UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

CHARLES ERIC HYDER, Individually and On Behalf of All Others Similarly Situated, Plaintiff, v. ADIENT PLC, BRUCE MCDONALD, and JEFFREY M. STAFEIL, Defendants.	Case No.: CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS JURY TRIAL DEMANDED

Plaintiff Charles Eric Hyder ("Plaintiff"), individually and on behalf of all other persons similarly situated, by Plaintiff's undersigned attorneys, for Plaintiff's complaint against Defendants, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff's own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through Plaintiff's attorneys, which included, among other things, a review of the Defendants' public documents, conference calls and announcements made by Defendants, United States Securities and Exchange Commission ("SEC") filings, wire and press releases published by and regarding Adient plc ("Adient" or the "Company"), analysts' reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class consisting of all persons other than Defendants who purchased or otherwise acquired Adient securities between October 31, 2016 and June 11, 2018, both dates inclusive (the "Class Period"), seeking to

recover damages caused by Defendants' violations of the federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder, against the Company and certain of its top officials.

2. Adient is an Irish corporation headquartered in Dublin. The Company was formed when, in late October 2016, Johnson Controls International plc ("Johnson") completed its spinoff of its automotive seating and interiors business. Adient has 85,000 employees and operates 238 manufacturing/assembly plants in 34 countries worldwide. The Company designs, engineers, and manufactures automotive seating for all vehicle classes and all major original equipment manufacturers ("OEMs") and claims to be the largest global automotive seating supplier in the world. Nearly half of its annual revenues derive from the sale of metal components used in seat frames produced by its seat structures and mechanisms ("SS&M") group, also called the metals group.

3. From the date of its formation, Adient and certain of its senior executives highlighted improvements in the efficiency of the Company's capital-intensive metals business (a/k/a the SS&M business) as a key driver of its success. For example, Defendants repeatedly emphasized to investors that the Company was "solidly on track" to deliver 200 basis point margin expansion by 2020, a feat that depended in large part on operational and financial improvements in its core SS&M business.

4. Adient's common stock has traded on the New York Stock Exchange ("NYSE") under the ticker symbol "ADNT" since October 2016 upon completion of the spinoff from Johnson

5. Throughout the Class Period, Defendants made materially false and misleading statements regarding the Company's business, operational and compliance policies. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (i) Adient's core SS&M business faced significant operational problems such that the repeatedly touted 200-basis-point margin expansion was not "on track"; and (ii) as a result, Adient's public statements were materially false and misleading at all relevant times.

6. The truth first began to emerge during a Deutsche Bank Global Auto Industry Conference held on January 17, 2018, where Defendants made several startling disclosures indicating Adient was not "solidly on track" to achieve the previously-touted 200 basis point margin expansion.

7. This news drove the price of Adient shares down $8.03, or about 9.8%, to close at $74.15 on January 18, 2018.

8. On January 29, 2018, Defendants held Adient's Q1 2018 earnings conference call with investors. On the call Defendants cautioned made certain statements calling the Company's ability to achieve its 200-basis point margin expansion into question.

9. This news drove the price of Adient shares down $5.53, or about 7.6%, to close at $66.77 that day.

10. Then, on May 3, 2018, Defendants announced Adient's Q2 2018 financial results in a Form 8-K filing with the SEC. This 8-K revealed in part that Defendants recorded a net $279 million impairment charge related to the Company's SS&M segment.

11. This news drove the price of Adient shares down $6.14, or about 10%, to close at $55.84 that day.

12. Finally, on June 11, 2018, Defendants revealed that Defendant Bruce McDonald ("McDonald") had stepped down from his role as Chairman and Chief Executive Officer ("CEO") effective immediately and slashed Adient's earnings guidance.

13. This news drove the price of Adient shares down $8.88, or about 15.6%, to close at $48.10 that day.

14. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

15. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. §240.10b-5).

16. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and Section 27 of the Exchange Act.

17. Venue is proper in this Judicial District pursuant to §27 of the Exchange Act (15 U.S.C. §78aa) and 28 U.S.C. §1391(b), as the Company's shares are listed on the NYSE, which is located in this District.

18. In connection with the acts, conduct and other wrongs alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mail, interstate telephone communications and the facilities of a national securities exchange.

PARTIES

19. Plaintiff, as set forth in the attached Certification, acquired Adient securities at artificially inflated prices during the Class Period and were damaged upon the revelation of the alleged corrective disclosures.

20. Defendant Adient is organized in Ireland with its principal executive offices located in Dublin. Its ordinary shares trade on the New York Stock Exchange under the ticker "ADNT."

21. Defendant McDonald ("McDonald") served as Adient's CEO at all relevant times.

22. Defendant Jeffrey M. Stafeil ("Stafeil") has served as Adient's Executive Vice President and Chief Financial Officer at all relevant times.

23. The Defendants referenced above in ¶¶ 21-22 are sometimes referred to herein as the "Individual Defendants."

24. The Individual Defendants possessed the power and authority to control the contents of the Company's SEC filings, press releases, and other market communications. The Individual Defendants were provided with copies of the Company's SEC filings and press releases alleged herein to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or to cause them to be corrected. Because of their positions with the Company, and their access to material information available to them but not to the public, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to and were being concealed from the public, and that the positive representations being made were then materially false and misleading. The Individual Defendants are liable for the false statements and omissions pleaded herein.

SUBSTANTIVE ALLEGATIONS

Background

25. Adient is an Irish corporation headquartered in Dublin, formed on October 31, 2016, when Johnson completed its spinoff of its automotive seating and interiors business.

26. The Company has 85,000 employees and operates 238 manufacturing/assembly plants in 34 countries worldwide. The Company designs, engineers, and manufactures automotive seating for all vehicle classes and all major OEMs and claims to be the largest global automotive seating supplier in the world. Nearly half of its annual revenues derive from the sale of metal components used in seat frames produced by its SS&M group, also called the metals group.

27. Defendant McDonald, a former Executive Vice President and Vice Chairman at Johnson Controls, a wholly-owned subsidiary of Johnson Controls International plc, became the initial Chairman and CEO of the newly formed Adient plc.

28. During the September 15, 2016 investor meeting leading up to the spinoff, Defendants told investors why Adient was a "solid investment," saying that an "[u]pward trend in profitability" was "expected to continue" and ". . . 200 bps of margin improvement expected over the mid-term[.]"

29. During the Class Period, Defendants continually, falsely, and misleadingly reiterated these claims.

Materially False and Misleading Statements During the Class Period

30. The Class Period on October 31, 2016, when Adient started trading on the New York Stock Exchange, *Reuters* quoted McDonald as stating, "We think we have a couple

hundred basis points of margin expansion we can deliver, based on things we have 100 percent control of."

31. On November 8, 2016, Adient held an earnings conference call with investors following its disclosure of its Q4 2016 financial results. During this call, a Barclays analyst asked for an update on "the metals margin improvement exercise." Stafeil responded stating in pertinent part as follows:

> Yeah. The metals business as we've said was not going to be the short-term correction or the short-term improvements in our margin. It was going to be mostly from our SG&A initiative and our corporate allocation reduction as we rebuild our own corporate overhead as we separated from Johnson Controls. That said, **we do see a big improvement in metals**, and I know it's been somewhat of a long road. But as you look at the metals business, there's a couple of components to the increase year-over-year, the big – all right, so that'd be – a couple of components to our increases as we move out a couple of years, the big one is really the launch of several new programs. **We've mentioned we have some mega launches going on in the metals business. That's going to be the biggest driver. That will start to really impact our results, in 2017 a little bit, but in 2018 and 2019 more specifically**. There's also some capacity that we have primarily in Western Europe that needs to be transitioned to Eastern Europe to lower cost countries, that process is underway, the results will start to show a little bit more in 2018 than they do in 2017. So, yeah we have seen a little bit of improvement on the metals side, but we expect that improvement to ramp up as those new programs come to launch and some of the restructuring initiatives [ph] go into full set.

(Emphases added.)

32. On the Q4 2016 earnings call, McDonald told another analyst:

> **[W]e're very comfortable with the plan that we have to improve metals.** It's definitely not the plan that we thought it was going to be three, four years ago.
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> If you look at the current product portfolio put in a low-cost country operations and with the right manufacturing equipment, *i.e.*, like we did in China where we've built the business from scratch, it is capable of earning double-digit margin. And so, **we're confident we're going to get there, it's a big – it's half the driver of our 200-basis point of margin expansions**, being conservative and it's not going to happen in that part of our plan in one or two years, it's going to take us four years."

(Emphasis added.)

33. During the January 11, 2017 Deutsche Bank Global Auto Industry Conference, Stafeil told investors:

> **We talked about a journey towards 200 basis points of margin improvement** over the next couple of years. We are doing a little better as we sit here today, or it looks like we're doing a little bit better from a forecast standpoint. And thus, we would think that our EBITDA and other earnings metrics should be, I'd say, very achievable and maybe even a little bit better as we look at that guidance . . ..
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> So we drive future growth and we look for future earnings growth . . . . **We'll benefit from** our margin drive, our reduction in SG&A, **our improvement of the metals business**, our move to lower-cost manufacturing regions globally, and then just an improved product mix as we look at our mix of business. We've done some restructuring efforts, and we're in the midst of several restructuring efforts that are expected to give us $100 million of benefit, but **all this should manifest itself over the course of the midterm to a 200-basis-point improvement in our overall margin**.

(Emphases added.)

34. On February 3, 2017, Defendants issued a news release announcing Adient's financial results for the first quarter ended December 31, 2016. During the earnings conference call held that day, McDonald stated: "We also have talked about earnings expansion through a number of self-help initiatives, we have a four year goal here to get to 200 basis points improvement, and we're off to a great start." In response to an analyst's question about the concerns investors should be thinking about, McDonald downplayed internally known problems in the metals business, stating: "Metals turnaround is – it's beneficial to this year, but it's really a 2018-2019 story, doesn't really move the needle a lot."

35. Stafeil reiterated, "[r]egarding our goal to increase our margins by 200 basis points excluding equity income, we're off to a very good start," and further explained:

> Clearly, the results posted today, combined with the performance achieved in Q4 of last year, demonstrate we are on track to delivering our short-term margin improvements. Meanwhile, **the metals business is operating according to plan and is expected to drive further margin expansion in late fiscal 2018 and fiscal 2019** after they complete some of their restructuring projects and execute on the significant new launch inventory in the system.
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> If you recall, at the Analyst Day of September, I mentioned progress on our margin initiative would be tracked against the LTM at June 30, 2016 results. Although we were using JCI's reporting definitions of that time, which are slightly different versus Adient's adjustments and definitions today, **the puts and takes do not change our commitment to delivering at least 200 basis points of improvement.**

(Emphasis added.)

36. On February 8, 2017, the Company filed its Form 10-Q for the quarter ended December 31, 2016, with the SEC, which provided the Company's financial results and position. The filing contained signed certifications pursuant to the Sarbanes-Oxley Act of 2002 ("SOX"), from Defendants McDonald and Stafeil attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company's internal controls over financial reporting, and the disclosure of all fraud.

37. On April 28, 2017, Defendants issued a news release announcing Adient's financial results for the second quarter ended March 31, 2017. During the earnings conference call with investors that day, McDonald told them:

> Although this is only our second quarter of reporting our numbers as an independent company, **we're well on the way to delivering on our midterm commitments, which are really simple. It's 200 basis points of margin expansion**, and that's without the benefit of a growing equity income base, accelerating our free cash flow, de-leveraging our balance sheet, and returning the seating business here at Adient to its historic growth trajectory.
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> * * *
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> The other thing I'd point out is many of these programs – and we always show a number of them in Europe and Asia here, and South America – a number of these start to include our next-generation of global front and rear seat structures,

> particularly the VW Gen 2 program, which is a huge launch for us. **A lot of the financial performance of our metals business has been tied up introducing a couple of really big programs. And as that business continues to improve, and in the quarter it did better than it had last year, we're starting to see the accretive margin impact** of launching those next-generation products into the market.

(Emphases added.)

38. Stafeil added:

> The results posted today, combined with the performance achieved over the past two quarters, demonstrate **we are on track to deliver** our short-term margin improvements. Meanwhile, **the metals business is operating according to plan** and is expected to drive further margin expansion in fiscal 2019 after they complete some of their restructuring projects and execute on the significant new launch inventory in the system.

(Emphases added.)

39. In response to an analyst's question on whether investors should be thinking about an upside from the 200 basis point margin expansion, Stafeil answered in part: "I don't know if there's a limit per se, because there's some element of the farther-away science becomes a little challenged" and "if you look at that set of numbers, we have an opportunity as revenue continues to grow, which we think it will grow after 2019 with improved order book, to get some benefit of increased scale, which I think is just an opportunity to go north of that number." McDonald added "I think beyond 2020, we still have room to grow," "I do not think our – we can continue to drive our SG&A lower, lower, lower, and lower," and "the metals improvement, I think the scale benefit that we can get by starting to grow our footprint again or the capacity utilization is to be a tailwind."

40. On May 1, 2017, the Company filed its Form 10-Q for the quarter ended March 31, 2017, with the SEC, which provided the Company's financial results and position. The filing contained signed certifications pursuant to SOX from Defendants McDonald and Stafeil

attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company's internal controls over financial reporting, and the disclosure of all fraud.

41. On July 27, 2017, Defendants issued a news release announcing Adient's financial results for the third quarter ended June 30, 2017. During the earnings conference call with investors that day, McDonald assured investors:

> So we are three quarters away to a year here in fiscal 2017. And I guess my overall comments is I think **we are solidly on track in terms of delivering the commitments that we've made to the investment community**, both here in the short-term, but also the trajectory on to deliver our mid-term commitments.

(Emphasis added.)

42. Stafeil similarly assured investors:

> Now, let's move to slide 12. We included a chart showing our progress towards our goal to increase Adient's margins by 200 basis points excluding equity income. As you can see from the chart on the left-hand side of the slide, **we are solidly on track** and have made significant progress over the past four quarters.
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> * * *
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> Operational performance also contributed to the margin performance in the quarter and partially offsetting these benefits as discussed earlier are unfavorable commodity, material cost and FX. Meanwhile, **the metals business is continuing to execute towards 2019 margin expansion targets**. The business is working to complete several restructuring project and execute on the significant new launch inventory in the system.

(Emphasis added.)

43. On July 31, 2017, the Company filed its Form 10-Q for the quarter ended June 30, 2017, with the SEC, which provided the Company's financial results and position. The filing contained signed certifications pursuant to SOX from Defendants McDonald and Stafeil attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company's internal controls over financial reporting, and the disclosure of all fraud.

44. On August 8, 2017, Defendants presented at the J.P. Morgan Auto Conference. Stafeil assured investors:

> If you look at the drivers of our growth, the drivers of our future earnings, things that Bruce [McDonald] talked about, in the middle of the page here you talk about some of the self-help opportunities, the improved operational performance, the G&A reduction, **metals and mechanisms, which is the next part of the story in our margin improvement is really a 2019-2020 story. But a big part of our self-help is we get that 200 basis points** of improved margin on a consolidated side.

(Emphasis added.)

45. During the Q&A session at the conference, the following exchange occurred:

> **Ryan J. Brinkman:** Great. That's helpful. Thank you. I have a bunch of questions. I'll just ask one more and I'll turn it over to audience though. **The margin improvement.** Since the spin from Johnson Controls, Adient has really consistently beat Street expectations relative to margin. Firstly, I'm just curious how **the margin is tracked relative to your own sort of internal projections?**
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> And then secondly, do you think that the – stronger than consensus margin, it just suggests a more sort of frontend loading of the eventual margin improvement than the Street imagined or do you think that it could in fact portend a larger overall opportunity such that maybe the out-year margin could surpass guidance?
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> **Jeffrey M. Stafeil**: Good question, Ryan. In the first piece of whether it's better or worse than expectations, I would say, if sales have been more cooperative, we probably – we would have expected to do a little bit better on margin. But **we're very pleased with what we've seen from an operational standpoint**. I would say as we look across the organization globally and look at the performance that people have achieved and taking out cost but also making sure that they're flexing their operating – operations to demand. We've seen really good results there. So **I'd say pretty much on expectation.** To your point about where we can go from here. If you look at, we'll say, 2019 to 2020, and we start to get some of that backlog coming in to the overall business, I do see opportunities for us on the margin standpoint but it's going to be depending on a bid [sic] on sales. And I'd say ***the story we have in metals is still developing. I'd say that's on path but 2019 and 2020 are big years there***.
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> So, ***I would still use 200 basis points on your models***. Hopefully, we'll end up being able to beat that and if sales come in a little bit better and things like aircraft for some of our adjacent market opportunities come in, obviously, we'll look to beat what we have put out there.

(Emphasis added.)

46. On September 14, 2017, Defendants presented at the Royal Bank of Canada Global Industrials Conference. There, the following exchange occurred:

> **Joseph Spak:** Okay. Since you sort of – **the conversation sort of went a little there to the margins in the self-help**. Look, I think you've done a great job sort of post-spin with the margin trajectory. My opinion, arguably, and I guess curious for your comments, but it seems like you're even a little - probably a little bit ahead of schedule on some of the SG&A savings.
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> So, one, **how do we think about sort of the cadence of the rest of the SG&A savings? And then beyond that, what are sort of further pluses, minuses, puts and takes to the margin?** I mean, does it become a little bit more volume dependent because of the utilization stuff you mentioned?
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> **Mark Oswald** [Adient director of investor relations]: Yeah. Great question. So again, just to kind of reset everybody, when we launched and we became the independent company, we said there are going to be really three buckets which we're going to focus in terms of getting the net 200 basis points of margin improvement.
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> The first one being SG&A and we said that would be 150 basis points in 2017 and 2018. We'll be finishing 2017 and we've indicated that we'll be about two-thirds of the way through in 2017. So I'd expect as we progress through 2018, we'll get the other 50 basis points of there. So, again, more work to do there, but we feel confident that we'll get that. **The other piece is really the metals performance, and that's a 2019-2020 time period we'll get that 150 basis points.** And that 300 basis points of overall improvements can be offset by about 100 basis points of what I'd call growth investment. And that's investment that we'll be spending on in terms of supporting the new business backlog and the new business wins that we've had in 2016 and 2017 year-to-date. Certainly, the West Coast strategies, the aircraft seating, et cetera.
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> So I think when you think about cadence especially when you go from 2017 to 2018, yes, definitely more SG&A savings. **We'll have more investment spending that we're spending there and then it'll put us on that trajectory for that overall 200 basis points as we move from 2019 into 2020**.

47. On November 2, 2017, Defendants convened Adient's Q4 2017 earnings conference call with investors. During this call McDonald assured investors:

> First of all, Q4 adjusted EBIT of $296 million was up about 3% year-over-year, with a corresponding margin of 7.4% which was up 10 basis points year-over-year. For the full year, we demonstrated solid execution against our commitment to grow our earnings. And with revenues being down, adjusted EBIT and corresponding margins were up about 8% and 80 basis points year-over-year respectively. **We're well on our way to achieving the 200 basis points of margin expansion that we've committed to.**
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> We've always said ***the restructuring part of the metals turnaround is in the 2019 and 2020*** story, with very good sight of visibility. And the head count and the losses that those facilities have, we're highly confident that we're going to put behind us.
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> In conclusion here, as you can see from our financial results for the year, I think we've made great progress in terms of demonstrating our commitment and our ability to expand our margins. **We're in line with our guidance**. SG&A this year has been the primary driver, and we expect to see some more progress on that last year as our head count initiatives take hold.
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> And while **in metals we're going to work through some short-term issues, we think we're going to be back on track in the middle of 2018 and beyond** for us to get the improvements that we quite rightly expect from that business.
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> We had a great year one. We really feel good about the foundation that we've laid here to deliver our mid-term commitment and **we're solidly on track**. We're pleased with our results. We've got a lot of hard work ahead of us, and we intend to build on the positive momentum here that we've established to further position Adient for long-term success."

(Emphasis added.)

48. During this investor call, Stafeil similarly stated, "[a]nd important to note, **the progression to our 200-basis-point improvement in margins remains on track.**" (Emphasis added.)

49. On November 15, 2017, Defendants presented at the Barclays Global Automotive Conference. During this conference, Stafeil again assured investors:

> And as we look at our investment thesis, our metals business is the most highly engineered. We're the biggest in the space. We have a competitive advantage and it is a pull for bringing and sourcing work to Adient to use our metals business.
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> All that being said, through a variety of things and some historical challenges with capital allocation to the business and some acquisitions which were timed sort of at a time when Johnson Controls subsequently pivoted away from automotive. So, all that sort of the backdrop **where we said we could take this business improve it by 100 to 200 basis points, still feel very confident that we can do that.**

(Emphasis added.)

50. On November 22, 2017, the Company filed its annual report on Form 10-K for the year ended September 30, 2017, with the SEC, which provided the Company's financial results and position. The filing contained signed certifications pursuant to SOX from Defendants McDonald and Stafeil attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company's internal controls over financial reporting, and the disclosure of all fraud.

51. With respect to 2017 restructuring and impairment costs, Defendants stated:

> **Adient committed to a significant restructuring plan in fiscal 2017** in order to drive cost efficiencies and to balance our global production against demand **and recorded $46 million of restructuring and impairment costs in the consolidated statement of income**. The restructuring actions related to cost reduction initiatives in the Seating segment. The costs consist primarily of workforce reductions and plan closures. Adient currently estimates that upon completion of the restructuring actions, the fiscal 2017 restructuring plan will reduce annual operating costs by approximately $20 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%-65% will result in net savings. Adient expects that savings, net of execution costs, will partially be achieved in fiscal years 2018-2019 and the full annual benefit of these actions is expected in fiscal 2020. The restructuring actions are expected to be substantially complete in fiscal 2020. The restructuring plan reserve balance of $38 million at September 30, 2017 is expected to be paid in cash.

(Emphasis added.)

52. With respect to accounting for goodwill and other long-lived assets, Defendants stated:

> 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** . . . .
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> 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 . . . . In fiscal 2017, Adient concluded it had no triggering event requiring assessment of impairment for certain of its long-lived assets.

(Emphasis added.)

53. The statements referenced in ¶¶ 30-52 were materially false and misleading because Defendants made false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operational and compliance policies. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (i) Adient's core SS&M business faced significant operational problems such that the repeatedly touted 200-basis-point margin expansion was not "on track"; and (ii) as a result, Adient's public statements were materially false and misleading at all relevant times.

The Truth Begins to Emerge

54. The truth first began to emerge during a Deutsche Bank Global Auto Industry Conference held on January 17, 2018, where Defendants made several startling disclosures indicating Adient was not "solidly on track" to achieve the previously-touted 200 basis point margin expansion. Among them, Defendant McDonald stated:

> First of all, being upfront, **we're really struggling in terms of our Seat Structures & Mechanisms business**. We obviously guided to – we knew coming in this quarter, we're going to have some challenges, those intensified; and so, obviously, we're pretty disappointed in terms of how that part of our business performed this quarter.

* * *

> In terms of Seat Structures & Mechanisms business or our metals businesses as we sometimes call it, I guess, I just wanted to sort of ground everybody in terms of our investment thesis as we spun out from Johnson Controls. So if you go back to the end of 2016 August – October of 2016, we came out of Johnson Controls with effectively no growth – our Chinese businesses were growing strongly, but our consolidated seating business was essentially flat.
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> And, if you sort of go back in time for many, many years the automotive business was kind of the growth engine of Johnson Controls and it had been sort of constrained from a capital perspective, because Johnson Controls was sort of trying to become more of a multi-industrial.
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> So, coming out of the spinoff really had three things that we want to do: one, establish a more cost-effective overhead structure and reduce our SG&A; we wanted to continue to grow our Chinese operations, where we're number one in the market with about 45% market share; and we want to demonstrate that we could get back on – I would say get our growth mojo back. And so we feel pretty good about all three of those things. **We committed to a 200 basis points of margin expansion, which was really driven by SG&A savings, improving the margins in our Seat Structures & Mechanisms business and partially offset be investments that we needed to make to continue to grow our business.** So that was kind of our investment thesis.
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> And **as we went into this quarter**, I sort of talked about the intensifying headwinds that we had. **For sure, we're struggling especially in our Mechanisms business** and that would mainly be recliners and to a lesser extent tracks, in terms of not just the price of commodities[....] **and I'd just say in the quarter, especially in our Mechanisms business, we were really like hand to mouth in terms of where we're going to find the next coil. So combination of that [sic], together with launch inefficiencies that turned out to be much more problematic than we anticipated going into the quarter.**

(Emphases added.)

55. On this news, the price of Adient shares fell $8.03, or about 9.8%, to close at $74.15 on January 18, 2018.

56. On January 29, 2018, Defendants held Adient's Q1 2018 earnings conference call with investors. During this call, Defendant McDonald revealed in part:

> With regard to our mid-term plan, **we certainly are not backing away from our commitment to deliver 200 basis point** of consolidated adjusted EBIT margin

improvement by the end of 2020. With that said, **we're currently examining the composition of this 200 basis points. So, for example, if SS&M, our seat structures and mechanisms business, is incapable of delivering the 100 to 200 basis points of improvement by 2020**, we'll look to execute other parts of – other things within the rest of our organization to offset the shortfall.

(Emphases added.)

57. During this conference, Defendant Stafeil further revealed:

Given Q1's performance, we've heard and read a lot of commentary about the achievability of the 200 basis point margin improvement target. You can see our progress towards that goal on slide 13. Our seat structures and mechanisms business stands out in the page as our negative outlier performance with a 120 basis points reduction from our starting point. No doubt, the headwinds impacting this business have significantly offset the approximate 143 basis points of improvement we've achieved in SG&A and makes achieving our goal that much difficult.

58. During the same conference, the following exchange occurred:

Colin Langan, Analyst

Great. Thanks for taking my questions. Let me just to start off. It sounded like the metals issues initially were somewhat one-time in nature, things like expedited freight, your outsourcing components to get them produced. And now the forecast as the slide shows, has headwinds going through all the way to the second half of the year. **What has changed in the business, is there something structural now and should we expect these to persist into 2019 and into 2020? I mean, it sounded like a lot of the initial issue was more one-time in nature related to particular plant?**

Bruce McDonald, Chairman and Chief Executive Officer

Yeah, Colin. It's Bruce here. So I think, a couple of things that I'd just note is, it takes some time to work through the containment costs that we have. So once we experience a difficulty, there is a number of milestones the customers make us – quite rightly, make us demonstrate before we can sort of peel those resources away. I think we've tried to be realistic here . . . .

As it relates to your comments about '19 or somewhat going into '19, clearly, **we're pretty comfortable that the launch related problems that we have are – we're going to get behind us. With the resources that we're putting in place, we certainly feel good about avoiding a re-occurrence in '19**. And so, if you think about – especially if you look at the hits that we've taken in Q1 and Q2, we ought to have significant year-over-year improvement in the first half of next year.

(Emphasis added.)

59. On this news the price of Adient shares fell $5.53, or about 7.6%, to close at $66.77 on that day.

60. Then, on May 3, 2018, Defendants announced Adient's Q2 2018 financial results in a Form 8-K filing with the SEC. This 8-K revealed in part that Defendants recorded a net $279 million impairment charge related to the Company's SS&M segment.

61. During Adient's earnings conference call with investors that day Defendant McDonald revealed:

> Although **the team has been laser focused on stabilizing the SS&M business** and positive progress was made in the most recent quarter versus last quarter, we clearly review – we clearly view these results as disappointing. **In addition to having significant impact on our financial results so far this year, we've also concluded, after completing a comprehensive strategic assessment of the SS&M business, that the 200 basis points of margin expansion that Adient has set a goal to achieve by 2020 is no longer going to be achievable.**

(Emphasis added.)

62. On this news, the price of Adient shares fell $6.14, or about 10%, to close at $55.84 that day.

63. Finally, on June 11, 2018, Defendants revealed McDonald stepped down from his role as Chairman and CEO effective immediately and slashed earnings guidance.

64. On this news, the price of Adient shares fell $8.88, or about 15.6%, to close at $48.10 on that day.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

65. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or

otherwise acquired Adient securities during the Class Period (the "Class"); and were damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class are Defendants herein, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

66. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Adient securities were actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Adient or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

67. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

68. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

69. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the federal securities laws were violated by Defendants' acts as alleged herein;

- whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of Adient;

- whether the Individual Defendants caused Adient to issue false and misleading financial statements during the Class Period;

- whether Defendants acted knowingly or recklessly in issuing false and misleading financial statements;

- whether the prices of Adient securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and

- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

70. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

71. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- Defendants made public misrepresentations or failed to disclose material facts during the Class Period;

- the omissions and misrepresentations were material;

- Adient securities are traded in an efficient market;

- the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;

- the Company traded on the NYSE and was covered by multiple analysts;

- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and

- Plaintiff and members of the Class purchased, acquired and/or sold Adient securities between the time the Defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

72. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

73. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information, as detailed above.

COUNT I

(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Against All Defendants)

74. Plaintiff repeats and reallege each and every allegation contained above as if fully set forth herein.

75. This Count is asserted against Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

76. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other members of the Class; made various untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and employed devices, schemes and artifices to

defraud in connection with the purchase and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of Adient securities; and (iii) cause Plaintiff and other members of the Class to purchase or otherwise acquire Adient securities and options at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each of them, took the actions set forth herein.

77. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the Defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and annual reports, SEC filings, press releases and other statements and documents described above, including statements made to securities analysts and the media that were designed to influence the market for Adient securities. Such reports, filings, releases and statements were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about Adient finances and business prospects.

78. By virtue of their positions at Adient , Defendants had actual knowledge of the materially false and misleading statements and material omissions alleged herein and intended thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, Defendants acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose such facts as would reveal the materially false and misleading nature of the statements made, although such facts were readily available to Defendants. Said acts and omissions of Defendants were committed willfully or with reckless disregard for the truth. In addition, each Defendant knew or recklessly disregarded that material facts were being misrepresented or omitted as described above.

79. Information showing that Defendants acted knowingly or with reckless disregard for the truth is peculiarly within Defendants' knowledge and control. As the senior managers and/or directors of Adient, the Individual Defendants had knowledge of the details of Adient internal affairs.

80. The Individual Defendants are liable both directly and indirectly for the wrongs complained of herein. Because of their positions of control and authority, the Individual Defendants were able to and did, directly or indirectly, control the content of the statements of Adient. As officers and/or directors of a publicly-held company, the Individual Defendants had a duty to disseminate timely, accurate, and truthful information with respect to Adient businesses, operations, future financial condition and future prospects. As a result of the dissemination of the aforementioned false and misleading reports, releases and public statements, the market price of Adient securities was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning Adient business and financial condition which were concealed by Defendants, Plaintiff and the other members of the Class purchased or otherwise acquired Adient securities at artificially inflated prices and relied upon the price of the securities, the integrity of the market for the securities and/or upon statements disseminated by Defendants, and were damaged thereby.

81. During the Class Period, Adient securities were traded on an active and efficient market. Plaintiff and the other members of the Class, relying on the materially false and misleading statements described herein, which the Defendants made, issued or caused to be disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares of Adient securities at prices artificially inflated by Defendants' wrongful conduct. Had Plaintiff and the other members of the Class known the truth, they would not have purchased or otherwise

acquired said securities, or would not have purchased or otherwise acquired them at the inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff and the Class, the true value of Adient securities was substantially lower than the prices paid by Plaintiff and the other members of the Class. The market price of Adient securities declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.

82. By reason of the conduct alleged herein, Defendants knowingly or recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

83. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases, acquisitions and sales of the Company's securities during the Class Period, upon the disclosure that the Company had been disseminating misrepresented financial statements to the investing public.

COUNT II

(Violations of Section 20(a) of the Exchange Act Against The Individual Defendants)

84. Plaintiff repeats and reallege each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

85. During the Class Period, the Individual Defendants participated in the operation and management of Adient, and conducted and participated, directly and indirectly, in the conduct of Adient business affairs. Because of their senior positions, they knew the adverse non-public information about Adient misstatement of income and expenses and false financial statements.

86. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to Adient financial condition and results of operations, and to correct promptly any public statements issued by Adient which had become materially false or misleading.

87. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which Adient disseminated in the marketplace during the Class Period concerning Adient results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause Adient to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of Adient within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of Adient securities.

88. Each of the Individual Defendants, therefore, acted as a controlling person of Adient. By reason of their senior management positions and/or being directors of Adient, each of the Individual Defendants had the power to direct the actions of, and exercised the same to cause, Adient to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of Adient and possessed the power to control the specific activities which comprise the primary violations about which Plaintiff and the other members of the Class complain.

89. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by Adient.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment against Defendants as follows:

A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;

B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason of the acts and transactions alleged herein;

C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and

D. Awarding such other and further relief as this Court may deem just and proper.

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.

Dated: October 19, 2018

Respectfully submitted,

POMERANTZ LLP

/s/ Jeremy A. Lieberman

Jeremy A. Lieberman
J. Alexander Hood II
Jonathan Lindenfeld
600 Third Avenue, 20th Floor
New York, New York 10016
Telephone: (212) 661-1100
Facsimile: (212) 661-8665
Email: jalieberman@pomlaw.com
ahood@pomlaw.com
jlindenfeld@pomlaw.com

POMERANTZ LLP
Patrick V. Dahlstrom
10 South La Salle Street, Suite 3505
Chicago, Illinois 60603
Telephone: (312) 377-1181
Facsimile: (312) 377-1184
Email: pdahlstrom@pomlaw.com

BRONSTEIN, GEWIRTZ & GROSSMAN, LLC
Peretz Bronstein
60 East 42nd Street, Suite 4600
New York, NY 10165
Telephone: (212) 697-6484
Facsimile (212) 697-7296
Email: peretz@bgandg.com

Attorneys for Plaintiff

CERTIFICATION PURSUANT
TO FEDERAL SECURITIES LAWS

1. I, Charles Eric Hyder, make this declaration pursuant to Section 27(a)(2) of the Securities Act of 1933 ("Securities Act") and/or Section 21D(a)(2) of the Securities Exchange Act of 1934 ("Exchange Act") as amended by the Private Securities Litigation Reform Act of 1995.

2. I have reviewed a Complaint against Adient plc ("Adient" or the "Company") and, authorize the filing of a comparable complaint on my behalf.

3. I did not purchase or acquire Adient securities at the direction of plaintiffs' counsel or in order to participate in any private action arising under the Securities Act or Exchange Act.

4. I am willing to serve as a representative party on behalf of a Class of investors who purchased or acquired Adient securities during the class period, including providing testimony at deposition and trial, if necessary. I understand that the Court has the authority to select the most adequate lead plaintiff in this action.

5. To the best of my current knowledge, the attached sheet lists all of my transactions in Adient securities during the Class Period as specified in the Complaint.

6. During the three-year period preceding the date on which this Certification is signed, I have not sought to serve as a representative party on behalf of a class under the federal securities laws.

7. I agree not to accept any payment for serving as a representative party on behalf of the class as set forth in the Complaint, beyond my pro rata share of any recovery, except such reasonable costs and expenses

directly relating to the representation of the class as ordered or approved by the Court.

8. I declare under penalty of perjury that the foregoing is true and correct.

Executed Oct 5, 2018
(Date)

Charles Eric Hyder
(Signature)

Charles Eric Hyder
(Type or Print Name)

Adient plc (ADNT) **Hyder, Charles Eric**

List of Purchases and Sales

Date	Purchase or Sale	Number of Shares/Unit	Price Per Share/Unit
6/1/2018	Purchase	93	$53.2400