1st Quarter 2025 Financial Results

Wednesday, 16th April 2025

Introduction

Anders Trapp

VP Investor Relations, Autoliv Inc

Welcome, everyone, to our first quarter 2025 earnings call. On this call, we have our President and Chief Executive Officer, Mikael Bratt; our Chief Financial Officer, Fredrik Westin; and me, Anders Trapp, VP Investor Relations.

During today's earnings call we will cover several topics, including our strong sales and earnings development in the first quarter, market development and tariffs that are affecting the automotive industry, as well as how our strong balance sheet and asset returns provide financial resilience and support a continued high level of shareholder returns. Following the presentation, we will be available to answer your questions. As usual, the slides are available on autoliv.com.

Turning to the next slide, our Safe Harbor Statement, which is an integrated part of the presentationfrom and includes the Q&A that follows. During the presentation, we will reference non-US GAAP measures. The reconciliations of historical US GAAP to non-US GAAP measures are disclosed in our quarterly earnings release, available on autoliv.com and in the 10-Q that will be filed with the SEC.

Lastly, I should mention that this call is intended to conclude at 15.00 Central European Time, so please follow a limit of two questions per person.

Highlights

Mikael Bratt

President and Chief Executive Officer, Autoliv Inc

Q1 2025 Key Highlights – Substantial Year-over-Year Profit & Margins Expansion

I am happy to present a solid first quarter, showcasing the company's adaptability and resilience, driven by our diverse product portfolio and strong customer relationships. This achievement laid a solid foundation for 2025. However, we remain cautious about the remainder of the year as we navigate the complexities of tariffs and other economic factors. It is encouraging that we, based on light vehicle production data from March, outperformed global light vehicle production despite continued significant headwinds from light vehicle production mix shifts, particularly in China. The stronger-than-expected sales were partly driven by LVP pull-forward in Europe and North America. We significantly improved [inaudible] our operating profit and operating margin compared to a year ago. This strong performance was primarily driven by well-executed cost reduction activities. Our structural cost reduction programme reduced our indirect workforce by over 1,500 since Q1 2023 and our direct headcount by 3,700 over the past year. We neutralised tariffs almost entirely in the quarter by agreement with customers. We also achieved record earnings per share for a first quarter, thanks to lower number of shares and high net profit. I am also pleased that we continue to generate a high level of return on capital employed. Our cash flow remained solid despite higher receivables from strong sales towards the end of the quarter, supporting a high level of shareholder returns. In the quarter, we repurchased and retired 500,000 shares for $50 million and paid a dividend of $0.70 per share.

The Bernoulli Airbag – Named "Innovation to Watch" by Automotive News

Last night, Autoliv was recognised by the *Automotive News* in the category PACE Pilot Innovation to Watch. The prestigious PACE Pilot award recognises achievement under development with new materials, fresh ideas, creative processes and bold execution in the automotive and future mobility space. Autoliv received the award for its Bernoulli airbag module, which inflates larger airbags more efficiently by leveraging pressure differentials with a small single-stage inflator, lowering deployment cost and weight. I want to thank the team for this great achievement. This reflects our collective effort and commitment to excellence and innovation.

Q1 2025 Financial Overview

Sales in the first quarter decreased by 1% year-over-year due to negative effects from currency, light vehicle production development and adverse regional and customer mix development. The adjusted operating income from Q1 increased by 28% to $255 million from $199 million last year. The adjusted operating margin was 9.9%, 230 basis points better than in the same quarter last year. Operating cash flow was a solid $77million, despite a temporary working capital buildup.

Significant Sequential and Year-over-Year Cost Improvements

We continue to generate broad-based improvement. Our positive direct labour productivity trend continues as we reduce our direct production personnel by 3,700 year-over-year. This is supported by the implementation of our strategic initiatives, including automisation and digitalisation. Our gross margin was 18.6%, an increase of 160 basis points year-over-year. The improvement was mainly the result of direct labour efficiency and headcount reduction, partly offset by a supplier settlement, as communicated last year. As a result of our structural efficiency initiatives, the positive trend for RD&E continued. Combined with the gross margin improvement, this led to 230 basis points improvement in adjusted operating margin.

Q1 2025 Light Vehicle Market Development

According to S&P Global data from March, global light vehicle production for the first quarter declined 40 basis points, exceeding the expectation from the beginning of the quarter by 140 basis points. Supported by the scrapping and replacement subsidy policy, we continue to see strong growth for domestic OEMs in China, while light vehicle production in higher content-per-vehicle markets in North America and Western Europe declined by 7% and 10% respectively. This resulted in an unfavourable regional light vehicle production mix of more than three percentage points in the quarter, significantly impacting our outperformance negatively. In the quarter, we did see call-off volatility continue to improve year-over-year. We will talk about the market development more in detail later in the presentation.

Q1 2025 Sales Growth and Regional Sales Split

Our consolidated net sales were $2.6 billion. This was slightly lower than a year earlier, driven by negative currency translation effects which reduced sales by almost 4% in the quarter. Excluding currency, our organic sales grew by 2%, including out-of-period compensations of $4 million. The regional sales split reflects the seasonally weak sales in China due to the lunar new year celebrations. China accounted for 17%; Asia excluding China accounted for 20%; America for 33%; and Europe for 30%.

Q1 2025 Sales Growth – Organic Sales Outperforming Global LVP by 3pp

Our quarterly sales were robust and slightly exceeded our expectations, driven by strong performance across most regions, particularly in Europe and America. Based on light vehicle production data from March, we outperformed light vehicle production in all regions except China, fuelled by product launches and pricing. In China, our sales to domestic OEMs grew by 19%, aligned with the light vehicle production growth. Our growth with the global customers in China was just one percentage point below their LVP growth. Due to LVP mix shift that continues, we underperformed significantly in China overall. Among the primary net sales growth drivers for the company this quarter, four were Chinese OEMs and two were Japanese, highlighting the importance of the Asian market and its customers.

Q1 2025 Key Model Launches

New launches in the first quarter of 2025 were, as you can see on this slide, mostly in America, Europe and South Korea, with few launches in China. The reason for this is that many OEMs are planning to unveil new vehicles in the Shanghai Auto Show in April. We expect a significant number of new launches in China as of Q2, but we are unable to disclose these launches as the vehicles have not yet been unveiled. The models displayed here feature Autoliv content per vehicle ranging from approximately $130 to nearly $500. In terms of Autoliv's sales potential, the US-produced Honda Passport and the Ford Expedition are the most significant.

Financials

Fredrik Westin

Chief Financial Officer, Autoliv Inc

Q1 2025 Financial Overview

This slide highlights our key figures for the first quarter of 2025 compared to the first quarter of 2024. Our net sales were $2.6 billion, representing a 1% decrease. Gross profit increased by $35 million, and the gross margin increased by 1.6 percentage points. The adjusted operating income increased from $199 million to $255 million, and the adjusted operating margin increased by 230 basis points to 9.9%. The reported operating income was $1 million lower than the adjusted operating income, mainly due to costs for capacity alignment. Adjusted earnings per share diluted increased by $0.58, were the main drivers were $0.48 from higher operating income and $0.13 from lower number of shares. Our adjusted return on capital employed was a solid 26%, and our adjusted return on equity was 29%, driven by share buybacks impacting total equity. We paid a dividend of $0.70 per share in the quarter and repurchased shares for slightly over $50 million and retired half a million shares.

Q1 2025 Adjusted Operating Income Bridge

In the first quarter of 2025, our adjusted operating income increased by $56 million. Operations contributed with $46 million, mainly from higher organic sales and improved operational efficiency, supported by the better call-off accuracy. The net currency effect was $5 million negative as the positive effects from the Mexican peso versus the US dollar was offset by translation and revaluation effects. The impact from raw materials was around $5 million negative. Out-of-period cost compensation was $4 million higher than last year. Costs for SG&A and RD&E net decreased slightly, despite higher costs for SG&A personnel. The recycled

accumulated currency translation differences related to the divestment of our idle operations in Russia amounted to $12 million, and the earlier impact from the supplier settlement in 2024 was around $2 million negative.

Cash Flow

For the first quarter of 2025, operating cash flow decreased by $45 million compared to the same period last year to $77 million, mainly a result of increased receivables following the strong sales towards the end of the quarter. Capital expenditures net decreased by $47 million. Capital expenditures net in relation to sales was 3.6% versus 5.4% a year earlier. The lower level of capital expenditure net is mainly related to lower []footprint capex in Europe and Americas and less capacity expansion in Asia. The free operating cash flow was negative $16 million compared to negative $18 million in the same period the prior year, as the lower operating cash flow was offset by lower CAPEX. The cash conversion in the last 12 months, defined as free operating cash flow in relation to net income, was around 72%, slightly below our target of 80%.

Trade Working Capital in Relation to Sales

Trade working capital decreased by $56 million compared to the prior year, where the main drivers were $11 million in higher accounts receivables, $17 million in lower accounts payables and $84 million in lower inventories. In relation to sales, the trade working capital decreased from 12.8% to 12.4%. The improvement in trade working capital is a result of our multiyear working capital improvement programme and an improvement in customer call-off accuracy enabling a more efficient inventory management.

Debt Leverage Ratio

Autoliv has consistently prioritised maintaining a strong leverage ratio, reflecting our prudent financial management and commitment to a strong balance sheet. This approach has enabled the company to navigate economic fluctuations, invest in innovation and continue delivering value to stakeholders over time. Our leverage ratio is virtually flat year-over-year at 1.3x, despite close to $700 million in shareholder returns. Compared to the end of last year, our debt leverage ratio increased by 0.1x as our net debt increased by $242 million, while the 12-month trailing adjusted EBITDA increased by $55 million.

Summary

Mikael Bratt

President and Chief Executive Officer, Autoliv Inc

We are well Positioned with Our Footprint and Broad Customer Portfolio

In recent years, our business has faced significant challenges from COVID-disrupted global supply chains, component shortages, inflation and a changing LVP landscape. Our company has adapted quickly, found new ways to mitigate the risks and maintained profitability. Now facing a challenging tariff situation, we are well equipped with a diversified customer portfolio, a broad regionalised footprint, a strong balance sheet and a single focus on automotive safety and saving lives. Autoliv has a diversified customer and model mix in North America. This diverse model mix base helps Autoliv mitigate risks associated with slowing import of certain vehicle models from Mexico and Canada. The company has multiple production and assembly

facilities across North America, ensuring timely delivery of airbags, seatseatbelts and steering wheels. Our largest production hub is in Mexico. However, not all products made there meet USMCA standards, due to customer-specific components or the unavailability of certain materials, like magnesium and leather for steering wheels. Our logistics in North America are complex. While some of our Mexican production supports local vehicle manufacturing, the majority is still destined for US vehicle assembly plants. For products sent to the US, customers manage about one third of the transportation and import, and these shares continue to grow. Driving from past experiences, Autoliv has developed -a strategic approach to handle tariffs. Over the years, we demonstrated that our methods for navigating challenging environments are effective.

Mitigating Impact and Adapting to a Changing Landscape

The instability and overall magnitude of the tariffs have placed the automotive industry in a challenging position. Tariff costs need to be passed on to the end consumers, which would lead to higher vehicle prices and potentially impact consumer demand and light vehicle production. To mitigate the effects of US tariffs on output costs and materials, we have implemented several strategic measures. We established a task force early in the year with a focus on minimising the impact of tariffs. We are engaged in ongoing discussions with our customers to find setups that are mutually beneficial while negotiating compensation for the transition period. Our large existing footprint in the US enables us to navigate the challenges posed by tariffs effectively. It gives us opportunities to ramp up production in the US should that be the best option when evaluating future production locations together with our customers. We are committed to increasing our compliance with the USMCA regulations, working closely with our customers and suppliers to achieve this through increased local sourcing of components and changing of specifications.

Light Vehicle Production Outlook

The outlook for global light vehicle production in 2025 has become significantly more uncertain since January, with regional variation influenced by tariffs, slower economic growth and other factors. In North America, the production outlook may be significantly downgraded due to trade risks and higher vehicle prices from import tariffs. This reduction is likely to affect vehicles produced in Mexico and Canada more severely. In Europe, production is expected to increase slightly short term, due to revision in EU regulations and higher demand in some Eastern European markets. China is also growing, driven by Government policy supporting the new energy vehicle market. Japan and South Korea are potentially facing declines due to the impact of lower exports to the US. Overall, while some regions are still expecting growth, the global auto industry remains cautious, navigating the complexities of tariffs and other economic factors.

2025 Business Outlook – Margin Expansion Expected

We expect 2025 to be a challenging year for the automotive industry. However, our ongoing focus on efficiency is expected to further enhance our profitability. We anticipate a significant improvement in our sales performance in China. Additionally, our strong cash conversion and solid balance sheet provide financial resilience and a robust foundation for maintaining high shareholder returns. We expect cost pressures from inflation to moderate in 2025, but still we expect some pressure coming mainly from labour, especially in Europe and America. However, the ongoing tariff situation could add inflationary pressure. Certain raw material prices have

increased, and we expect headwinds for the year, mainly in the US. We successfully navigated the new tariff environment in the first quarter. This gives us confidence that it is possible to continue on that course, but there is significant uncertainty. Contrary to the past three years, we do not anticipate a gradual quarter-by-quarter adjusted operating margin increase, and the inflationary environment differs from recent years. However, the fourth quarter is still expected to be the strongest of the year.

Full Year 2025 Guidance & Assumptions

Our full-year 2025 guidance which excludes effects from capacity alignment, antitrust-related matters, as well as no further changes to tariffs or trade restrictions that are in effect as of 15th April 2025, as well as no significant changes in the macroeconomic environment or changes in customer call-off volatility or significant supply chain disruptions. The business environment uncertainty makes it difficult to predict the remainder of 2025. However, based on the strong first quarter performance and encouraging near term call-off indications, we reiterate our 2025 guidance of an organic sales growth of around 2% and an adjusted operating margin of around 10 to 10.5%Operating cash flow is expected to be around $1.2 billion. Our positive cash flow and strong balance sheet support our continued commitment to a high level of shareholder return. Our full-year guidance is based on a global light vehicle production decline of around negative 0.5%, a tax rate around 28% and that the net currency translation effects on sales will be around minus 3%. We are monitoring the situation closely and are prepared to be as agile as needed to adjust to any changes.

We are Pleased to Invite you to Autoliv's Capital Markets Day on June 4, 2025

We are pleased to invite you to the Autoliv Capital Markets Day on 4th June 2025 in Stockholm, Sweden. Join us to learn more about our journey towards achieving our targets, capturing growth opportunities and translating these into attractive and sustainable shareholder return. We will showcase how Autoliv is strategically securing a strong position with successful OEMs in various markets supporting our medium- and long-term growth in a rapidly changing market environment. You will also have the opportunity to see our latest innovations and technologies. I personally look forward to seeing you all in Stockholm.

This concludes our formal comments for today's earnings call, and we would like to open the line for questions from analysts and investors.

Q&A

Colin Langan (Wells Fargo): Thanks for taking my question. I know, mid-quarter, you were trying to size the USMCA exposure. Do you have any better clarity now on how much of your sales are non-USMCA compliant or at risk? I did not see any actual impact on the walks on margin or sales, so I assume it was pretty small in March, but any run rate would kind of help so we could frame the potential risk.

Mikael Bratt: We have not given any other detail around the split there with the USMCA compliance or non-compliance here, because with the current circumstances, it is a pretty fluid situation. Giving too much details in this environment I think would more confuse than support. I think the bottom line is that we are well-positioned with the footprint we have described. We are having regionalised setups, meaning Americas for Americas. However, now, with this focus on the US side, it means the tariffs impact us mainly for the Mexican flow, but, as we have

mentioned, that production we have in Mexico is to a large extent for OEMs in Mexico also. Our customers are there. They also have pickup points in Mexico, meaning that they are carrying them over the border, and then part of that is also carried by us over the border into the customers' plant in the US. We are working with our customers to see what we can do to improve that, but the reason why we are not – why we have USMCA non-compliant components is because, to a very large extent, there is no available supply in the region. And we mentioned, for example, leather; we mentioned magnesium for the steering wheels. We have also uniqueness when it comes to certain directed components when it comes to electronics in the steering wheels, etc. So we are working to find alternatives with our customers, but that will take time. But wherever we are impacted by there, it is what we then pass on to the customer through surcharges. So I think we are as good as we can get in this environment here right now, and we monitor it carefully going forward to see what we can do.

Colin Langan: And the vast majority was passed on to the customer in the quarter already?

Mikael Bratt: Yes. Yes.

Colin Langan: Okay. And, just as a follow-up, in your comments you said – maybe I misheard, but – the profit trajectory is not going to be like prior years now, but it will be strongest in Q4. So how should we be thinking about – I know you do not guide quarters, but – Q2, any rough colour there? Are we now expecting that to not increase sequentially, and why would that be the case?

Mikael Bratt: No. I would say we are more back to the normal pre-inflationary environment, where you always had a weaker Q1, you had a stronger Q4, and then Q2 and Q3 was more averaging between there. And I think that is what we are trying to say now: that we are not seeing the same inflationary pressure that creates this sequential development that we have seen for the last three years. So more back to normal.

Colin Langan: All right. Thanks for taking my questions.

Mikael Bratt: Thank you.

Erik Golrang (SEB): Thank you. I have three questions. Firstly, on Europe, did we give some more colour on that big outperformance? What is behind that?

And then the second question on the size of tariff compensation in Q1, to the extent you would share that.

And then thirdly, continuing the tariff topic, just some more colour on this. You have covered yourself fully in Q1. It seems that you are confident that you will be able to continue to do so. Just thinking, why would not this burden be shared across the value chain? Thank you.

Mikael Bratt: Okay. Thank you. On the European side, I think we see the result of our position here with the European OEMs and the positive result of the mix we have there as they have some pull-forward here also connected to the European regulations here. So we have a good mix there.

So, more on the tariff side; I would say here that we – start with the last question there, maybe – why I am confident. We have been very clear that these tariffs need to be passed on to our customers, and obviously to the end consumer, in my view. Then, of course, it is up to the OEMs what they want to do. But I do not see any logic at all why the supply chain should

absorb these tariffs. This is a cost of doing business which is implemented from one day to another, and we will see for how long and at what magnitude they will be, but there is no way the supply chain can absorb this kind of magnitude of additional costs. So the pure nature of it, in my mind, needs to be passed on to the end consumer. So, []we stay firm with that , and will continue to hold that position as we move forward. And, with that said, of course we will be working with our customers to see what can be done in terms of fulfil the requirements so you do not to have to pay a tariff at all. But in order to do any bigger things there, you need to have some kind of stability and certainty on the tariff situation before you can take that kind of decision; for example, moving large part of your capacity from, let us say, Mexico or somewhere else into the US, so you will see that we have the right circumstances to have a business case to do it. But, as I said, we are well-positioned with the footprint we have. And of course we can work on the footprint we have to see what kind of changes we can do there in terms of using the footprint we already have. We are, I would say, among our peers, the one with the strongest industrial footprint in the US, so we have a good start there.

And then, when it comes to what we discussed before with the non-USMCA compliance, it is availability. And there, of course, it is more forces than our own force here that can change that. So, we are dependent on the industry here as well. But we are working together with the industry on this and see what happens. But, once again, stability and predictability is required before any bigger changes can be done, if they could be done. And we have not given any details on how much the tariffs are because it is a figure that is not meaningful in terms of the details here, because we are acting on the tariffs that we get as a result of this. And it is changing all the time also, so it is a lot of changing parts there because, besides the automotive tariffs, you have the steel and aluminium and all that. So, yes, it is a very complicated picture.

Erik Golrang: Thank you. And if I could just follow up, you mentioned the business case to relocate production, probably early days; do you see that is there an investment that you could do in the US where the total cost to bring your product to the market and your customers does not go up, or it is actually beneficiary, or do you think that you will stay where you are, based on at least the current level of tariffs?

Mikael Bratt: It is way too early to have any firm views on that, because, as I said, we need to know what the landscape to be for the foreseeable future so you can actually do a business case around it. And for certain, the cost in the US will go up. There is a reason why we are in Mexico. So the question is what that would be and what everybody is prepared to do there. So it is too early to have any firm opinions about that.

Erik Golrang: Okay. Thank you.

Emmanuel Rosner (Wolfe Research): Thank you so much. My first question is your decision to reiterate guidance. Can you elaborate a little bit about this? Is it mostly a function of just a lot of uncertainty, so it is really difficult to know what to assume for any changes? Or is it strong confidence in the ability to offset future challenges? Is it both? Can you just comment a little bit more about it?

Mikael Bratt: Sure. No, I think first of all, we feel comfortable with the guidance here when we look at our own ability to move forward here. I think we had a strong first quarter here, and we continue to see also, when we look into the horizon that we have with the call-offs, that we continue to see a healthy level of light vehicle production moving into the second quarter

with the horizon we have there. And, as I said, our own activity level, controlling what we can control in a good way, so I feel that we are steadily moving forward in the right direction there. So we have no reasons, I would say, to change our guidance here. We feel comfortable with what we can see.

Then, of course, what you are pointing to here: we are absolutely fully aware of the risks, you could say, that are out there connected to the tariffs and overall uncertainty there. But today we do not have any data points pointing in dramatic changes to that. Plus that we also, in our guidance, have a range mentioned that can absorb some movement as well. So, yes, we feel comfortable with our guidance given here today with what we know.

Emmanual Rosner: Thank you. If I could just ask this sort of addition to it, and then have a quick follow-up. For example, I think you are based on the March S&P file, but this morning S&P cut the global production a little bit deeper than the down 0.5 session that you are assuming. So, all else equal, is that something that we should be flowing through your guidance and essentially saying, 'Look, the production is lower than we assumed, therefore it is actually a lower outcome', or are you essentially saying that you have offset or that Q1 was so much stronger than expected that, all in, even with this somewhat weaker outlook, you are still good with your guidance?

Mikael Bratt: As we said here, we have based on our guidance on the 0.5 negative. We were already from the beginning, remember, more as a negative than S&P Global. Now they have made an adjustment, I would say, that is ballpark figure around where are at also, 1% lower than what we have. So I would say it is within margin of errors when you look at the light vehicle production. So it does not change the picture for me here.

Emmanual Rosner: That is great. And then the quick follow-up is your capital allocation strategy, and in particular the shareholder returns. Are you still comfortable with your existing strategy, or does the current uncertain environment make you want to slow down the cash returns to shareholders or change it in any other way?

Mikael Bratt: No. Our strategy and commitment here lays firm to be a shareholder-friendly company, return liquidity to our shareholders. We continued in the first quarter here with our buybacks, even though at a slightly lower pace, but we hold on to it. And what we will do going forward, of course, we cannot comment here, but our commitment is intact.

Emmanual Rosner: Thank you so much.

Mikael Bratt: Thank you.

Edison Yu (Deutsche Bank): Thank you for taking our questions. First of all, in near term, in terms of the tariff-related cost, it seems like you absorbed it or were able to pass it on very quickly. Would you expect that going forward, to be that quick in terms of the time when you pass it on to when you actually run it through the P&L?

Mikael Bratt: Yes. I think it needs to be quickly. You remember when we had described our negotiations when it comes to the inflationary compensation. That was related to very detailed and complicated negotiations on the component by component, plant by plant level across the whole globe. The tariffs is very, I would say, clear and obvious when you have to pay them, and, let us say, the evidence to prove that you have had this cost is much more simple, and therefore the negotiations should go much faster, absolutely.

Edison Yu: Okay. So, just to check, let us say tariffs continue on for the next couple quarters. You would expect to recover that pretty much inter-quarter going forward?

Mikael Bratt: I will not promise anything here, but, as I said, we stand firm in our opinion that the tariff cost needs to be passed on, and we will continue to do so. And I think we have a well-established way of doing it with our customers, yes.

Edison Yu: Got you. And then, longer term, on automation, I know it is a bit early to decide whether to necessarily relocate a lot back to the US, but I think you have discussed in the past you have done a lot of automation overseas in China and it has been very successful. So, if you had to automate, do you have a playbook, do you have a system that you can implement based on your learnings?

Mikael Bratt: I am not worried about the process or the way of moving capacity or establishing capacity in the US. It is more a question about the business case; and, as I said, the reliability in the environment that makes you comfortable in making investments in this environment. It is not how that is the problem, it is the calculation, the business case that we can provide competitive, better costs domestically than with tariffs, basically, to break even calculation.

Edison Yu: As I said, thank you.

Chris McNally (Evercore): Thanks so much, team, and I apologise if I missed this in the prepared remarks, but just in terms of the call-offs you are seeing through to early April, do they align with some of the March projections around Q2? I think we are all anticipating, basically, any day now, that we will get major Mexican and Canadian shutdowns basically permanently until tariffs are changed, so just curious if some of that is reflecting in what you have seen in the call-offs over the last two to three weeks.

Mikael Bratt: As I indicated before here, we see that the call-offs is holding up well, and no other indications than that we are moving forward here with the horizon we have from the call-offs.

Chris McNally: Maybe just to follow up on that, because I think you have answered the other questions really helpfully, it basically seems like production is the primary variable here. There will be a little bit on raw materials, but you are expecting to get repaid for any tariffs from the suppliers. I think we have heard that from every supplier. I am just a little surprised. Basically if there was no change in call-offs, particularly from Mexican and Canadian facilities, it would sort of imply that the Detroit three were continuing to build, which means they were not planning to cross the border, which does not seem to be the case. Could you help us reconcile that, because you would imagine we would see weakness, based on everything that we know, if shutdowns were coming soon, because they are building inventory at the border, essentially.

Mikael Bratt: No, I cannot, of course, comment or speculate in what our customers are doing here in those specifically. But the totality of the call-offs that I referred to here when we are looking at Autoliv order book, so to speak, is, as I said, holding up well here as we move forward into the second quarter with what we can see and the time horizon we have.

Chris McNally: Okay. Excellent. So it is sort of a global order perspective, and maybe we will hold off on giving very specific Canadian/Mexican officially, because a lot of that stuff is live.

Mikael Bratt: Yes.

Chris McNally: Thanks so much for the comments. Really appreciate it.

Mikael Bratt: Thank you.

Hampus Engellau (Handelsbanken): Thank you very much. Two questions from me. Starting off on the capacity alignment programme, I use the question are you happy where you are on these levels, or are you going to go ahead fully on the 8,000 that you previously indicated in terms of headcount reduction?

Second question is more related to the mix. I was also surprised for the outgrowth in Q1, and if you look at the quarters ahead with the outlook, should we assume any big changes in mix in the quarters from what you see now? I know you are not going to guide on the quarters, but just the sense as to model. Thank you.

Fredrik Westin: On your first question, the headcount reduction, I think we are progressing well. We have reduced our indirect or salaried headcount by over 1,500, so that has progressed further versus the Q4 report, and we are also down to the expected savings of an incremental $50 million for the year. So that is progressing well. Also, on the direct labour side, I think we are down – in total headcount, we are down 6%, whereas organically we grew sales by 2%, so also here we see a good development on the operational excellence side and productivity side. So, that also was helped by the better call-off volatility. That was around 93% here in the first quarter, so a continuation of the positive trend we saw in the fourth quarter.

And then, on the mix side, we mentioned we had a three percentage points negative mix in the first quarter. That will most likely continue, obviously, in the second quarter, and then we expect a more favourable development in the second half of the year, at least when you look at our expected sales performance versus LVP development in China. But we still expect a negative mix also for the full year of still about one percentage point.

Hampus Engellau: Okay. Fair enough. Thank you.

Agnieszka Vilela (Nordea): Thank you so much. So my first question is on the pull-forward impact that you saw in Q1 and the cost of car production. I wonder if you can just tell us about what has been happening, and also, did you only see that on the car production or did you also see that OEMs are stocking up your products?

Fredrik Westin: Yeah. It is very difficult for us to say what volume deviation here that we saw in the first quarter, which was favourable, and the volumes in the first quarter were better than we had expected going into the quarter. But to quantify a pull-ahead effect of that is incredibly difficult for us and, I would say, even impossible. But as Mikel already pointed out here, we see the call-offs continuing at a good level also here in the second quarter, so it is not that we see them falling off yet. So, that would indicate that either the pull-ahead effect continues or it was smaller in the first quarter.

Agnieszka Vilela: Understood. Thank you. And then maybe just if you could help us to understand the impact on the P&L from getting compensations from tariffs and overall tariff impact, and does it filter through sales and your cost, or how should we think about it when you get the compensations for tariffs?

Fredrik Westin: Yeah, the majority filters through sales. But in the first quarter it was not of such a large magnitude that it would have any meaningful effect on the top line.

Agnieszka Vilela: Thank you.

Jairam Nathan (Daiwa Capital Markets America): Hi. Thanks for taking my question. Just wanted to understand, in terms of the cost reduction in CP, can you make any enhancements or increase the cost reduction potential if things worsen from here? What kind of flexibility would you have?

Mikael Bratt: No, I think we have already shown that we have a high flexibility in the company to manage big shifts in demand here. So of course, what we are seeing the result of from now in the quarter one is from really what we call then the strategic roadmap activities to drive towards our midterm targets here. If something dramatically would happen in the market, then of course we have more levers to pull to bring down the cost and reduce labour, etc. So the short answer is yes, we can do more if needed there, of course.

Jairam Nathan: Okay. And, just as a follow-up, we are seeing a lot of especially Japanese OEMs, I think, trying to shift production back to the US, and I just want to understand would that have any impact on margins in Japan with the US, and would the US specifically have the capacity?

Mikael Bratt: I think, first of all, yes, we see some of that also, and possibly it is various platforms that we are on that changes location. We have a procedure for that. That has happened before, so that is nothing dramatically with that. That is basically a reset of the programme, and we need to do a new calculation and all that stuff, so we have a well-defined way of working around that. And I think here we have also a big advantage. Since we have this global footprint we have, we can also support our customers if they want to move to a different region, so that is not very dramatic for us today. And I think it will take some time until you actually see any meaningful volume impact in that. I think they have the same situation here as we as a supplier have – that you need to make sure that you have a long-term view on the landscape here in order to actually make those investments at the end of the day.

Jairam Nathan: Okay. Thank you. That is all I had.

Dan Levy (Barclays): Hi. Good afternoon to you. Thank you for taking the questions. Can you just outline what your exposure is within Europe and Asia to vehicles that are exported to North America?

Mikael Bratt: I do not have the number in front of me. We could come back to you on that one. It is typically premium vehicles more that are exported, and then we are a bit overweighted maybe against those, but I would have to come back on the exact number. You can talk to Henrik and Anders on this.

Dan Levy: Okay. Thank you. And then second question is on the tariffs and what specifically is not USMCA-compliant. How much of this is tier two directed content by the OEMs that is essentially in a position where the OEMs have to negotiate because they have directed this content, as opposed to content that you chose to source on your own and there is maybe a little less of a basis for getting those recoveries?

Mikael Bratt: We are not breaking it down in details [inaudible]. It is, I was going to say, too detailed to keep in [inaudible] content there, and especially in a situation like this when it is quite fluid here. As I said, the directed content, as you said, is obviously something we support

from the OEMs, allow customers here to find alternatives to. But most cases when we are not USMCA-compliant is because it is not available under those conditions there, so I think we have to live with it.

Dan Levy: Okay. Thank you.

Mikael Bratt: Before we conclude today's call, I want to emphasise our commitment to achieve our financial targets. Our focus remains on structural cost reductions, innovation, quality, sustainability and on tariffs mitigation efforts. Despite significant market challenges in key markets, we expect to continue to perform strongly. We remain vigilant about the risks associated with the tariffs and geopolitical challenges which could impact our cost structure and market dynamic. Navigating these complexities as well as we did in the first quarter will be instrumental in maintaining our momentum throughout the year. Once again, I am delighted to invite you to our Capital Markets Day on 4th June 2025. I look forward to see you there. Our second quarter call is scheduled for Friday, 18th July 2025. Thank you for your attention. Drive safely.

[END OF TRANSCRIPT]