

**Autoliv**

**veoneer**

**Overview**

# **InvestorDay2018**

Stockholm, Näringslivets Hus, May 31 | New York, Condé Nast Venues by Convene, June 4

# 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, statements related to the completion and timing of the proposed spin-off; the future performance of the Passive Safety business on a stand-alone basis if the spin-off is completed; the expected strategic, operational and competitive benefits of the proposed spin-off and the effect of the separation on the Company and its stakeholders; statements related to the future performance of the Company or of any such businesses if any such transaction is completed; other targets regarding the Company's performance as a single entity; management's examination of historical operating trends and data, as well as estimates of future sales, operating margin, market trends, cash flow or other future operating performance or financial results, 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, higher than anticipated tax and other costs associated with the spin-off; disputes or operational difficulties resulting from the spin-off; expected benefits of the spin-off taking longer than anticipated to realize; 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; 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.

# Today's Agenda Autoliv and Veoneer

## Autoliv

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**09:00** Autoliv Presentations

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**10:15** Coffee Break 15 min

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**11:15** Q&A Autoliv

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**11:40** Lunch

## **veoneer**

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**12:30** Veoneer Presentations

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**14:00** Coffee Break 15 min

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**15:00** Q&A Veoneer

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**15:30** Investor Day Ends

# Agenda Autoliv

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**Strategic Direction**

Mikael Bratt, Incoming President & CEO

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**Innovation for Profitable Growth**

Jordi Lombarte, Incoming CTO

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**Operational Excellence**

Mikael Bratt

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**Financial Direction**

Mats Backman, CFO

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**Q&A**

All

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**Conclusion & Closing Remarks**

Mikael Bratt

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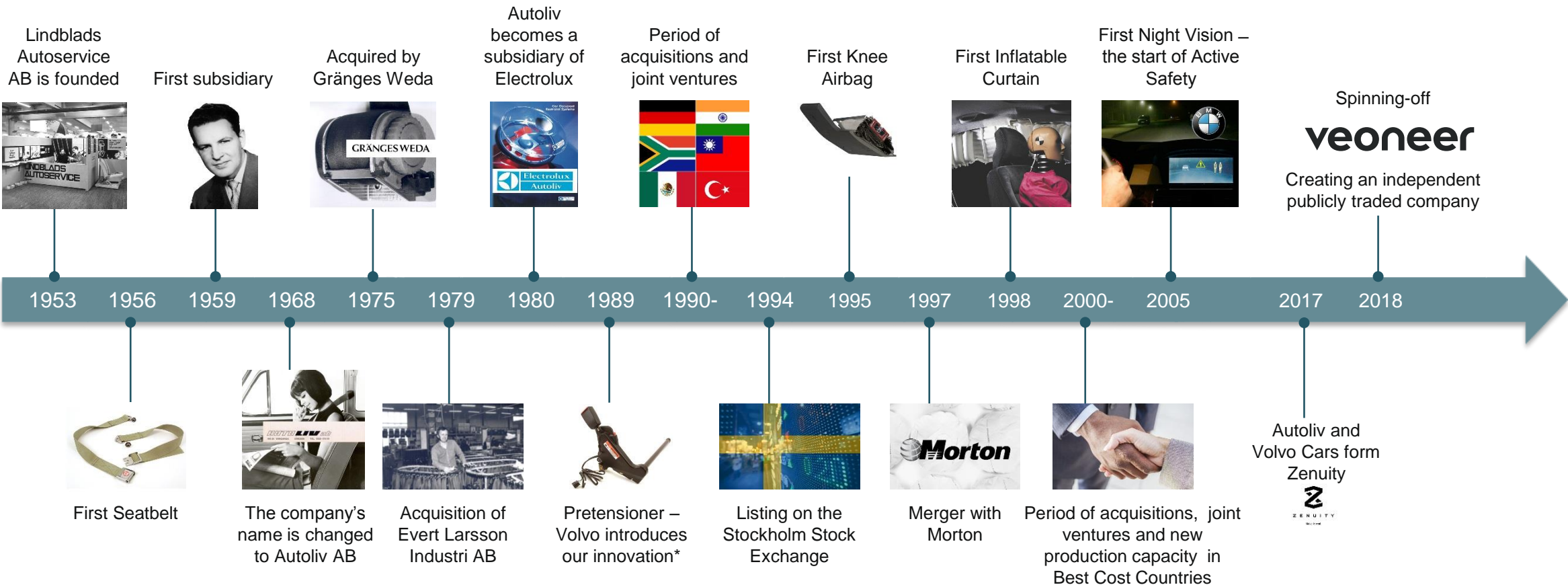
# Roadmap to Listing of Veoneer

<b>Investor Day Autoliv &amp; Veoneer</b>	31 May & 4 June	Stockholm & New York
<b>Investor Road Show Autoliv</b>	1 June – 13 June	US & Europe
<b>Autoliv Debt Road Show</b>	11 June – 15 June	
<b>Investor Road Show Veoneer</b>	1 June – 15 June	US & Europe
<b>When issued trading Veoneer</b>	11 June – 29 June	NYSE
<b>Separation of Veoneer</b>	29 June	
<b>First day of trading of Veoneer stock</b>	2 July	NYSE & Nasdaq Stockholm



# Autoliv – 65 years of Dedication to Saving Lives

Entering the next phase



# Strong Attributes for Individual Success

## Autoliv

- Global Market Leadership
- Superior Quality & Execution Strength
- Experienced & Skilled Management & Workforce
- Technology Excellence
- Industry Leading Cash Generation

## Veoneer

- Exceptional Technology Focused Growth Opportunity
- Pure-Play Focused ADAS & AD Company
- Proven Track-Record & Heritage in Automotive Safety & Saving Lives
- Long-Term Value Creation
  - Double digit sales growth
  - Double digit operating margins
  - Cash flow generation

# Creating Two Great Companies

**Autoliv**

Market Leader

*Saving Lives*

**veoneer**

Expert Partner

*Creating Trust*



**Autoliv** **veoneer**



A woman with blonde hair is sitting in the driver's seat of a car. She is holding a handheld device with a green light. The device has a yellow and blue radiation symbol on it. The background is a blurred view of the car's interior and the road outside.

# Autoliv Strategic Direction

Mikael Bratt

Incoming President & CEO





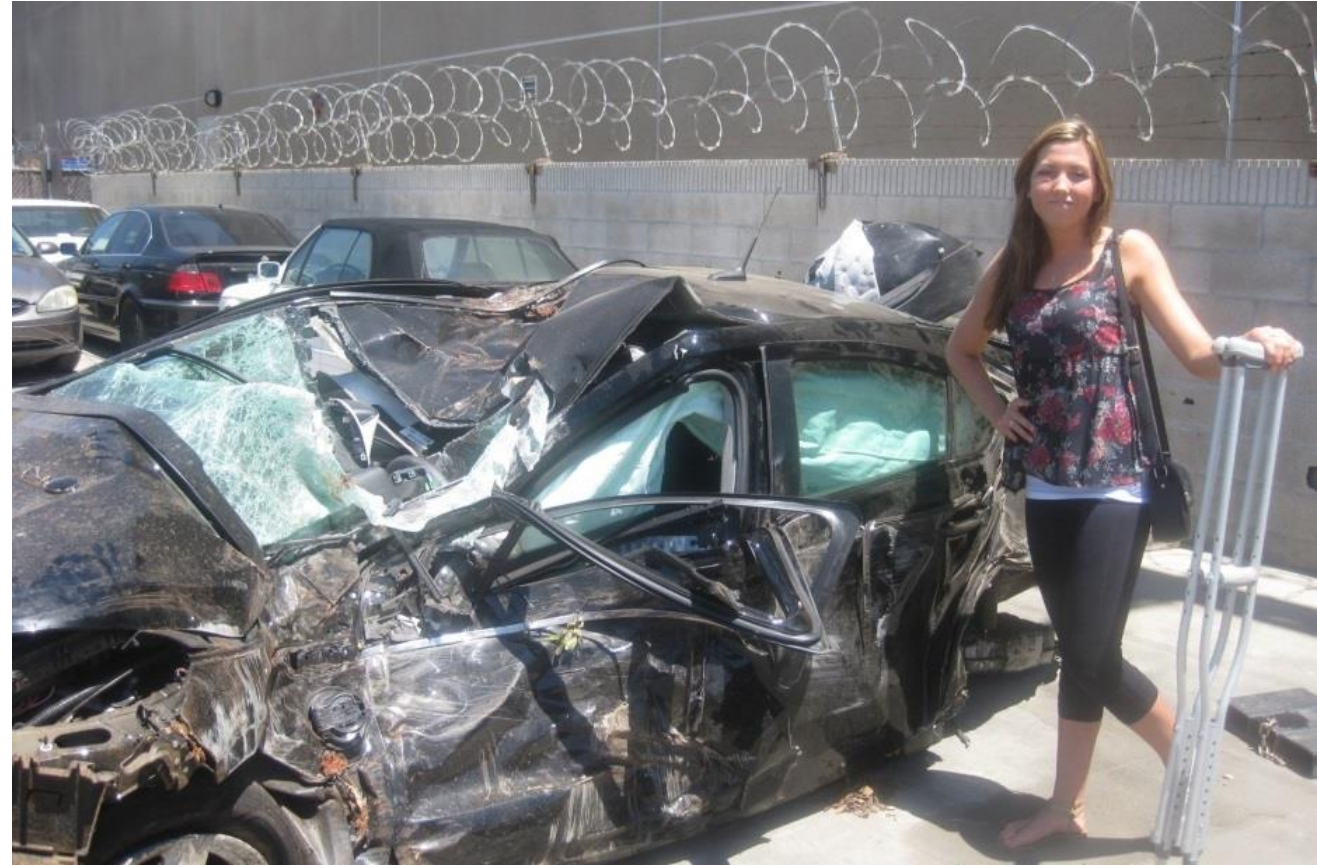
# ***Our Vision Is Saving More Lives & Creating More Value***

*Each Year, Autoliv's Products Save >30,000 Lives*



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*Each Year, Autoliv's Products Save >30,000 Lives*

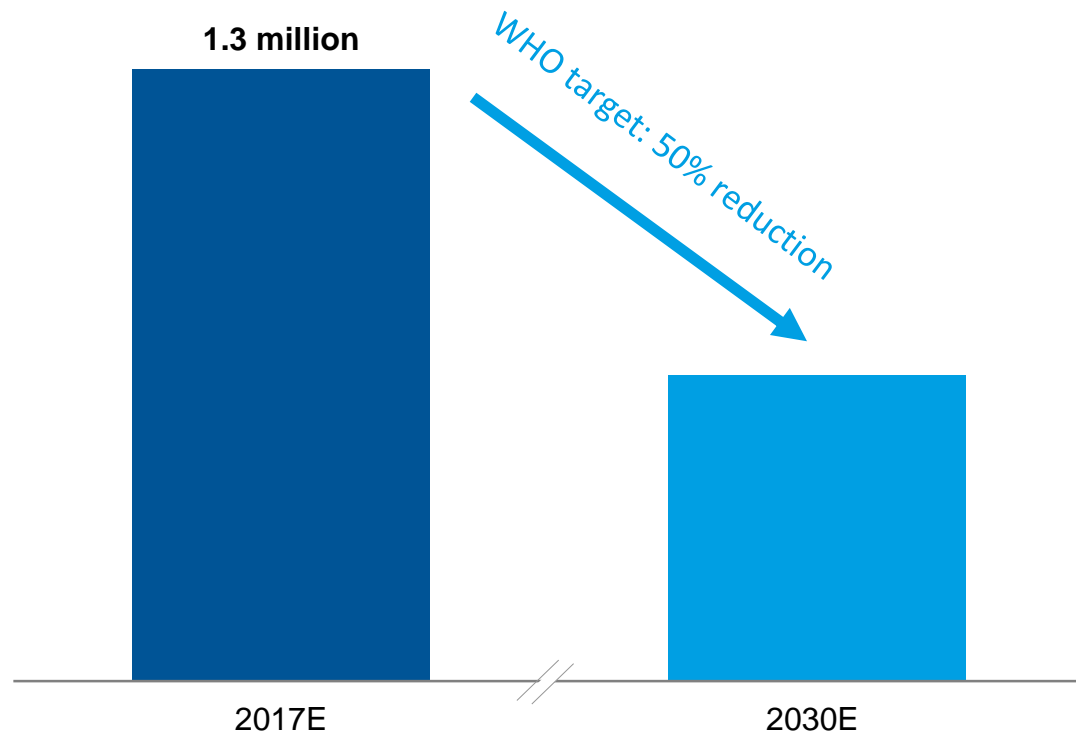




# Millions of Reasons to Do More

## Road Fatalities Worldwide

Number of Traffic Fatalities, Globally<sup>(1)</sup>



(1) WHO February, 2018

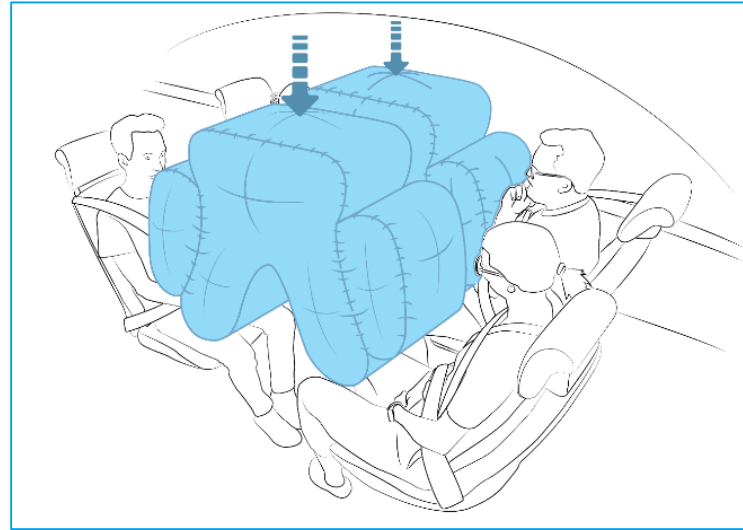
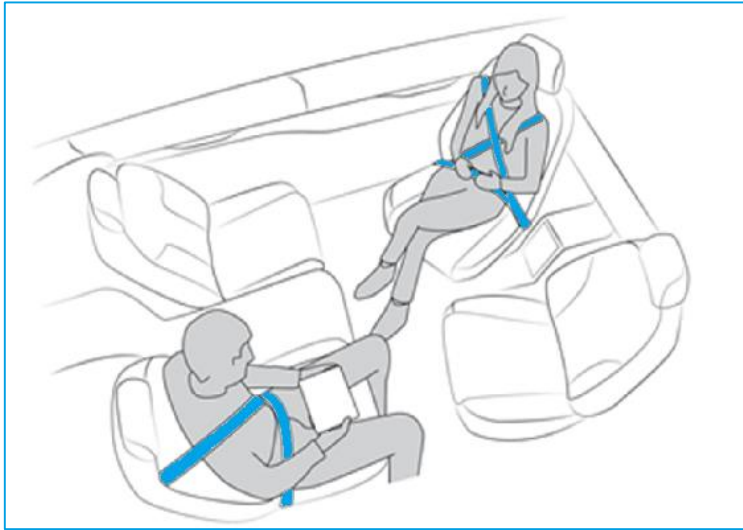




# Future Mobility Provides New Opportunities

## More Advanced Passive Safety Solutions in Future Car

New Seating Concept Examples



# We are Dedicated to Generate Profitable Growth

We are fully focused on delivering on our 2020 targets

We operate in a market with long-term sustainable growth

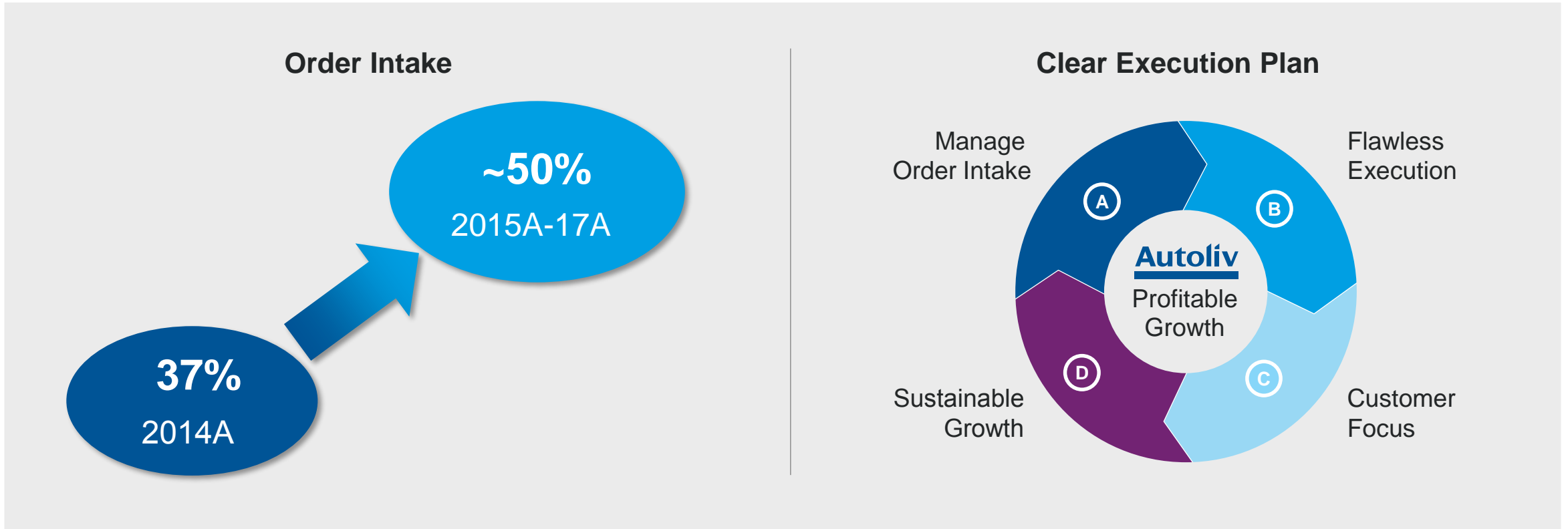
Operational excellence is in our DNA, and it is what will take us to the next level



We have the tools to maintain our new market position

# Sustaining Our New Market Position

## Greater Market Share



# Autoliv Key Targets Confirmed

**>\$10 Bn Revenue**  
2020

**~13% Adj. Operating Margin\***  
2020

**~1.0x Net Debt/ EBITDA**  
Over Time





# Solid Platform for Profitable Growth

# Our Platform for Profitable Growth

<b>Global Market Leadership</b>	<i>Leading market positions across product groups, serving all major OEMs</i>
<b>Robust Growth Platform</b>	<i>Strong growth visibility and multiple well-defined near- and long-term growth opportunities</i>
<b>Technology Excellence</b>	<i>Best-in-class engineering capabilities, evidenced by long list of industry firsts</i>
<b>Superior Quality &amp; Execution Strength</b>	<i>Extensive track-record of delivering flexible solutions of highest reliability and quality standards</i>
<b>Experienced &amp; Skilled Management &amp; Workforce</b>	<i>Experienced management team with extensive track-record and highly skilled workforce</i>
<b>Industry Leading Cash Generation</b>	<i>Sustainably superior profitability and cash generation fueled by operational excellence</i>



# 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<sup>(1)</sup>

**\$890 Mn**

2017A (10.9% margin)

OPERATIONS IN

**27**

countries

DAILY PRODUCTION

**~1 Mn**

units

EMPLOYEES

**> 64,000**

worldwide

FREE CASH FLOW<sup>(2)</sup>

**\$403 Mn**

2017A (70% cash conv.<sup>(3)</sup>)

## Essential Product Portfolio for Saving Lives Today...

Airbags



Seatbelts



Steering Wheels



Special Products



## ...While Innovating for Tomorrow

ADAS & AD



Electrification



Adaptability to Size & Age of Occupant



and more...



<sup>(1)</sup> Non-US GAAP measure, please refer to 8-K from May 31, 2018 for reconciliation. Adjusted for capacity alignments and antitrust related matters

<sup>(2)</sup> Defined as Operating Cash Flow less Capital Expenditures, net

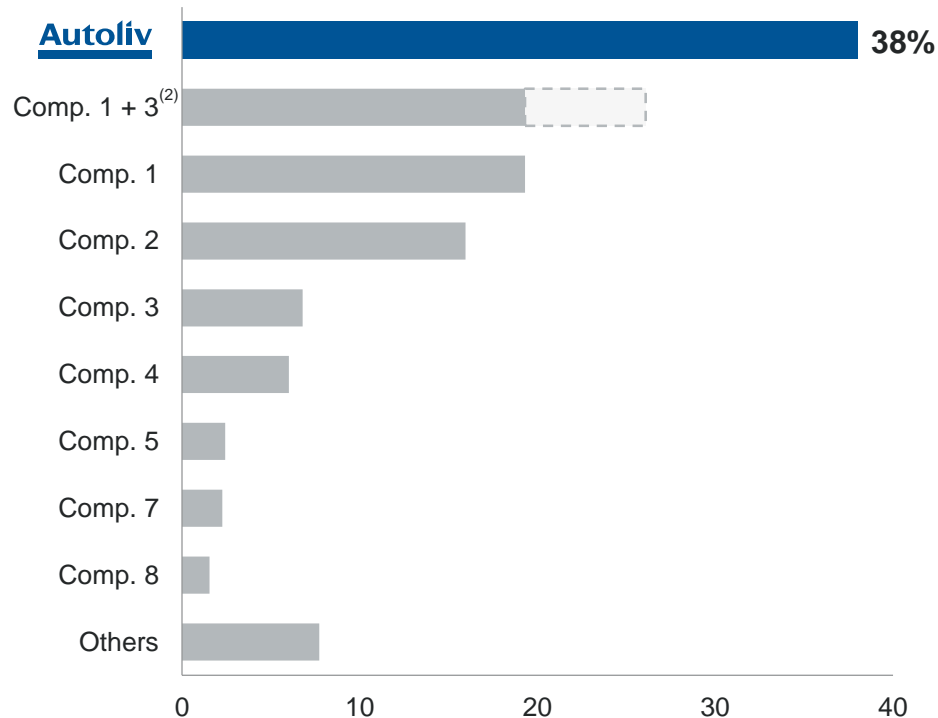
<sup>(3)</sup> Defined as Free Cash Flow/ Net Income

# Autoliv – The Global Automotive Safety Champion

Only Three Players of Scale

## Firm Leader at 38% Market Share – Far Exceeding Competitors<sup>(1)</sup>

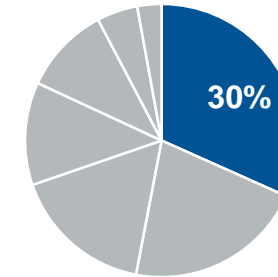
2017A, %



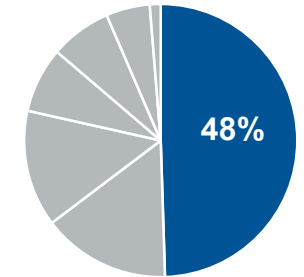
## #1 Rankings Across Product Portfolio<sup>(1)</sup>

2017A

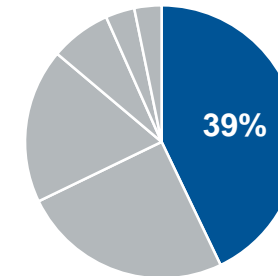
Frontal Airbags



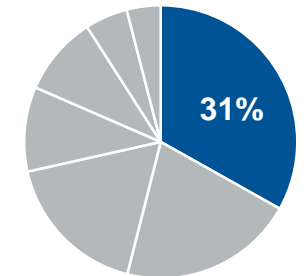
Side Airbags



Seatbelts



Steering Wheels



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
















<sup>(2)</sup> Pro forma combination

# Well-Balanced Customer Base

Significant Presence in High-Growth Markets

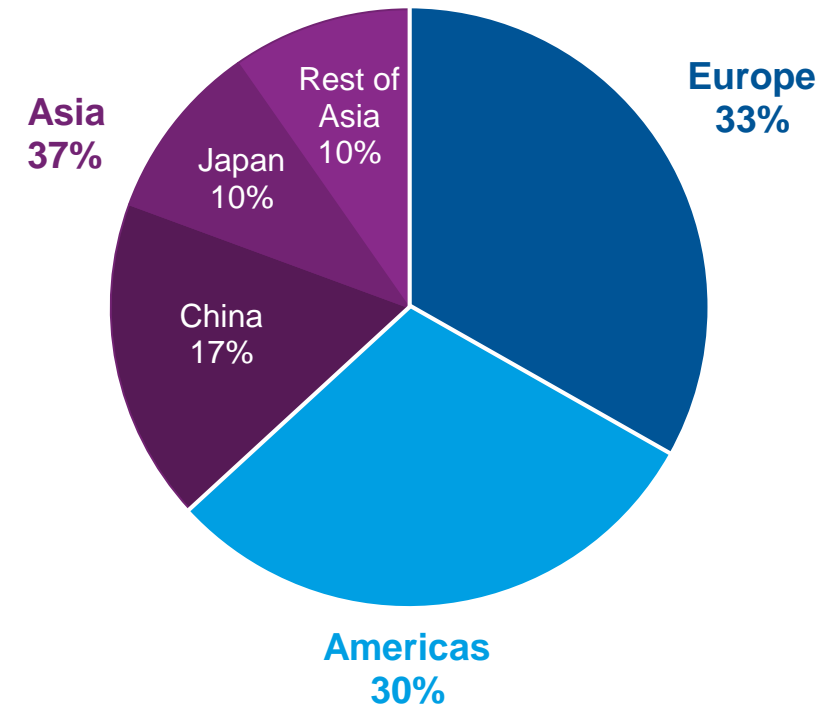
## Serving All Major OEMs...

% of 2017A Revenue<sup>(1)</sup>

 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

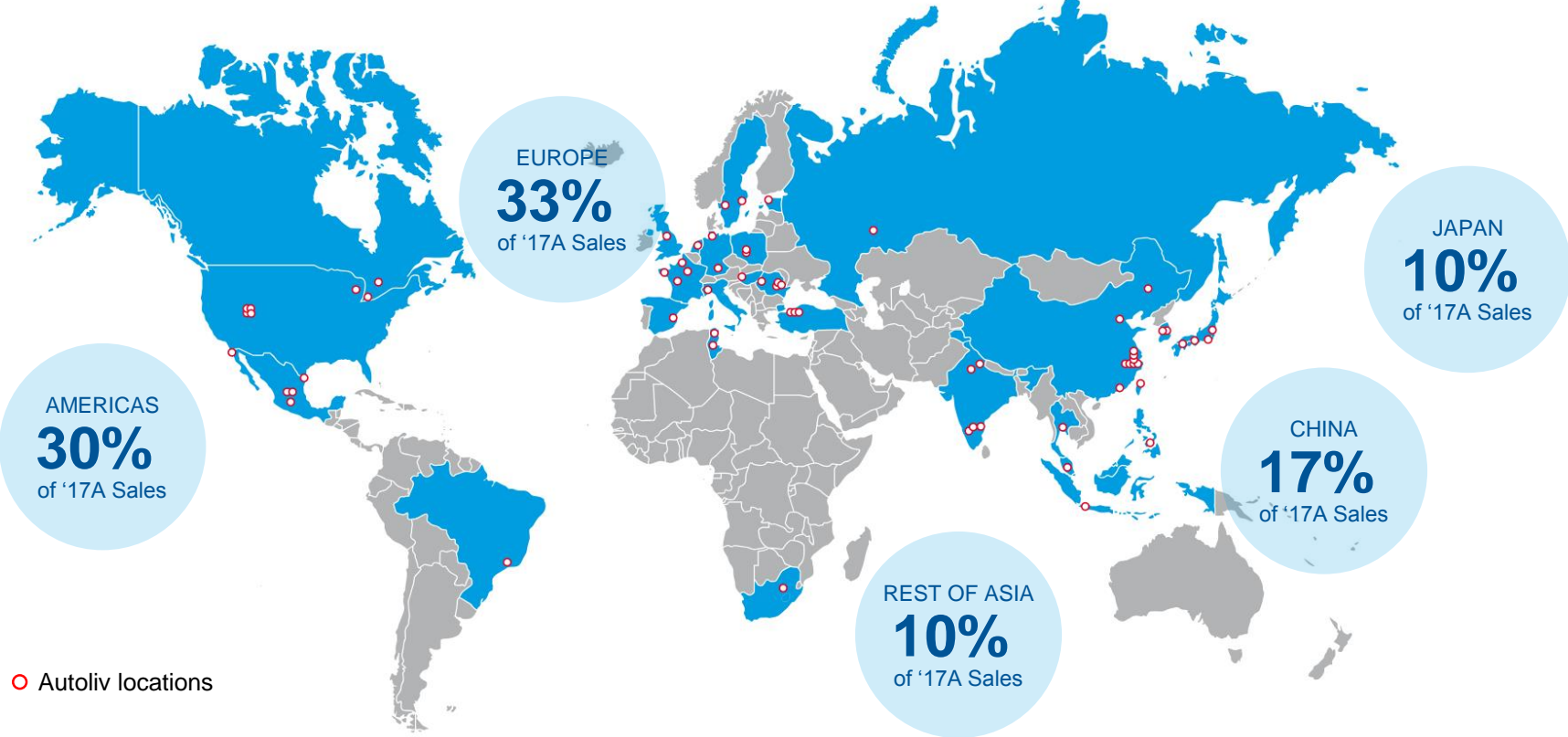
% of 2017A Revenue<sup>(1)</sup>



(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

# Truly Global Footprint

Allowing Autoliv to Become Supplier-of-Choice on Global Platforms



## 27 Countries

Across All Key Automotive Regions

## 64 Facilities

In Close Proximity to OEMs

## 12 Tech Centers

With 5,300 Engineers, Close to OEMs' Engineering Hubs

## 19 Crash Test Tracks

Enabling Crash Simulations Globally



# Experienced and Skilled Management Team





# Creating the New Autoliv

Our Strategic Direction



More Focused  
Strategy



Increased Operational  
Flexibility



Higher Potential for  
Profitable Growth



Dedicated Culture

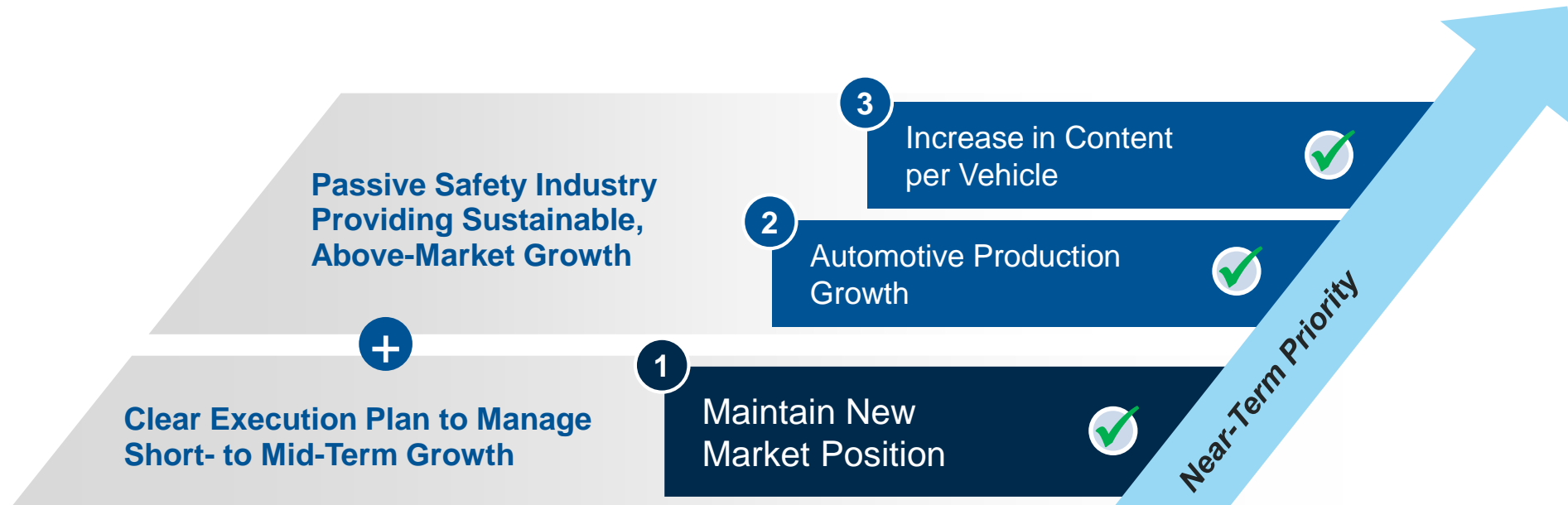




# Creating Sustainable Growth

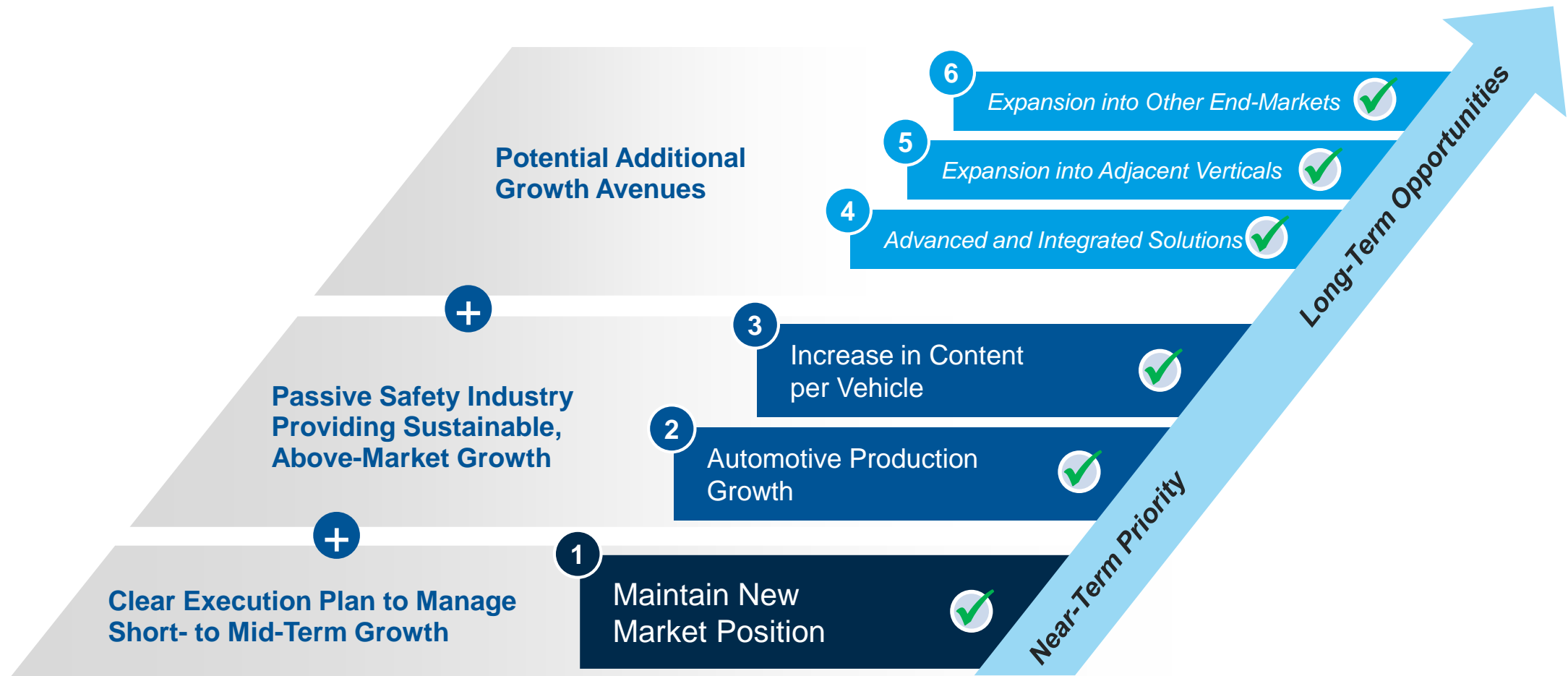
# Multiple, Near- & Long-Term Profitable Growth Avenues

Ladder for Sustainable Growth



# Multiple, Near- & Long-Term Profitable Growth Avenues

Ladder for Sustainable Growth



# Unprecedented Business Momentum Translating Into Growth

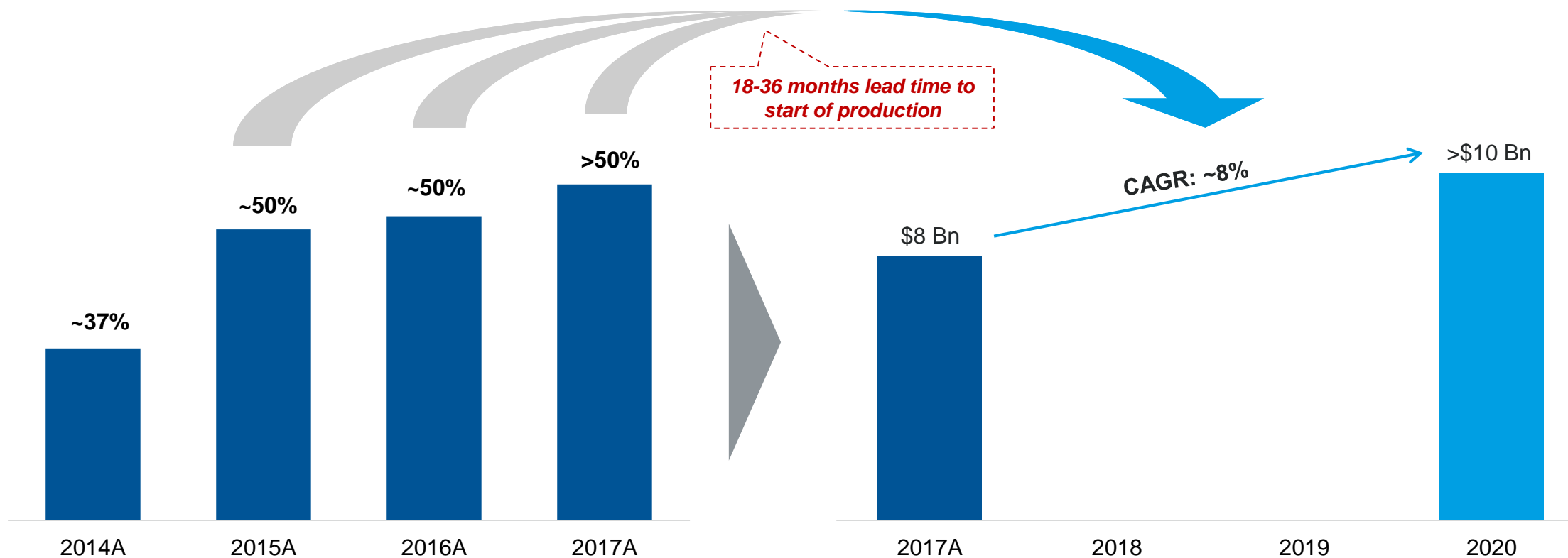
Order Intake Tailwind Driving Sales Growth: ~8% Revenue CAGR 2017A to 2020

## Strong Order Momentum...

Order Intake Share; 2014A-17A

## ...Translating Into Significant Revenue Growth<sup>(1)</sup>

Revenue; 2017A-20



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

# Four-Step Plan to Sustain New Market Position

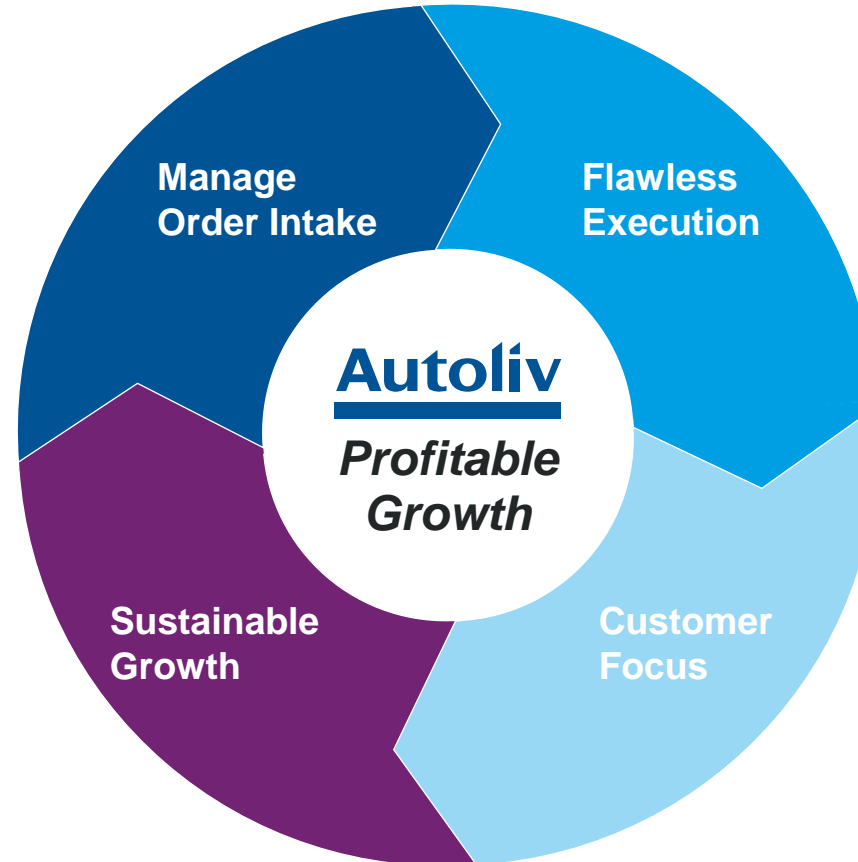
Clear Execution Plan to Manage Recent Order Intake and Secure Profitable Growth

## A Manage Order Intake

- Seamless launch of the captured market opportunity based on diligent preparations & application engineering
- Manage increased order pressure through smooth ramp up of operations

## D Sustainable Growth

- Boost new orders by remaining at forefront of innovation
- Explore adjacent areas, leveraging expertise for profitable growth



## B Flawless Execution

- Execute with diligence, reliability and efficiency
- Demonstrate best-in-class quality with superior operational excellence, cost optimization & asset utilization

## C Customer Focus

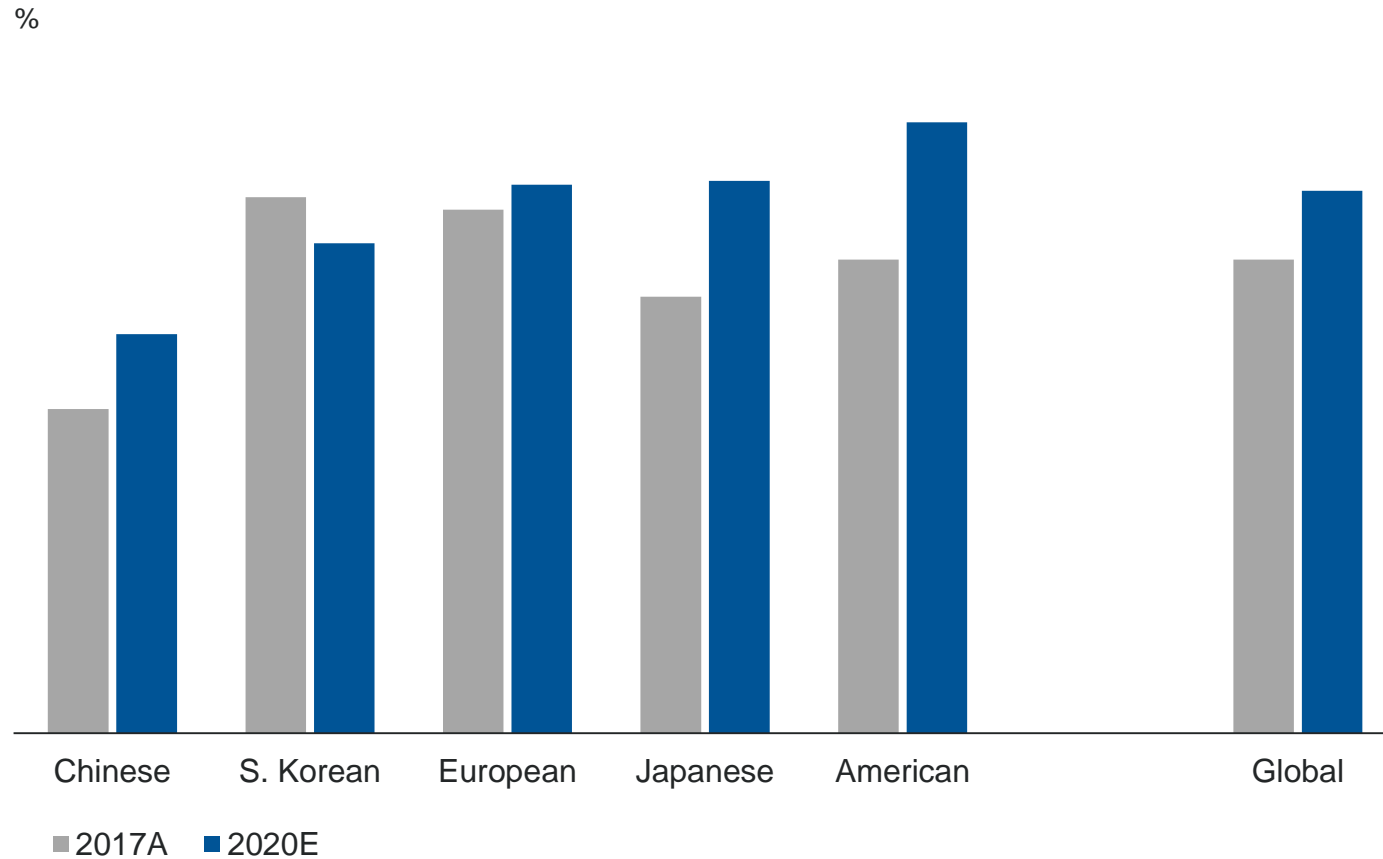
- Build upon successful order execution to sustain customer trust
- Truly commit to customers with day-to-day attention
- Support customers locally



# Long-Term Customer Focus, Local Presence & Quality Pays Off

Strong & Improving Positions With Key OEMs, Including Ambitious Chinese OEMs

## Market Share by Brand Origin

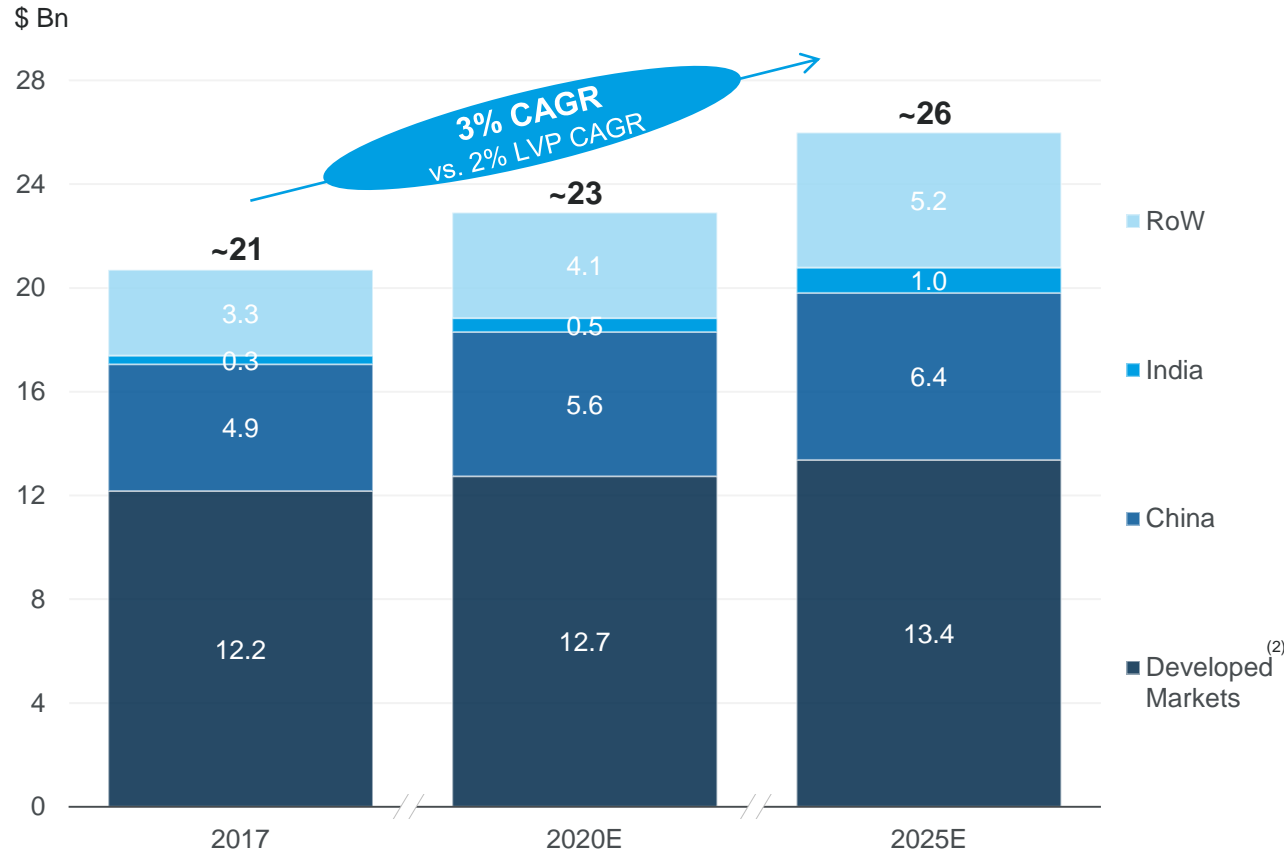




# Strong Underlying Market Growth

Passive Safety Market Expected to Outgrow LVP by ~1% Until 2025E

## Autoliv's Total Addressable Market<sup>(1)</sup>



- Increasing GDP per capita in Emerging Markets
- More stringent safety ratings & regulations
- Consumer demand for road safety
- Increasing number of airbags and new placement methods (e.g., knee airbag)
- Increasing passive safety content per vehicle
  - 2017: ~\$230
  - 2020E: ~\$235
  - 2025E: ~\$240

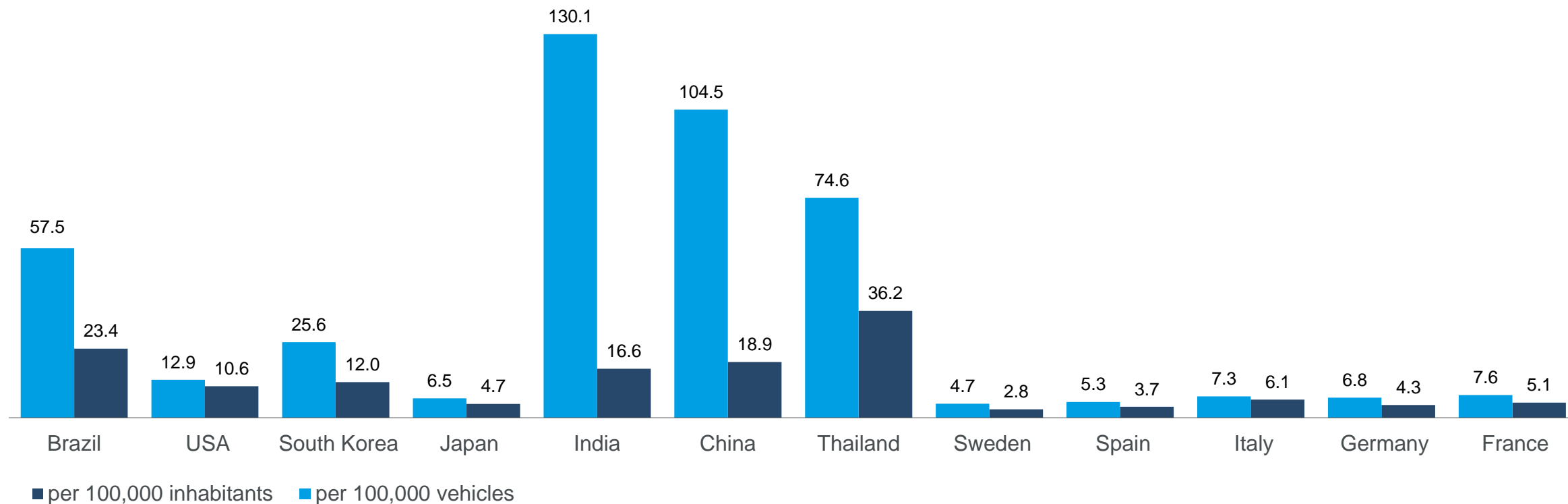
(1) Company market estimates include seatbelts, airbags, steering wheels, based on IHS LVP data from April, 2018

(2) Developed Markets: North America, Western Europe, Japan and South Korea

# A Long Road Ahead to Democratize Traffic Safety

## Road Fatalities by Country

Published in 2015 Based on Data Collected in 2013 (Latest Available Data)



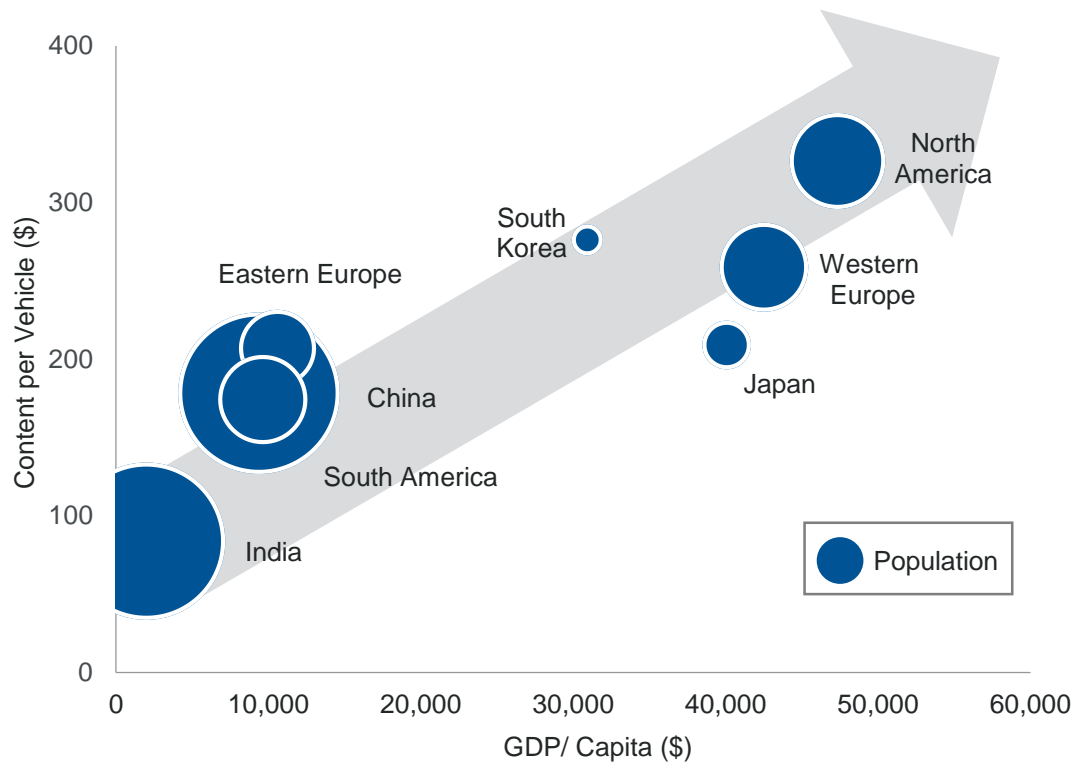
Sources: WHO Global Status Report on Road Safety 2015

# Content per Vehicle Growth Propelled by Emerging Markets

Passive Safety Penetration Correlates to GDP/ Capita

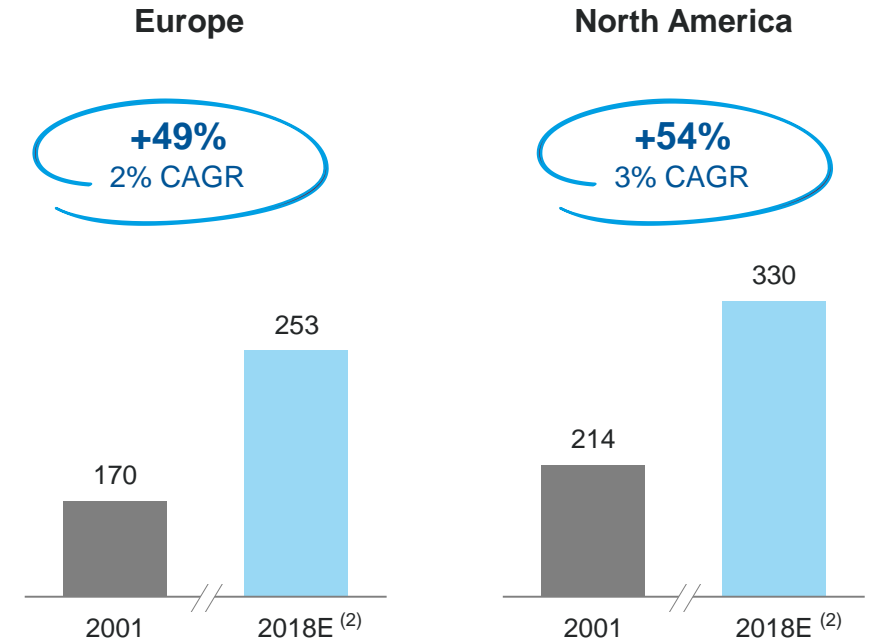
## Gap to Developed Markets Expected to Close as Emerging Markets Mature...

Passive Safety Content per Vehicle<sup>(1)</sup> vs. Economic Development



## ...Evidenced by Evolution in Western Regions

Passive Safety Content per Vehicle<sup>(1)</sup> \$



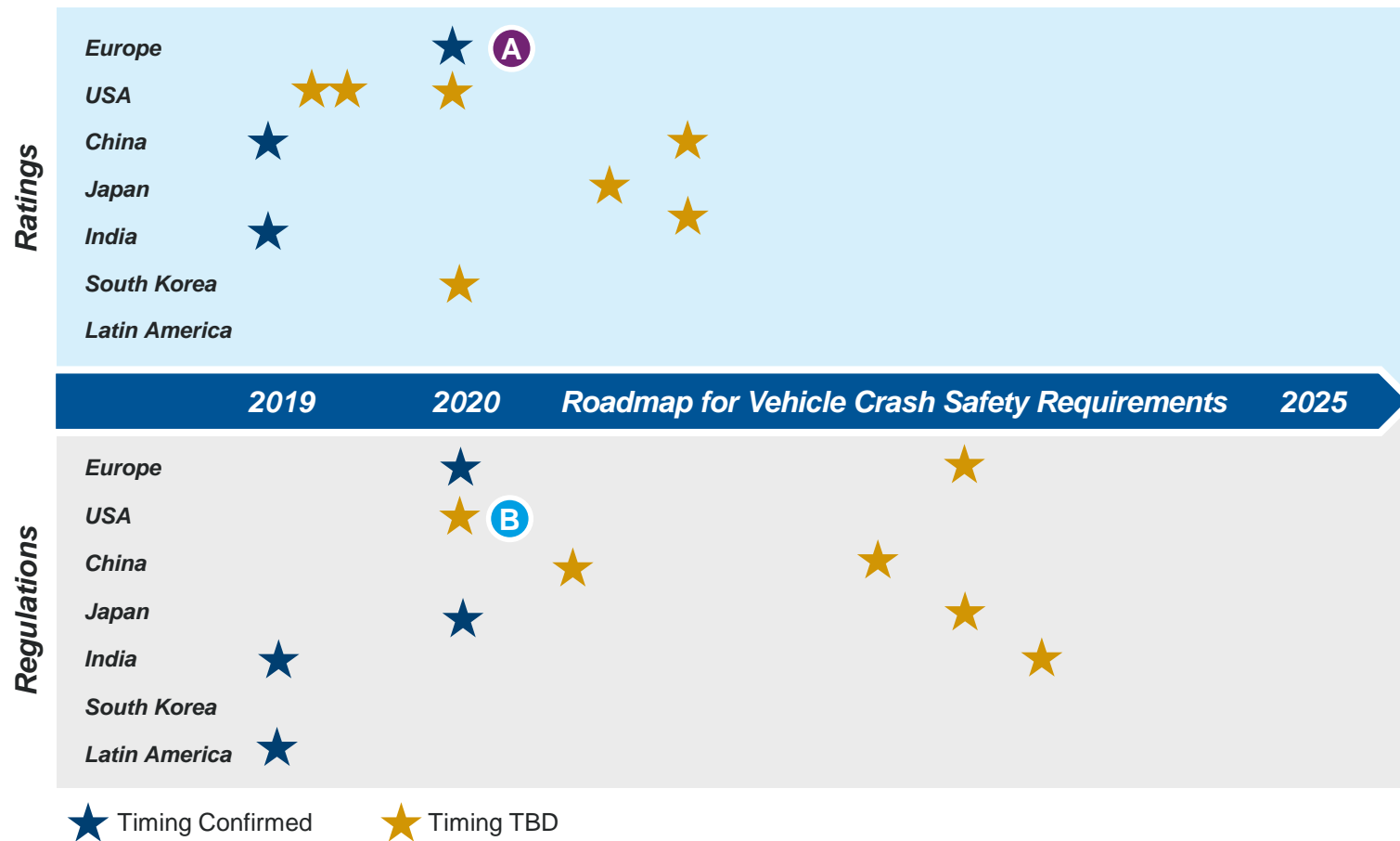
Sources: Company estimates, IMF data as of April 2017

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

(2) ALV estimate as of April 2017

# Global Drive for Increased Safety Standards

Stricter Regulations & Increasingly Stringent Rating Frameworks



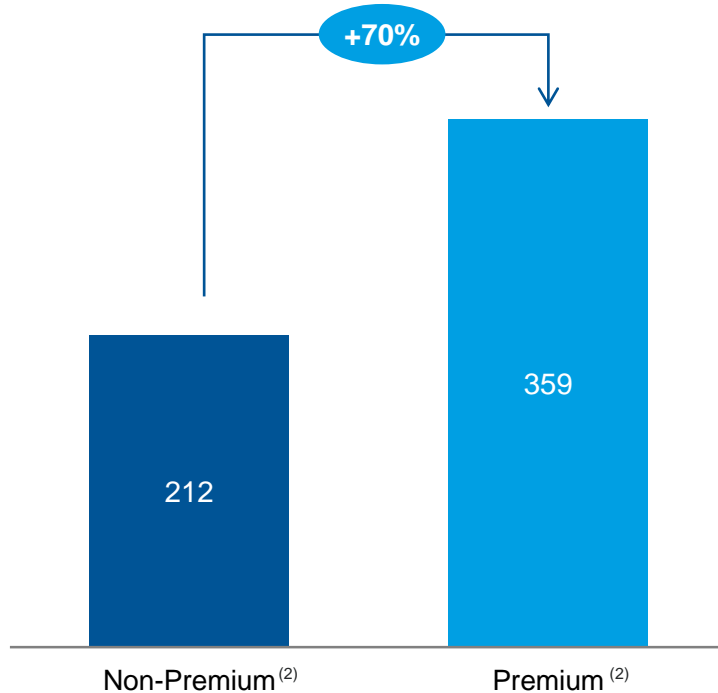
(1) New frontal crash test using oblique and THOR ("Test Device for Human Occupant Restraint") dummies

# Premium Vehicle Trend Driving CPV Growth

Premium Vehicles With Significantly Higher Passive Safety Content

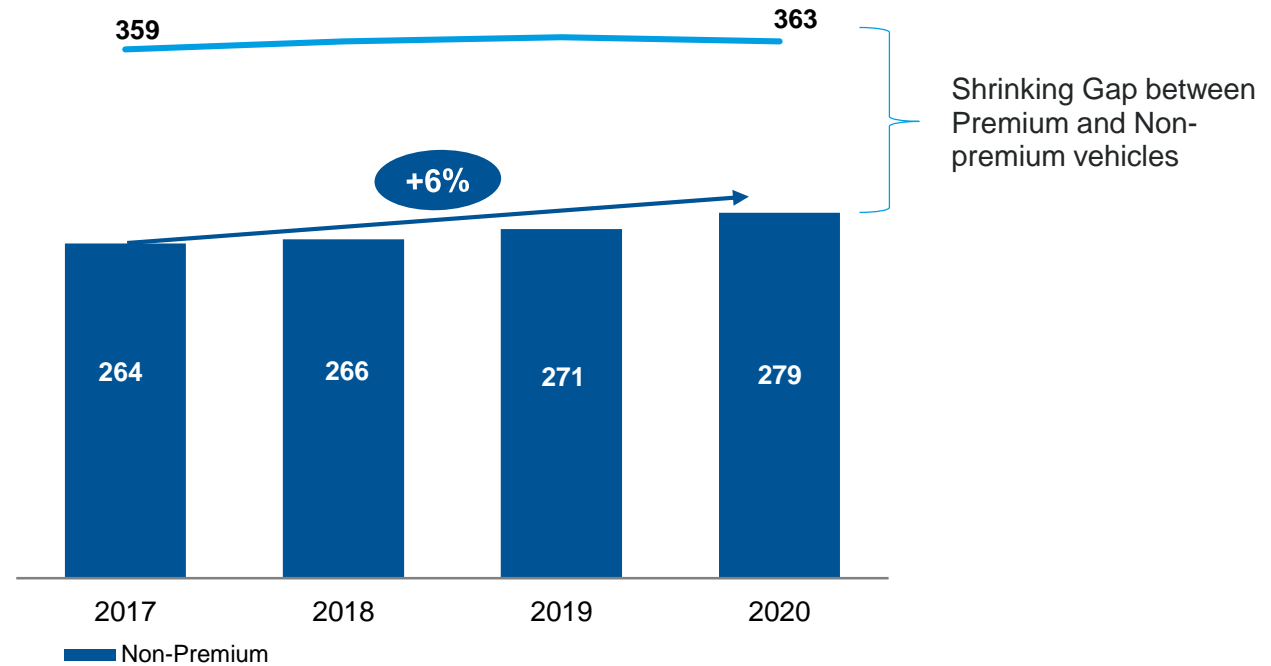
## Premium Vehicles With 70% Higher CPV

Passive Safety CPV per Segment, 2017<sup>(1)</sup>  
\$



## CPV Development in Developed Markets

Passive Safety CPV in Developed Markets, 2017 vs. 2020<sup>(1)</sup>  
\$



(1) Source: Company estimate

(2) Premium includes Aston Martin, Audi, Bentley, BMW, Bugatti, Cadillac, Ferrari, Jaguar, Lamborghini, Land Rover, Maserati, Mercedes, Porsche, Rolls Royce, Volvo, Tesla, Infiniti, Lexus; Non-premium includes others

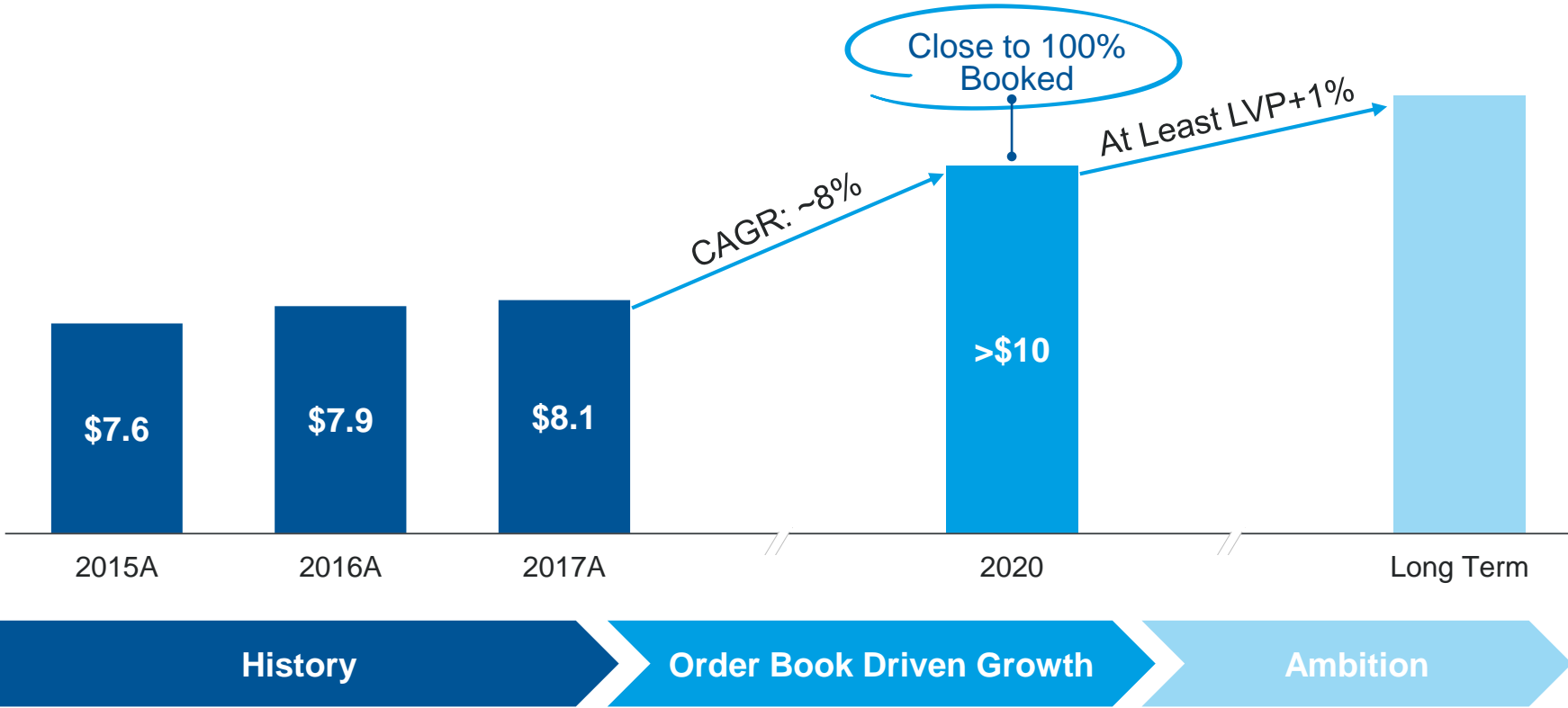


# Robust Growth Momentum Over Long-Term

Significant Future Growth Potential, Even Before Exploring Adjacent Expansion Opportunities

## Autoliv Sales<sup>(1)</sup>

\$ Bn



(1) Based on IHS' LVP outlook as of April, 2018.

# New Advanced and Integrated Solutions

Strong Product Pipeline at Forefront of Industry Innovations



AD

Life Cell Airbag

Living Room Seating Safety

Predict Crash/ Adaptive Structures

...& More



ADAS

Pre-Crash Airbags

Reclined Seat Safety

Personalized Restraints

...& More



Foundation

Adaptive Steering Wheel Position

HMI Steering Wheel/ Trust Systems

Alert Seatbelts

...& More

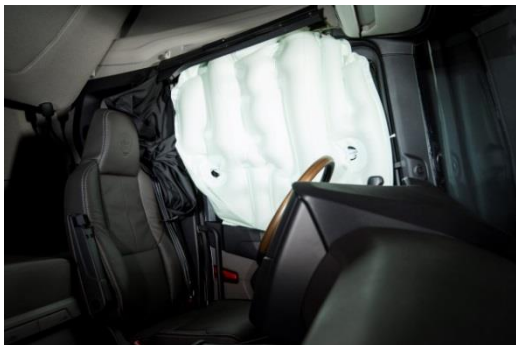
Market Leading Passive Safety Portfolio

# Finding New Ways to Save More Lives

Numerous Potential Additional Growth Avenues to Explore, With High Prospective Returns

## Expansion Into Adjacent Verticals

### Current Products, New Markets



### Selected Examples:

- Commercial vehicles
- All terrain vehicles
- Interiors (E.g. Pyro Technical Safety Switches)

## Expansion Into Other End Markets

### New Products, New Markets



### Selected Examples:

- Airplanes
- Trains

# Saving More Lives & Creating More Value





# InvestorDay2018

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

[autoliv.com](http://autoliv.com)

**Autoliv**