

3rd Quarter 2020 Financial Results

Earnings Conference Call
and Webcast
October 23, 2020



veoneer

Safe Harbor Statement

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this report other than statements of historical fact, including without limitation, statements regarding management's examination of historical operating trends and data, estimates of future sales (including estimates related to order intake), RD&E spend, operating margin, cash flow, taxes or other future operating performance or financial results, are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as "estimates," "expects," "anticipates," "projects," "plans," "intends," "believes," "may," "likely," "might," "would," "should," "could," or the negative of these terms and other comparable terminology, although not all forward-looking statements contain such words. We have based these forward-looking statements on our current expectations and assumptions and/or data available from third parties about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs.

New risks and uncertainties arise from time to time, and it is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. Factors that could cause actual results to differ materially from these forward-looking statements include, without limitation, the following: general economic conditions; the cyclical nature of automotive sales and production; changes in general industry and market conditions or regional growth or decline; further decreases in light vehicle production; impact of COVID-19 on our customers and their production and product launch schedules; impact of COVID-19 on the Company's financial condition, business operations and liquidity; impact of COVID-19 on our suppliers and availability of components for our products; our ability to complete the transaction contemplated by the non-binding agreement with Qualcomm Technologies, which is subject to the negotiation and documentation of a definitive agreement; the development of the software and integrated platform contemplated by the non-binding agreement with Qualcomm Technologies; our ability to achieve the intended benefits from our separation from our former parent; our ability to be awarded new business or loss of business from increased competition; higher than anticipated costs and use of resources related to developing new technologies; higher raw material, energy and commodity costs; component shortages; changes in customer and consumer preferences for end products; market acceptance of our new products; dependence on and relationships with customers and suppliers; our ability to share RD&E costs with our customers; unfavorable fluctuations in currencies or interest rates among the various jurisdictions in which we operate; costs or difficulties related to the integration of any new or acquired businesses and technologies; successful integration of acquisitions and operations of joint ventures; successful implementation of strategic partnerships and collaborations; product liability, warranty and recall claims and investigations and other litigation and customer reactions thereto; higher expenses for our pension and other post-retirement benefits, including higher funding needs for our pension plans; work stoppages or other labor issues; possible adverse results of future litigation, regulatory actions or investigations or infringement claims; our ability to protect our intellectual property rights; tax assessments by governmental authorities and changes in our tax rate; dependence on key personnel; legislative or regulatory changes impacting or limiting our business; political conditions; and other risks and uncertainties contained in the Company's quarterly reports and Annual Report on Form 10-K.

For any forward-looking statements contained in this report or any other document, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and we assume no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Business Highlights – 3rd Quarter 2020

The macro environment remains very challenging and uncertain

- **Health and Safety our first priorities**, while closely monitoring the COVID-19 pandemic development
- **Strong execution of new technology and customer launches**
- **Market Adjustment Initiatives (MAI) program continues to contribute** to the improved operating loss and cash flow performance
- **Cash flow is tracking better than our previous expectations for FY'20** resulting in a cash balance of \$846 million at the end of the quarter, relatively unchanged from Q2'20
- **Veoneer and Qualcomm Technologies, Inc. announced their intent to collaborate** on the delivery of next generation ADAS, Collaborative and AD solutions
- **Completed the divestiture of the VBS-US³ operations** to ZF Friedrichshafen AG
- **Order intake⁴ is ~\$600 million during the LTM**, Active Safety is approximately two thirds
- **Expect a return to organic growth in the 4th quarter, and further accelerate into 2021**

¹Light Vehicle Production, ²Advanced Driver Assistance Systems/Autonomous driving, ³Veoneer Brake Systems -US operations, ⁴Order Intake - Estimated future average annual sales.



Key Active Safety Technologies launched on new Customer programs

A successful start to the 2020 launch year

Polestar2



- Mono Vision Gen4
- 77Ghz Radar
- ADAS Control Unit
- ZIS - Zenuity Software

Levorg



- Stereo Vision System
- 77Ghz Radar

S class



- Stereo Vision Gen4
- 77Ghz Radar
- ADAS Software



Vehicle Model System Name	Overall AD Grading (rounded value)
Mercedes GLE Active Distance Assist DISTRONIC with Active Steering Assist	174
BMW 3-series Driving Assistant Professional	172
Audi Q8 Adaptive Cruise Assist	162
Ford Kuga Co-Pilot 360	152
VW Passat Travel Assist	137
Tesla Model 3 Autopilot	131
Nissan Juke ProPILOT	124
Volvo V60 Pilot Assist	120
Renault Clio Highway and Traffic Jam Companion	105
Peugeot 2008 Drive Assist Plus	101

Very good

Moderate

Entry

Highest overall total score in 2020 NCAP AD grading



- Stereo Vision Gen2
- 77Ghz Radar
- ADAS Control Unit



Mercedes-Benz GLE
Active Distance Assist DISTRONIC with Active Steering Assist

DOWNLOAD REPORT (PDF)

2020 is an important Customer launch year

Top 15 in 2020 ~\$300M average annual sales, average CPV ~\$165

Q1'20 to Q3'20

Q4'20

Q1'21

Polestar 2

- AVV ~60K
- MV4, 77Ghz, ADAS ecu, ZIS



Mercedes Benz – GLA / GLB

- AVV ~180K
- MVS, SVS, 77Ghz, ADAS ecu



Mercedes S class (delay to Q3'20)

- AVV ~90K
- SV4, 77Ghz, ADASSW



Mercedes E class

- AVV ~370K
- MVS/SVS, 77Ghz, ADAS ecu



BYD HC

- AVV ~50K
- MVS, 77Ghz



Ford F150 (delay of 6 weeks)

- AVV ~690K
- RCS, DMS



VCC XC40

- AVV ~150K
- MV4, 77Ghz, ADAS ecu, ZIS



Honda Acura TLX & MDX (partial delay to Q1'21)

- AVV ~80K
- 24Ghz



Subaru Levorg (delay to Q4'20)

- AVV ~30K
- SVS, 77Ghz



GM Escalade

- AVV ~40K
- NiVi4, RCS, HDLM



Japan based OEM (partial pull ahead from Q1'21)

- AVV ~260K
- 24Ghz



US based OEM (delay to Q1'21)

- AVV ~140K
- RCS, BCS



US based OEM (delay to Q1'21)

- AVV ~180K
- NiVi4, RCS,



Japan based OEM (delay to Q1'21)

- AVV ~50K
- 77Ghz, RCS



Japan based OEM (partial delay to Q1'21)

- AVV ~200K
- RCS



Japan based premium OEM

- AVV ~250K
- SV4



Geely EMA

- AVV ~180K
- MV4, SV4, 77Ghz, ADAS ecu, ZIS,



EU based premium OEM

- AVV ~280K
- SV4, 77Ghz, ADASSW



Volvo XC60

- AVV ~120K
- MV4, 77Ghz, ADAS ecu, ZIS



Volvo S90/V90

- AVV ~70K
- MV4, 77Ghz, ADAS ecu, ZIS



AVV - Average Vehicle Volume are primarily based on the IHS vehicle volume planning assumptions over vehicle life-cycle, CPV - Content per Vehicle Volume, Products - MVS (Mono Vision System), SVS (Stereo Vision System), MV4 (Gen4 Mono Vision), SV4 (Gen4 Stereo Vision), 77Ghz & 24Ghz Radar, NiVi4 (Gen4 Thermal Sensing Night Vision), ADAS ecu (Advanced Driver Assist System electronic control unit), ADAS SW (ADAS Software), DMS (Driver Monitoring System), ZIS (Zenuity Software), HDLM (High Definition Mapping), RCS (Restraint Control System).

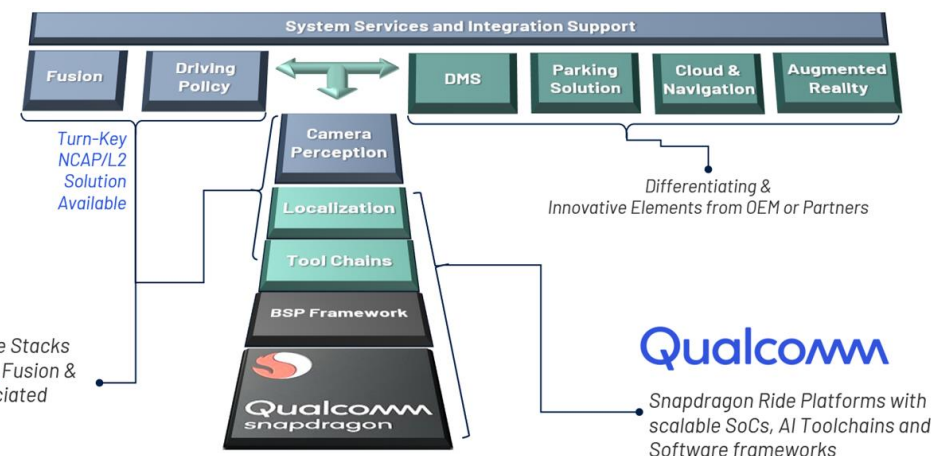
Veoneer and Qualcomm Collaboration Agreement



- Delivers an **open platform with SoC & SW** for creating next generation ADAS & Collaborative and Autonomous Driving solutions
- Enables highly **integrated, extendible** and **scalable** solutions built on next generation Qualcomm® Snapdragon Ride™ platform, and Veoneer’s 5th generation of **Camera Perception** and Industry proven **Driving Policy** stack
- Platform to be marketed and sold to automotive manufacturers and Tier-1 suppliers, targeting vehicle production launches starting 2024

StackCo (Veoneer)

Scalable ADAS Software Stacks for Camera Perception, Fusion & Driving Policy and associated system services



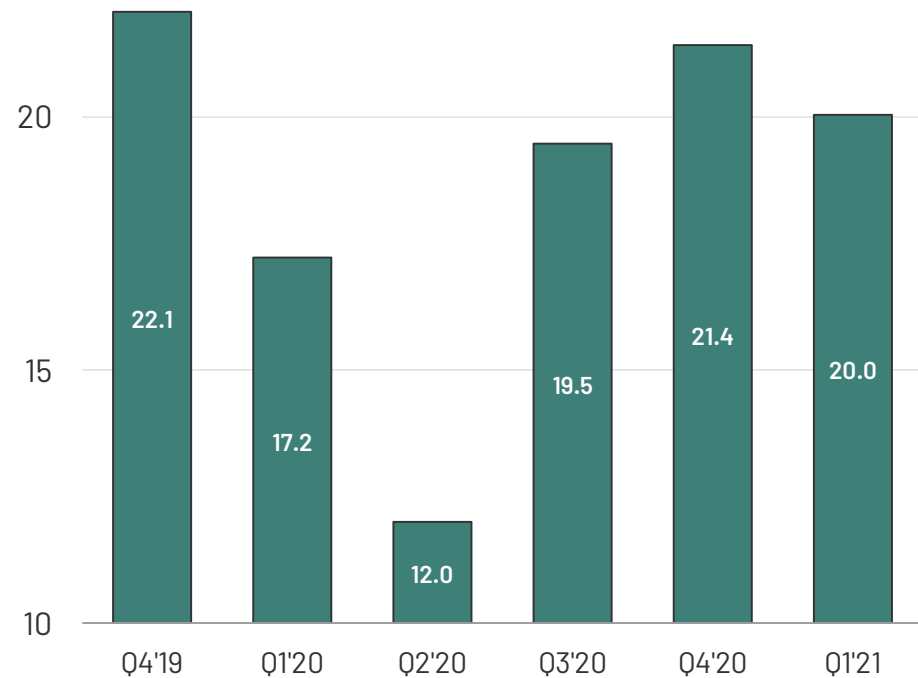
LVP¹ Development

Unprecedented recovery from the depressed Q2'20 levels

Light Vehicle Production Global

Units in millions

Oct-2020



¹ Light Vehicle Production according to IHS as of October 16, 2020.

Commentary

- **Current LVP forecast is ~8pp higher** than the IHS forecast 90 days ago for Q3'20 to Q1'21
- **Q3'20 rebound ~63% from Q2'20**
- **Q4'20 recovery continues ~10% sequential increase** from Q3'20
- **Early 2021 outlook is LVP of ~80M**, roughly in line with the Q1'20 annual run-rate, however still not back to the levels of Q4'19

Financial Highlights – 3rd Quarter 2020

Market Adjustment Initiatives continue to mitigate the negative impact of COVID-19 on our operating results

Operating Results

- *Organic Sales¹ decline ~7%, slightly better than expected due to a stronger than expected LVP² rebound in North America and Europe from Q2'20*
- *Operating loss of \$103M, in-line with our expectations*
- *Underlying cost structure improvements continue to gain traction as a result of the market adjustment initiatives, thereby lowering the underlying loss run-rate*

Cash Flow / Liquidity

- *Cash flow progressing better than our previous expectations for FY'20*
- *Operating cash flow \$1M, including favorable timing effects of which \$50M are expected to reverse next quarter*
- *Cash flow before financing activities¹ of \$6 million, includes a \$22M recovery related to VBS-US operations divestiture*
- *Cash balance \$846M as of Q3'20*

Investments for Growth

- *CapEx investments of \$19M to support important 2021 launches,*
- *CapEx ~5% of sales and D&A⁴ ~7% of sales*
- *The majority of the investments are related to increasing manufacturing capacity and RD&E infrastructure*
- *Continue to closely monitor and explore initiatives to minimize or delay cash requirements in the near and mid-term*

¹ Non-U.S. GAAP measure, ² Light Vehicle Production, ³ the 2019 year-end cash position of \$859 million excludes \$35 million of cash in assets held for sale, ⁴ Depreciation and Amortization (D&A).

Veoneer Group – 3rd Quarter 2020

Financial Summary and change vs. prior year

Dollars in Millions (except where specified)	Q3'20	Q3'19	Chg. vs. Prior Year	Comments
Net Sales	\$371	\$462	\$(91)	• Organic sales ¹ \$(27)M including RCS ² \$(9)M and AS ² \$(16)M mostly due to LVP ² impact from COVID-19, VNBS ² -Asia divestiture \$(77)M, currency, net \$13M
Gross Profit %	\$54 14.6%	\$73 15.8%	\$(19) (1.2) pp	• Lower LVP, volume and product mix impact causing lower organic sales, Brake Systems divestiture impact \$(11)M, net currency effects \$3M
RD&E, net %	\$(124) (33.4)%	\$(144) (31.3)%	\$20 (2.1) pp	• Associates decrease ~630 (including Brake System divestitures decrease 424 and Zenuity increase 216) driving lower RD&E costs, Brake Systems divestitures benefit \$17M partially offset by Zenuity additional cost \$10M
Operating Loss %	\$(103) (27.8)%	\$(122) (26.5)%	\$19 (1.3) pp	• Lower LVP, volume and product mix impact, offset by lower RD&E, net and lower SG&A \$2M, lower amortization and IP recovery of \$16M combined. Includes currency of \$(2)M. The Brake System divestitures benefit \$14M
Operating Cash flow	\$1	\$(61)	\$62	• Operating loss improvement and positive change in net working capital ¹
CapEx %	\$19 5.1%	\$59 12.8%	\$(40) (7.7)pp	• Lower CapEx investment in the Brake Systems segment, facility expansions and engineering related IT

¹ Non U.S. GAAP measure, ² Restraint Control Systems(RCS), Active Safety(AS), Light Vehicle Production(LVP), Veoneer Nissin Brake Systems(VNBS).



Veoneer Group – 3rd Quarter 2020

Financial Summary and sequential change vs. prior quarter in 2020

Dollars in Millions (except where specified)	Q3'20	Q2'20	Chg. vs. Prior Quarter	Comments
Net Sales	\$371	\$184	\$187	• Organic sales ¹ \$181M including RCS ² \$85M, AS ² \$87M, Brake Systems-Honda \$8M
Gross Profit %	\$54 14.6%	\$3 1.9%	\$51 12.7pp	• LVP recovery from the 2 nd quarter due to COVID-19, along with product and customer mix impact
RD&E, net %	\$(124) (33.4)%	\$(44) (24.1)%	\$(80) (9.3)pp	• Associates increase ~50 (including Brake System divestitures decrease ~180 and Zenuity increase 216), above normal engineering reimbursements ~\$80M in Q2'20 for past development work
Operating Loss %	\$(103) (27.8)%	\$(64) (34.8)%	\$(39) 7.0pp	• Volume and product mix impact was more than offset by lower RD&E, net due to lower customer reimbursements and lower other income
Operating Cash flow	\$1	\$(107)	\$108	• Net working capital ¹ swing of \$106M from previous quarter including positive timing effects where \$50M are expected to reverse in Q4'20
CapEx %	\$19 5.1%	\$24 13.0%	\$(5) (7.9)pp	• Lower CapEx in manufacturing equipment and engineering related IT



¹ Non U.S. GAAP measure, ² Restraint Control Systems(RCS), Active Safety(AS), Veoneer Nissin Brake Systems(VNBS),.

- ✓ Customer and product focus
- ✓ Margin improvement
- ✓ Balance sheet and cash-flow efficiency

Market Adjustment Initiatives – Efficiency Improvements

Customer and Product focus

- ✓ *Focus on winning profitable orders within core product portfolio*
- ✓ *Strategic investments in new technologies*
- ✓ *Ongoing discussions with customers and suppliers on the terms and scope of contracts*

Margin improvement

- ✓ *2020 RD&E, net improve >\$100 million*
 - Focus on project management & RD&E efficiency, sub-contract and professional services, cost sharing RD&E with customers
- ✓ *Discretionary cost control*
- ✓ *P&L accountability*
 - Business unit and Product line
- ✓ *Footprint optimization*
 - Review for possible consolidation

Balance Sheet and Cash Flow efficiency

- ✓ *Capital Expenditures FY'20 expected to be < \$125 million*
 - Review and evaluate leasing and sub-contracting alternatives and manufacturing localization strategy
- ✓ *Operating Working Capital*
 - Optimization initiatives continue to further improve underlying working capital and mitigate effects of expected organic sales growth

2020 Outlook Update

Remains mostly unchanged from the previous quarter

- **Net Sales**

- We continue to see some new program customer launch delays during H2'20
- **Organic sales¹ are expected to return to growth in Q4'20** and continue to accelerate into 2021
- **Organic sales are expected to out-perform the LVP for H2'20** while currency translation, net effects are expected to be ~1% of sales for FY'20
- **The lower FY'20 organic sales** impact from COVID-19 on our operating results and cash flow **is expected to be offset by our Market Adjustment Initiatives program**

- **Key Indicators**

- **RD&E, net is expected to improve more than \$100 million from FY'19**, on a comparable basis,
- **Operating loss is expected to improve from FY'19**, on a comparable basis
- **Capital expenditures** are expected to be **less than \$125 million**
- **Cash flow before financing activities¹** is now expected to be **better than \$(170) million** during H2'20

¹ Non U.S. GAAP measure, ² Full Year 2020 Outlook is based on the change from 2019 (on a comparable basis excluding the VNBS-Asia JV and excluding VBS US operations), ³ Light Vehicle Production (LVP).

Creating Trust in Mobility

Flawless Delivery

Customer-Centric Collaboration

Human-Centric Innovation

Thank You!

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