



Earnings Conference Call and Webcast

2nd Quarter 2017 Financial Results

July 21, 2017

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

Q2'17 Highlights

Solid performance while strengthening our market position

▪ Financial Performance

- Organic Sales* growth 0.2%, slightly better than the LVP**
- Operating Margin* 8.4%, in-line with our guidance despite lower organic sales* growth
- Operating cash flow \$179M and EPS* \$1.44

▪ Capital Structure

- \$210M returned to shareholders: dividends \$53M and \$157M share repurchases
- RoCE* ~18%, RoE* ~12%, Leverage ratio* 0.7 times

▪ On-going Company Transformation

- Investments in RD&E to support growth opportunities:
 - Hired more than 1,300 engineers over the last twelve months vs. the plan of 1,000
 - RD&E, net for Q2'17 was 7.7%, FY'17 is now expected to be more than 7%
- Improving operational leverage on gross margin
- Approved New China NCAP presents significant CPV* opportunity; roll-out commences mid-2018
- Strategic technology cooperations established with Velodyne-LiDAR, NVIDIA and Autotech Ventures



Maintained Q2'17 Operating Margin* guidance despite softer 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), Content per Vehicle (CPV), (**) Global Light Vehicle Production (LVP) according to IHS @ July 17, 2017.

Technology Cooperations

Recently announced



Business Model

- ALV maintains Tier 1 position with OEMs and potential shared mobility customers
- ALV designs, develops and produces automotive grade LiDAR sensors including image processing software
- Prototype volumes during 2018 and 2019 and serial production readiness during 2020
- Velodyne as Tier 2 provides next generation integrated laser and detector MCM* to ALV
- Non-exclusive partnership



ALV and VCC* Collaborate with NVIDIA utilizing the AI* computing platform

- Recognized as a market leader in Visual Computing Technologies
- Further advances the ALV ADAS* and autonomous driving capabilities
- Utilizes Deep Learning to recognize objects in their environment, anticipate potential threats and navigate safety
- Initial launch in 2021 for level 4
- Non-exclusive partnership



Venture Capital Fund

- With a focus on ground transportation
- \$15M invested over 3 years
- Co-investment rights of the funds innovative startups
- Provides exposure to Tech Start-ups
- Investment focus primarily around Highly Automated Driving and Autonomous Driving

Positioning our Electronics business for the long-term while minimizing the risk of major investments

(* Multi-Chip Module (MCM), Artificial Intelligence (AI), Advanced Driver Assistance Systems (ADAS), Volvo Car Corporation (VCC).

Business Outlook

Strong momentum in both segments

▪ Passive Safety

- Continued strong order intake, ramping up launches of new programs awarded in 2015
- RD&E in PAS* is expected to peak during H2'17, operating leverage on RD&E is expected to start in Q4'17
- Maintaining flexibility to adapt to underlying market fluctuations while executing flawless launches

▪ Electronics growth opportunities driving RD&E

- Lower growth in RCS* and BS* in the near term due to the timing of new customer programs while Active Safety growth is affected by the phase-out of incumbent Brake Control business and certain GPS* programs
- Underlying Active Safety growth is in the mid-teens for core products despite timing of certain radar contracts and lower order intake in previous years due to a change in our vision strategy in 2014
- New customer business awarded in Active Safety and RCS* during Q2'17

▪ Zenuity

- Hired close to 400 employees and consultants, target is to reach 600 during 2018
- Development targets remain on track, positive customer activities beyond VCC*
- ALV net cost in Q2'17 ~\$8M, estimated net cost for FY'17 is around \$35M

End of Decade Sales target remains at more than \$12B for ALV while Passive Safety is expected to be more than \$9B

(* Passive Safety (PAS), Volvo Car Corporation (VCC), Restraint Controls and Sensing (RCS), Brake Systems (BS), Global Positioning Systems (GPS).

Q2'17 Product Volumes

Strong volume growth in high value-added Seatbelts

Autoliv Quantities Delivered (Millions unless specified)	Q2'17	vs. PY* (%)
Seatbelts	37.2	(2)
▪ Pre-tensioners (of which)	17.7	1
▪ Active Seatbelts (of which)	1.1	16
Frontal Airbags	13.0	3
▪ Knee Airbags (of which)	1.6	5
Side Airbags	24.3	0
▪ Chest (Thorax)	13.0	0
▪ Head (Curtain)	11.2	1
Steering Wheels	4.3	(2)
Restraint Control Units	4.8	(2)
Active Safety Units	2.7	4
Brake Systems Units	0.5	(2)
LVP* (Triad)	10.1	(2)
LVP* (Global)	22.3	0



Unit Volume growth slightly below global LVP* in most product areas

(* Light Vehicle Production (LVP) according to IHS @ July 17, 2017, TRIAD (Western Europe, North America, Japan), Current Year (CY), Prior Year (PY).

Q2'17 Strong Performing Models

Contributing to our overall Organic Sales* growth

Hyundai Grandeur / Azera



Nissan Qashqai / Rogue Sport



Toyota Alphard



Mazda 3 / Axela



Mercedes GLC



Geely Emgrand Boyue



Toyota C-HR



Mercedes E-Class



Volvo S90 / V90

ALV Electronics products are represented on six of these top performing models

(*) Non-US GAAP measure.

Overall Market Conditions

Some uncertainty remains around the automotive cycle

■ Asia

- China LVP* LTM* relatively flat while inventories** remained high during Q2'17
- Q3'17 LVP is expected to increase YoY* in China ~1%, Japan ~5%, RoA ~10% of which Korea ~24%

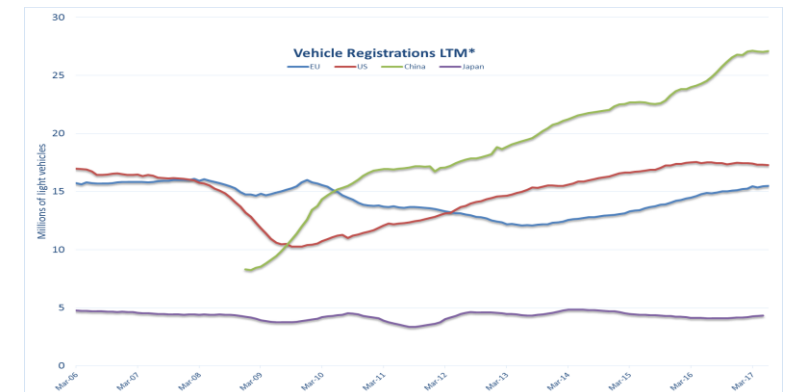
■ Americas

- US SAAR** remains relatively flat on a LTM basis while inventories remain higher than normal (74 days or ~4.2M vehicles during Q2'17); however, US consumer confidence remains strong
- For Q3'17 LVP in North America is expected to decline ~7% YoY while LVP in South America continues to recover and is expected to increase ~21% YoY

■ Europe

- EU27** LTM vehicle registrations are approaching “pre-crisis” levels
- LVP is expected to increase ~4% YoY in Q3'17 whereof WEU* is expected to increase ~3% and EEU* is expected to increase ~7%

FY 2017 LVP*			
Region	Vehicles (Millions)	YoY Chg. @ Jul. 17	YoY Chg. @ Jan. 16
China	26.3	+1%	+3%
Japan	9.0	+5%	+2%
RoA	12.8	+3%	+3%
North America	16.2	(3)%	(2)%
South America	3.1	+15%	+1%
Europe	22.1	+3%	+2%
Global	91.9	+1.9%	+1.6%



In Q3'17 the global LVP* is expected to increase ~2% YoY* and decline sequentially by ~2% from Q2'17

(* Light Vehicle Production (LVP) according to IHS @ July 17, 2017, Year over Year (YoY), Western Europe (WEU), Eastern Europe (EEU), Last Twelve Months (LTM),

(**) Source: ACEA, Ward's Auto, CAAM.

Q2 Financial Overview

Record gross profit for a 2nd quarter

(US \$ Millions unless specified)	2017		2016	
Sales	\$2,545		\$2,579	
Gross Profit	\$536	21.0%	\$527	20.4%
Operating Income*	\$213	8.4%	\$221	8.6%
EPS* (assuming dilution)	\$1.44		\$1.75	
RoCE*	18%		20%	
RoE*	12%		16%	
Operating cash flow	\$179		\$103	
Dividend per share	\$0.60		\$0.58	
LVP** (Global annual run rate)	89.0		89.0	



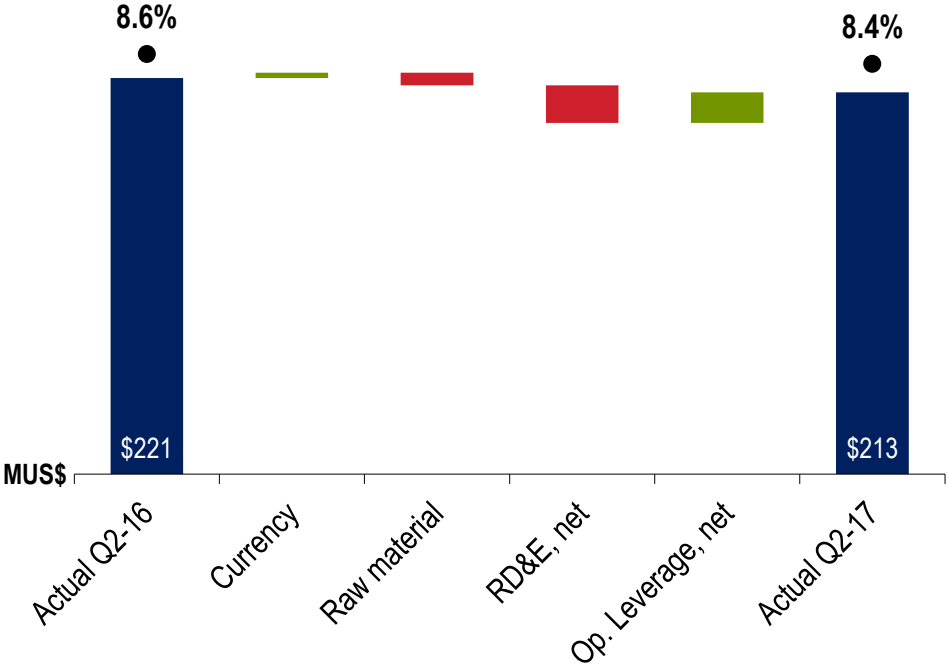
Operating Margin* in line with expectation

(*) 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), (**) Light Vehicle Production (LVP) according to IHS @ July 17, 2017.

Operating Income* and Margin* Bridge

Q2'17 vs. Prior Year

Q2'17 vs. Prior Year (20 bps lower)



Operating Margin* 8.4% includes ~80 bps increase in RD&E, net vs. Prior Year

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

Cash Flow

Investments for growth and shareholder returns

(US \$ Millions unless specified)	Q2'17	Q2'16	LTM**	2016	2015	2014	2013	2012
Net Income	128	148	550	562	458	469	490	486
Depreciation & Amortization	100	97	416	383	319	305	286	273
Other, net	9	1	(18)	1	0	42	43	10
Change in operating WC *	(58)	(143)	(54)	(78)	(26)	(103)	19	(80)
Operating cash flow	179	103	894	868	751	713	838	689
Capital Expenditures, net	(138)	(130)	(537)	(499)	(450)	(453)	(379)	(360)
Free cash flow **	41	(27)	357	369	301	260	459	329
Acquisitions, net	112	0	111	227	128	(1)	2	(3)
Dividends paid	53	51	207	203	196	195	191	178
Shares repurchased	157	0	157	0	104	616	148	0

Acquisitions, CapEx for growth and Shareholder returns ~\$1.0B over the LTM

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

Q2 Segment Reporting

Strong operational performance in Passive Safety driving group profitability

	Organic Sales* Growth (%)	Sales (US\$ Millions)		Operating Margin (%)		CapEx (%)		D&A (%)		Headcount	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Passive Safety ***	0.8	1,983	1,996	10.5	10.4	5.9	5.0	3.8	3.5	62,722	60,767
▪ Airbags (incl. Steering Wheels)	1.4										
▪ Seatbelts	(0.4)										
Electronics ***	(1.2)	579	598	1.9	2.5	3.9	4.6	3.9	4.2	7,102	6,335
▪ Restraint Control & Sensing	(4.7)										
▪ Active Safety	6.0										
▪ Brake Systems	(6.5)										
Autoliv	0.2	2,545	2,579	8.5	8.2	5.5	5.1	3.9	3.8	70,225	67,465
LVP ** (Global)	0.0										

Passive Safety Segment maintaining double digit margin despite elevated RD&E net to support strong order intake

(*) Non-US GAAP measure, (**) Light Vehicle Production (LVP) according to IHS @ July 17, 2017,
 (***) Segment reporting, organic growth refers to net sales for the segments and external sales for product groups.

Looking Ahead

Q3'17 Guidance

▪ Sales

- **Organic Sales* growth 0 to 2% YoY****
 - Mainly related to strong growth in Europe, China, South Korea, South America and Active Safety
- **Currency translation YoY**
 - Negligible effect
- **Sequential consolidated sales decrease of ~2%**
 - In-line with expected sequential LVP** decline of ~2%

▪ Operating Margin* 7.5 to 8.0% range

- **YoY**
 - Positive effects from Organic Sales growth is more than offset by negative impact from currencies, commodity costs, higher RD&E net and costs related to the ramp-up of capacity and new technologies for growth
- **Sequential**
 - In-line with the lower consolidated sales due to normal seasonality effects and negative impact from currencies

Q3'17 Operating Margin will be negatively impacted by investments for growth in RD&E net vs. prior year

(*) Non-US GAAP measures exclude costs for capacity alignments and antitrust related matters, (**) Year over Year (YoY), Light Vehicle Production (LVP) according to IHS @ July 17, 2017.

Looking Ahead

FY'17 Indication

▪ Sales

- **Organic Sales* growth ~2% YoY****

- Mainly related to strong growth in Europe, Japan, India, South America and Active Safety partially offset by lower restraint controls and brake systems

- **Acquisition effects ~1% YoY**

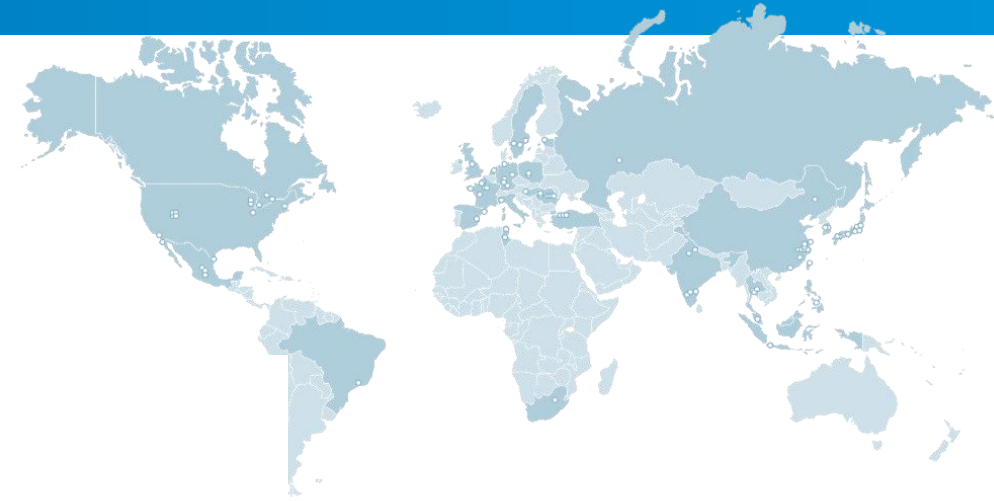
- **Currency translation YoY**

- Negligible effect

▪ **Operating Margin* ~8.5%**

- **YoY**

- Positive effect from organic sales growth is more than offset by the negative impact from commodity costs and RD&E, net and costs related to the ramp-up of capacity and new technologies for growth



FY'17 early Indication for operating margin remains unchanged despite lower light vehicle production volumes and higher than expected RD&E, net

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

Financial Outlook

Consolidated sales, net and operating margin* remain unchanged for FY'17

	Q3'17	FY'17
Sales		
Organic*	0 to 2%	~2%
Acquisitions	-	~1%
Fx**	~0%	~0%
Consolidated Sales, net	0 to 2%	~3%
Operating Margin*	7.5 to 8.0%	~8.5%

Exchange rates**	Q3'17	FY'17
EUR / US\$	1.1431	1.1124
US\$ / JPY	113.14	112.79
US\$ / KRW	1138	1140
US\$ / MXN	17.77	18.58
US\$ / CNY	6.78	6.83

Solid Operating Margin* for FY'17 despite a step-up in RD&E net to support future growth

(* Non-US GAAP measures exclude costs for capacity alignments and antitrust related matters, (**) Mid-July 2017 exchange rates.



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products save over
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