The appliance market

Core markets

Western Europe

The European appliances market is fragmented and characterized by widely varying consumer needs between countries and a large number of manufacturers, brands and retailers. Structural overcapacity and price pressure has led to an ongoing industry consolidation with manufacturers aiming to achieve economies of scale. The shift in power to consumers is also an important industry driver. In 2018, European markets showed a fairly stable demand trend enabling growth for Electrolux in areas such as built-in kitchen products and premium laundry.

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

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 mainly global manufacturers. In 2018, core white shipments to retailers in the U.S. was down 1%, partly due to higher industry prices, however, consumer demand for appliances was estimated to be stable to positive with growth in several categories.

Electrolux major competitors
Whirlpool • GE/Haier • LG Electronics • Samsung

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 cooktops, washing machines and hand-held vacuum cleaners. While market penetrations are high in Australia and New Zealand, demand is primarily driven by design and innovations as well as water and energy efficiency.

Electrolux major competitors
Haier • Samsung • LG Electronics • Panasonic • B/S/H

INDUSTRY SHIPMENTS, MAJOR APPLIANCES

- MILLION UNITS

MARKET VALUE

- USD BILLION

PRODUCT PENETRATION

- % OF HOUSEHOLD

Europe

Population*: 650 million
Average number of persons per household: 2.3
Urban population: 78%
Estimated GDP growth 2018*: 1.9%

North America

Population: 360 million
Average number of persons per household: 2.6
Urban population: 82%
Estimated GDP growth 2018: 2.5%

Australia, New Zealand and Japan

Population: 160 million
Average number of persons per household: 2.5
Urban population: 93%
Estimated GDP growth 2018: 2.3%

* Relates only to Euro Area
Note: Major appliance industry shipments refer to unit sell-in and include core white goods, microwave ovens and home comfort

ELECTROLUX
**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. Demand for appliances in emerging markets continued to be strong in 2018.

**Latin America**

Brazil is the largest appliance market in the region where a few large manufacturers account for a large share of the market. The economic slowdown in recent years has impacted demand in the region although there is considerable growth potential for appliances in the longer term, especially in low-penetration 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.

**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. The markets in Southeast Asia have shown strong growth in the region. Similar to other emerging markets, consumers prioritize refrigerators, washing machines and air-conditioners as prosperity rises. Energy-efficient products and premium brands are also growing in popularity.

**Electrolux major competitors**

- B/S/H
- Whirlpool
- Samsung
- LG Electronics
- Arcelik

**Electrolux major competitors**

- LG Electronics
- Samsung
- Daewoo

**Electrolux major competitors**

- LG Electronics
- Midea
- Samsung
- Gree
- Panasonic
- Haier
- B/S/H

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**Market overview 2018**

**Growth markets**

<table>
<thead>
<tr>
<th>Region</th>
<th>Population</th>
<th>Average number of persons per household</th>
<th>Urban population</th>
<th>Estimated GDP growth 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa and Middle East</td>
<td>1.550 million</td>
<td>4.8</td>
<td>47%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Latin America</td>
<td>650 million</td>
<td>2.8</td>
<td>80%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Southeast Asia and China</td>
<td>4.150 million</td>
<td>3.8</td>
<td>44%</td>
<td>6.3%</td>
</tr>
</tbody>
</table>

Sources: Euromonitor, World Bank, OECD and Electrolux estimates.
Electrolux market position

Core markets

**Western Europe**

- **Electrolux priorities**
  - Strong focus on the strongest and most profitable product categories and the main brands, Electrolux and AEG. Emphasis on innovation as well as increased focus on smart appliances. Examples of focus areas are built-in kitchen appliances, premium laundry and energy-efficient products. Priority is also given to strengthening the small domestic appliances offering.

**North America**

- **Electrolux priorities**
  - Launch of new innovative 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. Key focus areas are also broadening the range of professional products as well as strengthening the offering for global food chains.

**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.

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**Electrolux market shares**

- **Share of Group Sales 2018**
  - **Western Europe**: 33%
  - **North America**: 33%
  - **Australia, New Zealand and Japan**: 5%

**Share of Sales in the Region 2018**

- **Western Europe**:
  - Major appliances, 77%
  - Small appliances, 7%
  - Professional appliances, 16%
- **North America**:
  - Major appliances, 96%
  - Small appliances, 2%
  - Professional appliances, 2%
- **Australia, New Zealand and Japan**:
  - Major appliances, 86%
  - Small appliances, 8%
  - Professional appliances, 6%

**Consumer brands**

- **Electrolux market shares in Australia**
  - **Core appliances**: 31%
  - **Floor care**: 7%
  - **Professional**: Historically strong position in laundry equipment and a growing presence in the food service and beverage segments.

**Net sales**

- **North America**
  - 2014: 14,000
  - 2015: 15,000
  - 2016: 12,000
  - 2017: 17,000
  - 2018: 16,000

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. In 2018, Electrolux strengthened its market position under own branded products.

**Australia**

- 2014: 8,000
- 2015: 6,000
- 2016: 4,000
- 2017: 2,000
- 2018: 1,000

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

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Note: Market shares are Electrolux estimates.
**Growth markets**

**Africa, Middle East and Eastern Europe**

Increase 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.

**Latin America**

Although some parts of the region have recently experienced challenging market conditions, there are 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.

**Southeast Asia and China**

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.

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**Electrolux priorities**

**Growth markets**

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.

**Consumer brands**

Electrolux market shares

- **15% core appliances, Eastern Europe**
- **2% core appliances, Middle East and Africa**
- **10% floor care, Eastern Europe**

**Professional** - Leadership position with stronger recognition in the institutional/hotel segments.

**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.

**Consumer brands**

Electrolux is a reference player with stronger recognition in the hotel segments.

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**Market overview 2018**

**Southeast Asia and China**

- **5%** core appliances, Southeast Asia
- **17% floor care**
- **4%** Professional products

**Latin America**

- **24%** core appliances, Latin America
- **34% floor care**
- **8%** Professional products

**Major appliances, 67%**

**Small appliances, 25%**

**Professional appliances, 8%**

**Southeast Asia and China**

- **5%** core appliances
- **17% floor care**
- **4%** Professional products

**Major appliances, 67%**

**Small appliances, 25%**

**Professional appliances, 8%**

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**NET SALES**

**Market overview 2018**

**Southeast Asia and China**

- **2018**
- **2017**
- **2016**
- **2015**
- **2014**

The weak market conditions of recent years have negatively impacted Electrolux sales. In 2018, cost-based price increases and improved mix resulted in improved organic sales. Electrolux is positioned for growth with a strong product offering combined with the acquisition of the Continental brand.

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ELECTROLUX