Autoliv, Inc. (ALV)

Updated May 5th, 2025, by Josh Arnold

Key Metrics

Current Price:	$94	**5 Year CAGR Estimate:**	19.9%	**Market Cap:**	$7.3 B
Fair Value Price:	$123	**5 Year Growth Estimate:**	12.0%	**Ex-Dividend Date:**	06/04/2025[1]
% Fair Value:	77%	**5 Year Valuation Multiple Estimate:**	5.4%	**Dividend Payment Date:**	06/13/2025
Dividend Yield:	3.0%	**5 Year Price Target**	$216	**Years Of Dividend Growth:**	5
Dividend Risk Score:	C	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Autoliv is a global manufacturer of airbags, seatbelts, and steering wheels for automobile manufacturers all over the globe. The company is the industry leader in a critical and growing segment of the automobile manufacturing process. It was founded in 1953 and since then, has grown to 59,000 employees, more than $10 billion in revenue this year and a $7.3 billion market capitalization. Autoliv is listed in both New York and Stockholm and is headquartered in the latter city; we use the New York listing and U.S. dollars for this report.

Autoliv posted first quarter earnings on April 16th, 2025, and results were quite good to kick off the year. Adjusted earnings-per-share came to $2.15, which was 48 cents ahead of estimates. Revenue was off 1.5% year-over-year to $2.58 billion, but was $60 million better than beaten-down expectations.

Cost of sales improved by 3.3%, which also led to a 230-basis point improvement in adjusted operating margin. With this, profits rose by 37%. The company noted it was passing through small amounts of tariff-related impact costs to customers, but the full-year impact of that remains a wildcard.

Autoliv expects organic sales growth of about 2% for the full year, and adjusted operating margin of 10% to 10.5% of revenue. This would be down sharply from 13.4% in 2024. In addition, estimates assume no further tariffs other than what was known on April 15th.

We now see $8.75 in adjusted earnings-per-share for this year after Q1 results.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$5.17	$6.42	$4.87	$6.83	$5.72	$3.15	$5.02	$4.50	$8.19	$8.32	***$8.75***	***$15.42***
DPS	$2.22	$2.30	$2.38	$2.46	$2.48	$0.62	$1.88	$2.58	$2.66	$2.74	***$2.80***	***$3.75***
Shares[2]	88	88	87	87	87	87	88	88	83	78	***75***	***65***

Autoliv's earnings-per-share has been volatile in the past decade, and the overall trajectory has been flat. The company struggled during the Great Recession given its exposure to the automobile market, which of course declined significantly as a result of the economic downturn. However, the recovery was swift and strong. We're estimating long-term earnings growth of 12% annually from this year's base, which is higher than prior estimates. We like the company's margin expansion and buyback program to power earnings-per-share, but note tariffs are a wildcard completely out of the company's control.

Autoliv is performing well against benchmarks over the long term. Light vehicle production is generally back to normalized levels, but there was a sizable decline in late-2021 due to supply constraints globally, and there are signs of continued volatility. We note that Autoliv's level of outperformance against LVP has remained strong throughout all portions of the cycle. Outperformance has narrowed in recent periods, and we note that if LVP continues to weaken, Autoliv would likely suffer as a result. Tariffs may be the catalyst for this short-term.

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[1] Estimated date

[2] Share count in millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	22.2	17.1	23.1	14.1	13.3	22.7	19.1	17.0	13.5	11.3	***10.7***	***14.0***
Avg. Yld.	1.9%	2.1%	2.1%	2.5%	3.3%	0.9%	2.0%	3.4%	2.4%	2.9%	***3.0%***	***1.7%***

Autoliv's price-to-earnings ratio has declined since our last report to 10.7 times our earnings estimate for 2025. We see fair value at 14 times earnings, which is more normalized based upon historical data, and the fact that global vehicle production is clearly weak. Given the move in the valuation, we see a meaningful positive impact from the valuation going forward.

The current yield is 3%, meaning it's quite an attractive income stock in addition to its growth prospects.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	43%	36%	49%	36%	43%	20%	37%	57%	32%	33%	***32%***	***24%***

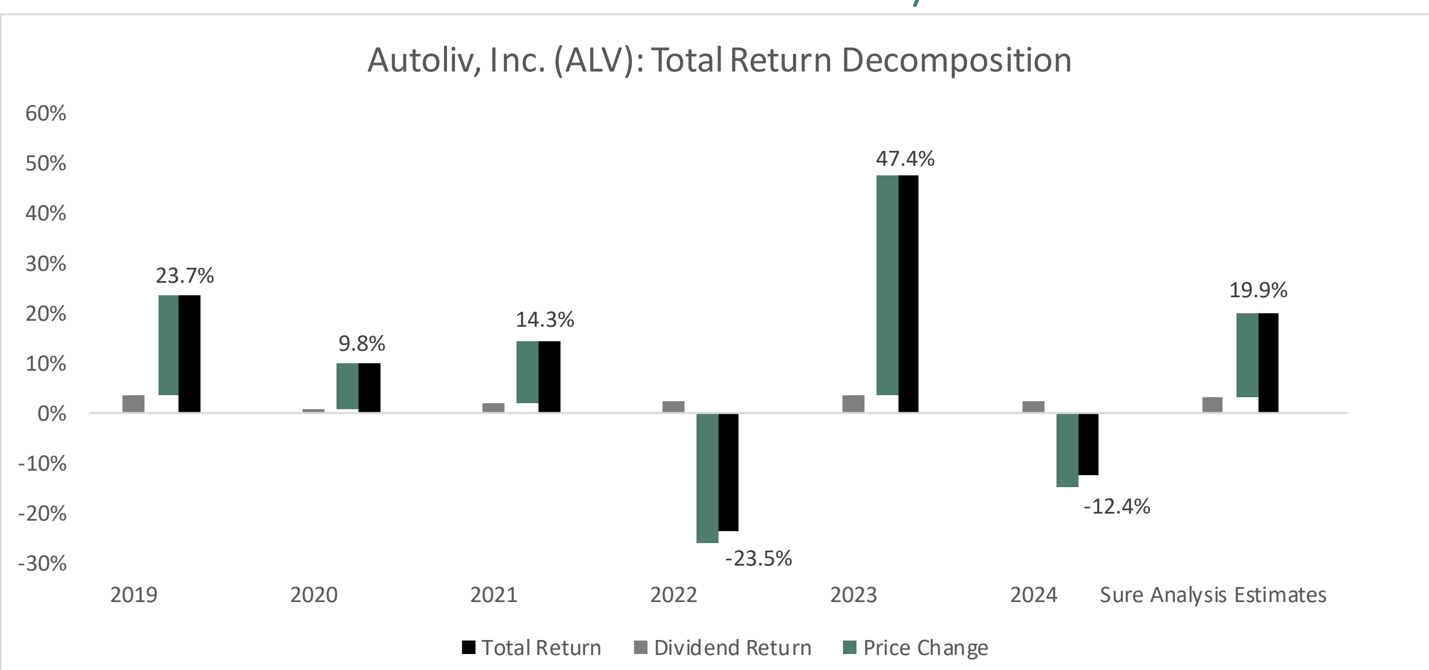
We expect moderate dividend growth given management is likely to be shy about raising it to the point where it may need to be cut again in the future. The current payout ratio of 32% is more than sustainable.

Autoliv's competitive advantage is in its strong market share and the fact that it counts every major global automaker among its customers. It undoubtedly suffered in 2020, as it did during the last recession, but has rebounded. Autoliv continues to get multiple products in major vehicle launches across the world, reaffirming its strong market position, but it will remain reliant upon global light vehicle production.

Final Thoughts & Recommendation

Autoliv's valuation is slightly lower again since our last update. Revenue was weak in Q1 but margins were good. The dividend is growing, and we see Autoliv's total return outlook as exceptional at 19.9% annually, based on projected growth of 12%, a 5.4% tailwind from the valuation, and the 3% yield. With outstanding projected returns, but a modest dividend history, we're moving Autoliv to a hold from buy.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	9,170	7,922	8,137	8,678	8,548	7,447	8,230	8,842	10,475	10,390
Gross Profit	1,844	1,628	1,680	1,711	1,584	1,247	1,511	1,396	1,822	1,927
Gross Margin	20.1%	20.6%	20.6%	19.7%	18.5%	16.7%	18.4%	15.8%	17.4%	18.5%
SG&A Exp.	412	394	407	390	399	389	432	437	498	530
D&A Exp.	319	383	426	397	351	371	394	363	378	387
Operating Profit	728	831	860	686	726	382	675	659	690	980
Operating Margin	7.9%	10.5%	10.6%	7.9%	8.5%	5.1%	8.2%	7.5%	6.6%	9.4%
Net Profit	457	567	427	190	462	187	435	423	488	646
Net Margin	5.0%	7.2%	5.2%	2.2%	5.4%	2.5%	5.3%	4.8%	4.7%	6.2%
Free Cash Flow	260	361	356	31	165	509	296	128	410	480
Income Tax	218	224	204	235	186	103	177	178	123	227

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	7,526	8,234	8,550	6,722	6,771	8,157	7,537	7,717	8,332	7,804
Cash & Equivalents	1,334	1,227	960	616	445	1,178	969	594	498	330
Accounts Receivable	1,788	1,960	1,697	1,652	1,627	1,822	1,699	1,907	2,198	1,993
Inventories	711	773	704	758	741	798	777	969	1,012	921
Goodwill & Int. Ass.	1,794	2,083	1,440	1,423	1,410	1,412	1,395	1,382	1,385	1,375
Total Liabilities	4,057	4,308	4,381	4,825	4,649	5,734	4,889	5,091	5,762	5,519
Accounts Payable	1,170	1,197	957	978	951	1,254	1,144	1,693	1,978	1,799
Long-Term Debt	1,539	1,543	1,330	2,230	2,094	2,411	2,008	1,765	1,862	1,909
Shareholder's Equity	3,456	3,677	4,035	1,884	2,109	2,409	2,633	2,613	2,557	2,276
LTD/E Ratio	0.45	0.42	0.33	1.18	0.99	1.00	0.76	0.68	0.73	0.84

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	6.1%	7.2%	5.1%	2.5%	6.8%	2.5%	5.5%	5.5%	6.1%	8.0%
Return on Equity	13.3%	15.9%	11.1%	6.4%	23.1%	8.3%	17.3%	16.1%	18.9%	26.6%
ROIC	9.1%	10.8%	7.8%	4.0%	11.1%	4.1%	9.2%	9.4%	11.1%	15.0%
Shares Out.	88	88	87	87	87	87	88	87.2	85.2	80.4
Revenue/Share	103.7	89.61	92.78	99.41	97.91	85.11	93.84	101.40	122.95	129.23
FCF/Share	2.94	4.08	4.06	0.35	1.89	5.82	3.38	1.47	4.81	5.97

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.