



Saving More Lives

Earnings Conference call Webcast

1st Quarter Financial Results
April 29, 2016



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(*) Non-US GAAP reconciliations are disclosed in our regulatory filings available at www.sec.gov or www.autoliv.com.

Q1'16 Highlights

Record sales and operating profit, both better than expected

■ Financial Performance

- Organic sales* growth 14.7%, >13pp better than LVP**
- Operating margin* 9.1%, 20bps better YoY**
- EPS* \$1.66, ~17% better YoY**
- RoCE* ~23%, RoE* ~16%
- Operating cash flow \$201M

■ Shareholder Returns

- \$49M returned through dividends
- Declared a new record dividend of \$0.58 per share for Q2'16

■ Active Safety

- Organic sales* growth ~39%
- Closed the Brake Control Systems Joint Venture with Nissin Kogyo to form Autoliv-Nissin Brake Systems (ANBS)

■ Strong product portfolio along with customer and geographic diversification supports our solid financial performance

(*) Non-US GAAP measures exclude costs for capacity alignments and antitrust related matters, Earnings per share (EPS), Return on Capital Employed (RoCE), Return on Equity (RoE), (**) Light Vehicle Production (LVP) according to IHS @ April 15, 2016, Year over Year.(YoY).

Enhancing our Growth and System Capability

Autoliv and Nissin Kogyo form a Joint Venture

■ Overview

- Closed March 31, 2016
- Strengthens our product portfolio towards autonomous driving
 - technology and knowledge in brake control and brake apply
- Manufacturing footprint in Japan, China and US
 - includes a workforce ~1,800 associates
- Reported in the Electronics business segment
 - as a 3rd product category

■ Autoliv Financial Impact

- Purchase Price JPY 29.7 billion (~\$265M) for 51% ownership
 - subject to post-closing adjustments
- Consolidation 100% of the Balance Sheet and P&L
- Eliminate 49% of the net earnings (minority interest)
- Included in the FY'16 Indication (as of April 29, 2016)
 - Sales between \$400 to \$450M
 - Integration and Purchase accounting related costs combined \$20 to \$30M

Autoliv-Nissin
Brake Systems



Power Brake Actuator

E booster



Integrated Braking System



ABS/ESC System

■ The ANBS JV provides additional building blocks towards Automated Driving

Strong Volume Growth

Unit growth exceeds LVP* in all product areas

Autoliv Quantities Delivered (Millions unless specified)	Q1'16	vs. PY
Seatbelts	38.0	4%
• Pretensioners (of which)	17.5	17%
• Active Seatbelts (of which)	0.9	19%
Frontal Airbags	12.8	8%
• Knee Airbags (of which)	1.4	7%
Side Airbags	24.6	14%
• Chest (Thorax)	13.1	13%
• Head (Curtain)	11.5	16%
Steering Wheels	4.5	8%
Electronic Control Units	4.8	16%
Active Safety Sensors**	2.8	98%
LVP* TRIAD	10.3	3.4%
LVP* GLOBAL	22.2	1.2%

🔍 Strong volume growth in all product areas, including high-value added seatbelts, and includes 3 extra working day effect in Q1'16

(*) Light Vehicle Production (LVP) according to IHS @ April 15, 2016, TRIAD (WEU, North America, Japan), (**) Includes acquisitions.

Strong Performing Models

Contributing to overall net organic sales* growth in Q1'16



🔑 Q1'16 Active Safety organic sales* growth ~39%, Autoliv Electronics products on all of these models except the Toyota Prius

(*) Non-US GAAP measure.

China Market Update

Light vehicle production appears to have stabilized



■ Market

- Solid start in Q1'16 with an increase in LVP* of 4.9% and an increase in LV sales** 5.9%, both are likely boosted by incentives
- LV Inventories** increased in Q1'16, seem to be trending in-line with seasonal effects
- Monthly fluctuations remain erratic

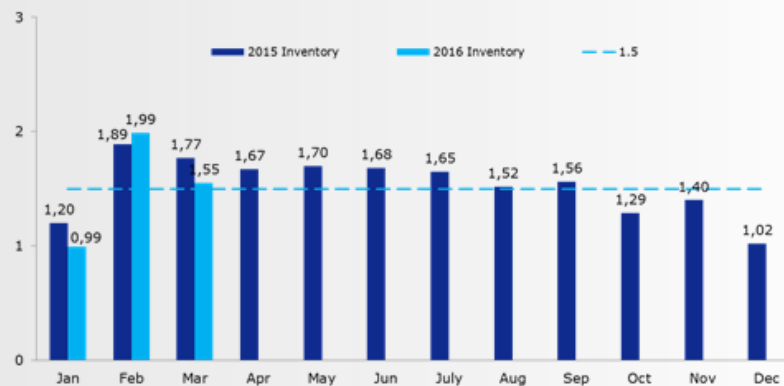
■ Autoliv

- Strong organic* sales growth in Q1'16 of 16.4% driven by local and global OEM's*
- Expect strong performance vs. LVP* for FY'16
- Strong growth is expected with several local Chinese and multiple global OEMs* for FY'16
- Expanding engineering efforts in both Passive and Active Safety

China LV Production**



China Inventory Index**



📍 We remain confident in our long-term growth prospects for China

(*) Non US GAAP measure, Light vehicle production (LVP) according to IHS @ April 15, 2016, Original Equipment Manufacturer's, (**) According to CAAM, CADA.

Overall Market Conditions

Macro environment remains mixed

■ Asia

- China sales** recovery continues, LVP* increase ~8% for Q2'16 YoY
- Japan LVP increase ~5% for Q2'16 YoY
- RoA LVP increase ~1% for Q2'16 YoY

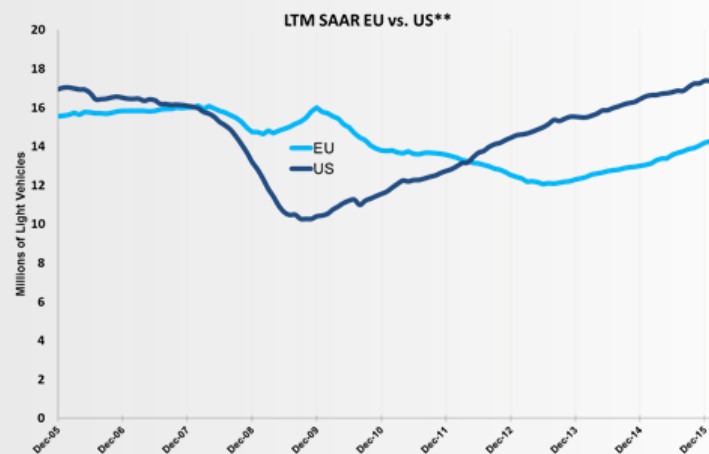
■ Americas

- Stable US SAAR** ~17M YTD, while overall inventories** remain ~65 days
- North America LVP increase ~4% for Q2'16 YoY
- South America still shows no sign of a recovery, LVP decline ~16% for Q2'16 YoY

■ Europe

- EU27** vehicle registrations continue to show a steady recovery
- LVP is expected to increase ~5% for Q2'16 YoY whereof EEU is expected to be roughly flat

FY'16 LVP *		
Region	Vehicles (Mil's)	YoY Chg.
China	24.1	+6%
Japan	8.7	+2%
RoA	12.5	+1%
North America	17.0	+4%
South America	2.6	(15)%
Europe	21.5	+3%
Global	88.6	+3.1%



🔴 In Q2'16 the LVP* is expected to increase ~4% vs. prior year and sequentially by close to 1% from Q1'16

(*) Light Vehicle Production (LVP) according to IHS @ April 15, 2016, Year to Date (YTD), Year over Year (YoY), (**) Source: ACEA, Ward's Auto, CAAM.

Q1 Financial Overview

Record sales, operating income and cash flow for Q1

(US\$ Million's unless specified)

	2016		2015	
Sales	\$2,430		\$2,174	
Gross Profit	\$501	20.6%	\$423	19.5%
Operating Income*	\$222	9.1%	\$193	8.9%
EPS* (assuming dilution)	\$1.66		\$1.42	
RoCE*	23%		22%	
RoE*	16%		15%	
Operating Cash flow	\$201		\$84	
Dividend**	\$0.56		\$0.54	
GLVP*** (annual run rate)	88.8M		87.7M	

🔍 Q1'16 currency translation effect on sales ~(\$80)M

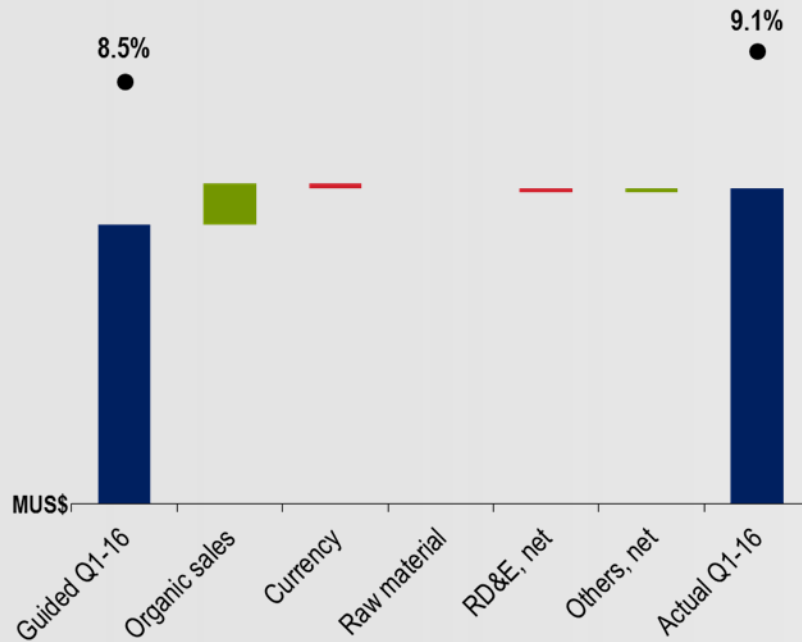
(*) Non-US GAAP measures exclude costs for capacity alignments and antitrust related matters, Earnings per share, Return on Capital Employed and Return on Equity,

(**) Dividend paid per share, (***) Global Light Vehicle Production (GLVP) according to IHS @ April 15, 2016.

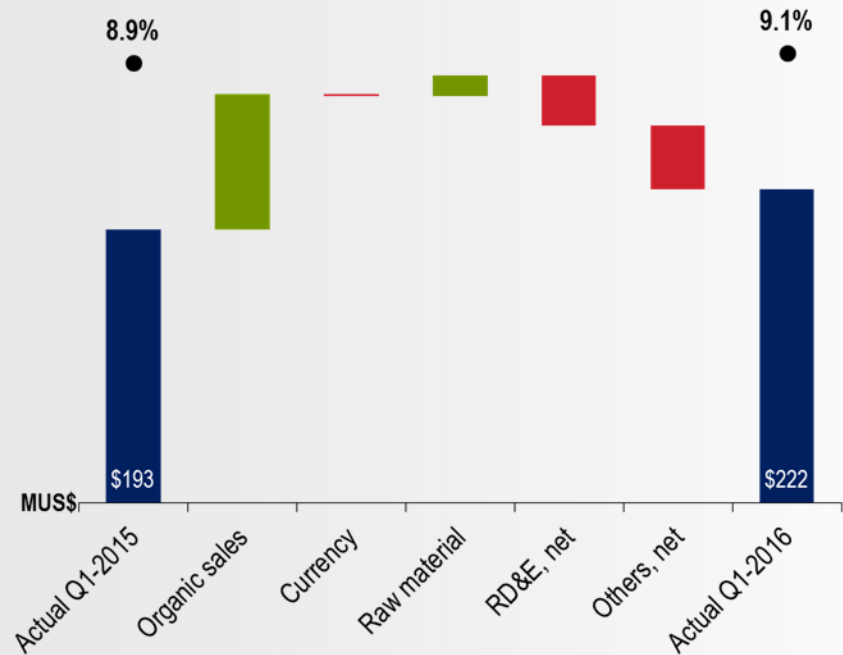
Operating Income and Margin* Bridge

Q1'16 vs. Guidance and Prior Year

Q1'16 vs. Guidance (60 bps better)



Q1'16 vs. Prior Year (20 bps better)



Operating margin* 9.1% despite a 150 bps (~\$35M at comparable currency rates) increase in RD&E, net YoY

(*) Non-US GAAP measures exclude costs for capacity alignments and antitrust related matters.

Cash Flow

Investments for growth and shareholder returns

(US\$ Million's unless specified)

	Q1 2016	Q1 2015	LTM*	FY 2015	FY 2014	FY 2013	FY 2012
Net Income	134	36	555	458	469	490	486
Depreciation & Amortization	85	74	331	319	305	286	273
Other, net	3	(20)	22	0	42	43	10
Change in operating WC **	(21)	(6)	(41)	(26)	(103)	19	(80)
Operating cash flow	201	84	867	751	713	838	689
Capital Expenditures, net	(91)	(128)	(413)	(450)	(453)	(379)	(360)
Free cash flow ***	110	(44)	454	301	260	459	329
Acquisitions, net	227	1	354	128	(1)	2	(3)
Dividends paid	49	48	197	196	195	191	178
Shares repurchased	0	104	0	104	616	148	0

🔹 LTM close to \$1B combined Shareholder returns along with Acquisitions and CapEx for growth

(*) Last Twelve Months (LTM), (**) Non US GAAP measure, (***) Non-US GAAP measure, before acquisitions, reconciliation to free cash flow is provided above.

Segment Reporting

Q1

	Organic Sales Growth* (%)	<u>Operating Margin</u> (%)		<u>CapEx</u> (%)		<u>D&A</u> (%)	
		2016	2015	2016	2015	2016	2015
Passive Safety ***	12.7	9.6	3.5	3.7	6.6	3.4	3.4
Airbags	15.9						
Seatbelts	6.3						
Electronics ***	27.0	2.6	2.5	3.6	3.3	3.2	3.0
Passive Safety Electronics	19.7						
Active Safety	38.6						
Autoliv*	14.7	9.1	8.9	3.7	5.9	3.5	3.4
GLVP **	1.2						

Passive Safety operating margin in 2015 includes antitrust related settlements

(*) Non-US GAAP measures exclude costs for capacity alignments and antitrust related matters, Organic Sales growth, Operating Margin, (**) Global Light Vehicle Production (GLVP) according to IHS @ April 15, 2016, (***) Segment reporting, organic growth refers to net sales for the segments and external sales for product groups.

Looking Ahead

Q2'16 Guidance*

■ Sales

- **YoY organic sales** increase ~10%**
 - Mainly related to strong growth in all major regions and Active Safety
- **YoY acquisition effect ~6%**
- **Sequential consolidated sales increase >8%**
 - Mainly due to the acquisition effects from ANBS

■ Operating Margin** ~8.5%

- **YoY**
 - Positive effects from organic sales*, commodity costs and currencies are off-set by increased RD&E, net and costs related to the ramp-up of capacity and new technologies for growth along with integration costs and purchase accounting effects related to acquisitions
- **Sequential**
 - Higher consolidated sales effects are offset by higher RD&E, net and acquisition effects

🔗 The sequential sales increase in Q2'16 is positively effected by the Autoliv Nissin Brake Systems JV

(*) Includes Nissin Kogyo Joint Venture, (**) Non-US GAAP measures exclude costs for restructuring and antitrust related matters.

Looking Ahead

FY'16 Indication*

■ Sales

- **YoY organic sales** increase >7%**
 - Mainly related to strong growth in Europe, North America, China and Active Safety
- **YoY acquisition effect ~5%**
- **YoY currency translation effect ~(1)%**
 - Primarily due to the continued strong US\$

■ Operating Margin** >9%

- **YoY**
 - Positive effects from organic sales*, commodity costs and currencies are more than offset by RD&E, net and costs related to the ramp-up of capacity and new technologies for growth along integration costs and purchase accounting effects related to acquisitions

🔍 The FY'16 indication is for an operating margin of >9% which includes increased RD&E, net and acquisition related effects

(*) Includes Nissin Kogyo Joint Venture, (**) Non-US GAAP measures exclude costs for restructuring and antitrust related matters.

Financial Outlook*

	Q2'16	FY'16
<u>Sales</u>		
Organic**	~10%	>7%
Acquisitions	~6%	~5%
Fx***	~(1)%	~(1)%
Consolidated Sales, net	~15%	>11%
Operating Margin**	~8.5%	>9%

Exchange rates***	Q2 2016	FY 2016
EUR / US\$	1.1242	1.1202
US\$ / JPY	109.46	110.78
US\$ / KRW	1154	1165
US\$ / MXN	17.56	17.69
US\$ / CNY	6.49	6.50

🔑 Strong organic sales growth and margins for FY'16 despite an increase in investments for growth

(*) Includes Nissin Kogyo Joint Venture, (**) Non-US GAAP measures exclude costs for restructuring and antitrust related matters, (***) Mid-April 2016 exchange rates.

Thank You!

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

and prevent ten times
as many severe injuries