



Saving more lives

Earnings Conference call Webcast

2nd Quarter Financial Results
July 17, 2015



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(*) Non-US GAAP reconciliations are disclosed in our 8-K/10-K/10-Q filings available at www.sec.gov or www.autoliv.com.

Q2'15 Highlights

Sales growth in line, margins better than expected

■ Financial Performance

- Organic sales* growth 6.1%, vs. an LVP decline of 0.3%
- Operating margin* 9.5%, ~ 50 bps better than expected
- EPS* \$1.62, 12% better than PY
- Operating cash flow \$154M
- RoCE* ~ 24%, RoE* ~ 17%

■ Shareholders returns and Capital Structure

- Record dividend \$0.56 per share
- \$49M returned to shareholders

■ Active Safety

- Organic sales* growth ~ 26%
- Expanding capabilities through acquisitions

● Strong product and geographic diversification supporting solid financial performance.

(*) Non-US GAAP measure, Earnings per share (fully diluted), Return on Capital Employed and Return on Equity exclude costs for capacity alignments and antitrust matters, Light Vehicle Production according to IHS @ July 16, 2015.

Enhancing our Growth and System Capability Thru Strategic M&A

■ Entered into an IP license with Volvo Car Corporation (VCC)



- Provides access to advanced driver assistance algorithms and certain active safety features (ex. ACCPlus, emergency maneuver and intersection assist, sensor fusion).

➤ In combination with Autoliv's own algorithms, sensors and control systems this strengthens Autoliv's overall safety system integration capabilities

■ Acquired MACOM's "Automotive Solutions" Business



- 25 employees, annual sales ~ \$90M, margin accretive upon closing
- GPS* module, Electronic Horizon, other related RF* products and IP*

➤ Additional building blocks towards automated driving

🔗 Expanding our capabilities and feature-set towards automated driving.

(*) Global Positioning System, Radio Frequency, Intellectual Property.

Strong Performing Models

Contributing to solid organic sales* growth in Q2'15

Mercedes C-Class



Hyundai Tucson/ix35



Mercedes B-Class



Acura TLX



KIA Sorento



Ford Escort



VW Passat



Baojun 730



Land Rover Discovery Sport



🟡 Active Safety organic sales* growth ~ 26% in Q2'15.

(*) Non-US GAAP measure.

Strong Volume Growth

Unit growth exceeds LVP in all product areas

| Autoliv Quantities Delivered (Millions unless specified) | Q2'15 | vs. PY |
|--|--------------|---------------|
| Seatbelts | 37.2 | 2% |
| • Pretensioners (of which) | 15.2 | 1% |
| • Active Seatbelts (of which) | 0.8 | 18% |
| Frontal Airbags | 12.4 | 8% |
| • Knee Airbags (of which) | 1.5 | 12% |
| Side Airbags | 23.0 | 6% |
| • Chest (Thorax) | 12.4 | 6% |
| • Head (Curtain) | 10.6 | 7% |
| Steering Wheels | 4.2 | 6% |
| Electronic Control Units | 4.7 | 6% |
| Active Safety Sensors | 1.6 | 39% |
| LVP* TRIAD | 10.1 | 0.2% |
| LVP* GLOBAL | 21.7 | (0.3)% |

🟡 Strong volume growth in all product areas

(*) Light Vehicle Production according to IHS @ July 16, 2015, TRIAD (WEU, North America, Japan).

China Market Uncertainty Increasing

Light vehicle growth is slowing



■ Market driven

- YTD'15 LVP growth rate is slowing
- Negative inventory trend over the last 18 months
- Many customers extending summer downtime or reducing shifts

■ ALV specific

- Negative vehicle mix including model transitions
- Strong growth with several COEMs, however lower volumes expected on FY'15 launches

■ ALV actions

- Maintaining vertical integration strategy to support long-term LVP* and CPV* growth
- Continued engineering efforts in both Passive and Active safety
- Tightened cost control to mitigate the margin effects of lower growth

🟡 Despite uncertainties and market volatility, we remain confident in our long-term growth prospects for China

(*) Light vehicle production and content per vehicle.

Market Conditions

Increasing uncertainty in the macro environment

■ Asia

- Slowing growth in China with increasing inventories, LVP increase ~ 5% for H2'15
- Japan LVP is expected to decline ~ 2% for H2'15
- RoA LVP growth of ~ 4% for H2'15, driven by India and Thailand

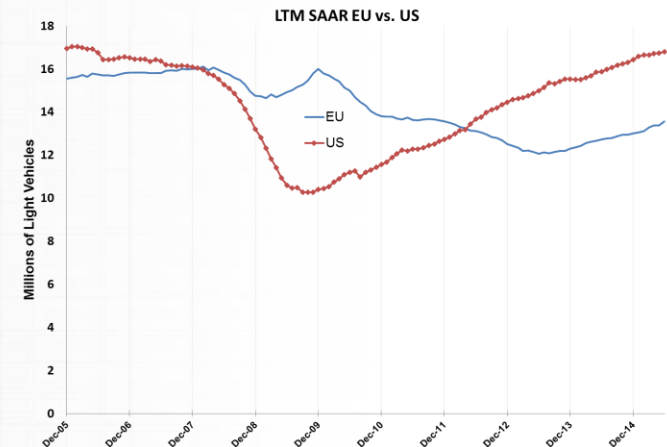
■ Americas

- Stable US SAAR around 17M with reasonable inventories** ~ 60 days
- North America LVP increase ~ 4% for H2'15
- South America LVP no signs of a real recovery

■ Europe

- EU27** vehicle registrations continue to steadily recover while EEU LVP declines YoY continue
- LVP is expected to slightly increase ~ 2% for H2'15

| FY'15 LVP * @ July. 16, 2015 | | |
|------------------------------|------------------|----------|
| Region | Vehicles (Mil's) | YoY Chg. |
| China | 22.9 | +5% |
| Japan | 8.5 | (6)% |
| RoA | 12.4 | +2% |
| North America | 17.5 | +3% |
| South America | 3.2 | (15)% |
| Europe | 20.5 | +2% |
| Global | 87.2 | +1.8% |



🚗 LVP* is expected to increase YoY 2.4% in H2'15 but decline sequentially 1.5% from H1'15

(*) Light Vehicle Production according to IHS @ July 16, 2015, (**) Source: ACEA & Ward's Auto.

Business Segment Update

During the last twelve months

■ Passive Safety

■ Inflator replacement program

- Current best estimate is to supply up to 20 million inflators
- Increase in new business awards for frontal airbags

■ Electronics

■ Expanding customer base, 43 model awards

■ System award with a new global customer

■ 2015 new product / technology launches

- Vision, radar and safety domain ECU*
 - solid business beyond current serial production contracts
- Significant OEM interest in our stereo and mono vision offerings
 - functions include AEB*, LKA*, Pedestrian Detection, Free Space / Road Surface

🚗 Building on our strong global customer reach and broad product offering in Passive and Active Safety

(*) Last Twelve Months, Electronic Control Unit, Autonomous Emergency Braking, Lane Keep Assist.

Q2 Financial Overview

Solid financial performance

(US\$ Million's unless specified)

| | 2015 | 2014 |
|----------------------------------|--------------------|--------------------|
| Sales | \$2,292 | \$2,383 |
| Gross Profit | \$460 20.1% | \$464 19.5% |
| Operating Income* | \$217 9.5% | \$221 9.3% |
| EPS* (assuming dilution) | \$1.62 | \$1.45 |
| RoCE* | 24% | 25% |
| RoE* | 17% | 14% |
| Operating Cash flow | \$154 | \$86 |
| Dividend** | \$0.56 | \$0.52 |
| GLVP*** (annual run rate) | ~ 86.7M | ~ 86.9M |

🟡 Q2'15 currency translation effect on sales ~ (\$237)M

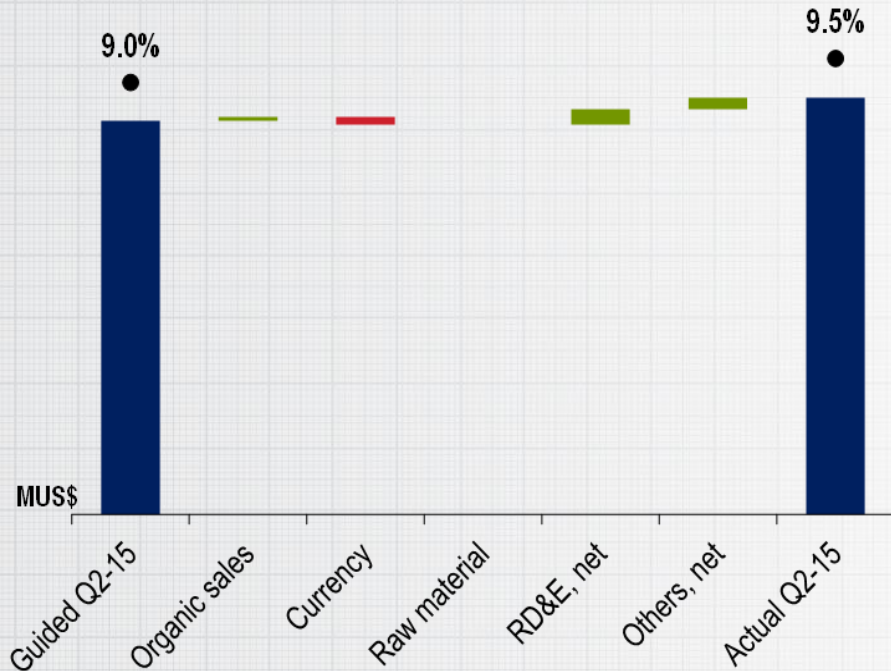
(*) Non-US GAAP, Earnings per share, Return on Capital Employed and Return on Equity exclude costs for capacity alignments and antitrust matters,

(**) Dividend paid per share, (***) Global Light Vehicle Production according to IHS @ July 16, 2015.

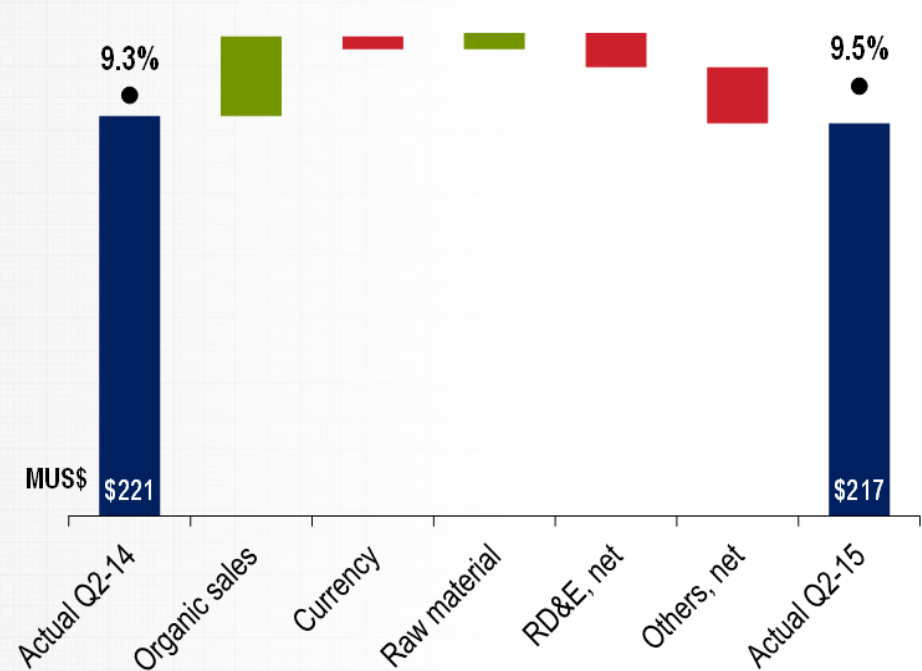
Operating Income and Margin* Bridge

Q2'15 vs. Guidance and Prior Year

Q2'15 vs. Guidance (50 bps better)



Q2'15 vs. Prior Year (20 bps better)



🟡 Operating Margin* 9.5%.

(*) Non-US GAAP measure, excludes costs for capacity alignments and antitrust matters.

Cash Flow

Investments for growth in CapEx and shareholder returns

| (US\$ Million's unless specified) | Q2 2015 | Q2 2014 | LTM | FY 2014 | FY 2013 | FY 2012 | FY 2011 |
|-----------------------------------|--------------------|--------------------|------------|--------------------|--------------------|--------------------|--------------------|
| Net Income | 137 | 83 | 427 | 469 | 490 | 486 | 627 |
| Depreciation & Amortization | 76 | 77 | 304 | 305 | 286 | 273 | 268 |
| Other, net | 4 | 5 | 27 | 42 | 43 | 10 | 38 |
| Change in operating WC * | (63) | (79) | (83) | (103) | 19 | (80) | (175) |
| Operating cash flow | 154 | 86 | 675 | 713 | 838 | 689 | 758 |
| Capital Expenditures, net | (109) | (115) | (483) | (453) | (379) | (360) | (357) |
| Free cash flow ** | 45 | (29) | 192 | 260 | 459 | 329 | 401 |
| Dividend payment | 49 | 48 | 195 | 195 | 191 | 178 | 154 |
| Share repurchase | 0 | 97 | 529 | 616 | 148 | 0 | 0 |

🔴 Shareholder returns of \$49M during Q2'15.

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

Segment Reporting

Q2

| | Organic Growth * | Operating Margin | | CapEx | | D&A | |
|----------------------------|------------------|------------------|---------------|-------------|-------------|-------------|-------------|
| | | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Passive Safety *** | 5.7% | 10.2% | 5.5% | 5.3% | 4.8% | 3.3% | 3.2% |
| Airbags | 7.1% | | | | | | |
| Seatbelts | 2.9% | | | | | | |
| Electronics *** | 8.3% | 3.2% | 4.8% | 3.5% | 4.7% | 2.9% | 2.9% |
| Passive Safety Electronics | 0.7% | | | | | | |
| Active Safety | 25.6% | | | | | | |
| Autoliv Group **** | 6.1% | 9.5% * | 9.3% * | 4.8% | 4.8% | 3.3% | 3.2% |
| GLVP ** | (0.3)% | | | | | | |

🌐 Segment reporting under our new organizational structure.

(*) Non-US GAAP Organic Sales Growth, Operating margin excludes costs for capacity alignments and antitrust matters, (**) Global Light Vehicle Production according to IHS @ July 16, 2015, (***) Segment reporting, org growth refers to net sales for the segments and ext sales for product groups, (****) CapEx, net.

Looking Ahead

Q3'15 Guidance**

■ Sales

- **YoY organic sales* increase > 7%**
 - Mainly related to strong growth in Active Safety, Europe, North America, and inflator replacement business along with growth in China
- **Sequential consolidated sales decrease ~ 5%**
 - Mainly due to the seasonality effect in Europe and South Korea

■ Operating Margin* ~ 9%

- **YoY**
 - Positive effects from organic sales*, commodity costs and currencies are partly off-set by RD&E, net and costs related to the ramp-up of capacity for growth
- **Sequential**
 - Lower organic sales* effect and higher RD&E, net

🔄 Organic sales* growth in Q3'15 is more than offset by negative currency translation effects.

(*) Non-US GAAP measures, Operating Margin excludes costs for capacity alignments and antitrust matters, (**) Excludes acquisitions.

Looking Ahead

FY'15 Indication**

■ Sales

- **YoY organic sales* increase > 6%**
 - Mainly related to strong growth in Active Safety, Europe, North America and the inflator replacement business
- **YoY currency translation effect > (8)%**
 - Primarily due to the strengthening US \$

■ Operating Margin* ~ 9.5%

- **YoY**
 - Positive effects from organic sales*, commodity costs and currencies are partially off-set by RD&E, net and cost related to the ramp-up of capacity for growth and vertical integration

🚫 FY'15 indication maintained despite a deteriorating situation in China.

(*) Non-US GAAP measures, Operating Margin excludes costs for capacity alignments and antitrust matters, (**) Excludes acquisitions.

Financial Outlook**

| | Q3'15 | FY'15 |
|-------------------------------|------------------|----------------|
| <u>Sales</u> | | |
| Organic* | > 7 % | > 6% |
| Acquisitions / (Divestitures) | - | - |
| Fx*** | > (9)% | > (8)% |
| Consolidated Sales | < (2)% | ~ (2)% |
| Operating Margin* | ~ 9% | ~ 9.5% |

| Exchange rates*** | Q3 2015 | FY 2015 |
|-------------------|---------|---------|
| EUR / US\$ | 1.1063 | 1.1110 |
| US\$ / JPY | 121.39 | 120.90 |
| US\$ / KRW | 1134 | 1116 |
| US\$ / MXN | 15.80 | 15.46 |
| US\$ / CNY | 6.21 | 6.21 |

🔴 For FY'15 margins are expected to improve even with higher RD&E, net.

(*) Non-US GAAP measures, Operating Margin excludes costs for capacity alignments and antitrust matters, (**) Excludes acquisitions, (***) Mid-July exchange rates.

Autoliv
Safety Systems

*Active
Safety*

*Passive
Safety*

Autoliv

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

and prevent ten times
as many severe injuries