PRESS RELEASE

Nov. 7, 2019

# Adient reports fourth quarter and full-year 2019 financial results

## Earnings and cash flow growth expected in fiscal 2020

- Impacted by one-time, non-cash charges, Q4 GAAP net loss and EPS diluted of $(4)M and $(0.04) respectively; Q4 Adj.-EPS diluted of $0.63
- Q4 Adj.-EBIT and Adj.-EBITDA of $138M and $215M, respectively
- Full-year Adj.-EBITDA of $787M (turnaround actions in the Americas and EMEA drove improved second-half results versus first-half, despite weaker-than-expected market conditions in China)
- Cash and cash equivalents of $924M at Sept. 30, 2019
- Gross debt and net debt totaled $3,738M and $2,814M, respectively, at Sept. 30, 2019

### FY 2019 Q4 FINANCIAL RESULTS OVERVIEW

| | REVENUE | EBIT | NET INCOME (LOSS) attributable to Adient | EPS DILUTED |
|---|---|---|---|---|
| AS REPORTED | **$3,921M** | **$102M** | **$(4)M** | **$(0.04)** |
| vs. Q4 18 | -5 % | NM | NM | NM |
| | ADJ. EBIT | ADJ. EBITDA | ADJ. NET INCOME attributable to Adient | ADJ. EPS DILUTED |
| AS ADJUSTED | **$138M** | **$215M** | **$59M** | **$0.63** |
| vs. Q4 18 | -7 % | -14 % | -52 % | -52 % |

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

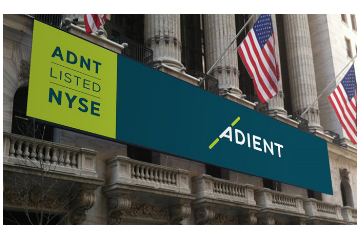
### FY 2019 FINANCIAL RESULTS OVERVIEW

| | REVENUE | EBIT | NET INCOME (LOSS) attributable to Adient | EPS DILUTED |
|---|---|---|---|---|
| AS REPORTED | **$16,526M** | **$229M** | **$(491)M** | **$(5.25)** |
| vs. FY 2018 | -5 % | NM | NM | NM |
| | ADJ. EBIT | ADJ. EBITDA | ADJ. NET INCOME attributable to Adient | ADJ. EPS DILUTED |
| AS ADJUSTED | **$489M** | **$787M** | **$153M** | **$1.63** |
| vs. FY 2018 | -36 % | -34 % | -71 % | -71 % |

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

### POSITIVE MOMENTUM CONTINUES

Adient improved its Adj.-EBITDA for the third consecutive quarter. H2FY19 Adj.-EBITDA for Americas and EMEA together improved $95 million versus H1FY19 as turnaround actions gained traction.




### ADIENT ENTERS NEXT PHASE OF TURNAROUND PLAN

After successfully stabilizing the business in FY19, Adient is transitioning to the "improvement" phase of its turnaround; launch management, operational improvement, cost reduction, and commercial discipline are key focus areas expected to drive improvement in FY20.

### QUALITY PERFORMANCE RECOGNIZED

Adient's ability to supply its customers with high-quality products was recognized in the Americas with three JD Power awards for seat quality and customer satisfaction, as well as an award from General Motors for the successful launch of the Chevrolet Onix.


### OWNERSHIP STAKE IN ADIENT AEROSPACE JV REDUCED

Consistent with Adient's focus on its core business, Adient reduced its ownership stake in Adient Aerospace to 19.99 % from 50.01 %.

*"Adient's self-help initiatives are expected to result in improved earnings and cash flow in FY20, continuing the momentum established in the second half of FY19. While the team made solid progress in advancing the turnaround plan in FY19, we recognize and are encouraged by the significant opportunity that lies ahead as we continue to execute the plan."*

***— Doug Del Grosso, President and Chief Executive Officer***

## SEGMENT RESULTS (ADJUSTED EBITDA*)

| | Americas | | EMEA | | Asia | |
|---|---|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 |
| | **$210M** | $302M | **$161M** | $364M | **$513M** | $625M |
| | **Q4 19** | Q4 18 | **Q4 19** | Q4 18 | **Q4 19** | Q4 18 |
| | **$64M** | $70M | **$47M** | $55M | **$126M** | $146M |

**Americas:** For the quarter, positive business performance (lower ops waste, launch and freight costs) were more than offset by the negative impact of lower volume & mix; turnaround actions implemented in FY19 helped drive a greater than 70% improvement in Adj.-EBITDA H2FY19 vs. H1FY19.

**EMEA:** For the quarter, negative business performance (launch inefficiencies, partially offset by lower freight costs and improved net material margin) was the primary factor behind the y-o-y decline; turnaround actions implemented in FY19 helped drive a greater than 60% improvement in Adj.-EBITDA H2FY19 vs. H1FY19.

**Asia:** For the quarter, the impact of lower volume and equity income, partially offset by positive business performance, were the primary factors behind the y-o-y decline; the ability to successfully flex headcount and fixed costs through the year helped support margin performance despite weaker than expected industry conditions .

*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

| | **Q4 19** | Q4 18 | **FY 2019** | FY 2018 |
|---|---|---|---|---|
| OPERATING CASH FLOW | **$2M** | $439M | **$308M** | $679M |
| CAPITAL EXPENDITURES | **$(118)M** | $(132)M | **$(468)M** | $(536)M |
| FREE CASH FLOW | **$(116)M** | $307M | **$(160)M** | $143M |

| | **9/30/19** | 9/30/18 |
|---|---|---|
| CASH & CASH EQUIVALENTS | **$924M** | $687M |
| TOTAL DEBT | **$3,738M** | $3,430M |
| NET DEBT | **$2,814M** | $2,743M |

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

## Q4 KEY OPERATING METRICS

| | | **Q4 19** | Q4 18 | |
|---|---|---|---|---|
| SALES | CONSOLIDATED | **$3,921M** | $4,145M | The impact of lower volume & mix, and to a lesser extent, FX, drove the 5% y-o-y decline (down 4% excl. FX FX) |
| SALES | UNCONSOLIDATED SEATING AND SS&M | **$1,924M** | $2,222M | A significant reduction in China auto production was the primary driver of the 13% y-o-y decline (down 11% excl. FX) |
| SALES | UNCONSOLIDATED INTERIORS | **$1,895M** | $1,998M | Down 5% y-o-y (about flat excl FX) |
| | ADJUSTED EQUITY INCOME* | **$74M** | $89M | Lower volumes in China drove the y-o-y decline; Seating / SS&M ($60M) down 26% excl. FX; YFAI ($14M) up 135% excl. FX. |
| | INTEREST EXPENSE | **$47M** | $35M | In line with company expectations given Adient's debt and cash position |
| | ADJUSTED EFFECTIVE TAX RATE * | **14.1%** | (26.3) % | Q419 adj. effective tax rate reflects impact of lower y-o-y earnings and geographic composition of earnings |

*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

Building on the momentum established in H2FY19, Adient's self-help initiatives are expected to drive improved earnings and cash flow in FY20 vs. FY19 despite continued macro pressures. Expectations for full-year FY20 key financial metrics include:

- Consolidated sales of ~$15.6B to $15.8B
- Adj.-EBITDA of ~$820M to $860M
- Equity income (incl. in Adj.-EBITDA) of ~$265M to $275M (includes ~$45M related to YFAI)
- Interest expense of ~$200M
- Cash tax of ~$100M to $110M; effective tax rate in the high 30% range
- Capital expenditures between ~$465M - $485M
- Free cash flow ~ breakeven

Adient (NYSE: ADNT) is a global leader in automotive seating. With 83,000 employees in 35 countries, Adient operates 220 manufacturing/assembly plants worldwide. We produce and deliver automotive seating for 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 to engineering and manufacturing – and into more than 23 million 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 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, 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.

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

| | Three Months Ended September 30, | | Twelve Months Ended September 30, | |
|---|---|---|---|---|
| (in millions, except per share data) | 2019 | 2018 [1] | 2019 | 2018 [1] |
| Net sales | $ 3,921 | $ 4,145 | $ 16,526 | $ 17,439 |
| Cost of sales | 3,708 | 3,969 | 15,725 | 16,535 |
| Gross profit | 213 | 176 | 801 | 904 |
| Selling, general and administrative expenses | 160 | 155 | 671 | 730 |
| Restructuring and impairment costs | 17 | 809 | 176 | 1,181 |
| Equity income (loss) | 66 | (281) | 275 | (13) |
| Earnings (loss) before interest and income taxes | 102 | (1,069) | 229 | (1,020) |
| Net financing charges | 47 | 35 | 182 | 144 |
| Other pension expense (income) | 42 | (25) | 45 | (43) |
| Income (loss) before income taxes | 13 | (1,079) | 2 | (1,121) |
| Income tax provision (benefit) | (2) | 256 | 410 | 480 |
| Net income (loss) | 15 | (1,335) | (408) | (1,601) |
| Income attributable to noncontrolling interests | 19 | 20 | 83 | 84 |
| Net income (loss) attributable to Adient | $ (4) | $ (1,355) | $ (491) | $ (1,685) |
| Diluted earnings (loss) per share | $ (0.04) | $ (14.51) | $ (5.25) | $ (18.06) |
| Shares outstanding at period end | 93.6 | 93.4 | 93.6 | 93.4 |
| Diluted weighted average shares | 93.6 | 93.4 | 93.6 | 93.3 |

*Refer to the Footnote Addendum for footnote explanations.*

**Adient plc**
**Condensed Consolidated Statements of Financial Position**
(Unaudited)

| (in millions) | September 30, 2019 | September 30, 2018 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 924 | $ 687 |
| Accounts receivable - net | 1,905 | 2,091 |
| Inventories | 793 | 824 |
| Other current assets | 494 | 707 |
| Current assets | 4,116 | 4,309 |
| Property, plant and equipment - net | 1,671 | 1,683 |
| Goodwill | 2,150 | 2,182 |
| Other intangible assets - net | 405 | 460 |
| Investments in partially-owned affiliates | 1,399 | 1,407 |
| Assets held for sale | — | 37 |
| Other noncurrent assets | 601 | 864 |
| Total assets | $ 10,342 | $ 10,942 |
| **Liabilities and Shareholders' Equity** | | |
| Short-term debt | $ 30 | $ 8 |
| Accounts payable and accrued expenses | 3,073 | 3,432 |
| Other current liabilities | 732 | 752 |
| Current liabilities | 3,835 | 4,192 |
| Long-term debt | 3,708 | 3,422 |
| Other noncurrent liabilities | 559 | 564 |
| Redeemable noncontrolling interests | 51 | 47 |
| Shareholders' equity attributable to Adient | 1,848 | 2,392 |
| Noncontrolling interests | 341 | 325 |
| Total liabilities and shareholders' equity | $ 10,342 | $ 10,942 |

# Adient plc
## Condensed Consolidated Statements of Cash Flows
(Unaudited)

| (in millions) | Three Months Ended September 30, 2019 | Three Months Ended September 30, 2018 | Twelve Months Ended September 30, 2019 | Twelve Months Ended September 30, 2018 |
|---|---|---|---|---|
| **Operating Activities** | | | | |
| Net income (loss) attributable to Adient | $ (4) | $ (1,355) | $ (491) | $ (1,685) |
| Income attributable to noncontrolling interests | 19 | 20 | 83 | 84 |
| Net income (loss) | 15 | (1,335) | (408) | (1,601) |
| Adjustments to reconcile net income (loss) to cash provided (used) by operating activities: | | | | |
| Depreciation | 73 | 100 | 278 | 400 |
| Amortization of intangibles | 9 | 11 | 40 | 47 |
| Pension and postretirement benefit expense (benefit) | 44 | (22) | 53 | (36) |
| Pension and postretirement contributions, net | (2) | 3 | (19) | 11 |
| Equity in earnings of partially-owned affiliates, net of dividends received | (44) | (65) | (55) | (55) |
| Impairment of nonconsolidated partially owned affiliate | — | 358 | — | 358 |
| Deferred income taxes | (16) | 102 | 288 | 344 |
| Non-cash restructuring and impairment charges | 12 | 783 | 78 | 1,134 |
| Equity-based compensation | 4 | 4 | 20 | 47 |
| Other | 5 | 4 | 23 | 11 |
| Changes in assets and liabilities: | | | | |
| Receivables | (88) | 130 | 131 | 73 |
| Inventories | (31) | (52) | 8 | (106) |
| Other assets | 58 | 96 | 163 | 46 |
| Restructuring reserves | (18) | (27) | (108) | (135) |
| Accounts payable and accrued liabilities | (19) | 189 | (204) | 143 |
| Accrued income taxes | — | 160 | 20 | (2) |
| Cash provided (used) by operating activities | 2 | 439 | 308 | 679 |
| **Investing Activities** | | | | |
| Capital expenditures | (118) | (132) | (468) | (536) |
| Sale of property, plant and equipment | 3 | 48 | 68 | 53 |
| Settlement of cross-currency interest rate swaps | 10 | — | 10 | — |
| Changes in long-term investments | — | — | 3 | (4) |
| Loans to affiliates | — | 11 | — | — |
| Other | — | — | 4 | — |
| Cash provided (used) by investing activities | (105) | (73) | (383) | (487) |
| **Financing Activities** | | | | |
| Increase (decrease) in short-term debt | 16 | (8) | 17 | (31) |
| Increase (decrease) in long-term debt | — | — | 1,600 | — |
| Repayment of long-term debt | (2) | — | (1,204) | (2) |
| Debt financing costs | (2) | — | (47) | — |
| Cash dividends | — | (26) | (26) | (103) |
| Dividends paid to noncontrolling interests | (9) | (17) | (62) | (74) |
| Formation of consolidated joint venture | — | — | 28 | — |
| Other | — | — | (3) | (3) |
| Cash provided (used) by financing activities | 3 | (51) | 303 | (213) |
| Effect of exchange rate changes on cash and cash equivalents | (1) | (6) | 9 | (1) |
| **Increase (decrease) in cash and cash equivalents** | $ (101) | $ 309 | $ 237 | $ (22) |

## 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 September 30, | | Twelve Months Ended September 30, | |
|---|---|---|---|---|
| **(in millions)** | **2019** | **2018** | **2019** | **2018** |
| Net Sales | | | | |
| Americas | $ 1,925 | $ 1,991 | $ 7,785 | $ 7,664 |
| EMEA | 1,505 | 1,582 | 6,675 | 7,436 |
| Asia | 558 | 649 | 2,337 | 2,659 |
| Eliminations | (67) | (77) | (271) | (320) |
| Total net sales | $ 3,921 | $ 4,145 | $ 16,526 | $ 17,439 |

| **(in millions)** | **Three Months Ended September 30, 2019** | **Three Months Ended September 30, 2018 (1)** | **Twelve Months Ended September 30, 2019** | **Twelve Months Ended September 30, 2018 (1)** |
|---|---|---|---|---|
| Adjusted EBITDA | | | | |
| Americas | $ 64 | $ 70 | $ 210 | $ 302 |
| EMEA | 47 | 55 | 161 | 364 |
| Asia | 126 | 146 | 513 | 625 |
| Corporate-related costs (2) | (22) | (21) | (97) | (95) |
| Becoming Adient costs (3) | — | (12) | — | (62) |
| Restructuring and impairment costs (4) | (17) | (809) | (176) | (1,181) |
| Purchase accounting amortization (5) | (12) | (17) | (44) | (69) |
| Restructuring related charges (6) | (4) | (18) | (31) | (61) |
| Impairment of nonconsolidated partially owned affiliate | — | (358) | — | (358) |
| Stock based compensation (7) | (4) | (3) | (20) | (37) |
| Depreciation (8) | (73) | (99) | (278) | (393) |
| Other items (9) | (3) | (3) | (9) | (55) |
| Earnings (loss) before interest and income taxes | 102 | (1,069) | 229 | (1,020) |
| Net financing charges | (47) | (35) | (182) | (144) |
| Other pension income (expense) | (42) | 25 | (45) | 43 |
| Income (loss) before income taxes | $ 13 | $ (1,079) | $ 2 | $ (1,121) |

*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 (loss) per share:

| **(in millions, except per share data)** | **Three Months Ended September 30, 2019** | **Three Months Ended September 30, 2018** | **Twelve Months Ended September 30, 2019** | **Twelve Months Ended September 30, 2018** |
|---|---|---|---|---|
| **Income available to shareholders** | | | | |
| Net income (loss) attributable to Adient | $ (4) | $ (1,355) | $ (491) | $ (1,685) |
| **Weighted average shares outstanding** | | | | |
| Basic weighted average shares outstanding | 93.6 | 93.4 | 93.6 | 93.3 |
| Effect of dilutive securities: | | | | |
| Stock options, unvested restricted stock and unvested performance share awards | — | — | — | — |
| Diluted weighted average shares outstanding | 93.6 | 93.4 | 93.6 | 93.3 |

### 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.

**Summarized Income Statement Information**

*(Refer to the Footnote Addendum for footnote explanations and details of reconciling items between GAAP results and Adjusted results)*

| | Three Months Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | | 2018 | | |
| (in millions, except per share data) | GAAP Results | Adj. | Adjusted Results | GAAP Results (1) | Adj. | Adjusted Results |
| Net sales | $ 3,921 | $ — | $ 3,921 | $ 4,145 | $ — | $ 4,145 |
| Cost of sales (10) | 3,708 | (4) | 3,704 | 3,969 | (25) | 3,944 |
| Gross profit | 213 | 4 | 217 | 176 | 25 | 201 |
| Selling, general and administrative expenses (11) | 160 | (7) | 153 | 155 | (13) | 142 |
| Restructuring and impairment costs (4) | 17 | (17) | — | 809 | (809) | — |
| Equity income (loss) (12) | 66 | 8 | 74 | (281) | 370 | 89 |
| Earnings (loss) before interest and income taxes (EBIT) | 102 | 36 | 138 | (1,069) | 1,217 | 148 |
| | | | | | | |
| Memo accounts: | | | | | | |
| Depreciation | | | 73 | | | 99 |
| Stock based compensation costs | | | 4 | | | 3 |
| Adjusted EBITDA | | | $ 215 | | | $ 250 |
| | | | | | | |
| Net financing charges | 47 | — | 47 | 35 | — | 35 |
| Other pension expense (income) (13) | 42 | (43) | (1) | (25) | 24 | (1) |
| Income (loss) before income taxes | 13 | 79 | 92 | (1,079) | 1,193 | 114 |
| Income tax provision (benefit) (14) | (2) | 15 | 13 | 256 | (286) | (30) |
| Net income (loss) attributable to Adient | (4) | 63 | 59 | (1,355) | 1,477 | 122 |
| Diluted earnings (loss) per share | (0.04) | 0.67 | 0.63 | (14.51) | 15.81 | 1.30 |
| Diluted weighted average shares | 93.6 | 0.5 | 94.1 | 93.4 | 0.3 | 93.7 |

**Summarized Income Statement Information**

*(Refer to the Footnote Addendum for footnote explanations and details of reconciling items between GAAP results and Adjusted results)*

| | Twelve Months Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | | 2018 | | |
| (in millions, except per share data) | GAAP Results | Adj. | Adjusted Results | GAAP Results [1] | Adj. | Adjusted Results |
| Net sales | $ 16,526 | $ — | $ 16,526 | $ 17,439 | $ — | $ 17,439 |
| Cost of sales [10] | 15,725 | (33) | 15,692 | 16,535 | (128) | 16,407 |
| Gross profit | 801 | 33 | 834 | 904 | 128 | 1,032 |
| Selling, general and administrative expenses [11] | 671 | (40) | 631 | 730 | (79) | 651 |
| Restructuring and impairment costs [4] | 176 | (176) | — | 1,181 | (1,181) | — |
| Equity income (loss) [12] | 275 | 11 | 286 | (13) | 398 | 385 |
| Earnings (loss) before interest and income taxes (EBIT) | 229 | 260 | 489 | (1,020) | 1,786 | 766 |
| | | | | | | |
| Memo accounts: | | | | | | |
| Depreciation | | | 278 | | | 393 |
| Stock based compensation costs | | | 20 | | | 37 |
| Adjusted EBITDA | | | $ 787 | | | $ 1,196 |
| | | | | | | |
| Net financing charges [15] | 182 | (13) | 169 | 144 | — | 144 |
| Other pension expense (income) [13] | 45 | (49) | (4) | (43) | 39 | (4) |
| Income (loss) before income taxes | 2 | 322 | 324 | (1,121) | 1,747 | 626 |
| Income tax provision (benefit) [14] | 410 | (325) | 85 | 480 | (472) | 8 |
| Net income (loss) attributable to Adient | (491) | 644 | 153 | (1,685) | 2,212 | 527 |
| Diluted earnings (loss) per share | (5.25) | 6.88 | 1.63 | (18.06) | 23.68 | 5.62 |
| Diluted weighted average shares | 93.6 | 0.3 | 93.9 | 93.3 | 0.4 | 93.7 |

**Segment Performance:**

| | Three months ended December 31, 2018 | | | | |
|---|---|---|---|---|---|
| | Americas | EMEA | Asia | Corporate/ Eliminations | Consolidated |
| Net sales | $ 1,935 | $ 1,640 | $ 650 | $ (67) | $ 4,158 |
| Adjusted EBITDA | $ 43 | $ 2 | $ 154 | $ (23) | $ 176 |
| Adjusted EBITDA margin | 2.2 % | 0.1 % | 23.7 % | N/A | 4.2 % |

| | Three months ended March 31, 2019 | | | | |
|---|---|---|---|---|---|
| | Americas | EMEA | Asia | Corporate/ Eliminations | Consolidated |
| Net sales | $ 1,915 | $ 1,778 | $ 599 | $ (64) | $ 4,228 |
| Adjusted EBITDA | $ 34 | $ 59 | $ 123 | $ (25) | $ 191 |
| Adjusted EBITDA margin | 1.8 % | 3.3 % | 20.5 % | N/A | 4.5 % |

| | 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 September 30, 2019 | | | | |
|---|---|---|---|---|---|
| | Americas | EMEA | Asia | Corporate/ Eliminations | Consolidated |
| Net sales | $ 1,925 | $ 1,505 | $ 558 | $ (67) | $ 3,921 |
| Adjusted EBITDA | $ 64 | $ 47 | $ 126 | $ (22) | $ 215 |
| Adjusted EBITDA margin | 3.3 % | 3.1 % | 22.6 % | N/A | 5.5 % |

| | Twelve months ended September 30, 2019 | | | | |
|---|---|---|---|---|---|
| | Americas | EMEA | Asia | Corporate/ Eliminations | Consolidated |
| Net sales | $ 7,785 | $ 6,675 | $ 2,337 | $ (271) | $ 16,526 |
| Adjusted EBITDA | $ 210 | $ 161 | $ 513 | $ (97) | $ 787 |
| Adjusted EBITDA margin | 2.7 % | 2.4 % | 22.0 % | N/A | 4.8 % |

| | Three months ended December 31, 2017 | | | | |
|---|---|---|---|---|---|
| | Americas | EMEA | Asia | Corporate/ Eliminations | Consolidated |
| Net sales | $ 1,786 | $ 1,853 | $ 648 | $ (83) | $ 4,204 |
| Adjusted EBITDA | $ 35 | $ 82 | $ 176 | $ (27) | $ 266 |
| Adjusted EBITDA margin | 2.0 % | 4.4 % | 27.2 % | N/A | 6.3 % |

| | Three months ended March 31, 2018 | | | | |
|---|---|---|---|---|---|
| | Americas | EMEA | Asia | Corporate/ Eliminations | Consolidated |
| Net sales | $ 1,941 | $ 2,056 | $ 690 | $ (91) | $ 4,596 |
| Adjusted EBITDA | $ 98 | $ 130 | $ 157 | $ (23) | $ 362 |
| Adjusted EBITDA margin | 5.0 % | 6.3 % | 22.8 % | N/A | 7.9 % |

| | 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 % |

| | Three months ended September 30, 2018 | | | | |
|---|---|---|---|---|---|
| | Americas | EMEA | Asia | Corporate/ Eliminations | Consolidated |
| Net sales | $ 1,991 | $ 1,582 | $ 649 | $ (77) | $ 4,145 |
| Adjusted EBITDA | $ 70 | $ 55 | $ 146 | $ (21) | $ 250 |
| Adjusted EBITDA margin | 3.5 % | 3.5 % | 22.5 % | N/A | 6.0 % |

| | Twelve months ended September 30, 2018 | | | | |
|---|---|---|---|---|---|
| | Americas | EMEA | Asia | Corporate/ Eliminations | Consolidated |
| Net sales | $ 7,664 | $ 7,436 | $ 2,659 | $ (320) | $ 17,439 |
| Adjusted EBITDA | $ 302 | $ 364 | $ 625 | $ (95) | $ 1,196 |
| Adjusted EBITDA margin | 3.9 % | 4.9 % | 23.5 % | N/A | 6.9 % |

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 September 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 | $ 13 | (2) | * | $ (1,079) | 256 | (23.7)% |
| Adjustments | 79 | 15 | 19.0% | 1,193 | (286) | (24.0)% |
| As adjusted | $ 92 | $ 13 | 14.1% | $ 114 | $ (30) | (26.3)% |

* Measure not meaningful.

| | Twelve Months Ended September 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 | $ 2 | $ 410 | * | $ (1,121) | $ 480 | (42.8)% |
| Adjustments | 322 | (325) | * | 1,747 | (472) | (27.0)% |
| As adjusted | $ 324 | $ 85 | 26.2% | $ 626 | $ 8 | 1.3% |

* Measure not meaningful.

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

| | Three Months Ended September 30, | | Twelve Months Ended September 30, | |
|---|---|---|---|---|
| **(in millions)** | **2019** | **2018** | **2019** | **2018** |
| Net income (loss) attributable to Adient | $ (4) | $ (1,355) | $ (491) | $ (1,685) |
| Becoming Adient | — | 12 | — | 62 |
| Restructuring and impairment costs | 17 | 809 | 176 | 1,181 |
| Purchase accounting amortization | 12 | 17 | 44 | 69 |
| Restructuring related charges | 4 | 18 | 31 | 61 |
| Termination of benefit plan | — | — | — | (15) |
| Pension mark-to-market | 43 | (24) | 49 | (24) |
| Impairment of YFAI investment | — | 358 | — | 358 |
| Deferred financing fee charge | — | — | 13 | — |
| Other items | 3 | 3 | 9 | 55 |
| Impact of adjustments on noncontrolling interests [16] | (1) | (2) | (3) | (7) |
| Tax impact of above adjustments and other tax items [14] | (15) | 286 | 325 | 472 |
| Adjusted net income attributable to Adient | $ 59 | $ 122 | $ 153 | $ 527 |

*Refer to the Footnote Addendum for footnote explanations*

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

| | Three Months Ended September 30, | | Twelve Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Diluted earnings (loss) per share as reported | $ (0.04) | $ (14.51) | $ (5.25) | $ (18.06) |
| Becoming Adient | — | 0.13 | — | 0.67 |
| Restructuring and impairment costs | 0.18 | 8.64 | 1.87 | 12.61 |
| Purchase accounting amortization | 0.13 | 0.19 | 0.47 | 0.75 |
| Restructuring related charges | 0.04 | 0.20 | 0.33 | 0.66 |
| Termination of benefit plan | — | — | — | (0.16) |
| Pension mark-to-market | 0.46 | (0.25) | 0.52 | (0.25) |
| Impairment of YFAI investment | — | 3.83 | — | 3.83 |
| Deferred financing fee charge | — | — | 0.14 | — |
| Other items | 0.03 | 0.03 | 0.11 | 0.59 |
| Impact of adjustments on noncontrolling interests | (0.01) | (0.02) | (0.03) | (0.07) |
| Tax impact of above adjustments and other tax items | (0.16) | 3.06 | 3.47 | 5.05 |
| Adjusted diluted earnings per share | $ 0.63 | $ 1.30 | $ 1.63 | $ 5.62 |

The following table presents calculations of net debt:

| | September 30, | |
|---|---|---|
| **(in millions, except net leverage)** | **2019** | **2018** |
| Cash | $ 924 | $ 687 |
| Total debt | 3,738 | 3,430 |
| Net debt | $ 2,814 | $ 2,743 |

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

| | Three Months Ended September 30, | | Twelve Months Ended September 30, | |
|---|---|---|---|---|
| **(in millions)** | **2019** | **2018** | **2019** | **2018** |
| Operating cash flow | $ 2 | $ 439 | $ 308 | $ 679 |
| Capital expenditures | (118) | (132) | (468) | (536) |
| Free cash flow | $ (116) | $ 307 | $ (160) | $ 143 |

The following table reconciles adjusted EBITDA to Free cash flow:

| | FY19 | | FY18 | |
|---|---|---|---|---|
| **(in millions)** | **Q4FY19** | **YTD** | **Q4FY18** | **YTD** |
| Adjusted EBITDA | $ 215 | $ 787 | $ 250 | $ 1,196 |
| (+/-) Net equity in earnings | (53) | (68) | (77) | (96) |
| (-) Restructuring (cash) | (19) | (132) | (35) | (174) |
| (-) Becoming Adient Costs | — | — | (12) | (50) |
| (+/-) Net Customer Tooling | 30 | 73 | 51 | 31 |
| (+/-) Past Due Receivables | (14) | (1) | 20 | 18 |
| (+/-) Trade Working Capital (Net AR/AP + Inventory) | (75) | (175) | 307 | 174 |
| (+/-) Accrued Compensation | (31) | 17 | (16) | (135) |
| (-) Interest paid | (55) | (137) | (56) | (143) |
| (+/-) Tax refund/taxes paid | (14) | (102) | 5 | (139) |
| (+/-) Other | 18 | 46 | 2 | (3) |
| Operating cash flow | 2 | 308 | 439 | 679 |
| Capital expenditures | (118) | (468) | (132) | (536) |
| Free cash flow | $ (116) | $ (160) | $ 307 | $ 143 |

## 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 twelve months ended September 30, 2018, this change resulted in a $3 million and $7 million increase to cost of sales, a $3 million and $7 million decrease to gross profit, a $22 million and $36 million increase to selling, general and administrative expenses, a $25 million and $43 million decrease to earnings (loss) before interest and income taxes, and a $25 million and $43 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 and $4 million for the three and twelve months ended September 30, 2018, respectively.

**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." See Note 4, "Revisions to Previously Reported Amounts", for more information.

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

(3) Becoming Adient costs reflect incremental expenses associated with becoming an independent company.

(4) Reflects qualified restructuring charges for costs that are directly attributable to restructuring activities and meet the definition of restructuring under ASC 420 and one-time asset impairments, as follows:

| | Three Months Ended September 30, | | Twelve Months Ended September 30, | |
|---|---|---|---|---|
| **(in millions)** | **2019** | **2018** | **2019** | **2018** |
| Restructuring charges | $ 5 | $ 25 | $ 92 | $ 46 |
| Long-lived asset impairment - SS&M | — | 787 | 66 | 787 |
| Held for sale asset adjustments* | 12 | (3) | 18 | 49 |
| Goodwill impairment | — | — | — | 299 |
| | $ 17 | $ 809 | $ 176 | $ 1,181 |

* Relates primarily to the India Tech Center for the three months ended September 30, 2019 and the Detroit properties and airplanes for fiscal year 2018.

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

(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) Stock based compensation excludes $1 million and $10 million for the three and twelve months ended September 30, 2018, respectively, which are included in Becoming Adient costs.

(8) Depreciation excludes $1 million and $7 million for the three and twelve months ended September 30, 2018, respectively, which are included in restructuring related charges.

(9) Other items include:

| | Three Months Ended September 30, | | Twelve Months Ended September 30, | |
|---|---|---|---|---|
| **(in millions)** | **2019** | **2018** | **2019** | **2018** |
| Futuris integration | $ 1 | $ 3 | $ 4 | $ 22 |
| Transaction costs | — | — | 3 | — |
| Tax adjustments at YFAI | 2 | — | 2 | 8 |
| Prior period adjustments | — | — | — | 8 |
| SS&M non-recurring consulting fees | — | — | — | 11 |
| Other | — | — | — | 6 |
| | $ 3 | $ 3 | $ 9 | $ 55 |

(10) The adjustments to cost of sales include:

| **(in millions)** | **Three Months Ended September 30,** | | **Twelve Months Ended September 30,** | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Purchase accounting amortization | $ 2 | $ 1 | $ 5 | $ 1 |
| Restructuring related charges | 1 | 12 | 24 | 51 |
| Futuris integration | 1 | 3 | 4 | 18 |
| Becoming Adient | — | 9 | — | 46 |
| Prior period adjustments | — | — | — | 8 |
| Other | — | — | — | 4 |
| | $ 4 | $ 25 | $ 33 | $ 128 |

(11) The adjustments to selling, general and administrative costs include:

| **(in millions)** | **Three Months Ended September 30,** | | **Twelve Months Ended September 30,** | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Purchase accounting amortization | $ 7 | $ 10 | $ 35 | $ 46 |
| Becoming Adient | — | 3 | — | 16 |
| Restructuring related charges | — | — | 2 | — |
| Transaction costs | — | — | 3 | — |
| Futuris integration | — | — | — | 4 |
| SS&M non-recurring consulting fees | — | — | — | 11 |
| Other | — | — | — | 2 |
| | $ 7 | $ 13 | $ 40 | $ 79 |

(12) The adjustments to equity income include:

| **(in millions)** | **Three Months Ended September 30,** | | **Twelve Months Ended September 30,** | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Purchase accounting amortization | 3 | 6 | 4 | 22 |
| Restructuring related charges | 3 | 6 | 5 | 10 |
| Impairment of YFAI investment | — | 358 | — | 358 |
| Tax adjustments at YFAI | 2 | — | 2 | 8 |
| | $ 8 | $ 370 | $ 11 | $ 398 |

(13) The adjustments to other pension expense (income) include:

| **(in millions)** | **Three Months Ended September 30,** | | **Twelve Months Ended September 30,** | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Mark-to-market adjustments | $ 43 | $ (24) | $ 49 | $ (24) |
| One-time settlement gain from plan termination | — | — | — | (15) |
| | $ 43 | $ (24) | $ 49 | $ (39) |

(14) The adjustments to income tax provision (benefit) include:

| | Three Months Ended September 30, | | Twelve Months Ended September 30, | |
|---|---|---|---|---|
| **(in millions)** | **2019** | **2018** | **2019** | **2018** |
| Tax rate change | $ 8 | $ — | $ 5 | $ (15) |
| Valuation allowances | 3 | (439) | (297) | (439) |
| Increase to the effective tax rate resulting from valuation allowances | — | — | (50) | 8 |
| U.S. tax reform | — | 48 | — | (210) |
| SS&M long-lived asset impairment | — | 69 | 4 | 69 |
| SS&M goodwill impairment | — | — | — | 20 |
| Impairment of YFAI investment | — | 36 | — | 36 |
| Other reconciling items | 4 | — | 13 | 59 |
| | $ 15 | $ (286) | $ (325) | $ (472) |

(15) During the three months ended June 30, 2019, Adient refinanced its debt arrangements and correspondingly recorded a $13 million one-time charge for deferred finance fees associated with the previous arrangements.

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