

Quarterly Update FY17 Fourth Quarter

November 9, 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.

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, an unfavorable arbitration award 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, and free cash flow conversion 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

Antonella Franzen, Vice President, Investor Relations

2

Fourth Quarter Highlights

George Oliver, Chairman and Chief Executive Officer

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Business Results & Financial Review

Brian Stief, Executive Vice President and Chief Financial Officer

4

2018 Guidance

George Oliver, Chairman and Chief Executive Officer

5

Q&A

A Year in Review

What Went Well

- Significant progress related to merger integration
 - Reorganization complete
 - Merger / Productivity cost savings
- EBIT margin expansion of 90 bps
- Completed Adient spin-off and sale of Scott Safety
- Opportunistic share repurchases
 - ~\$650M of buybacks

What Needs to Improve

- Organic growth and orders in Buildings
- Gross margins in Buildings
- Free cash flow conversion
- Consistently delivering on our commitments

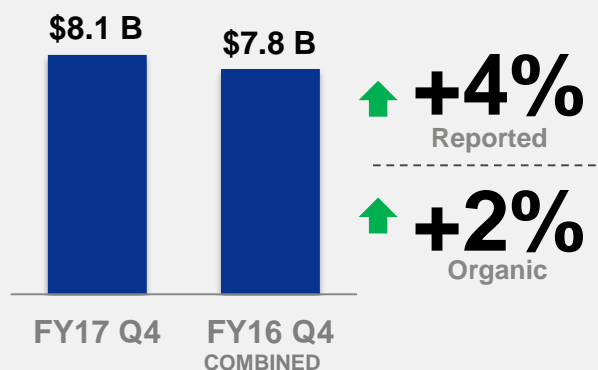
What Is Changing As We Move Forward

- Senior leadership team fully aligned to driving execution
- Compensation incentives directly linked to organic sales growth, EBIT growth, and free cash flow conversion
- Increasing sales capacity and execution
- Establishment of cash management office to drive free cash flow conversion
- Disciplined capital allocation with continued opportunistic share repurchases
- Ongoing review of portfolio / non-core divestitures
- Setting grounded expectations
- Lead with clarity, simplicity, and confidence

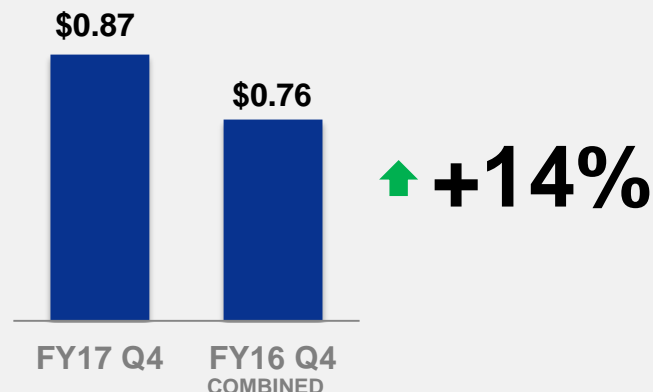
Creating Long-term Shareholder Value At The Forefront Of All We Do

FY17 Fourth Quarter Earnings from Continuing Operations*

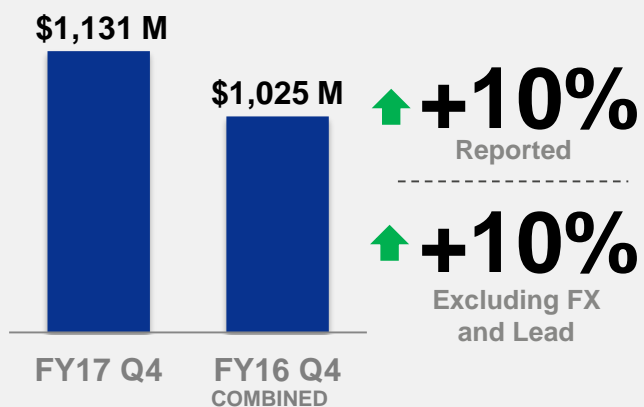
NET SALES



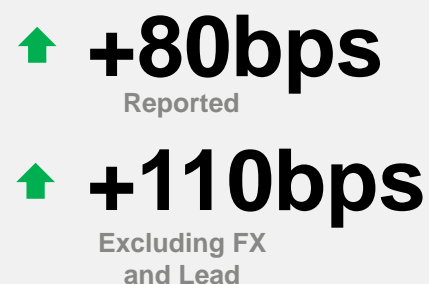
DILUTED EPS



EBIT



EBIT Margin



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

FY17 Q4 Results vs. Prior Year*



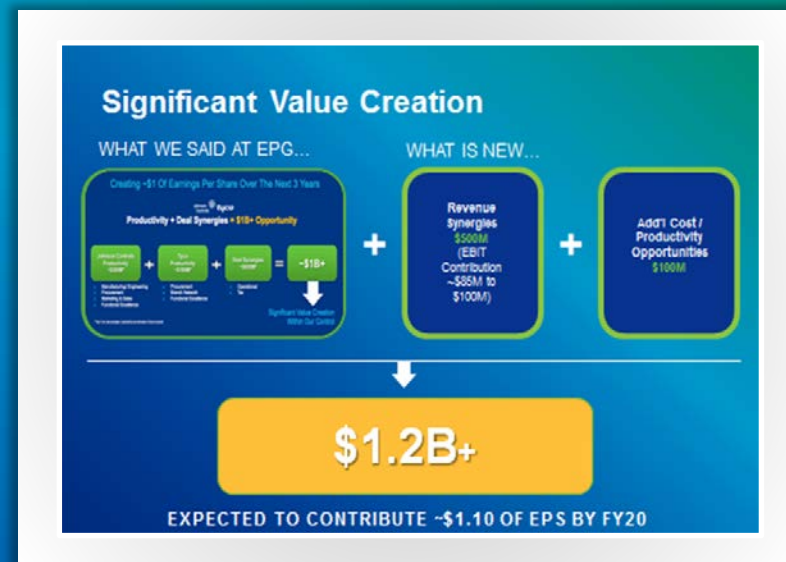
EPS* Growth of 14% year-over-year

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

Integration Update

- Solid progress in quarter with cost synergies / productivity savings; high-end of range for the year
- Expect continued benefits; incremental synergy / productivity savings of \$250 million in FY18

FY17 Synergies/Productivity				
Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	FY17
~\$0.05	~\$0.06	~\$0.07	~\$0.09	~\$0.27



**Grow, Integrate,
Change, Operate**

Building Technologies & Solutions Segment Structure

Building Solutions

Field / Direct Channel

~\$15B

FY17 Sales

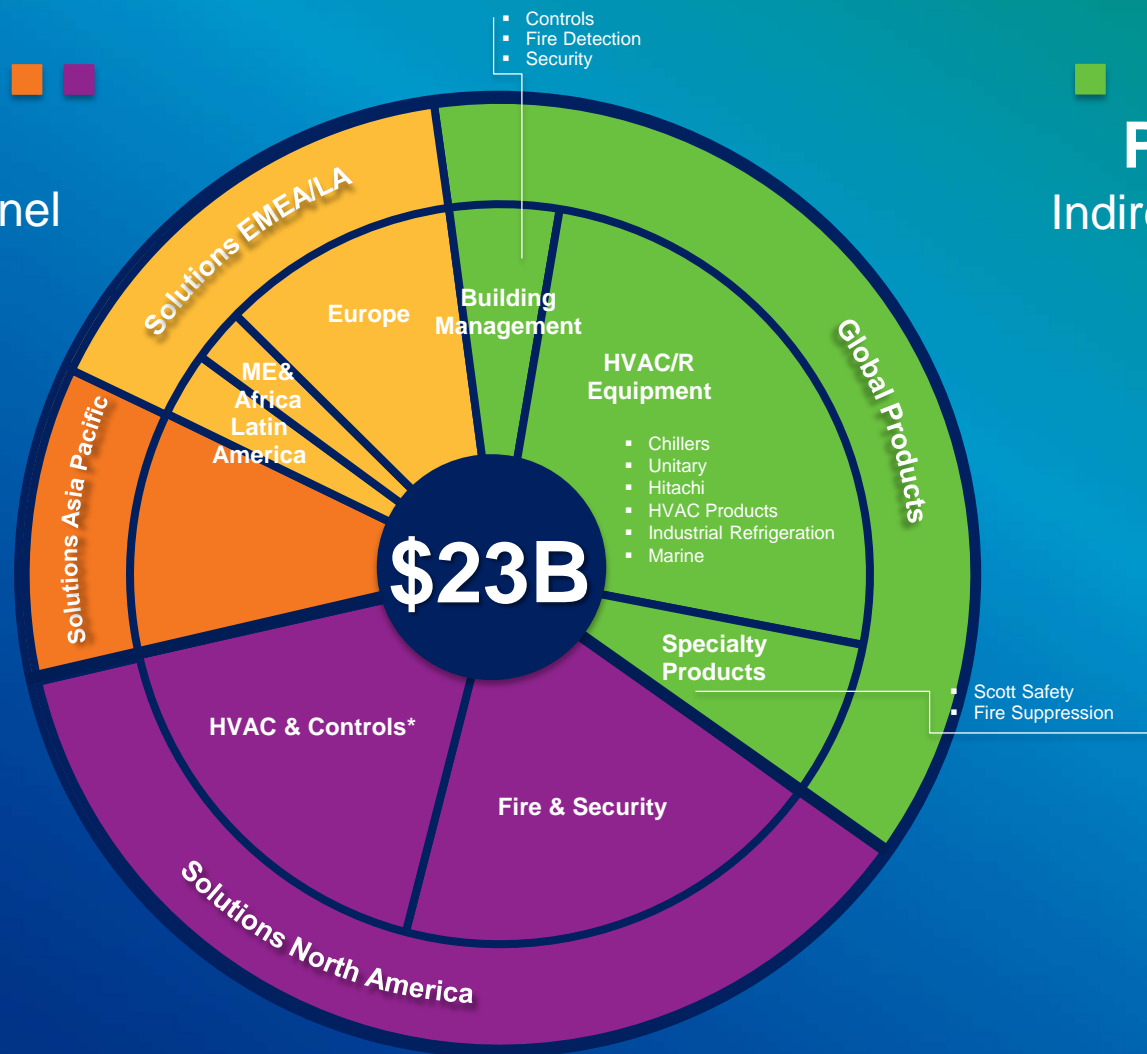


Global Products

Indirect Channel

~\$8B

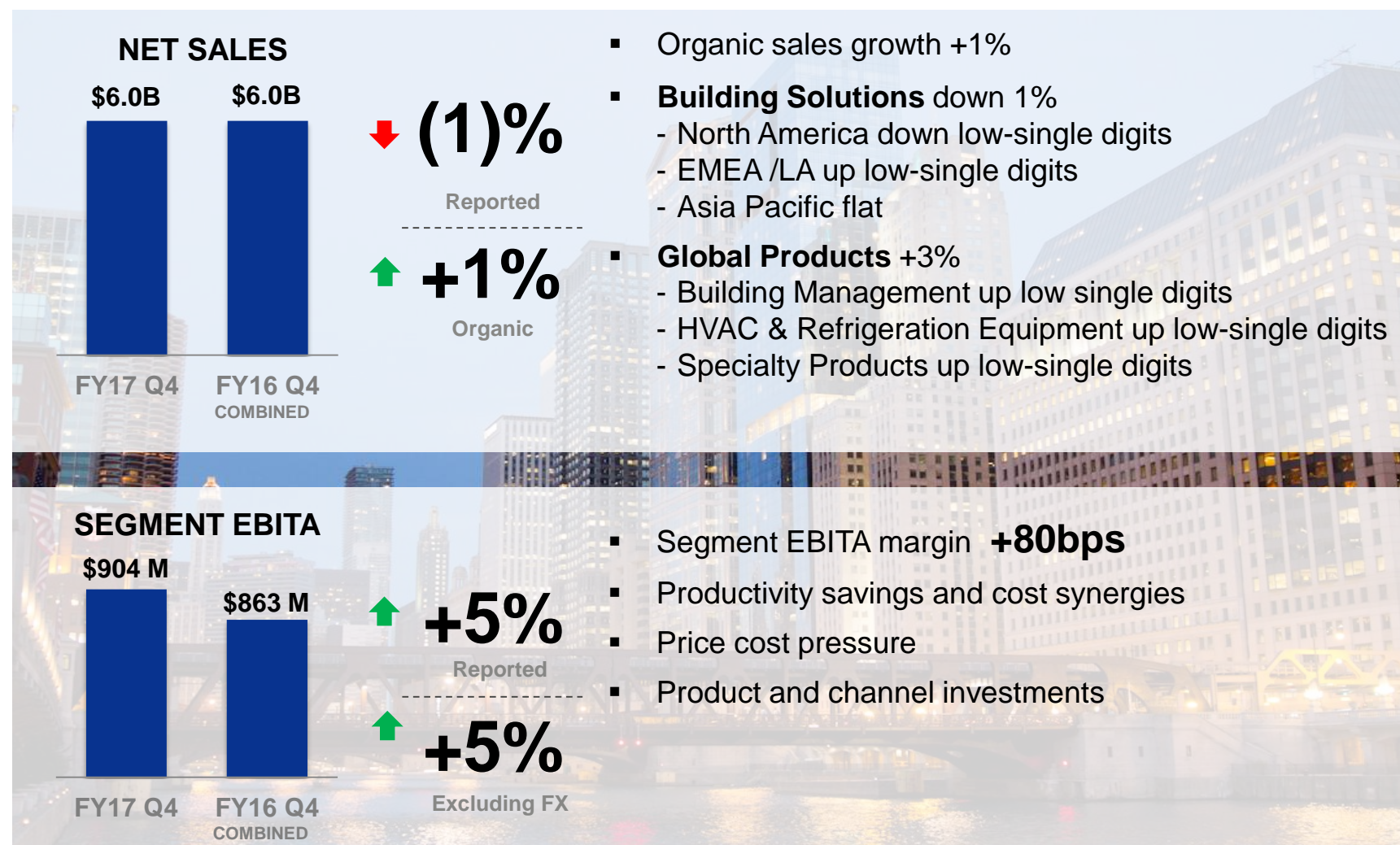
FY17 Sales



*Includes performance contracting.

Building Technologies & Solutions*

Strong Margin Expansion



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

Building Technologies & Solutions

Orders & Backlog

- Orders secured +2% vs prior year (ex. FX and M&A)
 - Building Solutions: Flat
 - North America down low-single digits
 - EMEA / LA down low-single digits
 - APAC up high-single digits
 - Global Products: +5%
- Backlog \$8.5B, +4% vs prior year (ex. FX and M&A)

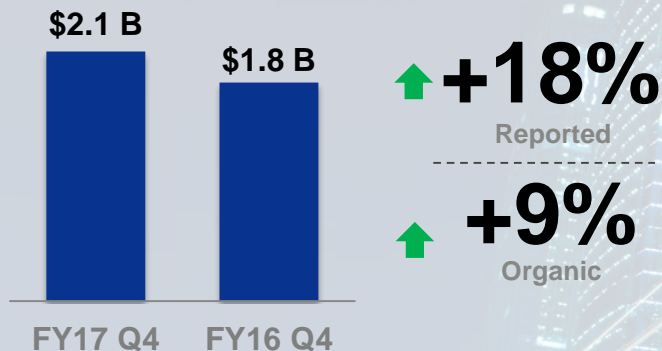
	Q4 FY17	COMBINED Q4 FY16	Y-o-Y Ex. FX and M&A
Backlog	\$8.5B	\$8.2B	+4%



Power Solutions*

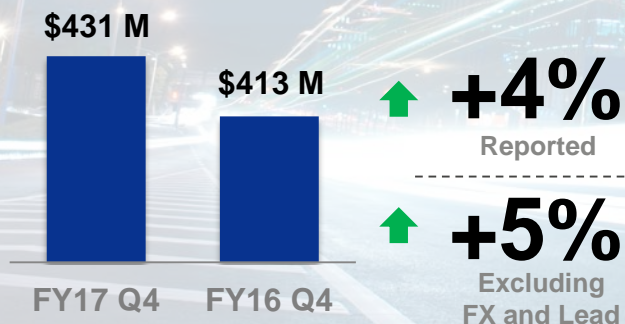
Strong Top-line Growth

NET SALES



- Aftermarket shipments +8%; strong growth across all regions
- OE shipments down 5%; in-line with lower production in US and EMEA
- Global shipments of start-stop +30%
 - China +72%
 - Americas +64%
 - EMEA +7%

SEGMENT EBITA

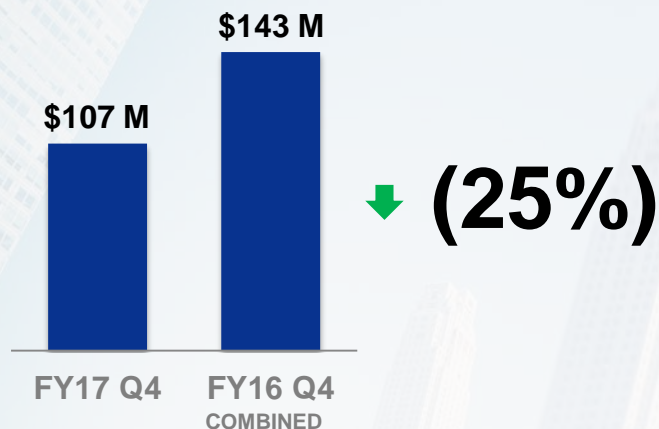


- Segment EBITA margin **down 260 bps**; **down 80 bps** excluding FX & lead
- Higher volumes / favorable mix
- Productivity savings
- Incremental product investments
- Increased logistics and distribution costs, including hurricane disruptions

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

Corporate Expense*

CORPORATE EXPENSE



- Ongoing realization of synergy and productivity savings
- Full year corporate expense of \$465M vs. guidance of \$480M to \$500M (~14% improvement vs prior year)

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

Free Cash Flow

\$ In billions

	FY17	
	Q4	YTD
Cash provided by operating activities	\$1.3	\$ -
Capital expenditures	(0.3)	(1.3)
Reported free cash flow	1.0	(1.3)
Adjustments:		
Transaction tax payments	-	1.4
Adient cash outflow	-	0.3
Transaction related restructuring and change in control pension distributions	-	0.4
Transaction/integration/separation costs	0.1	0.5
Adjusted free cash flow	\$ 1.1	\$ 1.3

- Adjusted free cash flow of \$1.1 billion in the quarter
 - Inventory and accounts receivable improvement of \$200 million in Q4
- Capex in-line with expectations
- Expected FY18 free cash flow conversion 80%+
 - Excludes net one-time payments of \$800M to \$900M related to integration, restructuring, and income taxes

Balance Sheet

- Net debt to capital: 39.3% at 9/30/17 vs. 41.2% as of 6/30/17
- Q4 debt issuances / repayments

Issuances	Interest Rate and Maturity
¥35 billion (~\$310M)	0.40%; 5 year term
€150 million (~\$175M)	0.775%; 1 year term

Repayments

- ~\$1 billion commercial paper
 - ~\$165 million TSarI debt
 - ~\$150 million bonds
- Scott Safety divestiture closed Oct. 4th
 - \$1.9 billion net proceeds
 - 100% used to reduce \$4 billion TSarI merger-related debt
 - Share repurchases
 - Q4: 5.5M shares; \$225M
 - FY17: 15.7M shares; \$651M

Note: Net debt = Total debt less cash



Other Items

- Q4 Special items
 - Restructuring and impairment costs
 - Transaction / integration costs
 - Unfavorable arbitration award
 - Pension / OPEB mark-to-market
 - Discrete income tax items
- Buildings segment change
- Evaluation of US Tax Reform

FY18 Guidance

Consolidated

Sales

\$30.1 - \$30.7B

Flat to +2% Reported

Low-single Digit Organic Growth

EBIT Margin

12.2% - 12.4%

+30 to +50 bps

(including 30 bps headwind related to divestiture of Scott Safety)

EPS

\$2.75 - \$2.85

+6% to +10%

Free Cash Flow Conversion

80%+

Including Capital Expenditures of up to \$1.3B

Segment Details

Buildings

Low-single Digits

Organic Growth

+10 to +30 bps

EBITA Margin Expansion

(including 40 bps headwind related to divestiture of Scott Safety)

Power

Low to Mid-single Digits

Organic Growth

down 10 to +10 bps

EBITA Margin Expansion

Other Items

- Corporate expense \$425 to \$440M
- Net Financing Charges \$460 to \$475M
 - Tailwind from TSarl debt pay down
 - Headwinds from variable rate interest debt
- Effective Tax Rate of ~14.0%
- Noncontrolling Interest of \$200 to \$210M
- Weighted Average Diluted Share Count ~935M



Appendix



FY17 Fourth Quarter

Financial Highlights (continuing operations)

<i>(in millions)</i>	2017 GAAP	2017 * NON-GAAP	COMBINED 2016 * NON-GAAP	% Change
Sales	\$8,136	\$8,136	\$7,848	4%
Gross profit	2,513	2,453	2,490	(1%)
% of sales	30.9%	30.1%	31.7%	
SG&A expenses	1,253	1,385	1,518	(9%)
Restructuring & impairment costs	141	-	-	
Equity income	63	63	53	19%
EBIT	\$1,182	\$1,131	\$1,025	10%
	14.5%	13.9%	13.1%	

Gross Profit %

Impact of lead prices, increased logistics and distribution costs, and price cost pressure

SG&A expense

Ongoing productivity and synergy savings

EBIT margin

+80 bps reflects realization of cost synergies and productivity savings; **+110bps** adjusted for FX and lead

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

FY17 Fourth Quarter

Financial Highlights (continuing operations)

	<i>(in millions, except earnings per share)</i>		
	2017 GAAP	2017 * NON-GAAP	COMBINED 2016 * NON-GAAP
EBIT	\$1,182	\$1,131	\$1,025
Net financing charges	120	120	114
Income before income taxes	1,062	1,011	911
Income tax provision	135	152	155
Net income	927	859	756
Income attributable to noncontrolling interests	52	46	37
Net income attributable to JCI	\$875	\$813	\$719
Diluted EPS	\$0.93	\$0.87	\$0.76

Net financing charges

Increase due to 2017 debt issuances

Income tax provision

Tax rate of **15%** in 2017 vs. **17%** in 2016

Noncontrolling interests

Increase due to improved performance in consolidated Hitachi JVs

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

Special Items (continuing operations)

\$ In millions, except EPS

Q4	Pre-tax Income (Expense)	Tax (Expense) Benefit	NCI (Expense) Benefit	After-tax Income (Expense)	EPS Impact
Integration Costs	(\$90)	\$16	\$-	(\$74)	(\$0.08)
Restructuring & Impairment Costs	(141)	14	-	(127)	(0.14)
Nonrecurring Purchase Accounting	2	(1)	-	1	-
Unfavorable Arbitration Award	(50)	-	-	(50)	(0.05)
Pension and Postretirement Mark-to-Market	330	(90)	(4)	236	0.25
Discrete Income Tax Items	-	78	(2)	76	0.08
Total	\$51	\$17	(\$6)	\$62	\$0.06

YTD	Pre-tax Income (Expense)	Tax (Expense) Benefit	NCI (Expense) Benefit	After-tax Income (Expense)	EPS Impact
Transaction/Separation Costs	(\$113)	\$12	\$-	(\$101)	(\$0.11)
Integration Costs*	(319)	57	-	(262)	(0.28)
Restructuring & Impairment Costs	(367)	63	-	(304)	(0.32)
Nonrecurring Purchase Accounting	(133)	35	-	(98)	(0.10)
Unfavorable Arbitration Award	(50)	-	-	(50)	(0.05)
Pension and Postretirement Mark-to-Market	420	(126)	(4)	290	0.31
Discrete Income Tax Items	-	(278)	(2)	(280)	(0.30)
Total	(\$562)	(\$237)	(\$6)	(\$805)	(\$0.85)

*Includes \$85M of sunk costs for which no synergies will be realized.

Fourth Quarter and YTD FY17 Restructuring and Impairment Costs

\$ In millions

Business Unit	Cash		Non-cash		Total	
	Q4	YTD	Q4	YTD	Q4	YTD
Building Technologies & Solutions	\$35	\$129	\$3	\$52	\$38	\$181
Power Solutions	13	13	3	7	16	20
Corporate	85	147	2	19	87	166
Total pre-tax charge	\$133	\$289	\$8	\$78	\$141	\$367
Tax benefit					(14)	(63)
Total after-tax charge					\$127	\$304

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

2017 Full Year Foreign Exchange Impact

	Q4 FX Impact	Full Year FX Impact
2017 Sales	\$49M	(\$114M)
2017 EPS	\$0.00	(\$0.03)

	Top Foreign Currency Exposures	
	Q4 Average Rates	Fiscal Year Average Rates
EUR/USD	1.18	1.11
USD/JPY	110.91	111.26
USD/CNY	6.67	6.81
USD/CAD	1.25	1.31
GBP/USD	1.31	1.27
USD/MXN	17.81	19.14

2018 Full Year Foreign Exchange Impact

Full Year FX Impact	
2018 Sales	\$265M
2018 EPS	\$0.04

Top Foreign Currency Exposures	
	FX Rates*
EUR/USD	1.16
USD/JPY	113.37
USD/CNY	6.63
USD/CAD	1.29
GBP/USD	1.32
USD/MXN	19.20

*As of 10/31/17

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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November 9, 2017

JOHNSON CONTROLS INTERNATIONAL PLC
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in millions, except per share data; unaudited)

	Three Months Ended September 30,	
	2017	2016
Net sales	\$ 8,136	\$ 6,254
Cost of sales	5,623	4,566
Gross profit	2,513	1,688
Selling, general and administrative expenses	(1,253)	(1,549)
Restructuring and impairment costs	(141)	(201)
Net financing charges	(120)	(87)
Equity income	63	47
Income (loss) from continuing operations before income taxes	1,062	(102)
Income tax provision (benefit)	135	(5)
Income (loss) from continuing operations	927	(97)
Loss from discontinued operations, net of tax	-	(1,035)
Net income (loss)	927	(1,132)
Less: Income from continuing operations attributable to noncontrolling interests	52	16
Less: Income from discontinued operations attributable to noncontrolling interests	-	23
Net income (loss) attributable to JCI	\$ 875	\$ (1,171)
Income (loss) from continuing operations	\$ 875	\$ (113)
Loss from discontinued operations	-	(1,058)
Net income (loss) attributable to JCI	\$ 875	\$ (1,171)
Diluted earnings (loss) per share from continuing operations	\$ 0.93	\$ (0.16)
Diluted loss per share from discontinued operations	-	(1.45)
Diluted earnings (loss) per share	\$ 0.93	\$ (1.61)
Diluted weighted average shares	938.0	728.3
Shares outstanding at period end	928.0	935.8

November 9, 2017

JOHNSON CONTROLS INTERNATIONAL PLC
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in millions, except per share data; unaudited)

	<u>Twelve Months Ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Net sales	\$ 30,172	\$ 20,837
Cost of sales	<u>20,833</u>	<u>15,183</u>
Gross profit	9,339	5,654
Selling, general and administrative expenses	(6,158)	(4,190)
Restructuring and impairment costs	(367)	(288)
Net financing charges	(496)	(289)
Equity income	<u>240</u>	<u>174</u>
Income from continuing operations before income taxes	2,558	1,061
Income tax provision	<u>705</u>	<u>197</u>
Income from continuing operations	1,853	864
Loss from discontinued operations, net of tax	<u>(34)</u>	<u>(1,516)</u>
Net income (loss)	1,819	(652)
Less: Income from continuing operations attributable to noncontrolling interests	199	132
Less: Income from discontinued operations attributable to noncontrolling interests	<u>9</u>	<u>84</u>
Net income (loss) attributable to JCI	<u>\$ 1,611</u>	<u>\$ (868)</u>
Income from continuing operations	\$ 1,654	\$ 732
Loss from discontinued operations	<u>(43)</u>	<u>(1,600)</u>
Net income (loss) attributable to JCI	<u>\$ 1,611</u>	<u>\$ (868)</u>
Diluted earnings per share from continuing operations	\$ 1.75	\$ 1.09
Diluted loss per share from discontinued operations	<u>(0.05)</u>	<u>(2.38)</u>
Diluted earnings (loss) per share *	<u>\$ 1.71</u>	<u>\$ (1.29)</u>
Diluted weighted average shares	<u>944.6</u>	<u>672.6</u>
Shares outstanding at period end	<u>928.0</u>	<u>935.8</u>

* May not sum due to rounding.

JOHNSON CONTROLS INTERNATIONAL PLC
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in millions; unaudited)

	September 30, 2017	September 30, 2016
ASSETS		
Cash and cash equivalents	\$ 321	\$ 579
Accounts receivable - net	6,666	6,394
Inventories	3,209	2,888
Assets held for sale	189	5,812
Other current assets	1,907	1,436
Current assets	<u>12,292</u>	<u>17,109</u>
Property, plant and equipment - net	6,121	5,632
Goodwill	19,688	21,024
Other intangible assets - net	6,741	7,540
Investments in partially-owned affiliates	1,191	990
Noncurrent assets held for sale	1,920	7,374
Other noncurrent assets	3,931	3,510
Total assets	<u>\$ 51,884</u>	<u>\$ 63,179</u>
LIABILITIES AND EQUITY		
Short-term debt and current portion of long-term debt	\$ 1,608	\$ 1,706
Accounts payable and accrued expenses	5,342	5,333
Liabilities held for sale	72	4,276
Other current liabilities	4,832	5,016
Current liabilities	<u>11,854</u>	<u>16,331</u>
Long-term debt	11,964	11,053
Other noncurrent liabilities	6,315	6,583
Noncurrent liabilities held for sale	173	3,888
Redeemable noncontrolling interests	211	234
Shareholders' equity attributable to JCI	20,447	24,118
Noncontrolling interests	920	972
Total liabilities and equity	<u>\$ 51,884</u>	<u>\$ 63,179</u>

JOHNSON CONTROLS INTERNATIONAL PLC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions; unaudited)

	Three Months Ended September 30,	
	2017	2016
Operating Activities		
Net income (loss) attributable to JCI	\$ 875	\$ (1,171)
Income from continuing operations attributable to noncontrolling interests	52	16
Income from discontinued operations attributable to noncontrolling interests	-	23
Net income (loss)	927	(1,132)
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation and amortization	269	273
Pension and postretirement benefit expense (income)	(384)	507
Pension and postretirement contributions	(72)	(43)
Equity in earnings of partially-owned affiliates, net of dividends received	(15)	(48)
Deferred income taxes	69	(1,577)
Non-cash restructuring and impairment costs	8	141
Gain on business divestitures	(9)	(12)
Other - net	27	75
Changes in assets and liabilities, excluding acquisitions and divestitures:		
Accounts receivable	(201)	(231)
Inventories	187	234
Other assets	(222)	195
Restructuring reserves	67	73
Accounts payable and accrued liabilities	825	441
Accrued income taxes	(143)	2,303
Cash provided by operating activities	1,333	1,199
Investing Activities		
Capital expenditures	(347)	(427)
Sale of property, plant and equipment	10	4
Acquisition of businesses, net of cash acquired	-	486
Business divestitures, net of cash divested	40	(22)
Other - net	(8)	(57)
Cash used by investing activities	(305)	(16)
Financing Activities		
Decrease in short and long-term debt - net	(755)	(503)
Debt financing costs	-	(45)
Stock repurchases	(225)	(26)
Payment of cash dividends	(233)	(371)
Proceeds from the exercise of stock options	27	36
Dividends paid to noncontrolling interests	(10)	(66)
Other - net	(2)	2
Cash used by financing activities	(1,198)	(973)
Effect of exchange rate changes on cash and cash equivalents	42	7
Cash held for sale	(9)	15
Increase (decrease) in cash and cash equivalents	\$ (137)	\$ 232

JOHNSON CONTROLS INTERNATIONAL PLC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions; unaudited)

	Twelve Months Ended September 30,	
	2017	2016
Operating Activities		
Net income (loss) attributable to JCI	\$ 1,611	\$ (868)
Income from continuing operations attributable to noncontrolling interests	199	132
Income from discontinued operations attributable to noncontrolling interests	9	84
Net income (loss)	1,819	(652)
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation and amortization	1,188	953
Pension and postretirement benefit expense (income)	(568)	460
Pension and postretirement contributions	(347)	(137)
Equity in earnings of partially-owned affiliates, net of dividends received	(181)	(250)
Deferred income taxes	1,125	(1,241)
Non-cash restructuring and impairment costs	78	221
Gain on business divestitures	(9)	(26)
Other - net	144	143
Changes in assets and liabilities, excluding acquisitions and divestitures:		
Accounts receivable	(520)	(344)
Inventories	(398)	1
Other assets	(480)	148
Restructuring reserves	89	141
Accounts payable and accrued liabilities	217	398
Accrued income taxes	(2,145)	2,080
Cash provided by operating activities	12	1,895
Investing Activities		
Capital expenditures	(1,343)	(1,249)
Sale of property, plant and equipment	33	32
Acquisition of businesses, net of cash acquired	(6)	353
Business divestitures, net of cash divested	220	32
Other - net	(41)	(55)
Cash used by investing activities	(1,137)	(887)
Financing Activities		
Increase in short and long-term debt - net	713	758
Debt financing costs	(18)	(45)
Stock repurchases	(651)	(501)
Payment of cash dividends	(702)	(915)
Proceeds from the exercise of stock options	157	70
Dividends paid to noncontrolling interests	(88)	(306)
Dividend from Adient spin-off	2,050	-
Cash transferred to Adient related to spin-off	(665)	-
Cash paid related to prior acquisitions	(75)	-
Other - net	(4)	6
Cash provided (used) by financing activities	717	(933)
Effect of exchange rate changes on cash and cash equivalents	54	12
Cash held for sale	96	(61)
Increase (decrease) in cash and cash equivalents	\$ (258)	\$ 26

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 and twelve months ended September 30, 2016 include only the September results for the Tyco business as the merger closed September 2, 2016.

(in millions; unaudited)

	Three Months Ended September 30,				Twelve Months Ended September 30,			
	2017		2016		2017		2016	
	Actual	Adjusted Non-GAAP	Actual	Adjusted Non-GAAP	Actual	Adjusted Non-GAAP	Actual	Adjusted Non-GAAP
Net sales (1)								
Building Technologies & Solutions	\$ 6,004	\$ 6,004	\$ 4,443	\$ 4,463	\$ 22,835	\$ 22,801	\$ 14,184	\$ 14,204
Power Solutions	2,132	2,132	1,811	1,811	7,337	7,337	6,653	6,653
Net sales	<u>\$ 8,136</u>	<u>\$ 8,136</u>	<u>\$ 6,254</u>	<u>\$ 6,274</u>	<u>\$ 30,172</u>	<u>\$ 30,138</u>	<u>\$ 20,837</u>	<u>\$ 20,857</u>
Segment EBITA (1)								
Building Technologies & Solutions	\$ 831	\$ 904	\$ 512	\$ 597	\$ 2,831	\$ 3,018	\$ 1,427	\$ 1,537
Power Solutions	431	431	405	413	1,427	1,428	1,327	1,336
Segment EBITA	1,262	1,335	917	1,010	4,258	4,446	2,754	2,873
Corporate expenses (2)	(163)	(107)	(284)	(130)	(768)	(465)	(607)	(367)
Amortization of intangible assets (3)	(106)	(97)	(54)	(49)	(489)	(382)	(116)	(111)
Mark-to-market gain (loss) for pension and postretirement plans (4)	330	-	(393)	-	420	-	(393)	-
Restructuring and impairment costs (5)	(141)	-	(201)	-	(367)	-	(288)	-
EBIT (6)	1,182	1,131	(15)	831	3,054	3,599	1,350	2,395
Net financing charges (7)	(120)	(120)	(87)	(86)	(496)	(479)	(289)	(288)
Income (loss) from continuing operations before income taxes	1,062	1,011	(102)	745	2,558	3,120	1,061	2,107
Income tax benefit (provision) (8)	(135)	(152)	5	(125)	(705)	(468)	(197)	(360)
Income (loss) from continuing operations	927	859	(97)	620	1,853	2,652	864	1,747
Income from continuing operations attributable to noncontrolling interests (9)	(52)	(46)	(16)	(38)	(199)	(193)	(132)	(169)
Net income (loss) from continuing operations attributable to JCI	<u>\$ 875</u>	<u>\$ 813</u>	<u>\$ (113)</u>	<u>\$ 582</u>	<u>\$ 1,654</u>	<u>\$ 2,459</u>	<u>\$ 732</u>	<u>\$ 1,578</u>

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, 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 three months ended September 30, 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 Technologies & Solutions		Power Solutions		Consolidated JCI plc	
	2017	2016	2017	2016	2017	2016
Net sales as reported	\$ 6,004	\$ 4,443	\$ 2,132	\$ 1,811	\$ 8,136	\$ 6,254
Adjusting items:						
Nonrecurring purchase accounting impacts	-	20	-	-	-	20
Adjusted net sales	\$ 6,004	\$ 4,463	\$ 2,132	\$ 1,811	\$ 8,136	\$ 6,274
Segment EBITA as reported	\$ 831	\$ 512	\$ 431	\$ 405	\$ 1,262	\$ 917
Segment EBITA margin as reported	13.8%	11.5%	20.2%	22.4%	15.5%	14.7%
Adjusting items:						
Transaction costs	-	6	-	-	-	6
Integration costs	34	5	-	-	34	5
Nonrecurring purchase accounting impacts	(11)	69	-	-	(11)	69
Unfavorable arbitration award	50	-	-	-	50	-
Other	-	5	-	8	-	13
Adjusted segment EBITA	\$ 904	\$ 597	\$ 431	\$ 413	\$ 1,335	\$ 1,010
Adjusted segment EBITA margin	15.1%	13.4%	20.2%	22.8%	16.4%	16.1%

The following is the twelve months ended September 30, 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 Technologies & Solutions		Power Solutions		Consolidated JCI plc	
	2017	2016	2017	2016	2017	2016
Net sales as reported	\$ 22,835	\$ 14,184	\$ 7,337	\$ 6,653	\$ 30,172	\$ 20,837
Adjusting items:						
Nonrecurring purchase accounting impacts	(34)	20	-	-	(34)	20
Adjusted net sales	\$ 22,801	\$ 14,204	\$ 7,337	\$ 6,653	\$ 30,138	\$ 20,857
Segment EBITA as reported	\$ 2,831	\$ 1,427	\$ 1,427	\$ 1,327	\$ 4,258	\$ 2,754
Segment EBITA margin as reported	12.4%	10.1%	19.4%	19.9%	14.1%	13.2%
Adjusting items:						
Transaction costs	33	16	1	1	34	17
Integration costs	78	20	-	-	78	20
Nonrecurring purchase accounting impacts	26	69	-	-	26	69
Unfavorable arbitration award	50	-	-	-	50	-
Other	-	5	-	8	-	13
Adjusted segment EBITA	\$ 3,018	\$ 1,537	\$ 1,428	\$ 1,336	\$ 4,446	\$ 2,873
Adjusted segment EBITA margin	13.2%	10.8%	19.5%	20.1%	14.8%	13.8%

(2) Adjusted Corporate expenses for the three months ended September 30, 2017 excludes \$56 million of integration costs. Adjusted Corporate expenses for the twelve months ended September 30, 2017 excludes \$241 million of integration costs, \$58 million of transaction costs and \$4 million of separation costs. Adjusted Corporate expenses for the three months ended September 30, 2016 excludes \$144 million of transaction costs, \$5 million of separation costs and \$5 million of other costs. Adjusted Corporate expenses for the twelve months ended September 30, 2016 excludes \$184 million of transaction costs, \$51 million of separation costs and \$5 million of other costs.

(3) Adjusted amortization of intangible assets for the three and twelve months ended September 30, 2017 excludes \$9 million and \$107 million, respectively, of nonrecurring asset amortization related to Tyco purchase accounting. Adjusted amortization of intangible assets for the three and twelve months ended September 30, 2016 excludes \$5 million of nonrecurring asset amortization related to Tyco purchase accounting.

(4) The three months ended September 30, 2017 pension and postretirement mark-to-market gain of \$330 million and the twelve months ended September 30, 2017 pension and postretirement mark-to-market gain of \$420 million are excluded from the adjusted non-GAAP results. The three and twelve months ended September 30, 2016 pension and postretirement mark-to-market loss of \$393 million is excluded from the adjusted non-GAAP results.

(5) The three and twelve months ended September 30, 2017 restructuring and impairment costs of \$141 million and \$367 million, respectively, are excluded from the adjusted non-GAAP results. The three and twelve months ended September 30, 2016 restructuring and impairment costs of \$201 million and \$288 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 twelve months ended September 30, 2017 exclude \$17 million of transaction costs related to the debt exchange offers. Adjusted net financing charges for the three and twelve months ended September 30, 2016 exclude \$1 million of integration costs.

(8) Adjusted income tax provision for the three months ended September 30, 2017 excludes the tax benefits for tax audit settlements of \$191 million, integration costs of \$16 million and restructuring and impairment costs of \$14 million, partially offset by the tax provisions for the pension and postretirement mark-to-market gain of \$90 million, change in the deferred tax liability related to the outside basis of certain nonconsolidated subsidiaries of \$53 million, change in assertion over permanently reinvested earnings of \$33 million, net valuation allowance adjustments in various legal entities of \$27 million, and Tyco nonrecurring purchase accounting impacts of \$1 million. Adjusted income tax provision for the twelve months ended September 30, 2017 excludes the non-cash tax charge of \$457 million related to establishment of a deferred tax liability on the outside basis difference of the Company's investment in certain subsidiaries of the Scott Safety business, pension and postretirement mark-to-market gain of \$126 million, change in the deferred tax liability related to the outside basis of certain nonconsolidated subsidiaries of \$53 million, change in assertion over permanently reinvested earnings of \$33 million and net valuation allowance adjustments in various legal entities of \$27 million, partially offset by the tax benefits of tax audit settlements of \$191 million, changes in entity tax status of \$101 million, restructuring and impairment costs of \$63 million, integration costs of \$57 million, Tyco nonrecurring purchase accounting impacts of \$35 million and transaction costs of \$12 million. Adjusted income tax benefit for the three months ended September 30, 2016 excludes tax benefits of loss on mark-to-market pension and postretirement of \$119 million, restructuring and impairment costs of \$52 million, Tyco nonrecurring purchase accounting impacts of \$20 million, transaction costs of \$12 million and other costs of \$4 million, partially offset by the tax provision of \$77 million due to the merger with Tyco. Adjusted income tax provision for the twelve months ended September 30, 2016 excludes the tax benefits of loss on mark-to-market pension and postretirement of \$119 million, restructuring and impairment costs of \$76 million, Tyco nonrecurring purchase accounting impacts of \$20 million, transaction costs of \$18 million, other costs of \$4 million, integration costs of \$2 million and separation costs of \$1 million, partially offset by the tax provision of \$77 million due to the merger with Tyco.

(9) Adjusted income from continuing operations attributable to noncontrolling interests for the three and twelve months ended September 30, 2017 excludes the noncontrolling interest impact of \$4 million for mark-to-market pension gain and \$2 million for valuation allowance adjustments. Adjusted income from continuing operations attributable to noncontrolling interests for the three months ended September 30, 2016 excludes the noncontrolling interest impact of \$11 million for mark-to-market pension loss, \$10 million for restructuring and impairment costs and \$1 million for integration costs. Adjusted income from continuing operations attributable to noncontrolling interests for the twelve months ended September 30, 2016, excludes the noncontrolling interest impact of \$16 million for restructuring and impairment costs, \$11 million for mark-to-market pension loss and \$10 million for 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; unaudited)

	Three Months Ended September 30, 2016				Twelve Months Ended September 30, 2016			
	A	B	C	D	A	B	C	D
<u>Net sales</u>								
Building Technologies & Solutions	\$ 4,443	\$ 20	\$ 1,574	\$ 6,037	\$ 14,184	\$ 20	\$ 8,712	\$ 22,916
Power Solutions	1,811	-	-	1,811	6,653	-	-	6,653
Net sales	<u>\$ 6,254</u>	<u>\$ 20</u>	<u>\$ 1,574</u>	<u>\$ 7,848</u>	<u>\$ 20,837</u>	<u>\$ 20</u>	<u>\$ 8,712</u>	<u>\$ 29,569</u>
<u>Income from continuing operations</u>								
Building Technologies & Solutions	\$ 512	\$ 85	\$ 266	\$ 863	\$ 1,427	\$ 110	\$ 1,365	\$ 2,902
Power Solutions	405	8	-	413	1,327	9	-	1,336
Segment EBITA	917	93	266	1,276	2,754	119	1,365	4,238
Corporate expenses	(284)	154	(13)	(143)	(607)	240	(174)	(541)
Amortization of intangible assets	(54)	5	(59)	(108)	(116)	5	(319)	(430)
Mark-to-market loss for pension and postretirement plans	(393)	393	-	-	(393)	393	-	-
Restructuring and impairment costs	(201)	201	-	-	(288)	288	-	-
EBIT	(15)	846	194	1,025	1,350	1,045	872	3,267
Net financing charges	(87)	1	(28)	(114)	(289)	1	(161)	(449)
Income (loss) from continuing operations before income taxes	(102)	847	166	911	1,061	1,046	711	2,818
Income tax benefit (provision)	5	(130)	(30)	(155)	(197)	(163)	(119)	(479)
Noncontrolling interest	(16)	(22)	1	(37)	(132)	(37)	3	(166)
Net income (loss)	<u>\$ (113)</u>	<u>\$ 695</u>	<u>\$ 137</u>	<u>\$ 719</u>	<u>\$ 732</u>	<u>\$ 846</u>	<u>\$ 595</u>	<u>\$ 2,173</u>
Diluted weighted average shares	728.3			940	672.6			940
Diluted earnings (loss) per share	<u>\$ (0.16)</u>			<u>\$ 0.76</u>	<u>\$ 1.09</u>			<u>\$ 2.31</u>

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 two and eleven months ended September 2, 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 September 30, 2017 versus the three months ended September 30, 2016, including organic net sales, is shown below (unaudited):

(in millions)	Combined Adjusted Net Sales for the Three Months Ended			Acquisitions/ Divestitures, Net		Lead Impact		Organic Net Sales		Adjusted Net Sales for the Three Months Ended	
	September 30, 2016	Foreign Currency								September 30, 2017	
Building Technologies & Solutions	\$ 6,037	\$ 12	0.2%	\$ (75)	-1.2%	\$ -	-	\$ 30	0.5%	\$ 6,004	-0.5%
Power Solutions	1,811	37	2.0%	-	-	129	7.1%	155	8.6%	2,132	17.7%
Total net sales	<u>\$ 7,848</u>	<u>\$ 49</u>	<u>0.6%</u>	<u>\$ (75)</u>	<u>-1.0%</u>	<u>\$ 129</u>	<u>1.6%</u>	<u>\$ 185</u>	<u>2.4%</u>	<u>\$ 8,136</u>	<u>3.7%</u>

The components of the changes in adjusted net sales for the twelve months ended September 30, 2017 versus the twelve months ended September 30, 2016, including organic net sales, is shown below (unaudited):

(in millions)	Combined Adjusted Net Sales for the Twelve Months Ended			Acquisitions/ Divestitures, Net		Lead Impact		Organic Net Sales		Adjusted Net Sales for the Twelve Months Ended	
	September 30, 2016	Foreign Currency								September 30, 2017	
Building Technologies & Solutions	\$ 22,916	\$ (131)	-0.6%	\$ (244)	-1.1%	\$ -	-	\$ 260	1.1%	\$ 22,801	-0.5%
Power Solutions	6,653	17	0.3%	-	-	427	6.4%	240	3.6%	7,337	10.3%
Total net sales	<u>\$ 29,569</u>	<u>\$ (114)</u>	<u>-0.4%</u>	<u>\$ (244)</u>	<u>-0.8%</u>	<u>\$ 427</u>	<u>1.4%</u>	<u>\$ 500</u>	<u>1.7%</u>	<u>\$ 30,138</u>	<u>1.9%</u>

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 provided (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 and twelve months ended September 30, 2017 reconciliation of free cash flow and adjusted free cash flow (unaudited):

(in billions)	Three Months ended September 30, 2017	Twelve Months ended September 30, 2017
Cash provided by operating activities	\$ 1.3	\$ -
Capital expenditures	(0.3)	(1.3)
Reported free cash flow	<u>\$ 1.0</u>	<u>\$ (1.3)</u>
Adjusting items:		
Transaction tax payments	-	1.4
Adient cash outflow	-	0.3
Transaction related restructuring and change in control pension plan distributions	-	0.4
Transaction/integration/separation costs	0.1	0.5
Adjusted free cash flow	<u>\$ 1.1</u>	<u>\$ 1.3</u>

5. 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, restructuring and impairment costs, an unfavorable arbitration award 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		Net Income Attributable to JCI plc		Net Income Attributable to JCI plc from Continuing Operations	
	Three Months Ended September 30,		Three Months Ended September 30,		Twelve Months Ended September 30,		Twelve Months Ended September 30,	
	2017	2016	2017	2016	2017	2016	2017	2016
Earnings (loss) per share as reported for JCI plc	\$ 0.93	\$ (1.61)	\$ 0.93	\$ (0.16)	\$ 1.71	\$ (1.29)	\$ 1.75	\$ 1.09
Adjusting items:								
Transaction costs	-	0.20	-	0.20	0.12	0.29	0.12	0.29
Related tax impact	-	(0.02)	-	(0.02)	(0.01)	(0.03)	(0.01)	(0.03)
Integration costs	0.10	0.01	0.10	0.01	0.34	0.03	0.34	0.03
Related tax impact	(0.02)	-	(0.02)	-	(0.06)	-	(0.06)	-
Separation costs	-	0.19	-	0.01	0.09	0.70	-	0.08
Related tax impact	-	(0.02)	-	-	-	(0.06)	-	-
Nonrecurring purchase accounting impacts	-	0.10	-	0.10	0.14	0.11	0.14	0.11
Related tax impact	-	(0.03)	-	(0.03)	(0.04)	(0.03)	(0.04)	(0.03)
Mark-to-market loss (gain) for pension and postretirement plans/settlement losses	(0.35)	0.68	(0.35)	0.53	(0.44)	0.75	(0.44)	0.58
Related tax impact	0.10	(0.20)	0.10	(0.17)	0.13	(0.22)	0.13	(0.18)
Restructuring and impairment costs	0.15	0.39	0.15	0.27	0.39	0.91	0.39	0.41
Related tax impact	(0.01)	(0.07)	(0.01)	(0.07)	(0.07)	(0.14)	(0.07)	(0.11)
Unfavorable arbitration award	0.05	-	0.05	-	0.05	-	0.05	-
Discrete tax items	(0.08)	1.50	(0.08)	0.10	0.32	2.93	0.30	0.11
Adjusted earnings per share for JCI plc*	<u>\$ 0.87</u>	<u>\$ 1.14</u>	<u>\$ 0.87</u>	<u>\$ 0.79</u>	<u>\$ 2.67</u>	<u>\$ 3.94</u>	<u>\$ 2.60</u>	<u>\$ 2.35</u>

* 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 September 30,		Twelve Months Ended September 30,	
	2017	2016	2017	2016
Weighted Average Shares Outstanding for JCI plc				
Basic weighted average shares outstanding	929.4	728.3	935.3	667.4
Effect of dilutive securities:				
Stock options, unvested restricted stock and unvested performance share awards	8.6	-	9.3	5.2
Diluted weighted average shares outstanding	<u>938.0</u>	<u>728.3</u>	<u>944.6</u>	<u>672.6</u>

For the three months ended September 30, 2016, the total number of potential dilutive shares due to stock options, unvested restricted stock and unvested performance share awards was 6.9 million. However, these items were not included in the computation of diluted loss per share for the three months ended September 30, 2016, since to do so would decrease the loss per share. On an adjusted diluted outstanding share basis, inclusion of the effect of dilutive securities results in diluted weighted average shares outstanding of 735.2 million for the three months ended September 30, 2016.

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 post-retirement 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.

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. The three and twelve months ended September 30, 2017 include a mark-to-market gain for pension and postretirement plans of \$330 million and \$420 million, respectively. The three and twelve months ended September 30, 2016 include a mark-to-market loss for pension and postretirement plans of \$393 million.

7. Acquisitions and 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. 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.

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).

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, restructuring and impairment costs, an unfavorable arbitration award and discrete tax items for the three months ending September 30, 2017 and 2016 is approximately 15 percent and 17 percent, respectively.

9. Restructuring

The three and twelve months ended September 30, 2017 include restructuring and impairment costs of \$141 million and \$367 million, respectively, related primarily to workforce reductions, plant closures and asset impairments in the Building Technologies & Solutions and Power Solutions businesses, and at Corporate. The three and twelve months ended September 30, 2016 restructuring and impairment costs of \$201 million and \$288 million, respectively, related primarily to workforce reductions, plant closures and asset impairments in the Building Technologies & Solutions and Power Solutions businesses, and at Corporate.