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Autoliv Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

(Operator Instructions) Your first question comes from Himanshu Patel JP Morgan.

Himanshu Patel JP Morgan

I have two questions. Can you talk about the rate of production schedule revisions from Europe car makers? Have they started to slow down and sort of stabilize in the last couple of weeks?

Mats Odman

We have seen over the last couple of weeks during October a continued change. In particular, we would say that it is significant or affecting Western Europe or the European production. Therefore, we believe the figures we see here in the forecast might be too good, actually, reflecting the current environment, and that's related to Western Europe. We haven't seen for the time being any significant cuts in North America. It's mostly related to Western Europe.

Himanshu Patel JP Morgan

Then, lastly, you mentioned FX transaction was more favorable than you expected. Which currencies were involved there?

Marika Fredriksson

The Turkish lira and the ron, the Romanian.

Operator

Your next question comes from [Kenya Stahl].

[Kenya Stahl]

The R&D costs were lower in this quarter and generally you have to get payments back from CapEx in the fourth quarter. Since it was lower already in the third quarter, should we expect a higher R&D cost hitting the P&L in the fourth quarter this year?

Mats Odman

Compared to last year, if you remember last year, we had an exceptionally low R&D cost net. That was due the unexpected end of year income that came in very late in the quarter. In relation to last

year, you should expect to look towards a higher R&D. But overall, we have said that we should come in on the south side of 6% when it comes to R&D costs in relation to sales that is still valid.

Operator

Your next question comes from Thomas Besson Merrill Lynch.

Thomas Besson Merrill Lynch

Can I continue on that? You said in the presentation on the last slide that you expect ForEx to have a positive impact of 1% on quarter four revenues. Can you elaborate on that because seeing the Euro dollar rate at 1.32 and currently I think at 1.36 for Q4.

Mats Odman

It's based on the current exchange rate. It has not taken into account any changes of the currencies between dollar and it. If we would see a further strengthening of the dollar, of course we would change. This is due to the current environment.

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