Quarterly update
FY 2015 third quarter

July 24, 2015

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Agenda

1 **Introduction**
Glen Ponczak, Vice President, Global Investor Relations

2 **Automotive update and third quarter highlights**
Alex Molinaroli, Chairman and Chief Executive Officer

3 **Business results**
Bruce McDonald, Vice Chairman and Executive Vice President

4 **Financial review**
Brian Stief, Executive Vice President and Chief Financial Officer

5 **Q&A**

FY2015 third quarter highlights*

- Executing well
  - Record third-quarter earnings from continuing operations
  - Gross margin up 170 bps year-over-year; segment margins up 120 bps
  - Johnson Controls Operating System delivering increasing benefits
- Markets supporting continued growth
  - Global automotive markets strong despite slowing production in China; Europe improving
  - Revenue, backlog and order improvements in Building Efficiency (ex. FX)
    - — Strength in North America institutional buildings markets
  - Good OE and aftermarket battery demand; AGM growth accelerating
- Substantial progress on key portfolio initiatives
  - Yanfeng Automotive Interiors JV closed July 2nd - equity accounting going forward
  - GWS sale expected to close Q4 fiscal 2015
  - Hitachi JV formation expected to close in early Q1 fiscal 2016

* Excluding transaction / integration costs and non-recurring items

China Update
Johnson Controls outperforming the market

- **Power Solutions**
  - 2014 – 2020 battery industry CAGR 8-9%
  - Rapidly growing aftermarket
  - Strong future AGM growth
  - **JCI**
    - Q3 aftermarket shipments +58% vs. p/y Q3
    - Received new order for 1.4 million units / year
- **Automotive Experience**
  - Q3 passenger car production +7% (2016 production expectation +6%)
  - **JCI** Q3 revenues (including JVs at 100%) +10%
    - Benefitting from growth in premium and SUV segments
- **Building Efficiency**
  - Q3 HVAC markets +3%
    - Controls: strong demand
    - VRF: +10%
  - **JCI** Q3 Orders: HVAC +12%, Controls +43%, Service +16%

Automotive strategic review update

Opportunity for auto business to further its global leadership position

- Pursuing tax-free spinoff of Automotive Experience business
  - Will operate as an independent, publicly traded company
- New automotive company management
  - Bruce McDonald named Chairman and Chief Executive Officer
  - Beda Bolzenius named President and Chief Operating Officer
- Expected close in approximately 12 months
- Additional transaction details to be provided as the separation process develops

Record FY15 Q3 earnings from continuing operations*

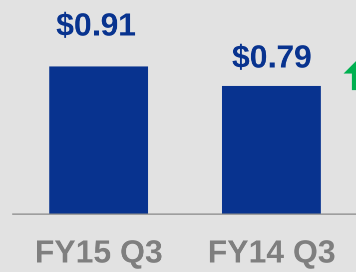
NET REVENUES

-2%

+5%

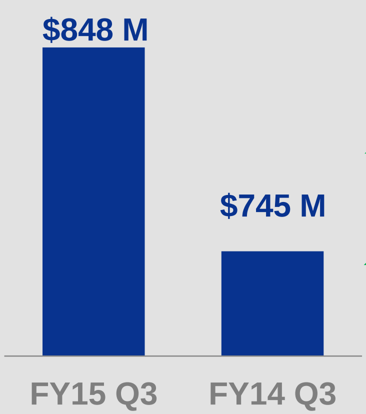
excluding FX

DILUTED EPS



+15%

SEGMENT INCOME



+14%

+19%

excluding FX

Segment margin

+120 bps

* Excluding transaction / integration costs and non-recurring items

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Building Efficiency
Growth in revenues, backlog and orders

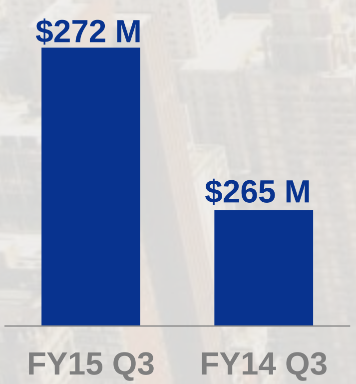
NET REVENUES

+5%

+10%
excluding FX

- Third party sales
  - North America up 3% (up 4%, ex. FX)
  - Asia down 5% (down 1%, ex. FX)
  - Europe down double-digits (down 1%, ex. FX)
- Incremental revenues from ADT
- Positive **order** trend continued, **+6%** (ex. FX and M&A)
- **Backlog** $4.7B, **+5%** (ex. FX; largest quarterly year-on-year growth since Q3 FY2012)

SEGMENT INCOME



+3%

+6%
excluding FX

- Segment margins at 10.0%
  - Improved margins in Europe and the Middle East; lower margins in North America
- Incremental volumes and segment income from ADT

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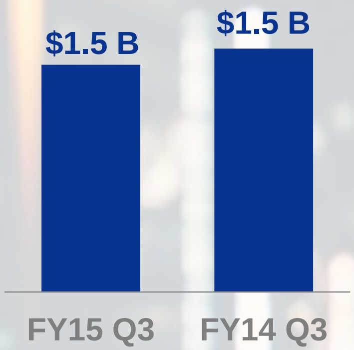
Power Solutions
Strong operational performance and profitability

NET REVENUES

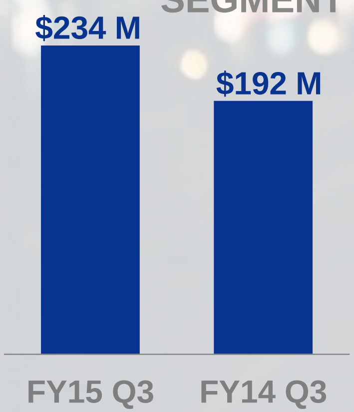


-2%

+6%
excluding FX

- Improved aftermarket and OE volumes in Europe and Asia
  - Europe up 22%
  - Asia up 8%
- AGM units up 47%

SEGMENT INCOME



+22%

+28%
excluding FX

- Segment margin at 15.9% **+320 bps**
- Higher volumes
- Improved mix
- Operational improvements

Automotive Experience
Strong global volumes and profitability

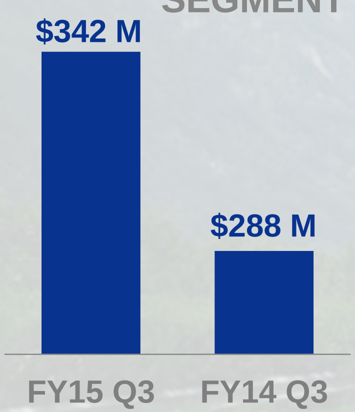
NET REVENUES

-6%

+3%
excluding FX

- FY15 Q3 industry production
  - North America up 2%
  - Western Europe up 4%
  - China up 2% (passenger car up 7%)
- JCI China sales (mostly non-consolidated) up 10% to $1.9B
- Interiors JV closed July 2, 2015 - equity accounting going forward

SEGMENT INCOME



+19%

+25%
excluding FX

- Higher global volumes
- Segment margins **+130 bps**
  - Seating segment income margins 6.5% (+110 bps)
  - Interiors segment income margins 5.8% (+240 bps)

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Third Quarter FY2015
Financial Highlights (continuing operations)

(in millions)	2015 [1]	2014 [2]	% Change	2015 (reported)	2014 (reported)
Sales	$9,608	$9,833	-2%	**$9,608**	**$9,833**
Gross profit	1,706	1,586	+8%	**1,706**	**1,580**
% of sales	*17.8%*	*16.1%*		***17.8%***	***16.1%***
SG&A expenses	949	929	+2%	**975**	**943**
Loss on divestiture	-	-	-	**-**	**95**
Equity income	91	88	+3%	**91**	**88**
Operating income	$848	$745	+14%	**$822**	**$630**
	8.8%	***7.6%***			

Gross margin	**Improvement of 170 bps** includes improved product mix and JCOS benefits
Operating margin	**Improvement of 120 bps** reflects operational execution and cost management

[1] **Excluding Q3 2015 items:** $26 million pre-tax transaction / integration-related costs ($23 million after tax)

[2] **Excluding Q3 2014 items:** $20 million pre-tax transaction / integration-related costs ($16 million after tax); $95 million pre-tax loss on business divestiture ($133 million after tax)

Third Quarter FY2015
Financial Highlights (continuing operations)

(in millions, except earnings per share)	2015 [1]	2014 [2]	2015 (reported)	2014 (reported)
Operating income	$848	$745	**$822**	**$630**
Restructuring and impairment	-	-	**-**	**162**
Financing charges - net	75	67	**75**	**67**
Income from continuing ops. before taxes	773	678	**747**	**401**
Income tax provision	143	131	**215**	**154**
Net income from continuing ops.	630	547	**532**	**247**
Income attributable to non-controlling interests	29	17	**29**	**17**
Net income from continuing operations attributable to JCI	$601	$530	**$503**	**$230**
Diluted EPS from continuing operations	$0.91	$0.79	**$0.76**	**$0.34**

Financing charges	2015 increase driven by ADT acquisition and share repurchase program
Income tax provision	Underlying Q3 tax rate of approximately 19%

[1] **Excluding Q3 2015 items:** $26 million pre-tax tax transaction / integration-related costs ($23 million after tax); $75 million non-cash tax charge related to foreign cash repatriation (APB 23)

[2] **Excluding Q3 2014 items:** $20 million pre-tax transaction / integration-related costs ($16 million after tax); $95 million pre-tax loss on business divestiture ($133 million after tax); $162 million restructuring and impairment ($151 million after-tax)

Balance Sheet, Cash Flow and Guidance

- Q3 free cash flow of $399M impacted by timing of China JV dividends until Q4 ($170M)
- Capital spending in line with our expectations
- FY15 share repurchases to date of $1B
- Trade working capital at 8.6% of sales; down 110 bps** year-over-year
- Net debt to capitalization of 40.7% at 6/30/15, with target of low to mid 30's by 9/30/15
- Expect GWS divestiture net proceeds of approximately $1.3B in Q4
- Continue to target $1.5B in FY15 free cash flow

Guidance

	FY15 Q4	FY15 full year
Diluted EPS	$1.00 - $1.03*	$3.38 – $3.41*

*Excludes transaction / integration costs and non-recurring items

***Trade working capital as a % of sales (rolling 12 months), continuing operations; trade working capital defined as accounts receivable - net plus inventories less accounts payable.*

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