

4th Quarter 2019 Financial Results

Earnings Conference Call
and Webcast
February 5, 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), 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: the cyclical nature of automotive sales and production; changes in general industry and market conditions or regional growth or decline; 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; 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.

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CES 2020 – Demonstrating our Strategic Direction

a focused strategy for growth and profitability in the largest and fastest growing market segment

Collaborative Driving / L2+ solutions focus

- Addressing the largest TAM over the next decade
- First-time “on the road” vehicle demonstrations with “handsfree driving”
- Concepts for data and connectivity solutions
- Scalable architecture to create cost-efficient mass-market solutions
- Commercialization starting first half 2020
- Zenuity ready for commercial launches
- Polestar 2 first launch of full hardware and software suite



Business Highlights

Macro environment remains mixed and uncertain

Factors affecting our market outlook

- LVP¹ uncertainty in China and Western Europe continues in 2020 while North America remains relatively stable
- Expect a slow start to 2020, overall LVP deterioration through 2022 continues

Market adjustment initiative program

- Improvements in RD&E, net and underlying cost structure are gaining traction along with underlying working capital performance
- Strategic reviews for VBS and Zenuity continue, VNBS JV divestiture closed Feb 3rd, 2020

Order intake and Order book

- Increased customer presence with key customer opportunities during 2019
- Order intake² for 2019 was ~\$500M average annual sales for the Electronics segment
- Order book² at the end of 2019 remained ~\$19B, where Electronics segment ~\$15B, despite LVP declines for the period 2020 to 2025

New program launches

- Unprecedented transformational launch period upcoming over the next 8 quarters with new technologies and key customer programs



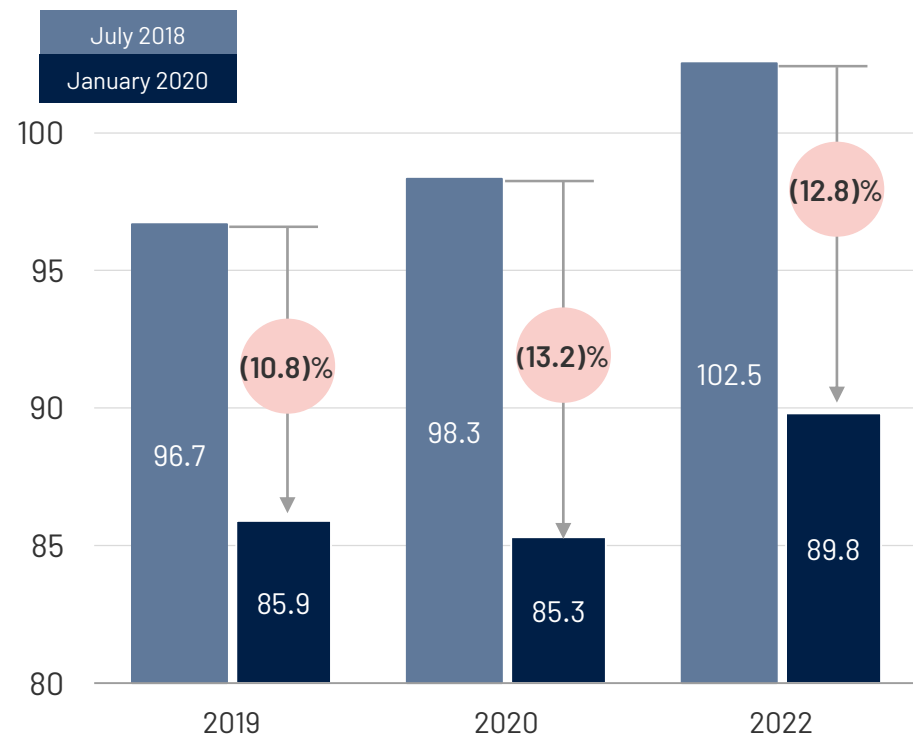
¹ Light Vehicle Production, ² Order Intake - Estimated future average annual sales, Order Book - Estimated total future sales.

2019 to 2022 LVP¹ Outlook

reduced ~50 million vehicles since spin-off

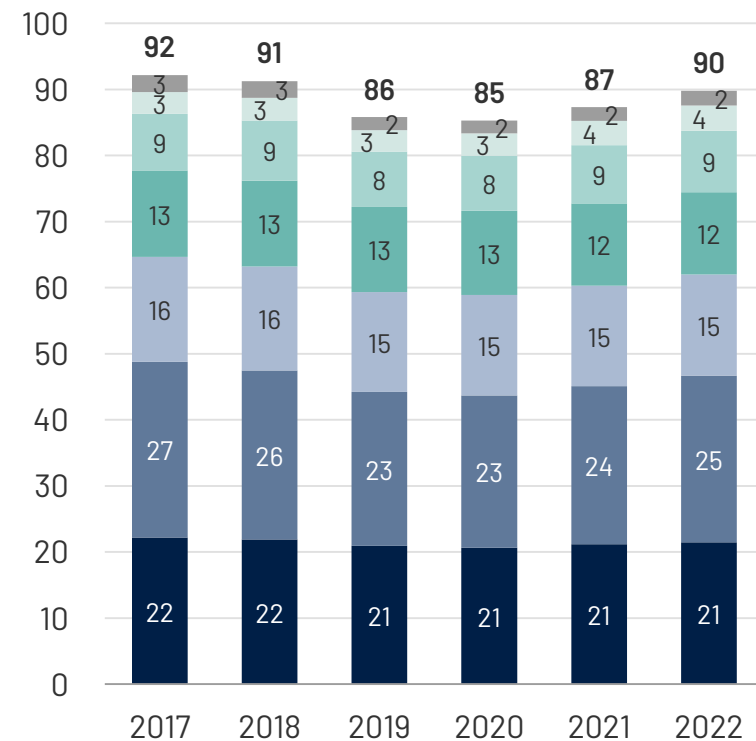
Light Vehicle Production Global

Units in millions

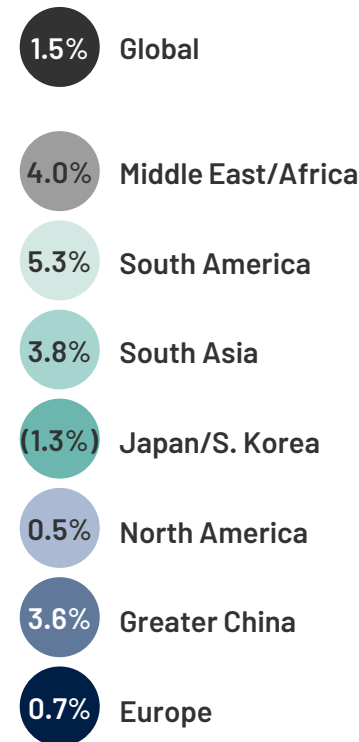


Light Vehicle Production

Units in millions



CAGR
2019-2022



¹ Light Vehicle Production according to IHS January 16, 2020

Customer Status – Active Safety

as of December 2019, awarded business from 16 customers globally

Customer	Radar			Vision ¹			Thermal Sensing			ADAS ECU			LIDAR			RoadScape			DMS (Driver Monitoring)			Features (Software)									
Customer 1																															
Customer 2																															
Customer 3																															
Customer 4																															
Customer 5																															
Customer 6																															
Customer 8																															
Customer 9																															
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Customer 21																															
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Customer 23																															
Total	20	17	12	18	13	7	11	10	6	14	12	4	12	4	1	6	2	3	12	8	2	10	4	4							
Bid List	Technical Qualification			Awarded Business																											

¹ Mono and Stereo Vision with VNE developed algorithms

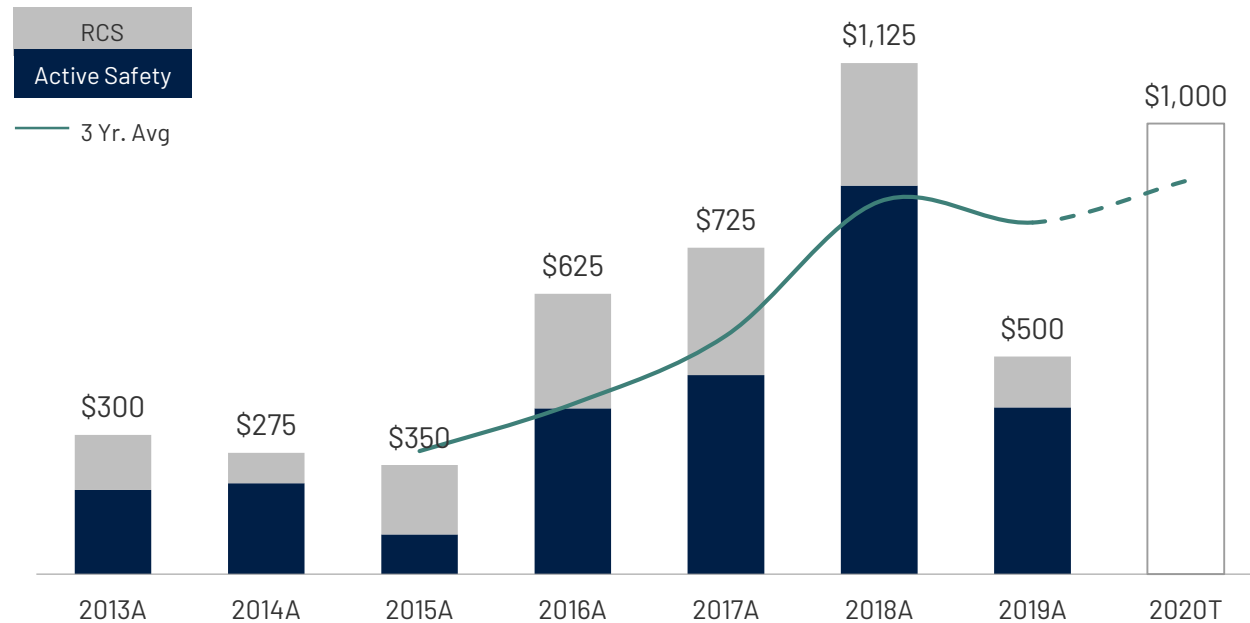
Active Safety Milestones – 2019

- Technically qualified with 13 vision customers
- New business award with 7th vision customer with major global OEM
- New business awards with 2nd DMS and 3rd RoadScape customers
- Bid list up to 20 customers for radar
- Technically qualified 17 customers for radar
- New business award with 12th radar customer
- Bid List added 12th LiDAR customer
- Technically qualified with 10th ADAS ECU customer
- 1st thermal sensing award for autonomous vehicle application with leading global OEM

Order Intake Update

Estimated lifetime order book ~\$15 billion for the Electronics Segment

Order Intake ¹ Evolution Electronics Segment
(\$ millions)



Order Intake implications on Organic Sales² growth

- ✓ The 3 year average order intake for the Electronics segment is ~\$800M
- ✓ General leadtime is 2 to 4 years to develop an order to production
- ✓ Active Safety and Restraint Control Systems order intake from 2013 to 2015 is reflected in our 2017 to 2019 organic sales
- ✓ Strong order intake in 2016 to 2018 will primarily impact 2020 to 2022 organic sales

¹ \$ value represents expected future Average Annual Sales from respective years order intake, disclosure of orders will not be made regularly, based on when the orders were awarded where RCS (Restraint Control Systems), ² Non-U.S. GAAP measure.

New Technology Launches

upcoming over the next 4 quarters

Q1'20

Mono-Vision Gen4

- 2nd Gen. Object Det., Lane Det., Road Boundary, Free Space
- Traffic Light Det., Support Object Enhanced Map
- EU NCAP 2020
- Lead launch: **Polestar 2**



Z1 Software (Zenuity)

- EU NCAP 2020
- Traffic Jam Assist
- Lead launch: **Polestar 2**

L2/L2+ Smart ECU Gen2

- Highly scalable SoC solution to support object fusion up to L2+ Feature content
- Confirmed 3 OEMs
- Lead launch: **Volvo**



Q2'20

Thermal Sensing Gen4 (NiVi)

- 12 μ m FIR sensor, VGA resol. (640x512), 32° Hor. Fov (24°, 50° or 70°), ~25% size red.
- Lead launch: **US based Premium brand**



Stereo Vision Gen4

- 2nd Gen. 3D Object Det., Parking Assist, Small Object Det.
- EU NCAP 2020
- Lead launch: **EU based Premium Brand**



Q3'20

Regenerative Braking

- Integrated 1 box brake by wire solution
- Lead launch: **US based OEM**



Stereo Vision

- Custom Solution
- Lead launch: **Asian based OEM**



Driver Monitoring System

- Drowsiness, Distraction, Attention Zones, Identification, Precise Eye Gaze
- Lead launch: **US based OEM**



SW Features (Zenuity)

- (standalone)
- Lane Centering
- Lead launch: **EU based Premium Brand**

Q4'20

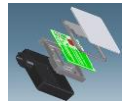
Roadscape HDLM & Precise Positioning Module

- High Definition Mapping host & precision positioning
- Lead launch: **US based Premium brand**



Radar 77Ghz Gen1.3

- Cost and performance optimized
- Lead launch: **Japan based Premium brand**



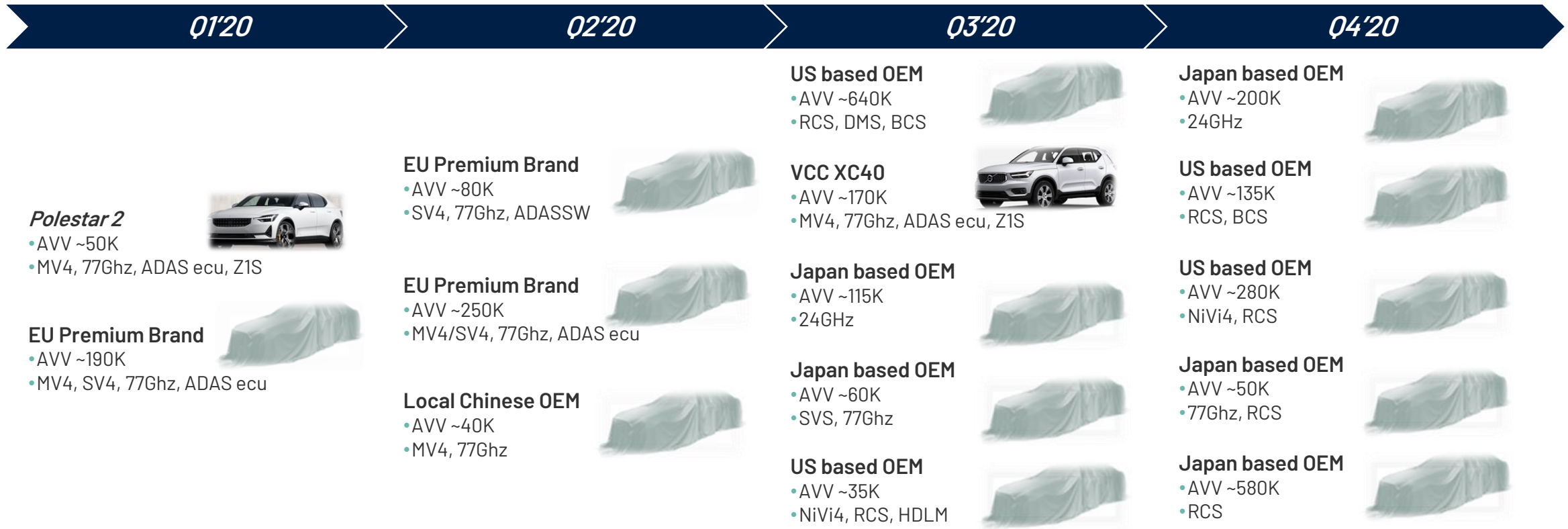
Safe Stop Module (SSM) ECU

- Standalone Ecu including Zenuity software
- Lead launch: **Robo-taxi**



Unprecedented Transformational New Program Launches

Top 15 in 2020 > \$500M average annual sales, average CPV ~\$270



AVV- Average Vehicle Volume, CPV- Content per Vehicle Volume
 Products - 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), Z1S(Zenuity Software), HDLM(High Definition Mapping), RCS(Restraint Control System), BCS(Brake Control System).

Financial Highlights – 4th Quarter 2019

Near-term macro environment continues to impact operating results

Operating Results

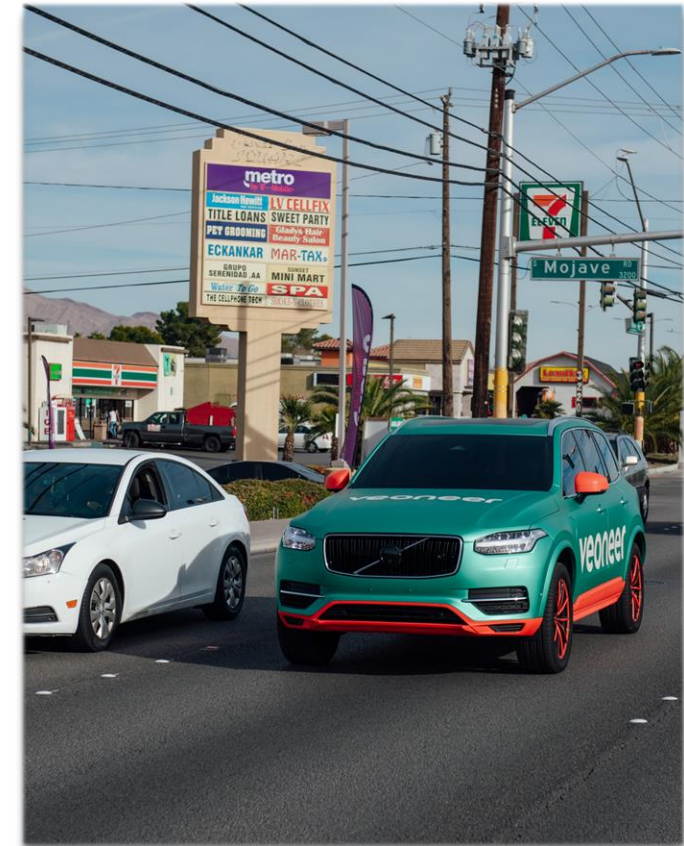
- Organic Sales¹ decline ~14%, slightly better than our expectation
- Operating loss of \$72M, better than expected due to strong engineering reimbursements
- Operating cash flow \$(104)M, impacted by ~\$(30)M of timing effects in working capital
- Cost structure improvements as market adjustment initiatives are gaining traction

Sequential Performance

- RD&E, net cost improvement of \$41M from Q3'19, and \$29M vs. Q4'18
- SG&A improvement of \$4M from Q3'19, and \$3M vs Q4'18
- Net working capital improvement \$39M during FY'19

Investments for Growth

- CapEx investments of \$45M or ~10% of sales required in advance of 2020/21 launches
- Facility capacity expansions in all three major regions ahead of heavy upcoming launch period



¹ Non-U.S. GAAP measure

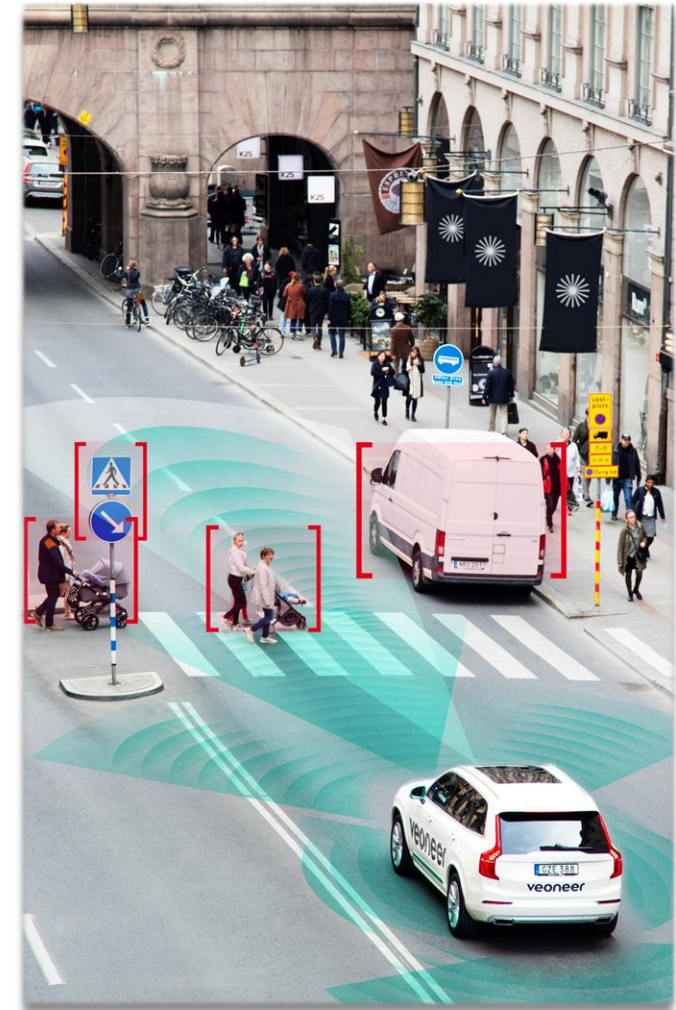
Veoneer Group – 4th Quarter 2019

Financial Summary and change vs. prior year

Dollars in Millions (except where specified)	Q4'19	Q4'18	Chg. vs. Prior Year
Net Sales	\$456	\$535	\$(79)
Gross Profit %	\$76 16.7%	\$109 20.4%	\$(33) (3.7)pp
RD&E, net %	\$(103) (22.5)%	\$(132) (24.7)%	\$29 2.2 pp
Operating Loss %	\$(72) (15.8)%	\$(75) (14.0)%	\$3 (1.8)pp
Operating Cash flow²	\$(104)	\$1	\$(105)
CapEx %	\$45 9.8%	\$65 12.1%	\$(20) (2.3)pp

Comments

- Organic sales¹ \$(74)M including Active Safety \$(39)M primarily due to radar product mix shift, currency \$(5)M
- Volume and product mix impact causing lower organic sales, net currency effects of ~\$(1)M
- ~230 Associates hired in engineering since Q4'18 to support new programs off-set by engineering reimbursements
- Volume and product mix impact, higher RD&E and additional SG&A standalone costs, currency negligible
- Decrease in net loss was off-set by timing effect in working capital ~\$(30)M and other net \$(40)M
- Lower CapEx investment in the Brake Systems segment, facility expansions and engineering related IT



¹ Non U.S. GAAP measure, ² Equivalent to net cash used in operating activities

Veoneer Group – 4th Quarter 2019

Financial Summary and sequential change vs. prior quarter in 2019

Dollars in Millions (except where specified)	Q4'19	Q3'19	Chg. vs. Prior Quarter
Net Sales	\$456	\$462	\$(6)
Gross Profit %	\$76 16.7%	\$73 15.8%	\$3 0.9pp
RD&E, net %	\$(103) (22.5)%	\$(144) (31.3)%	\$41 8.8pp
Operating Loss %	\$(72) (15.8)%	\$(122) (26.5)%	\$50 10.7pp
Operating Cash flow²	\$(104)	\$(61)	\$(43)
CapEx %	\$45 9.8%	\$59 12.8%	\$(14) (3.0)pp

Comments

- Organic sales¹ \$(6)M including RCS³ \$12M and Active Safety \$(25)M primarily due to radar mix shift, BCS \$7M
- Product and customer mix impact
- Reduced ~180 Associates, improved resource management and outsourcing, increased engineering reimbursements
- Volume and product mix impact, lower RD&E and SG&A
- Mainly attributable to timing affects in working capital, expected to recover during Q1'20
- Lower CapEx Brake Systems segment, facility expansions and engineering related IT



¹ Non U.S. GAAP measure, ² Equivalent to net cash used in operating activities, ³ Restraint Control Systems

2019 Key Launches and Mid-Cycle Model Facelifts

including all major product areas



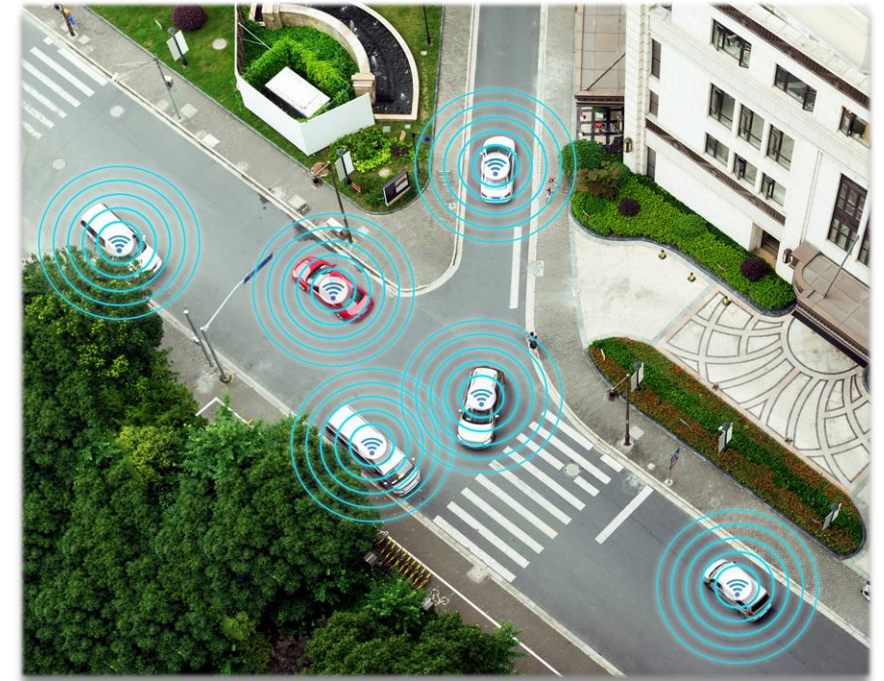
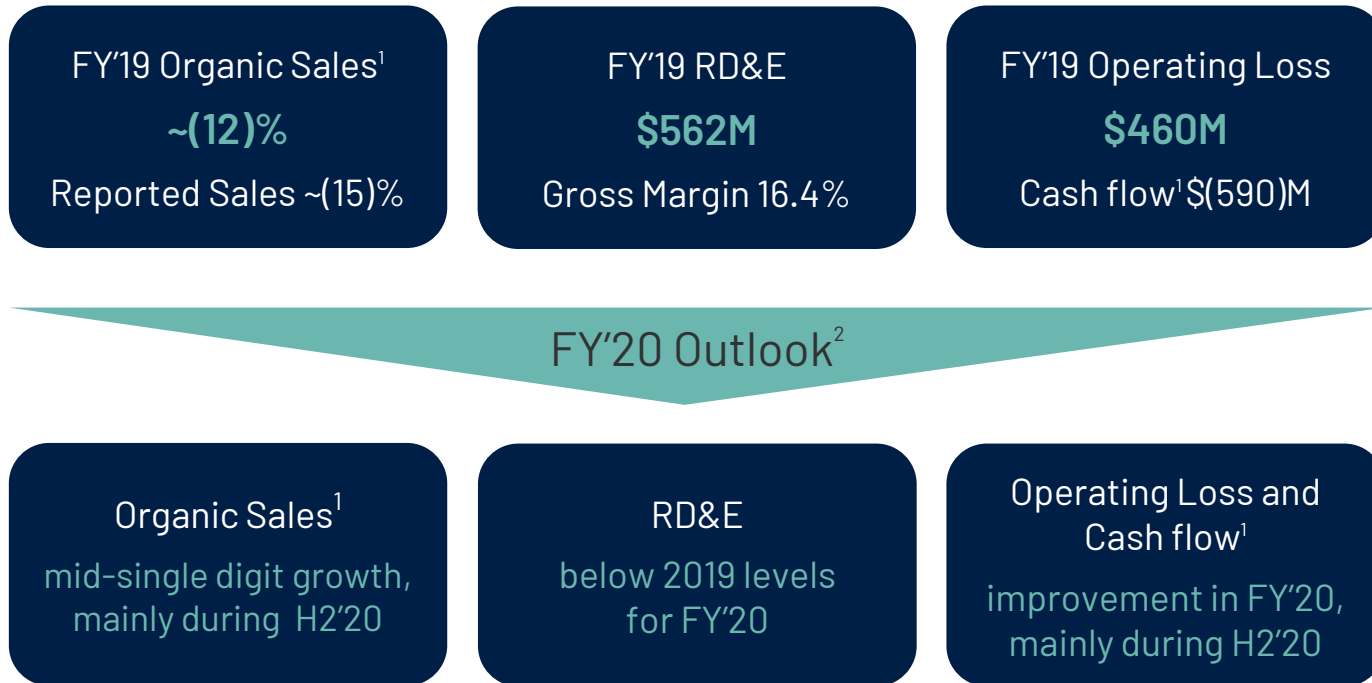
Factors impacting 2019 Organic Sales¹

- ✓ Key launches and mid-cycle facelifts represent 10 to 15% of annual sales with an average CPV² of ~\$175
- ✓ Slower ramp-up of volumes and launch delays on certain models
- ✓ Temporary negative radar mix shift from 24Ghz to 77Ghz
- ✓ BMW mono-vision programs phase-out during 2019 to 2021
- ✓ Veoneer based vision launches ramping-up during 2019 to 2022

¹ Non-U.S. GAAP measure, ² Content per Vehicle

Full Year 2019 and 2020 Outlook

Key Figures



¹ Non U.S. GAAP measure Organic Sales, and Cash flow before financing activities,

² Full Year 2020 Outlook change is based on change from 2019 (on a comparable basis excluding the VNBS JV and including VBS US operations)

Creating Trust in Mobility

Flawless Delivery

Customer-Centric Collaboration

Human-Centric Innovation

Thank You!

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