



Electrolux

Q4-16 Results

Jonas Samuelson, President and CEO
Anna Ohlsson-Leijon, CFO

Full Year 2016 Summary

- **Net sales of SEK 121bn (124bn)**
 - Focus on active portfolio management across business areas
 - Organic growth in EMEA, Asia/Pacific and Professional
- **Earnings improvement with an EBIT margin of 5.2% (3.9%*)**
 - Strong performance in most business areas
 - Weak market in Latin America impacted earnings negatively
 - Cost efficiencies and improved structural costs
- **Strong cash flow generation of SEK 9.1bn (8.8*)**
- **The group maintained a strong balance sheet**
- **Proposed dividend of SEK 7.50 (6.50) per share**

NET SALES SEK

121bn
(124)

EBIT MARGIN

5.2%
(3.9*)

CASH FLOW

9.1bn
(8.8*)

PROPOSED
DIVIDEND SEK

7.50
(6.50)

Q4 Highlights

- **Good operational development**

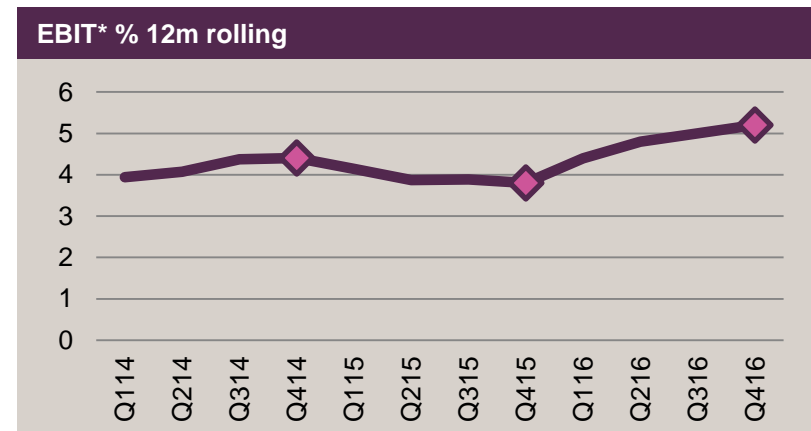
- Continued focus on active portfolio management across our businesses
- Growth in our branded business in EMEA, North America, Asia/Pacific and Professional
- Mix partly offset price pressure

- **Earnings improved**

- 4 business areas above 6% EBIT margin
- Earnings increased in most business areas although Latin America continued to be weak
- Continued efficiency and lower product cost

- **Strong cash flow generation**

(SEKm)	Q4 2016	Q4 2015	Change %
Sales	32,144	31,794	1.1
Organic growth	-3.0%		
Acquired growth	0.2%		
Currency	3.9%		
EBIT	1,616	-202	n.m
Margin %	5.0	-0.6	
EPS	4.43	-1.38	n.m



* EBIT excludes material profit and loss items

Market Highlights

- **Electrolux agreed to acquire leading water heater company in South Africa**
 - South Africa's leading water heater producer Kwikot Group with 800 employees
 - Broadens Electrolux home comfort range and offers further growth opportunities in Africa
- **Electrolux takes home Design Awards**
 - Products within Room Air and Fabric Care recognized for best design in North America
 - Frigidaire Gallery Cool Connect Smart Air-Con and the Electrolux Perfect Steam Washer
- **Ongoing launch of the new AEG brand**
 - Premium AEG products within kitchen and laundry being launched in Germany and Asia



AEG



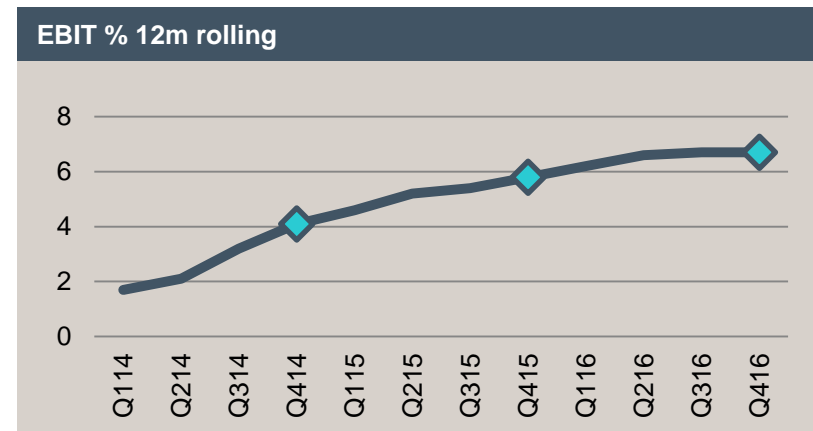


Major Appliances EMEA

- **Stable earnings trend continued**

- Organic sales in line with previous year
- Demand for appliances positive in most markets in Europe while MEA was weak
- Positive product mix driven by higher sales of premium brands
- EBIT margin above 7% in the quarter and driven by improved mix and cost efficiency
- Negative currency impact in the quarter due to the depreciation of EGP and GBP

(SEKm)	Q4 2016	Q4 2015	Change %
Sales	10,367	10,332	0.3
Organic growth	0.3%		
Currency	0.0%		
EBIT	746	765	-2.5
Margin %	7.2	7.4	-0.2

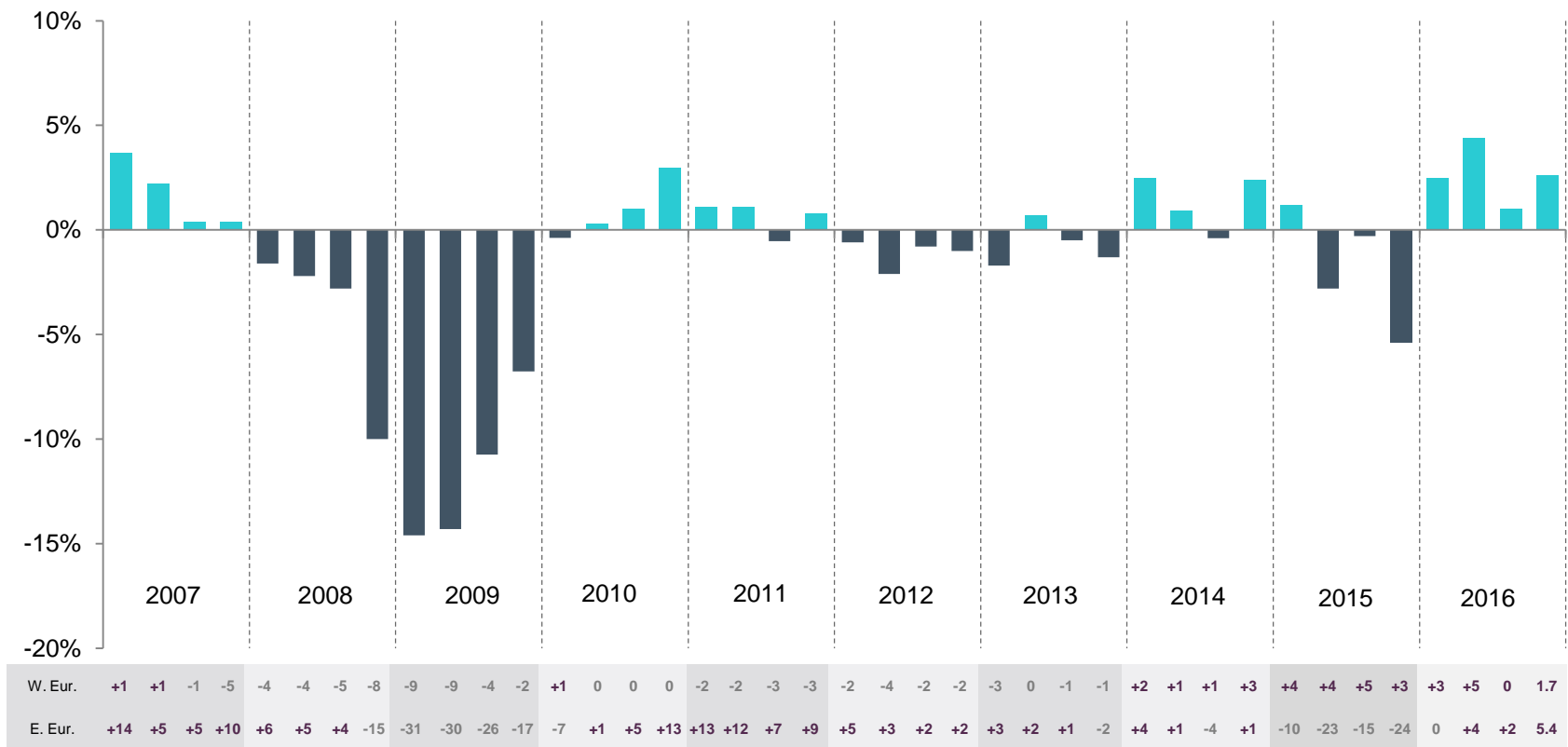


* EBIT excludes material profit and loss items

European White Goods Market



Total Europe, quarterly comparison y-o-y



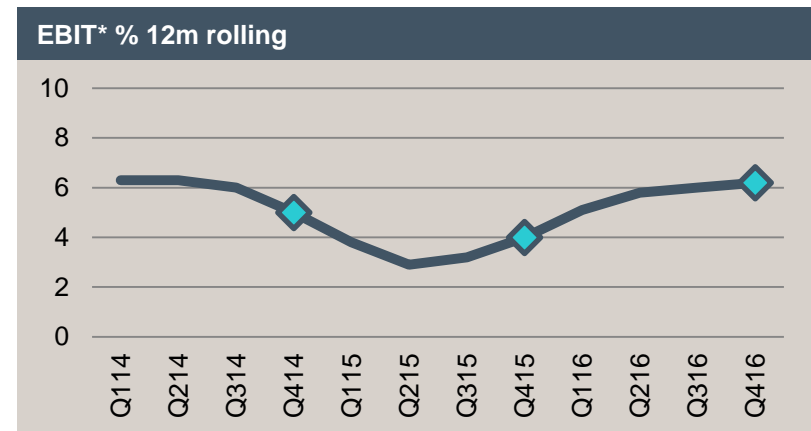
Major Appliances North America



- **Operational improvement**

- Growth in our branded business continued
- Decline of volumes under private labels impacted sales negatively
- Increased promotional activity in the market had a negative effect on prices
- Earnings improvement driven by focus on profitability, improved efficiency and lower costs for raw materials

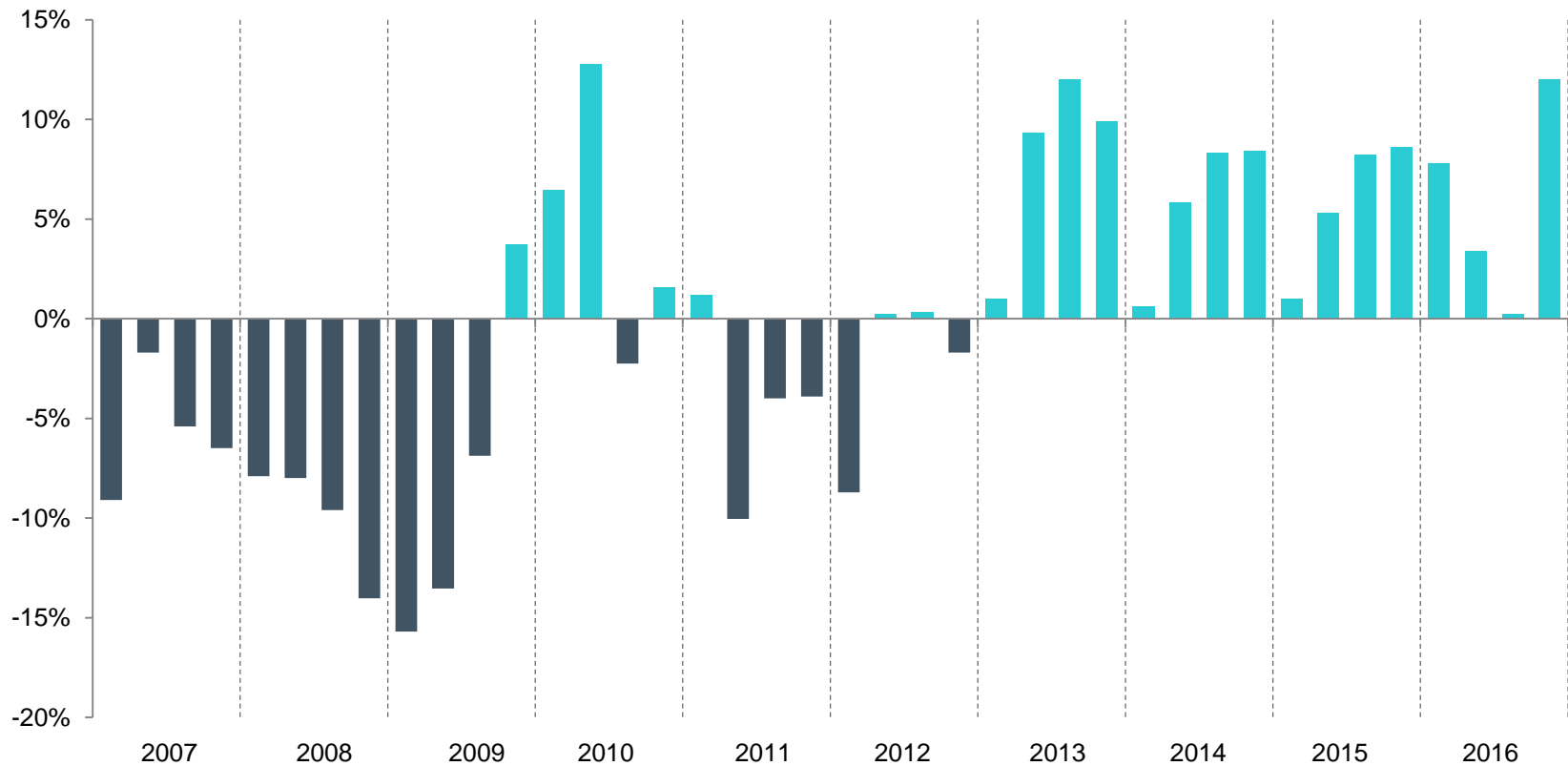
(SEKm)	Q4 2016	Q4 2015	Change %
Sales	10,826	10,413	4.0
Organic growth	-2.0%		
Currency	6.0%		
EBIT	610	493	23.7
Margin %	5.6	4.7	0.9



North American White Goods Market



Quarterly comparison y-o-y



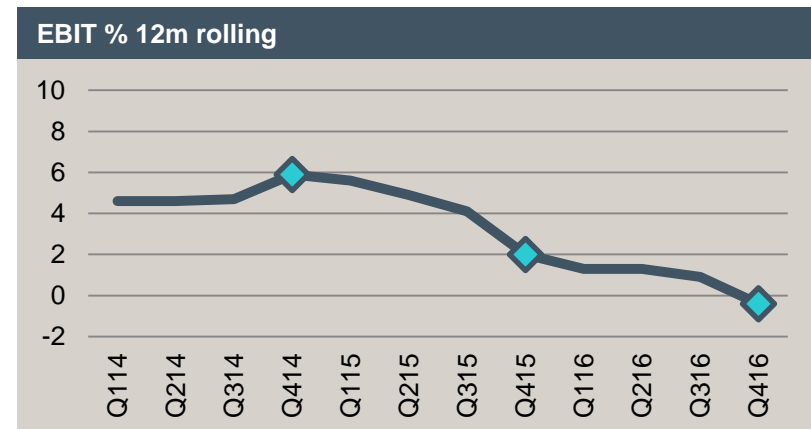
Major Appliances Latin America



- **Challenging market conditions**

- Continued weak macro-economic situation
- Demand for appliances in Brazil and Argentina declined significantly
- Lower volumes and less favourable mix was partly offset by price increases
- The results were impacted by further measures to adapt to lower demand and reduce structural costs
- Effective immediately, Ricardo Cons has been appointed Head of the business area

(SEKm)	Q4 2016	Q4 2015	Change %
Sales	4,149	4,619	-10.2
Organic growth	-17.7%		
Currency	7.5%		
EBIT	-187	69	n.m
Margin %	-4.5	1.5	-6.0



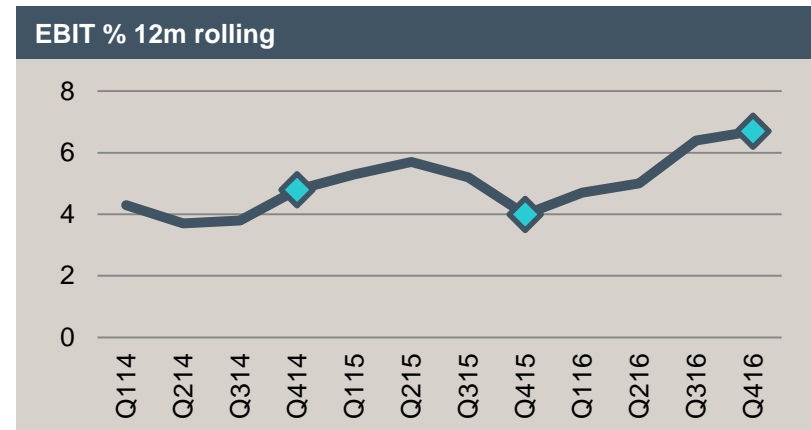
Major Appliances Asia/Pacific



- **Good margin improvement**

- Market growth in all subregions
- Higher sales volumes in Southeast Asia and strong mix across all regions
- Positive contribution from the acquisition of Vintec
- EBIT and margins increased as a result of higher volumes and increased efficiency
- New products are being launched in several markets in the region

(SEKm)	Q4 2016	Q4 2015	Change %
Sales	2,436	2,220	9.7
Organic growth	1.7%		
Acquired growth	1.5%		
Currency	6.5%		
EBIT	173	123	40.7
Margin	7.1	5.5	1.6



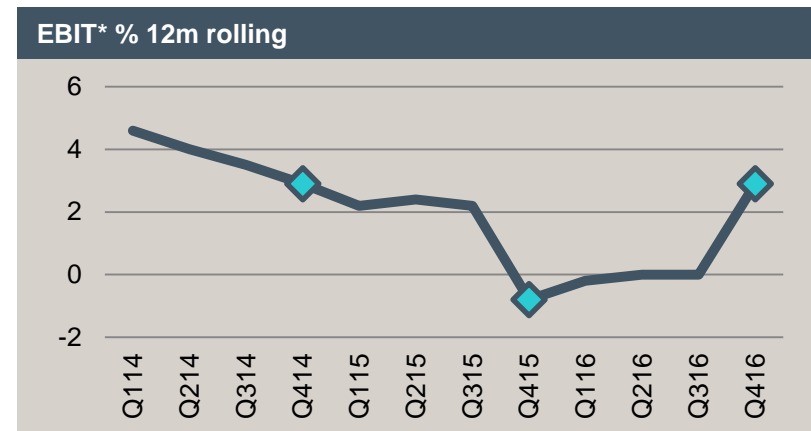
* EBIT excludes material profit and loss items

Small Appliances



- **Work to restore profitability is making progress**
 - Sales growth in EMEA and Asia/Pacific
 - Lower total sales due to exit of unprofitable product categories
 - Price/mix development was favourable
 - Operating income increased as a result of positive price/mix and lower product cost
 - Program to restore profitability in progress
 - Divestiture of the Eureka brand in North America

(SEKm)	Q4 2016	Q4 2015	Change %
Sales	2,438	2,452	-0.6
Organic growth	-4.3%		
Currency	3.7%		
EBIT	154	-92	n.m
Margin %	6.3	-3.8	10.1



* EBIT excludes material profit and loss items

As of January 1, the business area Small Appliance changed its name to "Home Care & Small Domestic Appliances"

Market Highlights Small Appliances

Presenting Home Care & SDA

- Developing the Electrolux offering and focus on healthy wellbeing
- Growing our presence in Floor Care, Air Care and Water Care
- Creating a unique wellbeing ecosystem enabled by connectivity and consumer interaction
- Effective January 1, 2017



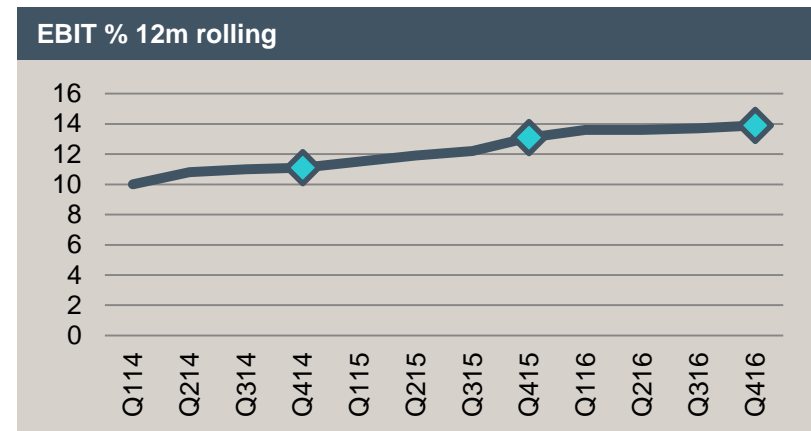
Professional Products



- **Good growth and strong margins**

- Organic growth of 7.2%
- Volume growth in Western Europe, the US and Japan
- Strong performance in both food-services and laundry equipment
- EBIT margins above 15% as a result of higher volumes and price/mix contribution
- Continuation of investments in new products and channels

(SEKm)	Q4 2016	Q4 2015	Change %
Sales	1,928	1,758	9.7
Organic growth	7.2%		
Acquired growth	0.1%		
Currency	2.4%		
EBIT	293	260	12.7
Margin %	15.2	14.8	0.4





Financials Q4-16

Anna Ohlsson-Leijon, CFO

Financials

SEKm	Q4 2016	Q4 2015	Change	FY 2016	FY 2015	Change
Net Sales	32,144	31,794	1.1%	121,093	123,511	-1.9%
<i>Organic</i>	-3.0%	0.2%	-	-1.1%	2.2%	-
Gross operating income	6,556	6,431	1.9%	25,273	23,598	7.0%
Gross operating margin, %	20.4	20.2	0.2pts	20.9	19.1	1.8pts
EBIT	1,616	-202	n.m	6,274	2,741	128.8%
EBIT margin, %	5.0	-0.6	n.m	5.2	2.2	3.0pts
Op. cash flow after investments	2,614	1,374	90.2%	9,140	6,745	35.5%
EPS	4.43	-1.38	n.m	15.64	5.45	186.9%

Sales and EBIT Bridge Q4

SEKm	Q4 2015	Volume/Price/ Mix	Raw materials	Net Cost Efficiency	Currency*	Acq	Other**	Q4 2016
Net Sales	31,794	-1,010			1,326	34	0	32,144
Growth		-3.0%			3.9%	0.2%		1.1%
EBIT	-202	-408	160	556	-344	5	1,849	1,616
EBIT %	-0.6%					14.7%		5.0%
Accretion		-1.3%	0.5%	1.7%	-1.0%	0.0%	5.7%	

*Currency includes SEK -45m of currency translation and -299m of transaction effect on EBIT. **Other includes costs related to GE and Small Appliances in 2015.

Sales and EBIT Bridge FY 2016

SEKm	FY 2015	Volume/Price/ Mix	Raw materials	Net Cost Efficiency	Currency*	Acq	Other**	FY 2016
Net Sales	123,511	-1,316			-1,195	93	0	121,093
Growth		-1.1%			-1.0%	0.1%		-2.0%
EBIT	2,741	311	901	1,670	-1,662	6	2,307	6,274
EBIT %	2.2%					6.4%		5.2%
Accretion		0.3%	0.7%	1.4%	-1.3%	0.0%	1.9%	

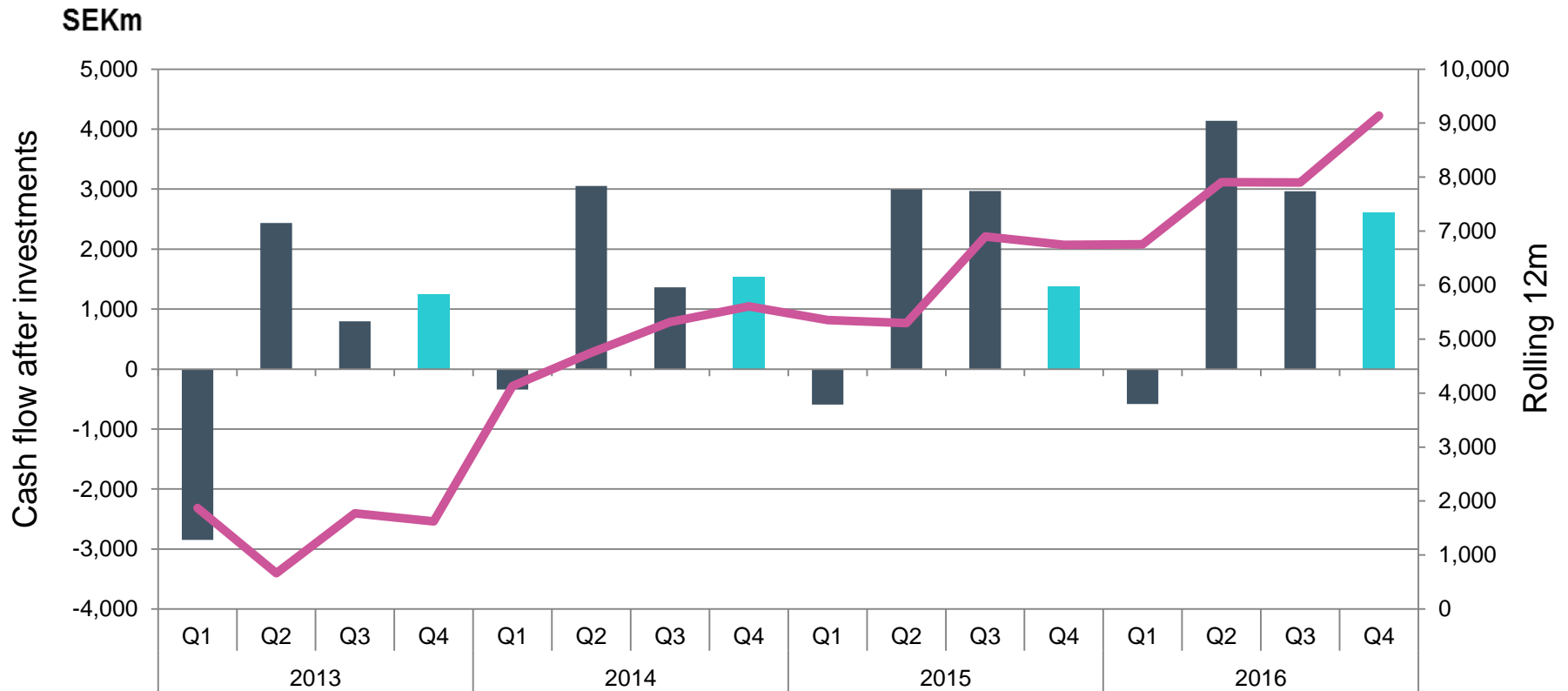
*Currency includes SEK -192m of currency translation and -1,470m of transaction effect on EBIT.**Other includes costs related to GE, Small Appliances and inventory write-off in Asia in 2015.

Cash Flow

SEKm	2016 Q4	2015 Q4	2016	2015
EBIT	1,616	-202	6,274	2,741
D/A and other non-cash items	1,036	1,203	4,271	4,494
Change in operating assets and liabilities	996	1,102	1,328	2,822
Investments in intangible and tangible assets	-1,277	-1,251	-3,390	-3,640
Other investments	243	522	657	328
Cash flow after investments	2,614	1,374	9,140	6,745

Cash Flow, 2013-2016

Cash flow after investments by quarter





Outlook and Summary

Jonas Samuelson, President and CEO
Anna Ohlsson-Leijon, CFO

Market outlook per region

Region	Q1 2017	FY 2017	Comments
Europe	Slightly Positive	~1%	Positive demand trend but uncertainty around Brexit
North America	Slightly Positive	+2-3%	Stable market growth
Latin America	Slightly Negative	Slightly Negative	Weak demand in Brazil and Argentina
East Asia	Positive	Positive	East Asia in general positive
Australia	Flat	Flat	Market is estimated to be flat/slightly negative

Business outlook

Electrolux	Q1 2017	FY 2017	Comments
Volume/price/mix	Negative	Flat	Q1: Positive mix effects partly offset continued price pressure in several markets EMEA: Positive mix NA: Price pressure, weak private label LA: Negative mix
Raw materials	Negative	Negative	FY 2017: Raw materials ≈ SEK -900m
Net cost efficiency	Positive	Positive	FY 2017: Efficiency gains SEK 1.6bn
Currency transactional effect*	SEK +40-50m	SEK -150m	Improvement continues in Latin America but EGP and GBP gives further headwind
Currency translational effect*	SEK +10-20m	SEK +100m	Positive effect due to strengthened SEK to most currencies
Capex	Stable	Slightly up	FY 2017: ≈ SEK 4bn

* Currency rates as per January 18, 2017



Summary Q4

- Continued focus on operational improvement and profitability
- Earnings growth and 4 business areas above 6% EBIT margin
- Market deterioration in Latin America continued to impact negatively
- Ongoing activities in Small Appliances making progress
- Negative impact from currency mitigated by raw materials
- Strong cash flow generation
- The board has proposed an increased DPS to 7.50 SEK



Factors affecting forward-looking statements

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This presentation contains “forward-looking” statements within the meaning of the US Private Securities Litigation Reform Act of 1995. Such statements include, among others, the financial goals and targets of Electrolux for future periods and future business and financial plans. These statements are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially due to a variety of factors. These factors include, but may not be limited to the following: consumer demand and market conditions in the geographical areas and industries in which Electrolux operates, effects of currency fluctuations, competitive pressures to reduce prices, significant loss of business from major retailers, the success in developing new products and marketing initiatives, developments in product liability litigation, progress in achieving operational and capital efficiency goals, the success in identifying growth opportunities and acquisition candidates and the integration of these opportunities with existing businesses, progress in achieving structural and supply-chain reorganization goals.