



Saving More Lives

Earnings Conference call Webcast

3rd Quarter Financial Results
October 23, 2015



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

Q3'15 Highlights

Sales growth and margins better than expected

■ Financial Performance

- Organic sales* growth 8.4%, vs. a flat LVP**
- Operating margin* 9.4%, 90 bps better year-over-year
- EPS* \$1.53, ~22% better year-over-year
- Operating cash flow \$191M
- RoCE* ~22%, RoE* ~16%

■ Shareholder Returns

- \$49M returned through dividends

■ Active Safety

- Organic sales* growth 36%
- Closed MACOM Automotive Solutions acquisition, signed JV** agreement with Nissin Kogyo, VCC** license agreement and joined DriveMe program



🟡 Strong product and geographic diversification supports our solid financial performance

(*) Non-US GAAP measure, Earnings per share (fully diluted), Return on Capital Employed, Return on Equity exclude costs for capacity alignments and antitrust related matters, (**) Light Vehicle Production according to IHS @ October 16, 2015, Joint Venture (JV) Subject to closing, Volvo Car Corporation (VCC).

Active Safety Update

Expanding our portfolio and capabilities

■ Further expanding our capabilities

- Closed MACOM automotive solution acquisition, Electronic Horizon ECU is market ready
- IP* License agreement and joined DriveMe autonomous driving program with VCC
- Supporting two global OEMs on autonomous driving programs
- Signed JV** agreement with Nissin Kogyo in the area of brake control system

■ Customer launches during the 3rd quarter

- Mono Vision - Mini Clubman, BMW X1
- Night Vision - BMW 7-series
- Radar - Honda Civic, Chevy Volt

■ Launches with a global OEM during the 4th quarter

- Mono Vision - LDW/LKA, TSR, HBA
- Stereo Vision - Mono vision features plus AEB, Pedestrian braking, free space recognition
- Radar 77GHz - Active BS and RCT alert, SID, intersection assist, free space detection
- Safety Domain ECU* - hosting customer sensor fusion algorithms

🔗 Adding building blocks towards autonomous driving

(*) Volvo Car Corporation (VCC), Intellectual Property, Electronic Control Unit, Autonomous Emergency Braking, Lane Departure Warning and Lane Keep Assist, Traffic Sign Recognition, High Beam Assist, Blind Spot and Rear Cross Traffic, Side Impulse Detection, (**) Joint Venture (JV) Subject to closing.

Strong Performing Models

Contributing to solid organic sales* growth in Q3'15



🟡 Q3'15 Active Safety organic sales* growth 36%

(*) Non-US GAAP measure.

Strong Volume Growth

Unit growth exceeds LVP* in essentially all product areas

Autoliv Quantities Delivered (Millions unless specified)	Q3'15	vs. PY
Seatbelts	33.2	0%
• Pretensioners (of which)	15.0	6%
• Active Seatbelts (of which)	0.8	13%
Frontal Airbags	11.2	5%
• Knee Airbags (of which)	1.4	7%
Side Airbags	21.5	6%
• Chest (Thorax)	11.5	4%
• Head (Curtain)	10.0	8%
Steering Wheels	3.9	5%
Electronic Control Units	4.0	0%
Active Safety Sensors**	2.3	80%
LVP* TRIAD	9.5	4.0%
LVP* GLOBAL	20.1	(0.1)%

🚗 Strong volume growth in most product areas

(*) Light Vehicle Production according to IHS @ October 16, 2015, TRIAD (WEU, North America, Japan), (**) Includes acquisitions.

China Market Uncertainty Continues

Light vehicle growth is slowing

■ Market driven

- FY'15 LVP* growth rate is slowing, >5pp lower than expected in January
- Inventory** situation improving over last 3 months, still above critical levels
- Government incentives on $\leq 1.6L$ vehicles and lower interest rates, may increase demand

■ ALV specific

- Returned to outperformance vs. LVP* in Q3'15
- Negative vehicle mix including model transitions and lower volumes on new model launches
- Strong growth with several COEMs*

■ ALV actions

- Tightened discretionary cost controls and flexing manufacturing capacity to mitigate the margin impact of lower growth
- Expanding engineering efforts in both Passive and Active safety

🟡 Despite uncertainties and market volatility, we remain confident in our long-term growth prospects for China

(*) Light vehicle production according to IHS and Content per Vehicle, Chinese Original Equipment Manufacturer's, (**) According to CAAM.

Market Conditions

Uncertainty with the macro environment continues

■ Asia

- Slowing growth in China, with improving inventories**, LVP roughly flat for Q4'15
- Japan LVP is expected to decline ~3% for Q4'15
- RoA LVP roughly flat for Q4'15

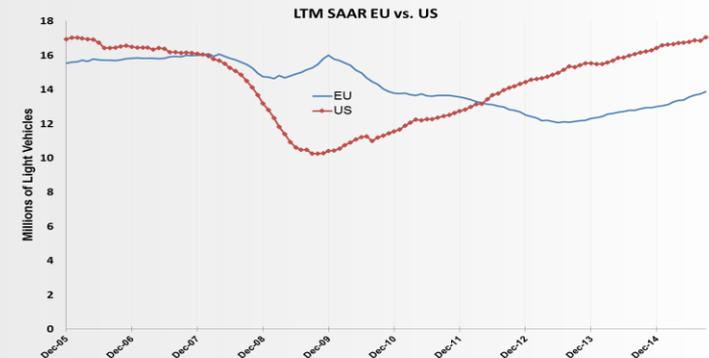
■ Americas

- Stable US SAAR, ~17M YTD*, inventories** ~59 days
- North America LVP increase ~2% for Q4'15
- South America LVP is showing no signs of a recovery

■ Europe

- EU27** vehicle registrations continue with a steady recovery while EEU LVP declines YoY* continue
- LVP is expected to slightly increase ~1% for Q4'15

FY'15 LVP * @ October 16, 2015		
Region	Vehicles (Mil's)	YoY Chg.
China	22.0	+2%
Japan	8.4	(6)%
RoA	12.3	+1%
North America	16.4	+2%
South America	3.0	(20)%
Europe	20.7	+3%
Global	85.0	+0.6%



🚗 In Q4'15 the LVP* is expected to be down ~ 1% vs. last year, however a sequential increase of ~7% from Q3'15

(*) Light Vehicle Production according to IHS @ October 16, 2015, Year to Date, Year over Year, (**) Source: ACEA, Ward's Auto, CAAM.

Q3 Financial Overview

Solid financial performance

(US\$ Million's unless specified)

	2015		2014	
Sales	\$2,185		\$2,208	
Gross Profit	\$440	20.1%	\$426	19.3%
Operating Income*	\$205	9.4%	\$187	8.5%
EPS* (assuming dilution)	\$1.53		\$1.25	
RoCE*	22%		21%	
RoE*	16%		12%	
Operating Cash flow	\$191		\$212	
Dividend**	\$0.56		\$0.54	
GLVP*** (annual run rate)	80.3M		80.4M	

📌 Q3'15 currency translation effect ~(\$220M) on sales

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

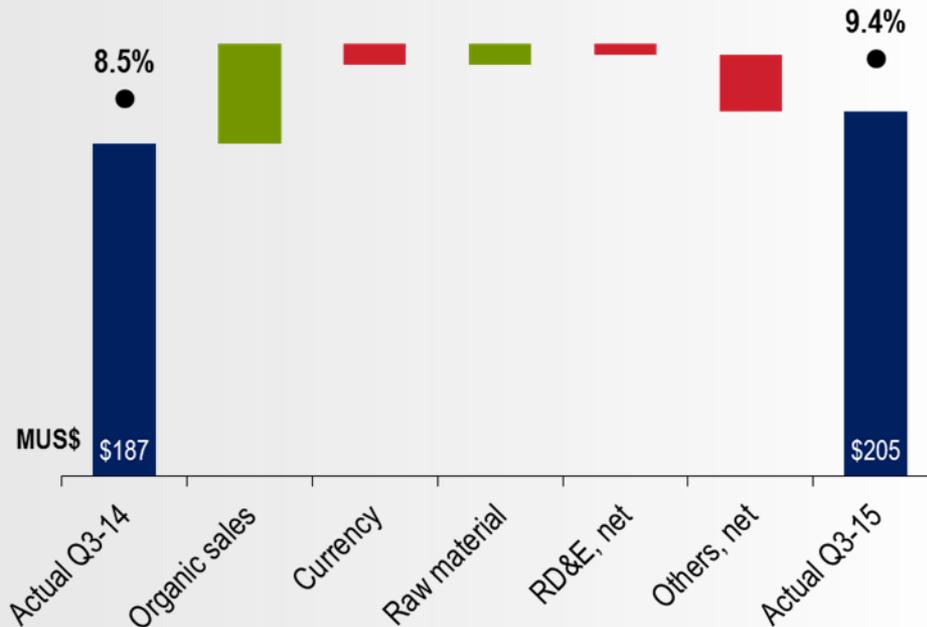
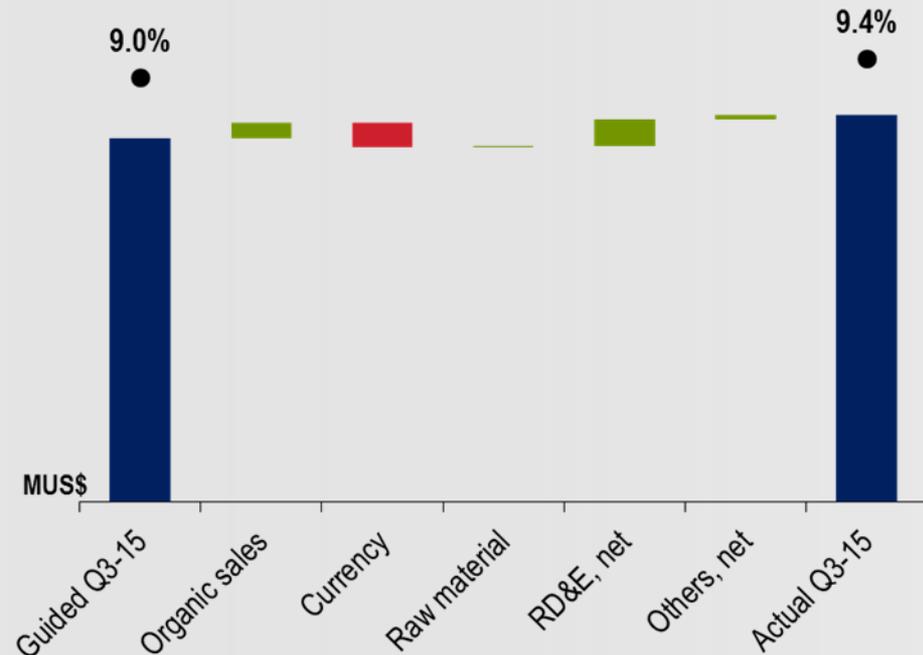
(**) Dividend paid per share, (***) Global Light Vehicle Production according to IHS @ October 16, 2015.

Operating Income and Margin* Bridge

Q3'15 vs. Guidance and Prior Year

Q3'15 vs. Guidance (40 bps better)

Q3'15 vs. Prior Year (90 bps better)



● Operating Margin* 9.4%

(*) Non-US GAAP measure, excludes costs for capacity alignments and antitrust related matters.

Cash Flow

Investments for growth and shareholder returns

(US\$ Million's unless specified)

	Q3 2015	Q3 2014	LTM	FY 2014	FY 2013	FY 2012	FY 2011
Net Income	99	107	420	469	490	486	627
Depreciation & Amortization	80	77	307	305	286	273	268
Other, net	2	21	8	42	43	10	38
Change in operating WC *	10	7	(76)	(103)	19	(80)	(175)
Operating cash flow	191	212	659	713	838	689	758
Capital Expenditures, net	(96)	(118)	(462)	(453)	(379)	(360)	(357)
Free cash flow **	95	94	197	260	459	329	401
Acquisitions, net	127	0	126	(1)	2	(3)	18
Dividends paid	49	49	195	195	191	178	154
Shares repurchased	0	239	290	616	148	0	0

📍 Shareholder returns of \$49M during Q3'15

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

Segment Reporting

Q3

	Organic Growth *	<u>Operating Margin</u>		<u>CapEx</u>		<u>D&A</u>	
		2015	2014	2015	2014	2015	2014
Passive Safety ***	6.6%	8.1%	7.8%	4.7%	5.2%	3.7%	3.5%
Airbags	9.7%						
Seatbelts	1.1%						
Electronics ***	17.2%	2.9%	4.1%	3.1%	5.5%	3.0%	3.2%
Passive Safety Electronics	8.2%						
Active Safety	36.0%						
Autoliv Group *	8.4%	9.4%	8.5%	4.5%	5.4%	3.7%	3.5%
GLVP **	(0.1)%						

🌐 Segment reporting under our new organizational structure

(*) Non-US GAAP Organic Sales Growth, CapEx, net, Operating margin excludes costs for capacity alignments and antitrust matters, (**) Global Light Vehicle Production according to IHS @ October 16, 2015, (***) Segment reporting, organic growth refers to net sales for the segments and external sales for product groups.

Looking Ahead

Q4'15 Guidance

■ Sales

- **YoY organic sales* increase ~9%**

- Mainly related to strong growth in Europe, North America, Active Safety and the inflator replacement business

- **Sequential consolidated sales increase ~12%**

- Mainly due to the seasonality and acquisition effects, China launches, and the inflator replacement business

■ Operating Margin* ~10.5%

- **YoY**

- Positive effects from organic sales*, commodity costs and currencies are partially off-set by RD&E, net and costs related to the ramp-up of capacity for growth

- **Sequential**

- Higher consolidated sales effect partially offset by higher RD&E, net

🔄 Organic sales* growth in Q4'15 is partially offset by negative currency translation effects

(*) Non-US GAAP measures, Operating Margin excludes costs for capacity alignments and antitrust related matters.

Looking Ahead

FY'15 Guidance

■ Sales

- **YoY organic sales* increase ~7%**
 - Mainly related to strong growth in Europe, North America, Active Safety and the inflator replacement business
- **YoY currency translation effect ~(9)%**
 - Primarily due to the strengthening US\$

■ Operating Margin* ~9.5%

- **YoY**
 - Positive effects from organic sales*, commodity costs and currencies are partially off-set by RD&E, net and cost related to the ramp-up of capacity for growth and vertical integration

🚫 FY'15 margin guidance maintained despite declining global vehicle production and uncertainties in China

(*) Non-US GAAP measures, Operating Margin excludes costs for capacity alignments and antitrust related matters.

Financial Outlook

	Q4'15	FY'15
<u>Sales</u>		
Organic*	~9%	~7%
Acquisitions / (Divestitures)	~1%	>0%
Fx**	>(6)%	~(9)%
Consolidated Sales, net	>3%	~(2)%
Operating Margin*	~10.5%	~9.5%

Exchange rates**	Q4 2015	FY 2015
EUR / US\$	1.1301	1.1178
US\$ / JPY	119.67	120.63
US\$ / KRW	1159	1132
US\$ / MXN	16.68	15.81
US\$ / CNY	6.35	6.27

🚫 FY'15 margins are expected to improve year-over-year even with higher RD&E, net

(*) Non-US GAAP measures, Operating Margin excludes costs for capacity alignments and antitrust related matters, (**) Mid-October exchange rates.

Autoliv
Safety Systems

*Active
Safety*

*Passive
Safety*

Autoliv

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

and prevent ten times
as many severe injuries