



CAPITAL MARKETS DAY 2017

Creating more value
Saving more lives

Autoliv



Financial Strategy for Creating Shareholder Value

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September 14, 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 related to the Company's strategic review of its operating structure or the terms, timing or structure of any such transaction as a result of such review, if any; the outlook for Passive Safety and Electronics as separate businesses; statements related to the future performance of the Company or of any such businesses if any such transaction is completed; other targets regarding the Company's performance as a single entity; 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/or 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; fluctuation 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; 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; successful implementation of strategic partnerships and collaborations; our ability to be awarded new business; product liability, warranty and recall claims and investigations and other litigation and customer reactions thereto; (including the 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 or infringement claims; our ability to protect our intellectual property rights; 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; the uncertainty as to which strategic alternatives may be available with respect to the Electronics business, whether any transaction will be commenced or completed as a result of such review, and the timing and value of any such transaction; risks related to the potential separation of the Electronics business; 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 or www.autoliv.com

Our Board has initiated a strategic review

As announced earlier today, Board of Directors has instructed management to conduct a strategic review of its operating structure with the intent to create separate companies of its two current business segments, Passive Safety and Electronics. Certain CMD materials include an illustrative indication of what two standalone companies may look like if our Board were to approve of a separation into two publicly-listed entities. All Passive Safety and Electronics standalone targets presented today include several key assumptions and uncertainties, including among others that following the strategic review initiated today, the Board approves a separation of Passive Safety and Electronics into two publicly traded entities. There is no guarantee that this will occur. All Passive Safety and Electronics standalone targets and assumptions presented illustrate what these businesses may look like as standalone entities and include several key assumptions and uncertainties, including among others (i) that the Board approves a separation of our two operating segments into standalone companies, (ii) an allocation of various corporate costs, which may not be reflective of actual costs of separate companies pursuing their respective strategies, (iii) that it is anticipated that the Electronics business would have additional overhead costs and thus a slight margin compression in the near-term while the Passive Safety business would have a slight margin support from a different allocation of corporate costs, (iv) that the product portfolio will be consistent with current segment portfolios, and (v) that certain items such as transaction costs and costs of any transition services are not reflected in the targets and ambitions.

Guiding Financial Principles

to create long-term shareholder value

Cash flow generation focus

...with a tight cost and capital control to support growth

Strong Investment Grade credit rating

...financial flexibility for growth in a cyclical industry

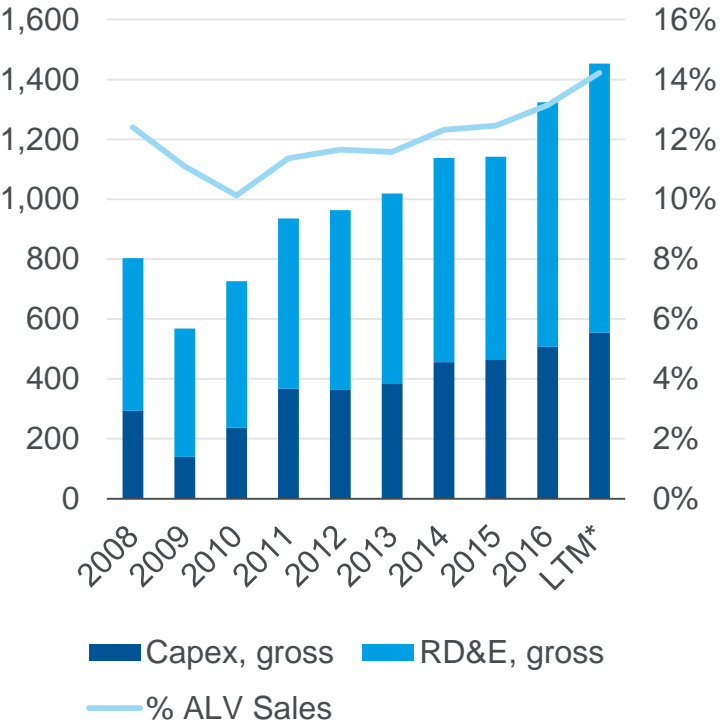
Shareholder friendly

...increasing shareholder value through shareholder returns

Value Creating Cash Flow

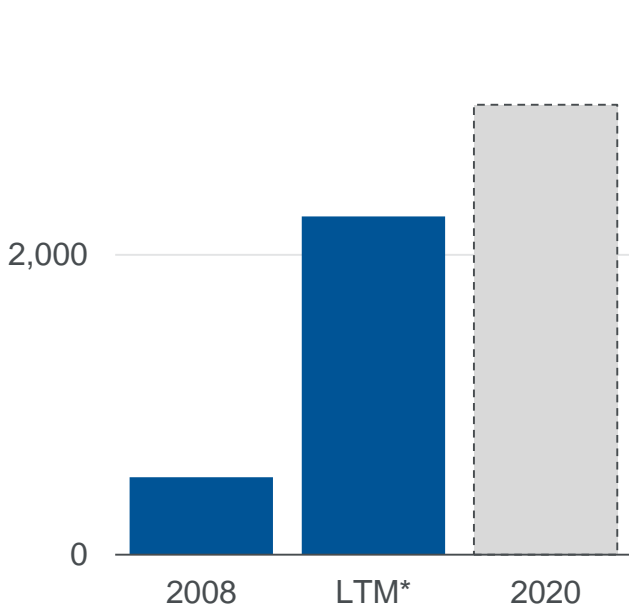
A decade of transformation – built a new company and strengthened existing business further

A decade of growth investments

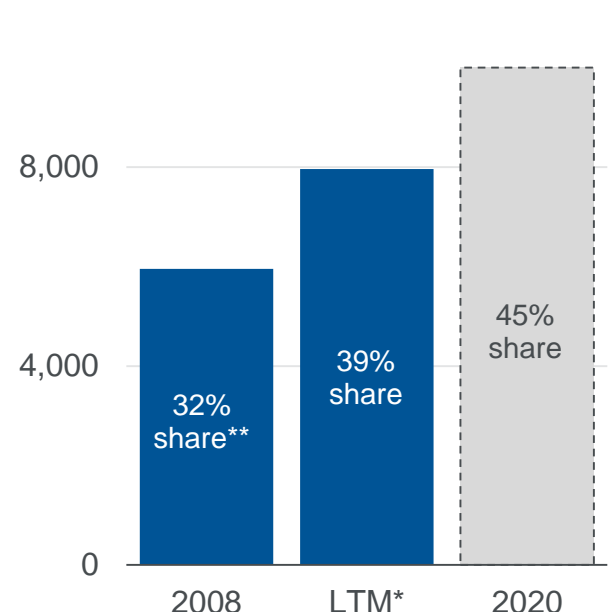


Sales

Electronics



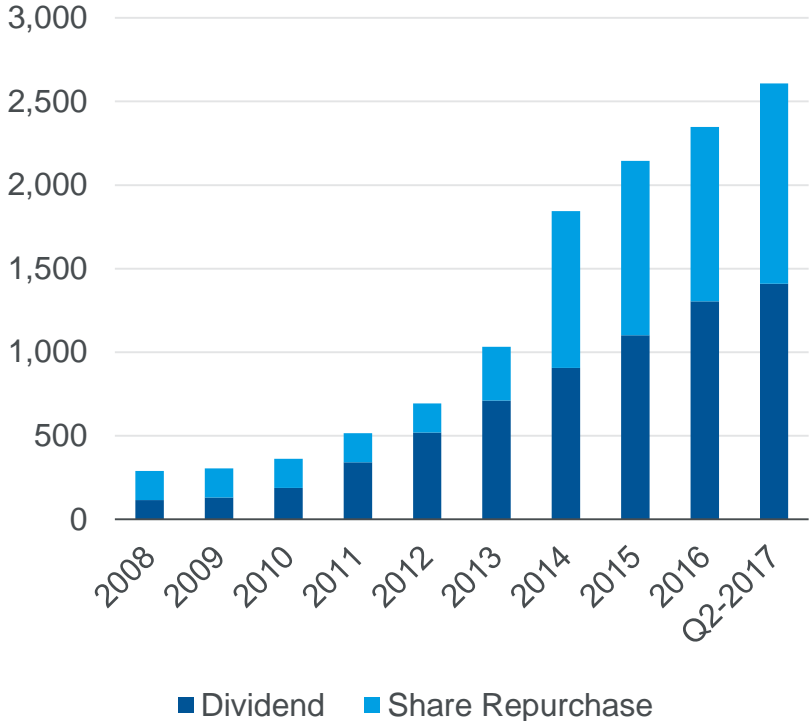
Passive Safety



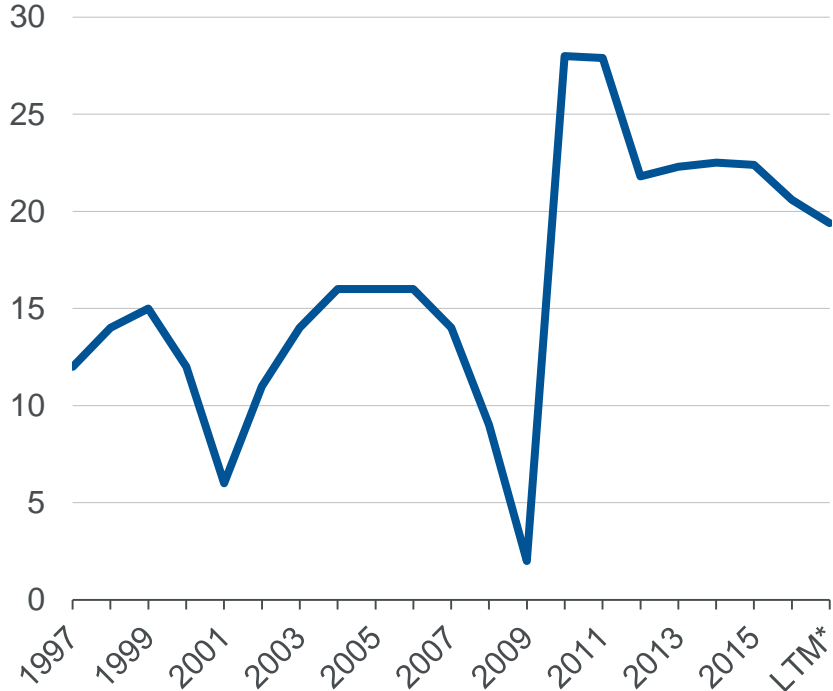
(*) Last Twelve month sales as of June 30, 2017.
 (**) Passive Safety market share in 2008 included RCS products.

A decade of transformation – increased investments for growth while increasing shareholder returns and asset returns

An accumulated \$2.6B returned to shareholders
US\$ Millions



Return on Capital Employed above pre-crisis levels (%)



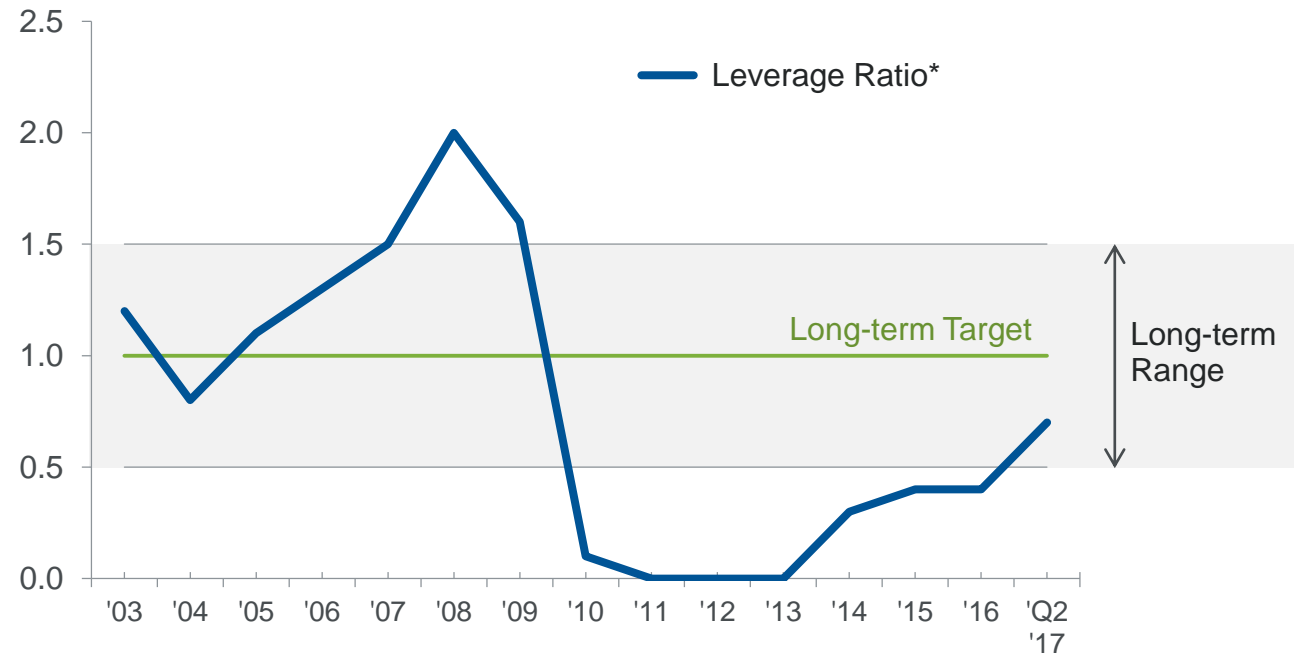
(* Last Twelve month sales as of June 30, 2017.

Value Creating Capital Structure

Strong FCF conversion supporting a strong balance sheet

Net Debt* / EBITDA

Times



Over the business cycles free cash flow conversion is ~90% of net income and leverage ratio was 0.7 times end of second quarter*

Update on 2019 Financial Targets

CMD 2015 – Autoliv Long Term Targets

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

2019 Autoliv Targets

CMD 2015 – Status Update

Key end of decade Targets


Sales

ALV: ~\$12B → >\$12B 

PAS: ~\$9B → >\$9.5B 

ELE: ~\$3B → ~\$2.5B 


AS: >\$1B → ~\$1B 

Expand PAS market share 

Operating Margin*


ELE: 8-9% 

→ 0-5%

PAS: At least maintain 

→ Increase

EPS*

Grow EPS faster than the targeted sales growth (from 2015 to '19) 

Strategic review of transition to stand alone entities*



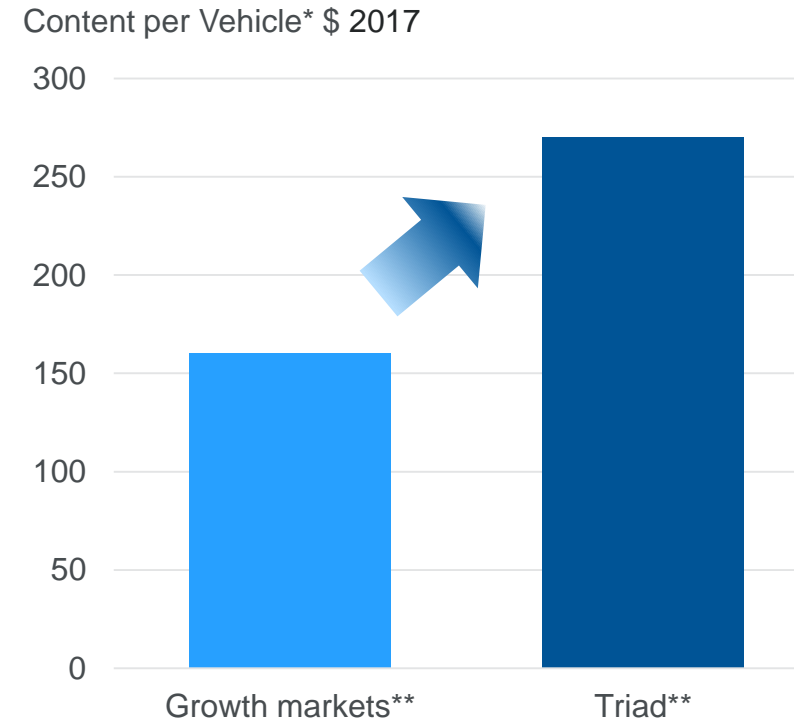
*Corporate costs and allocations of group resources distributed to entities.***



Autoliv Passive Safety

Passive Safety – Market Trends and Growth Drivers

- Increasing GDP/capita in growth markets
- Higher LVP in Growth Markets
- More stringent safety rating & regulations
 - China NCAP 2018
 - Regulations in India
 - Additional crash test in Triad
- Consumer demand for road safety
- New vehicle configuration in the AD world



Results in higher installation rates

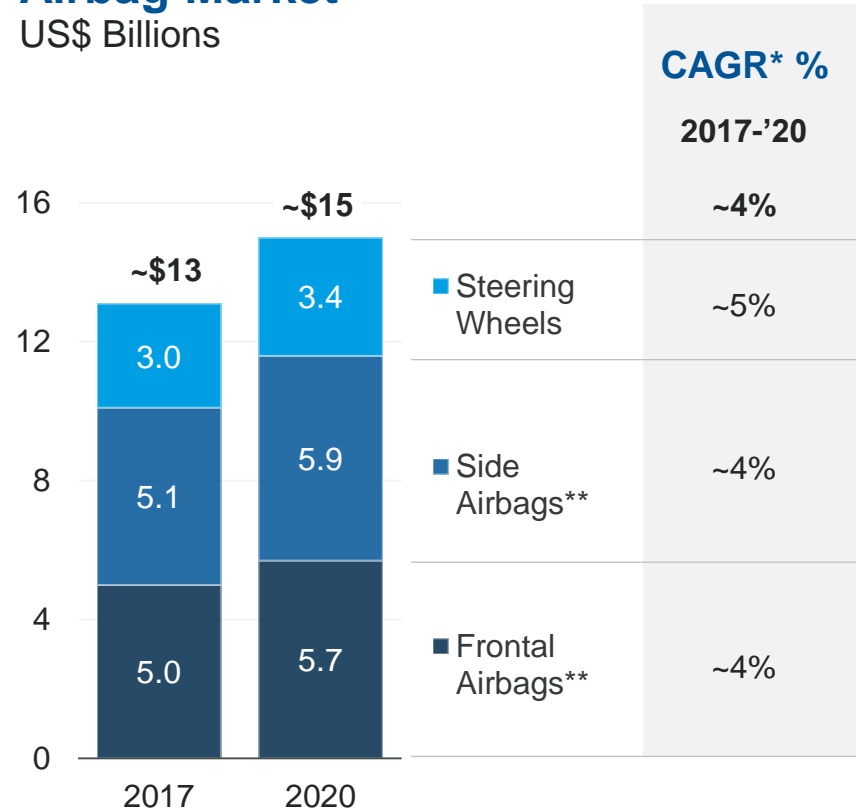
(*) 2017 Content per Vehicle for selected products based on Autoliv internal data, includes airbags, seatbelts and steering wheels.

(**) Growth Markets: China, Eastern Europe, India, Southeast Asia, South America, Middle East, and Africa. Triad: North America, Western Europe and Japan.

Passive Safety – Airbag Market and Installation Rates

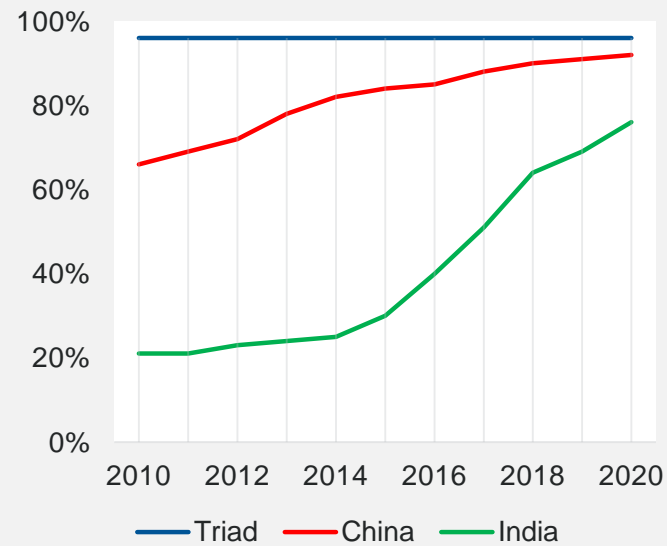
Airbag Market*

US\$ Billions

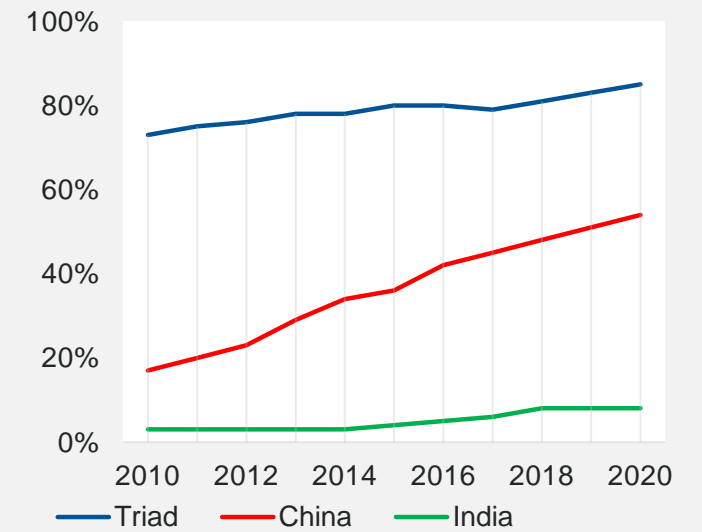


Continued market potential beyond 2020 from increasing installation rates*

Driver and passenger airbags



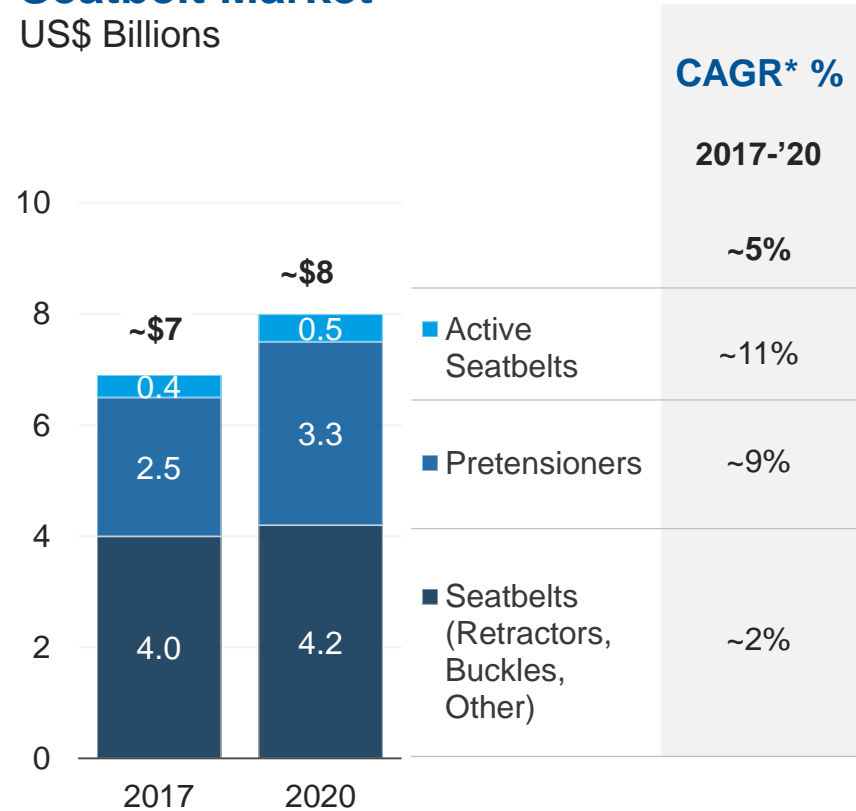
Side airbags



Passive Safety – Seatbelt Market and Installation Rates

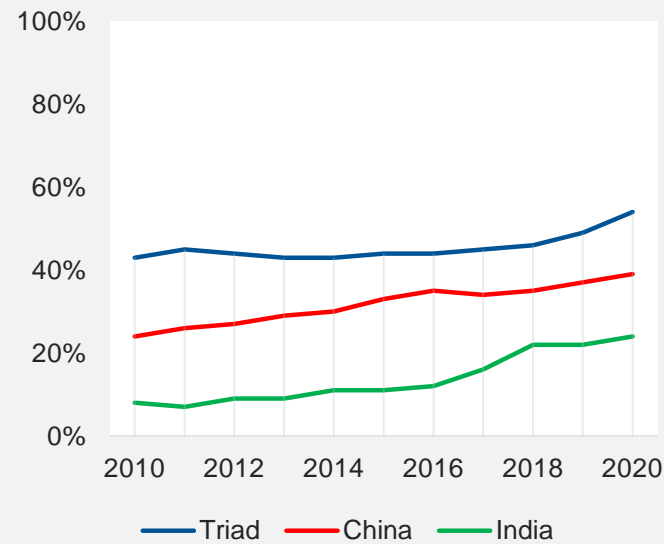
Seatbelt Market*

US\$ Billions

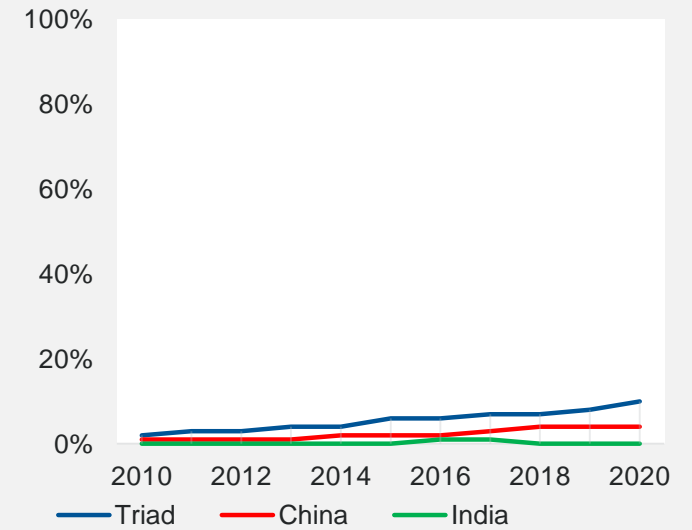


Continued market potential beyond 2020 from increasing installation rates*

Pretensioners (front & rear)



Active Seatbelt

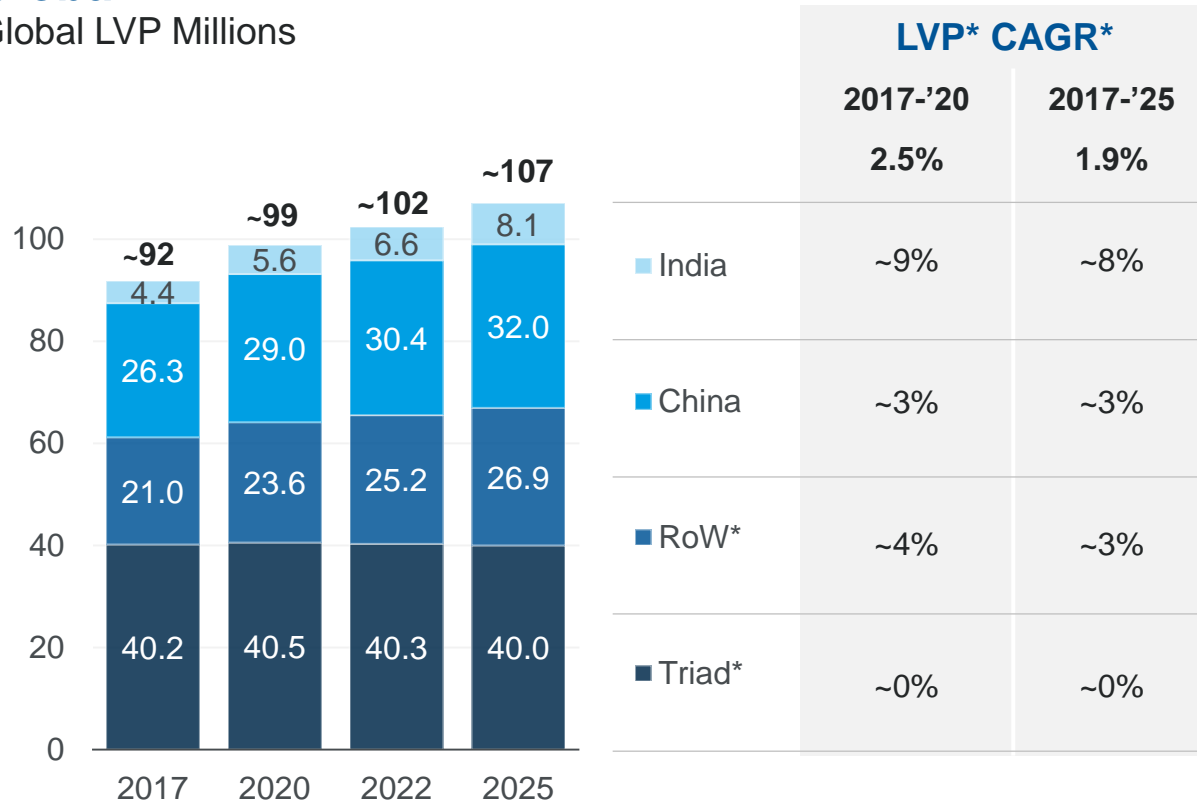


Light Vehicle Outlook

Growth is mainly driven by the growth markets

Global LVP

Global LVP Millions



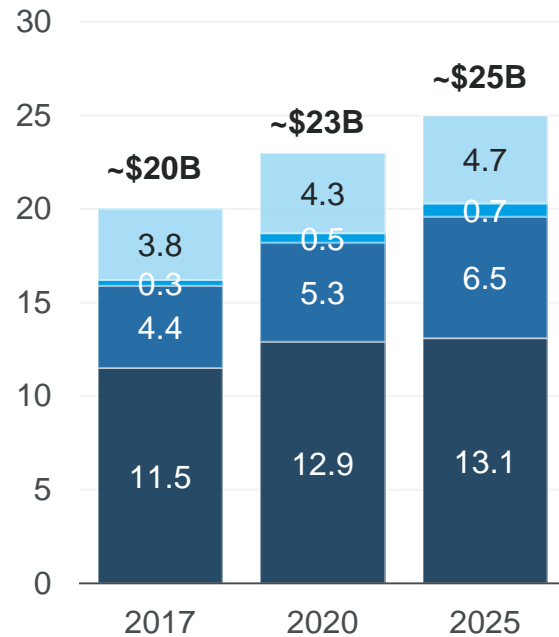
- Global LVP CAGR ~2% through 2025
- China LVP is expected to reach 30M vehicles in 2022
- RoW LVP is mainly driven by Eastern Europe, South America and Asean

Passive Safety – Market Overview

~4.7% CAGR 2017 to 2020

Passive Safety TAM*

US\$ Billions



	Market CAGR* %	
	2017-'20	2017-'25
	~4.7%	~2.9%
RoW	~4%	~3%
India	~12%	~10%
China	~7%	~5%
Triad	~4%	~2%
LVP*	~2.5%	~1.9%

- Passive Safety TAM grows 1 to 2 percentage points faster than the underlying LVP
- All markets are expected to grow in line with, or faster than their respective LVP
- Passive Safety CPV*
 - 2017 ~\$215
 - 2020 ~\$220
 - 2025 ~\$230

Estimated TAM ~\$25B in 2025 corresponds to a CAGR of ~1pp more than the LVP through 2025

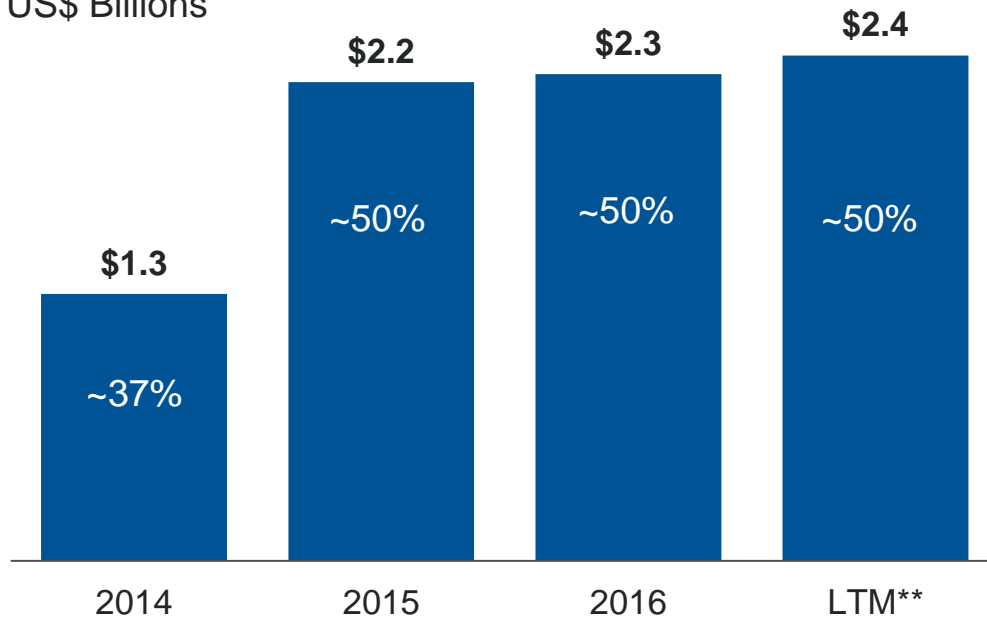
(* TAM (Total Addressable Market) Company market estimates includes seatbelts, airbags, steering wheels, CAGR (Compound Annual Growth Rate), CPV (Content per Vehicle), LVP (Light Vehicle Production) according to IHS as of June 16, 2017, with updated 2025 estimation as of August 30, 2017.

Passive Safety

~50% of Industry Order Wins in 2015 to 2017 YTD

Order Intake*

US\$ Billions



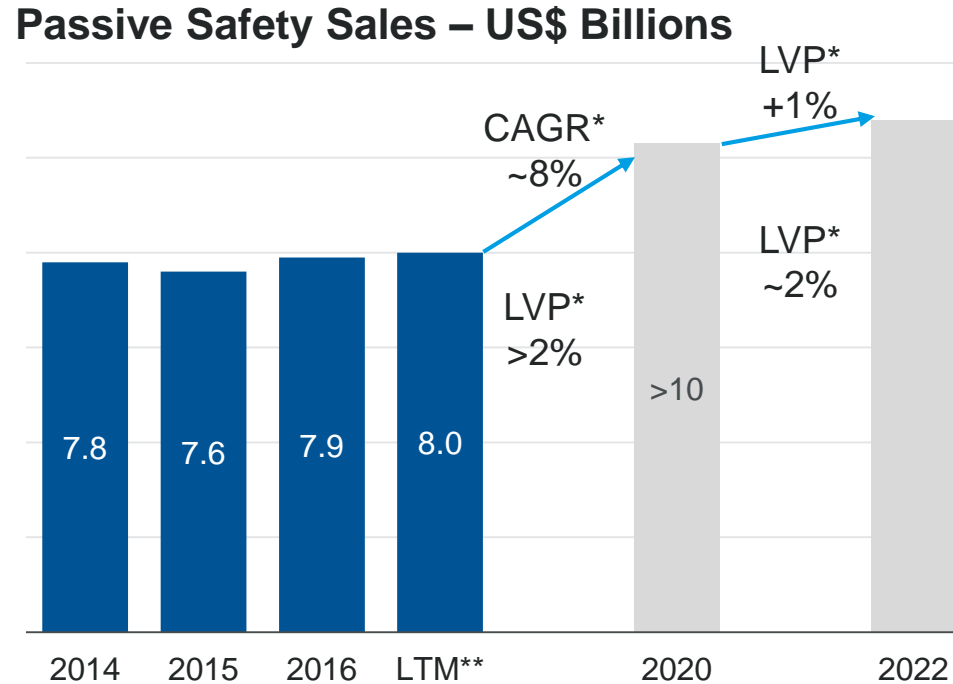
- Recent order intake well above historical levels
- Lead time from time of order to start of production is usually 18-36 months.
- Orders taken during 2015 will start to ramp up and generate sales during H2'17
- The majority of the order intake increase is in North America, Japan and China

Successfully capturing the market opportunity while supporting the industry

Passive Safety

2020 Sales target of >\$10B corresponds to a ~8% CAGR from 2017

- ~50% new order wins during 2015-17
- Majority of launches in 2018 / '19 / '20



2025 Ambition

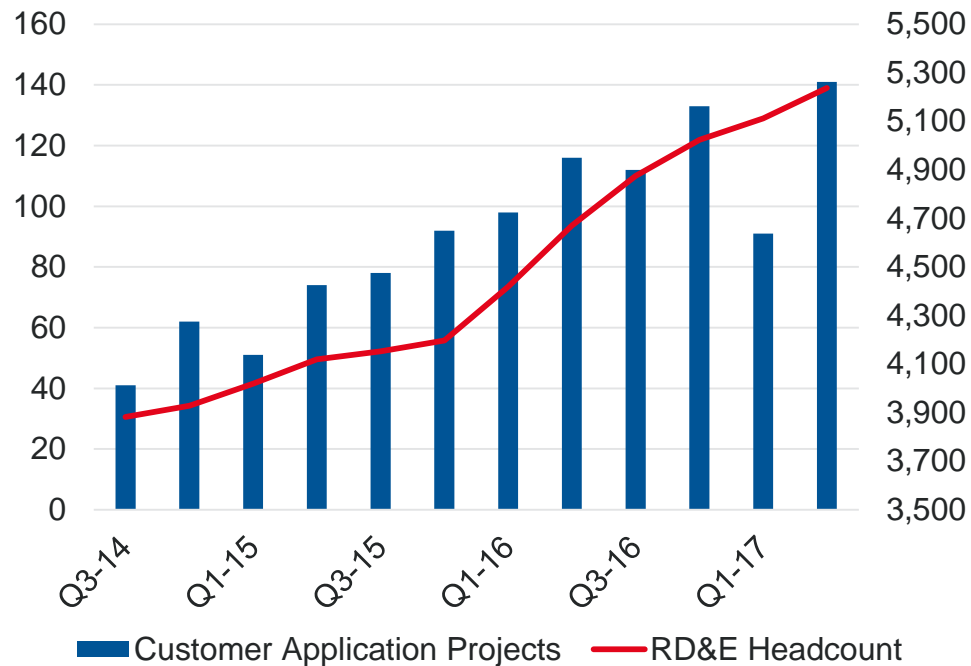
- Grow at least in line with Passive Safety market
- At least maintain market share

Order intake tailwind materializes in 2018 to 2020 Sales and corresponds to 45% or more market share in 2020

Passive Safety - Operating Leverage Starting '18

Improving margins as investment in RD&E returns to a more normalized level

Application projects & RD&E headcount



Improved profitability due to:

- Operating leverage on RD&E
- Operating leverage from sales growth* within existing footprint
- On-going efficiency programs and by driving best practice across divisions

2020 Target Stand Alone Passive Safety

- Adjusted Operating Margin** Target ~13%

Stronger growth with improving margins through 2020

Autoliv Electronics



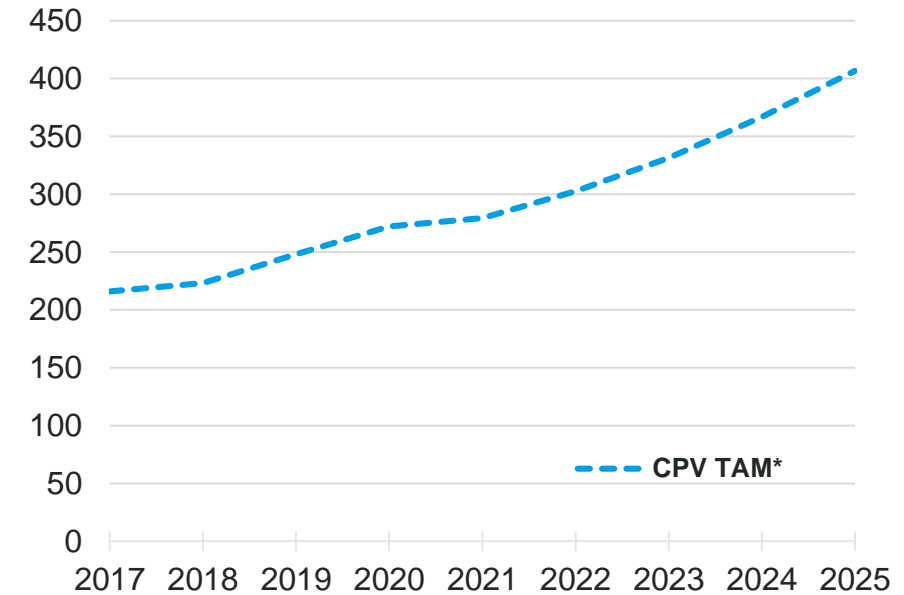
Electronics – Market Trends and Growth Drivers

Increasing levels of software in the future are required to enhance safety

- **Safety**
 - AEB*
 - Blind Spot
 - Lane Keep
- **Comfort and assistance**
 - Traffic Sign Presentation
 - Road Surface detection
 - Intelligent headlights
- **Convenience (AD)**
 - Self parking
 - Queue assist
 - Highway driving
 - Fully autonomous driving
- **Technology development**

Market Growth

Content per Vehicle \$US



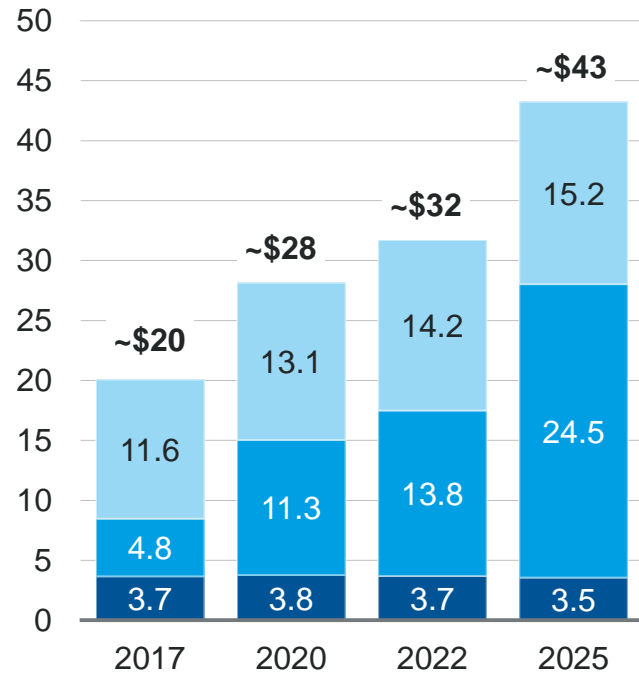
Active Safety CPV is expected to increase from ~\$50 in 2017 and approaching ~\$230 in 2025*

(*) TAM (Total Addressable Market) includes Active Safety, Restraint Controls & Sensors, and Brake systems, CPV (Content per Vehicle), AEB (Autonomous Emergency Braking).

Electronics – Market Overview

Safety Electronics TAM*

US\$ Billions



	Market CAGR* %		
	2017-'20	2020-'25	2017-'25
Brake Systems	~12%	~9%	~10%
Active Safety**	~4%	~3%	~3%
Restraint Controls & Sensing	~33%	~17%	~23%
	~1%	~(1)%	~0%

- Brake Control market is growing faster than the LVP and we have an opportunity to grow our market share
- The Active Safety market to reach virtually the same size as the passive safety market by 2025
- The Restraint Controls & Sensing market is expected to remain relatively flat and underpins the Safety Domain Controller in Active Safety

(*) TAM (Total Addressable Market), CAGR (Compound Annual Growth Rate).

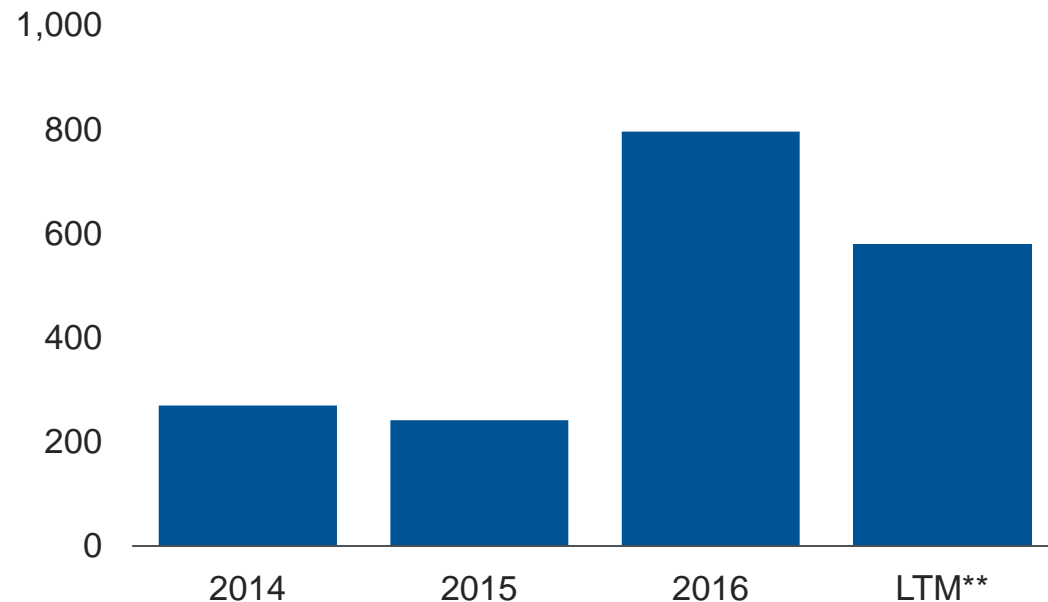
(**) Active Safety Market includes Radar (Front/Side/Rear), Forward looking Cameras (Mono/Stereo/Night Vision), Other (Advanced Driver Assist, Electronic Control Unit, LiDAR, Driver Monitoring System).

Electronics – Our Growth Outlook

Expect to increase sales in all three sub-segments over the next 5 years

ALV Electronics – Order Intake*

US\$ Millions



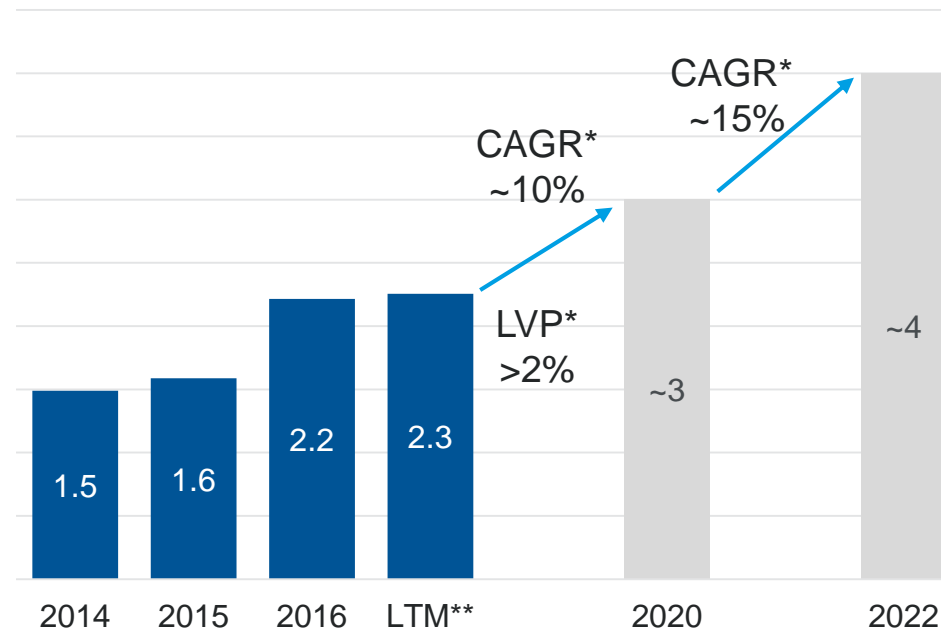
- Due to a significant broadening of the product offering and customer bid-list, order intake in 2016 increased substantially over previous years
- Active Safety order intake in 2016 of around \$0.4B was around two times higher than in any previous year
- Lead time from time of order to start of production is usually around 3 years

Autoliv Electronics Sales Growth

2020 Sales target of ~\$3B corresponds to a ~10% CAGR from 2017

- High market growth
- Strong product offering
- Strong bid-list presence
- New order wins during 2016-17

Electronics Sales – US\$ Billion



2025 Ambition

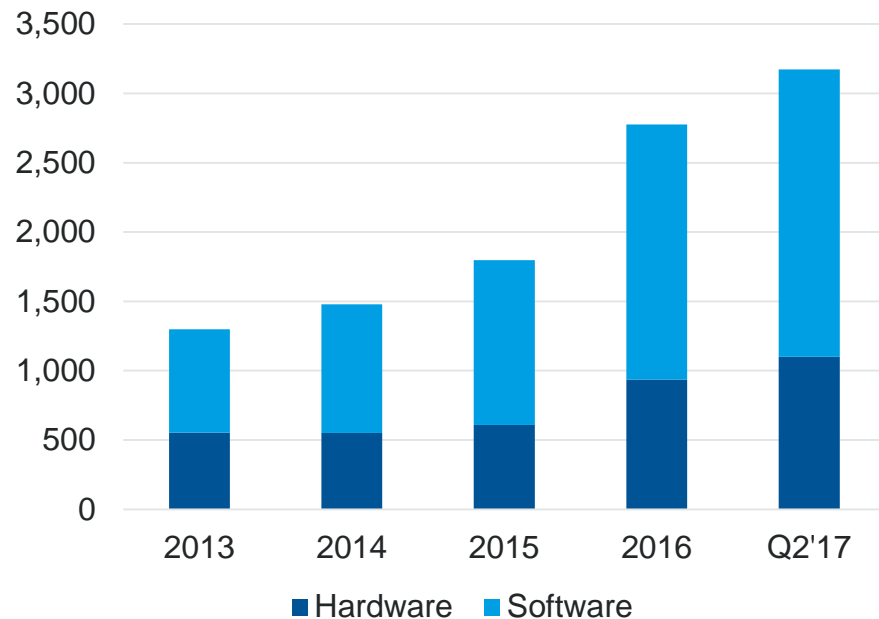
- Electronics sales >\$6B
- Active Safety sales ~\$4B

Active Safety to surpass \$1B by 2020 and to be ~\$2B by 2022

Autoliv Electronics – RD&E for investment to capture growth

Engineering headcount has more than doubled since 2014

RD&E Headcount



Medium term profitability impacted by:

- Continued high investments in new technology to secure long-term success
- Limited sales growth in 2018 due to lower product offering and bid list presence pre-2016

2020 Target Stand Alone Electronics

- Adjusted Operating Margin* 0-5%

RD&E required to support customers and gain new businesses

(* Non-US GAAP measure excludes costs related to Antitrust matters and capacity alignment.



Financial Targets

Targets Stand Alone Passive Safety and Electronics

CMD 2017 – Target Update

	2020 Target	2022 Target
Autoliv Passive Safety	<ul style="list-style-type: none">▪ Sales >\$10B▪ Adj. Operating margin* ~13%	<ul style="list-style-type: none">▪ Sales – at least hold market share and at least grow LVP plus 1%▪ Adj. Operating Margin* – at least maintain margins from 2020 levels
Autoliv Electronics	<ul style="list-style-type: none">▪ Sales ~\$3B with AS** >\$1B▪ Adj. Operating Margin* 0-5%	<ul style="list-style-type: none">▪ Sales ~\$4B with AS** ~\$2B▪ Adj. Operating Margin* improve vs. 2020

(*) Non-US GAAP measure excludes costs related to Antitrust matters and capacity alignment.

(**) Active Safety.



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

autoliv.com

Internal

Autoliv

Glossary of abbreviations

AB	Airbags
Active Safety Market	Radar (Front/side/rear), Forward looking Cameras (Mono/Stereo/Night Vision), Other (Advanced Driver Assist Electronic Control Unit, LiDAR)
ACC	Adaptive Cruise Control
AD	Autonomous Driving
ADAS	Automated Driver Assistance Systems
AEB	Autonomous Emergency Braking
AES	Autonomous Emergency Steering
AI	Artificial Intelligence
Adjusted Operating Margin	Operating margin excluding costs related to Antitrust matters and capacity alignment
AS	Active Safety
CAGR	Compound Annual Growth Rate <i>2017 LTM assumes LTM to be Full Year value for CAGR calculations</i>
CAPEX	Capital Expenditure
CNCAP	China New Car Assessment Program
CPV	Content per Vehicle
DMS	Driver Monitoring System
EBIT	Earnings before Interest and Taxes
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortization
ECU	Electronic Control Unit
ELE	Electronics Segment (Active Safety, Brake Systems and Restraint Control Systems)
EPS	Earnings per share
GLVP	Global Light Vehicle Production
GPS	Global Positioning System
Growth Markets	China, Eastern Europe, India, Southeast Asia, South America, Middle East & Africa
HAD	Highly Automated Driving
JNCAP	Japan New Car Assessment Program

Glossary of abbreviations

JV	Joint Venture
LIDAR	Light Detection and Ranging Technology
LTM	Last Twelve month
LVP	Light Vehicle Production
MCM	Multi-Chip Module
NCAP	New Car Assessment Program
NCE	Non-conforming events
NHTSA	National Highway Traffic Safety Administration
NPRM	New Proposed Rule Making-US
NV	Night Vision
OEM	Original Equipment Manufacturer
PAS	Passive Safety Segment (Airbags, Seatbelts and Steering Wheels)
RD&E	Research, Development and Engineering
RoCE	Return on Capital Employed
RoW	Rest of the World
SOP	Start of production
SB	Seatbelts
TAM	Total Addressable Market
Triad	North America, Western Europe and Japan
VCC	Volvo Car Corporation
V2X	Vehicle-to-Vehicle (V2V) and Vehicle-to-Infrastructure (V2I) collectively
1P1P	One Product One Process