Latin America is an attractive long-term market opportunity...

Relevant major appliances... Large growing population... Improving social class...

Global major appliance industry (Sell-out)
Total of SEK 1,780bn

LA major appliance industry (Sell-out)

Source: Electrolux BMI, World Bank, IMF; CEPAL (Latin America Economic Association) - GDP per Capita of 18 Biggest Countries, and Euromonitor
The key categories represent over 70% of total major appliances industry in the region...

Market size in value - 2015 sell-in (SEKbn)

<table>
<thead>
<tr>
<th>Category</th>
<th>Food Preservation (Refrigerators + Freezers)</th>
<th>Food Preparation (Cookers + Microwave ovens)</th>
<th>Fabric Care (Washers + W&amp;D)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total ~32.5bn (31.1%)</td>
<td>Total ~25.1bn (24.0%)</td>
<td>Total ~23.4bn (22.4%)</td>
</tr>
<tr>
<td>Brazil</td>
<td>13.5 41.7%</td>
<td>12.7 50.7%</td>
<td>7.6 32.4%</td>
</tr>
<tr>
<td>Argentina</td>
<td>3.4 10.4%</td>
<td>1.8 7.3%</td>
<td>2.1 8.8%</td>
</tr>
<tr>
<td>Chile</td>
<td>1.7 5.1%</td>
<td>1.1 4.4%</td>
<td>1.5 6.4%</td>
</tr>
<tr>
<td>Mexico</td>
<td>6.2 19.0%</td>
<td>4.2 16.6%</td>
<td>5.8 24.6%</td>
</tr>
<tr>
<td>Andean</td>
<td>4.8 14.8%</td>
<td>3.0 11.9%</td>
<td>4.9 20.9%</td>
</tr>
<tr>
<td>Central America &amp; Caribbean</td>
<td>2.9 9.1%</td>
<td>2.3 9.1%</td>
<td>1.6 6.9%</td>
</tr>
</tbody>
</table>

Source: Electrolux Planning and BMI Depts.
Electrolux aims to be the #1 player in the region...

<table>
<thead>
<tr>
<th>Vision</th>
<th>Be the #1 Player in Latin America</th>
</tr>
</thead>
<tbody>
<tr>
<td>Being the “Best” Appliance company in the world measured...</td>
<td>Our response</td>
</tr>
<tr>
<td>...by our Customers</td>
<td>• Best in class products for all brands in major markets</td>
</tr>
<tr>
<td></td>
<td>• Leader in consumer satisfaction</td>
</tr>
<tr>
<td></td>
<td>• Top 3 brand in all market in Latin America</td>
</tr>
<tr>
<td></td>
<td>• Leader in key categories in major markets</td>
</tr>
<tr>
<td>...by our Employees</td>
<td>• Leading employee engagement</td>
</tr>
<tr>
<td>...by our Shareholders</td>
<td>• Sustainable earnings growth</td>
</tr>
<tr>
<td></td>
<td>• Lowest cost</td>
</tr>
<tr>
<td></td>
<td>• Lower asset base</td>
</tr>
<tr>
<td></td>
<td>• Leading high growth and margin segments</td>
</tr>
</tbody>
</table>
Sustainable profit growth for many years, but there is a challenging short-term environment, mainly in Brazil…

In comparable basis

**Net Sales (SEKbn)**

- **15% CAGR 2000-15**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>2.4</td>
</tr>
<tr>
<td>2014</td>
<td>18.8</td>
</tr>
<tr>
<td>2015</td>
<td>18.5</td>
</tr>
</tbody>
</table>

**EBIT (%)**

- **36% CAGR 2000-15**

<table>
<thead>
<tr>
<th>Year</th>
<th>EBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>-0.5%</td>
</tr>
<tr>
<td>2014</td>
<td>6.1%</td>
</tr>
<tr>
<td>2015</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

**NOWC (%)**

- **-14bp 2000-15**

<table>
<thead>
<tr>
<th>Year</th>
<th>NOWC</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>28%</td>
</tr>
<tr>
<td>2014</td>
<td>15%</td>
</tr>
<tr>
<td>2015</td>
<td>14%</td>
</tr>
</tbody>
</table>
Continued growth in the region but Brazil is weakening...

Major Appliance Market (Value) *

<table>
<thead>
<tr>
<th>Year</th>
<th>Brazil</th>
<th>Other LA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>22,978</td>
<td>51,144</td>
</tr>
<tr>
<td>2015</td>
<td>66,944 (−14%)</td>
<td>102,519 (4.7%)</td>
</tr>
</tbody>
</table>

Electrolux Net sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Brazil</th>
<th>Other LA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>1,651</td>
<td>730</td>
</tr>
<tr>
<td>2015</td>
<td>12,914 (−12%)</td>
<td>6,524</td>
</tr>
</tbody>
</table>

CAGR:
- Brazil: 6.3% (2000-2015)
- Other LA: 4.7% (2000-2015)
- Brazil: 13.7% (2000-2015)
- Other LA: 16.4% (2000-2015)

(* Source: Electrolux BMI Dept. & Euromonitor Sell-out Data)
Sharp retraction in Brazil, partially offset by other countries...
Commodity prices affecting Latin America, with political and economic consequences in Brazil...

Source: Bloomberg, Focus Survey (BCB), JP Morgan, IMF and EIU (Economist Intelligence Unit)
Most economic indicators in Brazil are unfavorable. 

- **Consumer Confidence Index**
  - Decreasing trend from January 2014 to December 2015.
  - Source: Bloomberg and Focus Survey (BCB)

- **Higher inflation and interest rate**
  - Accumulated inflation from September 2014 to December 2015.
  - Interest Rate (Selic) increasing.
  - Inflation (IPCA) showing a steady rise.

- **Higher unemployment rate**
  - Brazilian net creation of formal job (1000 individual jobs) - Rolling 12 months.
  - Trend shows a decrease from August 2014 to December 2015.

- **Industrial Production Evolution Index**
  - Rolling 12 Months from January 2014 to December 2015.
  - Decrease observed from January to December 2015.

Source: Bloomberg and Focus Survey (BCB)
The appliances industry also affected by credit restriction and high interest rates...

### Market sell-out volume in Brazil (T3)

#### Change in % vs. PY

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in % vs. PY</td>
<td>-6%</td>
<td>-8%</td>
<td>-15%</td>
</tr>
</tbody>
</table>

#### Volume by quarter

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Electrolux estimates
The appliance industry forces have changed in Brazil...

**Main Suppliers**
- Foreign suppliers
- Domestic suppliers

**USD impact**
- Affected by automotive industry & other

**Major Appliances Brazil**

**Competitors**
- Leaders (all categories)
  - Whirlpool
  - Electrolux
- New Corners (washers & split A/C)
  - Koreans
- Niche (first price domestic)
  - Atlas
  - Muller
  - Esmaltec
  - Mabe (filed for Bankruptcy on February 10th, 2016)

- Price pressure from retailers
- Profitability eroded
- Low prices to enter the market
- Not profitable

- Expanding with consumer downtrade
- Not profitable

**Retailers**
- Top3 (~55%)
  - GPA
  - Mluiza
  - MdV
- Hypermarkets (~8%)
  - Fast Shop
  - Lojas Cem
- Solid Medium (~5%)
  - Small (~14%)
- E-comm (~18%)

- Changed CEOs in last 6 months
- Significant negative results (worst in history, accumulating SEK ~200m in Q315)
- Volume 20% to 30% down
- Low prices to mkt. + promotions
- OK, but not profitable
- OK
- Lower margin
- 3 “Chapter 11” cases
- From double digit to single digit growth - no profit
- Electrolux: E-store (high profitability & growth)

**Products**
- Downgrade in price points
- High level of idle capacity deteriorate conversion / absorption cost (high level of fixed cost)
- Re-introduction of 1st price cycle defrost products
- Lower volume of imported products
- Enhance export activities
How to set-up short-term challenges and prepare for future growth…

**Maximize Cash Flow**

**S&OP**
- Channel inventory management
- Distribution (stock-out avoidance)
- Price increases (to mitigate significant currency headwinds)
- Profitability & Cost to Serve management - customer & product mix

**Product Cost Optimization**
- Suppliers negotiation
- Scale optimization
- Streamlining

**Capacity Adjustments**
- Plant re-configuration
  - Optimization product lines

**Cost Reduction / Asset Management**
- Complexity reduction (SKUs, internal processes etc.)
- Cost reduction plan (Overhead and SG&A, >20% in headcount reduction)
- CAPEX optimization
- NOWC improvement
We trust in our Best in Class strategy...

**Innovation**
- Development of consumer based on differentiation
- Best in Class products & services and POS
- Brand strengths
- Sustainability

**Operational excellence**
- Scale in production and purchasing
- Low costs together with value product design
- Product cost
- SG&A
- NOWC
- Group synergies
- Modularization 2.0

**People & Leadership**
- Strong talent pools in business critical functions
- Transform HR towards Business
- High performing organization

**Profitable growth**
- Customer and product mix improvement
- Direct sales and new channels
- Digital, digital, digital
- Adjacent products
- Acquisitions

**Adjacent products**
- Acquisitions
Innovation based on consumer insight, driving profitable growth...

The Innovation Triangle

- **Speed**: 18 to 12 Months
- **Product Marketing**
- **Design**
- **R&D**
- **Alignment**: 70% Consumer Preference (We talked with more than 7,000 consumers in 2015)

## Positioning

- **Feature Value > 3x Cost**
  - **Ability to Extract Value**
  - **Consumer Value**
  - **Differentiation**

- **Profit**
- **Price**
- **Consumer Benefit**
All projects above 70% consumer rate...

<table>
<thead>
<tr>
<th>Consumer preference</th>
<th>Infinity I-Kitchen</th>
<th>Steam Cooker</th>
<th>I-Kitchen Line Extension</th>
<th>TL Washer &amp; Dryer</th>
</tr>
</thead>
<tbody>
<tr>
<td>95%</td>
<td>94%</td>
<td>96%</td>
<td>83%</td>
<td></td>
</tr>
</tbody>
</table>

- **Infinity I-Kitchen**: 95%
- **Steam Cooker**: 94%
- **I-Kitchen Line Extension**: 96%
- **TL Washer & Dryer**: 83%
3R prototyping culture...

Rough, Rapid and Right 18 months from draft to launching

New target 12 months

Prototyping Investment  Concept & Design Testing  Final Product  Line Extension
Quality market share improvement based on product launches...

...reaching 100 product launches per year
Recognition... Design Awards...
Visual brand language aligned across the region in all products...few brands

<table>
<thead>
<tr>
<th>Prod. Class.</th>
<th>Visual Brand Language Levels</th>
<th>Brazil</th>
<th>Mexico CA &amp; Caribbean</th>
<th>Andean</th>
<th>Chile</th>
<th>Argentina</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Super Premium</strong></td>
<td><strong>Meaningful Experience</strong></td>
<td>Electrolux</td>
<td>Electrolux</td>
<td>Electrolux</td>
<td>Electrolux</td>
<td>Electrolux</td>
</tr>
<tr>
<td><strong>Premium Best in Class</strong></td>
<td><strong>Statement</strong></td>
<td>Electrolux</td>
<td>Electrolux</td>
<td>Electrolux</td>
<td>Fensa</td>
<td>Electrolux</td>
</tr>
<tr>
<td><strong>Pleasurable Sense</strong></td>
<td></td>
<td>Electrolux</td>
<td>Electrolux</td>
<td>Electrolux</td>
<td></td>
<td>Electrolux</td>
</tr>
<tr>
<td><strong>Performance</strong></td>
<td><strong>Convenient Usability</strong></td>
<td>Electrolux</td>
<td>Electrolux</td>
<td>Electrolux</td>
<td>Mademsa</td>
<td>Gafa</td>
</tr>
<tr>
<td><strong>Mass Best in Class</strong></td>
<td><strong>Core</strong></td>
<td>Electrolux</td>
<td>Electrolux</td>
<td>Electrolux</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Electrolux i-Kitchen...

i-Kitchen Product Line Extension...
Refrigerator, Cooker and MWO
95% of consumer preference

Differentiation
- Exclusive Touch screen panel to adjust all the refrigerator and freezer controls
- Exclusive extensive and sophisticated e-recipes book
- New modern applications through the fridge

USP
- First touch screen panel of the market
- Exclusive and extensive digital recipes book integrated
- Largest capacity top-mount
Top Load W&D with Wi-Fi...

The first TL washer & dryer with connectivity system that includes internet connection and interactive pre loaded applications, allowing to program the washing cycles through app on your tablet or smartphone

- 15kg TL W&D
- Complete programming
- Stainless Steel drum
Mini Silent – Washer...

Mini Silent - Washer

Compact 3kg Wall Mounted FL WM specially designed to wash efficiently small loads of clothes, incl. items that require gentle cycles (such as swimwear, synthetic, lingerie and baby clothes)

Hot water and complete cycles: washes and spin clothes
New Home Pro Line
SIDE BY SIDE – HOME PRO REFRIGERATOR

SH90X

- Blue Touch Panel
- 2 HortiVita drawers: preserves nutrients
- HomeBar
- "Counter Depth"
- 546L total capacity
  - 370L Refrigerator
  - 176L Freezer
- External water and ice dispenser
- Ice cubes or crushed
- Indoor lighting with LEDs
- Can express holder
- Dairy holder with lid
- Egg basket
- Ice cream basket
- Turbo cooling
- Turbo freezing
- Dimensions (mm):
  H 1770 X W 906 X D 747
HOME PRO DISHWASHER

LF14X

- Blue Touch Panel
- Opti-One Function: select one of the baskets to wash
- Intelligent Function: selects the best program to wash
- 14 Sets
- Third rack
- Sterilize Function: 70°C wash program
- Washing functions: Acquajet (Pre-rinse), Express 30’, Fine, Normal, Pots and postpone.
- Front and interior in stainless steel: more durability and ease of cleaning.
- External handle: more firmly and securely to handle the product.
- Built-in or Freestanding installation
- Dimensions (mm): H 845 X W 608 X D 638
HOME PRO BUILT IN ELECTRIC OVEN

OE9ST

- Blue Touch Panel
- 80L capacity
- Cooking by convection and ventilation
- 12 pre-programmed functions
- 9 pre-programmed recipes
- Triple Glass Door
- Side opening door
- "Timer" and "Panel Lock" functions
- EasyClean coating and enameled fat catch tray
- Guide shelves and removable door
- Dimensions (mm): H 595 X W 595 X D 575
Differentiated model in key account management...

Traditional Model
Transactional way of doing business:
“Give me your best price, I see how much I’ll buy”

- Logistics
- Quality
- Marketing
- Service

Buyer

Chilean New Approach
“Win-win Era” or “Total Consumer Solution”

- Logistics
- Quality
- Sales
- Marketing
- Service

Retailers

Focus on “A” clients
Sell in concentration mngt during the month
Stock out level reduction
Higher planning accuracy
Costs reduction
Winning the point of sales floor share battle...

(*) Top 3 Categories: Food Preservation, Food Preparation Cooker and Fabric Care  
Note: 2015 FY Basis
Leading customer service satisfaction...

Learning process about consumers...

- **Focus Groups**: Listen to Consumers and Retailers needs
- **Benchmarking Reference**: Continuous focus on best practices to self-assessment and improvements
- **Field Experience**: Visit different market segments to share experiences with service team
- **Mystery Client**: Real attendance simulation to measure quality of service
- **Satisfaction Survey**: Monitor consumer satisfaction

Focus on retaining existing consumers and build brand loyalty through differentiated service

Top Service

![Electrolux Logo]
Leading customer service satisfaction...

The modern consumer magazine award

2012

2013

2014

2015
Deliver a remarkable consumer digital experience...

The main idea is to provide the right and best content for consumers, increasing brand awareness and consideration.
Deliver a remarkable consumer digital experience...

**PRE PURCHASE**
- Create and source content and distribute it through owned and 3rd party channels to be more pervasive and increase funnel

**POST PURCHASE**
- Create a valuable ownership experience immediately post purchase as well as longer term CRM

**AT PURCHASE**
- Evolve Digital Commerce into a best-in-class experience
- Enhance the shopping experience optimizing product selection online, on mobile and in stores matching local needs

**ACROSS**
- Digital Culture
- Develop Organization Capabilities and Collaboration
- **Connected Appliances**: Deliver real benefits to consumers with engaging content through relevant Apps, that also could drive ACS sales
- Technology
- Adoption and integration of tools and standards (e.g.: PIM)
Conclusions

- Latin America is an attractive long-term market opportunity...
- Electrolux is a relevant player in the region, leading 3 out of 4 main markets...
- Sustainable profit growth for many years, but there is a challenging short-term environment, mainly in Brazil...
- Continued growth in other Latin American countries...
- Actions to take cost and to increase prices to mitigate currency headwinds
- Electrolux aims to be #1 player in the region...