

# The Electrolux share

Electrolux delivered a strong earnings improvement across business areas and an increased EBIT margin above 6% for the full year 2017. This was supported by the Group's focus on profitable growth and continued market demand growth, as well as increased productivity and net cost efficiency. Cash-flow generation was solid and the Group maintained a strong balance sheet. As a result, the Electrolux share showed strong performance throughout the year with a total return of 20%.

The Electrolux B share increased by 17% in 2017, outperforming the broader Swedish market index, OMX Stockholm, which increased by 6% during the same period. During the year, Electrolux business areas showed good operational improvement and the Group achieved an operating margin above 6%, driven by strong product-mix development and net cost efficiencies.

The share price development was strong throughout most of the year, supported by the positive earnings momentum and increased profitability in most business areas. In the latter part of the year the share price showed a relative weakness versus the market index, reflecting worries of ongoing price pressure in the U.S. and increased raw material prices. This resulted in a negative sentiment on the share price from the capital markets. Following the solid earnings results for the fourth quarter 2017, the share price increased on the day by 7%, driven by profitable organic growth and continued cost efficiency.

## Total return

The opening price for the Electrolux B share in 2017 was SEK 226.30. The highest closing price was SEK 309.40 on November 1. The lowest closing price was SEK 218.80 on January 9. The closing price for the B share at year-end 2017 was SEK 264.30, which was 17% higher compared to 2016.

Total shareholder return during the year was 20%. Over the past ten years, the average total return on an investment in Electrolux B shares has been 14% annually. The corresponding figure for the OMX Stockholm Return Index was 9%.

## Share volatility

Over the past five years, the Electrolux share has shown a historical volatility of about 30 (daily values), compared with an average volatility of 20 for Nasdaq Stockholm. The beta value of the Electrolux B share over the past five years is 1.2. A beta value of more than 1 indicates that the share's sensitivity to market fluctuations is above average.

## Data per share

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Year-end trading price, B shares, SEK	66.75	167.50	191.00	109.70	170.50	168.50	228.80	205.20	226.30	264.30
Highest trading price, B shares, SEK	106.00	184.10	194.70	195.60	179.00	192.70	231.10	282.80	239.60	309.40
Lowest trading price, B shares, SEK	53.50	57.50	142.50	95.30	111.50	153.70	135.30	193.10	173.10	218.80
Change in price during the year, %	-38	151	14	-43	55	-1	36	-10	10	17
Equity per share, SEK	58	66	72	73	55	50	58	52	62	72
Trading price/equity, %	116	253	264	151	310	338	398	393	367	369
Dividend, SEK	0	4.00	6.50	6.50	6.50	6.50	6.50	6.50	7.50	8.30 <sup>1)</sup>
Dividend as % of net income <sup>2) 3)</sup>	0	29	39	86	57	66	58	49	48	42
Dividend yield, % <sup>4)</sup>	0	2.4	3.4	5.9	3.8	3.9	2.8	3.2	3.3	3.1
Earnings per share, SEK	1.29	9.18	14.04	7.25	8.26	2.35	7.83	5.45	15.64	19.99
Earnings per share, SEK <sup>3)</sup>	2.32	13.56	16.65	7.55	11.36	9.81	11.30	5.45	15.64	19.99
Cash flow, SEK <sup>5)</sup>	4.22	29.16	26.98	18.97	24.74	15.57	27.35	28.76	35.37	34.88
EBIT multiple <sup>6)</sup>	19.8	12.8	10.8	13.4	14.6	38.8	22.4	25.5	11.2	11.07
EBIT multiple <sup>3) 6)</sup>	15.2	9.1	9.1	12.8	11.6	15.1	16.8	25.5	11.2	11.07
P/E ratio <sup>7)</sup>	51.7	18.2	13.6	15.1	20.6	71.7	29.2	37.7	14.5	13.2
P/E ratio <sup>3) 7)</sup>	28.8	12.4	11.5	14.5	15.0	17.2	20.2	37.7	14.5	13.2
Number of shareholders	52,600	52,000	57,200	58,800	51,800	51,500	46,500	45,500	48,900	45,295

<sup>1)</sup> Proposed by the Board.

<sup>2)</sup> Dividend as percentage of income for the period.

<sup>3)</sup> Excluding material profit or loss items.

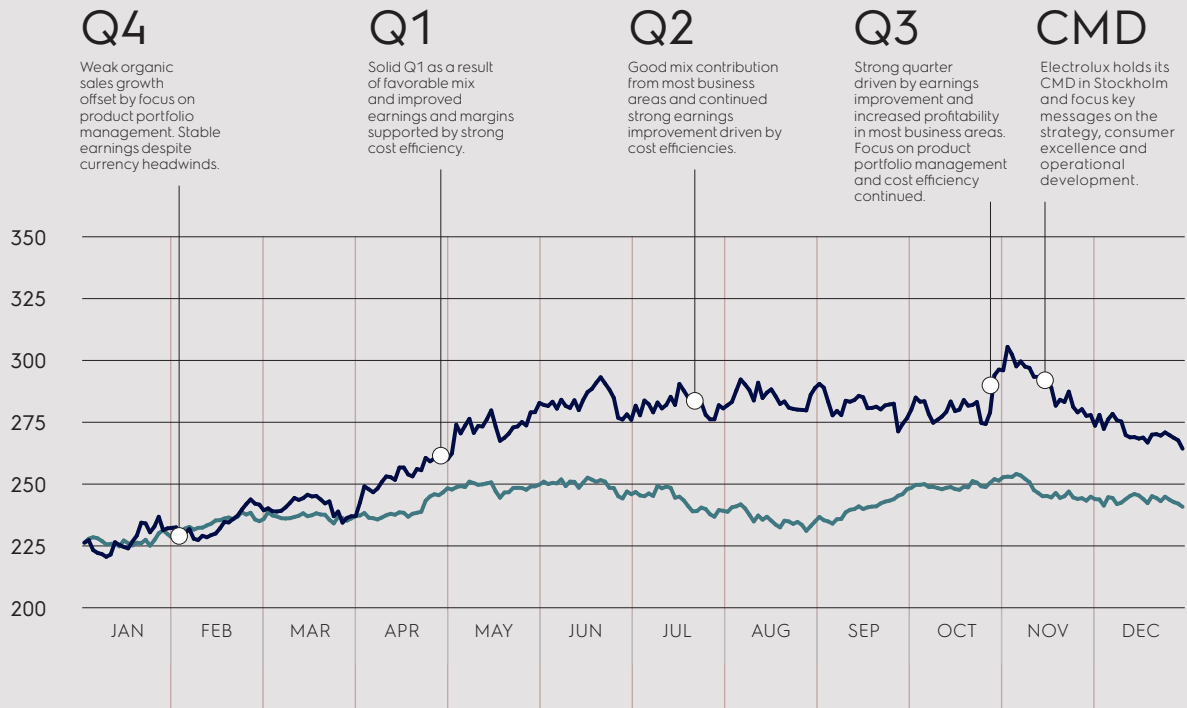
<sup>4)</sup> Dividend per share divided by trading price at year-end.

<sup>5)</sup> Cash flow from operations less capital expenditure, divided by the average number of shares after buy-backs.

<sup>6)</sup> Market capitalization excluding buy-backs, plus net borrowings and non-controlling interests, divided by operating income.

<sup>7)</sup> Trading price in relation to earnings per share.

# Performance of the Electrolux share during the year



## Q4

Weak organic sales growth offset by focus on product portfolio management. Stable earnings despite currency headwinds.

## Q1

Solid Q1 as a result of favorable mix and improved earnings and margins supported by strong cost efficiency.

## Q2

Good mix contribution from most business areas and continued strong earnings improvement driven by cost efficiencies.

## Q3

Strong quarter driven by earnings improvement and increased profitability in most business areas. Focus on product portfolio management and cost efficiency continued.

## CMD

Electrolux holds its CMD in Stockholm and focus key messages on the strategy, consumer excellence and operational development.

ELECTROLUX INITIATIVES				
<ul style="list-style-type: none"> <li>Electrolux completes the acquisition of Kwikot in South Africa</li> <li>Acquisition of the smart kitchen appliance company Anova</li> <li>Launching SpeedDelight- the first connected high-speed professional grill</li> </ul>	<ul style="list-style-type: none"> <li>Acquisition of Grindmaster-Cecilware</li> </ul>	<ul style="list-style-type: none"> <li>Dividend of SEK 7.50 per share decided by AGM</li> <li>Project launch to drive sustainable fabric care habits with AEG</li> </ul>	<ul style="list-style-type: none"> <li>Electrolux launches game-changing robotic vacuum cleaner PURE i9</li> <li>Electrolux to acquire European kitchen hoods company Best</li> </ul>	<ul style="list-style-type: none"> <li>Electrolux acquires Continental brand in Latin America</li> <li>Extensive launch of Frigidaire products in North America</li> </ul>
EXTERNAL FACTORS				
<ul style="list-style-type: none"> <li>Continued stable markets in Europe despite weak UK</li> <li>Slow recovery in Latin America</li> <li>Positive demand growth in North America</li> </ul>	<ul style="list-style-type: none"> <li>Headwinds from increased commodity prices</li> </ul>	<ul style="list-style-type: none"> <li>Competitive price pressure in the U.S. continues</li> </ul>	<ul style="list-style-type: none"> <li>Currency volatility in USD and EUR</li> <li>Growth in Asian markets</li> </ul>	<ul style="list-style-type: none"> <li>Increased raw material prices</li> <li>Continued strong promotional period in the U.S.</li> <li>Demand in Brazil starts to improve</li> </ul>

○ Comments on results      ■ Electrolux B share      ■ OMX Stockholm Index

### Recommendations from analysts

	After Q4 2016	After Q1 2017	After Q2 2017	After Q3 2017	After Q4 2017
Buy	64%	45%	29%	21%	20%
Hold	18%	33%	42%	43%	60%
Sell	18%	22%	29%	36%	20%

## Shareholder structure

The Electrolux share is listed on Nasdaq Stockholm. The market capitalization of Electrolux at year-end 2017 was approximately SEK 82bn (70), which corresponded to 2.3% (1.8) of the total turnover value of Nasdaq Stockholm. The company's outstanding shares are divided into A shares and B shares. A shares entitle the holder to one vote, while B shares entitle the holder to one-tenth of a vote.

### Dividend

The Board of Directors proposes a dividend for 2017 of SEK 8.30 (7.50) per share, equivalent to a total dividend payment of approximately SEK 2,385m. The proposed dividend corresponds to approximately 42% of income for the period. The dividend is proposed to be paid in two equal installments, the first is expected to be paid on April 12, 2018 and the second installment on October 12, 2018. Based on the share price of Electrolux B shares at the end of 2017, the dividend yield for 2017 was 3.1%.

The Group's goal is for the dividend to correspond to at least 30% of income for the period. For a number of years, the dividend level has been considerably higher than 30%.

### Ownership structure

The majority of the total share capital as of December 31, 2017, was owned by Swedish institutions, mutual funds and private investors amounting to 49%. During the year, the proportion of the capital held by foreign owners increased and amounted to approximately 51% at the end of the year. Foreign investors are not always recorded in the share register as foreign banks and other custodians may be registered for one or several customers' shares, which is why the actual owners are then not usually displayed in the register.

### Share-based incentive programs

Electrolux maintains a number of long-term incentive programs for senior management. Since 2004, the Group has three-year performance-based share programs.

At year-end 2017, the incentive programs had a minor impact on the dilution of the total number of shares.

### Conversion of shares

In accordance with the Articles of Association of AB Electrolux, owners of A shares have the right to have such shares converted to B shares. Conversion reduces the total number of votes in the

company. In 2017, no Class A shares were converted to Class B shares. The total number of registered shares in the company amounts to 308,920,308 shares, of which 8,192,539 are A shares and 300,727,769 are B shares.

### Major shareholders

	Share capital, %	Voting rights, %
Investor AB	15.5	29.9
BlackRock, Inc.	4.4	3.5
Alecta Pension Insurance	3.2	3.8
Swedbank Robur Funds	2.7	2.2
Norges Bank Investment Management	2.5	2.0
AMF Insurance & Funds	2.3	1.8
JP Morgan Asset Management	2.1	1.7
Fiduciary Management Funds	2.1	1.7
Vanguard	1.8	1.4
Invesco	1.6	1.3
Nordea Investment Management	1.3	1.1
Other shareholders	53.5	49.6
<b>External shareholders</b>	<b>93.0</b>	<b>100.0</b>
AB Electrolux	7.0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source: Euroclear Sweden and Holding as of December 31, 2017. The figures are rounded off.

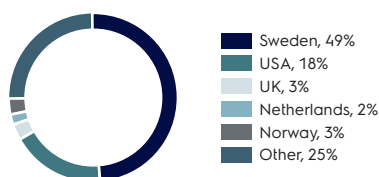
According to Euroclear Sweden, there were 45,295 shareholders in AB Electrolux as of December 31, 2017. Investor AB is the largest shareholder, owning 15.5% of the share capital and 29.9% of the voting rights. Information on the shareholder structure is updated quarterly at [www.electroluxgroup.com/ownership](http://www.electroluxgroup.com/ownership)

### Distribution of shareholdings

Shareholding	Ownership, %	Number of shareholders	As % of shareholders
1-1,000	2.9	41,140	90.8
1,001-10,000	3.0	3,701	8.2
10,001-20,000	0.6	135	0.3
20,001-	93.5	319	0.7
<b>Total</b>	<b>100.0</b>	<b>45,295</b>	<b>100.0</b>

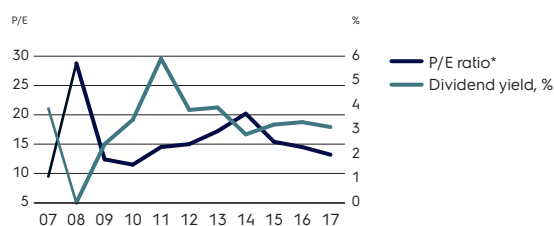
Source: Holdings and Euroclear Sweden as of December 31, 2017.

### SHAREHOLDERS BY COUNTRY



As of December 31, 2017, approximately 51% of the total share capital was owned by foreign investors. Source: Euroclear Sweden and Holding as of December 31, 2017.

### P/E RATIO AND DIVIDEND YIELD



At year-end 2017, the P/E ratio for Electrolux B shares was 13.2. The dividend yield was 3.1% based on the Board's proposal for a dividend of SEK 8.30 per share for 2017. \* Excluding items affecting comparability until 2014 and costs related to GE in 2015.

## Share statistics

### Trading in Electrolux B shares

	2017	2016
Number of traded shares, million	271.0	292.3
Value of traded shares, SEKbn	71.8	61.6
Average daily trading volume, million	1.1	1.2
Average daily trading value, SEKm	286	244
Number of issued/cancelled ADRs	553.5	1,822.6
Number of ADRs outstanding	868.7	813.2

Source: Nasdaq Stockholm, Citi.

### Trading volume

During 2017, 36% of Electrolux B shares were traded outside Nasdaq Stockholm, compared to 48% during 2016. In 2017, the Electrolux share accounted for 2.0% (1.6) of the shares traded on Nasdaq Stockholm, of a total trading turnover of SEK 3,623bn (3,850).

### Market share

%	2017	2016
Nasdaq Stockholm	64.3	51.6
BATS CXE	18.3	23.7
BATS BXE	7.9	10.4
Turquoise	9.5	14.3
Total	100.0	100.0

Source: Electrolux and Nasdaq.

### Share data

	Stockholm
Share listing <sup>1)</sup>	Stockholm
Number of shares	308,920,308
of which A shares	8,192,539
of which B shares	300,727,769
Quota value	SEK 5
Market capitalization at December 31, 2017	SEK 82 billion
GICS code <sup>2)</sup>	25201040
Ticker codes	Reuters ELUXb.ST Bloomberg ELUXB.SS

<sup>1)</sup> Trading in Electrolux ADRs was transferred from Nasdaq to the U.S. Over-the-Counter market as of March 31, 2005. One ADR corresponds to two B shares.

<sup>2)</sup> MSCI's Global Industry Classification Standard (used for securities).

### Average daily trading value of Electrolux shares on Nasdaq Stockholm

SEK thousand	2013	2014	2015	2016	2017
A shares	127	146	269	178	255
B shares	280,457	311,398	372,570	243,520	286,103

In 2017, an average of 1.1 million Electrolux shares were traded daily on Nasdaq Stockholm.

**MEMBER OF**  
**Dow Jones Sustainability Indices**  
In Collaboration with RobecoSAM

**ROBECOSAM**  
Sustainability Award  
Gold Class 2018

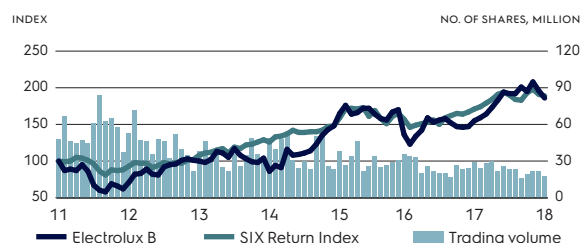
Corporate Responsibility  
**Prime**  
rated by **oeekom research**

**CDP A LIST 2017**  
CLIMATE

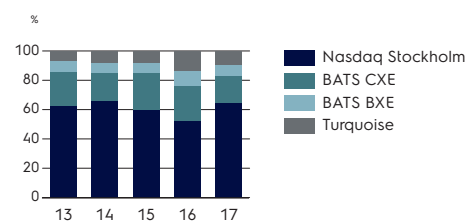
**Electrolux – a leader in the household durables industry**

The Group's sustainability performance strengthens relations with investors. In 2017, and for the eleventh consecutive year, Electrolux was recognized as a leader in the household durables industry in the prestigious Dow Jones Sustainability Index (DJSI). Electrolux thereby ranks among the top 10% of the world's 2,500 largest companies for social and environmental performance. Additionally, Electrolux has received recognition from other indexes and organizations, including RobecoSAM. Electrolux was also awarded a position on the 2017 Climate A List by CDP.

### TOTAL RETURN OF ELECTROLUX B SHARES AND TRADING VOLUME ON NASDAQ STOCKHOLM 2011-2017



### TRADING PLATFORMS FOR THE ELECTROLUX SHARE



Approximately 64% of total trading volume of Electrolux is handled through the Nasdaq Stockholm. BATS has slightly decreased its share of total trades during the past year.