

Visteon Q3 2019 Earnings

October 24, 2019



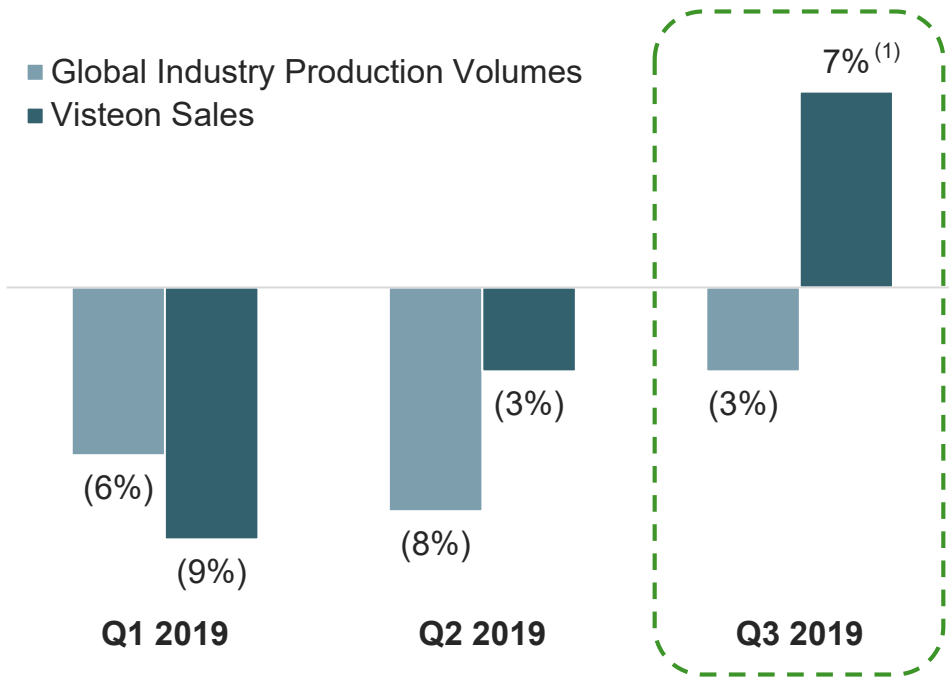
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Q3 2019 Overview



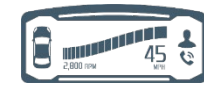
Year-over-Year Sales Performance

Industry Production vs. Visteon Sales



(1) Visteon organic sales growth of 5% Y/Y (ex. JV consolidation impact).

Visteon Q3 Growth Drivers



Digital Cluster

- Digital cluster sales up double-digits Y/Y
- Digital now represents nearly 30% of our cluster sales vs. 18% last year
- Strong growth in North America and Europe



Display Audio

- Display audio sales up double-digits Y/Y
- Ramp-up of two programs in South America
- New telematics product in China with Alibaba services






Displays

- Ramp-up of center information displays for a European OEM on multiple vehicle models

Visteon sales growth 10 percentage points above market in Q3

Regional Diversification of Sales Growth

	Visteon Q3 Y/Y Sales Growth	Growth Over Market ⁽¹⁾	Visteon Y/Y Sales Drivers
 Americas	+12%	+15%	Ramp-up of center information displays and digital cluster launches offset roll-off of legacy, small displays and industry shift away from sedans
 Asia	+10%	+9%	New product launches, higher take rates, and JV consolidation in China partially offset by roll-off of infotainment at Mazda
 Europe	-1%	+3%	Ramp-up of SmartCore™ and digital clusters offsetting roll-off of legacy products

(1) Represents Y/Y change in Visteon sales vs. vehicle production volumes at Visteon top customers.

Visteon sales outperformed vehicle production in all regions



Highlights



Robust Product Launches

- 12 launches (35 YTD)
- First cluster with Great Wall in China for Haval H9 SUV
- Center information display with Mazda on multiple car lines



CID Display Product Ramp-up Complete

- CID launched on multiple vehicles with OEM
- Additional variants with OEM to launch through 2021
- Awarded new curved displays with additional OEMs



Growing Low-Cost Engineering

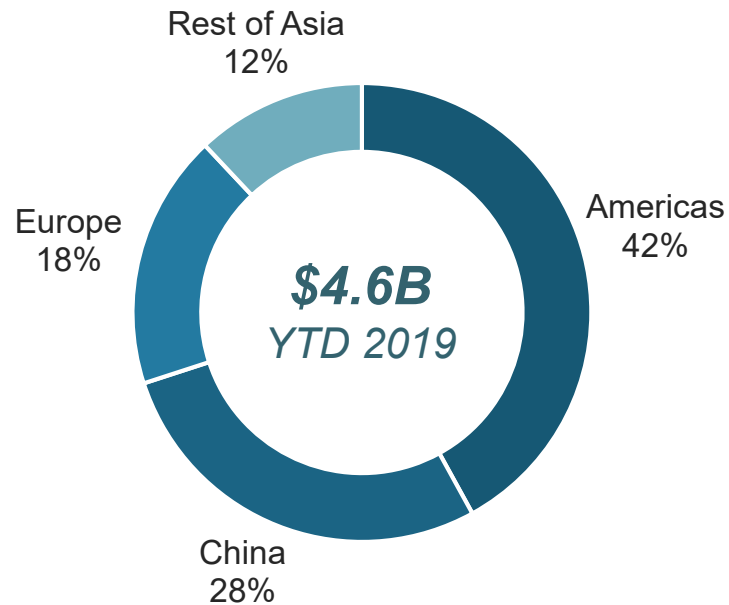
- Lower Q3 engineering costs Y/Y
- Opened tech center in Mexico
- Added 600 engineers YTD to support growth

Strong product launch performance while optimizing engineering costs

YTD New Business Wins



NBWs by Region



Highlights



North America performance driven by wins with two of the largest U.S. OEMs



\$725M from displays driven by industry trend to multi-display modules



2 new customers added



\$21.9B current ARAP ⁽¹⁾

(1) Anticipated Revenue from Awarded Programs.

Full-year 2019 new business win outlook of \$6.0-6.5 billion

Key Q3 New Business Wins

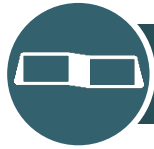


Multi-Display Module

Europe OEM



Multi-display module for new customer for global market



Cluster + CID

Japan OEM



Digital cluster plus center display for infotainment for China market



Android Infotainment

U.S. OEM



Android-based infotainment system for South America market

Next-gen digital solutions and customer portfolio expansion



Summary



Financial Results

Sales of \$731 million, up 7% Y/Y
Adjusted EBITDA of \$62 million



Operational Update

Q3 engineering costs down Y/Y
Opened new tech center in Mexico



Regional Sales Growth

Asia and Americas grew Y/Y
Europe down modestly Y/Y



New Business Wins

\$4.6 billion in YTD new business wins
New premium segment customer in Q3



Launch Performance

12 launches in Q3 (35 YTD)
7 launches in China



Q4 2019 Outlook

Global market volumes down ~5% Y/Y
Expect growth over market for Visteon

Q3 2019 Financial Results

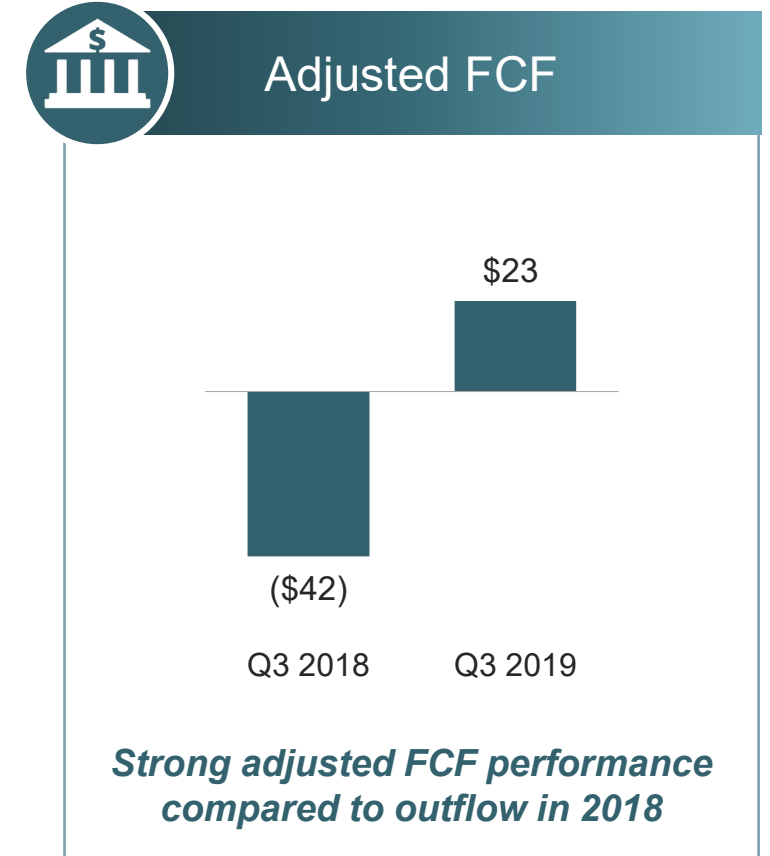
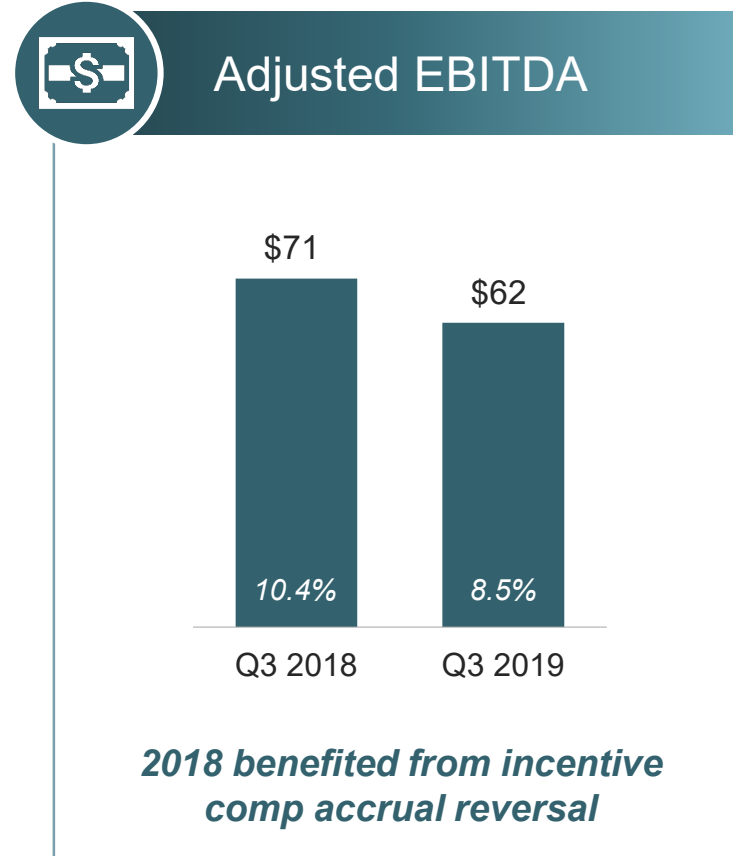
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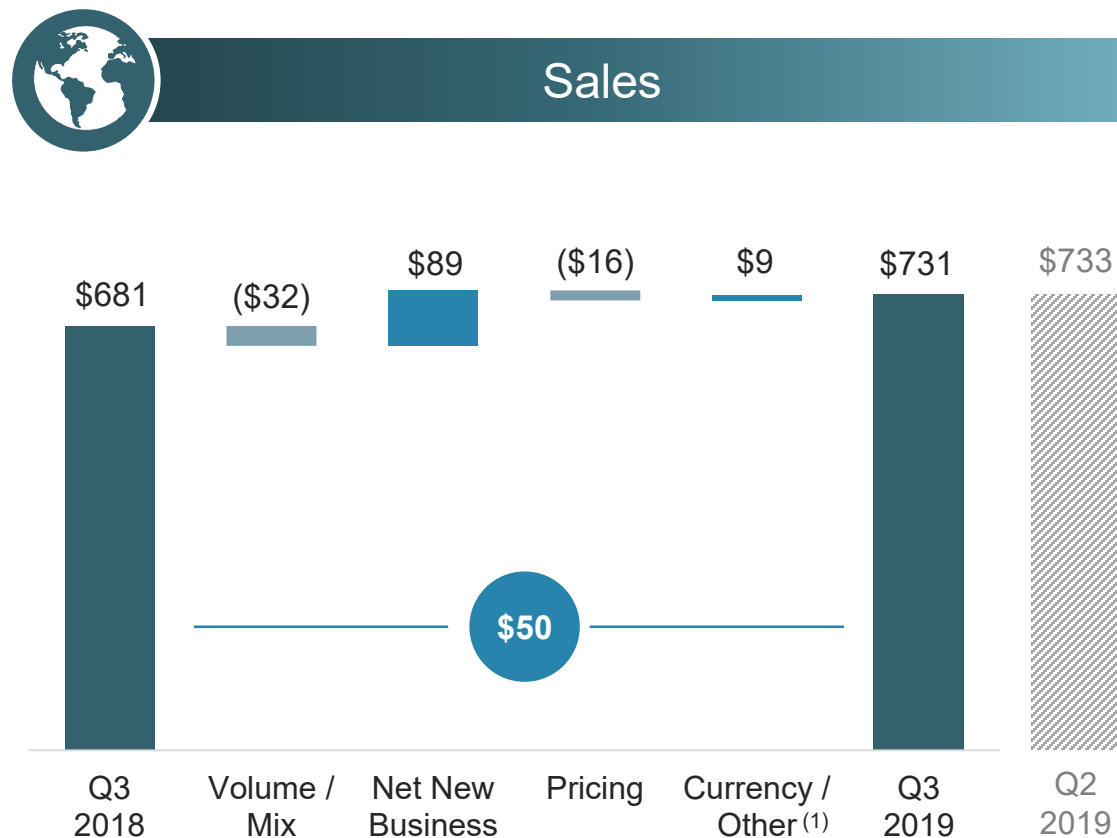
Q3 2019 Key Financials *

(Dollars in millions)

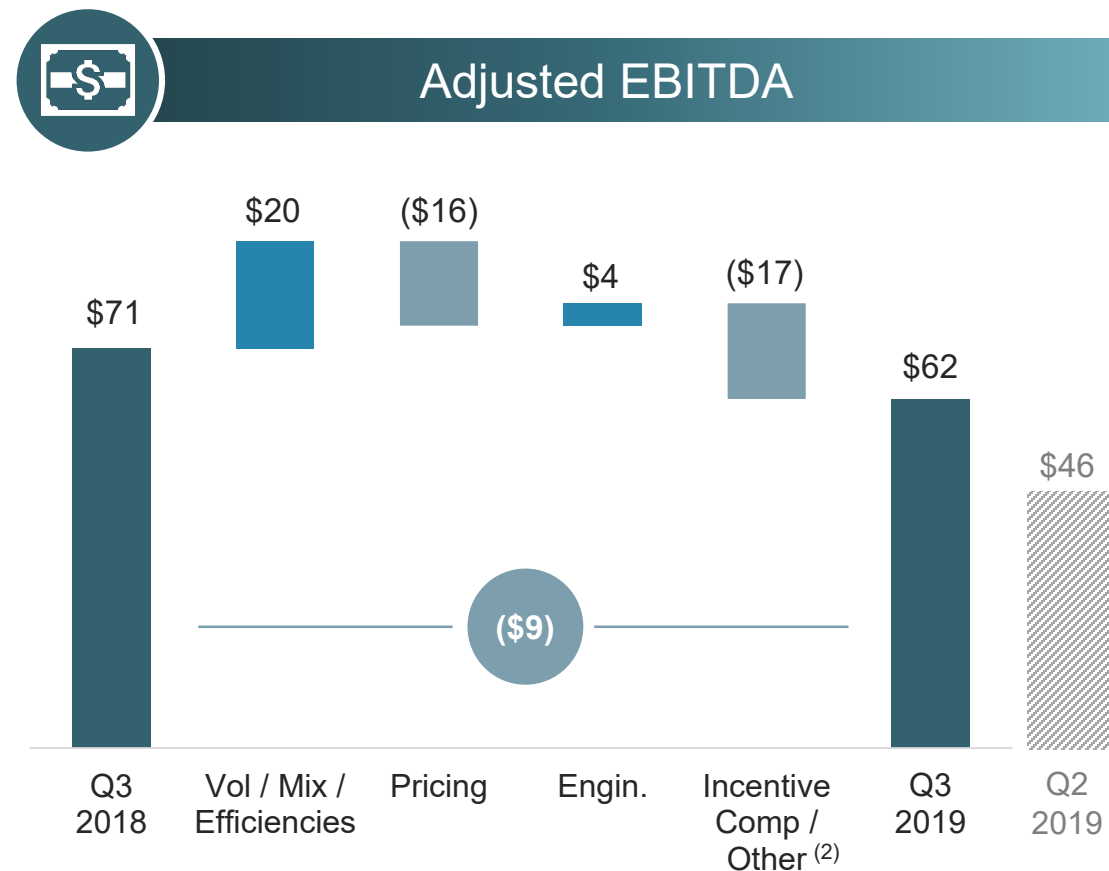


Q3 2019 vs. Q3 2018 Key Drivers

(Dollars in millions)



1st quarter of Y/Y revenue growth since Q1 2018, driven by net new business



Volume, mix and efficiencies offset annual price reductions

(1) Other primarily reflects impact of a joint venture consolidation.
 (2) Other includes change in SG&A, currency and other items.

Adjusted Free Cash Flow and Balance Sheet

(Dollars and shares in millions)

<p>Net Cash</p>	<p>\$446 cash \$395 debt</p>
<p>Share Buyback Authorization</p>	<p>\$380</p>
<p>Diluted Shares Outstanding</p>	<p>28.1</p>




	Q3 2018	Q3 2019
Adjusted EBITDA	\$71	\$62
Trade Working Capital	(36)	18
Cash Taxes	(16)	(9)
Interest Payments	(3)	(4)
Other Changes	(31)	(6)
Capital Expenditures	(27)	(38)
Adjusted FCF	(\$42)	\$23

Q3 2019 adjusted FCF benefited from strong trade working capital performance

Full-Year 2019 Guidance

(Dollars in millions)

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	Prior Guidance	Updated Guidance	
 Sales	\$2,900-3,000	\$2,925-2,975	<i>Narrowed range</i>
 Adj. EBITDA	\$230-250 (~8% margin)	\$230-250 (~8% margin)	<i>Unchanged</i>
 Adj. FCF	\$30-50	\$40-60	<i>Increased</i>



Technology Innovation



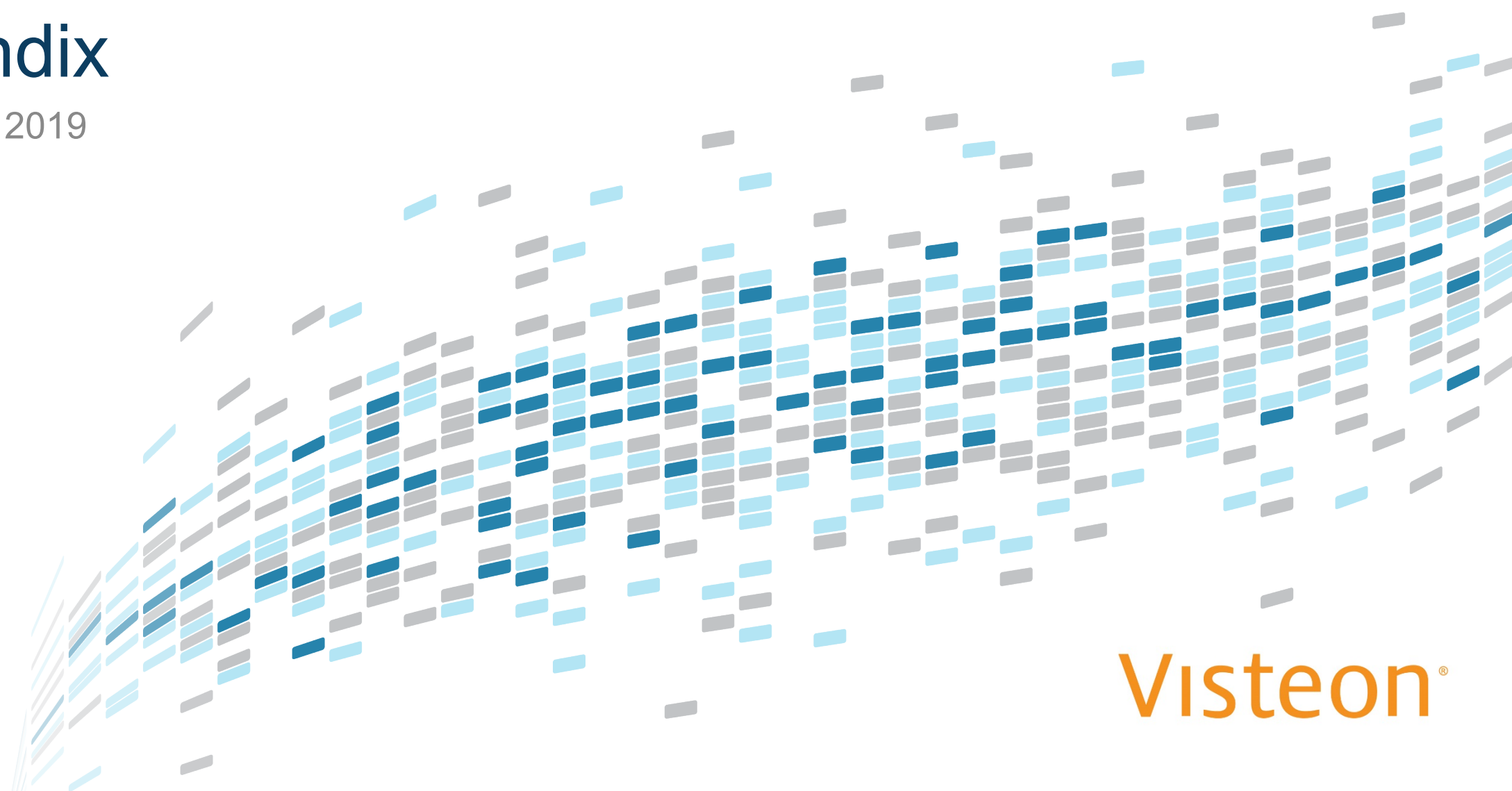
Long-Term Growth



Financial Returns

Appendix

October 24, 2019



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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:
 - 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, 2018).
- 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 September 30, 2019. 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 2019, 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)	2018					2019		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3
Gross margin	\$129	\$104	\$82	\$96	\$411	\$66	\$70	\$84
Less:								
Stock-based compensation expense	1	1	1	-	3	1	1	1
Intangibles amortization	1	1	1	1	4	1	-	2
Other	-	-	-	-	-	-	1	-
Subtotal	\$2	\$2	\$2	\$1	\$7	\$2	\$2	\$3
Adjusted gross margin	\$131	\$106	\$84	\$97	\$418	\$68	\$72	\$87

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.

(Dollars in millions)	2018					2019		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3
SG&A	\$44	\$55	\$40	\$54	\$193	\$57	\$58	\$52
Less:								
Stock-based compensation expense	7	(5)	(3)	(4)	(5)	(4)	(5)	(2)
Intangibles amortization	(2)	(2)	(3)	(2)	(9)	(3)	(3)	(2)
Subtotal	\$5	(\$7)	(\$6)	(\$6)	(\$14)	(\$7)	(\$8)	(\$4)
Adjusted SG&A	\$49	\$48	\$34	\$48	\$179	\$50	\$50	\$48

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



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, 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)	2018					2019		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3
Net income attributable to Visteon	\$65	\$35	\$21	\$43	\$164	\$14	\$7	\$14
Average shares outstanding, diluted	30.8	29.9	29.5	28.9	29.7	28.4	28.2	28.1
Earnings per share	\$2.11	\$1.17	\$0.71	\$1.49	\$5.52	\$0.49	\$0.25	\$0.50
Memo: Adjusted EPS								
Net income attributable to Visteon	\$65	\$35	\$21	\$43	\$164	\$14	\$7	\$14
Restructuring expense	5	5	18	1	29	1	-	1
Discontinued operations	(2)	1	(1)	1	(1)	-	-	-
Gain on consolidation	-	-	(4)	-	(4)	-	-	-
Other	(4)	-	-	-	(4)	-	1	-
Tax effect of adjustments	-	-	(1)	(1)	(2)	-	-	-
Subtotal	(\$1)	\$6	\$12	\$1	\$18	\$1	\$1	\$1
Adjusted net income	\$64	\$41	\$33	\$44	\$182	\$15	\$8	\$15
Average shares outstanding, diluted	30.8	29.9	29.5	28.9	29.7	28.4	28.2	28.1
Adjusted earnings per share	\$2.08	\$1.37	\$1.12	\$1.52	\$6.13	\$0.53	\$0.28	\$0.53

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



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.

(Dollars in millions)	2018					2019			FY 2019 Guidance	
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Low-end	High-end
Net income attributable to Visteon	\$65	\$35	\$21	\$43	\$164	\$14	\$7	\$14	\$57	\$72
Depreciation and amortization	22	23	22	24	91	25	24	25	99	99
Restructuring expense	5	5	18	1	29	1	-	1	15	15
Interest expense, net	2	2	2	1	7	2	2	3	9	9
Equity in net income of non-consolidated affiliates	(3)	(4)	(3)	(3)	(13)	(3)	(3)	(1)	(11)	(11)
Provision for income taxes	21	12	9	1	43	(5)	8	13	30	35
Income from discontinued operations, net of tax	(2)	1	(1)	1	(1)	-	-	-	-	-
Net income attributable to non-controlling interests	4	1	3	2	10	2	1	4	10	10
Non-cash, stock-based compensation	(6)	6	4	4	8	5	6	3	20	20
Other	(4)	-	(4)	-	(8)	-	1	-	1	1
Subtotal	\$39	\$46	\$50	\$31	\$166	\$27	\$39	\$48	\$173	\$178
Adjusted EBITDA	\$104	\$81	\$71	\$74	\$330	\$41	\$46	\$62	\$230	\$250
<hr/>										
<u>Memo: Adjusted Net Income</u>										
Net income attributable to Visteon	\$65	\$35	\$21	\$43	\$164	\$14	\$7	\$14	\$57	\$72
Restructuring expense	5	5	18	1	29	1	-	1	15	15
Discontinued operations	(2)	1	(1)	1	(1)	-	-	-	-	-
Gain on consolidation	-	-	(4)	-	(4)	-	-	-	-	-
Other	(4)	-	-	-	(4)	-	1	-	1	1
Tax effect of adjustments	-	-	(1)	(1)	(2)	-	-	-	-	-
Subtotal	(\$1)	\$6	\$12	\$1	\$18	\$1	\$1	\$1	\$16	\$16
Adjusted net income	\$64	\$41	\$33	\$44	\$182	\$15	\$8	\$15	\$73	\$88

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)	2018					2019			FY 2019 Guidance	
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Low-end	High-end
Cash flow from (for) operating activities	\$81	\$45	(\$19)	\$97	\$204	\$4	\$57	\$57	\$165	\$175
Less: Capital expenditures, including intangibles	(44)	(25)	(27)	(31)	(127)	(37)	(34)	(38)	(145)	(135)
Free cash flow	\$37	\$20	(\$46)	\$66	\$77	(\$33)	\$23	\$19	\$20	\$40
Exclude: Restructuring-related payments	11	9	4	6	30	3	5	4	20	20
Adjusted free cash flow	\$48	\$29	(\$42)	\$72	\$107	(\$30)	\$28	\$23	\$40	\$60

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



Adjusted EBITDA Build-up

(Dollars in millions)	2018					2019		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3
Sales	\$814	\$758	\$681	\$731	\$2,984	\$737	\$733	\$731
Gross margin	\$129	\$104	\$82	\$96	\$411	\$66	\$70	\$84
Intangibles amortization	1	1	1	1	4	1	-	2
Stock-based compensation expense	1	1	1	-	3	1	1	1
Other	-	-	-	-	-	-	1	-
Adjusted gross margin	\$131	\$106	\$84	\$97	\$418	\$68	\$72	\$87
<i>% of sales</i>	<i>16.1%</i>	<i>14.0%</i>	<i>12.3%</i>	<i>13.3%</i>	<i>14.0%</i>	<i>9.2%</i>	<i>9.8%</i>	<i>11.9%</i>
SG&A	(\$44)	(\$55)	(\$40)	(\$54)	(\$193)	(\$57)	(\$58)	(\$52)
Intangibles amortization	2	2	3	2	9	3	3	2
Stock-based compensation expense	(7)	5	3	4	5	4	5	2
Adjusted SG&A	(\$49)	(\$48)	(\$34)	(\$48)	(\$179)	(\$50)	(\$50)	(\$48)
Adjusted EBITDA								
Adjusted gross margin	\$131	\$106	\$84	\$97	\$418	\$68	\$72	\$87
Adjusted SG&A	(49)	(48)	(34)	(48)	(179)	(50)	(50)	(48)
D&A	19	20	18	21	78	21	21	21
Pension financing benefits, net	3	3	3	4	13	2	3	2
Adjusted EBITDA	\$104	\$81	\$71	\$74	\$330	\$41	\$46	\$62
<i>% of sales</i>	<i>12.8%</i>	<i>10.7%</i>	<i>10.4%</i>	<i>10.1%</i>	<i>11.1%</i>	<i>5.6%</i>	<i>6.3%</i>	<i>8.5%</i>
Equity in affiliates	\$3	\$4	\$3	\$3	\$13	\$3	\$3	\$1
Noncontrolling interests	(4)	(1)	(3)	(2)	(10)	(2)	(1)	(4)

Reconciliation of Gross Margin



Gross Margin Build-up

(Dollars in millions)	2018					2019		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3
Sales	\$814	\$758	\$681	\$731	\$2,984	\$737	\$733	\$731
Cost of goods sold (ex. engineering)	(617)	(575)	(522)	(573)	(2,287)	(586)	(576)	(574)
Engineering costs, net	(68)	(79)	(77)	(62)	(286)	(85)	(87)	(73)
Gross margin	\$129	\$104	\$82	\$96	\$411	\$66	\$70	\$84
<hr/>								
<u>% of Sales</u>								
Cost of goods sold (ex. engineering)	75.8%	75.9%	76.7%	78.4%	76.6%	79.5%	78.6%	78.5%
Engineering costs, net	8.4	10.4	11.3	8.5	9.6	11.5	11.9	10.0
Gross margin	15.8%	13.7%	12.0%	13.1%	13.8%	9.0%	9.5%	11.5%
<hr/>								
<u>Engineering costs, net</u>								
Engineering costs, gross	(\$95)	(\$104)	(\$111)	(\$121)	(\$431)	(\$108)	(\$113)	(\$105)
Recoveries	27	25	34	59	145	23	26	32
Engineering costs, net	(\$68)	(\$79)	(\$77)	(\$62)	(\$286)	(\$85)	(\$87)	(\$73)

Financial Results – U.S. GAAP



(Dollars in millions, except per share data)	2018					2019		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3
<u>Income Statement</u>								
Sales	\$814	\$758	\$681	\$731	\$2,984	\$737	\$733	\$731
Gross margin	129	104	82	96	411	66	70	84
SG&A	44	55	40	54	193	57	58	52
Net income attributable to Visteon	65	35	21	43	164	14	7	14
Earnings per share, diluted	\$2.11	\$1.17	\$0.71	\$1.49	\$5.52	\$0.49	\$0.25	\$0.50
<u>Cash Flow Statement</u>								
Cash flow from (for) operating activities	\$81	\$45	(\$19)	\$97	\$204	\$4	\$57	\$57
Capital expenditures, including intangibles	44	25	27	31	127	37	34	38

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