

A close-up, low-angle shot of a car's front end, focusing on the headlight and grille. The car is dark-colored, and the lighting is dramatic, highlighting the contours of the bodywork. The background is a soft, out-of-focus blue.

Autoliv

Post Q4 2018 presentation

Autoliv IR at Kepler Cheuvreux - NDR Paris

February 13, 2019

Saving more lives

Autoliv 2018 Achievements and Challenges

Strong order intake and outperformance of light vehicle production for new Autoliv

- **New executive management team** in place
- **Veoneer spin-off** in July
 - Improved focus and flexibility for both companies (culture, people, business)
- **Light vehicle market in China** under pressure in second half of the year
- **New emission test protocol in Europe** with volatile light vehicle production in second half of the year
- **Above market growth** from strong order intake since 2015
- **Continued high order intake** supporting our strong market position longer term

Target update

Sales and profitability capacity unchanged

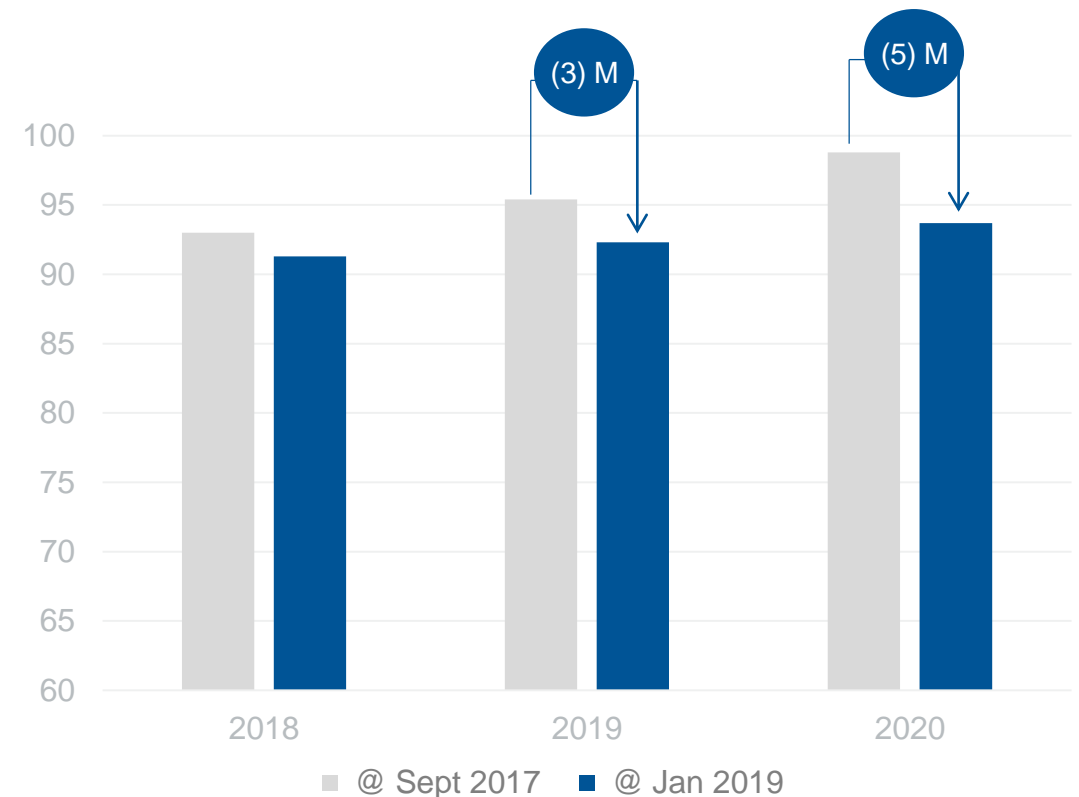
Target update

- 2020**
 - Global light vehicle sales and production slowdown
 - Headwinds from other external factors such as raw material
 - Do not expect to reach targets of >10bn and ~13% adj. operating margin* in 2020
 - We expect improvement towards our targets in 2020
- Targets remain unchanged**
 - Sales and profitability capacity is unchanged
 - Sales: >\$10 billion
 - Adj. EBIT margin*: ~13%
 - Timing is beyond 2020

* non-U.S. GAAP measure excluding capacity alignment and antitrust related costs.

IHS Global Light Vehicle Production Forecast

Million units



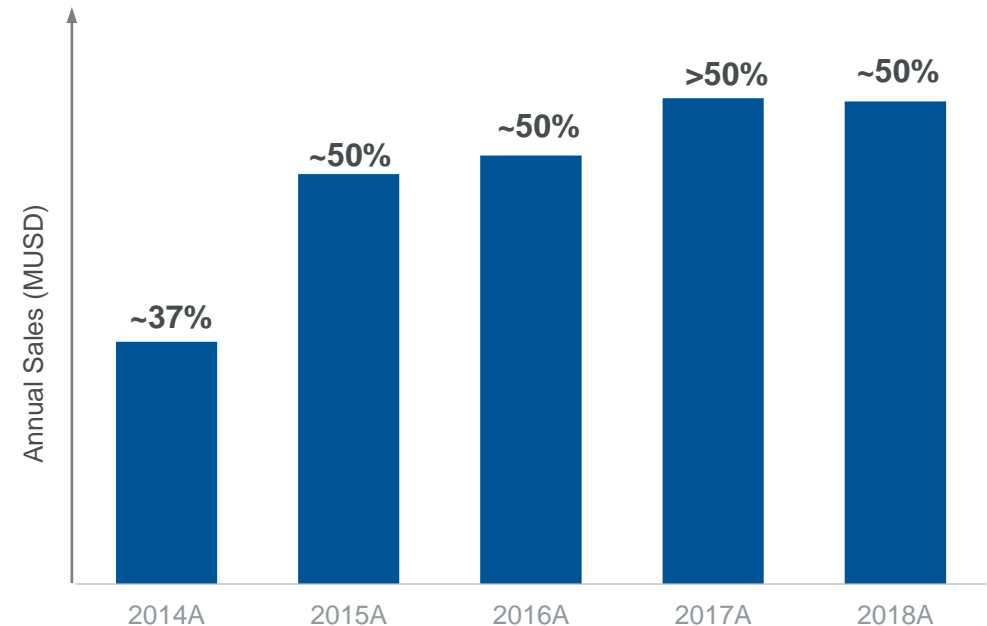
Order Intake Momentum Remains Strong

Around 50% Order Intake Share Continued In 2018

- 2018 order intake in line with 2017
- Market share gains within all product areas and regions compared to today's level
- Major wins with all leading OEMs
- Several new contracts for front center airbags
- Some OEMs making rear side airbags standard
- Knee airbag growth accelerates
- Contracts with new emerging EV manufacturers

Order Intake Annualized Sales and Share

2014A-18A

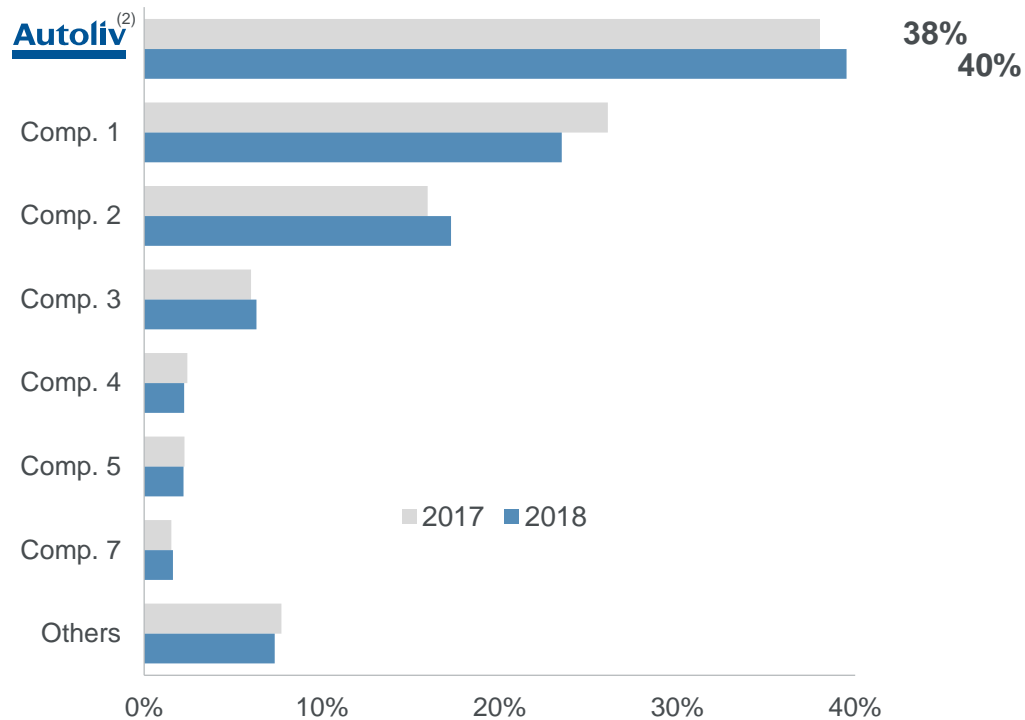


Strong starting point

Clear market leader in a consolidated market

Firm Market Leader at 40% – Far Exceeding Competitors⁽¹⁾

%



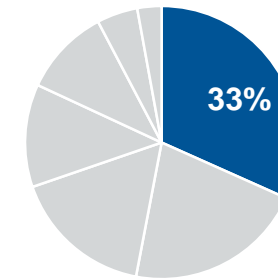
(1) Estimated 2017A market shares. Based on Autoliv's passive safety market definition including airbags, seatbelts and steering wheels

(2) Pro forma combination

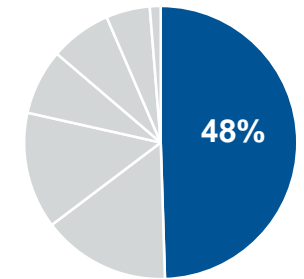
#1 Rankings Across Product Portfolio⁽¹⁾

2018A

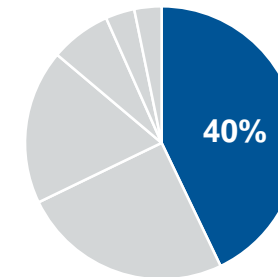
Frontal Airbags



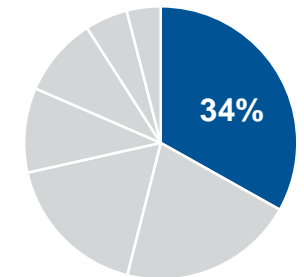
Side Airbags



Seatbelts



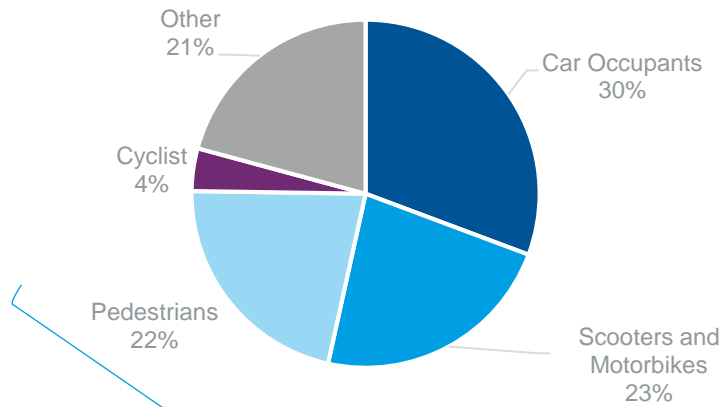
Steering Wheels



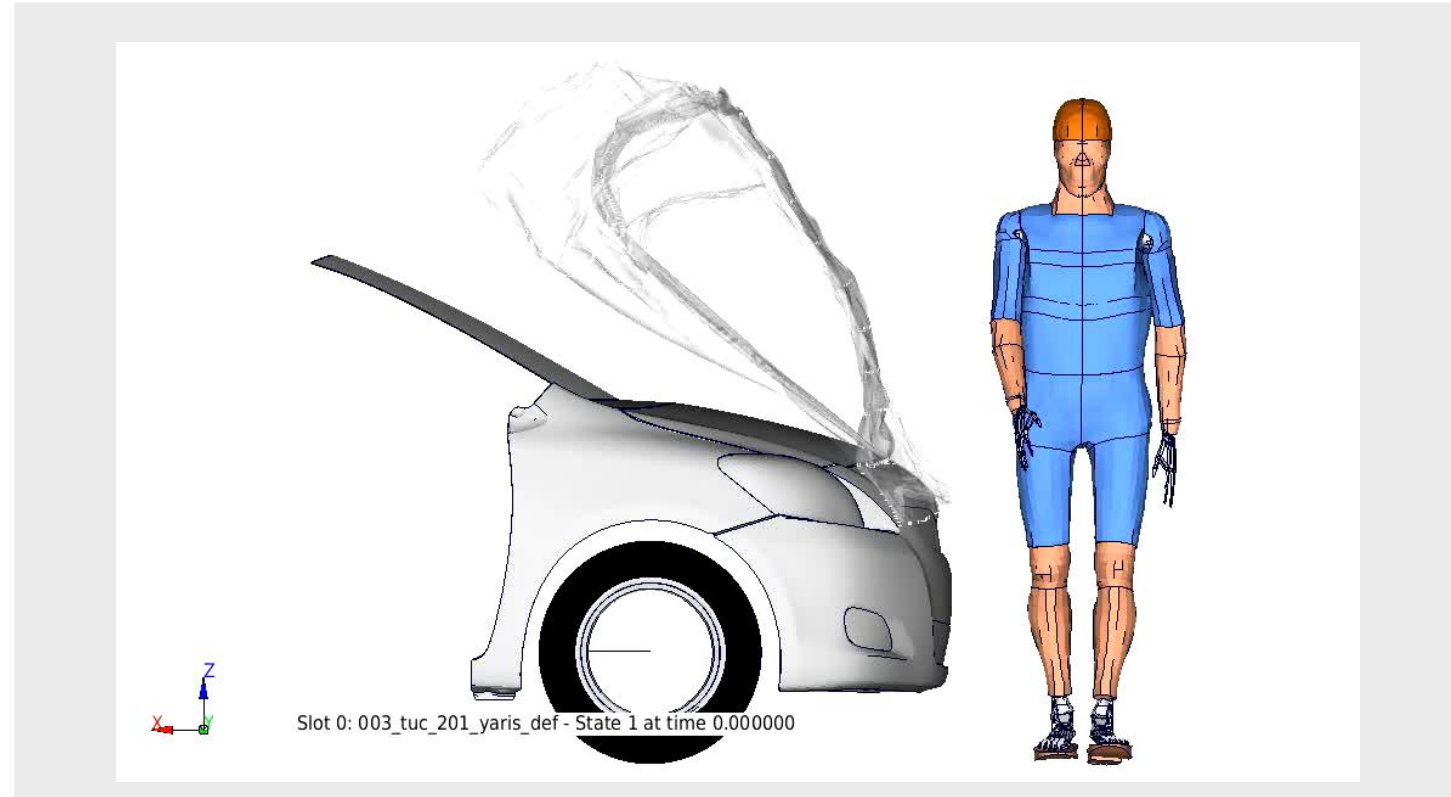
Growth opportunities

Vulnerable Road Users

Road traffic death by type road user*



Vulnerable Road users accounts for ~49% of all road fatalities



Significantly reduce injuries for all vulnerable road users and continue to develop protection systems for automated vehicles

* Source: WHO

Pedestrian Airbag Saves the Life of 12-year Old Boy



Vulnerable road users and autonomous vehicles

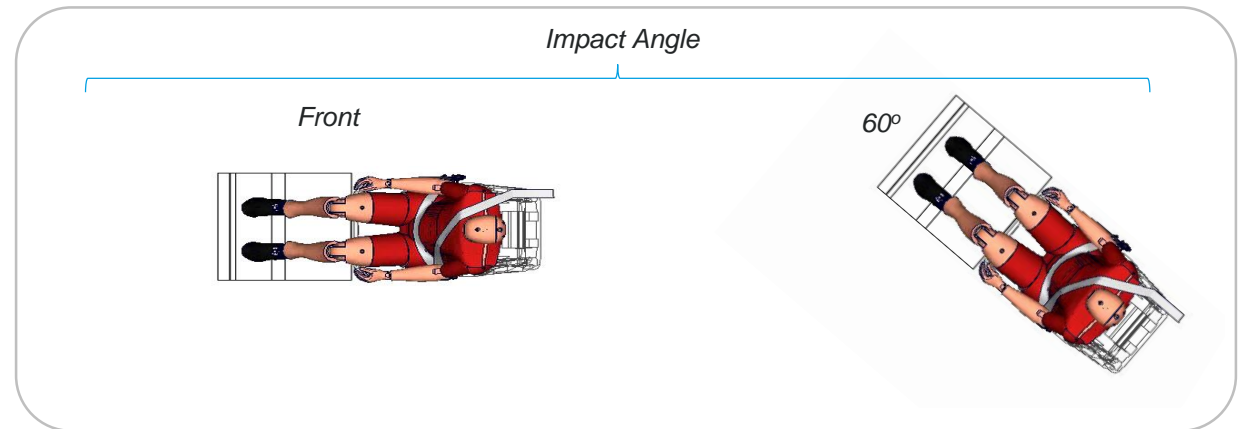
- Protection of vulnerable road users key for acceptance of Autonomous vehicles
- OEMs and RoboTaxi companies show increased interest because when driving shifts from driver to machine, liability transfers from driver to corporation

Longer term growth opportunities

Research/Technology 2025+



Collaborate with OEMs and other Tier 1 to develop new airbags and seat belt systems for automated vehicles



Q4'18 Highlights

- Above market growth supported by strong order intake since 2015
 - Organic sales* growth >4%, ~10 pp better than LVP**
 - Execution on strong order book
 - Launches on track although launch related costs remain on the high levels seen in Q3
 - Strong performance with transplants in North America partly offset weak performance in other regions
- Unfavorable market fundamentals taking its toll on global auto demand/production
 - Unprecedented weakness in China
 - Continued volatility in Europe
- Flexibility in our Chinese operations mitigated effects from lower than expected sales
- Accrued \$210 million in connection with the remaining portion of the EC investigation
- Operating cash flow on a high level despite weaker than expected market conditions
- Ongoing actions to mitigate market softening and reduce elevated costs related to product launches
- Raw material headwinds persist

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

*(**) Light Vehicle Production (LVP) according to IHS @ January 17, 2019.*

Q4'18 Financial Overview

(US \$ Millions unless specified)	Q4'18		Q4'17	
Sales	\$2,193		\$2,159	
Gross Profit	\$425	19.4%	\$441	20.4%
Operating Income ¹	\$240	10.9%	\$254	11.8%
EPS (assuming dilution)	\$(1.06)		\$2.26	
RoCE ^{1,2}	26%		n/a	
RoE ^{1,2}	24%		n/a	
Operating cash flow Cont. Ops	\$289		n/a	
Dividend per share	\$0.62		\$0.60	
Global LVP ³ (annual rate)	~93M		~98M	



(1) Non-US GAAP measures exclude costs for capacity alignments, antitrust related matters and separation of our business segments. (2) Return on Capital Employed (RoCE) and Return on Equity (RoE), (3) Light Vehicle Production (LVP) according to IHS @ January 17, 2019.

FY'18 Financial Overview

(US \$ Millions unless specified)	FY'18		FY'17	
Sales	\$8,678		\$8,137	
Gross Profit	\$1,711	19.7%	\$1,680	20.6%
Operating Income ¹	\$908	10.5%	\$899	11.1%
EPS (assuming dilution)	\$4.31		\$6.68	
RoCE ^{1,2}	22%		n/a	
RoE ^{1,2}	20%		n/a	
Operating cash flow Cont. Ops	\$806		\$870	
Dividend per share	\$2.46		\$2.38	
Global LVP ³	91M		92M	



1) Non-US GAAP measures exclude costs for capacity alignments, antitrust related matters and separation of our business segments. (2) Return on Capital Employed (RoCE) and Return on Equity (RoE), (3) Light Vehicle Production (LVP) according to IHS @ January 17, 2019.

Market Development

2019 Light Vehicle Production Outlook

- Challenging first half year with recovery projected for second half year
- Light Vehicle production in **North America** is expected to be flat or slightly down
- The WLTP impact in **Europe** appears on track to fade over the coming months. LVP is expected to stabilize with potential for growth in H2 depending on the Brexit outcome
- In **China**, without any government driven stimulus, we see a downside risk to IHS LVP outlook, especially in Q1 but potentially also in Q2

IHS: 2019 Light Vehicle Production*				
Region	Q1 '19		FY '19	
	Millions Units	YoY Chg.	Millions Units	YoY Chg.
China	5.9	(9)%	26.2	2%
Japan	2.5	5%	9.2	1%
RoA*	3.3	1%	13.4	3%
North America	4.1	0%	15.7	(1)%
South America	0.8	1%	3.6	6%
Europe	5.6	(5)%	21.9	0%
Global	22.8	(4)%	92.3	1%

FY'19 global LVP forecasted to 92.3 million vehicles

(* Light Vehicle Production (LVP) according to IHS @ January 17, 2019, Year over Year (YoY), Rest of Asia (RoA),

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

Financial Outlook 2019

Full year indication	Indication
Organic sales growth*	~5%
FX	~(1)%
Consolidated sales, net	~4%
Adjusted Operating margin*	~10.5%
Tax rate	~28%
Operating Cash flow	Higher than 2018**
Capex % of sales	Lower than 2018**
R,D&E, net % of sales	Lower than 2018**
Leverage ratio by year end	Well within range

Exchange rates***	FY'19
EUR / US\$	1,1416
US\$ / JPY	108,57
US\$ / KRW	1121
US\$ / MXN	19,00
US\$ / CNY	6,76

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

(**) Compared to 2018 Continuing Operations

(***) Mid-January 2019 exchange rates,

Our focus for 2019

- Continue to Execute on Strong Order Book
- Product Launch Effectiveness
- Productivity Development
- Monitor and Manage Light Vehicle Market Volatility
- Secure Our New and Stronger Market Position
- Save More Lives





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

autoliv.com

Autoliv

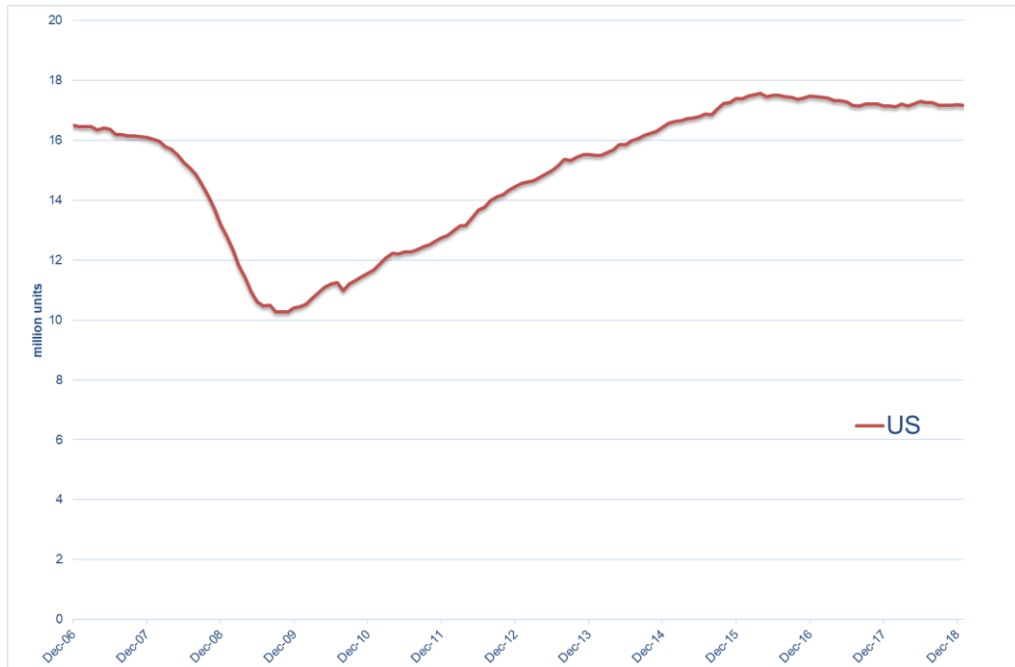
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USA

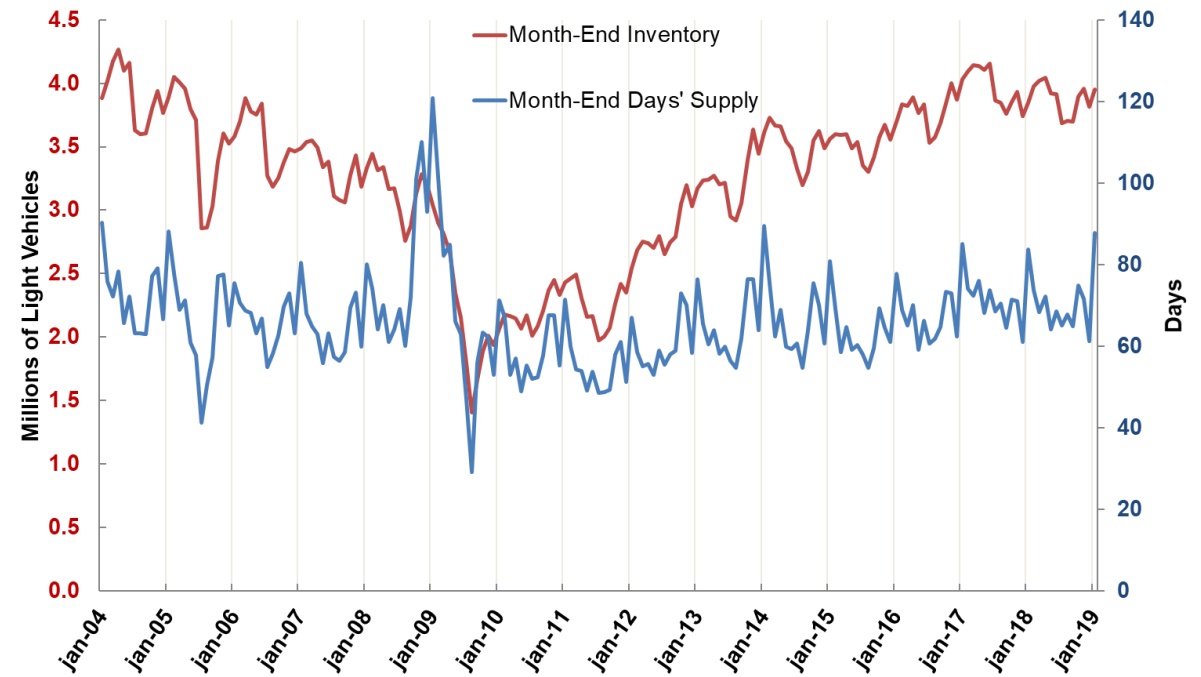
Light Vehicle Sales and inventories



Sales



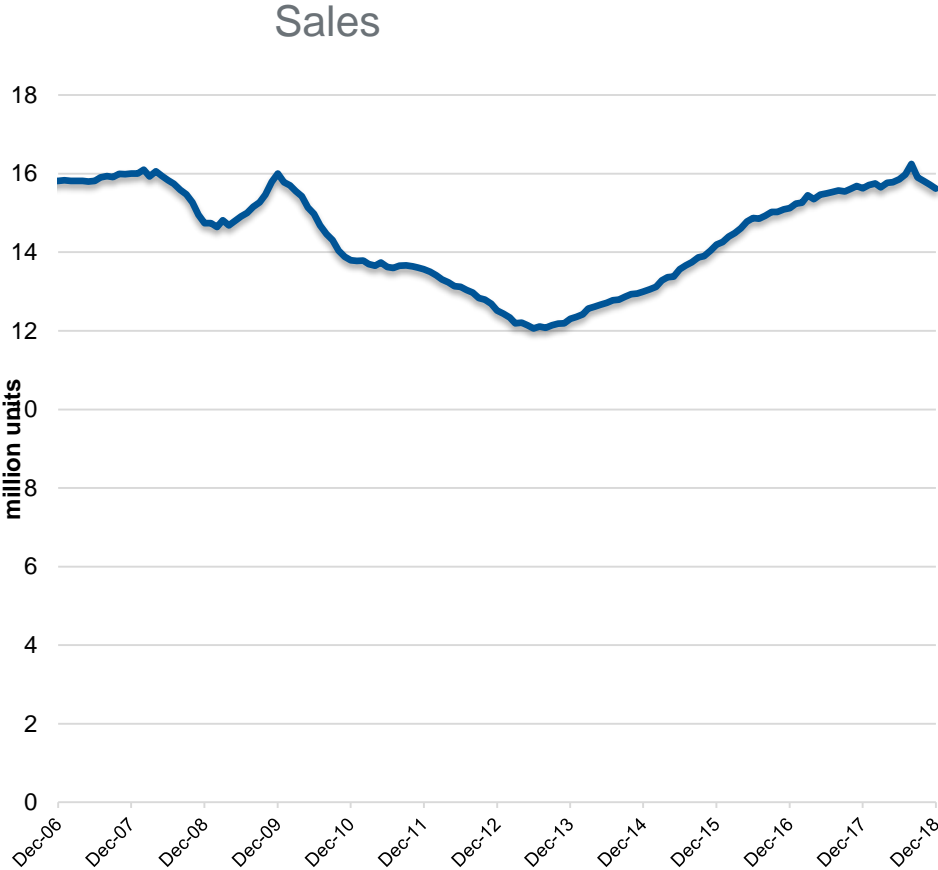
Inventories



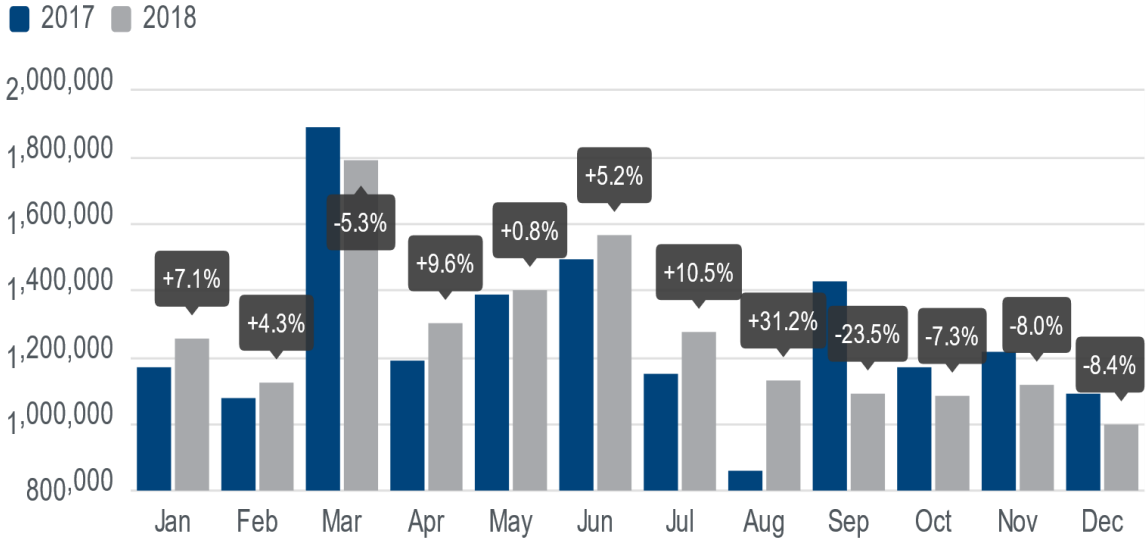


Europe

Light Vehicle Sales Light Vehicles



2018 vs. 2017

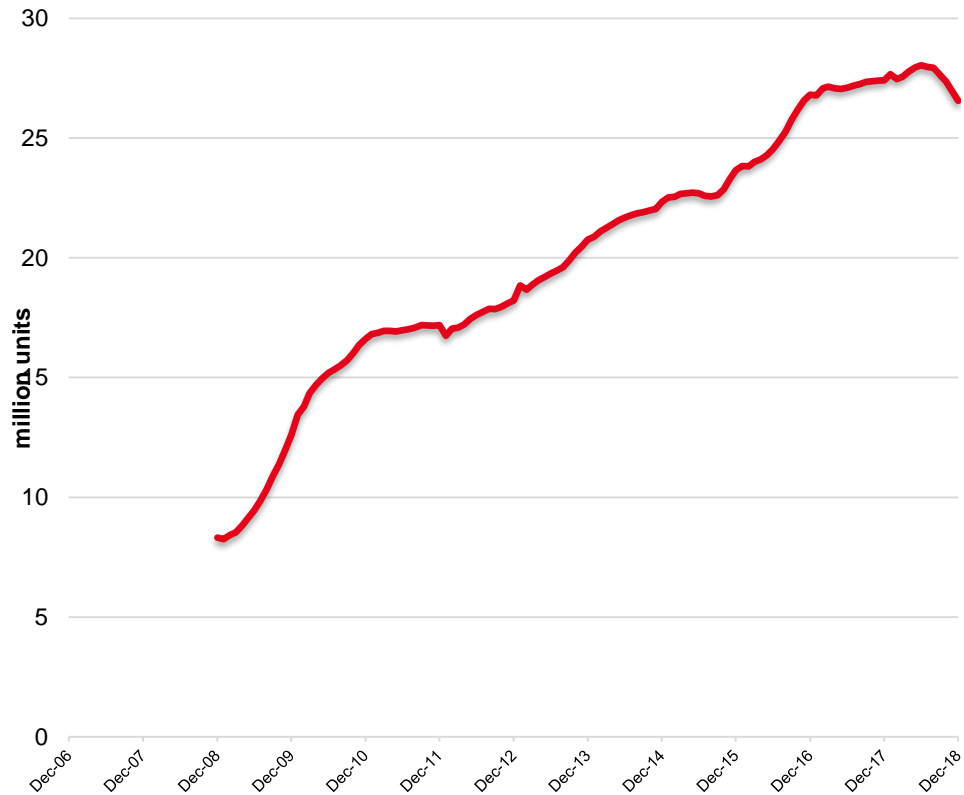




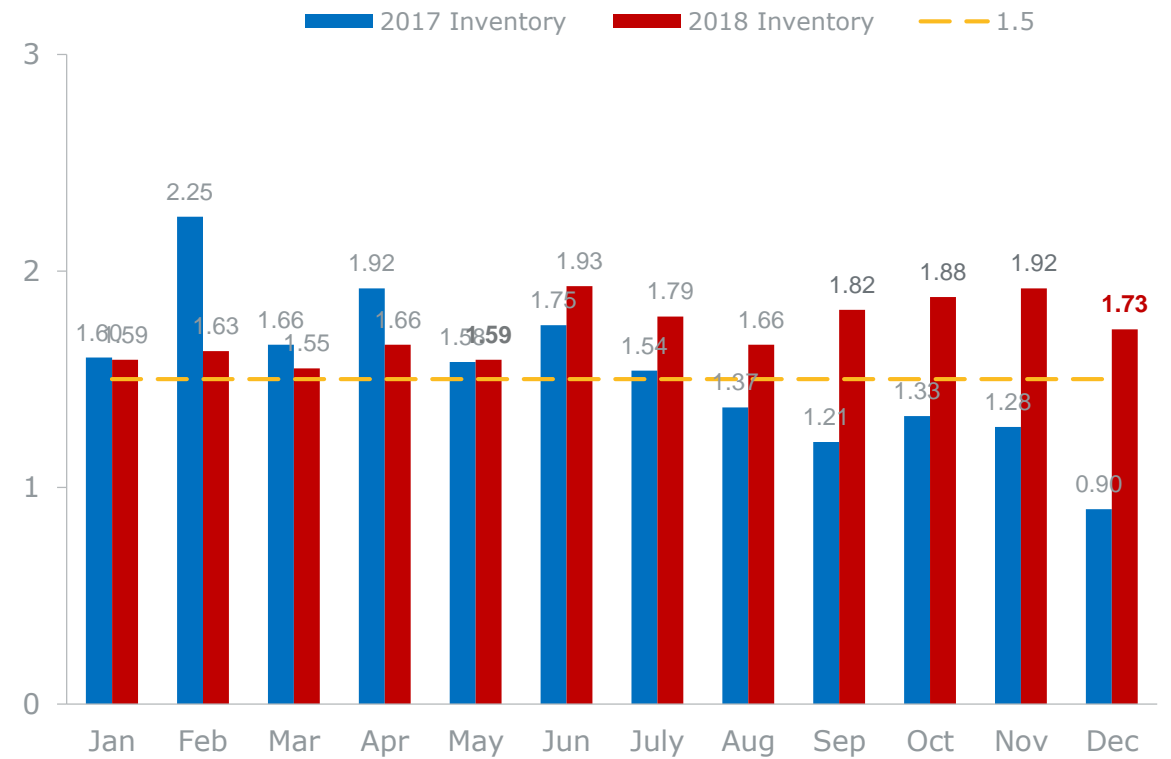
China

Light Vehicle Sales and inventories

Sales



Inventories



China Light Vehicle sales by OEM 2018

