



Saving More Lives

Earnings Conference call Webcast

2nd Quarter Financial Results
July 22, 2016



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(*) Non-US GAAP reconciliations are disclosed in our regulatory filings available at www.sec.gov or www.autoliv.com.

Q2'16 Highlights

Solid performance

■ Financial Performance

- Organic sales* growth close to 8%, ~3 times better than LVP**
- Operating margin* 8.6%, in-line with guidance
- EPS* \$1.75, ~8% better YoY**
- RoCE* ~20%, RoE* ~16%
- Operating cash flow \$103M

■ Capital Structure

- \$51M returned to shareholders through dividends
- Renewed Revolving Credit Facility

■ Electronics

- Active Safety organic sales* growth ~30%
- Consolidated Autoliv-Nissin Brake Systems (ANBS)
- Expanded Active and Passive customer base with two key awards

■ Maintained our operating margin guidance despite lower than expected organic sales growth

(*) 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 @ July 15, 2016, Year over Year.(YoY).

Looking ahead

Strong order intake continued during H1'16

■ Growth

- Ramp-up of new business awards is accelerating in Passive Safety
- Further market opportunities are available
- Positive development to surpass our end of decade Sales growth rate target of 7%

■ Company Transformation continues

- Additional engineering resources are now required in 2016 and 2017 to capture growth opportunities and support new projects
- Increase our RD&E, net range of 6.5 to 7% of sales from 6 to 6.5% of sales

📍 RD&E, net was 6.7% of sales during H1'16

Unit Volume

Growth exceeds LVP* in most product areas

Autoliv Quantities Delivered (Millions unless specified)	Q2'16	vs. PY
Seatbelts	38.0	2%
• Pretensioners (of which)	17.8	17%
• Active Seatbelts (of which)	0.8	5%
Frontal Airbags	12.6	2%
• Knee Airbags (of which)	1.5	3%
Side Airbags	24.2	5%
• Chest (Thorax)	13.1	6%
• Head (Curtain)	11.1	5%
Steering Wheels	4.4	4%
Electronic Control Units	4.9	5%
Brake Control Units**	0.5	n/a
Active Safety Sensors**	2.6	73%
LVP* TRIAD	10.3	3.8%
LVP* GLOBAL	22.2	3.0%

🔍 Strong mix in high-value added seatbelts

(*) Light Vehicle Production (LVP) according to IHS @ July 15, 2016, TRIAD (WEU, North America, Japan), (**) Includes acquisitions.

Strong Performing Models

Contributing to our overall organic sales* growth in Q2'16

Honda Civic



Renault Kadjar



Mercedes GLE



Mercedes C-Class



Renault Megane



KIA Sportage



Ford F-Series



Toyota Prius



Hyundai Tucson



🚗 Q2'16 Active Safety organic sales* growth ~30%, all of these models include our Electronics products except the Prius

(*) Non-US GAAP measure.

China Update

Light vehicle production appears to have stabilized for now

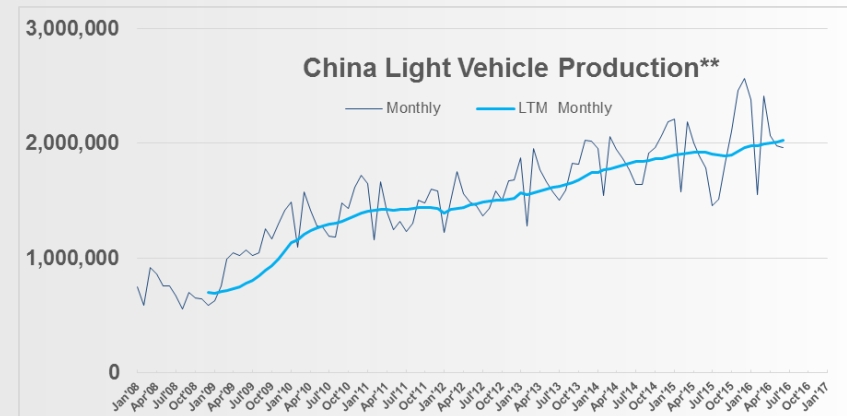


Market

- Solid H1'16 with an increase in LVP** of ~6% and an increase in LV sales** ~8%, both most likely boosted by incentives
- LV Inventories** improved during Q2'16
- Monthly fluctuations remain erratic

Autoliv

- Strong organic sales* growth in H1'16 of ~12% driven by local and global OEMs**
- Strong organic sales* growth anticipated for FY'16 with several local Chinese and multiple global OEMs**
- China NCAP** under consideration for 2018
 - Improved rear-seat and side protection
 - Pedestrian protection
 - AEB



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

(*) Non US GAAP measure. (**) Light vehicle production (LVP) according to IHS @ July 15, 2016, Original Equipment Manufacturer's (OEMs), According to CAAM and CADA, New Car Assessment program (NCAP).

Overall Market Conditions

Macro environment remains mixed

■ Asia

- China sales** recovery continues, LVP* increase ~16% for Q3'16 YoY
- Japan LVP increase ~1% for Q3'16 YoY
- RoA LVP is roughly flat for Q3'16 YoY

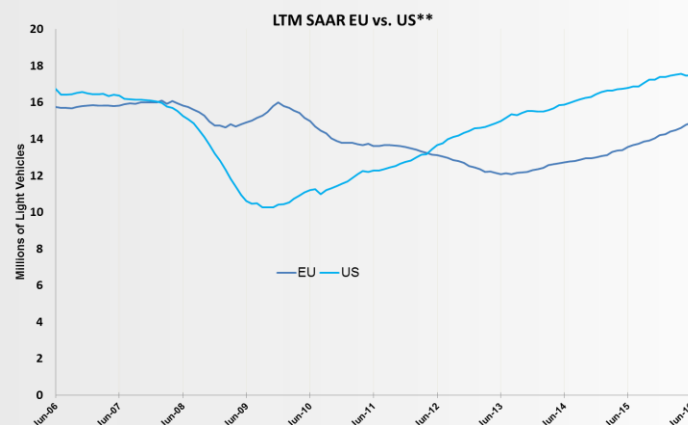
■ Americas

- US SAAR** LTM flattening, while inventories** remain ~66 days
- North America LVP increase ~4% for Q3'16 YoY
- South America still shows no sign of a real recovery, LVP decline ~3% for Q3'16 YoY

■ Europe

- EU27** vehicle registrations continue to show a steady recovery
- LVP is expected to be flat for Q3'16 YoY whereof WEU is expected to increase ~1%

FY'16 LVP*		
Region	Vehicles (Mil's)	YoY Chg.
China	24.2	+6%
Japan	8.5	(1)%
RoA	12.4	0%
North America	16.9	+3%
South America	2.6	(13)%
Europe	21.5	+3%
Global	88.4	+2.8%



🔴 In Q3'16 the LVP* is expected to increase ~5% vs. prior year and sequentially decline by ~6% from Q2'16

(*) Light Vehicle Production (LVP) according to IHS @ July 15, 2016, Year to Date (YTD), Year over Year (YoY), (**) Source: ACEA, Ward's Auto, CAAM.

Q2 Financial Overview

Record sales and gross profit

(US\$ Millions unless specified)

	2016		2015	
Sales	\$2,579		\$2,292	
Gross Profit	\$527	20.4%	\$460	20.1%
Operating Income*	\$221	8.6%	\$217	9.5%
EPS* (assuming dilution)	\$1.75		\$1.62	
RoCE*	20%		24%	
RoE*	16%		17%	
Operating Cash flow	\$103		\$154	
Dividend per share	\$0.58		\$0.56	
GLVP** (annual run rate)	88.7M		86.1M	

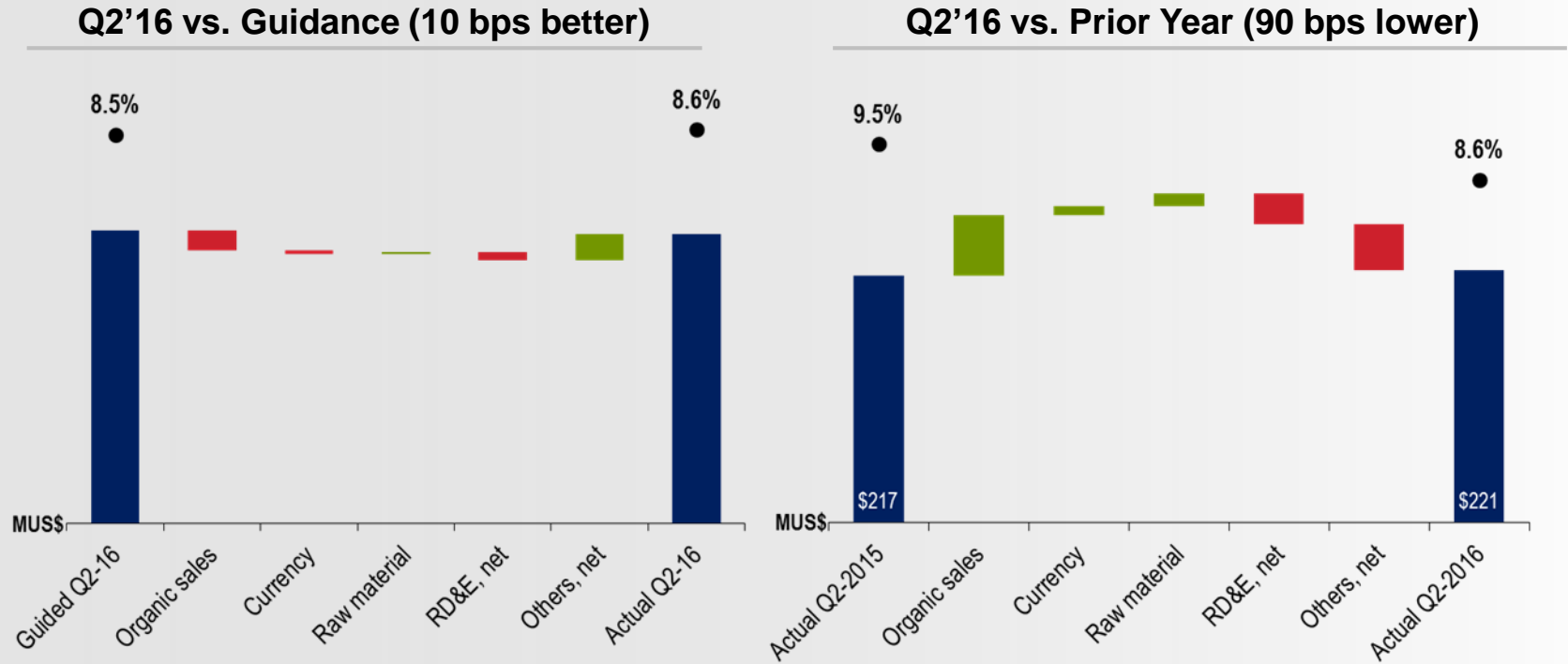
📌 \$37M negative currency translation sales effect during the 2nd quarter

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

(**) Global Light Vehicle Production (GLVP) according to IHS @ July 15, 2016.

Operating Income and Margin* Bridge

Q2'16 vs. Guidance and Prior Year



Operating margin* 8.6% includes 110 bps increase in RD&E, net and 50 bps of negative acquisition effects YoY

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

Cash Flow

Investments for growth and shareholder returns

(US\$ Million's unless specified)

	Q2 2016	Q2 2015	LTM*	FY 2015	FY 2014	FY 2013	FY 2012
Net Income	148	137	567	458	469	490	486
Depreciation & Amortization	97	76	351	319	305	286	273
Other, net	1	4	18	0	42	43	10
Change in operating WC **	(143)	(63)	(121)	(26)	(103)	19	(80)
Operating cash flow	103	154	816	751	713	838	689
Capital Expenditures, net	(130)	(109)	(433)	(450)	(453)	(379)	(360)
Free cash flow ***	(27)	45	383	301	260	459	329
Acquisitions, net	0	0	355	128	(1)	2	(3)
Dividends paid	51	49	199	196	195	191	178
Shares repurchased	0	0	0	104	616	148	0

🔍 Acquisitions, CapEx for growth and Shareholder returns ~\$1B over the LTM

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

Q2 Segment Reporting

Strong growth in all product areas

	Organic Sales* Growth (%)	<u>Operating Margin</u> (%)		<u>CapEx</u> (%)		<u>D&A</u> (%)	
		2016	2015	2016	2015	2016	2015
Passive Safety ***	5.6	10.4	10.2	5.0	5.3	3.5	3.3
Airbags	5.7						
Seatbelts	5.0						
Electronics ***	18.5	2.5	3.2	4.6	3.5	4.2	2.9
Passive Safety Electronics	14.2						
Active Safety Products	29.6						
Brake Control Systems	n/a						
Autoliv*	7.7	8.6	9.5	5.0	4.8	3.8	3.3
GLVP **	3.0						

Passive Safety operating margin includes antitrust related settlements and capacity alignments

(*) Non-US GAAP measures exclude costs for capacity alignments and antitrust related matters, Organic Sales growth, Operating Margin, (**) Global Light Vehicle Production (GLVP) according to IHS @ July 15, 2016, (***) Segment reporting, organic growth refers to net sales for the segments and external sales for product groups.

Looking Ahead

Q3'16 Guidance

■ Sales

- **YoY organic sales* increase ~6%**
 - Mainly related to strong growth in China, Europe and North America
- **YoY acquisition effect ~6%**
- **Sequential consolidated sales decline ~5%**
 - Mainly due to the normal seasonal effects

■ Operating Margin* ~7.5%

- **YoY**
 - Positive effects from organic sales*, commodity costs and currencies are more than offset by increased RD&E, net and costs related to the ramp-up of capacity and new technologies for growth along with integration costs and the impact from acquisitions
- **Sequential**
 - Lower consolidated sales net effect

🔍 RD&E, net 110 bps higher YoY

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

Looking Ahead

FY'16 Indication

■ Sales

- **YoY organic sales* increase ~7%**
 - Mainly related to strong growth in Europe, China, North America and Active Safety
- **YoY acquisition effect ~5%**
- **YoY currency translation effect >(1)%**
 - Primarily due to the continued strong US\$

■ Operating Margin* >8.5%

- **YoY**
 - Positive effects from organic sales*, commodity costs and currencies are more than offset by 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

🔍 The FY'16 indication is now for an operating margin** of more than 8.5% mainly due to increased RD&E, net for future growth

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

Financial Outlook

	Q3'16	FY'16
<u>Sales</u>		
Organic*	~6%	~7%
Acquisitions	~6%	~5%
Fx**	<(1)%	>(1)%
Consolidated Sales, net	~12%	>10%
Operating Margin*	~7.5%	>8.5%

Exchange rates**	Q3 2016	FY 2016
EUR / US\$	1.1048	1.1108
US\$ / JPY	104.42	107.42
US\$ / KRW	1144	1162
US\$ / MXN	18.39	18.26
US\$ / CNY	6.69	6.61

🔑 Strong organic sales* growth and operating margin* for FY'16 despite a significant step-up in investments for growth

(*) Non-US GAAP measures exclude costs for capacity alignments and antitrust related matters, (**) Mid-July 2016 exchange rates.

Thank You!

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

and prevent ten times
as many severe injuries