

# Baird 2019 Industrial Conference

Sachin Lawande, President and CEO

November 6, 2019



**Visteon®**

# 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 unaudited; Information herein represents information 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.

# Visteon At A Glance



Leading supplier of cockpit electronics and autonomous driving systems to carmakers across the world



\$3B annual sales



10,000 employees



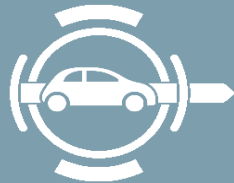
18 countries



20 manufacturing locations



18 technical centers

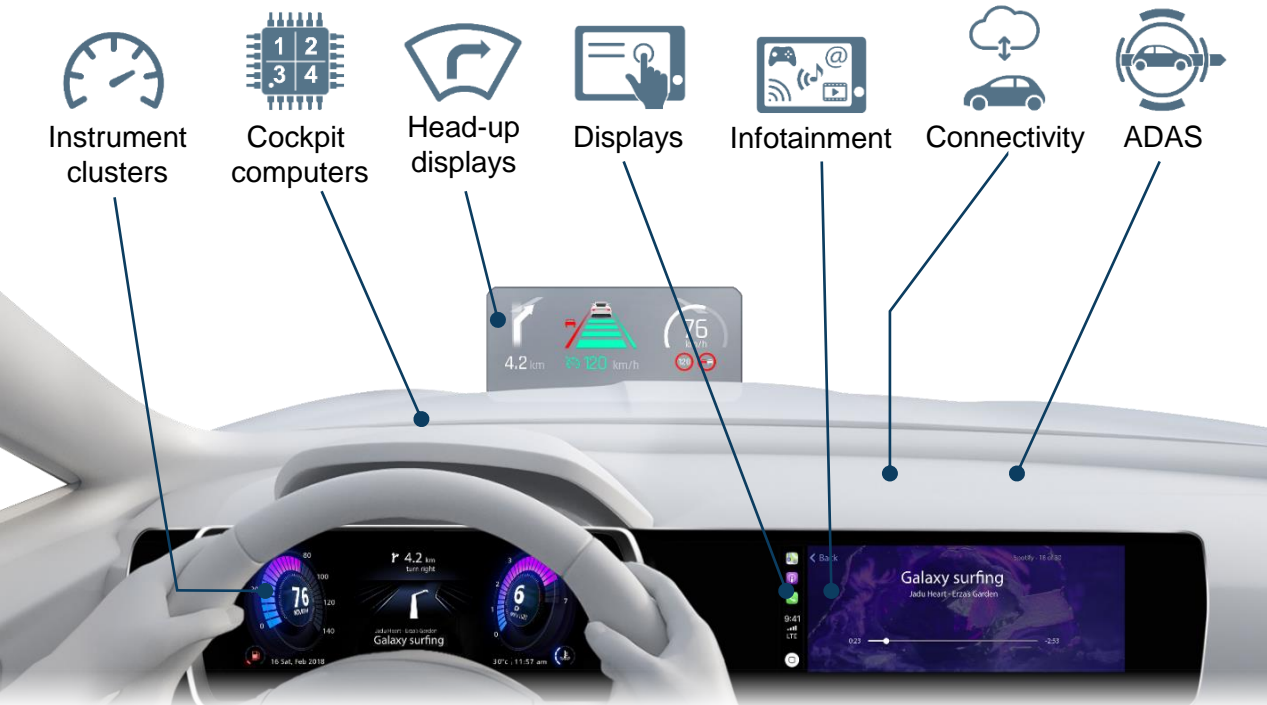


Leading the evolution of automotive digital cockpits and safety solutions

# Industry-Leading Products for a Broad Customer Base

Visteon®

## Product Portfolio



## Customer Diversity



# Financial Performance Driven by NBWs and Launches

## Q3 Key Financial Highlights



### Strong Financial Results

- Sales of \$731 million
- Adj. EBITDA of \$62 million
- Adj. FCF of \$23 million

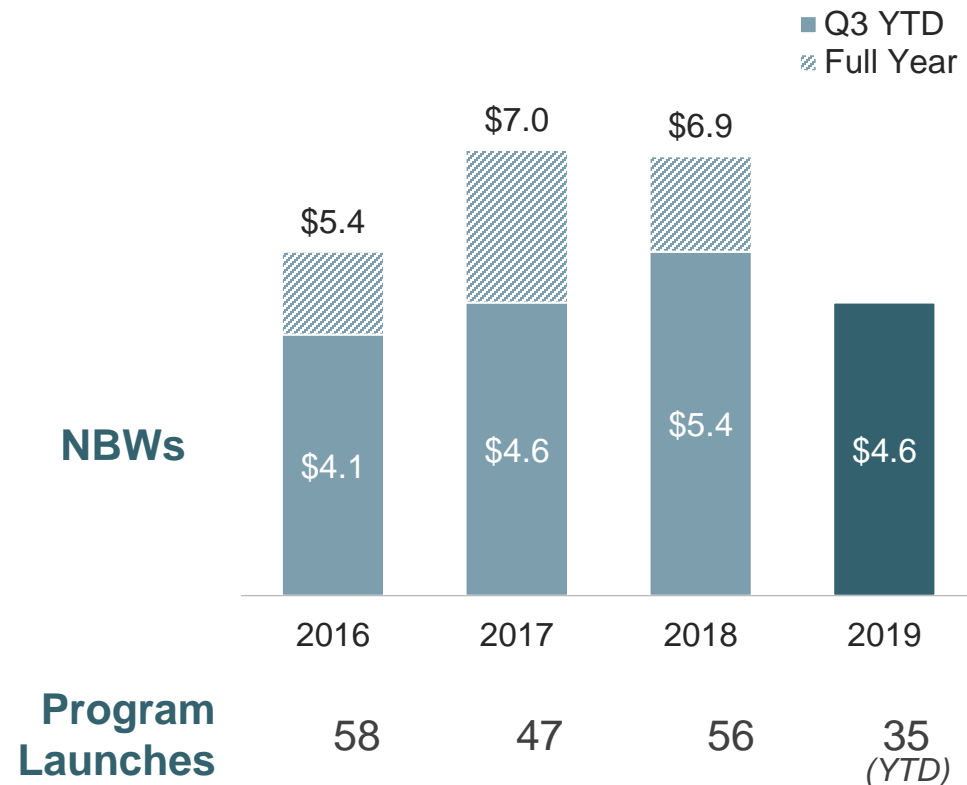


### Outperforming the Market

- Visteon sales up 7% Y/Y
- 10 pct. points growth over market
- Strong growth in digital clusters

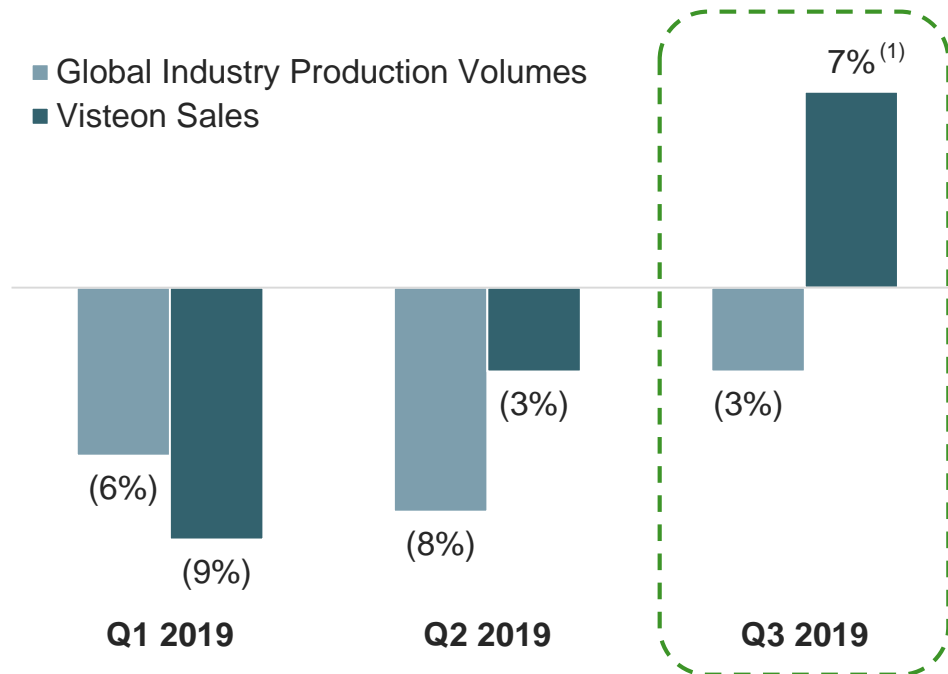
## New Business Wins and Launches

(Dollars in Billions)



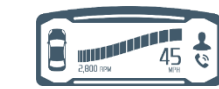
# Q3 2019 Sales Performance

## Industry Production vs. Visteon Sales



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

## Visteon Q3 Growth Drivers



Digital Clusters

- 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

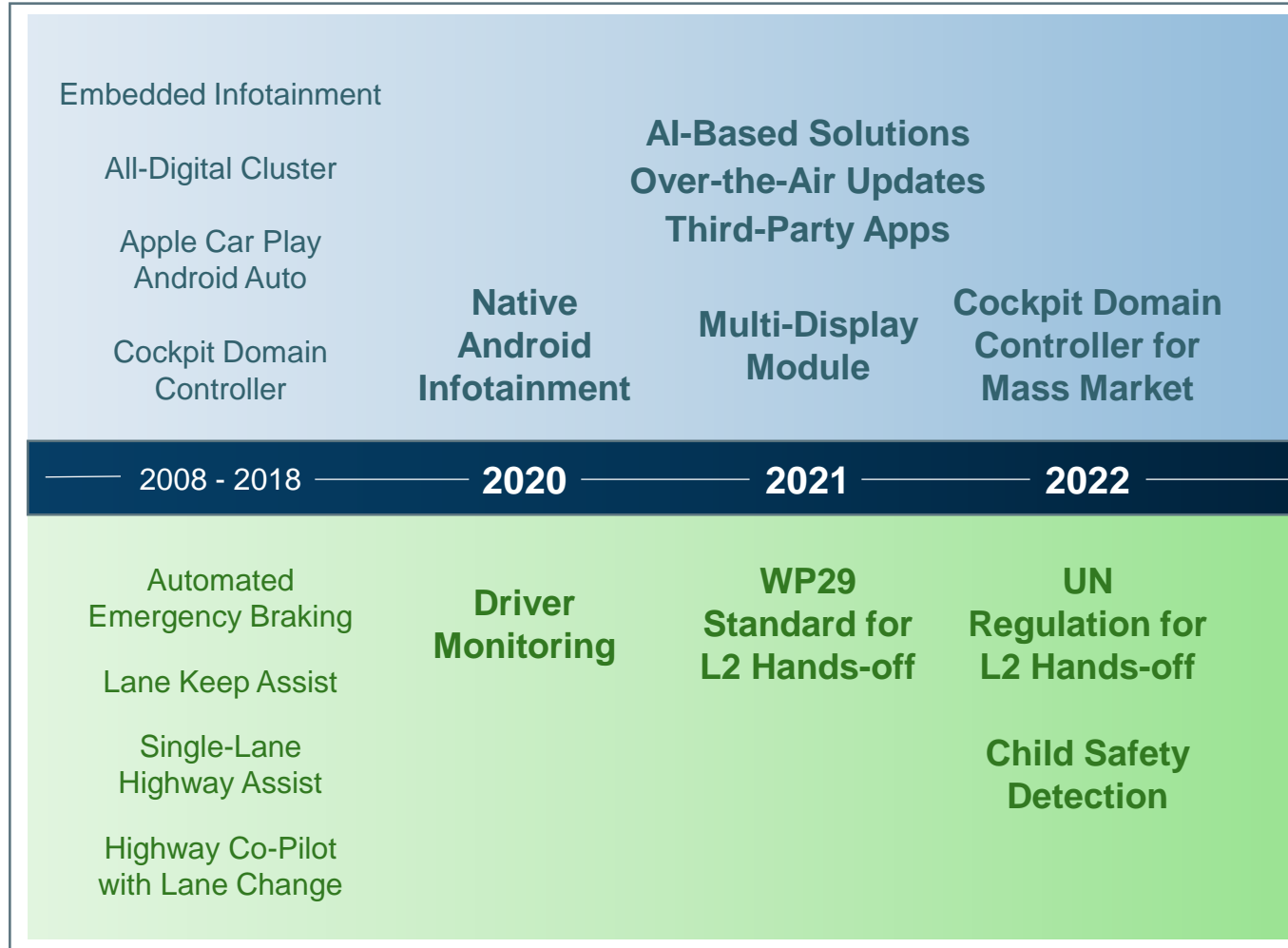
Visteon sales growth 10 percentage points above market in Q3



# Cockpit Electronics and Safety Trends



## Cockpit Trends



- Cockpit evolving into multi-display environment
- Separate ECUs converging into single cockpit computer
- AI and downloadable apps drive value add

- EuroNCAP 5-star safety drives cockpit safety features
- UN regulation for hands-free driving expected in 2022
- Increased interest in safety and UX integration

# Cockpit Electronics Complexity Leading to Higher ASP





# Evolution of Automotive Displays



**FORM FACTOR**

Small <8" CID  
Flat LCD with plastic coverlens

Large 12" CID  
Flat LCD with glass coverlens

Large multiple displays with  
curved glass coverlens

**PERFORMANCE**

Low contrast, brightness  
and color saturation

Increased contrast, brightness  
and color saturation

High contrast, brightness  
and color saturation

**TECHNOLOGY**

Amorphous silicon LCD

LTPS LCD  
Optical bonding

OLED  
Optical bonding

**COST**

\$

\$\$

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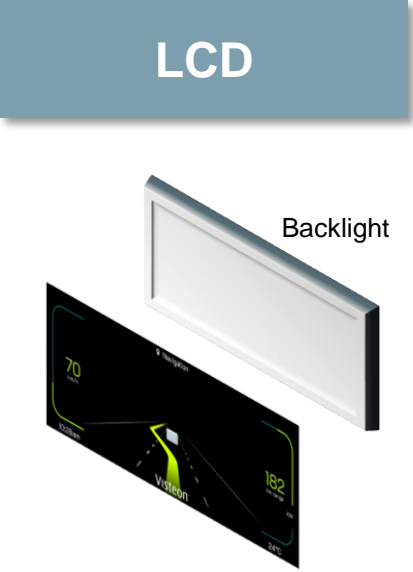
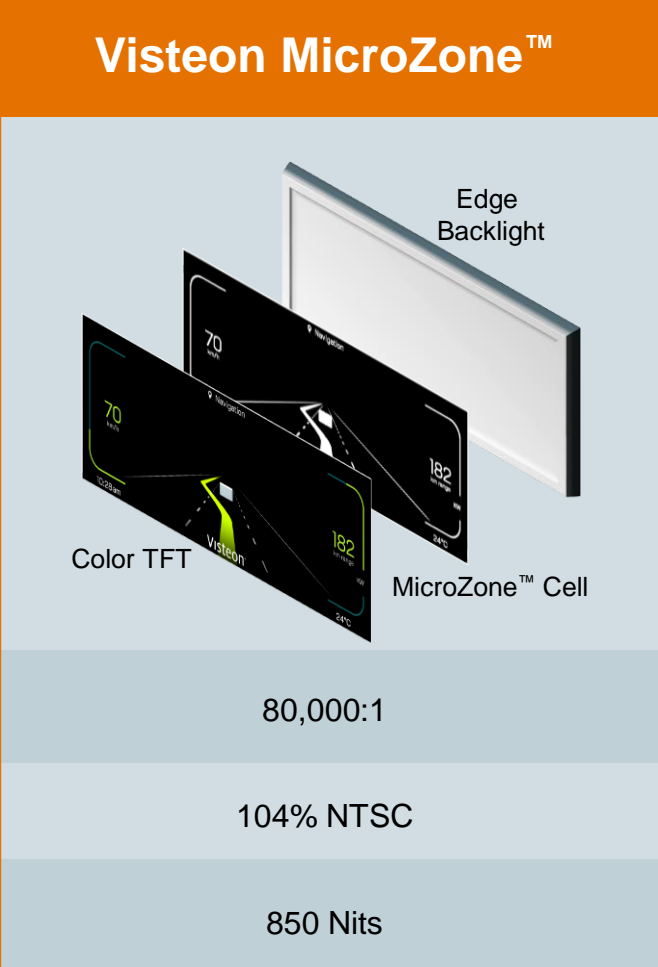
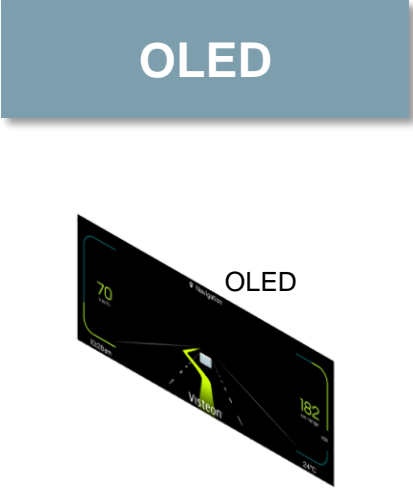
PAST

TODAY

FUTURE

# Visteon MicroZone™ High-Performance Automotive Display

Visteon®

	LCD	Visteon MicroZone™	OLED
			
CONTRAST	1000:1	80,000:1	1,000,000:1
COLOR	85% NTSC	104% NTSC	100% NTSC
BRIGHTNESS	850 Nits	850 Nits	600 Nits

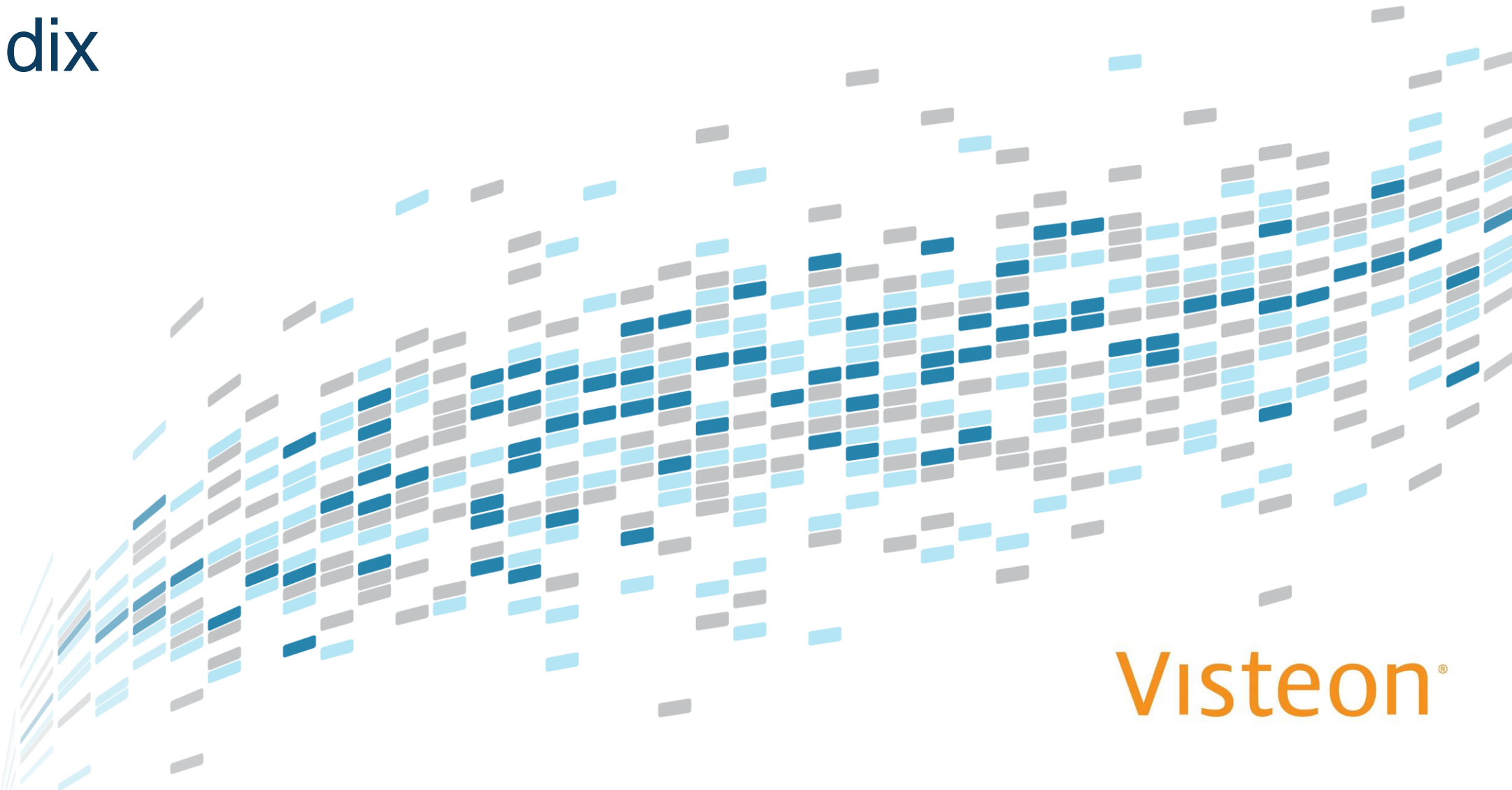
MicroZone™ provides high-performance and cost-efficient alternative to OLED

# Visteon®

[www.visteon.com](http://www.visteon.com)



# Appendix



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# Reconciliation of Non-GAAP Financial Information



## 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		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3
<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>
Depreciation and amortization	22	23	22	24	91	25	24	25
Restructuring expense	5	5	18	1	29	1	-	1
Interest expense, net	2	2	2	1	7	2	2	3
Equity in net income of non-consolidated affiliates	(3)	(4)	(3)	(3)	(13)	(3)	(3)	(1)
Provision for income taxes	21	12	9	1	43	(5)	8	13
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
Non-cash, stock-based compensation	(6)	6	4	4	8	5	6	3
Other	(4)	-	(4)	-	(8)	-	1	-
<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>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>
<hr/>								
<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>
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)	-	-	-
<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>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>

# 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		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3
<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>
Less: Capital expenditures, including intangibles	(44)	(25)	(27)	(31)	(127)	(37)	(34)	(38)
<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>
Exclude: Restructuring-related payments	11	9	4	6	30	3	5	4
<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>