



More Lives Saved



More Life Lived

# Earnings Call Presentation

3<sup>rd</sup> Quarter 2024

October 18, 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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# Q3'24 Key Highlights – Solid Sales Outperformance

- Solid sales outperformance in most regions
  - Outperformed global LVP by close to 4pp
- Settled cost compensation claims with nearly all customers
- Profitability virtually flat Year-over-Year, despite lower net sales and costs for a settlement, driven by successful execution of cost reductions and pricing
- Adjusted earnings per share\* increased markedly on lower number of shares outstanding and higher net profit
- Progressed with our structural cost reduction activities
  - Indirect workforce reduced by over 1,200 (compared to Q1'23)
  - Direct headcount was reduced significantly Y-o-Y
- Continued significant shareholder returns
  - Repurchased shares for \$130 million and paid a dividend of \$0.68 per share
  - Debt leverage ratio\* at 1.4 times, supporting further shareholder returns
- FY2024 adjusted operating margin expected at the low end of guidance



\* Non-US GAAP measures

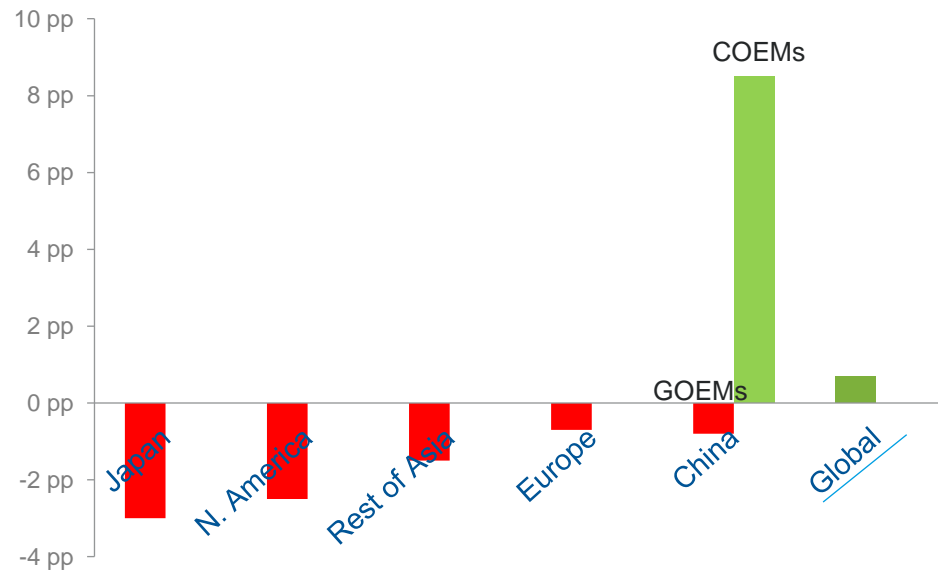
\*\* Light Vehicle Production (LVP up to 3.5 tons) according to S&P Global @ October 2024

# Q3'24 Light Vehicle Market Development

Global LVP almost in-line with expectations, but regional mix substantially more negative

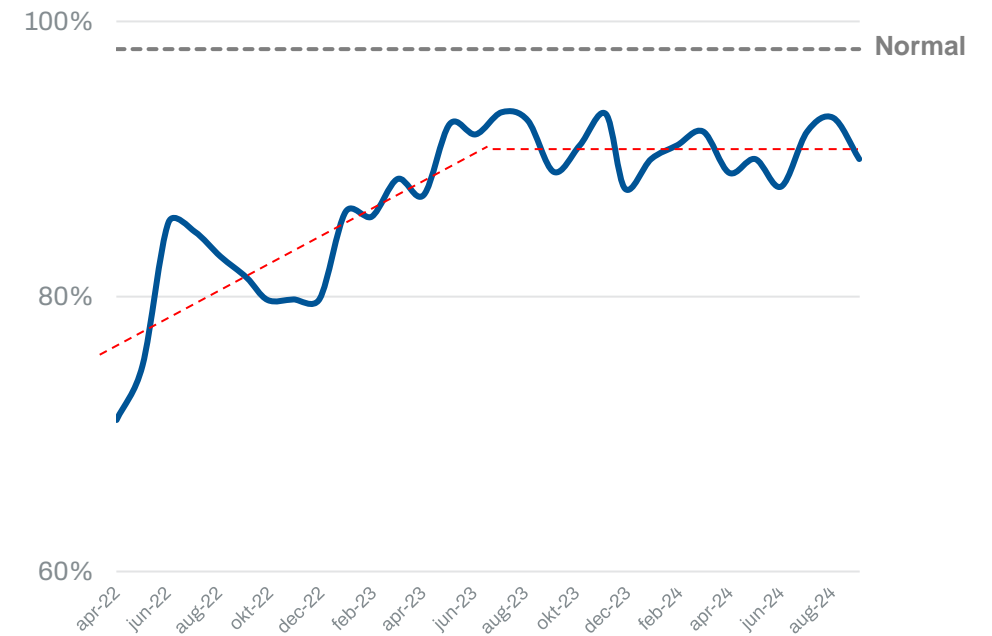
## Q3'24 LVP Production vs. July Forecast \*

Percentage Points



## Customer Call-off Accuracy\*\*

%

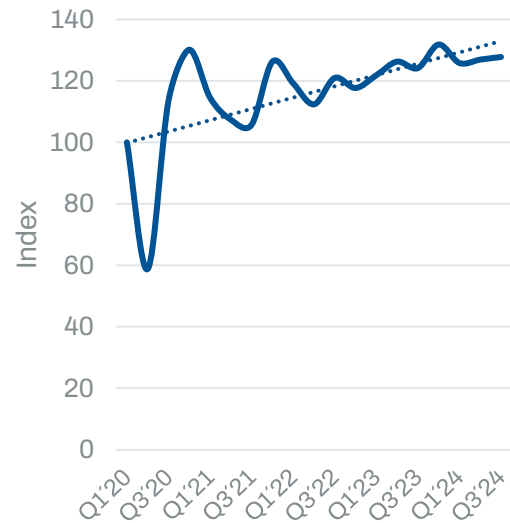


\* Light Vehicle Production (LVP up to 3.5 tons) according to S&P Global @ July 2024 compared to @ October 2024

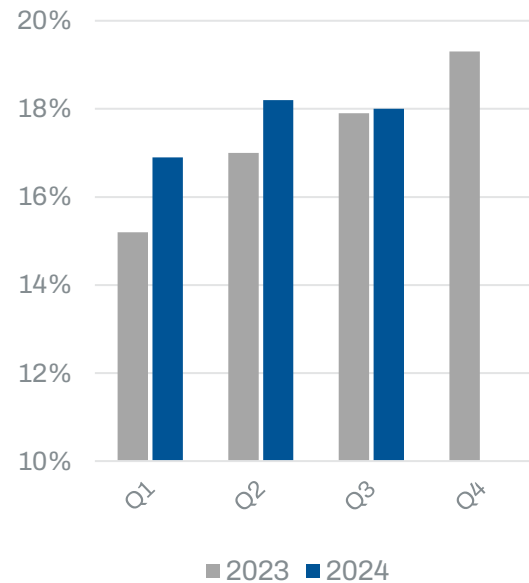
\*\* Company estimate

# Continued Significant Sequential Cost Improvements

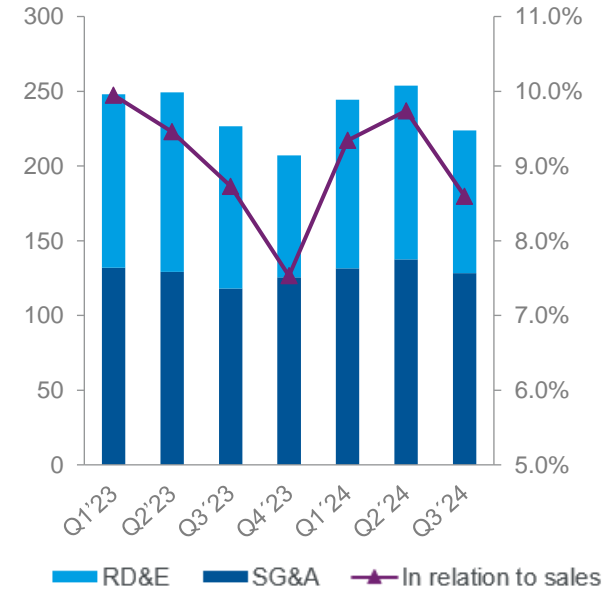
**Direct Labor Productivity Index**  
Sales in relations to Average Headcount



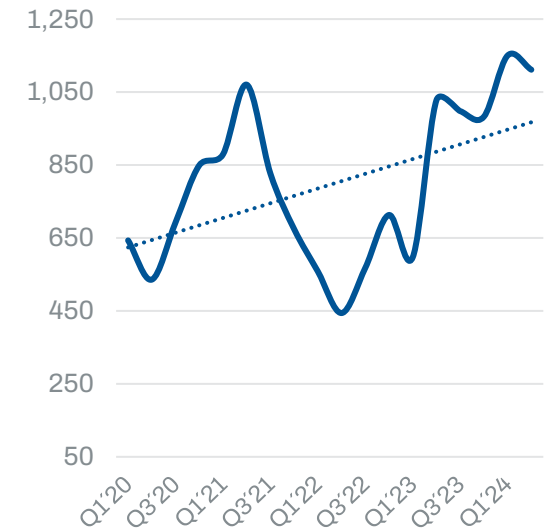
**Gross Margin**  
%



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



**Operating Cash flow LTM**  
US\$ -Millions



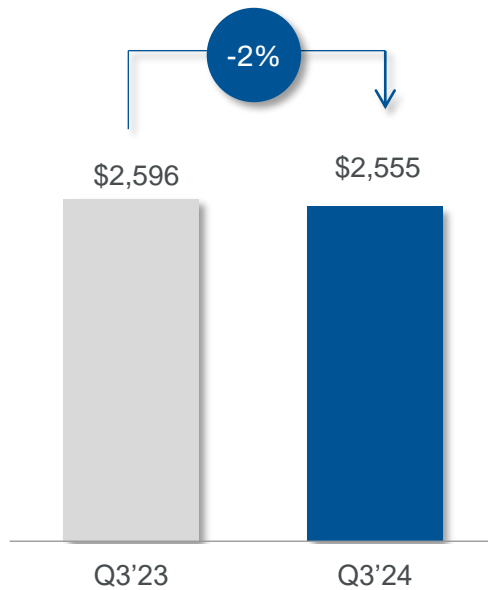


# Q3'24 Financial Overview

Stable sales and profit

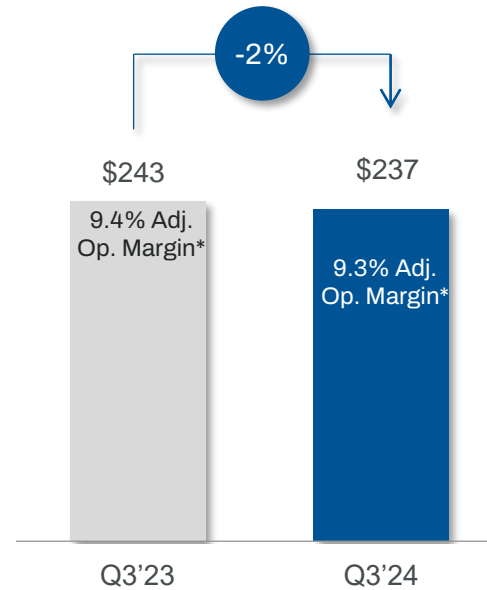
## Consolidated Sales

US\$ -Millions



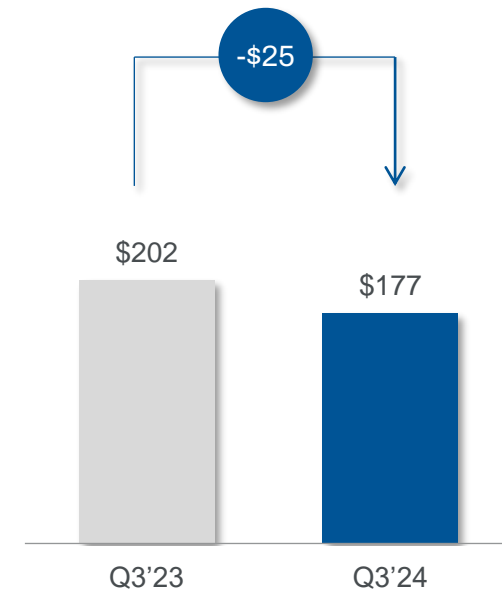
## Adjusted Operating Income\*

US\$ -Millions



## Operating Cash Flow

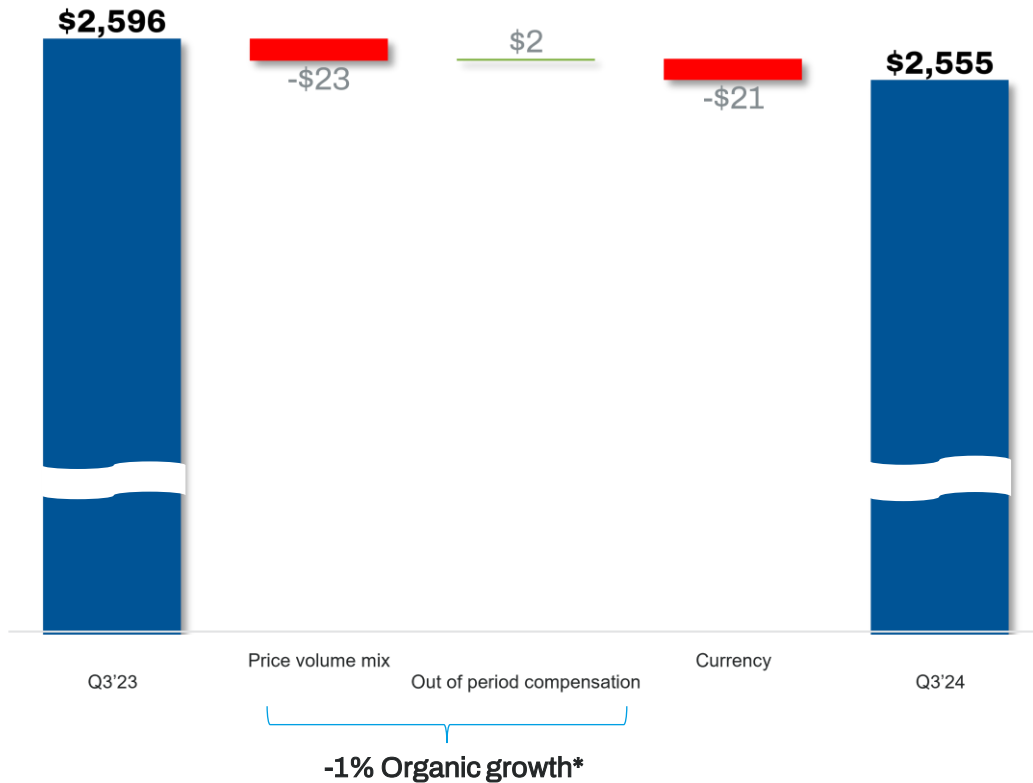
US\$ -Millions



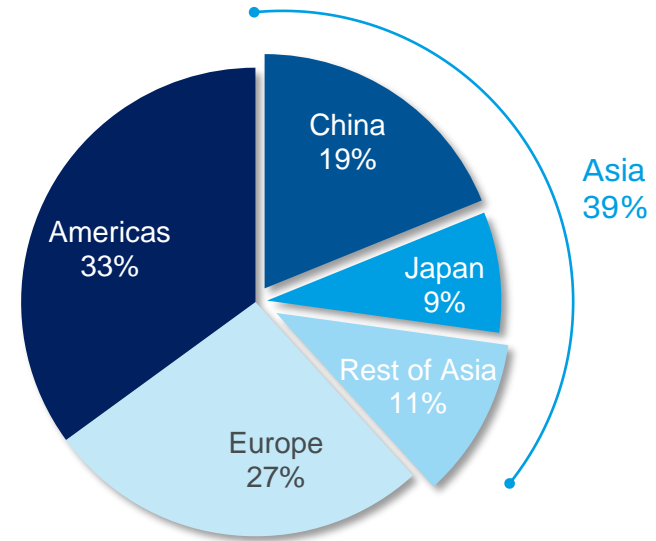
\* Non-US GAAP excluding effects from capacity alignment and antitrust related matters

# Q3'24 Sales Growth and Regional Sales Split

Sales Bridge  
US\$ -Millions



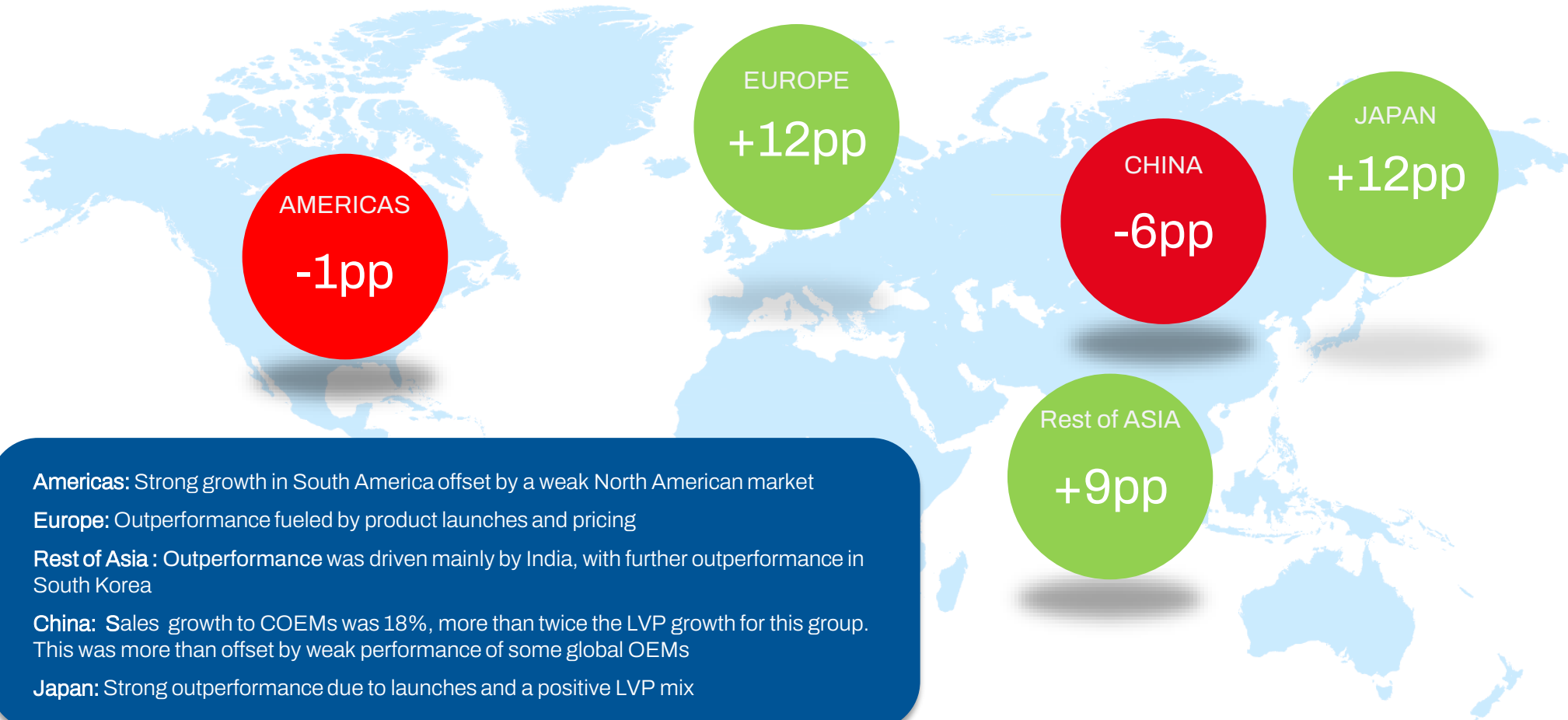
Sales by Region Q3'24  
%



\* Non-US GAAP measure

# Q3'24 Organic Sales\* Growth - Outperforming Global LVP by 4pp

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



**Americas:** Strong growth in South America offset by a weak North American market

**Europe:** Outperformance fueled by product launches and pricing

**Rest of Asia:** Outperformance was driven mainly by India, with further outperformance in South Korea

**China:** Sales growth to COEMs was 18%, more than twice the LVP growth for this group. This was more than offset by weak performance of some global OEMs

**Japan:** Strong outperformance due to launches and a positive LVP mix

\* Non-US GAAP measure

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



# Q3'24 Key Model Launches

Nio Onvo L60



Mahindra Thar Roxx



Nissan Patrol/Armada



Tata Curvv



Ford Capri



BMW X3



Zeekr 7X



Audi A6 e-tron



Audi A5



Changan Avatr 15



Alfa Romeo Junior



Chery Luxeed R7





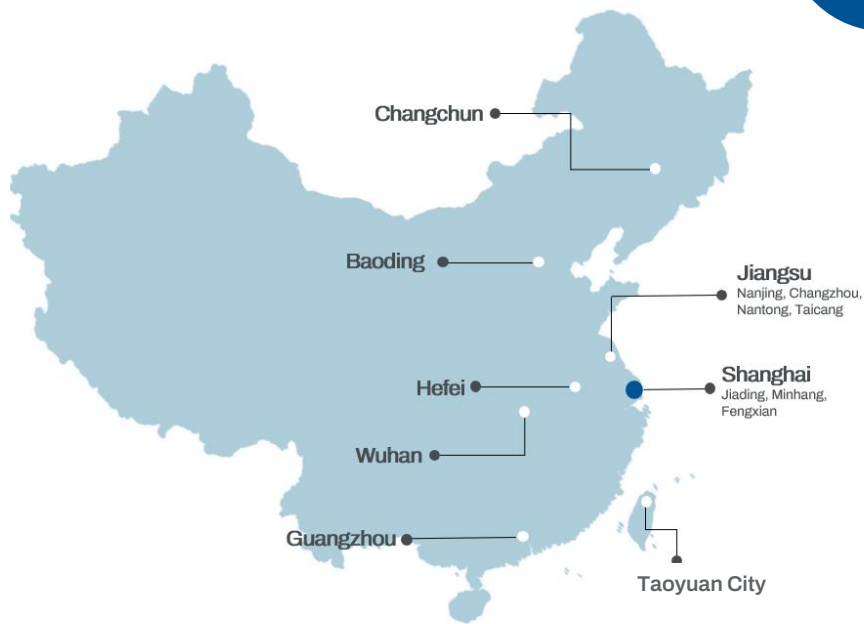
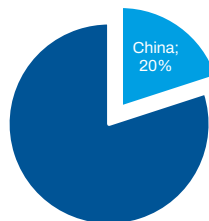
# China Market Update



# Autoliv – the Leading Automotive Safety Supplier in China

Vertical integrated operations with full system development capabilities

## Autoliv Footprint 1 Technical Center & 15 Plants



\$ 2.1b  
net sales

9,500  
associates

36%  
market share

## Our Customers Currently serving 68 OEMs

### GOEM



### COEM



# Significant Shift in China Market – Our Response

## ➤ Dynamic Market Development

- Chinese automakers are rapidly expanding their market shares in China
- Sales of new energy vehicles (NEVs) has surpassed internal combustion engines (ICE) \*
- China has become the world's largest vehicle exporter
- Performance of some global OEMs negatively impacted our sales outperformance



## ➤ Autoliv Response

- Major investment five years ago in breaking through with NEVs bore fruit with market share gains in the last three years
- Expect the sales outperformance trend to reverse from Q1'25 due to major new launches in the second half of 2024
- Managing risks related of potential insolvent customers



## ➤ Major Autoliv Achievements

- More than 50% market share with a broad range of high-end NEV manufacturers
- Won first global Autonomous L4 full passive safety system development and supply contract in July
- Growing components business with BYD; discussions on closer collaborations
- Successfully reduced cost and increased margins with Commonization platforms - Modular design in GWM, Chery and ChangAn
- Positioned well to be the overseas expansion partner for major COEMs like GWM, Chery, Geely and ChangAn



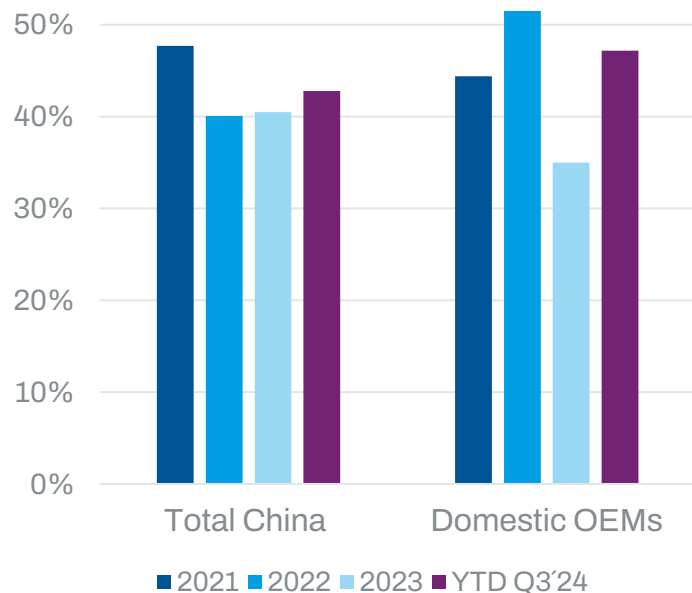
\* Source China Passenger Car Association (CPCA)

## Full System Launches Q3'24

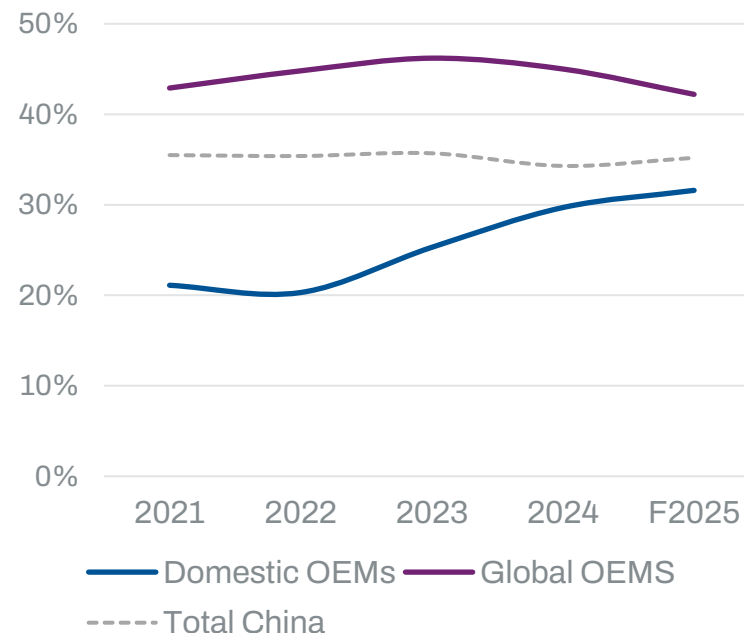


# Expanding Business with Fast Growing Domestic\* OEMs

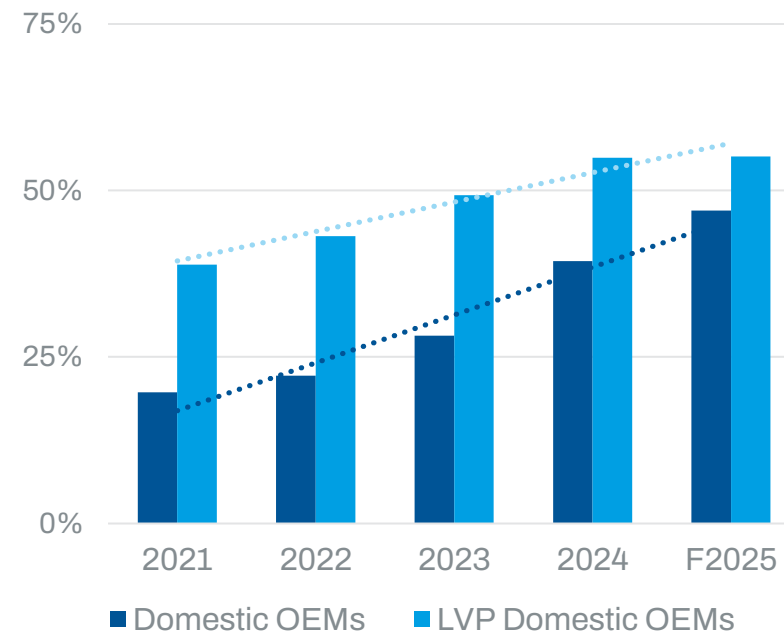
## New Order Intake Market Shares



## Autoliv Market Share COEMs and GOEMs\*\*



## COEMs share of ALV sales and LVP in China\*\*



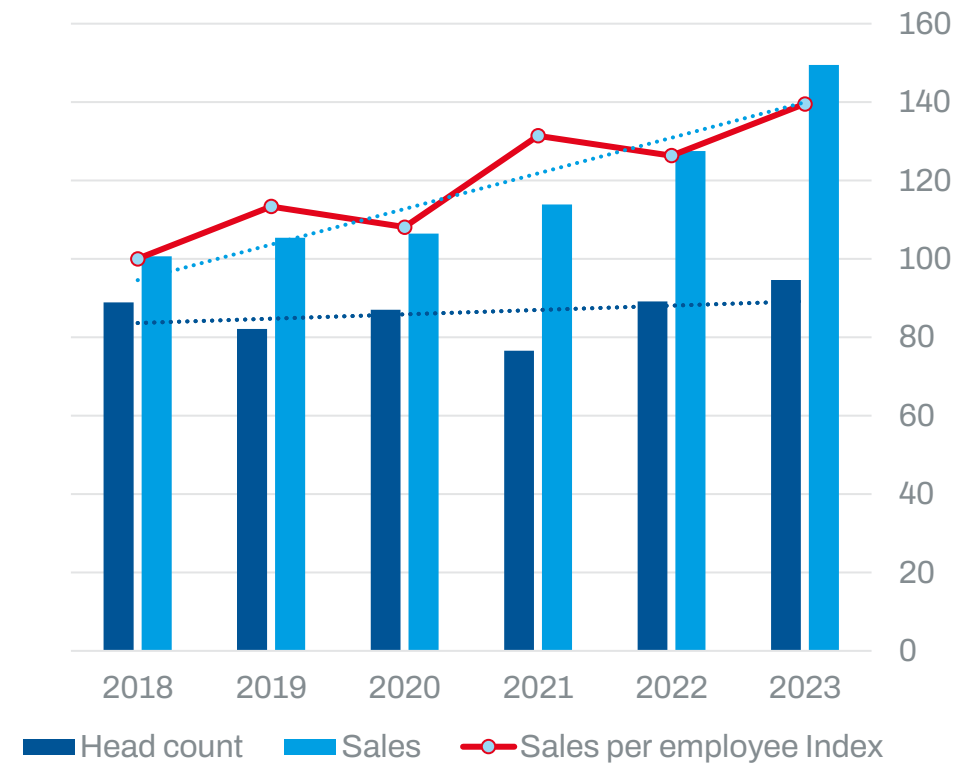
\* SAIC-General Motors-Wuling is included in GM as US brand region

\*\* Company estimates



# What Makes Autoliv a Preferred Partner in China?

- Close development partner with most major OEMs
- Actively sell advanced and differentiated solutions
- Going global with customers and supply base
- Drive collaboration with technology and other partners for Systems Solutions
- Substantial efficiency gains from automation & digitalization

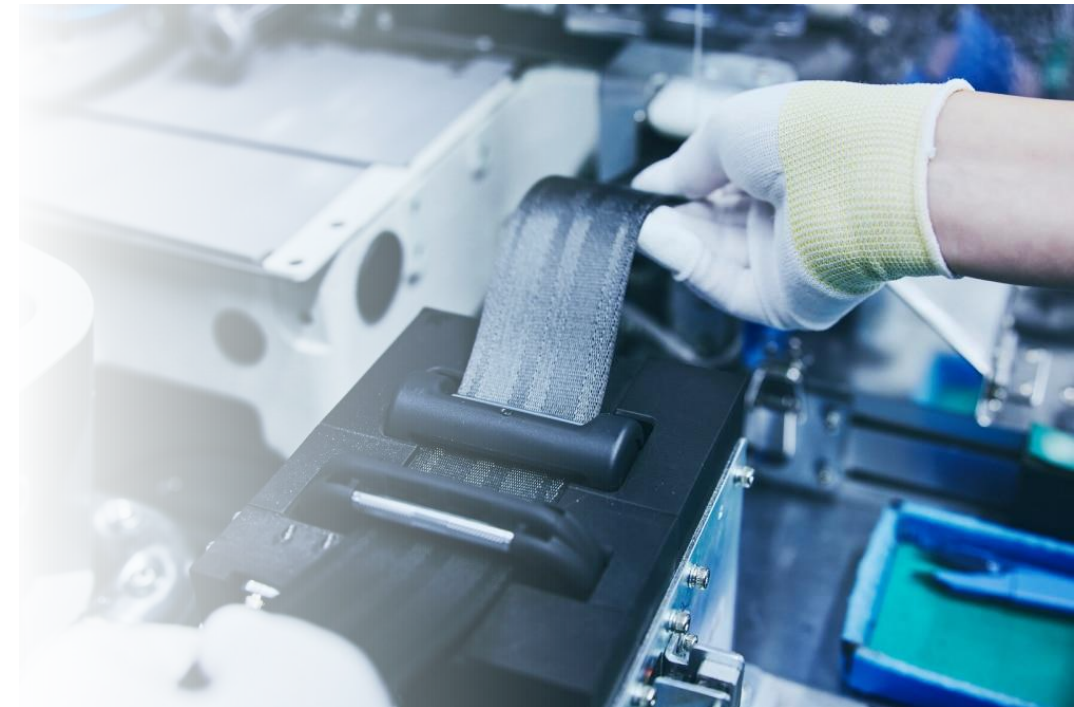




# Financials

# Q3'24 Financial Overview

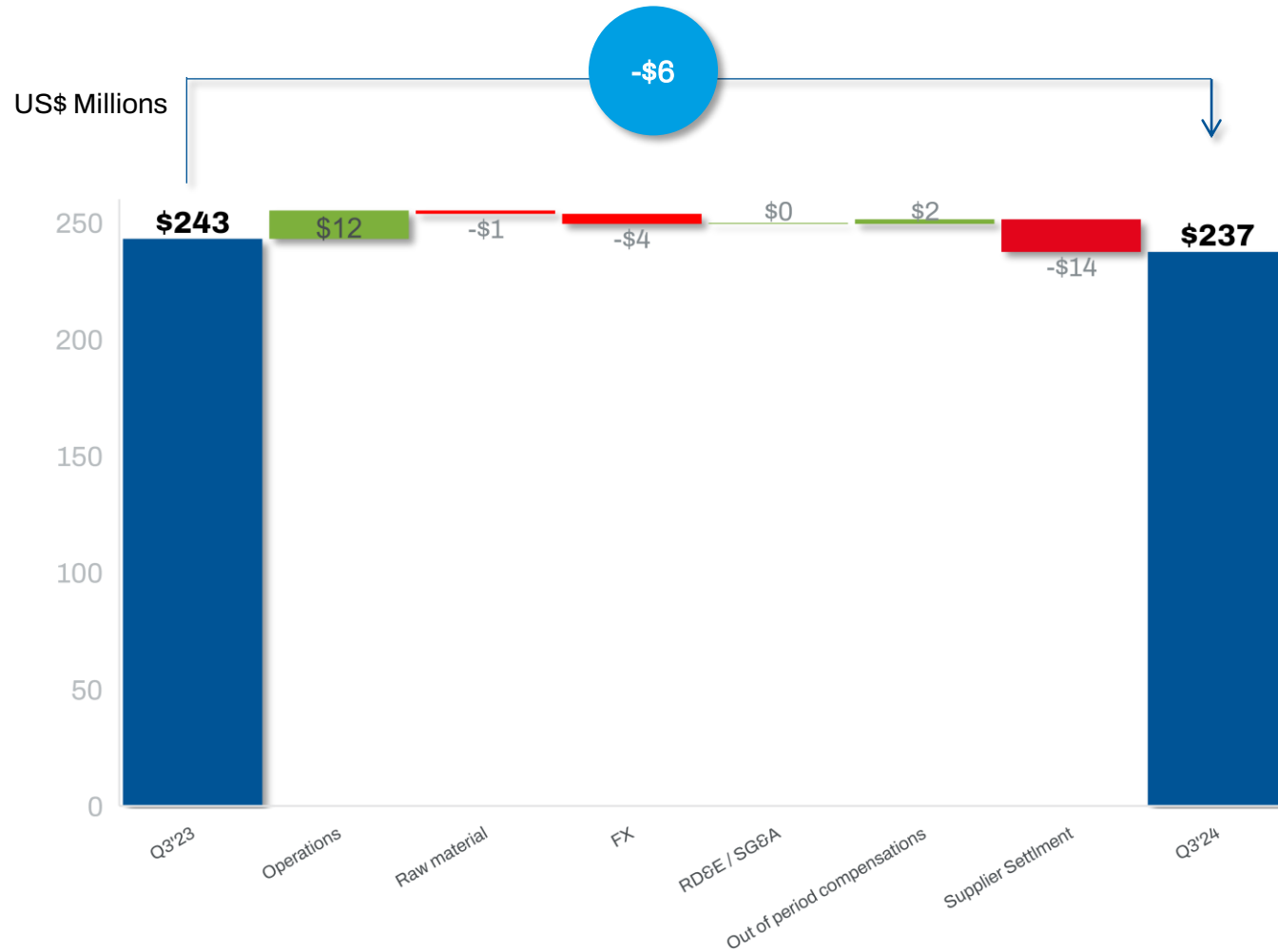
-US\$ Millions unless specified	Q3'24		Q3'23	
Sales	\$2,555		\$2,596	
Gross Profit	\$459	18.0%	\$465	17.9%
Adj. Operating Income <sup>1</sup>	\$237	9.3%	\$243	9.4%
Adj. EPS -assuming dilution <sup>1</sup>	\$1.84		\$1.66	
Adj. RoCE <sup>1,2</sup>	24%		25%	
Adj. RoE <sup>1,2</sup>	25%		21%	
Operating cash flow	\$177		\$202	
Dividend paid per share	\$0.68		\$0.66	
Stock repurchases	\$130		\$120	
Global LVP <sup>3</sup>	~20.9M		~22.0M	



- (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 @ October 2024

# Q3'24 Adjusted Operating Income\* Bridge

vs. prior year



## Operations

Primarily driven by:

- cost saving activities
- commercial recoveries

Partly offset by

- Higher labor cost
- Lower sales

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

# Cash Flow

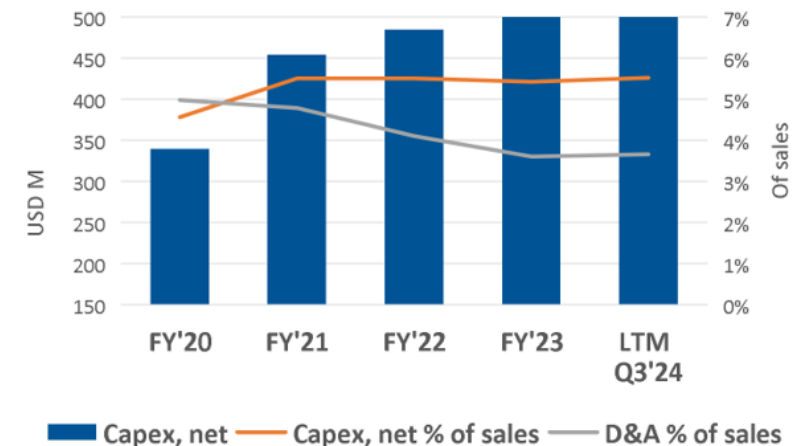
Continued strong performance from higher net income

-US\$ Millions unless specified	Q3'24	Q3'23	LTM	2023	2022
Net Income	\$139	\$134	\$632	\$489	\$425
Depreciation & Amortization	97	95	385	378	363
Other, net <sup>2</sup>	10	9	-119	-119	-133
Change in operating WC	-68	-36	189	235	58
<b>Operating cash flow</b>	<b>177</b>	<b>202</b>	<b>1,086</b>	<b>982</b>	<b>713</b>
Capital Expenditures, net <sup>2</sup>	-145	-151	-581	-569	-485
<b>Free cash flow<sup>1</sup></b>	<b>32</b>	<b>50</b>	<b>505</b>	<b>414</b>	<b>228</b>
Dividends paid	54	56	221	225	224
Stock repurchases	\$130	\$120	\$600	\$352	\$115

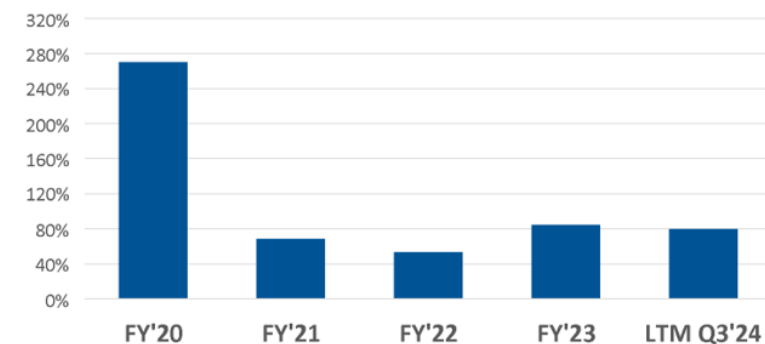
(1) Non-US GAAP measure

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

Capex and D&A

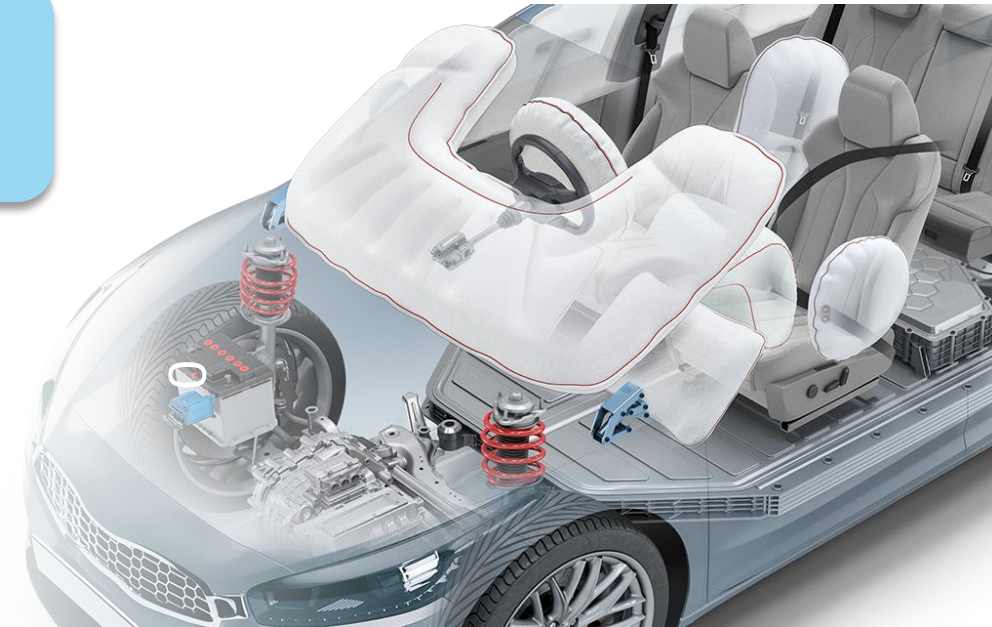
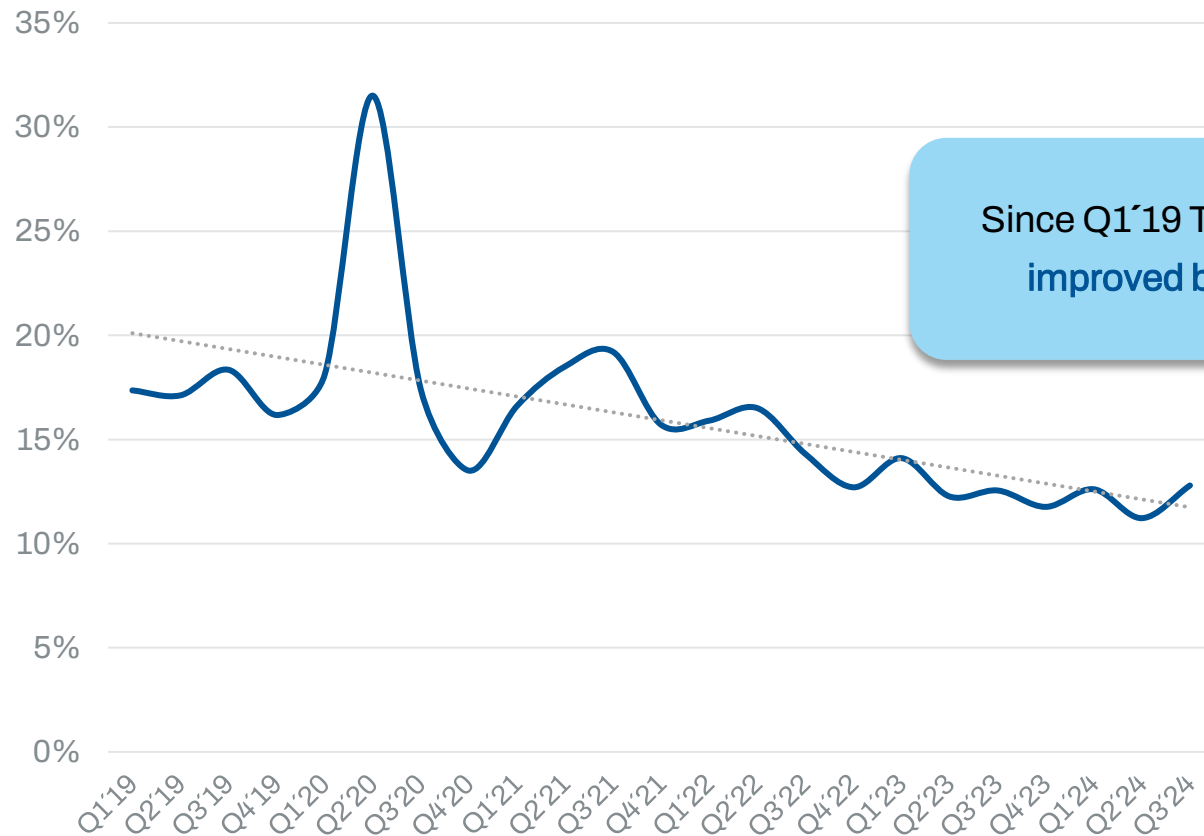


Cash Conversion<sup>1</sup>





# Trade Working Capital in Relation to Sales



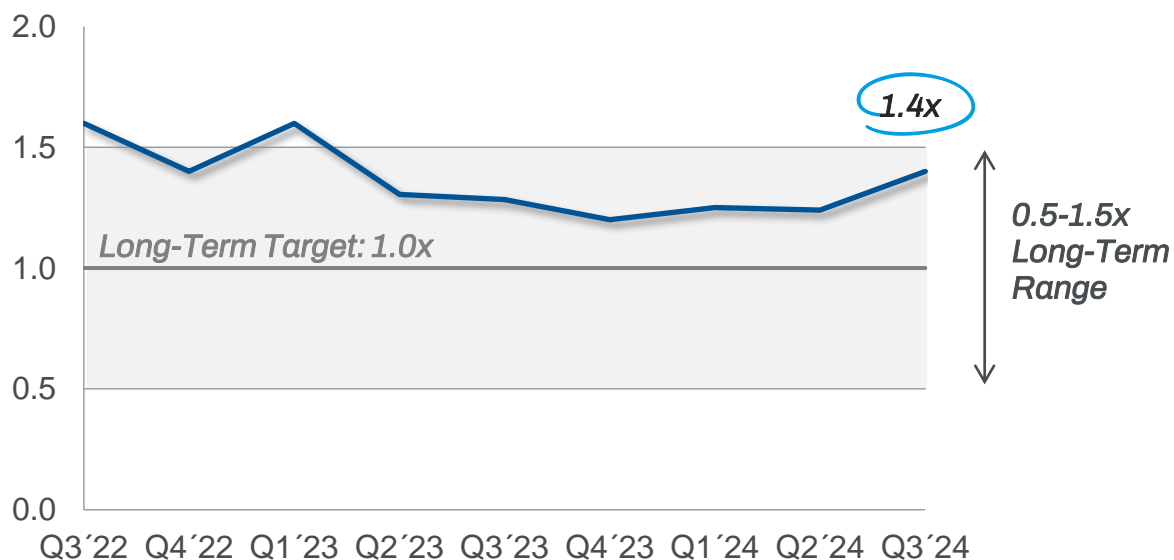


# Debt Leverage Ratio\*

Remains within the Long-term target range

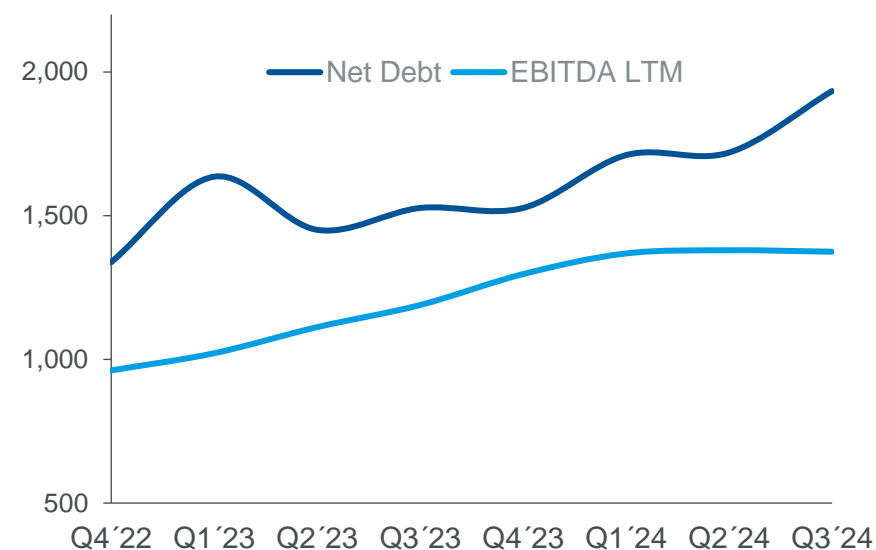
## Net Debt\* / EBITDA\*

Times



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

US\$ Millions



- Our Net Debt\* increased by **\$214M** from Q2'24
- EBITDA\* LTM decreased by **\$4M** from Q2'24

\* Non-US GAAP measure, Leverage Ratio and Net Debt includes Pension Liability

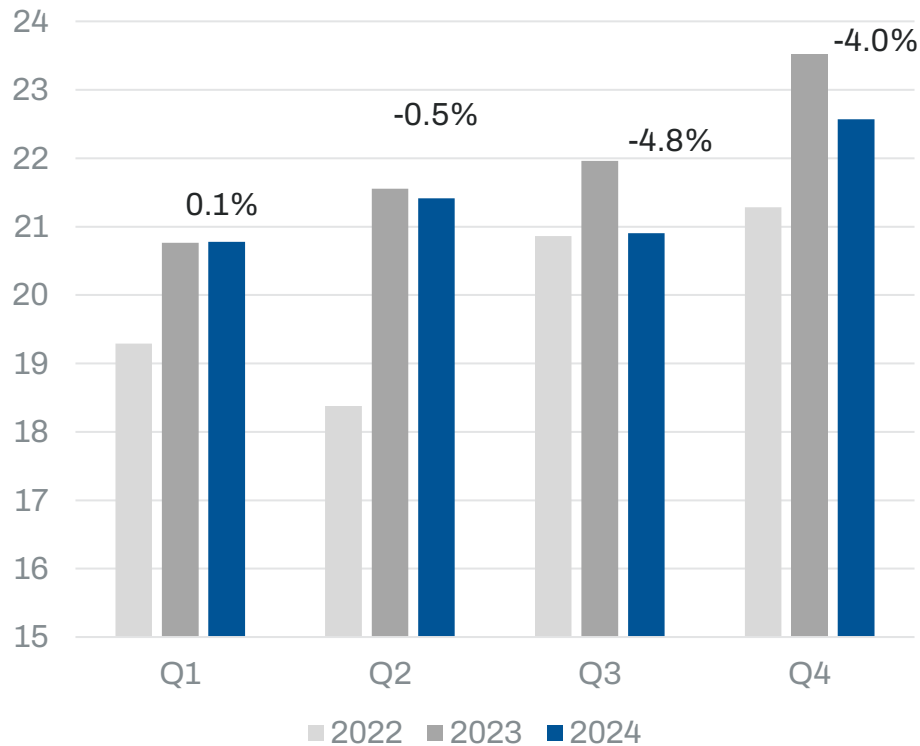
\*\*EBITDA calculation redefined to exclude other non-operating items and income from equity method investments

# Light Vehicle Production Outlook

Autoliv expects global LVP to decline by ~3 % in 2024

## Global Light Vehicle Production\*

-Million units



S&P Global: Light Vehicle Production*			
Region	Q4'24	FY'24	
	YoY Chg.	Million Units	Y-o-Y Chg.
China	-1.6%	28.4	1.1%
Japan	-9.3%	7.7	-8.9%
Rest of Asia	-1.7%	13.6	-2.3%
North America	-4.1%	14.1	-2.3%
South America	1.7%	2.9	-0.7%
Europe	-8.9%	16.9	-5.0%
<b>Global</b>	<b>-4.0%</b>	<b>85.7</b>	<b>-2.4%</b>

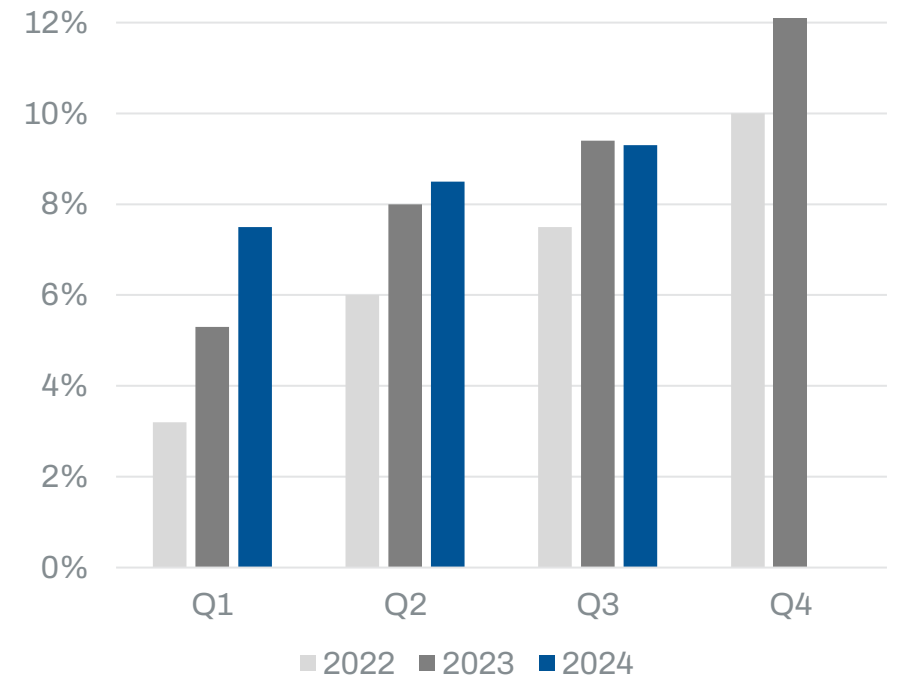
\* Light Vehicle Production (LVP up to 3.5 ton) according to S&P Global @ October 2024 Year over Year -Y-o-Y

# Business Outlook – Expected Significant Increase in profitability in Q4'24

Compared to the first nine months of this year, we expect for Q4'24

- Higher volumes driven by higher Global LVP according to S&P Global
- Normal seasonality from higher engineering income
- Additional saving from completion of customer compensation negotiations
- Structural cost reductions and strategic initiatives
- Favorable currency transaction effects
- Headwinds from supplier cost inflation

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 ~3%

	Full year	
Organic sales increase <sup>1</sup>	Around 1%	previous: around 2%
FX	Around -1%	
Adjusted Operating margin <sup>1</sup>	Around 9.5 to 10.0%	
Tax rate <sup>2</sup>	Around 28%	
Operating Cash flow <sup>3</sup>	Around \$1.1 billion	
Capex, net % of sales	Around 5.5%	

Exchange rates	
US\$/EUR	0.9020
US\$/JPY	144.85
US\$/KRW	1334.1
US\$/MXN	19.798
US\$/CNY	7.0859



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



# Q&A

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# Q3'24 Product Volumes

<b>Autoliv Quantities Delivered</b> -Millions unless specified	<b>Q3'24</b>	<b>vs. PY** -%</b>
<b>Seatbelts</b>	<b>34.3</b>	<b>-6%</b>
▪ Pretensioners -of which	23.4	-5%
▪ Active Seatbelts -of which	1.3	4%
<b>Frontal Airbags</b>	<b>14.4</b>	<b>-9%</b>
▪ Knee Airbags -of which	1.6	-22%
<b>Side Airbags</b>	<b>32.1</b>	<b>1%</b>
▪ Chest -Thorax	17.1	0%
▪ Head -Curtain	14.0	-1%
<b>Steering Wheels</b>	<b>5.0</b>	<b>-7%</b>
<b>LVP* -Global</b>	<b>20.9</b>	<b>-4.8%</b>

\*S&P Global: October 2024



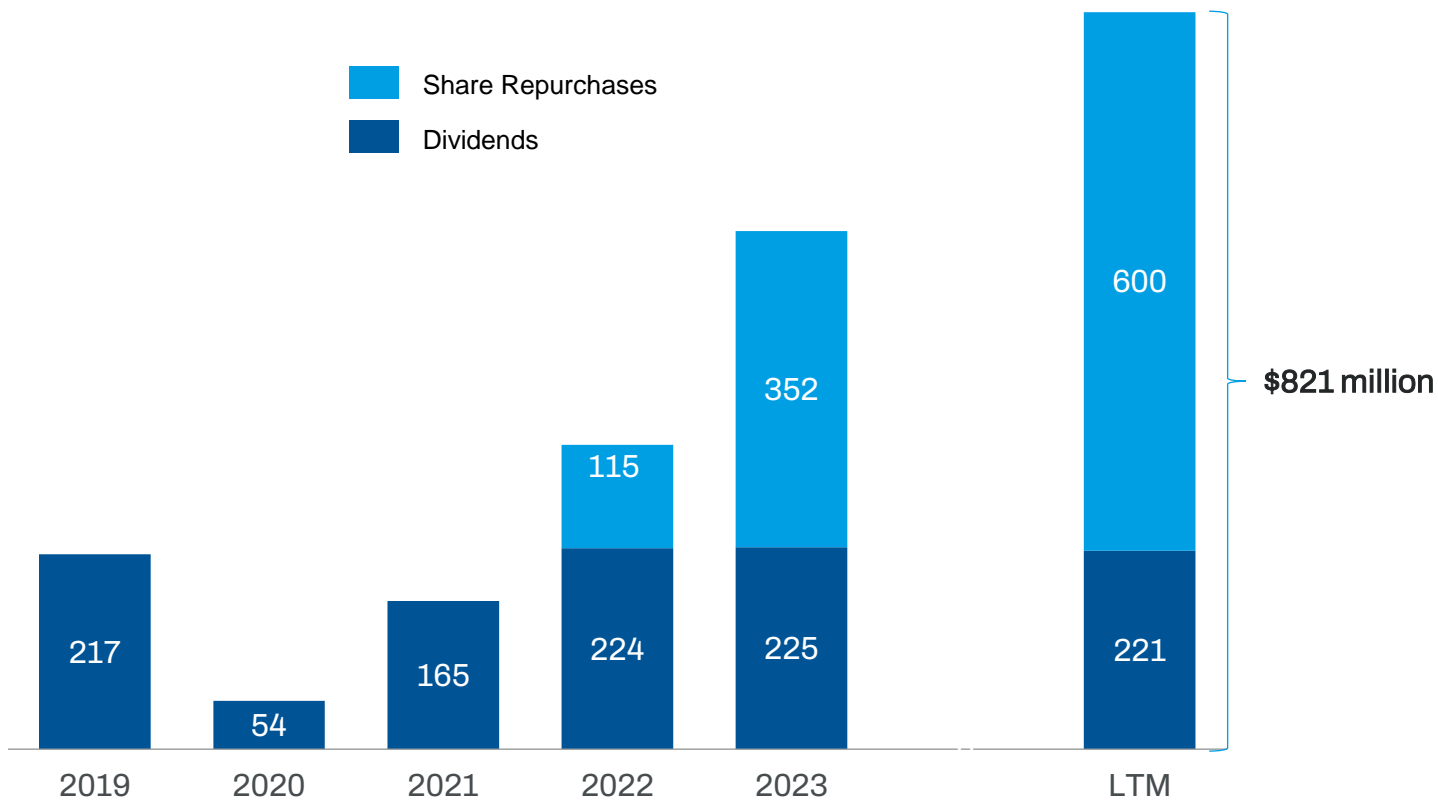


# Strong Balance Sheet & Cash flow Supporting Shareholder Returns

Repurchased 9.1 million shares since the beginning of 2022 for \$917 million under current mandate

## Shareholder Returns

US\$ Millions



~\$1.8 billion in direct shareholder returns over the last 5 years





# Saving More Lives

October 18, 2024

ALV – Q3 2024 Earnings Call and Webcast

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