MERITOR INC
Form 10-Q
May 02, 2019

false--09-30Q220192019-03-3110-Q0001113256834950 58falseLarge Accelerated FilerMERITOR
INCfalseMTOR100000029000000P3YP3Y700000000102200000103900000849000008350000010000000300000000P3YP3
0001113256 2018-10-01 2019-03-31 0001113256 2019-04-30 0001113256 2019-01-01 2019-03-31 0001113256
2018-01-01 2018-03-31 0001113256 2017-10-01 2018-03-31 0001113256 2019-03-31 0001113256 2018-09-30
0001113256 2018-03-31 0001113256 2017-09-30 0001113256
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-10-01 2018-03-31 0001113256
us-gaap:ParentMember 2018-03-31 0001113256 us-gaap:NoncontrollingInterestMember 2017-09-30 0001113256
us-gaap:TreasuryStockMember 2017-10-01 2018-03-31 0001113256 us-gaap:ParentMember 2019-03-31 0001113256
us-gaap:AdditionalPaidInCapitalMember 2018-10-01 2019-03-31 0001113256 us-gaap:CommonStockMember
2018-03-31 0001113256 us-gaap:CommonStockMember 2018-10-01 2019-03-31 0001113256
us-gaap:ParentMember 2017-10-01 2018-03-31 0001113256 us-gaap:RetainedEarningsMember 2018-10-01
2019-03-31 0001113256 us-gaap:RetainedEarningsMember 2017-09-30 0001113256
us-gaap:AdditionalPaidInCapitalMember 2018-09-30 0001113256 us-gaap:TreasuryStockMember 2018-10-01
2019-03-31 0001113256 us-gaap:NoncontrollingInterestMember 2017-10-01 2018-03-31 0001113256
us-gaap:RetainedEarningsMember 2018-09-30 0001113256 us-gaap:NoncontrollingInterestMember 2018-10-01
2019-03-31 0001113256 us-gaap:RetainedEarningsMember 2018-03-31 0001113256 us-gaap:CommonStockMember
2019-03-31 0001113256 us-gaap:TreasuryStockMember 2017-09-30 0001113256
us-gaap:AdditionalPaidInCapitalMember 2017-10-01 2018-03-31 0001113256 us-gaap:ParentMember 2018-10-01
2019-03-31 0001113256 us-gaap:AdditionalPaidInCapitalMember 2018-03-31 0001113256
us-gaap:RetainedEarningsMember 2017-10-01 2018-03-31 0001113256
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-03-31 0001113256
us-gaap:AdditionalPaidInCapitalMember 2019-03-31 0001113256 us-gaap:ParentMember 2018-09-30 0001113256
us-gaap:TreasuryStockMember 2018-03-31 0001113256 us-gaap:NoncontrollingInterestMember 2018-03-31
0001113256 us-gaap:CommonStockMember 2017-10-01 2018-03-31 0001113256 us-gaap:ParentMember
2017-09-30 0001113256 us-gaap:AdditionalPaidInCapitalMember 2017-09-30 0001113256
us-gaap:CommonStockMember 2017-09-30 0001113256 us-gaap:TreasuryStockMember 2018-09-30 0001113256
us-gaap:RetainedEarningsMember 2019-03-31 0001113256 us-gaap:CommonStockMember 2018-09-30 0001113256
us-gaap:NoncontrollingInterestMember 2019-03-31 0001113256
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2019-03-31 0001113256
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-09-30 0001113256 us-gaap:TreasuryStockMember
2019-03-31 0001113256 us-gaap:NoncontrollingInterestMember 2018-09-30 0001113256
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-10-01 2019-03-31 0001113256
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-09-30 0001113256
us-gaap:AdditionalPaidInCapitalMember 2018-01-01 2018-03-31 0001113256
us-gaap:NoncontrollingInterestMember 2019-01-01 2019-03-31 0001113256 us-gaap:NoncontrollingInterestMember
2018-01-01 2018-03-31 0001113256 us-gaap:ParentMember 2018-01-01 2018-03-31 0001113256
us-gaap:ParentMember 2017-12-31 0001113256 us-gaap:CommonStockMember 2018-12-31 0001113256
us-gaap:ParentMember 2019-01-01 2019-03-31 0001113256
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-01-01 2018-03-31 0001113256
us-gaap:ParentMember 2018-12-31 0001113256 us-gaap:RetainedEarningsMember 2018-01-01 2018-03-31
0001113256 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-12-31 0001113256
us-gaap:TreasuryStockMember 2017-12-31 0001113256 us-gaap:NoncontrollingInterestMember 2018-12-31
0001113256 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-12-31 0001113256
us-gaap:CommonStockMember 2017-12-31 0001113256 us-gaap:AdditionalPaidInCapitalMember 2017-12-31
0001113256 us-gaap:TreasuryStockMember 2018-12-31 0001113256 2018-12-31 0001113256
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2019-01-01 2019-03-31 0001113256
us-gaap:AdditionalPaidInCapitalMember 2018-12-31 0001113256 us-gaap:RetainedEarningsMember 2019-01-01
2019-03-31 0001113256 us-gaap:RetainedEarningsMember 2017-12-31 0001113256 us-gaap:TreasuryStockMember

2018-01-01 2018-03-31 0001113256 2017-12-31 0001113256 us-gaap:RetainedEarningsMember 2018-12-31 0001113256 us-gaap:AdditionalPaidInCapitalMember 2019-01-01 2019-03-31 0001113256 us-gaap:NoncontrollingInterestMember 2017-12-31 0001113256 srt:MinimumMember us-gaap:PerformanceSharesMember mtor:GoalFiveMember us-gaap:ExecutiveOfficerMember 2018-10-01 2019-03-31 0001113256 us-gaap:ExecutiveOfficerMember 2018-12-01 0001113256 us-gaap:PerformanceSharesMember mtor:GoalFiveMember us-gaap:ExecutiveOfficerMember us-gaap:ShareBasedCompensationAwardTrancheTwoMember 2018-10-01 2019-03-31 0001113256 mtor:SevenAndSevenEighthsPercentConvertibleNotesDue2026Member us-gaap:ConvertibleNotesPayableMember 2019-03-31 0001113256 us-gaap:RestrictedStockUnitsRSUMember us-gaap:ExecutiveOfficerMember 2018-11-01 2018-11-30 0001113256 us-gaap:RestrictedStockUnitsRSUMember us-gaap:ExecutiveOfficerMember 2015-12-01 2015-12-01 0001113256 us-gaap:PerformanceSharesMember us-gaap:ExecutiveOfficerMember 2015-12-01 2015-12-01 0001113256 us-gaap:PerformanceSharesMember mtor:GoalFiveMember us-gaap:ExecutiveOfficerMember 2018-11-30 0001113256 us-gaap:RestrictedStockUnitsRSUMember us-gaap:ExecutiveOfficerMember 2015-11-01 2015-11-30 0001113256 srt:MaximumMember us-gaap:PerformanceSharesMember mtor:GoalFiveMember us-gaap:ExecutiveOfficerMember 2018-10-01 2019-03-31 0001113256 us-gaap:PerformanceSharesMember mtor:GoalFiveMember us-gaap:ExecutiveOfficerMember us-gaap:ShareBasedCompensationAwardTrancheOneMember 2018-10-01 2019-03-31 0001113256 us-gaap:PerformanceSharesMember us-gaap:ExecutiveOfficerMember 2018-12-01 2018-12-01 0001113256 us-gaap:ExecutiveOfficerMember 2015-11-30 0001113256 us-gaap:PerformanceSharesMember mtor:GoaltwoMember us-gaap:ExecutiveOfficerMember 2015-11-01 2015-11-30 0001113256 us-gaap:PerformanceSharesMember mtor:GoalFiveMember us-gaap:ExecutiveOfficerMember 2018-11-01 2018-11-30 0001113256 us-gaap:RestrictedStockUnitsRSUMember us-gaap:ExecutiveOfficerMember 2018-12-01 2018-12-01 0001113256 mtor:EuropeOtherMember mtor:CommercialTruckAndTrailerMember 2019-01-01 2019-03-31 0001113256 mtor:AftermarketAndIndustrialMember 2019-01-01 2019-03-31 0001113256 country:CN mtor:AftermarketAndIndustrialMember 2019-01-01 2019-03-31 0001113256 srt:EuropeMember mtor:AftermarketAndIndustrialMember 2019-01-01 2019-03-31 0001113256 country:BR 2019-01-01 2019-03-31 0001113256 country:SE mtor:AftermarketAndIndustrialMember 2019-01-01 2019-03-31 0001113256 country:US mtor:AftermarketAndIndustrialMember 2019-01-01 2019-03-31 0001113256 country:IN mtor:CommercialTruckAndTrailerMember 2019-01-01 2019-03-31 0001113256 country:CN mtor:CommercialTruckAndTrailerMember 2019-01-01 2019-03-31 0001113256 srt:EuropeMember 2019-01-01 2019-03-31 0001113256 country:IN mtor:AftermarketAndIndustrialMember 2019-01-01 2019-03-31 0001113256 srt:NorthAmericaMember mtor:CommercialTruckAndTrailerMember 2019-01-01 2019-03-31 0001113256 mtor:AsiaPacificOtherMember mtor:CommercialTruckAndTrailerMember 2019-01-01 2019-03-31 0001113256 country:CA mtor:CommercialTruckAndTrailerMember 2019-01-01 2019-03-31 0001113256 country:MX mtor:AftermarketAndIndustrialMember 2019-01-01 2019-03-31 0001113256 mtor:AsiaPacificOtherMember 2019-01-01 2019-03-31 0001113256 country:SE 2019-01-01 2019-03-31 0001113256 country:IT 2019-01-01 2019-03-31 0001113256 country:IT mtor:AftermarketAndIndustrialMember 2019-01-01 2019-03-31 0001113256 country:SE mtor:CommercialTruckAndTrailerMember 2019-01-01 2019-03-31 0001113256 country:CA mtor:AftermarketAndIndustrialMember 2019-01-01 2019-03-31 0001113256 srt:NorthAmericaMember mtor:AftermarketAndIndustrialMember 2019-01-01 2019-03-31 0001113256 country:US mtor:CommercialTruckAndTrailerMember 2019-01-01 2019-03-31 0001113256 country:GB 2019-01-01 2019-03-31 0001113256 country:US 2019-01-01 2019-03-31 0001113256 srt:EuropeMember mtor:CommercialTruckAndTrailerMember 2019-01-01 2019-03-31 0001113256 country:CN 2019-01-01 2019-03-31 0001113256 country:IN 2019-01-01 2019-03-31 0001113256 country:BR mtor:CommercialTruckAndTrailerMember 2019-01-01 2019-03-31 0001113256 country:CA 2019-01-01 2019-03-31 0001113256 country:GB mtor:AftermarketAndIndustrialMember 2019-01-01 2019-03-31 0001113256 mtor:EuropeOtherMember mtor:AftermarketAndIndustrialMember 2019-01-01 2019-03-31 0001113256 country:MX 2019-01-01 2019-03-31 0001113256 mtor:AsiaPacificOtherMember mtor:AftermarketAndIndustrialMember 2019-01-01 2019-03-31 0001113256 mtor:CommercialTruckAndTrailerMember 2019-01-01 2019-03-31 0001113256 mtor:EuropeOtherMember 2019-01-01 2019-03-31 0001113256 country:MX mtor:CommercialTruckAndTrailerMember 2019-01-01 2019-03-31 0001113256 country:GB

mtor:CommercialTruckAndTrailerMember 2019-01-01 2019-03-31 0001113256 country:BR
mtor:AftermarketAndIndustrialMember 2019-01-01 2019-03-31 0001113256 country:IT
mtor:CommercialTruckAndTrailerMember 2019-01-01 2019-03-31 0001113256 srt:NorthAmericaMember
2019-01-01 2019-03-31 0001113256 country:SE mtor:CommercialTruckAndTrailerMember 2018-10-01 2019-03-31
0001113256 country:GB mtor:AftermarketAndIndustrialMember 2018-10-01 2019-03-31 0001113256
mtor:EuropeOtherMember mtor:AftermarketAndIndustrialMember 2018-10-01 2019-03-31 0001113256 country:MX
mtor:CommercialTruckAndTrailerMember 2018-10-01 2019-03-31 0001113256 country:US 2018-10-01 2019-03-31
0001113256 country:GB mtor:CommercialTruckAndTrailerMember 2018-10-01 2019-03-31 0001113256
country:CA 2018-10-01 2019-03-31 0001113256 country:BR mtor:CommercialTruckAndTrailerMember 2018-10-01
2019-03-31 0001113256 country:MX mtor:AftermarketAndIndustrialMember 2018-10-01 2019-03-31 0001113256
country:CN mtor:CommercialTruckAndTrailerMember 2018-10-01 2019-03-31 0001113256 country:CA
mtor:CommercialTruckAndTrailerMember 2018-10-01 2019-03-31 0001113256
mtor:AftermarketAndIndustrialMember 2018-10-01 2019-03-31 0001113256 srt:EuropeMember
mtor:CommercialTruckAndTrailerMember 2018-10-01 2019-03-31 0001113256 mtor:AsiaPacificOtherMember
mtor:CommercialTruckAndTrailerMember 2018-10-01 2019-03-31 0001113256 country:IN
mtor:AftermarketAndIndustrialMember 2018-10-01 2019-03-31 0001113256 mtor:EuropeOtherMember
mtor:CommercialTruckAndTrailerMember 2018-10-01 2019-03-31 0001113256 mtor:AsiaPacificOtherMember
mtor:AftermarketAndIndustrialMember 2018-10-01 2019-03-31 0001113256 srt:NorthAmericaMember
mtor:CommercialTruckAndTrailerMember 2018-10-01 2019-03-31 0001113256 mtor:AsiaPacificOtherMember
2018-10-01 2019-03-31 0001113256 srt:EuropeMember 2018-10-01 2019-03-31 0001113256 country:CN
2018-10-01 2019-03-31 0001113256 country:IT mtor:AftermarketAndIndustrialMember 2018-10-01 2019-03-31
0001113256 country:CA mtor:AftermarketAndIndustrialMember 2018-10-01 2019-03-31 0001113256
mtor:CommercialTruckAndTrailerMember 2018-10-01 2019-03-31 0001113256 country:IT
mtor:CommercialTruckAndTrailerMember 2018-10-01 2019-03-31 0001113256 srt:EuropeMember
mtor:AftermarketAndIndustrialMember 2018-10-01 2019-03-31 0001113256 country:CN
mtor:AftermarketAndIndustrialMember 2018-10-01 2019-03-31 0001113256 srt:NorthAmericaMember 2018-10-01
2019-03-31 0001113256 country:SE 2018-10-01 2019-03-31 0001113256 country:MX 2018-10-01 2019-03-31
0001113256 country:BR mtor:AftermarketAndIndustrialMember 2018-10-01 2019-03-31 0001113256 country:US
mtor:CommercialTruckAndTrailerMember 2018-10-01 2019-03-31 0001113256 country:GB 2018-10-01 2019-03-31
0001113256 srt:NorthAmericaMember mtor:AftermarketAndIndustrialMember 2018-10-01 2019-03-31 0001113256
country:IT 2018-10-01 2019-03-31 0001113256 country:BR 2018-10-01 2019-03-31 0001113256 country:IN
2018-10-01 2019-03-31 0001113256 country:IN mtor:CommercialTruckAndTrailerMember 2018-10-01 2019-03-31
0001113256 country:SE mtor:AftermarketAndIndustrialMember 2018-10-01 2019-03-31 0001113256 country:US
mtor:AftermarketAndIndustrialMember 2018-10-01 2019-03-31 0001113256 mtor:EuropeOtherMember 2018-10-01
2019-03-31 0001113256 mtor:CommercialTruckSegmentMember 2018-09-30 2018-09-30 0001113256
mtor:AftermarketIndustrialAndTrailerSegmentMember 2018-09-30 2018-09-30 0001113256
mtor:CommercialTruckSegmentMember 2018-09-30 0001113256 mtor:CommercialTruckSegmentMember
2018-10-01 2019-03-31 0001113256 mtor:AftermarketIndustrialAndTrailerSegmentMember 2019-03-31 0001113256
2018-09-30 2018-09-30 0001113256 mtor:CommercialTruckSegmentMember 2019-03-31 0001113256
mtor:AftermarketIndustrialAndTrailerSegmentMember 2018-10-01 2019-03-31 0001113256
mtor:AftermarketIndustrialAndTrailerSegmentMember 2018-09-30 0001113256
mtor:AAGearManufacturingInc.Member 2018-04-30 0001113256
mtor:AftermarketIndustrialAndTrailerSegmentMember 2018-04-30 2018-04-30 0001113256
mtor:AAGearManufacturingInc.Member 2018-04-30 2018-04-30 0001113256
mtor:PlantShutDownAndOtherMember 2019-03-31 0001113256 mtor:PlantShutDownAndOtherMember 2018-03-31
0001113256 mtor:PlantShutDownAndOtherMember 2017-10-01 2018-03-31 0001113256
us-gaap:EmployeeSeveranceMember 2019-03-31 0001113256 us-gaap:EmployeeSeveranceMember 2018-03-31
0001113256 us-gaap:EmployeeSeveranceMember 2018-10-01 2019-03-31 0001113256
us-gaap:EmployeeSeveranceMember 2017-09-30 0001113256 us-gaap:EmployeeSeveranceMember 2017-10-01
2018-03-31 0001113256 us-gaap:EmployeeSeveranceMember 2018-09-30 0001113256
mtor:PlantShutDownAndOtherMember 2018-09-30 0001113256 mtor:PlantShutDownAndOtherMember 2018-10-01

2019-03-31 0001113256 mtor:PlantShutDownAndOtherMember 2017-09-30 0001113256 2017-10-01 2017-12-31 0001113256 2018-10-01 2018-12-31 0001113256 mtor:USSecuritizationFinancingFacilityMember us-gaap:LetterOfCreditMember 2018-09-30 0001113256 mtor:USSecuritizationFinancingFacilityMember us-gaap:LetterOfCreditMember 2019-03-31 0001113256 mtor:SwedishFactoringFacilityMember 2018-10-01 2019-03-31 0001113256 mtor:USSecuritizationFinancingFacilityMember 2018-10-01 2019-03-31 0001113256 mtor:SwedishFactoringFacilityMember 2018-09-30 0001113256 mtor:OtherFactoringFacilityMember 2019-03-31 0001113256 mtor:UnitedKingdomFactoringFacilityMember 2018-09-30 0001113256 mtor:USFactoringFacilityMember 2018-09-30 0001113256 mtor:ItalyFactoringFacilityMember 2019-03-31 0001113256 mtor:USSecuritizationFinancingFacilityMember 2019-03-31 0001113256 mtor:UnitedKingdomFactoringFacilityMember 2019-03-31 0001113256 mtor:USFactoringFacilityMember 2019-03-31 0001113256 mtor:OtherFactoringFacilityMember 2018-09-30 0001113256 mtor:SwedishFactoringFacilityMember 2019-03-31 0001113256 mtor:USSecuritizationFinancingFacilityMember 2018-09-30 0001113256 mtor:ItalyFactoringFacilityMember 2018-09-30 0001113256 us-gaap:LandAndLandImprovementsMember 2018-09-30 0001113256 us-gaap:BuildingMember 2019-03-31 0001113256 us-gaap:ToolsDiesAndMoldsMember 2018-09-30 0001113256 us-gaap:ToolsDiesAndMoldsMember 2019-03-31 0001113256 us-gaap:LandAndLandImprovementsMember 2019-03-31 0001113256 us-gaap:ConstructionInProgressMember 2019-03-31 0001113256 us-gaap:BuildingMember 2018-09-30 0001113256 us-gaap:MachineryAndEquipmentMember 2018-09-30 0001113256 us-gaap:ConstructionInProgressMember 2018-09-30 0001113256 us-gaap:MachineryAndEquipmentMember 2019-03-31 0001113256 us-gaap:CustomerRelationshipsMember 2019-03-31 0001113256 us-gaap:VariableInterestEntityNotPrimaryBeneficiaryMember 2017-12-31 0001113256 us-gaap:VariableInterestEntityNotPrimaryBeneficiaryMember 2019-03-31 0001113256 us-gaap:CorporateJointVentureMember 2018-09-30 0001113256 us-gaap:CustomerRelationshipsMember 2018-09-30 0001113256 us-gaap:VariableInterestEntityNotPrimaryBeneficiaryMember 2018-09-30 0001113256 us-gaap:VariableInterestEntityNotPrimaryBeneficiaryMember 2018-12-31 0001113256 us-gaap:CustomerRelationshipsMember 2018-10-01 2019-03-31 0001113256 us-gaap:CorporateJointVentureMember 2019-03-31 0001113256 us-gaap:VariableInterestEntityNotPrimaryBeneficiaryMember 2018-06-30 0001113256 mtor:ExportfinancingarrangementsMember 2019-03-31 0001113256 us-gaap:ConvertibleNotesPayableMember 2019-03-31 0001113256 mtor:ThreeAndOneQuarterPercentConvertibleNotesDue2037Member us-gaap:ConvertibleNotesPayableMember 2019-03-31 0001113256 mtor:FourPercentConvertibleNotesDue2027Member us-gaap:ConvertibleNotesPayableMember 2019-03-31 0001113256 mtor:ThreeAndOneQuarterPercentConvertibleNotesDue2037Member us-gaap:ConvertibleNotesPayableMember 2018-09-30 0001113256 mtor:FourPercentConvertibleNotesDue2027Member us-gaap:ConvertibleNotesPayableMember 2018-09-30 0001113256 mtor:ExportfinancingarrangementsMember 2018-09-30 0001113256 us-gaap:ConvertibleNotesPayableMember 2018-09-30 0001113256 mtor:SixAndOneQuartersPercentNotesDue2024Member 2019-03-31 0001113256 mtor:SixAndOneQuartersPercentNotesDue2024Member 2018-09-30 0001113256 mtor:SevenAndSevenEighthsPercentConvertibleNotesDue2026Member us-gaap:ConvertibleNotesPayableMember 2018-09-30 0001113256 mtor:AmendedRevolvingCreditFacilityMember us-gaap:RevolvingCreditFacilityMember 2019-03-31 0001113256 mtor:FourPercentConvertibleNotesDue2027Member us-gaap:ConvertibleNotesPayableMember 2019-02-15 0001113256 country:CN mtor:OtherExportFinancingArrangementsMember us-gaap:NotesPayableToBanksMember 2019-03-31 0001113256 mtor:SevenAndSevenEighthsPercentConvertibleNotesDue2026Member us-gaap:ConvertibleNotesPayableMember 2018-10-01 2019-03-31 0001113256 mtor:AmendedRevolvingCreditFacilityMember us-gaap:RevolvingCreditFacilityMember 2018-10-01 2019-03-31 0001113256 us-gaap:RevolvingCreditFacilityMember 2019-03-31 0001113256 us-gaap:StandbyLettersOfCreditMember 2018-09-30 0001113256 mtor:AmendedRevolvingCreditFacilityMember us-gaap:RevolvingCreditFacilityMember 2017-03-31 0001113256 mtor:OtherLettersOfCreditArrangementsMember 2019-03-31 0001113256 mtor:SevenAndSevenEighthsPercentConvertibleNotesDue2026Member us-gaap:DebtInstrumentRedemptionPeriodOneMember us-gaap:ConvertibleNotesPayableMember 2018-10-01

2019-03-31 0001113256 mtor:OvernightRevolvingCreditLoansMember us-gaap:RevolvingCreditFacilityMember us-gaap:PrimeRateMember 2018-10-01 2019-03-31 0001113256 mtor:FourPercentConvertibleNotesDue2027Member us-gaap:ConvertibleNotesPayableMember 2019-02-15 2019-02-15 0001113256 mtor:OtherCapitalLeaseArrangementsMember 2019-03-31 0001113256 us-gaap:RevolvingCreditFacilityMember us-gaap:LondonInterbankOfferedRateLIBORMember 2018-10-01 2019-03-31 0001113256 mtor:OtherLettersOfCreditArrangementsMember 2018-09-30 0001113256 country:CN mtor:OtherExportFinancingArrangementsMember us-gaap:NotesPayableToBanksMember 2018-09-30 0001113256 mtor:SevenAndSevenEighthsPercentConvertibleNotesDue2026Member us-gaap:DebtInstrumentRedemptionPeriodOneMember us-gaap:ConvertibleNotesPayableMember 2019-03-31 0001113256 mtor:TriggeringEventOneMember us-gaap:RevolvingCreditFacilityMember 2018-10-01 2019-03-31 0001113256 us-gaap:StandbyLettersOfCreditMember 2014-02-21 0001113256 mtor:OtherCapitalLeaseArrangementsMember 2018-09-30 0001113256 us-gaap:RevolvingCreditFacilityMember 2018-09-30 0001113256 us-gaap:FairValueInputsLevel2Member 2019-03-31 0001113256 us-gaap:FairValueInputsLevel1Member 2019-03-31 0001113256 us-gaap:OtherCurrentAssetsMember us-gaap:CurrencySwapMember us-gaap:FairValueInputsLevel1Member 2019-03-31 0001113256 us-gaap:OtherCurrentAssetsMember us-gaap:ForeignExchangeOptionMember us-gaap:FairValueInputsLevel3Member 2019-03-31 0001113256 us-gaap:ForeignExchangeForwardMember us-gaap:FairValueInputsLevel3Member 2019-03-31 0001113256 us-gaap:OtherCurrentAssetsMember us-gaap:CurrencySwapMember us-gaap:FairValueInputsLevel3Member 2019-03-31 0001113256 us-gaap:OtherCurrentAssetsMember us-gaap:ForeignExchangeOptionMember us-gaap:FairValueInputsLevel2Member 2019-03-31 0001113256 us-gaap:ForeignExchangeForwardMember us-gaap:FairValueInputsLevel1Member 2019-03-31 0001113256 us-gaap:OtherCurrentAssetsMember us-gaap:CurrencySwapMember us-gaap:FairValueInputsLevel2Member 2019-03-31 0001113256 us-gaap:FairValueInputsLevel3Member 2019-03-31 0001113256 us-gaap:ForeignExchangeForwardMember us-gaap:FairValueInputsLevel2Member 2019-03-31 0001113256 us-gaap:OtherCurrentAssetsMember us-gaap:ForeignExchangeOptionMember us-gaap:FairValueInputsLevel1Member 2019-03-31 0001113256 us-gaap:ForeignExchangeForwardMember us-gaap:EstimateOfFairValueFairValueDisclosureMember 2019-03-31 0001113256 us-gaap:ForeignExchangeForwardMember us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-09-30 0001113256 us-gaap:CarryingReportedAmountFairValueDisclosureMember 2019-03-31 0001113256 us-gaap:EstimateOfFairValueFairValueDisclosureMember 2019-03-31 0001113256 us-gaap:ForeignExchangeForwardMember us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-09-30 0001113256 us-gaap:ForeignExchangeOptionMember us-gaap:EstimateOfFairValueFairValueDisclosureMember 2019-03-31 0001113256 us-gaap:CurrencySwapMember us-gaap:CarryingReportedAmountFairValueDisclosureMember 2019-03-31 0001113256 us-gaap:ForeignExchangeOptionMember us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-09-30 0001113256 us-gaap:ForeignExchangeOptionMember us-gaap:CarryingReportedAmountFairValueDisclosureMember 2019-03-31 0001113256 us-gaap:CurrencySwapMember us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-09-30 0001113256 us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-09-30 0001113256 us-gaap:ForeignExchangeForwardMember us-gaap:CarryingReportedAmountFairValueDisclosureMember 2019-03-31 0001113256 us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-09-30 0001113256 us-gaap:ForeignExchangeOptionMember us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-09-30 0001113256 us-gaap:CurrencySwapMember us-gaap:EstimateOfFairValueFairValueDisclosureMember 2019-03-31 0001113256 us-gaap:CurrencySwapMember us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-09-30 0001113256 us-gaap:FairValueInputsLevel2Member 2018-09-30 0001113256 us-gaap:FairValueInputsLevel3Member 2018-09-30 0001113256 us-gaap:ForeignExchangeForwardMember us-gaap:FairValueInputsLevel2Member 2018-09-30 0001113256 us-gaap:FairValueInputsLevel1Member 2018-09-30 0001113256 us-gaap:OtherCurrentAssetsMember us-gaap:CurrencySwapMember us-gaap:FairValueInputsLevel2Member 2018-09-30 0001113256 us-gaap:OtherCurrentAssetsMember us-gaap:ForeignExchangeOptionMember us-gaap:FairValueInputsLevel2Member 2018-09-30 0001113256 us-gaap:ForeignExchangeForwardMember us-gaap:FairValueInputsLevel1Member 2018-09-30 0001113256

us-gaap:OtherCurrentAssetsMember us-gaap:CurrencySwapMember us-gaap:FairValueInputsLevel3Member 2018-09-30 0001113256 us-gaap:ForeignExchangeForwardMember us-gaap:FairValueInputsLevel3Member 2018-09-30 0001113256 us-gaap:OtherCurrentAssetsMember us-gaap:CurrencySwapMember us-gaap:FairValueInputsLevel1Member 2018-09-30 0001113256 us-gaap:OtherCurrentAssetsMember us-gaap:ForeignExchangeOptionMember us-gaap:FairValueInputsLevel3Member 2018-09-30 0001113256 us-gaap:OtherCurrentAssetsMember us-gaap:ForeignExchangeOptionMember us-gaap:FairValueInputsLevel1Member 2018-09-30 0001113256 us-gaap:ForeignExchangeForwardMember 2018-09-30 0001113256 us-gaap:CurrencySwapMember 2019-03-31 0001113256 us-gaap:ForeignExchangeForwardMember 2019-03-31 0001113256 us-gaap:CurrencySwapMember 2018-09-30 0001113256 us-gaap:ForeignExchangeForwardMember us-gaap:CashFlowHedgingMember us-gaap:DesignatedAsHedgingInstrumentMember 2019-03-31 0001113256 currency:SEK us-gaap:ForeignExchangeOptionMember 2019-03-31 0001113256 us-gaap:ForeignExchangeForwardMember us-gaap:CashFlowHedgingMember us-gaap:DesignatedAsHedgingInstrumentMember 2018-10-01 2019-03-31 0001113256 currency:BRL us-gaap:ForeignExchangeOptionMember 2019-03-31 0001113256 currency:INR us-gaap:ForeignExchangeOptionMember 2018-09-30 0001113256 currency:SEK us-gaap:ForeignExchangeOptionMember 2018-09-30 0001113256 currency:INR us-gaap:ForeignExchangeOptionMember 2019-03-31 0001113256 currency:KRW us-gaap:ForeignExchangeOptionMember 2019-03-31 0001113256 currency:BRL us-gaap:ForeignExchangeOptionMember 2018-09-30 0001113256 us-gaap:CurrencySwapMember 2018-06-30 0001113256 us-gaap:ForeignExchangeForwardMember us-gaap:CashFlowHedgingMember us-gaap:DesignatedAsHedgingInstrumentMember 2018-09-30 0001113256 currency:EUR us-gaap:ForeignExchangeOptionMember 2019-03-31 0001113256 currency:KRW us-gaap:ForeignExchangeOptionMember 2018-09-30 0001113256 currency:EUR us-gaap:ForeignExchangeOptionMember 2018-09-30 0001113256 us-gaap:PensionPlansDefinedBenefitMember 2019-01-01 2019-03-31 0001113256 us-gaap:DefinedBenefitPostretirementHealthCoverageMember 2019-01-01 2019-03-31 0001113256 us-gaap:PensionPlansDefinedBenefitMember 2018-01-01 2018-03-31 0001113256 us-gaap:DefinedBenefitPostretirementHealthCoverageMember 2018-01-01 2018-03-31 0001113256 us-gaap:DefinedBenefitPostretirementHealthCoverageMember 2017-10-01 2018-03-31 0001113256 us-gaap:PensionPlansDefinedBenefitMember 2018-10-01 2019-03-31 0001113256 us-gaap:DefinedBenefitPostretirementHealthCoverageMember 2018-10-01 2019-03-31 0001113256 us-gaap:PensionPlansDefinedBenefitMember 2017-10-01 2018-03-31 0001113256 mtor:SuperFundMember 2018-09-30 0001113256 mtor:SuperFundMember 2018-10-01 2019-03-31 0001113256 mtor:NonSuperFundMember 2018-09-30 0001113256 mtor:NonSuperFundMember 2018-10-01 2019-03-31 0001113256 mtor:SuperFundMember 2019-03-31 0001113256 mtor:NonSuperFundMember 2019-03-31 0001113256 srt:MinimumMember 2019-03-31 0001113256 mtor:MaremontAsbestosMember 2018-09-30 0001113256 mtor:RockwellAsbestosMember 2019-03-31 0001113256 mtor:RockwellAsbestosMember 2018-09-30 0001113256 mtor:MaremontAsbestosMember 2019-01-22 0001113256 srt:MaximumMember 2019-03-31 0001113256 mtor:MaremontAsbestosMember srt:MaximumMember 2018-09-30 0001113256 mtor:RockwellAsbestosMember srt:MinimumMember 2018-09-30 0001113256 mtor:MaremontAsbestosMember srt:MinimumMember 2018-09-30 0001113256 mtor:MaremontAsbestosMember 2018-10-01 2018-12-31 0001113256 mtor:RockwellAsbestosMember srt:MaximumMember 2018-09-30 0001113256 mtor:MaremontAsbestosMember 2018-10-01 2019-03-31 0001113256 us-gaap:AccumulatedGainLossFinancialLiabilityFairValueOptionAttributableToParentMember 2019-01-01 2019-03-31 0001113256 us-gaap:AccumulatedGainLossFinancialLiabilityFairValueOptionAttributableToParentMember 2019-03-31 0001113256 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2019-03-31 0001113256 us-gaap:AccumulatedTranslationAdjustmentMember 2019-01-01 2019-03-31 0001113256 us-gaap:AccumulatedTranslationAdjustmentMember 2018-12-31 0001113256 us-gaap:AccumulatedTranslationAdjustmentMember 2019-03-31 0001113256 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2019-01-01 2019-03-31 0001113256 us-gaap:AccumulatedGainLossFinancialLiabilityFairValueOptionAttributableToParentMember 2018-12-31 0001113256 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2018-12-31 0001113256

us-gaap:DebtSecuritiesMember 2019-03-31 0001113256 us-gaap:CommonStockMember 2018-11-02 0001113256 us-gaap:CommonStockMember 2016-07-21 0001113256 us-gaap:CommonStockMember 2018-10-01 2018-12-31 0001113256 us-gaap:DebtSecuritiesMember 2018-11-02 0001113256 us-gaap:DebtSecuritiesMember 2018-09-30 0001113256 us-gaap:DebtSecuritiesMember 2016-07-21 0001113256 us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember us-gaap:AccumulatedDefinedBenefitPlansAdjustmentIncludingPortionAttributableToNoncontrollingInterestMember 2017-10-01 2018-03-31 0001113256 us-gaap:AccumulatedTranslationAdjustmentMember 2017-09-30 0001113256 us-gaap:AccumulatedGainLossFinancialLiabilityFairValueOptionAttributableToParentMember 2017-09-30 0001113256 us-gaap:AccumulatedTranslationAdjustmentMember 2018-03-31 0001113256 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2017-10-01 2018-03-31 0001113256 us-gaap:AccumulatedTranslationAdjustmentMember 2017-10-01 2018-03-31 0001113256 us-gaap:AccumulatedGainLossFinancialLiabilityFairValueOptionAttributableToParentMember 2017-10-01 2018-03-31 0001113256 us-gaap:AccumulatedGainLossFinancialLiabilityFairValueOptionAttributableToParentMember 2018-03-31 0001113256 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2017-09-30 0001113256 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2018-03-31 0001113256 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2018-01-01 2018-03-31 0001113256 us-gaap:AccumulatedGainLossFinancialLiabilityFairValueOptionAttributableToParentMember 2018-01-01 2018-03-31 0001113256 us-gaap:AccumulatedTranslationAdjustmentMember 2018-01-01 2018-03-31 0001113256 us-gaap:AccumulatedGainLossFinancialLiabilityFairValueOptionAttributableToParentMember 2017-12-31 0001113256 us-gaap:AccumulatedTranslationAdjustmentMember 2017-12-31 0001113256 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2017-12-31 0001113256 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2018-09-30 0001113256 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2018-10-01 2019-03-31 0001113256 us-gaap:AccumulatedTranslationAdjustmentMember 2018-10-01 2019-03-31 0001113256 us-gaap:AccumulatedGainLossFinancialLiabilityFairValueOptionAttributableToParentMember 2018-09-30 0001113256 us-gaap:AccumulatedGainLossFinancialLiabilityFairValueOptionAttributableToParentMember 2018-10-01 2019-03-31 0001113256 us-gaap:AccumulatedTranslationAdjustmentMember 2018-09-30 0001113256 us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember us-gaap:AccumulatedDefinedBenefitPlansAdjustmentIncludingPortionAttributableToNoncontrollingInterestMember 2018-01-01 2018-03-31 0001113256 us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember us-gaap:AccumulatedDefinedBenefitPlansAdjustmentIncludingPortionAttributableToNoncontrollingInterestMember 2018-10-01 2019-03-31 0001113256 us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember us-gaap:AccumulatedDefinedBenefitPlansAdjustmentIncludingPortionAttributableToNoncontrollingInterestMember 2019-01-01 2019-03-31 0001113256 us-gaap:OperatingSegmentsMember mtor:AftermarketIndustrialAndTrailerSegmentMember 2018-09-30 0001113256 us-gaap:CorporateNonSegmentMember 2018-09-30 0001113256 us-gaap:MaterialReconcilingItemsMember 2018-09-30 0001113256 us-gaap:OperatingSegmentsMember 2019-03-31 0001113256 us-gaap:OperatingSegmentsMember 2018-09-30 0001113256 us-gaap:OperatingSegmentsMember mtor:CommercialTruckSegmentMember 2019-03-31 0001113256 us-gaap:OperatingSegmentsMember mtor:CommercialTruckSegmentMember 2018-09-30 0001113256 us-gaap:MaterialReconcilingItemsMember 2019-03-31 0001113256 us-gaap:CorporateNonSegmentMember 2019-03-31 0001113256 us-gaap:OperatingSegmentsMember mtor:AftermarketIndustrialAndTrailerSegmentMember 2019-03-31 0001113256 us-gaap:IntersegmentEliminationMember mtor:CommercialTruckSegmentMember 2018-10-01 2019-03-31 0001113256 us-gaap:IntersegmentEliminationMember mtor:CommercialTruckSegmentMember 2017-10-01 2018-03-31 0001113256 us-gaap:IntersegmentEliminationMember mtor:AftermarketIndustrialAndTrailerSegmentMember 2018-10-01 2019-03-31 0001113256 us-gaap:OperatingSegmentsMember mtor:AftermarketIndustrialAndTrailerSegmentMember 2018-10-01 2019-03-31 0001113256 mtor:AftermarketIndustrialAndTrailerSegmentMember 2017-10-01 2018-03-31 0001113256

us-gaap:IntersegmentEliminationMember 2017-10-01 2018-03-31 0001113256
mtor:CommercialTruckSegmentMember 2017-10-01 2018-03-31 0001113256 us-gaap:OperatingSegmentsMember
mtor:CommercialTruckSegmentMember 2017-10-01 2018-03-31 0001113256
us-gaap:IntersegmentEliminationMember mtor:AftermarketIndustrialAndTrailerSegmentMember 2017-10-01
2018-03-31 0001113256 us-gaap:IntersegmentEliminationMember 2018-10-01 2019-03-31 0001113256
us-gaap:OperatingSegmentsMember mtor:AftermarketIndustrialAndTrailerSegmentMember 2017-10-01 2018-03-31
0001113256 us-gaap:OperatingSegmentsMember 2017-10-01 2018-03-31 0001113256
us-gaap:OperatingSegmentsMember 2018-10-01 2019-03-31 0001113256 us-gaap:OperatingSegmentsMember
mtor:CommercialTruckSegmentMember 2018-10-01 2019-03-31 0001113256
us-gaap:IntersegmentEliminationMember 2019-01-01 2019-03-31 0001113256 us-gaap:OperatingSegmentsMember
mtor:CommercialTruckSegmentMember 2019-01-01 2019-03-31 0001113256
us-gaap:IntersegmentEliminationMember mtor:AftermarketIndustrialAndTrailerSegmentMember 2018-01-01
2018-03-31 0001113256 mtor:AftermarketIndustrialAndTrailerSegmentMember 2019-01-01 2019-03-31 0001113256
mtor:CommercialTruckSegmentMember 2018-01-01 2018-03-31 0001113256 us-gaap:OperatingSegmentsMember
mtor:AftermarketIndustrialAndTrailerSegmentMember 2019-01-01 2019-03-31 0001113256
us-gaap:IntersegmentEliminationMember mtor:AftermarketIndustrialAndTrailerSegmentMember 2019-01-01
2019-03-31 0001113256 us-gaap:IntersegmentEliminationMember 2018-01-01 2018-03-31 0001113256
us-gaap:OperatingSegmentsMember mtor:CommercialTruckSegmentMember 2018-01-01 2018-03-31 0001113256
us-gaap:OperatingSegmentsMember 2019-01-01 2019-03-31 0001113256 us-gaap:OperatingSegmentsMember
2018-01-01 2018-03-31 0001113256 mtor:AftermarketIndustrialAndTrailerSegmentMember 2018-01-01 2018-03-31
0001113256 mtor:CommercialTruckSegmentMember 2019-01-01 2019-03-31 0001113256
us-gaap:IntersegmentEliminationMember mtor:CommercialTruckSegmentMember 2018-01-01 2018-03-31
0001113256 us-gaap:OperatingSegmentsMember mtor:AftermarketIndustrialAndTrailerSegmentMember 2018-01-01
2018-03-31 0001113256 us-gaap:IntersegmentEliminationMember mtor:CommercialTruckSegmentMember
2019-01-01 2019-03-31 0001113256 us-gaap:MaterialReconcilingItemsMember 2017-10-01 2018-03-31 0001113256
us-gaap:MaterialReconcilingItemsMember 2018-10-01 2019-03-31 0001113256
us-gaap:MaterialReconcilingItemsMember 2019-01-01 2019-03-31 0001113256
us-gaap:MaterialReconcilingItemsMember 2018-01-01 2018-03-31 0001113256 srt:ParentCompanyMember
srt:ReportableLegalEntitiesMember 2019-01-01 2019-03-31 0001113256 srt:GuarantorSubsidiariesMember
srt:ReportableLegalEntitiesMember 2019-01-01 2019-03-31 0001113256 srt:NonGuarantorSubsidiariesMember
srt:ReportableLegalEntitiesMember 2019-01-01 2019-03-31 0001113256 srt:ConsolidationEliminationsMember
2019-01-01 2019-03-31 0001113256 srt:ParentCompanyMember srt:ConsolidationEliminationsMember 2019-01-01
2019-03-31 0001113256 srt:NonGuarantorSubsidiariesMember srt:ConsolidationEliminationsMember 2019-01-01
2019-03-31 0001113256 srt:GuarantorSubsidiariesMember srt:ConsolidationEliminationsMember 2019-01-01
2019-03-31 0001113256 srt:ParentCompanyMember 2019-01-01 2019-03-31 0001113256
srt:NonGuarantorSubsidiariesMember 2019-01-01 2019-03-31 0001113256 srt:GuarantorSubsidiariesMember
2019-01-01 2019-03-31 0001113256 srt:ConsolidationEliminationsMember 2018-01-01 2018-03-31 0001113256
srt:ParentCompanyMember srt:ReportableLegalEntitiesMember 2018-01-01 2018-03-31 0001113256
srt:NonGuarantorSubsidiariesMember srt:ReportableLegalEntitiesMember 2018-01-01 2018-03-31 0001113256
srt:GuarantorSubsidiariesMember srt:ReportableLegalEntitiesMember 2018-01-01 2018-03-31 0001113256
srt:ParentCompanyMember 2018-01-01 2018-03-31 0001113256 srt:GuarantorSubsidiariesMember
srt:ConsolidationEliminationsMember 2018-01-01 2018-03-31 0001113256 srt:NonGuarantorSubsidiariesMember
2018-01-01 2018-03-31 0001113256 srt:GuarantorSubsidiariesMember 2018-01-01 2018-03-31 0001113256
srt:ParentCompanyMember srt:ConsolidationEliminationsMember 2018-01-01 2018-03-31 0001113256
srt:NonGuarantorSubsidiariesMember srt:ConsolidationEliminationsMember 2018-01-01 2018-03-31 0001113256
srt:NonGuarantorSubsidiariesMember srt:ReportableLegalEntitiesMember 2018-10-01 2019-03-31 0001113256
srt:ConsolidationEliminationsMember 2018-10-01 2019-03-31 0001113256 srt:GuarantorSubsidiariesMember
srt:ReportableLegalEntitiesMember 2018-10-01 2019-03-31 0001113256 srt:ParentCompanyMember
srt:ReportableLegalEntitiesMember 2018-10-01 2019-03-31 0001113256 srt:ParentCompanyMember 2018-10-01
2019-03-31 0001113256 srt:ParentCompanyMember srt:ConsolidationEliminationsMember 2018-10-01 2019-03-31
0001113256 srt:GuarantorSubsidiariesMember 2018-10-01 2019-03-31 0001113256

srt:GuarantorSubsidiariesMember srt:ConsolidationEliminationsMember 2018-10-01 2019-03-31 0001113256 srt:NonGuarantorSubsidiariesMember srt:ConsolidationEliminationsMember 2018-10-01 2019-03-31 0001113256 srt:NonGuarantorSubsidiariesMember 2018-10-01 2019-03-31 0001113256 srt:NonGuarantorSubsidiariesMember srt:ReportableLegalEntitiesMember 2017-10-01 2018-03-31 0001113256 srt:ParentCompanyMember srt:ReportableLegalEntitiesMember 2017-10-01 2018-03-31 0001113256 srt:GuarantorSubsidiariesMember srt:ReportableLegalEntitiesMember 2017-10-01 2018-03-31 0001113256 srt:ConsolidationEliminationsMember 2017-10-01 2018-03-31 0001113256 srt:ParentCompanyMember srt:ConsolidationEliminationsMember 2017-10-01 2018-03-31 0001113256 srt:GuarantorSubsidiariesMember srt:ConsolidationEliminationsMember 2017-10-01 2018-03-31 0001113256 srt:GuarantorSubsidiariesMember 2017-10-01 2018-03-31 0001113256 srt:NonGuarantorSubsidiariesMember 2017-10-01 2018-03-31 0001113256 srt:ParentCompanyMember 2017-10-01 2018-03-31 0001113256 srt:NonGuarantorSubsidiariesMember srt:ConsolidationEliminationsMember 2017-10-01 2018-03-31 0001113256 srt:ConsolidationEliminationsMember 2019-03-31 0001113256 srt:NonGuarantorSubsidiariesMember srt:ReportableLegalEntitiesMember 2019-03-31 0001113256 srt:GuarantorSubsidiariesMember srt:ReportableLegalEntitiesMember 2019-03-31 0001113256 srt:ParentCompanyMember srt:ReportableLegalEntitiesMember 2019-03-31 0001113256 srt:ParentCompanyMember srt:ReportableLegalEntitiesMember 2018-09-30 0001113256 srt:ConsolidationEliminationsMember 2018-09-30 0001113256 srt:GuarantorSubsidiariesMember srt:ReportableLegalEntitiesMember 2018-09-30 0001113256 srt:NonGuarantorSubsidiariesMember srt:ReportableLegalEntitiesMember 2018-09-30 0001113256 srt:ParentCompanyMember srt:ReportableLegalEntitiesMember 2018-03-31 0001113256 srt:GuarantorSubsidiariesMember srt:ReportableLegalEntitiesMember 2017-09-30 0001113256 srt:NonGuarantorSubsidiariesMember srt:ReportableLegalEntitiesMember 2018-03-31 0001113256 srt:ConsolidationEliminationsMember 2018-03-31 0001113256 srt:ConsolidationEliminationsMember 2017-09-30 0001113256 srt:ParentCompanyMember srt:ReportableLegalEntitiesMember 2017-09-30 0001113256 srt:NonGuarantorSubsidiariesMember srt:ReportableLegalEntitiesMember 2017-09-30 0001113256 srt:GuarantorSubsidiariesMember srt:ReportableLegalEntitiesMember 2018-03-31 0001113256 srt:SubsidiariesMember 2018-09-30 0001113256 srt:SubsidiariesMember 2019-03-31 0001113256 srt:ParentCompanyMember 2019-03-31 0001113256 srt:ParentCompanyMember 2018-09-30 iso4217:EUR mtor:unit iso4217:USD xbrli:shares xbrli:pure iso4217:USD xbrli:shares mtor:segment mtor:site mtor:claim mtor:trading_day
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended March 31, 2019
Commission File No. 1-15983

MERITOR, INC.

(Exact name of registrant as specified in its charter)

Indiana	**38-3354643**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2135 West Maple Road, Troy, Michigan	**48084-7186**
(Address of principal executive offices)	(Zip Code)

(248) 435-1000

(Registrant’s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Registration S-T during the preceding twelve months (or for such shorter period that the registrant was required to submit such files).

Yes X No

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

Large accelerated filer	X		**Accelerated filer**
Non-accelerated filer		(Do not check if a smaller reporting company)	**Smaller reporting company**

Emerging growth company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No X

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

83,495,058 shares of Common Stock, $1.00 par value, of Meritor, Inc. were outstanding on April 30, 2019.

INDEX

			Page No.
PART I.	FINANCIAL INFORMATION:		
	Item 1.	Financial Statements:	
		Condensed Consolidated Statement of Operations - - Three and Six Months Ended March 31, 2019 and 2018	3
		Condensed Consolidated Statement Of Comprehensive Income - - Three and Six Months Ended March 31, 2019 and 2018	4
		Condensed Consolidated Balance Sheet - - March 31, 2019 and September 30, 2018	5
		Condensed Consolidated Statement of Cash Flows - - Six Months Ended March 31, 2019 and 2018	6
		Condensed Consolidated Statement of Equity (Deficit) - - Three and Six Months Ended March 31, 2019 and 2018	7
		Notes to Condensed Consolidated Financial Statements	9
	Item 2.	Management's Discussion and Analysis of Financial Conditions and Results of Operations	51
	Item 3.	Quantitative and Qualitative Disclosures About Market Risk	70
	Item 4.	Controls and Procedures	73
PART II.	OTHER INFORMATION:		
	Item 1.	Legal Proceedings	74
	Item 1A.	Risk Factors	74
	Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	74
	Item 5.	Other Information	75
	Item 6.	Exhibits	76
Signatures			77

MERITOR, INC.

PART I. FINANCIAL INFORMATION
ITEM 1. ***Financial Statements***
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(in millions, except per share amounts)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2019	2018	2019	2018
	(Unaudited)			
Sales	$1,156	$1,066	$2,194	$1,969
Cost of sales	(982)	(895)	(1,879)	(1,666)
GROSS MARGIN	174	171	315	303
Selling, general and administrative	(73)	(75)	(107)	(142)
Restructuring	1	(1)	1	(3)
Other operating expense, net	—	(11)	—	(12)
OPERATING INCOME	102	84	209	146
Other income, net	9	8	20	15
Equity in earnings of affiliates	6	6	15	11
Interest expense, net	(15)	(16)	(29)	(40)
INCOME BEFORE INCOME TAXES	102	82	215	132
Provision for income taxes	(27)	(22)	(48)	(105)
INCOME FROM CONTINUING OPERATIONS	75	60	167	27
LOSS FROM DISCONTINUED OPERATIONS, net of tax	(1)	—	(1)	(1)
NET INCOME	74	60	166	26
Less: Net income attributable to noncontrolling interests	(2)	(3)	(4)	(5)
NET INCOME ATTRIBUTABLE TO MERITOR, INC.	$72	$57	$162	$21
NET INCOME (LOSS) ATTRIBUTABLE TO MERITOR, INC.				
Net income from continuing operations	$73	$57	$163	$22
Loss from discontinued operations	(1)	—	(1)	(1)
Net income	$72	$57	$162	$21
BASIC EARNINGS (LOSS) PER SHARE				
Continuing operations	$0.88	$0.64	$1.94	$0.25
Discontinued operations	(0.01)	—	(0.01)	(0.01)
Basic earnings per share	$0.87	$0.64	$1.93	$0.24
DILUTED EARNINGS (LOSS) PER SHARE				
Continuing operations	$0.85	$0.63	$1.88	$0.24
Discontinued operations	(0.01)	—	(0.01)	(0.01)
Diluted earnings per share	$0.84	$0.63	$1.87	$0.23
Basic average common shares outstanding	83.3	88.6	84.0	88.6
Diluted average common shares outstanding	85.6	91.2	86.6	91.3

See notes to Condensed Consolidated Financial Statements. Prior period has been recast, see Note 20.

MERITOR, INC.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in millions)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2019	2018	2019	2018
	(Unaudited)			
Net income	$74	$60	$166	$26
Other comprehensive income (loss):				
Foreign currency translation adjustments:				
Attributable to Meritor, Inc.	7	14	3	6
Attributable to noncontrolling interest	—	—	1	1
Pension and other postretirement benefit related adjustments	1	3	1	6
Unrealized gain (loss) on investments and foreign exchange contracts	(1)	3	—	3
Other comprehensive income, net of tax	7	20	5	16
Total comprehensive income	81	80	171	42
Less: Comprehensive income attributable to noncontrolling interest	(2)	(3)	(5)	(6)
Comprehensive income attributable to Meritor, Inc.	$79	$77	$166	$36

See notes to Condensed Consolidated Financial Statements.

MERITOR, INC.

CONDENSED CONSOLIDATED BALANCE SHEET
(in millions)

	March 31, 2019 (Unaudited)	September 30, 2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$98	$ 115
Receivables, trade and other, net	636	588
Inventories	530	477
Other current assets	41	46
TOTAL CURRENT ASSETS	1,305	1,226
NET PROPERTY	479	483
GOODWILL	419	421
OTHER ASSETS	597	596
TOTAL ASSETS	$2,800	$ 2,726
LIABILITIES, MEZZANINE EQUITY AND EQUITY		
CURRENT LIABILITIES:		
Short-term debt	$118	$ 94
Accounts and notes payable	728	700
Other current liabilities	292	290
TOTAL CURRENT LIABILITIES	1,138	1,084
LONG-TERM DEBT	738	730
RETIREMENT BENEFITS	246	262
OTHER LIABILITIES	232	332
TOTAL LIABILITIES	2,354	2,408
COMMITMENTS AND CONTINGENCIES (See Note 21)		
MEZZANINE EQUITY:		
Convertible debt with cash settlement	1	1
EQUITY:		
Common stock (March 31, 2019 and September 30, 2018, 103.9 and 102.2 shares issued and 83.5 and 84.9 shares outstanding, respectively)	104	102
Additional paid-in capital	793	787
Retained earnings	362	200
Treasury stock, at cost (March 31, 2019 and September 30, 2018, 20.4 and 17.3 shares, respectively)	(286)	(236)
Accumulated other comprehensive loss	(562)	(566)
Total equity attributable to Meritor, Inc.	411	287
Noncontrolling interests	34	30
TOTAL EQUITY	445	317
TOTAL LIABILITIES, MEZZANINE EQUITY AND EQUITY	$2,800	$ 2,726

See notes to Condensed Consolidated Financial Statements.

MERITOR, INC.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(in millions)

	Six Months Ended March 31,	
	2019	2018
	(Unaudited)	
OPERATING ACTIVITIES		
CASH PROVIDED BY OPERATING ACTIVITIES (See Note 11)	$51	$72
INVESTING ACTIVITIES		
Capital expenditures	(44)	(35)
Proceeds from sale of equity method investment	—	250
Cash paid for investment in Transportation Power, Inc.	(3)	(3)
Proceeds from sale of a business	—	4
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(47)	216
FINANCING ACTIVITIES		
Borrowings and securitization	48	(60)
Redemption of notes	(19)	(181)
Other financing activities	(1)	(2)
Net change in debt	28	(243)
Repurchase of common stock	(50)	(33)
CASH USED FOR FINANCING ACTIVITIES	(22)	(276)
EFFECT OF CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	1	—
CHANGE IN CASH AND CASH EQUIVALENTS	(17)	12
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	115	88
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$98	$100

See notes to Condensed Consolidated Financial Statements.

MERITOR, INC.

CONDENSED CONSOLIDATED STATEMENT OF EQUITY
(in millions)
(Unaudited)

	Three months ended March 31, 2019							
	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Equity Attributable to Meritor, Inc.	Noncontrolling Interests	Total
Beginning Balance at December 31, 2018	$104	$ 790	$ 290	$ (286)	$ (569)	$ 329	$ 33	$362
Comprehensive income	—	—	72	—	7	79	2	81
Equity based compensation expense	—	3	—	—	—	3	—	3
Noncontrolling interest dividend	—	—	—	—	—	—	(1)	(1)
Ending Balance at March 31, 2019	$104	$ 793	$ 362	$ (286)	$ (562)	$ 411	$ 34	$445

	Three months ended March 31, 2018							
	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Equity Attributable to Meritor, Inc.	Noncontrolling Interests	Total
Beginning Balance at December 31, 2017	$102	$ 770	$ 47	$ (136)	$ (550)	$ 233	$ 30	$263
Comprehensive income	—	—	57	—	20	77	3	80
Equity based compensation expense	—	5	—	—	—	5	—	5
Repurchase of common stock	—	—	—	(33)	—	(33)	—	(33)
Noncontrolling interest dividends	—	—	—	—	—	—	(1)	(1)
Other equity adjustments	—	—	—	—	—	—	(2)	(2)
Ending Balance at March 31, 2018	$102	$ 775	$ 104	$ (169)	$ (530)	$ 282	$ 30	$312

MERITOR, INC.

	Six months ended March 31, 2019							
	Common Stock	**Additional Paid-in Capital**	**Retained Earnings**	**Treasury Stock**	**Accumulated Other Comprehensive Loss**	**Total Equity Attributable to Meritor, Inc.**	**Noncontrolling Interests**	**Total**
Beginning Balance at September 30, 2018	$ 102	$ 787	$ 200	$ (236)	$ (566)	$ 287	$ 30	$ 317
Comprehensive income	—	—	162	—	4	166	5	171
Equity based compensation expense	—	8	—	—	—	8	—	8
Vesting of equity based awards	2	(2)	—	—	—	—	—	—
Repurchase of common stock	—	—	—	(50)	—	(50)	—	(50)
Noncontrolling interest dividend	—	—	—	—	—	—	(1)	(1)
Ending Balance at March 31, 2019	$ 104	$ 793	$ 362	$ (286)	$ (562)	$ 411	$ 34	$ 445

	Six months ended March 31, 2018							
	Common Stock	**Additional Paid-in Capital**	**Retained Earnings**	**Treasury Stock**	**Accumulated Other Comprehensive Loss**	**Total Equity Attributable to Meritor, Inc.**	**Noncontrolling Interests**	**Total**
Beginning Balance at October 1, 2017	$ 101	$ 765	$ 83	$ (136)	$ (545)	$ 268	$ 27	$ 295
Comprehensive income	—	—	21	—	15	36	6	42
Equity based compensation expense	—	10	—	—	—	10	—	10
Vesting of equity based awards	1	(1)	—	—	—	—	—	—
Repurchase of common stock	—	—	—	(33)	—	(33)	—	(33)
Noncontrolling interest dividends	—	—	—	—	—	—	(1)	(1)
Other equity adjustments	—	1	—	—	—	1	(2)	(1)
Ending Balance at March 31, 2018	$ 102	$ 775	$ 104	$ (169)	$ (530)	$ 282	$ 30	$ 312

See notes to Condensed Consolidated Financial Statements.

MERITOR, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

Meritor, Inc. (the "company" or "Meritor"), headquartered in Troy, Michigan, is a premier global supplier of a broad range of integrated systems, modules and components to original equipment manufacturers ("OEMs") and the aftermarket for the commercial vehicle, transportation and industrial sectors. The company serves commercial truck, trailer, military, bus and coach, construction and other industrial OEMs and certain aftermarkets. The Condensed Consolidated Financial Statements are those of the company and its consolidated subsidiaries.

Certain businesses are reported in discontinued operations in the Condensed Consolidated Statement of Operations, Condensed Consolidated Statement of Cash Flows and related notes for all periods presented. Additional information regarding discontinued operations is discussed in Note 5.

In the opinion of the company, the unaudited Condensed Consolidated Financial Statements contain all adjustments, consisting solely of adjustments of a normal, recurring nature, necessary to present fairly the financial position, results of operations and cash flows for the periods presented. These statements should be read in conjunction with the company's audited consolidated financial statements and notes thereto included in the company's Annual Report on Form 10-K for the fiscal year ended September 30, 2018. The Condensed Consolidated Balance Sheet data as of September 30, 2018 was derived from audited financial statements but does not include all annual disclosures required by accounting principles generally accepted in the United States of America. The results of operations for the three and six months ended March 31, 2019 are not necessarily indicative of the results for the full year.

The company's fiscal year ends on the Sunday nearest September 30, and its fiscal quarters generally end on the Sundays nearest December 31, March 31 and June 30. The second quarter of fiscal years 2019 and 2018 ended on March 31, 2019 and April 1, 2018, respectively. All year and quarter references relate to the company's fiscal year and fiscal quarters, unless otherwise stated. For ease of presentation, September 30 and March 31 are used consistently throughout this report to represent the fiscal year end and second fiscal quarter end, respectively.

2. Earnings per Share

Basic earnings (loss) per share is calculated using the weighted average number of shares outstanding during each period. The diluted earnings (loss) per share calculation includes the impact of dilutive common stock options, restricted shares, restricted share units, performance share unit awards and convertible securities, if applicable.

A reconciliation of basic average common shares outstanding to diluted average common shares outstanding is as follows (in millions):

	Three Months Ended March 31,		Six Months Ended March 31,	
	2019	2018	2019	2018
Basic average common shares outstanding	83.3	88.6	84.0	88.6
Impact of restricted shares, restricted share units and performance share units	1.5	1.6	1.9	1.6
Impact of convertible notes	0.8	1.0	0.7	1.1
Diluted average common shares outstanding	85.6	91.2	86.6	91.3

In November 2018, the Board of Directors approved a grant of performance share units to all executives eligible to participate in the long-term incentive plan. Each performance share unit represents the right to receive one share of common stock or its cash equivalent upon achievement of certain performance and time vesting criteria. The fair value of each performance share unit was $16.50, which was the company's share price on the grant date of December 1, 2018. The Board of Directors also approved a grant of 0.4 million restricted share units to these executives. The restricted share units vest at the earlier of three years from the date of grant or upon termination of employment with the company under certain circumstances. The fair value of each restricted share unit was $16.50, which was the

company's share price on the grant date of December 1, 2018.
The actual number of performance share units that will vest depends upon the company’s performance relative to the established performance metrics for the three-year performance period of October 1, 2018 to September 30, 2021, measured at the end of the performance period. The number of performance share units that vest will depend on adjusted EBITDA margin and adjusted diluted earnings per share from continuing operations at the following weights: 50% associated with achieving an adjusted EBITDA

MERITOR, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

margin target and 50% associated with achieving an adjusted diluted earnings per share from continuing operations target. The number of performance share units that vest will be between 0% and 200% of the grant date amount of 0.5 million performance share units.

In November 2015, the Board of Directors approved a grant of performance share units to all executives eligible to participate in the long-term incentive plan. Each performance share unit represents the right to receive one share of common stock or its cash equivalent upon achievement of certain performance and time vesting criteria. The fair value of each performance share unit was $10.51, which was the company’s share price on the grant date of December 1, 2015. The Board of Directors also approved a grant of 0.5 million restricted share units to these executives. The restricted share units vest at the earlier of three years from the date of grant or upon termination of employment with the company under certain circumstances. The fair value of each restricted share unit was $10.51, which was the company's share price on the grant date of December 1, 2015.

The actual number of performance share units that vested depended upon the company’s performance relative to the established performance metrics for the three-year performance period of October 1, 2015 to September 30, 2018, which was measured at the end of the performance period.

For the three and six months ended March 31, 2019, the dilutive impact of previously issued restricted shares, restricted share units and performance share units was 1.5 million and 1.9 million shares, respectively. For the three and six months ended March 31, 2018, the dilutive impact of previously issued restricted shares, restricted share units and performance share units was 1.6 million shares. For the three and six months ended March 31, 2019, compensation cost related to restricted shares, restricted share units and performance share units was $3 million and $8 million, respectively. For the three and six months ended March 31, 2018, compensation cost related to restricted shares, restricted share units and performance share units was $5 million and $10 million, respectively.

For the three and six months ended March 31, 2019, 0.8 million and 0.7 million shares, respectively, were included in the computation of diluted earnings per share, as the company's average stock price during these periods exceeded the conversion price for the 7.875 percent convertible notes due 2026. For the three and six months ended March 31, 2018, 1.0 million and 1.1 million shares, respectively, were included in the computation of diluted earnings per share, as the company's average stock price during these periods exceeded the conversion price for the 7.875 percent convertible notes due 2026.

3. New Accounting Standards

Accounting standards implemented during fiscal year 2019

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers, followed by various related amendments (ASU 2016-08, ASU 2016-10, ASU 2016-11, ASU 2016-12, ASU 2016-20, ASU 2017-05, ASU 2017-06, ASU 2017-13, and ASU 2017-14) collectively referred to as "Topic 606", which requires companies to recognize revenue when a customer obtains control rather than when companies have transferred substantially all risks and rewards of a good or service and requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. The company adopted Topic 606 in the first quarter of the fiscal year beginning October 1, 2018. As a result, the company has changed its accounting policy for revenue recognition as detailed below.

The company applied Topic 606 using the modified retrospective approach (i.e., by recognizing the cumulative effect of initially applying Topic 606 as an adjustment to the opening balance of equity at October 1, 2018). Therefore, the comparative information has not been adjusted and continues to be reported under Topic 605. There was no adjustment to the opening balance of equity at October 1, 2018 as there was no significant impact to previously recorded revenue or expense. The guidance has been applied to all existing contracts at the date of initial application. The adoption of Topic 606 had an immaterial impact to our Condensed Consolidated Balance Sheet, Condensed Consolidated Statement of Operations, and Condensed Consolidated Statement of Cash Flows but did require

enhanced disclosures to meet the new disclosure requirements; those enhanced disclosures are included in Note 4.

In March 2017, the FASB issued ASU 2017-07, Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. The guidance requires entities to only include the service cost component of net periodic pension cost and net periodic postretirement benefit cost in operating expenses (together with other employee compensation costs). The other components of net benefit cost, including amortization of prior service cost/credit, are to be included in a separate line item(s) outside of any sub-total of operating income. ASU 2017-07 also provides guidance that only the service cost component of net benefit cost is eligible for capitalization. The revisions in this amendment

MERITOR, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

are to be applied retrospectively for the presentation of the service cost component and the other components of net periodic pension cost and net periodic postretirement benefit cost in the income statement and prospectively for the capitalization of the service cost component of net periodic pension cost and net periodic postretirement benefit in assets. The company adopted this standard in the first quarter of fiscal year 2019. Amounts previously reflected in Operating Income were reclassified to Other income (expense) in accordance with the provisions of ASU 2017-07. Refer to Note 20 for amounts that were reclassified.

In July 2018, the FASB issued ASU 2018-09, Codification Improvements. The amendments in this ASU result from the FASB's standing project to address suggestions on the Accounting Standards Codification ("ASC") and to make other incremental improvements to GAAP. The amendments include changes to clarify the ASC or correct unintended application of guidance that is not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities.

Some of the amendments in this ASU were effective upon issuance. Others have transition guidance with effective dates for annual periods beginning after December 15, 2018, for public business entities, or are conforming amendments that have been made to recently issued guidance that is not yet effective that may require application of the transition and effective date guidance in the original ASU.

The company adopted certain amendments in this ASU in the first quarter of fiscal year 2019. Those certain amendments had effective dates for annual periods beginning after December 15, 2017, for public business entities. The amendments that were adopted in the first quarter of fiscal year 2019 did not have a material impact on the company's condensed consolidated financial statements. The company plans to implement the remaining amendments beginning October 1, 2019 and is currently evaluating the potential impact on its condensed consolidated financial statements.

The company also adopted the following ASUs during fiscal year 2019, none of which had a material impact to the financial statements or financial statement disclosures:

ASU		**Effective Date**
2016-01	Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities	October 1, 2018
2016-15	Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)	October 1, 2018
2016-16	Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory	October 1, 2018
2016-18	Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)	October 1, 2018
2017-01	Business Combinations (Topic 805): Clarifying the Definition of a Business	October 1, 2018
2017-09	Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting	October 1, 2018
2017-10	Service Concession Arrangements (Topic 853): Determining the Customer of the Operation Services (a consensus of the FASB Emerging Issues Task Force)	October 1, 2018
2018-03	Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities	October 1, 2018

2018-04	Investments—Debt Securities (Topic 320) and Regulated Operations (Topic 980): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 117 and SEC Release No. 33-9273 (SEC Update)	October 1, 2018
2018-08	Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made	October 1, 2018

Accounting standards to be implemented

The following represent the standards that may result in a significant change in practice and/or have a significant financial impact to the company.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The update will require lessees to recognize a right-of-use asset and lease liability for substantially all leases. The standard is required to be adopted by public business entities in fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted.

MERITOR, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The company plans to implement this standard in the first quarter of the fiscal year beginning October 1, 2019, and is currently assessing the potential impact of this guidance on its accounting policies and its condensed consolidated financial statements. The company plans to implement this standard using the additional and optional transition method as provided by ASU 2018-11. Please see discussion of ASU 2018-11 below.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The ASU introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments, including accounts receivable. The ASU also modifies the impairment model for available-for-sale ("AFS") debt securities and provides for a simplified accounting model for purchased financial assets with credit deterioration since their origination. The amendments in this update are required to be adopted by public business entities in fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The company is currently evaluating the potential impact of this guidance on its accounting policies and its condensed consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, Income Statement—Reporting Comprehensive Income (Topic 220). The guidance in ASU 2018-02 allows an entity to elect to reclassify the stranded tax effects related to the Tax Cuts and Jobs Act of 2017 ("U.S. tax reform") from accumulated other comprehensive income into retained earnings. ASU 2018-02 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The company is currently evaluating the potential impact of this new guidance on its condensed consolidated financial statements.

In July 2018, the FASB issued ASU 2018-10, Codification Improvements to Topic 842. The amendments in this ASU affect narrow aspects of the guidance issued in ASU 2016-02, Leases (Topic 842), which is not yet effective. The effective date and transition requirements for this ASU are the same as those for ASU 2016-02 as described below. Therefore, the company plans to implement this standard in the first quarter of the fiscal year beginning October 1, 2019 in connection with its planned implementation of ASU 2016-02 and is currently assessing the potential impact of this new guidance on its accounting policies and its condensed consolidated financial statements.

In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842): Targeted Improvements. The amendments in this ASU affect the guidance issued in ASU 2016-02, Leases (Topic 842), which is not yet effective. The amendments provide entities with an additional (and optional) transition method to adopt the new leases standard. Under this new transition method, an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The amendments also provide lessors with a practical expedient to not separate nonlease components from the associated lease component and, instead, to account for those components as a single component in certain circumstances. The effective date for this ASU are the same as those for ASU 2016-02 as described above. Therefore, the company plans to implement this standard in the first quarter of the fiscal year beginning October 1, 2019 in connection with its planned implementation of ASU 2016-02 and is currently assessing the potential impact of this new guidance on its accounting policies and its condensed consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement. The amendments in this ASU add, modify, and eliminate certain disclosure requirements on fair value measurements in Topic 820. The amendments in this update are effective for all entities for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Certain amendments should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. Others should be applied retrospectively. Early adoption

is permitted. An entity is permitted to early adopt any removed or modified disclosures upon issuance of this ASU and delay adoption of the additional disclosures until their effective date. The company is currently evaluating the potential impact of this new guidance on its condensed consolidated financial statements.

In April 2019, the FASB issued ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments. The amendments in this ASU affect a variety of Topics in the Codification (ASU 2016-01, Financial Instruments - Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities; ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments; and ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities).

For the amendments in this ASU that are applicable to ASU 2016-01, which Meritor has adopted, the effective date is the first quarter of fiscal year 2021 with early adoption permitted. For the amendments in this ASU that are applicable to ASU 2016-13, which Meritor has not yet adopted, the effective dates and transition requirements for the amendments related to this ASU are the

MERITOR, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

same as the effective dates and transition requirements in ASU 2016-13. For the amendments in this ASU that are applicable to ASU 2017-12, which Meritor has adopted, the effective date is the first quarter of fiscal year 2020 with early adoption permitted. The company is currently evaluating the potential impact of this new guidance on its consolidated financial statements.

4. Revenue

Revenue is measured based on the consideration to which the company expects to be entitled, and is presented net of any estimates of customer sales allowances, incentives, rebates, and returns. The company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the company from a customer, are excluded from revenue.

Shipping and handling costs associated with outbound freight after control of a product has transferred to a customer are accounted for as a fulfillment cost, as opposed to a distinct performance obligation, and are included in cost of sales.

Nature of goods and services

The following is a description of principal activities - separated by reportable segments - from which the company generates its revenue.

The Commercial Truck segment supplies drivetrain systems and components, including axles, drivelines and braking and suspension systems, primarily for medium- and heavy-duty trucks and other applications in North America, South America, Europe and Asia Pacific. This segment also includes the company's aftermarket businesses in Asia Pacific and South America.

The Aftermarket, Industrial and Trailer segment supplies axles, brakes, drivelines, suspension parts and other replacement parts to commercial vehicle and industrial aftermarket customers, primarily in North America and Europe. In addition, this segment supplies drivetrain systems and certain components, including axles, drivelines, brakes and suspension systems for military, construction, bus and coach, fire and emergency and other applications in North America and Europe. It also supplies a variety of undercarriage products and systems for trailer applications in North America.

Although the company may enter into long-term supply arrangements with its major customers, the prices and volumes are not fixed over the term of the arrangements and a contract does not exist under the scope of Topic 606 until prices and volumes are known. As such, individual customer releases or purchase orders represent the contract with the customer.

The company accounts for individual products and services separately if they are distinct (i.e., if a product or service is separately identifiable from other items and if a customer can benefit from it on its own or with other resources that are readily available to the customer). The company has identified certain performance obligations related to brake pad fitting and axle dressing where it is acting as an agent and, therefore, recognizes revenue on a net basis for satisfaction of those performance obligations.

The company recognizes revenue for the sale of goods at the point in time when the customer takes control of the goods. As such, revenue is recognized upon shipment of product and transfer of ownership to the customer. The amount of revenue recognized is based on the purchase order price and adjusted for variable consideration (i.e., customer sales allowances, incentives, rebates, and returns). Provisions for customer sales allowances, incentives, rebates, and returns are recorded as a reduction of sales at the time of revenue recognition based primarily on historical experience. The company's payment terms with customers are customary and vary by customer and geography but typically range from 30 to 90 days.

The company provides warranties on some of its products. The company records estimated product warranty costs at the time of shipment of products to customers (see Note 16 and Note 17).

MERITOR, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Disaggregation of revenue

In the following tables, revenue is disaggregated for each of our operating segments by primary geographical market for the three and six months ended March 31, 2019.

	Three Months Ended March 31, 2019		
Primary Geographical Market	**Commercial Truck**	**Aftermarket, Industrial and Trailer**	**Total**
U.S.	$413	$ 263	$676
Canada	—	17	17
Mexico	50	13	63
Total North America	463	293	756
Sweden	74	—	74
Italy	59	5	64
United Kingdom	45	2	47
Other Europe	3	19	22
Total Europe	181	26	207
Brazil	63	—	63
China	44	—	44
India	62	—	62
Other Asia-Pacific	24	—	24
Total sales	$837	$ 319	$1,156

	Six Months Ended March 31, 2019		
Primary Geographical Market	**Commercial Truck**	**Aftermarket, Industrial and Trailer**	**Total**
U.S.	$763	$ 503	$1,266
Canada	—	35	35
Mexico	97	23	120
Total North America	860	561	1,421
Sweden	148	—	148
Italy	116	9	125
United Kingdom	86	5	91
Other Europe	6	38	44
Total Europe	356	52	408
Brazil	113	—	113
China	85	—	85
India	119	—	119
Other Asia-Pacific	48	—	48
Total sales	$1,581	$ 613	$2,194

Contract balances

As of March 31, 2019 and September 30, 2018, Trade receivables, net, which are included in Receivables, trade and other, net, on the Condensed Consolidated Balance Sheet, were $619 million and $566 million, respectively.

For the six months ended March 31, 2019, the company had no material bad-debt expense and there were no material contract

MERITOR, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

assets, contract liabilities or deferred contract costs recorded on the Condensed Consolidated Balance Sheet as of March 31, 2019.

Contract costs

The company applies the practical expedient provided in Topic 606 and recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that the company otherwise would have recognized is one year or less. The costs which are not capitalized are included in cost of sales.

5. Discontinued Operations

Results of discontinued operations are summarized as follows (in millions):

	Three Months Ended March 31,		Six Months Ended March 31,	
	2019	2018	2019	2018
Sales	$—	$ —	$—	$—
Loss before income taxes	$(1)	$ —	$(1)	$(2)
Benefit from income taxes	—	—	—	1
Loss from discontinued operations attributable to Meritor, Inc.	$(1)	$ —	$(1)	$(1)

Loss from discontinued operations attributable to the company for the three and six months ended March 31, 2019 and six months ended March 31, 2018 was primarily related to changes in estimates related to legal costs incurred in connection with a previously divested business.

6. Goodwill

In accordance with ASC Topic 350-20, "Intangibles—Goodwill and Other," goodwill is reviewed for impairment annually during the fourth quarter of the fiscal year or more frequently if certain indicators arise. If business conditions or other factors cause the operating results and cash flows of a reporting unit to decline, the company may be required to record impairment charges for goodwill at that time.

The company tests goodwill for impairment at a level of reporting referred to as a reporting unit, which is an operating segment or one level below an operating segment (referred to as a component). A component of an operating segment is a reporting unit if the component constitutes a business for which discrete financial information is available and segment management regularly reviews the operating results of that component. When two or more components of an operating segment have similar economic characteristics, the components are aggregated and deemed a single reporting unit. An operating segment is deemed to be a reporting unit if all of its components are similar, if none of its components are a reporting unit, or if the segment comprises only a single component.

Acquisition of AA Gear & Manufacturing, Inc. Business

On April 30, 2018, the company acquired substantially all of the assets of AA Gear & Manufacturing, Inc. and its subsidiaries ("AAG") for a cash purchase price of approximately $35 million. The AAG acquisition was accounted for as a business combination. The company recorded provisional goodwill in the amount of $9 million for the excess of consideration paid over the fair value of the individual assets acquired and liabilities assumed. This recorded goodwill consists largely of the synergies and economies of scale expected from combining the operations of the company and AAG. All of the goodwill was assigned to the Aftermarket, Industrial and Trailer reportable segment. All goodwill recognized is expected to be deductible for income tax purposes over the next 15 years.

Realignment of Reporting Units

As discussed in Note 23, the company realigned its operations in the second quarter of fiscal year 2019, resulting in a change to its reportable segments. The company's reporting units did not change as a result of the change in reportable segments. The

MERITOR, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Commercial Truck segment contains one reporting unit. The Aftermarket, Industrial and Trailer segment contains four reporting units.

A summary of the changes in the carrying value of goodwill by the company's two reportable segments are presented below (in millions):

	Commercial Truck	Aftermarket, Industrial and Trailer	Total
Goodwill [1]	$ 266	$ 170	$436
Accumulated impairment losses [1]	—	(15)	(15)
Beginning Balance at September 30, 2018 [1]	266	155	421
Foreign currency translation	(1)	(1)	(2)
Ending Balance at March 31, 2019	$ 265	$ 154	$419

[1] Amounts have been recast to reflect reportable segment changes (see Note 23).

7. Restructuring Costs

Restructuring reserves, primarily related to unpaid employee termination benefits, were $2 million at March 31, 2019 and $4 million at September 30, 2018. The changes in restructuring reserves for the six months ended March 31, 2019 and 2018 are as follows (in millions):

	Employee Termination Benefits	Plant Shutdown & Other	Total
Beginning Balance at September 30, 2018	$ 4	$ —	$4
Activity during the period:			
Charges to continuing operations	(1)	—	(1)
Cash payments – continuing operations	(1)	—	(1)
Total restructuring reserves at March 31, 2019	2	—	2
Less: non-current restructuring reserves	—	—	—
Restructuring reserves – current, at March 31, 2019	$ 2	$ —	$2
Balance at September 30, 2017	$ 5	$ 1	$6
Activity during the period:			
Charges to continuing operations	3	—	3
Cash payments – continuing operations	(3)	(1)	(4)
Total restructuring reserves at March 31, 2018	5	—	5
Less: non-current restructuring reserves	(2)	—	(2)
Restructuring reserves – current, at March 31, 2018	$ 3	$ —	$3

8. Income Taxes

For each interim reporting period, the company makes an estimate of the effective tax rate expected to be applicable for the full fiscal year pursuant to FASB ASC Topic 740-270, "Accounting for Income Taxes in Interim Periods." The rate so determined is used in providing for income taxes on a year-to-date basis. Jurisdictions with a projected loss for the year or an actual year-to-date loss where no tax benefit can be recognized are excluded from the estimated annual effective tax rate. The impact of including these jurisdictions on the quarterly effective rate calculation could result in a higher or lower effective tax rate during a particular quarter, based upon the mix and timing of actual earnings versus annual projections.

Income tax expense (benefit) is allocated among continuing operations, discontinued operations and other comprehensive income ("OCI"). Such allocation is applied by tax jurisdiction, and in periods in which there is a pre-tax loss from continuing

MERITOR, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

operations and pre-tax income in another category, such as discontinued operations or OCI, income tax expense is allocated to the other sources of income, with a related benefit recorded in continuing operations.

On December 22, 2017, the U.S. government enacted the U.S. tax reform. The U.S. tax reform made broad and complex changes to the U.S. tax code that affected the company's fiscal year ended September 30, 2018, including, but not limited to, reducing the U.S. federal corporate tax rate and requiring a one-time transition tax on certain unrepatriated earnings of foreign subsidiaries. The U.S. tax reform reduced the federal corporate tax rate to 21 percent effective January 1, 2018.

The SEC staff issued Staff Accounting Bulletin ("SAB") 118, which provides guidance on accounting for the tax effects of the U.S. tax reform. SAB 118 provides a measurement period that should not extend beyond one year from the U.S. tax reform enactment date for companies to complete the accounting under ASC 740. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the U.S. tax reform for which the accounting under ASC 740 is complete. To the extent that a company’s accounting for certain income tax effects of the U.S. tax reform is incomplete but the company is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the U.S. tax reform.

Specifically, the company included discrete tax expense in its first quarter financial statements for fiscal year 2018 related to provisional amounts under SAB 118 for the impact of the revaluation of U.S. deferred tax assets and liabilities due to the federal income tax rate reduction from 35 percent to 21 percent. Additionally, the company estimated its liability and included provisional amounts for the one-time transition tax as a discrete tax expense. The company will elect to offset the liability associated with this transition tax by utilizing foreign tax credit carryovers. The revaluation of the deferred tax assets and the transition tax resulted in a non-cash charge of $77 million in the first quarter of fiscal year 2018. In the second quarter of fiscal year 2018, a $1 million adjustment was made to reduce the revaluation of the deferred tax assets, resulting in a net non-cash charge of $76 million. In the first quarter of fiscal 2019, a $7 million income tax net benefit was recorded which consists of an income tax benefit of $11 million for refinement of the transition tax and $4 million income tax expense for refinement of other adjustments.

Tax expense related to the transition tax and rate change on net deferred tax assets and liabilities as of December 31, 2018 is now considered complete under SAB 118. Additionally, as of December 31, 2018, the company has accounted for the tax impacts related to the Global Intangible Low Tax Income ("GILTI"), Base Erosion Anti Abuse Tax ("BEAT") and Foreign Derived Intangible Income ("FDII") regimes as well as all other provisions of the U.S. tax reform that are effective in fiscal year 2019. The company has elected to treat GILTI as a period cost and, therefore, has not recognized deferred taxes for basis differences that may reverse as GILTI tax in future periods.

In evaluating the ability to recover its net deferred tax assets, the company utilizes a consistent approach which considers its historical operating results, including an assessment of the degree to which any gains or losses are driven by items that are unusual in nature, and tax planning strategies. In addition, the company reviews changes in near-term market conditions and other factors that impact future operating results. In fiscal year 2018, after sustained profitability and improved market conditions, the valuation allowance in Brazil was reversed. As of March 31, 2019, the company continues to maintain the valuation allowances in France, the U.K., and certain other jurisdictions, as the company believes the negative evidence that it will be able to recover these net deferred tax assets continues to outweigh the positive evidence. If, in the future, the company generates taxable income on a sustained basis, its

conclusion regarding the need for valuation allowances in these jurisdictions could change.

For the three months ended March 31, 2019, the company had approximately $2 million of net pre-tax income compared to $11 million of net pre-tax income in the same period in fiscal year 2018 in tax jurisdictions in which tax expense (benefit) is not recorded.

For the six months ended March 31, 2019, the company had approximately $8 million of net pre-tax income compared to $13 million of net pre-tax income in the same period in fiscal year 2018 in tax jurisdictions in which tax expense (benefit) is not recorded.

9. Acquisition and Divestiture

Acquisition of AAG Business

MERITOR, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

On April 30, 2018, the company acquired substantially all of the assets of AAG for a cash purchase price of approximately $35 million. AAG provides low-to-medium volume batch manufacturing for complex gear and shaft applications, as well as quick-turnaround prototyping solutions and emergency plant support. The AAG acquisition was accounted for as a business combination.

Since completion of initial estimates in the fourth quarter of fiscal year 2018, the company recorded insignificant measurement period adjustments to decrease the provisional fair value of identifiable net assets acquired and liabilities assumed in the AAG transaction, which had a net zero impact to goodwill. The adjustments were made to reflect additional available information and updated preliminary valuation results. The measurement period remains open to obtain more information on an open warranty claim. The company is reviewing and may record other additional measurement period adjustments in fiscal year 2019. All goodwill resulting from the AAG acquisition was assigned to the Aftermarket, Industrial and Trailer reportable segment (see Note 6).

Divestiture of Meritor Huayang Vehicle Braking Company Ltd.

On February 7, 2018, Meritor completed the sale of its equity interest in Meritor Huayang Vehicle Braking Company Ltd. All assets and liabilities of the business were transferred at closing.

MERITOR, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

10. Accounts Receivable Factoring and Securitization

The company has a U.S. accounts receivable securitization facility with PNC Bank and participates in various accounts receivable factoring programs, primarily with Nordea Bank for trade receivables from AB Volvo, as follows:

	Current Expiration	Total Facility Size as of 3/31/19		Utilized as of 3/31/19		Utilized as of 9/30/18	
		EUR	USD	EUR	USD	EUR	USD
On-balance sheet arrangement							
Committed U.S. accounts receivable securitization [1]	December 2021	€—	$110	€—	$101	€—	$57
Total on-balance sheet arrangement: [1]		€—	$110	€—	$101	€—	$57
Off-balance sheet arrangements							
Committed Swedish factoring facility [2][3]	March 2020	€155	$174	€138	$155	€136	$158
Committed U.S. factoring facility [2]	February 2023	—	75	—	64	45	53
Uncommitted U.K. factoring facility	February 2022	25	28	9	10	8	9
Uncommitted Italy factoring facility	June 2022	30	34	27	30	24	28
Other uncommitted factoring facilities [4]	None	N/A	N/A	14	15	11	12
Total off-balance sheet arrangements		€210	$311	€188	$274	€224	$260

[1] Availability subject to adequate eligible accounts receivable available for sale. The utilized amount includes $7 million and $11 million of letters of credit as of March 31, 2019 and September 30, 2018, respectively.
[2] Actual amounts may exceed the bank's commitment at the bank's discretion.
[3] The facility is backed by a 364-day liquidity commitment from Nordea Bank which extends through January 10, 2020.
[4] There is no explicit facility size under the agreement, but the counterparty approves the purchase of receivable tranches at its discretion.

On-balance sheet arrangements

U.S. Securitization Facility: The company's U.S. accounts receivables securitization facility with PNC Bank is subject to a maximum permitted priority debt-to-EBITDA ratio as of the last day of each fiscal quarter under the facility of 2.25 to 1.00. Under this program, the company has the ability to sell an undivided percentage ownership interest in substantially all of its trade receivables (excluding the receivables due from AB Volvo and subsidiaries eligible for sale under the U.S. accounts receivable factoring facility) of certain U.S. subsidiaries to ArvinMeritor Receivables Corporation ("ARC"), a wholly-owned, special purpose subsidiary. ARC funds these purchases with borrowings from participating lenders under a loan agreement. This program also includes a letter of credit facility pursuant to which ARC may request the issuance of letters of credit issued for the company’s U.S. subsidiaries (originators) or their designees, which when issued will constitute a utilization of the facility for the amount of letters of credit issued. Amounts outstanding under this agreement are collateralized by eligible receivables purchased by ARC and are reported as short-term debt in the Condensed Consolidated Balance Sheet. This securitization program contains a cross default to the company's revolving credit facility. At certain times during any given month, the company may sell eligible accounts receivable under this program to fund intra-month working capital needs. In such months, the company would then typically utilize the cash received from customers throughout the month to repay the borrowings under the program. Accordingly, during any given month, the company may borrow under this program amounts exceeding the amounts shown as outstanding at fiscal quarter ends.

Off-balance sheet arrangements

Total costs associated with all of the off-balance sheet arrangements described above for the three months ended March 31, 2019 were $2 million. Total costs associated with all of the off-balance sheet arrangements described above for the three months ended March 31, 2018 were insignificant. Total costs associated with all of the off-balance sheet arrangements described above were $3 million and $2 million in the six months ended March 31, 2019 and 2018,

respectively, and are included in selling, general and administrative expenses in the Condensed Consolidated Statements of Operations.

MERITOR, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

11. Operating Cash Flows

The reconciliation of net income to cash flows provided by operating activities is as follows (in millions):

	Six Months Ended March 31,	
	2019	2018
OPERATING ACTIVITIES		
Net income	$166	$26
Less: Loss from discontinued operations, net of tax	(1)	(1)
Income from continuing operations	167	27
Adjustments to income from continuing operations to arrive at cash provided by operating activities:		
Depreciation and amortization	43	42
Deferred income tax expense	16	