Fiscal 2020
Fourth Quarter Results

November 3, 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: Johnson Controls’ ability to manage general economic, business, capital market and geopolitical conditions, including the impacts of natural disasters, pandemics and outbreaks of contagious diseases and other adverse public health developments, such as the COVID-19 pandemic; the strength of the U.S. or other economies; changes or uncertainty in laws, regulations, rates, policies or interpretations that impact Johnson Controls’ business operations or tax status; the ability to develop or acquire new products and technologies that achieve market acceptance; changes to laws or policies governing foreign trade, including increased tariffs or trade restrictions; maintaining the capacity, reliability and security of Johnson Controls’ enterprise and product information technology infrastructure; the risk of infringement or expiration of intellectual property rights; any delay or inability of Johnson Controls to realize the expected benefits and synergies of recent portfolio transactions such as its merger with Tyco and the disposition of the Power Solutions business; the outcome of litigation and governmental proceedings; the ability to hire and retain key senior management; the tax treatment of recent portfolio transactions; significant transaction costs and/or unknown liabilities associated with such transactions; the availability of raw materials and component products; fluctuations in currency exchange rates; work stoppages, union negotiations, labor disputes and other matters associated with the labor force; the 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 year ended September 30, 2019 filed with the United States Securities and Exchange Commission ("SEC") on November 21, 2019, which is available at www.sec.gov and www.johnsoncontrols.com under the "Investors" tab. The description of certain of these risks is supplemented in Item 1A of Part II of Johnson Controls’ subsequently filed Quarterly Reports on Form 10-Q. 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, tax indemnification reserve release, environmental reserve, loss on extinguishment of debt, Power Solutions gain on sale (net of transaction and other costs), the impact of ceasing depreciation / amortization expense for the Power Solutions business as the business is held for sale, acquisition related compensation charge 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, adjusted Corporate expense, 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, integration costs, environmental reserve and acquisition related compensation charge 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.

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Remaining Focused On Execution & Positioning For Recovery

2020 YEAR IN REVIEW

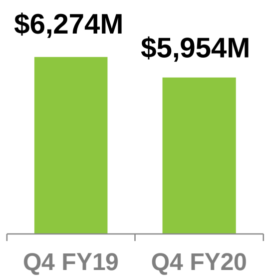
- Year of <u>unprecedented</u> challenges and end market volatility; strong overall financial performance – FY20 EPS* +14%
- Stayed focused on:
  - Our Employees & Communities…
  - Our Customers & Suppliers…
  - Improving Fundamentals…
  - Executing Our Strategy…
- Further strengthened our balance sheet and liquidity profile
- Underscored our commitment to and leadership in sustainability
- Stayed on offense…continuing to invest, innovate and position for the recovery
- Entering next stage in our evolution

*Non-GAAP figures exclude special items. See footnotes for reconciliation.

Johnson Controls

Q4 FY20 Financial Summary* (continuing operations)

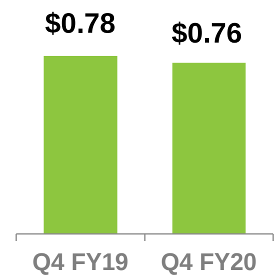
NET SALES



(5%) Reported

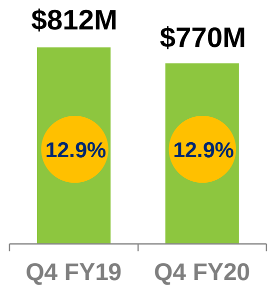
(6%) Organic

EPS



(3%) Reported

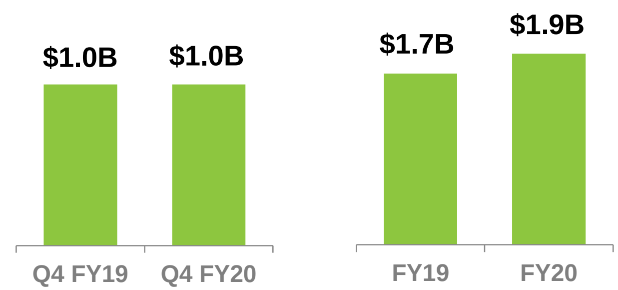
EBIT & MARGIN



(5%) Reported

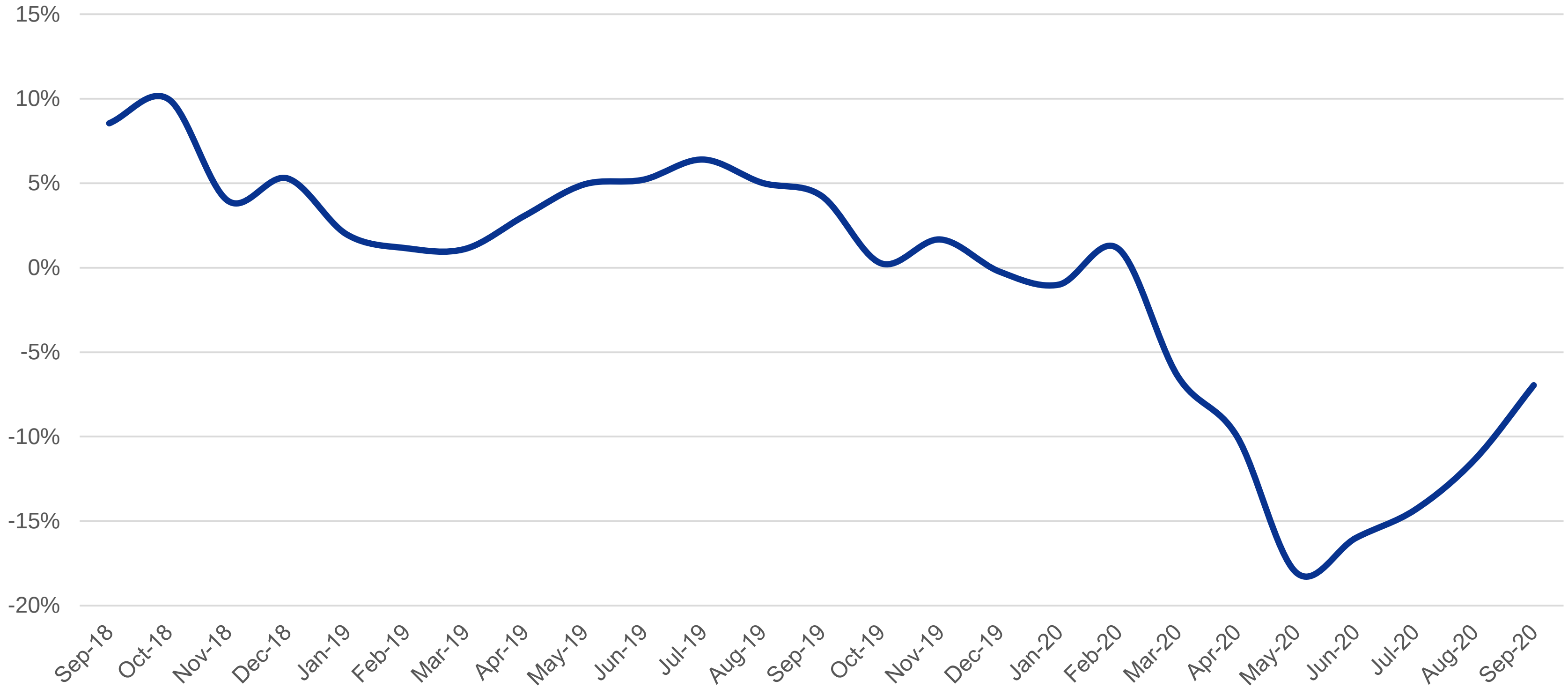
(6%) Organic

FCF



*All figures other than net sales are adjusted and non-GAAP. Non-GAAP figures exclude special items. See footnotes for reconciliation.

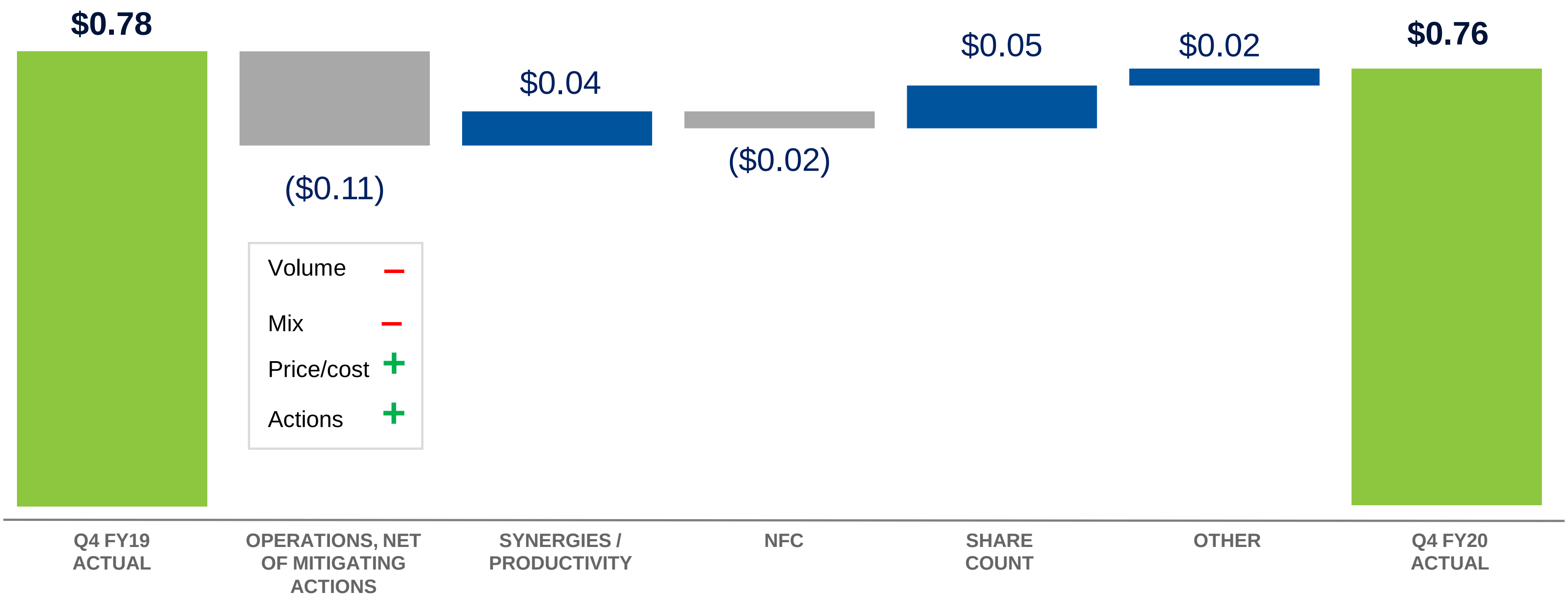
Trailing 3-month Field Orders* Sequentially Improved



- Backlog of $9.2B +2% YoY organic

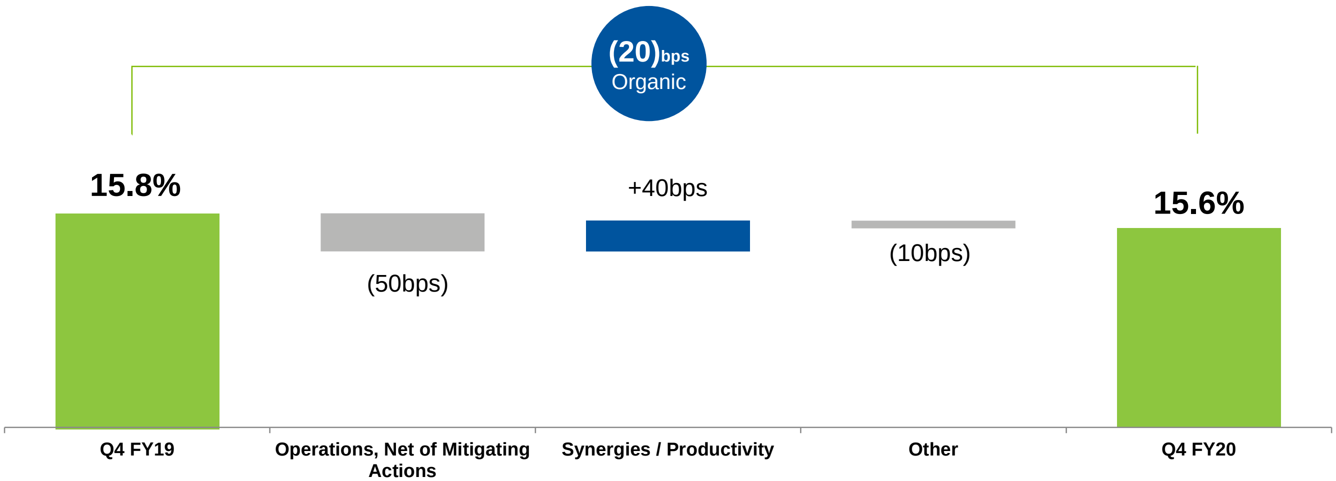
*Excludes Global Products equipment distribution orders

Q4 FY20 EPS Bridge* (continuing operations)



*Non-GAAP EPS from continuing operations, excluding special items. See footnotes for reconciliation.

Q4 FY20 Segment EBITA Margin Bridge*



- Broad based volume declines related to COVID-19; price positive with mix a headwind
- Gross margin +70bps vs. prior year; disciplined price / cost execution
- Aggressive cost mitigation actions related to COVID-19
- Decremental margins ~20% at segment EBITA level; ~13% EBIT level

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

Q4 Segment Results*

($M)	Sales *Organic % yoy*	EBITA Margin *Change yoy*	Comments
North America	**$2,243** *(6%)*	**15.4%** *+50bps*	▪ Service (3%) / Install (9%) ▪ Significant improvement in service; recurring revenue slightly up YoY, labor and materials improved seq. ▪ Orders (9%); Backlog $5.9B, Flat YoY
EMEALA	**$906** *(7%)*	**11.4%** *(30bps)*	▪ Service (3%) / Install (11%) ▪ Region improving; continued weakness in Middle East ▪ Orders (7%); Backlog $1.6B, +1% YoY
Asia Pac	**$661** *(10%)*	**14.7%** *+50bps*	▪ Service (4%) / Install (14%) ▪ China strengthening; orders +7% ▪ Orders +2%; Backlog $1.7B, +10% YoY
Global Products	**$2,144** *(3%)*	**17.8%** *(130bps)*	▪ Strong recovery in NA & APAC residential; gaining share ▪ Negative mix and absorption impacting margin ▪ Book-to-bill flat YoY @ 1.0X
Total Segment	**$5,954** *(6%)*	**15.6%** *(20bps)*	▪ Field: Service (3%) / Install (10%); Products (3%) ▪ Strong operational execution; driving innovation and gaining share ▪ Field orders (7%); Field backlog $9.2B, +2% YoY

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

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Q4 Segment End Market Performance*

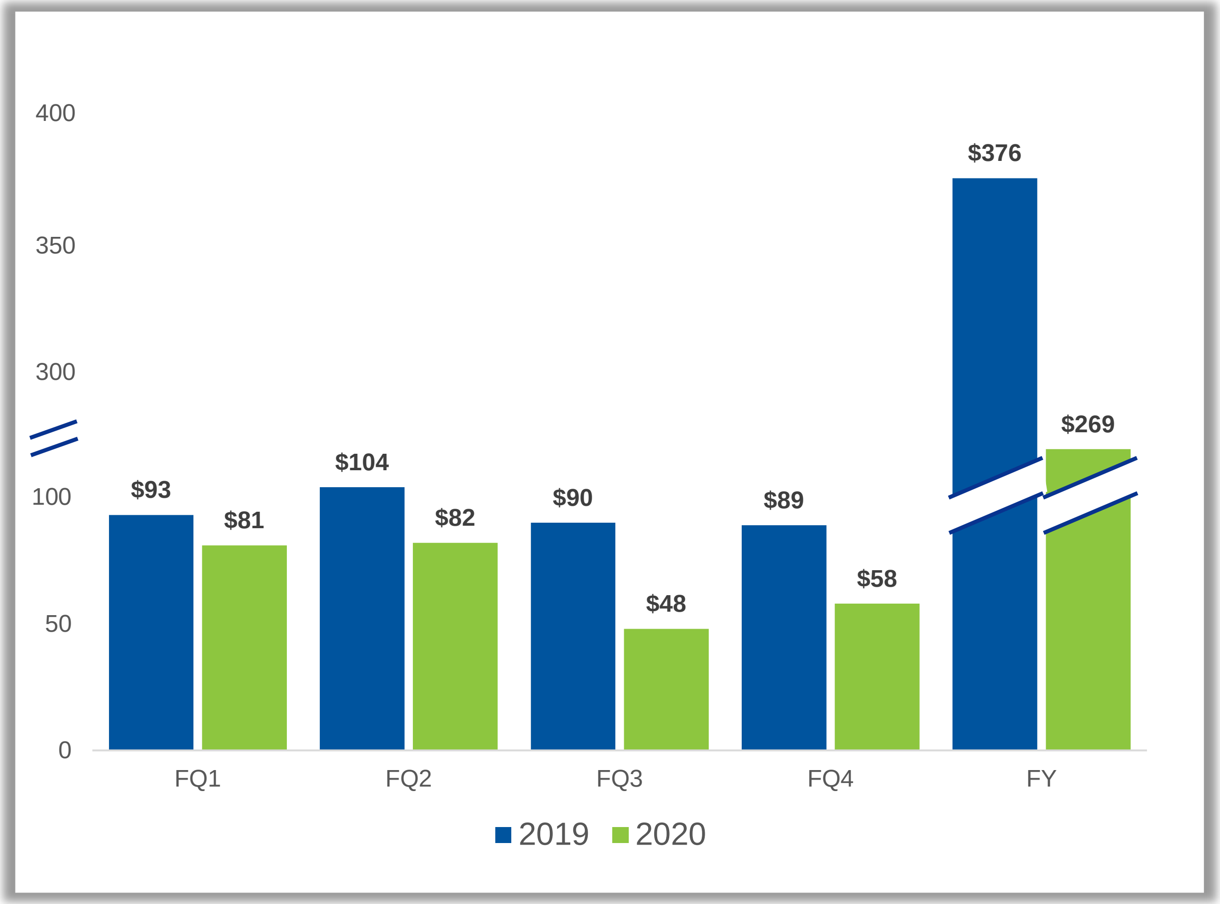
Organic Sales % Change	% of FY20 Sales	North America	EMEALA	APAC	Global Products	Consolidated JCI
Applied[1]	31%	(MSD)	(HSD)	(MSD)	(HSD)[3]	(MSD)
Light Commercial	9%				(low-teens)	(low-teens)
Commercial HVAC	40%					(HSD)
NA Residential	4%				+>30%	+>30%
ROW Residential	8%				+LSD	+LSD
Residential HVAC	12%				+LDD	+LDD
Fire & Security[2]	41%	(LDD)	(HSD)	(Low 20s)	(MSD)	(HSD)
Performance Contracting	3%	+LDD	-	-		+LDD
Industrial Refrigeration	4%	-	(MSD)	-	(MSD)	(MSD)
Total	100%	(6%)	(7%)	(10%)	(3%)	(6%)

Gaining Share In Challenging Environment

[1] Includes BMS Controls
[2] Includes Retail Analytics platform
[3] Represents indirect sales of chiller and air handling equipment

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

Corporate Expense* (continuing operations)



- Mitigating cost actions
- Realization of cost synergies and productivity savings
- Ongoing cost reductions related to Power Solutions sale
- Expect FY21 Corporate expense to be in the range of $300 to $330 million

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

Balance Sheet

Capital Structure	Q4 FY19	Q3 FY20	Q4 FY20
Short-term debt and current portion of long-term debt	$511	$2,423	$293
Long-term debt	6,708	5,671	7,526
Total debt	**7,219**	**8,094**	**7,819**
Less: cash and cash equivalents	2,805	2,342	1,951
Net debt*	**$4,414**	**$5,752**	**$5,868**
Net debt / EBITDA*	**1.3x**	**1.8x**	**1.8x**

- Completed FY20 $2.2B share repurchase program…
  - ~$750M completed in Q4
- Debt refinancing complete; favorable rates

*Non-GAAP measure. See footnotes for reconciliation.

Free Cash Flow* (continuing operations)

(in $ billions)	Q4 FY19	Q4 FY20	FY19	FY20
Cash provided by operating activities	$1.0	$1.0	$1.7	$2.5
Capital expenditures	(0.2)	(0.1)	(0.6)	(0.4)
Reported FCF*	**$0.8**	**$0.9**	**$1.2**	**$2.0**
Integration/transaction costs	0.1	0.1	0.3	0.2
Restructuring payments	-	0.1	0.1	0.2
Nonrecurring tax payments (refunds)	0.1	-	0.1	(0.6)
Adjustments*	**$0.2**	**$0.2**	**$0.5**	**$(0.1)**
Adjusted FCF*	**$1.0**	**$1.0**	**$1.7**	**$1.9**

- Q4 adjusted FCF from continuing operations of ~$1.0 billion
- FY20 adjusted FCF of ~$1.9 billion
  - FY20 adjusted FCF conversion 115%
  - FY20 reported FCF conversion 121%

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

**May not sum due to rounding

Johnson Controls

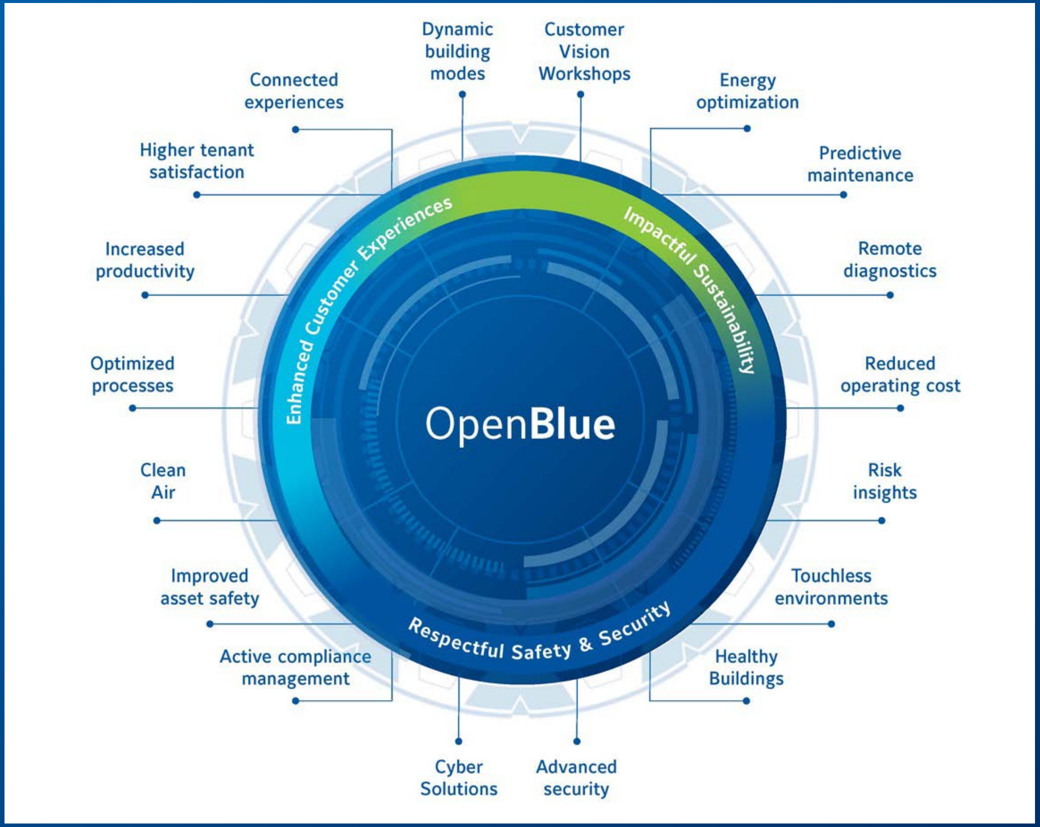
Accelerating Shareholder Value Going Forward

- Portfolio aligned with strong secular trends
- Well positioned for post-pandemic cycle recovery
- Fast-track share gains
  - Successfully scale OpenBlue
  - Accelerate new product introductions
  - Drive service attachment rate & revenue growth
- Improved margin / cost structure
- Disciplined capital allocation

Leading The Future Through Digital

Our Progress:

- Strategic customer wins
- Partnerships / Alliances
- OpenBlue Singapore Innovation Center
- Increasing secured orders YoY across regions; accelerating pipeline
- Continuous releases and 5 new OpenBlue solution launches in Q1FY21
- Accelerating IP: Over 600+ patents across BMS and Digital (8x increase over last 4 years)



Microsoft accenture cisco intel

AI infused | Agile | Flexible | Scalable

OpenBlue Workplace	OpenBlue Hospitals	OpenBlue Schools	OpenBlue Campus	OpenBlue Enterprise	OpenBlue Stadiums

Tailored Services For the Full Building Life-cycle

Customer vision workshops

Risk assessment

Expert consulting

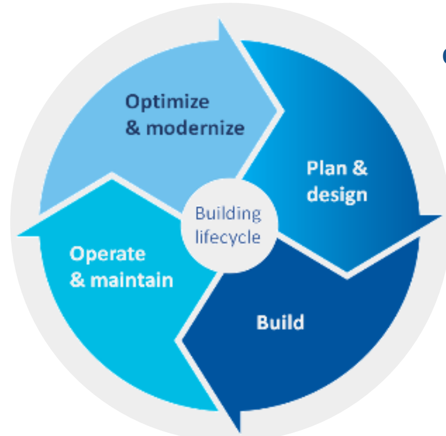
Project management

Advanced engineering & integration

Expert installation & commissioning

Comprehensive training

Equipment tests & inspections



Comprehensive audits

Retrofit services

Financing models

Rental solutions

Remote diagnostics

Predictive maintenance

Managed access control & video

Advanced monitoring

Tiered Offerings

Essential powered by OpenBlue	Enhanced powered by OpenBlue	Expert powered by OpenBlue	Optimum powered by OpenBlue
Remote inspection and advisory services delivering data-driven equipment health insights.	Improved equipment uptime supported by advanced Fault Detection and Diagnostics (FDD) and specialist maintenance support.	Proactive optimization of operating costs and equipment reliability through advanced predictive diagnostics and expert maintenance support.	Guaranteed equipment reliability and performance assurance by dedicated expert.

Driving Results…

- Lead generation enhanced; capitalizing on higher growth segment of service
- Improve attach rates and revenue per user
- Increase service growth rate by 2 to 3 points from FY19 base +4%

Leading Portfolio Of Products Enabling COVID Response And “Healthy Buildings” Opportunities

Indoor air quality (IAQ) technology

Fresh air units / filtration solutions

Enhance sterilization efficiency by adding ESP (Electrostatic Precipitator) & UV module

Return air unit / system solution

Introduction of micro ESP with no arcing, UV, Nano-TiO2 technology inside for no cross infection

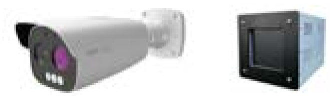
Service solutions for facilities without accessible Air Systems

Portable filter equipment, independent ceiling units, and mobile HEPA Air filtration system

Building Management Systems

Thermal detection & scanning

Quick response (300 people per minute) facial temperature detection



Frictionless security & mobile credentials

IP video camera (w/ 3D facial recognition capability) purpose built for access control

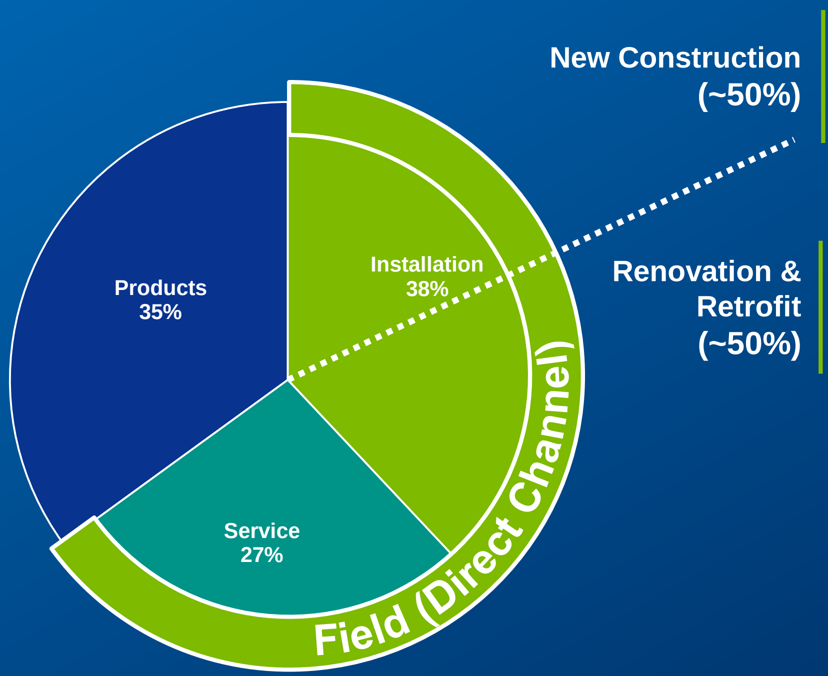
Room pressure monitoring

Targeted towards patient isolation rooms; also removes contaminated air

>150 New Product Launches Planned in FY21

Leveraging the Strengths Of Our Portfolio

BUSINESS MIX



- Large installed base generates attractive service opportunities
- Depth & breadth of product portfolio is industry leading

End Market Expectations As We Look Forward

GLOBAL MACRO ENVIRONMENT REMAINS UNCERTAIN, LIMITING VISIBILITY

JCI Revenue Exposure			Fiscal 21 US Construction Outlook	
Other	3%			
Residential	16%	▪ Ducted HVAC ▪ Ductless HVAC ▪ Security Products	**+LSD-MSD**	▪ Growth led by single family housing, stable replacement demand
Industrial	21%	▪ Food & Beverage ▪ Transportation ▪ Oil & Gas ▪ Manufacturing	**(MTs)**	▪ CY2018 cyclical peak ▪ Depressed expansion due to trade tensions and COVID
Commercial	25%	▪ Office & Banks ▪ Retail ▪ Lodging & Hospitality ▪ Data Centers ▪ Warehouse ▪ Sports & Entertainment	**+LSD**	▪ Data centers, warehouses lead recovery ▪ Some office renovations
Government	10%	▪ Federal/National ▪ State & Local	**(HSD)**	▪ Tax revenues depressed
Institutional	25%	▪ Healthcare ▪ Education	**(LSD)**	▪ Recovery mainly led by healthcare with education lagging

Fiscal 21 GDP Outlook

US

- Low single-digit GDP growth
- Uncertainty around economic impact of 2nd wave and timing and size of stimulus bill

Eurozone and UK

- Low to Mid-single digit GDP growth
- Fiscal and monetary policy supported initial rebound but return to lock downs in 2nd wave has downside risks

China

- Mid to High-single digit GDP growth
- Strong fiscal spending, tax relief, cuts in lending rates helping drive recovery

Positioned To Out-Perform End Markets

Sources: Dodge Construction Market Forecasting, US Census, JCI Analysis, Bloomberg

Fiscal 2021 Full Year Views and Q1 Guidance*

Views on FY 2021

- Market remains uncertain
- Continued share gains
- Ongoing EBIT margin expansion
- Tax rate stability at 13.5%
- Free cash flow $1.7B; conversion ~95% (FCF / adjusted net income)
- Disciplined capital allocation
  - ~$1.0B of share repurchases (Weighted-Average Shares ~722M)

Guidance	Q1FY21
Organic Revenue	**(5 to 7%) Decline**
EBIT Margin	**+20 to +40bps**
EPS	**$0.39 - $0.41**
Weighted-Average Shares	**~727M**

Continued Strong Performance In A Challenging Environment

* Non-GAAP excludes special items.

Appendix:
Supplemental Information

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FY20 Fourth Quarter
Financial Results (continuing operations)

($ in millions, except earnings per share)	**Q4 FY19** GAAP	**Q4 FY20** GAAP	**Q4 FY19*** NON-GAAP	**Q4 FY20*** NON-GAAP	**% Change** NON-GAAP
Sales	$6,274	$5,954	$6,274	$5,954	(5%)
Gross profit	1,980	1,975	2,108	2,042	(3%)
% of sales	*31.6%*	*33.2%*	*33.6%*	*34.3%*	
SG&A expenses	1,960	1,453	1,351	1,333	(1%)
Restructuring & impairment costs	-	-	-	-	
Equity income	55	61	55	61	11%
EBIT	75	583	812	770	(5%)
EBIT margin	***1.2%***	***9.8%***	***12.9%***	***12.9%***	
Net financing charges	48	62	48	62	29%
Income before income taxes	27	521	764	708	(7%)
Income tax provision (benefit)	(627)	31	103	96	(7%)
Net income	654	490	661	612	(7%)
Income attributable to noncontrolling interests	42	49	46	49	7%
Net income attributable to JCI	$612	$441	$615	$563	(8%)
Diluted EPS	**$0.77**	**$0.60**	**$0.78**	**$0.76**	(3%)

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

Special Items (continuing operations)

$ In millions, except EPS

Q4 FY20	Pre-tax Income (Expense)	Tax (Expense) Benefit	NCI (Expense) Income	After-tax/NCI Income (Expense)	EPS Impact
Integration costs	$(28)	$3	$-	$(25)	$(0.03)
Net mark-to-market adjustments	(120)	27	-	(93)	(0.13)
Acquisition related compensation charge	(39)	9	-	(30)	(0.04)
Discrete income tax items	-	26	-	26	0.04
Total*	**$(187)**	**$65**	**$-**	**$(122)**	**$(0.17)**

Q4 FY19	Pre-tax Income (Expense)	Tax (Expense) Benefit	NCI (Expense) Income	After-tax Income (Expense)	EPS Impact
Transaction costs	$(4)	$-	$-	$(4)	$ (0.01)
Integration costs	(107)	12	-	(95)	(0.12)
Net mark-to-market adjustments	(626)	132	4	(490)	(0.62)
Tax audit reserve adjustments	-	586	-	586	0.74
Total*	**$(737)**	**$730**	**$4**	**$(3)**	**$(0.00)**

*May not sum due to rounding

Emerging From COVID-19 With A Stronger Supply & Mfg Network

United States & Canada
- Employees: >10k
- # Plants & DC's: 37/16
- Plant Revenue: $2.1B

Status
- Manufacturing
- Supply Chain
- Logistics

Europe & Middle East
- Employees: >4k
- # Plants & DC's: 15/12
- Plant Revenue: $0.9B

Status
- Manufacturing
- Supply Chain
- Logistics

China & Rest of APAC
- Employees: >10k
- # Plants & DC's: 14/7
- Plant Revenue: $1.9B

Status
- Manufacturing
- Supply Chain
- Logistics

Mexico & LATAM
- Employees: >5k
- # Plants & DC's: 14/1
- Plant Revenue: $1.6B

Status
- Manufacturing
- Supply Chain
- Logistics

India
- Employees: >3k
- # Plants & DC's: 2/1
- Plant Revenue: $0.4B

Status
- Manufacturing
- Supply Chain
- Logistics

Japan
- Employees: >3k
- # Plants & DC's: 2/0
- Plant Revenue: $1.7B

Status
- Manufacturing
- Supply Chain
- Logistics

>90% vs. Baseline

75-90% vs. Baseline

<75% vs. Baseline

DC's = Distribution Centers

Direct Material Supply Base

Americas

United States
- # of Suppliers ~1,100
- Supply Chain Spend $2.2B

Mexico
- # of Suppliers ~100
- Supply Chain Spend $250M

EMEALA

Europe
- # of Suppliers ~700
- Supply Chain Spend $420M

Middle East
- # of Suppliers ~100
- Supply Chain Spend $75M

LATAM
- # of Suppliers ~100
- Supply Chain Spend $50M

APAC

China
- # of Suppliers ~400
- Supply Chain Spend $1.0B

India
- # of Suppliers ~100
- Supply Chain Spend $175M

Malaysia
- # of Suppliers ~100
- Supply Chain Spend $60M

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JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share data; unaudited)

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019
Net sales	$ 5,954	$ 6,274
Cost of sales	3,979	4,294
Gross profit	1,975	1,980
Selling, general and administrative expenses	(1,453)	(1,960)
Restructuring and impairment costs	-	-
Net financing charges	(62)	(48)
Equity income	61	55
Income from continuing operations before income taxes	521	27
Income tax provision (benefit)	31	(627)
Income from continuing operations	490	654
Income from discontinued operations, net of tax	-	-
Net income	490	654
Less: Income from continuing operations attributable to noncontrolling interests	49	42
Less: Income from discontinued operations attributable to noncontrolling interests	-	-
Net income attributable to JCI	$ 441	$ 612
Income from continuing operations	$ 441	$ 612
Income from discontinued operations	-	-
Net income attributable to JCI	$ 441	$ 612
Diluted earnings per share from continuing operations	$ 0.60	$ 0.77
Diluted earnings per share from discontinued operations	-	-
Diluted earnings per share	$ 0.60	$ 0.77
Diluted weighted average shares	738.1	791.7
Shares outstanding at period end	726.2	777.6

JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share data; unaudited)

	Twelve Months Ended September 30, 2020	Twelve Months Ended September 30, 2019
Net sales	$ 22,317	$ 23,968
Cost of sales	14,906	16,275
Gross profit	7,411	7,693
Selling, general and administrative expenses	(5,665)	(6,244)
Restructuring and impairment costs	(783)	(235)
Net financing charges	(231)	(350)
Equity income	171	192
Income from continuing operations before income taxes	903	1,056
Income tax provision (benefit)	108	(233)
Income from continuing operations	795	1,289
Income from discontinued operations, net of tax	-	4,598
Net income	795	5,887
Less: Income from continuing operations attributable to noncontrolling interests	164	189
Less: Income from discontinued operations attributable to noncontrolling interests	-	24
Net income attributable to JCI	$ 631	$ 5,674
Income from continuing operations	$ 631	$ 1,100
Income from discontinued operations	-	4,574
Net income attributable to JCI	$ 631	$ 5,674
Diluted earnings per share from continuing operations	$ 0.84	$ 1.26
Diluted earnings per share from discontinued operations	-	5.23
Diluted earnings per share	$ 0.84	$ 6.49
Diluted weighted average shares	753.6	874.3
Shares outstanding at period end	726.2	777.6

JOHNSON CONTROLS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions; unaudited)

	September 30, 2020	September 30, 2019
ASSETS		
Cash and cash equivalents	$ 1,951	$ 2,805
Accounts receivable - net	5,294	5,770
Inventories	1,773	1,814
Assets held for sale	-	98
Other current assets	1,035	1,906
Current assets	10,053	12,393
Property, plant and equipment - net	3,059	3,348
Goodwill	17,932	18,178
Other intangible assets - net	5,356	5,632
Investments in partially-owned affiliates	914	853
Noncurrent assets held for sale	147	60
Other noncurrent assets	3,354	1,823
Total assets	$ 40,815	$ 42,287
LIABILITIES AND EQUITY		
Short-term debt and current portion of long-term debt	$ 293	$ 511
Accounts payable and accrued expenses	3,958	4,535
Liabilities held for sale	-	44
Other current liabilities	3,997	3,980
Current liabilities	8,248	9,070
Long-term debt	7,526	6,708
Other noncurrent liabilities	6,508	5,680
Shareholders' equity attributable to JCI	17,447	19,766
Noncontrolling interests	1,086	1,063
Total liabilities and equity	$ 40,815	$ 42,287

JOHNSON CONTROLS INTERNATIONAL PLC

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

	Three Months Ended September 30,	
	2020	2019
Operating Activities		
Net income attributable to JCI from continuing operations	$ 441	$ 612
Income from continuing operations attributable to noncontrolling interests	49	42
Net income from continuing operations	490	654
Adjustments to reconcile net income from continuing operations to cash provided by operating activities:		
Depreciation and amortization	206	200
Pension and postretirement benefit expense	76	600
Pension and postretirement contributions	(18)	(2)
Equity in earnings of partially-owned affiliates, net of dividends received	(45)	(40)
Deferred income taxes	(389)	230
Other - net	(39)	16
Changes in assets and liabilities, excluding acquisitions and divestitures:		
Accounts receivable	106	182
Inventories	250	217
Other assets	68	(37)
Restructuring reserves	(87)	(37)
Accounts payable and accrued liabilities	14	92
Accrued income taxes	348	(1,043)
Cash provided by operating activities from continuing operations	980	1,032
Investing Activities		
Capital expenditures	(96)	(185)
Acquisition of businesses, net of cash acquired	(18)	(9)
Business divestitures, net of cash divested	135	-
Other - net	30	24
Cash provided (used) by investing activities from continuing operations	51	(170)
Financing Activities		
Decrease in short and long-term debt - net	(422)	(10)
Stock repurchases	(737)	(861)
Payment of cash dividends	(194)	(208)
Dividends paid to noncontrolling interests	(47)	-
Proceeds from the exercise of stock options	33	60
Cash paid to acquire a noncontrolling interest	(132)	-
Employee equity-based compensation withholding	(1)	(5)
Other - net	(8)	5
Cash used by financing activities from continuing operations	(1,508)	(1,019)
Discontinued Operations		
Net cash used by operating activities	(5)	(658)
Net cash provided by investing activities	-	31
Net cash provided by financing activities	-	-
Net cash flows used by discontinued operations	(5)	(627)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	87	(96)
Changes in cash held for sale	-	-
Decrease in cash, cash equivalents and restricted cash	$ (395)	$ (880)

JOHNSON CONTROLS INTERNATIONAL PLC

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

	Twelve Months Ended September 30, 2020	Twelve Months Ended September 30, 2019
Operating Activities		
Net income attributable to JCI from continuing operations	$ 631	$ 1,100
Income from continuing operations attributable to noncontrolling interests	164	189
Net income from continuing operations	795	1,289
Adjustments to reconcile net income from continuing operations to cash provided by operating activities:		
Depreciation and amortization	822	825
Pension and postretirement benefit expense	118	515
Pension and postretirement contributions	(61)	(53)
Equity in earnings of partially-owned affiliates, net of dividends received	(36)	(34)
Deferred income taxes	(537)	612
Non-cash restructuring and impairment costs	582	235
Other - net	(16)	124
Changes in assets and liabilities, excluding acquisitions and divestitures:		
Accounts receivable	534	(312)
Inventories	45	(72)
Other assets	(52)	(99)
Restructuring reserves	(29)	(121)
Accounts payable and accrued liabilities	(717)	56
Accrued income taxes	1,031	(1,222)
Cash provided by operating activities from continuing operations	2,479	1,743
Investing Activities		
Capital expenditures	(443)	(586)
Acquisition of businesses, net of cash acquired	(77)	(25)
Business divestitures, net of cash divested	135	12
Other - net	127	66
Cash used by investing activities from continuing operations	(258)	(533)
Financing Activities		
Increase (decrease) in short and long-term debt - net	385	(3,629)
Stock repurchases	(2,204)	(5,983)
Payment of cash dividends	(790)	(920)
Proceeds from the exercise of stock options	75	171
Dividends paid to noncontrolling interests	(114)	(132)
Cash paid to acquire a noncontrolling interest	(132)	-
Employee equity-based compensation withholding	(34)	(31)
Other - net	(10)	5
Cash used by financing activities from continuing operations	(2,824)	(10,519)
Discontinued Operations		
Net cash used by operating activities	(260)	(541)
Net cash provided by investing activities	-	12,611
Net cash used by financing activities	(113)	(35)
Net cash flows provided (used) by discontinued operations	(373)	12,035
Effect of exchange rate changes on cash, cash equivalents and restricted cash	115	(120)
Changes in cash held for sale	-	15
Increase (decrease) in cash, cash equivalents and restricted cash	$ (861)	$ 2,621

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 September 30,				Twelve Months Ended September 30,			
	2020		2019		2020		2019	
	Actual	Adjusted Non-GAAP	Actual	Adjusted Non-GAAP	Actual	Adjusted Non-GAAP	Actual	Adjusted Non-GAAP
Net sales								
Building Solutions North America	$ 2,243	$ 2,243	$ 2,401	$ 2,401	$ 8,605	$ 8,605	$ 9,031	$ 9,031
Building Solutions EMEA/LA	906	906	948	948	3,440	3,440	3,655	3,655
Building Solutions Asia Pacific	661	661	726	726	2,403	2,403	2,658	2,658
Global Products	2,144	2,144	2,199	2,199	7,869	7,869	8,624	8,624
Net sales	$ 5,954	$ 5,954	$ 6,274	$ 6,274	$ 22,317	$ 22,317	$ 23,968	$ 23,968
Segment EBITA (1)								
Building Solutions North America	$ 341	$ 345	$ 346	$ 357	$ 1,157	$ 1,168	$ 1,153	$ 1,179
Building Solutions EMEA/LA	101	103	110	111	338	340	368	372
Building Solutions Asia Pacific	90	97	101	103	319	326	341	343
Global Products	337	381	405	419	1,134	1,186	1,179	1,349
Segment EBITA	869	926	962	990	2,948	3,020	3,041	3,243
Corporate expenses (2)	(68)	(58)	(172)	(89)	(371)	(269)	(405)	(376)
Amortization of intangible assets	(98)	(98)	(89)	(89)	(386)	(386)	(377)	(377)
Net mark-to-market adjustments (3)	(120)	-	(626)	-	(274)	-	(618)	-
Restructuring and impairment costs (4)	-	-	-	-	(783)	-	(235)	-
EBIT (5)	583	770	75	812	1,134	2,365	1,406	2,490
EBIT margin	9.8%	12.9%	1.2%	12.9%	5.1%	10.6%	5.9%	10.4%
Net financing charges (6)	(62)	(62)	(48)	(48)	(231)	(231)	(350)	(290)
Income from continuing operations before income taxes	521	708	27	764	903	2,134	1,056	2,200
Income tax benefit (provision) (7)	(31)	(96)	627	(103)	(108)	(288)	233	(297)
Income from continuing operations	490	612	654	661	795	1,846	1,289	1,903
Income from continuing operations attributable to noncontrolling interests	(49)	(49)	(42)	(46)	(164)	(158)	(189)	(193)
Net income from continuing operations attributable to JCI	$ 441	$ 563	$ 612	$ 615	$ 631	$ 1,688	$ 1,100	$ 1,710

(1) The Company's press release and earnings presentation 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 September 30, 2020 and 2019 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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Segment EBITA as reported	$ 341	$ 346	$ 101	$ 110	$ 90	$ 101	$ 337	$ 405	$ 869	$ 962
Segment EBITA margin as reported	15.2%	14.4%	11.1%	11.6%	13.6%	13.9%	15.7%	18.4%	14.6%	15.3%
Adjusting items:										
Integration costs	4	11	2	1	7	2	5	14	18	28
Acquisition related compensation charge	-	-	-	-	-	-	39	-	39	-
Adjusted segment EBITA	$ 345	$ 357	$ 103	$ 111	$ 97	$ 103	$ 381	$ 419	$ 926	$ 990
Adjusted segment EBITA margin	15.4%	14.9%	11.4%	11.7%	14.7%	14.2%	17.8%	19.1%	15.6%	15.8%

The following is the twelve months ended September 30, 2020 and 2019 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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Segment EBITA as reported	$ 1,157	$ 1,153	$ 338	$ 368	$ 319	$ 341	$ 1,134	$ 1,179	$ 2,948	$ 3,041
Segment EBITA margin as reported	13.4%	12.8%	9.8%	10.1%	13.3%	12.8%	14.4%	13.7%	13.2%	12.7%
Adjusting items:										
Integration costs	11	26	2	4	7	2	13	30	33	62
Acquisition related compensation charge	-	-	-	-	-	-	39	-	39	-
Environmental reserve (8)	-	-	-	-	-	-	-	140	-	140
Adjusted segment EBITA	$ 1,168	$ 1,179	$ 340	$ 372	$ 326	$ 343	$ 1,186	$ 1,349	$ 3,020	$ 3,243
Adjusted segment EBITA margin	13.6%	13.1%	9.9%	10.2%	13.6%	12.9%	15.1%	15.6%	13.5%	13.5%

(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 September 30, 2020 excludes $10 million of integration costs. Adjusted Corporate expenses for the twelve months ended September 30, 2020 excludes $102 million of integration costs. Adjusted Corporate expenses for the three months ended September 30, 2019 excludes $79 million of integration costs and $4 million of transaction costs. Adjusted Corporate expenses for the twelve months ended September 30, 2019 excludes $244 million of integration costs and $11 million of transaction costs, partially offset by $226 million of income as a result of a tax indemnification reserve release.

(3) The three months ended September 30, 2020 exclude the net mark-to-market adjustments on restricted investments and pension and postretirement plans of $120 million. The twelve months ended September 30, 2020 exclude the net mark-to-market adjustments on restricted investments and pension and postretirement plans of $274 million. The three months ended September 30, 2019 exclude the net mark-to-market adjustments on restricted investments and pension and postretirement plans of $626 million. The twelve months ended September 30, 2019 exclude the net mark-to-market adjustments on restricted investments and pension and postretirement plans of $618 million.

(4) Restructuring and impairment costs for the twelve months ended September 30, 2020 of $783 million are excluded from the adjusted non-GAAP results. The restructuring actions and impairment costs for the twelve months ended September 30, 2020 are related primarily to workforce reductions, plant closures, asset impairments, and indefinite-lived intangible asset and goodwill impairments primarily related to the Company's retail business. Restructuring and impairment costs for the twelve months ended September 30, 2019 of $235 million are excluded from the adjusted non-GAAP results. The restructuring actions and impairment costs for the twelve months ended September 30, 2019 result from the impairment of a Global Products business classified as held for sale.

(5) Management defines earnings before interest and taxes (EBIT) as income (loss) 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 (loss) from continuing operations is shown earlier within this footnote.

(6) Adjusted net financing charges for the twelve months ended September 30, 2019 exclude a loss on debt extinguishment of $60 million.

(7) Adjusted income tax provision for the three months ended September 30, 2020 excludes tax benefits from net mark-to-market adjustments of $27 million, valuation allowance adjustments of $26 million, an acquisition related compensation charge of $9 million and integration costs of $3 million. Adjusted income tax provision for the twelve months ended September 30, 2020 excludes tax benefits from net mark-to-market adjustments of $65 million, restructuring and impairment costs of $48 million, tax audit reserve adjustments of $44 million, valuation allowance adjustments of $26 million, integration costs of $18 million and an acquisition related compensation charge of $9 million, partially offset by tax provisions related to Switzerland tax reform of $30 million. Adjusted income tax provision for the three months ended September 30, 2019 excludes tax benefits primarily related to tax audit reserve adjustments of $586 million, net mark-to-market adjustments of $132 million and integration costs of $12 million. Adjusted income tax provision for the twelve months ended September 30, 2019 excludes tax benefits primarily related to tax audit reserve adjustments of $586 million, net mark-to-market adjustments of $130 million, restructuring and impairment charges of $53 million, integration costs of $34 million, an environmental reserve of $28 million and transaction costs of $1 million, partially offset by tax provisions primarily related to new U.S. tax regulations of $226 million and valuation allowance adjustments of $76 million as a result of changes in U.S tax law.

(8) An environmental charge for the twelve months ended September 30, 2019 of $140 million is excluded from the adjusted non-GAAP results. The $140 million is related to remediation efforts to be undertaken to address contamination at our facilities in Marinette, Wisconsin. A substantial portion of the reserve relates to the remediation of fire-fighting foams containing PFAS compounds at or near our Fire Technology Center in Marinette.

2. Diluted Earnings Per Share Reconciliation

The Company's press release and earnings presentation 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, an acquisition related compensation charge, tax indemnification reserve release, environmental reserve, loss on extinguishment of debt, gain on sale of Power Solutions business, net of transaction and other 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		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,	
	2020	2019	2020	2019	2020	2019	2020	2019
Earnings per share as reported for JCI plc	$ 0.60	$ 0.77	$ 0.60	$ 0.77	$ 0.84	$ 6.49	$ 0.84	$ 1.26
Adjusting items:								
Transaction costs	-	0.01	-	0.01	-	0.01	-	0.01
Integration costs	0.04	0.14	0.04	0.14	0.18	0.35	0.18	0.35
Related tax impact	-	(0.02)	-	(0.02)	(0.02)	(0.04)	(0.02)	(0.04)
Acquisition related compensation charge	0.05	-	0.05	-	0.05	-	0.05	-
Related tax impact	(0.01)	-	(0.01)	-	(0.01)	-	(0.01)	-
Net mark-to-market adjustments	0.16	0.79	0.16	0.79	0.36	0.71	0.36	0.71
Related tax impact	(0.04)	(0.17)	(0.04)	(0.17)	(0.09)	(0.15)	(0.09)	(0.15)
Restructuring and impairment costs	-	-	-	-	1.04	0.27	1.04	0.27
Related tax impact	-	-	-	-	(0.06)	(0.06)	(0.06)	(0.06)
NCI impact of restructuring and impairment	-	-	-	-	(0.01)	-	(0.01)	-
Tax indemnification reserve release	-	-	-	-	-	(0.26)	-	(0.26)
Environmental reserve	-	-	-	-	-	0.16	-	0.16
Related tax impact	-	-	-	-	-	(0.03)	-	(0.03)
Loss on extinguishment of debt	-	-	-	-	-	0.07	-	0.07
Power Solutions gain on sale, net of transaction and other costs	-	-	-	-	-	(5.95)	-	-
Related tax impact	-	-	-	-	-	1.43	-	-
Cease of Power Solutions depreciation / amortization expense	-	-	-	-	-	(0.13)	-	-
Related tax impact	-	-	-	-	-	0.03	-	-
Discrete tax items	(0.04)	(0.74)	(0.04)	(0.74)	(0.05)	(0.24)	(0.05)	(0.32)
NCI impact of discrete tax items	-	-	-	-	0.01	-	0.01	-
Adjusted earnings per share for JCI plc*	$ 0.76	$ 0.78	$ 0.76	$ 0.78	$ 2.24	$ 2.65	$ 2.24	$ 1.96

* 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,	
	2020	2019	2020	2019
Weighted average shares outstanding for JCI plc				
Basic weighted average shares outstanding	735.2	786.7	751.0	870.2
Effect of dilutive securities:				
Stock options, unvested restricted stock and unvested performance share awards	2.9	5.0	2.6	4.1
Diluted weighted average shares outstanding	738.1	791.7	753.6	874.3

The Company has presented forward-looking statements regarding adjusted EPS, organic revenue decline, adjusted EBIT margin and adjusted free cash flow conversion, which are non-GAAP financial measures. These non-GAAP financial measures are derived by excluding certain amounts, expenses or income 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 2021 first quarter guidance for organic revenue decline 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 first quarter and full year 2021 GAAP financial results.

3. Organic Growth Reconciliation

The components of the changes in net sales for the three months ended September 30, 2020 versus the three months ended September 30, 2019, including organic growth, is shown below (unaudited):

(in millions)	Net Sales for the Three Months Ended September 30, 2019	Base Year Adjustments - Divestitures and Other		Adjusted Base Net Sales for the Three Months Ended September 30, 2019	Acquisitions		Foreign Currency		Organic Growth		Net Sales for the Three Months Ended September 30, 2020	
Building Solutions North America	$ 2,401	$ -	-	$ 2,401	$ -	-	$ (2)	-	$ (156)	-6%	$ 2,243	-7%
Building Solutions EMEA/LA	948	10	1%	958	11	1%	6	1%	(69)	-7%	906	-4%
Building Solutions Asia Pacific	726	-	-	726	2	-	8	1%	(75)	-10%	661	-9%
Total field	4,075	10	-	4,085	13	-	12	-	(300)	-7%	3,810	-7%
Global Products	2,199	(9)	-	2,190	2	-	15	1%	(63)	-3%	2,144	-3%
Total net sales	$ 6,274	$ 1	-	$ 6,275	$ 15	-	$ 27	-	$ (363)	-6%	$ 5,954	-5%

The components of the changes in net sales for the twelve months ended September 30, 2020 versus the twelve months ended September 30, 2019, including organic growth, is shown below (unaudited):

(in millions)	Net Sales for the Twelve Months Ended September 30, 2019	Base Year Adjustments - Divestitures and Other		Adjusted Base Net Sales for the Twelve Months Ended September 30, 2019	Acquisitions		Foreign Currency		Organic Growth		Net Sales for the Twelve Months Ended September 30, 2020	
Building Solutions North America	$ 9,031	$ (2)	-	$ 9,029	$ -	-	$ (12)	-	$ (412)	-5%	$ 8,605	-5%
Building Solutions EMEA/LA	3,655	(7)	-	3,648	38	1%	(96)	-3%	(150)	-4%	3,440	-6%
Building Solutions Asia Pacific	2,658	-	-	2,658	8	-	(31)	-1%	(232)	-9%	2,403	-10%
Total field	15,344	(9)	-	15,335	46	-	(139)	-1%	(794)	-5%	14,448	-6%
Global Products	8,624	(30)	-	8,594	7	-	(11)	-	(721)	-8%	7,869	-9%
Total net sales	$ 23,968	$ (39)	-	$ 23,929	$ 53	-	$ (150)	-1%	$ (1,515)	-6%	$ 22,317	-7%

The components of the changes in segment EBITA and EBIT for the three months ended September 30, 2020 versus the three months ended September 30, 2019, including organic growth, is shown below (unaudited):

(in millions)	Adjusted Segment EBITA / EBIT for the Three Months Ended September 30, 2019	Base Year Adjustments - Divestitures and Other		Adjusted Base Segment EBITA / EBIT for the Three Months Ended September 30, 2019	Acquisitions		Foreign Currency		Organic Growth		Adjusted Segment EBITA / EBIT for the Three Months Ended September 30, 2020	
Building Solutions North America	$ 357	$ -	-	$ 357	$ -	-	$ -	-	$ (12)	-3%	$ 345	-3%
Building Solutions EMEA/LA	111	1	1%	112	2	2%	(1)	-1%	(10)	-9%	103	-7%
Building Solutions Asia Pacific	103	-	-	103	-	-	2	2%	(8)	-8%	97	-6%
Total field	571	1	-	572	2	-	1	-	(30)	-5%	545	-5%
Global Products	419	(1)	-	418	-	-	2	-	(39)	-9%	381	-9%
Total adjusted segment EBITA	990	-	-	990	$ 2	-	$ 3	-	$ (69)	-7%	926	-6%
Corporate expenses	(89)	-		(89)							(58)	35%
Amortization of intangible assets	(89)	-		(89)							(98)	-10%
Total adjusted EBIT	$ 812	$ -		$ 812							$ 770	-5%

The components of the changes in segment EBITA and EBIT for the twelve months ended September 30, 2020 versus the twelve months ended September 30, 2019, including organic growth, is shown below (unaudited):

(in millions)	Adjusted Segment EBITA / EBIT for the Twelve Months Ended September 30, 2019	Base Year Adjustments - Divestitures and Other		Adjusted Base Segment EBITA / EBIT for the Twelve Months Ended September 30, 2019	Acquisitions		Foreign Currency		Organic Growth		Adjusted Segment EBITA / EBIT for the Twelve Months Ended September 30, 2020	
Building Solutions North America	$ 1,179	$ -	-	$ 1,179	$ -	-	$ (1)	-	$ (10)	-1%	$ 1,168	-1%
Building Solutions EMEA/LA	372	-	-	372	7	2%	(17)	-5%	(22)	-6%	340	-9%
Building Solutions Asia Pacific	343	-	-	343	1	-	-	-	(18)	-5%	326	-5%
Total field	1,894	-	-	1,894	8	-	(18)	-1%	(50)	-3%	1,834	-3%
Global Products	1,349	(2)	-	1,347	(2)	-	(5)	-	(154)	-11%	1,186	-12%
Total adjusted segment EBITA	3,243	(2)	-	3,241	$ 6	-	$ (23)	-1%	$ (204)	-6%	3,020	-7%
Corporate expenses	(376)	-		(376)							(269)	28%
Amortization of intangible assets	(377)	-		(377)							(386)	-2%
Total adjusted EBIT	$ 2,490	$ (2)		$ 2,488							$ 2,365	-5%

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 and twelve months ended September 30, 2020 and 2019 reconciliation of free cash flow, adjusted free cash flow and adjusted free cash flow conversion for continuing operations (unaudited):

(in billions)	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Twelve Months Ended September 30, 2020	Twelve Months Ended September 30, 2019
Cash provided by operating activities from continuing operations	$ 1.0	$ 1.0	$ 2.5	$ 1.7
Capital expenditures	(0.1)	(0.2)	(0.4)	(0.6)
Reported free cash flow *	0.9	0.8	2.0	1.2
Adjusting items:				
Transaction/integration costs	0.1	0.1	0.2	0.3
Restructuring payments	0.1	-	0.2	0.1
Nonrecurring tax payments (refunds)	-	0.1	(0.6)	0.1
Total adjusting items *	0.2	0.2	(0.1)	0.5
Adjusted free cash flow *	$ 1.0	$ 1.0	$ 1.9	$ 1.7
Adjusted net income from continuing operations attributable to JCI	$ 0.6	$ 0.6	$ 1.7	$ 1.7
Adjusted free cash flow conversion	167%	167%	115%	99%

* May not sum due to rounding

5. Net Debt to EBITDA

The Company provides financial information regarding net debt to adjusted EBITDA, which is a non-GAAP performance measure. The Company believes the total net debt to adjusted EBITDA ratio 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 September 30, 2020, June 30, 2020 and September 30, 2019 calculation of net debt to adjusted EBITDA (unaudited):

(in millions)	September 30, 2020	June 30, 2020	September 30, 2019
Short-term debt and current portion of long-term debt	$ 293	$ 2,423	$ 511
Long-term debt	7,526	5,671	6,708
Total debt	7,819	8,094	7,219
Less: cash and cash equivalents	1,951	2,342	2,805
Total net debt	$ 5,868	$ 5,752	$ 4,414
Last twelve months adjusted EBITDA	$ 3,187	$ 3,223	$ 3,315
Total net debt to adjusted EBITDA	1.8x	1.8x	1.3x

The following is the last twelve months ended September 30, 2020, June 30, 2020 and September 30, 2019 reconciliation of income from continuing operations to adjusted EBIT and adjusted EBITDA, which are non-GAAP performance measures (unaudited):

(in millions)	Last Twelve Months Ended September 30, 2020	Last Twelve Months Ended June 30, 2020	Twelve Months Ended September 30, 2019
Income from continuing operations	$ 795	$ 959	$ 1,289
Income tax (benefit) provision	108	(550)	(233)
Net financing charges	231	217	350
EBIT	1,134	626	1,406
Adjusting items:			
Transaction costs	-	4	11
Integration costs	135	214	306
Net mark-to-market adjustments	274	780	618
Restructuring and impairment costs	783	783	235
Acquisition related compensation charge	39	-	-
Tax indemnification reserve release	-	-	(226)
Environmental reserve	-	-	140
Adjusted EBIT (1)	2,365	2,407	2,490
Depreciation and amortization	822	816	825
Adjusted EBITDA (1)	$ 3,187	$ 3,223	$ 3,315

(1) The Company's definition of adjusted EBIT and adjusted EBITDA excludes special items because these costs are not considered to be directly related to the underlying operating performance of its businesses. Management believes this non-GAAP measure is useful to investors in understanding the ongoing operations and business trends of the Company.

6. Income Taxes

The Company's effective tax rate from continuing operations before consideration of transaction/integration costs, net mark-to-market adjustments, environmental reserve, tax indemnification reserve release, restructuring and impairment costs, acquisition related compensation charge, loss on extinguishment of debt and discrete tax items for the three and twelve months ending September 30, 2020 and September 30, 2019 is approximately 13.5%.

7. Restructuring and Impairment Costs

The twelve months ended September 30, 2020 include restructuring and impairment costs of $783 million related primarily to workforce reductions, plant closures, asset impairments, and indefinite-lived intangible asset and goodwill impairments primarily related to the Company's retail business. The twelve months ended September 30, 2019 include restructuring and impairment costs of $235 million related to the impairment of a Global Products business classified as held for sale.

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.