Fiscal 2019
First Quarter Results

February 1, 2019




Johnson Controls

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, changes to laws or policies governing foreign trade, including increased tariffs or trade restrictions, automotive vehicle production levels, mix and schedules, energy and commodity prices, the availability of raw materials and component products, currency exchange rates and cancellation of or changes to commercial arrangements, and with respect to the strategic review of the Power Solutions business, uncertainties as to the structure and timing of any transaction and whether it will and with respect to the disposition of the Power Solutions business, the expected financial impact and timing of the Power Solutions disposition, whether and when the required regulatory approvals for the Power Solutions disposition will be obtained, the possibility that closing conditions for the Power Solutions disposition may not be satisfied or waived, and whether the strategic benefits of the Power Solutions 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 2018 fiscal year filed with the SEC on November 20, 2018, which is 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

The Company's press release contains financial information regarding adjusted earnings per share, which is a non-GAAP performance measure. The adjusting items include net mark-to-market adjustments, transaction/integration costs, restructuring and impairment costs, Scott Safety gain on sale, the impact of ceasing the depreciation/amortization expense for the Power Solutions business as the business is held for sale and discrete tax items. Financial information regarding organic sales, adjusted segment EBITA, adjusted organic segment EBITA, adjusted segment EBITA margin, adjusted free cash flow and adjusted free cash flow conversion are also presented, which are non-GAAP performance measures. Adjusted segment EBITA excludes special items such as transaction/integration costs and Scott Safety gain on sale because these costs are not considered to be directly related to the underlying 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.

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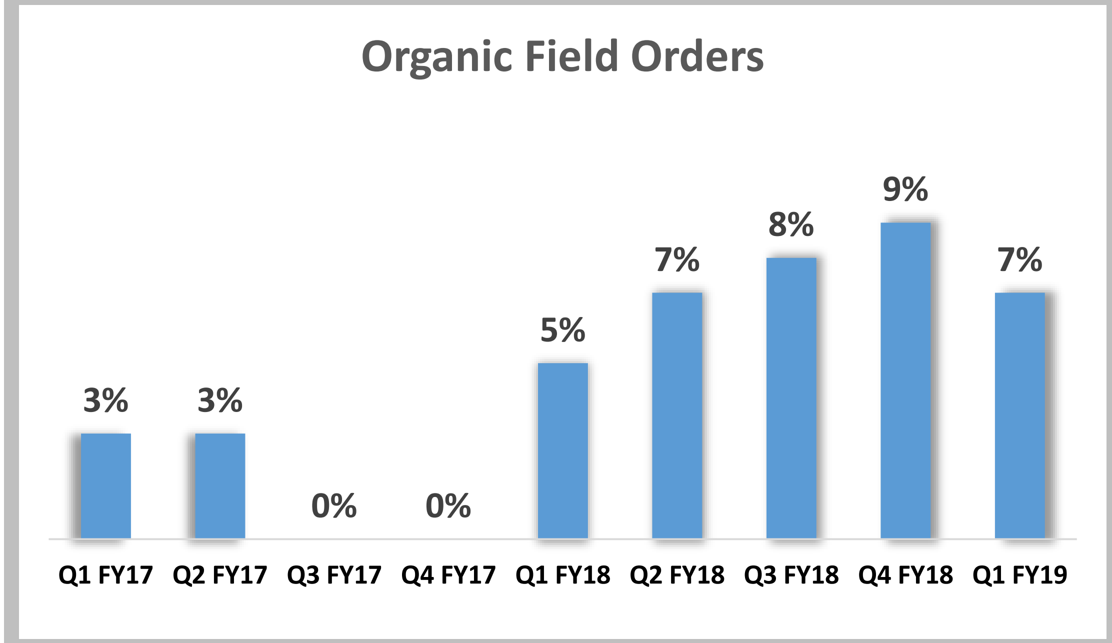
As We Look Ahead

Continuing To Execute On Our Commitments

- Continued momentum in FY19 across all key metrics
- Focused on execution
- Seeing top and bottom line growth from the significant investments we have made
- Improving returns in addition to top-line growth
- As a pure-play buildings technology and solutions provider, we are well positioned to drive long-term shareholder value

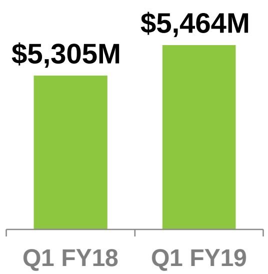
Buildings Field Order Growth



Backlog Up 7% to $8.5B – Provides Visibility Through FY19

Q1 FY19 Financial Summary* (continuing operations)

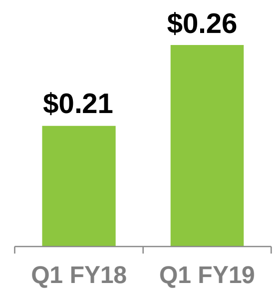
ADJUSTED NET SALES



+3% Reported

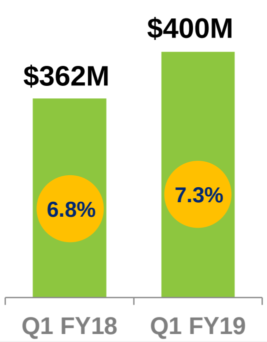
+6% Organic

ADJUSTED EPS



+24% Reported

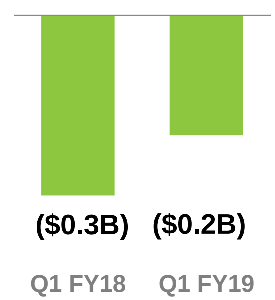
ADJUSTED EBIT & MARGIN



50bps Reported

60bps Organic

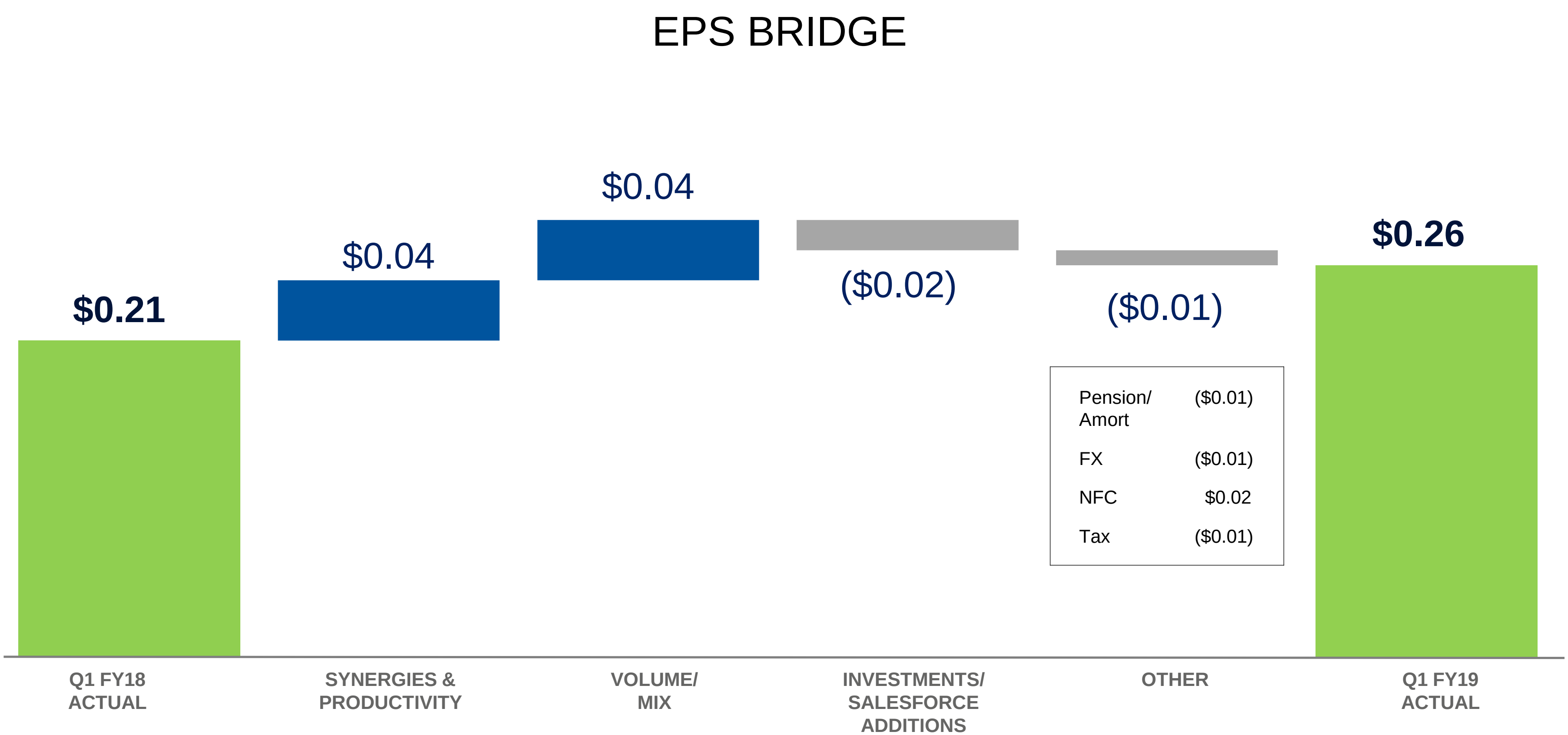
ADJUSTED FCF



Normal Q1 seasonal outflow improved

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

Q1 FY19 Results vs. Prior Year* (continuing operations)

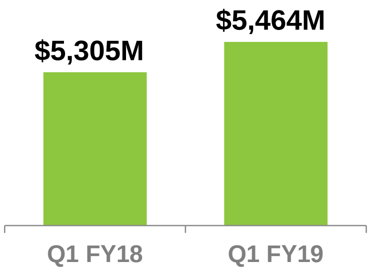


*Non-GAAP excludes special items. See footnotes for reconciliation.

Buildings*

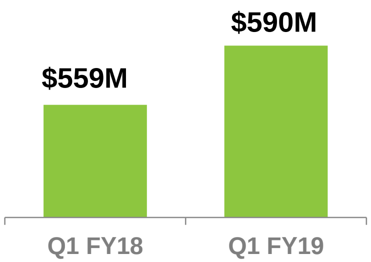
Sales

+6% Organic



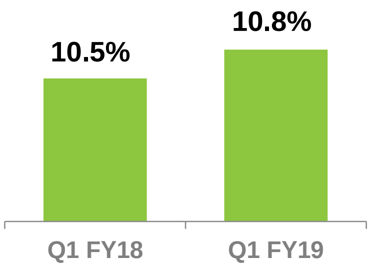
Segment EBITA

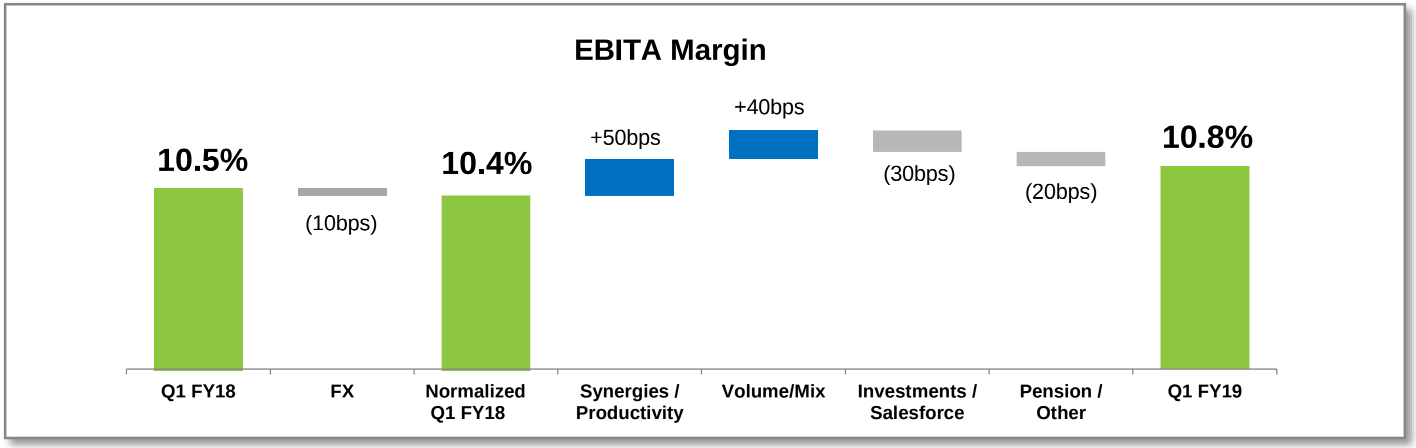
+9% Organic



EBITA Margin

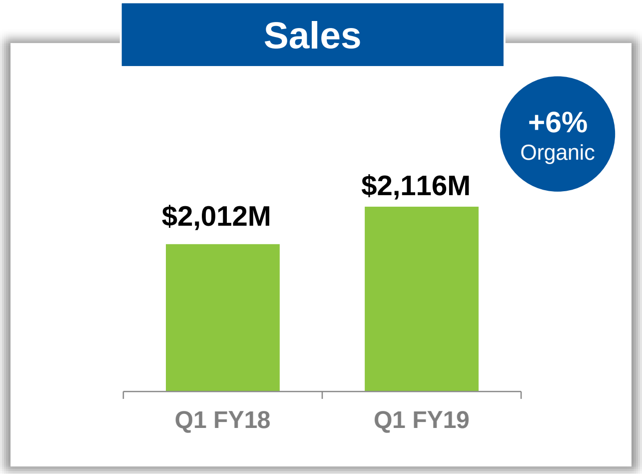
+30 bps

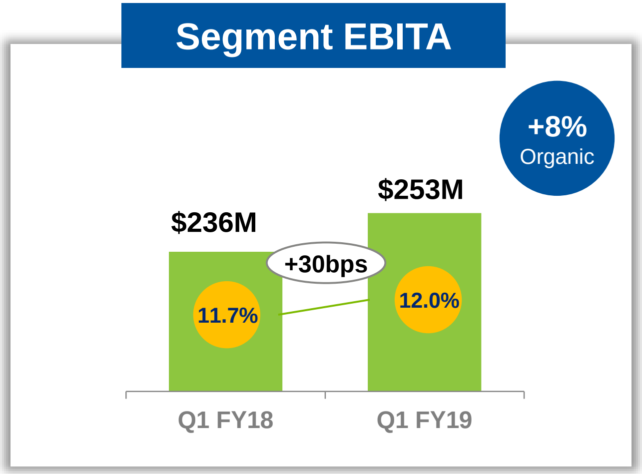




*Non-GAAP excludes special items. See footnotes for reconciliation.

Segment Results: Building Solutions North America*





- Organic sales up 6%
  - Install up 6% / Service up 5%
  - HVAC & Controls up mid-single digits
  - Fire & Security up mid-single digits
  - Solutions up strong double digits
- EBITA margin up 30bps
  - Favorable volume leverage
  - Productivity savings and cost synergies
  - Run-rate salesforce additions
  - Unfavorable mix
- Orders increased 5% organically
- Backlog of $5.4 billion increased 4% organically

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

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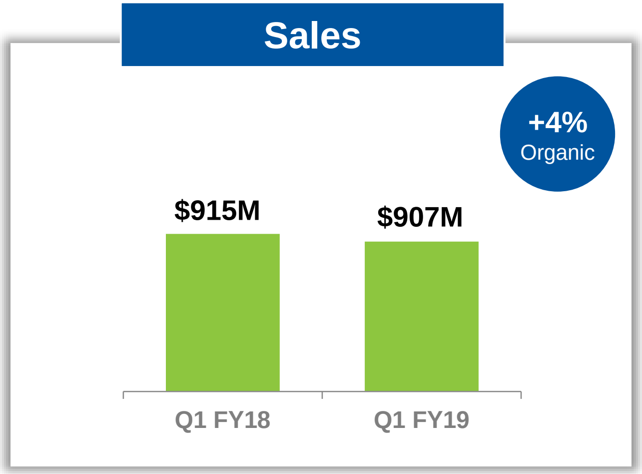
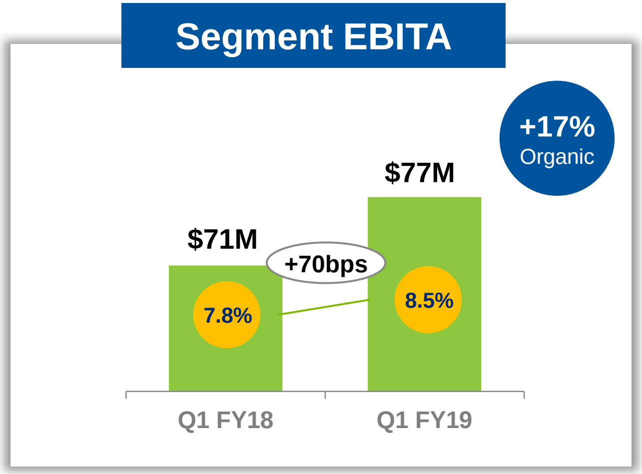
Segment Results: Building Solutions EMEA/LA*

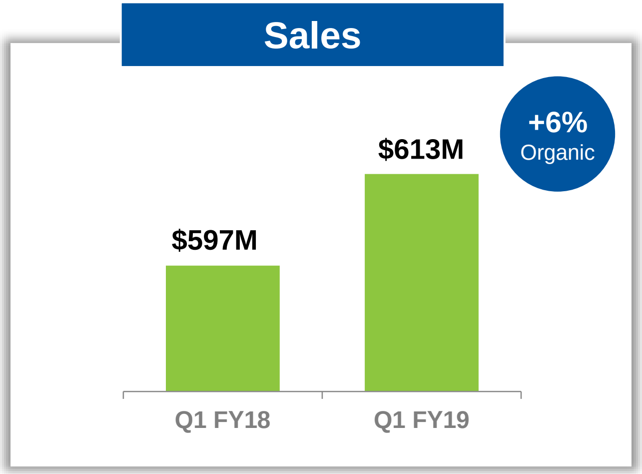


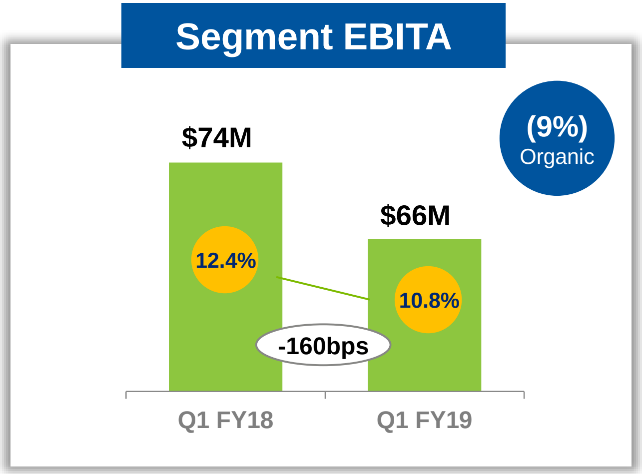


- Organic sales up 4%
  - Install down 3% / Service up 10%
  - Europe – up mid-single digits with solid growth across HVAC, Fire & Security and Industrial Refrigeration
  - Middle East & Africa – down low-double digits driven by HVAC
  - Latin America – up mid-single digits led by Fire & Security and Industrial Refrigeration
- EBITA margin up 70bps
  - Up 100bps, ex foreign currency
  - Favorable volume/mix
  - Productivity savings and cost synergies
  - Run-rate salesforce additions
- Orders increased 9% organically
- Backlog of $1.6 billion increased 15% organically

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

Segment Results: Building Solutions Asia Pacific*





- Organic sales up 6%
  - Install up 8%
  - Service up 3%

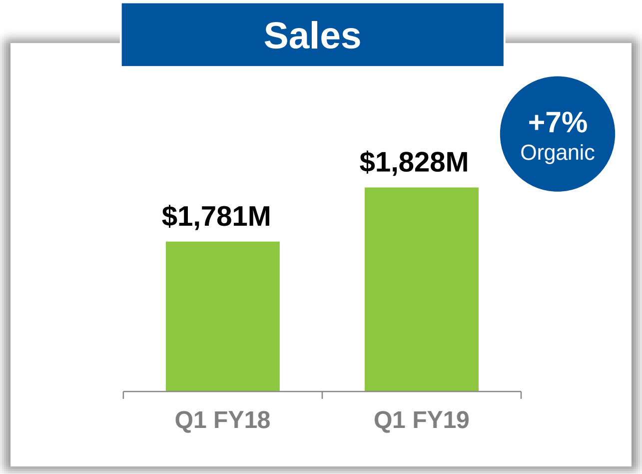
- EBITA margin down 160bps
  - Favorable volume
  - Unfavorable mix
  - Run-rate salesforce additions
  - Expected underlying margin pressure

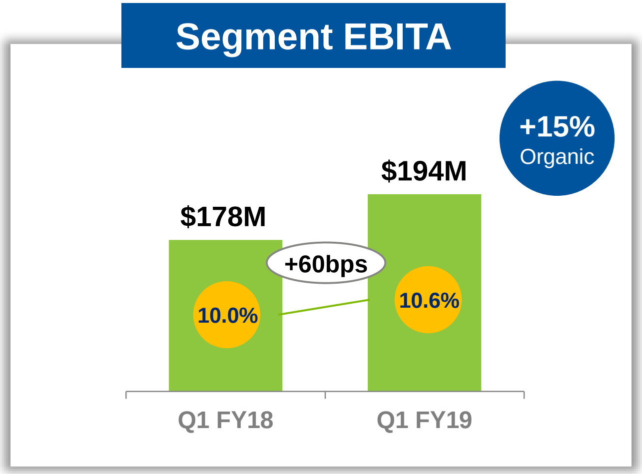
- Orders increased 9% organically

- Backlog of $1.5 billion increased 12% organically

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

Segment Results: Building Solutions Global Products*

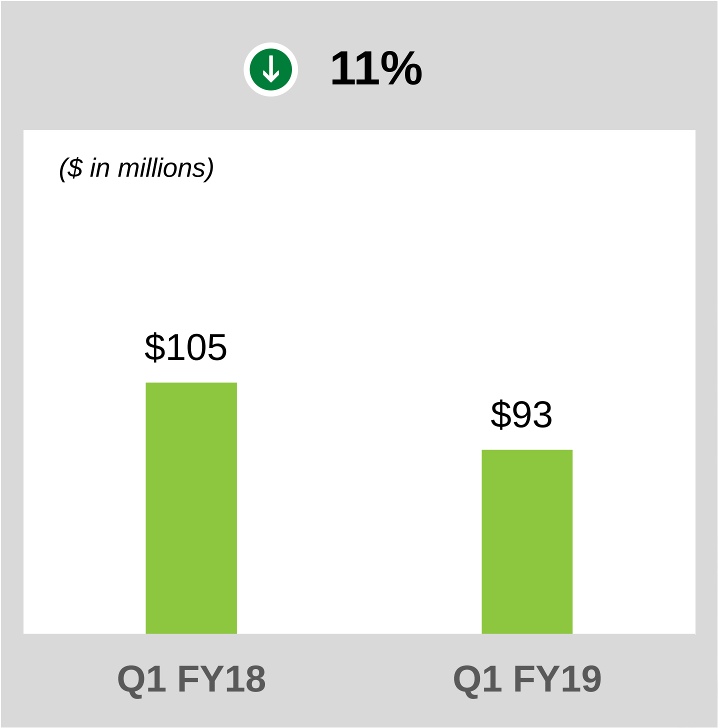




- Organic sales up 7%
  - Building Management Systems up low double-digits with strength across all businesses
  - HVAC & Refrigeration Equipment up high-single digits
    - Residential up mid-single digits; NA Resi up high-single digits
    - Light commercial up mid-teens; NA up low-teens
    - Industrial Refrigeration down low double-digits
    - Applied equipment up high-teens
  - Specialty Products up mid-single digits
- EBITA margin up 60bps
  - Favorable volume/mix
  - Positive price/cost
  - Productivity savings and cost synergies
  - Product and channel investments

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

Corporate Expense* (continuing operations)



- Ongoing realization of cost synergies and productivity savings
- Expect Corporate expense for FY19 to be in the range of $380M to $395M

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

Free Cash Flow* (continuing operations)

(in $ billions)	Q1 FY18	Q1 FY19
Cash used by operating activities	$(0.1)	$(0.1)
Capital expenditures	(0.1)	(0.2)
Reported free cash flow**	**$(0.2)**	**$(0.2)**
Nonrecurring tax refunds	(0.2)	-
Integration/transaction costs	0.1	0.1
Adjustments	**(0.1)**	**0.1**
Adjusted free cash flow**	**$(0.3)**	**$(0.2)**

- Q1 adjusted free cash outflow from continuing operations of $0.2 billion
- Expect FY19 adjusted free cash flow conversion of ~95%
  - Excludes one-time items of $0.3 to $0.4 billion
  - Excludes ~$0.6 billion tax refund expected in Q4 FY19 or early FY20

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

**Table may not sum due to rounding.

Balance Sheet

Capital Structure	Q4 FY18	Q1 FY19
Short-term debt and current portion of long-term debt	$1,307	$2,320
Long-term debt	9,623	9,588
Total debt	**10,930**	**11,908**
Less: cash and cash equivalents	185	292
Net debt	**$10,745**	**$11,616**
Net debt/cap ratio*	33.7%	36.6%
Share repurchases	**~$45M**	**~$465M**

* Increase in net debt/cap ratio primarily related to share repurchases and the reduction in equity related to the adoption of ASU No. 2016-16, “Accounting for Income Taxes: Intra-Entity Asset Transfers of Assets Other than Inventory.”

Other Items

Effective Tax Rate / Disc Ops Reporting / Guidance

- Based on additional tax planning, expect effective tax rate for continuing operations to be 13.5% for fiscal 2019
- Results of Power Solutions are reported as discontinued operations
  - Historical financial information has been revised
  - Separation activities progressing well
  - Expect sale to close no later than June 30, 2019
- All guidance numbers refer to continuing operations
  - Recasted financials for FY18 continuing operations included in Appendix

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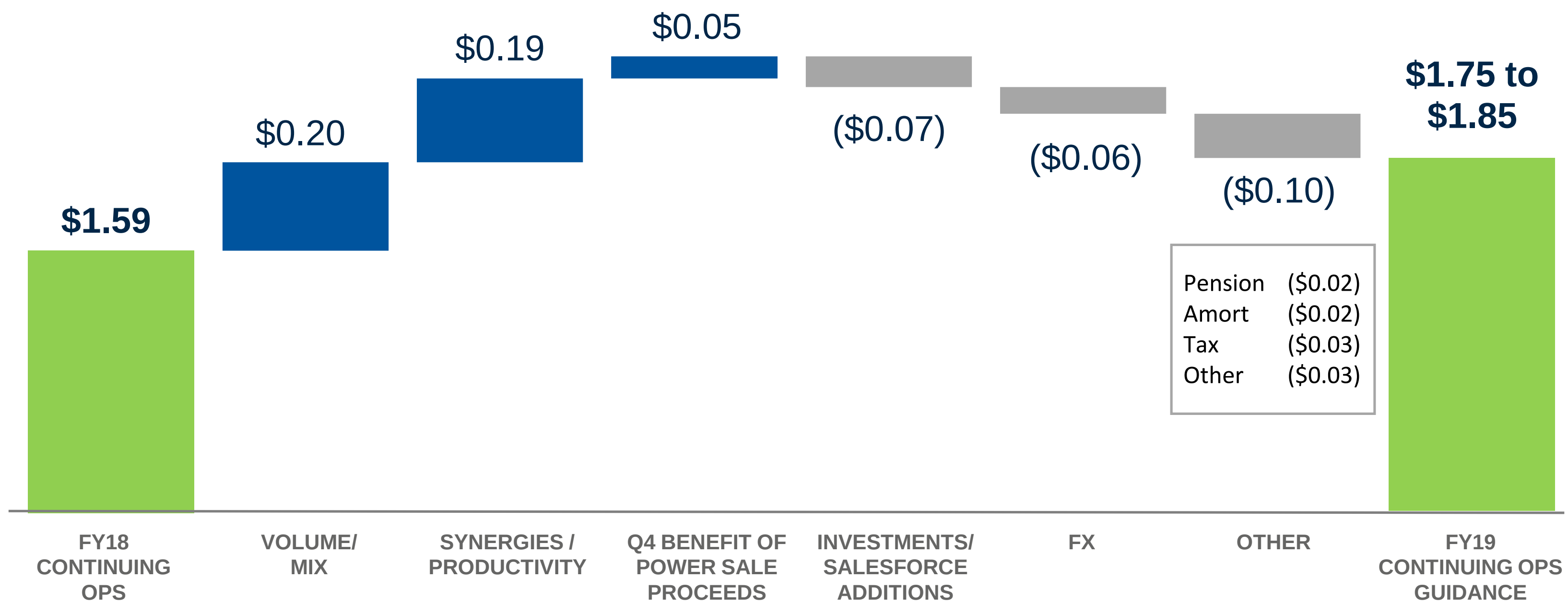
Fiscal 2019 Continuing Operations Guidance*
(Includes Use of Proceeds with June 30, 2019 Power Solutions Close)

FY19 EPS WALK



EPS Growth of 10% to 16%

* Non-GAAP excludes special items.

Fiscal 2019 Continuing Operations Guidance*
(Includes Use of Proceeds with June 30, 2019 Power Solutions Close)

Consolidated

Sales

$23.8 - $24.2B
+2% to +4% reported
Mid-single Digit Organic Growth

EBIT Margin

10.3% - 10.5%
+50 to +70 bps

Tax rate

~13.5%
(vs. ~12.1% in FY18)

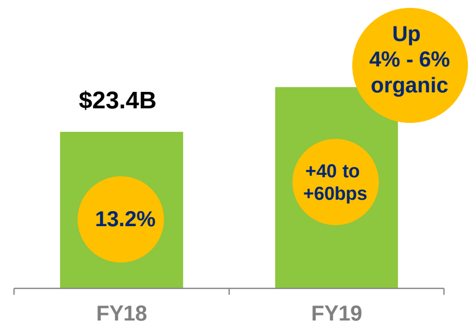
EPS

$1.75 - $1.85
+10% to +16%

Adjusted Free Cash Flow Conversion

~95%

Buildings Sales & EBITA Margin



Sales Headwinds

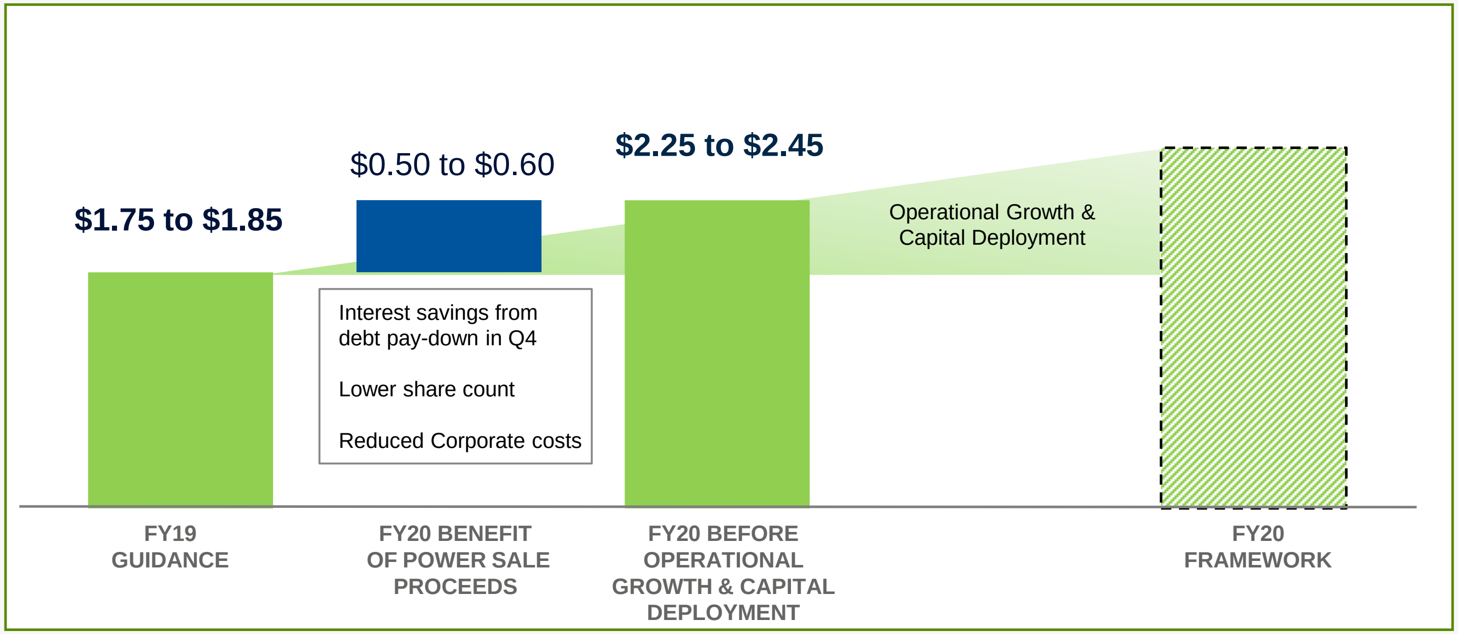
- FX impact (~$450M)
- Net divestitures (~$130M)

Other Items

- Corporate expense of $380M to $395M
- Amortization expense of ~$400M
- Net financing charges of $375M to $385M
  - Debt paydown in Q4
  - Headwinds from variable interest rate debt
- Non-controlling interest of $175M to $185M
- Weighted average diluted share count of ~905M

* Non-GAAP excludes special items.

FY20 EPS Framework* (continuing operations)

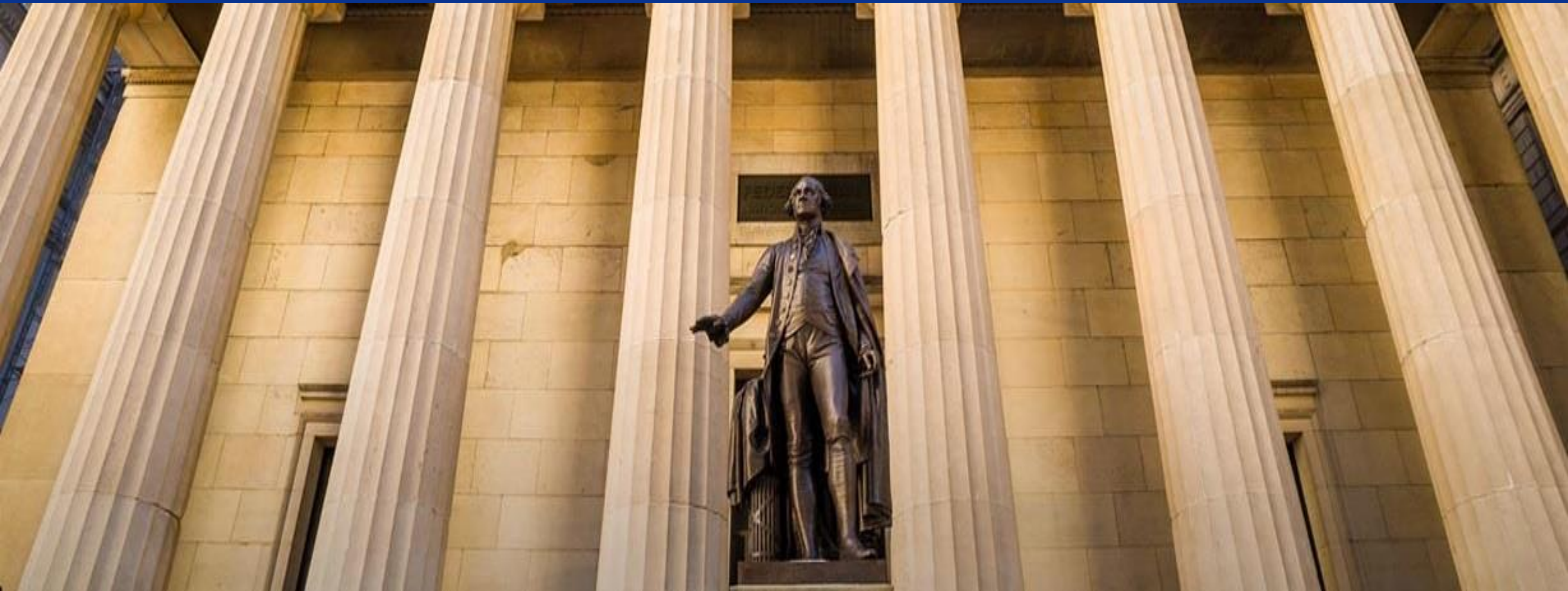


Use of proceeds excludes $0.05 benefit in FY19 and $0.10 - $0.20 benefit to be realized in FY21

We Expect To Grow At Or Above The Market For Industrial Peers In FY20

* Non-GAAP excludes special items.

Appendix: Supplemental Information



Recasted Financial Information* (continuing operations)

	Q1FY18	Organic	Q2FY18	Organic	Q3FY18	Organic	Q4FY18	Organic	FY18	Organic
BT&S - North America	2,012	3.1%	2,097	0.6%	2,246	4.8%	2,324	7.7%	8,679	4.1%
BT&S - EMEA/LA	915	4.0%	907	-3.3%	926	0.4%	948	5.7%	3,696	1.8%
BT&S - APAC	597	2.5%	586	-1.6%	681	4.5%	689	4.1%	2,553	2.5%
Global Products	1,781	5.8%	2,040	6.2%	2,429	7.3%	2,222	9.5%	8,472	7.3%
Sales	5,305	4.1%	5,630	1.7%	6,282	5.1%	6,183	7.6%	23,400	4.7%
		Margin		**Margin**		**Margin**		**Margin**		**Margin**
BT&S - North America	236	11.7%	244	11.6%	318	14.2%	336	14.5%	1,134	13.1%
BT&S - EMEA/LA	71	7.8%	78	8.6%	98	10.6%	103	10.9%	350	9.5%
BT&S - APAC	74	12.4%	71	12.1%	97	14.2%	105	15.2%	347	13.6%
Global Products	178	10.0%	237	11.6%	441	18.2%	395	17.8%	1,251	14.8%
Segment EBITA	559	10.5%	630	11.2%	954	15.2%	939	15.2%	3,082	13.2%
Amortization of intangibles	(92)		(92)		(98)		(94)		(376)	
Corporate	(105)		(113)		(103)		(95)		(416)	
EBIT	**362**	**6.8%**	**425**	**7.5%**	**753**	**12.0%**	**750**	**12.1%**	**2,290**	**9.8%**
Net Financing Charges	(102)		(107)		(95)		(97)		(401)	
Income Before Tax	260		318		658		653		1,889	
Tax	(32)		(38)		(80)		(79)		(229)	
Tax Rate	12.1%		12.1%		12.1%		12.1%		12.1%	
Noncontrolling Interest	(28)		(34)		(72)		(40)		(174)	
Net Income	**200**		**246**		**506**		**534**		**1,486**	
EPS	**$ 0.21**		**$ 0.26**		**$ 0.54**		**$ 0.57**		**$ 1.59**	
Shares	933.3		932.5		930.7		930.5		931.7	

*Supplemental unaudited selected historical information for the fiscal year ending September 30, 2018, as well as for each quarterly period of fiscal 2018, which reflects the continuing operations of the Company as if the Power Solutions business was reported as a discontinued operation as of October 1, 2018. Non-GAAP excludes special items see reconciliation filed on Form 8-K on November 13, 2018.

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FY19 First Quarter
Financial Results (continuing operations)

($ in millions, except earnings per share)	Q1 FY18 GAAP	Q1 FY19 GAAP	Q1 FY18* NON-GAAP	Q1 FY19* NON-GAAP	% Change NON-GAAP
Sales	$5,305	$5,464	$5,305	$5,464	3%
Gross profit	1,698	1,725	1,698	1,725	2%
% of sales	*32.0%*	*31.6%*	*32.0%*	*31.6%*	
SG&A expenses	1,319	1,438	1,383	1,367	(1%)
Restructuring & impairment costs	154	-	-	-	
Equity income	47	42	47	42	(11%)
EBIT	272	329	362	400	10%
EBIT margin	***5.1%***	***6.0%***	***6.8%***	***7.3%***	
Net financing charges	102	85	102	85	(17%)
Income before income taxes	170	244	260	315	21%
Income tax provision	217	108	32	43	(34%)
Net income (loss)	(47)	136	228	272	19%
Income attributable to noncontrolling interests	28	29	28	29	4%
Net income (loss) attributable to JCI	($75)	$107	$200	$243	22%
Diluted EPS	**($0.08)**	**$0.12**	**$0.21**	**$0.26**	24%

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

Special Items (continuing operations)

$ In millions, except EPS

Q1 FY19	Pre-tax Income (Expense)	Tax (Expense) Benefit	NCI (Expense) Income	After-tax Income (Expense)	EPS Impact
Transaction costs	$(2)	$-	$-	$(2)	$ -
Integration costs	(48)	6	-	(42)	(0.05)
Net mark-to-market adjustments	(21)	5	-	(16)	(0.02)
Discrete income tax items	-	(76)	-	(76)	(0.08)
Total	**$(71)**	**$(65)**	**$-**	**$(136)**	**$(0.15)**

Q1 FY18	Pre-tax Income (Expense)	Tax (Expense) Benefit	NCI (Expense) Benefit	After-tax Income (Expense)	EPS Impact
Transaction costs	($5)	$1	$-	($4)	$-
Integration costs	(45)	6	-	(39)	(0.04)
Restructuring & impairment costs	(154)	23	-	(131)	(0.14)
Scott Safety gain on sale	114	(30)	-	84	0.09
Discrete income tax items	-	25	-	25	0.03
Impact of Q3 2018 effective tax rate change	-	(6)	-	(6)	(0.01)
Tax reform - deferred tax remeasurement	-	101	-	101	0.11
Tax reform – repatriation tax	-	(305)	-	(305)	(0.33)
Total	**($90)**	**($185)**	**$-**	**($275)**	**($0.29)**

First Quarter
Restructuring and Impairment Costs (continuing operations)

$ In millions

Business Unit	Cash		Non-cash		Total	
	Q1 FY18	Q1FY19	Q1 FY18	Q1 FY19	Q1 FY18	Q1 FY19
Buildings	$107	$-	$23	$-	$130	$-
Corporate	19	-	5	-	24	-
Total pre-tax charge	**$126**	**$-**	**$28**	**$-**	**$154**	**$-**
Tax benefit					**(23)**	**-**
Total after-tax charge					**$131**	**$-**

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

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JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share data; unaudited)

	Three Months Ended December 31, 2018	2017
Net sales	$ 5,464	$ 5,305
Cost of sales	3,739	3,607
Gross profit	1,725	1,698
Selling, general and administrative expenses	(1,438)	(1,319)
Restructuring and impairment costs	-	(154)
Net financing charges	(85)	(102)
Equity income	42	47
Income from continuing operations before income taxes	244	170
Income tax provision	108	217
Income (loss) from continuing operations	136	(47)
Income from discontinued operations, net of tax	263	318
Net income	399	271
Less: Income from continuing operations attributable to noncontrolling interests	29	28
Less: Income from discontinued operations attributable to noncontrolling interests	15	13
Net income attributable to JCI	$ 355	$ 230
Income (loss) from continuing operations	$ 107	$ (75)
Income from discontinued operations	248	305
Net income attributable to JCI	$ 355	$ 230
Diluted earnings (loss) per share from continuing operations	$ 0.12	$ (0.08)
Diluted earnings per share from discontinued operations	0.27	0.33
Diluted earnings per share *	$ 0.38	$ 0.25
Diluted weighted average shares	925.2	926.1
Shares outstanding at period end	912.7	926.1

* May not sum due to rounding.

JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions; unaudited)

	December 31, 2018	September 30, 2018
ASSETS		
Cash and cash equivalents	$ 292	$ 185
Accounts receivable - net	5,442	5,622
Inventories	2,027	1,819
Assets held for sale	3,042	3,015
Other current assets	1,152	1,182
Current assets	11,955	11,823
Property, plant and equipment - net	3,314	3,300
Goodwill	18,291	18,381
Other intangible assets - net	6,080	6,187
Investments in partially-owned affiliates	887	848
Noncurrent assets held for sale	5,159	5,188
Other noncurrent assets	2,330	3,070
Total assets	$ 48,016	$ 48,797
LIABILITIES AND EQUITY		
Short-term debt and current portion of long-term debt	$ 2,320	$ 1,307
Accounts payable and accrued expenses	4,141	4,428
Liabilities held for sale	1,636	1,791
Other current liabilities	3,556	3,724
Current liabilities	11,653	11,250
Long-term debt	9,588	9,623
Other noncurrent liabilities	5,167	5,259
Noncurrent liabilities held for sale	201	207
Shareholders' equity attributable to JCI	20,102	21,164
Noncontrolling interests	1,305	1,294
Total liabilities and equity	$ 48,016	$ 48,797

JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions; unaudited)

	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017
Operating Activities		
Net income (loss) attributable to JCI from continuing operations	$ 107	$ (75)
Income from continuing operations attributable to noncontrolling interests	29	28
Net income (loss) from continuing operations	136	(47)
Adjustments to reconcile net income (loss) from continuing operations to cash used by operating activities:		
Depreciation and amortization	211	210
Pension and postretirement benefit income	(29)	(36)
Pension and postretirement contributions	(21)	(23)
Equity in earnings of partially-owned affiliates, net of dividends received	(36)	(33)
Deferred income taxes	43	(80)
Non-cash restructuring and impairment costs	-	28
Gain on Scott Safety business divestiture	-	(114)
Other - net	28	27
Changes in assets and liabilities, excluding acquisitions and divestitures:		
Accounts receivable	146	(10)
Inventories	(222)	(196)
Other assets	(63)	(137)
Restructuring reserves	(25)	96
Accounts payable and accrued liabilities	(226)	(259)
Accrued income taxes	(21)	441
Cash used by operating activities from continuing operations	(79)	(133)
Investing Activities		
Capital expenditures	(153)	(114)
Acquisition of businesses, net of cash acquired	(13)	-
Business divestitures, net of cash divested	6	2,011
Other - net	24	(17)
Cash provided (used) by investing activities from continuing operations	(136)	1,880
Financing Activities		
Increase (decrease) in short and long-term debt - net	1,014	(1,056)
Stock repurchases	(467)	(150)
Payment of cash dividends	(240)	(232)
Dividends paid to noncontrolling interests	(43)	-
Proceeds from the exercise of stock options	13	16
Employee equity-based compensation withholdings	(21)	(24)
Other - net	-	(4)
Cash provided (used) by financing activities from continuing operations	256	(1,450)
Discontinued Operations		
Net cash provided by operating activities	193	6
Net cash used by investing activities	(66)	(121)
Net cash provided (used) by financing activities	(11)	10
Net cash flows provided (used) by discontinued operations	116	(105)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(43)	17
Changes in cash held for sale	(2)	10
Increase in cash, cash equivalents and restricted cash	$ 112	$ 219

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, restructuring and impairment costs, and the net mark-to-market adjustments related to restricted asbestos investments and pension and postretirement plans. In the first quarter of fiscal 2019, the Company began reporting the Power Solutions business as a discontinued operation, which required retrospective application to previously reported financial information. As a result, the financial results shown below are for continuing operations and exclude the Power Solutions business.

(in millions; unaudited)	Three Months Ended December 31,			
	2018		2017	
	Actual	Adjusted Non-GAAP	Actual	Adjusted Non-GAAP
Net sales				
Building Solutions North America	$ 2,116	$ 2,116	$ 2,012	$ 2,012
Building Solutions EMEA/LA	907	907	915	915
Building Solutions Asia Pacific	613	613	597	597
Global Products	1,828	1,828	1,781	1,781
Net sales	$ 5,464	$ 5,464	$ 5,305	$ 5,305
Segment EBITA (1)				
Building Solutions North America	$ 250	$ 253	$ 227	$ 236
Building Solutions EMEA/LA	77	77	69	71
Building Solutions Asia Pacific	66	66	74	74
Global Products	190	194	286	178
Segment EBITA	583	590	656	559
Corporate expenses (2)	(136)	(93)	(138)	(105)
Amortization of intangible assets	(97)	(97)	(92)	(92)
Net mark-to-market adjustments (3)	(21)	-	-	-
Restructuring and impairment costs (4)	-	-	(154)	-
EBIT (5)	329	400	272	362
EBIT margin	6.0%	7.3%	5.1%	6.8%
Net financing charges	(85)	(85)	(102)	(102)
Income from continuing operations before income taxes	244	315	170	260
Income tax provision (6)	(108)	(43)	(217)	(32)
Income (loss) from continuing operations	136	272	(47)	228
Income from continuing operations attributable to noncontrolling interests	(29)	(29)	(28)	(28)
Net income (loss) from continuing operations attributable to JCI	$ 107	$ 243	$ (75)	$ 200

(1) The Company's press release contains financial information regarding 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 businesses. 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 December 31, 2018 and 2017 reconciliation of segment EBITA and segment EBITA margin as reported to 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		Consolidated JCI plc	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Segment EBITA as reported	$ 250	$ 227	$ 77	$ 69	$ 66	$ 74	$ 190	$ 286	$ 583	$ 656
Segment EBITA margin as reported	11.8%	11.3%	8.5%	7.5%	10.8%	12.4%	10.4%	16.1%	10.7%	12.4%
Adjusting items:										
Integration costs	3	9	-	2	-	-	4	6	7	17
Scott Safety gain on sale	-	-	-	-	-	-	-	(114)	-	(114)
Adjusted segment EBITA	$ 253	$ 236	$ 77	$ 71	$ 66	$ 74	$ 194	$ 178	$ 590	$ 559
Adjusted segment EBITA margin	12.0%	11.7%	8.5%	7.8%	10.8%	12.4%	10.6%	10.0%	10.8%	10.5%

(2) Adjusted Corporate expenses for the three months ended December 31, 2018 excludes $41 million of integration costs and $2 million of transaction costs. Adjusted Corporate expenses for the three months ended December 31, 2017 excludes $28 million of integration costs and $5 million of transaction costs.

(3) On October 1, 2018, the Company adopted Accounting Standards Update (ASU) No. 2016-01, "Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities." ASU No. 2016-01 amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments, including marketable securities. The new standard requires the mark-to-market of marketable securities investments previously recorded within accumulated other comprehensive income on the statement of financial position be recorded in the statement of income on a prospective basis beginning as of the adoption date. The three months ended December 31, 2018 exclude the net mark-to-market adjustments on restricted investments of $21 million. As these restricted investments do not relate to the underlying operating performance of its businesses, the Company's definition of adjusted segment EBITA and adjusted EBIT excludes the mark-to-market adjustments effective October 1, 2018.

(4) Restructuring and impairment costs for the three months ended December 31, 2017 of $154 million are excluded from the adjusted non-GAAP results. The restructuring actions and impairment costs related primarily to workforce reductions, plant closures and asset impairments in the Building Technologies & Solutions business and at Corporate.

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

(6) Adjusted income tax provision for the three months ended December 31, 2018 excludes the tax provision for valuation allowance adjustments of $76 million as a result of changes in U.S. tax law, partially offset by the tax benefits for integration costs of $6 million and net mark-to-market adjustments of $5 million. Adjusted income tax provision for the three months ended December 31, 2017 excludes the net tax provision related to the U.S. Tax Reform legislation of $204 million, the Scott Safety gain on sale of $30 million and the impact of the third quarter fiscal 2018 effective tax rate change of $6 million, partially offset by the tax benefits for tax audit settlements of $25 million, restructuring and impairment costs of $23 million, integration costs of $6 million and transaction costs of $1 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 costs, gain on sale of the Scott Safety business, net mark-to-market adjustments, restructuring and impairment costs, impact of ceasing the depreciation / amortization expense for the Power Solutions business as the business is held for sale, 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 adjusted diluted 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	
	Three Months Ended December 31,		Three Months Ended December 31,	
	2018	2017	2018	2017
Earnings (loss) per share as reported for JCI plc	$ 0.38	$ 0.25	$ 0.12	$ (0.08)
Adjusting items:				
Transaction costs	0.03	0.01	-	0.01
Integration costs	0.05	0.05	0.05	0.05
Related tax impact	(0.01)	(0.01)	(0.01)	(0.01)
Scott Safety gain on sale	-	(0.12)	-	(0.12)
Related tax impact	-	0.03	-	0.03
Net mark-to-market adjustments	0.02	-	0.02	-
Related tax impact	(0.01)	-	(0.01)	-
Restructuring and impairment costs	-	0.17	-	0.17
Related tax impact	-	(0.03)	-	(0.02)
Cease of Power Solutions depreciation / amortization expense	(0.03)	-	-	-
Related tax impact	0.01	-	-	-
Discrete tax items	0.16	0.20	0.08	0.20
Adjusted earnings per share for JCI plc*	$ 0.61	$ 0.54	$ 0.26	$ 0.21

* 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 December 31,	
	2018	2017
Weighted average shares outstanding for JCI plc		
Basic weighted average shares outstanding	921.6	926.1
Effect of dilutive securities:		
Stock options, unvested restricted stock and unvested performance share awards	3.6	-
Diluted weighted average shares outstanding	925.2	926.1

For the three months ended December 31, 2017, the total number of potential dilutive shares due to stock options, unvested restricted stock and unvested performance share awards was 7.2 million. However, these items were not included in the computation of diluted loss per share for the three months ended December 31, 2017, since to do so would decrease the loss per share for continuing operations. On an adjusted diluted outstanding share basis, inclusion of the effect of dilutive securities results in diluted weighted average shares outstanding of 933.3 million for the three months ended December 31, 2017.

The Company has presented forward-looking statements regarding adjusted EPS from continuing operations, organic net sales growth, organic adjusted EBITA growth, organic adjusted EBIT growth, adjusted segment EBITA margin, adjusted EBIT margin and adjusted free cash flow conversion for the full fiscal year of 2019, 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 and the effect of foreign currency exchange fluctuations. Our fiscal 2019 outlook for organic net sales and adjusted EBITA and EBIT growth also excludes the effect of acquisitions, divestitures and foreign currency. 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 2019 GAAP financial results.

3. Organic Growth Reconciliation

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

(in millions)	Net Sales for the Three Months Ended December 31, 2017	Base Year Adjustments - Acquisitions and Divestitures		Adjusted Base Net Sales for the Three Months Ended December 31, 2017	Foreign Currency		Organic Growth		Net Sales for the Three Months Ended December 31, 2018	
Building Solutions North America	$ 2,012	$ -	-	$ 2,012	$ (8)	-	$ 112	6%	$ 2,116	5%
Building Solutions EMEA/LA	915	2	-	917	(43)	-5%	33	4%	907	-1%
Building Solutions Asia Pacific	597	-	-	597	(18)	-3%	34	6%	613	3%
Total field	3,524	2	-	3,526	(69)	-2%	179	5%	3,636	3%
Global Products	1,781	(49)	-3%	1,732	(31)	-2%	127	7%	1,828	6%
Total net sales	$ 5,305	$ (47)	-1%	$ 5,258	$ (100)	-2%	$ 306	6%	$ 5,464	4%

The components of the changes in segment EBITA and EBIT for the three months ended December 31, 2018 versus the three months ended December 31, 2017, including organic growth, is shown below (unaudited):

(in millions)	Adjusted Segment EBITA / EBIT for the Three Months Ended December 31, 2017	Base Year Adjustments - Acquisitions and Divestitures		Adjusted Base Segment EBITA / EBIT for the Three Months Ended December 31, 2017	Foreign Currency		Organic Growth		Adjusted Segment EBITA / EBIT for the Three Months Ended December 31, 2018	
Building Solutions North America	$ 236	$ -	-	$ 236	$ (1)	-	$ 18	8%	$ 253	7%
Building Solutions EMEA/LA	71	1	1%	72	(7)	-10%	12	17%	77	7%
Building Solutions Asia Pacific	74	-	-	74	(1)	-1%	(7)	-9%	66	-11%
Total field	381	1	-	382	(9)	-2%	23	6%	396	4%
Global Products	178	(6)	-3%	172	(3)	-2%	25	15%	194	13%
Total adjusted segment EBITA	559	$ (5)	-1%	554	$ (12)	-2%	$ 48	9%	590	6%
Corporate expenses	(105)			(105)					(93)	11%
Amortization of intangible assets	(92)			(92)					(97)	-5%
Total adjusted EBIT	$ 362			$ 357					$ 400	12%

4. Adjusted Free Cash Flow Reconciliation

The Company's press release contains financial information regarding free cash flow, adjusted free cash flow and adjusted free cash flow conversion, which are non-GAAP performance measures. Free cash flow is defined as cash provided 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 businesses. Adjusted free cash flow conversion is defined as adjusted free cash flow divided by adjusted net income. 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 months ended December 31, 2018 and 2017 reconciliation of free cash flow, adjusted free cash flow and adjusted free cash flow conversion for continuing operations (unaudited):

(in billions)	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017
Cash used by operating activities from continuing operations	$ (0.1)	$ (0.1)
Capital expenditures	(0.2)	(0.1)
Reported free cash flow *	(0.2)	(0.2)
Adjusting items:		
Transaction/integration costs	0.1	0.1
Nonrecurring tax refunds	-	(0.2)
Total adjusting items	0.1	(0.1)
Adjusted free cash flow *	$ (0.2)	$ (0.3)
Adjusted net income from continuing operations attributable to JCI	$ 0.2	$ 0.2
Adjusted free cash flow conversion	-100%	-150%

* 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 December 31, 2018 and September 30, 2018 calculation of net debt as a percentage of total capitalization (unaudited):

(in millions)	December 31, 2018	September 30, 2018
Short-term debt and current portion of long-term debt	$ 2,320	$ 1,307
Long-term debt	9,588	9,623
Total debt	11,908	10,930
Less: cash and cash equivalents	292	185
Total net debt	11,616	10,745
Shareholders' equity attributable to JCI	20,102	21,164
Total capitalization	$ 31,718	$ 31,909
Total net debt as a % of total capitalization	36.6%	33.7%

6. Divestitures

On November 13, 2018, the Company entered into a definitive agreement to sell its Power Solutions business to BCP Acquisitions LLC for approximately $13.2 billion. BCP Acquisitions LLC is a newly-formed entity controlled by investment funds managed by Brookfield Capital Partners LLC. The transaction is expected to close by June 30, 2019, subject to investment closing conditions and required regulatory approvals. Net cash proceeds are expected to be $11.4 billion after tax and transaction-related expenses.

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.

7. Income Taxes

The Company's effective tax rate from continuing operations before consideration of transaction/integration costs, gain on sale of the Scott Safety business, net mark-to-market adjustments, restructuring and impairment costs, and discrete tax items for the three months ending December 31, 2018 and 2017 is approximately 13.5% and 12.1%, respectively.