UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended September 30, 2019
or
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from __________ to __________
Commission File Number: 001-37757

Adient plc
(exact name of Registrant as specified in its charter)

Ireland	**98-1328821**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

25-28 North Wall Quay, IFSC, Dublin 1, Ireland D01 H104
(Address of principal executive offices)
734-254-5000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of exchange on which registered
Ordinary Shares, par value $0.001	ADNT	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.:

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of the voting and non-voting stock held by non-affiliates of the Registrant, as of March 31, 2019, the last business day of the Registrant’s most recently completed second fiscal quarter, was approximately $1.2 billion. At September 30, 2019, 93,620,714 ordinary shares were outstanding.

Documents Incorporated by Reference

Portions of the Registrant's definitive proxy statement relating to its 2020 annual general meeting of shareholders to be held on March 12, 2020 (the "2020 Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. The 2020 Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

Adient plc
Form 10-K
For the Fiscal Year Ended September 30, 2019

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Forward-Looking Statements

This Annual Report on Form 10-K ("Form 10-K") contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements can also be identified by words such as "future," "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "will," "would," "could," "can," "may," or similar terms. Forward-looking statements are not guarantees of future performance and Adient's actual results may differ significantly from the results discussed in the forward-looking statements. Adient cautions that these statements are subject to numerous important risks, uncertainties, assumptions and other factors, some of which are beyond Adient's control, that could cause Adient's actual results to differ materially from those expressed or implied by such forward-looking statements, including, among others, risks related to: the ability of Adient to effectively launch new business at forecasted and profitable levels, the ability of Adient to execute its turnaround plan, uncertainties in U.S. administrative policy regarding trade agreements, tariffs and other international trade relations, the impact of changes in U.S. and non-U.S. tax legislation, the ability of Adient to meet debt service requirements, terms of financing, general economic and business conditions, 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, the cancellation of or changes to commercial arrangements, and the ability of Adient to identify, recruit and retain key leadership. Factors that might cause differences include, but are not limited to, those discussed in Part 1, Item 1A of this Form 10-K under the heading "Risk Factors," which are incorporated herein by reference. All information presented herein is based on the Adient's fiscal calendar. Unless otherwise stated, references to particular years, quarters, months or periods refer to Adient's fiscal years ended in September and the associated quarters, months and periods of those fiscal years. Adient assumes no obligation to revise or update any forward-looking statements for any reason, except as required by law.

PART I

Item 1. Business

On October 31, 2016, Adient plc ("Adient") became an independent company as a result of the separation of the automotive seating and interiors businesses (the "separation") of Johnson Controls International plc ("the former Parent"). Adient was incorporated under the laws of Ireland on June 24, 2016 for the purpose of holding these businesses. Adient's ordinary shares began trading "regular-way" under the ticker symbol "ADNT" on the New York Stock Exchange on October 31, 2016. Upon becoming an independent company, the capital structure of Adient consisted of 500 million authorized ordinary shares and 100 million authorized preferred shares (par value of $0.001 per ordinary and preferred share). The number of Adient ordinary shares issued on October 31, 2016 was 93,671,810.

Adient is a global leader in the automotive seating supply industry with leading market positions in the Americas, Europe and China and maintains longstanding relationships with the largest global automotive original equipment manufacturers (OEMs). Adient's proprietary technologies extend into virtually every area of automotive seating solutions, including complete seating systems, frames, mechanisms, foam, head restraints, armrests, trim covers and fabrics. Adient is a global seat supplier with the capability to design, develop, engineer, manufacture, and deliver complete seat systems and components in every major automotive producing region in the world. Adient also participates in the automotive interiors market, which includes production of instrument panels, floor consoles, door panels, overhead consoles, cockpit systems, decorative trim and other automotive interior products, primarily through its joint venture in China, Yanfeng Global Automotive Interior Systems Co., Ltd. (YFAI).

Adient designs, manufactures and markets a full range of seating systems and components for passenger cars, commercial vehicles and light trucks, including vans, pick-up trucks and sport/crossover utility vehicles. Adient operates in 220 wholly- and majority-owned manufacturing or assembly facilities, with operations in 33 countries. Additionally, Adient has partially-owned affiliates in China, Asia, Europe and North America. Through its global footprint, vertical integration and partnerships in China, Adient leverages its capabilities to drive growth in the automotive seating industry.

Adient's business model is focused on developing and maintaining long-term customer relationships, which allows Adient to successfully grow with leading global OEMs. Adient and its engineers work closely with customers as vehicle platforms are developed, which results in close ties with key decision makers at OEM customers.

Business Organization and Strategy

Global Manufacturing Footprint Adient is a global leader in automotive seating. With 83,000 employees operating in 220 manufacturing and assembly plants in 33 countries worldwide, Adient produces and delivers automotive seating for all vehicle classes and all major OEMs. From complete seating systems to individual components, Adient’s manufacturing capabilities span every aspect of the automotive seat-making process. Integrated, in-house skills allows Adient to take products from research and design all the way to engineering and manufacturing and into more than 23 million vehicles every year.

Operational Efficiencies Adient intends to maintain high capacity utilization and increase its efficiency through continued use of standardized manufacturing processes, which represent a core competency. These standardized manufacturing processes allow Adient to deliver high quality levels and minimize waste. Adient achieves scale advantages through a global manufacturing footprint and an integrated supply chain. Adient fosters an environment of continuous improvement and identifies best business practices through the analysis of process and cost metrics, which are then shared globally throughout Adient's manufacturing network.

To ensure appropriate service levels, minimal inventory and optimal factory utilization, Adient employs a Sales & Operational Planning, or S&OP, process. A well-executed S&OP process provides two strategic advantages: focused customer service and on-time delivery which result in both customer retention and the opportunity for market share gain.

Longstanding Customer Relationships with Leading Global OEMs Adient works with OEMs to develop complete seating solutions to meet consumer expectations for performance, safety and comfort. Adient does business with all major global OEM customers, and in many cases, works closely with those customers to develop a seating solution integrated into the overall vehicle appearance and architecture.

Through dedicated customer teams, Adient maintains close relationships with its global OEM customers. These relationships enable Adient to clearly understand its customers' needs so that it is positioned to meet its customers' requirements. Adient's customer teams also lead the new business acquisition process, which ensures alignment with Adient's product, process and manufacturing strategies.

Product Innovation and Process Leadership Adient has a strong record for developing winning product and process technologies over many years, which has created a competitive advantage for Adient and its customers. Management expects to increase investment in innovation.

Adient utilizes a Global Core Product Portfolio, or CPP, strategy for part and design reuse in all of its product applications. Adient intends to continue investing in its CPP to sustain and expand its market success and to leverage its existing modular and scalable systems and interchangeable components. Through the CPP strategy, Adient provides high quality products for its customers with market competitive cost and mass (low weight to improve fuel economy) while meeting their performance requirements. Adient continues to use its CPP to advance Adient's lean manufacturing initiatives by providing standard, flexible processes that reduce complexity, inventory and floor space. This will yield reductions in development time, product cost and investment.

Global Development Network Adient participates in innovating and developing key competitive differentiators in the automotive seating business. In the development process, key downstream elements of the product are locked in, including material costs, plant conversion costs, quality characteristics and certain technical requirements. Adient uses a common product development process globally that ensures that these elements are correct at the outset of the development process, reflects the best practices of Adient's operations worldwide and meets the expectations of Adient's diverse customer base. Its product launch system is customizable and scalable based on customer and product requirements.

Adient's worldwide engineering network includes ten core development centers. These development centers utilize a globally consistent approach to the process for developing seating products. By leveraging a network of subject matter technical experts, Adient efficiently implements best practices and improves product cost and quality. Adient's product development practices also entail leveraging low cost country development centers in India, China and Slovakia.

Development Centers

Plymouth (USA)	Trencin (Slovakia)
Burscheid (Germany)	Yokohama (Japan)
Solingen (Germany)	Shanghai (China)
Kaiserslautern (Germany)	Changchun (China)
Ansan (South Korea)	Pune (India)

Leadership Position in China Adient has an advantaged position in China established through strategic partnerships it developed as an early market entrant. Adient is a leading supplier of "just-in-time" seating in China. It operates through 21 joint ventures with 86 manufacturing locations in 41 cities (including both seating and interiors joint ventures), which are supported by additional technical centers. Adient's strong position with European and American automakers is complemented by partnerships with all major auto groups in China, which has resulted in Adient's broad market penetration relative to seating competitors and market leadership in the industry's largest market. Adient leverages its operating expertise and innovation capabilities developed worldwide to further support its growth in China.

Platform for Global Growth Adient's current global platform creates multiple opportunities for growth, such as:

- *Market share expansion in seating and seating components.* Adient has relationships with global OEM customers. These relationships, combined with Adient's product offerings, enhance Adient's ability to expand its business with regional customers who are growing and expanding globally and also with new entrants to the automotive market.

- *Regional growth opportunities.* Adient is able to leverage its position as the market leader in Europe, North America and China to grow in other markets, such as Southeast Asia.

- *Vertical integration.* Adient's operations provide opportunities for continued vertical integration in areas that could enhance Adient's capabilities, expand profit margins and grow revenues with customers who employ component sourcing strategies.

Product/Systems

Adient designs and manufactures a full range of seating systems and components for passenger cars, commercial vehicles and light trucks, including vans, pick-up trucks and sport/crossover utility vehicles. Adient's technologies extend into virtually every area of automotive seating solutions including complete seating systems, frames, mechanisms, foam, head restraints, armrests, trim covers and fabrics. Adient also supplies high performance seating systems to the international motorsports industry through its award winning RECARO brand of products.

Customers

Adient is a supplier to all of the global OEMs and has longstanding relationships with premier automotive manufacturers, including BMW, Daimler AG, Fiat Chrysler Automobiles, Ford Motor Company, General Motors Company, Honda Motor Company, Hyundai Motor Company, Jaguar Land Rover, Kia Motor Company, Mazda Motor Company, Mitsubishi Motors, Nissan Motor Company, PSA Peugeot Citroen, Renault, Suzuki, Toyota Motor Corporation, Volkswagen AG and Volvo. Adient also supplies most of the growing regional OEMs such as BAIC Motor Co., Ltd., Brilliance Auto Group, Changan Automobile (Group) Co., Ltd., FAW Group Corporation, SAIC Motor Corporation Limited, Tata Motors Limited and Zhejiang Geely Holding Group Co., Ltd and newer auto manufacturers such as Tesla Motors, Inc. Additionally, Adient has more than 20 joint venture partnerships with key OEMs, including SAIC Motor Corporation Limited, Beijing Automobile Works Co., Ltd. and FAW Group Corporation. Further details regarding Adient's customers is provided in Part II, Item 8 of this Form 10-K in Note 1, "Basis of Presentation and Summary of Significant Accounting Policies," of the notes to consolidated financial statements.

Industry

The Automotive Seating industry provides OEMs with complete seats on a "just-in-time" or "in-sequence" basis. Seats are assembled to specific order and delivered on a predetermined schedule directly to an automotive assembly line. The components for these complete seat assemblies such as seating foam, metal structures, fabrics, seat covers and seat mechanisms are shipped to Adient or competitor seating assembly plants. Adient is a global leader in complete seat assembly and one of the largest in all major seating components, operating manufacturing plants that produce seating foam, metal structures, fabrics, seat covers and seat mechanisms.

Demand for automotive parts in the OEM market is generally a function of the number of new vehicles produced, which is primarily driven by macro-economic factors such as credit availability, interest rates, fuel prices, consumer confidence, employment and other trends. Although OEM demand is tied to actual vehicle production, participants in the automotive supplier industry also have the opportunity to grow through increasing product content per vehicle by further penetrating business with existing customers and in existing markets, gaining new customers and increasing their presence in global markets. Adient believes that, as a company with a global presence and advanced technology, engineering, manufacturing and customer support capabilities, it is well positioned to benefit from these opportunities.

Sourcing Patterns by OEMs Most OEMs have adopted global vehicle platforms to increase standardization, reduce per unit cost and increase capital efficiency and profitability. In seating, three sourcing patterns have emerged over the past five years:

1. *Core seat structures*: By developing common front seat frames and mechanisms across multiple vehicle platforms, OEMs are reducing costs.

2. *Component sourcing*: Several OEMs have shifted from sourcing a complete seating system to a components approach where the OEM sources each of the different components of the seat and seating assembly as separate business awards.

3. *Engineering "in-sourcing"*: Some OEMs are conducting the design and engineering internally and are selecting suppliers that have the capability to manufacture products on a worldwide basis and adapt to regional variations.

As a supplier with global scale and strong design, engineering and lean manufacturing capabilities in both complete seat systems and components Adient is well-positioned to accommodate each of these three sourcing pattern developments.

Shorter Product Development Cycles As a result of new safety and environmental regulations, as well as a trend of more rapid customer preference changes, OEMs are requiring suppliers to respond faster with new designs and product innovations. Although these trends are more significant in mature markets, emerging markets are moving rapidly towards the regulatory standards and consumer preferences of the more mature markets. Suppliers with strong technologies, robust global engineering and development capabilities will be best positioned to meet OEM demands for rapid innovation.

Autonomous Driving As the industry moves towards autonomous driving and alternative usage models such as car sharing and urban mobility, Adient has developed an interiors concept for autonomous driving which addresses major seating and other interior trends that are expected to drive the automotive industry of the future. Adient will continue to partner with OEMs and other customers in the development of autonomous driving concepts.

Competition

Adient faces competition from other automotive suppliers and, with respect to certain products, from the automobile OEMs who produce or have the capability to produce certain products the business supplies. The automotive supply industry competes on the basis of technology, quality, reliability of supply and price. Design, engineering and product planning are increasingly important factors. The competitive landscape for seating and components can be categorized into three segments: (1) traditional seating suppliers, (2) component specialists and (3) competitors who are partnered with an OEM through ownership or interlocking business relationships. Independent suppliers that represent the principal competitors of Adient include Lear Corporation, Faurecia SA and Magna International Inc. The businesses operated through YFAI primarily compete with Faurecia SA, Grupo Antolin-Irausa SA and International Automotive Components Group SA. Adient's deep vertical integration, global footprint and broad product offering make it well positioned to compete against the traditional global Tier-1's and component specialists.

Raw Materials

Raw materials used by Adient in connection with its operations, including steel, aluminum, polyurethane chemicals, fabrics, leather, vinyl and polypropylene, were available during fiscal 2019, and Adient expects such availability to continue. During fiscal 2020, commodity prices could fluctuate throughout the year and significantly affect Adient's results of operations.

Intellectual Property

Generally, Adient seeks statutory protection for strategic or financially important intellectual property developed in connection with its business. Certain intellectual property, where appropriate, is protected by contracts, licenses, confidentiality or other agreements.

Adient owns numerous U.S. and non-U.S. patents (and their respective counterparts), the more important of which cover those technologies and inventions embodied in current products or which are used in the manufacture of those products. While Adient believes patents are important to its business operations and in the aggregate constitute a valuable asset, no single patent, or group of patents, is critical to the success of the business. Adient, from time to time, grants licenses under its patents and technology and receives licenses under patents and technology of others.

Adient's trademarks, certain of which are material to its business, are registered or otherwise legally protected in the United States and many non-U.S. countries where products and services of Adient are sold. Adient, from time to time, becomes involved in trademark licensing transactions.

Most works of authorship produced for Adient, such as computer programs, catalogs and sales literature, carry appropriate notices indicating Adient's claim to copyright protection under U.S. law and appropriate international treaties.

Regulation

Adient operates in a constantly evolving global regulatory environment and is subject to numerous and varying regulatory requirements for its product performance and material content. Adient's practice is to identify potential regulatory and quality risks early in the design and development process and proactively manage them throughout the product lifecycle through use of routine assessments, protocols, standards, performance measures and audits. New regulations and changes to existing regulations are managed in collaboration with the OEM customers and implemented through Adient's global systems and procedures designed to ensure compliance with existing laws and regulations. Adient demonstrates material content compliance through the International Material Data System, or IMDS, which is the automotive industry material data system. In the IMDS, all materials used for automobile manufacturing are archived and maintained, in order to meet the obligations placed on the automobile manufacturers-and thus on their suppliers-by national and international standards, laws and regulations.

Adient works collaboratively with a number of stakeholder groups including government agencies (*e.g.*, National Highway Traffic Safety Administration), its customers and its suppliers to proactively engage in federal, state and international public policy processes.

Environmental, Health, Safety and Legal Matters

Adient is involved in various lawsuits, claims and proceedings incident to the operation of its businesses, including those pertaining to product liability, environmental, safety and health, intellectual property, employment, commercial and contractual matters, and various other matters. Although the outcome of such lawsuits, claims and proceedings cannot be predicted with certainty and some may be disposed of unfavorably to Adient, it is management's opinion that none of these will have a material adverse effect on Adient's financial position, results of operations or cash flows. Costs related to such matters were not material to the periods presented. Further details regarding Adient's commitments and contingencies is provided in Part II, Item 8 of this Form 10-K in Note 20, "Commitments and Contingencies," of the notes to consolidated financial statements.

Employees

As of September 30, 2019, Adient employed approximately 83,000 employees, of whom approximately 69,000 were hourly and 14,000 were salaried.

Seasonal Factors

Adient's principal operations are directly related to the automotive industry. Consequently, Adient may experience seasonal fluctuations to the extent automotive vehicle production slows, such as in the summer months when many customer plants close for model year changeovers and in December when many customer plants close for the holidays.

Available Information

Adient's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are filed with the Securities and Exchange Commission (the "SEC"). Adient is subject to the informational requirements of the Exchange Act and files or furnishes reports, proxy statements and other information with the SEC. Such reports and other information filed by Adient with the SEC are available free of charge on Adient's website at www.adient.com when such reports are available on the SEC's website. The SEC maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at www.sec.gov. The contents of these websites are not incorporated into this filing. Further, Adient's references to website URLs are intended to be inactive textual references only.

Information about our Executive Officers

The following table sets forth certain information with respect to Adient's executive officers:

Name	Age	Position(s) Held	Year Appointed to Present Position
Douglas G. Del Grosso	58	President and Chief Executive Officer	2018
Michel Berthelin	49	Vice President, EMEA	2019
Jerome J. Dorlack	39	Vice President, Americas	2019
Cathleen A. Ebacher	57	Vice President, General Counsel and Secretary	2016
James Huang	58	Vice President, Asia	2019
Gregory S. Smith	51	Vice President and Chief Accounting Officer	2019
Jeffrey M. Stafeil	49	Executive Vice President and Chief Financial Officer	2016

Douglas G. Del Grosso. Mr. Del Grosso is the President and Chief Executive Officer and a Director of Adient. Mr. Del Grosso was the President and Chief Executive Officer of Chassix Holdings, Inc. from 2016 to 2018. He also served as President and Chief Executive Officer of Henniges Automotive, Inc. from 2012 to 2015. He previously served on the Board of Directors of Lincoln Educational Services Corporation from 2014 to 2015.

Michel P. Berthelin. Mr. Berthelin is the Vice President, EMEA of Adient. Mr. Berthelin was the Vice President, EMEA of Delphi Technologies during 2018. He served as the Global Steering Vice President of ZF Friedrichshafen AG from 2016 to 2018 and the Vice President, North America-Braking of ZF Friedrichshafen AG during 2015. He was also Vice President, Europe-Braking for TRW Automotive Holdings Corp. from 2012 to 2015.

Jerome J. Dorlack. Mr. Dorlack is the Vice President, Americas of Adient. Mr. Dorlack served as Vice President and Chief Purchasing Officer of Adient from 2018 to 2019. He also served as Senior Vice President and President, Electrical Distribution System and President, South America of Aptiv plc from 2017 to 2018, and Vice President, Powertrain Systems and General Manager, Global Powertrain Products of Delphi Automotive plc from 2016 to 2017. Prior to that, Mr. Dorlack served as Executive Vice President – Global Procurement of ZF Friedrichshafen from 2015 to 2016, and Vice President, Global Purchasing, Supplier Development and Logistics of ZF Friedrichshafen from 2013 to 2015.

Cathleen A. Ebacher. Ms. Ebacher is the Vice President, General Counsel and Secretary of Adient. Ms. Ebacher was the Vice President and Global General Counsel—Centers of Excellence of Johnson Controls and served in that role from 2012 to 2016.

James J. Huang. Mr. Huang is the Vice President, APAC of Adient. Mr. Huang served as Vice President, Complete Seat Asia of Adient from 2016 to 2018, and Vice President Complete Seat Asia of Johnson Controls, Inc. from 2014 to 2016.

Gregory S. Smith. Mr. Smith is the Vice President and Chief Accounting Officer of Adient. Mr. Smith served as Adient's Assistant Corporate Controller from 2016 to 2019. Prior to that, he served as Corporate Controller of Jason Industries, Inc. in 2015 and as a Senior Manager with PricewaterhouseCoopers LLP from 1995 to 2015.

Jeffrey M. Stafeil. Mr. Stafeil is the Executive Vice President and Chief Financial Officer of Adient. Mr. Stafeil was Executive Vice President, Chief Financial Officer of Visteon Corporation from 2012 to 2016. Mr. Stafeil previously served on the Board of Directors, and as Audit Committee Chairman, of each of Mentor Graphics Corporation and Metaldyne Performance Group.

Item 1A. Risk Factors

The following discussion of risk factors contains forward-looking statements. These risk factors may be important to understanding other statements in this Form 10-K. The following information should be read in conjunction with Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

The business, financial condition and operating results of Adient can be affected by a number of factors, whether currently known or unknown, including but not limited to those described below, any one or more of which could, directly or indirectly, cause Adient's actual financial condition and operating results to vary materially from past, or from anticipated future, financial condition and operating results. Any of these factors, in whole or in part, could materially and adversely affect Adient's business, financial condition, operating results and stock price.

Because of the following factors, as well as other factors affecting Adient's financial condition and operating results, past financial performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods.

Risks Related to Adient's Business

Adient operates in the highly competitive automotive supply industry.

The global automotive component supply industry is highly competitive. Competition is based primarily on price, technology, quality, delivery and overall customer service. There can be no assurance that Adient's products will be able to compete successfully with the products of Adient's competitors. Furthermore, the rapidly evolving nature of the markets in which Adient competes, including as a result of the autonomous vehicle market and consumer preferences for mobility on demand services, such as car- and ride-sharing, may attract new entrants. Additionally, consolidation in the automotive industry may lead to decreased product purchases from Adient.

As a result, Adient's sales levels and margins could be adversely affected by pricing pressures from OEMs and pricing actions of competitors. These factors may lead to selective resourcing of business to competitors. Adient's competitors may develop, design or duplicate technologies that compete with Adient's owned or licensed intellectual property. Developments or assertions by or against Adient relating to intellectual property rights, or any inability to protect Adient's rights, could have an adverse impact on its business and competitive position. In addition, any of Adient's competitors may foresee the course of market development more accurately than Adient, develop products that are superior to Adient's products, produce similar products at a lower cost than Adient, or adapt more quickly than Adient to new technologies or evolving customer requirements. Adient cannot provide assurances that certain of Adient’s products will not become obsolete or that Adient will be able to achieve the technological advances that may be necessary to remain competitive. As a result, Adient's products may not be able to compete successfully with its competitors' products and Adient may not be able to meet the growing demands of customers. In addition, Adient’s customers may increase levels of production insourcing for a variety of reasons, such as shifts in customers’ business strategies or the emergence of low-cost production opportunities in other countries. These trends may adversely affect Adient's sales as well as the profit margins on Adient's products.

Unfavorable changes in the condition of the global automotive industry may adversely affect Adient's results of operations.

Adient's financial performance will depend, in part, on conditions in the automotive industry. Moreover, automotive production and sales are highly cyclical and depend on general economic conditions and other factors, including consumer spending and preferences. If automakers experience a decline in the number of new vehicle sales, whether as a result of economic decline or otherwise, Adient may experience reductions in orders from these customers, incur write-offs of accounts receivable, incur impairment charges or require additional restructuring actions beyond its current restructuring plans, particularly if any of the automakers cannot adequately fund their operations or experience financial distress. Such adverse changes likely would have a negative impact on Adient's business, financial condition or results of operations. In addition, Adient relies in part on its customers’ forecasting of their expected needs, which forecasts can change rapidly and may not be accurate. Any inaccurate forecast data received by customer could also have an adverse impact on Adient’s results of operations.

General economic, credit, capital market and political conditions could adversely affect Adient's financial performance, Adient's ability to grow or sustain its businesses and Adient's ability to access the capital markets.

Adient competes around the world in various geographic regions and product markets. Global economic conditions affect Adient's business. As discussed in greater detail below, any future financial distress in the industries and/or markets where

Adient competes could negatively affect Adient's revenues and financial performance in future periods, result in future restructuring charges, and adversely impact Adient's ability to grow or sustain its businesses.

The capital and credit markets provide Adient with liquidity to operate and grow its business beyond the liquidity that operating cash flows provide. A worldwide economic downturn and/or disruption of the credit markets likely would reduce Adient's access to capital necessary for its operations and executing its strategic plan. If Adient's access to capital were to become constrained significantly, or if costs of capital increased significantly, due to lowered credit ratings, prevailing industry conditions, the volatility of the capital markets or other factors, Adient's financial condition, results of operations and cash flows likely would be adversely affected.

On June 23, 2016, the U.K. voted in a national referendum to withdraw from the European Union and in March 2017 the U.K. invoked Article 50 of the Treaty on European Union, which began the U.K.'s withdrawal from the European Union which was scheduled to occur on March 29, 2019. Uncertainties in connection with the future of the U.K. and its relationship with the European Union have caused and may continue to cause disruptions to capital and currency markets worldwide. The withdrawal period, as extended, will lapse on January 31, 2020, and the U.K. is expected to withdraw from the European Union on or before that date, unless another extension is sought. The consequences of a withdrawal by the U.K. from the European Union and the impact on markets, as well as the impact on Adient's operations, remain highly uncertain, in particular, in respect of the U.K.'s future access to the European Single Market, its future regulatory environment and the free movement of capital and labor. This market volatility may lead to an increase in Adient's cost of borrowing or the availability of credit, which may adversely impact Adient's financial performance. The U.K.'s withdrawal from the European Union may also have a detrimental effect on Adient's customers and suppliers, which would, in turn, adversely affect Adient's revenues and financial condition. In addition, the U.K.'s withdrawal from the European Union may also result in legal uncertainty and potentially divergent national laws and regulations as new legal relationships between the U.K. and the European Union are established.

Changes in U.S. administrative policy, including changes to existing trade agreements and any resulting changes in international trade relations, may have an adverse effect on Adient.

There is currently significant uncertainty about the future relationship between the U.S. and various other countries, most significantly China, with respect to trade policies, treaties, government regulations and tariffs. The current U.S. presidential administration has called for substantial changes to U.S. foreign trade policy with respect to China and other countries, including the possibility of imposing greater restrictions on international trade and significant increases in tariffs on goods imported into the U.S. As a result of changes to U.S. administrative policy, there may be changes to existing trade agreements, greater restrictions on free trade generally, and significant increases in tariffs on goods imported into the U.S., particularly tariffs on products manufactured in Mexico and China, among other possible changes. A trade war, other governmental action related to tariffs or international trade agreements, changes in U.S. social, political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment in the territories and countries where Adient currently manufactures and sells products, and any resulting negative sentiments towards the U.S. as a result of such changes, likely would have an adverse effect on Adient's business, financial condition or results of operations.

Adient's profitability and results of operations may be adversely affected by a significant failure or inability to comply with the specifications and manufacturing requirements of its OEM customers or by program launch difficulties.

Adient's business faces the production demands and requirements of its OEM customers, as described in Item 1, "Business" of this Annual Report on Form 10-K. As a result of safety and environmental regulations, as well as a trend of more rapid customer preference changes, OEMs are requiring suppliers like Adient to respond faster with new designs and product innovations. A significant failure or inability to comply with customer specifications and manufacturing requirements or delays or other problems with existing or new products often results in financial penalties, increased costs, loss of sales, loss of customers or potential breaches of customer contracts, which likely would have an adverse effect on Adient's profitability and results of operations.

In addition, to the extent Adient experiences product launch difficulties (which could be the result of a wide range of factors, including the production readiness of Adient's and its suppliers' manufacturing facilities and manufacturing processes, as well as factors related to tooling, equipment, employees, initial product quality and other factors), vehicle production at Adient's customers could be significantly delayed or shut down. Such situations could result in significant financial penalties to Adient, a diversion of personnel and financial resources to improving launches rather than investment in continuous process improvement or other growth initiatives, and could result in Adient's customers shifting work away from Adient to a competitor, all of which could result in loss of revenue, loss of market share and likely would have an adverse effect on Adient's profitability and cash flows. Adient's failure to successfully launch material new or takeover business, or Adient's inability to accurately estimate the cost to design, develop and launch new or takeover business, likely would have an adverse effect on Adient's profitability and results of operations. During recent periods, Adient had significant product launches including many complex global product launches, which burdened the organization from both a time and cost perspective and resulted in a diversion of resources to address product launches.

Adient may not be able to successfully negotiate pricing and other terms with its customers or may be unable to achieve product cost reductions that offset customer-imposed price reductions, both of which may adversely affect its results of operations.

Adient negotiates sales price adjustments and other contractual terms periodically with its automotive customers. There is no guarantee that Adient will be able to successfully negotiate pricing or other terms that are favorable or beneficial to Adient. Further, any cost-cutting initiatives that its customers adopt generally result in increased downward pressure on pricing. If Adient is unable to generate sufficient production or supply chain cost savings in the future to offset price reductions, Adient's results of operations may be adversely affected. In particular, large commercial settlements with Adient's customers likely would adversely affect Adient's results of operations. In addition, Adient must negotiate contract and other program changes during the life of customer programs to address situations unforeseen at the beginning of the program, including those relating to labor shortages and material cost increases. The inability of Adient to negotiate these contract or program changes in a manner favorable to Adient could also adversely affect Adient’s results of operations.

Risks associated with joint venture partnerships may adversely affect Adient's business and financial results.

Adient has entered into several joint ventures worldwide and may enter into additional joint ventures in the future. Adient's joint venture partners may at any time have economic, business or legal interests or goals that are inconsistent with Adient's goals or with the goals of the joint venture. Adient may compete against its joint venture partners in certain of its markets and certain negotiations with its customers may negatively impact its joint venture business with those same customers. Disagreements with Adient's business partners may impede Adient's ability to maximize the benefits of its partnerships and/or may consume management time and other resources to negotiate. Adient's joint venture arrangements may require Adient, among other matters, to pay certain costs or to make certain capital investments or to seek its joint venture partner's consent to take certain actions. Adient does not control the ability to collect cash dividends from its non-consolidated joint ventures. Delays in the collection of dividends, even by a few days, could adversely affect Adient's financial position and cash flows. Adient's joint venture partners may be unable or unwilling to meet their economic or other obligations under the operative documents, and Adient may be required to either fulfill those obligations alone to ensure the ongoing success of a joint venture or to dissolve and liquidate a joint venture. Further, joint venture partnerships are subject to renewal or expiration at various times, specifically including the need to renew the Yanfeng Adient Seating Co., Ltd. joint venture by the end of 2022. At the time of any required renewal Adient may not be able to negotiate a renewal or extension of the terms of the joint venture partnership on terms favorable to Adient or at all. The failure to renew or extend the terms of Adient’s joint venture partnerships could impact other areas of Adient’s business, including its business relationships. The above risks, if realized, could result in an adverse effect on Adient's business and financial results.

Work stoppages, including those at Adient’s customers, and similar events could significantly disrupt Adient's business.

Because the automotive industry relies heavily on just-in-time delivery of components during the assembly and manufacture of vehicles, a work stoppage at one or more of Adient's manufacturing and assembly facilities could have adverse effects on the business. Similarly, if one or more of Adient's customers were to experience a work stoppage, such as what occurred during the General Motors labor strike occurring in fall 2019, that customer would likely halt or limit purchases of Adient's products, which could result in the shutdown of the related Adient manufacturing facilities and or other cost-reduction initiatives. A significant disruption in the supply of a key component due to a work stoppage at one of Adient's suppliers or any other supplier could have the same consequences, and accordingly, have an adverse effect on Adient's financial results.

A variety of other factors could adversely affect Adient's results of operations.

Any of the following could adversely impact Adient's results of operations: the inability of Adient to execute continued turnaround actions to improve profitability; the loss of, or changes in, automobile supply contracts, sourcing strategies or customer claims with Adient's major customers or suppliers; lack of commodity availability and unfavorable commodity pricing; start-up expenses associated with new vehicle programs or delays or cancellations of such programs; underutilization of Adient's manufacturing facilities, which are generally located near, and devoted to, a particular customer's facility; inability to recover engineering and tooling costs; market and financial consequences of any recalls that may be required on products that Adient has supplied or sold into the automotive aftermarket; delays or difficulties in new product development and integration; quantity and complexity of new program launches, which are subject to Adient's customers' timing, performance, design and quality standards; interruption of supply of certain single-source components; the potential introduction of similar or superior technologies; changing nature and prevalence of Adient's joint ventures and relationships with its strategic business partners; and global overcapacity and vehicle platform proliferation.

Adient may be unable to realize the expected benefits of its restructuring actions, which could adversely affect its profitability and operations.

In order to align Adient's resources with its strategies, operate more efficiently and control costs and to realign its businesses, with customer and market needs and operating conditions, Adient has periodically announced, and in the future may continue to announce, restructuring plans, which may include workforce reductions, global plant closures and consolidations, asset impairments and other cost reduction initiatives. In each of the last three fiscal years, Adient announced restructurings related to cost reduction initiatives, which included workforce reductions, plant closures and asset impairments. Adient may undertake additional restructuring actions, including plant closures and workforce reductions in the future. As these plans and actions are complex, unforeseen factors could result in expected savings and benefits to be delayed or not realized to the full extent planned (if at all), and Adient's operations and business may be disrupted, which likely would adversely affect Adient's financial condition, operating results and cash flow.

Risks associated with Adient's non-U.S. operations could adversely affect Adient's business, financial condition and results of operations.

Adient has significant operations in a number of countries outside the U.S. , some of which are located in emerging markets. Long-term economic uncertainty in some of the regions of the world in which Adient operates, such as Asia, South America and Europe and other emerging markets, could result in the disruption of markets and negatively affect cash flows from Adient's operations to cover its capital needs and debt service requirements.

In addition, as a result of Adient's global presence, a significant portion of its revenues and expenses is denominated in currencies other than the U.S. dollar. Adient is therefore subject to foreign currency risks and foreign exchange exposure. While Adient employs financial instruments to hedge some of its transactional foreign exchange exposure, these activities do not insulate Adient completely from those exposures. Exchange rates can be volatile and could adversely impact Adient's financial results and the comparability of results from period to period.

There are other risks that are inherent in Adient's non-U.S. operations, including the potential for changes in socio-economic conditions, laws and regulations, including import, export, direct and indirect taxes, value-added taxes, labor and environmental laws, and monetary and fiscal policies; protectionist measures that may prohibit acquisitions or joint ventures, or impact trade volumes; unsettled political conditions; government-imposed plant or other operational shutdowns; backlash from foreign labor organizations related to Adient's restructuring actions; corruption; natural and man-made disasters, hazards and losses; violence, civil and labor unrest; and possible terrorist attacks.

These and other factors may have an adverse effect on Adient's non-U.S. operations and therefore on Adient's business and results of operations.

The regulation of Adient's international operations, and any failure of Adient to comply with those regulations, could adversely affect its business, results of operations and reputation.

Due to Adient's global operations, Adient is subject to many laws governing international relations and its international operations, including laws that prohibit improper payments to government officials and commercial customers and that restrict where Adient can do business, what information or products Adient can import and export to and from certain countries and what information Adient can provide to a non-U.S. government. These laws include but are not limited to the U.S. Foreign Corrupt Practices Act (FCPA), the Irish Criminal Justice (Corruption Offences) Act, the U.K. Bribery Act, the U.S. Export Administration Act and U.S. and international economic sanctions and money laundering regulations. Adient has internal policies and procedures relating to compliance with such laws; however, there is a risk that such policies and procedures will not always protect Adient from the improper acts of employees, agents, business partners, joint venture partners or representatives, particularly in the case of recently acquired operations that may not have significant training in applicable compliance policies and procedures. Violations of these laws, which are complex, may result in criminal penalties, sanctions and/or fines, and may also result in costly and time-consuming governmental investigations, any or all of which could have an adverse effect on Adient's business, financial condition and results of operations and reputation. In addition, Adient is subject to antitrust laws in various countries throughout the world. Changes in these laws or their interpretation, administration or enforcement may occur over time. Any such changes may limit Adient's future acquisitions, divestitures or operations. Violations of antitrust laws may result in penalties, sanctions and/or fines, and may also result in costly and time-consuming governmental investigations, any or all of which could have an adverse effect on Adient's business, financial condition and results of operations and reputation.

Adient's business in China is subject to aggressive competition and is sensitive to economic and market conditions.

Maintaining a strong position in the Chinese market is a key component of Adient's strategy. Adient's business in China is conducted primarily through joint ventures. The automotive supply market in China is highly competitive, with competition from many of the largest global manufacturers and numerous smaller domestic manufacturers. As the size of the Chinese market evolves, Adient anticipates that market participants will act aggressively to increase or maintain their market share. Increased competition may result in price reductions, reduced margins and Adient's inability to gain or hold market share. In addition to the risks imposed by U.S. economic trade policy discussed above, Adient's business in China is sensitive to economic, political and market conditions that drive automotive sales volumes in China. If Adient is unable to maintain its position in the Chinese market or if vehicle sales in China decrease or do not continue to increase, then Adient's business and financial results may be adversely affected.

A failure of Adient's information technology (IT) and data security infrastructure could adversely impact Adient's business, operations and reputation.

Adient relies upon the capacity, reliability and security of its IT and data security infrastructure, as well as its ability to expand and continually update this infrastructure in response to the changing needs of its business. If Adient experiences a problem with the functioning of an important IT system or a security breach of Adient's IT systems, including during system upgrades and/or new system implementations, the resulting disruptions could have an adverse effect on Adient's business.

Adient and certain of its third-party vendors receive and store personal information in connection with Adient's human resources operations and other aspects of Adient's business. Despite Adient's implementation of security measures, Adient's IT systems, like those of other companies, are vulnerable to damages from computer viruses, natural disasters, unauthorized access, cyber-attack and other similar disruptions. Any system failure, accident or security breach could result in disruptions to Adient's operations. A material network breach in the security of Adient's IT systems could include the theft of Adient's intellectual property, trade secrets, customer information, human resources information or other confidential information. To the extent that any disruptions or security breach results in a loss or damage to Adient's data, or an inappropriate disclosure of confidential, proprietary or customer information, it could cause significant damage to Adient's reputation, affect Adient's relationships with its customers, lead to claims against Adient and ultimately harm its business. In addition, Adient may be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future.

In addition, legislators and/or regulators in countries in which we operate are increasingly adopting or revising privacy, information security and data protection laws. In particular, the European Union's General Data Protection Regulation, which became effective on May 25, 2018, has extra-territorial scope. Violations of such laws and regulations may result in penalties, sanctions and/or fines, and may also result in costly and time-consuming governmental investigations, any or all of which could have an adverse effect on Adient's business, financial condition and results of operations and reputation.

Negative or unexpected tax consequences could adversely affect Adient's results of operations.

Adverse changes in the underlying profitability and financial outlook of Adient's operations in several jurisdictions could lead to additional changes in Adient's valuation allowances against deferred tax assets and other tax reserves on Adient's statements of financial position. Additionally, changes in tax laws in Ireland, the U.S. or in other countries where Adient has significant operations could materially affect deferred tax assets and liabilities on Adient's statements of financial position and income tax provision on Adient's statements of income.

Adient is also subject to tax audits for both direct and indirect taxes by governmental authorities on a worldwide basis. Governmental authorities have become more aggressive in proposing tax assessments, including interest related to income taxes and transaction taxes such as Value Added Tax (VAT). Negative unexpected results from one or more such tax audits could adversely affect Adient's results of operations.

Adient may be unable to complete or integrate acquisitions or joint ventures effectively, which may adversely affect its growth, profitability and results of operations.

Adient has completed an acquisition, made investments and entered into other strategic initiatives and expects acquisitions of businesses and assets, as well as joint ventures and other strategic initiatives to play a role in its future growth. Adient cannot be certain that it will be able to identify attractive acquisition or joint venture targets, obtain financing for acquisitions on satisfactory terms, successfully acquire identified targets or form joint ventures, or manage the timing of acquisitions due to other capital obligations across its businesses. Although management believes that these transactions and initiatives will provide financial, operational and other benefits to Adient and Adient's shareholders, they may not provide such results on the scope or scale management anticipates, and Adient may not realize any or all of the intended benefits, including as a result of the unsuccessful integration into Adient's existing operations. If the intended benefits of these transactions and investments are not realized, Adient's financial condition, results of operations or cash flows could be adversely impacted. Furthermore, competition for acquisition opportunities in the various industries in which Adient operates may rise, thereby increasing Adient's costs of making acquisitions or causing Adient to refrain from making further acquisitions. If Adient were to use equity securities to finance a future acquisition, Adient's then-current shareholders would experience dilution. Adient is also subject to applicable antitrust laws and must avoid anticompetitive behavior. These and other factors related to acquisitions and joint ventures may negatively and adversely impact Adient's growth, profitability and results of operations.

Increases in the costs and restrictions on the availability of raw materials, energy, commodities and product components could adversely affect Adient's financial performance.

Raw material, energy and commodity costs can be volatile. Although Adient has developed and implemented strategies to mitigate the impact of higher raw material, energy and commodity costs, these strategies, together with commercial negotiations with Adient's customers and suppliers, typically offset only a portion of the adverse impact. Certain of these strategies also may limit Adient's opportunities in a declining commodity environment. In addition, the availability of raw materials, commodities and product components fluctuates from time to time due to factors outside of Adient's control. If the costs of raw materials, energy, commodities and product components increase or the availability thereof is restricted, it could adversely affect Adient's financial condition, operating results and cash flows.

If Adient does not respond appropriately, the evolution of the automotive industry towards autonomous vehicles and mobility on demand services could adversely affect Adient's business.

The automotive industry is increasingly focused on the development of advanced driver assistance technologies, with the goal of developing and introducing a commercially-viable, fully automated driving experience. There has also been an increase in consumer preferences for mobility on demand services, such as car- and ride-sharing, as opposed to automobile ownership, which may result in a long term reduction in the number of vehicles per capita. These evolving areas have also attracted increased competition from entrants outside the traditional automotive industry. If Adient does not continue to innovate to develop or acquire new and compelling products that capitalize upon new technologies in response to OEM and consumer preferences, this could have an adverse impact on Adient's results of operations.

Adient may incur material losses and costs as a result of warranty claims and product liability actions that may be brought against Adient.

Adient faces an inherent business risk of exposure to warranty claims and product liability in the event that its products fail to perform as expected and, in the case of product liability, such failure of its products results, or is alleged to result, in bodily injury and/or property damage. While Adient will maintain reasonable limits of insurance coverage to appropriately respond to such exposures, large product liability claims, if made, could exceed Adient's insurance coverage limits and insurance may not continue to be available on commercially acceptable terms, if at all Adient may incur significant costs to defend these claims or experience product liability losses in the future. If any of Adient's products are or are alleged to be defective, Adient may be required to participate in a recall involving such products. As suppliers become more integrally involved in the vehicle design process and assume more of the vehicle assembly functions, auto manufacturers are increasingly looking to their suppliers for contribution when faced with recalls and product liability claims. A recall claim brought against Adient that is not insured, or a product liability claim brought against Adient in excess of its available insurance, could have an adverse impact on Adient's results of operations. In addition, a recall claim could require Adient to review its entire product portfolio to assess whether similar issues are present in other product lines, which could result in significant disruption to Adient's business and could have an adverse impact on Adient's results of operations.

Auto manufacturers are also increasingly requiring their suppliers to guarantee or warrant their products and bear the costs of repair and replacement of such products under new vehicle warranties. Depending on the terms under which Adient supplies products to an auto manufacturer, an auto manufacturer may attempt to hold Adient responsible for some or all of the repair or replacement costs of defective products under new vehicle warranties, when the vehicle manufacturer asserts that the product supplied did not perform as warranted.

Although Adient cannot assure that the future costs of warranty claims by its customers and product liability claims will not be material, Adient believes its established reserves are adequate to cover potential settlements. Adient's reserves are based on

Adient's best estimates of amounts necessary to settle future and existing claims. Adient regularly evaluates the level of these reserves, and adjusts them when appropriate. However, the final amounts determined to be due related to these matters could differ materially from Adient's recorded estimates.

Any changes in consumer credit availability or cost of borrowing could adversely affect Adient's business.

Declines in the availability of consumer credit and increases in consumer borrowing costs have negatively impacted global automotive sales and resulted in lower production volumes in the past. Substantial declines in automotive sales and production by Adient's customers likely would have an adverse effect on Adient's business, results of operations and financial condition.

Global climate change could negatively affect Adient's business.

Increased public awareness and concern regarding global climate change may result in more regional and/or federal requirements to reduce or mitigate the effects of greenhouse gas emissions. There continues to be a lack of consistent climate legislation, which creates economic and regulatory uncertainty. Such regulatory uncertainty extends to future incentives for energy efficient vehicles and costs of compliance, which may impact the demand for Adient's products and Adient's results of operations.

There is a growing consensus that greenhouse gas emissions are linked to global climate changes. Climate changes, such as extreme weather conditions, create financial risk to Adient's business. For example, the demand for Adient's products and services may be affected by unseasonable weather conditions. Climate changes could also disrupt Adient's operations by impacting the availability and cost of materials needed for manufacturing and could increase insurance and other operating costs. These factors may impact Adient's decisions to construct new facilities or maintain existing facilities in areas most prone to physical climate risks. Adient could also face indirect financial risks passed through the supply chain, and process disruptions due to physical climate changes could result in price modifications for Adient's products and the resources needed to produce them.

Risks related to Adient's defined benefit retirement plans may adversely impact Adient's results of operations and cash flow.

Significant changes in actual investment return on defined benefit plan assets, discount rates, mortality assumptions and other factors could adversely affect Adient's results of operations and the amounts of contributions Adient must make to its defined benefit plans in future periods. Generally accepted accounting principles in the U.S. require that Adient calculate income or expense for the plans using actuarial valuations. These valuations reflect assumptions about financial markets and interest rates, which may change based on economic conditions. Funding requirements for Adient's defined benefit plans are dependent upon, among other factors, interest rates, underlying asset returns and the impact of legislative or regulatory changes related to defined benefit funding obligations.

Legal proceedings in which Adient is, or may be, a party may adversely affect Adient.

Adient is currently and may in the future become subject to legal proceedings and commercial, contractual or other disputes. These are typically lawsuits, claims and proceedings that arise in the normal course of business including, without limitation, claims pertaining to product liability, product safety, environmental, safety and health, intellectual property, employment, commercial, contractual and various other matters. The outcome of such lawsuits, claims or proceedings cannot be predicted with certainty and some may be disposed of unfavorably to Adient. There exists the possibility that such claims may have an adverse impact on Adient's results of operations that is greater than Adient anticipates, and/or negatively affect Adient's reputation.

A downgrade in the ratings of Adient's debt capital could restrict Adient's ability to access the debt capital markets and increase Adient's interest costs.

Unfavorable changes in the ratings that rating agencies assign to Adient's debt may ultimately negatively impact Adient's access to the debt capital markets and increase the costs Adient incurs to borrow funds. Future tightening in the credit markets and a reduced level of liquidity in many financial markets due to turmoil in the financial and banking industries could affect Adient's access to the debt capital markets or the price Adient pays to issue debt. A downgrade in Adient's ratings or volatility in the financial markets causing limitations to the debt capital markets could have an adverse effect on Adient's business or Adient's ability to meet its liquidity needs.

Additionally, an increase in the level of Adient's indebtedness may increase Adient's vulnerability to adverse general economic and industry conditions and may affect Adient's ability to obtain additional financing.

Adient's debt obligations could adversely affect Adient's business, profitability and the ability to meet its obligations.

As of September 30, 2019, Adient's total consolidated indebtedness approximated $3.7 billion. This significant amount of debt could potentially have important consequences to Adient and its debt and equity investors, including:

- requiring a substantial portion of Adient's cash flow from operations to make interest payments on this debt;
- making it more difficult to satisfy other obligations;
- increasing the risk of a future credit ratings downgrade of its debt, which could increase future debt costs and limit the future availability of debt financing;
- increasing Adient's vulnerability to general adverse economic and industry conditions;
- reducing the cash flow available to fund capital expenditures and other corporate purposes and to grow Adient's business;
- limiting Adient's flexibility in planning for, or reacting to, changes in its business and the industry;
- placing Adient at a competitive disadvantage relative to its competitors that may not be as highly leveraged with debt; and
- limiting Adient's ability to borrow additional funds as needed or take advantage of business opportunities as they arise, pay cash dividends or repurchase ordinary shares.

In addition, Adient's revolving credit facility requires Adient to maintain compliance with a minimum fixed charge coverage ratio tested on a quarterly basis in order to prevent reduced borrowing capacity. Events beyond Adient's control, including changes in general business and economic conditions, may affect its ability to meet this requirement. The debt agreements also contain certain restrictive covenants that could result in an event of default under such agreements. In the event of a breach of the restrictive covenants, the lenders could elect to declare all amounts outstanding, together with accrued interest, to be immediately due and payable, which could result in acceleration of Adient's other debt. If Adient was unable to repay any borrowings under the credit facilities or debt outstanding under the secured notes when due, the lenders thereunder or holders thereof could proceed against their collateral.

In July 2017, the head of the United Kingdom Financial Conduct Authority announced the desire to phase out the use of LIBOR by the end of 2021. There is currently no definitive information regarding the future utilization of LIBOR or of any particular replacement rate. As such, the potential effect of any such event on our cost of capital cannot yet be determined. In addition, any further changes or reforms to the determination or supervision of LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR, which could have an adverse impact on extensions of credit held by Adient and could have an adverse effect on Adient’s business, financial condition and results of operations.

To the extent that Adient incurs additional indebtedness, the risks described above could increase. In addition, Adient's actual cash requirements in the future may be greater than expected. Adient's cash flow from operations may not be sufficient to repay all of the outstanding debt as it becomes due, and Adient may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to refinance Adient's debt.

Adient's business success depends on attracting and retaining qualified personnel.

Adient's ability to sustain and grow its business requires it to hire, retain and develop a highly skilled and diverse management team and workforce. Failure to ensure that Adient has the leadership capacity with the necessary skill set and experience could impede Adient's ability to deliver its growth objectives and execute its strategic plan. Organizational and reporting changes as a result of any future leadership transition and corporate initiatives, including restructuring actions, could result in increased turnover. Additionally, any unplanned turnover or inability to attract and retain key employees could have a negative effect on Adient's results of operations.

Adverse developments affecting, or the financial distress of, one or more of Adient's suppliers or other third party counterparties could adversely affect Adient's financial performance.

Adient obtains components and other products and services from numerous automotive suppliers and other vendors throughout the world. In addition, Adient is party to various arrangements with third parties who owe Adient money or goods and services, or who purchase goods and services from Adient. Adient is responsible for managing its supply chain, including suppliers that may be the sole sources of products that Adient requires, which Adient's customers direct Adient to use or which have unique capabilities that would make it difficult and/or expensive to re-source. In addition, with fewer sources of supply for certain components, each supplier may perceive that it has greater leverage and, therefore, some ability to seek higher prices from us at a time that we face substantial pressure from OEMs to reduce the prices of our products. This could adversely affect our customer relations and business. In certain instances, entire industries may experience short-term capacity constraints. Additionally, Adient's production capacity, and that of Adient's customers and suppliers, may be adversely affected by natural disasters. Any such significant disruption could adversely affect Adient's financial performance. Unfavorable economic or industry conditions could also result in financial distress within Adient's supply chain or among other third party counterparties, thereby increasing the risk of supply disruption or lost orders. Although market conditions generally have improved in recent years, uncertainty remains and another economic downturn or other unfavorable industry conditions in one or more of the regions in which Adient operates could cause a supply disruption or loss of customer orders and thereby adversely affect Adient's financial condition, operating results and cash flows.

The loss of business with respect to, or the lack of commercial success of, a vehicle model for which Adient is a significant supplier could adversely affect Adient's financial performance.

Although Adient receives purchase orders from its customers, these purchase orders often provide for the supply of a customer's annual requirements for a particular vehicle model and assembly plant, or in some cases, for the supply of a customer's requirements for the life of a particular vehicle model, rather than for the purchase of a specific quantity of products. In addition, it is possible that Adient's customers could elect to manufacture its products internally or increase the extent to which they require Adient to utilize specific suppliers or materials in the manufacture of its products. The loss of business with respect to, the lack of commercial success of or an increase in directed component sourcing for a vehicle model for which Adient is a significant supplier could reduce Adient's sales or margins and thereby adversely affect Adient's financial condition, operating results and cash flows.

Shifts in market shares among vehicles, vehicle segments or shifts away from vehicles on which Adient has significant content or overall changes in consumer demand could have an adverse effect on Adient's profitability.

While Adient supplies parts for a wide variety of vehicles produced globally, Adient does not supply parts for all vehicles produced, nor is the number or value of parts evenly distributed among the vehicles for which Adient does supply parts. Shifts in market shares among vehicles or vehicle segments, including as a result of the autonomous vehicle market, particularly shifts away from vehicles on which Adient has significant content and shifts away from vehicle segments in which Adient's sales may be more heavily concentrated, could have an adverse effect on Adient's profitability. Increases in energy costs or other factors (e.g., climate change concerns) may also shift consumer demand away from motor vehicles that typically have higher interior content that Adient supplies, such as light trucks, crossover vehicles, minivans and sports utility vehicles, to smaller vehicles having less interior content. The loss of business with respect to, or a lack of commercial success of, one or more particular vehicle models for which Adient is a significant supplier could reduce Adient's sales and harm Adient's profitability, thereby adversely affecting Adient's results of operations.

Adient's internal controls around accounting and financial reporting may not be adequate to ensure complete and accurate reporting of Adient's financial position, results of operations and cash flows.

The Exchange Act requires that Adient file annual, quarterly and current reports with respect to its business and financial condition. Under the Sarbanes Oxley Act, Adient is required to maintain effective disclosure controls and procedures and internal controls over financial reporting. Any failure to achieve and maintain effective internal controls could have an adverse effect on Adient's business, financial condition, results of operations and cash flow.

Potential indemnification liabilities to the former Parent pursuant to the separation agreement could adversely affect Adient.

The separation arrangements with the former Parent provide for, among other things, the principal corporate transactions required to effect the separation, certain conditions to the separation and provisions governing the relationship between Adient and the former Parent with respect to and resulting from the separation, including ongoing relationships. Among other things, the separation arrangements provide for indemnification obligations designed to make Adient financially responsible for substantially all liabilities that may exist relating to its business activities, whether incurred prior to or after the separation, as well as those obligations of the former Parent assumed by Adient pursuant to the separation arrangements and in respect of the conduct of the parties post-separation. Adient may be subject to substantial liabilities under these indemnifications.

Risks Related to Adient Ordinary Shares

Adient's share price may fluctuate significantly.

Adient cannot predict the prices at which shares of its ordinary shares may trade. The market price of Adient ordinary shares may fluctuate significantly due to a number of factors, some of which may be beyond Adient's control, including:

- actual or anticipated fluctuations in Adient's operating results;
- changes in earnings estimated by securities analysts or Adient's ability to meet those estimates;
- the operating and stock price performance of comparable companies;
- changes to the regulatory and legal environment under which Adient operates;
- the trading volume and liquidity of Adient ordinary shares; and
- domestic and worldwide economic conditions.

In addition, when the market price of a company's shares drops significantly, shareholders often institute securities class action lawsuits against Adient. A lawsuit against Adient could cause it to incur substantial costs and could divert the time and attention of its management and other resources.

Adient shares may be diluted in the future.

In the future, per share ownership percentage in Adient may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise, including equity awards that Adient has granted and may grant in the future to Adient's directors, officers and employees. Adient's employees have options to purchase its ordinary shares as a result of the conversion in the distribution of their former Parent stock options (in whole or in part) to Adient share options. Adient's compensation committee has granted stock-based awards to employees in Adient ordinary shares, and Adient anticipates its compensation committee will continue to do so. Such awards have a dilutive effect on Adient's earnings per share, which could adversely affect the market price of Adient ordinary shares.

In addition, Adient's articles of association authorize Adient to issue, without the approval of Adient's shareholders, one or more classes or series of preferred shares having such designation, powers, preferences and relative, participating, optional and other special rights, including preferences over Adient ordinary shares respecting dividends and distributions, as Adient's board of directors generally may determine. The terms of one or more classes or series of preferred shares could dilute the voting power or reduce the value of Adient ordinary shares. For example, Adient could grant the holders of preferred shares the right to elect some number of Adient's directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences Adient could assign to holders of preferred shares could affect the residual value of the ordinary shares.

Certain provisions in Adient's articles of association, among other things, could prevent or delay an acquisition of Adient, which could decrease the trading price of Adient ordinary shares.

The Adient articles of association include measures that may be found in the charters of U.S. companies and that could have the effect of deterring coercive takeover practices, inadequate takeover bids and unsolicited offers. These provisions include, among others: (i) the power for the board of directors to issue and allot preferred shares or implement a shareholder rights plan without shareholder approval in certain circumstances; (ii) a provision similar to Section 203 of the Delaware General Corporation Law, which provides that, subject to limited exceptions, persons that acquire, or are affiliated with a person that acquires, more than 15 percent of the outstanding ordinary shares of Adient shall not engage in any business combination with Adient, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which that person or its affiliates becomes the holder of more than 15 percent of Adient's outstanding ordinary shares; (iii) rules regarding how shareholders may present proposals or nominate directors for election at shareholder meetings; and (iv) the ability of the Adient board of directors to fill vacancies on the board of directors in certain circumstances.

It could be difficult for Adient to obtain shareholder approval for a merger or negotiated transaction because the shareholder approval requirements for certain types of transactions differ, and in some cases are greater, under Irish law than under U.S. state law.

In addition, several mandatory provisions of Irish law could prevent or delay an acquisition of Adient. For example, Adient will be subject to various provisions of Irish law relating to mandatory bids, voluntary bids, requirements to make a cash offer and minimum price requirements, as well as substantial acquisition rules and rules requiring the disclosure of interests in Adient ordinary shares in certain circumstances. Also, Irish companies, including Adient, may only alter their memorandum of association and articles of association with the approval of the holders of at least 75% of Adient's shares present and voting in person or by proxy at a general meeting of Adient (and certain provisions of Adient's memorandum of association and articles of association may only be amended with the approval of the holders of at least 80% in nominal value of Adient's issued ordinary shares.

As an Irish public limited company, certain capital structure decisions require shareholder approval, which may limit Adient's flexibility to manage its capital structure.

Irish law provides that a board of directors may allot shares (or rights to subscribe for or convertible into shares) only with the prior authorization of shareholders, such authorization for a maximum period of five years, each as specified in the articles of association or relevant shareholder resolution. This authorization would need to be renewed by Adient's shareholders upon its expiration (i.e., at least every five years). The Adient articles of association authorize the allotment of shares (which will be subject to the limits provided for in the NYSE Listed Company Manual) for a period of five years from the date of their adoption, which authorization will need to be renewed by ordinary resolution, being a resolution passed by a simple majority of votes cast, upon expiration but may be sought more frequently for additional five-year terms (or any shorter period). Should this authorization not be approved, our ability to issue equity could be limited and thereby adversely affect our securities holders.

Irish law also generally provides shareholders with preemptive rights when new shares are issued for cash; however, it is possible for the Adient articles of association, or shareholders in general meeting, to exclude preemptive rights. Such an exclusion of preemptive rights may be for a maximum period of up to five years from the date of adoption of the articles of association, if the exclusion is contained in the articles of association, or from the date of the shareholder resolution, if the exclusion is by shareholder resolution; in either case, this exclusion would need to be renewed by Adient's shareholders upon its expiration (i.e., at least every five years). The Adient articles of association exclude preemptive rights for a period of five years from the date of adoption of the Adient articles of association, which exclusion will need to be renewed by special resolution, being a resolution passed by not less than 75% of votes cast, upon expiration but may be sought more frequently for additional five-year terms (or any shorter period). Should this authorization not be approved, our ability to issue equity could be limited and thereby adversely affect our securities holders.

Adient may not pay dividends on its ordinary shares.

Adient previously disclosed that it does not have plans to pay dividends on its ordinary shares following the dividend paid in the first quarter of fiscal 2019. The timing, declaration, amount and payment of future dividends to shareholders will fall within the discretion of Adient's board of directors. The board's decisions regarding the payment of dividends will depend on many factors, such as Adient's financial condition, earnings, sufficiency of distributable reserves, capital requirements, debt service obligations, legal requirements, regulatory constraints and other factors that the board deems relevant. Adient's ability to pay dividends will depend on its ongoing ability to generate cash from operations and access capital markets. Adient cannot guarantee that it will pay dividends in the future. For more information, see Item 5, "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities."

Irish law requires that Adient meet certain additional financial requirements before it declares dividends.

Under Irish law, Adient will be able to declare dividends and make distributions only out of "distributable reserves." Distributable reserves are the accumulated realized profits of Adient that have not previously been utilized in a distribution or capitalization less accumulated realized losses that have not previously been written off in a reduction or reorganization of capital, and include reserves created by way of a reduction of capital, including the share premium account. In addition, no distribution or dividend may be paid or made by Adient unless the net assets of Adient are equal to, or exceed, the aggregate of Adient's called up share capital plus non-distributable reserves and the distribution does not reduce Adient's net assets below such aggregate. Non-distributable reserves include the share premium account, the capital redemption reserve fund and the amount by which Adient's accumulated unrealized profits that have not been previously utilized by any capitalization exceed Adient's accumulated unrealized losses that have not previously been written off in a reduction or reorganization of capital.

The Adient articles of association permit Adient by ordinary resolution of the shareholders to declare dividends, provided that the directors have made a recommendation as to its amount. The dividend may not exceed the amount recommended by the directors. The directors may also decide to continue to pay interim dividends if it appears to them that the profits available for distribution justify the payment. When recommending or declaring the payment of a dividend, the directors will be required under Irish law to comply with their duties, including considering Adient's future financial requirements.

The laws of Ireland differ from the laws in effect in the U.S. and may afford less protection to holders of Adient securities.

It may not be possible to enforce court judgments obtained in the U.S. against Adient in Ireland based on the civil liability provisions of the U.S. federal or state securities laws. In addition, there is some uncertainty as to whether the courts of Ireland would recognize or enforce judgments of U.S. courts obtained against Adient or its directors or officers based on the civil liabilities provisions of the U.S. federal or state securities laws or hear actions against Adient or those persons based on those laws. The U.S. currently does not have a treaty with Ireland providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters in Ireland. Therefore, a final judgment for the payment of money rendered by any

U.S. federal or state court based on civil liability, whether or not based solely on U.S. federal or state securities laws, would not automatically be enforceable in Ireland.

A judgment obtained against Adient will be enforced by the courts of Ireland if the following general requirements are met: (i) U.S. courts must have had jurisdiction in relation to the particular defendant according to Irish conflict of law rules (the submission to jurisdiction by the defendant would satisfy this rule) and (ii) the judgment must be final and conclusive and the decree must be final and unalterable in the court which pronounces it. A judgment can be final and conclusive even if it is subject to appeal or even if an appeal is pending. Where however the effect of lodging an appeal under the applicable law is to stay execution of the judgment, it is possible that in the meantime the judgment may not be actionable in Ireland. It remains to be determined whether final judgment given in default of appearance is final and conclusive. However, Irish courts may refuse to enforce a judgment of the U.S. courts which meets the above requirements for one of the following reasons: (i) if the judgment is not for a definite sum of money; (ii) if the judgment was obtained by fraud; (iii) the enforcement of the judgment in Ireland would be contrary to natural or constitutional justice; (iv) the judgment is contrary to Irish public policy or involves certain U.S. laws which will not be enforced in Ireland; or (v) jurisdiction cannot be obtained by the Irish courts over the judgment debtors in the enforcement proceedings by personal service in Ireland or outside Ireland under Order 11 of the Ireland Superior Courts Rules.

As an Irish company, Adient is governed by the Irish Companies Act 2014, which differs in some material respects from laws generally applicable to U.S. corporations and shareholders, including, among others, differences relating to interested director and officer transactions and shareholder lawsuits. Likewise, the duties of directors and officers of an Irish company generally are owed to Adient only. Shareholders of Irish companies generally do not have a personal right of action against directors or officers of Adient and may exercise such rights of action on behalf of Adient only in limited circumstances. Accordingly, holders of Adient's securities may have more difficulty protecting their interests than would holders of securities of a corporation incorporated in a jurisdiction of the U.S.

In addition, the Adient articles of association provide that the Irish courts have exclusive jurisdiction to determine any and all derivative actions in which a holder of Adient ordinary shares asserts a claim in the name of Adient, actions asserting a claim of breach of a fiduciary duty of any of the directors of Adient and actions asserting a claim arising pursuant to any provision of Irish law or Adient's articles of association. Under Irish law, the proper claimant for wrongs committed against Adient, including by the Adient directors, is considered to be Adient itself. Irish law permits a shareholder to initiate a lawsuit on behalf of a company such as Adient only in limited circumstances, and requires court permission to do so.

The IRS may not agree that Adient is a foreign corporation for U.S. federal tax purposes.

For U.S. federal tax purposes, a corporation is generally considered to be a tax resident of the jurisdiction of its organization or incorporation. Because Adient is a company incorporated under the laws of Ireland, it would be classified as a foreign corporation under these rules. However, Section 7874 of the Code, or Section 7874, provides an exception to this general rule under which a foreign incorporated entity may, in certain circumstances, be classified as a U.S. corporation for U.S. federal tax purposes. The rules under Section 7874 are relatively new and complex and there is limited guidance regarding their application.

Under Section 7874, a corporation created or organized outside the U.S. (i.e., a foreign corporation) will nevertheless be treated as a U.S. corporation for U.S. federal tax purposes if (i) the foreign corporation directly or indirectly acquires substantially all of the properties held directly or indirectly by a U.S. corporation (including through an acquisition of the outstanding shares of the U.S. corporation), (ii) the former shareholders of the acquired U.S. corporation hold at least 80% (by either vote or value) of the shares of the foreign acquiring corporation after the acquisition by reason of holding shares in the acquired U.S. corporation (including the receipt of the foreign corporation's shares in exchange for the U.S. corporation's shares), or the 80% Ownership Test, and (iii) the foreign corporation's "expanded affiliated group" does not have substantial business activities in the foreign corporation's country of organization or incorporation relative to such expanded affiliated group's worldwide activities. For purposes of Section 7874, acquisitions of multiple U.S. corporations (and/or substantially all of the assets of multiple U.S. corporations) by a foreign corporation, if treated as part of a plan or series of related transactions, may be treated as a single acquisition, in which case all shares of the foreign acquiring corporation received by the shareholders of the U.S. corporations would be aggregated for purposes of the 80% Ownership Test. Where, pursuant to the same transaction, stock of the foreign acquiring corporation is received in exchange for stock of a U.S. corporation as well as other property, the portion of the stock of the foreign acquiring corporation received in exchange for the stock of the U.S. corporation is determined based on the relative value of the stock of the U.S. corporation compared with the aggregate value of such stock and such other property.

As part of the separation, Adient indirectly acquired assets, including stock of U.S. subsidiaries, from the former Parent, which is a U.S. corporation. It is currently not expected that Section 7874 will cause Adient or any of its affiliates to be treated as a

U.S. corporation for U.S. tax purposes as a result of such acquisitions because, among other things, based on the rules for determining ownership under Section 7874 and the Treasury Regulations promulgated thereunder and certain factual assumptions, (i) the assets acquired from the former Parent are not expected to constitute "substantially all" of the properties held directly or indirectly by the former Parent and (ii) the shares received by reason of holding stock in the U.S. subsidiaries of the former Parent transferred in the separation are not expected to represent at least 80% (by either vote or value) of the relevant shares. The law and Treasury Regulations promulgated under Section 7874 are relatively new, complex and somewhat unclear, and there is limited guidance regarding the application of Section 7874 in circumstances similar to the separation. For example, there is currently no guidance that expressly defines what constitutes "substantially all" of the properties of a U.S. corporation for purposes of Section 7874 and it is possible that the Internal Revenue Service (the "IRS") may assert that "substantially all" of the properties of the former Parent (or of a U.S. subsidiary of the former Parent) were acquired in the separation. In addition, there is limited guidance on the application of the 80% Ownership Test in circumstances similar to the separation, and the IRS may not agree that the shares held by reason of holding shares in U.S. subsidiaries that (or substantially all of the assets of which) were transferred in the separation represent less than 80% (by either vote or value) of the relevant shares for purposes of Section 7874. Moreover, the percentage represented by such shares will depend on the relative valuation of the various assets (including stock of subsidiaries) that were transferred in connection with the separation. Valuation matters can be subjective, and the IRS may also seek to challenge the valuation of such assets.

In addition, on April 4, 2016, the U.S. Department of Treasury (the "U.S. Treasury") and the IRS issued temporary Treasury Regulations under Section 7874 (the "Temporary 7874 Regulations"), which generally increase the likelihood that the relevant ownership percentages under Section 7874 will be exceeded. Although it is presently not expected that the Temporary 7874 Regulations will adversely affect the U.S. federal tax status of Adient or any of its foreign affiliates as a foreign corporation (and although it is possible that the Temporary 7874 Regulations could cause certain exceptions to the application of Section 7874 to apply to the separation), the Temporary 7874 Regulations are complex, and there is limited guidance regarding their application. The Temporary 7874 Regulations were finalized, with certain modifications, on July 11, 2018.

Accordingly, there can be no assurance that the IRS will not challenge the status of Adient or any of its foreign affiliates as a foreign corporation under Section 7874 or that such challenge would not be sustained by a court. If the IRS were to successfully challenge such status under Section 7874, Adient and its affiliates could be subject to substantial additional U.S. tax liability. Adient estimates that if it were treated as a U.S. corporation for U.S. federal tax purposes, its effective tax rate could be substantially greater than currently contemplated. In addition, Adient and certain of its foreign affiliates are expected, regardless of any application of Section 7874, to be treated as tax residents of countries other than the U.S. Consequently, if Adient or any such affiliate is treated as a U.S. corporation for U.S. federal tax purposes under Section 7874, Adient or such affiliate could be liable for both U.S. and non-U.S. taxes, which could have an adverse effect on its financial condition and results of operations.

Section 7874 may limit the ability of Adient's U.S. affiliates to use certain tax attributes or otherwise increase such U.S. affiliates' U.S. taxable income.

Following the acquisition of a U.S. corporation by a foreign corporation, Section 7874 of the Code can limit the ability of the acquired U.S. corporation and its U.S. affiliates to use U.S. tax attributes (including net operating losses and certain tax credits) to offset U.S. taxable income resulting from certain transactions. Specifically, Section 7874 can apply in this manner if (i) the foreign corporation acquires, directly or indirectly, substantially all of the properties held directly or indirectly by a U.S. corporation (including through an acquisition of the outstanding shares of the U.S. corporation), (ii) after the acquisition, the former shareholders of the acquired U.S. corporation hold at least 60% (by either vote or value) but less than 80% (by vote and value) of the shares of the foreign acquiring corporation by reason of holding shares in the acquired U.S. corporation (including the receipt of the foreign corporation's shares in exchange for the U.S. corporation's shares), or the 60% Ownership Test, and (iii) the foreign corporation's "expanded affiliated group" does not have substantial business activities in the foreign corporation's country of organization or incorporation relative to such expanded affiliated group's worldwide activities. For purposes of Section 7874, acquisitions of multiple U.S. corporations (and/or substantially all of the assets of multiple U.S. corporations) by a foreign corporation, if treated as part of a plan or series of related transactions, may be treated as a single acquisition, in which case all shares of the foreign acquiring corporation received by the shareholders of the U.S. corporations would be aggregated for purposes of the 60% Ownership Test. Where, pursuant to the same transaction, stock of the foreign acquiring corporation is received in exchange for stock of a U.S. corporation as well as other property, the stock of the foreign acquiring corporation that was received in exchange for the stock of the U.S. corporation is determined based on the relative value of the stock of the U.S. corporation compared with the aggregate value of such stock and such other property.

As part of the separation, Adient indirectly acquired assets, including stock of U.S. subsidiaries, from the former Parent, which is a U.S. corporation, in exchange for Adient ordinary shares. It is currently not expected that Section 7874 will limit the ability of Adient's U.S. affiliates to use certain tax attributes because, among other things, based on the rules for determining ownership under Section 7874 and the Treasury Regulations promulgated thereunder and certain factual assumptions, (i) the assets acquired from the former Parent are not expected to constitute "substantially all" of the properties held directly or indirectly by the former Parent and (ii) the shares received by reason of holding stock in the U.S. subsidiaries transferred in the separation are not expected to represent at least 60% (by either vote or value) of the relevant shares. However, as discussed above, the Treasury Regulations promulgated under Section 7874 are relatively new, complex and somewhat unclear and there is limited guidance regarding the application of Section 7874 in circumstances similar to the separation. Moreover, the percentage of shares held by reason of holding stock of relevant U.S. subsidiaries of the former Parent will depend on the relative valuation of the assets transferred in connection with the separation and valuation matters can be subjective.

In addition, the Temporary 7874 Regulations generally increase the likelihood that the relevant ownership percentages under Section 7874 will be exceeded and limit or eliminate certain tax benefits to so-called inverted corporations and groups, including with respect to access to certain foreign earnings, post-inversion restructuring transactions and the ability to use certain attributes and deductions. Although it is presently not expected that the Temporary 7874 Regulations will adversely affect the benefits of the separation or the ability of Adient's U.S. affiliates to use certain U.S. tax attributes or deductions (and although it is possible that the Temporary 7874 Regulations could cause certain exceptions to the application of Section 7874 to apply to the separation), the Temporary 7874 Regulations are complex, and there is limited guidance regarding their application.

Accordingly, there can be no assurance that the IRS would not assert that Section 7874 applies to limit the ability of the U.S. subsidiaries and affiliates of Adient to use certain U.S. tax attributes or that such challenge would not be sustained by a court. If the relevant tests under Section 7874 are satisfied for any reason, or if changes in applicable law adversely affect the application of the above rules to Adient, Adient's U.S. affiliates could be limited in their ability to use their U.S. tax attributes, if any, to offset taxable income resulting from certain transactions, or could otherwise have their U.S. taxable income increased.

Adient's status as a foreign corporation for U.S. federal tax purposes could be affected by a change in law.

Under current law, Adient is expected to be treated as a foreign corporation for U.S. federal tax purposes and Section 7874 is not otherwise expected to apply to Adient or its affiliates as a result of the separation. However, changes to the rules contained in Section 7874 and the Treasury Regulations promulgated thereunder, or other changes in law, could adversely affect Adient's and/or its affiliates' status as foreign corporations for U.S. federal tax purposes, the ability of Adient's U.S. affiliates to use certain attributes or deductions, the Adient group's effective tax rate and/or future tax planning for the Adient group, and any such changes could have prospective or retroactive application to Adient, its shareholders and affiliates, and/or the separation and distribution.

Recent legislative and other proposals have aimed to expand the scope of U.S. corporate tax residence, including in such a way as could cause Adient and/or its affiliates to be treated as U.S. corporations if the management and control of Adient or such affiliates were determined to be located primarily in the U.S. In addition, recent legislative and other proposals have aimed to expand the scope of Section 7874, or otherwise address certain perceived issues arising in connection with so-called inversion transactions. Such proposals, if made retroactively effective to transactions completed during the period in which the separation occurred, could cause Adient and/or its affiliates to be treated as U.S. corporations for U.S federal tax purposes. In such case, the Adient group would be subject to substantially greater U.S. tax liability than currently contemplated.

The IRS may assert that Section 7874 applies to the separation as a result of the merger and Adient's ability to use stock in future strategic transactions may be limited.

For purposes of Section 7874, if two or more foreign corporations directly or indirectly acquire, in the aggregate, substantially all of the properties of a U.S. corporation, and such acquisitions are treated as part of a plan or a series of related transactions, then each such foreign corporation may be treated as acquiring substantially all of the properties of such U.S. corporation. However, there is no specific guidance regarding how the percentage ownership of the former shareholders of such U.S. corporation in each such foreign corporation is determined for purposes of Section 7874 in such circumstances. The IRS may assert that, even though the Tyco merger is a separate transaction from the separation, the merger should be integrated with the separation and that Adient and/or its affiliates should therefore be treated as having acquired substantially all of the properties of the former Parent in the separation. In the event the IRS were to prevail with such assertion, the application of Section 7874 to the separation is not entirely clear. It is possible that the determination of whether the 60% Ownership Test or the 80% Ownership Test is met with respect to the separation would be made by reference to the percentage of shares of the former Parent held by the former shareholders of the former Parent after the Tyco merger by reason of holding shares in the former Parent. Under this approach, based on certain factual assumptions and current provisions of U.S. federal income tax law, it is expected that Adient would be respected as a foreign corporation for U.S. federal tax purposes. However, there can be no assurance that the IRS would not assert a different methodology and conclude that either the 60% Ownership Test or the 80% Ownership Test is satisfied. If the IRS were to prevail with such assertion, the ability of Adient's U.S. affiliates to use certain

U.S. tax attributes could be limited and/or Adient or its foreign affiliates could be treated as a U.S. corporation for U.S. federal tax purposes. If Adient or its affiliates were to be subject to such limitations or to be so treated, significant adverse tax consequences would result. In addition, if Adient were treated as acquiring substantially all of the assets of a U.S. corporation then the applicable rules would exclude the shares of Adient stock attributable to that acquisition for purposes of the 60% Ownership Test and 80% Ownership Test in a subsequent acquisition, although the validity of such applicable rules has been challenged and this challenge has been sustained by at least one court. In such case, Adient's ability to use its stock in a future acquisition could be limited. As discussed above, these rules are new and complex, and there is limited guidance regarding their application.

Recent and future changes to U.S. and non-U.S. tax laws could adversely affect Adient.

The U.S. Congress, the Organization for Economic Co-operation and Development and other government agencies in jurisdictions where Adient and its affiliates do business have had an extended focus on issues related to the taxation of multinational corporations. One example is in the area of "base erosion and profit shifting," including situations where payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. As a result, the tax laws in the U.S. and other countries in which Adient and its affiliates do business could change on a prospective or retroactive basis, and any such changes could adversely affect Adient and its affiliates, including potential adverse effects to Adient's tax rate.

In particular, the U.S. Tax Cuts and Jobs Act (the “Act”) was enacted on December 22, 2017. The Act is comprehensive tax reform legislation that contains significant changes to corporate taxation, including a base erosion minimum tax calculated on a base equal to the taxpayer’s income determined without tax deductions or other tax benefits arising from “base erosion” payments; a shift of the U.S. taxation of multinational corporations from a tax on worldwide income to a partial territorial system (along with rules that create a new U.S. minimum tax on earnings of foreign subsidiaries); and a partial limitation on the deductibility of business interest expense. There is very limited guidance with respect to the application of these provisions, and it is possible that the application of these provisions or other provisions of the Act could adversely affect Adient. It is also possible that provisions of the Act could be subsequently amended in a way that is adverse to Adient.

Changes to the U.S. Model Income Tax Treaty could adversely affect Adient.

On February 17, 2016, the U.S. Treasury released a newly revised U.S. model income tax convention (the "model"), which is the baseline text used by the U.S. Treasury to negotiate tax treaties. The revisions made to the model address certain aspects of the model by modifying existing provisions and introducing entirely new provisions. Specifically, the new provisions target "expatriated entities" subject to Section 7874.

Because, as described above, Adient does not believe it is an "expatriated entity" as defined in Section 7874, payments of interest, dividends, royalties and certain other items of income by or to Adient's U.S. affiliates to or from non-U.S. persons would not be expected to become subject to full U.S. withholding tax, even if applicable treaties were subsequently amended to adopt the new model provisions. The new model treaty provisions pertaining to expatriated entities fix the definition of "expatriated entity" to the meaning ascribed to such term under Section 7874(a)(2)(A) as of the date the relevant bilateral treaty is signed. As discussed above, the rules under Section 7874 are relatively new, complex and are the subject of current and future legislative and regulatory changes. Accordingly, there can be no assurance that the IRS will agree with the position that the separation does not result in the creation of an "expatriated entity" (within the meaning of Section 7874) under current law or law as in effect at the time the applicable treaty were amended or that any such challenge by the IRS would not be sustained by a court, or that such position would not be affected by future or regulatory action which may apply retroactively to the separation.

Legislative and other proposals that would deny governmental contracts to U.S. companies that move their corporate location abroad may affect Adient if adopted.

Various U.S. federal and state legislative and other proposals that would deny governmental contracts to U.S. companies (and subsidiaries of U.S. companies) that move (or have moved) their corporate location abroad may affect Adient and/or its affiliates if adopted. It is difficult to predict the likelihood that any such proposals might be adopted, the nature of the regulations that might be promulgated, or the effect such adoptions and increased regulatory scrutiny might have on Adient's business.

Ordinary shares of Adient received by means of a gift or inheritance could be subject to Irish capital acquisitions tax.

Irish capital acquisitions tax, or CAT (currently levied at a rate of 33% above certain tax free thresholds), could apply to a gift or inheritance of Adient ordinary shares irrespective of the place of residence, ordinary residence or domicile of the parties. This is because Adient ordinary shares are regarded as property situated in Ireland for CAT purposes. The person who receives the gift or inheritance has primary liability for CAT.

Transfers of Adient ordinary shares, other than by means of the transfer of book-entry interests in the Depository Trust Company, may be subject to Irish stamp duty.

It is expected that, for the majority of transfers of Adient ordinary shares, there will not be any Irish stamp duty. Transfers of Adient ordinary shares effected by means of the transfer of book-entry interests in the Depository Trust Company, which we refer to as DTC, are not subject to Irish stamp duty. But if Adient ordinary shares are held directly rather than beneficially through DTC, any transfer of Adient ordinary shares could be subject to Irish stamp duty (currently at the rate of 1% of the higher of the price paid or the market value of the shares acquired). A shareholder who directly holds Adient ordinary shares may transfer those shares into his or her own broker account to be held through DTC (or vice versa) without giving rise to Irish stamp duty provided that there is no change in the beneficial ownership of the shares as a result of the transfer and the transfer is not in contemplation of a sale of the shares by a beneficial owner to a third party.

Payment of Irish stamp duty is generally a legal obligation of the transferee. The potential for stamp duty could adversely affect the price of Adient ordinary shares.

In certain circumstances, dividends paid by Adient may be subject to Irish dividend withholding tax.

In certain circumstances, Irish dividend withholding tax ("DWT") (currently at a rate of 20%) may arise in respect of dividends paid on Adient ordinary shares. A number of exemptions from DWT exist pursuant to which shareholders resident in the U.S. and shareholders resident in certain countries may be entitled to exemptions from DWT.

Please note the requirement to complete certain relevant Irish Revenue Commissioners DWT forms ("DWT Forms") in order to qualify for many of the exemptions.

Any dividends paid in respect of Adient ordinary shares that are owned by a U.S. resident and held through DTC will not be subject to DWT provided the address of the beneficial owner of such shares in the records of the broker holding such shares is recorded as being in the U.S. (and such broker has further transmitted the relevant information to a qualifying intermediary appointed by Adient). Similarly, any dividends paid in respect of Adient ordinary shares that are held outside of DTC and are owned by a resident of the U.S. will not be subject to DWT if such shareholder satisfies the conditions of one of the exemptions including the requirement to furnish a completed IRS Form 6166 or a valid DWT Form to Adient's transfer agent to confirm U.S. residence and claim an exemption. Adient shareholders resident in other countries may also be eligible for exemption from DWT on dividends paid in respect of their Adient ordinary shares provided they satisfy the conditions of one of the exemptions including the requirement to furnish valid DWT Forms to their brokers (in respect of such shares held through DTC) (and such broker has further transmitted the relevant information to a qualifying intermediary appointed by Adient) or to Adient's transfer agent (in respect of such shares held outside of DTC). Other Adient shareholders may be subject to DWT, which could adversely affect the price of Adient ordinary shares.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The following table sets forth Adient's principal owned and leased facilities as of September 30, 2019.

	Number of Locations			Square Footage (in millions)		
	Manufacturing	Administrative	Total	Owned	Leased	Total
United States	39	7	46	4.6	2.4	7.0
Germany	23	8	31	3.0	1.6	4.6
Mexico	22	1	23	1.8	1.9	3.7
Other European countries	76	10	86	6.6	4.1	10.7
Asia/Pacific	50	10	60	1.1	4.7	5.8
South America	6	—	6	0.6	—	0.6
Other foreign	4	1	5	0.3	0.3	0.6
	220	37	257	18.0	15.0	33.0

Adient considers its facilities suitable and adequate for the purposes for which they are used and do not anticipate difficulty in renewing existing leases as they expire or in finding alternative facilities. See Part II, Item 8 of this Annual Report on Form 10-K in Note 8, "Leases," of the notes to consolidated financial statements for information regarding lease commitments.

Item 3. Legal Proceedings

Adient is involved in various lawsuits, claims and proceedings incident to the operation of its businesses, including those pertaining to product liability, product safety, environmental, safety and health, intellectual property, employment, commercial, contractual and various other matters. Although the outcome of any such lawsuit, claim or proceeding cannot be predicted with certainty and some may be disposed of unfavorably to Adient, it is management's opinion that none of these will have a material adverse effect on Adient's financial position, results of operations or cash flows. Adient accrues for potential liabilities in a manner consistent with accounting principles generally accepted in the United States, that is, when it is probable a liability has been incurred and the amount of the liability is reasonably estimable.

Item 4. Mine Safety Disclosures

Not applicable.

PART II - OTHER INFORMATION

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Principal Market

Adient's ordinary shares are traded on the New York Stock Exchange ("NYSE") under the symbol "ADNT." A "when-issued" trading market for Adient's ordinary shares began on the NYSE on October 17, 2016, and "regular way" trading of Adient's ordinary shares began on October 31, 2106. Prior to October 31, 2016, there was no public market for Adient's ordinary shares.

Holders

As of September 30, 2019, there were 25,676 shareholders of record.

Dividends

Adient suspended its cash dividends following the dividend paid in the first quarter of fiscal 2019. Any future dividends will be at the discretion of the Board of Directors and will depend upon Adient's financial condition, results of operations, capital requirements, alternative uses of capital and other factors the Board of Directors may consider at its discretion. In addition, under Irish law, dividends and distributions (including the payment of cash dividends or share repurchases) may be made only from "distributable reserves" on Adient's unconsolidated balance sheet prepared in accordance with the Irish Companies Act 2014. In addition, no distribution or dividend may be paid or made by Adient unless the net assets of Adient are equal to, or exceed, the aggregate of Adient's share capital that has been paid up or that is payable in the future plus non-distributable reserves, and the distribution does not reduce Adient's net assets below such aggregate.

Recent Sales of Unregistered Equity Securities

None.

Repurchases of Equity Securities

Share repurchase activity during the three months ended September 30, 2019 was as follows:

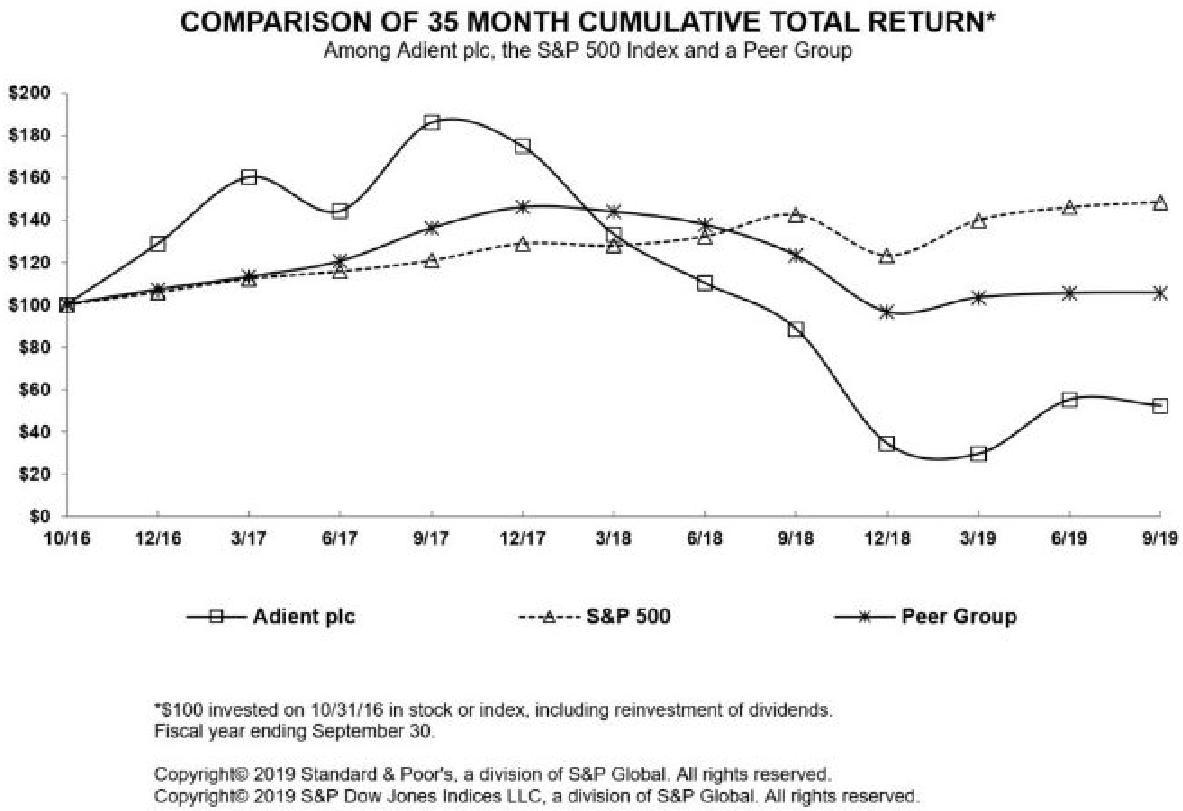
Periods	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units)Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares (or Units)that may yet be Purchased Under the Plans or Programs [1]
July 1, 2019 to July 31, 2019	—	$ —	$ —	$ 210,000,580
August 1, 2019 to August 31, 2019	—	—	—	210,000,580
September 1, 2019 to September 30, 2019	—	—	—	210,000,580
	—	$ —	$ —	$ 210,000,580

[1] On March 13, 2017, Adient's Board of Directors authorized Adient to repurchase its ordinary shares up to an aggregate purchase price of $250 million until December 31, 2019. Under the share repurchase authorization, Adient's ordinary shares may be purchased either through any one or more of a Rule 10b5-1 trading plan and discretionary purchases on the open market, by block trades or privately negotiated transactions. The number of ordinary shares repurchased, if any, and the timing of repurchases will depend on a number of factors, including share price, trading volume and general market conditions, as well as on working capital requirements, general business conditions and other factors.

Stock Performance Graph

The following information in this Item 5 is not deemed to be “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A or 14C under the Securities Exchange Act of 1934 or to the liabilities of Section 18 of the Securities Exchange Act of 1934, and will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent Adient specifically incorporates it by reference into such a filing.

The following graph shows a comparison of cumulative total shareholder return, calculated on a dividend reinvested basis, for Adient’s ordinary shares, the Standard & Poor’s 500 Index and a peer group for the period October 31, 2016 (the first day ordinary shares were traded following the separation) through September 30, 2019. The graph assumes the value of the investment in Adient's ordinary shares and each index was $100 on October 31, 2016 and that all dividends were reinvested. Historic stock price performance is not necessarily indicative of future stock price performance. Adient selected a peer group comprised of representative independent automotive suppliers whose common stock is publicly traded. The peer group referenced in the graph below consists of Autoliv, Inc., BorgWarner, Inc., Cooper-Standard Holding, Inc., Delphi Technologies Plc, Goodyear Tire & Rubber, Lear Corp, Magna International Inc., Tenneco Inc., Faurecia SA, Toyota Boshoku Corp. and Huayu Automotive Systems Co. Ltd.



	Oct 2016	Dec 2016	Mar 2017	Jun 2017	Sep 2017	Dec 2017	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019	Jun 2019	Sep 2019
Adient plc	$100	$129	$160	$144	$186	$175	$133	$110	$89	$34	$29	$55	$52
S&P 500	$100	$106	$112	$116	$121	$129	$128	$132	$142	$123	$140	$146	$149
Peer Group	$100	$107	$113	$120	$136	$146	$144	$138	$123	$97	$103	$105	$106

Item 6. Selected Financial Data

The following selected historical consolidated financial data below should be read in conjunction with Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical consolidated financial statements and related notes thereto included in Part II, Item 8 of this Annual Report on Form 10-K to fully understand factors that may affect the comparability of the information presented below. The selected consolidated financial data in this section are not intended to replace the consolidated financial statements and are qualified in their entirety by the consolidated financial statements and related notes included in this Annual Report on Form 10-K.

Statement of Operations (dollars in millions)	**2019**	**2018**	**2017**	**2016**	**2015**
Net sales [1]	$ 16,526	$ 17,439	$ 16,213	$ 16,790	$ 20,023
Gross profit	801	904	1,397	1,643	1,881
Net income (loss) attributable to Adient [2]	(491)	(1,685)	877	(1,546)	460
Earnings per share [3]					
Basic	$ (5.25)	$ (18.06)	$ 9.38	$ (16.50)	$ 4.91
Diluted	$ (5.25)	$ (18.06)	$ 9.34	$ (16.50)	$ 4.90
Balance Sheet Data (dollars in millions)					
Total assets	$ 10,342	$ 10,942	$ 13,170	$ 12,956	$ 10,414
Total debt	3,738	3,430	3,478	3,521	59
Shareholders' equity attributable to Adient	1,848	2,392	4,279	4,176	5,603
Total debt to capitalization [4]	67 %	59 %	45 %	46 %	1 %

Notes to the Selected Financial Data table:

[1] On July 2, 2015, Adient completed the YFAI global automotive interiors joint venture and deconsolidated the contributed interiors business at that date resulting in lower consolidated net sales in subsequent periods.

[2] Net income (loss) attributable to Adient includes the following significant items. Refer to Note 18, "Segment Information," of the notes to consolidated financial statements for more information on the individual items below.

(in millions)	**2019**	**2018**	**2017**	**2016**	**2015**
Pension mark-to-market	$ (49)	$ 24	$ 45	$ (110)	$ (6)
Gain (loss) on business transactions - net [5]	—	—	151	—	137
Costs related to Becoming Adient	—	(62)	(95)	—	—
Costs related to the separation of Adient	—	—	(10)	(369)	—
Restructuring costs and impairment charges [6]	(176)	(1,539)	(46)	(332)	(182)
Tax benefit (expense) of items above	12	270	22	66	(65)
	(213)	(1,307)	67	(745)	(116)
One-time tax benefit (expense) items [7]	(342)	(767)	12	(1,891)	(293)
Impact of significant items	$ (555)	$ (2,074)	$ 79	$ (2,636)	$ (409)

[3] Adient earnings per share for 2016 and 2015 were calculated using the number of shares that were distributed to the former Parent shareholders upon the separation (93,671,810 shares).

[4] Total debt to capitalization represents total debt divided by the sum of total debt and equity attributable to Adient.

[5] Net (gain) loss on business transactions includes a $151 million net gain in fiscal 2017 related to a previously held interest in a China affiliate that is recorded in equity income. Amount included in fiscal 2015 primarily relates to the gain in connection with the divestiture of Adient's Interiors business and formation of the YFAI joint venture.

(6) Fiscal 2019 restructuring and impairment charges include a $66 million non-cash pre-tax impairment charge related to long-lived assets in the seat structure and mechanism operations, an $18 million non-cash pre-tax impairment charge related to assets held for sale ($6 million in the Americas and $12 million in Asia) and a $92 million restructuring charge. Fiscal 2018 restructuring costs and impairment charges include a $1,086 million of non-cash pre-tax charges related to seat structure and mechanism operations ($787 million relates to long-lived assets and $299 million relates to goodwill), a $358 million non-cash pre-tax impairment charge of the YFAI investment, a $49 million non-cash pre-tax impairment charge related to assets held for sale and a $46 million restructuring charge. Amounts in prior fiscal years relate primarily to restructuring charges. Refer to Note 5, "Property, Plant and Equipment," Note 6, "Goodwill and Other Intangible Assets," Note 15, "Restructuring and Impairment Costs" Note 16, "Impairment of Long-Lived Assets" and Note 19, "Nonconsolidated Partially-Owned Affiliates," of the notes to the consolidated financial statements for more information.

(7) One-time tax expense items in fiscal 2019 primarily relate to establishing valuation allowances of $297 million and the impact of adjusting year-to-date tax expense of $50 million to reflect the higher estimated annual effective tax rate resulting from the establishment of the valuation allowances. One-time tax expense items in fiscal 2018 primarily relate to establishing valuation allowances of $555 million and the impact of U.S. tax reform of $210 million. Amounts in fiscal 2016 primarily relate to tax charges associated with the separation from the former Parent. Amounts for fiscal 2015 primarily relate to the tax consequences associated with the YFAI joint venture formation.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Presentation of Information

Unless the context requires otherwise, references to "Adient plc" or"Adient" refer to Adient plc and its consolidated subsidiaries for periods subsequent to its separation from Johnson Controls International plc ("the former Parent") on October 31, 2016. References in this Annual Report on Form 10-K to the "separation" refer to the legal separation and transfer of the former Parent's automotive seating and interiors business to Adient on October 31, 2016.

Forward-Looking Statements

Adient has made statements in this section and other parts of this Annual Report on Form 10-K ("Form 10-K") that are forward-looking and, therefore, are subject to risks and uncertainties. All statements in this Form 10-K other than statements of historical fact are statements that are, or could be, deemed "forward-looking statements", within the meaning of the Private Securities Litigation Reform Act of 1995. In this Form 10-K, statements regarding Adient's future financial position, sales, costs, earnings, cash flows, other measures of results of operations, capital expenditures or debt levels and plans, objectives, outlook, targets, guidance or goals are forward-looking statements. Words such as "future," "may," "will," "would," "could," "can," "expect," "intend," "estimate," "anticipate," "believe," "should," "forecast," "predict," "project" or "plan" or terms of similar meaning are also generally intended to identify forward-looking statements. Adient cautions that these statements are subject to numerous important risks, uncertainties, assumptions and other factors, some of which are beyond Adient's control, that could cause Adient's actual results to differ materially from those expressed or implied by such forward-looking statements, including, among others, risks related to: the ability of Adient to effectively launch new business at forecasted and profitable levels, the ability of Adient to execute its turnaround plan, uncertainties in U.S. administrative policy regarding trade agreements, tariffs and other international trade relations, the impact of changes in U.S. and non-U.S. tax legislation, the ability of Adient to meet debt service requirements, terms of financing, general economic and business conditions, 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, the cancellation of or changes to commercial arrangements, and the ability of Adient to identify, recruit and retain key leadership. Potential investors and others should consider these factors in evaluating the forward-looking statements and should not place undue reliance on such statements. Additional information regarding these and other risks related to Adient's business that could cause actual results to differ materially from what is contained in the forward-looking statements is included in the section entitled "Risk Factors," contained in Item Part I, Item 1A of the which are incorporated herein by reference. The following discussion should be read in conjunction with the consolidated financial statements and notes thereto included in Part II, Item 8 of this Form 10-K. All information presented herein is based on the Adient's fiscal calendar. Unless otherwise stated, references to particular years, quarters, months or periods refer to Adient's fiscal years ended in September and the associated quarters, months and periods of those fiscal years. The forward-looking statements included in this Form 10-K are made only as of the date of this report, unless otherwise specified, and, except as required by law, Adient assumes no obligation, and disclaims any obligation, to update such statements to reflect events or circumstances occurring after the date of this Form 10-K.

Separation from the former Parent

On October 31, 2016, Adient became an independent company as a result of the separation of the automotive seating and interiors business from Johnson Controls. Adient was incorporated under the laws of Ireland in fiscal 2016 for the purpose of holding these businesses. Adient's ordinary shares began trading "regular-way" under the ticker symbol "ADNT" on the New York Stock Exchange on October 31, 2016. Upon becoming an independent company, the capital structure of Adient consisted of 500 million authorized ordinary shares and 100 million authorized preferred shares (par value of $0.001 per ordinary and preferred share). The number of Adient ordinary shares issued on October 31, 2016 was 93,671,810.

Overview

Adient is a global leader in the automotive seating supply industry with relationships with the largest global auto manufacturers. Adient's technologies extend into virtually every area of automotive seating solutions, including complete seating systems, frames, mechanisms, foam, head restraints, armrests, trim covers and fabrics. Adient is an independent seat supplier with global scale and the capability to design, develop, engineer, manufacture and deliver complete seat systems and components in every major automotive producing region in the world. Adient also participates in the automotive interiors market primarily through its 30% equity interest in our global automotive interiors joint venture in China, Yanfeng Global Automotive Interior Systems Co., Ltd. (YFAI).

Adient designs, manufactures and markets a full range of seating systems and components for passenger cars, commercial vehicles and light trucks, including vans, pick-up trucks and sport/crossover utility vehicles. Adient operates in 220 wholly- and majority-owned manufacturing or assembly facilities, with operations in 33 countries. Additionally, Adient has partially-owned affiliates in China, Asia, Europe and North America. Through its global footprint, vertical integration and partnerships in China, Adient leverages its capabilities to drive growth in the automotive seating industry.

During the second quarter of fiscal 2019, Adient realigned its organizational structure to manage its business primarily on a geographic basis, resulting in a change to reportable segments. Segment information for all periods presented are aligned to this change in organizational structure and an updated definition of corporate-related costs. Pursuant to this change, Adient operates in the following three reportable segments for financial reporting purposes: 1) Americas, which is inclusive of North America and South America; 2) Europe, Middle East, and Africa ("EMEA") and 3) Asia Pacific/China ("Asia"). Refer to Note 18, "Segment Information " for additional information on Adient's reportable segments.

Global Automotive Industry

Adient conducts its business globally in the automotive industry, which is highly competitive and sensitive to economic, political and social factors in the various regions. During fiscal 2019, automotive production across the globe declined. China and Europe experienced the most significant declines.

Light vehicle production levels by geographic region are provided below:

	Light Vehicle Production				
(units in millions)	**2019**	**Change**	**2018**	**Change**	**2017**
Global	89.0	-4.8%	93.5	0.2%	93.3
North America	16.7	-0.6%	16.8	-2.9%	17.3
South America	3.3	-2.9%	3.4	9.7%	3.1
Europe	22.3	-3.9%	23.2	1.8%	22.8
China	24.6	-12.1%	28.0	—%	28.0
Asia, excluding China, and Other	22.1	—%	22.1	—%	22.1

Source: IHS Automotive, October 2019

Financial Results Summary

Significant aspects of Adient's financial results for fiscal 2019 include the following:

- Adient recorded net sales of $16,526 million for fiscal 2019, representing a decrease of $913 million when compared to fiscal 2018. The decrease in net sales is primarily due to lower production volumes in EMEA and Asia, and a $508 million unfavorable impact of foreign currency, partially offset by higher production volumes in the Americas.

- Gross profit was $801 million, or 4.8% of net sales for fiscal 2019 compared to $904 million, or 5.2% of net sales for fiscal 2018. Profitability, including gross profit as a percentage of net sales, was lower primarily due to the impact of lower global production volumes and continued business performance issues within the Americas and EMEA segments particularly during the first half of fiscal 2019.

- Equity income was $275 million for fiscal 2019, which compares to equity loss of $13 million for fiscal 2018. The higher level of equity income during fiscal 2019 was primarily attributable to $366 million of prior year pre-tax charges related to YFAI ($358 million impairment of the YFAI investment and $8 million related to U.S. tax reform legislation), partially offset by lower current year income at certain non-consolidated affiliates in Asia primarily resulting from lower production volumes in China.

- Net loss attributable to Adient was $491 million for fiscal 2019, compared to a loss of $1,685 million for fiscal 2018. The decrease is primarily attributable to $881 million of prior year net-of-tax impairment charges related to the seat structure and mechanism operations ($602 million related to long-lived assets and $279 million related to goodwill), and $330 million of prior year net-of-tax charges related to YFAI ($322 million impairment of our YFAI investment and $8 million related to U.S. tax reform legislation).

Consolidated Results of Operations

(in millions)	Year Ended September 30, 2019	Change	2018	Change	2017
Net sales	$ 16,526	-5%	$ 17,439	8%	$ 16,213
Cost of sales	15,725	-5%	16,535	12%	14,816
Gross profit	801	-11%	904	-35%	1,397
Selling, general and administrative expenses	671	-8%	730	—%	729
Restructuring and impairment costs	176	-85%	1,181	*	46
Equity income (loss)	275	*	(13)	*	522
Earnings (loss) before interest and income taxes	229	*	(1,020)	*	1,144
Net financing charges	182	26%	144	9%	132
Other pension expense (income)	45	*	(43)	-12%	(49)
Income (loss) before income taxes	2	*	(1,121)	*	1,061
Income tax provision (benefit)	410	-15%	480	*	99
Net income (loss)	(408)	-75%	(1,601)	*	962
Income (loss) attributable to noncontrolling interests	83	-1%	84	-1%	85
Net income (loss) attributable to Adient	$ (491)	-71%	$ (1,685)	*	$ 877

* Measure not meaningful

Net Sales

(in millions)	Year Ended September 30, 2019	Change	2018	Change	2017
Net sales	$ 16,526	-5%	$ 17,439	8%	$ 16,213

Net sales decreased by $913 million, or 5%, in fiscal 2019 primarily due to the unfavorable impact of foreign currency ($508 million) and lower volumes in EMEA and Asia ($576 million), partially offset by higher volumes in the Americas ($163 million). Refer to the segment analysis below for a discussion of segment net sales.

Net sales increased by $1.2 billion, or 8%, in fiscal 2018 primarily due to the full year impact of the Futuris operations (acquired in September 2017) and the full year impact of the consolidation of a China affiliate (consolidated in July 2017) ($877 million), favorable foreign currency impact ($497 million) and higher volumes in Americas, partially offset by lower volumes in EMEA and in Asia. Refer to the segment analysis below for a discussion of segment net sales.

Cost of Sales / Gross Profit

(in millions)	Year Ended September 30, 2019	Change	2018	Change	2017
Cost of sales	$ 15,725	-5%	$ 16,535	12%	$ 14,816
Gross profit	801	-11%	904	-35%	1,397
% of sales	4.8 %		5.2 %		8.6 %

Cost of sales decreased by $810 million, or 5%, and gross profit decreased by $103 million, or 11%, in fiscal 2019. Cost of sales were lower due to favorable foreign currency ($467 million), a reduction in depreciation expense due to long-lived asset impairments taken at the end of the prior year ($98 million), prior year Becoming Adient costs ($46 million) and by the impact of current year decreases in production volumes, partially offset by continued business performance issues related to launch inefficiencies within the Americas and EMEA segments particularly during the first half of fiscal 2019. These ongoing performance issues, along with lower volumes and the net unfavorable impact of foreign currency, also resulted in a year-over-year decline of gross profit as a percentage of net sales. Refer to the segment analysis below for a discussion of segment profitability.

Cost of sales increased by $1.7 billion, or 12%, and gross profit decreased by $493 million, or 35%, in fiscal 2018 primarily as a result of business performance issues related to launch inefficiencies, including freight and operational waste, higher commodity costs, the full year impact of Futuris operations and the consolidation of a China affiliate ($764 million) and an unfavorable foreign currency impact ($455 million). Cost of sales was impacted favorably by a year over year reduction in Becoming Adient charges ($46 million in fiscal 2018 compared to $55 million in fiscal 2017). Refer to the segment analysis below for a discussion of segment profitability.

Selling, General and Administrative Expenses

	Year Ended September 30,				
(in millions)	**2019**	**Change**	**2018**	**Change**	**2017**
Selling, general and administrative expenses	$ 671	-8%	$ 730	—%	$ 729
% of sales	4.1 %		4.2 %		4.5 %

Selling, general and administrative expenses (SG&A) decreased by $59 million in fiscal 2019. SG&A was favorably impacted by lower engineering costs ($54 million), the favorable impact of foreign currency ($20 million), lower depreciation expense ($17 million), prior year Becoming Adient costs ($16 million), lower stock-based compensation ($14 million), and overall reduced costs resulting from restructuring actions, partially offset by reestablishing certain discretionary spending, primarily incentive compensation, in the current year. Refer to the segment analysis below for a discussion of segment profitability.

Selling, general and administrative expenses (SG&A) increased by $1 million in fiscal 2018. SG&A was unfavorably impacted by growth investments to support new business wins ($93 million), the full year impact of Futuris operations and the full year impact of the consolidation of a China affiliate ($19 million), the unfavorable impact of foreign currency ($24 million) and the prior year initial funding of the Adient foundation ($12 million), partially offset by lower overall administrative expenses ($135 million), lower Becoming Adient and separation costs ($34 million) and prior year Futuris transaction costs ($3 million). Certain of the lower administrative expenses in fiscal 2018 related to reduced discretionary spending and lower incentive compensation levels. Refer to the segment analysis below for a discussion of segment profitability.

Restructuring and Impairment Costs

	Year Ended September 30,				
(in millions)	**2019**	**Change**	**2018**	**Change**	**2017**
Restructuring and impairment costs	$ 176	-85%	$ 1,181	*	$ 46

* Measure not meaningful

Restructuring and impairment charges decreased by $1 billion in fiscal 2019. The fiscal 2018 charge primarily relates to a $787 million long-lived asset impairment charge and a $299 million goodwill impairment associated with the seat structure and mechanism operations, along with a $49 million assets held for sale impairment charge and $46 million of net restructuring charges. The fiscal 2019 charges primarily relate to a $66 million long-lived asset impairment charge associated with the seat structure and mechanism operations, $18 million of impairment charges on assets held for sale and $92 million of net restructuring charges. Refer to Note 3, "Acquisitions and Divestitures," of the notes to the consolidated financial statements for information related to the assets held for sale. Refer to Note 6, "Goodwill and Other Intangible Assets," of the notes to the consolidated financial statements for information related to the goodwill impairment charge recorded in fiscal 2018. Refer to Note 15, "Restructuring and Impairment Costs," of the notes to the consolidated financial statements for information related to Adient's restructuring plans. Refer to Note 16, "Impairment of Long-Lived Assets," of the notes to the consolidated financial statements for information related to the impairment charges recorded in fiscal 2019 and 2018. The increase in restructuring and impairment charges during fiscal 2018 compared to fiscal 2017 is attributable to the one-time charges recorded in fiscal 2018 discussed above.

Equity Income

(in millions)	Year Ended September 30, 2019	Change	2018	Change	2017
Equity income (loss)	$ 275	*	$ (13)	*	$ 522

* Measure not meaningful

Equity income was $275 million for fiscal 2019, compared to a loss of $13 million for fiscal 2018. The increase during fiscal 2019 was due primarily to $366 million prior year pre-tax charges related to YFAI ($358 million impairment of the YFAI investment and $8 million related to U.S. tax reform legislation), partially offset by the unfavorable impact of foreign currency ($19 million) and lower income at non-consolidated affiliates in Asia driven by lower production volumes in China.

Equity loss was $13 million for fiscal 2018, compared to income of $522 million for fiscal 2017. The decrease during fiscal 2018 was primarily attributable to overall lower profitability at YFAI during the current year, along with a $366 million pre-tax charge related to YFAI recorded in fiscal 2018 as discussed above and a fiscal 2017 gain of $151 million on a previously held interest in a China affiliate, partially offset by higher income at non-consolidated affiliates in Asia and the favorable impact of foreign currency translation of $17 million.

Net Financing Charge

(in millions)	Year Ended September 30, 2019	Change	2018	Change	2017
Net financing charges	$ 182	26%	$ 144	9%	$ 132

Net financing charges increased in fiscal 2019 as a result of entering into new debt agreements on May 6, 2019 which resulted in higher levels of debt and overall higher interest rates. Further, in conjunction with entering into new debt agreements, a one-time charge of $13 million was recorded in fiscal 2019 related to deferred financing fees associated with Adient's previous debt arrangements. Net financing charges increased in fiscal 2018 primarily due to the increased use of Adient's revolving credit facility during fiscal 2018. Refer to Note 9, "Debt and Financing Arrangements" of the notes to the consolidated financial statements for information related to the components of Adient's net financing charges.

Other Pension Expense (Income)

(in millions)	Year Ended September 30, 2019	Change	2018	Change	2017
Other pension expense (income)	$ 45	*	$ (43)	-12%	$ (49)

* Measure not meaningful

Other pension expense (income) consists of mark-to-market adjustments of Adient's retirement plans and non-service components of Adient's net periodic pension costs. The change in pension expense in fiscal 2019 is due to the unfavorable impact of pension mark-to-market (a $49 million charge in fiscal 2019 compared to a $24 million benefit in fiscal 2018) and a $15 million favorable impact from a plan termination in fiscal 2018. The decrease in pension income in fiscal 2018 compared to fiscal 2017 is primarily due to the unfavorable impact of pension mark-to-market (a $24 million benefit in fiscal 2018 compared to a $45 million benefit in fiscal 2017). Refer to Note 14, "Retirement Plans," of the notes to the consolidated financial statements for information related to the components of Adient's net periodic pension costs.

Income Tax Provision

(in millions)	Year Ended September 30, 2019	Change	2018	Change	2017
Income tax provision (benefit)	$ 410	-15%	$ 480	*	$ 99

* Measure not meaningful

The fiscal 2019 income tax expense of $410 million was higher than the Irish statutory rate of 12.5% primarily due to the recognition of valuation allowances in Luxembourg, Poland, and the United Kingdom, repatriation of foreign earnings, changes in uncertain tax positions, and the impact of recognizing no tax benefit for losses in jurisdictions with valuation allowances.

Adient reviews the realizability of its deferred tax assets on a quarterly basis, or whenever events or changes in circumstances indicate that a review is required. In determining the requirement for a valuation allowance, the historical and projected financial results of the legal entity or combined group recording the net deferred tax asset are considered, along with any other positive or negative evidence. All of the factors that Adient considers in evaluating whether and when to establish or release all or a portion of the deferred tax asset valuation allowance involve significant judgment. Since future financial results may differ from previous estimates, periodic adjustments to Adient's valuation allowances may be necessary.

As a result of Adient's fiscal 2019 analysis of the realizability of its worldwide deferred tax assets, and after considering tax planning initiatives and other positive and negative evidence (including the external debt refinancing, the related incremental net financing costs, and the restructuring of the internal financing which occurred in the third quarter of fiscal 2019 and including the long-lived asset impairment recorded in the second quarter of fiscal 2019), Adient determined it was more likely than not that deferred tax assets in Luxembourg (Q3), the United Kingdom (Q3) and certain Poland entities (Q2) would not be realized and recorded income tax expense of $229 million, $25 million and $43 million, respectively, to establish valuation allowances. Adient continues to record valuation allowances on certain deferred tax assets in Germany, Hungary, Luxembourg, Mexico, Poland, Spain, the United Kingdom, the U.S. and other jurisdictions as it remains more likely than not that they will not be realized.

The fiscal 2018 income tax expense of $480 million was higher than the Irish statutory rate of 12.5% primarily due to the charge to recognize the impact of U.S. tax reform legislation, repatriation of foreign earnings, and changes in uncertain tax positions and valuation allowances, partially offset by benefits from global tax planning, notional interest deductions, foreign tax rate differentials, and impairment deductions.

As a result of Adient's fiscal 2018 analysis of the realizability of its worldwide deferred tax assets, and after considering tax planning initiatives and other positive and negative evidence (including the seat structure and mechanism operations long-lived asset impairment recorded in the fourth quarter of fiscal 2018), Adient determined that it was more likely than not that deferred tax assets within the following jurisdictions would not be realized and recorded net valuation allowances as income tax expense in the fourth quarter of fiscal 2018: Belgium ($12 million), Canada ($6 million), Germany ($175 million), Hungary ($14 million), Mexico ($117 million), Poland ($8 million), Romania ($9 million), and the U.S. ($281 million). Germany, Hungary, Mexico, Poland, Romania, and the U.S. cumulative loss positions were all adversely impacted by the seat structure and mechanism operations performance issues and resulting long-lived asset impairment. In addition, as a result of Adient's fiscal 2018 analysis, Adient determined that it was more likely than not that deferred tax assets within Brazil would be realized. Therefore, Adient released $76 million of valuation allowance as an income tax benefit in the fourth quarter of fiscal 2018.

On December 22, 2017, the Act was signed and enacted into law, and is effective for tax years beginning on or after January 1, 2018, with the exception of certain provisions. As a fiscal year taxpayer, Adient was not subject to the majority of the provisions until fiscal year 2019, however the statutory tax rate reduction was effective January 1, 2018. The Act reduced the U.S. corporate tax rate from 35% to 21%. Adient’s fiscal 2018 income tax expense reflects the benefit from the reduced rate of 24.5% resulting from the application of Internal Revenue Code, Section 15 which provides for a proration of the newly enacted rate during that fiscal year. This benefit was offset by a non-cash tax expense of $106 million related to the remeasurement of Adient’s net deferred tax assets at the lower statutory rate, a non-cash estimated tax expense of $100 million related to recording a valuation allowance to reflect the reduced benefit Adient expects to realize as a result of being subject to the Base Erosion and Anti-avoidance Tax ("BEAT"), and tax expense of $4 million related to the transition tax imposed on previously untaxed earnings and profits. During the first quarter of fiscal 2019, Adient completed its accounting for the Act BEAT valuation allowance resulting in no change to the $100 million income tax impact estimated in fiscal 2018.

The fiscal 2017 income tax expense of $99 million is below the Irish statutory rate of 12.5% primarily due to benefits from global tax planning, notional interest deductions, foreign tax rate differentials, and foreign exchange, partially offset by a first quarter fiscal 2017 tax law change in Hungary, repatriation of foreign earnings, and changes in uncertain tax positions and valuation allowances.

Income Attributable to Noncontrolling Interests

(in millions)	Year Ended September 30, 2019	Change	2018	Change	2017
Income (loss) attributable to noncontrolling interests	$ 83	-1%	$ 84	-1%	$ 85

The decrease in income attributable to noncontrolling interests for fiscal 2019 is primarily attributable to higher levels of spending at Adient Aerospace, partially offset by higher income at certain other affiliates. The decrease in income attributable to noncontrolling interests for fiscal 2018 was primarily attributable to the impact of the U.S. tax reform at one of Adient's consolidated affiliates ($4 million) and lower income at certain affiliates in the Americas segment, partially offset by the consolidation of an affiliate in Asia ($10 million) in the fourth quarter of fiscal 2017.

Net Income (Loss) Attributable to Adient

(in millions)	Year Ended September 30, 2019	Change	2018	Change	2017
Net income (loss) attributable to Adient	$ (491)	-71%	$ (1,685)	*	$ 877

* Measure not meaningful

Net loss attributable to Adient was $491 million for fiscal 2019, compared to a loss of $1,685 million in fiscal 2018. The decrease in net loss is primarily attributable to $881 million of net-of-tax impairment charges related to the seat structure and mechanism operations recorded in fiscal 2018 ($602 million related to long-lived assets and $279 million related to goodwill), $330 million net-of-tax charges related to YFAI ($322 million impairment of the YFAI investment and $8 million related to U.S. tax reform legislation) recorded in fiscal 2018, lower levels of income tax expense to establish valuation allowances in fiscal 2019 as compared to fiscal 2018, and the $210 million charge in fiscal 2018 for the U.S. tax reform legislation, partially offset by the unfavorable impact of pension mark-to-market (a $49 million charge in fiscal 2019 compared to a $24 million benefit in fiscal 2018) and the unfavorable impact of foreign currency ($40 million).

Net loss attributable to Adient was $1,685 million for fiscal 2018, compared to $877 million of net income attributable to Adient for fiscal 2017. The net loss for fiscal 2018 is primarily attributable to overall lower profitability, along with $881 million of net-of-tax impairment charges as discussed above, $330 million net-of-tax charges related to YFAI as discussed above, income tax charges of $765 million ($555 million to establish valuation allowances and $210 million for the impact of U.S. tax reform legislation) and a net-of-tax asset impairment charge of $35 million for assets held for sale.

Comprehensive Income Attributable to Adient

(in millions)	Year Ended September 30, 2019	Change	2018	Change	2017
Comprehensive income (loss) attributable to Adient	$ (529)	*	$ (1,819)	*	$ 756

* Measure not meaningful

Comprehensive loss attributable to Adient was $529 million for fiscal 2019 compared to comprehensive loss attributable to Adient for fiscal 2018 of $1,819 million. This decrease was primarily due to lower net loss attributable to Adient ($1,194 million) and the favorable impact of foreign currency ($82 million). The year-over-year favorable foreign currency impact was primarily driven by the strengthening of the U.S. dollar against the Indian rupee, Turkish lira and Brazilian real, partially offset by the strengthening of the Mexican peso against the U.S. dollar.

Comprehensive loss attributable to Adient was $1,819 million for fiscal 2018 compared to comprehensive income attributable to Adient for fiscal 2017 of $756 million. The comprehensive loss attributable to Adient for fiscal 2018 was primarily due to lower net income attributable to Adient ($2,562 million) and the favorable impact of foreign currency ($13 million). The year-over-year favorable foreign currency impact was primarily driven by the strengthening of the U.S. dollar against other major currencies.

Segment Analysis

During the second quarter of fiscal 2019, Adient realigned its organizational structure to manage its business primarily on a geographic basis, resulting in a change to reportable segments. Segment information for all periods presented are aligned to this change in organizational structure and an updated definition of corporate-related costs. Pursuant to this change, Adient operates in the following three reportable segments for financial reporting purposes: 1) Americas, which is inclusive of North America and South America; 2) Europe, Middle East, and Africa ("EMEA") and 3) Asia Pacific/China ("Asia").

Adient evaluates the performance of its reportable segments using an adjusted EBITDA metric defined as income before income taxes and noncontrolling interests, excluding net financing charges, restructuring and impairment costs, restructuring related-costs, incremental "Becoming Adient" costs, separation costs, net mark-to-market adjustments on pension and postretirement plans, transaction gains/losses, purchase accounting amortization, depreciation, stock-based compensation and other non-recurring items ("Adjusted EBITDA"). Also, certain corporate-related costs are not allocated to the segments. The reportable segments are consistent with how management views the markets served by Adient and reflect the financial information that is reviewed by its chief operating decision maker. Adient has three reportable segments for financial reporting purposes:

	Year Ended September 30,		
(in millions)	**2019**	**2018**	**2017**
Net Sales			
Americas	$ 7,785	$ 7,664	$ 7,290
EMEA	6,675	7,436	7,044
Asia	2,337	2,659	2,129
Eliminations	(271)	(320)	(250)
Total net sales	$ 16,526	$ 17,439	$ 16,213

(in millions)	2019	2018 (1)	2017 (1)
	Year Ended September 30,		
Adjusted EBITDA			
Americas	$ 210	$ 302	$ 758
EMEA	161	364	424
Asia	513	625	554
Corporate-related costs (2)	(97)	(95)	(135)
Becoming Adient costs (3)	—	(62)	(95)
Separation costs (4)	—	—	(10)
Restructuring and impairment costs (5)	(176)	(1,181)	(46)
Purchase accounting amortization (6)	(44)	(69)	(43)
Restructuring related charges (7)	(31)	(61)	(37)
Impairment of nonconsolidated partially owned affiliate (8)	—	(358)	—
Gain on previously-held interest (9)	—	—	151
Depreciation (10)	(278)	(393)	(332)
Stock based compensation (11)	(20)	(37)	(29)
Other items (12)	(9)	(55)	(16)
Earnings (loss) before interest and income taxes	229	(1,020)	1,144
Net financing charges	(182)	(144)	(132)
Other pension income (expense)	(45)	43	49
Income (loss) before income taxes	$ 2	$ (1,121)	$ 1,061

Notes:

(1) The presentation of certain amounts has been revised from what was previously reported to retrospectively adopt Accounting Standard Update ("ASU") 2017-07, "Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement cost" as of October 1, 2018. See Note 1, "Basis of Presentation and Summary of Significant Accounting Policies," for more information.

(2) Corporate-related costs not allocated to the segments include executive office, communications, corporate development, legal, finance and marketing. Higher levels of corporate related costs in fiscal 2019 are due to reestablishing certain discretionary spending, primarily incentive compensation, partially offset by reduced administrative costs.

(3) Reflects incremental expenses associated with becoming an independent company.

(4) Reflects expenses associated with and incurred prior to the separation from the former Parent.

(5) Reflects restructuring charges for costs that are directly attributable to restructuring activities and meet the definition of restructuring under ASC 420 and non-recurring impairment charges. Included along with restructuring charges in fiscal 2019 is a $66 million non-cash pre-tax impairment charge related to long-lived assets ($11 million in the Americas and $55 million in EMEA) and an $18 million non-cash impairment charge related to assets held for sale ($6 million in the Americas and $12 million in Asia). Included along with restructuring charges in fiscal 2018 is a non-cash pre-tax impairment charge of $1,086 million in the seat structure and mechanism operations ($787 million related to long-lived assets and $299 million related to goodwill), and a $49 million non-cash impairment charge related to assets held for sale. Refer to Note 5, "Property, Plant and Equipment," Note 6, "Goodwill and Other Intangible Assets," Note 15, "Restructuring and Impairment Costs," and Note 16, "Impairment of Long-Lived Assets," of the notes to the consolidated financial statements for more information. Amounts in fiscal 2017 relate primarily to restructuring charges.

(6) Reflects amortization of intangible assets including those related to partially owned affiliates recorded within equity income.

(7) Reflects restructuring related charges for costs that are directly attributable to restructuring activities, but do not meet the definition of restructuring under ASC 420 along with restructuring costs at partially owned affiliates recorded within equity income.

(8) Reflects a non-cash impairment charge related to Adient's YFAI investment balance, which has been recorded within the equity income line in the consolidated statements of income.

(9) An amendment to the rights agreement of a seating affiliate in China was finalized in the fourth quarter of fiscal 2017 giving Adient control of the previously non-consolidated affiliate. Adient began consolidating the entity in July 2017 and was required to apply purchase accounting, including recognizing a gain on our previously held interest, which has been recorded in equity income.

(10) For the twelve months ended September 30, 2018, depreciation excludes $7 million, which is included in restructuring related charges discussed above. For the twelve months ended September 30, 2017, depreciation excludes $5 million which is included in Becoming Adient costs discussed above.

(11) For the twelve months ended September 30, 2018 and 2017, stock based compensation excludes $10 million and $16 million, respectively. These amounts are included in Becoming Adient costs discussed above.

(12) The twelve months ended September 30, 2019 primarily includes $4 million of integration costs associated with the acquisition of Futuris, $3 million of transaction costs and $2 million of tax adjustments at YFAI. The twelve months ended September 30, 2018 primarily includes $22 million of integration costs associated with the acquisition of Futuris, $11 million of non-recurring consulting fees related to the seat structure and mechanism operations, an $8 million charge related to the impact of the U.S. tax reform at YFAI and $8 million of prior period adjustments. The twelve months ended September 30, 2017 primarily includes $3 million of transaction costs associated with the acquisition of Futuris and $12 million of initial funding of the Adient foundation.

Americas

	Year Ended September 30,				
(in millions)	**2019**	**Change**	**2018**	**Change**	**2017**
Net sales	$ 7,785	2%	$ 7,664	5%	$ 7,290
Adjusted EBITDA	$ 210	-30%	$ 302	-60%	$ 758

Net sales increased during fiscal 2019 by $121 million due to higher production volumes primarily in the U.S. and Mexico ($163 million) and net favorable pricing ($7 million), partially offset by the unfavorable impact of foreign currency ($49 million).

Adjusted EBITDA decreased during fiscal 2019 by $92 million due to higher administrative and engineering expenses primarily due to higher levels of spending at Adient Aerospace and to reestablishing certain discretionary spending, including incentive compensation ($48 million), increased freight (resulting from higher rates; despite lower premium freight) and operational performance issues ($30 million), unfavorable product mix ($19 million) and the unfavorable impact of net material and pricing adjustments ($3 million), partially offset by favorable material economics, net of recoveries ($8 million).

Net sales increased during fiscal 2018 by $374 million due to the full year impact of the consolidation of Futuris ($400 million) and higher production volumes ($53 million), partially offset by the unfavorable impact of net material and pricing adjustments ($39 million) and the unfavorable impact of foreign currency ($40 million).

Adjusted EBITDA decreased during fiscal 2018 by $456 million due to an increase in operating costs including increased freight, launch inefficiencies and operational performance ($309 million), unfavorable material economics, net of recoveries ($63 million), the unfavorable impact of net material and pricing adjustments ($43 million), higher administrative and engineering expenses ($38 million), decreased volumes ($29 million) and the unfavorable impact of foreign currency ($19 million), partially offset by the impact of acquisitions ($45 million).

EMEA

(in millions)	2019	Change	2018	Change	2017
	Year Ended September 30,				
Net sales	$ 6,675	-10%	$ 7,436	6%	$ 7,044
Adjusted EBITDA	$ 161	-56%	$ 364	-14%	$ 424

Net sales decreased during fiscal 2019 by $761 million due to the unfavorable impact of foreign currency ($425 million), lower production volumes in all significant countries within EMEA ($314 million) and unfavorable net pricing, including material economics recoveries ($22 million).

Adjusted EBITDA decreased during fiscal 2019 by $203 million due to increased freight (resulting from higher rates; despite lower premium freight) and operational performance issues ($120 million), lower volumes and product mix ($45 million), the unfavorable impact of foreign currency ($30 million) and higher administrative and engineering expenses primarily due to reestablishing certain discretionary spending, primarily incentive compensation, in the current year ($10 million), partially offset by favorable material economics, net of recoveries ($1 million) and higher equity income ($1 million).

Net sales increased during fiscal 2018 by $392 million due to the favorable impact of foreign currency ($503 million) and favorable net pricing, including material economics recoveries ($7 million), partially offset by lower production volumes ($118 million).

Adjusted EBITDA decreased during fiscal 2018 by $60 million due to an increase in operating costs including increased freight, launch inefficiencies and operational performance ($76 million), lower volumes and product mix ($42 million) and the unfavorable impact of net material and pricing adjustments ($12 million), partially offset by the favorable impact of foreign currency ($32 million), lower selling and administrative expenses ($23 million), favorable material economics, net of recoveries ($14 million) and higher equity income ($1 million).

Asia

(in millions)	2019	Change	2018	Change	2017
	Year Ended September 30,				
Net sales	$ 2,337	-12%	$ 2,659	25%	$ 2,129
Adjusted EBITDA	$ 513	-18%	$ 625	13%	$ 554

Net sales decreased during fiscal 2019 by $322 million due to lower production volumes ($262 million) across the region, the unfavorable impact of foreign currency ($53 million) and unfavorable net pricing adjustments, including material economic recoveries ($7 million).

Adjusted EBITDA decreased during fiscal 2019 by $112 million due to lower equity income caused primarily by the slowdown in Chinese auto production ($77 million), lower volumes and product mix ($36 million), the unfavorable impact of foreign currency ($16 million) and operational performance issues ($16 million), partially offset by the favorable impact of net materials and pricing adjustments ($22 million), lower administration and engineering costs ($10 million), and favorable material economics, net of recoveries ($1 million).

Net sales increased during fiscal 2018 by $530 million due to the full year impact of the consolidation of a China affiliate ($540 million) and the favorable impact of foreign currency ($77 million), partially offset by lower production volumes ($72 million) and unfavorable net pricing adjustments, including material economic recoveries ($15 million).

Adjusted EBITDA increased during fiscal 2018 by $71 million due to favorable product mix ($33 million), the favorable impact of foreign currency ($30 million), the impact of acquisitions ($27 million), lower selling and administrative costs ($5 million) and the favorable impact of materials and pricing adjustments ($5 million), partially offset by lower equity income caused primarily by the slowdown in Chinese auto production ($16 million), the unfavorable impact of material economics ($8 million) and operational performance issues ($5 million).

Liquidity and Capital Resources

Adient's primary liquidity needs are to fund general business requirements, including working capital, capital expenditures, restructuring costs and debt service requirements. Adient's principal sources of liquidity are cash flows from operating activities, the revolving credit facility and other debt issuances, and existing cash balances. Funding also previously came from the former Parent through October 31, 2016 and as part of the separation agreement. Adient actively manages its working capital and associated cash requirements and continually seeks more effective uses of cash. Working capital is highly influenced by the timing of cash flows associated with sales and purchases, and therefore can be difficult to manage at times. See below and refer to Note 9, "Debt and Financing Arrangements," of the notes to consolidated financial statements for discussion of financing arrangements. Following the first quarter of fiscal 2019 dividend payout, Adient has suspended future dividends.

Indebtedness

Existing Debt Arrangements

On May 6, 2019 (the "Refinancing Date"), Adient US LLC ("Adient US"), a wholly owned subsidiary of Adient, together with certain of Adient's other subsidiaries, entered into a new asset-based revolving credit facility (the "ABL Credit Facility"), which provides for a revolving line of credit up to $1,250 million, including a North American subfacility of up to $950 million and a European subfacility of up to $300 million, subject to borrowing base capacity. The ABL Credit Facility will mature on May 6, 2024, subject to a springing maturity date 91 days earlier if certain amounts remain outstanding at that time under the Term Loan B Agreement (defined below). Interest is payable on the ABL Credit Facility at a fluctuating rate of interest determined by reference to the Eurodollar rate plus an applicable margin of 1.50% to 2.00%. Adient will pay a commitment fee of 0.25% to 0.375% on the unused portion of the commitments under the asset-based revolving credit facility based on average global availability. Letters of credit are limited to the lesser of (x) $150 million and (y) the aggregate unused amount of commitments under the ABL Credit Facility then in effect. Subject to certain conditions, the ABL Credit Facility may be expanded by up to $250 million in additional commitments. Loans under the ABL Credit Facility may be denominated, at the option of Adient, in U.S. dollars, Euros, Pounds Sterling or Swedish Kroner. The ABL Credit Agreement is secured on a first-priority lien on all accounts receivable, inventory and bank accounts (and funds on deposit therein) and a second-priority lien on all of the tangible and intangible assets of certain Adient subsidiaries. As of September 30, 2019, Adient's availability under this facility was $983 million.

In addition, Adient US and Adient Global Holdings S.à r.l., a wholly-owned subsidiary of Adient, entered into a new term loan credit agreement (the "Term Loan B Agreement") on the Refinancing Date providing for a 5-year $800 million senior secured term loan facility that was fully drawn on closing. The Term Loan B Agreement amortizes in equal quarterly installments at a rate of 1.00% per annum of the original principal amount thereof, with the remaining balance due at final maturity on May 6, 2024. Interest on the Term Loan B Agreement accrues at the Eurodollar rate plus an applicable margin equal to 4.25% (with one 0.25% step down based on achievement of a specific secured net leverage level starting with the fiscal quarter ending December 31, 2019). The Term Loan B Agreement also permits Adient to incur incremental term loans in an aggregate amount not to exceed the greater of $750 million and an unlimited amount subject to a pro forma first lien secured net leverage ratio of not greater than 1.75 to 1.00 and certain other conditions.

Finally, on the Refinancing Date, Adient US entered into an indenture relating to the issuance of $800 million aggregate principal amount of Senior First Lien Notes (the "Notes"). The Notes mature on May 15, 2026 and bear interest at a rate of 7.00% per annum. Interest on the Notes is payable semi-annually in arrears on November 15 and May 15 of each year, commencing on November 15, 2019.

The proceeds from the transactions described above were used to repay the outstanding indebtedness and terminate commitments under Adient's former credit agreement, which was scheduled to mature in July 2021. In addition, certain proceeds were used (i) to pay related premiums, fees and expenses in connection with the refinancing and entering into and funding of the new credit facilities and (ii) for working capital and other general corporate purposes.

The ABL Credit Facility, Term Loan B Agreement and the Notes contain covenants that are usual and customary for facilities and transactions of this type and that, among other things, restrict the ability of Adient and its restricted subsidiaries to: create certain liens and enter into sale and lease-back transactions; create, assume, incur or guarantee certain indebtedness; pay dividends or make other distributions on, or repurchase or redeem, Adient's capital stock or certain other debt; make other restricted payments; and consolidate or merge with, or convey, transfer or lease all or substantially all of Adient's and its restricted subsidiaries' assets, to another person. These covenants are subject to a number of other limitations and exceptions set forth in the agreements. The agreements also provide for customary events of default, including, but not limited to, failure to pay principal and interest, failure to comply with covenants, agreements or conditions, and certain events of bankruptcy or insolvency involving Adient and its significant subsidiaries.

On August 19, 2016, AGH issued $0.9 billion aggregate principal amount of 4.875% USD-denominated unsecured notes due 2026 and €1.0 billion aggregate principal amount of 3.50% unsecured notes due 2024, in a private offering exempt from the registration requirements of the Securities Act of 1933, as amended. The proceeds of the notes were used, together with the Term Loan A facility, to pay a distribution to the former Parent, with the remaining proceeds used for working capital and general corporate purposes.

On May 29, 2017, Adient Germany Ltd. & Co. KG, a wholly owned subsidiary of Adient, borrowed €165 million in an unsecured term loan from the European Investment Bank due in 2022. The loan bears interest at the 6-month EURIBOR rate plus 90 basis points. Loan proceeds were used to repay $200 million of the Term Loan A facility.

Former Debt Arrangements

On July 27, 2016, Adient Global Holdings Ltd ("AGH"), a wholly owned subsidiary of Adient, entered into a credit agreement providing for commitments with respect to a $1.5 billion revolving credit facility and a $1.5 billion Term Loan A facility ("Original Credit Facilities"). The Original Credit Facilities mature on July 2021. Commencing March 31, 2017 until the Term Loan A maturity date, amortization of the funded Term Loan A is required in an amount per quarter equal to 0.625% of the original principal amount in the first year following the closing date of the credit facilities on July 27, 2016 ("Closing Date"), 1.25% in each quarter of the second and third years following the Closing Date, and 2.5% in each quarter thereafter prior to final maturity. The Original Credit Facilities contained covenants that include, among other things and subject to certain significant exceptions, restrictions on Adient's ability to declare or pay dividends, make certain payments in respect of the notes, create liens, incur additional indebtedness, make investments, engage in transactions with affiliates, enter into agreements restricting Adient's subsidiaries' ability to pay dividends, dispose of assets and merge or consolidate with any other person. In addition, the Original Credit Facilities contain a financial maintenance covenant requiring Adient to maintain a total net leverage ratio equal to or less than 3.5x adjusted EBITDA calculated on a quarterly basis. The Term Loan A facility also requires mandatory prepayments in connection with certain non-ordinary course asset sales and insurance recovery and condemnation events, among other things, and subject in each case to certain significant exceptions. During the first quarter of fiscal 2019, Adient entered into an amendment to the Original Credit Facilities (“Amended Credit Facilities") whereby the financial maintenance covenant was amended to require Adient to maintain a total net leverage ratio equal to or less than 4.5x adjusted EBITDA, effective September 30, 2018 with step down provisions starting in the quarter ending December 31, 2020. The amendment also expanded the upper range of interest rate margins such that the drawn portion of the Amended Credit Facilities will bear interest based on LIBOR plus a margin between 1.25% - 2.50% (previously 1.25% - 2.25%), based on Adient’s total net leverage ratio. No other terms were impacted by the amendment. On February 6, 2019, Adient entered into an amendment to the First Amended Credit Facilities (“Second Amended Credit Facilities") whereby the financial maintenance covenant contained in the First Amended Credit Facilities was amended to require Adient to maintain a first lien secured net leverage ratio equal to or less than 2.5x adjusted EBITDA as of the last day of each quarter, with step down provisions starting on September 30, 2020. The amendment also added a new tier to the pricing schedule that will be applicable when the total net leverage ratio exceeds 4.0x adjusted EBITDA and amended certain other definitions, negative covenants and other terms within the credit facility.

The full amount of the Term Loan A facility was drawn down in the fourth quarter of fiscal 2016. These funds were transferred to the former Parent at the time of the draw down and were reflected within net transfers to the former Parent in the consolidated statement of cash flow during the fourth quarter of fiscal 2016. In February 2017, Adient repaid $100 million of the Term Loan A facility. In May 2017, Adient repaid another $200 million of the Term Loan A facility. The total amount repaid was treated as a prepayment of the quarterly mandatory principle amortization for the period between March 2017 and June 2020 resulting in no required principal payment until June 2020.

Sources of Cash Flows

(in millions)	Year Ended September 30, 2019	2018	2017
Cash provided (used) by operating activities	$ 308	$ 679	$ 746
Cash provided (used) by investing activities	(383)	(487)	(795)
Cash provided (used) by financing activities	303	(213)	627
Capital expenditures	(468)	(536)	(577)

Cash flows from operating activities

Fiscal 2019 compared to Fiscal 2018: The decrease in operating cash flows is due primarily to lower levels of operating profits and overall higher levels of working capital, specifically lower levels of accounts payable partially offset by higher levels of accrued incentive compensation and lower levels of accounts receivables. See the working capital section below for further information on changes in working capital.

Fiscal 2018 compared to Fiscal 2017: The decrease in operating cash flows is primarily attributable to overall lower levels of profitability, partially offset by overall lower levels of working capital, specifically higher levels of accounts payable, lower levels of accounts receivable and lower year over year cash outlays associated with established restructuring plans, partially offset by an increase in inventory. See the working capital section below for further information on changes in working capital.

Cash flows from investing activities

Fiscal 2019 compared to Fiscal 2018: The decrease in cash used by investing activities is primarily due to lower levels of capital expenditures in the current year, higher proceeds from sales of assets including the Detroit, Michigan properties and remaining airplane for approximately $35 million and proceeds in fiscal 2019 from the settlement of a cross-currency interest rate swap.

Fiscal 2018 compared to Fiscal 2017: The decrease in cash used by investing activities is primarily attributable to the prior year net cash outflow of $247 million for the acquisition of Futuris and the consolidation of our China affiliate along with lower levels of capital expenditures in the current year due to the timing of capital investment needs based primarily on the timing and ramp up of product launches. See below for further discussion of capital expenditures.

Cash flows from financing activities

Fiscal 2019 compared to Fiscal 2018: The increase in cash from financing activities is primarily attributable to the new debt arrangement entered into during fiscal 2019, higher levels of dividends paid in the prior year and the current year contribution of $28 million by Adient's JV partner as part of the formation of a consolidated joint venture.

Fiscal 2018 compared to Fiscal 2017: The decrease in cash provided by financing activities is primarily due to funding by the former Parent during fiscal 2017 to fund working capital, capital expenditures and establish opening cash balances for Adient at October 31, 2016 along with increased levels of dividends paid to noncontrolling interests.

Capital expenditures

Fiscal 2019 compared to Fiscal 2018: Capital expenditures decreased year over year based on timing of program spend on product launches and tightening controls around overall spending.

Fiscal 2018 compared to Fiscal 2017: The decrease in capital expenditures was primarily related to prior year capital investments associated with becoming an independent company, current year timing of launches and tightening controls around overall spending.

Working capital

(in millions)	September 30, 2019		September 30, 2018	
Current assets	$	4,116	$	4,309
Current liabilities		3,835		4,192
Working capital	$	281	$	117

The increase in working capital of $164 million is primarily attributable to lower levels of accounts payable and higher cash balances, partially offset by higher levels of accrued compensation and lower levels of accounts receivable, inventory and other current assets including tooling receivables.

Off-Balance Sheet Arrangements

Adient enters into supply chain financing programs in certain foreign jurisdictions to sell accounts receivable without recourse to third-party financial institutions. Sales of accounts receivable are reflected as a reduction of accounts receivable on the consolidated statements of financial position and the proceeds are included in cash flows from operating activities in the consolidated statements of cash flows. As of September 30, 2019, $165 million has been funded under these programs.

Contractual Obligations

A summary of Adient's significant contractual obligations as of September 30, 2019:

(in millions)	Total		2020		2021-2022		2023-2024		Beyond 2024	
Long-term debt (including capital lease obligations)	$	3,772	$	8	$	196	$	1,868	$	1,700
Interest on long-term debt (including capital lease obligations)		1,178		198		396		379		205
Operating leases		459		119		155		91		94
Purchase obligations		268		268		—		—		—
Pension contributions		183		17		28		28		110
Total contractual cash obligations	$	5,860	$	610	$	775	$	2,366	$	2,109

Quarterly Financial Information (unaudited)

The following tables present Adient's unaudited quarterly results of operations for each of the eight fiscal quarters in the period ended September 30, 2019. The following tables should be read in conjunction with Adient's audited consolidated financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K. Adient has prepared the information below on a basis consistent with its audited consolidated financial statements and has included all adjustments, consisting of normal recurring adjustments, which, in the opinion of Adient's management, are necessary to fairly state its operating results for the quarters presented. Adient's historical unaudited quarterly results of operations are not necessarily indicative of results for any future quarter or for a full year.

	Fiscal 2019			
Statement of Operations (dollars in millions)	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Net sales	$ 4,158	$ 4,228	$ 4,219	$ 3,921
Cost of sales	3,978	4,031	4,008	3,708
Net income (loss)	11	(126)	(308)	15
Income attributable to noncontrolling interests	28	23	13	19
Net income (loss) attributable to Adient	(17)	(149)	(321)	(4)
Earnings per share [(1)]				
Basic	$ (0.18)	$ (1.59)	$ (3.43)	$ (0.04)
Diluted	$ (0.18)	$ (1.59)	$ (3.43)	$ (0.04)

	Fiscal 2018			
Statement of Operations (dollars in millions)	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Net sales	$ 4,204	$ 4,596	$ 4,494	$ 4,145
Cost of sales	4,003	4,314	4,249	3,969
Net income (loss)	(196)	(143)	73	(1,335)
Income attributable to noncontrolling interests	20	25	19	20
Net income (loss) attributable to Adient	(216)	(168)	54	(1,355)
Earnings per share [(1)]				
Basic	$ (2.32)	$ (1.80)	$ 0.58	$ (14.51)
Diluted	$ (2.32)	$ (1.80)	$ 0.58	$ (14.51)

[(1)] Basic and diluted earnings per share are computed independently for each of the quarters presented. Therefore, the sum of quarterly basic and diluted per share information may not equal annual basic and diluted earnings per share.

Effects of Inflation and Changing Prices

The effects of inflation have not been significant to Adient's results of operations in recent years.

Critical Accounting Estimates and Policies

Adient prepares its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). This requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates. The following policies are considered by management to be the most critical in understanding the judgments that are involved in the preparation of Adient's consolidated financial statements and the uncertainties that could impact results of operations, financial position and cash flows.

Revenue Recognition

Adient records revenue when persuasive evidence of an arrangement exists, delivery occurs or services are rendered, the sales price or fee is fixed or determinable and collectability is reasonably assured. Adient delivers products and records revenue pursuant to commercial agreements with its customers generally in the form of an approved purchase order, including the effects of contractual customer price productivity. Adient does negotiate discrete price changes with its customers, which are generally the result of unique commercial issues between Adient and its customers. Adient records amounts associated with discrete price changes as a reduction to revenue when specific facts and circumstances indicate that a price reduction is probable and the amounts are reasonably estimable. Adient records amounts associated with discrete price changes as an increase to revenue upon execution of a legally enforceable contractual agreement and when collectability is reasonable assured. Refer to Note 1, "Basis of Presentation and Summary of Significant Accounting Policies," and Note 2, "Revenue Recognition," of the notes to the consolidated financial statements for more information regarding Adient's adoption of ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)."

Impairment of Goodwill, Other Long-lived Assets and Investments in Partially Owned Affiliates

Goodwill reflects the cost of an acquisition in excess of the fair values assigned to identifiable net assets acquired. Adient reviews goodwill for impairment during the fourth fiscal quarter or more frequently if events or changes in circumstances indicate the asset might be impaired. Adient performs impairment reviews for its reporting units, which have been determined to be Adient's reportable segments, using a fair value method based on management's judgments and assumptions or third-party valuations. The fair value of a reporting unit refers to the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date. In estimating the fair value, Adient uses the income approach in which discounted cash flow analyses are used to derive estimates of fair value of each reporting unit. Multiples of earnings based on the average of historical, published multiples of earnings of comparable entities with similar operations and economic characteristics are also used in developing estimated fair values. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement." These calculations contain uncertainties as they require management to make assumptions about market comparables, future cash flows and appropriate discount rates (based on weighted average cost of capital ranging from 14.5% – 16.0% at September 30, 2019) to reflect the risk inherent in the future cash flows and to derive a reasonable enterprise value and related premium. The estimated future cash flows reflect management's latest assumptions of the financial projections based on current and anticipated competitive landscape, including estimates of revenue based on production volumes over the foreseeable future and long-term growth rates, and operating margins based on historical trends and future cost containment activities. A change in any of these estimates and assumptions could produce a different fair value, which could have a material impact on the results of the goodwill impairment test and on Adient's results of operations. The estimated fair value is then compared with the carrying amount of the reporting unit, including recorded goodwill. Adient is subject to financial statement risk to the extent that the carrying amount exceeds the estimated fair value.

No impairment of goodwill occurred during fiscal 2019. As of September 30, 2019, the fair value of each reporting unit exceeded 15% of its respective carrying value. To the extent discount rates increase, long-term growth rates are not achieved and/or actual cash flows in the future are lower than the forecasted cash flows, the goodwill allocated to the reporting units could be determined to be impaired which could have a material impact on Adient’s results of operations. As a result of the change in reportable segments during the second quarter of fiscal 2019, Adient conducted a goodwill impairment analyses of the newly allocated goodwill balances under the new reportable segment structure (using discount rates based on weighted average cost of capital ranging from 14.5% – 17.5% at March 31, 2019) and determined that no goodwill was impaired. As a result of the change in reportable segments during the second quarter of fiscal 2018, Adient conducted a goodwill impairment analyses of the allocated goodwill balances under the reportable segment structure and determined that goodwill associated with the seat structure and mechanism operations was fully impaired. Consequently, a pre-tax goodwill impairment charge of $299 million was recognized in the consolidated statements of income (loss) within the restructuring and impairment costs line item. Refer to Note 6, "Goodwill and Other Intangible Assets," of the notes to the consolidated financial statements for additional information.

Adient reviews long-lived assets, including property, plant and equipment and other intangible assets with definite lives, for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. Adient conducts its long-lived asset impairment analyses in accordance with ASC 360-10-15, "Impairment or Disposal of Long-Lived Assets." ASC 360-10-15 requires Adient to group assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluate the asset group against the sum of the undiscounted future cash flows. If the undiscounted cash flows do not indicate the carrying amount of the asset is recoverable, an impairment charge is measured as the amount by which the carrying amount of the asset group exceeds its fair value based on discounted cash flow analysis or appraisals. Intangible assets with indefinite lives continue to be amortized over their estimated useful lives and are subject to impairment testing if events or changes in circumstances indicate that the asset might be impaired. A considerable amount of management judgment and assumptions are required in performing the impairment tests. In the second quarter of fiscal 2019, Adient concluded it had triggering events requiring assessment of impairment of long-lived assets in the seat structure and mechanism operations. As a result, Adient reviewed the long-lived assets for impairment and recorded a $66 million impairment charge within restructuring and impairment costs on the consolidated statements of income (loss). The impairment charge related to long-lived assets in North America and Europe asset groups as of March 31, 2019 in support of current programs. No other long-lived asset impairments were identified in fiscal 2019. In fiscal 2018, Adient concluded it had triggering events requiring assessment of impairment of long-lived assets in the seat structure and mechanism operations. As a result, Adient reviewed the long-lived assets for impairment and recorded a $787 million impairment charge within restructuring and impairment costs on the consolidated statements of income (loss). The impairment charge related to long-lived assets in North America and Europe asset groups as of September 30, 2018 in support of current programs. These impairments were measured, depending on the asset, either under an income approach utilizing forecasted discounted cash flows or a market approach utilizing appraisal techniques to determine fair values of the impaired assets. These methods are consistent with the methods Adient employed in prior periods to value other long-lived assets. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consist of expected future operating margins and cash flows, estimated production volumes, weighted average cost of capital rates (13.0%), estimated salable values and third-party appraisal techniques such as market comparables. To the extent that profitability on current or future programs decline as compared to forecasted profitability or if adverse changes occur to key assumptions or other fair value measurement inputs, further impairment of long-lived assets could occur in the future. Refer to Note 16, "Impairment of Long-Lived Assets," of the notes to the consolidated financial statements for additional information.

Adient monitors its investments in partially-owned affiliates for indicators of other-than-temporary declines in value on an ongoing basis. If Adient determines that an other-than-temporary decline in value has occurred, it recognizes an impairment loss, which is measured as the difference between the recorded book value and the fair value of the investment. Fair value is generally determined using an income approach based on discounted cash flows or negotiated transaction values. During fiscal 2018, Adient concluded it had an other-than-temporary decline in value related to its investment in YFAI and recorded a $358 million impairment charge. The impairment was measured under an income approach utilizing discounted cash flows to derive a fair value of our investment in YFAI. Based on the fair value, the carrying value of the investment in YFAI exceeded fair value by $358 million, and as such Adient recorded a non-cash impairment charge within equity income in the consolidated statements of income (loss) for that amount in the fourth quarter of 2018. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consist of expected future operating margins and cash flows of YFAI, estimated production volumes, weighted average cost of capital (12.5%) and noncontrolling interest discounts. To the extent that profitability continues to decline as compared to forecasted profitability or if adverse changes occur to key assumptions or other fair value measurement inputs, further impairment of Adient's YFAI investment could occur in the future. Refer to Note 19, "Nonconsolidated Partially-Owned Affiliates," of the notes to the consolidated financial statements for additional information.

Employee Benefit Plans

Adient provides a range of pension benefits to its employees and retired employees. These benefits are Adient's direct obligation and have been recorded within Adient's historical consolidated financial statements. Plan assets and obligations are measured annually, or more frequently if there is a remeasurement event, based on Adient's measurement date utilizing various actuarial assumptions such as discount rates, assumed rates of return, compensation increases, turnover rates and health care cost trend rates as of that date. Adient reviews its actuarial assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when appropriate.

Adient utilizes a mark-to-market approach for recognizing pension benefit expenses, including measuring the market related value of plan assets at fair value and recognizing actuarial gains and losses in the fourth quarter of each fiscal year or at the date of a remeasurement event.

U.S. GAAP requires that companies recognize in the statement of financial position a liability for defined benefit pension and postretirement plans that are underfunded or unfunded, or an asset for defined benefit pension and postretirement plans that are overfunded. U.S. GAAP also requires that companies measure the benefit obligations and fair value of plan assets that determine a benefit plan's funded status as of the date of the employer's fiscal year end.

Adient considers the expected benefit payments on a plan-by-plan basis when setting assumed discount rates. As a result, Adient uses different discount rates for each plan depending on the plan jurisdiction, the demographics of participants and the expected timing of benefit payments. For the U.S. pension plans, Adient uses a discount rate provided by an independent third party calculated based on an appropriate mix of high quality bonds. For the non-U.S. pension, Adient consistently uses the relevant country specific benchmark indices for determining the various discount rates. Adient's discount rate on U.S. pension plans was 3.22% and 4.29% at September 30, 2019 and 2018, respectively. Adient's weighted average discount rate on non-U.S. plans was 1.85% and 2.63% at September 30, 2019 and 2018, respectively.

In estimating the expected return on plan assets, Adient considers the historical returns on plan assets, adjusted for forward-looking considerations, inflation assumptions and the impact of the active management of the plans' invested assets. The long-term rates of return for prior periods were determined based on former Parent assumptions. Reflecting the relatively long-term nature of the plans' obligations, approximately 60% of the plans' assets are invested in fixed income securities and 15% in equity securities, with the remainder primarily invested in alternative investments. For fiscal years 2019 and 2018, Adient's expected long-term return on U.S. pension plan assets used to determine net periodic benefit cost was 5.00% and 5.15% respectively. The actual rate of return on U.S. pension plans was below 5.00% in fiscal 2019 and above 5.15% in fiscal 2018. For fiscal years 2019 and 2018, Adient's weighted average expected long-term return on non-U.S. pension plan assets was 4.08% and 4.19%, respectively. The actual rate of return on non-U.S. pension plans was above 4.08% in fiscal 2019 and was below 4.19% in fiscal 2018.

Beginning in fiscal 2020, Adient estimates the long-term rate of return will approximate 2.50% and 4.01% for U.S. pension and non-U.S. pension plans, respectively. Any differences between actual investment results and the expected long-term asset returns will be reflected in net periodic benefit costs in the fourth quarter of each fiscal year. If Adient's actual returns on plan assets are less than Adient's expectations, additional contributions may be required.

In fiscal 2019, total Adient contributions to the defined benefit pension plans were $19 million. Adient expects to contribute at least $17 million in cash to its defined benefit pension plans in fiscal 2020. In fiscal 2019, total Adient contributions to the postretirement plans were not significant. Adient does not expect to make significant contributions to its postretirement plans in fiscal 2020.

Based on information provided by its independent actuaries and other relevant sources, Adient believes that the assumptions used are reasonable; however, changes in these assumptions could impact Adient's financial position, results of operations or cash flows.

Refer to Note 14, "Retirement Plans," of the notes to consolidated audited financial statements for Adient's pension and postretirement benefit plans.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and other loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Adient records a valuation allowance that primarily represents operating and other loss carryforwards for which realization is uncertain. Management judgment is required in determining Adient's provision for income taxes, deferred tax assets and liabilities, and the valuation allowance recorded against Adient's net deferred tax assets.

Adient reviews the realizability of its deferred tax assets on a quarterly basis, or whenever events or changes in circumstances indicate that a review is required. In determining the requirement for a valuation allowance, the historical and projected financial results of the legal entity or combined group recording the net deferred tax asset are considered, along with any other positive or negative evidence. Since future financial results may differ from previous estimates, periodic adjustments to Adient's valuation allowances may be necessary.

Adient is subject to income taxes in Ireland, the U.S. and other non-U.S. jurisdictions. Judgment is required in determining its worldwide provision for income taxes and recording the related assets and liabilities. In the ordinary course of Adient's business, there are many transactions and calculations where the ultimate tax determination is uncertain. Adient's income tax returns for various fiscal years remain under audit by the respective tax authorities. Although the outcome of tax audits is always uncertain, management believes that it has appropriate support for the positions taken on its tax returns and that its annual tax provisions included amounts sufficient to pay assessments, if any, which may be proposed by the taxing authorities. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year.

Adient does not generally provide for additional income taxes which would become payable upon repatriation of undistributed earnings of wholly owned foreign subsidiaries. Adient's intent is for such earnings to be reinvested by the subsidiaries or to be repatriated only when it would be tax efficient.

On December 22, 2017, the Act was signed and enacted into law, and is effective for tax years beginning on or after January 1, 2018, with the exception of certain provisions. The Act includes a provision to tax global intangible low-taxed income ("GILTI") of foreign subsidiaries, which was effective for Adient beginning in fiscal year 2019. Adient has made a policy election to treat taxes due under the GILTI provision as a current period expense in the reporting period in which the tax is incurred.

Refer to Note 17, "Income Taxes," of the notes to consolidated audited financial statements for Adient's income tax disclosures.

Restructuring

Adient accrues costs in connection with its restructuring actions. These accruals include estimates primarily related to employee headcount, local statutory benefits, and other employee termination costs. Actual costs may vary from these estimates. These accruals are reviewed on a quarterly basis and changes to restructuring actions are appropriately recognized when identified. Refer to Note 15, “Restructuring and Impairment Costs,” of the notes to consolidated financial statements for more information.

Adient committed to a restructuring plan in fiscal 2019 to drive cost efficiencies and to balance global production against demand and recorded $105 million of restructuring costs in the consolidated statement of income that was offset by $16 million of prior year underspend. Of the restructuring costs recorded, $81 million relates to the EMEA segment, $16 million relates to the Americas segment and $8 million relates to the Asia segment. Also recorded in 2019 was a $9 million increase to a prior year reserve and $6 million of recoveries from a customer related to previous restructuring charges. The costs consist primarily of workforce reductions and plant closures. Adient currently estimates that upon completion of the restructuring actions, the fiscal 2019 restructuring plan will reduce annual operating costs by approximately $109 million, which is primarily the result of lower costs of sales and selling, general and administrative expenses due to reduced employee-related costs, of which approximately 40% will result in net savings. The restructuring actions are expected to be substantially complete in fiscal 2021. The restructuring plan reserve balance of $70 million at September 30, 2019 is expected to be paid in cash.

Adient committed to a restructuring plan in fiscal 2018 to drive cost efficiencies and to balance global production against demand and recorded $71 million of restructuring costs in the consolidated statement of income that was offset by underspend in prior years by $25 million. Of the restructuring costs recorded, $52 million relates to the EMEA segment, $10 million relates to the Asia segment and $9 million relates to the Americas segment. The costs consist primarily of workforce reductions and plant closures. Adient currently estimates that upon completion of the restructuring actions, the fiscal 2018 restructuring plan will reduce annual operating costs by approximately $65 million, which is primarily the result of lower costs of sales and selling, general and administrative expenses due to reduced employee-related costs, of which approximately 55% will result in net savings. The restructuring actions are expected to be substantially complete in fiscal 2021. The restructuring plan reserve balance of $20 million at September 30, 2019 is expected to be paid in cash.

Adient committed to a restructuring plan in fiscal 2017 to drive cost efficiencies and to balance global production against demand and recorded $46 million of restructuring and impairment costs in the consolidated statement of income. Of the restructuring costs recorded, $34 million relates to the EMEA segment, $7 million relates to the Americas segment and $5 million relates to the Asia segment. The costs consist primarily of workforce reductions and plant closures. Adient currently estimates that upon completion of the restructuring actions, the fiscal 2017 restructuring plan will reduce annual operating costs by approximately $40 million, which is primarily the result of lower cost of sales and selling, general and administrative expenses due to reduced employee-related costs, of which approximately 60% will result in net savings. Adient partially achieved these savings in fiscal years 2017 and 2018. The restructuring actions are expected to be substantially complete in fiscal 2020. The restructuring plan reserve balance of $5 million at September 30, 2019 is expected to be paid in cash.

Adient committed to a restructuring plan in fiscal 2016 to drive cost efficiencies and to balance global production against demand and recorded $332 million of restructuring and impairment costs in the consolidated statement of income. Of the restructuring and impairment costs recorded, $298 million relates to the EMEA segment, $32 million relates to the Americas segment and $2 million relates to the Asia segment. The costs consist primarily of workforce reductions, plant closures and asset impairments. Adient currently estimates that upon completion of the restructuring actions, the fiscal 2016 restructuring plan will reduce annual operating costs by approximately $150 million, which is primarily the result of lower cost of sales and selling, general and administrative expenses due to reduced employee-related costs and depreciation expense, of which approximately 75% will result in net savings. Adient partially achieved these savings in fiscal years 2016 through 2018, with the full benefit expected in fiscal 2019. The restructuring actions are expected to be substantially complete in fiscal 2021. The restructuring plan reserve balance of $27 million at September 30, 2019 is expected to be paid in cash.

Since the announcement of the 2016 Plan in fiscal 2016, Adient has experienced lower employee severance and termination benefit cash payouts than previously calculated of approximately $20 million, due to changes in cost reduction actions. The planned workforce reductions disclosed for the 2016 Plan have been updated for Adient's revised actions.

New Accounting Pronouncements

See Note 1, "Basis of Presentation and Summary of Significant Accounting Policies," of the notes to consolidated financial statements for a discussion of new accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate and Foreign Currency Risk Management

Adient regularly reviews its underlying foreign exchange and interest rate exposures, both on a stand-alone basis and in conjunction with applicable derivative hedge positions. Given the effective horizons of Adient's risk management activities and the anticipatory nature of the exposures, there is no assurance the "derivative hedge" positions will offset more than a portion of the financial impact resulting from movements in Adient's underlying foreign exchange or interest rate exposures. Further, the recognition of the gains and losses related to these instruments may not coincide with the timing of gains and losses related to the underlying economic exposures and, therefore, may adversely affect Adient's financial condition and operating results.

Adient selectively uses derivative instruments to reduce market risk associated with changes in foreign currency. All hedging transactions were authorized and executed pursuant to clearly defined policies and procedures, which strictly prohibit the use of financial instruments for speculative purposes. At the inception of the hedge, Adient assessed the effectiveness of the hedge instrument and designates the hedge instrument as either (1) a hedge of a recognized asset or liability or of a recognized firm commitment (a fair value hedge), (2) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to an unrecognized asset or liability (a cash flow hedge) or (3) a hedge of a net investment in a non-U.S. operation (a net investment hedge). Adient performed hedge effectiveness testing on an ongoing basis depending on the type of hedging instrument used. All other derivatives not designated as hedging instruments under ASC 815, "Derivatives and Hedging," are revalued in the consolidated statements of income.

For all foreign currency derivative instruments designated as cash flow hedges, retrospective effectiveness is tested on a monthly basis using a cumulative dollar offset test. The fair value of the hedged exposures and the fair value of the hedge instruments are revalued, and the ratio of the cumulative sum of the periodic changes in the value of the hedge instruments to the cumulative sum of the periodic changes in the value of the hedge is calculated. The hedge is deemed as highly effective if the ratio is between 80% and 125%.

For all designated net investment hedges, Adient assessed its net investment position in non-U.S. operations and compared it with the outstanding net investment hedge principal on a quarterly basis. All hedges were deemed effective if the aggregate outstanding principal of the hedge instrument designated as the net investment hedge in a non-U.S. operation did not exceed its net investment position in respective non-U.S. operations.

Further details are provided in Part II, Item 8 of this Annual Report in the notes to consolidated financial statements. A discussion of Adient's accounting policies for derivative financial instruments is included in Note 1, "Basis of Presentation and Summary of Significant Accounting Policies," of the notes to consolidated financial statements, and further disclosure relating to derivatives and hedging activities is included in Note 10, "Derivative Instruments and Hedging Activities," and Note 11, "Fair Value Measurements."

Interest Rate Risk

Adient's exposure to changes in global interest rates relates primarily to Adient's investment portfolio and outstanding debt. While Adient is exposed to global interest rate fluctuations, Adient's interest income and expense are most sensitive to fluctuations in U.S. interest rates. Changes in global interest rates affect the interest earned on Adient's cash, cash equivalents and marketable securities and the fair value of those securities, as well as costs associated with hedging and interest paid on Adient's debt.

Adient purchased interest rate caps during fiscal 2019 to selectively limit the impact of USD LIBOR increases on its interest payments related to Company's Term Loan B Agreement. The interest rate caps are designated as cash flow hedges under ASC 815. As of September 30, 2019, Adient had two interest rate caps outstanding totaling approximately $200 million.

Adient's investment policy and strategy are focused on preservation of capital and supporting Adient's liquidity requirements. Adient uses a combination of internal and external management to execute its investment strategy and achieve its investment objectives. Adient typically invests in highly-rated securities, and its investment policy generally limits the amount of credit exposure to any one issuer. The policy requires investments generally to be investment grade, with the primary objective of minimizing the potential risk of principal loss.

Further details regarding Adient's debt and financing arrangements are provided in Note 9, "Debt and Financing Arrangements," of the notes to consolidated financial statements.

Foreign Currency Risk

Adient has manufacturing, sales and distribution facilities around the world and thus makes investments and enters into transactions denominated in various foreign currencies. In order to maintain strict control and achieve the benefits of Adient's global diversification, foreign exchange exposures for each currency are netted internally so that only its net foreign exchange exposures are, as appropriate, hedged with financial instruments.

On an annual basis, Adient hedges 70% to 90% of the nominal amount of each of its known foreign exchange transactional exposures. Adient primarily enters into foreign currency exchange contracts to reduce the earnings and cash flow impact of the variation of non-functional currency denominated receivables and payables. Gains and losses resulting from hedging instruments offset the foreign exchange gains or losses on the underlying assets and liabilities being hedged. The maturities of the forward exchange contracts generally coincided with the settlement dates of the related transactions. Realized and unrealized gains and losses on these contracts are recognized in the same period as gains and losses on the hedged items. During fiscal 2019, Adient had hedge contracts outstanding with the aim of hedging balance sheet items, or with the aim of hedging forecasted commitments. Foreign exchange contracts hedging balance sheet items are marked-to-market through the income statement, while foreign exchange contracts to hedge forecasted commitments are designated in a hedge relationship as a cash flow hedge. These are marked-to-market through other comprehensive income when effective.

Adient's euro-denominated bond and certain cross-currency interest rate swaps have been designated to selectively hedge portions of Adient's net investment in Europe. The currency effects of its euro-denominated bond is reflected in the accumulated other comprehensive income account within shareholders' equity attributable to Adient where they offset gains and losses recorded on Adient's net investment in Europe.

At September 30, 2019 and 2018, Adient estimates that an unfavorable 10% change in all applicable exchange rates versus the U.S. Dollar would have decreased net unrealized gains or increased net unrealized losses by approximately $32 million and $26 million, respectively.

Commodity Risk

Adient's exposures to market risk from changes in the price of production material are managed primarily through negotiations with suppliers and customers, although there can be no assurance that Adient will recover all such costs. Adient continues to evaluate derivatives available in the marketplace and may decide to utilize derivatives in the future to manage select commodity risks if acceptable hedging instruments and counterparties are identified for its exposure level at that time, as well as the effectiveness of the financial hedge among other factors.

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Adient plc

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial position of Adient plc and its subsidiaries (the "Company") as of September 30, 2019 and 2018, and the related consolidated statements of income (loss), comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended September 30, 2019, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of September 30, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2019 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for the net periodic cost of defined benefit pension and other postretirement employee benefits plans in 2019.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill Reallocation and Related Interim Goodwill Impairment Assessment

As described in Notes 1 and 6 to the consolidated financial statements, the Company's consolidated goodwill balance was $2,150 million as of September 30, 2019. Management reviews goodwill for impairment during the fourth fiscal quarter or more frequently if events or changes in circumstances indicate the asset might be impaired. As a result of the change in reportable segments during the second quarter of fiscal 2019, goodwill was reallocated to the new reporting units using a relative fair value approach, and management conducted goodwill impairment analyses of the newly allocated goodwill balances under the new reportable segment structure. Impairment is identified by comparing the estimated fair value of a reporting unit with the carrying amount of the reporting unit, including recorded goodwill. Fair value is estimated using an income approach. This method requires management to make assumptions about future cash flows, including estimates of revenue and operating margins, and the discount rates.

The principal considerations for our determination that performing procedures relating to the goodwill reallocation and related interim goodwill impairment assessment is a critical audit matter are there was significant judgment by management when developing the fair value measurement of the new reporting units, which in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate management's future cash flows, including the significant assumptions for estimates of revenue and operating margins, and the discount rates. In addition, the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained from these procedures.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's change in reportable segments and goodwill impairment assessment, including controls over the identification and fair value of the Company's reporting units. These procedures also included, among others, testing management's process for allocating goodwill to the new reporting units based on the determined relative fair value of the new reporting units, evaluating the appropriateness of the income approach, testing the completeness, accuracy, and relevance of underlying data used, and evaluating the significant assumptions used by management, including estimates of revenue and operating margins, and the discount rates. Evaluating management's assumptions related to estimates of revenue and operating margins involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the reporting units, (ii) the consistency with relevant industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating the income approach used by the Company and certain significant assumptions, including the discount rates.

Americas and EMEA Reporting Units Annual Goodwill Impairment Assessment

As described in Notes 1 and 6 to the consolidated financial statements, the goodwill associated with the Americas and EMEA reporting units was $638 million and $429 million, respectively, as of September 30, 2019, which was allocated to the reporting units in the second quarter of fiscal 2019 as a result of the change in the reportable segment structure. Management reviews goodwill for impairment during the fourth fiscal quarter or more frequently if events or changes in circumstances indicate the asset might be impaired. Fair value is estimated using an income approach. This method requires management to make assumptions about future cash flows, including estimates of revenue and operating margins, and the discount rates. The fair value of the Americas and EMEA reporting units exceeded 15% of the respective carrying value as of September 30, 2019.

The principal considerations for our determination that performing procedures relating to the Americas and EMEA reporting units annual goodwill impairment assessment is a critical audit matter are there was significant judgment by management when developing the fair value measurement of the reporting units, which led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate management's future cash flows, including significant assumptions for estimates of revenue and operating margins, and the discount rates. In addition, the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained from these procedures.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessment, including controls over the valuation of the Company's reporting units. These procedures also included, among others, testing management's process for developing the fair value estimates, evaluating the appropriateness of the income approach, testing the completeness, accuracy, and relevance of underlying data used, and evaluating the significant assumptions used by management for the Americas and EMEA reporting units, including estimates of revenue and operating margins, and the discount rates. Evaluating management's assumptions related to estimates of revenue and operating margins involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the reporting units, (ii) the consistency with relevant industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating the income approach used by the Company and certain significant assumptions, including the discount rates.

/s/ PricewaterhouseCoopers LLP
Detroit, Michigan
November 22, 2019

We have served as the Company's auditor since 1957.

Adient plc
Consolidated Statements of Income (Loss)

(in millions, except per share data)	Year Ended September 30, 2019	2018	2017
Net sales	$ 16,526	$ 17,439	$ 16,213
Cost of sales	15,725	16,535	14,816
Gross profit	801	904	1,397
Selling, general and administrative expenses	671	730	729
Restructuring and impairment costs	176	1,181	46
Equity income (loss)	275	(13)	522
Earnings (loss) before interest and income taxes	229	(1,020)	1,144
Net financing charges	182	144	132
Other pension expense (income)	45	(43)	(49)
Income (loss) before income taxes	2	(1,121)	1,061
Income tax provision (benefit)	410	480	99
Net income (loss)	(408)	(1,601)	962
Income (loss) attributable to noncontrolling interests	83	84	85
Net income (loss) attributable to Adient	$ (491)	$ (1,685)	$ 877
Earnings per share:			
Basic	$ (5.25)	$ (18.06)	$ 9.38
Diluted	$ (5.25)	$ (18.06)	$ 9.34
Shares used in computing earnings per share:			
Basic	93.6	93.3	93.5
Diluted	93.6	93.3	93.9

The accompanying notes are an integral part of the consolidated financial statements.

Adient plc
Consolidated Statements of Comprehensive Income (Loss)

(in millions)	Year Ended September 30, 2019	2018	2017
Net income (loss)	(408)	(1,601)	962
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(35)	(117)	(133)
Realized and unrealized gains (losses) on derivatives	(1)	(10)	17
Pension and postretirement plans	(2)	1	—
Other comprehensive income (loss)	(38)	(126)	(116)
Total comprehensive income (loss)	(446)	(1,727)	846
Comprehensive income (loss) attributable to noncontrolling interests	83	92	90
Comprehensive income (loss) attributable to Adient	$ (529)	$ (1,819)	$ 756

The accompanying notes are an integral part of the consolidated financial statements.

Adient plc
Consolidated Statements of Financial Position

	September 30,	
(in millions, except share and per share data)	**2019**	**2018**
Assets		
Cash and cash equivalents	$ 924	$ 687
Accounts receivable, less allowance for doubtful accounts of $14 and $15, respectively	1,905	2,091
Inventories	793	824
Other current assets	494	707
Current assets	4,116	4,309
Property, plant and equipment - net	1,671	1,683
Goodwill	2,150	2,182
Other intangible assets - net	405	460
Investments in partially-owned affiliates	1,399	1,407
Assets held for sale	—	37
Other noncurrent assets	601	864
Total assets	$ 10,342	$ 10,942
Liabilities and Shareholders' Equity		
Short-term debt	$ 22	$ 6
Current portion of long-term debt	8	2
Accounts payable	2,709	3,101
Accrued compensation and benefits	364	331
Restructuring reserve	123	141
Other current liabilities	609	611
Current liabilities	3,835	4,192
Long-term debt	3,708	3,422
Pension and postretirement benefits	151	124
Other noncurrent liabilities	408	440
Long-term liabilities	4,267	3,986
Commitments and Contingencies (Note 20)		
Redeemable noncontrolling interests	51	47
Preferred shares issued, par value $0.001; 100,000,000 shares authorized zero shares issued and outstanding at September 30, 2019	—	—
Ordinary shares issued, par value $0.001; 500,000,000 shares authorized 93,620,714 shares issued and outstanding at September 30, 2019	—	—
Additional paid-in capital	3,962	3,951
Retained earnings (accumulated deficit)	(1,545)	(1,028)
Accumulated other comprehensive income (loss)	(569)	(531)
Shareholders' equity attributable to Adient	1,848	2,392
Noncontrolling interests	341	325
Total shareholders' equity	2,189	2,717
Total liabilities and shareholders' equity	10,342	$ 10,942

The accompanying notes are an integral part of the consolidated financial statements.

Adient plc
Consolidated Statements of Cash Flows

	Year Ended September 30,		
(in millions)	**2019**	**2018**	**2017**
Operating Activities			
Net income (loss) attributable to Adient	$ (491)	$ (1,685)	$ 877
Income attributable to noncontrolling interests	83	84	85
Net income (loss)	(408)	(1,601)	962
Adjustments to reconcile net income (loss) to cash provided (used) by operating activities:			
Depreciation	278	400	337
Amortization of intangibles	40	47	21
Pension and postretirement benefit expense (benefit)	53	(36)	(41)
Pension and postretirement contributions, net	(19)	11	(38)
Equity in earnings of partially-owned affiliates, net of dividends received (includes purchase accounting amortization of $4, $22 and $22, respectively)	(55)	(55)	(91)
Impairment of nonconsolidated partially owned affiliate	—	358	—
Gain on previously-held interest	—	—	(151)
Deferred income taxes	288	344	(52)
Non-cash restructuring and impairment charges	78	1,134	—
Equity-based compensation	20	47	45
Other	23	11	(6)
Changes in assets and liabilities:			
Receivables	131	73	30
Inventories	8	(106)	(10)
Other assets	150	46	13
Restructuring reserves	(108)	(135)	(179)
Accounts payable and accrued liabilities	(191)	143	(113)
Accrued income taxes	20	(2)	19
Cash provided (used) by operating activities	308	679	746
Investing Activities			
Capital expenditures	(468)	(536)	(577)
Sale of property, plant and equipment	68	53	44
Settlement of cross-currency interest rate swaps	10	—	—
Acquisition of businesses, net of cash acquired	—	—	(247)
Changes in long-term investments	3	(4)	(11)
Other	4	—	(4)
Cash provided (used) by investing activities	(383)	(487)	(795)
Financing Activities			
Net transfers from (to) Parent prior to separation	—	—	606
Cash transferred from former Parent post separation	—	—	315
Increase (decrease) in short-term debt	17	(31)	(7)
Increase (decrease) in long-term debt	1,600	—	183
Repayment of long-term debt	(1,204)	(2)	(302)
Debt financing costs	(47)	—	—
Share repurchases	—	—	(40)
Cash dividends	(26)	(103)	(52)
Dividends paid to noncontrolling interests	(62)	(74)	(79)
Formation of consolidated joint venture	28	—	—
Other	(3)	(3)	3
Cash provided (used) by financing activities	303	(213)	627
Effect of exchange rate changes on cash and cash equivalents	9	(1)	26
Increase (decrease) in cash and cash equivalents	237	(22)	604
Cash and cash equivalents at beginning of period	687	709	105
Cash and cash equivalents at end of period	$ 924	$ 687	$ 709

The accompanying notes are an integral part of the consolidated financial statements.

Adient plc
Consolidated Statements of Shareholders' Equity

(in millions)	Ordinary Shares	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Parent's Net Investment	Accumulated Other Comprehensive Income (Loss)	Shareholders' Equity Attributable to Adient	Shareholders' Equity Attributable to Noncontrolling Interests	Total Equity
Balance at September 30, 2016	$ —	$ —	$ —	$ 4,452	$ (276)	$ 4,176	$ 131	$ 4,307
Net income	—	—	812	65	—	**877**	60	**937**
Change in Parent's net investment	—	—	—	(880)	—	**(880)**	—	**(880)**
Transfers from former Parent	—	333	—	—	—	**333**	—	**333**
Reclassification of Parent's net investment and issuance of ordinary shares in connection with separation	—	3,637	—	(3,637)	—	**—**	—	**—**
Foreign currency translation adjustments	—	—	—	—	(138)	**(138)**	5	**(133)**
Realized and unrealized gains (losses) on derivatives	—	—	—	—	17	**17**	—	**17**
Dividends declared ($0.825 per share)	—	—	(78)	—	—	**(78)**	—	**(78)**
Repurchase and retirement of ordinary shares	—	(40)	—	—	—	**(40)**	—	**(40)**
Dividends attributable to noncontrolling interests	—	—	—	—	—	**—**	(58)	**(58)**
Change in noncontrolling interest share	—	—	—	—	—	**—**	175	**175**
Share based compensation and other	—	12	—	—	—	**12**	—	**12**
Balance at September 30, 2017	$ —	$ 3,942	$ 734	$ —	$ (397)	$ 4,279	$ 313	$ 4,592
Net income (loss)	—	—	(1,685)	—	—	**(1,685)**	60	**(1,625)**
Foreign currency translation adjustments	—	—	—	—	(125)	**(125)**	7	**(118)**
Realized and unrealized gains (losses) on derivatives	—	—	—	—	(10)	**(10)**	—	**(10)**
Dividends declared ($0.825 per share)	—	—	(77)	—	—	**(77)**	—	**(77)**
Dividends attributable to noncontrolling interests	—	—	—	—	—	**—**	(56)	**(56)**
Change in noncontrolling interest share	—	—	—	—	—	**—**	1	**1**
Share based compensation and other	—	9	—	—	1	**10**	—	**10**
Balance at September 30, 2018	$ —	$ 3,951	$ (1,028)	$ —	$ (531)	$ 2,392	$ 325	$ 2,717
Net income (loss)	—	—	(491)	—	—	**(491)**	53	**(438)**
Foreign currency translation adjustments	—	—	—	—	(35)	**(35)**	(3)	**(38)**
Realized and unrealized gains (losses) on derivatives	—	—	—	—	(1)	**(1)**	—	**(1)**
Employee retirement plans	—	—	—	—	(2)	**(2)**	—	**(2)**
Dividends declared ($0.275 per share)	—	—	(26)	—	—	**(26)**	—	**(26)**
Dividends attributable to noncontrolling interests	—	—	—	—	—	**—**	(61)	**(61)**
Change in noncontrolling interest share	—	—	—	—	—	**—**	28	**28**
Share based compensation and other	—	11	—	—	—	**11**	(1)	**10**
Balance at September 30, 2019	$ —	$ 3,962	$ (1,545)	$ —	$ (569)	$ 1,848	$ 341	$ 2,189

The accompanying notes are an integral part of the consolidated financial statements.

1. Basis of Presentation and Summary of Significant Accounting Policies

On October 31, 2016, Adient plc ("Adient") became an independent company as a result of the separation of the automotive seating and interiors business (the "separation") from Johnson Controls International plc ("the former Parent"). Adient was incorporated under the laws of Ireland in fiscal 2016 for the purpose of holding these businesses. Adient's ordinary shares began trading "regular-way" under the ticker symbol "ADNT" on the New York Stock Exchange on October 31, 2016. Upon becoming an independent company, the capital structure of Adient consisted of 500 million authorized ordinary shares and 100 million authorized preferred shares (par value of $0.001 per ordinary and preferred share). The number of Adient ordinary shares issued on October 31, 2016 was 93,671,810.

Adient is a global leader in the automotive seating supplier industry. Adient has a leading market position in the Americas, Europe and China, and has longstanding relationships with the largest global original equipment manufacturers, or OEMs, in the automotive space. Adient's proprietary technologies extend into virtually every area of automotive seating solutions, including complete seating systems, frames, mechanisms, foam, head restraints, armrests, trim covers and fabrics. Adient is an independent seat supplier with global scale and the capability to design, develop, engineer, manufacture, and deliver complete seat systems and components in every major automotive producing region in the world. Adient also participates in the automotive interiors market primarily through its global automotive interiors joint venture in China, Yanfeng Global Automotive Interior Systems Co., Ltd., or YFAI.

The separation was completed pursuant to various agreements with the former Parent related to the separation. These agreements govern the relationship between Adient and the former Parent following the separation and provided for the allocation of various assets, liabilities, rights and obligations. These agreements also include arrangements for transition services to be provided on a temporary basis by both parties.

The consolidated financial statements of Adient have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). During the second quarter of fiscal 2019, Adient realigned certain of its organizational structure to manage its business primarily on a geographic basis, resulting in a change to reportable segments. As a result, the prior period presentation of reportable segments has been recast to conform to the current segment reporting structure. Refer to Note 18, "Segment Information" for additional information on Adient's reportable segments.

Principles of Consolidations

Adient consolidates its wholly-owned subsidiaries and those entities in which it has a controlling interest. Investments in partially-owned affiliates are accounted for by the equity method when Adient's interest exceeds 20% and does not have a controlling interest.

The financial statements for periods prior to the separation include certain assets and liabilities that have historically been held at the former Parent but are specifically identifiable or otherwise attributable to Adient. All significant intercompany transactions and accounts within Adient's businesses have been eliminated. All intercompany transactions between Adient and the former Parent prior to the separation have been included in the consolidated financial statements as Parent's net investment. Expense related to corporate allocations from the former Parent to Adient are considered to be effectively settled for cash in the financial statements at the time the transaction is recorded. In addition, transactions between Adient and the former Parent's other businesses prior the separation have been classified as related party, rather than intercompany, in the financial statements. See Note 21, " Related Party Transactions," of the notes to the consolidated financial statements for further details.

During the second quarter of fiscal 2018, Adient recorded expense of $8 million for an out of period adjustment, primarily impacting cost of goods sold, to correct a prior period error related to an unrecorded obligation. Adient has concluded that this adjustment was not material to previously reported financial statements nor to full year fiscal 2018 results.

Consolidated VIEs

Based upon the criteria set forth in the Financial Accounting Standards Board (the FASB) Accounting Standards Codification (ASC) 810, "Consolidation," Adient has determined that it was the primary beneficiary in two variable interest entities (VIEs) for the reporting periods ended September 30, 2019 and 2018, respectively, as Adient absorbs significant economics of the entities and has the power to direct the activities that are considered most significant to the entities.

The two VIEs manufacture seating products in North America for the automotive industry. Adient funds the entities' short-term liquidity needs through revolving credit facilities and has the power to direct the activities that are considered most significant to the entities through its key customer supply relationships.

The carrying amounts and classification of assets (none of which are restricted) and liabilities included in Adient's consolidated statements of financial position for the consolidated VIEs are as follows:

	September 30,	
(in millions)	**2019**	**2018**
Current assets	$ 236	$ 270
Noncurrent assets	40	43
Total assets	$ 276	$ 313
Current liabilities	$ 235	$ 252
Total liabilities	$ 235	$ 252

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The consolidated financial statements reflect management's estimates as of the reporting date. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The fair values of cash and cash equivalents, accounts receivable, short-term debt and accounts payable approximate their carrying values. See Note 10, "Derivative Instruments and Hedging Activities," and Note 11, "Fair Value Measurements," of the notes to consolidated financial statements for fair value of financial instruments, including derivative instruments and hedging activities.

Cash and Cash Equivalents

Adient considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash is managed by legal entity, with cash pooling agreements in place for all participating entities on a global basis, as applicable. Prior to the October 2016 separation, transfers of cash to and from the former Parent's cash management system were reflected as a component of Parent's net investment in the consolidated statements of financial position. Accordingly, the cash and cash equivalents held by the former Parent were not attributed to Adient for any of the years presented, as legal ownership remained with the former Parent.

Receivables

Receivables consist of amounts billed and currently due from customers and revenues that have been recognized for accounting purposes but not yet billed to customers. Adient extends credit to customers in the normal course of business and maintains an allowance for doubtful accounts resulting from the inability or unwillingness of customers to make required payments. The allowance for doubtful accounts is based on historical experience, existing economic conditions and any specific customer collection issues Adient has identified. Adient enters into supply chain financing programs in certain foreign jurisdictions to sell accounts receivable without recourse to third-party financial institutions. Sales of accounts receivable are reflected as a reduction of accounts receivable on the consolidated statements of financial position and the proceeds are included in cash flows from operating activities in the consolidated statements of cash flows.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out ("FIFO") method. Finished goods and work-in-process inventories include material, labor and manufacturing overhead costs.

Pre-Production Costs Related to Long-Term Supply Arrangements

Adient's policy for engineering, research and development, and other design and development costs related to products that will be sold under long-term supply arrangements requires such costs to be expensed as incurred or capitalized if reimbursement from the customer is contractually assured. Income related to recovery of these costs is recorded within selling, general and administrative expense in the consolidated statements of income. At September 30, 2019 and 2018, Adient recorded within the consolidated statements of financial position $303 million and $301 million, respectively, of engineering and research and development costs for which customer reimbursement is contractually assured. The reimbursable costs are recorded in other current assets if reimbursement will occur in less than one year and in other noncurrent assets if reimbursement will occur beyond one year. At September 30, 2019, Adient had $117 million and $186 million of reimbursable costs recorded in current and noncurrent assets, respectively. At September 30, 2018, Adient had $132 million and $169 million of reimbursable costs recorded in current and noncurrent assets, respectively.

Costs for molds, dies and other tools used to make products that will be sold under long-term supply arrangements are capitalized within property, plant and equipment if Adient has title to the assets or has the non-cancelable right to use the assets during the term of the supply arrangement. Capitalized items, if specifically designed for a supply arrangement, are amortized over the term of the arrangement; otherwise, amounts are amortized over the estimated useful lives of the assets. The carrying values of assets capitalized in accordance with the foregoing policy are periodically reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. At September 30, 2019 and 2018, approximately $60 million and $54 million, respectively, of costs for molds, dies and other tools were capitalized within property, plant and equipment which represented assets to which Adient had title. In addition, at September 30, 2019, Adient recorded within the consolidated statements of financial position in other current and noncurrent assets $101 million and $28 million, respectively, of costs for molds, dies and other tools for which customer reimbursement is contractually assured. At September 30, 2018, Adient recorded within the consolidated statements of financial position in other current and noncurrent assets $208 million and $17 million, respectively, of costs for molds, dies and other tools for which customer reimbursement is contractually assured.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method for financial reporting purposes and accelerated methods for income tax purposes. The estimated useful lives range from 3 to 40 years for buildings and improvements and from 3 to 15 years for machinery and equipment.

Goodwill and Other Intangible Assets

Goodwill reflects the cost of an acquisition in excess of the fair values assigned to identifiable net assets acquired. Adient reviews goodwill for impairment during the fourth fiscal quarter or more frequently if events or changes in circumstances indicate the asset might be impaired. Adient performs impairment reviews for its reporting units, which have been determined to be Adient's reportable segments using a fair value method based on management's judgments and assumptions or third party valuations. The fair value of a reporting unit refers to the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date. In estimating the fair value, Adient primarily uses an income approach utilizing discounted cash flow analyses. Adient also uses a market approach utilizing published multiples of earnings of comparable entities with similar operational and economic characteristics to further support the fair value estimates. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement." The estimated fair value is then compared with the carrying amount of the reporting unit, including recorded goodwill. An impairment is recorded to the extent the estimated fair value exceeds the carrying amount of the reporting unit.

Intangible assets with definite lives continue to be amortized over their estimated useful lives and are subject to impairment testing if events or changes in circumstances indicate that the asset might be impaired.

Impairment of Long-Lived Assets

Adient reviews long-lived assets, including property, plant and equipment and other intangible assets with definite lives, for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. Adient conducts its long-lived asset impairment analyses in accordance with ASC 360-10-15, "Impairment or Disposal of Long-Lived Assets." ASC 360-10-15 requires Adient to group assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluate the asset group against the sum of the undiscounted future cash flows. If the undiscounted cash flows do not indicate the carrying amount of the asset is recoverable, an impairment charge is measured as the amount by which the carrying amount of the asset group exceeds its fair value based on discounted cash flow analysis or appraisals. Refer to Note 16, "Impairment of Long-Lived Assets," of the notes to consolidated financial statements for information regarding the results of Adient's impairment analysis.

Impairment of Investments in Partially-Owned Affiliates

Adient monitors its investments in partially-owned affiliates for indicators of other-than-temporary declines in value on an ongoing basis. If Adient determines that an other-than-temporary decline in value has occurred, it recognizes an impairment loss, which is measured as the difference between the recorded book value and the fair value of the investment. Fair value is generally determined using an income approach based on discounted cash flows or negotiated transaction values. Refer to Note 19, "Nonconsolidated Partially-Owned Affiliates" for information regarding the results of Adient's impairment analysis.

Revenue Recognition

Adient provides production and service parts to its customers under awarded multi-year programs. The duration of a program is generally consistent with the life cycle of a vehicle, however, an awarded program does not reach the level of a performance obligation until Adient receives either a purchase order and/or a materials release from the customer for a specific number of parts at a specified price, at which point an enforceable contract exists. Sales revenue is recognized at the point in time when parts are shipped and control has transferred to the customer, at which point an enforceable right to payment exists. Contracts may provide for annual price reductions over the production life of the awarded program, and prices are adjusted on an ongoing basis to reflect changes in product content/cost and other commercial factors. The amount of revenue recognized reflects the consideration that Adient expects to be entitled to in exchange for such products based on purchase orders, annual price reductions and ongoing price adjustments. Refer to Note 2, "Revenue Recognition" for information on Adient's revenue recognition.

Customers

Essentially all of Adient's sales are to the automotive industry. Adient's most significant customers include Fiat Chrysler Automobiles N.V. and Volkswagen Group which comprised 11% and 9% of consolidated net sales, respectively, in fiscal 2019, Fiat Chrysler Automobiles N.V. and Volkswagen Group which comprised 11% and 10% of consolidated net sales, respectively, in fiscal 2018 and Volkswagen Group which comprised 11% of consolidated net sales in fiscal 2017.

Research and Development Costs

Expenditures for research activities relating to product development and improvement (other than those expenditures that are contractually guaranteed for reimbursement from the customer) are charged against income as incurred and included within selling, general and administrative expenses in the consolidated statements of income. Such expenditures for the years ended September 30, 2019, 2018 and 2017 were $454 million, $513 million and $488 million, respectively. A portion of these costs associated with these activities are reimbursed by customers and, for the fiscal years ended September 30, 2019, 2018 and 2017 were $291 million, $298 million and $350 million, respectively.

Foreign Currency Translation

Substantially all of Adient's international operations use the respective local currency as the functional currency. Assets and liabilities of international entities have been translated at period-end exchange rates, and income and expenses have been translated using average exchange rates for the period. Monetary assets and liabilities denominated in non-functional currencies are adjusted to reflect period-end exchange rates. The resulting translation adjustments are accumulated as a component of accumulated other comprehensive income. The aggregate transaction gains (losses) included in net income for the years ended September 30, 2019, 2018 and 2017 were $(12) million, $(4) million and $1 million, respectively.

Derivative Financial Instruments

The fair values of all derivatives are recorded in the consolidated statements of financial position. The change in a derivative's fair value is recorded each period in current earnings or accumulated other comprehensive income (AOCI), depending on whether the derivative is designated as part of a hedge transaction and if so, the type of hedge transaction. Refer to Note 10, "Derivative Instruments and Hedging Activities," and Note 11, "Fair Value Measurements," of the notes to consolidated financial statements for disclosure of Adient's derivative instruments and hedging activities.

Stock-Based Compensation

Stock-based compensation is initially measured at the fair value of the awards on the grant date and is recognized in the financial statements over the period the employees are required to provide services in exchange for the awards. The fair value of restricted stock awards is based on the number of units granted and the stock price on the grant date. The fair value of performance-based share unit, or PSU, awards is based on the stock price at the grant date and the assessed probability of meeting future performance targets. The fair value of option awards is measured on the grant date using the Black-Scholes option-pricing model. The fair value of each stock appreciation right, or SAR, is estimated using a similar method described for stock options. The fair value of cash settled awards are recalculated at the end of each reporting period and the liability and expense are adjusted based on the new fair value. Refer to Note 12, "Stock-Based Compensation," of the notes to consolidated audited financial statements for Adient's stock based compensation disclosures.

Pension and Postretirement Benefits

Adient utilizes a mark-to-market approach for recognizing pension and postretirement benefit expenses, including measuring the market related value of plan assets at fair value and recognizing actuarial gains and losses in the fourth quarter of each fiscal year or at the date of a remeasurement event. Refer to Note 14, "Retirement Plans," of the notes to consolidated financial statements for disclosure of Adient's pension and postretirement benefit plans.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and other loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Adient records a valuation allowance that primarily represents operating and other loss carryforwards for which realization is uncertain. Management judgment is required in determining Adient's provision for income taxes, deferred tax assets and liabilities, and the valuation allowance recorded against Adient's net deferred tax assets.

Adient reviews the realizability of its deferred tax assets on a quarterly basis, or whenever events or changes in circumstances indicate that a review is required. In determining the requirement for a valuation allowance, the historical and projected financial results of the legal entity or combined group recording the net deferred tax asset are considered, along with any other positive or negative evidence. Since future financial results may differ from previous estimates, periodic adjustments to Adient's valuation allowances may be necessary.

Adient is subject to income taxes in Ireland, the U.S. and other non-U.S. jurisdictions. Judgment is required in determining its worldwide provision for income taxes and recording the related assets and liabilities. In the ordinary course of Adient's business, there are many transactions and calculations where the ultimate tax determination is uncertain. Adient's income tax returns for various fiscal years remain under audit by the respective tax authorities. Although the outcome of tax audits is always uncertain, management believes that it has appropriate support for the positions taken on its tax returns and that its annual tax provisions included amounts sufficient to pay assessments, if any, which may be proposed by the taxing authorities. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year.

Adient does not generally provide for additional income taxes which would become payable upon repatriation of undistributed earnings of wholly owned foreign subsidiaries. Adient's intent is for such earnings to be reinvested by the subsidiaries or to be repatriated only when it would be tax efficient.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act") was signed and enacted into law, and is effective for tax years beginning on or after January 1, 2018, with the exception of certain provisions. The Act includes a provision to tax global intangible low-taxed income ("GILTI") of foreign subsidiaries, which was effective for Adient beginning in fiscal year 2019. Adient has made a policy election to treat taxes due under the GILTI provision as a current period expense in the reporting period in which the tax is incurred.

Refer to Note 17, "Income Taxes," of the notes to consolidated audited financial statements for Adient's income tax disclosures.

Earnings Per Share

The following table shows the computation of basic and diluted earnings per share:

(in millions, except per share data)	Year Ended September 30, 2019	2018	2017
Numerator:			
Net income (loss) attributable to Adient	$ (491)	$ (1,685)	$ 877
Denominator:			
Shares outstanding	93.6	93.3	93.5
Effect of dilutive securities	—	—	0.4
Diluted shares	93.6	93.3	93.9
Earnings per share:			
Basic	$ (5.25)	$ (18.06)	$ 9.38
Diluted	$ (5.25)	$ (18.06)	$ 9.34

Potentially dilutive securities whose effect would have been antidilutive are excluded from the computation of diluted earnings per share which for fiscal 2019 and 2018 is a result of being in a loss position.

New Accounting Pronouncements

Standards Adopted During Fiscal 2019

ASU 2014-09, Revenue - Revenue from Contracts with Customers. On October 1, 2018, Adient adopted Accounting Standards Codification Topic 606, Revenue from Contracts with Customers ("ASC 606"), and all the related amendments using the modified retrospective method as applied to all customer contracts that were not completed as of October 1, 2018. As a result, financial information for reporting periods beginning on or after October 1, 2018 are presented in accordance with ASC 606. Comparative financial information for reporting periods beginning prior to October 1, 2018 has not been adjusted and continues to be reported in accordance with Adient's revenue recognition policies prior to the adoption of ASC 606. Adient did not record a cumulative adjustment related to the adoption of ASC 606, and the effects of adoption were not significant. Refer to Note 2, "Revenue Recognition," of the notes to the consolidated financial statements for information related to Adient's adoption of ASU 2014-09.

ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. On October 1, 2018, Adient adopted the amendments to ASU 2017-07 that improve the presentation of net periodic pension and postretirement benefit costs and retrospectively adopted the presentation of service cost separate from the other components of net periodic costs. The interest cost, expected return on assets, amortization of prior service costs, net remeasurement, and other costs have been reclassified from cost of sales and selling, general and administrative expenses to other pension expense (income). Adient elected to apply the practical expedient which allows reclassification of amounts previously disclosed in the retirement benefits note as the basis for applying retrospective presentation for comparative periods as it is impracticable to determine the disaggregation of the cost components for amounts capitalized and amortized in those periods. On a prospective basis, the other components of net periodic benefit costs will not be included in amounts capitalized in inventory or property, plant, and equipment.

The effect of the retrospective presentation change related to the net periodic cost of Adient's defined benefit pension and other postretirement employee benefits ("OPEB") plans on the consolidated statements of income (loss) for fiscal 2018 and 2017 resulted in $7 million and $11 million increases to cost of sales, and $7 million and $11 million decreases to gross profit, $36 million and $38 million increases to selling, general and administrative expenses, and $43 million and $49 million decreases to earnings (loss) before interest and income taxes and $(43) million and $(49) million increases to other pension expense (income) line items in the condensed consolidated statements of income, respectively. As a result of presenting certain pension costs as non-operating items, adjusted EBITDA for fiscal 2018 and 2017 decreased in EMEA by $4 million and$4 million, respectively.

Adient also adopted the following standards during fiscal 2019, none of which had a material impact to the consolidated financial statements or consolidated financial statement disclosures:

Standard Adopted	Description	Date Effective and Adopted
ASU 2016-01 and ASU 2018-03, Recognition and Measurement of Financial Assets and Financial Liabilities	ASU 2016-01 amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments.	October 1, 2018
ASU 2016-15, Classification of Certain Cash Receipts and Cash Payments	ASU 2016-clarifies how certain cash receipts and cash payments are presented and classified in the statement of cash flows.	October 1, 2018
ASU 2016-18, Statement of Cash Flows: Restricted Cash	ASU 2016-18 clarifies the classification and presentation of restricted cash on the statement of cash flows.	October 1, 2018
ASU 2017-01, Clarifying the Definition of a Business	ASU 2017-01 clarifies the definition of a business as it relates to the acquisition or sale of assets or businesses.	October 1, 2018
ASU 2017-05, Gains and Losses from the Derecognition of Nonfinancial Assets	ASU 2017-05 clarifies the scope of asset derecognition guidance and accounting for partial sales of nonfinancial assets and will follow the same implementation guidelines as ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606).	October 1, 2018
ASU 2017-09, Stock Compensation - Scope of Modification Accounting	ASU 2017-09 provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718.	October 1, 2018
ASU 2018-08, Not for Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made	ASU 2018-08 is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in ASU No. 2018-08 should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transaction) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This amendment applies to all entities that make or receive grants or contributions.	October 1, 2018
ASU 2018-15, Intangibles-Goodwill and Other-Internal Use Software: Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract	The amendments in ASU 2018-15 require implementation costs incurred by customers in cloud computing arrangements to be deferred and recognized over the term of the arrangement, if those costs would be capitalized by the customer in a software licensing arrangement under the internal-use software guidance. The amendments also require an entity to disclose the nature of its hosting arrangements and adhere to certain presentation requirements in its balance sheet, income statement and statement of cash flows.	ASU No. 2018-15 is effective for Adient for the quarter ending December 31, 2019, with early adoption permitted. Adient early adopted ASU No. 2018-15 effective October 1, 2018.
ASU 2018-16, Derivatives and Hedging: Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes	The amendments in this Update permit use of the OIS rate based on SOFR as a U.S. benchmark interest rate for hedge accounting purposes under Topic 815 in addition to the UST, the LIBOR swap rate, the OIS rate based on the Fed Funds Effective Rate, and the SIFMA Municipal Swap Rate.	October 1, 2018

Standards Effective After Fiscal 2019

Adient believes that the ASU summarized below, which is effective at the beginning of fiscal 2020, will significantly impact the consolidated financial statements:

Standard Pending Adoption	Description	Anticipated Impact	Date Effective
ASU 2016-02, 2018-01, 2018-10, 2018-11 and ASU 2019-01	The standard requires that a lessee recognize on its balance sheet right-of-use assets and corresponding liabilities resulting from leasing transactions, as well as additional financial statement disclosures. Currently, U.S. GAAP only requires balance sheet recognition for leases classified as capital leases. The provisions of this update apply to substantially all leased assets.	Adient will adopt the new standard October 1, 2019 using the modified retrospective approach, which permits the comparative periods presented in the financial statements to be in accordance with ASC 840, *Leases*. The adoption is expected to result in the recognition of right-of-use (ROU) assets and corresponding lease liabilities totaling less than 5% of total assets as of September 30, 2019.	October 1, 2019

Adient has considered the ASUs summarized below, effective after fiscal 2019, none of which are expected to significantly impact the consolidated financial statements:

Standard Pending Adoption	Description	Date Effective
ASU 2016-13, Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments	ASU 2016-13 changes the impairment model for financial assets measured at amortized cost, requiring presentation at the net amount expected to be collected. The measurement of expected credit losses is based upon historical experience, current conditions, and reasonable and supportable forecasts. Available-for-sale debt securities with unrealized losses will now be recorded through an allowance for credit losses.	October 1, 2020
ASU 2018-07, Compensation-Stock Compensation: Improvements to Nonemployee Share-Based Payment Accounting	ASU 2018-07 expands the scope of Topic 718 to include all share-based payment transactions for acquiring goods and services from nonemployees. ASU 2018-07 specifies that Topic 718 applies to all share-based payment transactions in which the grantor acquires goods and services to be used or consumed in its own operations by issuing share-based payment awards. ASU 2018-07 also clarifies that Topic 718 does not apply to share-based payments used to effectively provide (1) financing to the issuer or (2) awards granted in conjunction with selling goods or services to customers as part of a contract accounted for under ASC 606.	October 1, 2019
ASU 2018-13, Fair Value Measurement: Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement	The amendments in ASU 2018-13 eliminate, add, and modify certain disclosure requirements for fair value measurements. ASU 2018-13 will be effective for Adient for the quarter ending December 31, 2019, with early adoption permitted for either the entire ASU or only the provisions that eliminate or modify requirements. The amendments with respect to changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty are to be applied prospectively. All other amendments are to be applied retrospectively to all periods presented.	October 1, 2019
ASU 2018-14, Compensation-Retirement Benefits-Defined Benefit Plans-General: Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans	The amendments in ASU 2018-14 eliminate, add, and modify certain disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The guidance is to be applied on a retrospective basis to all periods presented.	October 1, 2020

Adient has considered the ASUs summarized below, effective after fiscal 2019, none of which are expected to significantly impact the consolidated financial statements: (continued)

Standard Pending Adoption	Description	Date Effective
ASU 2018-17, Consolidated: Targeted Improvements to Related Party Guidance for Variable Interest Entities	The amendments in this Update affect reporting entities that are required to determine whether they should consolidate a legal entity under the guidance within the Variable Interest Entities Subsections of Subtopic 810-10, Consolidation-Overall.	October 1, 2019
ASU 2018-18, Collaborative Arrangements: Clarifying the Interaction between Topic 808 and Topic 606	The amendments in this Update make targeted improvements to generally accepted accounting principles (GAAP) for collaborative arrangements as follows: 1) Clarify that certain transactions between collaborative arrangement participant is a customer in the context of a unit of account. In those situations, all the guidance in Topic 606 should be applied, including recognition, measurement, presentation, and disclosure requirements. 2) Add unit-of-account guidance in Topic 808 to align with the guidance in Topic 606 (that is, a distinct good or service) when an entity is assessing whether the collaborative arrangement or a part of the arrangement is within the scope of Topic 606. 3) Require that in a transaction with a collaborative arrangement participant that is not directly related to sales to third parties, presenting the transaction together with revenue recognized under Topic 606 is precluded if the collaborative arrangement participant is not a customer.	October 1, 2019

2. Revenue Recognition

Adient adopted Accounting Standards Codification Topic 606, Revenue from Contracts with Customers (ASC 606), and all the related amendments using the modified retrospective method as applied to all customer contracts that were not completed as of October 1, 2018. As a result, financial information for reporting periods beginning on or after October 1, 2018 are presented in accordance with ASC 606. Comparative financial information for reporting periods beginning prior to October 1, 2018 has not been adjusted and continues to be reported in accordance with Adient's revenue recognition policies prior to the adoption of ASC 606. Adient did not record a cumulative adjustment related to the adoption of ASC 606 as the effects of adoption were not significant. The majority of Adient's nonconsolidated partially-owned affiliates will adopt ASC 606 on October 1, 2019.

Adient generates revenue through the sale of automotive seating solutions, including complete seating systems and the components of complete seating systems.

In a typical arrangement with the customer, purchase orders are issued for pre-production activities which consist of engineering, design and development, tooling and prototypes for the manufacture and delivery of component parts. Adient has concluded that these activities are not in the scope of ASC 606 and for that reason, there have been no changes to how Adient accounts for reimbursable pre-production costs.

Adient provides production and service parts to its customers under awarded multi-year programs. The duration of a program is generally consistent with the life cycle of a vehicle, however, the program can be canceled at any time without cause by the customer. Programs awarded to Adient to supply parts to its customers do not contain a firm commitment by the customer for volume or price and do not reach the level of a performance obligation until Adient receives either a purchase order and/or a materials release from the customer for a specific number of parts at a specified price, at which point an enforceable contract exists. Sales revenue is generally recognized at the point in time when parts are shipped and control has transferred to the customer, at which point an enforceable right to payment exists. Contracts may provide for annual price reductions over the production life of the awarded program, and prices are adjusted on an ongoing basis to reflect changes in product content/cost and other commercial factors. The amount of revenue recognized reflects the consideration that Adient expects to be entitled to in exchange for such products based on purchase orders, annual price reductions and ongoing price adjustments (some of which are accounted for as variable consideration and subject to being constrained, but which have not significantly changed under ASC 606), net of the impact, if any, of consideration paid to the customer.

Adient has elected to continue to include shipping and handling fees billed to customers in revenue, while including costs of shipping and handling in cost of sales. Taxes collected from customers are excluded from revenue and credited directly to obligations to the appropriate government agencies. Payment terms with customers are established based on customary industry and regional practices. Adient has evaluated the terms of its arrangements and determined that they do not contain significant financing components.

Contract assets primarily relate to the right to consideration for work completed, but not billed at the reporting date on contracts with customers. The contract assets are transferred to receivables when the rights become unconditional. Contract liabilities primarily relate to contracts where advance payments or deposits have been received, but performance obligations have not yet been satisfied and revenue has not been recognized. No significant contract assets or liabilities were identified upon adoption of ASC 606 or at September 30, 2019. As described above, the issuance of a purchase order and/or a materials release by the customer represents the point at which an enforceable contract with the customer exists. Therefore, Adient has elected to apply the practical expedient in ASC 606, paragraph 606-10-50-14 and does not disclose information about the remaining performance obligations that have an original expected duration of one year or less. See Note 18, "Segment Information", for disaggregated revenue by geographical market.

3. Acquisitions and Divestitures

Adient's affiliate, Adient Aerospace, LLC ("Adient Aerospace"), became operational on October 11, 2018 after securing regulatory approvals. Adient's ownership position in Adient Aerospace throughout fiscal 2019 was 50.01% but was reduced to 19.99% on October 25, 2019 through an agreement reached with Boeing, resulting in the deconsolidation of Adient Aerospace on that date, including $37 million of cash. Adient Aerospace will develop, manufacture, and sell a portfolio of seating products to airlines and aircraft leasing companies for installation on Boeing and other OEM commercial airplanes, for both production line-fit and retrofit configurations. Adient Aerospace's results are included within the Americas segment. Initial contributions of $28 million were made during the first quarter of fiscal 2019 by each partner.

On September 22, 2017, Adient completed the acquisition of Futuris Global Holdings LLC ("Futuris"), a manufacturer of full seating systems, seat frames, seat trim, headrests, armrests and seat bolsters. The acquisition provides substantial synergies through vertical integration, purchasing and logistics improvements. The acquisition also provided for an immediate manufacturing presence on the west coast of the U.S. to service customers such as Tesla as well as strategic locations in China and Southeast Asia.

The net purchase consideration of $353 million consisted of net cash consideration of $349 million (net of $34 million acquired) and the assumption of $4 million of debt (consisting of $2 million of short-term debt and $2 million of current portion of long-term debt). The acquisition was accounted for using the acquisition method and the operating results and cash flows of Futuris are included in Adient's consolidated financial statements from September 22, 2017. During fiscal 2018, Adient recorded certain measurement period adjustments related to Futuris which resulted in a net decrease to goodwill of $18 million.

Adient recorded a purchase price allocation for the assets acquired and liabilities assumed based on their estimated fair values as of the September 22, 2017 acquisition date. The final purchase price adjustments and allocation is as follow:

(in millions)		**Fair Value Allocation**
Cash	$	34
Accounts receivable		93
Inventory		41
Property, plant and equipment		53
Other assets		22
Goodwill		184
Intangible assets		160
Accounts payable		(86)
Other liabilities		(118)
Total purchase consideration		383
Less: cash acquired		34
Net cash paid		349
Plus: acquired debt		4
Net purchase consideration	$	353

The values allocated to intangible assets of $160 million primarily consist of customer relationships which are being amortized on a straight line basis over an estimated useful life of approximately 10 years. The assets were valued using an income approach, specifically the “multi-period excess earnings” method, which identifies an estimated stream of revenue and expenses for a particular group of assets from which deductions of portions of the projected economic benefits, attributable to assets other than the subject asset (contributory assets), are deducted in order to isolate the prospective earnings of the subject asset. This value is considered a level 3 measurement under the U.S. GAAP fair value hierarchy. Key assumptions used in the valuation of customer relationships include: (1) a rate of return of 16.5% and (2) the life of the relationship of approximately 10 years.

The allocation of the purchase price is based on the valuations performed to determine the fair value of the net assets as of the acquisition date. The amounts allocated to goodwill and intangible assets along with fair value adjustments on property, plant and equipment and inventory reflect the final valuations.

Adient expensed $3 million of acquisition-related costs in the year ended September 30, 2017. Pro forma historical results of operations related to the acquisition of Futuris have not been presented as they are not material to Adient's consolidated statements of operations.

During July 2017, Guangzhou Adient Automotive Seating Co., Ltd. ("GAAS"), one of Adient's non-consolidated partially-owned affiliates in China became a consolidated entity as a result of an amendment to the rights agreement. This transaction was accounted for as a step acquisition and fair value accounting was applied. A fair value of $354 million was determined through a valuation using the income approach. A gain of $151 million was recorded on Adient's previously held interest and is included in equity income in the consolidated statements of operations. During fiscal 2018, Adient recorded certain measurement period adjustments related to GAAS which resulted in an increase to goodwill of $3 million. Adient has recorded the fair value allocation for the assets and liabilities of the entity based on the final fair values, as follows:

(in millions)	**Fair Value Allocation**	
Cash and cash equivalents	$	102
Accounts receivable		46
Inventory - net		2
Other assets		3
Property, plant and equipment		17
Goodwill		79
Identifiable intangibles		276
Accounts payable		(83)
Other liabilities		(88)
Fair value of the entity	$	354
Noncontrolling interest		(170)
Adient's interest	$	184

The values allocated to other intangible assets of $276 million primarily consist of customer relationships, which are being amortized on a straight-line basis over the estimated useful life of 20 years. The assets were valued using an income approach, specifically the "multi-period excess earnings" method, which identifies an estimated stream of revenue and expenses for a particular group of assets from which deductions of portions of the projected economic benefits, attributable to assets other than the subject asset (contributory assets), are deducted in order to isolate the prospective earnings of the subject asset. This value is considered a level 3 measurement under the U.S. GAAP fair value hierarchy. Key assumptions used in the valuation of customer relationships include: (1) a rate of return of 14.7% and (2) the life of the relationship of approximately 20 years.

The purchase price was based on the valuations performed to determine the fair value of the net assets as of the acquisition date. The amounts allocated to goodwill and intangible assets reflect the final valuations. Pro forma historical results of operations related to this transaction have not been presented as they are not material to Adient's consolidated statements of operations.

The impact of the Futuris acquisition on consolidated results include $497 million of incremental net sales and an immaterial impact on net income during fiscal 2018, respectively. The impact of the GAAS consolidation in July 2017 on consolidated results include $341 million of incremental net sales and an immaterial impact on net income during fiscal 2018, respectively.

Assets held for sale

During fiscal 2018, Adient committed to a plan to sell its Detroit, Michigan properties and its airplanes and actively marketed the sale of these assets. As a result, these assets were classified as assets held for sale and were required to be adjusted to the lower of fair value less cost to sell or carrying value. This resulted in an impairment charge of $49 million which was recorded within restructuring and impairment costs on the consolidated statement of income (loss) during fiscal 2018, of which $39 million related to Americas assets and $10 million related to corporate assets. The impairment was measured using third party sales pricing to determine fair values of the assets. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement." During the fourth quarter of fiscal 2018, one airplane was sold for $36 million. During the first quarter of fiscal 2019, both the Detroit, Michigan properties and remaining airplane were sold for approximately $35 million.

4. Inventories

Inventories consisted of the following:

	September 30,	
(in millions)	**2019**	**2018**
Raw materials and supplies	$ 609	$ 626
Work-in-process	32	38
Finished goods	152	160
Inventories	$ 793	$ 824

5. Property, Plant and Equipment

Property, plant and equipment consisted of the following:

	September 30,	
(in millions)	**2019**	**2018**
Buildings and improvements	$ 1,183	$ 1,277
Machinery and equipment	4,612	4,501
Construction in progress	262	298
Land	135	139
Total property, plant and equipment	6,192	6,215
Less: accumulated depreciation	(4,521)	(4,532)
Property, plant and equipment - net	$ 1,671	$ 1,683

Refer to Note 16, "Impairment of Long-Lived Assets," of the notes to consolidated financial statements for additional information related to the fixed asset impairment charges related to the seat structure and mechanism operations.

There were no material leased capital assets included in net property, plant and equipment at September 30, 2019 and 2018.

As of September 30, 2019, Adient is the lessor of properties included in gross building and improvements for $34 million and accumulated depreciation of $26 million. As of September 30, 2018, Adient is the lessor of properties included in land for $5 million, gross building and improvements for $110 million and accumulated depreciation of $80 million.

6. Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill are as follows:

(in millions)	Americas	EMEA	Asia	Total
Balance at September 30, 2017	$ 731	$ 708	$ 1,076	$ 2,515
Business acquisitions	(18)	—	3	(15)
Impairment	(71)	(228)	—	(299)
Currency translation and other	—	(11)	(8)	(19)
Balance at September 30, 2018	$ 642	$ 469	$ 1,071	$ 2,182
Currency translation and other	(4)	(40)	12	(32)
Balance at September 30, 2019	$ 638	$ 429	$ 1,083	$ 2,150

During the second quarter of fiscal 2019, Adient began reporting three new segments: 1) Americas, which is inclusive of North America and South America; 2) Europe, Middle East, and Africa ("EMEA") and 3) Asia Pacific/China ("Asia"). Accordingly, goodwill previously reported in the former Seating segment has been reallocated to the three new segments on a relative fair value basis. Refer to Note 18, "Segment Information" for more information on Adient's reportable segments.

Adient evaluates its goodwill for impairment on an annual basis, or as facts and circumstances warrant. As a result of the change in reportable segments during the second quarter of fiscal 2019, Adient conducted goodwill impairment analyses of the newly allocated goodwill balances under the new reportable segment structure and identified no impairment. Adient also performed its annual goodwill impairment test during the fourth quarter of fiscal 2019 resulting in no goodwill impairment. Adient performs impairment reviews for its reporting units, which have been determined to be Adient's reportable segments, using a fair value method based on management's judgments and assumptions or third party valuations. The fair value of a reporting unit refers to the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date. Adient estimated the fair value of each of its reporting units using an income approach, which utilized Level 3 unobservable inputs. These calculations contain uncertainties as they require management to make assumptions about market comparables, future cash flows, the appropriate discount rates (based on weighted average cost of capital ranging from 14.5% to 16.0% as of September 30, 2019 and from 14.5% to 17.5% as of March 31, 2019) to reflect the risk inherent in the future cash flows and to derive a reasonable enterprise value and related premium. The estimated future cash flows reflect management's latest assumptions of the financial projections based on current and anticipated competitive landscape, including estimates of revenue based on production volumes over the foreseeable future and long-term growth rates, and operating margins based on historical trends and future cost containment activities. A change in any of these estimates and assumptions could produce a different fair value, which could have a material impact on Adient's results of operations.

During fiscal 2018, Adient conducted goodwill impairment analyses of the allocated goodwill balances under the reportable segment structure at that time. Adient performed impairment reviews for its reporting units, which had been determined to be Adient's reportable segments, using a fair value method based on management's judgments and assumptions or third party valuations. The fair value of a reporting unit refers to the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date. Adient estimated the fair value of its reportable segments using both a multiple of earnings approach and an income approach, both of which utilized Level 3 unobservable inputs. These calculations contained uncertainties as they required management to make assumptions about market comparables, future cash flows, the appropriate discount rate (based on weighted average cost of capital) and growth rate to reflect the risk inherent in the future cash flows. The estimated future cash flows reflected management's latest assumptions of the financial projections based on current and anticipated competitive landscape and product profitability based on historical trends. A change in any of these estimates and assumptions could produce a different fair value, which could have a material impact on Adient's results of operations. As a result of the analyses, Adient determined that goodwill associated with its seat structure and mechanism operations was fully impaired. Consequently, a pre-tax goodwill impairment charge of $299 million was recognized in the second quarter of fiscal 2018 in the consolidated statements of income (loss) within the restructuring and impairment costs line item. The goodwill impairment charge represented a triggering event for additional impairment considerations of other long-lived assets, including an analysis of the recoverability of long-lived assets as of March 31, 2018. No further goodwill or other long-lived asset impairments were identified during the second quarter of fiscal 2018. No goodwill impairments were identified as of September 30, 2018. Refer to Note 16, "Impairment of Long-Lived Assets" for information on long-lived asset impairment charges.

Adient's other intangible assets, primarily from business acquisitions valued based on independent appraisals, consisted of:

	September 30, 2019			September 30, 2018		
(in millions)	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Intangible assets						
Patented technology	$ 27	$ (17)	$ 10	$ 21	$ (14)	$ 7
Customer relationships	494	(129)	365	509	(101)	408
Trademarks	51	(32)	19	58	(30)	28
Miscellaneous	21	(10)	11	29	(12)	17
Total intangible assets	$ 593	$ (188)	$ 405	$ 617	$ (157)	$ 460

Adient evaluates its other intangible assets for impairment as facts and circumstances warrant. Of the $66 million long-lived asset impairment charge recognized during the second quarter of fiscal 2019, $4 million was attributable to a customer relationship intangible asset. Of the $787 million long-lived asset impairment charge recognized during the fourth quarter of fiscal 2018, $19 million was attributable to a customer relationship intangible asset. Refer to Note 16, "Impairment of Long-Lived Assets" of the notes to the consolidated financial statements for additional information.

Amortization of other intangible assets for the fiscal years ended September 30, 2019, 2018 and 2017 was $40 million, $47 million and $21 million, respectively. Adient anticipates amortization for fiscal 2020, 2021, 2022, 2023 and 2024 will be approximately $38 million, $37 million, $36 million, $35 million and $33 million, respectively.

7. Product Warranties

Adient offers warranties to its customers depending upon the specific product and terms of the customer purchase agreement. A typical warranty program requires that Adient replace defective products within a specified time period from the date of sale. Adient records an estimate for future warranty-related costs based on actual historical return rates and other known factors. Based on analysis of return rates and other factors, Adient's warranty provisions are adjusted as necessary. Adient monitors its warranty activity and adjusts its reserve estimates when it is probable that future warranty costs will be different than those estimates. Adient's product warranty liability is recorded in the consolidated statements of financial position in other current liabilities.

The changes in Adient's total product warranty liability are as follows:

	September 30,	
(in millions)	2019	2018
Balance at beginning of period	$ 11	$ 19
Accruals for warranties issued during the period	11	7
Changes in accruals related to pre-existing warranties (including changes in estimates)	6	(4)
Settlements made (in cash or in kind) during the period	(6)	(11)
Balance at end of period	$ 22	$ 11

In the second quarter of fiscal 2019, Adient recorded $7 million of warranty expense to correct a prior period error related to incurred but not yet reported warranty expense. Adient has concluded that this adjustment was not material to the consolidated financial statements for any period reported.

8. Leases

Certain administrative and production facilities and equipment are leased under long-term agreements. Most leases contain renewal options for varying periods, and certain leases include options to purchase the leased property during or at the end of the lease term. Leases generally require Adient to pay for insurance, taxes and maintenance of the property.

Certain facilities and equipment are leased under arrangements that are accounted for as operating leases. Total rental expense for the fiscal years ended September 30, 2019, 2018 and 2017 was $154 million, $149 million and $126 million, respectively.

Future minimum operating lease payments at September 30, 2019 are as follows:

(in millions)	Operating Leases
2020	$ 119
2021	91
2022	64
2023	51
2024	40
After 2024	94
Total minimum lease payments	$ 459

9. Debt and Financing Arrangements

Long-term debt consisted of the following:

	September 30,	
(in millions)	**2019**	**2018**
Term Loan A - LIBOR plus 1.75% due in 2021	$ —	$ 1,200
Term Loan B - LIBOR plus 4.25% due in 2024	798	—
4.875% Notes due in 2026	900	900
3.50% Notes due in 2024	1,094	1,162
7.00% Notes due in 2026	800	—
European Investment Bank Loan - EURIBOR plus 0.90% due in 2022	180	192
Capital lease obligations	—	2
Less: debt issuance costs	(56)	(32)
Gross long-term debt	3,716	3,424
Less: current portion	8	2
Net long-term debt	$ 3,708	$ 3,422

Existing debt arrangements

On May 6, 2019 (the “Refinancing Date”), Adient US LLC ("Adient US"), a wholly owned subsidiary of Adient, together with certain of Adient's other subsidiaries, entered into a new asset-based revolving credit facility (the “ABL Credit Facility”), which provides for a revolving line of credit up to $1,250 million, including a North American subfacility of up to $950 million and a European subfacility of up to $300 million, subject to borrowing base capacity. The ABL Credit Facility will mature on May 6, 2024, subject to a springing maturity date 91 days earlier if certain amounts remain outstanding at that time under the Term Loan B Agreement (defined below). Interest is payable on the ABL Credit Facility at a fluctuating rate of interest determined by reference to the Eurodollar rate plus an applicable margin of 1.50% to 2.00%. Adient will pay a commitment fee of 0.25% to 0.375% on the unused portion of the commitments under the asset-based revolving credit facility based on average global availability. Letters of credit are limited to the lesser of (x) $150 million and (y) the aggregate unused amount of commitments under the ABL Credit Facility then in effect. Subject to certain conditions, the ABL Credit Facility may be expanded by up to $250 million in additional commitments. Loans under the ABL Credit Facility may be denominated, at the option of Adient, in U.S. dollars, Euros, Pounds Sterling or Swedish Kroner. The ABL Credit Agreement is secured on a first-priority lien on all accounts receivable, inventory and bank accounts (and funds on deposit therein) and a second-priority lien on all of the tangible and intangible assets of certain Adient subsidiaries. As of September 30, 2019, Adient's availability under this facility was $983 million.

In addition, Adient US and Adient Global Holdings S.à r.l., a wholly-owned subsidiary of Adient, entered into a new term loan credit agreement (the "Term Loan B Agreement") on the Refinancing Date providing for a 5-year $800 million senior secured term loan facility that was fully drawn on closing. The Term Loan B Agreement amortizes in equal quarterly installments at a rate of 1.00% per annum of the original principal amount thereof, with the remaining balance due at final maturity on May 6, 2024. Interest on the Term Loan B Agreement accrues at the Eurodollar rate plus an applicable margin equal to 4.25% (with one 0.25% step down based on achievement of a specific secured net leverage level starting with the fiscal quarter ending December 31, 2019). The Term Loan B Agreement also permits Adient to incur incremental term loans in an aggregate amount not to exceed the greater of $750 million and an unlimited amount subject to a pro forma first lien secured net leverage ratio of not greater than 1.75 to 1.00 and certain other conditions.

Finally, on the Refinancing Date, Adient US entered into an indenture relating to the issuance of $800 million aggregate principal amount of Senior First Lien Notes (the "Notes"). The Notes mature on May 15, 2026 and bear interest at a rate of 7.00% per annum. Interest on the Notes is payable semi-annually in arrears on November 15 and May 15 of each year, commencing on November 15, 2019.

The proceeds from the transactions described above were used to repay the outstanding indebtedness and terminate commitments under Adient's former credit agreement, which was scheduled to mature in July 2021. In addition, certain proceeds were used (i) to pay related premiums, fees and expenses in connection with the refinancing and entering into and funding of the new credit facilities and (ii) for working capital and other general corporate purposes.

The ABL Credit Facility, Term Loan B Agreement and the Notes contain covenants that are usual and customary for facilities and transactions of this type and that, among other things, restrict the ability of Adient and its restricted subsidiaries to: create certain liens and enter into sale and lease-back transactions; create, assume, incur or guarantee certain indebtedness; pay dividends or make other distributions on, or repurchase or redeem, Adient's capital stock or certain other debt; make other restricted payments; and consolidate or merge with, or convey, transfer or lease all or substantially all of Adient's and its restricted subsidiaries' assets, to another person. These covenants are subject to a number of other limitations and exceptions set forth in the agreements. The agreements also provide for customary events of default, including, but not limited to, failure to pay principal and interest, failure to comply with covenants, agreements or conditions, and certain events of bankruptcy or insolvency involving Adient and its significant subsidiaries.

On August 19, 2016, AGH issued $0.9 billion aggregate principal amount of 4.875% USD-denominated unsecured notes due 2026 and €1.0 billion aggregate principal amount of 3.50% unsecured notes due 2024, in a private offering exempt from the registration requirements of the Securities Act of 1933, as amended. The proceeds of the notes were used, together with the Term Loan A facility, to pay a distribution to the former Parent, with the remaining proceeds used for working capital and general corporate purposes.

On May 29, 2017, Adient Germany Ltd. & Co. KG, a wholly owned subsidiary of Adient, borrowed €165 million in an unsecured term loan from the European Investment Bank due in 2022. The loan bears interest at the 6-month EURIBOR rate plus 90 basis points. Loan proceeds were used to repay $200 million of the Term Loan A facility.

Former debt arrangements

On July 27, 2016, Adient Global Holdings Ltd ("AGH"), a wholly owned subsidiary of Adient, entered into a credit agreement providing for commitments with respect to a $1.5 billion revolving credit facility (undrawn at September 30, 2018) and a $1.5 billion Term Loan A facility (the "Original Credit Facilities"). The Original Credit Facilities were to mature in July 2021. Until the Term Loan A facility maturity date, amortization of the funded Term Loan A was required in an amount per quarter equal to 1.25% of the original principal amount prior to July 27, 2019 and 2.5% in each quarter thereafter prior to final maturity. The Original Credit Facilities contained covenants that included, among other things and subject to certain significant exceptions, restrictions on Adient's ability to declare or pay dividends, make certain payments in respect of the notes, create liens, incur additional indebtedness, make investments, engage in transactions with affiliates, enter into agreements restricting Adient's subsidiaries' ability to pay dividends, dispose of assets and merge or consolidate with any other person. The Term Loan A facility also required mandatory prepayments in connection with certain non-ordinary course asset sales and insurance recovery and condemnation events, among other things, and subject in each case to certain significant exceptions.

On November 6, 2018, Adient entered into an amendment to the Original Credit Facilities ("First Amended Credit Facilities") whereby the financial maintenance covenant was amended to require Adient to maintain a total net leverage ratio equal to or less than 4.5x adjusted EBITDA (previously 3.5x adjusted EBITDA), with step down provisions starting in the quarter ending December 31, 2020. The amendment also expanded the upper range of interest rate margins such that the drawn portion of the First Amended Credit Facilities would bear interest based on LIBOR plus a margin between 1.25% -2.50% (previously1.25% - 2.25%), based on Adient's total net leverage ratio. No other terms were impacted by the first amendment. On February 6, 2019, Adient entered into an amendment to the First Amended Credit Facilities ("Second Amended Credit Facilities") whereby the financial maintenance covenant contained in the First Amended Credit Facilities was amended to require Adient to maintain a first lien secured net leverage ratio equal to or less than 2.5x adjusted EBITDA as of the last day of each quarter, with step down provisions starting on September 30, 2020. The amendment also added a new tier to the pricing schedule that will be applicable when the total net leverage ratio exceeds 4.0x adjusted EBITDA and amended certain other definitions, negative covenants and other terms within the credit facility.

The full amount of the Term Loan A facility was drawn in the fourth quarter of fiscal 2016. These funds were transferred to the former Parent at the time of the draw and were reflected within net transfers to the former Parent in the consolidated statement of cash flow during the fourth quarter of fiscal 2016. In February 2017, Adient repaid $100 million of the Term Loan A facility. In May 2017, Adient repaid another $200 million of the Term Loan A facility. The total amount repaid was treated as a prepayment of the quarterly mandatory principle amortization for the period between March 2017 and June 2020 resulting in no required principal payment until June 2020.

AGH was required to pay a commitment fee on the unused portion of the commitments under the revolving credit facility based on the total net leverage ratio of Adient, ranging from 0.15% to 0.45%.

Principal payments required on long-term debt during the next five years are as follows:

	Year Ended September 30,				
(in millions)	**2020**	**2021**	**2022**	**2023**	**2024**
Principal payments	$ 8	$ 8	$ 188	$ 8	$ 1,860

Short-term debt consisted of the following:

	Year Ended September 30,		
(in millions)	**2019**	**2018**	**2017**
Bank borrowings	$ 22	$ 6	$ 36
Weighted average interest rate on short-term debt outstanding [(1)]	2.9 %	4.8 %	3.0 %

[(1)] The weighted average interest rates on short-term debt varies based on levels of debt maintained in various jurisdictions.

Net Financing Charges

Adient's net financing charges in the consolidated statements of income (loss) contained the following components:

	Year Ended September 30,		
(in millions)	**2019**	**2018**	**2017**
Interest expense, net of capitalized interest costs	$ 167	$ 142	$ 126
Banking fees and debt issuance cost amortization	26	7	10
Interest income	(11)	(5)	(4)
Net financing charges	$ 182	$ 144	$ 132

Banking fee expense in fiscal 2019 includes $13 million of one-time deferred financing fee charges associated with Adient's former debt arrangements. Total interest paid on both short and long-term debt for the fiscal years ended September 30, 2019, 2018 and 2017 was $137 million, $143 million and $129 million, respectively.

10. Derivative Instruments and Hedging Activities

Adient selectively uses derivative instruments to reduce Adient's market risk associated with changes in foreign currency. Under Adient's policy, the use of derivatives is restricted to those intended for hedging purposes; the use of any derivative instrument for speculative purposes is strictly prohibited. A description of each type of derivative utilized to manage Adient's risk is included in the following paragraphs. In addition, refer to Note 11, "Fair Value Measurements," of the notes to consolidated financial statements for information related to the fair value measurements and valuation methods utilized by Adient for each derivative type.

Adient has global operations and participates in the foreign exchange markets to minimize its risk of loss from fluctuations in foreign currency exchange rates. Adient primarily uses foreign currency exchange contracts to hedge certain foreign exchange rate exposures. Adient hedges 70% to 90% of the nominal amount of each of its known foreign exchange transactional exposures. Gains and losses on derivative contracts offset gains and losses on underlying foreign currency exposures. These contracts have been designated as cash flow hedges under ASC 815, "Derivatives and Hedging," and the effective portion of the hedge gains or losses due to changes in fair value are initially recorded as a component of accumulated other comprehensive income (AOCI) and are subsequently reclassified into earnings when the hedged transactions occur and affect earnings. Any ineffective portion of the hedge is reflected in the consolidated statements of income. These contracts were highly effective in hedging the variability in future cash flows attributable to changes in currency exchange rates at September 30, 2019 and 2018, respectively.

Adient selectively uses equity swaps to reduce market risk associated with certain of its stock-based compensation plans, such as its deferred compensation plans. The equity swaps are recorded at fair value. Changes in fair value of the equity swaps are reflected in the consolidated statements of income within selling, general and administrative expenses. As of September 30, 2019, there were no equity swaps outstanding.

As of September 30, 2019, the €1.0 billion aggregate principal amount of 3.50% euro-denominated unsecured notes due 2024 was designated as a net investment hedge to selectively hedge portions of Adient's net investment in Europe. The currency effects of Adient's euro-denominated bonds are reflected in AOCI account within shareholders' equity attributable to Adient where they offset gains and losses recorded on Adient's net investment in Europe.

Adient entered into cross-currency interest rate swaps during fiscal 2018 to selectively hedge portions of its net investment in Europe. The currency effects of the cross-currency interest rate swaps are reflected in the AOCI account within shareholders’ equity attributable to Adient, where they offset gains and losses recorded on Adient’s net investment in Europe. As of September 30, 2019, Adient had one cross-currency interest rate swap outstanding totaling approximately €80 million designated as a net investment hedge in Adient’s net investment in Europe.

Adient entered into a cross-currency interest rate swap during fiscal 2019 to selectively hedge portions of its net investment in Japan. The currency effects of the cross-currency interest rate swap is reflected in the AOCI account within shareholders' equity attributable to Adient, where they offset gains and losses recorded on Adient's net investment in Japan. As of September 30, 2019, Adient had one cross-currency interest rate swap outstanding totaling approximately ¥11 billion designated as a net investment hedge in Adient's net investment in Japan.

Adient purchased interest rate caps during fiscal 2019 to selectively limit the impact of USD LIBOR increases on its interest payments related to Company's Term Loan B Agreement. The interest rate caps are designated as cash flow hedges under ASC 815. As of September 30, 2019, Adient had two interest rate caps outstanding totaling approximately $200 million.

The following table presents the location and fair values of derivative instruments and other amounts used in hedging activities included in Adient's consolidated statements of financial position:

	Derivatives and Hedging Activities Designated as Hedging Instruments under ASC 815		Derivatives and Hedging Activities Not Designated as Hedging Instruments under ASC 815	
	September 30,			
(in millions)	**2019**	**2018**	**2019**	**2018**
Other current assets				
Foreign currency exchange derivatives	$ 5	$ 4	$ 3	$ 4
Cross-currency interest rate swaps	12	—	—	—
Other noncurrent assets				
Foreign currency exchange derivatives	—	—	1	2
Interest rate cap	1	—	—	—
Cross-currency interest rate swaps	1	13	—	—
Total assets	$ 19	$ 17	$ 4	$ 6
Other current liabilities				
Foreign currency exchange derivatives	$ 12	$ 11	$ —	$ —
Other noncurrent liabilities				
Foreign currency exchange derivatives	3	2	—	—
Equity swaps	—	—	—	2
Long-term debt				
Foreign currency denominated debt	1,094	1,162	—	—
Total liabilities	$ 1,109	$ 1,175	$ —	$ 2

Adient enters into International Swaps and Derivatives Associations (ISDA) master netting agreements with counterparties that permit the net settlement of amounts owed under the derivative contracts. The master netting agreements generally provide for net settlement of all outstanding contracts with a counterparty in the case of an event of default or a termination event. Adient has not elected to offset the fair value positions of the derivative contracts recorded in the consolidated statements of financial position. Collateral is generally not required of Adient or the counterparties under the master netting agreements. As of September 30, 2019 and September 30, 2018, no cash collateral was received or pledged under the master netting agreements.

The gross and net amounts of derivative instruments and other amounts used in hedging activities are as follows:

	Assets		Liabilities	
	September 30,			
(in millions)	2019	2018	2019	2018
Gross amount recognized	$ 23	$ 23	$ 1,109	$ 1,177
Gross amount eligible for offsetting	(9)	(5)	(9)	(5)
Net amount	$ 14	$ 18	$ 1,100	$ 1,172

The following table presents the effective portion of pretax gains (losses) recorded in other comprehensive income related to cash flow hedges:

	Year Ended September 30,		
(in millions)	2019	2018	2017
Foreign currency exchange derivatives	$ (5)	$ (9)	$ 3

The following table presents the location and amount of the effective portion of pretax gains (losses) on cash flow hedges reclassified from AOCI into Adient's consolidated statements of income:

		Year Ended September 30,		
(in millions)		2019	2018	2017
Foreign currency exchange derivatives	Cost of sales	$ (4)	$ (3)	$ (13)

The following table presents the location and amount of pretax gains (losses) on derivatives not designated as hedging instruments recognized in Adient's consolidated statements of income (loss):

		Year Ended September 30,		
(in millions)		2019	2018	2017
Foreign currency exchange derivatives	Cost of sales	$ (2)	$ 4	$ (20)
Equity swap	Selling, general and administrative	(13)	(25)	3
Foreign currency exchange derivatives	Net financing charges	5	(5)	36
Total		$ (10)	$ (26)	$ 19

The effective portion of pretax gains (losses) recorded in currency translation adjustment (CTA) within other comprehensive income (loss) related to net investment hedges was $74 million, $31 million and $(61) million for the fiscal years ended September 30, 2019, 2018 and 2017, respectively. For the years ended September 30, 2019, 2018 and 2017, respectively, no gains or losses were reclassified from CTA into income for Adient's outstanding net investment hedges, and no gains or losses were recognized in income for the ineffective portion of cash flow hedges.

11. Fair Value Measurements

ASC 820, "Fair Value Measurement," defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

Recurring Fair Value Measurements

The following tables present Adient's fair value hierarchy for those assets and liabilities measured at fair value. Refer to Note 14, "Retirement Plans" for fair value tables of pension assets.

		Fair Value Measurements Using:		
(in millions)	Total as of September 30, 2019	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Other current assets				
Foreign currency exchange derivatives	$ 8	$ —	$ 8	$ —
Cross-currency interest rate swaps	12	—	12	—
Other noncurrent assets				
Foreign currency exchange derivatives	1	—	1	—
Cross-currency interest rate swaps	1	—	1	—
Interest rate cap	1	—	1	—
Total assets	$ 23	$ —	$ 23	$ —
Other current liabilities				
Foreign currency exchange derivatives	$ 12	$ —	$ 12	$ —
Other noncurrent liabilities				
Foreign currency exchange derivatives	3	—	3	—
Total liabilities	$ 15	$ —	$ 15	$ —

(in millions)	Total as of September 30, 2018	Fair Value Measurements Using: Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Other current assets				
Foreign currency exchange derivatives	$ 8	$ —	$ 8	$ —
Other noncurrent assets				
Foreign currency exchange derivatives	2	—	2	—
Cross-currency interest rate swaps	13	—	13	—
Total assets	$ 23	$ —	$ 23	$ —
Other current liabilities				
Foreign currency exchange derivatives	$ 11	$ —	$ 11	$ —
Other noncurrent liabilities				
Foreign currency exchange derivatives	2	—	2	—
Equity swaps	2	—	2	—
Total liabilities	$ 15	$ —	$ 15	$ —

Valuation Methods

Foreign currency exchange derivatives Adient selectively hedges anticipated transactions that are subject to foreign exchange rate risk primarily using foreign currency exchange hedge contracts. The foreign currency exchange derivatives are valued under a market approach using publicized spot and forward prices. Changes in fair value on foreign exchange derivatives accounted for as hedging instruments under ASC 815 are initially recorded as a component of AOCI and are subsequently reclassified into earnings when the hedged transactions occur and affect earnings. These contracts were highly effective in hedging the variability in future cash flows attributable to changes in currency exchange rates at September 30, 2019 and 2018, respectively. The changes in fair value of foreign currency exchange derivatives not designated as hedging instruments under ASC 815 are recorded in the consolidated statements of income.

Equity swaps Adient selectively uses equity swaps to reduce market risk associated with certain of its stock-based compensation plans, such as its deferred compensation plans. The equity swaps are recorded at fair value. Changes in fair value of the equity swaps are reflected in the consolidated statements of income within selling, general and administrative expenses. As of September 30, 2019, there were no equity swaps outstanding.

Cross-currency interest rate swaps Adient selectively uses cross-currency interest rate swaps to hedge portions of its net investment in Europe. During fiscal 2018, Adient entered into two floating to floating cross-currency interest rate swaps totaling approximately €160 million designated as net investment hedges in Adient's net investment in Europe. During fiscal 2019, Adient entered into one floating to floating cross-currency interest rate swap totaling ¥11 billion designated as a net investment hedge in Adient's net investment in Japan. As of September 30, 2019, Adient had one €80 million cross-currency interest rate swap and one ¥11 billion cross-currency interest rate swap outstanding, respectively.

Interest rate caps Adient selectively uses interest rate caps to limit the impact of floating rate interest payment increases on its Term Loan B Agreement. The interest rate caps are designated as cash flow hedges under ASC 815. As of September 30, 2019, Adient had two interest rate caps outstanding totaling approximately $200 million.

The fair value of cash and cash equivalents, accounts receivable, short-term debt and accounts payable approximate their carrying values. The fair value of long-term debt, which was $3.4 billion and $3.3 billion at September 30, 2019 and 2018, respectively, was determined primarily using market quotes classified as Level 1 inputs within the ASC 820 fair value hierarchy.

12. Stock-Based Compensation

Adient provides certain key employees equity awards in the form of restricted stock units (RSU) and performance share units (PSUs) under the Adient plc 2016 Omnibus Incentive Plan (the Plan) and provides directors with share awards under the Adient plc 2016 Director Share Plan. These plans were adopted in conjunction with the separation.

Total stock-based compensation cost included in the consolidated statements of income was $20 million, $47 million and $45 million for the fiscal years ended September 30, 2019, 2018 and 2017, respectively. The total income tax benefit recognized in the consolidated statements of income for the share-based compensation arrangements was $0 million, $0 million (due to tax valuation allowances in fiscal 2019 and fiscal 2018) and $21 million for the fiscal years ended September 30, 2019, 2018 and 2017, respectively. Stock-based compensation expense prior to the separation was allocated to Adient based on the portion of Adient's equity compensation programs in which Adient employees participated.

In conjunction with the separation, previously outstanding stock-based compensation awards granted under the former Parent's equity compensation programs prior to the separation and held by certain executives and employees of Adient were adjusted and converted into new Adient equity awards using a formula designated to preserve the intrinsic value of the awards. Upon the separation on October 31, 2016, holders of former Parent stock options, RSUs, and SARs generally received one ordinary share of Adient for every ten ordinary shares of the former parent held at the close of business on October 19, 2016, the record date of the distribution, and cash in lieu of fractional shares (if any) of Adient. Accordingly, certain executives and employees of Adient hold converted awards in both the former Parent and Adient shares subsequent to the separation. Converted awards retained the vesting schedule and expiration date of the original awards. Outstanding stock awards related to the former Parent stock are not included in Adient's dilutive share calculation.

The following tables present activity related to the conversion and granting of awards during the twelve months ended September 30, 2019 along with the composition of outstanding and exercisable awards at September 30, 2019 for remaining former Parent and new Adient awards.

Restricted Stock

The Plan provides for the award of restricted stock or restricted stock units to certain employees. These awards are typically share settled except for certain non-U.S. employees or those who elect to defer settlement until retirement at which point the award would be settled in cash. Cash settled awards are recorded in Adient's consolidated statements of financial position as a liability and adjusted each reporting period for changes in share value until the settlement of the award. Restricted stock awards typically vest over a three year period following the grant date. The Plan allows for different vesting terms on specific grants with approval by Adient's Board of Directors.

A summary of the status of nonvested restricted stock awards at September 30, 2019, and changes for the fiscal year then ended, for Adient employees is presented below:

	Weighted Average Price	Shares/Units Subject to Restriction
Nonvested, September 30, 2018	$ 48.62	1,442,011
Granted	$ 34.26	440,944
Vested	$ 46.14	(1,045,336)
Forfeited	$ 48.92	(278,687)
Nonvested, September 30, 2019	$ 42.19	558,932
Former Parent nonvested, September 30, 2019	$ —	—
Adient nonvested, September 30, 2019	$ 42.19	558,932
Total nonvested, September 30, 2019	$ 42.19	558,932

At September 30, 2019, Adient had approximately $11 million of total unrecognized compensation cost related to nonvested restricted stock arrangements granted. That cost is expected to be recognized over a weighted-average period of 1.8 years.

Performance Share Awards

The Plan permits the grant of PSU awards. The number of PSUs granted is equal to the PSU award value divided by the closing price of a Adient ordinary share at the grant date. The PSUs are generally contingent on the achievement of predetermined performance goals over a three-year performance period as well as on the award holder's continuous employment until the vesting date. Each PSU that is earned will be settled with an ordinary share of Adient following the completion of the performance period, unless the award holder elected to defer a portion or all of the award until retirement, which would then be settled in cash. Cash settled awards are recorded in Adient's consolidated statements of financial position as a liability and adjusted each reporting period for changes in share value until the settlement of the award.

A summary of the status of Adient's nonvested PSUs at September 30, 2019, and changes for the fiscal year then ended, for Adient employees is presented below:

	Weighted Average Price	Shares/Units Subject to PSU
Nonvested, September 30, 2018	$ 56.75	266,063
Granted	$ 23.76	526,605
Vested	$ —	—
Forfeited	$ 35.69	(160,596)
Nonvested, September 30, 2019	$ 34.61	632,072

At September 30, 2019, Adient had approximately $3 million of total unrecognized compensation cost related to nonvested performance share units granted. That cost is expected to be recognized over a weighted-average period of 1.6 years.

Stock Options

No new stock options have been granted under the Plan. Stock options were previously granted to eligible employees prior to the separation from the former Parent. Stock option awards typically vest between two and three years after the grant date and expire ten years from the grant date. The fair value of each option was estimated on the date of grant using a Black-Scholes option valuation model.

A summary of stock option activity at September 30, 2019, and changes for the year then ended, is presented below:

	Weighted Average Option Price	Shares Subject to Option	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (in millions)
Outstanding, September 30, 2018	$ 34.51	1,087,981		
Exercised	$ 25.76	(368,128)		
Forfeited or expired	$ 41.89	(128,223)		
Outstanding, September 30, 2019	$ 38.25	591,630	4.0	$ 4
Exercisable, September 30, 2019	$ 38.25	591,630	4.0	$ 4
Former Parent outstanding, September 30, 2019	$ 38.52	505,849	4.2	$ 4
Adient outstanding, September 30, 2019	$ 37.36	85,781	3.3	$ —
Total outstanding, September 30, 2019	$ 38.35	591,630	4.0	$ 4
Former Parent exercisable, September 30, 2019	$ 38.52	505,849	4.2	$ 4
Adient exercisable, September 30, 2019	$ 37.36	85,781	3.3	$ —
Total exercisable, September 30, 2019	$ 38.35	591,630	4.0	$ 4

There were no stock options granted in fiscal years 2019, 2018 and 2017 respectively. The total intrinsic value of options exercised by Adient employees during the fiscal years ended September 30, 2019, 2018 and 2017 was approximately $5 million, $7 million and $18 million, respectively, primarily consisting of former Parent awards.

Stock Appreciation Rights

SARs vest under the same terms and conditions as stock option awards; however, they are settled in cash for the difference between the market price on the date of exercise and the exercise price. As a result, SARs are recorded in Adient's consolidated statements of financial position as a liability until the date of exercise.

The fair value of each SAR award is estimated using a similar method described for stock options. The fair value of each SAR award is recalculated at the end of each reporting period and the liability and expense are adjusted based on the new fair value.

A summary of SAR activity at September 30, 2019, and changes for the year then ended, is presented below:

	Weighted Average SAR Price	Shares Subject to SAR	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (in millions)
Outstanding, September 30, 2018	$ 29.12	391,270		
Exercised	$ 24.08	(80,732)		
Forfeited or expired	$ 33.19	(19,074)		
Outstanding, September 30, 2019	$ 30.24	291,464	2.8	$ 4
Exercisable, September 30, 2019	$ 30.24	291,464	2.8	$ 4
Former Parent outstanding, September 30, 2019	$ 29.96	270,183	2.8	$ 4
Adient outstanding, September 30, 2019	$ 33.87	21,281	2.8	$ —
Total outstanding, September 30, 2019	$ 30.24	291,464	2.8	$ 4
Former Parent exercisable, September 30, 2019	$ 29.96	270,183	2.8	$ 4
Adient exercisable, September 30, 2019	$ 33.87	21,281	2.8	$ —
Total exercisable, September 30, 2019	$ 30.24	291,464	2.8	$ 4

In conjunction with the exercise of SARs, Adient made payments of $1 million, $3 million and $1 million during the fiscal years ended September 30, 2019, 2018 and 2017, respectively.

13. Equity and Noncontrolling Interests

The following table presents changes in AOCI attributable to Adient:

	Year Ended September 30,		
(in millions)	**2019**	**2018**	**2017**
Foreign currency translation adjustments			
Balance at beginning of period	$ (523)	$ (398)	$ (260)
Aggregate adjustment for the period, net of tax	(35)	(125)	(138)
Balance at end of period	(558)	(523)	(398)
Realized and unrealized gains (losses) on derivatives			
Balance at beginning of period	(7)	3	(14)
Current period changes in fair value, net of tax	(5)	(13)	6
Reclassification to income, net of tax	4	3	11
Balance at end of period	(8)	(7)	3
Pension and postretirement plans			
Balance at beginning of period	(1)	(2)	(2)
Net reclassifications to AOCI	(2)	1	—
Balance at end of period	(3)	(1)	(2)
Accumulated other comprehensive income (loss), end of period	$ (569)	$ (531)	$ (397)

Adient consolidates certain subsidiaries in which the noncontrolling interest party has within their control the right to require Adient to redeem all or a portion of its interest in the subsidiary. These redeemable noncontrolling interests are reported at their estimated redemption value. Any adjustment to the redemption value impacts retained earnings but does not impact net income. Redeemable noncontrolling interests which are redeemable only upon future events, the occurrence of which is not currently probable, are recorded at carrying value. The following table presents changes in the redeemable noncontrolling interests:

	Year Ended September 30,		
(in millions)	**2019**	**2018**	**2017**
Beginning balance	$ 47	$ 28	$ 34
Net income	30	24	25
Foreign currency translation adjustments	3	1	—
Dividends	(29)	(7)	(31)
Change in noncontrolling interest share	—	1	—
Ending balance	$ 51	$ 47	$ 28

The change in Parent's net investment includes all intercompany activity with the former Parent prior to separation, including a $1.5 billion non-cash settlement during fiscal 2017.

During March 2017, Adient declared a dividend of $0.275 per ordinary share, which was paid in April 2017. In July 2017, Adient declared a dividend of $0.275 per ordinary share, which was paid in August 2017. In September 2017, Adient declared a dividend of $0.275 per ordinary share, which was paid in November 2017. In November 2017, Adient declared a dividend of $0.275 per ordinary share, which was paid in February 2018. In March 2018, Adient declared a dividend of $0.275 per ordinary share, which was paid in May 2018. In June 2018, Adient declared a dividend of $0.275 per ordinary share, which was paid in August 2018. In October 2018, Adient declared a dividend of $0.275 per ordinary share, which was paid in November 2018. Adient suspended its cash dividends following the dividend paid in the first quarter of fiscal 2019.

During fiscal 2017, Adient repurchased 573,437 ordinary shares for $40 million. Repurchased shares were retired immediately upon repurchase. No shares were repurchased during fiscal 2019 and 2018.

14. Retirement Plans

Pension Benefits

Adient maintains non-contributory defined benefit pension plans covering primarily non-U.S. employees and a limited number of U.S. employees. The benefits provided are primarily based on years of service and average compensation or a monthly retirement benefit amount. Funding for non-U.S. plans observes the local legal and regulatory limits. Funding for U.S. pension plans equals or exceeds the minimum requirements of the Employee Retirement Income Security Act of 1974.

For pension plans with accumulated benefit obligations (ABO) that exceed plan assets, the projected benefit obligation (PBO), ABO and fair value of plan assets of those plans were $257 million, $230 million and $105 million, respectively, as of September 30, 2019 and $208 million, $188 million and $82 million, respectively, as of September 30, 2018.

In fiscal 2019, Adient paid contributions to the defined benefit pension plans of $19 million. Contributions of at least $17 million in cash to its defined benefit pension plans are expected in fiscal 2020. Projected benefit payments from the plans as of September 30, 2019 are estimated as follows (in millions):

2020	$	20
2021		20
2022		27
2023		22
2024		24
2025-2029		166

Savings and Investment Plans

Adient sponsors various defined contribution savings plans that allow employees to contribute a portion of their pre-tax and/or after-tax income in accordance with plan specified guidelines. Under specified conditions, Adient will contribute to certain savings plans based on the employees' eligible pay and/or will match a percentage of the employee contributions up to certain limits. Matching contributions expense in connection with these plans amounted to $56 million and $37 million for fiscal years 2019 and 2018, respectively.

Plan Assets

Adient's investment policies employ an approach whereby a mix of equities, fixed income and alternative investments are used to maximize the long-term return of plan assets for a prudent level of risk. The investment portfolio primarily contains a diversified blend of equity and fixed income investments. Equity investments are diversified across domestic and non-domestic stocks, as well as growth, value and small to large capitalizations. Fixed income investments include corporate and government issues, with short-, mid- and long-term maturities, with a focus on investment grade when purchased and a target duration close to that of the plan liability. Investment and market risks are measured and monitored on an ongoing basis through regular investment portfolio reviews, annual liability measurements and periodic asset/liability studies. The majority of the real estate component of the portfolio is invested in a diversified portfolio of high-quality, operating properties with cash yields greater than the targeted appreciation. Investments in other alternative asset classes, including hedge funds and commodities, diversify the expected investment returns relative to the equity and fixed income investments. As a result of Adient's diversification strategies, there are no significant concentrations of risk within the portfolio of investments.

Adient's actual asset allocations are in line with target allocations. Adient rebalances asset allocations as appropriate, in order to stay within a range of allocation for each asset category.

The expected return on plan assets is based on Adient's expectation of the long-term average rate of return of the capital markets in which the plans invest. The average market returns are adjusted, where appropriate, for active asset management returns. The expected return reflects the investment policy target asset mix and considers the historical returns earned for each asset category. Adient's plan assets by asset category, are as follows:

	Fair Value Measurements Using:				
(in millions)	Total as of September 30, 2019	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Pension					
Cash	$ 31	$ 31	$ —	$ —	$ —
Equity Securities					
Domestic	15	2	7	—	6
International - Developed	49	36	10	—	3
International - Emerging	5	2	3	—	—
Fixed Income Securities					
Government	218	75	117	—	26
Corporate/Other	66	55	—	—	11
Hedge Fund	65	—	65	—	—
Real Estate	21	—	—	6	15
Total	$ 470	$ 201	$ 202	$ 6	$ 61

	Fair Value Measurements Using:				
(in millions)	Total as of September 30, 2018	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Pension					
Cash	$ 31	$ 31	$ —	$ —	$ —
Equity Securities					
Domestic	17	3	—	—	14
International - Developed	51	36	—	—	15
International - Emerging	5	2	—	—	3
Fixed Income Securities					
Government	185	83	67	—	35
Corporate/Other	61	49	2	—	10
Hedge Fund	77	—	77	—	—
Real Estate	22	—	—	6	16
Total	$ 449	$ 204	$ 146	$ 6	$ 93

The following is a description of the valuation methodologies used for assets measured at fair value.

Cash: The fair value of cash is valued at cost.

Equity Securities: The fair value of equity securities is determined by direct quoted market prices. The underlying holdings are direct quoted market prices on regulated financial exchanges.

Fixed Income Securities: The fair value of fixed income securities is determined by direct or indirect quoted market prices. If indirect quoted market prices are utilized, the value of assets held in separate accounts is not published, but the investment managers report daily the underlying holdings. The underlying holdings are direct quoted market prices on regulated financial exchanges.

Hedge Funds: The fair value of hedge funds is determined for by the custodian. The custodian obtains valuations from underlying managers based on market quotes for the most liquid assets and alternative methods for assets that do not have sufficient trading activity to derive prices. Adient and custodian review the methods used by the underlying managers to value the assets. Adient believes this is an appropriate methodology to obtain the fair value of these assets.

Real Estate: The fair value of certain investments in real estate is deemed Level 3 since these investments do not have a readily determinable fair value and requires the fund managers independently to arrive at fair value by calculating NAV per share. In order to calculate NAV per share, the fund managers value the real estate investments using any one, or a combination of, the following methods: independent third party appraisals, discounted cash flow analysis of net cash flows projected to be generated by the investment and recent sales of comparable investments. Assumptions used to revalue the properties are updated every quarter. Adient believes this is an appropriate methodology to obtain the fair value of these assets.

Investments at NAV: For mutual or collective funds where a NAV is not publicly quoted, the NAV per share is used as a practical expedient and is based on the quoted market prices of the underlying net assets of the fund as reported daily by the fund managers. Funds valued based on NAV per share as a practical expedient are not categorized within the fair value hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Adient believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following sets forth a summary of changes in the fair value of pension assets measured using significant unobservable inputs (Level 3):

(in millions)	**Real Estate**
Pension	
Asset value as of September 30, 2017	$ 11
Redemptions	(5)
Asset value as of September 30, 2018	$ 6
Redemptions	—
Asset value as of September 30, 2019	$ 6

Funded Status

The table that follows contains the ABO and reconciliations of the changes in the PBO, the changes in plan assets and the funded status:

(in millions)	Pension Benefits 2019	Pension Benefits 2018	Postretirement Benefits [1] 2019	Postretirement Benefits [1] 2018
Accumulated Benefit Obligation	$ 571	$ 526	$ —	$ 16
Change in Projected Benefit Obligation:				
Projected benefit obligation at beginning of year	$ 547	$ 600	$ —	$ 16
Service cost	7	8	—	—
Interest cost	13	14	—	—
Actuarial (gain) loss	96	(33)	—	—
Benefits and settlements paid	(40)	(28)	—	(1)
Settlement (gain)	—	—	—	(15)
Currency translation adjustment	(25)	(14)	—	—
Projected benefit obligation at end of year	$ 598	$ 547	$ —	$ —
Change in Plan Assets:				
Fair value of plan assets at beginning of year	$ 449	$ 491	$ —	$ 15
Actual return on plan assets	63	9	—	1
Employer contributions/(distributions)	19	(11)	—	—
Benefits and settlements paid	(40)	(28)	—	(1)
Reallocation of plan assets	—	—	—	(15)
Currency translation adjustment	(21)	(12)	—	—
Fair value of plan assets at end of year	$ 470	$ 449	$ —	$ —
Funded status	$ (128)	$ (98)	$ —	$ —
Amounts recognized in the statement of financial position consist of:				
Prepaid benefit cost	$ 24	$ 29	$ —	$ —
Accrued benefit liability	(152)	(127)	—	—
Net amount recognized	$ (128)	$ (98)	$ —	$ —

[1] The postretirement benefit plan was terminated during fiscal 2018. As a result, a $15 million settlement gain was recorded, reflecting immediate recognition of prior service credits.

	Pension Benefits			
	U.S. Plans		Non-U.S. Plans	
	2019	2018	2019	2018
Weighted Average Assumptions [1]:				
Discount rate [2]	3.22 %	4.29 %	1.85 %	2.63 %
Rate of compensation increase	NA	NA	3.54 %	3.53 %

[1] Plan assets and obligations are determined based on a September 30 measurement date.

[2] Adient considers the expected benefit payments on a plan-by-plan basis when setting assumed discount rates. As a result, Adient uses different discount rates for each plan depending on the plan jurisdiction, the demographics of participants and the expected timing of benefit payments. For the U.S. pension and postretirement plans, Adient uses a discount rate provided by an independent third party calculated based on an appropriate mix of high quality bonds. For the non-U.S. pension and postretirement plans, Adient consistently uses the relevant country specific benchmark indices for determining the various discount rates.

Accumulated Other Comprehensive Income

The amounts in AOCI on the consolidated statements of financial position, exclusive of tax impacts, that have not yet been recognized as components of net periodic benefit cost at September 30, 2019 and 2018 were $3 million and $1 million, respectively, related to pension benefits.

The amounts in AOCI expected to be recognized as components of net periodic benefit cost over the next fiscal year for pension and postretirement benefits are not significant.

Net Periodic Benefit Cost

The tables that follow contain the components and key assumptions of net periodic benefit cost:

	Pension Benefits			Postretirement Benefits		
(in millions)	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**
Components of Net Periodic Benefit Cost (Credit):						
Service cost	$ 7	$ 8	$ 8	$ —	$ —	$ —
Interest cost	13	14	12	—	—	1
Expected return on plan assets	(18)	(18)	(17)	—	—	—
Net actuarial (gain) loss	49	(24)	(43)	—	—	(2)
Settlement (gain) loss	2	—	—	—	(15)	—
Net periodic benefit cost (credit)	$ 53	$ (20)	$ (40)	$ —	$ (15)	$ (1)

	Pension Benefits						Postretirement Benefits		
	U.S. Plans			Non-U.S. Plans					
	2019	**2018**	**2017**	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**
Expense Assumptions:									
Discount rate	4.29 %	3.85 %	3.70 %	2.71 %	2.62 %	2.10 %	NA	NA	3.25 %
Expected return on plan assets	5.00 %	5.15 %	5.50 %	4.08 %	4.19 %	3.80 %	NA	NA	3.35 %
Rate of compensation increase	N/A	NA	NA	3.46 %	3.53 %	4.00 %	NA	NA	NA

15. Restructuring and Impairment Costs

To better align its resources with its overall strategies and reduce the cost structure of its global operations to address the softness in certain underlying markets, Adient commits to restructuring plans as necessary.

During fiscal 2019, Adient committed to a restructuring plan ("2019 Plan") of $105 million. Of the restructuring costs recorded, $81 million relates to the EMEA segment, $16 million relates to the Americas segment and $8 million relates to the Asia segment. The restructuring actions relate to cost reduction initiatives and consist primarily of workforce reductions. The restructuring actions are expected to be substantially completed by fiscal 2021. Also recorded in fiscal 2019 is $16 million of prior year underspend, a $9 million increase to a prior year reserve and $6 million of recoveries from a customer related to previous restructuring charges.

The following table summarizes the changes in Adient's 2019 Plan reserve:

(in millions)	Employee Severance and Termination Benefits	Other	Currency Translation	Total
Original Reserve	$ 101	$ 4	$ —	$ 105
Utilized—cash	(32)	—	—	(32)
Utilized—noncash	—	(1)	(2)	(3)
Balance at September 30, 2019	$ 69	$ 3	$ (2)	$ 70

In fiscal 2018, Adient committed to a restructuring plan ("2018 Plan") of $71 million that was offset by $20 million of underspend in the 2016 Plan and $5 million of underspend related to other plan years. Of the restructuring costs recorded, $52 million relates to the EMEA segment, $10 million relates to the Asia segment and $9 million relates to the Americas segment. In fiscal 2019 there was adjustment to this plan which resulted in additional $9 million of charges. This is the total amount expected to be incurred for this restructuring plan. The restructuring actions relate to cost reduction initiatives and consist primarily of workforce reductions. The restructuring actions are expected to be substantially completed by fiscal 2021.

The following table summarizes the changes in Adient's 2018 Plan reserve:

(in millions)	Employee Severance and Termination Benefits	Other	Currency Translation	Total
Original Reserve	$ 68	$ 3	$ —	$ 71
Utilized—cash	(19)	—	—	(19)
Utilized—noncash	—	(2)	(2)	(4)
Balance at September 30, 2018	49	1	(2)	48
Reserve adjustment	9	—	—	9
Utilized—cash	(24)	—	—	(24)
Utilized—noncash	—	(1)	(2)	(3)
Noncash adjustment—underspend	(10)	—	—	(10)
Balance at September 30, 2019	$ 24	$ —	$ (4)	$ 20

In fiscal 2017, Adient committed to a restructuring plan ("2017 Plan") and recorded $46 million of restructuring and impairment costs in the consolidated statements of income. Of the restructuring costs recorded, $34 million relates to the EMEA segment, $7 million relates to the Americas segment and $5 million relates to the Asia segment. This is the total amount expected to be incurred for this restructuring plan. The restructuring actions relate to cost reduction initiatives and consist primarily of workforce reductions and plant closures. The restructuring actions are expected to be substantially complete in fiscal 2020.

The following table summarizes the changes in Adient's 2017 Plan reserve:

(in millions)	Employee Severance and Termination Benefits	Other	Total
Original Reserve	$ 42	$ 4	$ 46
Utilized—cash	(4)	(4)	(8)
Balance at September 30, 2017	38	—	38
Utilized—cash	(26)	—	(26)
Balance at September 30, 2018	12	—	12
Utilized—cash	(3)	—	(3)
Noncash adjustment—underspend	(4)	—	(4)
Balance at September 30, 2019	$ 5	$ —	$ 5

In fiscal 2016, Adient committed to a restructuring plan ("2016 Plan") and recorded $332 million of restructuring and impairment costs in the consolidated statements of income. This is the total amount expected to be incurred for this restructuring plan. The restructuring actions relate to cost reduction initiatives and consist primarily of workforce reductions, plant closures and asset impairments. Of the restructuring and impairment costs recorded, $298 million relates to the EMEA segment, $32 million relates to the Americas segment and $2 million relates to the Asia segment. The asset impairment charge recorded during fiscal 2016 related primarily to information technology assets within the EMEA segment that will not be used going forward by Adient. The restructuring actions are expected to be substantially complete in fiscal 2021.

Since the announcement of the 2016 Plan in fiscal 2016, Adient has experienced lower employee severance and termination benefit cash payouts than previously calculated of approximately $20 million, due to changes in cost reduction actions. The planned workforce reductions disclosed for the 2016 Plan have been updated for Adient's revised actions.

The following table summarizes the changes in Adient's 2016 Plan reserve:

(in millions)	Employee Severance and Termination Benefits	Long-Lived Asset Impairments	Other	Currency Translation	Total
Original Reserve	$ 223	$ 87	$ 22	$ —	$ 332
Utilized—cash	(29)	—	(1)	—	(30)
Utilized—noncash	—	(87)	—	(2)	(89)
Balance at September 30, 2016	194	—	21	(2)	213
Utilized—cash	(48)	—	(12)	—	(60)
Utilized—noncash	—	—	—	7	7
Balance at September 30, 2017	146	—	9	5	160
Utilized—cash	(55)	—	(9)	—	(64)
Utilized—noncash	—	—	—	(1)	(1)
Noncash adjustment—underspend	(20)	—	—	—	(20)
Balance at September 30, 2018	71	—	—	4	75
Utilized—cash	(45)	—	—	—	(45)
Utilized—noncash	—	—	—	(2)	(2)
Noncash adjustment—underspend	(1)	—	—	—	(1)
Balance at September 30, 2019	$ 25	$ —	$ —	$ 2	$ 27

Adient's fiscal 2019, 2018, 2017 and 2016 restructuring plans included workforce reductions of approximately 8,600. Restructuring charges associated with employee severance and termination benefits are paid over the severance period granted to each employee or on a lump sum basis in accordance with individual severance agreements. As of September 30, 2019, approximately 5,800 of the employees have been separated from Adient pursuant to the restructuring plans. In addition, the restructuring plans included seventeen plant closures. As of September 30, 2019, fifteen of the seventeen plants have been closed.

Adient's management closely monitors its overall cost structure and continually analyzes each of its businesses for opportunities to consolidate current operations, improve operating efficiencies and locate facilities in low cost countries in close proximity to customers. This ongoing analysis includes a review of its manufacturing, engineering, purchasing and administrative functions, as well as the overall global footprint for all its businesses. Because of the importance of new vehicle sales by major automotive manufacturers to operations, Adient is affected by the general business conditions in the automotive industry. Future adverse developments in the automotive industry could impact Adient's liquidity position, lead to impairment charges and/or require additional restructuring of its operations.

16. Impairment of Long-Lived Assets

Adient reviews long-lived assets, including property, plant and equipment and other intangible assets with definite lives, for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. Adient conducts its long-lived asset impairment analyses in accordance with ASC 360, "Impairment or Disposal of Long-Lived Assets." ASC 360 requires Adient to group assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluate the asset group against the sum of the undiscounted future cash flows. If the undiscounted cash flows do not indicate the carrying amount of the asset is recoverable, an impairment charge is measured as the amount by which the carrying amount of the asset group exceeds its fair value based on discounted cash flow analysis or appraisals.

Adient recorded impairment on certain assets during the fourth quarter of fiscal 2019 resulting in an impairment charge of $12 million which was recorded within restructuring and impairment costs on the consolidated statement of income (loss).

In the second quarter of fiscal 2019, Adient concluded it had triggering events requiring assessment of impairment for certain of its long-lived assets in the seat structure and mechanism operations due to declines in actual and forecasted performance that worsened during the second quarter of fiscal 2019 as compared to originally forecasted results. As a result, Adient reviewed the long-lived assets for impairment and recorded a $66 million non-cash pre-tax impairment charge within restructuring and impairment costs on the consolidated statements of income (loss). The impairment charge related to long-lived assets in North America and Europe asset groups as of March 31, 2019 in support of current programs. Of the $66 million impairment charge, $62 million related to fixed assets, and $4 million related to customer relationship intangible assets. The impairment was measured under a market approach utilizing appraisal techniques to determine fair values of the impaired assets. This method is consistent with methods Adient employed in prior periods to value other long-lived assets. The inputs utilized in the analysis are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair value measurement" and primarily consist of estimated salable values and third party appraisal techniques such as market comparables. To the extent that the profitability on current or future programs decline as compared to forecasted profitability or if adverse changes occur to key assumptions or other fair value measurement inputs, further impairment of long-lived assets could occur in the future. During the first quarter of fiscal 2019, impairments of $6 million were recorded related to assets held for sale.

In the fourth quarter of fiscal 2018, Adient concluded it had triggering events requiring assessment of impairment for certain of its long-lived assets in the seat structure and mechanism operations due to the significant performance issues that persisted in fiscal 2018 and the resulting actions to turn around such operations identified during the fiscal 2019 planning process. As a result, Adient reviewed the long-lived assets for impairment and recorded a $787 million non-cash pre-tax impairment charge within restructuring and impairment costs on the consolidated statements of income (loss). The impairment charge related to long-lived assets in North America and Europe asset groups as of September 30, 2018 in support of current programs. Of the $787 million impairment charge, $768 million relates to fixed assets and $19 million relates to customer relationship intangible asset. The impairment was measured, depending on the asset, either under an income approach utilizing forecasted discounted cash flows or a market approach utilizing appraisal techniques to determine fair values of the impaired assets. These methods are consistent with the methods Adient employed in prior periods to value other long-lived assets. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consist of expected future operating margins and cash flows, estimated production volumes, weighted average cost of capital rates (13.0%), estimated salable values and third-party appraisal techniques such as market comparables. To the extent that profitability on current or future programs decline as compared to forecasted profitability or if adverse changes occur to key assumptions or other fair value measurement inputs, further impairment of long-lived assets could occur in the future. Refer to Note 6, "Goodwill and Other Intangible Assets" and Note 5, "Property, Plant and Equipment" of the notes to the consolidated financial statements for additional information.

At September 30, 2017, Adient concluded it did not have any triggering events requiring assessment of impairment of its long-lived assets. See Note 19, "Nonconsolidated Partially-Owned Affiliates" for information on the fiscal 2018 impairment of investments in partially owned affiliates.

17. Income Taxes

Consolidated income (loss) before income taxes and noncontrolling interests for the years ended September 30, 2019, 2018, and 2017 is as follows:

	Year Ended September 30,		
(in millions)	**2019**	**2018**	**2017**
Ireland	$ (1)	$ 4	$ (6)
United States	(170)	(324)	122
Other Foreign	173	(801)	945
Income before income taxes and noncontrolling interests	$ 2	$ (1,121)	$ 1,061

The components of the provision (benefit) for income taxes are as follows:

	Year Ended September 30,		
(in millions)	**2019**	**2018**	**2017**
Current			
Ireland	$ —	$ 1	$ —
US - Federal and State	4	7	14
Other Foreign	118	128	137
	122	136	151
Deferred			
Ireland	—	—	(2)
US - Federal and State	1	417	13
Other Foreign	287	(73)	(63)
	288	344	(52)
Income tax provision	$ 410	$ 480	$ 99

The significant components of Adient's income tax provision are summarized in the following tables. These amounts do not include the impact of income tax expense related to our nonconsolidated partially-owned affiliates, which is netted against equity income on the consolidated statements of income (loss).

The reconciliation between the Irish statutory income tax rate, and Adient's effective tax rate is as follows:

	Year Ended September 30,		
(in millions)	**2019**	**2018**	**2017**
Tax expense at Ireland statutory rate	$ —	$ (140)	$ 133
State and local income taxes, net of federal benefit	(41)	(60)	(10)
Foreign tax rate differential	(109)	(146)	(67)
Notional interest deduction	(63)	(66)	(28)
Credits and incentives	(9)	(13)	(13)
Gain on previously-held interest	—	—	(19)
Goodwill impairment	—	(21)	—
Repatriation of foreign earnings	31	36	30
Foreign exchange	2	3	(11)
Impact of enacted tax rate changes	(5)	23	10
Impact of U.S. tax reform	—	210	—
Change in uncertain tax positions	107	97	50
Change in valuation allowance	503	554	21
Other	(6)	3	3
Income tax provision	$ 410	$ 480	$ 99

The income tax expense was higher than the Irish statutory rate of 12.5% for fiscal 2019 primarily due to the recognition of valuation allowances in Luxembourg, Poland, and the United Kingdom, the repatriation of foreign earnings, changes in uncertain tax positions and the impact of recognizing no tax benefit for losses in jurisdictions with valuation allowances. No items included in the other category are individually, or when appropriately aggregated, significant.

The income tax expense was higher than the Irish statutory rate of 12.5% for fiscal 2018 primarily due to the charge to recognize the impact of U.S. tax reform legislation, repatriation of foreign earnings, and changes in uncertain tax positions and valuation allowances, partially offset by benefits from global tax planning, notional interest deductions, foreign tax rate differentials, and impairment deductions. No items included in the other category are individually, or when appropriately aggregated, significant.

The effective rate was lower than the Irish statutory rate of 12.5% for fiscal 2017 primarily due to benefits from global tax planning, notional interest deductions, foreign tax rate differentials, and foreign exchange, partially offset with a first quarter fiscal 2017 tax law change in Hungary, repatriation of foreign earnings, and changes in uncertain tax positions and valuation allowances. No items included in the other category are individually, or when appropriately aggregated, significant.

The foreign tax rate differential benefit for fiscal 2019 is primarily driven by losses earned in jurisdictions where the statutory rate is greater than 12.5% and by the pretax book income of nonconsolidated partially-owned affiliates whose corresponding income tax expense is netted against equity income on the consolidated statements of income. The foreign tax rate differential benefit for fiscal 2018 is primarily driven by losses earned in jurisdictions where the statutory rate is greater than 12.5%. The foreign tax rate differential benefit for fiscal 2017 was primarily driven by the pretax book income of nonconsolidated partially-owned affiliates whose corresponding income tax expense is netted against equity income on the consolidated statements of income.

Deferred taxes are classified in the consolidated statements of financial position as follows:

(in millions)	September 30, 2019	September 30, 2018
Other noncurrent assets	$ 199	$ 506
Other noncurrent liabilities	(206)	(217)
Net deferred tax asset/(liability)	$ (7)	$ 289

Temporary differences and carryforwards which gave rise to deferred tax assets and liabilities included:

(in millions)	September 30, 2019	September 30, 2018
Deferred tax assets:		
Accrued expenses and reserves	$ 73	$ 64
Employee and retiree benefits	43	35
Net operating loss and other credit carryforwards	751	527
Property, plant and equipment	161	163
Intangible assets	308	361
Research and development	16	16
Other	7	27
	1,359	1,193
Valuation allowances	(1,304)	(846)
	55	347
Deferred tax liabilities:		
Unremitted earnings of foreign subsidiaries	62	58
	62	58
Net deferred tax asset/(liability)	$ (7)	$ 289

At September 30, 2019, Adient had available net operating loss carryforwards of approximately $3.5 billion which are available to reduce future tax liabilities. Net operating loss carryforwards of $1.8 billion will expire at various dates between 2020 and 2039, with the remainder having an indefinite carryforward period. Net operating loss carryforwards of $2.3 billion are offset by a valuation allowance.

Adient reviews the realizability of its deferred tax assets on a quarterly basis, or whenever events or changes in circumstances indicate that a review is required. In determining the requirement for a valuation allowance, the historical and projected financial results of the legal entity or combined group recording the net deferred tax asset are considered, along with any other positive or negative evidence. All of the factors that Adient considers in evaluating whether and when to establish or release all or a portion of the deferred tax asset valuation allowance involve significant judgment. Since future financial results may differ from previous estimates, periodic adjustments to Adient's valuation allowances may be necessary.

As a result of Adient's fiscal 2019 analysis of the realizability of its worldwide deferred tax assets, and after considering tax planning initiatives and other positive and negative evidence (including the external debt refinancing, the related incremental net financing costs, and the restructuring of the internal financing which occurred in the third quarter of fiscal 2019 and including the long-lived asset impairment recorded in the second quarter of fiscal 2019), Adient determined it was more likely than not that deferred tax assets in Luxembourg (Q3), the United Kingdom (Q3) and certain Poland entities (Q2) would not be realized and recorded income tax expense of $229 million, $25 million and $43 million, respectively, to establish valuation allowances. Adient continues to record valuation allowances on certain deferred tax assets in Germany, Hungary, Luxembourg, Mexico, Poland, Spain, the United Kingdom, the U.S. and other jurisdictions as it remains more likely than not that they will not be realized.

As a result of Adient's fiscal 2018 analysis of the realizability of its worldwide deferred tax assets, and after considering tax planning initiatives and other positive and negative evidence (including the seat structure and mechanism operations long-lived asset impairment recorded in the fourth quarter of fiscal 2018), Adient determined that it was more likely than not that deferred

tax assets within the following jurisdictions would not be realized and recorded net valuation allowances as income tax expense in the fourth quarter of fiscal 2018: Belgium ($12 million), Canada ($6 million), Germany ($175 million), Hungary ($14 million), Mexico ($117 million), Poland ($8 million), Romania ($9 million), and the U.S. ($281 million). Germany, Hungary, Mexico, Poland, Romania, and the U.S. cumulative loss positions were all adversely impacted by the seat structure and mechanism operations performance issues and resulting long-lived asset impairment. In addition, as a result of Adient's fiscal 2018 analysis, Adient determined that it was more likely than not that deferred tax assets within Brazil would be realized. Therefore, Adient released $76 million of valuation allowance as an income tax benefit in the fourth quarter of fiscal 2018.
As a result of Adient's fiscal 2017 analysis of the realizability of its worldwide deferred tax assets, and after considering tax planning initiatives and other positive and negative evidence, Adient determined that no material changes to valuation allowances were required.

Adient is subject to income taxes in Ireland, the U.S. and other foreign jurisdictions. The following table provides the earliest open tax year by major jurisdiction for which Adient could be subject to income tax examination by the tax authorities:

Tax Jurisdiction	Earliest Year Open
Brazil	2014
China	2011
Czech Republic	2011
France	2016
Germany	2013
Hong Kong	2013
Japan	2014
Luxembourg	2014
Mexico	2014
Poland	2009
Spain	2012
United Kingdom	2013
United States	2017

Adient regularly assesses the likelihood of an adverse outcome resulting from examinations to determine the adequacy of its tax reserves. For the year ended September 30, 2019, Adient believes that it is more likely than not that the tax positions it has taken will be sustained upon the resolution of its audits resulting in no material impact on its consolidated financial statements. However, the final determination with respect to tax audits and any related litigation could be materially different from Adient’s estimates.

For the years ended September 30, 2019, 2018 and 2017, Adient had gross tax effected unrecognized tax benefits of $414 million, $288 million, and $193 million, respectively. If recognized, $119 million of Adient's unrecognized tax benefits would impact the effective tax rate. Total net accrued interest for the years ended September 30, 2019, 2018 and 2017, was approximately $10 million, $5 million and $3 million, respectively (net of tax benefit). Adient recognizes interest and penalties related to unrecognized tax benefits as a component of income tax expense.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Year Ended September 30,		
(in millions)	**2019**	**2018**	**2017**
Beginning balance	$ 288	$ 193	$ 596
Additions for tax positions related to the current year	108	110	76
Additions for tax positions of prior years	45	12	5
Reductions for tax positions of prior years	(22)	(21)	(471)
Settlements with taxing authorities	—	—	(7)
Statute closings	(5)	(6)	(6)
Ending balance	$ 414	$ 288	$ 193

During the next twelve months, it is reasonably possible that tax audit resolutions or applicable statute of limitation lapses could reduce the unrecognized tax benefits and income tax expense. Adient does not anticipate that this will result in a material impact to its consolidated financial statements.

Adient has $15.5 billion of undistributed foreign earnings of which $451 million is deemed permanently reinvested and no deferred taxes have been provided on such earnings. It is not practicable to determine the unrecognized deferred tax liability on these earnings because the actual tax liability, if any, is dependent on circumstances existing when remittance occurs.

Income taxes paid for the fiscal year ended September 30, 2019 were $102 million. Income taxes paid for the fiscal year ended September 30, 2018 were $139 million. Income taxes paid for the fiscal year ended September 30, 2017 were $148 million, of which $16 million were paid prior to the separation by the former Parent.

Impacts of Tax Legislation and Change in Statutory Tax Rates

During the fourth quarter of 2019, certain deferred tax liabilities were remeasured to reflect a reduction in withholding tax rate on the earnings of our nonconsolidated partially owned affiliates resulting in a benefit of $9 million.

During the third quarter of fiscal 2019, Luxembourg enacted legislation reducing the nominal corporate tax rate to 17% from 18%. For Adient, this reduced its aggregate income tax rate to 24.9% from 26.0% and applies retroactively to the fiscal 2019 tax year. As a result of the law change, Adient recorded income tax expense of $10 million related to the write down of deferred tax assets.

During the first quarter of fiscal 2019, GAAS was approved for High and New Tech Enterprise status for the three-year period of 2018 to 2020, thereby reducing their tax rate from 25% to 15%. As a result, a $7 million income tax benefit was recorded on the reduction of deferred tax liabilities and a reduction of 2018 calendar year income taxes.

On December 22, 2017, the Act was signed and enacted into law, and is effective for tax years beginning on or after January 1, 2018, with the exception of certain provisions. As a fiscal year taxpayer, Adient was not subject to the majority of the provisions until fiscal year 2019, however the statutory tax rate reduction was effective January 1, 2018. The Act reduced the U.S. corporate tax rate from 35% to 21%. Adient’s fiscal 2018 income tax expense reflects the benefit from the reduced rate of 24.5% resulting from the application of Internal Revenue Code, Section 15 which provides for a proration of the newly enacted rate during that fiscal year. This benefit was offset by a non-cash tax expense of $106 million related to the remeasurement of Adient’s net deferred tax assets at the lower statutory rate, a non-cash estimated tax expense of $100 million related to recording a valuation allowance to reflect the reduced benefit Adient expects to realize as a result of being subject to the Base Erosion and Anti-avoidance Tax ("BEAT"), and tax expense of $4 million related to the transition tax imposed on previously untaxed earnings and profits. During the first quarter of fiscal 2019, Adient completed its accounting for the Act BEAT valuation allowance resulting in no change to the $100 million income tax impact estimated in fiscal 2018.

In fiscal 2017, Hungary passed the 2017 tax bill which reduced the corporate income tax rate to a flat 9% rate. As a result of the law change, Adient recorded income tax expense of $5 million related to the write down of deferred tax assets.

During fiscal years 2019, 2018, and 2017, other tax legislation was adopted in various jurisdictions. These law changes did not have a material impact on the consolidated financial statements.

Tax Impact of One-Time Items

During July 2017, one of Adient's non-consolidated partially-owned affiliates, GAAS, became a consolidated entity. Refer to Note 3, "Acquisitions and Divestitures," of the notes to consolidated financial statements for additional information. Adient recorded a preliminary fair value allocation for the assets and liabilities of the entity based on their fair values, which included a $276 million intangible asset for customer relationships that has an estimate useful life of 20 years. Accordingly, Adient recorded a deferred tax liability of $69 million related to the intangible asset.

On September 22, 2017, Adient completed the acquisition of Futuris. Refer to Note 3, "Acquisitions and Divestitures," of the notes to consolidated financial statements for additional information. Adient recorded a final allocation of the purchase price for assets acquired and liabilities assumed based on their fair values as of the acquisition date, which included a $160 million intangible asset for customer relationships that has an estimated useful life of 10 years. Accordingly, Adient recorded a deferred tax liability of $57 million related to the intangible asset. Adient also recognized $3 million of acquisition-related costs. The tax benefit associated with the acquisition-related costs was not material.

In fiscal 2019, Adient committed to a significant restructuring plan (2019 Plan) and recorded a net $92 million of restructuring and impairment costs in the consolidated statements of income. Refer to Note 15, "Restructuring and Impairment Costs," of the notes to the consolidated financial statements for additional information. The restructuring costs generated a $5 million tax benefit, which was negatively impacted by geographic mix and Adient’s current tax position in these jurisdictions.

In fiscal 2018, Adient committed to a significant restructuring plan (2018 Plan) and recorded a net $46 million of restructuring and impairment costs in the consolidated statements of income. Refer to Note 15, "Restructuring and Impairment Costs," of the notes to the consolidated financial statements for additional information. The restructuring costs generated a $6 million tax benefit, which was negatively impacted by geographic mix and Adient’s current tax position in these jurisdictions. The disclosed tax benefit is prior to valuation allowances recorded during the fourth quarter of fiscal 2018.

In fiscal 2017, Adient committed to a significant restructuring plan (2017 Plan) and recorded $46 million of restructuring and impairment costs in the consolidated statements of income. Refer to Note 15, "Restructuring and Impairment Costs," of the notes to the consolidated financial statements for additional information. The restructuring costs generated a $7 million tax benefit, which was negatively impacted by geographic mix and Adient’s current tax position in these jurisdictions.

During the second quarter of fiscal 2019, Adient recognized a pre-tax impairment charge on long-lived assets of $66 million. Refer to Note 16, "Impairment of Long-Lived Assets," of the notes to the consolidated financial statements for additional information. The tax benefit associated with the impairment charge was $2 million, which was negatively impacted by geographic mix and Adient’s current tax position in these jurisdictions.

During the fourth quarter of fiscal 2018, Adient recognized a pre-tax impairment charge on long-lived assets of $787 million within the seat structure and mechanism operations. Refer to Note 16, "Impairment of Long-Lived Assets," of the notes to the consolidated financial statements for additional information. The tax benefit associated with the impairment charge was $185 million, which was negatively impacted by geographic mix and Adient’s current tax position in these jurisdictions. The disclosed tax benefit is prior to valuation allowances recorded during the fourth quarter of fiscal 2018.

In addition during the fourth quarter of fiscal 2018, Adient recognized a pre-tax non-cash impairment charge of $358 million in equity income related to Adient’s YFAI investment balance within the Interiors segment. Refer to Note 19, "Nonconsolidated Partially-Owned Affiliates," of the notes to the consolidated financial statements for additional information. The tax benefit associated with the impairment charge was $36 million.

During the third and fourth quarters of fiscal 2018, Adient recognized a net pre-tax impairment charge of $49 million related to assets classified as held for sale. Refer to Note 3, "Acquisitions and Divestitures," of the notes to the consolidated financial statements for additional information. The tax benefit associated with the impairment charge was $14 million. The disclosed tax benefit is prior to valuation allowances recorded during the fourth quarter of fiscal 2018.

During the second quarter of fiscal 2018, Adient recognized a pre-tax goodwill impairment charge of $299 million related to the seat structure and mechanism operations. Refer to Note 6, "Goodwill and Other Intangible Assets," of the notes to the consolidated financial statements for additional information. The tax benefit associated with the goodwill impairment charge was $20 million.

18. Segment Information

During the second quarter of fiscal 2019, Adient realigned its organizational structure to manage its business primarily on a geographic basis, resulting in a change to reportable segments. Segment information for all periods presented are aligned to this change in organizational structure and an updated definition of corporate-related costs. Pursuant to this change, Adient operates in the following three reportable segments for financial reporting purposes: 1) Americas, which is inclusive of North America and South America; 2) Europe, Middle East, and Africa ("EMEA") and 3) Asia Pacific/China ("Asia").

Adient evaluates the performance of its reportable segments using an adjusted EBITDA metric defined as income before income taxes and noncontrolling interests, excluding net financing charges, restructuring and impairment costs, restructuring related-costs, incremental "Becoming Adient" costs, separation costs, net mark-to-market adjustments on pension and postretirement plans, transaction gains/losses, purchase accounting amortization, depreciation, stock-based compensation and other non-recurring items ("Adjusted EBITDA"). Also, certain corporate-related costs are not allocated to the segments. The reportable segments are consistent with how management views the markets served by Adient and reflect the financial information that is reviewed by its chief operating decision maker. Adient has three reportable segments for financial reporting purposes:

(in millions)	Year Ended September 30, 2019	2018	2017
Net Sales			
Americas	$ 7,785	$ 7,664	$ 7,290
EMEA	6,675	7,436	7,044
Asia	2,337	2,659	2,129
Eliminations	(271)	(320)	(250)
Total net sales	$ 16,526	$ 17,439	$ 16,213

(in millions)	Year Ended September 30, 2019	2018 (1)	2017 (1)
Adjusted EBITDA			
Americas	$ 210	$ 302	$ 758
EMEA	161	364	424
Asia	513	625	554
Corporate-related costs (2)	(97)	(95)	(135)
Becoming Adient costs (3)	—	(62)	(95)
Separation costs (4)	—	—	(10)
Restructuring and impairment costs (5)	(176)	(1,181)	(46)
Purchase accounting amortization (6)	(44)	(69)	(43)
Restructuring related charges (7)	(31)	(61)	(37)
Impairment of nonconsolidated partially owned affiliate (8)	—	(358)	—
Gain on previously-held interest (9)	—	—	151
Depreciation (10)	(278)	(393)	(332)
Stock based compensation (11)	(20)	(37)	(29)
Other items (12)	(9)	(55)	(16)
Earnings (loss) before interest and income taxes	229	(1,020)	1,144
Net financing charges	(182)	(144)	(132)
Other pension income (expense)	(45)	43	49
Income (loss) before income taxes	$ 2	$ (1,121)	$ 1,061

Notes:

(1) The presentation of certain amounts has been revised from what was previously reported to retrospectively adopt Accounting Standard Update ("ASU") 2017-07, "Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement cost" as of October 1, 2018. See Note 1, "Basis of Presentation and Summary of Significant Accounting Policies," for more information.

(2) Corporate-related costs not allocated to the segments include executive office, communications, corporate development, legal and finance.

(3) Reflects incremental expenses associated with becoming an independent company.

(4) Reflects expenses associated with and incurred prior to the separation from the former Parent.

(5) Reflects restructuring charges for costs that are directly attributable to restructuring activities and meet the definition of restructuring under ASC 420 and non-recurring impairment charges. Included along with restructuring charges in fiscal 2019 is a $66 million non-cash pre-tax impairment charge related to long-lived assets ($11 million in the Americas and $55 million in EMEA) and an $18 million non-cash impairment charge related to assets held for sale ($6 million in the Americas and $12 million in Asia). Included along with restructuring charges in fiscal 2018 is a non-cash pre-tax impairment charge of $1,086 million in the seat structure and mechanism operations ($787 million related to long-lived assets and $299 million related to goodwill), and a $49 million non-cash impairment charge related to assets held for sale. Refer to Note 5, "Property, Plant and Equipment," Note 6, "Goodwill and Other Intangible Assets," Note 15, "Restructuring and Impairment Costs," and Note 16, "Impairment of Long-Lived Assets," of the notes to the consolidated financial statements for more information. Amounts in fiscal 2017 relate primarily to restructuring charges.

(6) Reflects amortization of intangible assets including those related to partially owned affiliates recorded within equity income.

(7) Reflects restructuring related charges for costs that are directly attributable to restructuring activities, but do not meet the definition of restructuring under ASC 420 along with restructuring costs at partially owned affiliates recorded within equity income.

(8) Reflects a non-cash impairment charge related to Adient's YFAI investment balance, which has been recorded within the equity income line in the consolidated statements of income.

(9) An amendment to the rights agreement of a seating affiliate in China was finalized in the fourth quarter of fiscal 2017 giving Adient control of the previously non-consolidated affiliate. Adient began consolidating the entity in July 2017 and was required to apply purchase accounting, including recognizing a gain on our previously held interest, which has been recorded in equity income.

(10) For the twelve months ended September 30, 2018, depreciation excludes $7 million, which is included in restructuring related charges discussed above. For the twelve months ended September 30, 2017, depreciation excludes $5 million which is included in Becoming Adient costs discussed above.

(11) For the twelve months ended September 30, 2018 and 2017, stock based compensation excludes $10 million and $16 million, respectively. These amounts are included in Becoming Adient costs discussed above.

(12) The twelve months ended September 30, 2019 primarily includes $4 million of integration costs associated with the acquisition of Futuris, $3 million of transaction costs and $2 million of tax adjustments at YFAI. The twelve months ended September 30, 2018 primarily includes $22 million of integration costs associated with the acquisition of Futuris, $11 million of non-recurring consulting fees related to the seat structure and mechanism operations, an $8 million charge related to the impact of the U.S. tax reform at YFAI and $8 million of prior period adjustments. The twelve months ended September 30, 2017 primarily includes $3 million of transaction costs associated with the acquisition of Futuris and $12 million of initial funding of the Adient foundation.

Additional Segment Information

	Year Ended September 30, 2019				
	Reportable Segments				
(in millions)	**Americas**	**EMEA**	**Asia**	**Reconciling Items[1]**	**Consolidated**
Net Sales	$ 7,785	$ 6,675	$ 2,337	$ (271)	$ 16,526
Equity Income	3	13	270	(11)	275
Total Assets	3,237	2,716	3,416	973	10,342
Depreciation	109	126	43	—	278
Amortization	14	5	18	3	40
Capital Expenditures	190	237	41	—	468

(1) Reconciling items include the elimination of intercompany transactions, corporate-related assets, depreciation and amortization, and amounts to reconcile to consolidated totals. Specific reconciling items included in equity income are $4 million of purchase accounting amortization related to the YFAI joint venture, $5 million of restructuring related charges and $2 million of tax adjustments at YFAI. Corporate-related assets primarily include cash and deferred income tax assets.

	Year Ended September 30, 2018				
	Reportable Segments			Reconciling Items(1)	Consolidated
(in millions)	Americas	EMEA	Asia		
Net Sales	$ 7,664	7,436	$ 2,659	$ (320)	$ 17,439
Equity Income	10	12	363	(398)	(13)
Total Assets	3,248	3,066	3,598	1,030	10,942
Depreciation	141	204	45	10	400
Amortization	12	12	20	3	47
Capital Expenditures	233	267	36	—	536

(1) Reconciling items include the elimination of intercompany transactions, corporate-related assets, depreciation and amortization, and amounts to reconcile to consolidated totals. Specific reconciling items included in equity income are a $358 million non-cash impairment charge related to Adient's YFAI investment balance, $22 million of purchase accounting amortization related to the YFAI joint venture, $10 million of restructuring related charges and a $8 million charge related to the impact of the U.S. tax reform at YFAI. Corporate-related assets primarily include cash, deferred income tax assets, and Adient's aviation assets.

	Year Ended September 30, 2017				
	Reportable Segments			Reconciling Items(1)	Consolidated
(in millions)	Americas	EMEA	Asia		
Net Sales	$ 7,290	$ 7,044	$ 2,129	$ (250)	$ 16,213
Equity Income	10	11	373	128	522
Depreciation	118	174	36	9	337
Amortization	1	11	5	4	21
Capital Expenditures	227	267	56	27	577

(1) Reconciling items include the elimination of intercompany transactions, depreciation and amortization, and amounts to reconcile to consolidated totals. Included in equity income is a $151 million gain on a previously held interest in a China Seating affiliate that Adient began consolidating in the fourth quarter of fiscal 2017 as a result of an amendment to the related rights agreement, offset by $22 million of purchase accounting amortization related to the YFAI joint venture and $1 million of restructuring related costs related to the YFAI joint venture.

Geographic Information

Financial information relating to Adient's operations by geographic area is as follows:

Net Sales

	Year Ended September 30,		
(in millions)	**2019**	**2018**	**2017**
Americas			
United States	$ 6,435	$ 6,376	$ 6,221
Mexico	2,709	2,668	2,595
Other Americas	435	537	602
Regional Elimination	(1,794)	(1,917)	(2,128)
	7,785	7,664	7,290
EMEA			
Germany	1,463	1,761	1,930
Czech Republic	1,431	1,663	1,398
Other EMEA	5,616	5,892	5,476
Regional Elimination	(1,835)	(1,880)	(1,760)
	6,675	7,436	7,044
Asia			
Thailand	614	615	409
China	529	716	264
Japan	529	562	597
Other Asia	668	768	859
Regional Elimination	(3)	(2)	—
	2,337	2,659	2,129
Inter-segment elimination	(271)	(320)	(250)
Total	$ 16,526	$ 17,439	$ 16,213

Long-Lived Assets (consisting of net property, plant and equipment)

(in millions)	Year Ended September 30, 2019	2018
Americas		
United States	$ 504	$ 474
Mexico	177	161
Other Americas	32	31
	713	666
EMEA		
Germany	195	197
Other EMEA	538	565
	733	762
Asia		
All countries	225	255
Total	$ 1,671	$ 1,683

In the third quarter of fiscal 2019, Adient's Indonesia operations recorded an $8 million adjustment to increase cost of sales and to decrease primarily current assets to correct prior period misstatements. Adient has concluded that these adjustments were not material to the consolidated financial statements for any period reported.

19. Nonconsolidated Partially-Owned Affiliates

Investments in the net assets of nonconsolidated partially-owned affiliates are reported in the "Investments in partially-owned affiliates" line in the consolidated statements of financial position. Equity in the net income of nonconsolidated partially-owned affiliates are reported in the "Equity income" line in the consolidated statements of income (loss). Adient maintains total investments in partially-owned affiliates of $1.4 billion and $1.4 billion at September 30, 2019 and 2018, respectively. Operating information for nonconsolidated partially-owned affiliates is as follows:

Name of key partially-owned affiliate	% ownership 2019	2018
Adient Yanfeng Seating Mechanism Co., Ltd. (AYM)	50.0%	50.0%
Changchun FAWAY Adient Automotive Systems Co. Ltd. (CFAA)	49.0%	49.0%
Yanfeng Adient Seating Co., Ltd. (YFAS)	49.9%	49.9%
Yanfeng Global Automotive Interiors Systems Co., Ltd. (YFAI)	30.0%	30.0%

(in millions)	Year Ended September 30, 2019	2018	2017
Income statement data:			
Net sales	$ 15,555	$ 18,258	$ 17,262
Gross profit	$ 1,721	$ 2,214	$ 1,994
Net income	$ 667	$ 823	$ 1,039
Net income attributable to the entity	$ 629	$ 773	$ 974

(in millions)	September 30, 2019	September 30, 2018
Balance sheet data:		
Current assets	$ 7,122	$ 7,716
Noncurrent assets	$ 3,335	$ 3,455
Current liabilities	$ 7,058	$ 7,579
Noncurrent liabilities	$ 433	$ 433
Noncontrolling interests	$ 125	$ 120

During the fourth quarter of fiscal 2018, Adient concluded that indicators of potential impairment were present related to the investment in YFAI based on the declines in operating performance during fiscal 2018 along with declines in projections of the YFAI business for the foreseeable future. Accordingly, Adient deemed such issues to represent an other-than-temporary decline and undertook an impairment analysis to determine the fair value of the investment in YFAI, which was completed under an income approach utilizing discounted cash flows to derive a fair value of the investment in YFAI. Based on the fair value, the carrying value of the investment in YFAI exceeded fair value by $358 million, and as such Adient recorded a non-cash impairment charge within equity income in the consolidated statements of income (loss) for that amount in the fourth quarter of 2018. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consist of expected future operating margins and cash flows of YFAI, estimated production volumes, weighted average cost of capital (12.5%) and noncontrolling interest discounts. To the extent that profitability continues to decline as compared to forecasted profitability or if adverse changes occur to key assumptions or other fair value measurement inputs, further impairment of Adient's YFAI investment could occur in the future.

20. Commitments and Contingencies

Adient is involved in various lawsuits, claims and proceedings incident to the operation of its businesses, including those pertaining to product liability, casualty environmental, safety and health, intellectual property, employment, commercial and contractual matters, and various other matters. Although the outcome of any such lawsuit, claim or proceeding cannot be predicted with certainty and some may be disposed of unfavorably to Adient, it is management's opinion that none of these will have a material adverse effect on Adient's financial position, results of operations or cash flows. Costs related to such matters were not material to the periods presented.

Adient accrues for potential environmental liabilities when it is probable a liability has been incurred and the amount of the liability is reasonably estimable. Reserves for environmental liabilities totaled $12 million and $8 million at September 30, 2019 and 2018, respectively. Adient reviews the status of its environmental sites on a quarterly basis and adjusts its reserves accordingly. Such potential liabilities accrued by Adient do not take into consideration possible recoveries of future insurance proceeds. They do, however, take into account the likely share other parties will bear at remediation sites. It is difficult to estimate Adient's ultimate level of liability at many remediation sites due to the large number of other parties that may be involved, the complexity of determining the relative liability among those parties, the uncertainty as to the nature and scope of the investigations and remediation to be conducted, the uncertainty in the application of law and risk assessment, the various choices and costs associated with diverse technologies that may be used in corrective actions at the sites, and the often quite lengthy periods over which eventual remediation may occur. Nevertheless, Adient does not currently believe that any claims, penalties or costs in connection with known environmental matters will have a material adverse effect on Adient's financial position, results of operations or cash flows.

21. Related Party Transactions

In the ordinary course of business, Adient enters into transactions with related parties, such as equity affiliates. Such transactions consist of the sale or purchase of goods and other arrangements. Subsequent to the separation, transactions with the former Parent and its businesses represent third-party transactions.

The following table sets forth the location and amounts of net sales to and purchases from related parties included in Adient's consolidated statements of income (loss):

(in millions)		Year Ended September 30, 2019	2018	2017
Net sales to related parties	Net sales	$ 386	$ 389	$ 409
Purchases from related parties	Cost of sales	704	614	511

The following table sets forth the location and amount of accounts receivable due from and payable to related parties in Adient's consolidated statements of financial position:

(in millions)		September 30, 2019	2018
Accounts receivable due from related parties	Accounts receivable	$ 73	$ 91
Accounts payable due to related parties	Accounts payable	137	102

Average receivable and payable balances with related parties remained consistent with the period end balances shown above.

Allocations from Former Parent

During fiscal 2017, allocations from the former Parent were insignificant. During fiscal 2017, Adient and the former Parent finalized the reconciliation of working capital and other accounts and the net amount due from the former Parent of $87 million was settled in accordance with the separation agreement. The impact of the settlement is reflected within additional paid-in capital.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision of and with the participation of our management, including the principal executive officer and principal financial officer, Adient conducted an evaluation of the effectiveness of the design and operation of disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, as of September 30, 2019, the end of the period covered by this report, or the Evaluation Date. Based upon the evaluation, the principal executive officer and principal financial officer concluded that Adient's disclosure controls and procedures were effective at the reasonable assurance level as of the Evaluation Date. Disclosure controls and procedures are controls and procedures designed to provide reasonable assurance that information required to be disclosed in Adient's reports filed or submitted under the Exchange Act, such as this report, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include controls and procedures designed to provide reasonable assurance that such information is accumulated and communicated to Adient's management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Definition of and Inherent Limitations over Internal Control over Financial Reporting

Adient's internal control over financial reporting is a process designed by, or under the supervision of, the principal executive officer and principal financial officer, or persons performing similar functions, and effected by Adient's board of directors, management and other personnel designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Adient's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the receipts and expenditures are being made only in accordance with authorizations of Adient's management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of Adient's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act). Management has assessed the effectiveness of Adient's internal control over financial reporting based on the criteria set forth in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO. Based on this evaluation, management concluded that Adient maintained effective internal control over financial reporting as of September 30, 2019. The effectiveness of Adient's internal control over financial reporting as of September 30, 2019 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report in Item 8 of Part II of this Form 10-K.

Changes in Internal Control over Financial Reporting

There were no changes in internal control over financial reporting during the fourth quarter of the fiscal year ended September 30, 2019 that have materially affected, or are reasonably likely to materially affect, Adient's internal control over financial reporting.

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Adient intends to hold its 2020 annual general meeting of shareholders on March 12, 2020.

The information required by this Item is set forth under the sections entitled "Q: Where can I find Corporate Governance materials for Adient?," "Proposal One: Election of Directors," "Corporate Governance," "Board and Committee Information," "Audit Committee Report," and "Delinquent Section 16(a) Reports" in Adient's 2020 Proxy Statement to be filed with the U.S. Securities and Exchange Commission ("SEC") within 120 days after September 30, 2019 in connection with the solicitation of proxies for Adient's 2020 annual general meeting of shareholders and is incorporated herein by reference.

Adient has an Ethics Policy that applies to all employees, including Adient's principal executive officer, principal financial officer, and principal accounting officer, as well as to the members of the Board of Directors of Adient. The Ethics Policy is available at www.adient.com. Adient intends to disclose any changes in, or waivers from, this Ethics Policy by posting such information on the same website or by filing a Current Report on Form 8-K, in each case to the extent such disclosure is required by rules of the SEC or the NYSE.

Item 11. Executive Compensation

The information required by this Item is set forth under the sections entitled "Corporate Governance," "Board and Committee Information," "Compensation Committee Report," "Compensation Discussion and Analysis," "Director Compensation," "Potential Payments and Benefits upon Termination and Change in Control," and "Share Ownership of Executive Officers and Directors" in Adient's 2020 Proxy Statement to be filed with the SEC within 120 days after September 30, 2019 and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is set forth under the section entitled "Share Ownership of Executive Officers and Directors" in Adient's 2020 Proxy Statement to be filed with the SEC within 120 days after September 30, 2019 and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is set forth under the section entitled "Corporate Governance" in Adient's 2020 Proxy Statement to be filed with the SEC within 120 days after September 30, 2019 and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this Item is set forth under the section entitled "Audit Committee Report" in Adient's 2020 Proxy Statement to be filed with the SEC within 120 days after September 30, 2019 and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Documents filed as part of this report

(1) All financial statements

Index to Consolidated Financial Statements	Page

(2) Financial Statement Schedules

ADIENT AND SUBSIDIARIES
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

	Year Ended September 30,		
(in millions)	**2019**	**2018**	**2017**
Accounts Receivable - Allowance for Doubtful Accounts			
Balance at beginning of period	$ 15	$ 20	$ 21
Provision charged to costs and expenses	15	12	13
Reserve adjustments	(16)	(17)	(14)
Balance at end of period	$ 14	$ 15	$ 20
Deferred Tax Assets - Valuation Allowance			
Balance at beginning of period	$ 846	$ 223	$ 267
Allowance provision for new operating and other loss carryforwards	488	669	23
Allowance provision (benefit) adjustments	(30)	(46)	(67)
Balance at end of period	$ 1,304	$ 846	$ 223

YFAS was deemed a significant equity investee under Rule 3-09 of Regulation S-X for the fiscal years ended September 30, 2019 and 2018, respectively. YFAS was not deemed a significant equity investee for fiscal 2017. As such, financial statements of YFAS are required to be filed as an amendment to this Annual Report on Form 10-K, within six months of the end of YFAS's year end (i.e. December 31). Accordingly, YFAS financial statements as of December 31, 2019 will be filed via an amendment to this Annual Report on Form 10-K on or before June 30, 2020.

All other financial statement schedules have been omitted, since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto included in this Form 10-K.

(3) Exhibits required by Item 601 of Regulation S-K

EXHIBIT INDEX

Exhibit No.	Exhibit Title
2.1	Separation and Distribution Agreement, dated as of September 8, 2016, by and between Johnson Controls International plc and Adient Limited (incorporated by reference to Exhibit 2.1 to Amendment No. 4 to Adient plc's Registration Statement on Form 10 filed September 20, 2016 (File No. 1-37757)).#
3.1	Memorandum of Association and Amended and Restated Articles of Association of Adient (incorporated by reference to Exhibit 3.1 to Adient plc's Current Report on Form 8-K filed November 1, 2016 (File No. 1-37757)).
4.1	Indenture, dated as of August 19, 2016, between Adient Global Holdings Ltd and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 to Amendment No. 4 to Adient plc's Registration Statement on Form 10 filed September 20, 2016 (File No. 1-37757)).
4.2	Indenture, dated as of August 19, 2016, among Adient Global Holdings Ltd, U.S. Bank National Association, Elavon Financial Services DAC, UK Branch, and Elavon Financial Services DAC (incorporated by reference to Exhibit 4.2 to Amendment No. 4 to Adient plc's Registration Statement on Form 10 filed September 20, 2016 (File No. 1-37757)).
4.3	Guarantor Supplemental Indenture to the Euro Notes Indenture, dated as of October 14, 2016, by and among Adient Global Holdings Limited, U.S. Bank National Association, as Trustee, and certain subsidiaries of Adient Global Holdings Limited party thereto (incorporated by reference to Exhibit 4.1 to Adient plc's Current Report on Form 8-K filed November 1, 2016 (File No. 1-37757)).
4.4	Guarantor Supplemental Indenture to the Dollar Notes Indenture, dated as of October 14, 2016, by and among Adient Global Holdings Limited, U.S. Bank National Association, as Trustee, and certain subsidiaries of Adient Global Holdings Limited party thereto (incorporated by reference to Exhibit 4.2 to Adient plc's Current Report on Form 8-K filed November 1, 2016 (File No. 1-37757)).
4.5	Guarantor Supplemental Indenture to the Euro Notes Indenture, dated as of October 31, 2016, by and among Adient plc, Adient Global Holdings Limited, U.S. Bank National Association, as Trustee, and certain subsidiaries of Adient Global Holdings Limited party thereto (incorporated by reference to Exhibit 4.3 to Adient plc's Current Report on Form 8-K filed November 1, 2016 (File No. 1-37757)).
4.6	Guarantor Supplemental Indenture to the Dollar Notes Indenture, dated as of October 31, 2016, by and among Adient plc, Adient Global Holdings Limited, U.S. Bank National Association, as Trustee, and certain subsidiaries of Adient Global Holdings Limited party thereto (incorporated by reference to Exhibit 4.4 to Adient plc's Current Report on Form 8-K filed November 1, 2016 (File No. 1-37757)).
4.7	Guarantor Supplemental Indenture to the Euro Notes Indenture, dated as of June 19, 2017, by and among Adient Global Holdings Ltd, Adient Global Holdings S.à r.l., Adient Global Holdings Luxembourg S.à r.l., Adient Holding Ireland Limited and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to Adient plc's Quarterly Report on Form 10-Q filed May 7, 2018 (File No. 1-37757)).
4.8	Guarantor Supplemental Indenture to the Dollar Notes Indenture, dated as of June 19, 2017, by and among Adient Global Holdings Ltd, Adient Global Holdings S.à r.l., Adient Global Holdings Luxembourg S.à r.l., Adient Holding Ireland Limited and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.2 to Adient plc's Quarterly Report on Form 10-Q filed May 7, 2018 (File No. 1-37757)).
4.9	Fourth Supplemental Indenture to the Euro Notes Indenture, dated as of January 29, 2018, by and among Adient Global Holdings Ltd, Adient Ltd, Adient UK Global Financing Ltd and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.3 to Adient plc's Quarterly Report on Form 10-Q filed May 7, 2018 (File No. 1-37757)).

4.10	Fourth Supplemental Indenture to the Dollar Notes Indenture, dated as of January 29, 2018, by and among Adient Global Holdings Ltd, Adient Ltd, Adient UK Global Financing Ltd and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.4 to Adient plc's Quarterly Report on Form 10-Q filed May 7, 2018 (File No. 1-37757)).
4.11	Guarantor Supplemental Indenture to the Euro Notes Indenture, dated as of March 20, 2018, by and among Adient Global Holdings Ltd, U.S. Bank National Association, as Trustee, and certain subsidiaries of Adient Global Holdings Ltd party thereto (incorporated by reference to Exhibit 4.5 to Adient plc's Quarterly Report on Form 10-Q filed May 7, 2018 (File No. 1-37757)).
4.12	Guarantor Supplemental Indenture to the Dollar Notes Indenture, dated as of March 20, 2018, by and among Adient Global Holdings Ltd, U.S. Bank National Association, as Trustee, and certain subsidiaries of Adient Global Holdings Ltd party thereto (incorporated by reference to Exhibit 4.6 to Adient plc's Quarterly Report on Form 10-Q filed May 7, 2018 (File No. 1-37757)).
4.13	Indenture, dated as of May 6, 2019, among Adient US LLC, the guarantors party thereto from time to time and U.S. Bank National Association, as Trustee and Collateral Agent, relating to the $800.0 million aggregate principal amount of 7.00% senior first lien notes due 2026 (the "Indenture") (incorporated by reference to Exhibit 4.1 to Adient plc's Current Report on Form 8-K filed May 6, 2019 (File No. 1-37757)).
4.14	Supplemental Indenture, dated as of May 6, 2019, among Adient Fabrics Spain, S.A.U., Michel Thierry Unit Components, S.L.U., Adient Seating Holding Spain, S.L.U., Adient Seating Spain, S.L.U., Adient Automotive, S.L.U., Adient Real Estate Holding Spain, S.L.U. and U.S. Bank National Association, relating to the Indenture (incorporated by reference to Exhibit 4.2 to Adient plc's Current Report on Form 8-K filed May 6, 2019 (File No. 1-37757)).
4.15	Guarantor Supplemental Indenture to the Euro Notes Indenture, dated as of October 3, 2019, by and among Adient Global Holdings Ltd, the subsidiary of Adient Global Holdings Ltd party thereto, and U.S. Bank National Association, as Trustee.
4.16	Guarantor Supplemental Indenture to the Dollar Notes Indenture, dated as of October 3, 2019, by and among Adient Global Holdings Ltd, the subsidiary of Adient Global Holdings Ltd party thereto, and U.S. Bank National Association, as Trustee.
4.17	Description of securities.
10.1	Tax Matters Agreement, dated as of September 8, 2016, by and between Johnson Controls International plc and Adient Limited, as amended October 31, 2016 (incorporated by reference to Exhibit 10.2 to Amendment No. 1 to Adient plc's Annual Report on Form 10-K/A filed June 29, 2017 (File No. 1-37757)).
10.2	Employee Matters Agreement, dated as of September 8, 2016, by and between Johnson Controls International plc and Adient Limited (incorporated by reference to Exhibit 10.3 to Amendment No. 4 to Adient plc's Registration Statement on Form 10 filed September 20, 2016 (File No. 1-37757)).
10.3	Form of Indemnification Agreement (Ireland) with individual directors and officers (incorporated by reference to Exhibit 10.5 to Amendment No. 1 to Adient plc's Annual Report on Form 10-K/A filed June 29, 2017 (File No. 1-37757)).
10.4	Form of Indemnification Agreement (US) with individual directors and officers (incorporated by reference to Exhibit 10.6 to Amendment No. 1 to Adient plc's Annual Report on Form 10-K/A filed June 29, 2017 (File No. 1-37757)).
10.5	Joint Venture Contract, dated October 22, 1997, between Shanghai Yanfeng Automotive Trim Company, Ltd. and Johnson Controls International, Inc., as amended (incorporated by reference to Exhibit 10.7 of Adient plc's Registration Statement on Form 10 filed April 27, 2016 (File No. 1-37757)).

10.6	Term Loan Credit Agreement, dated as of May 6, 2019, among Adient US LLC, Adient Global Holdings S.à r.l., the lenders party thereto and Bank of America, N.A., as Administrative Agent and Collateral Agent (incorporated by reference to Exhibit 10.1 to Adient plc's Current Report on Form 8-K filed May 6, 2019 (File No. 1-37757)).
10.7	Revolving Credit Agreement, dated as of May 6, 2019, among Adient US LLC, the other borrower subsidiaries party thereto, the lenders party thereto, the issuing banks party thereto and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent (incorporated by reference to Exhibit 10.2 to Adient plc's Current Report on Form 8-K filed May 6, 2019 (File No. 1-37757)).
10.8	Adient plc 2016 Omnibus Incentive Plan (incorporated by reference to Exhibit 4.1 to Adient plc's Registration Statement on Form S-8 filed October 28, 2016 (File No. 1-37757)).*
10.9	Form of Adient plc Restricted Shares or Restricted Share Unit Award Agreement (incorporated by reference to Exhibit 10.10 to Amendment No. 1 to Adient plc's Annual Report on Form 10-K/A filed June 29, 2017 (File No. 1-37757)).*
10.10	Form of Adient plc Performance Share Unit Award Agreement (incorporated by reference to Exhibit 10.11 to Amendment No. 1 to Adient plc's Annual Report on Form 10-K/A filed June 29, 2017 (File No. 1-37757)).*
10.11	Form of Adient plc Performance Unit Award agreement (incorporated by reference to Exhibit 10.1 to Adient plc's Current Report on Form 8-K filed September 29, 2017 (File No. 1-37757)).*
10.12	Form of Adient plc Restricted Shares or Restricted Share Unit Award agreement (incorporated by reference to Exhibit 10.2 to Adient plc's Current Report on Form 8-K filed September 29, 2017 (File No. 1-37757)).*
10.13	Adient plc 2016 Director Share Plan (incorporated by reference to Exhibit 4.2 to Adient plc's Registration Statement on Form S-8 filed October 28, 2016 (File No. 1-37757)).*
10.14	Adient US LLC Retirement Restoration Plan, as amended and restated effective January 1, 2017 (incorporated by reference to Exhibit 10.1 to Adient plc's Current Report on Form 8-K filed January 13, 2017 (File No. 1-37757)).*
10.15	Adient US LLC Executive Deferred Compensation Plan, as amended and restated March 12, 2018 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed May 7, 2018 (File No. 1-37757)).*
10.16	Adient plc Executive Compensation Incentive Recoupment Policy (incorporated by reference to Exhibit 10.15 to Amendment No. 1 to Adient plc's Annual Report on Form 10-K/A filed June 29, 2017 (File No. 1-37757)).*
10.17	Adient plc Flexible Perquisites Program (incorporated by reference to Exhibit 10.3 to Adient plc's Quarterly Report on Form 10-Q filed August 7, 2019 (File No. 1-37757)).*
10.18	Written description of Adient US LLC severance benefit for certain executive officers.*
10.19	Adient plc Non-Employee Directors Compensation Summary and Ownership Guidelines, as amended and restated effective as of October 1, 2018 (incorporated by reference to Exhibit 10.21 to Adient plc's Annual Report on Form 10-K filed November 29, 2018 (File No. 1-37757)).*
10.20	Adient plc Executive Share Ownership Guidelines effective as of September 17, 2019.*

10.21	Form of Key Executive Severance and Change of Control Agreement by and among Adient plc, Adient US LLC and the following current or former executive officers: Jerome J. Dorlack, Cathleen A. Ebacher, Jeffrey M. Stafeil, Byron S. Foster, and Neil E. Marchuk (incorporated by reference to Exhibit 10.1 to Adient plc's Current Report on Form 8-K filed January 20, 2017 (File No. 1-37757)).*
10.22	Agreement, dated as of May 18, 2018, by and between Adient plc and Blue Harbour Group, L.P. (incorporated by reference to Exhibit 10.1 to Adient plc's Current Report on Form 8-K filed May 18, 2018 (File No. 1-37757)).
10.23	Offer Letter, dated as of September 10, 2018, entered into between Adient plc and Douglas G. DelGrosso (incorporated by reference to Exhibit 10.1 to Adient plc's Current Report on Form 8-K filed September 13, 2018 (File No. 1-37757)).*
10.24	Form of Key Executive Severance and Change of Control Agreement by and among Adient plc, Adient US LLC and Douglas G. DelGrosso (incorporated by reference to Exhibit 10.2 to Adient plc's Current Report on Form 8-K filed September 13, 2018 (File No. 1-37757)).*
10.25	Separation and Release of Claims Agreement, dated as of March 5, 2019, by and between Adient US LLC and Byron S. Foster (incorporated by reference to Exhibit 10.1 to Adient plc's Current Report on Form 8-K filed March 8, 2019 (File No. 1-37757)).*
10.26	Offer Letter, dated October 8, 2018, entered into between Adient US LLC and Jerome Dorlack (incorporated by reference to Exhibit 10.1 to Adient plc's Quarterly Report on Form 10-Q filed August 7, 2019 (File No. 1-37757)).*
10.27	Employment Contract, dated October 29, 2018, entered into between Adient Germany Ltd. & Co. KG and Michel Pierre Berthelin. (incorporated by reference to Exhibit 10.2 to Adient plc's Quarterly Report on Form 10-Q filed August 7, 2019 (File No. 1-37757)).*
10.28	Separation and Release of Claims Agreement by and among Adient US LLC and Mark A. Skonieczny Jr., dated October 17, 2019 (incorporated by reference to Exhibit 10.1 to Adient plc's Current Report on Form 8-K filed October 18, 2019).*
10.29	Labour Contract, dated as of March 6, 2016, by and between Adient Management (China) Co., Ltd. and Jian James Huang.*
21.1	List of Subsidiaries.
23.1	Consent of Independent Registered Public Accounting Firm.
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Periodic Financial Report by the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.

101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

#	Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Adient hereby undertakes to furnish copies of any of the omitted schedules and exhibits upon request by the SEC.
*	Denotes management contract or compensatory plan or arrangement required to be filed as an exhibit hereto.

Item 16. Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Adient plc

By: /s/ Douglas G. Del Grosso
Douglas G. Del Grosso
President and Chief Executive Officer and a Director
Date: November 22, 2019

By: /s/ Jeffrey M. Stafeil
Jeffrey M. Stafeil
Executive Vice President and Chief Financial Officer
Date: November 22, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below as of November 22, 2019, by the following persons on behalf of the Registrant and in the capacities indicated:

/s/ Douglas G. Del Grosso
Douglas G. Del Grosso
President and Chief Executive Officer and a Director
(Principal Executive Officer)

/s/ Jeffrey M. Stafeil
Jeffrey M. Stafeil
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ Gregory S. Smith
Gregory S. Smith
Vice President and Chief Accounting Officer
(Principal Accounting Officer)

/s/ Richard Goodman
Richard Goodman
Director

/s/ John M. Barth
John M. Barth
Director

/s/ Jose Gutierrez
Jose Gutierrez
Director

/s/ Julie L. Bushman
Julie L. Bushman
Director

/s/ Frederick A. Henderson
Frederick A. Henderson
Non-Executive Chairman and Director

/s/ Peter H. Carlin
Peter H. Carlin
Director

/s/ Barb J. Samardzich
Barb J. Samardzich
Director

/s/ Raymond L. Conner
Raymond L. Conner
Director

Exhibit 4.15

GUARANTOR SUPPLEMENTAL INDENTURE

SIXTH SUPPLEMENTAL INDENTURE (this "*Supplemental Indenture*"), dated as of October 3, 2019, among Adient Global Holdings Ltd, a public company incorporated under the Companies (Jersey) Law 1991 under company number 121385, having its registered office at 3rd floor, 37 Esplanade, St Helier, Jersey, JE2 3QA (together with any successors thereto, the "*Issuer*"), the undersigned additional subsidiary guarantor (the "*New Guarantor*") and U.S. Bank National Association, as trustee under the Indenture referred to below (the "*Trustee*").

W I T N E S S E T H :

WHEREAS, the Issuer, the Trustee, Elavon Financial Services DAC, UK Branch, as Paying Agent, and Elavon Financial Services DAC, as Transfer Agent and Registrar, have heretofore executed an indenture, dated as of August 19, 2016 (as amended, supplemented or otherwise modified, the "*Indenture*"; capitalized terms used herein shall have the meanings assigned to them in the Indenture unless otherwise indicated), providing for the issuance of the Issuer's 3.50% Senior Unsecured Notes due 2024 (the "*Securities*"), initially in the aggregate principal amount of €1,000,000,000;

WHEREAS, Sections 4.12 and 11.07 of the Indenture provide that under certain circumstances the Issuer is required to cause the New Guarantor to execute and deliver to the Trustee a supplemental indenture pursuant to which the New Guarantor shall guarantee the Guaranteed Obligations; and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee, the New Guarantor and the Issuer are authorized to execute and deliver this Supplemental Indenture;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the New Guarantor, the Issuer and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Securities as follows:

1. *Defined Terms.* Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture. The words "herein," "hereof" and "hereby" and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular Section hereof.

2. *Agreement to Guarantee*. The New Guarantor hereby agrees, jointly and severally with all existing Guarantors, to guarantee the Guaranteed Obligations on the terms and subject to the conditions set forth in Article 11 of the Indenture and to be bound by all other applicable provisions of the Indenture and the Securities and to perform all of the obligations and agreements of a Guarantor under the Indenture.

3. *Notices*. All notices or other communications to the New Guarantor shall be given as provided in Section 12.02 of the Indenture.

4. *Ratification of Indenture; Supplemental Indentures Part of Indenture*. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby.

5. *Governing Law*. THIS SUPPLEMENTAL INDENTURE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

6. *Trustee Makes No Representation*. The Trustee accepts the amendments of the Indenture effected by this Supplemental Indenture on the terms and conditions set forth in the Indenture, including the terms and provisions defining and limiting the liabilities and responsibilities of the Trustee. Without limiting the generality of the foregoing, the Trustee shall not be responsible in any manner whatsoever for or with respect to any of the recitals or statements contained herein, all of which recitals or statements are made solely by the Issuer, or for or with respect to (i) the validity or sufficiency of this Supplemental Indenture or any of the terms or provisions hereof, (ii) the proper authorization hereof by the Issuer and the New Guarantor, in each case, by action or otherwise, (iii) the due execution hereof by the Issuer and the New Guarantor or (iv) the consequences of any amendment herein provided for, and the Trustee makes no representation with respect to any such matters.

7. *Counterparts*. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Supplemental Indenture. Notwithstanding the foregoing, the exchange of copies of this Supplemental Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture and signature pages for all purposes.

8. *Effect of Headings*. The Section headings of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part of this Supplemental Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties have caused this Supplemental Indenture to be duly executed as of the date first written above.

ADIENT GLOBAL HOLDINGS LTD

By: /s/ Steven T. Mielke
Name: Steven T. Mielke
Title: Authorized Representative

ADIENT US ENTERPRISES LIMITED PARTNERSHIP, as a Guarantor

By: Adient Ltd,
its General Partner

By: /s/ Cathleen A. Ebacher
Name: Cathleen A. Ebacher
Title: Director

By: /s/ Mark A. Skonieczny, Jr.
Name: Mark A. Skonieczny, Jr.
Title: Director

[Signature Page to EUR Supplemental Indenture]

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: /s/ Yvonne Siira
Name: Yvonne Siira
Title: Vice President

[Signature Page to EUR Supplemental Indenture]

GUARANTOR SUPPLEMENTAL INDENTURE

SIXTH SUPPLEMENTAL INDENTURE (this "*Supplemental Indenture*"), dated as of October 3, 2019, among Adient Global Holdings Ltd, a public company incorporated under the Companies (Jersey) Law 1991 under company number 121385, having its registered office at 3rd floor, 37 Esplanade, St Helier, Jersey, JE2 3QA (together with any successors thereto, the "*Issuer*"), the undersigned additional subsidiary guarantor (the "*New Guarantor*") and U.S. Bank National Association, as trustee under the Indenture referred to below (the "*Trustee*").

W I T N E S S E T H :

WHEREAS, the Issuer and the Trustee have heretofore executed an indenture, dated as of August 19, 2016 (as amended, supplemented or otherwise modified, the "*Indenture*"; capitalized terms used herein shall have the meanings assigned to them in the Indenture unless otherwise indicated), providing for the issuance of the Issuer's 4.875% Senior Unsecured Notes due 2026 (the "*Securities*"), initially in the aggregate principal amount of $900,000,000;

WHEREAS, Sections 4.12 and 11.07 of the Indenture provide that under certain circumstances the Issuer is required to cause the New Guarantor to execute and deliver to the Trustee a supplemental indenture pursuant to which the New Guarantor shall guarantee the Guaranteed Obligations; and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee, the New Guarantor and the Issuer are authorized to execute and deliver this Supplemental Indenture;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the New Guarantor, the Issuer and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Securities as follows:

1. *Defined Terms.* Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture. The words "herein," "hereof" and "hereby" and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular Section hereof.

2. *Agreement to Guarantee*. The New Guarantor hereby agrees, jointly and severally with all existing Guarantors, to guarantee the Guaranteed Obligations on the terms and subject to the conditions set forth in Article 11 of the Indenture and to be bound by all other applicable provisions of the Indenture and the Securities and to perform all of the obligations and agreements of a Guarantor under the Indenture.

3. *Notices*. All notices or other communications to the New Guarantor shall be given as provided in Section 12.02 of the Indenture.

4. *Ratification of Indenture; Supplemental Indentures Part of Indenture*. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby.

5. *Governing Law*. THIS SUPPLEMENTAL INDENTURE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

6. *Trustee Makes No Representation*. The Trustee accepts the amendments of the Indenture effected by this Supplemental Indenture on the terms and conditions set forth in the Indenture, including the terms and provisions defining and limiting the liabilities and responsibilities of the Trustee. Without limiting the generality of the foregoing, the Trustee shall not be responsible in any manner whatsoever for or with respect to any of the recitals or statements contained herein, all of which recitals or statements are made solely by the Issuer, or for or with respect to (i) the validity or sufficiency of this Supplemental Indenture or any of the terms or provisions hereof, (ii) the proper authorization hereof by the Issuer and the New Guarantor, in each case, by action or otherwise, (iii) the due execution hereof by the Issuer and the New Guarantor or (iv) the consequences of any amendment herein provided for, and the Trustee makes no representation with respect to any such matters.

7. *Counterparts*. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Supplemental Indenture. Notwithstanding the foregoing, the exchange of copies of this Supplemental Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture and signature pages for all purposes.

8. *Effect of Headings*. The Section headings of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part of this Supplemental Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties have caused this Supplemental Indenture to be duly executed as of the date first written above.

ADIENT GLOBAL HOLDINGS LTD

By: /s/ Steven T. Mielke
Name: Steven T. Mielke
Title: Authorized Representative

ADIENT US ENTERPRISES LIMITED PARTNERSHIP, as a Guarantor
By: Adient Ltd,
its General Partner

By: /s/ Cathleen A. Ebacher
Name: Cathleen A. Ebacher
Title: Director

By: /s/ Mark A. Skonieczny, Jr.
Name: Mark A. Skonieczny, Jr.
Title: Director

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: /s/ Yvonne Siira
Name: Yvonne Siira
Title: Vice President

[Signature Page to USD Supplemental Indenture]

Exhibit 4.17

ADIENT PLC

DESCRIPTION OF SECURITIES

The summary of the general terms and provisions of the shares of Adient plc (the "Adient") set forth below does not purport to be complete and is subject to and qualified by reference to Adient’s Memorandum of Association (the "Memorandum") and Adient’s Articles of Association (the "Articles of Association"), each of which is incorporated herein by reference. For additional information, please read the Memorandum of Association, the Articles of Association and the applicable provisions of the Irish Companies Act.

Share Capital

Adient's authorized share capital consists of 25,000 euro deferred shares with a par value of €1.00 per share (created to satisfy statutory requirements for all Irish public limited companies commencing operations), 500,000,000 ordinary shares with a par value of $0.001 per share and 100,000,000 preferred shares with a par value of $0.001 per share.

As a matter of Irish company law, the directors of a company may cause that company to issue new ordinary or preferred shares without shareholder approval once authorized to do so by the articles of association of the company or by an ordinary resolution adopted by the shareholders at a general meeting. An ordinary resolution requires over 50% of the votes of a company's shareholders cast at a general meeting (in person or by proxy). The authority conferred can be granted for a maximum period of five years, at which point it must be renewed by the shareholders of that company by an ordinary resolution. The Articles of Association authorize the board of directors of Adient to issue new ordinary or preferred shares without shareholder approval for a period of five years from 31 October 2016, being the date the Articles of Association were adopted.

The authorized share capital may be increased or reduced by way of an ordinary resolution of Adient's shareholders, but not below the number of shares then outstanding. The shares comprising the authorized share capital of Adient may be divided into shares of such par value as the resolution prescribes.

The rights and restrictions to which the ordinary shares are subject are prescribed in the Articles of Association. The Articles of Association entitle the board of directors, without shareholder approval, to determine the terms of any preferred shares issued by Adient. Preferred shares may be preferred as to dividends, rights on a winding up or voting in such manner as the directors of Adient may resolve. The preferred shares may also be redeemable at the option of the holder of the preferred shares or at the option of Adient, and may be convertible into or exchangeable for shares of any other class or classes of Adient, depending on the terms of such preferred shares. The issuance of preferred shares is subject to applicable law, including the Irish Takeover Rules.

Irish law does not recognize fractional shares held of record; accordingly, the Articles of Association do not provide for the issuance of fractional ordinary shares of Adient, and the official Irish register of Adient does not reflect any fractional ordinary shares.

Preemption Rights, Share Warrants and Share Options

The Irish Companies Act automatically grants certain preemptive rights on the issue of shares of Adient. However, the Articles of Association disapply the statutory preemption rights for issues of shares up to the number of shares authorized for allotment in the Articles of Association as permitted under Irish company law. Irish law requires this disapplication to be renewed at least every five years by special resolution, and it is the intention of Adient to seek such renewal at least every five years. A special resolution requires not less than 75% of the votes of Adient's shareholders cast at a general meeting (in person or by proxy). If the disapplication is not renewed, shares issued for cash must be offered to existing shareholders of Adient on a pro rata basis to their existing shareholding before the shares can be issued to any new shareholders.

Statutory preemption rights do not apply (i) where shares are issued for non-cash consideration (such as in a stock-for-stock acquisition), (ii) to the issue of non-equity shares (that is, shares that have the right to participate only up to a specified amount in any income or capital distribution) or (iii) where shares are issued pursuant to an employee stock option or similar equity plan.

The Articles of Association provide that, subject to any shareholder approval requirement under any laws, regulations or rules of any stock exchange to which Adient is subject, the board is authorized, from time to time, in its discretion, to grant such persons, for such periods and upon such terms as the board deems advisable, options to purchase such number of shares of any class or classes or of any series of any class as the board may deem advisable, and to cause warrants or other appropriate instruments evidencing such options to be issued. The Irish Companies Act provides that directors may issue share warrants or options without shareholder approval once authorized to do so by the articles of association or an ordinary resolution of shareholders. Under Irish law, the board may issue shares upon exercise of validly issued warrants or options without shareholder approval or authorization. However, the rules of the NYSE require shareholder approval of certain equity compensation plans.

Dividends

Under Irish law, dividends and distributions may be made only from "distributable reserves" of Adient. Distributable reserves are the accumulated realized profits of Adient that have not previously been utilized in a distribution or capitalization less accumulated realized losses that have not previously been written off in a reduction or reorganization of capital, and include reserves created by way of a reduction of capital, including the share premium account. In addition, no distribution or dividend may be made unless the net assets of Adient are equal to, or exceed, the aggregate of Adient's share capital which has been paid up or which is payable in the future plus non-distributable reserves, and the distribution does not reduce Adient's net assets below such aggregate. Non-distributable reserves include the share premium account, the capital redemption reserve fund and the amount by which Adient's accumulated unrealized profits that have not previously been utilized by any capitalization exceed Adient's accumulated unrealized losses that have not previously been written off in a reduction or reorganization of capital.

The determination as to whether or not Adient has sufficient distributable reserves to fund a dividend must be made by reference to the "relevant accounts" of Adient. The relevant accounts will be either the last set of unconsolidated annual audited financial statements or unaudited financial statements prepared in accordance with the Irish Companies Act, which give a "true and fair view" of Adient's unconsolidated financial position and accord with accepted accounting practice. The relevant accounts must be filed in the Companies Registration Office (the official public registry for companies in Ireland).

The mechanism as to who declares a dividend and when a dividend becomes payable is governed by the Articles of Association. The Articles of Association authorize Adient's board of directors to declare such dividends as appear justified from the financial position of Adient (which are commonly referred to as interim dividends) without the approval of the shareholders at a general meeting. The board of directors may also recommend a dividend to be approved and declared by the shareholders at a general meeting. The board of directors may direct that the payment be made by distribution of assets, shares or cash, and no dividend issued may exceed the amount recommended by the directors. The dividends can be declared and paid in the form of assets, shares or cash.

The directors of Adient may deduct from any dividend payable to any shareholder all sums of money (if any) payable by such shareholder to Adient in relation to the ordinary shares of Adient.

The directors of Adient are also entitled to issue shares with preferred rights to participate in dividends declared by Adient. The holders of such preferred shares may, depending on their terms, be entitled to claim arrears of a declared dividend out of subsequently declared dividends in priority to ordinary shareholders.

Share Repurchases and Redemptions

Overview

The Articles of Association provide that any ordinary share which Adient has acquired or agreed to acquire will be deemed a redeemable share. Accordingly, for Irish company law purposes, the repurchase of ordinary shares by Adient will technically be effected as a redemption of those shares, as described under "—Repurchases and Redemptions by Adient." If the Articles of Association did not provide that any ordinary share which Adient has acquired or agreed to acquire is deemed a redeemable share, then repurchases by Adient would be subject to many of the same rules that apply to purchases of Adient ordinary shares by subsidiaries described under "—Purchases by Subsidiaries of Adient," including the shareholder approval requirements described below and the requirement that any on-market purchases be effected on a "recognized stock exchange." Except where otherwise indicated, when this information statement refers to repurchasing or buying back ordinary shares of Adient, it is referring to the redemption of ordinary shares by Adient pursuant to the Articles of Association or the purchase of ordinary shares of Adient by a subsidiary of Adient, in each case in accordance with the Articles of Association and Irish company law as described below.

Repurchases and Redemptions by Adient

Under Irish law, a company can issue redeemable shares and redeem them out of distributable reserves (which are described above under "—Dividends") or the proceeds of a new issue of shares for that purpose. The issue of redeemable shares may only be made by Adient where the nominal value of the issued share capital that is not redeemable is not less than 10% of the nominal value of the total issued share capital of Adient. All redeemable shares must also be fully paid and the terms of redemption of the shares must provide for payment on redemption. Redeemable shares may, upon redemption, be cancelled or held in treasury. Shareholder approval is not required to redeem Adient ordinary shares pursuant to the Articles of Association.

The board of directors of Adient may also issue preferred shares which may be redeemed at the option of either Adient or the shareholder, depending on the terms of such preferred shares. For additional information on redeemable shares, see "—Share Capital."

Repurchased and redeemed shares may be cancelled or held as treasury shares. The nominal value of treasury shares held by Adient at any time must not exceed 10% of the nominal value of the issued share capital of Adient. While Adient holds shares as treasury shares, it cannot exercise any voting rights in respect of those shares. Treasury shares may be cancelled by Adient or re-issued subject to certain conditions.

Purchases by Subsidiaries of Adient

Under Irish law, it may be permissible for an Irish or non-Irish subsidiary to purchase ordinary shares of Adient either on-market or off-market. A general authority of the shareholders of Adient is required to allow a subsidiary of Adient to make on-market purchases of Adient ordinary shares. As long as this general authority has been granted, no specific shareholder authority for a particular on-market purchase by a subsidiary of Adient ordinary shares is required. To date, Adient has not sought authority from its shareholders. In order for a subsidiary of Adient to make an on-market purchase of Adient's ordinary shares, such shares must be purchased on a "recognized stock exchange." The NYSE, on which the ordinary shares of Adient are listed, is specified as a recognized stock exchange for this purpose by Irish company law. For an off-market purchase by a subsidiary of Adient, the proposed purchase contract must be authorized by special resolution of the shareholders of Adient before the contract is entered into. The person whose shares are to be bought back cannot vote in favor of the special resolution and, for at least 21 days prior to the special resolution, the purchase contract must be on display or must be available for inspection by shareholders at the registered office of Adient.

The number of shares held by the subsidiaries of Adient at any time will count as treasury shares and will be included in any calculation of the permitted treasury share threshold of 10% of the nominal value of the issued share capital of Adient. While a subsidiary holds ordinary shares of Adient, it cannot exercise any voting rights in respect of those shares. The acquisition of the ordinary shares of Adient by a subsidiary must be funded out of distributable reserves of the subsidiary.

Bonus Shares

Under the Articles of Association, the board may resolve to capitalize any amount credited to any reserve or fund available for distribution or the share premium account or any other non-distributable reserve of Adient through the issuance of fully paid-up bonus shares to shareholders on the same basis of entitlement as would apply in respect of a dividend distribution.

Consolidation and Division; Subdivision

Under the Irish Companies Act and the Articles of Association, Adient's ordinary shares may be consolidated or divided into shares of larger par value than its existing shares or subdivided into smaller amounts than is fixed by the Articles of Association by ordinary resolution (or as otherwise determined by the board).

Reduction of Share Capital

Adient may, by ordinary resolution, reduce its authorized but unissued share capital in any way. Adient may also, by special resolution and subject to confirmation by the High Court of Ireland, reduce or cancel its issued share capital (which includes share premium) in any way.

Annual General Meetings of Shareholders

Adient is required to hold annual general meetings at intervals of no more than 15 months, provided that an annual general meeting is held in each calendar year and no more than nine months after Adient's fiscal year end. The Articles of Association provide that the Adient board of directors may convene general meetings of the shareholders at any place they so designate.

The notice of the general meeting must state the time, date and place of the meeting and the general nature of the business to be dealt with and must be given to all shareholders of Adient and to the auditors of Adient. Under Irish law, an annual general meeting must be called by at least 21 days' notice in writing and the Articles of Association provide that the maximum period is 60 days. A meeting other than the annual general meeting must be called by not less than 21 days' notice in writing to approve a special resolution and 14 days' notice in writing for any other extraordinary general meeting.

The only matters which must, as a matter of Irish law, be transacted at an annual general meeting are the presentation of the annual accounts, balance sheet and reports of the directors and auditors, the appointment of auditors, the fixing of the auditor's remuneration (or delegation of same) and review by the members of the affairs of Adient. If no resolution is made in respect of the reappointment of an auditor at an annual general meeting, the previous auditor will be deemed to have continued in office.

Extraordinary General Meetings of Shareholders

The Articles of Association provide that extraordinary general meetings of shareholders may be convened by order of the Adient board of directors. In addition, the Irish Companies Act requires the Adient board of directors, if it receives a written request from registered shareholders representing at least 10% of the paid-up share capital of Adient carrying voting rights, referred to as the "requisitioners," within 21 days of the receipt of the requisition to proceed to call an extraordinary general meeting. An extraordinary general meeting may also be called on requisition of Adient's auditors. Extraordinary general meetings are generally held for the purposes of approving shareholder resolutions of Adient as may be required from time to time.

In the case of an extraordinary general meeting convened by shareholders of Adient, the proposed purpose of the meeting must be set out in the requisition notice. This meeting must be held within two months of the receipt of the requisition notice. If the board of directors does not convene the meeting within the statutory 21-day period, the requisitioners, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, which meeting must be held within three months of the receipt of the requisition notice.

If the directors become aware that the net assets of Adient are half or less of the amount of Adient's called-up share capital, the directors of Adient must convene an extraordinary general meeting of Adient's shareholders not later than 28 days from the date that they learn of this fact. This meeting must be convened for the purposes of considering whether any, and if so what, measures should be taken to address the situation.

Proxy Access

Adient provides proxy access rights in the Articles of Association. The Articles of Association provide that, in certain circumstances, a shareholder or group of up to 20 shareholders may include director candidates that they have nominated in Adient's annual general meeting proxy materials. Such shareholder or group of shareholders need to have owned 3% or more of Adient's outstanding ordinary shares continuously for at least three years. The number of shareholder-nominated candidates appearing in any of Adient's annual general meeting proxy materials may not exceed the greater of 2 and 20% of the number of directors then serving on Adient's board, rounded down to the nearest whole number, subject to reduction in certain circumstances, including where shareholders have nominated candidates for election at the same meeting outside the proxy access process. The nominating shareholder or group of shareholders are also required to deliver certain information and undertakings, and each nominee is required to meet certain qualifications, as described in more detail in the Articles of Association.

Voting

All resolutions at an annual general meeting or other general meeting are decided on a poll. Where a vote is to be taken at a general meeting, every shareholder has one vote for each ordinary share that he or she holds as of the record date for the meeting. Voting rights may be exercised by shareholders registered in Adient's share register as of the record date for the meeting or by a duly appointed proxy of such a registered shareholder, which need not be a shareholder. Where interests in shares are held by a nominee trust company, this company may exercise the rights of the beneficial holders on their behalf as their proxy. All proxies must be appointed in the manner prescribed by the Irish Companies Act. The Articles of Association permit the appointment of proxies by the shareholders to be notified to Adient electronically or telephonically. Treasury shares and shares held by subsidiaries are not entitled to a vote at general meetings of shareholders.

Irish company law requires "special resolutions" of the shareholders at a general meeting to approve certain matters. A special resolution requires not less than 75% of the votes cast of Adient's shareholders present in person or by proxy at a general meeting. Examples of matters requiring special resolutions include:

• altering a company's objects (i.e., main purposes);

• altering a company's articles of association;

• changing the status of a company from public to private or from private to public;

• changing the name of a company;

• opting-out of preemption rights on the issuance of new shares;

• purchasing ordinary shares off-market;

• reducing share capital;

• resolving that a company be wound up by the Irish courts;

• commencing or terminating a shareholders' voluntary winding up under the Irish Companies Act;

• re-designation of shares into different share classes; and

• setting the re-issue price of treasury shares.

Under the Articles of Association, however, certain amendments to the Articles of Association require the affirmative vote of at least 80% of Adient ordinary shares outstanding, which represents a higher standard than that required under the Irish Companies Act for altering a company's articles of association. In particular, amendments to the provisions of the Articles of Association relating to the following matters require the affirmative vote of at least 80% of Adient ordinary shares outstanding:

• notice of annual general meetings;

• authority to change the size of the board or fill board vacancies;

• director and officer indemnification;

• combinations with interested shareholders;

• advance notice of shareholder business and nominations; and

• amending the provisions requiring the affirmative vote of at least 80% of Adient ordinary shares outstanding in order to amend the provisions referred to above.

Variation of Rights Attaching to a Class of Shares

Any variation of class rights attaching to the issued shares of Adient requires the approval of a special resolution passed by a majority of not less than 75% of the voting rights of that class represented in person or by proxy at a separate meeting of the shareholders of the relevant class.

Quorum for General Meetings

The Articles of Association provide that the presence, in person or by proxy, of the holders of at least a simple majority of the shares issued and entitled to vote at a general meeting constitutes a quorum for the conduct of business. No business may take place at a general meeting of Adient if a quorum is not present in person or by proxy. The board of directors has no authority to waive quorum requirements stipulated in the Articles of Association. Abstentions and broker non-votes will be counted as present for purposes of determining whether there is a quorum in respect of the proposals.

Requirements for Advance Notification of Director Nominations and Proposals of Shareholders

The Articles of Association provide that with respect to a meeting of shareholders, nominations of persons for election to Adient's board of directors and the proposal of business to be considered by shareholders may be made only pursuant to Adient's notice of meeting, by the board of directors, by any shareholders pursuant to the valid exercise of power granted to them under the Irish Companies Act, or by a shareholder who is entitled to vote at the meeting and who has complied with the advance notice procedures provided for in the Articles of Association.

In order to comply with the advance notice procedures included in the Articles of Association, a shareholder is required to give written notice to Adient's Secretary on a timely basis. To be timely for an annual general meeting, notice must be delivered not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual general meeting, or, if the date of the annual general meeting is more than 30 days before or more than 60 days after such anniversary date, notice must be delivered not earlier than the close of business on the 120th day prior to the date of such annual general meeting and not later than the close of business on the later of (subject to circumstances described in the Articles of Association) (i) the 90th day prior to the date of such annual general meeting and (ii) the 10th day following the day on which public announcement of the date of such meeting is first made by Adient. A shareholders' notice is also required to contain certain information as specified in the Articles of Association.

In addition, the Irish Companies Act provides that shareholders holding not less than 10% of the total voting rights may call an extraordinary general meeting for the purpose of considering director nominations or other proposals, as described above under "—General Meetings of Shareholders."

Inspection of Books and Records

Under Irish law, shareholders have the right to (i) receive a copy of the Memorandum and the Articles of Association and any act of the Irish Government which alters the Memorandum, (ii) inspect and obtain copies of the minutes and resolutions of general meetings of Adient, (iii) inspect and receive a copy of the register of shareholders, the register of directors and secretaries, the register of directors' interests and other statutory registers maintained by Adient, (iv) receive copies of balance sheets and directors' and auditors' reports which have previously been sent to shareholders prior to an annual general meeting and (v) receive balance sheets of a subsidiary company of Adient which have previously been sent to shareholders prior to an annual general meeting from the preceding 10 years. The auditors of Adient also have the right to inspect all books, records and vouchers of Adient. The auditors' report must be circulated to the shareholders 21 days before the annual general meeting with Adient's financial statements prepared in accordance with the Irish Companies Act, and must be read to the shareholders at Adient's annual general meeting.

Acquisitions and Appraisal Rights

An Irish public limited company may be acquired in a number of ways, including by means of a "scheme of arrangement" between the company and its shareholders or by means of a takeover offer.

Scheme of Arrangement

A scheme of arrangement is a statutory procedure under the Irish Companies Act pursuant to which the High Court of Ireland may approve an arrangement between an Irish company and some or all of its shareholders. In a scheme of arrangement, the relevant company would make an initial application to the High court to convene a meeting or meetings of its shareholders at which a majority in number of shareholders representing 75% of the voting rights of such shareholders present and voting either in person or by proxy at the meeting must agree to the arrangement by which they will sell their shares in exchange for the consideration being offered by the bidder. If the shareholders so agree, the company will return to the High Court to request the Court to sanction the arrangement. Upon such a scheme of arrangement becoming effective in accordance with its terms and the Irish Companies Act, it will bind Adient and all of its shareholders, including those who do not vote on the scheme of arrangement.

Takeover Offer

A takeover offer is an offer to acquire all of the outstanding shares of a company (other than shares which at the date of the offer are already held by the offeror). Under the Irish Takeover Rules and in order to squeeze out dissenting shareholders, the offer must be made on identical terms to all holders of shares to which the offer relates. If the offeror, by virtue of acceptances of the offer, acquires or contracts to acquire not less than 80% in par value of the shares to which the offer relates, the Irish Companies Act allows the offeror to give notice to any non-accepting shareholder that the offeror intends to acquire his or her shares through a compulsory acquisition (also referred to as a "squeeze out"), and the shares of such non-accepting shareholders will be acquired by the offeror six weeks later on the same terms as the offer, unless the shareholder objects to the Irish court and the court enters an order that the offeror is not entitled to acquire the shares or specifying terms of the acquisition different from those of the offer.

It is also possible for Adient to be acquired by way of a merger with an E.U.-incorporated public company under the E.U. Cross Border Merger Directive 2005/56. Such a merger must be approved by a special resolution. If Adient is being merged with another E.U. public company under the E.U. Cross Border Merger Directive 2005/56 and the consideration payable to Adient's shareholders is not all in the form of cash, Adient's shareholders may be entitled to require their shares to be acquired at fair value. Finally, Adient could be acquired by way of merger with another Irish company under the Irish Companies Act, which must be approved by a special resolution and by the High Court of Ireland.

Disclosure of Interests in Shares

Under the Irish Companies Act, subject to certain limited exceptions, a shareholder of Adient must notify Adient if as a result of a transaction the shareholder will be interested in 3% or more of any class of shares of Adient carrying voting rights; or if as a result of a transaction a shareholder who was interested in more than 3% of any class of shares of Adient carrying voting rights ceases to be so interested. Where a shareholder is interested in more than 3% of any class of shares of Adient carrying voting rights, any alteration of his or her interest that brings his or her total holding through the nearest whole percentage number, whether an increase or a reduction, must be notified to Adient. The relevant percentage figure is calculated by reference to the aggregate par value of the class of shares in which the shareholder is interested as a proportion of the entire par value of the issued shares of that class. Where the percentage level of the shareholder's interest does not amount to a whole percentage, this figure may be rounded down to the next whole number. All such disclosures must be notified to Adient within five business days of the transaction or alteration of the shareholder's interests that gave rise to the requirement to notify. Where a person fails to comply with the notification requirements described above, no right or interest of any kind whatsoever in respect of any shares in Adient concerned, held by such person, will be enforceable by such person, whether directly or indirectly, by action or legal proceeding. However, such person may apply to the court to have the rights attaching to the shares concerned reinstated.

In addition to the above disclosure requirement, Adient, under the Irish Companies Act, may by notice in writing require a person whom Adient knows or has reasonable cause to believe to be or, at any time during the three years immediately preceding the date on which such notice is issued, to have been interested in shares comprised in Adient's relevant share capital (i) to indicate whether or not it is the case, and (ii) where such person holds or has during that time held an interest in any class of shares of Adient carrying voting rights to give such further information as may be required by Adient, including particulars of such person's own past or present interests in such class of shares of Adient. Any information given in response to the notice is required to be given in writing within such reasonable time as may be specified in the notice.

Where such a notice is served by Adient on a person who is or was interested in any class of shares of Adient carrying voting rights and that person fails to give Adient any information required within the reasonable time specified, Adient may apply to the court for an order directing that the affected shares be subject to certain restrictions.

Under the Irish Companies Act, the restrictions that may be placed on the shares by the court are:

- any transfer of those shares, or in the case of unissued shares, any transfer of the right to be issued with shares and any issue of shares, is void;

- no voting rights are exercisable in respect of those shares;

- no further shares may be issued in right of those shares or in pursuance of any offer made to the holder of those shares; and

- no payment may be made of any sums due from Adient on those shares, whether in respect of capital or otherwise.

Where the shares in Adient are subject to these restrictions, the court may order the shares to be sold and may also direct that the shares will cease to be subject to these restrictions.

If Adient is in an offer period pursuant to the Irish Takeover Rules, accelerated disclosure provisions apply for persons holding an interest in Adient's securities of 1% or more.

Anti-Takeover Provisions

Shareholders Rights Plan

Irish law does not expressly prohibit companies from adopting a shareholder rights plan as an anti-takeover measure. However, there is no directly relevant case law on the validity of such plans under Irish law. In addition, such a plan would be subject to the Irish Takeover Rules described below.

The Articles of Association provide the Adient board of directors with the power to establish a shareholders rights plan in a form determined by the Adient board of directors in its absolute discretion. The shareholders rights plan may include rights to either (i) subscribe for shares in Adient or (ii) acquire shares of Adient. The Adient board of directors are entitled to establish a shareholders rights plan if, in the opinion of the Adient board of directors, in the context of an acquisition or potential acquisition of 20% or more of the issued voting shares of Adient, to do so would improve the likelihood that:

- a process which may result in a change of control of Adient is conducted in an orderly manner;

- a change of control of Adient will treat all shareholders of Adient holding the same class of shares equally and fairly;

- an optimum price for shares would be received by all shareholders of Adient;

- the Adient board of directors would have additional time to gather relevant information or pursue appropriate strategies;

- the success of Adient would be promoted for the benefit of its shareholders;

- the long term interests of Adient, its employees, its shareholders and its business would be safeguarded; and/or

- Adient would not suffer serious economic harm.

The Articles of Association also provide that the Adient board of directors may, in accordance with the terms of a shareholders rights plan, determine to (i) allot shares pursuant to the exercise of rights or (ii) exchange rights for shares in Adient, where in the opinion of the Adient board of directors acting in good faith, in the context of an acquisition or potential acquisition of 20% or more of the issued voting shares of Adient, to do so is necessary in order to prevent:

- the use of abusive tactics by any person in connection with such acquisition;

- unequal treatment of shareholders;

- an acquisition which would undervalue Adient;

- harm to the prospects of the success of Adient for the benefit of its shareholders as a whole; and/or

- serious economic harm to the prospects of Adient;

or where to do so is otherwise necessary to safeguard the long term interests of Adient, its shareholders and business.

The Articles of Association also modify the common law fiduciary duties of the Adient board of directors such that decisions made under the Articles of Association to adopt a shareholders rights plan, or any actions taken thereunder, are deemed to be in the best interests of Adient.

Subject to the Irish Takeover Rules described below, Adient's board of directors has power to cause Adient to issue any of its authorized and unissued shares on such terms and conditions as the board may determine (as described under "—Share Capital") and any such action must be taken in the best interests of Adient. It is possible, however, that the terms and conditions of any issue of preferred shares could discourage a takeover or other transaction that holders of some or a majority of the ordinary shares believe to be in their best interests or in which holders might receive a premium for their shares over the then market price of the shares.

Interested Shareholder Provision

The Articles of Association contain a provision that generally mirrors Section 203 of the Delaware General Corporation Law, an anti-takeover statute that prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested" shareholder for a period of three years following the time the person became an interested shareholder, unless the business combination or the acquisition of shares that resulted in a shareholder becoming an interested shareholder is approved in a prescribed manner. Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested shareholder. An interested shareholder under this provision of the Articles of Association is defined as a person or entity who, together with its affiliates and associates, owns (or within three years prior to the determination of interested shareholder status did own) fifteen percent (15%) or more of Adient's voting shares, which is the same threshold contained in Section 203 of the Delaware General Corporation Law. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by Adient's board of directors, including discouraging attempts that might result in a premium over the market price for the ordinary shares held by Adient shareholders.

Irish Takeover Rules

A transaction by virtue of which a third party is seeking to acquire 30% or more of the voting rights of Adient will be governed by the Irish Takeover Panel Act 1997 and the Irish Takeover Rules made thereunder and will be regulated by the Irish Takeover Panel. The "General Principles" of the Irish Takeover Rules and certain important aspects of the Irish Takeover Rules are described below.

General Principles. The Irish Takeover Rules are built on the following General Principles which will apply to any transaction regulated by the Irish Takeover Panel:

- in the event of an offer, all classes of shareholders of the target company should be afforded equivalent treatment and, if a person acquires control of a company, the other holders of securities must be protected;

- the holders of securities in the target company must have sufficient time and information to allow them to make an informed decision regarding the offer;

- the board of a company must act in the interests of the company as a whole. If the board of the target company advises the holders of securities as regards the offer, it must advise on the effects of the implementation of the offer on employment, employment conditions and the locations of the target company's place of business;

- false markets (i.e., a market based on erroneous, imperfect or unequally disclosed information) in the securities of the target company or any other company concerned by the offer must not be created;

- a bidder can only announce an offer after ensuring that he or she can pay in full the consideration offered;

- a target company may not be hindered longer than is reasonable by an offer for its securities. This is a recognition that an offer will disrupt the day-to-day running of a target company particularly if the offer is hostile and the board of the target company must divert its attention to resist the offer; and

- acquisitions of securities (whether such acquisition is to be effected by one transaction or a series of transactions) will only be allowed to take place at an acceptable speed and subject to adequate and timely disclosure. Specifically, the acquisition of 10% or more of the issued voting shares within a seven day period that would take a shareholders' holding to or above 15% of the issued voting shares (but less than 30%) is prohibited, subject to certain exemptions.

Mandatory Bid. If an acquisition of shares or other securities were to increase the aggregate holding/entitlement of an acquirer and its concert parties to 30% or more of the voting rights in Adient, the acquirer and, depending on the circumstances, its concert parties would be required (except with the consent of the Irish Takeover Panel) to make a cash offer for the outstanding shares at a price not less than the highest price paid for the shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by an acquisition of shares or other securities by a person holding (together with its concert parties) shares or other securities carrying between 30% and 50% of the voting rights in Adient if the effect of such acquisition were to increase the percentage of the voting rights held by that person (together with its concert parties) by 0.05% within a twelve-month period. A single holder (that is, a holder excluding any parties acting in concert with the holder) holding or entitled to more than 50% of the voting rights of a company is not subject to this rule.

Voluntary Bid; Requirements to Make a Cash Offer and Minimum Price Requirements. A voluntary offer is an offer that is not a mandatory offer. If a bidder or any of its concert parties has acquired ordinary shares of Adient within the period of three months prior to the commencement of the voluntary offer, the offer price must be not less than the highest price paid for Adient ordinary shares by the bidder or its concert parties during that period. The Irish Takeover Panel has the power to extend the "look back" period to 12 months if the Irish Takeover Panel, having regard to the General Principles, believes it is appropriate to do so.

If the bidder or any of its concert parties has acquired more than 10% of the ordinary shares of Adient (i) during the period 12 months prior to the commencement of the voluntary offer period or (ii) at any time after the commencement of the voluntary offer period, the offer must be in cash (or accompanied by a full cash alternative) and the price per Adient ordinary share must be not less than the highest price paid by the bidder or its concert parties during, in the case of (i) the period of 12 months prior to the commencement of the voluntary offer and, in the case of (ii) the offer period. The Irish Takeover Panel may apply this rule to a bidder who, together with its concert parties, has acquired less than 10% of the total ordinary shares of Adient in the 12-month period prior to the commencement of the voluntary offer period if the Irish Takeover Panel, having regard to the General Principles, considers it just and proper to do so.

A voluntary offer period will generally commence on the date of the first announcement of the offer or proposed offer.

Substantial Acquisition Rules. The Irish Takeover Rules also contain rules governing substantial acquisitions of shares that restrict the speed at which a person may increase his or her holding of voting shares and rights over voting shares to an aggregate of between 15% and 30% of the voting rights of Adient. Except in certain circumstances, an acquisition or series of acquisitions of shares or rights over shares representing 10% or more of the voting rights is prohibited if such acquisition(s), when aggregated with shares or rights already held, would result in the acquirer holding 15% or more but less than 30% of the voting rights of Adient and such acquisitions are made within a period of seven days. These rules also require accelerated disclosure of acquisitions of shares or rights over shares relating to such acquisitions.

Frustrating Action. Under the Irish Takeover Rules, the board of directors of Adient is not permitted to take any action which might frustrate an offer for the shares of Adient once the board of directors has received an approach which may lead to an offer, or has reason to believe an offer is imminent, except as noted below. Potentially frustrating actions such as (i) the issue of shares, options or convertible securities, (ii) material disposals, (iii) entering into contracts other than in the ordinary course of business or (iv) any action, other than seeking alternative offers, which may result in frustration of an offer, are prohibited during the course of an offer or at any time during which the board has reason to believe an offer is imminent. Exceptions to this prohibition are available:

• where the action is approved by Adient's shareholders at a general meeting; or

• with the consent of the Irish Takeover Panel where:

  • the Irish Takeover Panel is satisfied the action would not constitute a frustrating action;

  • the holders of 50% of the voting rights state in writing that they approve the proposed action and would vote in favor of it at a general meeting;

  • such action is in accordance with a contract entered into prior to the announcement of the offer; or

  • the decision to take such action was made before the announcement of the offer and either has been at least partially implemented or is in the ordinary course of business.

For other provisions that could be considered to have an anti-takeover effect, see above at "—Preemption Rights, Share Warrants and Share Options," "—Disclosure of Interests in Shares" and "—Requirements for Advance Notification of Director Nominations and Proposals of Shareholders," in addition to "—Election of Directors," "—Vacancies on the Board of Directors" and "—Amendment of Governing Documents" below.

Corporate Governance

Under Irish law, the authority for the overall management of Adient is vested in the Adient board of directors. The Adient board of directors may delegate any of its powers on such terms as it thinks fit in accordance with the Articles of Association and Irish law. Despite this delegation, the Adient board of directors remains responsible, as a matter of Irish law, for the proper management of the affairs of Adient and the directors are not allowed to leave the performance of their duties to others. The directors must ensure that any delegation is and remains appropriate and that an adequate system of control and supervision is in place.

The Articles of Association allocate authority over the management of Adient to the board of directors. The board of directors may then delegate management of Adient to committees of the board, executives or to a management team, but regardless, the directors will remain responsible, as a matter of Irish law, for the proper management of the affairs of Adient. Adient currently has an Audit Committee, a Compensation Committee, a Corporate Governance Committee and an Executive Committee. Adient has also adopted Corporate Governance Guidelines and an Ethics Policy that provide the corporate governance framework for Adient.

Election of Directors

The Irish Companies Act provides for a minimum of two directors. The Articles of Association provide for two to twelve directors, and that the number of directors shall, subject to such minimum and maximum limits, be as determined by the Adient board of directors from time to time. Adient currently has nine directors. The shareholders of Adient may from time to time increase or reduce the maximum number, or increase the minimum number, of directors by the affirmative vote of at least 80% of Adient ordinary shares outstanding voting to amend the Articles of Association.

Directors will be elected by the affirmative vote of a majority of the votes cast by shareholders at an annual general meeting (present in person or by proxy) and will stand for election or re-election at each annual general meeting.

Vacancies on the Board of Directors

The Articles of Association provide that the directors have the authority to appoint one or more directors to Adient's board, subject to the maximum number of directors allowed for in the Articles of Association. A vacancy on the Adient board of directors may be filled only by the remaining directors. Any director so appointed will hold office until the next annual general meeting of Adient. During any vacancy on the board, the remaining directors will have full power to act as the board.

Removal of Directors

The Irish Companies Act provides that notwithstanding anything contained in the articles of association of a company or in any agreement between that company and a director, the shareholders may by an ordinary resolution remove a director from office before the expiration of his or her term. Accordingly, the shareholders of Adient may by an ordinary resolution remove a director from office before the expiration of his or her term. The power of removal is without prejudice to any claim for damages for breach of contract (e.g., employment contract) which the director may have against Adient in respect of his or her removal.

Under the Articles of Association, a director's office will be vacated if that director:

- resigns;
- ceases to be a director by virtue of any provision of the Irish Companies Act or becomes prohibited by law from being a director;
- becomes bankrupt, has an interim receiving order made against such director, makes any arrangement or compounds with his or her creditors generally or applies to the court for an interim order in connection with a voluntary arrangement under any legislation relating to insolvency;
- is or has been suffering from mental or physical ill health and the Adient board of directors resolves that such director's office be vacated;
- is absent, without permission of the Adient board of directors, from board meetings for six consecutive months and the board resolves that such director's office be vacated; or
- holds an executive office and such director's appointment to such office is terminated or expires and the Adient board of directors resolves that his or her office be vacated.

Amendment of Governing Documents

Adient may alter the Articles of Association only with the approval of the holders of at least 75% of Adient's shares present and voting in person or by proxy at a general meeting of Adient. Under the Articles of Association, however, certain amendments to the Articles of Association require the affirmative vote of at least 80% of Adient ordinary shares outstanding, which represents a higher standard than that required under the Irish Companies Act for altering a company's articles of association. The Adient board of directors does not have the power to amend the Articles of Association without shareholder approval. See "—Voting."

Duration; Dissolution; Rights upon Liquidation

Adient's corporate existence will have unlimited duration. Adient may be dissolved at any time by way of either a shareholders' voluntary winding up or a creditors' voluntary winding up. In the case of a shareholders' voluntary winding up, a special resolution of the shareholders of Adient is required (i.e., 75% of the votes cast, in person or by proxy, at a general meeting of shareholders). Adient may also be dissolved by way of court order on the application of a creditor, or by the Companies Registration Office as an enforcement measure where Adient has failed to file certain returns.

The rights of the shareholders to a return of Adient's assets on dissolution or winding up, following the settlement of all claims of creditors, may be prescribed in the Articles of Association or the terms of any preferred shares issued by the directors of Adient from time to time. The holders of preferred shares in particular may have the right to priority in a dissolution or winding up of Adient. If the Articles of Association contain no specific provisions in respect of a dissolution or winding up, then, subject to the priorities of any creditors, the assets will be distributed to shareholders in proportion to the paid-up par value of the shares held. The Articles of Association provide that the ordinary shareholders of Adient are entitled to participate pro rata in a winding up, but their right to do so may be subject to the rights of any preferred shareholder to participate under the terms of any series or class of preferred shares.

Uncertificated Shares

Holders of ordinary shares of Adient do not have the right to require Adient to issue certificates for their shares. Adient will only issue uncertificated ordinary shares.

No Sinking Fund

Shares of Adient have no sinking fund provisions.

No Liability for Further Calls or Assessments

The Adient ordinary shares to be issued in the distribution will be duly and validly issued and fully paid.

Transfer and Registration of Shares

Adient's official share register is maintained by its transfer agent and the transfer agent's affiliates. Registration in this share register is used to determine which Adient shareholders are entitled to vote at meetings of Adient shareholders and are entitled to exercise other rights granted under the Irish Companies Act and the Articles of Association to shareholders. A shareholder of Adient who holds shares beneficially will not be the holder of record of such shares. Instead, the depository (e.g., Cede & Co., as nominee for DTC) or other nominee will be the holder of record of such shares. Accordingly, a transfer of shares from a person who holds such shares beneficially to a person who also holds such shares beneficially through the same depository or other nominee will not be registered in Adient's official share register, as the depository or other nominee will remain the record holder of such shares.

A written instrument of transfer is required under Irish law in order to register on Adient's official share register any transfer of shares (i) from a person who holds such shares directly to any other person, (ii) from a person who holds such shares beneficially to a person who holds such shares directly or (iii) from a person who holds such shares beneficially to another person who holds such shares beneficially where the transfer involves a change in the depository or other nominee that is the record owner of the transferred shares. An instrument of transfer also is required for a shareholder who directly holds shares to transfer those shares into his or her own broker account (or vice versa). Such instruments of transfer may give rise to Irish stamp duty. A person wishing to acquire shares directly may need to purchase the shares through a broker account and then transfer such shares into his or her own name.

The Articles of Association delegate to Adient's Secretary and certain other persons the authority to execute an instrument of transfer on behalf of a transferring party. In order to help ensure that the official share register is regularly updated to reflect trading of Adient ordinary shares occurring through normal electronic systems, Adient intends to regularly produce any required instruments of transfer in connection with any transactions for which Adient pays stamp duty (subject to the reimbursement and set-off rights described above). In the event that Adient notifies one or both of the parties to a share transfer that Adient believes stamp duty is required to be paid in connection with such transfer and that Adient will not pay such stamp duty, such parties may either themselves arrange for the execution of the required instrument of transfer (and may request a form of instrument of transfer from Adient for this purpose) or request that Adient execute an instrument of transfer on behalf of the transferring party in a form determined by Adient. In either event, if the parties to the share transfer have the instrument of transfer duly stamped (to the extent required) and then provide it to Adient's transfer agent, the transferee will be registered as the legal owner of the relevant shares on Adient's official Irish share register (subject to the matters described below).

Adient's board of directors may decline to recognize any instrument of transfer unless (i) it is accompanied by such evidence as the directors may reasonably require to show the right of the transferor to make the transfer, (ii) it is in respect of one class of shares only, (iii) it is in favor of not more than four transferees and (iv) it is lodged at the registered office of Adient or at such other place as the directors may appoint. In the case of a transfer of shares by means other than a sale through a stock exchange on which the shares are listed, the directors have absolute discretion to decline to register such transfer of a share that is not fully paid or that is transferred to or by a minor or person of unsound mind.

The registration of transfers may be suspended by the directors at such times and for such period, not exceeding in the whole 30 days in each year, as the directors may from time to time determine.

Exhibit 10.18

ADIENT US LLC

WELFARE PROGRAM

SEVERANCE

1. General. This Plan has been established to provide salary continuation for covered Eligible Employees after an involuntary severance.

1. Eligibility. Each Eligible Employee shall be covered under this Plan as of his Employment Commencement Date or if later, completion of his Waiting Period. Participation shall end as provided in the Program. Dependents are not eligible for coverage under this Plan.

2. Election. No election is required or allowed to participate in this Plan.

3. Benefits. Benefits shall be payments in the event of the Participant's severance as determined in the sole discretion of the Corporate Vice-President of Human Resources, in accordance with the terms of the Summary Plan Description.

4. Funding. Benefits shall be paid by the Employer. Participant contributions are not required for coverage.

A narrative description of the severance benefit that applies for executive officers under the Welfare Program is as follows:

Any executive officer who does not have an agreement providing for severance on a qualifying termination will be eligible for the following benefits upon a qualifying termination:

Grade on Date of Termination	**Weeks of Continued Base Salary (Lump Sum)**			**Other Benefits Offered**
	Less Than 5 Years of Service	5-10 Years of Service	10 or More Years of Service	Company Pays 100% of COBRA Premiums for Medical Coverage
E2	28	32	36	9 months

Adient plc
Executive Share Ownership Guidelines

I. **Purpose** - The Executive Share Ownership Guidelines (the "Guidelines") for Adient plc ("Adient") are intended to promote sound corporate governance by closely aligning interests of senior executives with those of Adient's shareholders and strongly motivating executives to build long-term share value.

II. **Participants** - The Guidelines apply to all employees in bands E0 - E5 globally (the "Participants").

III. **Determination of Guidelines** - The Guidelines call for an ownership expectation of Adient ordinary shares with a fair market value (based on the average of the prior calendar year's daily closing prices of an Adient ordinary share as reported on the New York Stock Exchange (the "Closing Price")) defined as follows:

1. Equal to six (6) times the Participant's base salary for E0;
2. Equal to three (3) times the Participant's base salary for E1 and E2;
3. Equal to a fixed number of shares based on level and region for E3 – E5.

For Participants with a base salary multiple guideline, target ownership will be calculated using his or her base salary as of the reporting date and the Closing Prices.

Each year Participants will receive a communication regarding his or her target ownership expectation.

* Each Participant covered by the Guidelines on November 7, 2016 must reach their ownership requirement no later than October 1, 2021, which generally provides a five year "grow in" period. It is also the intent of the Guidelines that the Participant increases his or her share ownership as their annual salary increases.
* If a Participant is promoted to a position with a higher ownership requirement as a multiple of base salary, the Participant's new ownership requirement will be communicated to the Participant as soon as practical after the promotion, and the Participant's five year "grow in" period to reach the new ownership requirement will start over from the date of the Participant's promotion.
* Each employee who first becomes a Participant after November 7, 2016 must reach his or her ownership requirement no later than five years after becoming an eligible Participant.
* After a Participant completes their five year "grow in" period, satisfaction of their ownership expectations will be determined on an annual basis.

IV. **Shares Counted** – The following shares count towards satisfaction of the Guidelines:

* Shares owned outright by the Participant or his or her immediate family members permanently residing in the same household;
* Shares held by the Participant in an Adient or affiliate-sponsored 401(k) plan;

* Restricted shares or restricted share units (unvested) granted to the Participant;
* Share units deferred by the Participant under nonqualified deferred compensation plans; and
* Shares held in trust for the benefit of the Participant.

V. **Consequences for Failure to Meeting Ownership Expectations** – Participants not meeting their required ownership level within the five-year period:

1. with regard to share options or stock appreciation rights settled in shares, may only be permitted to exercise and hold the resulting after-tax shares, and
2. with regard to shares issued under an Adient restricted stock unit or performance share unit award, may only be permitted to hold their after-tax shares and may not be permitted to sell such shares until the Participant's ownership requirements are met.

VI. **Administration -** The Guidelines are administered and interpreted by the Vice President and Chief Human Resources Officer ("CHRO"). Participants will be required to provide documentation supporting their holdings acceptable to the CHRO. The CHRO will report annually to the Compensation Committee of the Adient Board of Directors on the Participants' compliance with the Guidelines. The Compensation Committee may revise the Guidelines at any time.

Exhibit 10.29

Labour Contract

ARTICLE 1. GENERAL PROVISIONS

In accordance with the "Labour Law of P.R.C", "Labour Contract Law of P.R.C" and other relevant laws and regulations, and based on the agreement of both Parties after equitable and voluntary negotiation, the Parties hereby conclude the contract (the "**Contract**") in Shanghai (city) on date of 03/06/2016 (DD/MM/YY) as follows:

ARTICLE 2. TYPE, TERM AND PROBATION PERIOD

2.1 **Type and Term**

☒ Unfixed Term

Starting from _01 July 2016 (DD/MM/YYYY)

☐ Fixed Term

Starting from _____________ (DD/MM/YYYY) to _____________ (DD/MM/YYYY) Both Parties acknowledge and agree that this Contract represents Party B's first fixed-term contract with Party A.

The term of this Contract shall commence on the date and continue for a period of time as set forth in the above information (the "**Term**"), unless this Contract is earlier terminated in accordance with its terms. Party A shall recognize Party B's years of service to Johnson Controls (China) Investment Co., Ltd. ("**JCI**") since _03/Jan/2000___.

Where the renewal or amendment to employment permit is required from time to time in accordance with the relevant laws and regulations, the Parties shall enter into labour contract anew based on such laws and regulations.

2.2 **Probationary Period**

The probation period of Party B is N/A month(s) starting from _____________ (DD/MM/YYYY) to ______ (DD/MM/YYYY).

Specialized employment conditions are:

____

____

During the probation period, if Party B is confirmed to fail to meet the employment conditions, Party A reserves the right to terminate the contract. After expiry of the probation period, if no party refer termination of the contract, the Party B will be regarded to pass the probation period.

2.3 **Assumption of Training Bond** (☐ **Applicable** / ☒ **Not Applicable**)

The Parties agree that the Training Bond signed between JCI and the Employee (a copy of which is attached hereto as Appendix I) shall be transferred to be performed between the Company and the Employee, with the Company assuming all of JCI's rights and obligations thereunder.

2.4 **Renewal of Contract**

As the case may be, prior to the scheduled expiration of the Term, Party A shall either offer Party B a renewal of the Contract, or shall inform Party B in writing that Party A does not intend to renew the Contract. If Party A offers to renew the Contract, Party B shall accept or refuse the renewal in writing prior to the expiration of the Term. In the event that Party B fails to respond prior to the expiration of the Term, Party B shall be deemed to have refused to renew the Contract. In the event that Party B agrees to renew this Contract, he/she shall submit the relevant materials before the expiry hereof, and extend the alien employment permit for him/her.

ARTICLE 3. SCOPE OF WORK

3.1 **Work Location / Position**

The working location for Party B will be _Shanghai_ (city). The position will be Group VP & GM, Seating Asia Pacific. Party A may assign Party B to travel to a different location to work for a short or long period, which shall not be deemed as a change of work location.

Party B shall be employed by Party A in the working location and position as set forth in above information. Party A may from time to time reassign Party B to a different position in Party A, or assign Party B to work in a different location. Party B shall have the right to file a complaint against the reassignment or relocation, but shall comply with the reassignment or relocation until Party A decides to change the decision. In addition, Party B may, according to his/her ability and specialty, suggest to Party A that he/she be assigned to another position, but shall not leave his/her job until Party A has made the decision. If appropriate, the level of Party B's salary and benefits may be adjusted upon such newly assigned position.

3.2 **Duties of Party B**

Party B shall diligently perform his/her duties and responsibilities to the best of his/her ability in accordance with the instructions of his/her supervisors, work in co-operation with Party B's supervisors and colleagues, and observe the terms of this Contract and the work rules of Party A contained in the Employee Handbook of Party A or other rules and policies issued from time to time by Party A.

3.3 **Work Hours**

If Party B's position has already been approved to work under a working hours system different from the standard working hours system or if Party A in the future obtains such approval, Party B hereby agrees to automatically be subject to that alternative working hours system. Party B hereby agrees to provide any assistance necessary for and fully cooperate with Party A in its application for Party B to work under the alternative working hours system.

3.4 **Holidays and Leave**

During the Term of this Contract, Party B shall enjoy the holidays and leave in accordance with the Employee Handbook and other rules and policies, the relevant laws and regulations as may be adjusted from time to time.

ARTICLE 4. REMUNERATION AND BENEFITS

4.1 **Salary and Benefits**

The initial salary and benefits of Party B shall be the same as that applicable immediately prior to the Contract commencement date while Party B was with JCI, unless otherwise agreed by the Parties in writing on or prior to the Contract commencement date. Party A may lawfully adjust the salary or other benefits of Party B from time to time based on the performance of Party B, such as the professionalism, working attitude and efficiency, and Party A's operation situation.

4.2 **Payment**

Party A will pay all remuneration in Renminbi (RMB) to Party B, less any amount required to be withheld by Party A as individual income tax and otherwise in accordance with the applicable law.

Party B's salary shall be paid on the fifth (5^{th}) of the following month and shall be paid to Party B through Party B 's bank account or be directly paid to Party B in cash (as Party A deems appropriate).

4.3 **Additional Remuneration**

Party A will pay Party B additional remuneration for overtime work (if any) in accordance with applicable laws and regulations.

4.4 **No Disclosure of Remuneration**

Party B shall keep his/her salary and other remuneration confidential and not disclose his/her remuneration to any other person.

ARTICLE 5. SOCIAL INSURANCE AND LABOUR PROTECTION

5.1 **Social Insurance**

Party A will enrol Party B in the social insurance schemes only if non-PRC national employees are required to make contributions under local laws and as necessary under local policy.

5.2 **Medical Leave and Benefits**

Party A will provide medical leave and benefits, maternity leave for female employees (if applicable), leave and other labour security benefits in accordance with applicable law and the provisions of the Employee Handbook and other rules and policies.

5.3 **Labour Protection**

Party A will provide necessary work conditions and tools for Party B to perform his/her work, and provide working environment conforming to the labour safety and health standard in accordance with the state regulation.

ARTICLE 6. LABOUR DISCIPLINE

6.1 **Labour Discipline**

Party B shall comply with all aspects of Party A's rules relating to labour discipline contained in the Employee Handbook and other rules and policies issued from time to time by Party A.

6.2 **Breach of Discipline**

If Party B violates any rule relating to labour discipline or any other rules or procedure of Party A, including safety rules, causes damage to Party A, without prejudice to Party A's rights to claim damages/indemnity against Party B, Party A may take disciplinary action against Party B in accordance with the relevant rules and policies. In serious cases, Party A may terminate employment with Party B in accordance with law. Party A's rights to take disciplinary action are set forth in the Employee Handbook and other rules and policies issued from time to time by Party A.

ARTICLE 7. AMENDMENT, TERMINATION AND ENDING OF THE CONTRACT

7.1 Through mutual agreement of both Parties, the Contract may be amended subject to relevant laws in written form.

7.2 The contract ends in any of the following conditions:

7.2.1 The contract is expired;

7.2.2 Party B starts to get basic pension legally, or reaches the age of retirement provided by law;

7.2.3 Party A is legally announced to be bankruptcy;

7.2.4 The Party A is revoked business license, ordered to close, be canceled or dissolved in advance;

7.2.5 Party B deceases or is declared dead or missing by the people's court; and

7.2.6 Other circumstance stipulated by the laws and rules:

7.3 Party A may terminate this Contract immediately and need not pay any economic compensation if there are any of the following situations in Party B side:

7.3.1 When Party B fails to satisfy the recruitment requirements during the probation period;

7.3.2 When party B seriously violates a rule relating to labour discipline or another rule or procedure of Party A (including without limitation breach of Article 9.1 or Article 9.3, or any other serious breach of the company rules);

7.3.3 When Party B commits serious dereliction of duty or graft, thus causing substantial damage to Party A;

7.3.4 When Party B employs the means of deception or coercion or takes advantage of Party A's difficulties to force it to conclude the Contract or to make an amendment to the Contract, which is contrary to Party A's will, which causes the invalidation of the Contract held by the arbitral body or the people's court (Deception includes, without limitation to, disguising or giving false information on the academic records, work experience, seniority and physical condition or providing fake degree certificates, qualification certificates and other unreal material for Party A.);

7.3.5 When Party B has established labour relationship with another entity, which seriously affect the accomplishment of Party A's work obligations by Party B, or Party B refuses to rectify the matter if the same is brought to his attention by Party A;

7.3.6 When Party B has his/her residence or work permit canceled, or failure to obtain the residence permit or the approval for employment permit;

7.3.7 When Party B is charged with a criminal offense in accordance with law;

7.3.8 Under other circumstances in which the laws or regulations permit Party A to dismiss Party B at any time without notice.

7.4 To the extent permissible by local policies and regulations, Party A may terminate this Contract for any reason by providing one (1) month's prior written notice or by payment of one (1) month's base salary of Party B in lieu of notice, without paying any severance.

7.5 Party B may terminate this Contract unilaterally by giving Party A written notice thirty (30) days in advance; Party A reserves the right to waive the aforesaid notice period requirement.

7.6 When the Contract is terminated or ends, or if Party A requires at any time during the Term, Party B shall:

7.6.1 Stop any activities in the name of Party A, or end any unfinished works as per the requirements of Party A;

7.6.2 Handover all the works to Party A side as per the requirements of Party A;

7.6.3 Return immediately all the documents, keys, passports or PC software and the equipment, credit card(s), mobile phone that Party B holds or controls, or any other property related to the business or affairs of Party A completely and thoroughly, Party B agrees that he has no right to keep any aforesaid articles or copies.

7.6.4 Refund Party A any unsettled payments owed to or any expenses refundable to Party A; where Party B fails to refund such payments or expenses, Party A is entitled to deduct such payments or expenses from compensation payable to Party B; if such compensation is not sufficient for the deduction of said payments in full, Party A has the right of recourse against Party B according to law.

If Party A fails or delays to transact the resignation procedures for Party B due to Party B fails to perform the above stipulated responsibilities, Party B shall afford the corresponding liabilities on its own:

ARTICLE 8. ECONOMIC COMPENSATION

8.1 If applicable, Party A shall give Party B economic compensations in accordance relevant laws and regulations when the Contract is terminated or ends, unless the Parties agree otherwise.

8.2 If Party B causes loss to Party A during the term of this Contract, he/she shall make compensation accordingly.

8.3 If Party B accepts any training paid by Party A during the term of the Contract, Party B shall sign the training agreement as per Party A's requirement before the training, and provide services after the training within the service period ("**Period of Service**") stipulated in the training agreement. If the above Period of Service exceeds the term of the Contract, the Contract shall automatically extend till the completion of the above Period of Service unless Party A proposes to end this Contract prior to its expiry.

If due to Party B's personal reason (excluding Party B's health, or urgent, unpredictable affairs as recognized by Party A) he/she fails to complete and terminate ahead of schedule the training, or Party A terminates the Contract according to Article 7.3 in this Contract, Party B shall refund the training fees in accordance with the training agreement, including but not limited to the fees charged by training institution, the transportation, accommodation and communication fees related to the training etc. The refundable training fees will be calculated descending to the Service Period Party B completed, and the refunding standards will be subject to the Training Agreement entered into by the Parties.

8.4 Party A's transfer of Party B to an affiliate with Party B's agreement does not entitle Party B to the severance fee under this Article 8.1; however, Party B's service period with and as recognized by Party A under this Contract shall be counted into Party B's service period with such affiliate of Party A.

ARTICLE 9. CONFIDENTIALITY AND NON-BRIBERY

9.1 **Confidentiality**

Party B agrees to maintain all information which may be known to Party B concerning operation, management, technology, marketing or financial information of Party A or any business entity affiliated with Party A and information relating to the business and services of Party A as well as any confidential information received by Party A from third parties (the "**Confidential Information**") in the strict confidence, and agrees not to disclose, directly or indirectly, in any manner, any Confidential Information to any person inside or outside Party A without the prior written consent of Party A or to use any Confidential Information in competition with Party A or for any purpose other than Party B 's performance of his/her duties and obligations under this Contract. Party B specifically agrees that this obligation shall survive the termination or ending of this Contract.

Party B shall, if required in the sole discretion of Party A, enter into a separate Employee Intellectual Property and Confidentiality Agreement with Party A. In this case, the execution of Party B Intellectual Property and Confidentiality Agreement shall be a condition to this Contract and shall constitute an integral part of this Contract.

9.2 **Return of Properties, Documents and Data**

Upon termination or ending of this Contract, Party B shall promptly, before Party A pays him/her the final compensation and/or severance fee, return to Party A all Party A's properties (including but not limited to cash, checks, receipts, uniform, keys, copy of the Rules and Systems, vehicles, tools, machinery and office equipment) and original and copies of drawings, blueprints, client lists/database, computer programs, memorandum, notes, formulae, financial statements, marketing information, training materials, operating records and any other documents of Party A or any document provided by a third party to Party A (including data stored in audio, video or any other formats) which are in the possession, custody or control of Party B.

9.3 **Offer of Money to Others Not allowed**

Party B shall not, and shall not direct any other person to, offer, promise or give to any government official, any political party or official thereof, any candidate for political office, or any other person any money or any item of value while knowing or having reason to believe that all or a portion of such money or item of value will be offered, promised, or given directly to any of those listed above for the purpose of influencing any action, omission, or decision by the recipient in order to obtain or retain business for Party A or to direct business to others.

ARTICLE 10. DISPUTE RESOLUTION

10.1 **Dispute Resolution**

The Parties shall settle labour disputes in accordance with the following procedure:

10.1.1 The Parties shall first endeavour to settle any dispute arising from the performance of this Contract through consultation.

10.1.2 If consultation fails, the Parties shall apply for arbitration to a local labour dispute arbitration committee

10.1.3 If any Party is not satisfied with an arbitral award, the Party may bring a law suit to the competent People's Court at the location of Party A's registered address.

ARTICLE 11. MISCELLANEOUS

11.1 **Company Rules**

Party B hereby acknowledges receipt and reading of a copy of Party A's Employee Handbook as in effect as of the date hereof. Party B confirms that he/she fully understands the contents of the Employee Handbook and is willing to comply with all the rules contained therein.

11.2 **Compliance with Legal Requirements**

If this Contract at any time conflicts with any applicable law, Party A and Party B will comply with all legal requirements and shall promptly amend the Contract accordingly or follow such legal requirements. If any term of this Contract becomes invalid or unenforceable for whatever reasons, the rest of this Contract shall remain binding and enforceable.

11.3 **Applicable Law**

The formation, validity, interpretation, execution, amendment, termination and ending of this Contract shall be governed by the laws of the PRC ("**Chinese Laws**"). Chinese Laws means published and publicly available laws, regulations, rules and normative legal documents, etc. duly issued by competent public authorities of the PRC or local government. When the Chinese Laws do not regulate a certain matter, company rules shall apply.

11.4 Integrality

The appendices hereto and any sequent amendments to this Contract and appendices hereto shall be integral parts of this Contract. Both Parties acknowledge that certain other agreements or contracts may be required by Party A to be signed between the Parties from time to time during the Term of this Contract which are necessary for Party A's business. If Party A so requires, the Parties shall negotiate on and sign such agreements.

11.5 Language

This Contract is executed in both English and Chinese. Both language versions shall be equally authentic. The Parties acknowledge both language texts are substantially the same in all material respects. If there is any conflict between Chinese and English versions, the Chinese version shall prevail.

11.6 Copies

This Contract shall be executed in two originals, of which Party A shall hold one (1) copy and Party B shall hold one (1) copy.

11.7 Other

11.7.1 Matters which are not covered in this Contract shall be handled in accordance with the applicable laws and regulations.

11.7.2 Party B confirms that the information in the first page of the Contract is true and valid, and that any notice of relevant matters that Party A needs to inform Party B should be deemed served if Party A delivers the notice to the "Resident Address" of Party B provided in the first page of the Contract. If there is any change to the "Resident Address in China" of Party B, Party B is obligated to inform Party A in writing within 10 days. If Party B fails to inform Party A of such change, and as a result relevant notice cannot be delivered to Party B timely, Party B shall be responsible of any legal consequence caused thereby. Party A's notice shall be deemed served when such notice is delivered to the original resident address in China of Party B.

Party A: Adient Management (China) Co., Ltd.	**Name of Party B:** Huan, Jian James
Party A Signature: [SEAL] Adient Management (China) Co., Ltd.	**Party B Signature:** /s/ Huang, Jian James

Appendix:

Appendix I: Training Bond (if applicable)

ADDENDUM

Party A should not terminate this Contract according to article 7.4 in any of the following conditions:

1.1 Party B is confirmed to have totally or partially lost the ability to work due to occupational diseases or injuries suffered at work;

1.2 Party B is in the medical treatment period because of illness or non-work injuries;

1.3 Party B is a female employee during the pregnancy, maternity, or nursing period;

1.4 Party B is engaged in the works that may bring occupational diseases but left the post without occupational physical examination, or is suspected to be a patient with occupational disease and is in diagnosis or medical observation period;

1.5 Party B has worked continuously for Party A for 15 years or more and is less than 5 years from the statutory retirement age;

1.6 Other circumstances stipulated by laws, administrative rules and regulations.

For the avoidance of any doubt, the provisions of this Article shall no prejudice Party A's right to terminate the employment with Party B pursuant to Article 7.3.

Party A: Adient Management (China) Co., Ltd.	**Name of Party B:** Huan, Jian James
Party A Signature: [SEAL] Adient Management (China) Co., Ltd.	**Party B Signature:** /s/ Huang, Jian James

TRIPARTITE AGREEMENT

THIS **TRIPARTITE AGREEMENT** ("**Agreement**") is entered into on June 3, 2016 by and among:

(A) **Johnson Controls (China) Investment Co., Ltd.** ("**JCI**");

(B) **Adient Management (China) Co., Ltd.** ("**Adient**"); and

(C) Huang Jian James . . . ("**Employee**").

The above-named are hereinafter individually referred to as a "**Party**" and collectively as the "**Parties**."

WHEREAS:

A. The Employee is employed by and works for JCI under a certain employment contract;

B. Due to a global business spin-off, JCI will transfer a part of its assets and business to Adient. As a part of the transferred business, the Employee will need to transfer from JCI to Adient;

C. The Parties agree to enter into this Agreement to set forth the terms and conditions of the contemplated transfer of the Employee to Adient.

It is hereby agreed as follows:

1. Effective 0:00 on July 1, 2016 (the "**Transfer Date**"), the Employee's employment will transfer from JCI to Adient, in accordance with the terms hereof as well as a new employment contract separately signed by and between Adient and the Employee (on terms and conditions substantially similar with the Employee's current JCI employment contract), and the Employee's employment with JCI will terminate simultaneously.

2. Unless otherwise specifically agreed by the relevant parties, Adient shall assume all of JCI's rights, obligations, agreements, contracts and documents under the employment relationship between JCI and the Employee, including salary, bonus, employee handbook etc., regardless of whether the relevant rights or obligations arise/arose before, on or after the Transfer Date. In addition, Adient shall recognize the Employee's years of service to JCI since 1/3/2000 as well as any accrued but unused annual leave days as of the Transfer Date; accordingly, no compensation (such as severance payment or annual leave compensation, etc.) will be payable to the Employee upon this employment transfer. The Employee hereby confirms that he/she has no pending issue with JCI.

3. The Employee hereby confirms that the Employee is fully aware of any rights or protections the Employee is entitled to under the law, signs this Agreement willingly, and the Employee’s agreement to the terms herein is irrevocable under any circumstances including for any future change in the Employee’s status (such as sickness, pregnancy, work- or non-work related injury, etc.).

4. This Agreement shall be governed by the laws of China.

5. This Agreement is executed in the English and Chinese languages. Both language versions shall be equally valid.

6. This Agreement is signed in three (3) originals. JCI, Adient and the Employee will each hold one original.

Signature page follows.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

For and on behalf of **Johnson Controls (China) Investment Co., Ltd.** (*Chop*)

[SEAL] Johnson Controls (China) Investment Co., Ltd.

Signature

Title

For and on behalf of **Adient Management (China) Co., Ltd.** (*Chop*)

[SEAL] Adient Management (China) Co., Ltd.

Signature

Title

The Employee

/s/ Huang, Jian James

Signature

Exhibit 21.1

Subsidiaries of Adient plc*

Name of Entity	Jurisdiction of Formation	Economic Interest (if not 100%)
Adient & Summit Corporation Ltd.	Thailand	68.0%
Adient (Thailand) Co., Ltd.	Thailand	68.0%
Adient Asia Holdings Co., Limited	Hong Kong	
Adient Automotive Argentina S.R.L.	Argentina	
Adient Automotive Components (M) Sdn. Bhd.	Malaysia	89.0%
Adient Automotive Interior Investment Co., Limited	Hong Kong	
Adient Automotive Romania S.R.L.	Romania	
Adient Automotive Seating (M) Sdn. Bhd.	Malaysia	89.0%
Adient Belgium BVBA	Belgium	
Adient Beteiligungs GmbH	Germany	
Adient Bor s.r.o.	Czech Republic	
Adient Clanton Inc.	US	
Adient Components Ltd. & Co. KG	Germany	
Adient do Brasil Bancos Automotivos Ltda.	Brazil	
Adient DongSung Inc	Korea	60.0%
Adient Eldon Inc.	US	
Adient Fabrics France SAS	France	
Adient Fabrics Spain, S.A.	Spain	
Adient Financial Luxembourg S.a r.l.	Luxembourg	
Adient France SAS	France	
Adient Germany Ltd. & Co. KG.	Germany	
Adient GK	Japan	
Adient Global Holdings Ltd	Jersey	
Adient Global Holdings S.à r.l.	Luxembourg	
Adient Hungary Kft.	Hungary	
Adient Mexico Holding S. de R.L. de C.V.	Mexico	
Adient India Private Limited	India	
Adient Industries Mexico S. de R.L. de C.V.	Mexico	
Adient Interior Hong Kong Limited	Hong Kong	
Adient Interiors Ltd. & Co. KG	Germany	
Adient Interiors Management GmbH	Germany	
Adient Korea Inc	Korea	
Adient Ltd. & Co. KG	Germany	
Adient Mexico Automotriz S. de R.L. de C.V.	Mexico	
Adient Mexico S. de R.L. de C.V.	Mexico	
Adient Mezölak Korlátolt Felelősségű Társaság	Hungary	
Adient Novo mesto, proizvodnja avtomobilskih sedežev, d.o.o.	Slovenia	
Adient Poland Sp. z o.o.	Poland	
Adient Properties UK Ltd	UK	
Adient Saarlouis Ltd. & Co. KG	Germany	
Adient Seating Canada LP	Canada	
Adient Seating d.o.o.	Serbia	

Subsidiaries of Adient plc (continued)*

Name of Entity	Jurisdiction of Formation	Economic Interest (if not 100%)
Adient Seating Poland Spółka z ograniczona odpowiedzialnoscia	Poland	
Adient Seating Slovakia s.r.o.	Slovakia	
Adient Seating UK Ltd	UK	
Adient Slovenj Gradec, proizvodnja sestavnih delov za avtomobilske sedeze, d.o.o.	Slovenia	
Adient South Africa (Pty) Ltd.	South Africa	
Adient Strakonice s.r.o.	Czech Republic	
Adient Strasbourg	France	
Adient Sweden AB	Sweden	
Adient US LLC	US	
Adient Verwaltungs GmbH & Co. KG	Germany	
Avanzar Interior Technologies, Ltd.	US	49.0%
Beijing Adient Automotive Components Co., Ltd.	China	51.0%
Bridgewater Interiors, LLC	US	49.0%
Ensamble de Interiores Automotrices, S. de R.L. de C.V.	Mexico	
Futuris Automotive (CA) LLC	US	
Guangzhou Adient Automotive Seating Co. Ltd.	China	52.0%
PT Adient Automotive Indonesia	Indonesia	75.0%
Recaro Japan Co., Ltd.	Japan	
Recaro North America, Inc.	US	
TechnoTrim de Mexico, S. de R.L. de C.V.	Mexico	51.0%
TechnoTrim, Inc.	US	51.0%
Trim Leader, a.s	Slovakia	51.0%

*Pursuant to Item 601(b)(21)(ii) of Regulation S-K, the names of other subsidiaries of Adient plc are omitted because, considered in the aggregate, they would not constitute a significant subsidiary as of the end of the year covered by this report.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-214320) of Adient plc of our report dated November 22, 2019 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Detroit, Michigan

November 22, 2019

Exhibit 31.1

Certification

I, Douglas G. Del Grosso, certify that:

1 I have reviewed this annual report on Form 10-K of Adient plc;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4 The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5 The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize, and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 22, 2019

By: /s/ Douglas G. Del Grosso

Douglas G. Del Grosso

President and Chief Executive Officer and a Director

Exhibit 31.2

Certification

I, Jeffrey M. Stafeil, certify that:

1 I have reviewed this annual report on Form 10-K of Adient plc;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4 The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5 The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize, and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 22, 2019

By: /s/ Jeffrey M. Stafeil

Jeffrey M. Stafeil

Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Douglas G. Del Grosso, certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Adient plc on Form 10-K for the fiscal year ended September 30, 2019 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Adient plc.

Date: November 22, 2019

By: /s/ Douglas G. Del Grosso
Douglas G. Del Grosso
President and Chief Executive Officer and a Director

I, Jeffrey M. Stafeil, certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Adient plc on Form 10-K for the fiscal year ended September 30, 2019 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Adient plc.

Date: November 22, 2019

By: /s/ Jeffrey M. Stafeil
Jeffrey M. Stafeil
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Adient plc and will be retained by Adient plc and furnished to the Securities and Exchange Commission or its staff upon request.