



# 2017 Auto Summit

April 12, 2017

*Improving the experience of a world in motion*

# Forward looking statement



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 meet debt service requirements, the ability and terms of financing, general economic and business conditions, the strength of the U.S. or other economies, automotive vehicle production levels, mix and schedules, energy and commodity prices, the availability of raw materials and component products, currency exchange rates, and cancellation of or changes to commercial arrangements. A detailed discussion of risks related to Adient’s business is included in the section entitled “Risk Factors” in Adient’s Annual Report on Form 10-K for the fiscal year ended September 30, 2016 filed with the SEC on November 29, 2016 and quarterly reports on Form 10-Q filed with the SEC, available at [www.sec.gov](http://www.sec.gov). Potential investors and others should consider these factors in evaluating the forward-looking statements and should not place undue reliance on such statements. The forward-looking statements included in this document are made only as of the date of this document, unless otherwise specified, and, except as required by law, Adient assumes no obligation, and disclaims any obligation, to update such statements to reflect events or circumstances occurring after the date of this document.

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

This document also contains non-GAAP financial information because Adient’s management believes it may assist investors in evaluating Adient’s on-going operations. Adient believes these non-GAAP disclosures provide important supplemental information to management and investors regarding financial and business trends relating to Adient’s financial condition and results of operations. Investors should not consider these non-GAAP measures as alternatives to the related GAAP measures. A reconciliation of non-GAAP measures to their closest GAAP equivalent is included in the appendix. Reconciliations of non-GAAP measures related to FY2017 guidance have not been provided due to the unreasonable efforts it would take to provide such reconciliations.

# Today's presenters and meeting agenda



**Jeffrey Stafeil**  
**EVP & CFO, Adient**

> Company / business /  
China overview



**Detlef Juerss**  
**Group VP,  
Engineering, Adient**

> Innovation

# Meeting agenda



- > **Company & business overview**
- > **China / JV overview**
- > **Innovation**
- > **Q&A**
- > **Appendix**



The largest global automotive seating supplier, supporting all major automakers in the differentiation of their vehicles through superior quality, technology and performance.



## FY 2016

~\$17 billion  
Consolidated revenue

~\$8 billion  
Unconsolidated seating revenue

~\$8 billion  
Unconsolidated interiors revenue

230+  
locations globally

25+  
million seat  
systems a year

75,000  
highly engaged  
employees

# Broadest and most complete range of Seating & Interior Products



**Adient Automotive Seating**

- > Complete Seat / Just-In-Time Manufacturing
- > Front & Rear Seat Structures
- > Track, Recliner, Manual Height Adjuster and Lock Mechanisms
- > Foam Cushions & Backs
- > Head Restraints & Armrests
- > Trim Covers & Fabrics
- > RECARO High Performance Seating
- > Commercial Vehicle Seating



**Yanfeng Global Automotive Interiors**

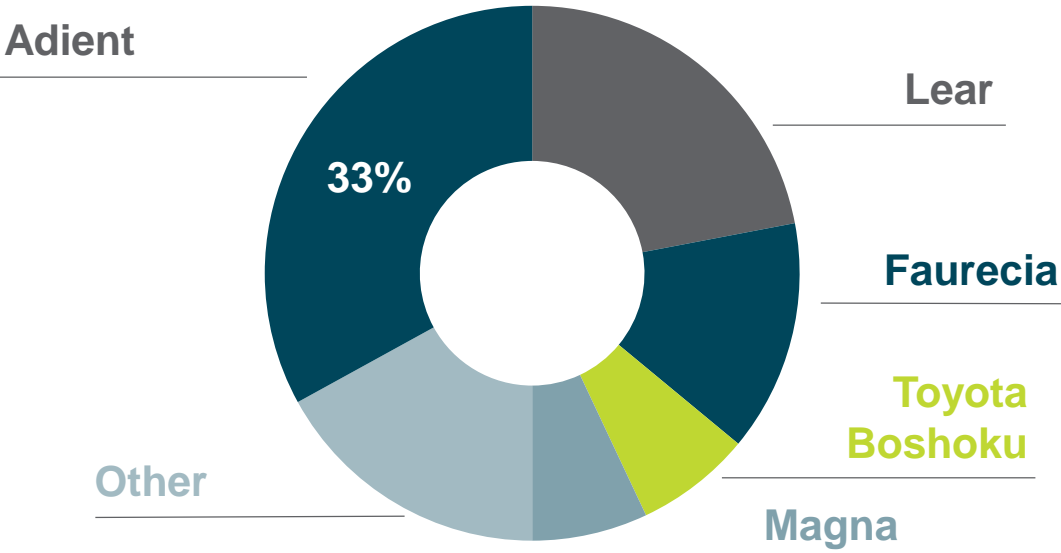
- > Instrument Panels
- > Floor Consoles
- > Door Panels
- > Overhead Consoles
- > Decorative Trim



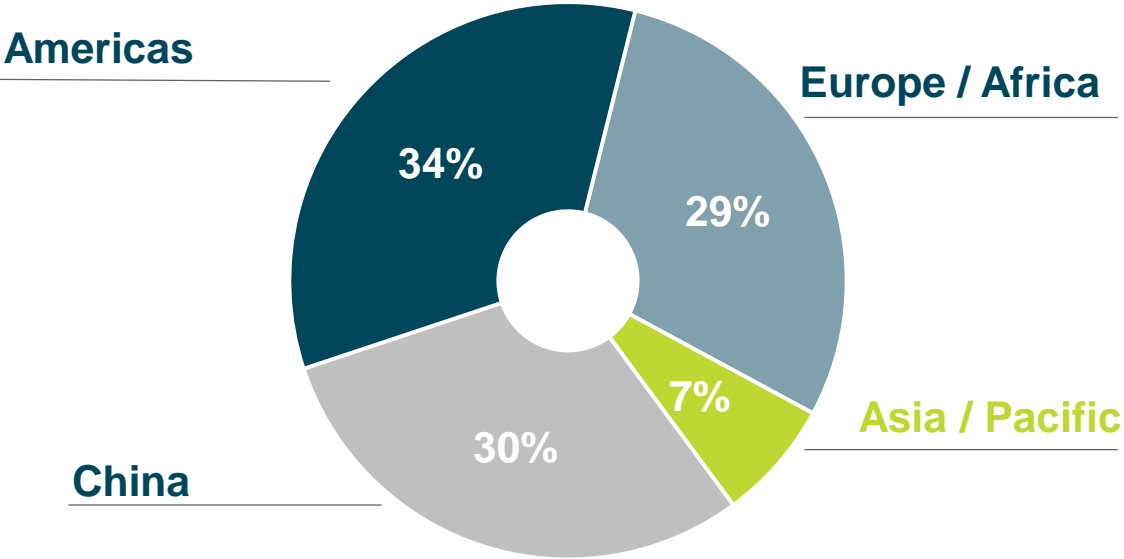
# Global market leader with diversified geographic exposure



Global market share



Revenue by geography



Early investment in emerging markets allowed Adient to take advantage of the globalization of the automotive industry

Adient share Includes non-consolidated revenue (mkt share based on FY16)  
Revenue by geography based on FY2016 (consolidated and non-consolidated)  
Source: IHS Automotive and management estimates



- > Adient is the leading player globally and in every major region worldwide

1.0%

4.7%

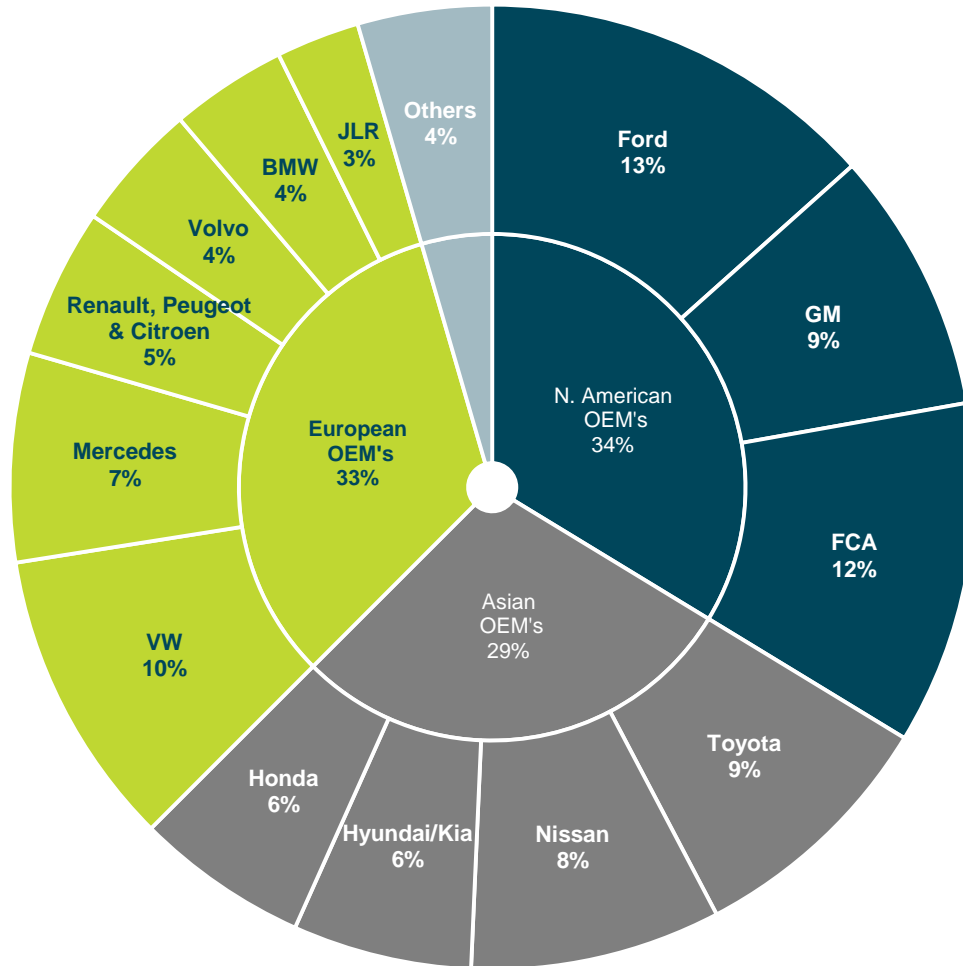
**\$10.8B**

- Leading automotive seating market share in North America and Europe
  - Leadership position in China, the world's largest and one of the fastest growing automotive markets
- Through our JVs, we plan to invest >\$1bn in the Asia region
- Primarily to drive continued growth in China



8

# Our customer portfolio is the envy of the industry and closely mirrors our customer's global market share



Based on FY16 Consolidated Sales

## Key Takeaways

- > Industry leading diversification
- > By customer -- largest customer accounts for 13% of total consolidated sales
- > By platform -- largest platform accounts for ~5% of total consolidated sales
- > Ability to leverage products across customers and regions
- > Scale provides leverage to optimize cost structure

1

## Industry Growth<sup>1</sup>

- > **Global light vehicle production remains robust** and is expected to reach production levels of **101 million vehicles by 2020**
- > **China continues to grow more rapidly than other major markets (4.2% CAGR)**, albeit at a lower but more sustainable rate than in past years

■ China LV Sales (mm of units)



2

## Mix

- > Mix of Foam/Trim/JIT sourcing and component sourcing
- > Continued shift towards SUVs / MPVs globally
- > Increase in luxury / comfort features



Growth Drivers

## Content Growth

3

- > Increase in **passenger-focused technologies**:
  - Occupant sensing
  - Seat heating / cooling
  - Massage features
  - Passenger health and wellness
  - Advanced seat adjustability
- > **Connected car / autonomous driving** provide large potential for content growth
  - Adient offers complete interior solution to potential new entrants
  - Autonomous trend likely to have a significant impact on interior content

1. Source: IHS Automotive.

**~55%**  
net earnings

**Consolidated  
Results**

## VALUE DRIVERS

- > Margin improvement of 200 bps vs. LTM June 2016 results
- > Strong order book in 2016, expected to drive top line growth in 2019 and beyond
- > Proven ability to generate substantial cash flow
- > Largest market share with most capable global production / delivery capability

**~45%**  
net earnings

**Unconsolidated  
Results**

## VALUE DRIVERS

- > ~44% market share with high growth opportunity
  - Incremental content per vehicle driven by mix (CUV / SUV / luxury)
  - Shift away from local / in-house players as vehicles migrate to global platforms
- > Record of success (i.e. from 2012-2016)
  - ~14% CAGR in sales and EBITDA (stable and attractive margins)
  - ~34% CAGR in net cash despite ~16% CAGR in dividends

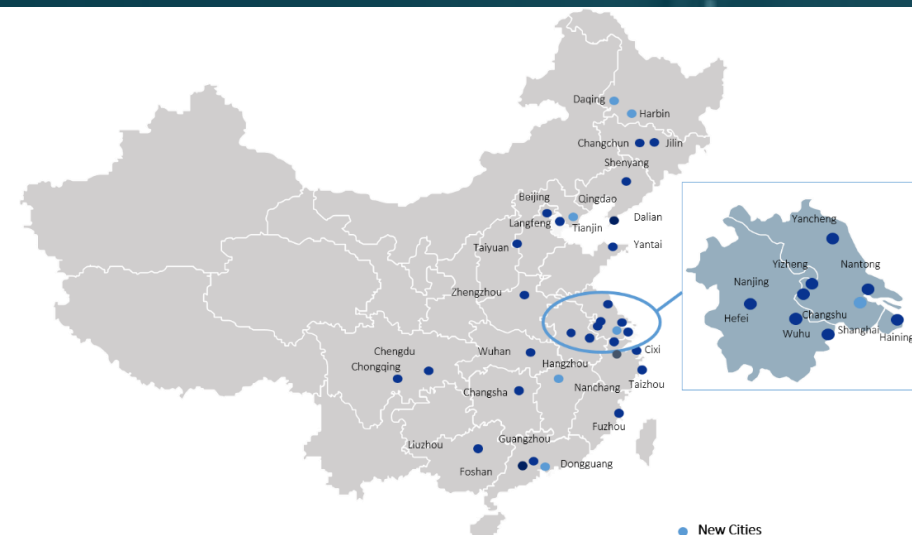
# Meeting agenda



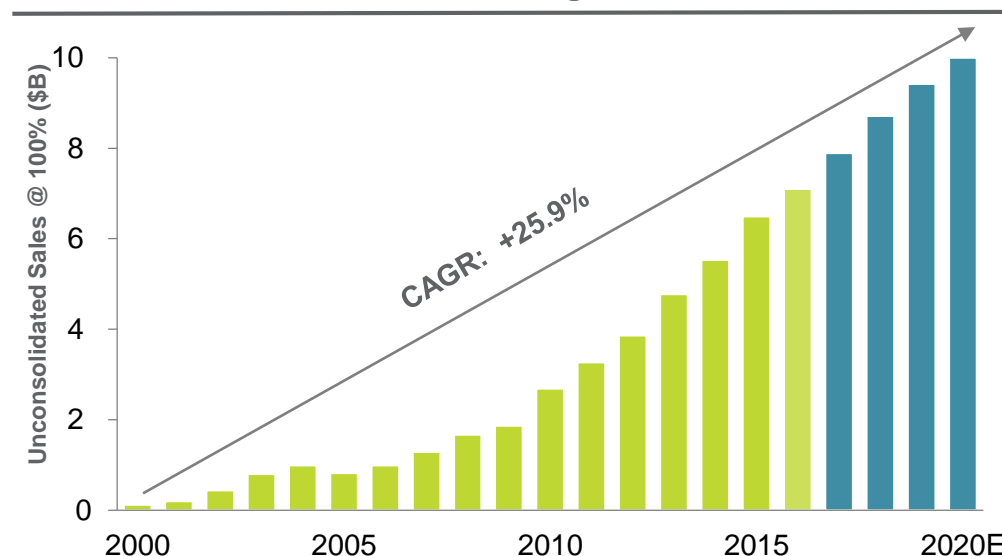
- > Introduction to Adient & business overview
- > China / JV overview
- > Innovation
- > Q&A
- > Appendix



- > We have nearly 45 percent market share of the seating business in China, making us the industry leader
- > By leveraging our market position, we expect to outpace the market, further expanding our share and strengthening our leadership
- > Seating in China (incl. joint ventures) highlights:
  - \$7.3 billion revenue in FY16
  - 17 joint ventures
  - 3 tech centers
  - 1,300 engineers
  - 60 manufacturing plants in 32 cities
  - 31,000 employees


































Adient Seating China



# Joint venture structure

Components

Interiors

Tailored Strategy for Each JV					Equity Share	
Strategic Plan	Joint Venture	Chinese Group Partner		OEM partnered with Chinese Auto Group	Adient	Partner
> Components for China & Asia Pacific > Regional growth > Low cost engineering and innovation	YFJC	SAIC 		          	49.99%	50.01%
		Sub-partners				
		Chang'An 	Dongfeng 			
> Operational Efficiency > Leverage current relationship	FJC	FAW 		  	50.0%	50.0%
> Separate seating & interior business > Growth focus on luxury segment	BJC	BAIC 		 	51.0%	49.0%
	GAJC CGJC	GAC 		   	52.0%	48.0%
	SJJ	Brilliance 			50.0%	50.0%
> Grow market share	JCYM	SAIC 		Supply all non-FAW customers	50.0%	50.0%
	FFJC	FAW 		Supply all FAW customers	50.0%	50.0%
> Fabrics capabilities	WFJC	Wanfang		Focus on global OEMs	50.0%	50.0%
	NNGJC	NNG		Focus on local OEMs	30.0%	70.0%
Yanfeng Automotive Interiors (YFAI) 					30.0%	70.0%

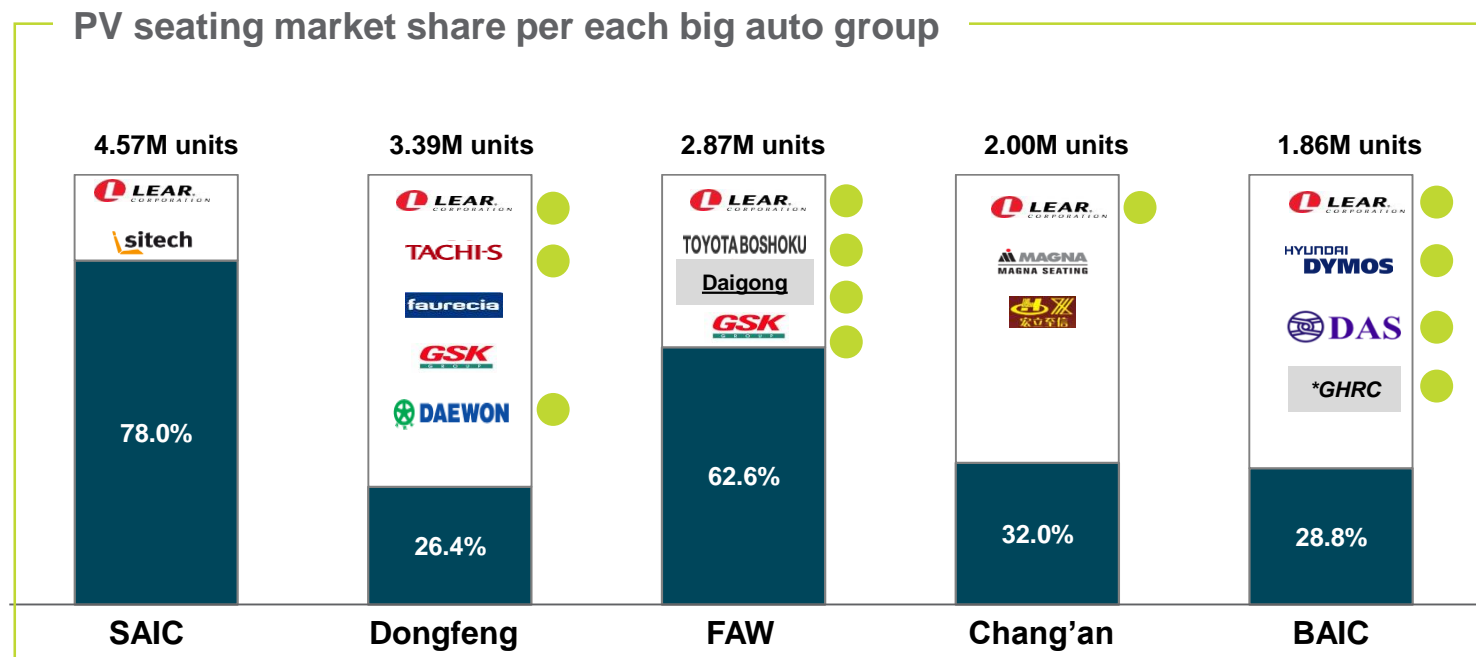
2016 Equity Income: \$357mm & Cash Dividends: \$199mm

# Adient China's current seating market share in each big auto group



% Adient's JIT market share in each auto group, based on 2016 production volume (PV)

- Where competitors have alliance with the auto group



- Since 1997, JV model has advantaged us in each main auto group
- Both global & local competitors are gradually applying this business model in China, we are no longer the exclusive partner everywhere – thus value proposition and partnership management become more important for future success

Source : IHS Forecast, traditional passenger vehicle ( 2016 total market size:20.4million)  
Market share information: Adient internal information  
\*GHRC =Beijing Guanghua Rongchang

# Market trends strengthening our leading position



## Increasing growth to non-Tier 1 cities

- > Well-positioned to grow through our JV structure with all OEMs
- > Foreign OEMs adding competitive products in non-Tier 1 & 2 cities
- > Local manufacturers recognize Adient's value proposition

## Shift to SUV / MPV segment

- > New business wins with both domestic and global manufacturers' JV programs will grow our share in segment
- > Increased content on SUV / MPV vehicles vs. sedans / wagons

## Premium segment remains robust

- > Strong and growing position with Daimler, BMW, Audi, and Volvo
- > Significant driver of content growth

## Ability to offset "price downs"

- > Scale advantage
- > Mature business processes / proven capability
- > High level of localization
- > Leveraging Adient's customer / JV relationships

# China's unconsolidated financial strength <sup>1</sup>

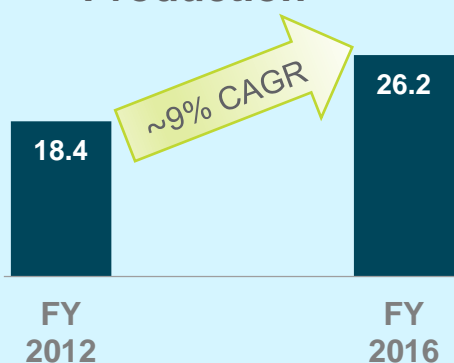
## FY2012 – FY2016



### Industry

Units, Millions

#### China Light Vehicle Production <sup>2</sup>



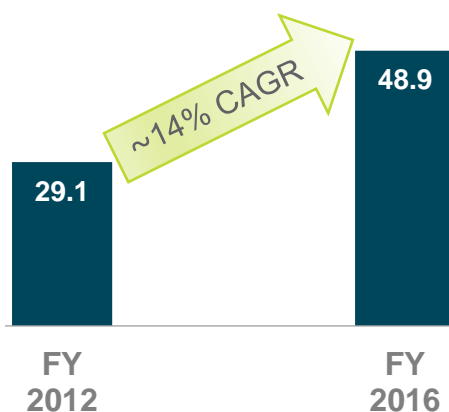
<sup>1</sup> – Excludes YFAI; includes SJJ and BJJ Interiors prior to July 2015

<sup>2</sup> – Based on IHS volumes

<sup>3</sup> – Net cash at 12/31/16 was approximately \$1.1B

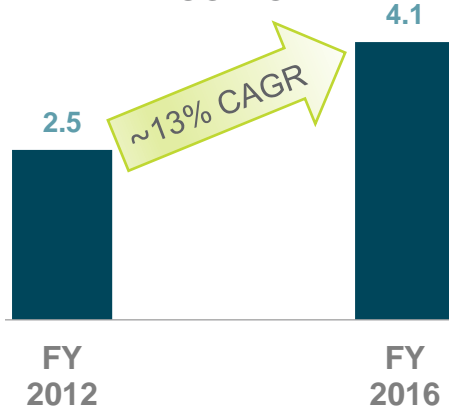
CNY in billions

#### Sales



> Top-line growth in excess of industry growth expected to continue

#### Net Income

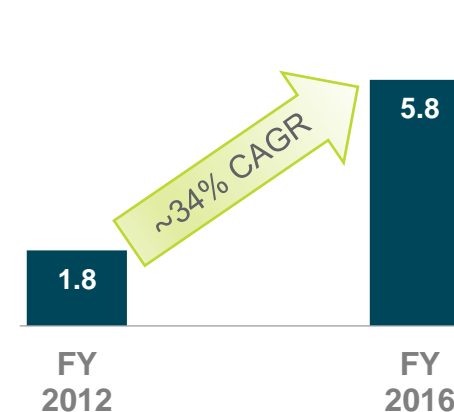


> NI supported by strong operating performance (14% EBITDA growth, and margins between 11-12%)

> Expect to sustain strong margin performance

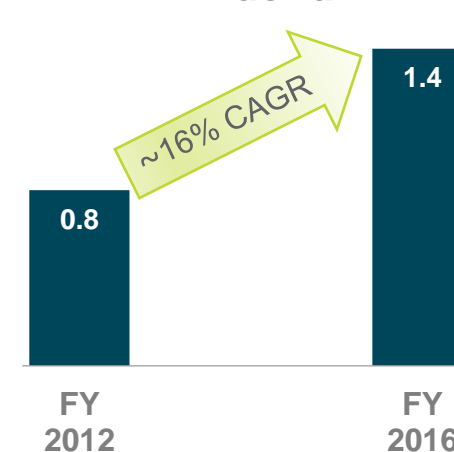
### Adient Results

#### Net Cash <sup>3</sup>



> Well capitalized balance sheets across the various joint ventures

#### Dividend



> Dividend growth expected to continue

# Adient's key investment thesis



## MARKET POSITION

- > Broadest and most complete range of seating products
- > Unparalleled customer diversity– market leadership in North America, Europe and China (unique and longstanding position in China through JV structure); support all major automakers (190+ active platforms)

## EARNINGS GROWTH

- > Lean and improving cost structure (targeting restructuring actions in process)
- > Upward trend in profitability expected to continue; ~200 bps margin improvement expected over the mid-term

## CASH GENERATION

- > Proven record of generating substantial cash flow
- > Cash generation will enable Adient to transition from a levered company to an investment grade company while enhancing shareholder value through a competitive dividend
- > Cash generation will support Adient's profitable growth strategy (organic & inorganic)

# Meeting agenda



- > Introduction to Adient & business overview
- > China / JV overview
- > Innovation
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Innovation will be a significant driver of our global growth. We will surprise and delight our customers globally, introducing our innovative products at the world's major automotive shows.

Five Year Marker

INTEGRITY

We have a passion for winning but at all times will act with unquestioned integrity. We will always do the right thing. We will treat one another honestly and with respect and consistently meet our commitments.

PRODUCT DEVELOPMENT AND INNOVATION

Our engineering and product development process will be world class. Our engineering footprint will be globally capable and focused in low cost countries. **Innovation will be a significant driver of our global growth. We will surprise and delight our customers globally, introducing our innovative products at the world's major automotive shows.**

OPERATIONAL EXCELLENCE

We will be the cost leader in our industry. We will be operationally excellent at everything we do through a focus on continuous improvement. Our Operating System will be fully deployed and we will be the most operationally capable company in our industry, with recognized industry leadership in cost, quality, launch execution, and customer satisfaction. We will have globally consistent, lean business processes centralized in low cost countries and supported by world class information technology systems. We will leverage our global footprint, scale and 'Materials Best Business Practices' to be the benchmark in operations, supply chain management and supplier development.

GLOBAL GROWTH

We embrace the globalization of the automotive industry and through our global footprint and joint venture partners will be uniquely positioned to win. We will be global market share leaders and leverage our leading position and capabilities in China. We will leverage our world class capabilities to grow beyond the automotive industry, with at least \$1 billion annual revenues derived from non-automotive markets.

CUSTOMER SATISFACTION

We will be known for customer satisfaction. Our leaders are expected to be advocates for the customer and we will work collaboratively with customers to gain global market share. We will be easy to do business with. Flawless program management and launch execution will be a hallmark of our organization.

PEOPLE AND LEADERSHIP

Our people are our greatest asset, there is nothing more important than their safety. We expect to be held accountable. Our culture of employee engagement and leadership development will be the benchmark in our industry. We will promote from within and will celebrate and recognize excellence. Our diversity will mirror our markets. Our company embraces strong corporate citizenship and our people are expected to be active in their communities. Leaders are the stewards of our performance culture.

SHAREHOLDER VALUE

We will deliver top quartile shareholder returns within our industry through market share growth, margin expansion, revenue diversification and strong free cash flow generation. We will pursue acquisitions to accelerate our growth. We will have a strong balance sheet that affords financial flexibility to sustain the company through business cycles.

# Adient's global innovation and design network



## Global R&D network

- > Plymouth
- > Silicon Valley
- > Burscheid
- > Shanghai
- > Ansan
- > Yokohama
- > Pune

## Passionate employees consisted of:

- > Designers
- > Engineers
- > Researchers



# Our highly engineered automotive products continue to set a benchmark in safety and comfort



## Current Market Trends: (Start-of-production 2019-2021)

- > **SUV/CUV** segment dominance
- > Increased **functionality and content** in mass segments globally
- > **Light weight** remains in focus
- > **Electric & plug-in-hybrid** vehicles, with no body-in-white changes.
- > **Infotainment** content penetrates across segments.
- > **Autonomous level 2** (assisted drive)
- > **Shared mobility** services, with no changes to vehicle architecture

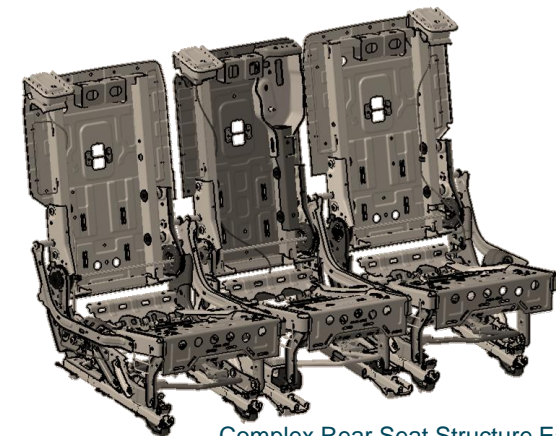
## We provide industry-leading solutions for the SUV segment and the global demand for comfort features

- > Easy-entry SUV rear-seat flexibility: design commonality
- > Powered mechanisms
- > Ultra light-weight steel
- > Composite frames
- > 2nd row light weight structures
- > Low-cost functionality and comfort solutions for mass segments:
  - > Asia Eco structure
  - > Ventilation / massage
  - > Ink jet printing industrialization
  - > Thin foam / Ultra low-cost fabrics
  - > Hidden pull down covers



Composite front seat back frame

Removable covers

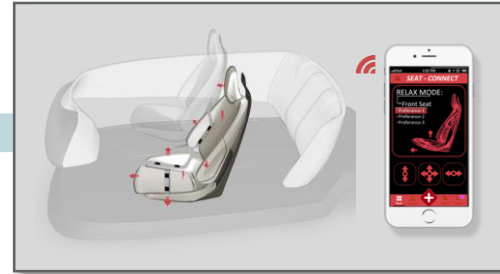
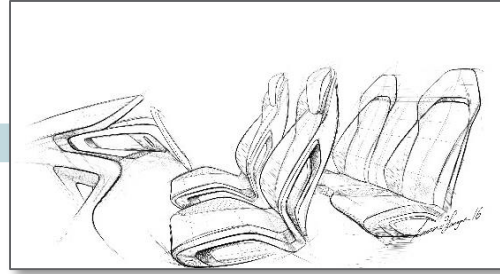


Complex Rear Seat Structure Easy Package 2

# In the changing industry, we will focus on the right solutions - supporting the evolution into the future of seating

## Industry trends

- **Electrification**
- Slim & lightweight
- Urbanization
- Internet of Things
- **Connectivity**
- **Shared ownership/ride**
- Smart materials
- Individualization
- **Autonomous driving**
- New shapes
- Safety



## Implications on seating

- **Changes in vehicle architecture & power management**
  - Light-weight
  - Low block height
  - Smart, individualized heating & cooling
- **Changes in vehicle features**
  - Passenger health & safety status sensor
  - Pre-adjustment of seat for shared mobility
- **Changes in seating functionality & safety**
  - Multi-purpose swivel structure
  - „Business-class“ type comfort seats
  - New safety standards (crash requirements)

# Mid-term, it will be all about new seat functionalities and convenience content for passenger seating



## Mid-term Trends:

(Start-of-production 2022-2025)

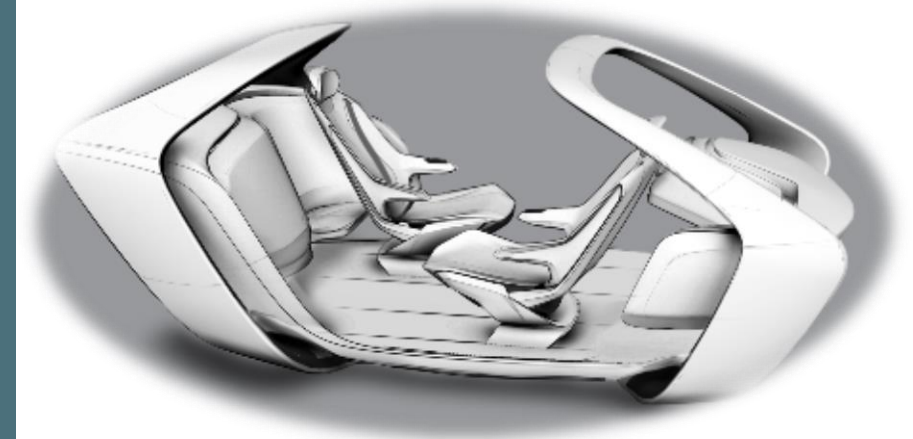
- > **Autonomous level 3** (partial automation)
- > Increase of **full electric** with increasing **mileage range**
- > **Seating functionality** in 1st, 2nd and 3rd row passenger seats expands to **sleep, work, relax modes features**
- > Significant **content increase** in 1st, 2nd and 3rd row **passenger seats** (tray tables, vents, heating, cooling, controls, lights, storage, phone charging, phone support, ...)
- > **Shared mobility** models with customized **interior solutions**
- > Full scope of **seating integrated safety** devices



# Our concept design proposals outline innovative functionalities with multiple integration capabilities



- Low block (H point) dimension
- Baseline belt integrated seat
- Powered seats with multi-function adjustment
- New generation of power adjuster/transmissions, capable of comfort adjustment and “safety” adjustment
- Integration of multimedia in seat



- Flexible seats
- Swivel Seats with roll movement
- Slouch function
- Full relax position
- Adjustable foot rest

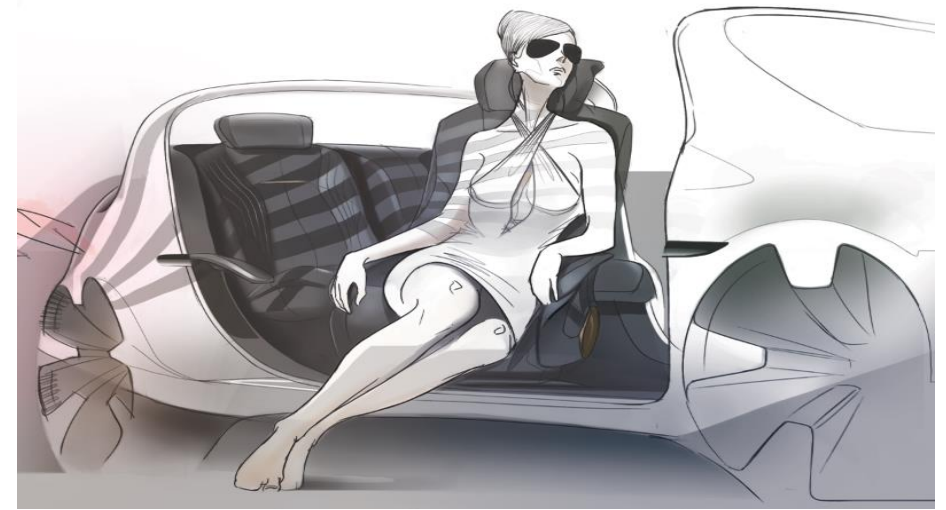
# Long-term, autonomous driving will open a vast spectrum of new opportunities in the automotive seating and interior



## Long-term Trends:

(Start-of-production 2025-2030)

- > **Autonomous level 4 & level 5** (high automation / full automation).
- > **Full electric** vehicles, fast charging, high mileage range.
- > Range of **sophisticated seating functionality** in all rows (sleep, work, relax, lounge, cargo etc.).
- > **Massive increase of content features** (tray tables, vents, heating, cooling, controls, lights, storage, phone charging, phone support, ...).
- > Drive by wire **controls for driver seat**.
- > **Shared mobility** with specific vehicle architecture, and **vast range of customized seating** offering.
- > Full scope of **seating integrated safety** devices.



# In adjacent markets, our strong competencies translate into competitive advantage for the Aerospace industry



- > The global aircraft seating market is a profitable market with attractive growth rates.
- > Our focus will be on complex, high-margin business class cabin seating.
- > By leveraging our global expertise in automotive seating and interiors, we intend to raise the bar on aviation passenger experience, and provide competitive advantage, in terms of
  - > Comfort & craftsmanship
  - > Operational excellence & quality
  - > Global just-in-time, sequenced delivery
  - > Complex supply chain management
  - > World-class engineering
  - > World-class innovation



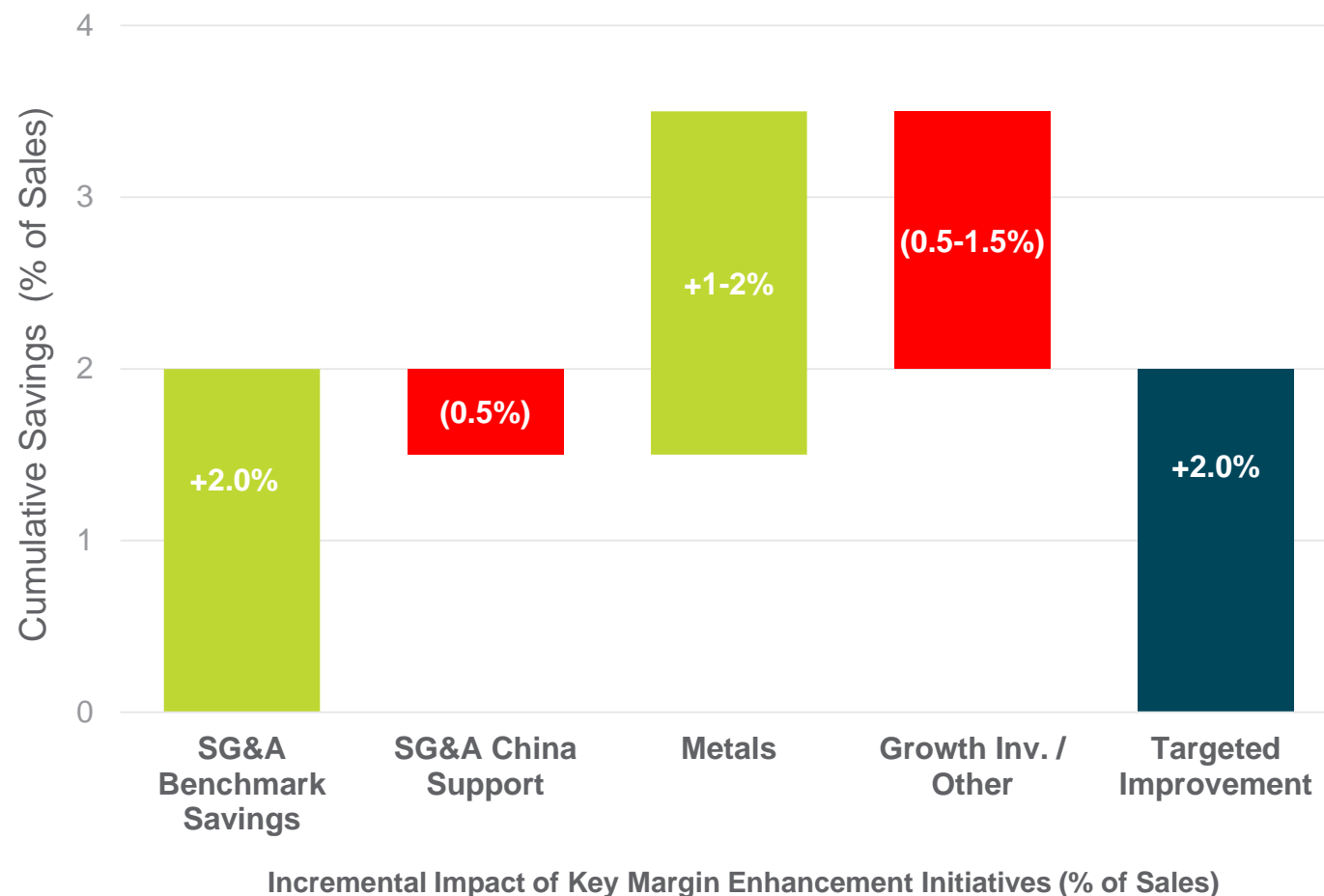
- > Today, our highly engineered automotive products set a benchmark in safety and comfort.
- > In the changing industry, we focus on the right solutions to proactively support the evolution into the future of:
  - > Electrification
  - > Connectivity
  - > Shared mobility
  - > Autonomous
- > Adient's innovative seat functionalities and consumer-oriented content for passenger seating will make the difference when the future of automotive mobility becomes real.
- > In adjacent markets, we will leverage our strong competences to raise the bar on aviation passenger experience.

# Questions



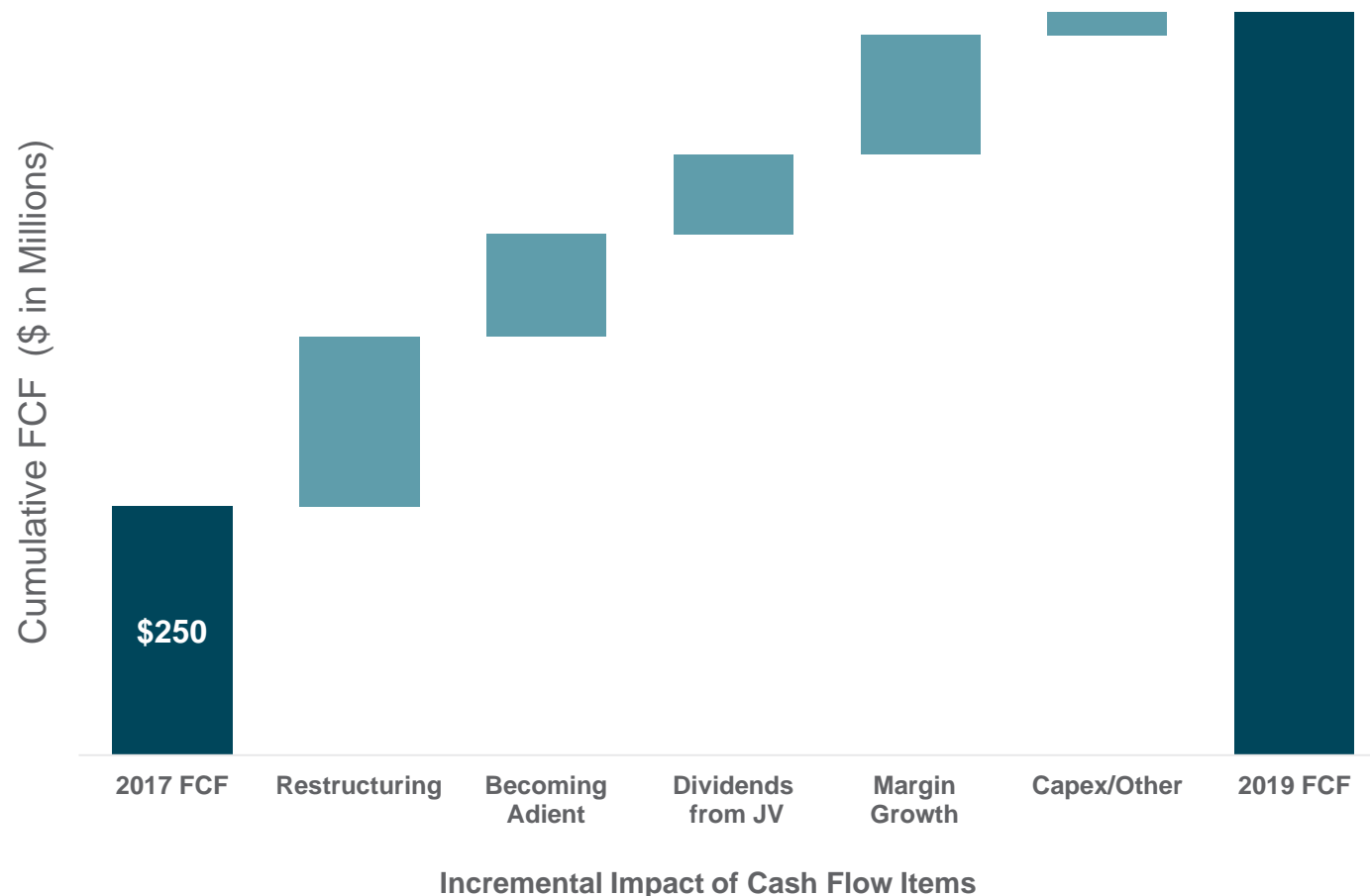
# APPENDIX





## Key Takeaways

- > 200 bps margin improvement identified
- > Key drivers:
  - Leaner cost structure
  - Metals integration & recovery opportunity
- > Improvement expected over the mid-term
  - Immediate near-term impact from corporate SG&A opportunities
  - Longer dated impact for integration & restructuring associated with the metals business



1. Excludes equity income from unconsolidated joint ventures

## Key Takeaways

- > FY17 expected results include:
  - A heightened level of cash outflows (~\$280M) related to restructuring initiatives
  - Anticipated one-time expenses (~\$100M) associated with “Becoming Adient”
  - Elevated CapEx of ~\$75M related to IT and facility capital associated with stand up costs
  - ~\$20M – 30M lower dividends at YFAI (not reflective of full year run rate)
- > Significant improvement in FCF driven by:
  - Lower cash restructuring
  - Margin growth (SG&A improvement and metals performance)
  - Increasing dividend growth from China JVs

# Adient JV equity income and cash dividend summary



**“Cash rich / low debt” balance sheets → maximum disbursement of earnings after reinvestment**

**Dividends paid in arrears based on prior year retained earnings → certainty of distribution in the current year**

Sources	Equity income	Cash dividends paid	% Conversion
2012A	\$211 <sup>1</sup>	\$143	67.8%
2013A	\$302 <sup>1</sup>	\$148	49.0%
2014A	\$284	\$176	62.0%
2015A	\$295	\$193	65.4%
2016A	\$357	\$199	55.7%
<b>FY12A-FY16A CAGR</b>	<b>14.1%</b>	<b>8.6%</b>	
<b>FY12A-FY16A Median</b>			<b>62.0%</b>

Adjusted for YFAI, % conversion is 68.8%. YFAI expected to generate a “partial” cash dividend in FY17.

Note: Yanfeng Automotive Interiors (YFAI) JV formed on July 2, 2015, and did not generate a cash dividend to Adient in FY2015 or FY2016.

1. Includes \$106 million and \$3 million of non-cash gains related to fair value adjustments of Adient’s existing cash equity investments in FY2013 and FY2012, respectively.

No such gains existed in FY2016, FY2015, or FY2014.

# Dissecting Adient's 2017E earnings

(\$ in millions)



## Base Business

2017E Consolidated Business EBITDA (Including Equity Income)	\$1,600
(-) 2017E Equity Income	(400)
<b>2017E Base Business EBITDA</b>	<b>\$1,200</b>

← Valued at Industry  
EV / EBITDA Multiple

## China Joint Ventures

2017E Equity Income	\$400
(+) Illustrative Taxes (@ 18%) <sup>1</sup>	83
(+) Illustrative Interest Expense <sup>2</sup>	-
(+) Illustrative Depreciation & Amortization <sup>3</sup>	96
<b>2017E Illustrative China Proportionate EBITDA</b>	<b>\$579</b>

← Valued at Industry  
China P / E Multiple

← >\$1B net cash at JV's

← Used for Consolidated  
Leverage Purposes

Source: Management estimates

<sup>1</sup> Assumes 2017E unconsolidated sales of ~16bn and illustrative seating and interior operating income margins of ~10% and ~4%, respectively.

<sup>2</sup> Assumes no net interest expense as the JVs are in a consolidated net cash position.

<sup>3</sup> Assumes D&A represents 1.5% of total unconsolidated sales.

Reconciliations of non-GAAP measures related to FY2017 guidance have not been provided due to the unreasonable efforts it would take to provide such reconciliations