

Visteon Q2 2021 Earnings

July 29, 2021



Visteon®

Q2 2021 Summary



Net Sales

\$610 Million

+59% Y/Y ⁽¹⁾



Adjusted EBITDA

\$30 Million

4.9% Margin



Adjusted FCF

(\$7) Million YTD

\$470 Million Total Cash

CONTINUED PROGRESS ON GROWTH DRIVERS IN A CHALLENGING ENVIRONMENT

ROBUST
PRODUCT
PORTFOLIO



Continued market
outperformance

ON TRACK TO
ACHIEVE FULL-
YEAR TARGET



\$3.2 billion in YTD
new business wins

STRONG
LAUNCH
CADENCE



On track for 50+
product launches

BUILDING
SUSTAINABLE
FUTURE



Top quartile ESG
performance

MAINTAINING
STRONG
LIQUIDITY

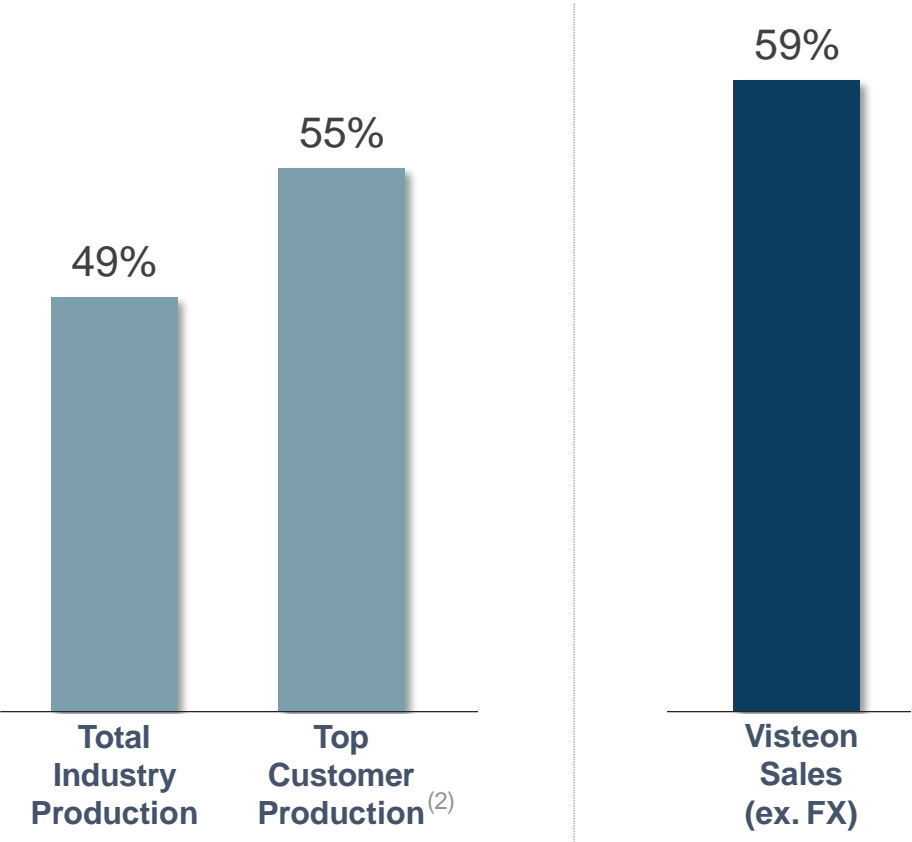


\$115 million net cash
position at end of Q2

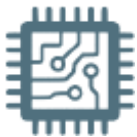
Q2 2021 Year-Over-Year Sales Performance

Continued outperformance while growth was muted due to shortages

Global Growth-Over-Market of 4%⁽¹⁾



Q2 Dynamics



Semiconductor Supply Constraints
Impacted by Texas storm, Naka plant fire, and COVID-19 disruptions in Taiwan and Malaysia



Robust Customer Demand
High customer orders driven by consumer demand and low inventory levels



Product Performance
Continued growth in key products while cluster growth muted due to supply shortages



Continued Outperformance
Market outperformance driven by continued transition to digital and connected cockpits

(1) Excludes Y/Y impact of currency fluctuations
(2) Reflects Y/Y growth in industry production volumes for Visteon customers weighted on Visteon sales contribution

Q2 Product Launches

Advanced digital cockpit products on leading vehicles from global OEMs

Visteon®

10" Digital Cluster



~\$175M *Estimated Lifetime Program Revenue*

3D digital cluster for all-new third generation Peugeot 308 in Europe

Android-Based Infotainment



~\$135M *Estimated Lifetime Program Revenue*

Android-based infotainment for all-new flagship SUV for Skoda in India

Android-Based Infotainment



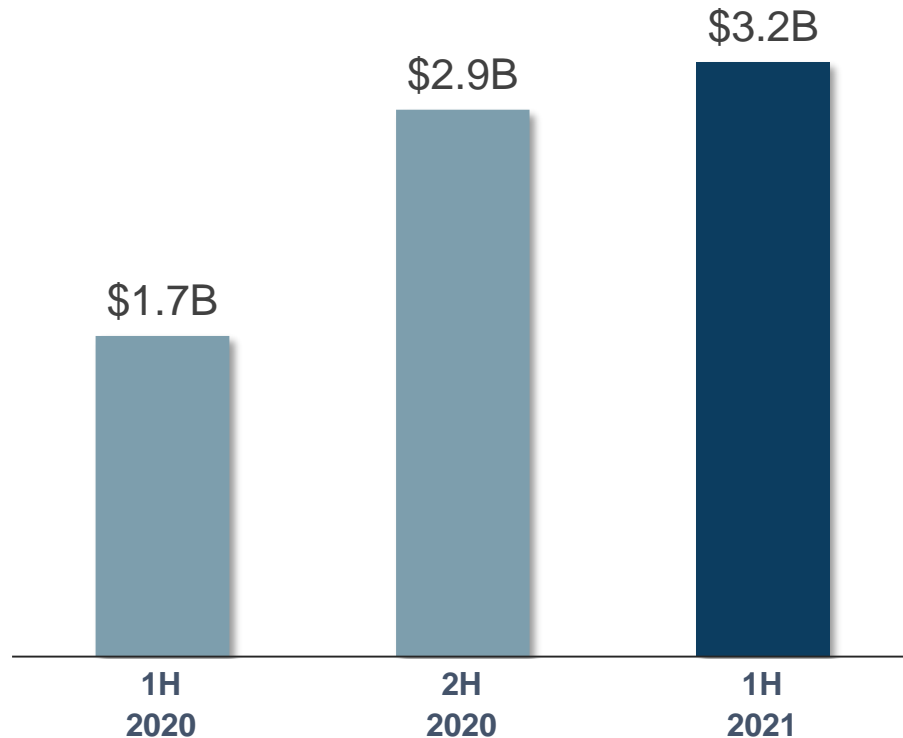
~\$115M *Estimated Lifetime Program Revenue*

Android-based infotainment for high-end flagship SUV for Geely in China

1H New Business Wins

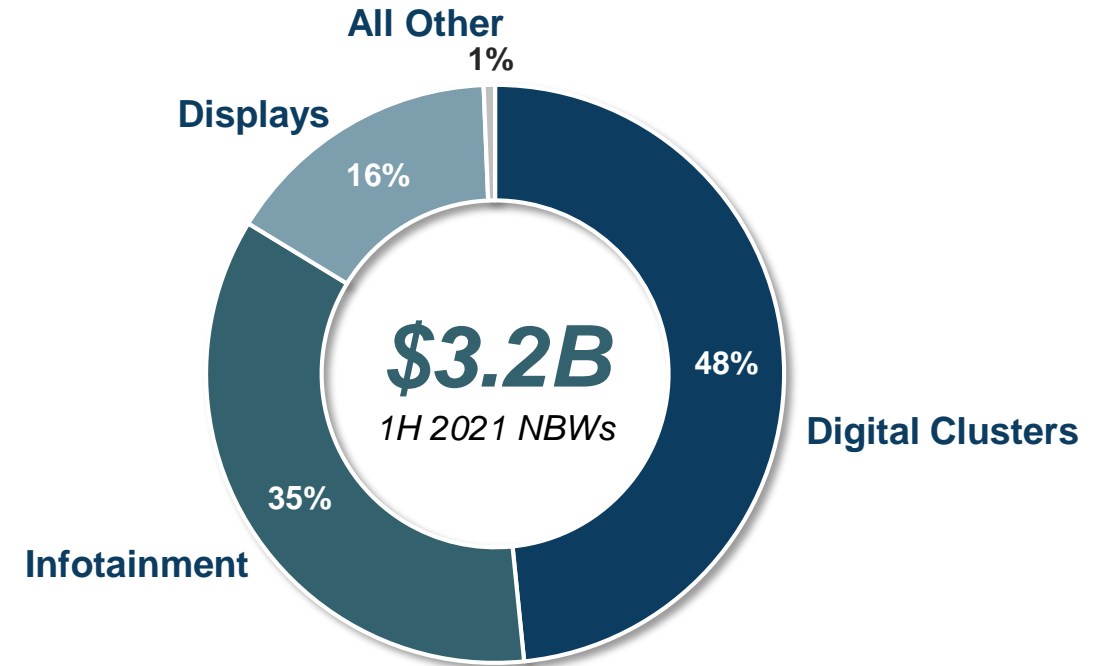
On track to achieve full-year goal of \$6.0 billion with \$3.2 billion in 1H 2021

Robust Award Activity in 1H 2021



Return to higher levels of new business wins following COVID-19 disruptions in early 2020

New Business Wins By Product



SmartCore™ represents about 30% of first-half new business wins

New Business Win Highlights

Digital clusters extend to mass market and two-wheeler market

Visteon®

Cross-Platform All-Digital Cluster Program



8-inch all-digital cluster for large global OEM for multiple brands, regions and vehicle models

High-Value Digital Cluster Program

~\$640M

Lifetime Sales of
Q2 2021 Award

~\$1.5B

Combined Award Value
(Including First Win in 2018)

25

OEM Car Lines with
8-inch Digital Cluster

Two-Wheeler Award with Large Global OEM



Circular pod digital cluster for new OEM customer with turn-by-turn navigation, phone integration and music

Accelerating Cockpit Electronics in Adjacent Market

~\$350M

Total Backlog of
Two-Wheeler Business

4

Two-Wheeler
OEM Customers

35

Total Models with
Visteon Products

Commitment to Sustainability Through ESG

Creating long-term shareholder value through sustainable business

Visteon®



Enabling Electrification

Provide key solutions to advance industry electrification efforts



Driving Sustainability

Established key metrics to reduce consumption and emissions by 2025



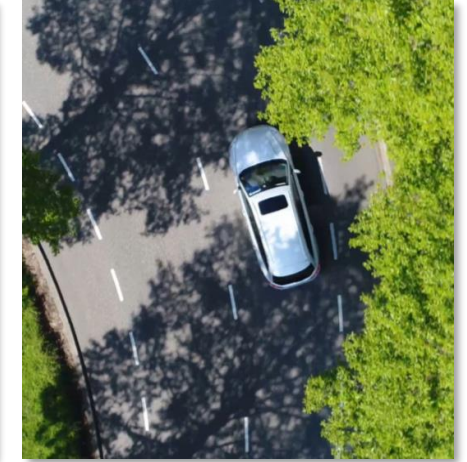
Developing Leaders

Leadership development program designed to elevate female leaders



Embracing Diversity

Broad diversity through experience, tenure, gender and ethnicity



Leading Industry Forward

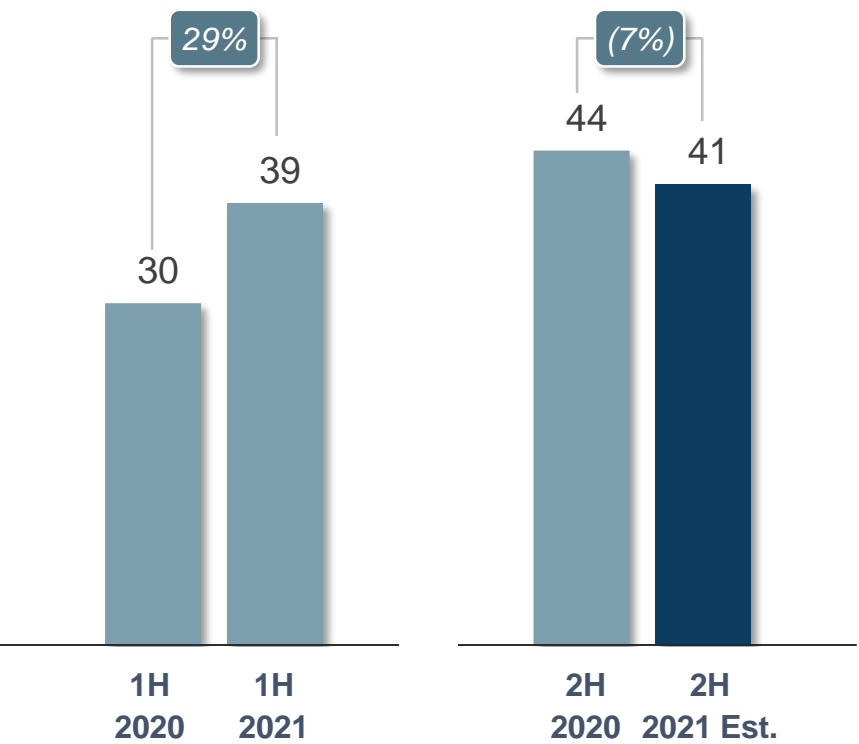
Top quartile rating from ISS for ESG in peer group

Industry Production Outlook

Y/Y comparison negatively impacted due to strong rebound in 2H 2020

(Units in millions)

Y/Y Industry Production



Expecting full year production volumes around 80 million units (8% y/y growth)

Vehicle Production and Visteon Sales



1st Half Market Outperformance
Visteon sales outperformed customer production by 7%



2nd Half Production Outlook
Expect vehicle production to be down 7% Y/Y driven by semiconductor supply outlook



2nd Half Growth-Over-Market
Mid-to-high single digit range driven by product launches and semiconductor supply



Sales Expectations
Full-year sales within guidance range but below the midpoint

Summary



Strong Q2 Performance in a Challenging Environment

Delivered 59% Y/Y sales growth and 4% growth-over-market relative to our customers



Fundamentals of Business Remain Strong

Continued momentum of digital cockpit solutions even in constrained environment



Technology Portfolio Aligned with Key Trends

Connected car, digitalization and electrification driving growth



Continuing to Build the Foundation for Future Growth

Won \$3.2 billion in NBWs in the first half across a broad range of products



Improvement in Semiconductor Supply in 2H

Gradual sequential improvement in supply through rest of the year



Q2 2021 Financial Results

July 29, 2021



Visteon®

Q2 2021 in Review



Disciplined performance despite supply chain challenges



Net Sales

\$610 Million

+59% Y/Y ⁽¹⁾



Adjusted EBITDA

\$30 Million

4.9% Margin



Adjusted FCF

(\$7) Million YTD

\$115 Million Net Cash

MAINTAINED SUPPLY CHAIN CONTINUITY WHILE ACTIVELY MITIGATING COST IMPACT



SUPPLY AND OPERATIONAL PERFORMANCE

- ▶ Task force focused on optimizing supply in constrained environment
- ▶ Executed open-market purchases to support our customers



SALES AND MARGIN PERFORMANCE

- ▶ Sales growth muted due to semiconductor shortages
- ▶ Margins impacted by lower scale and higher semiconductor costs



LIQUIDITY AND BALANCE SHEET

- ▶ Increase in working capital partially offset by lower CapEx
- ▶ Total cash balance of \$470 million



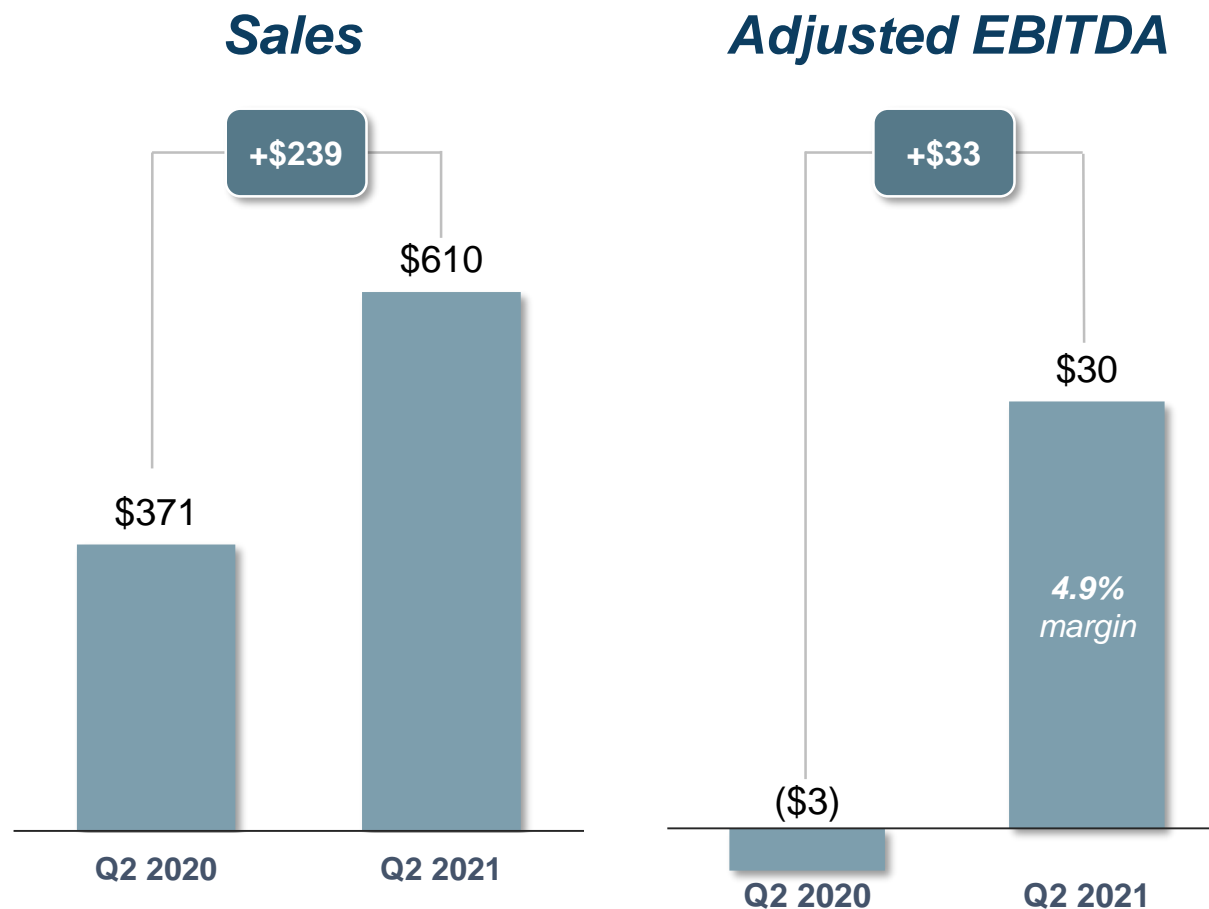
FULL-YEAR CONSIDERATIONS

- ▶ Continue strong customer demand while supply shortages continue
- ▶ Full-year outlook within guidance range but below the midpoint

Q2 2021 Y/Y Key Drivers

Disciplined operations mitigate industry challenges

(Dollars in millions)






Key Drivers

- ▲ Industry recovery following 2020 COVID-19 plant closures
- ▲ Margin improvements driven by scale, cost efficiencies, engineering recoveries and restructuring benefits
- ▼ Supply chain constraints, muted sales growth and increased costs
- ▼ Non-recurrence of 2020 austerity measures

1H 2021 Cash Flow and Balance Sheet

Continue to maintain a robust net cash position

Strong Balance Sheet

 <p>Cash</p>	<p>\$470 million</p> <p>Provides flexibility and supports future growth</p>
 <p>Net Cash</p>	<p>\$115 million</p> <p>No material debt maturities until 2024</p>
 <p>Net Debt / LTM EBITDA</p>	<p>(0.5x)</p> <p>Strong balance sheet provides significant flexibility</p>

(Dollars in Millions)	1H 2020	1H 2021
Adjusted EBITDA	\$30	\$94
Trade Working Capital	16	(50)
Cash Taxes	(11)	(11)
Interest Payments	(10)	(7)
Other Changes	(26)	0
Capital Expenditures	(65)	(33)
Adjusted FCF	(\$66)	(\$7)

Full-Year Outlook

Within guidance range but below the midpoint



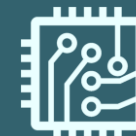
Supply Driven Outlook

- ❑ Second half industry volumes down ~7% Y/Y but improving from reduced Q2 levels
- ❑ Slow start to second half of the year with higher OEM production starting in the middle of Q3
- ❑ OEM production ramp up in Q4 combined with higher product launches in Q3 and Q4 for Visteon



Incremental Supply Chain Costs

- ❑ Net incremental supply chain costs expected to be ~\$35 – 40 (slightly higher than previously estimated)
- ❑ Ongoing negotiations with customers to recover incremental semiconductor costs



Long-Term Fundamentals

- ❑ Growth driven by continued new business win success and ongoing product launches
- ❑ Pent-up demand due to ongoing consumer shift to connected and digital cockpits and low inventory at dealers

Investment Thesis



Visteon is 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

- ▶ \$470M in cash to provide flexibility and support future growth
- ▶ No material debt maturities until 2024
- ▶ (0.5x) net debt / trailing 12-month adjusted EBITDA

Appendix

July 29, 2021



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:
 - 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;
 - 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;
 - 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 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;
 - 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, 2020 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 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 June 30, 2021. 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)	2020					2021		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Gross margin	\$53	\$4	\$99	\$89	\$245	\$73	\$35	\$108
<u>Less:</u>								
Stock-based compensation expense	1	1	1	1	4	1	2	3
Intangibles amortization	1	1	-	-	2	-	-	-
Other	-	1	1	1	3	1	-	1
Subtotal	\$2	\$3	\$2	\$2	\$9	\$2	\$2	\$4
Adjusted gross margin	\$55	\$7	\$101	\$91	\$254	\$75	\$37	\$112

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)	2020					2021		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
SG&A	\$54	\$41	\$45	\$53	\$193	\$45	\$44	\$89
<u>Less:</u>								
Stock-based compensation expense	(4)	(3)	(3)	(4)	(14)	(3)	(3)	(6)
Intangibles amortization	(2)	(3)	(3)	(2)	(10)	(3)	(2)	(5)
Other	-	(1)	-	-	(1)	-	(1)	(1)
Subtotal	(\$6)	(\$7)	(\$6)	(\$6)	(\$25)	(\$6)	(\$6)	(\$12)
Adjusted SG&A	\$48	\$34	\$39	\$47	\$168	\$39	\$38	\$77

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 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.

	2020					2021		
(Dollars and shares in millions, except per share data)	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Net income / (loss) attributable to Visteon	(\$35)	(\$45)	\$6	\$18	(\$56)	\$16	(\$11)	\$5
Average shares outstanding, diluted	27.9	27.8	28.0	28.2	27.9	28.4	28.0	28.3
Earnings / (loss) per share	(\$1.25)	(\$1.62)	\$0.21	\$0.64	(\$2.01)	\$0.56	(\$0.39)	\$0.18
<hr/>								
<u>Memo: Adjusted EPS</u>								
Net income / (loss) attributable to Visteon	(\$35)	(\$45)	\$6	\$18	(\$56)	\$16	(\$11)	\$5
Restructuring expense, net	33	4	32	7	76	(1)	1	-
Other	-	2	1	6	9	1	1	2
Tax effect of adjustments	-	(1)	-	(1)	(2)	-	-	-
Subtotal	\$33	\$5	\$33	\$12	\$83	\$0	\$2	\$2
Adjusted net income / (loss)	(\$2)	(\$40)	\$39	\$30	\$27	\$16	(\$9)	\$7
Average shares outstanding, diluted	27.9	27.8	28.0	28.2	27.9	28.4	28.0	28.3
Adjusted earnings / (loss) per share	(\$0.07)	(\$1.44)	\$1.39	\$1.06	\$0.97	\$0.56	(\$0.32)	\$0.25

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 expense, net interest expense, equity in net (income) / loss of non-consolidated affiliates, provision for income taxes, discontinued operations, 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)	2020					2021		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Net income / (loss) attributable to Visteon	(\$35)	(\$45)	\$6	\$18	(\$56)	\$16	(\$11)	\$5
Depreciation and amortization	25	25	25	29	104	27	28	55
Restructuring expense, net	33	4	32	7	76	(1)	1	-
Interest expense, net	2	3	5	1	11	2	2	4
Equity in net (income) / loss of non-consolidated affiliates	(1)	(1)	(2)	(2)	(6)	-	-	-
Provision for income taxes	5	2	12	9	28	12	4	16
Net income / (loss) attributable to non-controlling interests	(1)	3	4	2	8	3	-	3
Non-cash, stock-based compensation	5	4	4	5	18	4	5	9
Other	-	2	1	6	9	1	1	2
Subtotal	\$68	\$42	\$81	\$57	\$248	\$48	\$41	\$89
Adjusted EBITDA	\$33	(\$3)	\$87	\$75	\$192	\$64	\$30	\$94

Memo: Adjusted Net Income

Net income / (loss) attributable to Visteon	(\$35)	(\$45)	\$6	\$18	(\$56)	\$16	(\$11)	\$5
Restructuring expense, net	33	4	32	7	76	(1)	1	-
Other	-	2	1	6	9	1	1	2
Tax effect of adjustments	-	(1)	-	(1)	(2)	-	-	-
Subtotal	\$33	\$5	\$33	\$12	\$83	\$0	\$2	\$2
Adjusted net income / (loss)	(\$2)	(\$40)	\$39	\$30	\$27	\$16	(\$9)	\$7

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)	2020					2021		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Cash flow from (for) operating activities	\$25	(\$38)	\$110	\$71	\$168	\$11	(\$10)	\$1
Less: Capital expenditures, including intangibles	(44)	(21)	(18)	(21)	(104)	(18)	(15)	(33)
Free cash flow	(\$19)	(\$59)	\$92	\$50	\$64	(\$7)	(\$25)	(\$32)
Exclude: Restructuring-related payments	5	7	11	9	32	16	9	25
Adjusted free cash flow	(\$14)	(\$52)	\$103	\$59	\$96	\$9	(\$16)	(\$7)

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



Adjusted EBITDA Build-up

(Dollars in millions)	2020					2021		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Sales	\$643	\$371	\$747	\$787	\$2,548	\$746	\$610	\$1,356
Gross margin	\$53	\$4	\$99	\$89	\$245	\$73	\$35	\$108
Intangibles amortization	1	1	-	-	2	-	-	-
Stock-based compensation expense	1	1	1	1	4	1	2	3
Other	-	1	1	1	3	1	-	1
Adjusted gross margin	\$55	\$7	\$101	\$91	\$254	\$75	\$37	\$112
<i>% of sales</i>	<i>8.6%</i>	<i>1.9%</i>	<i>13.5%</i>	<i>11.6%</i>	<i>10.0%</i>	<i>10.1%</i>	<i>6.1%</i>	<i>8.3%</i>
SG&A	(\$54)	(\$41)	(\$45)	(\$53)	(\$193)	(\$45)	(\$44)	(\$89)
Intangibles amortization	2	3	3	2	10	3	2	5
Stock-based compensation expense	4	3	3	4	14	3	3	6
Other	-	1	-	-	1	-	1	1
Adjusted SG&A	(\$48)	(\$34)	(\$39)	(\$47)	(\$168)	(\$39)	(\$38)	(\$77)
Adjusted EBITDA								
Adjusted gross margin	\$55	\$7	\$101	\$91	\$254	\$75	\$37	\$112
Adjusted SG&A	(48)	(34)	(39)	(47)	(168)	(39)	(38)	(77)
D&A	22	21	22	27	92	24	26	50
Pension financing benefits, net	4	3	3	4	14	4	5	9
Adjusted EBITDA	\$33	(\$3)	\$87	\$75	\$192	\$64	\$30	\$94
<i>% of sales</i>	<i>5.1%</i>	<i>(0.8%)</i>	<i>11.6%</i>	<i>9.5%</i>	<i>7.5%</i>	<i>8.6%</i>	<i>4.9%</i>	<i>6.9%</i>
Equity in affiliates	\$1	\$1	\$2	\$2	\$6	-	-	-
Noncontrolling interests	1	(3)	(4)	(2)	(8)	(3)	-	(3)

Reconciliation of Gross Margin

Gross Margin Build-up

(Dollars in millions)	2020					2021		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Sales	\$643	\$371	\$747	\$787	\$2,548	\$746	\$610	\$1,356
Cost of sales (ex. engineering)	(517)	(322)	(601)	(662)	(2,102)	(614)	(528)	(1,142)
Engineering costs, net	(73)	(45)	(47)	(36)	(201)	(59)	(47)	(106)
Gross margin	\$53	\$4	\$99	\$89	\$245	\$73	\$35	\$108
<hr/>								
<u>% of Sales</u>								
Cost of sales (ex. engineering)	80.4%	86.8%	80.5%	84.1%	82.5%	82.3%	86.6%	84.2%
Engineering costs, net	11.4	12.1	6.3	4.6	7.9	7.9	7.7	7.8
Gross margin	8.2%	1.1%	13.3%	11.3%	9.6%	9.8%	5.7%	8.0%
<hr/>								
<u>Engineering costs, net</u>								
Engineering costs, gross	(\$100)	(\$78)	(\$78)	(\$79)	(\$335)	(\$80)	(\$86)	(\$166)
Recoveries	27	33	31	43	134	21	39	60
Engineering costs, net	(\$73)	(\$45)	(\$47)	(\$36)	(\$201)	(\$59)	(\$47)	(\$106)

Financial Results – U.S. GAAP



(Dollars in millions, except per share data)	2020					2021		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
<u>Income Statement</u>								
Sales	\$643	\$371	\$747	\$787	\$2,548	\$746	\$610	\$1,356
Gross margin	53	4	99	89	245	73	35	108
SG&A	54	41	45	53	193	45	44	89
Net income / (loss) attributable to Visteon	(35)	(45)	6	18	(56)	16	(11)	5
Earnings / (loss) per share, diluted	(\$1.25)	(\$1.62)	\$0.21	\$0.64	(\$2.01)	\$0.56	(\$0.39)	\$0.18
<u>Cash Flow Statement</u>								
Cash flow from (for) operating activities	\$25	(\$38)	\$110	\$71	\$168	\$11	(\$10)	\$1
Capital expenditures, including intangibles	44	21	18	21	104	18	15	33

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