

Visteon reports 61% y/y sales increase to USD817 million in Q2

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Electronics sales increased by USD337 million to USD780 million, attributed to the acquisition of Johnson Controls' global automotive electronics business



Visteon has reported worldwide sales in the second quarter of USD812 million, up 61% year on year (y/y) from USD503 million in the same period last year, with an additional USD933 million of sales classified as discontinued operations. The auto-parts supplier's electronics sales increased by USD337 million to USD780 million, attributed to the acquisition of Johnson Controls' global automotive electronics business, which was effective on 1 July 2014. In the second quarter, the company delivered a gross margin of USD99 million or 12.3%, up from 10.4% in first quarter. Net income in the second quarter reached USD2,208 million, including USD2,159 million related to income from discontinued operations, compared with a loss of USD155 million in the first quarter. Visteon's adjusted EBITDA was USD60 million in the second quarter, a 9.2% margin. Adjusted net income, which excludes discontinued operations sales and a gain on the sale of Yanfeng Visteon, was reported at USD17 million. Of the company's second-quarter sales, Ford accounted for 31%, with sales to Asian manufacturers at 39% and European customers at 24%. Visteon noted that the sale of Halla Visteon Climate Control (HVCC) was closed in June, as expected, and that it would use the proceeds to pay down USD250 million in debt and planned to return USD2.5-2.75 billion of cash back to shareholders over the next 12 months. The presentation of the results to investors was made by the company's new president and CEO, Sachin Lawande, who took over from Timothy Leuliette on 29 June. Lawande confirmed Visteon is developing a new strategic plan, to be presented in November, which will build on strengths including a leadership position in China and a connected-car product portfolio.

Significance: Visteon confirmed its full-year guidance, looking to improved performance against negative currency-exchange headwinds. The company forecasts sales of the electronics unit will reach USD3 billion in 2015, with adjusted EBITDA of USD245-265 million. The company's quarterly results continue to improve over year-before periods as a result of strategic investments and divestitures.

CONTACTS

The Americas

+1 877 863 1306

Europe, Middle East & Africa

+44 20 7176 1234

Asia-Pacific

+852 2533 3565

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