ADIENT

FY 2020 Second Quarter Earnings Call

May 5, 2020

Improving the experience of a world in motion

Important information

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 continued financial and operational impacts of and uncertainties relating to the COVID-19 pandemic on Adient and its customers, suppliers, joint venture partners and other parties, the ability of Adient to close the sale of its fabrics business, including receipt of necessary regulatory approvals, the ability of Adient to close the transactions subject to the Yanfeng agreement, the ability of Adient to effectively launch new business at forecasted and profitable levels, the ability of Adient to execute its turnaround plan, uncertainties in U.S. administrative policy regarding trade agreements, tariffs and other international trade relations, the impact of tax reform legislation through the Tax Cuts and Jobs Act, 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 cancellation of or changes to commercial arrangements, and the ability of Adient to identify, recruit and retain key leadership. 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, 2019 filed with the SEC on November 22, 2019 and subsequent quarterly reports on Form 10-Q filed with the SEC, as well as within Adient's Current Report on Form 8-K filed on April 20, 2020, 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 FY2020 guidance have not been provided due to the unreasonable efforts it would take to provide such reconciliations.

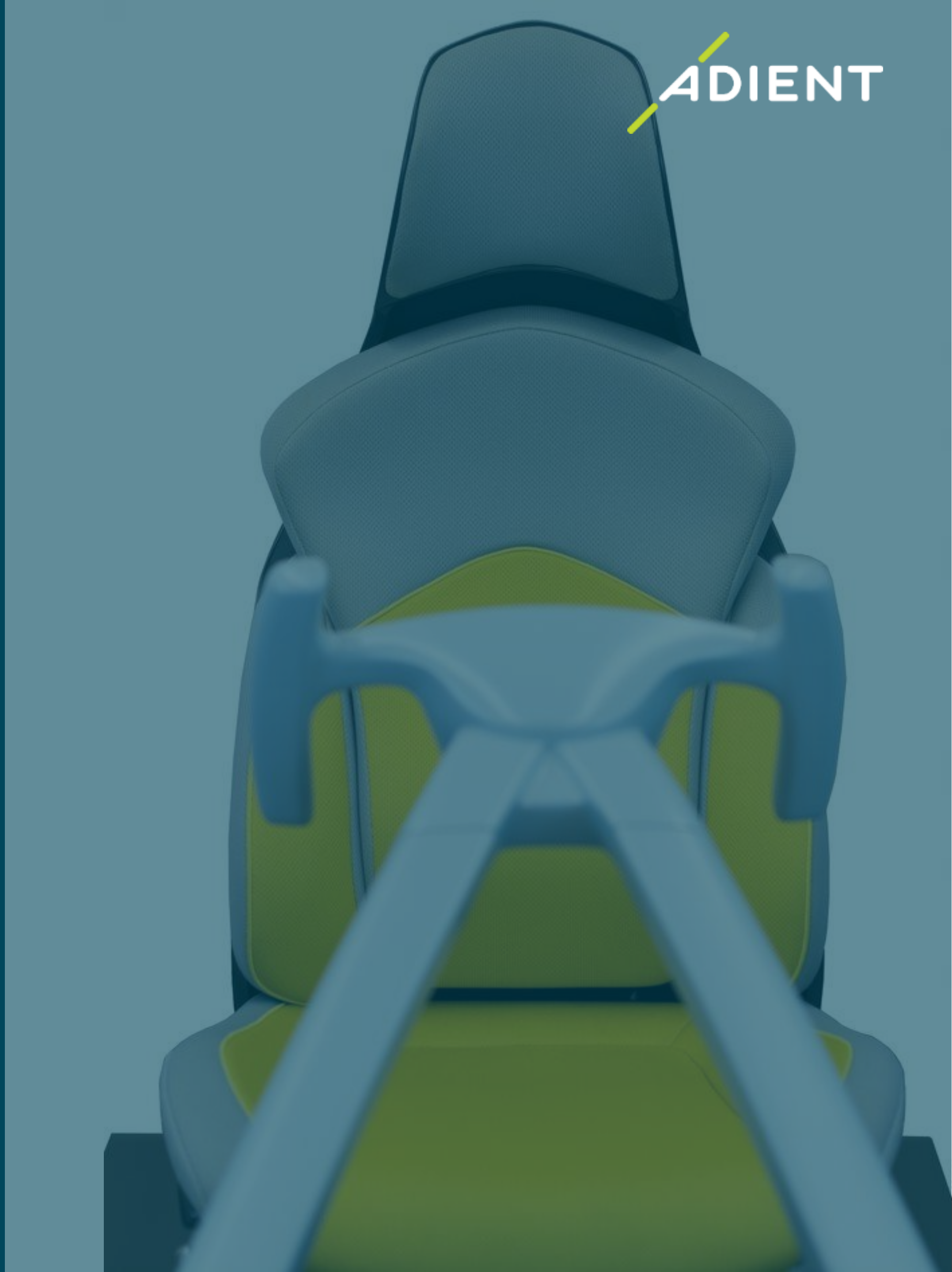
Agenda

Introduction
Mark Oswald
Vice President, Global Investor Relations

Business update
Douglas Del Grosso
President and Chief Executive Officer

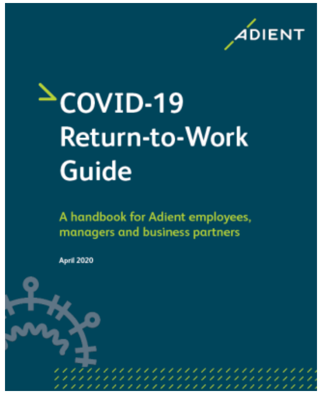
Financial review
Jeffrey Stafeil
Executive Vice President and Chief Financial Officer

Q&A



Recent developments

> Supported by the acceleration of self-help initiatives, Adient's second quarter earnings improved y-o-y despite a 17% drop in sales and an approximate $100M Adjusted-EBITDA impact from COVID-19
  - Q2 revenue of $3.5B, down $717M or 17% y-o-y
  - Q2 Adjusted-EBITDA of $211M [1], up $20M y-o-y; margin of 6.0%, up 150 bps y-o-y
  - Increased earnings in H1FY20 vs H1FY19 drove a $210M y-o-y improvement in free cash flow vs last year's first half cash flow performance



> Executed proactive and decisive actions to address the negative impact of COVID-19, including:
  - The implementation of cash conservation initiatives across Americas and Europe (plant, above plant and JVs)
  - Actions to bolster Adient's cash position and increase the company's financial flexibility such as the issuance of $600M senior secured notes
  - Developed global restart procedures to reopen with COVID-19 safety precautions in place once the industry resumes production (playbook successfully executed in China)

> Adient employees, using their expertise, provided support to local communities and our automaker customers through various manufacturing initiatives (design and production of face protection and 3D printing parts for face shields).

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

Adient's response to COVID-19

Current environment: impact of COVID-19 on Adient

ADIENT

- Adient was on pace to beat its 2020 targets before COVID-19
- COVID-19 has caused a great deal of uncertainty for the global auto industry (supply and demand)
- China operations have restarted after production was shut down in late January:
  - All of Adient's 79 China plants are open (45 plants running 2 shifts); 88 of 88 customer locations are open
  - All plants in Wuhan and Hubei have opened; SGM Wuling building 2,000 vehicles a day
  - Reduced breakeven and improved variable cost enabling China to ramp up at a higher level of profitability (back to normal ROS in the 1st month of resuming production)
- Operations in EMEA and Americas are beginning to restart as customers resume operations
  - In Europe, ~20 JIT plants (60%) are in production with various rates of pulling from OEMs, ranging between 30% to 100%. Continued progress is expected throughout the month of May
  - In Americas, limited restarts are planned for the weeks of May 4 and May 11 (meaningful restarts anticipated week of May 18); suppliers and OEMs will need to navigate through Mexico's "shelter in place" order
- Significant measures taken to reduce cash burn rate including furlough of direct/salary plant workers; salaried reductions globally (including leadership team and board of directors); reduced capex; elimination of discretionary expenses and development of strategies to accelerate/optimize commercial settlements
  - Proactive measures to optimize cash position such as daily monitoring of receivables collections and pull-forward of tooling recoveries
- Customers have delayed future launches/vehicle refreshes versus previous plans. This will allow Adient to reduce capital and launch expenses, SG&A, etc. to help offset/flex to lower sales level

- First and foremost, the Adient team is working to protect the health and safety of our employees and local communities
  - Increased sanitization efforts, rigorous hygiene protocols, remote work policy
- We are in daily contact with our customers and suppliers to monitor their situation

Taking decisive actions to manage costs, conserve liquidity and protect the long-term health of the company

With COVID-19 effectively managed within China, business gradually restarting since March

After emerging from national lock-down since late Feb, China business activities gradually recovering by end of March

- 99% manufacturing re-opened
- Almost all supermarket, retail, entertainment (excl. close-door environment, such as cinema, which remained shut) opened, foot traffic close to normal
- Public transit ridership returned to 90%

Automotive industry recovered gradually (as of Apr 29th)

- All auto OEMs (incl. OEMs in Wuhan) re-opened with no constraint on production, actual production volume subject to inventories and retail sales
- SGM Wuhan plant (Adient main customer in China) opened in late Mar with >2,000 units/day, close to full capacities
- 99.6% auto dealers re-started; retail sales in Apr 1st – 25th comparable to same period in 2019 (big improvement over Mar)
- China automotive market sales in Mar reached 1.04 million with -45% YoY growth, much better than Feb (-85% drop)
- Stronger OEMs continued performing well while Adient benefitted
    - Premium OEMs (Beijing Benz, Brilliance BMW) and Japanese OEMs outperformed the market
    - Tesla city showroom crowded with potential buyers, encouraged by price cut announced on Apr 30th

Commuters wearing masks in Shanghai Metro

BMW salespersons and customers

China operations provides a proven playbook for Americas and EMEA

Improved cost base by focusing on cost reductions when China market was experiencing volume drop in FY19

Select actions taken (in process) to reduce cost base:

> Flexed headcount across JVs in China (reduced total workforce by 15% by the end of March FY20)

> Implemented staffing model at JVs to improve efficiency

> Closed down four Ex Futuris operations (operating at loss)

> Consolidated footprint to improve capacity utilization

> Postponed new plant investments

> Commercial negotiations with customers (leveraging volume shortfall)

> Driving VAVE activities

> Optimizing engineering resources

> Streamlined ACO HQ structure

- Enabled operations to maintain a 10% ROS despite an 18% drop in volume in FY19
- Enabled return to "normal" ROS in the 1st month of resuming production

Immediate cash conservation actions

Above plant and JVs

- Salaried compensation actions
- Filling open positions put on hold
- Canceled all travel, external training, discretionary spending
- Executing strategies to accelerate favorable commercial settlements
- Closely monitoring customer program timing and adjusting accordingly; seeking to increase engineering recoveries

Plant and JVs

- Furlough direct/salary plant workers; exploring opportunities to further reduce headcount (complying with government regulations)
- Delay merit increase, reduce travel, eliminate overtime
- Reduce engineering costs
- Identify subsidy opportunities from local governments

Cash flow

- Delay investments that are not critical to keeping the plants operational
- Extreme focus on working capital (e.g. receivable collections)
- JV dividend collections

Cumulative actions initiated in 2020 to reduce labor costs, reduce variable overhead, and reduce other SG&A have reduced monthly burn rate (defined as net cash outflow associated with operating the company) from ~$300M to ~$175M (excl. dividends from China / previously announced transactions)

Adient has taken and will continue to take steps to reduce cash burn

Identifying and executing additional actions to protect Adient's long-term health

In addition to executing actions within Adient's direct control, opportunities offered by various governments across Asia, Europe and the U.S. to help reduce costs and preserve cash are also being executed, including, but not limited to:

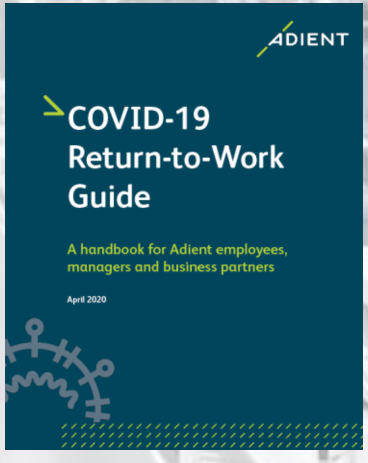
- Cash tax payment savings and deferrals (VAT, Payroll, and Income tax)
- Loan assistance programs (France / Germany)
- Assessed available options under U.S. CARES Act
- HR actions and agreements in most countries allowing Adient additional ability to flex down labor costs

Adient operations are prepared to restart

- Employee health and safety is Adient's top priority
- Operational leadership team established to benchmark and standardize best practices – restart of Adient's China operations provides a proven framework
- Region-specific actions developed to address COVID-19
- Customer restart blitz conducted and included:
  - VAVE letters to all major customers globally
  - Sweep of all commercial items
  - Special terms with premium customers
  - Exit non-profitable customer / platforms
  - Reduced engineering / launch expense (delayed launches / content carryover)
- Adient's Purchasing & Supply Chain team have instituted several layered approaches to manage both known and suspected risks with the supply base
- Adient expects rest of world restart to focus on customers' most profitable platforms (trucks / SUVs / CUVs); rich mix expected to benefit Adient (63% of Adient's FY19 sales from trucks / SUVs / CUVs)
- Global restart procedures are outlined and in use at:

  https://www.adient.com/covid-19-letter

In China, JV team interviewed by media for high quality re-opening process



Support for the auto industry…stimulating demand

ADIENT

Governments and central banks are implementing numerous stimulus measures around the world to fight the economic disruption of COVID-19

Government actions:

- Municipal governments across China announced plans to support the auto market (cash rebates, increase in the number of new license plates, scrappage schemes, etc.); similar move expected from the central government
- Potential for "cash for clunkers 2.0" (scrappage program) in the U.S.
- Potential to soften CO_2 compliance requirements in Europe

Manufacturer actions:

- At the beginning of the pandemic, U.S. automakers began offering car payment programs to help customers whose paychecks were threatened by COVID-19
- Spring selling season advertising combined with expanded incentive programs (zero percent financing, payment deferrals, first responder discounts, etc.) are being used to persuade consumers now is a good time to buy a car

Stimulating demand for autos will be essential for the industry – Adient expects to benefit from all types of stimulus actions (E.g. softening compliance requirements, alternative propulsion, etc.)

Resizing the organization to compensate for expected lower industry sales

ADIENT

- Although most industry observers expect governments to implement actions designed to spur consumer demand, Adient expects returning to pre-crisis sales and production levels is not likely to occur for several quarters (possibly years)
- To address the likelihood of a prolonged lower sales environment, Adient is sizing the company to a smaller environment
  - Initial assumption is U.S. and Europe market will be approximately 20% smaller vs. pre-crisis levels for at least a year
- Adient is taking steps to size its cost structure accordingly and in line with expected sales level
- Working to accelerate plans to turnaround our SS&M business and accelerate Adient's margin gap closure to its peers
- Based on current plans, Adient expects to be cash flow positive in the forecasted lower sales environment; working on additional opportunities for further improvement
- As volumes eventually return to pre-crisis levels, we expect to gain significant momentum on earnings and cash flow

Executing actions to be cash flow positive in a lower sales environment

FINANCIAL REVIEW

FY 2020 Second Quarter

FY 2020 Q2 key financials

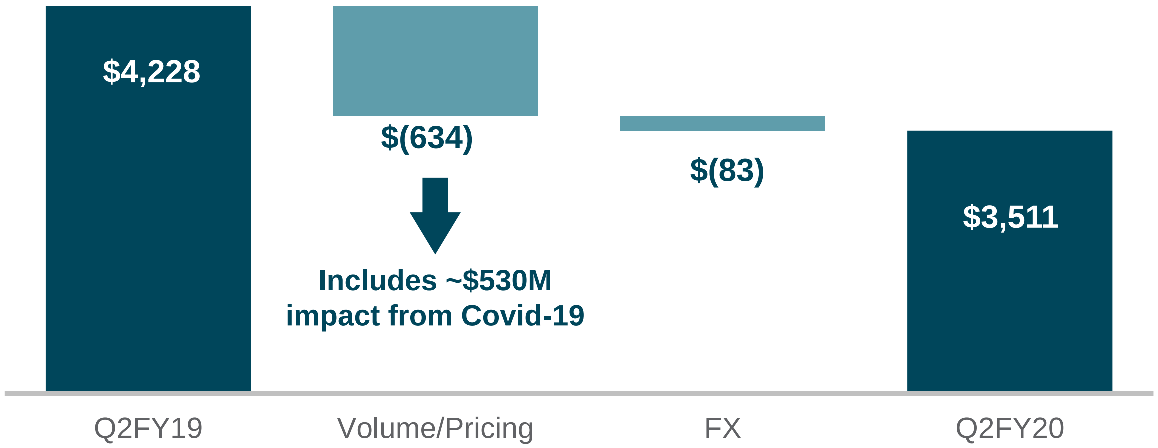
$ millions, except per share data	As Reported		As Adjusted [1]		
	Q2 FY20	**Q2 FY19**	**Q2 FY20**	**Q2 FY19**	**B/(W)**
Revenue	$ 3,511	$ 4,228	$ 3,511	$ 4,228	*-17%*
EBIT	$ 66	$ (22)	$ 142	$ 117	*21%*
Margin	*1.9%*	*(0.5)%*	*4.0%*	*2.8%*	
EBITDA	N/A	N/A	$ 211	$ 191	*10%*
Margin			*6.0%*	*4.5%*	
Memo: Equity Income [2]	$ 8	$ 62	$ 10	$ 63	*-84%*
Tax Expense (Benefit)	$ 16	$ 64	$ 13	$ 23	
ETR	*88.9%*	*	*13.8%*	*29.9%*	
Net Income (Loss)	$ (19)	$ (149)	$ 58	$ 29	*100%*
EPS Diluted	$ (0.20)	$ (1.59)	$ 0.62	$ 0.31	*100%*

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

$ in Millions

Consolidated sales



Regional Performance

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

Americas	(14)%
Europe	(14)%
APAC	(25)%

1 – Growth rates at constant foreign exchange

Memo:
Adient China (36)%
Adient Thailand (23)%
Adient Japan and S. Korea (18)%

Unconsolidated sales

Year-over-year growth

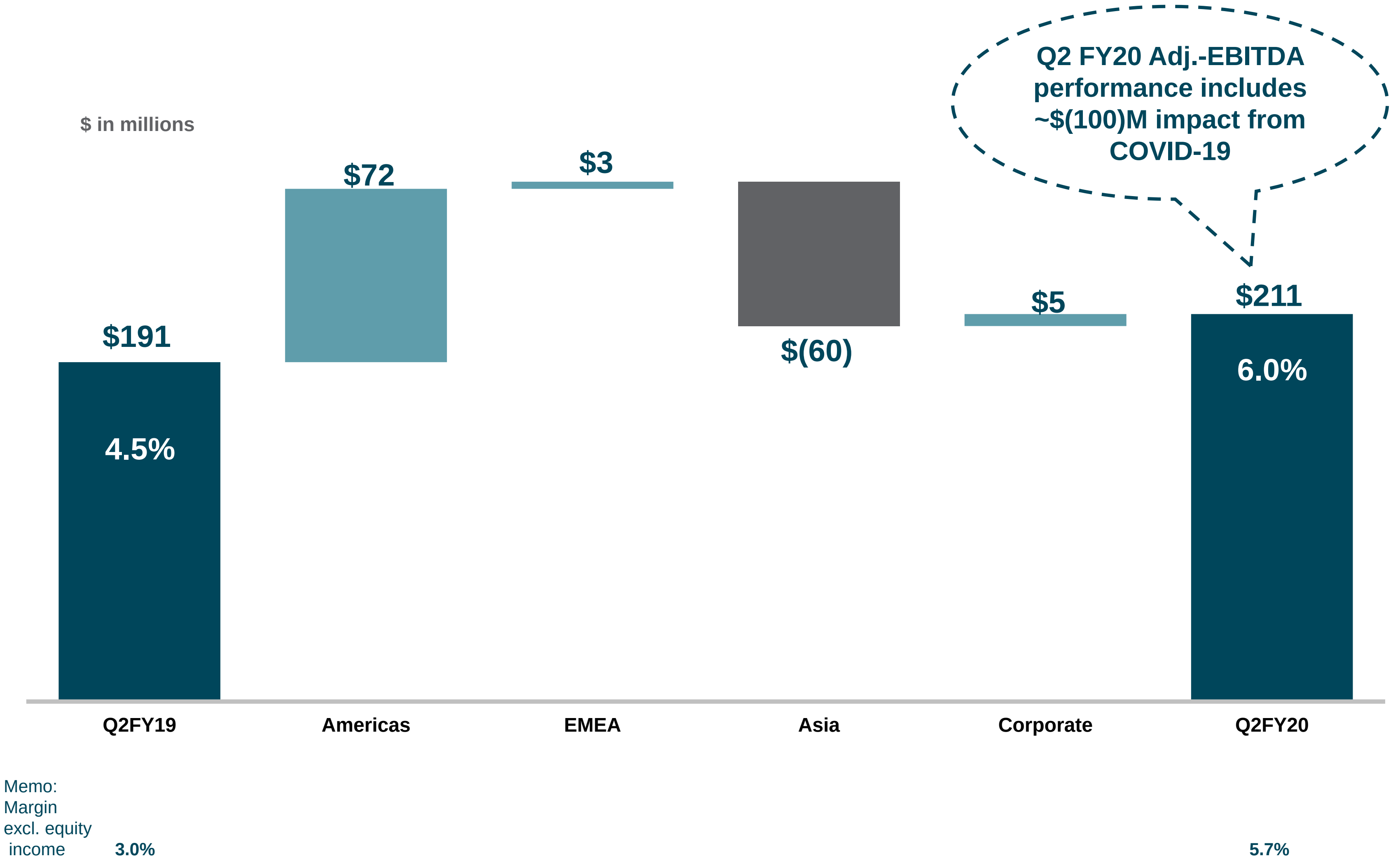
-37%

Down 35% excluding FX

- Down 35% y-o-y excluding FX versus China production down 49% y-o-y in Q2 FY20
  - Premium OEMs and Japanese OEMs outperformed the market
- China sales progressing in a positive direction:
  - February sales down 65% y-o-y, March sales down 43% y-o-y

Q2 FY20 Adjusted-EBITDA

- Q2FY20 Adj.-EBITDA of $211M, up $20M y-o-y. Primary drivers of the y-o-y performance included:
  - Improved business performance (launch, ops waste, freight, material margin) across all regions
  - Lower SG&A costs, primarily driven by improved performance, divestiture of certain non-core businesses, and temporary benefits related to employee compensation.
  - The positive benefits were partially offset by the impact of lower volumes & mix across Americas, EMEA, and Asia, as well as reduced equity income.
- Adj.-EBITDA improved on a y-o-y basis despite an ~$100M negative impact from COVID-19 during the quarter
  - Americas and EMEA seat structures and mechanisms (SS&M) continues to trend in a positive direction for plant manufacturing with results improving $40M y-o-y, and $10M sequentially compared with Q1FY20



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

Cash flow

Free Cash Flow [1]

(in $ millions)	FY20 Q2 FY20	FY20 YTD	FY19 Q2 FY19	FY19 YTD
Adjusted-EBITDA	$ 211	$ 508	$ 191	$ 367
(+/-) Net Equity in Earnings	(3)	(110)	(37)	(119)
(-) Restructuring	(20)	(40)	(67)	(90)
(+/-) Net Customer Tooling	(8)	(2)	(3)	30
(+/-) Past Due Receivables	(2)	9	20	2
(+/-) Trade Working Capital (Net AR/AP + Inventory)	(101)	90	71	(73)
(+/-) Accrued Compensation	(23)	(84)	74	38
(-) Interest paid	(56)	(105)	(58)	(70)
(-) Taxes paid	(26)	(55)	(27)	(48)
(+/-) Other	(28)	(28)	4	3
Operating Cash flow	$ (56)	$ 183	$ 168	$ 40
(-) CapEx [2]	(94)	(185)	(108)	(252)
Free Cash flow	$ (150)	$ (2)	$ 60	$ (212)

1 – Free cash flow defined as operating cash flow less CapEx
2 - CapEx by segment for the quarter: Americas $43M, EMEA $47M, Asia $4M

Significant improvement in earnings and lower CapEx between periods drove the improved YTD FCF

Working capital impact on cash flow

- As previously highlighted, trade working capital highly sensitive to quarter end days of the week
- Production stoppage will result in working capital swings (benefit in March/April, reversing in May and generally neutral during remainder of shutdown)
- Upon restart, initial drain in month one, followed by a few months of benefit (ultimately offsetting)

Executing actions to increase Adient's financial flexibility

> Proactively bolstered Adient's cash position with the partial draw down of the company's asset based revolving credit facility

> Total liquidity of approximately $1.8B at March 31, 2020
  - Cash and cash equivalents of $1,640M (includes $825M of drawn revolver)
  - Plus remaining borrowing capacity under revolver of ~$175M

> Subsequent to March 31, 2020, issued $600M in 5-year senior secured notes

<u>Other considerations:</u>

> Proceeds from previously announced strategic actions total ~$575M (expected to close before Sept. 30, 2020)

> Highly profitable network of China JVs with strong balance sheets and consistent cash dividends further enhances liquidity
  - Net cash of ~$1.6B at March 31, 2020 and ~$200M of expected FY20 cash dividends from JVs

- Important to remember, available liquidity associated with Adient's ABL revolver is not static and will fluctuate with changes in receivable balance (declines with shrinking receivable balance)
- Contraction of ABL revolver availability expected as a result of the shutdown influenced the decision to issue secured notes
- Drawn amount and remaining available borrowing base went from $825M and $175M, respectively, on March 31 to $338M and $504M on April 30

Debt and capital structure

ADIENT

Net Debt

(in $ millions)	March 31 2020	September 30 2019
Cash	$ 1,640	$ 924
Total Debt	4,563	3,738
Net Debt	$ 2,923	$ 2,814

($ in millions) Cash & Debt Profile	3/31/2020 Amount	Pro-forma Trans. Adj.	Pro-forma Amount
Cash & Cash Equivalents	$1,640	$ 591	$2,231
ABL Revolver, incl. FILO due 2024 [1]	825		825
Term Loan B due 2024	794		794
New Secured Notes due 2025	-	600	600
7.00% Secured Notes due 2026	800		800
Capital Lease Obligations & Other Debt	13		13
Total Secured Debt	**$2,432**	**$600**	**$3,032**
European Investment Bank Loan	182		182
3.500% Notes (€1,000mm) due 2024	1,101		1,101
4.875% Notes due 2026	900		900
Deferred issuance costs	(52)		(52)
Total Debt	**$4,563**	**$600**	**$5,163**

[1] Subject to ABL borrowing base availability. As of March 31, 2020, $825 million was drawn and approximately $175 million was available under the ABL Credit Agreement. As of April 20, the drawn

- Improving Adient's cash generation is a key focus area
- Actions taken to increase Adient's financial flexibility designed to help "weather the storm"
- Over time (post-crisis), using free cash flow and excess cash on the balance sheet, Adient intends to paydown excess debt obligations and return the balance sheet to "normalized / targeted" liquidity levels (E.g. no outstanding balances on ABL and approximately $500-600M of cash on hand)

Key takeaways and outlook…

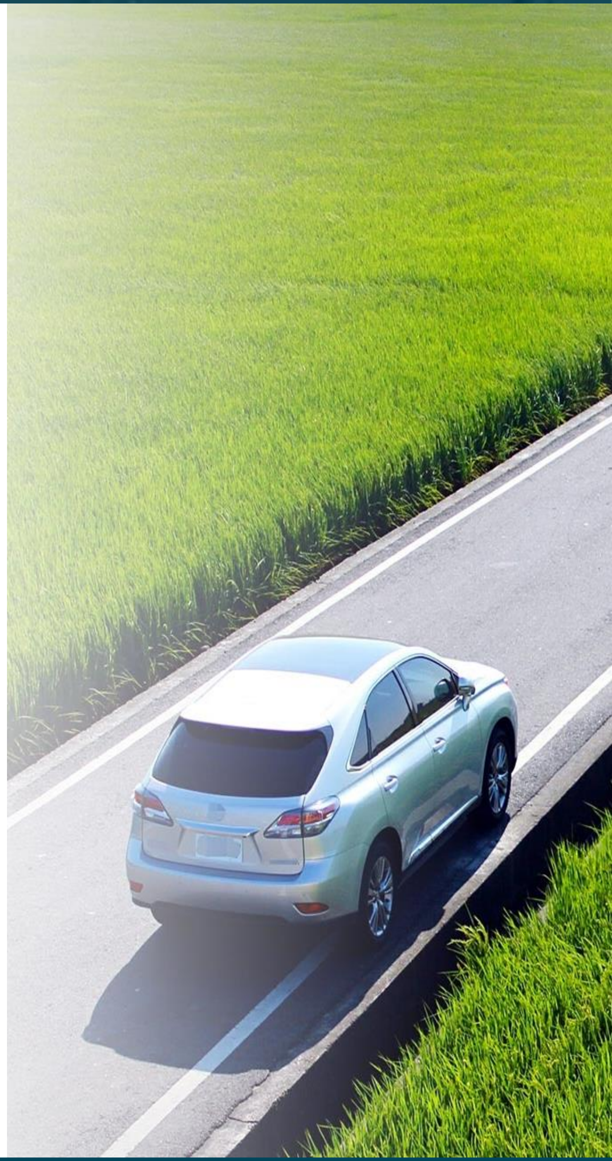
> Historical operational challenges are being addressed and the business is performing ahead of plan

> COVID-19 impact is being addressed, and the playbook used in China in February and March is being applied globally
  - All operations in China are up and running; Americas and Europe are prepared to restart

> Adient's liquidity is strong (>$2.2B)* and provides ample flexibility to "weather the storm"
  - Incremental liquidity of ~$575M from recent strategic actions expected by the end of FY2020

Outlook:

As the impact of COVID-19 intensified, Adient took immediate and appropriate actions to help "weather the storm" and protect the financial health of the company. Due to the pandemic's significant global economic impact on consumers, we expect lower demand for vehicles and a smaller post-crisis automotive industry for some time. To address this expected near-term outcome, Adient is planning to execute additional measures to resize its business to drive profitability and cash generation in this lower sales environment. When the industry has fully recovered, we anticipate that the actions we have taken to resize the business and lower the cost base will enable Adient to emerge as a stronger company with earnings and cash generation comparable to those of its closest peers.



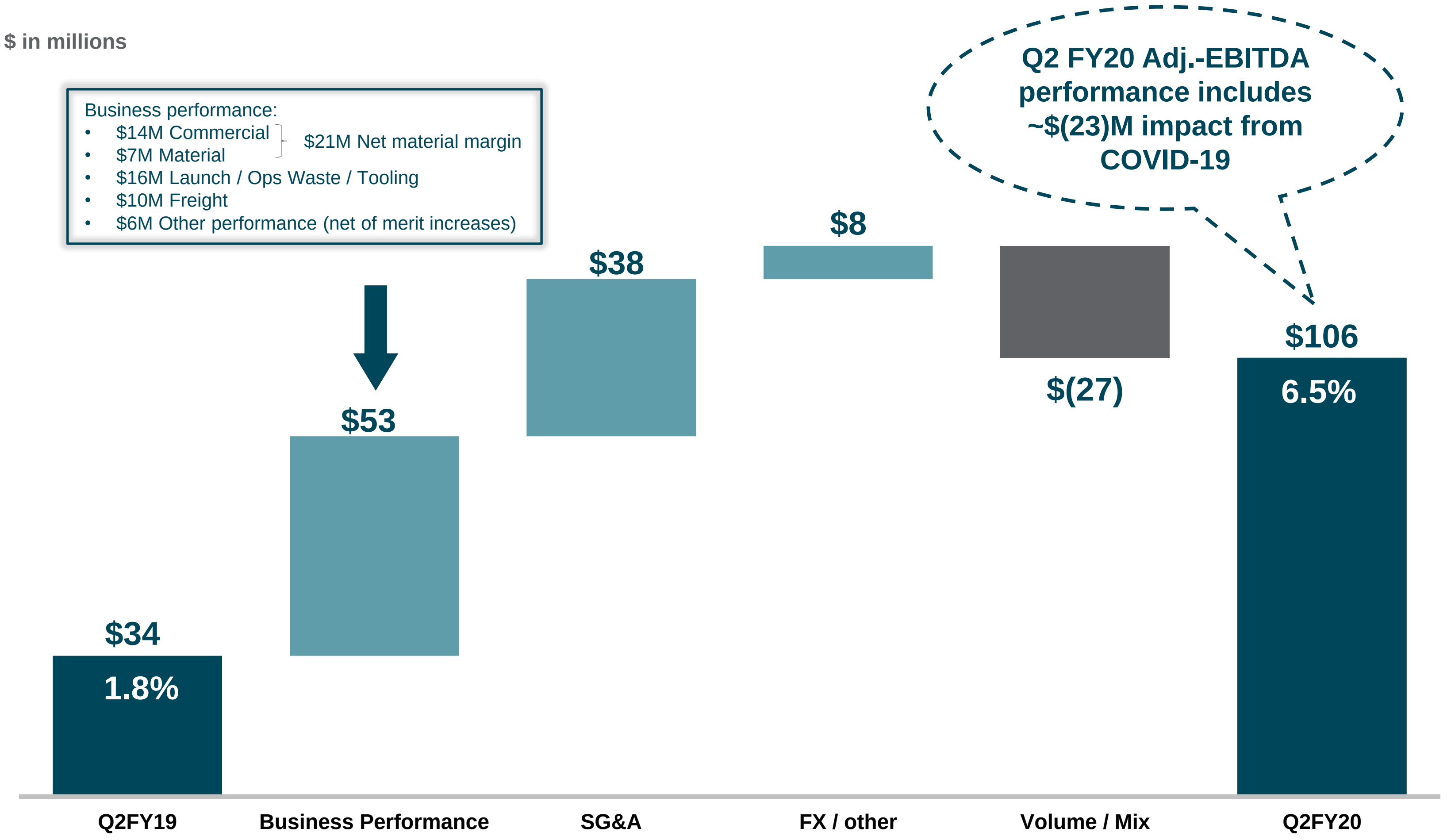
* / cash on hand at March 31 of $1,640 less partial payback of revolver draw of $137M on April 20 plus revolver availability of $154 at April 20 plus proceeds from $600M senior secured notes offering

APPENDIX AND FINANCIAL RECONCILIATIONS

FY 2020 Second Quarter

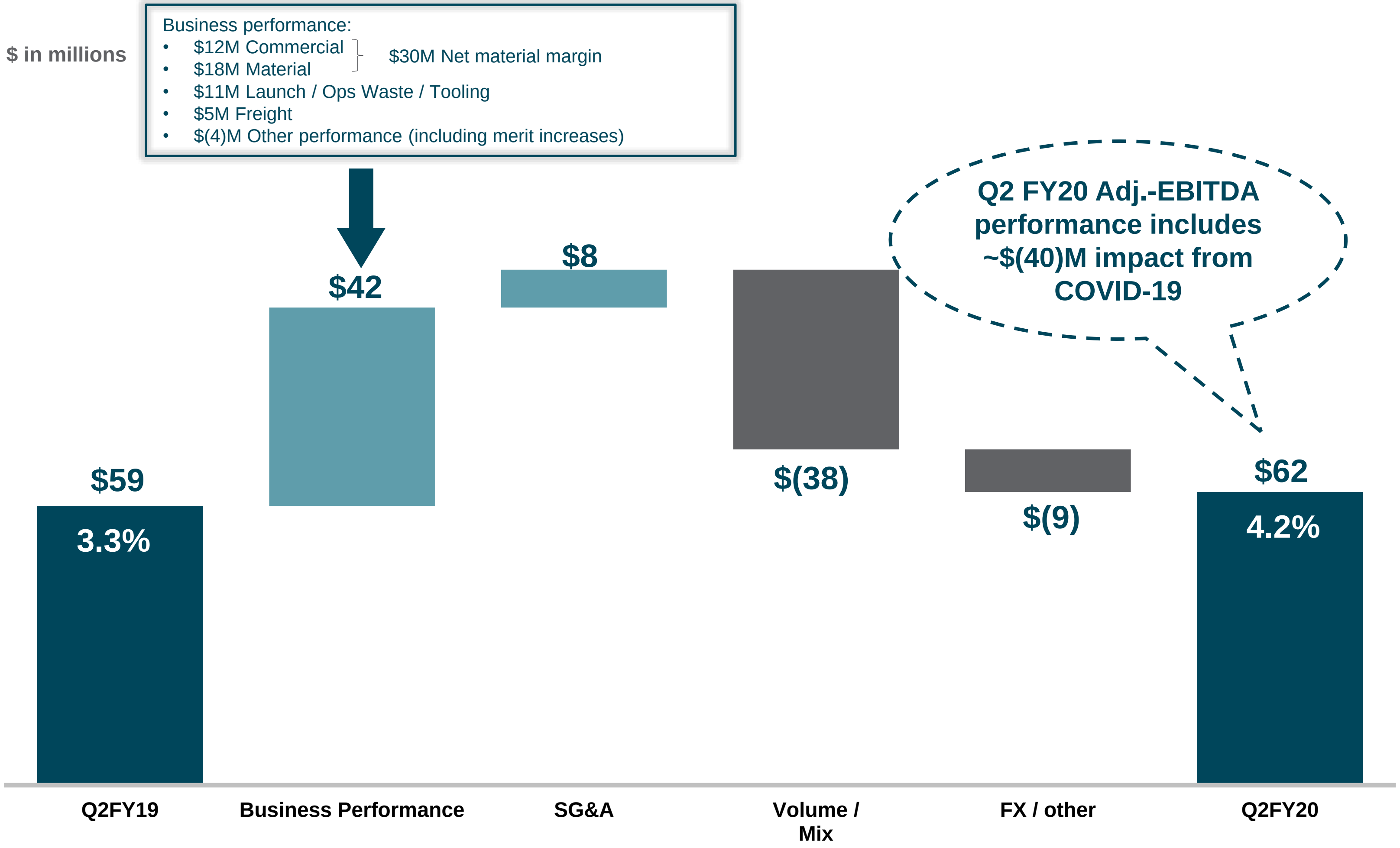
Q2 FY20 Adjusted-EBITDA: Americas

- Q2FY20 Adj. EBITDA of $106M, up $72M y-o-y. Primary drivers of the y-o-y performance included:
  - Business performance improvement of $53M including $14M of commercial, $16M of launch, ops waste and tooling improvement, a $10M improvement in freight expenses, and a $6M improvement in other performance.
  - A $38M improvement in SG&A, primarily driven by a reduction in net engineering, increased efficiencies, the deconsolidation of Adient Aerospace and divestiture of RECARO $8M, and temporary benefits related to employee compensation.
  - Macro factors, including the impact of lower commodity prices ~$7M and foreign exchange ~$1M.
  - Partially offsetting these improvements was a $27M decline attributed to volume/mix.
- Americas seat structures and mechanisms (SS&M) continues to progress in a positive direction with plant manufacturing results improving ~$24M y-o-y.



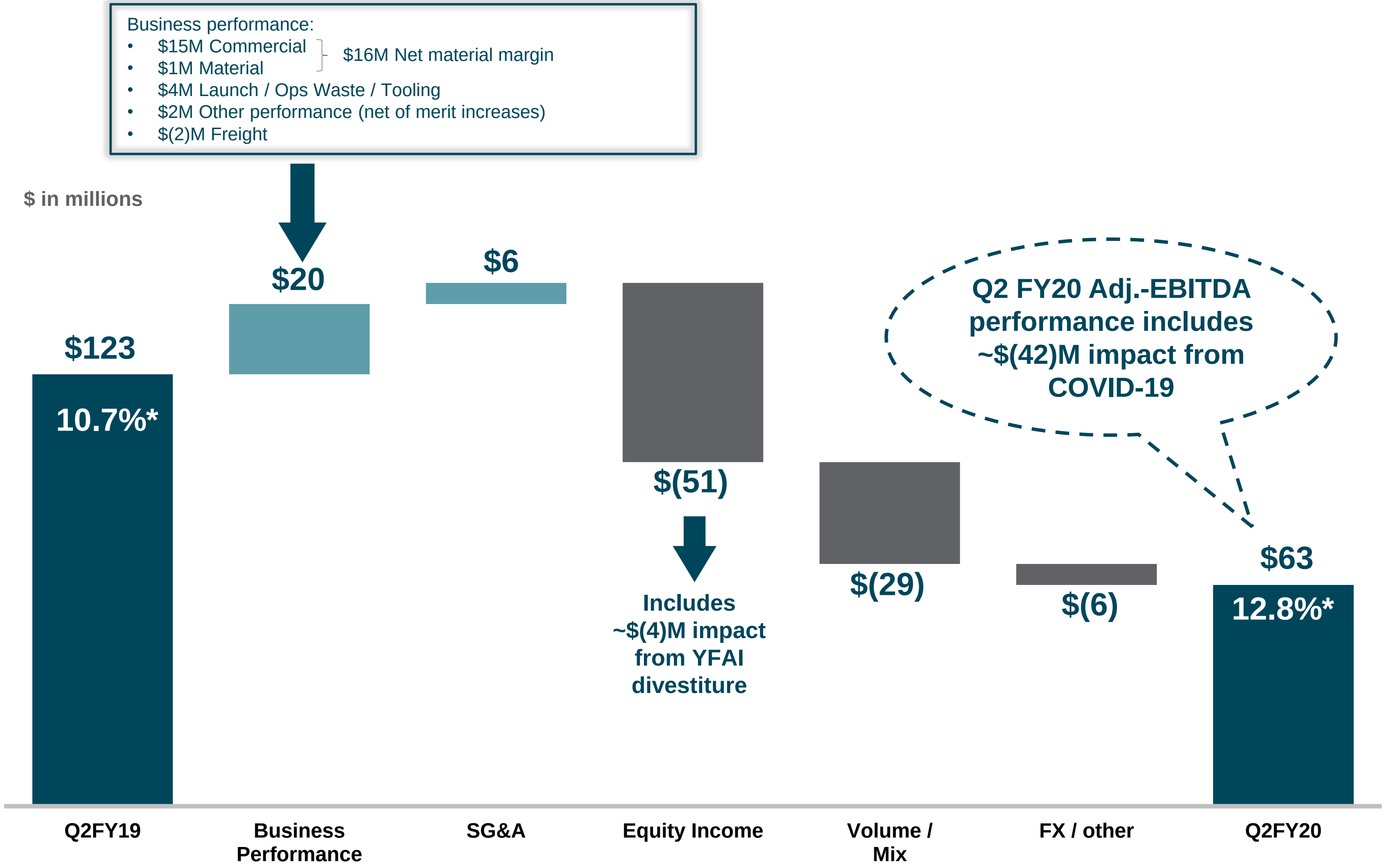
Q2 FY20 Adjusted-EBITDA: EMEA

> Q2FY20 Adj. EBITDA of $62M, up $3M y-o-y. Primary drivers of the y-o-y performance included:
- Business performance improvement of $42M including a commercial benefit of $12M, lower material costs of $18M, $11M of launch, ops waste and tooling improvement, and a $5M improvement in freight expenses, partially offset by a $4M decline in other performance.
- SG&A benefits of $8M, primarily driven by y-o-y efficiencies and temporary benefits related to employee compensation.
- Partially offsetting the improvements was a $38M decline in volume/mix, a $4M decline in FX, a $(3)M inventory revaluation driven by commodity prices, and a $2M increase in commodity prices.
- EMEA seat structures and mechanisms (SS&M) continues to progress in a positive direction with plant manufacturing results improving ~$16M y-o-y.



Q2 FY20 Adjusted-EBITDA: Asia

- Q2FY20 Adj. EBITDA of $63M, down $60M y-o-y.
- A significant reduction in Asia (including China) production volume impacted the y-o-y comparison by $80M, including a $51M decrease in equity income.
- Partially offsetting the impact of lower volume, was the positive impact of improved business performance of $20M including a commercial benefit of $15M and $4M of launch, ops waste and tooling improvement.
- Lower SG&A including temporary benefits related to employee compensation.



* Excluding equity income. Including equity income, margins of 20.5% and 14.2% for Q2 FY19 and Q2 FY20, respectively

Non-GAAP financial measurements

- 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.
  - Net debt is calculated as gross debt less cash and cash equivalents.
  - 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

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

(in $ millions)	Three months ended March 31 2020 GAAP	2020 Adj.	2020 Adjusted	2019 GAAP	2019 Adj.	2019 Adjusted
Net sales	$ 3,511	$ -	$ 3,511	$ 4,228	$ -	$ 4,228
Cost of sales (1)	3,274	(3)	3,271	4,031	(14)	4,017
Gross profit	237	3	240	197	14	211
Selling, general and administrative expenses (2)	127	(19)	108	168	(11)	157
Restructuring and impairment costs (3)	52	(52)	-	113	(113)	-
Equity income (loss) (4)	8	2	10	62	1	63
Earnings (loss) before interest and income taxes (EBIT)	$ 66	$ 76	$ 142	$ (22)	$ 139	$ 117
Ebit margin:	*1.88%*		*4.04%*	*-0.52%*		*2.77%*
Ebit margin excluding Equity Income:	*1.65%*		*3.76%*	*		*1.28%*
** Measure not meaningful*						
Memo accounts:						
Depreciation			72			72
Stock based compensation costs			(3)			2
Adjusted EBITDA			$ 211			$ 191
Adjusted EBITDA margin:			*6.01%*			*4.52%*
Adjusted EBITDA margin excluding Equity Income:			*5.72%*			*3.03%*

	Three months ended March 31 2020	2019
Restructuring related charges	$ (3)	$ (11)
Futuris integration	-	(2)
Other	-	(1)
1 Cost of sales adjustment	$ (3)	$ (14)
Purchase accounting amortization	$ (10)	$ (9)
Transaction costs	(6)	(1)
Restructuring related charges	(3)	(1)
2 Selling, general and administrative adjustment	$ (19)	$ (11)
Restructuring charges	$ (52)	$ (47)
Long-lived asset impairment - SS&M	-	(66)
3 Restructuring and impairment costs	$ (52)	$ (113)
Restructuring related charges	$ 1	$ 1
Purchase accounting amortization	1	-
4 Equity income adjustment	$ 2	$ 1

Non-GAAP reconciliations - EBIT, Adjusted EBIT, Adjusted EBITDA (prior periods)

	Three months ended December 31					
	2019			2018		
(in $ millions)	GAAP	Adj.	Adjusted	GAAP	Adj.	Adjusted
Net sales	$ 3,936	$ -	$ 3,936	$ 4,158	$ -	$ 4,158
Cost of sales (1)	3,673	(2)	3,671	3,978	(10)	3,968
Gross profit	263	2	265	180	10	190
Selling, general and administrative expenses (2)	165	(10)	155	178	(10)	168
Loss on business divestitures - net (3)	25	(25)	-	-	-	-
Restructuring and impairment costs (4)	2	(2)	-	31	(31)	-
Equity income (loss) (5)	(113)	221	108	83	-	83
Earnings (loss) before interest and income taxes (EBIT)	$ (42)	$ 260	$ 218	$ 54	$ 51	$ 105
Ebit margin:	*-1.07%*		*5.54%*	*1.30%*		*2.53%*
Ebit margin excluding Equity Income:	*1.80%*		*2.79%*	*		*0.53%*
** Measure not meaningful*						
Memo accounts:						
Depreciation			75			65
Stock based compensation costs			4			6
Adjusted EBITDA			$ 297			$ 176
Adjusted EBITDA margin:			*7.55%*			*4.23%*
Adjusted EBITDA margin excluding Equity Income:			*4.80%*			*2.24%*

	Three months ended December 31	
	2019	2018
Restructuring related charges	$ (2)	$ (9)
Futuris integration	-	(1)
1 Cost of sales adjustment	$ (2)	$ (10)
Purchase accounting amortization	$ (9)	$ (10)
Transaction costs	(1)	-
2 Selling, general and administrative adjustment	$ (10)	$ (10)
Adient Aerospace deconsolidation	$ (4)	$ -
Loss on sale of Recaro business	(21)	-
3 Loss on business divestitures - net	$ (25)	$ -
Restructuring charges	$ (2)	$ (31)
4 Restructuring and impairment costs	$ (2)	$ (31)
4 Reflects qualified restructuring charges for costs that are directly attributable to restructuring activities and meet the definition of restructuring under ASC 420		
Impairment of nonconsolidated partially owned affiliate - YFAI	$ 216	$ -
Purchase accounting amortization	1	-
Restructuring related charges	3	-
Tax adjustment at YFAI	1	-
5 Equity income adjustment	$ 221	$ -

Non-GAAP reconciliations
Adjusted Net Income

Adjusted Net Income

(in $ millions)	Three Months Ended March 31 2020	Three Months Ended March 31 2019
Net income (loss) attributable to Adient	$ (19)	$ (149)
Restructuring and impairment costs	52	113
Purchase accounting amortization	11	10
Restructuring related charges	7	14
Other items	6	2
Impact of adjustments on noncontrolling interests (1)	(2)	(2)
Tax impact of above adjustments and one time tax items (2)	3	41
Adjusted net income attributable to Adient	$ 58	$ 29

Adjusted Diluted EPS

	Three Months Ended March 31 2020	Three Months Ended March 31 2019
Net income (loss) attributable to Adient	$ (0.20)	$ (1.59)
Restructuring and impairment costs	0.55	1.20
Purchase accounting amortization	0.12	0.11
Restructuring related charges	0.08	0.15
Other items	0.06	0.02
Impact of adjustments on noncontrolling interests (1)	(0.02)	(0.02)
Tax impact of above adjustments and one time tax items (2)	0.03	0.44
Adjusted diluted earnings per share	$ 0.62	$ 0.31

[1] Reflects the impact of adjustments, primarily purchase accounting amortization and changes in income tax rates, on noncontrolling interests.

	Three Months Ended March 31 2020	Three Months Ended March 31 2019
Valuation allowances	$ -	$ (45)
Impairment of nonconsolidated partially owned affiliate - YFAI	-	2
Tax rate change	1	-
Other reconciling items	(4)	2
[2] **Income tax provision adjustment**	$ (3)	$ (41)

Non-GAAP reconciliations
Adjusted Income before Income Taxes and Effective Tax Rate

Adjusted Income before Income Taxes

(in $ millions)	Three Months Ended March 31									
	2020					2019				
	Income (loss) before Income Taxes		Tax impact		Effective tax rate	Income (loss) before Income Taxes		Tax impact		Effective tax rate
As reported	$	18	$	16	88.9%	$	(62)	$	64	*
Adjustments		76		(3)	-3.9%		139		(41)	-29.5%
As adjusted	$	94	$	13	13.8%	$	77	$	23	29.9%

* Measure not meaningful

Segment Performance

(in $ millions)

Q1 2019	Americas	EMEA	Asia	Corporate / Recon Items	Consolidated
Net sales	$ 1,935	$ 1,640	$ 650	$ (67)	$ 4,158
Adjusted EBITDA	43	2	154	(23)	176
Adjusted EBITDA margin	2.2%	0.1%	23.7%	N/A	4.2%
Adjusted Equity Income	1	2	80	-	83
Depreciation	24	29	12	-	65
Capex	48	84	12	-	144

Q1 2020	Americas	EMEA	Asia	Corporate / Recon Items	Consolidated
Net sales	$ 1,859	$ 1,564	$ 572	$ (59)	$ 3,936
Adjusted EBITDA	94	49	177	(23)	297
Adjusted EBITDA margin	5.1%	3.1%	30.9%	N/A	7.5%
Adjusted Equity Income	-	3	105	-	108
Depreciation	32	32	11	-	75
Capex	31	53	7	-	91

Q2 2019	Americas	EMEA	Asia	Corporate / Recon Items	Consolidated
Net sales	$ 1,915	$ 1,778	$ 599	$ (64)	$ 4,228
Adjusted EBITDA	34	59	123	(25)	191
Adjusted EBITDA margin	1.8%	3.3%	20.5%	N/A	4.5%
Adjusted Equity Income	-	3	60	-	63
Depreciation	27	34	11	-	72
Capex	52	46	10	-	108

Q2 2020	Americas	EMEA	Asia	Corporate / Recon Items	Consolidated
Net sales	$ 1,641	$ 1,488	$ 444	$ (62)	$ 3,511
Adjusted EBITDA	106	62	63	(20)	211
Adjusted EBITDA margin	6.5%	4.2%	14.2%	N/A	6.0%
Adjusted Equity Income	1	3	6	-	10
Depreciation	32	31	9	-	72
Capex	43	47	4	-	94

Q3 2019	Americas	EMEA	Asia	Corporate / Recon Items	Consolidated
Net sales	$ 2,010	$ 1,752	$ 530	$ (73)	$ 4,219
Adjusted EBITDA	69	53	110	(27)	205
Adjusted EBITDA margin	3.4%	3.0%	20.8%	N/A	4.9%
Adjusted Equity Income	1	4	61	-	66
Depreciation	27	31	10	-	68
Capex	39	51	8	-	98

Q4 2019	Americas	EMEA	Asia	Corporate / Recon Items	Consolidated
Net sales	$ 1,925	$ 1,505	$ 558	$ (67)	$ 3,921
Adjusted EBITDA	64	47	126	(22)	215
Adjusted EBITDA margin	3.3%	3.1%	22.6%	N/A	5.5%
Adjusted Equity Income	1	4	69	-	74
Depreciation	31	32	10	-	73
Capex	51	56	11	-	118

Full Year FY19	Americas	EMEA	Asia	Corporate / Recon Items	Consolidated
Net sales	$ 7,785	$ 6,675	$ 2,337	$ (271)	$ 16,526
Adjusted EBITDA	210	161	513	(97)	787
Adjusted EBITDA margin	2.7%	2.4%	22.0%	N/A	4.8%
Adjusted Equity Income	3	13	270	-	286
Depreciation	109	126	43	-	278
Capex	190	237	41	-	468