

VISTEON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, Dollars in Millions, Except Per Share Data)

	Three Months Ended		Twelve Months Ended	
	December 31		December 31	
	2018	2017	2018	2017
Sales	\$ 731	\$ 797	\$ 2,984	\$ 3,146
Cost of sales	(635)	(660)	(2,573)	(2,655)
Gross margin	96	137	411	491
Selling, general and administrative expenses	(54)	(65)	(193)	(226)
Restructuring expense, net	(1)	(4)	(29)	(14)
Interest expense, net	(1)	(4)	(7)	(16)
Equity in net income of non-consolidated affiliates	3	1	13	7
Loss on divestiture	—	(33)	—	(33)
Other income	4	3	21	14
Income from continuing operations before income taxes	47	35	216	223
Provision for income taxes	(1)	(14)	(43)	(48)
Net income from continuing operations	46	21	173	175
Net (loss) income from discontinued operations, net of tax	(1)	9	1	17
Net income	45	30	174	192
Net income attributable to non-controlling interests	(2)	(5)	(10)	(16)
Net income attributable to Visteon Corporation	<u>\$ 43</u>	<u>\$ 25</u>	<u>\$ 164</u>	<u>\$ 176</u>
 <u>Earnings per share data:</u>				
Basic earnings (loss) per share				
Continuing operations	\$ 1.53	\$ 0.52	\$ 5.53	\$ 5.03
Discontinued operations	(0.03)	0.29	0.03	0.54
Basic earnings per share attributable to Visteon Corporation	<u>\$ 1.50</u>	<u>\$ 0.81</u>	<u>\$ 5.56</u>	<u>\$ 5.57</u>
 Diluted earnings (loss) per share				
Continuing operations	\$ 1.52	\$ 0.51	\$ 5.49	\$ 4.94
Discontinued operations	(0.03)	0.28	0.03	0.53
Diluted earnings per share attributable to Visteon Corporation	<u>\$ 1.49</u>	<u>\$ 0.79</u>	<u>\$ 5.52</u>	<u>\$ 5.47</u>
 Average shares outstanding (in millions)				
Basic	28.7	31.0	29.5	31.6
Diluted	28.9	31.7	29.7	32.2
 <u>Comprehensive income:</u>				
Comprehensive income	\$ 37	\$ 51	\$ 128	\$ 256
Comprehensive income attributable to Visteon Corporation	\$ 35	\$ 45	\$ 122	\$ 235

VISTEON CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited, Dollars in Millions)

	December 31	December 31
	2018	2017
	<u> </u>	<u> </u>
ASSETS		
Cash and equivalents	\$ 463	\$ 706
Restricted cash	4	3
Accounts receivable, net	486	530
Inventories, net	184	189
Other current assets	159	175
Total current assets	<u>1,296</u>	<u>1,603</u>
Property and equipment, net	397	377
Intangible assets, net	129	132
Investments in non-consolidated affiliates	42	41
Other non-current assets	143	151
Total assets	<u>\$ 2,007</u>	<u>\$ 2,304</u>
LIABILITIES AND EQUITY		
Short-term debt, including current portion of long-term debt	\$ 57	\$ 46
Accounts payable	436	470
Accrued employee liabilities	67	105
Other current liabilities	161	180
Total current liabilities	<u>721</u>	<u>801</u>
Long-term debt	348	347
Employee benefits	257	277
Deferred tax liabilities	23	23
Other non-current liabilities	76	95
Stockholders' equity		
Common stock	1	1
Additional paid-in capital	1,335	1,339
Retained earnings	1,609	1,445
Accumulated other comprehensive loss	(216)	(174)
Treasury stock	<u>(2,264)</u>	<u>(1,974)</u>
Total Visteon Corporation stockholders' equity	465	637
Non-controlling interests	117	124
Total equity	<u>582</u>	<u>761</u>
Total liabilities and equity	<u>\$ 2,007</u>	<u>\$ 2,304</u>

VISTEON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS¹
(Unaudited, Dollars in Millions)

	Three Months Ended		Twelve Months Ended	
	December 31		December 31	
	2018	2017	2018	2017
OPERATING				
Net income	\$ 45	\$ 30	\$ 174	\$ 192
Adjustments to reconcile net income to net cash provided from operating activities:				
Depreciation and amortization	24	25	91	87
Losses on divestitures and impairments	—	33	—	33
Non-cash stock-based compensation	4	3	8	12
Transaction (gains)	—	—	(8)	(11)
Equity in net income of non-consolidated affiliates, net of dividends remitted	(3)	(1)	(13)	(7)
Other non-cash items	1	(1)	3	1
Changes in assets and liabilities:				
Accounts receivable	(38)	(19)	44	10
Inventories	39	12	1	(3)
Accounts payable	(2)	(15)	(19)	(54)
Other assets and other liabilities	27	19	(77)	(45)
Net cash provided from operating activities	<u>97</u>	<u>86</u>	<u>204</u>	<u>215</u>
INVESTING				
Capital expenditures, including intangibles	(31)	(30)	(127)	(99)
Acquisition of businesses, net of cash acquired	—	—	16	(47)
Payments on divestiture of businesses	—	(48)	—	(48)
Settlement of net investment hedge	—	—	—	5
Proceeds from asset sales and business divestitures	—	—	—	15
Other, net	—	—	13	1
Net cash used by investing activities	<u>(31)</u>	<u>(78)</u>	<u>(98)</u>	<u>(173)</u>
FINANCING				
Short-term debt, net	25	2	12	10
Distribution payments	—	—	(14)	(1)
Stock based compensation tax withholding payments	—	—	(7)	(1)
Principal payments on debt	—	—	—	(2)
Dividends paid to non-controlling interests	(16)	(9)	(28)	(38)
Repurchase of common stock	(50)	(30)	(300)	(200)
Other	—	1	2	(2)
Net cash used by financing activities	<u>(41)</u>	<u>(36)</u>	<u>(335)</u>	<u>(234)</u>
Effect of exchange rate changes on cash and equivalents	—	2	(13)	19
Net increase (decrease) in cash and equivalents	<u>25</u>	<u>(26)</u>	<u>(242)</u>	<u>(173)</u>
Cash and equivalents at beginning of period	442	735	709	882
Cash and equivalents at end of period	<u>\$ 467</u>	<u>\$ 709</u>	<u>\$ 467</u>	<u>\$ 709</u>

¹ The Company has combined cash flows from discontinued operations with cash flows from continuing operations within the operating, investing and financing categories.

VISTEON CORPORATION AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(Unaudited, Dollars in Millions)

Adjusted EBITDA: Adjusted EBITDA is presented as a supplemental measure of the Company's performance that management believes is useful to investors because the excluded items may vary significantly in timing or amounts and/or may obscure trends useful in evaluating and comparing the Company's operating activities across reporting periods. 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, loss on divestiture, equity in net income of non-consolidated affiliates, gain on non-consolidated affiliate transactions, 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. Because not all companies use identical calculations, this presentation of Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

	Three Months Ended		Twelve Months Ended		Estimated
	December 31		December 31		Full Year
	2018	2017	2018	2017	2019
Visteon:					
Net income attributable to Visteon	\$ 43	\$ 25	\$ 164	\$ 176	\$89 - \$114
Depreciation and amortization	24	25	91	87	92
Restructuring expense, net	1	4	29	14	25
Interest expense, net	1	4	7	16	9
Equity in net income of non-consolidated affiliates	(3)	(1)	(13)	(7)	(12)
Loss on divestiture	—	33	—	33	—
Provision for income taxes	1	14	43	48	45 - 50
Net loss (income) from discontinued operations, net of tax	1	(9)	(1)	(17)	—
Net income attributable to non-controlling interests	2	5	10	16	12
Non-cash, stock-based compensation expense	4	3	8	12	20
Other	—	(1)	(8)	(8)	—
Adjusted EBITDA	\$ 74	\$ 102	\$ 330	\$ 370	\$280 - \$310

Adjusted EBITDA is not a recognized term under U.S. GAAP and does not purport to be a substitute for net income as an indicator of operating performance or cash flows from operating activities as a measure of liquidity. Adjusted EBITDA has limitations as an analytical tool and is not intended to be a measure of cash flow available for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. In addition, the Company uses Adjusted EBITDA (i) as a factor in incentive compensation decisions, (ii) to evaluate the effectiveness of the Company's business strategies, and (iii) because the Company's credit agreements use similar measures for compliance with certain covenants.

Free Cash Flow and Adjusted Free Cash Flow: Free cash flow and Adjusted free cash flow are presented as supplemental measures of the Company's liquidity that management believes are useful to investors in analyzing the Company's ability to service and repay its debt. The Company defines Free cash flow as cash flow provided from operating activities less capital expenditures. The Company defines Adjusted free cash flow as cash flow provided from operating activities less capital expenditures, as further adjusted for restructuring and transformation-related payments. Free cash flow and Adjusted free cash flow include amounts associated with discontinued operations. Because not all companies use identical calculations, this presentation of Free cash flow and Adjusted free cash flow may not be comparable to other similarly titled measures of other companies.

	Three Months Ended		Twelve Months Ended		Estimated Full Year 2019
	December 31		December 31		
	2018	2017	2018	2017	
Total Visteon:					
Cash provided from operating activities	\$ 97	\$ 86	\$ 204	\$ 215	\$200 - \$210
Capital expenditures	(31)	(30)	(127)	(99)	(145 - 135)
Free cash flow	\$ 66	\$ 56	\$ 77	\$ 116	\$55 - \$75
Restructuring/transformation-related payments	6	2	30	30	25 - 25
Adjusted free cash flow	\$ 72	\$ 58	\$ 107	\$ 146	\$80 - \$100

Free cash flow and Adjusted free cash flow are not recognized terms under U.S. GAAP and do not purport to be a substitute for cash flows from operating activities as a measure of liquidity. Free cash flow and Adjusted free cash flow have limitations as analytical tools as they do not reflect cash used to service debt and do not reflect funds available for investment or other discretionary uses. In addition, the Company uses Free cash flow and Adjusted free cash flow (i) as factors in incentive compensation decisions and (ii) for planning and forecasting future periods.

Adjusted Net Income and Adjusted Earnings Per Share: Adjusted net income and Adjusted earnings per share are presented as supplemental measures that management believes are useful to investors in analyzing the Company's profitability, providing comparability between periods by excluding certain items that may not be indicative of recurring business operating results. The Company believes management and investors benefit from referring to these supplemental measures in assessing company performance and when planning, forecasting and analyzing future periods. The Company defines Adjusted net income as net income attributable to Visteon adjusted to eliminate the impact of restructuring expense, loss on divestiture, gain on non-consolidated affiliate transactions, other net expenses, discontinued operations, other gains and losses not reflective of the Company's ongoing operations and related tax effects. The Company defines Adjusted earnings per share as Adjusted net income divided by diluted shares. Because not all companies use identical calculations, this presentation of Adjusted net income and Adjusted earnings per share may not be comparable to other similarly titled measures of other companies.

	Three Months Ended		Twelve Months Ended	
	December 31		December 31	
	2018	2017	2018	2017
Net income attributable to Visteon:				
Net income	\$ 44	\$ 16	\$ 163	\$ 159
Discontinued operations	(1)	9	1	17
Net income attributable to Visteon	\$ 43	\$ 25	\$ 164	\$ 176

	Three Months Ended December 31, 2018			Twelve Months Ended December 31, 2018		
	Continuing Operations	Discontinued Operations	Total Visteon	Continuing Operations	Discontinued Operations	Total Visteon
<u>Diluted earnings per share:</u>						
Net income (loss) attributable to Visteon	\$ 44	\$ (1)	\$ 43	\$ 163	\$ 1	\$ 164
Average shares outstanding, diluted (in millions)	28.9	28.9	28.9	29.7	29.7	29.7
Diluted earnings (loss) per share	\$ 1.53	\$ (0.03)	\$ 1.49	\$ 5.49	\$ 0.03	\$ 5.52
<u>Adjusted earnings per share:</u>						
Net income (loss) attributable to Visteon	\$ 44	\$ (1)	\$ 43	\$ 163	\$ 1	\$ 164
Restructuring expense, net	1	—	1	29	1	30
Other	(1)	—	(1)	(10)	(1)	(11)
Loss (income) from discontinued operations, net of tax	—	1	1	—	(1)	(1)
Adjusted net income*	\$ 44	\$ —	\$ 44	\$ 182	\$ —	\$ 182
Average shares outstanding, diluted (in millions)	28.9	28.9	28.9	29.7	29.7	29.7
Adjusted earnings per share	\$ 1.52	\$ —	\$ 1.52	\$ 6.13	\$ —	\$ 6.13

*Tax impacts of approximately \$2M.

	Three Months Ended December 31, 2017			Twelve Months Ended December 31, 2017		
	Continuing Operations	Discontinued Operations	Total Visteon	Continuing Operations	Discontinued Operations	Total Visteon
<u>Diluted earnings per share:</u>						
Net income attributable to Visteon	\$ 16	\$ 9	\$ 25	\$ 159	\$ 17	\$ 176
Average shares outstanding, diluted (in millions)	31.7	31.7	31.7	32.2	32.2	32.2
Diluted earnings per share	\$ 0.50	\$ 0.28	\$ 0.79	\$ 4.94	\$ 0.53	\$ 5.47
<u>Adjusted earnings per share:</u>						
Net income attributable to Visteon	\$ 16	\$ 9	\$ 25	\$ 159	\$ 17	\$ 176
Restructuring expense, net	4	—	4	14	—	14
Loss on divestiture	33	—	33	33	—	33
Other	(1)	—	(1)	(8)	—	(8)
Income from discontinued operations, net of tax	—	(9)	(9)	—	(17)	(17)
Adjusted net income	\$ 52	\$ —	\$ 52	\$ 198	\$ —	\$ 198
Average shares outstanding, diluted (in millions)	31.7	31.7	31.7	32.2	32.2	32.2
Adjusted earnings per share	\$ 1.64	\$ —	\$ 1.64	\$ 6.15	\$ —	\$ 6.15

*Tax impacts of adjustments less than \$1M.

Adjusted net income and Adjusted earnings per share are not recognized terms under U.S. GAAP and do not purport to be a substitute for profitability. Adjusted net income and Adjusted earnings per share have limitations as analytical tools as they do not consider certain restructuring and transaction-related payments and/or expenses. In addition, the Company uses Adjusted net income and Adjusted earnings per share for internal planning and forecasting purposes.