

AUTOLIV INC
Form FWP
March 02, 2012

Remarketing
Senior Notes
Autoliv Inc.
March 1, 2012
Driven for Life

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This presentation contains statements that are not historical facts but rather forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (PSLRA). All such statements are based upon our current expectations and various assumptions, and apply only as of the date of this report. Our expectations and beliefs are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that forward-looking statements will materialize or prove to be correct. Because such statements involve risks and uncertainties, the outcome could differ materially from those set out in the statements. For a summary of such risk factors,

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please refer to our latest 10-K and 10-Q filed with the SEC. Except for our ongoing obligation to disclose information under law, we undertake no obligation to update publicly any forward-looking statements whether as a result of new information or future events.

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 PSLRA.

Safe Harbor Statement * & Important Information

(*) Non US GAAP reconciliations are available in our 8-K/10-K/10-Q filings available at www.sec.gov or www.autoliv.com and are available at the end of this presentation

Autoliv has filed a registration statement (including a prospectus) with the Securities and Exchange Commission (SEC) for which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents which Autoliv has filed with the SEC for more complete information about Autoliv and the remarketing. You may get these documents for free through EDGAR on the SEC Website at www.sec.gov or from the Remarketing Agent by calling the toll-free number 1-866-718-1649.

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Remarketing of Senior Notes
Autoliv,
Inc.,
the
worldwide
leader
in
automotive

safety
systems

announced

on

March 2, 2012 that it intends to remarket its 8% senior notes due 2014, beginning on March 12, 2012

This remarketing provides an opportunity for debt investors to invest in Autoliv, as well as an opportunity for Autoliv to lower its cost of borrowing

The total amount to be raised in the remarketing is expected to be approximately \$108 million. The maturity of the notes will be April 30, 2014

The remarketing of senior notes issued as part equity units is required as a result of the March 2009 transaction

In March 2009, Autoliv offered and sold 6.6MM Corporate Units, each with a \$25 stated principal amount. Each unit consisted of

A 5-year 8% Senior Notes instrument

A 3-year forward contract (under which stock is issued)

Autoliv must attempt to remarket the 5-year debt in year 3; however, the 3-year forward contract must be settled by April 30, 2012

Morgan Stanley is acting as the re-marketing agent

| | |
|--|--|
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Autoliv in Brief
Sales and technology leader
Sales: US \$8.2 billion
Fortune 500 company
Sales to all major vehicle
manufacturers
~80 facilities in 29 countries
20 crash test tracks

~48,000 associates whereof 4,400

in R,D&E

Rated BBB+/stable by

Standard & Poor's

RoW

38%

Japan

Europe

31%

Americas

10%

12%

9%

China

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** (US \$ Mil s unless specified)

2011

2010

2009

Sales

8,232

7,171
5,121
Operating income
889
869
69
Net income
627
596
13
EPS * (assuming dilution), US\$
6.65
6.39
0.12
Operating cash flow
758
924
493
Net debt/EBITDA *, x
0.0
0.1
1.6
RoE *, %
19.6
22.3
0.5
Dividends paid
154
58
15
Headcount (no. of persons)
47,900
43,300
37,900
GLVP *
(millions units)
74.8
71.6
57.2
Key Figures Summary
(**)
US
GAAP
reported,
(*)
Earnings
per
share,
Return
on

Equity,
Global
Light
Vehicle
Production;
Net
debt/EBITDA
is
a
non
US
GAAP
measure
(see
reconciliation
at
end
of
presentation)

8% of all automotive
industry safety patents

2006

Safety Vent Bag

2005

Night Vision System, Pedestrian Hood

2004

Fixed-Hub Steering Wheel

2002

Anti-Sliding Bag, Adaptive Load Limiter

2000

Telematics

1998

Curtain Airbag, Anti-Whiplash Seat

1997

Side Airbag for Head Protection, Inflatable Tubular Structure

1995

Knee Airbag, Seatbelt Load Limiter

1994

Side Thorax Bag

1992

Steering Wheel with Integrated Sensor

1989

Seatbelt with Buckle Pretensioner

1986

Belt Grabber

1980

Airbag Production

1956

Seatbelt

Production

2007

Multi Volume Cushion

2008

Integrated Safety Electronics, Pedestrian Detection System

Technology Leadership

2009

2nd generation Active Seatbelts

2010

Locking Tongue

2011

Mono Vision System

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Superior Global Presence

Local Production
Seatbelts Airbags Steering wheels
Electronics
North America
Japan

Europe
South America
India
China
Korea
Asia other

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Sales by Customer -
2011

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Product Sales

-

increases in passive and active electronics
FAB ~ 17% and SAB ~ 27% in 2011

Seatbelts
Airbags
Steering Wheels
Other

Passive Electronics

Active Electronics

32%

46%

8%

3%

10%

1%

2010 \$7.2B

31%

45%

8%

3%

11%

2%

2011 \$8.2B

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Market Shares

-

global passive safety market share

0%

20%

40%

60%

80%

100%

Driver A/B

Passenger A/B

Chest A/B

Head A/B

ECU

Seatbelts

SW

Total

Autoliv estimated market share ~ 36%

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Table of Contents
Business Overview
Financial Performance

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Operational execution
record sales and strong cash generation in Q4 and FY11
double-digit
margins
for
the
8
consecutive

quarter
Growth
outperformed
GLVP
for
the
9

consecutive
quarter
Active Safety and Growth Markets

~ 120% increase in radar and vision volumes in FY11

organic growth in China was close to 4 times the LVP in FY11

Balance Sheet Strength

\$1.3 Bn reduction in net debt since January 2009

rated BBB+/stable by Standard & Poor's

DoJ and EC

anti-trust investigations on-going

Overview

-

highlights

market outperformance due to exceptional global presence & customer diversification

th

th

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Q4
Financial
Overview
-
record
sales,
gross
profit

and
DPS
for
a
4 quarter
strong performance despite commodity headwinds & active safety RD&E investments
(**) US GAAP reported, (*) Earnings per share, Dividend per share, Return on Capital Employed, Return on Equity,
Global Light Vehicle Production

**

2011

2010

Sales

\$2,045

\$1,907

Gross Profit

\$429

21.0%

\$423

22.2%

Operating Income

\$224

11.0%

\$243

12.7%

EPS *

\$1.70

\$1.89

DPS *

\$0.45

\$0.35

Operating Cash flow

\$293

\$326

RoCE *

27%

32%

RoE *

19%

25%

GLVP *

~ 77M

~ 76M

th

(US \$ Mil s unless specified)

(assuming dilution)

(annual run rate)

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FY Financial Overview

-

record sales, gross profit, EBIT, EPS and DPS

strong performance despite commodity headwinds & active safety RD&E investments

(**) US GAAP reported, (*) Earnings per share, Dividend per share, Operating cash flow less capital expenditure (net),
Return on Capital Employed, Return on Equity, Global Light Vehicle Production

**

2011

2010
Sales
\$8,232
\$7,171
Gross Profit
\$1,728
21.0%
\$1,592
22.2%
Operating Income
\$889
10.8%
\$869
12.1%
EPS *
\$6.65
\$6.39
DPS *
\$1.73
\$0.65
Operating cash flow
\$758
\$924
Free cash flow *
\$401
\$700
RoCE *
28%
28%
RoE *
20%
22%
GLVP *
(
~ 75M
~ 73M
(US \$ Mil s unless specified)
(assuming dilution)

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(*) Non US GAAP and restated for ASC 810-10-45.

Cash Flow

-

higher CapEx to support growth initiatives

(US \$ Mil s unless specified)

2011

Q4

2010
Q4
2011
FY
2010
FY
2009
FY
2008
FY
2007
FY
Net Income
160
179
627
596
13
172
296
Depreciation & Amortization
70
68
268
282
314
347
321
Other non-cash items
1
19
38
58
(42)
22
(5)
Change in operating WC
62
60
(175)
(12)
207
73
169
Operating Cash Flow
293
326
758
924
492

614

781

CapEx, net

(100)

(82)

(357)

(224)

(130)

(279)

(314)

Free cash flow (*)

193

244

401

700

362

335

467

Dividend

40

31

154

58

15

115

121

2

nd

best operating cash flow for a 4

th

quarter

Capital Structure

-

strong investment grade credit rating

gross debt \$666M with net cash position \$92M

Net Debt to Capitalization

N/A

Credit Rating Agency Overview

S&P

Moody's

Long-Term BBB+/stable

not rated

Short-Term A-2/stable

P-2/stable

*

(*) Leverage Ratio refers to Net debt/EBITDA, Non US GAAP measure (see reconciliation at end of presentation)

*
0
10
20
30
40
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
-4
0
4
8
12
16
Interest Coverage
Policy > 2.75 times
0
1
2
3
4
5
6
Leverage Ratio
Policy < 3 times
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18
739.2
647.2
400.0
59.2
107.2
43.3
37.5
0

100
200
300
400
500
600
700
800
Net Debt
(3)
Breakdown 2011
\$ MM
Net Cash: 92.0
(1)
Notes
1.
2.
3.

Pre adjustment for \$19.1 MM of debt-related derivatives; total debt adjusted for DRD equals \$666 MM

2014 maturity post remarketing exercise

Net debt is a non GAAP measure (see reconciliation at the end of the presentation)

Cash
Net Debt Overview
Total Debt
Debt Maturity Profile

\$ MM
43.3
22.4
298.8
208.3
110.0
125.0
165.0
59.2
107.2
2.9
10.5
1.7
127.9
0.0
0
50
100
150
200
250
300
350
400

Notes Issued as Part of Equity Units

Medium-Term Notes

Overdraft/Other Short-Term Debt

US Private Placement Notes

Other Long-Term Loans

2012

Maturities

2013

Maturities

2014

Maturities

2015

Maturities

2016

Maturities

Later

Maturities

(2)

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19
0
0.1
0.2
0.3
0.4
0.5
0
10

20

30

40

50

M US\$

\$ / share

Dividend per share

Dividend Payments

Dividend Payments

Dividend Trend

-

per share vs. cash paid

| 1997 | 98 | 99 | 2000 | 01 | 02 | 03 | 04 | 05 | 06 | 07 |
|------|----|------|------|----|----|----|----|----|----|----|
| 08 | 09 | 2010 | 11 | 12 | | | | | | |

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20
19.5
11.9
20.4
22.2
21.0
9.2
(2.3)
6.6

12.7

11.0

(15.0)

(10.0)

(5.0)

0.0

5.0

10.0

15.0

20.0

25.0

2007

2008

2009

2010

2011

%

(*) US GAAP

Margin* Performance

Operating Margin

Gross Margin

Strong margins trend

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(*) US GAAP reported Operating Income and Net Income
%

Returns* Performance

Strong returns trend

18.9

31.5

27.4

15.7

(6.7)

10.6

24.9

19.2

(3.1)

13.9

(15.0)

(5.0)

5.0

15.0

25.0

35.0

2007

2008

2009

2010

2011

Return on Capital Employed

Return on Equity

Our Response to the Uncertain Macro Situation

-
flexibility, liquidity and market presence

PERSONNEL

COST STRUCTURE

LIQUIDITY

SALES

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Financial Outlook
Q1 2012
FY2012
Sales
Organic
nearly 5%
~ 7 %
Acquisitions

0%

0%

Fx*

~ (3%)

~ (3%)

Consolidated Sales

~ 2%

nearly 4%

Operating Margin **

~ 10%

10-11%

(*) 1 Euro = 1.28 US\$, 1 US\$ = 77 JPY for Q1 & FY2012

(**) Excludes legal costs & other charges related to the on-going anti-trust investigations and alignment costs

double-digit margins should continue

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Autoliv
Every year, Autoliv's products
save over 25,000 lives
Passive
Safety

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Reconciliation of Non-U.S. GAAP Measures to U.S. GAAP

In this document we sometimes refer to non-U.S. GAAP measures that we and securities analysts use in measuring Autoliv's performance. We believe that these measures assist investors and management in analyzing trends in the Company's business for the reasons given below. Investors should not consider these non-U.S. GAAP measures as substitutes, but rather as additions, to financial reporting measures prepared in accordance with U.S. GAAP. It should be noted that these measures, as defined, may not be comparable to similarly titled measures used by other companies.

Operating Working Capital

Net (Cash) Debt

December 31
 2011
 September 30
 2011
 June 30
 2011
 March 31
 2011
 December 31
 2010
 Total current assets
 \$3000.3
 \$2,943.3
 \$2,979.6
 \$3,024.6
 \$2,688.6
 Total current liabilities
 (2,085.9)
 (1,983.5)
 (2,074.7)
 (2,047.8)
 (1,834.5)
 Working capital
 914.4
 959.8
 904.9
 976.8
 854.1
 Cash and cash equivalents
 (739.2)
 (630.7)
 (559.7)
 (605.2)
 (587.1)
 Short-term debt
 302.8
 221.8
 205.9
 107.1
 87.1
 Derivative asset and liability current
 (4.0)
 (15.5)
 8.0
 (4.1)
 (0.7)
 Dividends payable
 40.2
 40.2
 40.2

38.3
 35.6
 Operating working capital
 \$514.2
 \$575.6
 \$599.3
 \$512.9
 \$388.4
 December 31
 2011
 September 30
 2011
 June 30
 2011
 March 31
 2011
 December 31
 2010
 Short-term debt
 \$302.8
 \$221.8
 \$205.9
 \$107.1
 \$87.1
 Long-term debt
 363.5
 480.2
 487.9
 639.9
 637.7
 Total debt
 666.3
 702.0
 693.8
 747.0
 724.8
 Cash and cash equivalents
 (739.2)
 (630.7)
 (559.7)
 (605.2)
 (587.7)
 Debt-related derivatives
 (19.1)
 (30.8)
 (2.3)
 (12.4)
 (10.0)
 Net (cash) debt
 \$(92.0)

\$40.5
\$131.8
\$129.4
\$127.1

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Reconciliation of Non-U.S. GAAP Measures to U.S. GAAP

(cont d)

2011 Interest Coverage Ratio & Leverage Ratio

Interest coverage ratio

Leverage ratio

Full year 2011

December

31, 2011

Operating income
\$889.2
Net debt (cash)
(3)
(\$92.0)
Amortization of intangibles
(1)
18.6
Pension liabilities
193.1
Operating profit per the Policy
\$907.8
Less: Debt portion of equity units
(107.2)
Debt (cash) per the Policy
(\$6.1)
Income before income taxes
\$828.3
Interest expense net
(2)
\$63.3
Plus: Interest expense net
(2)
63.3
Depreciation and amortization of
intangibles
(1)
268.3
EBITDA per the Policy
\$1,159.9
Interest coverage ratio
14.3
Leverage ratio
0.0
Notes
1.
Including impairment write-offs, if any
2.
Interest expense, net is interest expense including cost for extinguishment of debt less interest income
3.
Net debt (cash) is short-
and long-term debt and debt-related derivatives less cash and cash equivalents
2010 Interest Coverage Ratio & Leverage Ratio
Interest coverage ratio
Leverage ratio
Full year 2010
December
31, 2010
Operating income
\$869.2

Net debt (cash)
(3)
\$127.1
Amortization of intangibles
(1)
18.0
Pension liabilities
136.0
Operating profit per the Policy
\$887.2
Less: Debt portion of equity units
(100.2)
Debt (cash) per the Policy
\$162.9
Income before income taxes
\$805.5
Interest expense net
(2)
\$63.1
Plus: Interest expense net
(2)
63.1
Depreciation and amortization of
intangibles
(1)
281.7
EBITDA per the Policy
\$1,150.3
Interest coverage ratio
14.1
Leverage ratio
0.1