Autoliv
Earnings Call Presentation

2nd Quarter 2021

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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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Q2´21 Highlights

Solid growth despite global LVP affected by semi-conductor shortages

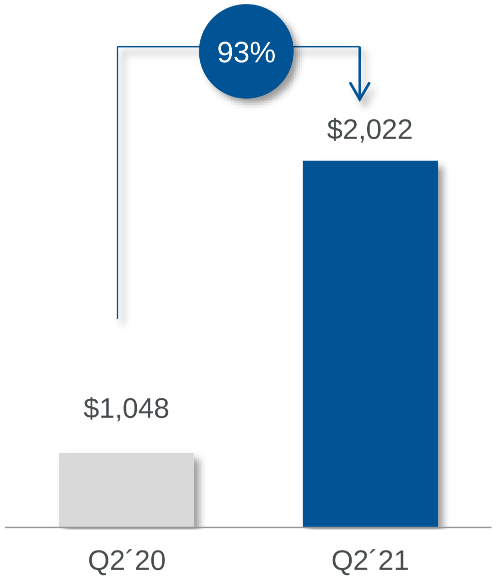
- **Market developments**
  - Resource bottlenecks in global supply chains hamper industry growth more than expected
  - Volatile LVP creating operational challenges and inefficiencies
- **Strong organic sales growth**
  - Strong sales development with positive geographic mix
- **Major operating income improvement**
  - Structural efficiency programs and other cost reduction actions continue to yield positive results
  - Operating income sequential declining on lower sales and increasing cost for raw materials
- **Cash flow**
  - Toyota recall issue from 2016 resolved, affecting WC
  - Our debt leverage ratio* improved substantially
- **Reinstated quarterly dividend at $0.62**
- **Setting ambitious climate targets**

(*) Non-US GAAP measures

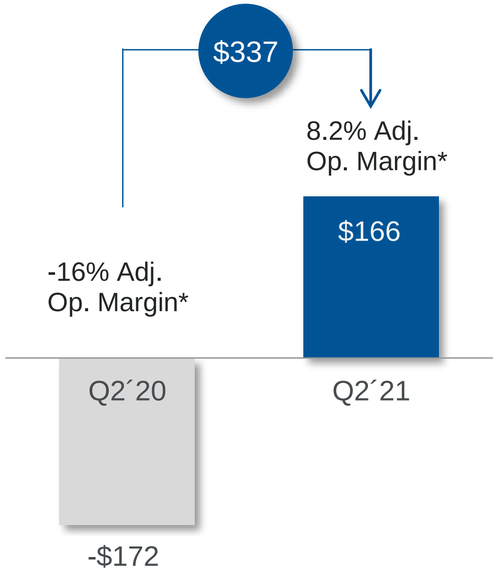
Q2´21 Financial Highlights

Strong recovery from last year despite lower than expected LVP

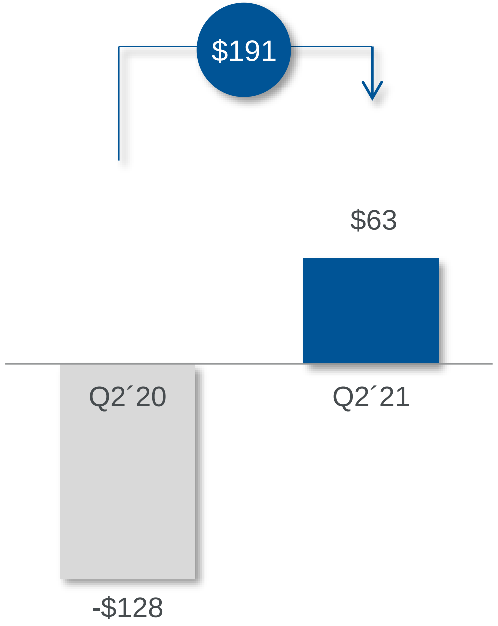
Consolidated Sales
US$ (Millions)



Adjusted Operating Income*
US$ (Millions)



Operating Cash Flow
US$ (Millions)

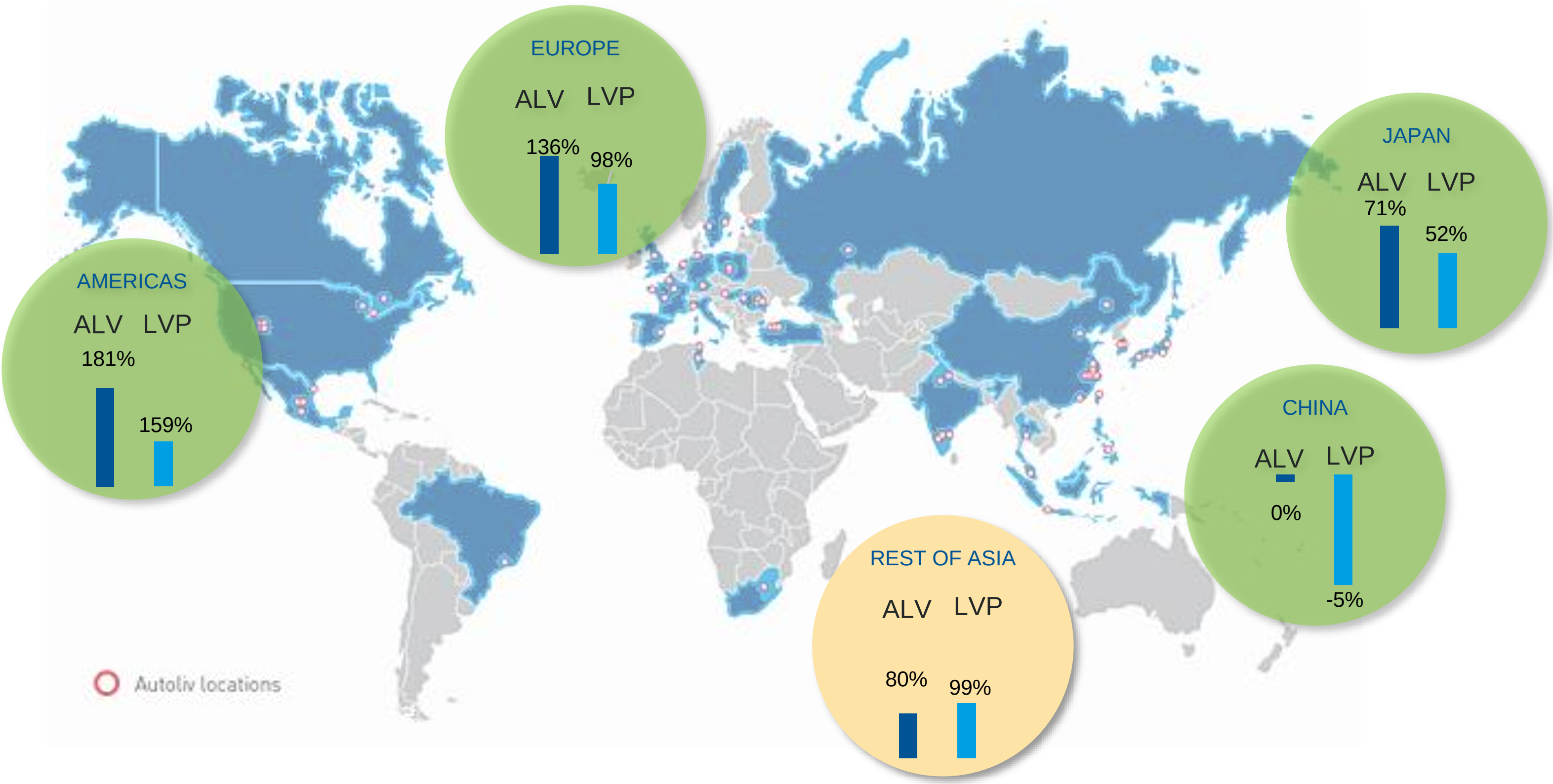


(*) Non-US GAAP measures exclude costs for capacity alignments

Q2’21 Sales Growth

Outperforming global LVP by more than 30 percentage points

Regional Organic Growth* vs. LVP**



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

Q2'21 - Key Model Launches

Toyota Land Cruiser 300

Nissan Pathfinder

Skoda Fabia

Mercedes EQS

Zeekr 001

Chevrolet Bolt EUV

WEY Macchiato

Citroën C5X

Renault Kangoo

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Q2´21 Financial Overview

(US $ Millions unless specified)	Q2'21		Q2'20		Q2'19	
Sales	$2,022		$1,048		$2,155	
Gross Profit	$384	19.0%	$14	1.4%	$400	18.6%
Adj. Operating Income[1]	$166	8.2%	-$172	-16.4%	$183	8.5%
EPS (assuming dilution)	$1.19		-$2.00		$1.25	
Adj. RoCE[1,2]	18%		-18%		20%	
Adj. RoE[1,2]	16%		-24%		24%	
Operating cash flow	$63		-$128		$182[4]	
Dividend paid per share	$0.62		-		$0.62	
Global LVP[3] (annual rate)	~73M		~48M		~86M	

(1) *Non-US GAAP measures exclude costs for capacity alignments and antitrust related matters in Q2´19*
(2) *Return on Capital Employed (RoCE) and Return on Equity (RoE)*
(3) *Light Vehicle Production (LVP) according to IHS Markit @ June 2021*
(4) *Excluding EC antitrust payment*

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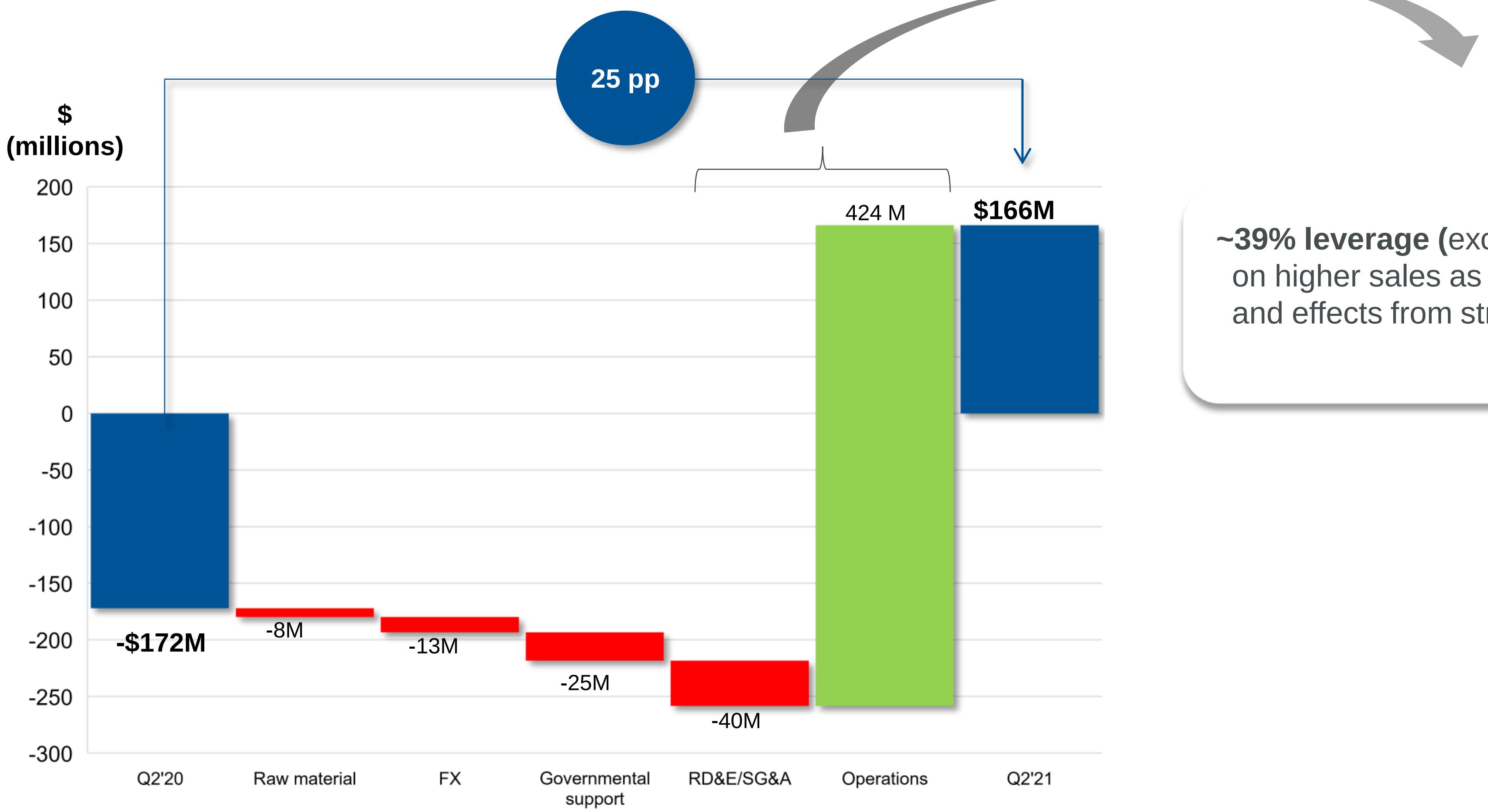
Q2´21 Adj. Operating Profit* Bridge
vs. Prior Year



~39% leverage (excl. FX, raw mtrl and gov. support) on higher sales as a result of improved productivity and effects from structural efficiency programs

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

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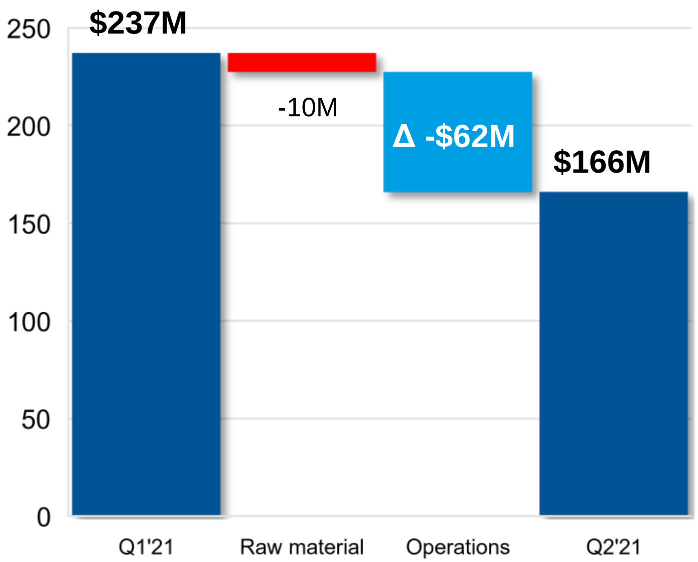
Operational Leverage ~28% vs. prior Quarter

Adjusted Operating income*

$ (millions)



Headwinds & Tailwinds

- Neg

- ~8% lower LVP
- Volatile LVP

+ Pos

- Productivity in labor
- Headcount reduction >2,000

Operational Leverage

Δ Sales : -$220 M

➡ **~28% decremental margin excl. RM**

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

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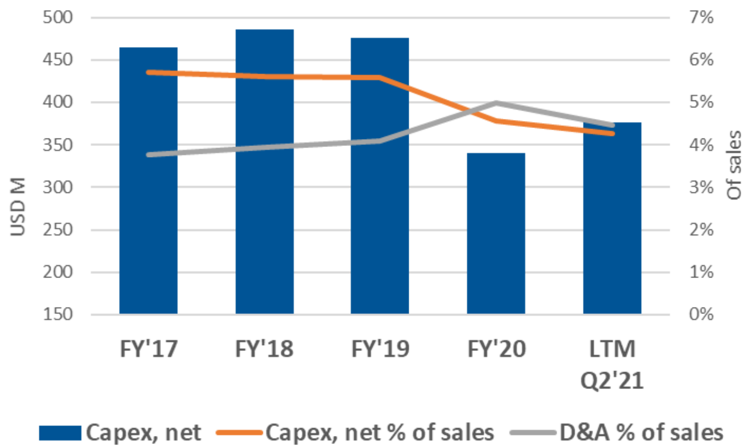
Cash Flow

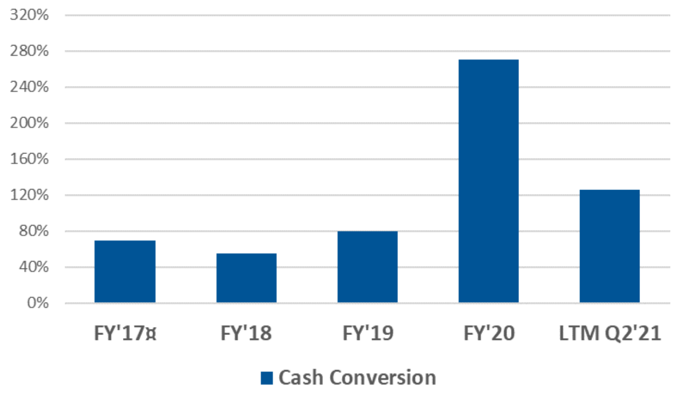
(US$ Millions unless specified)	Q2'21	Q2'20	Q2'19	LTM	2020	2019
Net Income	$105	-$174	$109	$550	$188	$463
Depreciation & Amortization	100	87	86	394	371	351
EC antitrust payment	-	-	-203	-	-	-203
Other, net	-16	-85	4	89	13	-17
Change in operating WC	-125	44	-17	37	277	47
Operating cash flow	63	-128	-21	1,070	849	641
Operating cash flow excl. EC antitrust payment[1]	**63**	**-128**	**182**	**1,070**	**849**	**844**
Capital Expenditures, net	-96	-64	-128	-377	-340	-476
Free cash flow[1]	**-33**	**-192**	**55**	**693**	**509**	**368**
Dividends paid	$54	-	$54	$54	$54	$217

(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

Capex and D&A



Cash Conversion[2]



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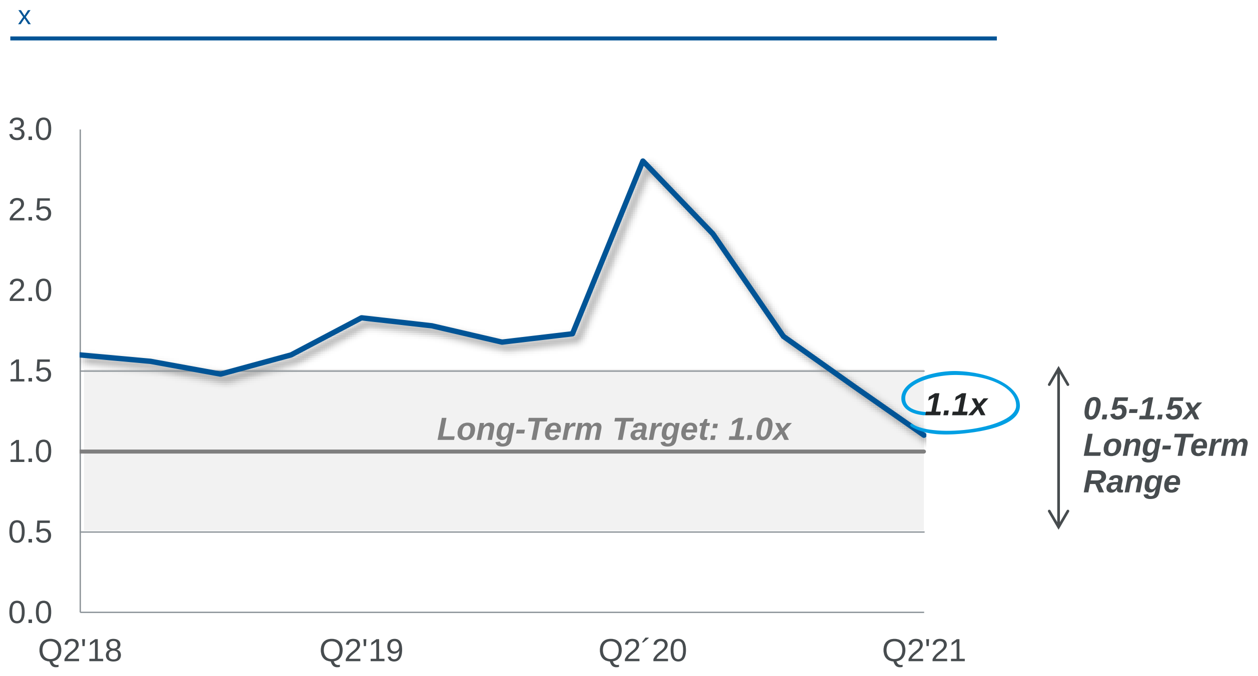
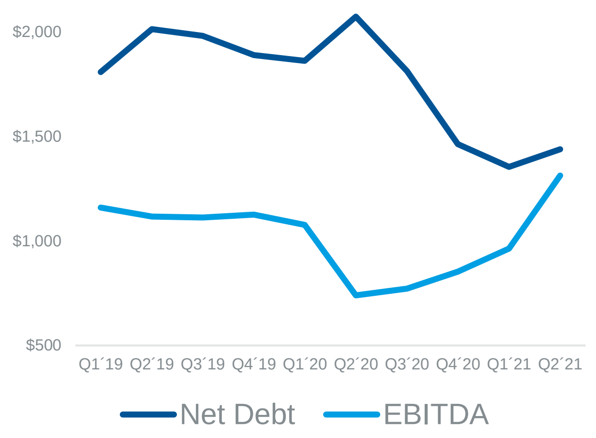
Leverage Ratio

In line with long-term target

Net Debt*/ EBITDA*



Net Debt* and EBITDA* per the Policy



- Our **Net Debt*** increased by **$85M** from Q1'21
- **EBITDA LTM** increased by **$350M** from Q1'21

(*) 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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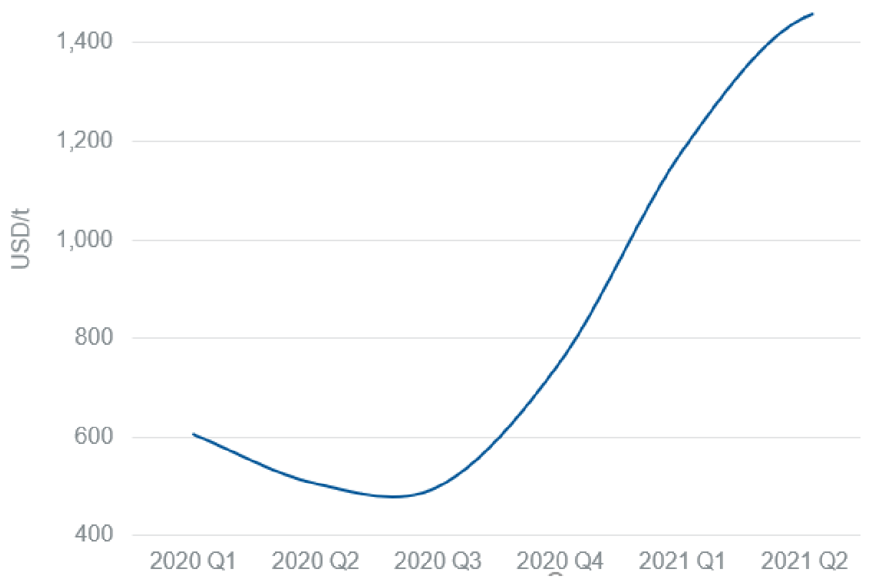
Headwinds from Raw Material

Several key raw material prices have continued to increase significantly in the quarter

- **Cost Mitigation**
  - Raw material prices impact on our cost base is mitigated through:
    - Negotiations with suppliers
    - Consolidation of supply base
    - Redesign of products
- **Commercial Recovery**
  - Some, but limited, contractual passthroughs to customers
  - Compensation negotiations with customers

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



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Light Vehicle Production Outlook

Uncertainty prevails

FY21:

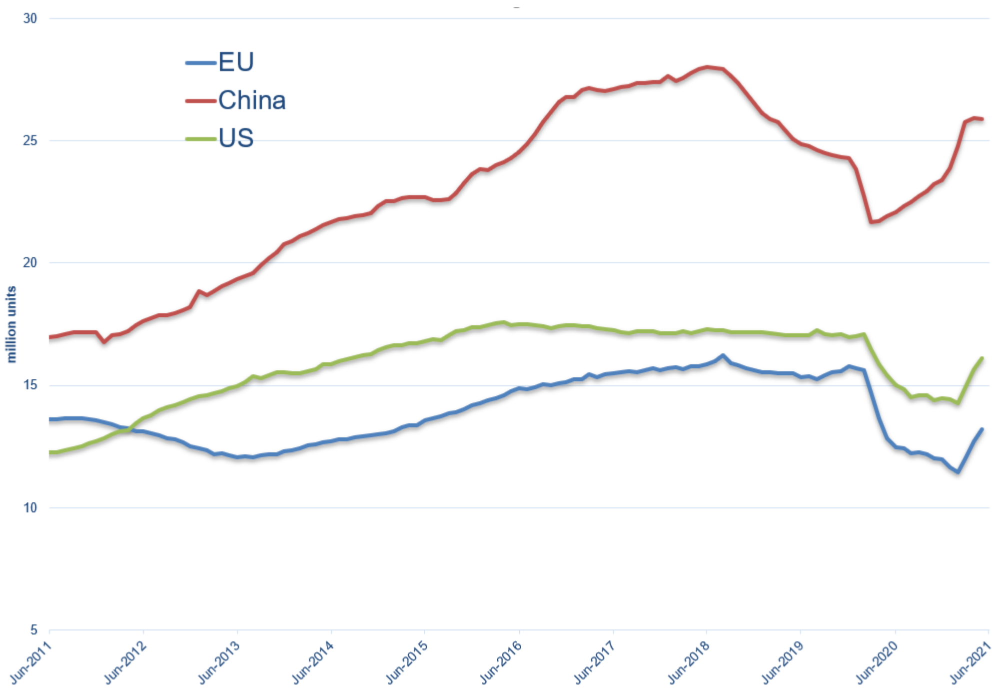
North American The auto industry has struggled to meet consumer demand in recent months due to a global shortage of semiconductors**.** Production is expected to remain volatile because of the semiconductor and other shortages. However, problematic supply chain and logistical issues are expected to dissipate over the coming months.

European Volumes remain low compared with the pre-pandemic level. Expected strength in vehicle exports as well as inventory rebuilding should allow production to run higher than sales. OEMs will likely strongly push vehicles with no or low CO_2 levels.

China Auto sales in China fell YoY in the past two months as a global shortage of semiconductors hit production of some popular models. Sales of EVs and PHEVs maintained their strong momentum. Given an overall economic recovery, we are still moderately positive about the domestic auto market.

Light Vehicle Sales LTM

(Million units)



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

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Changing FY2021 Indications due to Market Headwinds

- Negatives

- Raw material price increases
- Lower and uncertain LVP outlook due to component shortages
- Volatile production schedules

+ Positives

- Improved sales mix within regions
- Additional cost reductions

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Full year 2021 Indications

	Full year indication
LVP growth	9% to 11%
Consolidated sales increase, net	**Around 20 to 22%**
Organic sales increase[1] Org. sales outperformance vs. LVP	Around 16 to 18% Around 7pp
FX	Around +4%
Adjusted Operating margin[1]	**Around 9% to 9.5%**
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$	1.1960
US$ / JPY	108.94
US$ / KRW	1131
US$ / MXN	20.05
US$ / CNY	6.47

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

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Autoliv Climate Targets

- Aims to become carbon neutral in its own operations by 2030
- Aims for net-zero emissions across its supply chain by 2040
- Is committing to the Science Based Targets initiative

Virtual
Capital Markets Day 2021

November 16th, 2021

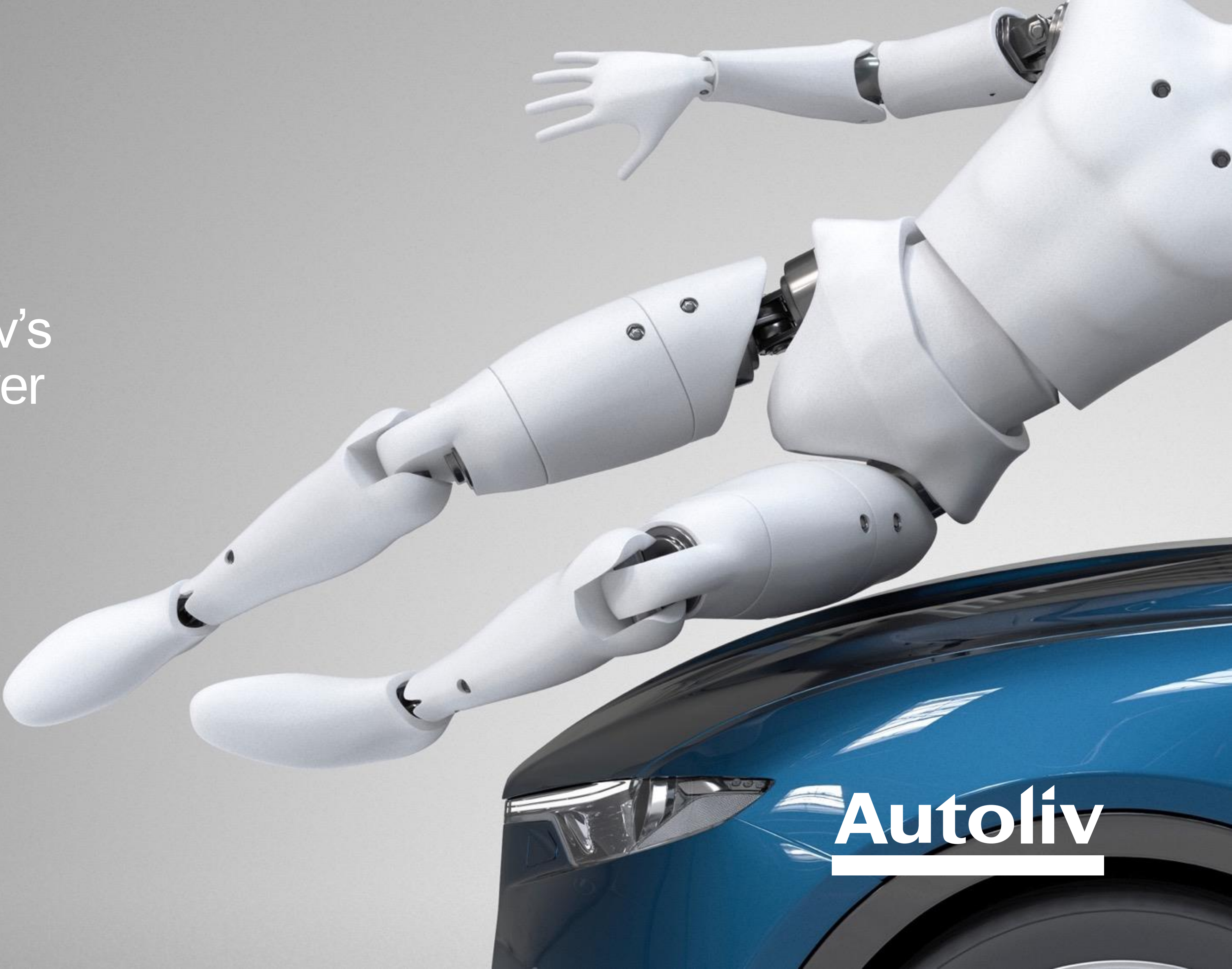
Medium term Targets

Organic Growth vs. LVP +4-5% per year	Adj. Operating Margin[1] ~12%
Cash Conversion[2] ≥80%	~1.0x Leverage Ratio[3] (0.5-1.5x Range)

1) Excludes costs to capacity alignments and antitrust matters.
2) Operating cash flow less capex, net in relation to net income excluding antitrust related costs and payments.
3) Net Debt including pension liabilities in relation to last twelve month EBITDA.

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

autoliv.com



Q2´21 Product Volumes

Outperforming LVP with all product types

Autoliv Quantities Delivered (Millions unless specified)	**Q2´21**	**vs. PY** (%)**
Seatbelts	**31.0**	**58%**
▪ Pretensioners (of which)	18.3	52%
▪ Active Seatbelts (of which)	1.5	65%
Frontal Airbags	**12.6**	**84%**
▪ Knee Airbags (of which)	1.3	108%
Side Airbags	**21.8**	**66%**
▪ Chest (Thorax)	11.6	60%
▪ Head (Curtain)	10.0	73%
Steering Wheels	**4.3**	**81%**
LVP* (Global)	**18.2**	**51.6%**

(*) Light Vehicle Production (LVP) according to IHS @ June16, 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