Fiscal 2020
First Quarter Results

January 31, 2020

The power behind **your mission**

Johnson Controls

Forward Looking/Cautionary Statements & Non-GAAP Financial Information

Johnson Controls International plc Cautionary Statement Regarding Forward-Looking Statements

Johnson Controls International plc has made statements in this communication that are forward-looking and therefore are subject to risks and uncertainties. All statements in this document other than statements of historical fact are, or could be, “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. In this communication, statements regarding Johnson Controls’ future financial position, sales, costs, earnings, cash flows, other measures of results of operations, synergies and integration opportunities, capital expenditures and debt levels are forward-looking statements. Words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “should,” “forecast,” “project” or “plan” and terms of similar meaning are also generally intended to identify forward-looking statements. However, the absence of these words does not mean that a statement is not forward-looking. Johnson Controls cautions that these statements are subject to numerous important risks, uncertainties, assumptions and other factors, some of which are beyond Johnson Controls’ control, that could cause Johnson Controls’ actual results to differ materially from those expressed or implied by such forward-looking statements, including, among others, risks related to: any delay or inability of Johnson Controls to realize the expected benefits and synergies of recent portfolio transactions such as the merger with Tyco and the disposition of the Power Solutions business, changes in tax laws (including but not limited to the Tax Cuts and Jobs Act enacted in December 2017), regulations, rates, policies or interpretations, the loss of key senior management, the tax treatment of recent portfolio transactions, significant transaction costs and/or unknown liabilities associated with such transactions, the outcome of actual or potential litigation relating to such transactions, the risk that disruptions from recent transactions will harm Johnson Controls’ business, the strength of the U.S. or other economies, changes to laws or policies governing foreign trade, including increased tariffs or trade restrictions, energy and commodity prices, the availability of raw materials and component products, currency exchange rates, maintaining the capacity, reliability and security of our information technology infrastructure, the risk of infringement or expiration of intellectual property rights, work stoppages, union negotiations, labor disputes and other matters associated with the labor force, the outcome of litigation and governmental proceedings 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 2019 fiscal year filed with the SEC on November 21, 2019, which is available at www.sec.gov and www.johnsoncontrols.com under the “Investors” tab. Shareholders, potential investors and others should consider these factors in evaluating the forward-looking statements and should not place undue reliance on such statements. The forward-looking statements included in this communication are made only as of the date of this document, unless otherwise specified, and, except as required by law, Johnson Controls assumes no obligation, and disclaims any obligation, to update such statements to reflect events or circumstances occurring after the date of this communication.

Non-GAAP Financial Information

This presentation contains financial information regarding adjusted earnings per share, which is a non-GAAP performance measure. The adjusting items include restructuring and impairment costs, transaction costs, integration costs, net mark-to-market adjustments, and discrete tax items. Financial information regarding organic sales, EBIT, EBIT margin, segment EBITA, adjusted segment EBITA, adjusted organic segment EBITA, adjusted segment EBITA margin, free cash flow, adjusted free cash flow, adjusted free cash flow conversion and net debt are also presented, which are non-GAAP performance measures. Adjusted segment EBITA excludes special items such as transaction costs and integration costs because these costs are not considered to be directly related to the underlying operating performance of its business units. Management believes that, when considered together with unadjusted amounts, these non-GAAP measures are useful to investors in understanding period-over-period operating results and business trends of the Company. Management may also use these metrics as guides in forecasting, budgeting and long-term planning processes and for compensation purposes. These metrics should be considered in addition to, and not as replacements for, the most comparable GAAP measure. For further information on the calculation of thee non-GAAP measures and a reconciliation of these non-GAAP measures, refer to the attached footnotes.

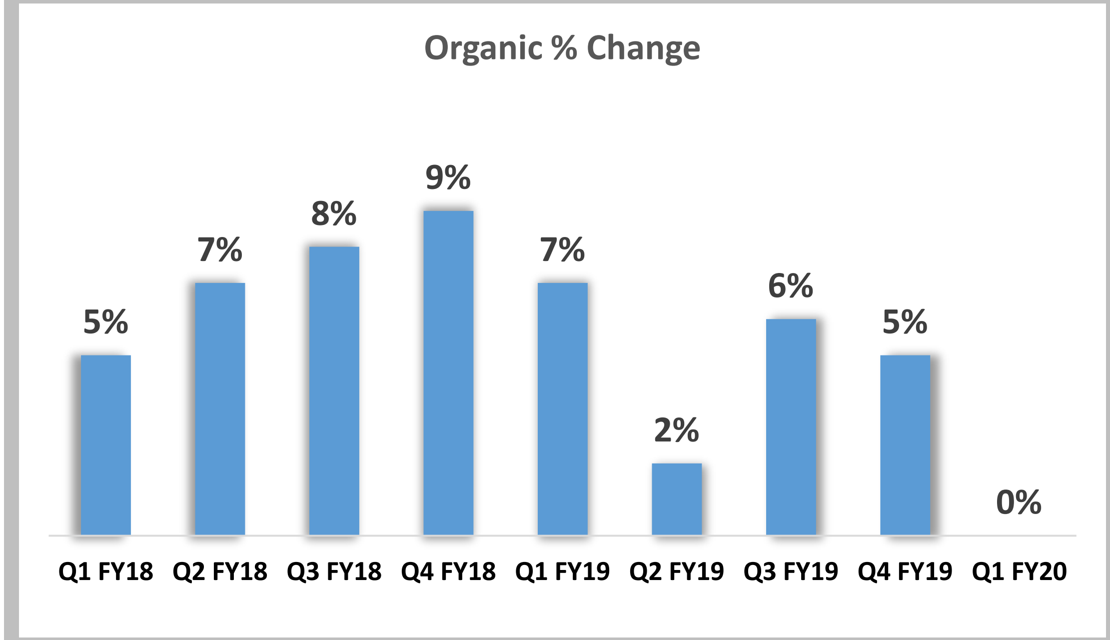
As We Look Ahead

Executing On Our Commitments

- Continued momentum across key financial performance metrics
- Strong start to margin improvement targets
- Improving cash generation profile with better working capital metrics
- Order growth improves in Q2; converting robust pipeline
- Strong balance sheet provides flexibility
- Focused on execution

Well Positioned To Drive Long-Term Shareholder Value

Field Order Growth



Strong Order Pipeline With Mid-Single Digit Q2 Orders Expected
Backlog Up 6% to $9.0B – Provides Visibility Through FY20

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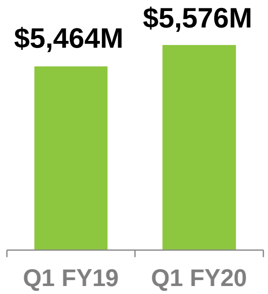
Q1 FY20 Financial Summary* (continuing operations)

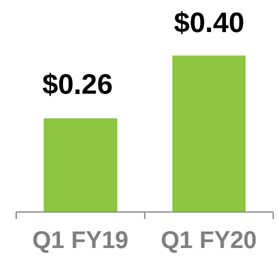
NET SALES



+2%
Reported

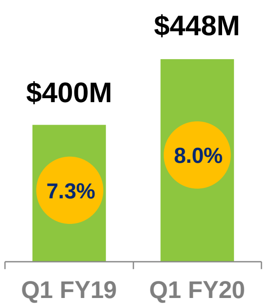
+3%
Organic

ADJUSTED EPS



+54%
Reported

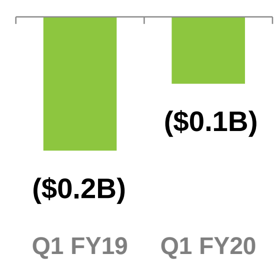
ADJUSTED EBIT & MARGIN



70bps
Reported

80bps
Organic

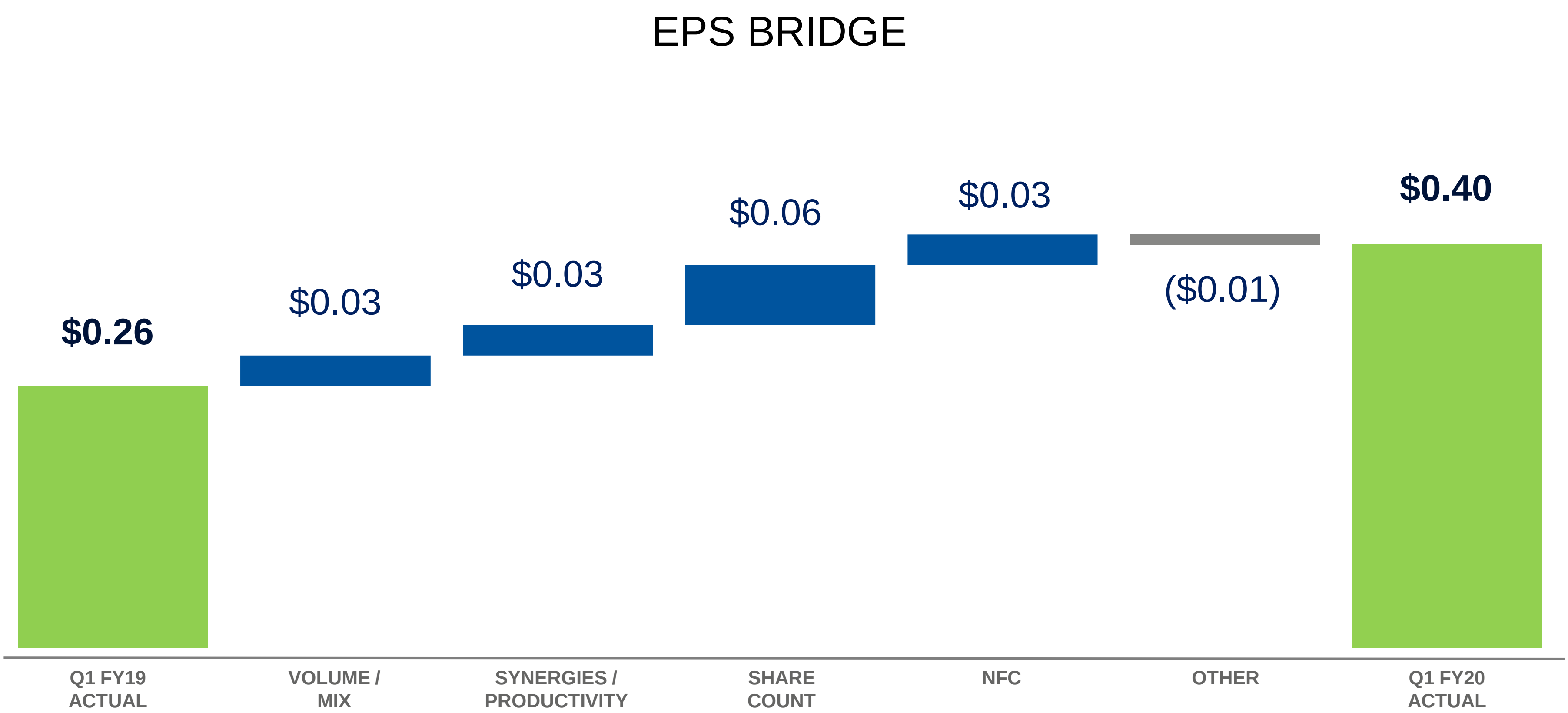
ADJUSTED FCF



Normal seasonal outflow

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

Q1 FY20 Results vs. Prior Year* (continuing operations)

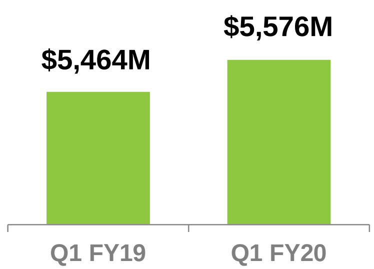


*Non-GAAP excludes special items. See footnotes for reconciliation.

Segment Results*

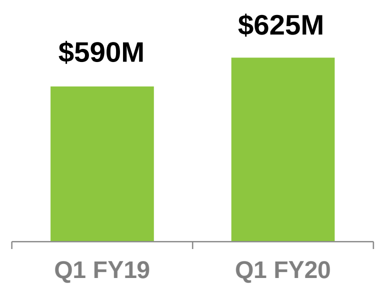
Sales

+3% Organic



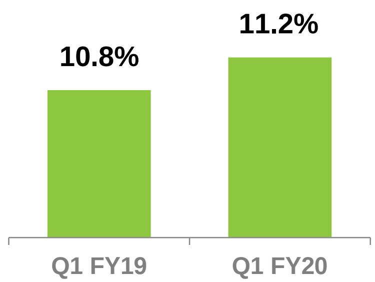
Segment EBITA

+7% Organic

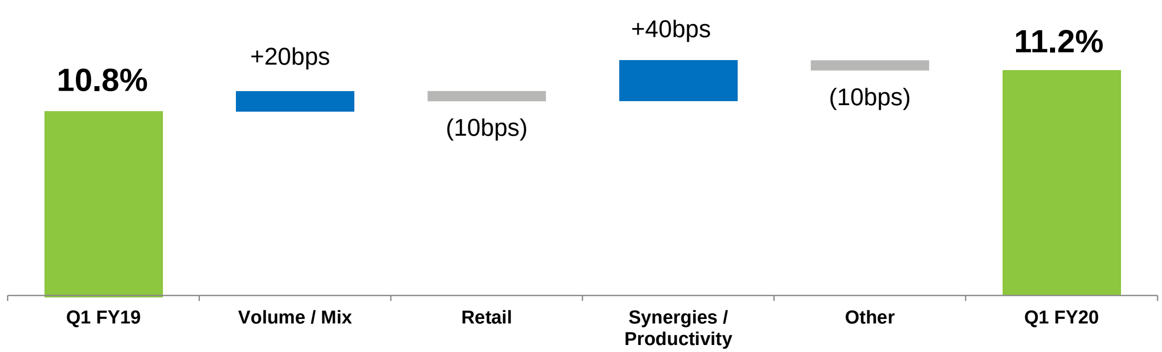


EBITA Margin

+40bps Organic



EBITA Margin



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

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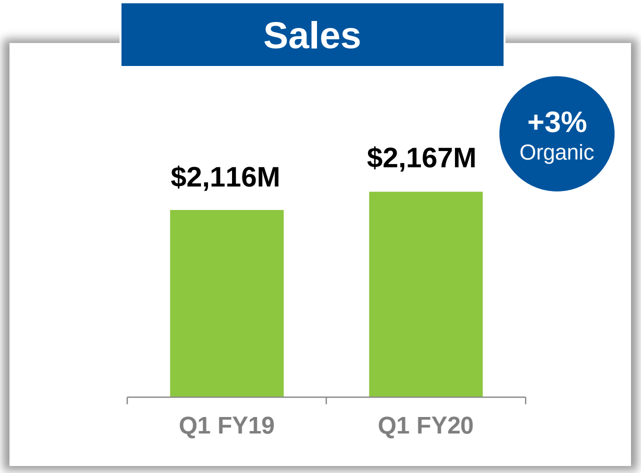
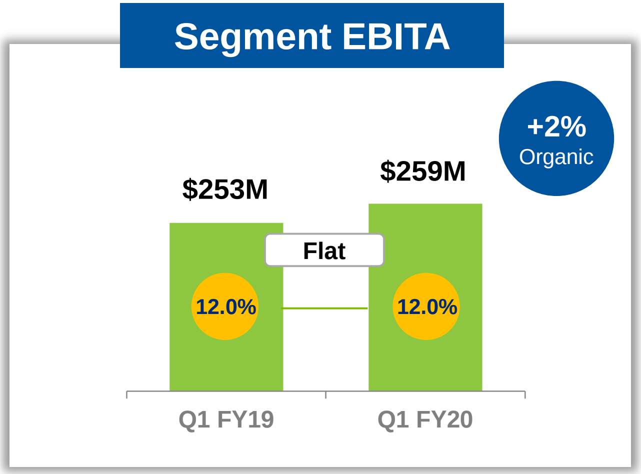
Segment Results: Building Solutions North America*

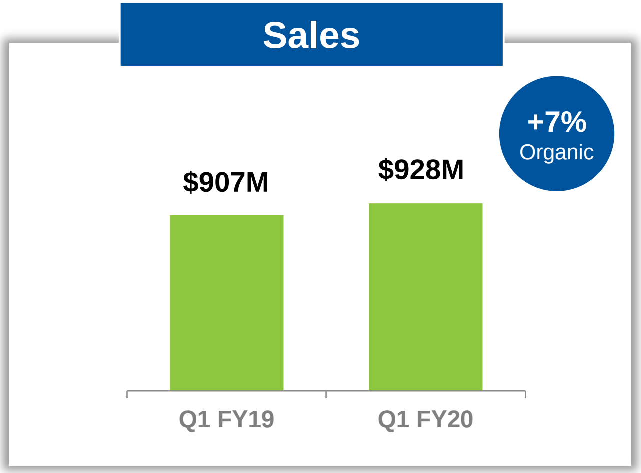


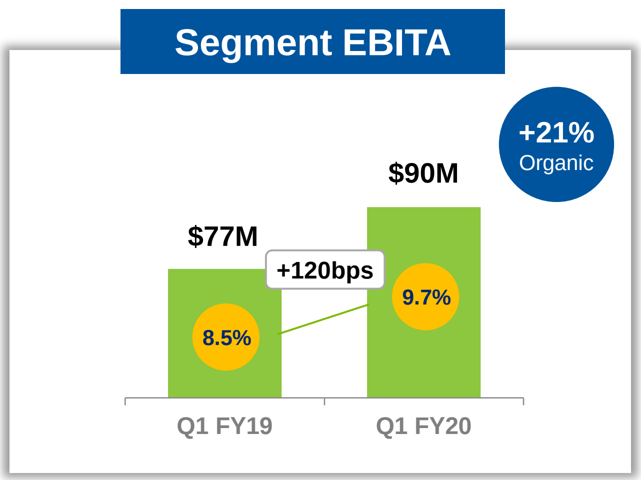


- Organic sales +3%
  - Install +3% / Service +2%
  - HVAC & Controls +LSD
  - Fire & Security +MSD
  - Performance Solutions (LDD)
- EBITA margin flat
  - Favorable volume leverage
  - Productivity savings and cost synergies
  - Unfavorable Retail mix (30bps)
- Orders (1%) organically; expect mid-single digit growth in Q2
- Backlog of $5.8 billion, +7% organically

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

Segment Results: Building Solutions EMEA/LA*





- Organic sales +7%
  - Install +10% / Service +5%
  - HVAC & Controls +HSD
  - Fire & Security +MSD
  - Industrial Refrigeration +high-teens
- EBITA margin +120bps
  - +130bps, ex-foreign currency
  - Favorable volume leverage
  - Productivity savings and cost synergies
- Orders +4% organically
- Backlog of $1.7 billion, +8% organically

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

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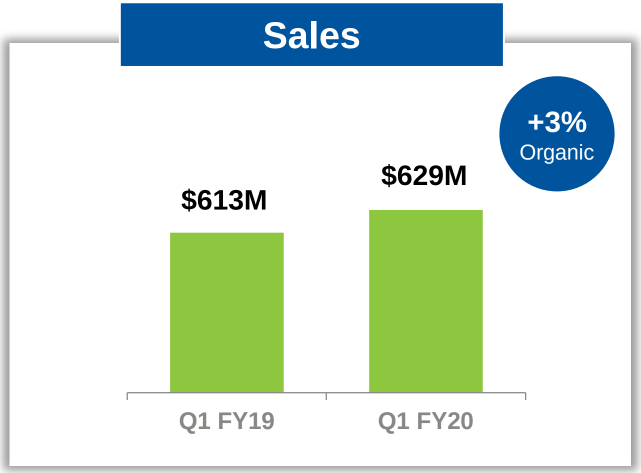
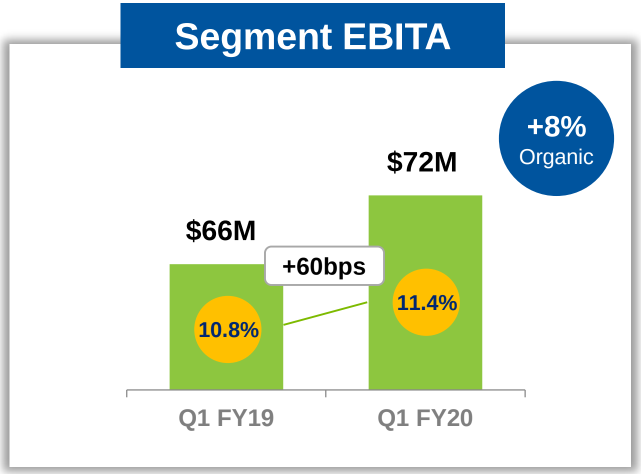
Segment Results: Building Solutions Asia Pacific*

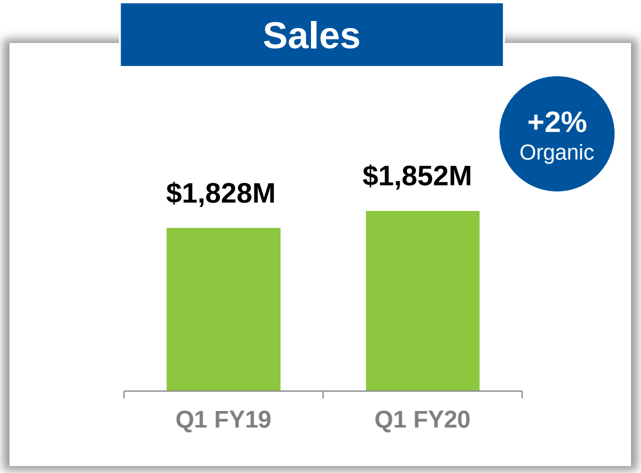


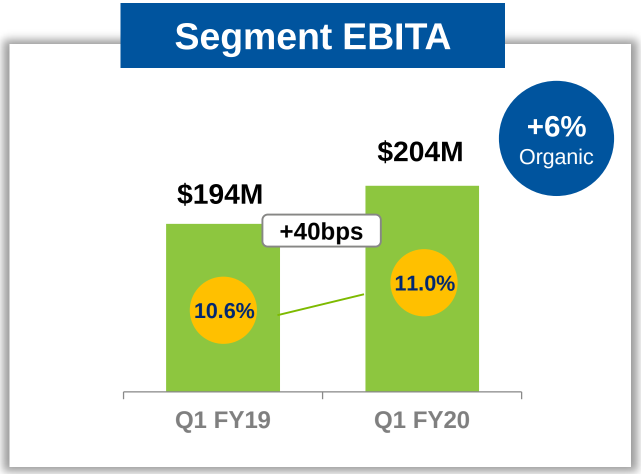


- Organic sales +3%
  - Install +5% / Service +1%
  - HVAC & Controls flat
  - Fire & Security +LDD
- EBITA margin +60bps
  - Favorable volume leverage
  - Productivity savings and cost synergies
- Orders +1% organically
- Backlog of $1.6 billion, +2% organically

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

Segment Results: Building Solutions Global Products*

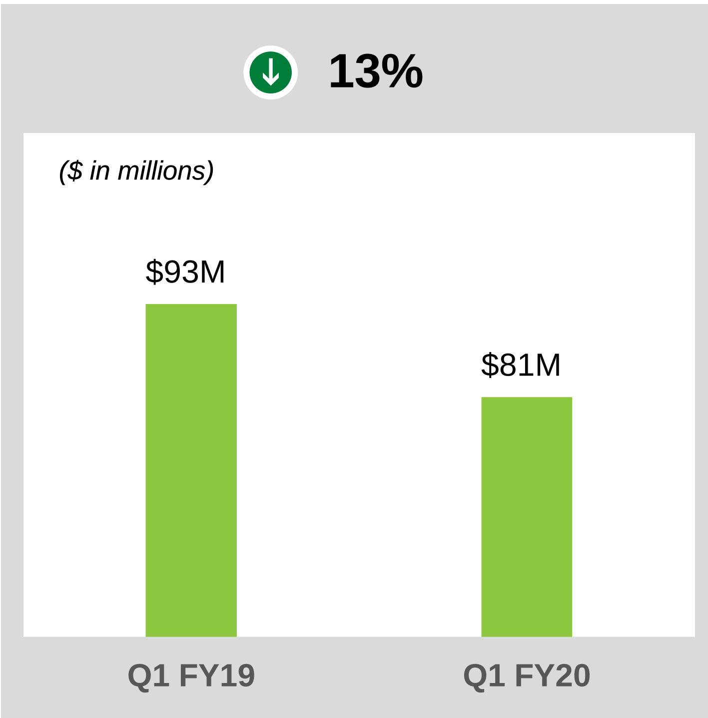




- Organic sales +2%
  - Building Management Systems +HSD
  - HVAC & Refrigeration Equipment flat
    - Global Resi HVAC (LSD); NA Resi HVAC (MSD)
    - Light commercial +LSD; NA flat
    - VRF +MSD
    - Applied Parts & Equipment (MSD)
    - Industrial Refrigeration +MSD
  - Specialty Products +LSD
- EBITA margin +40bps
  - +50bps, ex-foreign currency
  - Positive price / cost
  - Productivity savings and cost synergies

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

Corporate Expense* (continuing operations)



- Realization of cost synergies and productivity savings
- Ongoing cost reductions related to Power Solutions sale

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

Free Cash Flow* (continuing operations)

(in $ billions)	Q1 FY19	Q1 FY20
Cash (used) provided by operating activities	$(0.1)	$0.5
Capital expenditures	(0.2)	(0.1)
Reported free cash flow**	**$(0.2)**	**$0.4**
Integration/transaction costs	0.1	0.1
Nonrecurring tax refunds	-	(0.6)
Adjustments**	**$0.1**	**$(0.4)**
Adjusted FCF**	**$(0.2)**	**$(0.1)**

- Q1 adjusted free cash outflow from continuing operations of $0.1 billion
- Expect FY20 adjusted free cash flow conversion of ~95%
  - Excludes one-time cash outflows of ~$0.3 billion
  - Excludes ~$0.6 billion tax refund received in Q1 FY20

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

**May not sum due to rounding

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Balance Sheet

Capital Structure	Q4 FY19	Q1 FY20
Short-term debt and current portion of long-term debt	$511	$1,362
Long-term debt	6,708	5,920
Total debt	**7,219**	**7,282**
Less: cash and cash equivalents	2,805	2,160
Net debt*	**$4,414**	**$5,122**

Share repurchases	**~$861M**	**~$651M**

*Non-GAAP measure.

Other Items

Significant Q1 Special Items

	Expected Impact	
	Cash	Non-Cash
▪ Restructuring & impairment costs – $111M	$57M	$54M
▪ Switzerland tax reform – $30M	$ -	$30M

Implementation of New Accounting Standard

- Adoption of new Lease Standard (ASC 842) – balance sheet gross-up in other noncurrent assets $1.1B, other current liabilities $0.3B and other noncurrent liabilities $0.8B

Appendix: Supplemental Information

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FY20 First Quarter
Financial Results (continuing operations)

($ in millions, except earnings per share)	Q1 FY19 GAAP	Q1 FY20 GAAP	Q1 FY19* NON-GAAP	Q1 FY20* NON-GAAP	% Change NON-GAAP
Sales	$5,464	$5,576	$5,464	$5,576	2%
Gross profit	1,725	1,803	1,725	1,803	5%
% of sales	*31.6%*	*32.3%*	*31.6%*	*32.3%*	
SG&A expenses	1,438	1,427	1,367	1,398	2%
Restructuring & impairment costs	-	111	-	-	
Equity income	42	43	42	43	2%
EBIT	329	308	400	448	12%
EBIT margin	***6.0%***	***5.5%***	***7.3%***	***8.0%***	
Net financing charges	85	52	85	52	(39%)
Income before income taxes	244	256	315	396	26%
Income tax provision	108	65	43	53	23%
Net income	136	191	272	343	26%
Income attributable to noncontrolling interests	29	32	29	37	28%
Net income attributable to JCI	$107	$159	$243	$306	26%
Diluted EPS	**$0.12**	**$0.21**	**$0.26**	**$0.40**	54%

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

FY20 First Quarter
Special Items (continuing operations)

$ In millions, except EPS

Q1 FY20	Pre-tax Income (Expense)	Tax (Expense) Benefit	NCI (Expense) Income	After-tax Income (Expense)	EPS Impact
Restructuring & impairment costs	$(111)	$16	$5	$(90)	$ (0.12)
Integration costs	(39)	5	-	(34)	(0.04)
Net mark-to-market adjustments	10	(3)	-	7	0.01
Discrete income tax items	-	(30)	-	(30)	(0.04)
Total	**$(140)**	**$(12)**	**$5**	**$(147)**	**$(0.19)**

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

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FY20 First Quarter
Restructuring & Impairment Costs (continuing operations)

$ In millions

Business Unit	Cash		Non-cash		Total	
	Q1FY19	Q1FY20	Q1 FY19	Q1 FY20	Q1 FY19	Q1 FY20
Buildings	$-	$57	$-	$54	$-	$111
Corporate	-	-	-	-	-	-
Total pre-tax charge	**$-**	**$57**	**$-**	**$54**	**$-**	**$111**
Tax benefit					**-**	**(16)**
Noncontrolling interest					**-**	**(5)**
Total after-tax charge					**$-**	**$90**

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

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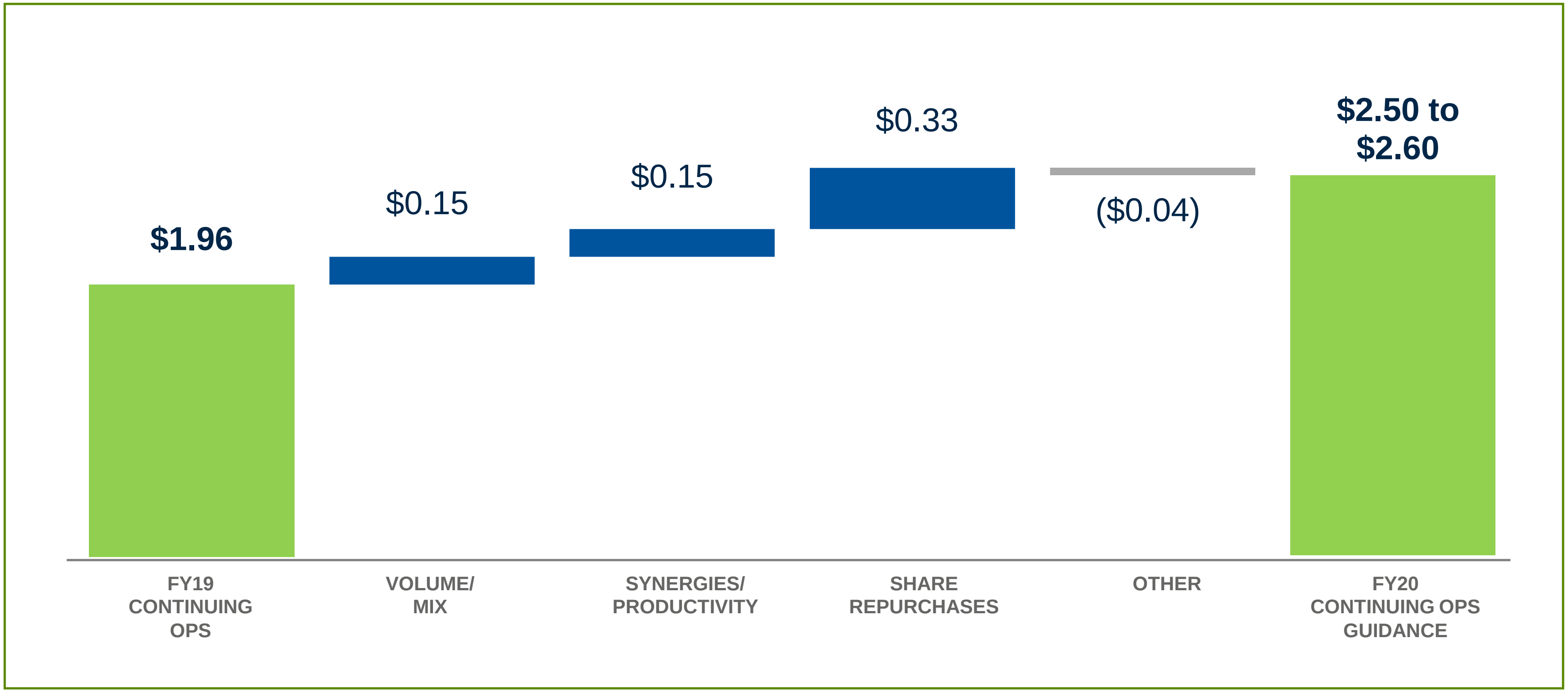
Fiscal 2020 Continuing Operations Guidance*

FY20 EPS WALK



FY20 EPS Growth of 28% to 33%

*Non-GAAP excludes special items.

Fiscal 2020 Continuing Operations Guidance*

Consolidated

Sales

$24.3 - $24.7B
+2% to +3% reported
Low to Mid-single Digit Organic Growth

EBIT Margin

11.0% - 11.2%
+60 to +80 bps

Tax rate

~13.5%

EPS

$2.50 - $2.60
+28% to +33%

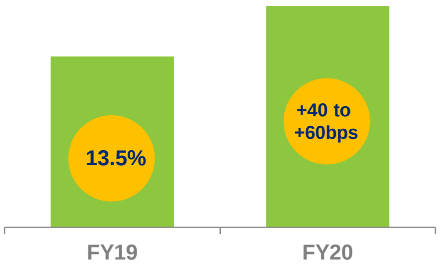
Adjusted Free Cash Flow Conversion

~95%

Sales Headwinds

- FX impact (~$75M)
- Net divestitures (~$210M)

Segment EBITA Margin



Other Items

- Corporate expense of $330M to $340M
- Amortization expense of $385M to $395M
- Net financing charges of $245M to $255M
  - Debt pay down in FY19
  - Headwind from lower interest income
- Non-controlling interest of $210M to $220M
- Weighted average diluted share count of ~760M
  - Includes ~$2.2B of share repurchases

* Non-GAAP excludes special items.

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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, 2019	2018
Net sales	$ 5,576	$ 5,464
Cost of sales	3,773	3,739
Gross profit	1,803	1,725
Selling, general and administrative expenses	(1,427)	(1,438)
Restructuring and impairment costs	(111)	-
Net financing charges	(52)	(85)
Equity income	43	42
Income from continuing operations before income taxes	256	244
Income tax provision	65	108
Income from continuing operations	191	136
Income from discontinued operations, net of tax	-	263
Net income	191	399
Less: Income from continuing operations attributable to noncontrolling interests	32	29
Less: Income from discontinued operations attributable to noncontrolling interests	-	15
Net income attributable to JCI	$ 159	$ 355
Income from continuing operations	$ 159	$ 107
Income from discontinued operations	-	248
Net income attributable to JCI	$ 159	$ 355
Diluted earnings per share from continuing operations	$ 0.21	$ 0.12
Diluted earnings per share from discontinued operations	-	0.27
Diluted earnings per share*	$ 0.21	$ 0.38
Diluted weighted average shares	774.0	925.2
Shares outstanding at period end	764.0	912.7

* May not sum due to rounding.

JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions; unaudited)

	December 31, 2019	September 30, 2019
ASSETS		
Cash and cash equivalents	$ 2,160	$ 2,805
Accounts receivable - net	5,612	5,770
Inventories	1,953	1,814
Assets held for sale	87	98
Other current assets	1,508	1,906
Current assets	11,320	12,393
Property, plant and equipment - net	3,341	3,348
Goodwill	18,351	18,178
Other intangible assets - net	5,610	5,632
Investments in partially-owned affiliates	865	853
Noncurrent assets held for sale	46	60
Other noncurrent assets	2,980	1,823
Total assets	$ 42,513	$ 42,287
LIABILITIES AND EQUITY		
Short-term debt and current portion of long-term debt	$ 1,362	$ 511
Accounts payable and accrued expenses	4,180	4,535
Liabilities held for sale	44	44
Other current liabilities	4,106	3,980
Current liabilities	9,692	9,070
Long-term debt	5,920	6,708
Other noncurrent liabilities	6,470	5,680
Shareholders' equity attributable to JCI	19,329	19,766
Noncontrolling interests	1,102	1,063
Total liabilities and equity	$ 42,513	$ 42,287

JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions; unaudited)

	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018
Operating Activities		
Net income attributable to JCI from continuing operations	$ 159	$ 107
Income from continuing operations attributable to noncontrolling interests	32	29
Net income from continuing operations	191	136
Adjustments to reconcile net income from continuing operations to cash provided by operating activities:		
Depreciation and amortization	207	211
Pension and postretirement benefit income	(40)	(29)
Pension and postretirement contributions	(12)	(21)
Equity in earnings of partially-owned affiliates, net of dividends received	8	(36)
Deferred income taxes	(3)	43
Non-cash restructuring and impairment costs	54	-
Other - net	16	28
Changes in assets and liabilities, excluding acquisitions and divestitures:		
Accounts receivable	237	146
Inventories	(114)	(222)
Other assets	(92)	(63)
Restructuring reserves	33	(25)
Accounts payable and accrued liabilities	(498)	(226)
Accrued income taxes	524	(21)
Cash provided (used) by operating activities from continuing operations	511	(79)
Investing Activities		
Capital expenditures	(126)	(153)
Acquisition of businesses, net of cash acquired	(48)	(13)
Business divestitures, net of cash divested	-	6
Other - net	1	24
Cash used by investing activities from continuing operations	(173)	(136)
Financing Activities		
Increase in short and long-term debt - net	10	1,014
Stock repurchases	(651)	(467)
Payment of cash dividends	(203)	(240)
Dividends paid to noncontrolling interests	(5)	(43)
Proceeds from the exercise of stock options	21	13
Employee equity-based compensation withholding	(20)	(21)
Other - net	(2)	-
Cash provided (used) by financing activities from continuing operations	(850)	256
Discontinued Operations		
Net cash provided (used) by operating activities	(194)	193
Net cash used by investing activities	-	(66)
Net cash used by financing activities	-	(11)
Net cash flows provided (used) by discontinued operations	(194)	116
Effect of exchange rate changes on cash, cash equivalents and restricted cash	57	(43)
Changes in cash held for sale	-	(2)
Increase (decrease) in cash, cash equivalents and restricted cash	$ (649)	$ 112

FOOTNOTES

1. Financial Summary

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

(in millions; unaudited)	Three Months Ended December 31,			
	2019		2018	
	Actual	Adjusted Non-GAAP	Actual	Adjusted Non-GAAP
Net sales				
Building Solutions North America	$ 2,167	$ 2,167	$ 2,116	$ 2,116
Building Solutions EMEA/LA	928	928	907	907
Building Solutions Asia Pacific	629	629	613	613
Global Products	1,852	1,852	1,828	1,828
Net sales	$ 5,576	$ 5,576	$ 5,464	$ 5,464
Segment EBITA (1)				
Building Solutions North America	$ 258	$ 259	$ 250	$ 253
Building Solutions EMEA/LA	90	90	77	77
Building Solutions Asia Pacific	72	72	66	66
Global Products	203	204	190	194
Segment EBITA	623	625	583	590
Corporate expenses (2)	(118)	(81)	(136)	(93)
Amortization of intangible assets	(96)	(96)	(97)	(97)
Net mark-to-market adjustments (3)	10	-	(21)	-
Restructuring and impairment costs (4)	(111)	-	-	-
EBIT (5)	308	448	329	400
EBIT margin	5.5%	8.0%	6.0%	7.3%
Net financing charges	(52)	(52)	(85)	(85)
Income from continuing operations before income taxes	256	396	244	315
Income tax provision (6)	(65)	(53)	(108)	(43)
Income from continuing operations	191	343	136	272
Income from continuing operations attributable to noncontrolling interests	(32)	(37)	(29)	(29)
Net income from continuing operations attributable to JCI	$ 159	$ 306	$ 107	$ 243

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

A reconciliation of segment EBITA to income from continuing operations is shown earlier within this footnote. The following is the three months ended December 31, 2019 and 2018 reconciliation of segment EBITA and segment EBITA margin as reported to adjusted segment EBITA and adjusted segment EBITA margin (unaudited):

(in millions)	Building Solutions North America		Building Solutions EMEA/LA		Building Solutions Asia Pacific		Global Products		Consolidated JCI plc	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Segment EBITA as reported	$ 258	$ 250	$ 90	$ 77	$ 72	$ 66	$ 203	$ 190	$ 623	$ 583
Segment EBITA margin as reported	11.9%	11.8%	9.7%	8.5%	11.4%	10.8%	11.0%	10.4%	11.2%	10.7%
Adjusting items:										
Integration costs	1	3	-	-	-	-	1	4	2	7
Adjusted segment EBITA	$ 259	$ 253	$ 90	$ 77	$ 72	$ 66	$ 204	$ 194	$ 625	$ 590
Adjusted segment EBITA margin	12.0%	12.0%	9.7%	8.5%	11.4%	10.8%	11.0%	10.6%	11.2%	10.8%

(2) Adjusted Corporate expenses excludes special items because these costs are not considered to be directly related to the underlying operating performance of the Company's business. Adjusted Corporate expenses for the three months ended December 31, 2019 excludes $37 million of integration costs. Adjusted Corporate expenses for the three months ended December 31, 2018 excludes $41 million of integration costs and $2 million of transaction costs.

(3) The three months ended December 31, 2019 exclude the net mark-to-market adjustments on restricted investments of $10 million. The three months ended December 31, 2018 exclude the net mark-to-market adjustments on restricted investments of $21 million.

(4) Restructuring and impairment costs for the three months ended December 31, 2019 of $111 million are excluded from the adjusted non-GAAP results. The restructuring actions and impairment costs related primarily to workforce reductions, plant closures and asset impairments.

(5) Management defines earnings before interest and taxes (EBIT) as income from continuing operations before net financing charges, income taxes and noncontrolling interests. EBIT is a non-GAAP performance measure. Management believes this non-GAAP measure is useful to investors in understanding the ongoing operations and business trends of the Company. A reconciliation of EBIT to income from continuing operations is shown earlier within this footnote.

(6) Adjusted income tax provision for the three months ended December 31, 2019 excludes tax provisions related to Switzerland tax reform of $30 million and net mark-to-market adjustments of $3 million, partially offset by tax benefits for restructuring and impairment costs of $16 million and integration costs of $5 million. Adjusted income tax provision for the three months ended December 31, 2018 excludes the tax provision for valuation allowance adjustments of $76 million as a result of changes in U.S. tax law, partially offset by the tax benefits for integration costs of $6 million and net mark-to-market adjustments of $5 million.

2. Diluted Earnings Per Share Reconciliation

The Company's press release contains financial information regarding adjusted earnings per share, which is a non-GAAP performance measure. The adjusting items include transaction/integration costs, net mark-to-market adjustments, restructuring and impairment costs, impact of ceasing the depreciation and amortization expense for the Power Solutions business as the business is held for sale, and discrete tax items. The Company excludes these items because they are not considered to be directly related to the underlying operating performance of the Company. Management believes these non-GAAP measures are useful to investors in understanding the ongoing operations and business trends of the Company.

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

	Net Income Attributable to JCI plc		Net Income Attributable to JCI plc from Continuing Operations	
	Three Months Ended December 31,		Three Months Ended December 31,	
	2019	2018	2019	2018
Earnings per share as reported for JCI plc	$ 0.21	$ 0.38	$ 0.21	$ 0.12
Adjusting items:				
Transaction costs	-	0.03	-	-
Integration costs	0.05	0.05	0.05	0.05
Related tax impact	(0.01)	(0.01)	(0.01)	(0.01)
Net mark-to-market adjustments	(0.01)	0.02	(0.01)	0.02
Related tax impact	-	(0.01)	-	(0.01)
Restructuring and impairment costs	0.14	-	0.14	-
Related tax impact	(0.02)	-	(0.02)	-
NCI impact of restructuring and impairment	(0.01)	-	(0.01)	-
Cease of Power Solutions depreciation / amortization expense	-	(0.03)	-	-
Related tax impact	-	0.01	-	-
Discrete tax items	0.04	0.16	0.04	0.08
Adjusted earnings per share for JCI plc*	$ 0.40	$ 0.61	$ 0.40	$ 0.26

* 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,	
	2019	2018
Weighted average shares outstanding for JCI plc		
Basic weighted average shares outstanding	769.9	921.6
Effect of dilutive securities:		
Stock options, unvested restricted stock and unvested performance share awards	4.1	3.6
Diluted weighted average shares outstanding	774.0	925.2

The Company has presented forward-looking statements regarding adjusted EPS from continuing operations, organic net sales growth, organic adjusted EBITA growth, organic adjusted EBIT growth, adjusted segment EBITA margin, adjusted EBIT margin and adjusted free cash flow conversion for the full fiscal year of 2020, which are non-GAAP financial measures. These non-GAAP financial measures are derived by excluding certain amounts, expenses, income or cash flows from the corresponding financial measures determined in accordance with GAAP. The determination of the amounts that are excluded from these non-GAAP financial measures are a matter of management judgment and depends upon, among other factors, the nature of the underlying expense or income amounts recognized in a given period, including but not limited to the high variability of the net mark-to-market adjustments and the effect of foreign currency exchange fluctuations. Our fiscal 2020 outlook for organic net sales and adjusted EBITA and EBIT growth also excludes the effect of acquisitions, divestitures and foreign currency. We are unable to present a quantitative reconciliation of the aforementioned forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures because such information is not available and management cannot reliably predict all of the necessary components of such GAAP measures without unreasonable effort or expense. The unavailable information could have a significant impact on the Company’s full year 2020 GAAP financial results.

3. Organic Growth Reconciliation

The components of the changes in net sales for the three months ended December 31, 2019 versus the three months ended December 31, 2018, including organic growth, is shown below (unaudited):

(in millions)	Net Sales for the Three Months Ended December 31, 2018	Base Year Adjustments - Divestitures and Other		Adjusted Base Net Sales for the Three Months Ended December 31, 2018	Acquisitions		Foreign Currency		Organic Growth		Net Sales for the Three Months Ended December 31, 2019	
Building Solutions North America	$ 2,116	$ (2)	-	$ 2,114	$ -	-	$ -	-	$ 53	3%	$ 2,167	3%
Building Solutions EMEA/LA	907	(25)	-3%	882	5	1%	(25)	-3%	66	7%	928	5%
Building Solutions Asia Pacific	613	-	-	613	2	-	(5)	-1%	19	3%	629	3%
Total field	3,636	(27)	-1%	3,609	7	-	(30)	-1%	138	4%	3,724	3%
Global Products	1,828	(8)	-	1,820	1	-	3	-	28	2%	1,852	2%
Total net sales	$ 5,464	$ (35)	-1%	$ 5,429	$ 8	-	$ (27)	-	$ 166	3%	$ 5,576	3%

The components of the changes in segment EBITA and EBIT for the three months ended December 31, 2019 versus the three months ended December 31, 2018, including organic growth, is shown below (unaudited):

(in millions)	Adjusted Segment EBITA / EBIT for the Three Months Ended December 31, 2018	Base Year Adjustments - Divestitures and Other		Adjusted Base Segment EBITA / EBIT for the Three Months Ended December 31, 2018	Acquisitions		Foreign Currency		Organic Growth		Adjusted Segment EBITA / EBIT for the Three Months Ended December 31, 2019	
Building Solutions North America	$ 253	$ -	-	$ 253	$ -	-	$ -	-	$ 6	2%	$ 259	2%
Building Solutions EMEA/LA	77	(1)	-1%	76	1	1%	(3)	-4%	16	21%	90	18%
Building Solutions Asia Pacific	66	-	-	66	1	2%	-	-	5	8%	72	9%
Total field	396	(1)	-	395	2	1%	(3)	-1%	27	7%	421	7%
Global Products	194	-	-	194	(1)	-1%	(1)	-1%	12	6%	204	5%
Total adjusted segment EBITA	590	(1)	-	589	$ 1	-	$ (4)	-1%	$ 39	7%	625	6%
Corporate expenses	(93)	-		(93)							(81)	13%
Amortization of intangible assets	(97)	-		(97)							(96)	1%
Total adjusted EBIT	$ 400	$ (1)		$ 399							$ 448	12%

4. Adjusted Free Cash Flow Reconciliation

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

The following is the three months ended December 31, 2019 and 2018 reconciliation of free cash flow, adjusted free cash flow and adjusted free cash flow conversion for continuing operations (unaudited):

(in billions)	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018
Cash provided by operating activities from continuing operations	$ 0.5	$ (0.1)
Capital expenditures	(0.1)	(0.2)
Reported free cash flow	0.4	(0.3)
Adjusting items:		
Transaction/integration costs	0.1	0.1
Income tax refunds	(0.6)	-
Total adjusting items *	(0.4)	0.1
Adjusted free cash flow *	$ (0.1)	$ (0.2)
Adjusted net income from continuing operations attributable to JCI	$ 0.3	$ 0.2
Adjusted free cash flow conversion	-33%	-100%

* 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, 2019 and September 30, 2019 calculation of net debt as a percentage of total capitalization (unaudited):

(in millions)	December 31, 2019	September 30, 2019
Short-term debt and current portion of long-term debt	$ 1,362	$ 511
Long-term debt	5,920	6,708
Total debt	7,282	7,219
Less: cash and cash equivalents	2,160	2,805
Total net debt	5,122	4,414
Shareholders' equity attributable to JCI	19,329	19,766
Total capitalization	$ 24,451	$ 24,180
Total net debt as a % of total capitalization	20.9%	18.3%

6. Income Taxes

The Company's effective tax rate from continuing operations before consideration of transaction/integration costs, net mark-to-market adjustments, restructuring and impairment costs, and discrete tax items for the three months ending December 31, 2019 and 2018 is approximately 13.5%.

7. Restructuring and Impairment Costs

The three months ended December 31, 2019 include restructuring and impairment costs of $111 million related primarily to workforce reductions, plant closures and asset impairments.

8. Leases

On October 1, 2019, the Company adopted ASU 2016-02, “Leases (Topic 842),” which requires recognition of operating leases as a lease asset and liabilities on the balance sheet. The adoption of the new guidance resulted in recognition of a right-of-use asset and related lease liabilities of $1.1 billion.