Visteon Q2 2018 Earnings

July 26, 2018

Visteon®

Q2 2018 Highlights

Visteon

Sales and Profitability

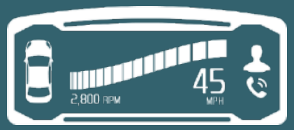
$758 million in sales and $81 million in adjusted EBITDA

New Business Wins

$2.2 billion in Q2 wins, up 38% Y/Y

Display Audio

Largest win in Visteon's history
($640 million)



Digital Cluster

Largest cluster award ever
($585 million)

China Performance

Q2 sales increased 18% Y/Y
1st half new business wins more than doubled vs. 2017

Automotive Market Update

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North America

- ▼ Q2 production volumes decreased 3% Y/Y
- ▼ Q2 volumes for top 5 Visteon customers down 9% Y/Y

Europe

- ▲ Q2 production volumes increased 4% Y/Y
- ▼ Growth muted by lower diesel sales and impact of WLTP (1)

China

- ▲ Q2 production volumes increased 9% Y/Y
- ▼ Increased inventory levels pointing to lower 2nd half growth

(1) Europe's Worldwide Harmonised Light Vehicle Test Procedure (WLTP)

Seeing softness in North America with muted growth in Europe and China

Automotive Technology Trends Favor Visteon

Visteon

Macro Trends

Automotive Electronics Trends

- OEM investment in new EV platforms
- New electrical architecture facilitates cockpit technology evolution
- Increasing pace of ECU consolidation
- Accelerates digital cluster and display audio adoption

Connected | Power consumption
Digital cockpit | Low weight

- Increased interest at OEMs in evolution of ADAS to Level 3
- Level 3 systems require centralized computing of sensor data
- Leverage commoditization of radar and camera sensors

Distributed to centralized computing

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ECU Consolidation — smartcore™

Display Audio — phoenix™, android

Digital Cluster — dicore™

Autonomous Driving — drivecore™

Visteon well-positioned to capitalize in evolving automotive industry environment

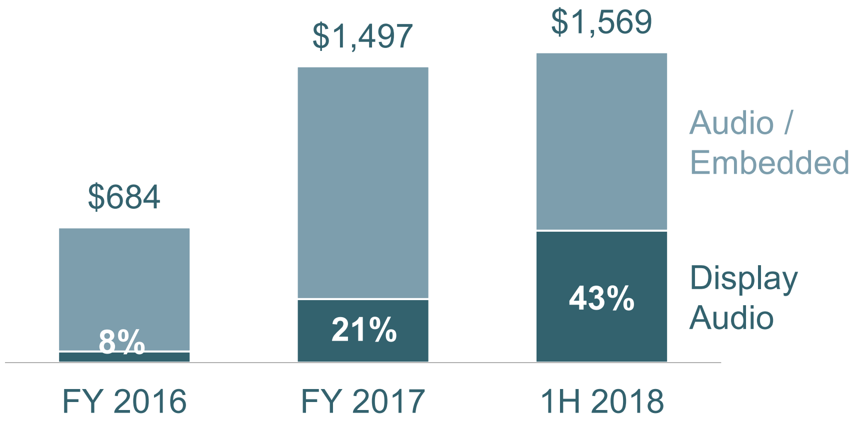
Significant New Infotainment Business Win

(Dollars in millions)

Display Audio Win with European OEM

- Largest single win in Visteon's history ($640 million)
- Conquest win with large European OEM
- Cross-platform, global system launching early 2020
- Standard equipment on supported vehicles with market leading features:
  - Large 10" display with Android OS
  - AM/FM, CarPlay, Android Auto, downloadable apps

Visteon Infotainment NBWs



- Record level of infotainment wins in 1st half 2018
- Strategic focus on infotainment delivering results in 2017 and 2018
- Strong position with HTML5 and Android expertise
- Wins in both discrete and SmartCore™ integrated systems
- Significant growth in Display Audio wins

Visteon growing market share in Infotainment segment

Visteon Uniquely Positioned in Display Audio

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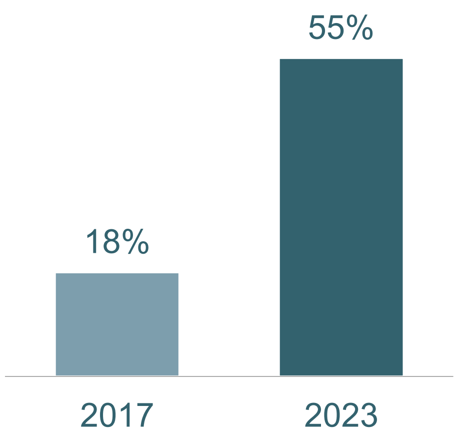
Significant Growth in CarPlay and Android Auto



Apple CarPlay androidauto

Most vehicles to have smartphone projection capability through Display Audio systems by 2023

Android Winning the Infotainment Operating System Race

Ease of app development and China adoption driving Android OS acceptance

Visteon | AllGo embedded A Visteon Enterprise

Visteon's AllGo is the leading supplier of CarPlay and Android Auto for Display Audio systems based on Linux / HTML5 / Android operating systems

Visteon is only supplier with in-house expertise for all key infotainment technologies

Visteon Leading Industry Transition to Digital Clusters

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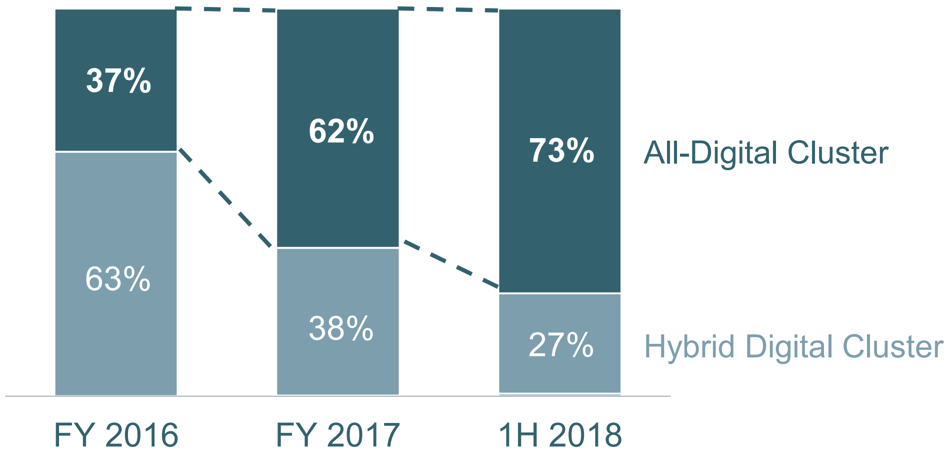
Digital Cluster Win for Mass Market

- Largest cluster award in Visteon’s history ($585 million)
- Conquest win with leading European OEM
- Cross-platform with initial launch in 2020 in compact high-volume car
- Multi-million unit volume across all markets globally

Visteon Instrument Cluster NBWs



- Visteon ranked #1 in all-digital clusters by market share
- Leverage expertise in ASIL-B functional safety, OEM vehicle architectures, and automotive displays
- Primary supplier to three of top-five largest global OEMs

Visteon driving growth of all-digital clusters in mass market segment

From All-Digital Clusters to All-Digital Cockpit

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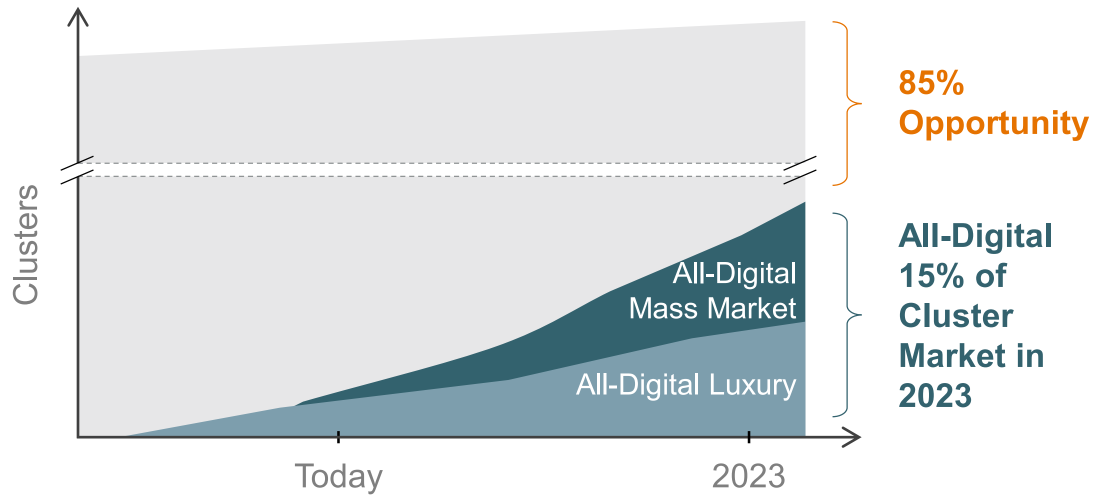
Evolution of All-Digital Cluster Market



- All-digital clusters are moving into mass-market vehicles
- Significant market opportunity remains with only 15% of clusters projected to be all-digital by 2023
- Integration with ADAS and Driver Monitoring systems
- Display size increasing to support additional functionality

All Digital Cockpit Experience

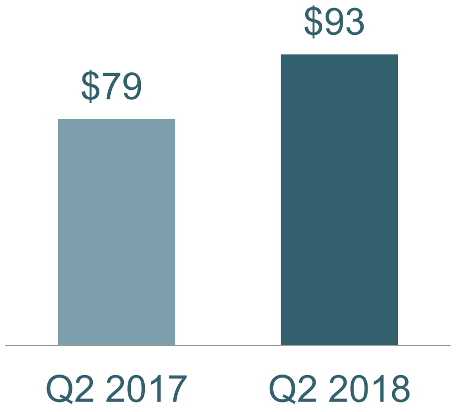
- Increased cluster and infotainment display sizes drive demand for curved and integrated display solutions
- Curved and shaped displays bonded to cover glass for better visibility and fit with interior cockpit design
- Larger displays drive need for high-performance SmartCore™ cockpit computing systems

Cockpit electronics transformation continues to offer significant opportunities for Visteon

Building Momentum in Largest Auto Market

Visteon China Domestic Sales

(Dollars in millions)

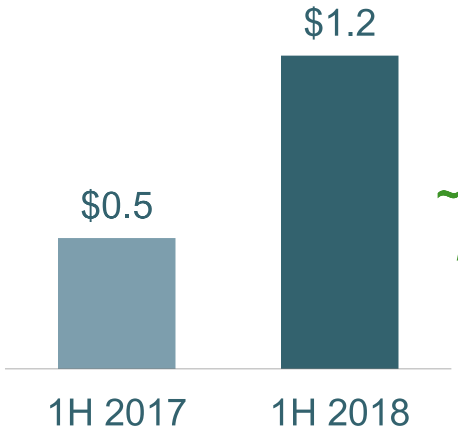


18% Y/Y Increase

- New product launches driving double-digit sales growth for Visteon China
- 18 new product launches in 1st half 2018, more than double prior year
- Expect double-digit Visteon sales growth for full year, outpacing market growth

Visteon China Domestic NBWs

(Dollars in billions)



~150% Y/Y Increase

- Strong growth in new business wins in 2018
- ~40% of 1st half wins were for electric vehicles with SmartCore™ technology
- Significant growth in infotainment wins in addition to digital clusters
- Partnerships with Baidu, Alibaba and Tencent in China for connected infotainment

Visteon China sales and new business wins significantly outpacing the market

Infotainment Leads New Business Win Performance

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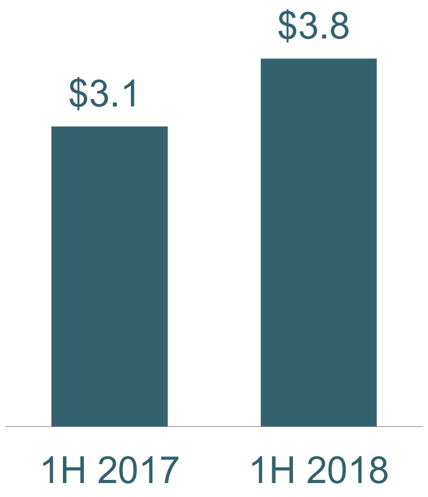
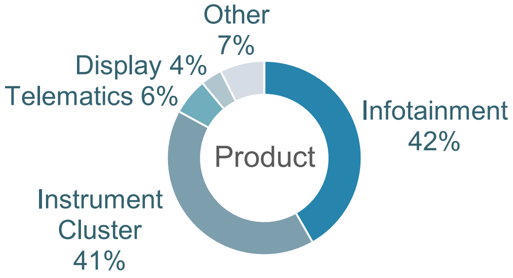
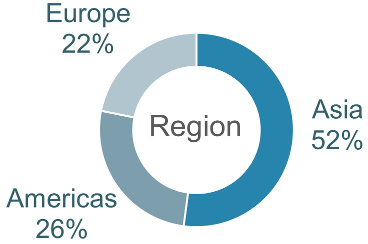
(Dollars in billions)

New Business Wins



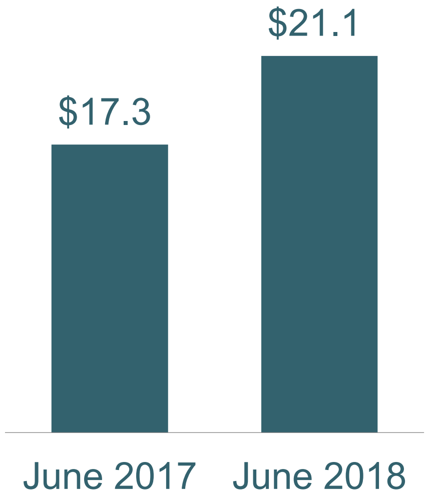


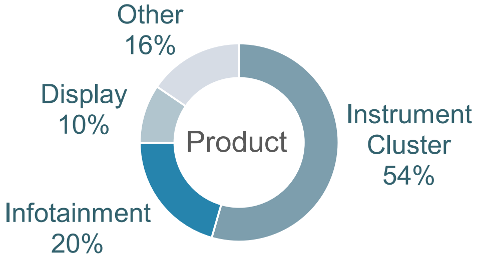


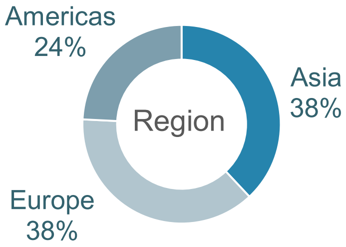
23% Y/Y Increase

- Strong momentum in core areas of digital clusters, infotainment, and SmartCore™
- ~95% of 1st half wins launch before end of 2021
- Robust pipeline of opportunities for rest of 2018

Order Backlog







22% Y/Y Increase

- Higher level of NBWs offset softness in volume
- Share of Infotainment increasing in order backlog
- Higher concentration in faster growing markets

On track to achieve long-term targets with high level of new business wins

Q2 2018 Summary

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Financial Results

- Delivered $758 million in sales and $81 million in adjusted EBITDA
- Increased China sales by 18% Y/Y
- Generated 1st half adjusted free cash flow of $77 million

NBW Performance

- Won $2.2 billion in new business, up 38% Y/Y
- Largest infotainment win with $640 million in lifetime sales
- Largest cluster win with $585 million in lifetime sales
- Order backlog increased to $21.1 billion, up 22% Y/Y

Business Outlook

- 2nd half 2018 vehicle production expected to be similar to 1st half 2018
- Potential headwinds from softening production, diesel demand, and tariffs
- Industry technology trends continue to strengthen Visteon's market position

Q2 2018 Financial Results

July 26, 2018

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Q2 and 1st Half 2018 Key Financials *

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(Dollars in millions)

	Q2 2017	Q2 2018	2018 vs. 2017
Sales	$774	$758	($16)
Adjusted EBITDA	$84	$81	($3)
% margin	*10.9%*	*10.7%*	(20) bps
ex. DriveCore™ investment	*11.0%*	*10.9%*	(10) bps

	1H 2017	1H 2018	2018 vs. 2017
Sales	$1,584	$1,572	($12)
Adjusted EBITDA	$185	$185	–
% margin	*11.7%*	*11.8%*	10 bps
ex. DriveCore™ investment	*11.8%*	*12.0%*	20 bps
Adjusted free cash flow	$56	$77	$21

* All items above except sales are non-GAAP measures
Please see appendix for definitions and important disclosures regarding "Use of Non-GAAP Financial Information"

Sales and Adjusted EBITDA (2018 vs. 2017)

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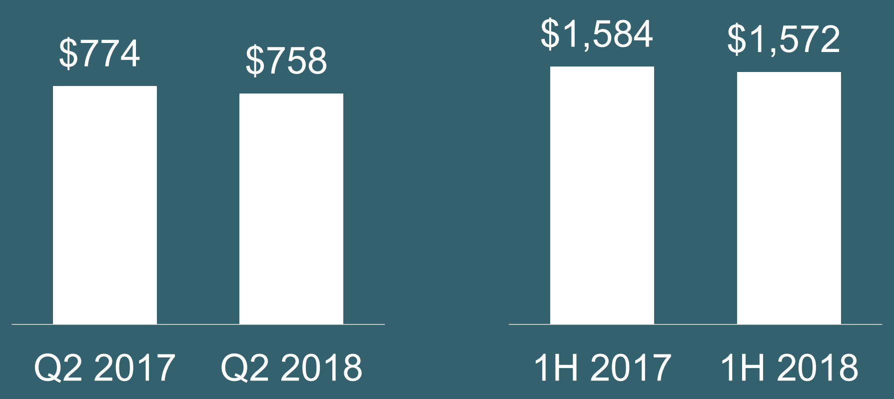
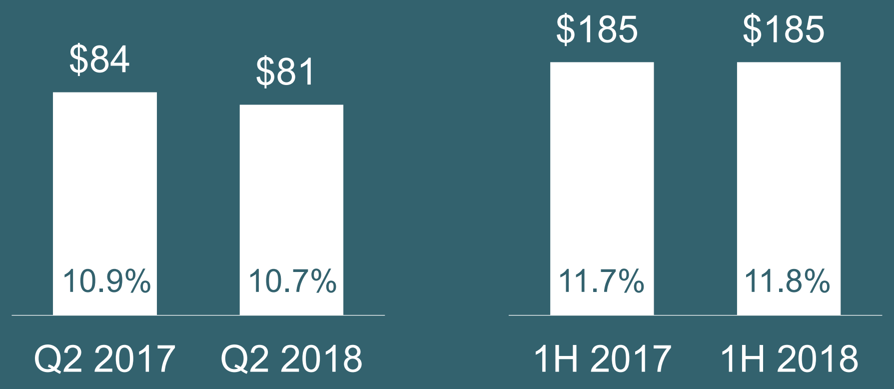
(Dollars in millions)

Sales



Adj. EBITDA



Y/Y Variance

	Q2	1H
Asia Pacific	$4	$23
Europe	12	12
Americas	(36)	(56)
Eliminations	4	9
Variance	**($16)**	**($12)**

	Q2	1H
Volume	($17)	($30)
Currency	6	15
DriveCore™	(1)	(2)
Business Equation (1)	9	17
Variance	**($3)**	**–**

(1) Reflects manufacturing, material, SG&A and engineering cost efficiencies, net of customer pricing

Q2 and 1st half results impacted by lower North America volumes and roll-off business

Q2 and 1st Half 2018 Cash Flow and Balance Sheet

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(Dollars in millions)

Adj. FCF

$77 million
1st Half 2018

Net Cash

$528 million cash
$378 million debt

Debt / EBITDA

1.0x

	1H 2017	1H 2018
Adjusted EBITDA	$185	$185
Trade Working Capital	(21)	63
Cash Taxes	(26)	(24)
Interest Payments	(8)	(5)
Other Changes	(27)	(73)
Capital Expenditures	(47)	(69)
Adjusted FCF	**$56**	**$77**
Memo: Q2 Adjusted FCF	*$87*	*$29*

Strong adjusted free cash flow performance

Opportunities for Additional Shareholder Distributions

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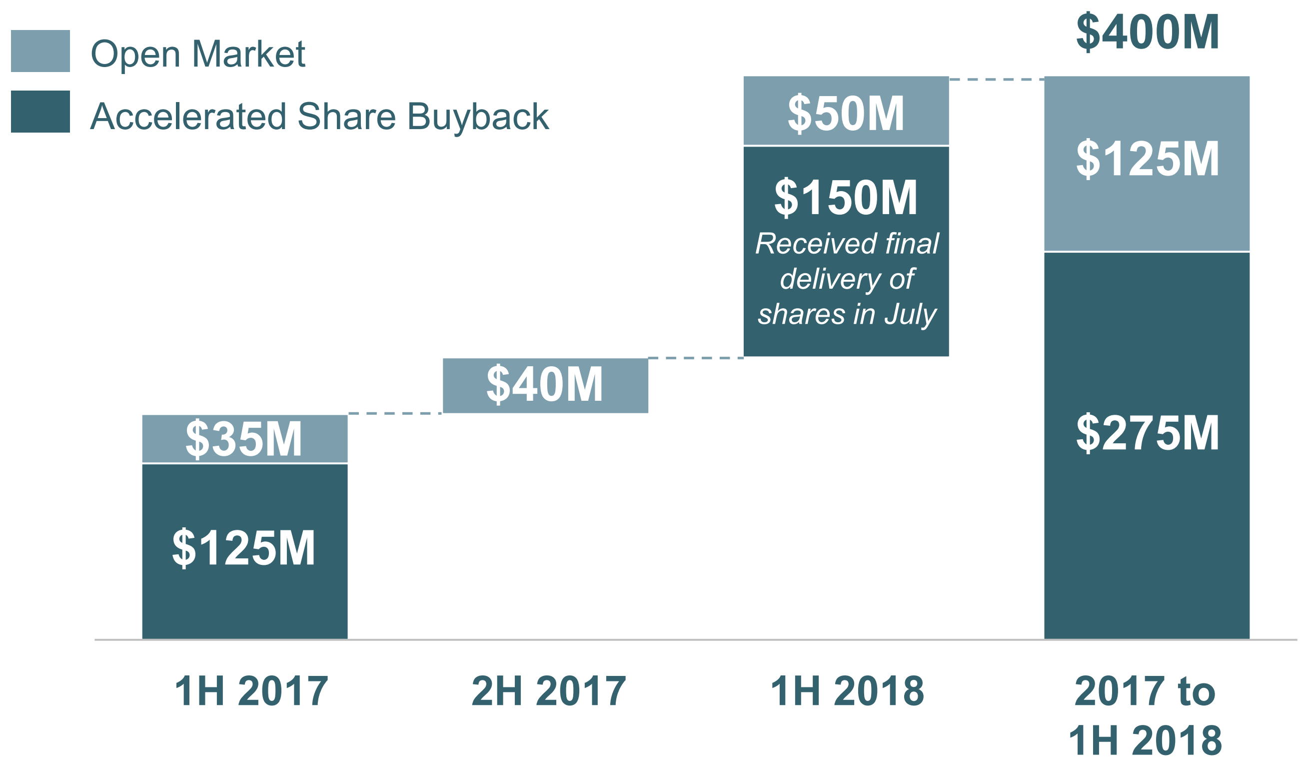
Returned $400 Million to Shareholders Since 2017



Remaining Authorization

Repurchased 3.6 million shares since beginning of 2017

Updated Full-Year 2018 Guidance

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	FY 2017 Actual	FY 2018 Guidance
Sales	**$3,146** million	**$3,100-3,150** million
Adj. EBITDA	**$370** million *(11.8% margin)*	**$350-360** million *(~11.3% margin)*
Adj. FCF	**$146** million	**$160-170** million

Building the Foundation Through Operational Excellence

Visteon

1st Half 2018 Performance

Executing on Our Long-Term Strategies

- ✓ New business wins of \$3.8 billion, leading to backlog of \$21.1 billion
- ✓ Leading the shift to ECU Consolidation, Display Audio and Digital Clusters

Margin Expansion / Cash Flow Generation

- ✓ Delivered \$185 million in adjusted EBITDA, at a margin of 11.8%
- ✓ Generated positive adjusted free cash flow of \$77 million

Return Enhancement via Capital Deployment

- ✓ Executed \$200 million in open-market repurchases and ASR
- ✓ \$500 million remaining in authorized share buyback programs

Appendix

July 26, 2018

Forward-Looking Information

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- This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. 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:
  - 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 satisfy pension and other post-employment benefit obligations;
  - 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; 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, 2017).
- 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 June 30, 2018. 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 productions levels, customer price reductions and currency exchange rates.

Use of Non-GAAP Financial Information

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- 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 2018, 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

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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.

	2017					2018		
(Dollars in millions)	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Gross margin (1)	**$129**	**$111**	**$114**	**$139**	**$493**	**$129**	**$104**	**$233**
Less:								
Stock-based compensation expense	-	1	-	1	2	1	1	2
Intangibles amortization - COGS	1	1	1	-	3	1	1	2
Other	-	(1)	(3)	(2)	(6)	-	-	-
Subtotal	**$1**	**$1**	**($2)**	**($1)**	**($1)**	**$2**	**$2**	**$4**
Adjusted gross margin	**$130**	**$112**	**$112**	**$138**	**$492**	**$131**	**$106**	**$237**

Adjusted SG&A

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

	2017					2018		
(Dollars in millions)	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
SG&A (1)	**$52**	**$54**	**$55**	**$65**	**$226**	**$44**	**$55**	**$99**
Less:								
Stock-based compensation expense	(2)	(3)	(3)	(2)	(10)	7	(5)	2
Intangibles amortization - SG&A	(2)	(2)	(2)	(3)	(9)	(2)	(2)	(4)
Subtotal	**($4)**	**($5)**	**($5)**	**($5)**	**($19)**	**$5**	**($7)**	**($2)**
Adjusted SG&A	**$48**	**$49**	**$50**	**$60**	**$207**	**$49**	**$48**	**$97**

(1) 2017 gross margin and SG&A reflect the retrospective adoption of ASU 2017-07 – "Compensation – Retirement Benefits (Topic 715): Improving the presentation of net periodic pension cost and net periodic postretirement benefit cost." See the Company's Form 10-Q for the quarter ending June 30, 2018 for further information.

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

Visteon

Adjusted Net Income and Adjusted EPS

- *The Company defines Adjusted net income as net income attributable to Visteon adjusted to eliminate the impact of restructuring expense, loss on divestiture, 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.*

	2017					2018		
(Dollars and shares in millions, except per share data)	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Net income attributable to Visteon	**$63**	**$45**	**$43**	**$25**	**$176**	**$65**	**$35**	**$100**
Average shares outstanding, diluted	33.0	32.0	31.8	31.7	32.2	30.8	29.9	30.4
Earnings per share	**$1.91**	**$1.41**	**$1.35**	**$0.79**	**$5.47**	**$2.11**	**$1.17**	**$3.29**
Memo: Adjusted EPS								
Net income attributable to Visteon	**$63**	**$45**	**$43**	**$25**	**$176**	**$65**	**$35**	**$100**
Restructuring expense	1	3	6	4	14	5	5	10
Loss on divestiture	-	-	-	33	33	-	-	-
Discontinued operations	(8)	-	-	(9)	(17)	(2)	1	(1)
Other	1	(4)	(4)	(1)	(8)	(4)	-	(4)
Subtotal	**($6)**	**($1)**	**$2**	**$27**	**$22**	**($1)**	**$6**	**$5**
Adjusted net income	**$57**	**$44**	**$45**	**$52**	**$198**	**$64**	**$41**	**$105**
Average shares outstanding, diluted	33.0	32.0	31.8	31.7	32.2	30.8	29.9	30.4
Adjusted earnings per share	**$1.73**	**$1.38**	**$1.42**	**$1.64**	**$6.15**	**$2.08**	**$1.37**	**$3.45**

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

Visteon

Adjusted EBITDA

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

	2017					2018			FY 2018 Guidance	
(Dollars in millions)	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD	Low-end	High-end
Net income attributable to Visteon	**$63**	**$45**	**$43**	**$25**	**$176**	**$65**	**$35**	**$100**	**$168**	**$178**
Depreciation and amortization	19	22	21	25	87	22	23	45	92	92
Restructuring expense	1	3	6	4	14	5	5	10	20	20
Interest expense, net	5	4	3	4	16	2	2	4	8	8
Equity in net income of non-consolidated affiliates	(2)	(3)	(1)	(1)	(7)	(3)	(4)	(7)	(13)	(13)
Provision for income taxes	16	10	8	14	48	21	12	33	58	58
Income from discontinued operations, net of tax	(8)	-	-	(9)	(17)	(2)	1	(1)	(1)	(1)
Net income attributable to non-controlling interests	4	3	4	5	16	4	1	5	12	12
Non-cash, stock-based compensation	2	4	3	3	12	(6)	6	-	10	10
Other	1	(4)	(4)	32	25	(4)	-	(4)	(4)	(4)
Subtotal	**$38**	**$39**	**$40**	**$77**	**$194**	**$39**	**$46**	**$85**	**$182**	**$182**
Adjusted EBITDA	**$101**	**$84**	**$83**	**$102**	**$370**	**$104**	**$81**	**$185**	**$350**	**$360**

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

Visteon

Free Cash Flow and Adjusted Free Cash Flow

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

	2017					2018			FY 2018 Guidance	
(Dollars in millions)	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD	Low-end	High-end
Cash from (used by) operating activities (1)	**($11)**	**$96**	**$44**	**$86**	**$215**	**$81**	**$45**	**$126**	**$240**	**$250**
Less: Capital expenditures, including intangibles	(32)	(15)	(22)	(30)	(99)	(44)	(25)	(69)	(110)	(105)
Free cash flow	**($43)**	**$81**	**$22**	**$56**	**$116**	**$37**	**$20**	**$57**	**$130**	**$145**
Exclude: Restructuring / transformation-related payments	12	6	10	2	30	11	9	20	30	25
Adjusted free cash flow	**($31)**	**$87**	**$32**	**$58**	**$146**	**$48**	**$29**	**$77**	**$160**	**$170**

(1) 2017 cash from (used by) operating activities reflect the retrospective adoption of ASU 2016-15 "Statement of Cash Flows (Topic 230): Classification of certain cash receipts and cash payments." See the Company's 10-Q for the quarter ending June 30, 2018 for further information.

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

Visteon

Adjusted EBITDA Build-up

(Dollars in millions)	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 Full Year	2018 Q1	2018 Q2	2018 YTD
Product Sales	$810	$774	$765	$797	$3,146	$814	$758	$1,572
Gross Margin	$129	$111	$114	$139	$493	$129	$104	$233
Intangibles Amortization - COGS	1	1	1	-	3	1	1	2
Other / Stock-Based Compensation Expense	-	-	(3)	(1)	(4)	1	1	2
Adjusted Gross Margin	**$130**	**$112**	**$112**	**$138**	**$492**	**$131**	**$106**	**$237**
% of Sales	*16.0%*	*14.5%*	*14.6%*	*17.3%*	*15.6%*	*16.1%*	*14.0%*	*15.1%*
SG&A	($52)	($54)	($55)	($65)	($226)	($44)	($55)	($99)
Intangibles Amortization - SG&A	2	2	2	3	9	2	2	4
Other / Stock-Based Compensation Expense	2	3	3	2	10	(7)	5	(2)
Adjusted SG&A	**($48)**	**($49)**	**($50)**	**($60)**	**($207)**	**($49)**	**($48)**	**($97)**
Adjusted EBITDA								
Adjusted Gross Margin	$130	$112	$112	$138	$492	$131	$106	$237
Adjusted SG&A	(48)	(49)	(50)	(60)	(207)	(49)	(48)	(97)
D&A	16	19	18	22	75	19	20	39
Pension Financing Benefits, net	3	2	3	2	10	3	3	6
Adjusted EBITDA	**$101**	**$84**	**$83**	**$102**	**$370**	**$104**	**$81**	**$185**
% of Sales	*12.5%*	*10.9%*	*10.8%*	*12.8%*	*11.8%*	*12.8%*	*10.7%*	*11.8%*
Equity in Affiliates	$2	$3	$1	$1	$7	$3	$4	$7
Noncontrolling Interests	(4)	(3)	(4)	(5)	(16)	(4)	(1)	(5)

Financial Results – U.S. GAAP

Visteon®

(Dollars in millions, except per share data)	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 Full Year	2018 Q1	2018 Q2	2018 YTD
Income Statement								
Sales	$810	$774	$765	$797	$3,146	$814	$758	$1,572
Gross margin (1)	129	111	114	139	493	129	104	233
SG&A (1)	52	54	55	65	226	44	55	99
Net income attributable to Visteon	63	45	43	25	176	65	35	100
Earnings per share, diluted	$1.91	$1.41	$1.35	$0.79	$5.47	$2.11	$1.17	$3.29
Cash Flow Statement								
Cash (used by) from operating activities (2)	($11)	$96	$44	$86	$215	$81	$45	$126
Capital expenditures, including intangibles	32	15	22	30	99	44	25	69

(1) 2017 gross margin and SG&A reflect the retrospective adoption of ASU 2017-07 – “Compensation – Retirement Benefits (Topic 715): Improving the presentation of net periodic pension cost and net periodic postretirement benefit cost.”
(2) 2017 cash from (used by) operating activities reflect the retrospective adoption of ASU 2016-15 “Statement of Cash Flows (Topic 230): Classification of certain cash receipts and cash payments.”
See the Company’s 10-Q for the quarter ending June 30, 2018 for further information.

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