Fiscal 2018
First Quarter Results

January 31, 2018




Forward Looking/Cautionary Statements & Non-GAAP Financial Information

Johnson Controls International plc Cautionary Statement Regarding Forward-Looking Statements

Johnson Controls International plc has made statements in this communication that are forward-looking and therefore are subject to risks and uncertainties. All statements in this document other than statements of historical fact are, or could be, “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. In this communication, statements regarding Johnson Controls’ future financial position, sales, costs, earnings, cash flows, other measures of results of operations, synergies and integration opportunities, capital expenditures and debt levels are forward-looking statements. Words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “should,” “forecast,” “project” or “plan” and terms of similar meaning are also generally intended to identify forward-looking statements. However, the absence of these words does not mean that a statement is not forward-looking. Johnson Controls cautions that these statements are subject to numerous important risks, uncertainties, assumptions and other factors, some of which are beyond Johnson Controls’ control, that could cause Johnson Controls’ actual results to differ materially from those expressed or implied by such forward-looking statements, including, among others, risks related to: any delay or inability of Johnson Controls to realize the expected benefits and synergies of recent portfolio transactions such as the merger with Tyco and the spin-off of Adient, changes in tax laws (including, but not limited to the recently enacted Tax Cuts and Jobs Act), regulations, rates, policies or interpretations, the loss of key senior management, the tax treatment of recent portfolio transactions, significant transaction costs and/or unknown liabilities associated with such transactions, the outcome of actual or potential litigation relating to such transactions, the risk that disruptions from recent transactions will harm Johnson Controls’ business, the strength of the U.S. or other economies, automotive vehicle production levels, mix and schedules, energy and commodity prices, the availability of raw materials and component products, currency exchange rates, 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 2017 fiscal year filed with the SEC on November 21, 2017, and available at www.sec.gov and www.johnsoncontrols.com under the “Investors” tab. Shareholders, potential investors and others should consider these factors in evaluating the forward-looking statements and should not place undue reliance on such statements. The forward-looking statements included in this communication are made only as of the date of this document, unless otherwise specified, and, except as required by law, Johnson Controls assumes no obligation, and disclaims any obligation, to update such statements to reflect events or circumstances occurring after the date of this communication.

Non-GAAP Financial Information

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

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Q1 FY18 Strategic Highlights

- Board changes
- Executive compensation aligned
- Solid traction on increased sales capacity
- Accelerating field orders and improved secured margins in Buildings
- Organic growth in Buildings
- Accelerating service growth
- Cash Management Office up and running
- On-going portfolio review
- Significant product launches

New Product Launches

York® YZ High Efficiency, Low GWP Chiller

GLAS Smart Thermostat *with Microsoft Cortana*

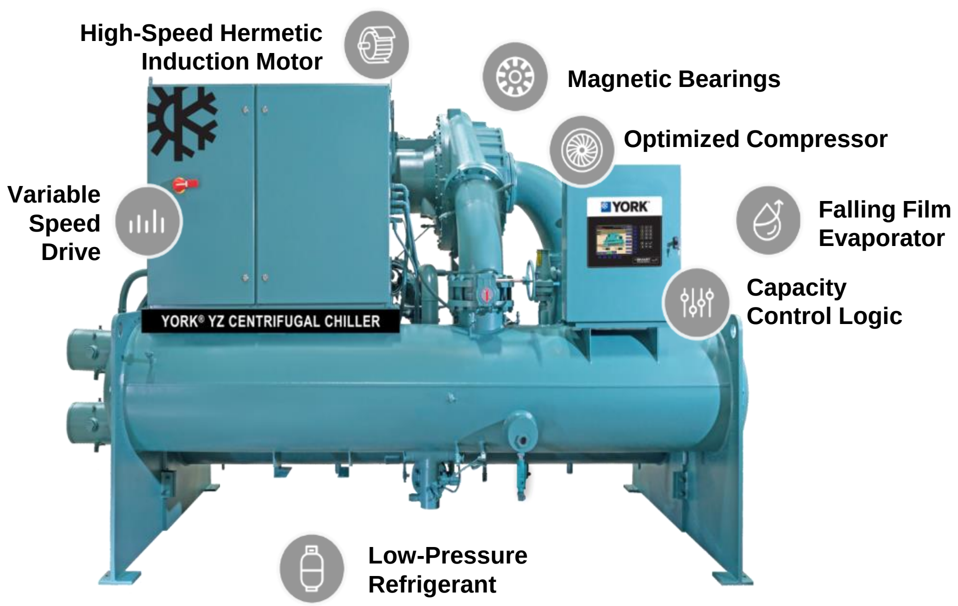
Metasys® 9.0 Building Automation Software

York® Affinity Variable Capacity Residential Systems

York® VRF Gen II Heat Recovery Outdoor Unit

Autocall™ Branded Fire Detection Products

Introducing the York® YZ High-Efficiency, Low GWP Centrifugal Chiller



York® YZ High Efficiency, Low-GWP Chiller

- Next-gen low-GWP refrigerant (1233zd)
- Wide range of cooling capacity: 165 to 1,000 tons
- Magnetic bearing = 80% fewer moving parts = enhanced reliability and reduced maintenance
- Variable-speed drive delivers 35% annual energy savings
- OptiView™ control panel with connected services

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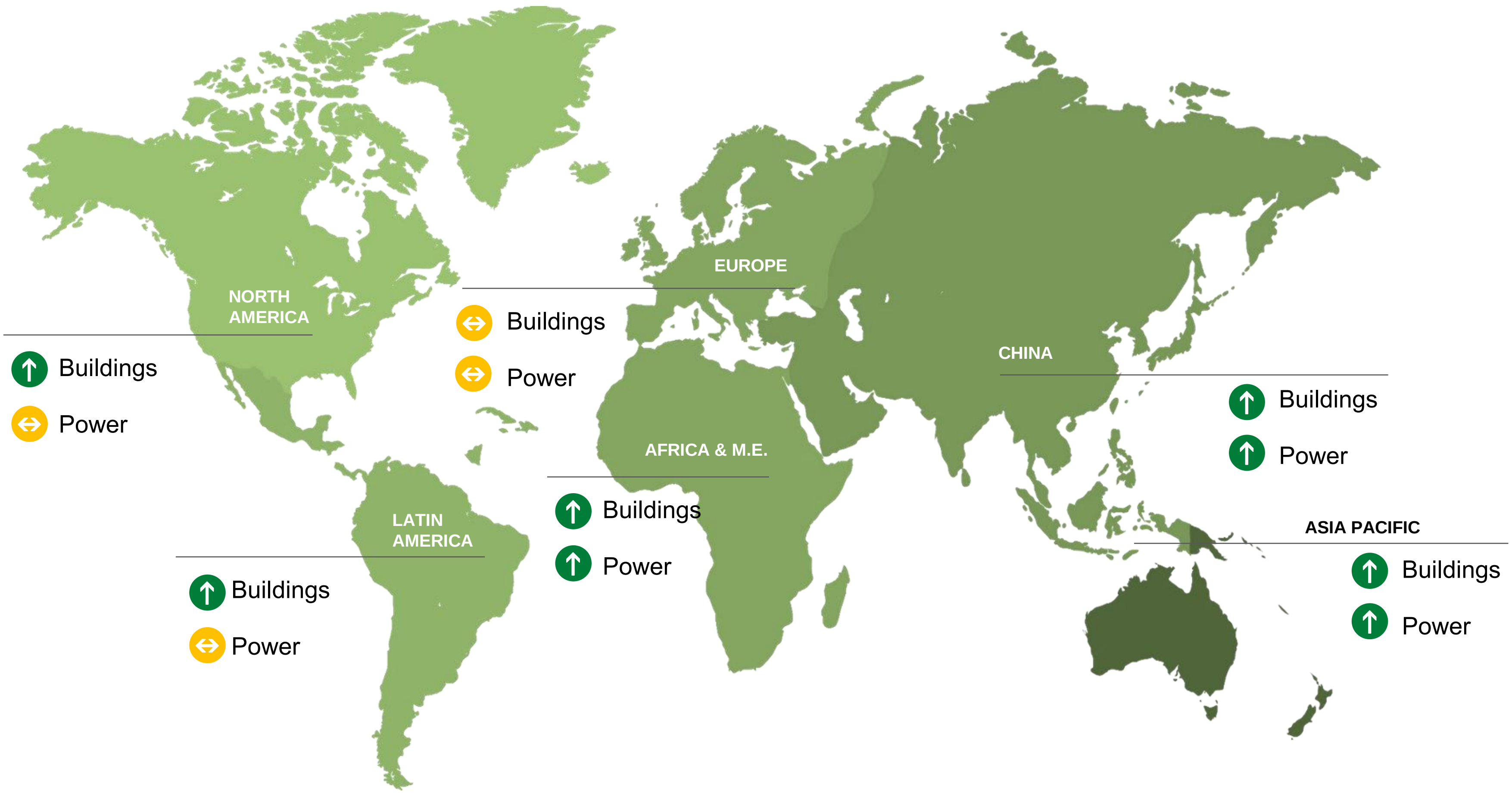
Macro Environment



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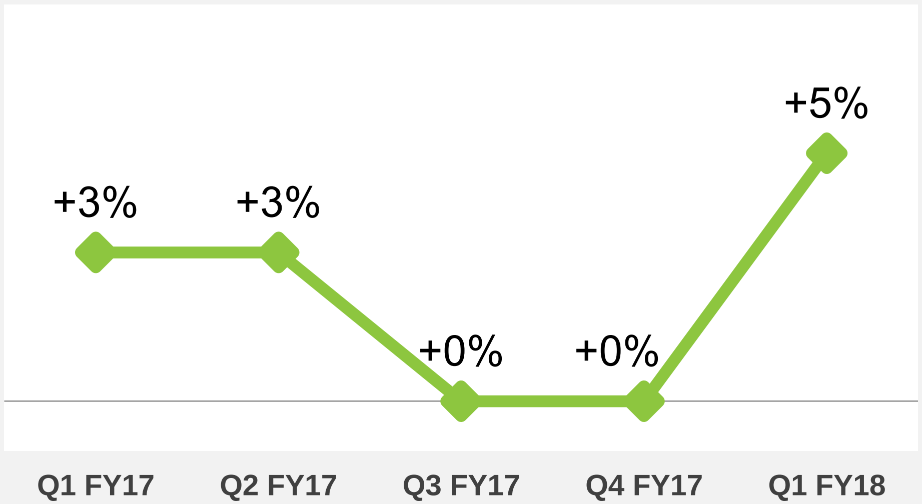
Buildings Field Order Trends

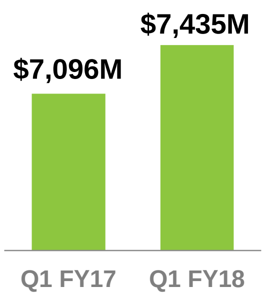
BUILDINGS ORGANIC FIELD ORDERS



Accelerating Field Order Activity

Q1 FY18 Financial Summary*

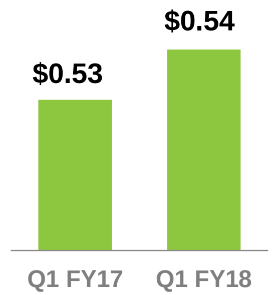
NET SALES



+5%
Reported

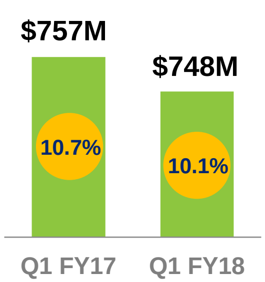
+3%
Organic

ADJUSTED EPS



+2%
Reported

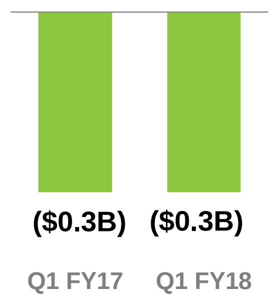
ADJUSTED EBIT & MARGIN



(60bps)
Reported

(30bps)
Excluding FX, Lead and Scott Safety Divestiture

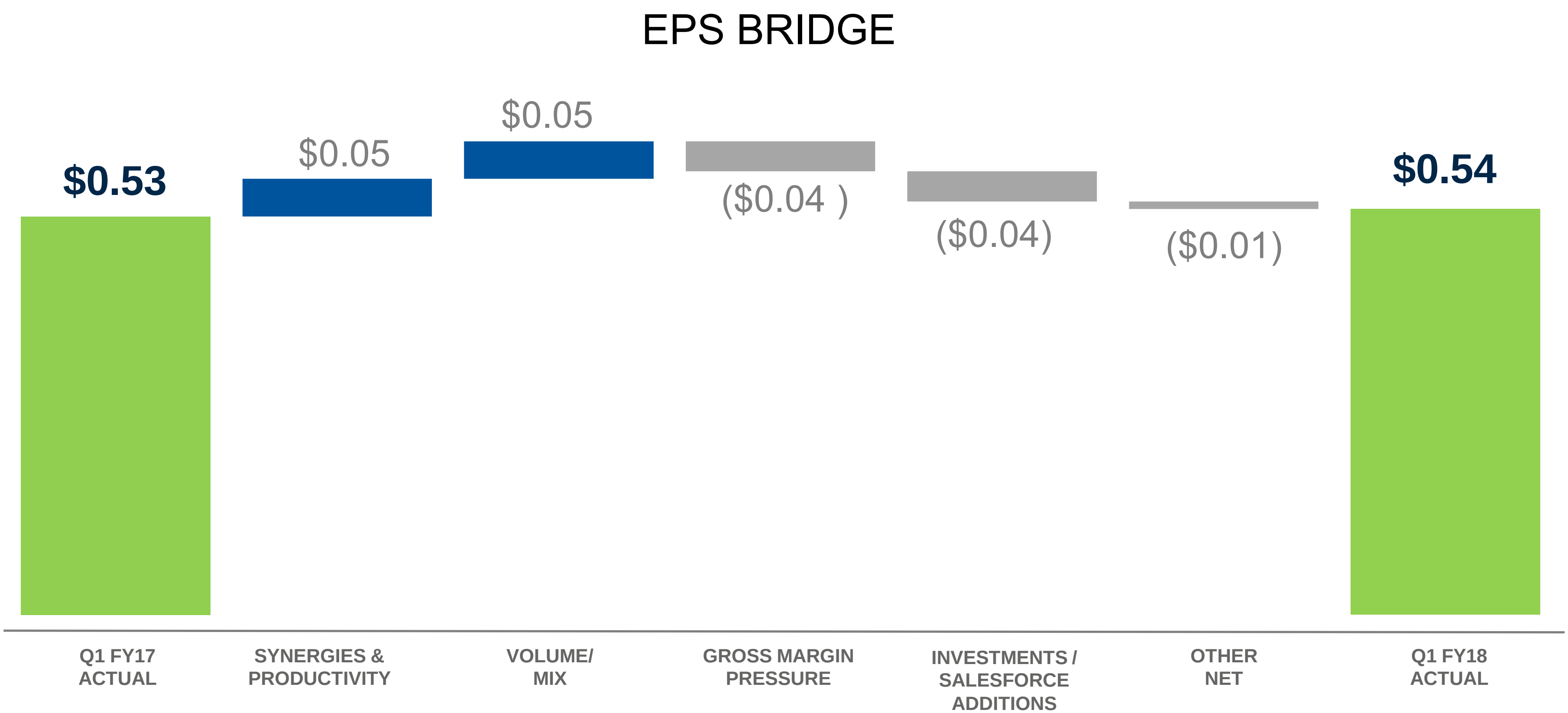
ADJUSTED FCF



Normal Q1 seasonal outflow

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

Q1 FY18 Results vs. Prior Year*



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

Building Technologies & Solutions
Segment Structure

Building Solutions
Field / Direct Channel

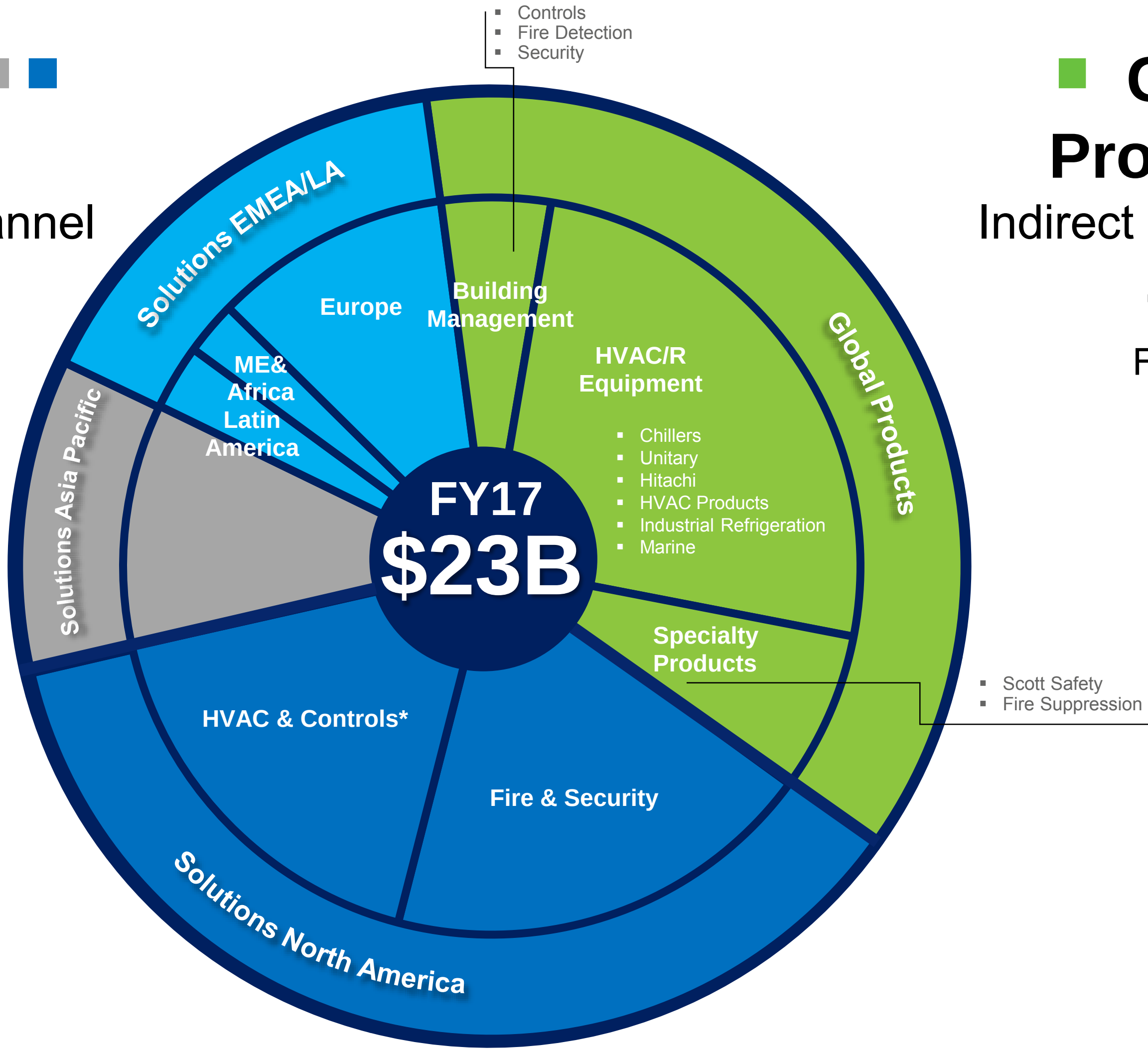
~$15B

FY17 Sales

Global Products
Indirect Channel

~$8B

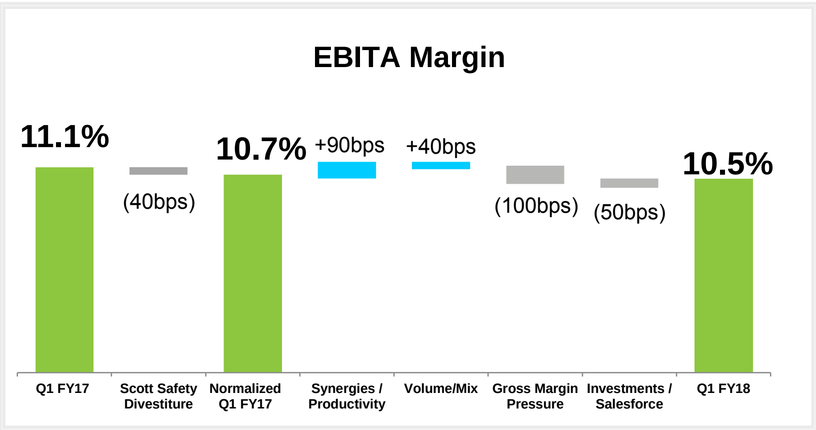
FY17 Sales



*Includes performance contracting.

Buildings*

($ in millions)	Q1 FY17	Q1 FY18	Change
Sales	$5,196	$5,305	2%
Segment EBITA	$578	$559	(3%)
EBITA Margin %	11.1%	10.5%	(60bps)



- Organic growth +4%
  - Field up low-single digits
  - Products up mid-single digits
- A 4% sales headwind from M&A was partially offset by a 2% favorable impact from foreign currency
- Field orders increased 5% on a year-over-year basis, excluding the impact of foreign currency and M&A
- Field backlog of $8.1 billion increased 4% on a year-over-year basis, excluding the impact of foreign currency and M&A

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

Segment Results: Building Solutions North America*

($ in millions)	Q1 FY17	Q1 FY18	Change
Sales	$1,942	$2,012	4%
Segment EBITA	$236	$236	-
EBITA Margin %	12.2%	11.7%	(50bps)

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

- Organic growth +3%
  - HVAC & Controls up high-single digits
  - Solutions up mid-single digits
  - Fire & Security modest decline
- Foreign currency favorably impacted sales by 1%
- EBITA margin decreased 50 bps
  - Productivity savings and cost synergies
  - Lower gross margin backlog conversion
  - Headwind from salesforce additions

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

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Segment Results: Building Solutions EMEA/LA*

($ in millions)	Q1 FY17	Q1 FY18	Change
Sales	$878	$915	4%
Segment EBITA	$65	$71	9%
EBITA Margin %	7.4%	7.8%	40bps

- Orders increased 6% on a year-over-year basis, excluding the impact of foreign currency and M&A
- Backlog of $1.4 billion increased 1% on a year-over-year basis, excluding the impact of foreign currency and M&A

- Organic growth +4%
  - Europe – modest growth in Integrated Solutions – Fire & Security and Controls
  - Middle East & Africa – strong double-digit growth driven by HVAC
  - Latin America – mid-to-high single digit growth across Fire & Security and HVAC & Controls
- A 5% sales headwind from M&A was offset by a 5% favorable impact from foreign currency
- EBITA margin up 40 bps
  - Productivity savings and cost synergies
  - Volume leverage

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

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Segment Results: Building Solutions Asia Pacific*

($ in millions)	Q1 FY17	Q1 FY18	Change
Sales	$576	$597	4%
Segment EBITA	$72	$74	3%
EBITA Margin %	12.5%	12.4%	(10bps)

- Orders increased 9% on a year-over-year basis, excluding the impact of foreign currency and M&A
- Backlog of $1.4 billion increased 11% on a year-over-year basis, excluding the impact of foreign currency and M&A
- Organic growth +2%
  - Strong growth in service
- A 1% sales headwind from M&A was more than offset by a 2% favorable impact from foreign currency
- EBITA margin down 10bps, including 30bps headwind related to foreign currency
  - Productivity savings and cost synergies
  - Favorable volume leverage
  - Pricing pressure in China

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

Segment Results: Global Products*

($ in millions)	Q1 FY17	Q1 FY18	Change
Sales	$1,800	$1,781	(1%)
Segment EBITA	$205	$178	(13%)
EBITA Margin %	11.4%	10.0%	(140bps)

- EBITA margin down 140bps, including 110bps headwind related to Scott Safety divestiture; down 30bps on normalized basis
  - Productivity savings and cost synergies
  - Favorable volume leverage
  - Price/cost pressure
  - Product and channel investments

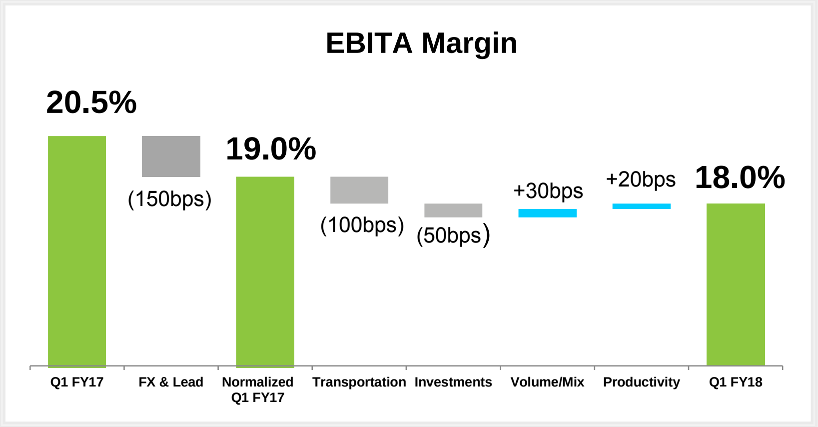
- Organic growth +6%
  - Mid-single digit growth across Building Management, HVAC & Refrigeration Equipment, and Specialty Products
    - Applied HVAC up mid-single digits
    - VRF up mid-single digits
    - Resi/light commercial up low-single digits
    - Fire & Security up mid-single digits

- An 8% sales headwind from M&A was partially offset by a 1% favorable impact from foreign currency

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

Segment Results: Power Solutions*

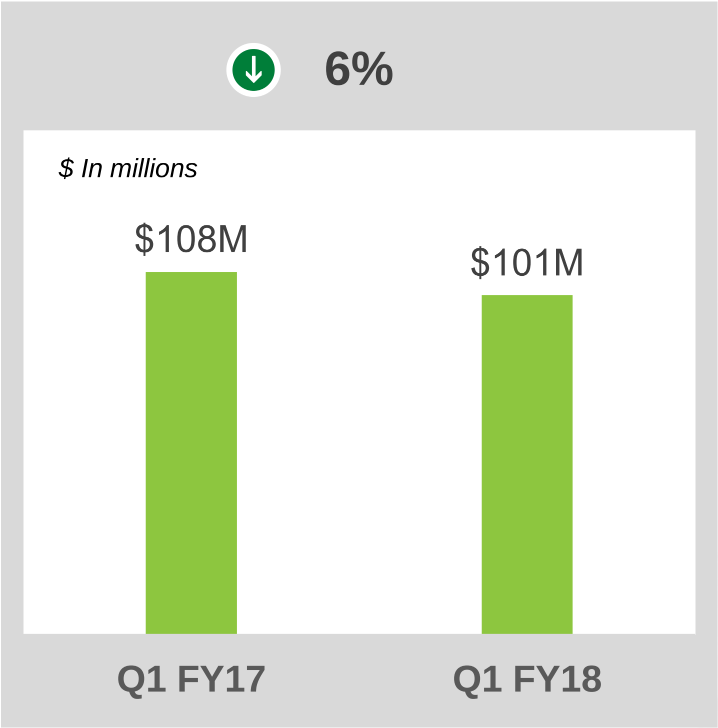
($ in millions)	Q1 FY17	Q1 FY18	Change
Sales	$1,900	$2,130	12%
Segment EBITA	$390	$384	(2%)
EBITA Margin %	20.5%	18.0%	(250bps)



- Organic growth +1%
  - Favorable price/mix
- Sales favorably impacted 7% related to lead prices and 4% related to foreign currency
- Unit shipments
  - OE down 1%; lower production in US & EMEA
  - Aftermarket down 2%; tough compare with prior year and warmer weather
  - Global start-stop up 20%
    - Americas up 51%
    - China up 37%
    - EMEA up 3%

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

Corporate Expense*



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

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

Free Cash Flow

(in $ billions)	Q1 FY17	Q1 FY18
Cash used by operating activities	$(1.9)	$(0.1)
Capital expenditures	(0.4)	(0.2)
Reported free cash flow	**(2.3)**	**(0.4)**
Transaction tax payments	1.2	-
Adient cash outflow	0.3	-
Change in control pension payment	0.2	-
Transaction related restructuring	0.1	-
Transaction/integration/ separation costs	0.2	0.1
Adjustments	**2.0**	**0.1**
Adjusted free cash flow*	**$(0.3)**	**$(0.3)**

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

- Adjusted free cash outflow of $0.3 billion in the quarter
  - In-line with expected normal seasonal outflow
- Tax refund of $0.2 billion offset by $0.2 billion of tax planning payments
- Expect FY18 free cash flow conversion of 80%+
  - Excludes net one-time payments of $800 to $900 million related to integration, restructuring and income taxes

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Balance Sheet

Capital Structure	Q4 FY17	Q1 FY18
Short-term debt and current portion of long-term debt	$1,608	$1,605
Long-term debt	11,964	10,895
Total debt	**13,572**	**12,500**
Less: cash and cash equivalents	321	552
Net debt	**$13,251**	**$11,948**
Net debt/EBITDA leverage	2.8x	2.6x
Net debt/cap	39.3%	36.8%

- Q1 debt issuances / repayments
  - Issued €750 million, 0.0% Senior Notes due 2020
  - $1.9 billion TSarl debt repayment
  - ~$300 million bond repayment
  - ~ €150 million term loan repayment
- Share repurchases
  - 3.6M shares; ~$150 million

2.0-2.5X NET DEBT/EBITDA LEVERAGE TARGET

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Impact of U.S. Tax Reform

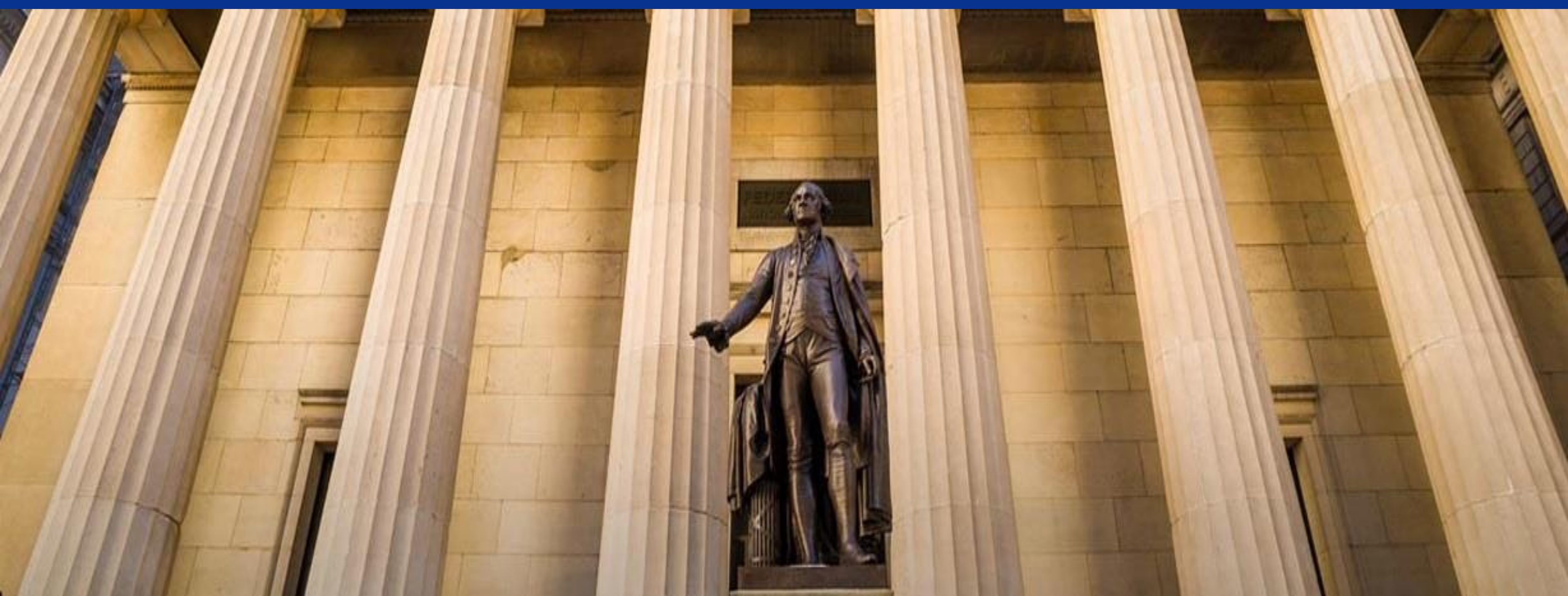
- Fiscal 2018
  - No change to effective rate of 14%*

Deferred Tax Remeasurement	Repatriation Tax
One-time $100 million non-cash tax benefit	One-time $300 million tax charge to be funded over 8 year period

- Fiscal 2019
  - Certain provisions of Tax Reform become effective 10/1/18
  - Expect effective rate of 16% to 18%

*Non-GAAP excludes special items.

Appendix



FY18 First Quarter
Financial Results (continuing operations)

($ in millions, except earnings per share)	Q1 FY17 GAAP	Q1 FY18 GAAP	Q1 FY17 * NON-GAAP	Q1 FY18* NON-GAAP	% Change NON-GAAP
Sales	$7,086	$7,435	$7,096	$7,435	5%
Gross profit	2,114	2,169	2,216	2,169	(2%)
% of sales	*29.8%*	*29.2%*	*31.2%*	*29.2%*	
SG&A expenses	1,570	1,417	1,514	1,481	(2%)
Restructuring & impairment costs	78	158	-	-	
Equity income	55	60	55	60	9%
EBIT	$521	$654	$757	$748	(1%)
EBIT margin	***7.4%***	***8.8%***	***10.7%***	***10.1%***	
Net financing charges	136	116	119	116	(3%)
Income before income taxes	385	538	638	632	(1%)
Income tax provision [benefit]	(27)	267	96	89	(7%)
Net income	412	271	542	543	-
Income attributable to noncontrolling interests	40	41	40	41	3%
Net income attributable to JCI	$372	$230	$502	$502	-
Diluted EPS	**$0.39**	**$0.25**	**$0.53**	**$0.54**	2%

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

Special Items (continuing operations)

$ In millions, except EPS

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	(158)	24	-	(134)	(0.14)
Scott Safety gain on sale	114	(30)	-	84	0.09
Discrete income tax items	-	25	-	25	0.03
Tax reform - deferred tax remeasurement	-	101	-	101	0.11
Tax reform – repatriation tax	-	(305)	-	(305)	(0.33)
Total*	**($94)**	**($178)**	**$-**	**($272)**	**($0.29)**

Q1 FY17	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)
Nonrecurring purchase accounting	(158)	43	-	(115)	(0.12)
Pension mark-to-market	117	(46)	-	71	0.07
Discrete income tax items	-	101	-	101	0.11
Total	**($253)**	**$123**	**$-**	**($130)**	**($0.14)**

* May not sum due to rounding.

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First Quarter
Restructuring and Impairment Costs

$ In millions

Business Unit	Cash		Non-cash		Total	
	Q1 FY17	Q1 FY18	Q1 FY17	Q1 FY18	Q1 FY17	Q1 FY18
Buildings	$15	$107	$1	$23	$16	$130
Power Solutions	-	2	-	2	-	4
Corporate	47	19	15	5	62	24
Total pre-tax charge	**$62**	**$128**	**$16**	**$30**	**$78**	**$158**
Tax benefit					**(14)**	**(24)**
Total after-tax charge					**$64**	**$134**

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

Reorganized Segment Financial Information*

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

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

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January 31, 2018

JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share data; unaudited)

	Three Months Ended December 31,	
	2017	2016
Net sales	$ 7,435	$ 7,086
Cost of sales	5,266	4,972
Gross profit	2,169	2,114
Selling, general and administrative expenses	(1,417)	(1,570)
Restructuring and impairment costs	(158)	(78)
Net financing charges	(116)	(136)
Equity income	60	55
Income from continuing operations before income taxes	538	385
Income tax provision (benefit)	267	(27)
Income from continuing operations	271	412
Loss from discontinued operations, net of tax	-	(34)
Net income	271	378
Less: Income from continuing operations attributable to noncontrolling interests	41	40
Less: Income from discontinued operations attributable to noncontrolling interests	-	9
Net income attributable to JCI	$ 230	$ 329
Income from continuing operations	$ 230	$ 372
Loss from discontinued operations	-	(43)
Net income attributable to JCI	$ 230	$ 329
Diluted earnings per share from continuing operations	$ 0.25	$ 0.39
Diluted loss per share from discontinued operations	-	(0.05)
Diluted earnings per share *	$ 0.25	$ 0.35
Diluted weighted average shares	933.3	947.4
Shares outstanding at period end	926.1	938.7

* May not sum due to rounding.

JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions; unaudited)

	December 31, 2017	September 30, 2017
ASSETS		
Cash and cash equivalents	$ 552	$ 321
Accounts receivable - net	6,731	6,666
Inventories	3,459	3,209
Assets held for sale	40	189
Other current assets	1,647	1,907
Current assets	12,429	12,292
Property, plant and equipment - net	6,105	6,121
Goodwill	19,717	19,688
Other intangible assets - net	6,657	6,741
Investments in partially-owned affiliates	1,219	1,191
Noncurrent assets held for sale	-	1,920
Other noncurrent assets	3,640	3,931
Total assets	$ 49,767	$ 51,884
LIABILITIES AND EQUITY		
Short-term debt and current portion of long-term debt	$ 1,605	$ 1,608
Accounts payable and accrued expenses	4,903	5,342
Liabilities held for sale	-	72
Other current liabilities	4,738	4,832
Current liabilities	11,246	11,854
Long-term debt	10,895	11,964
Other noncurrent liabilities	5,900	6,315
Noncurrent liabilities held for sale	-	173
Redeemable noncontrolling interests	226	211
Shareholders' equity attributable to JCI	20,535	20,447
Noncontrolling interests	965	920
Total liabilities and equity	$ 49,767	$ 51,884

JOHNSON CONTROLS INTERNATIONAL PLC

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

	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016
Operating Activities		
Net income attributable to JCI	$ 230	$ 329
Income from continuing operations attributable to noncontrolling interests	41	40
Income from discontinued operations attributable to noncontrolling interests	-	9
Net income	271	378
Adjustments to reconcile net income to cash used by operating activities:		
Depreciation and amortization	272	346
Pension and postretirement benefit income	(36)	(155)
Pension and postretirement contributions	(24)	(247)
Equity in earnings of partially-owned affiliates, net of dividends received	(36)	(64)
Deferred income taxes	(79)	580
Non-cash restructuring and impairment costs	30	16
Gain on business divestiture	(114)	-
Other - net	17	37
Changes in assets and liabilities, excluding acquisitions and divestitures:		
Accounts receivable	(30)	37
Inventories	(233)	(142)
Other assets	64	(87)
Restructuring reserves	93	20
Accounts payable and accrued liabilities	(623)	(796)
Accrued income taxes	299	(1,808)
Cash used by operating activities	(129)	(1,885)
Investing Activities		
Capital expenditures	(230)	(371)
Sale of property, plant and equipment	5	2
Acquisition of businesses, net of cash acquired	-	(3)
Business divestitures, net of cash divested	2,011	47
Other - net	(12)	(6)
Cash provided (used) by investing activities	1,774	(331)
Financing Activities		
Increase (decrease) in short and long-term debt - net	(1,045)	556
Debt financing costs	(4)	(6)
Stock repurchases	(150)	-
Payment of cash dividends	(232)	-
Proceeds from the exercise of stock options	16	29
Dividends paid to noncontrolling interests	-	(31)
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	(25)	(25)
Cash provided (used) by financing activities	(1,440)	1,964
Effect of exchange rate changes on cash and cash equivalents	17	(55)
Change in cash held for sale	9	105
Increase (decrease) in cash and cash equivalents	$ 231	$ (202)

FOOTNOTES

1. Financial Summary

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

(in millions; unaudited)	Three Months Ended December 31,			
	2017		2016	
	Actual	Adjusted Non-GAAP	Actual	Adjusted Non-GAAP
Net sales (1)				
Building Solutions North America	$ 2,012	$ 2,012	$ 1,942	$ 1,942
Building Solutions EMEA/LA	915	915	875	878
Building Solutions Asia Pacific	597	597	575	576
Global Products	1,781	1,781	1,794	1,800
Total Building Technologies & Solutions	5,305	5,305	5,186	5,196
Power Solutions	2,130	2,130	1,900	1,900
Net sales	$ 7,435	$ 7,435	$ 7,086	$ 7,096
Segment EBITA (1)				
Building Solutions North America	$ 227	$ 236	$ 196	$ 236
Building Solutions EMEA/LA	69	71	49	65
Building Solutions Asia Pacific	74	74	63	72
Global Products	286	178	127	205
Total Building Technologies & Solutions	656	559	435	578
Power Solutions	384	384	389	390
Segment EBITA	1,040	943	824	968
Corporate expenses (2)	(134)	(101)	(193)	(108)
Amortization of intangible assets (3)	(94)	(94)	(149)	(103)
Mark-to-market gain for pension plans (4)	-	-	117	-
Restructuring and impairment costs (5)	(158)	-	(78)	-
EBIT (6)	654	748	521	757
Net financing charges (7)	(116)	(116)	(136)	(119)
Income from continuing operations before income taxes	538	632	385	638
Income tax benefit (provision) (8)	(267)	(89)	27	(96)
Income from continuing operations	271	543	412	542
Income from continuing operations attributable to noncontrolling interests	(41)	(41)	(40)	(40)
Net income from continuing operations attributable to JCI	$ 230	$ 502	$ 372	$ 502

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

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

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

The following is the three months ended December 31, 2017 and 2016 reconciliation of net sales, segment EBITA and segment EBITA margin as reported to adjusted net sales, adjusted segment EBITA and adjusted segment EBITA margin (unaudited):

(in millions)	Building Solutions North America		Building Solutions EMEA/LA		Building Solutions Asia Pacific		Global Products		Total Building Technologies & Solutions		Power Solutions		Consolidated JCI plc	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Net sales as reported	$ 2,012	$ 1,942	$ 915	$ 875	$ 597	$ 575	$ 1,781	$ 1,794	$ 5,305	$ 5,186	$ 2,130	$ 1,900	$ 7,435	$ 7,086
Adjusting items:														
Nonrecurring purchase accounting impacts	-	-	-	3	-	1	-	6	-	10	-	-	-	10
Adjusted net sales	$ 2,012	$ 1,942	$ 915	$ 878	$ 597	$ 576	$ 1,781	$ 1,800	$ 5,305	$ 5,196	$ 2,130	$ 1,900	$ 7,435	$ 7,096
Segment EBITA as reported	$ 227	$ 196	$ 69	$ 49	$ 74	$ 63	$ 286	$ 127	$ 656	$ 435	$ 384	$ 389	$ 1,040	$ 824
Segment EBITA margin as reported	11.3%	10.1%	7.5%	5.6%	12.4%	11.0%	16.1%	7.1%	12.4%	8.4%	18.0%	20.5%	14.0%	11.6%
Adjusting items:														
Transaction costs	-	10	-	2	-	2	-	3	-	17	-	1	-	18
Integration costs	9	7	2	2	-	1	6	4	17	14	-	-	17	14
Scott Safety gain on sale	-	-	-	-	-	-	(114)	-	(114)	-	-	-	(114)	-
Nonrecurring purchase accounting impacts	-	23	-	12	-	6	-	71	-	112	-	-	-	112
Adjusted segment EBITA	$ 236	$ 236	$ 71	$ 65	$ 74	$ 72	$ 178	$ 205	$ 559	$ 578	$ 384	$ 390	$ 943	$ 968
Adjusted segment EBITA margin	11.7%	12.2%	7.8%	7.4%	12.4%	12.5%	10.0%	11.4%	10.5%	11.1%	18.0%	20.5%	12.7%	13.6%

(2) Adjusted Corporate expenses for the three months ended December 31, 2017 excludes $28 million of integration costs and $5 million of transaction costs. Adjusted Corporate expenses for the three months ended December 31, 2016 excludes $50 million of integration costs, $31 million of transaction costs and $4 million of separation costs.

(3) Adjusted amortization of intangible assets for the three months ended December 31, 2016 excludes $46 million of nonrecurring asset amortization related to Tyco purchase accounting.

(4) The three months ended December 31, 2016 pension and postretirement 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) Restructuring and impairment costs for the three months ended December 31, 2017 and 2016 of $158 million and $78 million, respectively, are excluded from the adjusted non-GAAP results.

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

(7) Adjusted net financing charges for the three months ended December 31, 2016 exclude $17 million of transaction costs related to the debt exchange offers.

(8) 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 and the Scott Safety gain on sale of $30 million, partially offset by the tax benefits for tax audit settlements of $25 million, restructuring and impairment costs of $24 million, integration costs of $6 million and transaction costs of $1 million. Adjusted income tax provision for the three months ended December 31, 2016 excludes the tax benefits of changes in entity tax status of $101 million, Tyco nonrecurring 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.

2. Diluted Earnings Per Share Reconciliation

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

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

	Net Income Attributable to JCI plc		Net Income Attributable to JCI plc from Continuing Operations	
	Three Months Ended December 31,		Three Months Ended December 31,	
	2017	2016	2017	2016
Earnings per share as reported for JCI plc	$ 0.25	$ 0.35	$ 0.25	$ 0.39
Adjusting items:				
Transaction costs	0.01	0.07	0.01	0.07
Integration costs	0.05	0.07	0.05	0.07
Related tax impact	(0.01)	(0.01)	(0.01)	(0.01)
Separation costs	-	0.09	-	-
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
Scott Safety gain on sale	(0.12)	-	(0.12)	-
Related tax impact	0.03	-	0.03	-
Restructuring and impairment costs	0.17	0.08	0.17	0.08
Related tax impact	(0.03)	(0.01)	(0.03)	(0.01)
Discrete tax items	0.19	(0.08)	0.19	(0.11)
Adjusted earnings per share for JCI plc*	$ 0.54	$ 0.59	$ 0.54	$ 0.53

* 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,	
	2017	2016
Weighted Average Shares Outstanding for JCI plc		
Basic weighted average shares outstanding	926.1	937.2
Effect of dilutive securities:		
Stock options, unvested restricted stock and unvested performance share awards	7.2	10.2
Diluted weighted average shares outstanding	933.3	947.4

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

3. Organic Adjusted Net Sales Growth Reconciliation

The components of the changes in adjusted net sales for the three months ended December 31, 2017 versus the three months ended December 31, 2016, including organic net sales, is shown below (unaudited):

(in millions)	Adjusted Net Sales for the Three Months Ended December 31, 2016	Base Year Adjustments - Divestitures		Adjusted Base Net Sales for the Three Months Ended December 31, 2016	Foreign Currency		Lead Impact		Organic Net Sales		Adjusted Net Sales for the Three Months Ended December 31, 2017	
Building Solutions North America	$ 1,942	$ -	0.0%	$ 1,942	$ 10	0.5%	$ -	0.0%	$ 60	3.1%	$ 2,012	3.6%
Building Solutions EMEA/LA	878	(43)	-4.9%	835	47	5.6%	-	0.0%	33	4.0%	915	9.6%
Building Solutions Asia Pacific	576	(7)	-1.2%	569	14	2.5%	-	0.0%	14	2.5%	597	4.9%
Global Products	1,800	(138)	-7.7%	1,662	23	1.4%	-	0.0%	96	5.8%	1,781	7.2%
Total Building Technologies & Solutions	5,196	(188)	-3.6%	5,008	94	1.9%	-	0.0%	203	4.1%	5,305	5.9%
Power Solutions	1,900	-	0.0%	1,900	78	4.1%	131	6.9%	21	1.1%	2,130	12.1%
Total net sales	$ 7,096	$ (188)	-2.6%	$ 6,908	$ 172	2.5%	$ 131	1.9%	$ 224	3.2%	$ 7,435	7.6%

4. Adjusted Free Cash Flow Reconciliation

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

The following is the three months ended December 31, 2017 and 2016 reconciliation of free cash flow and adjusted free cash flow (unaudited):

(in billions)	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016
Cash used by operating activities	$ (0.1)	$ (1.9)
Capital expenditures	(0.2)	(0.4)
Reported free cash flow *	$ (0.4)	$ (2.3)
Adjusting items:		
Transaction/integration/separation costs	0.1	0.2
Transaction tax payments	-	1.2
Adient cash outflow	-	0.3
Change in control pension payment	-	0.2
Transaction related restructuring	-	0.1
Total adjusting items	0.1	2.0
Adjusted free cash flow	$ (0.3)	$ (0.3)

* May not sum due to rounding

5. Net Debt to Capitalization

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

(in millions)	December 31, 2017	September 30, 2017
Short-term debt and current portion of long-term debt	$ 1,605	$ 1,608
Long-term debt	10,895	11,964
Total debt	12,500	13,572
Less: cash and cash equivalents	552	321
Total net debt	11,948	13,251
Shareholders' equity attributable to JCI	20,535	20,447
Total capitalization	$ 32,483	$ 33,698
Total net debt as a % of total capitalization	36.8%	39.3%

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

The pension and postretirement mark-to-market gain or loss for each period is excluded from adjusted diluted earnings per share. There was no mark-to-market gain or loss for pension and postretirement plans for the three months ended December 31, 2017. The three months ended December 31, 2016 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.

7. Divestitures

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

On October 31, 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.

8. Income Taxes

The Company's effective tax rate from continuing operations before consideration of the transaction/integration/separation costs, nonrecurring purchase accounting impacts related to the Tyco merger, mark-to-market gains or losses for pension and postretirement plans, Scott Safety gain on sale, restructuring and impairment costs and discrete tax items for the three months ending December 31, 2017 and 2016 is approximately 14 percent and 15 percent, respectively.

9. Restructuring

The three months ended December 31, 2017 include restructuring and impairment costs of $158 million related primarily to workforce reductions, plant closures and asset impairments in the Building Technologies & Solutions and Power Solutions businesses, and at Corporate. The three months ended December 31, 2016 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.