

Visteon Q2 2023 Earnings

August 3, 2023



Q2 2023 in Review



Net Sales

\$983 Million

18% Y/Y Growth⁽¹⁾



Adjusted EBITDA

\$90 Million

Includes \$15 Million Recall Charge



Adjusted FCF

\$32 Million

\$459 Million Total Cash

CONTINUED
MARKET OUT-
PERFORMANCE



Another quarter of
double-digit GoM⁽²⁾

EXECUTING ON
PRODUCT
LAUNCHES



35 product
launches

FIRST WIN IN
EV POWER
ELECTRONICS



Integrated BMS and
battery junction box

RECORD LEVEL
OF NEW
BUSINESS WINS



\$2.5 billion of new
business wins

RETURNING
CAPITAL TO
SHAREHOLDERS



\$30 million share
buyback executed

² (2) Visteon Y/Y sales growth (ex. pricing & F/X) compared to production for Visteon customers weighted on Visteon sales contribution.

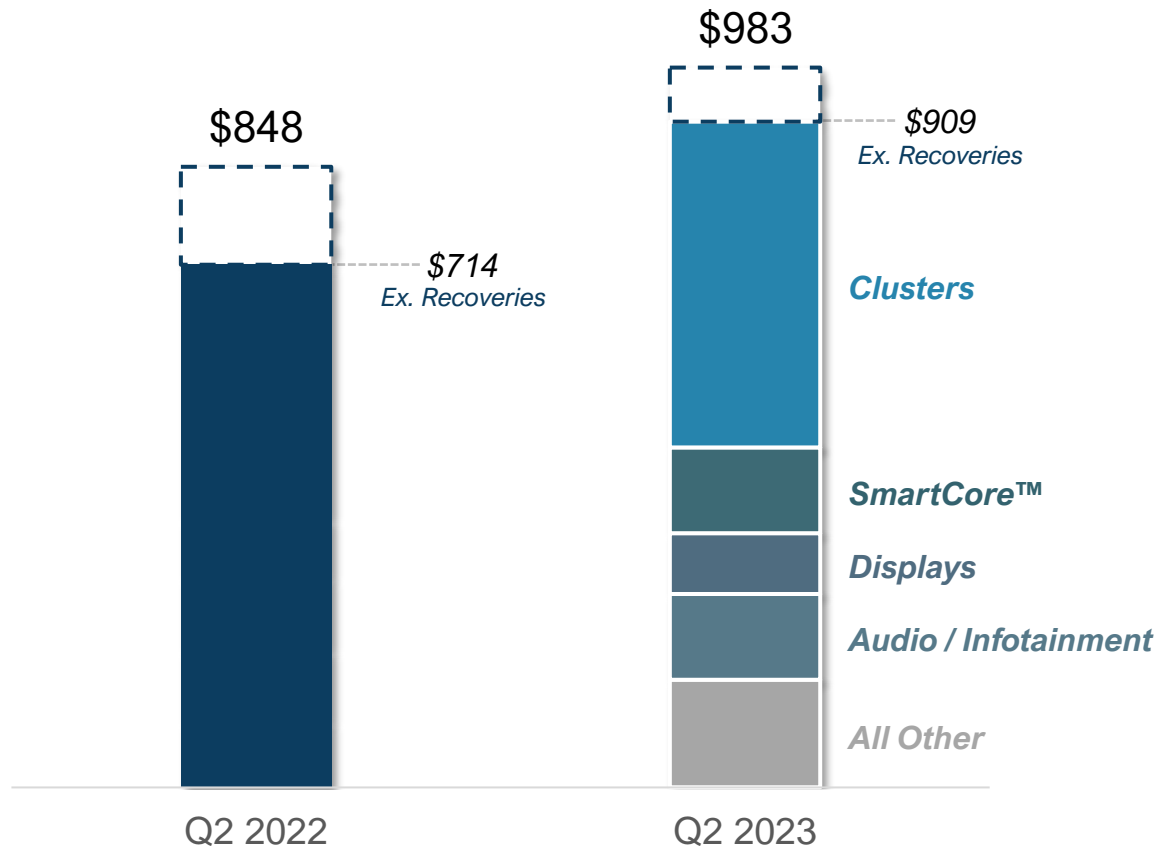
(1) Excludes Y/Y impact of currency fluctuations.

Continued Product Sales Growth

Product sales primarily driven by ramp-up of digital cluster and SmartCore™ programs

(Dollars in millions)

Q2 Product Sales Growth of +27%⁽¹⁾



Q2 Product Sales Performance



Clusters

Robust digital cluster growth of ~55% Y/Y driven by ramp-up of launches with GM and Nissan



SmartCore™

Sales up ~45% Y/Y resulting from roll-on of programs with Geely and Mahindra



Displays

Emergence of multi-display systems offset by roll-off of BMW center display



Audio / Infotainment

Outperformance driven by ramp-up of Android-based system with VW and new launches with Stellantis

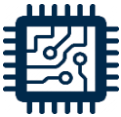


Continued momentum with program and product launches driving robust product sales growth

Improving Semiconductor Supply Environment

Easing supply constraints reducing reliance on open market purchases



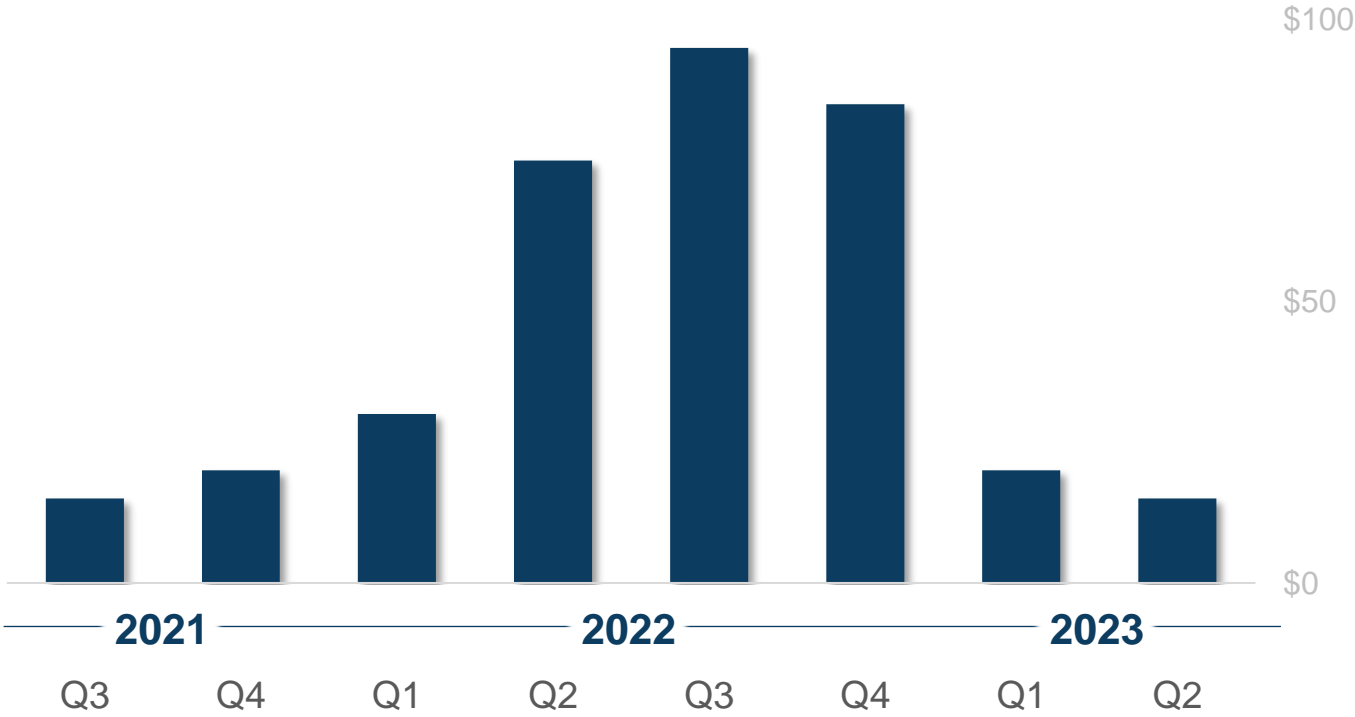
Semiconductor Supply Dynamics

-  Overall semiconductor supply improvement with lower number of parts in critical supply
-  Supply disruption with one semiconductor back-end sub-supplier in Japan
-  Product redesigns helping mitigate one-off part shortages

Expecting continued improvements in 2nd half supply with lingering constraints

Open Market Semiconductor Purchases

(Dollars in millions)



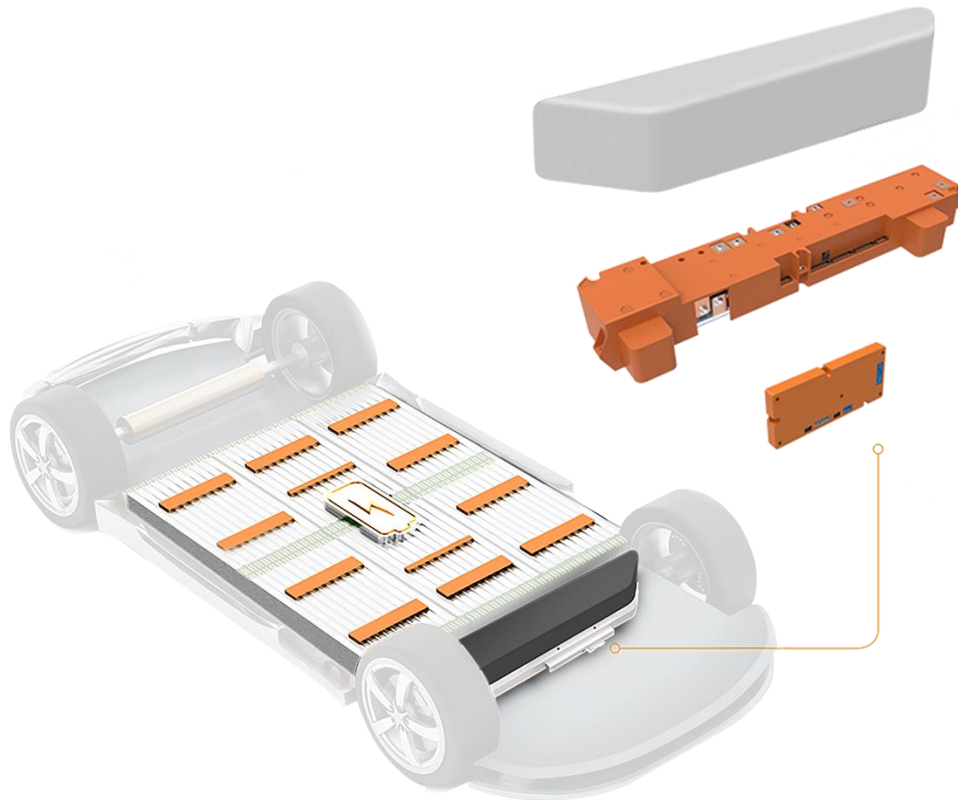
First Power Electronics Win for Electric Vehicles

Integrated system of battery junction box and battery management system

Visteon®

Q2 2023 Award

Platform Win for New Single EV Architecture with Luxury European OEM



Battery Junction Box

Directs power throughout e-powertrain and battery system



Battery Management Controller

Brain of battery system for power distribution, cell management, and charging



Cell Monitoring Controller

Attached to battery module for battery cell sensing and monitoring

2026

Expected Start of Production

\$490M

Lifetime Revenue for Integrated System on New Vehicle Line

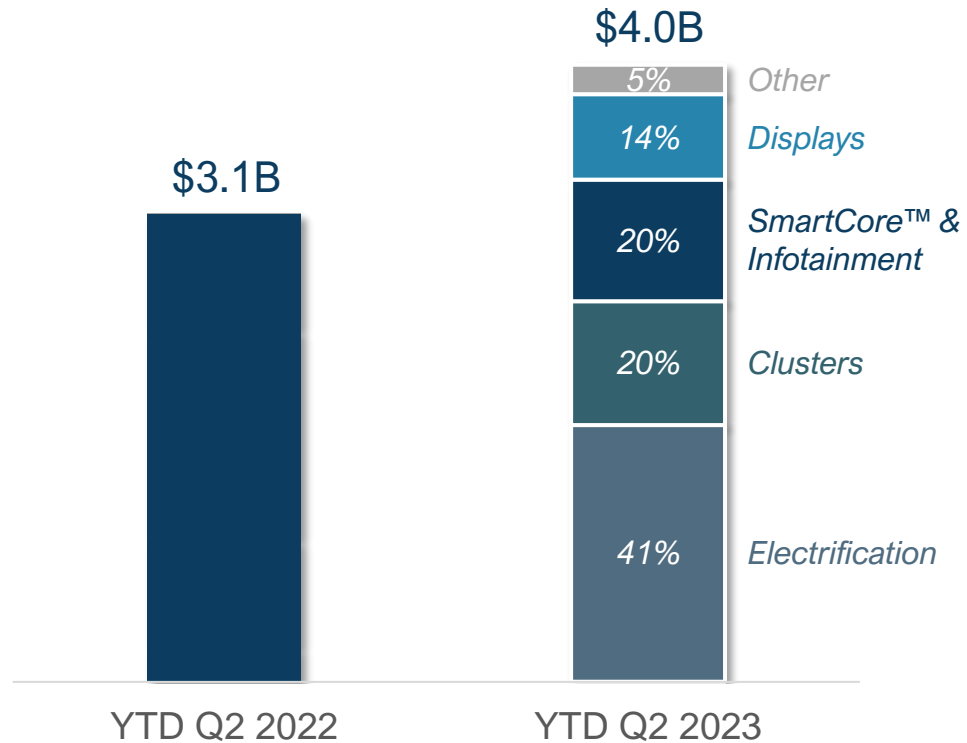
>\$700

Content-per-Vehicle for Integrated System on New Vehicle Line

New Business Wins

Record second quarter wins put us on track to exceed full-year target

Q2 2023 YTD New Business Wins



~\$1B Electrification Awards in Q2 2023

~30% Of Cockpit Electronics 1H Wins on Electric Vehicles

Key Q2 New Business Win Highlights



Digital Cluster

Extension of 12.3" digital cluster on trucks and SUVs with North American OEM



Two-Wheeler All-Digital Cluster

Conquest win with 8" digital cluster on two-wheeler with European OEM



Multi-Display Module

High-end, dual display win on B-segment vehicle with European OEM



Display-Only Cluster

Display-only cluster win on luxury brand with Japanese OEM

Q2 New Product Launches

New model launches to support market outperformance in second half of the year

Key Q2 2023 Launches



Mercedes-Benz SUVs
Digital Cluster



Harley Davidson Touring
Cockpit Domain Controller



Stellantis – Citroen Brazil
Display Audio Infotainment



JMC Pick-Up
Center Infotainment Display



In the Spotlight

Integrated cockpit controller for premium touring line coupling display with underlying electronics



OTA Upgradable

Connected

Voice-Enabled

Embedded Navigation

12.3" All-Digital Cluster

Growing Two-Wheeler Market Opportunity

Current serviceable market ~10% of 40-million-unit two-wheeler market

Visteon Serviceable Market Segmentation

Segment
Cruiser / Touring



Representative Product



Cockpit Domain Controller with Telematics

Representative OEM



Premium Sport



Embedded Cluster and Infotainment



Mid Sport



Digital Display with Smartphone Projection



**Average
Content-per-Vehicle**

~\$350

Cruiser / Touring Segment

~\$200

Premium Sport Segment

~\$100

Mid Sport Segment

Rest of Year Outlook

Expecting low single-digit full-year global customer vehicle production growth



Market Dynamics

- Consumer demand has been resilient in North America and Europe
- Domestic Chinese OEMs gaining share over global OEMs in China
- Rising dealer inventory levels and vehicle affordability concerns

Full-year customer production growth in low single-digits



Growth-over-Market Factors

- Roll-on of program launches throughout the year
- Ongoing ramp-up of battery management system programs
- Lower impact from display roll-off in 2nd half vs. 1st half

Forecasting 2nd half growth-over-market in mid-teens



New Business Booking Outlook

- \$4 billion of new business wins in 1st half across product lines
- Average dollar value of wins increasing as OEMs shift to platform approach
- Robust pipeline of SmartCore™ and infotainment opportunities in 2nd half

Expecting full-year new business wins to exceed \$7 billion

Summary



Continued Market Outperformance

Delivered 17th consecutive quarter of growth-over-market relative to our customers' vehicle production



Strong Commercial Performance

Continued commercial discipline mitigating ongoing semiconductor supply disruption



Product Launches Support Continued Growth

Delivered 35 new vehicle and market launches in the second quarter



Robust New Business Wins Ahead of Full-Year Target

\$2.5 billion in new business wins support 2026 sales target



On-Track to Achieve 2023 Full-Year Guidance

Ramp-up of recent product launches support growth in second half

Q2 2023 Financial Results

August 3, 2023



Q2 2023 Financial Review

Strong quarter with continued commercial and operational discipline



Net Sales

\$983 Million

18% Y/Y Growth⁽¹⁾

- ▶ Strong year-over-year growth supported by digital cluster and SmartCore™ programs
- ▶ Reduced need for open market purchases as semiconductor supply has improved
- ▶ Secured additional recovery agreements in second quarter; on-track for full-year net impact



Adjusted EBITDA

\$90 Million

Includes \$15 Million Recall Charge

- ▶ Higher volumes and strong operational performance
- ▶ Higher net engineering and SG&A supporting future growth
- ▶ Customer recovery dilution impact to EBITDA margin of ~75 bps



Adjusted FCF

\$32 Million

\$459 Million Total Cash

- ▶ 1H cash flow driven by strong Adj. EBITDA offset by working capital
- ▶ Net cash position of \$111 million at the end of the quarter
- ▶ Executed share repurchases of \$30 million during the quarter

Q2 2023 Y/Y Financial Performance



Strong sales growth supported by market outperformance

(Dollars in millions)

Key Performance Drivers



Industry Production Growth

12% Y/Y increase in customer production with growth across all regions



Growth-Over-Market

Ramp-up of product launches for SmartCore™ and digital cluster programs



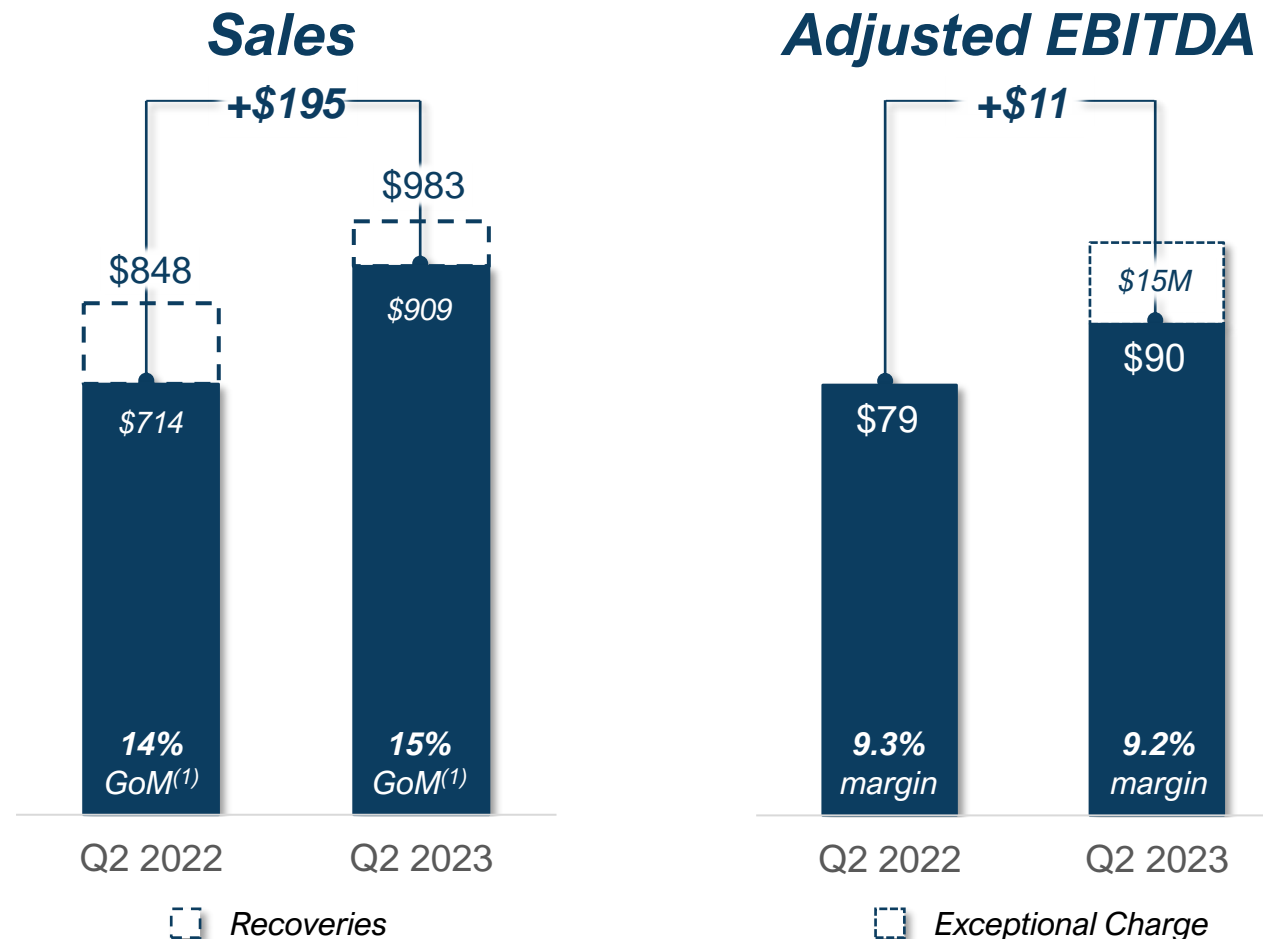
Supply Dynamics

Improving semiconductor supply environment with isolated constraints



Disciplined Cost Approach

Balanced approach to investing in growth while focusing on cost optimization



Balance Sheet and Adjusted Free Cash Flow

Maintaining target net cash position after \$30 million of share repurchases




 Cash	<p>\$459 million Provides flexibility and supports capital allocation</p>
 Debt	<p>\$348 million No material debt maturities until 2027</p>
 Net Cash	<p>\$111 million Strong balance sheet provides significant flexibility</p>

(Dollars in Millions)	YTD 2022	YTD 2023
Adjusted EBITDA	\$150	\$189
Trade Working Capital	(138)	(79)
Cash Taxes	(15)	(34)
Interest Payments	(5)	(5)
Other Changes	(55)	(25)
Capital Expenditures	(36)	(51)
Adjusted FCF	(\$99)	(\$5)

2023 Full-Year Guidance and Long-Term Targets

On track to achieve 2026 objectives

(Dollars in millions unless otherwise noted)

	2023	2026
 Sales	\$3.95B – \$4.15B <i>Base Sales +15% Y/Y</i>	\$5.5B <i>\$5.4B Base Sales</i>
 Adj. EBITDA	\$405 – \$445 <i>10.3 – 10.7% Margin</i>	~13.5% <i>Adj. EBITDA Margin</i>
 Adj. FCF	\$115 – \$165 <i>~33% Conversion</i>	\$260 – \$300 <i>35 – 40% Conversion</i>

Investment Thesis

Visteon continues to be 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

- ▶ Strong cash position provides flexibility and supports future growth
- ▶ No material near-term debt maturities
- ▶ Returning cash to shareholders through repurchase program

Appendix

August 3, 2023



Forward-Looking Statements

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;
- continued and future impacts related to the conflict between Russia and the Ukraine including supply chain disruptions, reduction in customer demand, and the imposition of sanctions on Russia;
- 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;
- failure of the Company's joint venture partners to comply with contractual obligations or to exert influence or pressure in China;
- 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 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;
- disruptions in information technology systems including, but not limited to, system failure, cyber-attack, malicious computer software (malware including ransomware), unauthorized physical or electronic access, or other natural or man-made incidents or disasters;
- 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, 2022, 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 release, 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-Q for the fiscal quarter ended June 30, 2023. New business wins and re-wins 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 price reductions and currency exchange rates.

Use of Non-GAAP Financial Information

- 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 2023, 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 *(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 and impairment expense, 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 average diluted shares outstanding.

(Dollars and shares in millions, except per share data)	2022					2023		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Net income / (loss) attributable to Visteon	\$22	\$24	\$44	\$34	\$124	\$34	\$20	\$54
Average shares outstanding, diluted	28.4	28.4	28.5	28.7	28.5	28.7	28.7	28.7
Earnings / (loss) per share	\$ 0.77	\$ 0.85	\$ 1.54	\$ 1.18	\$ 4.35	\$ 1.18	\$ 0.70	\$ 1.88
Net income / (loss) attributable to Visteon	\$22	\$24	\$44	\$34	\$124	\$34	\$20	\$54
Restructuring and impairment expense	7	4	1	2	14	1	1	2
Non-operating costs, net	2	10	—	2	14	1	13	14
Subtotal	\$9	\$14	\$1	\$4	\$28	\$2	\$14	\$16
Adjusted net income / (loss)	\$31	\$38	\$45	\$38	\$152	\$36	\$34	\$70
Average shares outstanding, diluted	28.4	28.4	28.5	28.7	28.5	28.7	28.7	28.7
Adjusted earnings / (loss) per share	\$ 1.09	\$ 1.34	\$ 1.58	\$ 1.32	\$ 5.33	\$ 1.25	\$ 1.18	\$ 2.44

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 and impairment expense, net interest expense, equity in net (income) / loss of non-consolidated affiliates, provision for income taxes, 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)	2022					2023			FY 2023 Guidance Midpoint
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD	
Net income / (loss) attributable to Visteon	\$22	\$24	\$44	\$34	\$124	\$34	\$20	\$54	\$171
Depreciation and amortization	27	25	27	29	108	29	26	55	110
Restructuring and impairment expense	7	4	1	2	14	1	1	2	5
Interest expense, net	2	3	2	3	10	3	3	6	12
Equity in net (income) / loss of non-consolidated affiliates	(3)	(1)	1	4	1	5	2	7	7
Provision for income taxes	8	7	9	21	45	14	13	27	55
Net income / (loss) attributable to non-controlling interests	1	(1)	5	1	6	4	3	7	15
Non-cash, stock-based compensation	5	8	6	7	26	8	9	17	35
Other	2	10	—	2	14	1	13	14	15
Subtotal	\$49	\$55	\$51	\$69	\$224	\$65	\$70	\$135	\$254
Adjusted EBITDA	\$71	\$79	\$95	\$103	\$348	\$99	\$90	\$189	\$425

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)	2022					2023			FY 2023 Guidance Midpoint
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD	
Cash flow from (for) operating activities	(\$21)	(\$51)	\$74	\$165	\$167	(\$19)	\$61	\$42	\$260
Less: Capital expenditures, including intangibles	(21)	(15)	(18)	(27)	(81)	(21)	(30)	(51)	(130)
Free cash flow	(\$42)	(\$66)	\$56	\$138	\$86	(\$40)	\$31	(\$9)	\$130
Exclude: Restructuring-related payments	5	4	3	3	15	3	1	4	10
Adjusted free cash flow	(\$37)	(\$62)	\$59	\$141	\$101	(\$37)	\$32	(\$5)	\$140

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

Adjusted EBITDA Build-up

(Dollars in millions)	2022					2023		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Sales	\$818	\$848	\$1,026	\$1,064	\$3,756	\$967	\$983	\$1,950
Gross margin	\$76	\$74	\$104	\$114	\$368	\$110	\$104	\$214
Intangibles amortization	—	—	1	—	1	—	—	—
Stock-based compensation expense	1	3	3	3	10	3	4	7
Other	2	10	(2)	2	12	1	—	1
Adjusted gross margin	\$79	\$87	\$106	\$119	\$391	\$114	\$108	\$222
<i>% of sales</i>	<i>9.7%</i>	<i>10.3%</i>	<i>10.3%</i>	<i>11.2%</i>	<i>10.4%</i>	<i>11.8%</i>	<i>11.0%</i>	<i>11.4%</i>
SG&A	(\$44)	(\$43)	(\$47)	(\$54)	(\$188)	(\$52)	(\$52)	(\$104)
Intangibles amortization	3	3	2	3	11	3	2	5
Stock-based compensation expense	4	5	3	4	16	5	5	10
Other	—	—	2	—	2	—	1	1
Adjusted SG&A	(\$37)	(\$35)	(\$40)	(\$47)	(\$159)	(\$44)	(\$44)	(\$88)
Adjusted EBITDA								
Adjusted gross margin	\$79	\$87	\$106	\$119	\$391	\$114	\$108	\$222
Adjusted SG&A	(37)	(35)	(40)	(47)	(159)	(44)	(44)	(88)
D&A	24	22	24	26	96	26	24	50
Other income, net	5	5	5	5	20	3	2	5
Adjusted EBITDA	\$71	\$79	\$95	\$103	\$348	\$99	\$90	\$189
<i>% of sales</i>	<i>8.7%</i>	<i>9.3%</i>	<i>9.3%</i>	<i>9.7%</i>	<i>9.3%</i>	<i>10.2%</i>	<i>9.2%</i>	<i>9.7%</i>
Equity income (loss) in affiliates	\$3	\$1	(\$1)	(\$4)	(\$1)	(\$5)	(\$2)	(\$7)
Noncontrolling interests	(1)	1	(5)	(1)	(6)	(4)	(3)	(7)

Net Engineering

(Dollars in millions)	2022					2023		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Engineering costs, gross	(\$81)	(\$81)	(\$83)	(\$96)	(\$341)	(\$83)	(\$91)	(\$174)
Recoveries	33	40	25	47	145	27	29	56
Engineering costs, net	(\$48)	(\$41)	(\$58)	(\$49)	(\$196)	(\$56)	(\$62)	(\$118)

Financial Results – U.S. GAAP

	2022					2023		
(Dollars in millions, except per share data)	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
<u>Income Statement</u>								
Sales	\$818	\$848	\$1,026	\$1,064	\$3,756	\$967	\$983	\$1,950
Gross margin	76	74	104	114	368	110	104	214
SG&A	44	43	47	54	188	52	52	104
Net income / (loss) attributable to Visteon	22	24	44	34	124	34	20	54
Earnings / (loss) per share, diluted	\$0.77	\$0.85	\$1.54	\$1.18	\$4.35	\$1.18	\$0.70	\$1.88
<u>Cash Flow Statement</u>								
Cash flow from (for) operating activities	(\$21)	(\$51)	\$74	\$165	\$167	(\$19)	\$61	\$42
Capital expenditures, including intangibles	21	15	18	27	81	21	30	51

Recast: Sales Build by Product

Sales by product category

- Effective as of the June 30, 2023 10-Q Filing, the Company updated its product lines reporting to better reflect its product portfolio given the emergence of new and growing product lines
- The below table provides an overview of sales by product based on the new categorization and we are providing quarterly data for comparative purposes only on a like-for-like basis

(Dollars in millions)	2022					2023		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Instrument Clusters	389	415	480	498	1,782	474	477	951
Infotainment	110	106	142	140	498	135	126	261
Cockpit Domain Controller	82	101	130	160	473	113	138	251
Information Displays	133	121	125	111	490	97	90	187
Body / Electrification Electronics	36	40	67	82	225	71	72	143
Other	68	65	82	73	288	77	80	157
Total	\$818	\$848	\$1,026	\$1,064	\$3,756	\$967	\$983	\$1,950

Visteon®

