

# Real Life Safety

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Autoliv Capital Markets Day 2015

**Autoliv**

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**Sales**

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**Steve Fredin**

October 2, 2015

# 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 or regional growth decline, changes in and the successful execution of our capacity alignment, restructuring and cost reduction initiatives 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, consolidations, restructurings 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; successful integration of acquisitions and operations of joint ventures; our ability to be awarded new business; product liability, warranty and recall claims and investigations and other litigation and customer reactions thereto; higher expenses for our pension and other postretirement benefits including higher funding requirements for our pension plans; work stoppages or other labor issues; possible adverse results of pending or future litigation; our ability to protect our intellectual property rights or infringement claims; negative impacts of antitrust investigations or other governmental investigations and associated 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 impacting or 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.

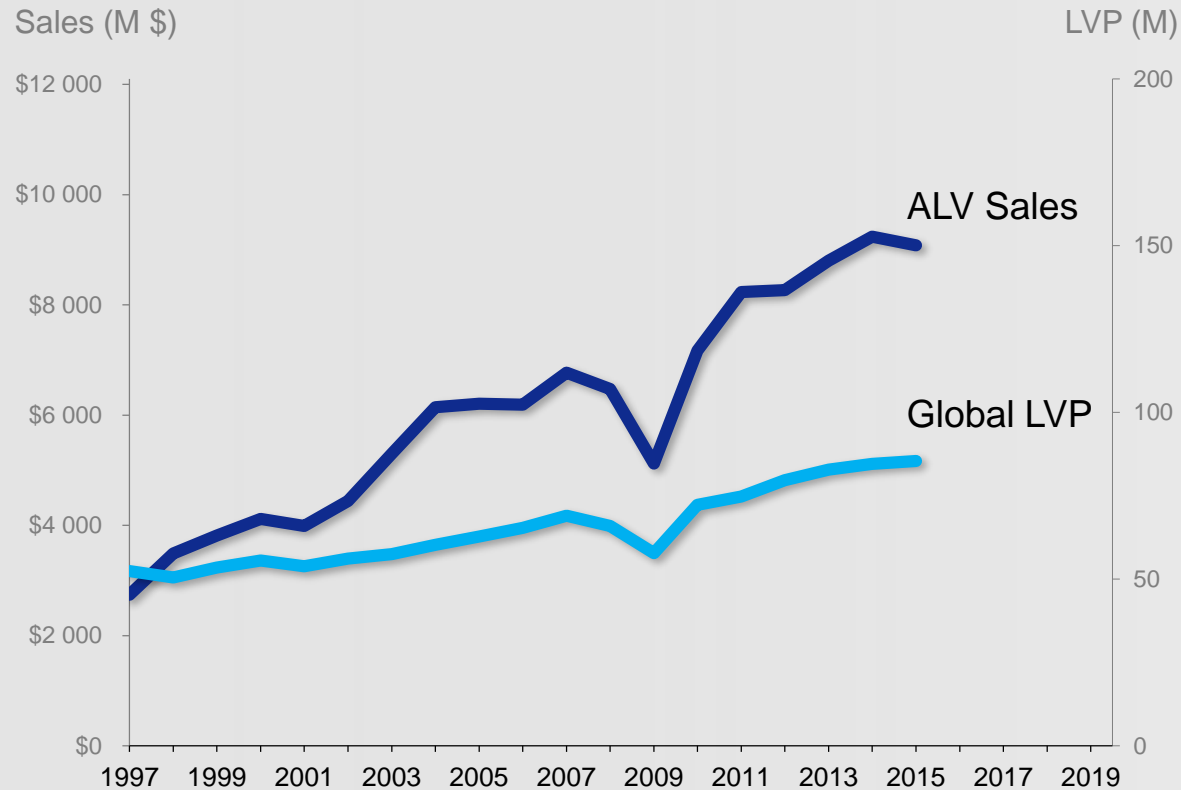
*(\*) Non-US GAAP reconciliations are disclosed in our 8-K/10-K/10-Q filings available at [www.sec.gov](http://www.sec.gov) or [www.autoliv.com](http://www.autoliv.com)*

# Sales for Real Life Safety

- Our Growth Drivers
- Our Markets
- Our Sales Strategy
- Our Growth Scenario

# Our Growth Drivers

Long history of outperforming LVP and Safety Market growth



## CAGR 1997-2015

- Autoliv sales growth  
~ **7%** CAGR through the cycles
- Safety market growth  
~ **5%** CAGR through the cycles
- LVP growth  
~ **3%** CAGR through the cycles

Source: IHS @ Sep 16, 2015

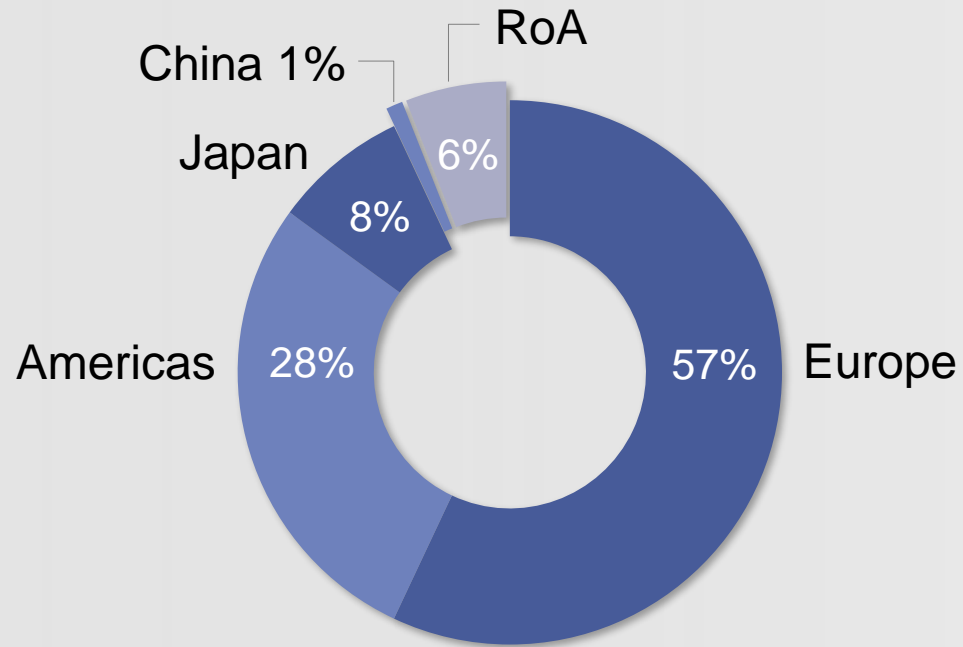
**Real Life Safety**

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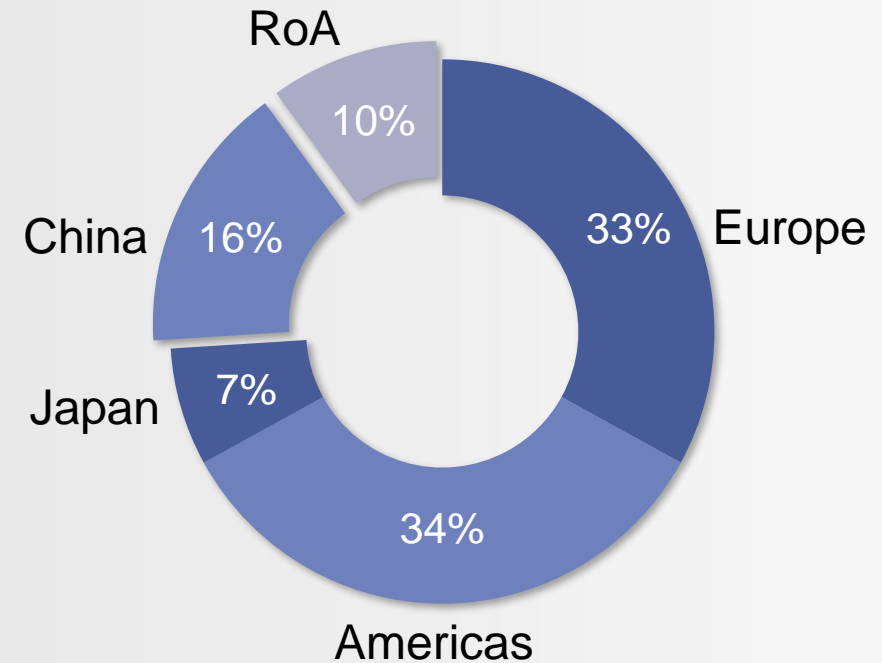
# Our Growth Drivers

Asia excluding Japan going from 7% to 26% in last 10 years

2004



2014



# Our Growth Drivers

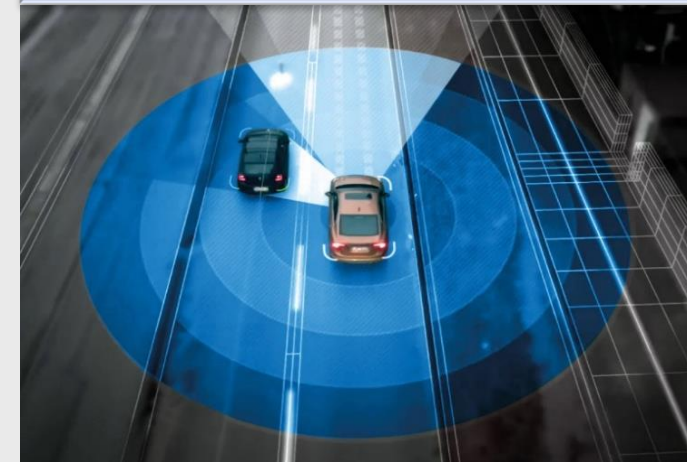
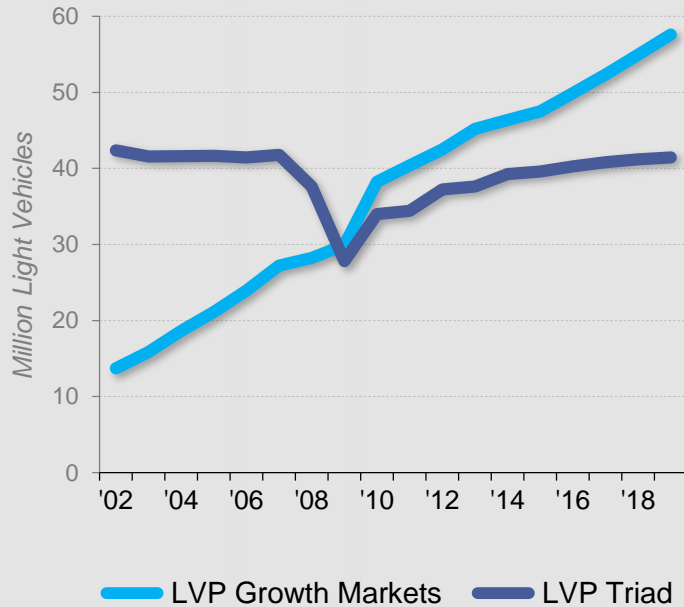
Long term megatrends drive steady business growth in Automotive Safety

Global Demographic Change, Urbanization Trends, Mobility

Government and Public Demand for Improving Traffic Safety

Evolving Safety Ratings & Regulations

Enabling Technologies

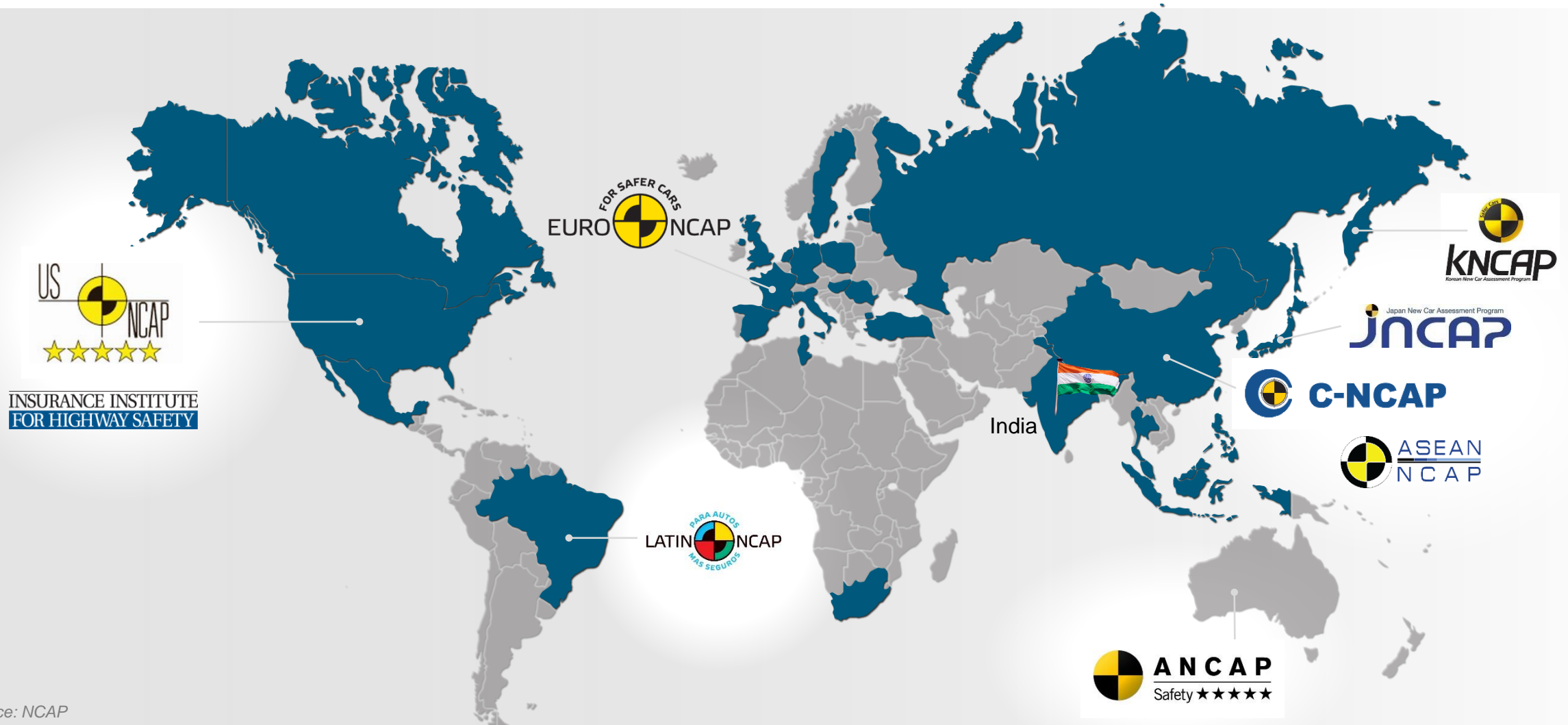


Source: IHS @ Sep 16, 2015, TRIAD (Japan, Western Europe, North America)



# Our Growth Drivers

Evolving Safety Ratings & Regulation drive Passive and Active Safety



Source: NCAP

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# Our Growth Drivers

## Increasing demands for faster implementation of Safety Technologies



*September 11, 2015*

### **Automakers pledge to make automatic braking standard**

The commitment by a group of major vehicle manufacturers was announced by the U.S. Department of Transportation and IIHS. It represents a big step toward making crash avoidance technologies widely available.



*September 21, 2015*

### **New UN Global Goals Road Safety Target requires faster action on vehicle safety says Global NCAP**

The Partnership, led by Global NCAP, is a three year initiative aiming to increase awareness of the life saving potential of key crash avoidance systems: ESC, AEB, ABS (on motorcycles).

Source: IIHS, Global NCAP

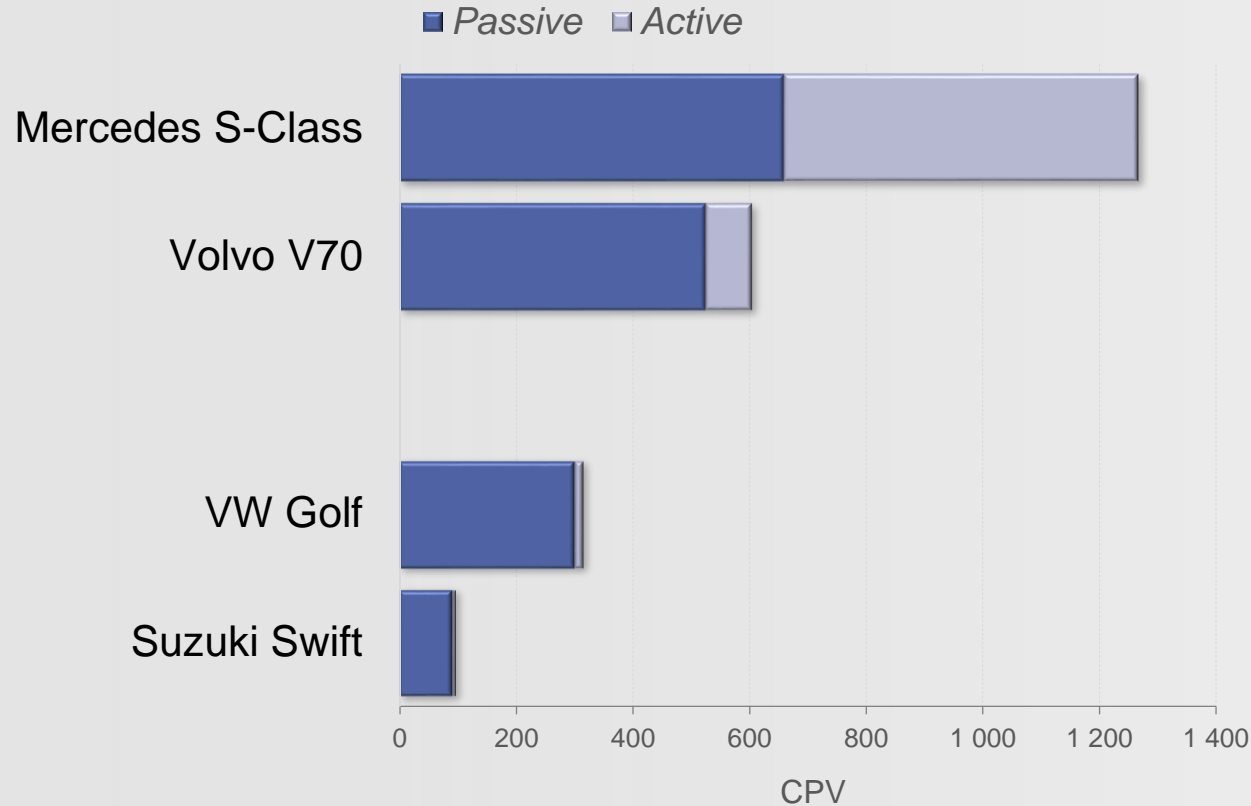


# Our Growth Drivers

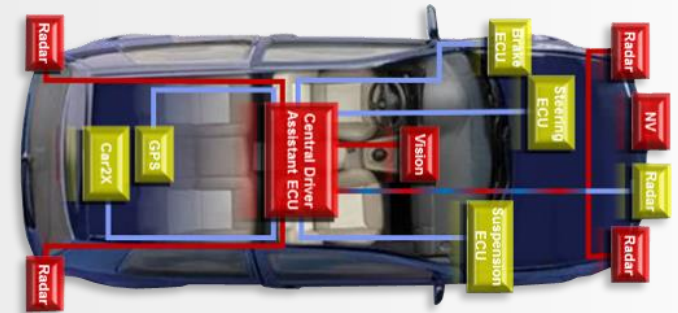
Premium Segment leading the deployment of Active Safety

Premium

Low / Mid



Sensor Fusion / HMI / Increasing Automation / Actuator Authority

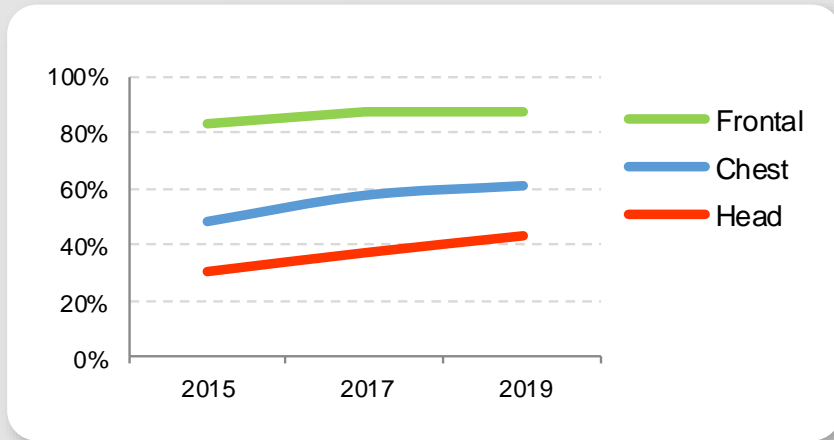


Focus on NCAP requirements

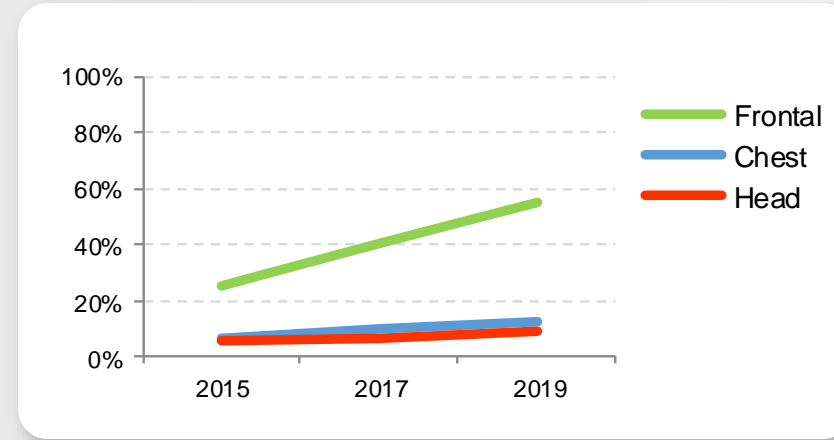
Source: Autoliv internal, reflect total CPV (not Autoliv share)

# Our Growth Drivers

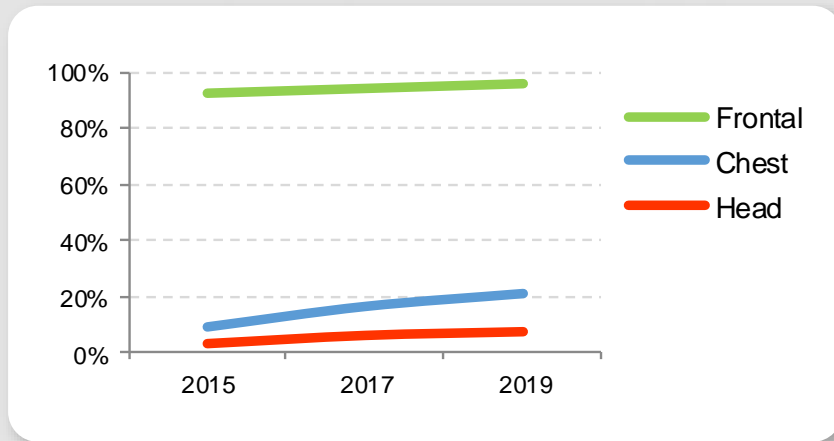
Passive Safety driven by increasing penetration in Growth Markets



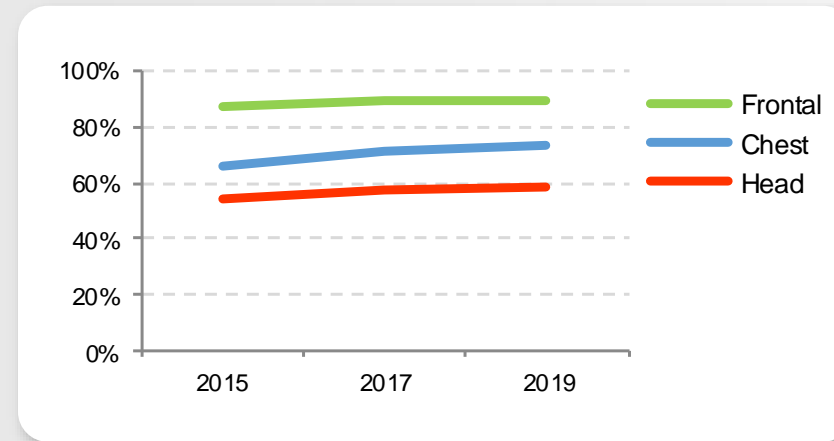
China



India



South America

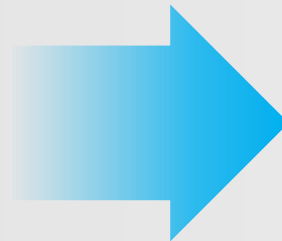


Global

Source: Autoliv internal, Frontal = Driver AB + Passenger AB

# Our Growth Drivers

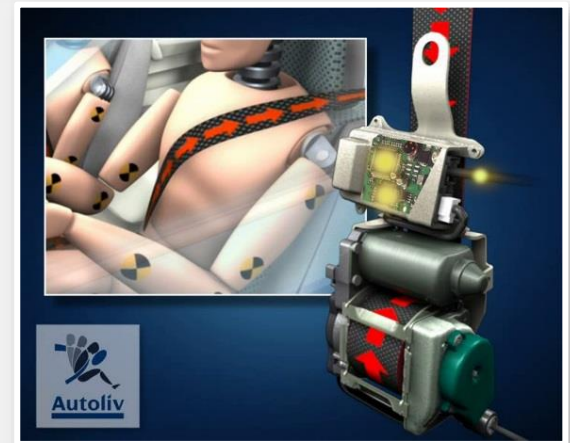
Passive Safety driven by incremental innovation in Developed Markets



## Adaptable Seatbelt



## Active Seatbelts (Pre-pretensioning)

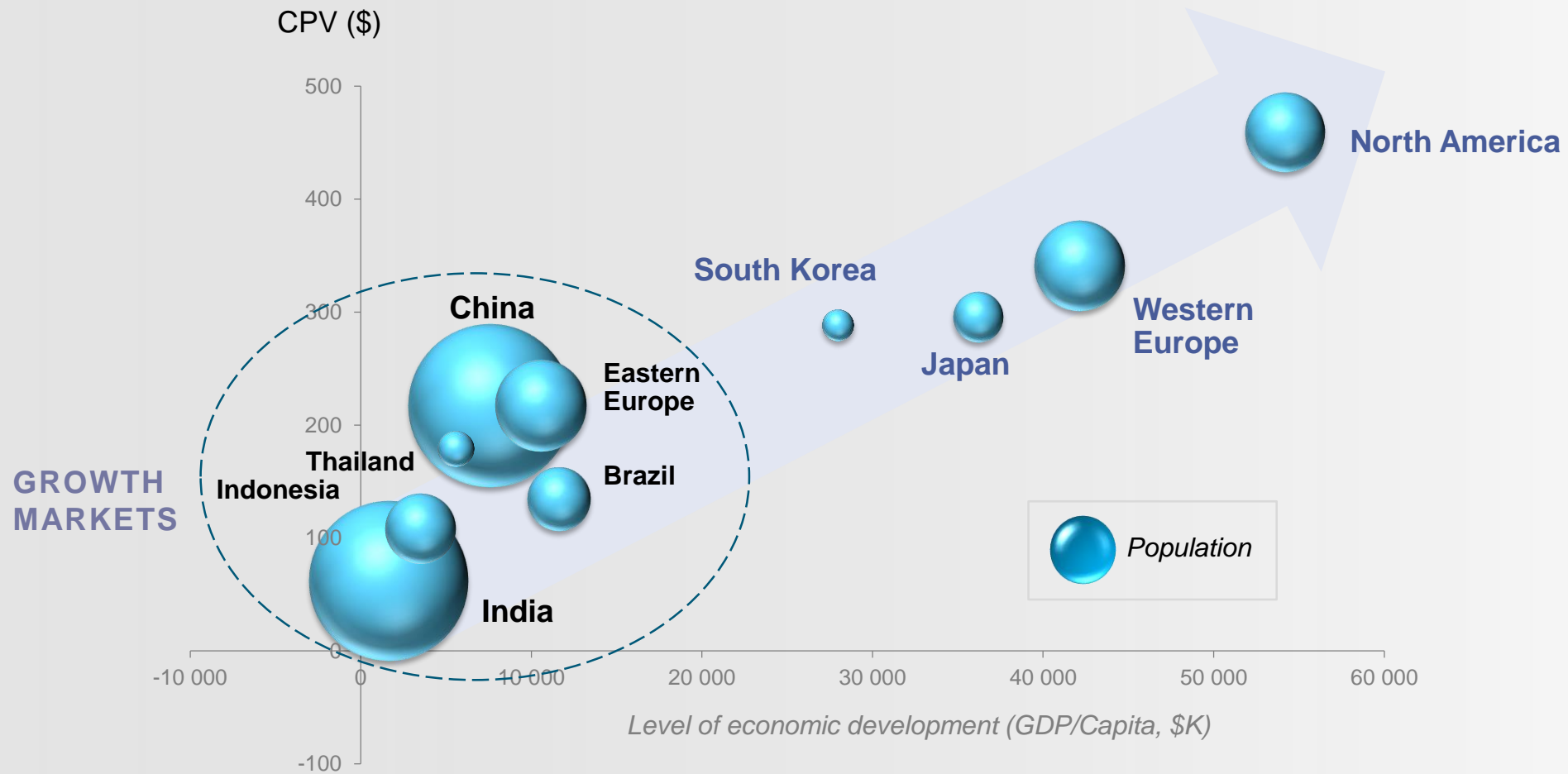


# Sales for Real Life Safety

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# Our Markets

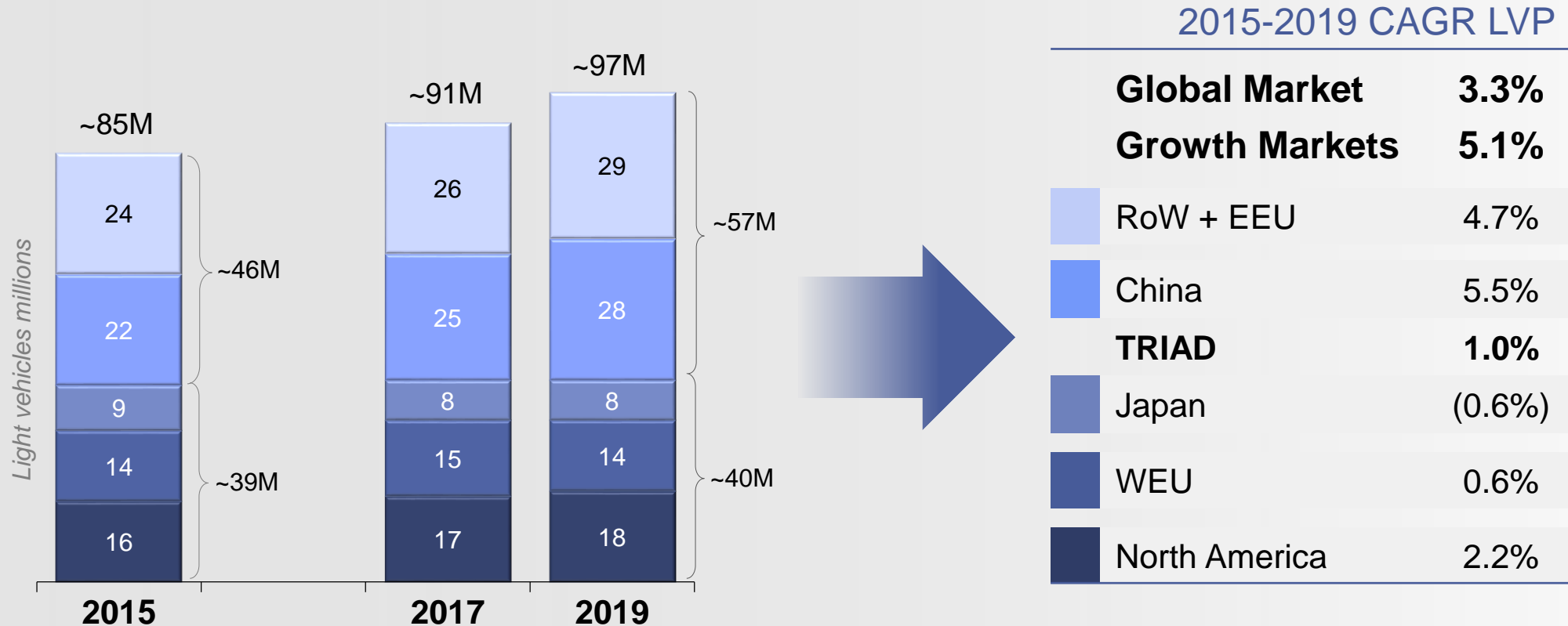
Increasing Content Per Vehicle as markets mature



Source: World Bank, Autoliv internal

# Our Markets

LVP in Growth Markets to increase ~22% by 2019 or CAGR of 5%

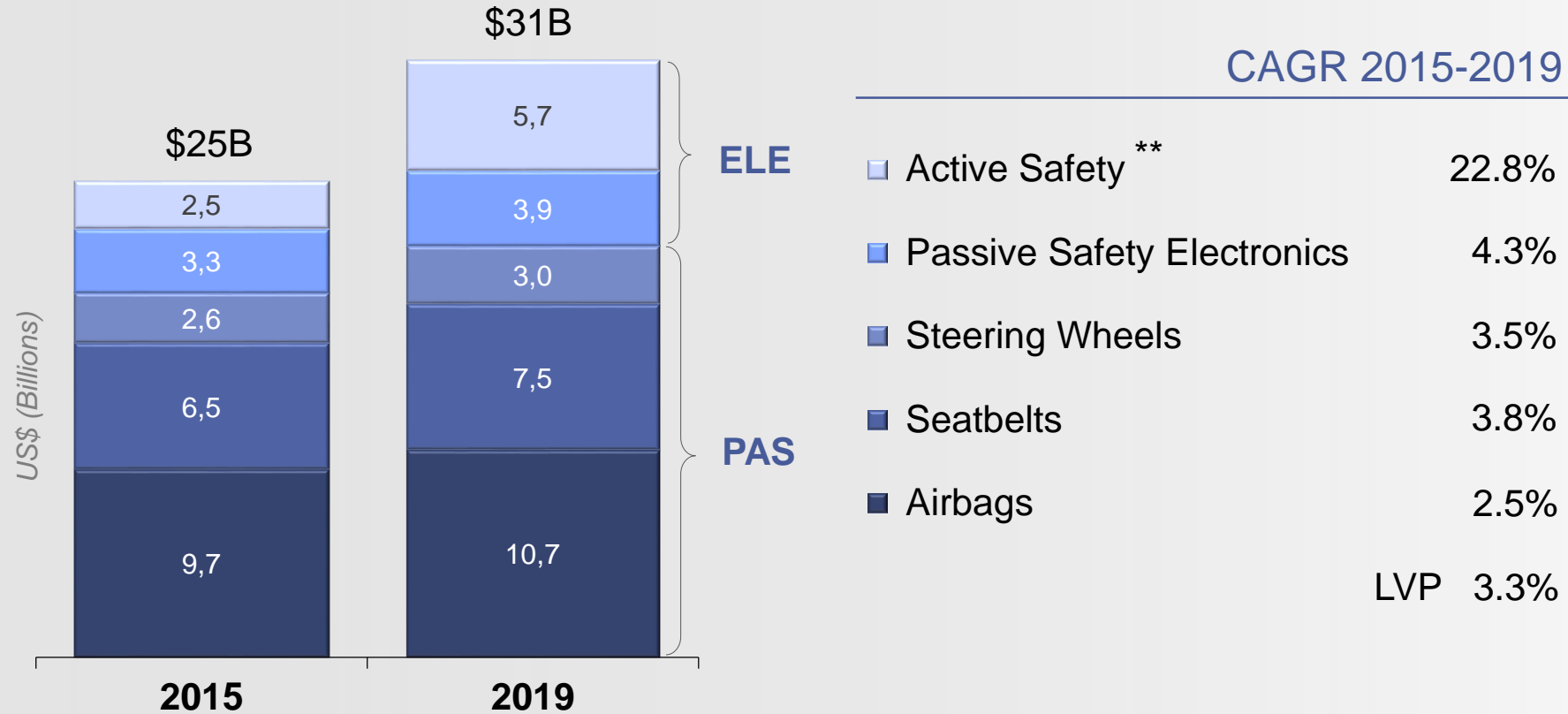


Source: IHS @ Sep 16, 2015, TRIAD (Japan, Western Europe, North America)



# Our Markets

Global safety market to grow \$6B by 2019 or CAGR of 6%\*



(\*) Based on August 2015 LVP outlook, FX-rates and estimated pricing trends. (\*\*) Includes radar, front-view camera, night driving assist Source: Autoliv internal)

# Our Markets

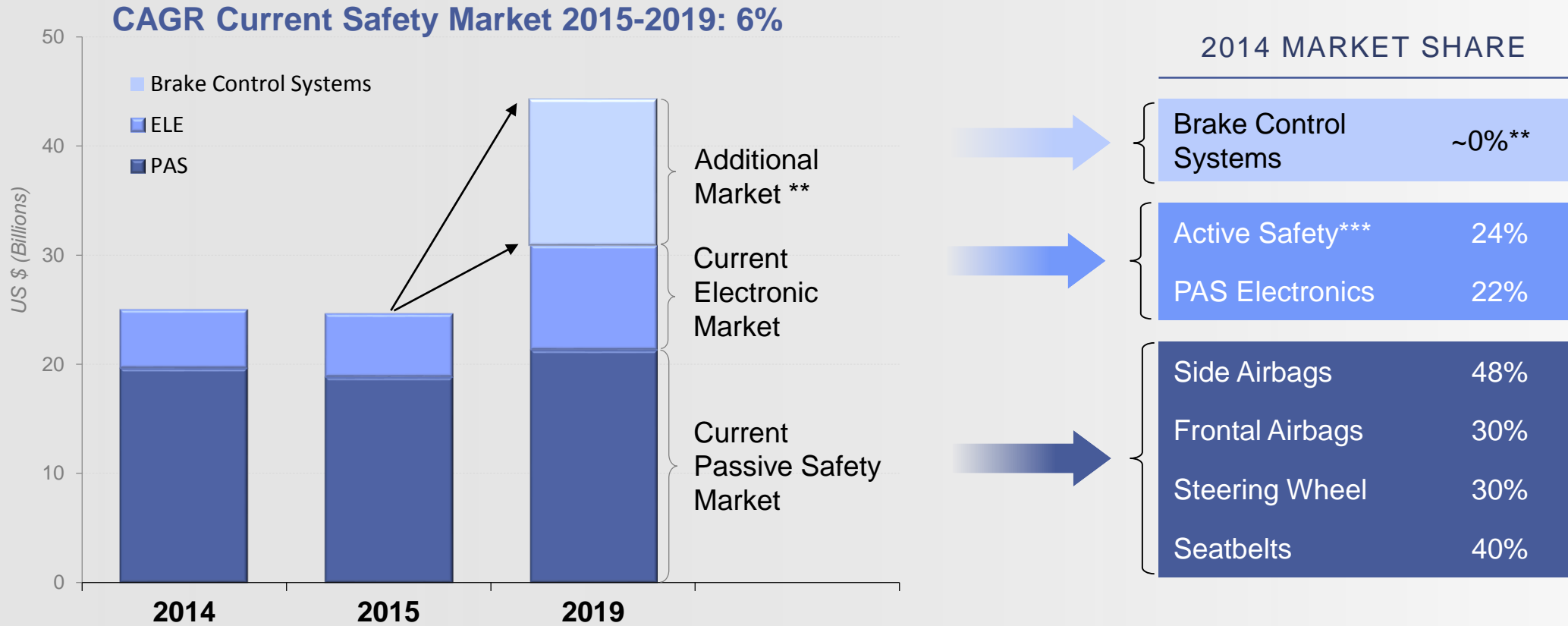
Growth Markets to increase \$3.2B to 2019 or CAGR of 8%\*



(\* Based on August 2015 LVP outlook, FX-rates and estimated pricing trends. (\*\*) Includes China, India, Brazil, ASEAN, Eastern Europe, Middle East and Africa (Source: Autoliv internal)

# Our Markets

Current market 2015-19 CAGR 6%\*, Brake Control adds \$13.5B in 2019



**Our safety market is expected to be ~\$44B in 2019.**

(\* ) Based on August 2015 LVP outlook, FX-rates and estimated pricing trends. (\*\* ) Brake Control Systems excluding foundation brakes. (\*\*\*) Includes automotive radars, night vision systems and cameras with driver assist systems.

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# Our Sales Strategy

***“Organic sales growth at least in line with our market”***

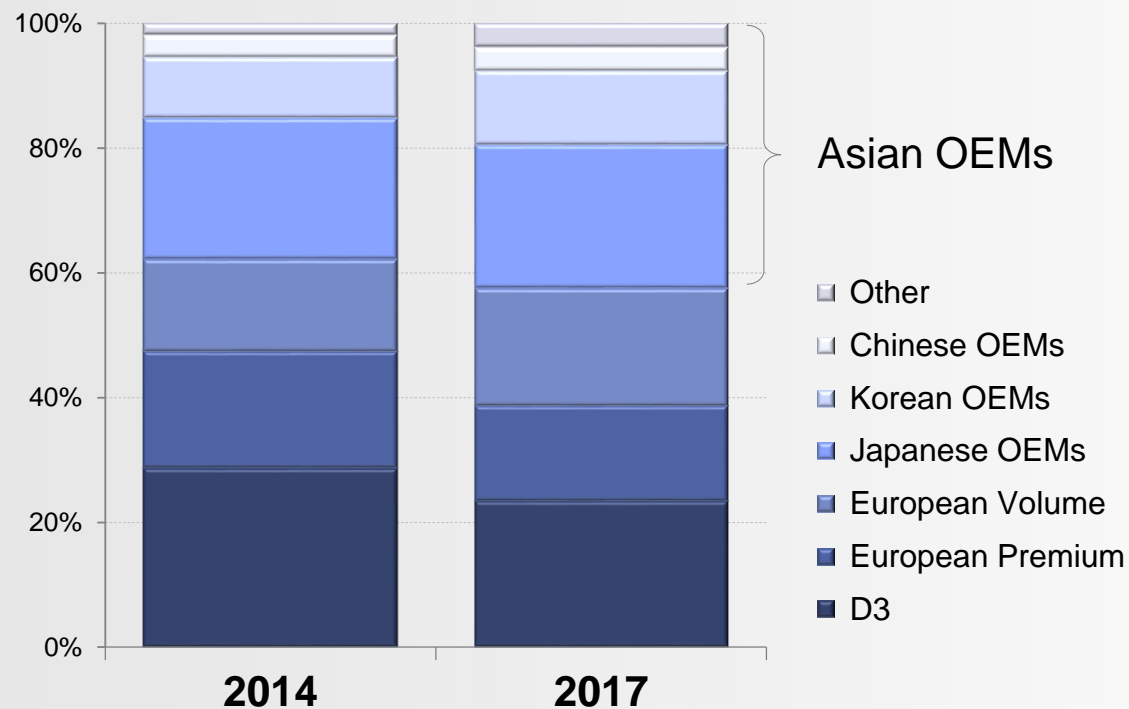
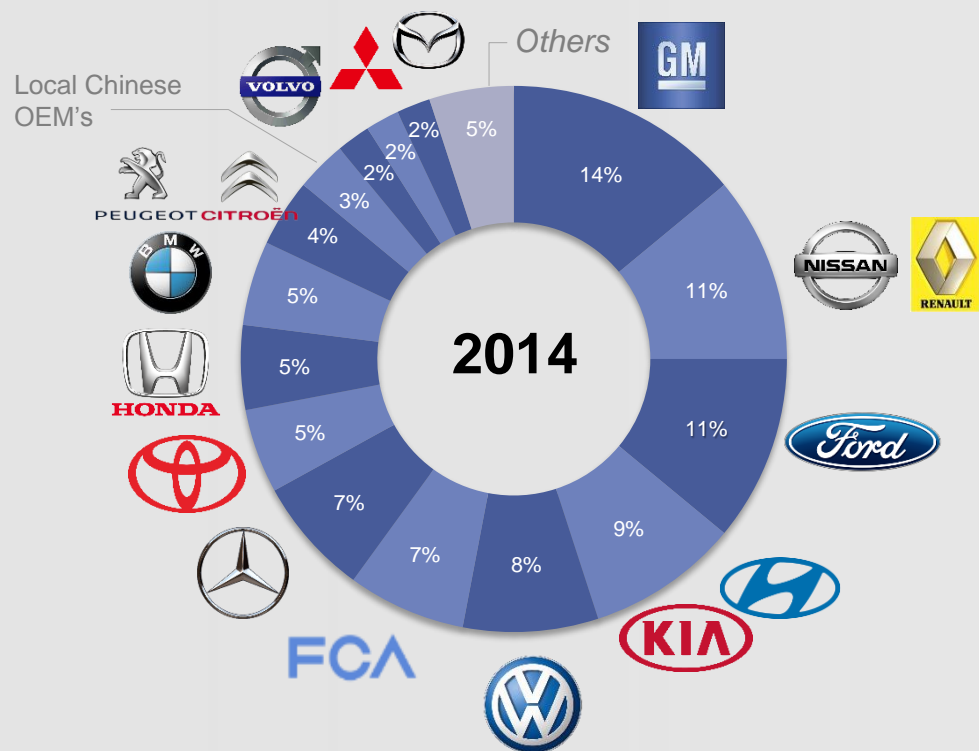
*...and faster than our market including acquisitions*

- Strategically target right customers
- Leverage on product development
- Benefit from superior quality
- Strengthen China and Active Safety for the long term
- Add key building blocks through M&A and JV's



# Our Sales Strategy

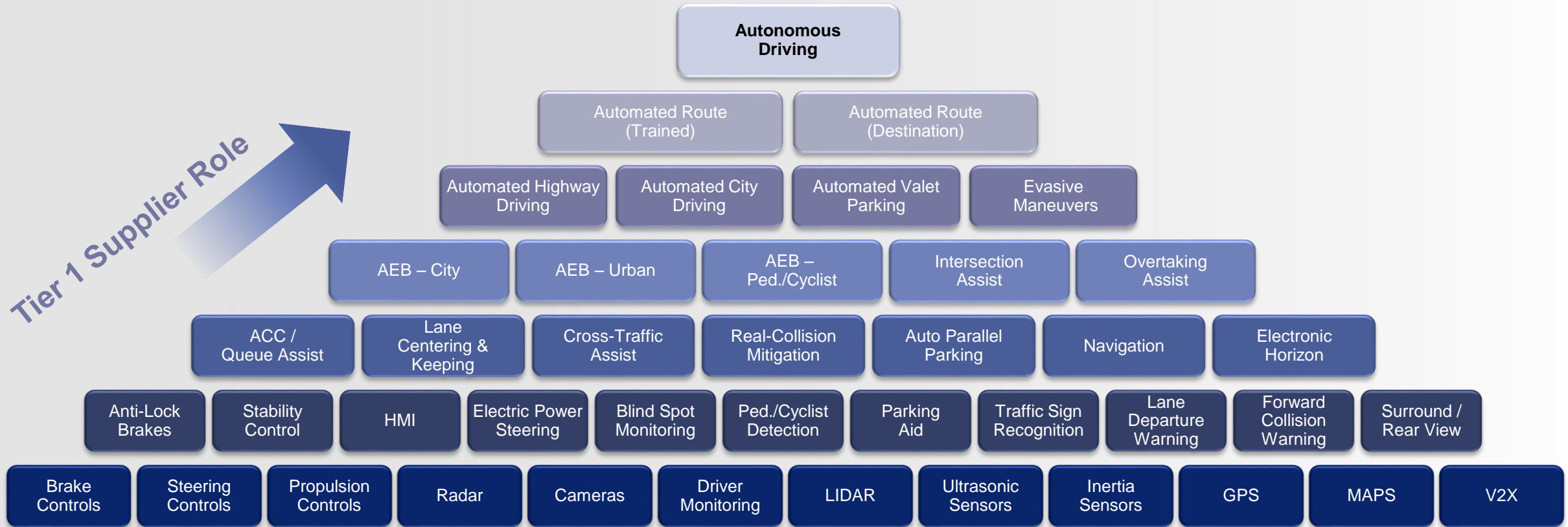
Remain close to our well-balanced portfolio of world-class OEMs





# Our Sales Strategy

Take on greater role for Passive and Active Safety functions and features



*By expanding our role for integrating Passive and Active safety by adding building blocks towards Autonomous Driving*

# Our Sales Strategy

Leveraging our products and partnering with OEMs to deliver Real Life Safety

## Vision Systems



## Radar



## Night Vision



## Seatbelts



## Airbags



## AD



# Our Sales Strategy

Recent major customer launches exemplifies deployment of our offerings



| Safety function deployment        | 1 | 2 | 3 | 4 | 5 | 6 |
|-----------------------------------|---|---|---|---|---|---|
| Driver airbag w. steering wheel   |   |   |   |   |   |   |
| Side airbags                      |   |   |   |   |   |   |
| Knee airbag                       |   |   |   |   |   |   |
| Passenger airbag                  |   |   |   |   |   |   |
| Inflatable curtains               |   |   |   |   |   |   |
| Seatbelts w. pretensioners        |   |   |   |   |   |   |
| Active seatbelts w. pretensioners |   |   |   |   |   |   |
| Cable cutters                     |   |   |   |   |   |   |
| Safety electronics                |   |   |   |   |   |   |
| Radar system                      |   |   |   |   |   |   |
| Night vision system               |   |   |   |   |   |   |



# Our Sales Strategy

Address Industry's Quality Issues by offering a proven solution

Autoliv ~1%



- Focused on offering proven inflator technologies to support our customers, short and long term
- Current estimate to deliver up to 20M inflators for replacement and running programs during 2015 and 2016
- 2015 order intake on frontal airbags significantly exceeds our current market share



# Our Sales Strategy

Strengthening in China for long term market leadership



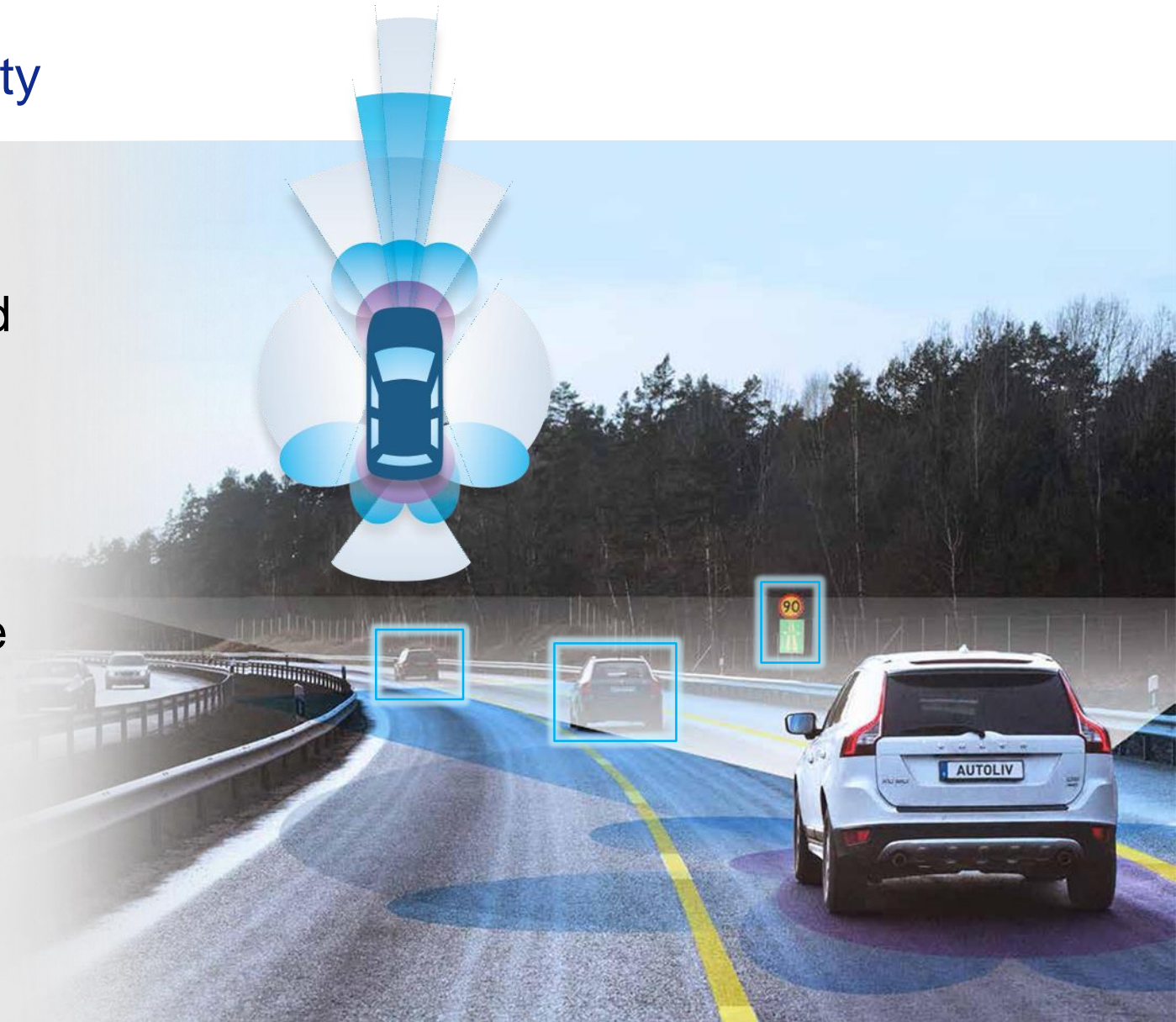
- Markets are stabilizing
- Positive view for the long term remains
- Continue to invest in our footprint to remain a strategic OEM partner
- Record order intake YTD

(\*) LTM = Last twelve month June 2015

# Our Sales Strategy

## Strengthen our Position in Active Safety

- Our capabilities and products are suited for improving Real Life Safety
- Expanding key partnerships with additional customers
- Ratings and Regulations will drive more features into standard equipment
- Increasing consumer awareness will create market demand





# Our Sales Strategy

Add key building blocks for Real Life Safety through M&A and JV's



## MACOM Automotive Solutions

- GPS Module
- Electronic Horizon
- Additional **Building Blocks** towards Automated Driving



## VCC IP Licenses

- Advanced Driver Assistance Algorithms
- Certain Active Safety Features
- Combined with own algorithms, sensors and control systems, this deal strengthens our overall **Safety Integration Capabilities**



## Nissin Kogyo JV\*

- Brake Control and Brake Apply Systems
- Expands our capability in **Safety Systems** and strengthens a key **Building Block** in the **Actuator Area** of our portfolio towards Autonomous Driving.

*\*Subject to closing*

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# Our Growth Scenario

Target to grow our sales to \$12B by 2019

- **Organic growth support from**
  - Continued strong LVP in Growth Markets
  - Increased CPV driven by Passive penetration in Growth Markets and Active penetration in Developed Markets
- **Continue ALV long-term market share expansion**
  - Further strengthening PAS leadership with OEMs in primarily Growth Markets and by benefitting from our relentless focus on quality
  - Leverage PAS leadership and Real Vehicle Safety focus to expand Active Safety with OEMs in primarily Developed Markets
- **New market segment entry**
  - Brake Control adds \$13.5B market opportunity in 2019
- **Continue executing M&A agenda to support organic growth**



# Thank you!



## **Autoliv**

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

and prevent ten times as many severe injuries