

# Value Creation

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# Drivers for Long-Term Value Creation

1

## Strong Growth in Order Intake

*~4x higher order intake compared to 2015A and continued strong momentum*

2

## Profitable Growth

*Strong operating leverage providing path to sustained profitability*

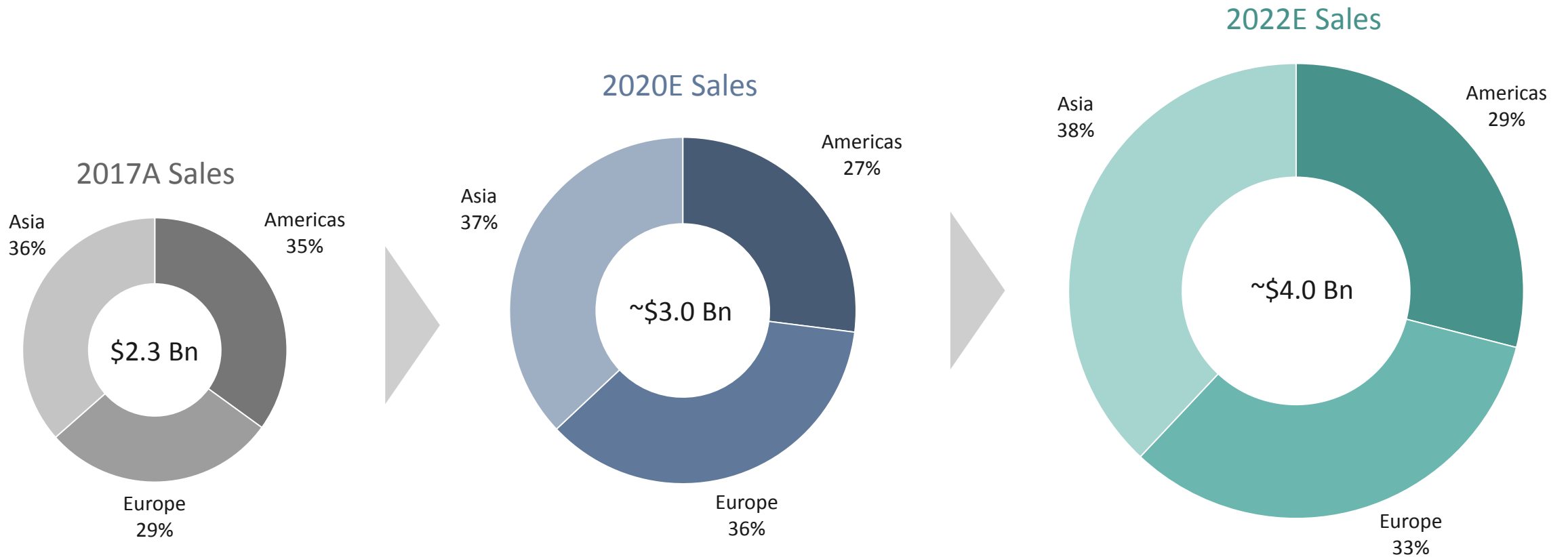
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## Capitalized for Growth Plan

*\$1.0 Bn cash liquidity, providing stability to positive cash flow and foundation for growth*

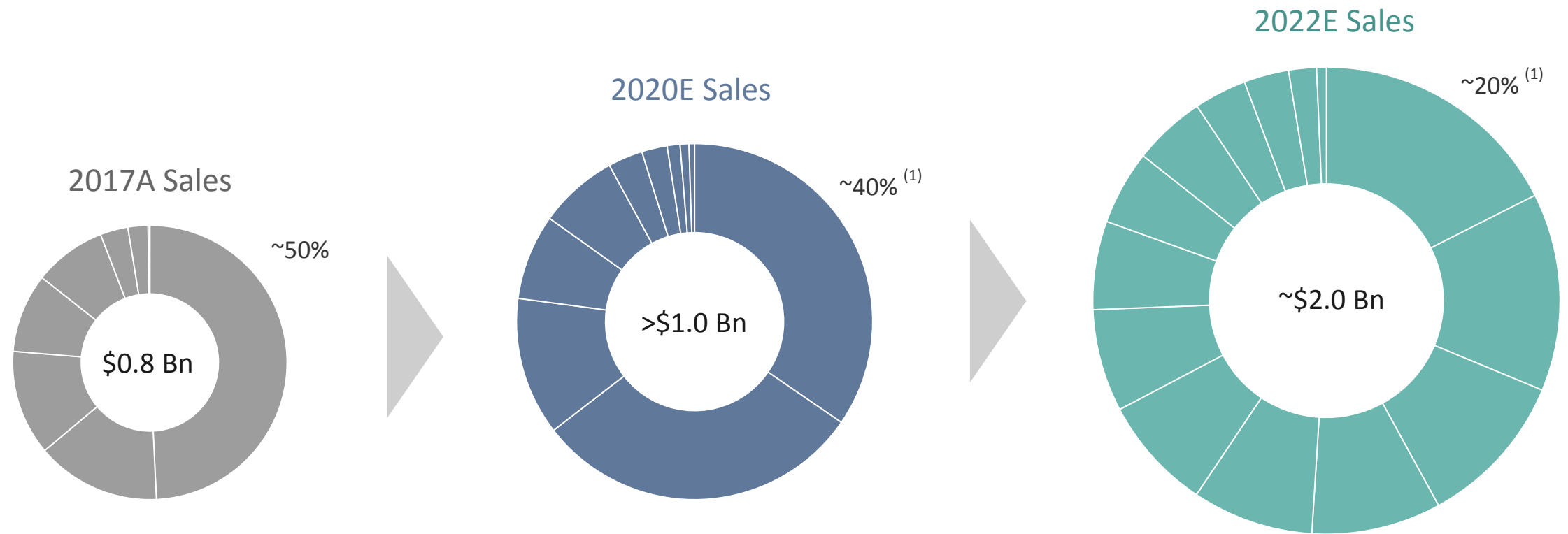
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# Well Balanced Footprint and Growing Benefits From Asia



1

# Active Safety With Increasingly Balanced Customer Base

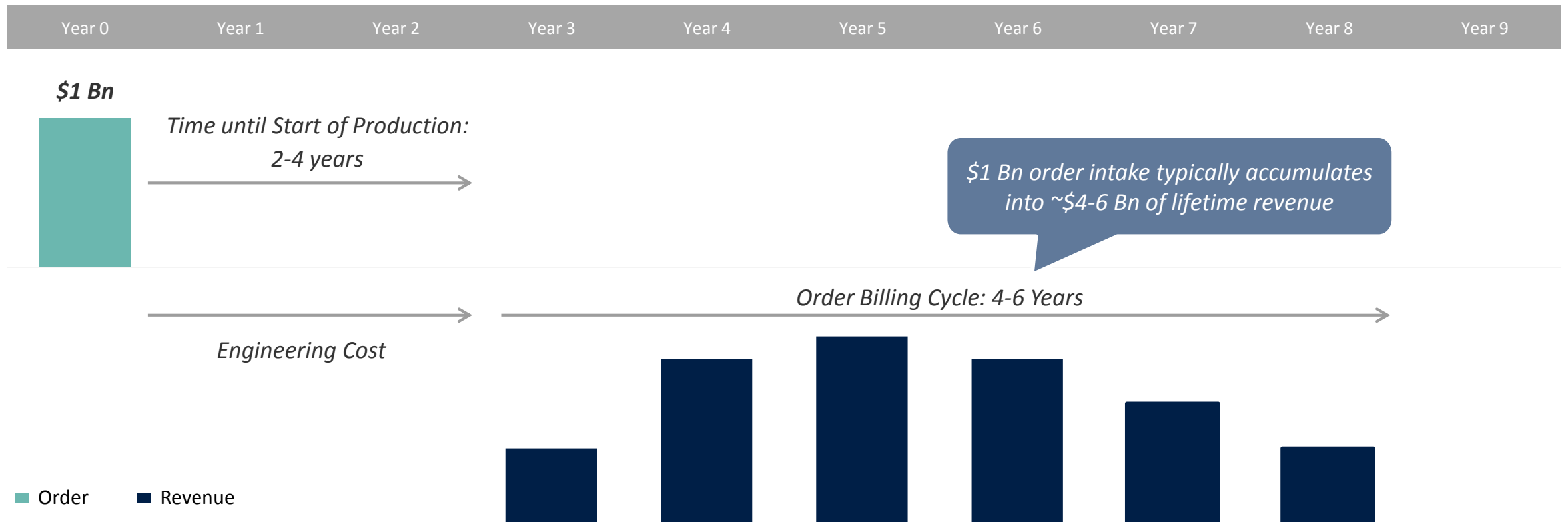


(1) Highly indicative target, customers might differ over years

1

# How Order Intake Translates into Revenue

## Illustrative Example

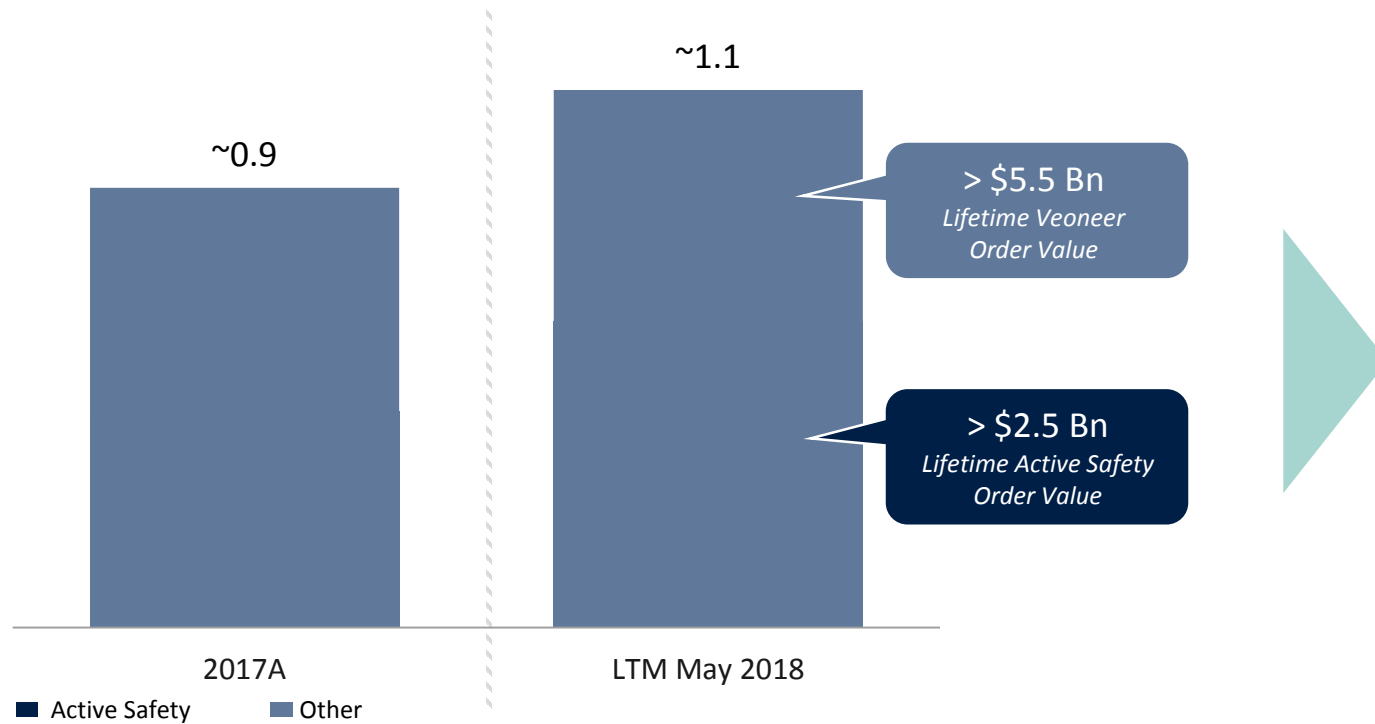


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# Tracking Towards our Revenue Targets

Veoneer Order Intake Evolution<sup>(1)</sup>

\$ Bn



(1) \$ value represents expected average annualized sales from respective years order intake, disclosure of orders will not be made regularly, based on when the orders were awarded

**Total Revenue Targets**

2020E: \$3 Bn – *Nearly Booked* ✓

2022E: \$4 Bn – *Close to 70% Booked* (✓)

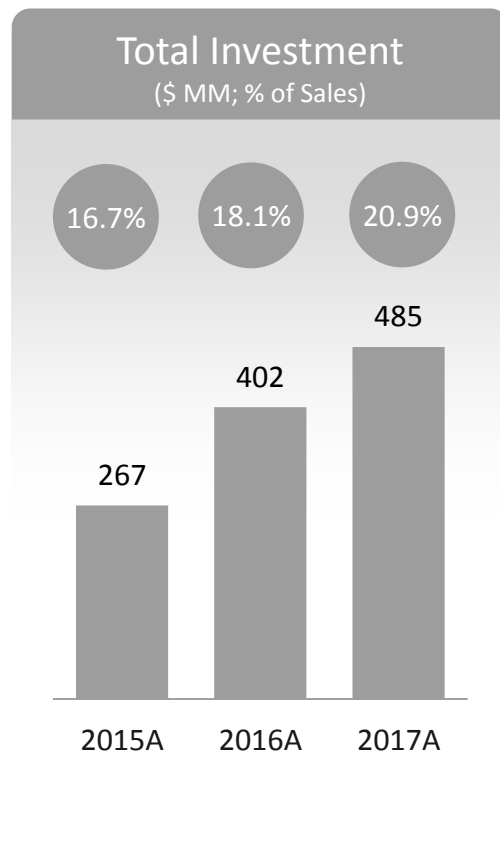
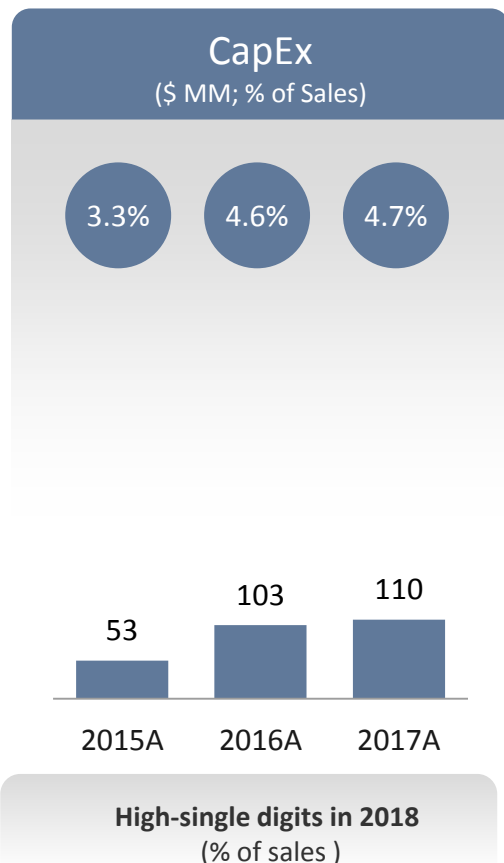
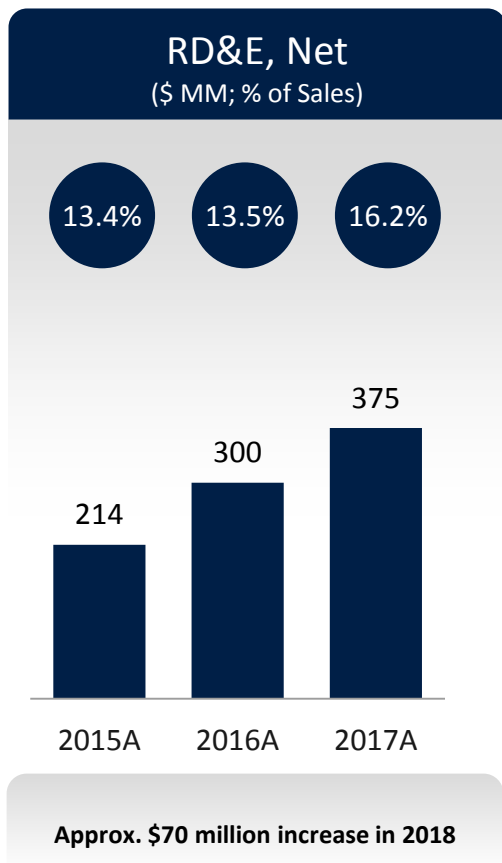
**Active Safety Revenue Targets**

2020E: >\$1 Bn – *Booked* ✓

2022E: \$2 Bn – *Close to 70% Booked* (✓)

2

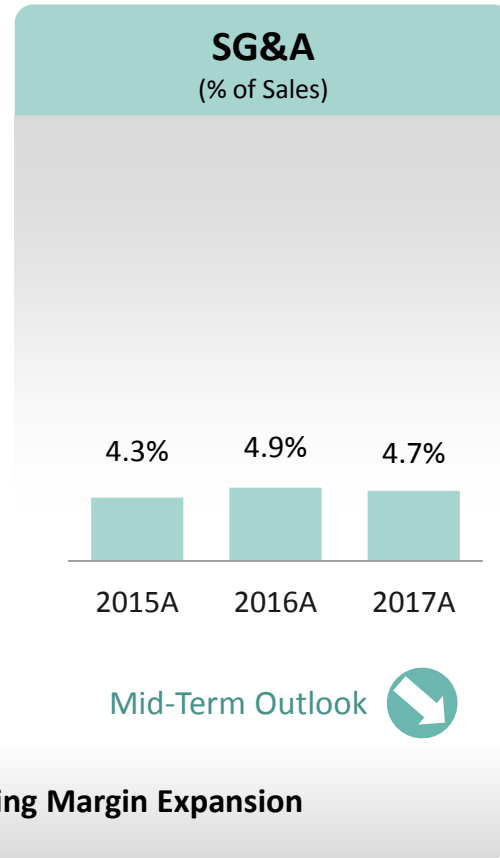
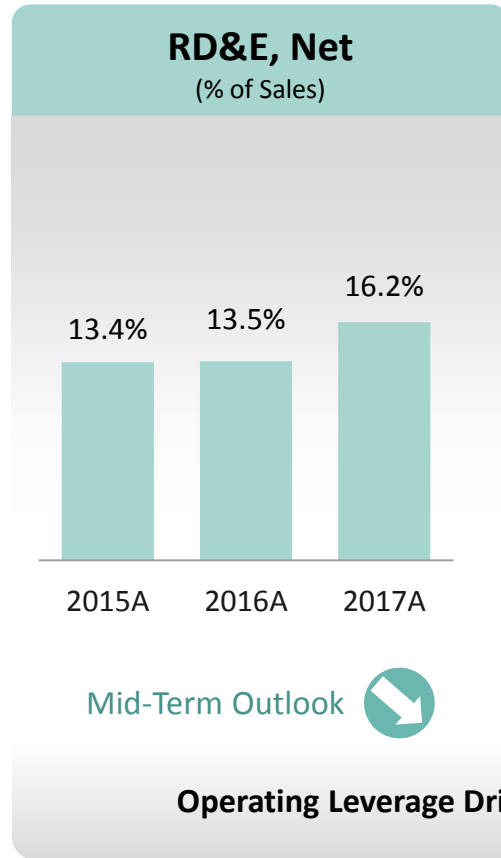
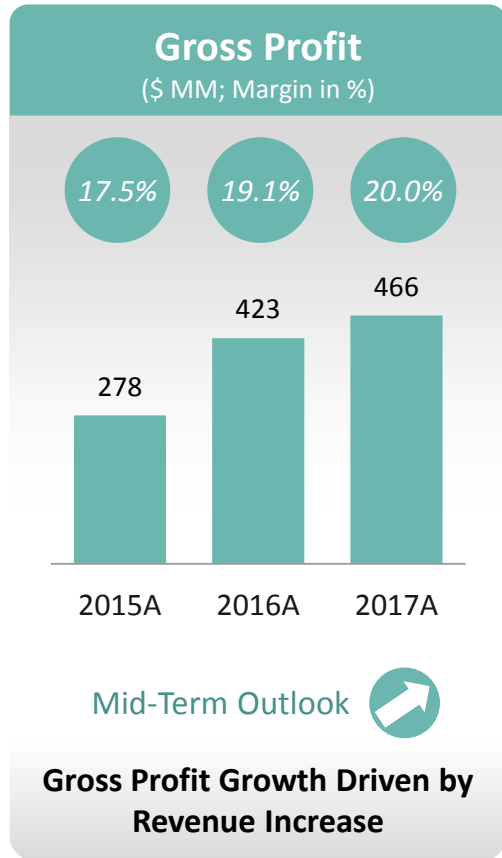
# Significant Investment Towards Future Growth



- ✓ **20% of sales re-invested to accelerate future growth**
  - Zenuity run rate approx. \$15 million net cost per quarter (equity participation)
- ✓ **Planned increase in RD&E over recent years...**
  - Driven by strategic priorities
  - Timing effect in %, normalizing as revenues materialize
- ✓ **...and capex, to support revenue targets**
  - Enhanced delivery capability across portfolio
  - 5x Active Safety revenues from 2017 to 2025

2

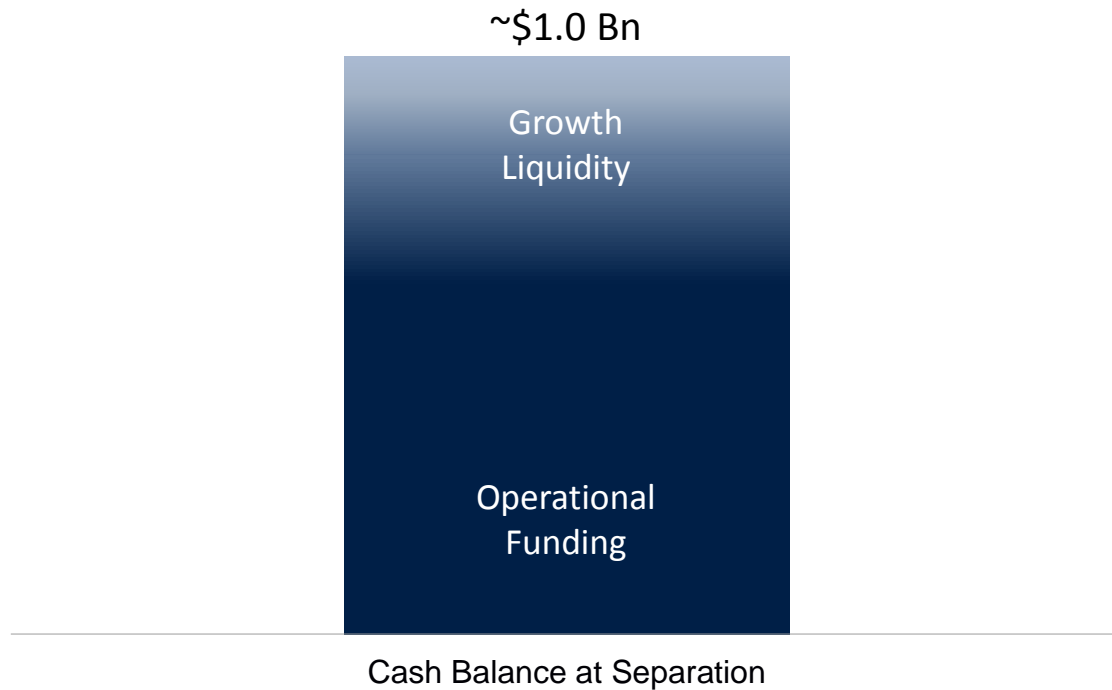
# Multiple Levers Providing Clear Path to Sustained Profitability





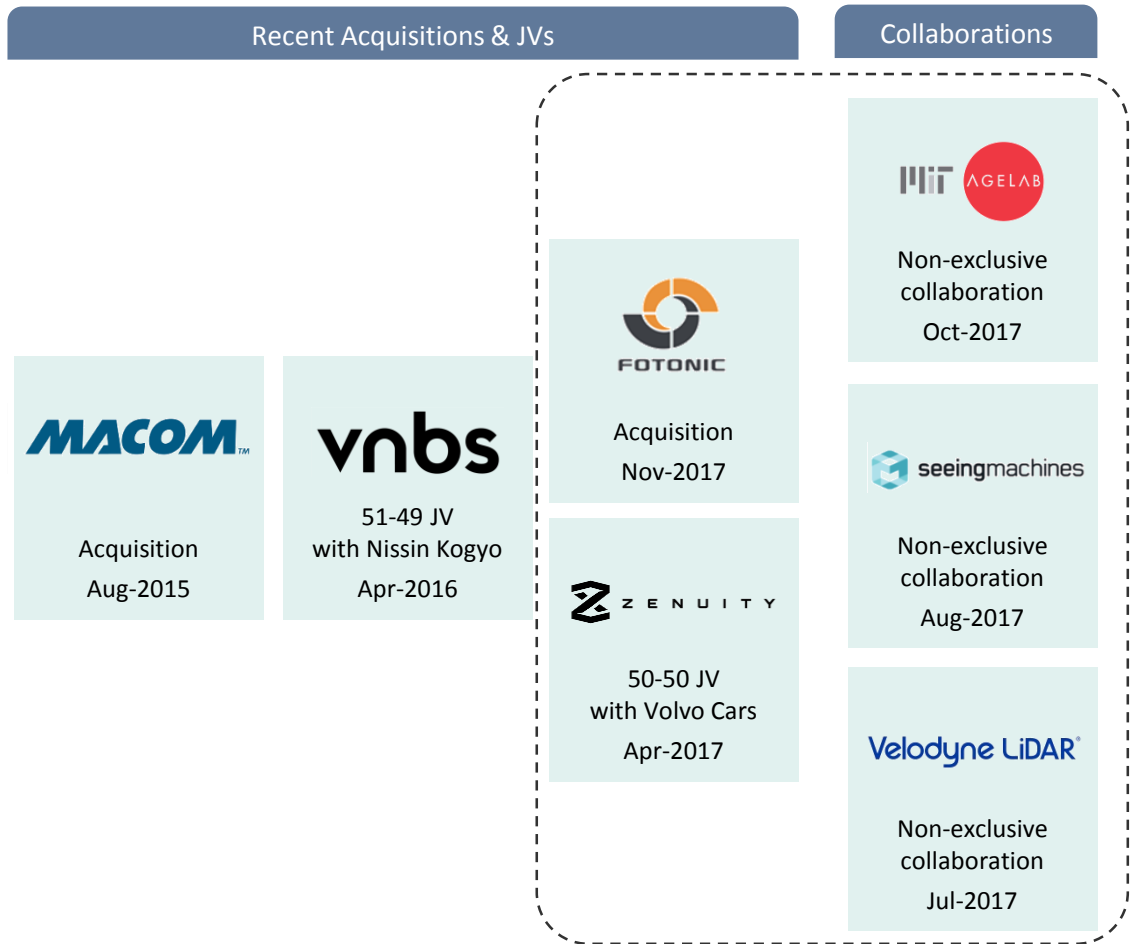
## Solid Capital Structure to Maximize Potential

Total Cash Liquidity of ~\$1Bn at spin-off



- ✓ **Well capitalized until cash-flow positive**
  - RD&E and Engineers
  - Capex
  - Zenuity
- ✓ **Supports potential M&A and partnerships**
- ✓ **Provides stability for key stakeholders**
  - Customers
  - Employees
  - Shareholders

# M&A and Collaborations to Accelerate Organic Plan



- ✓ **Strengthen our ADAS & AD eco system**
  - Bolt-on
  - Next generation sensors
  - Software
  
- ✓ **Strong technology focus**
  - Accelerate speed to market
  - Strengthen AD capabilities
  - Add specific niche expertise
  
- ✓ **Strategic focus to accelerate system integrator role**

# Well Positioned for Long-Term Value Creation

1

## REVENUES

*REVENUE TARGETS*

*ON TRACK*

2

## PROFITABILITY

*PROFITABILITY TARGETS*

*ON TRACK*

3

## CAPITAL STRUCTURE

*STRONG FINANCIAL FOUNDATION*

*SUPPORTING TARGETS*

# Q&A



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# Closing remarks

Thank You!

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# Appendix

# Glossary of Abbreviations

ACC	Adaptive Cruise Control	EPS	Earnings per share
AD	Autonomous Driving	EU	Europe
ADAS	Automated Driver Assistance Systems	EV	Electric Vehicle
AEB	Autonomous Emergency Braking	FMVSS	Federal Motor Vehicle Safety Standards
AES	Autonomous Emergency Steering	GLVP	Global Light Vehicle Production
AI	Artificial Intelligence	GPS	Global Positioning System
AS	Active Safety	HAD	Highly Automated Driving
AS Market	Includes Radar (Front/side/rear), Forward looking Cameras (Mono/Stereo/Night Vision), Other (Advanced Driver Assist Electronic Control Unit, LiDAR, Driver Monitor Systems, Positioning Systems, Digital Mapping, V2X)	IIHS	Insurance Institute of Highway Safety
CAGR	Compound Annual Growth Rate	LRR	Long Range Radar
CapEx	Capital Expenditure	MRR	Multi Range Radar
CPV	Content per Vehicle	NCAP	New Car Assessment Program
DMS	Driver Monitoring System	SAE	Society of Automotive Engineers
EBITDA	Earnings before Interest, Taxes, Depreciation & Amortization	TAM	Total Addressable market includes Active Safety, Brake Control Systems and Restraint Control Systems
ECU	Electronic Control Unit	UN	United Nations
ENR	European Nation Regulation	V2V	Vehicle to Vehicle
		V2I	Vehicle to Infrastructure
		V2X	V2V + V2I



# Income Statement Bridge

## Segment vs. Carve-out Form 10, Unaudited

US\$ Millions (except where specified)	Q1 2018		2017		2016		2015	
Sales	\$594.3		\$2,322.2		\$2,218.3		\$1,588.6	
Gross Profit	\$111.7	18.8%	\$465.6	20.0%	\$423.2	19.1%	\$278.4	17.5%
SG&A	\$(30.8)	(5.2)%	\$(110.0)	(4.7)%	\$(109.8)	(4.9)%	\$(68.0)	(4.3)%
RD&E	\$(106.1)	(17.9)%	\$(375.4)	(16.2)%	\$(299.7)	(13.5)%	\$(213.6)	(13.4)%
Amortization	\$(5.3)	(0.9)%	\$(37.0)	(1.6)%	\$(34.5)	(1.6)%	\$(9.8)	(0.6)%
Other income (expense), net	\$14.5	2.4%	\$8.3	0.4%	\$(4.0)	(0.2)%	\$4.6	0.3%
Operating Income / (Loss)* as "Carve-out" Standalone**	\$(16.0)	(2.7)%	\$(48.5)	(2.1)%	\$(24.8)	(1.1)%	\$(8.4)	(0.5)%
Operating Income / (Loss) as Segment*	\$30.2	5.1%	\$54.0	2.3%	\$61.5	2.8%	\$64.5	4.1%
<b>Difference Standalone vs. Segment</b>	<b>\$(46.2)</b>	<b>(7.8)%</b>	<b>\$(102.5)</b>	<b>(4.4)%</b>	<b>\$(86.3)</b>	<b>(3.9)%</b>	<b>\$(72.9)</b>	<b>(4.6)%</b>
RD&E costs fully attributed to Veoneer	\$(31.7)	(5.3)%	\$(73.8)	(3.2)%	\$(57.9)	(2.6)%	\$(53.5)	(3.4)%
Corporate costs and Other are re-distributed to Veoneer	\$(14.5)	(2.4)%	\$(28.7)	(1.2)%	\$(28.4)	(1.3)%	\$(19.4)	(1.2)%

(\*) Non US GAAP reported excludes on-time goodwill impairment charge related to ANBS in 2017,

(\*\*) Veoneer based on a derived from "carve-out" of Combined Financial Statements as a Standalone company filed in the Form 10 for Veoneer Inc.

### P&L Effect - 2017

- SpinCo (Veoneer) Combined Financial Statements are based on a derived "Carve-out" of a standalone business from Autoliv
  - "R&D costs" are fully attributed to Veoneer ~\$70M
  - "Corporate cost and other" are re-distributed to Veoneer ~\$30M

### P&L Effect – Q1 2018

- Segment result impacted by MACOM earn-out release and reduced amortization in 2018
- SpinCo (Veoneer) result derived from "carve-out" adjustments with higher attributable R&D cost in the first quarter
- GM recall cost of \$6M included in Corporate costs and Other adjustments

# Form 10 – Income Statement (2015 – 2017)

		Years ended December 31		
		2017	2016	2015
Net sales	Note 18	\$ 2,322.2	\$ 2,218.3	\$ 1,588.6
Cost of sales		(1,856.6)	(1,795.1)	(1,310.2)
Gross profit		465.6	423.2	278.4
Selling, general and administrative expenses		(110.0)	(109.8)	(68.0)
Research, development and engineering expenses, net		(375.4)	(299.7)	(213.6)
Goodwill, impairment charge	Note 10	(234.2)	-	-
Amortization of intangibles	Note 10	(37.0)	(34.5)	(9.8)
Other income (expense), net		8.3	(4.0)	4.6
Operating loss		(282.7)	(24.8)	(8.4)
Loss from equity method investments	Note 8	(30.7)	-	-
Interest income	Note 19	0.3	0.1	-
Interest expense		(0.3)	(0.2)	(0.3)
Other non-operating items, net		(0.8)	3.1	0.5
Loss before income taxes		(314.2)	(21.8)	(8.2)
Income tax expense	Note 5	(30.1)	(38.3)	(21.8)
Net loss		(344.3)	<b>(60.1)</b>	(30.0)
Less: Net loss attributable to non-controlling interest		(127.3)	(7.0)	-
Net loss attributable to controlling interest		\$ (217.0)	\$ (53.1)	\$ (30.0)

# Form 10 – Balance Sheet (2015 – 2017)

		At December 31	
		2017	2016
<b>Assets</b>			
Receivables, net	Note 6	\$ 460.5	\$ 445.0
Inventories, net	Note 7	154.2	164.4
Prepaid expenses and other current assets		34.0	39.5
<b>Total current assets</b>		<b>648.7</b>	<b>648.9</b>
Property, plant and equipment, net	Note 9	361.9	327.1
Investments and other non-current assets	Note 8	162.0	36.0
Goodwill	Note 10	291.7	490.1
Intangible assets, net	Note 10	122.2	163.0
Related party notes receivable	Note 19	76.0	74.0
<b>Total assets</b>		<b>\$ 1,662.5</b>	<b>\$ 1,739.1</b>
<b>Liabilities and equity</b>			
Accounts payable		\$ 322.8	\$ 318.2
Related party payables	Note 19	5.0	5.0
Accrued expenses	Note 11	195.2	192.6
Income tax payable		41.3	31.6
Other current liabilities		25.7	25.0
Related party short-term debt		-	3.5
<b>Total current liabilities</b>		<b>\$ 590.0</b>	<b>\$ 575.9</b>
Related party long-term debt	Note 19	62.2	11.1
Pension liability	Note 17	13.9	15.0
Other non-current liabilities		39.3	48.0
<b>Total non-current liabilities</b>		<b>\$ 115.4</b>	<b>\$ 74.1</b>
Commitments and contingencies	Note 15, 16		
<b>Parent Equity</b>			
Net parent investment		843.9	876.7
Accumulated other comprehensive loss		(8.3)	(29.3)
<b>Total Parent Equity</b>		<b>835.6</b>	<b>847.4</b>
Non-controlling interest		121.5	241.7
<b>Total Parent Equity and non-controlling interests</b>		<b>957.1</b>	<b>1,089.1</b>
<b>Total liabilities, Parent Equity and non-controlling interests</b>		<b>\$ 1,662.5</b>	<b>\$ 1,739.1</b>

# Form 10 – Cash Flow (2015 – 2017)

		Years ended December 31		
		2017	2016	2015
<b>Operating activities</b>				
Net loss		\$ (344.3)	\$ (60.1)	\$ (30.0)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:				
Depreciation and amortization		118.8	105.5	53.1
Goodwill, impairment charge		234.2	-	-
Deferred income taxes		(11.3)	(10.9)	0.3
Undistributed loss from equity method investments	Note 8	30.7	-	-
Gain on investment in Zenuity	Note 8	(10.7)	-	-
Stock-based compensation		2.1	2.8	1.8
M/A COM earn-out adjustment	Note 3	(12.7)	-	-
Net change in:				
Related party payables, net		(0.1)	5.1	-
Receivables and other assets, gross		2.2	(182.6)	(91.8)
Inventories, gross		18.9	(7.7)	(38.0)
Accounts payable and accrued expenses		(20.8)	132.6	117.7
Income taxes		9.9	20.2	8.6
Other, net		(18.1)	(12.2)	(2.8)
Net cash (used in) provided by operating activities		(1.2)	(7.3)	18.9
<b>Investing activities</b>				
Expenditures for property, plant and equipment		(110.0)	(102.5)	(53.4)
Proceeds from sale of property, plant and equipment		6.9	1.5	3.8
Acquisition of intangible assets		-	-	(24.9)
Acquisition of businesses and interest in affiliates, net of cash acquired	Note 13	(125.3)	(226.3)	(98.9)
Net increase in related party notes receivable		(2.0)	(8.1)	(28.9)
Net cash used in investing activities		(230.4)	(335.4)	(202.3)
<b>Financing activities</b>				
Net increase / (decrease) in short-term debt including related party		(3.6)	3.7	(0.3)
Repayments and other changes in related party long-term debt		50.8	11.9	-
Net transfers from Parent		184.4	327.1	183.7
Net cash provided by financing activities		231.6	342.7	183.4
Effect of exchange rate changes on cash and cash equivalents		-	-	-
<b>Increase / (decrease) in cash and cash equivalents</b>		-	-	-
Cash and cash equivalents at beginning of year		-	-	-
Cash and cash equivalents at end of year		\$ -	\$ -	\$ -

# Form 10 – Income Statement (Q1 2018 unaudited)

		Three months ended	
		March 31, 2018	March 31, 2017
Net sales	Note 3, 15	\$ 594.3	\$ 583.3
Cost of sales		(482.6)	(469.9)
<b>Gross profit</b>		<b>111.7</b>	<b>113.4</b>
Selling, general and administrative expenses		(30.8)	(29.4)
Research, development and engineering expenses, net		(106.1)	(87.5)
Amortization of intangibles		(5.3)	(19.1)
Other income (expense), net		14.5	12.2
<b>Operating loss</b>		<b>(16.0)</b>	<b>(10.4)</b>
Loss from equity method investments	Note 8	(14.0)	-
Interest income	Note 16	0.1	-
Interest expense	Note 16	(0.2)	-
Other non-operating items, net		0.1	(0.6)
<b>Loss before income taxes</b>		<b>(30.0)</b>	<b>(11.0)</b>
Income tax expense	Note 6	(7.0)	(11.0)
<b>Net loss</b>		<b>\$ (37.0)</b>	<b>\$ (22.0)</b>
Less: Net loss attributable to non-controlling interest		(4.7)	(2.2)
<b>Net loss attributable to controlling interest</b>		<b>\$ (32.3)</b>	<b>\$ (19.8)</b>

# Form 10 – Balance Sheet (Q1 2018 unaudited)

	As of	
	March 31, 2018 (unaudited)	December 31, 2017
<b>Assets</b>		
Receivables, net	\$ 503.8	\$ 460.5
Inventories, net	Note 7 160.7	154.2
Prepaid expenses and other current assets	40.8	34.0
<b>Total current assets</b>	<b>705.3</b>	<b>648.7</b>
Property, plant and equipment, net	398.1	361.9
Investments and other non-current assets	244.6	162.0
Goodwill	Note 5, 9 291.5	291.7
Intangible assets, net	Note 5 121.1	122.2
Related party notes receivable	Note 16 -	76.0
<b>Total assets</b>	<b>\$ 1,760.6</b>	<b>\$ 1,662.5</b>
<b>Liabilities and equity</b>		
Accounts payable	\$ 325.3	\$ 322.8
Related party payables	Note 16 5.6	5.0
Accrued expenses	Note 10 213.2	195.2
Income tax payable	42.0	41.3
Other current liabilities	35.8	25.7
Short-term debt	23.8	-
<b>Total current liabilities</b>	<b>645.7</b>	<b>590.0</b>
Related party long-term debt	Note 16 36.2	62.2
Pension liability	14.4	13.9
Other non-current liabilities	26.4	39.3
<b>Total non-current liabilities</b>	<b>77.0</b>	<b>115.4</b>
Commitments and contingencies	Note 14	
<b>Parent Equity</b>		
Net parent investment	Note 2 917.0	843.9
Accumulated other comprehensive income (loss)	0.4	(8.3)
<b>Total Parent Equity</b>	<b>917.4</b>	<b>835.6</b>
Non-controlling interest	120.5	121.5
<b>Total Parent Equity and non-controlling interests</b>	<b>1,037.9</b>	<b>957.1</b>
<b>Total liabilities, Parent Equity and non-controlling interests</b>	<b>\$ 1,760.6</b>	<b>\$ 1,662.5</b>

# Form 10 – Cash Flow (Q1 2018 unaudited)

	Three months ended	
	March 31, 2018	March 31, 2017
<b>Operating activities</b>		
Net loss	\$ (37,0)	\$ (22,0)
Depreciation and amortization	27,9	40,4
Other, net	5,8	(3,6)
M/A COM earn-out adjustment	(14,0)	(12,7)
Changes in operating assets and liabilities	(61,4)	5,5
<b>Net cash (used in) provided by operating activities</b>	<b>(78,7)</b>	<b>7,6</b>
<b>Investing activities</b>		
Expenditures for property, plant and equipment	(30,9)	(27,3)
Proceeds from sale of property, plant and equipment	1,5	3,1
Acquisition of businesses and interest in affiliates, net of cash acquired	(71,5)	-
Net decrease in related party notes receivable	76,0	7,8
<b>Net cash used in investing activities</b>	<b>(24,9)</b>	<b>(16,4)</b>
<b>Financing activities</b>		
Net increase in short-term debt including related party	23,4	8,7
Repayments and other changes in related party long-term debt	(26,4)	-
Net transfers from Parent	106,6	0,1
<b>Net cash provided by financing activities</b>	<b>103,6</b>	<b>8,8</b>
Effect of exchange rate changes on cash and cash equivalents	-	-
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at beginning of year	-	-
<b>Cash and cash equivalents at end of year</b>	<b>\$ -</b>	<b>\$ -</b>