

# Visteon Q4 and Full-Year 2019 Earnings

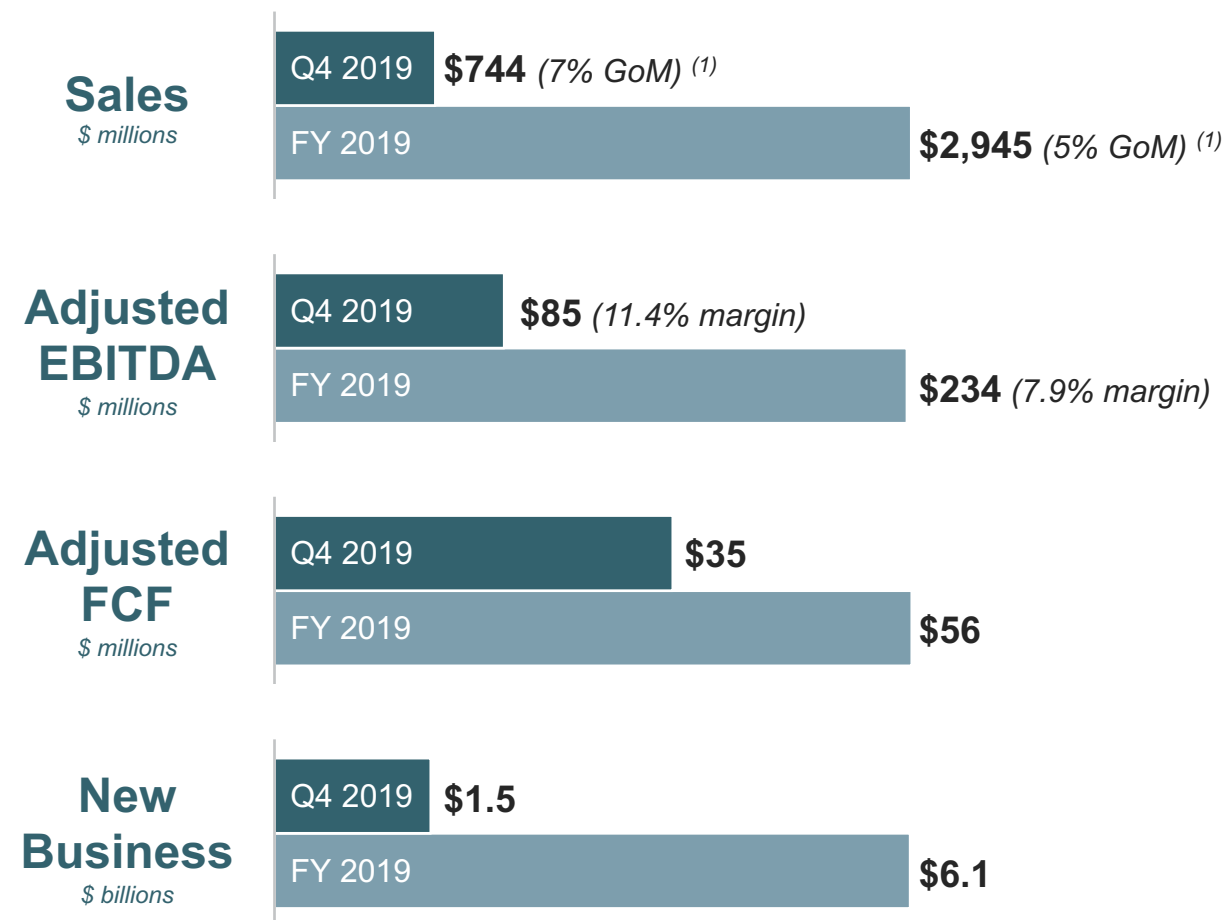
February 20, 2020



**Visteon®**

# 2019 Financial Results

*Solid financial performance in challenging market environment*



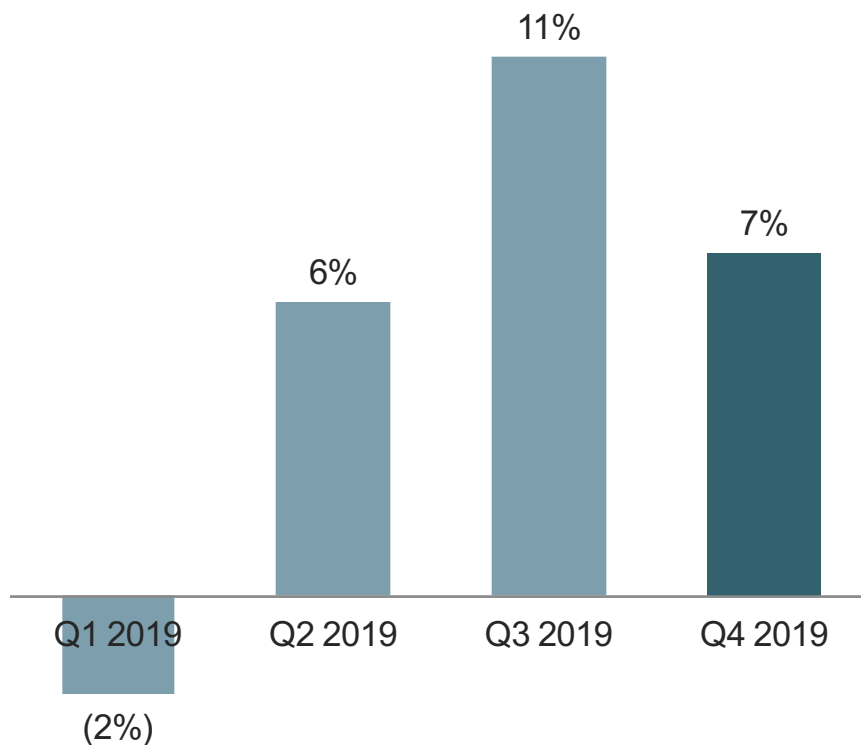
## Q4 Takeaways

- Sales growth in Q4 continued to outpace the market
- Adj. EBITDA benefited from lower gross engineering and other cost performance
- Strong adj. free cash flow, driven by favorable working capital performance
- Robust new business win performance, led by digital clusters and displays

# Q4 2019 Operational Performance

*Third consecutive quarter of sales growth-over-market, despite challenging environment*

Growth-Over-Market <sup>(1)</sup>



Market <sup>(2)</sup>

Quarter	Market Growth (%)
Q1 2019	6%
Q2 2019	8%
Q3 2019	4%
Q4 2019	4%



## Visteon Q4 Drivers

- Nine product launches in China and Europe
- Lower industry production volumes
- Lower-than-expected GM volumes in China
- Continued roll-off of Mazda infotainment
- Impact of Ford launch issues and GM strike
- Double-digit sales growth of digital solutions
- Achieved targeted engineering recoveries

(1) Represents Visteon Y/Y sales growth compared to Y/Y growth in industry production volumes. Visteon Y/Y sales growth adjusted to exclude benefit of JV consolidation and currency impact. (Currency impact excluded was -3% in Q1 and Q2, -1% in Q3 and Q4, and -2% for full year).

(2) Reflects Y/Y growth in global automotive industry production volumes.

# Key Accomplishments in 2019

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## **Delivered Above-Market Sales Growth**

Growth-over-market of 5%, excluding currency and JV consolidation



## **Increased Customer Portfolio Diversification**

Added two new customers and expanded business with top global OEMs



## **Strengthened Cockpit Technology Portfolio**

Launched key innovations in display, infotainment and SmartCore™ domains



## **Leveraged Platform Strategy for Engineering Efficiency**

Increased OEM programs under development with modest increase in engineering cost



## **Received Supplier Excellence Awards from Several Customers**

Awards with GM, Honda, JLR and Mahindra for product quality and innovation

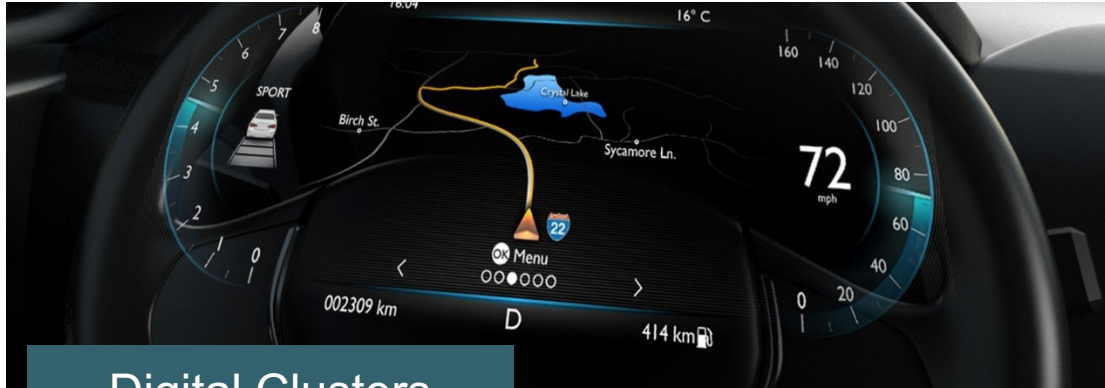




# Leading the Digitization of the Automotive Cockpit



*Visteon sales of instrument cluster and display solutions outperform market*



Digital Clusters

- Sales of instrument clusters grew ~9% Y/Y
- Won \$2.9 billion of new clusters business, ~30% market share
- Grew share of cluster business with global OEMs, including GM, Hyundai and Ford
- ADAS and driver monitoring to drive faster digital cluster growth



Displays

- Sales of large displays grew ~25% Y/Y, helping to offset the decline in legacy displays
- Won \$845 million in new displays business, significantly higher than prior years
- Added three new customers for multi-display modules
- Industry leader in large displays manufacturing capabilities

# Enabling the Car as Mobile App Platform

*Android-based display audio and cockpit domain controller solutions*

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Infotainment

- Sales of infotainment products (excluding Mazda) grew ~13% Y/Y
- First Visteon launch of Android-based display audio system expected in first half 2020
- Android-based infotainment programs with five OEMs
- Integration of voice-based smart assistant and surround vision to drive future growth



SmartCore™

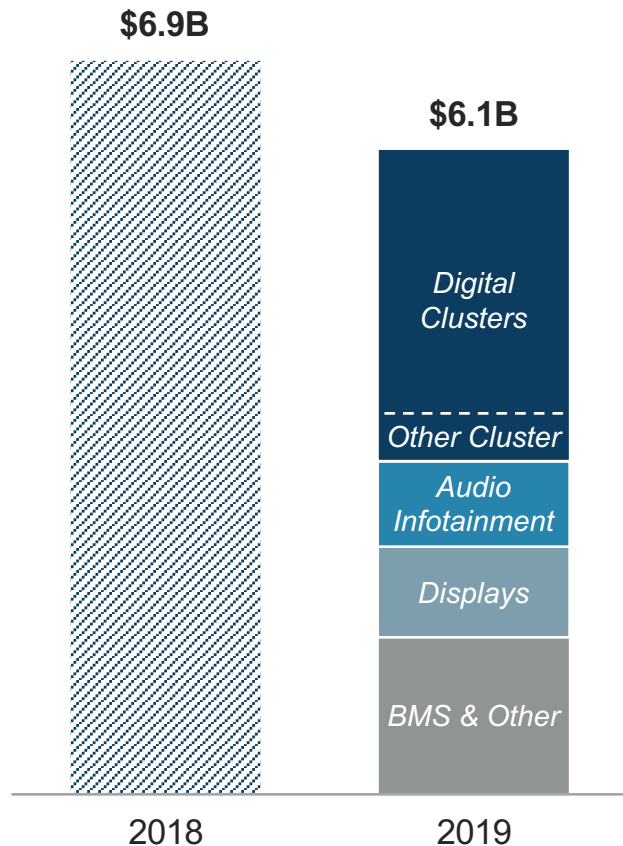
- Launched SmartCore™ cockpit domain controllers with Tata Motors and Daimler trucks
- Launching SmartCore™ with GAC in China and Mahindra in India in 2020
- Added two new customer programs for SmartCore™
- Integration of surround view, driver monitoring and voice-based smart assistant for next-gen SmartCore™

# New Business Wins

*Achieved another year of successful new business win performance*



## 2019 vs. 2018 New Business Wins



## Digital Product NBW Highlights

### Digital Clusters

- ~30% share of cluster market for third consecutive year
- All-digital clusters entering mass market
- Balanced performance by region

### Infotainment and SmartCore™

- Strong growth of Android-based infotainment
- Added two new OEMs for Android-based programs
- Two new customer programs for SmartCore™

### Displays

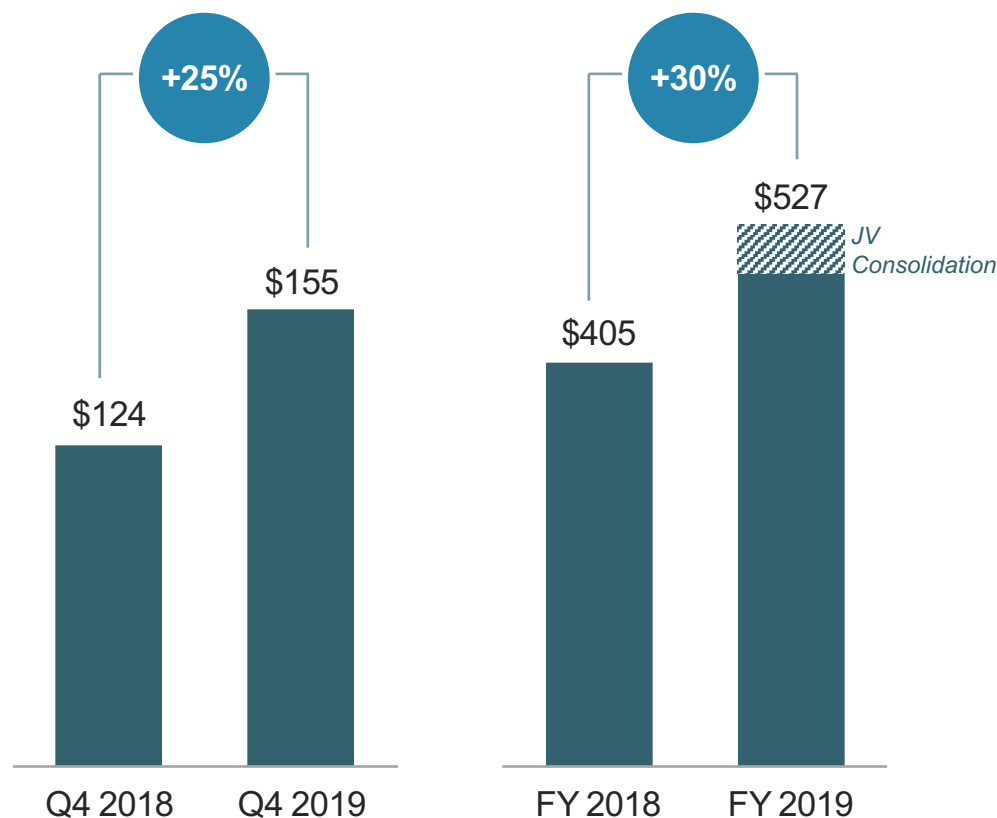
- Record display wins of \$845 million in lifetime sales
- Twelve total wins with three for multi-display modules
- ASP increase due to higher content for display systems

# Visteon China Domestic Sales

*New launches and higher take rates offset lower production volumes*



## Visteon China Domestic Sales (\$M)



## Visteon China Performance Drivers

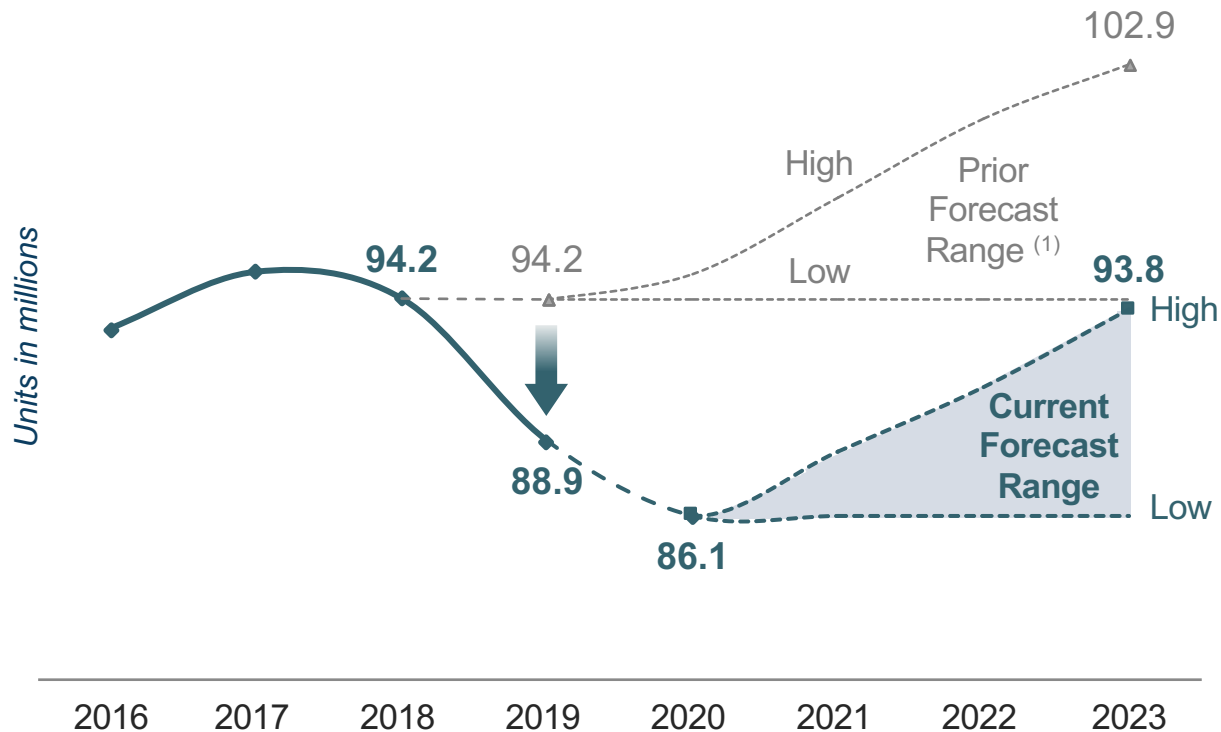
- Record level of full-year sales, driven by new product launches, higher take rates and JV consolidation
- Q4 sales growth driven by increased volumes (excluding SGM), new product launches and high take rates due to sales promotions
- Opened new manufacturing plant in Changchun to support growth of business with VW
- \$1.2 billion of new business wins, driven by digital clusters, multi-display modules and SmartCore™

# 2020-2023 Production Volume Assumptions

*Volume projections decreased ~9-10% each year vs. prior forecast*

## Global Production Volumes

*Visteon Assumptions (Excl. Impact of Coronavirus)*



## FY 2020 Regional Outlook



### North America

Stable macroeconomic environment with flat vehicle production outlook



### Europe

Lower expectations due to emissions, Brexit and macroeconomic concerns



### China

Slowing GDP growth and weak consumer sentiment



### Rest of Asia

Lower vehicle production in key regions, including Japan and India



### Global

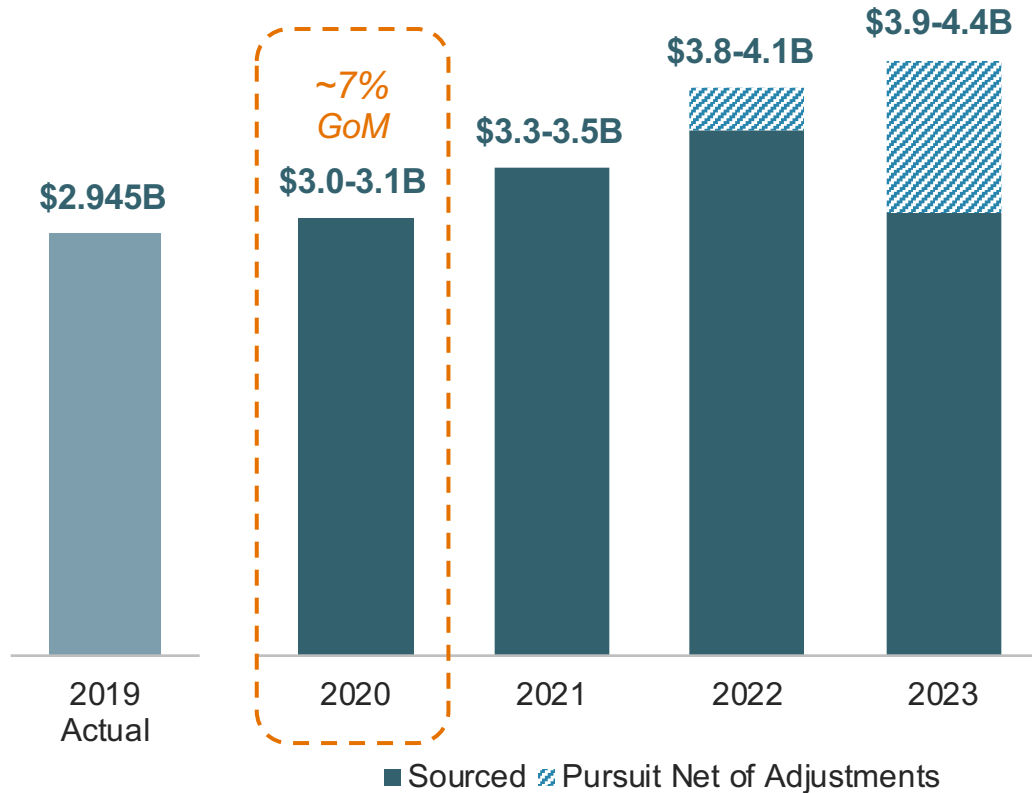
Forecasting FY 2020 production volumes down ~3% Y/Y (excl. coronavirus)



# 2020-2023 Visteon Business Plan

*Continued growth of sales above market*

Sales Forecast (1)



## Key Assumptions and Outlook



### Volumes

2020 volume decline of ~3% Y/Y  
2021-2023 volume CAGR of 0-3%



### New Business

\$6.0 billion in 2020



### Adjustments

Sales targets adjusted for potential OEM production volume revisions











### Adjusted EBITDA Margin

2023 adjusted EBITDA margin outlook of ~12%

# Coronavirus Update

*Impact not included in business plan projections but we continue to monitor closely*

## Estimated Production Activity for Key Customers <sup>(1)</sup>

Customer	# of Plants	February				March			
		Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13
 SAIC GM	4	Plant Shutdown	Plant Shutdown	Plant Shutdown	Operating <50%	Operating >=50%	Operating >=50%	Operating >=50%	Fully Operational
 SAIC VOLKSWAGEN	5	Plant Shutdown	Plant Shutdown	Plant Shutdown	Operating <50%	Operating >=50%	Operating >=50%	Operating >=50%	Fully Operational
 FAW-VOLKSWAGEN	5	Plant Shutdown	Operating <50%	Operating >=50%	Operating >=50%	Operating >=50%	Operating >=50%	Fully Operational	Fully Operational
 DONGFENG NISSAN	4	Plant Shutdown	Plant Shutdown	Operating <50%	Operating >=50%	Operating >=50%	Operating >=50%	Operating >=50%	Fully Operational
 GEELY	3	Plant Shutdown	Plant Shutdown	Operating <50%	Operating >=50%	Operating >=50%	Operating >=50%	Fully Operational	Fully Operational
 CHERY JAGUAR LAND ROVER	1	Plant Shutdown	Plant Shutdown	Operating >=50%	Fully Operational	Fully Operational	Fully Operational	Fully Operational	Fully Operational
 DONGFENG GROUP	4	Plant Shutdown	Operating <50%	Operating >=50%	Operating >=50%	Operating >=50%	Operating >=50%	Fully Operational	Fully Operational
 GAC HONDA GUANGQI HONDA	1	Plant Shutdown	Plant Shutdown	Operating >=50%	Fully Operational	Fully Operational	Fully Operational	Fully Operational	Fully Operational
<b>Total</b>	<b>27</b>	Plant Shutdown	Operating <50%	Operating <50%	Operating >=50%	Operating >=50%	Operating >=50%	Operating >=50%	Fully Operational

■ Plant Shutdown   
 ■ Operating <50%   
 ■ Operating >=50%   
 ■ Fully Operational

**Visteon's top eight OEM customers in China represent 27 different assembly plants**



## Q1 2020 Coronavirus Implications

### Visteon Operations

- No employees infected by virus
- China represents ~25% of Visteon's 2019 sales (incl. export)

### Impact to OEMs in China

- OEM customers slowly resuming production
- Impact from consumer demand unclear

### Supply Chain Impact

- Visteon has ~700 suppliers with plants in China
- Suppliers operating at ~50% capacity and expected to ramp up to full capacity by April

**Anticipate Q1 2020 Visteon sales impact of ~\$60 million**



## Summary



### Q4 Financial Results

Sales of \$744 million  
Adjusted EBITDA of \$85 million



### China Performance

Record full-year China sales  
New launches and higher take rates



### Growth-Over-Market

7% GoM in Q4 and 5% for full year  
Double-digit growth for digital products



### 2020-2023 Business Plan

~3% decline in 2020 volumes Y/Y  
Expect ~9% average annual GoM



### New Business Wins

\$6.1 billion in full-year wins  
Record display wins of \$845 million



### Coronavirus Update

Closely monitoring dynamic situation  
Full-year 2020 impact uncertain

# Q4 2019 Financial Results and Financial Guidance

February 20, 2020



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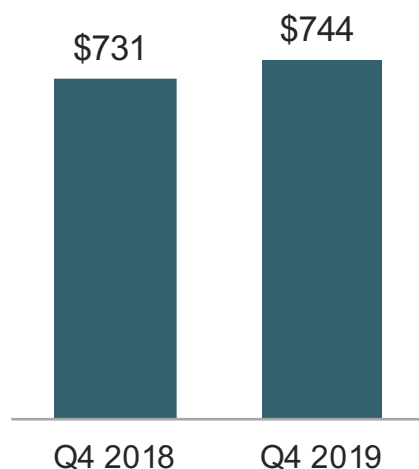
# Q4 2019 Key Financials \*

(Dollars in millions)

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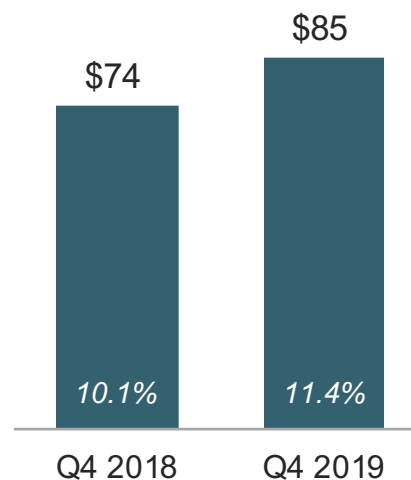
## Sales



***New launches offset lower industry production volumes***



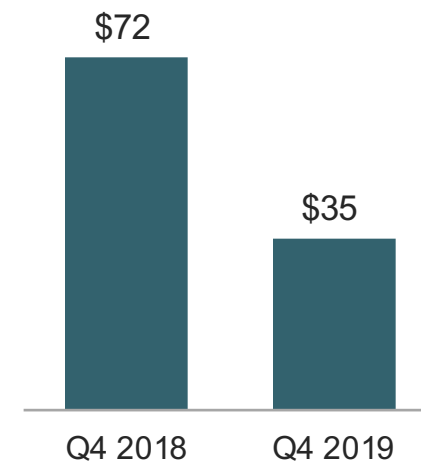
## Adjusted EBITDA



***Benefit of launches and lower engineering and other costs***



## Adjusted FCF

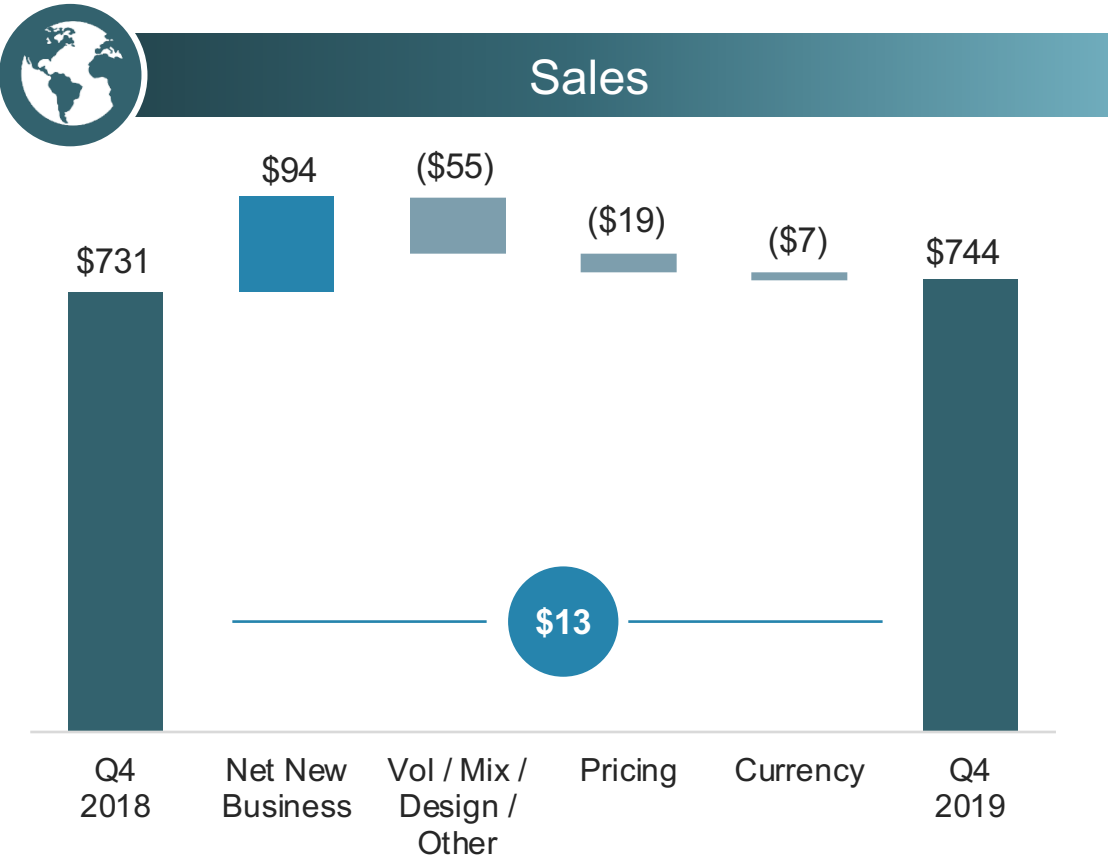


***Generating positive adjusted free cash flow***

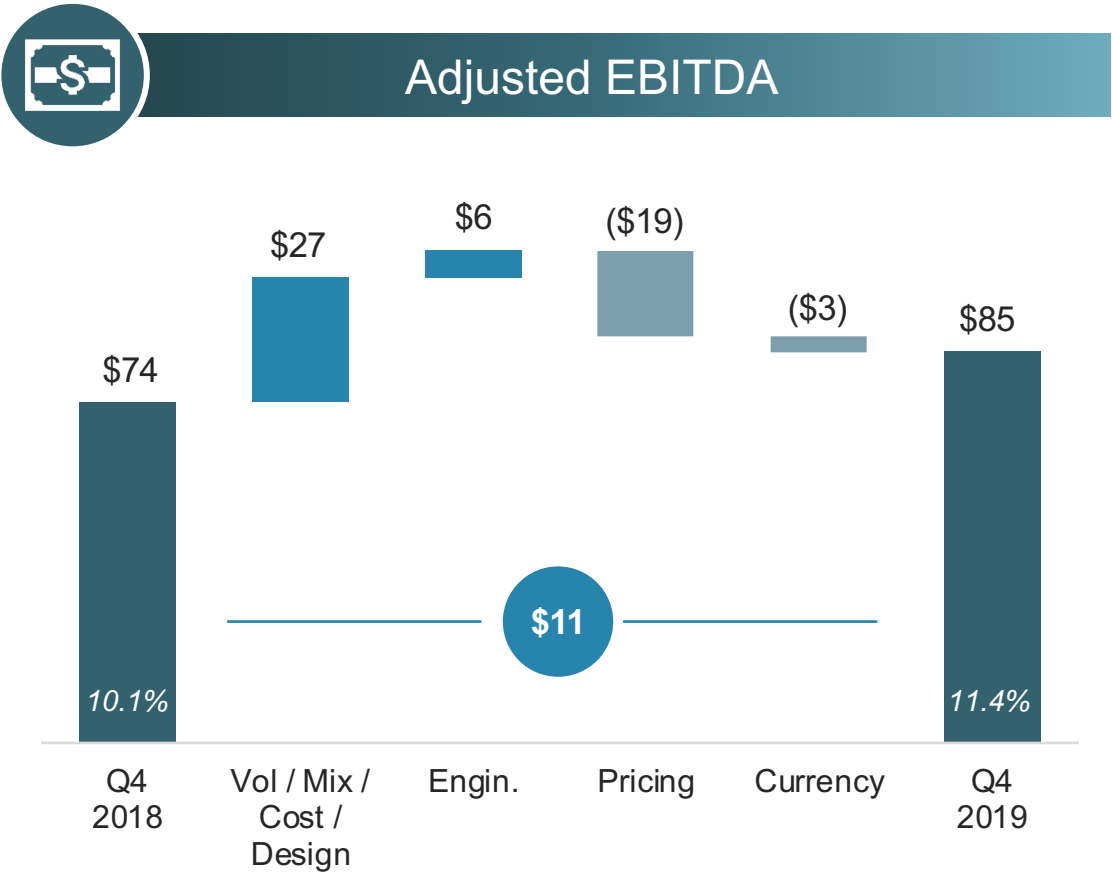


# Q4 2019 vs. Q4 2018 Key Drivers

(Dollars in millions)



**Net new business roll-ons more than offset impact of lower industry volumes**





**Benefits of new business and efficiencies more than offset annual price reductions**

# Adjusted Free Cash Flow and Balance Sheet

*Generated positive adjusted free cash flow for the quarter and the year*

*(Dollars and shares in millions)*




 <p>Net Cash</p>	<p><b>\$469</b> cash</p> <p><b>\$385</b> debt</p>
 <p>Diluted Shares Outstanding</p>	<p><b>28.2</b></p>

	Q4 2019	FY 2019
Adjusted EBITDA	\$85	\$234
Trade Working Capital	—	53
Cash Taxes	(8)	(40)
Interest Payments	(4)	(15)
Other Changes	(5)	(34)
Capital Expenditures	(33)	(142)
<b>Adjusted FCF</b>	<b>\$35</b>	<b>\$56</b>

# Full-Year 2020 Guidance *(Excl. Impact of Coronavirus)*

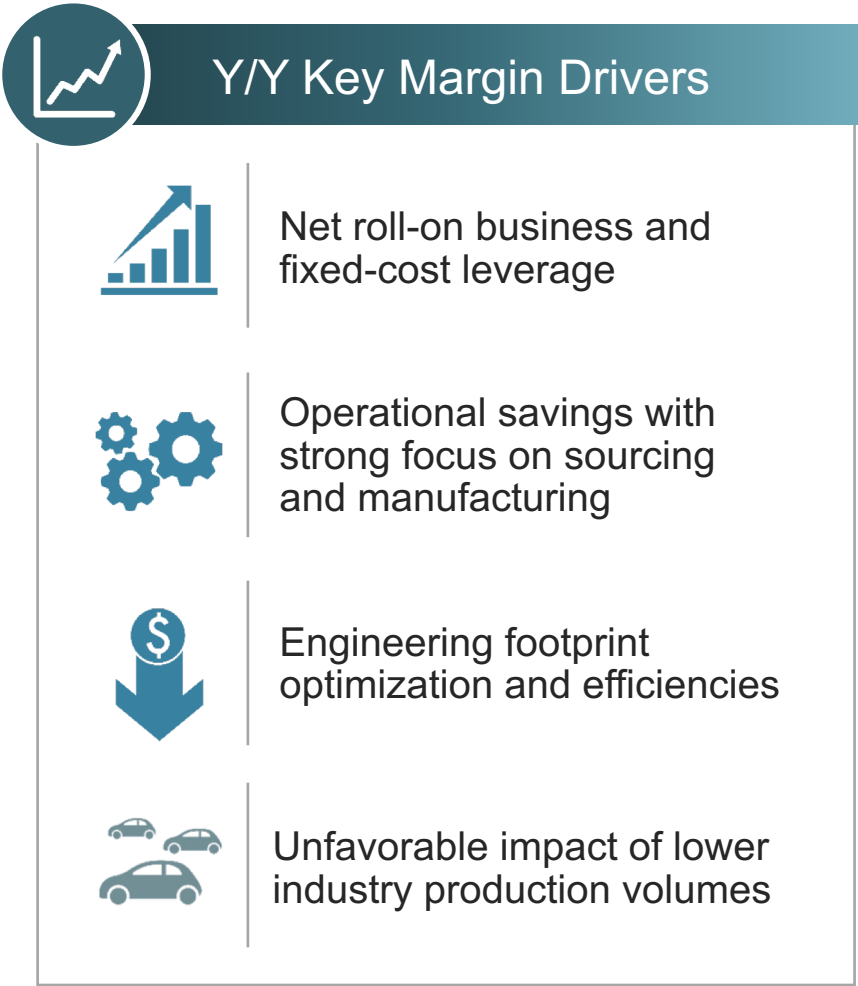
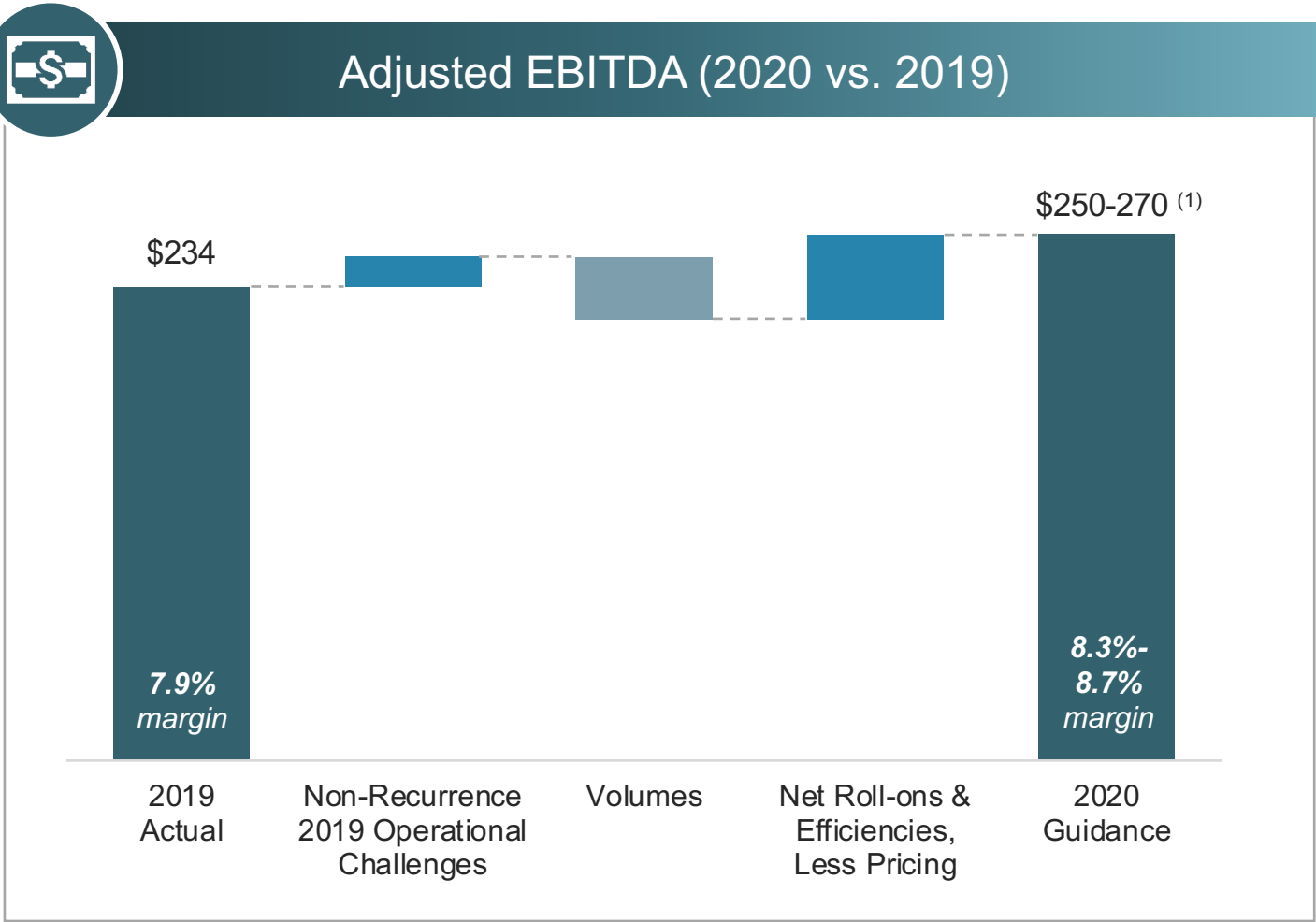
*(Dollars in millions)*

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	2019 Actuals	2020 Guidance
 Sales	\$2,945	\$3,000-3,100 <i>(~7% GoM at midpoint)</i>
 Adj. EBITDA	\$234 <i>(7.9% margin)</i>	\$250-270 <i>(~8.5% margin at midpoint)</i>
 Adj. FCF	\$56	\$40-60

# 2020 vs. 2019 Adjusted EBITDA Drivers

(Dollars in millions)



(1) Excludes impact of coronavirus.

# Building the Foundation

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Technology Innovation



Long-Term Growth



Financial Returns



# Appendix

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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;
  - the impact of the coronavirus on our suppliers, our manufacturing facilities and automotive sales in China; 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, 2019).
- 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, 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 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)	2018					2019				
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
<b>Gross margin</b>	<b>\$129</b>	<b>\$104</b>	<b>\$82</b>	<b>\$96</b>	<b>\$411</b>	<b>\$66</b>	<b>\$70</b>	<b>\$84</b>	<b>\$104</b>	<b>\$324</b>
<u>Less:</u>										
Stock-based compensation expense	1	1	1	-	3	1	1	1	-	3
Intangibles amortization	1	1	1	1	4	1	-	2	1	4
Other	-	-	-	-	-	-	1	-	2	3
<b>Subtotal</b>	<b>\$2</b>	<b>\$2</b>	<b>\$2</b>	<b>\$1</b>	<b>\$7</b>	<b>\$2</b>	<b>\$2</b>	<b>\$3</b>	<b>\$3</b>	<b>\$10</b>
<b>Adjusted gross margin</b>	<b>\$131</b>	<b>\$106</b>	<b>\$84</b>	<b>\$97</b>	<b>\$418</b>	<b>\$68</b>	<b>\$72</b>	<b>\$87</b>	<b>\$107</b>	<b>\$334</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)	2018					2019				
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
<b>SG&amp;A</b>	<b>\$44</b>	<b>\$55</b>	<b>\$40</b>	<b>\$54</b>	<b>\$193</b>	<b>\$57</b>	<b>\$58</b>	<b>\$52</b>	<b>\$54</b>	<b>\$221</b>
<u>Less:</u>										
Stock-based compensation expense	7	(5)	(3)	(4)	(5)	(4)	(5)	(2)	(3)	(14)
Intangibles amortization	(2)	(2)	(3)	(2)	(9)	(3)	(3)	(2)	(2)	(10)
Other	-	-	-	-	-	-	-	-	(1)	(1)
<b>Subtotal</b>	<b>\$5</b>	<b>(\$7)</b>	<b>(\$6)</b>	<b>(\$6)</b>	<b>(\$14)</b>	<b>(\$7)</b>	<b>(\$8)</b>	<b>(\$4)</b>	<b>(\$6)</b>	<b>(\$25)</b>
<b>Adjusted SG&amp;A</b>	<b>\$49</b>	<b>\$48</b>	<b>\$34</b>	<b>\$48</b>	<b>\$179</b>	<b>\$50</b>	<b>\$50</b>	<b>\$48</b>	<b>\$48</b>	<b>\$196</b>

# 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.

	2018					2019				
(Dollars and shares in millions, except per share data)	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
<b>Net income attributable to Visteon</b>	<b>\$65</b>	<b>\$35</b>	<b>\$21</b>	<b>\$43</b>	<b>\$164</b>	<b>\$14</b>	<b>\$7</b>	<b>\$14</b>	<b>\$35</b>	<b>\$70</b>
Average shares outstanding, diluted	30.8	29.9	29.5	28.9	29.7	28.4	28.2	28.1	28.2	28.2
<b>Earnings per share</b>	<b>\$2.11</b>	<b>\$1.17</b>	<b>\$0.71</b>	<b>\$1.49</b>	<b>\$5.52</b>	<b>\$0.49</b>	<b>\$0.25</b>	<b>\$0.50</b>	<b>\$1.24</b>	<b>\$2.48</b>
<hr/>										
<b>Memo: Adjusted EPS</b>										
<b>Net income attributable to Visteon</b>	<b>\$65</b>	<b>\$35</b>	<b>\$21</b>	<b>\$43</b>	<b>\$164</b>	<b>\$14</b>	<b>\$7</b>	<b>\$14</b>	<b>\$35</b>	<b>\$70</b>
Restructuring expense	5	5	18	1	29	1	-	1	2	4
Discontinued operations	(2)	1	(1)	1	(1)	-	-	-	1	1
Gain on consolidation	-	-	(4)	-	(4)	-	-	-	-	-
Other	(4)	-	-	-	(4)	-	1	-	3	4
Tax effect of adjustments	-	-	(1)	(1)	(2)	-	-	-	(1)	(1)
<b>Subtotal</b>	<b>(\$1)</b>	<b>\$6</b>	<b>\$12</b>	<b>\$1</b>	<b>\$18</b>	<b>\$1</b>	<b>\$1</b>	<b>\$1</b>	<b>\$5</b>	<b>\$8</b>
<b>Adjusted net income</b>	<b>\$64</b>	<b>\$41</b>	<b>\$33</b>	<b>\$44</b>	<b>\$182</b>	<b>\$15</b>	<b>\$8</b>	<b>\$15</b>	<b>\$40</b>	<b>\$78</b>
Average shares outstanding, diluted	30.8	29.9	29.5	28.9	29.7	28.4	28.2	28.1	28.2	28.2
<b>Adjusted earnings per share</b>	<b>\$2.08</b>	<b>\$1.37</b>	<b>\$1.12</b>	<b>\$1.52</b>	<b>\$6.13</b>	<b>\$0.53</b>	<b>\$0.28</b>	<b>\$0.53</b>	<b>\$1.42</b>	<b>\$2.77</b>



# 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 2020 Guidance	
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year	Low-end	High-end
<b>Net income attributable to Visteon</b>	<b>\$65</b>	<b>\$35</b>	<b>\$21</b>	<b>\$43</b>	<b>\$164</b>	<b>\$14</b>	<b>\$7</b>	<b>\$14</b>	<b>\$35</b>	<b>\$70</b>	<b>\$48</b>	<b>\$63</b>
Depreciation and amortization	22	23	22	24	91	25	24	25	26	100	110	110
Restructuring expense	5	5	18	1	29	1	-	1	2	4	30	25
Interest expense, net	2	2	2	1	7	2	2	3	2	9	10	10
Equity in net income of non-consolidated affiliates	(3)	(4)	(3)	(3)	(13)	(3)	(3)	(1)	1	(6)	(8)	(8)
Provision for income taxes	21	12	9	1	43	(5)	8	13	8	24	30	40
Income from discontinued operations, net of tax	(2)	1	(1)	1	(1)	-	-	-	1	1	-	-
Net income attributable to non-controlling interests	4	1	3	2	10	2	1	4	4	11	10	10
Non-cash, stock-based compensation	(6)	6	4	4	8	5	6	3	3	17	20	20
Other	(4)	-	(4)	-	(8)	-	1	-	3	4	-	-
<b>Subtotal</b>	<b>\$39</b>	<b>\$46</b>	<b>\$50</b>	<b>\$31</b>	<b>\$166</b>	<b>\$27</b>	<b>\$39</b>	<b>\$48</b>	<b>\$50</b>	<b>\$164</b>	<b>\$202</b>	<b>\$207</b>
<b>Adjusted EBITDA</b>	<b>\$104</b>	<b>\$81</b>	<b>\$71</b>	<b>\$74</b>	<b>\$330</b>	<b>\$41</b>	<b>\$46</b>	<b>\$62</b>	<b>\$85</b>	<b>\$234</b>	<b>\$250</b>	<b>\$270</b>

<u>Memo: Adjusted Net Income</u>												
<b>Net income attributable to Visteon</b>	<b>\$65</b>	<b>\$35</b>	<b>\$21</b>	<b>\$43</b>	<b>\$164</b>	<b>\$14</b>	<b>\$7</b>	<b>\$14</b>	<b>\$35</b>	<b>\$70</b>	<b>\$48</b>	<b>\$63</b>
Restructuring expense	5	5	18	1	29	1	-	1	2	4	30	25
Discontinued operations	(2)	1	(1)	1	(1)	-	-	-	1	1	-	-
Gain on consolidation	-	-	(4)	-	(4)	-	-	-	-	-	-	-
Other	(4)	-	-	-	(4)	-	1	-	3	4	-	-
Tax effect of adjustments	-	-	(1)	(1)	(2)	-	-	-	(1)	(1)	-	-
<b>Subtotal</b>	<b>(\$1)</b>	<b>\$6</b>	<b>\$12</b>	<b>\$1</b>	<b>\$18</b>	<b>\$1</b>	<b>\$1</b>	<b>\$1</b>	<b>\$5</b>	<b>\$8</b>	<b>\$30</b>	<b>\$25</b>
<b>Adjusted net income</b>	<b>\$64</b>	<b>\$41</b>	<b>\$33</b>	<b>\$44</b>	<b>\$182</b>	<b>\$15</b>	<b>\$8</b>	<b>\$15</b>	<b>\$40</b>	<b>\$78</b>	<b>\$78</b>	<b>\$88</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)	2018					2019					FY 2020 Guidance	
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year	Low-end	High-end
<b>Cash flow from (for) operating activities</b>	<b>\$81</b>	<b>\$45</b>	<b>(\$19)</b>	<b>\$97</b>	<b>\$204</b>	<b>\$4</b>	<b>\$57</b>	<b>\$57</b>	<b>\$65</b>	<b>\$183</b>	<b>\$150</b>	<b>\$175</b>
Less: Capital expenditures, including intangibles	(44)	(25)	(27)	(31)	(127)	(37)	(34)	(38)	(33)	(142)	(145)	(140)
<b>Free cash flow</b>	<b>\$37</b>	<b>\$20</b>	<b>(\$46)</b>	<b>\$66</b>	<b>\$77</b>	<b>(\$33)</b>	<b>\$23</b>	<b>\$19</b>	<b>\$32</b>	<b>\$41</b>	<b>\$5</b>	<b>\$35</b>
Exclude: Restructuring-related payments	11	9	4	6	30	3	5	4	3	15	35	25
<b>Adjusted free cash flow</b>	<b>\$48</b>	<b>\$29</b>	<b>(\$42)</b>	<b>\$72</b>	<b>\$107</b>	<b>(\$30)</b>	<b>\$28</b>	<b>\$23</b>	<b>\$35</b>	<b>\$56</b>	<b>\$40</b>	<b>\$60</b>

# 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	Q4	Full Year
Sales	\$814	\$758	\$681	\$731	\$2,984	\$737	\$733	\$731	\$744	\$2,945
Gross margin	\$129	\$104	\$82	\$96	\$411	\$66	\$70	\$84	\$104	\$324
Intangibles amortization	1	1	1	1	4	1	-	2	1	4
Stock-based compensation expense	1	1	1	-	3	1	1	1	-	3
Other	-	-	-	-	-	-	1	-	2	3
<b>Adjusted gross margin</b>	<b>\$131</b>	<b>\$106</b>	<b>\$84</b>	<b>\$97</b>	<b>\$418</b>	<b>\$68</b>	<b>\$72</b>	<b>\$87</b>	<b>\$107</b>	<b>\$334</b>
<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>	<i>14.4%</i>	<i>11.3%</i>
SG&A	(\$44)	(\$55)	(\$40)	(\$54)	(\$193)	(\$57)	(\$58)	(\$52)	(\$54)	(\$221)
Intangibles amortization	2	2	3	2	9	3	3	2	2	10
Stock-based compensation expense	(7)	5	3	4	5	4	5	2	3	14
Other	-	-	-	-	-	-	-	-	1	1
<b>Adjusted SG&amp;A</b>	<b>(\$49)</b>	<b>(\$48)</b>	<b>(\$34)</b>	<b>(\$48)</b>	<b>(\$179)</b>	<b>(\$50)</b>	<b>(\$50)</b>	<b>(\$48)</b>	<b>(\$48)</b>	<b>(\$196)</b>
Adjusted EBITDA										
Adjusted gross margin	\$131	\$106	\$84	\$97	\$418	\$68	\$72	\$87	\$107	\$334
Adjusted SG&A	(49)	(48)	(34)	(48)	(179)	(50)	(50)	(48)	(48)	(196)
D&A	19	20	18	21	78	21	21	21	23	86
Pension financing benefits, net	3	3	3	4	13	2	3	2	3	10
<b>Adjusted EBITDA</b>	<b>\$104</b>	<b>\$81</b>	<b>\$71</b>	<b>\$74</b>	<b>\$330</b>	<b>\$41</b>	<b>\$46</b>	<b>\$62</b>	<b>\$85</b>	<b>\$234</b>
<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>	<i>11.4%</i>	<i>7.9%</i>
Equity in affiliates	\$3	\$4	\$3	\$3	\$13	\$3	\$3	\$1	(\$1)	\$6
Noncontrolling interests	(4)	(1)	(3)	(2)	(10)	(2)	(1)	(4)	(4)	(11)

# Reconciliation of Gross Margin



## Gross Margin Build-up

(Dollars in millions)	2018					2019				
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
Sales	\$814	\$758	\$681	\$731	\$2,984	\$737	\$733	\$731	\$744	\$2,945
Cost of goods sold (ex. engineering)	(617)	(575)	(522)	(573)	(2,287)	(586)	(576)	(574)	(585)	(2,321)
Engineering costs, net	(68)	(79)	(77)	(62)	(286)	(85)	(87)	(73)	(55)	(300)
<b>Gross margin</b>	<b>\$129</b>	<b>\$104</b>	<b>\$82</b>	<b>\$96</b>	<b>\$411</b>	<b>\$66</b>	<b>\$70</b>	<b>\$84</b>	<b>\$104</b>	<b>\$324</b>
<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%	78.6%	78.8%
Engineering costs, net	8.4	10.4	11.3	8.5	9.6	11.5	11.9	10.0	7.4	10.2
<b>Gross margin</b>	<b>15.8%</b>	<b>13.7%</b>	<b>12.0%</b>	<b>13.1%</b>	<b>13.8%</b>	<b>9.0%</b>	<b>9.5%</b>	<b>11.5%</b>	<b>14.0%</b>	<b>11.0%</b>
<hr/>										
<u>Engineering costs, net</u>										
Engineering costs, gross	(\$95)	(\$104)	(\$111)	(\$121)	(\$431)	(\$108)	(\$113)	(\$105)	(\$114)	(\$440)
Recoveries	27	25	34	59	145	23	26	32	59	140
<b>Engineering costs, net</b>	<b>(\$68)</b>	<b>(\$79)</b>	<b>(\$77)</b>	<b>(\$62)</b>	<b>(\$286)</b>	<b>(\$85)</b>	<b>(\$87)</b>	<b>(\$73)</b>	<b>(\$55)</b>	<b>(\$300)</b>

# Financial Results – U.S. GAAP



(Dollars in millions, except per share data)	2018					2019				
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
<u>Income Statement</u>										
Sales	\$814	\$758	\$681	\$731	\$2,984	\$737	\$733	\$731	\$744	\$2,945
Gross margin	129	104	82	96	411	66	70	84	104	324
SG&A	44	55	40	54	193	57	58	52	54	221
Net income attributable to Visteon	65	35	21	43	164	14	7	14	35	70
Earnings per share, diluted	\$2.11	\$1.17	\$0.71	\$1.49	\$5.52	\$0.49	\$0.25	\$0.50	\$1.24	\$2.48
<u>Cash Flow Statement</u>										
Cash flow from (for) operating activities	\$81	\$45	(\$19)	\$97	\$204	\$4	\$57	\$57	\$65	\$183
Capital expenditures, including intangibles	44	25	27	31	127	37	34	38	33	142

# 2020 Exchange Rate Assumptions

(Dollars in millions)

## Key Exchange Rate Assumptions

	<b>2019</b>	<b>2020E</b>
	<b>FY</b>	<b>FY</b>
\$ / Euro	\$1.12	\$1.11 <sup>(1)</sup>
Brazilian Real / \$	3.9	3.9
Chinese Yuan / \$	6.9	6.9
Indian Rupee / \$	70.4	71.0
Japanese Yen / \$	109.3	105.0
Mexican Peso / \$	19.4	19.5
Thai Baht / \$	31.2	31.2

## 2020 FY Impact of Movements in FX Rates <sup>(2)</sup>

		<b>FY Impact of Unit Change</b>	
	<b>Unit Change</b>	<b>Sales</b>	<b>EBITDA</b>
\$ / Euro	1.11 to 1.12	\$6	\$0.4
Chinese Yuan / \$	6.9 to 6.8	8	0.6
Japanese Yen / \$	105.0 to 106.0	(1)	1.3
Mexican Peso / \$	19.5 to 20.5	-	2.1

# Visteon®

