

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K405

Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

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FILER

AUTOLIV INC

CIK: **1034670** | IRS No.: **510378542** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-K405** | Act: **34** | File No.: **001-12933** | Film No.: **99573571**
SIC: **3714** Motor vehicle parts & accessories

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FORM 10-K - ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act
of 1934

For the fiscal year ended December 31, 1998

Commission file Number: 001-12933

AUTOLIV, INC.

Incorporated in the State of Delaware I.R.S. Employer
Identification No. 51-0378542

Address of principal executive offices:

World Trade Center,
Klarabergsviadukten 70, SE-107 24 Stockholm, Sweden
Telephone number, including area code: +46 8 587 20 600

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value \$1.00 per share	New York Stock Exchange
Stockholm Stock Exchange (Swedish Depository Receipts)	

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports); and (2) has been subject to
such filing requirements for the past 90 days.

Yes: No:

Indicate by check mark if disclosure of delinquent filers pursuant to Item
405 of Regulation S-K is not contained herein, and will not be contained, to
the best of registrant's knowledge, in definitive proxy or information
statements incorporated by reference in Part III of this Form 10-K or any
amendment to this Form 10-K.

Aggregate market value of the Common Stock held by non-affiliates, based
upon the closing price on the New York Stock Exchange-Composite Transaction
Listing on March 12, 1999: \$3,933 million.

Number of shares of Common Stock outstanding as of March 8,
1999: 102,313,365

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of Annual Report to Shareholders for the fiscal year ended
December 31, 1998 (the "Annual
Report"): Parts I, II, III and IV
2. Portions of definitive Proxy Statement dated March 12, 1999 (the "1999
Proxy Statement"): Part III
3. Certain Exhibits of Registration Statement on Form S-4 (File #333-23813)
(the "Registration Statement"): Part IV

PART I
Item 1. Business*

General

Autoliv, Inc. ("Autoliv"), a Delaware holding corporation with principal executive offices in Stockholm, Sweden, which owns two principal subsidiaries, Autoliv AB ("AAB" or "Autoliv AB") and Autoliv ASP, Inc. ("ASP").

Shares of Autoliv common stock are traded on the New York Stock Exchange under the symbol "ALV" and Swedish Depositary Receipts representing shares of Autoliv common stock trade on the Stockholm Stock Exchange under the symbol "ALIV." Options in Autoliv shares are listed on the Chicago Board Options Exchange under the symbol "ALIV." Autoliv's fiscal year ends on December 31.

* THIS FORM 10-K CONTAINS STATEMENTS WHICH ARE NOT HISTORICAL FACTS BUT FORWARD-LOOKING STATEMENTS THAT INVOLVE RISKS AND UNCERTAINTIES THAT COULD CAUSE THE COMPANY'S RESULTS TO DIFFER MATERIALLY FROM WHAT IS PROJECTED, INCLUDING THE FOLLOWING: HIGHER RAW MATERIAL COSTS OR OTHER EXPENSES; A MAJOR LOSS OF CUSTOMERS; INCREASED COMPETITIVE PRICING PRESSURE ON THE COMPANY'S BUSINESS; FAILURE TO DEVELOP OR COMMERCIALIZE SUCCESSFULLY NEW PRODUCTS OR TECHNOLOGIES; THE OUTCOME OF PENDING AND FUTURE LITIGATION AND GOVERNMENTAL PROCEDURES; CHANGES IN LAWS OR REGULATIONS, INCLUDING ENVIRONMENTAL; PLANT DISRUPTIONS OR SHUTDOWNS DUE TO ACCIDENTS, NATURAL ACTS OR GOVERNMENTAL ACTION; PRODUCT LIABILITY AND RECALL ISSUES; AND OTHER DIFFICULTIES IN IMPROVING MARGIN OR FINANCIAL PERFORMANCE. IN ADDITION, THE COMPANY'S FORWARD LOOKING STATEMENTS COULD BE AFFECTED BY GENERAL INDUSTRY AND MARKET CONDITIONS AND GROWTH RATES, GENERAL DOMESTIC AND INTERNATIONAL ECONOMIC CONDITIONS INCLUDING CURRENCY EXCHANGE RATE FLUCTUATIONS AND OTHER FACTORS. THE COMPANY UNDERTAKES NO OBLIGATION TO UPDATE PUBLICLY ANY FORWARD-LOOKING STATEMENTS WHETHER AS A RESULT OF NEW INFORMATION OR FUTURE EVENTS.

AAB, a Swedish corporation, is a leading developer, manufacturer and supplier to the automotive industry of car occupant restraint systems. Starting with seat belts in 1956, AAB expanded its product lines to include seat belt pretensioners (1989), frontal airbags (1991), side-impact airbags (1994), steering wheels (1995) and seat sub-systems (1996).

ASP, an Indiana Corporation, pioneered airbag technology in 1968 and has since grown into one of the world's leading producers of airbag modules and inflators. ASP designs, develops and manufactures airbag inflators, modules and airbag cushions. It sells inflators and modules for use in driver, passenger, side-impact and knee bolster airbag systems for worldwide automotive markets.

Business

Autoliv is one of the world's leading suppliers of automotive occupant safety restraint systems with a broad range of product offerings including modules and components for passenger and driver-side airbags, side-impact airbag protection systems, seat belts, steering wheels, safety seats and other safety systems and products. Autoliv has production facilities in 26 countries and has as customers almost all of the world's largest car manufacturers.

Autoliv employs approximately 20,700 people and its head office is located in Stockholm, Sweden and employs about 30 people. Autoliv's sales in 1998 were \$3.5 billion, approximately 70% of which consisted of airbags and associated products and approximately 30% of which consisted of seat belts and associated products. Autoliv's major markets are in Europe and the United States.

Financial Information on Segments

Autoliv considers its products to be components of integrated car passenger protection systems which fall within a single industry segment. The financial data relating to Autoliv's business in such segment over the last

three fiscal years is contained in the Financial Statements of the Annual Report (pages 28-40 of the printed report) and is incorporated herein by reference. A statement of net sales by product group for the last three years is contained in Note 18 of the Notes to Consolidated Financial Statements of the Annual Report and is incorporated herein by reference.

Financial Information on Geographic Areas

Financial information concerning Autoliv's geographic areas is included in Note 18 in the Notes to Consolidated Financial Statements of the Annual Report, and is incorporated herein by reference.

Products, Market and Competition

Information concerning products, markets and competition is included in the sections entitled "The Market", "Autoliv's Safety Systems", "Airbags" and "Seat belts" in the Annual Report and is incorporated herein by reference (pages 6 through 13 in the printed report).

Major Customers

Information concerning major customers is included in the section entitled "The Market-Customers" in the Annual Report and is incorporated herein by reference (page 7 in the printed report).

Research and Development

Expenses incurred for research and development activities were \$176.2 million, \$136.6 million, and \$100.0 million for the years ended December 31, 1998, 1997 and 1996, respectively. Further information is included in the section entitled "Research and Development" of the Annual Report and is incorporated herein by reference (pages 14 and 15 in the printed report).

Manufacturing and Production

Including joint venture operations, Autoliv has 60 wholly or partially owned production facilities located in 28 countries, consisting of both component factories and assembly factories. See "Item 2. Properties" for a description of Autoliv's principal properties. The component factories manufacture inflators, initiators, textile cushions, webbing materials, electronics, pressed steel parts, springs, moulded plastic parts, and over-moulded steel parts used in seat belt and airbag assembly, seat subsystems and steering wheels. The assembly factories source components from a number of parties, including Autoliv's own component factories, and assemble complete restraint systems for "just-in-time" delivery to customers. The products manufactured by Autoliv's assembly factories in 1998 consisted of approximately 47 million complete seat belt systems (almost 23 million of which were fitted with pretensioners), and about 28 million airbag modules (including almost 8 million side impact airbags).

Autoliv's "just-in-time" delivery systems have been designed to accommodate the specific requirements of each customer for low levels of inventory and rapid stock delivery service. "Just-in-time" deliveries cause manufacturing close to the customers to be an important competitive advantage. The fact that the major automobile manufacturers are continually expanding production activities into more countries and require the same or similar safety systems as produced in Europe or the US increases the importance to suppliers of having production capacity in several countries. Autoliv currently operates production facilities for car safety products in more countries than its competitors.

Automobile manufacturers are seeking competitive quotes from suppliers and demand significant staged price reductions over a product's life cycle. In line with its customers' purchasing strategies, Autoliv has implemented cost-saving programs which are reducing Autoliv's own material, production and administrative costs.

If the supply of raw materials and components is not disrupted, the Autoliv assembly operations generally will not be constrained by capacity considerations. Autoliv can adjust capacity in response to changes in demand within a few weeks by the addition or removal of standardized production and assembly lines. Most of Autoliv's assembly factories can make sufficient

space available to accommodate additional production lines to satisfy foreseeable increases in capacity.

Quality Management.

Autoliv's products face extremely high reliability requirements. In order to meet high customer quality requirements and internal production efficiency requirements, Autoliv has for several years operated an advanced quality management system. The system is a zero defect rate system and is based upon preventive principles involving the measurement of a number of quality indicators. By reference to best practice within its industry segment, Autoliv had developed quality benchmarks applied throughout Autoliv and places great emphasis on continually improving the quality of its products, customer service and production processes.

Virtually all wholly owned Autoliv companies that deliver products directly to car manufacturers are certified according to ISO 9000 (as defined below) requirements. Most of Autoliv's joint venture companies are also ISO 9000-certified, with the remaining ones expected to be certified during 1999. "ISO 9000", a quality assurance management system endorsed by European nations and many other countries, is a checklist of functions, policies and rules, considered necessary to assure the quality of a company's products and services.

Over 40 Autoliv subsidiaries have already received QS 9000 certification, a quality standard stipulated by U.S. car manufacturers ("QS 9000"), and Autoliv's other major assembly companies are in the process of becoming QS 9000-certified. QS 9000 applies to all suppliers, internal and external, who provide production and service parts and materials.

Major Components Production Units - Integration

For several years, Autoliv has continually increased the level of backward vertical integration of its production activities. This integration helps Autoliv maintain low production costs and gives Autoliv direct control and experience with the underlying production phases.

Sources and Availability of Raw Materials and Components

Autoliv's business uses many raw materials in the manufacture of its products, nearly all of which are generally available from a number of qualified suppliers. Peaks in worldwide demand have had an impact on raw material costs and availability, particularly with single or sole sourced supplies. Autoliv's business, however, has not experienced significant or long-term difficulty in obtaining raw materials.

Autoliv's Dependence on Suppliers

Autoliv may be dependent in certain instances on a single supplier for certain components.

Delays or stoppages in the delivery of components could result in Autoliv being unable to supply complete products. Such delays or stoppages could result in Autoliv's customers having to halt their own production processes, which might result not only in loss of income to Autoliv on the reduced volume of supplied products but also in the customer seeking recoupment for consequential losses incurred due to its own lost production.

Global Operations

An important element of Autoliv's strategy has been to establish joint ventures to promote Autoliv's geographical expansion and technological development and to gain assistance in marketing Autoliv's full product line to local automobile manufacturers. Total sales of Autoliv's joint venture operations to outside customers aggregated to approximately \$115 million in 1998. These joint venture operations are accounted for according to the equity method.

Autoliv typically contributes its design and production knowledge to the joint venture, with the local partner providing sales support and manufacturing facilities. Several of these local partners manufacture and

sell standardized seat belt systems, but will, through the joint venture with Autoliv, be able to upgrade their technology to meet specific customer demands. In addition to joint ventures established in emerging markets, Autoliv has, also in certain instances, established joint ventures in markets such as France, either to strengthen its sales position or to gain access to the market.

These operations of Autoliv will be subject to the usual risks inherent in global operations, including, but not limited to: risks with respect to currency exchange rates; economic and political destabilization; other disruption of markets; restrictive laws and actions of certain governments (such as restrictions on transfers of funds, export duties and quotas, foreign customs and tariffs, and unexpected changes in regulatory environments); difficulty in obtaining distribution and support; nationalization; the laws and policies of the United States, the European Union, and the World Trade Organization affecting trade, investment and loans; and tax laws.

There can be no assurance that these factors will not have a material adverse impact on Autoliv's ability to increase or maintain its international sales or on its results of operations.

Patents and Proprietary Technology

Autoliv has developed a considerable amount of proprietary technology related to car occupant restraint systems and relies on a number of patents to protect such technology. Autoliv protects many of its innovations with patents, and vigorously protects and defends its patents, trademarks and know-how against infringement and unauthorized use. At present, Autoliv holds approximately 2,800 patents covering a large number of innovations and product ideas, mainly in the fields of seat belt and airbag technologies. In addition, Autoliv utilizes, and has access to, the patents of Autoliv's joint ventures and joint venture partners. These patents expire on various dates during the period 1999 to 2019. The expiration of any single patent is not expected to have a material adverse effect on Autoliv's financial position.

Although Autoliv believes that its products and technology do not infringe the proprietary rights of others, there can be no assurance that third parties will not assert infringement claims against Autoliv in the future. In addition, there can be no assurance that any patents now owned by Autoliv, will afford protection against competitors that develop similar technology.

Dependence on the Automotive Industry

The customers of Autoliv are automobile manufacturers whose production volumes are dependent upon general economic conditions and the level of consumer spending. The volume of car production in Autoliv's most important markets in North America, Europe and Asia has fluctuated considerably from year to year, and such fluctuations may give rise to fluctuations in the demand for Autoliv's products.

Substantial Reliance by Autoliv on Major Customers

A relatively small number of automobile manufacturers compose the existing customer base of Autoliv. Although business with any given customer is typically split into several contracts (usually one contract per car model), the loss of all of the business of certain customers could have a material adverse effect on Autoliv. Combined sales to Autoliv's largest customer represented approximately 14% of total fiscal 1998 sales. See Note 17 to the Notes to Consolidated Financial Statements of the Annual Report, which is incorporated herein by reference.

Autoliv's Pricing Pressures

As a consequence of the major automobile manufacturers' strong purchasing power, and the competitive pressures on car occupant restraint system suppliers to increase such suppliers' manufacturing capabilities, the unit prices of airbag systems and seat belts will continue to decline in the future. In addition, similar to other automobile component manufacturers,

Autoliv expects that Autoliv and its subsidiaries will, under certain circumstances, quote fixed or maximum prices for long-term supply arrangements. The future profitability of Autoliv will depend upon, among other things, its ability to continue to reduce its per unit costs and maintain a cost structure, internally and with its suppliers, that will enable it to remain cost-competitive. Autoliv's profitability may also be influenced by its success in designing and marketing technological improvements in car occupant restraint systems.

Product Recalls

The possibility of substantial product recalls could pose a significant commercial risk to Autoliv in the future. Autoliv carries product recall insurance with coverage limits that Autoliv management believes are sufficient to cover potential product recalls. A substantial product recall that is not covered by insurance or results in liabilities in excess of any coverage limits could have a material adverse effect on the financial condition and operating results of Autoliv.

Seasonality and Backlog

Autoliv's business is not subject to significant seasonal fluctuations. There are no material backlogs in Autoliv's business.

Certain Regulatory Matters and Developments

The automotive safety industry is subject to substantial regulation, both in the United States and in many other countries, which may affect the demand for Autoliv's products and Autoliv's manufacturing and development costs. These regulations are subject to frequent review by applicable regulatory authorities and other governmental entities, and are subject to change. In the United States, current federal legislation requires driver-side and passenger-side airbags in all new passenger cars (effective September 1, 1997), and in all new light vehicles (unloaded vehicle weight of 5,500 pounds or less) effective since September 1, 1998. Changes in regulations could have a material adverse impact on Autoliv's operations and financial condition. Such regulations are subject to a number of factors that are not within the control of Autoliv, including adverse publicity regarding the safety risks of airbags to children and small adults, domestic and foreign political developments, and litigation relating to Autoliv's and its competitors' products. There can be no assurance that regulatory developments or adverse publicity will not adversely affect customer demand for automotive safety products of Autoliv's business. Such changes could also result in slower increases, or in decreases, in demand for automotive safety products in other countries.

In November and December 1996, the U.S. National Highway Traffic Safety Administration ("NHTSA") announced a series of proposed and final regulations relating to airbags. NHTSA has proposed certain regulations, to be in force until the regulations requiring adaptive airbags take effect, relating to the depowering of airbags (which proposed regulations were adopted on an interim basis in March 1997) and the deactivation of airbags at the request of certain high-risk profile groups. Implementation of such regulations could result in additional capital expenditures by Autoliv, could require additional technological improvements, and could result in lower sales than would otherwise be expected if Autoliv does not have the necessary technology to meet the customer's requirements. The final regulations also require various additional warning labels to be conspicuously installed on new cars with airbags prior to the implementation of the regulations requiring airbags. The effect on Autoliv of the proposed regulations, if implemented, or of future regulatory developments in the United States or other countries is dependent upon many factors, some of which are outside Autoliv's control and cannot be predicted.

Environmental

AAB has no pending environmental related problems to the best of Autoliv's management's knowledge. Information concerning ASP environmental matters is included in Note 14 in the Notes to Consolidated Financial Statements of the Annual Report, and is incorporated herein by reference. Based on available

information Autoliv does not believe that material expenditures for environmental compliance will be required.

Employees

At December 31, 1998, Autoliv and its subsidiaries had approximately 20,700 employees.

Autoliv considers its labor relations to be good and has not experienced any major strike or other significant labor dispute for many years.

The majority of Autoliv's employees in its subsidiaries in Sweden are unionized. The principal unions to which Autoliv's Swedish employees belong are the Swedish Metal Workers Union, the Swedish Union of Clerical and Technical Employees in Industry, the Swedish Foremen and Supervisors' Association and the Swedish Association of Graduated Engineers. Important unions to which some of Autoliv's employees in subsidiaries in countries other than Sweden belong are IG Metall and Textil und Bekleidung in Germany, Amalgamated Engineering and Electrical Union in the United Kingdom, the Metal Workers Union in Australia, the Union of Needletraders and Industrial and Textile Employees in the United States, Confederation Generale des Travailleurs in France and Federacion Minerometalurgica, Union General de Trabajadores and Comisiones Obreroas in Spain.

In Sweden, wages and general working conditions are typically the subject of centrally negotiated collective bargaining agreements. Within the limits established by these agreements, Autoliv's subsidiaries negotiate directly with the local unions representing the employees. In Australia, France and Spain, wages, salaries and general working conditions are negotiated with the local unions. In Germany, wages but not salaries are negotiated with the local unions, while in the United Kingdom and the United States there is far less union involvement in establishing wages, salaries and working conditions than in, for instance, Germany.

Under Swedish law, Autoliv's subsidiaries must negotiate important changes in operations and working conditions with the unions representing its employees. Although these negotiations may from time to time affect the timing of certain management decisions and actions, Autoliv's experience is that such negotiations contribute to good labor relations. In many other countries (e.g. Germany, Spain and France), negotiations must take place when a company wishes to dismiss employees and under certain other circumstances.

Employees in the Netherlands and Germany are represented by legally mandated workers' councils or similar organizations.

Item 2. Properties

Autoliv's various businesses operate through a number of production facilities and offices. Autoliv believes its properties to be adequately maintained and suitable for their intended use and its production facilities to have a capacity adequate for its current and foreseeable needs.

<TABLE>
<CAPTION>

AUTOLIV MANUFACTURING FACILITIES			
<S>	<C>		
Country	Production facility	Current primary activities	Ownership*
Argentina	Autoliv Argentina SA, Buenos Aires	Seat belts, airbags	100%
Australia	Autoliv Australia, Melbourne VOA Webco, Melbourne	Seat belts Seat belt webbing	100% 100%
Canada	VOA Colfab, Collingwood Autoliv Canada, Tillbury	Seat belt webbing Webbing plant under construction	100% 100%
China	CHA, Changchun NHA, Nanjing Shanghai-VOA	Seat belts Seat belts Seat belt webbing	JV JV JV

France	Autoliv France, Gournay-en-Bray	Seat belts and airbags	100%	
	Autoliv Automation, Gournay	Production machinery equipment	100%	
	Autoliv Composants, Caudebec	Metal components for seat belts		100%
	EAK, Valentigney	Seat belts and airbags		JV
	Isodelta, Poitiers	Steering wheels and covers	77%	
	Livbag, Brest	Pyrotechnical inflators	51%	
	NCS, Survillier	Initiators for airbag inflators		51%
	Sagem-Autoliv, Rouen	Airbags and electronics	100%	
Germany	Autoliv, Dachau	Airbags and pretensioners	100%	
	Autoliv, Elmshorn	Seat belts		100%
	Autoliv, Dobeln	Seat belts		100%
	Autoliv, Braunschweig	Airbag module assembly	100%	
	Stakupress, Norderstedt	Metal and plastic components	100%	
Great Britain	Autoliv, Havant	Seat belts and airbags	100%	
	Precision Components, Chichester	Metal and plastic components	100%	
	Tensator, Milton Keynes	Springs for belt retractors and height adjusters	100%	
	Airbags International, Congleton	Textile airbags	100%	
	Rykneld Tean, Derby	Industrial webbing	100%	
Hungary	Autoliv, Sopron	Seat belts		100%
India	Autoliv-IFB, Bangalore	Seat belts		JV
*Denotes direct or indirect ownership by Autoliv				
Indonesia	Autoliv Indonesia, Jakarta	Seat belts		JV
Italy	Cosma, Turin	Injection-moulded components	100%	
Japan	Autoliv Japan, Tsukuba	Airbags	100%	
Malaysia	Autobelt, Kuala Lumpur	Seat belts		JV
	Airbag Systems Malaysia, Kuala Lumpur	Airbags		JV
	Furniweb-VOA Safety Webbing, Kuala Lumpur	Seat belt webbings		JV
Mexico	Autoliv Mexico, Toluca	Seat belts		100%
Netherlands	Autoliv, Landgraaf	Seat belts and integrated child seats		100%
	Autoliv, Amsterdam	Airbag inflator	100%	
	Van Oerle Alberton, Boxtel	Seat belt webbing		100%
New Zealand	Autoliv NZ, Auckland	Seat belts		100%
Philippines	Autoliv QB, Manila	Seat belts		60%
Romania	Autoliv Romania, Brasov	Seat belts		80%
Russia	Autoliv Russia, Dubna	Seat belts		100%
South Africa	Autoflug, Johannesburg	Seat belts		100%
Spain	Autoliv-KLE, Barcelona	Seat belts and airbags	100%	
	Autoliv-BKI, Valencia	Seat belts and airbags	100%	
Sweden	Autoliv Sverige, Vargarda	Airbags, seat belts and integrated child seats		100%
	Autoflator, Vargarda	Cold inflators	51%	
	Autoliv Hammarverken, Vaxjo	Components for car seats and knee protection		100%
	Autoliv Mekan, Hassleholm	Components for car seats		100%

	Autoliv Electronics, Motala	Airbag electronics	100%	
	Svensk Airbag, Kungälv	Textile airbags	100%	
Taiwan	Mei-An Autoliv, Taipei	Seat belts		JV
Thailand	Autoliv Thailand, Bangkok	Seat belts	85%	
Turkey	Autoliv Cankor, Istanbul	Seat belts	90%	
USA	Autoliv North America, Indianapolis, Indiana	Seat belts	100%	
	Brigham City, Utah	Inflators	100%	
	North Ogden, Utah	Component subassembly	100%	
	Ogden, Utah	Airbag Modules	100%	
	Ogden, Utah	Cushions		100%
	Ogden, Utah	Inflators		100%
	Promontory, Utah	Gas generant	100%	
	Fort Wayne, Indiana	Steering Wheels	100%	
	Maryville, Tennessee	Airbag module assembly	50%	

Technical Centers and Crash Laboratories**

Location	Function
Autoliv Research, Vargarda (Sweden)	Research center
Autoliv Safety Center, Vargarda (Sweden)	Technical center for full-scale tests, roll-overs, etc.
Autoliv Germany, Dachau	Technical center with full-scale test laboratory
Autoliv France, Gournay-en-Bray	Technical center with full-scale test laboratory
Autoliv UK, Havant	Technical center with full-scale test laboratory
Autoliv North America, Detroit	Technical center with full-scale test laboratory
Autoliv Australia, Melbourne	Full-scale test laboratory
Autoliv Spain, Barcelona	Full-scale test laboratory
Autoliv Germany, Hamburg	Full-scale test laboratory
Autoliv Inflator, Utah	Pyrotechnic Research
Autoliv North America, Rochester Hills, Michigan	Sled Testing
Autoliv Japan, Yokohama	Sled Testing
Autoliv Germany, Markgroningen	Sled Testing

**All such facilities are wholly owned directly or indirectly by Autoliv
</TABLE>

Item 3. Legal Proceedings.

From time to time, Autoliv has been named as defendant in product liability and other lawsuits. Such lawsuits historically have not had an adverse impact on the financial condition of Autoliv. However, although AAB and ASP each carry product liability insurance to the extent reasonably available against insurable risks, future damages awarded in the United States in product liability lawsuits could exceed the limits of available insurance coverage, and Autoliv might be held liable for punitive damages which are not capable of estimation. In addition, from time to time, the customers of Autoliv request their suppliers to participate in the defense of product liability litigation or to contribute to claim settlements. A substantial product liability award that is not covered by insurance or results in liabilities in excess of any coverage limits could have a material adverse effect on the financial condition and operating results of Autoliv.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders of Autoliv during the fourth quarter of 1998.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Information concerning the market for Autoliv's common stock including the relevant trading market, recent share prices, dividends, and approximate number of shareholders is included in the section entitled "Shareholder Information" of the Annual Report and is incorporated herein by reference (pages 47 and 48 in the printed report).

Item 6. Selected Financial Data

Selected financial data for the five years ended December 31, 1998 is included in the Annual Report and is incorporated herein by reference (page 46 in the printed report).

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations for the three years ended December 31, 1998 is included in the Annual Report and is incorporated herein by reference (pages 24 through 27 in the printed annual report). The financial data in respect of the period prior to May 1, 1997, is that of Autoliv AB and its consolidated subsidiaries only and excludes that of ASP. The financial data for the period commencing May 1, 1997 is that of Autoliv, Inc. and its consolidated subsidiaries.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The Quantitative and Qualitative Disclosures about Market Risk are included in the Annual Report and are incorporated herein by reference (page 27 in the printed report).

Item 8. Financial Statements and Supplementary Data

The Consolidated Balance Sheet of Autoliv as of December 31, 1998 and 1997, and the Consolidated Statements of Income and Cash Flows for each of the three years in the period ended December 31, 1998, the Notes to Consolidated Financial Statements, and the Report of Independent Auditors are included in the Annual Report and are incorporated herein by reference (pages 28 through 40 in the printed annual report).

All of the schedules specified under Regulation S-X to be provided by Autoliv, have been omitted either because they are not applicable, are not required or the information required is included in the financial statements or notes thereto.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

Directors:

Information concerning the directors and nominee for director of Autoliv is included on pages 2-3 in the 1999 Proxy Statement and is incorporated herein by reference.

Executive Officers:

GUNNAR BARK, age 59, until January 31, 1999, Chief Executive Officer, appointed May 1, 1997. See Directors for further details.

LARS WESTERBERG, age 51, President and Chief Executive Officer from February 1, 1999. See Directors for further details.

LEIF BERTSSON, age 43, Vice President Purchasing, appointed May 1, 1997. Mr. Bertsson has been Vice President Quality of Autoliv AB since 1988 and also Vice President Purchasing of Autoliv AB since 1992. Mr. Bertsson holds a Master of Science degree from the Chalmers Institute of Technology in Gothenburg.

HANS BIORCK, age 47, Vice President and Chief Financial Officer effective April 1, 1999. Mr. Biorck has been Vice President, Treasurer since September 1998. Before that Mr. Biorck held CFO positions in Esselte AB and EBS Inc. He holds a degree in Economics and Business Administration from the Stockholm School of Economics.

WILHELM KULL, age 62, Vice President IT, and Chief Financial Officer from May 1, 1997 until March 31, 1999. See Directors for further details.

CLAES HUMBLA, age 59, Vice President Human Resources, appointed May 1, 1997. Mr. Humbla has been Vice President Human Resources of Autoliv AB since 1989. Mr. Humbla holds a Master of Science degree from the Chalmers Institute of Technology in Gothenburg.

YNGVE HALAND, age 53, Vice President Research, appointed May 1, 1997. Dr. Haland has been Vice President Research of Autoliv AB since 1994. Prior to that he was Group Manager Research for Autoliv AB since 1989. Dr. Haland holds a Master of Science degree from the Chalmers Institute of Technology in Gothenburg, from which he also holds a doctorate's degree.

BENOIT MARSAUD, age 46, Vice President Manufacturing, appointed February 4, 1998. Mr. Marsaud has been Vice President Manufacturing of Autoliv AB since 1992 and in addition was appointed President of Autoliv France in May 1997. He holds a Master of Science Degree from Ecole Nationale Supérieure Des Arts et Metiers in Paris.

MATS ODMAN, age 48, Director of Investor Relations, appointed May 1, 1997. Mr. Odman has been Director of Investor Relations of Autoliv AB since 1994. Before that Mr. Odman had the same position in Fermenta AB and Gambro AB. Prior to that Mr. Odman was Investor Relations Manager of Pharmacia AB.

JAN OLSSON, age 44, Vice President Engineering, appointed October 1, 1997. Mr. Olsson has been Manager of Engineering of Autoliv Sverige AB since 1989 and President of the same company since August 1994. Mr. Olsson holds a Master of Science degree from the Chalmers Institute of Technology in Gothenburg.

JORGEN I. SVENSSON, age 37, Vice President Legal Affairs, General Counsel and Secretary, appointed May 1, 1997. Mr. Svensson has been Legal Counsel of Autoliv AB since 1989, General Counsel since 1991, and Vice President Legal Affairs and General Counsel since 1994. Mr. Svensson holds a degree of Master of Law from the University of Lund.

Item 11. Executive Compensation

Information concerning executive compensation for the year ended December 31, 1998 is included on pages 4, 5 and 7 through 12 of the 1999 Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

Information concerning beneficial ownership of Autoliv's common stock is included on page 4 of the 1999 Proxy Statement and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

None.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

(a) Documents Filed as Part of this Report

(1) Financial Statements

The following consolidated financial statements are included on pages 28 through 40 and Selected Financial Data on page 46 of the Annual Report and are incorporated herein by reference:

Consolidated Statement of Income—Years ended December 31, 1998, 1997 and 1996 (page 28)

Consolidated Balance Sheet—as of December 31, 1998 and 1997 (page 29)

Consolidated Statement of Cash Flows—Years ended December 31, 1998, 1997, and 1996 (page 30)

Notes to Consolidated Financial Statements (pages 31-39)

Report of Independent Auditors (page 40)

(2) Financial Statement Schedules

All of the schedules specified under Regulation S-X to be provided by Autoliv have been omitted either because they are not applicable, they are not required or the information required is included in the financial statements or notes thereto.

(3) Index to Exhibits

2.1(a) Combination Agreement, dated as of November 25, 1996, by and among Autoliv AB, Morton International, Inc., Autoliv and ASP Merger Sub Inc. (the "Combination Agreement"), incorporated herein by reference to Exhibit 2.1(a) to the Registration Statement. Autoliv agrees to furnish supplementally a copy of any omitted exhibit or schedule to the Securities and Exchange Commission (the "Commission") upon request.

2.1(b) Amendment No. 1 to the Combination Agreement, dated as of April 30, 1997, by and among Autoliv AB, Morton International, Inc., Autoliv and ASP Merger Sub Inc. incorporated herein by reference to Exhibit 2.1(b) to the Registration Statement.

2.2 Distribution Agreement, dated as of April 30, 1997, by and between Morton International, Inc. and New Morton International Inc., incorporated herein by reference to Exhibit 2.2 to the Registration Statement. Autoliv agrees to furnish supplementally a copy of any omitted exhibit or schedule to the Commission upon request.

2.3 Tax Sharing Agreement, dated as of April 30, 1997, by and between Morton International, Inc. and New Morton International Inc. incorporated herein by reference to Exhibit 2.3 to the Registration Statement. Autoliv agrees to furnish supplementally a copy of any omitted exhibit or schedule to the Commission upon request.

2.4 Employee Benefits Allocation Agreement, dated as of April 30, 1997, by and between Morton International, Inc. and New Morton International Inc., incorporated herein by reference to Exhibit 2.4 to the Registration Statement, Autoliv agrees to furnish supplementally a copy of any omitted exhibit or schedule to the Commission upon request.

3.1 Autoliv's Restated Certificate of Incorporation incorporated herein by reference to Exhibit 3.1 to the Registration Statement.

3.2 Autoliv's Restated By-Laws incorporated herein by reference to Exhibit 3.2 to the Registration Statement.

4 Rights Agreement dated as of December 4, 1997 between Autoliv and First Chicago Trust Company of New York incorporated herein by reference to Exhibit 3 to Autoliv's Registration Statement on Form 8-A (File No. 1-12933).

11 Information concerning the calculation of Autoliv 's earnings per share is included in Note 1 of the Consolidated Notes to Financial Statements contained in the Annual Report and is incorporated herein by reference.

13 Autoliv's Annual Report to Shareholders for the fiscal year ended December 31, 1998.

21 A list of Autoliv's subsidiaries is included under the section entitled "Addresses" in the Annual Report and is incorporated herein by reference (pages 41 through 43 in the printed report).

22 No matters were submitted to Autoliv's stockholders during the fourth quarter of 1998.

23 Consent of Ernst & Young AB.

27 Financial Data Schedule.

99.1 Autoliv, Inc. 1997 Stock Incentive Plan, incorporated herein by reference to Autoliv's Registration Statement on Form S-8 (File No. 333-26299)

99.2 Amendment No. 1 to Autoliv, Inc 1997 Stock Incentive Plan

(b) Reports on Form 8-K

The Company did not file any reports on Form 8-K for the three months ended December 31, 1998.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, as of the 26 day of March, 1999.

<TABLE>

AUTOLIV, INC.
(Registrant)

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By /s/ Wilhelm Kull

Wilhelm Kull
Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated, as of the 26 day of March, 1999.

Chairman /s/ Gunnar Bark
Gunnar Bark

Chief Executive Officer and Director /s/ Lars Westerberg
(Principal Executive Officer) Lars Westerberg

Vice President and Chief Financial Officer and Director (Principal Financial and Accounting Officer)	/s/ Wilhelm Kull Wilhelm Kull
Director	/s/ Per-Olof Aronson Per-Olof Aronson
Director	/s/ Walter Kunerth Walter Kunerth
Director	/s/ S. Jay Stewart S. Jay Stewart
Director	/s/ Roger W. Stone Roger W. Stone
Director	/s/ Per Welin Per Welin

</TABLE>

Exhibit 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Autoliv Inc. of our report dated January 27, 1999, included in the 1998 Annual Report to the Shareholders of Autoliv Inc. We also consent to the incorporation by reference in the Registrations Statements (Forms S-8 No. 333-26299 and No. 333-26303) pertaining to the Autoliv, Inc. 1997 Stock Incentive Plan and Autoliv ASP Employee Investment Plan of Autoliv Inc., respectively, of our report dated January 27, 1999, with respect to the consolidated financial statements of Autoliv Inc. incorporated by reference in the Annual Report (Form 10-K) for the year ended December 31, 1998.

/s/ Ernst & Young AB
Torbjorn Hanson

Stockholm, Sweden
March 25, 1999

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