



# Barclays Industrial Select Conference - Miami

Johan L fvenholm, President Electronics

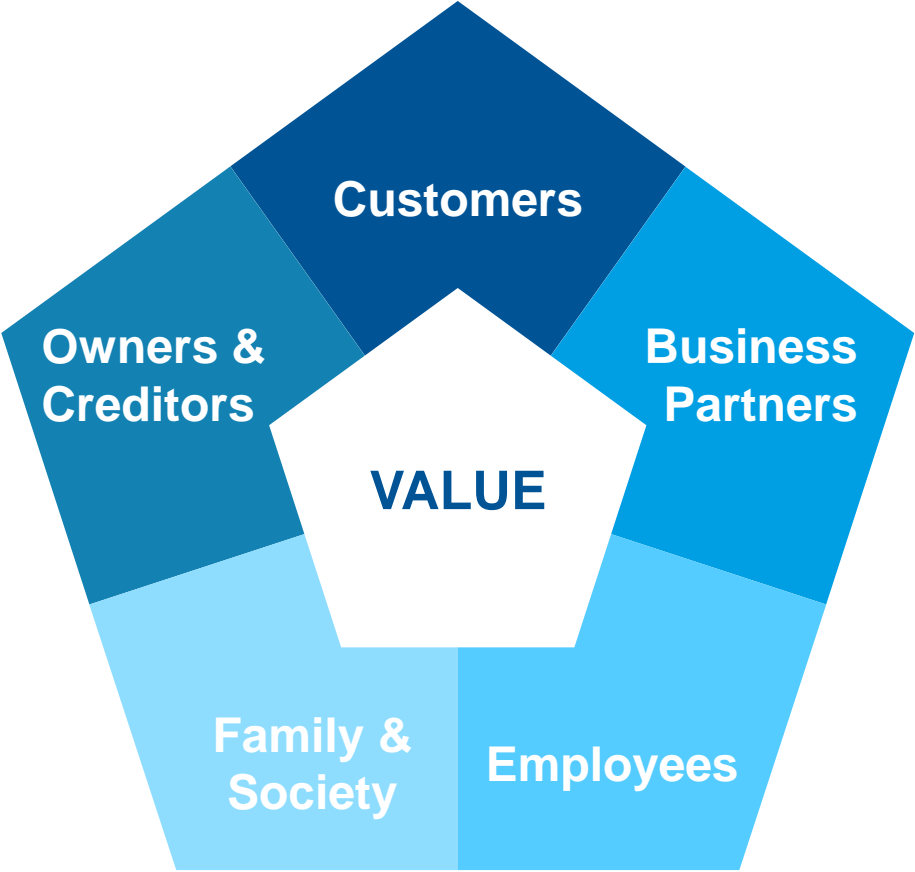
February 22, 2017

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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, statements regarding the expected consummation of the joint venture with Volvo Cars, 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. In some cases, you can identify these statements by forward-looking words such as "estimates," "expects," "anticipates," "projects," "plans," "intends," "believes," "may," "likely," "might," "would," "should," "could" or the negative of these terms and other comparable terminology, although not all forward-looking statements contain such words. 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 light vehicle production; fluctuations in vehicle production schedules for which the Company is a supplier; changes in general industry and market conditions or regional growth or 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 or 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 (including the ultimate resolution of the Toyota recall); 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. 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 publicly or revise any forward-looking statements in light of new information or future events, except as required by law.

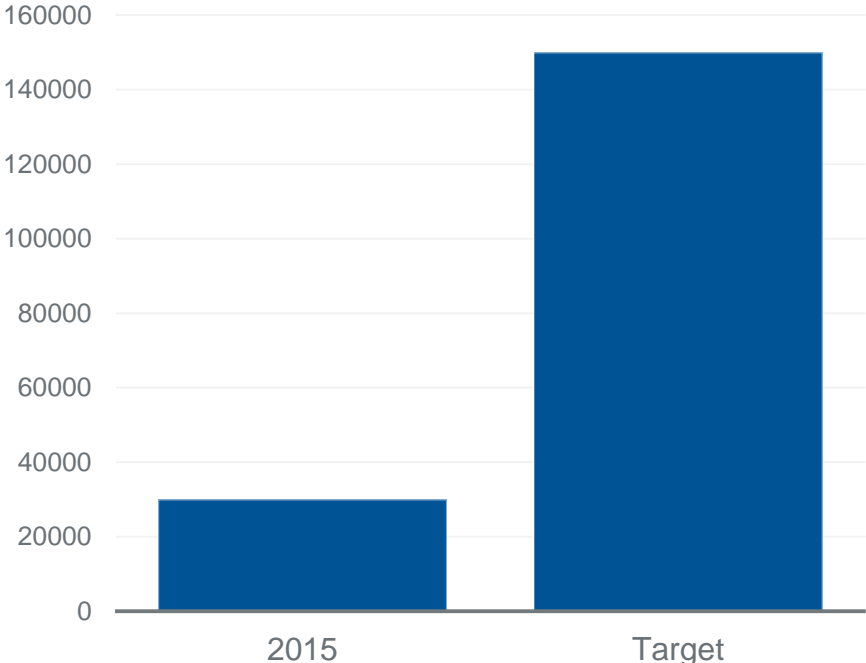
(\*) *Non-US GAAP reconciliations are disclosed in our regulatory filings available at [www.sec.gov](http://www.sec.gov) or [www.autoliv.com](http://www.autoliv.com)*

# 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*



# 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

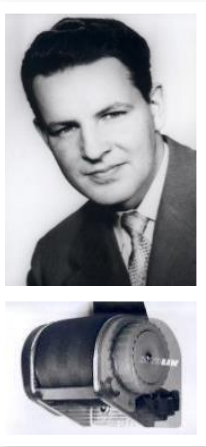


**Innovation** to lead industry in Real Life Safety



# Industry Pioneer with Strong Heritage

More than 60 years of innovation in Automotive Safety



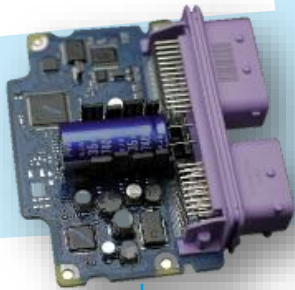
1950s



1980s



1990s



2000s

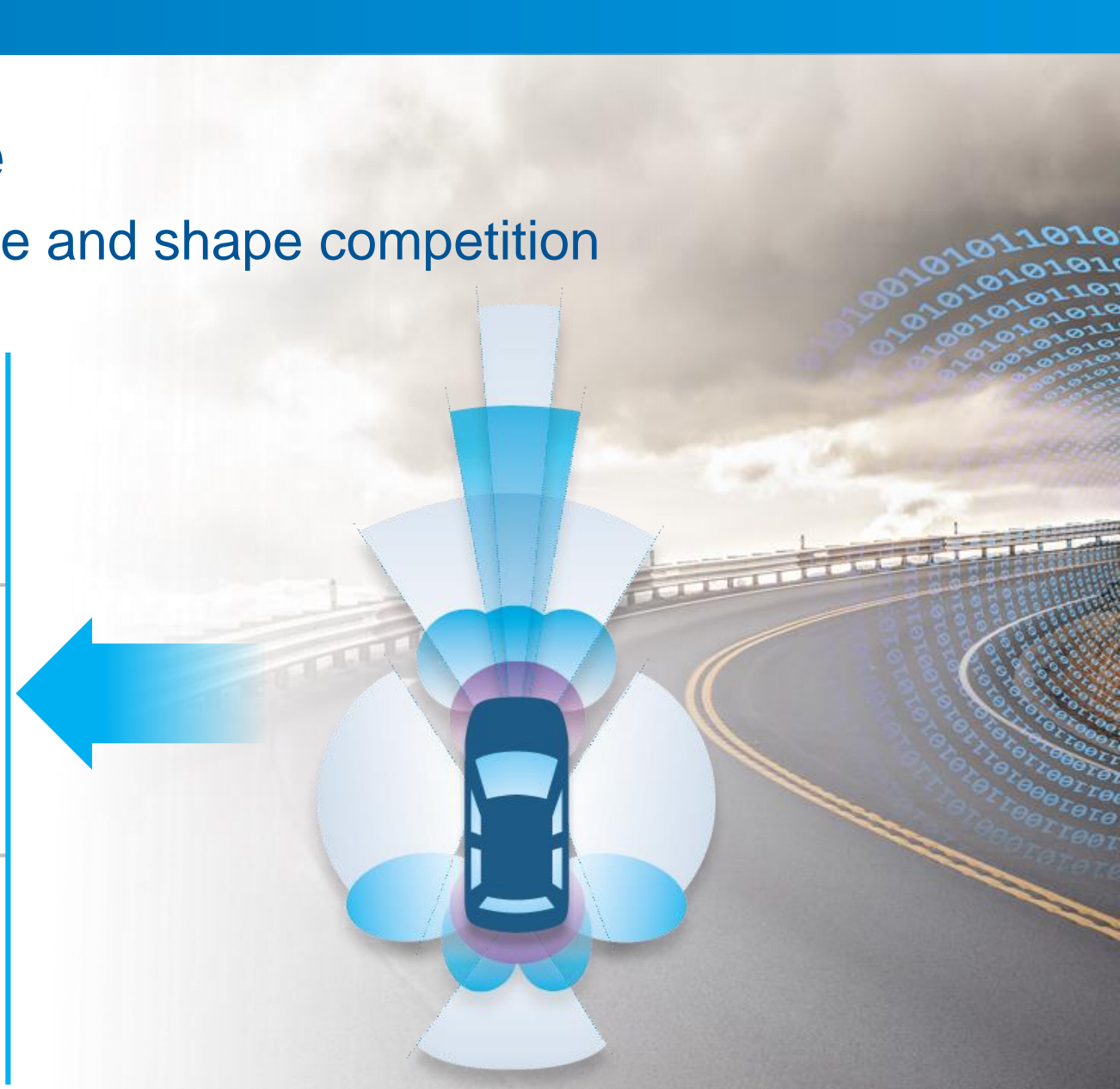


2010s



# Changing Industry Landscape

New technology change the way we drive and shape competition



# Real Life Safety

The Road to Saving More Lives



Beyond Standardized Test Scenarios...

...Towards Real Life Situations and Benefit

# 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

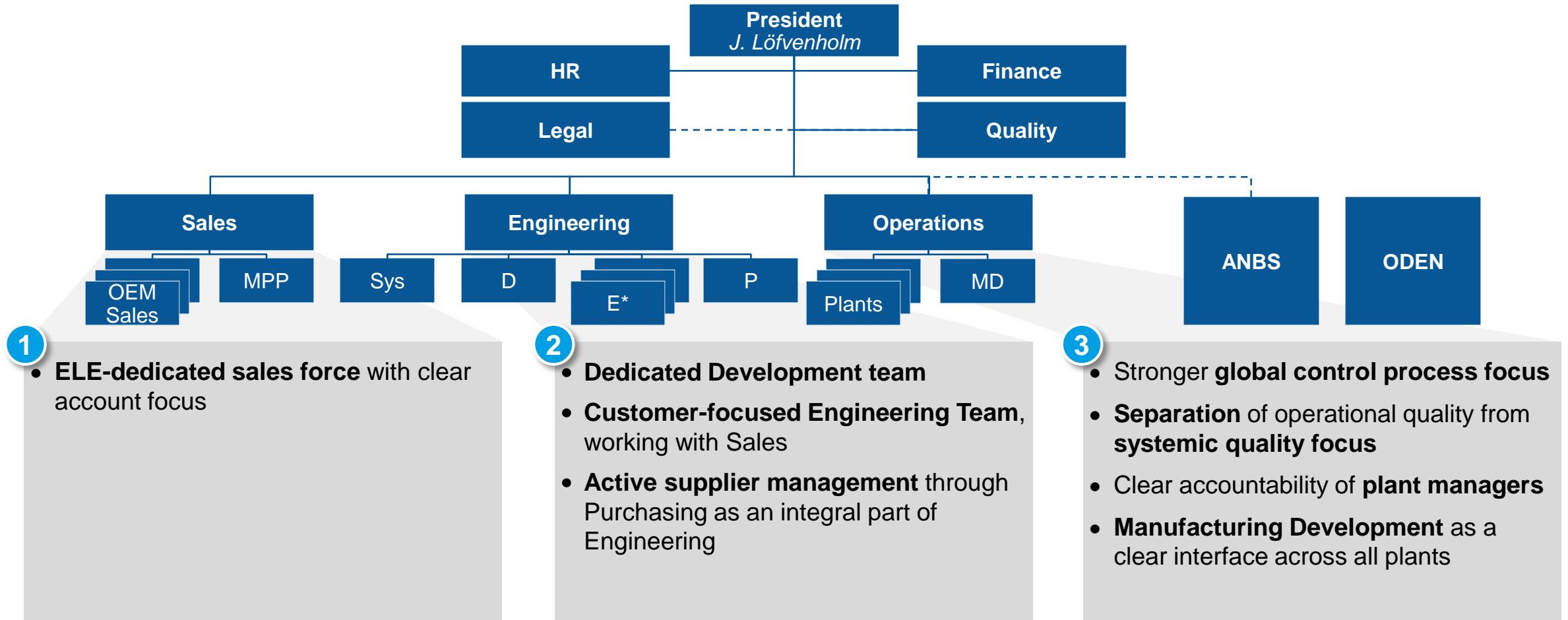
# End of Decade Targets

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
    - **Expect to Surpass \$12B in 2019 based on Q2-2016**
  - 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



# New ELE Operating Model focuses on customer centricity and simplicity, in line with design principles



# Benefits of the new Operating Model

## Key benefits



### Customer impact

- **Strong customer focus** in Sales and OEM Project Managers in Application Engineering
- **Fully aligned market view and product roadmaps** between Sales, Engineering and Operations



### Financial impact

- **Single points of accountability** for key decisions and critical financial metrics
- **Improved efficiency** in current production and pre-launch through improved **joint work** between Sales, Engineering and Operations

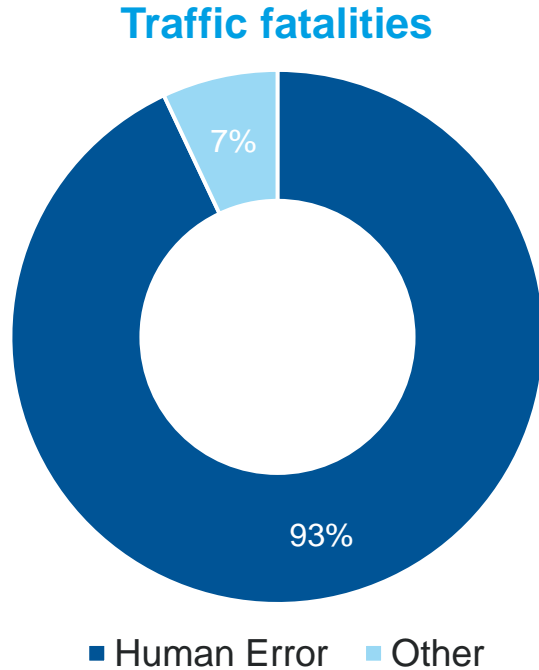


### Team impact

- **Build a winning mindset and attract key talent** through improved training and new hire integration
- Development with **empowered, dedicated talent pool** for undivided product focus

# Eliminating human error by Autonomous Driving can prevent millions of crashes ...

...while adding convenience



## Autonomous Driving:

- Prevents millions of crashes
- Reduces the severity of injuries and property damage

## Additional Benefits:

- Increases driver comfort and productivity
- Uses infrastructure more efficiently
- Improves mobility



# Automated Driving Roadmap



Feet off

2000

2015

Hands off



Eyes off

2018

2020

Mind off



Driver off

>2020

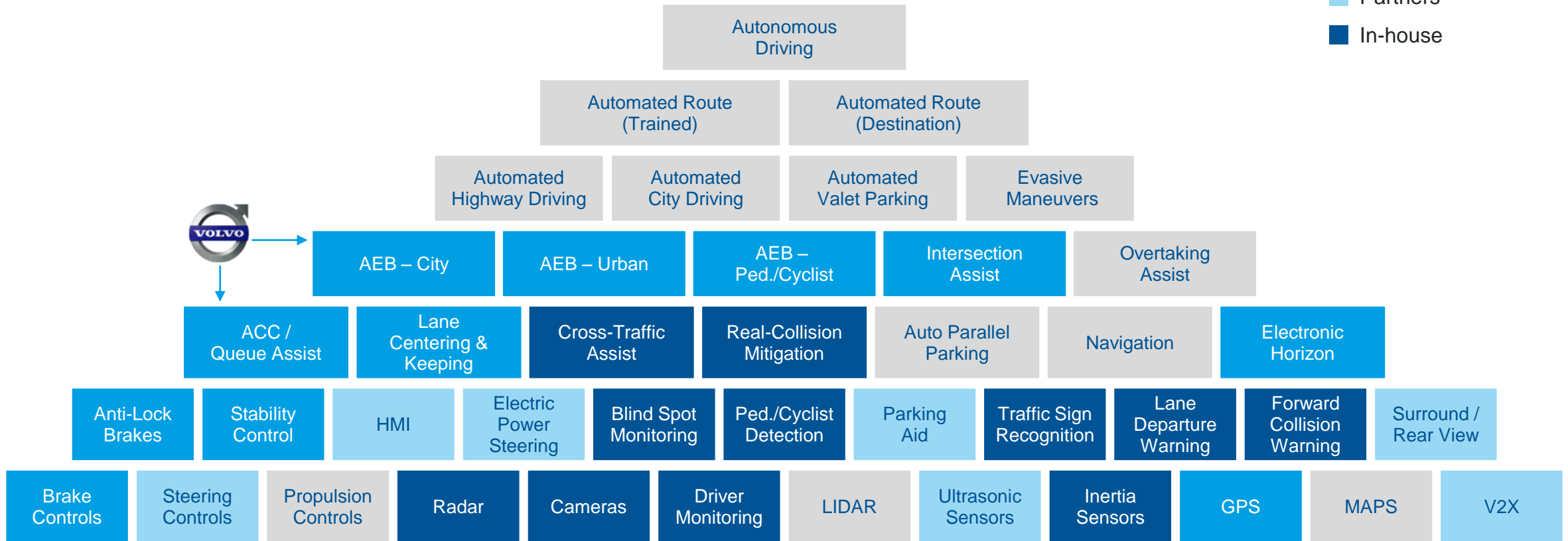




# Towards Autonomous Driving the Real Life Safety way

Our current footprint within the pyramid

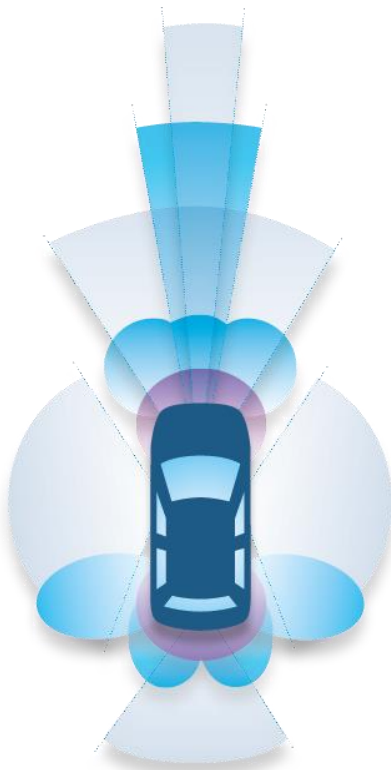
- Recent JVs and M&A
- Partners
- In-house



**Autoliv-Nissin**  
Brake Systems

**MACOM**<sup>TM</sup>

# The role of the joint venture solutions



## AUTOMATED DRIVING MODEL

1. Sensors to see the environment
2. Intelligence to interpret and make decisions –  
Role of Autoliv-Volvo joint venture
3. Actuators to execute decisions

*The JV will focus on developing algorithms and software for automotive Advanced Driver Assistance Systems (ADAS) and Highly Automated Driving systems (HAD) aiming toward full autonomous driving.*

# Autoliv Business Model



# Q4'16 Highlights

## Solid performance

### ■ Financial Performance

- Organic sales\* growth ~1% (including 3 fewer days affect of 5pp) vs. LVP\*\* increase ~7%
- Operating margin\* 9.3%
- EPS\* \$1.71 and Operating cash flow \$294M

### ■ Capital Structure

- \$51M returned to shareholders through dividends
- RoCE\* ~23%, RoE\* ~15%, Leverage ratio 0.4 times

### ■ Electronics

- Segment sales growth ~26% (including acquisitions)
- ANBS\*\* awarded new business with a D3\*\* customer
- Active Safety awarded new vision business with an EU based customer
- Signed definitive agreement with VCC\*\* to form a software JV\*\* “Zenuity”



🚦 Slightly better than guided organic\* sales growth and operating margin\*

(\*) Non-US GAAP measures exclude costs for capacity alignments and antitrust related matters, Earnings per share (EPS), Return on Capital Employed (RoCE), Return on Equity (RoE), (\*\*) Light Vehicle Production (LVP) according to IHS @ January 16, 2017, Autoliv Nissin Brake Systems (ANBS), D3 (GM/Ford/FCA), Volvo Car Corporation (VCC), Joint Venture (JV).

# Q4'16 Strong Performing Models

Contributing to our overall organic sales\* growth



🚗 Q4'16 organic sales\* growth ~1% (including 3 fewer days effect of ~5pp), all of these models include our Electronics products except the Fiat Tipo

(\* ) Non-US GAAP measure.

# Q4 Financial Overview

## Record sales and gross profit

(US \$ Millions unless specified)	2016		2015	
Sales	\$2,604		\$2,520	
Gross Profit	\$534	20.5%	\$521	20.7%
Operating Income*	\$243	9.3%	\$279	11.1%
EPS* (assuming dilution)	\$1.71		\$2.08	
RoCE*	23%		29%	
RoE*	15%		21%	
Operating cash flow	\$294		\$321	
Dividend per share	\$0.58		\$0.56	
GLVP** (annual run rate)	96.9M		90.4M	



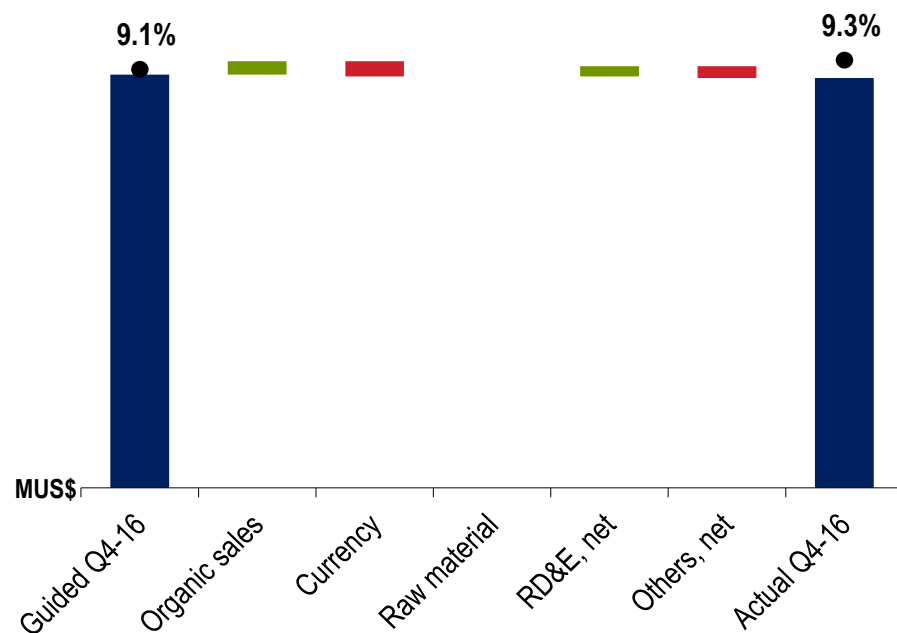
⚠ Discrete tax effects negatively impacted EPS during the quarter

(\*) Non-US GAAP measures exclude costs for capacity alignments and antitrust related matters, Earnings per share (EPS), Return on Capital Employed (RoCE) and Return on Equity (RoE), (\*\*) Global Light Vehicle Production (GLVP) according to IHS @ January 16, 2017.

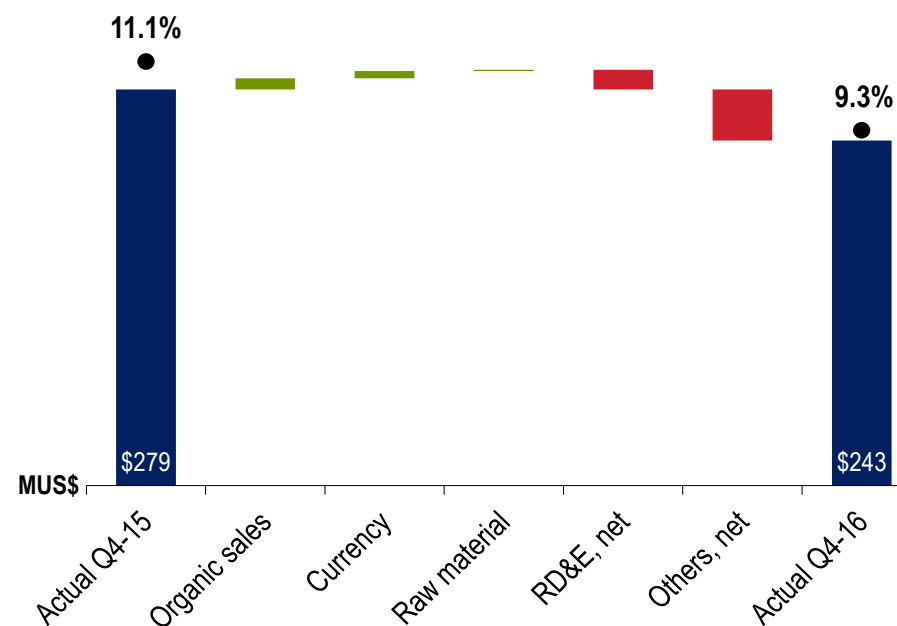
# Operating Income\* and Margin\* Bridge

## Q4'16 vs. Guidance and Prior Year

Q4'16 vs. Guidance (20 bps better)



Q4'16 vs. Prior Year (180 bps lower)



Operating margin\* 9.3% includes 50 bps increase in RD&E, net and 70 bps of negative acquisition effects YoY

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

# Recap - 2016

Solid performance while improving overall market position

## ■ Growth and Margins

- Strong organic sales\* growth 7.2%, ~2.5pp better than the LVP\*
- Active Safety organic\* sales growth ~16%
- Overall consolidated sales growth ~10% including acquisitions
- Adjusted operating margin\* 8.8% with an adjusted EPS \$6.75
- Closed ANBS JV\*\* and signed definitive agreement to form “Zenuity” a software JV\*\* with VCC\*\*

## ■ Capital Structure

- Operating cash flow ~\$0.87B, RoCE\* ~21% and RoE\* ~15%
- Steady shareholder returns ~\$200M, leverage ratio\* 0.4 times

## ■ Company Transformation continues

- Expansion in growth markets including vertical integration in China and inflator replacements
- Aligning our capacity footprint while expanding capabilities in Active Safety, both for the long-term
- Strong order intake throughout 2016

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

*(\*) Non-US GAAP measures exclude costs for capacity alignments and antitrust related matters, Return on Capital Employed (RoCE), Return on Equity (RoE), Light Vehicle Production (LVP) according to IHS @ January 16, 2017, (\*\*) Autoliv Nissin Brake Systems (ANBS), Joint Venture (JV), Volvo Car Corporation (VCC).*



# Recap - 2016

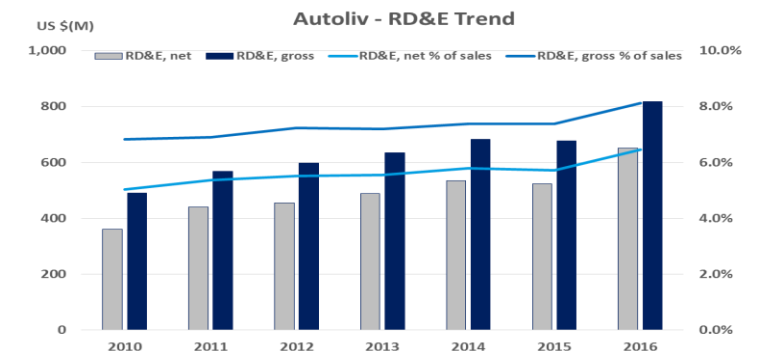
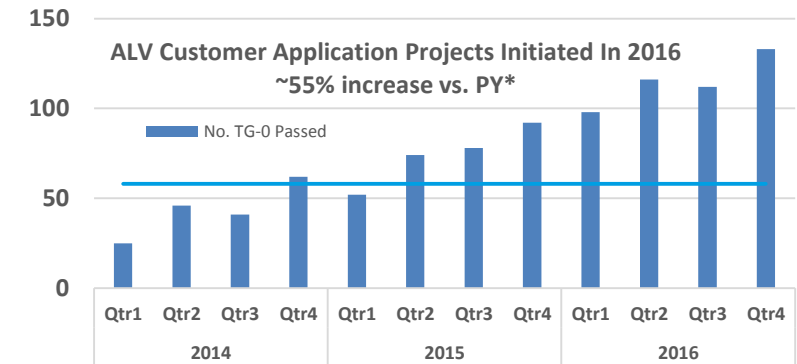
## Strong order in-take continued contributing to long-term growth

### Order Intake

- Record order in-take in PAS\* for 2016 continued from 2015
- Record order in-take in ELE\* for 2016 with ~25% share in Active Safety
  - Active Safety awarded new vision business in 2016 with two new customers utilizing ALV developed algorithms
  - ANBS\* awarded new Brake Control business with a D3\* based OEM\*

### RD&E

- 1,000 additional engineers required to support new projects and deliver on growth opportunities
  - of which more than half are onboard as of Q4'16
- RD&E, net for FY'17 is anticipated to be at the high end of the range of 6.5 to 7% of sales



Positive progress to surpass end of decade sales target of \$12B for FY'19, implies more than 7% CAGR 2015 through 2019

(\*) Passive Safety Segment (PAS), Electronics Segment (ELE) includes Passive Safety Electronics, Active Safety and Autoliv Nissin Brake Systems (ANBS), D3 (GM/Ford/FCA), Original Equipment Manufacturer (OEM), Prior Year (PY).

# Recap - 2016

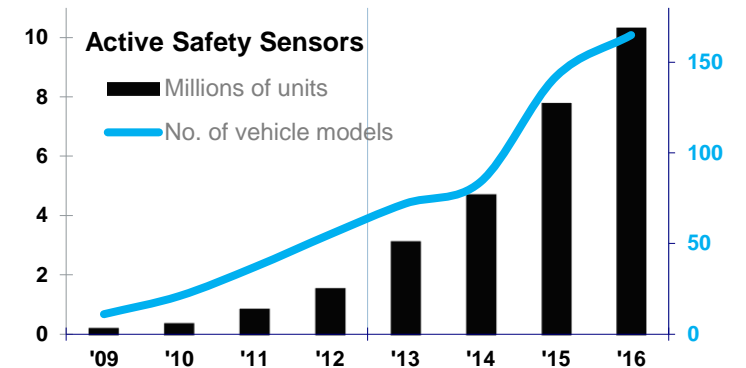
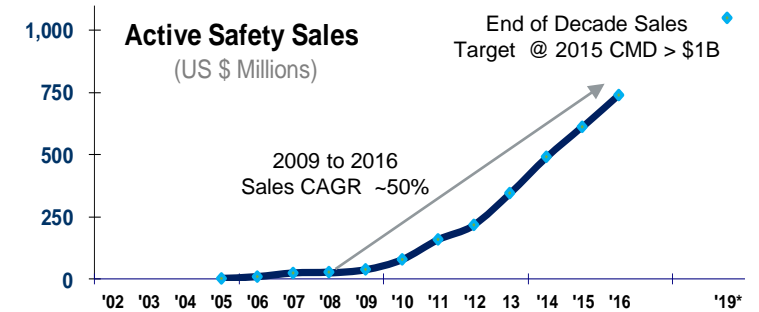
## Active Safety Update

### ■ Factors affecting our Organic Sales\* Growth

- Program timing
  - Phase-out of incumbent Brake Control programs
  - Volumes ramping down earlier than expected on certain GPS models
  - Phase-in of new programs on certain radar contracts
  - Lower order intake earlier due to the change in our vision strategy in 2014
- Strong underlying growth in vision and radar business combined

### ■ Sales Outlook

- End of decade sales target of more than \$1B, now delayed by one year
- Awarded new vision business with a premium EU\* based customer utilizing Autoliv developed algorithms
- During 2017 we anticipate that our core Vision and Radar products will grow slightly lower than the market



🚦 Active Safety organic sales\* growth ~16% for FY'16, lower growth as indicated earlier

(\* Non-US GAAP measure, (\*\*) Europe (EU).

# Recap - 2016

Unit Volume growth exceeds global LVP\* in most product areas

<b>Autoliv Quantities Delivered</b> (Millions unless specified)	<b>FY'16</b>	<b>FY vs. PY* (%)</b>
<b>Seatbelts</b>	148.7	2.1
▪ Pre-tensioners (of which)	69.3	8.8
▪ Active Seatbelts (of which)	3.7	15.6
<b>Frontal Airbags</b>	50.6	4.8
▪ Knee Airbags (of which)	5.7	1.8
<b>Side Airbags</b>	95.6	5.8
▪ Chest (Thorax)	51.7	6.6
▪ Head (Curtain)	43.9	4.8
<b>Steering Wheels</b>	17.7	5.4
<b>Electronic Control Units</b>	19.9	12.4
<b>Brake Control Units**</b>	2.8	n/a
<b>Active Safety Sensors**</b>	10.3	32.1
<b>LVP* TRIAD</b>	<b>39.9</b>	<b>2.0</b>
<b>LVP* GLOBAL</b>	<b>90.1</b>	<b>4.7</b>



📌 Strong volume growth in FY'16

(\* Light Vehicle Production (LVP) according to IHS @ January 16, 2017, TRIAD (WEU, North America, Japan), Prior Year (PY), (\*\*) Includes acquisitions.

# FY Light Vehicle Production

2pp better than at the beginning of the quarter

Vehicles in millions	2016	2015	2016 vs. 2015 (%)		ALV Organic** Sales Growth (%)
			@ Jan 16 <sup>th</sup>	@ Oct 17 <sup>th</sup>	
<b>Americas</b>	<b>19.4</b>	<b>19.4</b>	<b>0</b>	<b>0</b>	<b>2.4</b>
▪ North America	16.7	16.4	2	2	
▪ South America	2.7	3.0	(10)	(12)	
<b>Europe</b>	<b>21.5</b>	<b>20.9</b>	<b>3</b>	<b>2</b>	<b>9.8</b>
▪ WEU	14.7	14.2	4	4	
▪ EEU	6.8	6.7	1	0	
<b>Asia</b>	<b>46.9</b>	<b>43.8</b>	<b>7</b>	<b>3</b>	<b>9.8</b>
▪ Japan	8.5	8.6	0	(1)	7.4
▪ China	26.0	22.8	14	7	13.9
▪ RoA	12.4	12.4	1	0	4.6
Other*	2.3	1.9	18	19	
<b>Total Global</b>	<b>90.1</b>	<b>86.0</b>	<b>4.7%</b>	<b>2.7%</b>	<b>7.2%</b>

Strong end to 2016 mostly driven by China which accounted for roughly 75% of the light vehicle volume growth in 2016, inflator replacements 30 bps

Source: IHS Light Vehicle Production (LVP) @ January 16, 2017 & October 17, 2016, (\*) Middle East/ Africa, (\*\*) Non-US GAAP.

# Unit Volume

Growth exceeds LVP\* in most product areas

<b>Autoliv Quantities Delivered</b> (Millions unless specified)	<b>Q1'16</b>	<b>Q2'16</b>	<b>Q3'16</b>	<b>Q4'16</b>	<b>FY'16</b>	<b>FY vs. PY*</b> (%)
<b>Seatbelts</b>	38.0	38.0	34.2	38.5	148.7	2.1
▪ Pre-tensioners (of which)	17.5	17.8	16.1	17.9	69.3	8.8
▪ Active Seatbelts (of which)	0.9	0.8	1.0	1.0	3.7	15.6
<b>Frontal Airbags</b>	12.8	12.6	11.7	13.5	50.6	4.8
▪ Knee Airbags (of which)	1.4	1.5	1.4	1.4	5.7	1.8
<b>Side Airbags</b>	24.6	24.2	22.6	24.2	95.6	5.8
▪ Chest (Thorax)	13.1	13.1	12.2	13.3	51.7	6.6
▪ Head (Curtain)	11.5	11.1	10.4	10.9	43.9	4.8
<b>Steering Wheels</b>	4.5	4.4	4.1	4.7	17.7	5.4
<b>Electronic Control Units</b>	4.8	4.9	4.7	5.5	19.9	12.4
<b>Brake Control Units**</b>	0.0	0.5	1.3	1.0	2.8	n/a
<b>Active Safety Sensors**</b>	2.8	2.6	2.5	2.4	10.3	32.1
<b>LVP* TRIAD</b>	<b>10.2</b>	<b>10.3</b>	<b>9.5</b>	<b>9.9</b>	<b>39.9</b>	<b>2.0</b>
<b>LVP* GLOBAL</b>	<b>22.3</b>	<b>22.3</b>	<b>21.3</b>	<b>24.2</b>	<b>90.1</b>	<b>4.7</b>

Includes the effect of 3 more working days in the 1<sup>st</sup> quarter and 3 fewer working days in the 4<sup>th</sup> quarter

(\*) Light Vehicle Production (LVP) according to IHS @ January 16, 2017, TRIAD (WEU, North America, Japan), Prior Year (PY), (\*\*) Includes acquisitions.

# FY Financial Overview

Record sales and gross profit

(US \$ Millions unless specified)	2016		2015	
Sales	\$10,074		\$9,170	
Gross Profit	\$2,057	20.4%	\$1,844	20.1%
Operating Income*	\$885	8.8%	\$893	9.7%
EPS* (assuming dilution)	\$6.75		\$6.65	
RoCE*	21%		24%	
RoE*	15%		17%	
Operating cash flow	\$868		\$751	
Dividend per share	\$2.30		\$2.22	
GLVP** (annual run rate)	90.1M		86.0M	



🚗 Operating Cash flow 2<sup>nd</sup> highest year ever

(\*) Non-US GAAP measures exclude costs for capacity alignments and antitrust related matters, Earnings per share (EPS), Return on Capital Employed (RoCE) and Return on Equity (RoE), (\*\*) Global Light Vehicle Production (GLVP) according to IHS @ January 16, 2017.

# FY Segment Reporting

Strong growth in all product areas

	Organic Sales* Growth (%)	Operating Margin (%)		CapEx (%)		D&A (%)		Headcount	
		2016	2015	2016	2015	2016	2015	2016	2015
<b>Passive Safety ***</b>	<b>6.0</b>	<b>10.3</b>	<b>8.8</b>	<b>5.0</b>	<b>5.3</b>	<b>3.5</b>	<b>3.5</b>	<b>63,134</b>	<b>59,861</b>
▪ Airbags	6.1								
▪ Seatbelts	5.4								
<b>Electronics ***</b>	<b>13.3</b>	<b>2.8</b>	<b>4.1</b>	<b>4.6</b>	<b>3.3</b>	<b>4.3</b>	<b>3.1</b>	<b>6,778</b>	<b>4,080</b>
▪ Passive Safety Electronics	12.3								
▪ Active Safety Products	16.1								
▪ Brake Control Systems	n/a								
<b>Autoliv</b>	<b>7.2</b>	<b>8.4</b>	<b>7.9</b>	<b>5.0</b>	<b>5.1</b>	<b>3.8</b>	<b>3.5</b>	<b>70,293</b>	<b>64,088</b>
<b>GLVP **</b>	<b>4.7%</b>								

Passive Safety operating margin includes antitrust related settlements and capacity alignments

(\*) Non-US GAAP measure, (\*\*) Global Light Vehicle Production (GLVP) according to IHS @ January 16, 2017, (\*\*\*) Segment reporting, organic growth refers to net sales for the segments and external sales for product groups.

# Cash Flow

## Investments for growth and shareholder returns

(US \$ Millions unless specified)	Q4'16	Q4'15	2016	2015	2014	2013	2012
Net Income	144	186	562	458	469	490	486
Depreciation & Amortization	104	89	383	319	305	286	273
Other, net	(16)	13	1	0	42	43	10
Change in operating WC *	62	33	(78)	(26)	(103)	19	(80)
<b>Operating cash flow</b>	<b>294</b>	<b>321</b>	<b>868</b>	<b>751</b>	<b>713</b>	<b>838</b>	<b>689</b>
Capital Expenditures, net	(159)	(116)	(499)	(450)	(453)	(379)	(360)
<b>Free cash flow **</b>	<b>135</b>	<b>205</b>	<b>369</b>	<b>301</b>	<b>260</b>	<b>459</b>	<b>329</b>
Acquisitions, net	0	0	227	128	(1)	2	(3)
Dividends paid	51	49	203	196	195	191	178
Shares repurchased	0	0	0	104	616	148	0

Acquisitions, CapEx for growth and Shareholder returns ~\$0.9B in 2016 & 2015

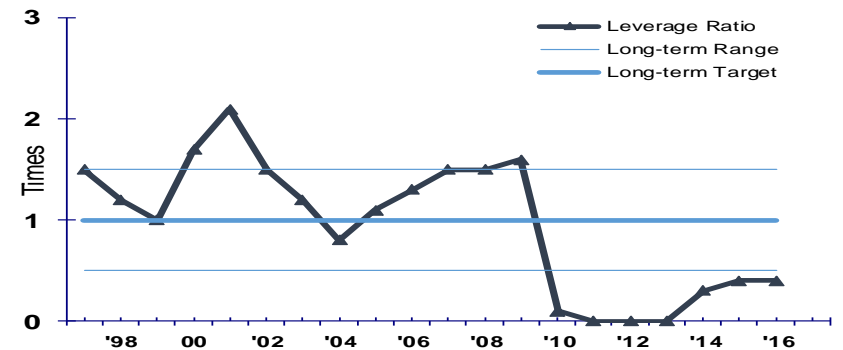
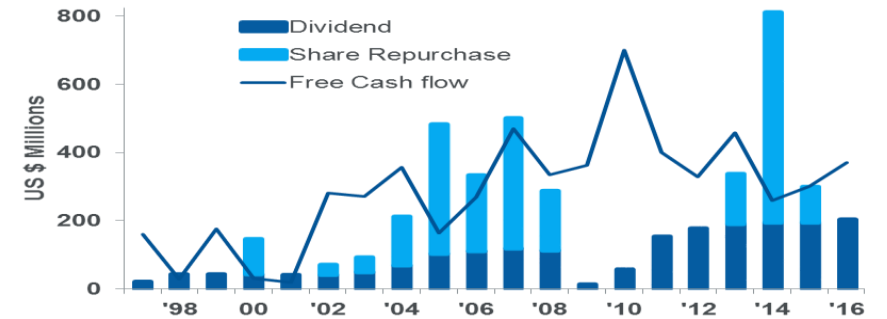
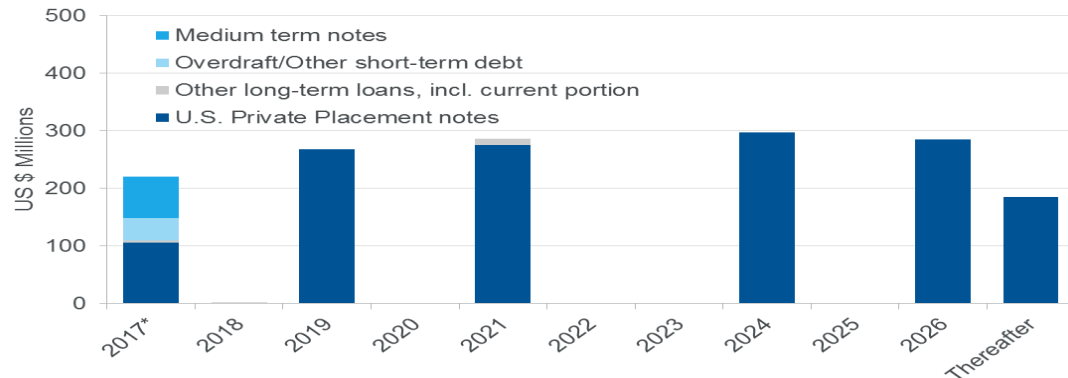
(\*) Non US GAAP measure, (\*\*) Non-US GAAP measure, before acquisitions, reconciliation to free cash flow is provided above.



# Capital Structure

## Debt profile, Debt limitation policy, and Shareholder returns

- Strong balance sheet for market uncertainties and strategic alternatives for long-term growth
- Strong Free Cash and shareholder returns over the long-term



More than two-thirds of our Free Cash flow has been returned to shareholders since 1997

(\*) Cash flow before financing

# Currency Effects\*

## Translation, Transaction and Revaluation

- Translation could have a margin impact due to our mix, as margins may not be evenly distributed across countries
- Transaction exposure, net for FY'16 accounts for approximately 19% of sales and directly impacts on margin
- Revaluation of balance sheet from local currency to US\$

YoY change	Q4'16	FY'16
Sales % / \$ (translation only)	(0.2)% / ~(\$55)M	(1.9)% / ~(\$173)M
EBIT* (translation + transaction & revaluation)	~\$5M	~\$37M
Bps* (translation + transaction & revaluation)	~40	~50
EPS* ((translation + transaction & revaluation)	~\$0.07	~\$0.35

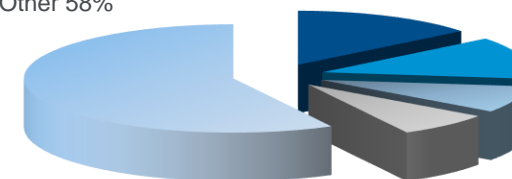
### FY'16 Translation Exposure ~73%

■ Non US\$ ■ US\$ ~26.7%



### FY'16 Transaction Exposure, Net ~\$1.9 B

■ Sell US\$ buy MXN 14% ■ Sell KRW buy US\$ 13%  
 ■ Sell EUR buy SEK 8% ■ Sell EUR buy US\$ 7%  
 ■ Other 58%



Initial indication for FY'17 is a positive transaction effect of ~30 bps is expected to offset negative translation effect on earnings

(\*) Since 2004 Autoliv has adopted a Natural Hedging policy however from time to time the company may enter into forward hedging contracts on certain components, Earnings before Interest & taxes (EBIT), Bps (Basis points), Earnings per Share (EPS).

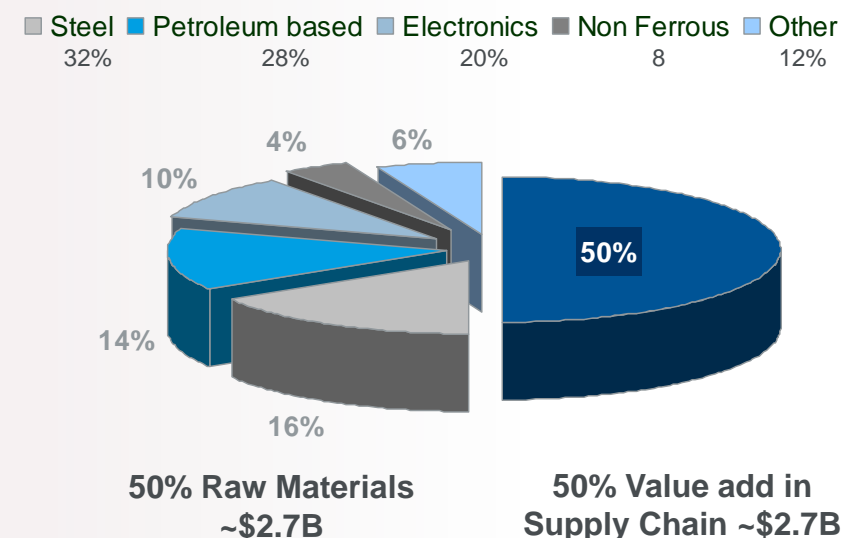
# Commodity Price Trends

## Raw material cost development

- Autoliv avoids forward hedging contracts against commodity cost changes
- Consequently, Autoliv manages the risk between suppliers and customers
- Lead time effect of changes in commodity costs is generally 3 to 6 months

Commodity (Positive) / Negative YoY Cost Change in US\$ Millions								
Commodity	FY'10	FY'11	FY'12	FY'13	FY'14	FY'15	FY'16	FY'17F
Steel	(4)	35	2	(8)	(9)	(17)	(12)	20
Non-Ferrous	18	8	(2)	0	(1)	0	0	20
Plastic & Yarn	4	47	7	(11)	(14)	(31)	(19)	(9)
Other	0	5	(1)	(4)	5	8	(2)	0
TOTAL	18	95	6	(23)	(19)	(40)	(33)	31

### FY'16 Direct Material ~54% of sales or ~\$5.4B

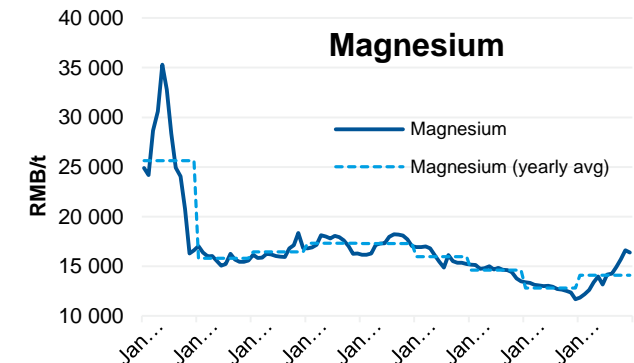
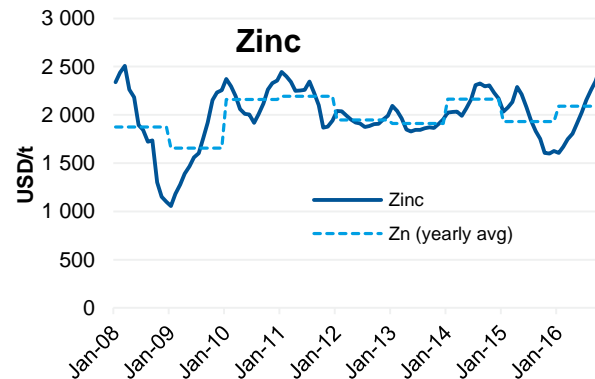
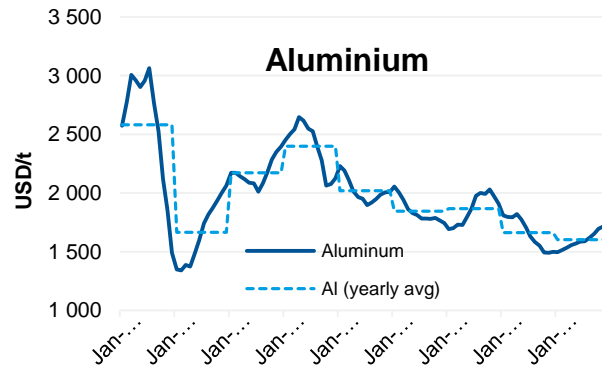
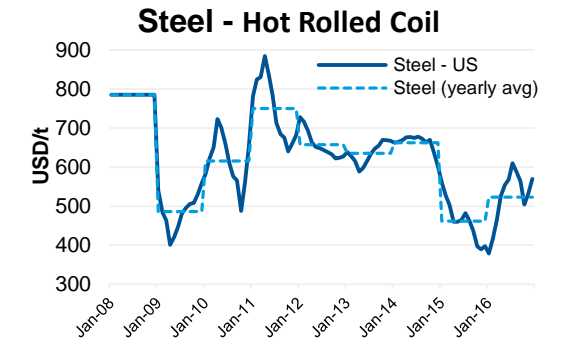
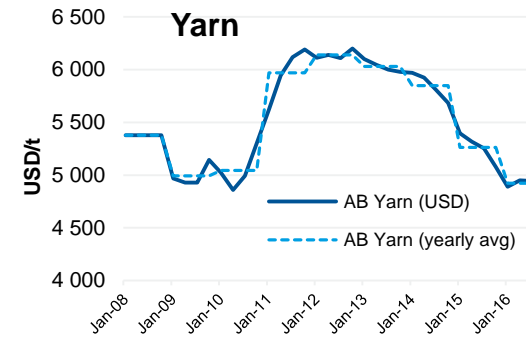


Initial indication for FY'17 is a commodity headwind of ~30 bps mainly due to Steel and Non-Ferrous metals

# Commodity Index Trends

## Major commodities impacting Direct Material Cost

- Yarn price dropped in late 2014, remains at low levels
- Steel dropped during 2015 and has since increased due to higher raw material input cost
- Non-Ferrous metals increased in 2016, especially Zinc and magnesium



Most commodity indices increased during 2016

# China Update

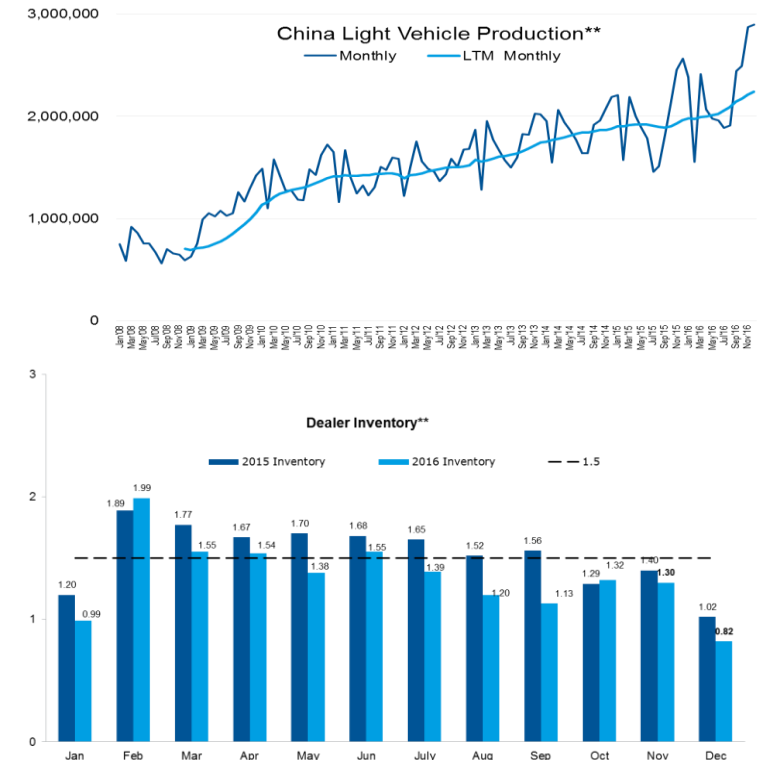
## Q4'16 light vehicle production reached a 32 million run-rate

### ■ Market

- FY'16 increase YoY in LVP\*\* of ~14% driven by a strong H2'16, likely boosted by government incentives
- Monthly fluctuations remain erratic
- LV Inventories\*\* improved during throughout 2016

### ■ Autoliv

- Strong organic sales\* growth in FY'16 ~14% driven by both local and global OEMs\*\*
- Strong organic sales\* growth anticipated for FY'17
- China NCAP\*\* under consideration for 2018 implementation
  - Improved rear-seat, side and Pedestrian protection
  - Active Safety and AEB\*\*



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

(\*) Non US GAAP measure, (\*\*) Light vehicle production (LVP) according to IHS @ January 16, 2017, Original Equipment Manufacturer's (OEMs), According to CAAM/CADA, New Car Assessment program (NCAP), Automated Emergency Braking (AEB).

# Overall Market Conditions

Macro environment remains mixed and uncertain

## ■ Asia

- China sales\*\* recovery continues, LVP\* increase ~3% YoY for Q1'17
- Japan LVP increase >6% YoY for Q1'17
- RoA LVP decline of ~2% YoY for Q1'17

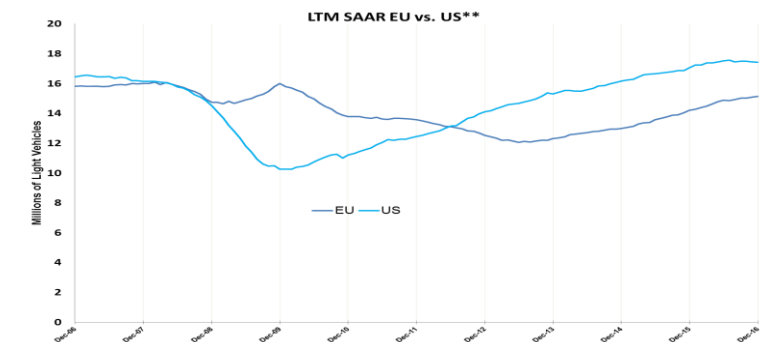
## ■ Americas

- US SAAR\*\* LTM flattening, inventories\*\* dropped to 62 days or ~3.9M vehicles
- North America LVP increase ~2% YoY for Q1'17
- South America seems to be near a trough, LVP decline ~2% YoY for Q1'17

## ■ Europe

- EU27\*\* vehicle registrations continue to show a steady recovery
- LVP is expected to increase ~6% YoY for Q1'17 whereof WEU is expected to increase ~5% YoY

FY 2017 LVP*		
Region	Vehicles (Millions)	YoY Chg.
China	26.6	+3%
Japan	8.7	+2%
RoA	12.8	+3%
North America	16.4	(2)%
South America	2.8	+1%
Europe	21.8	+2%
<b>Global</b>	<b>91.5</b>	<b>+1.6%</b>



🚗 In Q1'17 the global LVP\* is expected to increase ~3% YoY and decline sequentially by ~6% from Q4'16

(\* Light Vehicle Production (LVP) according to IHS @ January 16, 2017, Year over Year (YoY), Western Europe (WEU), (\*\* Source: ACEA, Ward's Auto, CAAM.

# Looking ahead - 2017

## Executing towards our end of decade targets

### ■ Growth and Margins

- Organic sales\* growth ~4%, >2 times better than LVP\*\*
- Growth from Acquisitions ~1% (ANBS JV\*\*)
- Adjusted operating margin\* ~8.5%

### ■ Capital Structure

- Operating cash flow >\$0.8B, excluding any discrete items
- Leverage ratio\* within our long-term target range of 0.5 to 1.5 times
- Strong balance sheet for an uncertain macro environment and M&A opportunities

### ■ Company Transformation continues

- Improve utilization of vertical integration investments, integration of acquisitions and implementation of capacity alignment
- Investments for growth:
  - CapEx near the high-end of the range of 5 to 6% of sales and RD&E at the high-end of our range of 6.5 to 7% of sales
  - Exploring further strategic opportunities for growth

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

*(\*) Non-US GAAP measures exclude costs for capacity alignments and antitrust related matters, (\*\*) Light Vehicle Production (LVP) according to IHS @ January 16, 2017 Autoliv Nissin Brake Systems Joint Venture (ANBS JV).*

# Key Launches during 2017

## Passive Safety and Electronics



Combined these models represent around 5% of Autoliv annual sales



# Looking Ahead

## Q1'17 Guidance

### ▪ Sales

- **Organic\* sales growth >3% YoY\*\***

- Mainly related to strong growth in Europe, China, India and South America partially off-set by lower inflator replacements

- **Acquisition effect ~5% YoY\*\***

- **Sequential consolidated sales ~(1)%**

- Mainly due to the normal seasonal effects

### ▪ **Operating Margin\* ~8%**

- **YoY\*\***

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

- **Sequential**

- Lower consolidated sales net effect

🚫 Q1'17 margin negatively impacted by investments for growth in RD&E net and acquisitions related to the ANBS JV\*\*

*(\*) Non-US GAAP measures exclude costs for capacity alignments and antitrust related matters, (\*\*) Year over Year (YoY), Autoliv Nissin Brake Systems Joint Venture (ANBS JV).*

# Looking Ahead

## FY'17 Indication

### ▪ Sales

- **Organic\* sales growth ~4% YoY\*\***

- Mainly related to strong growth in Europe, China, Japan, India and Active Safety partially offset by lower inflator replacement sales

- **Acquisition effect ~1% YoY\*\***

- **Currency translation effect ~(3)% YoY\*\***

- Primarily due to the continued strong US\$

### ▪ **Operating Margin\* ~ 8.5%**

- **YoY\*\***

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

📌 FY'17 early Indication implies a stronger 2<sup>nd</sup> half for 2017

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

# Financial Outlook

## 2017

	Q1'17	FY'17
<b>Sales</b>		
Organic*	>3%	~4%
Acquisitions	~5%	~1%
Fx**	<(3)%	~(3)%
<b>Consolidated Sales, net</b>	<b>&gt;5%</b>	<b>~2%</b>
<b>Operating Margin*</b>	<b>~8%</b>	<b>~8.5%</b>

Exchange rates**	Q1'17	FY'17
EUR / US\$	1,0580	1,0592
US\$ / JPY	114,72	114,22
US\$ / KRW	1185	1182
US\$ / MXN	21,50	21,56
US\$ / CNY	6,91	6,90

🔴 Strong organic\* sales growth and operating margin\* for FY'17 despite a significant step-up in investments in RD&E net

(\*) Non-US GAAP measures exclude costs for capacity alignments and antitrust related matters, (\*\*) Mid-January 2017 exchange rates.

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