

Visteon Q1 2017 Earnings

April 27, 2017



Visteon®

Electronics Product Group Q1 2017 Summary

- Record sales of \$810 million, an increase of \$17 million YOY
- Record adjusted EBITDA of \$101 million, an increase of \$7 million YOY
- Record adjusted EBITDA margin of 12.5%, an increase of 60 bps YOY
- Awarded \$1.5 billion in new business, an increase of 25% YOY



2017 Q1 Key Accomplishments

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Sales

- ✓ Achieved record \$810 million in sales
- ✓ Grew China domestic sales by 17% ex. FX year-over-year
- ✓ Awarded \$1.5 billion in new business



Profitability and Returns

- ✓ Delivered record adjusted EBITDA of \$101 million
- ✓ Achieved adjusted EPS of \$1.73
- ✓ Executed \$125 million share repurchase



Operational

- ✓ Introduced SmartCore™ technology in China market
- ✓ Progressed development of autonomous driving technology
- ✓ Commenced development of Gen 2 SmartCore™ technology

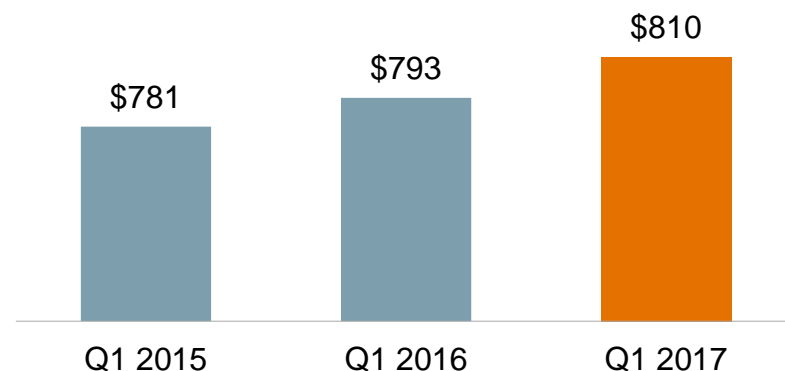
Strong performance sets a solid foundation for 2017

Strong Financial and Operational Performance*

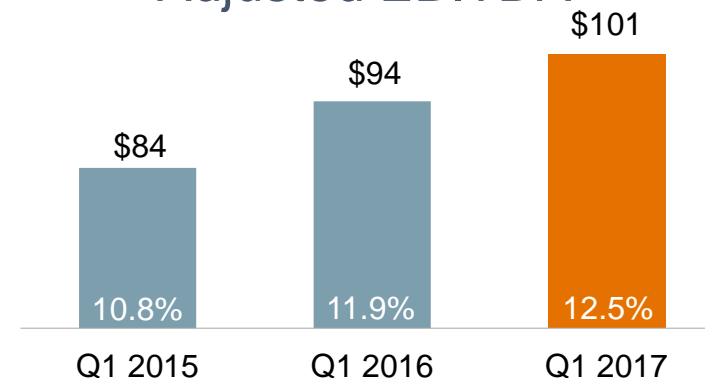
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(Dollars in Millions)

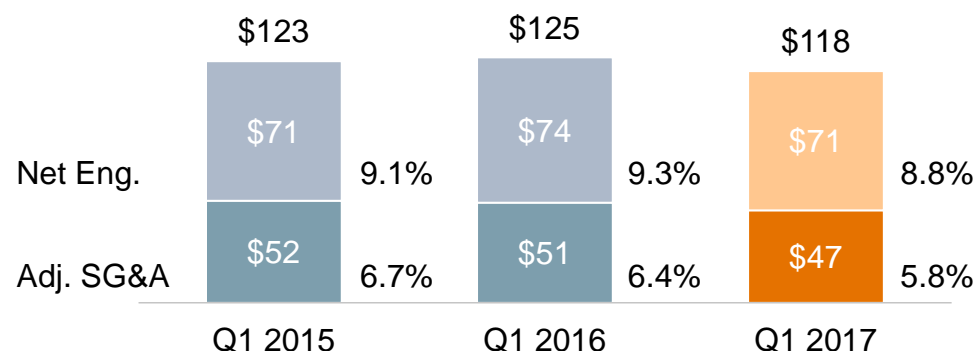
Sales



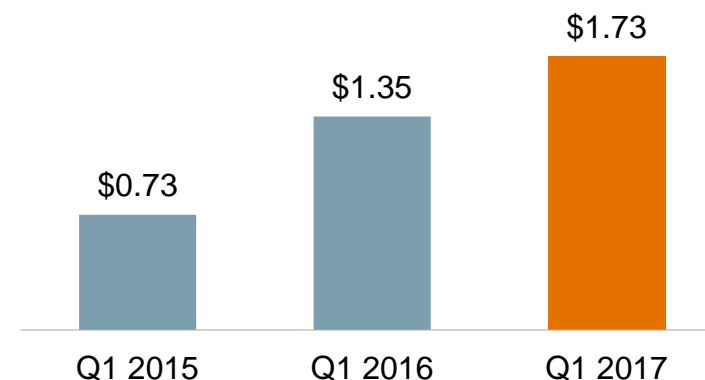
Adjusted EBITDA



Engineering / SG&A



Adjusted EPS

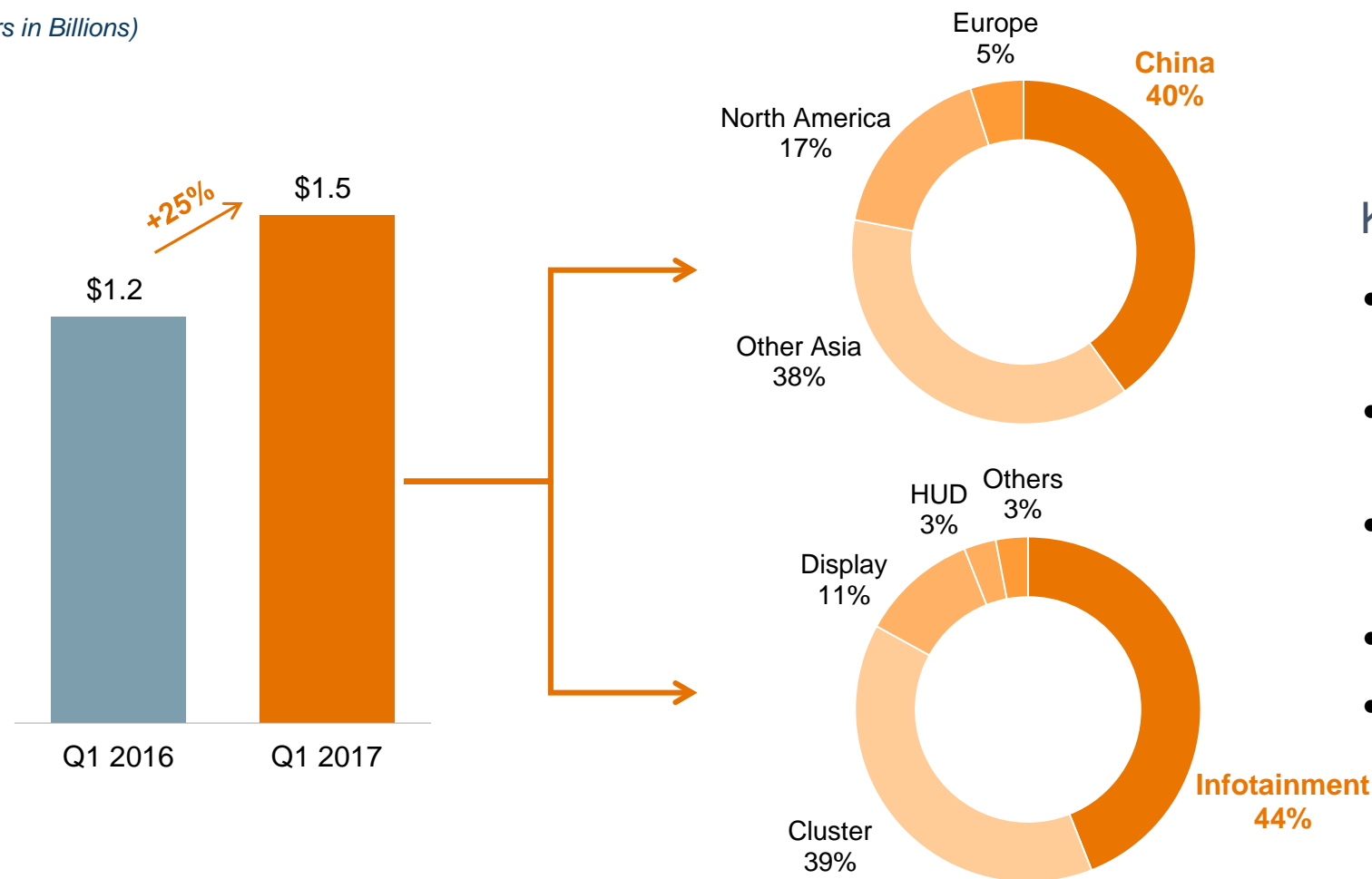


* Electronics Product Group Only.

Ongoing focus on operational excellence drives record profitability

Strong Performance in New Business Wins

(Dollars in Billions)



Key Highlights

- Solid wins in all core products globally
- Third major award for SmartCore™ cockpit domain controller technology
- Infotainment product line provides largest source of growth
- Strong growth in China
- 32 customer tech shows post CES

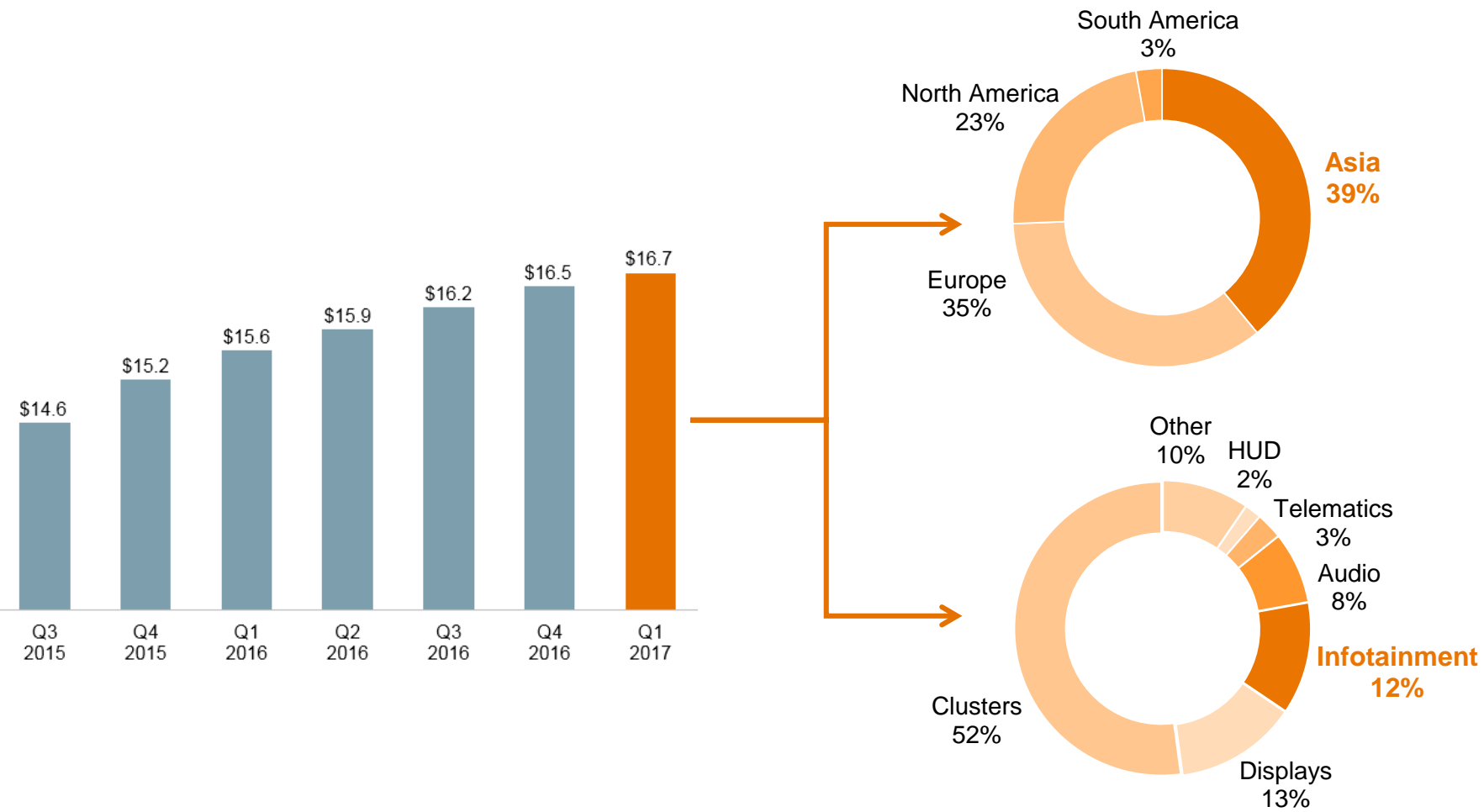
Note: New business wins represent booked lifetime revenue.

On track to deliver full year target for new business wins

Continued Growth in Backlog

(Dollars in Billions)

\$16.7 Billion Backlog Breakdown



Faster growing markets, Asia and Europe, represent 74% of backlog

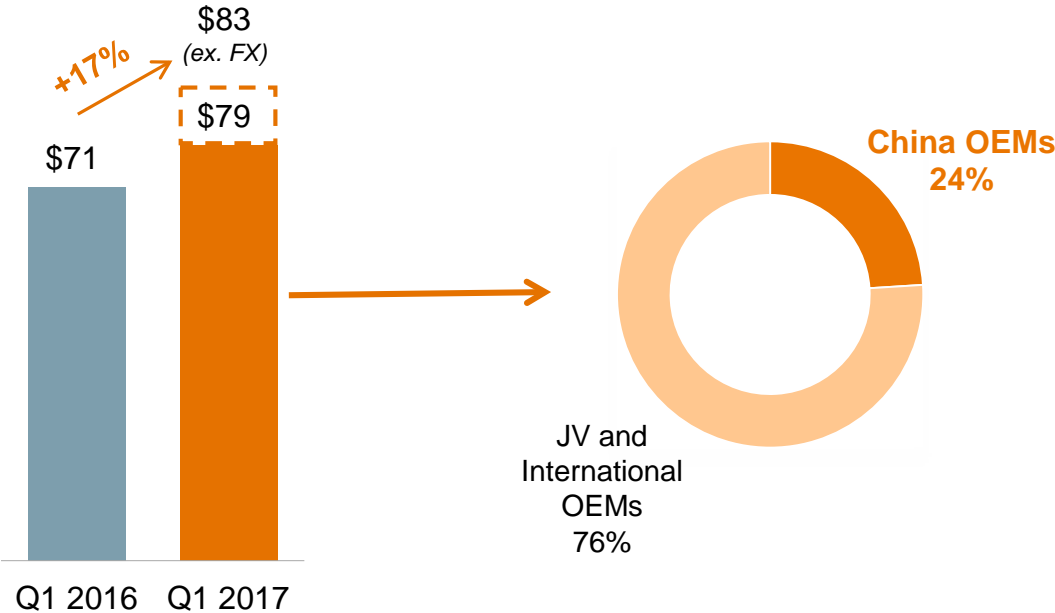
Infotainment backlog of 12%, 2 point increase

Business accelerating in faster growing markets and product segments

Robust Growth in China Continues

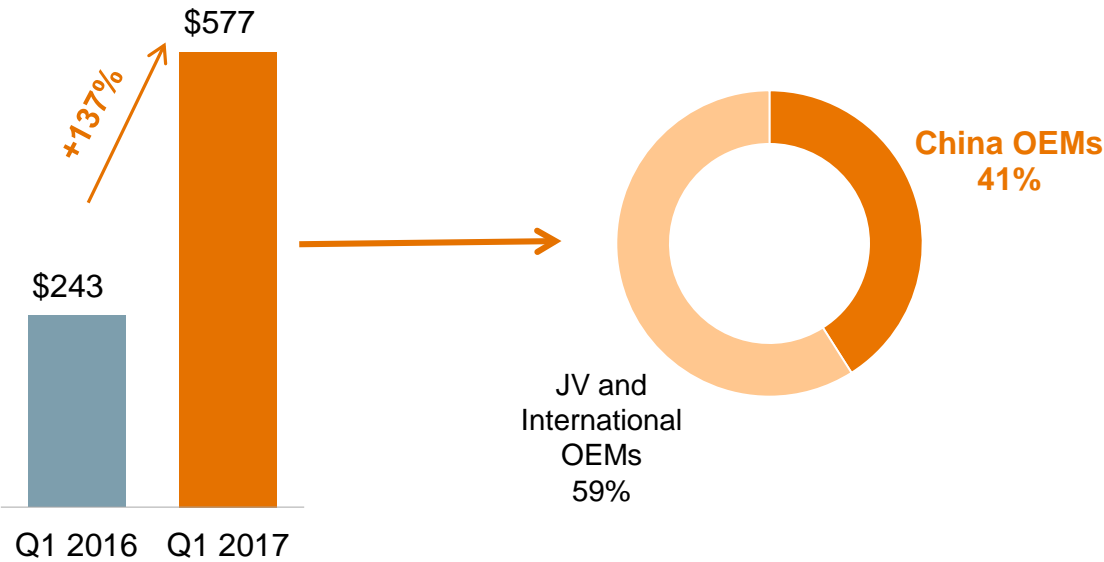
(Dollars in Millions)

Visteon China Domestic Sales



Sales increased 17% ex. FX, while vehicle production grew 7% ⁽¹⁾

Visteon China Domestic New Business Wins



41% of new business wins came from China OEMs

(1) April IHS volumes.

Sales and new business wins outpacing market growth

Dongfeng Cockpit Domain Controller Award

Powered by SmartCore™

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Award Details

- Dongfeng Motor Company high-volume light vehicle program
- SmartCore™ with instrument cluster and infotainment for high trim model
- Separate infotainment and instrument cluster for lower trims
- Opportunity for cross-vehicle expansion

SmartCore™ System Features

- All-digital cluster plus infotainment
- Embedded navigation with 3-D maps
- Smartphone integration with CarPlay and CarLife
- Bluetooth and WiFi wireless
- Natural language voice recognition

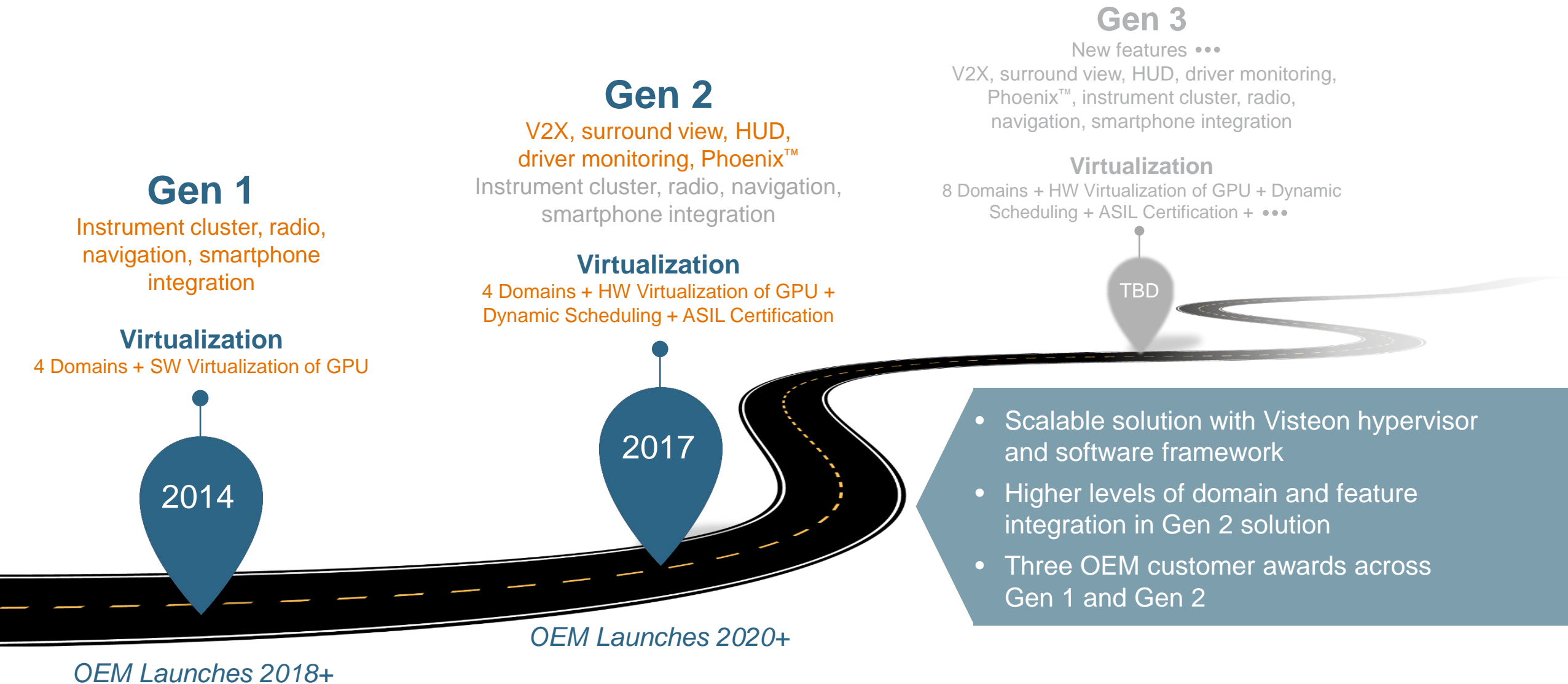


Industry-first cockpit domain controller award in China

SmartCore™ Roadmap

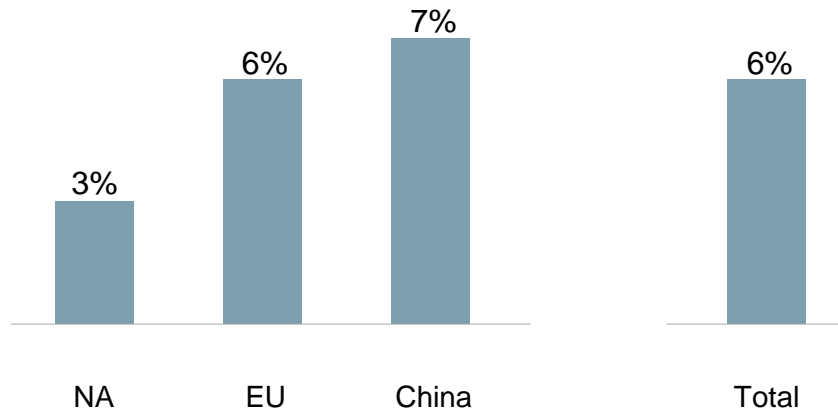
The Most Advanced Cockpit Domain Controller Technology

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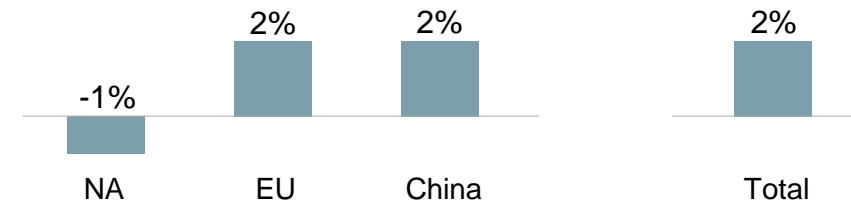


Year-Over-Year Change in Production Volumes⁽¹⁾

First Quarter 2017 Actuals



Full Year Forecast 2017



- Strong production volume growth in the first quarter of 2017 across all regions
- Visteon's expectations for China exceed IHS forecast
- Current IHS full year forecast in line with prior estimates

(1) April IHS volumes.

Visteon reaffirms full year 2017 financial guidance

2017 Strategic Priorities

Strengthen Core Business



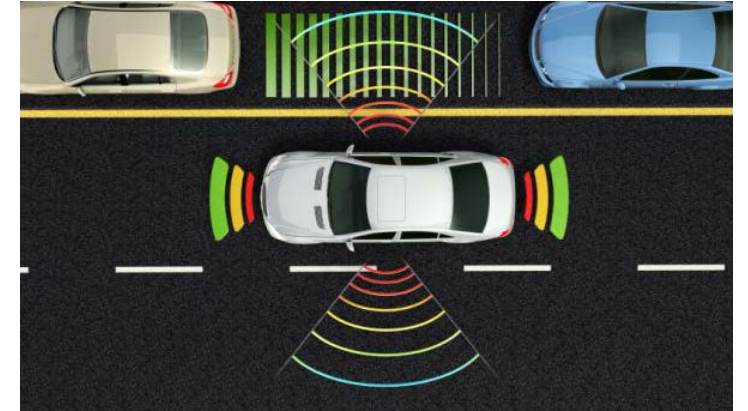
- ✓ Deliver higher sales and improve margins to ~11.5%
- ✓ Drive new business wins to achieve combined ~\$12 billion target for 2017/2018
- ✓ Continue focus on operational excellence

Accelerate China Business



- ✓ Achieve double-digit China sales growth in 2017
- ✓ Introduce SmartCore™ and Phoenix™ technologies in China
- ✓ Leverage joint venture relationships to drive adoption of new offerings

Develop Level 3+ Autonomous Driving Platform



- Leverage SmartCore™ technology platform for sensor fusion
- Pursue early engagement with selected customers
- Launch technology platform at CES 2018

Q1 2017 Financial Results

April 27, 2017



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Q1 2017 Key Financials*

(Dollars in Millions)

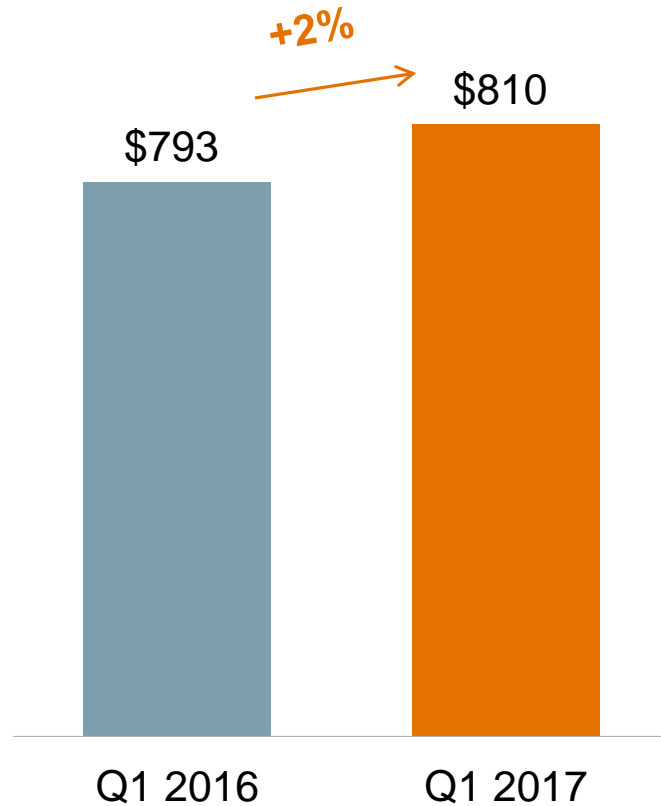


Electronics Product Group	Q1 2016	Q1 2017	2017 B/(W) 2016
Sales	\$793	\$810	2%
Adjusted EBITDA	\$94 11.9%	\$101 12.5%	7% 60 bps
Adjusted EPS	\$1.35	\$1.73	28%
Adjusted free cash flow	(\$22)	(\$30)	N/A

Sales Growth Despite Unfavorable Currency/Pricing

(Dollars in Millions)

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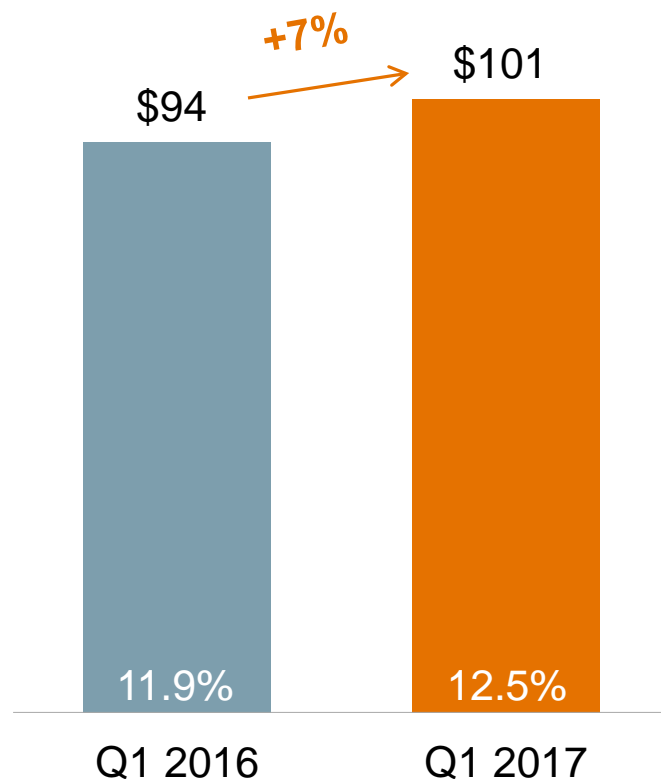
Sales	Q1
2017 Actual	\$810
2016 Actual	793
2017 B/(W) 2016	\$17
Key Drivers	
Volume/Mix/Launches	\$46
Currency	(11)
Pricing and Other Changes	(18)
Total	\$17

Note: Electronics Product Group Only.

Increased volumes and launches drive sales growth

Delivering Strong Electronics Adjusted EBITDA

(Dollars in Millions)



Adjusted EBITDA	Q1
2017 Actual	\$101
2016 Actual	94
2017 B/(W) 2016	\$7
Key Drivers	
Volume/Mix/New Business	\$5
Currency	2
Pricing and Other Changes	(18)
Material and Other Costs	12
Engineering and SG&A	6
Total	\$7

Higher volumes and cost efficiencies improve adjusted EBITDA

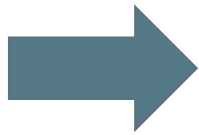
Capital Structure Actions

(Dollars in Millions)

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Executed Accelerated Stock Repurchase Program

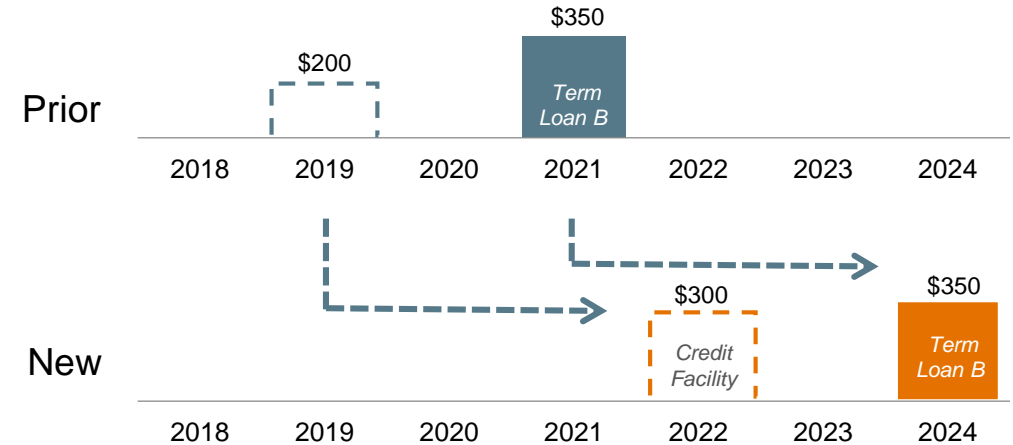
**\$125
Million**



Program to repurchase
~1.3 million shares
to be completed in May
(Delivered ~1M in March, ~300K at completion)

- Purchase price at time of execution: \$94.16
- Current diluted share count: 32.3 million
- \$275 million remaining in buyback program

Completed Refinancing

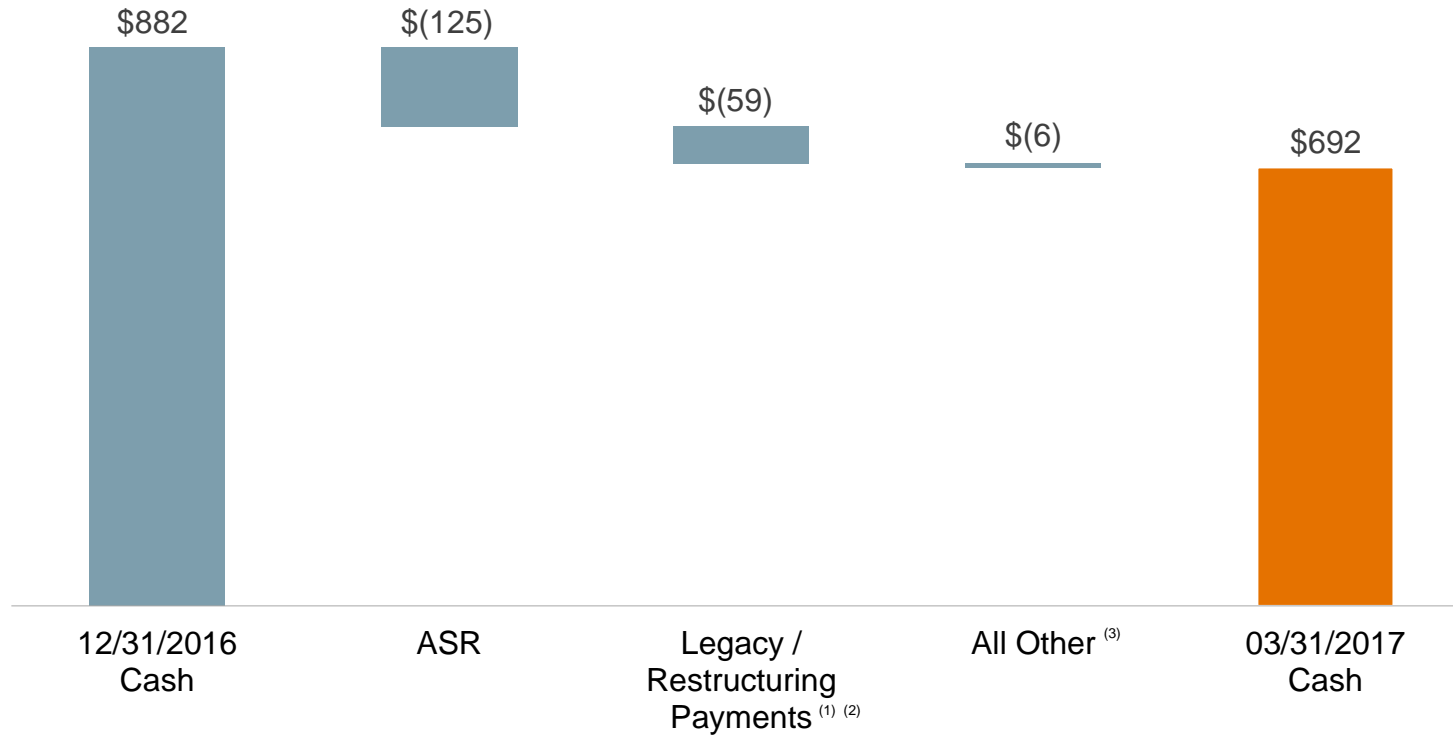


- Extended maturities with lower rate
- Increased revolver capacity by \$100 million
- Reduces interest expense by over \$1 million / year

Healthy Balance Sheet

(Dollars in Millions)

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	12/31/2016	3/31/2017
Cash	\$882	\$692
Debt	382	396
Net Cash	\$500	\$296
Visteon Leverage		
LTM Adj. EBITDA ⁽⁴⁾	\$346	\$353
Debt / EBITDA	1.1x	1.1x

- (1) India Electronics repurchased in Q1 as agreed in Climate transaction \$(47) and Restructuring of \$(12).
- (2) \$32 million cash payment related to interiors facility sale expected in Q2.
- (3) Adjusted Free Cash Flow of \$(30) offset by affiliate debt increase of \$13 and sale proceeds of \$10
- (4) Excludes (\$9) million of adjusted EBITDA related to Other operations

Visteon credit rating upgraded by S&P

Full-Year 2017 Guidance

(Electronics Product Group)

	FY 2016 Actual	FY 2017 Guidance
Sales	\$3.107B	\$3.1 - 3.2B
Adjusted EBITDA	\$346M 11.1%	\$355 - 370M ~11.5%
Adjusted free cash flow	\$167M	\$165 - 180M

Building the Foundation Through Operational Excellence



Executing on Our Long-Term Strategies

- New business wins of \$1.5 billion, including third SmartCore™ win
- Delivering on our technology roadmap – Gen 2 SmartCore™ domain controller and autonomous driving technologies

Margin Expansion / Cash Flow Generation

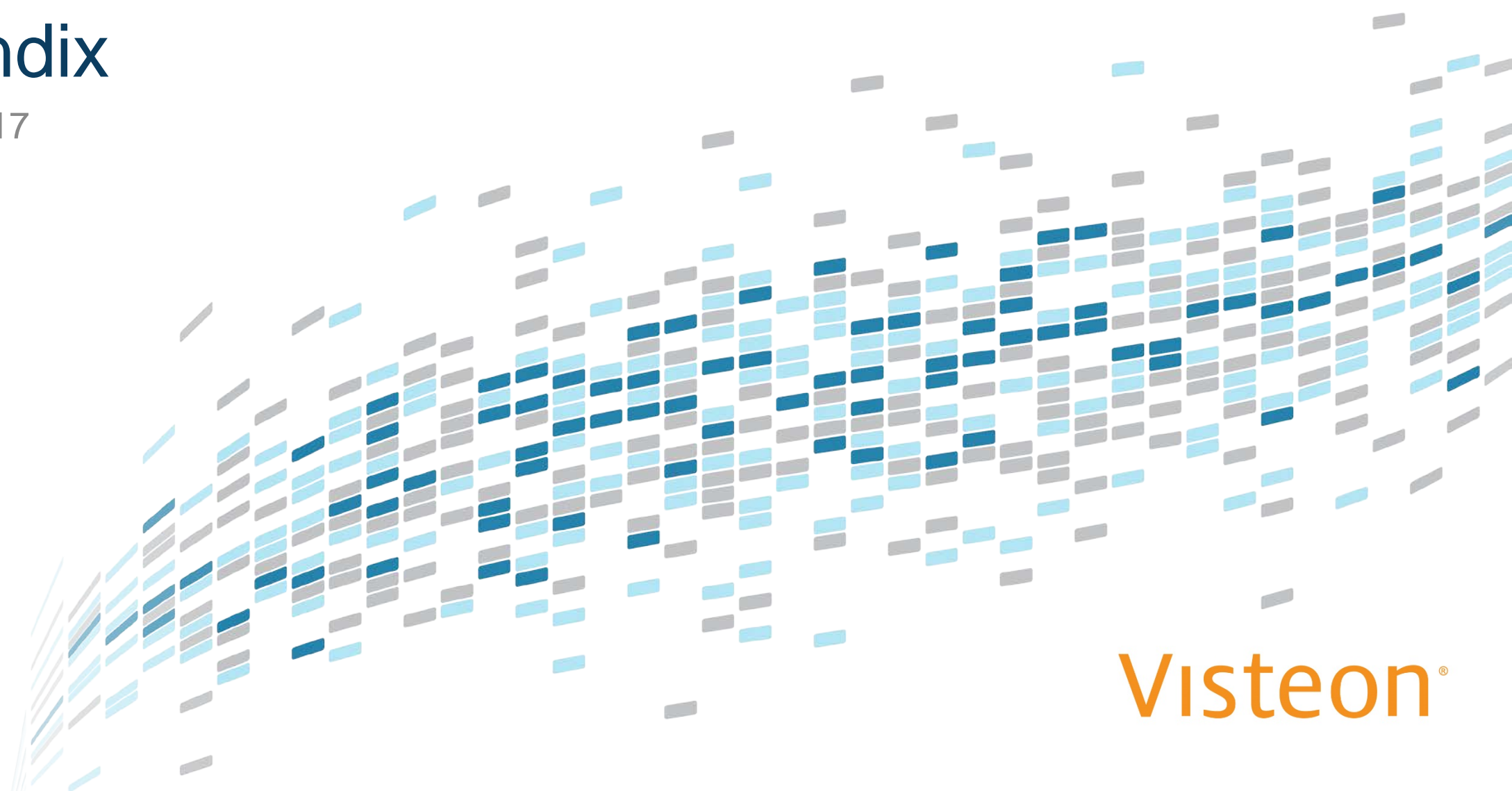
- Delivered \$101 million in adjusted EBITDA, 12.5% of sales
- On-track to deliver positive FY adjusted free cash flow

Return Enhancement Through Capital Deployment

- Executed \$125 million in accelerated share repurchase
- \$275 million remaining in authorized share buyback program

Appendix

April 27, 2017



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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. 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, 2016).
- 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 Annual Report on Form 10-K for the fiscal year ended December 31, 2016. 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.

- 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 2017, 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 employee severance, other non-operating costs, intangibles amortization and stock-based compensation expense.

(Dollars in Millions)	2016					2017
	Q1	Q2	Q3	Q4	Full Year	Q1
Gross margin	\$121	\$109	\$105	\$129	\$464	\$131
Less:						
Equity incentive compensation	-	-	-	(1)	(1)	-
Intangibles amortization - COGS	(2)	(1)	(2)	(1)	(6)	(1)
Subtotal	(\$2)	(\$1)	(\$2)	(\$2)	(\$7)	(\$1)
Adjusted gross margin	\$123	\$110	\$107	\$131	\$471	\$132

Adjusted SG&A

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

(Dollars in Millions)	2016					2017
	Q1	Q2	Q3	Q4	Full Year	Q1
SG&A	\$56	\$54	\$53	\$57	\$220	\$51
Less:						
Employee charges	1	-	-	-	1	-
Stock-based compensation expense	2	2	2	1	7	2
Intangibles amortization - SG&A	2	2	2	3	9	2
Subtotal	\$5	\$4	\$4	\$4	\$17	\$4
Adjusted SG&A	\$51	\$50	\$49	\$53	\$203	\$47

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



Net Income, EPS & Adj. EPS

(Dollars and Shares in Millions)	2016					2017
	Q1	Q2	Q3	Q4	Full Year	Q1
Net income attributable to Visteon	\$19	\$26	\$28	\$2	\$75	\$63
Average shares outstanding, diluted	38.5	34.4	34.4	33.5	35.4	33.0
Earnings per share	\$0.49	\$0.76	\$0.81	\$0.06	\$2.12	\$1.91
Memo: Adjusted EPS						
Net income attributable to Visteon	\$19	\$26	\$28	\$2	\$75	\$63
Restructuring expense	(10)	(7)	(5)	(27)	(49)	(1)
Other income and expense	(4)	-	(12)	(8)	(24)	(1)
Employee severance charges included in SG&A	(1)	-	-	-	(1)	-
Discontinued operations	(13)	(9)	7	(25)	(40)	8
Tax effect of adjustments	-	-	-	1	1	-
Sub-Total	(\$28)	(\$16)	(\$10)	(\$59)	(\$113)	\$6
Adjusted net income	\$47	\$42	\$38	\$61	\$188	\$57
Average shares outstanding, diluted	38.5	34.4	34.4	33.5	35.4	33.0
Adjusted earnings per share	\$1.22	\$1.22	\$1.10	\$1.82	\$5.31	\$1.73

Free Cash Flow and Adjusted Free Cash Flow

(Dollars in Millions)	2016					2017
	Q1	Q2	Q3	Q4	Full Year	Q1
Cash from (used by) operating activities	(\$58)	\$72	\$24	\$82	\$120	(\$10)
Less: Capital expenditures	25	12	19	19	75	32
Free cash flow	(\$83)	\$60	\$5	\$63	\$45	(\$42)
Reconciliations to Adjusted Free Cash Flow						
Free cash flow	(\$83)	\$60	\$5	\$63	\$45	(\$42)
Exclude: Restructuring / transformation-related payments	55	19	20	19	113	12
Adjusted free cash flow	(\$28)	\$79	\$25	\$82	\$158	(\$30)

Reconciliation of Adjusted Earnings Per Share (*Electronics PG*)



(Dollars and Shares in Millions)	2016					2017
	Q1	Q2	Q3	Q4	Full Year	Q1
Adjusted EBITDA - Electronics	\$94	\$79	\$75	\$98	\$346	\$101
D&A	(21)	(20)	(21)	(22)	(84)	(19)
Equity Income / (Loss)	-	3	-	(1)	2	2
Non-controlling interest	(4)	(4)	(4)	(4)	(16)	(4)
Stock-based incentive comp / signing bonus	(2)	(2)	(2)	(2)	(8)	(2)
Net Interest	(2)	(3)	(5)	(2)	(12)	(5)
Benefit/Provision for income taxes	(13)	(9)	(5)	(14)	(41)	(16)
Tax effect of adjustments	-	-	-	(1)	(1)	-
Adjusted Net Income - Electronics	\$52	\$44	\$38	\$52	\$186	\$57
Average shares outstanding, diluted	38.5	34.4	34.4	33.5	35.4	33.0
Adjusted earnings per share	\$1.35	\$1.28	\$1.10	\$1.55	\$5.25	\$1.73

2017 Guidance Reconciliation



Adjusted EBITDA *(Electronics Product Group)*

(Dollars in Millions)	2017 FY Guidance	
	Low-end	High-end
Adjusted EBITDA - Electronics Only	\$355	\$370
Depreciation and amortization	85	85
Restructuring expense	10	10
Interest expense, net	15	15
Equity in net (income) / loss of non-consolidated affiliates	(5)	(5)
Other expense, net	5	5
Provision for income taxes	60	60
Net income attributable to non-controlling interests	20	20
Stock-based compensation expense / employee charges	10	10
Net Income - Electronics Only	\$155	\$170

2017 Guidance Reconciliation (cont'd)



Free Cash Flow and Adjusted Free Cash Flow (Electronics Product Group)

(Dollars in Millions)	2016					2017	2017 FY Guidance	
	Q1	Q2	Q3	Q4	Full Year	Q1	Low-end	High-end
<u>Cash from (used by) operating activities</u>								
Total Visteon	(\$58)	\$72	\$24	\$82	\$120	(\$10)		
Less: Discontinued operations and other operations	(45)	(20)	(9)	(4)	(78)	-		
Cash from (used by) operating activities (Electronics)	(\$13)	\$92	\$33	\$86	\$198	(\$10)	\$205	\$220
<u>Capital expenditures</u>								
Total Visteon	\$25	\$12	\$19	\$19	\$75	\$32		
Less: Discontinued operations and other operations	1	-	1	(1)	1	-		
Capital expenditures (Electronics)	\$24	\$12	\$18	\$20	\$74	\$32	\$80	\$80
<u>Free cash flow (Electronics)</u>								
Cash from (used by) operating activities (Electronics)	(\$13)	\$92	\$33	\$86	\$198	(\$10)	\$205	\$220
Less: Capital expenditures (Electronics)	24	12	18	20	74	32	80	80
Free cash flow (Electronics)	(\$37)	\$80	\$15	\$66	\$124	(\$42)	\$125	\$140
Exclude: Restructuring / transformation-related payments (Electronics)	15	7	8	13	43	12	40 ⁽¹⁾	40 ⁽¹⁾
Adjusted free cash flow (Electronics)	(\$22)	\$87	\$23	\$79	\$167	(\$30)	\$165	\$180

Visteon Q1 2017 Sales and Adjusted EBITDA



(Dollars in Millions)	2016					2017
	Q1	Q2	Q3	Q4	Full Year	Q1
<u>Product Sales</u>						
Electronics	\$793	\$762	\$749	\$803	\$3,107	\$810
Other	9	11	21	13	54	0
Total	\$802	\$773	\$770	\$816	\$3,161	\$810
<u>Adjusted EBITDA by Product Line</u>						
Electronics	\$94	\$79	\$75	\$98	\$346	\$101
Other	(5)	(2)	0	(2)	(9)	0
Total	\$89	\$77	\$75	\$96	\$337	\$101
<u>Adjusted EBITDA as % of Sales</u>						
Electronics	11.9%	10.4%	10.0%	12.2%	11.1%	12.5%

Adjusted EBITDA by Product Group (Q1 2016 & Q1 2017)



(Dollars in Millions)	Electronics	Q1 2016 Other	Total	Q1 2017 Electronics
Sales	\$793	\$9	\$802	\$810
<u>Adjusted EBITDA Build-up</u>				
Adjusted Gross Margin	\$128	(\$5)	\$123	\$132
Adjusted SG&A	(51)	-	(\$51)	(47)
D&A	17	-	\$17	16
Adjusted EBITDA	\$94	(\$5)	\$89	\$101
%	11.9%	(55.6%)	11.1%	12.5%
<u>Memo:</u>				
Equity in Affiliates	-	-	-	2
Non-controlling Interests	(4)	-	(4)	(4)

Reconciliation of Electronics Financial Information



Electronics Product Group

(Dollars in Millions)	2016					2017
	Q1	Q2	Q3	Q4	Full Year	Q1
Product Sales	\$793	\$762	\$749	\$803	\$3,107	\$810
Gross Margin	\$126	\$111	\$105	\$131	\$473	\$131
Intangibles Amortization - COGS	(2)	(1)	(2)	(1)	(6)	(1)
Other Non-Operating / Equity Based Incentive Comp	-	-	-	(1)	(1)	-
Adjusted Gross Margin	\$128	\$112	\$107	\$133	\$480	\$132
<i>% of Sales</i>	<i>16.1%</i>	<i>14.7%</i>	<i>14.3%</i>	<i>16.6%</i>	<i>15.4%</i>	<i>16.3%</i>
SG&A						
Product Line Specific and Allocated SG&A	(\$56)	(\$54)	(\$53)	(\$57)	(\$220)	(\$51)
Intangibles Amortization - SG&A	2	2	2	3	9	2
Employee Charges / Corp Severance	1	-	-	-	1	-
Equity Based Incentive Comp	2	2	2	1	7	2
Adjusted SG&A	(\$51)	(\$50)	(\$49)	(\$53)	(\$203)	(\$47)
Adjusted EBITDA						
Adjusted Gross Margin	\$128	\$112	\$107	\$133	\$480	\$132
Adjusted SG&A	(51)	(50)	(49)	(53)	(203)	(47)
Exclude D&A	17	17	17	18	69	16
Adjusted EBITDA	\$94	\$79	\$75	\$98	\$346	\$101
<i>% of Sales</i>	<i>11.9%</i>	<i>10.4%</i>	<i>10.0%</i>	<i>12.2%</i>	<i>11.1%</i>	<i>12.5%</i>
Equity in Affiliates	-	\$3	-	(\$1)	\$2	\$2
Noncontrolling Interests	(4)	(4)	(4)	(4)	(16)	(4)

Restructuring and Transformation Payments

(Dollars in Millions)	2017	
	Q1	FY Estimate
Restructuring and Transformation Cash Payments	\$12	\$40
<u>Other Legacy Cash Payments</u>		
Hannon India Electronics Facility	\$47	\$47
Payments Related to Interiors Facility Sale	-	32
Total	\$47	\$79

- Visteon expects to incur \$40 million of restructuring and transformation payments during 2017
- Other legacy cash payments are projected to total \$79 million in 2017
 - India Electronics repurchase occurred in Q1 2017 for a payment of \$47 million
 - €30 million remaining Berlin payment expected later in the year

Q1 2017 Financial Results – U.S. GAAP



(Dollars in Millions)

Consolidated Visteon	Q1 2016	Q1 2017
Sales	\$802	\$810
Gross margin	\$121	\$131
SG&A	\$56	\$51
Net income attributable to Visteon	\$19	\$63
Diluted EPS	\$0.49	\$1.91
Cash from operations	(\$58)	(\$10)
Capital expenditures	\$25	\$32

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