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Autoliv Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. Ladies and gentlemen if you would like to ask a question please press 7 on your telephone keypad. If you change your mind and wish to withdraw your question simply press 7 once again. You will be advised when to ask your question. Thank you.

Our first question comes from the line of Himanshu Patel with JP Morgan. Please go ahead.

Himanshu Patel – JP Morgan

Hi. I have two questions. On slide 15 I think you show RD&E expenses being a \$10 million favorable on EBIT. I thought it was roughly flat year-over-year and it may be just a housekeeping issue but looking at the year ago RD&E expense it looked like it was about \$112 million and this quarter and it looks like about \$113 million.

Jan Carlson

Yeah. You are right but this is the offset for foreign exchange. So we have less the total impact of account to the EBIT of approximately \$3 million here so this is adjusted for exchange rate. So you have the same favorable exchange rate in last year's quarter as this year's quarter.

[Not Identified]

You have the same but smaller effect on SG&A.

Himanshu Patel – JP Morgan

Thank you. Second question? working capital performance was relatively benign this quarter. Is there something in the working capital performance this quarter you would call out as being particularly favorable or should we think of this as a normal performance for first quarter of the year?

[Not Identified]

I think we had targeted to stay below 10% of sales and we ended up with 9.5. So from that perspective we are well in line with the target. But as you know the cash flow and working capital could fluctuate within the quarters and in the first quarter last year we had a little bit weaker quarter but we don't have anything in particular that should tell us this would be much weaker in the second quarter. It depends on [inaudible] of the sales in the quarter. If you have particular stronger sales at the end of the quarter or the beginning of the quarter. In this particular first quarter we had actually

a bit stronger sales in January and February and a little bit weaker in March. That is [far to the explanation].

[Not Identified]

I think in general we could say we have increased effort in managing the working capital and we have communicated that through the earnings calls. That is what you are seeing here as to what an effect of that. We are putting even more focus on accounts payables, receivables, inventory, etc. on the daily activities. Having said that it is not impossible that in some quarter it could bounce back up above the 10%.

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