



Saving More Lives

Earnings Conference call Webcast

4th Quarter Financial Results
January 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.

Recap - 2015

Executing towards our end of decade targets

■ Growth and Margins

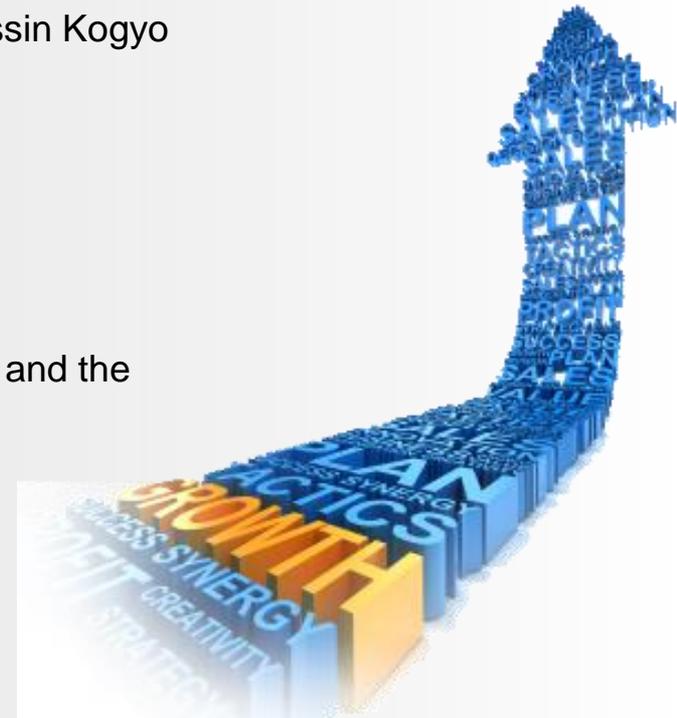
- Strong organic sales* growth 8%, >5 times better than LVP*, Active Safety ~31%
- Adjusted operating margin* 9.7%, 60 bps better YoY with an adjusted EPS \$6.65, increase YoY 12%
- M&A including the Volvo IP*, MACOM automotive and JV* with Nissin Kogyo

■ Capital Structure

- Operating cash flow of \$0.75B, RoCE* ~24% and RoE* ~17%
- Steady shareholder returns ~\$300M, leverage ratio* 0.4x

■ Company Transformation continues

- Expansion in growth markets including vertical integration in China and the inflator replacement program
- Aligning capacity footprint with our market for the long-term
- Expanding capabilities in Active Safety



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

(* Non-US GAAP measures exclude costs for capacity alignments and antitrust related matters, Return on capital Employed, Return on Equity, Light Vehicle Production (LVP) according to IHS @ January 15, 2016, Intellectual Property (IP), Joint Venture (JV) which is expected to close towards the end of Q1 2016.

Looking ahead – 2016*

Executing towards our long-term plan

■ Growth and Margins

- Organic sales* growth ~5%, ~2pp better than LVP**
- Adjusted operating margin* >9%

■ Capital Structure

- Strong balance sheet for an volatile, mixed and uncertain macro environment
- Operating cash flow ~\$0.8B, excluding antitrust matters, and a leverage ratio* within our long-term 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 6-6.5% of sales, for passive and active safety (software and hardware) combined
 - CapEx to near the high-end of our long-term range of 4-5% 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 and the Nissin Kogyo Joint Venture (JV) which is expected to close towards the end of Q1 2016, (**) Light Vehicle Production (LVP) according to IHS @ January 15, 2016.

Active Safety Update

Expanding our portfolio for Real Life Safety

■ Launched 4 key new technologies

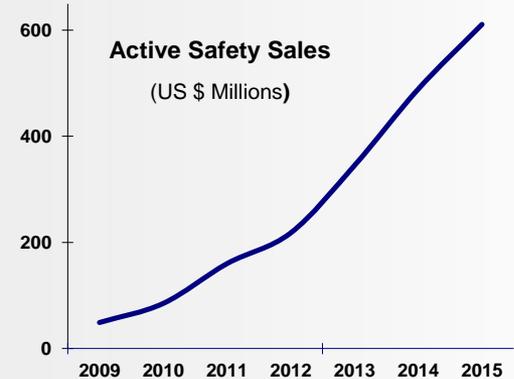
- Stereo and Mono Vision, Radar, ADAS ECU* on the new Mercedes E-Class

■ Customer launches during Q4'15

- Radar – Chevy Camaro and Malibu, Honda Elyson, Infiniti Q30, C-Class Coupé
- Vision – Mini Convertible
- Night Vision - Bentley Bentayga

■ CES demos

- Mono vision based AEB*,
- Mono vs. Stereo Vision real life braking,
- Radar based AEB,
- Rear cross traffic alert and braking,
- Night Vision (FIR*) with various scenarios,
- HMI* Zforce - intuitive steering wheel for Automated Driving,
- GPS* path following for manual or automated driving.



Mono and Stereo Vision



Radar (77GHz)



ADAS ECU



■ Adding building blocks towards autonomous driving

(*) Advanced Driver Assist Electronic Control Unit (ADAS ECU), Automated Emergency Braking (AEB), Far-Infrared (FIR), Human Machine Interface (HMI), Global Positioning Systems (GPS).

China Market Uncertainty Continues

Light vehicle growth is slowing

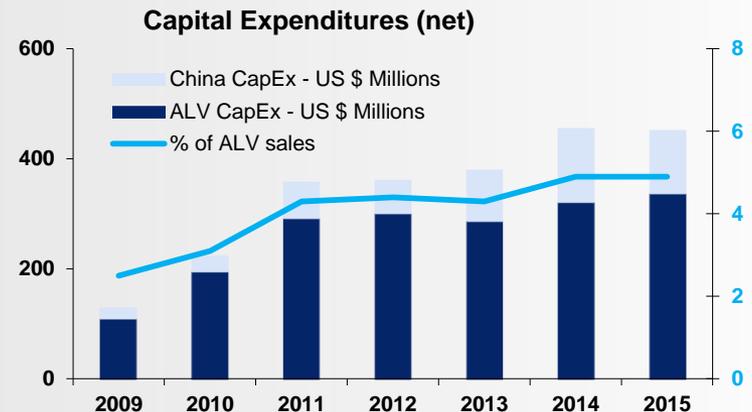


■ Market

- LVP* growth ended very strong ~13% in Q4'15, boosted by incentives and low interest rates
- Inventory** at year end were at acceptable levels
- Remains volatile situation

■ ALV specific

- Strong sales growth in Q4'15
- Capacity utilization ~85% excluding start-up plants
- Expect to outperform LVP during FY'16
- Strong growth expected with several local Chinese and multiple global OEMs*
- 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 (LVP) according to IHS @ January 15, 2016, Original Equipment Manufacturer's, (**) According to CAAM, CADA.

Market Conditions

Macro environment remains very mixed and uncertain

■ Asia

- Strong rebound in China sales** since Sept 2015, LVP* increase 5% for Q1'16 YoY
- Japan LVP roughly flat for Q1'16 YoY
- RoA LVP decline ~ 1% for Q1'16 YoY

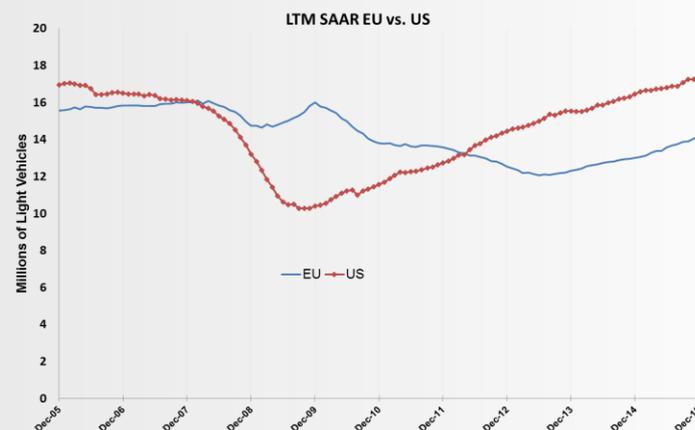
■ Americas

- Strong US SAAR* ~17M, inventories** ~61 days
- North America LVP increase ~6% for Q1'16 YoY
- South America LVP no signs of a recovery, decline ~22% for Q1'16 YoY

■ Europe

- EU27** vehicle registrations continue to show a steady recovery
- LVP is expected to increase ~2% for Q1'16 YoY whereof EEU is projected to decline ~3%

FY'16 LVP *		
Region	Vehicles (Mil's)	YoY Chg.
China	24.0	+6%
Japan	8.7	+2%
RoA	12.6	+2%
North America	17.1	+4%
South America	2.7	(9)%
Europe	21.2	+2%
Global	88.5	+3%



🔴 In Q1'16 the LVP* is expected to increase ~2% vs. last year and roughly flat sequentially from Q4'15

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

Major Launches during 2016

with our Passive and Active Safety Products

Mercedes E-Class



Honda Odyssey



Audi A5



Honda CR-V



Volvo S90



Hyundai Grandeur



VW Tiguan



Ford F-Series Super Duty



Chrysler Pacifica



Autoliv Electronics products on all of these models

Q4'15 Highlights

Record sales and operating profit, better than expected

■ Financial Performance

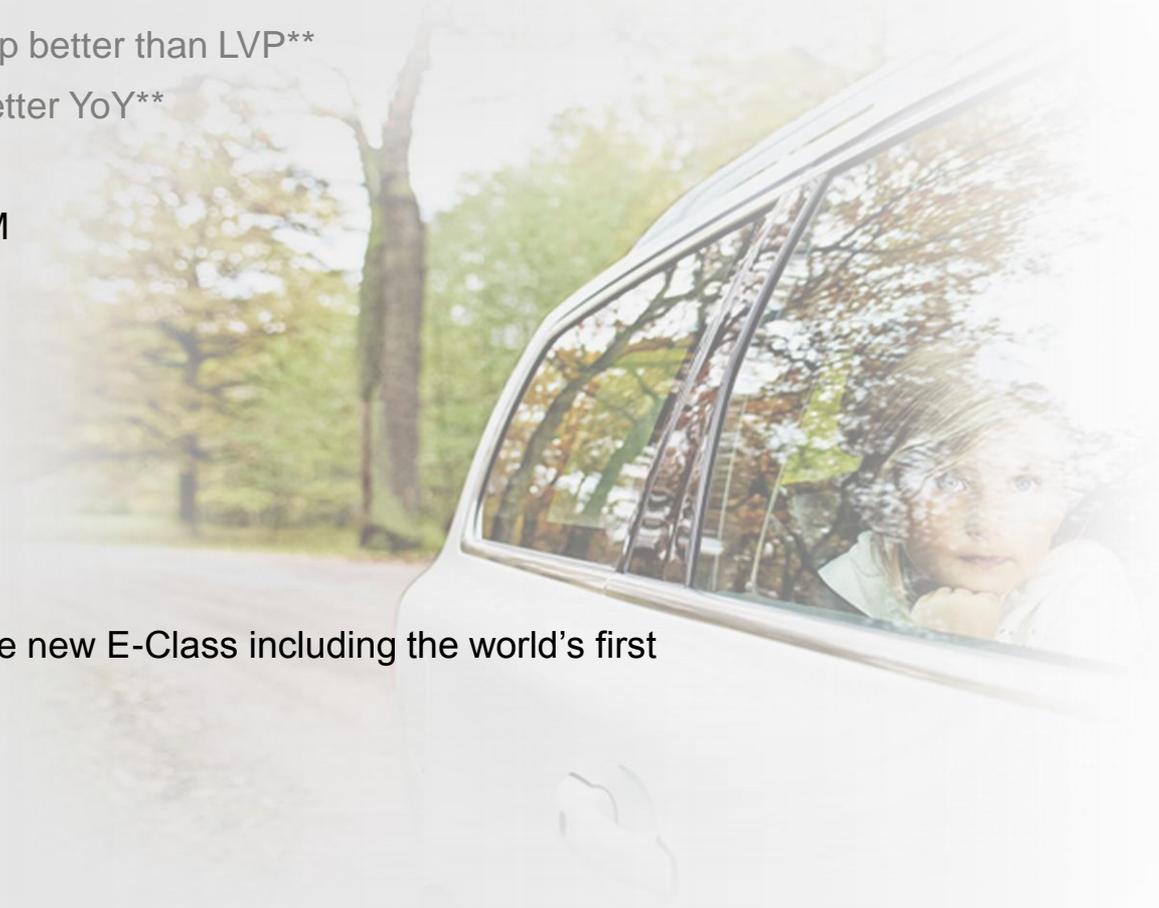
- Organic sales* growth 13.4%, ~9pp better than LVP**
- Operating margin* 11.1%, ~1pp better YoY**
- EPS* \$2.08, ~15% better YoY**
- Record operating cash flow \$321M
- RoCE* ~29%, RoE* ~21%

■ Shareholder Returns

- \$49M returned through dividends

■ Active Safety

- Organic sales* growth ~29%
- 4 key technologies launched on the new E-Class including the world's first ADAS ECU**



■ Strong product and geographic diversification supports our solid financial performance

(*) Non-US GAAP measures exclude costs for capacity alignments and antitrust related matters, Earnings per share, Return on Capital Employed, Return on Equity,
(**) Light Vehicle Production (LVP) according to IHS @ January 15, 2016, Advanced Driver Assist Electronic Control Unit (ADAS ECU), Year over Year.(YoY).

Strong Volume Growth

Unit growth exceeds LVP* in essentially all product areas

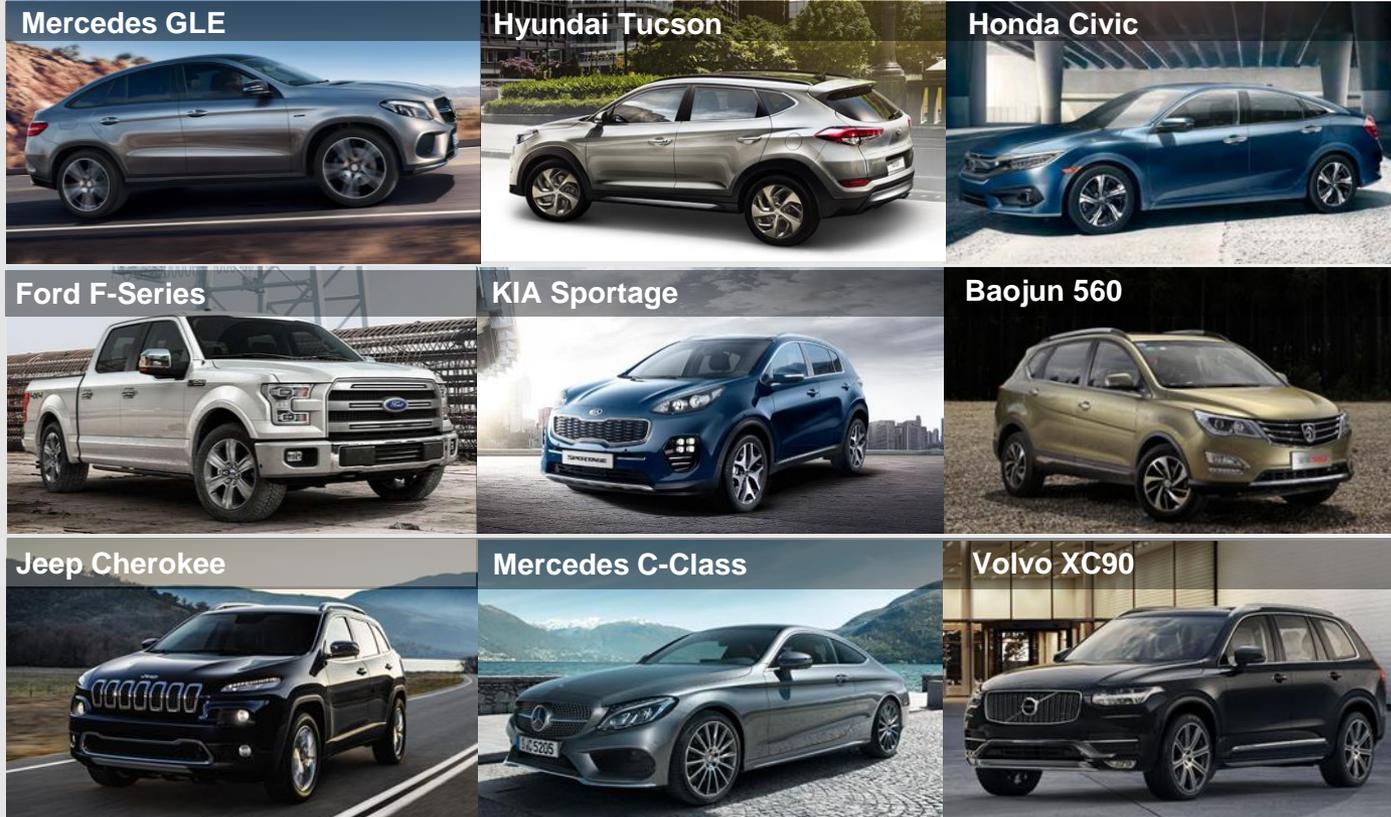
Autoliv Quantities Delivered (Millions unless specified)	Q4'15	vs. PY
Seatbelts	38.5	4%
• Pretensioners (of which)	18.5	19%
• Active Seatbelts (of which)	0.9	12%
Frontal Airbags	12.9	7%
• Knee Airbags (of which)	1.4	2%
Side Airbags	24.4	14%
• Chest (Thorax)	13.0	13%
• Head (Curtain)	11.4	16%
Steering Wheels	4.5	2%
Electronic Control Units	4.8	14%
Active Safety Sensors**	2.5	84%
LVP* TRIAD	9.7	3.4%
LVP* GLOBAL	22.5	3.9%

🚀 Strong volume growth in value added seatbelt products, side airbags and electronics

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

Strong Performing Models

Contributing to overall net organic sales* growth in Q4'15



🚗 Q4'15 Active Safety organic sales* growth ~29%, Autoliv Electronics products on all of these models

(*) Non-US GAAP measure.

Q4 Financial Overview

Record financial performance in most measures

(US\$ Million's unless specified)

	2015		2014	
Sales	\$2,520		\$2,354	
Gross Profit	\$521	20.7%	\$468	19.9%
Operating Income*	\$279	11.1%	\$237	10.1%
EPS* (assuming dilution)	\$2.08		\$1.81	
RoCE*	29%		26%	
RoE*	21%		18%	
Operating Cash flow	\$321		\$229	
Dividend**	\$0.56		\$0.54	
GLVP*** (annual run rate)	89.9M		86.6M	

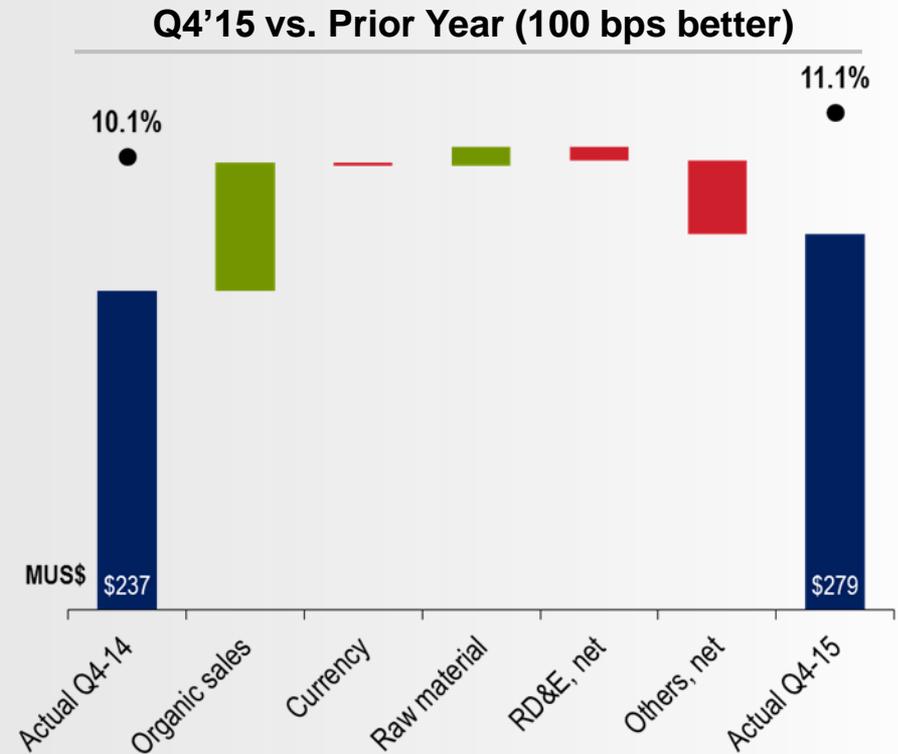
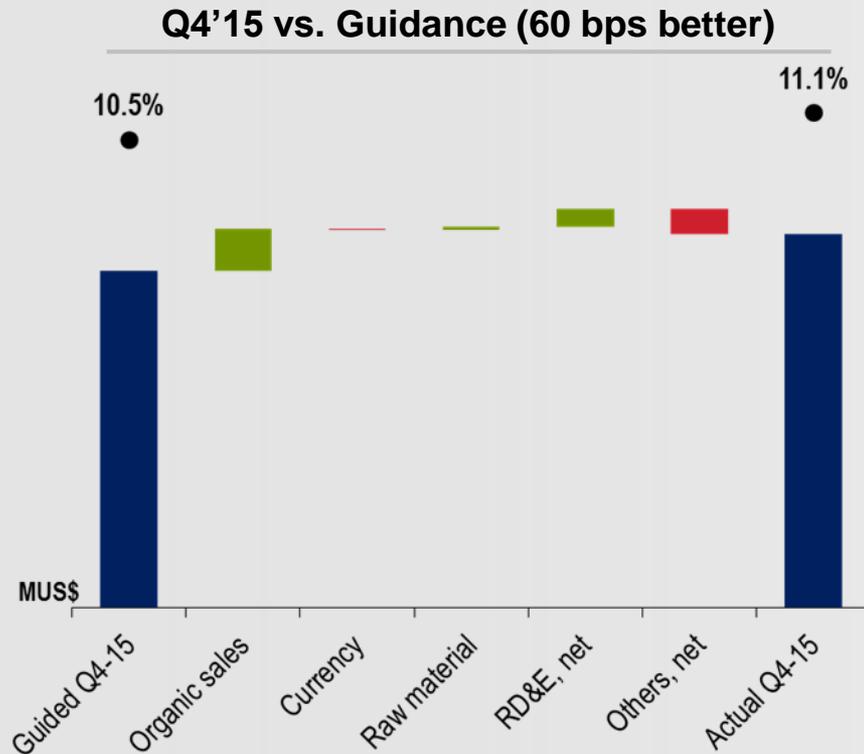
📌 Q4'15 currency translation effect on sales ~ (\$170)M

(*) 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 @ January 15, 2016.

Operating Income and Margin* Bridge

Q4'15 vs. Guidance and Prior Year



🚀 Strong operating margin* 11.1%

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

FY'15 Financial Overview

Solid financial performance

(US\$ Million's unless specified)

	2015		2014	
Sales	\$9,170		\$9,240	
Gross Profit	\$1,844	20.1%	\$1,804	19.5%
Operating Income*	\$893	9.7%	\$842	9.1%
EPS* (assuming dilution)	\$6.65		\$5.93	
RoCE*	24%		24%	
RoE*	17%		14%	
Operating Cash flow	\$751		\$713	
Dividend**	\$2.22		\$2.12	
GLVP***	85.8M		84.6M	

🔄 FY'15 currency translation effect ~(\$837)M on sales

(*) 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 @ January 15, 2016.

Segment Reporting

FY'15

	Organic Sales Growth *	<u>Operating Margin</u>		<u>CapEx</u>		<u>D&A</u>	
		2015	2014	2015	2014	2015	2014
Passive Safety ***	6.9%	8.8%	7.7%	5.3%	5.0%	3.5%	3.3%
Airbags	8.9%						
Seatbelts	3.2%						
Electronics ***	12.9%	4.1%	5.1%	3.3%	4.3%	3.1%	3.0%
Passive Safety Electronics	5.1%						
Active Safety	30.5%						
Autoliv Group *	8.0%	9.7%	9.1%	4.9%	4.9%	3.5%	3.3%
GLVP **	1.5%						

📌 Segment reporting under our new organizational structure

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

Cash Flow

Investments for growth and shareholder returns

(US\$ Million's unless specified)

	Q4 2015	Q4 2014	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Net Income	186	148	458	469	490	486	627
Depreciation & Amortization	90	77	319	305	286	273	268
Other, net	12	21	0	42	43	10	38
Change in operating WC *	33	(17)	(26)	(103)	19	(80)	(175)
Operating cash flow	321	229	751	713	838	689	758
Capital Expenditures, net	(116)	(128)	(450)	(453)	(379)	(360)	(357)
Free cash flow **	205	101	301	260	459	329	401
Acquisitions, net	0	2	128	(1)	2	(3)	18
Dividends paid	49	48	196	195	191	178	154
Shares repurchased	0	186	104	616	148	0	0

Shareholder returns of \$300M during FY'15

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

Looking Ahead

Q1'16 Guidance*

■ Sales

- **YoY organic sales** increase >10%**
 - Mainly related to strong growth in all major regions, Active Safety and the inflator replacement business
- **Sequential consolidated sales decline ~8%**
 - Mainly due to the seasonality effects and lower inflator replacement business

■ Operating Margin** ~8.5%

- **YoY**
 - Positive effects from organic sales*, commodity costs and currencies are off-set by RD&E, net and costs related to the ramp-up of capacity and new technologies for growth
- **Sequential**
 - Lower consolidated sales effect and higher RD&E, net

🔗 Organic sales** growth in Q1'16 is positively effected by ~5pp due to ~3 additional days, which is offset in Q4'16

(*) Excludes Nissin Kogyo Joint Venture which is expected to close towards the end of Q1 2016, (**) Non-US GAAP measures exclude costs for restructuring and antitrust related matters.

Looking Ahead

FY'16 Indication*

■ Sales

- **YoY organic sales** increase ~5%**
 - Mainly related to strong growth in Europe, China and Active Safety
- **YoY currency translation effect ~(3)%**
 - Primarily due to the continued strengthening of the US\$

■ Operating Margin** >9%

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

🔗 FY'16 indication if for an operating margin of >9% which includes increased RD&E for growth

(*) Excludes Nissin Kogyo Joint Venture which is expected to close towards the end of Q1 2016, (**) Non-US GAAP measures exclude costs for restructuring and antitrust related matters.

Financial Outlook*

	Q1'16	FY'16
<u>Sales</u>		
Organic**	>10%	~5%
Acquisitions / (Divestitures)	<1%	~0.5%
Fx***	>(4)%	~(3)%
Consolidated Sales, net	~7%	>2%
Operating Margin**	~8.5%	>9%

Exchange rates***	Q1 2016	FY 2016
EUR / US\$	1.0873	1.0879
US\$ / JPY	117.98	117.90
US\$ / KRW	1208	1211
US\$ / MXN	17.86	17.92
US\$ / CNY	6.58	6.59

🔑 Solid organic sales growth and margins for FY'16

(* Excludes Nissin Kogyo Joint Venture which is expected to close towards the end of Q1 2016, (**) Non-US GAAP measures exclude costs for restructuring and antitrust related matters, (***) Mid-January 2016 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