

**More Lives Saved**



**More Life Lived**



# Earnings Call Presentation

4<sup>th</sup> Quarter 2022

January 27, 2023

# 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; the impacts of the coronavirus (COVID-19) pandemic on the Company’s financial condition, business operations, operating costs, liquidity and competition and on the global economy; changes in and stability of light vehicle production; fluctuation in vehicle production schedules for which the Company is a supplier; global supply chain disruptions, 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; changes in general industry and market conditions or regional growth or decline; changes in and the successful execution of our capacity alignment, restructuring, cost reduction, efficiency and strategic 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 judgements 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 medium term 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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# Q4'22 Key Highlights

Solid performance progress puts us on track towards our medium-term targets

- Strong sales outperformance supported by launches and price increases
  - Executing on our strong order book
  - Outperforming LVP strongly in all regions
- We reached the upper end of the full-year guidance range for adjusted operating margin
  - Profitability improved significantly driven by successful execution of price increases, cost reductions, and volume growth
- Our balance sheet and positive cash flow trend allowed for higher shareholder returns
  - Increased stock repurchases
  - Quarterly dividend increased by around 3% to \$0.66 per share
  - Retired 10 million of our treasury shares
- Joined the Advisory Board of the United Nations Road Safety Fund
- Launched holistic approach to motorcycle safety to Save More Lives
- FY2023 outlook
  - Organic sales growth expected to markedly outperform LVP
  - Sequential margins improvement through the year mainly through higher sales, price increases and some level of market stabilization

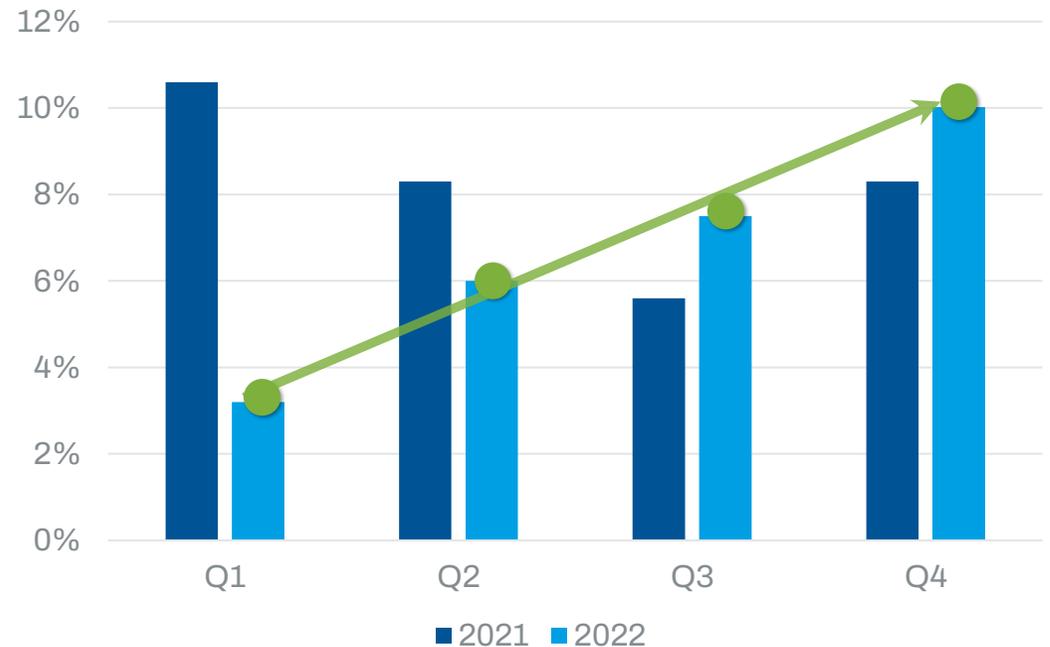


(\* Non-US GAAP measures)

# Adjusted Operating Margin\* Progression

- Our fourth quarter profitability recovered substantially, with double-digit operating margin
- Sequential margins improvement from:
  - Price increases to offset higher costs, mainly from raw material
  - Cost and headcount reduction activities
  - Engineering income seasonality
- Expect similar quarterly pattern in 2023

Adjusted Operating Margin\*  
%



(\* ) Non-US GAAP measures exclude costs and gains from capacity alignments

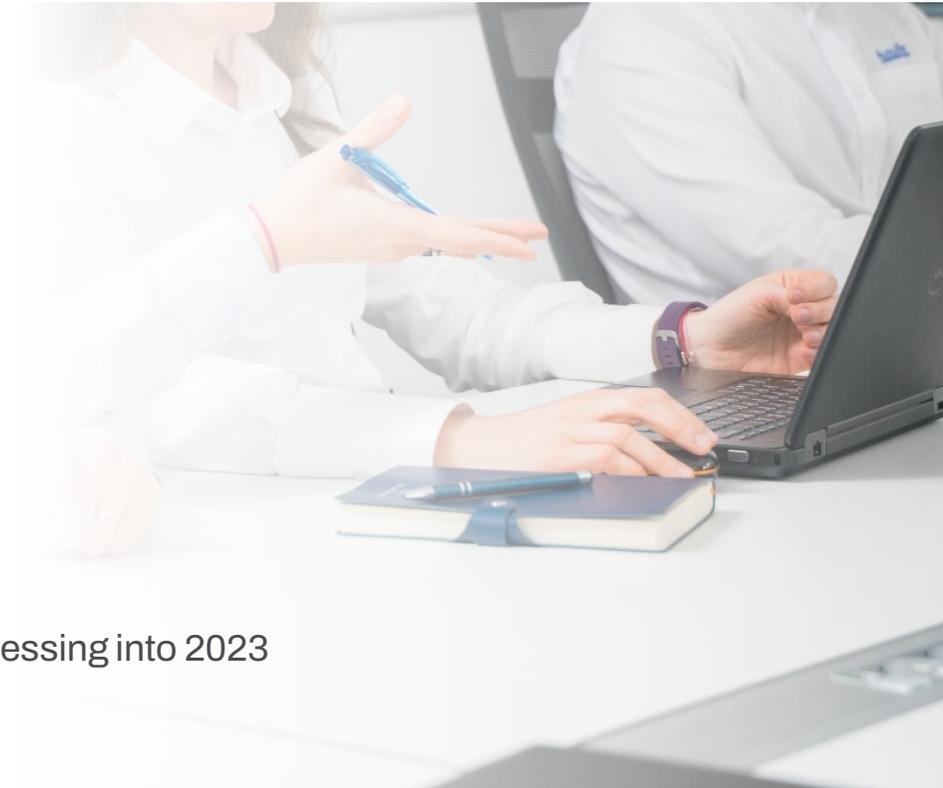
# Continued Price Negotiations Heading Into 2023

## Adapting to business conditions

- Prices must reflect the current cost environment
- Renegotiating terms for both new and running contracts
- Preserving our ability to seek further adjustments in the future as needed

## Current status

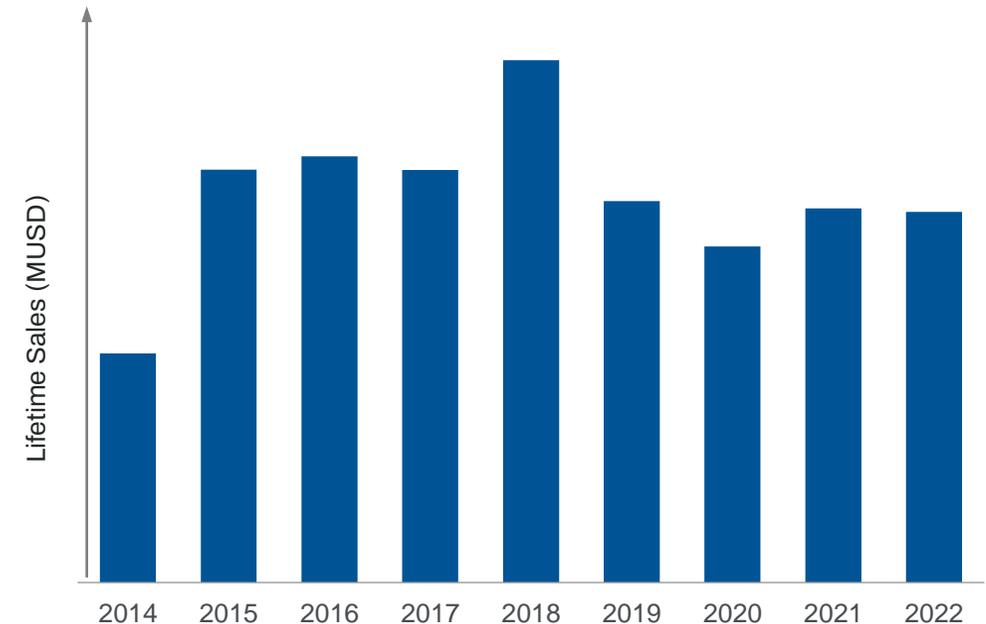
- Pricing is reflecting current level of raw material cost
- Price compensation discussions for cost increases in labor, logistics and utilities progressing into 2023
- Implementing greater pricing flexibility into contracts to account for changing costs
  - ~50% of contract portfolio (up from ~20%) now with raw material clauses



# FY'22 Order Intake

- >95% of targeted sales for 2024 secured
- Order intake lifetime sales were inline with last year, despite currency headwinds and a lower LVP outlook
- High win rates with side airbags, knee airbags, and seatbelts
- Major wins with new automakers
- Generally high win rate on new EV platforms
- Sourcing of some business awards delayed into 2023

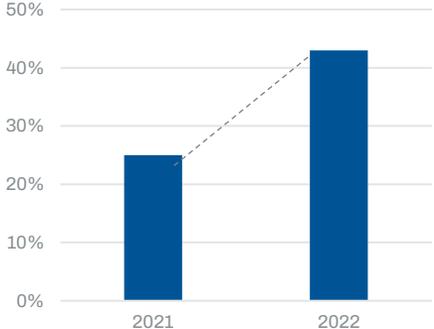
## Order Intake Lifetime Sales\*



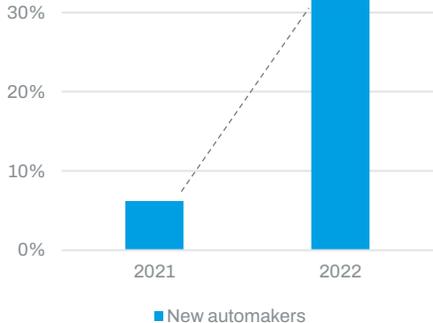
\* Company estimates. Previous year's lifetime sales not adjusted for recent LVP forecast updates with lower volumes or currencies

# FY'22 Order Intake Highlights

Order intake EVs  
% of total order intake



Order intake win with new automakers  
% of total order intake



## Multiple awards supporting industry trends and in new markets



Seatbelts for “Zero Gravity” inspired car seats (intended for self driving vehicles)



Knee airbags



Integrated Child Seats



Low noise seatbelts for EVs



Multiple high CPV wins in India



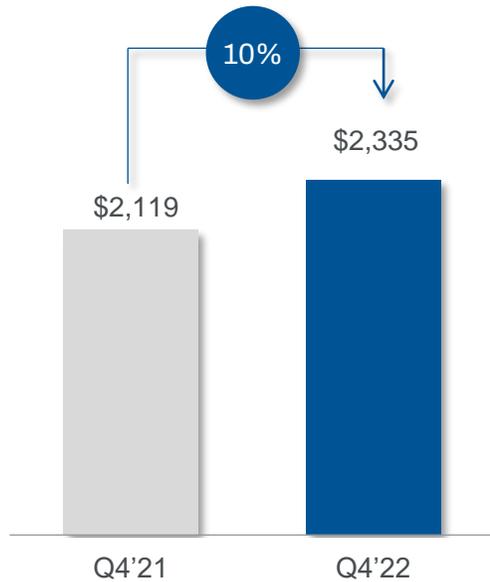
Steering Wheels with hands-on-detection, for self driving vehicles, and capacitive switches

# Q4'22 Financial Overview

Strong sales, profit, and cash flow development

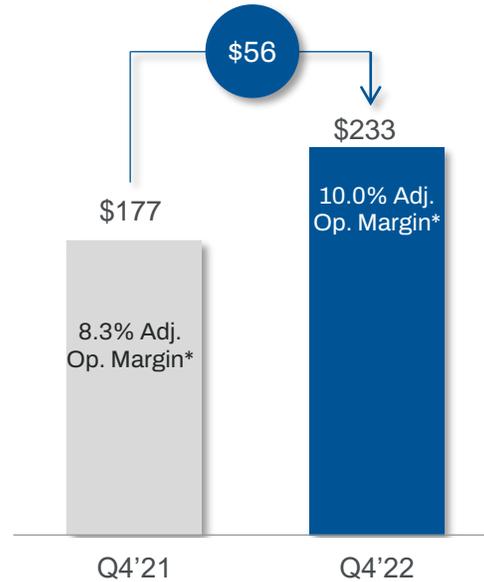
## Consolidated Sales

US\$ (Millions)



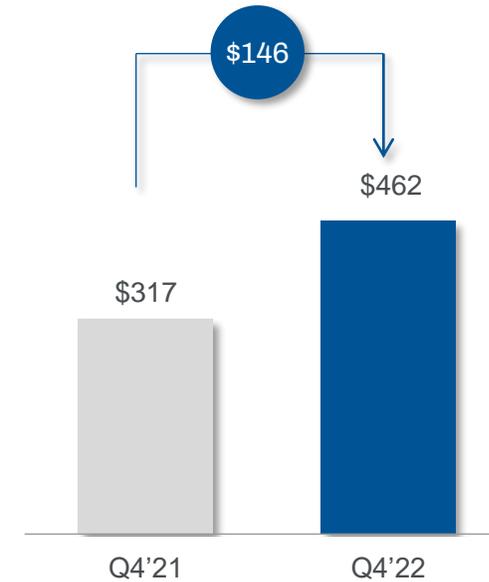
## Adjusted Operating Income\*

US\$ (Millions)



## Operating Cash Flow

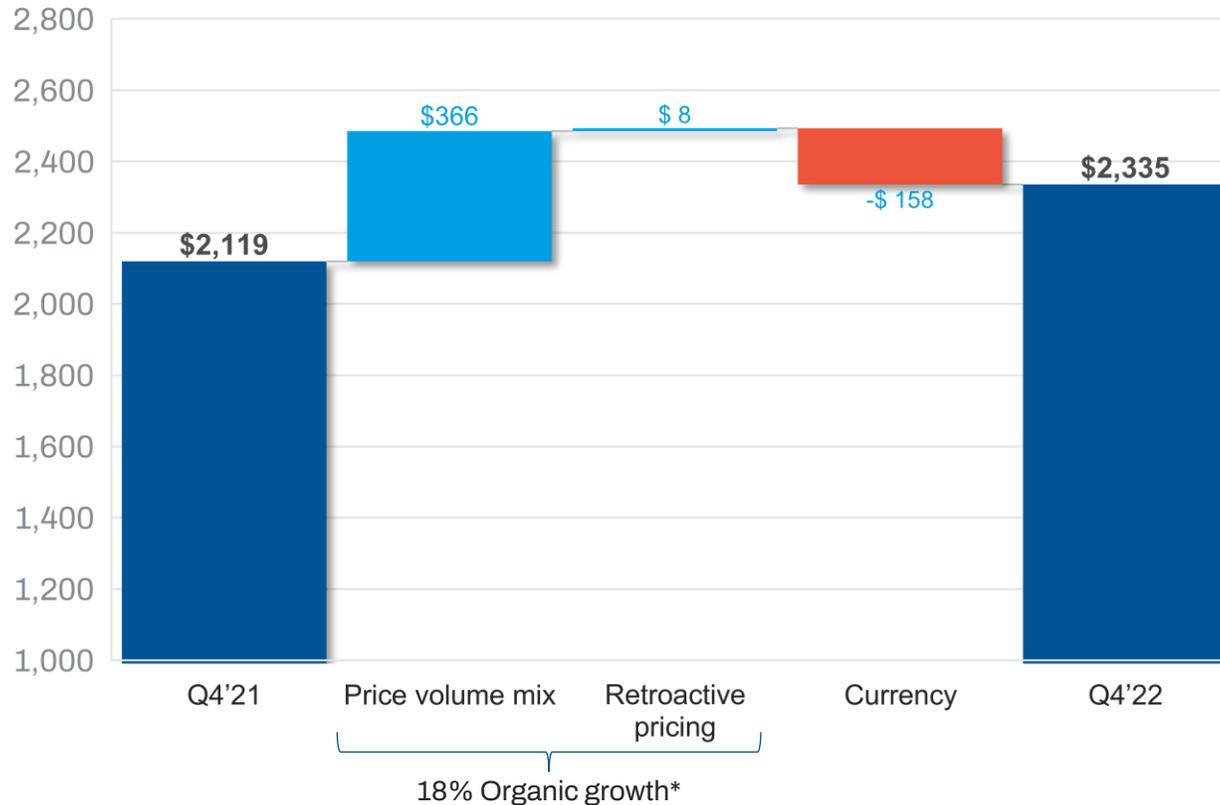
US\$ (Millions)



(\* Non-US GAAP measures exclude costs for capacity alignments)

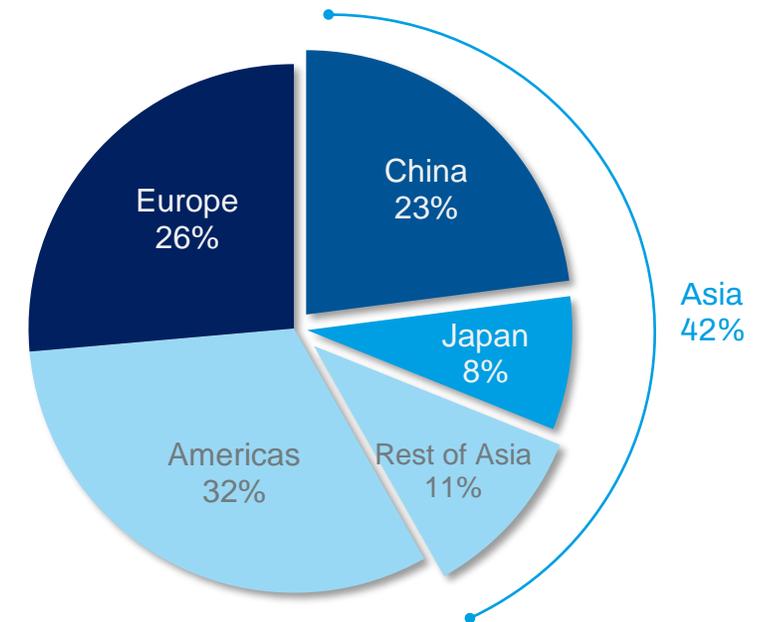
# Q4'22 Sales Growth and Regional Sales Split

**Sales Bridge**  
US\$ (Millions)



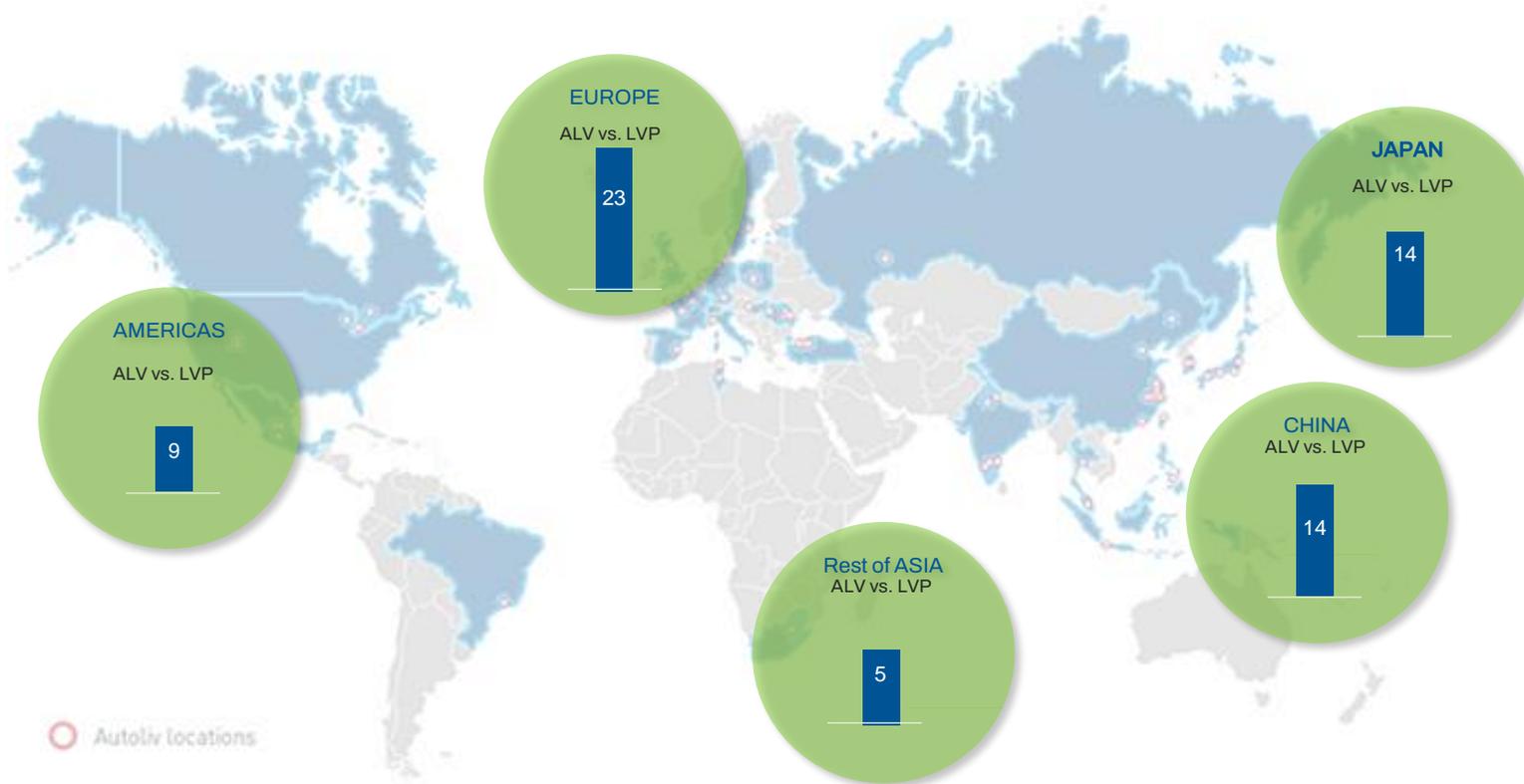
(\* Non-US GAAP measure.)

**Sales by Region Q4'22**  
%



# Q4'22 Organic Sales\* Growth - Outperforming Global LVP by 15pp

Organic growth\* vs. LVP\*\*  
(Percentage points)



(\* Non-US GAAP measure

(\*\*) Light Vehicle Production (LVP) up to 3.5 ton according to S&P Global @ January 2023

# Q4'22 Key Model Launches



Lixiang X02



Zeekr 009



ORA Shandianmao



GWM Shanghai Pao



Citroen C4X



Honda Pilot



Honda Accord



Peugeot 408



Dodge Hornet



# Sustainability at Autoliv

Guided by our vision of Saving More Lives

## Sustainability is an integral part of our business

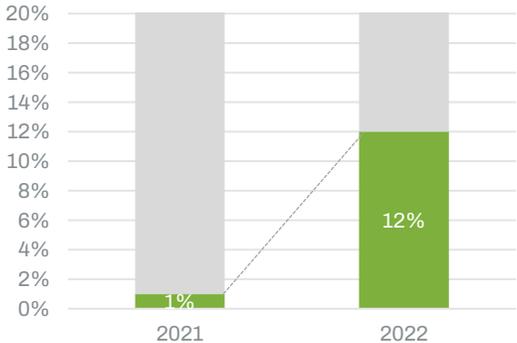
- Our contribution to society and the environment is rooted in core business
- Our work contributes to the realization of several of the UN Sustainable Development Goals
- UN Global Compact Signatory
- Climate targets approved by the Science Based Targets initiative
- Collaborative approach enables us to maximize our positive impact
  - Joined the Advisory Board of the United Nations Road Safety Fund
  - R&D collaborations to expand road safety to vulnerable road users

Focus Area	Ambitions	Sustainable Development Goals
<b>Saving More Lives</b>	100,000 lives saved per year	  
<b>A Safe and Inclusive Workplace</b>	<ul style="list-style-type: none"> <li>• Zero accidents</li> <li>• Embrace inclusive ways of working</li> </ul>	  
<b>Climate Action</b>	<ul style="list-style-type: none"> <li>• Carbon neutral in own operations by 2030</li> <li>• Net zero emissions across our supply chain by 2040</li> </ul>	  
<b>Responsible Business</b>	<ul style="list-style-type: none"> <li>• Prevent corruption and other unethical business practices</li> <li>• Respect human rights</li> <li>• Manage supply chain sustainability risks</li> </ul>	

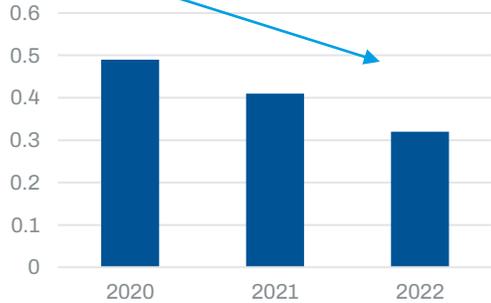
# Sustainability Highlights 2022

- To reach our **ambition of saving 100,000 lives per year**, we took steps by expanding our activities in the vulnerable road user area, including collaboration and trials in Malaysia and India
- As part of the climate strategy, we carried out a **climate survey** at ~2,000 direct material suppliers
- Carried out **climate training** with senior management
- Significantly improved the use of **renewable electricity**
- 98% of all direct material suppliers covered by **sustainability audit**

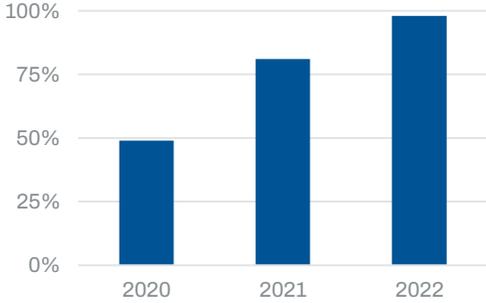
**Renewable electricity use**  
% of total electricity



**Incident rate**  
Reported injuries per 200,000 hours worked



**Supplier Audits**  
% of suppliers



# FY 2022 Financial Overview

(US\$ Millions unless specified)	2022		2021	
Sales	\$8,842		\$8,230	
Gross Profit	\$1,396	15.8%	\$1,511	18.4%
Adj. Operating Income <sup>1</sup>	\$598	6.8%	\$683	8.3%
EPS (assuming dilution)	\$4.85		\$4.96	
Adj. RoCE <sup>1,2</sup>	16%		19%	
Adj. RoE <sup>1,2</sup>	15%		17%	
Operating cash flow <sup>1</sup>	\$713		\$754	
Dividend paid per share	\$2.58		\$1.88	
Stock repurchases	\$115		-	
Global LVP <sup>3</sup> (annual rate)	~79M		~73M	

(1) Non-US GAAP measures exclude costs for capacity alignments

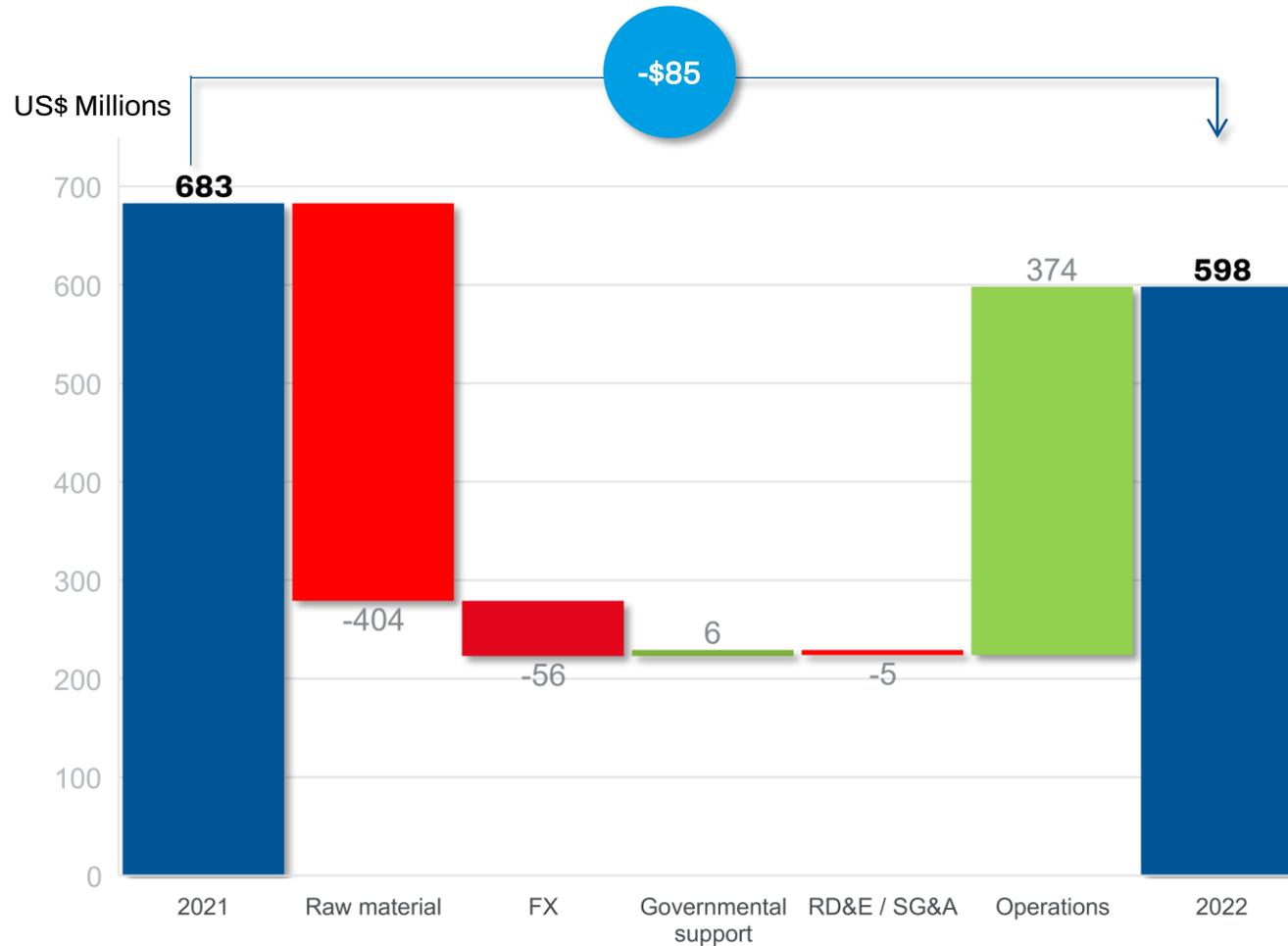
(2) Return on Capital Employed (RoCE) and Return on Equity (RoE)

(3) Light Vehicle Production (LVP) up to 3.5 ton according to S&P Global @ January 2023



# FY 2022 Adj. Operating Income\* Bridge

Vs. prior year



In 2022, we faced the worst cost inflation seen in three decades, which initially impacted our profitability significantly.

Through aggressive price adjustments, we managed to gradually offset this raw material cost inflation and profitability was well restored by the end of the year

## Adjusted Operating margin impacted by

- + Pos** Actions including price increases and cost saving activities as well as higher volumes
- Neg** Higher raw material cost, inflationary pressure, FX and cost for call-off volatility.

(\* Non-US GAAP measures exclude costs for capacity alignments)

# Q4'22 Financial Overview

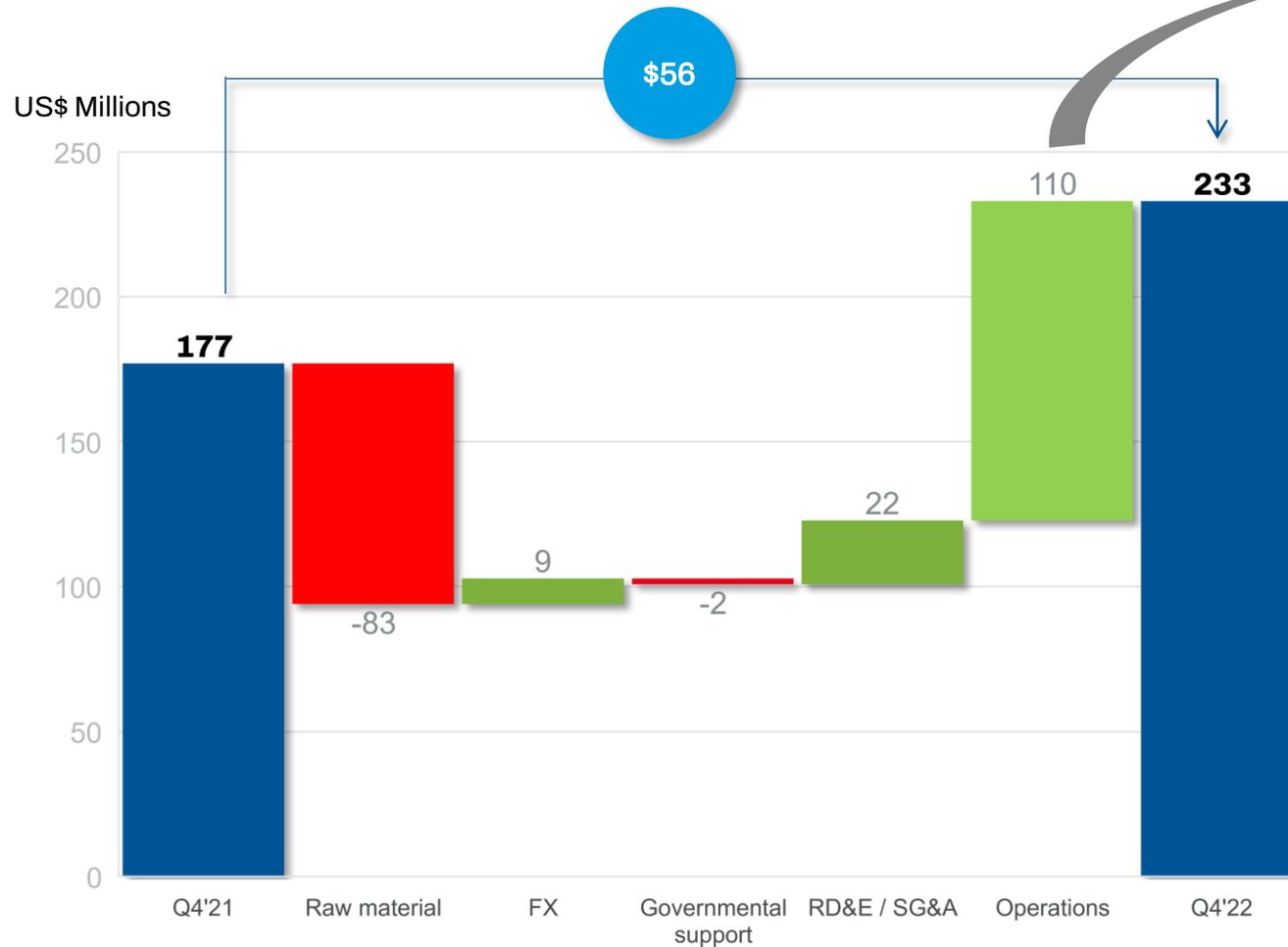
(US\$ Millions unless specified)	Q4'22		Q4'21	
Sales	\$2,335		\$2,119	
Gross Profit	\$399	17.1%	\$368	17.4%
Adj. Operating Income <sup>1</sup>	\$233	10.0%	\$177	8.3%
EPS (assuming dilution)	\$1.80		\$1.31	
Adj. RoCE <sup>1,2</sup>	25%		19%	
Adj. RoE <sup>1,2</sup>	25%		18%	
Operating cash flow	\$462		\$317	
Dividend paid per share	\$0.66		\$0.64	
Stock repurchases	\$55		-	
Global LVP <sup>3</sup> (annual rate)	~84M		~79M	



- (1) Non-US GAAP measures exclude costs for capacity alignments  
 (2) Return on Capital Employed (RoCE) and Return on Equity (RoE)  
 (3) Light Vehicle Production (LVP) up to 3.5 ton according to S&P Global @ January 2023

# Q4'22 Adj. Operating Income\* Bridge

Vs. prior year



A result of our actions, including price increases, cost saving activities and higher volumes. This was partly offset by inflationary pressure and costs for call-off volatility.

(\* Non-US GAAP measures exclude costs for capacity alignments)

# Cash Flow

Reversing the negative effects on working capital from Q2

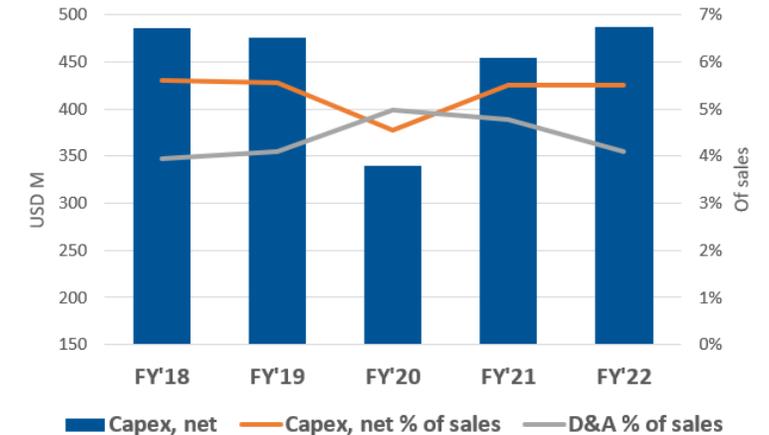
(US\$ Millions unless specified)	Q4'22	Q4'21	2022	2021
Net Income	\$156	\$115	\$425	\$437
Depreciation & Amortization	90	97	363	394
Other, net <sup>3</sup>	-10	-12	-133	-15
Change in operating WC	226	116	58	-63
<b>Operating cash flow</b>	<b>462</b>	<b>317</b>	<b>713</b>	<b>754</b>
Capital Expenditures, net <sup>3</sup>	-165	-153	-485	-454
<b>Free cash flow<sup>1</sup></b>	<b>297</b>	<b>164</b>	<b>228</b>	<b>300</b>
Dividends paid	57	56	224	165
Stock repurchases	\$55	-	\$115	-

(1) Non-US GAAP measure, reconciliation is provided above

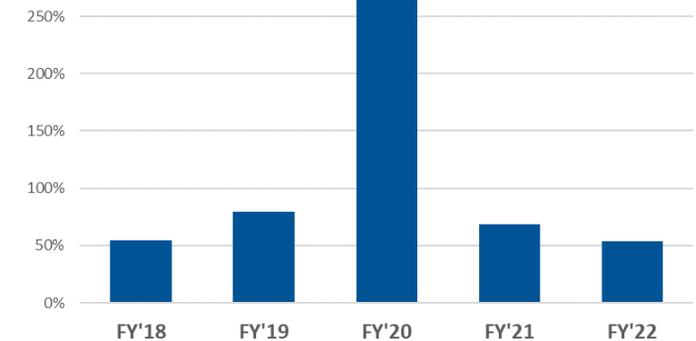
(2) Non-US GAAP measure, adjusted for EC antitrust accrual in 2018 and payment in 2019

(3) Includes income of \$80 million from sale in Q1 2022 of property in Japan

Capex and D&A



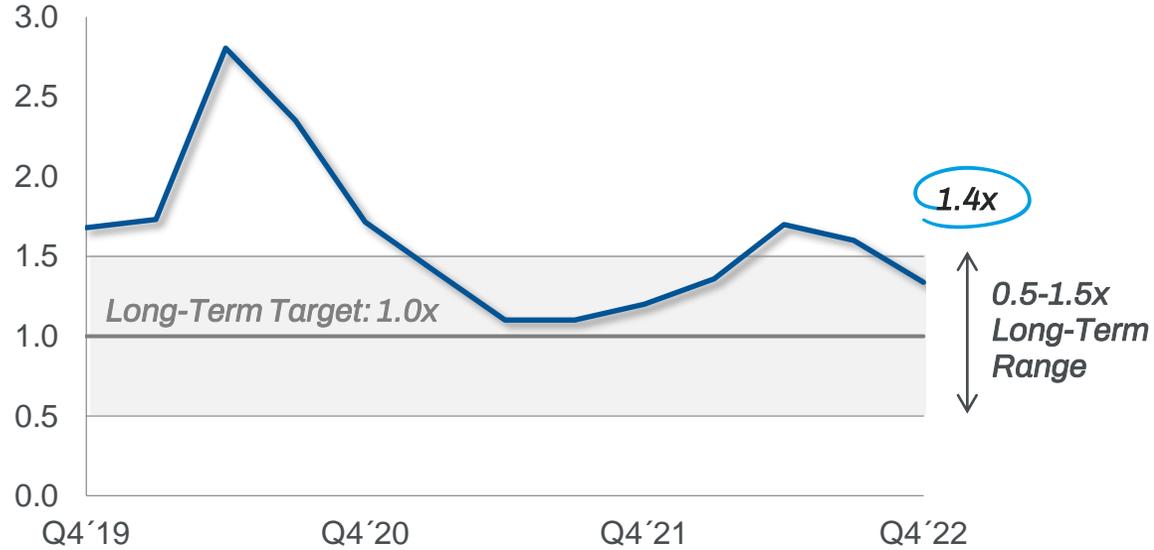
Cash Conversion<sup>2</sup>



# Debt Leverage Ratio\*

Net Debt\*/ EBITDA\*

x



Net Debt\* and EBITDA\* per the Policy

US\$ Millions



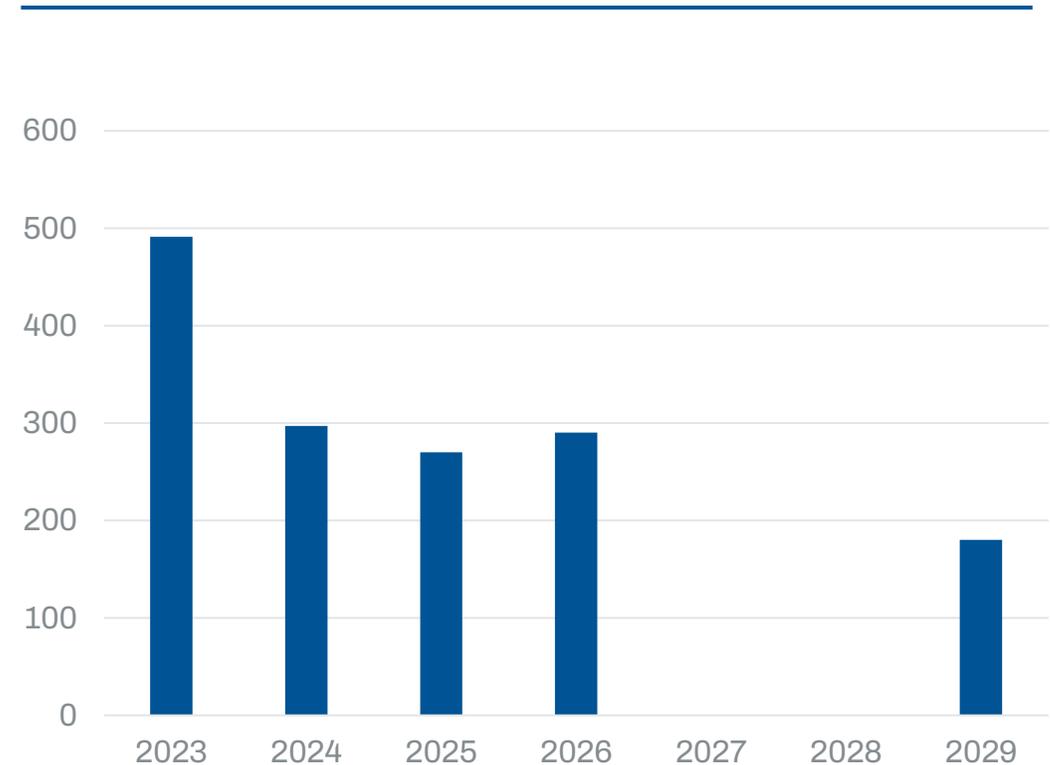
- Our Net Debt\* decreased by **\$99M** from Q3'22
- EBITDA LTM increased by **\$49M** from Q3'22

(\* 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

# Strong Liquidity Position

- Significant liquidity cushion with **\$1.7 billion** in cash and unutilized credit facilities as of December 31
- Average interest rate for debt portfolio of around 4%
- Credit rating from S&P Global: BBB (stable)
- None of the credit facilities are subject to financial covenants

Debt Maturities\*  
US\$ Millions



(\* None of the credit facilities are subject to financial covenants)

# Light Vehicle Production Outlook



**North America** US car sales are expected to rise by over 1 million units but still remain well below the pre-pandemic norm of over 17-million-plus. Despite concerns surrounding the ongoing volatility of the supply chain and recessionary fears, production in the region is projected to increase by more than 5% in 2023.



**Europe** While fears of production disruption related to energy inputs have abated somewhat, the flow of semiconductor remains a constraint and there is increasing concern regarding demand on the LVP for 2023.



**China** The recent COVID outbreak has negatively impacted LVP, as well as short-term demand. As a result, first quarter production has been reduced by close to 0.5 million units, with volume losses expected to be recovered in subsequent quarters.

Despite concerns surrounding the ongoing volatility of the supply chain and recessionary fears, global LVP is projected to increase ~3 % in 2023.

## Light Vehicle Sales LTM (Million units)



### S&P Global: Light Vehicle Production\*

Region	Q1'23	FY'23	
	YoY Chg.	Million Units	Y-o-Y Chg.
China	-8.1%	25.4	0.5%
Japan	12.4%	7.8	6.7%
Rest of Asia	8.1%	13.4	2.5%
North America	5.5%	13.8	5.5%
South America	16.2%	3.0	5.9%
Europe	5.9%	16.4	5.3%
<b>Global</b>	<b>2.6%</b>	<b>82.0</b>	<b>3.5%</b>

(\* Light Vehicle Production (LVP) up to 3.5 ton according to S&P Global @ January 2023 Year over Year (Y-o-Y)

# 2023 Inflationary Pressure

## Purchased components

- Unchanged raw material cost
  - Commodity price indices are down since their peak in early March 2022, although some are still up year-over-year
  - Automotive grade steel prices have not declined as much as the generic steel indices would indicate
  - Higher cost for plastic and nylon offsetting lower cost for metals
- Supplier value added
  - Main drivers are labor inflation and energy costs at suppliers

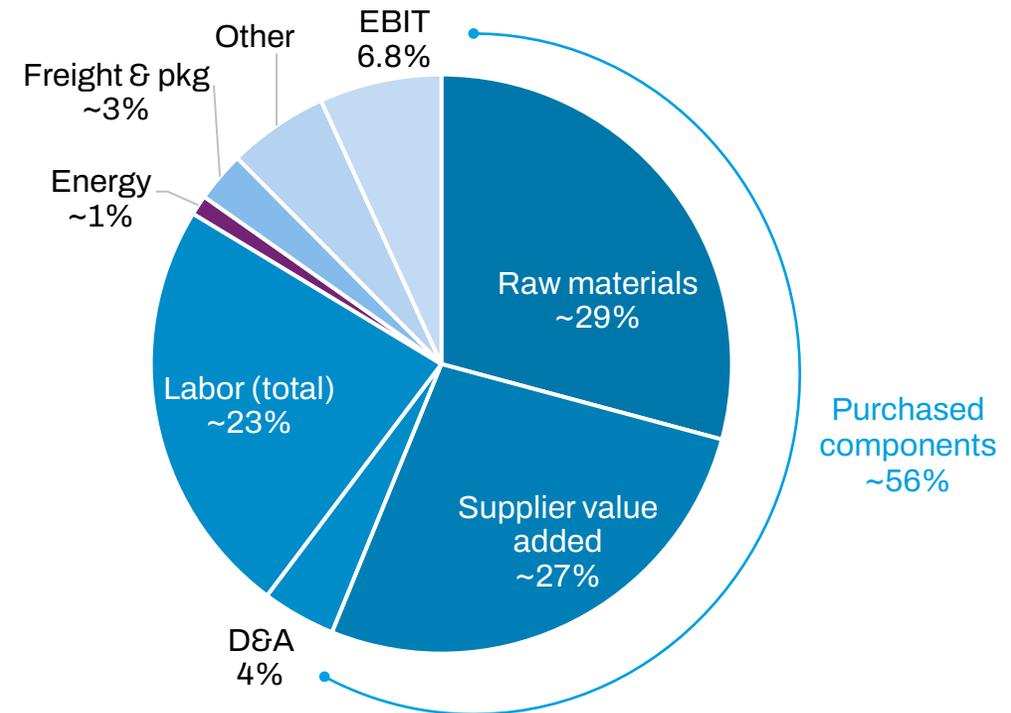
## Labor cost

- Substantially higher labor cost increases than normal
  - Mainly in Europe and North America

## Freight & pkg and Energy

- General cost increase for logistics due to higher costs for labor and fuel
- Increased cost for energy mainly driven by Europe

## Cost items in relation to sales 2022

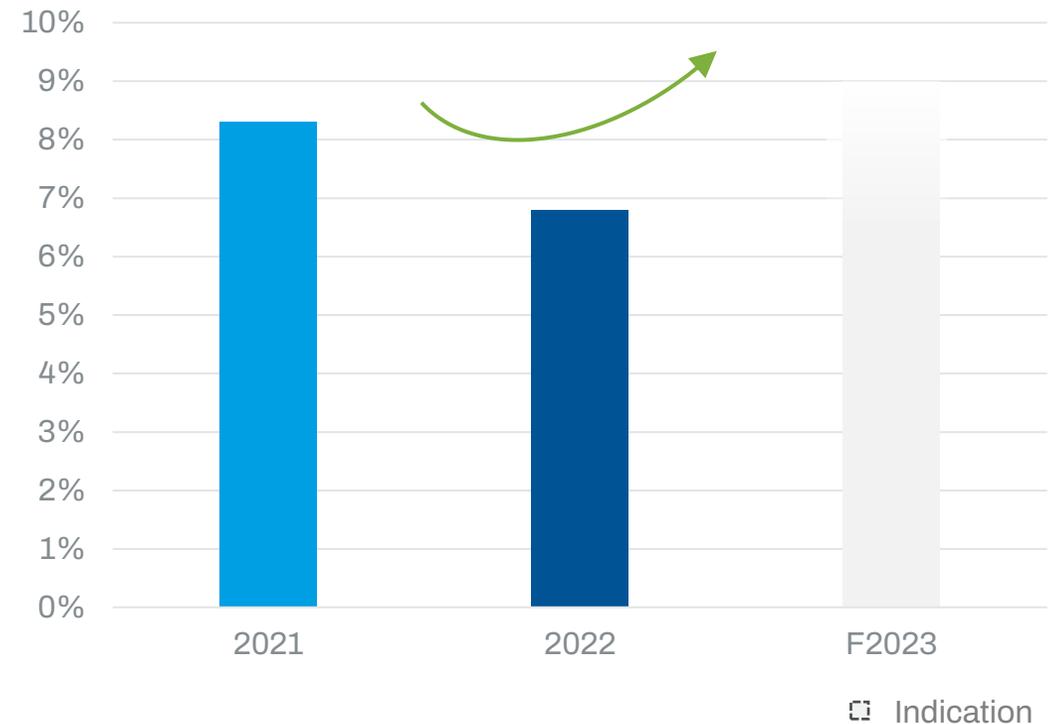


# 2023 Business Outlook

- Continued strong outperformance vs LVP expected
  - Expect high outperformance in all regions
- Margins improvement from:
  - Gradually increasing cost compensations through price increases and other recoveries
  - Aligning direct labor to demand level
  - Strict cost control
  - Improving LVP stability and visibility
  - Increasing supply chain stability
- Gradual improvement quarter by quarter
  - Expect similar quarterly pattern as in 2022
  - Adj op margin Q1'23 likely to be mid single digit level

## Adjusted Operating Margin\*

%



# Full Year 2023 Indications

	Full year indication
LVP growth	~3%
<b>Organic sales increase<sup>1</sup></b>	<b>Around 15%</b>
FX	Around negative 1%
<b>Adjusted Operating margin<sup>1</sup></b>	<b>~8.5 to 9%</b>
Tax rate <sup>2</sup>	Around 32%
<b>Operating Cash flow<sup>2</sup></b>	<b>Around \$900 million</b>
Capex, net % of sales	Around 6%

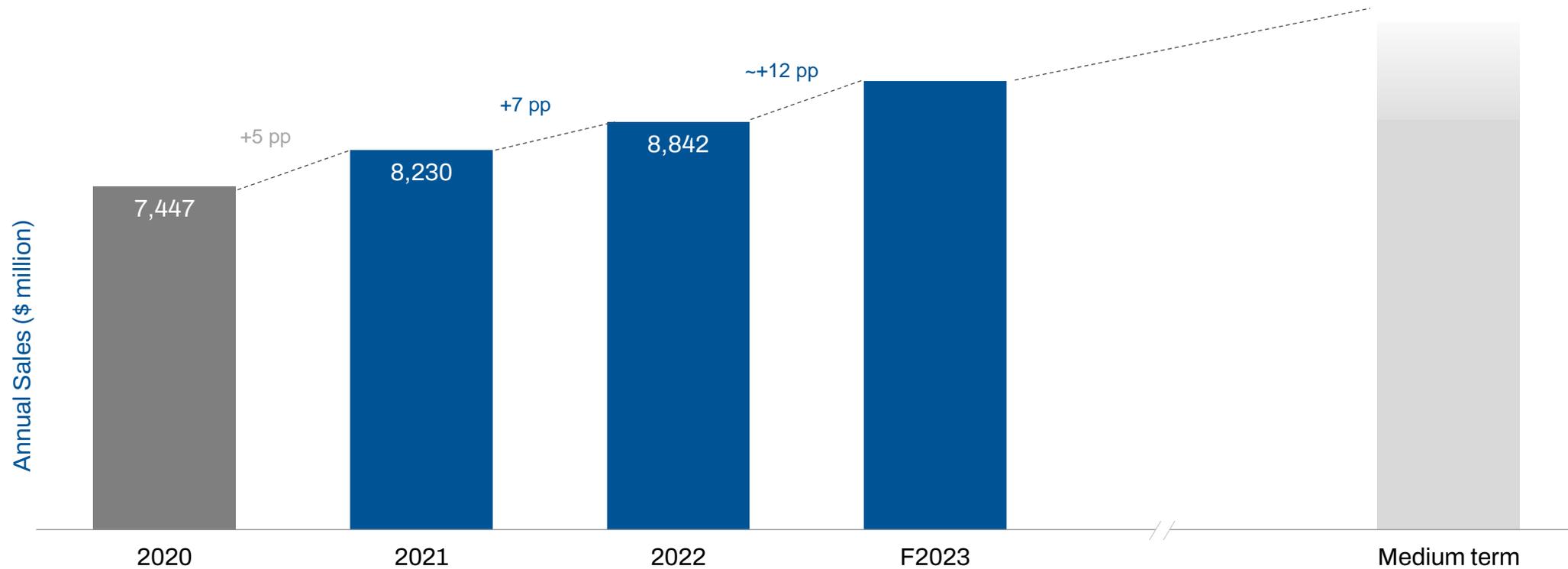


<sup>(1)</sup> Non-US GAAP measures. Adjusted Operating margin excludes costs and gains for capacity alignments, antitrust related matters and other discrete items, <sup>(2)</sup> Excluding unusual items

# Growth Target on Track

Average +4 pp growth over LVP excluding price compensations

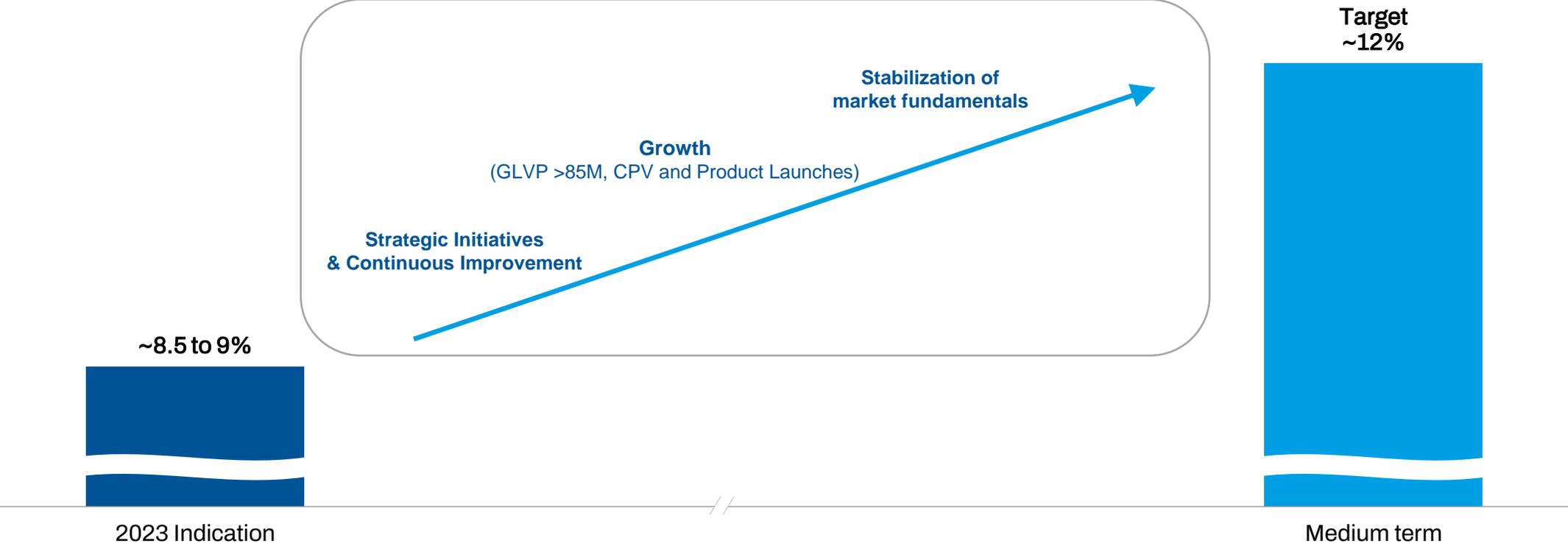
## Organic growth over LVP



# Achieving our Adjusted Operating Margin Target

Clear Levers and Conditions

Adj. Operating Margin<sup>(1)</sup>



(1) Non-US GAAP measure. Adjustments for capacity alignments and antitrust related matters

# Welcome to Autoliv Investor Day 2023

June 12, 2023, Autoliv Technical Center Auburn Hills (Detroit), Michigan

## Focus areas

- Product, technology and innovation opportunities for future mobility
- Strategic roadmap
- Automation and operational efficiency



# FY'23 vs. FY'22 Improvement Supporting our Adj. Operating Margin Target

## Positives

- Executing from a strong order book
- Expected higher LVP
- Gradual price compensations
- Strategic initiatives
- Less LVP volatility

## Negatives

- Purchased Components
- Labor cost
- Freight & pkg and Energy
- Higher D/A

Positive progression





# Saving More Lives

# Definition of Symbols

 Driver and/or Passenger Airbags

 Seatbelts

 Side Airbags

 Head/Inflatable Curtain Airbags

 Knee Airbag

 Pyrotechnical Safety Switch

 Pedestrian Airbag/Hood lifters

 Steering Wheel

 Front Center Airbag

 Bag-in-Belt

 EV / PHEV

# Q4'22 Product Volumes

Autoliv Quantities Delivered (Millions unless specified)	Q4'22	vs. PY** (%)
<b>Seatbelts</b>	<b>35.0</b>	<b>10%</b>
▪ Pretensioners (of which)	23.4	15%
▪ Active Seatbelts (of which)	1.3	22%
<b>Frontal Airbags</b>	<b>14.7</b>	<b>7%</b>
▪ Knee Airbags (of which)	1.8	3%
<b>Side Airbags</b>	<b>27.6</b>	<b>14%</b>
▪ Chest (Thorax)	14.5	15%
▪ Head (Curtain)	12.5	11%
<b>Steering Wheels</b>	<b>5.0</b>	<b>9%</b>
<b>LVP* (Global)</b>	<b>20.9</b>	<b>2.3%</b>



(\* Light Vehicle Production (LVP) up to 3.5 ton according to S&P Global @ January 2023, (\*\*) Prior Year (PY).