



Post Q4'13 Results

Non-Deal Roadshow Boston & NYC

Jan Carlson – President & CEO
February 3-4, 2014



© Autoliv Inc., All Rights Reserved

Safe Harbor Statement *

This presentation contains statements that are not historical facts but rather forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include those that address activities, events or developments that Autoliv, Inc. or its management believes or anticipates may occur in the future. All forward-looking statements, including without limitation, management's examination of historical operating trends and data, as well as estimates of future sales, operating margin, cash flow, effective tax rate or other future operating performance or financial results, are based upon our current expectations, various assumptions and data available from third parties. Our expectations and assumptions are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that such forward-looking statements will materialize or prove to be correct as forward-looking statements are inherently subject to known and unknown risks, uncertainties and other factors which may cause actual future results, performance or achievements to differ materially from the future results, performance or achievements expressed in or implied by such forward-looking statements. Because these forward-looking statements involve risks and uncertainties, the outcome could differ materially from those set out in the forward-looking statements for a variety of reasons, including without limitation, changes in global light vehicle production; fluctuation in vehicle production schedules for which the Company is a supplier, changes in general industry and market conditions, changes in and the successful execution of our capacity alignment, restructuring and cost reduction initiatives discussed herein and the market reaction thereto; loss of business from increased competition; higher raw material, fuel and energy costs; changes in consumer and customer preferences for end products; customer losses; changes in regulatory conditions; customer bankruptcies or divestiture of customer brands; unfavorable fluctuations in currencies or interest rates among the various jurisdictions in which we operate; component shortages; market acceptance of our new products; costs or difficulties related to the integration of any new or acquired businesses and technologies; continued uncertainty in pricing negotiations with customers, our ability to be awarded new business; product liability, warranty and recall claims and other litigation and customer reactions thereto; higher expenses for our pension and other postretirement benefits; work stoppages or other labor issues; possible adverse results of pending or future litigation or infringement claims; negative impacts of antitrust investigations or other governmental investigations and associated litigation (including securities litigation) relating to the conduct of our business; tax assessments by governmental authorities and changes in our effective tax rate; dependence on key personnel; legislative or regulatory changes limiting our business; political conditions; dependence on and relationships with customers and suppliers; and other risks and uncertainties identified under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Reports and Quarterly Reports on Forms 10-K and 10-Q and any amendments thereto. The Company undertakes no obligation to update publicly or revise any forward-looking statements in light of new information or future events. For any forward-looking statements contained in this or any other document, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and we assume no obligation to update any such statement.

(*) Non-US GAAP reconciliations are disclosed in our 8-K/10-K/10-Q filings available at www.sec.gov or www.autoliv.com

Q4 Highlights

- Record sales drive solid financial performance

■ Sales and EBIT* better than expected

- Organic* sales growth ~ 15%, ~ 6 pp better
- Double digit EBIT* margin 10%, ~ 1 pp better

■ EPS* \$1.70

- YoY improvement driven by higher operating profit

■ Capital Structure

- Operating cash flow* ~ \$0.3B, RoCE* ~ 27%, RoE* ~ 16%
- Repurchased ~ 1.6M shares for ~ \$150M
- Announced cash dividend increase for Q1'14



🟡 Exceeded guidance for both organic* sales growth and EBIT* margin

(*) Non US GAAP, Earnings Before Interest and Taxes, Earnings per share, Return on Capital Employed and Return on Equity excludes costs for capacity alignments, antitrust investigations and valuation allowance for deferred tax assets

Q4 Financial Overview

- Solid financial performance

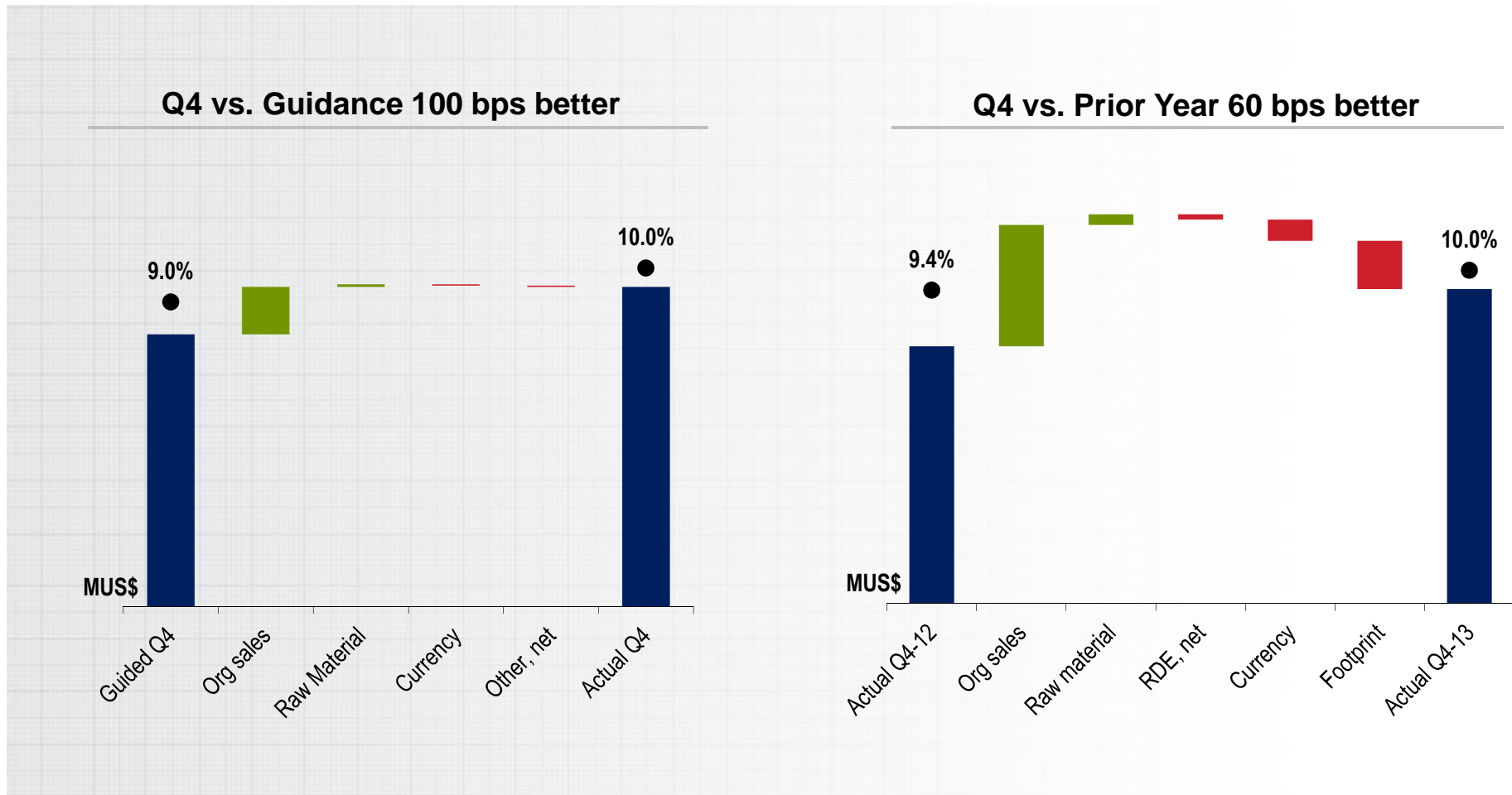
(US\$ Mil's unless specified)	2013	2012
Sales	\$2,352	\$2,052
Gross Profit	\$455 19.3%	\$395 19.3%
EBIT *	\$236 10.0%	\$193 9.4%
EPS * (assuming dilution)	\$1.70	\$1.58
RoCE *	27%	23%
RoE *	16%	16%
Operating Cash flow*	\$299	\$241
Dividend **	\$0.50	\$0.50
GLVP *** (annual run rate)	~ 85.1M	~ 80.1M

📌 Record sales and gross profit

(*) Non US GAAP, Earnings Before Interest and Taxes, Earnings per share, Return on Capital Employed and Return on Equity excludes costs for capacity alignments, antitrust investigations and valuation allowance for deferred tax assets(**) Dividend per share paid (***) IHS Global Light Vehicle Production @ January 16, 2014.

Q4 2013

- EBIT* Bridge vs. Guidance and Prior Year



EBIT Margin* 10%

(*) Non US GAAP Earnings Before Interest and Taxes excludes costs for capacity alignments, antitrust investigations and valuation allowance for deferred tax assets

Strong Performing Models in China

- Q4'13

Honda CR-V



Chevrolet Cruze



GreatWall Haval H6



Nissan Teana



VW Lavida/Bora



Ford Kuga



Nissan Qashqai



Wuling HongGuang



Nissan Sylphy



Estimated 2013 market share in China is ~ 37% for airbags and seatbelts combined

Enhancing Market Position

- Units delivered exceed LVP in most product areas

Autoliv Quantities Delivered (Millions unless specified)	Q4'13	Q4 vs. PY
Seatbelts	36.8	4%
• Pretensioners (of which)	14.9	11%
• Active Seatbelts (of which)	0.7	70%
Frontal airbags	11.7	20%
• Knee airbags (of which)	1.2	59%
Side airbags	20.6	17%
• Chest (Thorax)	11.2	19%
• Head (Curtain)	9.4	14%
Steering Wheels	3.8	16%
Electronic Control Units	4.2	21%
Active Safety Units	0.95	76%
LVP* TRIAD	9.5	7.0%
LVP* GLOBAL	21.3	6.3%



📍 Estimated Passive Safety market share ~ 37% in 2013

(*) Light Vehicle Production, Source IHS January 16, 2014, TRIAD (WEU, North America, Japan),

FY 2013 Recap

- Organic sales offset by currencies and margin challenges

■ Growth

- Record sales on organic* sales growth of 7% mostly driven by China ~26% and Active Safety ~ 57%
- Solid financial performance and cash flow generation

■ Capital structure

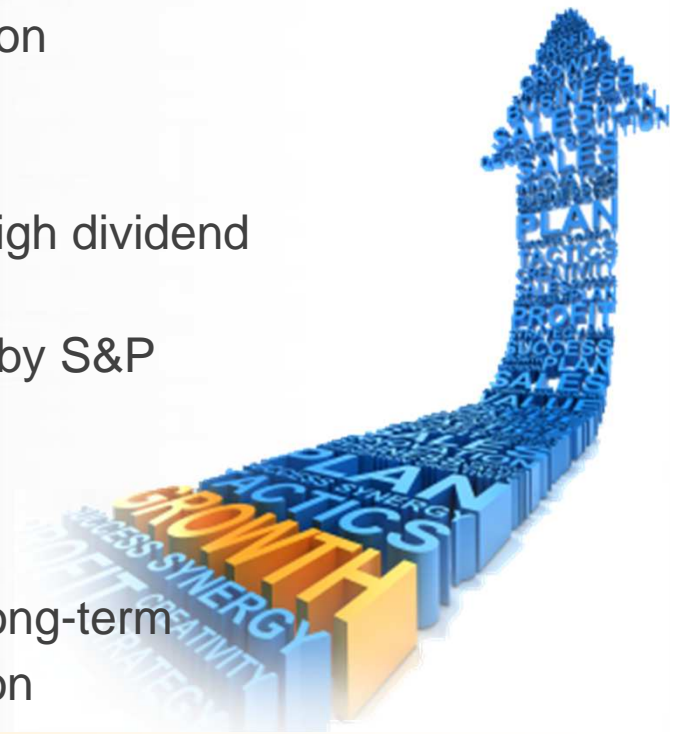
- Share repurchase re-initiated, announced record high dividend for Q1'14 and returned ~ \$340M to shareholders
- Long-term credit rating upgraded to A- from BBB+ by S&P

■ Transformation

- Addressing margin challenges
- Aligning capacity footprint with the market for the long-term
- Expansion in growth markets and vertical integration

🎯 Target Active Safety to reach our long-term margin range of 8-9% within 2 to 3 years

(*) Non US GAAP measure



FY13 Financial Overview

- Solid financial performance

(US\$ Mil's unless specified)	FY13	FY12
Sales	\$8,803	\$8,267
Gross Profit	\$1,705 19.4%	\$1,646 19.9%
EBIT *	\$808 9.2%	\$803 9.7%
EPS * (assuming dilution)	\$5.82	\$5.82
RoCE *	23%	24%
RoE *	14%	15%
Operating Cash flow*	\$838	\$689
DPS **	\$2.00	\$1.89
GLVP *** (annual run rate)	~ 82.6M	~ 79.7M

Record Sales

(*) Non US GAAP, Earnings Before Interest and Taxes, Earnings per share, Return on Capital Employed and Return on Equity excludes costs for capacity alignments, antitrust investigations and valuation allowance for deferred tax assets (**) Dividend per share paid (***) IHS Global Light Vehicle Production @ January 16, 2014.

Cash Flow

- Investments for growth in CapEx and shareholder returns

(US \$ Mil's unless specified)

	Q4 2013	Q4 2012	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Net Income	101	140	490	486	627	596	13
Depreciation & Amortization	75	69	286	273	268	282	314
Other, net	5	(4)	43	10	38	57	(41)
Change in operating WC *	118	36	19	(80)	(175)	(11)	207
Operating cash flow	299	241	838	689	758	924	493
Capital Expenditures, net	(112)	(99)	(379)	(360)	(357)	(224)	(130)
Free cash flow **	187	142	459	329	401	700	363
Dividend payment	48	48	191	178	154	58	15
Share repurchase	148	0	148	0	0	0	0

Returned ~ \$340M to our shareholders in 2013 through dividends and share repurchases

(*) Non US GAAP measure, (**) Before acquisitions, Non US GAAP and restated for ASC 810-10-45

Capacity Alignment Program

(US\$ Mil's unless otherwise specified)	FY12	Q1'13	Q2'13	Q3'13	Q4'13	FY13
Cost (gross)	\$79	\$3	\$3	\$1	\$33	\$40
Cash outlay	-	\$5	\$4	\$5	\$6	\$20
Savings **	-	~ \$3	~ \$3	~ \$3	~ \$3	~ \$12
Balance Sheet *	\$75	\$70	\$70	\$68	\$94	\$94

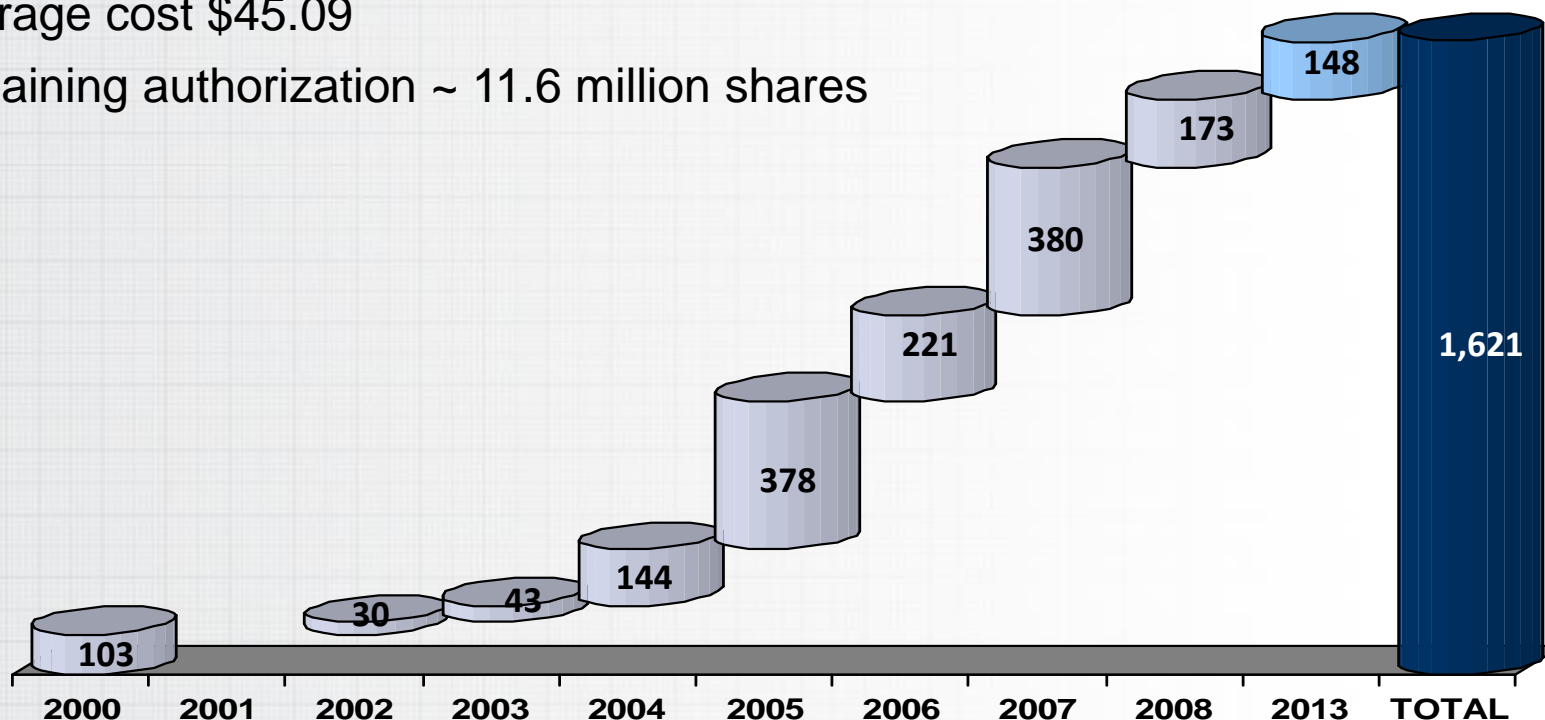
📌 Estimate cost and cash outlay in the range of \$20 to \$40M in 2014

(*) Employee Related, (**) 2 to 3 year payback from when the cash outlay is made

Share Repurchase Program*

- Re-initiated in October 2013

- 35.9 million shares
- average cost \$45.09
- remaining authorization ~ 11.6 million shares



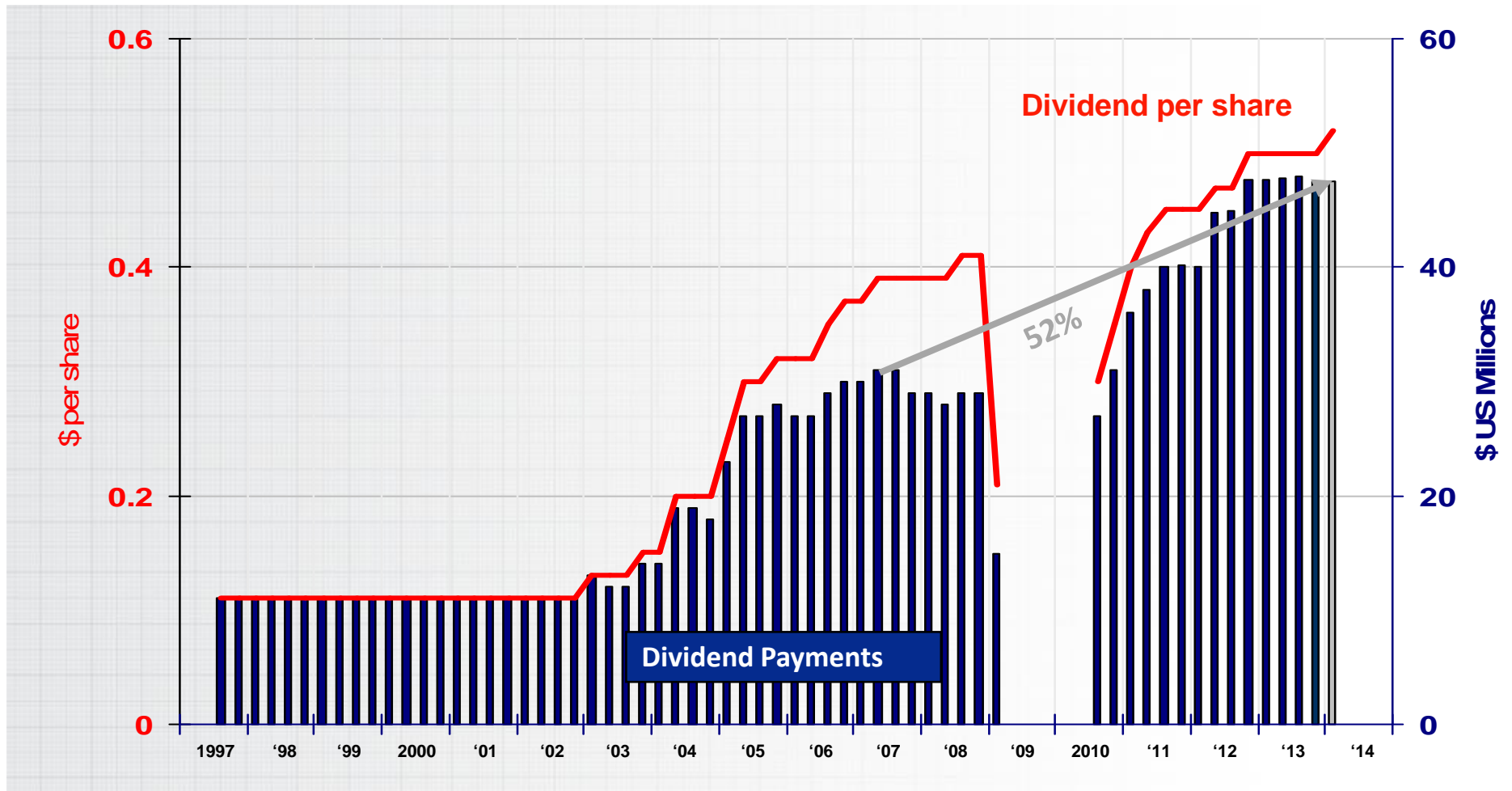
Cost / share	2000	2001	2002	2003	2004	2005	2006	2007	2008	2013	TOTAL
	\$22.68	0	\$19.57	\$20.97	\$41.97	\$44.86	\$55.69	\$57.35	\$46.77	\$90.39	\$45.09

🕒 Limited “open window” each quarter to repurchase shares

(*) MUS\$ except where specified

Dividend Trend

- Per share and cash payments*



🎯 Annualized dividend \$2.08 per share

(*) Estimated dividend payment for Q1 2014 based on share count at the end of the 4th quarter 2013

Enhancing Market Position

- Units delivered exceed LVP in most product areas

Autoliv Quantities Delivered (Millions unless specified)	FY'13	FY vs. PY
Seatbelts	143.2	3%
• Pretensioners (of which)	56.1	2%
• Active Seatbelts (of which)	2.1	35%
Frontal airbags	43.5	16%
• Knee airbags (of which)	4.4	74%
Side airbags	78.3	9%
• Chest (Thorax)	42.2	13%
• Head (Curtain)	36.1	4%
Steering Wheels	14.2	11%
Electronic Control Units	15.2	12%
Active Safety Units	3.2	99%
LVP* TRIAD	37.6	1%
LVP* GLOBAL	82.6	3.5%



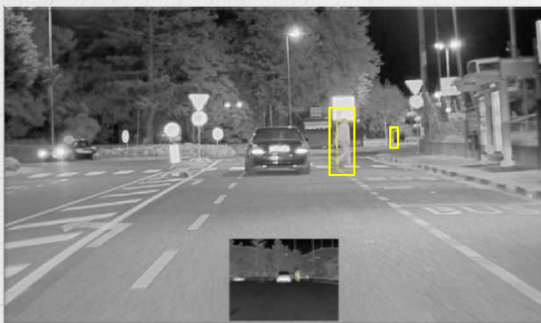
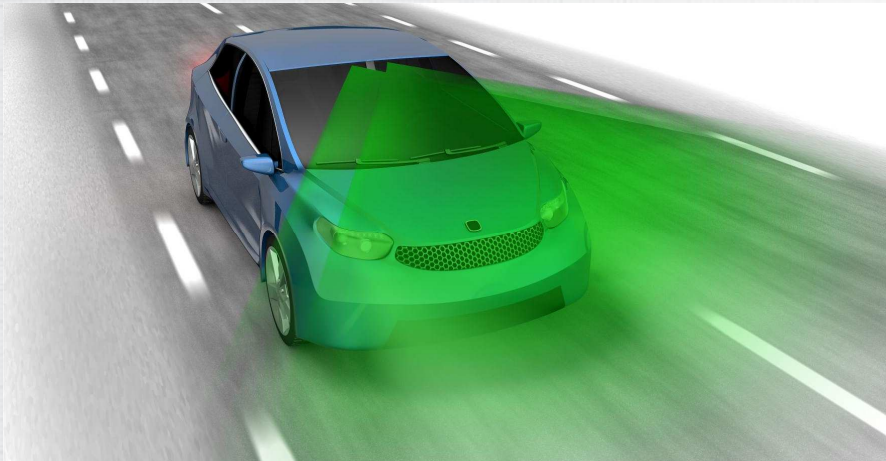
📍 Estimated Passive Safety market share ~ 37% in 2013

(*) Light Vehicle Production, Source IHS January 16, 2014, TRIAD (WEU, North America, Japan).

Leading thru Innovation

- Another strong year of new product introductions

INNOVATIONS 2013



Improving automotive safety for both vehicle occupants and vulnerable road users

Market Conditions

- Early look at 2014 light vehicle production

■ Asia

- Strong growth to continue in China setting new records
- Japan is expected to decline for the full year after a strong Q1
- RoA combined is expected to have moderate growth

■ Americas

- Steady US SAAR, inventories remain stable
- Growth is slowing in both North and South America

■ Europe

- EU27 LTM* registrations slowly recovering, inventories improving
- Still no real signs of an economic recovery or cyclical rebound
- Expected to improve slightly

🚗 Expect new record light vehicle production in 2014

(*) Last twelve months

Key Model Launches - FY2014

Ford F-Series



Great Wall Haval H8



Chrysler 200C



VW Passat



Hyundai Sonata



Haima Auto M3



KIA Sorento



Geely Emgrand EC7



Acura TLX



📍 China will continue to show strong growth in 2014

Looking Ahead

- Q1 2014

■ Sales

- **YoY organic* sales increase ~ 7%**
 - mainly due to China, Active Safety and Japan
- **Sequential organic* sales decline ~ 3%**
 - seasonal effect of China and Korea

■ EBIT* Margin ~ 8%

- **YoY**
 - RD&E net and ramping-up capacity for growth and vertical integration more than offset the benefit from organic* sales and commodity costs
- **Sequential**
 - higher RD&E net and lower organic* sales

🟡 Strong organic* sales growth continues

(*) Non US GAAP measure, Earnings Before Interest and Taxes excludes costs for capacity alignments and antitrust investigations

Looking Ahead

- FY 2014 indication

■ Sales

- **YoY organic* sales increase ~ 5%**

➤ mainly related to Active Safety, China and the Americas

■ EBIT* Margin ~ 9%

- **YoY**

➤ RD&E net and ramping-up capacity for growth and vertical integration offset the benefit from organic* sales, decreasing margin challenges and commodity costs

🟡 Organic* sales growth is expected to be at least in-line with our market in 2014

(*) Non US GAAP measure, Earnings Before Interest and Taxes excludes costs for capacity alignments and antitrust investigations

Financial Outlook

	Q1 2014	FY2014
<u>Sales</u>		
Organic*	~ 7%	~ 5%
Acquisitions / (Divestitures)	-	-
Fx**	(0.4%)	0.1%
Consolidated Sales	~ 6.5%	~ 5%
EBIT Margin *	~ 8%	~ 9%

📍 Expect another year of solid financial performance in 2014

(*) Non US GAAP measure, Earnings Before Interest and Taxes excludes costs for capacity alignments and antitrust investigations

(**) 1 Euro = 1.36 US\$, 1 US\$ = 105 JPY for Q1'14 & FY2014

Thank you!



Autoliv

Every year, Autoliv's products save over 30,000 lives

Our Key Strategies

- Focus on savings lives and safety around the automobile
- Lead thru innovation and technology
- Leverage global footprint and talented-skilled people
- Zero defects and customer focus

🌐 “One Stop Shop” for automotive safety system solutions

Long-Term Targets

- Creating long-term shareholder value

- **Organic sales growth at least in line with our market**
 - and faster than our market including acquisitions
- **Operating margin range 8-9% over the business cycles**
 - US GAAP excluding costs related to the antitrust investigations
- **EPS growth faster than organic sales growth**
 - excluding the effects of currency
- **Net Debt*/EBITDA around one times (Debt Limitation Policy)**
 - and within the range of .5 and 1.5 times



🔸 Underlying Debt Policy is to remain “strong investment grade”

Operational Priorities

- Strong sales growth brings related margin challenges

■ Europe

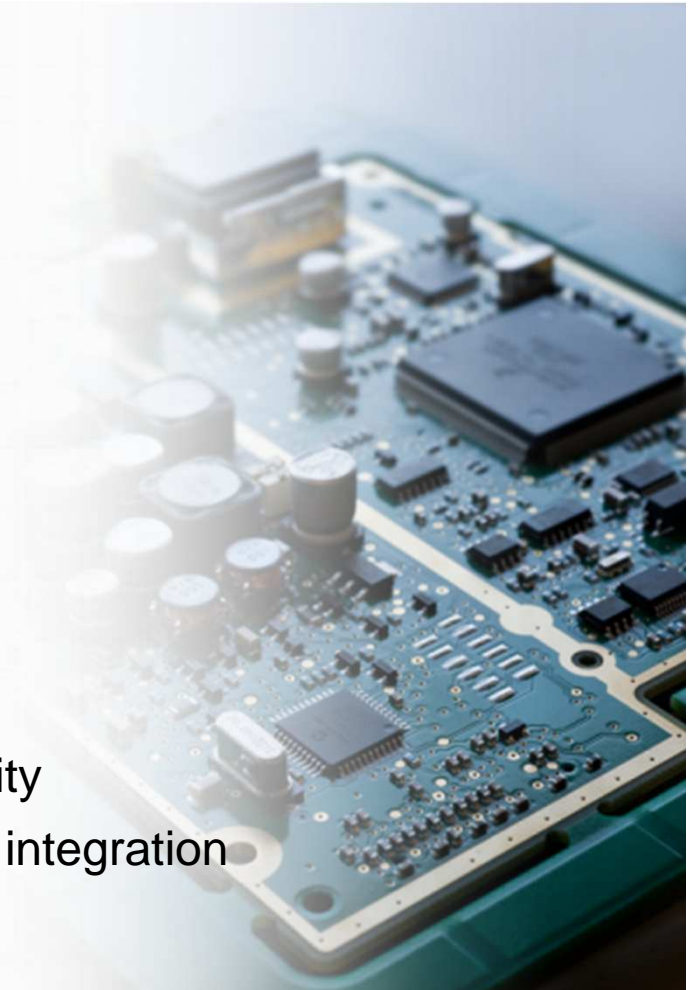
- Operating inefficiencies related to;
 - underutilized capacity
 - steering wheel growth
 - capacity alignments

■ Brazil

- Ramp-up for growth and supply chain issues

■ Investments for growth

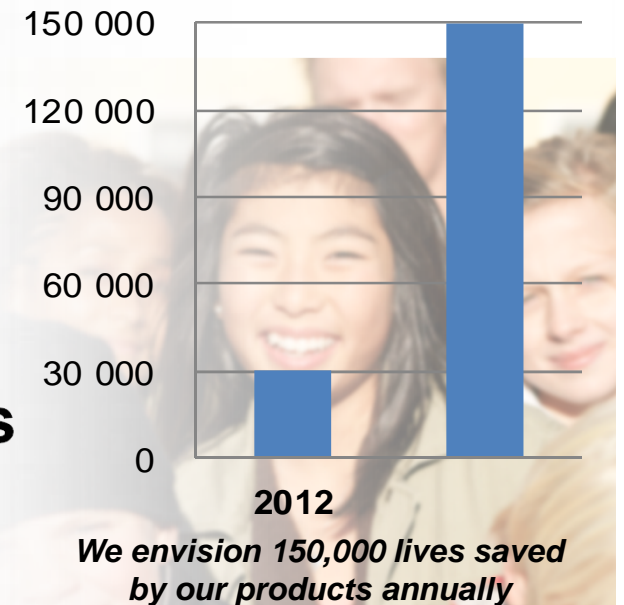
- Improving R,D&E leverage while increasing capacity
- Increasing capacity in growth markets and vertical integration



🔄 Adjusting European footprint for the long-term while ramping-up Growth Markets & Active Safety

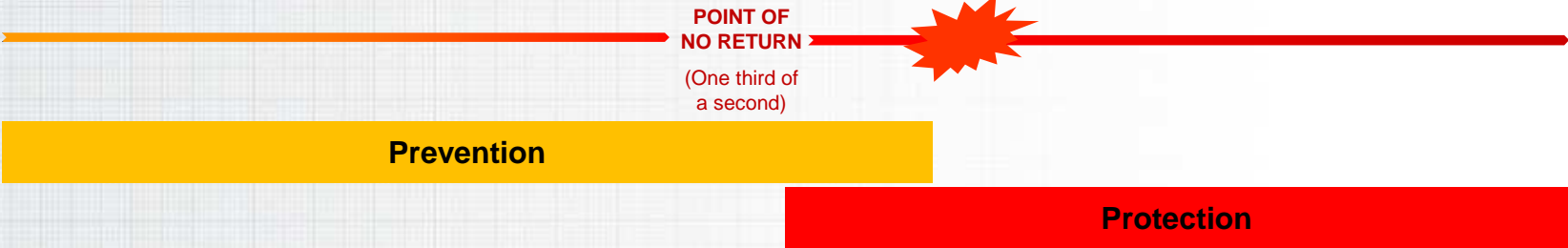
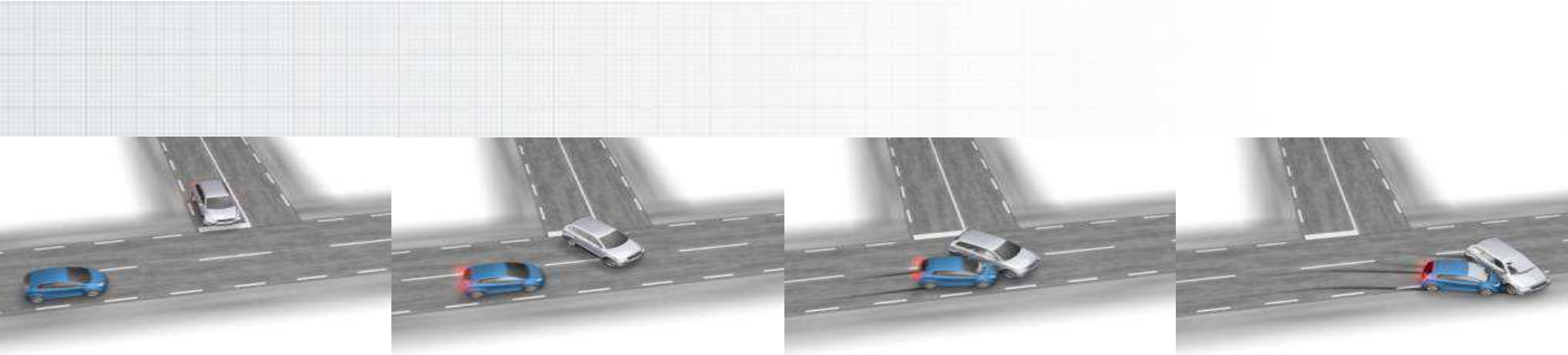
Autoliv in Summary

- **Solid performance in 2013**
- **2014 will be a transition year to address our margin challenges**
- **Executing on our key strategies towards long-term targets**
- **Positioning our company to capitalize on the long-term industry trends**

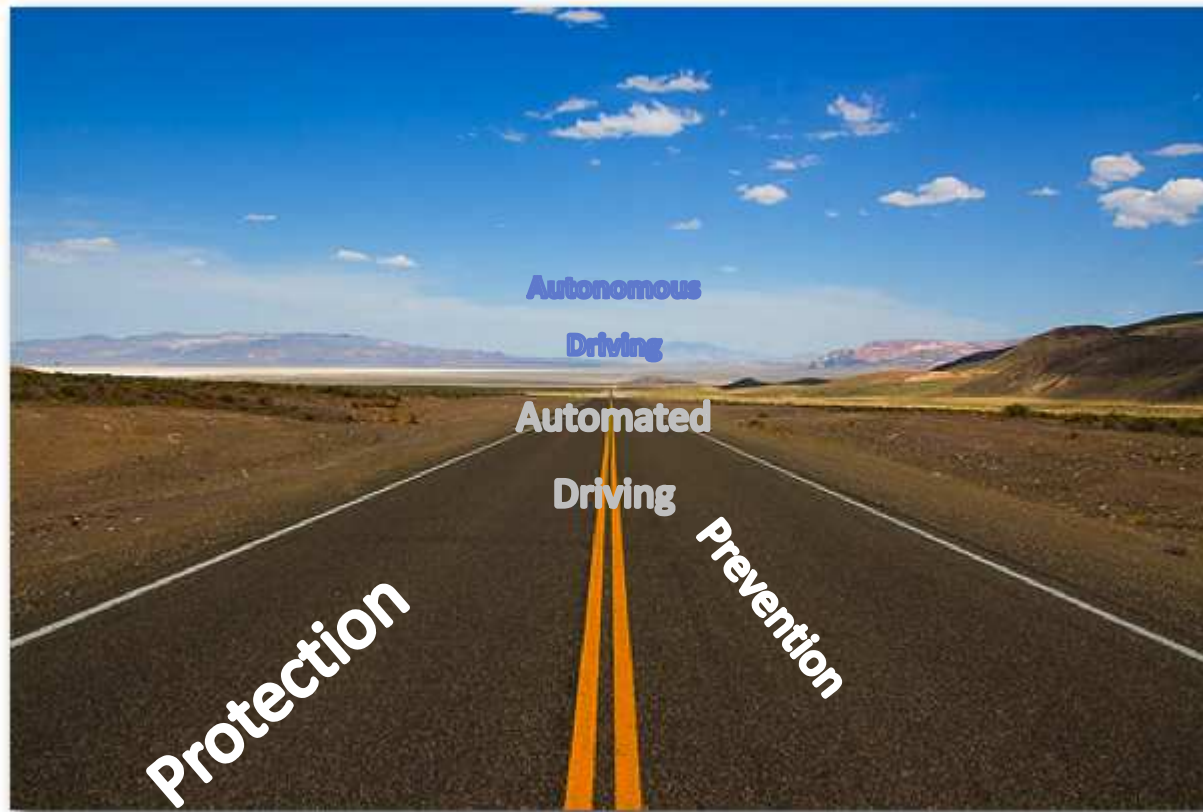


“Prevention – Protection”

- Safety in all aspects



The Road Towards Saving More Lives



🚦 The main questions remaining are when and how?

Light Vehicle Production

- 4th Quarter

Vehicles in millions	2013	2012	2013 vs. 2012		ALV YoY Org. Growth
			@ Jan 16	@ Oct 16	
Americas	5.1	4.9	3%	2%	~ 7%
- North America	4.0	3.8	6%	6%	
- South America	1.1	1.1	(8%)	(11%)	
Europe	4.8	4.7	3%	0%	~ 11%
- WEU	3.1	3.0	6%	3%	
- EEU	1.7	1.7	(1%)	(4%)	
Japan	2.3	2.0	12%	9%	~ 22%
China	5.5	4.6	20%	9%	~ 44%
RoA	3.2	3.4	(6%)	(8%)	~ 6%
Other *	0.4	0.4	6%	11%	
Total Global	21.3	20.0	6.3%	2.5%	14.8%

📌 Active Safety organic sales increased by 56% YoY in Q4'13

Source: IHS @ January 16, 2014 & October 16, 2013 (*) Middle East/ Africa

Light Vehicle Production

- FY

Vehicles in millions	2013	2012	2013 vs. 2012		ALV YoY Org. Growth
			@ Jan 16	@ Oct 16	
Americas	20.7	19.7	5%	5%	~ 3%
- North America	16.2	15.4	5%	5%	
- South America	4.5	4.3	6%	5%	
Europe	19.3	19.3	0%	(1%)	~ 5%
- WEU	12.6	12.6	0%	(1%)	
- EEU	6.7	6.7	1%	0%	
Japan	8.9	9.2	(4%)	(4%)	~ 1%
China	19.6	17.2	14%	11%	~ 26%
RoA	12.6	12.6	(1%)	(1%)	~ 6%
Other *	1.5	1.7	(11%)	(10%)	
Total Global	82.6	79.7	3.5%	2.3%	7%

📍 New record global LVP in 2013

Source: IHS @ January 16, 2014 & October 16, 2013 (*) Middle East/ Africa

Light Vehicle Production

- 1st Quarter

Vehicles in millions	2014	2013	<u>2014 vs. 2013</u> @ Jan 16	ALV YoY Org. Growth
Americas	5.3	5.0	5%	
- North America	4.3	4.0	6%	
- South America	1.0	1.0	(1%)	
Europe	5.0	4.8	4%	
- WEU	3.3	3.2	5%	
- EEU	1.7	1.6	2%	
Japan	2.5	2.2	14%	
China	5.4	4.8	8%	
RoA	3.1	3.3	(7%)	
Other *	0.4	0.4	(1%)	
Total Global	21.7	20.5	5.5%	~ 7%

🟡 Strong start to 2014

Source: IHS @ January 16, 2014, (*) Middle East/ Africa

Light Vehicle Production

- FY

Vehicles in millions			2014 vs. 2013	ALV YoY Org. Growth
	2014	2013	@ Jan 16	
Americas	21.4	20.7	4%	
- North America	16.8	16.2	4%	
- South America	4.6	4.5	2%	
Europe	19.5	19.3	1%	
- WEU	12.7	12.6	1%	
- EEU	6.8	6.7	1%	
Japan	8.2	8.9	(8%)	
China	21.6	19.6	10%	
RoA	12.9	12.6	3%	
Other *	1.8	1.5	21%	
Total Global	85.4	82.6	3.5%	~ 5%

📍 New record global LVP in 2014

Source: IHS @ January 16, 2014, (*) Middle East/ Africa

Rating and Regulations

- US NCAP migration to Active Safety and Adaptive

■ IIHS Ratings:

- **New IIHS Small Overlap test** – Integrated into Top Safety Pick “Plus” for 2013.
- **FCW and/or AEB** – “Availability” of FCW required for Top Safety Pick “Plus” for 2014.

■ NHTSA - USNCAP:

- **Back-over Safety** – ESC recognition replaced by rearview video systems to prevent back-over
- **Active Safety Areas Under Consideration**
 - ✓ Crash Avoidance and Post-Crash Technology Areas Under Consideration
 - ✓ Features: Blind Spot Detection, Advanced Lighting, Lane Departure Prevention, Crash Imminent Braking, Dynamic Brake Support, Automatic Pedestrian Detection and Braking (Frontal & Rear)
- **Passive Safety Areas Under Consideration**
 - ✓ Improved Rating of Rear Seat Safety
 - ✓ Rating of Safety for Older Occupants
 - ✓ Rating of Pedestrian Protection
 - ✓ Improved Test Dummies and Injury Criteria
 - ✓ New Test Protocols for Electric Vehicles
 - ✓ Alcohol Sensing



● NHTSA estimates the US “annual cost to society of traffic accidents” is several hundred billion \$’s