ADIENT

FY 2023 Second Quarter Earnings Call

May 3, 2023

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 expectations for its deleveraging activities, the timing, benefits and outcomes of those activities, as well as its future financial position, sales, costs, earnings, cash flows, other measures of results of operations, capital expenditures or debt levels and plans, objectives, market position, 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 Ukraine conflict and COVID lockdowns in China and their impact on regional and global economies and additional pressure on supply chains and vehicle production, the effects of local and national economic, credit and capital market conditions on the economy in general, and other risks and uncertainties, 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, work stoppages, including due to supply chain disruptions and similar events, energy and commodity availability and prices, the company’s ability and timing of customer recoveries for increased input costs, the availability of raw materials and component products (including components required by our customers for the manufacture of vehicles (i.e., semiconductors)), whether deleveraging activities may yield additional value for shareholders at all or on the same or different terms as those described herein, the ability of Adient to execute its turnaround plan, automotive vehicle production levels, mix and schedules, as well as our concentration of exposure to certain automotive manufacturers, the ability of Adient to effectively launch new business at forecast and profitable levels, the ability of Adient to meet debt service requirements, the terms of future financing, the impact of tax reform legislation, uncertainties in U.S. administrative policy regarding trade agreements, tariffs and other international trade relations, general economic and business conditions, the strength of the U.S. or other economies, shifts in market shares among vehicles, vehicle segments or away from vehicles on which Adient has significant content, changes in consumer demand, global climate change and related emphasis on ESG matters by various stakeholders, the ability of Adient to achieve its ESG-related goals, currency exchange rates and 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, 2022 filed with the U.S. Securities and Exchange Commission (the “SEC”) on November 22, 2022, and in subsequent reports filed with or furnished to 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. Non-GAAP measures include Adjusted EBIT, Adjusted EBITDA, Adjusted net income, Adjusted effective tax rate, Adjusted earnings per share, Adjusted equity income, Adjusted interest expense, Free cash flow and Net debt. For further detail and reconciliations to their closest GAAP equivalents, please see the appendix. Reconciliations of non-GAAP measures related to FY2023 guidance have not been provided due to the unreasonable efforts it would take to provide such reconciliations.

Agenda

> **Introduction**

Mark Oswald

VP, Treasurer & Investor Relations

> **Business Update**

Doug Del Grosso

President and CEO

> **Financial Review**

Jerome Dorlack

Executive VP and CFO

> **Q&A**

Executing Adient's FY23 plan

Remaining focused on delivering the company's commitments

> Strong operational execution, positive commercial momentum and an extreme focus on containing costs continue to drive the business forward

> Adient delivered solid Q2FY23 financial results, building on the momentum established earlier in the year

  > The momentum is expected to continue in H2FY23; however, expectations are tempered due to soft vehicle demand in China and elevated steel prices in North America

  > FY23 plan on track

> In addition to Q2FY23's financial results, several other initiatives continue to be executed to ensure long-term sustained success for the company

  > Opportunistically issued $1B of new USD senior notes – proceeds from the issuance plus cash on hand used to paydown ~$750M of EUR notes due 2024 and pre-pay $350M of Adient's TLB

  > The company began to execute its previously announced enhanced capital allocation plan by repurchasing ~759,600 shares of its common stock using ~$30M of cash on hand (includes ~48,000 shares and ~$1.9M that settled subsequent to quarter end)

  > Awarded business with new entrants and legacy OEMs, solidifying our market-leading position

  > Selected "supplier of the year" by several customers -- further underscoring the company's unrelenting focus on delivering quality solutions. Recognition in the quarter included: GM Supplier of the Year, Renault Korea Motors Supplier of the Year, FAW-Toyota Excellent Quality Award, Volvo Car APAC Excellent Supplier Award, GAC-Trumpchi Excellent Supplier Award and seven J.D. Power awards for seat satisfaction for Adient's APAC region team

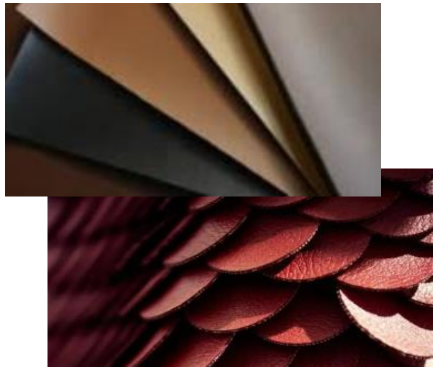
Key Q2FY23 Financial Metrics

Consolidated Revenue	**~$3.9B** (up 12% y-o-y)
Adj. EBITDA	**$215M** (up $56m y-o-y)
Cash Balance	**$826M** (at March 31, 2023)
Gross Debt and Net Debt	**~$2.5B and ~$1.7B, respectively**

Driving forward with focus on sustainable solutions

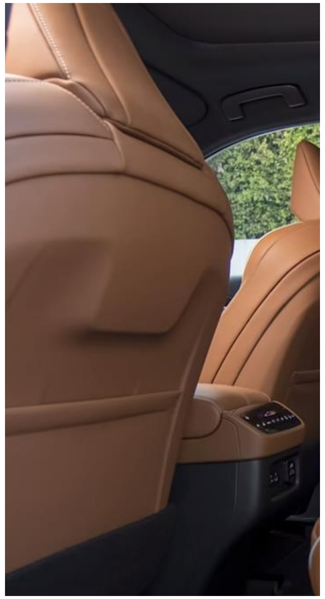
Adient management recently met with investors to discuss Adient's sustainable seat solutions

Creating
a sustainable future
together

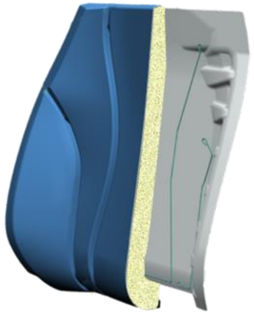


Leather Alternatives: Virtually all OEMs are working to reduce or eliminate leather content to improve sustainability, increase quality, and reduce cost. We are working with customers on plant-based and recycled alternatives, and assessing their sustainability impact, cost and fit with customer requirements

Soft Back Panel: This lightweight technology offers estimated mass reduction of up to 2kg per car set, using 70% recycled materials while also offering an enhanced luxury feel and improved second row knee clearance



Shell Foam™: Adient is ready to answer the call for slim and lightweight seating solutions used in micro cars and electric vehicles



UltraThin™: A new, unique seat construction of thermoplastic elastomer (TPE) panels that offers a high level of comfort and support, creating significant space savings, component consolidation and overall mass reductions

H2 Green Steel: The steel company will supply fossil-free steel with a low carbon footprint from 2026 on for use in Adient's metal products, driving emissions reduction in the material with the most significant CO_2e

Strengthening our leading position and solidifying supplier of choice status

ADIENT

- Underpinned by solid execution, Adient continues to win a strong mix of EV and ICE platforms across regions, including wins in the luxury, SUV, and mass market segments
- Wins include replacement business, conquest wins, and brand-new platforms, with an emphasis on vertical integration and profitability

- New Toyota compact EV SUV won, to be produced in Tianjin
- Vehicle co-developed by Toyota and BYD
- Sourcing includes complete value chain with a strong partner on a brand-new EV program

Toyota Compact SUV
Complete Seat
Foam, Trim, Metals

Kia New SUV
Complete Seat
Foam, Trim

Mercedes EQC
Complete Seat
Foam, Trim, Metals

Stellantis Grandland X
Complete Seat

Observations from Shanghai

- China remains the world's largest auto market
- Despite short-term constraints (i.e., price war and consumers' "wait and see" mindset), the long-term growth story remains intact – especially for EVs
- Chinese OEMs are expanding their share significantly across all price segments
- Vehicle exports from China are growing
- Adient's leading capabilities and strong market presence continue to underpin significant business wins
- On-track to achieve FY23 sourcing target of >$1B -- across China NEV start ups and global manufacturers -- including a significant amount of NEVs

In process and upcoming launches

- Adient continues to execute at a high level on all aspects of launches -- safety, quality, on-time delivery, and financial targets -- while working through a heavy launch cadence in the quarter
- Launches across the regions include a mix of complete seat, foam, trim, and metals, supporting increasing levels of vertical integration and improved profitability as balance in / balance out progress continues

Lincoln Nautilus
APAC

Ford Mustang
Americas

Mercedes GLC
APAC

Mercedes AMG GT
EMEA

FY2023 operating environment

> As expected entering 2023, the overall operating environment to date in FY23 has modestly improved vs. FY22

> The modest improvement in the operating environment is expected to continue in H2FY23; however, soft vehicle demand in China and increased steel prices in North America temper our second half expectations

Expected Influences H2 vs. H1

Positive

- **Stability of customer production schedules (gradual, sequential improvement)**
- **Self-help; increased efficiencies**

Neutral

- **Vehicle production (improved in N. America, largely offset by modestly lower production in ROW)**
- **Energy, freight, labor availability and cost**
- **Commercial settlements / recoveries**
- **Balance in / balance out**

Cautionary

- **Steel costs (potential risk in Q4)**
- **Consumer demand (potential softening)**

Regional Environments

Americas

- "Run rates" at customers trending in a positive direction
- Inventory rebuild combined with a likely increase in sales incentives should support vehicle build assumptions for FY23
- Monitoring potential softening of consumer demand

China

- Auto demand in China remains "soft" despite unprecedented price cuts
- Soft demand and rising inventories heighten concerns for downward revisions to production schedules in the coming quarters

Europe

- Long-term vehicle production forecast not expected to return to pre-COVID levels
- Adient continues to identify actions to be implemented to improve financial performance (reducing SG&A, footprint, lower capital spending, etc.).
- See slides 9-10 for key trends driving the need for restructuring, Adient's response and a case study in effective, cost-efficient restructuring

Macro and industry specific trends driving the need for restructuring

Several external and industry specific trends are reshaping the automotive sector. It's imperative current and future business practices are aligned with these changes

Key trends / influences

- **Light vehicle production**
  - Uncertain and slow growth in Europe – forecasts do not expect production levels to return to pre-COVID levels in the short or longer term as economic downturn and e-mobility regulations remain as future challenges
- **European production vs. new registrations**
  - Traditionally, production levels were above new registrations due to inventories and export (this trend reversed with COVID and chip shortages – inventories sold down)
  - Forecasts show production levels will remain below demand as imports to Europe are expected to increase
    - Chinese OEMs becoming the biggest exporters to Europe
- **Traditional OEM reaction to the market -- reducing footprint and moving east to lower cost footprint**
- **Industry trend towards digital validation (reduces the need for physical testing facilities / workload)**

Adient's response

- **Adjusting volume**
  - Shift elimination / line speed changes
- **Footprint competitiveness**
  - Lower wage footprint
- **Organizational / structural design**
  - Reduce SG&A
- **Customer driven decisions**
  - Customer plant closures -- seek compensation
  - Selective bidding on uncompetitive business

Although restructuring is often expensive (especially in Europe), Adient is committed to being good stewards of capital when developing and executing necessary restructuring actions

(see slide 10 for a case study in efficient, cost-effective restructuring)

Bor: A case study in effective, cost-efficient restructuring

Adient continues to execute "efficient" restructuring across its operations. Actions are underpinned by the following mindset:

> Cost of restructuring is not "free"; Adient needs to be good stewards of capital
> Extreme focus on customer / program profitability
> Opportunities to improve balance in / balance out in future years

January 2020

> As replacement business for the successor model of existing business came to sourcing, the customer's targets resulted in a projected negative FCF.
> This was not an acceptable outcome for Adient, leading to a decision to exit the JIT business, including giving back an awarded program. In addition, the team worked hard to reprice the business that was winding down.
> Adient explored innovative options to backfill the JIT business to improve the cash generation capabilities of the facility.

Projected cash burn: $(20)M annually
Headcount: 850

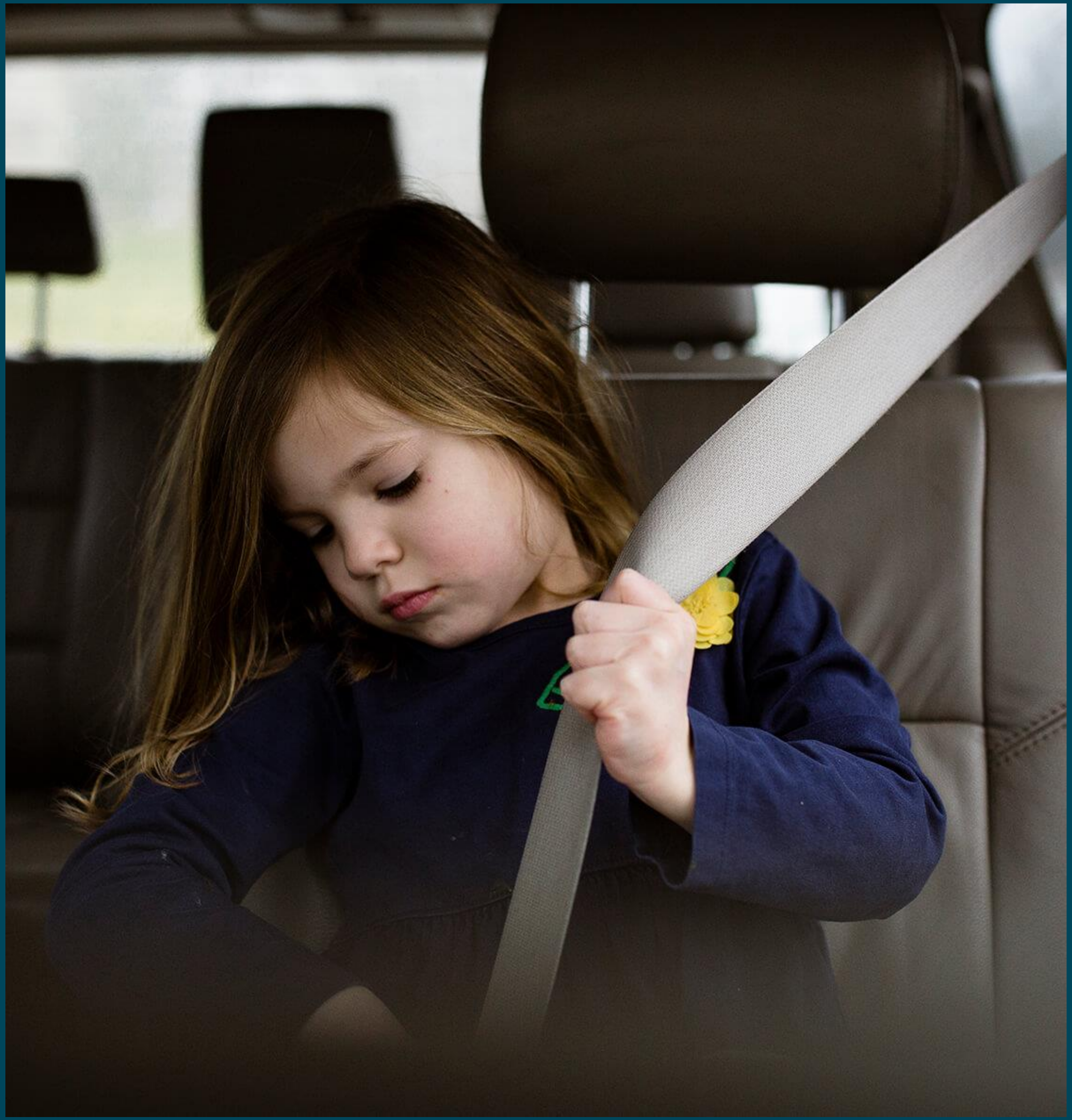
December 2022

> The current model year business was successfully repriced as the business builds out.
> New business was quoted with alternative customers and won (wins are across multiple customers and include BEV and ICE platforms).
> Significant capex and restructuring spend was avoided and positive cash flow is projected following the launch phase of new business through the end of the decade.

Positive cash flow forecast through 2030
Headcount: 500

Financial Review

FY2023 Second Quarter



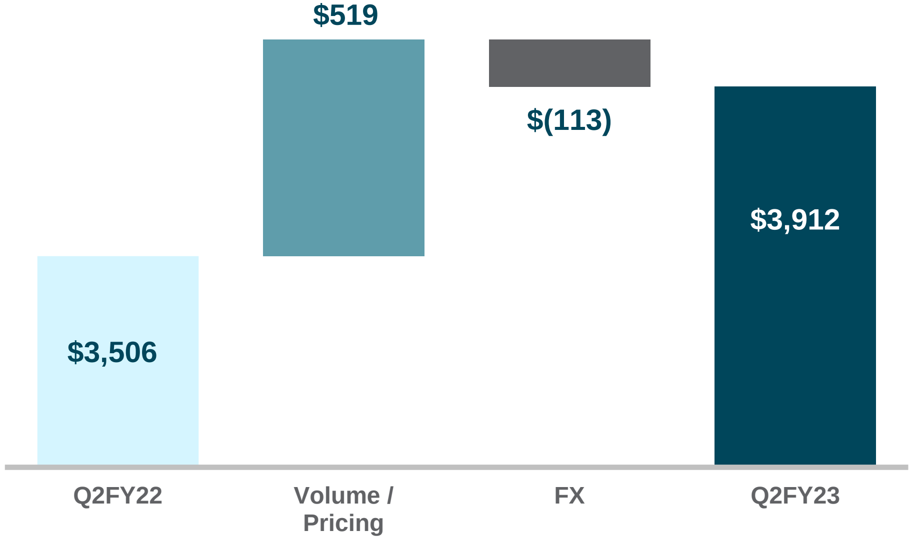
Q2 FY2023 Key Financials

$ millions, except per share data	As Reported				As Adjusted				
	Q2 FY23		Q2 FY22		Q2 FY23		Q2 FY22		B/(W)
Consolidated Revenue	$	3,912	$	3,506	$	3,912	$	3,506	*12%*
EBIT	$	96	$	46	$	134	$	79	*NM*
Margin		*2.5%*		*1.3%*		*3.4%*		*2.3%*	
EBITDA		N/A		N/A	$	215	$	159	*35%*
Margin						*5.5%*		*4.5%*	
Memo: Equity Income [1]	$	4	$	7	$	12	$	17	*NM*
Tax Expense	$	25	$	24	$	27	$	28	*NM*
Net Income (Loss)	$	(15)	$	(81)	$	31	$	(12)	*NM*
EPS Diluted	$	(0.16)	$	(0.85)	$	0.32	$	(0.13)	*NM*

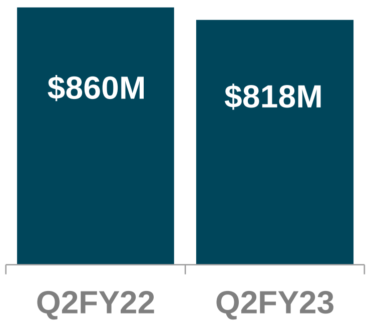
1-Equity income included in EBIT and EBITDA
NM-Measure not meaningful metric or comparison

Q2 FY2023 Revenue: Consolidated and Unconsolidated Sales

Consolidated sales



Unconsolidated sales [1]



Year-over-year decrease of ~5%

1 - FX adjusted

Regional Performance

(consolidated sales y-o-y growth (vs. Q2FY22) by region) [1, 2, 3]

	Q2	Q2 S&P Production
Americas	**10.4%**	**9.8%**
EMEA	**22.4%**	**23.6%**
Asia	**15.4%**	**0.8%**
Note: China	6.1%	-7.8%
Note: Asia excl. China	22.4%	11.4%

consolidated

- Americas and EMEA performed generally in line with the broader market as customer production schedules and production volumes continued to make modest improvements through the quarter
- In China, Adient's customer mix outperformed the broader market and new programs that launched this year are running at rate
- Asia outside China benefited from key programs running at rate and conquest business in Japan

2 – Growth rates at constant foreign exchange
3 – Excludes Russian market production

unconsolidated

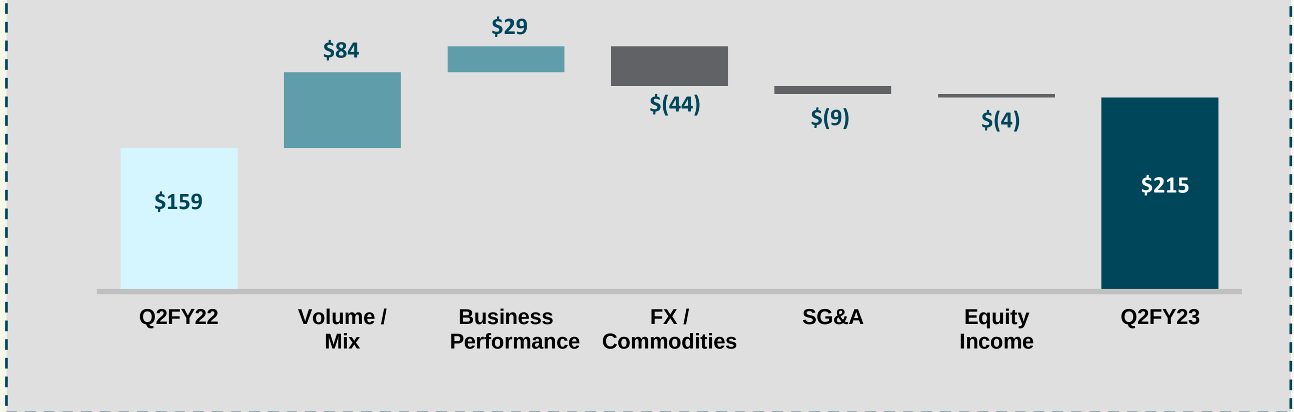
- Unconsolidated sales were negatively impacted by the softer production environment following the Lunar New Year in China
- Partially offsetting the negative influences were improved volumes at our unconsolidated joint ventures in the Americas and EMEA

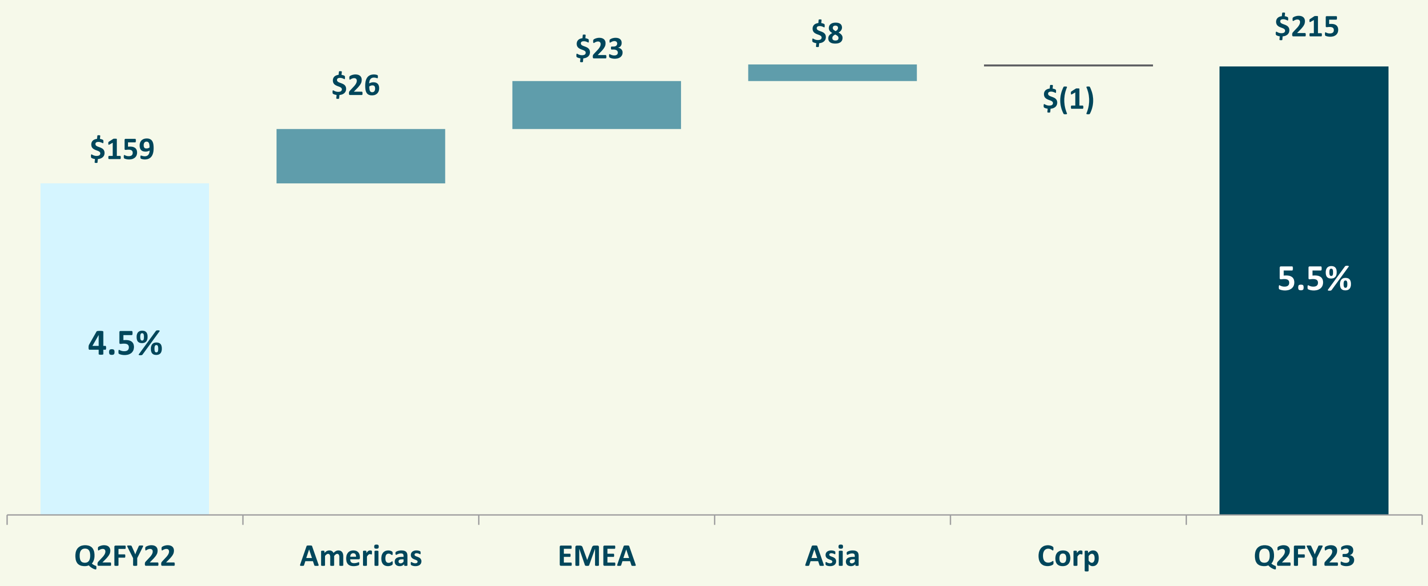
Q2 FY23 Adjusted-EBITDA

Q2FY23 adjusted EBITDA of $215M, up $56M y-o-y, was primarily driven by:

- Volume and mix, which benefited the quarter by ~$84M as production improved
- Improved business performance of ~$29M, driven by:
  - Improved net material margin of ~$56M, aided by commercial recoveries
  - Lower freight costs of ~$5M
  - These improvements were partially offset by ~$29M of labor and overhead headwinds primarily associated with elevated wage inflation and utility costs
  - Launch, ops waste and tooling negatively impacted the quarter by ~$3M in cost driven by a higher launch load (primarily in the Americas)
- Commodities were a net headwind of ~$39M driven primarily by the timing of recoveries and nonrecurring favorable inventory valuation in FY22 due to higher commodity costs, while FX weighed on the quarter by ~$5M
- SG&A performance was a ~$9M headwind in the quarter, driven by the nonrecurrence of certain compensation related austerity measures taken in FY22, as well as timing of engineering spend in support of launches
- Equity income was lower by ~$4M y-o-y, driven by lower volumes at Adient's unconsolidated JV's (primarily in China) combined with the impact of our restructured pricing agreement within our Keiper joint venture

$ in millions





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

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Free Cash Flow

(in $ millions)	Q2 FY23	YTD	Q2 FY22	YTD
Adjusted-EBITDA (Excl. Equity income)	$ 203	$ 388	$ 142	$ 254
Dividend	1	$ 13	-	1
Restructuring	(10)	(40)	(13)	(37)
Net Customer Tooling	(23)	(37)	(23)	(21)
Trade Working Capital (Net AR/AP + Inventory)	(14)	32	(24)	51
Accrued Compensation	38	10	14	(47)
Interest Paid	(64)	(88)	(70)	(111)
Taxes Paid	(29)	(49)	(30)	(38)
Non-income Related Taxes (VAT)	27	8	17	53
Commercial Settlements	45	28	10	(44)
Capitalized Engineering	(9)	(34)	7	2
Prepaids	(1)	(25)	-	(23)
Other	(38)	(36)	(1)	(25)
Operating Cash flow	$ 126	$ 170	$ 29	$ 15
CapEx [(1)]	(56)	(117)	(57)	(117)
Free Cash flow	$ 70	$ 53	$ (28)	$ (102)

1 - CapEx by segment for the quarter: Americas $26M, EMEA $19M, Asia $11M

Key drivers impacting FY23 FCF YTD:

- (+) Higher consolidated y-o-y earnings (driven by improved volumes and incrementally improving production environment)
- (+) Timing and level of commercial settlements
- (+) Lower level of total debt resulting in lower YTD interest paid
- (+) Lower level of accrued compensation driven by timing of payments and certain insurance related expenses
- (-) Typical month-to-month working capital movements
- (-) Timing of VAT deferred payments and refunds
- (-) Timing of tooling recoveries
- (-) Engineering in support of launch activities

Memo: At Mar. 31, 2023, ~$206M of factored receivables (vs. ~$269M at Sep. 30, 2022). Adient uses various global factoring programs as a low-cost source of liquidity.

Debt and capital structure

($ in millions)	3/31/2023
Cash & Debt Profile	**Amount**
Cash & Cash Equivalents	$ 826
ABL Revolver, incl. FILO due 2027 [1]	-
Term Loan B due 2028	635
7.00% Secured Notes due 2028	500
Total Secured Debt	**1,135**
3.50% Notes (€123mm) due 2024	134
4.875% Notes due 2026	795
8.25% Notes due 2031	500
Other LT debt	2
Other Bank Borrowings	1
Deferred issuance costs	(34)
Total Debt	**2,533**

[1] Subject to ABL borrowing base availability. As of March 31, 2023, there were no draws outstanding and approximately $973 million was available under the ABL Credit Agreement.

Net Debt

(in $ millions)	**March 31 2023**	**September 30 2022**
Cash	$ 826	$ 947
Total Debt [2]	2,533	2,578
Net Debt	$ 1,707	$ 1,631

- Total liquidity of ~$1.8B at March 31, 2023 (cash on hand of ~$826M and ~$973M of undrawn capacity under the revolving line of credit)
- Adient's cash balance at March 31 reflects the impacts of:
  - ~$28M of cash used to repurchase ~712,000 of its common shares, demonstrating the company's commitment to enhancing shareholder value [2]
  - The use of $100M of cash plus the proceeds from a $1B new USD senior notes issuance to pay down about $750 million of its 3.5% EURO senior notes due 2024 and pre-pay $350 million of Adient's term loan B
- The opportunistic refinancing extended the average tenor of Adient's debt portfolio from ~3.4 to ~5 years

2 - Subsequent to the quarter, repurchases of ~48,000 shares settled for ~$1.9M

Adient is successfully delivering on its commitment to maintain a strong balance sheet while executing its enhanced capital allocation plan

FY23 Outlook – key financial metrics

Metric	Outlook	
Consolidated sales	~$15.0B	No change
Adj.-EBITDA	~$850M	No change
Equity income Incl. in Adj.-EBITDA	~$70M	No change
Interest expense	~$180M	Prior: ~$160M
Cash taxes	~$95M	Prior: ~$90M
CapEx	~$300M	No change
Free cash flow	~$215M	Prior ~$200M

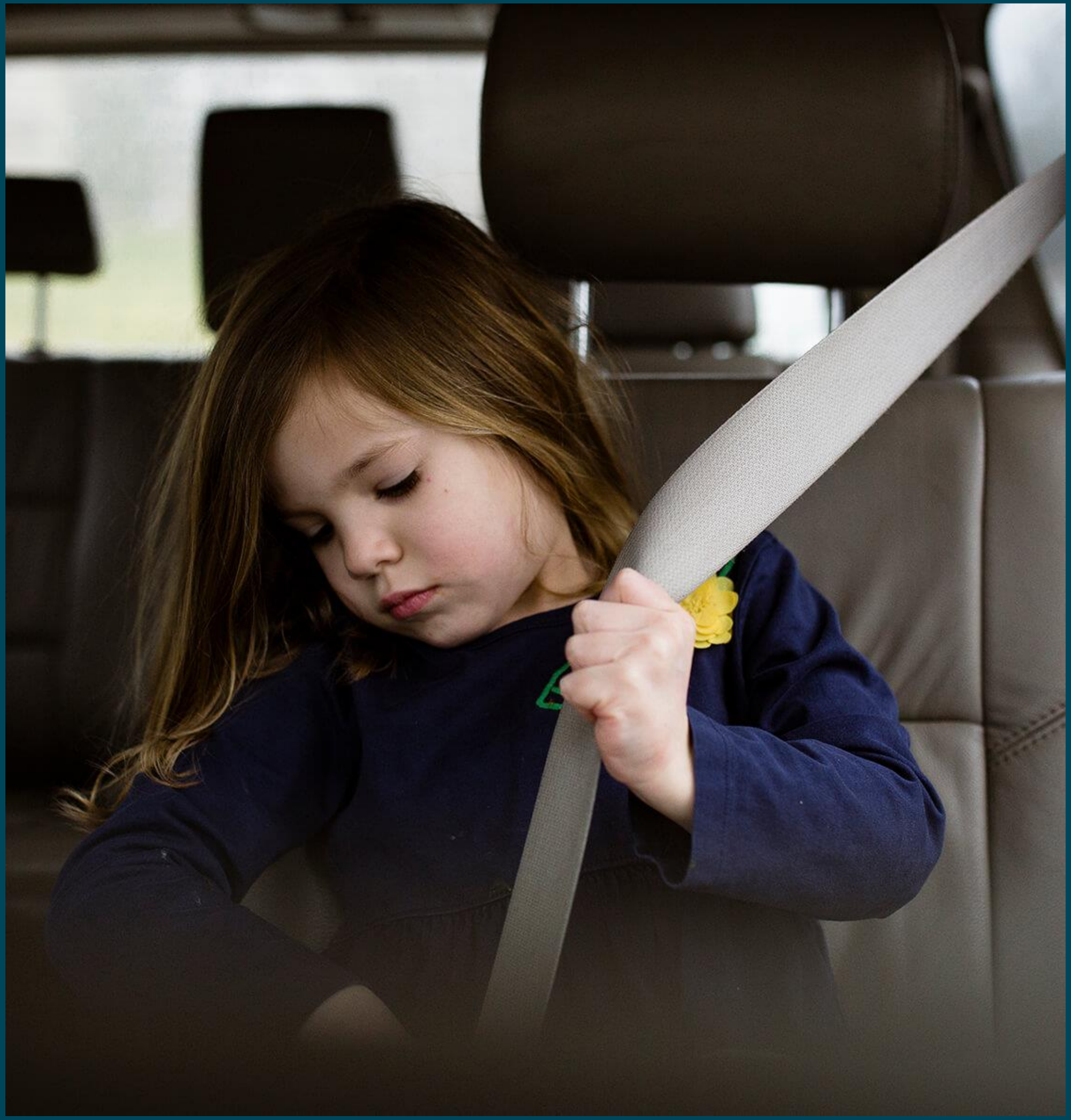
- FY23 guidance updated to reflect Adient's YTD results through March 31, 2023 and current market conditions (including revised production forecast and current FX rates)
- Consolidated sales of ~$15.0B (up 8% vs. FY22 when adjusting for FX)
- Adj.-EBITDA reflects modest improvement in the overall operating environment partially offset by softer than expected demand in China (production forecast revised lower) and elevated steel prices in North America
- Interest expense forecast at ~$180M based on Q2's refinancing and debt paydown and expected cash balances (cash interest expected at ~$145M)
- Cash taxes forecast at ~$95M
- Capital expenditures primarily driven by customer launch plans and intense focus on reusability where appropriate
- Free cash flow forecast at ~$215M given revised forecast for cash interest (currently ~$145M vs. prior ~$160M) and cash taxes

The company remains on track to deliver its FY2023 commitments which include earnings, margin and FCF growth vs. FY2022

Reconciliations of non-GAAP measures related to FY2023 guidance have not been provided due to the unreasonable efforts it would take to provide such reconciliations

Appendix and financial reconciliations

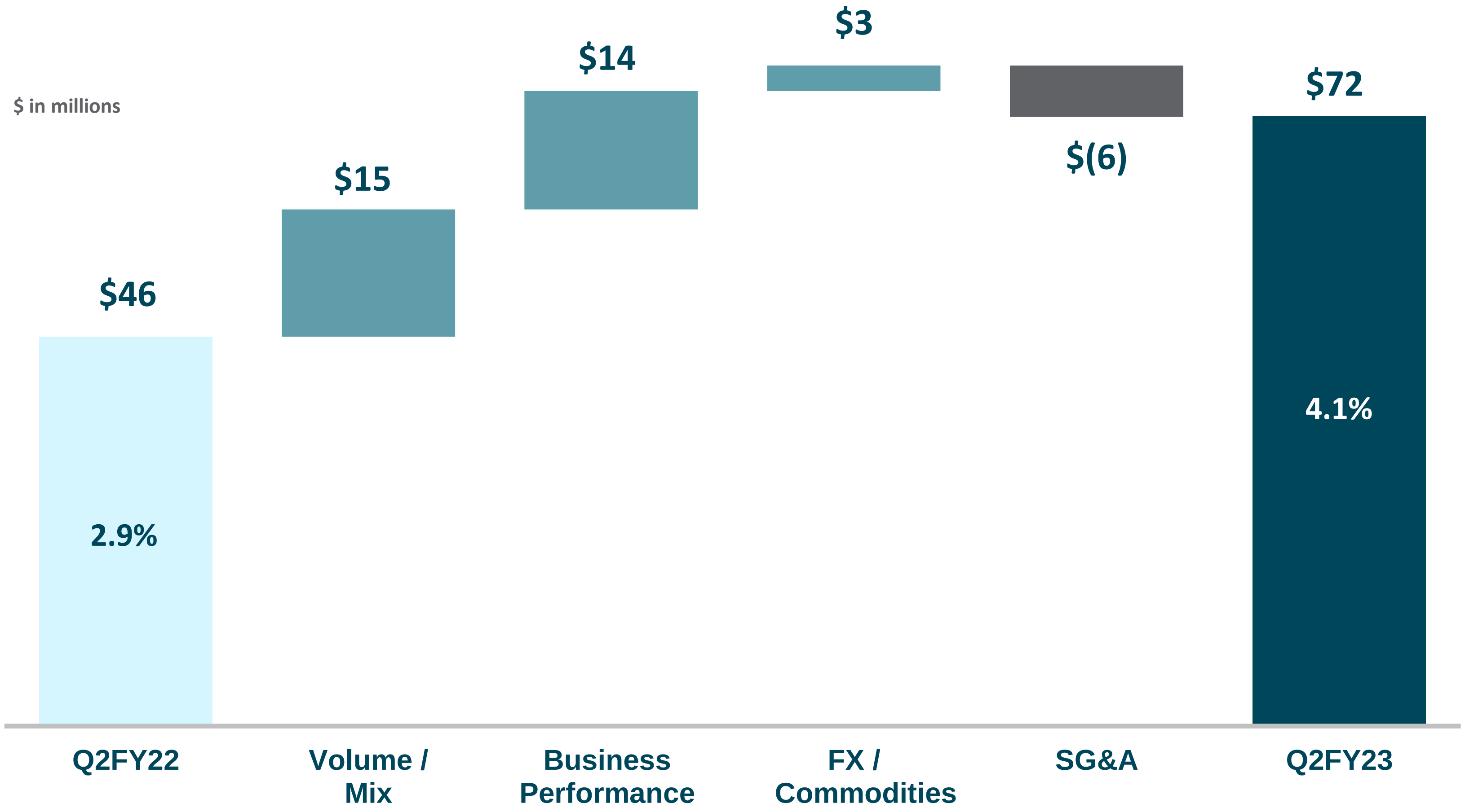
FY 2023 Second Quarter



Q2 FY23 Adjusted-EBITDA: Americas

Q2FY23 of $72M, up $26M y-o-y, driven by:

- Improved volume and mix of ~$15M resulting from modestly improving customer production
- Improved business performance of ~$14M driven by:
  - Increased net material margin performance of ~$22M, aided by certain commercial recoveries
  - Improved freight costs of ~$5M
  - Labor and overhead efficiencies were more than offset by the negative impacts of increased labor costs, resulting in a net ~$7M headwind
  - Launch costs negatively impacted the quarter by ~$6M driven by the timing of launches
- FX and commodities were a ~$3M benefit in the quarter
- Partially offsetting these benefits, SG&A weighed on the quarter by ~$6M, primarily driven by the nonrecurrence of certain compensation related austerity measures taken in FY22



Q2 FY23 Adjusted-EBITDA: EMEA

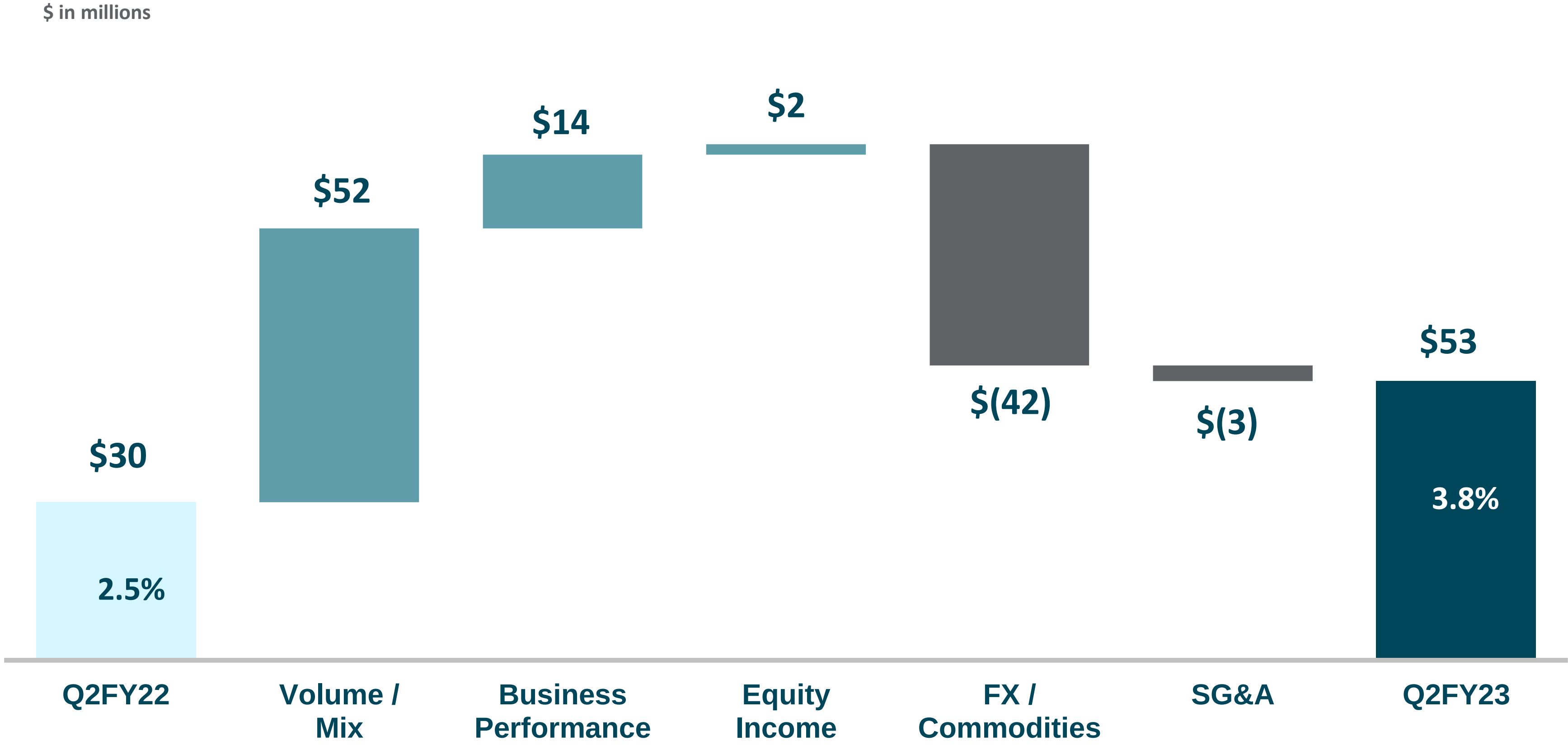
Q2FY23 of $53M, up $23M y-o-y, driven by:

> Increased volume and mix of $52M resulting from improving customer production

> Improved business performance of ~$14M, driven by:
> > ~$27M of net material margin improvement, aided by certain commercial recoveries
> > Improved launch / ops waste / tooling performance of ~$4M
> > Labor and overhead efficiencies were more than offset by the negative impacts of increased labor and utility costs, resulting in a net ~$14M headwind
> > Increased freight costs of ~$3M

> Partially offsetting the improvements was a ~$46M headwind related to commodities, driven primarily by nonrecurring favorable inventory valuation in FY22 due to higher commodity costs, while FX benefited the quarter by ~$4M

> SG&A was a ~$3M negative impact due to the nonrecurrence of certain austerity measures



Q2 FY23 Adjusted-EBITDA: Asia

Q2FY23 of $113M, up $8M y-o-y, driven by:

> Favorable volume and mix impact of ~$17M, driven primarily by the improved production environment in Asia outside of China

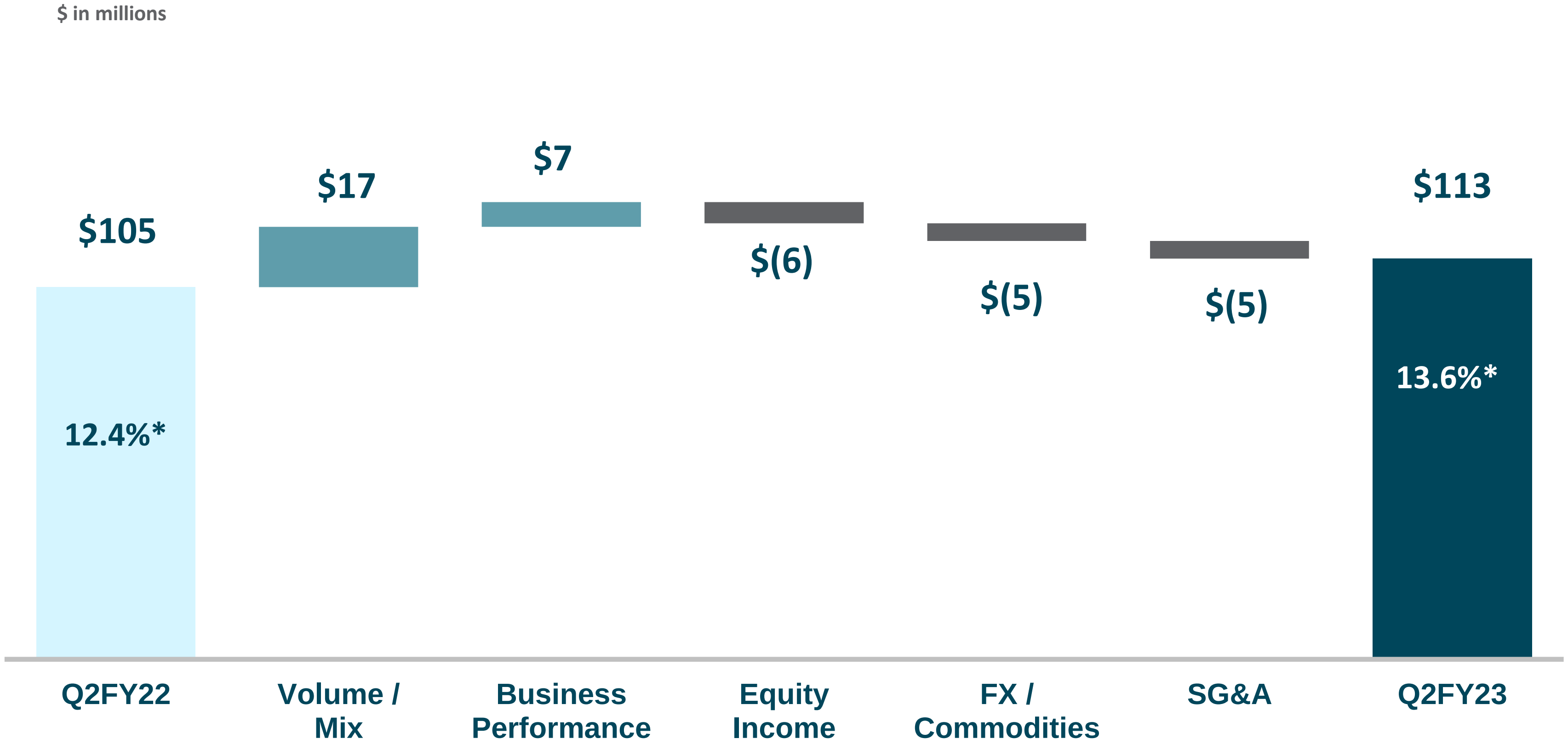
> Improved business performance of ~$7M, driven by:

  > ~$7M of improved net material margin performance
  > Lower freight costs of ~$3M
  > Offsets to these benefits were ~$2M of increased labor and overhead costs
  > Launch costs increased in the quarter by ~$1M

> Equity income was down ~$6M y-o-y, due to lower volumes at our unconsolidated JVs as well as our restructured shareholder agreement impacting our Keiper joint venture (i.e., lower equity income approximately offset by higher consolidated income globally)

> FX was an approximately ~$7M headwind and while commodities softened by ~$2M

> SG&A was increased by ~$5M, driven by timing of engineering costs supporting roll on of new business



* Excluding equity income. Including equity income, margins of 14.5% and 14.6% for Q2FY22 and Q2FY23, respectively

Non-GAAP financial measurements and pro-forma reconciliations

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 interest expense, Free cash flow and Net debt as well as other measures presented on an adjusted basis are not recognized terms under U.S. GAAP and do not purport to be alternatives to the most comparable U.S. GAAP amounts. Since all companies do not use identical calculations, our definition and presentation of these measures may not be comparable to similarly titled measures reported by other companies. Management uses the identified non-GAAP measures to evaluate the operating performance of the Company and its business segments and to forecast future periods. Management believes these non-GAAP measures assist investors and other interested parties in evaluating Adient's on-going operations and provide important supplemental information to management and investors regarding financial and business trends relating to Adient's financial condition and results of operations. Investors should not consider these non-GAAP measures as alternatives to the related GAAP measures. Reconciliations of non-GAAP measures to their closest U.S. GAAP equivalent are presented below. Reconciliations of non-GAAP measures related to guidance for any future period have not been provided due to the unreasonable efforts it would take to provide such reconciliations.

Adjusted EBIT is defined as income before income taxes and noncontrolling interests excluding net financing charges, restructuring, impairment and related costs, purchase accounting amortization, transaction gains/losses, 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 EBITDA excluding adjusted equity income, each as defined herein, is also presented.

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.

Adjusted interest expense is defined as net financing charges excluding unusual or one-time items impacting interest expense.

Free cash flow is defined as cash provided by operating activities less capital expenditures.

Net debt is calculated as gross debt (short-term and long-term) less cash and cash equivalents.

Non-GAAP Reconciliations - EBIT, Adj.-EBIT, Adj.-EBITDA, and Adj.-Equity Income

(in $ millions)	Three months ended March 31 2023 GAAP	2023 Adj.	2023 Adjusted	2022 GAAP	2022 Adj.	2022 Adjusted
Net sales	$ 3,912	$ -	$ 3,912	$ 3,506	$ -	$ 3,506
Cost of sales [1]	3,662	-	3,662	3,328	-	3,328
Gross profit	250	-	250	178	-	178
Selling, general and administrative expenses [2]	141	(13)	128	135	(19)	116
Restructuring and impairment costs [3]	17	(17)	-	4	(4)	-
Equity income (loss) [4]	4	8	12	7	10	17
Earnings (loss) before interest and income taxes (EBIT)	$ 96	38	$ 134	$ 46	33	$ 79
Ebit margin:	*2.5%*		*3.4%*	*1.3%*		*2.3%*
Ebit margin excluding Equity Income:	*2.4%*		*3.1%*	*1.1%*		*1.8%*
NM = Not Meaningful						
Memo accounts:						
Depreciation			71			76
Stock based compensation costs			10			4
Adjusted EBITDA			$ 215			$ 159
Adjusted EBITDA margin:			*5.5%*			*4.5%*
Adjusted EBITDA margin excluding Equity Income:			*5.2%*			*4.1%*

	Three months ended March 31 2023	2022
Restructuring related charges	$ (1)	$ (2)
Brazil indirect tax recoveries	1	1
Insurance recoveries for Malaysia flooding	-	1
[1] Cost of sales adjustment	$ -	$ -
Purchase accounting amortization	$ (13)	$ (13)
Transaction costs	(1)	(2)
Restructuring related charges	1	-
Write off of accounts receivable associated with Russia	-	(1)
Loss on finalization of asset sale in Turkey	-	(2)
[2] Selling, general and administrative adjustment	$ (13)	$ (19)
Restructuring charges	$ (17)	$ (2)
Impairment charge associated with Russian operations	-	(2)
[3] Restructuring and impairment costs	$ (17)	$ (4)
Impairment of interests in nonconsolidated partially owned affiliates	$ 7	$ 9
Restructuring related charges	-	1
Purchase accounting amortization	1	-
[4] Equity income adjustment	$ 8	$ 10

Non-GAAP Reconciliations - Adjusted Net Income and Adjusted EPS

Adjusted Net Income

(in $ millions)	Three Months Ended March 31 2023	Three Months Ended March 31 2022
Net income (loss) attributable to Adient	$ (15)	$ (81)
Restructuring and impairment costs	17	4
Purchase accounting amortization (1)	14	13
Restructuring related charges	-	3
Impairment of interests in nonconsolidated partially-owned affiliates (2)	7	9
Write off of deferred financing costs upon repurchase of debt (3)	4	7
Foreign exchange loss on intercompany loan in Russia (3)	-	1
Premium paid on repurchase of debt (3)	7	34
Other items (4)	-	4
Impact of adjustments on noncontrolling interests (5)	(1)	(2)
Tax impact of above adjustments and other tax items (6)	(2)	(4)
Adjusted net income (loss) attributable to Adient	$ 31	$ (12)

Adjusted Diluted EPS

	Three Mo Ma 2023
Diluted earnings (loss) per share as reported	$ (0.16)
Restructuring and impairment costs	0.18
Purchase accounting amortization (1)	0.15
Restructuring related charges	-
Impairment of interests in nonconsolidated partially-owned affiliates (2)	0.07
Write off of deferred financing costs upon repurchase of debt (3)	0.04
Foreign exchange loss on intercompany loan in Russia (3)	-
Premium paid on repurchase of debt (3)	0.07
Other items (4)	-
Impact of adjustments on noncontrolling interests (5)	(0.01)
Tax impact of above adjustments and other tax items (6)	(0.02)
Adjusted diluted earnings (loss) per share	$ 0.32

	Three Months Ended March 31 2023	Three Months Ended March 31 2022
[1] Reflects amortization of intangible assets including those related to partially owned affiliates within equity income.		
Impairment of interests in nonconsolidated partially owned affiliates	$ 7	$ 9
Restructuring related charges	-	1
Purchase accounting amortization	1	-
[2] Adjustments to equity income	$ 8	$ 10
Premium paid on repurchase of debt	(7)	(34)
Write off of deferred financing costs upon repurchase of debt	(4)	(7)
Foreign exchange loss on intercompany loan in Russia	-	(1)
[3] Adjustments to net financing charges to calculate adjusted interest expense	$ (11)	$ (42)
Transaction costs	(1)	(3)
Brazil indirect tax recoveries	1	1
Loss on finalization of asset sale in Turkey	-	(2)
Insurance recoveries for Malaysia flooding	-	1
Allowance for doubtful accounts receivable associated with Russia	-	(1)
[4] Other items	$ -	$ (4)
[5] Reflects the impact of adjustments, primarily purchase accounting amortization on noncontrolling interests.		
Amortization	(2)	(2)
Tax audit settlements	(1)	-
Tax rate change	-	(4)
Other reconciling items	1	2
[6] Adjustments to income tax provision (benefit)	$ (2)	$ (4)

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

Adjusted Income before Income Taxes

(in $ millions)	Three Months Ended March 31					
	2023			2022		
	Income (loss) before Income Taxes	Tax impact	Effective tax rate	Income (loss) before Income Taxes	Tax impact	Effective tax rate
As reported	$ 35	$ 25	71.4%	$ (36)	$ 24	NM
Adjustments (1)	49	2	4.1%	75	4	5.3%
As adjusted	$ 84	$ 27	32.1%	$ 39	$ 28	71.8%

	Three Months Ended March 31	
	2023	2022
Amortization	$ (2)	$ (2)
Tax audit settlements	(1)	-
Tax rate change	-	(4)
Other reconciling items	1	2
[1] Tax provision (benefit) adjustment	$ (2)	$ (4)

Non-GAAP Reconciliations - Unconsolidated sales fiscal year 2022 reconciliations

Unconsolidated Sales (FX adjusted)

(in $ millions)

Unconsolidated Net Sales	Q1	Q2	Q3	Q4	FY2022
As reported	$ 1,208	$ 926	$ 876	$ 1,056	$ 4,066
FX Impact	(138)	(66)			
FX Adjusted	1,070	860			

Segment Performance

Q1 2022	Americas	EMEA	AP	Corporate/ Eliminations	Consolidated
Net Sales	1,498	1,230	784	(32)	3,480
Adjusted EBITDA	9	43	114	(20)	146
Adjusted Equity Income	(1)	(1)	36	-	34
Depreciation	31	31	13	-	75
Capex	23	24	13	-	60

Q1 2023	Americas	EMEA	AP	Corporate/ Eliminations	Consolidated
Net Sales	1,724	1,182	821	(28)	3,699
Adjusted EBITDA	69	28	138	(23)	212
Adjusted Equity Income	1	3	23	-	27
Depreciation	34	25	10	-	69
Capex	37	14	10	-	61

Q2 2022	Americas	EMEA	AP	Corporate/ Eliminations	Consolidated
Net Sales	1,596	1,218	723	(31)	3,506
Adjusted EBITDA	46	30	105	(22)	159
Adjusted Equity Income	1	-	16	-	17
Depreciation	32	31	13	-	76
Capex	27	18	12	-	57

Q2 2023	Americas	EMEA	AP	Corporate/ Eliminations	Consolidated
Net Sales	1,761	1,401	774	(24)	3,912
Adjusted EBITDA	72	53	113	(23)	215
Adjusted Equity Income	1	3	8	-	12
Depreciation	32	27	12	-	71
Capex	26	19	11	-	56

YTD 2022	Americas	EMEA	AP	Corporate/ Eliminations	Consolidated
Net Sales	3,094	2,448	1,507	(63)	6,986
Adjusted EBITDA	55	73	219	(42)	305
Adjusted Equity Income	-	(1)	52	-	51
Depreciation	63	62	26	-	151
Capex	50	42	25	-	117

YTD 2023	Americas	EMEA	AP	Corporate/ Eliminations	Consolidated
Net Sales	3,485	2,583	1,595	(52)	7,611
Adjusted EBITDA	141	81	251	(46)	427
Adjusted Equity Income	2	6	31	-	39
Depreciation	66	52	22	-	140
Capex	63	33	21	-	117