



1<sup>st</sup>

# 2018 Annual General Meeting

Jan Carlson, Chairman, President & CEO  
May 8, 2018 - Chicago

# 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 statements related to the completion and timing of the proposed spin-off, the estimated project costs and tax costs associated with the separation and spin-off, the future performance of the Passive Safety and Electronics businesses on a stand-alone basis if the spin-off is completed, the outlook for Passive Safety and Electronics as separate businesses if the spin-off is completed, the expected strategic, operational and competitive benefits of the proposed spin-off and the effect of the separation on Autoliv and its stakeholders, 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; 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)

# 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

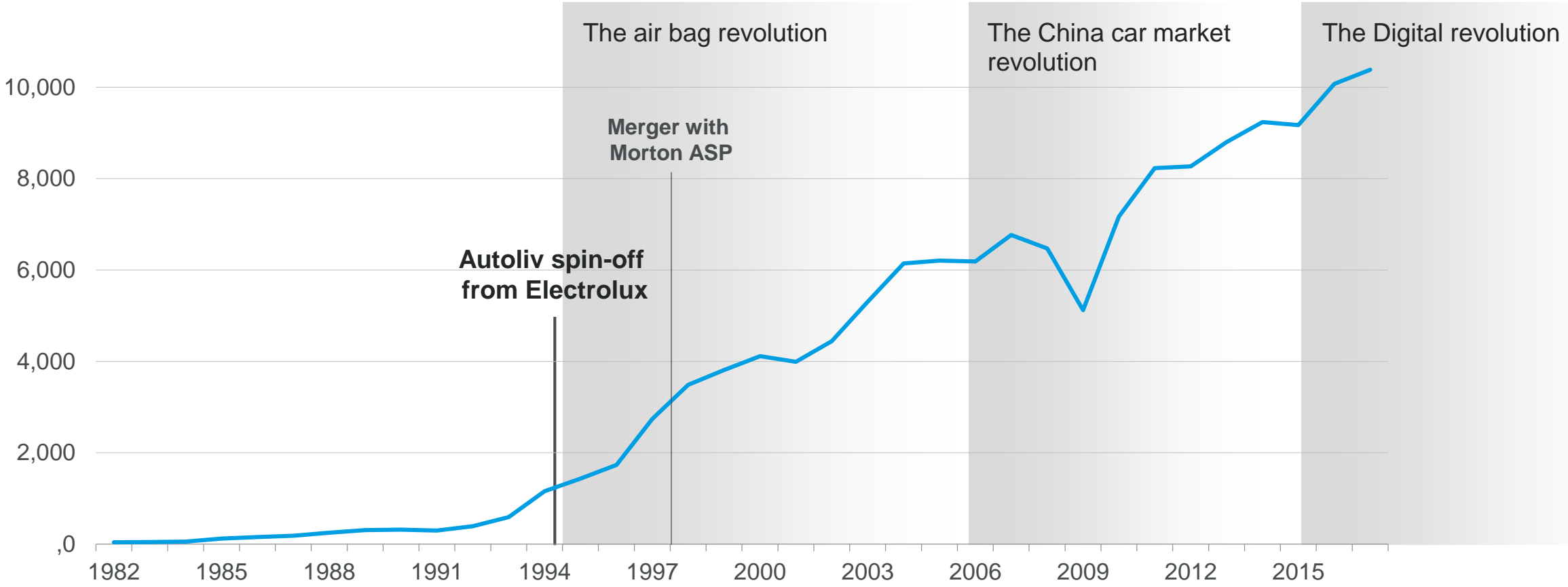
## OUR VALUES

**One Autoliv  
Transparent  
Innovative  
Agile**

# A historical decision that resulted in a world leader

## Autoliv Group

US\$ (millions)



# Our Strategies to Stay Ahead



**Quality** – Zero defects by flawless execution

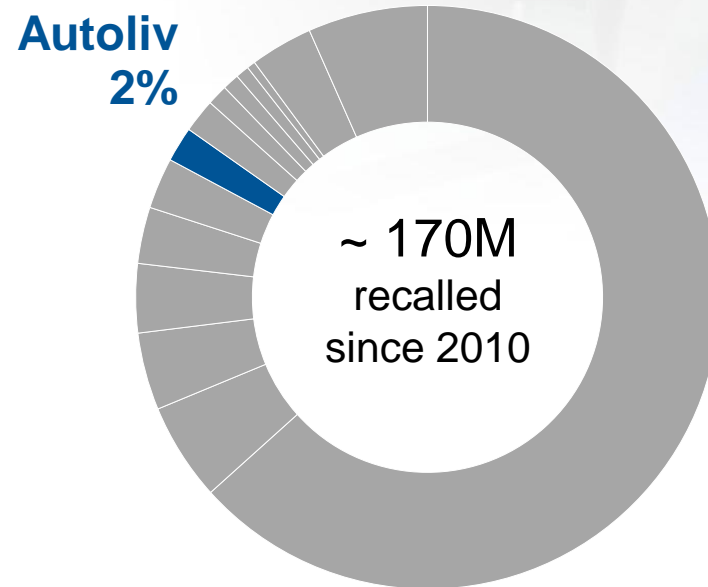


**One Product One Process** to improve cost effectiveness and robustness

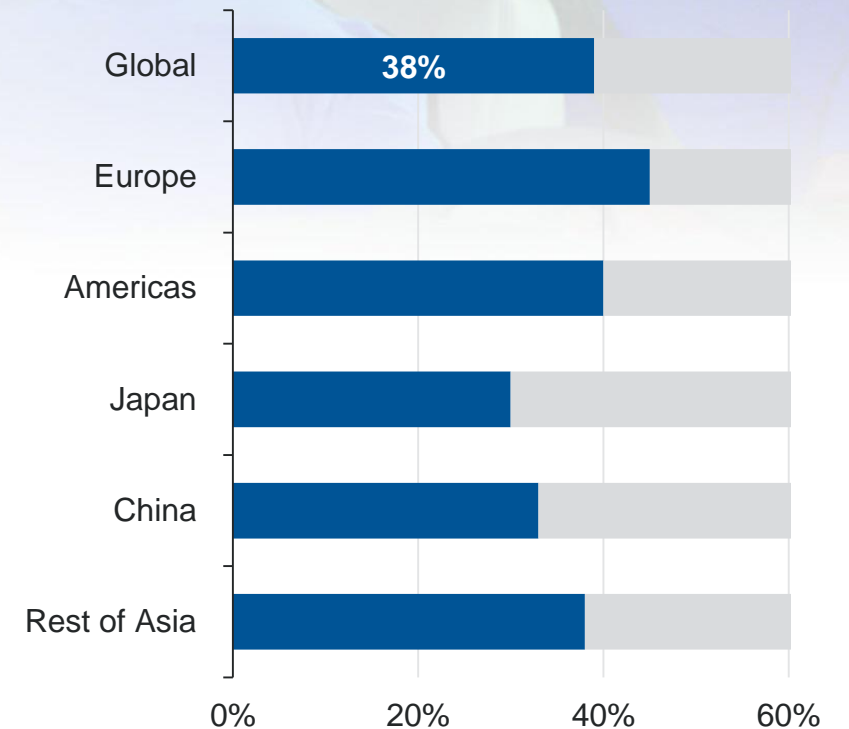


**Innovation** to lead industry in Real Life Safety

RECALLS\*



MARKET SHARE 2017\*\*

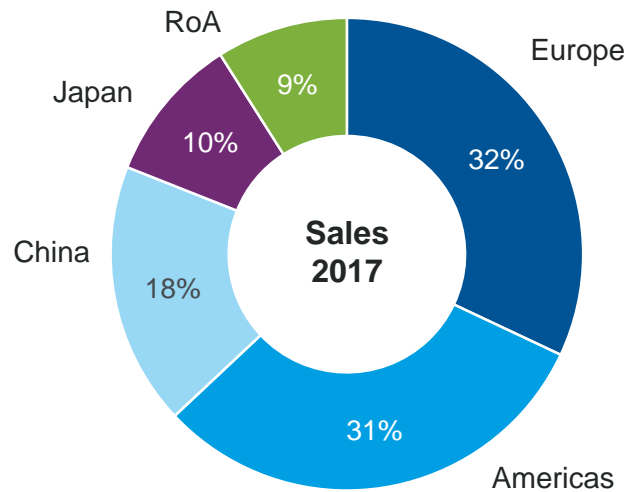


\*)Scope: Japan, Canada, US, China, South Korea, Australian, EU, UK, DE, AB, SB, Electronics, 2010-01-01 to 2017-06-30, \*\*) Includes Airbags, Steering wheels and Seatbelts

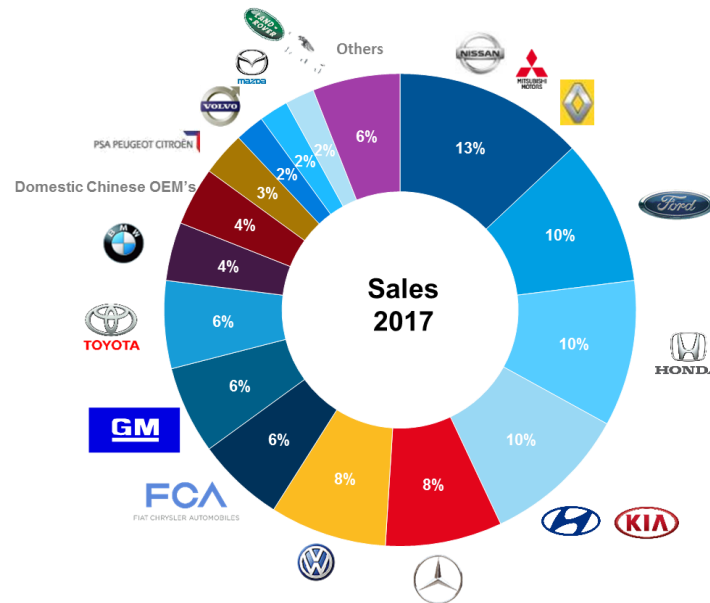
# Autoliv Today

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

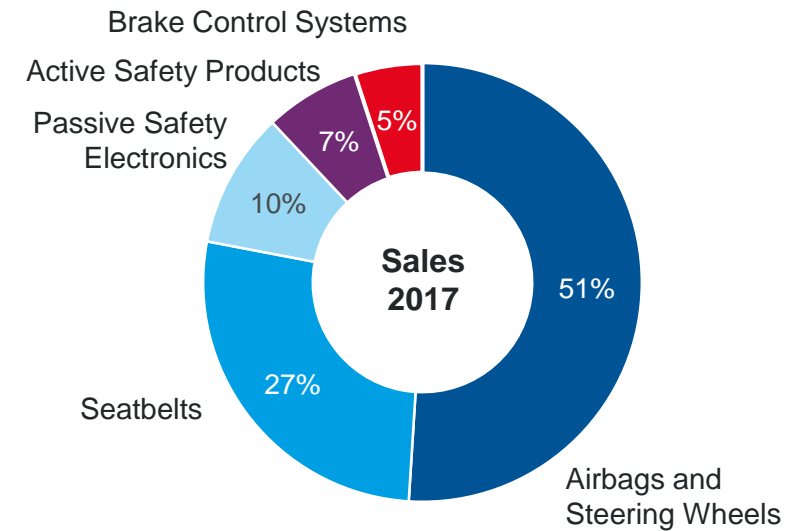
### Global Footprint



### Customers



### Products

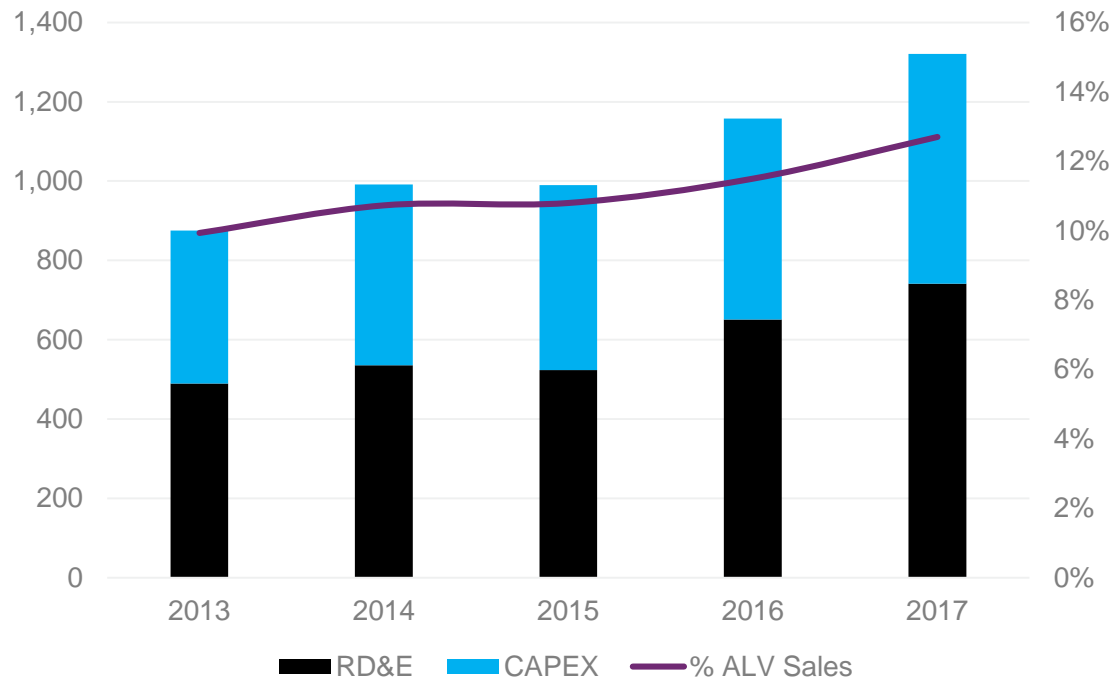


4 September 19, 2017 Name of presentation

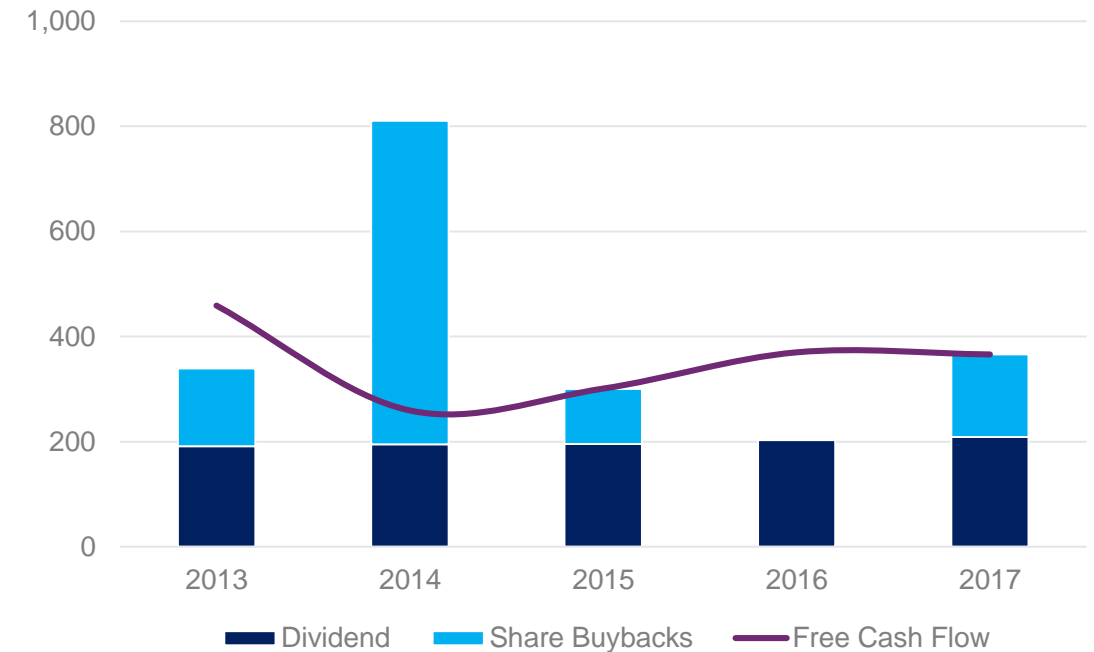
# Investing in Growth while Creating Shareholder value

Growth investments ~\$5.3B and shareholder returns ~\$2B over the last 5 years

## Investments in Growth



## Shareholder Returns



# FY'17 Recap

Strong performance even with increased RD&E investments for long-term growth

## ■ Growth and Margins

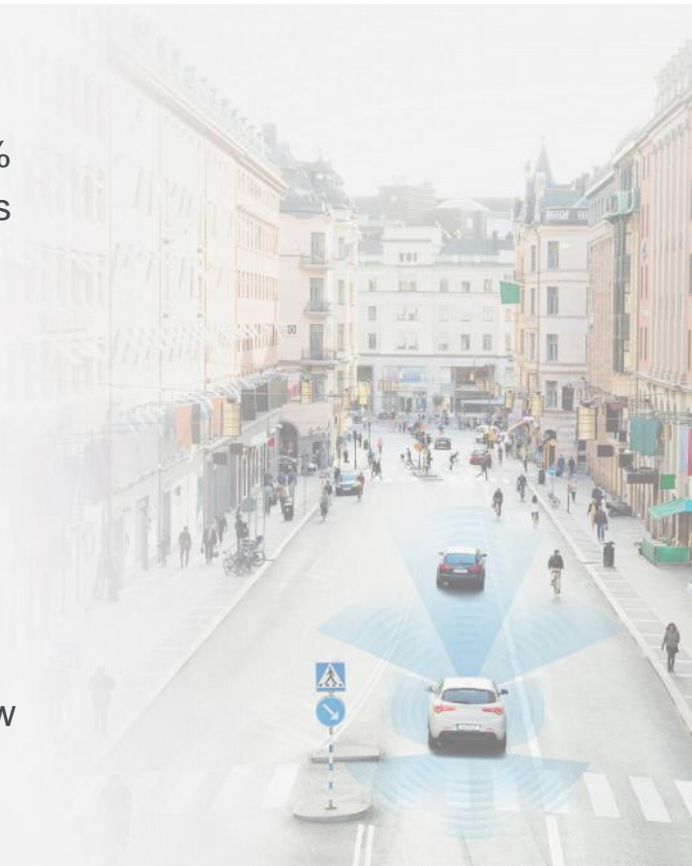
- Record sales as a result of consolidated sales growth of ~3% where of organic sales\* growth ~1.5%
- Record gross profit resulting in an 8.6% adjusted operating margin\* where RD&E was 7.1% of sales
- Record order intake in both segments supports organic sales targets
- Adjusted EPS\* \$6.58

## ■ Capital Structure

- Operating cash flow ~\$936M, RoCE\* ~19% and RoE\* ~14%
- Shareholder returns ~\$366M with a leverage ratio\* of 0.5 times

## ■ Company transformation continues

- Improving operating efficiencies and operating leverage on organic sales growth and vertical integration in Passive Safety
- Closed “Zenuity” software Joint Venture with VCC\*\* in April'17, one LiDAR acquisition and eight new technology collaborations
- Announced the intention to spin-off the Electronics business as a standalone entity during Q3'18



*Several technology collaborations established during 2017 improved our underlying market position in both segments for the long-term*

*(\*) Non-US GAAP measures exclude costs for capacity alignments, antitrust related matters, separation of our business segments and Goodwill impairment, Return on Capital Employed (RoCE), Return on Equity (RoE), Earnings per Share (EPS), (\*\*) Volvo Car Corporation (VCC).*



# FY'17 Recap

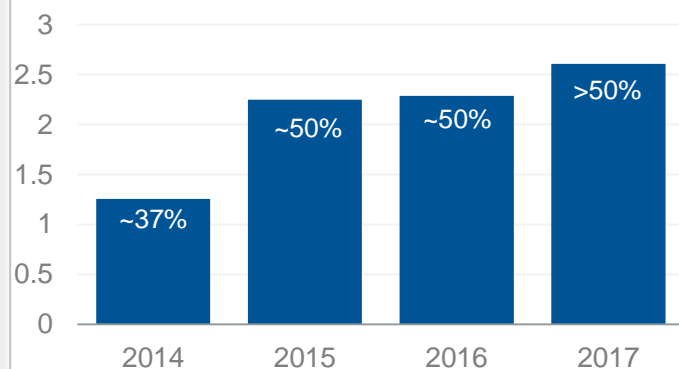
Strong order intake in both segments

## Passive Safety

~50% Order intake win rate for three years (2015-2017)

Life-time Sales ~\$13B for the 2017 order intake

Order Intake\* US\$ Billions

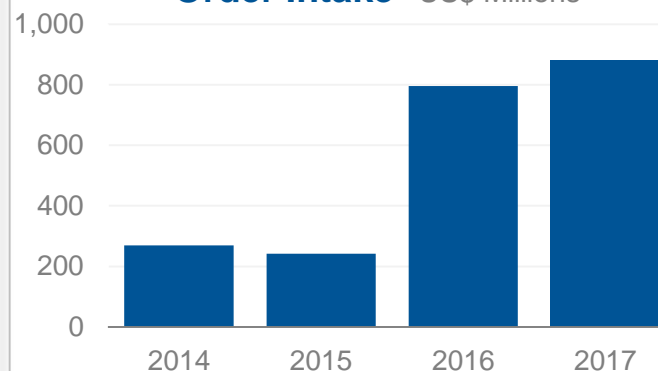


## Electronics

~50% of the Electronics orders over last four years (2014-2017) is in ACTIVE SAFETY

Life-time Sales ~\$4B for the 2017 order intake

Order Intake\* US\$ Millions

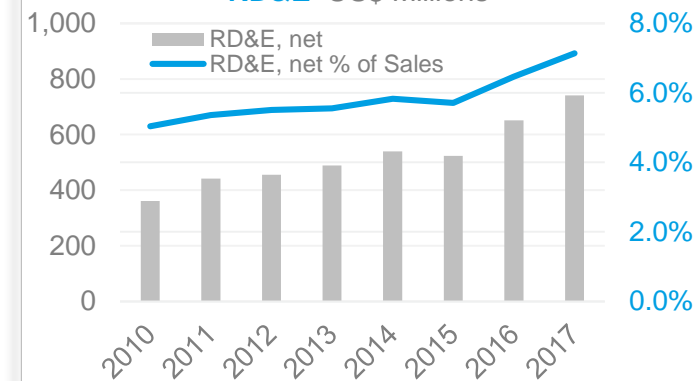


## RD&E

RD&E 7.1% of sales in 2017

Passive Safety RD&E% of sales peak FY'17 while Electronics requires further increases to support organic sales growth targets

RD&E US\$ Millions



Since 2010 RD&E, net cost has more than doubled and has increased by more than 200 bps to support organic sales\*\* growth targets

(\*) \$ value represents expected average annualized sales from respective years order intake, disclosure of orders will not be made regularly, based on when the orders were awarded, (\*\*) Non-US GAAP measure.

# FY'17 Recap

## Active Safety and Zenuity Update

### Active Safety

- Strong order intake in FY'17, estimated market share in the “high teens”
- Order intake includes a 4<sup>th</sup> vision customer and our 1<sup>st</sup> LiDAR and ROADSCAPE customers
- Temporary lower growth in FY'17-18 due to lower order intake in FY'14-15
- 8 new program launches planned in FY'19

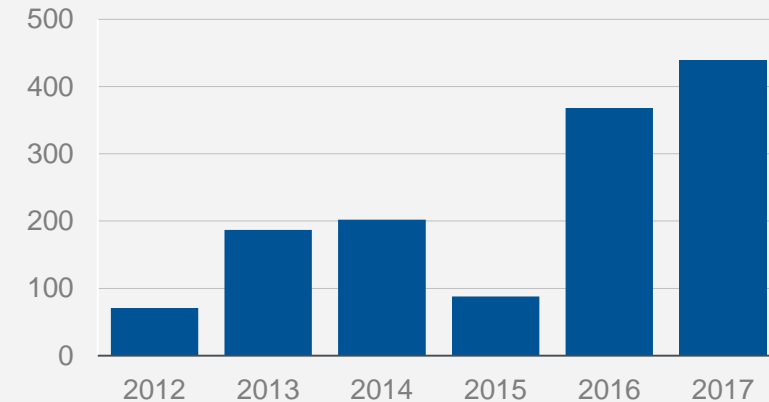
### Zenuity

- FY'17 ~500 employees and consultants
- ALV net cost \$31M for FY'17, current quarterly run rate ~\$15M
- Autoliv's ADAS\*\* system, with Zenuity software stack, field testing in progress ahead of 2019 launch
- Level 4 vehicles running daily tests with AD\*\* highway pilot capabilities
- Discussions underway with 6 OEM's

### Customer\*\* Snapshot – Dec'17

Customer	RADAR			VISION*			ADAS ECU			LIDAR		
Customer 1												
Customer 2												
Customer 3												
Customer 4												
Customer 5												
Customer 6												
Customer 7												
Customer 8												
Customer 9												
Customer 10												
Customer 11												
Customer 12												
Customer 13												
Customer 14												
Customer 15												
Customer 16												
Customer 17												
Total	14	12	7	13	8	4	10	8	2	11	3	1

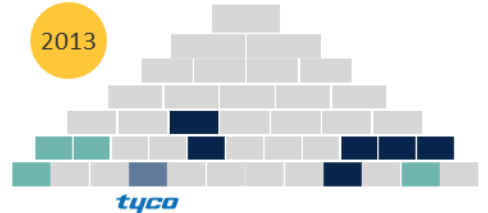
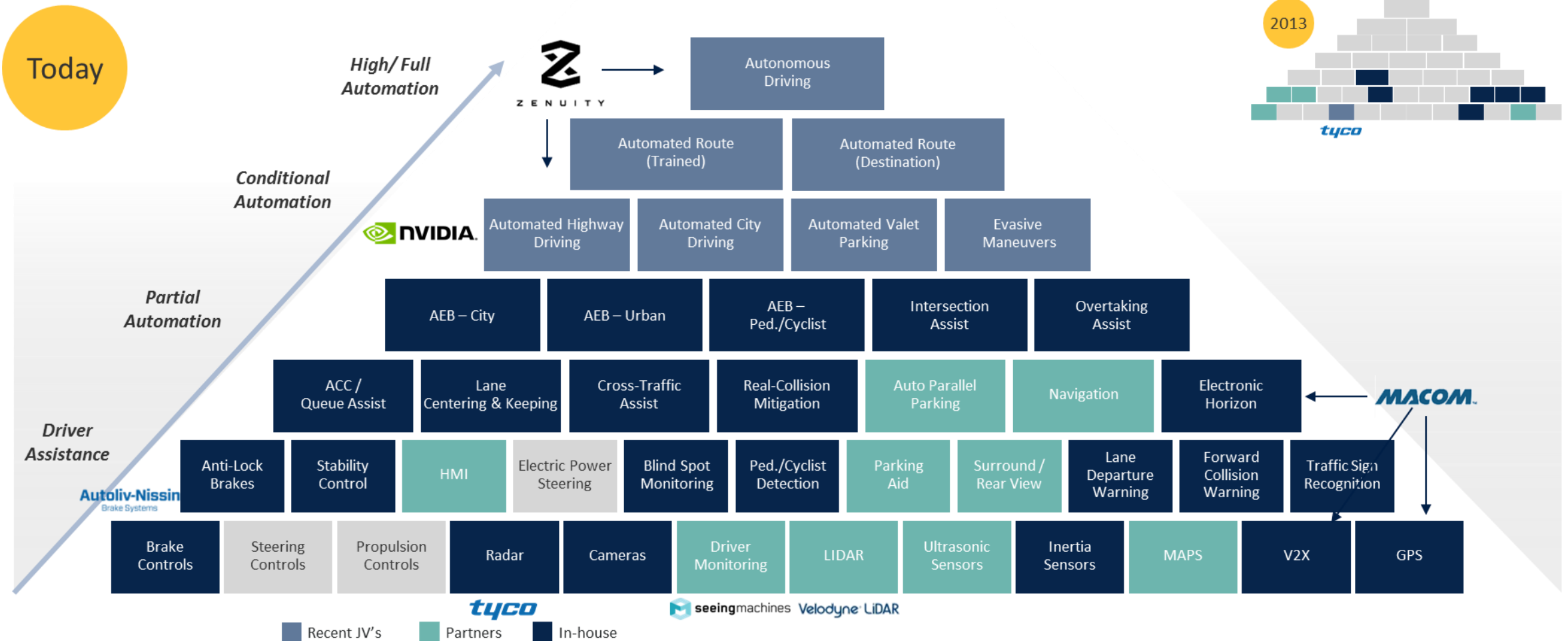
### Active Safety Order Intake\* US\$ Millions



Active Safety order intake during the last two years has increased substantially due to the expansion of our product portfolio in 2015

(\*) \$ value represents expected average annualized sales from respective years order intake, disclosure of orders will not be made regularly, Vision based on Autoliv developed algorithms, (\*\*) Customers representing >90% of the light vehicle production, Advanced Driver Assist Systems (ADAS), Autonomous Driving (AD).

# Electronics Active Safety – Building for the long-term



# Targets Stand Alone Passive Safety and Electronics

## CMD 2017 – Target Update

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

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

(\*\*) Active Safety.

# FY'18 - Looking ahead

Executing towards the targets of the standalone businesses

## ▪ Electronics

- Organic sales decline ~3% where of AS\*\* organic sales growth ~10%, currency translation tailwind ~3%
- Underlying profitability to decline from 2017 mainly due to increased RD&E costs net
- Focus on readiness for new launches in 2019 and securing 2022 sales targets

## ▪ Passive Safety

- Organic sales\* growth >10%, almost 4 times better than LVP\*\*, currency translation tailwind ~4%
- Underlying profitability to improve from 2017 due to organic sales operating leverage
- Flawless execution of launches while maintaining flexibility to adapt to underlying market fluctuations and uncertainties

*Autoliv group FY'18 indication is for organic sales growth of >7%, consolidated sales, net growth >11% and an operating margin\* of ~9%*

*(\*) Non-US GAAP measures exclude costs for capacity alignments, antitrust related matters and separation of our business segments,*

*(\*\*) Light Vehicle Production (LVP) according to IHS @ April 16, 2018, Active Safety (AS).*

A nighttime cityscape featuring several tall skyscrapers with illuminated windows. In the foreground, a multi-lane highway is shown with long-exposure light trails from cars, creating streaks of white, red, and blue. The overall scene is bathed in a cool blue light, suggesting dusk or night.

The Veoneer brand will be a  
visionary pioneer in automotive  
electronics, ADAS, automation  
and new mobility

**veoneer**

# Spin-off of Electronics Business - Veoneer

## Preparations continue for “Tax-free Spin-off”

- Veoneer spin-off is expected to be completed in time for trading of Veoneer to begin early in the third quarter of 2018
- Leadership team - announced March 2018
- Internal reorganization to implement new legal structure – completed April 2018
- Press Release and Form 10 for Veoneer filed late April 2018
- “Save the Date” Investor and Analyst Days
  - Stockholm (May 31) and NYC (June 4)
- Debt financing by Autoliv for Veoneer capital injection during Q2’18
- Roadshows in US and Europe during early June 2018
- Further announcements during Q2’18
  - Board appointments, record date and official spin-off date



The underlying objective is to provide greater value to stakeholders by allowing the two entities to maximize their long-term potential on their own



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

[autoliv.com](http://autoliv.com)

**Autoliv**