

# Visteon Q1 2021 Earnings

April 29, 2021



Visteon®



Net Sales

**\$746** Million

+14% Y/Y <sup>(1)</sup>



Adjusted EBITDA

**\$64** Million

8.6% Margin



Adjusted FCF

**\$9** Million

\$486 Million Total Cash

## EXECUTING ON GROWTH STRATEGY

WON  
SIGNIFICANT  
NEW BUSINESS



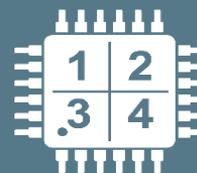
\$1.8 billion in Q1  
new business wins

FIRST  
MICROZONE™  
DISPLAY WIN



First award of ~\$250  
million with NA OEM

CONTINUED  
MOMENTUM WITH  
SMARTCORE™



~\$850 million total  
SmartCore™ wins in Q1

COST SAVINGS  
BENEFITTING  
INCREMENTALS



~30% incremental  
margins in Q1

MAINTAINED  
STRONG  
LIQUIDITY



\$137 million net cash  
position at end of Q1

# Q1 Industry and Visteon Sales Performance

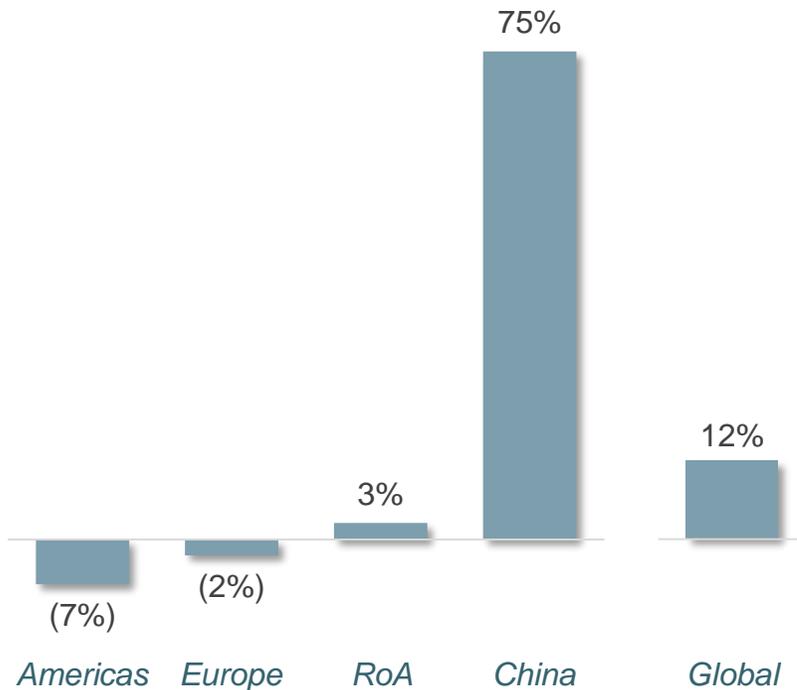
*Visteon continues to outperform customer production volumes*

Regional Mix Weighted  
Toward China Market

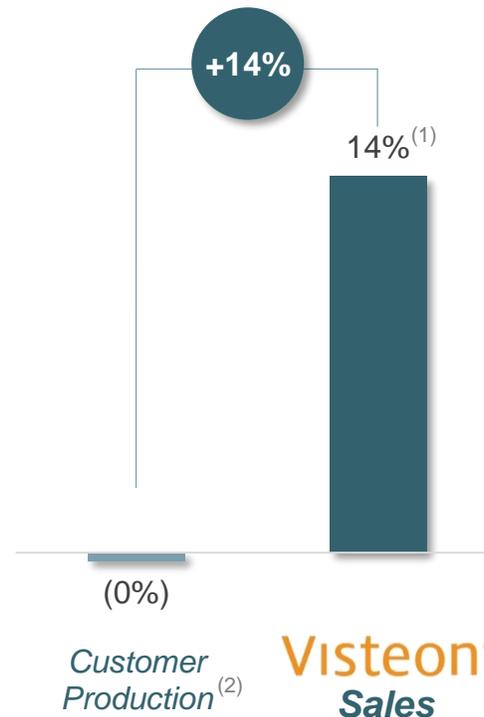
Visteon Sales Continue  
To Outperform Production

Strong Demand Despite  
Supply Chain Constraints

## Global Production Volumes Y/Y



## Customer Production and Visteon Sales Y/Y



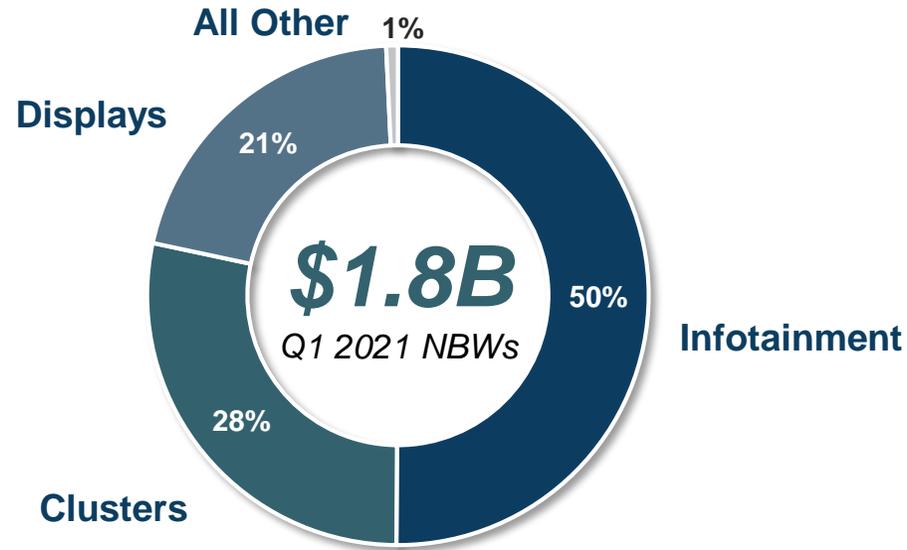
## Key Factors

- ❑ Visteon sales growth primarily driven by rebound in China market from prior year COVID levels
- ❑ New product launches and continued ramp up of key programs driving growth-over-market
- ❑ OEM prioritization of vehicles with high digital content favors Visteon
- ❑ Visteon sales impacted by global supply chain constraints affecting industry production

# Q1 New Business Wins

\$1.8 billion new business wins in first quarter

## Product Diversity Across Q1 Awards



**~\$850M**

SmartCore™ Awards

**10**

SmartCore™ OEM Customers to Date

**1/3**

Of Q1 Wins for Electric Vehicles

## Key Q1 New Business Wins



**microZone™ Multi-Display Module**  
First win for leading display technology with global OEM



**SmartCore™ Cockpit Domain Controller**  
All-digital cluster and Android-based infotainment powered by SmartCore™

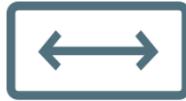


**10'' Digital Cluster**  
Conquest win with global OEM on new vehicle model

# microZone™ Displays

*An innovative OLED alternative for the cockpit*

## microZone™ Technology Benefits



### **Wide Color Gamut**

Ability to reproduce a greater range of the color spectrum



### **High Brightness**

Outperforms LCDs currently on the market to deliver brightness levels comparable to OLED



### **Lower Power Consumption**

Innovative design enables display to operate at same power levels of traditional LCD

***These features position microZone™ to be a leading premium solution for displays optimized for automotive***

## Q1 New Business Win Key Features



- Multi-display including cluster and center information console***
- Launches with premium and performance vehicles with large North American OEM starting 2024***
- Award includes multiple models and electric vehicles***

# SmartCore™ Cockpit Domain Controller

Industry-leading next-generation technology for digital cockpits

## Q1 Win with Large North American OEM



- ✓ **Deploying across multiple vehicle models**
- ✓ **Includes electric and ICE models**
- ✓ **Customer's first Android-based infotainment**
- ✓ **Start of production in 2023**

## Growing Momentum with Customers

Category	Year	Customer	Event
Future Launches	2023	[EV]	Significant Q1 2021 win with large North American OEM
	2023	[EV]	Digital content continuing to expand in two-wheeler market
	2022	[EV]	Additional cockpit domain controller win for commercial vehicles
Production Ready	2021	Mahindra	Additional OEM win with focus on the Indian market
	2021	GEELY [EV]	Further momentum for cockpit domain controllers in China
In Production	2020	GAC GROUP	First SmartCore™ launch powered by Android operating system
	2019	TATA	Extending geographic reach into new markets
	2018	[EV]	Industry's first cockpit domain controller for light and commercial vehicles

Industry leader in cockpit domain controllers across light vehicle, commercial and two-wheeler market

# Visteon Outlook

*Maintaining full-year guidance*

## Current Industry Dynamics

Opportunities



**Strong Retail Demand**

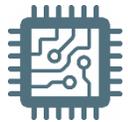


**Low Dealer Inventories**



**Robust Launch Cadence**

Challenges



**Supply Chain Shortages**



**COVID-19**

## Secular Growth Drivers



### Continued Digitalization

Shift to digital products continues to accelerate with 50+ launches and strong new business wins



### Accelerating Electrification

OEMs continue to accelerate electric vehicle strategy with ongoing interest in BMS



### Commercial Vehicles and Two-Wheelers

Digitalization in commercial vehicle and two-wheeler cockpits driving increased content opportunity



## Strong Performance in a Challenging Environment

Delivered 14% growth-over-market and 8.6% adjusted EBITDA margin



## Fundamentals of Business Remain Strong

Continued momentum of digital cockpit solutions even in constrained environment



## Technology Portfolio Aligned with Key Trends

Connected Car, Digitalization and Electrification driving growth



## Continuing to Build the Foundation for Future Growth

Won \$1.8 billion in NBWs including SmartCore™ and first microZone™ award



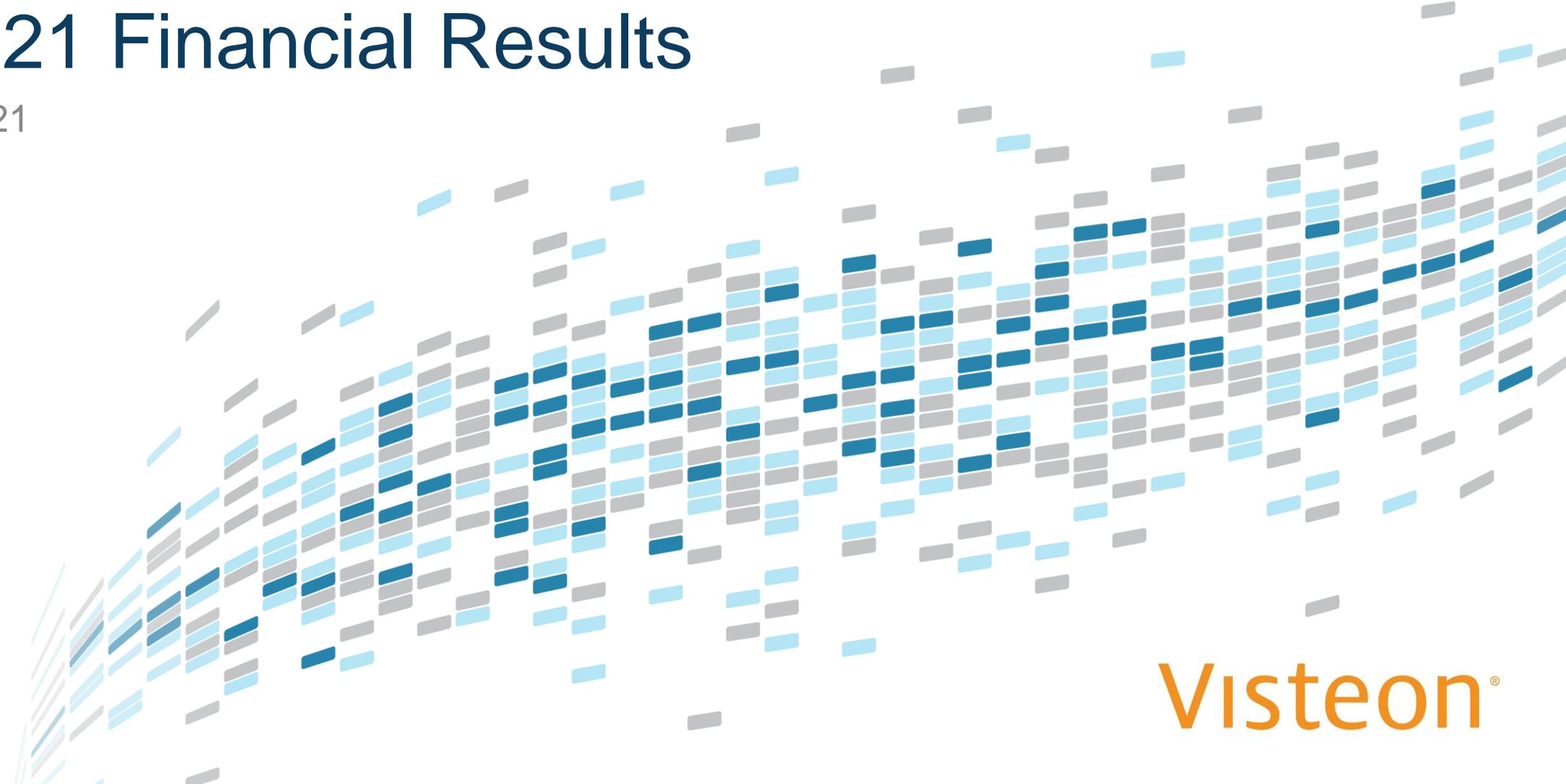
## Recovery in 2H 2021 Setting Stage for Robust Long-Term Growth

Maintaining full-year guidance for sales and adjusted EBITDA



# Q1 2021 Financial Results

April 29, 2021



Visteon®

# Q1 2021 in Review

*Continued solid performance*

Visteon®



Net Sales

**\$746** Million

+14% Y/Y (1)



Adjusted EBITDA

**\$64** Million

8.6% Margin



Adjusted FCF

**\$9** Million

\$137 Million Net Cash

## SOLID QUARTER LED BY STRONG EXECUTION



### SALES AND MARGIN PERFORMANCE

- ▶ 14% GoM in a constrained supply chain environment
- ▶ ~30% year-over-year Q1 incremental EBITDA margin



### FREE CASH FLOW GENERATION

- ▶ Continue to benefit from capital spending discipline
- ▶ Strong EBITDA driven by higher sales and cost discipline



### STRONG BALANCE SHEET

- ▶ Total cash balance of \$486 million
- ▶ Net debt / last 12-months EBITDA of (0.6x)



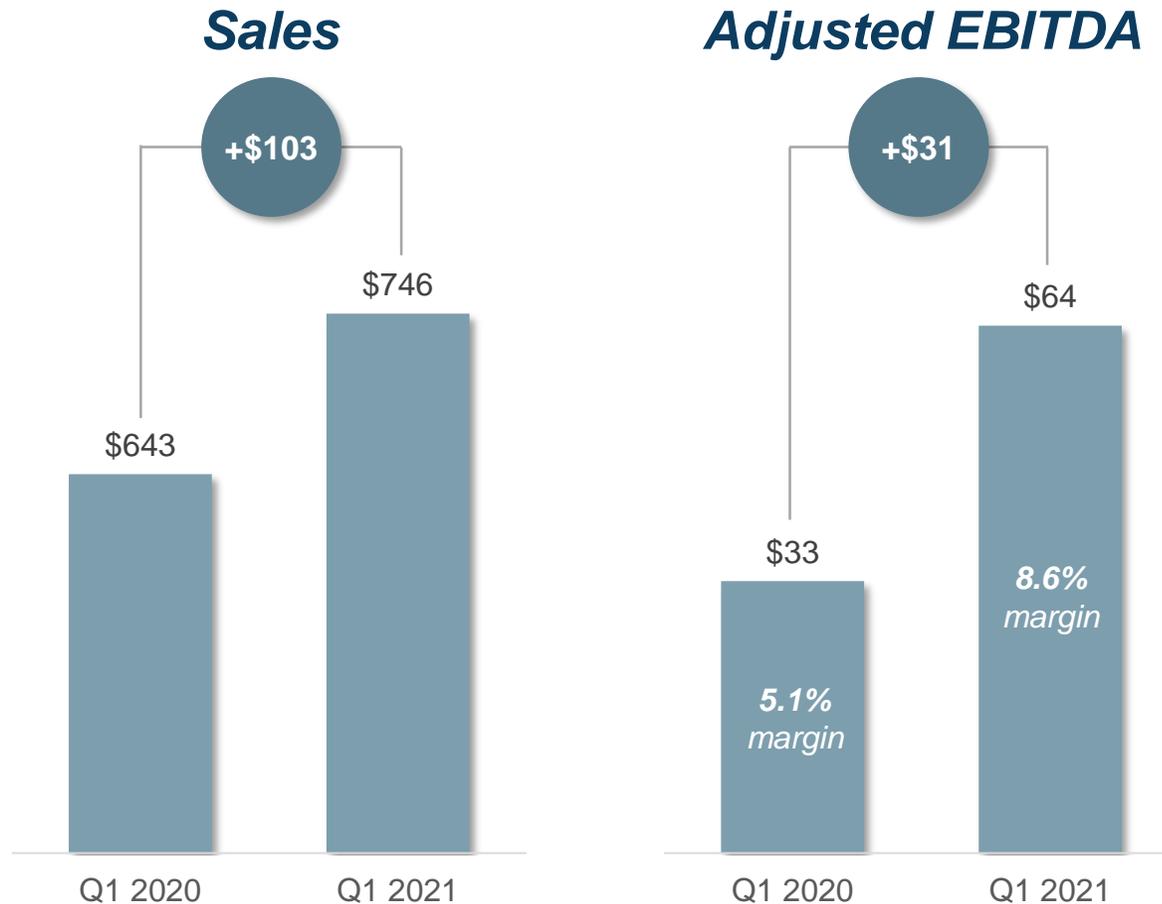
### FULL-YEAR CONSIDERATIONS

- ▶ Confirming full-year guidance
- ▶ Uncertainty remains with supply chain challenges expected in Q2

# Q1 2021 vs. Q1 2020

Strong year-over-year improvements in Sales and Adjusted EBITDA

(Dollars in millions)



## Key Drivers

- ▲ Industry demand remained robust in Q1 following a strong rebound in 2H 2020
- ▲ Continued market outperformance driven by new program launches and ramp-up of key programs
- ▲ Adjusted EBITDA increased Y/Y driven by strong cost performance
- ▼ Incremental supply chain costs impacted margin by ~190 basis points

# Q1 2021 Cash Flow and Balance Sheet

*Continue to maintain a robust net cash position*

## Strong Balance Sheet

	<b>\$486 million</b>
Cash	Provides flexibility and supports future growth
	<b>\$137 million</b>
Net Cash	No material debt maturities until 2024
	<b>(0.6x)</b>
Net Debt / LTM EBITDA	Strong balance sheet provides significant flexibility

(Dollars in Millions)	Q1 2020	Q1 2021
Adjusted EBITDA	\$33	\$64
Trade Working Capital	44	(11)
Cash Taxes	(10)	(5)
Interest Payments	(4)	(3)
Other Changes	(33)	(18)
Capital Expenditures	(44)	(18)
<b>Adjusted FCF</b>	<b>(\$14)</b>	<b>\$9</b>

# Investment Thesis

*Visteon is a compelling long-term investment opportunity*



## Digital Cockpit Electronics Leader

- ▶ Digital cockpit leader for cars, trucks and two-wheelers
- ▶ Supporting industry shift to electric vehicles
- ▶ Nimble and adaptable to changing environment



## Innovative Product Portfolio

- ▶ Leading analog-to-digital transition in automotive cockpits
- ▶ Industry leader in cockpit domain controllers
- ▶ Industry-first wireless battery management system



## Competitive Cost Structure

- ▶ Leveraging industry-leading engineering footprint
- ▶ Optimizing spend through platform-based approach
- ▶ Commercial and operational discipline

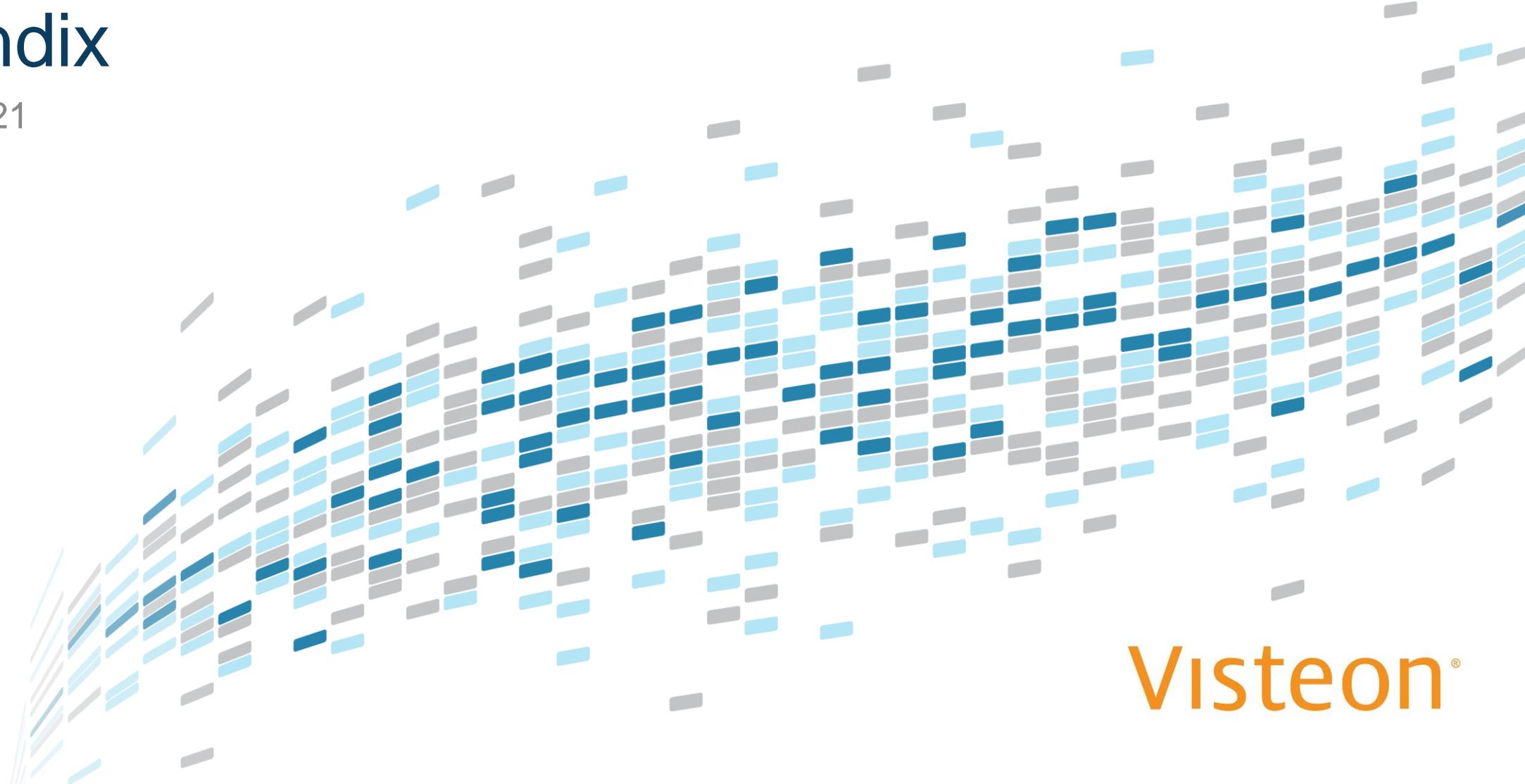


## Strong Balance Sheet

- ▶ \$486M in cash to provide flexibility and support future growth
- ▶ No material debt maturities until 2024
- ▶ (0.6x) net debt / trailing 12-month adjusted EBITDA

# Appendix

April 29, 2021



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# Forward-Looking Information



- This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The words "will," "may," "designed to," "outlook," "believes," "should," "anticipates," "plans," "expects," "intends," "estimates," "forecasts" and similar expressions identify certain of these forward-looking statements. Forward-looking statements are not guarantees of future results and conditions but rather are subject to various factors, risks and uncertainties that could cause our actual results to differ materially from those expressed in these forward-looking statements, including, but not limited to:
  - continued and future impacts of the coronavirus (COVID-19) pandemic on our financial condition and business operations including global supply chain disruptions, market downturns, reduced consumer demand, and new government actions or restrictions;
  - significant or prolonged shortage of critical components from our suppliers, including but not limited to semiconductors, and particularly those who are our sole or primary sources;
  - conditions within the automotive industry, including (i) the automotive vehicle production volumes and schedules of our customers, (ii) the financial condition of our customers and the effects of any restructuring or reorganization plans that may be undertaken by our customers, including work stoppages at our customers, and (iii) possible disruptions in the supply of commodities to us or our customers due to financial distress, work stoppages, natural disasters or civil unrest;
  - our ability to execute on our transformational plans and cost-reduction initiatives in the amounts and on the timing contemplated;
  - our ability to satisfy future capital and liquidity requirements; including our ability to access the credit and capital markets at the times and in the amounts needed and on terms acceptable to us; our ability to comply with financial and other covenants in our credit agreements; and the continuation of acceptable supplier payment terms;
  - our ability to access funds generated by foreign subsidiaries and joint ventures on a timely and cost effective basis;
  - general economic conditions, including changes in interest rates and fuel prices; the timing and expenses related to internal restructurings, employee reductions, acquisitions or dispositions and the effect of pension and other post-employment benefit obligations;
  - increases in raw material and energy costs and our ability to offset or recover these costs, increases in our warranty, product liability and recall costs or the outcome of legal or regulatory proceedings to which we are or may become a party;
  - changes in laws, regulations, policies or other activities of governments, agencies and similar organizations, domestic and foreign, that may tax or otherwise increase the cost of, or otherwise affect, the manufacture, licensing, distribution, sale, ownership or use of our products or assets; and
  - those factors identified in our filings with the SEC (including our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 as updated by our subsequent filings with the Securities and Exchange Commission).
- Caution should be taken not to place undue reliance on our forward-looking statements, which represent our view only as of the date of this presentation, and which we assume no obligation to update. The financial results presented herein are preliminary and unaudited; final financial results will be included in the company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2021. New business wins, re-wins and backlog do not represent firm orders or firm commitments from customers, but are based on various assumptions, including the timing and duration of product launches, vehicle production levels, customer cancellations, installation rates, customer price reductions and currency exchange rates

- Because not all companies use identical calculations, adjusted gross margin, adjusted SG&A, adjusted EBITDA, adjusted net income, adjusted EPS, free cash flow and adjusted free cash flow used throughout this presentation may not be comparable to other similarly titled measures of other companies.
- In order to provide the forward-looking non-GAAP financial measures for full-year 2020, the Company is providing reconciliations to the most directly comparable GAAP financial measures on the subsequent slides. The provision of these comparable GAAP financial measures is not intended to indicate that the Company is explicitly or implicitly providing projections on those GAAP financial measures, and actual results for such measures are likely to vary from those presented. The reconciliations include all information reasonably available to the Company at the date of this presentation and the adjustments that management can reasonably predict.

# Reconciliation of Non-GAAP Financial Information



## Adjusted Gross Margin

The Company defines Adjusted gross margin as gross margin, adjusted to eliminate the impacts of intangibles amortization, stock-based compensation expense and other non-operating costs.

(Dollars in millions)	2020					2021
	Q1	Q2	Q3	Q4	Full Year	Q1
<b>Gross margin</b>	<b>\$53</b>	<b>\$4</b>	<b>\$99</b>	<b>\$89</b>	<b>\$245</b>	<b>\$73</b>
<u>Less:</u>						
Stock-based compensation expense	1	1	1	1	4	1
Intangibles amortization	1	1	-	-	2	-
Other	-	1	1	1	3	1
<b>Subtotal</b>	<b>\$2</b>	<b>\$3</b>	<b>\$2</b>	<b>\$2</b>	<b>\$9</b>	<b>\$2</b>
<b>Adjusted gross margin</b>	<b>\$55</b>	<b>\$7</b>	<b>\$101</b>	<b>\$91</b>	<b>\$254</b>	<b>\$75</b>

## Adjusted SG&A

The Company defines Adjusted SG&A as SG&A, adjusted to eliminate the impacts of intangibles amortization, stock-based compensation expense and other non-operating costs.

(Dollars in millions)	2020					2021
	Q1	Q2	Q3	Q4	Full Year	Q1
<b>SG&amp;A</b>	<b>\$54</b>	<b>\$41</b>	<b>\$45</b>	<b>\$53</b>	<b>\$193</b>	<b>\$45</b>
<u>Less:</u>						
Stock-based compensation expense	(4)	(3)	(3)	(4)	(14)	(3)
Intangibles amortization	(2)	(3)	(3)	(2)	(10)	(3)
Other	-	(1)	-	-	(1)	-
<b>Subtotal</b>	<b>(\$6)</b>	<b>(\$7)</b>	<b>(\$6)</b>	<b>(\$6)</b>	<b>(\$25)</b>	<b>(\$6)</b>
<b>Adjusted SG&amp;A</b>	<b>\$48</b>	<b>\$34</b>	<b>\$39</b>	<b>\$47</b>	<b>\$168</b>	<b>\$39</b>

# Reconciliation of Non-GAAP Financial Information (cont'd)



## Adjusted Net Income and Adjusted EPS

- The Company defines Adjusted net income as net income / (loss) attributable to Visteon adjusted to eliminate the impact of restructuring expense, discontinued operations and related tax effects and other gains and losses not reflective of the Company's ongoing operations.
- The Company defines Adjusted earnings per share as Adjusted net income divided by diluted shares.

(Dollars and shares in millions, except per share data)	2020					2021
	Q1	Q2	Q3	Q4	Full Year	Q1
<b>Net income / (loss) attributable to Visteon</b>	<b>(\$35)</b>	<b>(\$45)</b>	<b>\$6</b>	<b>\$18</b>	<b>(\$56)</b>	<b>\$16</b>
Average shares outstanding, diluted	27.9	27.8	28.0	28.2	27.9	28.4
<b>Earnings / (loss) per share</b>	<b>(\$1.25)</b>	<b>(\$1.62)</b>	<b>\$0.21</b>	<b>\$0.64</b>	<b>(\$2.01)</b>	<b>\$0.56</b>
<hr/>						
<u>Memo: Adjusted EPS</u>						
<b>Net income / (loss) attributable to Visteon</b>	<b>(\$35)</b>	<b>(\$45)</b>	<b>\$6</b>	<b>\$18</b>	<b>(\$56)</b>	<b>\$16</b>
Restructuring expense, net	33	4	32	7	76	(1)
Other	-	2	1	6	9	1
Tax effect of adjustments	-	(1)	-	(1)	(2)	-
<b>Subtotal</b>	<b>\$33</b>	<b>\$5</b>	<b>\$33</b>	<b>\$12</b>	<b>\$83</b>	<b>\$0</b>
<b>Adjusted net income / (loss)</b>	<b>(\$2)</b>	<b>(\$40)</b>	<b>\$39</b>	<b>\$30</b>	<b>\$27</b>	<b>\$16</b>
Average shares outstanding, diluted	27.9	27.8	28.0	28.2	27.9	28.4
<b>Adjusted earnings / (loss) per share</b>	<b>(\$0.07)</b>	<b>(\$1.44)</b>	<b>\$1.39</b>	<b>\$1.06</b>	<b>\$0.97</b>	<b>\$0.56</b>

# Reconciliation of Non-GAAP Financial Information (cont'd)



## Adjusted EBITDA

The Company defines Adjusted EBITDA as net income / (loss) attributable to the Company adjusted to eliminate the impact of depreciation and amortization, restructuring expense, net interest expense, equity in net (income) / loss of non-consolidated affiliates, provision for income taxes, discontinued operations, net income / (loss) attributable to non-controlling interests, non-cash stock-based compensation expense, and other gains and losses not reflective of the Company's ongoing operations.

(Dollars in millions)	2020					2021
	Q1	Q2	Q3	Q4	Full Year	Q1
<b>Net income / (loss) attributable to Visteon</b>	<b>(\$35)</b>	<b>(\$45)</b>	<b>\$6</b>	<b>\$18</b>	<b>(\$56)</b>	<b>\$16</b>
Depreciation and amortization	25	25	25	29	104	27
Restructuring expense, net	33	4	32	7	76	(1)
Interest expense, net	2	3	5	1	11	2
Equity in net (income) / loss of non-consolidated affiliates	(1)	(1)	(2)	(2)	(6)	-
Provision for income taxes	5	2	12	9	28	12
Net income / (loss) attributable to non-controlling interests	(1)	3	4	2	8	3
Non-cash, stock-based compensation	5	4	4	5	18	4
Other	-	2	1	6	9	1
<b>Subtotal</b>	<b>\$68</b>	<b>\$42</b>	<b>\$81</b>	<b>\$57</b>	<b>\$248</b>	<b>\$48</b>
<b>Adjusted EBITDA</b>	<b>\$33</b>	<b>(\$3)</b>	<b>\$87</b>	<b>\$75</b>	<b>\$192</b>	<b>\$64</b>
<hr/>						
<u>Memo: Adjusted Net Income</u>						
<b>Net income / (loss) attributable to Visteon</b>	<b>(\$35)</b>	<b>(\$45)</b>	<b>\$6</b>	<b>\$18</b>	<b>(\$56)</b>	<b>\$16</b>
Restructuring expense, net	33	4	32	7	76	(1)
Other	-	2	1	6	9	1
Tax effect of adjustments	-	(1)	-	(1)	(2)	-
<b>Subtotal</b>	<b>\$33</b>	<b>\$5</b>	<b>\$33</b>	<b>\$12</b>	<b>\$83</b>	<b>\$0</b>
<b>Adjusted net income / (loss)</b>	<b>(\$2)</b>	<b>(\$40)</b>	<b>\$39</b>	<b>\$30</b>	<b>\$27</b>	<b>\$16</b>

# Reconciliation of Non-GAAP Financial Information *(cont'd)*



## Free Cash Flow and Adjusted Free Cash Flow

- The Company defines Free cash flow as cash flow from (for) operating activities less capital expenditures.
- The Company defines Adjusted free cash flow as cash flow from (for) operating activities less capital expenditures, as further adjusted for restructuring-related payments.

(Dollars in millions)	2020					2021
	Q1	Q2	Q3	Q4	Full Year	Q1
<b>Cash flow from (for) operating activities</b>	<b>\$25</b>	<b>(\$38)</b>	<b>\$110</b>	<b>\$71</b>	<b>\$168</b>	<b>\$11</b>
Less: Capital expenditures, including intangibles	(44)	(21)	(18)	(21)	(104)	(18)
<b>Free cash flow</b>	<b>(\$19)</b>	<b>(\$59)</b>	<b>\$92</b>	<b>\$50</b>	<b>\$64</b>	<b>(\$7)</b>
Exclude: Restructuring-related payments	5	7	11	9	32	16
<b>Adjusted free cash flow</b>	<b>(\$14)</b>	<b>(\$52)</b>	<b>\$103</b>	<b>\$59</b>	<b>\$96</b>	<b>\$9</b>

# Reconciliation of Non-GAAP Financial Information *(cont'd)*



## Adjusted EBITDA Build-up

(Dollars in millions)	2020					2021
	Q1	Q2	Q3	Q4	Full Year	Q1
Sales	\$643	\$371	\$747	\$787	\$2,548	\$746
Gross margin	\$53	\$4	\$99	\$89	\$245	\$73
Intangibles amortization	1	1	-	-	2	-
Stock-based compensation expense	1	1	1	1	4	1
Other	-	1	1	1	3	1
<b>Adjusted gross margin</b>	<b>\$55</b>	<b>\$7</b>	<b>\$101</b>	<b>\$91</b>	<b>\$254</b>	<b>\$75</b>
<i>% of sales</i>	<i>8.6%</i>	<i>1.9%</i>	<i>13.5%</i>	<i>11.6%</i>	<i>10.0%</i>	<i>10.1%</i>
SG&A	(\$54)	(\$41)	(\$45)	(\$53)	(\$193)	(\$45)
Intangibles amortization	2	3	3	2	10	3
Stock-based compensation expense	4	3	3	4	14	3
Other	-	1	-	-	1	-
<b>Adjusted SG&amp;A</b>	<b>(\$48)</b>	<b>(\$34)</b>	<b>(\$39)</b>	<b>(\$47)</b>	<b>(\$168)</b>	<b>(\$39)</b>
Adjusted EBITDA						
Adjusted gross margin	\$55	\$7	\$101	\$91	\$254	\$75
Adjusted SG&A	(48)	(34)	(39)	(47)	(168)	(39)
D&A	22	21	22	27	92	24
Pension financing benefits, net	4	3	3	4	14	4
<b>Adjusted EBITDA</b>	<b>\$33</b>	<b>(\$3)</b>	<b>\$87</b>	<b>\$75</b>	<b>\$192</b>	<b>\$64</b>
<i>% of sales</i>	<i>5.1%</i>	<i>(0.8%)</i>	<i>11.6%</i>	<i>9.5%</i>	<i>7.5%</i>	<i>8.6%</i>
Equity in affiliates	\$1	\$1	\$2	\$2	\$6	-
Noncontrolling interests	1	(3)	(4)	(2)	(8)	(3)

# Reconciliation of Gross Margin

## Gross Margin Build-up

(Dollars in millions)	2020					2021
	Q1	Q2	Q3	Q4	Full Year	Q1
Sales	\$643	\$371	\$747	\$787	\$2,548	\$746
Cost of sales (ex. engineering)	(517)	(322)	(601)	(662)	(2,102)	(614)
Engineering costs, net	(73)	(45)	(47)	(36)	(201)	(59)
<b>Gross margin</b>	<b>\$53</b>	<b>\$4</b>	<b>\$99</b>	<b>\$89</b>	<b>\$245</b>	<b>\$73</b>
<hr/>						
<u>% of Sales</u>						
Cost of sales (ex. engineering)	80.4%	86.8%	80.5%	84.1%	82.5%	82.3%
Engineering costs, net	11.4	12.1	6.3	4.6	7.9	7.9
<b>Gross margin</b>	<b>8.2%</b>	<b>1.1%</b>	<b>13.3%</b>	<b>11.3%</b>	<b>9.6%</b>	<b>9.8%</b>
<hr/>						
<u>Engineering costs, net</u>						
Engineering costs, gross	(\$100)	(\$78)	(\$78)	(\$79)	(\$335)	(\$80)
Recoveries	27	33	31	43	134	21
<b>Engineering costs, net</b>	<b>(\$73)</b>	<b>(\$45)</b>	<b>(\$47)</b>	<b>(\$36)</b>	<b>(\$201)</b>	<b>(\$59)</b>

# Financial Results – U.S. GAAP



(Dollars in millions, except per share data)	2020					2021
	Q1	Q2	Q3	Q4	Full Year	Q1
<b><u>Income Statement</u></b>						
Sales	\$643	\$371	\$747	\$787	\$2,548	\$746
Gross margin	53	4	99	89	245	73
SG&A	54	41	45	53	193	45
Net income / (loss) attributable to Visteon	(35)	(45)	6	18	(56)	16
Earnings / (loss) per share, diluted	(\$1.25)	(\$1.62)	\$0.21	\$0.64	(\$2.01)	\$0.56
<b><u>Cash Flow Statement</u></b>						
Cash flow from (for) operating activities	\$25	(\$38)	\$110	\$71	\$168	\$11
Capital expenditures, including intangibles	44	21	18	21	104	18

Visteon®

