



# Saving More Lives

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(\* Non-US GAAP reconciliations are disclosed in our regulatory filings available at [www.sec.gov](http://www.sec.gov) or [www.autoliv.com](http://www.autoliv.com)

# Q2'20: Execution in Unprecedented Times

- April virtually at a standstill in Europe and Americas
- Slow and volatile restart and ramp-up creates efficiency challenges
- Total employee related run-rate costs lowered by almost 30% in April
- Reducing capex YTD April by 30% compared to plan
- Strong Liquidity Position
  - Canceled dividend
  - Securing up to ~\$0.6 billion in loans from the Swedish Export Credit Corporation
  - Cash ~\$1.4 bn at the end of April
  - New loan increasing total cash or cash equivalents plus committed facilities at disposal by \$0.5 billion

(\*) Non-US GAAP measures, (\*\*) Light Vehicle Production (LVP) according to IHS @ April, 2020, (\*\*\*) Organic sales increase, Non-US GAAP measures,

# Status Autoliv operations

## Autoliv

China

18%



- **ALV Plant status:** Production has gradually recovered
- **Sales in April:** Increased by 3% Y-o-Y
- **Cost reduction measures:** Delay of hiring, delay of CAPEX, productivity improvement, daily monitoring of demand and material supply, intensified work to secure new contracts, etc.
- **Areas of concern:** Customer demand fluctuation.

## Autoliv

Europe

29%



- **ALV Plant status:** Plants resuming and ramping up production in line with customer needs. All Tech centers back in operation
- **Sales in April:** declined by 89% Y-o-Y
- **Cost reduction measures:** Furloughs and time-off implemented, delay of CAPEX, daily monitoring of demand and material supply, etc.
- **Areas of concern:** Low and unstable production levels

## Autoliv

North America

32%



- **ALV Plant status:** All sites, including Mexico fully operational
- **Sales in April:** declined by 96% Y-o-Y
- **Cost reduction measures:** Furloughs and time-off requirements implemented, close monitoring of receivables, CAPEX delay, inventory reduction, discretionary spending, etc.
- **Areas of concern:** Slow reopening of Mexico impacting OEMs ramp-up

## Autoliv

Japan

9%



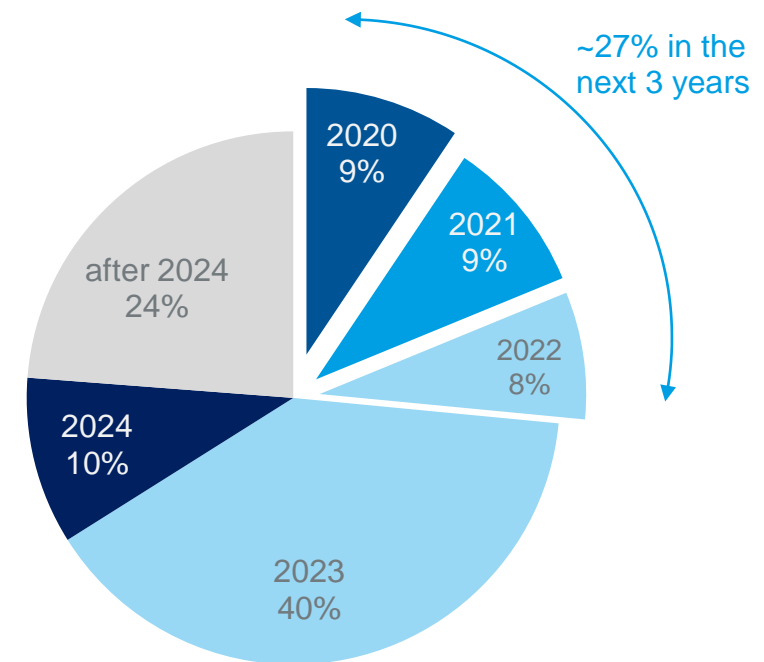
- **ALV Plant status:** Plants running at reduced capacity
- **Cost reduction measures:** Flex and plant closure where appropriate, reduction and suspension of Capex, reducing all external expense, premium freight recovery
- **Areas of concern:** Restart for OEMs is slow due to low demand from export markets

Percentage of group sales in 2019

# Strong liquidity position

- Significant liquidity cushion with **\$1.4 billion** in cash April 30
- Additionally, we entered into a new lending facility of ~\$0.6 billion with the Swedish Export Credit
- No significant debt refinancing until 2023
- Revolver credit facility matures in 2023

Estimated Debt Maturities end of Q2\*  
% of ~\$3 billion total debt



(\* None of the credit facilities are subject to financial covenants)

# Cost Breakdown

- Actions implemented on each & every line

## Variable costs

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- Direct material
- Direct labor
- Freight costs

## Semi-fixed costs

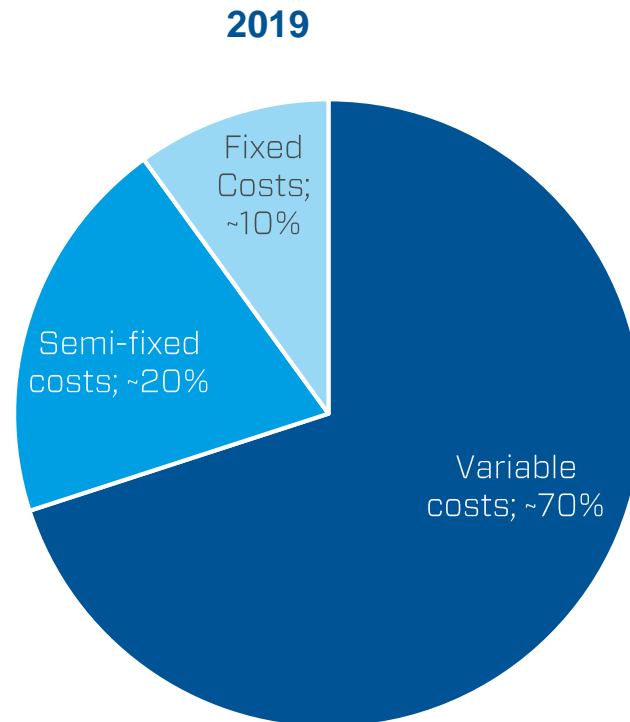
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- Fixed Salaries, travel expenses
- Consultant costs
- Legal fees
- Other net external expenses

## Fixed costs

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- Rent buildings, machines & office
- Insurance, Property tax
- IT-expenses
- Depreciation & Amortization



- **Limited visibility, long period of virtual stand stills** in large parts of the world and the **velocity of the decline** mean the **operating leverage** could be **higher than the around 30%** the Company considers to be the standard operating leverage.

# Decisive actions to manage a challenging period

## ■ Health of our Employees

- Implementing policies to protect employees
- Raise awareness of well-being protocols and helpful practices

## ■ Capital Management

- Capital expenditures delays
- Close monitoring of receivables and inventories
- Tight collaboration with suppliers

## ■ Margin Focus

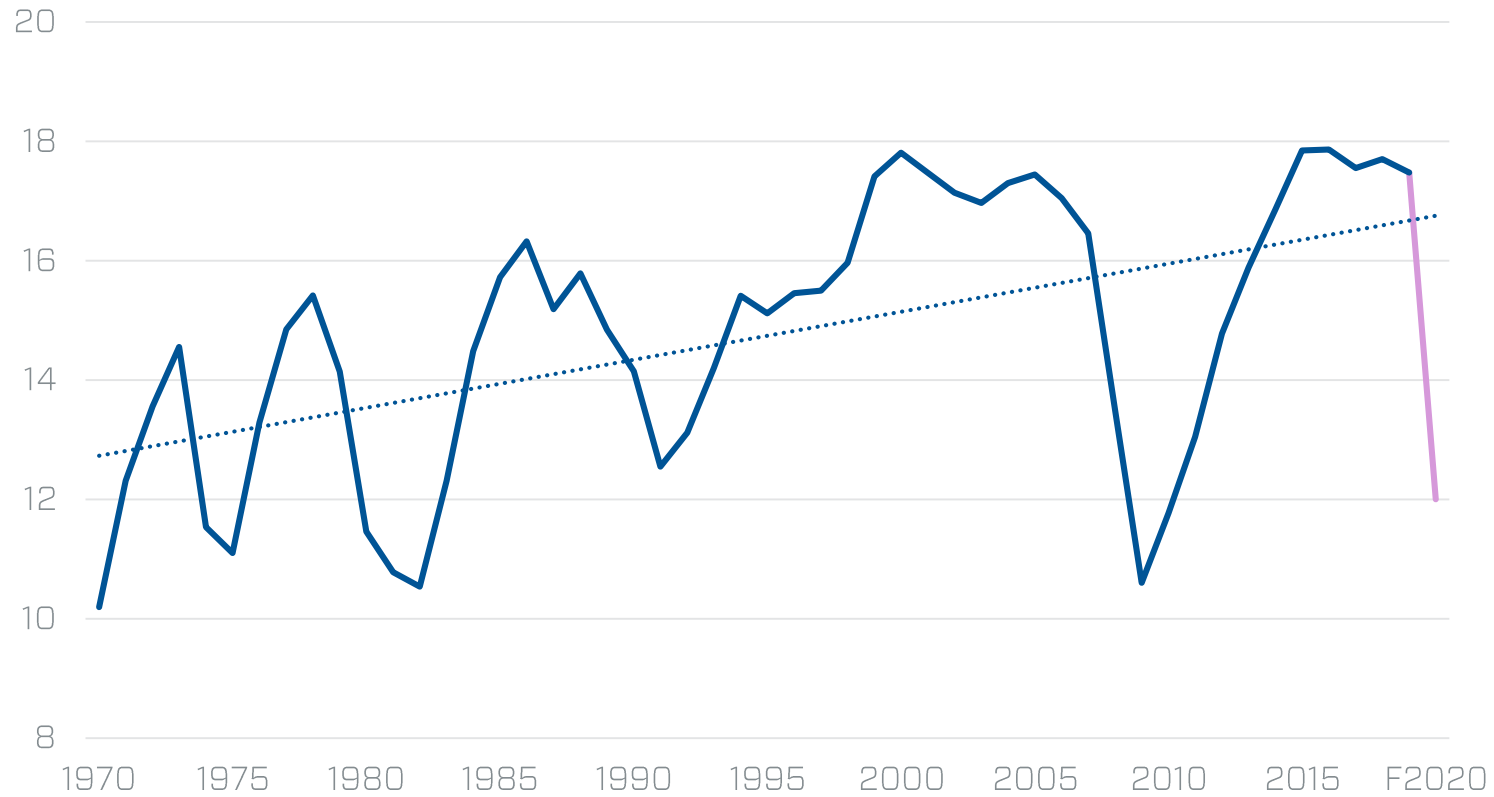
- Further align headcount with customer LVP
- Reduced work week hours
- Furloughing, supported by governments where available
- General hiring, wage & bonus freeze
- Accelerate cost saving initiatives

**... while restarting production**



# Looking beyond the near-term

U.S. LV Sales 1950-2019





# Creating Value for Shareholders

Visible Sustainable  
Short-term and  
Long-Term Growth  
vs. LVP

Profitability  
Improvement and  
Over-the-Cycle  
Resilience

Cash Flow  
Generation Focus  
for Shareholder  
Returns

Strong Balance  
Sheet and Prudent  
Leverage Policy

# Financial Medium Term strategy

## - Operating margin Drivers

### Current Crisis Management

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- Ongoing cost reduction activities to offset near-term Covid-19 effects

### The New Normal

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- Adapting to new normal medium-term market

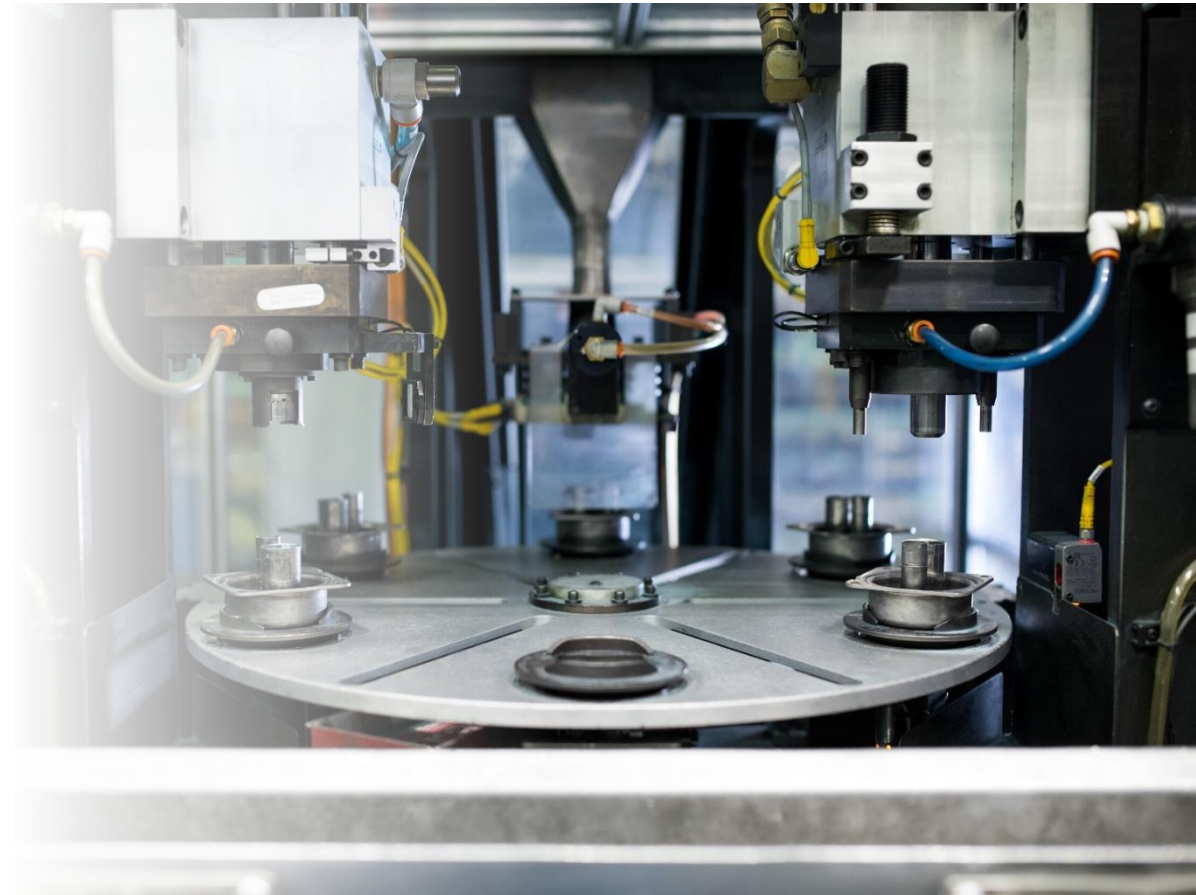
### Strategic Plan outlined 2019

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- Executing on strong order book
- Implementing Strategic Initiatives
- Stabilization of market fundamentals

# Implementing Strategic Initiatives

- Automation, Digitalization & Modularization
- Supply Chain Management Effectiveness
- RD&E Effectiveness



# Our Daily Priorities

- Health and Safety remain top priority
- Exceptional situation requires difficult decisions
- Assessing the new run rate of LVP, and continuously adjust
- Executing on our long-term strategies
- Continued flawless execution in a challenging situation



We are all-in on  
taking Autoliv to  
the next level



**Autoliv**