

Autoliv JP Morgan Auto Conference August 2021



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

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Q2'21 Highlights

Solid growth despite global LVP affected by semi-conductor shortages

▪ Market developments

- Resource bottlenecks in global supply chains hamper industry growth more than expected
- Volatile LVP creating operational challenges and inefficiencies

▪ Strong organic sales growth

- Strong sales development with positive geographic mix

▪ Major operating income improvement

- Structural efficiency programs and other cost reduction actions continue to yield positive results
- Operating income sequential declining on lower sales and increasing cost for raw materials

▪ Cash flow

- Toyota recall issue from 2016 resolved, affecting WC
- Our debt leverage ratio* improved substantially

▪ Reinstated quarterly dividend at \$0.62

▪ Setting ambitious climate targets



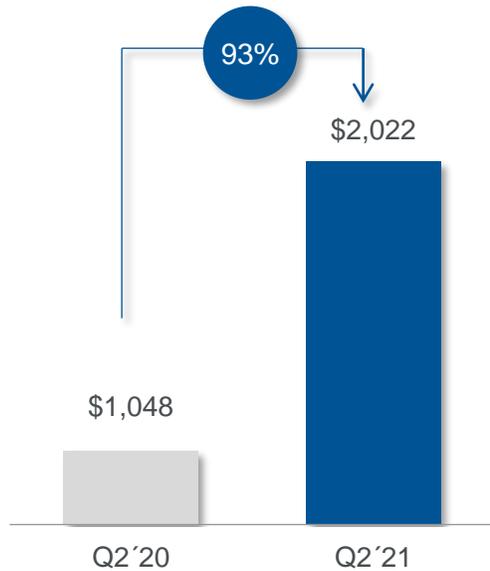
(*) Non-US GAAP measures

Q2'21 Financial Highlights

Strong recovery from last year despite lower than expected LVP

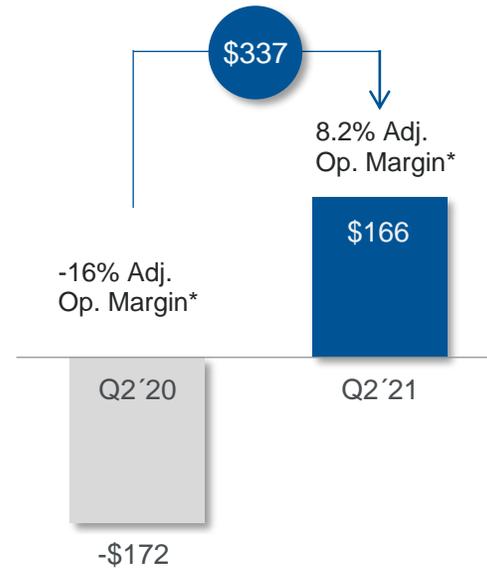
Consolidated Sales

US\$ (Millions)



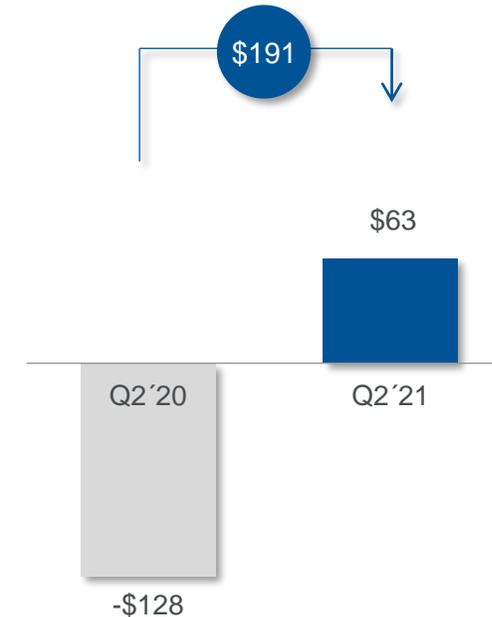
Adjusted Operating Income*

US\$ (Millions)



Operating Cash Flow

US\$ (Millions)

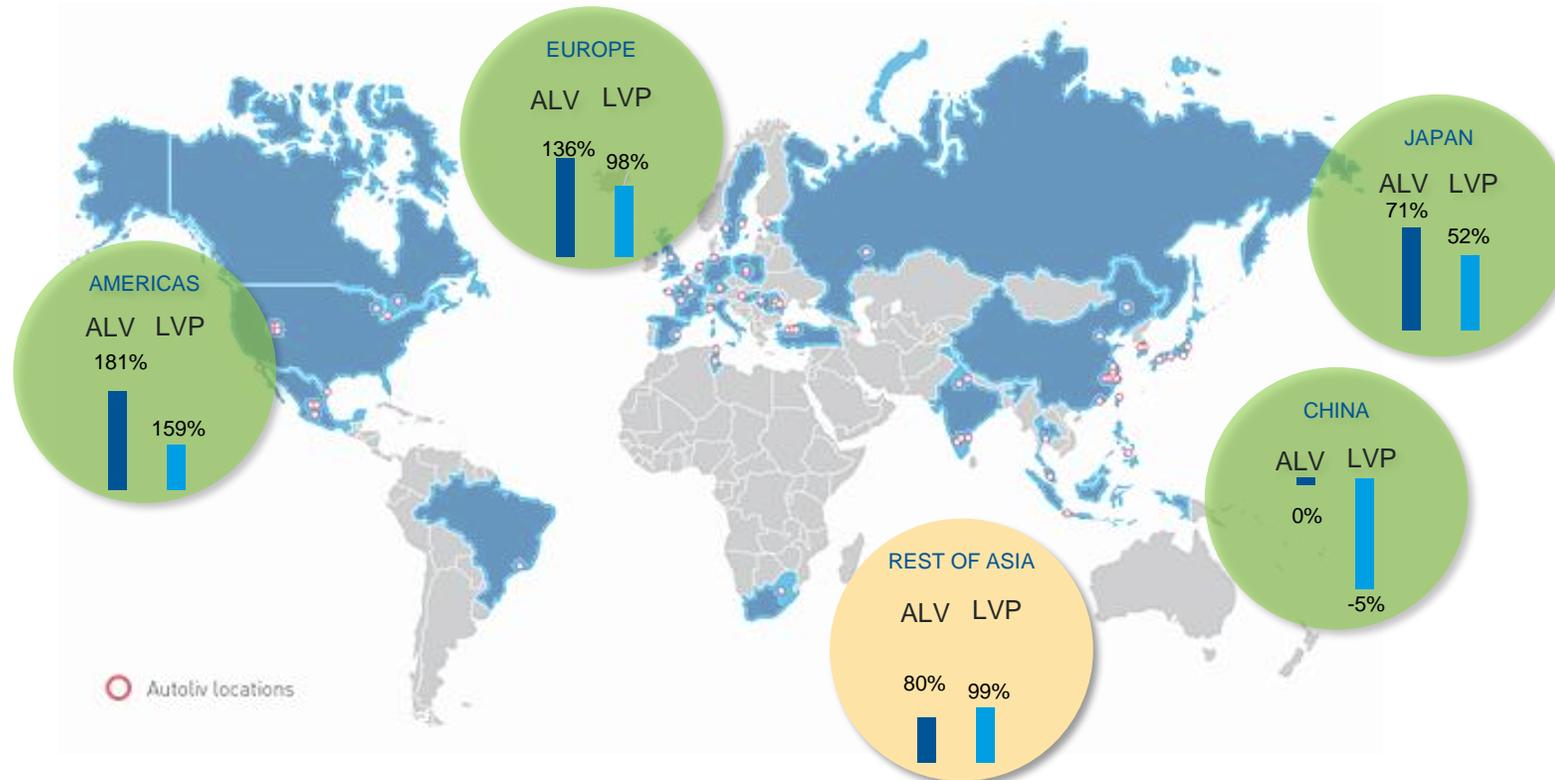


(*) Non-US GAAP measures exclude costs for capacity alignments

Q2'21 Sales Growth

Outperforming global LVP by more than 30 percentage points

Regional Organic Growth* vs. LVP**



(*) Non-US GAAP measure

(**) Light Vehicle Production (LVP) according to IHS Markit @ June 2021

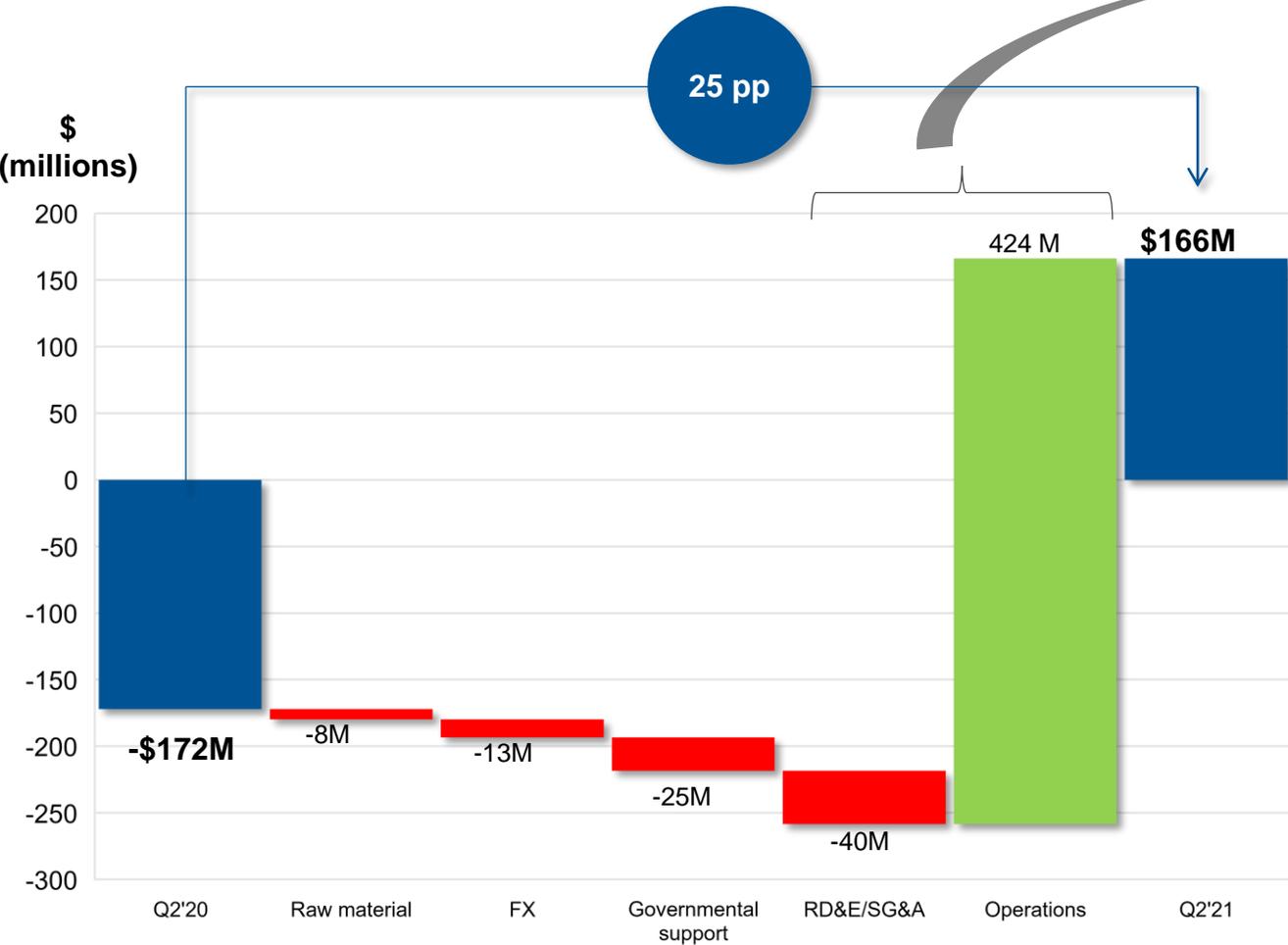
Q2'21 Financial Overview

(US \$ Millions unless specified)	Q2'21		Q2'20		Q2'19	
Sales	\$2,022		\$1,048		\$2,155	
Gross Profit	\$384	19.0%	\$14	1.4%	\$400	18.6%
Adj. Operating Income ¹	\$166	8.2%	-\$172	-16.4%	\$183	8.5%
EPS (assuming dilution)	\$1.19		-\$2.00		\$1.25	
Adj. RoCE ^{1,2}	18%		-18%		20%	
Adj. RoE ^{1,2}	16%		-24%		24%	
Operating cash flow	\$63		-\$128		\$182 ⁴	
Dividend paid per share	\$0.62		-		\$0.62	
Global LVP ³ (annual rate)	~73M		~48M		~86M	



- (1) Non-US GAAP measures exclude costs for capacity alignments and antitrust related matters in Q2'19
 (2) Return on Capital Employed (RoCE) and Return on Equity (RoE)
 (3) Light Vehicle Production (LVP) according to IHS Markit @ June 2021
 (4) Excluding EC antitrust payment

Q2'21 Adj. Operating Profit* Bridge vs. Prior Year



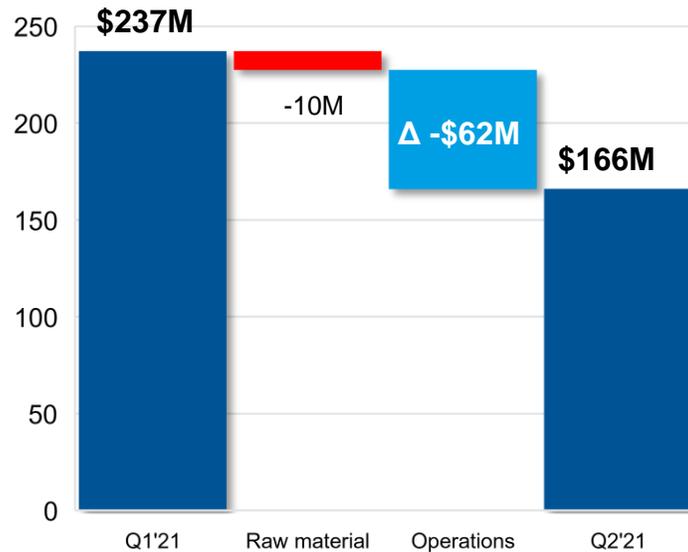
~39% leverage (excl. FX, raw mtrl and gov. support) on higher sales as a result of improved productivity and effects from structural efficiency programs

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

Operational Leverage ~28% vs. prior Quarter

Adjusted Operating income*

\$ (millions)



Headwinds & Tailwinds

- Neg

- ~8% lower LVP
- Volatile LVP

+ Pos

- Productivity in labor
- Headcount reduction >2,000

Operational Leverage

Δ Sales : **-\$220 M**

→ ~28% decremental margin excl. RM

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

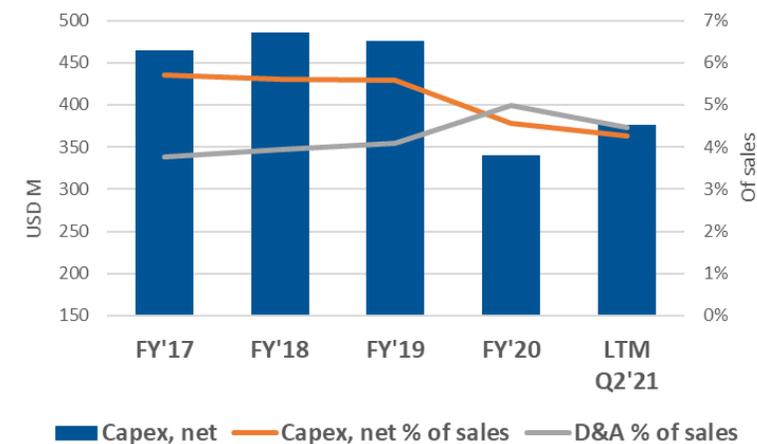
Cash Flow

(US\$ Millions unless specified)	Q2'21	Q2'20	Q2'19	LTM	2020	2019
Net Income	\$105	-\$174	\$109	\$550	\$188	\$463
Depreciation & Amortization	100	87	86	394	371	351
EC antitrust payment	-	-	-203	-	-	-203
Other, net	-16	-85	4	89	13	-17
Change in operating WC	-125	44	-17	37	277	47
Operating cash flow	63	-128	-21	1,070	849	641
Operating cash flow excl. EC antitrust payment¹	63	-128	182	1,070	849	844
Capital Expenditures, net	-96	-64	-128	-377	-340	-476
Free cash flow¹	-33	-192	55	693	509	368
Dividends paid	\$54	-	\$54	\$54	\$54	\$217

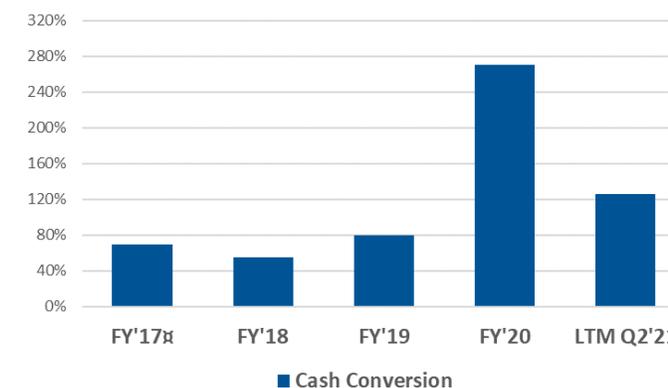
(1) Non-US GAAP measure, adjusted for EC antitrust payment in Q2 2019, reconciliation is provided above

(2) Non-US GAAP measure, adjusted for EC antitrust accrual in 2018 and payment in Q2 2019

Capex and D&A



Cash Conversion²

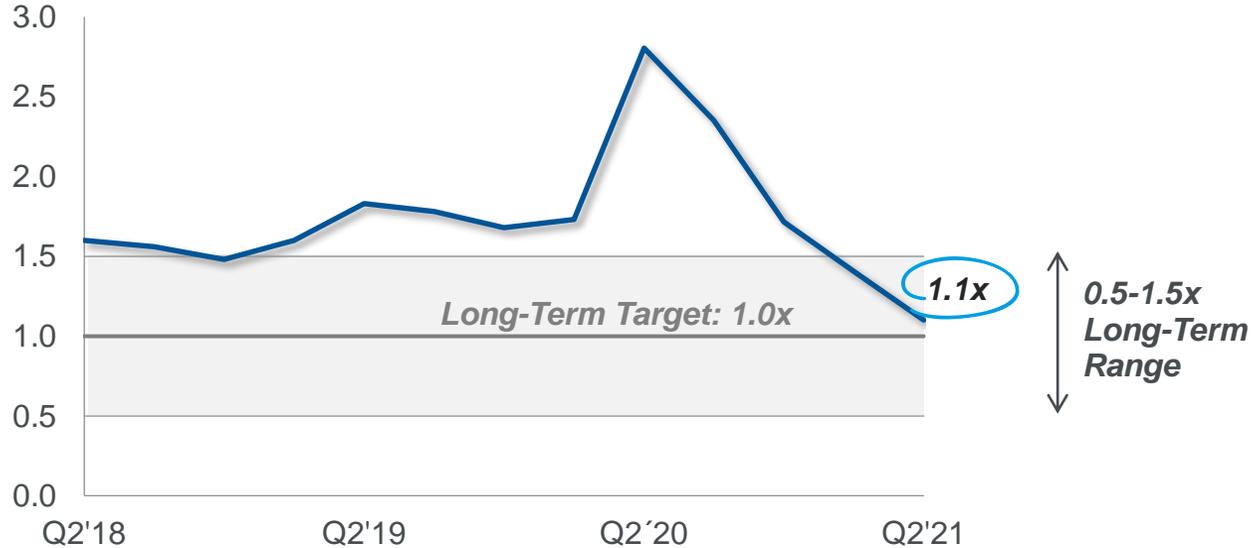


Leverage Ratio

In line with long-term target

Net Debt*/ EBITDA *

x



Net Debt* and EBITDA* per the Policy



- Our **Net Debt*** increased by **\$85M** from Q1'21
- EBITDA LTM** increased by **\$350M** from Q1'21

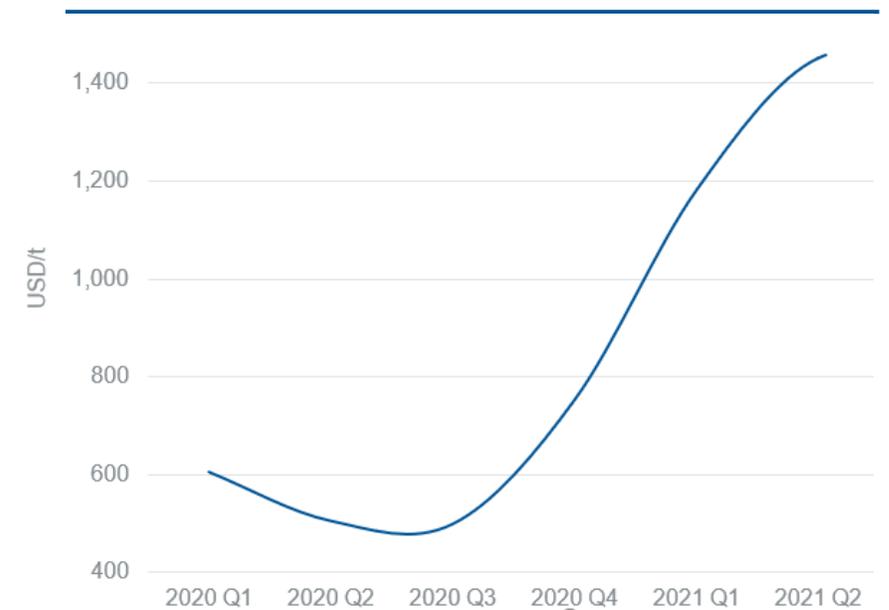
(*) Non-US GAAP measure, Leverage Ratio and Net Debt includes Pension Liability
EBITDA calculation redefined to exclude other non-operating items and income from equity method investments

Headwinds from Raw Material

Several key raw material prices have continued to increase significantly in the quarter

- **Cost Mitigation**
 - Raw material prices impact on our cost base is mitigated through:
 - Negotiations with suppliers
 - Consolidation of supply base
 - Redesign of products
- **Commercial Recovery**
 - Some, but limited, contractual passthroughs to customers
 - Compensation negotiations with customers

IHS Markit: U.S. hot-rolled sheet steel



Light Vehicle Production Outlook

Uncertainty prevails

FY21:



North American The auto industry has struggled to meet consumer demand in recent months due to a global shortage of semiconductors. Production is expected to remain volatile because of the semiconductor and other shortages. However, problematic supply chain and logistical issues are expected to dissipate over the coming months.



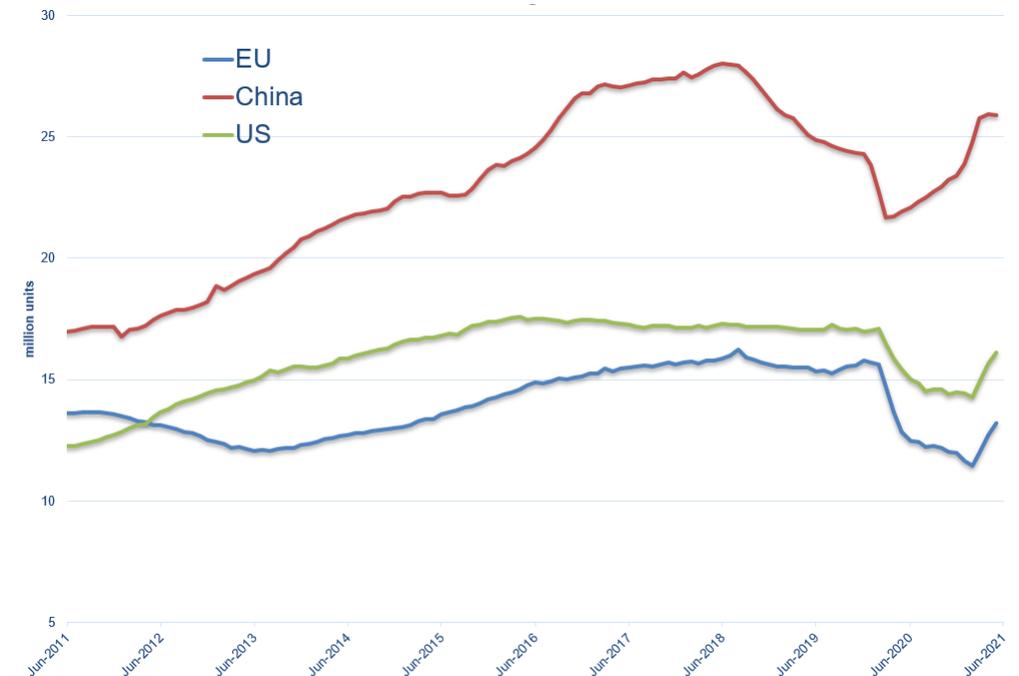
European Volumes remain low compared with the pre-pandemic level. Expected strength in vehicle exports as well as inventory rebuilding should allow production to run higher than sales. OEMs will likely strongly push vehicles with no or low CO₂ levels.



China Auto sales in China fell YoY in the past two months as a global shortage of semiconductors hit production of some popular models. Sales of EVs and PHEVs maintained their strong momentum. Given an overall economic recovery, we are still moderately positive about the domestic auto market.

Light Vehicle Sales LTM

(Million units)



(* Light Vehicle Production (LVP) according to IHS Markit @ June 2021 Year over Year (Y-o-Y)

Full year 2021 indications from July 16, 2021

	Full year indication
LVP growth	9% to 11%
Consolidated sales increase, net	Around 20 to 22%
Organic sales increase ¹ Org. sales outperformance vs. LVP	Around 16 to 18% Around 7pp
FX	Around +4%
Adjusted Operating margin¹	Around 9% to 9.5%
Tax rate ²	Around 30%
Operating Cash flow ²	Similar level as 2020
Capex, net % of sales	Below 6%
R,D&E, net % of sales	Around 4.5%

Exchange rates ³	FY'21
EUR / US\$	1.1960
US\$ / JPY	108.94
US\$ / KRW	1131
US\$ / MXN	20.05
US\$ / CNY	6.47



(1) Non-US GAAP measures. Adjusted Operating margin excludes costs for capacity alignments and antitrust related matters, (2) Excluding unusual items, (3) Mid-July 2021 exchange rates

Autoliv Climate Targets

- Aims to become carbon neutral in its own operations by 2030
- Aims for net-zero emissions across its supply chain by 2040
- Is committing to the Science Based Targets initiative



Virtual Capital Markets Day 2021

November 16th, 2021



Medium term Targets

Organic Growth vs. LVP
+4-5% per year

Adj. Operating Margin¹
~12%

Cash Conversion²
≥80%

~1.0x Leverage Ratio³
(0.5-1.5x Range)

1) Excludes costs to capacity alignments and antitrust matters.

2) Operating cash flow less capex, net in relation to net income excluding antitrust related costs and payments.

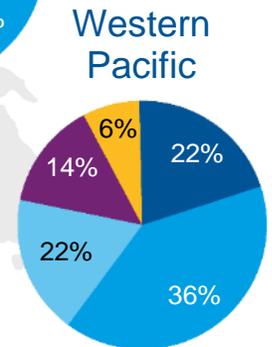
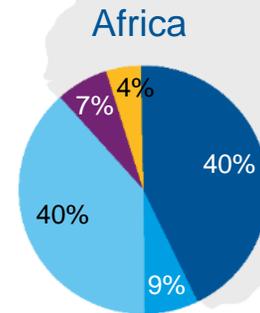
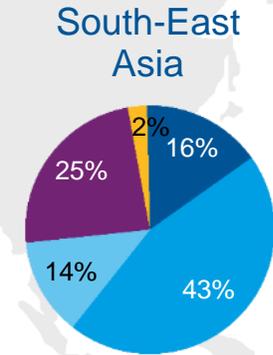
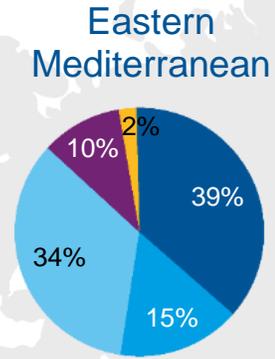
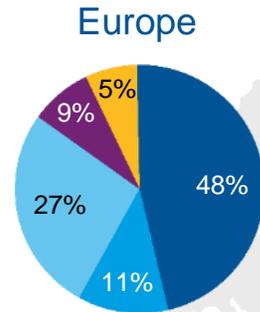
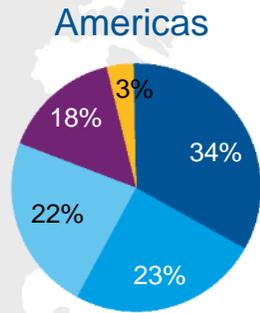
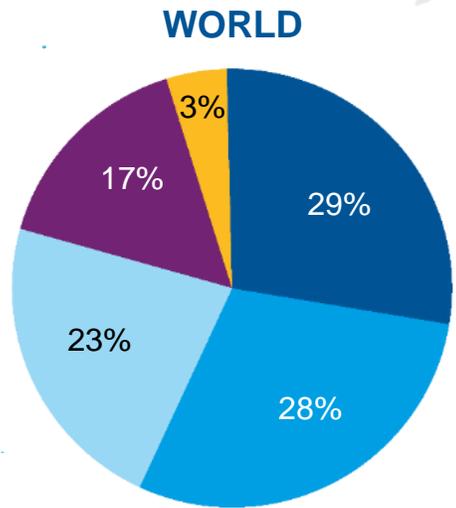
3) Net Debt including pension liabilities in relation to last twelve month EBITDA.

Safety in future mobility



1 350 000 reasons to do MORE

- Driver/passengers of 4-wheeled vehicles
- Motorized 2 and 3-wheelers
- Cyclists
- Pedestrians
- Others/Unknown



Source: WHO Road Safety report 2018

A new era of mobility – game changers

ELECTRIFICATION



CONNECTIVITY



AUTOMATION



SHARED MOBILITY



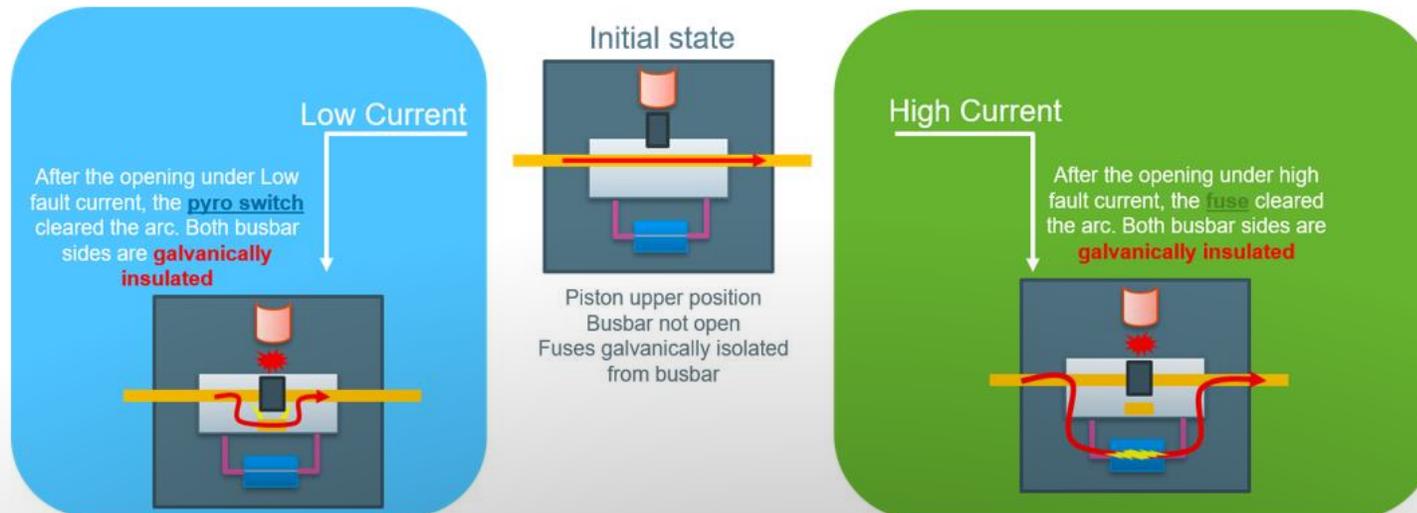
Adjacent Opportunities

High Voltage Disconnect Devices for Electric Vehicles

- **Market:** Many new EVs have batteries with >500 V (ex. Porsche, Audi, Hyundai.....)
- **Advantages:** cost and packaging size for high voltage batteries
- **Development and Industrialization:**
 - Mersen will bring pyro-switch - fuse hybridization concepts and fuse expertise
 - Autoliv will bring pyro-switch and high-volume automotive manufacturing expertise
 - Product development to be led by Autoliv with support from Mersen team
 - Industrialization and Manufacturing to be led by Autoliv

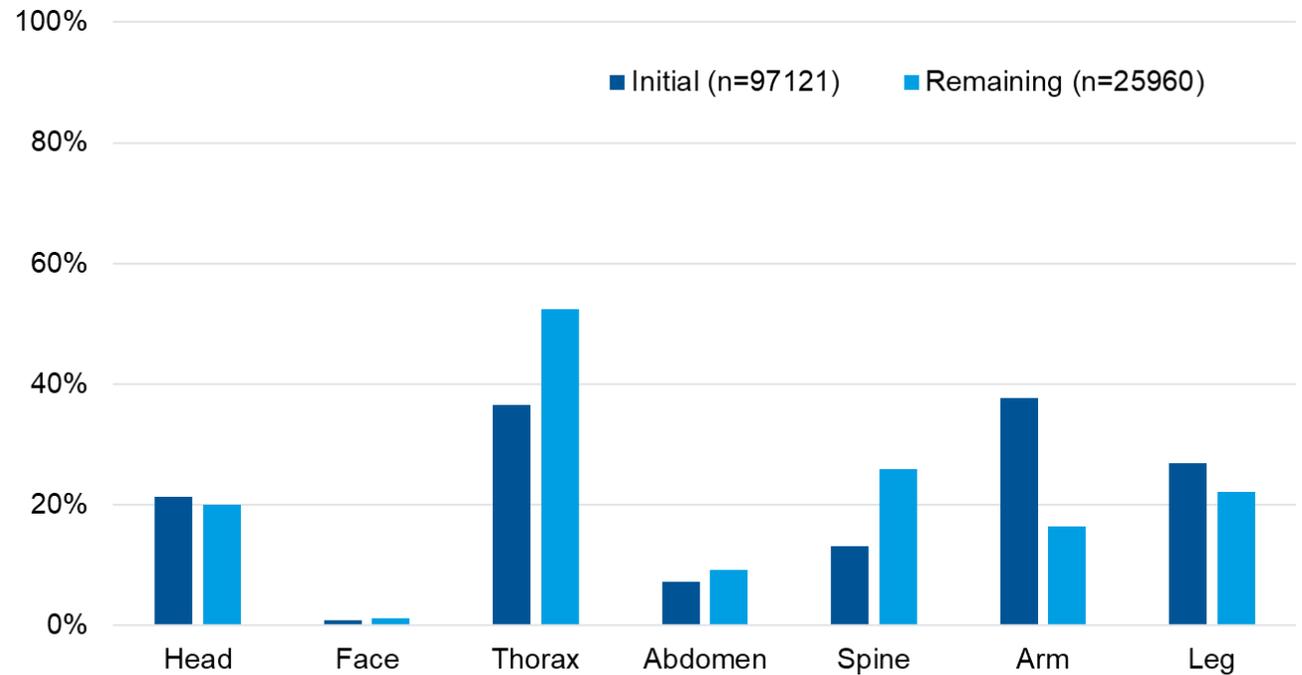
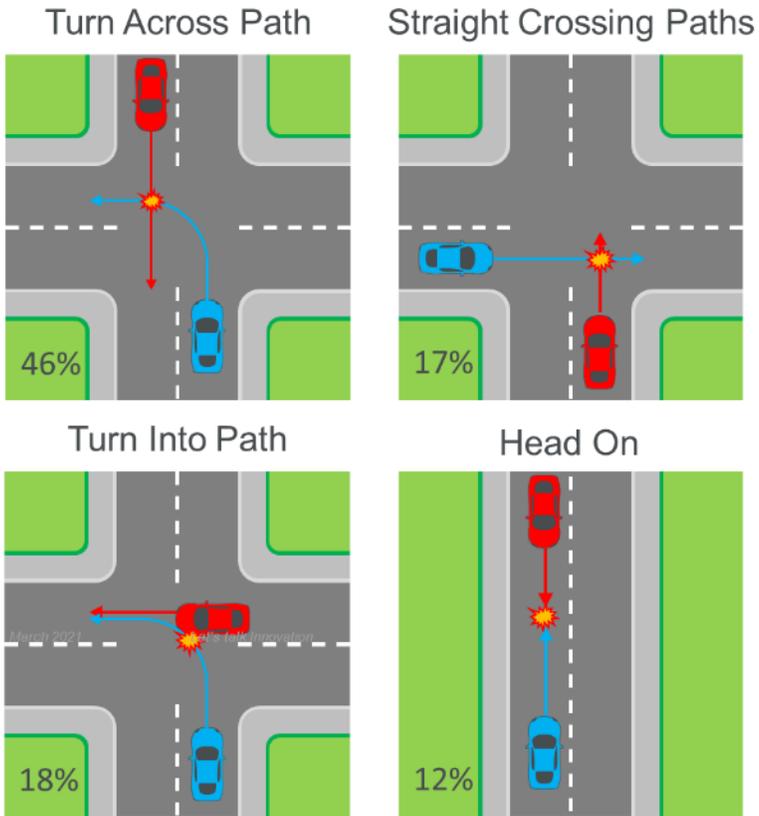


Hyundai Ioniq 5 with 800V battery



Future crashes “100% ADAS” – Analysing the residue

Four scenarios cover 90% of future crashes resulting in severe and fatal injury



Most frequent injuries will be on head, thorax, and spine

Occupant protection: Today and Tomorrow

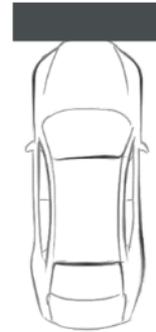
Today

Standardised ATD position



Traditional crash configurations

Full width



ODB

Offset Deformable Barrier



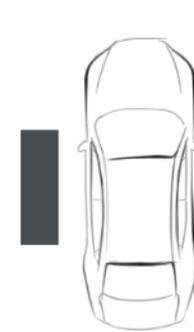
SOB

Small Offset Barrier

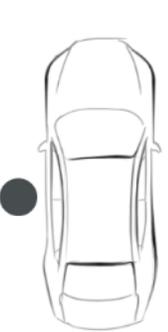


MDB

Moving Deformable Barrier

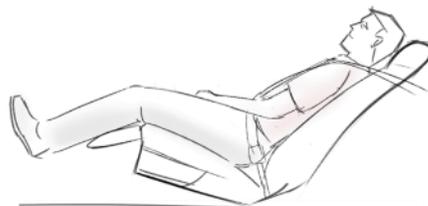
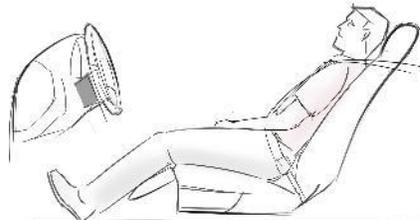


Pole

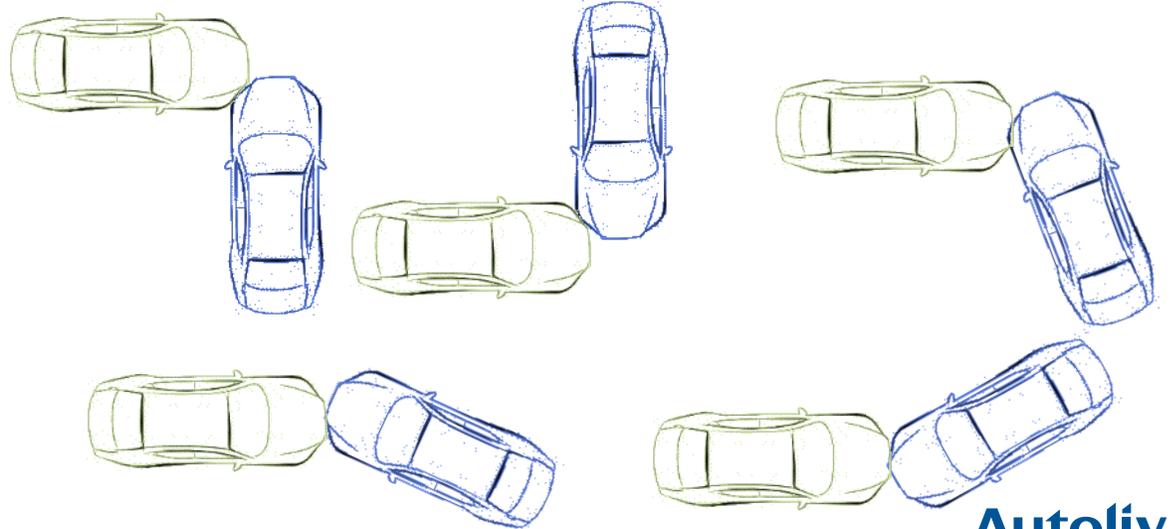


Tomorrow

New seating positions



New identified crash configurations



Reclined Seating Requires Belt in Seat

Benefits

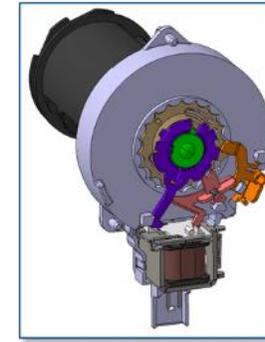
- Protection for a diverse population requires increased adaptivity
- AEB and real-life safety need additional/reversible pretensioners
- Improved comfort and convenience

Belt in Seat 2025

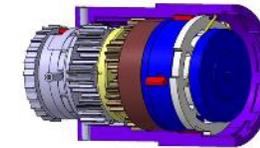
- Premium – Reversible Electric Pretension/Load limiting

Compact Lap Retractor Pretensioner

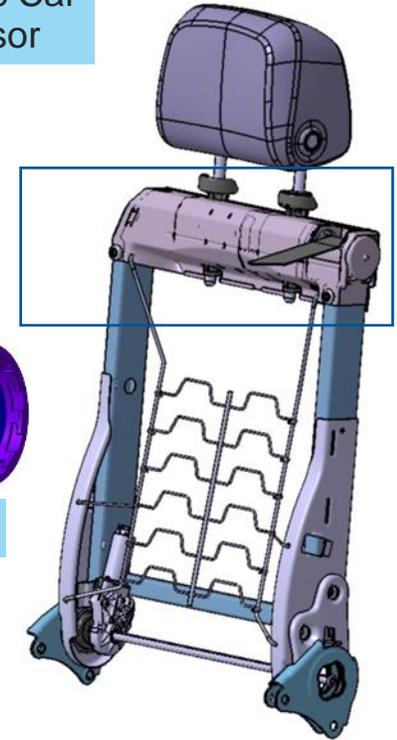
- Small seat integrated retractor for dual retractor solutions to prevent submarining
- Use of separation tongue to connect both webbing paths



Electric Car Sensor

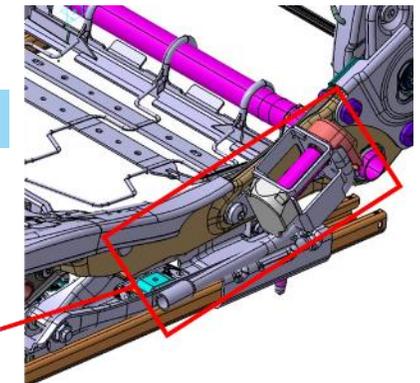
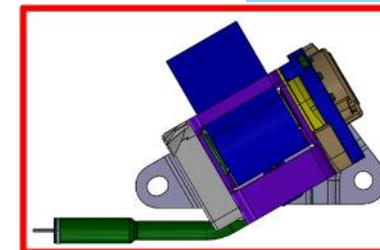


BiS 2025 Std / Premium



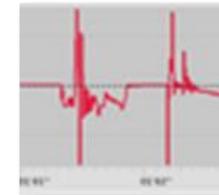
Slim Seat Option

CLPRT



HMI, User Experience and Driver Monitoring

- **Steering Wheel 2025** with HoD, heating, multi-modal HMI and contextual touch pads
- **Stowable steering** wheel to allow for flexibility
- **Driver monitoring** by vital measurements
- **Multi-functional seat belt** for comfort, vital signs and HMI

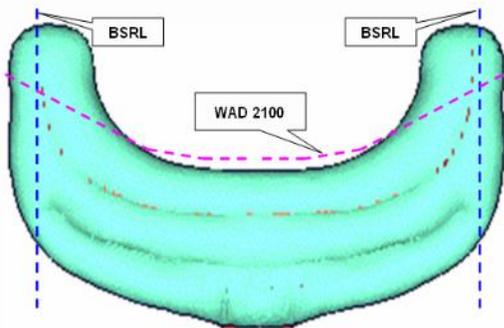


Health monitor
(Driver Status)

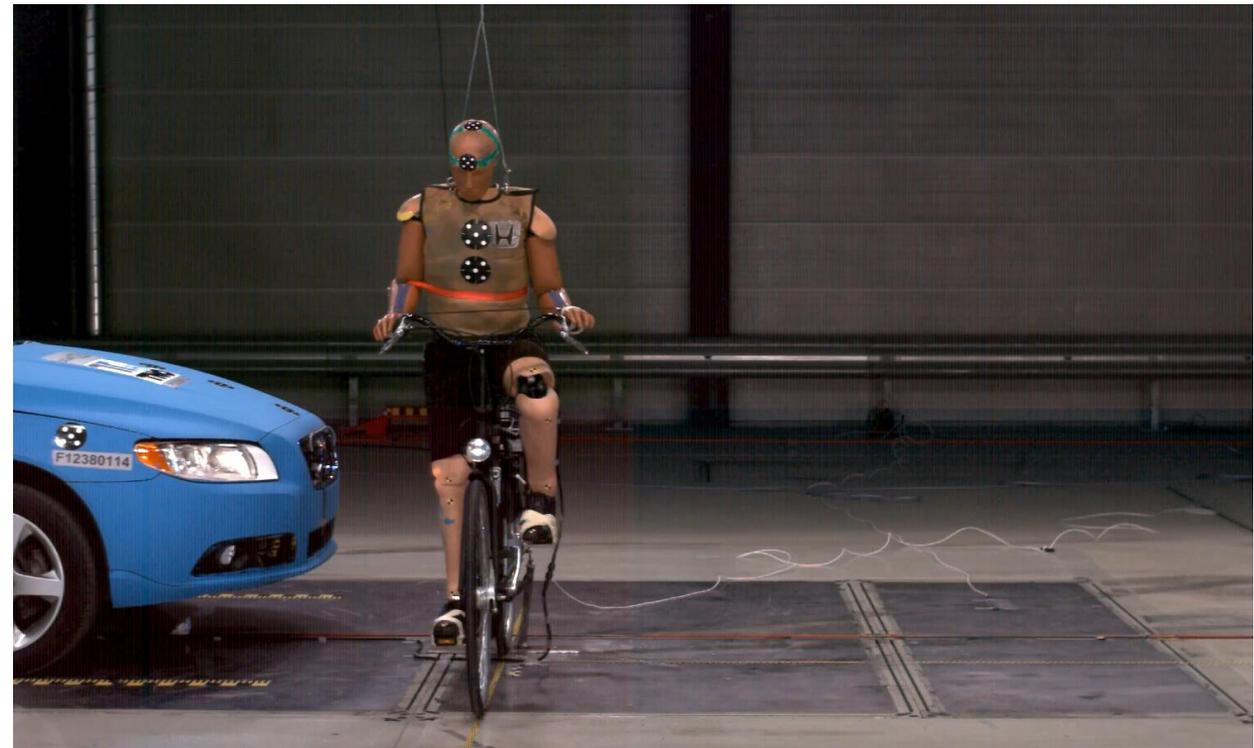
Pedestrians and bicyclists - Countermeasures

- **External airbags** to prevent head injuries (30% risk reduction)
- **Hood lifter** to prevent head, chest and upper extremity injuries

Cushion coverage area overview



CAR (40 KM/H) TO CYCLIST (15 KM/H)



PTW Rider Protection With and Without Airbag



46% risk for concussion with unconsciousness

100% risk for 2 or more fractured ribs

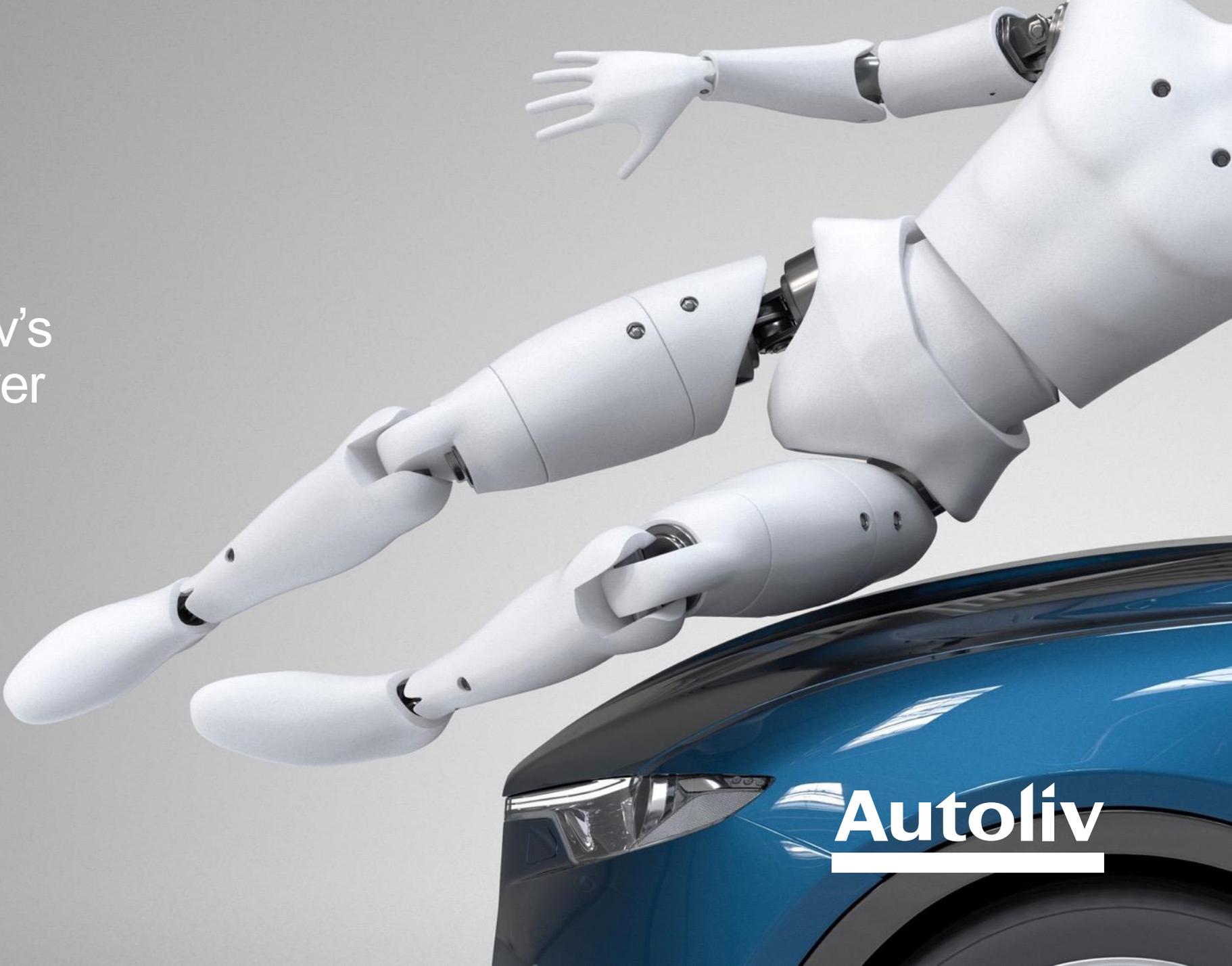


12% risk of concussion with unconsciousness

3% risk of 2 or more fractured ribs

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

autoliv.com



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