



Saving More Lives

Autoliv Update

September 26

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Corporate Communications



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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, management's examination of historical operating trends and data, as well as estimates of future sales, operating margin, cash flow, effective tax rate or other future operating performance or financial results, are based upon our current expectations, various assumptions and 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: changes in light vehicle production; fluctuations 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 or 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; our ability to be awarded new business; product liability, warranty and recall claims and investigations and other litigation and customer reactions thereto (including the ultimate resolution of the Toyota recall); 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; our ability to protect our intellectual property rights or infringement claims; 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.

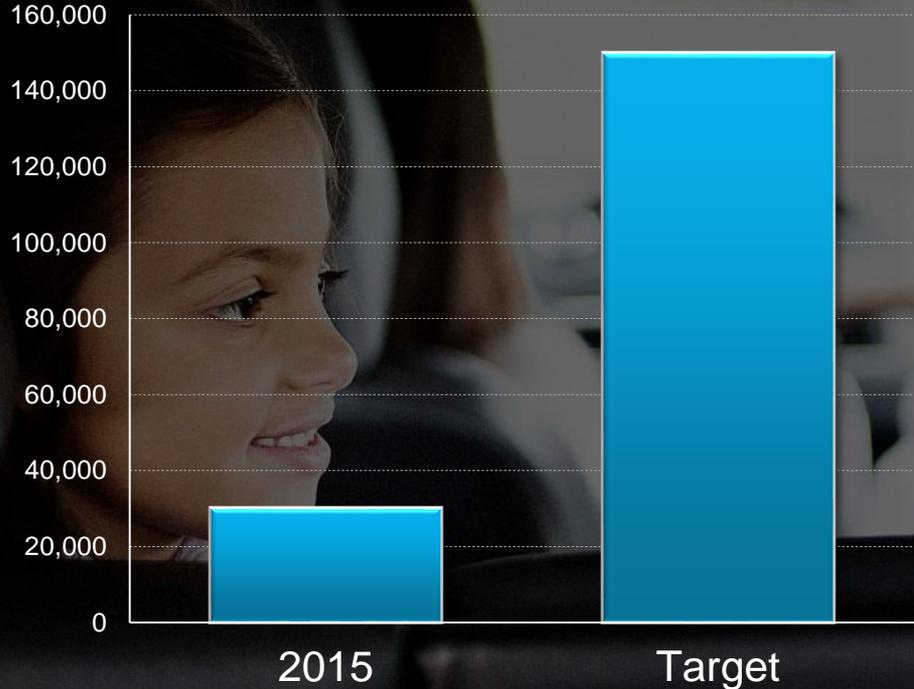
(*) Non-US GAAP reconciliations are disclosed in our regulatory filings available at www.sec.gov or www.autoliv.com.

Saving Lives and Creating Value



We Save More Lives while Creating Value

Human lives saved by our products
... additionally they prevent ten times as many severe injuries



Our Guiding Principles

OUR VISION

**Saving
More
Lives**

OUR MISSION

To be the
leading supplier
of Safety Systems
for the Future Car,
well integrated
with Autonomous
Driving

OUR VALUES

**One Autoliv
Transparent
Innovative
Agile**

Our Strategy to Stay Ahead

Relentless focus on Operational Excellence



Zero Defects by flawless execution



One Product One Process to improve cost effectiveness and robustness



Innovation to lead industry in Real Life Safety

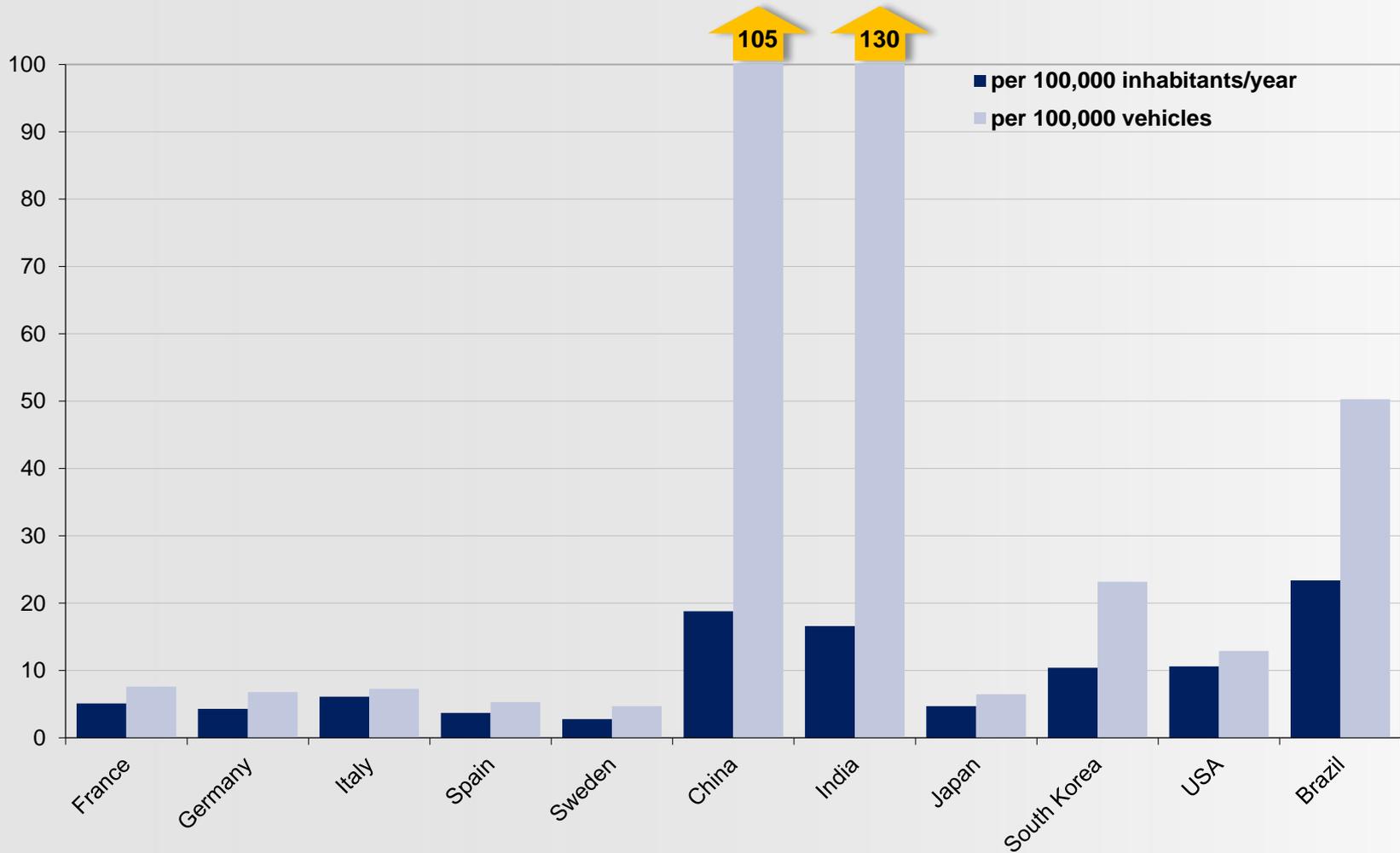
Our Strategy to Stay Ahead

Quality is our first priority, in all we do



🚗 Q5 is about Quality in all dimensions and is our journey towards “Zero Defects”

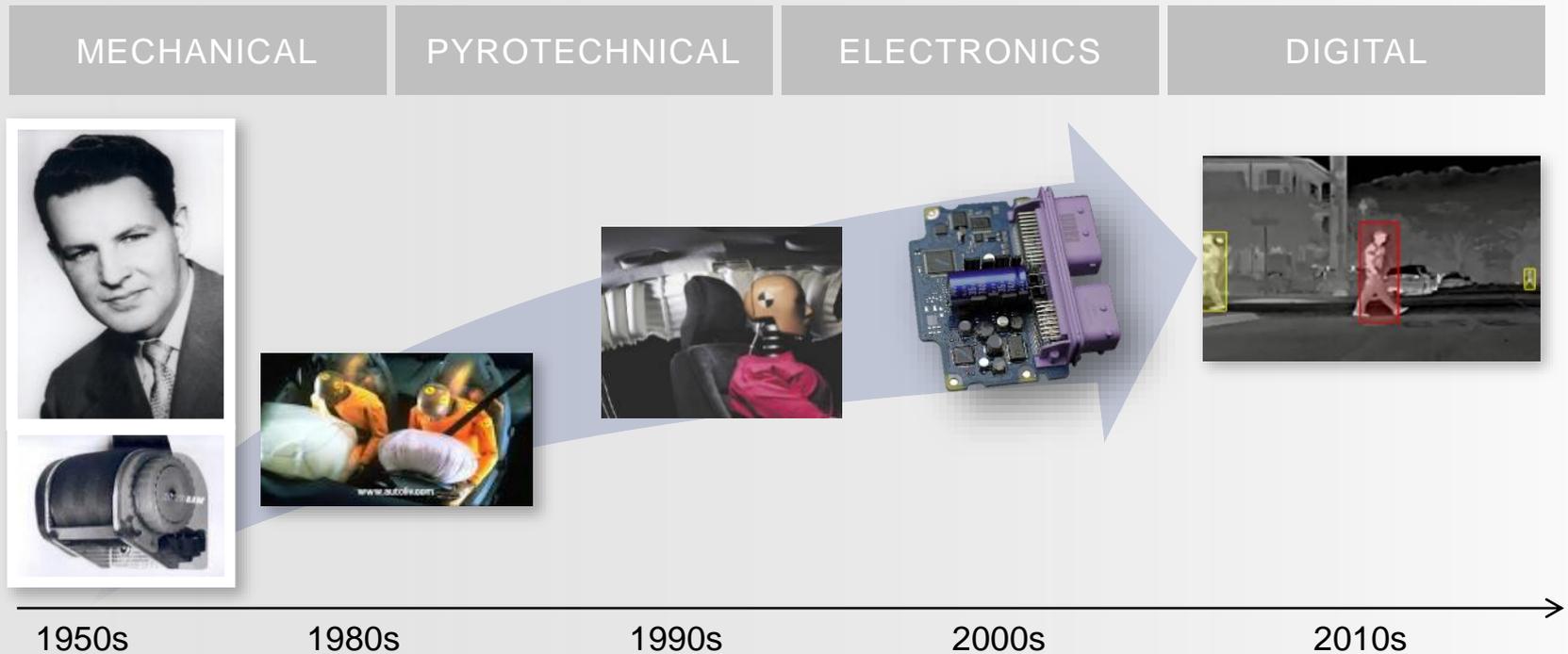
Road Fatalities per Country



Source: Autoliv estimates

Industry Pioneer with Strong Heritage

More than 60 years of innovation in Automotive Safety



Corporate Social Responsibility

As One Autoliv, our Corporate Social Responsibility strategy is to reduce our impact on the environment, develop sustainable products, operate ethically, and be an employer of choice for our employees.



Commit to our **EMPLOYEES**

All over the world, we are committed on behalf of our employees to respecting human rights, diversity, health and safety at work.



Act ethically towards **SOCIETY**

Our responsibility is based on strict observance of ethical standards, including our suppliers, as well as engaging with the communities where we operate.



Limit our impact on the **ENVIRONMENT**

Our commitment is to limit our environmental impact, particularly through reducing waste, energy use and water consumption.



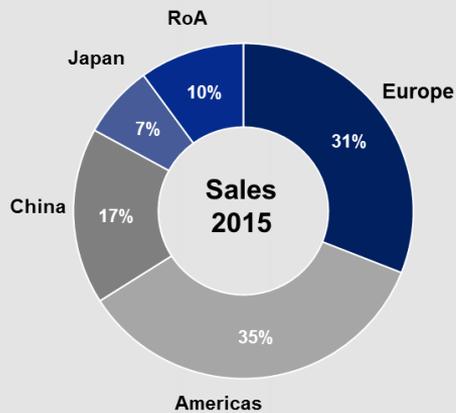
Develop sustainable products for **CONSUMERS**

Every day we innovate so that we can offer sustainable solutions and save more lives with our products.

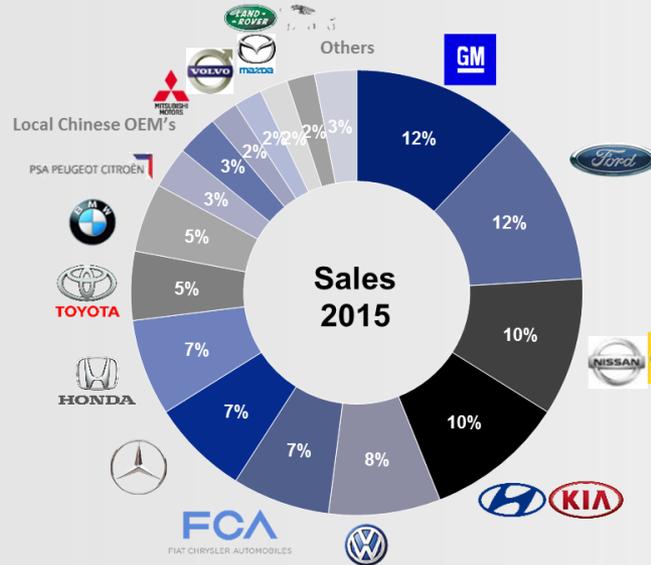
Autoliv Today*

A global leader in Automotive Safety with a well-balanced footprint

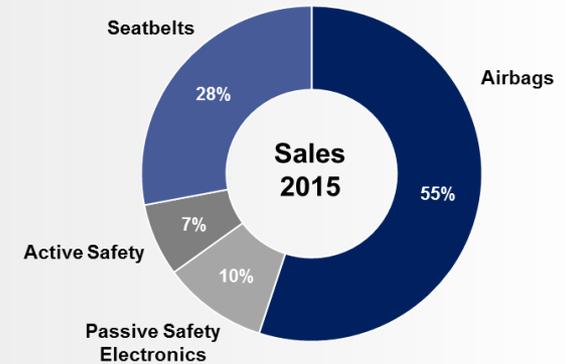
Global Footprint



Customers



Products



~67,000 ASSOCIATES WHERE OF
~6,000 IN R,D&E

~83 FACILITIES IN
27 COUNTRIES

SALES TO ALL
MAJOR VEHICLE
MANUFACTURERS

21 TECHNICAL
CENTERS 20 CRASH
TEST TRACKS

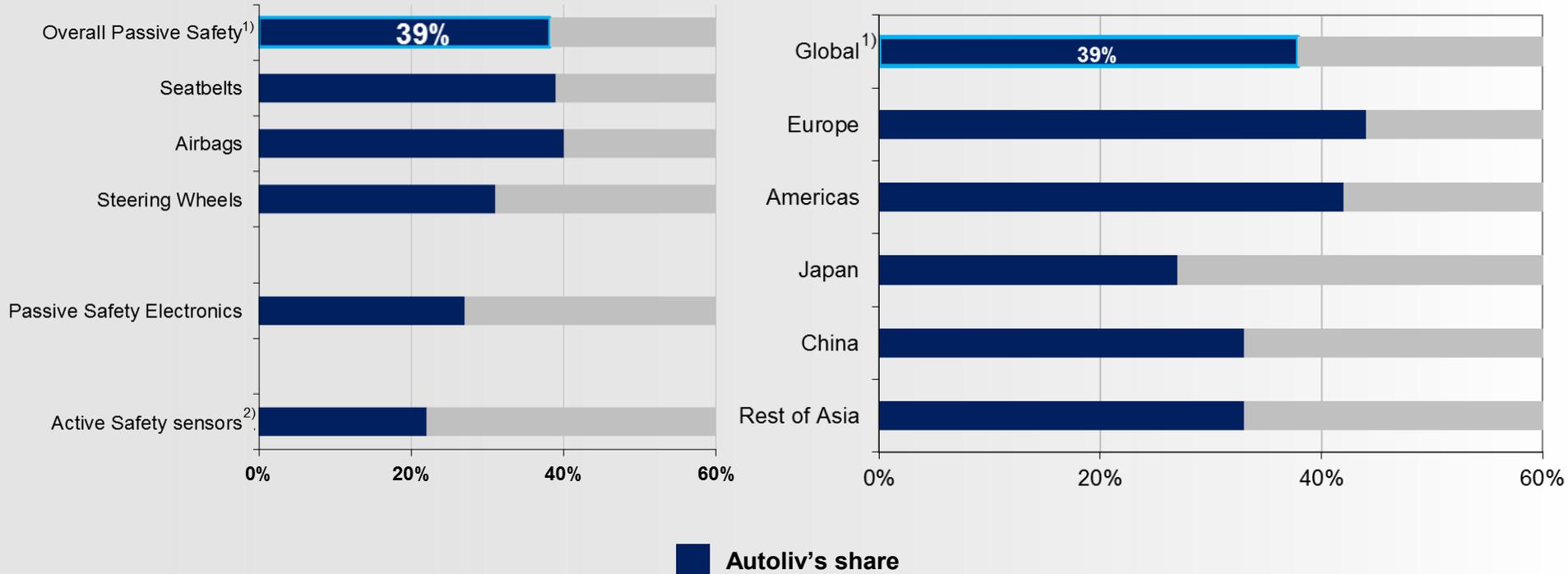
SALES AND
TECHNOLOGY
LEADER

🚗 S&P 500 company with sales of \$9.2B in 2015

(*) 2015

Market Shares 2015

- Global Safety Market Share by Product



1) Airbag, steering wheel, seatbelt.

2) Radar, night vision, mono/stereo forward sensing

Changing Industry Landscape

New technology change the way we drive and shape competition



Long-term Targets

Remain unchanged

Organic* sales growth at least in line with our market

...and faster than our market including acquisitions.

Operating margin* range 8-9% over the business cycles

...US GAAP excl. costs related to the antitrust matters.

EPS* growth faster than organic sales growth

...US GAAP excl. costs related to the antitrust matters.

Net Debt*/EBITDA around one times (Debt Limitation Policy)

...and within the range of .5 and 1.5 times.

Underlying Debt Policy is to remain “Strong Investment Grade”

() Non US GAAP, Net Debt adjusted to include Pension Liability*

End of Decade Targets

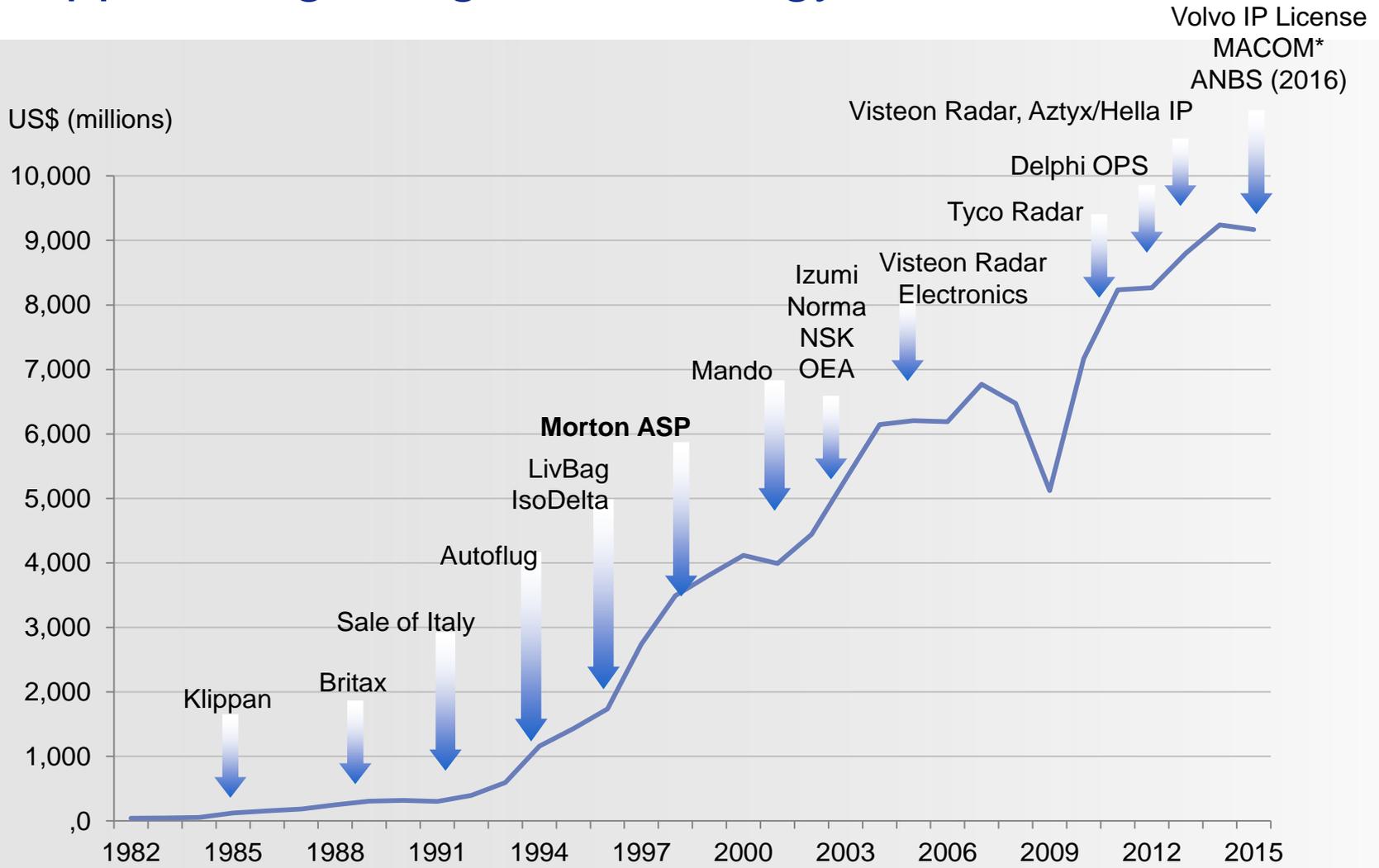
CMD – October 2015

- Changing industry landscape
- Focus on Quality and Real Life Safety is our way to stay ahead
- Strategic targets through end of decade:
 - Sales target is \$12B with an ambition to reach up to \$15B
 - **Expect to Surpass \$12B in 2019 based on Q2'16**
 - Expand our presence in our new more than \$12B market
 - Grow EPS faster than our Sales growth rate
 - Investing in growth is our priority, excess Free Cash flow is returned to shareholders over time



Strong Acquisition Track Record

- Supports organic growth strategy



(*) Automotive business

Real Life Safety

The Road to Saving More Lives

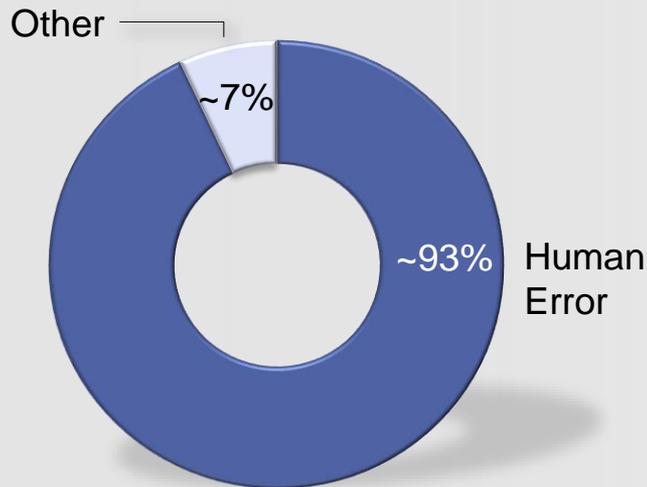


Beyond Standardized Test Scenarios... ...Towards Real Life Situations and Benefit

Eliminating human error by Autonomous Driving can prevent millions of crashes...

...while adding convenience

Traffic fatalities



Autonomous Driving:

- Prevents millions of crashes
- Reduces the severity of injuries and property damage

Additional Benefits:

- Increases driver comfort and productivity
- Uses infrastructure more efficiently
- Improves mobility



Automated Driving Roadmap



Wide Range of Active Safety Systems

ADAS ECU

ELECTRONIC
CONTROL UNIT

BRAKE
SYSTEMS

POSITIONING
AND HORIZON
SYSTEMS

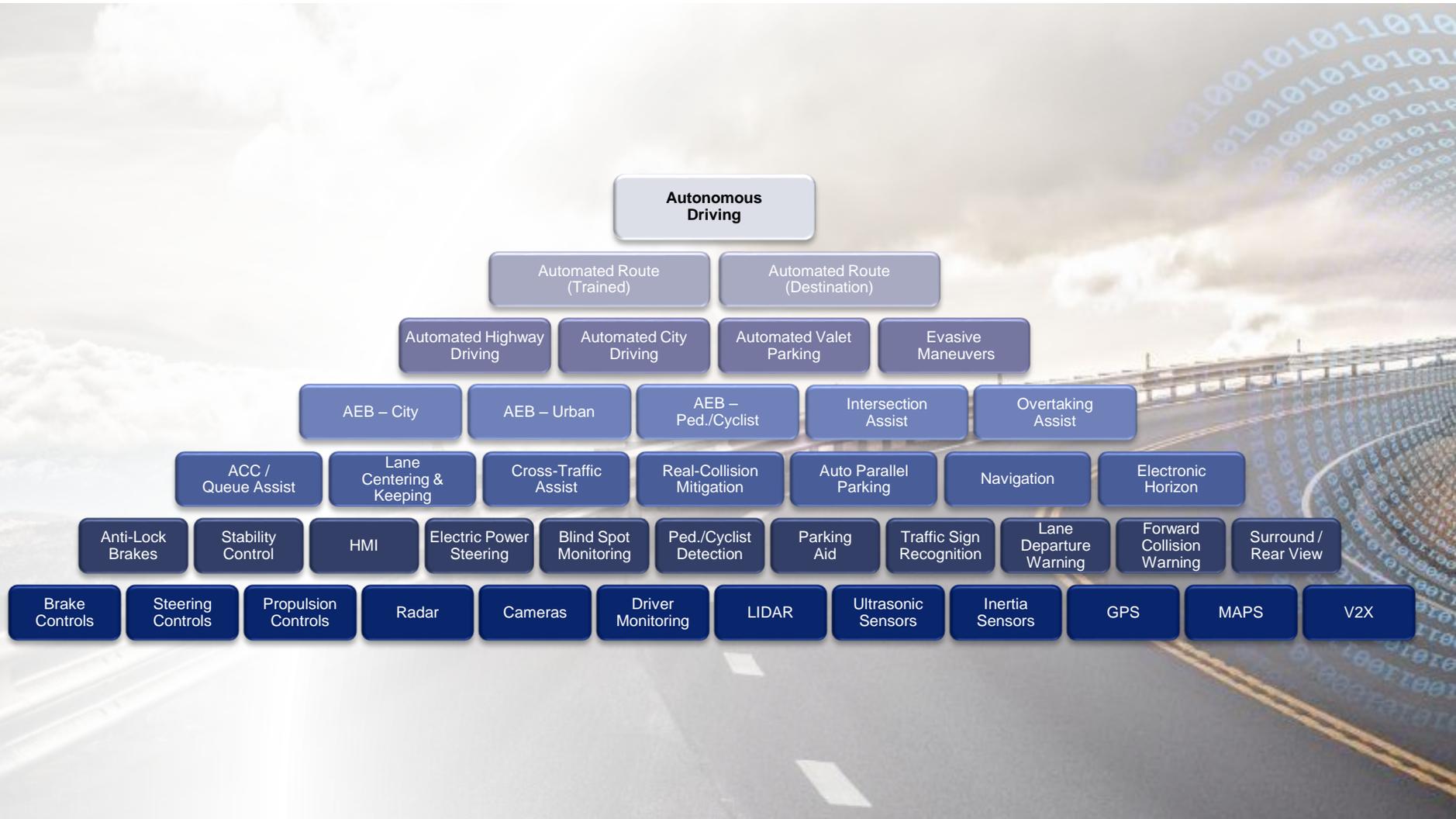
ACTIVE
SEATBELTS

VISION
SYSTEMS

RADAR
SYSTEMS

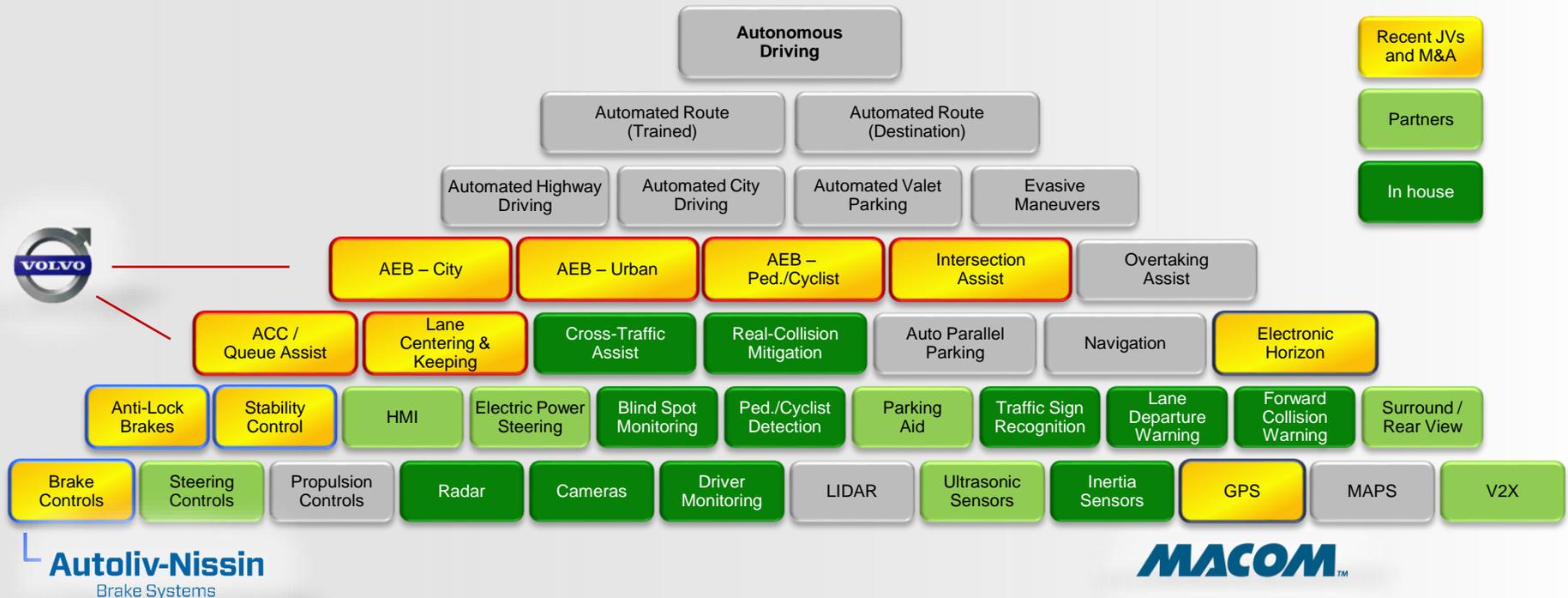
NIGHT DRIVING
ASSIST

Our Transformation in a World of Change



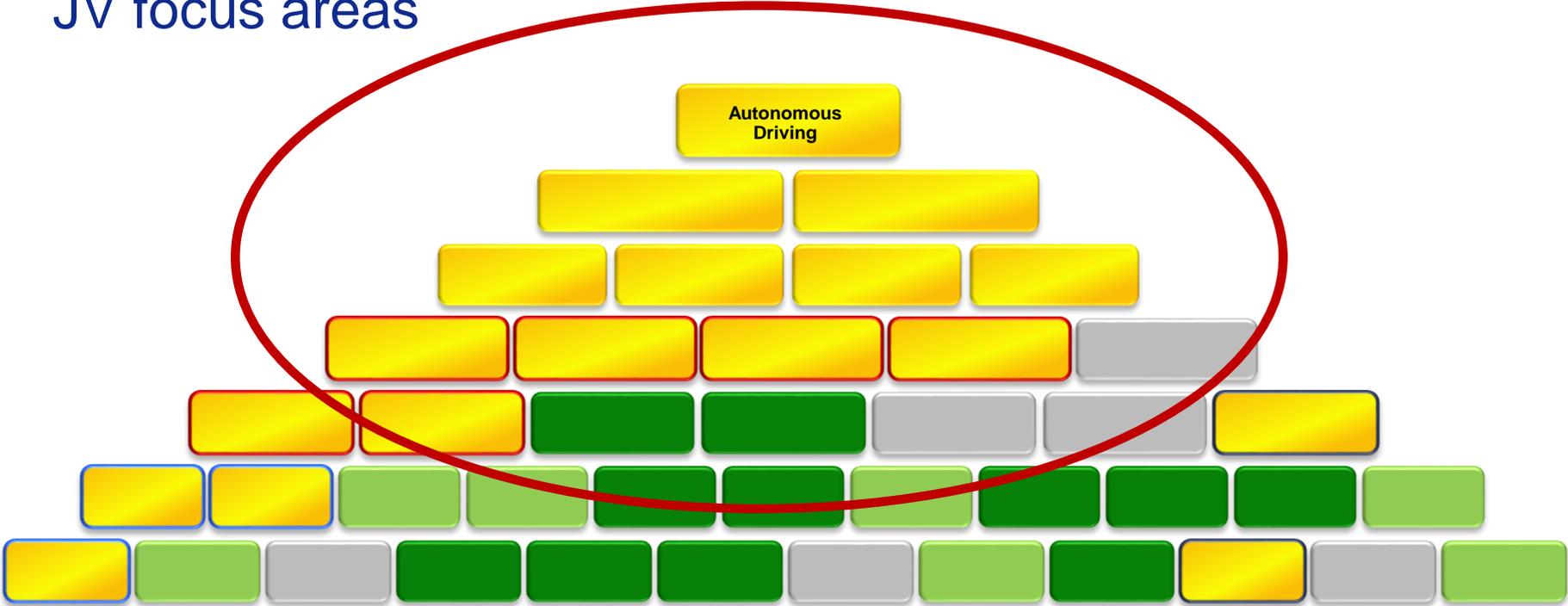
Towards Autonomous Driving the Real Life Safety way

Our current footprint within the pyramid



Future Scope after Autoliv – Volvo Cars intended JV announcement

JV focus areas

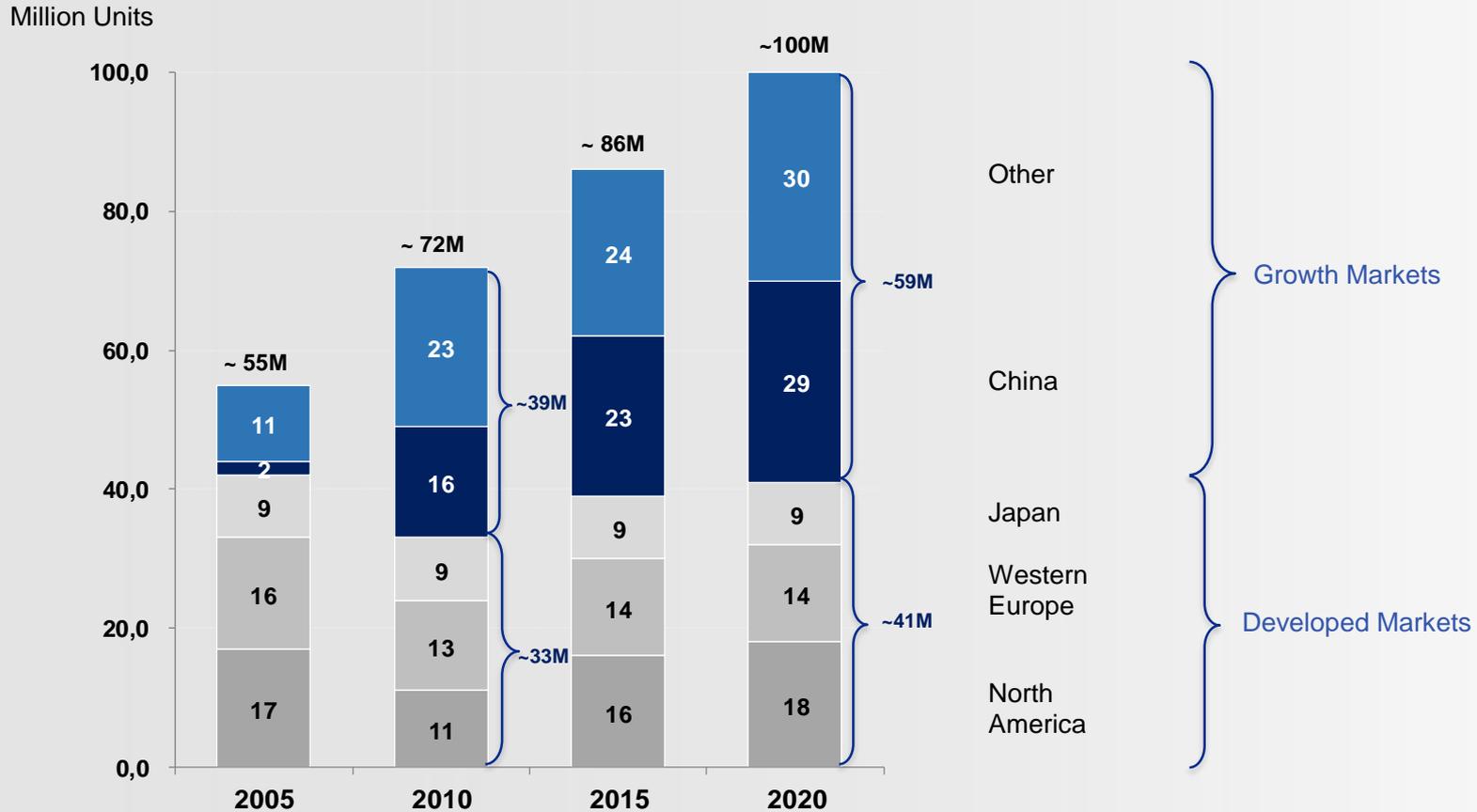


Autoliv – Volvo Cars Intended JV Summary

- The two companies bring competence, Intellectual Property and assets that will enable to create innovative, robust and trusted solutions for the car of the future.
- The joint venture will focus on developing algorithms and software for ADAS and HAD
- The first products for advanced driver assist and support systems are expected to be launched in 2019, with highly automated driving solutions to follow in 2021.
- A tremendous sales opportunity- Makes it possible to market and sell the new solutions to all car manufacturers globally
- Through the combination Autoliv Active Safety and the new Company Autoliv will be a leader in the development towards autonomous driving.

Light Vehicle Production Outlook

- 2005 thru 2020

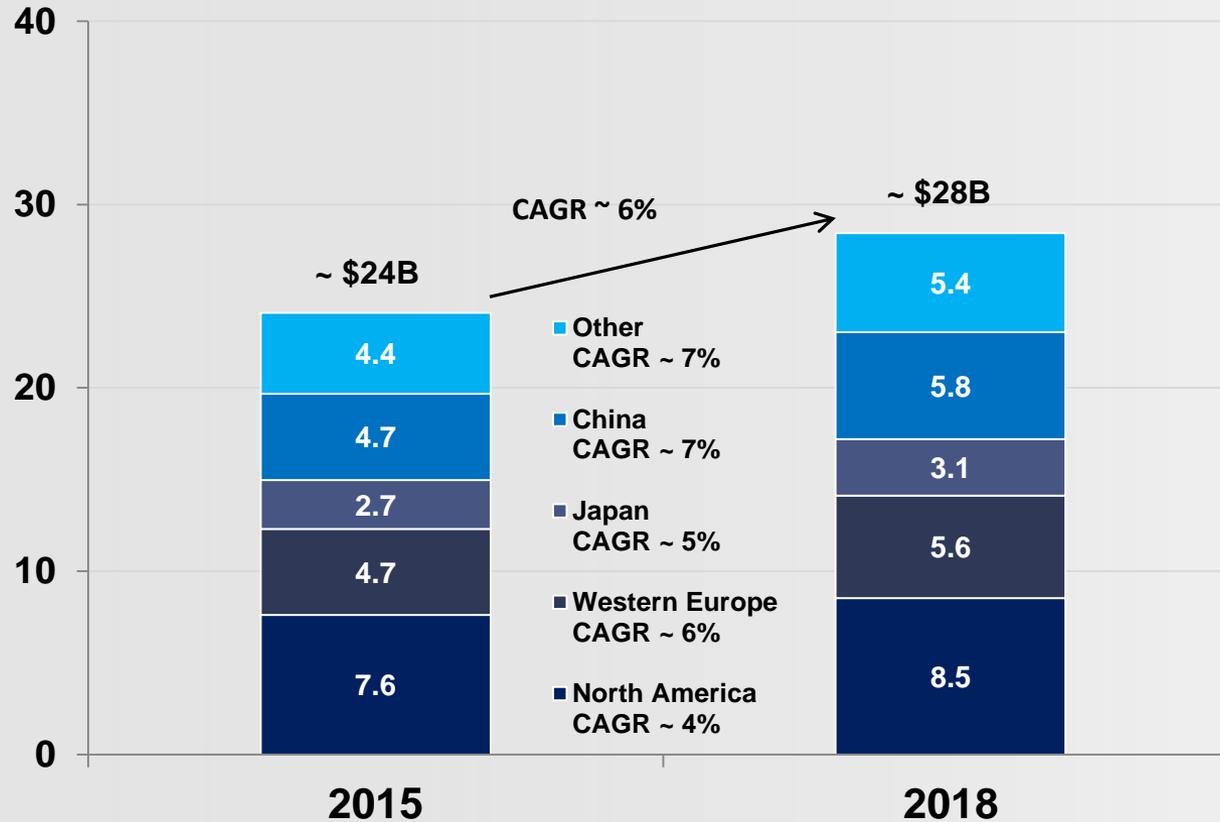


Source: IHS @ January 16, 2015

Growth Drivers by Region

- Strong presence in growth markets *

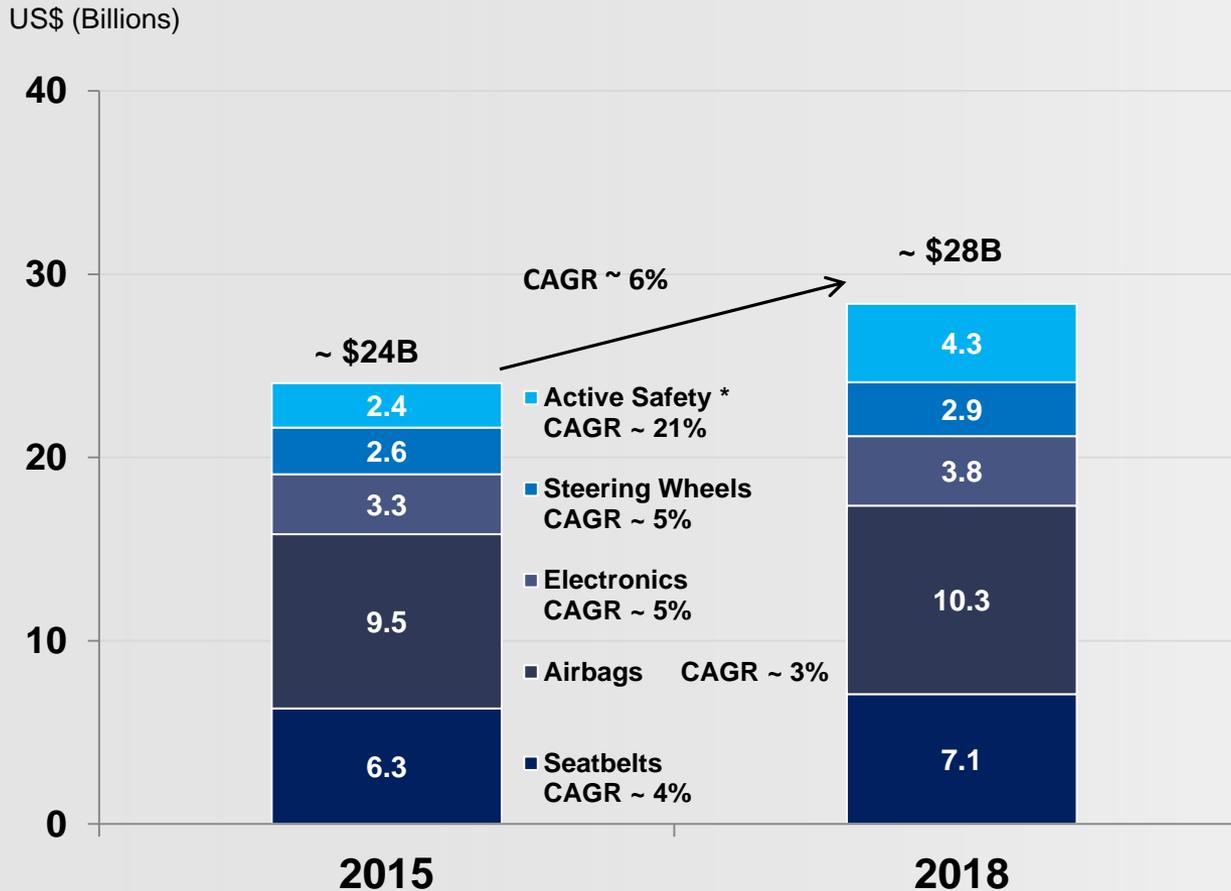
US\$ (Billions)



(*) Growth Markets (Eastern Europe, Asia excluding Japan, South America, Middle East/Africa). CAGR = Compound Annual Growth Rate

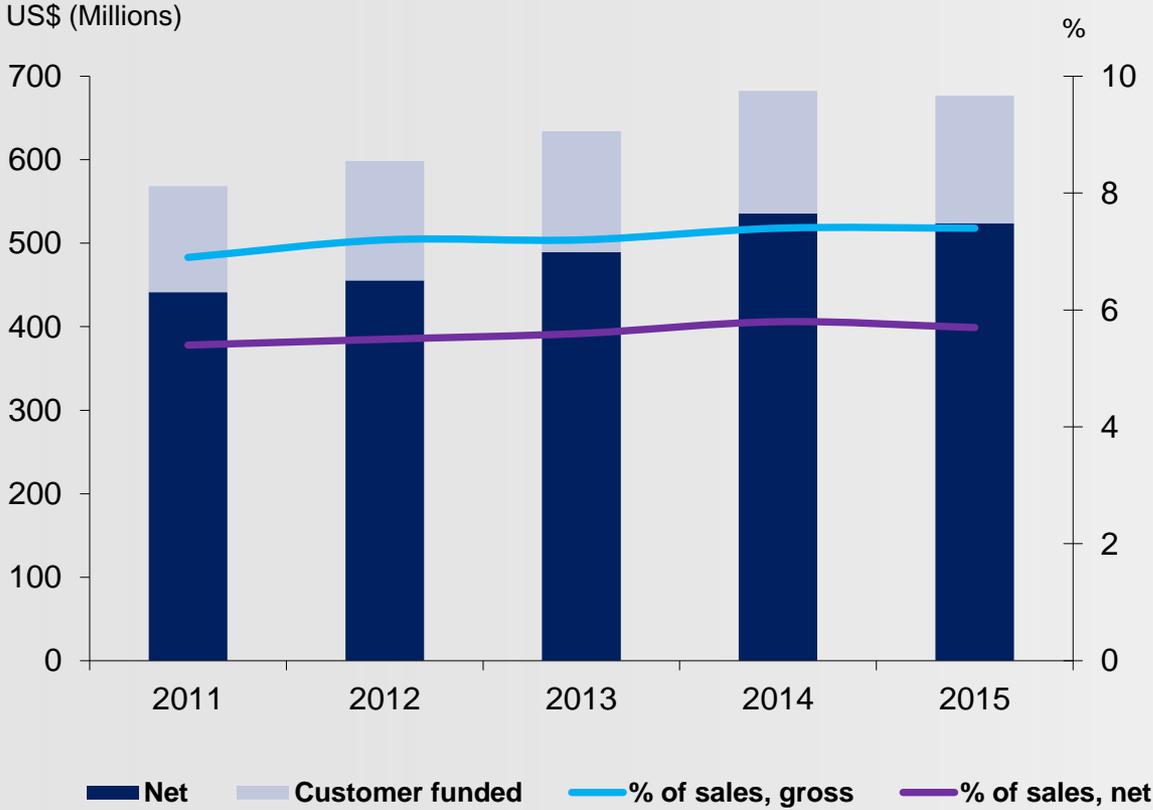
Growth Drivers by Product

- Strong presence in product growth segments



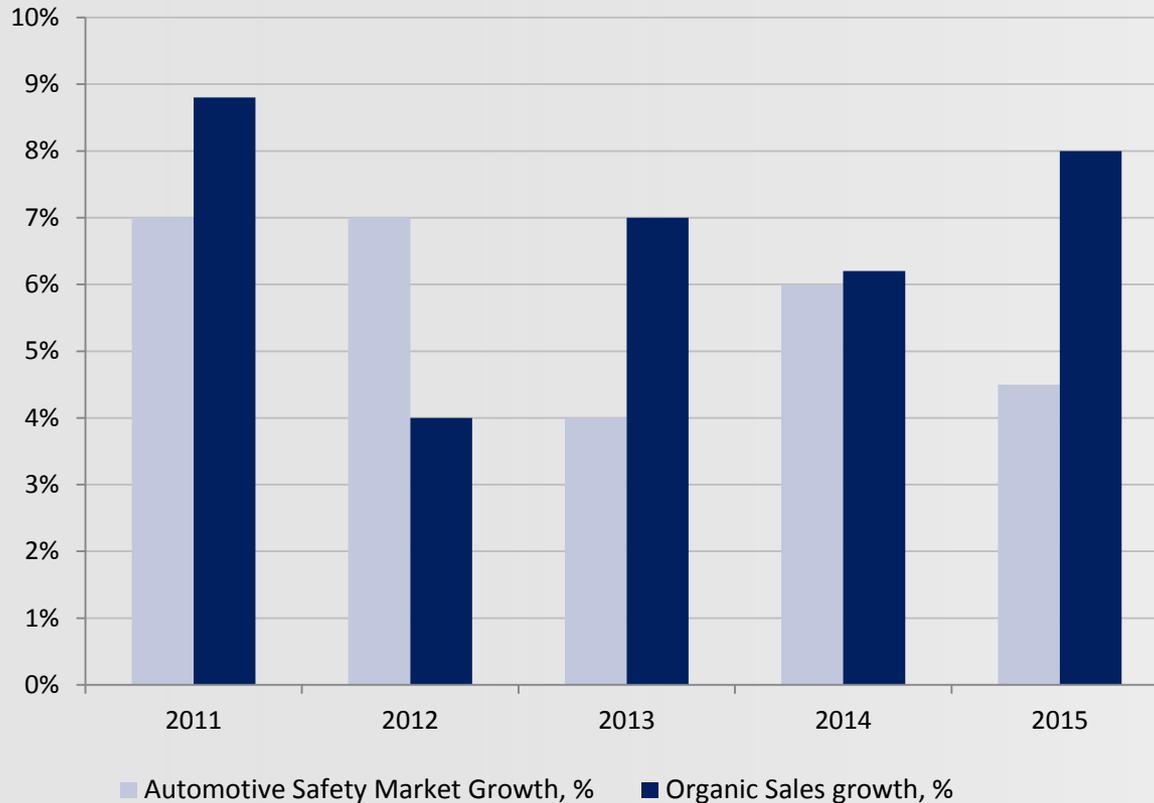
(*) Includes radar, front-view camera, night driving assist. CAGR = Compound Annual Growth Rate

Investment in R,D&E



Autoliv's Targets

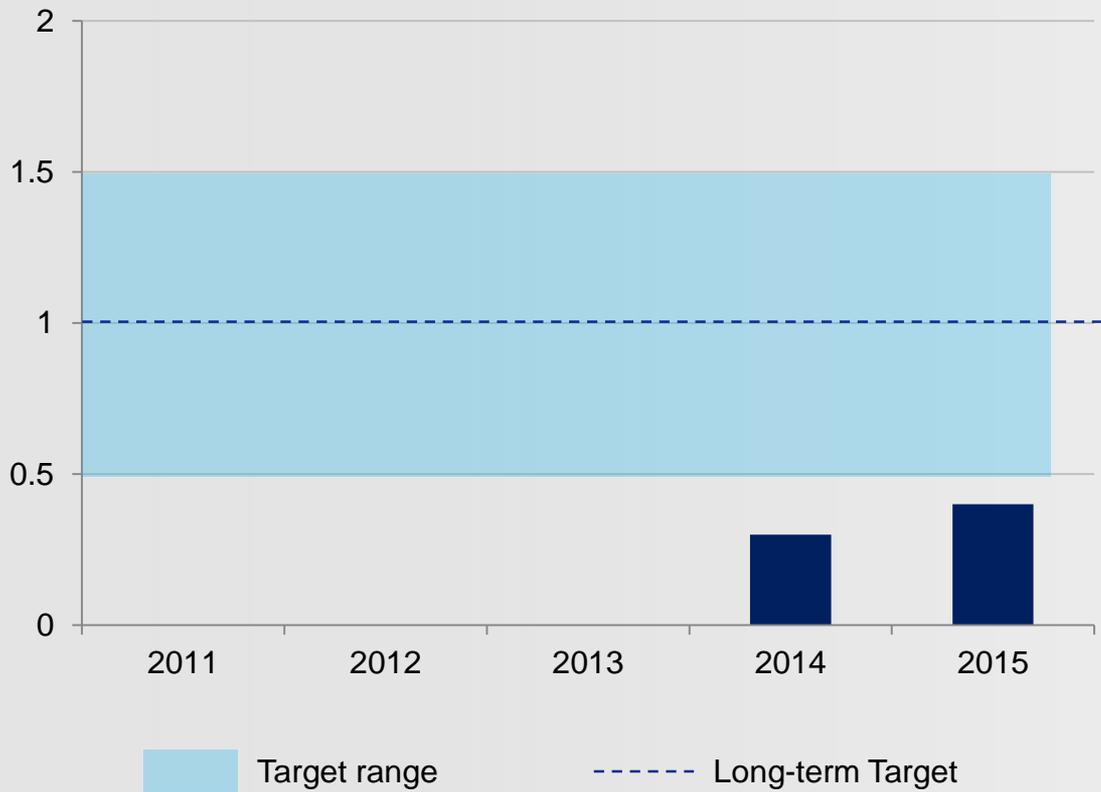
- Organic sales



- In 2015, Autoliv's **organic sales** grew by 8%, faster than our underlying automotive safety market, which grew by 5%. Sales growth was particularly strong in North America and Europe both growing by 10% partly due to the active safety products growing by 31%.

Autoliv's Targets

- Leverage ratio



■ In 2013, we revised our **leverage ratio** target to the level we deem most effective to handle the inherent risks and cyclical nature of our business. Our target ratio is around one time, within a range of 0.5 to 1.5 times. By the end of 2015, Autoliv had net debt of \$202 million. The leverage ratio was 0.4. In 2015, we repurchased shares for \$104 million.

Autoliv's Targets

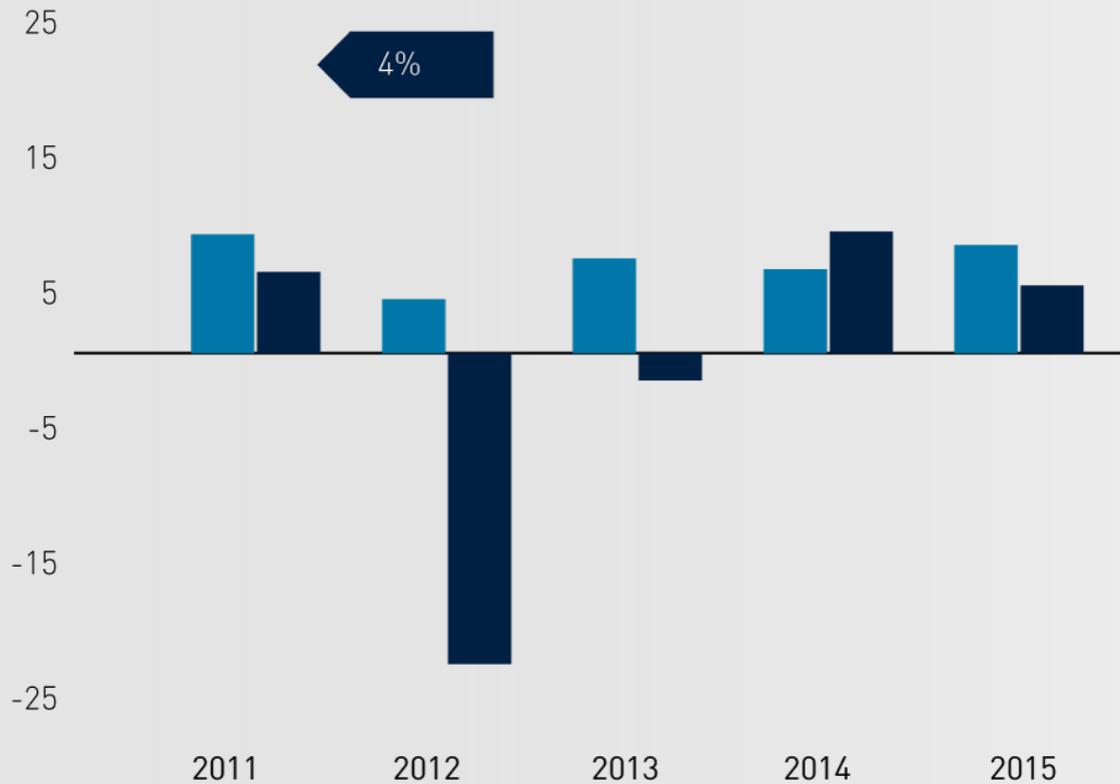
- Operating margin



■ In 2015, Autoliv achieved an **operating margin** according to our excludes antitrust related costs, of 8.8%. The main positive factor affecting the operating margin was strong sales growth.

Autoliv's Targets

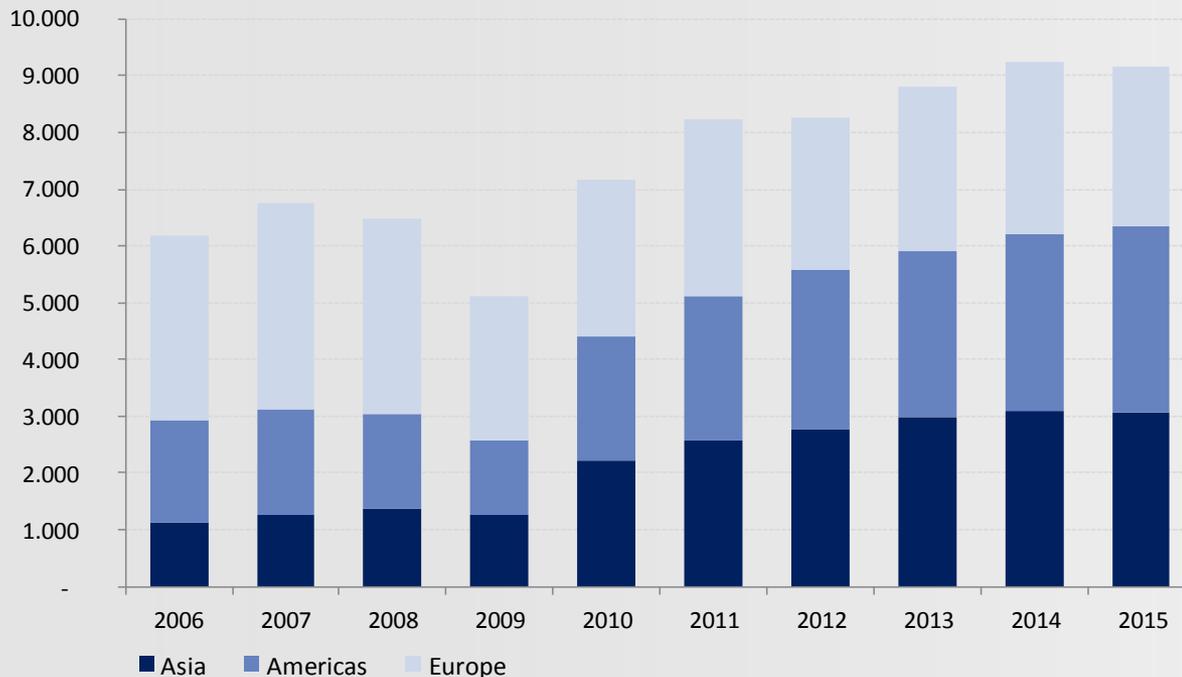
- Earnings per share



- In 2015, adjusted **EPS** (excluding antitrust related costs) grew by 5%, which was approximately 3 percentage points less than the organic sales increase. Operating profit was higher and the number of outstanding shares was fewer. These positive effects were more than offset primarily by higher costs for capacity alignments.

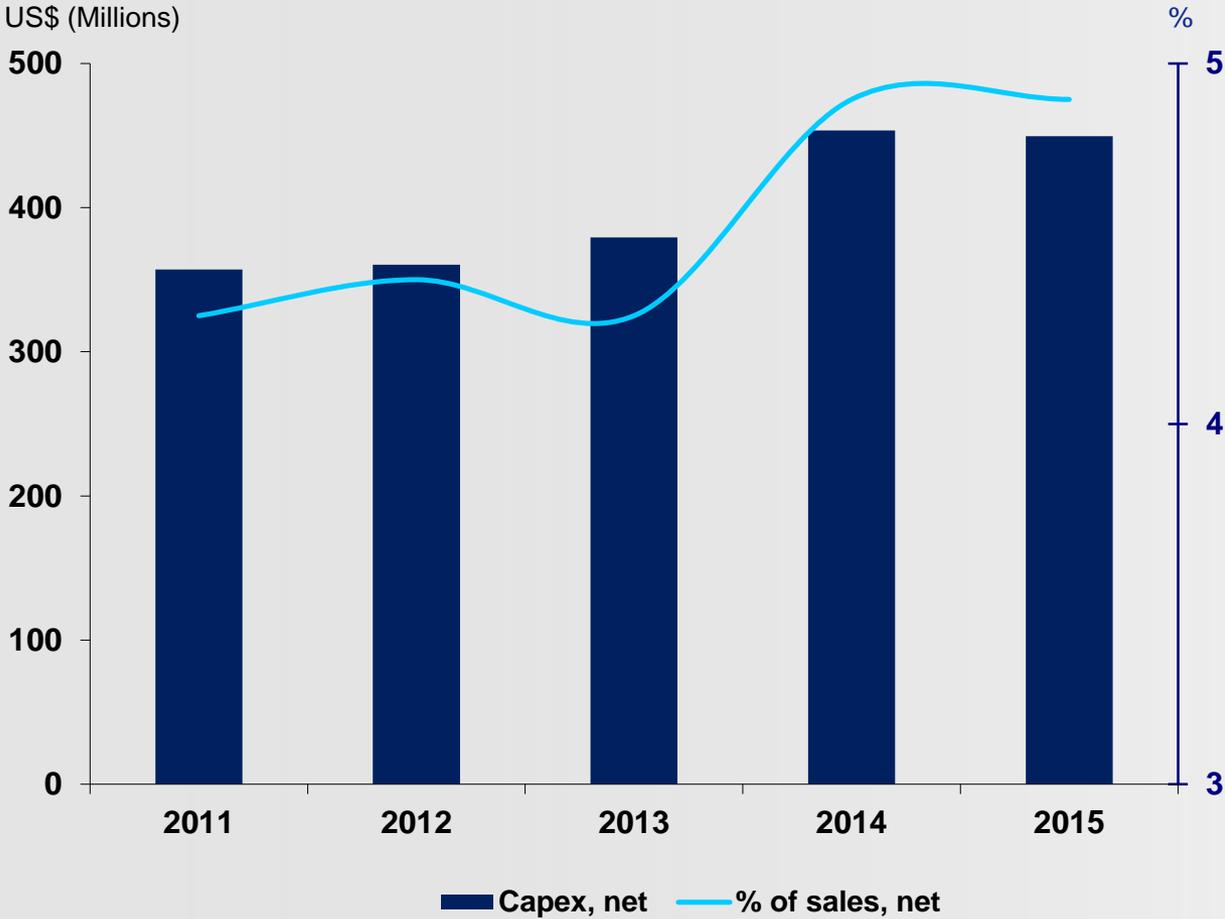
Strong Organic Sales Growth

US\$ (Millions)



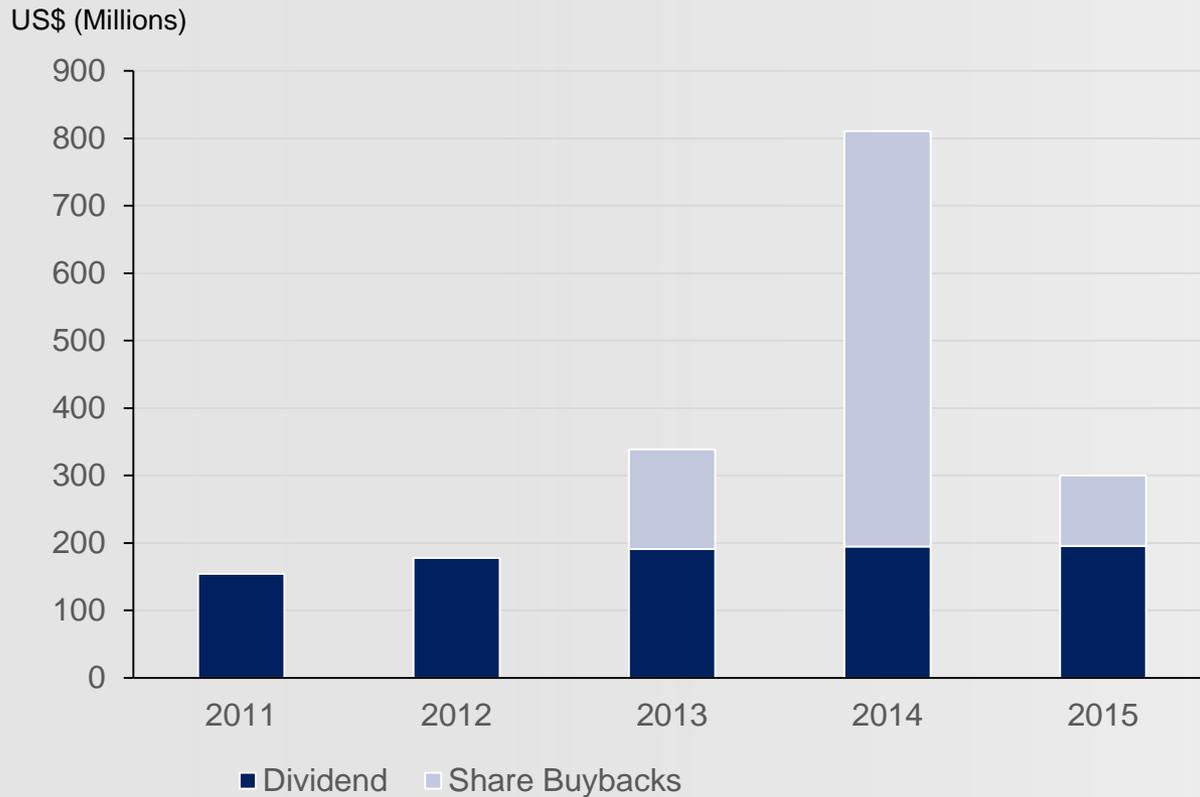
- In 2015, **consolidated sales** were \$9,170 million. Excluding negative currency translation effects and positive M&A effects from our recent acquisition, Autoliv grew 8% organically, making it the sixth consecutive year with organic sales growth.

Investing for Growth



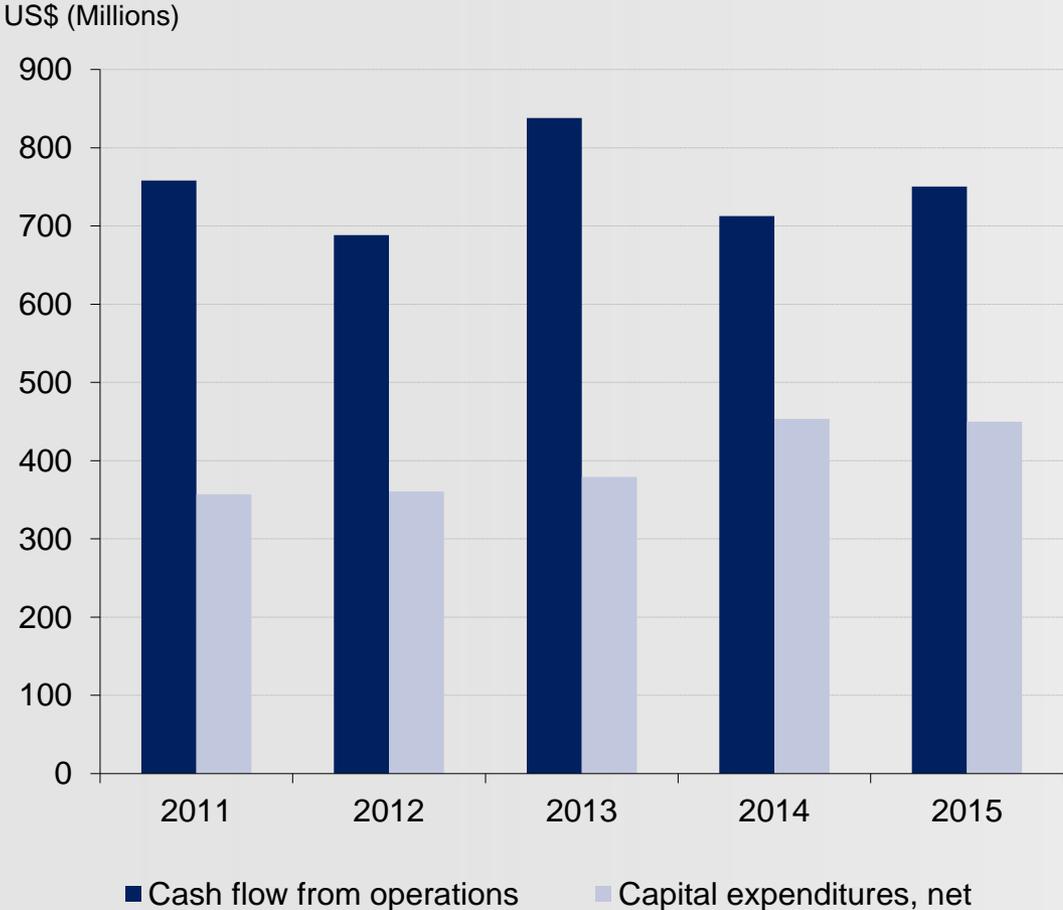
■ Our **capital expenditure**, net in 2015, was 4.9% of overall sales or \$450 million. Close to 30% of this spending was in China, where we continue to invest for vertical integration and for growth.

Shareholder Returns



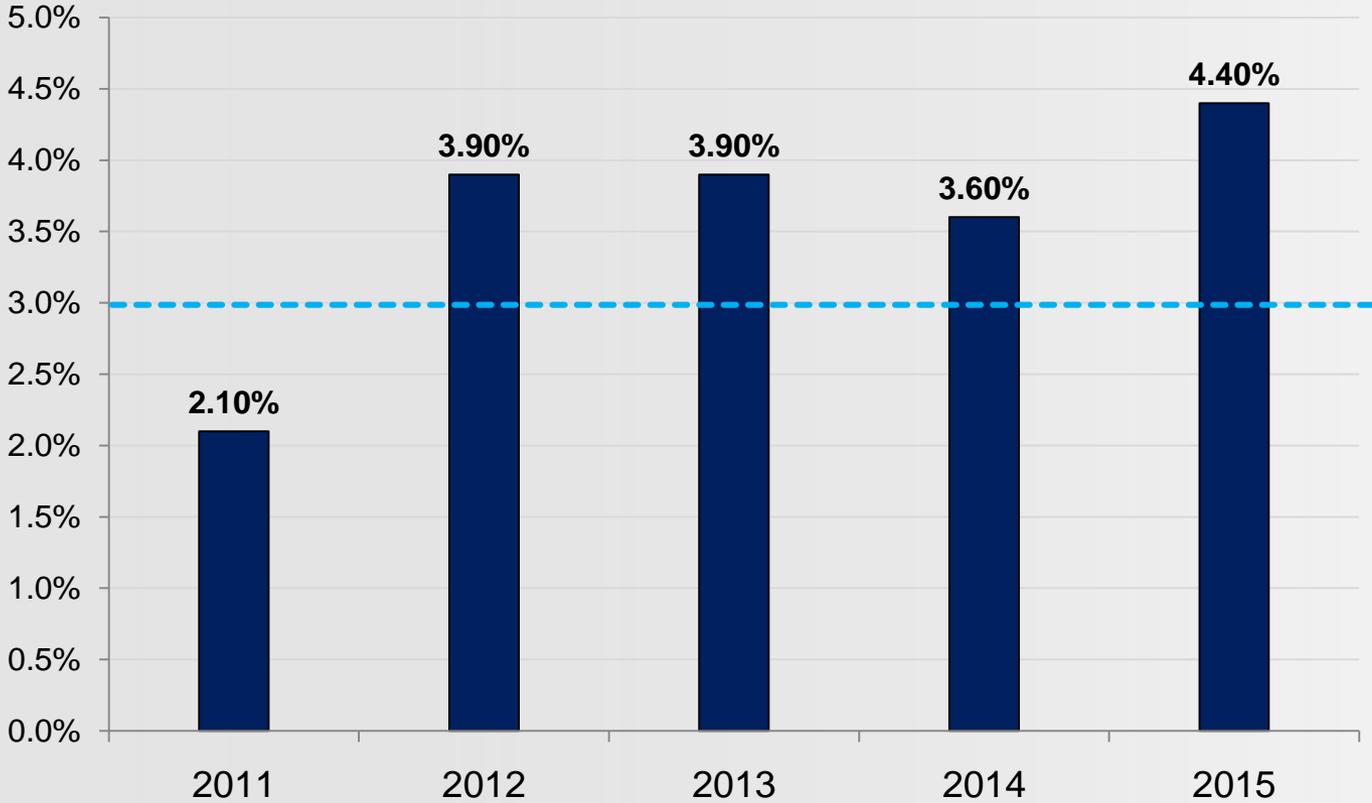
- In 2015 Autoliv **returned** a total of \$300 million to **shareholders**: \$196 million through regular dividends and \$104 million through share re-purchases.

Cash Flow vs. Capital Expenditures



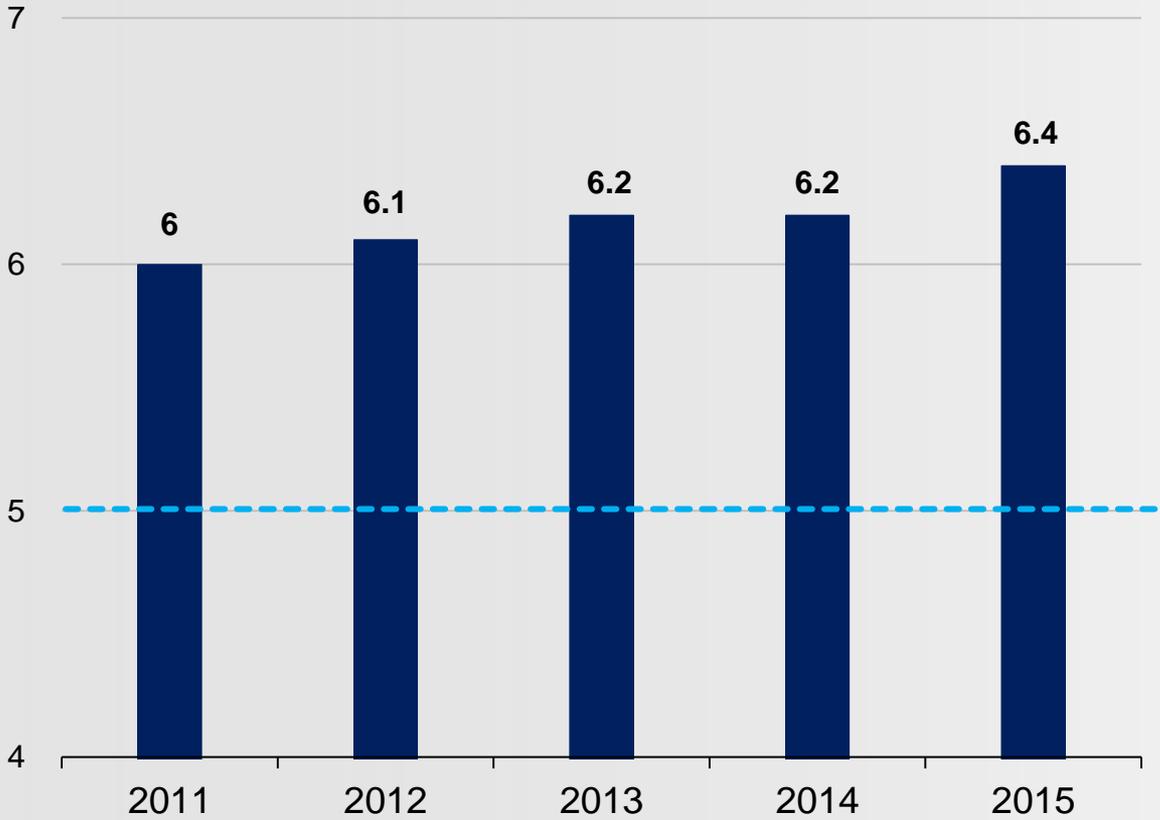
Direct Material Cost Reduction

Target= 3%



Productivity Improvement

Target= at least 5% reduction in LMPU



Looking ahead

Strong order intake continued during H1'16

■ Growth

- Ramp-up of new business awards is accelerating in Passive Safety
- Further market opportunities are available
- Positive development to surpass our end of decade Sales growth rate target of 7%

■ Company Transformation continues

- Additional engineering resources are now required in 2016 and 2017 to capture growth opportunities and support new projects
- Increase our RD&E, net range of 6.5 to 7% of sales from 6 to 6.5% of sales

📌 RD&E, net was 6.7% of sales during H1'16

Looking Ahead

FY'16 Indication

■ Sales

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

■ Operating Margin* >8.5%

- **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 the impact from acquisitions

🔍 The FY'16 indication is now for an operating margin** of more than 8.5% mainly due to increased RD&E, net for future growth

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

Looking ahead – 2016*

Executing towards our long-term plan

■ Growth and Margins

- Organic sales* growth ~7%, ~2.5pp better than LVP**
- Growth from Acquisition / Joint Venture ~5%
- Adjusted operating margin* >8.5%

■ Capital Structure

- Strong balance sheet for an volatile, mixed and uncertain macro environment
- Operating cash flow ~\$0.8B, excluding any discrete items, and a leverage ratio* within our long-term target range of 0.5 to 1.5 times

■ Company Transformation continues

- Implementation of capacity alignment
- Investments for growth:
 - Step-up in RD&E in the high-end of our range of 6.5-7.0% of sales, for Passive and Active Safety (software and hardware) combined (from 6-6.5%)
 - CapEx in the range of 5-6% of sales
 - Exploring further strategic opportunities for growth
 - Nissin Kogyo JV*

■ A balanced approach to growth, margins and capital deployment for the long-term

(* Non-US GAAP measures exclude costs for restructuring, antitrust related matters, update post Q1'16 earnings release, Nissin Kogyo Joint Venture closed March 31, 2016

(**) Light Vehicle Production (LVP) according to IHS @ July 15, 2016.

Financial Outlook

	Q3'16	FY'16
<u>Sales</u>		
Organic*	~6%	~7%
Acquisitions	~6%	~5%
Fx**	<(1)%	>(1)%
Consolidated Sales, net	~12%	>10%
Operating Margin*	~7.5%	>8.5%

Exchange rates**	Q3 2016	FY 2016
EUR / US\$	1.1048	1.1108
US\$ / JPY	104.42	107.42
US\$ / KRW	1144	1162
US\$ / MXN	18.39	18.26
US\$ / CNY	6.69	6.61

🔗 Strong organic sales* growth and operating margin* for FY'16 despite a significant step-up in investments for growth

(*) Non-US GAAP measures exclude costs for capacity alignments and antitrust related matters, (**) Mid-July 2016 exchange rates.

A Sound Investment

- Strong long-term sales growth
- Among industry leading margins and return on capital
- Strong balance sheet and free cash flow generation over the cycles
- Shareholder returns over time



Thank You!

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

and prevent ten times
as many severe injuries