Adient reports Q3 financial results; provides update to FY24 outlook

- Q3 GAAP net loss and EPS diluted of $(11)M and $(0.12), respectively; Q3 Adj.-EPS diluted of $0.32
- Q3 Adj.-EBITDA of $202M — quarterly results impacted by lower customer production
- Gross debt and net debt totaled ~$2.5B and ~$1.6B, respectively, at June 30, 2024; cash and cash equivalents of $890M at June 30, 2024
- Generated free cash flow (operating cash flow less CapEx) of $88M
- Executed $75M of share repurchases, retiring ~2.6M shares in the quarter; year to date share repurchases total $225M and ~7.1M shares. Approximately 8 % of outstanding shares were repurchased in the first 9 months of FY24
- The company provided an update to its FY24 outlook, recognizing the impacts of lower vehicle production expectations

Q3 FY2024 FINANCIAL RESULTS OVERVIEW

	REVENUE	EBIT	NET INCOME/(LOSS) attributable to Adient	EPS DILUTED
AS REPORTED	**$3,716M**	**$94M**	**$(11)M**	**$(0.12)**
vs. Q3 23	(8) %	(46) %	NM	NM
	ADJ. EBIT	ADJ. EBITDA	ADJ. NET INCOME/(LOSS) attributable to Adient	ADJ. EPS DILUTED
AS ADJUSTED	**$126M**	**$202M**	**$29M**	**$0.32**
vs. Q3 23	(35) %	(27) %	(69) %	(67) %

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

"Lower industry volumes this year have been challenging. However, we are confident that our focus on executing our strategy will position the company for sustained success."
— Jerome Dorlack, President and Chief Executive Officer

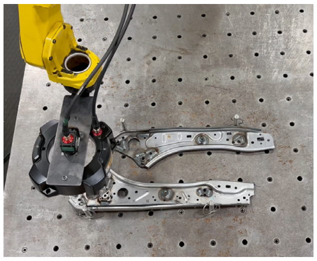
FOCUS ON MITIGATING VOLUME HEADWINDS AND GENERATING STRONG FREE CASH FLOW

Adient faced challenging market conditions in Q3FY24, with lower-than-expected global vehicle production volume, FX headwinds and weaker-than-expected business performance in Europe. Year-over-year comparisons were difficult in Europe due to a non-recurring insurance settlement in Q3FY23 and timing of commercial recoveries. Partially offsetting these headwinds was strong business performance in the Americas and Asia. Excluding the non-recurring insurance recovery of ~$20M in Q3FY23, Adient achieved positive year-over-year business performance, driven by disciplined execution on commercial margin, operational performance, and lower SG&A expense. In addition, Adient generated strong free cash flow of $88M.

ADIENT CHINA: SHOWCASING GROWTH DRIVERS AND INNOVATION

Adient China remains the growth engine for Adient, with expected double-digit increases in the coming years, driven by new- and long-standing customer relationships, including legacy manufacturers and Chinese domestic OEMs. Adient China drives innovation in five key areas of seating evolution: comfort, connectivity, reconfiguration, safety and sustainability. The company recently established a joint venture with local comfort system supplier Jinbo to industrialize innovative mechanical massage systems. This mechanical massage system is the first-ever product jointly developed by Adient China and Jinbo. Click here to learn more about product innovation at Adient China.

ADVANCING ADIENT'S BUSINESS PERFORMANCE THROUGH AUTOMATION



AI weld inspection tool

Automation has been a tool for streamlining operations in Adient's complete seat and component facilities globally for years. The company continues to deploy industry-leading tools and expand the use of artificial intelligence to unlock further opportunities for savings. The benefits of automation include reducing direct labor costs, improving accuracy, and achieving repeatable and reproducible results to transform our operations for the future.

EXECUTING CAPITAL ALLOCATION PLAN

Adient continues to maintain a strong and flexible balance sheet, which underpinned our balanced capital allocation policy. During the third quarter, Adient accelerated the share repurchase program, returning $75M to shareholders, which brought the total year-to-date share repurchases to $225M, nearly 8 % of outstanding shares at the beginning of the year. This move underscores Adient's commitment to being good stewards of capital and ensuring efficient allocation of resources. By repurchasing shares, Adient not only returns value to shareholders but also signals confidence in the company's future.

"Our disciplined approach to capital allocation is designed to enhance shareholder value, support long-term growth, and maintain the financial health of the company."

— Mark A. Oswald, Executive Vice President and Chief Financial Officer

SEGMENT RESULTS (ADJUSTED EBITDA*)

Americas		EMEA		Asia	
Q3 24	Q3 23	Q3 24	Q3 23	Q3 24	Q3 23
$99M	**$95M**	**$25M**	**$103M**	**$101M**	**$100M**

Americas: For the quarter, the y-o-y improvement was driven by business performance, including efficiencies in material margin, freight and engineering. Partially offsetting these benefits were volume headwinds and the negative impact of transactional FX (peso). In addition, Q3FY23 included a nonrecurring insurance recovery of ~$4M.

EMEA: For the quarter, the y-o-y results were driven by unfavorable business performance from lower levels of customer releases creating operating inefficiencies and strong timing of commercial recoveries in Q3FY23. Additionally, Q3FY23 benefited from a nonrecurring insurance recovery of ~$16M. Volume, material economics and currency were also unfavorable factors.

Asia: For the quarter, the y-o-y results were driven by improved business performance, including efficiencies in material margin, launch and labor. Offsetting these benefits were unfavorable volume and mix and FX equity and income headwinds.

*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 Adj.-EBITDA for Americas, EMEA, and Asia does not contain certain corporate costs that are not allocated back to the operations.

CASH FLOW & BALANCE SHEET

	YTD 24*	YTD 23*
OPERATING CASH FLOW	$280M	$373M
CAPITAL EXPENDITURES	$(194)M	$(177)M
FREE CASH FLOW	$86M	$196M

	06/30/24	09/30/23
CASH & CASH EQUIVALENTS	$890M	$1,110M
TOTAL DEBT	$2,537M	$2,535M
NET DEBT	$1,647M	$1,425M

*Free Cash Flow Q3FY24 of $88M, Q3FY23 of $143M
For non-GAAP and adjusted results, see appendix for detail and reconciliation to U.S. GAAP

Q3 KEY OPERATING METRICS

		Q3 24	Q3 23	
SALES	CONSOLIDATED	$3,716M	$4,055M	Q3FY24 revenues driven primarily by lower industry production and FX headwinds.
SALES	UNCONSOLIDATED	$925M	$853M	The y-o-y increase was due to deconsolidation of certain facilities in FY24.
	EQUITY INCOME *as adjusted**	$24M *$23M*	$25M *$27M*	Q3FY24 equity income was relatively flat y-o-y, resulting from volumes/mix headwinds at unconsolidated joint ventures offset by deconsolidation of certain facilities.
	INTEREST EXPENSE *as adjusted**	$48M *$48M*	$49M *$49M*	In line with internal expectations given Adient's debt and cash position.
	INCOME TAX EXPENSE *as adjusted**	$40M *$30M*	$28M *$28M*	Increase in GAAP expense primarily from FX remeasurements on tax balances. Adjusted expense in line with internal expectations given the geographic composition of the company's earnings and valuation allowances.

*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.

LOOKING FORWARD — FY2024 OUTLOOK

Consolidated sales	**~$14.6B** *(prior ~$14.8B-$14.9B)*	**Interest expense**	**~$185M** *(no change)*
Adj.-EBITDA	**~$870M** *(prior ~$900M-$920M)*	**Cash taxes**	**~$100M** *(prior ~$105M)*
Equity income (included in Adj.-EBITDA)	**~$80M** *(no change)*	**Capital expenditures**	**$285M** *(prior ~$310M)*
		Free cash flow	**~$250M** *(no change)*

FY24 guidance updated to reflect Adient's YTD results through June 30, 2024 and current market conditions, including significantly reduced vehicle production schedules compared to prior forecasts.

Reconciliations of non-GAAP measures related to FY2024 guidance have not been provided due to the unreasonable efforts it would take to provide such reconciliations.

Adient progresses on its sustainability journey

Creating a sustainable future together

Diversity Equity Inclusion

ADIENT RECEIVES ISS PRIME STATUS

Corporate ESG Performance Prime RATED BY ISS ESG

Adient was awarded Prime Status by Institutional Shareholder Services (ISS), a company that provides ESG ratings and services to corporations around the world. Prime Status is awarded to companies with ESG performance above their sector-specific Prime threshold, which means that they fulfill ambitious absolute performance requirements.

ADIENT FEATURED AT NATIONAL FORKLIFT SAFETY DAY

Adient participated in National Forklift Safety Day in Washington, D.C. this June, sharing highlights of the company's approach to forklift and pedestrian safety.

ADIENT SHOWCASES SUSTAINABILITY ACHIEVEMENTS AT 2024 THAILAND AUTOMOTIVE SUMMIT

Adient Thailand participated in June's 2024 Thailand Automotive Summit, highlighting the progress Adient has made in sustainability and showcasing two seating demonstrators: the Zero-G Seat (left) with Mechanical Massage and the AVATR 12 Front Seat. Adient Thailand's Kijjana Karakate, Ricardo Amary and Sopnil Krishnat Jadhav also jointly delivered a keynote speech, "Shifting Toward Sustainable Development Goals."

For more on what we do every day to make a difference, read our 2023 Sustainability Report.

Additional information about Adient's corporate sustainability efforts is available at the links above and on our website at https://www.adient.com/about-us/sustainability. However, we are not including the information contained on, or that can be accessed through, our website as part of, or incorporating it by reference into, this release.

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ADIENT

Adient (NYSE: ADNT) is a global leader in automotive seating. With 70,000+ employees in 29 countries, Adient operates more than 200 manufacturing/assembly plants worldwide. Adient produces and delivers automotive seating for all major OEMs. From complete seating systems to individual components, Adient's expertise spans every step of the automotive seat-making process. Adient's integrated, in-house skills allow it to take its products from research and design to engineering and manufacturing — and into millions of vehicles every year. For more information on Adient, please visit www.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 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 effects of local and national economic, credit and capital market conditions (including the persistence of high interest rates and volatile currency exchange rates) on the global economy, work stoppages, including due to strikes, supply chain disruptions and similar events, wage inflationary pressures due to labor shortages and new labor negotiations, volatile energy markets, Adient'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), geopolitical uncertainties such as the Ukraine and Middle East conflicts and the impact on the regional and global economies and additional pressure on supply chain and vehicle production, the ability of Adient to execute its restructuring plans and achieve the desired benefit, 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 and, terms of future financing, the impact of global tax reform legislation, uncertainties in U.S. administrative policy regarding trade agreements, tariffs and other international trade relations, 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, and the ability of Adient to achieve its ESG-related goals, 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, 2023 filed with the U.S. Securities and Exchange Commission (the "SEC") on November 17, 2023, 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.

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. 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 FY2024 guidance have not been provided due to the unreasonable efforts it would take to provide such reconciliations.

Adient plc
Condensed Consolidated Statements of Income (Loss)
(Unaudited)

(in millions, except per share data)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023
Net sales	$ 3,716	$ 4,055
Cost of sales	3,509	3,753
Gross profit	207	302
Selling, general and administrative expenses	121	148
Restructuring and impairment costs	16	6
Equity income	24	25
Earnings before interest and income taxes	94	173
Net financing charges	48	49
Other pension expense	1	1
Income before income taxes	45	123
Income tax expense	40	28
Net income	5	95
Income attributable to noncontrolling interests	16	22
Net income (loss) attributable to Adient	$ (11)	$ 73
Diluted earnings (loss) per share	$ (0.12)	$ 0.77
Shares outstanding at period end	87.2	93.7
Diluted weighted average shares	88.6	94.9

Adient plc
Condensed Consolidated Statements of Financial Position
(Unaudited)

(in millions)		June 30, 2024		September 30, 2023
Assets				
Cash and cash equivalents	$	890	$	1,110
Accounts receivable - net		1,825		1,874
Inventories		775		841
Other current assets		509		491
Current assets		3,999		4,316
Property, plant and equipment - net		1,365		1,382
Goodwill		2,085		2,094
Other intangible assets - net		369		408
Investments in partially-owned affiliates		328		303
Assets held for sale		8		7
Other noncurrent assets		941		914
Total assets	$	9,095	$	9,424
Liabilities and Shareholders' Equity				
Short-term debt	$	142	$	134
Accounts payable and accrued expenses		2,814		2,926
Other current liabilities		730		678
Current liabilities		3,686		3,738
Long-term debt		2,395		2,401
Other noncurrent liabilities		729		682
Redeemable noncontrolling interests		63		57
Shareholders' equity attributable to Adient		1,927		2,228
Noncontrolling interests		295		318
Total liabilities and shareholders' equity	$	9,095	$	9,424

Adient plc
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023
Operating Activities		
Net income (loss) attributable to Adient	$ (11)	$ 73
Income attributable to noncontrolling interests	16	22
Net income	5	95
Adjustments to reconcile net income to cash provided (used) by operating activities:		
Depreciation	71	74
Amortization of intangibles	12	13
Pension and postretirement benefit expense	3	3
Pension and postretirement contributions, net	(5)	(2)
Equity in earnings of partially-owned affiliates, net of dividends received	1	(2)
Deferred income taxes	14	2
Equity-based compensation	5	7
Other	2	1
Changes in assets and liabilities:		
Receivables	60	(72)
Inventories	13	39
Other assets	—	(13)
Accounts payable and accrued liabilities	(27)	57
Accrued income taxes	4	1
Cash provided (used) by operating activities	158	203
Investing Activities		
Capital expenditures	(70)	(60)
Sale of property, plant and equipment	—	1
Business acquisitions	—	5
Proceeds from business divestitures, net	—	2
Other	—	(1)
Cash provided (used) by investing activities	(70)	(53)
Financing Activities		
Increase (decrease) in short-term debt	3	—
Repayment of long-term debt	(2)	—
Share repurchases	(75)	(37)
Dividends paid to and other transactions with noncontrolling interests	(18)	(5)
Share based compensation and other	—	(1)
Cash provided (used) by financing activities	(92)	(43)
Effect of exchange rate changes on cash and cash equivalents	(11)	(25)
Increase (decrease) in cash and cash equivalents	$ (15)	$ 82

Footnotes

1. Segment Results

Adient manages its business on a geographic basis and operates in the following three reportable segments for financial reporting purposes: 1) Americas, which is inclusive of North America and South America; 2) Europe, the 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, restructuring and impairment costs, restructuring related-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. 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.

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

(in millions)	Three months ended June 30, 2024				
	Americas	EMEA	Asia	Corporate/ Eliminations	Consolidated
Net sales	$ 1,737	$ 1,288	$ 712	$ (21)	$ 3,716
Adjusted EBITDA	$ 99	$ 25	$ 101	$ (23)	$ 202
Adjusted EBITDA margin	5.7 %	1.9 %	14.2 %	N/A	5.4 %

	Three months ended June 30, 2023				
	Americas	EMEA	Asia	Corporate/ Eliminations	Consolidated
Net sales	$ 1,900	$ 1,438	$ 742	$ (25)	$ 4,055
Adjusted EBITDA	$ 95	$ 103	$ 100	$ (22)	$ 276
Adjusted EBITDA margin	5.0 %	7.2 %	13.5 %	N/A	6.8 %

The following is a reconciliation of Adient's reportable segments' adjusted EBITDA to income before income taxes:

(in millions)	**Three Months Ended June 30, 2024**	**Three Months Ended June 30, 2023**
Adjusted EBITDA		
Americas	$ 99	$ 95
EMEA	25	103
Asia	101	100
Subtotal	225	298
Corporate-related costs [1]	(23)	(22)
Restructuring and impairment costs [2]	(16)	(6)
Purchase accounting amortization [3]	(12)	(13)
Restructuring related activities [4]	(4)	(3)
Equity based compensation	(5)	(7)
Depreciation	(71)	(74)
Other items [5]	—	—
Earnings before interest and income taxes	$ 94	$ 173
Net financing charges	(48)	(49)
Other pension expense	(1)	(1)
Income before income taxes	$ 45	$ 123

Refer to the Footnote Addendum for footnote explanations.

2. Earnings Per Share

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

(in millions, except per share data)	**Three Months Ended June 30, 2024**	**Three Months Ended June 30, 2023**
Income available to shareholders		
Net income (loss) attributable to Adient	$ (11)	$ 73
Weighted average shares outstanding		
Basic weighted average shares outstanding	88.6	94.1
Effect of dilutive securities:		
Unvested restricted stock and unvested performance share awards	—	0.8
Diluted weighted average shares outstanding	88.6	94.9
Earnings (loss) per share:		
Basic	$ (0.12)	$ 0.78
Diluted	$ (0.12)	$ 0.77

Potentially dilutive securities whose effect would have been antidilutive are excluded from the computation of diluted earnings (loss) per share, which for the three months ended June 30, 2024 is a result of being in a loss position.

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 interest expense, Free cash flow, Net debt, and Net leverage ratio 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 in the corresponding tables that follow the definitions 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.

Table

(a) 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.

(b) Adjusted EBITDA is defined as adjusted EBIT excluding depreciation and equity 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.

(c) Adjusted net income (loss) attributable to Adient is defined as net income (loss) 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.

(d) Adjusted income tax expense is defined as income tax expense adjusted for the tax effect of the adjustments to income before income taxes and other discrete tax changes/benefits. Adjusted effective tax rate is defined as adjusted income tax provision as a percentage of adjusted income before income taxes.

(e) Adjusted diluted earnings per share is defined as adjusted net income (loss) attributable to Adient divided by diluted weighted average shares.

(f) 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 non-recurring items impacting equity income.

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

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

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

(j) Net leverage ratio is calculated as net debt divided by adjusted EBITDA for the last four quarters.

Reconciliations of non-GAAP measures to their closest US GAAP equivalent:

(a) & (b) Adjusted EBIT and Adjusted EBITDA

The following table reconciles net income to EBIT, adjusted EBIT and adjusted EBITDA:

	Three Months Ended June 30,	
(in millions)	**2024**	**2023**
Net income	$ 5	$ 95
Net financing charges	48	49
Other pension expense	1	1
Income tax expense	40	28
Earnings before interest and income taxes (EBIT)	$ 94	$ 173
EBIT adjustments:		
Restructuring charges (2)	16	6
Purchase accounting amortization (3)	12	13
Restructuring related activities (4)	4	3
One-time divestiture related impact at an affiliate	(1)	—
Transaction costs	1	1
Brazil indirect tax recoveries	—	(1)
EBIT adjustments total	32	22
Adjusted EBIT	$ 126	$ 195
EBITDA adjustments:		
Depreciation	71	74
Equity based compensation	5	7
Adjusted EBITDA	$ 202	$ 276
Net sales	$ 3,716	$ 4,055
Net income as % of net sales	0.1 %	2.3 %
EBIT as % of net sales	2.5 %	4.3 %
Adjusted EBIT as % of net sales	3.4 %	4.8 %
Adjusted EBITDA as % of net sales	5.4 %	6.8 %

Refer to the Footnote Addendum for footnote explanations.

(c) Adjusted net income attributable to Adient

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

	Three Months Ended June 30,	
(in millions)	**2024**	**2023**
Net income (loss) attributable to Adient	$ (11)	$ 73
Net income adjustments:		
EBIT adjustments total - see table (a) & (b)	32	22
Tax impact of EBIT adjustments and other tax items - see table (d)	10	—
Impact of adjustments on noncontrolling interests [6]	(2)	(2)
Net income adjustments total	40	20
Adjusted net income attributable to Adient	$ 29	$ 93

Refer to the Footnote Addendum for footnote explanations.

(d) Adjusted income tax expense and effective tax rate

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

	Three months ended June 30,					
	2024			2023		
(in millions, except effective tax rate)	**Income before income taxes**	**Income tax expense (benefit)**	**Effective tax rate**	**Income before income taxes**	**Income tax expense (benefit)**	**Effective tax rate**
As reported	$ 45	$ 40	88.9 %	$ 123	$ 28	22.8 %
Adjustments						
EBIT adjustments - see table (a) & (b)	32	5	15.6 %	22	2	9.1 %
FX remeasurements of tax balances	—	(15)	nm	—	2	nm
Other	—	—	nm	—	(4)	nm
Subtotal of adjustments	32	(10)	(31.3)%	22	—	— %
As adjusted	$ 77	$ 30	39.0 %	$ 145	$ 28	19.3 %

(e) Adjusted diluted earnings per share

The following table shows the calculation of diluted earnings per share on an adjusted basis:

	Three Months Ended June 30,	
(in millions, except per share data)	**2024**	**2023**
Numerator:		
Adjusted net income attributable to Adient - see table (c)	$ 29	$ 93
Denominator:		
Basic weighted average shares outstanding	88.6	94.1
Effect of dilutive securities:		
Unvested restricted stock and unvested performance share awards	0.7	0.8
Diluted weighted average shares outstanding	89.3	94.9
Adjusted diluted earnings per share	$ 0.32	$ 0.98

The following table reconciles diluted earnings (loss) per share as reported to adjusted diluted earnings per share (see table (c) for corresponding dollar amounts):

	Three Months Ended June 30,	
	2024	**2023**
Diluted earnings (loss) per share as reported	$ (0.12)	$ 0.77
EBIT adjustments total	0.35	0.23
Tax impact of EBIT adjustments and other tax items	0.11	—
Impact of adjustments on noncontrolling interests	(0.02)	(0.02)
Adjusted diluted earnings per share	$ 0.32	$ 0.98

(f) Adjusted equity income

The following table reconciles equity income to adjusted equity income:

	Three Months Ended June 30,	
(in millions)	**2024**	**2023**
Equity income	$ 24	$ 25
Equity income adjustments:		
Restructuring related charges	—	2
One-time divestiture related impact at an affiliate	(1)	—
Equity income adjustments total	(1)	2
Adjusted equity income	$ 23	$ 27

(g) Adjusted interest expense

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

	Three Months Ended June 30,	
(in millions)	**2024**	**2023**
Net financing charges	$ 48	$ 49
Interest expense adjustments:		
Interest expense adjustments total	—	—
Adjusted net financing charges	$ 48	$ 49

(h) Free cash flow

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
(in millions)	**2024**	**2023**	**2024**	**2023**
Operating cash flow	$ 158	$ 203	$ 280	$ 373
Capital expenditures	(70)	(60)	(194)	(177)
Free cash flow	$ 88	$ 143	$ 86	$ 196

The following table reconciles adjusted EBITDA to free cash flow:

	Three Months Ended June 30,		Nine Months Ended June 30,	
(in millions)	**2024**	**2023**	**2024**	**2023**
Adjusted EBITDA	$ 202	$ 276	$ 645	$ 703
Adjusted equity income	(23)	(27)	(67)	(66)
Dividend	25	23	46	36
Restructuring (cash)	(12)	(9)	(33)	(49)
Net customer tooling	(15)	(3)	(13)	(40)
Trade working capital (Net AR/AP + Inventory)	11	(53)	46	(21)
Accrued compensation	9	31	(41)	41
Interest paid	(56)	(19)	(153)	(107)
Tax refund/taxes paid	(24)	(25)	(76)	(74)
Non-income related taxes (VAT)	(1)	(13)	(22)	(5)
Commercial settlements	22	8	14	36
Capitalized engineering	5	9	(6)	(25)
Other	15	5	(60)	(56)
Operating cash flow	158	203	280	373
Capital expenditures	(70)	(60)	(194)	(177)
Free cash flow	$ 88	$ 143	$ 86	$ 196

(i) & (j) Net debt and net leverage ratio

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

(in millions)	**June 30, 2024**	**September 30, 2023**
Numerator:		
Short-term debt	$ 3	$ 2
Current portion of long-term debt	139	132
Long-term debt	2,395	2,401
Total debt	2,537	2,535
Less: cash and cash equivalents	(890)	(1,110)
Net debt	$ 1,647	$ 1,425
Denominator:		
Adjusted EBITDA - last four quarters		
Q1 2023	na	212
Q2 2023	na	215
Q3 2023	na	276
Q4 2023	235	235
Q1 2024	216	na
Q2 2024	227	na
Q3 2024 - see table (a) & (b)	202	na
Last four quarters	$ 880	$ 938
Net leverage ratio	1.87	1.52

Footnote Addendum

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

(2) Reflects restructuring charges for costs that are probable and reasonably estimable and one-time asset impairments related to restructuring activities.

(3) Reflects amortization of intangible assets including those related to partially owned affiliates recorded within equity income.

(4) Reflects restructuring-related charges for costs that are recorded as incurred or as earned and other non-recurring impacts that are directly attributable to restructuring activities.

(5) Other items include:

	Three Months Ended June 30,	
(in millions)	**2024**	**2023**
One-time divestiture related impact at an affiliate	$ 1	$ —
Transaction costs	$ (1)	$ (1)
Brazil indirect tax recoveries	—	1
	$ —	$ —

(6) Reflects the impact of adjustments, primarily purchase accounting amortization on noncontrolling interests.