



# **FY 2017** Third Quarter Earnings Call

July 27, 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.

# Agenda



## Introduction

**Mark Oswald**

Executive Director, Global Investor Relations

## Third quarter highlights

**Bruce McDonald**

Chairman and Chief Executive Officer

## Financial review

**Jeffrey Stafeil**

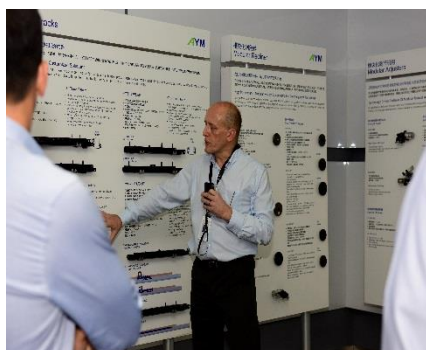
Executive Vice President and Chief Financial Officer

## Q&A





- > Solid Q3 results delivered earnings growth and margin expansion, building on ADNT's positive momentum
  - Adjusted-EBIT increased 3% to \$336M (margin of 8.4%, up 90 bps) <sup>1</sup>
  - Adjusted-EPS increased 4% to \$2.52 <sup>1</sup>
  - Net debt of \$2.7B and net leverage of 1.69x at June 30, 2017 <sup>1</sup>
- > Full year outlook solidly on-track



- > Recently held an investor day in Shanghai, China highlighting the strength of Adient's China operations. Key takeaways include expectations that:
  - The China market remains very favorable; industry growth and content per vehicle growth for automotive seating & interiors is expected to continue
  - ADNT is well positioned to capitalize on industry trends (mix shift to SUVs, autonomous and electrification) through our leading technology and innovation
  - China's unconsolidated financial strength is a key value driver for ADNT; strong margin performance and cash conversion expected to continue

- > Gross sales bookings continue at a robust pace; building on the positive momentum established in FY2016
  - FY17 gross sales bookings expected to outpace FY16 new business wins, which totaled \$5.3B
  - Awards year-to-date further strengthens Adient's diversification (traditional manufacturers, "West-Coast" manufacturers, luxury brands)
  - Replacement business wins remain very strong as Adient protects its incumbent business



- > Continued focus on enhancing shareholder value in Q3:
  - Repurchased ~0.6M shares of common stock for approximately \$40M
  - Paid the company's first quarterly dividend of \$0.275 per ordinary share (~\$26M)
  - Prepaid \$200M of the \$1.4 billion outstanding Term Loan using proceeds from a new, lower cost Euro 165M European Investment Bank loan plus cash (expected to save ADNT between 1-2% per year); no required Term Loan amortization payments until June 2020



Strengthening our leading position across customers, segments, and regions...



VW Tiguan  
Mexico



Chevrolet Traverse  
United States



Honda CRV  
Malaysia



Audi A-8  
Romania



Seat Ibiza and VW Polo  
Spain



Volvo XC-60  
Sweden



BMW 5 series Station Wagon  
Czech Republic



Toyota Camry  
United States

- > Despite “softening” U.S. vehicle sales, the auto cycle remains favorable on an absolute level (H1’17 SAAR of ~17M units)
  - OEM’s making near-term production adjustments in U.S. (primarily passenger cars) to align supply & demand
- > Strong growth continues in ADNT’s unconsolidated joint ventures
- > Gross sales bookings remain robust, further strengthening Adient’s leading market position
- > Margin expansion initiatives solidly on-track
- > Manageable headwinds from commodity prices expected for the remainder of FY17
- > Strong operating performance and cash generation is expected to drive ongoing shareholder friendly actions (dividend, debt paydown & share repurchases)



**ADNT’s strong operating performance and new business wins provide a firm foundation to deliver our goals in 2017 and beyond**

# FINANCIAL REVIEW

FY 2017 Third Quarter





# FY 2017 Q3 key financials



\$ millions, except per share data	As Reported		As Adjusted <sup>1</sup>		
	FY17 Q3	FY16 Q3	FY17 Q3	FY16 Q3	B/(W)
Reported revenue	\$ 4,017	\$ 4,362	\$ 4,017	\$ 4,362	-8%
EBIT	\$ 296	\$ 145	\$ 336	\$ 326	+3%
Margin	7.4%	3.3%	8.4%	7.5%	
EBITDA	N/A	N/A	\$ 427	\$ 417	+2%
Margin			10.6%	9.6%	
Memo: Equity Income <sup>2</sup>	\$ 94	\$ 89	\$ 101	\$ 94	+7%
Tax Expense	\$ 39	\$ 136	\$ 46	\$ 44	
ETR	14.7%	*	15.1%	15.1%	
Net Income	\$ 204	\$ (14)	\$ 237	\$ 228	+4%
EPS Diluted	\$ 2.17	\$ (.15)	\$ 2.52	\$ 2.43	+4%

<sup>1</sup> – On an adjusted basis, which includes certain pro forma adjustments for FY16; see appendix for detail and reconciliation to U.S. GAAP

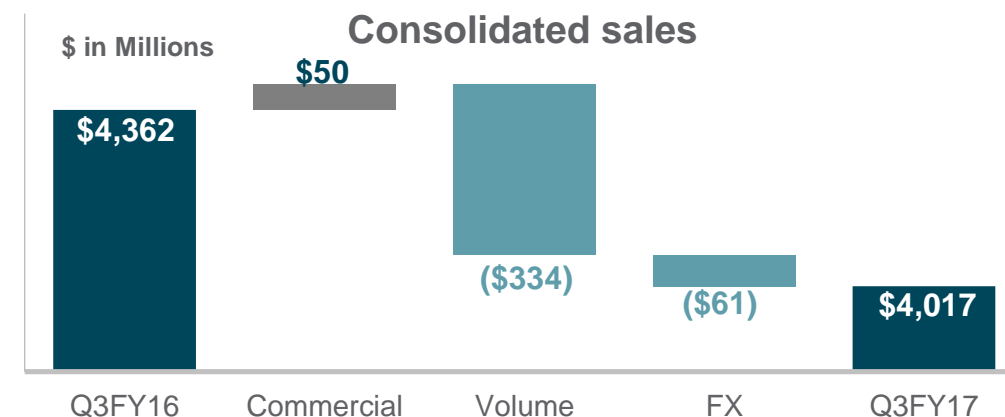
<sup>2</sup> – Equity income included in EBIT & EBITDA

\* Measure not meaningful

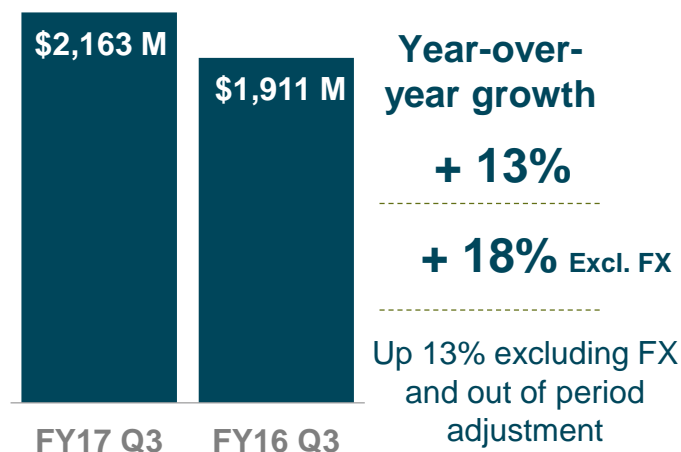
# Revenue – consolidated & unconsolidated



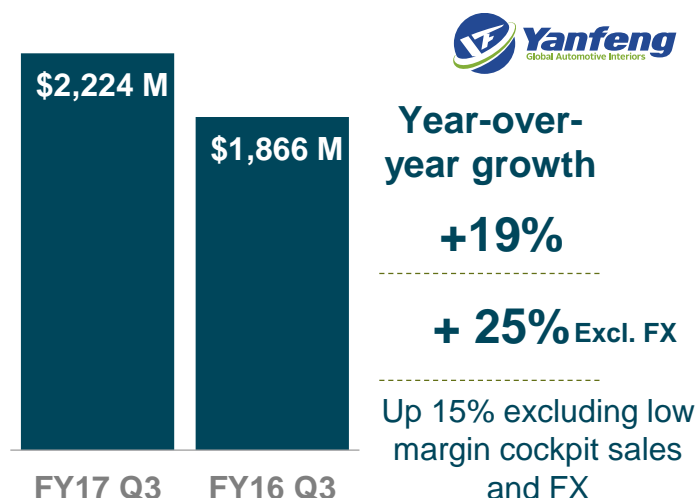
- > Consolidated sales challenged in the near-term resulting from capital constraints in prior years (pre-2016)
  - Volume and foreign exchange headwinds primary drivers of y-o-y decrease
- > Strong growth continued in ADNT's unconsolidated JVs
  - Unconsolidated seating revenue grew 18% y-o-y excluding FX
  - Unconsolidated interiors revenue grew at 15% y-o-y excluding FX and low margin cockpit sales



## Unconsolidated Seating



## Unconsolidated Interiors



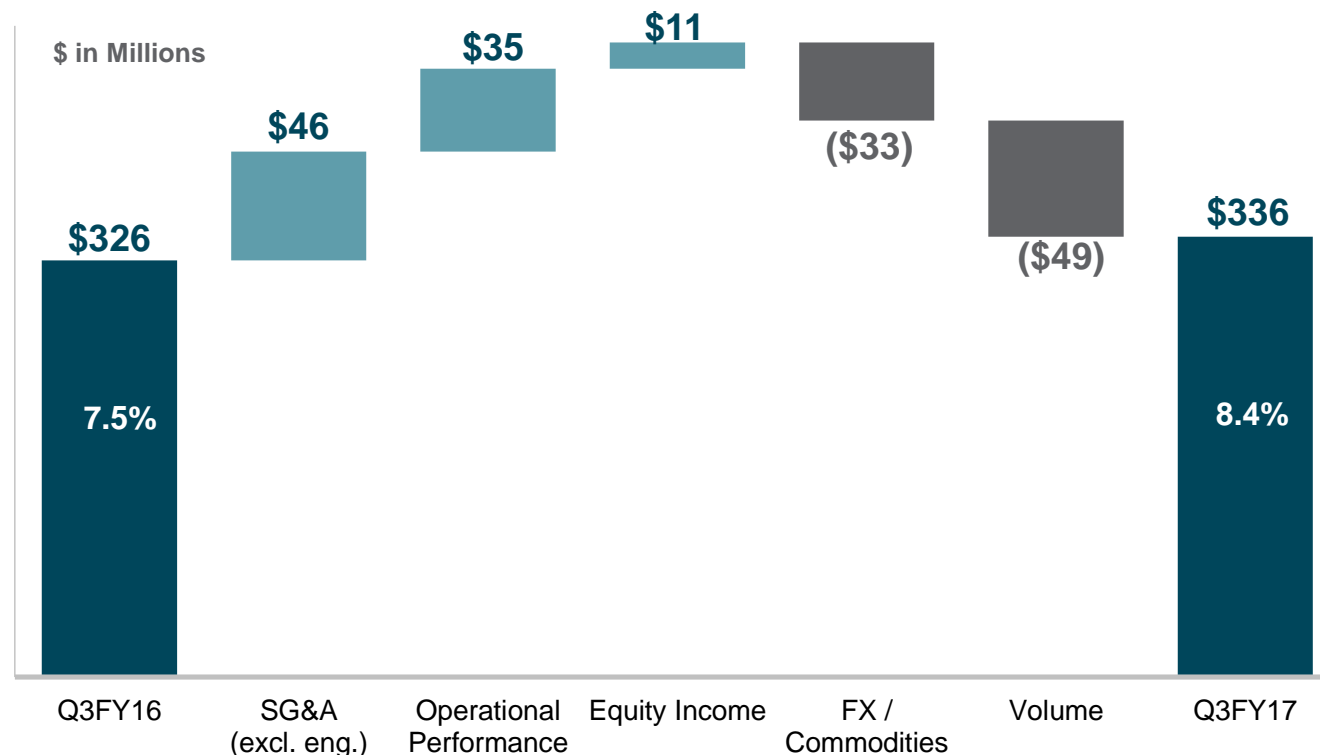
## Regional Performance

(consolidated sales y-o-y growth by region)

	Adjusted <sup>1</sup> FY17 Q3
N. America	-15%
Europe	-1%
Asia & China	4%

<sup>1</sup> – Growth rates at constant foreign exchange

- > Despite lower sales, Adjusted-EBIT expanded to \$336M, up 3% y-o-y
  - Seating totaled \$317M, up 6% y-o-y
  - Interiors totaled \$19M, down 27% y-o-y, driven primarily by growth investments (investment in IT infrastructure, West-Coast office, branding initiatives).
- > Primary drivers of Adjusted-EBIT improvement:
  - SG&A improvement reflecting lower corporate expenses and the benefits of restructuring actions
  - Improved operational performance
  - Increase in equity income
- > Volume and material economics (steel and chemicals) partially offset the overall improvements



On an adjusted basis, which includes certain pro forma adjustments for FY16; see appendix for detail and reconciliation to U.S. GAAP

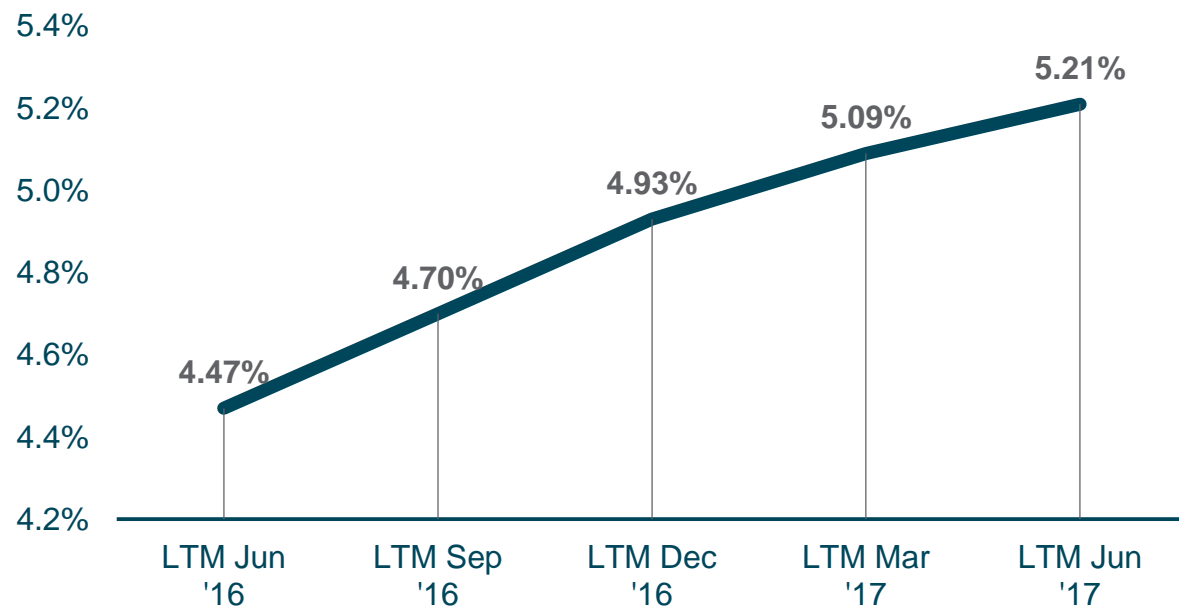


# Margin progression solidly on-track



## Adjusted EBIT Margin (excluding equity income)<sup>1</sup>

### ADJ EBIT % of sales (excl. equity income)



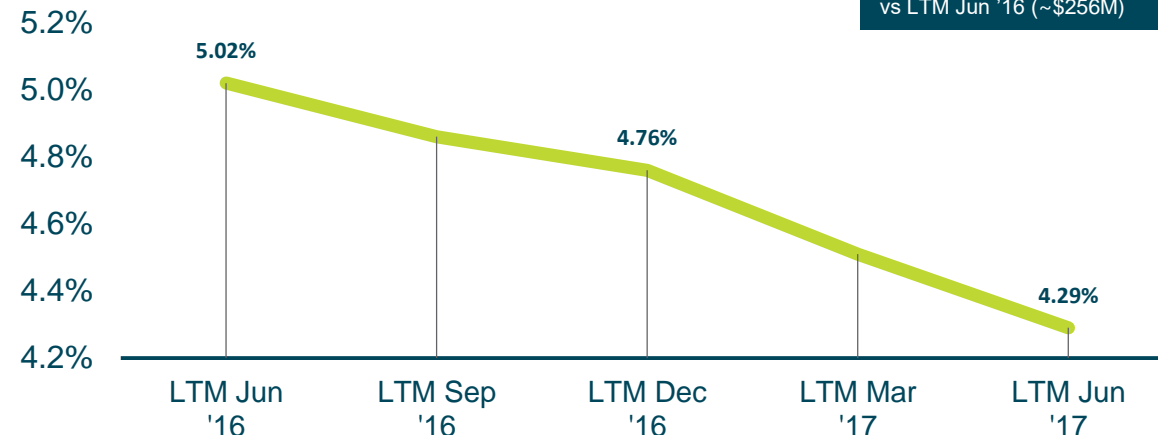
- Target 200 bps in mid-term
- ~ 75 bps achieved to date

Margin progression solidly on track

- > SG&A primary driver of improvement YTD
- > Metals on-track; positive impact expected in FY 19 & 20

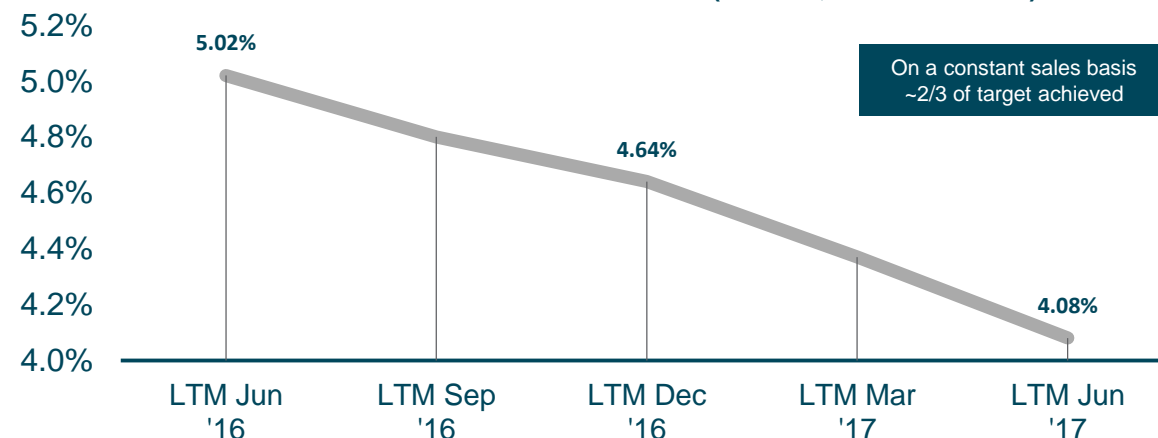
## SG&A – Adjusted<sup>1</sup>

### ADJ SG&A % of sales



Targeting 150 bps reduction vs LTM Jun '16 (~\$256M)

### ADJ SG&A % of constant sales (June 30, 2016 LTM sales)



On a constant sales basis  
~2/3 of target achieved

<sup>1</sup> On an adjusted basis, which includes certain pro forma adjustments for FY16; see appendix for detail and reconciliation to U.S. GAAP

## Free Cash Flow <sup>(1)</sup>

	FY17 Actual
(in \$ millions)	Q3 FY17
Adjusted EBITDA	\$ 427
(-) Interest Expense	(31)
(-) Taxes	(50)
(-) Restructuring (Cash)	(82)
(+/-) Change in Trade Working Capital	(26)
(+/-) Net Equity in Earnings	(84)
(+/-) Other <sup>2</sup>	3
<b>Operating Cash flow</b>	<b>\$ 157</b>
(-) CapEx	(115)
<b>Adjusted Free Cash flow</b>	<b>\$ 42</b>

## Debt <sup>(1)</sup>

- > Prepaid \$200M of the \$1.4B term loan using proceeds from new European Investment Bank loan, plus ~\$20M cash
- > EIB loan: 5-year, floating rate, EUR 165M; expected savings between 1-2% per year
- > Net leverage of 1.69x at June 30, 2017 (Euro denominated debt adversely impacted by foreign exchange)

## Net Debt and Net Leverage

	June 30 2017	September 30 2016
(in \$ millions)		
Cash <sup>(1)</sup>	\$ 669	\$ 550
Total Debt <sup>(2)</sup>	3,399	3,521
<b>Net Debt</b>	<b>\$ 2,730</b>	<b>\$ 2,971</b>
Pro-forma Adjusted EBITDA (last twelve months)	1,612	1,524
<b>Net Leverage</b>	<b>1.69x</b>	<b>1.95x</b>

<sup>1</sup> – See appendix for detail and reconciliation to U.S. GAAP

<sup>2</sup> – Other includes Becoming ADNT and Pension

# Looking forward: FY2017 guidance



	2017 Guidance
Revenue	\$16.15 - \$16.25 billion
ADJ. EBIT	\$1.24 - \$1.26 billion
Depreciation & Amortization	~\$375 million
Interest Expense	~\$135 million
Effective Tax Rate	14% - 15%
ADJ. Net Income	\$875 - \$900 million
Capital Expenditures	\$575 - \$600 million
Free Cash Flow	~\$400 million

Monitoring near-term production adjustments; full year revenue tracking towards low end of range

Interest expense now expected to be about \$135 million vs. \$140 million in prior guidance

CapEx tracking towards low end of range given timing & calendarization of certain expenditures

2017 guidance on track

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



# 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)

# APPENDIX AND FINANCIAL RECONCILIATIONS

FY 2017 Third Quarter



- > Adjusted EBIT, Adjusted EBIT margin, Pro-forma adjusted EBIT, Pro-forma adjusted EBIT margin, Pro-forma adjusted EBITDA, Adjusted effective tax rate, Adjusted net income attributable to Adient, Pro-forma adjusted net income attributable to Adient, Adjusted earnings per share, Free cash flow, Net debt, Net leverage, Adjusted SG&A, as well as other measures presented on an adjusted basis are not recognized terms under GAAP and do not purport to be alternatives to the most comparable GAAP amounts. Since all companies do not use identical calculations, our definition and presentation of these measures may not be comparable to similarly titled measures reported by other companies.
- > Adjusted EBIT, Adjusted EBIT margin, Pro-forma adjusted EBIT, Pro-forma adjusted EBIT margin, Pro-forma adjusted EBITDA, Adjusted effective tax rate, Adjusted net income attributable to Adient, Pro-forma adjusted net income attributable to Adient, Adjusted earnings per share and Free cash flow are measures used by management to evaluate the operating performance of the company and its business segments to forecast future periods.
  - Adjusted EBIT is defined as income before income taxes and noncontrolling interests excluding net financing charges, restructuring, impairment and related costs, purchase accounting amortization, transaction gains/losses, expenses associated with becoming an independent company, other significant non-recurring items, and net mark-to-market adjustments on pension and postretirement plans. General corporate and other overhead expenses are allocated to business segments in determining Adjusted EBIT. Adjusted EBIT margin is Adjusted EBIT as a percentage of net sales.
  - Pro-forma adjusted EBIT is defined as Adjusted EBIT excluding pro-forma IT dis-synergies as a result of higher stand-alone IT costs as compared to allocated IT costs under our former parent. Pro-forma adjusted EBIT margin is Pro-forma adjusted EBIT as a percentage of net sales.
  - Pro-forma adjusted EBITDA is defined as Pro-forma adjusted EBIT excluding depreciation and stock based compensation.
  - Adjusted effective tax rate is defined as adjusted income tax provision as a percentage of adjusted income before income taxes.
  - Adjusted net income attributable to Adient is defined as net income attributable to Adient excluding restructuring, impairment and related costs, purchase accounting amortization, transaction gains/losses, Becoming Adient/separation costs, other significant non-recurring items, net mark-to-market adjustments on pension and postretirement plans, and the tax impact of these items.
  - Pro-forma adjusted net income attributable to Adient is defined as Adjusted net income attributable to Adient excluding pro-forma IT dis-synergies as a result of higher stand-alone IT costs as compared to allocated IT costs under our former parent, pro-forma interest expense that Adient would have incurred had it been a stand-alone company, the tax impact of these items and the pro-forma impact of the tax rate had Adient been operating as a stand-alone company domiciled in its current jurisdiction.
  - Adjusted free cash flow is defined as cash from operating activities plus payments from our former parent (related to reimbursements for cash management actions and capital expenditures), less capital expenditures.
  - Management uses these measures to evaluate the performance of ongoing operations separate from items that may have a disproportionate impact on any particular period. These measures are also used by securities analysts, institutional investors and other interested parties in the evaluation of companies in our industry
- > Net debt is calculated as gross debt less cash and cash equivalents.
- > Net leverage is calculated as net debt divided by last twelve months (LTM) pro-forma adjusted-EBITDA.



# Non-GAAP reconciliations

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



(in \$ millions)	Q4 FY15	FY16 Actual				FY17 Actual			Last Twelve Months Ended				
		Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	Q1 FY17	Q2 FY17	Q3 FY17	Actual Jun '16	Actual Sep '16	Actual Dec '16	Actual Mar '17	Actual Jun '17
Net income attributable to Adient	\$ (116)	\$ 137	\$ (779)	\$ (14)	\$ (877)	\$ 149	\$ 192	\$ 204	\$ (772)	\$ (1,533)	\$ (1,521)	\$ (550)	\$ (332)
Income attributable to noncontrolling interests	13	17	23	21	23	22	24	22	74	84	89	90	91
Income Tax Provision	284	53	838	136	812	28	37	39	1,311	1,839	1,814	1,013	916
Financing Charges	1	2	4	2	14	35	33	31	9	22	55	84	113
Earnings before interest and income taxes	\$ 182	\$ 209	\$ 86	\$ 145	\$ (28)	\$ 234	\$ 286	\$ 296	\$ 622	\$ 412	\$ 437	\$ 637	\$ 788
Separation costs <sup>(1)</sup>	-	60	72	122	115	10	-	-	254	369	319	247	125
Becoming Adient <sup>(1) (9)</sup>	-	-	-	-	-	15	23	20	-	-	15	38	58
Purchase accounting amortization <sup>(2)</sup>	9	9	10	9	9	10	9	10	37	37	38	37	38
Restructuring related charges <sup>(3) (9)</sup>	4	4	3	3	4	8	10	10	14	14	18	25	32
Other items <sup>(4) (9)</sup>	(7)	(21)	(35)	(22)	(1)	13	-	-	(85)	(79)	(45)	(10)	12
Restructuring and impairment costs <sup>(5)</sup>	182	-	169	75	88	-	6	-	426	332	332	169	94
Pension mark-to-market <sup>(6)</sup>	6	-	-	-	110	-	-	-	6	110	110	110	110
Gain on business divestiture	(137)	-	-	-	-	-	-	-	(137)	-	-	-	-
Adjusted EBIT	\$ 239	\$ 261	\$ 305	\$ 332	\$ 297	\$ 290	\$ 334	\$ 336	\$ 1,137	\$ 1,195	\$ 1,224	\$ 1,253	\$ 1,257
Pro-forma IT dis-synergies <sup>(8)</sup>	(6)	(6)	(7)	(6)	(7)	-	-	-	(25)	(26)	(20)	(13)	(7)
Pro-forma Adjusted EBIT	\$ 233	\$ 255	\$ 298	\$ 326	\$ 290	\$ 290	\$ 334	\$ 336	\$ 1,112	\$ 1,169	\$ 1,204	\$ 1,240	\$ 1,250
Stock based compensation <sup>(7)</sup>	(4)	1	5	14	8	4	11	8	16	28	31	37	31
Depreciation	77	82	81	77	87	83	78	83	317	327	328	325	331
Pro-forma Adjusted EBITDA	\$ 306	\$ 338	\$ 384	\$ 417	\$ 385	\$ 377	\$ 423	\$ 427	\$ 1,445	\$ 1,524	\$ 1,563	\$ 1,602	\$ 1,612

1. Reflects incremental expenses associated with becoming an independent company and expenses associated with the separation from Johnson Controls International.

2. Reflects amortization of intangible assets including those related to the YFAI joint venture recorded within equity income.

3. Reflects restructuring related charges for costs that are directly attributable to restructuring activities, but do not meet the definition of restructuring under ASC 420.

4. First quarter 2017 primarily consists of \$12M of initial funding of the Adient foundation. Also reflects a first quarter 2016 \$13 million favorable commercial settlement, second quarter 2016 \$22 million favorable settlements from prior year business divestitures and a \$6 million favorable legal settlement, and a third quarter 2016 \$14 million favorable legal settlement. Also reflected is a multi-employer pension credit associated with the removal of costs for pension plans that remained with the former Parent in the amount of \$7 million in the fourth quarter of 2015 and \$8 million, \$7 million, \$8 million and \$1 million in the first, second, third and fourth quarters of 2016, respectively.

5. Reflects qualified restructuring charges for costs that are directly attributable to restructuring activities and meet the definition of restructuring under ASC 420.

6. Reflects net mark-to-market adjustments on pension and postretirement plans.

7. Stock based compensation excludes \$2 million, \$5 million, and \$ 3 million of expense in the first, second and third quarters of 2017, respectively, which is included with the costs associated with becoming an independent company (Becoming Adient costs) discussed above.

8. Pro-forma amounts include IT dis-synergies as a result of higher stand-alone IT costs as compared to allocated IT costs under JCI, interest expense that Adient would have incurred had it been a stand-alone company and the impact of the tax rate had Adient been operating as a stand-alone company domiciled in its current jurisdiction.

9. The December 31, 2016 amounts were revised in the second quarter FY 2017 for certain reclassifications in which Becoming Adient costs decreased by \$16 million and restructuring related items and other items increased by \$3 million and \$13 million, respectively.

# Non-GAAP reconciliations

## Adjusted Net Income



(in \$ millions)	Adjusted Net Income		Adjusted Diluted EPS	
	Three Months Ended		Three Months Ended	
	June 30		June 30	
	2017	2016	2017	2016
Net income attributable to Adient	\$ 204	\$ (14)	Diluted earnings per share as reported	\$ 2.17 \$ (0.15)
Separation costs <sup>(1)</sup>	-	122	Separation costs <sup>(1)</sup>	- 1.30
Becoming Adient <sup>(1)</sup>	20	-	Becoming Adient <sup>(1)</sup>	0.20 -
Purchase accounting amortization <sup>(2)</sup>	10	9	Purchase accounting amortization <sup>(2)</sup>	0.11 0.10
Restructuring related charges <sup>(3)</sup>	10	3	Restructuring related charges <sup>(3)</sup>	0.11 0.03
Other items <sup>(4)</sup>	-	(22)	Other items <sup>(4)</sup>	- (0.23)
Restructuring and impairment costs <sup>(5)</sup>	-	75	Restructuring and impairment costs <sup>(5)</sup>	- 0.80
Tax impact of above adjustments and one time tax items	(7)	65	Tax impact of above adjustments and one time tax items	(0.07) 0.69
<b>Adjusted net income attributable to Adient</b>	<b>\$ 237</b>	<b>\$ 238</b>	<b>Adjusted diluted earnings per share</b>	<b>\$ 2.52 \$ 2.54</b>
Pro-forma IT dis-synergies <sup>(6)</sup>	-	(6)	Pro-forma IT dis-synergies <sup>(6)</sup>	- (0.06)
Pro-forma net financing charges <sup>(6)</sup>	-	(31)	Pro-forma net financing charges <sup>(6)</sup>	- (0.33)
Tax impact of above pro-forma adjustments	-	8	Tax impact of above pro-forma adjustments	- 0.09
Pro-forma effective tax rate adjustment <sup>(6)</sup>	-	19	Pro-forma effective tax rate adjustment <sup>(6)</sup>	- 0.19
<b>Pro-forma Adjusted net income attributable to Adient</b>	<b>\$ 237</b>	<b>\$ 228</b>	<b>Pro-forma Adjusted diluted earnings per share</b>	<b>\$ 2.52 \$ 2.43</b>

1. Reflects incremental expenses associated with becoming an independent company and expenses associated with the separation from JCI.

2. Reflects amortization of intangible assets including those related to the YFAI joint venture recorded within equity income.

3. Reflects restructuring related charges for costs that are directly attributable to restructuring activities, but do not meet the definition of restructuring under ASC 420.

4. Reflects a third quarter 2016 \$14 million favorable legal settlement and an \$8 million multi-employer pension credit associated with the removal of costs for pension plans that remained with JCI.

5. Reflects qualified restructuring charges for costs that are directly attributable to restructuring activities and meet the definition of restructuring under ASC 420.

6. Pro-forma amounts include IT dis-synergies as a result of higher stand-alone IT costs as compared to allocated IT costs under JCI, interest expense that Adient would have incurred had it been a stand-alone company and the impact of the tax rate had Adient been operating as a stand-alone company domiciled in its current jurisdiction.

# Non-GAAP reconciliations

## Free Cash Flow



(in \$ millions)	Three Months Ended June 30	
	2017	2016
Operating cash flow	\$ 157	\$ 150
Less: Capital expenditures	(115)	(126)
Cash from former parent	-	-
<b>Adjusted Free cash flow</b>	<b>\$ 42</b>	<b>\$ 24</b>

(in \$ millions)	Adjusted EBITDA to Free Cash Flow Three Months Ended June 30	
	2017	
Adjusted EBITDA	\$	427
Less: Interest Expense		(31)
Less: Taxes		(50)
Less: Restructuring (cash)		(82)
Change in trade working capital		(26)
Less: Net Equity in Earnings		(84)
Other		3
<b>Operating cash flow</b>	<b>\$</b>	<b>157</b>
Less: capital expenditures		(115)
<b>Adjusted Free cash flow</b>	<b>\$</b>	<b>42</b>



# Non-GAAP reconciliations

## Net Debt and Adjusted Equity Income



### Net Debt and Net Leverage

(in \$ millions)	June 30	September 30
	2017	2016
Cash <sup>(1)</sup>	\$ 669	\$ 550
Total Debt <sup>(2)</sup>	3,399	3,521
<b>Net Debt</b>	<b>\$ 2,730</b>	<b>\$ 2,971</b>
Pro-forma Adjusted EBITDA (last twelve months)	1,612	1,524
<b>Net Leverage</b>	<b>1.69x</b>	<b>1.95x</b>

### Adjusted Equity Income

(in \$ millions)	Three Months Ended June 30	
	2017	2016
Equity income as reported	\$ 94	\$ 89
Purchase accounting amortization <sup>(3)</sup>	6	5
YFAI restructuring	1	-
<b>Adjusted equity income</b>	<b>\$ 101</b>	<b>\$ 94</b>

1. Cash at September 30, 2016 is pro-forma cash based on the preliminary funding of Adient's opening cash balance on October 31, 2016.

2. Total debt at September 30, 2016 has been revised to include debt issuance costs as a reduction of the carrying amount of the debt in accordance with ASU 2015-03, which was adopted retrospectively by the company in Q1 2017.

3. Reflects amortization of intangible assets including those related to the YFAI joint venture recorded within equity income.

# Non-GAAP reconciliations

## Adjusted Income before Income Taxes, Financing Charges, and Segment Adjusted EBIT



### Adjusted Income before Income Taxes

(in \$ millions)	Three Months Ended June 30					
	2017			2016		
	Income before Income Taxes	Tax impact	Effective tax rate	Income before Income Taxes	Tax impact	Effective tax rate
As reported	\$ 265	\$ 39	14.7%	\$ 143	\$ 136	*
Adjustments, including prior year pro-forma impacts	40	7	17.5%	150	(92)	*
As adjusted	\$ 305	\$ 46	15.1%	\$ 293	\$ 44	15.1%

\* Measure not meaningful

### Financing Charges

(in \$ millions)	Three Months Ended June 30	
	2017	2016
Net financing charges as reported	\$ 31	\$ 2
Pro-forma net financing charges <sup>(8)</sup>		31
Pro-forma adjusted net financing charges		\$ 33

### Adjusted EBIT/Pro-forma adjusted EBIT by segment

(in \$ millions)	Three Months Ended June 30	
	2017	2016
Seating (includes 2016 pro-forma IT dis-synergies)	\$ 317	\$ 300
Interiors	19	26
Pro-forma adjusted EBIT	\$ 336	\$ 326

1. Pro-forma amounts include IT dis-synergies as a result of higher stand-alone IT costs as compared to allocated IT costs under JCI, interest expense that Adient would have incurred had it been a stand-alone company and the impact of the tax rate had Adient been operating as a stand-alone company domiciled in its current jurisdiction.

# Non-GAAP reconciliations

Reported to Adjusted SG&A for prior periods (LTM Jun 16 – LTM Jun 17)



(in \$ millions)	Actual Q4 FY15	FY16 Actual				FY17 Actual			Last Twelve Months Ended				
		Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	Q1 FY17	Q2 FY17	Q3 FY17	Actual Jun '16	Actual Sep '16	Actual Dec '16	Actual Mar '17	Actual Jun '17
Selling, general and administrative costs	\$ 225	\$ 253	\$ 252	\$ 315	\$ 402	\$ 217	\$ 178	\$ 169	\$ 1,045	\$ 1,222	\$ 1,186	\$ 1,112	\$ 966
Separation costs <sup>(1) (6)</sup>	-	(60)	(72)	(122)	(115)	(10)	-	-	(254)	(369)	(319)	(247)	(125)
Becoming Adient <sup>(1) (6)</sup>	-	-	-	-	-	(6)	(10)	(6)	-	-	(6)	(16)	(22)
Purchase accounting amortization <sup>(2)</sup>	(3)	(4)	(5)	(4)	(4)	(5)	(4)	(3)	(16)	(17)	(18)	(17)	(16)
Restructuring related charges <sup>(3) (6)</sup>	-	-	-	-	(2)	-	-	-	-	(2)	(2)	(2)	(2)
Other non-recurring items <sup>(4) (6)</sup>	7	21	35	22	1	(13)	-	-	85	79	45	10	(12)
Pension mark-to-market <sup>(5)</sup>	(3)	-	-	-	(94)	-	-	-	(3)	(94)	(94)	(94)	(94)
Adjusted SG&A	\$ 226	\$ 210	\$ 210	\$ 211	\$ 188	\$ 183	\$ 164	\$ 160	\$ 857	\$ 819	\$ 792	\$ 746	\$ 695

Sales (\$Millions)	\$ 4,162	\$ 4,233	\$ 4,298	\$ 4,362	\$ 3,944	\$ 4,038	\$ 4,212	\$ 4,017	\$17,055	\$16,837	\$16,642	\$16,556	\$16,211
Adjusted SG&A	226	210	210	211	188	183	164	160	857	819	792	746	695
% of Sales	5.43%	4.96%	4.89%	4.84%	4.77%	4.53%	3.89%	3.98%	5.02%	4.86%	4.76%	4.51%	4.29%

1. Reflects incremental expenses associated with becoming an independent company and expenses associated with the separation from JCI.
2. Reflects amortization of intangible assets including those related to the YFAI joint venture recorded within equity income.
3. Reflects restructuring related charges for costs that are directly attributable to restructuring activities, but do not meet the definition of restructuring under ASC 420.
4. First quarter 2017 primarily consists of \$12 million of initial funding of the Adient foundation. Also reflects a first quarter 2016 \$13 million favorable commercial settlement, second quarter 2016 \$22 million favorable settlements from prior year business divestitures and a \$6 million favorable legal settlement, and a third quarter 2016 \$14 million favorable legal settlement. Also reflected is a multi-employer pension credit associated with the removal of costs for pension plans that remained with JCI in the amount of \$7 million in the fourth quarter of 2015 and \$8 million, \$7 million, \$8 million and \$1 million in the first, second, third and fourth quarters of 2016, respectively.
5. Reflects net mark-to-market adjustments on pension and postretirement plans.
6. The December 31, 2016 amounts were revised in the second quarter FY 2017 for certain reclassifications in which Becoming Adient costs decreased by \$16 million and restructuring related items and other items increased by \$3 million and \$13 million, respectively.

# Prior Period Results



	Actual Q4 FY15	FY16 Actual				FY17 Actual			Last Twelve Months Ended				
		Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	Q1 FY17	Q2 FY17	Q3 FY17	Actual Jun '16	Actual Sep '16	Actual Dec '16	Actual Mar '17	Actual Jun '17
Sales (\$Mils.)	\$ 4,162	\$ 4,233	\$ 4,298	\$ 4,362	\$ 3,944	\$ 4,038	\$ 4,212	\$ 4,017	\$ 17,055	\$ 16,837	\$ 16,642	\$ 16,556	\$ 16,211
Adjusted EBIT	233	255	298	326	290	290	334	336	1,112	1,169	1,204	1,240	1,250
% of Sales	5.60%	6.02%	6.93%	7.47%	7.35%	7.18%	7.93%	8.36%	6.52%	6.94%	7.23%	7.49%	7.71%
Adjusted EBITDA	306	338	384	417	385	377	423	427	1,445	1,524	1,563	1,602	1,612
% of Sales	7.35%	7.98%	8.93%	9.56%	9.76%	9.34%	10.04%	10.63%	8.47%	9.05%	9.39%	9.68%	9.94%
Adj Equity Income	75	99	82	94	102	106	96	101	350	377	384	398	405
Adj EBIT Excl Equity	158	156	216	232	188	184	238	235	762	792	820	842	845
% of Sales	3.80%	3.69%	5.03%	5.32%	4.77%	4.56%	5.65%	5.85%	4.47%	4.70%	4.93%	5.09%	5.21%
Adj EBITDA Excl Equity	231	239	302	323	283	271	327	326	1,095	1,147	1,179	1,204	1,207
% of Sales	5.55%	5.65%	7.03%	7.40%	7.18%	6.71%	7.76%	8.12%	6.42%	6.81%	7.08%	7.27%	7.45%