ADIENT

May 6, 2021

FY 2021 Second Quarter Earnings Call

Important Information

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 expectation for the strategic transactions in China, its deleveraging transactions and the amendment and extension of Adient’s term loan credit agreement (collectively, the “Transactions”), timing, benefits and outcomes of the Transactions, as well as its future financial position, sales, costs, earnings, cash flows, other measures of results of operations, capital expenditures or debt levels and plans, objectives, market position, outlook, targets, guidance or goals are forward-looking statements. Words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “should,” “forecast,” “project” or “plan” or terms of similar meaning are also generally intended to identify forward-looking statements. Adient cautions that these statements are subject to numerous important risks, uncertainties, assumptions and other factors, some of which are beyond Adient’s control, that could cause Adient’s actual results to differ materially from those expressed or implied by such forward-looking statements, including, among others, risks related to: Adient’s ability to consummate the Transactions that may yield additional value for shareholders at all or on the same or different terms as those described herein, the timing, benefits and outcomes of the Transactions, the effect of the announcements of the Transactions on Adient’s business relationships, operating results and business generally, the occurrence of any event, change or other circumstances that could give rise to the termination of the Transactions, the failure to satisfy conditions to consummation of the Transactions, including the receipt of regulatory approvals (and any conditions, limitations or restrictions placed on these approvals), risks that the Transactions disrupt current plans and operations, including potential disruptions with respect to Adient’s employees, vendors, clients and customers as well as management diversion or potential litigation, the effects of local and national economic, credit and capital market conditions on the economy in general, and other risks and uncertainties, the continued financial and operational impacts of and uncertainties relating to the COVID-19 pandemic on Adient and its customers, suppliers, joint venture partners and other parties, the ability of Adient to execute its turnaround plan, the ability of Adient to effectively launch new business at forecast and profitable levels, the ability of Adient to meet debt service requirements, the terms of financing, the impact of tax reform legislation through the Tax Cuts and Jobs Act and/ or under the new U.S. presidential administration, uncertainties in U.S. administrative policy regarding trade agreements, tariffs and other international trade relations including as may be impacted by the change in U.S. presidential administration, general economic and business conditions, the strength of the U.S. or other economies, automotive vehicle production levels, mix and schedules, shifts in market shares among vehicles, vehicle segments or away from vehicles on which Adient has significant content, changes in consumer demand, work stoppages and similar events, global climate change and related emphasis on ESG matters by various stakeholders, energy and commodity prices, the availability of raw materials and component products, currency exchange rates and 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, 2020 filed with the U.S. Securities and Exchange Commission (the “SEC”) on November 30, 2020, Quarterly Report on Form 10-Q for the Quarterly Period ended December 31, 2020 filed with the SEC on February 5, 2021, and in subsequent reports filed with or furnished to the SEC, available at www.sec.gov. Potential investors and others should consider these factors in evaluating the forward-looking statements and should not place undue reliance on such statements. The forward-looking statements included in this document are made only as of the date of this document, unless otherwise specified, and, except as required by law, Adient assumes no obligation, and disclaims any obligation, to update such statements to reflect events or circumstances occurring after the date of this document.

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

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 FY2021 guidance have not been provided due to the unreasonable efforts it would take to provide such reconciliations.

Agenda

Introduction

Mark Oswald
VP, Treasurer & Investor Relations

Business update

Douglas Del Grosso
President and CEO

Financial review

Jeffrey Stafeil
Executive VP and CFO

Q&A

Building on our positive momentum

Adient's solid Q2 results build on the positive momentum established in prior quarters and demonstrate the company's resilience

- In line with internal expectations, Q2 consolidated revenue of \$3.8B, up \$308M or 9 % y-o-y (prior year portfolio adjustments negatively impacted revenue by ~\$32M).
- Q2 Adj.-EBITDA of \$303M[1], up \$92M y-o-y; margin of 7.9 % , up 190 bps y-o-y
  - Q2 Adj.-EBITDA performance aided by "phasing" of commercial settlements (commercial settlements heavily weighted toward first half in FY21).
- Cash and cash equivalents of ~\$984M at Mar. 31, 2021; total liquidity ~\$1.9B at Mar. 31, 2021.
  - Cash used during the quarter to voluntarily pay down debt totaled ~\$700M.
- Gross debt and net debt[1] totaled \$3.7B and \$2.7B, respectively at Mar. 31, 2021.
  - During the quarter, successfully completed a tender offer for \$640M in aggregate principal of the company's 7.00 % senior first lien notes due 2026 ("7.00 % notes").
  - Subsequent to the quarter, Adient exercised an early redemption option on \$80M in principal of the \$160M in principal remaining of its 7.00 % notes.
  - Also subsequent to the quarter, Adient amended and extended its Term Loan B.

Improved business performance mitigated the negative impact of a turbulent production environment

- Adient actively managed through numerous unplanned production stoppages at many of our customers (primarily related to supply chain disruptions). Disruptions resulted in:
  - Lost sales
  - Operating inefficiencies (i.e., L&OH inefficiencies)
  - Premium freight
- Headwinds associated with the unplanned production stoppages were lessened by the continuation of improved business performance.
- Risk of unplanned production stoppages remain elevated heading into H2.

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

Executing strategic, transformational changes to the business

Adient announced a strategic transformation in China – key elements

- Adient entered into definitive agreements with joint venture partner Yanfeng Automotive Trim Systems Ltd. (YF) to end its Yanfeng Adient Seating Co., Ltd. (YFAS) joint venture in China.
- The transactions contemplated by these agreements will, upon closing, allow Adient to drive its strategy in China independently, which is expected to result in a variety of benefits, including capturing growth in profitable and expanding segments; improving the integration of the company's China operations; and allowing for more certain value realization relative to status quo, where cash and value are generated from dividends at entities not in Adient's control.
- Cash received by Adient: ~$1.5B before tax, or ~$1.4B[1] after tax, after acquisition of CQYFAS and YFAS-LF.
- The transactions, which are subject to customary government and regulatory approvals, and certain PRC state-owned asset required approvals and processes, are expected to be completed in the second half of calendar year 2021.

Transformational change to Adient's capital structure underway

- Executing the company's strategic transformation in China, coupled with cash on the balance sheet and improved business performance provide a unique opportunity for Adient to make a transformational change to its capital structure.
- Solid progress made through April 2021 with the paydown of $720M in principal of the company's 7.00 % notes; the company expects to exercise its early redemption option on the remaining $80M in principal of the 7.00 % notes in the near-term.
- Net leverage target between 1.5x – 2.0x (dependent on level of debt repayment).

1 - Cash proceeds from YFAS transactions based on USD to RMB exchange rate as of Mar. 10, 2021

Strengthening our leading position

- Profitable business wins (new, conquest, replacement) expected to strengthen Adient's leading market position.
- Although the seating business is generally "immune" to the market shift toward BEVs (vs. ICE), Adient's success at capturing BEV program wins continues to accelerate — further enhancing our market position.
  - BEV platform wins include both high-quality legacy OEMs such as GM, Ford, VW, and Mercedes, as well as new entrants such as NIO and Xpeng in China.
  - The acceleration of wins and production assumptions associated with those platforms suggest future market share commensurate with Adient's current leading market position.
- Regional mid-term expectations[1]:
  - EMEA: Adient is presently the market leader (about 50 % share of the Complete Seat BEV market); expect to retain market leading position over the next several years.
  - China: Legacy OEM and new entrant wins expected to drive a steady increase in market share of the Complete Seat BEV market over the next five years (outpacing BEV sales growth rate over the same period).
  - North America: Adient Complete Seat BEV sales expected to increase appreciably over the next five years, outpacing BEV sales growth rate over the same period.

1 - Based on management estimates of OEM outsourced seating

In process and upcoming launches

- Executing through a high cadence of product launches (especially in North America)
- Strong focus on process discipline around launch readiness underpinning Adient's successful launch performance
- In addition to F-150, other successful launches recently completed include VW ID.3, Mercedes B-Class, and FAW-VW Golf A8

In process and upcoming key launches:

1. Acura MDX
2. Ford Mach E GT
3. Audi Q4 e-tron
4. Xpeng P5
5. Mercedes AMG GT / SL
6. Kia CV

1

2

3

4

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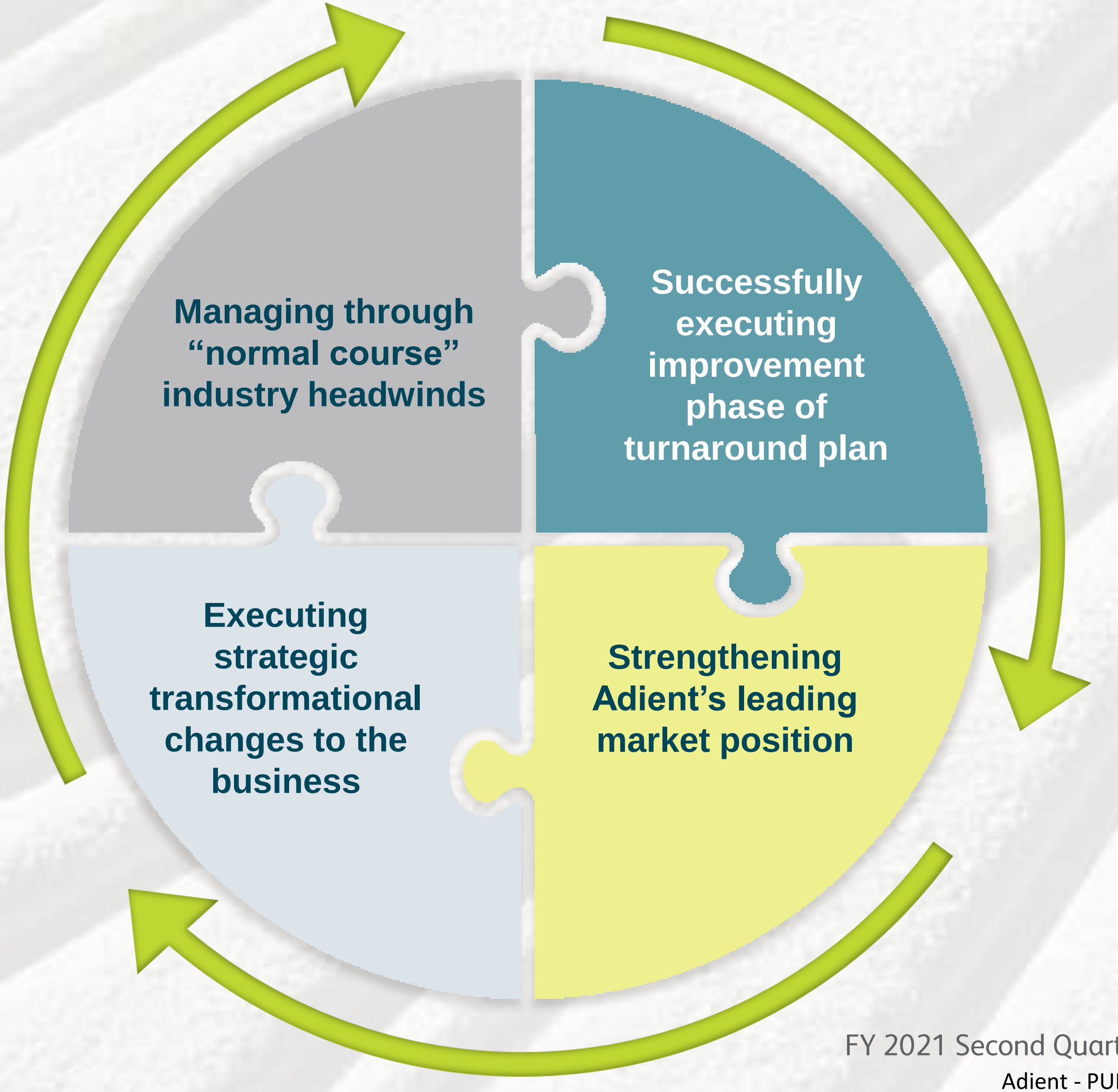
Driving shareholder value:
Positioning the company for sustained, long-term success



Turnaround plan firmly rooted and accelerating

- Significant efficiencies achieved within operations (e.g., decrease in premium freight, cost of poor quality, launch costs, etc.)
- Notable improvement achieved within the metals business – metals business now forecast to be FCF breakeven in FY21, one year ahead of plan
- Margin gap to peer closing, additional opportunities remain – expected to drive further earnings and cash flow growth

Strengthening our market position with profitable new business wins

- EV platform wins accelerating across Adient's extensive customer network (e.g., GM, Ford, Daimler, NIO, Xpeng)

With operations improving, implementing strategic actions to enable sustained, long-term success

- Announced various portfolio adjustments (focusing on profitable, large volume core seating business)
- Announced strategic transformation in China
- Deleveraging the balance sheet (transformational change to the capital structure)

Major influences in H1 FY21 versus expected H2 FY21

H1 FY21

- Commercial settlements
- Volume
- COVID temporary savings
- Equity income
- Engineering calendarization

FY21

- Improved business performance
  - Launch performance
  - Cost of poor quality
  - Lower L&OH
- Lower SG&A Costs
- Strong Vehicle Mix (trucks and SUVs)
- Operational inefficiencies (driven by unplanned production stoppages at Adient's customers)
- COVID-19

H2 FY21

- Commodity prices (steel & chemicals)
- Increased freight costs
- Volume
- Engineering calendarization

Key drivers FY21 Adj.-EBITDA Performance

- Throughout FY21, improved business performance, strong vehicle mix, and lower "normal course" SG&A costs are driving improved profitability vs FY20.
- Temporary operating inefficiencies (driven by supply chain disruptions) and the impact of COVID-19 influences will also impact results in both H1 and H2 of FY21.
- Other factors having a significant impact on FY21 (including the calendarization of earnings) include:
  - Commercial settlements (significant impact H1)
  - Increased commodity prices (greater impact H2)
  - Engineering spend (greater in H2)
  - Volume (less of a benefit in H2)
  - Equity income (greater impact in H1)

FY 2021
Second Quarter

Financial Review

FY 2021 Q2 key financials

ADIENT

$ millions, except per share data	As Reported				As Adjusted [1]				
	Q2 FY21		Q2 FY20		Q2 FY21		Q2 FY20		B/(W)
Consolidated Revenue	$	3,819	$	3,511	$	3,819	$	3,511	*8.8%*
EBIT	$	230	$	66	$	221	$	142	*56%*
Margin		*6.0%*		*1.9%*		*5.8%*		*4.0%*	
EBITDA		N/A		N/A	$	303	$	211	*44%*
Margin						*7.9%*		*6.0%*	
Memo: Equity Income [2]	$	85	$	8	$	53	$	10	*NM*
Tax Expense (Benefit)	$	28	$	16	$	26	$	13	
ETR		*23.0%*		*88.9%*		*16.0%*		*13.8%*	
Net Income (Loss)	$	69	$	(19)	$	110	$	58	*NM*
EPS Diluted	$	0.72	$	(0.20)	$	1.15	$	0.62	*NM*

Memo: Q2FY20 equity income significantly impacted by COVID-19 production stoppages

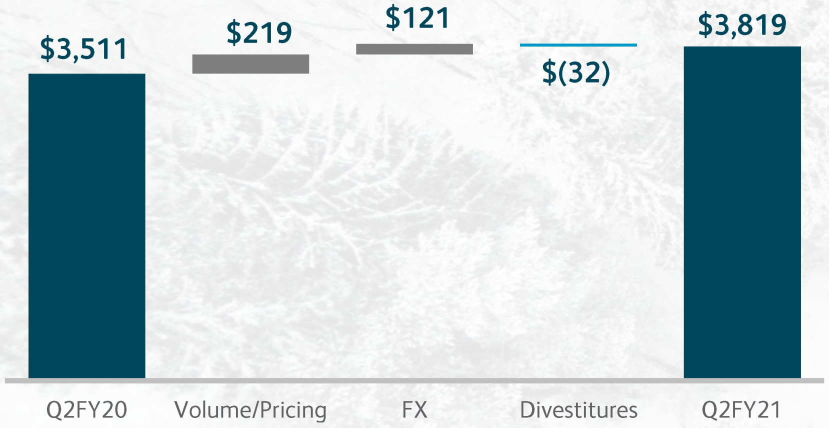
1 – On an adjusted basis, see appendix for detail and reconciliation to U.S. GAAP
2 – Equity income included in EBIT & EBITDA
NM - Measure not meaningful

Q2 2021 Revenue

Consolidated and unconsolidated sales

$ in Millions

Consolidated sales



Regional Performance

(consolidated sales y-o-y growth by region)[1]

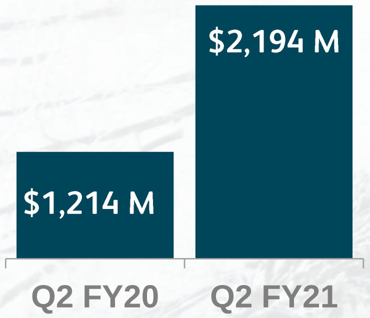
	Q2	Q2 IHS Production
Americas	1.0 %	-3.2 %
EMEA	5.1 %	-0.3 %
Asia	27.0 %	32.6 %
Note: China	84.0 %	77.1 %
Note: Asia excl. China	12.6 %	3.4 %

consolidated

> Adient consolidated sales in line with internal expectations
  - Achieved growth over market in each of the major regions – driven by strong mix and customer composition
  - Asia (Korea) temporarily impacted by customer launch and model changeover

1 – Growth rates at constant foreign exchange, and adjusted for portfolio changes (EMEA - $22M, Americas - $7M, Asia - $3M)

Unconsolidated seating sales



Year-over-year growth ~81% ~70% excl. FX

unconsolidated

> Unconsolidated seating sales up 70 % y-o-y (excl. FX) driven by a sharp increase in China unconsolidated seating sales (up 87 % y-o-y excl. FX)

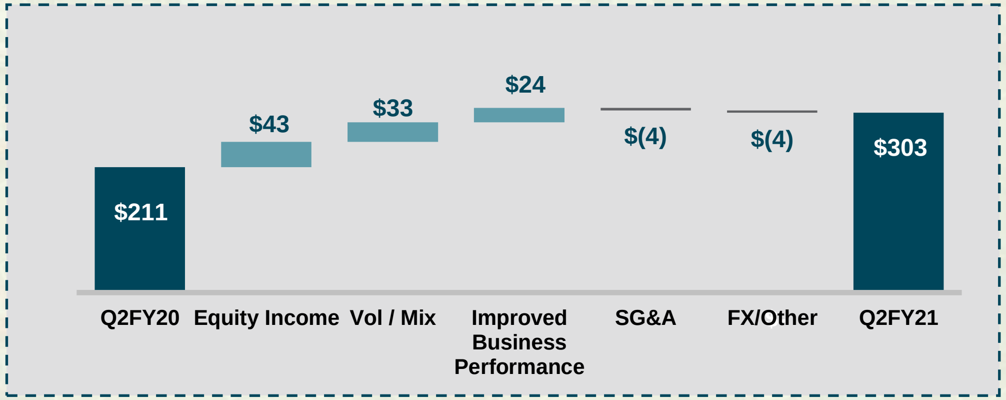
> China unconsolidated sales driven by a sharp increase in overall production (Q2 FY20 production significantly impacted by production stoppages resulting from COVID-19)

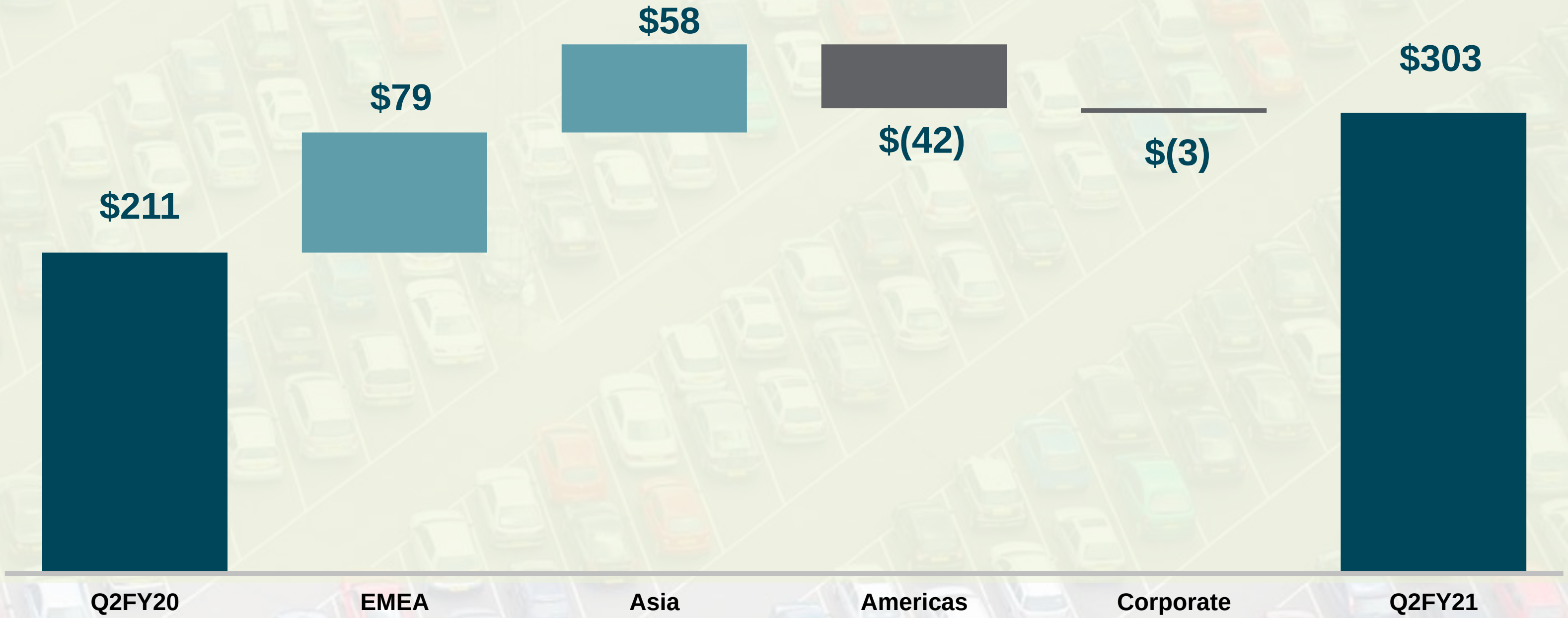
> Adient's growth over market in China driven by Adient's exposure to premium OEMs, Japanese OEMs and the premium EV market in China

Q2 FY21 Adjusted-EBITDA

- Q2 FY21 Adj.-EBITDA of $303M, up $92M y-o-y. Key drivers of the y-o-y increase:
  - Increased equity income, driven by improved volume & mix in China (Q2FY20 volume significantly impacted by COVID-19 production stoppages)
  - Improved volume & mix across all regions
  - Improved business performance
- The positive benefits were partially offset by temporary operating inefficiencies including, but not limited to, ops waste, L&OH inefficiencies and premium freight of ~$40M resulting from supply chain disruptions and unplanned production stoppages (semiconductor shortages and petrochemicals) and to a lesser extent, COVID-19 influences.
- In addition, increased net commodity prices ($8M) and employee compensation measures (including the reversal of temporary benefits recognized in Q2 FY20 of ~$25M) negatively impacted the y-o-y comparison.
- The Metals business continued to make significant improvements, up $29M y-o-y.

$ in millions





Note: Corporate includes central costs that are not allocated back to the operations, currently including executive offices, communications, finance, corporate development, and legal

Cash flow & total liquidity

Free Cash Flow [1]

(in $ millions)	Q2 FY21	YTD	Q2 FY20	YTD
Adjusted-EBITDA	$ 303	$ 681	$ 211	$ 508
(+/-) Net Equity in Earnings	(45)	(138)	(3)	(110)
(-) Restructuring	(45)	(100)	(20)	(40)
(+/-) Net Customer Tooling	8	-	(8)	(2)
(+/-) Trade Working Capital (Net AR/AP + Inventory)	(153)	97	(103)	99
(+/-) Accrued Compensation	27	8	(23)	(84)
(-) Interest paid	(70)	(136)	(56)	(105)
(-) Taxes paid	(20)	(32)	(26)	(55)
(-) Non-income related taxes (VAT)	(11)	(78)	1	-
(-) Commercial settlements	(70)	(79)	(21)	(2)
(+/-) Other	(15)	(83)	(8)	(26)
Operating Cash flow	$ (91)	$ 140	$ (56)	$ 183
(-) CapEx [2]	(55)	(126)	(94)	(185)
Free Cash flow	$ (146)	$ 14	$ (150)	$ (2)

1 - Free cash flow defined as operating cash flow less CapEx
2 - CapEx by segment for the quarter: Americas $29M, EMEA $20M, Asia $6M

Cash & liquidity position

- Total liquidity of ~$1.9B at Mar. 31, 2021, comprised of cash on hand of ~$984M and ~$945M of undrawn capacity under the revolving line of credit
- Cash used during the quarter to voluntarily pay down debt totaled ~$700M.

Debt and capital structure

ADIENT

($ in millions) Cash & Debt Profile	3/31/2021 Amount
Cash & Cash Equivalents	$984
ABL Revolver, incl. FILO due 2024 [1]	0
Term Loan B due 2024	786
9.00% Secured Notes due 2025	600
7.00% Secured Notes due 2026	160
Total Secured Debt	**$1,546**
European Investment Bank Loan	178
3.500% Notes (€1,000mm) due 2024	1,173
4.875% Notes due 2026	797
Other Bank Borrowings	14
Deferred issuance costs	(40)
Total Debt	**$3,668**

[1] Subject to ABL borrowing base availability. As of Mar 31, 2021, there were no draws outstanding and approximately $945 million was available under the ABL Credit Agreement.

Subsequent to the quarter

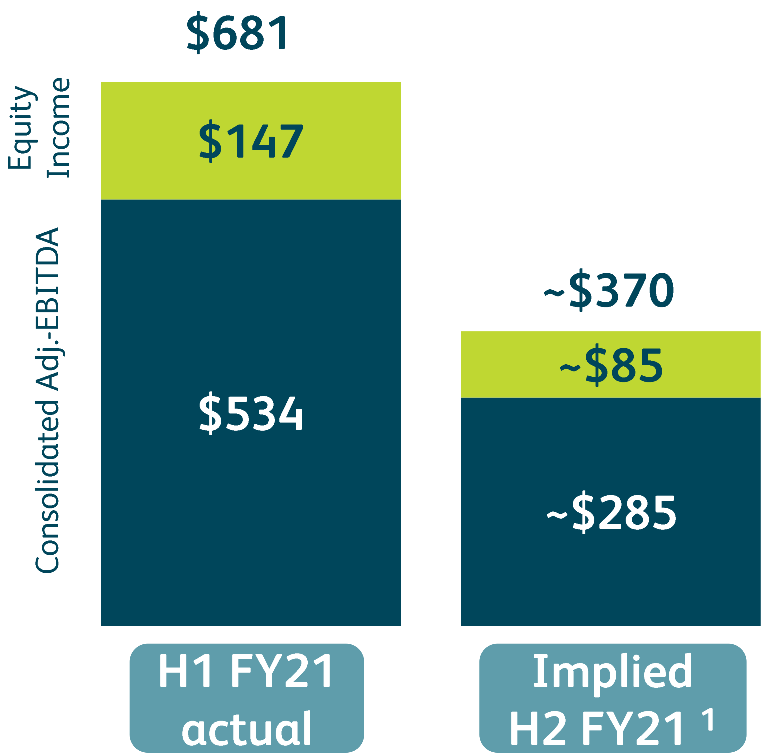
Net Debt

(in $ millions)	March 31 2021	September 30 2020
Cash	$ 984	$ 1,692
Total Debt	3,668	4,307
Net Debt	$ 2,684	$ 2,615

- Successfully completed a tender offer for $640M in aggregate principal of the company’s 7.00 % senior first lien notes due 2026 (the “notes”)
  - Exercised an early redemption option on $80M in principal of the 7.00 % notes ($80M outstanding at 4/30/21)
- Successfully amended and extended the Term Loan B. The amendment, among other changes, extends the maturity date of the loans outstanding to April 8, 2028, reduces the interest rate to Libor+350 (previously Libor+425), and establishes incremental term loans in aggregate principal of $214M, resulting in total loans outstanding of $1.0B.

Adient is on track to make a transformational change to its capital structure in 2021

Impact on Adj.-EBITDA between expected H2 and H1



	H2 FY21 vs. H1 FY21 Adj.-EBITDA comparison [1]		Expected FY22 impact
↓	Volume [2]	~$(25)M - $(50)M	↑
↓	Commercial settlements [3 4]	~$(125)M - $(150)M	—
↓	Net commodity prices	~$(50)M - $(75)M	↑
↓	Engineering timing	~$(25)M - $(50)M	—
↓	Temporary COVID benefits	~$(10)M - $(35)M	↓
↑	Business improvement / efficiencies / other	~$35M - $60M	↑
	Consolidated Adj.-EBITDA H2 vs. H1	**~$(200)M - $(300)M**	
↓	Equity income [5]	~$(60)M	—
	Total Adj.-EBITDA H2 vs. H1	**~$(260)M - $(360)M**	

1 - Based on mid-point of FY21 guidance
2 - FY22 volume assumption based on third party estimates
3 - Includes ~$25M one-time commercial settlements in Q1
4 - FY22 flat excluding Q1 FY21 one-time settlements
5 - FY22 flat adjusting for completion of strategic transformation in China

Continued business improvement in H2 FY21 more than offset by temporary headwinds (supply chain and commodity related), non-repeat of temporary benefits and calendarization of normal business drivers

FY21 Outlook – key financial metrics

	Outlook FY21
Consolidated sales	~ $14.6B - $15.0B no change
Adj.-EBITDA	~ $1,000M - $1,100M no change
Equity income (incl. in Adj. EBITDA)	~ $230M prior: ~$250M
Interest expense	~ $215M prior: ~ $235M
Cash tax	~ $85M no change
CapEx	~ $320 - $340M no change
Free cash flow (operating cash flow less CapEx)	~ $50M - $150M prior: ~$0M - $100M

~$180M - $280M excl. special items impacting FY21 (e.g. elevated restructuring and deferred non-income tax payments)

- FY21 guidance updated to reflect Adient's first half FY21 results, completed portfolio transactions (divestiture of the company's SJA joint venture), executed debt paydown and current market conditions
- **Consolidated sales –** Continues to trend between $14.6B and $15.0B. Elevated risk of production disruptions in the near-term (i.e., Q3) given ongoing supply chain disruptions (semiconductors).
- **Adj. EBITDA –** Forecasted to range between $1.0B and $1.1B as temporary operating inefficiencies, elevated freight and rising material costs are expected to have a greater impact on Adj. EBITDA in H2 vs. H1. In addition, "normal course" commercial settlements that benefited H1 are not expected to have the same impact in H2.
- **Equity income (incl. in Adj. EBITDA) –** Updated to reflect divestiture of SJA joint venture and lower volume assumptions due to temporary supply chain disruptions
- **Interest expense –** Updated to reflect $720M in principal of voluntary debt paydown and amendment to the company's Term Loan B
- **Cash tax –** no change, expect ETR to be mid-20 % (prior ~30 %)
- **FCF –** Updated to reflect better than expected dividends from China

Reconciliations of non-GAAP measures related to FY2021 guidance have not been provided due to the unreasonable efforts it would take to provide such reconciliations

FY 2021
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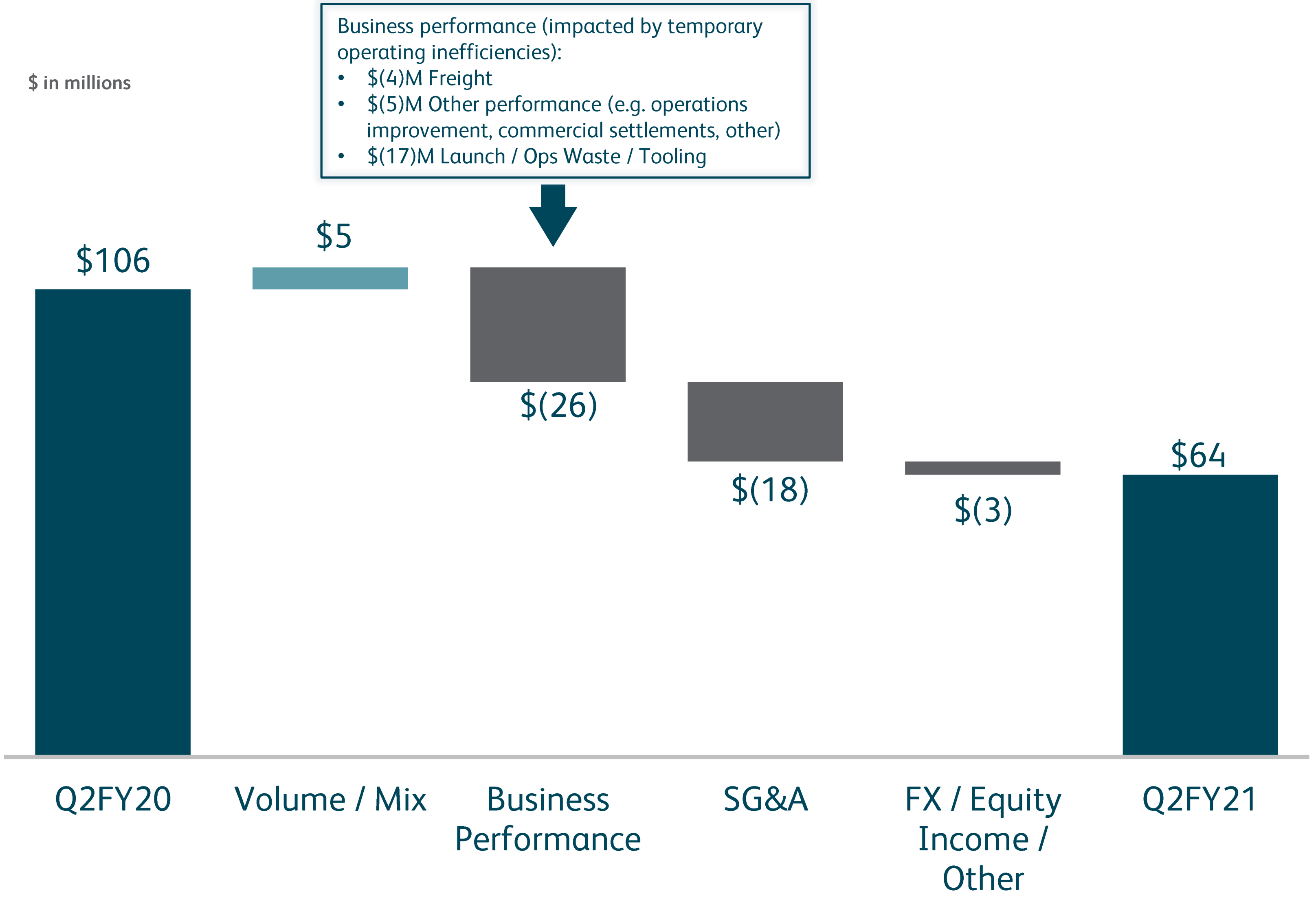
Appendix and financial reconciliations

Q2 FY21 Adjusted-EBITDA: Americas

Q2 FY21 Adj. EBITDA of $64M, down $42M y-o-y. Key drivers of the y-o-y decline:

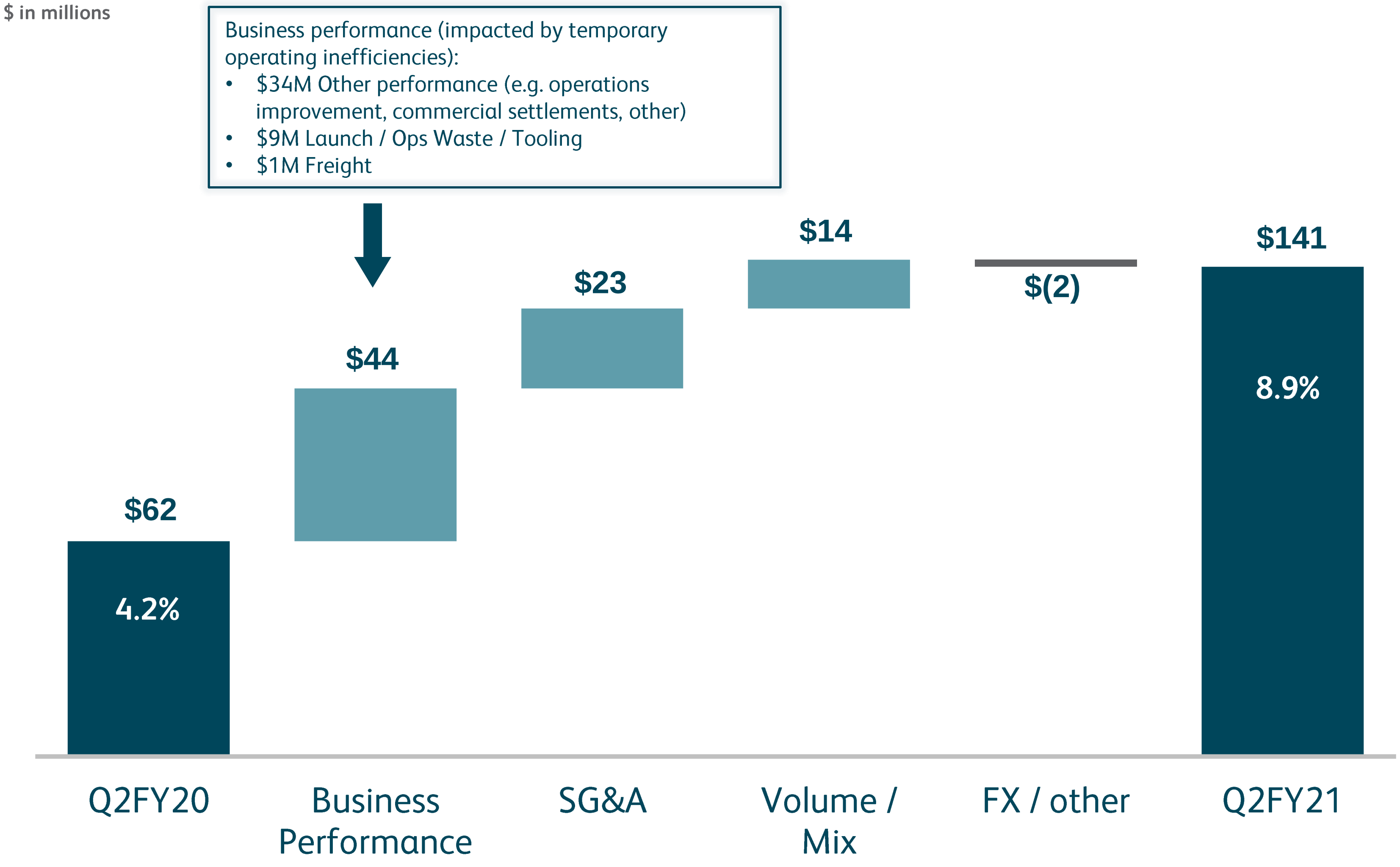
- Business performance impacted by temporary operating inefficiencies including, but not limited to, ops waste, L&OH inefficiencies and premium freight totaling ~$30M, resulting from supply chain disruptions and unplanned production stoppages (semiconductor shortages and petrochemicals related) and to a lesser extent, COVID-19 influences.
- In addition, SG&A was adversely impacted by the reversal of temporary benefits recognized in Q2 FY20 and other employee compensation measures totaling ~$25M.
- To a lesser extent, increased net commodity prices of about $4M also weighed on Q2FY21
- The negative factors were partially offset by increased volume & mix of $5M



Q2 FY21 Adjusted-EBITDA: EMEA

Q2 FY21 Adj. EBITDA of $141M, up $79M y-o-y. Key drivers of the y-o-y increase:

- Improved business performance which included:
  - Various commercial settlements which drove a positive net material margin.
  - Improved operating performance including lower launch, ops waste, tooling and freight despite an approximate $8M headwind from temporary operating inefficiencies resulting from supply chain disruptions and unplanned production stoppages (semiconductor shortages) and to a lesser extent, COVID-19 influences.
- Lower SG&A costs of approximately $23M primarily driven by increased efficiencies, timing of engineering spend and the divestiture of Fabrics (~$7M).
- Increased volume & mix.
- The positive benefits were partially offset by an approximate $2M commodity headwind.
- The Metals business in EMEA continued to trend in a positive direction – up approximately $42M y-o-y.

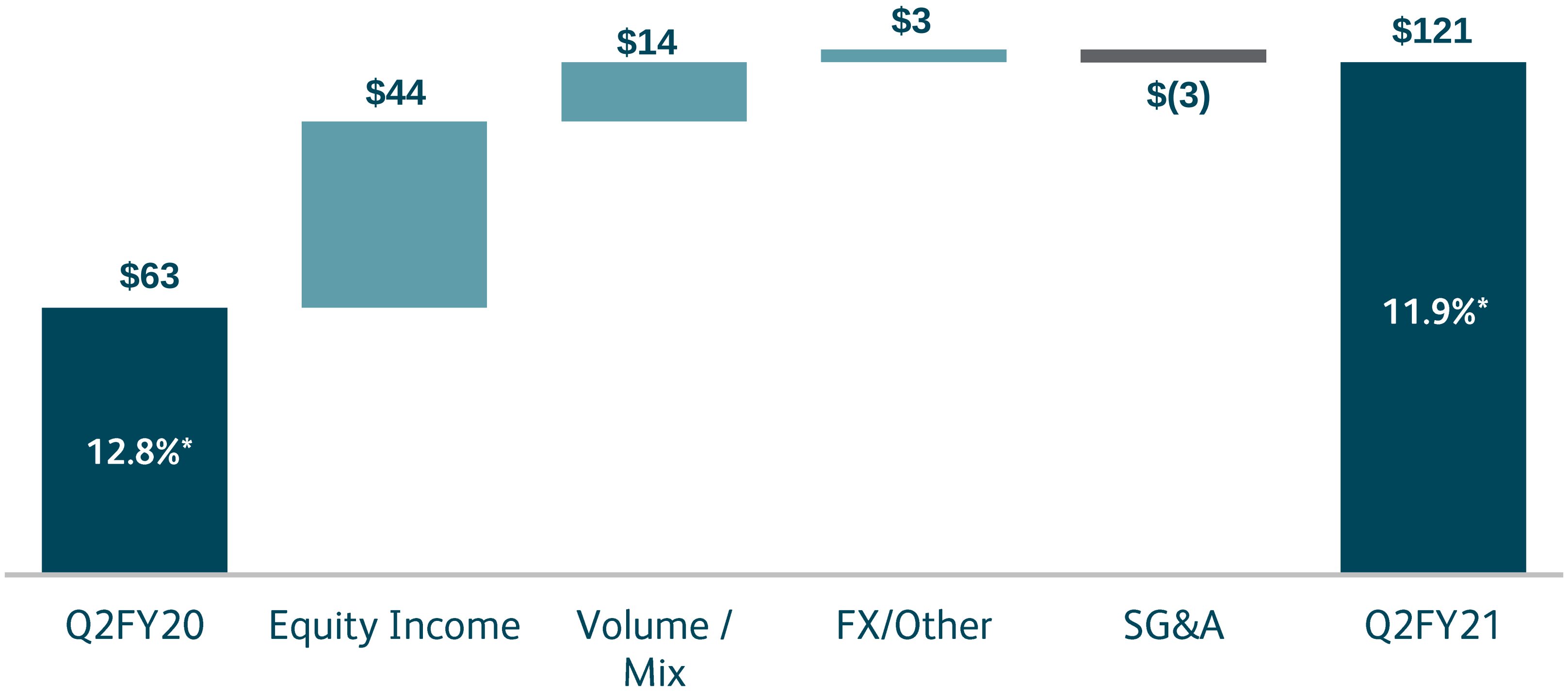


Q2 FY21 Adjusted-EBITDA: Asia

Q2 FY21 Adj. EBITDA of $121M, up $58M y-o-y. Key drivers of the y-o-y increase:

- Increased equity income, which benefited from improved volume & mix in China (Q2 FY20 volume significantly impacted by COVID-19 production stoppages)
- Improvements in business performance such as lower launch costs, L&OH efficiencies and freight costs that were almost entirely offset by approximately $15M of certain commercial benefits recognized in Q2 FY20 that did not repeat
- To a lesser extent, FX and commodity prices had an impact to Q2 FY21 by a positive $5M and negative $2M, respectively

$ in millions



* Excluding equity income. Including equity income, margins of 14.2% and 20.6% for Q2 FY20 and Q2 FY21, respectively

Non-GAAP financial measurements

Adjusted EBIT, Adjusted EBIT margin, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted net income attributable to Adient, Adjusted effective tax rate, Adjusted earnings per share, Adjusted equity income, Adjusted interest expense, Free cash flow and Net debt 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, 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.
- Adjusted interest expense is defined as net financing charges excluding unusual or one-time items impacting interest expense.
- Free cash flow is defined as cash provided by operating activities less capital expenditures.
- Net debt is calculated as gross debt (short-term and long-term) less cash and cash equivalents.

Non-GAAP reconciliations - EBIT, Adjusted EBIT, Adjusted EBITDA, and Adjusted Equity Income

ADIENT

(in $ millions)	2021 GAAP	2021 Adj.	2021 Adjusted	2020 GAAP	2020 Adj.	2020 Adjusted
	Three months ended March 31					
Net sales	$ 3,819	$ -	$ 3,819	$ 3,511	$ -	$ 3,511
Cost of sales [(1)]	3,521	(1)	3,520	3,274	(3)	3,271
Gross profit	298	1	299	237	3	240
Selling, general and administrative expenses [(2)]	148	(17)	131	127	(19)	108
Restructuring and impairment costs [(3)]	5	(5)	-	52	(52)	-
Equity income (loss) [(4)]	85	(32)	53	8	2	10
Earnings (loss) before interest and income taxes (EBIT)	$ 230	$ (9)	$ 221	$ 66	$ 76	$ 142
Ebit margin:	*6.02%*		*5.79%*	*1.88%*		*4.04%*
Ebit margin excluding Equity Income:	*3.80%*		*4.40%*	*1.65%*		*3.76%*
NM = Not Meaningful						
Memo accounts:						
Depreciation			69			72
Stock based compensation costs			13			(3)
Adjusted EBITDA			$ 303			$ 211
Adjusted EBITDA margin:			*7.93%*			*6.01%*
Adjusted EBITDA margin excluding Equity Income:			*6.55%*			*5.72%*

	Three months ended March 31 2021	Three months ended March 31 2020
Restructuring related charges	$ (1)	$ (3)
[1] **Cost of sales adjustment**	$ (1)	$ (3)
Purchase accounting amortization	$ (9)	$ (10)
Transaction costs	(7)	(6)
Restructuring related charges	(1)	(3)
[2] **Selling, general and administrative adjustment**	$ (17)	$ (19)
Restructuring charges	$ (3)	$ (52)
Held for sale and other asset adjustments	(2)	-
[3] **Restructuring and impairment costs**	$ (5)	$ (52)
Gain on sale of interest in a nonconsolidated partially owned affiliate	$ (33)	$ -
Restructuring related charges	-	1
Purchase accounting amortization	1	1
[4] **Equity income adjustment**	$ (32)	$ 2

Non-GAAP reconciliations - Adjusted Net Income and Adjusted EPS

ADIENT

Adjusted Net Income

(in $ millions)	Three Months Ended March 31 2021	Three Months Ended March 31 2020
Net income (loss) attributable to Adient	$ 69	$ (19)
Restructuring and impairment costs	5	52
Purchase accounting amortization	10	11
Restructuring related charges	2	7
Gain on sale of interest in a nonconsolidated partially owned affiliate	(33)	-
Write off of deferred financing charges upon repurchase of debt	10	-
Interest accretion on deferred consideration	(5)	-
Premium paid on repurchase of debt	45	-
Other items [1]	7	6
Impact of adjustments on noncontrolling interests [2]	(2)	(2)
Tax impact of above adjustments and other tax items [3]	2	3
Adjusted net income (loss) attributable to Adient	$ 110	$ 58

Adjusted Diluted EPS

	Three Months Ended March 31 2021	Three Months Ended March 31 2020
Net income (loss) attributable to Adient	$ 0.72	$ (0.20)
Restructuring and impairment costs	0.05	0.55
Purchase accounting amortization	0.10	0.12
Restructuring related charges	0.02	0.08
Gain on sale of interest in a nonconsolidated partially owned	(0.33)	-
Write off of deferred financing charges upon repurchase of de	0.10	-
Interest accretion on deferred consideration	(0.05)	-
Premium paid on repurchase of debt	0.47	-
Other items [1]	0.07	0.06
Impact of adjustments on noncontrolling interests [2]	(0.02)	(0.02)
Tax impact of above adjustments and other tax items [3]	0.02	0.03
Adjusted diluted earnings (loss) per share	$ 1.15	$ 0.62

	Three Months Ended March 31 2021	Three Months Ended March 31 2020
Transaction costs	$ (7)	$ (6)
[1] **Other items**	$ (7)	$ (6)
[2] **Reflects the impact of adjustments, primarily purchase accounting amortization on noncontrolling interests.**		
Benefits associated with restructuring and impairment charges	$ (1)	$ -
Gain on sale of interest in a nonconsolidated partially owned affiliate	5	-
Tax rate change	-	(1)
Other reconciling items	(2)	4
[4] **Income tax provision (benefit)**	$ 2	$ 3

Non-GAAP reconciliations – Adjusted Income before Income Taxes and Effective Tax Rate

Adjusted Income before Income Taxes

(in $ millions)	Three Months Ended March 31					
	2021			2020		
	Income (loss) before Income Taxes	Tax impact	Effective tax rate	Income (loss) before Income Taxes	Tax impact	Effective tax rate
As reported	$ 122	$ 28	23.0%	$ 18	$ 16	88.9%
Adjustments	41	(2)	-4.9%	76	(3)	-3.9%
As adjusted	$ 163	$ 26	16.0%	$ 94	$ 13	13.8%

Segment Performance

(in $ millions)

Q1 2020	Americas	EMEA	Asia	Corporate / Recon Items	Consolidated
Net sales	$ 1,859	$ 1,564	$ 572	$ (59)	$ 3,936
Adjusted EBITDA	94	49	177	(23)	297
Adjusted EBITDA margin	5.1%	3.1%	30.9%	N/A	7.5%
Adjusted Equity Income	-	3	105	-	108
Depreciation	32	32	11	-	75
Capex	31	53	7	-	91

Q1 2021	Americas	EMEA	Asia	Corporate / Recon Items	Consolidated
Net sales	$ 1,737	$ 1,604	$ 554	$ (47)	$ 3,848
Adjusted EBITDA	132	114	151	(19)	378
Adjusted EBITDA margin	7.6%	7.1%	27.3%	N/A	9.8%
Adjusted Equity Income	-	3	91	-	94
Depreciation	28	33	9	-	70
Capex	36	31	4	-	71

Q2 2020	Americas	EMEA	Asia	Corporate / Recon Items	Consolidated
Net sales	$ 1,641	$ 1,488	$ 444	$ (62)	$ 3,511
Adjusted EBITDA	106	62	63	(20)	211
Adjusted EBITDA margin	6.5%	4.2%	14.2%	N/A	6.0%
Adjusted Equity Income	1	3	6	-	10
Depreciation	32	31	9	-	72
Capex	43	47	4	-	94

Q2 2021	Americas	EMEA	Asia	Corporate / Recon Items	Consolidated
Net sales	$ 1,644	$ 1,636	$ 588	$ (49)	$ 3,819
Adjusted EBITDA	64	141	121	(23)	303
Adjusted EBITDA margin	3.9%	8.6%	20.6%	N/A	7.9%
Adjusted Equity Income	-	2	51	-	53
Depreciation	28	32	9	-	69
Capex	29	20	6	-	55

Q3 2020	Americas	EMEA	Asia	Corporate / Recon Items	Consolidated
Net sales	$ 593	$ 698	$ 346	$ (11)	$ 1,626
Adjusted EBITDA	(83)	(94)	71	(16)	(122)
Adjusted EBITDA margin	n/m	n/m	20.5%	N/A	n/m
Adjusted Equity Income	-	(1)	60	-	59
Depreciation	27	31	9	-	67
Capex	37	30	6	-	73

Q4 2020	Americas	EMEA	Asia	Corporate / Recon Items	Consolidated
Net sales	$ 1,796	$ 1,398	$ 460	$ (57)	$ 3,597
Adjusted EBITDA	111	84	113	(21)	287
Adjusted EBITDA margin	6.2%	6.0%	24.6%	N/A	8.0%
Adjusted Equity Income	-	3	85	-	88
Depreciation	37	35	9	-	81
Capex	27	34	7	-	68

Full Year FY20	Americas	EMEA	Asia	Corporate / Recon Items	Consolidated
Net sales	$ 5,889	$ 5,148	$ 1,822	$ (189)	$ 12,670
Adjusted EBITDA	228	101	424	(80)	673
Adjusted EBITDA margin	3.9%	2.0%	23.3%	N/A	5.3%
Adjusted Equity Income	1	8	256	-	265
Depreciation	128	129	38	-	295
Capex	138	164	24	-	326