FY 2018 Third Quarter Earnings Call

ADIENT

July 26, 2018

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 impact of tax reform legislation through the Tax Cuts and Jobs Act, uncertainties in U.S. administrative policy regarding trade agreements, tariffs and other international trade relations, the ability of Adient to execute its SS&M turnaround plan, the ability of Adient to identify, recruit and retain key leadership, the ability of Adient to meet debt service requirements, the ability and terms of financing, general economic and business conditions, the strength of the U.S. or other economies, automotive vehicle production levels, mix and schedules, energy and commodity prices, the availability of raw materials and component products, currency exchange rates, the ability of Adient to effectively integrate the Futuris business, and cancellation of or changes to commercial arrangements. A detailed discussion of risks related to Adient's business is included in the section entitled "Risk Factors" in Adient's Annual Report on Form 10-K for the fiscal year ended September 30, 2017 filed with the SEC on November 22, 2017 and quarterly reports on Form 10-Q filed with the SEC, available at www.sec.gov. Potential investors and others should consider these factors in evaluating the forward-looking statements and should not place undue reliance on such statements. The forward-looking statements included in this document are made only as of the date of this document, unless otherwise specified, and, except as required by law, Adient assumes no obligation, and disclaims any obligation, to update such statements to reflect events or circumstances occurring after the date of this document.

In addition, this document includes certain projections provided by Adient with respect to the anticipated future performance of Adient's businesses. Such projections reflect various assumptions of Adient's management concerning the future performance of Adient's businesses, which may or may not prove to be correct. The actual results may vary from the anticipated results and such variations may be material. Adient does not undertake any obligation to update the projections to reflect events or circumstances or changes in expectations after the date of this document or to reflect the occurrence of subsequent events. No representations or warranties are made as to the accuracy or reasonableness of such assumptions or the projections based thereon.

This document also contains non-GAAP financial information because Adient's management believes it may assist investors in evaluating Adient's on-going operations. Adient believes these non-GAAP disclosures provide important supplemental information to management and investors regarding financial and business trends relating to Adient's financial condition and results of operations. Investors should not consider these non-GAAP measures as alternatives to the related GAAP measures. A reconciliation of non-GAAP measures to their closest GAAP equivalent are included in the appendix. Reconciliations of non-GAAP measures related to FY2018 guidance have not been provided due to the unreasonable efforts it would take to provide such reconciliations.

Agenda

Introduction
Mark Oswald
Vice President, Global Investor Relations

Business update
Fritz Henderson
Interim Chief Executive Officer

Financial review
Jeffrey Stafeil
Executive Vice President and Chief Financial Officer

Q&A

Q3 2018 key takeaways

- Fiscal Q3 results in line with FY18 guidance; Seat Structures & Mechanisms (SS&M) continues to demonstrate sequential improvement
  - Q3 Adjusted-EBIT and Adjusted-EBITDA of $206M and $319M, respectively [1]
  - Q3 Adjusted-EPS of $1.45 [1]
  - Q3 free cash flow of $252M [1]; the launch and initial sale of an accounts receivable financing facility provided an approximate $94M benefit to free cash flow
  - Net debt of $3.1B and net leverage of 2.29x at June 30, 2018 [1]

- Launched a €200M accounts receivable financing program which provides a low-cost source of funds. The initial sale was €81M with program usage expected to increase over time
- Executing actions to improve cash flow, including asset sales (e.g., company planes) and reductions in capital investments (e.g., cancelation of new corporate HQ)
- The comprehensive search being conducted by Adient's Board of Directors to identify a new CEO is well underway

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

Near-term priorities

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Fritz Henderson
Interim CEO

> Accelerating better operational execution to drive meaningful improvements in profitability and free cash flow

> Eliminating waste from flawed program execution

> Reviewing all facets of the business to identify cost reductions and capital expenditure opportunities

> Prioritizing new business wins / upstream programs to ensure future launches are properly executed

> Initial observations:

- Good processes exist, but not always followed (many deviations to procedure driven in part by resource constraints)
- External operational expertise required to strengthen team
- Adient's operational challenges can be fixed

Acting with a sense of urgency
no "interim mindset"

> Canceled plans to relocate corporate HQ to Detroit

> Eliminated corporate airplanes

> Executing various asset sales to improve cash flow (e.g., Marquette building in Detroit, company planes, real estate, etc.)

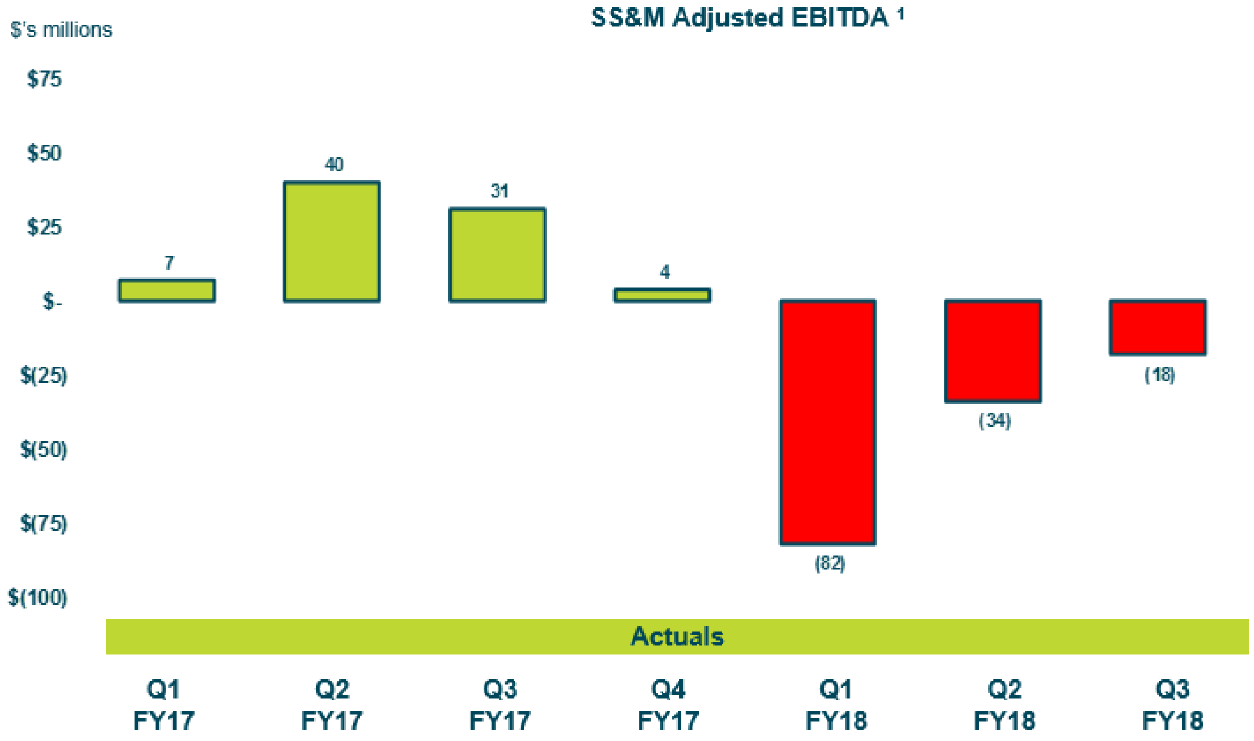
> Strengthening the leadership team

Operations update: SS&M

> We continue to work our turnaround plan with a focus on:
  - Operational excellence
    - Continue to see improvement in next generation mechanisms production output
    - Expedition / Navigator production stable, significant production cost premiums eliminated
    - Premium freight costs continue to decline month-over-month
  - Commercial discipline
    - New business intake focused on margin growth
    - Focus on programs where Adient has seating responsibility
  - Management focus
    - Continue to reinforce and strengthen management team
    - Bi-weekly CEO reviews, monthly board deep dives

> Results continue to improve quarter to quarter

> We expect this improvement trend to continue into Q4 and FY19



1 – For Non-GAAP results see appendix for detail and reconciliation to U.S. GAAP
SS&M operating progression reflects actual segment results including corporate allocation

SS&M performance improved sequentially for the second consecutive quarter; continued progress expected into Q4 and FY19

Operations update: Seating

- Complex launches in NA impacting performance
  - New and legacy programs running concurrently
  - Provided additional resources to support customer requirements
  - Mitigating actions being executed:
    - Plant staffing level complete
    - Additional warehouse procured
    - Stabilizing operations (following processes and procedures)
- Instability with customer release schedules resulted in elevated inventory levels
  - Created instability in material control
- Rising input costs (freight and material economics)

Summary

> Q3 results impacted by operational headwinds; moving forward with urgency to accelerate the pace of operational improvements
  - Actions taken to stabilize SS&M gaining traction; continued improvement expected in Q4 and FY19
  - Operational / launch challenges facing Seating (primarily NA) are being addressed

> Industry and end markets remain favorable
  - Unconsolidated Seating business continues to perform at high levels
  - Europe tracking in-line with prior year results and internal expectations

> Adient is on track to meet its FY18 Adj. EBITDA outlook of ~$1,250M

> In process of developing our FY19 plan

FINANCIAL REVIEW

FY 2018 Third Quarter

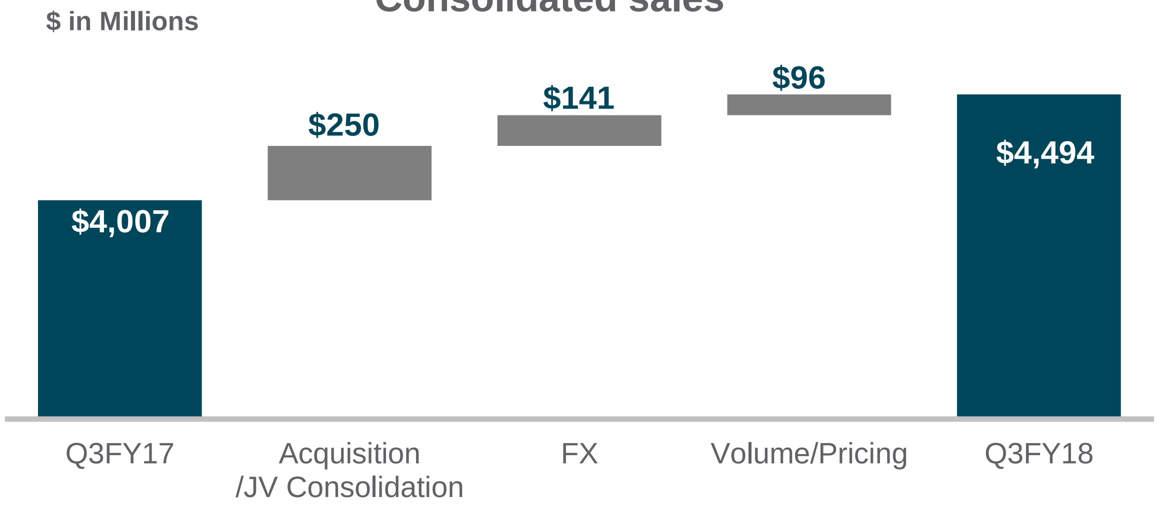
FY 2018 Q3 key financials

$ millions, except per share data	As Reported		As Adjusted [1]		
	FY18 Q3	FY17 Q3	FY18 Q3	FY17 Q3	B/(W)
Revenue	$ 4,494	$ 4,007	$ 4,494	$ 4,007	*12%*
EBIT	$ 99	$ 293	$ 206	$ 333	*-38%*
Margin	*2.2%*	*7.3%*	*4.6%*	*8.3%*	
EBITDA	N/A	N/A	$ 319	$ 424	*-25%*
Margin			*7.1%*	*10.6%*	
Memo: Equity Income [2]	$ 87	$ 91	$ 94	$ 98	*-4%*
Tax Expense	$ (13)	$ 39	$ 10	$ 46	
ETR	*	*14.9%*	*6.0%*	*15.2%*	
Net Income	$ 54	$ 201	$ 136	$ 234	*-42%*
EPS Diluted	$ .58	$ 2.14	$ 1.45	$ 2.49	*-42%*

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

Consolidated sales



Regional Performance

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

Americas	**13%**
Europe	**(1)%**
APAC	**25%**

1 – Growth rates at constant foreign exchange

Unconsolidated Seating (incl. SS&M)

Year-over-year growth

+ 11%

Up 8% excluding FX and JV consolidation

Unconsolidated Interiors

Yanfeng Global Automotive Interiors

Year-over-year growth

+6%

Down 1% excluding FX

Q3 FY18 Adjusted-EBITDA

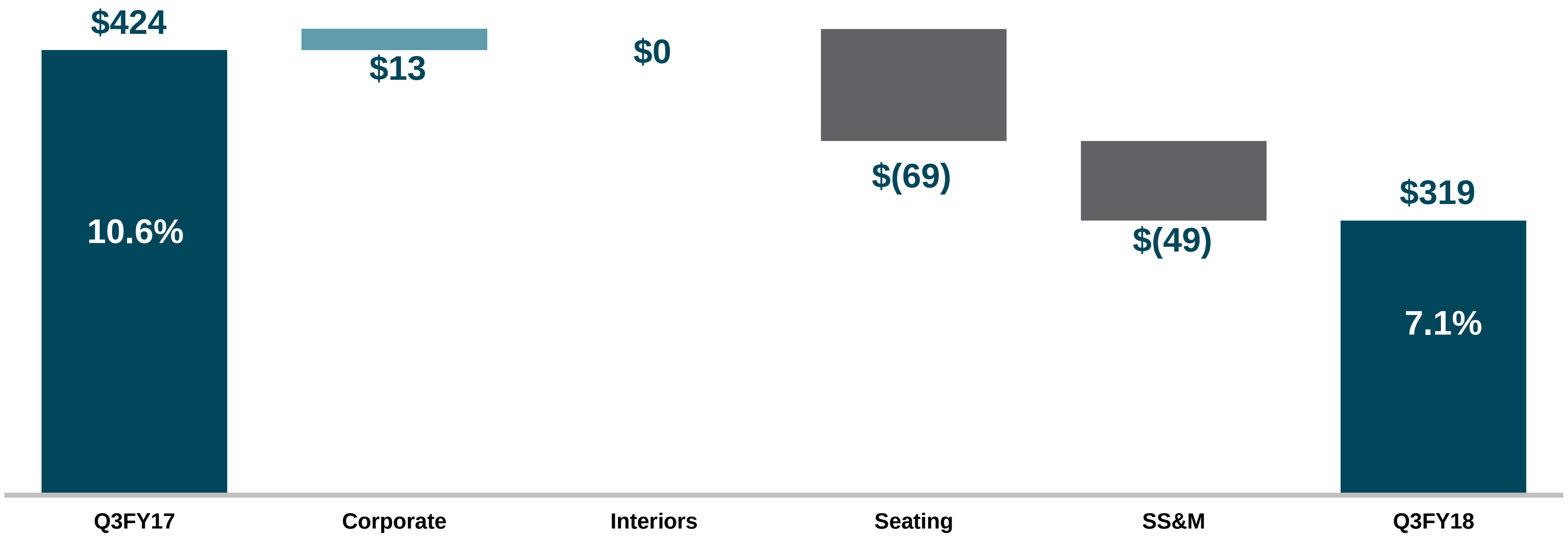
> Despite the benefit of increased revenue, y-o-y Adjusted-EBITDA declined to $319M in fiscal Q3

– Operating results in Seating and SS&M weighed on Q3 results

> Positive SG&A performance of $32M, more than offset approximately $23M of growth investments (primarily increased engineering costs)

> Interiors (recognized through ADNT's 30% ownership stake in Yanfeng Automotive Interiors) was flat y-o-y

$ in millions



Memo:

	FY17	FY18
Q2	$421	$363
Q1	$370	$267

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

Q3 FY18 Adjusted-EBITDA: Seating

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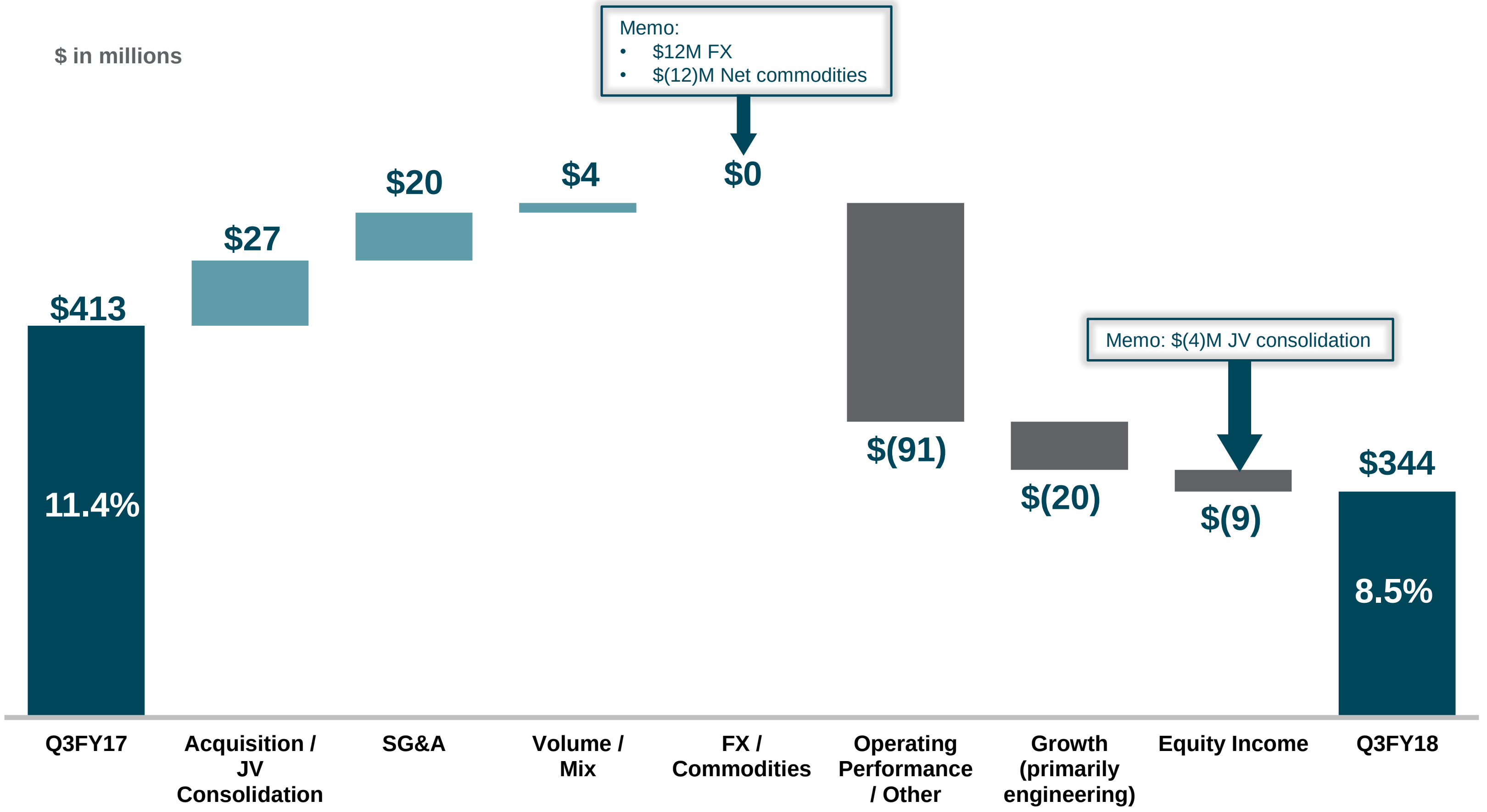
- Q3 FY18 Seating Adjusted-EBITDA of $344M, down $69M y-o-y
- Positive benefits recognized from the Futuris acquisition / China JV consolidation of $27M and SG&A performance of $20M
- Negative y-o-y operating performance primarily driven by:
  - Increased freight and operational waste of $40M, deterioration in material margin of $28M (including customer and supplier pricing), and other operational performance of $23M
  - Increased investment in engineering to support ADNT's future growth initiatives of $20M
  - Decrease in equity income of $9M



Memo:

	FY17	FY18
Q2	$398	$411
Q1	$364	$355

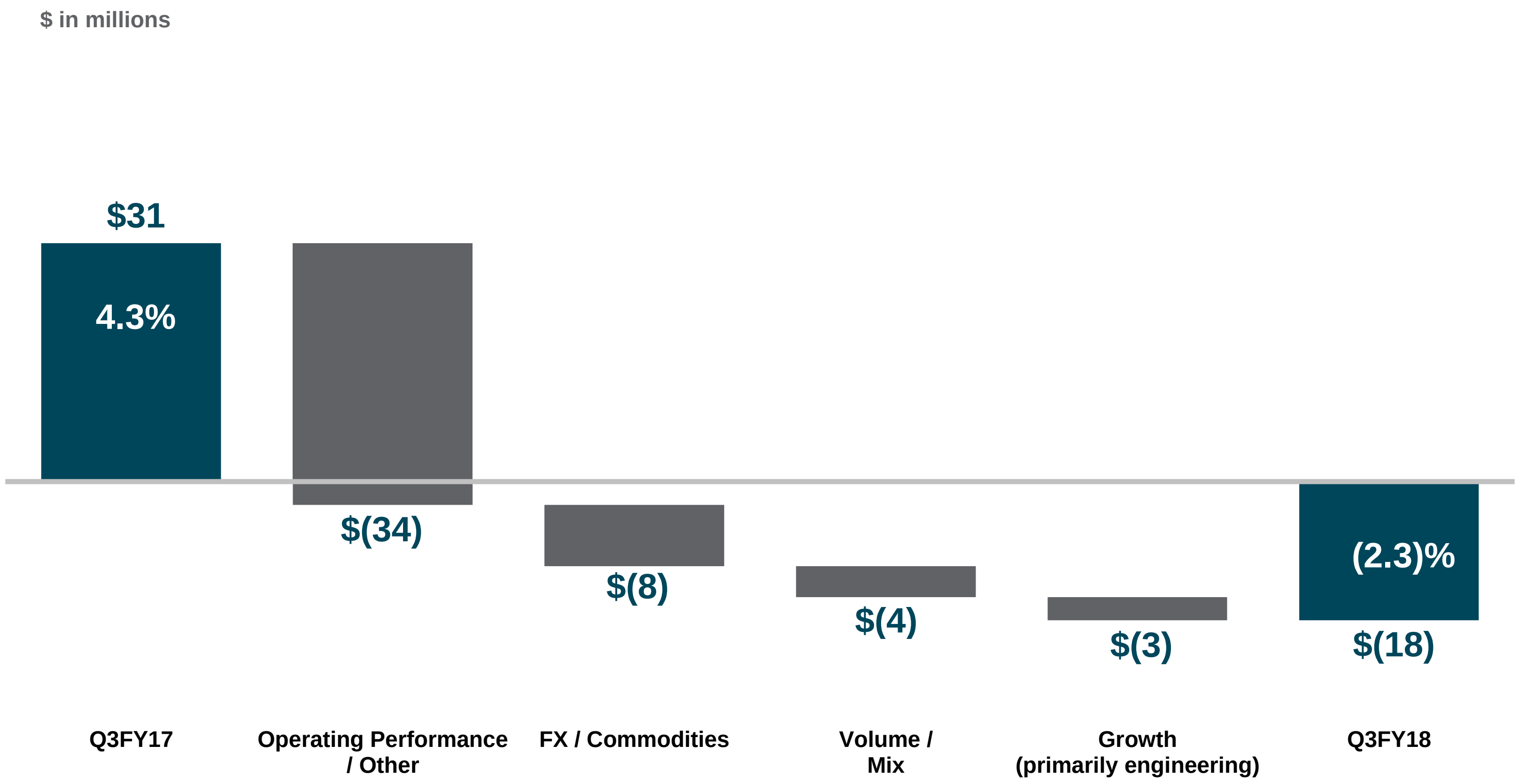
Q3 FY18 Adjusted-EBITDA: SS&M

> Segment results improved sequentially for the second consecutive quarter

> Q3 FY18 SS&M Adjusted-EBITDA of $(18)M, down $49M y-o-y

> Negative y-o-y operating performance primarily driven by:

- Operational inefficiencies, labor economics, customer chargebacks, material margin, and containment actions totaling $18M
- Launch inefficiencies (e.g., increased freight and operational waste) of $15M
- Increased commodity costs of $3M



Memo:

	FY17	FY18
Q2	$40	$(34)
Q1	$7	$(82)

Cash flow & debt [1]

Free Cash Flow (1)

(in $ millions)	Q3 FY18	
Adjusted-EBITDA	$ 319	
(-) Interest paid	(17)	
(-) Taxes paid	(56)	
(-) Restructuring (Cash)	(39)	
(+/-) Change in Trade Working Capital	119	Net excluding factoring: $25M
(+/-) Net Equity in Earnings	106	
(+/-) Other	(42)	
Operating Cash flow	$ 390	
(-) CapEx [2]	(138)	
Adjusted Free Cash flow	$ 252	Net excluding factoring: $158M

1 – See appendix for detail and reconciliation to U.S. GAAP
2 – Capex by segment (SS&M $63M, Seating $75M)

Debt (1)

- Cash and cash equivalents of $378M at June 30, 2018
- Net leverage of 2.29x at June 30, 2018
- Constructed and launched a €200M accounts receivable financing facility which provides a low-cost source of funds. The initial sale was €81M with program usage expected to increase over time.

Net Debt and Net Leverage

(in $ millions)	June 30 2018	September 30 2017
Cash	$ 378	$ 709
Total Debt	3,439	3,478
Net Debt	$ 3,061	$ 2,769
Adjusted-EBITDA (last twelve months)	$ 1,339	$ 1,605
Net Leverage	2.29x	1.73x

FY2018 outlook

Relative to June 2018

Revenue	~ $17.5B no change
Adj. EBITDA	~ $1,250M no change
Free Cash Flow	$0 - $(100)M excluding impact of AR financing facility no change

Relative to May 2018

Equity Income (included in Adj. EBITDA)	~ $380M at current FX previously $390M
Adj. EBIT	~ $810M Previously $1.0B
Interest Expense	~ $140M previously $135M
Effective Tax Rate	5-7% previously 8-9%
Adj. Net Income	$535 - $555M previously $700 - $740M
Capital Expenditures	~ $575M previously $600M

Adient is on track to meet its FY18 Adj. EBITDA outlook of ~$1,250M

Reconciliations of non-GAAP measures related to FY2018 guidance have not been provided due to the unreasonable efforts it would take to provide such reconciliations

APPENDIX AND FINANCIAL RECONCILIATIONS

FY 2018 Third Quarter

Non-GAAP financial measurements

- Adjusted EBIT, Adjusted EBIT margin, Pro-forma adjusted EBIT, Pro-forma adjusted EBIT margin, Pro-forma adjusted EBITDA, Adjusted effective tax rate, Adjusted net income attributable to Adient, Pro-forma adjusted net income attributable to Adient, Adjusted earnings per share, Adjusted Free cash flow, Net debt, Net leverage, Adjusted SG&A, as well as other measures presented on an adjusted basis are not recognized terms under GAAP and do not purport to be alternatives to the most comparable 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, Pro-forma adjusted EBIT, Pro-forma adjusted EBIT margin, Pro-forma adjusted EBITDA, Adjusted effective tax rate, Adjusted net income attributable to Adient, Pro-forma adjusted net income attributable to Adient, Adjusted earnings per share and Adjusted Free cash flow 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.
  - Pro-forma adjusted EBIT is defined as Adjusted EBIT excluding pro-forma IT dis-synergies as a result of higher stand-alone IT costs as compared to allocated IT costs under our former parent. Pro-forma adjusted EBIT margin is Pro-forma adjusted EBIT as a percentage of net sales.
  - Pro-form adjusted EBITDA is defined as Pro-forma adjusted EBIT excluding depreciation and stock based compensation. Certain corporate-related costs are not allocated to the business segments in determining Adjusted EBITDA.
  - Adjusted effective tax rate is defined as adjusted income tax provision as a percentage of adjusted income before income taxes.
  - Adjusted net income attributable to Adient is defined as net income attributable to Adient excluding restructuring, impairment and related costs, purchase accounting amortization, transaction gains/losses, Becoming Adient/separation costs, other significant non-recurring items, net mark-to-market adjustments on pension and postretirement plans, the tax impact of these items, and other discrete tax charges/benefits.
  - Pro-forma adjusted net income attributable to Adient is defined as Adjusted net income attributable to Adient excluding pro-forma IT dis-synergies as a result of higher stand-alone IT costs as compared to allocated IT costs under our former parent, pro-forma interest expense that Adient would have incurred had it been a stand-alone company, the tax impact of these items and the pro-forma impact of the tax rate had Adient been operating as a stand-alone company domiciled in its current jurisdiction.
  - Adjusted free cash flow is defined as cash from operating activities plus payments from our former parent (related to reimbursements for cash management actions and capital expenditures), less capital expenditures.
  - 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 last twelve months (LTM) pro-forma adjusted-EBITDA.

Non-GAAP reconciliations

EBIT, Pro-forma Adjusted EBIT, Pro-forma Adjusted EBITDA

(in $ millions)		FY16 Actual				FY17 Actual				FY18 Actual			Last Twelve Months Ended								
	Q4 FY15	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Actual Jun '16	Actual Sep '16	Actual Dec '16	Actual Mar '17	Actual Jun '17	Actual Sep '17	Actual Dec '17	Actual Mar '18	Actual Jun '18
Net income attributable to Adient	$ (119)	$ 133	$ (781)	$ (17)	$ (881)	$ 142	$ 190	$ 201	$ 344	$ (216)	$ (168)	$ 54	$ (784)	$ (1,546)	$ (1,537)	$ (566)	$ (348)	$ 877	$ 519	$ 161	$ 14
Income attributable to noncontrolling interests	13	17	23	21	23	22	24	22	17	20	25	19	74	84	89	90	91	85	83	84	81
Income Tax Provision	284	53	838	136	812	28	37	39	(5)	265	(28)	(13)	1,311	1,839	1,814	1,013	916	99	336	271	219
Financing Charges	1	2	4	2	14	35	33	31	33	33	37	39	9	22	55	84	113	132	130	134	142
Earnings before interest and income taxes	$ 179	$ 205	$ 84	$ 142	$ (32)	$ 227	$ 284	$ 293	$ 389	$ 102	$ (134)	$ 99	$ 610	$ 399	$ 421	$ 621	$ 772	$ 1,193	$ 1,068	$ 650	$ 456
Separation costs [1]	-	60	72	122	115	10	-	-	-	-	-	-	254	369	319	247	125	10	-	-	-
Becoming Adient [1]	-	-	-	-	-	15	23	20	37	19	19	12	-	-	15	38	58	95	99	95	87
Purchase accounting amortization [2]	9	9	10	9	9	10	9	10	14	17	18	17	37	37	38	37	38	43	50	59	66
Restructuring related charges [3]	4	4	3	3	4	8	10	10	9	11	12	20	14	14	18	25	32	37	40	42	52
Other items[4]	(7)	(21)	(35)	(22)	(1)	13	-	-	3	14	22	1	(85)	(79)	(45)	(10)	12	16	17	39	40
Restructuring and impariment costs [5]	182	-	169	75	88	-	6	-	40	-	315	57	426	332	332	169	94	46	46	355	412
Pension mark-to-market [6]	6	-	-	-	110	-	-	-	(45)	-	-	-	6	110	110	110	110	(45)	(45)	(45)	(45)
Gain on previously held interest [7]	-	-	-	-	-	-	-	-	(151)	-	-	-	-	-	-	-	-	(151)	(151)	(151)	(151)
Gain on business divestiture	(137)	-	-	-	-	-	-	-	-	-	-	-	(137)	-	-	-	-	-	-	-	-
Adjusted EBIT	$ 236	$ 257	$ 303	$ 329	$ 293	$ 283	$ 332	$ 333	$ 296	$ 163	$ 252	$ 206	$ 1,125	$ 1,182	$ 1,208	$ 1,237	$ 1,241	$ 1,244	$ 1,124	$ 1,044	$ 917
Pro-forma IT dis-synergies [8]	(6)	(6)	(7)	(6)	(7)	-	-	-	-	-	-	-	(25)	(26)	(20)	(13)	(7)	-	-	-	-
Pro-forma Adjusted EBIT	$ 230	$ 251	$ 296	$ 323	$ 286	$ 283	$ 332	$ 333	$ 296	$ 163	$ 252	$ 206	$ 1,100	$ 1,156	$ 1,188	$ 1,224	$ 1,234	$ 1,244	$ 1,124	$ 1,044	$ 917
Stock based compensation [9]	(4)	1	5	14	8	4	11	8	6	10	12	12	16	28	31	37	31	29	35	36	40
Depreciation [10]	77	82	81	77	87	83	78	83	88	94	99	101	317	327	328	325	331	332	343	364	382
Pro-forma Adjusted EBITDA	$ 303	$ 334	$ 382	$ 414	$ 381	$ 370	$ 421	$ 424	$ 390	$ 267	$ 363	$ 319	$ 1,433	$ 1,511	$ 1,547	$ 1,586	$ 1,596	$ 1,605	$ 1,502	$ 1,444	$ 1,339

1. Reflects incremental expenses associated with becoming an independent company and expenses associated with the separation from Johnson Controls International.
2. Reflects amortization of intangible assets including those related to partially owned affiliates recorded within equity income.
3. Reflects restructuring related charges for costs that are directly attributable to restructuring activities, but do not meet the definition of restructuring under ASC 420.
4. 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. 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 2018 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. First quarter 2017 primarily consists of $12M of initial funding of the Adient foundation. Fourth quarter of 2017 reflects $3 million of integration costs associated with the acquisition of Futuris. Also reflects a first quarter 2016 $13 million favorable commercial settlement, second quarter 2016 $22 million favorable settlement from prior year business divestitures and a $6 million favorable legal settlement, and a third quarter 2016 $14 million favorable legal settlement. Fourth quarter of 2015 primarily consists of a multi-employer pension credit associated with the removal of costs for pension plans that remained with the former Parent. Amounts related to the multi-employer pension credit are also include in fiscal year 2016 in the amounts of $8 million, $7 million, $8 million and $1 million in the first, second, third and fourth quarters, respectively.
5. Reflects qualified restructuring charges for costs that are directly attributable to restructuring activities and meet the definition of restructuring under ASC 420. Also reflects a $52 million asset impairment charge related to assets held for sale for the three months ended June 30, 2018 and a $299 million goodwill impairment charge related to SS&M for the three months ended March 31, 2018.
6. Reflects net mark-to-market adjustments on pension and postretirement plans.
7. 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.
8. 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.
9. Stock based compensation excludes $6 million, $2 million and $1 million of expense in the first, second and third 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 and $2 million of expense in the first, second and third 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.

Non-GAAP reconciliations
Adjusted Net Income

Adjusted Net Income

(in $ millions)	Three Months Ended June 30 2018	Three Months Ended June 30 2017
Net income attributable to Adient	$ 54	$ 201
Becoming Adient [(1)]	12	20
Purchase accounting amortization [(2)]	17	10
Restructuring related charges [(3)]	20	10
Restructuring and impairment costs [(4)]	57	-
Other items [(5)]	1	-
Impact of adjustments on noncontrolling interests	(2)	-
Tax impact of above adjustments and one time tax items	(23)	(7)
Adjusted net income attributable to Adient	$ 136	$ 234

Adjusted Diluted EPS

	Three Months Ended June 30 2018	Three Months Ended June 30 2017
Diluted earnings per share as reported	$ 0.58	$ 2.14
Becoming Adient [(1)]	0.13	0.20
Purchase accounting amortization [(2)]	0.18	0.11
Restructuring related charges [(3)]	0.21	0.11
Restructuring and impairment costs [(4)]	0.61	-
Other items [(5)]	0.01	-
Impact of adjustments on noncontrolling interests	(0.02)	
Tax impact of above adjustments and one time tax items	(0.25)	(0.07)
Adjusted diluted earnings per share	$ 1.45	$ 2.49

1. Reflects incremental expenses associated with becoming an independent company and expenses associated with the separation from JCI.
2. Reflects amortization of intangible assets including those related to partially owned affiliates recorded within equity income.
3. Reflects restructuring related charges for costs that are directly attributable to restructuring activities, but do not meet the definition of restructuring under ASC 420.
4. Reflects qualified restructuring charges for costs that are directly attributable to restructuring activities and meet the definition of restructuring under ASC 420. Also reflects a $52 million asset impairment charge related to assets held for sale for the three months ended June 30, 2018.
5. 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.

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

Non-GAAP reconciliations
Free Cash Flow

Free Cash Flow

(in $ millions)	**Three Months Ended June 30 2018**	**2017**
Operating cash flow	$ 390	$ 157
Less: Capital expenditures	(138)	(115)
Adjusted Free cash flow	$ 252	$ 42

Adjusted EBITDA to Free Cash Flow

(in $ millions)	**Three Months Ended June 30 2018**
Adjusted-EBITDA	$ 319
(-) Interest paid	(17)
(-) Taxes paid	(56)
(-) Restructuring (Cash)	(39)
(+/-) Change in Trade Working Capital	119
(+/-) Net Equity in Earnings	106
(+/-) Other	(42)
Operating cash flow	$ 390
(-) CapEx	(138)
Adjusted Free cash flow	$ 252

Non-GAAP reconciliations
Net Debt and Adjusted Equity Income

Net Debt and Net Leverage

(in $ millions)	June 30 2018	September 30 2017
Cash	$ 378	$ 709
Total Debt	3,439	3,478
Net Debt	$ 3,061	$ 2,769
Adjusted-EBITDA (last twelve months)	$ 1,339	$ 1,605
Net Leverage	2.29x	1.73x

Adjusted Equity Income

	Three Months Ended June 30	
(in $ millions)	2018	2017
Equity income as reported	$ 87	$ 91
Purchase accounting amortization (1)	5	6
Restructuring related charges (2)	2	1
Adjusted equity income	$ 94	$ 98

1. Reflects amortization of intangible assets including those related to partially owned affiliates recorded within equity income.
2. Reflects restructuring related charges for costs that are directly attributable to restructuring activities, but do not meet the definition of restructuring under ASC 420.

Non-GAAP reconciliations
Adjusted Income before Income Taxes

Adjusted Income before Income Taxes

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

Non-GAAP reconciliations
Reported to Adjusted SG&A

		FY16 Actual				FY17 Actual				FY18 Actual			Last Twelve Months Ended								
(in $ millions)	**Actual Q4 FY15**	**Q1 FY16**	**Q2 FY16**	**Q3 FY16**	**Q4 FY16**	**Q1 FY17**	**Q2 FY17**	**Q3 FY17**	**Q4 FY17**	**Q1 FY18**	**Q2 FY18**	**Q3 FY18**	**Actual Jun '16**	**Actual Sep '16**	**Actual Dec '16**	**Actual Mar '17**	**Actual Jun '17**	**Actual Sep '17**	**Actual Dec '17**	**Actual Mar '18**	**Actual Jun '18**
Selling, general and administrative costs	$ 225	$ 253	$ 252	$ 315	$ 402	$ 217	$ 178	$ 169	$ 127	$ 196	$ 188	$ 177	$ 1,045	$ 1,222	$ 1,186	$ 1,112	$ 966	$ 691	$ 670	$ 680	$ 688
Separation costs [1]	-	(60)	(72)	(122)	(115)	(10)	-	-	-	-	-	-	(254)	(369)	(319)	(247)	(125)	(10)	-	-	-
Becoming Adient [1]	-	-	-	-	-	(6)	(10)	(6)	(18)	(6)	(4)	(3)	-	-	(6)	(16)	(22)	(40)	(40)	(34)	(31)
Purchase accounting amortization [2]	(3)	(4)	(5)	(4)	(4)	(5)	(4)	(3)	(8)	(12)	(11)	(12)	(16)	(17)	(18)	(17)	(16)	(20)	(27)	(34)	(43)
Restructuring related charges [3]	-	-	-	-	(2)	-	-	-	(2)	-	-	-	-	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Other non-recurring items [4]	7	21	35	22	1	(13)	-	-	(3)	(1)	(6)	4	85	79	45	10	(12)	(16)	(4)	(10)	(6)
Pension mark-to-market [5]	(3)	-	-	-	(94)	-	-	-	41	-	-		(3)	(94)	(94)	(94)	(94)	41	41	41	41
Adjusted SG&A	$ 226	$ 210	$ 210	$ 211	$ 188	$ 183	$ 164	$ 160	$ 137	$ 177	$ 167	$ 166	$ 857	$ 819	$ 792	$ 746	$ 695	$ 644	$ 638	$ 641	$ 647

Sales ($Millions)	$ 4,150	$ 4,220	$ 4,290	$ 4,348	$ 3,932	$ 4,026	$ 4,201	$ 4,007	$ 3,979	$ 4,204	$ 4,596	$ 4,494	$17,008	$16,790	$16,596	$16,507	$16,166	$16,213	$16,391	$16,786	$17,273
Adjusted SG&A	226	210	210	211	188	183	164	160	137	177	167	166	857	819	792	746	695	644	638	641	647
% of Sales	5.45%	4.98%	4.90%	4.85%	4.78%	4.55%	3.90%	3.99%	3.44%	4.21%	3.63%	3.69%	5.04%	4.88%	4.77%	4.52%	4.30%	3.97%	3.89%	3.82%	3.75%

1. Reflects incremental expenses associated with becoming an independent company and expenses associated with the separation from JCI.
2. Reflects amortization of intangible assets including those related to partially owned affiliates recorded within equity income.
3. Reflects restructuring related charges for costs that are directly attributable to restructuring activities, but do not meet the definition of restructuring under ASC 420.
4. Third quarter of 2018 reflects $1 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 reflects $2 million of integration costs associated with the acquisition of Futuris, $3 million of income from prior period adjustments, and $7 million of non-recurring consulting fees related to SS&M. First quarter of 2018 reflects $1 million of integration costs associated with the acquisition of Futuris. First quarter 2017 primarily consists of $12M of initial funding of the Adient foundation. Fourth quarter of 2017 reflects $3 million of integration costs associated with the acquisition of Futuris. Also reflects a first quarter 2016 $13 million favorable commercial settlement, second quarter 2016 $22 million favorable settlement from prior year business divestitures and a $6 million favorable legal settlement, and a third quarter 2016 $14 million favorable legal settlement. Fourth quarter of 2015 primarily consists of a multi-employer pension credit associated with the removal of costs for pension plans that remained with the former Parent. Amounts related to the multi-employer pension credit are also included in fiscal year 2016 in the amounts of $8 million, $7 million, $8 million and $1 million in the first, second, third, and fourth quarters, respectively.
5. Reflects net mark-to-market adjustments on pension and postretirement plans.

Segment Performance

(in $ millions)

Segment Performance

Q1 2017	Seating	SS&M	Interiors	Corporate / Recon Items	Consolidated
Net sales	$ 3,692	$ 671	$ -	$ (337)	$ 4,026
Adjusted EBITDA	364	7	30	(31)	370
Adjusted EBITDA margin	9.9%	1.0%	N/A	N/A	9.2%
Equity Income	60	9	30	(5)	94
Depreciation	49	34	-	-	83
Capex	111	71	-	25	207

Q1 2018	Seating	SS&M	Interiors	Corporate / Recon Items	Consolidated
Net sales	$ 3,796	$ 718	$ -	$ (310)	$ 4,204
Adjusted EBITDA	355	(82)	25	(31)	267
Adjusted EBITDA margin	9.4%	-11.4%	N/A	N/A	6.4%
Equity Income	72	12	25	(13)	96
Depreciation	52	41	-	3	96
Capex	72	71	-	-	143

Q2 2017	Seating	SS&M	Interiors	Corporate / Recon Items	Consolidated
Net sales	$ 3,825	$ 756	$ -	$ (380)	$ 4,201
Adjusted EBITDA	398	40	22	(39)	421
Adjusted EBITDA margin	10.4%	5.3%	N/A	N/A	10.0%
Equity Income	62	10	22	(5)	89
Depreciation	42	34	-	5	81
Capex	40	53	-	2	95

Q2 2018	Seating	SS&M	Interiors	Corporate / Recon Items	Consolidated
Net sales	$ 4,132	$ 797	$ -	$ (333)	$ 4,596
Adjusted EBITDA	411	(34)	12	(26)	363
Adjusted EBITDA margin	9.9%	-4.3%	N/A	N/A	7.9%
Equity Income	72	9	12	(8)	85
Depreciation	53	45	-	3	101
Capex	58	65	-	-	123

Q3 2017	Seating	SS&M	Interiors	Corporate / Recon Items	Consolidated
Net sales	$ 3,620	$ 713	$ -	$ (326)	$ 4,007
Adjusted EBITDA	413	31	19	(39)	424
Adjusted EBITDA margin	11.4%	4.3%	N/A	N/A	10.6%
Equity Income	70	9	19	(7)	91
Depreciation	45	37	-	2	84
Capex	59	56	-	-	115

Q3 2018	Seating	SS&M	Interiors	Corporate / Recon Items	Consolidated
Net sales	$ 4,027	$ 783	$ -	$ (316)	$ 4,494
Adjusted EBITDA	344	(18)	19	(26)	319
Adjusted EBITDA margin	8.5%	-2.3%	N/A	N/A	7.1%
Equity Income	67	8	19	(7)	87
Depreciation	53	46	-	4	103
Capex	75	63	-	-	138

Q4 2017	Seating	SS&M	Interiors	Corporate / Recon Items	Consolidated
Net sales	$ 3,605	$ 670	$ -	$ (296)	$ 3,979
Adjusted EBITDA	403	4	22	(39)	390
Adjusted EBITDA margin	11.2%	0.6%	N/A	N/A	9.8%
Equity Income	72	9	22	145	248
Depreciation	47	40	-	2	89
Capex	81	79	-	-	160

Prior Period Results

	Actual	FY16 Actual				FY17 Actual				FY18 Actual			Last Twelve Months Ended								
	Q4 FY15	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Actual Jun '16	Actual Sep '16	Actual Dec '16	Actual Mar '17	Actual Jun '17	Actual Sep '17	Actual Dec '17	Actual Mar '18	Actual Jun '18
Sales ($Mils.)	$ 4,150	$ 4,220	$ 4,290	$ 4,348	$ 3,932	$ 4,026	$ 4,201	$ 4,007	$ 3,979	$ 4,204	$ 4,596	$ 4,494	$ 17,008	$ 16,790	$ 16,596	$ 16,507	$ 16,166	$ 16,213	$ 16,391	$ 16,786	$ 17,273
Adjusted EBIT	230	251	296	323	286	283	332	333	296	163	252	206	1,100	1,156	1,188	1,224	1,234	1,244	1,124	1,044	$ 917
% of Sales	5.54%	5.95%	6.90%	7.43%	7.27%	7.03%	7.90%	8.31%	7.44%	3.88%	5.48%	4.58%	6.47%	6.89%	7.16%	7.42%	7.63%	7.67%	6.86%	6.22%	5.31%
Adjusted EBITDA	303	334	382	414	381	370	421	424	390	267	363	319	1,433	1,511	1,547	1,586	1,596	1,605	1,502	1,444	$ 1,339
% of Sales	7.30%	7.91%	8.90%	9.52%	9.69%	9.19%	10.02%	10.58%	9.80%	6.35%	7.90%	7.10%	8.43%	9.00%	9.32%	9.61%	9.87%	9.90%	9.16%	8.60%	7.75%
Adj Equity Income	72	95	80	91	98	99	94	98	103	109	93	94	338	364	368	382	389	394	404	403	$ 399
Adj EBIT Excl Equity	158	156	216	232	188	184	238	235	193	54	159	112	762	792	820	842	845	850	720	641	518
% of Sales	3.81%	3.70%	5.03%	5.34%	4.78%	4.57%	5.67%	5.86%	4.85%	1.28%	3.46%	2.49%	4.48%	4.72%	4.94%	5.10%	5.23%	5.24%	4.39%	3.82%	3.00%
Adj EBITDA Excl Equity	231	239	302	323	283	271	327	326	287	158	270	225	1,095	1,147	1,179	1,204	1,207	1,211	1,098	1,041	940
% of Sales	5.57%	5.66%	7.04%	7.43%	7.20%	6.73%	7.78%	8.14%	7.21%	3.76%	5.87%	5.01%	6.44%	6.83%	7.10%	7.29%	7.47%	7.47%	6.70%	6.20%	5.44%