



Saving More Lives

# Non-Deal Roadshow

**Boston & NYC**

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Jan Carlson – Chairman, President & CEO  
Mats Backman – CFO & Group VP Finance  
May 12-13, 2016



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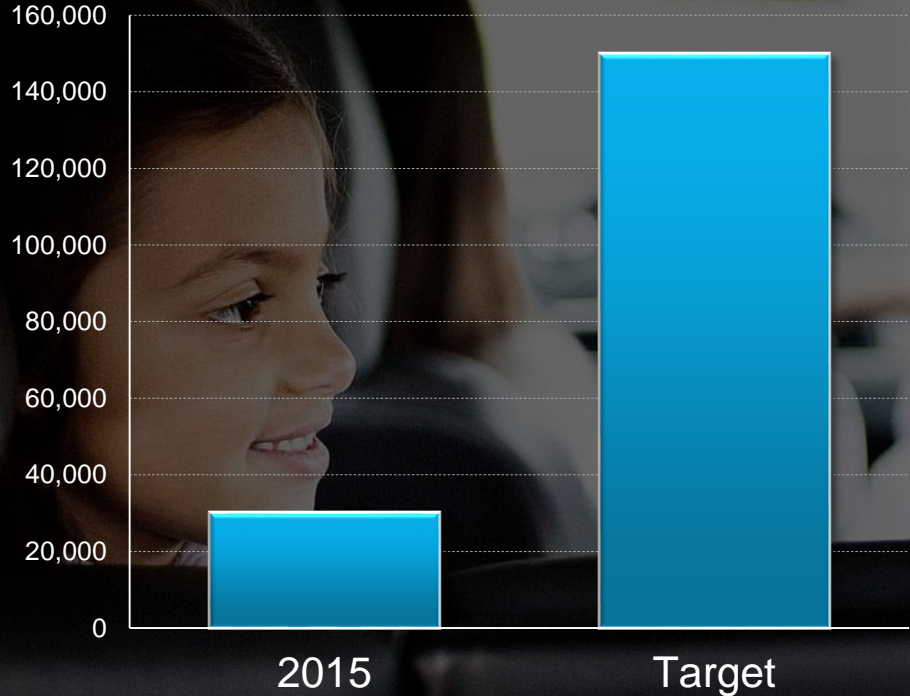
(\* Non-US GAAP reconciliations are disclosed in our regulatory filings available at [www.sec.gov](http://www.sec.gov) or [www.autoliv.com](http://www.autoliv.com).

# Saving Lives and Creating Value



# We Save More Lives while Creating Value

Human lives saved by our products  
*... additionally they prevent ten times as many severe injuries*

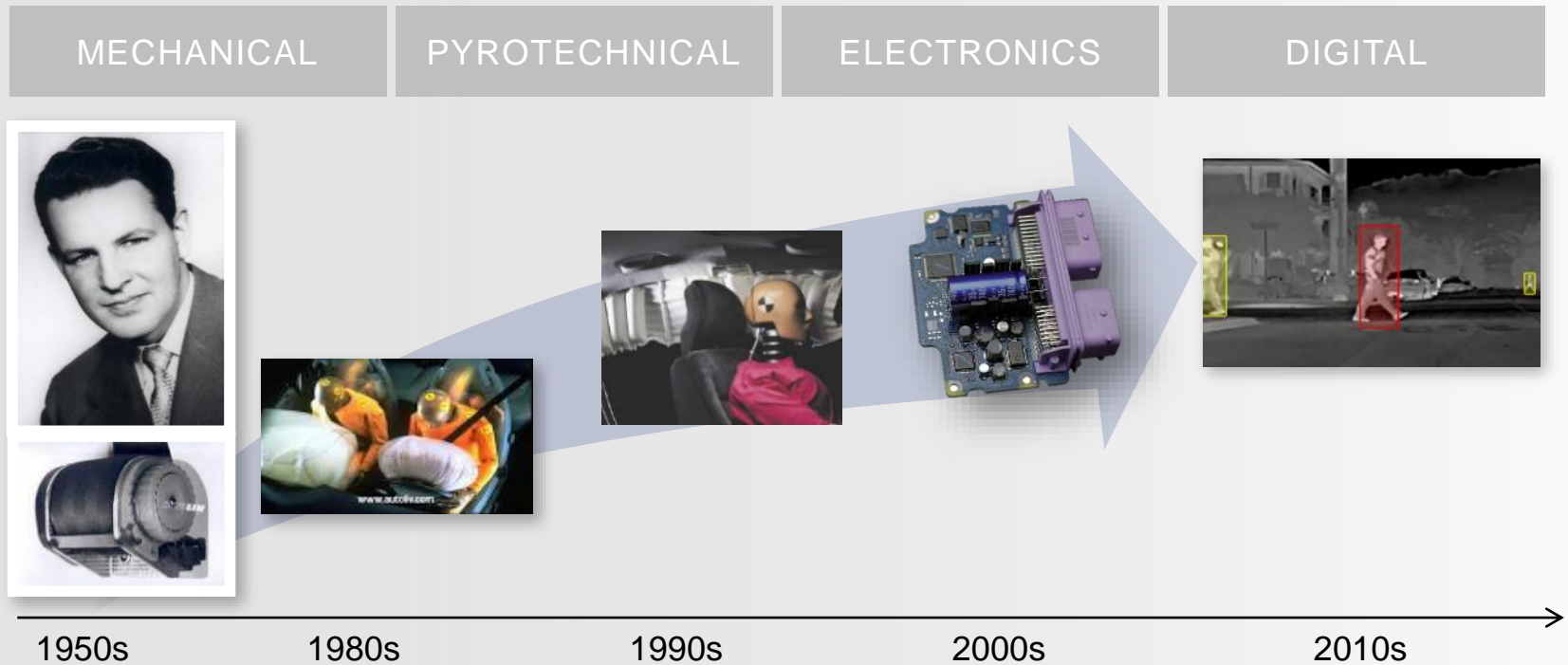


It starts  
with me



# Industry Pioneer with Strong Heritage

## More than 60 years of innovation in Automotive Safety



# Changing Industry Landscape

New technology change the way we drive and shape competition



# Our Guiding Principles

## OUR VISION

**Saving  
More  
Lives**

## OUR MISSION

To be the  
leading supplier  
of Safety Systems  
for the Future Car,  
well integrated  
with Autonomous  
Driving

## OUR VALUES

**One Autoliv  
Transparent  
Innovative  
Agile**



# Our Strategy to Stay Ahead

Quality is our first priority, in all we do



🚗 Q5 is about Quality in all dimensions and is our journey towards “Zero Defects”

# Our Strategy to Stay Ahead

## Relentless focus on Operational Excellence



**Zero Defects** by flawless execution



**One Product One Process** to improve cost effectiveness and robustness



**Innovation** to lead industry in Real Life Safety

# Real Life Safety

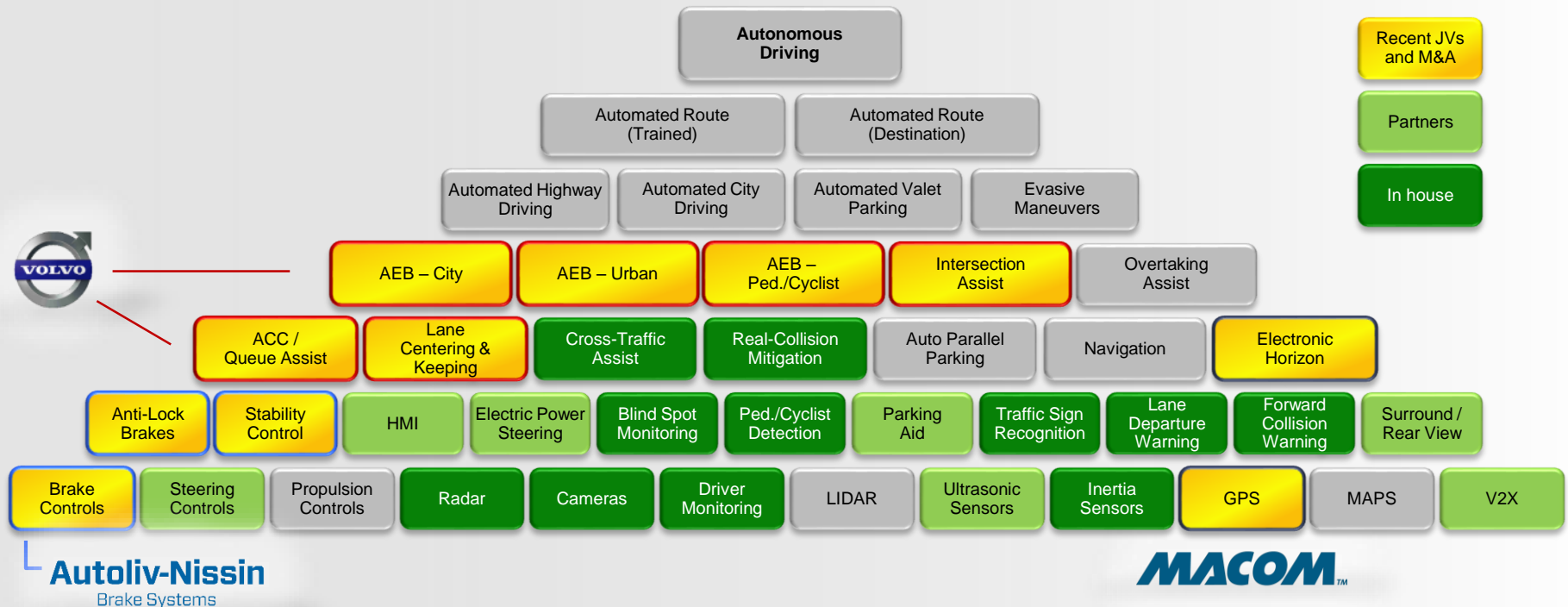
## The Road to Saving More Lives



Beyond Standardized Test Scenarios... ...Towards Real Life Situations and Benefit

# Towards Autonomous Driving the Real Life Safety way

Our current footprint within the pyramid



# Automated Driving Roadmap



# Long-term Targets

## Remain unchanged

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 excl. costs related to the antitrust matters.

EPS\* growth faster than organic sales growth

...US GAAP excl. costs related to the antitrust matters.

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”

*(\*) Non US GAAP, Net Debt adjusted to include Pension Liability*

# End of Decade Targets

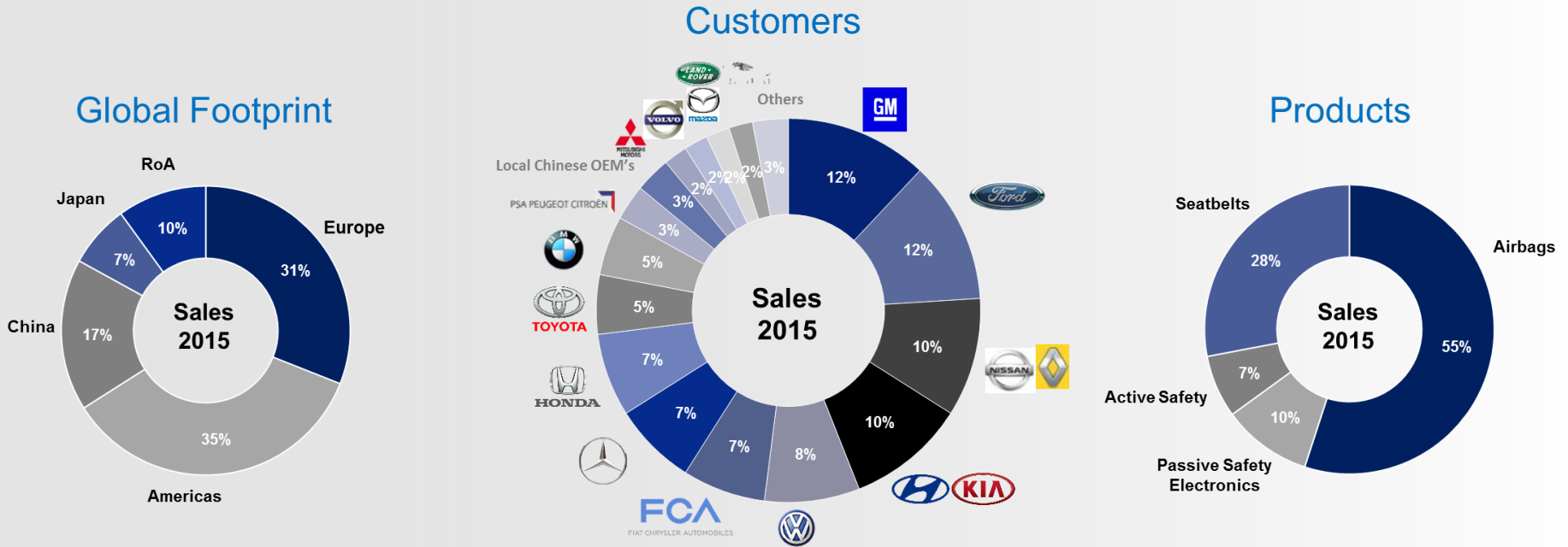
CMD – October 2015

- Changing industry landscape
- Focus on Quality and Real Life Safety is our way to stay ahead
- Strategic targets through end of decade:
  - Sales target is \$12B with an ambition to reach up to \$15B
  - Expand our presence in our new more than \$12B market
  - Grow EPS faster than our Sales growth rate
  - Investing in growth is our priority, excess Free Cash flow is returned to shareholders over time



# Autoliv Today\*

A global leader in Automotive Safety with a well-balanced footprint



~67,000 ASSOCIATES WHERE OF ~6,000 IN R,D&E

~83 FACILITIES IN 27 COUNTRIES

SALES TO ALL MAJOR VEHICLE MANUFACTURERS

21 TECHNICAL CENTERS 20 CRASH TEST TRACKS

SALES AND TECHNOLOGY LEADER

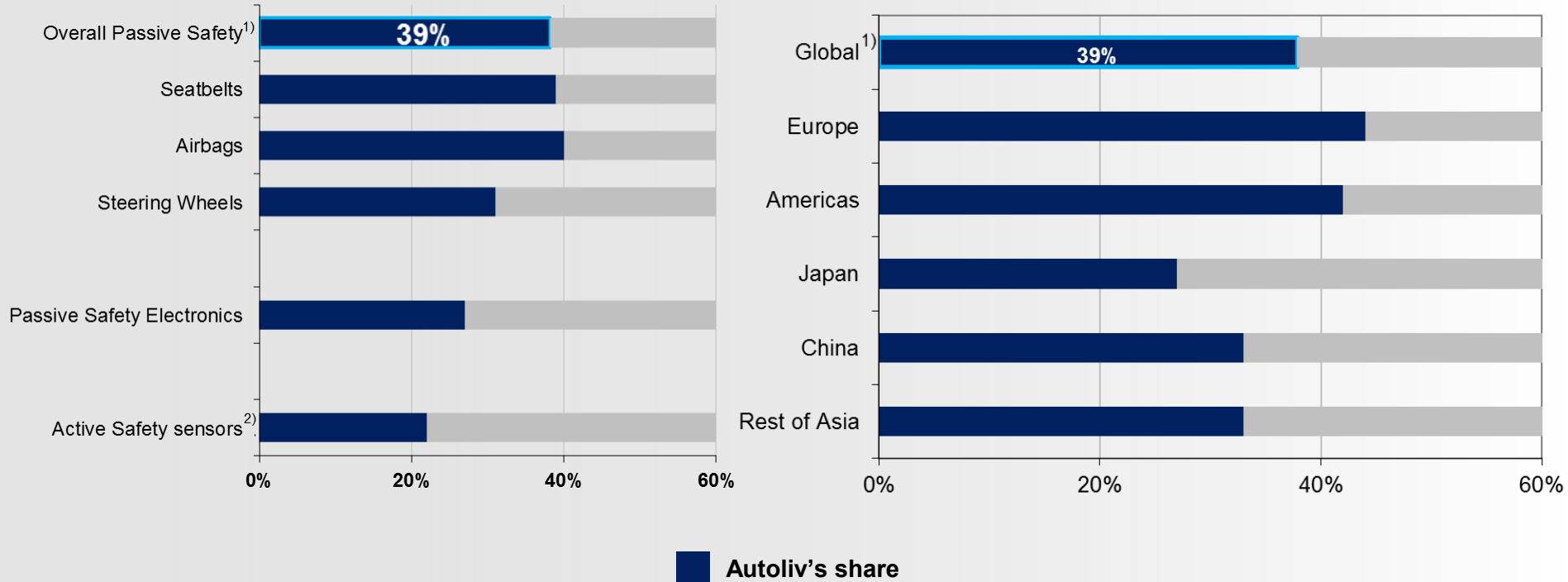
🚗 S&P 500 company with sales of \$9.2B in 2015

(\*) 2015



# Market Shares 2015

## - Global Safety Market Share by Product



1) Airbag, steering wheel, seatbelt.

2) Radar, night vision, mono/stereo forward sensing

# Active Safety Update

## Expanding our portfolio for Real Life Safety

### ■ Recent Key Launches

- Stereo and Mono Vision, Radar, ADAS ECU\* - Mercedes E-Class
- Radar – Chevy Camaro and Malibu, Honda Elysion, Infiniti Q30, C-Class Coupé, Chrysler Pacifica
- Mono Vision – Mini Convertible
- Night Vision - Bentley Bentayga



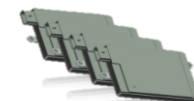
### ■ CES demos

- Mono vision based AEB\*,
- Mono vs. Stereo Vision real life braking,
- Radar based AEB,
- Rear cross traffic alert and braking,
- Night Vision (FIR\*) with various scenarios,
- HMI\* Zforce - intuitive steering wheel for Automated Driving,
- GPS\* path following for manual or automated driving.

Mono and Stereo Vision



Radar (77GHz)



ADAS ECU

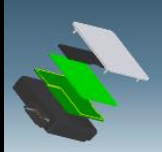


### ■ Adding building blocks towards autonomous driving

(\*) Advanced Driver Assist Electronic Control Unit (ADAS ECU), Automated Emergency Braking (AEB), Far-Infrared (FIR), Human Machine Interface (HMI), Global Positioning Systems (GPS).

# Autoliv on the New E-Class

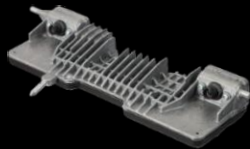
Radars



ADAS ECU



Cameras



# E-Class approved for autonomous driving in Nevada

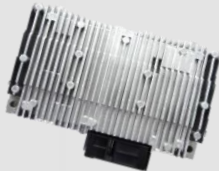
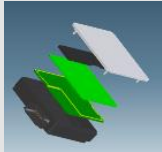


The new Mercedes-Benz E-Class is **the world's first standard-production vehicle** to be awarded a test licence for autonomous driving in the US state of Nevada.

To allow autonomous driving functions to be tested, test vehicles previously had to be elaborately equipped with special hardware and software. This included additional sensors, modified steering and an adapted ESP.

That is no longer the case with the new Mercedes-Benz E-Class.

**The standard-production vehicle is already extensively equipped with intelligent technology**





# Enhancing our Growth and System Capability

## Autoliv and Nissin Kogyo form a Joint Venture

### ■ Overview

- Closed March 31, 2016
- Strengthens our product portfolio towards autonomous driving
  - technology and knowledge in brake control and brake apply
- Manufacturing footprint in Japan, China and US
  - includes a workforce ~1,800 associates
- Reported in the Electronics business segment
  - as a 3<sup>rd</sup> product category

### ■ Autoliv Financial Impact

- Purchase Price JPY 29.7 billion (~\$265M) for 51% ownership
  - subject to post-closing adjustments
- Consolidation 100% of the Balance Sheet and P&L
- Eliminate 49% of the net earnings (minority interest)
- Included in the FY'16 Indication (as of April 29, 2016)
  - Sales between \$400 to \$450M
  - Integration and Purchase accounting related costs combined \$20 to \$30M

**Autoliv-Nissin**  
Brake Systems



Power Brake Actuator

E booster



Integrated Braking System



ABS/ESC System

■ The ANBS JV provides additional building blocks towards Automated Driving

# Strong Volume Growth

Unit growth exceeds LVP\* in all product areas

<b>Autoliv Quantities Delivered</b> (Millions unless specified)	<b>Q1'16</b>	<b>vs. PY</b>
<b>Seatbelts</b>	<b>38.0</b>	<b>4%</b>
• Pretensioners (of which)	17.5	17%
• Active Seatbelts (of which)	0.9	19%
<b>Frontal Airbags</b>	<b>12.8</b>	<b>8%</b>
• Knee Airbags (of which)	1.4	7%
<b>Side Airbags</b>	<b>24.6</b>	<b>14%</b>
• Chest (Thorax)	13.1	13%
• Head (Curtain)	11.5	16%
<b>Steering Wheels</b>	<b>4.5</b>	<b>8%</b>
<b>Electronic Control Units</b>	<b>4.8</b>	<b>16%</b>
<b>Active Safety Sensors**</b>	<b>2.8</b>	<b>98%</b>
<b>LVP* TRIAD</b>	<b>10.3</b>	<b>3.4%</b>
<b>LVP* GLOBAL</b>	<b>22.2</b>	<b>1.2%</b>

🚀 Strong volume growth in all product areas, including high-value added seatbelts, and includes 3 extra working day effect in Q1'16

(\*) Light Vehicle Production (LVP) according to IHS @ April 15, 2016, TRIAD (WEU, North America, Japan), (\*\*) Includes acquisitions.

# Strong Performing Models

Contributing to overall net organic sales\* growth in Q1'16



🚗 Q1'16 Active Safety organic sales\* growth ~39%, Autoliv Electronics products on all of these models except the Toyota Prius

(\*) Non-US GAAP measure.



# China Market Update

## Light vehicle production appears to have stabilized



### ■ Market

- Solid start in Q1'16 with an increase in LVP\* of 4.9% and an increase in LV sales\*\* 5.9%, both are likely boosted by incentives
- LV Inventories\*\* increased in Q1'16, seem to be trending in-line with seasonal effects
- Monthly fluctuations remain erratic

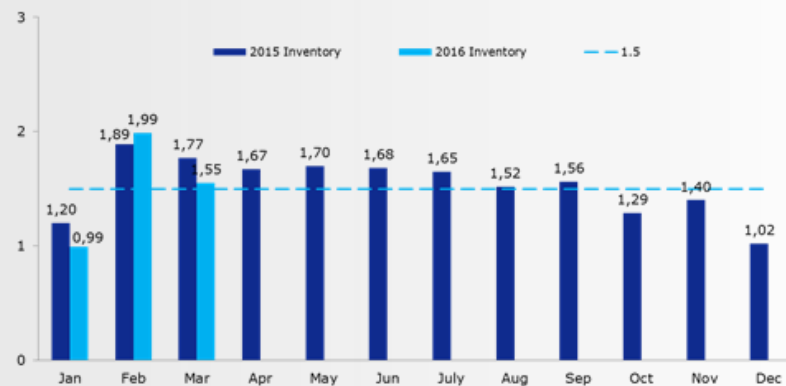
### ■ Autoliv

- Strong organic\* sales growth in Q1'16 of 16.4% driven by local and global OEM's\*
- Expect strong performance vs. LVP\* for FY'16
- Strong growth is expected with several local Chinese and multiple global OEMs\* for FY'16
- Expanding engineering efforts in both Passive and Active Safety

China LV Production\*\*



China Inventory Index\*\*



🚗 We remain confident in our long-term growth prospects for China

(\*) Non US GAAP measure, Light vehicle production (LVP) according to IHS @ April 15, 2016, Original Equipment Manufacturer's, (\*\*) According to CAAM, CADA.

# Overall Market Conditions

## Macro environment remains mixed

### ■ Asia

- China sales\*\* recovery continues, LVP\* increase ~8% for Q2'16 YoY
- Japan LVP increase ~5% for Q2'16 YoY
- RoA LVP increase ~1% for Q2'16 YoY

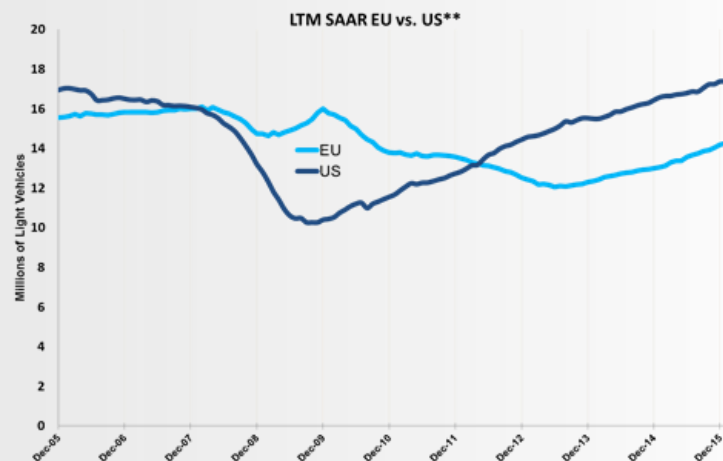
### ■ Americas

- Stable US SAAR\*\* ~17M YTD, while overall inventories\*\* remain ~65 days
- North America LVP increase ~4% for Q2'16 YoY
- South America still shows no sign of a recovery, LVP decline ~16% for Q2'16 YoY

### ■ Europe

- EU27\*\* vehicle registrations continue to show a steady recovery
- LVP is expected to increase ~5% for Q2'16 YoY whereof EEU is expected to be roughly flat

FY'16 LVP *		
Region	Vehicles (Mil's)	YoY Chg.
China	24.1	+6%
Japan	8.7	+2%
RoA	12.5	+1%
North America	17.0	+4%
South America	2.6	(15)%
Europe	21.5	+3%
Global	88.6	+3.1%



🔴 In Q2'16 the LVP\* is expected to increase ~4% vs. prior year and sequentially by close to 1% from Q1'16

(\*) Light Vehicle Production (LVP) according to IHS @ April 15, 2016, Year to Date (YTD), Year over Year (YoY), (\*\*) Source: ACEA, Ward's Auto, CAAM.

# Q1 Financial Overview

## Record sales, operating income and cash flow for Q1

(US\$ Million's unless specified)

	Q1- 2016		Q1 - 2015	
<b>Sales</b>	<b>\$2,430</b>		<b>\$2,174</b>	
<b>Gross Profit</b>	<b>\$501</b>	<b>20.6%</b>	<b>\$423</b>	<b>19.5%</b>
<b>Operating Income*</b>	<b>\$222</b>	<b>9.1%</b>	<b>\$193</b>	<b>8.9%</b>
<b>EPS*</b> (assuming dilution)	<b>\$1.66</b>		<b>\$1.42</b>	
<b>RoCE*</b>	<b>23%</b>		<b>22%</b>	
<b>RoE*</b>	<b>16%</b>		<b>15%</b>	
<b>Operating Cash flow</b>	<b>\$201</b>		<b>\$84</b>	
<b>Dividend**</b>	<b>\$0.56</b>		<b>\$0.54</b>	
<b>GLVP***</b> (annual run rate)	<b>88.8M</b>		<b>87.7M</b>	

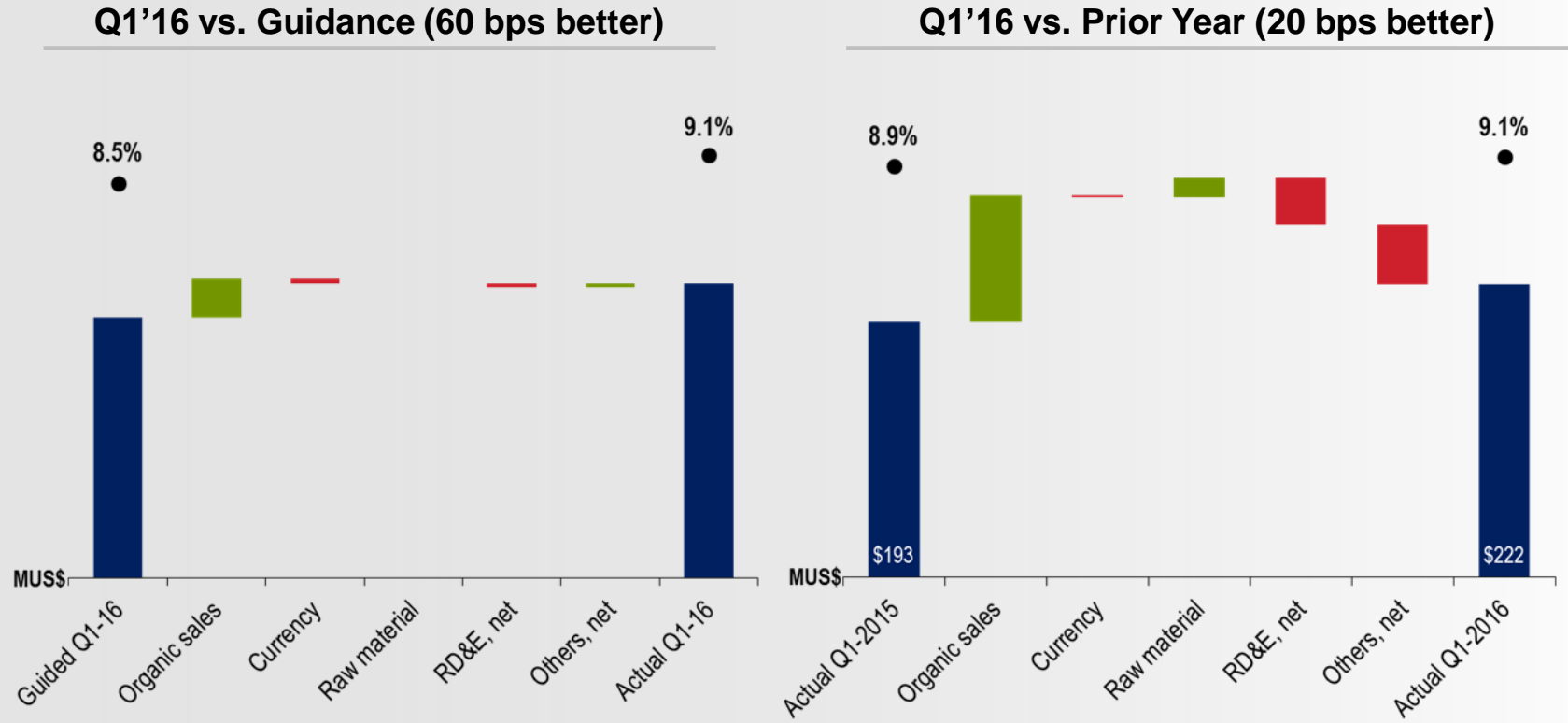
📌 Q1'16 currency translation effect on sales ~(\$80)M

(\*) Non-US GAAP measures exclude costs for capacity alignments and antitrust related matters, Earnings per share, Return on Capital Employed and Return on Equity,

(\*\*) Dividend paid per share, (\*\*\*) Global Light Vehicle Production (GLVP) according to IHS @ April 15, 2016.

# Operating Income and Margin\* Bridge

## Q1'16 vs. Guidance and Prior Year



Operating margin\* 9.1% despite a 150 bps (~\$35M at comparable currency rates) increase in RD&E, net YoY

(\*) Non-US GAAP measures exclude costs for capacity alignments and antitrust related matters.

# Cash Flow

## Investments for growth and shareholder returns

(US\$ Million's unless specified)

	<b>Q1 2016</b>	<b>Q1 2015</b>	<b>LTM*</b>	<b>FY 2015</b>	<b>FY 2014</b>	<b>FY 2013</b>	<b>FY 2012</b>
Net Income	134	36	555	458	469	490	486
Depreciation & Amortization	85	74	331	319	305	286	273
Other, net	3	(20)	22	0	42	43	10
Change in operating WC **	(21)	(6)	(41)	(26)	(103)	19	(80)
<b>Operating cash flow</b>	<b>201</b>	<b>84</b>	<b>867</b>	<b>751</b>	<b>713</b>	<b>838</b>	<b>689</b>
Capital Expenditures, net	(91)	(128)	(413)	(450)	(453)	(379)	(360)
<b>Free cash flow ***</b>	<b>110</b>	<b>(44)</b>	<b>454</b>	<b>301</b>	<b>260</b>	<b>459</b>	<b>329</b>
<b>Acquisitions, net</b>	<b>227</b>	<b>1</b>	<b>354</b>	<b>128</b>	<b>(1)</b>	<b>2</b>	<b>(3)</b>
<b>Dividends paid</b>	<b>49</b>	<b>48</b>	<b>197</b>	<b>196</b>	<b>195</b>	<b>191</b>	<b>178</b>
<b>Shares repurchased</b>	<b>0</b>	<b>104</b>	<b>0</b>	<b>104</b>	<b>616</b>	<b>148</b>	<b>0</b>

📌 LTM close to \$1B combined Shareholder returns along with Acquisitions and CapEx for growth

(\*) Last Twelve Months (LTM), (\*\*) Non US GAAP measure, (\*\*\*) Non-US GAAP measure, before acquisitions, reconciliation to free cash flow is provided above.

# Segment Reporting

## Q1

	Organic Sales Growth* (%)	<u>Operating Margin</u> (%)		<u>CapEx</u> (%)		<u>D&amp;A</u> (%)	
		2016	2015	2016	2015	2016	2015
<b>Passive Safety ***</b>	<b>12.7</b>	<b>9.6</b>	<b>3.5</b>	<b>3.7</b>	<b>6.6</b>	<b>3.4</b>	<b>3.4</b>
Airbags	15.9						
Seatbelts	6.3						
<b>Electronics ***</b>	<b>27.0</b>	<b>2.6</b>	<b>2.5</b>	<b>3.6</b>	<b>3.3</b>	<b>3.2</b>	<b>3.0</b>
Passive Safety Electronics	19.7						
Active Safety	38.6						
<b>Autoliv*</b>	<b>14.7</b>	<b>9.1</b>	<b>8.9</b>	<b>3.7</b>	<b>5.9</b>	<b>3.5</b>	<b>3.4</b>
<b>GLVP **</b>	<b>1.2</b>						

Passive Safety operating margin in 2015 includes antitrust related settlements

(\*) Non-US GAAP measures exclude costs for capacity alignments and antitrust related matters, Organic Sales growth, Operating Margin, (\*\*) Global Light Vehicle Production (GLVP) according to IHS @ April 15, 2016, (\*\*\*) Segment reporting, organic growth refers to net sales for the segments and external sales for product groups.

# Looking Ahead

## Q2'16 Guidance\*

### ■ Sales

- **YoY organic sales\*\* increase ~10%**
  - Mainly related to strong growth in all major regions and Active Safety
- **YoY acquisition effect ~6%**
- **Sequential consolidated sales increase >8%**
  - Mainly due to the acquisition effects from ANBS

### ■ Operating Margin\*\* ~8.5%

- **YoY**
  - Positive effects from organic sales\*, commodity costs and currencies are off-set by increased RD&E, net and costs related to the ramp-up of capacity and new technologies for growth along with integration costs and purchase accounting effects related to acquisitions
- **Sequential**
  - Higher consolidated sales effects are offset by higher RD&E, net and acquisition effects

🔗 The sequential sales increase in Q2'16 is positively effected by the Autoliv Nissin Brake Systems JV

(\*) Includes Nissin Kogyo Joint Venture, (\*\*) Non-US GAAP measures exclude costs for restructuring and antitrust related matters.

# Looking Ahead

## FY'16 Indication\*

### ■ Sales

- **YoY organic sales\*\* increase >7%**
  - Mainly related to strong growth in Europe, North America, China and Active Safety
- **YoY acquisition effect ~5%**
- **YoY currency translation effect ~(1)%**
  - Primarily due to the continued strong US\$

### ■ Operating Margin\*\* >9%

- **YoY**
  - Positive effects from organic sales\*, commodity costs and currencies are more than offset by RD&E, net and costs related to the ramp-up of capacity and new technologies for growth along integration costs and purchase accounting effects related to acquisitions

📌 The FY'16 indication is for an operating margin of >9% which includes increased RD&E, net and acquisition related effects

(\*) Includes Nissin Kogyo Joint Venture, (\*\*) Non-US GAAP measures exclude costs for restructuring and antitrust related matters.



# Financial Outlook\*

	Q2'16	FY'16
<b><u>Sales</u></b>		
<b>Organic**</b>	<b>~10%</b>	<b>&gt;7%</b>
Acquisitions	~6%	~5%
Fx***	~(1)%	~(1)%
<b>Consolidated Sales, net</b>	<b>~15%</b>	<b>&gt;11%</b>
<b>Operating Margin**</b>	<b>~8.5%</b>	<b>&gt;9%</b>

Exchange rates***	Q2 2016	FY 2016
EUR / US\$	1.1242	1.1202
US\$ / JPY	109.46	110.78
US\$ / KRW	1154	1165
US\$ / MXN	17.56	17.69
US\$ / CNY	6.49	6.50

🔑 Strong organic sales growth and margins for FY'16 despite an increase in investments for growth

(\*) Includes Nissin Kogyo Joint Venture, (\*\*) Non-US GAAP measures exclude costs for restructuring and antitrust related matters, (\*\*\*) Mid-April 2016 exchange rates.

# Looking ahead – 2016\*

## Executing towards our long-term plan

### ■ Growth and Margins

- Organic sales\* growth >7%, ~4pp better than LVP\*\*
- Growth from Acquisition / Joint Venture ~5%
- Adjusted operating margin\* >9%

### ■ Capital Structure

- Strong balance sheet for an volatile, mixed and uncertain macro environment
- Operating cash flow ~\$0.8B, excluding any discrete items, and a leverage ratio\* within our long-term range of 0.5 to 1.5 times

### ■ Company Transformation continues

- Implementation of capacity alignment
- Investments for growth:
  - Step-up in RD&E in the high-end of our range of 6-6.5% of sales, for Passive and Active Safety (software and hardware) combined
  - CapEx in the range of 5-6% of sales
  - Exploring further strategic opportunities for growth
  - Nissin Kogyo JV\*

🔗 A balanced approach to growth, margins and capital deployment for the long-term

(\* Non-US GAAP measures exclude costs for restructuring, antitrust related matters, update post Q1'16 earnings release, Nissin Kogyo Joint Venture closed March 31, 2016

(\*\*) Light Vehicle Production (LVP) according to IHS @ April 15, 2016.

# A Sound Investment

- Strong long-term sales growth
- Among industry leading margins and return on capital
- Strong balance sheet and free cash flow generation over the cycles
- Shareholder returns over time



# Thank You!

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

and prevent ten times  
as many severe injuries