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Autoliv Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you, Mr. Carlson. (Operator Instructions) The first question is coming from the line of Himanshu Patel from J.P. Morgan. Please go ahead Himanshu.

Rahul Chadha - J.P. Morgan

Hi, this is Rahul Chadha on behalf of Himanshu Patel.

Jan Carlson

Hello.

Rahul Chadha - J.P. Morgan

Hi. My question is, so you guys are expecting roughly a 45% decline in sales in the first quarter and a negative 5% to 7% EBIT margin? That actually implies pretty high decremental margins; one, is there any specific reason why the decrementals went high in the first quarter, and why should we expect the margins decrementals to sort of improve over the rest of the year, because I think you guys are sort of hinting at a positive EBIT margin range for the full year.

Jan Carlson

Well, I think it's simply so that we had an over 40% organic sales decline. We can simply not keep up with the pace of reducing our costs. That is what happened in December that is what we can see also through the first quarter 2009. We are reducing cost as much as we possibly can, but the situation with the structure we have doesn't allow us to keep up with the pace of the sales decline.

Rahul Chadha - J.P. Morgan

Okay, and even on the 2009 maturity, specifically if you guys think you can refinance it or pay it down with cash or potentially use revolver proceeds, anymore color on that?

Marika Fredriksson

The majority of the maturities we have in '09 are in March and in April and amounts to 398 and we have as I stated over total \$500 million in cash at hand for the moment

Jan Carlson

And as you also said as long as we can find their credit market is working, we are anticipated to roll it over.

Rahul Chadhan - J.P. Morgan

Okay, thank you.

Jan Carlson

Thank you

Operator

Thank you. Your next question is coming from the line of Rod Lache from Deutsche Bank. Rod, please go ahead.

Pat Norris - Deutsche Bank

Hi, it's Pat Norris for Rod.

Jan Carlson

Hi, Pat.

Pat Norris - Deutsche Bank

Hi, how are you? A question on the CapEx; could you just help us think about how much lower they can really go, maybe tell us what the maintenance CapEx level is?

Jan Carlson

What we have said is that it depends on what you really mean with maintenance. The CapEx level, you should think about it in the range of \$200 million and \$250 million and most of the CapEx's that we have, I think we have said a figure of 70%, is new investments, because it's related to new lines, it's related to tooling and dedicated to programs. So the majority of it all for the way we see it is dedicated to new investment.

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