



Autoliv Makes its Largest Capital Investment

(Stockholm, October 19, 2012) - - - At a China seminar today in Stockholm, Sweden, Jan Carlson, the President and CEO of Autoliv Inc. (NYSE: ALV and SSE: ALIV SDB), announced that the world-leading automotive safety company has started the construction of a new facility in China that will manufacture propellant for its airbags in the Asian markets. The cost for the new plant is estimated to amount to \$33 million, making it the single largest capital expenditure in the Company's history. The propellant plant will be Autoliv's twelfth manufacturing facility in China.

The new plant is needed to meet the strong long term growth for automotive safety products in China and other Asian markets. This growth is driven by higher vehicle production and the ever increasing trend toward more airbags in each vehicle. Even though the number of vehicles has increased rapidly in the Asian emerging markets, the vehicles are still few in relation to the population and the geographical size of many of these countries. In China, for instance, there are still only 100 vehicles per 1,000 people compared to 500 in Europe and nearly 900 in the USA. Frontal airbags have become common in new vehicles sold in China. However, most new vehicles in China still do not have side-impact airbags, and the other emerging markets in Asia have not even come as far as China in their automotive safety developments. This will drive a strong demand for airbags in Asia and is the main reason for this significant investment by Autoliv.

So far, the propellants for Autoliv's airbags for the Chinese market have been imported from the USA. However, producing the propellants locally in China will save shipment and inventory costs.

"This new plant will be key in our strategy to localize sourcing of components to China", said Jan Carlson, President and CEO of Autoliv Inc. "We are already at a 70% localization rate in China with only 30% of our component need being imported from other countries. The Chinese propellant plant will increase our localization rate and align our manufacturing capacity to the market demand while simplifying our supply chain."

The propellant is the pyrotechnic material that produces the gas when an airbag is deployed. Since the propellant (or "gas generant") is an explosive, the manufacturing process is rigorously controlled and requires expensive equipment. Therefore, high volumes are required to make propellant operations profitable. Currently, propellant manufacturing for Autoliv and its propellant suppliers is concentrated in the USA and France. The addition of the new plant in China will increase this propellant capacity by approximately 25% and enable Autoliv long-term to produce 25-30 million more airbags, depending on the size of the airbags. The new plant is being constructed on an almost 200,000 square meter site, 200 km from Shanghai.

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About Autoliv

Autoliv, Inc., the worldwide leader in automotive safety systems, develops and manufactures automotive safety systems for all major automotive manufacturers in the world. Together with its joint ventures, Autoliv has more than 80 facilities with nearly 50,000 employees in 29 countries. In addition, the Company has ten technical centers in nine countries around the world, with 21 test tracks, more than any other automotive safety supplier. Sales in 2011 grew by 15% to US \$8.2 billion. The Company's shares are listed on the New York Stock Exchange (NYSE: ALV) and its Swedish Depository Receipts on the OMX Nordic Exchange in Stockholm (ALIV sdb). For more information about Autoliv, please visit our company website at www.autoliv.com.

Safe Harbor Statement

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