



Electrolux Group Presentation

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President and CEO

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CFO

Capital Markets Day
Charlotte, November 20, 2014



Electrolux

Overview

**Business
Update**

**Strategic
Review**

**Value
Creation
Potential**

**Financial
Review**

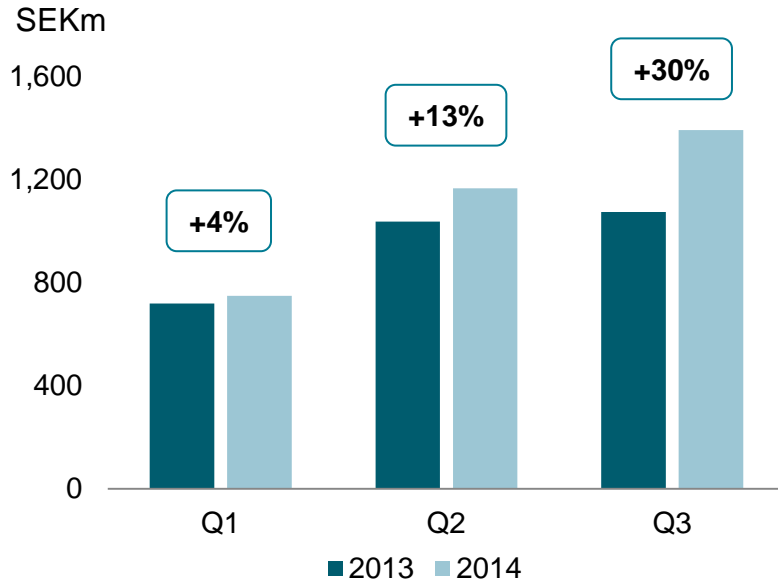
Business Update

Summary of what we said about 2014

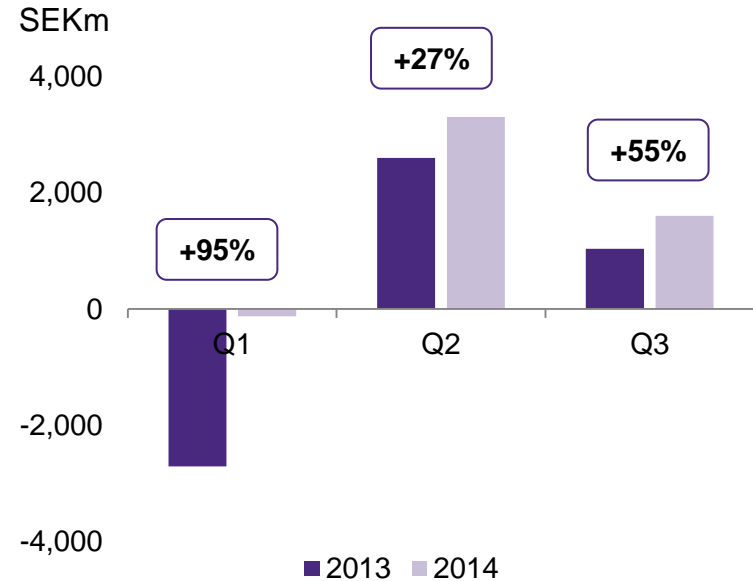
Comments after Q4 2013	FY 2014	Comments	Status
Market volumes	Slightly positive	<ul style="list-style-type: none"> • Growth in NA and emerging markets • Europe developing sideways • Brazil slowing 	✓
Price/mix	Slightly positive	<ul style="list-style-type: none"> • Latin America and North America: positive • Europe: negative price • Asia/Pacific: negative country mix 	✓
Raw material costs	Flat	<ul style="list-style-type: none"> • Range SEK -100m/+100m 	✓
R&D and Marketing	Higher	<ul style="list-style-type: none"> • Higher marketing spend in NA and Asia • Higher global R&D 	✓
Cost savings	~ SEK 1 bn	<ul style="list-style-type: none"> • Include global operations, overhead reduction and manufacturing footprint 	✓

YTD performance

EBIT, 2014 vs. 2013



Cash flow after investments, 2014 vs. 2013

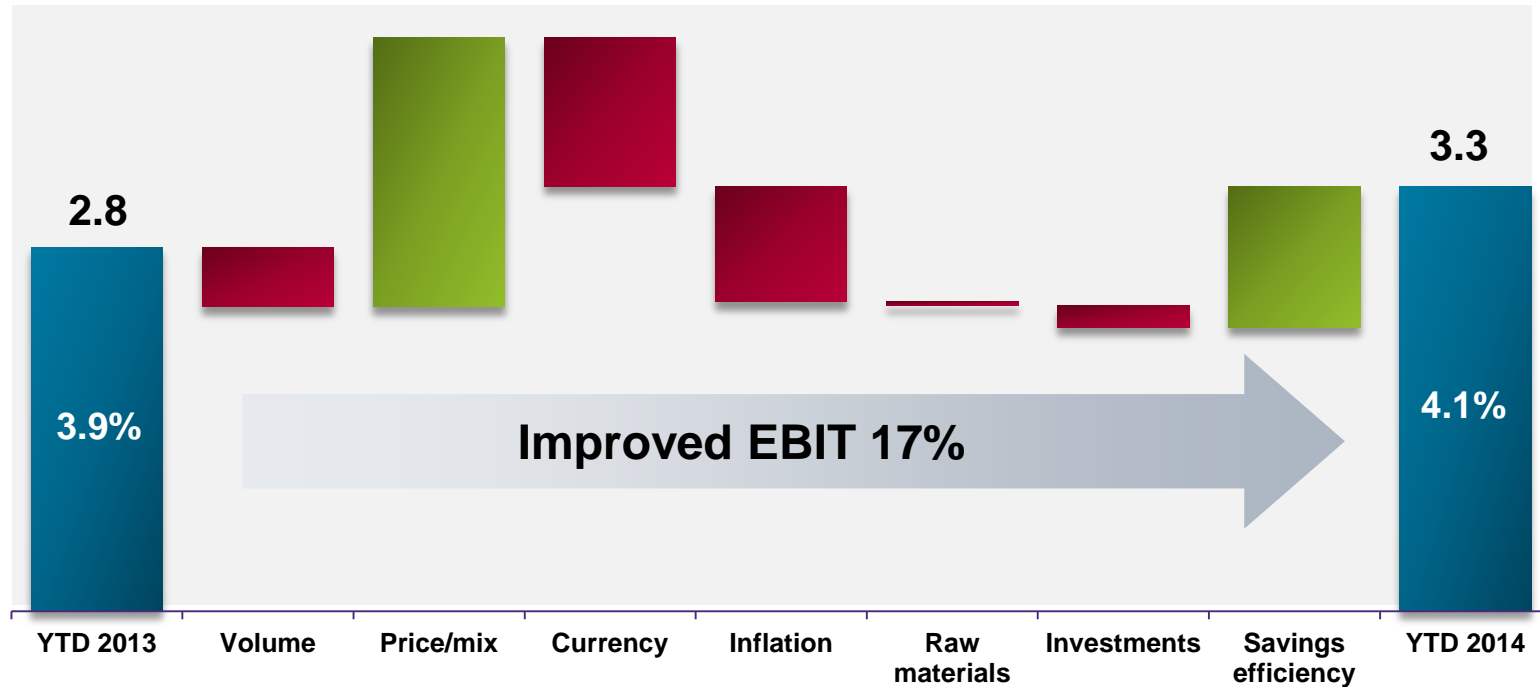


Key drivers to performance

- Higher profitability in Europe with contribution from productivity initiatives
- Mix improvements through active product portfolio management
- Sales and earnings in North America contribute strongly to the Group
- Latin America and Asia/Pacific, solid performance in weak markets
- Professional Products continues to show improved results
- Earnings has continued to improve with a solid cash flow

Improved profitability

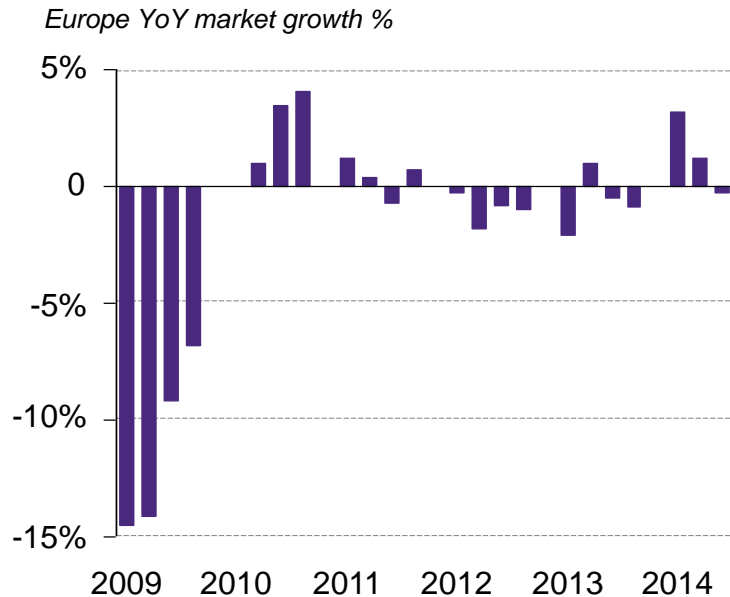
EBIT, SEKbn



Operational recovery in Europe

European market stabilized, but not recovering from the downturn

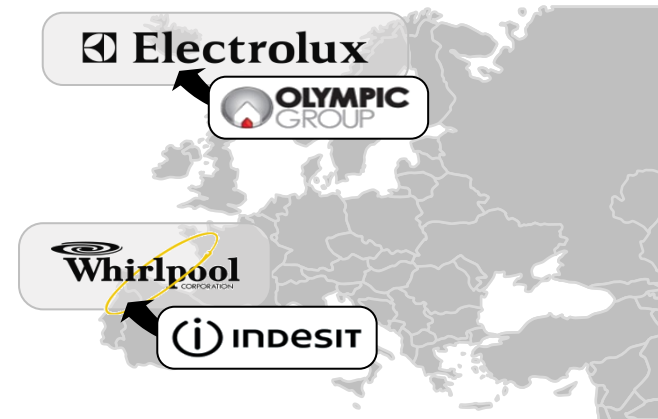
The European market is stabilizing from the 2008-2009 downturn



Source: Total Europe sell-in Major goods ex. Turkey, % change vs. same period last year

Though there is M&A-activity, the market is still relatively fragmented

Some consolidation is taking place...



...but there are still 5 top players with less than 60% of combined value share

Source: GfK MDA Sales value %, 25 CTR EU, 2014 H1

EMEA has restored profitability in a weak market

— EBIT Margin
 ■ EBIT



Focused Commercial Strategy

Key focus areas

- Strong brands
- Building on advantage in cooking and built-in
- Re-gaining premium position
- Stronger sales channels
- Right-sized cost structure



Where we are heading

Our Desired Position



Our Vision

We will be the best appliance company in the world

As measured by...



...our customers



...our employees



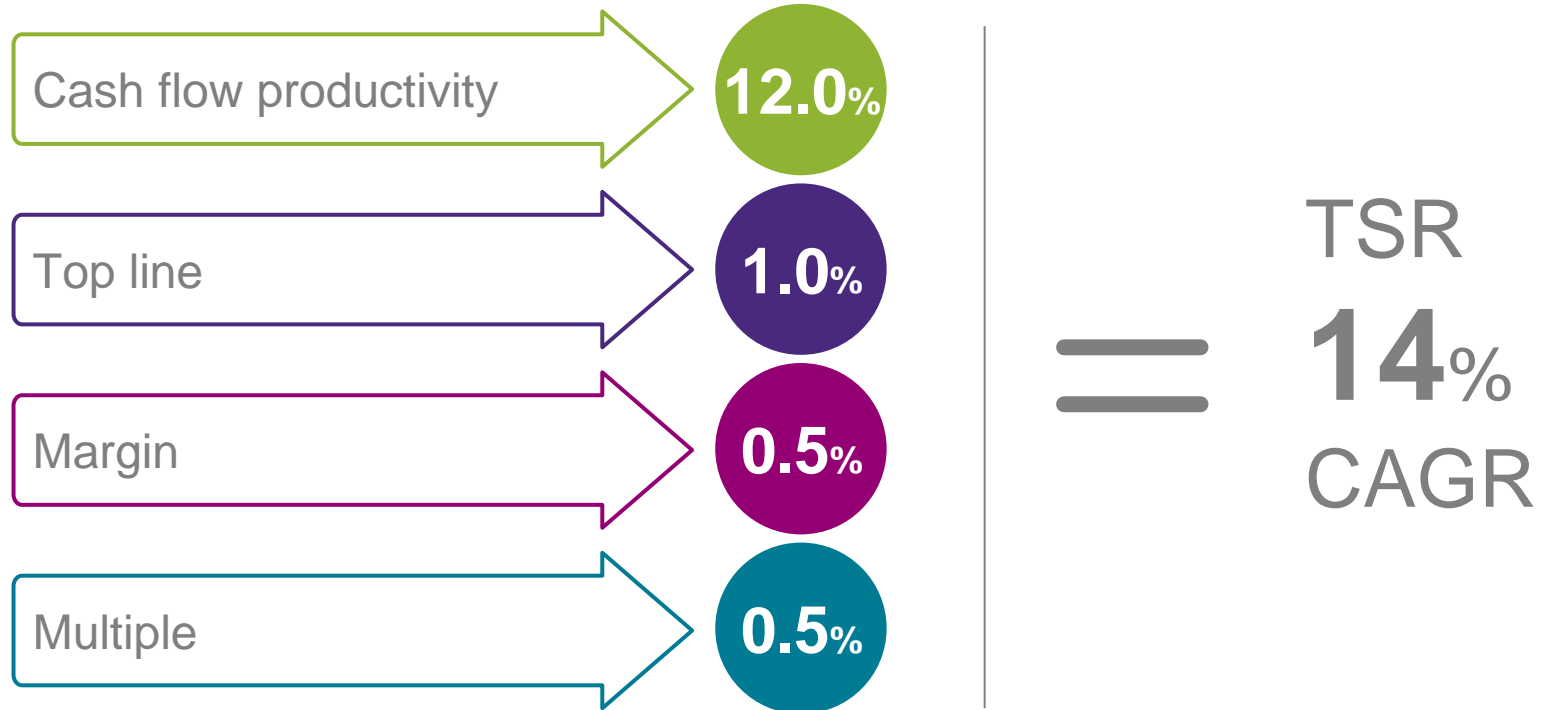
...our shareholders

Total Shareholder Return

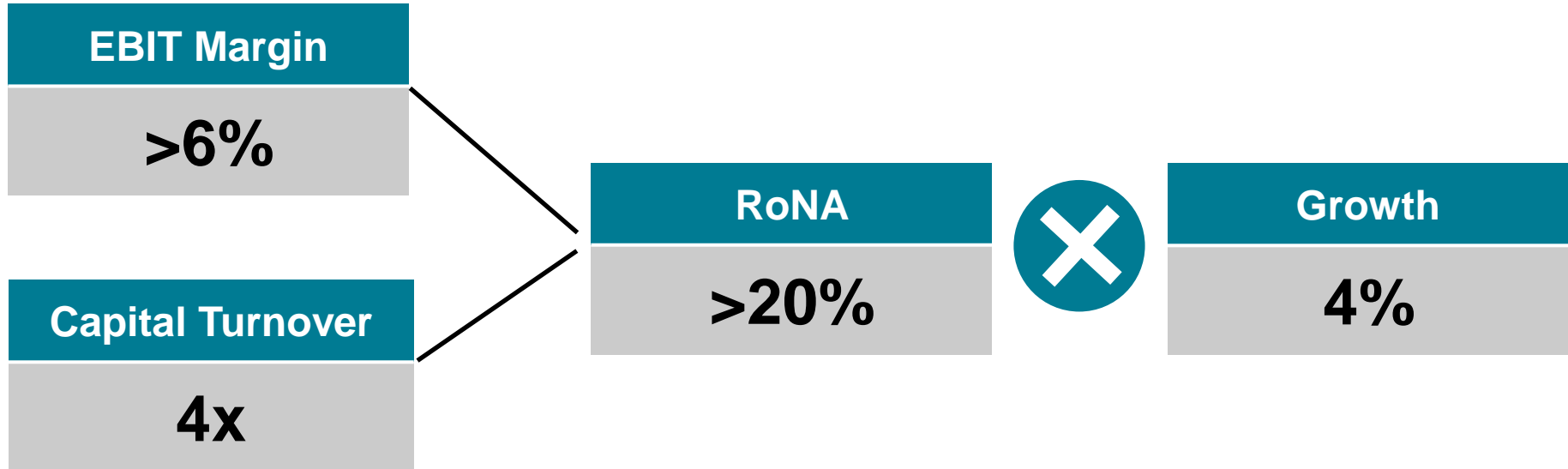
Total return	Electrolux B (Annual return)	SIX Index Return (Annual return)
1 year	40%	15%
5 year	9%	14%
10 year	17%	11%
15 year	11%	7%
20 year	14%	12%
25 year	13%	11%

Note: calculated TSR price as of 11/4/2014

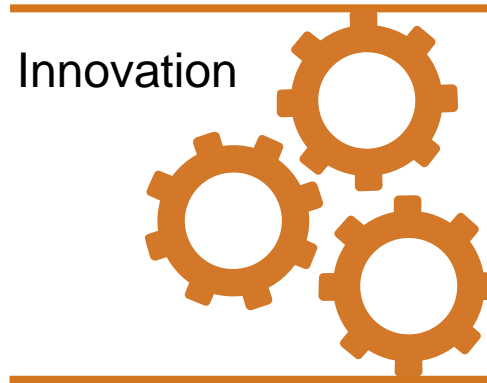
Total Shareholder Return



Value creation model



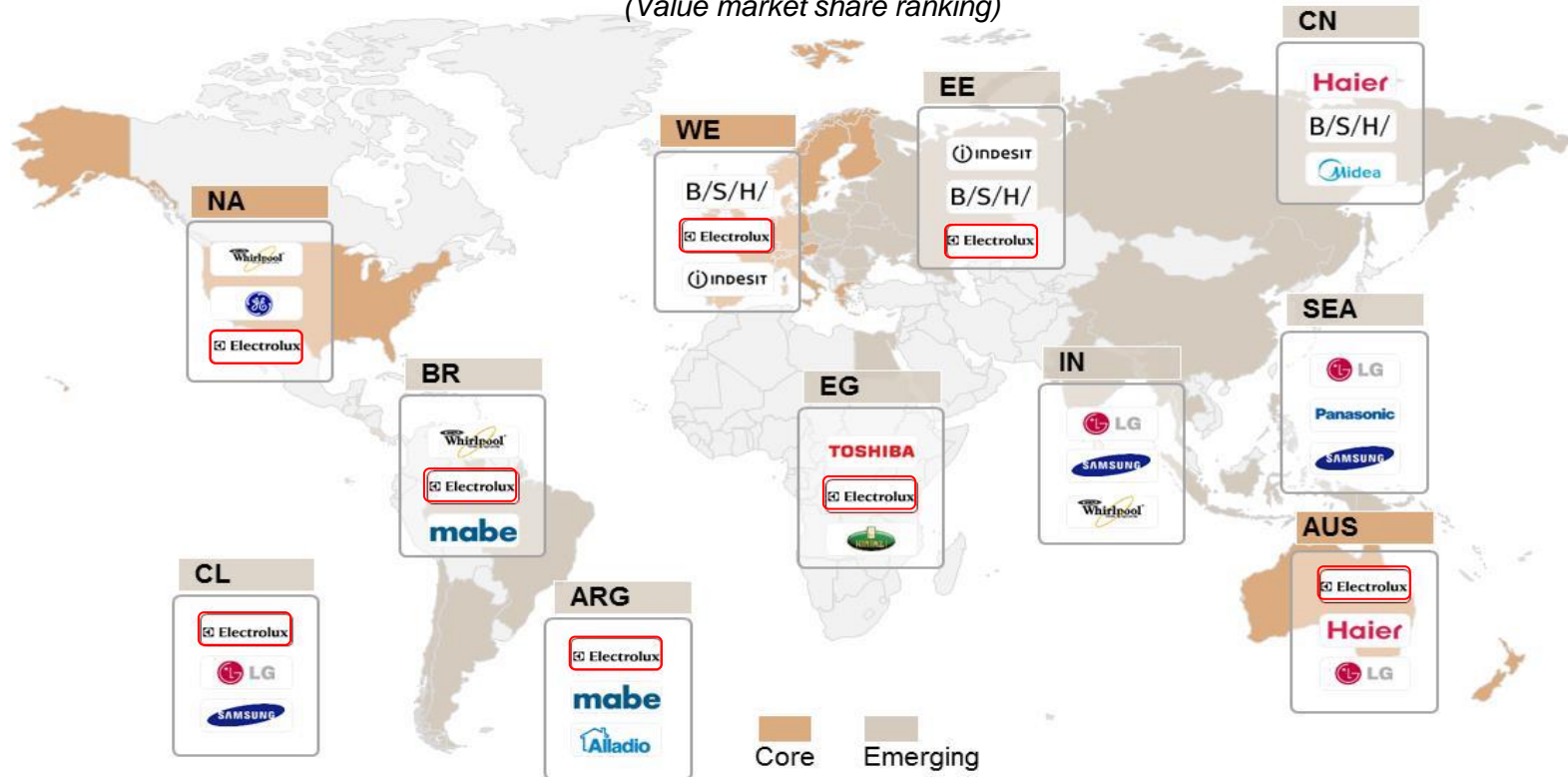
Our strategy



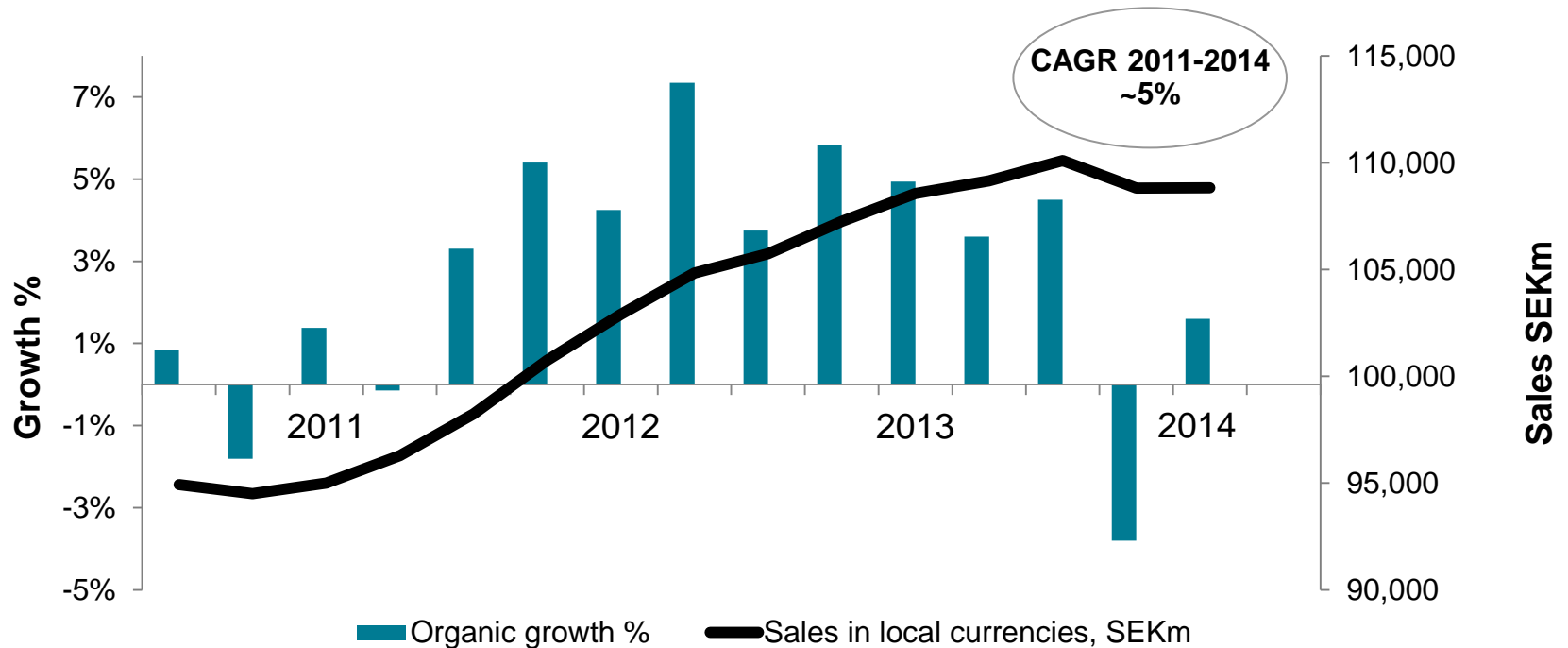
Profitable Growth

Electrolux has a leading position in most markets

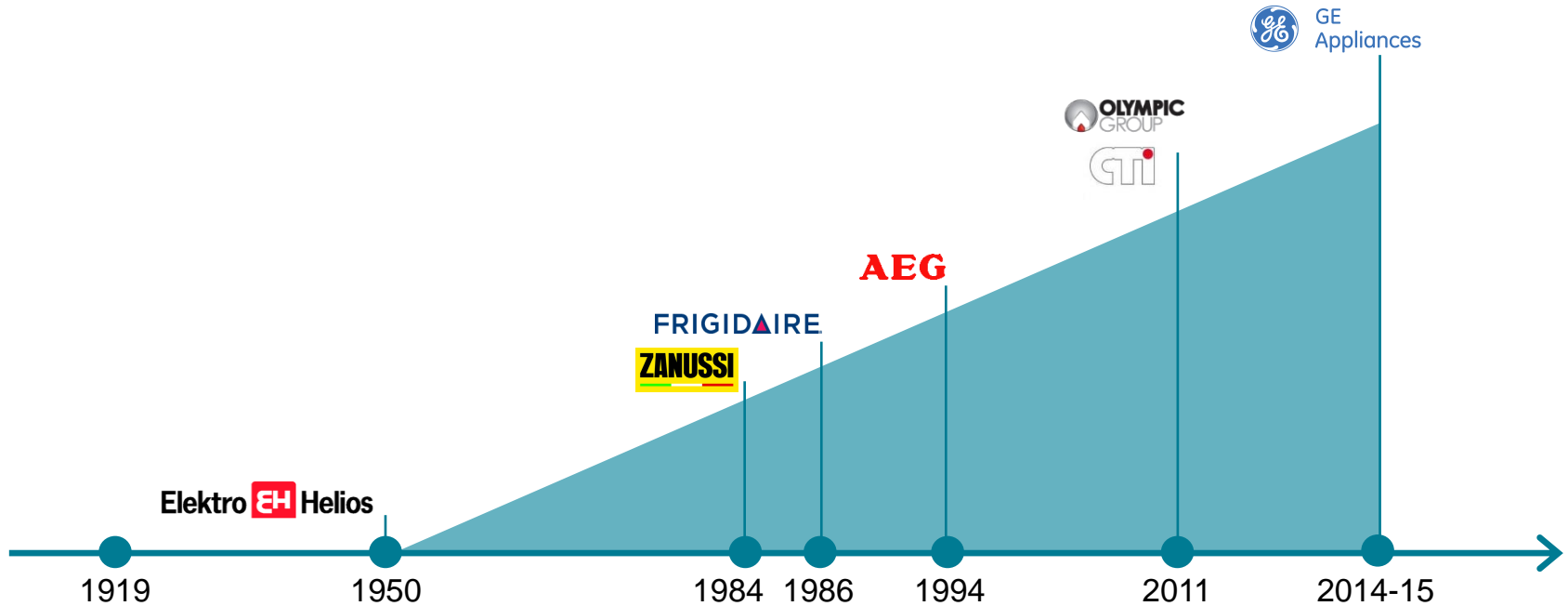
Electrolux Major Appliance
(Value market share ranking)



Focus on organic growth



Acquired growth



Growth in Adjacent Products

**Electrolux Expressionist Collection:
Kettles, toasters, mixers, blenders**



**Electrolux Masterpiece Collection:
Stick mixer, food processor, blender**



Filtration



**Consumables &
Accessories**



Water Care



Coffe machines



Air Care



Fabric Care



Innovation

A history of innovations and strong brands



ElectroLux

Electrolux



Electrolux



Thinking of you
Electrolux

GRAND CUISINE
BY ELECTROLUX PROFESSIONAL

1901

1919

1957

1984

1986

1994

1997

2004

2008

2012

2014

AB Lux

AB Electrolux

Elektrolux to
Electrolux

Zanussi

White
Consolidated
(Frigidaire)

AEG

Refribar
(Brazil)

2nd gen
Trilobite

Launch of
Ergorapido

US Launch
of Electrolux

Electrolux
Inspiration
Range

Electrolux
Grand
Cuisine

China C5
Launch

Ultraflex

Termaline
5000

Global innovation territories

Benefit-driven innovation territories

Culinary
enjoyment



Health and
well-being



Sustainable
homes

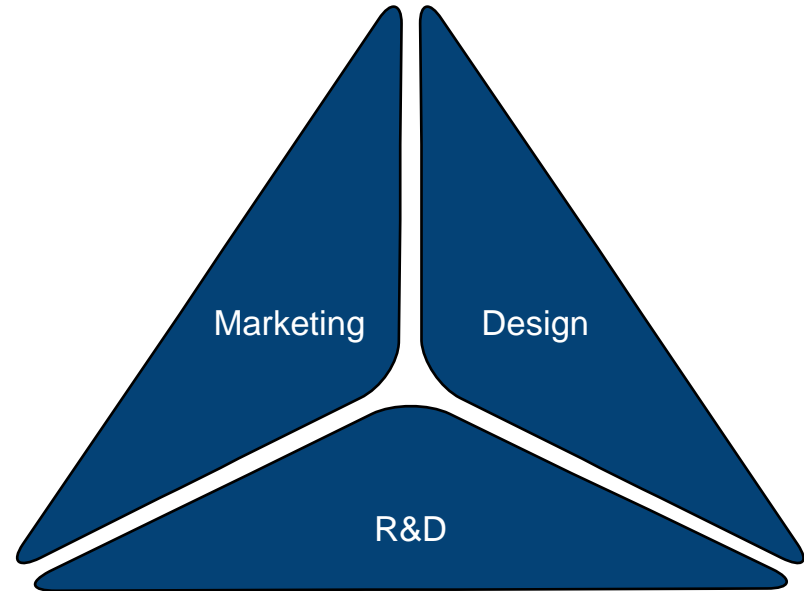


Effortless
living



”Innovation Triangle”

- 1 Develop best-in-class products
- 2 “70% Preference Rule”
- 3 Reduce Time to Market 30%
- 4 Continue investing in premium brands





Accelerating innovation with
relevant and differentiated offerings

Leading Innovation in Cooking



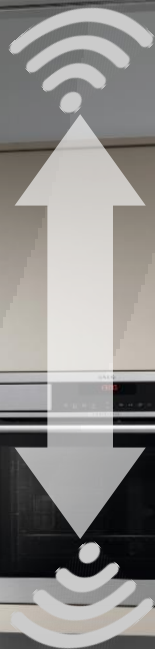
Electrolux CombiSteam Oven



AEG Maxi Sense Stove

Let the hob run the
hood...you focus on
cooking !

*Hob²Hood
Connected Range*



- A wireless functionality that automatically controls the hood according to the cooking activities on the hob
- 1,400 connected possibilities



Hob²Hood

New product ranges launched in Small Domestic Appliances

Electrolux Expressionist Collection



Electrolux Masterpiece Collection



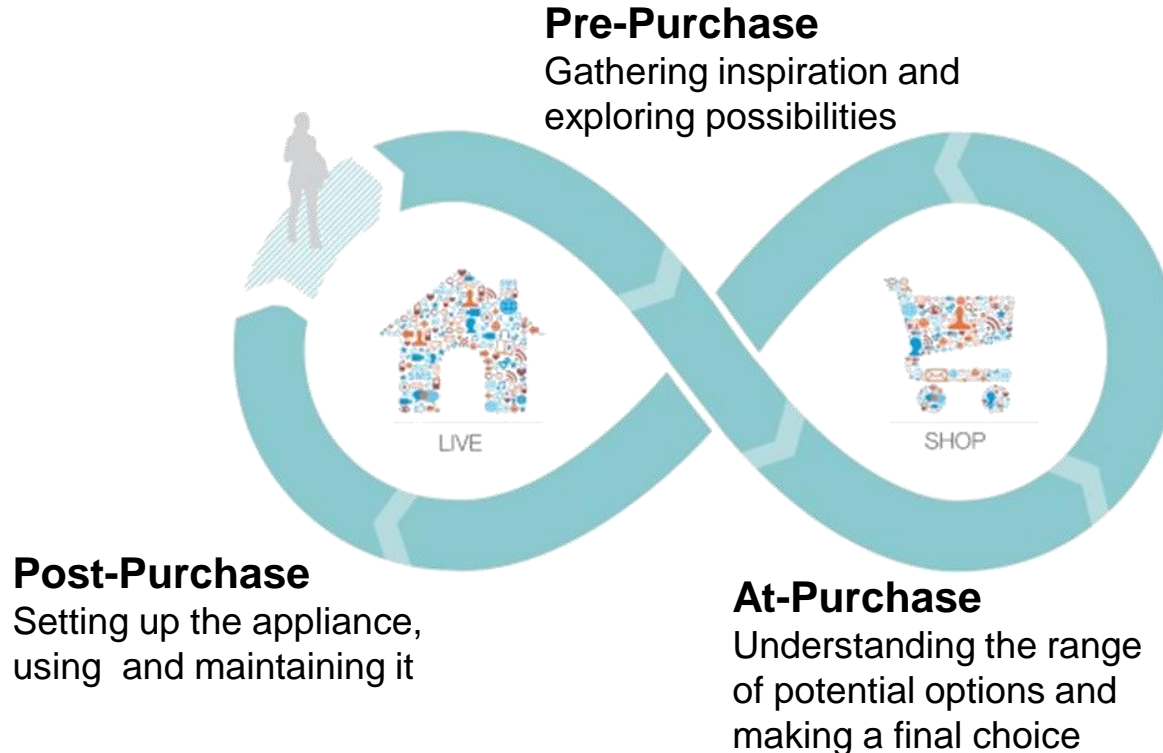
Ergorapido Range 2014



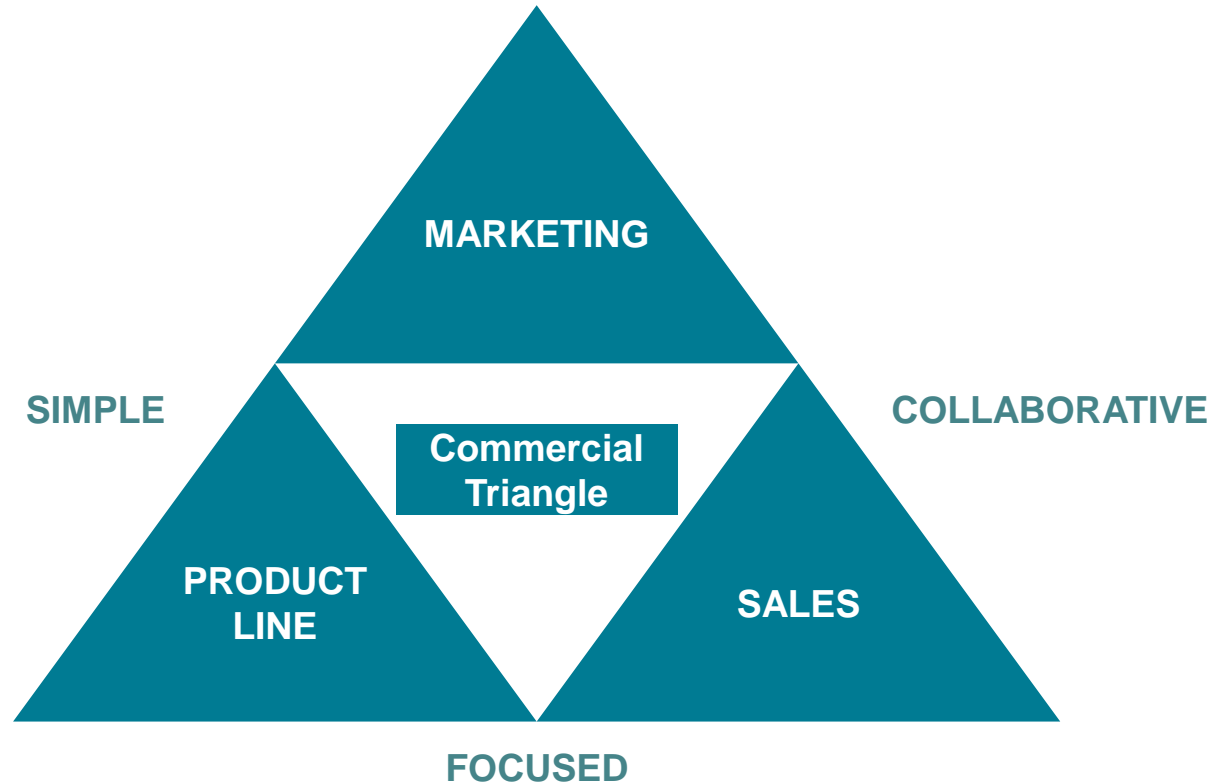
10
MILLION
ergorapido®
2014
28.08.14

Ultraflex video

360° Consumer Experience



Commercial Triangle



EMEA Electrolux CombiSteam Oven and Sousvide Launch



STEAM OVEN COOKBOOK AND STEAM APP



STEAM OVEN STARTER KIT



COOKING CLUB!



TASTE FESTIVAL – ACROSS EUROPE



BRAND WEBSITE



FAYETTE FOOD HALL COOKING SESSIONS



ONLINE BANNER



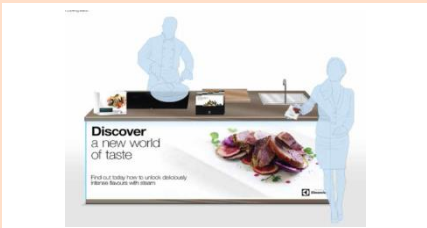
PRINT ADVERTISING



VIP SECRET INGREDIENT AND STEAM PR EVENT



ONLINE VIDEO CONTENT



TASTE THEATRE IN STORE



INTERACTIVE CATALOGUE



SPECIAL RETAIL PLACEMENT



POINT OF SALE TASTE BANNERS

Operational Excellence

Cost savings programs

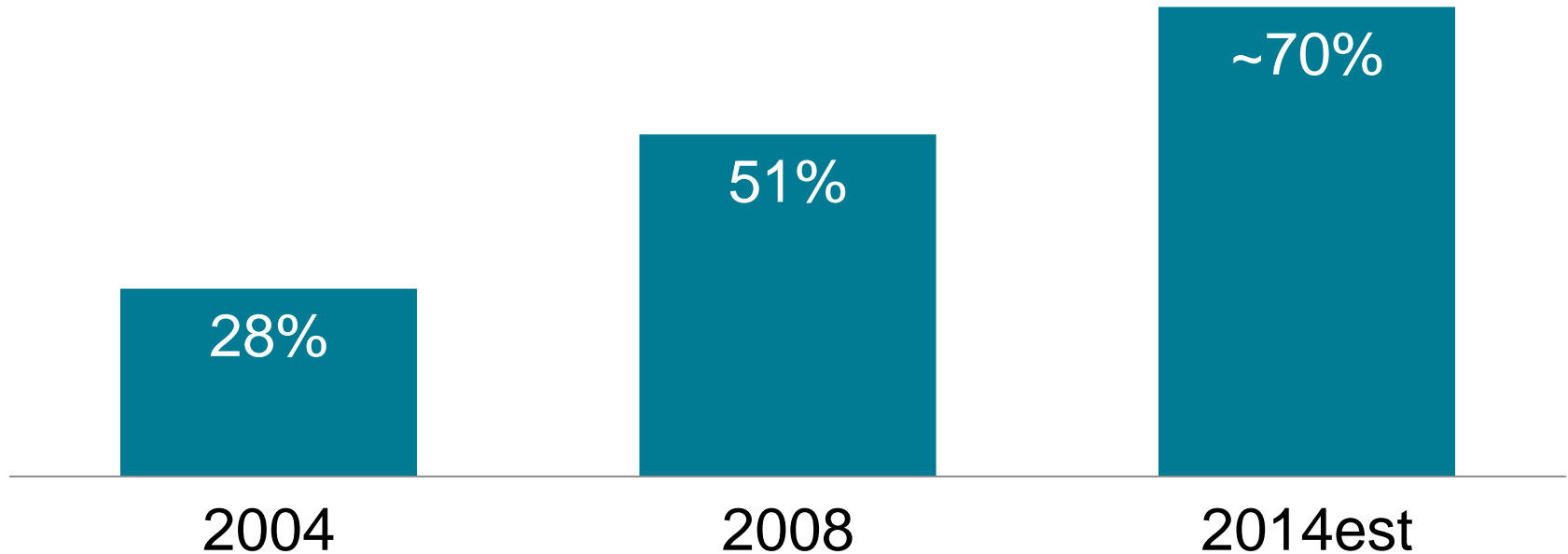


Savings from programs have full effect in 2016

Manufacturing footprint LCC transition in its final phase

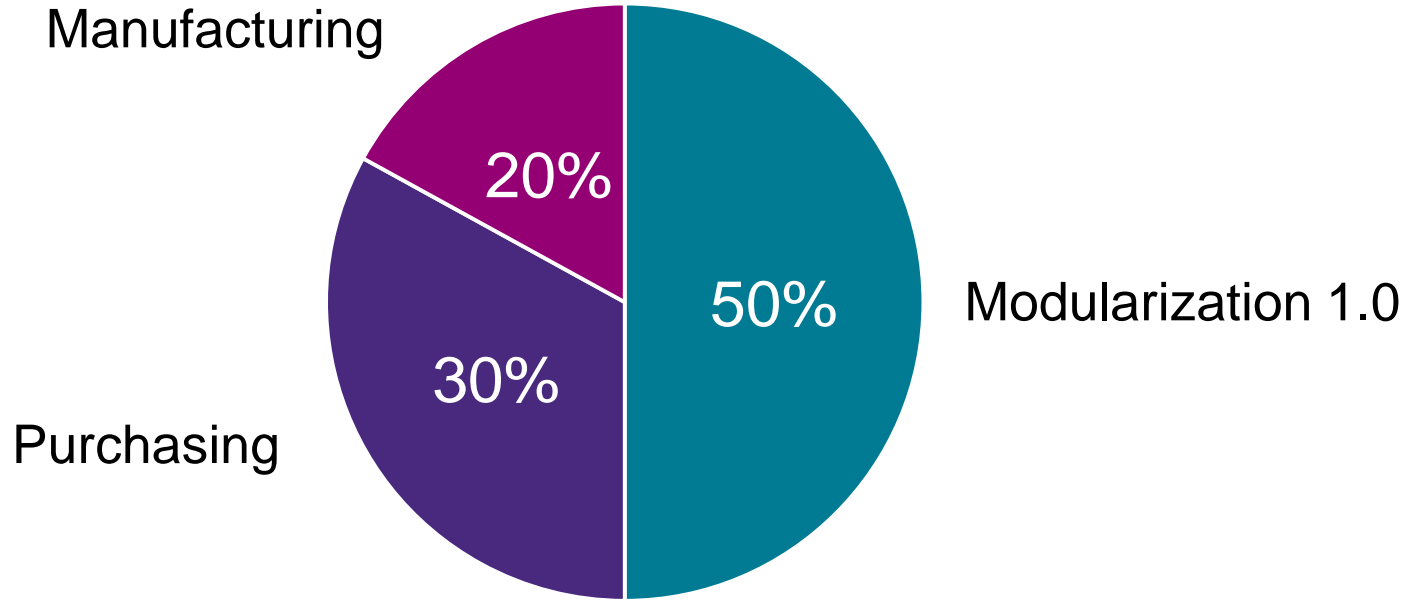


Percentage of Capacity in Low Cost Countries



Global Operations

Previously communicated



People & Leadership

Passionate, Business-minded People



Acquisition of GE Appliances

Our Desired Position



Our Vision

We will be the best appliance company in the world

As measured by...



...our customers

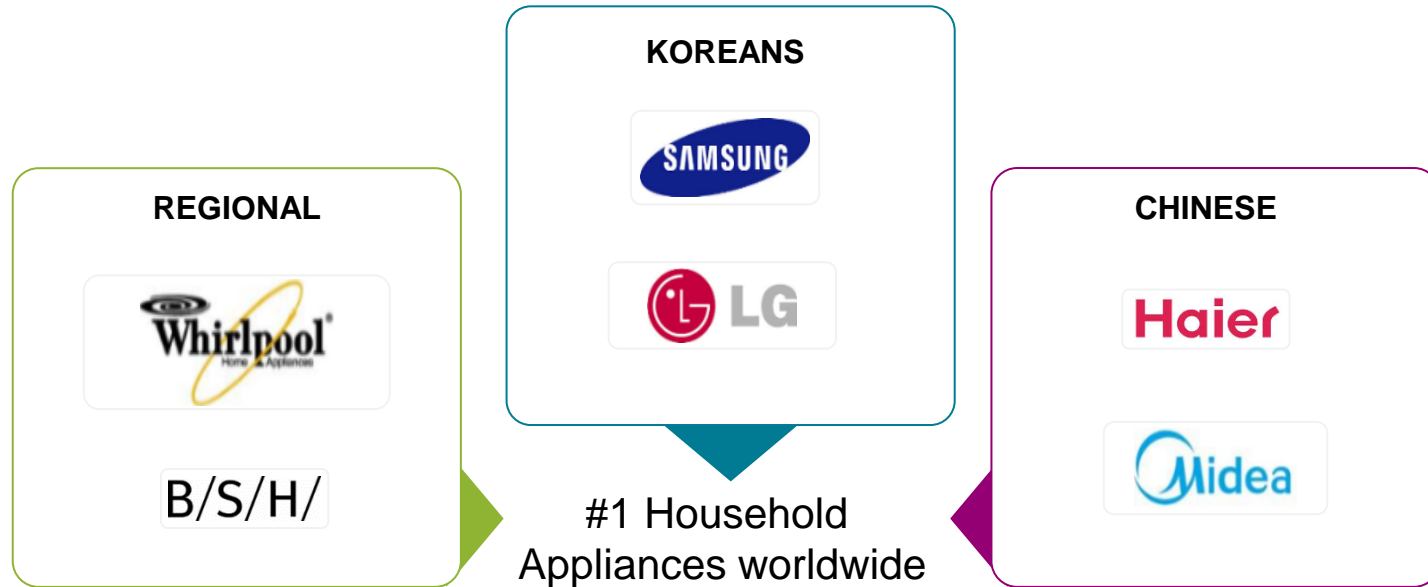


...our employees



...our shareholders

Competitors with Aggressive Growth Plans



Aggressive growth plans from our competitors may impact the market picture in future

Global Market Leadership

Product innovation

Strong brands

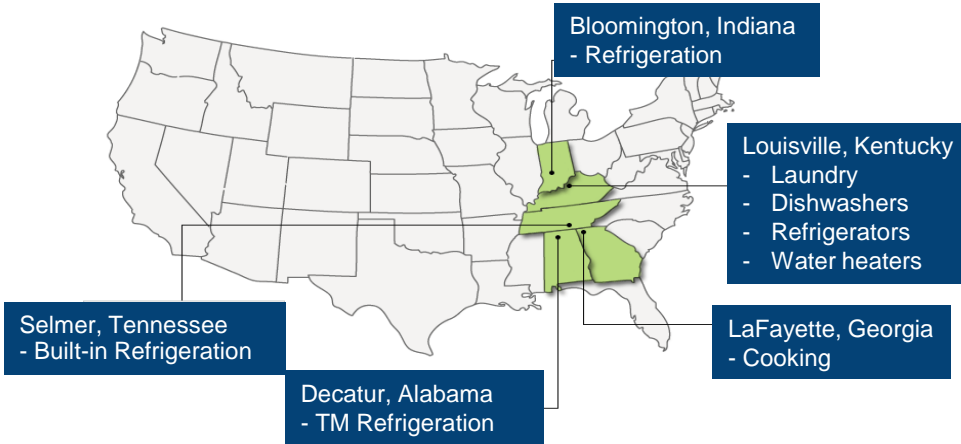
Local market strength

Cost position

Global scale

Overview of GE Appliances

- 2013 revenue of USD 5.7bn
- Manufacturing footprint across 5 states – 12,000 employees
- State of the art distribution and logistics network
- USD 1bn of investments in R&D, products and manufacturing
- Innovative product portfolio
- Joint venture with 48.4% stake in Mabe

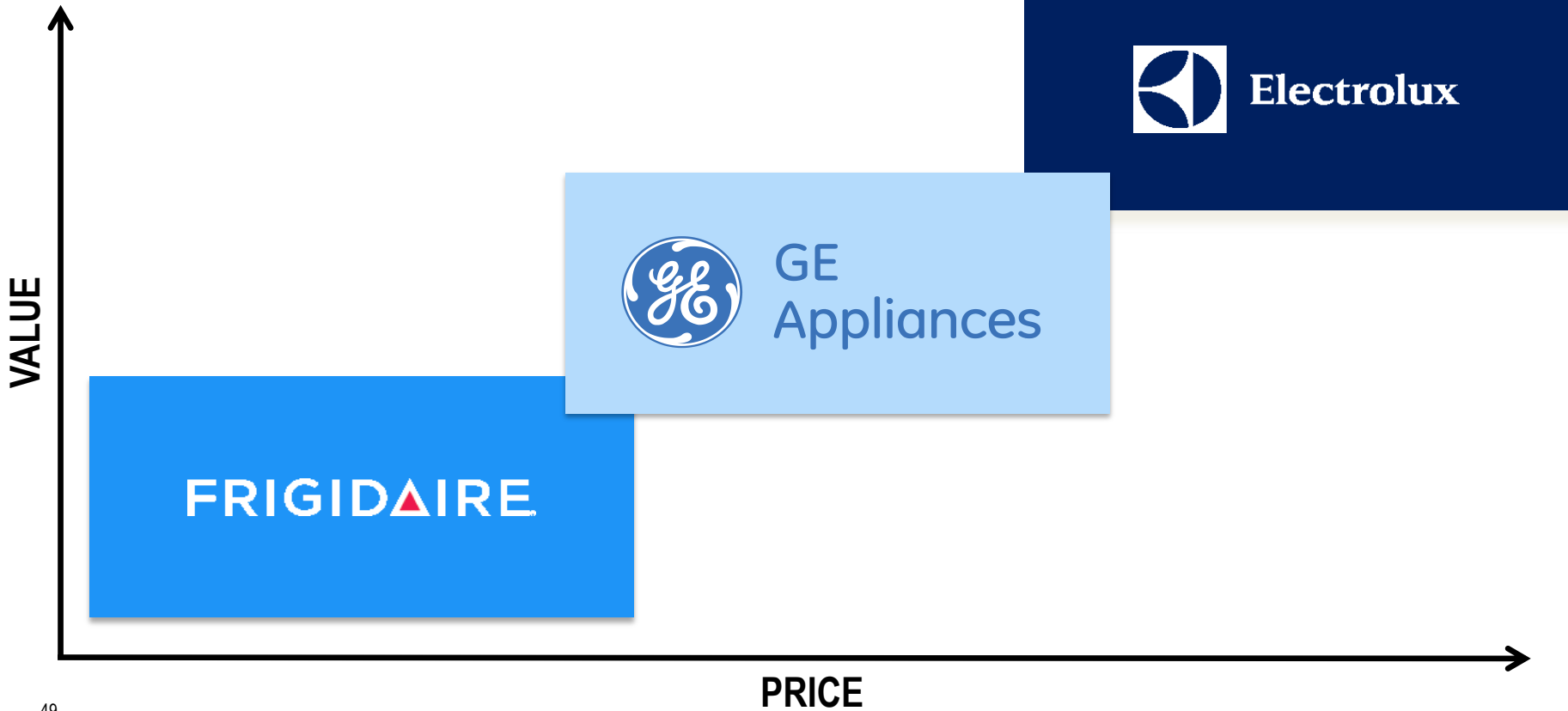


Transaction overview

Overview	<ul style="list-style-type: none">• Electrolux has agreed to acquire GE Appliances for a cash consideration of USD 3.3 billion• The deal is primarily an asset transaction• Transaction includes GE's 48.4% ownership in Mabe
Rationale	<ul style="list-style-type: none">• Improving global scale in home appliances• Significant synergies particularly in sourcing and operations• The transaction is expected to be EPS accretive in year 1
Financing	<ul style="list-style-type: none">• Financed with a fully committed bridge facility• Rights issue ~25% and ~75% bond take out
Conditions	<ul style="list-style-type: none">• Subject to approval from regulatory authorities
Timetable	<ul style="list-style-type: none">• Expected closing: 2015• Rights issue: As soon as possible following acquisition completion

Strategic fit

Combining high quality brand portfolios

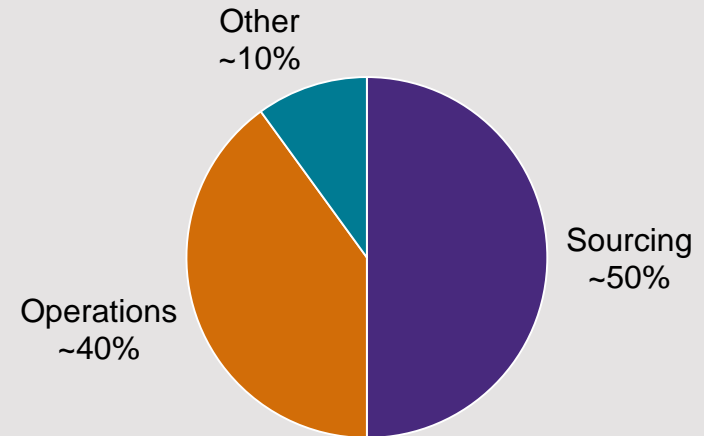


Significant synergies

Synergies

- Expected annual synergies of USD 300m
- Synergies from combined operations and manufacturing
- Utilize cost efficient sourcing base
- Strong logistics and distribution capabilities
- One-off implementation cost of USD 300m
- Implementation capex of USD 60m expected for the first two years

Expected synergy breakdown



Delivering on our growth strategy and vision



Our Vision

We will be the best appliance company in the world

As measured by...



...our customers



...our employees



...our shareholders



- ✓ Brands
- ✓ Innovative Products
- ✓ Distribution

- ✓ Enhanced production and R&D capabilities
- ✓ Engaged 12,000 employees
- ✓ Global opportunities

- ✓ EPS accretive in year 1
- ✓ Significant synergy potential
- ✓ Enhanced cash generation

Creating value for
our shareholders

Financial Targets

Organic growth

4%

EBIT margin

>6%

Capital turnover

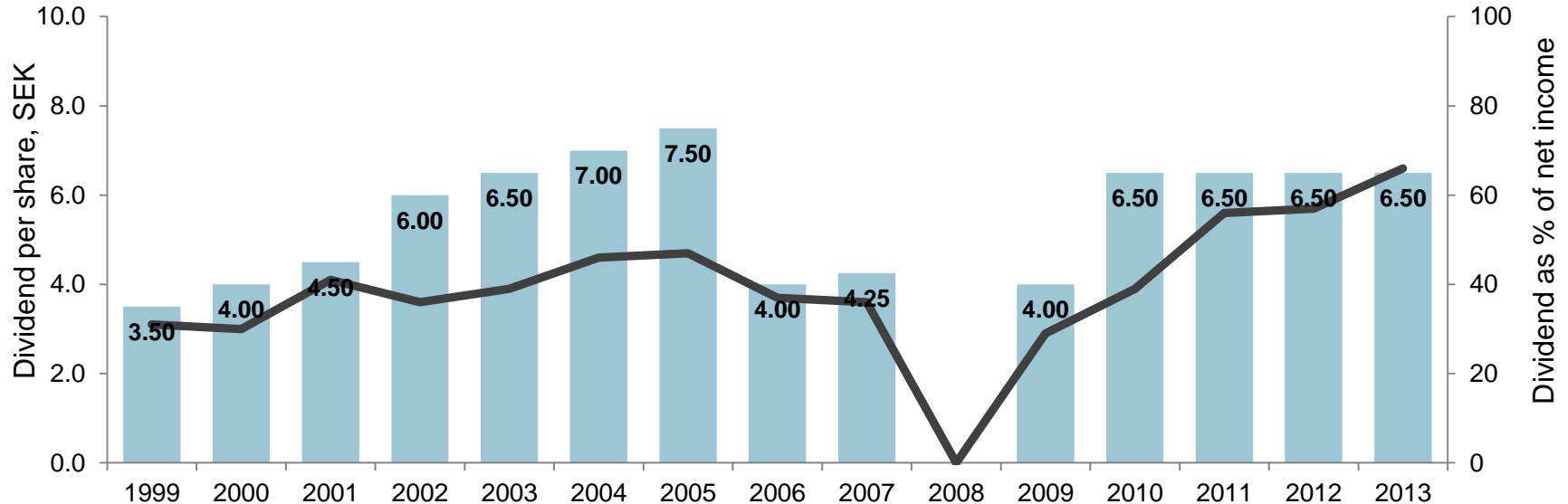
4x

RoNA

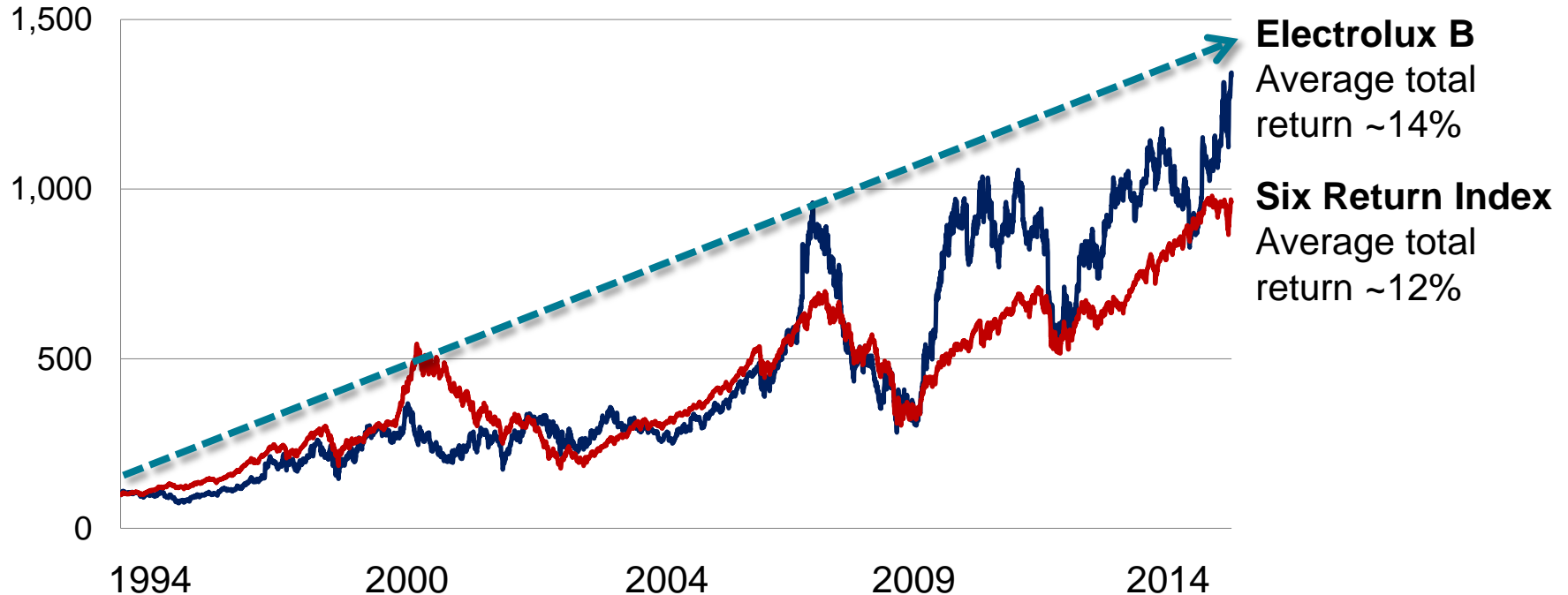
>20%

A history of sustainable dividends

Electrolux shareholder distribution policy ...dividends to correspond to at least 30% of income for the period
Historically, the dividend rate has been considerably higher. In 2013, proposed pay-out corresponded to 66%.



Electrolux has consistently delivered strong total return to our shareholders



Electrolux B
Average total return ~14%

Six Return Index
Average total return ~12%

Index = 100



Tomas Eliasson
CFO

Financial Review

Capital Markets Day

November 20, 2014



Electrolux

Financial trends

Sales and EBIT bridge, Q3

SEKm	Q3 2013	Volume Organic	Price/Mix	Currency translation	Currency transaction	Other	Q3 2014
Net sales	27,258	-660	1,105	1,081	-	-	28,784
Growth %	-	-2.3%	+3.9%	+4.0%	-	-	5.6%
EBIT	1,075	-13	450	+40	-160	-	1,392
EBIT %	3.9%	2.0%	40.7%		-	-	4.8%
Accretion %		1.5%		0.0%	-0.6%		

Sales and EBIT bridge, Jan-Sep 2014

SEKm	Jan-Sep 2013	Volume Organic	Price/Mix	Currency translation	Currency transaction	Other	Jan-Sep 2014
Net sales	80,260	-3,420	3,950	-46	-	-	80,743
Growth %	-	-4.3%	+4.9%	-0.1%	-	-	0.7%
EBIT	2,832	-450	2,095	-25	-1,145	-	3,308
EBIT %	3.9%	13.2%	53.0%		-	-	4.1%
Accretion %		1.9%		0.0%	-1.4%		

Pre-closure transaction costs

GE Appliances – Costs expected pre-closure

Transaction (EBIT)	M&A advisory, lawyers, auditors	~200 SEKm
Integration (EBIT)	Integration team and external consultants	~100 SEKm
Funding (Finance net)	Bridge facility	~200 SEKm
Total estimated cost		~500 SEKm

Note: USD/SEK exchange rate used as of 17/10/2014

Understanding Electrolux P&L

Understanding Electrolux

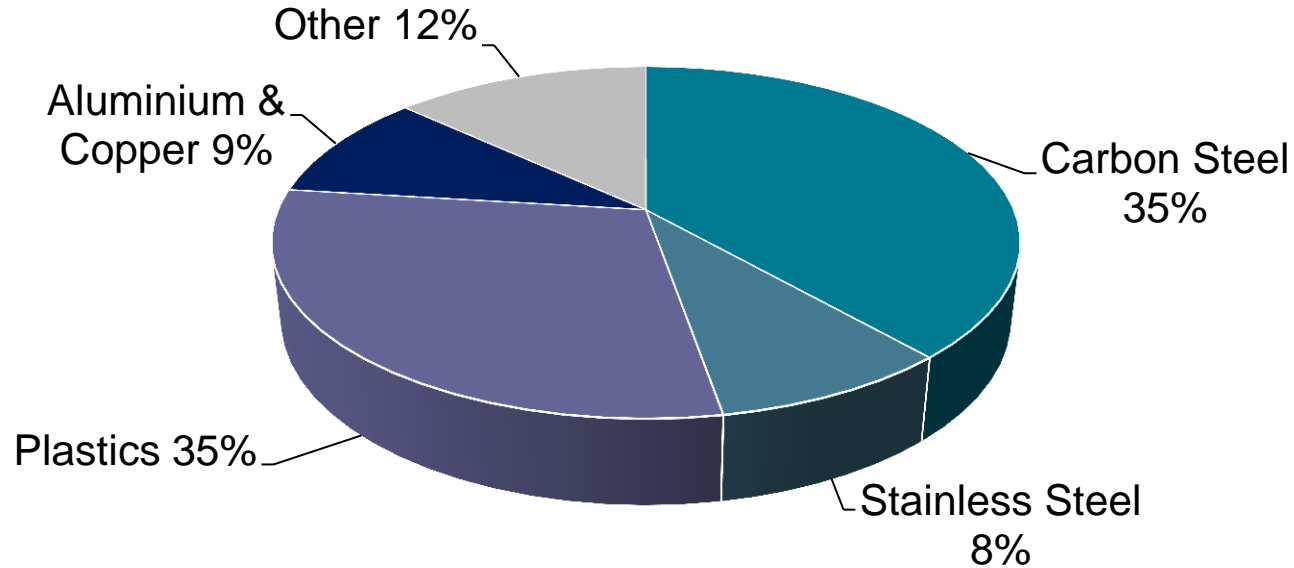
SEKbn	2013
Revenues	109
Direct material	45
Sourced products	17
Salaries and other expenses	43
EBIT	4
Variable cost to sales	80%
Fixed cost to sales	16%
EBIT to sales	4%

Summary of Major P&L Components

Price	0% or 100% drop-through(!)
Mix	20-50% drop-through
Volume	~20% drop-through
Total Sales	SEK 109bn
Salaries & expenses	SEK 43bn, 3-4% inflation (1.2-1.5bn)
Raw material	SEK 45bn total material, raw material 50%
Sourced products	SEK 17bn
Savings projects	Cost programs/efficiency
Fixed cost changes	Planned changes
Net organic	Net before currency and acquisition
Currency	~SEK 36bn in gross currency flows
Acquisitions	Earnings contributions
Total	

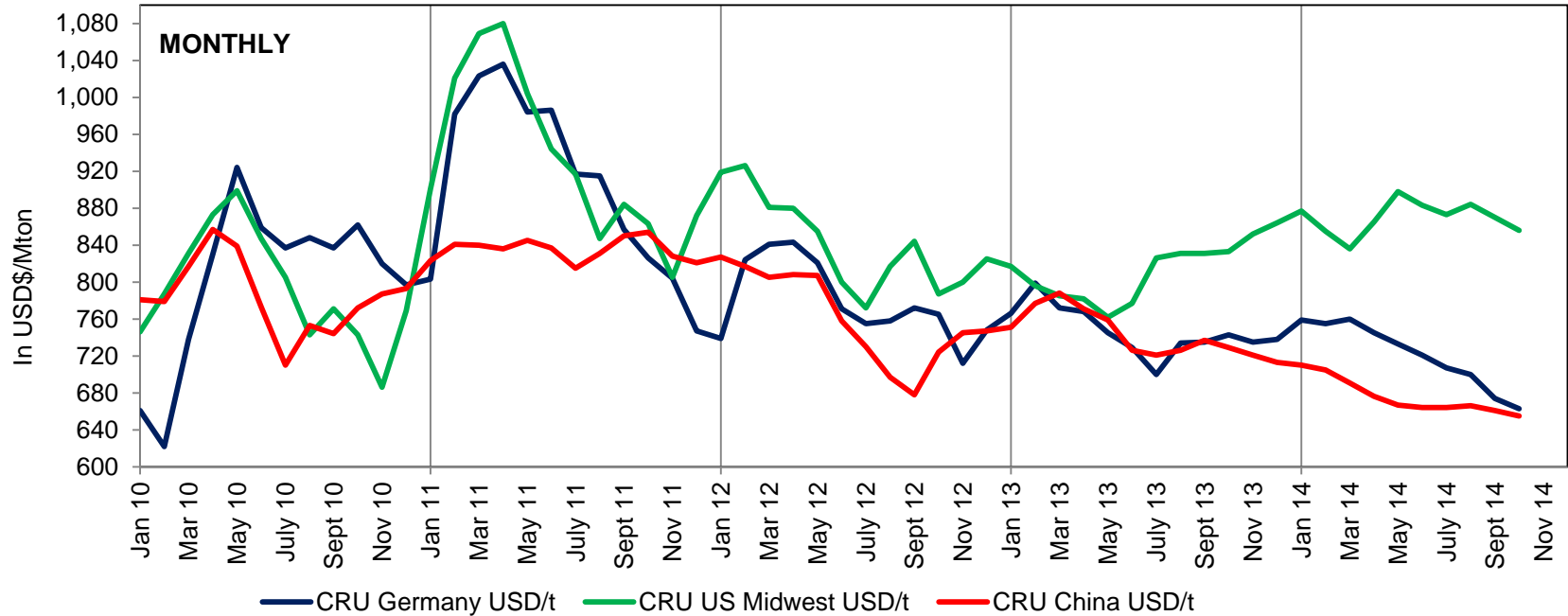
Raw Material Update

Raw material exposure



Steel

Global steel prices have been under pressure

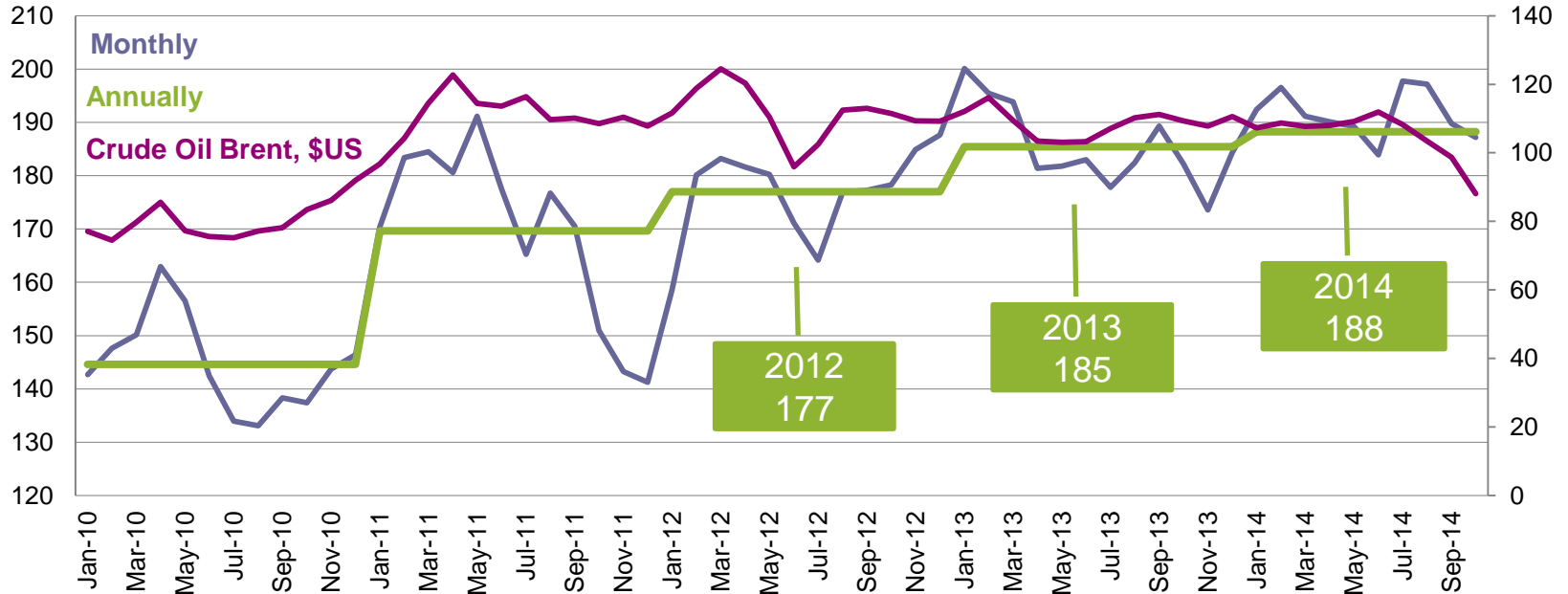


Plastics

Stable price outlook so far into the year



Average Feed Stock Index



Weighted index of key feedstocks where 100 = average 2009

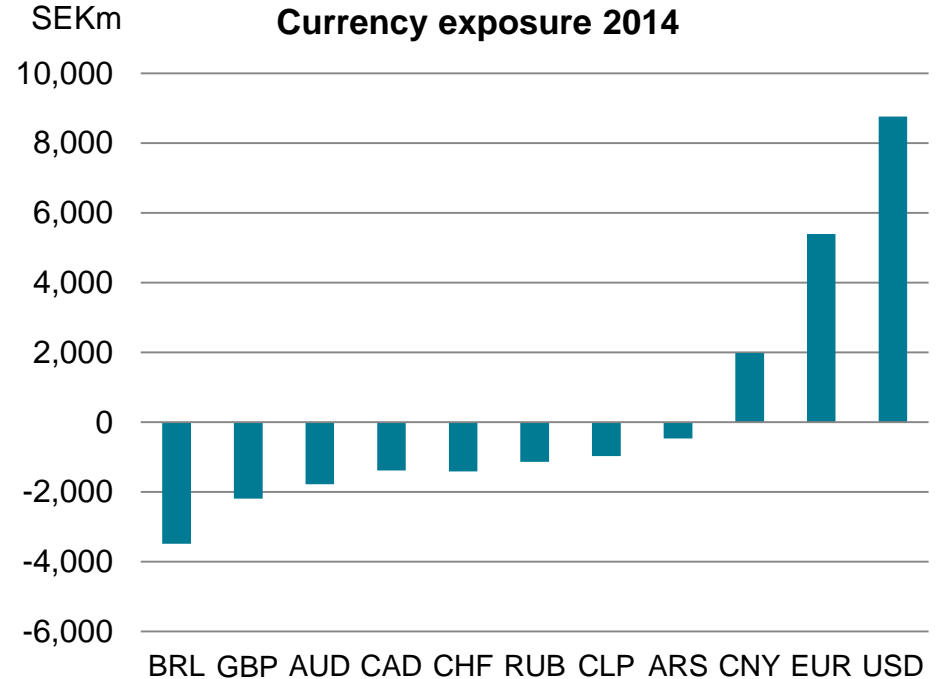
Currency Impact

Transactional Currency Effects

- In general, earnings for Electrolux benefit from a:
 - Weak USD, EUR, HUF, THB, MXN and CNY (export countries)
 - Strong BRL, RUB, ARS, CAD, CHF, AUD and GBP (import countries)
- In countries with large manufacturing and logistic centers, effects over time will to a large extent balance out due to natural hedging.
- Currencies are accounted for GROSS. Over time no effect.

Gross Currency Flows

- Largest currency flows over 12 months
- In total, 80 significant currency pairs
- Total flows around SEK 36bn



Currency Effects

Major transaction effects, SEKm	Q1	Q2	Q3	Q4
BRL	-200	-80	-15	
ARS, CLP, VEF, COP	-130	-50	-50	
CNY	-1	-70	-45	
AUD	-75	-35	-20	
RUB	-15	-25	-5	
Total	-565	-420	-160	
Translation effects, SEKm	-55	-10	+40	
Total currency effects, SEKm	-620	-430	-120	
Price and mix effects, SEKm	900	740	450	

Restructuring Update

Cost savings programs

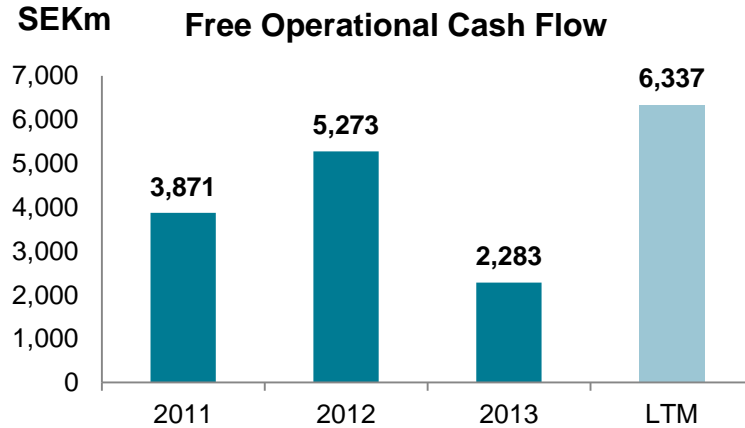
Previously communicated



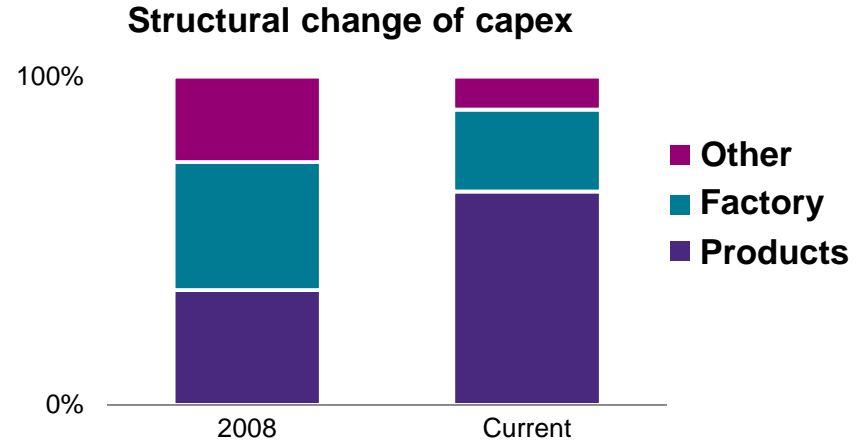
Savings from programs have full effect in 2016

Cash Flow

Cash flow, 2011-2014

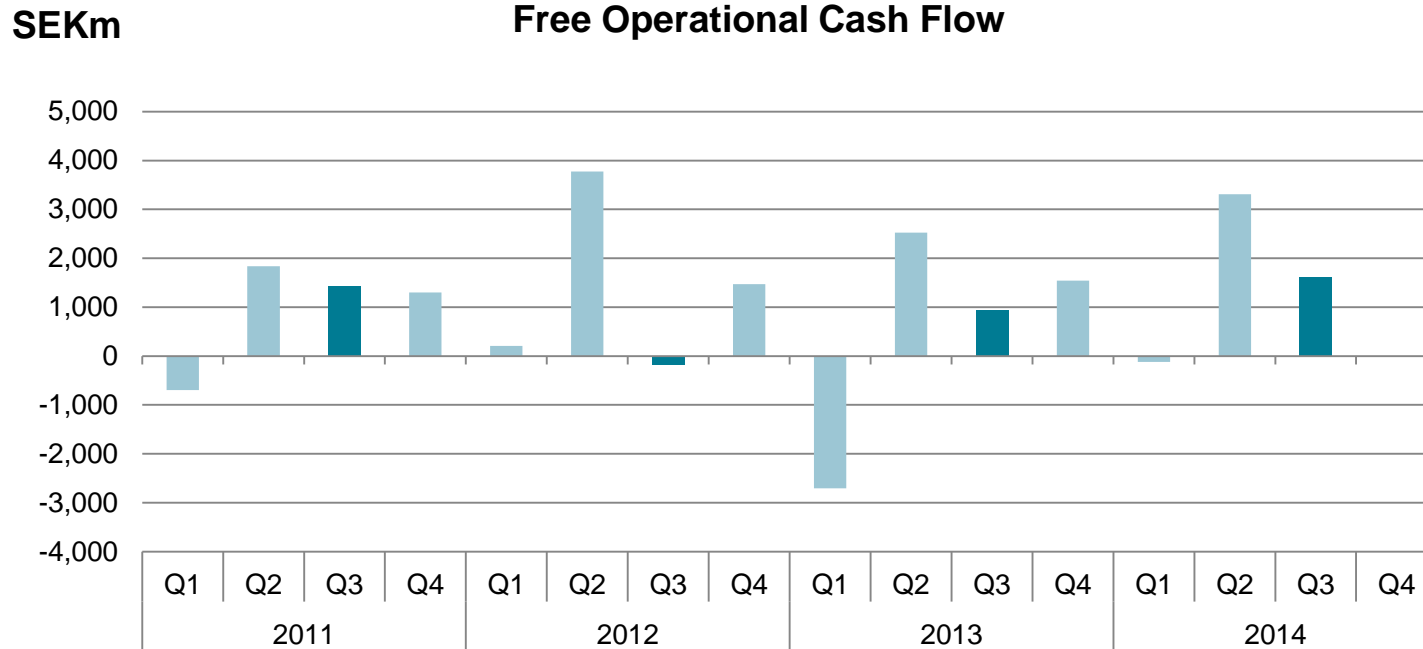


- Driven by increased EBITDA, working capital improvement and optimization of capital expenditure
- SEK 4.8bn of cash generated year-to-date and over SEK 6bn generated over the last 12 months



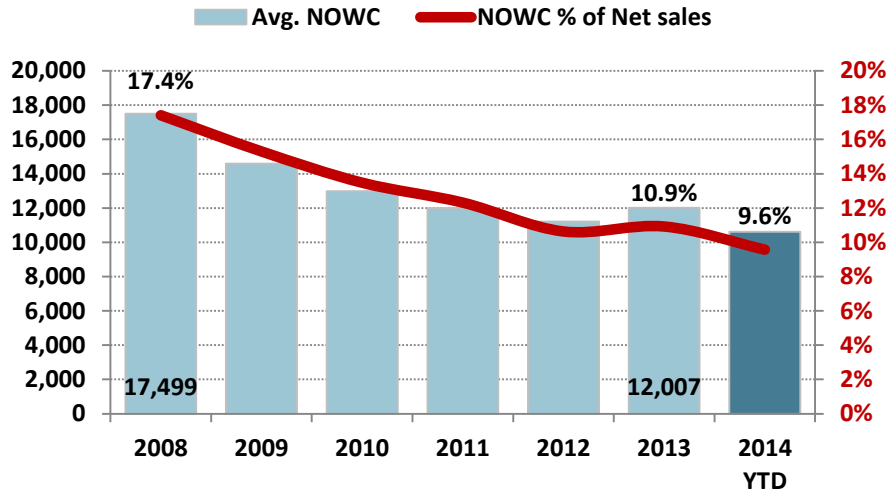
- Capital expenditure will structurally change
- Capital expenditure will be more related to launching new products

Cash flow per quarter, 2011-2014



Working Capital

SEK 7bn released since 2008...



- The Group's NOWC has decreased by SEK 7bn since 2008
- Focus on NOWC as key driver for value creation
- Structured approach to “process improvement” with dedicated global resources
- Inventory
 - Complexity reduction
 - Modularization

Summary

Summary - Financial Development

- Earnings
 - Profit recovery in Europe as cost take-out initiatives continues and positive product/mix focus
 - North America a large contributor to overall Group results, despite DOE transition challenges
 - Defending earnings in Latin America and Asia through pro-active cost actions
 - Currency impacts are mitigated
- Cash Flow performance is strong
- Focus on RONA first, then growth



Q&A