU HQ

SS&M segment

Interiors segment

Organizational changes, resulting in a flatter organization with three fully integrated regions, are designed to speed up decision-making and drive accountability

New Segment Structure

Americas segment

- Seating N. America (incl Recaro NA)
- Seating S. America
- SS&M N. America
- Adient Aerospace
- Corp. Allocation

EMEA segment

- Seating Europe (incl Recaro / CV)
- SS&M Europe
- Global Fabrics
- Corp. Allocation

Asia segment

- China Seating
- Seating Asia
- SS&M China
- Interiors
- Corp. Allocation



FY 2019 Q2 key financials



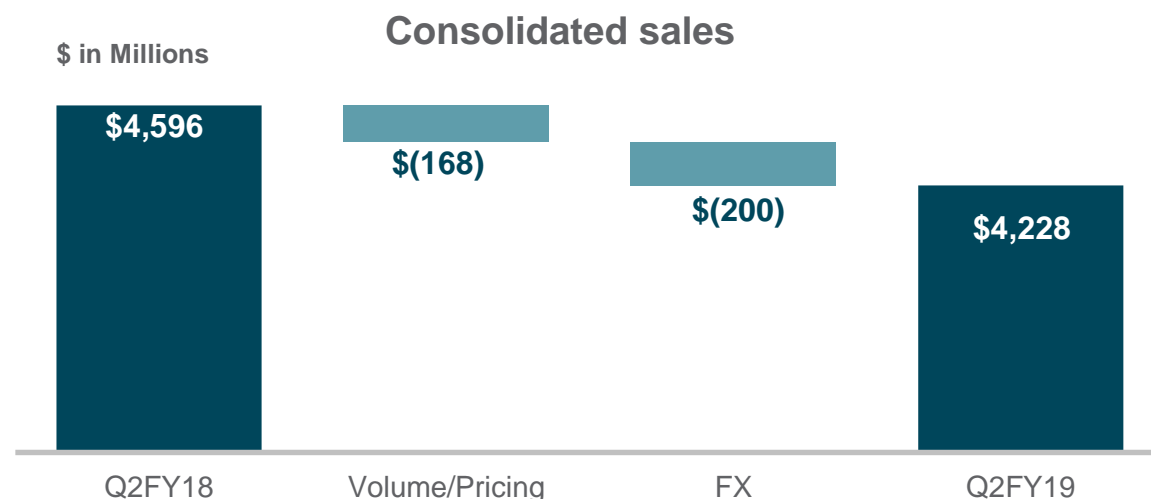
\$ millions, except per share data	As Reported		As Adjusted ¹		
	FY19 Q2	FY18 Q2	FY19 Q2	FY18 Q2	B/(W)
Revenue	\$ 4,228	\$ 4,596	\$ 4,228	\$ 4,596	-8%
EBIT	\$ (22)	\$ (141)	\$ 117	\$ 251	-53%
Margin	(0.5)%	(3.1)%	2.8%	5.5%	
EBITDA	N/A	N/A	\$ 191	\$ 362	-47%
Margin			4.5%	7.9%	
Memo: Equity Income ²	\$ 62	\$ 85	\$ 63	\$ 93	-32%
Tax Expense (Benefit)	\$ 64	\$ (28)	\$ 23	\$ 17	
ETR	*	16.4%	29.9%	7.9%	
Net Income (Loss)	\$ (149)	\$ (168)	\$ 29	\$ 171	-83%
EPS Diluted	\$ (1.59)	\$ (1.80)	\$ 0.31	\$ 1.82	-83%

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

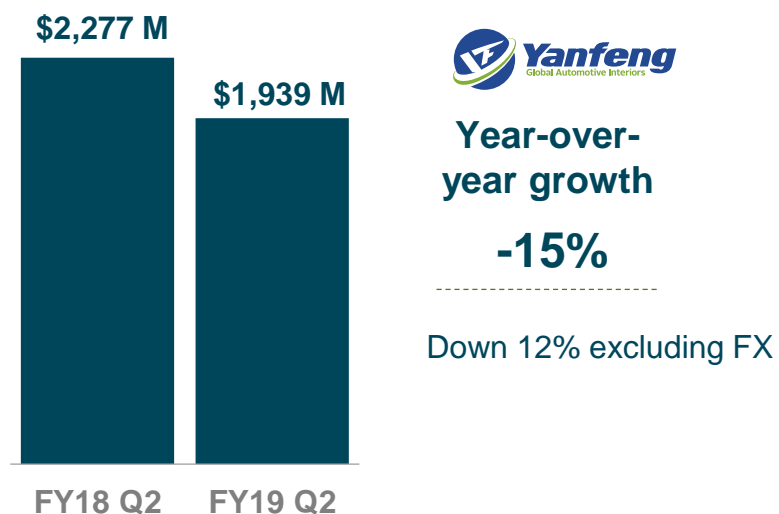


¹ – Growth rates at constant foreign exchange

Unconsolidated Seating and SS&M



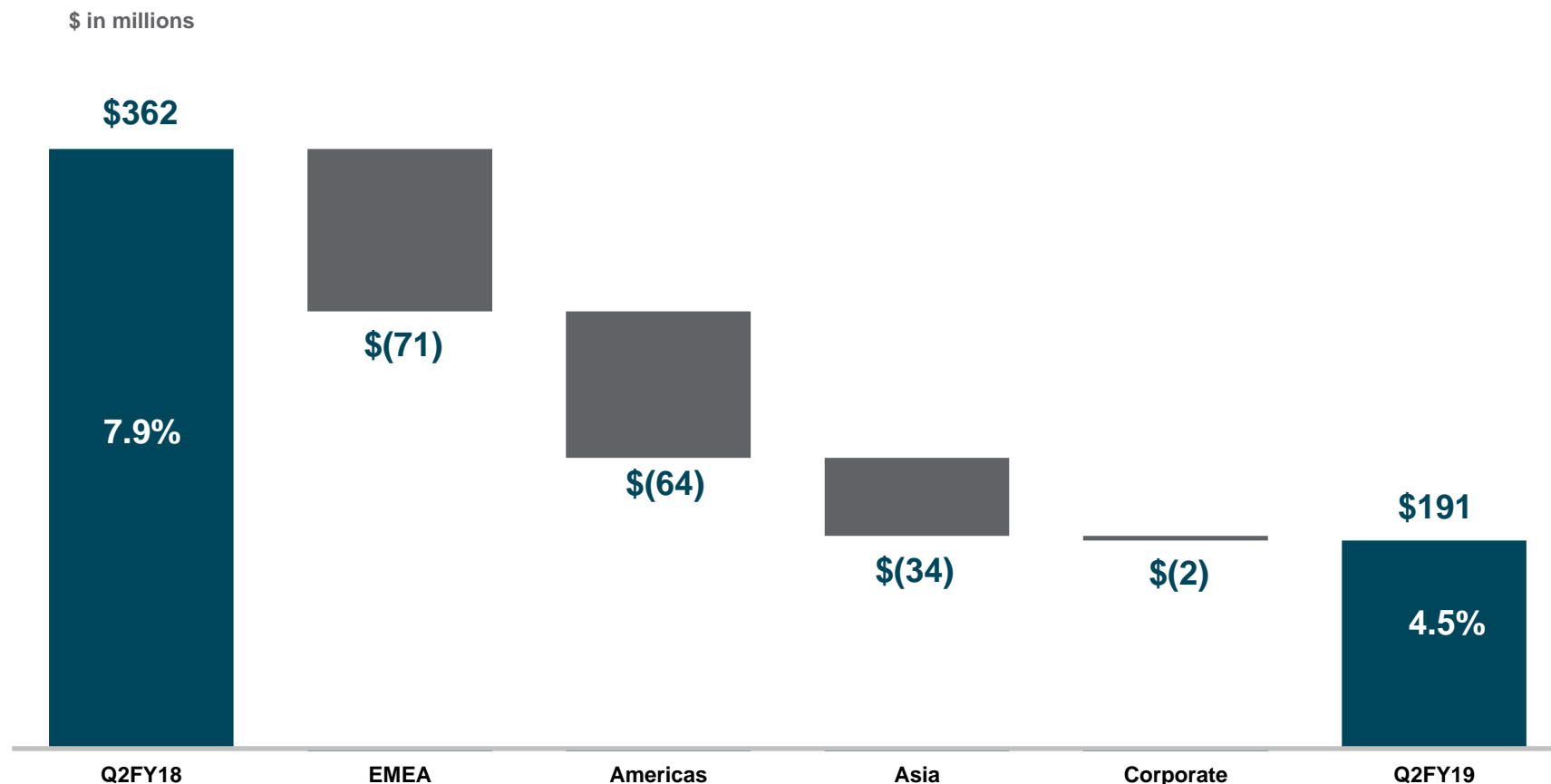
Unconsolidated Interiors



Q2 FY19 Adjusted-EBITDA



- > Q2FY19 Adj. EBITDA of \$191M, down \$171M y-o-y
- > Negative business performance, unfavorable product mix within Americas and EMEA and a decline in equity income were the primary factors behind the y-o-y decrease
- > Macro factors, including the negative impact of foreign exchange and increased commodity costs, also weighed on the quarter
- > Seat Structure and Mechanisms (SS&M) continues to progress in a positive direction with global results improving \$21M sequentially compared with Q1FY19
 - SS&M performance in Europe continues to weigh on results (down \$22M y-o-y)

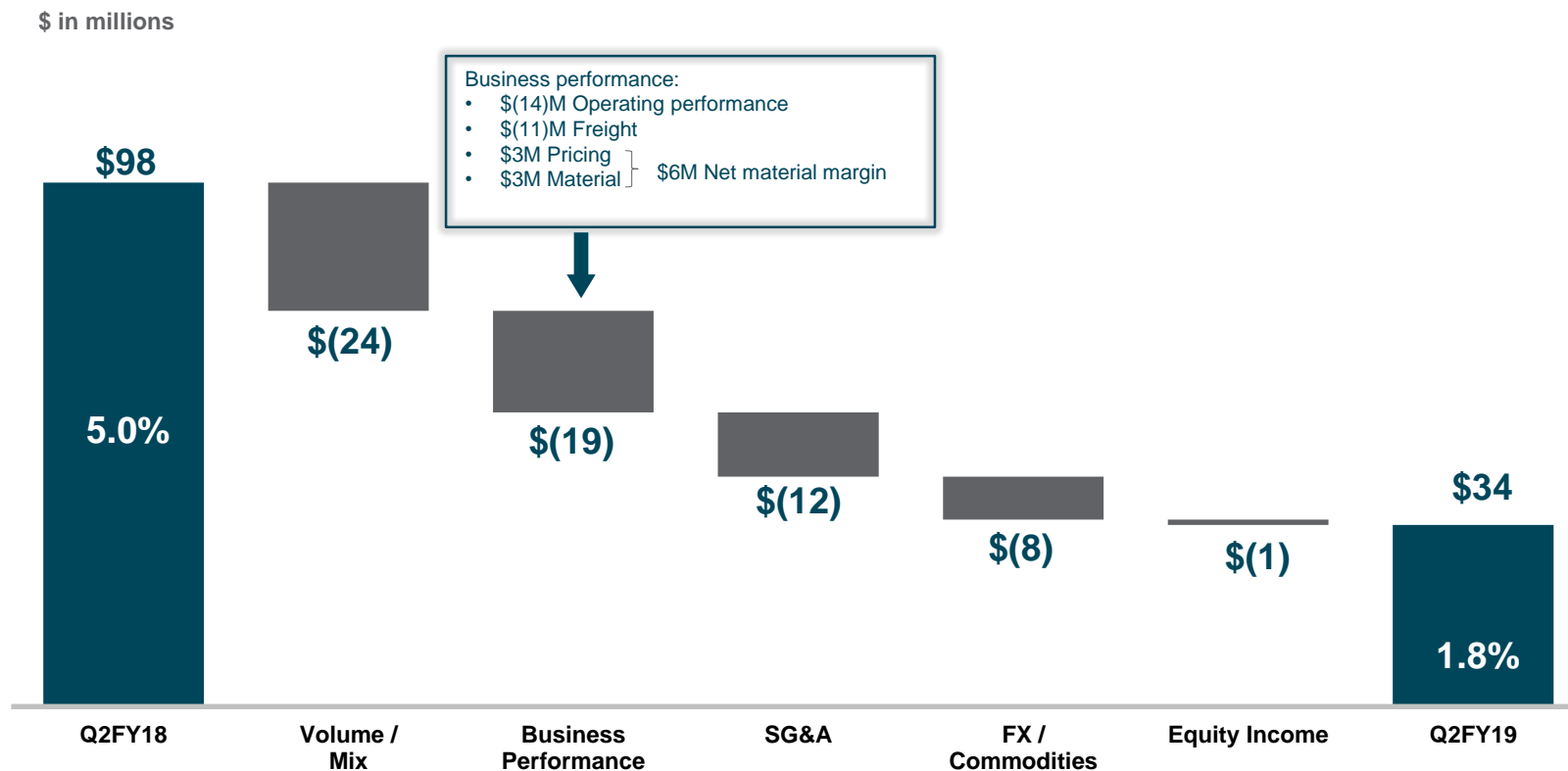


Note: Corporate includes central costs that are not allocated back to the operations, currently including executive offices, communications, finance, corporate development, and legal

Q2 FY19 Adjusted-EBITDA: Americas



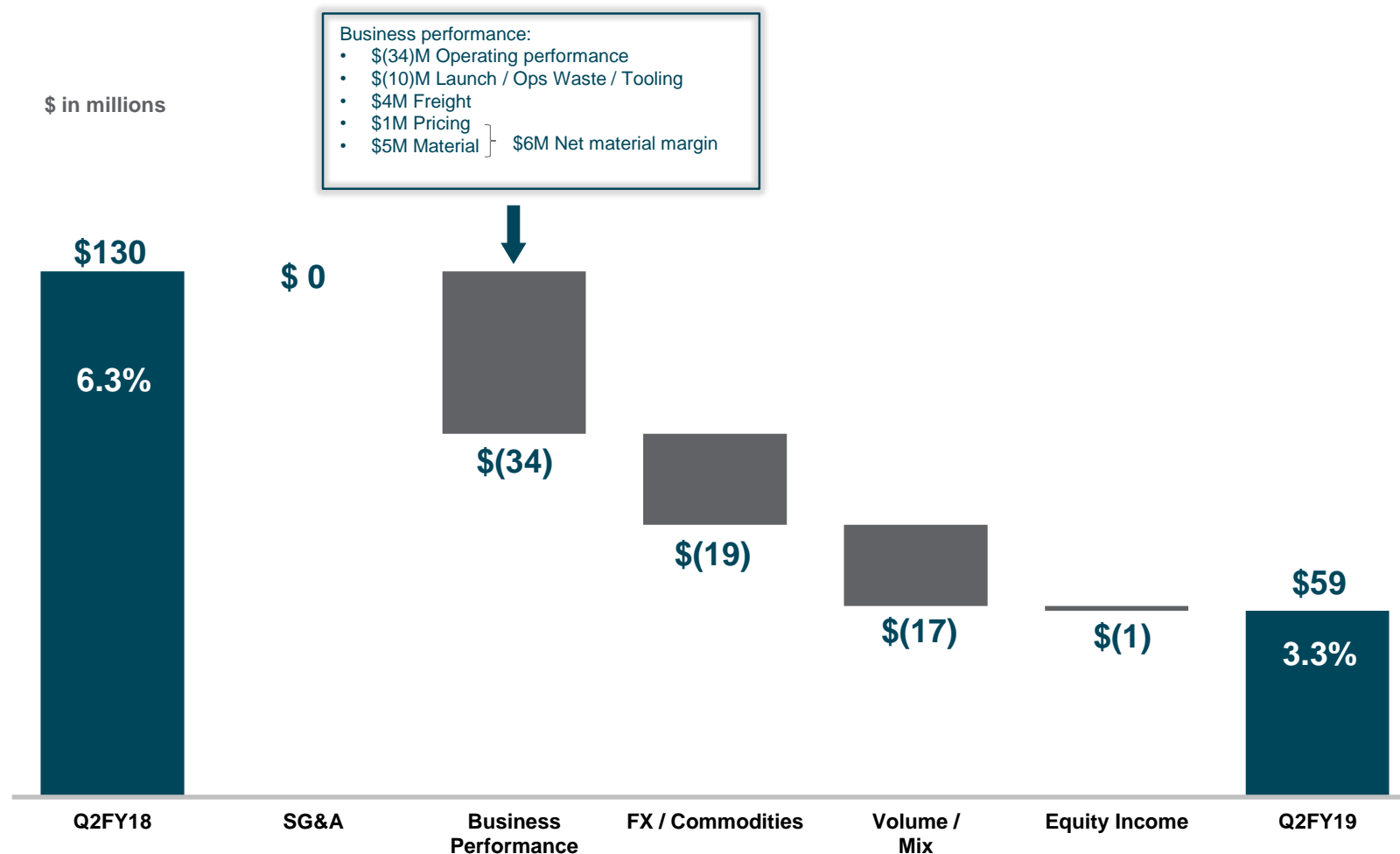
- > Q2FY19 Americas Adj. EBITDA of \$34M, down \$64M y-o-y.
- > Among the primary drivers of the y-o-y decline included:
 - Unfavorable product mix (primarily balance in / balance out)
 - Negative business performance primarily driven by premium freight and operating inefficiencies, partially offset by an improvement in net material margin
 - Increased investment in Adient Aerospace (\$8M) and temporary SG&A benefits recognized last year that did not repeat in Q2FY19
- > Partially offsetting the headwinds was a \$6M improvement within the SS&M business
- > Macro factors, including the negative impact of foreign exchange \$(4)M and increased commodity costs \$(4)M, also weighed on the quarter



Q2 FY19 Adjusted-EBITDA: EMEA



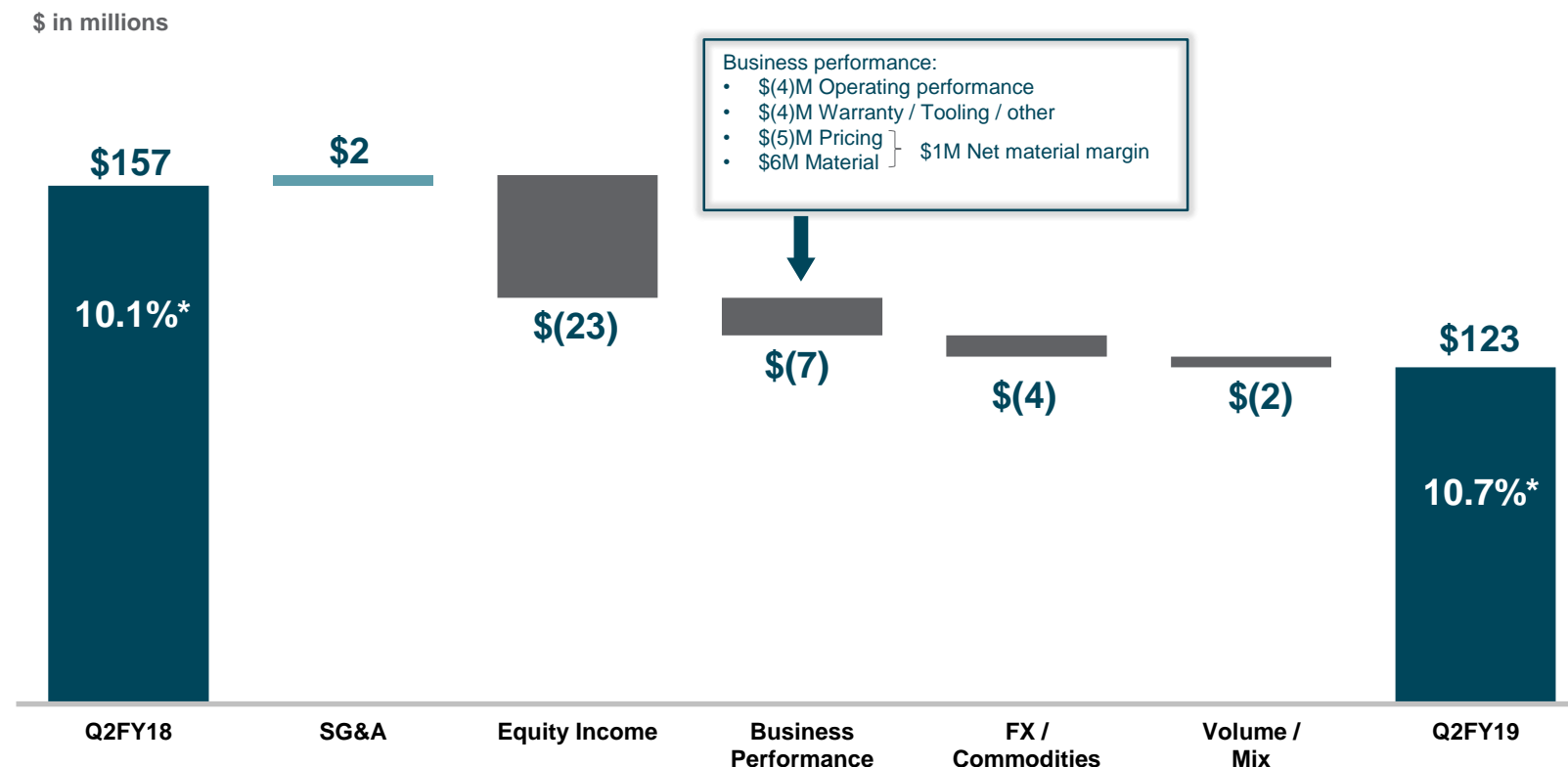
- > Q2FY19 EMEA Adj. EBITDA of \$59M, down \$71M y-o-y.
- > Reduced engineering spend and efficiencies fully offset SG&A benefits recognized last year that did not repeat in Q2FY19
- > Increased production of the common front seat architecture was a primary driver of the y-o-y decline and contributed to:
 - A significant degradation in business performance (inefficient operations and launch inefficiencies)
 - Headwinds associated with negative mix
- > Macro factors, including the negative impact of foreign exchange \$(17)M and increased commodity costs \$(2)M, also weighed on the quarter
- > Despite SS&M results being down \$22M y-o-y, results were \$12M better sequentially vs. Q1FY19



Q2 FY19 Adjusted-EBITDA: Asia



- > Q2FY19 Asia Adj. EBITDA of \$123M, down \$34M y-o-y
- > A \$23M decline in equity income due to the significant reduction in China auto production was the primary driver of the y-o-y decline
 - Demonstrates success at flexing fixed costs given the margin profile of the unconsolidated business
- > Excluding equity income, margins increased approximately 50 bps as the region flexed headcount and costs to offset the negative impact of lower volumes
- > FX and commodities (\$4M) and the impact of lower volumes (\$2M) also contributed to the y-o-y decline
- > ADNT's strong mix of business enabled consolidated margin improvement despite volume headwind



* Excluding equity income. Including equity income, margins of 22.8% and 20.5% for Q2 FY18 and Q2 FY19, respectively

Free Cash Flow ⁽¹⁾

(in \$ millions)	FY19		FY18	
	Q2 FY19	YTD	Q2 FY18	YTD
Adjusted-EBITDA	\$ 191	\$ 367	\$ 362	\$ 628
(+/-) Net Equity in Earnings	(37)	(119)	(21)	(124)
(-) Restructuring	(67)	(90)	(59)	(100)
(-) Becoming ADNT	-	-	(13)	(27)
(+/-) Net Customer Tooling	(3)	30	1	(7)
(+/-) Past Due Receivables	20	2	(2)	(50)
(+/-) Trade Working Capital (Net AR/AP + Inventory)	71	(73)	(202)	(173)
(+/-) Accrued Compensation	74	38	32	(85)
(-) Interest paid	(58)	(70)	(58)	(70)
(-) Taxes paid	(27)	(48)	(45)	(88)
(+/-) Other	4	3	(18)	(54)
Operating Cash flow	\$ 168	\$ 40	\$ (23)	\$ (150)
(-) CapEx ⁽²⁾	(108)	(252)	(123)	(266)
Free Cash flow	\$ 60	\$ (212)	\$ (146)	\$ (416)

Highly sensitive to quarter end dates

Debt ⁽¹⁾

- > Cash and cash equivalents of \$491M at March 31, 2019
- > Post Q2, increased the strength and flexibility of the capital structure through a successful debt refinancing:
 - > Refinanced the company's \$1.2B TLA with a \$800M TLB due 2024 and \$800M senior secured notes due 2026
 - > Refinanced the company's \$1.5B revolving credit facility with a \$1.25B asset-based revolving credit facility

Net Debt and Net Leverage

(in \$ millions)	March 31	September 30
	2019	2018
Cash	\$ 491	\$ 687
Total Debt	3,383	3,430
Net Debt	\$ 2,892	\$ 2,743
Adjusted-EBITDA (last twelve months)	\$ 935	\$ 1,196
Net Leverage	3.09x	2.29x

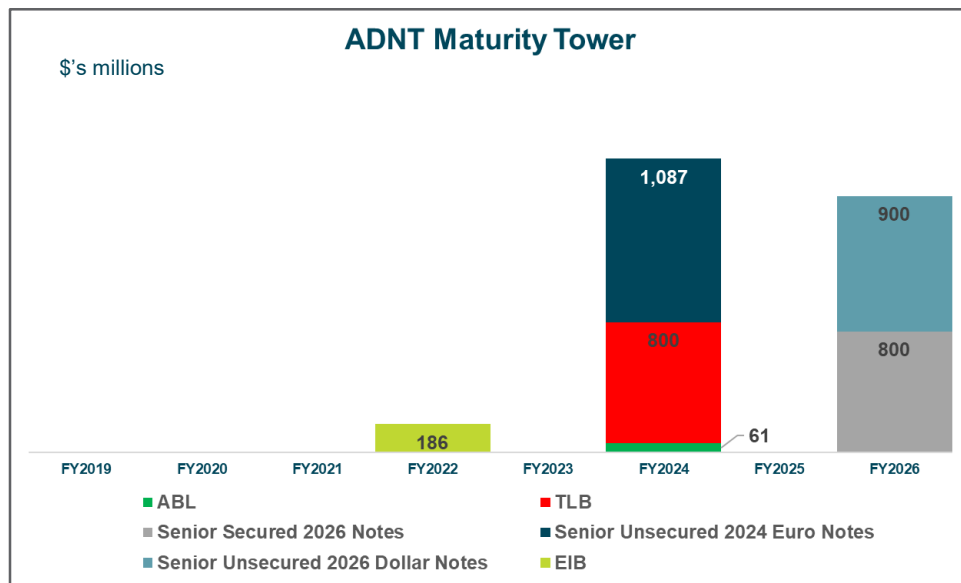
1 – See appendix for detail and reconciliation to U.S. GAAP

2 - Capex by segment for the quarter: Americas \$52M, EMEA \$46M, Asia \$10M

Capital structure summary



- > Increased the strength and flexibility of ADNT's capital structure with a successful debt refinancing
 - \$800M TLB, \$800M secured notes, \$1.25B asset-based revolver
 - Eliminates restrictive maintenance covenants
 - Provides strong liquidity (pro forma ~ \$2.1B)
 - Extends debt maturity (no near-term maturities)



	As of 03/31/2018		Pro-rata Refinancing Proforma (05/06/2019 closing)	
(\$ in millions)	\$ Amount	Coupon	\$ Amount	Coupon
Cash & cash equivalents	\$491		\$920	
Capital lease obligations	10		10	
Revolving credit facility (\$1.5B) due 2021	–	LIBOR+150/250		
Asset based revolving facility (\$1.25B) due 2024 ^{1,2}			61	LIBOR + 150/200
Term Loan A due 2021	1,200	LIBOR+150/250		
Term Loan B due 2024 ²			800	LIBOR + 400/425
Senior secured notes (USD) due 2026			800	7.0%
Senior unsecured notes (EUR) due 2024	1,087	3.500%	1,087	3.500%
Senior unsecured notes (USD) due 2026	900	4.875%	900	4.875%
European Investment Bank	186		186	
Total debt	\$3,383		\$3,844	
Net debt – SEC Reporting	\$2,892		\$2,924	

(1) Initially \$61M drawn to support loan feature that expands the borrowing base (FILO)

(2) Rate step downs of up to 50 bps on the ABL and 25 bps on the Term Loan, for low utilization and net secured leverage < 1.5X, respectively.

ADNT to reevaluate its internal financing structure as a result of the refinancing; outcome may conclude a material portion of deferred tax assets will not be realized, resulting in a material increase to tax expense

Revenue	~ \$16.5B – \$16.7B no change	Interest expense	~ \$175M new
Adj. EBITDA	H2 > H1 no change	Cash tax	~\$105M - \$115M new
Equity income	~ \$290M - \$300M (incl. YFAI of \$35M) new	CapEx	~ \$550M – \$575M no change

- > Adj. EBITDA and margin expected to improve in the second half of FY19 compared with first half of FY19 as actions taken to improve the company's operating and financial performance gain traction, including:
 - > Further benefits associated with the new organizational structure (rightsizing engineering and integrating operating groups into the regions)
 - > Commercial excellence, including benefits associated with resolving backlog of pricing issues
 - > Operational focus continuing to drive down launch costs (reduction in containment and premium freight)
- > Equity income expected to be ~\$290M - \$300M in FY19, significantly impacted by China production
- > Interest expense expected to be ~\$175M in FY19 based on expected cash balance and debt levels
- > Cash taxes expected to be ~\$105M - \$115M in FY19, down ~\$30M compared to FY18

ADNT's earnings are expected to increase at a gradual pace as operational and commercial actions taken to improve the business gain traction

APPENDIX AND FINANCIAL RECONCILIATIONS

FY 2019 Second Quarter



- > 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 the last twelve months of adjusted EBITDA.
- > Twelve months ended March 31, 2019 reconciliation between net income (loss) attributable to Adient to adjusted EBITDA is a non-GAAP financial presentation.

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

(see footnotes on slide 23)



(in \$ millions)	FY16 Actual	FY17 Actual	FY18 Actual					FY19 Actual		Last Twelve Months Ended	
	Full FY16	Full FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	Full FY18	Q1 FY19	Q2 FY19	Actual Dec '18	Mar '19
Net income attributable to Adient	\$ (1,546)	\$ 877	\$ (216)	\$ (168)	\$ 54	\$ (1,355)	\$ (1,685)	\$ (17)	\$ (149)	\$ (1,486)	\$ (1,467)
Income attributable to noncontrolling interests	84	85	20	25	19	20	84	28	23	92	90
Income Tax Provision ⁽¹⁾	1,839	99	265	(28)	(13)	256	480	10	64	225	317
Financing Charges	22	132	33	37	39	35	144	35	40	146	149
Pension mark-to-market ⁽⁷⁾	110	(45)	-	-	-	(24)	(24)	-	-	(24)	(24)
Other pension expense (income) ⁽¹³⁾	(6)	(4)	(1)	(7)	(10)	(1)	(19)	(2)	-	(20)	(13)
Earnings before interest and income taxes	\$ 503	\$ 1,144	\$ 101	\$ (141)	\$ 89	\$ (1,069)	\$ (1,020)	\$ 54	\$ (22)	\$ (1,067)	\$ (948)
Separation costs ⁽²⁾	369	10	-	-	-	-	-	-	-	-	-
Becoming Adient ⁽²⁾	-	95	19	19	12	12	62	-	-	43	24
Purchase accounting amortization ⁽³⁾	37	43	17	18	17	17	69	10	10	62	54
Restructuring related charges ⁽⁴⁾	14	37	11	12	20	18	61	9	14	59	61
Other items ⁽⁵⁾	(79)	16	14	28	10	3	55	1	2	42	16
Restructuring and impairment costs ⁽⁶⁾	332	46	-	315	57	809	1,181	31	113	1,212	1,010
Gain on previously held interest ⁽¹¹⁾	-	(151)	-	-	-	-	-	-	-	-	-
Impairment on YFAI investment ⁽⁸⁾	-	-	-	-	-	358	358	-	-	358	358
Adjusted EBIT	\$ 1,176	\$ 1,240	\$ 162	\$ 251	\$ 205	\$ 148	\$ 766	\$ 105	\$ 117	\$ 709	\$ 575
Pro-forma IT dis-synergies ⁽¹²⁾	(26)	-	-	-	-	-	-	-	-	-	-
Pro-forma Adjusted EBIT	\$ 1,150	\$ 1,240	\$ 162	\$ 251	\$ 205	\$ 148	\$ 766	\$ 105	\$ 117	\$ 709	\$ 575
Stock based compensation ⁽⁹⁾	28	29	10	12	12	3	37	6	2	33	23
Depreciation ⁽¹⁰⁾	327	332	94	99	101	99	393	65	72	364	337
Adjusted EBITDA	\$ 1,505	\$ 1,601	\$ 266	\$ 362	\$ 318	\$ 250	\$ 1,196	\$ 176	\$ 191	\$ 1,106	\$ 935

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

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. The income tax provision for the three months ended March 31, 2019 includes a net tax charge of \$43 million (\$45 million valuation allowance expense offset by a \$2 million impairment benefit) to record a valuation allowance on net deferred tax assets in Poland.
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. Of the \$10 million in the three months ended March 31, 2019, \$1 million is included within cost of sales and \$9 million is included within selling, general and administrative expenses. Of the \$18 million in the three months ended March 31, 2018, \$1 million is included within cost of sales, \$11 million is included within selling, general and administrative expenses and \$6 million is included within equity income. Of the \$54 million in the twelve months ended March 31, 2019, \$1 million is included within cost of sales, \$42 million is included within selling, general and administrative expenses, and \$11 million is included within equity income. Of the \$69 million in the twelve months ended September 30, 2018, \$1 million is included within cost of sales, \$46 million is included within selling, general and administrative expenses, and \$22 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. 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. Second quarter of 2019 includes \$2 million of Futuris integration costs which is included within cost of sales. Second quarter of 2018 includes \$7 million of Futuris integration costs (\$5 million is included within cost of sales and \$2 million is included within selling, general and administrative expenses), \$8 million of prior period adjustments (\$11 million is included within cost of sales partially offset by \$3 million included within selling, general and administrative expenses), \$7 million of non-recurring consulting fees related to SS&M (included within selling, general and administrative expenses). In addition, the three months ended March 31, 2018 includes \$6 million of other non-recurring income that was reclassified to other pension income upon adoption of ASU 2017-07.
6. Reflects qualified restructuring charges for costs that are directly attributable to restructuring activities and meet the definition of restructuring under ASC 420. Also includes 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. The three months ended March 31, 2019 also includes a non-cash pre-tax impairment charge of \$66 million (post-tax charge of \$64 million) during the three months ended March 31, 2019 related to the seats structures and mechanisms ("SS&M") long-lived assets that were in use as of March 31, 2019 in support of current programs. The three months ended March 31, 2018 also includes a non-cash pre-tax impairment charge of \$299 million (post-tax charge of \$279 million) related to SS&M goodwill.
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



(in \$ millions)	Adjusted Net Income		Adjusted Diluted EPS	
	Three Months Ended		Three Months Ended	
	March 31		March 31	
	2019	2018	2019	2018
Net income attributable to Adient	\$ (149)	\$ (168)	Diluted earnings per share as reported	\$ (1.59) \$ (1.80)
Becoming Adient ⁽¹⁾	-	19	Becoming Adient ⁽¹⁾	- 0.20
Restructuring and impairment costs ⁽²⁾	113	315	Restructuring and impairment costs ⁽²⁾	1.20 3.36
Purchase accounting amortization ⁽³⁾	10	18	Purchase accounting amortization ⁽³⁾	0.11 0.19
Restructuring related charges ⁽⁴⁾	14	12	Restructuring related charges ⁽⁴⁾	0.15 0.13
Termination of benefit plan ⁽⁵⁾	-	(6)	Termination of benefit plan ⁽⁵⁾	- (0.06)
Other items ⁽⁶⁾	2	28	Other items ⁽⁶⁾	0.02 0.31
Impact of adjustments on noncontrolling interests ⁽⁷⁾	(2)	(2)	Impact of adjustments on noncontrolling interests ⁽⁷⁾	(0.02) (0.03)
Tax impact of above adjustments and one time tax items ⁽⁸⁾	41	(45)	Tax impact of above adjustments and one time tax items ⁽⁸⁾	0.44 (0.48)
Adjusted net income attributable to Adient	\$ 29	\$ 171	Adjusted diluted earnings per share	\$ 0.31 \$ 1.82

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 March 31, 2018, \$15 million is included within cost of sales and \$4 million is included within selling, general and administrative expenses. Of the \$24 million of Becoming Adient Costs in the twelve months ended March 31, 2019, \$18 million is included within cost of sales and \$6 million is included within selling, general and administrative expenses. Of the \$62 million of Becoming Adient Costs in the twelve months ended September 30, 2018, \$46 million is included within cost of sales and \$16 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. The three months ended March 31, 2019 also includes a non-cash pre-tax impairment charge of \$66 million (post-tax charge of \$64 million) during the three months ended March 31, 2019 related to the seats structures and mechanisms ("SS&M") long-lived assets that were in use as of March 31, 2019 in support of current programs. The three months ended March 31, 2018 also includes a non-cash pre-tax impairment charge of \$299 million (post-tax charge of \$279 million) related to SS&M goodwill.
3. Reflects amortization of intangible assets including those related to partially owned affiliates recorded within equity income. Of the \$10 million in the three months ended March 31, 2019, \$1 million is included within cost of sales and \$9 million is included within selling, general and administrative expenses. Of the \$18 million in the three months ended March 31, 2018, \$1 million is included within cost of sales, \$11 million is included within selling, general and administrative expenses and \$6 million is included within equity income. Of the \$54 million in the twelve months ended March 31, 2019, \$1 million is included within cost of sales, \$42 million is included within selling, general and administrative expenses, and \$11 million is included within equity income. Of the \$69 million in the twelve months ended September 30, 2018, \$1 million is included within cost of sales, \$46 million is included within selling, general and administrative expenses, and \$22 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. During the three months ended March 31, 2018, Adient terminated its postretirement benefit plan. As a result, a \$6 million settlement gain was recorded during the three months ended March 31, 2018 reflecting the immediate recognition of prior service credits.
6. The three months ended March 31, 2019 includes \$2 million of Futuris integration costs which is included within cost of sales. The three months ended March 31, 2018 includes \$7 million of Futuris integration costs (\$5 million is included within cost of sales and \$2 million is included within selling, general and administrative expenses), \$8 million of prior period adjustments (\$11 million is included within cost of sales partially offset by \$3 million included within selling, general and administrative expenses), \$7 million of non-recurring consulting fees related to SS&M (included within selling, general and administrative expenses). In addition, the three months ended March 31, 2018 includes \$6 million of other non-recurring income that was reclassified to other pension income upon adoption of ASU 2017-07.
7. Reflects the impact of adjustments, primarily purchase accounting amortization and changes in income tax rates, on noncontrolling interests. See Note 4, "Revisions to Previously Reported Amounts," for more information.
8. The income tax provision for the three months ended March 31, 2019 includes a net tax charge of \$43 million (\$45 million valuation allowance expense offset by a \$2 million impairment benefit) to record a valuation allowance on net deferred tax assets in Poland.

Non-GAAP reconciliations

Free Cash Flow



Free Cash Flow		
(in \$ millions)	Three Months Ended	
	March 31	
	2019	2018
Operating cash flow	\$ 168	\$ (23)
Less: Capital expenditures	(108)	(123)
Free cash flow	\$ 60	\$ (146)

(in \$ millions)

	FY19		FY18	
	Q2 FY19	YTD	Q2 FY18	YTD
Adjusted-EBITDA	\$ 191	\$ 367	\$ 362	\$ 628
(+/-) Net Equity in Earnings	(37)	(119)	(21)	(124)
(-) Restructuring	(67)	(90)	(59)	(100)
(-) Becoming ADNT	-	-	(13)	(27)
(+/-) Net Customer Tooling	(3)	30	1	(7)
(+/-) Past Due Receivables	20	2	(2)	(50)
(+/-) Trade Working Capital (Net AR/AP + Inventory)	71	(73)	(202)	(173)
(+/-) Accrued Compensation	74	38	32	(85)
(-) Interest paid	(58)	(70)	(58)	(70)
(-) Taxes paid	(27)	(48)	(45)	(88)
(+/-) Other	4	3	(18)	(54)
Operating Cash flow	\$ 168	\$ 40	\$ (23)	\$ (150)
(-) CapEx ⁽²⁾	(108)	(252)	(123)	(266)
Free Cash flow	\$ 60	\$ (212)	\$ (146)	\$ (416)

2 - Capex by segment for the quarter: Americas \$52M, EMEA \$46M, Asia \$10M

Non-GAAP reconciliations

Net Debt and Adjusted Equity Income



Net Debt and Net Leverage

(in \$ millions)	March 31	September 30
	2019	2018
Cash	\$ 491	\$ 687
Total Debt	3,383	3,430
Net Debt	\$ 2,892	\$ 2,743
Adjusted-EBITDA (last twelve months)	\$ 935	\$ 1,196
Net Leverage	3.09x	2.29x

Adjusted Equity Income

(in \$ millions)	Three Months Ended	
	March 31	
	2019	2018
Equity income as reported	\$ 62	\$ 85
Purchase accounting amortization ⁽¹⁾	-	6
Restructuring related charges ⁽²⁾	1	2
Adjusted equity income	\$ 63	\$ 93

1. Reflects amortization of intangible assets including those related to partially owned affiliates recorded within equity income. Of the \$10 million in the three months ended March 31, 2019, \$1 million is included within cost of sales and \$9 million is included within selling, general and administrative expenses. Of the \$18 million in the three months ended March 31, 2018, \$1 million is included within cost of sales, \$11 million is included within selling, general and administrative expenses and \$6 million is included within equity income. Of the \$54 million in the twelve months ended March 31, 2019, \$1 million is included within cost of sales, \$42 million is included within selling, general and administrative expenses, and \$11 million is included within equity income. Of the \$69 million in the twelve months ended September 30, 2018, \$1 million is included within cost of sales, \$46 million is included within selling, general and administrative expenses, and \$22 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.
2. 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.

Non-GAAP reconciliations

Adjusted Income before Income Taxes



Adjusted Income before Income Taxes

(in \$ millions)	Three Months Ended March 31					
	2019			2018		
	Income (loss) before Income Taxes	Tax impact	Effective tax rate	Income (loss) before Income Taxes	Tax impact	Effective tax rate
As reported	\$ (62)	\$ 64	*	\$ (171)	\$ (28)	16.4%
Adjustments	139	(41)	-29.5%	386	45	11.7%
As adjusted	\$ 77	\$ 23	29.9%	\$ 215	\$ 17	7.9%

* Measure not meaningful

Segment Performance



(in \$ millions)

Segment Performance

	Q1 2018					Q1 2019				
	Americas	EMEA	Asia	Corporate / Recon Items	Consolidated	Americas	EMEA	Asia	Corporate / Recon Items	Consolidated
Net sales	\$ 1,786	\$ 1,853	\$ 648	\$ (83)	\$ 4,204	\$ 1,935	\$ 1,640	\$ 650	\$ (67)	\$ 4,158
Adjusted EBITDA	35	82	176	(27)	266	43	2	154	(23)	176
Adjusted EBITDA margin	2.0%	4.4%	27.2%	N/A	6.3%	2.2%	0.1%	23.7%	N/A	4.2%
Adjusted Equity Income	1	3	105	-	109	1	2	80	-	83
Depreciation	34	48	11	3	96	24	29	12	-	65
Capex	62	80	1	-	143	48	84	12	-	144

	Q2 2018					Q2 2019				
	Americas	EMEA	Asia	Corporate / Recon Items	Consolidated	Americas	EMEA	Asia	Corporate / Recon Items	Consolidated
Net sales	\$ 1,941	\$ 2,056	\$ 690	\$ (91)	\$ 4,596	\$ 1,915	\$ 1,778	\$ 599	\$ (64)	\$ 4,228
Adjusted EBITDA	98	130	157	(23)	362	34	59	123	(25)	191
Adjusted EBITDA margin	5.0%	6.3%	22.8%	N/A	7.9%	1.8%	3.3%	20.5%	N/A	4.5%
Adjusted Equity Income	2	3	88	-	93	-	3	60	-	63
Depreciation	36	51	11	3	101	27	34	11	-	72
Capex	42	67	14	-	123	52	46	10	-	108

	Q3 2018					Q3 2019				
	Americas	EMEA	Asia	Corporate / Recon Items	Consolidated	Americas	EMEA	Asia	Corporate / Recon Items	Consolidated
Net sales	\$ 1,946	\$ 1,945	\$ 672	\$ (69)	\$ 4,494	\$ 1,915	\$ 1,778	\$ 599	\$ (64)	\$ 4,228
Adjusted EBITDA	99	97	146	(24)	318	34	59	123	(25)	191
Adjusted EBITDA margin	5.1%	5.0%	21.7%	N/A	7.1%	1.8%	3.3%	20.5%	N/A	4.5%
Adjusted Equity Income	6	4	84	-	94	-	3	60	-	63
Depreciation	35	52	12	4	103	27	34	11	-	72
Capex	60	69	9	-	138	52	46	10	-	108

	Q4 2018					Q4 2019				
	Americas	EMEA	Asia	Corporate / Recon Items	Consolidated	Americas	EMEA	Asia	Corporate / Recon Items	Consolidated
Net sales	\$ 1,991	\$ 1,582	\$ 649	\$ (77)	\$ 4,145	\$ 1,915	\$ 1,778	\$ 599	\$ (64)	\$ 4,228
Adjusted EBITDA	70	55	146	(21)	250	34	59	123	(25)	191
Adjusted EBITDA margin	3.5%	3.5%	22.5%	N/A	6.0%	1.8%	3.3%	20.5%	N/A	4.5%
Adjusted Equity Income	1	2	86	-	89	-	3	60	-	63
Depreciation	36	53	11	-	100	27	34	11	-	72
Capex	69	51	12	-	132	52	46	10	-	108

Supplementary - Seat Structures & Mechanisms (SS&M) progression



Memo: Seat Structures & Mechanisms

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Net sales	\$ 718	\$ 797	\$ 783	\$ 705	\$ 3,003
Adjusted EBITDA	(82)	(34)	(18)	(34)	(168)
Adjusted EBITDA margin	-11.4%	-4.3%	-2.3%	-4.8%	-5.6%
Adjusted Equity Income	12	9	8	15	44
Depreciation	41	45	46	47	179
Capex	71	65	63	56	255

	Q1 2019	Q2 2019*
Net sales	\$ 727	\$ 770
Adjusted EBITDA	(72)	(51)
Adjusted EBITDA margin	-9.9%	-6.6%
Adjusted Equity Income	9	9
Depreciation	12	14
Capex	71	46

* Note: Beginning Q2 2019 reportable segments realigned to Americas, EMEA, Asia. Performance of SS&M business shown for illustrative purposes. Adj EBITDA beginning Q2 FY19 assumes a constant corporate allocation with prior year period.

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	Q2 FY19							
Sales (\$Mils.)	\$	16,790	\$	16,213	\$	4,204	\$	4,596	\$	4,494	\$	4,145	\$	17,439	\$	4,158	\$	4,228
Adjusted EBIT		1,150		1,240		162		251		205		148		766		105		117
% of Sales		6.85%		7.65%		3.85%		5.46%		4.56%		3.57%		4.39%		2.53%		2.77%
Adjusted EBITDA		1,505		1,601		266		362		318		250		1,196		176		191
% of Sales		8.96%		9.87%		6.33%		7.88%		7.08%		6.03%		6.86%		4.23%		4.52%
Adj Equity Income		364		394		109		93		94		89		385		83		63
Adj EBIT Excl Equity		786		846		53		158		111		59		381		22		54
% of Sales		4.68%		5.22%		1.26%		3.44%		2.47%		1.42%		2.18%		0.53%		1.28%
Adj EBITDA Excl Equity		1,141		1,207		157		269		224		161		811		93		128
% of Sales		6.80%		7.44%		3.73%		5.85%		4.98%		3.88%		4.65%		2.24%		3.03%