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**Autoliv**

J.P. Morgan Auto Conference 2018

New York (383 Madison Avenue), August 9, 2018

**Autoliv**

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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)

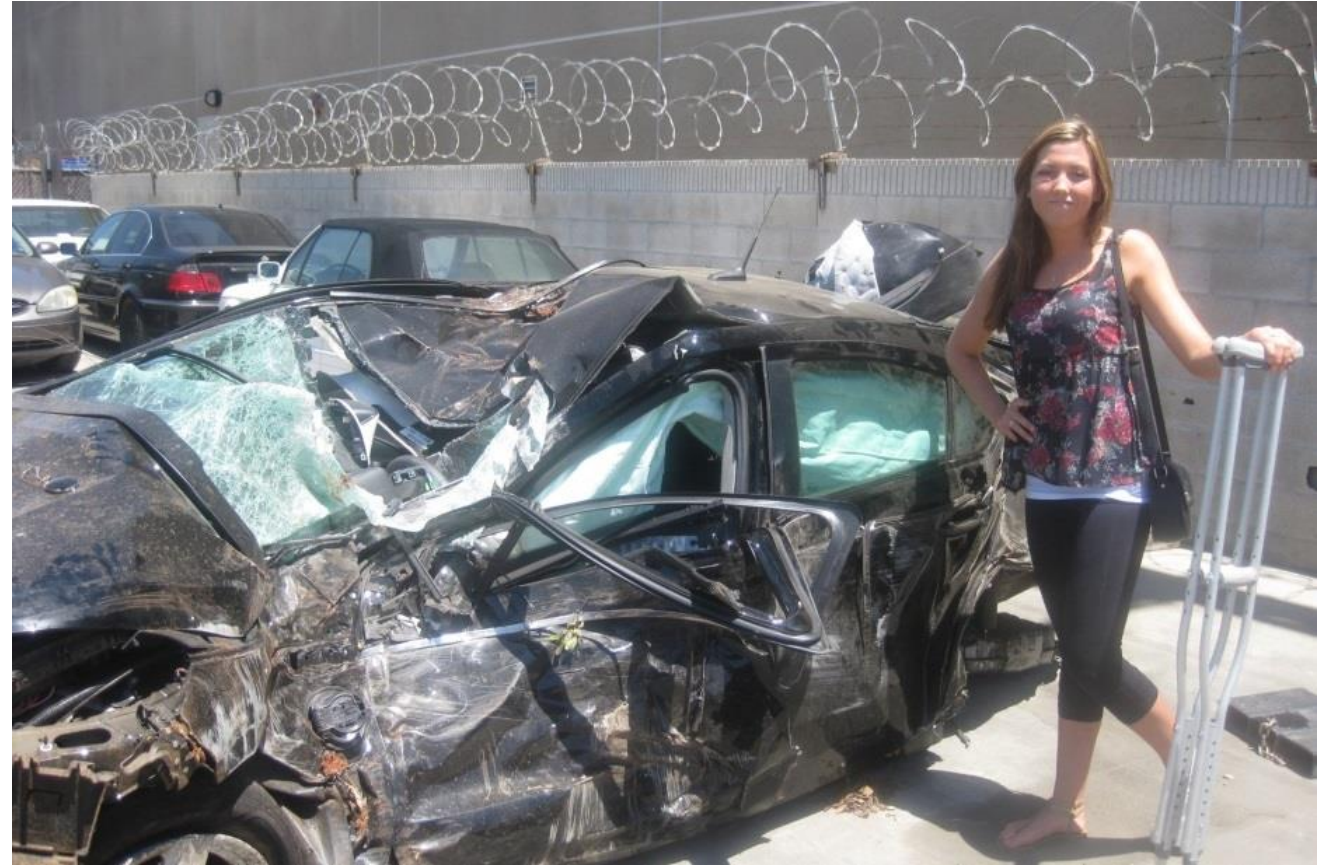
# ***Our Vision Is Saving More Lives & Creating More Value***

*Each Year, Autoliv's Products Save >30,000 Lives*



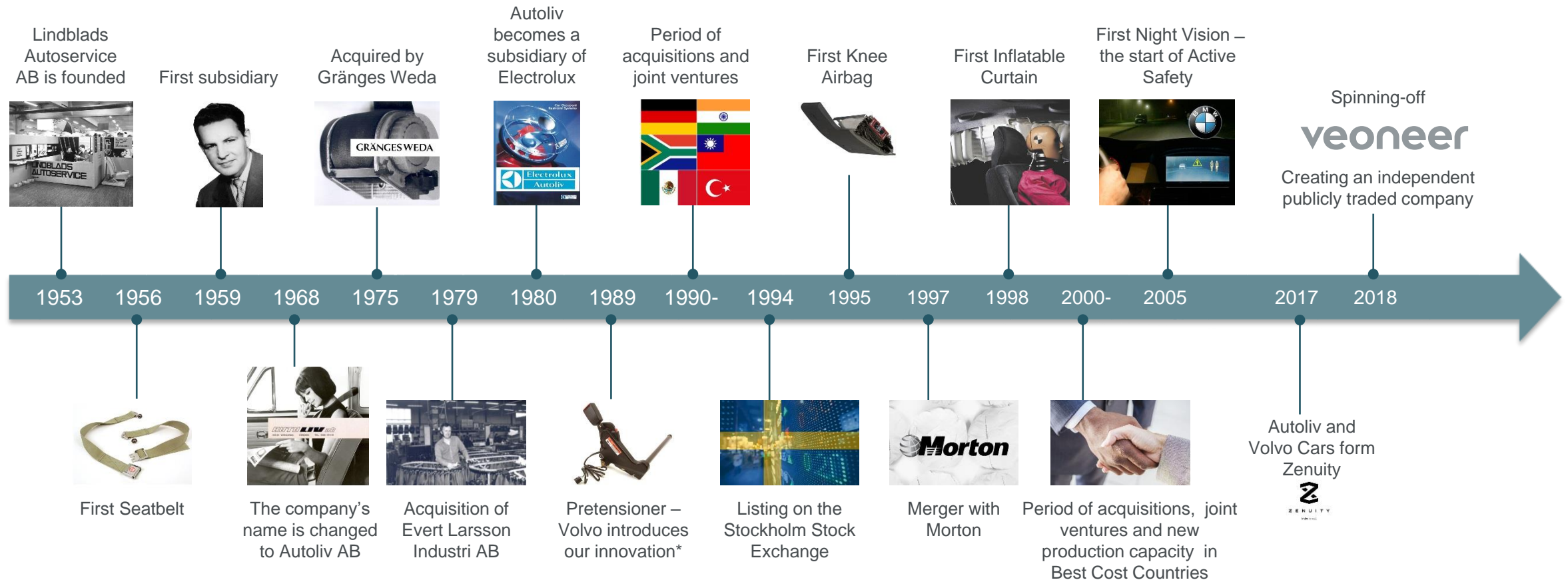
# ***Our Vision Is Saving More Lives & Creating More Value***

*Each Year, Autoliv's Products Save >30,000 Lives*



# Autoliv – 65 years of Dedication to Saving Lives

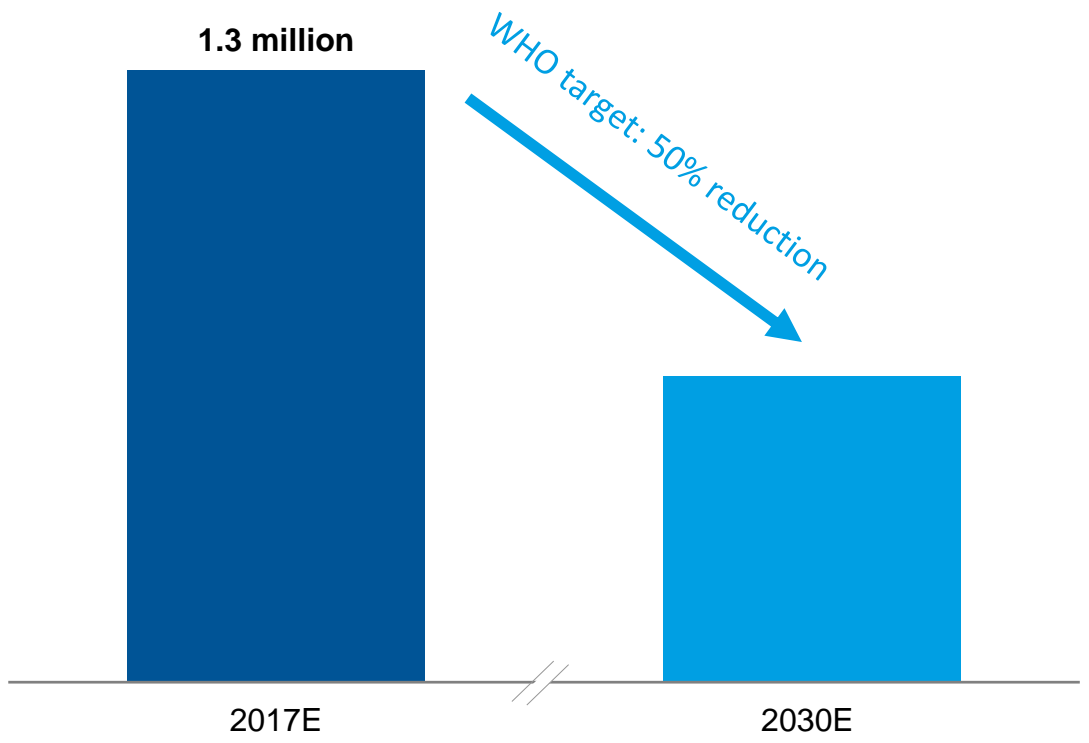
## Entering the next phase



# Millions of Reasons to Do More

## Road Fatalities Worldwide

Number of Traffic Fatalities, Globally<sup>(1)</sup>



(1) WHO February, 2018

# Creating the New Autoliv

Our Strategic Direction



More Focused  
Strategy



Increased Operational  
Flexibility



Higher Potential for  
Profitable Growth



Dedicated Culture

# Autoliv Today is Stronger Than Ever

MARKET SHARE

**38%**

worldwide, clear #1

ORDER INTAKE

**> 50%**

of global orders

SALES

**\$8.1 Bn**

2017A

ADJ. OPERATING INCOME<sup>(1)</sup>

**\$890 Mn**

2017A (10.9% margin)

OPERATIONS IN

**27**

countries

DAILY PRODUCTION

**~ 1 Mn**

units

EMPLOYEES

**> 64,000**

worldwide

FREE CASH FLOW<sup>(2)</sup>

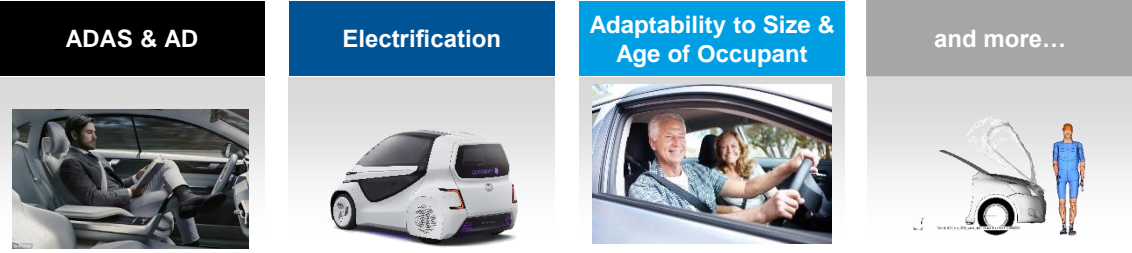
**\$403 Mn**

2017A (70% cash conv.<sup>(3)</sup>)

## Essential Product Portfolio for Saving Lives Today...



## ...While Innovating for Tomorrow



(1) Non-US GAAP measure, please refer to 8-K from May 31, 2018 for reconciliation. Adjusted for capacity alignments and antitrust related matters

(2) Defined as Operating Cash Flow less Capital Expenditures, net

(3) Defined as Free Cash Flow/ Net Income

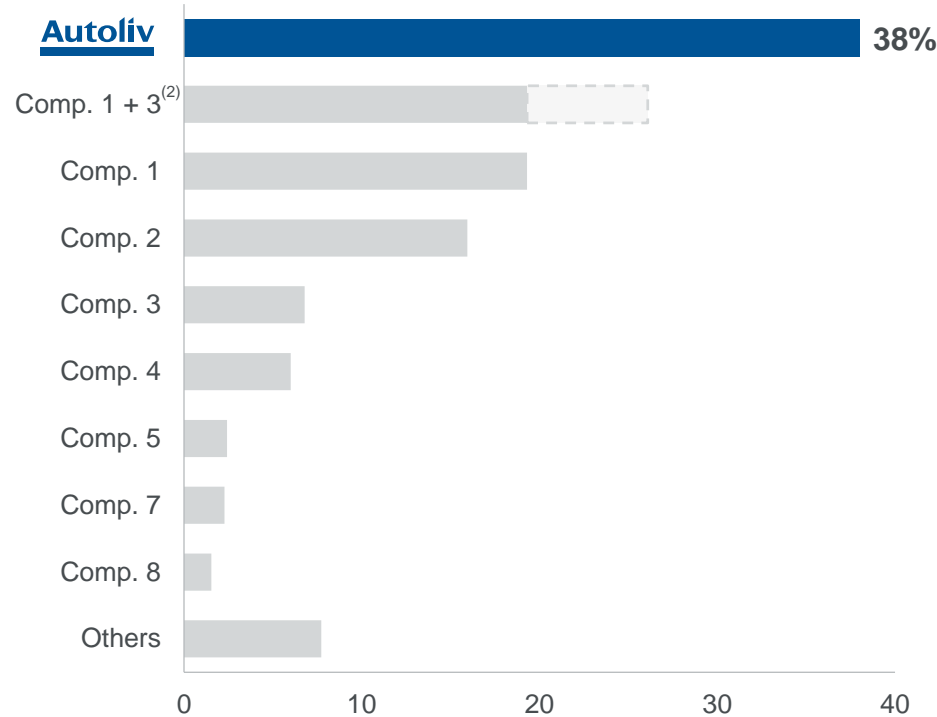


# Autoliv – The Global Automotive Safety Champion

Only Three Players of Scale

## Firm Leader at 38% Market Share – Far Exceeding Competitors<sup>(1)</sup>

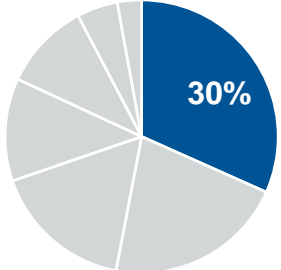
2017A, %



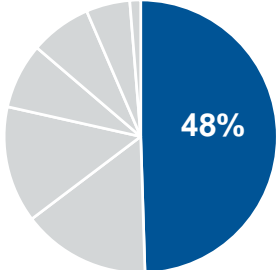
## #1 Rankings Across Product Portfolio<sup>(1)</sup>

2017A

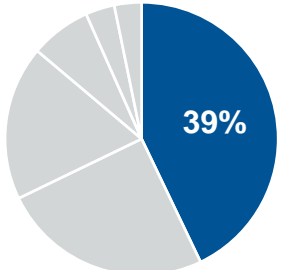
Frontal Airbags



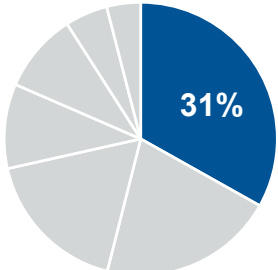
Side Airbags



Seatbelts



Steering Wheels



<sup>(1)</sup> Estimated 2017A market shares. Based on Autoliv's passive safety market definition including airbags, seatbelts and steering wheels










<sup>(2)</sup> Pro forma combination

# Well-Balanced Customer Base

Significant Presence in High-Growth Markets

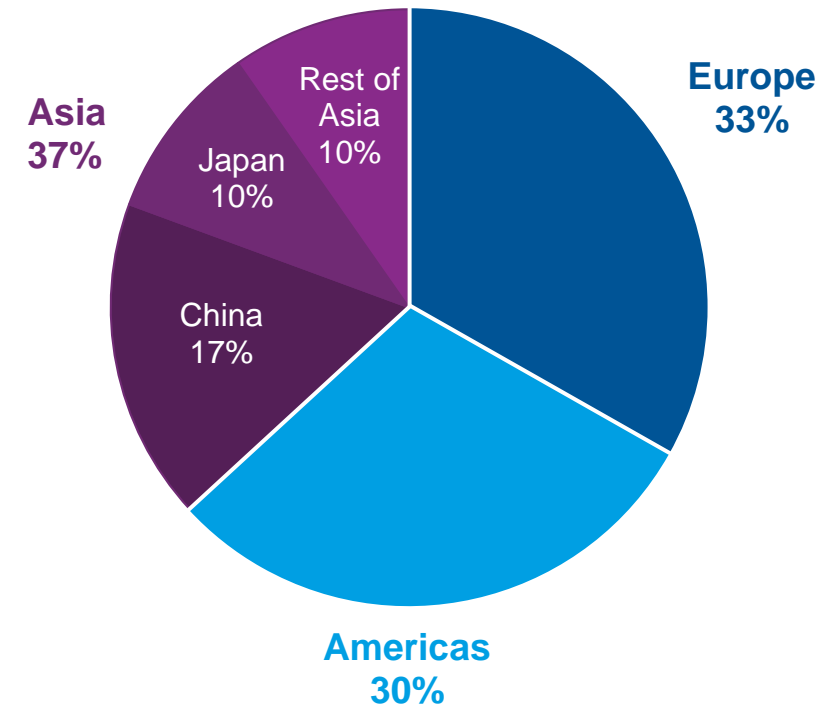
## Serving All Major OEMs...

% of 2017A Revenue<sup>(1)</sup>

 RENAULT NISSAN MITSUBISHI	15%	 GM	5%
 Ford	10%	<b>BMW GROUP</b>	4%
<b>VOLKSWAGEN</b> AKTIENGESELLSCHAFT	9%	<b>PSA</b> GROUPE	4%
 HYUNDAI / KIA MOTORS	9%	 MAZDA	2%
 TOYOTA	7%	 VOLVO	2%
<b>FCA</b> FIAT CHRYSLER AUTOMOBILES	7%	 长城汽车 Great Wall Motors	2%
<b>HONDA</b> The Power of Dreams	7%	 LAND-ROVER JAGUAR	2%
<b>DAIMLER</b>	6%	Others	9%

## ...Across All Key Automotive Regions

% of 2017A Revenue<sup>(1)</sup>



(1) Pro forma of M&A transactions amongst OEMs, including PSA's acquisition of Opel/ Vauxhall from General Motors and Nissan's stake purchase in Mitsubishi

# Autoliv Key Targets

**>\$10 Bn Revenue**  
2020

**~13% Adj. Operating Margin\***  
2020

**~1.0x Net Debt/ EBITDA**  
Over Time

(\*) Non-US GAAP measure excludes costs related to Antitrust matters, Leverage Ratio and Net Debt includes Pension Liability. The forward looking non-U.S. GAAP financial measures herein are provided on a non-U.S. GAAP basis. Autoliv has not provided a U.S. GAAP reconciliation of these measures because items that impact these measures, such as costs related to capacity alignments and antitrust matters, cannot be reasonably predicted or determined. As a result, such reconciliation is not available without unreasonable efforts and Autoliv is unable to determine the probable significance of the unavailable information.

# Our road to Success

We are fully focused on delivering on our 2020 targets

We operate in a market with long-term sustainable growth

We have the tools to maintain our new market position

Operational excellence is in our DNA, and it is what will take us to the next level



# Unprecedented Business Momentum Translating Into Growth

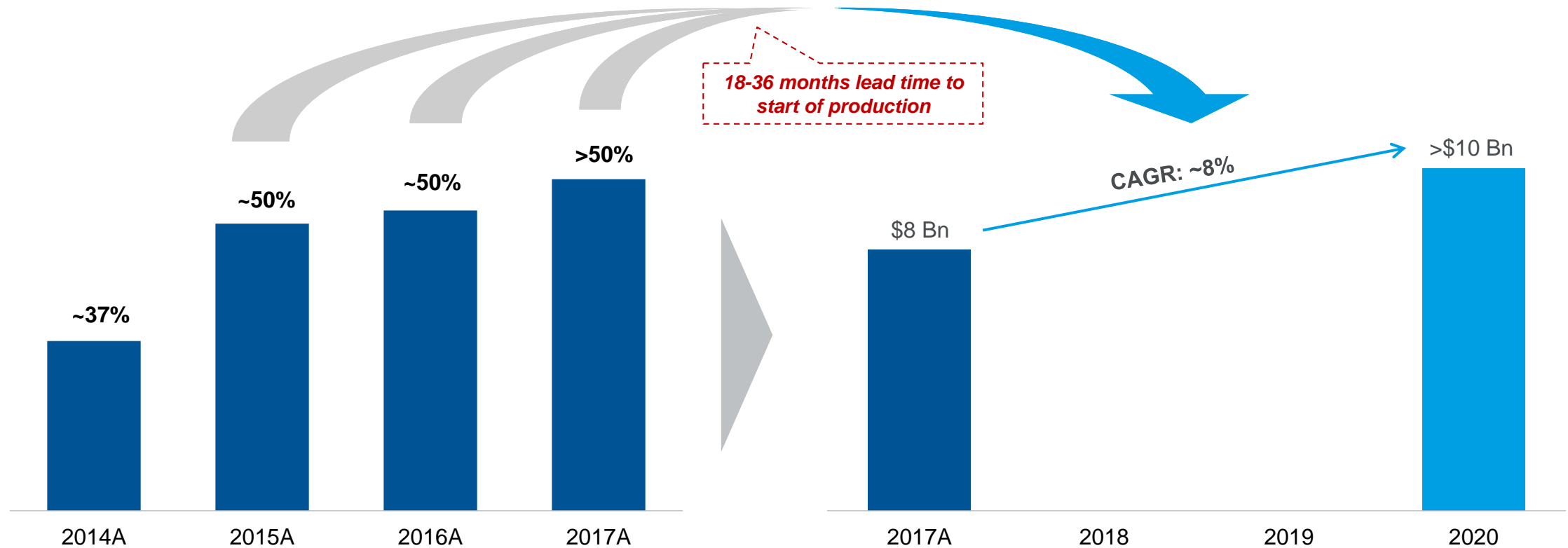
Order Intake Tailwind Driving Sales Growth: ~8% Revenue CAGR 2017A to 2020

## Strong Order Momentum...

Order Intake Share; 2014A-17A

## ...Translating Into Significant Revenue Growth<sup>(1)</sup>

Revenue; 2017A-20

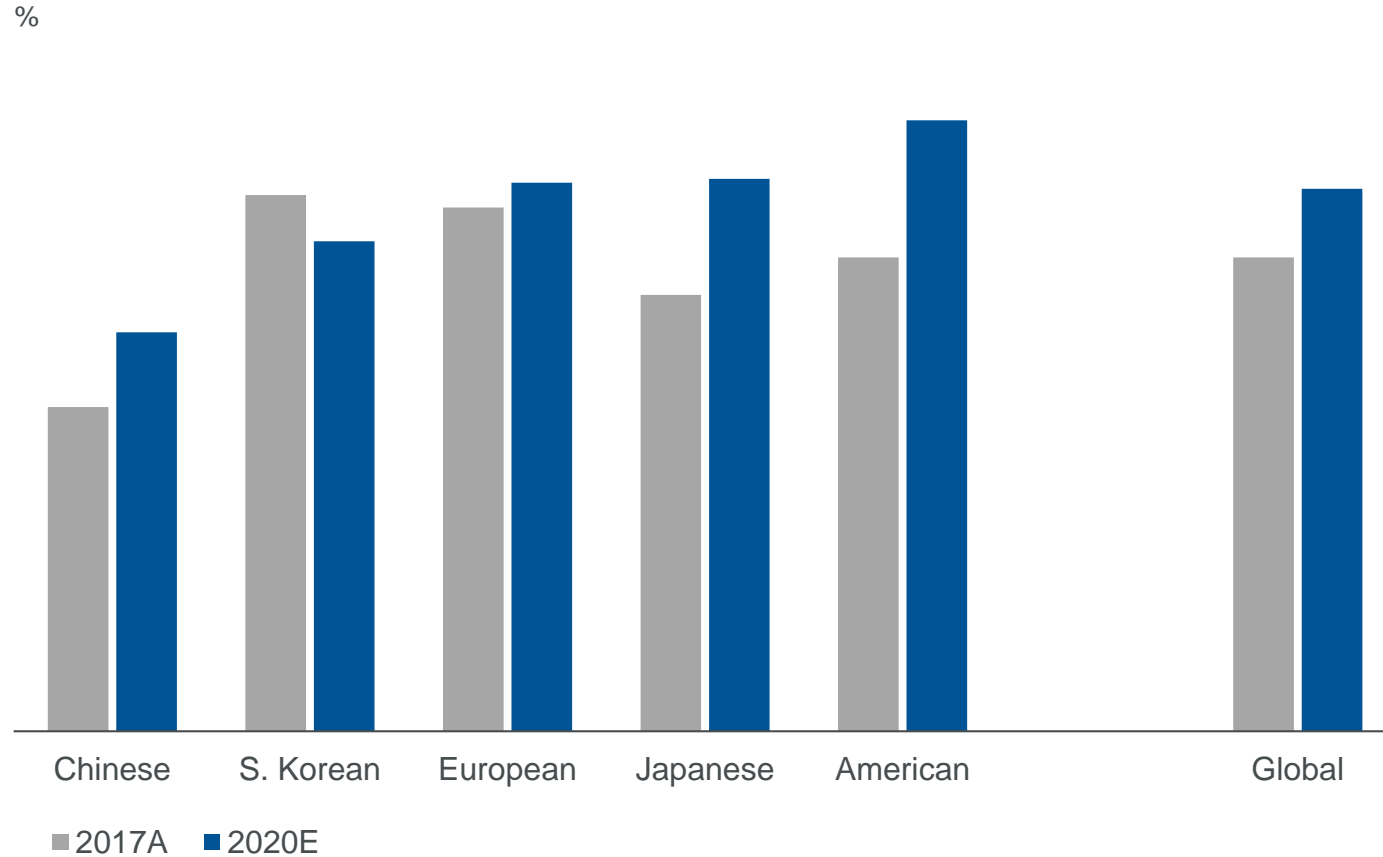


(1) Based on to IHS' LVP (Light Vehicle Production) outlook as of April, 2018.

# Long-Term Customer Focus, Local Presence & Quality Pays Off

Strong & Improving Positions With Key OEMs, Including Ambitious Chinese OEMs

## Market Share by Brand Origin

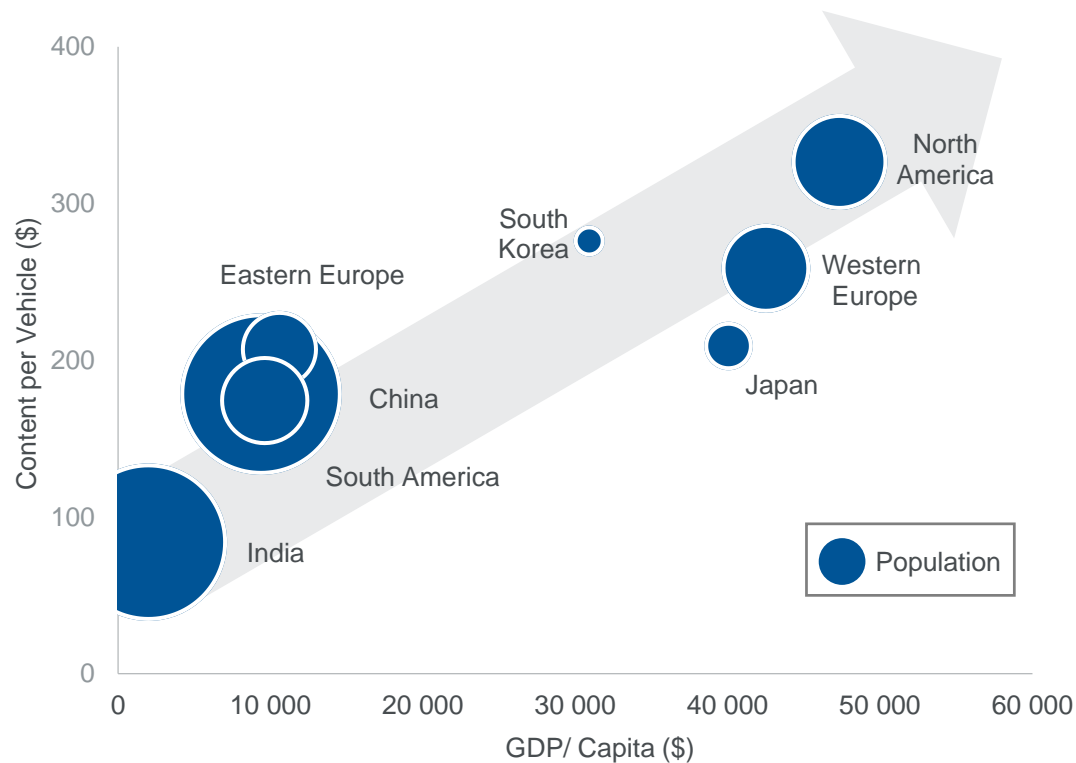


# Content per Vehicle Growth Propelled by Emerging Markets

Passive Safety Penetration Correlates to GDP/ Capita

## Gap to Developed Markets Expected to Close as Emerging Markets Mature...

Passive Safety Content per Vehicle<sup>(1)</sup> vs. Economic Development



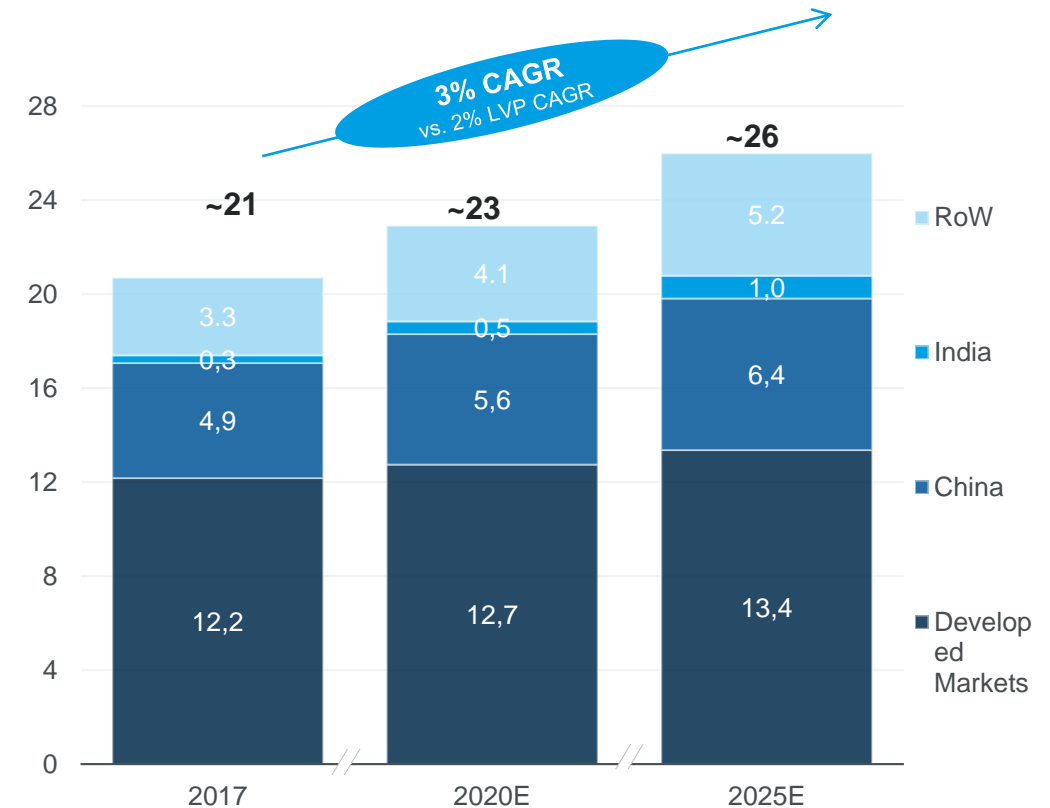
Sources: Company estimates, IMF data as of April 2017

(1) Company market estimates include seatbelts, airbags and steering wheels

(2) ALV estimate as of April 2017

## Autoliv's Total Addressable Market<sup>(1)</sup>

\$ Bn

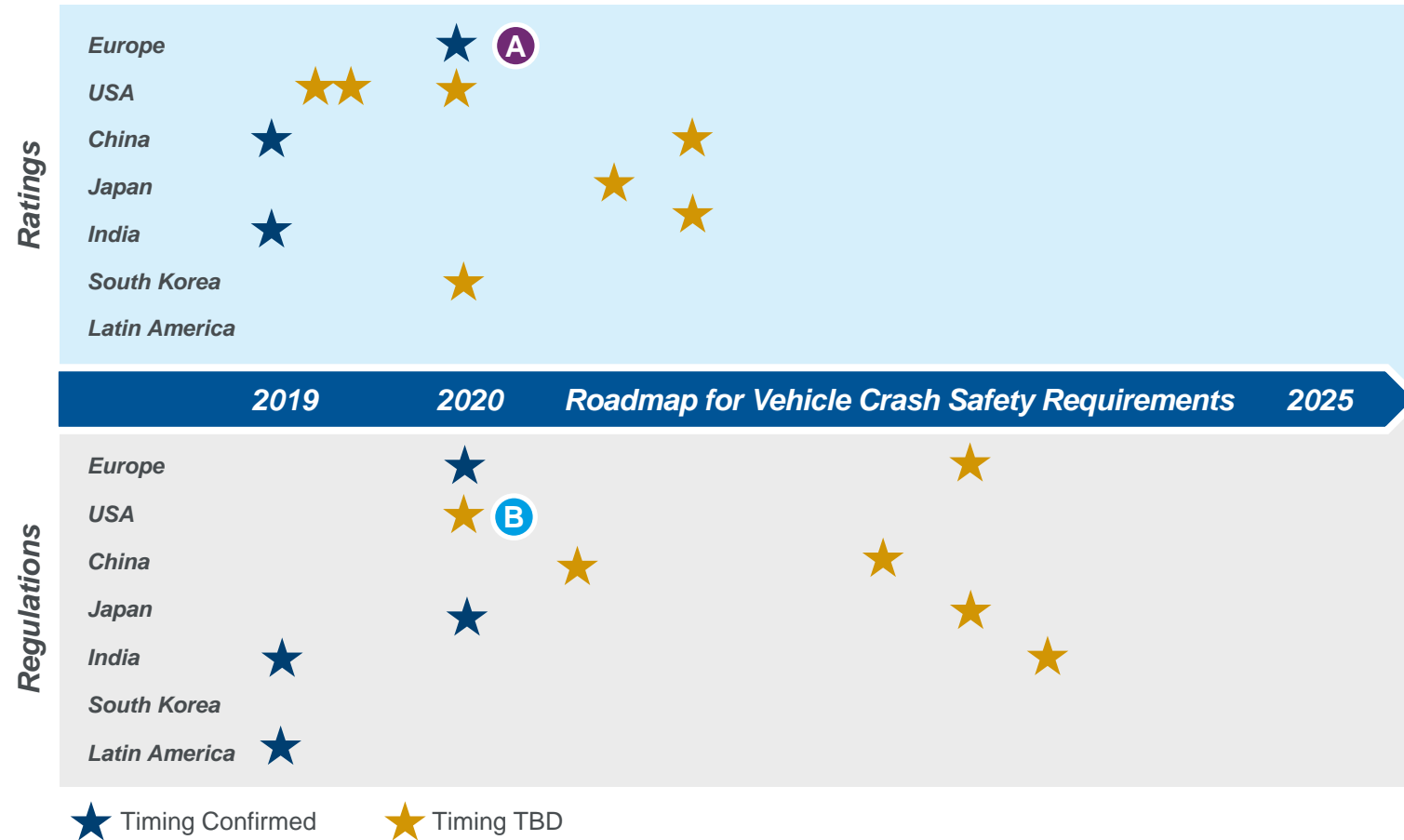


(1) Company market estimates include seatbelts, airbags, steering wheels, based on IHS LVP data from April, 2018

(2) Developed Markets: North America, Western Europe, Japan and South Korea

# Global Drive for Increased Safety Standards

Stricter Regulations & Increasingly Stringent Rating Frameworks



(1) New frontal crash test using oblique and THOR ("Test Device for Human Occupant Restraint") dummies



# Finding New Ways to Save More Lives

Numerous Potential Additional Growth Avenues to Explore, With High Prospective Returns

## Expansion Into Adjacent Verticals

### Current Products, New Markets



### Selected Examples:

- Commercial vehicles
- All terrain vehicles
- Interiors (E.g. Pyro Technical Safety Switches)

## Expansion Into Other End Markets

### New Products, New Markets



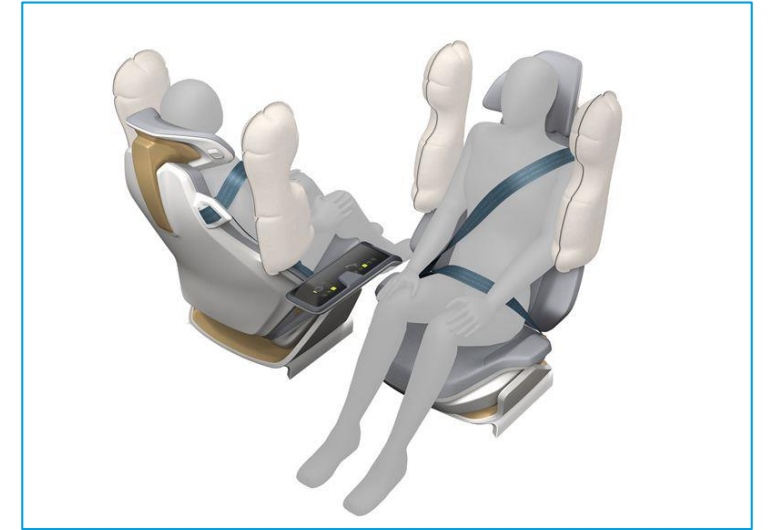
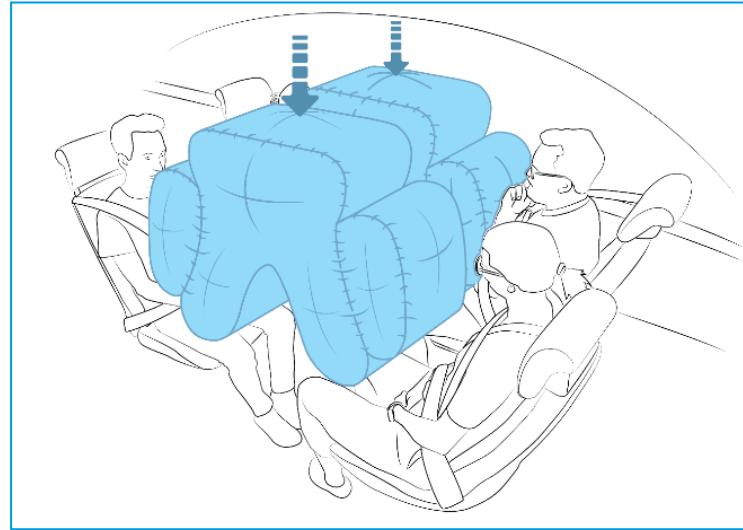
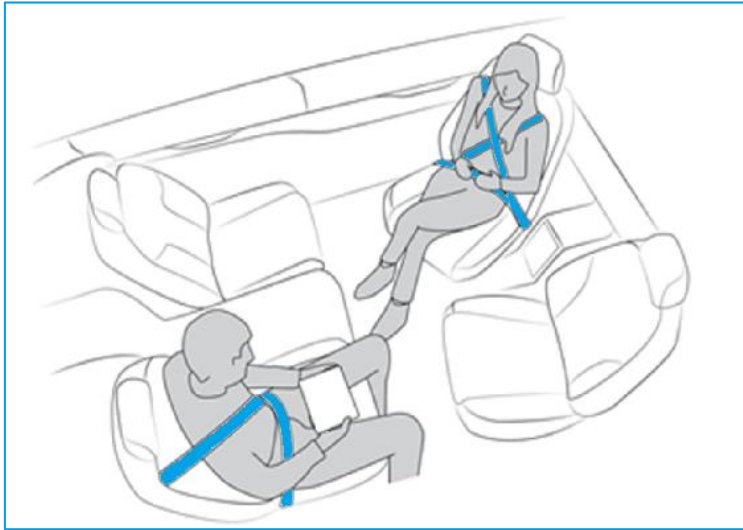
### Selected Examples:

- Airplanes
- Trains

# Future Mobility Provides New Opportunities

## More Advanced Passive Safety Solutions in Future Car

New Seating Concept Examples



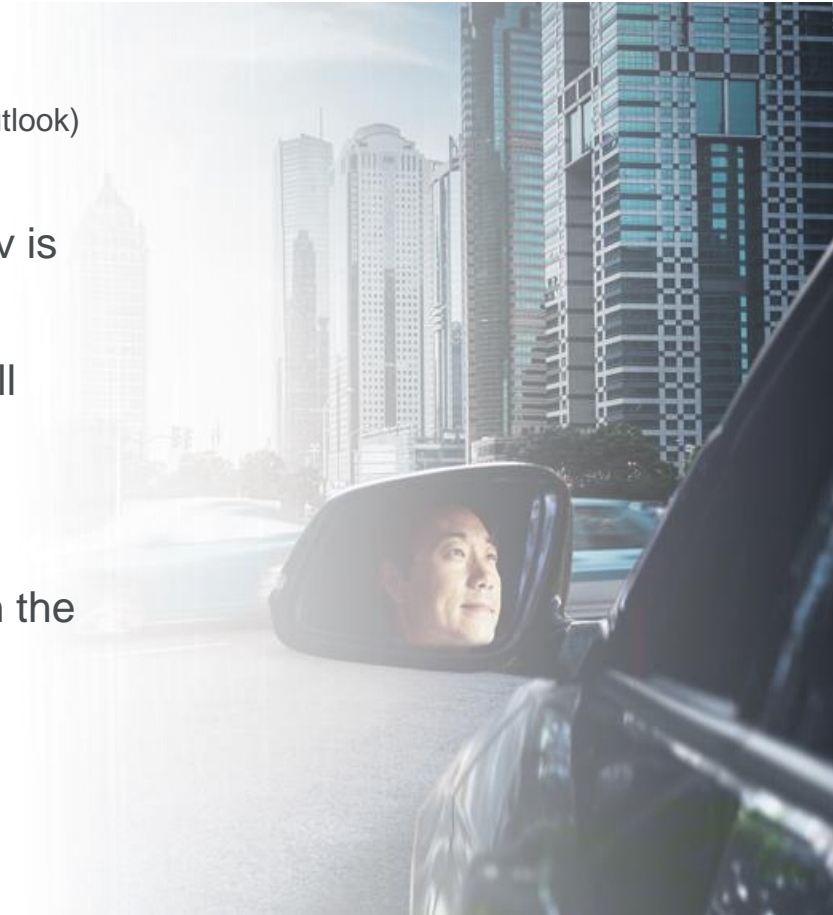


1<sup>st</sup>

# 2<sup>nd</sup> Quarter 2018 Financial Results

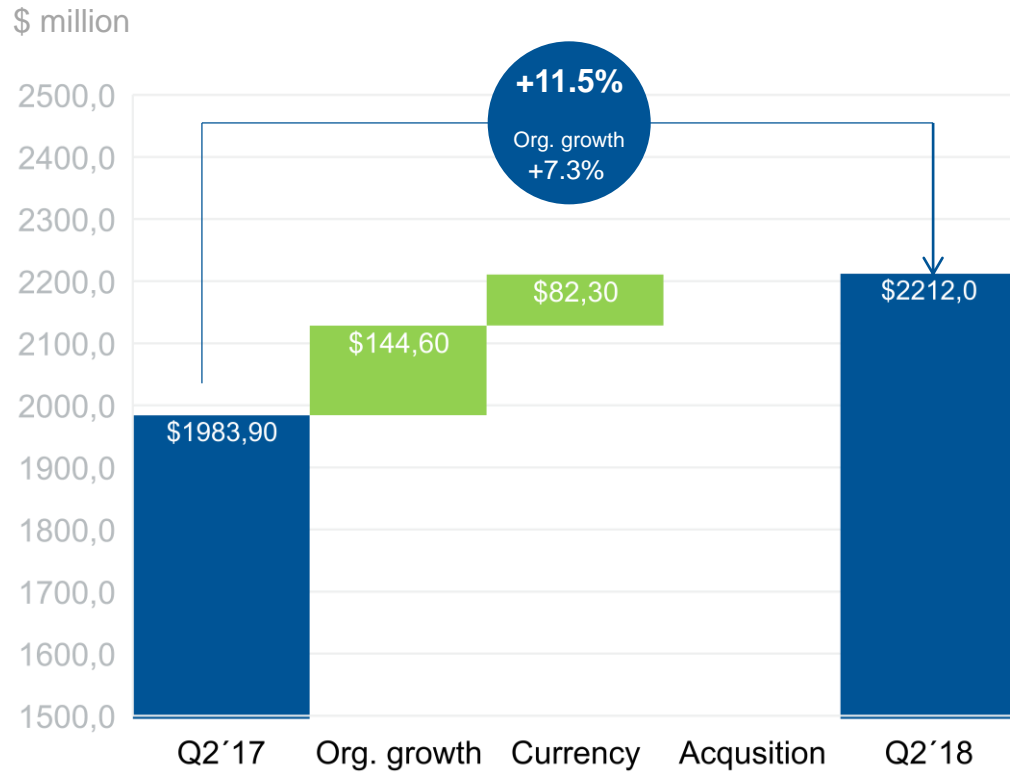
# Q2'18 Highlights

- Successful completion of the spin-off of Veoneer on June 29, 2018
  - ~\$1 billion capital injection into Veoneer while keeping long-term credit rating unchanged A- (with stable outlook)
- The management team is giving its full focus on 2020 target delivery. The full year growth and margin indication and continued strong order intake supports that Autoliv is on track towards 2020 targets
- The growth wave is here - strong organic growth from order intake in prior years, will accelerate in H2 vs H1
  - Launches on track albeit with slightly elevated launch related costs
  - Continued strong order intake supporting an increased market share
- Favorable fundamentals continued to drive higher global auto demand/production in the quarter. However, uncertainty about business fundamentals going forward

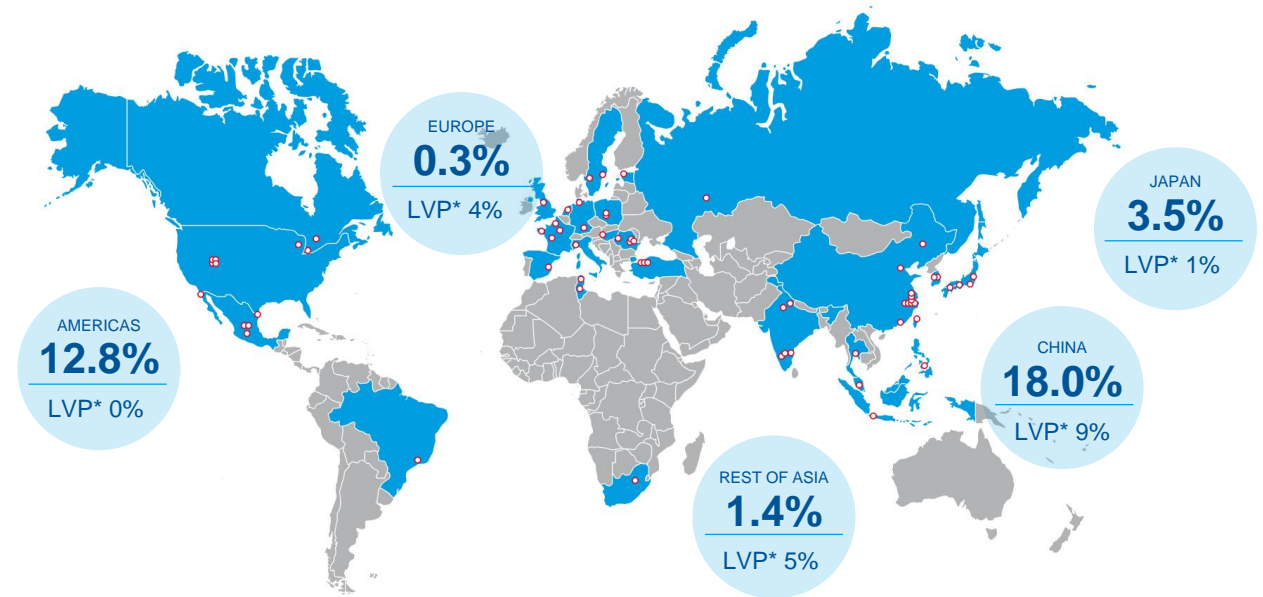


# Q2'18 Sales Growth

## Sales Bridge



## Regional Organic Growth\*\*

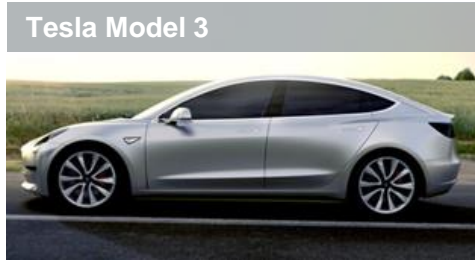


(\*) Light Vehicle Production (LVP) according to IHS @ July 16, 2018,

(\*\*) Non-US GAAP measure.

# 2018 - Key Models

Contributing to the ramp-up of organic sales\* growth

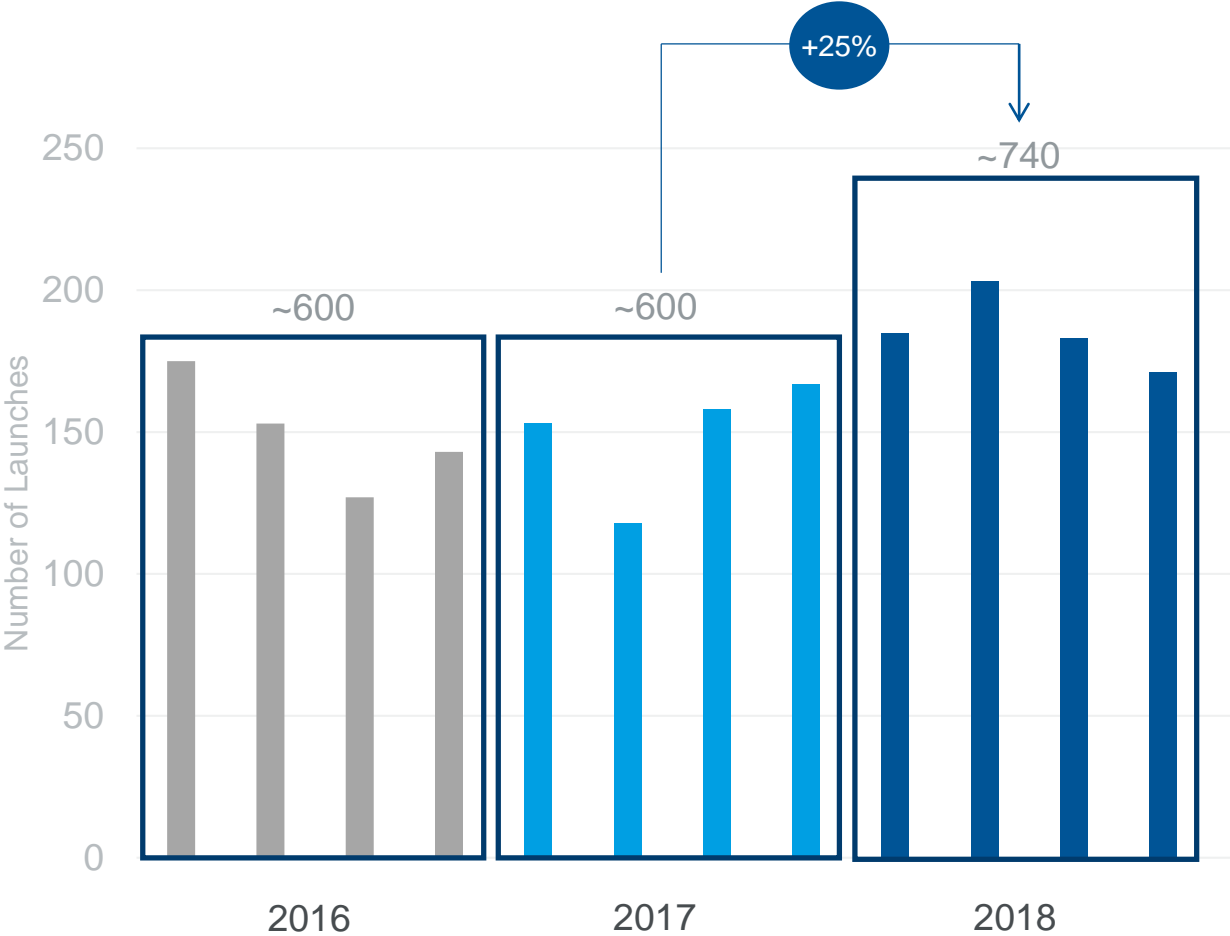


*These models are anticipated to contribute ~\$0.5B towards the expected Organic Sales growth of ~8% in FY'18*

*(\*) Non-US GAAP measure.*

# Product Launches per Quarter

Q2'18 increased >70% YoY



# Q2'18 Financial Overview

(US \$ Millions unless specified)	2018		2017	
Sales	\$2,212		\$1,984	
Gross Profit	\$440	19.9%	\$415	20.9%
Operating Income*	\$230	10.4%	\$216	10.9%
EPS* (assuming dilution)	\$2.22		\$1.50	
RoCE*	21%		n/a	
RoE*	25%		n/a	
Operating cash flow**	\$47		\$179	
Dividend per share	\$0.62		\$0.60	
GLVP** (annual run rate)	~93M		~89M	



## Step-up in growth for new focused Autoliv

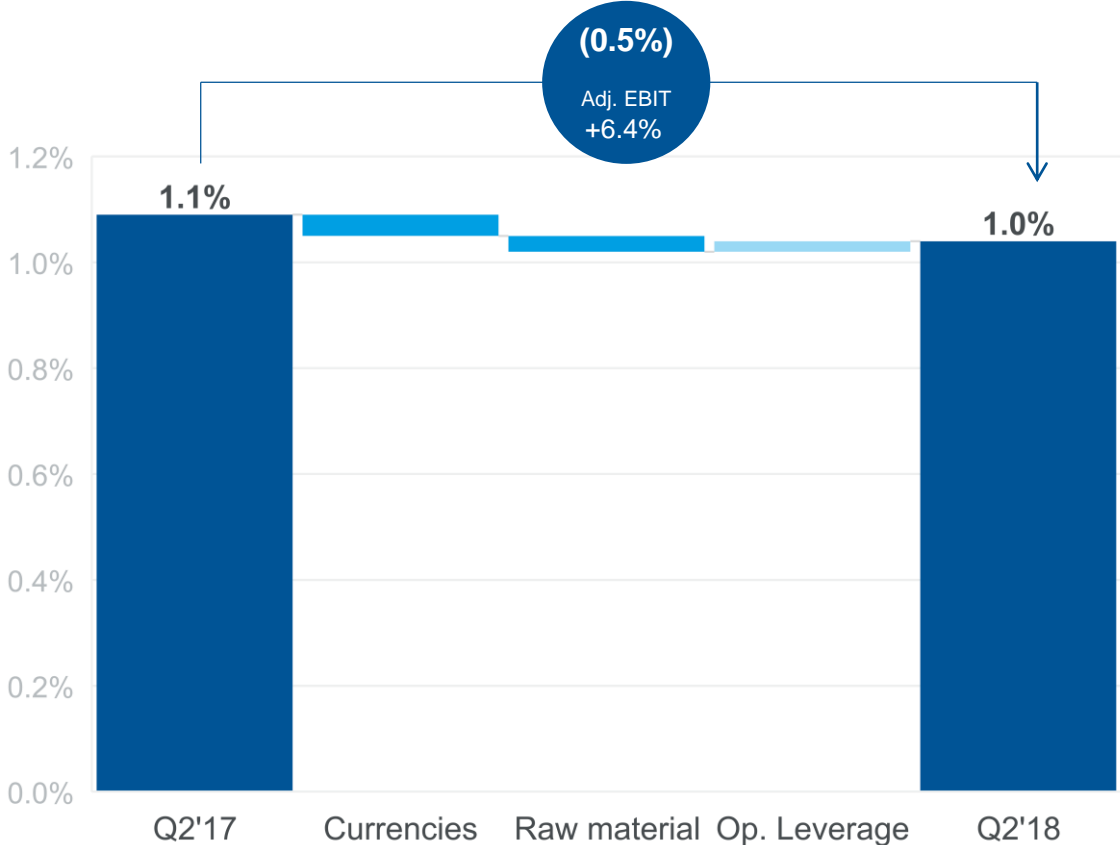
(\*) Non-US GAAP measures exclude costs for capacity alignments and antitrust related matters. Earnings per share (EPS), Return on Capital Employed (RoCE) and Return on Equity (RoE), (\*\*) Global Light Vehicle Production (GLVP) according to IHS @ July 16, 2018.

\*\* Cash flows is presented on a consolidated basis of both continuing and discontinued operations and net income attributable to a controlling interest.



# Operating Margin\* Bridge

Q2'18 vs. Prior Year



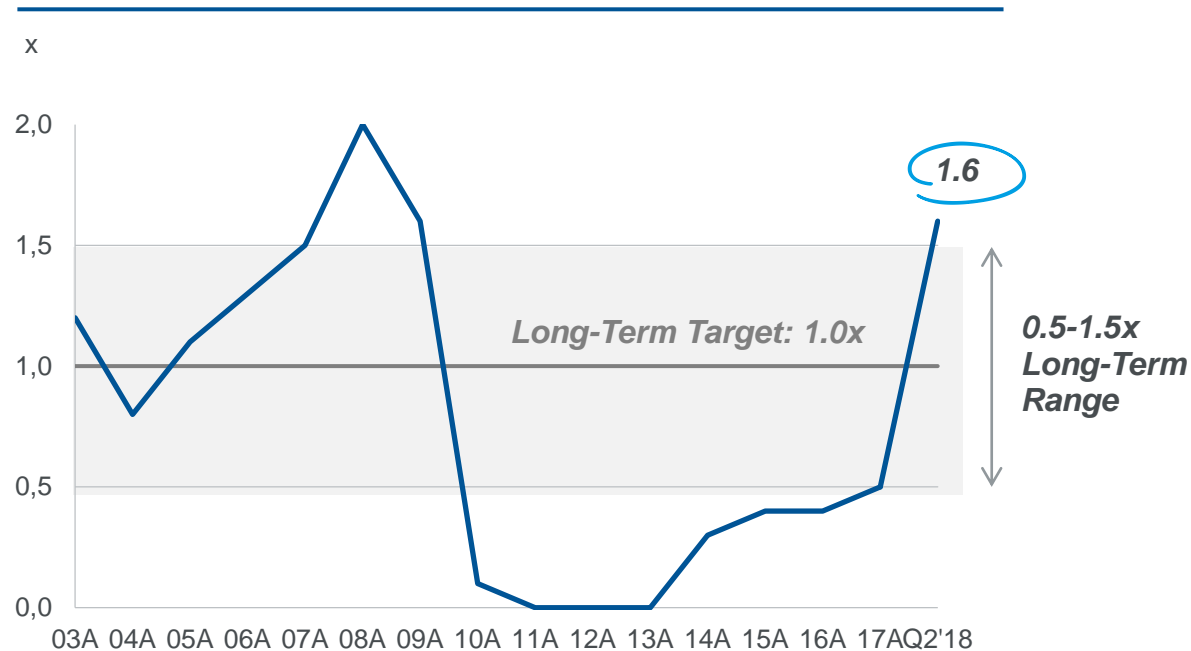
*Adjusted Operating Margin of 10.4% includes ~70 bps increase in Raw material and Currency impact*

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

# Strong Balance Sheet and Prudent Financial Policy

Committed to Maintain “Strong Investment Grade” Rating Supported by High FCF Conversion

## Net Debt/ EBITDA<sup>(1)</sup>



- ✓ Provided \$1B of cash liquidity for Veoneer at time of spin-off
  - Mix of new debt and existing cash
- ✓ S&P confirmed long-term credit rating A- (stable outlook)
- ✓ Q3'18 dividend set at unchanged level following the spinoff

- Focus unchanged,
  - Prudent balance sheet
  - Shareholder friendly capital allocation
- Primary tools for gearing remains buybacks and dividends
- Long term target remains Net Debt/ EBITDA<sup>(2)</sup> of 1.0x

(1) Autoliv Inc. group statistics, prior to spin; Non-US GAAP measure, please refer to past Annual Reports and 10-Q dated April 27, 2018, for reconciliations, Leverage Ratio and Net Debt includes Pension Liability,

(2) H1 Net Debt/ EBITDA (including pension liability), including additional new debt to fund \$1B Capital Injection into Veoneer at spin.

# Financial Outlook from July 27, 2018

## Consolidated sales, net and operating margin\*

	FY'18
<b>Sales</b>	
Organic*	~8%
Fx**	~2%
<b>Consolidated Sales, net</b>	<b>~10%</b>
<b>Operating Margin*</b>	<b>&gt;11%</b>

Exchange rates**	FY'18
EUR / US\$	1,1915
US\$ / JPY	110,31
US\$ / KRW	1100
US\$ / MXN	19,03
US\$ / CNY	6,52



(\*) Non-US GAAP measures exclude costs for capacity alignments, antitrust related matters and separation of the Electronics segment,

(\*\*) Mid-July 2018 exchange rates.



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

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