



# Johnson Controls Automotive

## January 12, 2016





# Forward Looking Statements



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# Our Automotive Business

**\$16.5 billion**  
Seating revenue in 2015

+ Non-consolidated JVs

- China \$6.6 billion
- Interiors \$8.5 billion

**278**  
locations  
globally

**22+** million  
seat sets a  
year

Supports all  
major  
automakers  
globally in the  
differentiation  
of their  
vehicles

# Our Automotive Business



**Johnson Controls Automotive Seating**

- Complete Seat Systems
- Seating Components
- Metal Structures
- Mechanisms
- Foam
- Trim & Fabrics
- Just-In-Time Manufacturing
- RECARO Automotive Seating



**Yanfeng Automotive Interiors**

- Instrument Panels
- Floor Consoles
- Door Panels
- Overhead Consoles
- Decorative Trim

# Broadest and Most Complete Range of Seating Products

2015: \$16.5B in consolidated global sales [Incl. non-consolidated JVs: \$23.7B in global sales]

Incl. non-consolidated JVs:	North America (36%) 48 locations, 32,900 employees	Europe (29%) 97 locations, 39,600 employees	Asia Pacific (35%) 91 locations, 30,500 employees
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## Complete Seat

- Complete Seat systems including complex logistics with minimum inventory, intense in-plant material handling, deep knowledge, demanding launch executions, complex supply chain management



## Foam & Safety

- World leader in manufacturing seating foam, head restraints, armrests and other foam products
- Innovator with Pour-In-Place foaming, resulting in design freedom, reduced cost, reduced mass and high comfort levels



## Cut & Sew / Fabric

- Market leader in integrated trim through global vertical integration of fabrics and Cut & Sew
- Provides best-in-class implementation of customers' design choices
- Fabric expertise (warp, weave, knit, finish, dye and lamination)



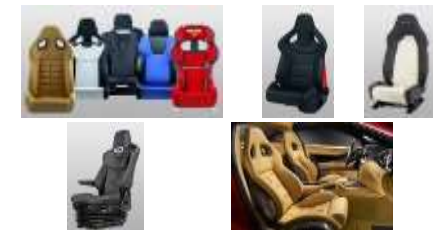
## Metals & Mechanisms

- Leading technology, high utilization and productivity
- Offers modular solutions - fewer parts and standardized global technologies
- Ability to implement sophisticated customer seat designs



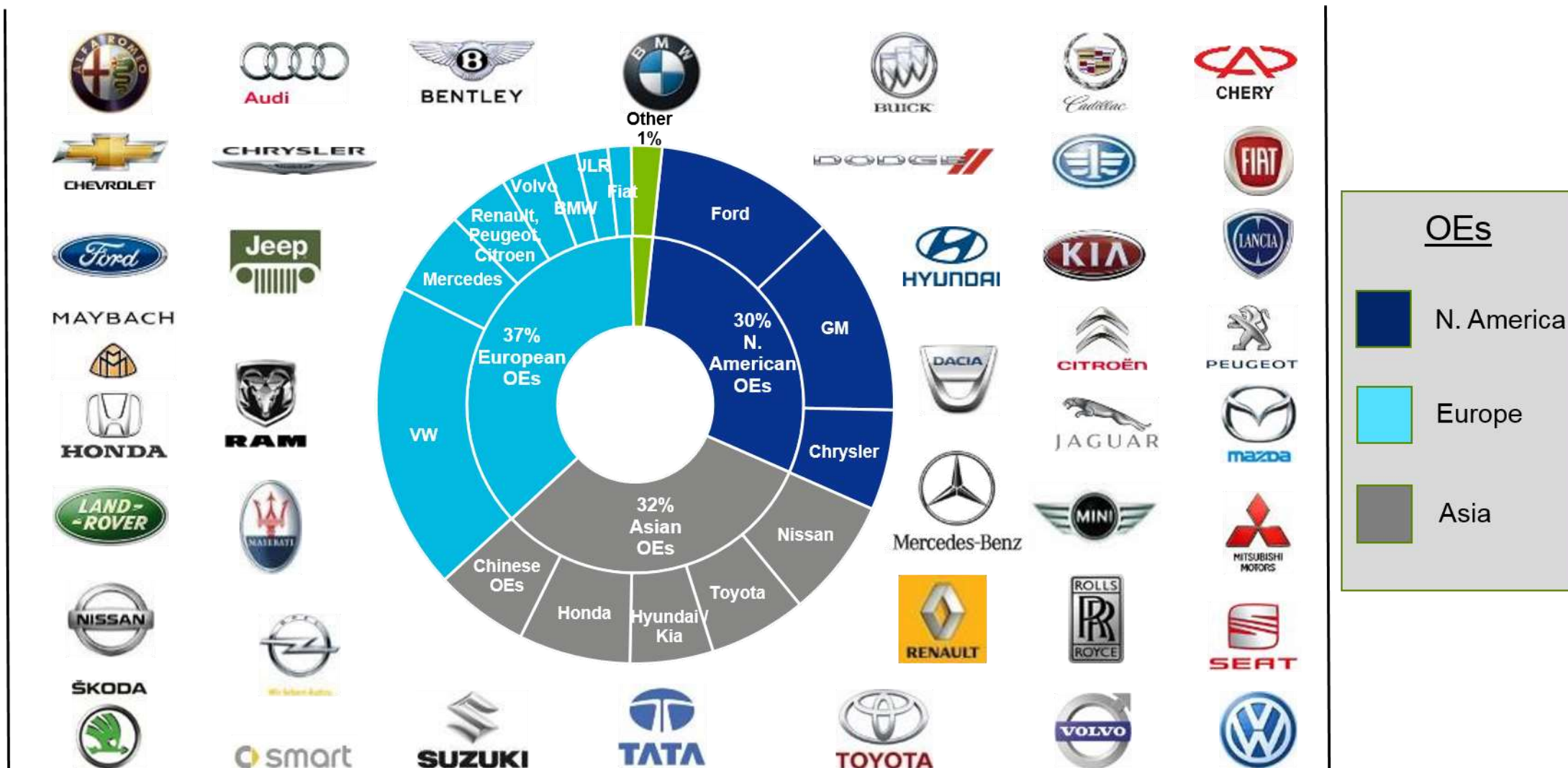
## RECARO

- Premium OEM and aftermarket car seats given design, ergonomics quality and craftsmanship, lightweight construction and long service life for passenger cars and commercial vehicles
- Renowned brand RECARO for the automotive business





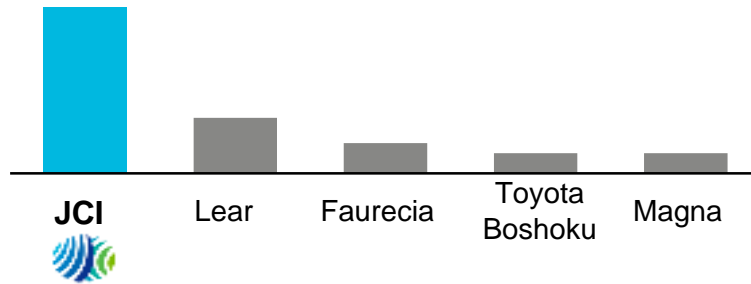
# Established and Trusted Partner for All Global OEMs



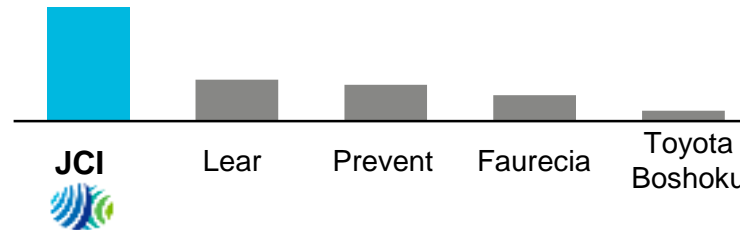
# Market Leader in Complete Seating Systems and Components



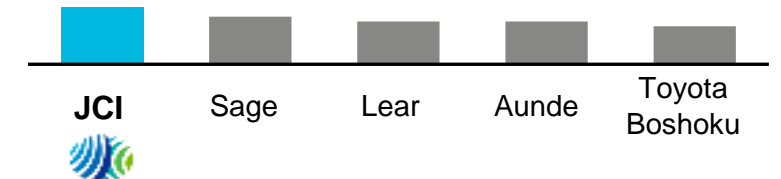
## Complete Seating



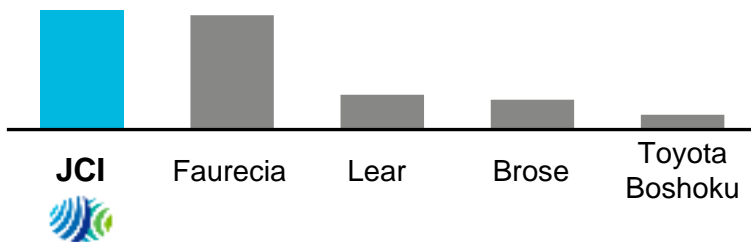
## Trim: Cut & Sew



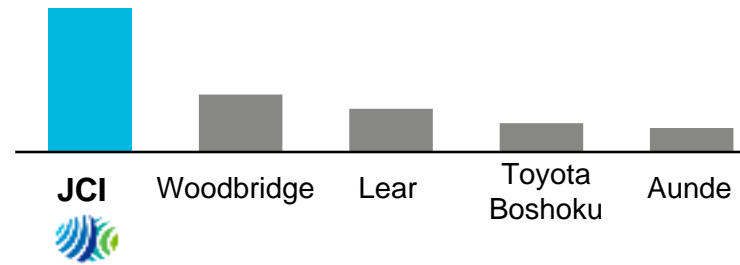
## Trim: Fabric



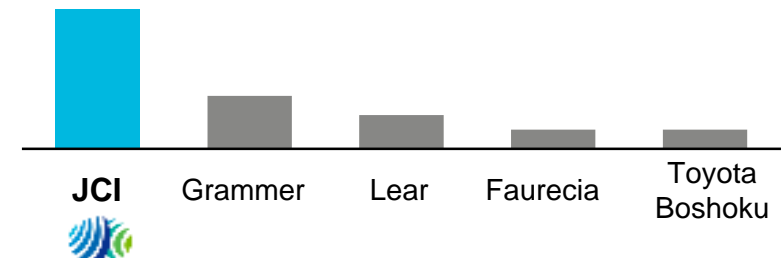
## Metals & Mechanisms



## Large Foam



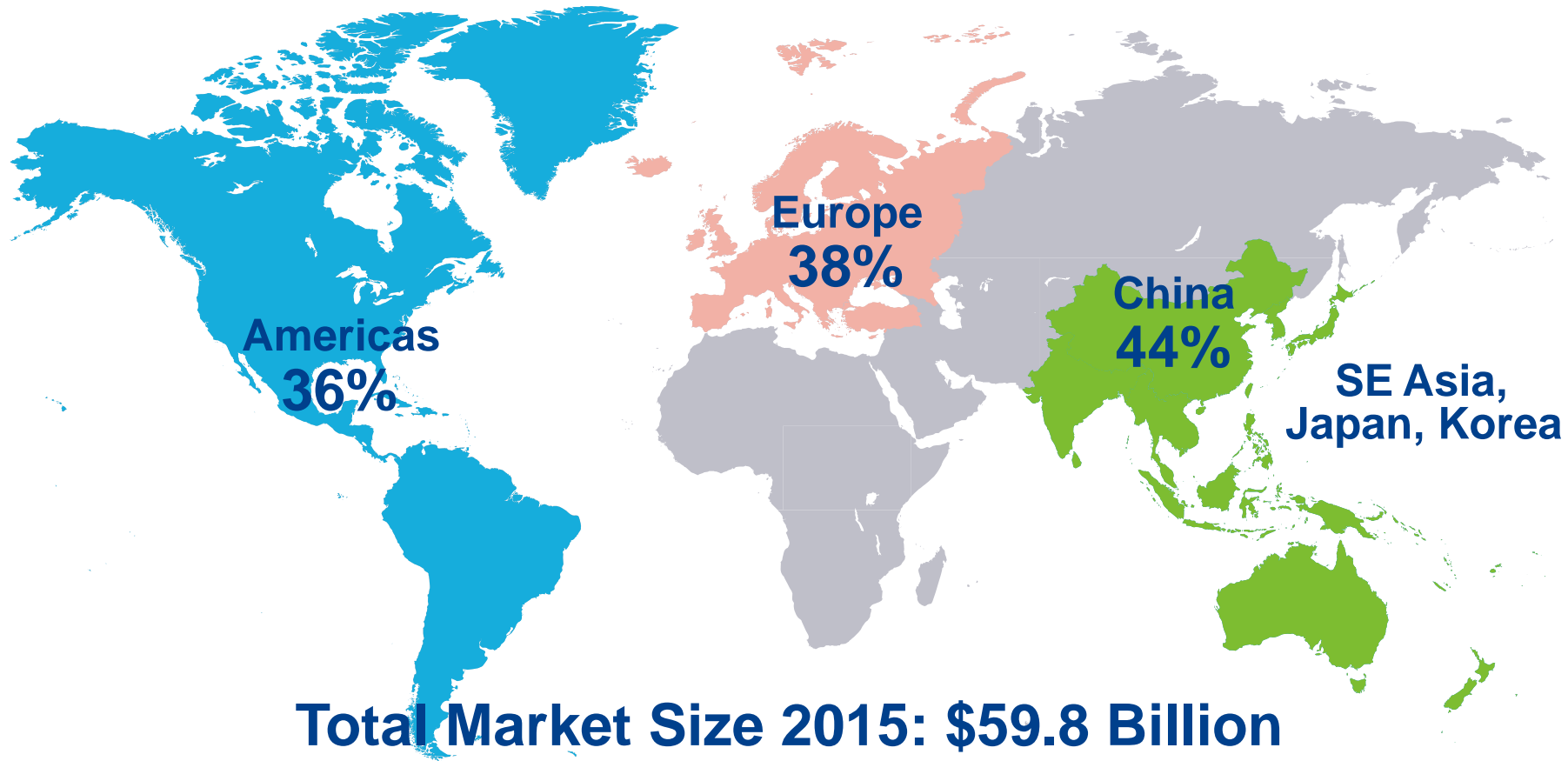
## Safety & Comfort Modules



Source: Company filings & presentations, JCI Estimates

# Well-Positioned in all Global Markets

## Automotive Seating Market Share by Region

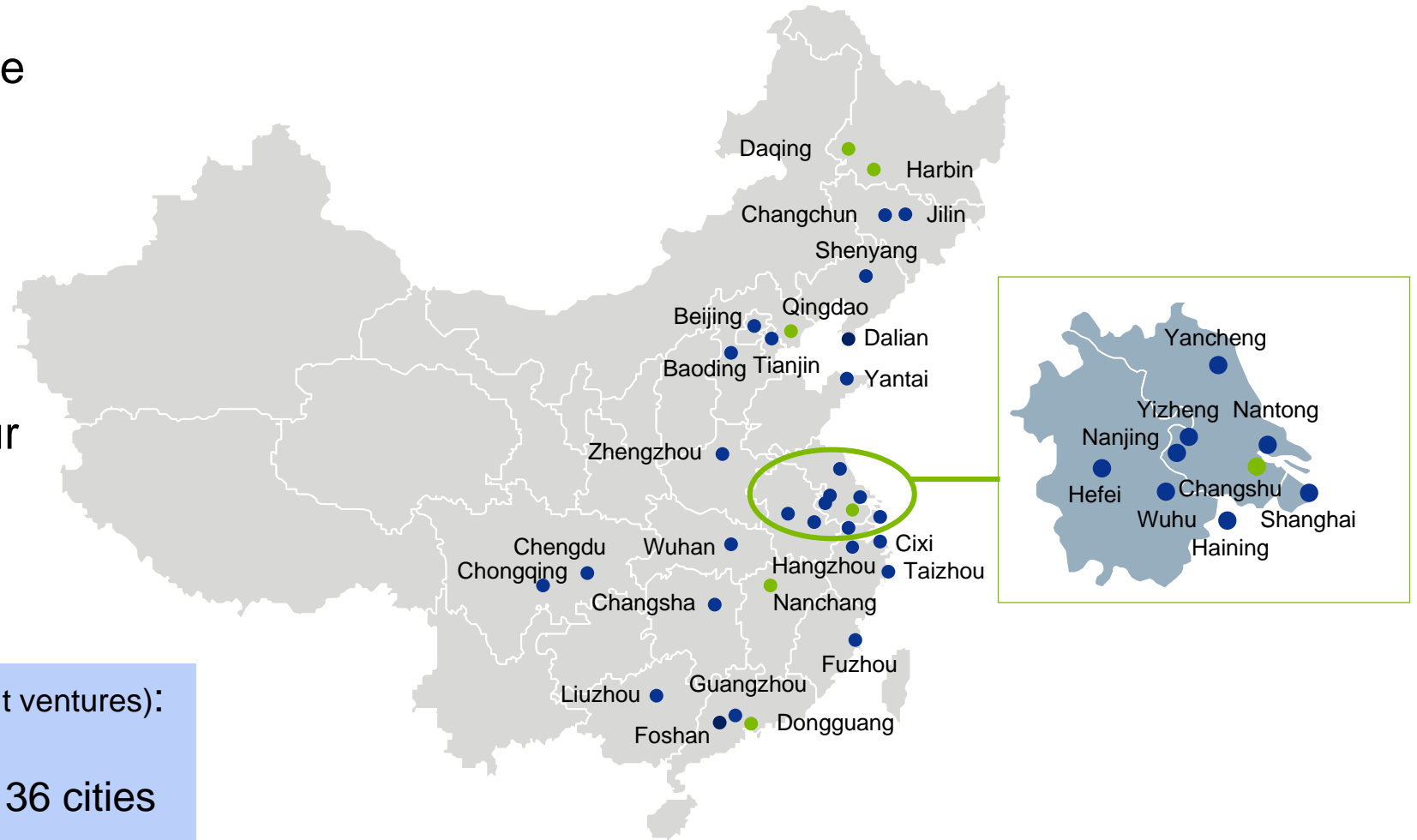




# Automotive Seating

## Winning in China

- Approx. 45% seating market share in China, making us the industry leader
- Market expected grow 5-7% annually for the next decade
- By leveraging our market position, we will outpace the market, further expanding our share and strengthening our leadership



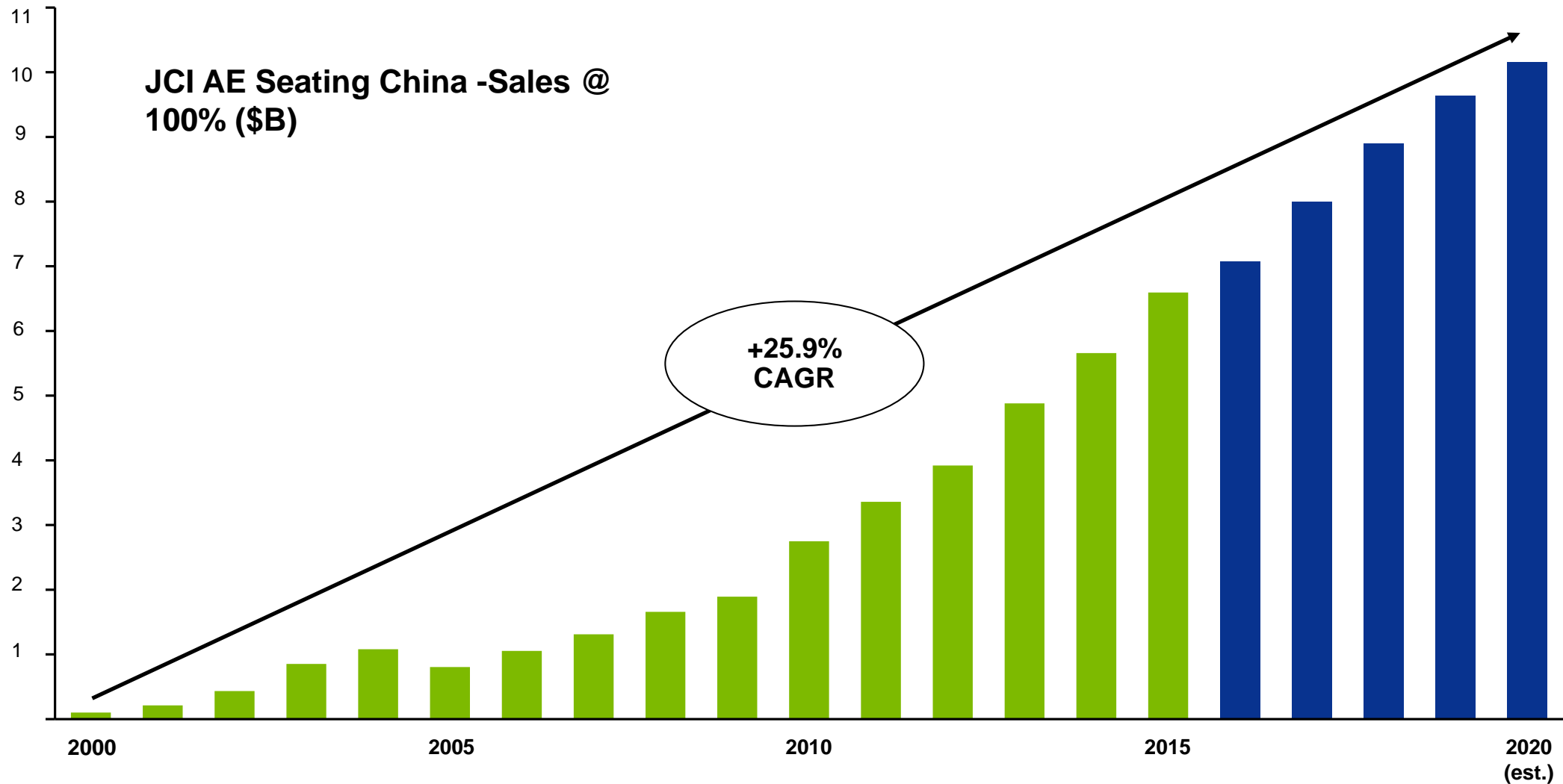
### Seating in China highlights (incl. joint ventures):

- 17 joint ventures
- 71 Manufacturing plants in 36 cities
- 25,000 employees

● New Cities

# Automotive Seating - Winning in China

## A Track Record of Growth, Expected to Continue



# Introducing Adient – Our New Name and Mission



***“To move  
positively toward  
a situation or a  
stimulus”***

**ADIENT**  
***(ad-ee-ant)***

## **Mission:**

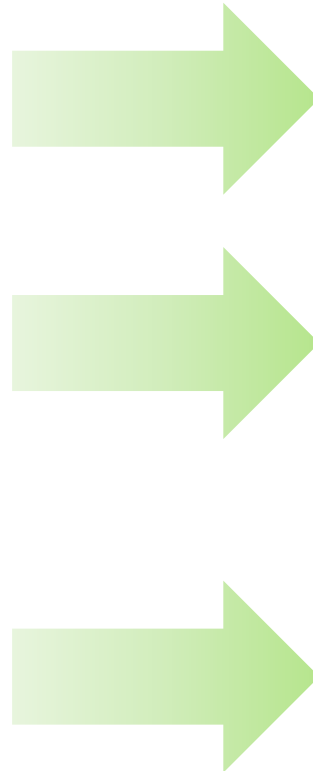
To be the world class automotive seating supplier through leadership in cost, quality, launch execution, and customer satisfaction. We will leverage our capabilities to drive growth, both within and beyond the automotive industry.



# Introducing Adient – Key Changes Going Forward

## *Today*

- Part of a global multi-industry company
- Improving business performance
- Capital allocated to support multi-industry transformation

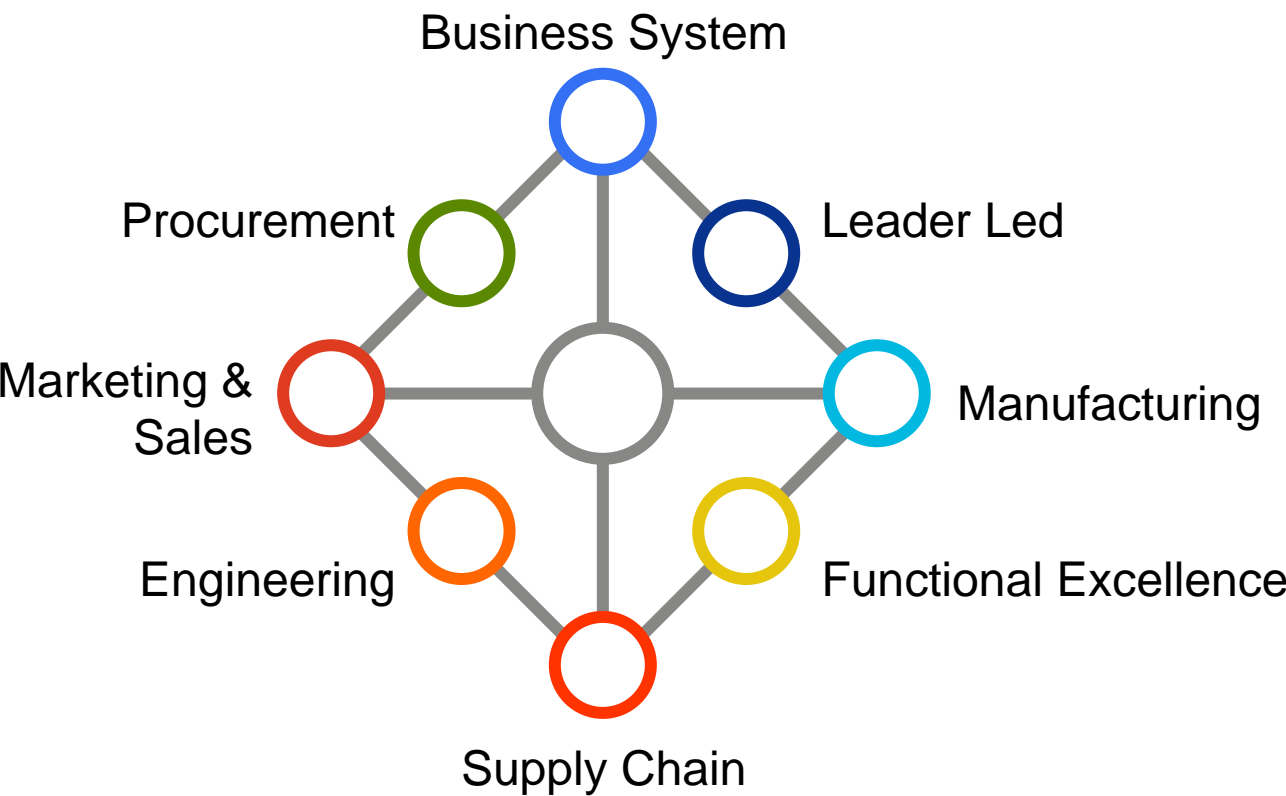


## *Future*

- Focus on automotive seating
  - Leaner cost structure
- Expect 200 bps of margin improvement with double-digit EPS growth over the mid-term
- Strong cash flow provides flexibility and deleveraging
- No longer capital constrained
- Smart reinvestment
  - Growth capex, capital return and M&A

**Focus on increasing value for shareholders and customers**

# Improving performance Operating System Elements



	Automotive leadership
Business Systems	
Leader Led	
<b>Manufacturing</b>	★
Functional Excellence	
<b>Supply Chain</b>	★
<b>Engineering</b>	★
Marketing & Sales	
<b>Procurement</b>	★

# Automotive

## FY16 Financial Outlook\*

### Sales decline of 2 - 3% (excluding impact of deconsolidation of Interiors)\*

- Prior capital constraints and new business profitability hurdles
- Strong global production volumes
- New business continues to be heavily weighted in China

### Segment margin expansion to 6.8% - 7.0% (up 140 – 160 bps)\*

- Strong China JV performance; including new Interiors JV
- JCOS benefits
- G&A cost reduction and restructuring savings
- Metals business run rate improvement

### Key Assumptions\*

#### ■ Automotive Production

	<u>FY16</u>	<u>FY15</u>
– North America	17.7M	17.4M
– Europe	19.9M	20.5M
– China	25.4M	22.9M

\*As disclosed on December 1, 2015



# Looking Forward: What to Expect

- 2016 – 2018 seating backlog: \$2.1 billion
  - Reflects current production and currency assumptions
  - Backlog mostly in non-consolidated China
- Selective M&A
- A return to growth
  - Booked **\$850 million** in new business since spin-off was announced (Not included in 2016-18 backlog number)



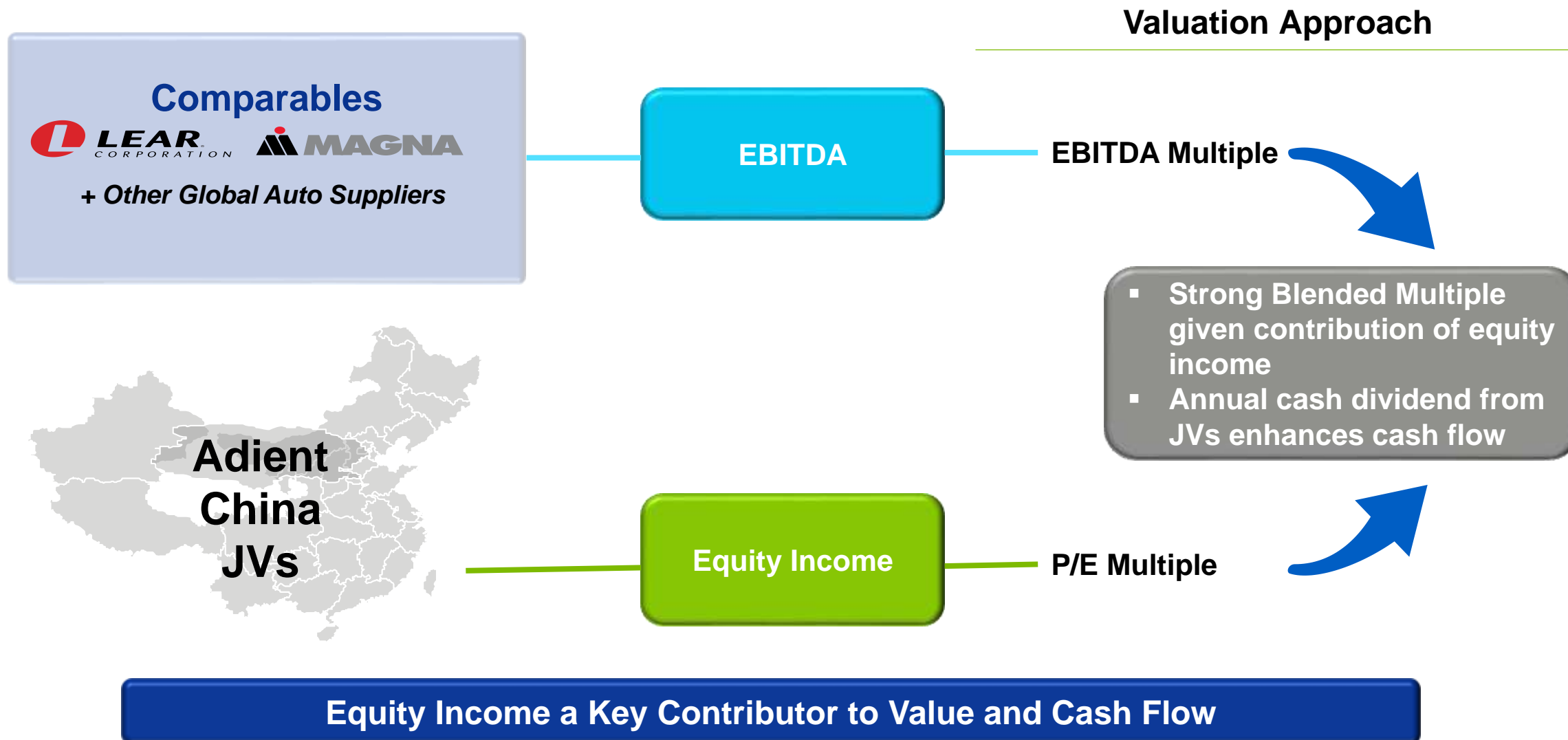
# Preliminary Financial Overview\*

Key Metrics for Adient	Expected Range
Debt / EBITDA Leverage	2.0x – 2.5x
Cash on Balance Sheet	\$400M – \$600M
Debt / Capital Ratio	30% – 35%
Tax Rate	At or below JCI today
Capital Expenditures	Higher to support growth initiatives
Dividends	Above average dividend yield expected

\*As disclosed  
on December  
2, 2015

**Additional financial detail available in Form 10 to be filed in April 2016**

# Initial Framework for Valuing Adient





# Key Themes For Investors

## Adient

- Global #1 market leader: complete seats and components
- Distinctly unique position in China through JV structure
- Best customer mix in each geography
- Upward trend on profitability, expected to continue
  - Advantaged by a world-class operating system
  - Improving ROIC
- Asset light, high financial flexibility
- Leaner cost structure
- Improving cash flow profile to reduce leverage, pay an attractive dividend and support growth investments



***Creating attractive and sustainable returns for our shareholders in the top quartile of the peer group over time***

# Today is One Step In Introducing Adient to You

## More to Come as we Move Closer to Separation

Process on track for October 1, 2016 legal separation

