Fiscal 2018
Second Quarter Results

May 1, 2018




Forward Looking/Cautionary Statements & Non-GAAP Financial Information

Johnson Controls International plc Cautionary Statement Regarding Forward-Looking Statements

Johnson Controls International plc has made statements in this communication that are forward-looking and therefore are subject to risks and uncertainties. All statements in this document other than statements of historical fact are, or could be, "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In this communication, statements regarding Johnson Controls' future financial position, sales, costs, earnings, cash flows, other measures of results of operations, synergies and integration opportunities, capital expenditures and debt levels are forward-looking statements. Words such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "should," "forecast," "project" or "plan" and terms of similar meaning are also generally intended to identify forward-looking statements. However, the absence of these words does not mean that a statement is not forward-looking. Johnson Controls cautions that these statements are subject to numerous important risks, uncertainties, assumptions and other factors, some of which are beyond Johnson Controls' control, that could cause Johnson Controls' actual results to differ materially from those expressed or implied by such forward-looking statements, including, among others, risks related to: any delay or inability of Johnson Controls to realize the expected benefits and synergies of recent portfolio transactions such as the merger with Tyco and the spin-off of Adient, changes in tax laws (including, but not limited to the recently enacted Tax Cuts and Jobs Act), regulations, rates, policies or interpretations, the loss of key senior management, the tax treatment of recent portfolio transactions, significant transaction costs and/or unknown liabilities associated with such transactions, the outcome of actual or potential litigation relating to such transactions, the risk that disruptions from recent transactions will harm Johnson Controls' business, 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, cancellation of or changes to commercial arrangements, and with respect to the recently announced review of strategic alternatives for the Power Solutions business, uncertainties as to the structure and timing of any transaction and whether it will be completed, the possibility that closing conditions for a transaction may not be satisfied or waived, the impact of the strategic review and any transaction on Johnson Controls and the Power Solutions business on a standalone basis if a transaction is completed, and whether the strategic benefits of any transaction can be achieved. A detailed discussion of risks related to Johnson Controls' business is included in the section entitled "Risk Factors" in Johnson Controls' Annual Report on Form 10-K for the 2017 fiscal year filed with the SEC on November 21, 2017, and its Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2017 filed with the SEC on February 2, 2018, both of which are and available at www.sec.gov and www.johnsoncontrols.com under the "Investors" tab. Shareholders, 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 communication are made only as of the date of this document, unless otherwise specified, and, except as required by law, Johnson Controls assumes no obligation, and disclaims any obligation, to update such statements to reflect events or circumstances occurring after the date of this communication.

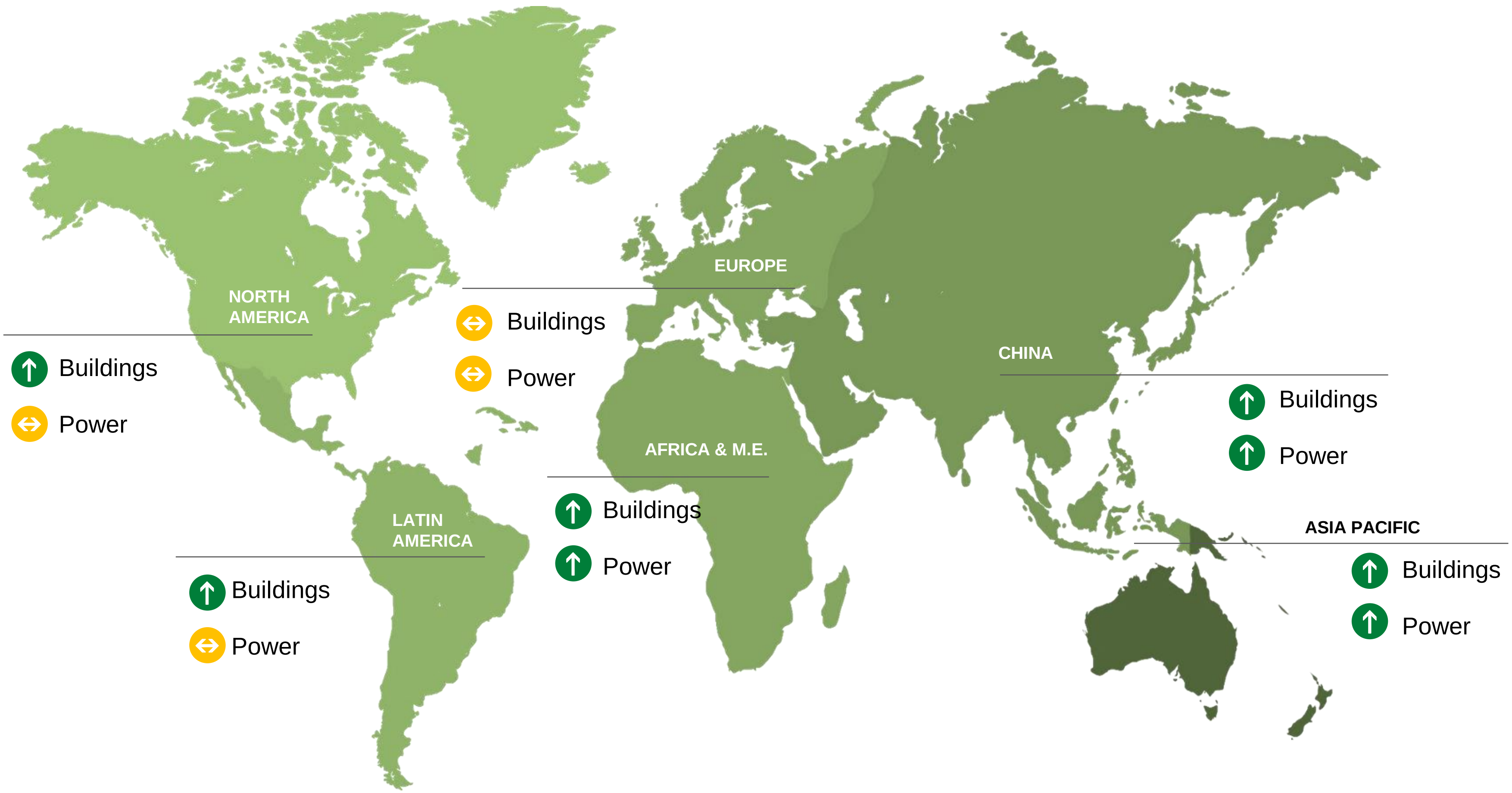
Non-GAAP Financial Information

This presentation contains financial information regarding adjusted earnings per share, which is a non-GAAP performance measure. The adjusting items include mark-to-market for pension and postretirement plans, transaction/integration/separation costs, restructuring and impairment costs, nonrecurring purchase accounting impacts related to the Tyco merger, Scott Safety gain on sale and discrete tax items. Financial information regarding adjusted sales, adjusted organic sales, adjusted segment EBITA, adjusted segment EBITA margin, adjusted corporate expense, adjusted EBIT, free cash flow, adjusted free cash flow, free cash flow conversion, net debt, and net debt to capitalization are also presented, which are non-GAAP performance measures. Adjusted segment EBITA excludes special items such as transaction/integration/separation costs and nonrecurring purchase accounting impacts because these costs are not considered to be directly related to the operating performance of its business units. Management believes that, when considered together with unadjusted amounts, these non-GAAP measures are useful to investors in understanding period-over-period operating results and business trends of the Company. Management may also use these metrics as guides in forecasting, budgeting and long-term planning processes and for compensation purposes. These metrics should be considered in addition to, and not as replacements for, the most comparable GAAP measure. Reconciliations of non-GAAP performance measures can be found in the attached footnotes.

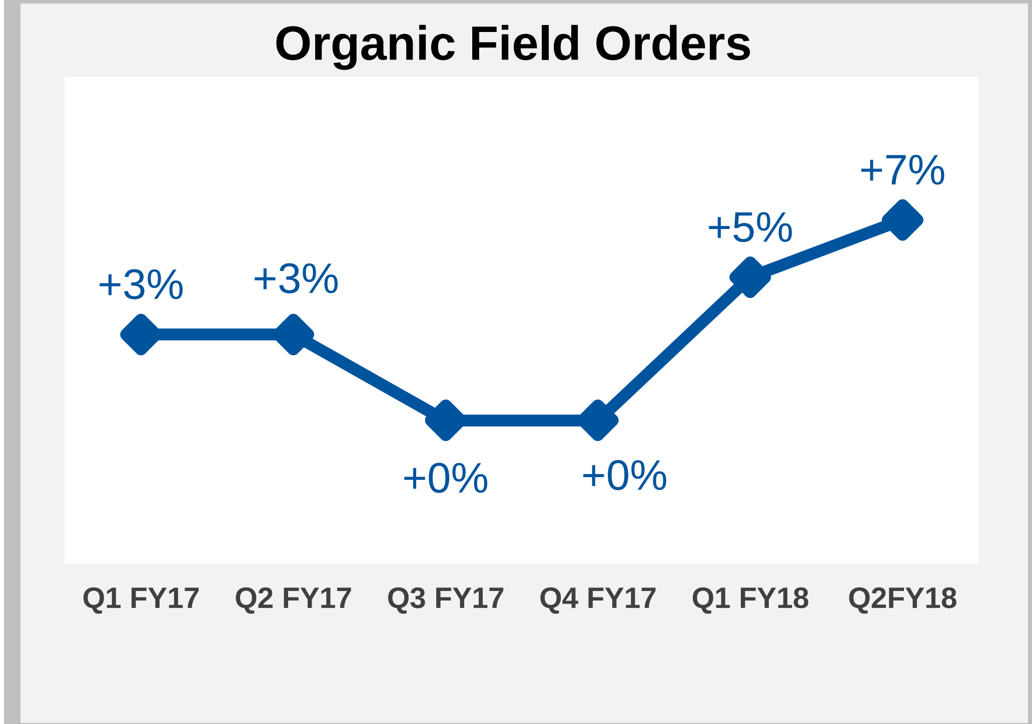
Q2 FY18 Strategic Highlights

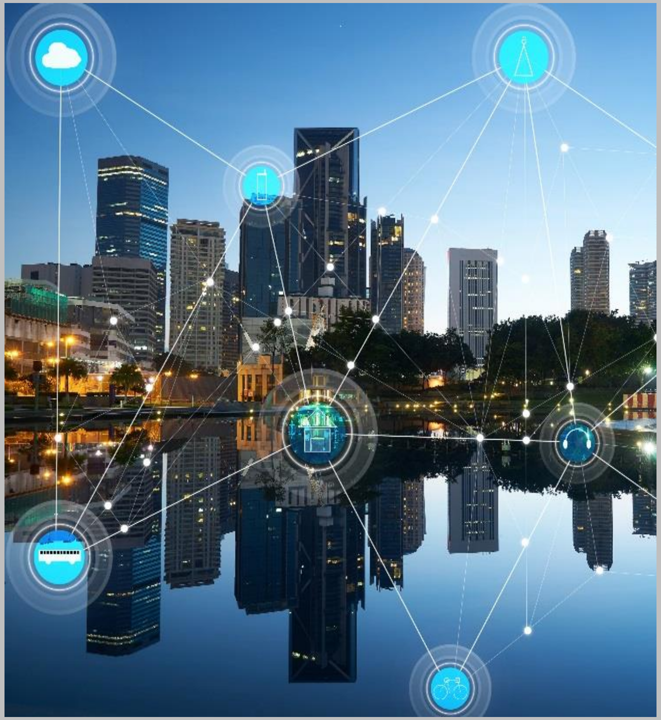
- Growth investments paying off
  - Strong traction increasing sales capacity
  - Accelerating field orders and improved secured margins in Buildings
  - Product growth momentum
  - Increasing service growth
  - OE and aftermarket wins in Power
- Continued strong synergy and productivity savings
- Early benefits from Cash Management Office
- Ongoing Power Solutions strategic review

Macro Environment



Buildings Field Order Growth

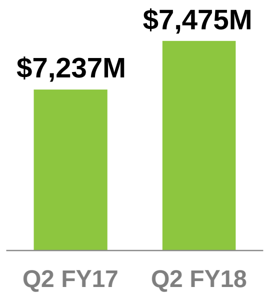




Continued Strong Order Growth Converting To Increased Sales in 2nd Half

Q2 FY18 Financial Summary*

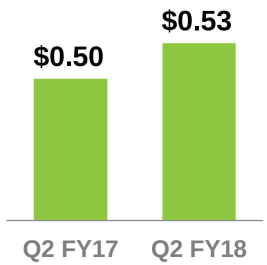
ADJUSTED NET SALES



+3%
Reported

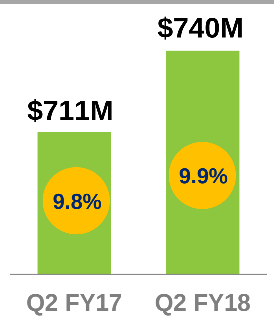
+1%
Organic

ADJUSTED EPS



+6%
Reported

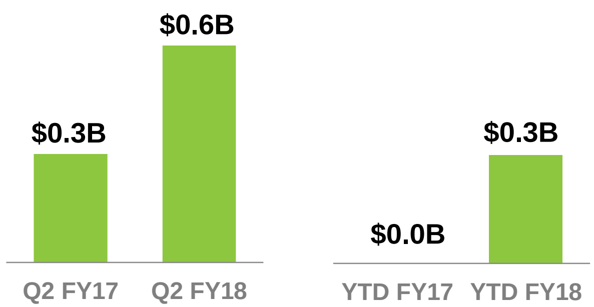
ADJUSTED EBIT & MARGIN



10bps
Reported

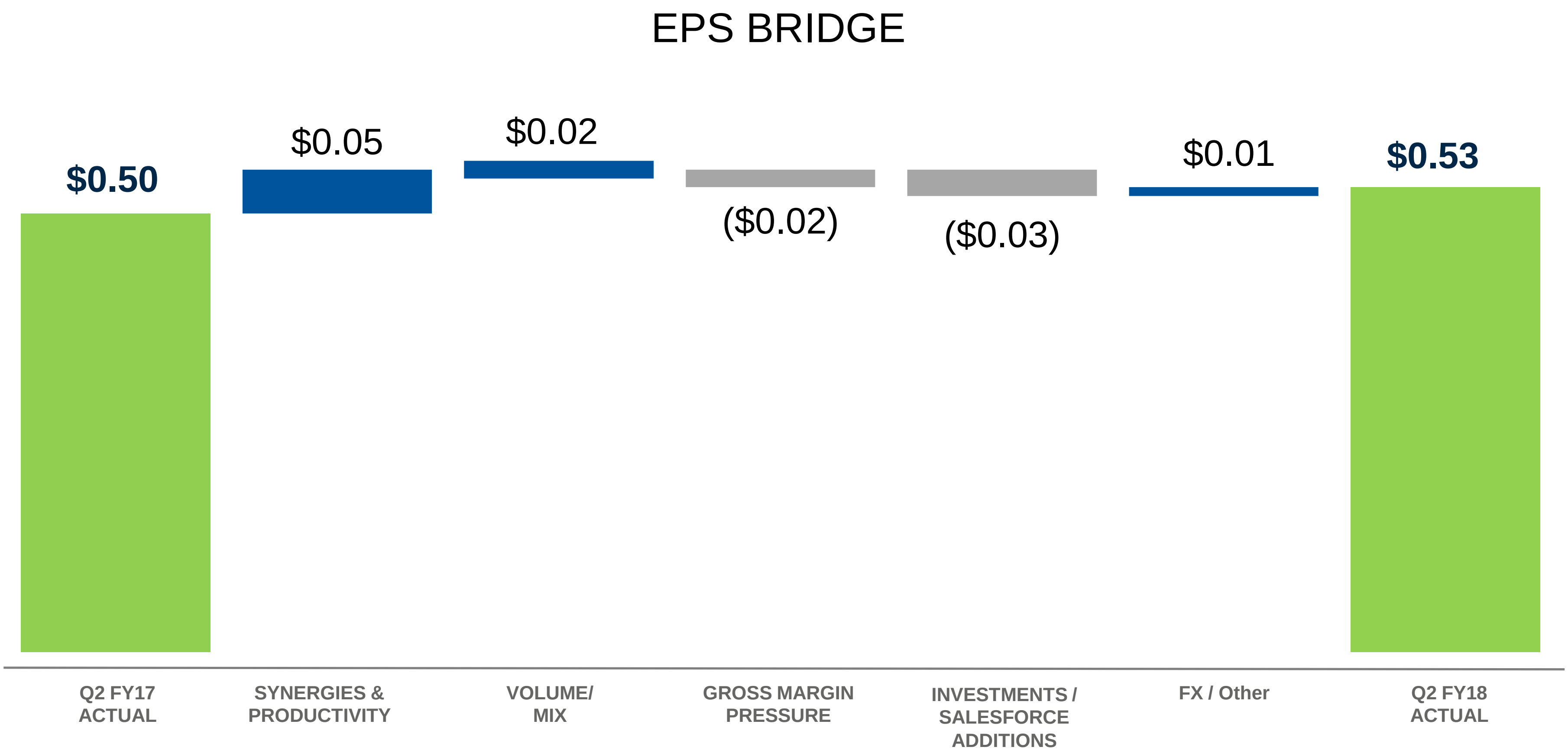
30bps
Excluding FX, Lead and Scott Safety Divestiture

ADJUSTED FCF



*Non-GAAP excludes special items. See footnotes for reconciliation.

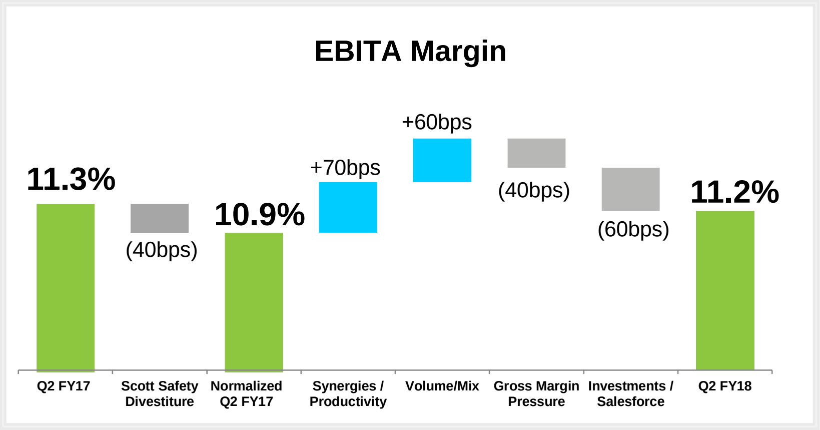
Q2 FY18 Results vs. Prior Year*



*Non-GAAP excludes special items. See footnotes for reconciliation.

Buildings*

($ in millions)	Q2 FY17	Q2 FY18	Change
Sales	$5,541	$5,630	2%
Segment EBITA	$628	$630	0%
EBITA Margin %	11.3%	11.2%	(10bps)



- Organic sales up 2%
  - Products up 6%
  - Field down 1%; driven by timing of project flow-through
    - Solid service growth +3%
- Sales headwind from M&A of 4% was fully offset by favorable impact from foreign currency
- Field orders increased 7% on a year-over-year basis, excluding the impact of foreign currency and M&A
- Field backlog of $8.5 billion increased 6% on a year-over-year basis, excluding the impact of foreign currency and M&A

*Non-GAAP excludes special items. See footnotes for reconciliation.

Segment Results: Building Solutions North America*

($ in millions)	Q2 FY17	Q2 FY18	Change
Sales	$2,074	$2,097	1%
Segment EBITA	$229	$244	7%
EBITA Margin %	11.0%	11.6%	60bps

- Orders increased 4% on a year-over-year basis, excluding the impact of foreign currency and M&A
- Backlog of $5.3 billion increased 5% on a year-over-year basis, excluding the impact of foreign currency and M&A

- Organic sales up 1%
  - HVAC & Controls up low-single digits
  - Fire & Security up modestly
  - Solutions down low-single digits
- EBITA margin increased 60 bps; up 10 bps excluding prior year project charge
  - Productivity savings and cost synergies
  - Favorable volume/mix
  - Lower gross margin backlog conversion
  - Headwind from salesforce additions

*Non-GAAP excludes special items. See footnotes for reconciliation.

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Segment Results: Building Solutions EMEA/LA*

($ in millions)	Q2 FY17	Q2 FY18	Change
Sales	$891	$907	2%
Segment EBITA	$79	$78	(1%)
EBITA Margin %	8.9%	8.6%	(30bps)

- Orders increased 10% on a year-over-year basis, excluding the impact of foreign currency and M&A

- Backlog of $1.7 billion increased modestly on a year-over-year basis, excluding the impact of foreign currency and M&A

- Organic sales down 3%
  - Europe – low single-digit decline driven by lower installation in HVAC and Industrial Refrigeration
  - Middle East & Africa – mid-single digit decline driven by HVAC installation
  - Latin America – low-single digit growth led by Fire & Security

- Sales headwind from M&A of 4% was more than offset by 9% favorable impact from foreign currency

- EBITA margin down 30 bps
  - Productivity savings and cost synergies
  - Lower volume de-leverage

*Non-GAAP excludes special items. See footnotes for reconciliation.

Segment Results: Building Solutions Asia Pacific*

($ in millions)	Q2 FY17	Q2 FY18	Change
Sales	$562	$586	4%
Segment EBITA	$67	$71	6%
EBITA Margin %	11.9%	12.1%	20bps

- Orders increased 10% on a year-over-year basis, excluding the impact of foreign currency and M&A
  - Includes large order which favorably impacted order growth by 5%
- Backlog of $1.5 billion increased 15% on a year-over-year basis, excluding the impact of foreign currency and M&A

- Organic sales down 2%
  - High-single digit growth in service
  - High-single digit decline in installation related to the timing of large project flow-through
- Foreign currency favorably impacted sales by 6%
- EBITA margin up 20bps, including 40bps headwind related to foreign currency
  - Productivity savings and cost synergies
  - Favorable mix
  - Headwind from salesforce additions

*Non-GAAP excludes special items. See footnotes for reconciliation.

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Segment Results: Global Products*

($ in millions)	Q2 FY17	Q2 FY18	Change
Sales	$2,014	$2,040	1%
Segment EBITA	$253	$237	(6%)
EBITA Margin %	12.6%	11.6%	(100bps)

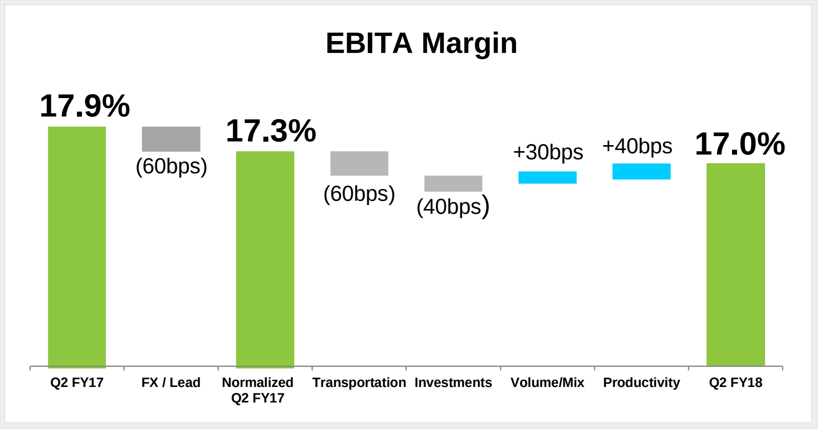
- EBITA margin down 100bps, including 120bps headwind related to Scott Safety divestiture
- Underlying margin up 20bps excluding Scott Safety impact
  - Productivity savings and cost synergies
  - Favorable volume leverage
  - Price/cost pressure
  - Product and channel investments

- Organic sales up 6%
  - Mid-single digit growth in Building Management
  - Mid-single digit growth in HVAC & Refrigeration Equipment
    - Residential up mid-single digits; NA up high-teens
    - Light commercial up low-single digits
    - VRF up low-single digits; up strong double-digits in China (unconsolidated entities)
    - Industrial Refrigeration up strong double-digits
    - Applied equipment modest increase
  - Low-teens growth in Specialty Products
- Sales headwind from M&A of 9% was partially offset by 4% favorable impact from foreign currency

*Non-GAAP excludes special items. See footnotes for reconciliation.

Segment Results: Power Solutions*

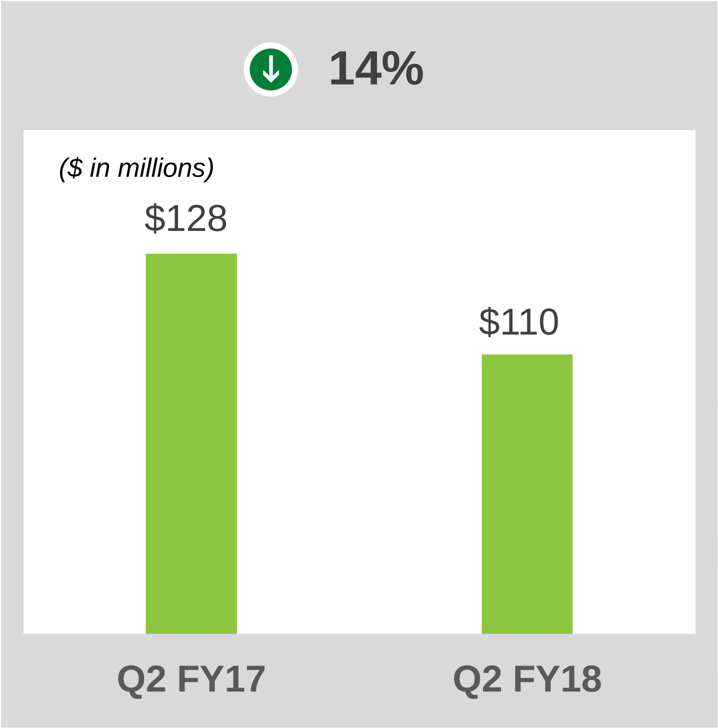
($ in millions)	Q2 FY17	Q2 FY18	Change
Sales	$1,696	$1,845	9%
Segment EBITA	$303	$314	4%
EBITA Margin %	17.9%	17.0%	(90bps)



- Organic sales down 2%
  - Lower volumes
  - Favorable price and technology mix
- Sales favorably impacted 7% related to foreign currency and 4% related to lead prices
- OE units down 2%; in-line with lower global production
- Aftermarket units down 6%; weather impacts in U.S. and Europe
- Global start-stop units up 14%
  - Americas up 35%
  - China up 43%
  - EMEA up modestly

*Non-GAAP excludes special items. See footnotes for reconciliation.

Corporate Expense*



- Ongoing realization of cost synergies and productivity savings
- Expect full year Corporate expense to be in the range of $425 to $440 million

*Non-GAAP excludes special items. See footnotes for reconciliation.

Free Cash Flow

(in $ billions)	Q2 FY17	Q2 FY18	H1 FY17	H1 FY18
Cash provided (used) by operating activities	$0.4	$0.7	$(1.5)	$0.5
Capital expenditures	(0.3)	(0.3)	(0.6)	(0.5)
Reported free cash flow	**$0.1**	**$0.4**	**$(2.2)**	**$0.0**
Transaction tax payments	0.1	-	1.3	-
Restructuring costs	-	0.1	0.1	0.1
Transaction/integration/ separation costs	0.1	0.1	0.3	0.2
Adient cash outflow	-	-	0.3	-
Change in control pension	-	-	0.2	-
Adjustments	**0.2**	**0.2**	**2.2**	**0.3**
Adjusted free cash flow*	**$0.3**	**$0.6**	**$0.0**	**$0.3**

- Q2 adjusted free cash flow of $0.6 billion
  - FY18 year-to-date adjusted free cash flow up $0.3 billion vs. prior year
  - Early benefits from Cash Management Office
- Re-affirm FY18 adjusted free cash flow conversion of 80%+
  - FY18 excludes net one-time payments of $800 to $900 million related to integration, restructuring and income taxes
  - Year-to-date results include $0.3 billion of net one-time items

*Non-GAAP excludes special items. See footnotes for reconciliation.
Table may not sum due to rounding.

Balance Sheet

Capital Structure	Q1 FY18	Q2 FY18
Short-term debt and current portion of long-term debt	$1,605	$1,136
Long-term debt	10,895	10,962
Total debt	**12,500**	**12,098**
Less: cash and cash equivalents	552	268
Net debt	**$11,948**	**$11,830**
Net debt/EBITDA leverage	2.6x	2.5x
Net debt/Cap	36.8%	36.2%
Share repurchases	**~$150M**	**~$50M**

2.0-2.5X NET DEBT/EBITDA LEVERAGE TARGET

Impact of Tariffs

Section 232 Steel and Aluminum Tariffs (Enacted)

- Enacted March 2018
- Total steel and aluminum annual spend ~$225 million
  - All steel supplied in country
  - 70% of aluminum supplied in country
- Tariff impact minor
- Price pressure from domestic steel and aluminum producers more relevant
- Risk mitigation in place – impact will be fully offset

U.S. Section 301 Tariffs on Chinese Original Goods (Proposed)

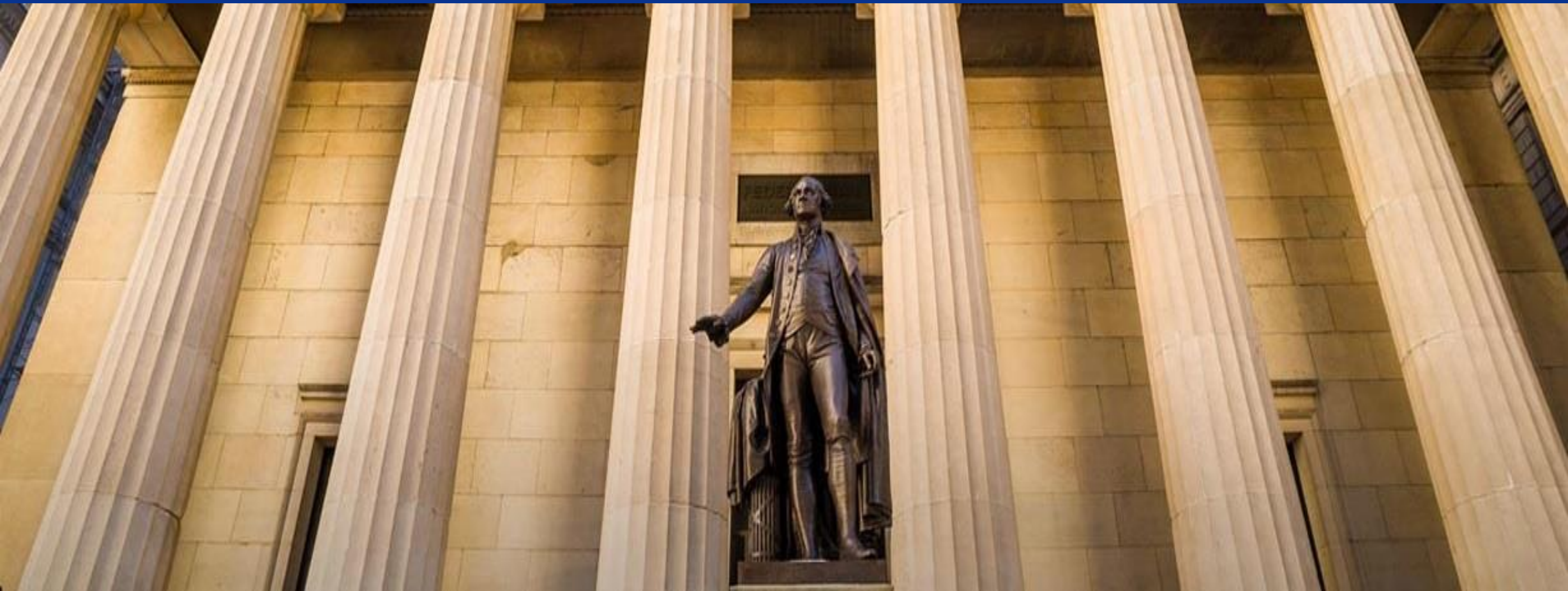
- Under comment period – monitoring developments
- Evaluating potential impact
- Proactive planning to offset any potential impact

FY18 Guidance Update

	Initial Guidance (Nov)	Updated Guidance (May)
Sales	$30.1B to $30.7B Flat to +2% reported Low-single digit Organic Growth	$31.0B to $31.5B +3% to +5% reported Low-single digit Organic Growth
Segment Details: Buildings	Organic Growth Low-single digits EBITA Margin +10 to +30bps *(including 40 bps headwind from divestiture of Scott Safety)*	Organic Growth Low-single digits EBITA Margin +10 to +30bps *(including 40 bps headwind from divestiture of Scott Safety)*
Segment Details: Power	Organic Growth Low to Mid-single digits EBITA Margin down 10 to +10 bps *(assumes Lead @ $2,100 LME)*	Organic Growth Low-single digits EBITA Margin down 100 to 120 bps *(assumes Lead @ $2,445 LME; 70bp unfavorable impact to margin)*
EBIT Margin Expansion*	12.2% - 12.4% +30 to +50bps *(including 30 bps headwind from divestiture of Scott Safety)*	12.0% - 12.2% +10 to +30bps *(including 30 bps headwind from divestiture of Scott Safety)*
EPS*	$2.75 to $2.85 +6% to +10% Weighted average diluted share count ~935M	$2.75 to $2.85 +6% to +10% Weighted average diluted share count ~935M

*Non-GAAP excludes special items.

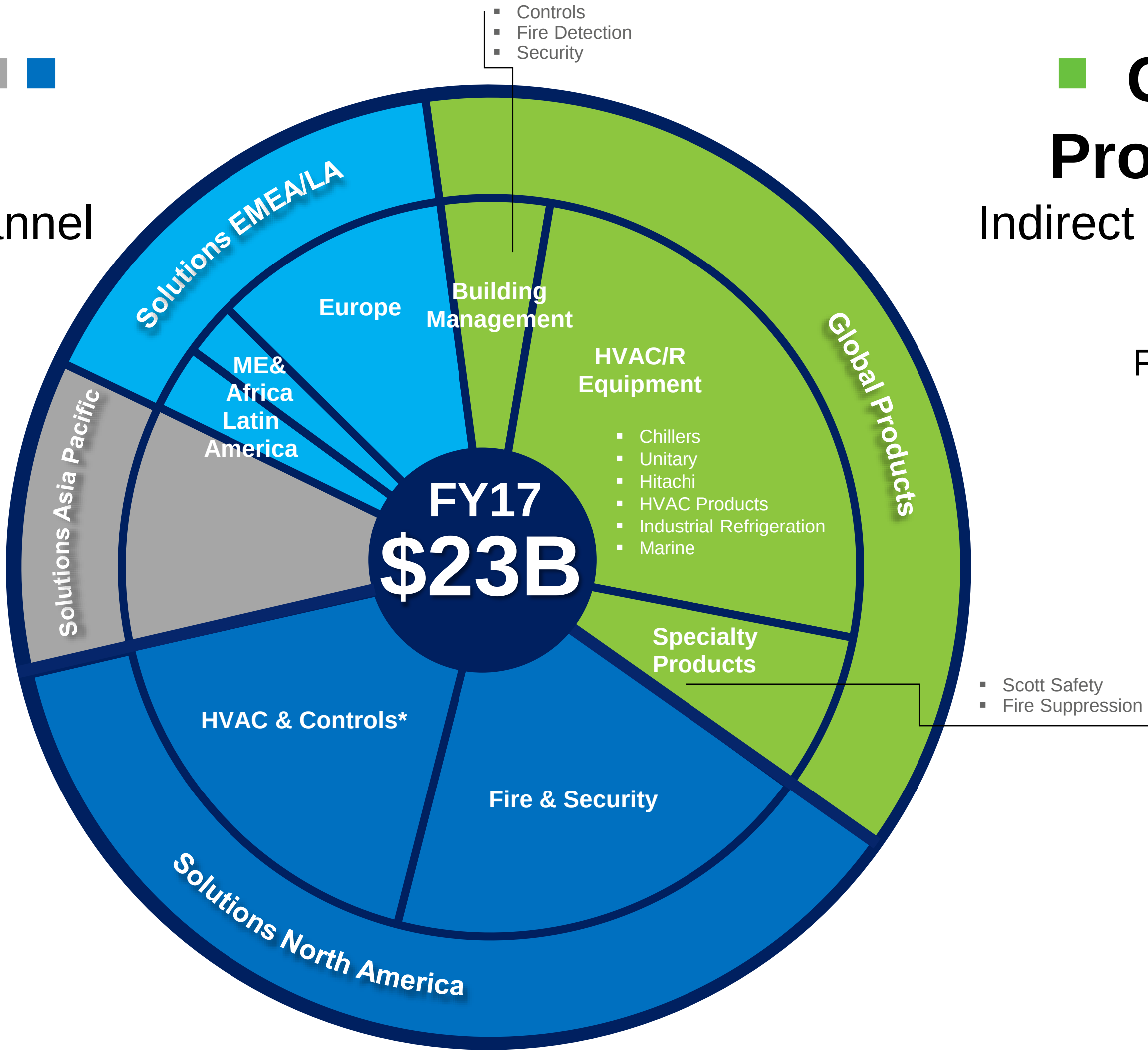
Appendix



Building Technologies & Solutions
Segment Structure

Building Solutions
Field / Direct Channel
~$15B
FY17 Sales

Global Products
Indirect Channel
~$8B
FY17 Sales



*Includes performance contracting.

FY18 Second Quarter
Financial Results (continuing operations)

($ in millions, except earnings per share)	Q2 FY17 GAAP	Q2 FY18 GAAP	Q2 FY17 * NON-GAAP	Q2 FY18* NON-GAAP	% Change NON-GAAP
Sales	$7,267	$7,475	$7,237	$7,475	3%
Gross profit	2,281	2,220	2,246	2,220	(1%)
% of sales	*31.4%*	*29.7%*	*31.0%*	*29.7%*	
SG&A expenses	1,726	1,588	1,588	1,524	(4%)
Restructuring & impairment costs	99	-	-	-	
Equity income	53	44	53	44	(17%)
EBIT	509	676	711	740	4%
EBIT margin	***7.0%***	***9.0%***	***9.8%***	***9.9%***	
Net financing charges	116	115	116	115	(1%)
Income before income taxes	393	561	595	625	5%
Income tax provision	508	78	89	87	
Net income (loss)	(115)	483	506	538	6%
Income attributable to noncontrolling interests	33	45	33	45	36%
Net income (loss) attributable to JCI	$(148)	$438	$473	$493	4%
Diluted EPS	**$(0.16)**	**$0.47**	**$0.50**	**$0.53**	6%

*Non-GAAP excludes special items. See footnotes for reconciliation.

Special Items (continuing operations)

$ In millions, except EPS

Q2 FY18	Pre-tax Income (Expense)	Tax (Expense) Benefit	NCI (Expense) Benefit	After-tax Income (Expense)	EPS Impact
Transaction costs	$(3)	$-	$-	$(3)	$-
Integration costs	(61)	9	-	(52)	(0.06)
Total*	**$(64)**	**$9**	**$-**	**$(55)**	**$(0.06)**

Q2 FY17	Pre-tax Income (Expense)	Tax (Expense) Benefit	NCI (Expense) Benefit	After-tax Income (Expense)	EPS Impact
Transaction & separation costs	$(27)	$6	$-	$(21)	$(0.02)
Integration costs	(111)	25	-	(86)	(0.09)
Restructuring & impairment costs	(99)	20	-	(79)	(0.08)
Nonrecurring purchase accounting	17	(5)	-	12	0.01
Pension mark-to-market	18	(8)	-	10	0.01
Discrete income tax items	-	(457)	-	(457)	(0.48)
Total*	**$(202)**	**$(419)**	**$-**	**$(621)**	**$(0.66)**

* May not sum due to rounding.

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Second Quarter
Restructuring and Impairment Costs

$ In millions

Business Unit	Cash		Non-cash		Total	
	Q2 FY17	Q2FY18	Q2 FY17	Q2FY18	Q2 FY17	Q2FY18
Buildings	$76	$-	$21	$-	$97	$-
Power Solutions	-	-	-	-	-	-
Corporate	-	-	2	-	2	-
Total pre-tax charge	**$76**	**$-**	**$23**	**$-**	**$99**	**$-**
Tax benefit					**(20)**	**-**
Total after-tax charge					**$79**	**$-**

Restructuring and non-cash impairment charges primarily related to workforce reductions, plant closures and asset impairments

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1^{ST} Half / 2^{nd} Half Bridge Items

Bridge Items	1st Half y-o-y	2nd Half y-o-y	
▪ Product/Channel Investments ▪ Salesforce Investments ▪ Gross Margin Pressure – Backlog ▪ Gross Margin Pressure – Price/Cost ▪ Transportation (Power) ▪ Synergies/Productivity Savings ▪ FX Benefit	($0.02) Headwind	$0.13 Tailwind	$0.15 Delta

Reorganized Segment Financial Information*

	Q1FY17		Q2FY17		Q3FY17		Q4FY17		FY17	
Building Solutions North America	$ 1,942		$ 2,074		$ 2,135		$ 2,165		$ 8,316	
Building Solutions EMEA / LA	878		891		889		921		3,579	
Building Solutions Asia Pacific	576		562		630		677		2,445	
Global Products	1,800		2,014		2,406		2,241		8,461	
Total Building Technologies & Solutions	5,196		5,541		6,060		6,004		22,801	
Power Solutions	1,900		1,696		1,609		2,132		7,337	
Sales	**7,096**		**7,237**		**7,669**		**8,136**		**30,138**	
Building Solutions North America	236	12.2%	229	11.0%	290	13.6%	315	14.5%	1,070	12.9%
Building Solutions EMEA / LA	65	7.4%	79	8.9%	89	10.0%	95	10.3%	328	9.2%
Building Solutions Asia Pacific	72	12.5%	67	11.9%	84	13.3%	109	16.1%	332	13.6%
Global Products	205	11.4%	253	12.6%	445	18.5%	385	17.2%	1,288	15.2%
Total Building Technologies & Solutions	578	11.1%	628	11.3%	908	15.0%	904	15.1%	3,018	13.2%
Power Solutions	390	20.5%	303	17.9%	304	18.9%	431	20.2%	1,428	19.5%
Segment EBITA	**968**	**13.6%**	**931**	**12.9%**	**1,212**	**15.8%**	**1,335**	**16.4%**	**4,446**	**14.8%**
Amortization of Intangibles	(103)		(92)		(90)		(97)		(382)	
Corporate Expenses	(108)		(128)		(122)		(107)		(465)	
EBIT	**757**	**10.7%**	**711**	**9.8%**	**1,000**	**13.0%**	**1,131**	**13.9%**	**3,599**	**11.9%**
Net Financing Charges	(119)		(116)		(124)		(120)		(479)	
Income before Tax	638		595		876		1,011		3,120	
Tax	(96)		(89)		(131)		(152)		(468)	
Tax Rate	15.0%		15.0%		15.0%		15.0%		15.0%	
Noncontrolling Interest	(40)		(33)		(74)		(46)		(193)	
Net Income	**$ 502**		**$ 473**		**$ 671**		**$ 813**		**$ 2,459**	
EPS	**$ 0.53**		**$ 0.50**		**$ 0.71**		**$ 0.87**		**$ 2.60**	
Diluted weighted average shares outstanding	947.4		948.6		944.4		938.0		944.6	

*Non-GAAP excludes special items. See 8-K filed November 9, 2017 for reconciliation.

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JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share data; unaudited)

	Three Months Ended March 31, 2018	2017
Net sales	$ 7,475	$ 7,267
Cost of sales	5,255	4,986
Gross profit	2,220	2,281
Selling, general and administrative expenses	(1,588)	(1,726)
Restructuring and impairment costs	-	(99)
Net financing charges	(115)	(116)
Equity income	44	53
Income from continuing operations before income taxes	561	393
Income tax provision	78	508
Income (loss) from continuing operations	483	(115)
Loss from discontinued operations, net of tax	-	-
Net income (loss)	483	(115)
Less: Income from continuing operations attributable to noncontrolling interests	45	33
Less: Income from discontinued operations attributable to noncontrolling interests	-	-
Net income (loss) attributable to JCI	$ 438	$ (148)
Income (loss) from continuing operations	$ 438	$ (148)
Loss from discontinued operations	-	-
Net income (loss) attributable to JCI	$ 438	$ (148)
Diluted earnings (loss) per share from continuing operations	$ 0.47	$ (0.16)
Diluted loss per share from discontinued operations	-	-
Diluted earnings (loss) per share	$ 0.47	$ (0.16)
Diluted weighted average shares	932.5	939.2
Shares outstanding at period end	926.2	938.1

JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share data; unaudited)

	Six Months Ended March 31, 2018	Six Months Ended March 31, 2017
Net sales	$ 14,910	$ 14,353
Cost of sales	10,521	9,958
Gross profit	4,389	4,395
Selling, general and administrative expenses	(3,005)	(3,296)
Restructuring and impairment costs	(158)	(177)
Net financing charges	(231)	(252)
Equity income	104	108
Income from continuing operations before income taxes	1,099	778
Income tax provision	345	481
Income from continuing operations	754	297
Loss from discontinued operations, net of tax	-	(34)
Net income	754	263
Less: Income from continuing operations attributable to noncontrolling interests	86	73
Less: Income from discontinued operations attributable to noncontrolling interests	-	9
Net income attributable to JCI	$ 668	$ 181
Income from continuing operations	$ 668	$ 224
Loss from discontinued operations	-	(43)
Net income attributable to JCI	$ 668	$ 181
Diluted earnings per share from continuing operations	$ 0.72	$ 0.24
Diluted loss per share from discontinued operations	-	(0.05)
Diluted earnings per share	$ 0.72	$ 0.19
Diluted weighted average shares	932.9	948.0
Shares outstanding at period end	926.2	938.1

JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions; unaudited)

	March 31, 2018	September 30, 2017
ASSETS		
Cash and cash equivalents	$ 268	$ 321
Accounts receivable - net	6,679	6,666
Inventories	3,565	3,209
Assets held for sale	22	189
Other current assets	1,737	1,907
Current assets	12,271	12,292
Property, plant and equipment - net	6,235	6,121
Goodwill	19,806	19,688
Other intangible assets - net	6,625	6,741
Investments in partially-owned affiliates	1,294	1,191
Noncurrent assets held for sale	-	1,920
Other noncurrent assets	3,721	3,931
Total assets	$ 49,952	$ 51,884
LIABILITIES AND EQUITY		
Short-term debt and current portion of long-term debt	$ 1,136	$ 1,608
Accounts payable and accrued expenses	5,116	5,342
Liabilities held for sale	-	72
Other current liabilities	4,740	4,832
Current liabilities	10,992	11,854
Long-term debt	10,962	11,964
Other noncurrent liabilities	5,883	6,315
Noncurrent liabilities held for sale	-	173
Redeemable noncontrolling interests	235	211
Shareholders' equity attributable to JCI	20,874	20,447
Noncontrolling interests	1,006	920
Total liabilities and equity	$ 49,952	$ 51,884

JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions; unaudited)

	Three Months Ended March 31,	
	2018	2017
Operating Activities		
Net income (loss) attributable to JCI	$ 438	$ (148)
Income from continuing operations attributable to noncontrolling interests	45	33
Income from discontinued operations attributable to noncontrolling interests	-	-
Net income (loss)	483	(115)
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation and amortization	280	292
Pension and postretirement benefit income	(36)	(47)
Pension and postretirement contributions	(13)	(11)
Equity in earnings of partially-owned affiliates, net of dividends received	(43)	(52)
Deferred income taxes	2	479
Non-cash restructuring and impairment costs	-	23
Other - net	15	45
Changes in assets and liabilities, excluding acquisitions and divestitures:		
Accounts receivable	138	(58)
Inventories	(67)	(228)
Other assets	(49)	(63)
Restructuring reserves	(105)	27
Accounts payable and accrued liabilities	102	197
Accrued income taxes	(45)	(123)
Cash provided by operating activities	662	366
Investing Activities		
Capital expenditures	(267)	(263)
Sale of property, plant and equipment	5	16
Acquisition of businesses, net of cash acquired	(15)	(3)
Business divestitures, net of cash divested	103	133
Other - net	(2)	(24)
Cash used by investing activities	(176)	(141)
Financing Activities		
Increase (decrease) in short and long-term debt - net	(497)	220
Debt financing costs	-	(11)
Stock repurchases	(49)	(119)
Payment of cash dividends	(241)	(235)
Proceeds from the exercise of stock options	20	59
Dividends paid to noncontrolling interests	(46)	(47)
Cash transferred to Adient related to spin-off	-	(101)
Cash paid related to prior acquisitions	-	8
Other - net	(1)	6
Cash used by financing activities	(814)	(220)
Effect of exchange rate changes on cash and cash equivalents	44	30
Increase (decrease) in cash and cash equivalents	$ (284)	$ 35

JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions; unaudited)

	Six Months Ended March 31,	
	2018	2017
Operating Activities		
Net income attributable to JCI	$ 668	$ 181
Income from continuing operations attributable to noncontrolling interests	86	73
Income from discontinued operations attributable to noncontrolling interests	-	9
Net income	754	263
Adjustments to reconcile net income to cash provided (used) by operating activities:		
Depreciation and amortization	552	638
Pension and postretirement benefit income	(72)	(202)
Pension and postretirement contributions	(37)	(258)
Equity in earnings of partially-owned affiliates, net of dividends received	(79)	(116)
Deferred income taxes	(77)	1,059
Non-cash restructuring and impairment costs	30	39
Gain on Scott Safety business divestiture	(114)	-
Other - net	32	82
Changes in assets and liabilities, excluding acquisitions and divestitures:		
Accounts receivable	108	(21)
Inventories	(300)	(370)
Other assets	15	(150)
Restructuring reserves	(12)	47
Accounts payable and accrued liabilities	(521)	(599)
Accrued income taxes	254	(1,931)
Cash provided (used) by operating activities	533	(1,519)
Investing Activities		
Capital expenditures	(497)	(634)
Sale of property, plant and equipment	10	18
Acquisition of businesses, net of cash acquired	(15)	(6)
Business divestitures, net of cash divested	2,114	180
Other - net	(14)	(30)
Cash provided (used) by investing activities	1,598	(472)
Financing Activities		
Increase (decrease) in short and long-term debt - net	(1,542)	776
Debt financing costs	(4)	(17)
Stock repurchases	(199)	(119)
Payment of cash dividends	(473)	(235)
Proceeds from the exercise of stock options	36	88
Dividends paid to noncontrolling interests	(46)	(78)
Dividend from Adient spin-off	-	2,050
Cash transferred to Adient related to spin-off	-	(665)
Cash paid related to prior acquisitions	-	(37)
Other - net	(26)	(19)
Cash provided (used) by financing activities	(2,254)	1,744
Effect of exchange rate changes on cash and cash equivalents	61	(25)
Change in cash held for sale	9	105
Decrease in cash and cash equivalents	$ (53)	$ (167)

FOOTNOTES

1. Financial Summary

The Company evaluates the performance of its business units primarily on segment earnings before interest, taxes and amortization (EBITA), which represents income from continuing operations before income taxes and noncontrolling interests, excluding general corporate expenses, intangible asset amortization, net financing charges, significant restructuring and impairment costs, and the net mark-to-market adjustments related to pension and postretirement plans.

(in millions; unaudited)	Three Months Ended March 31,				Six Months Ended March 31,			
	2018		2017		2018		2017	
	Actual	Adjusted Non-GAAP	Actual	Adjusted Non-GAAP	Actual	Adjusted Non-GAAP	Actual	Adjusted Non-GAAP
Net sales (1)								
Building Solutions North America	$ 2,097	$ 2,097	$ 2,097	$ 2,074	$ 4,109	$ 4,109	$ 4,039	$ 4,016
Building Solutions EMEA/LA	907	907	898	891	1,822	1,822	1,773	1,769
Building Solutions Asia Pacific	586	586	562	562	1,183	1,183	1,137	1,138
Global Products	2,040	2,040	2,014	2,014	3,821	3,821	3,808	3,814
Total Building Technologies & Solutions	5,630	5,630	5,571	5,541	10,935	10,935	10,757	10,737
Power Solutions	1,845	1,845	1,696	1,696	3,975	3,975	3,596	3,596
Net sales	$ 7,475	$ 7,475	$ 7,267	$ 7,237	$ 14,910	$ 14,910	$ 14,353	$ 14,333
Segment EBITA (1)								
Building Solutions North America	$ 239	$ 244	$ 255	$ 229	$ 466	$ 480	$ 451	$ 465
Building Solutions EMEA/LA	77	78	89	79	146	149	138	144
Building Solutions Asia Pacific	71	71	67	67	145	145	130	139
Global Products	228	237	242	253	514	415	369	458
Total Building Technologies & Solutions	615	630	653	628	1,271	1,189	1,088	1,206
Power Solutions	314	314	303	303	698	698	692	693
Segment EBITA	929	944	956	931	1,969	1,887	1,780	1,899
Corporate expenses (2)	(159)	(110)	(240)	(128)	(293)	(211)	(433)	(236)
Amortization of intangible assets (3)	(94)	(94)	(126)	(92)	(188)	(188)	(275)	(195)
Mark-to-market gain for pension plans (4)	-	-	18	-	-	-	135	-
Restructuring and impairment costs (5)	-	-	(99)	-	(158)	-	(177)	-
EBIT (6)	676	740	509	711	1,330	1,488	1,030	1,468
EBIT margin	9.0%	9.9%	7.0%	9.8%	8.9%	10.0%	7.2%	10.2%
Net financing charges (7)	(115)	(115)	(116)	(116)	(231)	(231)	(252)	(235)
Income from continuing operations before income taxes	561	625	393	595	1,099	1,257	778	1,233
Income tax provision (8)	(78)	(87)	(508)	(89)	(345)	(176)	(481)	(185)
Income (loss) from continuing operations	483	538	(115)	506	754	1,081	297	1,048
Income from continuing operations attributable to noncontrolling interests	(45)	(45)	(33)	(33)	(86)	(86)	(73)	(73)
Net income (loss) from continuing operations attributable to JCI	$ 438	$ 493	$ (148)	$ 473	$ 668	$ 995	$ 224	$ 975

Building Technologies & Solutions - Provides facility systems and services including comfort, energy and security management for the non-residential buildings market, and provides heating, ventilating, and air conditioning products and services, security products and services, and fire detection and suppression products and services.

Power Solutions - Services both automotive original equipment manufacturers and the battery aftermarket by providing advanced battery technology, coupled with systems engineering, marketing and service expertise.

(1) The Company's press release contains financial information regarding adjusted net sales, adjusted segment EBITA and adjusted segment EBITA margins, which are non-GAAP performance measures. The Company's definition of adjusted segment EBITA excludes special items because these costs are not considered to be directly related to the underlying operating performance of its business units. Management believes these non-GAAP measures are useful to investors in understanding the ongoing operations and business trends of the Company.

The following is the three months ended March 31, 2018 and 2017 reconciliation of net sales, segment EBITA and segment EBITA margin as reported to adjusted net sales, adjusted segment EBITA and adjusted segment EBITA margin (unaudited):

(in millions)	Building Solutions North America		Building Solutions EMEA/LA		Building Solutions Asia Pacific		Global Products		Total Building Technologies & Solutions		Power Solutions		Consolidated JCI plc	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Net sales as reported	$ 2,097	$ 2,097	$ 907	$ 898	$ 586	$ 562	$ 2,040	$ 2,014	$ 5,630	$ 5,571	$ 1,845	$ 1,696	$ 7,475	$ 7,267
Adjusting items:														
Nonrecurring purchase accounting impacts	-	(23)	-	(7)	-	-	-	-	-	(30)	-	-	-	(30)
Adjusted net sales	$ 2,097	$ 2,074	$ 907	$ 891	$ 586	$ 562	$ 2,040	$ 2,014	$ 5,630	$ 5,541	$ 1,845	$ 1,696	$ 7,475	$ 7,237
Segment EBITA as reported	$ 239	$ 255	$ 77	$ 89	$ 71	$ 67	$ 228	$ 242	$ 615	$ 653	$ 314	$ 303	$ 929	$ 956
Segment EBITA margin as reported	11.4%	12.2%	8.5%	9.9%	12.1%	11.9%	11.2%	12.0%	10.9%	11.7%	17.0%	17.9%	12.4%	13.2%
Adjusting items:														
Transaction costs	-	1	-	3	-	-	-	6	-	10	-	-	-	10
Integration costs	5	7	1	2	-	2	9	5	15	16	-	-	15	16
Nonrecurring purchase accounting impacts	-	(34)	-	(15)	-	(2)	-	-	-	(51)	-	-	-	(51)
Adjusted segment EBITA	$ 244	$ 229	$ 78	$ 79	$ 71	$ 67	$ 237	$ 253	$ 630	$ 628	$ 314	$ 303	$ 944	$ 931
Adjusted segment EBITA margin	11.6%	11.0%	8.6%	8.9%	12.1%	11.9%	11.6%	12.6%	11.2%	11.3%	17.0%	17.9%	12.6%	12.9%

The following is the six months ended March 31, 2018 and 2017 reconciliation of net sales, segment EBITA and segment EBITA margin as reported to adjusted net sales, adjusted segment EBITA and adjusted segment EBITA margin (unaudited):

(in millions)	Building Solutions North America		Building Solutions EMEA/LA		Building Solutions Asia Pacific		Global Products		Total Building Technologies & Solutions		Power Solutions		Consolidated JCI plc	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Net sales as reported	$ 4,109	$ 4,039	$ 1,822	$ 1,773	$ 1,183	$ 1,137	$ 3,821	$ 3,808	$ 10,935	$ 10,757	$ 3,975	$ 3,596	$ 14,910	$ 14,353
Adjusting items:														
Nonrecurring purchase accounting impacts	-	(23)	-	(4)	-	1	-	6	-	(20)	-	-	-	(20)
Adjusted net sales	$ 4,109	$ 4,016	$ 1,822	$ 1,769	$ 1,183	$ 1,138	$ 3,821	$ 3,814	$ 10,935	$ 10,737	$ 3,975	$ 3,596	$ 14,910	$ 14,333
Segment EBITA as reported	$ 466	$ 451	$ 146	$ 138	$ 145	$ 130	$ 514	$ 369	$ 1,271	$ 1,088	$ 698	$ 692	$ 1,969	$ 1,780
Segment EBITA margin as reported	11.3%	11.2%	8.0%	7.8%	12.3%	11.4%	13.5%	9.7%	11.6%	10.1%	17.6%	19.2%	13.2%	12.4%
Adjusting items:														
Transaction costs	-	11	-	5	-	2	-	9	-	27	-	1	-	28
Integration costs	14	14	3	4	-	3	15	9	32	30	-	-	32	30
Scott Safety gain on sale	-	-	-	-	-	-	(114)	-	(114)	-	-	-	(114)	-
Nonrecurring purchase accounting impacts	-	(11)	-	(3)	-	4	-	71	-	61	-	-	-	61
Adjusted segment EBITA	$ 480	$ 465	$ 149	$ 144	$ 145	$ 139	$ 415	$ 458	$ 1,189	$ 1,206	$ 698	$ 693	$ 1,887	$ 1,899
Adjusted segment EBITA margin	11.7%	11.6%	8.2%	8.1%	12.3%	12.2%	10.9%	12.0%	10.9%	11.2%	17.6%	19.3%	12.7%	13.2%

(2) Adjusted Corporate expenses for the three months ended March 31, 2018 excludes $46 million of integration costs and $3 million of transaction costs. Adjusted Corporate expenses for the six months ended March 31, 2018 excludes $74 million of integration costs and $8 million of transaction costs. Adjusted Corporate expenses for the three months ended March 31, 2017 excludes $95 million of integration costs and $17 million of transaction costs. Adjusted Corporate expenses for the six months ended March 31, 2017 excludes $145 million of integration costs, $48 million of transaction costs and $4 million of separation costs.

(3) Adjusted amortization of intangible assets for the three and six months ended March 31, 2017 excludes $34 million and $80 million, respectively, of nonrecurring asset amortization related to Tyco purchase accounting.

(4) The three and six months ended March 31, 2017 pension mark-to-market gains of $18 million and $135 million, respectively, due to lump sum payouts for certain U.S. pension plans in the quarter are excluded from the adjusted non-GAAP results.

(5) Restructuring and impairment costs for the six months ended March 31, 2018 of $158 million are excluded from the adjusted non-GAAP results. Restructuring and impairment costs for the three and six months ended March 31, 2017 of $99 million and $177 million, respectively, are excluded from the adjusted non-GAAP results.

(6) Management defines earnings before interest and taxes (EBIT) as income from continuing operations before net financing charges, income taxes and noncontrolling interests.

(7) Adjusted net financing charges for the six months ended March 31, 2017 exclude $17 million of transaction costs related to the debt exchange offers.

(8) Adjusted income tax provision for the three months ended March 31, 2018 excludes the tax benefit for integration costs of $9 million. Adjusted income tax provision for the six months ended March 31, 2018 excludes the net tax provision related to the U.S. Tax Reform legislation of $204 million and the Scott Safety gain on sale of $30 million, partially offset by the tax benefits for tax audit settlements of $25 million, restructuring and impairment costs of $24 million, integration costs of $15 million and transaction costs of $1 million. Adjusted income tax provision for the three months ended March 31, 2017 excludes the non-cash tax charge of $457 million related to establishment of a deferred tax liability on the outside basis difference of the Company's investment in certain subsidiaries of the Scott Safety business and the tax provisions for the pension mark-to-market gain of $8 million and Tyco nonrecurring purchase accounting impacts of $5 million, partially offset by the tax benefits of integration costs of $25 million, restructuring and impairment costs of $20 million and transaction costs of $6 million. Adjusted income tax provision for the six months ended March 31, 2017 excludes the non-cash tax charge of $457 million related to establishment of a deferred tax liability on the outside basis difference of the Company's investment in certain subsidiaries of the Scott Safety business and the tax provision for the pension mark-to-market gains of $54 million, partially offset by the tax benefits of changes in entity tax status of $101 million, Tyco nonrecurring purchase accounting impacts of $38 million, restructuring and impairment costs of $34 million, integration costs of $32 million and transaction costs of $10 million.

2. Diluted Earnings Per Share Reconciliation

The Company's press release contains financial information regarding adjusted earnings per share, which is a non-GAAP performance measure. The adjusting items include transaction/integration/separation costs, nonrecurring purchase accounting impacts related to the Tyco merger, mark-to-market gain or loss for pension and postretirement plans, Scott Safety gain on sale, restructuring and impairment costs and discrete tax items. The Company excludes these items because they are not considered to be directly related to the underlying operating performance of the Company. Management believes these non-GAAP measures are useful to investors in understanding the ongoing operations and business trends of the Company.

A reconciliation of diluted earnings per share as reported to diluted adjusted earnings per share for the respective periods is shown below (unaudited):

	Net Income Attributable to JCI plc		Net Income Attributable to JCI plc from Continuing Operations		Net Income Attributable to JCI plc		Net Income Attributable to JCI plc from Continuing Operations	
	Three Months Ended March 31,		Three Months Ended March 31,		Six Months Ended March 31,		Six Months Ended March 31,	
	2018	2017	2018	2017	2018	2017	2018	2017
Earnings per share as reported for JCI plc	$ 0.47	$ (0.16)	$ 0.47	$ (0.16)	$ 0.72	$ 0.19	$ 0.72	$ 0.24
Adjusting items:								
Transaction costs	-	0.03	-	0.03	0.01	0.10	0.01	0.10
Related tax impact	-	(0.01)	-	(0.01)	-	(0.01)	-	(0.01)
Integration costs	0.07	0.12	0.07	0.12	0.11	0.18	0.11	0.18
Related tax impact	(0.01)	(0.03)	(0.01)	(0.03)	(0.02)	(0.03)	(0.02)	(0.03)
Separation costs	-	-	-	-	-	0.09	-	-
Nonrecurring purchase accounting impacts	-	(0.02)	-	(0.02)	-	0.15	-	0.15
Related tax impact	-	0.01	-	0.01	-	(0.04)	-	(0.04)
Mark-to-market gain for pension plans	-	(0.02)	-	(0.02)	-	(0.14)	-	(0.14)
Related tax impact	-	0.01	-	0.01	-	0.06	-	0.06
Scott Safety gain on sale	-	-	-	-	(0.12)	-	(0.12)	-
Related tax impact	-	-	-	-	0.03	-	0.03	-
Restructuring and impairment costs	-	0.10	-	0.10	0.17	0.19	0.17	0.19
Related tax impact	-	(0.02)	-	(0.02)	(0.03)	(0.04)	(0.03)	(0.04)
Discrete tax items	-	0.48	-	0.48	0.19	0.40	0.19	0.38
Adjusted earnings per share for JCI plc*	$ 0.53	$ 0.50	$ 0.53	$ 0.50	$ 1.07	$ 1.09	$ 1.07	$ 1.03

* May not sum due to rounding.

The following table reconciles the denominators used to calculate basic and diluted earnings per share for JCI plc (in millions; unaudited):

	Three Months Ended March 31,		Six Months Ended March 31,	
	2018	2017	2018	2017
Weighted Average Shares Outstanding for JCI plc				
Basic weighted average shares outstanding	926.2	939.2	926.2	938.2
Effect of dilutive securities:				
Stock options, unvested restricted stock and unvested performance share awards	6.3	-	6.7	9.8
Diluted weighted average shares outstanding	932.5	939.2	932.9	948.0

For the three months ended March 31, 2017, the total number of potential dilutive shares due to stock options, unvested restricted stock and unvested performance share awards was 9.4 million. However, these items were not included in the computation of diluted loss per share for the three months ended March 31, 2017, since to do so would decrease the loss per share. On an adjusted diluted outstanding share basis, inclusion of the effect of dilutive securities results in diluted weighted average shares outstanding of 948.6 million for the three months ended March 31, 2017.

The Company has presented forward-looking statements regarding adjusted EPS from continuing operations, adjusted EBIT margin, organic adjusted net sales growth and adjusted free cash flow conversion (defined as adjusted free cash flow divided by adjusted net income from continuing operations attributable to JCI) for the full fiscal year of 2018, which are non-GAAP financial measures. These non-GAAP financial measures are derived by excluding certain amounts, expenses, income or cash flows from the corresponding financial measures determined in accordance with GAAP. The determination of the amounts that are excluded from these non-GAAP financial measures are a matter of management judgment and depends upon, among other factors, the nature of the underlying expense or income amounts recognized in a given period, including but not limited to the high variability of the net mark-to-market adjustments related to pension and postretirement plans and the effect of foreign currency exchange fluctuations. Our fiscal 2018 outlook for organic adjusted net sales growth also excludes the effect of acquisitions and divestitures, and for our Power Solutions business, the impacts of lead price fluctuations. We are unable to present a quantitative reconciliation of the aforementioned forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures because such information is not available and management cannot reliably predict all of the necessary components of such GAAP measures without unreasonable effort or expense. The unavailable information could have a significant impact on the Company's full year 2018 GAAP financial results.

3. Organic Adjusted Net Sales Growth Reconciliation

The components of the changes in adjusted net sales for the three months ended March 31, 2018 versus the three months ended March 31, 2017, including organic net sales, is shown below (unaudited):

(in millions)	Adjusted Net Sales for the Three Months Ended March 31, 2017	Base Year Adjustments - Divestitures		Adjusted Base Net Sales for the Three Months Ended March 31, 2017	Foreign Currency		Lead Impact		Organic Net Sales		Adjusted Net Sales for the Three Months Ended March 31, 2018	
Building Solutions North America	$ 2,074	$ -	0.0%	$ 2,074	$ 10	0.5%	$ -	0.0%	$ 13	0.6%	$ 2,097	1.1%
Building Solutions EMEA/LA	891	(37)	-4.2%	854	81	9.5%	-	0.0%	(28)	-3.3%	907	6.2%
Building Solutions Asia Pacific	562	(2)	-0.4%	560	35	6.3%	-	0.0%	(9)	-1.6%	586	4.6%
Global Products	2,014	(161)	-8.0%	1,853	72	3.9%	-	0.0%	115	6.2%	2,040	10.1%
Total Building Technologies & Solutions	5,541	(200)	-3.6%	5,341	198	3.7%	-	0.0%	91	1.7%	5,630	5.4%
Power Solutions	1,696	-	0.0%	1,696	113	6.7%	68	4.0%	(32)	-1.9%	1,845	8.8%
Total net sales	$ 7,237	$ (200)	-2.8%	$ 7,037	$ 311	4.4%	$ 68	1.0%	$ 59	0.8%	$ 7,475	6.2%

The components of the changes in adjusted net sales for the six months ended March 31, 2018 versus the six months ended March 31, 2017, including organic net sales, is shown below (unaudited):

(in millions)	Adjusted Net Sales for the Six Months Ended March 31, 2017	Base Year Adjustments - Divestitures		Adjusted Base Net Sales for the Six Months Ended March 31, 2017	Foreign Currency		Lead Impact		Organic Net Sales		Adjusted Net Sales for the Six Months Ended March 31, 2018	
Building Solutions North America	$ 4,016	$ -	0.0%	$ 4,016	$ 20	0.5%	$ -	0.0%	$ 73	1.8%	$ 4,109	2.3%
Building Solutions EMEA/LA	1,769	(80)	-4.5%	1,689	127	7.5%	-	0.0%	6	0.4%	1,822	7.9%
Building Solutions Asia Pacific	1,138	(9)	-0.8%	1,129	49	4.3%	-	0.0%	5	0.4%	1,183	4.8%
Global Products	3,814	(299)	-7.8%	3,515	92	2.6%	-	0.0%	214	6.1%	3,821	8.7%
Total Building Technologies & Solutions	10,737	(388)	-3.6%	10,349	288	2.8%	-	0.0%	298	2.9%	10,935	5.7%
Power Solutions	3,596	-	0.0%	3,596	191	5.3%	199	5.5%	(11)	-0.3%	3,975	10.5%
Total net sales	$ 14,333	$ (388)	-2.7%	$ 13,945	$ 479	3.4%	$ 199	1.4%	$ 287	2.1%	$ 14,910	6.9%

4. Adjusted Free Cash Flow Reconciliation

The Company's press release contains financial information regarding free cash flow and adjusted free cash flow, which are non-GAAP performance measures. Free cash flow is defined as cash used by operating activities less capital expenditures. Adjusted free cash flow excludes special items, as included in the table below, because these cash flows are not considered to be directly related to its underlying business. Management believes these non-GAAP measures are useful to investors in understanding the strength of the Company and its ability to generate cash.

The following is the three and six months ended March 31, 2018 and 2017 reconciliation of free cash flow and adjusted free cash flow (unaudited):

(in billions)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	Six Months Ended March 31, 2018	Six Months Ended March 31, 2017
Cash provided (used) by operating activities	$ 0.7	$ 0.4	$ 0.5	$ (1.5)
Capital expenditures	(0.3)	(0.3)	(0.5)	(0.6)
Reported free cash flow *	$ 0.4	$ 0.1	$ -	$ (2.2)
Adjusting items:				
Transaction/integration/separation costs	0.1	0.1	0.2	0.3
Transaction tax payments	-	0.1	-	1.3
Adient cash outflow	-	-	-	0.3
Change in control pension payment	-	-	-	0.2
Restructuring costs	0.1	-	0.1	0.1
Total adjusting items	0.2	0.2	0.3	2.2
Adjusted free cash flow	$ 0.6	$ 0.3	$ 0.3	$ -

* May not sum due to rounding

5. Net Debt to Capitalization

The Company provides financial information regarding net debt as a percentage of total capitalization, which is a non-GAAP performance measure. The Company believes the percentage of total net debt to total capitalization is useful to understanding the Company's financial condition as it provides a review of the extent to which the Company relies on external debt financing for its funding and is a measure of risk to its shareholders. The following is the March 31, 2018 and September 30, 2017 calculation of net debt as a percentage of total capitalization (unaudited):

(in millions)	March 31, 2018	September 30, 2017
Short-term debt and current portion of long-term debt	$ 1,136	$ 1,608
Long-term debt	10,962	11,964
Total debt	12,098	13,572
Less: cash and cash equivalents	268	321
Total net debt	11,830	13,251
Shareholders' equity attributable to JCI	20,874	20,447
Total capitalization	$ 32,704	$ 33,698
Total net debt as a % of total capitalization	36.2%	39.3%

6. Mark-to-Market of Pension and Postretirement Plans

The pension and postretirement mark-to-market gain or loss for each period is excluded from adjusted diluted earnings per share. There was no mark-to-market gain or loss for pension and postretirement plans for the three and six months ended March 31, 2018. The three and six months ended March 31, 2017 includes a mark-to-market gain for pension plans of $18 million and $135 million, respectively, due to lump sum payouts for certain U.S. pension plans in the quarter.

7. Divestitures

On March 16, 2017, the Company announced that it signed a definitive agreement to sell its Scott Safety business to 3M for approximately $2.0 billion. The transaction closed on October 4, 2017. Net cash proceeds from the transaction approximated $1.9 billion and the Company recorded a net gain of $114 million ($84 million after tax). Scott Safety is a leader in the design, manufacture and sale of high performance respiratory protection, gas and flame detection, thermal imaging and other critical products for fire services, law enforcement, industrial, oil and gas, chemical, armed forces, and homeland defense end markets. The Scott Safety business is included within assets held for sale and liabilities held for sale in the accompanying condensed consolidated statement of financial position as of September 30, 2017.

On October 31, 2017, the Company completed the spin-off of its Automotive Experience business by way of the transfer of the Automotive Experience business from JCI plc to Adient plc and the issuance of ordinary shares of Adient plc directly to holders of JCI plc ordinary shares on a pro rata basis. Following the separation, Adient plc is now an independent public company trading on the New York Stock Exchange (NYSE) under the symbol "ADNT." The Company did not retain any equity interest in Adient plc. Beginning in the first quarter of fiscal 2017, Adient's historical financial results are reflected in the Company's consolidated financial statements as a discontinued operation.

8. Income Taxes

The Company's effective tax rate from continuing operations before consideration of the transaction/integration/separation costs, nonrecurring purchase accounting impacts related to the Tyco merger, mark-to-market gains or losses for pension and postretirement plans, Scott Safety gain on sale, restructuring and impairment costs and discrete tax items for the three and six months ending March 31, 2018 is approximately 14 percent and for the three and six months ending March 31, 2017 is approximately 15 percent.

9. Restructuring

The six months ended March 31, 2018 include restructuring and impairment costs of $158 million related primarily to workforce reductions, plant closures and asset impairments in the Building Technologies & Solutions and Power Solutions businesses, and at Corporate. The three and six months ended March 31, 2017 restructuring and impairment costs of $99 million and $177 million, respectively, related primarily to workforce reductions, plant closures and asset impairments in the Building Technologies & Solutions business and at Corporate.