

TENNECO INC.
CONSOLIDATED STATEMENTS OF INCOME (LOSS)

	Year Ended December 31		
	2019	2018	2017
	(Millions Except Share and Per Share Amounts)		
Revenues			
Net sales and operating revenues	\$ 17,450	\$ 11,763	\$ 9,274
Costs and expenses			
Cost of sales (exclusive of depreciation and amortization)	14,912	10,002	7,771
Selling, general, and administrative	1,138	752	632
Depreciation and amortization	673	345	226
Engineering, research, and development	324	200	158
Restructuring charges and asset impairments	126	117	47
Goodwill and intangible impairment charges	241	3	11
	17,414	11,419	8,845
Other income (expense)			
Non-service pension and postretirement benefit (costs) credits	(11)	(20)	(16)
Equity in earnings (losses) of nonconsolidated affiliates, net of tax	43	18	(1)
Loss on extinguishment of debt	—	(10)	(1)
Other income (expense), net	53	(10)	2
	85	(22)	(16)
Earnings (loss) before interest expense, income taxes, and noncontrolling interests	121	322	413
Interest expense	(322)	(148)	(77)
Earnings (loss) before income taxes and noncontrolling interests	(201)	174	336
Income tax (expense) benefit	(19)	(63)	(71)
Net income (loss)	(220)	111	265
Less: Net income attributable to noncontrolling interests	114	56	67
Net income (loss) attributable to Tenneco Inc.	\$ (334)	\$ 55	\$ 198
Earnings (loss) per share			
Basic earnings (loss) per share:			
Earnings (loss) per share	\$ (4.12)	\$ 0.93	\$ 3.75
Weighted average shares outstanding	80,904,060	58,625,087	52,796,184
Diluted earnings (loss) per share:			
Earnings (loss) per share	\$ (4.12)	\$ 0.93	\$ 3.73
Weighted average shares outstanding	80,904,060	58,758,732	53,026,911

The accompanying notes to the consolidated financial statements are an integral part of these consolidated statements of income (loss).

TENNECO INC.
CONSOLIDATED BALANCE SHEETS

	December 31	
	2019	2018
	(Millions, except shares)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 564	\$ 697
Restricted cash	2	5
Receivables:		
Customer notes and accounts, net	2,438	2,487
Other	100	85
Inventories	1,999	2,245
Prepayments and other current assets	632	590
Total current assets	5,735	6,109
Property, plant and equipment, net	3,627	3,501
Long-term receivables, net	10	10
Goodwill	775	869
Intangibles, net	1,422	1,519
Investments in nonconsolidated affiliates	518	544
Deferred income taxes	607	467
Other assets	532	213
Total assets	\$ 13,226	\$ 13,232
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt, including current maturities of long-term debt	\$ 185	\$ 153
Accounts payable	2,647	2,759
Accrued compensation and employee benefits	325	343
Accrued income taxes	72	64
Accrued expenses and other current liabilities	1,070	1,001
Total current liabilities	4,299	4,320
Long-term debt	5,371	5,340
Deferred income taxes	106	88
Pension and postretirement benefits	1,145	1,167
Deferred credits and other liabilities	490	263
Commitments and contingencies (Note 15)		
Total liabilities	11,411	11,178
Redeemable noncontrolling interests	196	138
Tenneco Inc. shareholders' equity:		
Preferred stock—\$0.01 par value; none issued	—	—
Class A voting common stock—\$0.01 par value; shares issued: (2019—71,727,061; 2018—71,675,379)	1	1
Class B non-voting convertible common stock—\$0.01 par value; shares issued: 2019 and 2018—23,793,669	—	—
Additional paid-in capital	4,432	4,360
Accumulated other comprehensive loss	(711)	(692)
Accumulated deficit	(1,367)	(1,013)
	2,355	2,656
Shares held as treasury stock—at cost: 2019 and 2018—14,592,888 shares	(930)	(930)
Total Tenneco Inc. shareholders' equity	1,425	1,726
Noncontrolling interests	194	190
Total equity	1,619	1,916
Total liabilities, redeemable noncontrolling interests, and equity	\$ 13,226	\$ 13,232

The accompanying notes to the consolidated financial statements are an integral

part of these consolidated balance sheets.
TENNECO INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31		
	2019	2018	2017
	(Millions)		
Operating Activities			
Net income (loss)	\$ (220)	\$ 111	\$ 265
Adjustments to reconcile net income (loss) to cash provided (used) by operating activities:			
Goodwill and intangible impairment charge	241	3	11
Depreciation and amortization	673	345	226
Deferred income taxes	(151)	(65)	(8)
Stock-based compensation	25	14	14
Restructuring charges and asset impairments, net of cash paid	11	49	8
Change in pension and postretirement benefit plans	(57)	(8)	(15)
Equity in earnings of nonconsolidated affiliates	(43)	(18)	1
Cash dividends received from nonconsolidated affiliates	53	2	—
Changes in operating assets and liabilities:			
Receivables	(225)	(174)	(76)
Inventories	284	27	(94)
Payables and accrued expenses	(66)	291	136
Accrued interest and income taxes	3	(19)	1
Other assets and liabilities	(84)	(119)	48
Net cash provided (used) by operating activities	444	439	517
Investing Activities			
Acquisitions, net of cash acquired	(158)	(2,194)	—
Proceeds from sale of assets	20	9	8
Net proceeds from sale of business	22	—	—
Proceeds from sale of investment in nonconsolidated affiliates	2	—	9
Cash payments for plant, property, and equipment	(744)	(507)	(419)
Proceeds from deferred purchase price of factored receivables	250	174	112
Other	2	4	(10)
Net cash provided (used) by investing activities	(606)	(2,514)	(300)
Financing Activities			
Proceeds from term loans and notes	200	3,426	160
Repayments of term loans and notes	(341)	(453)	(36)
Borrowings on revolving lines of credit	9,120	5,149	6,664
Payments on revolving lines of credit	(8,884)	(5,405)	(6,737)
Repurchase of common shares	(2)	(1)	(1)
Cash dividends	(20)	(59)	(53)
Debt issuance cost of long-term debt	—	(95)	(8)
Purchase of common stock under the share repurchase program	—	—	(169)
Net decrease in bank overdrafts	(13)	(5)	(7)
Acquisition of additional ownership interest in consolidated affiliates	(10)	—	—
Distributions to noncontrolling interest partners	(43)	(51)	(64)
Other	(4)	(30)	—
Net cash provided (used) by financing activities	3	2,476	(251)
Effect of foreign exchange rate changes on cash, cash equivalents, and restricted cash	23	(17)	3
Increase (decrease) in cash, cash equivalents, and restricted cash	(136)	384	(31)
Cash, cash equivalents, and restricted cash, beginning of period	702	318	349
Cash, cash equivalents, and restricted cash, end of period	\$ 566	\$ 702	\$ 318
Supplemental Cash Flow Information			
Cash paid during the year for interest	\$ 284	\$ 143	\$ 78
Cash paid during the year for income taxes, net of refunds	\$ 177	\$ 113	\$ 95
Non-cash Investing and Financing Activities			