

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 27, 2020

MERITOR, INC.
(Exact name of registrant as specified in its charter)

Indiana
(State or other jurisdiction
of incorporation)

1-15983
(Commission
File No.)

38-3354643
(IRS Employer
Identification No.)

2135 West Maple Road
Troy, Michigan
(Address of principal executive offices)

48084-7186
(Zip code)

Registrant's telephone number, including area code: (248) 435-1000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$1 Par Value	MTOR	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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.

Item 2.02. Results of Operations and Financial Condition

In May 2020, Meritor, Inc. (the "Company") realigned its operations. As part of this realignment, the company's reportable segments are changing to: (1) Commercial Truck and (2) Aftermarket and Industrial. Historical quarterly and annual segment information will be recast to conform to the new reporting structure, which will be effective as of the third quarter of fiscal year 2020. For informational purposes, included in Exhibit 99-a to this Current Report on Form 8-K is historical unaudited segment financial information recast to reflect the aforementioned changes for the fiscal years ended September 30, 2018 and 2019, each of the four quarters of fiscal year 2019 and the first and second quarter of fiscal year 2020.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

99-a – [Segment Information, as Recast](#)

104 – Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MERITOR, INC.

By: /s/ Scott M. Confer

Scott M. Confer

Interim Chief Legal Officer and Corporate
Secretary

Date: July 27, 2020

MERITOR, INC.
ADJUSTED EBITDA AND SEGMENT ADJUSTED EBITDA-RECONCILIATION
Non-GAAP
AND
CONSOLIDATED BUSINESS SEGMENT SALES INFORMATION
(Unaudited)
(dollars in millions)

	2018		2019				2020	
	Full Year	Q1	Q2	Q3	Q4	Full Year	Q1	Q2
Net income attributable to Meritor, Inc.	\$ 117	\$ 90	\$ 72	\$ 86	\$ 43	\$ 291	\$ 39	\$ 241
Loss (income) from discontinued operations, net of tax, attributable to Meritor, Inc.	3	—	1	(1)	(1)	(1)	—	(1)
Income from continuing operations, net of tax, attributable to Meritor, Inc.	\$ 120	\$ 90	\$ 73	\$ 85	\$ 42	\$ 290	\$ 39	\$ 240
Interest expense, net	67	14	15	14	14	57	14	16
Provision for income taxes	149	21	27	21	13	82	13	73
Depreciation and amortization	84	22	21	21	23	87	24	26
Noncontrolling interests	9	2	2	3	(2)	5	2	1
Loss on sale of receivables	5	1	2	2	1	6	1	1
Asset impairment charges, net of noncontrolling interests	3	—	—	1	9	10	—	—
Pension settlement loss	6	—	—	—	—	—	—	—
Restructuring costs	6	—	(1)	(1)	10	8	5	10
Income from WABCO distribution termination	—	—	—	—	—	—	—	(265)
Transaction costs	—	—	—	—	6	6	—	5
Asbestos related items	25	(31)	—	—	—	(31)	—	—
Adjusted EBITDA	\$ 474	\$ 119	\$ 139	\$ 146	\$ 116	\$ 520	\$ 98	\$ 107
Adjusted EBITDA margin ⁽¹⁾	11.3%	11.5%	12.0%	12.5%	11.3%	11.9%	10.9%	12.3%
Unallocated legacy and corporate expense (income), net ⁽²⁾	13	(2)	1	1	(3)	(3)	(2)	(3)
Segment adjusted EBITDA	\$ 487	\$ 117	\$ 140	\$ 147	\$ 113	\$ 517	\$ 96	\$ 104
Commercial Truck								
Segment adjusted EBITDA	\$ 345	\$ 79	\$ 94	\$ 97	\$ 72	\$ 342	\$ 57	\$ 58
Segment adjusted EBITDA margin ⁽³⁾	10.4%	9.6%	10.1%	10.5%	9.3%	9.9%	8.6%	9.2%
Aftermarket and Industrial								
Segment adjusted EBITDA	\$ 142	\$ 38	\$ 46	\$ 50	\$ 41	\$ 175	\$ 39	\$ 46
Segment adjusted EBITDA margin ⁽³⁾	13.9%	14.8%	16.9%	17.7%	14.2%	15.9%	14.2%	16.6%
Sales								
Commercial Truck	\$ 3,325	\$ 824	\$ 929	\$ 925	\$ 778	\$ 3,456	\$ 663	\$ 631
Aftermarket and Industrial	1,024	257	272	282	289	1,100	275	277
Intersegment Sales	(171)	(43)	(45)	(41)	(39)	(168)	(37)	(37)
Total Sales	\$ 4,178	\$ 1,038	\$ 1,156	\$ 1,166	\$ 1,028	\$ 4,388	\$ 901	\$ 871

⁽¹⁾ Adjusted EBITDA margin equals adjusted EBITDA divided by consolidated sales from continuing operations.

⁽²⁾ Unallocated legacy and corporate expense (income), net represents items that are not directly related to the company's business segments. These items primarily include asbestos-related charges and settlements, pension and retiree medical costs associated with sold businesses, and other legacy costs for environmental and product liability.

⁽³⁾ *Segment adjusted EBITDA margin equals segment adjusted EBITDA divided by consolidated sales from continuing operations, either in the aggregate or by segment as applicable.*

NON-GAAP FINANCIAL MEASURES

In addition to the results reported in accordance with accounting principles generally accepted in the United States (“GAAP”) for the fiscal years ended September 30, 2018 and 2019, each of the four quarters of fiscal year 2019 and the first and second quarter of fiscal year 2020 we have provided information regarding non-GAAP financial measures. These non-GAAP financial measures include adjusted EBITDA, adjusted EBITDA margin, segment adjusted EBITDA and segment adjusted EBITDA margin.

Adjusted EBITDA is defined as income (loss) from continuing operations before interest, income taxes, depreciation and amortization, non-controlling interests in consolidated joint ventures, loss on sale of receivables, restructuring expenses, asset impairment charges and other special items as determined by management. Adjusted EBITDA margin is defined as adjusted EBITDA divided by consolidated sales from continuing operations. Segment adjusted EBITDA is defined as income (loss) from continuing operations before interest expense, income taxes, depreciation and amortization, noncontrolling interests in consolidated joint ventures, loss on sale of receivables, restructuring expense, asset impairment charges and other special items as determined by management. Segment adjusted EBITDA excludes unallocated legacy and corporate expense (income), net. Segment adjusted EBITDA margin is defined as segment adjusted EBITDA divided by consolidated sales from continuing operations, either in the aggregate or by segment as applicable.

Management believes these non-GAAP financial measures are useful to both management and investors in their analysis of the company's financial position and results of operations. In particular, adjusted EBITDA, adjusted EBITDA margin, segment adjusted EBITDA and segment adjusted EBITDA margin are meaningful measures of performance to investors as they are commonly utilized to analyze financial performance in our industry, perform analytical comparisons, benchmark performance between periods and measure our performance against externally communicated targets.

Management uses the aforementioned non-GAAP financial measures for planning and forecasting purposes, and segment adjusted EBITDA is also used as the primary basis for the Chief Operating Decision Maker (“CODM”) to evaluate the performance of each of our reportable segments.

Our Board of Directors uses adjusted EBITDA margin as a key metric to determine management’s performance under our performance-based compensation plans.

Adjusted EBITDA, adjusted EBITDA margin, segment adjusted EBITDA and segment adjusted EBITDA margin should not be considered a substitute for the reported results prepared in accordance with GAAP and should not be considered as an alternative to net income as an indicator of our financial performance. These non-GAAP financial measures, as determined and presented by the company, may not be comparable to related or similarly titled measures reported by other companies. Set forth above are reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated in accordance with GAAP.