



Jonas Samuelson, Electrolux President and CEO.

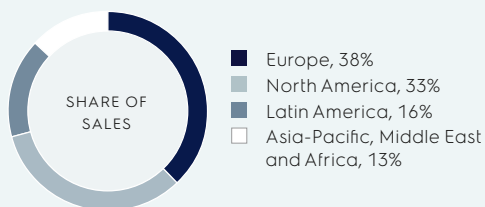
Strengthening our innovation and efficiency platform

In 2019, we intensified our work to make our business even more consumer focused and streamlined, as well as executed on our re-engineering program. Such measures – along with the proposed separation of our professional products business – are key to create even more shareholder value going forward.

Building for the future

We are in an intense period of transformation and innovation. In 2019, we strengthened our platform for future growth by launching important new product ranges, initiating additional efficiency measures and investing in modularized products in automated manufacturing. During the year, we also announced our intention to split the Group into two listed companies – ‘Electrolux’ for household appliances and ‘Electrolux Professional’ for professional appliances. ►

BUSINESS AREAS



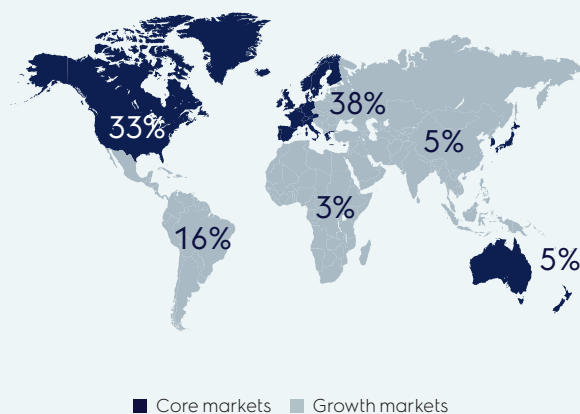
Key data	2019	2018
Sales growth,% ¹⁾	-1.3	1.2
Operating margin,% ¹⁾	3.8	4.8
Operating cash flow,SEKm ²⁾	2,280	2,646
Dividend,SEK per share ³⁾	8.50	8.50

¹⁾ Continuing operations. Operating margin is excluding non-recurring items.

²⁾ Continuing operations, after investments.

³⁾ 2019 proposed by the Board.

SALES BY REGION



“Our targeted innovation approach has strengthened our position in key categories and contributed positively to margin.”

► Business overview

In 2019, we continued to have a favorable sales and earnings impact from product-mix improvements, which means that we are selling more of our innovative and premium products that have higher margins. The new products we launched during the year were very well received by consumers. For example, our new built-in kitchen range in Europe was at launch rated 4.9 stars out of 5 in consumer online reviews. We were also the first to bring built-in Air Fry technology to the North American cooker market, which has been a great success with strong growth and a 4.6 star rating. Our targeted innovation approach has strengthened our position in key categories and contributed positively to margins.

Our re-engineering investments in manufacturing are building for the future by enabling us to be more efficient and to speed up innovation and enhance the consumer experience of our products.

We experienced significant headwinds from raw material costs, trade tariffs and currency – an increase of approximately SEK 1.5bn in 2019 compared to 2018. I am very pleased that we have been able to

fully offset these headwinds during the year through pricing.

However the complex and resource intensive process to consolidate the U.S. production of refrigerators/freezers to our new Anderson facility in North America impacted sales and earnings negatively in 2019. Importantly, this consolidation will increase our competitiveness going forward. We also had higher marketing investments to support our product launches. Hence, operating margin excluding non-recurring items declined to 3.8%.

In **Europe**, we saw a positive contribution to sales and earnings from product-mix improvements and price increases. Highlights included a strong performance in our focus area built-in kitchen where we gained value market share. Continued market growth was mainly driven by Eastern Europe, although Western Europe also developed positively.

North America experienced organic sales decline and lower earnings. The consolidation of production to the new plant in Anderson resulted in manufacturing transition costs related to running three facilities in parallel. In addition, capacity constraints in the ramp-up phase of the plant impacted sales volumes

negatively. Cost-based price increases fully offset higher costs from raw materials and trade tariffs. Mix improved, partly driven by our new multidoor refrigerators.

In **Latin America**, we saw good progress despite a volatile environment. Price increases combined with mix improvements – particularly for high-capacity washers and multidoor refrigerators – offset significant headwinds from raw material costs as well as currency due to the macroeconomic turbulence. Importantly, we saw market growth in our main market Brazil.

In **Asia-Pacific, Middle East and Africa** sales volumes declined. Mix improvements, predominantly driven by new product launches under the Electrolux brand in Australia contributed to earnings. Significant currency headwinds and lower volumes had a negative impact on operating income.

Creating value through a more efficient and streamlined business

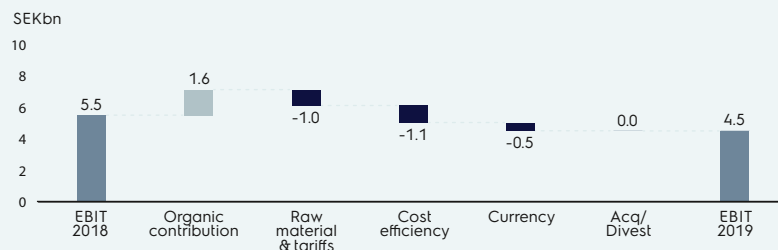
I believe that the separation of the professional products business into a stand-alone company will create substantial shareholder value over time, given that the two businesses have different markets, customers and success drivers. The spin-off will ensure that our

EARNINGS DEVELOPMENT¹⁾



Operating income for continuing operations excl. non-recurring items in 2019 was SEK 4,533m (5,519), corresponding to a margin of 3.8% (4.8).

OPERATING INCOME BRIDGE¹⁾



Our continued focus on consumer driven innovation and several important product launches contributed to earnings in 2019. We strengthened our platform for future profitable growth through additional efficiency measures and extensive re-engineering investments in automated and modularized manufacturing. However, manufacturing transition costs for consolidating production to our new Anderson facility as well as increased marketing investments impacted operating income (EBIT). Price increases compensated for the strong headwind we faced, from raw material costs, trade tariffs and currency.

¹⁾ Operating income is for the consumer business, exclusive of the business area Professional Products, excluding non-recurring items.



Taste

Making it possible to prepare great-tasting food.

We sell cookers, hobs, ovens, hoods, microwave ovens, refrigerators, freezers and dishwashers for consumers around the world. Electrolux is a leader in kitchen appliances and new functionalities are continuously being developed.

In 2019, Electrolux launched the multidoor refrigerator global platform in the Americas to tap into an attractive segment, as well as several steam ovens with the Steamify® function, which enables best-in-class baking, roasting and steaming results.



Three clear areas for innovation

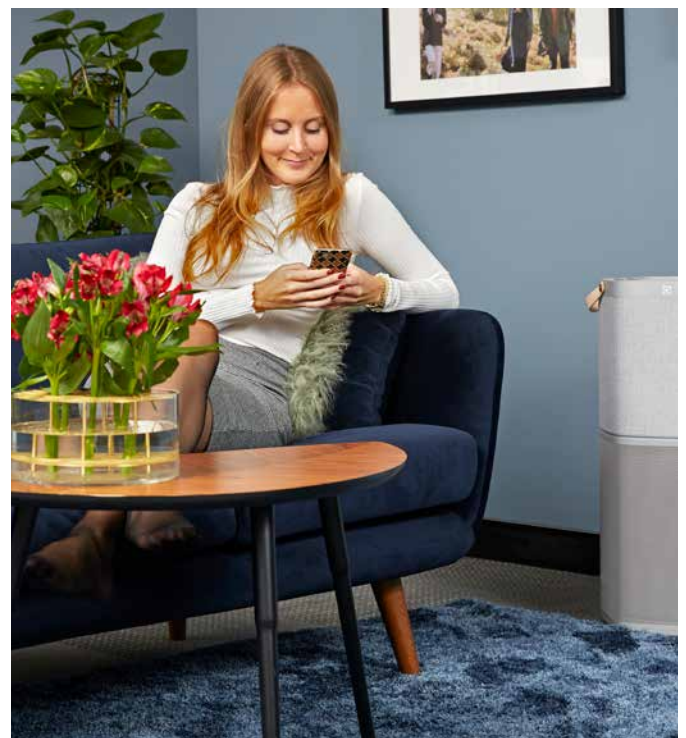
We shape living for the better by reinventing taste, care and wellbeing experiences, for more enjoyable and sustainable living.

Care

Making it possible to care for your clothes so they stay new for longer.

Washing machines and tumble dryers are the core of our product offering for washing and garment care. Demand is driven by innovations that promote user-friendliness and resource efficiency.

Care innovations in 2019 included the connected AEG 9000 Premium Edition Washer Dryer with SensiDry® Technology, which can provide a three-hour wash to dry cycle, and optimizes the program to help clothing retain its shape and condition while saving energy and water.



Wellbeing

Making it possible to achieve healthy wellbeing in your home.

Electrolux vacuum cleaners, air-conditioning equipment, water heaters, heat pumps, small domestic appliances, and accessories are sold to consumers worldwide. We have a strong, global distribution network and an attractive product offering that includes service.

Product launches in the Wellbeing segment in 2019 included the PureSense system, which continuously measures indoor and outdoor air quality levels and automatically adjusts the air purification rate to ensure a healthy indoor environment.





► professional business has improved capital market access and more opportunities for further market consolidation. Following shareholder approval to distribute Electrolux Professional the plan is to list the company on Nasdaq Stockholm on March 23, 2020.

Our financial targets for the consumer business as a stand-alone company remain, which requires a further sharpening of our performance to reach the targets, given the higher margin of the professional business. We define profitable growth as sales growth of at least 4% and an operating margin of at least 6% over a business cycle. Offering outstanding consumer experiences, driven

by innovation and operational excellence, is at the heart of our strategy to achieve these goals.

By creating four regionally focused business areas and reorganizing key global functions during the year, we have improved our consumer focus with the objective of accelerating profitable growth. This was reinforced by the creation of a global function for Consumer Experience that pulled together central functions into a new organizational structure.

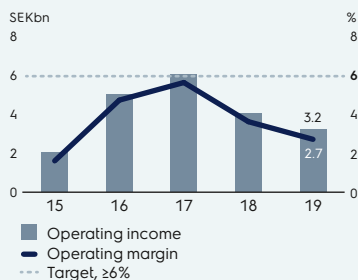
As these activities progressed, we identified additional opportunities to improve

efficiency and create an even more streamlined setup for our consumer business.

Our SEK 8 bn re-engineering investment program in automation, digitalization and innovation continued during 2019. We consolidated our U.S. refrigeration and freezer production and started up production in our new Anderson facility in the U.S., which is the biggest step we have ever taken in terms of automation. We also continued our investments in production facilities in Latin America. All initiatives under the investment program have now been announced. ►

Targets¹⁾

OPERATING MARGIN



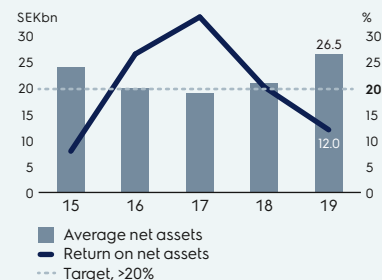
In 2019, operating income included non-recurring items of SEK -1,344m.

CAPITAL TURNOVER-RATE



Reducing the amount of capital tied up in operations creates opportunities for profitable growth.

RETURN ON NET ASSETS



Sustained profitability and a small, efficient capital base enable us to achieve a high long-term return on capital.

¹⁾ Financial targets are for the consumer business, the figures in the graphs above exclude the business area Professional Products. Targets are over a business cycle.

■ CASE STORY

Keeping leadership in a fast growing, attractive category

The market for high-capacity Top Load Washing Machines (TLWMs) has grown rapidly in Latin America in recent years, driven by consumer need to save time and resources by washing more clothes in a single batch.

Electrolux is the largest player in this attractive TLWM category with nearly one-third of the market and has increased sales by 35% between 2015 and 2019. The company has developed a 17 kg capacity washing machine for the premium segment that uses 'perfect dilution' technology to ensure the perfect mix of detergent and softener to care for clothes and avoid stains.

The consumer response has not only resulted in a strengthened market position, but also high consumer ratings in 2019 – for example 4.6 in Brazil.

Read more in the Electrolux Annual Review 2019:
www.electroluxgroup.com/annualreports/2019



■ CASE STORY

Meeting consumer needs through consumer-centric innovation

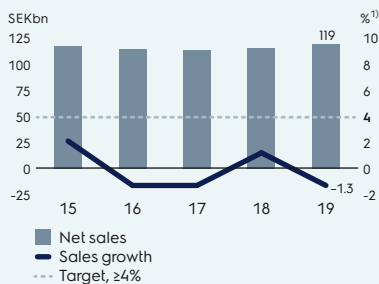
In 2019, Electrolux launched a new kitchen range based on deep consumer insight to drive premium market growth in Europe under the sharpened Electrolux brand.

A deep kitchen consumer analysis in Europe provided valuable consumer insight that highlighted the need for more intuitive products. During the second half of 2019, Electrolux launched a kitchen range of products that meet the consumer demand for more intuitive usability to enable them to get the most out of their products.

The new range has been very well received by consumers, which is significant as positive consumer reviews drive sales. The consumer rating for the new Electrolux kitchen range was 4.9 at launch compared with an average of 4.6 for the range that it replaced.

Read more in the Electrolux Annual Review 2019:
www.electroluxgroup.com/annualreports/2019

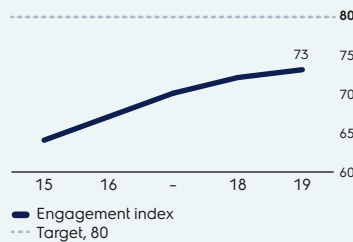
SALES GROWTH



¹⁾ Total sales growth excluding currency translation effects.

To reach the growth target, we are continuing to strengthen our positions in core markets, new markets and segments.

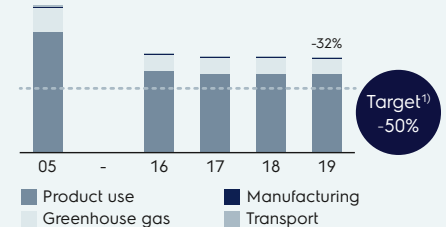
EMPLOYEE ENGAGEMENT



In 2017, a mini survey was carried out to monitor the teams with low scores in previous surveys. The survey showed progress.

The employee engagement survey (EES) is an important tool to assess engagement, leadership and commitment to strategy.

SUSTAINABILITY



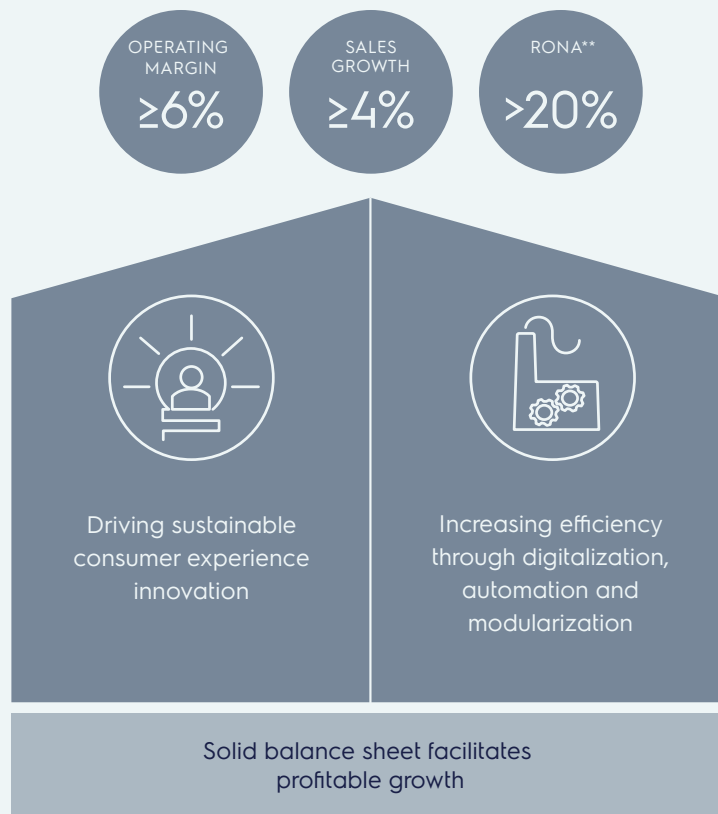
¹⁾ Reduce CO₂ impact by 50% by 2020 through focusing on product efficiency in the main product categories. Sales volumes and emission factors are normalized to 2005.

Sustainability leadership is a key business driver and important to realizing the Electrolux strategy for profitable growth.

¹⁾ Financial targets are for the consumer business, the figures in the graphs above exclude the business area Professional Products. Targets are over a business cycle.

Key areas to drive profitable growth

Financial targets for profitable growth*



* Financial targets are over a business cycle
** Return on net assets

► Create Value

Following the intended separation of Professional Products, the consumer business will retain its financial targets for profitable growth. As I previously mentioned, this will require a sharpening of our targets given the higher margin of the professional business.

Our two key areas to drive profitable growth are:

- Driving sustainable consumer experience innovation
- Increasing efficiency through digitalization, automation and modularization

Driving sustainable consumer experience innovation

A streamlined and innovative product portfolio, with proven consumer benefits, enables great tasting food, care for clothes and healthy wellbeing in the home. Our new global consumer experience organization

established during the year intensifies our focus on deep consumer insight.

Our well-established brands with a strong innovation heritage, together with sustainability leadership differentiate Electrolux and are key to drive profitable growth. We have a clear roadmap to strengthen our position in emerging markets, which represents huge business opportunities.

We also aim to strengthen our position in the high-margin aftermarket business by doubling aftermarket sales by 2025.

We are increasing direct consumer contact by digital consumer service interfaces and by expanding our range of connected products based on a global IoT platform. In addition, we are strengthening our service product offering through extended warranties and fixed price repair models.

Increasing efficiency through digitalization, automation and modularization

Delivering continuous cost improvements is an important part of our strategy. We have a strong track record of delivering cost reductions and since 2015 we have reduced costs by approximately SEK 5bn.

We are implementing our SEK 8bn global product architecture and automation program to further strengthen competitiveness. These re-engineering investments together with additional streamlining measures are expected to generate approximately SEK 3.5bn in annual cost savings with full effect by 2024, while also reducing our environmental footprint.

We are increasingly leveraging our global scale while at the same time benefiting from deep local understanding to capture regional opportunities. Our digitally integrated supply chain and manufacturing helps drive improved productivity and flexibility in our operations. ►

■ CASE STORY

Fixed price repair service targets high-margin aftermarket growth

Electrolux is launching services, such as fixed price repair in Europe, that aim to access the largely untapped aftermarket business, with the overall objective of doubling Group aftermarket sales to 10% by 2025.

Electrolux has launched a fixed price repair service to tap into the significant aftermarket potential. The service allows consumers to make an informed decision on whether to repair or replace an appliance based on their quote from Electrolux.

Such services increase the lifetime value for consumers, which also drives loyalty and repurchasing rates. The new service has been well received since its launch in 2017, with its Net Promoter Score* more than doubling.

Read more in the Electrolux Annual Review 2019: www.electroluxgroup.com/annualreports/2019

* Measures the willingness of consumers to recommend a company's products or services to others.



■ CASE STORY

Re-engineering further strengthens competitiveness

The Anderson refrigeration plant in South Carolina in the U.S. will become one of the Group's most automated facilities following a USD 250m re-engineering investment.

Best-in-class automation solutions, modularization and more energy-efficient production at Anderson will result in significant cost savings. Automation level will increase to about 35% compared to previously less than 10%. The food preservation category is the largest in North America for Electrolux – accounting for nearly half of business area sales.

A new range of innovative Frigidaire refrigerator and freezer products has been enabled by the re-engineering investment in Anderson. The new refrigerator and freezer range is based on completely new product architectures to speed up innovation and enhance the consumer experience.

Read more in the Electrolux Annual Review 2019: www.electroluxgroup.com/annualreports/2019

Global trends



TRENDS

The increasing pace of change in the global market stems from a number of trends that influence volumes and the types of products that are in demand, but also how these products are produced, marketed and sold.

► Well-positioned in a changing world

The world in which we operate is constantly changing due to the influence of global megatrends. These create challenges for our business – but also bring about enormous opportunities.

Increasing consumer power is a key trend. I am convinced our consumer-focused business model gives us a competitive advantage in a market where consumers are very well informed. This trend is closely related to digitalization as many consumers have access to a huge amount of consumer-related information via the internet and social media. I con-

sider this trend to be very favorable for Electrolux as positive consumer reviews of our products drive further sales. Digitalization also presents us with opportunities to connect appliances. This is a key tool to create new consumer experiences and cultivate consumer relationships during the product use phase, as well as increase efficiency in our operations.

Sustainability is increasingly important to consumers, and therefore a key driver of demand. This is a competitive advantage for us as we have a leading position when it comes to sustainability in our industry. Resource efficient products as well as greater resource efficiency in our operations continue to be a priority for us.

I believe the growing global middle class presents many exciting opportunities for Electrolux. This is why we recognize emerging markets as a driver of our future business. We are increasingly drawing on our global scale, deep local insight and modularized product platforms to quickly bring products to emerging markets, meeting the needs of local consumers.

Many of these global trends require significant investment, which favors larger players and therefore drives industry consolidation. Electrolux is a leading global player that is well positioned to continue to drive profitable growth by drawing on the opportunities from global megatrends. ►

Our focused strategy for profitable growth



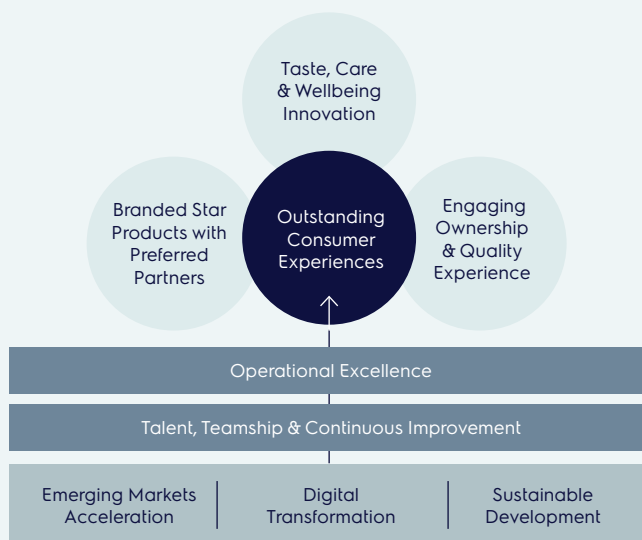
PATH TO PROFITABLE GROWTH

Electrolux applies a three-step model for all business areas. It starts with ensuring stability and predictability in all key processes in combination with clear focus. In the second step, the business model has resilience to external factors and clear competitive advantages that enable profitability over time. The third step is to accelerate growth in a targeted way.



THE ELECTROLUX BUSINESS MODEL

By focusing on creating Outstanding Consumer Experiences, the Electrolux business model is designed to achieve the Group's purpose – Shape living for the better – and drive profitable growth.



A clear consumer focus sets us apart

Execution to increase competitiveness

With drivers that prepare us for the future

Celebrating a century of better living



► Electrolux 100 years

Electrolux turned 100 years in 2019 and we can be proud of our achievements over the past century. I believe our well-established brands, strong innovation heritage, winning sales orientation, contribution to societal development and sustainability leadership are all key strengths that ensure Electrolux is well positioned to deliver profitable growth going forward.

A century of better living

By creating great taste, care and well-being experiences, and better living for hundreds of millions of people around the world over the past century, Electrolux has not only enhanced the quality of life

of its consumers, but also the societies in which they live. Our company is part of an industry that has revolutionized domestic duties, as well as general hygiene and eating habits within less than half a century.

Sustainability leadership – a key differentiator

In the 1990s, we were the first appliance company to focus on sustainability, which has been at the heart of our strategy ever since. Today, the Electrolux brand is associated with sustainability, which I believe is a differentiator that results in additional growth opportunities.

Sustainable products are more profitable. Our most resource-efficient prod-

ucts accounted for 23% of total products sold and 32% of gross profit in 2019.

We celebrated our anniversary year by launching the Better Living Program, which is a bold initiative to enable us to continue to be at the forefront of sustainability. The program includes a broad range of actions and targets until 2030 and is our first step to contributing to more sustainable lifestyles for the next 100 years.

Creating shareholder value

Offering outstanding consumer experiences, driven by innovation and operational excellence, is at the heart of our strategy and essential to deliver on our financial targets. ►

Better Living Program



Better eating

Make sustainable eating the preferred choice.



Better garment care

Make clothes last twice as long with half the environmental impact.



Better home environment

Make homes healthier and more sustainable through smart solutions for air, water and floors.



Better company

Make our business circular and climate neutral.



► Our journey toward profitable growth continues in 2020. As we now have an even more consumer-focused organization with key global capabilities to accelerate product innovation and

efficiency, I am confident that we are better positioned than ever to deliver long-term shareholder value.

I would finally like to thank all our employees for their individual

contributions during the year. I am proud of the dedication, professionalism and expertise our employees have shown throughout the Group. ■

Stockholm, February 2020

Jonas Samuelson President and CEO

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Electrolux Annual Review 2019

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For more information visit the Annual Review 2019, accessible on all your digital platforms. The Annual Review includes comprehensive information about business development, strategy for profitable growth, business areas as well as profitable growth case studies.