



More Lives Saved



More Life Lived

# Earnings Call Presentation

1<sup>st</sup> Quarter 2024

April 26, 2024

# Safe Harbor Statement\*

This report 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, general economic conditions, including inflation; changes in light vehicle production; fluctuation in vehicle production schedules for which the Company is a supplier; global supply chain crisis, including port, transportation and distribution delays or interruptions; supply chain disruptions and component shortages specific to the automotive industry or the Company; disruptions and impacts relating to the ongoing war between Russia and Ukraine and the hostilities in the Middle East in general industry and market conditions or regional growth or decline; changes in and the successful execution of our capacity alignment, restructuring, cost reduction and efficiency initiatives and the market reaction thereto; loss of business from increased competition; higher raw material, fuel and energy, and other 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 and other 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, civil judgments or financial penalties 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 and the availability of insurance with respect to such matters; 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; our ability to meet our sustainability targets, goals and commitments; political conditions; dependence on and relationships with customers and suppliers; the conditions necessary to hit our financial targets; 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](http://www.sec.gov) or [www.autoliv.com](http://www.autoliv.com)

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# Q1'24 Key Highlights

## Record first quarter sales and broad-based improvements

- Challenging market environment with declining and volatile light vehicle production\*\*
- On track to achieve our full-year guidance
  - Outperformed LVP in all regions as a result of recent launches, pricing and higher safety content
  - Profitability improved significantly Y-o-Y driven by organic growth\* and successful execution of cost reductions
  - Strong cash flow improvement driven by improved adjusted operating income\* and trade working capital
- Our balance sheet and positive cash flow trend allowed for higher shareholder returns
  - Repurchased shares for \$160 million
  - Paid a dividend of \$0.68 per share
  - Debt leverage ratio of 1.3 times supports further shareholder returns
- Progressed with our structural cost reduction activities
  - Indirect headcount reduced by around 1,000, or by more than 5%
- Investing in a new steering wheel manufacturing facility in Hefei, China
- FY2024 guidance reconfirmed
  - The prior two years' heightened seasonality is likely to continue
  - Mid-single digit sales growth, despite a modest decline in LVP
  - Advancing towards our adjusted operating margin\* target



To support growing demand, Autoliv is building a new steering wheel plant in Hefei in China. The plant is scheduled to start production in mid-2025.

(\*) Non-US GAAP measures

(\*\*) Light Vehicle Production (LVP) up to 3.5 tons according to S&P Global @ April 2024

# Q1'24 Sustainability Highlights



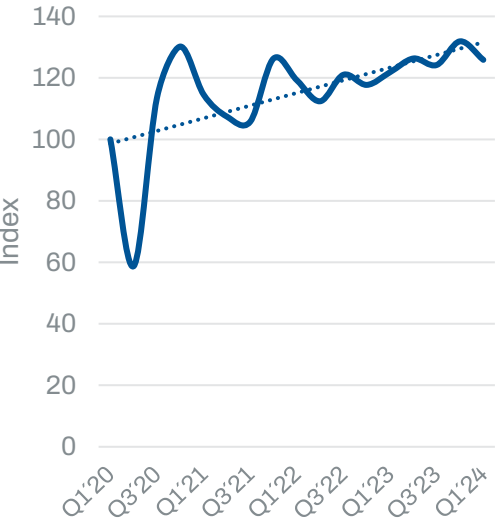
- € 500 million Green Bond issued using Autoliv's Sustainable Financing Framework
  - Framework aligned with the ICMA Green Bond Principles
  - Carries a coupon of 3.625%
  - Proceeds can be allocated according to the Framework's Use of Proceeds categories, including decarbonization of operations and products
- Green bond allocation report published
- Introducing two additional collaborations for carbon-reduced steel with Arvedi and thyssenkrupp
- On-site solar energy generation capacity
- Partnering with BASF to introduce a new type of 'Design-for-Recycling' polyurethane foam for steering wheel rims



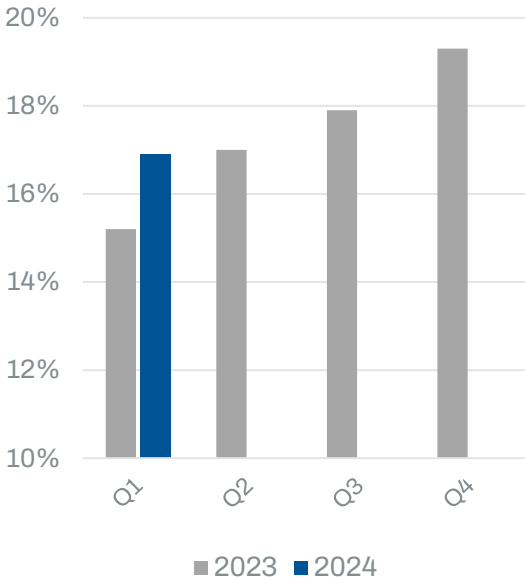
*In addition to renewable electricity instruments, many Autoliv sites are increasing the use of on-site solar energy generation capacity. Here represented by Autoliv in Utah, U.S.*

# Significant Sequential Cost Improvements

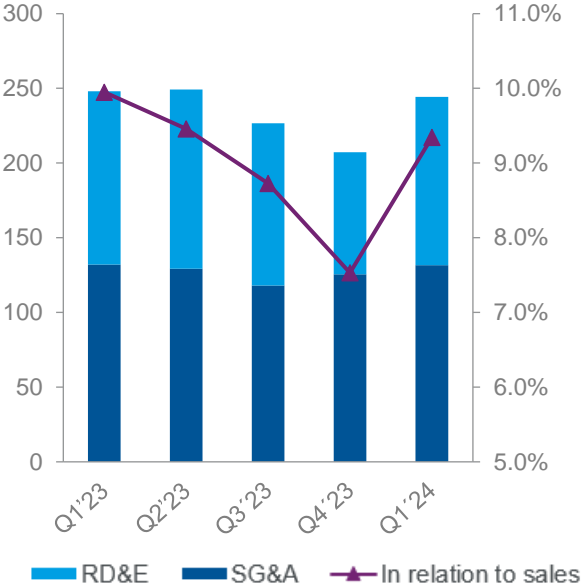
**Direct Labor Productivity Index**  
Sales in relations to Average Headcount



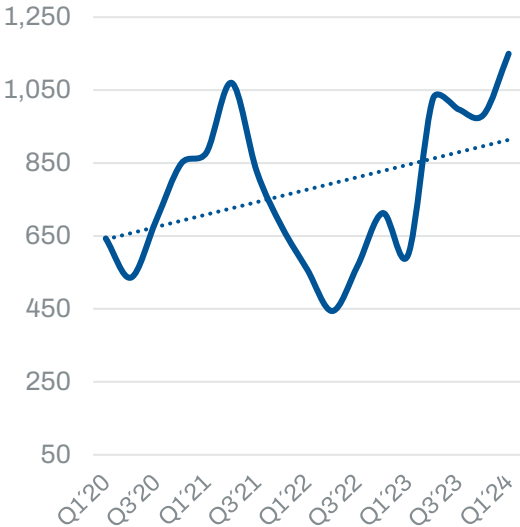
**Gross Margin**  
%



**SG&A and RD&E, net**  
US\$ (Millions) and in relations to sales



**Operating Cash flow LTM**  
US\$ (Millions)

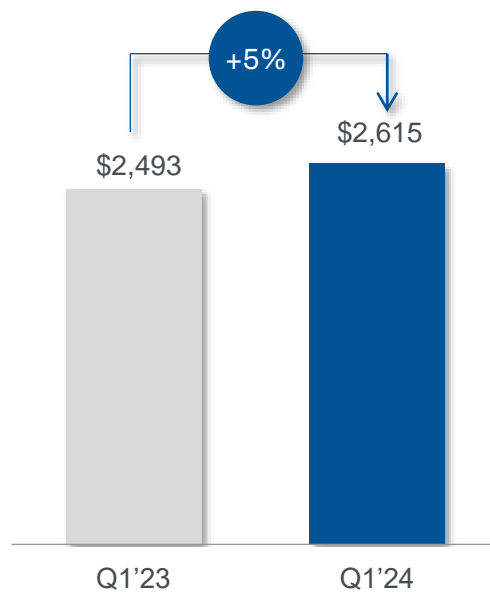


# Q1'24 Financial Overview

Strong sales and profit development

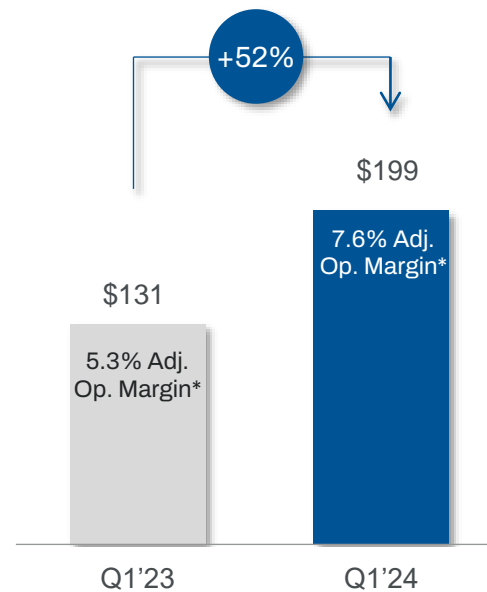
## Consolidated Sales

US\$ (Millions)



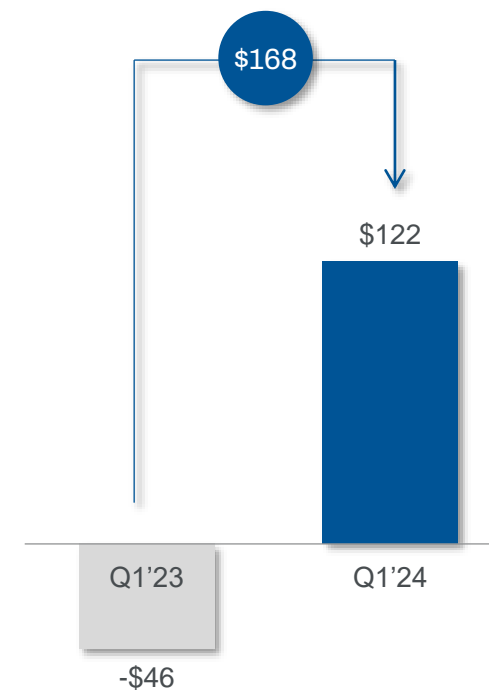
## Adjusted Operating Income\*

US\$ (Millions)



## Operating Cash Flow

US\$ (Millions)



(\*) Non-US GAAP excluding effects from capacity alignment and antitrust related matters

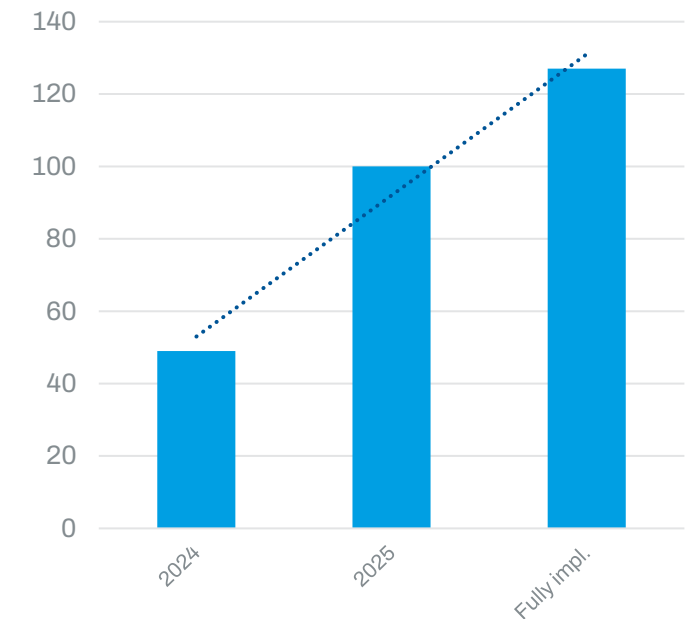
# Structural Cost Reduction Initiatives

Simplifying our logistics and geographic footprint to significantly lower our cost base

- Continue to actively address our cost base to accelerate the journey towards our financial targets
- All divisions and functions are impacted by the optimization of our footprint and organizational structure
  - Reducing our indirect headcount by up to 2,000
  - Improve direct labor productivity equivalent to a direct workforce headcount reduction of up to 6,000
- Expected cash out in 2024: ~\$85 million

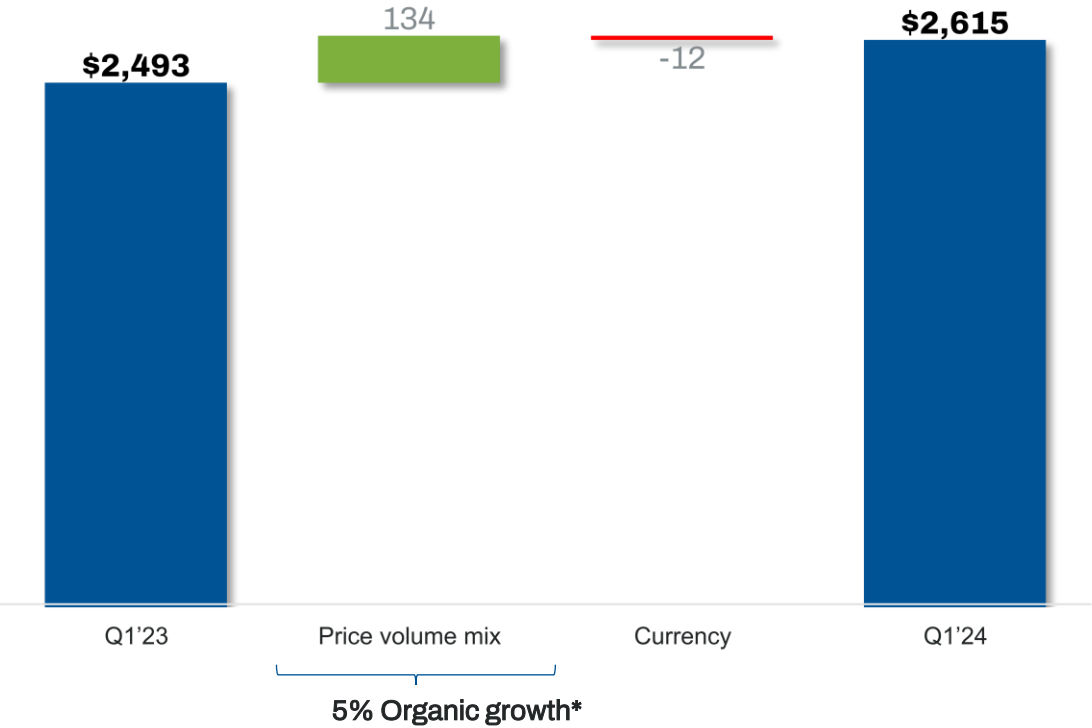
## Structural Cost Reductions

Annual Savings US\$ (Millions)

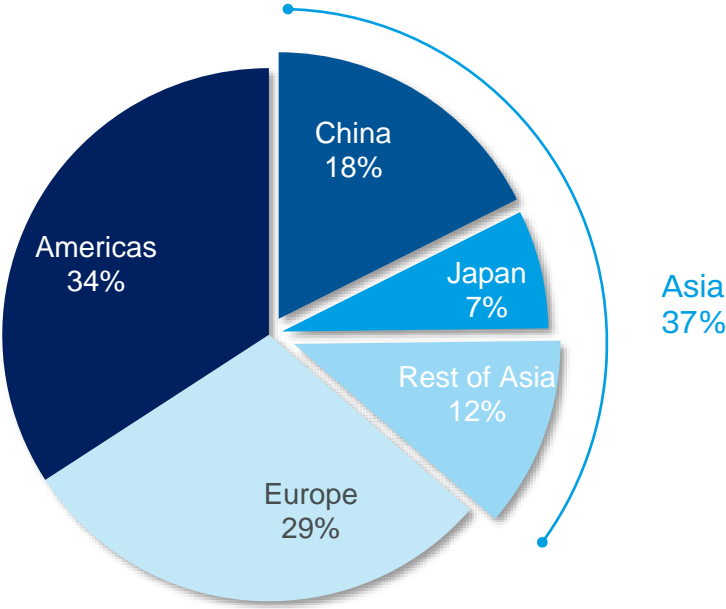


# Q1'24 Sales Growth and Regional Sales Split

Sales Bridge  
US\$ (Millions)



Sales by Region Q1'24  
%

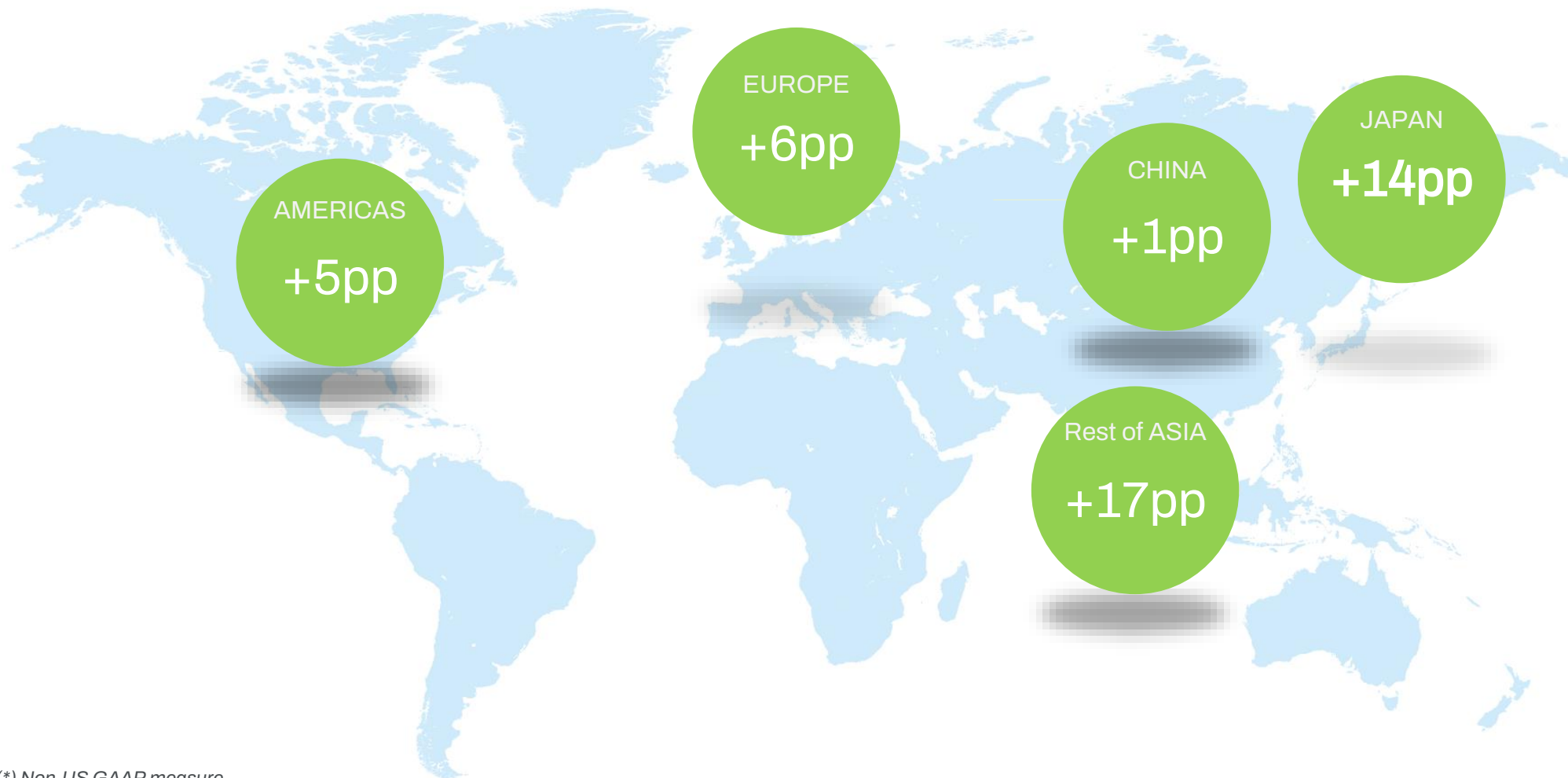


(\*) Non-US GAAP measure.



# Q1'24 Organic Sales\* Growth - Outperforming Global LVP by 6pp

Outperformance - Organic growth\* vs. LVP\*\*



(\*) Non-US GAAP measure

(\*\*) Light Vehicle Production (LVP) up to 3.5 tons according to S&P Global @ April 2024

# Q1'24 Key Model Launches

BMW 5-Series/i5 Touring 



Subaru Forester



Dacia Duster



Hyundai Santa Fe 



VW ID.7 Tourer 



Tata Punch.ev 



Renault Scenic e-Tech 



Tank 700 



Li Auto Mega 



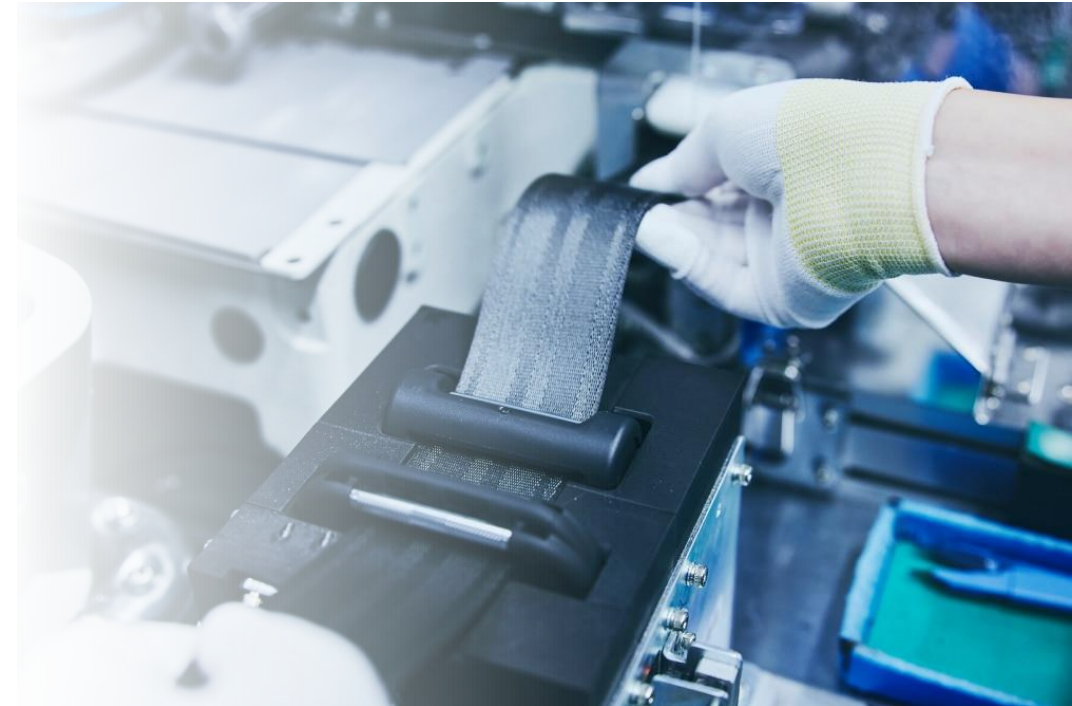
# Q1'24 Financial Overview

(US\$ Millions unless specified)	Q1'24		Q1'23	
Sales	\$2,615		\$2,493	
Gross Profit	\$443	16.9%	\$379	15.2%
Adj. Operating Income <sup>1</sup>	\$199	7.6%	\$131	5.3%
Adj. EPS (assuming dilution)	\$1.58		\$0.90	
Adj. RoCE <sup>1,2</sup>	20%		13%	
Adj. RoE <sup>1,2</sup>	21%		12%	
Operating cash flow	\$122		-\$46	
Dividend paid per share	\$0.68		\$0.66	
Stock repurchases	\$160		\$42	
Global LVP <sup>3</sup> (annual rate)	~82M		~83M	

(1) Non-US GAAP excluding effects from capacity alignment and antitrust related matters

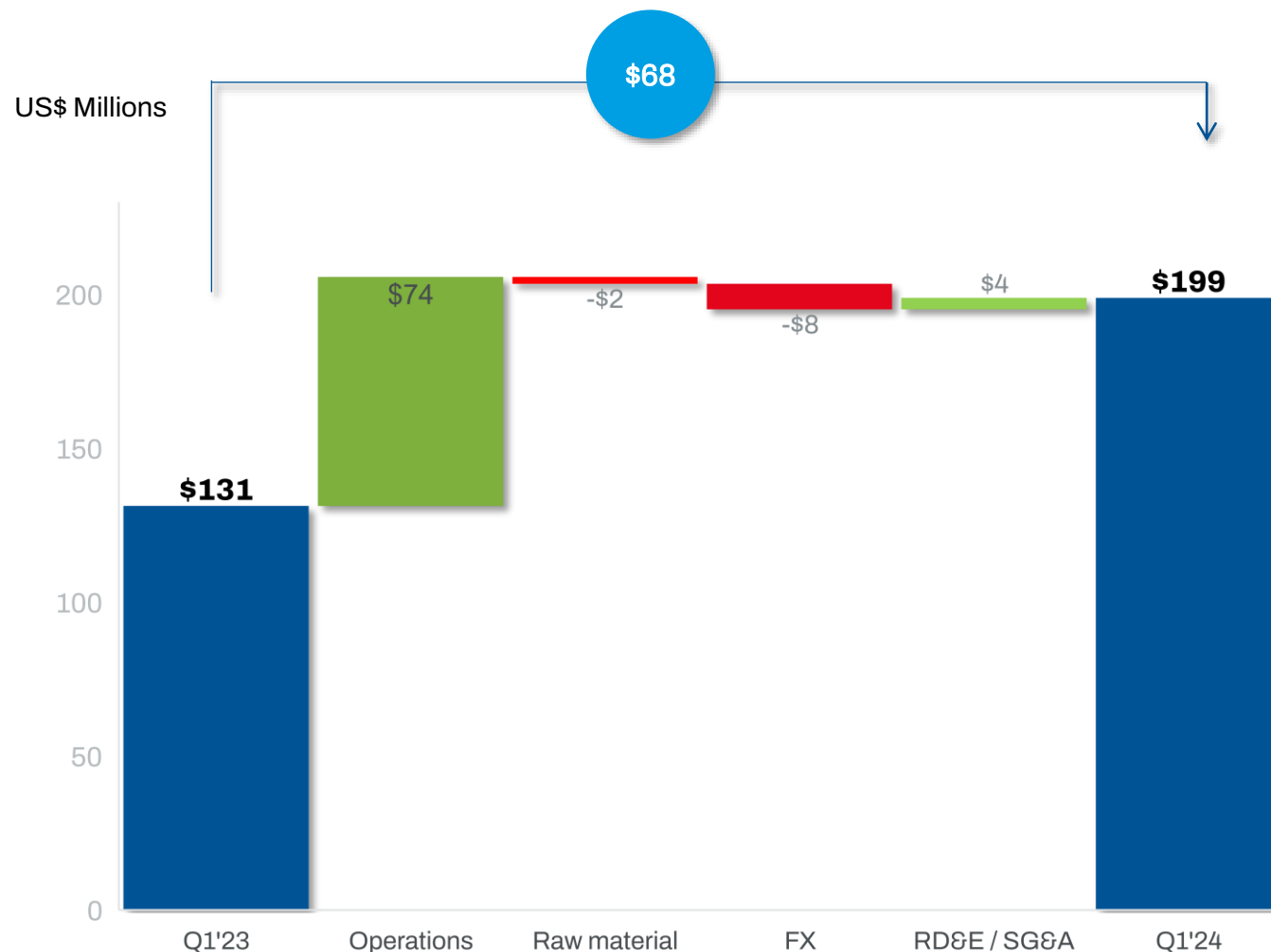
(2) Return on Capital Employed (RoCE) and Return on Equity (RoE)

(3) Light Vehicle Production (LVP) up to 3.5 tons according to S&P Global @ April 2024



# Q1'24 Adjusted Operating Income\* Bridge

vs. prior year



## Operations

Primarily driven by:

- cost saving activities
- higher volumes
- commercial recoveries

partly offset by inflationary pressure

(\*) Non-US GAAP excluding effects from capacity alignment and antitrust related matters



# Cash Flow

Strong performance from working capital and higher net income

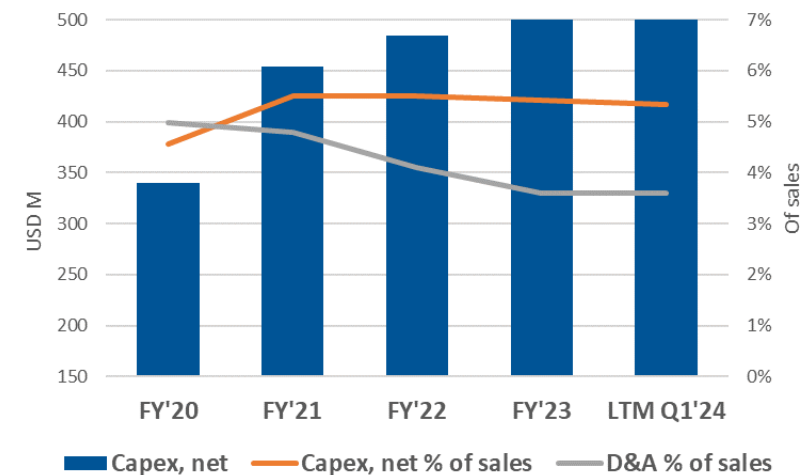
(US\$ Millions unless specified)	Q1'24	Q1'23	LTM	2023	2022
Net Income	\$127	\$74	\$541	\$489	\$425
Depreciation & Amortization	96	92	381	378	363
Other, net <sup>3</sup>	14	-10	-96	-119	-133
Change in operating WC	-114	-202	323	235	58
<b>Operating cash flow</b>	<b>122</b>	<b>-46</b>	<b>1,150</b>	<b>982</b>	<b>713</b>
Capital Expenditures, net <sup>3</sup>	-140	-143	-565	-569	-485
<b>Free cash flow<sup>1</sup></b>	<b>-18</b>	<b>-189</b>	<b>584</b>	<b>414</b>	<b>228</b>
Dividends paid	56	57	224	225	224
Stock repurchases	\$160	\$42	\$471	\$352	\$115

(1) Non-US GAAP measure, reconciliation is provided above

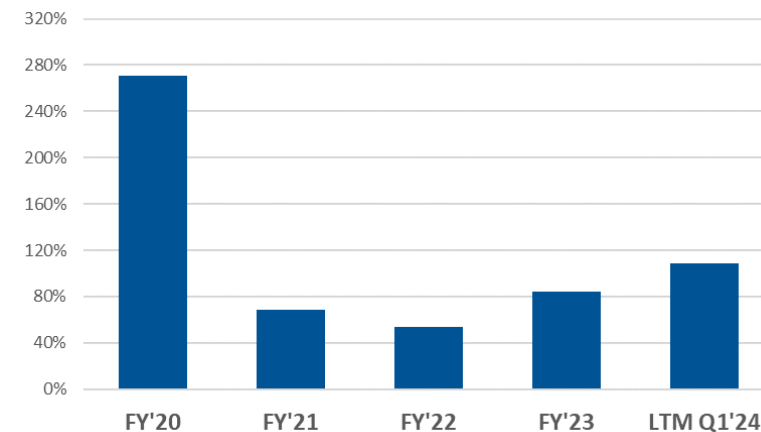
(2) Non-US GAAP measure

(3) Includes income of \$80 million from sale in 2022 of property in Japan

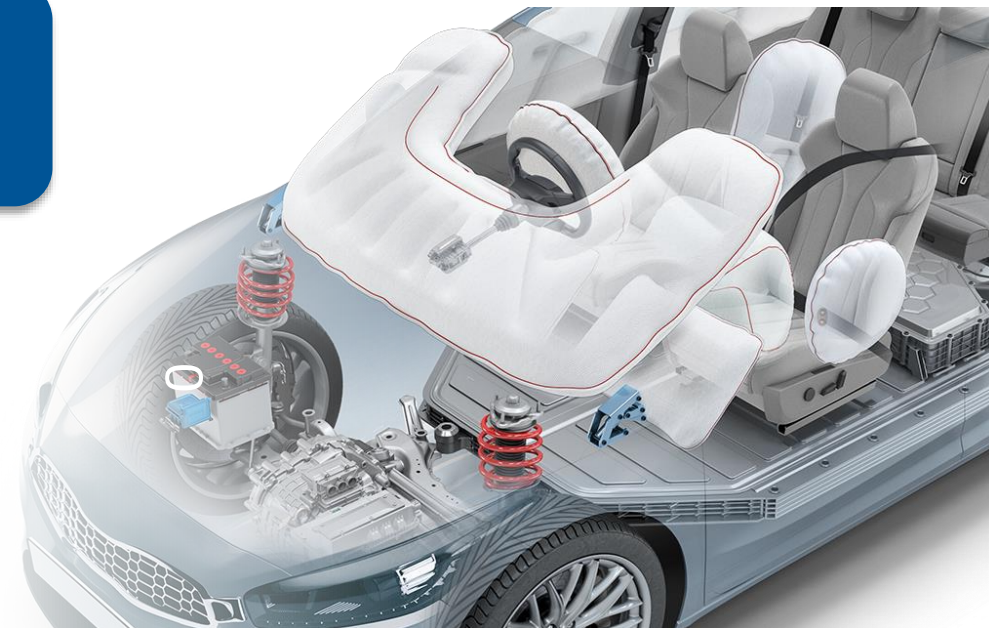
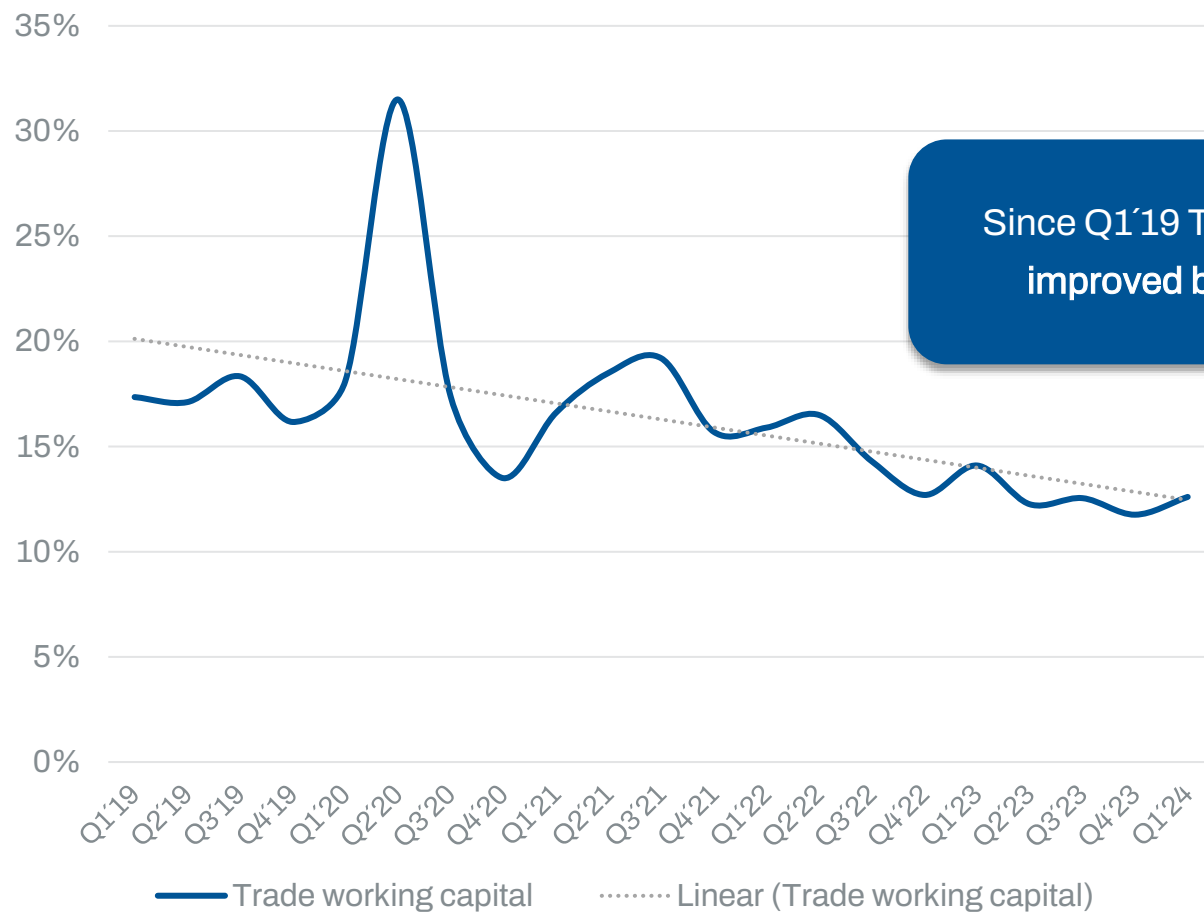
Capex and D&A



Cash Conversion<sup>2</sup>



# Trade Working Capital in Relation to Sales

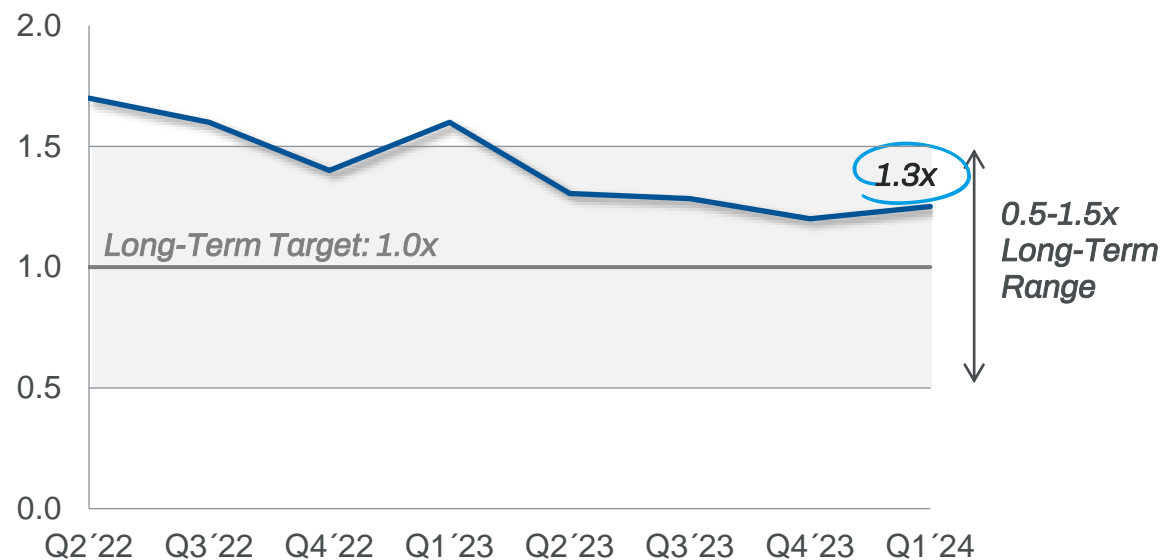


# Debt Leverage Ratio\*

Virtually unchanged during the quarter despite higher share repurchases

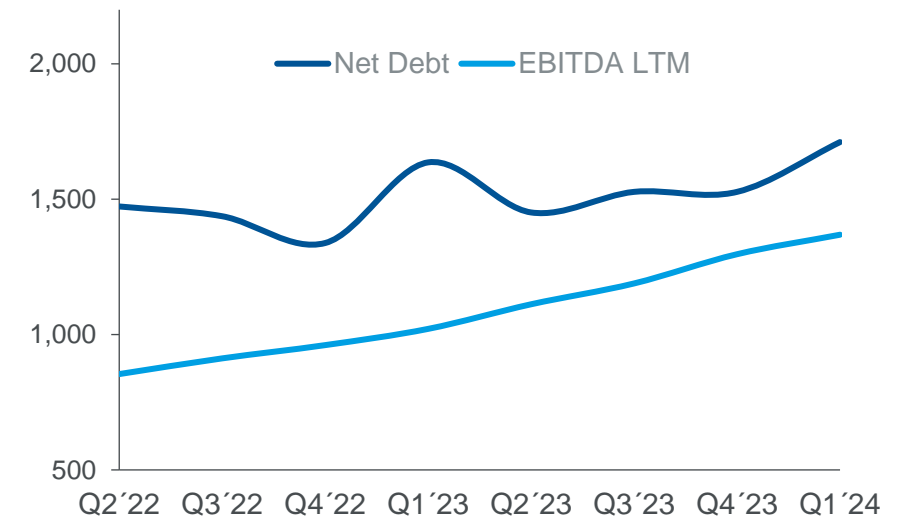
## Net Debt\* / EBITDA\*

Times



## Net Debt\* and EBITDA\* per the Policy

US\$ Millions



- Our **Net Debt\*** increased by **\$184M** from Q4'23
- **EBITDA\* LTM** increased by **\$72M** from Q4'23

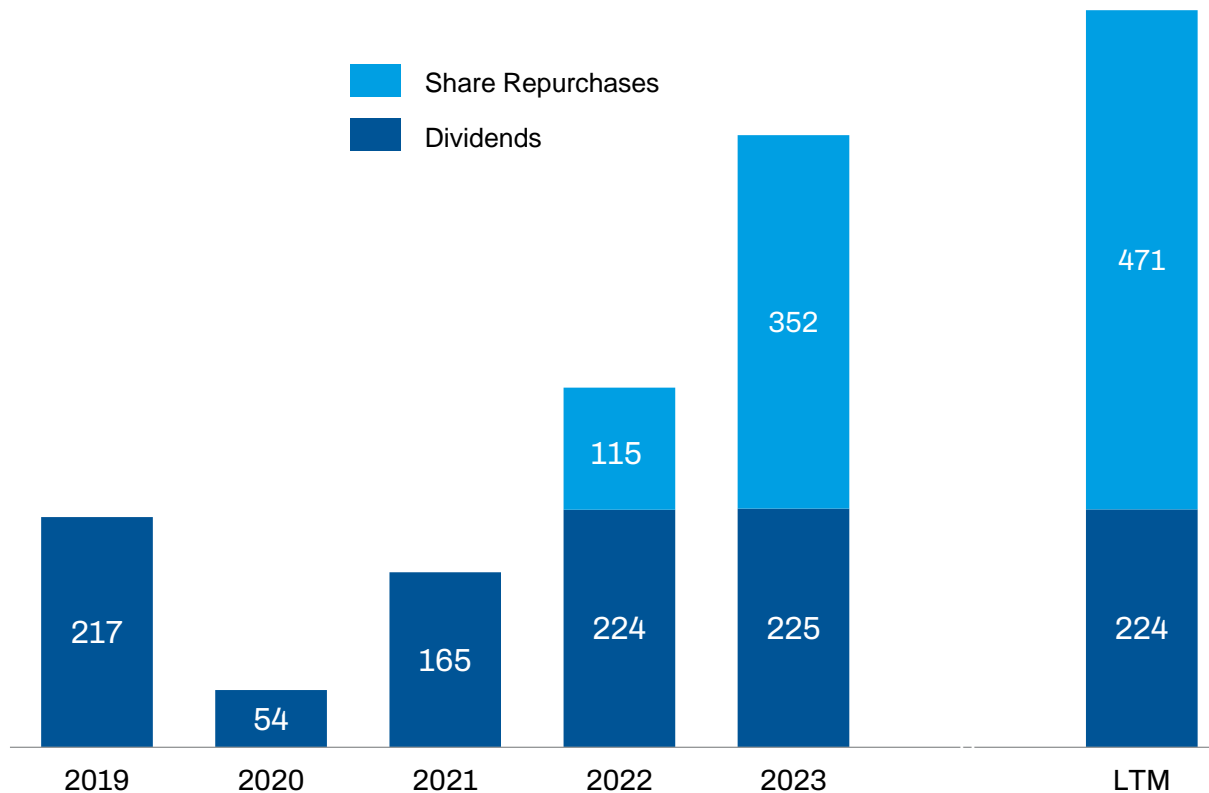
(\*) Non-US GAAP measure, Leverage Ratio and Net Debt includes Pension Liability  
EBITDA calculation redefined to exclude other non-operating items and income from equity method investments

# Strong Balance Sheet & Cash flow Supporting Shareholder Returns

Repurchased 6.5 million shares for \$627 million under current mandate

## Shareholder Returns

US\$ Millions



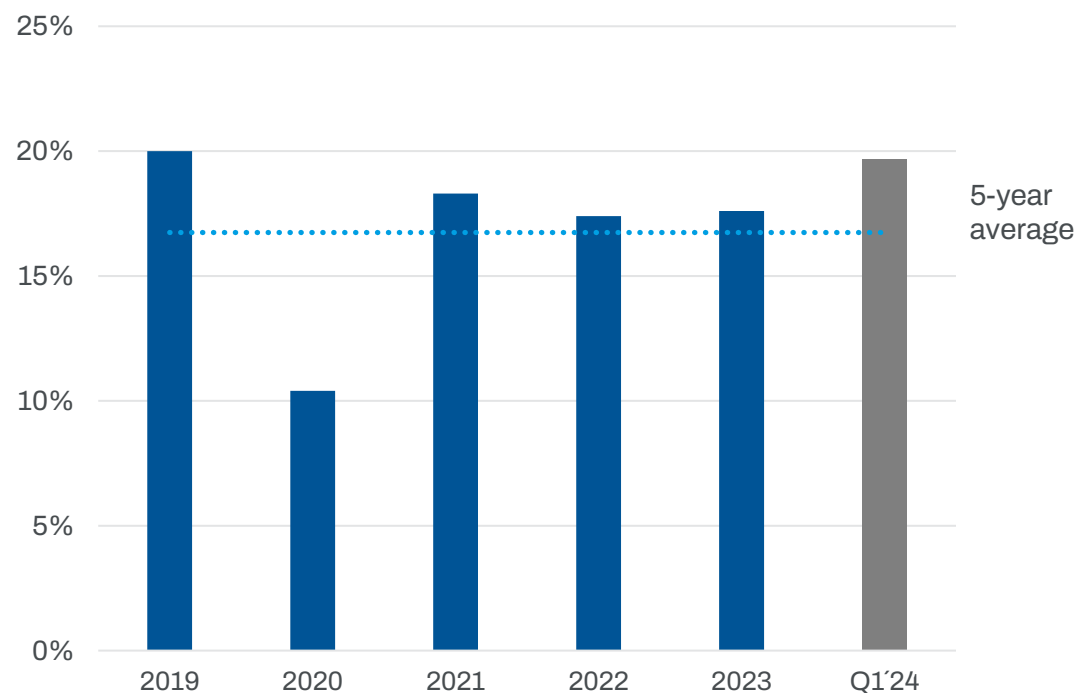
*~\$1.5 billion in direct shareholder returns over the last 5 years*



# Efficient Balance Sheet to Support Shareholder Returns

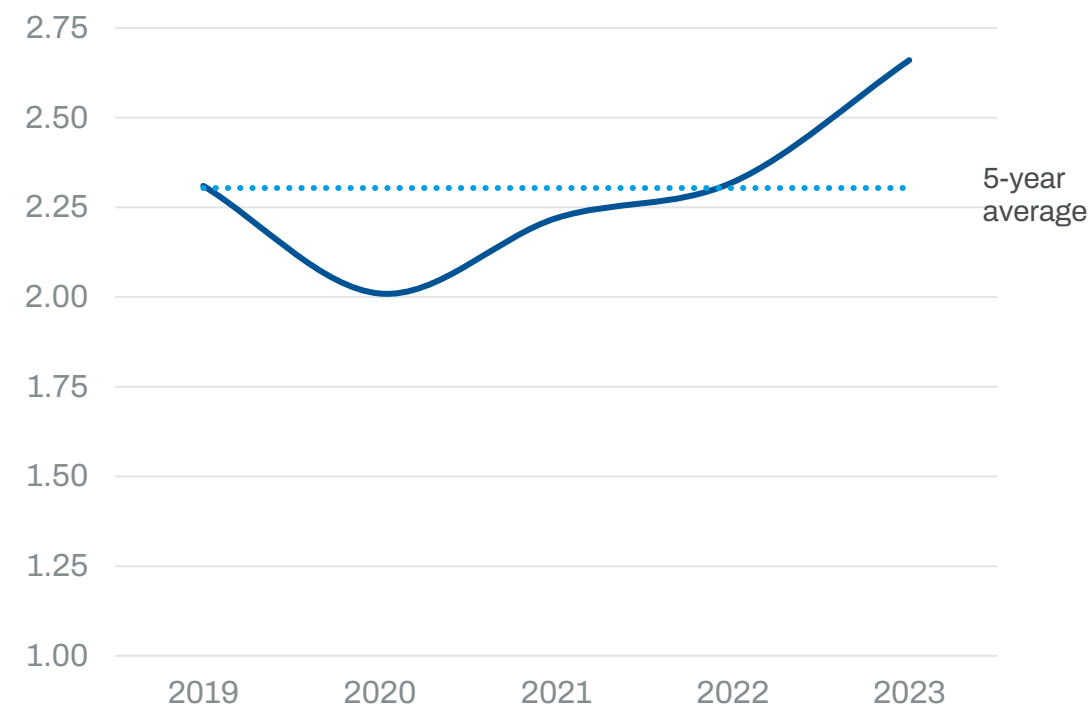
## Return on Capital Employed<sup>1</sup>

%



## Capital Turnover Rate<sup>2</sup>

Times



<sup>1)</sup> Annualized operating income and income from equity method investments, relative to average capital employed.

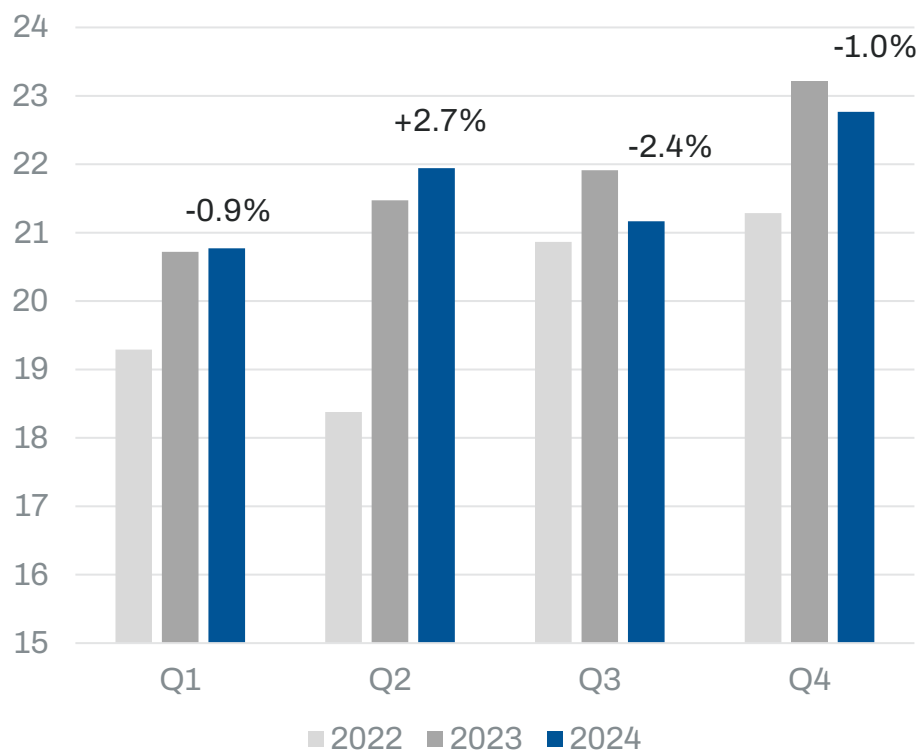
<sup>2)</sup> Sales in relation to average capital employed.

# Light Vehicle Production Outlook

Autoliv expects global LVP to decline by ~1 % in 2024

## Global Light Vehicle Production\*

(Million units)



S&P Global: Light Vehicle Production*			
Region	Q2'24	FY'24	
	YoY Chg.	Million Units	Y-o-Y Chg.
China	10.9%	28.5	1.6%
Japan	-1.0%	7.9	-6.8%
Rest of Asia	-1.6%	13.8	-0.5%
North America	1.4%	14.6	1.5%
South America	0.5%	2.9	-0.3%
Europe	-3.0%	17.4	-2.1%
Global	2.7%	87.3	-0.4%

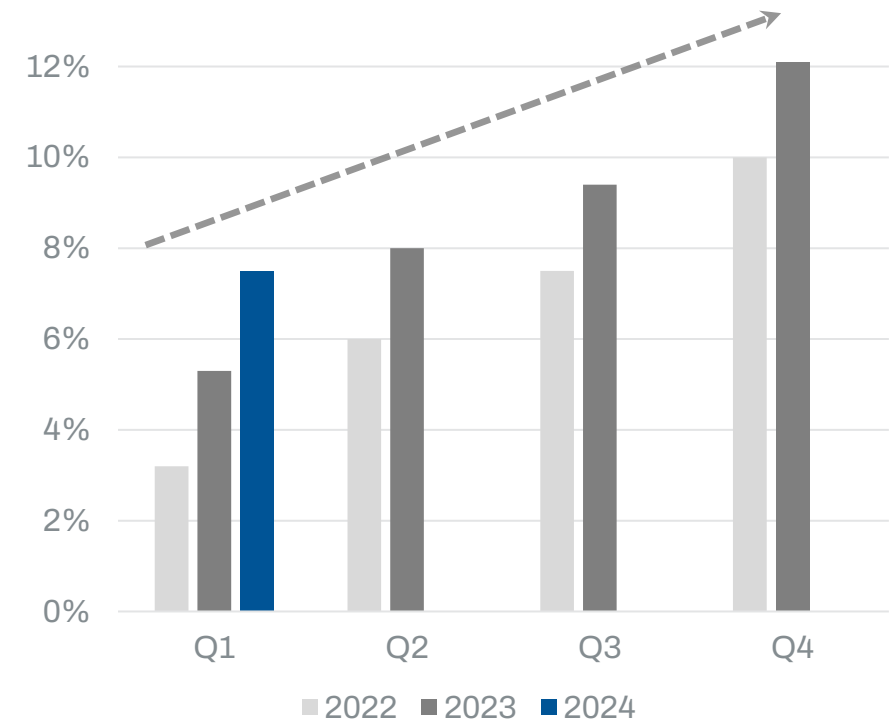
(\*) Light Vehicle Production (LVP) up to 3.5 ton according to S&P Global @ April 2024 Year over Year (Y-o-Y)

# 2024 Business Outlook

- Expect continued outperformance vs LVP
- Continued inflationary pressure – timing of customer compensations
- Anticipated margins improvement from:
  - Call-off stability – direct labor efficiency
  - Structural initiatives
  - Automation and digitalization
  - Executing from strong order book
- Heightened seasonality is likely to continue
  - For 2024, we expect a gradual improvement of the adjusted operating margin – quarter by quarter – similar to the trajectory in 2023

## Adjusted Operating Margin\* Development

%



(\*) Non-US GAAP excluding effects from capacity alignment and antitrust related matters

# Full Year 2024 Guidance

Based on global LVP declining ~1%

	Full year
Organic sales increase <sup>1</sup>	Around 5%
FX	Around 0%
Adjusted Operating margin <sup>1</sup>	Around 10.5%
Tax rate <sup>2</sup>	Around 28%
Operating Cash flow <sup>3</sup>	Around \$1.2 billion
Capex, net % of sales	Around 5.5%

Exchange rates	
US\$/EUR	0.9221
US\$/JPY	149.76
US\$/KRW	1333.5
US\$/MXN	17.082
US\$/CNY	7.1938



<sup>(1)</sup> Non-US GAAP excluding effects from capacity alignment and antitrust related matters <sup>(2)</sup> Excluding unusual tax items <sup>(3)</sup> Excluding unusual items





# Saving More Lives



# Q1'24 Product Volumes

Autoliv Quantities Delivered (Millions unless specified)	Q1'24	vs. PY** (%)
<b>Seatbelts</b>	<b>36.3</b>	<b>0%</b>
▪ Pretensioners (of which)	24.8	4%
▪ Active Seatbelts (of which)	1.1	-14%
<b>Frontal Airbags</b>	<b>15.9</b>	<b>3%</b>
▪ Knee Airbags (of which)	1.9	1%
<b>Side Airbags</b>	<b>33.1</b>	<b>11%</b>
▪ Chest (Thorax)	17.5	11%
▪ Head (Curtain)	14.8	11%
<b>Steering Wheels</b>	<b>5.5</b>	<b>4%</b>
<b>LVP* (Global)</b>	<b>20.5</b>	<b>-0.9%</b>
<small>*S&amp;P Global: April, 2024</small>		

