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Autoliv

SEB Nordic Seminar January 2019

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VP IR

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 financial results, and the anticipated impact of the completion of the spin-off of our Electronics business and the outlook for Autoliv following the spin-off 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 or www.autoliv.com

Uniquely Positioned to Save More Lives

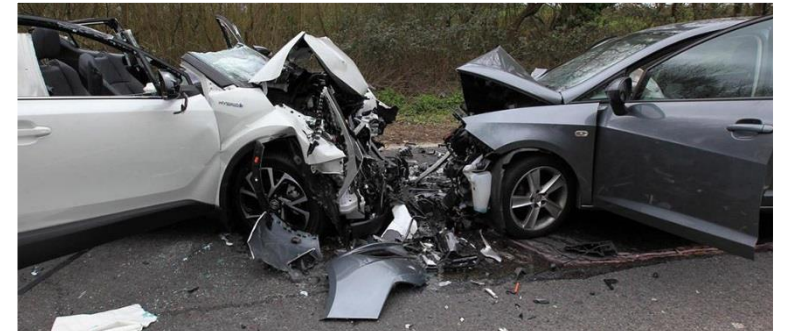
Continuous innovation to reduce global traffic fatalities



Focus on Real Life Safety

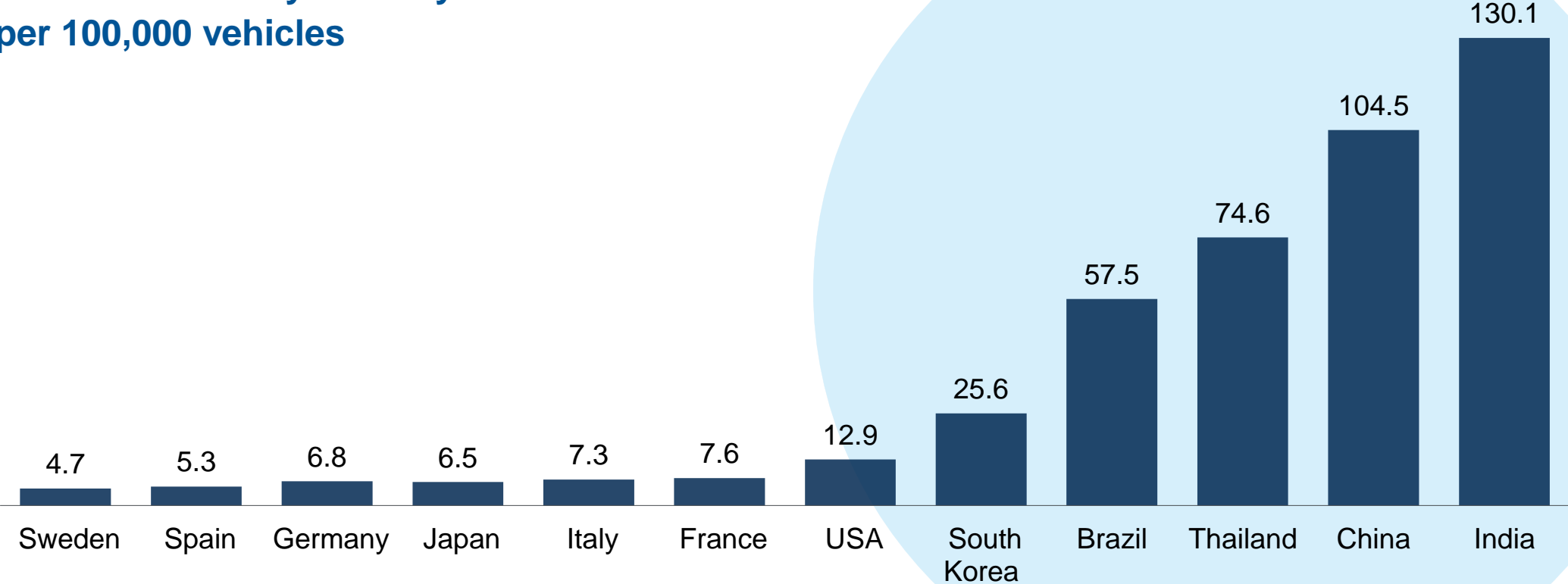


More sophisticated safety solutions for future autonomous and electric vehicles



Significant traffic safety improvement potential

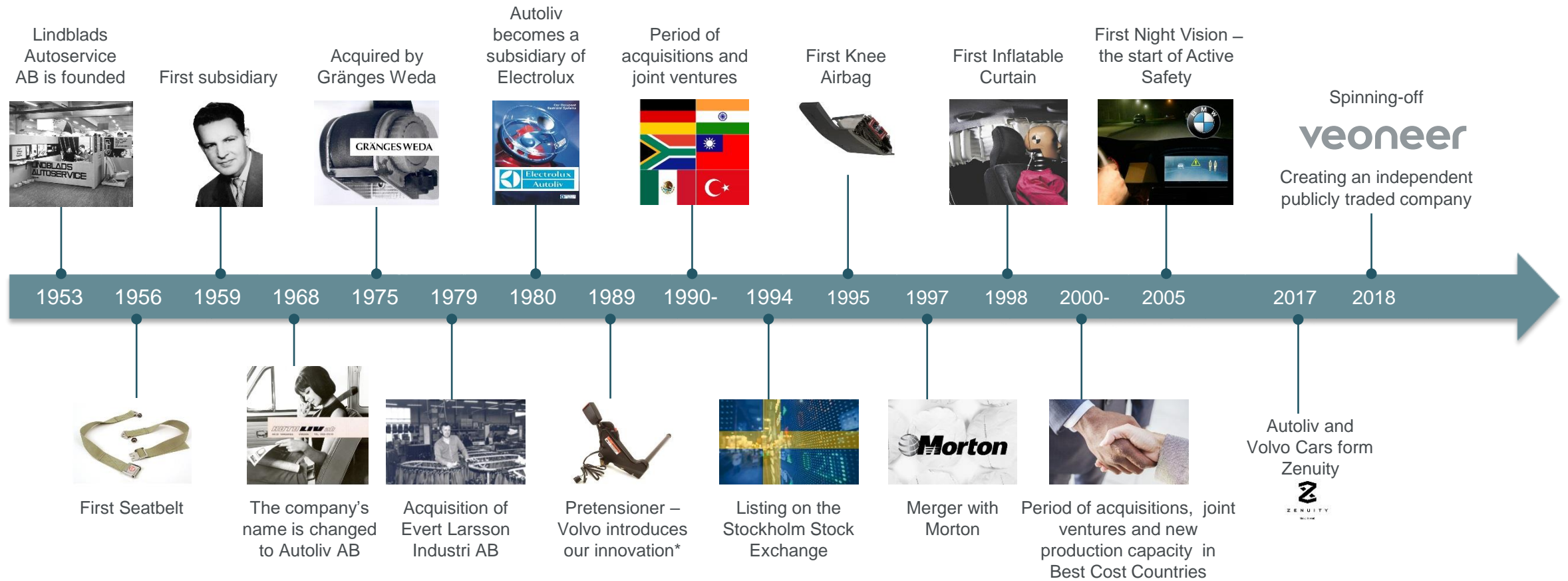
Road Fatalities by Country per 100,000 vehicles



Sources: WHO Global Status Report on Road Safety 2015
Published in 2015 Based on Data Collected in 2013 (Latest Available Data)

Autoliv – 65 years of Dedication to Saving Lives

Entering the next phase



Autoliv 2018 Key Events

Autoliv and Veoneer separated to pursue respective growth opportunities

- New executive management team from April
- Veoneer spin-off in July
 - Improved focus for both companies (culture, people, business)
 - Improved flexibility for both companies (culture, people, business)
 - Improved investor choice
 - Increased Autoliv debt
- Secular growth support from strong order intake
- Increased market uncertainties
 - Light vehicle market in China under pressure in second half year
 - New emission test protocol in Europe with volatile light vehicle production in second half year

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⁽¹⁾

\$899 Mn

2017A (11% margin)

OPERATIONS IN

27

countries

DAILY PRODUCTION

~ 1 Mn

units

EMPLOYEES

> 66,000

worldwide

FREE CASH FLOW⁽²⁾

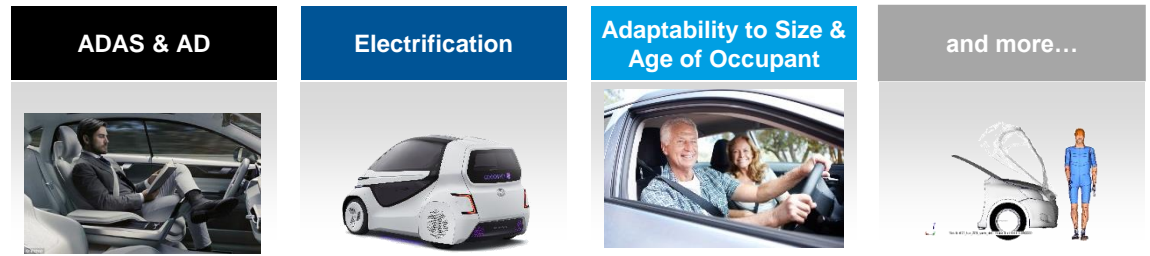
\$403 Mn

2017A (70% cash conv.⁽³⁾)

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 Key Targets

as published at CMD on November 14, 2017

>\$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.

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Our Statement of Commitment

Autoliv's business is guided by our vision of Saving More Lives.

Each year, our products save over 30,000 lives and prevent ten times as many severe injuries.

This directly supports the UN Sustainable Development Goal no 3, Good Health and Well-being, focused on reducing the number of global deaths and injuries from road traffic accidents by 50%.

Innovate Life-Saving Products

By staying at the forefront of technology, innovating and manufacturing high quality products, we save more lives in real-life traffic.

Limit our Impact on the Environment

Our commitment is to limit our environmental impact, particularly through reducing energy and water consumption, waste and emissions.



Commit to our Employees

We are committed to respecting human rights, diversity, and health & safety for our employees.

Act Ethically & Commit to Society

We believe in sound business practices and our actions are based on observance of ethical standards and engagement with communities where we operate. We expect our suppliers and business partners to act with the same level of integrity.

Sustainability Strategy

Our Priorities

- ✓ Saving more lives – innovation & product quality
- ✓ Health & Safety - zero accidents
- ✓ Increase **resource efficiency** and reduce **carbon footprint**
- ✓ Prevent **corruption** and **anti-competitive** behavior
- ✓ Manage the sustainability risks in our **supply chain**





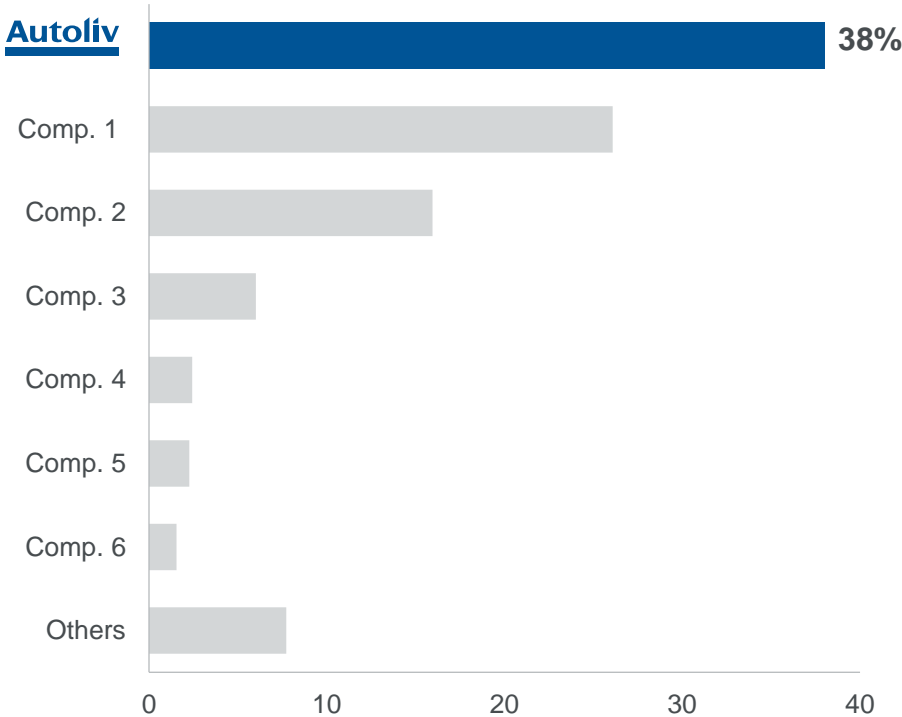
Strong market position & potential

Autoliv – The Global Automotive Safety Champion

Only Three Players of Scale

Firm Leader at 38% Market Share – Far Exceeding Competitors⁽¹⁾

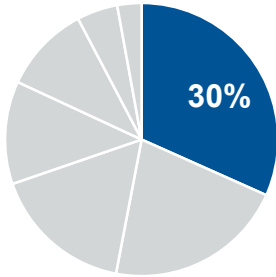
2017A, %



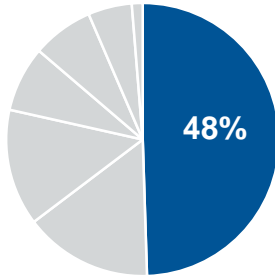
#1 Rankings Across Product Portfolio⁽¹⁾

2017A

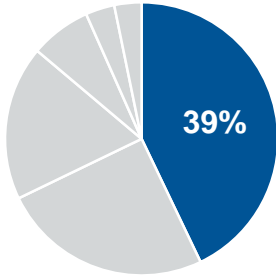
Frontal Airbags



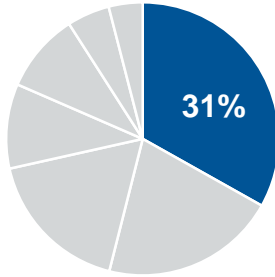
Side Airbags



Seatbelts



Steering Wheels


















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

Well-Balanced Customer Base

Significant Presence in High-Growth Markets

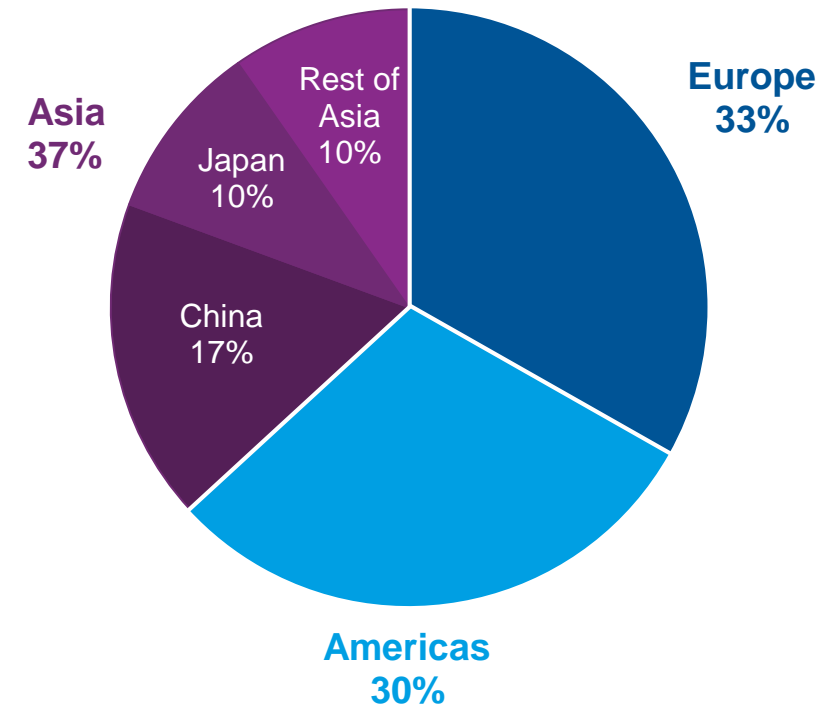
Serving All Major OEMs...

% of 2017A Revenue⁽¹⁾

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

...Across All Key Automotive Regions

% of 2017A Revenue⁽¹⁾

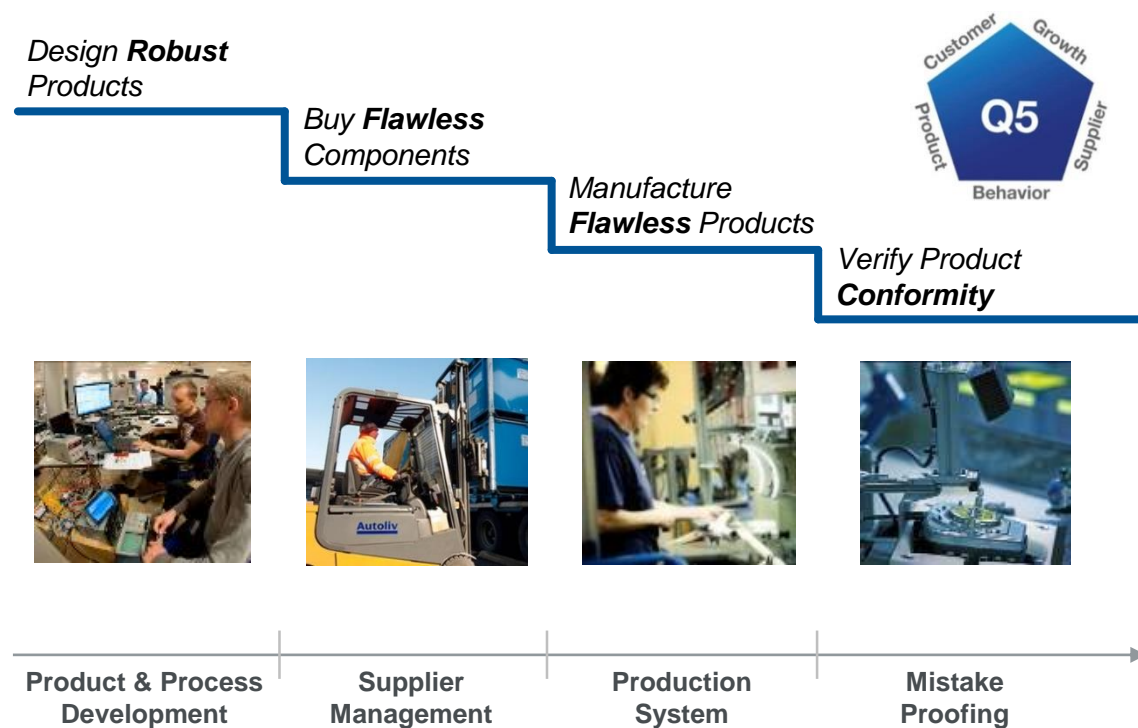


(1) Pro forma of M&A transactions amongst OEMs, including PSA's acquisition of Opel/ Vauxhall from General Motors and Nissan's stake purchase in Mitsubishi

Highest Reliability and Industry-Leading Quality Standards

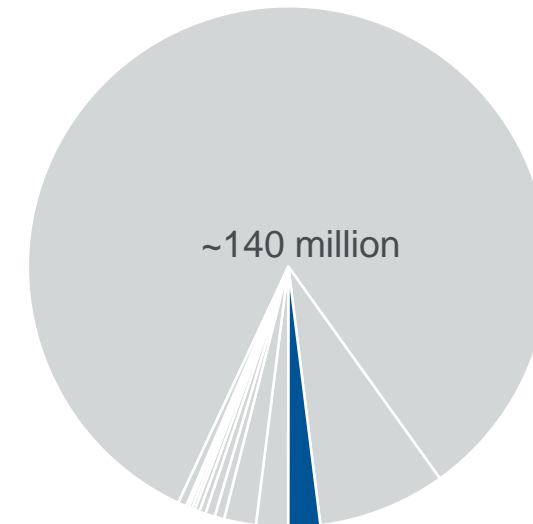
“Zero Defects by Flawless Execution”

Relentless Focus on Quality Through Q5 Program...



...& Minimal Recalls

Share of Global Recalls since 2010⁽²⁾



Autoliv
2%
vs. 38%
Market Share⁽³⁾

(1) Failure to meet intended state and/or specification

(2) Scope: Recalls related to Passive Safety in Japan, Canada, US, China, South Korea, Australian, EU, UK, DE; 2010-01-01 to 2018-06-30

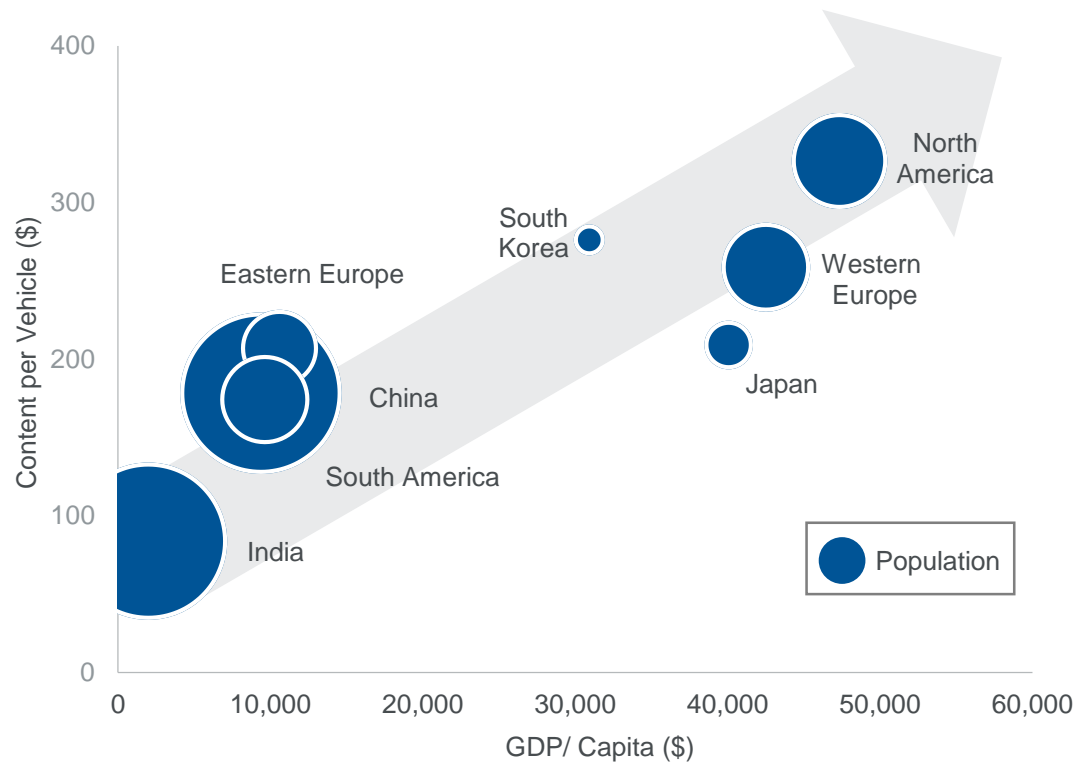
(3) Estimated 2017A market shares

Content per Vehicle Growth Propelled by Emerging Markets

Safety System Penetration Correlates to GDP/ Capita

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

Passive Safety Content per Vehicle⁽¹⁾ vs. Economic Development



Sources: Company estimates, IMF data as of April 2017

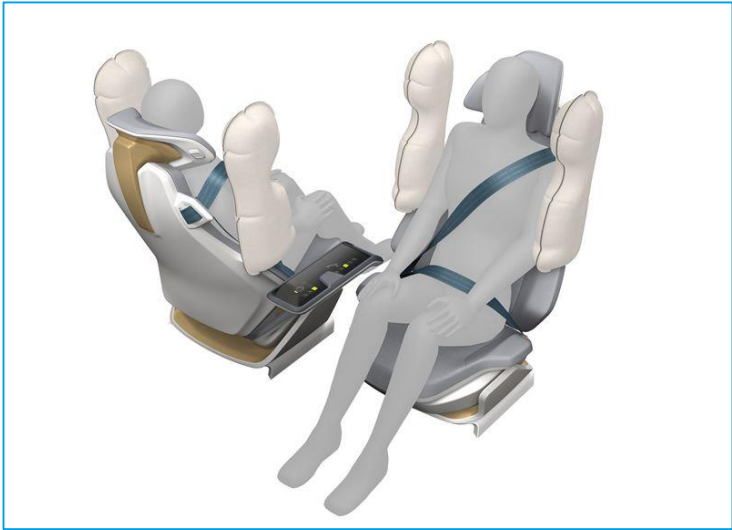
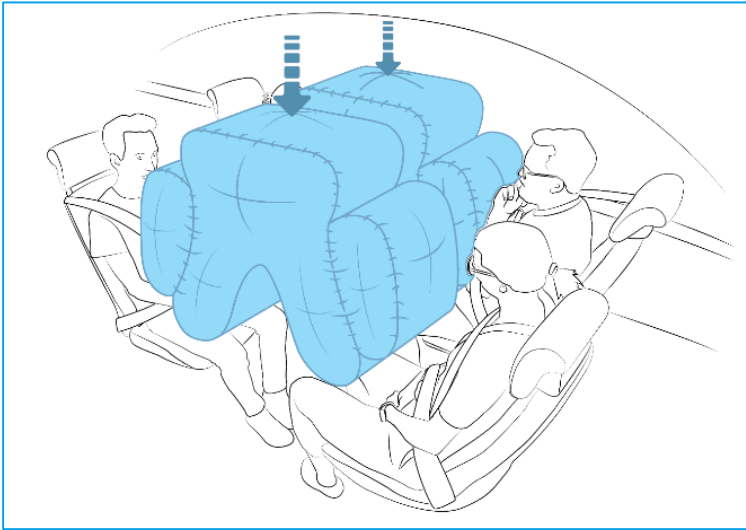
(1) Company market estimates include seatbelts, airbags and steering wheels

(2) ALV estimate as of April 2017

Future Mobility Provides New Opportunities

More Advanced Safety Solutions in Future Car

New Seating Concept Examples



Order intake and market share opportunities

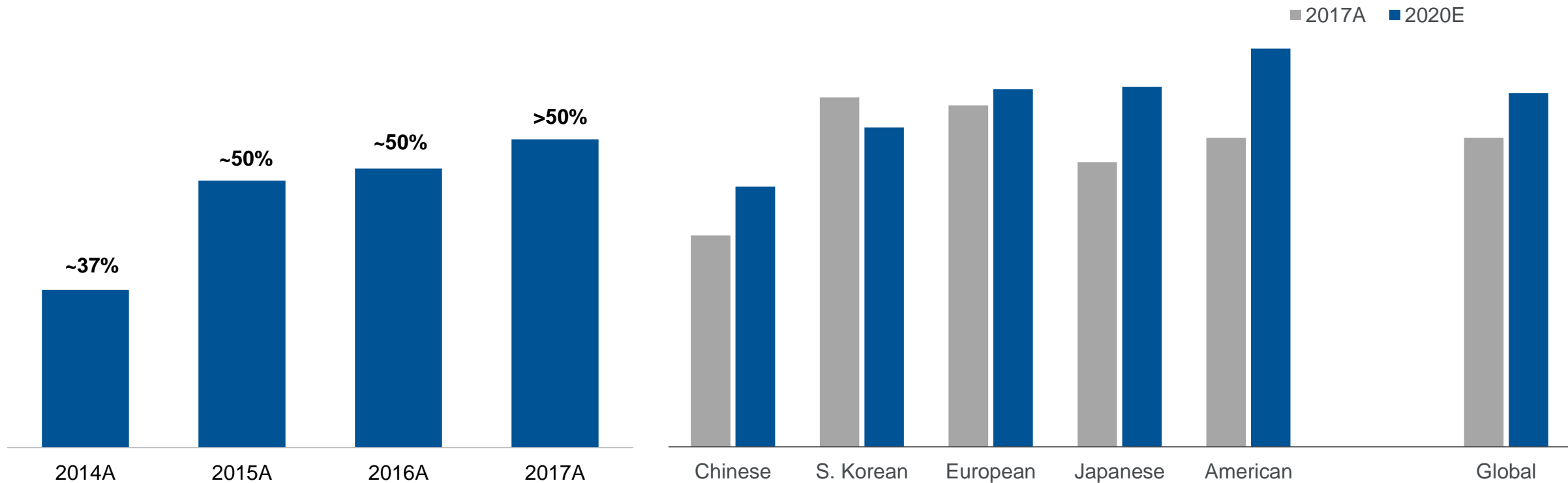
Order Intake Tailwind Driving Sales Growth and Market Share Gains

Strong Order Momentum...

Order Intake Share; 2014A-17A

... bringing Broad Market Share by Brand Origin Improvement

%

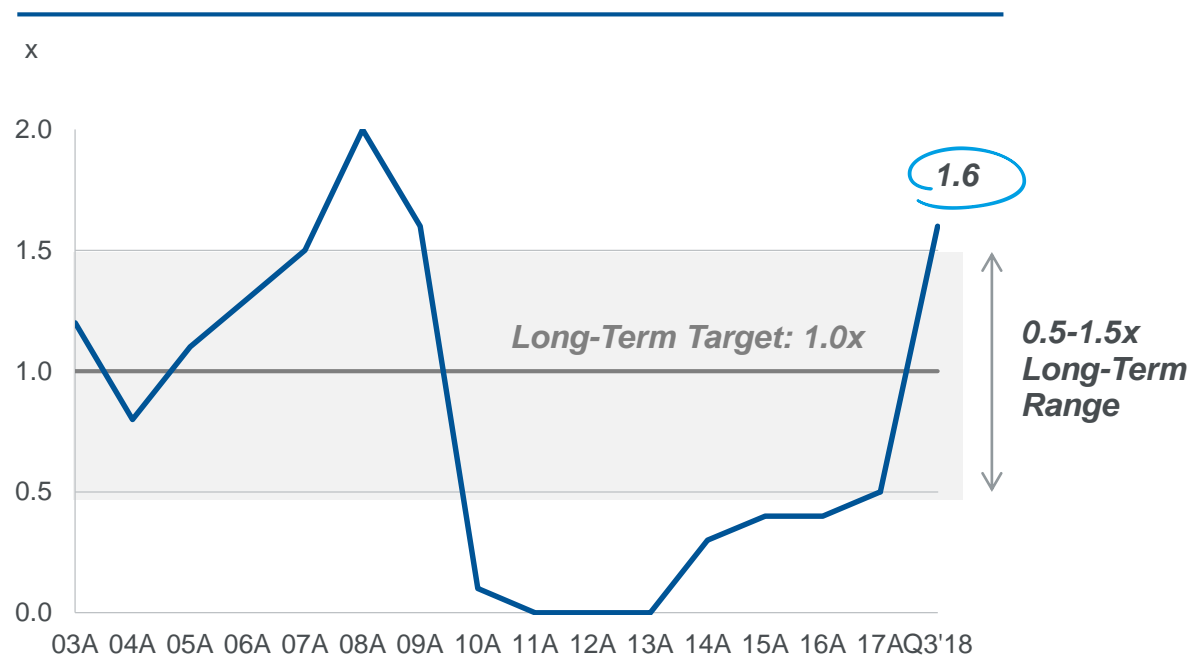


(1) Based on to IHS' LVP (Light Vehicle Production) outlook as of April, 2018.

Strong Balance Sheet and Prudent Financial Policy

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

Net Debt/ EBITDA⁽¹⁾



- ✓ Provided \$1B of cash liquidity for Veoneer at time of spin-off
 - Mix of new debt and existing cash
- ✓ S&P long-term credit rating A- (negative 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⁽²⁾ 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.



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3rd Quarter 2018 Financial Results

Q3'18 Financial Overview

(US \$ Millions unless specified)	Q3'18		Q3'17	
Sales	\$2,033		\$1,953	
Gross Profit	\$386	19.0%	\$395	20.2%
Operating Income*	\$194	9.5%	\$205	10.5%
EPS (assuming dilution)	\$1.34		\$1.21	
RoCE**	20.4%		n/a	
RoE**	23.2%		n/a	
Operating cash flow	\$238		\$218	
Dividend per share	\$0.62		\$0.60	
GLVP*** (annual run rate)	~85M		~87M	



(*) Non-US GAAP measures exclude costs for capacity alignments, antitrust related matters and separation of our business segments. (**) Return on Capital Employed (RoCE) and Return on Equity (RoE), (***) Global Light Vehicle Production (GLVP) according to IHS @ October 16, 2018.

Financial Outlook from October 26, 2018

Consolidated sales, net and operating margin*

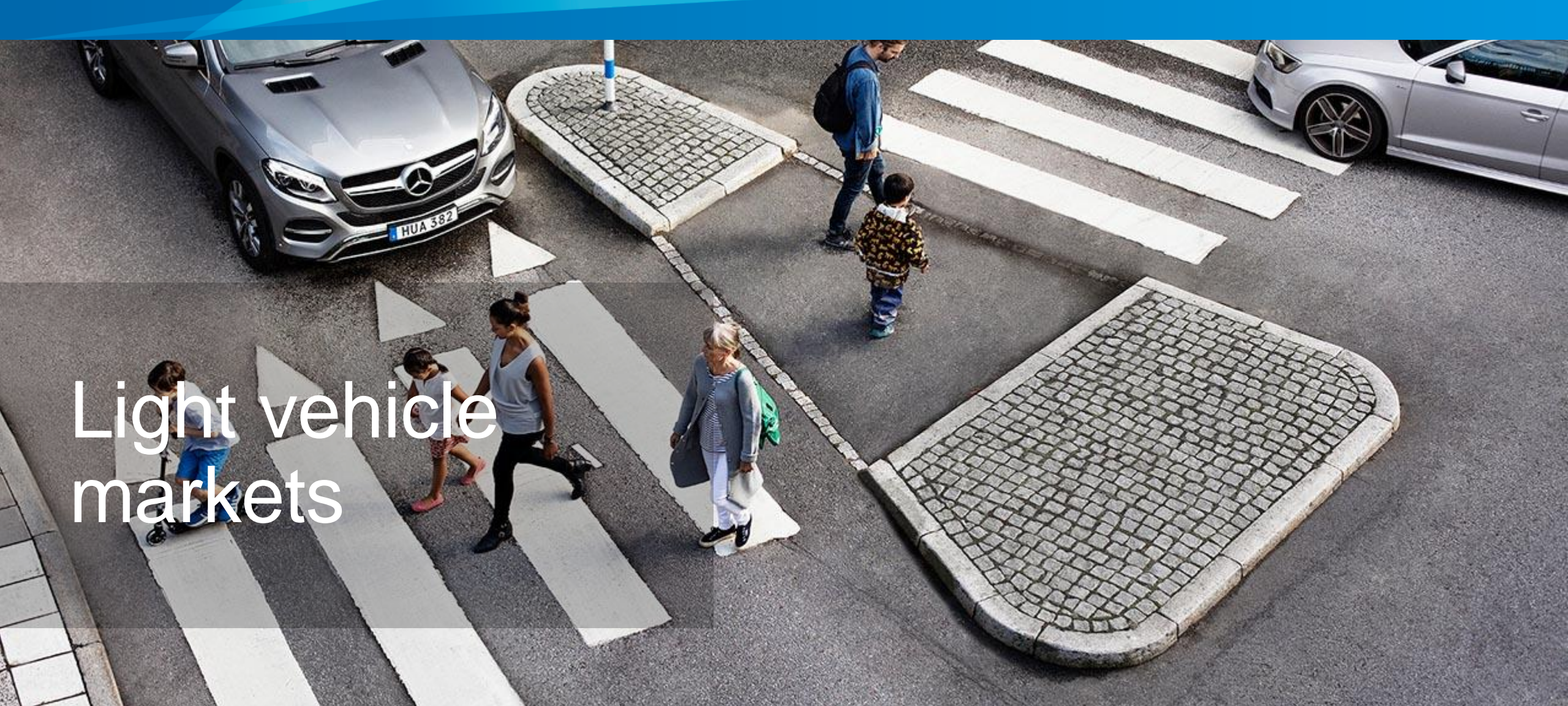
	FY'18
Sales	
Organic*	~6%
Fx**	~2%
Consolidated Sales, net	~8%
Operating Margin*	~10.5%

Exchange rates**	FY'18
EUR / US\$	1,1858
US\$ / JPY	110,31
US\$ / KRW	1103
US\$ / MXN	18,98
US\$ / CNY	6,61



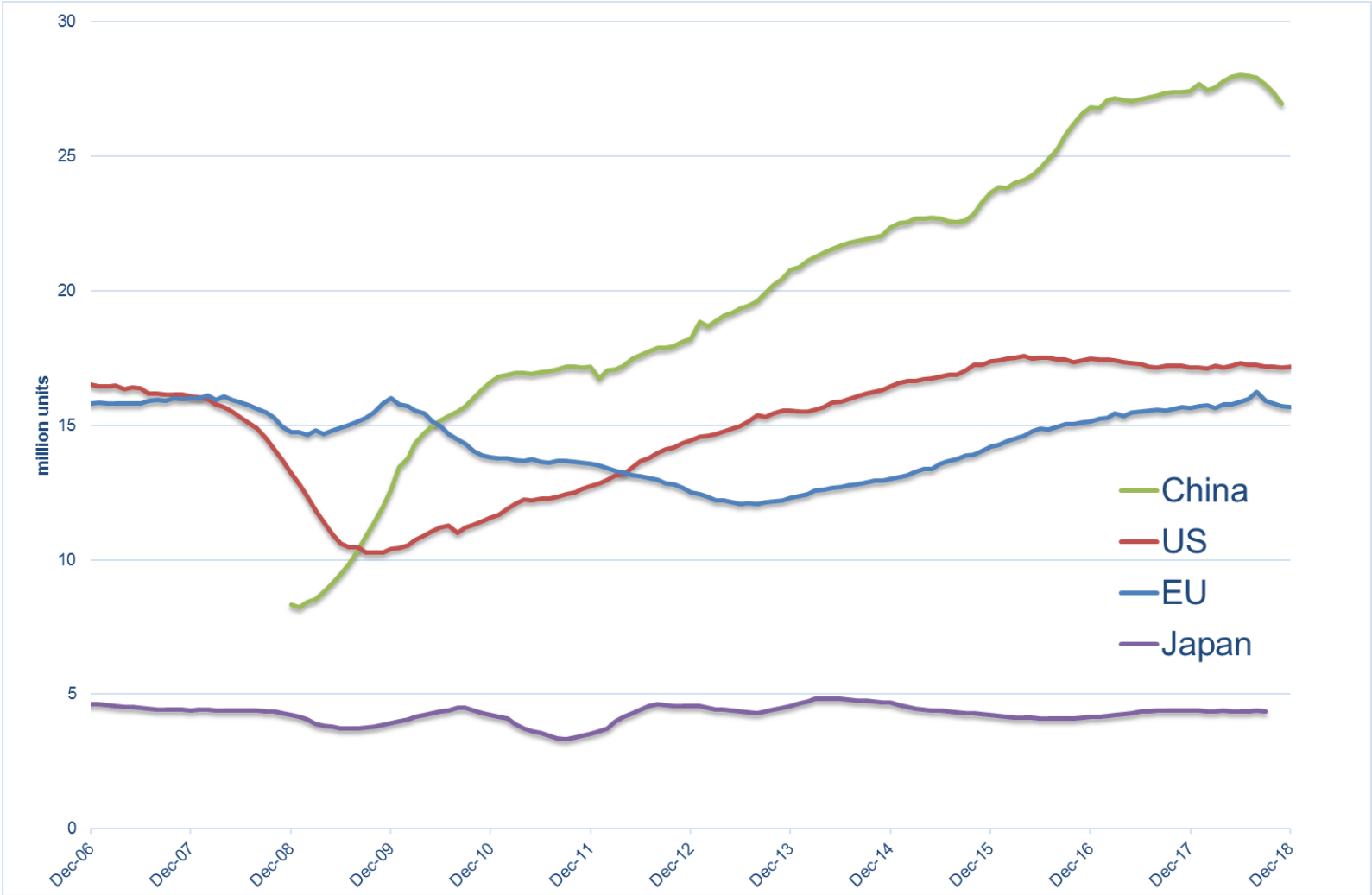
(*) Non-US GAAP measures exclude costs for capacity alignments, antitrust related matters and separation of our business segments,

(**) Mid-October 2018 exchange rates.



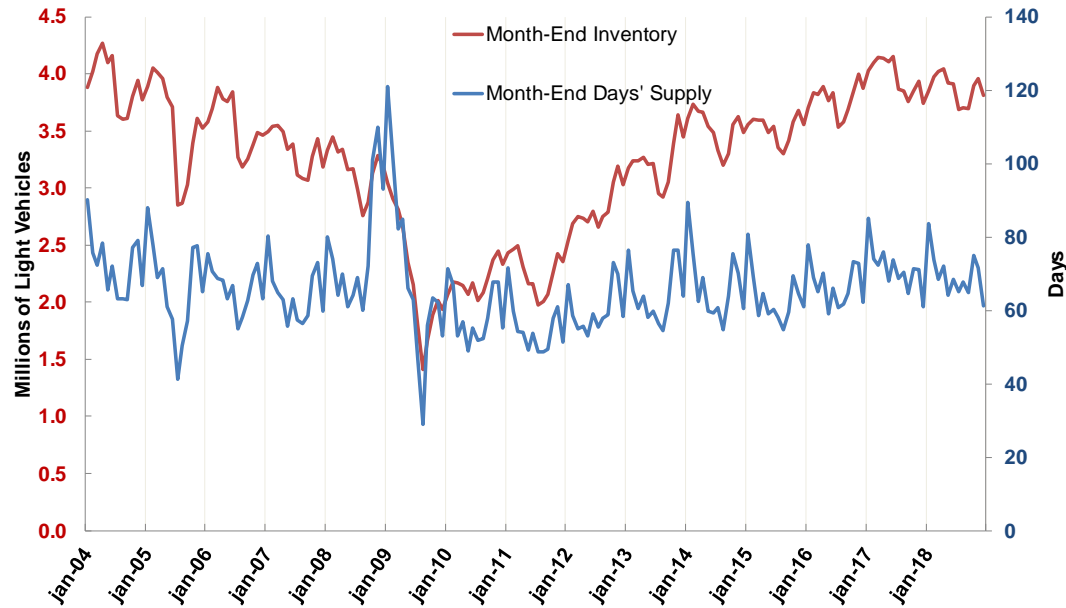
Light vehicle markets

Light Vehicle Sales

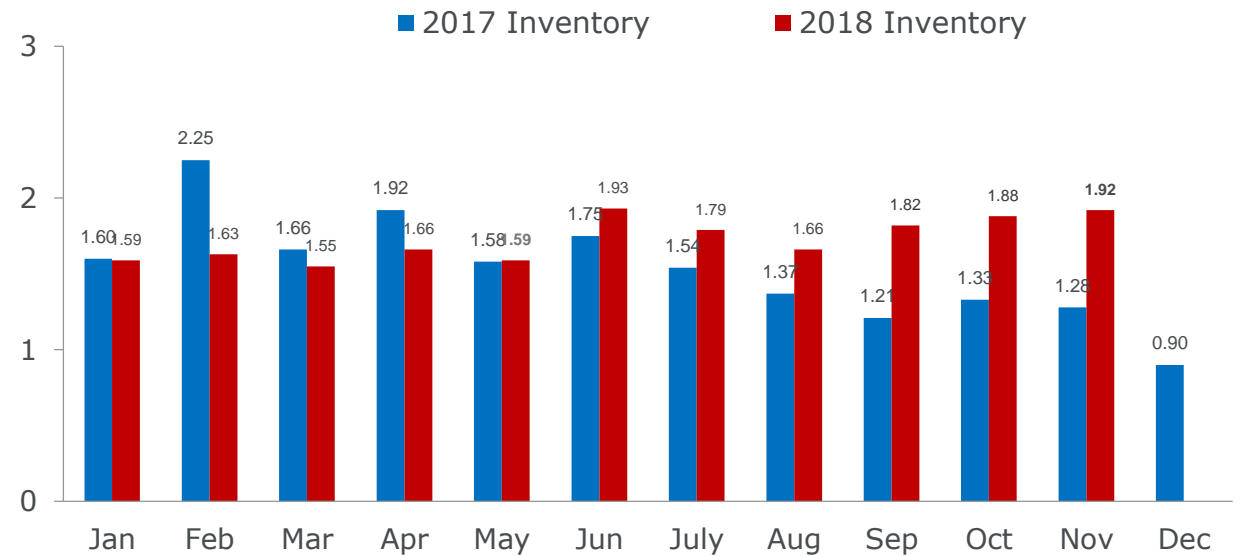


Light Vehicle Inventories, US and China

US light vehicle inventories

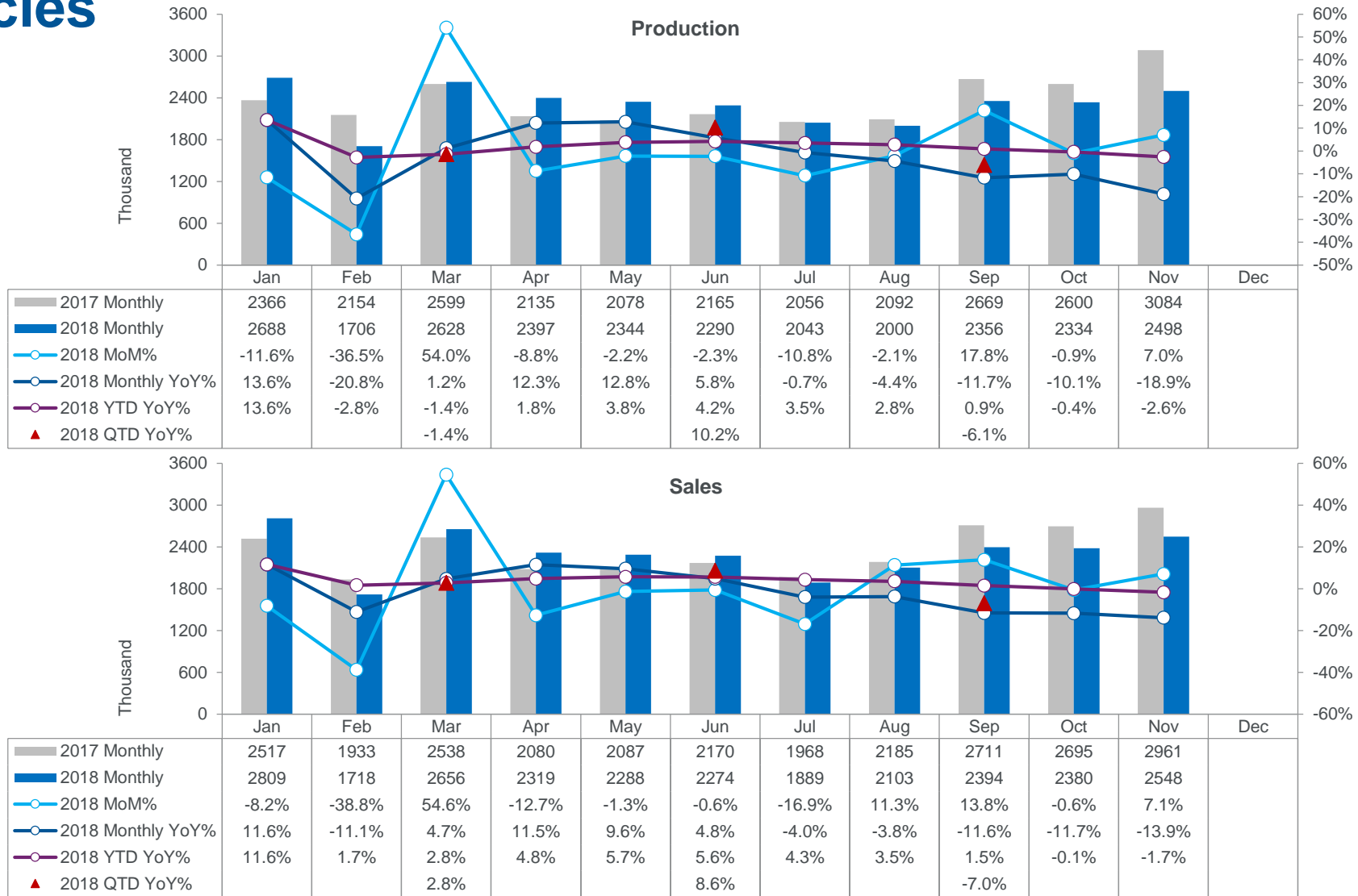


China light vehicle inventories



China Vehicles production and sales

Total Vehicles

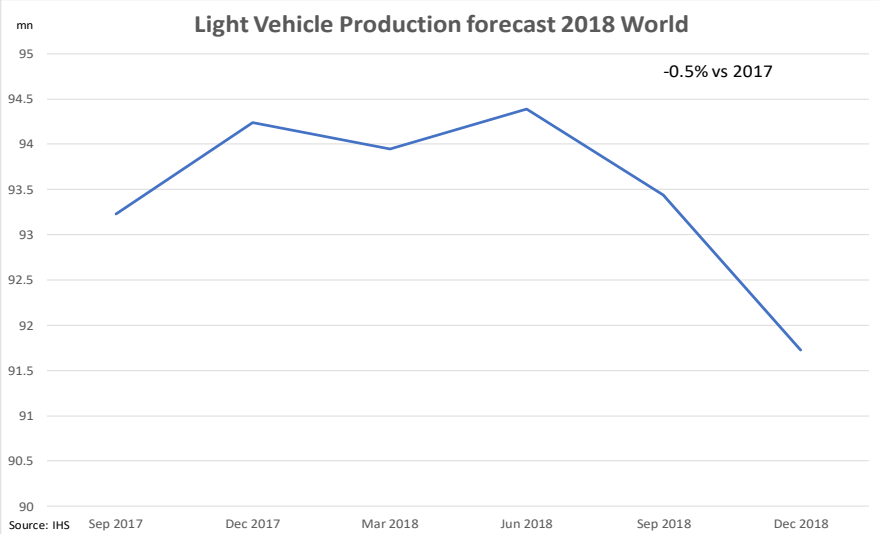
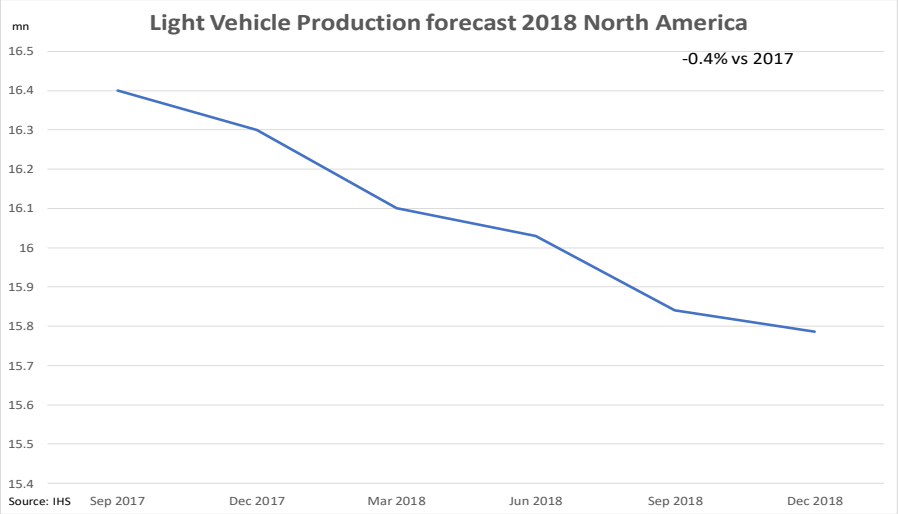
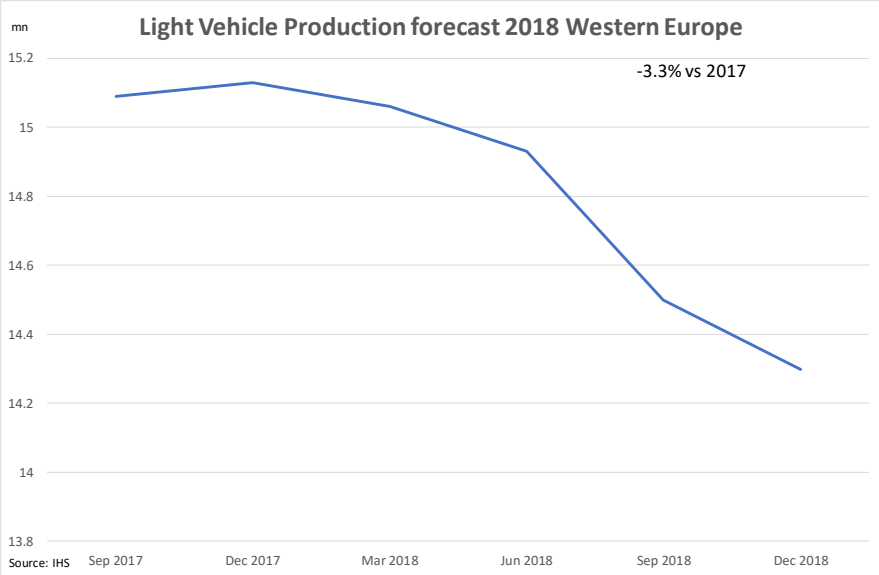
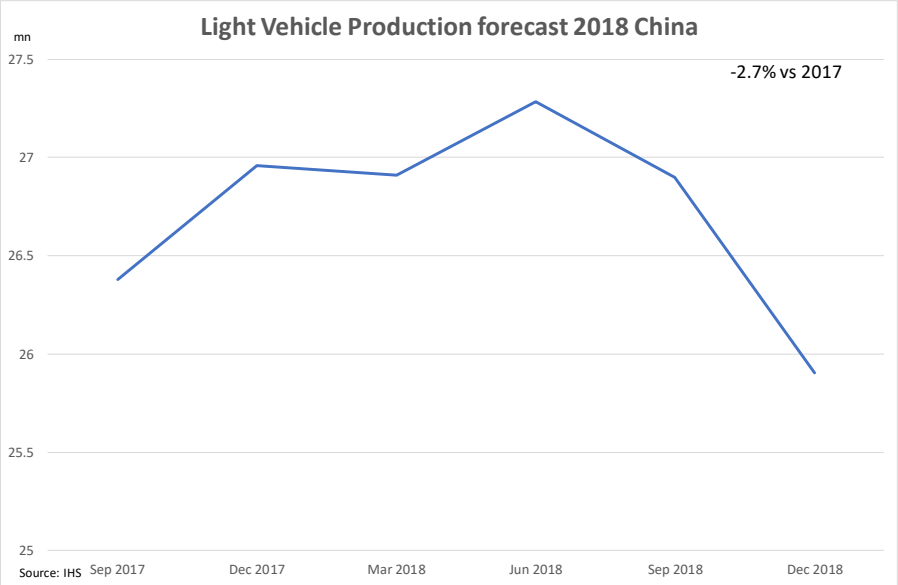


Data Source: CAAM

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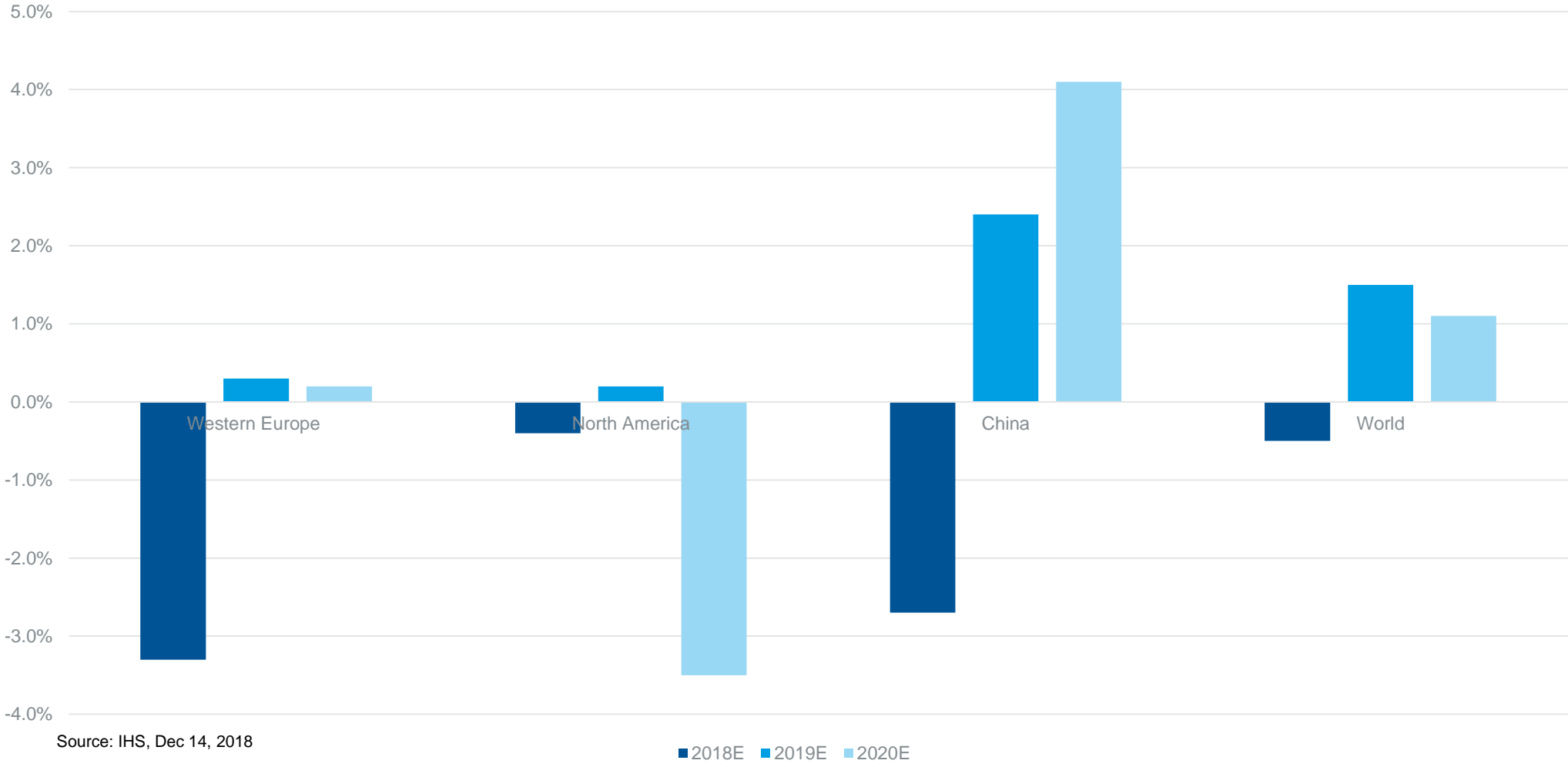


Trends for FY 2018 LVP forecasts acc to IHS



Light Vehicle Production forecasts

LVP growth, year over year



Source: IHS, Dec 14, 2018

■ 2018E ■ 2019E ■ 2020E

A man's face is reflected in the side mirror of a car, looking forward. The background is a busy city street with tall buildings and blurred cars in motion. The scene is captured in a cinematic style with a cool color palette.

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

autoliv.com

Autoliv

Update U.S. and Mexico NAFTA negotiations

- Some of the issues that were negotiated, according to the US:
 - increase the percentage from 62.5% to 75% of a car that must be sourced from a NAFTA nation to move freely across the borders.
 - A threshold for the amount of manufacturing that must be performed by auto workers making \$16 an hour or more. Under the new agreement, 40% to 45% of the car must be made by these higher-wage workers.
 - The deal would also updated rules on intellectual property rights and labor negotiations
 - Duty-free auto parts and vehicles export from Mexico to the United States are capped at \$90 billion and 2.4 million units, respectively.
- **Autoliv is in a relative good position, thank to high regional content, strong U.S. footprint and diversified customer base. However, anything less than free trade can increase our cost.**

U.S. and China Trade

- 301 relates to intellectual property protection and the US would impose tariffs of autos and auto part imports from China. China has already imposed tariffs on US auto and auto parts imports.
 - Under this section, the impact to ALV comes indirectly from the vehicle unit volume impact of Mercedes exports to China from the US or cancelation of the import of the Ford Focus from China to the US. There is likely to be an impact on ALV from the supply base.
 - Thank to local production and sourcing established in China, Autoliv’s import from the US is small.
- 232 relates to “national security interest” and the US imposed steel & aluminum tariffs under 232. Its possible that the Trump administration might impose auto and auto part tariffs on countries other than China under 232 but there has been nothing done on this to date.
- Indirectly, the 232 steel & aluminum tariffs have caused a raw material headwind for this year.