Autoliv
Earnings Call Presentation

1st Quarter 2021

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 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; the impacts of the coronavirus (COVID-19) pandemic on the Company’s financial condition, business operations and liquidity and the global economy; fluctuation in vehicle production schedules for which the Company is a supplier; supply chain disruptions and component shortages impacting the Company or the automotive industry; supply chain disruption and shortages impacting the Company or the automotive industry; 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 restructuring or divestiture of customer brands; unfavorable fluctuations in currencies or interest rates among the various jurisdictions in which we operate; 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; higher expenses for our pension and other postretirement benefits, including higher funding needs 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

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Q1´21 Highlights

Operational excellence and solid growth drives strong financial performance

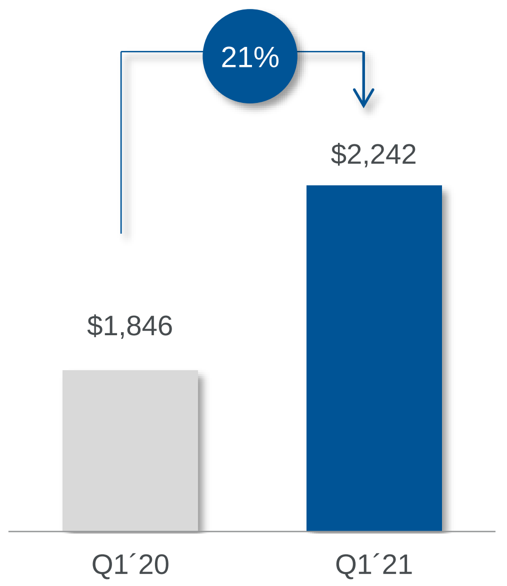
- **Market development**
  - Resource bottlenecks in global supply chains hamper industry growth
  - Headwinds from raw material and commodities prices
- **Strong organic sales growth**
  - Strong sales development despite market headwinds and negative geo-mix
  - Record sales for a first quarter for the passive safety business, as we executed on our strong order book
- **Strong improvement in operating income**
  - Structural efficiency programs and other cost reduction actions continued to yield positive results
  - Building towards our medium-term targets
- **Strong cash flow**
  - Net debt* declined substantially
  - Our leverage ratio* is now inside our target range
- **FY2021 guidance unchanged**

(*) Non-US GAAP measures

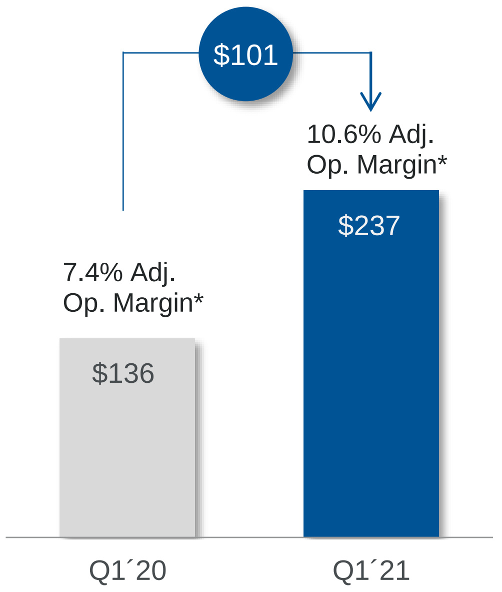
Q1´21 Financial Highlights

Strong sales and margin recovery from last year

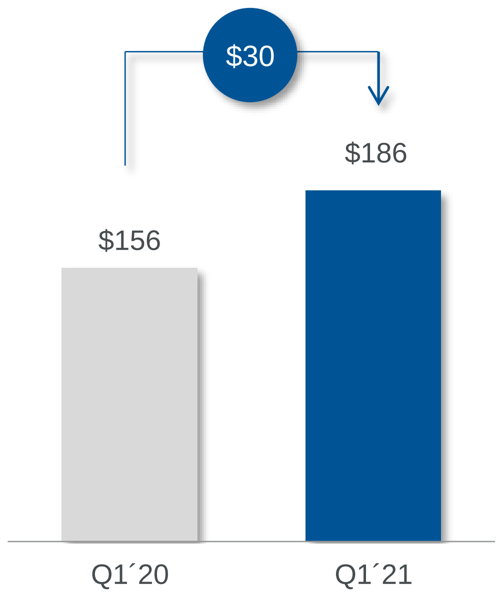
Consolidated Sales
US$ (Millions)



Adjusted Operating Income*
US$ (Millions)



Operating Cash Flow
US$ (Millions)



(*) Non-US GAAP measures exclude costs for capacity alignments

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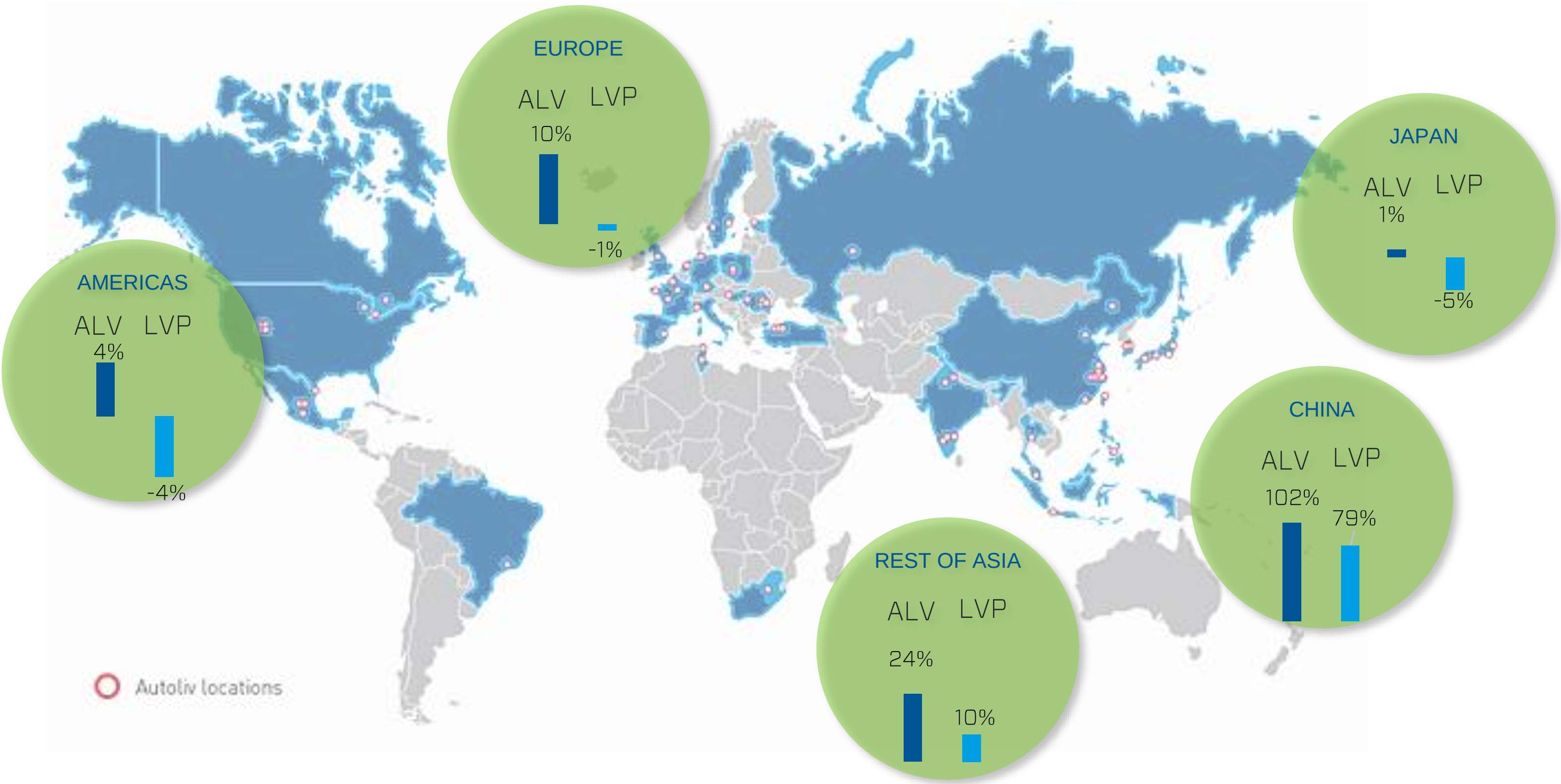
Q1'21 Sales Growth

Outperforming global LVP by more than 4 percentage points

Regional Organic Growth* vs. LVP**



(*) Non-US GAAP measure
(**) Light Vehicle Production (LVP) according to IHS Markit @ April 2021

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Q1’21 - Key Model Launches

Jeep Grand Cherokee L

Peugeot 308

Mitsubishi Outlander

Hyundai Ioniq 5

Arcfox αS

Hyundai Bayon

WEY Mocha

Mercedes C-Class

Acura MDX

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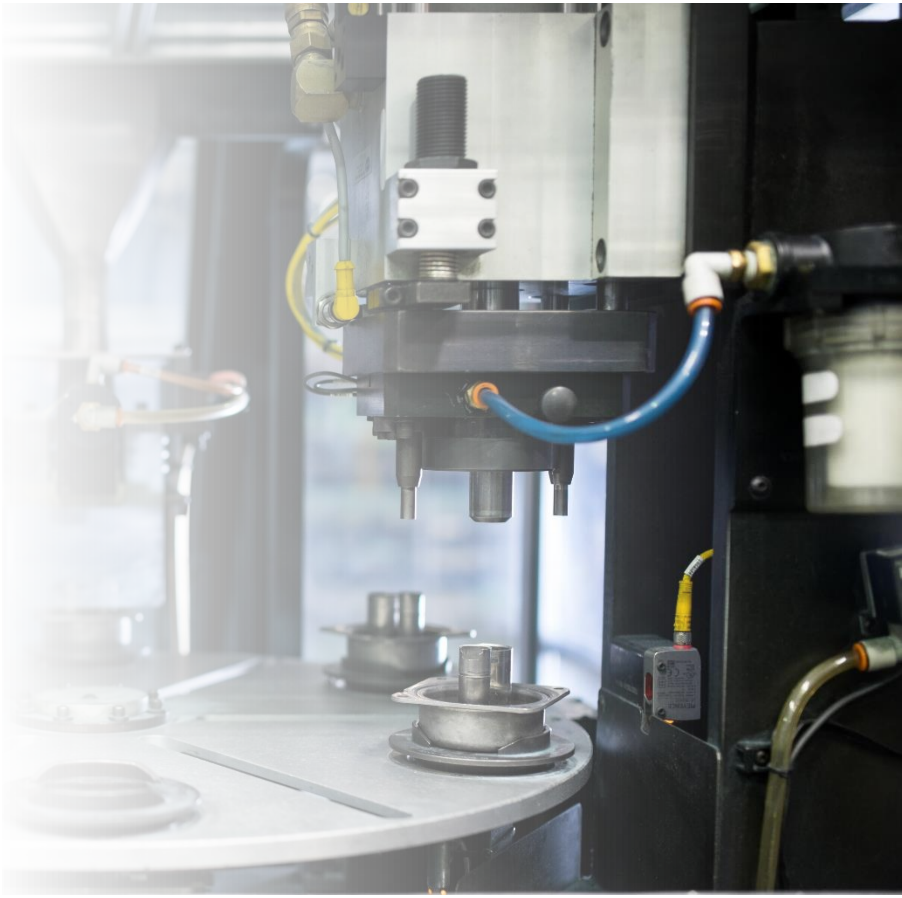
Q1´21 Financial Overview

(US $ Millions unless specified)	Q1'21		Q1'20	
Sales	$2,242		$1,846	
Gross Profit	$458	20.4%	$331	17.9%
Adj. Operating Income[1]	$237	10.6%	$136	7.4%
EPS (assuming dilution)	$1.79		$0.86	
Adj. RoCE[1,2]	26%		15%	
Adj. RoE[1,2]	25%		15%	
Operating cash flow	$186		$156	
Dividend paid per share	-		$0.62	
Global LVP[3] (annual rate)	~78M		~69M	



(1) Non-US GAAP measures exclude costs for capacity alignments
(2) Return on Capital Employed (RoCE) and Return on Equity (RoE)
(3) Light Vehicle Production (LVP) according to IHS Markit @ April 2021

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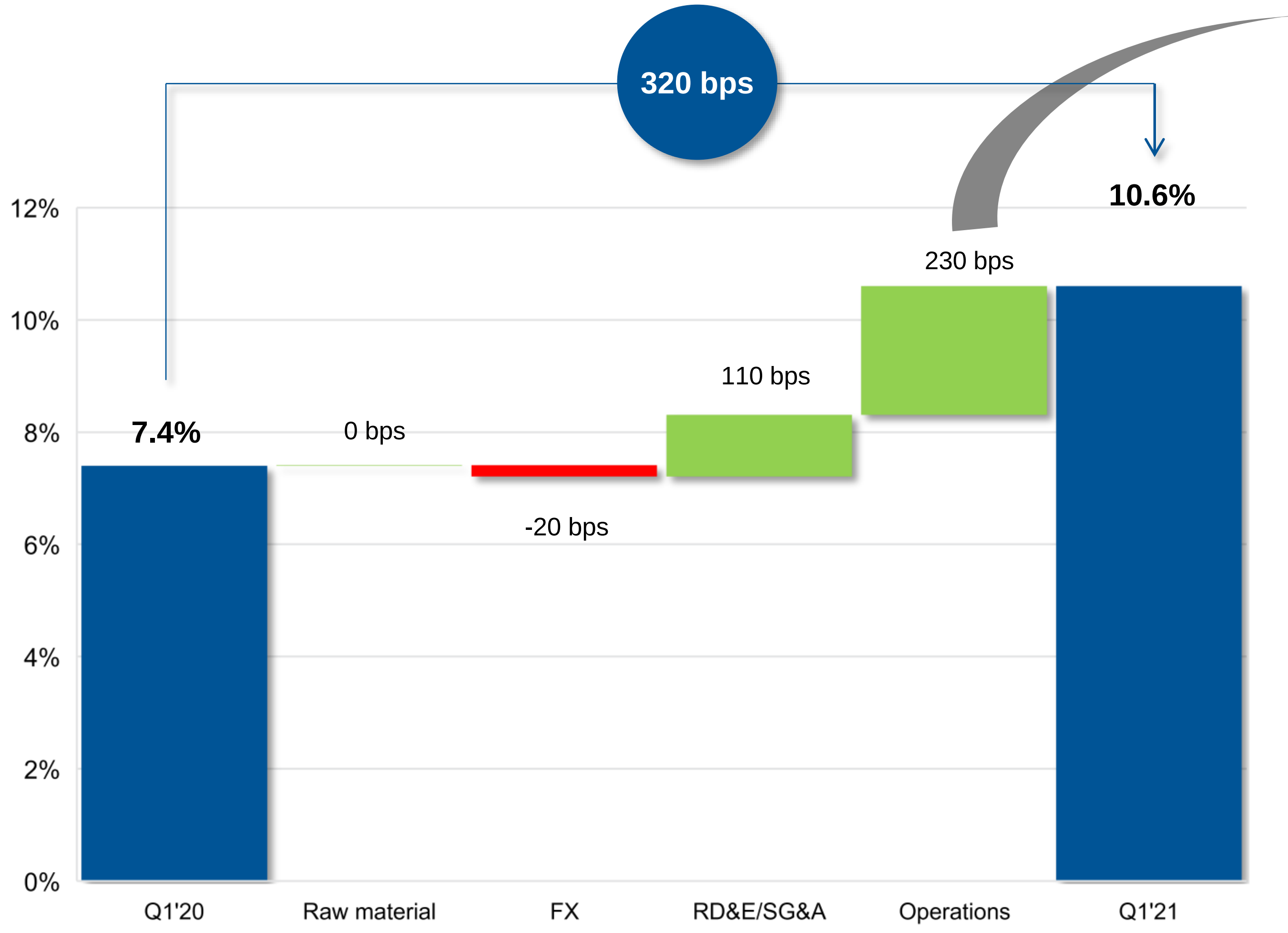
Q1´21 Adj. Operating Margin* Bridge
vs. Prior Year



Operations

+ Pos

- Higher sales
- Productivity in labor and component costs
- Structural efficiency programs

- Neg

- COVID-19 related inefficiencies in supply chain and manufacturing
- Direct costs related to COVID-19
- Volatile LVP

(*) Non-US GAAP measures exclude costs for capacity alignments

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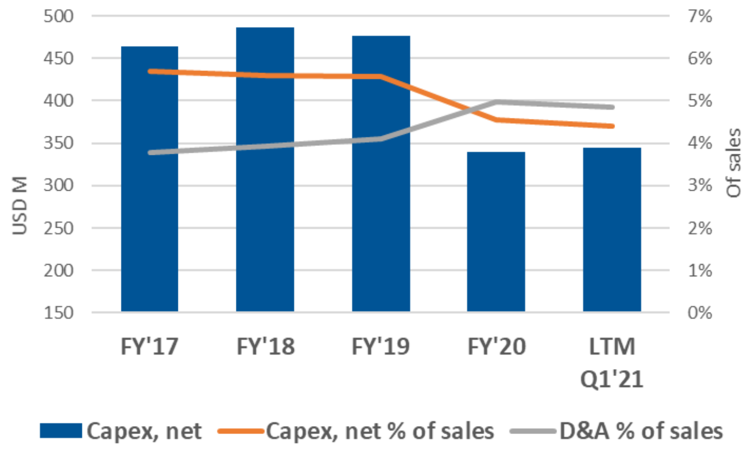
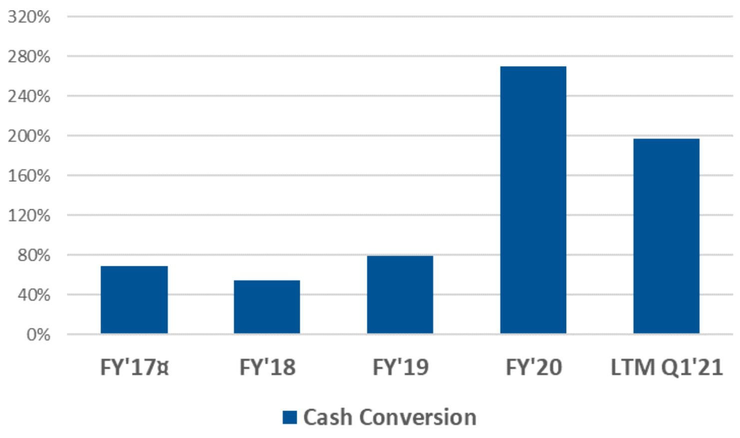
Cash Flow

(US$ Millions unless specified)	Q1'21	Q1'20	LTM	2020	2019
Net Income	$157	$75	$271	$188	$463
Depreciation & Amortization	99	89	381	371	351
EC antitrust payment	-	-	-	-	-203
Other, net	19	11	21	13	-17
Change in operating WC	-89	-19	207	277	47
Operating cash flow	186	156	879	849	641
Operating cash flow excl. EC antitrust payment[1]	**186**	**156**	**879**	**849**	**844**
Capital Expenditures, net	-93	-88	-344	-340	-476
Free cash flow[1]	**93**	**68**	**534**	**509**	**368**
Dividends paid	-	$54	-	$54	$217

Capex and D&A



Cash Conversion[2]



(1) Non-US GAAP measure, adjusted for EC antitrust payment in Q2 2019, reconciliation is provided above
(2) Non-US GAAP measure, adjusted for EC antitrust accrual in 2018 and payment in Q2 2019

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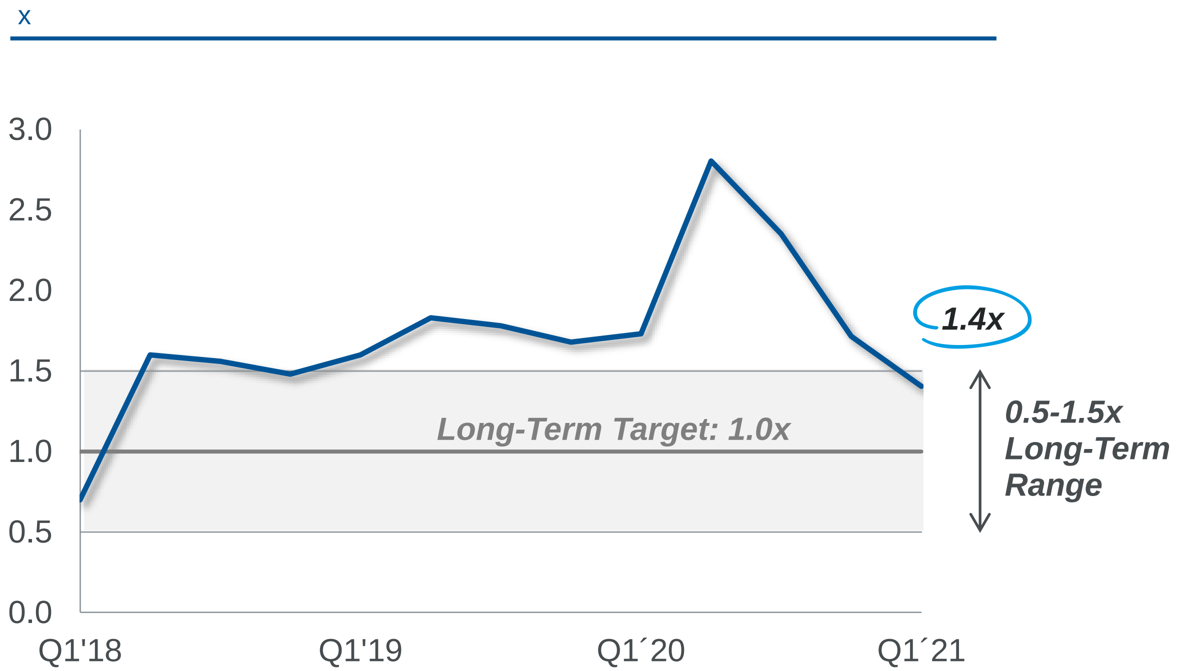
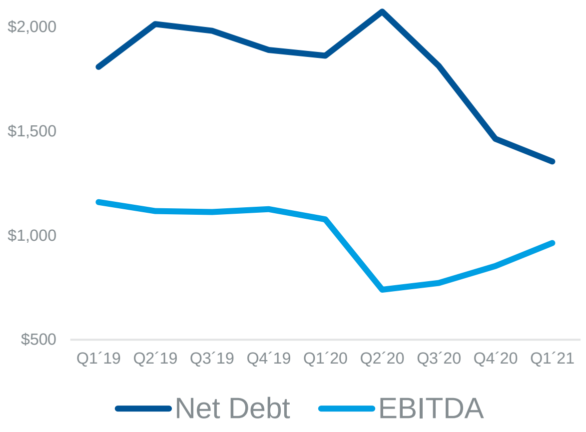
Leverage Ratio

Within target range

Net Debt/ EBITDA*



Net Debt and EBITDA per the Policy



- Our **Net Debt*** decreased by **$109M** from Q4'20
- **EBITDA LTM** increased by **$111M** from Q4'20

(*) Prior to Q2´18 includes the electronics segment; Non-US GAAP measure, Leverage Ratio and Net Debt includes Pension Liability
EBITDA calculation redefined to exclude other non-operating items and income from equity method investments

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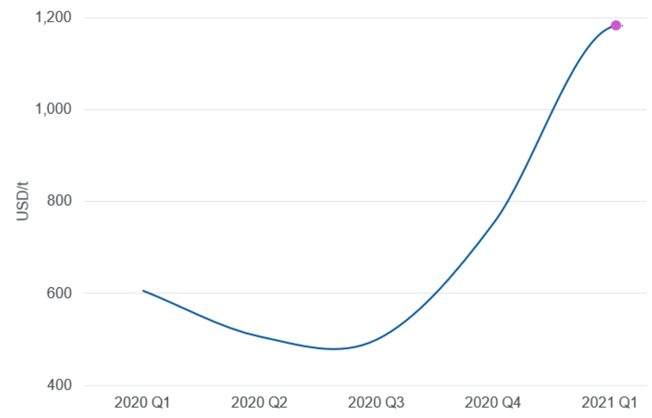
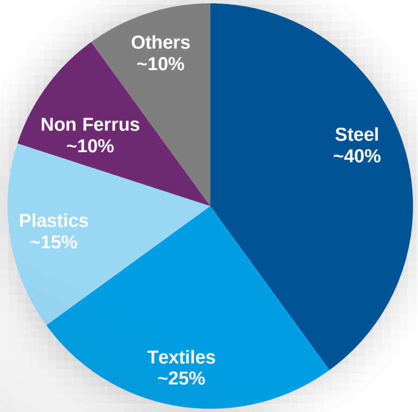
Substantial Raw Material Headwinds

- We mainly buy components and not pure raw material
- The effects from changes in spot market prices are mitigated and delayed through longer-term supply contracts:
  - The delay is typically 6 to 12 months
  - Our volatility is usually substantially less than the volatility in the spot market
- Some, but limited, contractual passthroughs to customers
- Raw material prices impact is also mitigated through:
  - Consolidation of supply base
  - Negotiations with suppliers
  - Redesign of products

IHS Markit: U.S. hot-rolled sheet steel



Spend by commodity



~25% of annual sales

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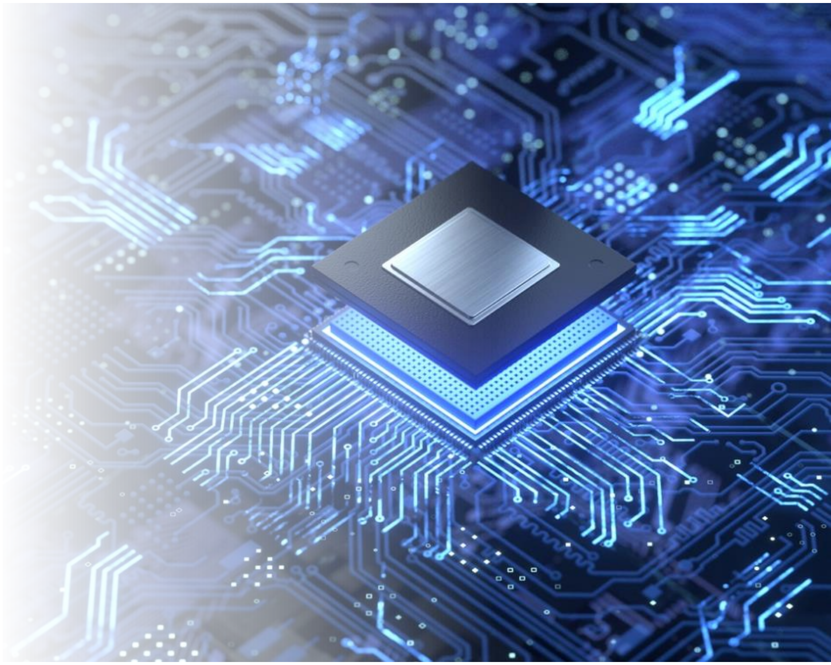
Global Semiconductor Shortage

- Our direct exposure is limited
- Vehicle manufacturers are experiencing increased disruption to the supply of systems using semiconductors
- Chipmakers rushing to expand their production capacity, but long lead times mean the supply issues will extend well into Q2-Q3
- 2-3 percentage point negative net impact on 2021 global light vehicle production expected
- Note that varying levels of visibility across customers persist



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Light Vehicle Production Outlook

Uncertainty prevails

FY21:

North American LVP has been reduced by ~600,000 units. The first and second quarters as being most impacted by the semiconductor shortages, with a return closer to normal beginning in third quarter. Some volumes are expected to be recovered in the fourth quarter. Inventory of new vehicles at the end of March was the lowest for any month since the Cash-for-Clunkers program in August 2009.

European production is forecasted to grow by 12% to 18.5 million units in 2021, yet output remains 12% lower than 2019. Expected strength in vehicle exports as well as inventory rebuilding should allow production to run higher than sales in the region.

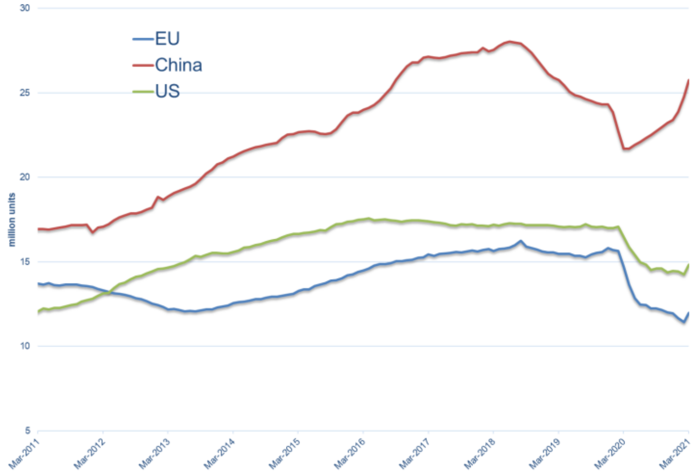
In **China**, resilient consumer demand and optimistic economic fundamentals are supporting the ongoing recovery in light vehicle production. Light vehicle production is now forecasted to grow by 6% for 2021.

IHS Markit: Light Vehicle Production*

Region	Q2´21	FY´21	
	YoY Chg.	Million Units	Y-o-Y Chg.
China	-1.2%	23.4	5.9%
Japan	51%	8.0	4.9%
Rest of Asia	108%	11.2	17.3%
North America	177%	14.4	20.8%
South America	286%	2.8	26.7%
Europe	109%	18.5	12.5%
Global	**59.5%**	**80.4**	**12.1%**

Light Vehicle Sales LTM

(Million units)



(*) Light Vehicle Production (LVP) according to IHS Markit @ April 2021 Year over Year (Y-o-Y)

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FY'21 Indication for Organic Growth and Margin Unchanged Despite Market Headwinds

+ Positives

- Strong start of the year
- Improved sales mix
- Additional cost reductions

- Negatives

- Lower LVP outlook due to component shortages
- Raw material price increases

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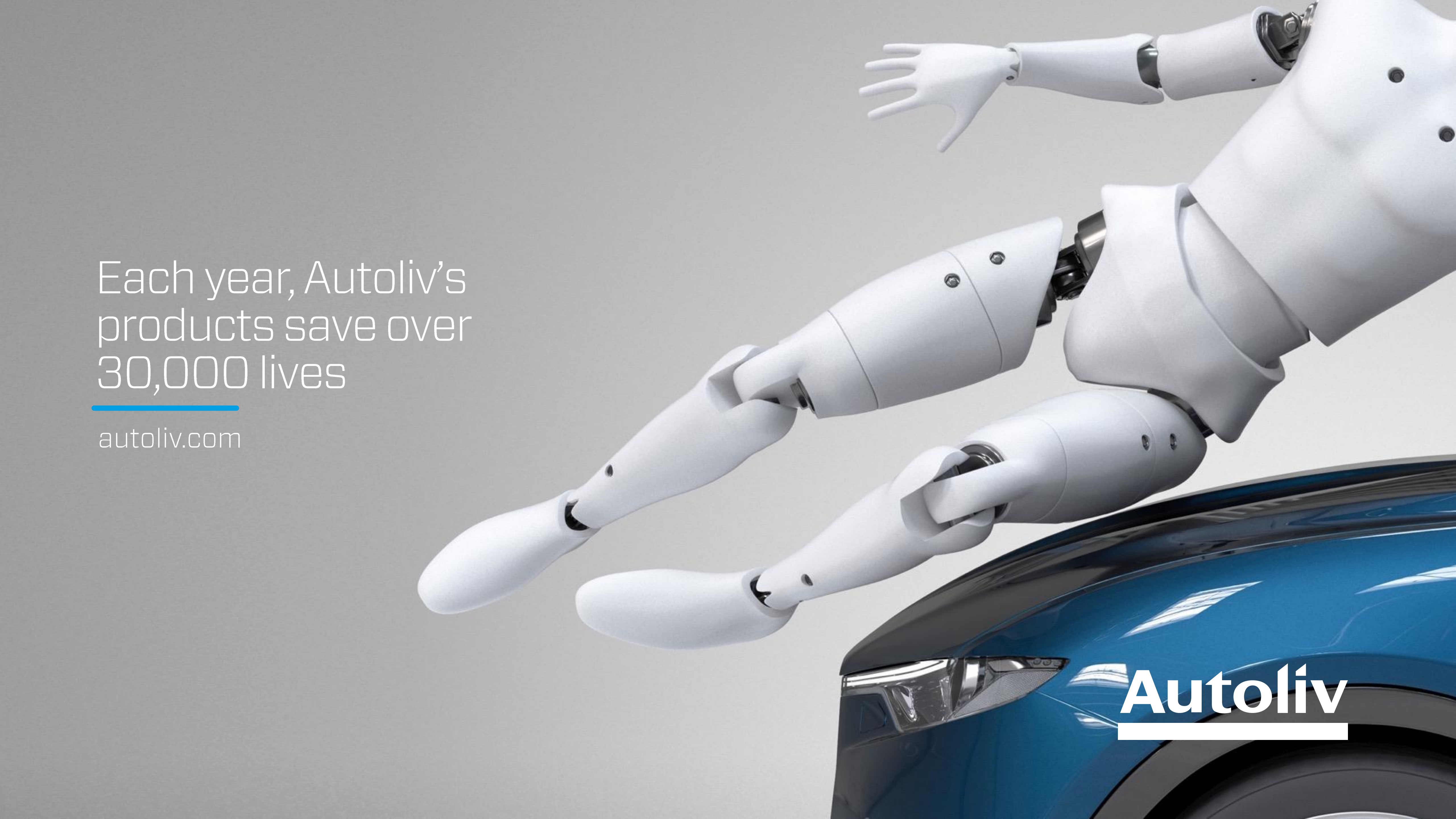
Full year 2021 indications

	Full year indication
Sales, net	**Around 23%**
Organic sales increase[1] Org. sales outperformance vs. LVP	Around 20% Mid-single digits
FX	Around 3%
Adjusted Operating margin[1]	**Around 10%**
Tax rate[2]	Around 30%
Operating Cash flow[2]	Similar level as 2020
Capex, net % of sales	Below 6%
R,D&E, net % of sales	Around 4.5%

Exchange rates[3]	FY'21
EUR / US$	1.20
US$ / JPY	108.16
US$ / KRW	1115
US$ / MXN	20.12
US$ / CNY	6.52

Our full year guidance is based on our customer call-offs and light vehicle production outlook according to IHS Markit

(1) Non-US GAAP measures. Adjusted Operating margin excludes costs for capacity alignments and antitrust related matters, (2) Excluding unusual items, (3) Mid-April 2021 exchange rates


Each year, Autoliv’s products save over 30,000 lives
autoliv.com
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Q1´21 Product Volumes

Strong airbag sales

Autoliv Quantities Delivered (Millions unless specified)	Q1´21	vs. PY** (%)
Seatbelts	**34.9**	**11%**
▪ Pretensioners (of which)	20.8	16%
▪ Active Seatbelts (of which)	1.6	21%
Frontal Airbags	**14.4**	**19%**
▪ Knee Airbags (of which)	1.7	31%
Side Airbags	**25.3**	**19%**
▪ Chest (Thorax)	13.8	18%
▪ Head (Curtain)	11.3	18%
Steering Wheels	**5.1**	**19%**
LVP* (Global)	**19.6**	**13.6%**

(*) Light Vehicle Production (LVP) according to IHS @ April, 2021, (**) Prior Year (PY).

Definition of Symbols

- Driver and/or Passenger Airbags
- Seatbelts
- Side Airbags
- Head/Inflatable Curtain Airbags
- Knee Airbag
- Pyrotechnical Safety Switch
- Pedestrian Airbag
- Steering Wheel
- Front Center Airbag
- Bag-in-Belt
- EV / PHEV