Accelerating and Diversifying
Diversified profile across products, geographic regions, applications, platforms and customers contributed to Tenneco’s $9.3 billion revenue in 2017.

**PRODUCT LINES**
- 70% Clean Air
- 30% Ride Performance

**GEOGRAPHY**
- 47% North America
- 31% Europe
- 14% China
- 4% South America
- 4% Rest of World

**PRODUCT APPLICATIONS**
- (Value add revenue)
  - 49% Clean Air LV
  - 22% Ride Performance LV
  - 11% CTOH
  - 18% Aftermarket

**TOP CUSTOMERS**
- 14% General Motors
- 13% Ford Motor Company
- 8% Volkswagen Group
- 6% Daimler AG
- 5% Tata Motors
- 5% Fiat Chrysler Automobiles
- 4% SAIC Motor
- 4% First Auto Works
- 3% Toyota Motor
- 3% Renault/Nissan
- 3% Caterpillar
- 2% PSA Peugeot Citroen
- 2% John Deere
- 2% National Auto Parts Association
- 2% Advance Auto Parts
- 1% Beijing Automotive
- 1% BMW
- 1% O’Reilly Auto Parts
- 1% Geely Automobile
- 1% Chang’an Automotive

**TOP PLATFORMS (MODELS)**
- 7% VW MQB/PQ35 (Golf, Jetta, Audi A3 passenger cars)
- 5% Ford T3/P558 HD (Super Duty truck)
- 4% GM K2XX HD (Silverado and Sierra trucks)
- 3% Ford T3/P552 LD (F-150 truck)
- 3% Daimler MFA (A and B class passenger cars)
- 3% GM D2XX/Delta (Cruze passenger car; Verano CUV)
- 2% GM C1XX/Lambda (Enclave and Acadia CUVs)
- 2% Ford C1 (Focus passenger car; Escape and Kuga CUVs)
- 2% GM E2XX/Epsilon (Malibu, Lacrosse and Insignia passenger cars)
- 2% Jaguar PLA-D7a (XF and XS passenger cars; F-Pace CUV)
- 2% Land Rover PLA-D7u (Range Rover; RR Sport and Discovery CUVs)
- 2% Daimler MRA (E and C class passenger cars)
- 1% Toyota MC-M (Rav 4 and RX CUVs; Sienna MPV)
- 1% GM 31XX/32XX LD (Colorado and Canyon trucks)
- 1% VW PQ25/26 (Polo and Jetta passenger cars)
## FINANCIAL HIGHLIGHTS

($ in millions except share and per share data)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales and operating revenues</td>
<td>$7,320</td>
<td>$7,924</td>
<td>$8,381</td>
<td>$8,181</td>
<td>$8,599</td>
<td>$9,274</td>
</tr>
<tr>
<td>Earnings before interest expense, taxes and noncontrolling interests (EBIT)</td>
<td>$428</td>
<td>$422</td>
<td>$489</td>
<td>$508</td>
<td>$516</td>
<td>$417</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>$205</td>
<td>$205</td>
<td>$208</td>
<td>$203</td>
<td>$212</td>
<td>$224</td>
</tr>
<tr>
<td>Net income attributed to Tenneco Inc.</td>
<td>$275</td>
<td>$182</td>
<td>$225</td>
<td>$241</td>
<td>$356</td>
<td>$207</td>
</tr>
<tr>
<td>Earnings per diluted share</td>
<td>$4.50</td>
<td>$2.96</td>
<td>$3.64</td>
<td>$4.01</td>
<td>$6.31</td>
<td>$3.91</td>
</tr>
<tr>
<td>Cash flow from operations</td>
<td>$365</td>
<td>$533</td>
<td>$379</td>
<td>$528</td>
<td>$484</td>
<td>$629</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>$263</td>
<td>$254</td>
<td>$317</td>
<td>$295</td>
<td>$343</td>
<td>$385</td>
</tr>
<tr>
<td>Average diluted shares outstanding</td>
<td>61,083,510</td>
<td>61,594,062</td>
<td>61,782,508</td>
<td>60,193,150</td>
<td>56,407,436</td>
<td>53,026,911</td>
</tr>
<tr>
<td>Total debt</td>
<td>$1,165</td>
<td>$1,089</td>
<td>$1,115</td>
<td>$1,210</td>
<td>$1,384</td>
<td>$1,441</td>
</tr>
<tr>
<td>Total cash</td>
<td>$223</td>
<td>$280</td>
<td>$285</td>
<td>$288</td>
<td>$349</td>
<td>$318</td>
</tr>
<tr>
<td>Debt net of cash balances(^1)</td>
<td>$942</td>
<td>$809</td>
<td>$830</td>
<td>$922</td>
<td>$1,035</td>
<td>$1,123</td>
</tr>
</tbody>
</table>

### FINANCIAL SUMMARY

#### ADJUSTED EBIT\(^2\)

($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$8,599</td>
<td>$8,599</td>
<td>$8,599</td>
<td>$8,599</td>
<td>$8,599</td>
<td>$8,599</td>
</tr>
<tr>
<td>Adjusted EBIT(^2)</td>
<td>$647</td>
<td>$624</td>
<td>$575</td>
<td>$574</td>
<td>$500</td>
<td>$443</td>
</tr>
</tbody>
</table>

#### NET DEBT

Debt net of cash balances\(^1\)

($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt net of cash balances(^1)</td>
<td>$942</td>
<td>$809</td>
<td>$830</td>
<td>$922</td>
<td>$1,035</td>
<td>$1,123</td>
</tr>
</tbody>
</table>

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1. We present debt net of cash balances because management believes it is a useful measure of our credit position. The calculation is limited in that we may not always be able to use cash to repay debt on a dollar-per-dollar basis.

2. See page 21 for reconciliations of Generally Accepted Accounting Principles (GAAP) to non-GAAP financial measures.
Accelerating and Diversifying
In 2017, we made significant progress toward our strategic goals, which led to another strong year for Tenneco with **top line growth, higher earnings and improved cash flow**. Our results for the year included record revenue of $9.3 billion, up seven percent in constant currency, outperforming industry production by five percentage points, with solid growth in both product lines.
We also achieved record earnings, with adjusted EBIT of $647 million, adjusted net income of $365 million, and diluted adjusted earnings per share of $6.89, which reflects a 14 percent increase. Tenneco also delivered record operating cash flow of $629 million, an increase of 30 percent, and returned $222 million to shareholders in the form of share repurchases and dividends.

I am very pleased to report that our global team is executing well and is making strong progress toward meeting our operations excellence goals.
TRENDS CREATE GROWTH OPPORTUNITIES

- Electrification/Hybridization
- Emissions Regulations
- Autonomous Driving
- Emerging Markets
- Tenneco Clean Air and Ride Performance technologies positioned to capture growth
- Aftermarket Evolution
- Mobility
Tenneco has a history of outpacing industry production, driven by capitalizing on market and technology macro trends.

**Tenneco Positioned for Growth**

The automotive sector is undergoing a significant transformation, as disruptive technologies from autonomous driving, new mobility trends, and electrification and hybridization change the transportation landscape. While views differ as to the timing and ultimate penetration of these advances, we have positioned Tenneco to not only benefit from these trends, but to be at the forefront of the technology underlying these transformations. Further, tightening emissions standards globally for light vehicles, commercial trucks and off-highway equipment offer significant opportunities for us.

Our leading technologies and long-term strategy will allow Tenneco to capitalize on the significant growth prospects ahead of us, leverage our strong foundation we have created over the last 10-plus years, and focus our investments on those areas that will support these opportunities ahead. With that in mind, our strategy is built upon three key areas, accelerating core growth through multiple drivers, leveraging our strong foundation, and focusing on our key priorities to drive superior execution.

**Accelerating Core Growth: Four Pillars**

From a growth perspective, we have four drivers that are...
Tenneco continues to launch **Monroe Intelligent Suspension** platforms including 10 new programs in 2018.
critical to our success going forward: Technology-Driven Growth, New Market Growth, Content Growth and Market Expansion Growth.

First, technology-driven growth, the cornerstone of which is our OE Ride Performance product line, and specifically advanced suspension technologies and NVH solutions. These technologies present a very exciting opportunity for Tenneco with an expected 15% installation rate globally by 2025 and a content multiplier of about four times greater than a conventional suspension. As a result, the content per vehicle for Tenneco goes from $50–$60 to $200–$250 and translates into a 25% revenue CAGR opportunity. We are launching 10 new intelligent suspension platforms in 2018 with additional development programs underway. An example is our CVSA2/Kinetic system, which is in production in several models of a well-known British supercar. We are now working on development programs with three additional customers to introduce this technology on a sports car, a premium SUV and a battery electric vehicle.

Second, new market growth, which is fueled by the global aftermarket, particularly in China where we have tremendous potential. The China car parc is growing and aging, and by 2025, is expected to be the largest aftermarket in the world. We
The China car parc is growing and aging, and by 2025, is expected to be the largest aftermarket in the world.

are investing and leveraging our experience from mature markets to make sure we are well positioned to capture that anticipated growth.

Third, content growth, which is driven by Tenneco’s Clean Air product line. Tightening emissions regulations globally and light vehicle hybridization of the fleet continue to drive higher content on customer programs. While electrification has captured the headlines, the reality is that hybridization of the fleet represents a far larger percentage of the electrified vehicles expected to be produced over the next decade than full battery electric vehicles, and hybrids are a good opportunity for Tenneco. It does not matter whether the engine is running one percent of the time or all of the time – the engine has to meet the emissions regulations and has a need for our products. From a content perspective, the hybrid content per vehicle on a Euro VI equivalent will be at least on par with a standalone internal combustion engine, in particular for plug-in hybrids, which offer an opportunity for higher content to meet unique packaging requirements.

Lastly, market expansion growth, will be propelled by increasingly stringent regulations in commercial truck and off-highway (CTOH). Between now and 2030, there will be more CTOH powertrains coming under regulation than are regulated today, which presents a tremendous
Mini Shear-Hub Isolator
Exhaust Isolator
Coil Spring
Strut Assembly
Suspension Bushing
Top Mount
Muffler
Controlled Torque Bushing
E-Valve
Aftertreatment Components
DOC, DPF, SCR (diesel engine shown)
Catalytic Converter (gasoline engine)
Top Mount
Mounting Kit
Protection Kit
Compact Axial Hydroelastic Mount
TENNECO PRODUCTS IN A TYPICAL HYBRID POWERTRAIN
opportunity for Tenneco. Despite fewer units than light vehicles, content per vehicle in CTOH is seven-to-nine times greater. Today, we are already seeing the benefit from the ramp-up on Bharat Stage IV Clean Air programs in India, as well as incremental content on commercial truck programs in China as tighter regulations are enforced. Further, we are working with customers in both countries on development projects to meet the next round of tightening emissions regulations coming in the next few years.

These four growth drivers will continue to support our ability to reach our 2020 expectations to diversify revenues outside of Clean Air light vehicle into Ride Performance, the Aftermarket and Commercial Truck and Off-Highway.

**Built to Outperform: Leveraging our Strong Foundation**

Our success to date is a product of the strong foundation we have built over the last decade. Today we have two industry leading product lines and serve light vehicle, commercial truck and off-highway OEMs and engine manufacturers and the aftermarket. Our diversified profile allows us to invest in growth and enhance the business for the future. We have over 600 customers around the world and over 400 OE platforms in light vehicle, commercial truck and off-highway, with
Market expansion growth will be propelled by increasingly stringent regulations in commercial truck and off-highway.

92 manufacturing facilities and 15 engineering centers globally. This installed base and global footprint serves as a formidable competitive advantage for Tenneco in the markets we serve.

Since 2000, we have delivered revenue growth that has outpaced light vehicle industry production by two times. We believe that will continue, and even accelerate, through 2020 with anticipated growth three times higher than industry production volumes. We believe Return on Invested Capital is a good measure of how well we are driving growth while also being good stewards of our investors’ money. Our five-year average of 22.8% is a benchmarkable performance level and puts us in the top quartile among our peers.

Focused Priorities: Ensuring Continued Performance

Our focused strategy for growth and our strong foundation puts Tenneco in an excellent position to continue to outpace industry production by three-to-five percentage points. However, we will not stand still. Going forward, we will continue to diversify our portfolio and invest in new technologies in our existing markets and those that present strong prospects for continued growth. In addition, we maintain an intense focus on expanding margins and improving cash flow performance by harnessing
Monroe® Intelligent Suspension products meet the growing demand from manufacturers and consumers for advanced suspension systems. Noise vibration and harshness (NVH) solutions are critical to electric vehicle development.

The exploding car parc growth in China, increased vehicle utilization rates driven by autonomy and shared mobility, and new distribution and ecommerce models are creating unprecedented growth opportunities in the aftermarket.

Tightening emissions regulations globally and the trend toward increased light vehicle hybridization are driving demand for highly-engineered, content-rich emissions control systems.

By 2030, more engines in commercial truck and off-highway vehicles will come under regulations than are currently regulated today. Tenneco has aftertreatment solutions for on-and off-road applications in every regulated market.
the earnings power within our business.

**Capital Allocation**

To support our long-term strategy, we approach capital allocation from a balanced perspective. As a management team, we have had, and we will continue to have, a very disciplined capital allocation strategy for funding our organic growth. This includes funding our ongoing efforts to improve and reposition our businesses as necessary to remain cost competitive, and selectively pursuing strategic acquisitions that can expand our technologies or accelerate our growth. We also remain disciplined regarding our net debt to adjusted EBITDA (leverage) ratio in order to provide us with ample flexibility to respond to strategic opportunities that may arise. We ended 2017 with a leverage ratio of 1.3x, and since 2015, we have bought back 19% of total shares outstanding for approximately $607 million.

In 2017, as an indication of our confidence in the long-term growth and earnings power of the business, we began paying a quarterly dividend of $0.25 per share.

**Summary**

Finally, I want our shareholders to know that we have a strong global team dedicated to meeting our customers’ expectations and driving Tenneco’s success. Our achievements this year were the result of their efforts with an unwavering focus on continuous improvement, and grounded in our solid foundation of shared values. My thanks to our Board of Directors and our investors for your continuing support as we move forward on our journey. It is an exciting time at Tenneco, and I strongly believe our best years are yet to come.

Brian Kesseler
Chief Executive Officer
Tenneco Inc.
The TEN10 Employee Recognition Award was created in 2015 to celebrate and honor Tenneco employees throughout the world who demonstrate one or more of our 10 Shared Values as part of their daily life on the job. Our 10 individual and one team winners for 2017 were selected from more than 10,000 nominations globally.

2017 TENNECO TEN10 WINNERS

As of December 31, 2017
Paul T. Stecko2, Retired Chairman and Chief Executive Officer, Packaging Corporation of America
Brian J. Kesseler, Chief Executive Officer, Tenneco Inc.
Roger B. Porter, IBM Professor of Business and Government, Harvard University
Thomas C. Freyman1, Retired Executive Vice President, Finance and Administration, Abbott
Gregg M. Sherrill, Chairman of the Board, Retired Chief Executive Officer, Tenneco Inc.
Jane L. Warner1, Retired Executive Vice President, Illinois Tool Works Inc.
David B. Price, Jr.2, Chief Executive Officer and President, Birdet Price, LLC
Dennis J. Letham 1, Retired Executive Vice President and Chief Financial Officer, Anixter International Inc.
Roger J. Wood2, Retired President and Chief Executive Officer, Dana Holding Corporation
James S. Metcalf1, Retired Chairman, President and Chief Executive Officer, USG Corporation

Highlighted numbers indicate committee chair.

Clevite Elastomer Project Team: Joe Cerri, Rock Ding, Ken Ge, Wenhua Jiang, Quan Liu, Kan Sun, Colin Yan, Chenyan Yang, Susie Zai, Daniel Ziehm
Clean Air Manufacturing
Ride Performance Manufacturing
Engineering Centers
### RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES

<table>
<thead>
<tr>
<th>$ Millions, Unaudited</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term Debt</td>
<td>$113</td>
<td>$83</td>
<td>$60</td>
<td>$86</td>
<td>$90</td>
<td>$83</td>
</tr>
<tr>
<td>Long-term Debt</td>
<td>1,052</td>
<td>1,006</td>
<td>1,055</td>
<td>1,124</td>
<td>1,294</td>
<td>1,358</td>
</tr>
<tr>
<td>Redeemable Noncontrolling Interest</td>
<td>15</td>
<td>20</td>
<td>34</td>
<td>41</td>
<td>40</td>
<td>42</td>
</tr>
<tr>
<td>Tenneco Inc. Shareholders’ Equity</td>
<td>246</td>
<td>432</td>
<td>495</td>
<td>425</td>
<td>573</td>
<td>696</td>
</tr>
<tr>
<td>Noncontrolling Interest</td>
<td>45</td>
<td>39</td>
<td>40</td>
<td>39</td>
<td>47</td>
<td>46</td>
</tr>
<tr>
<td>Invested Capital</td>
<td>$1,471</td>
<td>$1,580</td>
<td>$1,684</td>
<td>$1,715</td>
<td>$2,044</td>
<td>$2,225</td>
</tr>
<tr>
<td>Average Invested Capital</td>
<td>$1,526</td>
<td>$1,632</td>
<td>$1,700</td>
<td>$1,880</td>
<td>$2,135</td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>$428</td>
<td>$422</td>
<td>$489</td>
<td>$508</td>
<td>$516</td>
<td>$417</td>
</tr>
</tbody>
</table>

Adjustments:
- Restructuring and related expenses: 13, 78, 49, 63, 36, 72
- Pullman recoveries: (5), –, –, –, –, –
- Asset Impairment charge: 7, –, –, –, –, –
- Antitrust settlement accrual: –, –, –, –, 132, –
- Goodwill impairment: –, –, –, –, –, 11
- Warranty settlement: –, –, –, –, 7, –
- Gain on sale of unconsolidated JV: –, –, –, –, –, (5)
- Bad debt charge: –, –, 4, –, –, –
- Pension / post retirement charges / Stock vesting: –, –, 32, 4, 72, 13

Adjusted EBIT: 443, 500, 574, 575, 624, 647

Effective Tax Rate: 35.7%, 33.7%, 32.9%, 26.6%, 24.5%

Tax effects Adjusted EBIT: $321, $381, $386, $458, $488

Return on Invested Capital (ROIC)\(^2\) (non-GAAP financial measure): 21.1%, 23.3%, 22.7%, 24.4%, 22.9%

5 year Average Invested Capital: $1,787

5 years Average tax effected Adjusted EBIT: 407

5 year Average ROIC: 22.8%

---

1. Tenneco presents the above reconciliation of revenues in order to reflect value-add revenues separately from substrate sales, which include precious metals pricing, which may be volatile. Substrate sales occur when, at the direction of its OE customers, Tenneco purchases catalytic converters or components thereof from suppliers, uses them in its manufacturing processes and sells them as part of the completed system. While Tenneco original equipment customers assume the risk of this volatility, it impacts reported revenue. Excluding substrate sales removes this impact. Tenneco uses this information to analyze the trend in revenues before this factor. Tenneco believes investors find this information useful in understanding period to period comparisons in the company’s revenues.

2. We consider Return on Invested Capital (ROIC) to be a meaningful indicator of our operating performance, and we evaluate ROIC because it measures how effectively we use the capital we invest in our operations. Tenneco defines ROIC as tax effected Adjusted EBIT divided by Average Invested Capital, which is the beginning and ending balances of debt, equity and noncontrolling interests. See the tabular calculation above.

3. Net income attributable to Tenneco Inc.

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4. Tenneco presents the above reconciliation of GAAP to non-GAAP earnings measures primarily to reflect the results in a manner that allows a better understanding of the results of operational activities separate from the financial impact of decisions made for the long-term benefit of the company and other items impacting comparability between the periods. Adjustments similar to the ones reflected above have been recorded in earlier periods, and similar types of adjustments can reasonably be expected to be recorded in future periods. Using only the non-GAAP earnings measures to analyze earnings would have material limitations because its calculation is based on the subjective determinations of management regarding the nature and classification of events and circumstances that investors may find material. Management compensates for these limitations by utilizing both GAAP and non-GAAP earnings measures reflected above to understand and analyze the results of the business. The company believes investors find the non-GAAP information helpful in understanding the ongoing performance of operations separate from items that may have a disproportionate positive or negative impact on the company’s financial results in any particular period.

5. EBITDA including noncontrolling interests
INVESTOR RELATIONS

Stockholder Services
For stockholder services such as exchange of certificates, issuance of certificates, lost certificates, change of address, change in registered ownership or share balance, write, call, or e-mail the company’s transfer agent:

Equiniti Trust Company
Shareowner Services
1110 Centre Point Curve
Mendota Heights, MN 55120
866.839.3259 (Toll Free)
651.450.4064
www.shareowneronline.com

Stock Listing
Tenneco’s common stock is listed under the NYSE ticker symbol TEN. TEN is traded primarily on the New York Stock Exchange. As of February 23, 2018, there were approximately 14,260 stockholders of record of the company’s common stock, including brokers and other nominees.

Investment Inquiries
Securities analysts, portfolio managers and representatives of financial institutions seeking information about the company should contact the Investor Relations department: 847.482.5162.

Corporate Information
Information about Tenneco Inc. is available on the company’s website www.tenneco.com, including the company’s latest quarterly earnings press release and other company information.

Safe Harbor Statement
Please see the Safe Harbor Statement and Risk Factors in Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2017 and in our quarterly reports on Form 10-Q, as filed with the Securities and Exchange Commission.