The appliance market

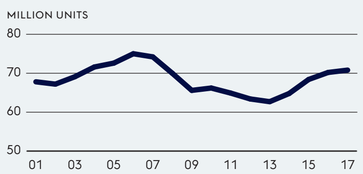
Core markets

Western Europe

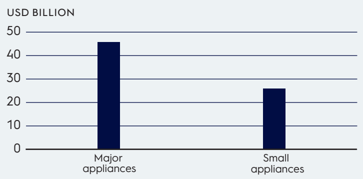
The European appliances market is fragmented and characterized by widely varying consumer patterns between countries and a large number of manufacturers, brands and retailers. Structural overcapacity and price pressure has led to ongoing industry consolidation with players aiming to achieve economies of scale. In 2017, the market trend continued to be favourable enabling growth in areas such as energy-efficient and built-in kitchen products.

Electrolux major competitors
Miele · B/S/H · Whirlpool · Samsung · LG Electronics · Arcelik

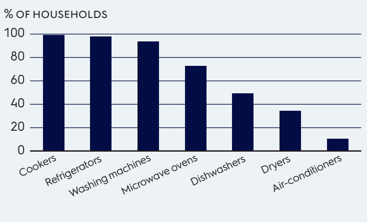
MARKET DEMAND FOR MAJOR APPLIANCES



MARKET VALUE



PRODUCT PENETRATION



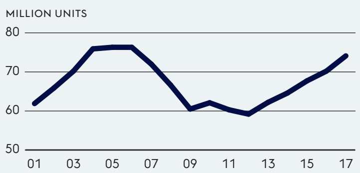
Europe	
Population:	450 million
Average number of persons per household:	2.3
Urban population:	78%
Estimated GDP growth 2017*:	1.5%

North America

A mature, homogenous market with high product penetration that is dominated by replacement products. Large homes allow space for many household appliances, including large appliances. The market comprises several domestic and global manufacturers. The continued development in the housing sector is generating further opportunities for growth. In 2017, market demand in the U.S. continued to be positive and grew in all categories.

Electrolux major competitors
Whirlpool · Haier · LG Electronics · Samsung

MARKET DEMAND FOR MAJOR APPLIANCES



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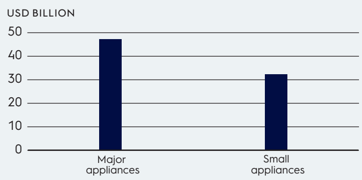
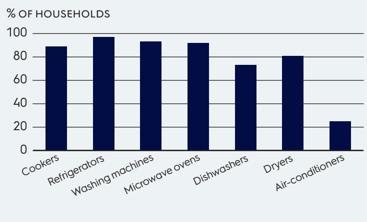


PRODUCT PENETRATION



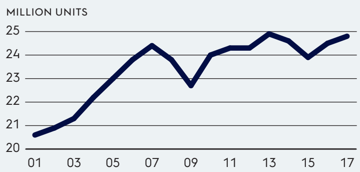
North America	
Population:	362 million
Average number of persons per household:	2.6
Urban population:	82%
Estimated GDP growth 2017:	2.2%

Australia, New Zealand and Japan

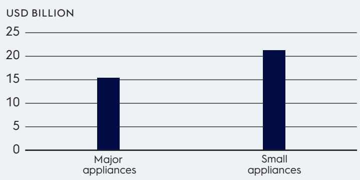
Japan is the world's third-largest single market and is dominated by major domestic manufacturers and retailers. Small living spaces have led to consumers demanding compact products, such as hand-held vacuum cleaners. While market penetration is high in Australia and New Zealand, demand is primarily driven by design and innovations as well as water and energy efficiency. During 2017, market demand in the region showed a positive trend.

Electrolux major competitors
Haier · Samsung · LG Electronics · Panasonic

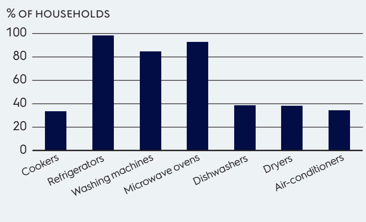
MARKET DEMAND FOR MAJOR APPLIANCES



MARKET VALUE



PRODUCT PENETRATION



Australia, New Zealand and Japan	
Population:	157 million
Average number of persons per household:	2.5
Urban population:	93%
Estimated GDP growth 2017:	1.6%

* Includes only Euro Area.
Note: Major appliance market data includes core white goods, microwave ovens and home comfort.

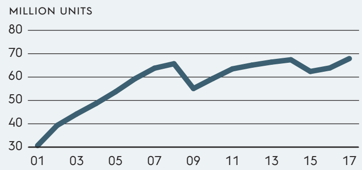
Growth markets

Africa, Middle East and Eastern Europe

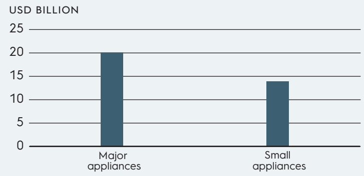
The level of market development varies substantially between countries. The geographic spread plays its part in hindering manufacturers and retailers from capturing substantial market shares. Eastern Europe is dominated by Western manufacturers and a large market for replacement products is emerging. Penetration in Africa is low, but growth is high and in line with rising household purchasing power. The Middle East offers a base for regional manufacturing but is impacted by political uncertainty.

Electrolux major competitors
B/S/H · Whirlpool · Samsung · LG Electronics · Arcelik

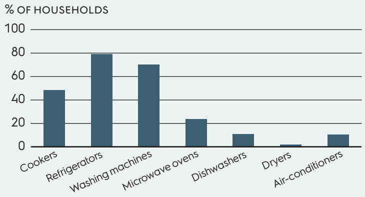
MARKET DEMAND FOR MAJOR APPLIANCES



MARKET VALUE



PRODUCT PENETRATION



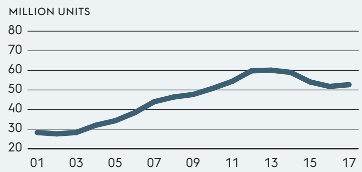
Africa and Middle East	
Population:	1,529 million
Average number of persons per household:	4.8
Urban population:	47%
Estimated GDP growth 2017:	2.9%

Latin America

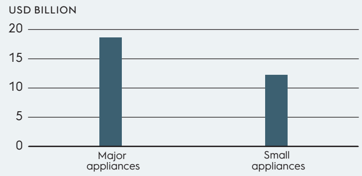
Brazil is the largest appliance market in the region where a few large manufacturers account for a large share of the market. Following the economic showdown of recent years, demand in the region is recovering and there is considerable growth potential for appliances in the longer term, especially in low-penetrated categories. The growing middle class is expected to drive demand for basic cookers, refrigerators and washing machines. Growing interest for energy and water efficiency may also drive demand.

Electrolux major competitors
Whirlpool · LG Electronics · Samsung · Daewoo

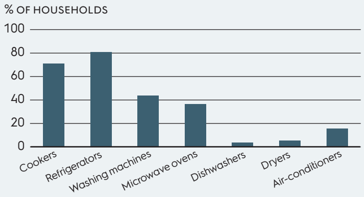
MARKET DEMAND FOR MAJOR APPLIANCES



MARKET VALUE



PRODUCT PENETRATION



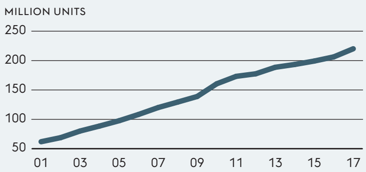
Latin America	
Population:	646 million
Average number of persons per household:	2.8
Urban population:	80%
Estimated GDP growth 2017:	1.2%

Southeast Asia and China

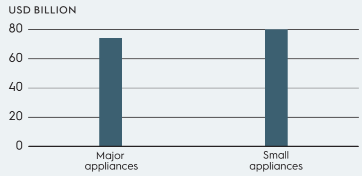
The region is characterized by emerging economies, rapid urbanization, small living spaces and an expanding middle class. China is the world's largest market for household appliances and domestic manufacturers dominate in the country. Similar to other emerging markets, consumers prioritize refrigerators, washing machines and air-conditioners as prosperity rises. Energy-efficient products and foreign premium brands are growing in popularity.

Electrolux major competitors
LG Electronics · Panasonic · Haier · B/S/H · Whirlpool · Midea · Samsung · Gree

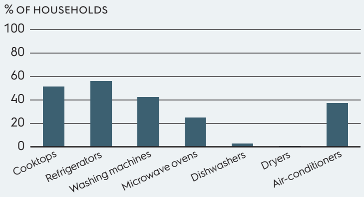
MARKET DEMAND FOR MAJOR APPLIANCES



MARKET VALUE



PRODUCT PENETRATION



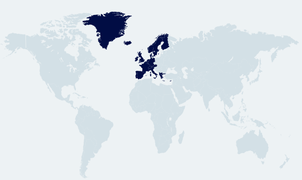
Southeast Asia and China	
Population:	4,113 million
Average number of persons per household:	3.8
Urban population:	44%
Estimated GDP growth 2017:	6.3%

Sources: World Bank, OECD and Electrolux estimates.

Electrolux market position

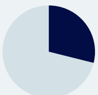
Core markets

Western Europe



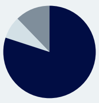
Electrolux priorities
Increased focus on the strongest and most profitable product categories and brands, Electrolux and AEG. Emphasis on innovation, often drawing inspiration from the Group's professional expertise but also increased focus on smart appliances. Examples of growing segments are built-in kitchen appliances and energy-efficient products. Priority is also given to strengthening the small domestic appliances offering.

SHARE OF GROUP SALES 2017



30%

SHARE OF SALES IN THE REGION 2017

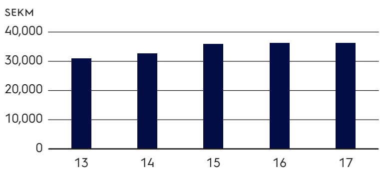


- Major appliances, 80%
- Small appliances, 8%
- Professional food-service and laundry equipment, 12%

Consumer brands
Electrolux, AEG, ZANUSSI

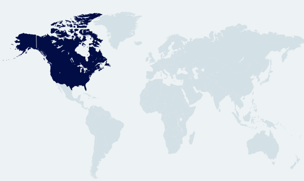
Electrolux market shares
16% core appliances
10% floor care
Professional: Leading position with a strong brand recognition in the institutional/hotel segments for professional products.

NET SALES



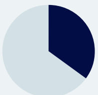
Market demand in Western Europe has improved during several years, and Electrolux sales have increased. The Group has strong market positions with a particularly strong position in kitchen appliances, both for consumers and professional users.

North America



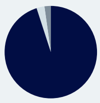
Electrolux priorities
Launch of new innovative premium products within own core branded products. Focus is on strengthening and investing in the Frigidaire brand and growth in channels, such as the builder channel and online. Key focus areas are also broadening the range of professional products as well as strengthening the offering for global food chains.

SHARE OF GROUP SALES 2017



35%

SHARE OF SALES IN THE REGION 2017

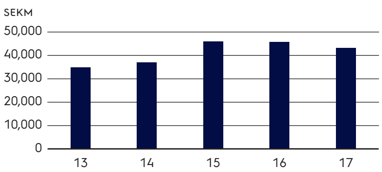


- Major appliances, 95%
- Small appliances, 3%
- Professional food-service and laundry equipment, 2%

Consumer brands
Electrolux, FRIGIDAIRE GALLERY, FRIGIDAIRE, ANOVA

Electrolux market shares
17% core appliances
5% floor care
Professional: Historically strong presence in laundry equipment and a growing presence in the food service and beverage segments.

NET SALES

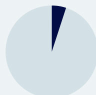


Net sales in North America have shown a positive trend in recent years, driven by growth in the market but also supported by launches of new products and new distribution channels. More recently, the Group has been affected by declining sales in private labels, which has partially been offset by growth in products under own brands.

Australia, New Zealand and Japan

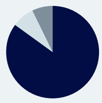
Electrolux priorities
Further strengthening of positions in Australia and New Zealand through the launch of new, innovative products under the Electrolux and Westinghouse brands, and products with features including high energy and water efficiency. Prioritization of compact, user-friendly and quiet household appliances in Japan and South Korea is continuing.

SHARE OF GROUP SALES 2017



5%

SHARE OF SALES IN THE REGION 2017

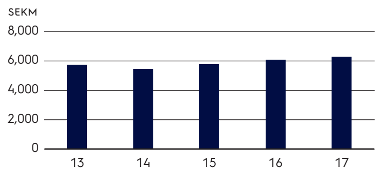


- Major appliances, 85%
- Small appliances, 8%
- Professional food-service and laundry equipment, 7%

Consumer brands
Electrolux, Westinghouse

Electrolux market shares in Australia
31% core appliances
9% floor care
Professional: Historically strong position in both laundry equipment and food-service equipment for professional use.

NET SALES



Australia is the Group's main market in the region. In Japan, Electrolux is a relatively small player but has in recent years established a growing business in small, compact vacuum cleaners.

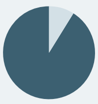
Note: Market shares are Electrolux estimates.

Growth markets

Africa, Middle East and Eastern Europe

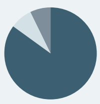
Electrolux priorities
Increased focus on the strongest brands and product categories in Eastern Europe. The aim is to grow profitably in focus categories in pace with economic recovery and growing prosperity in the region, particularly in Africa. The Electrolux production setup in Egypt will enable growth in the Middle East and North African markets. Product launches in the air-conditioner segment and small appliances will also yield further growth opportunities in the region.

SHARE OF GROUP SALES 2017



9%

SHARE OF SALES IN THE REGION 2017

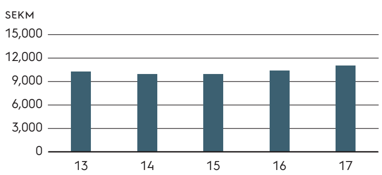


- Major appliances, 85%
- Small appliances, 8%
- Professional food-service and laundry equipment, 7%

Consumer brands
Electrolux AEG ZANUSSI

Electrolux market shares
15% core appliances, Eastern Europe
9% core appliances, Egypt
11% floor care, Eastern Europe
Professional: Leadership position with stronger recognition in the institutional/hotel segments.

NET SALES

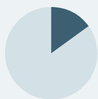


Electrolux is positioned for future growth and increased sales in pace with growing markets in Eastern Europe, the Middle East and Africa. Recently, a strong recovery in demand has been noted in Eastern European markets with increased sales for Electrolux.

Latin America

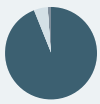
Electrolux priorities
Although some parts of the region have recently experienced challenging market conditions, there are signs of a recovery in markets such as Brazil, Argentina and Chile, with considerable growth opportunities in the longer term. By focusing on cost control and efficiency, the Group can capitalize on opportunities as the purchasing power of households stabilizes and consumer demand rebounds.

SHARE OF GROUP SALES 2017



15%

SHARE OF SALES IN THE REGION 2017

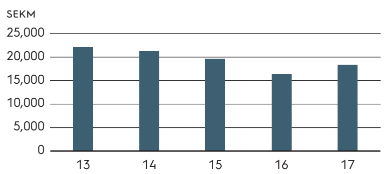


- Major appliances, 94%
- Small appliances, 5%
- Professional food-service and laundry equipment, 1%

Consumer brands
Electrolux FRIGIDAIRE

Electrolux market shares
18% core appliances, Latin America
38% floor care
Professional: Growing presence of Professional Products in the region.

NET SALES

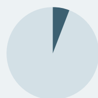


The weak market conditions of recent years have negatively impacted Electrolux sales. In 2017, however, the markets showed a recovery and sales in Latin America are expected to increase organically as the markets continue to recover. Electrolux is positioned for growth with a strong product offering combined with the acquisition of the Continental brand.

Southeast Asia and China

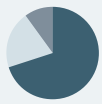
Electrolux priorities
By targeting new markets, channels and segments, and marketing a broad range of appliances, the Group aims to increase its presence in Asia. A growing middle class means higher demand for premium products. Focus on products for professional users in the laundry and food-service segments is also prioritized as well as launches of compact vacuum cleaners and small domestic appliances.

SHARE OF GROUP SALES 2017



6%

SHARE OF SALES IN THE REGION 2017

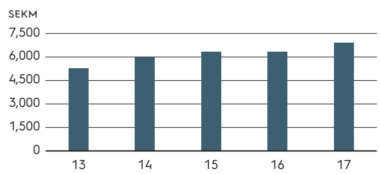


- Major appliances, 70%
- Small appliances, 20%
- Professional food-service and laundry equipment, 10%

Consumer brands
Electrolux AEG VINTEC

Electrolux market shares in Southeast Asia
5% core appliances
21% floor care
Professional: Reference player with stronger recognition in the hotel segments.

NET SALES



Electrolux sales in Southeast Asia have shown positive growth. The Group's strong position in front-load washing machines has been leveraged to also expand the business to kitchen appliances.