FY 2019 THIRD QUARTER EARNINGS

ADIENT

Adient reports third quarter 2019 financial results

Aug. 6, 2019

- GAAP results impacted by one-time, non cash charges
- Q3 GAAP net loss and EPS diluted of $(321)M and $(3.43) respectively; Q3 Adjusted-EPS diluted of $0.38
- Adjusted-EBIT and Adjusted-EBITDA of $129M and $205M, respectively
- Q3 free cash flow (operating cash flow, less capital expenditures) of $168M
- Cash and cash equivalents of $1,025M at June 30, 2019
- Gross debt and net debt totaled $3,777M and $2,752M, respectively, at June 30, 2019

"Adient's turnaround plan is on track as evidenced by our Q3 financial results, which improved sequentially for the second consecutive quarter. Benefits related to actions implemented earlier this year are gaining traction and more than offset significant industry weakness in the China market."

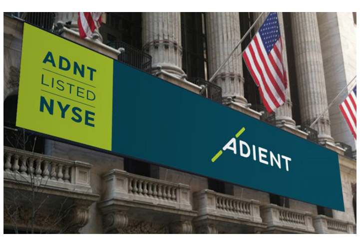
— Doug Del Grosso, President and Chief Executive Officer

FY 2019 Q3 RESULTS OVERVIEW

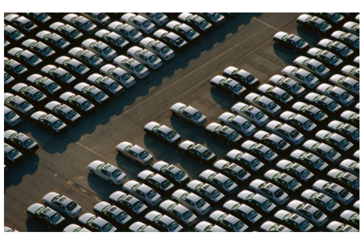
	REVENUE	EBIT	NET INCOME (LOSS) attributable to Adient	EPS DILUTED
AS REPORTED	$4,219M	$95M	$(321)M	$(3.43)
vs. Q3 18	-6 %	7 %	NM	NM
	ADJ. EBIT	ADJ. EBITDA	ADJ. NET INCOME attributable to Adient	ADJ. EPS DILUTED
AS ADJUSTED	$129M	$205M	$36M	$0.38
vs. Q3 18	-37 %	-36 %	-74 %	-74 %

For non-GAAP and adjusted results, see appendix for detail and reconciliation to U.S. GAAP
NM — Not a meaningful comparison

RECENT DEVELOPMENTS



Q3 GAAP net loss impacted by various one-time, non cash charges totaling $334M primarily associated with the recording of valuation allowances against certain deferred tax assets, restructuring charges, a UK pension mark-to-market loss and a deferred financing fee



Adient continues to compete and win both new and replacement business; recently secured program wins with Ford, General Motors, FAW, Porsche, Volkswagen and Kia Motors

Through a variety of customer events, Adient continues to showcase the company's current and future global product offerings, including opportunities to increase program profitability for its customers through innovative VAVE / sustainability efforts

Q3 unconsolidated Seating and Interiors (YFAI) revenue of $1.86B and $1.75B, respectively (down 17 % and 21 %, respectively, excluding FX); equity income of $66M (Seating / SS&M $51M, YFAI $15M)

KEY OPERATING METRICS

	SALES					
	CONSOLIDATED	UNCONSOL. SEATING AND SS&M	UNCONSOL. INTERIORS	ADJ. EQUITY INCOME [a]	ADJ. INTEREST EXPENSE [a]	ADJ. EFFECTIVE TAX RATE [a]
Q3 19	**$4,219M**	**$1,864M**	**$1,745M**	**$66M**	**$47M**	**38.6%**
Q3 18	$4,494M	$2,407M	$2,358M	$94M	$39M	6.0 %
	The negative impact of FX, volume and mix drove the 6% y-o-y decline (down 3% excl. FX)	Down 23% y-o-y (down 17% excl. FX)	Down 26% y-o-y (down 21% excl. FX)	Lower volumes in China, and to a lesser extent, FX, drove the y-o-y decline; Seating / SS&M down 27% excl FX, YFAI down 26% excl FX	In line with company expectations given Adient's debt refinancing (May 2019) and cash position	Q319 adj. effective tax rate reflects impact of valuation allowances in certain jurisdictions, lower y-o-y earnings and geographic composition of earnings

a/ - On an adjusted basis. For complete details and to see reconciliation of non-GAAP measures to their most directly comparable GAAP measures refer to the appendix

SEGMENT RESULTS

	Americas		EMEA		Asia	
	Q3 19	Q3 18	Q3 19	Q3 18	Q3 19	Q3 18
ADJ. EBITDA [a]	**$69M**	**$99M**	**$53M**	**$97M**	**$110M**	**$146M**
	Negative business performance, mix and increased SG&A costs, partially offset by lower commodity prices and volume, were the primary drivers behind the y-o-y decline		Negative business performance (driven by launch inefficiencies), the impact of FX and lower volume were the primary factors behind the y-o-y decline		The impact of lower volume and equity income, and to a lesser extent, FX, were the primary factors behind the y-o-y decline	

a/ - On an adjusted basis. For complete details and to see reconciliation of non-GAAP measures to their most directly comparable GAAP measures refer to the appendix. Segment Adjusted-EBITDA for Americas, EMEA, and Asia does not contain certain corporate costs that are not allocated back to the operations. Prior period presentation of reportable segments has been recast to conform to current segment reporting structure and adoption of ASU NO. 2017-07

CASH FLOW & BALANCE SHEET

	Q3 19	Q3 18
OPERATING CASH FLOW	$266M	$390M
CAPITAL EXPENDITURES	$(98)M	$(138)M
FREE CASH FLOW	$168M	$252M

	6/30/19	9/30/18
CASH & CASH EQUIVALENTS	$1,025M	$687M
TOTAL DEBT	$3,777M	$3,430M
NET DEBT	$2,752M	$2,743M
NET LEVERAGE	3.35x	2.29x

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

LOOKING FORWARD

> Driven by positive contributions related to turnaround actions underway, Adient reaffirms Adj. EBITDA and margins are expected to improve in the second half of FY19 compared with first half FY19 despite weaker than expected second half market conditions in China

> Expectations for other full year FY19 key financial metrics include:
- Revenue of ~$16.5B - $16.7B (no change from prior guidance)
- Equity income of ~$265M (includes ~$40M related to YFAI) (updated from prior guidance of between ~$290M and ~$300M)
- Interest expense of ~$175M (no change from prior guidance)
- Cash tax of ~$105M to $115M (no change from prior guidance)
- Capital expenditures between ~$500M - $525M (updated from prior guidance of between ~$550M and ~$575M)

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Adient is a global leader in automotive seating. With 84,000 employees operating in 214 manufacturing/assembly plants in 32 countries worldwide, we produce and deliver automotive seating for all vehicle classes and all major OEMs. From complete seating systems to individual components, our expertise spans every step of the automotive seat-making process. Our integrated, in-house skills allow us to take our products from research and design all the way to engineering and manufacturing – and into more than 25 million vehicles every year. For more information on Adient, please visit adient.com.

Cautionary Statement Regarding Forward-Looking Statements:

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 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, the ability of Adient Aerospace to successfully implement its strategic initiatives or realize the expected benefits of the joint venture, 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, 2018 filed with the SEC on November 29, 2018 and quarterly reports on Form 10-Q filed with the SEC, available at www.sec.gov. Potential investors and others should consider these factors in evaluating the forward-looking statements and should not place undue reliance on such statements. The forward-looking statements included in this document are made only as of the date of this document, unless otherwise specified, and, except as required by law, Adient assumes no obligation, and disclaims any obligation, to update such statements to reflect events or circumstances occurring after the date of this document.

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

Use of Non-GAAP Financial Information:

This document also contains non-GAAP financial information because Adient's management believes it may assist investors in evaluating Adient's on-going operations. Adient believes these non-GAAP disclosures provide important supplemental information to management and investors regarding financial and business trends relating to Adient's financial condition and results of operations. Investors should not consider these non-GAAP measures as alternatives to the related GAAP measures. A reconciliation of non-GAAP measures to their closest GAAP equivalent are included in the appendix. Reconciliations of non-GAAP measures related to FY2019 guidance have not been provided due to the unreasonable efforts it would take to provide such reconciliations.

Adient plc
Condensed Consolidated Statements of Income
(Unaudited)

	Three Months Ended June 30,	
(in millions, except per share data)	2019	2018 [1]
Net sales	$ 4,219	$ 4,494
Cost of sales	4,008	4,249
Gross profit	211	245
Selling, general and administrative expenses	165	186
Restructuring and impairment costs	15	57
Equity income (loss)	64	87
Earnings (loss) before interest and income taxes	95	89
Net financing charges	60	39
Other pension expense (income)	5	(10)
Income (loss) before income taxes	30	60
Income tax provision (benefit)	338	(13)
Net income (loss)	(308)	73
Income attributable to noncontrolling interests	13	19
Net income (loss) attributable to Adient	$ (321)	$ 54
Diluted earnings (loss) per share	$ (3.43)	$ 0.58
Shares outstanding at period end	93.6	93.4
Diluted weighted average shares	93.6	93.7

[1] The presentation of certain amounts have been revised from what was previously reported to retrospectively adopt Accounting Standard Update ("ASU") 2017-07, "Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Cost." See Note 4, "Revisions to Previously Reported Amounts," for more information.

Adient plc
Condensed Consolidated Statements of Financial Position
(Unaudited)

(in millions)	June 30, 2019	September 30, 2018
Assets		
Cash and cash equivalents	$ 1,025	$ 687
Accounts receivable - net	1,853	2,091
Inventories	783	824
Other current assets	592	707
Current assets	4,253	4,309
Property, plant and equipment - net	1,687	1,683
Goodwill	2,182	2,182
Other intangible assets - net	426	460
Investments in partially-owned affiliates	1,407	1,407
Assets held for sale	—	37
Other noncurrent assets	619	864
Total assets	$ 10,574	$ 10,942
Liabilities and Shareholders' Equity		
Short-term debt	$ 15	$ 8
Accounts payable and accrued expenses	3,141	3,432
Other current liabilities	807	752
Current liabilities	3,963	4,192
Long-term debt	3,762	3,422
Other noncurrent liabilities	523	564
Redeemable noncontrolling interests	45	47
Shareholders' equity attributable to Adient	1,919	2,392
Noncontrolling interests	362	325
Total liabilities and shareholders' equity	$ 10,574	$ 10,942

Adient plc
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018
Operating Activities		
Net income (loss) attributable to Adient	$ (321)	$ 54
Income attributable to noncontrolling interests	13	19
Net income (loss)	(308)	73
Adjustments to reconcile net income (loss) to cash provided (used) by operating activities:		
Depreciation	68	103
Amortization of intangibles	11	12
Pension and postretirement benefit expense (benefit)	7	(9)
Pension and postretirement contributions, net	(4)	(3)
Equity in earnings of partially-owned affiliates, net of dividends received	106	113
Deferred income taxes	264	10
Non-cash restructuring and impairment charges	—	52
Equity-based compensation	8	13
Other	11	1
Changes in assets and liabilities:		
Receivables	129	246
Inventories	51	(28)
Other assets	43	(29)
Restructuring reserves	(20)	(26)
Accounts payable and accrued liabilities	(134)	(59)
Accrued income taxes	34	(79)
Cash provided (used) by operating activities	266	390
Investing Activities		
Capital expenditures	(98)	(138)
Sale of property, plant and equipment	7	3
Changes in long-term investments	3	1
Loans to affiliates	—	(11)
Cash provided (used) by investing activities	(88)	(145)
Financing Activities		
Increase (decrease) in short-term debt	(2)	(158)
Increase (decrease) in long-term debt	1,600	—
Repayment of long-term debt	(1,201)	(1)
Debt financing costs	(37)	—
Cash dividends	—	(26)
Dividends paid to noncontrolling interests	(10)	(23)
Other	(1)	1
Cash provided (used) by financing activities	349	(207)
Effect of exchange rate changes on cash and cash equivalents	7	(13)
Increase (decrease) in cash and cash equivalents	$ 534	$ 25

Footnotes

1. Segment Results

During the second quarter of fiscal 2019, Adient realigned its organizational structure to manage its business primarily on a geographic basis, resulting in a change to reportable segments. Segment information for all periods presented are aligned to this change in organizational structure and an updated definition of corporate-related costs. Pursuant to this change, Adient operates in the following three reportable segments for financial reporting purposes: 1) Americas, which is inclusive of North America and South America; 2) Europe, Middle East, and Africa ("EMEA") and 3) Asia Pacific/China ("Asia").

Adient evaluates the performance of its reportable segments using an adjusted EBITDA metric defined as income before income taxes and noncontrolling interests, excluding net financing charges, qualified restructuring and impairment costs, restructuring related-costs, incremental "Becoming Adient" costs, separation costs, net mark-to-market adjustments on pension and postretirement plans, transaction gains/losses, purchase accounting amortization, depreciation, stock-based compensation and other non-recurring items ("Adjusted EBITDA"). Also, certain corporate-related costs are not allocated to the segments. The reportable segments are consistent with how management views the markets served by Adient and reflect the financial information that is reviewed by its chief operating decision maker. Adient has three reportable segments for financial reporting purposes:

Financial information relating to Adient's reportable segments is as follows:

	Three Months Ended June 30,	
(in millions)	**2019**	**2018**
Net Sales		
Americas	$ 2,010	$ 1,946
EMEA	1,752	1,945
Asia	530	672
Eliminations	(73)	(69)
Total net sales	$ 4,219	$ 4,494

	Three Months Ended June 30,	
(in millions)	**2019**	**2018 (1)**
Adjusted EBITDA		
Americas	$ 69	$ 99
EMEA	53	97
Asia	110	146
Corporate-related costs (2)	(27)	(24)
Becoming Adient costs (3)	—	(12)
Restructuring and impairment costs (4)	(15)	(57)
Purchase accounting amortization (5)	(11)	(17)
Restructuring related charges (6)	(5)	(20)
Stock based compensation (7)	(8)	(12)
Depreciation (8)	(68)	(101)
Other items (9)	(3)	(10)
Earnings (loss) before interest and income taxes	95	89
Net financing charges	(60)	(39)
Other pension income	(5)	10
Income (loss) before income taxes	$ 30	$ 60

See Footnote Addendum for detail explanations of footnotes.

2. Earnings Per Share

The following table reconciles the numerators and denominators used to calculate basic and diluted earnings (loss) per share:

	Three Months Ended June 30,	
(in millions, except per share data)	**2019**	**2018**
Income available to shareholders		
Net income (loss) attributable to Adient	$ (321)	$ 54
Weighted average shares outstanding		
Basic weighted average shares outstanding	93.6	93.4
Effect of dilutive securities:		
Stock options, unvested restricted stock and unvested performance share awards	—	0.3
Diluted weighted average shares outstanding	93.6	93.7

3. Non-GAAP Measures

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. 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, 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.
- Net leverage is calculated as net debt divided by the last twelve months of adjusted EBITDA.
- Twelve months ended June 30, 2019 reconciliation between net income (loss) attributable to Adient to adjusted EBITDA is a non-GAAP financial presentation.

Summarized Income Statement Information

(in millions, except per share data)	Three Months Ended June 30, 2019 As reported	2019 As adjusted	2018 As reported	2018 As adjusted
Net sales	$ 4,219	$ 4,219	$ 4,494	$ 4,494
Equity income (loss)	64	66	87	94
Earnings (loss) before interest and income taxes	95	129	89	205
Earnings before interest, income taxes, stock based compensation, depreciation and amortization	N/A	205	N/A	318
Net financing charges	60	47	39	39
Other pension expense (income)	5	(1)	(10)	(1)
Income (loss) before income taxes	30	83	60	167
Income tax provision (benefit)	338	32	(13)	10
Net income (loss) attributable to Adient	(321)	36	54	136
Diluted earnings (loss) per share	$ (3.43)	$ 0.38	$ 0.58	$ 1.45

The following table reconciles equity income to adjusted equity income:

(in millions)	Three Months Ended June 30, 2019	2018
Equity income (loss)	$ 64	$ 87
Purchase accounting amortization (5)	—	5
Restructuring related charges (6)	2	2
Adjusted equity income	$ 66	$ 94

The following table reconciles net financing charges to adjusted net financing charges:

(in millions)	Three Months Ended June 30, 2019	2018
Net financing charges	$ 60	$ 39
Deferred financing fee charge (15)	(13)	—
Adjusted net financing charges	$ 47	$ 39

The following table reconciles net income (loss) attributable to Adient to adjusted EBITDA:

(in millions)	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018 [1]
Net income (loss) attributable to Adient	$ (321)	$ 54
Income attributable to noncontrolling interests	13	19
Income tax provision [11]	338	(13)
Financing charges	60	39
Other pension expense (income)	5	(10)
Earnings (loss) before interest and income taxes	95	89
Becoming Adient [3]	—	12
Restructuring and impairment costs [4]	15	57
Purchase accounting amortization [5]	11	17
Restructuring related charges [6]	5	20
Other items [9]	3	10
Adjusted EBIT	129	205
Stock based compensation [7]	8	12
Depreciation [8]	68	101
Adjusted EBITDA	$ 205	$ 318
Net sales	$ 4,219	$ 4,494
Adjusted EBIT	$ 129	$ 205
Adjusted EBIT margin	3.1%	4.6%

Segment Performance:

Three months ended June 30, 2019	Americas	EMEA	Asia	Corporate/ Eliminations	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%

Three months ended June 30, 2018	Americas	EMEA	Asia	Corporate/ Eliminations	Consolidated
Net sales	$ 1,946	$ 1,945	$ 672	$ (69)	$ 4,494
Adjusted EBITDA	$ 99	$ 97	$ 146	$ (24)	$ 318
Adjusted EBITDA margin	5.1%	5.0%	21.7%	N/A	7.1%

The following table reconciles income (loss) before income taxes to adjusted income before income taxes and presents the related effective tax rate and adjusted effective tax rate:

	Three Months Ended June 30,					
	2019			2018		
(in millions, except effective tax rate)	Income (loss) before income taxes	Tax impact	Effective tax rate	Income (loss) before income taxes	Tax impact	Effective tax rate
As reported	$ 30	$ 338	*	$ 60	$ (13)	-21.7%
Adjustments	53	(306)	*	107	23	21.5%
As adjusted	$ 83	$ 32	38.6%	$ 167	$ 10	6.0%

* Measure not meaningful.

The following table reconciles net income (loss) attributable to Adient to adjusted net income (loss) attributable to Adient:

	Three Months Ended June 30,	
(in millions)	2019	2018
Net income (loss) attributable to Adient	$ (321)	$ 54
Becoming Adient [(3)]	—	12
Restructuring and impairment costs [(4)]	15	57
Purchase accounting amortization [(5)]	11	17
Restructuring related charges [(6)]	5	20
Termination of benefit plan [(13)]	—	(9)
Pension mark-to-market [(14)]	6	—
Deferred financing fee charge [(15)]	13	—
Other items [(9)]	3	10
Impact of adjustments on noncontrolling interests [(10)]	(2)	(2)
Tax impact of above adjustments and other tax items [(11)]	306	(23)
Adjusted net income attributable to Adient	$ 36	$ 136

The following table reconciles diluted earnings (loss) per share as reported to adjusted diluted earnings per share:

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018
Diluted earnings (loss) per share as reported	$ (3.43)	$ 0.58
Becoming Adient [3]	—	0.13
Restructuring and impairment costs [4]	0.16	0.61
Purchase accounting amortization [5]	0.12	0.18
Restructuring related charges [6]	0.05	0.21
Termination of benefit plan [13]	—	(0.10)
Pension mark-to-market [14]	0.06	—
Deferred financing fee charge [15]	0.14	—
Other items [9]	0.04	0.11
Impact of adjustments on noncontrolling interests [10]	(0.02)	(0.02)
Tax impact of above adjustments and other tax items [11]	3.26	(0.25)
Adjusted diluted earnings per share	$ 0.38	$ 1.45

The following table reconciles net income (loss) attributable to Adient to adjusted EBITDA:

	Three Months Ended		Twelve Months Ended	
(in millions)	**June 30, 2019**	**June 30, 2018 (1)**	**June 30, 2019**	**September 30 2018 (1)**
Net income attributable to Adient	$ (321)	$ 54	$ (1,842)	$ (1,685)
Income attributable to noncontrolling interests	13	19	84	84
Income tax provision (11)	338	(13)	668	480
Net financing charges	60	39	170	144
Pension mark-to-market	6	—	(18)	(24)
Other pension expense (income)	(1)	(10)	(4)	(19)
Earnings (loss) before interest and income taxes	95	89	(942)	(1,020)
Becoming Adient (3)	—	12	12	62
Restructuring and Impairment Costs (4)	15	57	968	1,181
Purchase Accounting Amortization (5)	11	17	48	69
Restructuring Related Charges (6)	5	20	46	61
Impairment of YFAI Investment (12)	—	—	358	358
Other Items (9)	3	10	9	55
Adjusted EBIT	129	205	499	766
Stock Based Compensation (7)	8	12	19	37
Depreciation (8)	68	101	304	393
Adjusted EBITDA	$ 205	$ 318	$ 822	$ 1,196

The following table presents net debt and net leverage ratio calculations:

(in millions, except net leverage)	**June 30, 2019**	**September 30, 2018**
Cash	$ 1,025	$ 687
Total debt	3,777	3,430
Net debt	$ 2,752	$ 2,743
Adjusted EBITDA (last twelve months)	$ 822	$ 1,196
Net leverage:	3.35 x	2.29 x

The following table reconciles cash from operating activities to free cash flow:

	Three Months Ended June 30,	
(in millions)	**2019**	**2018**
Operating cash flow	$ 266	$ 390
Capital expenditures	(98)	(138)
Free cash flow	$ 168	$ 252

The following table reconciles adjusted EBITDA to Free cash flow:

	FY19		FY18	
(in millions)	**Q3FY19**	**YTD**	**Q3FY18**	**YTD**
Adjusted EBITDA	$ 205	$ 572	318	946
(+/-) Net equity in earnings	103	(16)	105	(19)
(-) Restructuring	(23)	(112)	(39)	(138)
(-) Becoming Adient Costs	—	—	(11)	(38)
(+/-) Net Customer Tooling	13	43	(14)	(20)
(+/-) Past Due Receivables	(2)	—	48	(2)
(+/-) Trade Working Capital (Net AR/AP + Inventory)	(3)	(76)	40	(133)
(+/-) Accrued Compensation	9	48	(35)	(119)
(-) Interest paid	(12)	(82)	(17)	(87)
(-) Taxes paid	(40)	(88)	(56)	(144)
(+/-) Other	16	17	51	(6)
Operating cash flow	266	306	390	240
Capital expenditures	(98)	(350)	(138)	(404)
Free cash flow	$ 168	$ (44)	$ 252	$ (164)

Footnote Addendum

(1) The presentation of certain amounts have been revised from what was previously reported to retrospectively adopt Accounting Standard Update ("ASU") 2017-07, "Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Cost." See Note 4, "Revisions to Previously Reported Amounts," for more information.

(2) Corporate-related costs not allocated to the segments include executive office, aviation, communications, corporate development, legal and finance.

(3) Becoming Adient costs reflect incremental expenses associated with becoming an independent company. Of the $12 million of Becoming Adient costs in the three months ended June 30, 2018, $9 million is included within cost of sales and $3 million is included within selling, general and administrative expenses. Of the $87 million of Becoming Adient costs in the twelve months ended June 30, 2018, $56 million is included within cost of sales and $31 million is included within selling, general and administrative expenses. Of the $62 million of Becoming Adient costs in the twelve months ended September 30, 2018, $46 million is included within cost of sales and $16 million is included within selling, general and administrative expenses.

(4) Reflects qualified restructuring charges for costs that are directly attributable to restructuring activities and meet the definition of restructuring under ASC 420. Also included in the twelve months ended June 30, 2019 is a non-cash pre-tax impairment charge of $66 million (post-tax charge of $64 million) related to the seats structures and mechanisms ("SS&M") long-lived assets that were in use as of March 31, 2019 in support of current programs. The three months ended June 30, 2018 also includes a $52 million pretax asset impairment charge ($37 million, net of tax) related to assets held for sale. The twelve months ended September 30, 2018 also includes a non-cash pre-tax impairment charge of $787 million (post-tax charge of $718 million) related to SS&M long-lived assets that were in use as of September 30, 2018 in support of current programs and a $299 million pretax goodwill impairment charge ($279 million, net of tax) related to the SS&M business recorded in the second quarter of fiscal 2018.

(5) Reflects amortization of intangible assets including those related to partially owned affiliates recorded within equity income. Of the $11 million in the three months ended June 30, 2019, $2 million is included within cost of sales and $9 million is included within selling, general and administrative expenses. Of the $17 million in the three months ended June 30, 2018, $12 million is included within selling, general and administrative expenses and $5 million is included within equity income. Of the $48 million in the twelve months ended June 30, 2019, $3 million is included within cost of sales, $39 million is included within selling, general and administrative expenses, and $6 million is included within equity income. Of the $69 million in the twelve months ended September 30, 2018, $1 million is included within cost of sales, $46 million is included within selling, general and administrative expenses, and $22 million is included within equity income. As a result of the fiscal year 2018 YFAI impairment, amortization of intangible assets related to YFAI has ceased starting in the first quarter of fiscal 2019.

(6) Reflects non-qualified restructuring charges for costs that are directly attributable to restructuring activities, but do not meet the definition of restructuring under ASC 420 along with restructuring costs at partially owned affiliates recorded within equity income.

(7) For the three months ended June 30, 2018, stock based compensation excludes $1 million, which is included in Becoming Adient costs discussed above.

(8) For the three months ended June 30, 2018, depreciation excludes $2 million, which is included in restructuring related charges discussed above.

(9) The three months ended June 30, 2019 includes $1 million of Futuris integration costs which is included within cost of sales and $2 million of transaction costs which is included within selling, general and administrative expenses. The three months ended June 30, 2018 includes $6 million of Futuris integration costs ($5 million is included within cost of sales and $1 million is included within selling, general and administrative expenses) and $4 million of non-recurring consulting fees related to SS&M (included within selling, general and administrative expenses). In addition, the three months ended June 30, 2018 previously included $9 million of other non-recurring income that was reclassified to other pension income upon adoption of ASU 2017-07.

(10) Reflects the impact of adjustments, primarily purchase accounting amortization and changes in income tax rates, on noncontrolling interests.

(11) The income tax provision for the three months ended June 30, 2019 includes a tax charge of $254 million to record valuation allowances on the net deferred tax assets in Luxembourg and UK and a tax charge of $48 million to recognize the increase to the forecasted effective tax rate on first and second quarter earnings, driven by the valuation allowances.

(12) During the three months ended September 30, 2018, Adient recorded a non-cash pre-tax impairment charge related to its YFAI investment balance of $358 million (post-tax charge of $322 million). On-going performance issues within the YFAI business led Adient to perform an impairment analysis of its YFAI investment and resulted in the recognition of such impairment charge, which has been recorded within equity income.

(13) During the three months ended March 31, 2018, Adient terminated its postretirement benefit plan. As a result, a $9 million settlement gain was recorded during the three months ended June 30, 2018 reflecting the immediate recognition of prior service credits.

(14) During the three months ended June 30, 2019, Adient was required to remeasure one of its United Kingdom pension plans and, as a result, recorded a $6 million mark-to-market loss.

(15) During the three months ended June 30, 2019, Adient refinanced its debt arrangements and correspondingly recorded a one-time charge for deferred financing fees associated with the previous debt arrangements.

4. Revisions to Previously Reported Amounts

On October 1, 2018, Adient adopted ASU No. 2017-07, Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. ASU 2017-07 requires the service cost component of the net periodic costs for pension and postretirement plans to be presented in the same line item in the statement of income as other employee-related compensation costs. The non-service related costs are now required to be presented separately from the service cost component and outside of operating income/EBIT. This presentation change to the income statement has been reflected on a retrospective basis and had no effect on income (loss) before income taxes. For the three and nine months ended, June 30, 2018, this change resulted in a \$1 million and \$4 million increase to cost of sales, a \$1 million and \$4 million decrease to gross profit, a \$9 million and \$14 million increase to selling, general and administrative expenses, a \$10 million and \$18 million decrease to earnings (loss) before interest and income taxes, and a \$10 million and \$18 million increase to other pension expense (income) line items in the condensed consolidated statements of income, respectively. As a result of presenting certain pension costs as non-operating items, consolidated adjusted EBITDA decreased by \$1 million, \$2 million and \$4 million for the three and nine months ended June 30, 2018 and twelve months ended September 30, 2018, respectively.