

AUTOLIV INC  
Form 10-Q  
October 21, 2009  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

**Quarterly Report**

**Pursuant to Section 13 or 15 (d) of the**  
**Securities Exchange Act of 1934**

**For the quarterly period ended September 30, 2009**

**Commission File No.: 001-12933**

**AUTOLIV, INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**51-0378542**  
(I.R.S. Employer  
Identification No.)

**World Trade Center,**  
**Klarabergsviadukten 70,**  
**Box 70381,**

**SE-107 24 Stockholm, Sweden**  
(Address of principal executive offices)

**N/A**  
(Zip Code)

**+46 8 587 20 600**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirement for the past 90 days. Yes:  No:

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes:  No:

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes:  No:

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: As of October 18, 2009, there were 85,092,125 shares of common stock of Autoliv, Inc., par value \$1.00 per share, outstanding.

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**FORWARD-LOOKING STATEMENTS**

This Form 10-Q contains statements that are not historical facts but rather forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are those that address activities, events or developments that Autoliv, Inc. ( Autoliv , the Company or we ) or its management believes or anticipates may occur in the future, including statements relating to industry trends, business opportunities, sales contracts, sales backlog, ongoing commercial arrangements and discussions, as well as any statements about future operating performance or financial results.

In some cases, you can identify these statements by forward-looking words such as estimates, expects, anticipates, projects, plans, intends, believes, might, will, should, or the negative of these terms and other comparable terminology, although not all forward-looking statements are so identified.

All such forward-looking statements, including without limitation, management's examination of historical operating trends and data, are based upon our current expectations and various assumptions or data from third parties, 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 such forward-looking statements will materialize or prove to be correct as these assumptions are inherently subject to significant uncertainties and contingencies that are difficult or impossible to predict and are beyond our control.

Because these forward-looking statements involve risks and uncertainties, the outcome could differ materially from those set out in the forward-looking statements for a variety of reasons, including without limitation, changes in and the successful execution of restructuring and cost reduction initiatives discussed herein and the market reaction thereto, changes in general industry and market conditions, increased competition, higher raw material, fuel and energy costs, changes in consumer preferences for end products, customer losses and changes in regulatory conditions, customer bankruptcies, consolidations or restructuring, divestiture of customer brands, the economic outlook for the Company's markets, fluctuation of foreign currencies, fluctuation in vehicle production schedules for which the Company is a supplier, continued uncertainty in program awards and performance, the financial results of companies in which Autoliv has made technology investments, pricing negotiations with customers, increased costs, supply issues, product liability, warranty and recall claims and other litigation, possible adverse results of pending or future litigation or infringement claims, legislative or regulatory changes, tax assessments by governmental authorities, political conditions, dependence on customers and suppliers, as well the risks identified in Item 1A Risk Factors in this report and the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2008. Except for the Company's ongoing obligation to disclose information under the U.S. federal securities laws, the Company undertakes 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 Private Securities Litigation Reform Act of 1995.

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(Dollars in millions, except per share data)

	Quarter		First nine months	
	July-September		January-September	
	2009	2008	2009	2008
<i>Net sales</i>				
- Airbag products	\$ 858.0	\$ 979.1	\$ 2,199.6	\$ 3,345.9
- Seatbelt products	467.9	565.6	1,246.4	1,934.2
<b>Total net sales</b>	<b>1,325.9</b>	<b>1,544.7</b>	<b>3,446.0</b>	<b>5,280.1</b>
Cost of sales	(1,087.1)	(1,283.7)	(2,940.5)	(4,297.8)
<b>Gross profit</b>	<b>238.8</b>	<b>261.0</b>	<b>505.5</b>	<b>982.3</b>
Selling, general & administrative expenses	(76.5)	(85.8)	(222.1)	(290.7)
Research, development & engineering expenses	(82.7)	(80.9)	(241.9)	(303.4)
Amortization of intangibles	(5.7)	(5.8)	(17.3)	(17.7)
Other income (expense), net	(13.9)	(30.2)	(65.2)	(36.7)
<b>Operating income (loss)</b>	<b>60.0</b>	<b>58.3</b>	<b>(41.0)</b>	<b>333.8</b>
Equity in earnings of affiliates	1.4	1.2	3.4	3.4
Interest income	0.7	3.1	4.5	6.5
Interest expense	(18.3)	(16.7)	(54.3)	(48.9)
Other financial items, net	(4.6)	1.3	(4.8)	0.5
<b>Income (loss) before income taxes</b>	<b>39.2</b>	<b>47.2</b>	<b>(92.2)</b>	<b>295.3</b>
Income tax benefit (expense)	(5.5)	(13.2)	41.3	(85.2)
<b>Net income (loss)</b>	<b>\$ 33.7</b>	<b>\$ 34.0</b>	<b>\$ (50.9)</b>	<b>\$ 210.1</b>
Less net income attributable to non-controlling interests	0.9	2.8	0.4	7.0
<b>Net income (loss) attributable to controlling interest</b>	<b>\$ 32.8</b>	<b>\$ 31.2</b>	<b>\$ (51.3)</b>	<b>\$ 203.1</b>
<b>Net earnings (loss) per share basic</b>	<b>\$ 0.39</b>	<b>\$ 0.44</b>	<b>\$ (0.64)</b>	<b>\$ 2.81</b>
<b>Net earnings (loss) per share diluted<sup>1</sup></b>	<b>\$ 0.37</b>	<b>\$ 0.44</b>	<b>\$ (0.64)</b>	<b>\$ 2.80</b>
<b>Weighted average number of shares outstanding, net of treasury shares (in millions)</b>	<b>85.1</b>	<b>71.3</b>	<b>80.2</b>	<b>72.4</b>
<b>Weighted average number of shares outstanding, assuming dilution and net of treasury shares (in millions)</b>	<b>89.1</b>	<b>71.5</b>	<b>82.5</b>	<b>72.6</b>
<b>Number of shares outstanding, excluding dilution and net of treasury shares (in millions)</b>	<b>85.1</b>	<b>70.3</b>	<b>85.1</b>	<b>70.3</b>
<b>Cash dividend per share declared</b>	<b>\$</b>	<b>\$ 0.41</b>	<b>\$</b>	<b>\$ 1.21</b>
<b>Cash dividend per share paid</b>	<b>\$</b>	<b>\$ 0.41</b>	<b>\$ 0.21</b>	<b>\$ 1.19</b>

1) No dilution for the first nine months January-September 2009 due to net loss position. See Note 1.12 for further information regarding potential dilution with respect to Equity Units.

See Notes to unaudited condensed consolidated financial statements.

**Table of Contents****CONDENSED CONSOLIDATED BALANCE SHEETS**

(Dollars in millions)

	September 30, 2009 (unaudited)	December 31, 2008
<i>Assets</i>		
Cash & cash equivalents	\$ 429.6	\$ 488.6
Receivables	1,035.3	838.5
Inventories	461.4	592.4
Other current assets	189.0	166.8
<b>Total current assets</b>	<b>2,115.3</b>	<b>2,086.3</b>
Property, plant & equipment, net	1,067.5	1,158.2
Investments and other non-current assets	235.7	215.9
Goodwill	1,616.6	1,607.8
Intangible assets, net	125.5	137.4
<b>Total assets</b>	<b>\$ 5,160.6</b>	<b>\$ 5,205.6</b>
<i>Liabilities and equity</i>		
Short-term debt	\$ 145.3	\$ 270.0
Accounts payable	655.4	613.4
Accrued expenses	434.0	324.3
Other current liabilities	133.8	173.0
<b>Total current liabilities</b>	<b>1,368.5</b>	<b>1,380.7</b>
Long-term debt	1,187.8	1,401.1
Pension liability	112.5	111.0
Other non-current liabilities	126.9	139.0
<b>Total non-current liabilities</b>	<b>1,427.2</b>	<b>1,651.1</b>
Total parent shareholders' equity	2,318.5	2,116.5
Non-controlling interests	46.4	57.3
<b>Total equity</b>	<b>2,364.9</b>	<b>2,173.8</b>
<b>Total liabilities and equity</b>	<b>\$ 5,160.6</b>	<b>\$ 5,205.6</b>

See Notes to unaudited condensed consolidated financial statements.

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	<b>First nine months January-September</b>	
	<b>2009</b>	<b>2008</b>
<b>Operating activities</b>		
Net (loss) income	\$ (50.9)	\$ 210.1
Depreciation and amortization	227.8	256.5
Other	4.4	(18.2)
Changes in operating assets and liabilities	62.3	(22.7)
<b>Net cash provided by operating activities</b>	<b>243.6</b>	<b>425.7</b>
<b>Investing activities</b>		
Capital expenditures	(96.0)	(212.6)
Proceeds from sale of property, plant and equipment	6.4	10.2
Acquisitions of businesses, investments in affiliated companies and other, net	2.3	(47.6)
<b>Net cash used in investing activities</b>	<b>(87.3)</b>	<b>(250.0)</b>
<b>Financing activities</b>		
Net (decrease) increase in short-term debt	(202.3)	59.2
Issuance of long-term debt	564.4	411.1
Repayments and other changes in long-term debt	(820.8)	(322.5)
Dividends paid	(14.8)	(86.4)
Shares repurchased		(173.5)
Common stock issue, net	236.8	
Common stock options exercised	0.7	4.7
Other, net	(7.6)	(3.6)
<b>Net cash used in financing activities</b>	<b>(243.6)</b>	<b>(111.0)</b>
Effect of exchange rate changes on cash	28.3	(4.9)
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(59.0)</b>	<b>59.8</b>
Cash and cash equivalents at period-start	488.6	153.8
<b>Cash and cash equivalents at period-end</b>	<b>\$ 429.6</b>	<b>\$ 213.6</b>

See Notes to unaudited condensed consolidated financial statements.

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**CONSOLIDATED STATEMENTS OF TOTAL EQUITY (UNAUDITED)**

(Dollars in millions)

	Number of shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Treasury Stock	Non-controlling interest	Total Equity
<b>Balance at December 31, 2008</b>	<b>102.8</b>	<b>\$ 102.8</b>	<b>\$ 1,954.3</b>					