



Driven for Life.

Autoliv The Worldwide Leader in Automotive Safety

Investor Conferences NYC

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Development
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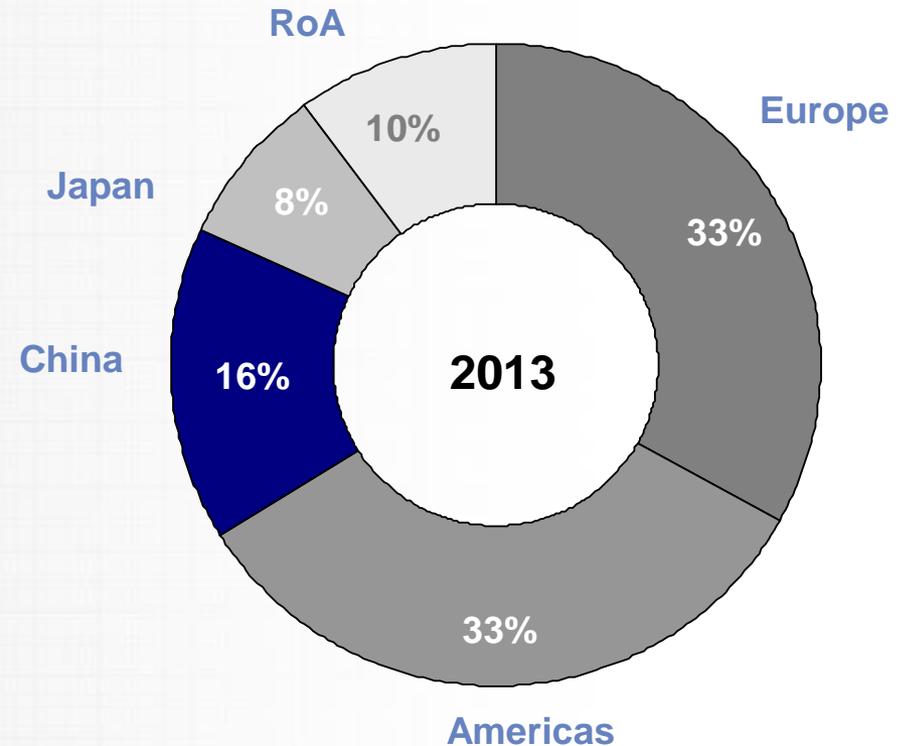
Safe Harbor Statement *

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(*) Non-US GAAP reconciliations are disclosed in our 8-K/10-K/10-Q filings available at www.sec.gov or www.autoliv.com.

Autoliv in Brief

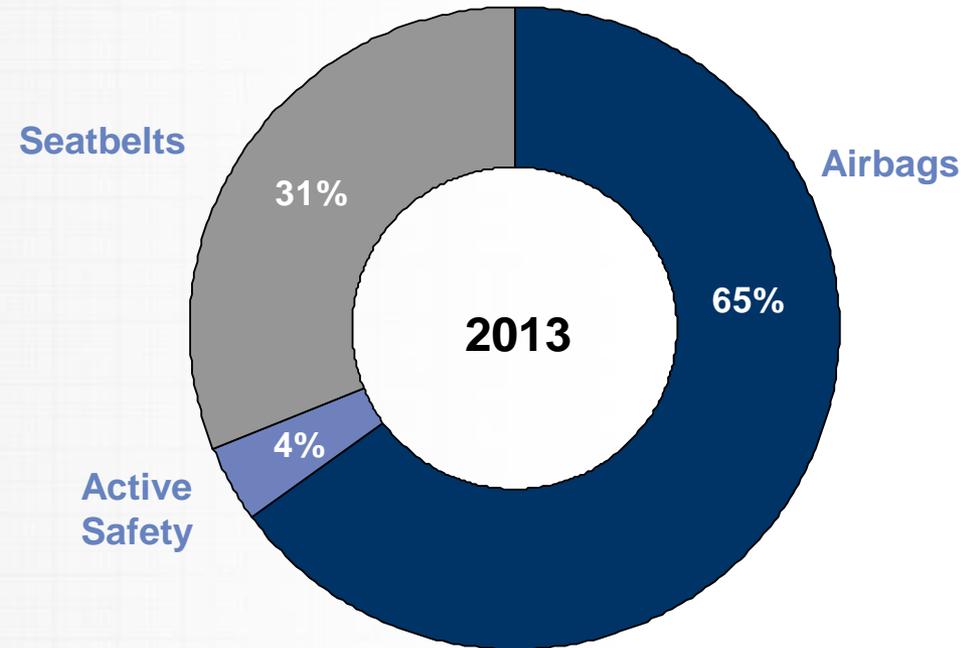
- Sales LTM US\$ 9.2 billion
- Sales to all major vehicle manufacturers
- Fortune 500 company with an A- credit rating (S&P)
- ~ 80 facilities in 29 countries
- 18 technical centers and 20 crash test tracks
- ~ 59,000 associates of which > 5,000 in R,D&E



📍 Well balanced geographic presence

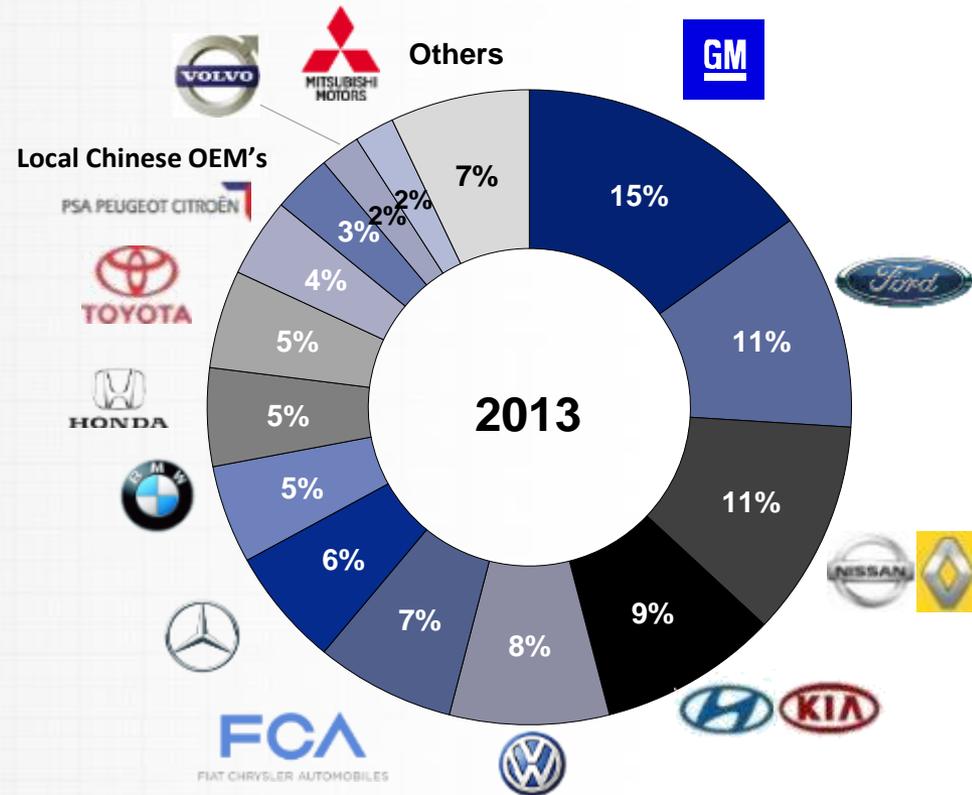
Autoliv in Brief

- Sales LTM US\$ 9.2 billion
- Sales to all major vehicle manufacturers
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Autoliv in Brief

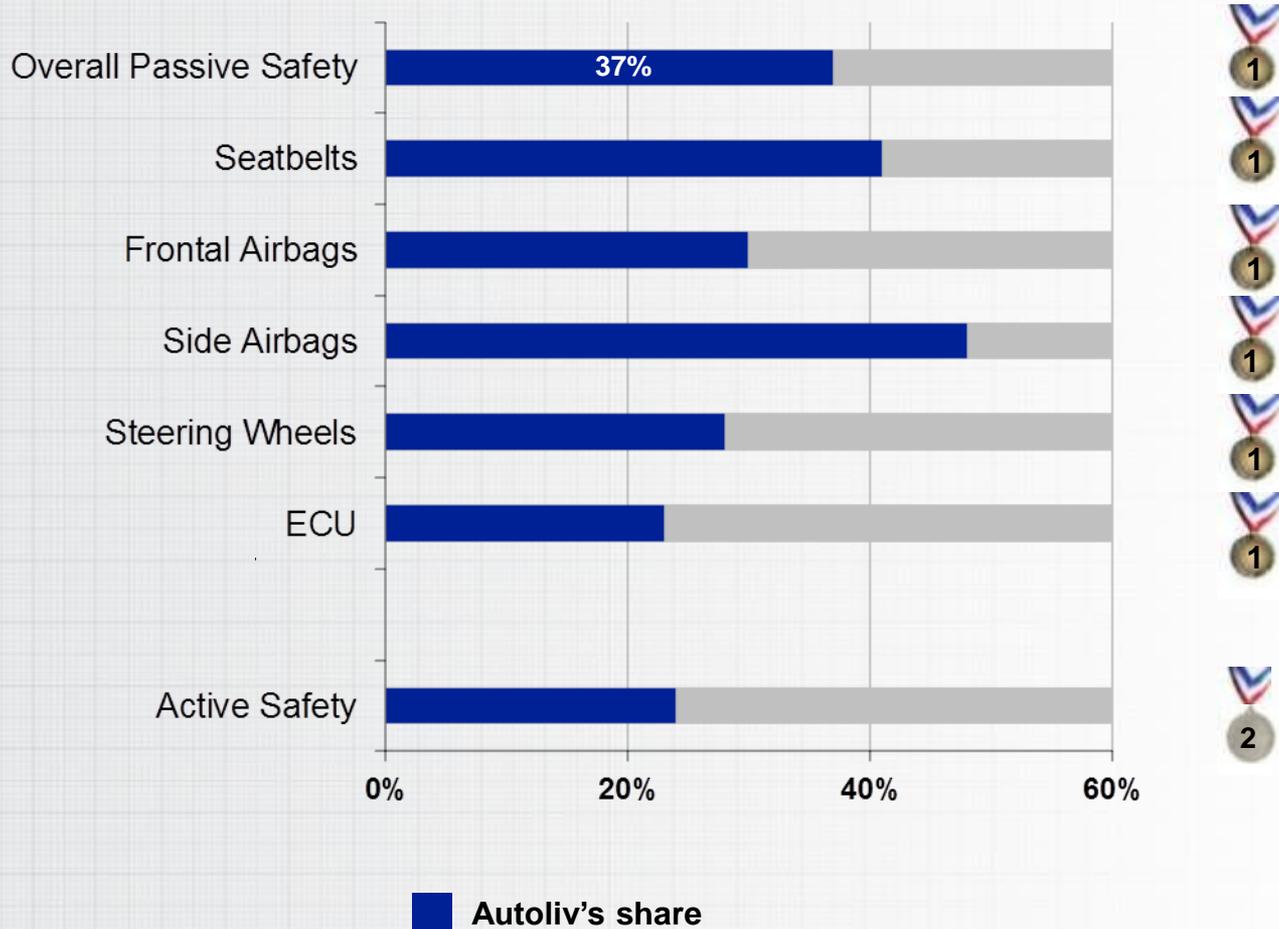
- Sales LTM US\$ 9.2 billion
- Sales to all major vehicle manufacturers
- Fortune 500 company with an A- credit rating (S&P)
- ~ 80 facilities in 29 countries
- 18 technical centers and 20 crash test tracks
- ~ 59,000 associates of which > 5,000 in R,D&E



Our diversified customer base includes virtually all the world's vehicle manufacturers

Market Shares 2013

- Global Safety Market Share by Product



Key Focus Areas



Saving lives and safety around the automobile



Lead thru innovation and technology



Leverage global footprint and talented-skilled people



Zero defects and customer focus

Quality is our First Priority

- Our Zero-Defect Policy

Design robust products

Buy flawless components

Manufacture flawless products

Verify conformity of products



Product Development

Supply Base

Production System

Mistake Proofing



Quality focus in all dimensions of our business

Market Conditions

- Update as of Q2'14

■ Asia

- Growth rate is slowing in China, expect FY'14 LVP growth ~ 9%
- Japan much stronger LVP than expected at the beginning of the year
- RoA slightly weaker LVP than expected at the beginning for the year, now roughly flat YoY

■ Americas

- Steady U.S. SAAR, inventories remain stable
- South America LVP decline ~ 17% in H1'14, expect ~ 11% LVP decline for FY'14

■ Europe

- EU27 LTM* registrations continue to recover,
- Still no real signs of a cyclical rebound
- FY'14 LVP is expected to improve ~ 3% YoY

🟡 Expect record production in 2014 ~ 86M light vehicles

(*) Last Twelve Months, Light Vehicle Production according to IHS @ July 16, 2014.

Looking Ahead

- Q3 2014

■ Sales

- **YoY organic sales* increase ~ 6%**
 - Mainly due to JOEMs in North America, China and Active Safety
- **Sequential organic sales* decline ~ 5%**
 - Mainly due to seasonality effect in EU and North America

■ Operating Margin* ~ 8.5%

- **YoY**
 - RD&E net and mainly the ramp-up of capacity for growth and vertical integration offset the benefit from organic sales*, commodity costs and currency
- **Sequential**
 - Net change mainly due to the organic sales* decline



🟡 Strong organic sales* growth continues

(*) Non US GAAP measure, excludes costs for capacity alignments and antitrust matters (including settlements of class actions).

Financial Outlook

	Q3 2014	FY2014
<u>Sales</u>		
Organic*	~ 6%	> 6%
Acquisitions / (Divestitures)	-	-
Fx**	~ 1%	< 1%
Consolidated Sales	~ 7%	~ 7%
Operating Margin*	~ 8.5%	~ 9%

🟡 Expect another year of solid financial performance in 2014

(*) Non US GAAP measure, excludes costs for capacity alignments and antitrust matters (including settlements of class actions),

(**) 1 Euro = 1.36 US\$, 1 US\$ = 101 JPY for Q3'14 & 1 Euro = 1.37 US\$, 1 US\$ = 102 JPY for FY'14.

Cause of Traffic Accidents U.S.

US Traffic Deaths: 1.3 million



Automated Driving can save millions of lives

“Assistance – Prevention – Protection”

- Safety in all aspects



POINT OF
NO RETURN



Assistance Features

- Adaptive Cruise Control
- Blind Spot Monitor
- High Beam Assist
- Traffic Sign Recognition
- Rear Cross Traffic Alert

Prevention Features

- Forward Collision Warning & Auto. Emergency Braking
- Lane Departure Warning & Lane Keeping Assist
- Pedestrian Warning
- ABS & Stability Control

Protection Features

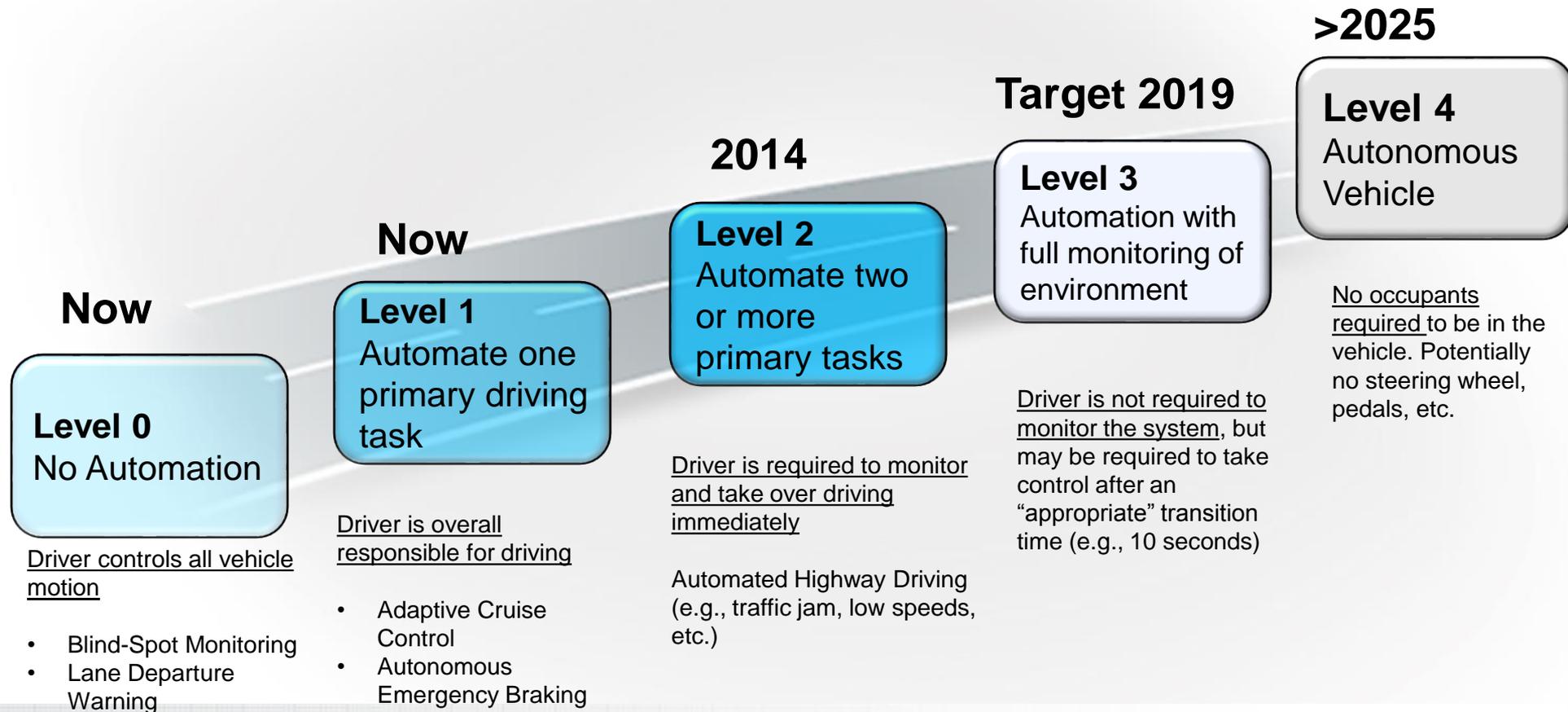
- Airbags
- Seatbelts
- Pre-pretensioners
- Pedestrian Protection

New Car Assessment Programs (NCAP)

Specification	Current Status	2013	2014	2015	2016	2017	2018
EuroNCAP	AEB City		Start rating AEB City				
	AEB Inter-Urban		Start rating AEB Inter-Urban				
	AEB Pedestrian				Start rating AEB Pedestrian		Night performance
	LDW/LKA		Start rating LDW/LKA			Upgrade with regards to LKA	
	Speed Assist	Start rating SAS					
JNCAP	Crash avoidance technologies		LDW AEB for vehicles	Blind Spot (BS), Rear Crossing Traffic Alert (RCTA)	LKA; AEB for pedestrian	Night-time pedestrian warning	
KNCAP	Crash avoidance technologies	FCW, LDW			AEB Interurban	AEB Pedestrian, AEB City, LKA, BSD, RCTA, ACC	
NHTSA/IIHS	Crash avoidance technologies		FCW, LDW	AEB Interurban			
	Current version						
	Decided or probable changes						
	Potential changes based on what we know today						

Automated Driving Definitions

- NHTSA 2013



Key Active Safety Sensors

Are important to Understanding Surroundings, State of Driver and Vehicle

- **Camera based** – Visual features like lane, traffic signs, light, vehicles and pedestrians
- **Radar based** – Accurate & robust measurement of distance and velocity to various objects
- **Far Infrared based** – sensing living objects like animals and pedestrians using the object thermal signature
- **Other Technologies** – Lidar, Laser etc



Active Safety Features

	<p>AEB: Autonomous Emergency Braking</p> <p>Function: alerts the driver, tightens the active seatbelt, puts the brakes in an alert mode, and applies the brakes autonomously.</p> <p>(radar or vision)</p>
	<p>TSR: Traffic Sign Recognition</p> <p>Function: a symbol is displayed in the instrument cluster or on the Head-up Display showing the current speed limit or other important road signs.</p> <p>(vision)</p>
	<p>HBA: High Beam Assist</p> <p>Function: automatically switches between high and low beams.</p> <p>(vision)</p>
	<p>BSM: Blind Spot Monitor</p> <p>Function: alerts the driver by lighting a warning indicator on the appropriate side.</p> <p>(radar)</p>
	<p>LKA: Lane Keeping Assist</p> <p>Function: alerts the driver with acoustical or haptic warnings and/or a symbol on the head-up display, and applies steering autonomously.</p> <p>(vision)</p>
	<p>QA: Queue Assist</p> <p>Function: maintains a set speed/distance to a vehicle ahead down to a standstill.</p> <p>(radar or vision)</p>
	<p>Pedestrian Detection / Warning</p> <p>Function: warns the driver or even autonomously brakes the vehicle.</p> <p>(vision)</p>
	<p>ACC: Adaptive Cruise Control</p> <p>Function: maintains a set speed/distance to a vehicle ahead.</p> <p>(radar)</p>
	<p>CTA: Cross-Traffic Assist</p> <p>Function: acoustic alert for rear crossing obstacles.</p> <p>(radar)</p>

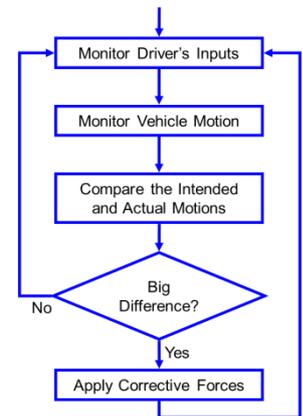
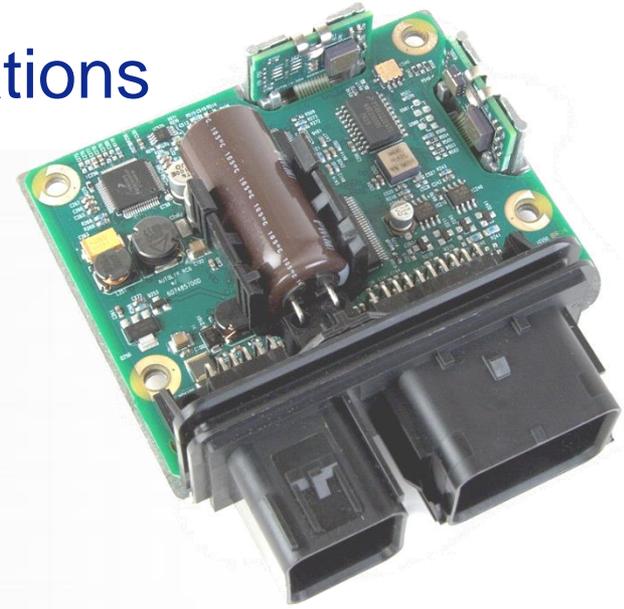
Key Enablers

- System Elements & Design Considerations

Electronic Controllers with powerful microcontrollers and multiple communication ports

Software / Algorithms for execution of performance feature logic

- Sensor Data Fusion
 - Higher automation and autonomy require multiple sensors
- Reasoning and Decision Making
- Actuation Control
- Operating System



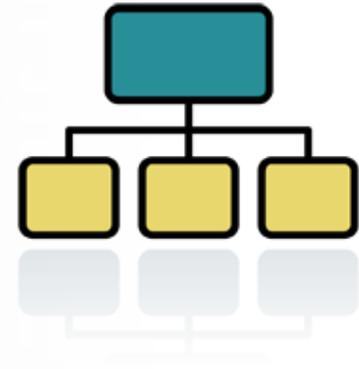
Key Enablers

- System Elements and Design Considerations

System Architecture Design

- Interconnections of sensors, controllers, and actuators
- Partitioning of software functions among controllers
- Communication networks (CAN, FlexRay, Ethernet, etc.)
- Power distribution

Considerations for fault handling (redundancies, back-up modes), for product quality, and for world-wide coverage



Thank you!



Autoliv

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

...and prevent more than ten times as many severe injuries

Q2 Highlights

- Solid financial performance driven by record sales

■ Financial Performance

- Organic sales* growth 7.4%, > 2 pp better than guidance
- Operating margin* 9.3%, ~ 30 bps better than guidance
- EPS* \$1.45 YoY improvement mostly offset by higher interest cost
- RoCE* ~ 25%, RoE* ~ 14%

■ Returned \$146M to shareholders

- Dividend paid \$0.52 per share and repurchased ~ 0.9M shares

■ U.S. Class Action Lawsuits, net cost ~ \$70M

■ Active Safety organic sales* growth ~ 40%



🟡 Exceeded guidance for both organic sales* growth and operating margin*

(*) Non US GAAP measure, Earnings per share, Return on Capital Employed and Return on Equity exclude costs for capacity alignments and antitrust matters (including settlements of class actions).

Strong Performing Models

contributing to strong organic growth in Q2'14

Mercedes S-Class



Ford Transit



Mercedes B-Class/GLA



Mitsubishi RVR/ASX



Jeep Cherokee



Peugeot 308



BMW 3-Series



Hyundai i10



Nissan Rogue



🚗 Active Safety organic sales growth ~ 40%

Strong Organic Growth

- Unit growth exceeds LVP in most product areas

Autoliv Quantities Delivered (Millions unless specified)	Q2'14	vs. PY
Seatbelts	36.3	0%
• Pretensioners (of which)	15.0	5%
• Active Seatbelts (of which)	0.7	56%
Frontal Airbags	11.5	5%
• Knee Airbags (of which)	1.3	21%
Side Airbags	21.7	9%
• Chest (Thorax)	11.7	11%
• Head (Curtain)	9.9	8%
Steering Wheels	4.0	13%
Electronic Control Units	4.6	18%
Active Safety Sensors	1.1	48%
LVP* TRIAD	10.0	3.1%
LVP* GLOBAL	21.4	2.5%



(*) Light Vehicle Production, Source IHS @ July 16, 2014, TRIAD (WEU, North America, Japan).

Q2 Financial Overview

- Solid financial performance

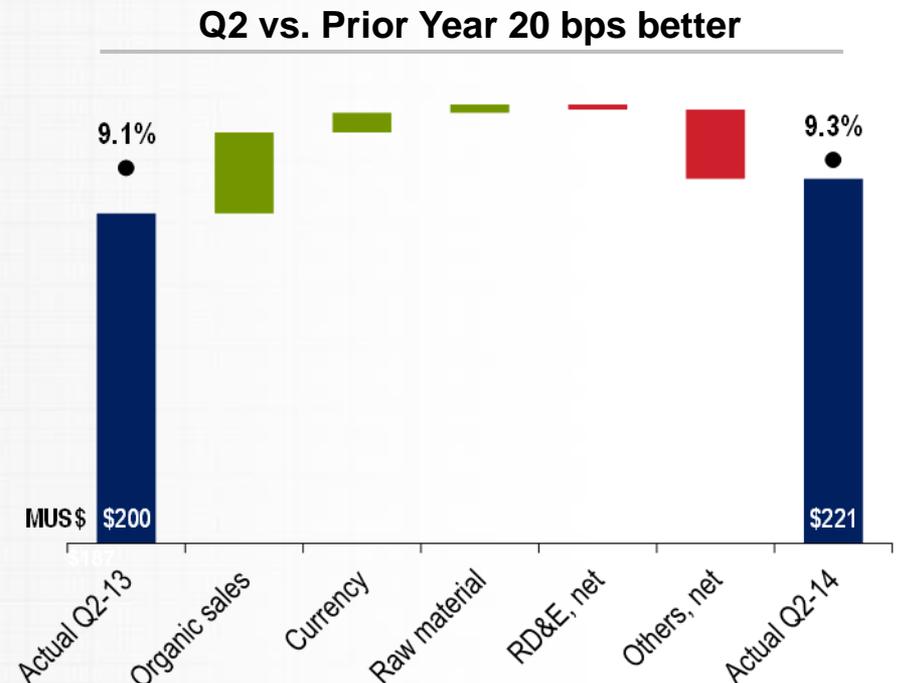
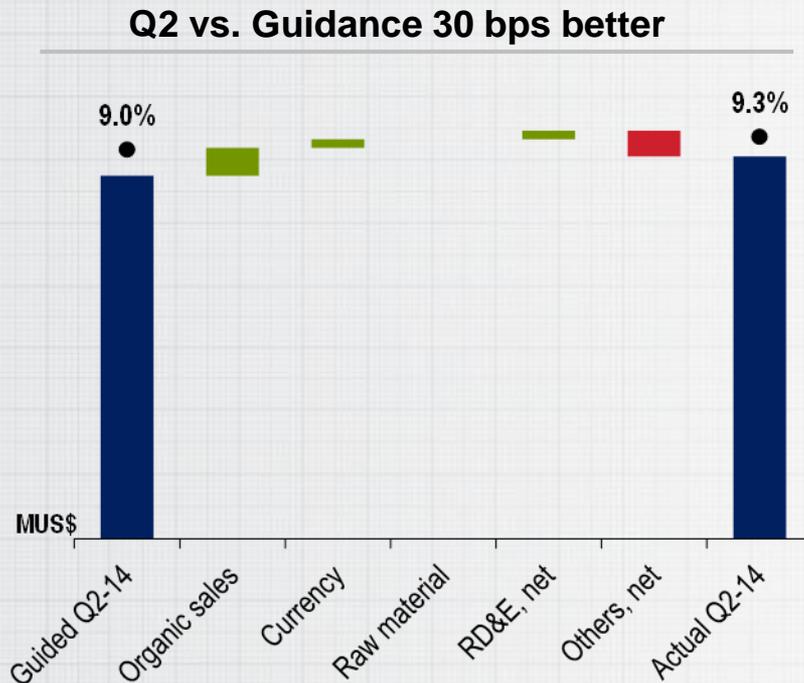
(US\$ Million's unless specified)	2014	2013
Sales	\$2,383	\$2,198
Gross Profit	\$464 19.5%	\$431 19.6%
Operating Income*	\$221 9.3%	\$200 9.1%
EPS* (assuming dilution)	\$1.45	\$1.48
RoCE*	25%	23%
RoE*	14%	15%
Operating Cash flow	\$86	\$192
Dividend**	\$0.52	\$0.50
GLVP*** (annual run rate)	~ 86M	~ 84M

Record quarterly sales and 2nd best gross profit ever

(*) Non US GAAP, Earnings per share, Return on Capital Employed and Return on Equity exclude costs for capacity alignments and antitrust matters (including settlements of class actions), (**) Dividend per share paid (***) IHS Global Light Vehicle Production @ July 16, 2014.

Q2 2014

- Operating Income* Bridge vs. Guidance and Prior Year



Operating Margin* 9.3%

(*) Non US GAAP measure, excludes costs for capacity alignments and antitrust matters (including settlements of class actions).

Cash Flow

- Investments for growth in CapEx and shareholder returns

(US\$ Million's unless specified)	Q2 2014	Q2 2013	LTM *	FY 2013	FY 2012	FY 2011	FY 2010
Net Income	83	139	440	490	486	627	596
Depreciation & Amortization	77	70	297	286	273	268	282
Other, net	5	11	18	43	10	38	57
Change in operating WC**	(79)	(28)	21	19	(80)	(175)	(11)
Operating cash flow	86	192	776	838	689	758	924
Capital Expenditures, net	(115)	(88)	(412)	(379)	(360)	(357)	(224)
Free cash flow***	(29)	104	364	459	329	401	700
Dividend payment	48	48	193	191	178	154	58
Share repurchase	97	0	339	148	0	0	0

🚫 Class action lawsuits payment of \$65M in Q2'14

(*) Last Twelve Months, (**) Non US GAAP measure, (***) Before acquisitions, Non US GAAP measure, reconciliation to free cash flow is provided above.

Capacity Alignment Program

is making steady progress

(US\$ Million's unless otherwise specified)	FY13	Q1'14	Q2'14	FY14E
Cost (gross)	\$40	~ \$5	~ \$11	> \$40
Cash outlay	\$20	~ \$5	~ \$7	> \$40
Savings	~ \$12	~ \$1	~ \$2	~ \$8
Balance Sheet*	\$94	~ \$94	~ \$96	

🕒 Expected payback 2-3 years from the cash outlay

(*) Employee Related

Light Vehicle Production

- 3rd Quarter

Vehicles in millions	2014	2013	2014 vs. 2013		ALV YoY Org. Growth
			@ Jul 16	@ Jan 16	
Americas	5.3	5.1	5%	7%	
- North America	4.2	3.9	9%	9%	
- South America	1.1	1.2	(11%)	3%	
Europe	4.5	4.5	0%	(1%)	
- WEU	2.9	2.9	1%	(1%)	
- EEU	1.6	1.6	(2%)	1%	
Japan	2.2	2.3	(3%)	(15%)	
China	5.2	4.7	12%	10%	
RoA	3.1	2.9	5%	10%	
Other *	0.5	0.3	39%	43%	
Total Global	20.8	19.8	4.8%	4.6%	~ 6%



Source: IHS @ July 16 & January 16, 2014 (*) Middle East/ Africa

Light Vehicle Production

- 2nd Half

Vehicles in millions	2014	2013	2014 vs. 2013		ALV YoY Org. Growth
			@ Jul 16	@ Jan 16	
Americas	10.5	10.2	4%	5%	
- North America	8.4	7.9	6%	4%	
- South America	2.1	2.3	(5%)	7%	
Europe	9.5	9.5	0%	1%	
- WEU	6.2	6.1	2%	1%	
- EEU	3.3	3.4	(4%)	2%	
Japan	4.3	4.6	(7%)	(16%)	
China	11.1	10.2	8%	8%	
RoA	6.4	6.1	4%	8%	
Other *	0.9	0.7	34%	35%	
Total Global	42.7	41.3	3.3%	3.3%	~ 5.5%



Source: IHS @ January 16 & July 16, 2014 (*) Middle East/ Africa

Light Vehicle Production

- FY

Vehicles in millions	2014	2013	2014 vs. 2013		ALV YoY Org. Growth
			@ Jul 16	@ Jan 16	
Americas	21.0	20.7	2%	4%	
- North America	17.0	16.2	5%	4%	
- South America	4.0	4.5	(11%)	2%	
Europe	19.9	19.4	2%	1%	
- WEU	13.1	12.7	4%	1%	
- EEU	6.8	6.7	0%	1%	
Japan	8.7	8.8	0%	(8%)	
China	21.5	19.8	9%	10%	
RoA	12.6	12.6	1%	3%	
Other *	1.8	1.5	18%	21%	
Total Global	85.5	82.8	3.6%	3.5%	> 6%

🌐 New record global LVP in 2014

Source: IHS @ July 16 & January 16, 2014 (*) Middle East/ Africa

Long-Term Targets

- Creating long-term shareholder value

- **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 excluding costs related to the antitrust investigations
- **EPS growth faster than organic sales growth**
 - excluding the effects of currency
- **Net Debt/EBITDA around one times (Debt Limitation Policy)**
 - and within the range of .5 and 1.5 times

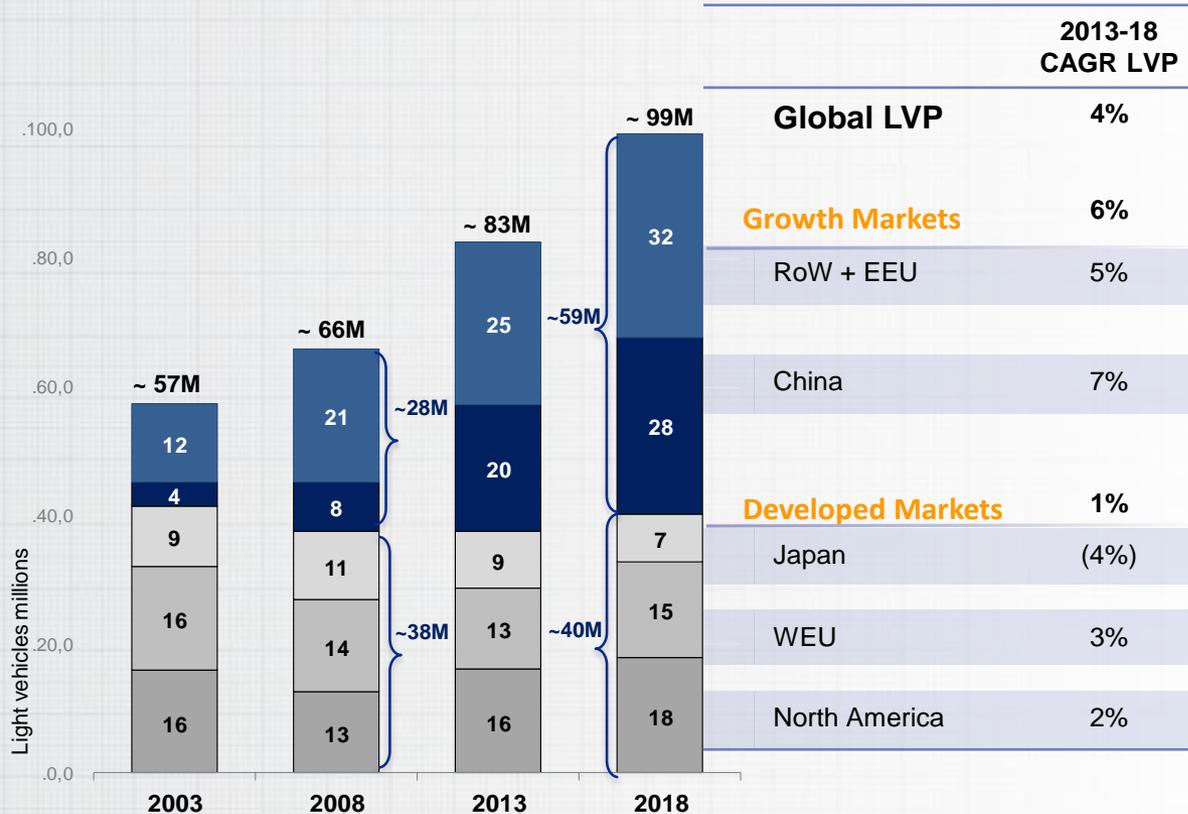


🚫 Underlying Debt Policy is to remain “strong investment grade”

(*) Non US GAAP measure.

Light Vehicle Production Outlook

- 2003 thru 2018

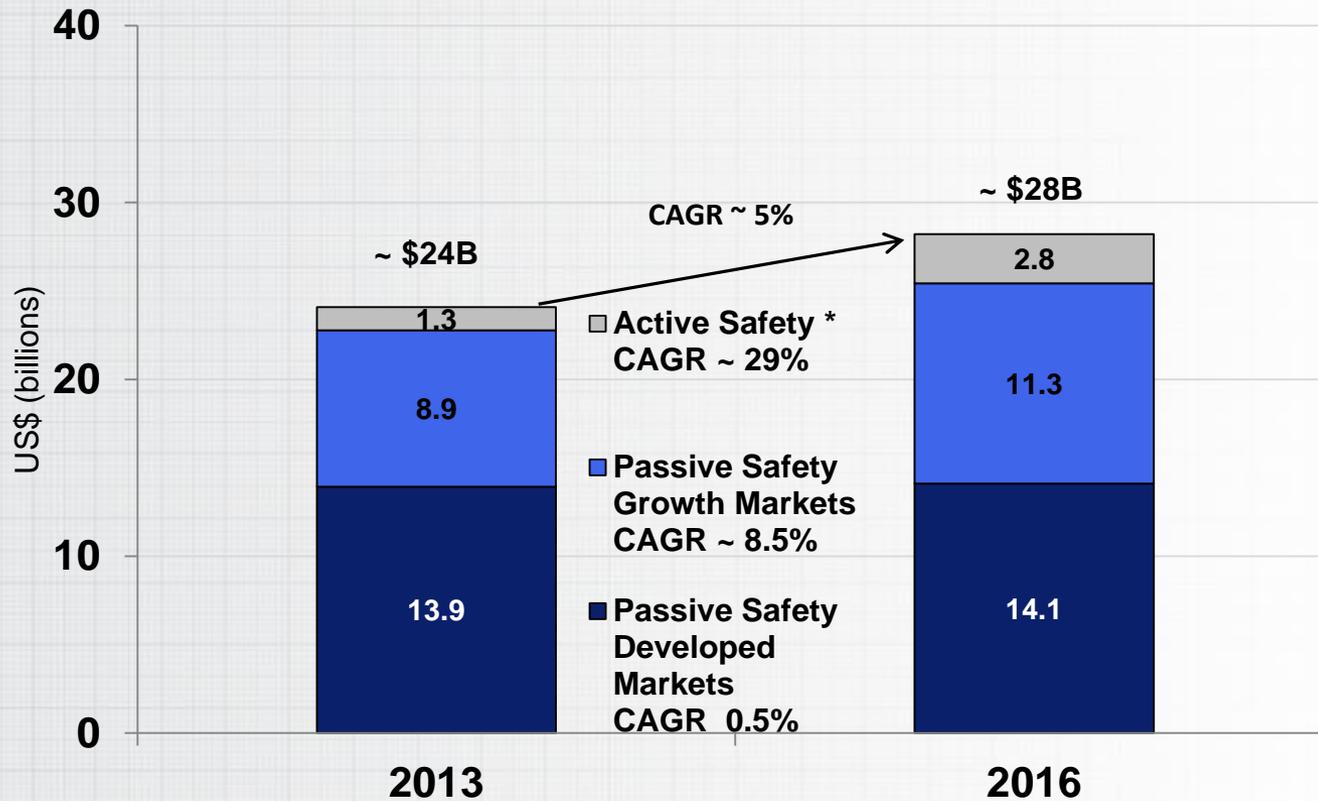


Expect the LVP increase from 2013-18 to be ~32% in the Growth Markets and ~7% in the TRIAD *

Source: IHS @ January 16, 2014, (*) TRIAD (Japan, Western Europe, North America)

Market Outlook

- Our current market

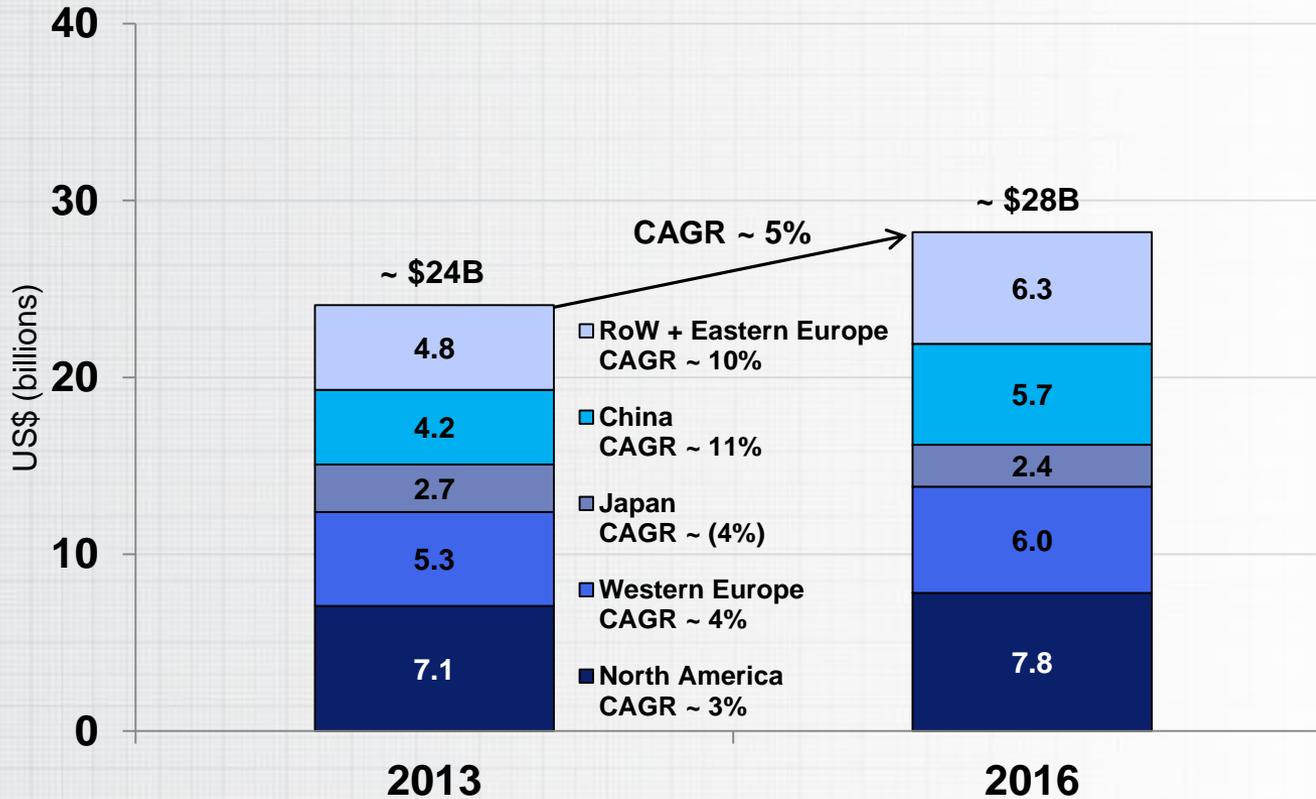


🚦 During this period our market is expected to grow ~1% faster than the light vehicle production

(*) Includes radar, front-view vision and night driving assist

Growth Drivers by Region

- Strong presence in growth markets *

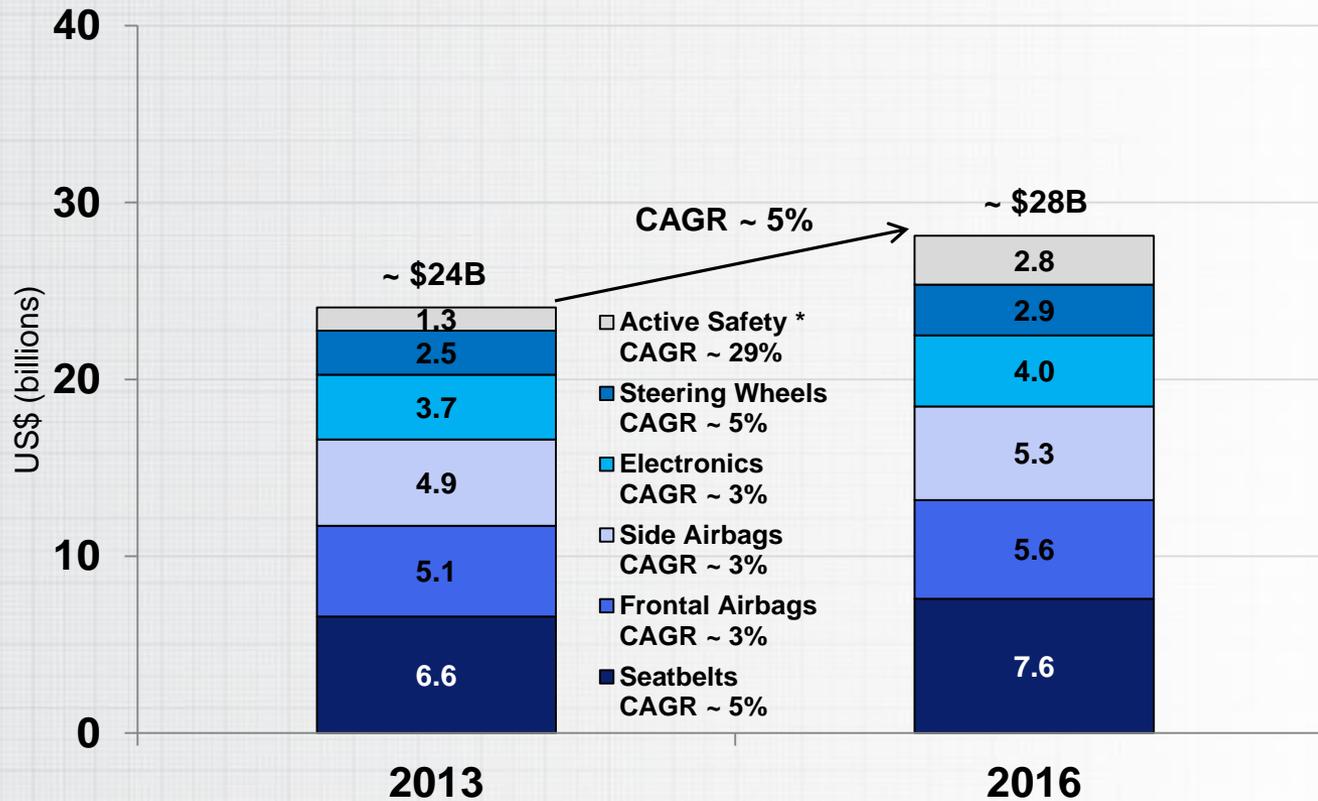


🌐 Growth markets* combined CAGR increase ~4pp faster than the LVP in those markets

(*) Growth Markets (China, Rest of World, Eastern Europe)

Growth Drivers by Product

- Strong presence in product growth segments



🚦 Airbag products growing slower than the overall market

(*) Includes radar, front-view camera, night driving assist

Executing our Growth Strategies

- China organic growth ~ 16% during H1'14

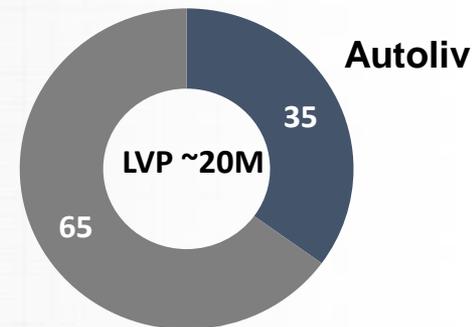
China External Revenues



Investments for Growth:

- Infrastructure & Equipment
 - New customer programs
 - Vertical Integration
 - RD&E

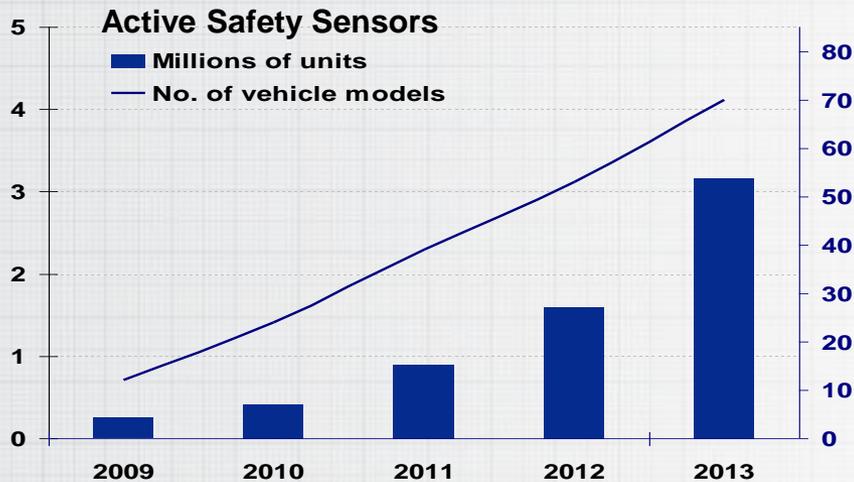
2013 – Market Share* %



* Seatbelts, Airbags, Steering Wheels, Passive Electronics

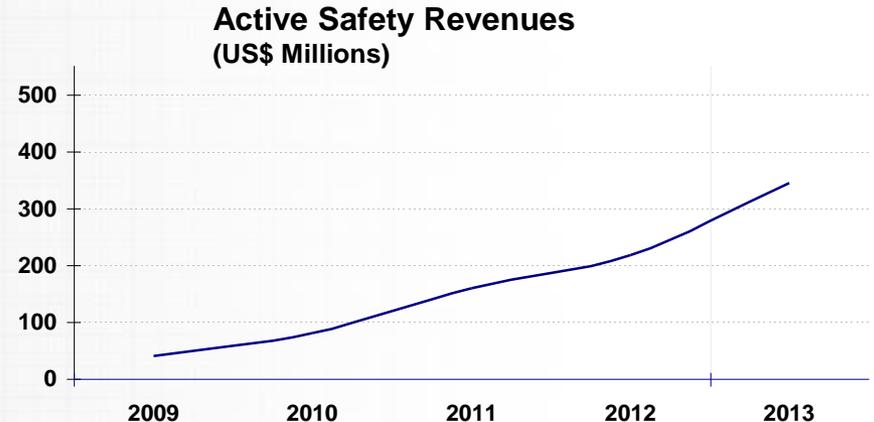
Executing our Growth Strategies

- Active Safety organic growth ~ 52% during H1'14



RD&E Investments:

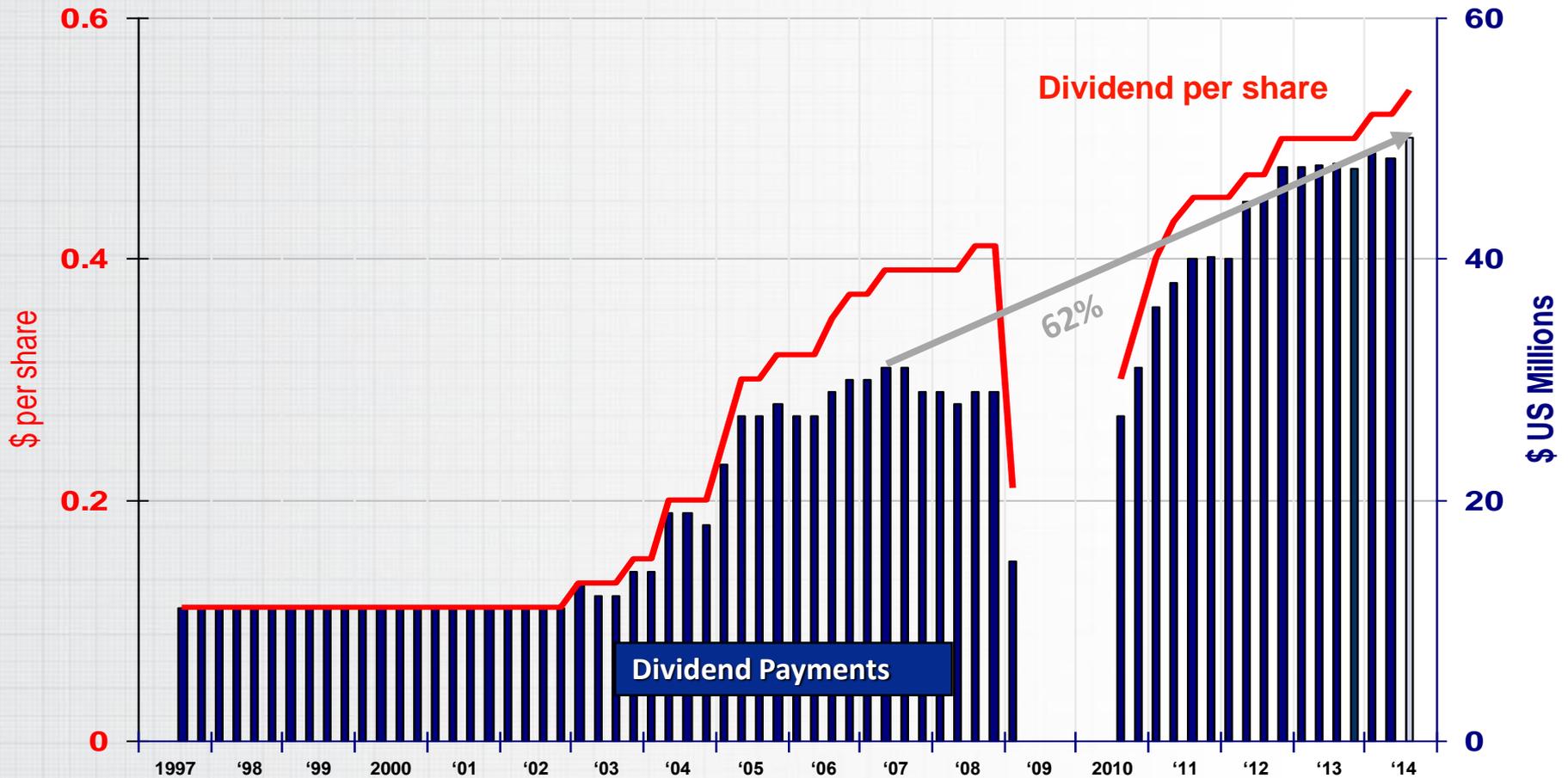
- Many new technologies in development
- Increasing customer expectations
- Improve leverage as we gain critical mass



Technology investment for active safety is contributing to top-line growth

Dividend Trend

- Per share and cash payments*



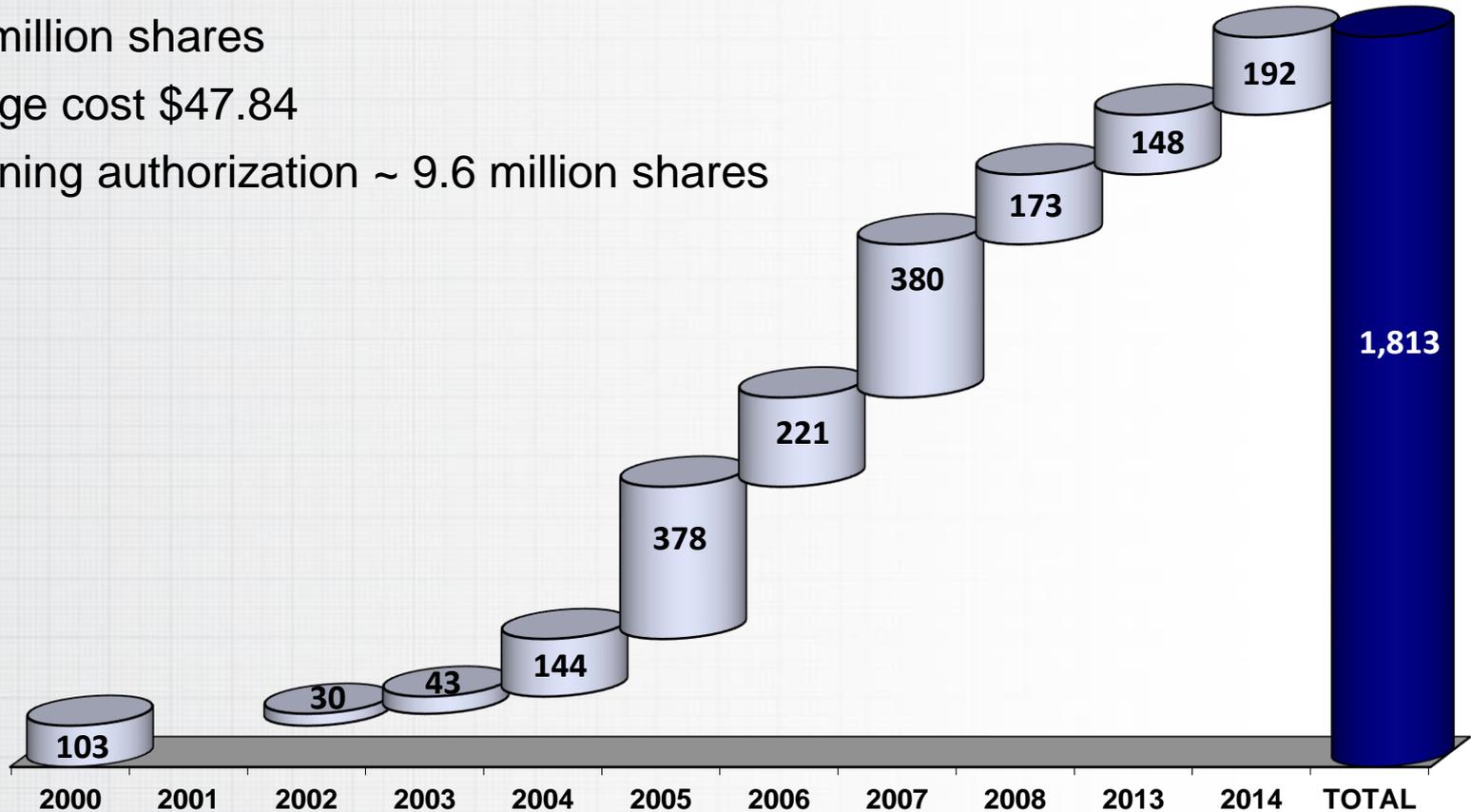
Annualized dividend \$2.16 per share based on dividend declared for Q3'14

(*) Estimated dividend payment for Q3 2014 based on share count at the end of the 2nd quarter 2014

Share Repurchase Program*

- Re-initiated in October 2013

- 37.9 million shares
- average cost \$47.84
- remaining authorization ~ 9.6 million shares



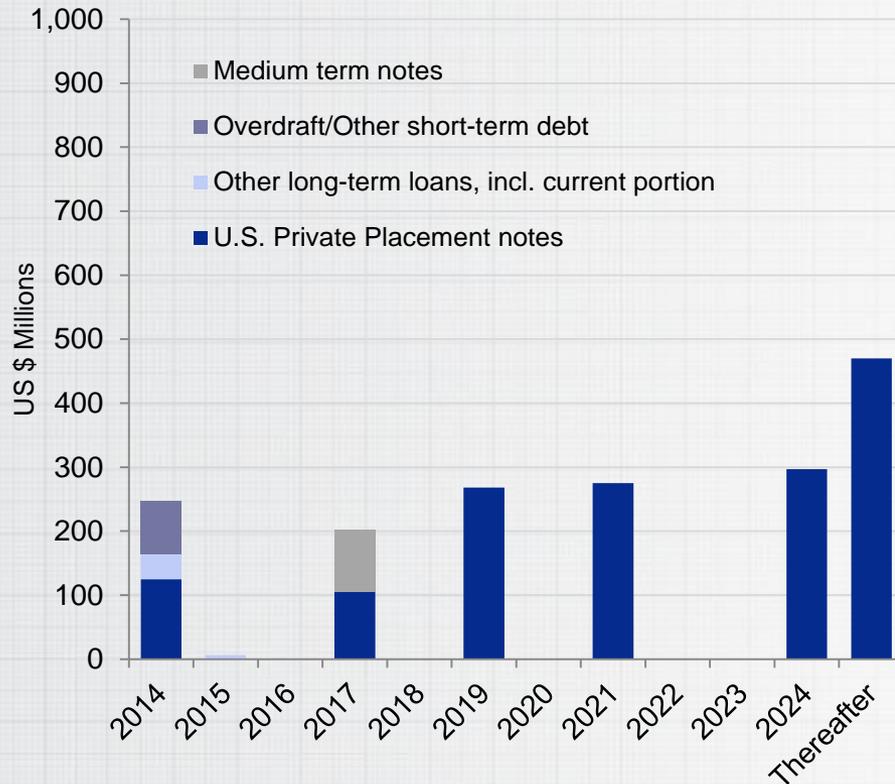
Cost / share	2000	2001	2002	2003	2004	2005	2006	2007	2008	2013	2014	TOTAL
	\$22.68	0	\$19.57	\$20.97	\$41.97	\$44.86	\$55.69	\$57.35	\$46.77	\$90.39	\$98.70	\$47.84

🕒 Limited “open window” each quarter to repurchase shares

(*) MUS\$ except where specified

Capital Structure

- Debt Maturity Profile



2014 Private Debt Offering:

- Raised \$1.25B
- Average interest rate ~ 3.8%
- In-line with gross debt required to achieve the long-term leverage ratio* target of 1 time
- Transaction funding on April 23, 2014

🎯 Debt offering in-line with gross debt required to achieve long-term leverage ratio target of 1 time

(*) Non US GAAP measure, (Net Debt + Pension Liability) / EBITDA