# Quarterly Update
# FY17 First Quarter

**February 1, 2017**

## 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, 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, and cancellation of or changes to commercial arrangements. 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 2016 fiscal year filed with the SEC on November 23, 2016, and in the quarterly reports on Form 10-Q filed with the SEC after such date, 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.



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## 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 plans, transaction/integration/separation costs, restructuring and impairment costs, nonrecurring purchase accounting impacts related to the Tyco merger and discrete tax items. Financial information regarding adjusted sales, adjusted segment EBITA and adjusted segment EBITA margin 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.

# Agenda

| | |
|---|---|
| 1 | **Introduction**<br>Antonella Franzen, Vice President, Investor Relations |
| 2 | **FY17 priorities & first quarter highlights**<br>Alex Molinaroli, Chairman and Chief Executive Officer |
| 3 | **Integration update & business results**<br>George Oliver, President and Chief Operating Officer |
| 4 | **Financial review & guidance**<br>Brian Stief, Executive Vice President and Chief Financial Officer |
| 5 | **Q&A** |

# FY17 Priorities

- Bring together culture of both companies
  - Vision / mission / values
- Deliver on operating and financial plans
  - Growth / execution / shareholder value
- Advance integrated strategic plan
  - Combined portfolio / customer insights
- Continuous evaluation of portfolio
  - Non-core / underperforming
- Disciplined capital allocation
  - Organic investments / competitive dividend / strategic M&A / share repurchases

# FY17 First Quarter Highlights

- Better than expected profitability across all businesses
- Solid start to the year as a combined company
- Continued focus on productivity and “self-help” initiatives
- Integration well underway and cost synergies being realized
- Order growth in Institutional vertical; quoting pipeline remains strong
- Adient spin-off completed

# Strong Growth and Operational Performance
# Asia Pacific

- Strong performance across all businesses
- Accelerating organic growth
  - Demographics / infrastructure / operating scale
- Power Solution's China investments delivering strong growth
- Increasing profitability in Hitachi JV




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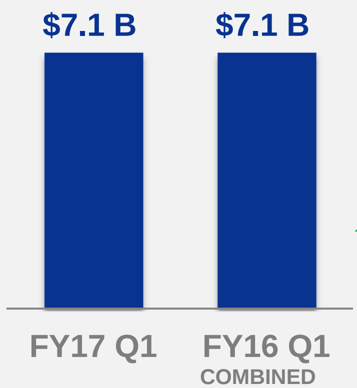
# FY17 First Quarter Earnings from Continuing Operations*

## NET SALES




**FLAT**
Reported

**+1%**
Organic

## DILUTED EPS


**+10%**

## EBIT


**+10%**
Reported

**+13%**
Excluding FX and Lead

EBIT margin
**+90 bps**

*Non-GAAP excludes special items. 2016 results combine legacy Johnson Controls and legacy Tyco adjusted results. See footnotes for reconciliation.



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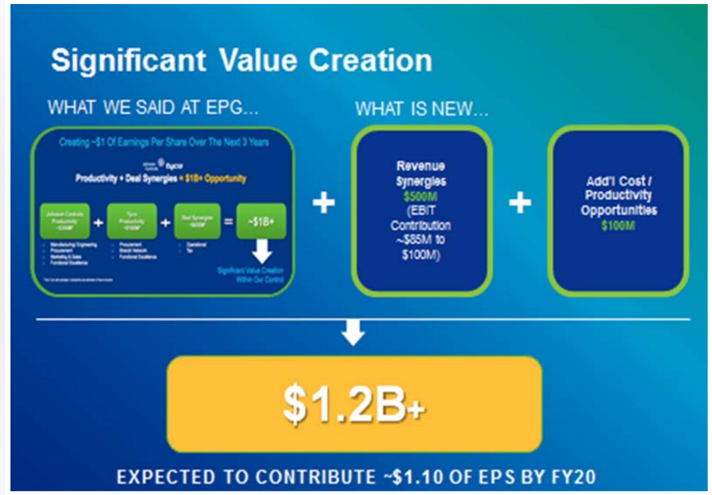
# Integration Update

- Strong governance structure in place to track costs and related synergies
- Energy level high across regional sales teams with some early wins
- Cost synergies / productivity savings expected to ramp-up throughout course of year

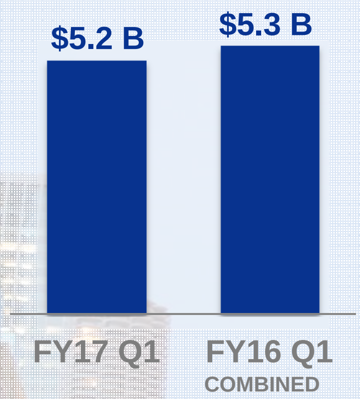
| FY17 Expected Synergies/Productivity | | | | |
|---|---|---|---|---|
| Q1 FY17 | Q2 FY17 | Q3 FY17 | Q4 FY17 | FY17 |
| ~$0.05 | ~$0.05 | ~$0.07 | ~$0.08 | $0.25 |




**Grow, Integrate, Change, Operate**

# Building Technologies & Solutions*
# Strong margin expansion

**NET SALES**

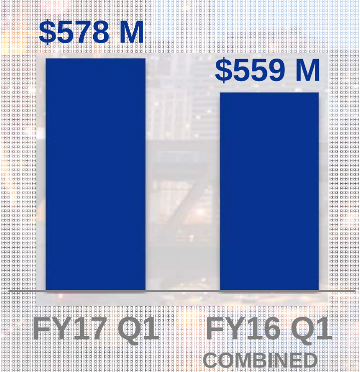



**(2%)** Reported

**(1%)** Organic

- Organic sales
  - Field consistent with prior year
    - Applied HVAC up mid-single digits
    - Fire & Security up low-single digits
    - Performance contracting and Industrial refrigeration down ~20%
  - Products down 3%
    - UPG up low-teens
    - Fire & Security down mid-single digits
- Orders secured +2% vs prior year (ex. FX and M&A)
  - Field +3% / Products down 3%
- Backlog $8.1B, +6% vs prior year (ex. FX and M&A)

**SEGMENT EBITA**




**+3%** Reported

**+6%** Excluding FX

- Segment EBITA margin **+60 bps**
- Exceeded expectations
- Benefit of strong productivity savings and cost synergies
- Improving Hitachi JV margins
- Product and channel investments

*Non-GAAP excludes special items. 2016 results combine legacy Johnson Controls and legacy Tyco adjusted results. See footnotes for reconciliation.



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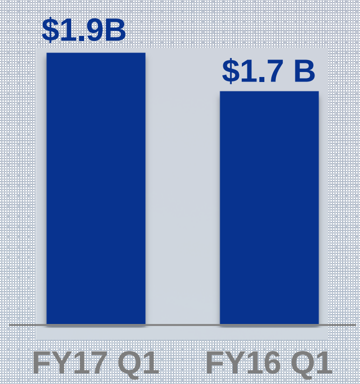
# Power Solutions*
# Higher volumes and increased profitability

## NET SALES

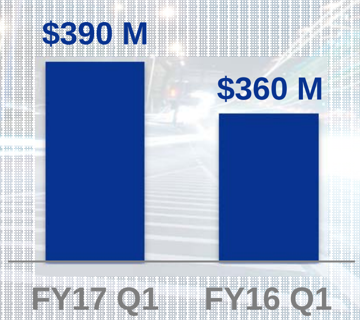



**+9%** Reported

**+7%** Organic

- Higher volumes in all regions
- Global shipments of start-stop +27%
  - China +124%
  - Americas +87%
  - EMEA down 2%
- Growth in aftermarket shipments (+7%); OE (flat)

## SEGMENT EBITA




**+8%** Reported

**+12%** Excluding FX and Lead

- Segment EBITA margin **down 20 bps**; (**+90 bps** excluding lead)
- Higher volumes
- Favorable product mix

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

# Corporate Expense*
# Declining year over year costs

CORPORATE EXPENSE


(12%)

- Corporate expense now reported as separate segment outside of business operations
- Includes executive management, public company costs and functional administrative costs that support the enterprise
- Solid progress in realizing productivity savings and cost synergies

*Non-GAAP excludes special items. 2016 results combine legacy Johnson Controls and legacy Tyco adjusted results. See footnotes for reconciliation.

# FY17 First Quarter
# Financial Highlights (continuing operations)

| *(in millions)* | 2017 GAAP | 2017 * NON-GAAP | COMBINED 2016 * NON-GAAP | % Change |
|---|---|---|---|---|
| **Sales** | $7,086 | $7,096 | $7,066 | – |
| **Gross profit** | 2,114 | 2,216 | 2,207 | – |
| ***% of sales*** | *29.8%* | *31.2%* | *31.2%* | |
| **SG&A expenses** | 1,570 | 1,514 | 1,563 | (3%) |
| **Restructuring & impairment costs** | 78 | - | - | |
| **Equity income** | 55 | 55 | 46 | +20% |
| **EBIT** | $521 | $757 | $690 | +10% |
| | ***7.4%*** | ***10.7%*** | ***9.8%*** | |

| | |
|---|---|
| **Gross profit margin** | **Consistent with prior year** as leverage on improved volume was offset by lead |
| **Equity income** | Increase due to improved performance in non-consolidated Hitachi JVs |
| **EBIT margin** | **+90 bps** reflects strong operational execution as well as realization of cost synergies and productivity savings |

*Non-GAAP excludes special items. 2016 results combine legacy Johnson Controls and legacy Tyco adjusted results. See footnotes for reconciliation.

# FY17 First Quarter
# Financial Highlights (continuing operations)

| *(in millions, except earnings per share)* | 2017 GAAP | 2017 * NON-GAAP | COMBINED 2016 * NON-GAAP |
|---|---|---|---|
| **EBIT** | $521 | $757 | $690 |
| **Net financing charges** | 136 | 119 | 111 |
| **Income before income taxes** | 385 | 638 | 579 |
| **Income tax provision (benefit)** | (27) | 96 | 98 |
| **Net income** | 412 | 542 | 481 |
| **Income attributable to noncontrolling interests** | 40 | 40 | 29 |
| **Net income attributable to JCI** | $372 | $502 | $452 |
| **Diluted EPS** | **$0.39** | **$0.53** | **$0.48** |

| | |
|---|---|
| **Income tax provision** | Tax rate of **15%** in 2017 and **17%** in 2016 |
| **Noncontrolling interests** | Increase due to improved performance in consolidated Hitachi JVs |
| **Diluted EPS** | **+10%** vs. the prior year quarter |

*Non-GAAP excludes special items. 2016 results combine legacy Johnson Controls and legacy Tyco adjusted results. See footnotes for reconciliation.



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# Free Cash Flow

| *$ In billions* | FY17 Q1 Actual | FY17 FY Guidance |
|---|---|---|
| Cash used by operating activities | $(1.9) | |
| Capital expenditures | (0.4) | |
| **Reported free cash outflow** | **(2.3)** | |
| **Adjustments:** | | |
| Transaction tax payments | 1.2 | |
| Adient cash outflow | 0.3 | |
| Transaction related restructuring and change in control pension distributions | 0.3 | |
| Transaction/integration/ separation costs | 0.2 | |
| **Adjusted free cash flow** | **$ (0.3)** | **$ 2.1** |

- Adjusted free cash outflow of $0.3 billion in the quarter
- Capex of $0.4 billion ($0.3 billion ex-Adient) in the quarter
- As expected, significant transaction tax payments related to Adient spin-off
- Ongoing transaction / integration / separation costs and restructuring costs incurred to deliver cost synergies and productivity savings

# Balance Sheet

- Net debt to capital increase from 33.6% as of 9/30/16 to 39.7% at 12/31/16 primarily due to Adient spin-off
- Debt exchange offers completed
- Term debt repayments
- Share repurchases
  - Commenced in Q2
  - $200M to $250M expected for the year

*Note: Net debt = Total debt less cash*

# Other Items

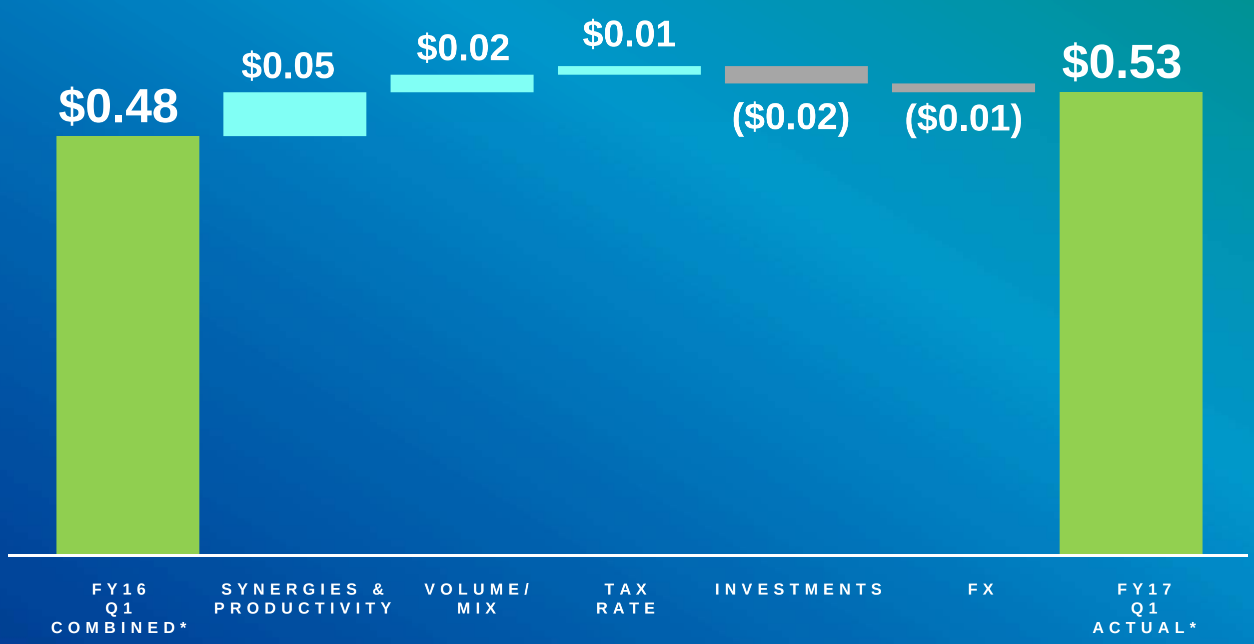
- Adient reflected as discontinued operation; prior periods reclassified for comparative purposes
- Buildings reportable segment change expected in third quarter
- Special items
  - Restructuring and impairment costs
  - Transaction / integration / separation costs
  - Pension / OPEB mark-to-market
  - Income taxes
- Harmonized backlog definition
  - Primary difference related to treatment of renewable service contracts

| | Q1 FY17 | COMBINED Q1 FY16 | Y-o-Y Ex. FX and M&A |
|---|---|---|---|
| Backlog | $8.1B | $7.8B | +6% |

# FY17 Q1 Results vs. Prior Year*

- Solid cost synergies & productivity savings
- Volume / mix as expected
  - Net impact of lead unfavorable $0.01
  - Offset by volume and positive mix
- Continued investments in Buildings and Power

## EPS BRIDGE

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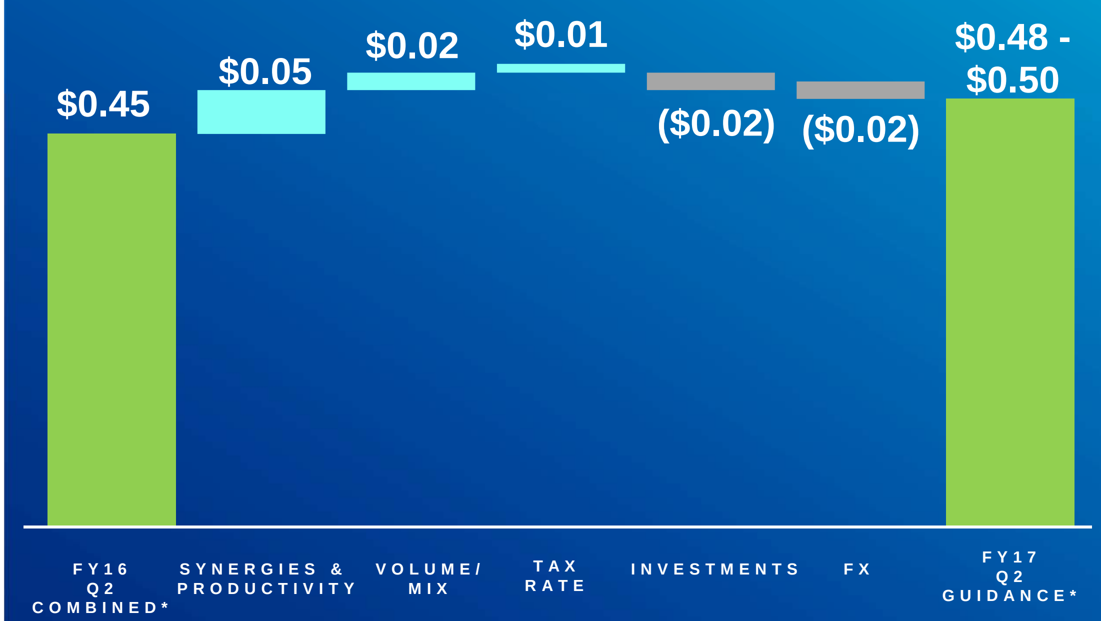
# FY17 Q2 Guidance vs. Prior Year*

## EPS BRIDGE



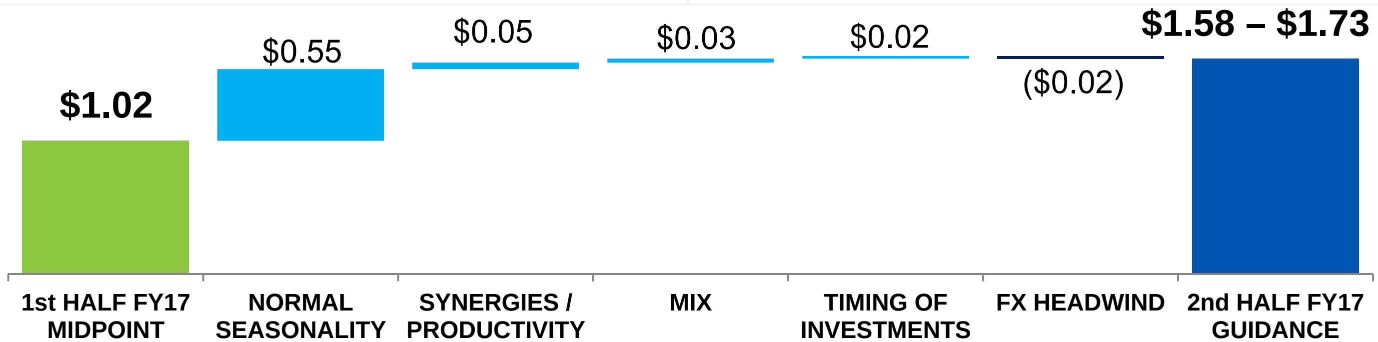

## FY17 Q2 OUTLOOK

| | |
|---|---|
| Sales | ~$7.1B |
| Organic Growth | ~2.0% |
| FX Headwind | ~($145M) |
| Net M&A Activity<br>Incl. Divestiture | ~($40M) |
| EBIT Margin Expansion | +20 to +30 bps |
| Diluted Shares | 947M |
| **EPS*** | **$0.48 to $0.50**<br>**(+7% to +11% Y-o-Y)** |

*Non-GAAP excludes special items. 2016 results combine legacy Johnson Controls and legacy Tyco adjusted results.

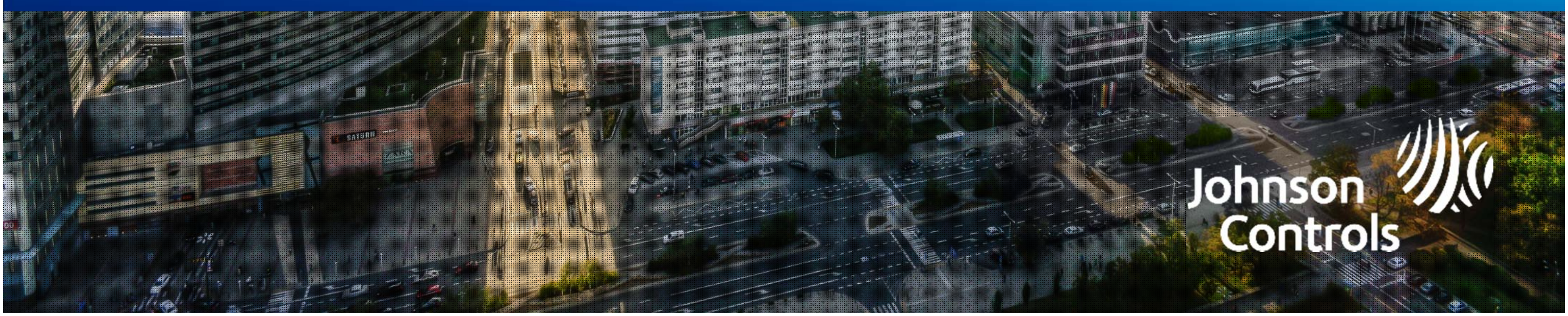
# EPS Phasing*

| | 1st Half | 2nd Half |
|---|---|---|
| Combined FY16 Normal Seasonality | ~40% | ~60% |
| 2017 Cost Synergies / Productivity Savings | $0.10 | $0.15 |
| 2017 EPS | ~38% | ~62% |




*Non-GAAP excludes special items.

# Appendix



# Building Technologies & Solutions Segment Detail

| | Sales Growth (Ex FX and M&A) | Orders Growth (Ex FX and M&A) |
|---|---|---|
| | **FY17 Q1** | **FY17 Q1** |
| **Building Efficiency** | | |
| Systems & Services North America | (4%) | +2% |
| Products North America | (2%) | +12% |
| Asia | +3% | (3%) |
| Rest of World | (3%) | +5% |
| | (1%) | +3% |
| **Tyco** | Flat | Flat |
| **Buildings** | **(1%)** | **+2%** |



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# First Quarter Special Items (continuing operations)

*$ In millions, except EPS*

| 2017 | Pre-tax Income (Expense) | Tax (Expense) Benefit | NCI (Expense) Benefit | After-tax Income (Expense) | EPS Impact |
|---|---|---|---|---|---|
| **Transaction, Integration & Separation Costs** | ($134) | $11 | $- | ($123) | ($0.13) |
| **Restructuring & Impairment Costs** | (78) | 14 | - | (64) | (0.07) |
| **Non-Recurring Purchase Accounting** | (158) | 43 | - | (115) | (0.12) |
| **Pension/OPEB Mark-to-Market** | 117 | (46) | - | 71 | 0.07 |
| **Discrete Income Tax Items** | - | 101 | - | 101 | 0.11 |
| **Total** | **($253)** | **$123** | **$-** | **($130)** | **($0.14)** |

# First Quarter FY17 Restructuring and Impairment Costs

*$ In millions*

| Business Unit | Cash | Non-cash | Total |
|---|---|---|---|
| Corporate | $47 | $15 | $62 |
| Building Technologies & Solutions | 15 | 1 | 16 |
| **Total pre-tax charge** | **$62** | **$16** | **$78** |
| **Tax impact** | | | **(14)** |
| **Total after-tax charge** | | | **$64** |

**Restructuring and Non-cash Impairment Charges Primarily Related to Workforce Reductions, Plant Closures and Asset Impairments**

# 2017 Full Year Foreign Exchange Impact

| | Original FX Guidance<br>*December Investor Day* | Current FX Guidance<br>*FY17 Q1 Earnings Call* |
|---|---|---|
| **2017 Sales Headwind** | **($430M)<br>(~2%)** | **($680M)<br>(~2%)** |
| **2017 EPS Headwind** | **($0.07)** | **($0.08)** |

| Top Foreign Currency Exposures | | |
|---|---|---|
| | **Original FX Rates**<br>*December Investor Day* | **December FX Rates**<br>*FY17 Q1 Earnings Call* |
| **EUR/USD** | **1.10** | **1.05** |
| **UDS/JPY** | **114.50** | **116.1** |
| **USD/CNY** | **6.70** | **6.93** |
| **USD/CAD** | **1.34** | **1.33** |
| **GBP/USD** | **1.28** | **1.25** |
| **USD/MXN** | **19.90** | **20.53** |

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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, 2016 | Three Months Ended December 31, 2015 |
|---|---|---|
| Net sales | $ 7,086 | $ 4,696 |
| Cost of sales | 4,972 | 3,439 |
| Gross profit | 2,114 | 1,257 |
| Selling, general and administrative expenses | (1,570) | (847) |
| Restructuring and impairment costs | (78) | - |
| Net financing charges | (136) | (66) |
| Equity income | 55 | 42 |
| Income from continuing operations before income taxes | 385 | 386 |
| Income tax provision (benefit) | (27) | 83 |
| Income from continuing operations | 412 | 303 |
| Income (loss) from discontinued operations, net of tax | (34) | 187 |
| Net income | 378 | 490 |
| Less: Income from continuing operations attributable to noncontrolling interests | 40 | 23 |
| Less: Income from discontinued operations attributable to noncontrolling interests | 9 | 17 |
| Net income attributable to JCI | $ 329 | $ 450 |
| Income from continuing operations | $ 372 | $ 280 |
| Income (loss) from discontinued operations | (43) | 170 |
| Net income attributable to JCI | $ 329 | $ 450 |
| Diluted earnings per share from continuing operations | $ 0.39 | $ 0.43 |
| Diluted earnings (loss) per share from discontinued operations | (0.05) | 0.26 |
| Diluted earnings per share * | $ 0.35 | $ 0.69 |
| Diluted weighted average shares | 947.4 | 652.8 |
| Shares outstanding at period end | 938.7 | 648.2 |

* May not sum due to rounding.

February 1, 2017

## JOHNSON CONTROLS INTERNATIONAL PLC

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions; unaudited)

| | December 31, 2016 | September 30, 2016 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 377 | $ 579 |
| Accounts receivable - net | 6,057 | 6,394 |
| Inventories | 2,943 | 2,888 |
| Assets held for sale | 173 | 5,812 |
| Other current assets | 1,416 | 1,436 |
| Current assets | 10,966 | 17,109 |
| | | |
| Property, plant and equipment - net | 5,556 | 5,632 |
| Goodwill | 20,772 | 21,024 |
| Other intangible assets - net | 7,290 | 7,540 |
| Investments in partially-owned affiliates | 1,030 | 990 |
| Noncurrent assets held for sale | - | 7,374 |
| Other noncurrent assets | 3,174 | 3,510 |
| Total assets | $ 48,788 | $ 63,179 |
| | | |
| **LIABILITIES AND EQUITY** | | |
| Short-term debt and current portion of long-term debt | $ 2,899 | $ 1,668 |
| Accounts payable and accrued expenses | 4,617 | 5,333 |
| Liabilities held for sale | 31 | 4,276 |
| Other current liabilities | 3,912 | 5,016 |
| Current liabilities | 11,459 | 16,293 |
| | | |
| Long-term debt | 10,351 | 11,091 |
| Other noncurrent liabilities | 6,423 | 6,583 |
| Noncurrent liabilities held for sale | - | 3,888 |
| Redeemable noncontrolling interests | 159 | 234 |
| Shareholders' equity attributable to JCI | 19,577 | 24,118 |
| Noncontrolling interests | 819 | 972 |
| Total liabilities and equity | $ 48,788 | $ 63,179 |

## JOHNSON CONTROLS INTERNATIONAL PLC

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions; unaudited)

| | Three Months Ended December 31, 2016 | Three Months Ended December 31, 2015 |
|---|---|---|
| **Operating Activities** | | |
| Net income attributable to JCI | $ 329 | $ 450 |
| Income from continuing operations attributable to noncontrolling interests | 40 | 23 |
| Income from discontinued operations attributable to noncontrolling interests | 9 | 17 |
| Net income | 378 | 490 |
| Adjustments to reconcile net income to cash used by operating activities: | | |
| Depreciation and amortization | 346 | 226 |
| Pension and postretirement benefit income | (155) | (17) |
| Pension and postretirement contributions | (247) | (19) |
| Equity in earnings of partially-owned affiliates, net of dividends received | (64) | (110) |
| Deferred income taxes | 580 | (14) |
| Non-cash restructuring and impairment costs | 16 | - |
| Other - net | 37 | 29 |
| Changes in assets and liabilities, excluding acquisitions and divestitures: | | |
| Accounts receivable | 37 | 199 |
| Inventories | (142) | (70) |
| Other assets | (87) | (108) |
| Restructuring reserves | 20 | (74) |
| Accounts payable and accrued liabilities | (811) | (394) |
| Accrued income taxes | (1,808) | (151) |
| Cash used by operating activities | (1,900) | (13) |
| **Investing Activities** | | |
| Capital expenditures | (371) | (282) |
| Sale of property, plant and equipment | 2 | 9 |
| Acquisition of businesses, net of cash acquired | (3) | (133) |
| Business divestitures, net of cash divested | 47 | 18 |
| Other - net | (6) | 4 |
| Cash used by investing activities | (331) | (384) |
| **Financing Activities** | | |
| Increase in short and long-term debt - net | 556 | 514 |
| Debt financing costs | (6) | - |
| Payment of cash dividends | - | (168) |
| Proceeds from the exercise of stock options | 29 | 16 |
| Dividends paid to noncontrolling interests | (31) | (154) |
| Dividend from Adient spin-off | 2,050 | - |
| Cash transferred to Adient related to spin-off | (564) | - |
| Cash paid related to prior acquisitions | (45) | - |
| Other - net | (10) | 6 |
| Cash provided by financing activities | 1,979 | 214 |
| Effect of exchange rate changes on cash and cash equivalents | (55) | - |
| Cash held for sale | 105 | (14) |
| **Decrease in cash and cash equivalents** | $ (202) | $ (197) |

**FOOTNOTES**

**1. Financial Summary**

In the first quarter of fiscal 2017, the Company began evaluating 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. Historical information has been revised to present the comparable periods on a consistent basis. Also in the first quarter of fiscal 2017, the Company began reporting the Automotive Experience business as a discontinued operation, which required retrospective application to previously reported financial information. As a result, the segment EBITA amounts shown below are for continuing operations and exclude the Automotive Experience business. In addition, the financial results for the three months ended December 31, 2015 excludes the Tyco business.

| (in millions) | Three Months Ended December 31, | | | |
|---|---|---|---|---|
| | 2016 | | 2015 | |
| | Actual | Adjusted Non-GAAP | Actual | Adjusted Non-GAAP |
| | (unaudited) | | (unaudited) | |
| Net sales (1) | | | | |
| Building Technologies & Solutions | $ 5,186 | $ 5,196 | $ 2,956 | $ 2,956 |
| Power Solutions | 1,900 | 1,900 | 1,740 | 1,740 |
| Net sales | $ 7,086 | $ 7,096 | $ 4,696 | $ 4,696 |
| Segment EBITA (1) | | | | |
| Building Technologies & Solutions | $ 435 | $ 578 | $ 199 | $ 211 |
| Power Solutions | 389 | 390 | 360 | 360 |
| Segment EBITA | 824 | 968 | 559 | 571 |
| Corporate expenses (2) | (193) | (108) | (87) | (68) |
| Amortization of intangible assets (3) | (149) | (103) | (20) | (20) |
| Mark-to-market gain for pension plans (4) | 117 | - | - | - |
| Restructuring and impairment costs (5) | (78) | - | - | - |
| EBIT (6) | 521 | 757 | 452 | 483 |
| Net financing charges (7) | (136) | (119) | (66) | (66) |
| Income from continuing operations before income taxes | 385 | 638 | 386 | 417 |
| Income tax (provision) benefit (8) | 27 | (96) | (83) | (86) |
| Income from continuing operations | 412 | 542 | 303 | 331 |
| Income from continuing operations attributable to noncontrolling interests (9) | (40) | (40) | (23) | (29) |
| Net income from continuing operations attributable to JCI | $ 372 | $ 502 | $ 280 | $ 302 |

*Building Technology & 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, fire detection and suppression products and services, and life safety products for the residential and non-residential building markets.

*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 first quarter 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 Technologies & Solutions | | Power Solutions | | Consolidated JCI plc | |
|---|---|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Net sales as reported | $ 5,186 | $ 2,956 | $ 1,900 | $ 1,740 | $ 7,086 | $ 4,696 |
| Adjusting items: | | | | | | |
| Nonrecurring purchase accounting impacts | 10 | - | - | - | 10 | - |
| Adjusted net sales | $ 5,196 | $ 2,956 | $ 1,900 | $ 1,740 | $ 7,096 | $ 4,696 |
| Segment EBITA as reported | $ 435 | $ 199 | $ 389 | $ 360 | $ 824 | $ 559 |
| Segment EBITA margin as reported | 8.4% | 6.7% | 20.5% | 20.7% | 11.6% | 11.9% |
| Adjusting items: | | | | | | |
| Transaction costs | 17 | 9 | 1 | - | 18 | 9 |
| Integration costs | 14 | 3 | - | - | 14 | 3 |
| Nonrecurring purchase accounting impacts | 112 | - | - | - | 112 | - |
| Adjusted segment EBITA | $ 578 | $ 211 | $ 390 | $ 360 | $ 968 | $ 571 |
| Adjusted segment EBITA margin | 11.1% | 7.1% | 20.5% | 20.7% | 13.6% | 12.2% |

(2) Adjusted Corporate expenses for the fiscal 2017 first quarter exclude $50 million of integration costs, $31 million of transaction costs and $4 million of separation costs. Adjusted Corporate expenses for the fiscal 2016 first quarter exclude $18 million of separation costs and $1 million of transaction costs.

(3) Adjusted amortization of intangible assets for the fiscal 2017 first quarter excludes $46 million of nonrecurring asset amortization related to Tyco purchase accounting.

(4) The fiscal 2017 first quarter pension mark-to-market gain of $117 million due to lump sum payouts for certain U.S. pension plans in the quarter is excluded from the adjusted non-GAAP results.

(5) The fiscal 2017 first quarter restructuring and impairment charge of $78 million is 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 fiscal 2017 first quarter exclude $17 million of transaction costs related to the debt exchange offers.

(8) Adjusted income tax provision for the fiscal 2017 first quarter excludes the tax benefits of changes in entity tax status of $101 million, Tyco non-recurring purchase accounting impacts of $43 million, restructuring and impairment costs of $14 million, integration costs of $7 million and transaction costs of $4 million, partially offset by the tax provision for gain on mark-to-market pension of $46 million. Adjusted income tax provision for the fiscal 2016 first quarter excludes the tax benefits of transaction costs of $2 million and separation costs of $1 million.

(9) Adjusted income from continuing operations attributable to noncontrolling interests for the fiscal 2016 first quarter excludes $6 million for the noncontrolling interest impact of transaction/integration costs.

**2. 2016 Supplemental Combined Information**

As a result of the reverse merger between JCI and Tyco, which closed on September 2, 2016, the Company is providing supplemental combined financial information. As supplemental information that management believes will be useful to investors, the Company has provided unaudited selected historical information which combines JCI's historical Building Efficiency business with historical Tyco results of operations as if these businesses had been operated together during the periods presented.

The merger is accounted for as a reverse acquisition with JCI considered to be acquiring Tyco for accounting purposes. As a result, the amounts reflected in Column A in the below table present the historical results of JCI, revised for the reporting changes described within footnote 1 above. The amounts in Column B reflect the impact of the special items, as set forth in the notes to the table and within footnote 1 above. The amounts in Column C reflect the inclusion of Tyco's historical results for the period prior to the merger on an adjusted basis.

For the avoidance of doubt, this supplemental combined information is not intended to be, and was not, prepared on a basis consistent with the unaudited pro forma condensed combined financial information in Exhibit 99.3 to the Company's Current Report on Form 8-K/A filed October 3, 2016 with the U.S. Securities and Exchange Commission (the "Pro Forma 8-K/A Filing"), which provides the pro forma financial information required by Item 9.01(b) of Form 8-K. The supplemental combined information is intentionally different from, but does not supersede, the pro forma financial information in the Pro Forma 8-K/A Filing.

In addition, the supplemental combined information does not purport to indicate the results that actually would have been obtained had the JCI and Tyco businesses been operated together on the basis of the new segment structure during the periods presented, or which may be realized in the future.

*Amounts Adjusted for Certain Special Items*

The supplemental combined information includes line items, such as net sales, income from continuing operations before income taxes, income tax provision, noncontrolling interest, net income and diluted EPS, that have been adjusted for the special items set forth in the notes to the table. Such amounts should be viewed in addition to, and not in lieu of, net sales, income from continuing operations before income taxes, income tax provision, noncontrolling interest, net income and diluted EPS and other financial measures on an unadjusted basis. In addition, per share amounts presented in the tables take into account the effects of (i) the issuance of ordinary shares to JCI shareholders in connection with the merger, and (ii) the consolidation of Tyco ordinary shares immediately prior to the merger. As a result, share counts reflect shares outstanding as of September 2, 2016 immediately following the consummation of the merger transaction.

The Company's management believes that these adjusted amounts, when considered together with the unadjusted amounts, provide information that is useful to investors in understanding period-over-period operating results separate and apart from items that may, or could, have a disproportionate positive or negative impact on results in any particular period. The Company's management also believes that these adjusted amounts enhance the ability of investors to analyze trends in the Company's underlying business and to better understand the Company's performance. In addition, the Company may utilize adjusted amounts as guides in forecasting, budgeting and long-term planning processes and to measure operating performance for compensation purposes. Adjusted amounts should be considered in addition to, and not as a substitute for, or superior to, unadjusted amounts.

| (in millions, except per share data) | Three Months Ended December 31, 2015 | | | |
|---|---|---|---|---|
| | A | B | C | D |
| Net sales | | | | |
| Building Technologies & Solutions | $ 2,956 | $ - | $ 2,370 | $ 5,326 |
| Power Solutions | 1,740 | - | - | 1,740 |
| Net sales | $ 4,696 | $ - | $ 2,370 | $ 7,066 |
| Income from continuing operations | | | | |
| Building Technologies & Solutions | $ 199 | $ 12 | $ 348 | $ 559 |
| Power Solutions | 360 | - | - | 360 |
| Segment EBITA | 559 | 12 | 348 | 919 |
| Corporate expenses | (87) | 19 | (55) | (123) |
| Amortization of intangible assets | (20) | - | (86) | (106) |
| EBIT | 452 | 31 | 207 | 690 |
| Net financing charges | (66) | - | (45) | (111) |
| Income from continuing operations before income taxes | 386 | 31 | 162 | 579 |
| Income tax provision | (83) | (3) | (12) | (98) |
| Noncontrolling interest | (23) | (6) | - | (29) |
| Net income | $ 280 | $ 22 | $ 150 | $ 452 |
| Diluted weighted average shares | 652.8 | | | 940 |
| Diluted earnings per share | $ 0.43 | | | $ 0.48 |

A - Johnson Controls, as reported.

B - Adjusted to exclude special items because these costs 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 better understanding the ongoing operations and business trends of the Company. The special items are described by line item in footnote 1 above. The income tax provision and noncontrolling interest adjustments are a result of the special items discussed in footnote 1.

C - Includes Tyco adjusted non-GAAP results for the first quarter of fiscal 2016 as if the merger occurred October 1, 2015. Tyco's first three fiscal quarters of 2016 ended on the last Friday of December, March and June, while JCI's fiscal quarters ended on the last day of each such month. Because the historical statements of income of each company represent full and equivalent quarterly periods, no adjustments were made to align the fiscal quarters. The income tax provision also includes an adjustment to arrive at an annualized 17% tax rate for fiscal 2016 as a combined company.

D - Combined financial information as if the merger with Tyco was completed on October 1, 2015. Reflects annual 17% tax rate and 940 million share count.

**3. Organic Adjusted Net Sales Growth Reconciliation**

The components of the changes in adjusted net sales for the three months ended December 31, 2016 versus the three months ended December 31, 2015, including organic net sales, is shown below (unaudited):

| (in millions) | Combined Adjusted Net Sales for the Three Months Ended December 31, 2015 | Foreign Currency | | Acquisitions/ Divestitures, Net | | Lead Impact | | Organic Net Sales | | Adjusted Net Sales for the Three Months Ended December 31, 2016 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Building Technologies & Solutions | $ 5,326 | $ (46) | -0.9% | $ (50) | -0.9% | $ - | - | $ (34) | -0.6% | $ 5,196 | -2.4% |
| Power Solutions | 1,740 | (11) | -0.6% | - | - | 47 | 2.7% | 124 | 7.1% | 1,900 | 9.2% |
| Total net sales | $ 7,066 | $ (57) | -0.8% | $ (50) | -0.7% | $ 47 | 0.7% | $ 90 | 1.3% | $ 7,096 | 0.4% |

**4. 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 for pension plans, 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.

| | 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, | |
| | 2016 | 2015 | 2016 | 2015 |
| | (unaudited) | | (unaudited) | |
| Earnings per share as reported for JCI plc | $ 0.35 | $ 0.69 | $ 0.39 | $ 0.43 |
| Adjusting items: | | | | |
| Transaction costs | 0.07 | 0.01 | 0.07 | 0.01 |
| Integration costs | 0.07 | - | 0.07 | - |
| Related tax impact | (0.01) | - | (0.01) | - |
| Separation costs | 0.09 | 0.13 | - | 0.03 |
| Related tax impact | - | (0.01) | - | - |
| Nonrecurring purchase accounting impacts | 0.17 | - | 0.17 | - |
| Related tax impact | (0.05) | - | (0.05) | - |
| Mark-to-market gain for pension plans | (0.12) | - | (0.12) | - |
| Related tax impact | 0.05 | - | 0.05 | - |
| Restructuring and impairment costs | 0.08 | - | 0.08 | - |
| Related tax impact | (0.01) | - | (0.01) | - |
| Discrete tax items | (0.08) | - | (0.11) | - |
| Adjusted earnings per share for JCI plc* | $ 0.59 | $ 0.82 | $ 0.53 | $ 0.46 |

* May not sum due to rounding.

A reconciliation of the differences between earnings per share as reported and adjusted earnings per share provided on a forward-looking basis is not available due to the high variability of the net mark-to-market adjustments related to pension and postretirement plans and unpredictability of any other potential adjusting items.

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

| | Three Months Ended December 31, 2016 | 2015 |
|---|---|---|
| | (unaudited) | |
| **Weighted Average Shares Outstanding for JCI plc** | | |
| Basic weighted average shares outstanding | 937.2 | 647.7 |
| Effect of dilutive securities: | | |
| Stock options, unvested restricted stock and unvested performance share awards | 10.2 | 5.1 |
| Diluted weighted average shares outstanding | 947.4 | 652.8 |

**5. 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. The fiscal 2017 first quarter includes a mark-to-market gain for pension plans of $117 million due to lump sum payouts for certain U.S. pension plans in the quarter. There was no mark-to-market gain or loss for pension and postretirement plans in the fiscal 2016 first quarter.

**6. Acquisitions and Divestitures**

On October 31, 2016, 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.

On September 2, 2016, JCI Inc. and Tyco completed their combination which was announced on January 25, 2016. The merger is accounted for as a reverse acquisition using the acquisition method of accounting in accordance with Accounting Standards Codification (ASC) 805, "Business Combinations." JCI Inc. is the accounting acquirer for financial reporting purposes. Accordingly, the historical consolidated financial statements of JCI Inc. for periods prior to this transaction are considered to be the historical financial statements of the Company. The total fair value of the consideration transferred was $19.7 billion. As part of the transaction in the fiscal 2016 fourth quarter, the Company recorded $16.4 billion of goodwill and $6.2 billion of intangible assets, of which $3.9 billion are subject to amortization.

On October 1, 2015, the Company formed a joint venture with Hitachi to expand its legacy Building Efficiency product offerings. The Company acquired a 60 percent ownership stake in the new entity for approximately $133 million ($563 million purchase price less cash acquired of $430 million).

**7. 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 gain for pension plans, restructuring and impairment costs, and discrete tax items for the quarter ending December 31, 2016 and 2015 is approximately 15 percent and 21 percent, respectively. The fiscal 2017 first quarter includes $101 million ($0.11) of discrete tax benefits in continuing operations related to changes in entity tax status and $23 million ($0.02) of net one-time tax charges in discontinued operations associated with the spin-off of the Automotive Experience business.

**8. Restructuring**

The fiscal 2017 first quarter includes restructuring and impairment costs of $78 million related primarily to workforce reductions, plant closures and asset impairments in the Building Technologies & Solutions business and at Corporate.