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## Autoliv Inc. Q2 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Adam Jonas – Morgan Stanley.

#### Adam Jonas – Morgan Stanley

First what percentage of your sales and granted I understand it is a rapidly moving number perhaps but what is your best estimate for group revenues from Chrysler right now?

#### Jan Carlson

It is around 3% of consolidated sales.

#### Adam Jonas – Morgan Stanley

Distressed suppliers, you have alluded to this many times, can you just give us an update on which types of suppliers are distressed, whether the severity of that distress has increased and just give us a bit more color on how bad that is getting? My final question is on surcharges on energy that seems to be the real delta that jumped out and got you this quarter. I suspect you certainly are not alone there.

Do you expect, can you give us an idea of whether even though you are paying surcharges are you still in a position where you are below market on energy costs? Meaning even if energy spot prices remain where they are in spot terms is it reasonable to expect further surcharges from your energy suppliers?

#### Jan Carlson

We start with the supplier situation the type of suppliers is something where generally a different kind of tier one supplier to us or component suppliers where we can see a higher level of raw material content. It has deteriorated since our last earnings call. We estimate the full-year effect now to be \$14 million instead of \$12 million as we expected a quarter ago and all of this additional \$2 million is falling into the second half of the year. It is obvious the deteriorating volumes in primarily North America and increased commodity prices are pushing tier two below that.

The situation deteriorated as I said, primarily or mostly I would say in North America but even in Europe we have a couple of more issues than we have had in the past. So that is about the supplier situation.

**Adam Jonas – Morgan Stanley**

Can I interject? You quantified the potential for the operating profit and EBIT impact but what about on the working capital? Do you find you are having to pay these suppliers earlier than you used to or to work on terms that may require a higher level of working capital outlay than you would see in the normal environment?

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